

# 2023 Sino Benelux Business Survey

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# 2023 Sino Benelux Business Survey

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chamber of commerce in china

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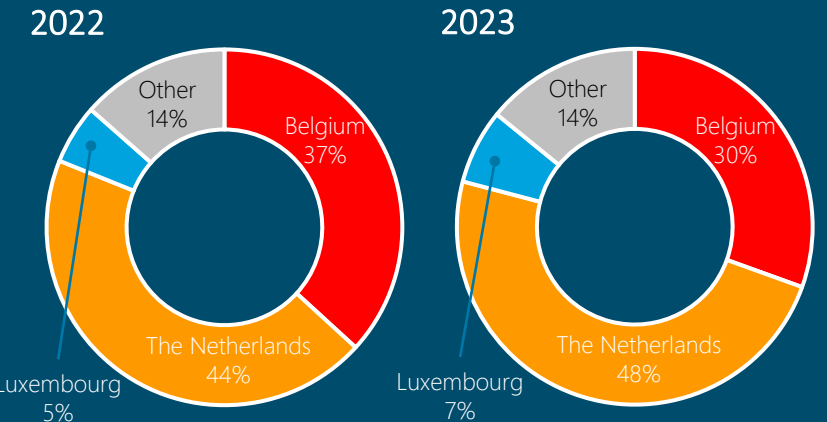


# Sino-Benelux Business Survey

On an annual basis the Benelux Chamber of Commerce in China (Beijing, Shanghai and Pearl River Delta), supported by the official trade- and diplomatic representations of Belgium, The Netherlands and Luxembourg in China organize in partnership with Moore – MS Advisory the Sino Benelux Business Survey. The 2023 Sino Benelux Business Survey is published for the 8<sup>th</sup> consecutive year in a row and aims to be a fundamental piece for the Benelux community.

## Parent Company

## 2023 Survey



- 8th consecutive year
- 30 questions
- more than 170 completed surveys

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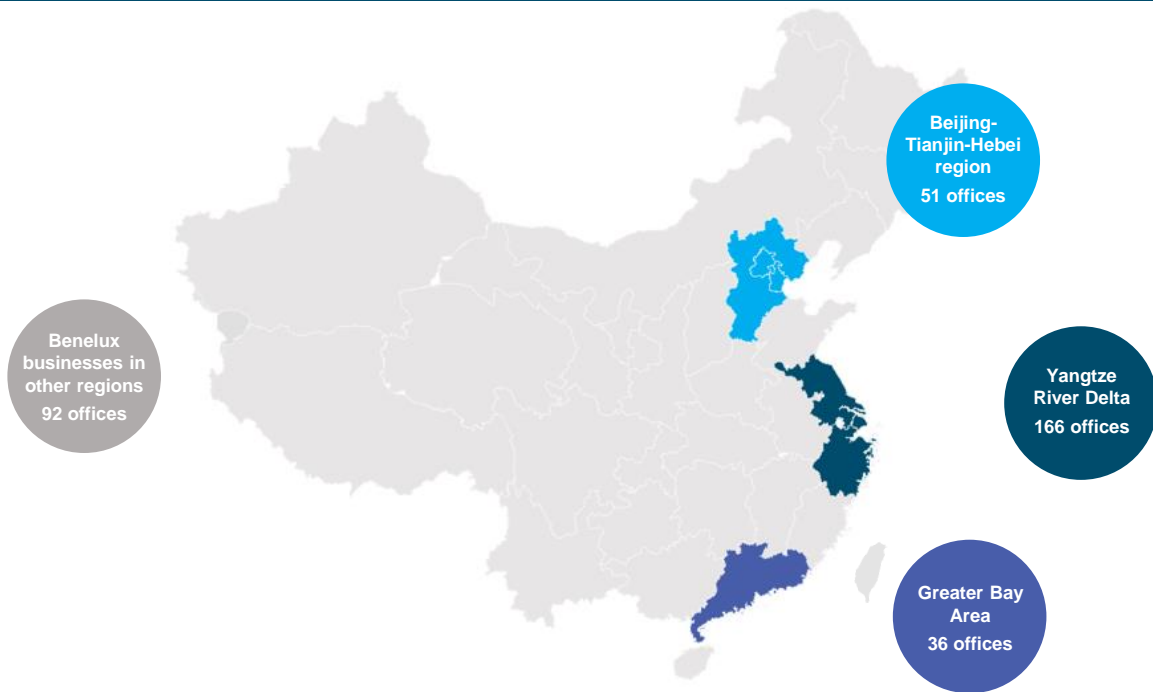
Closing Remarks



# Survey Demographics

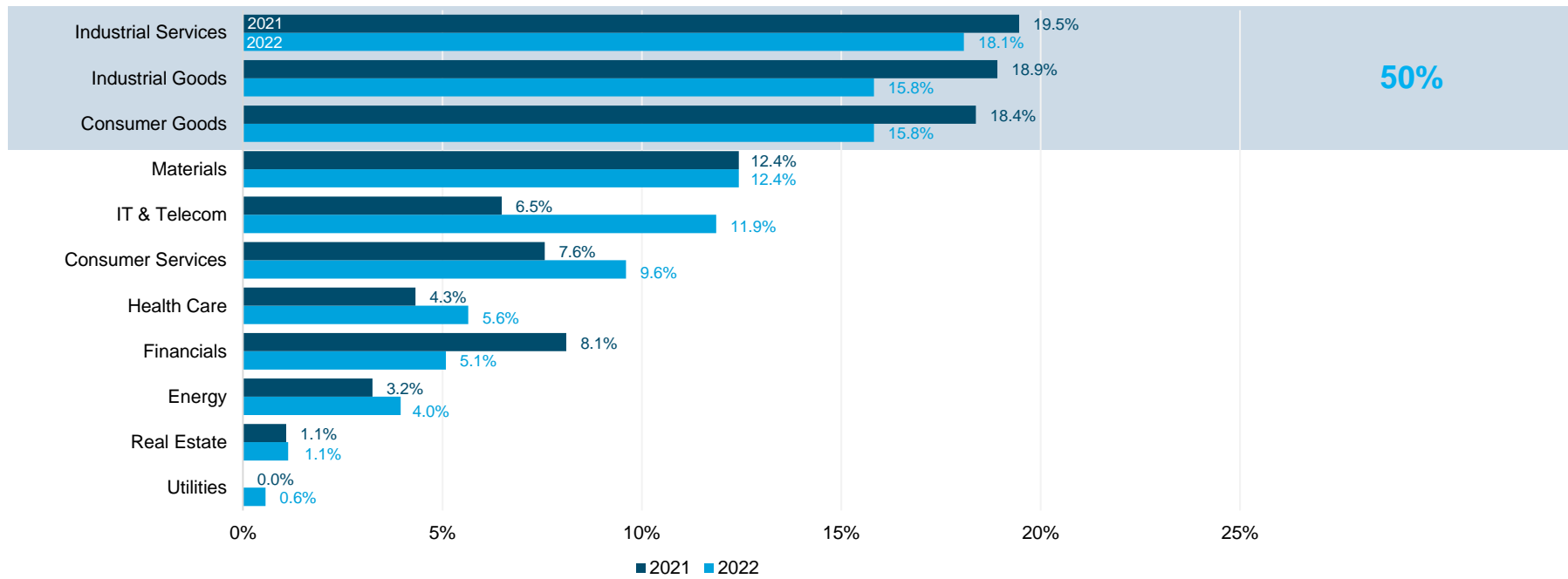
# Location – by Province

Location of Benelux Companies in China



# Industry Sectors Represented

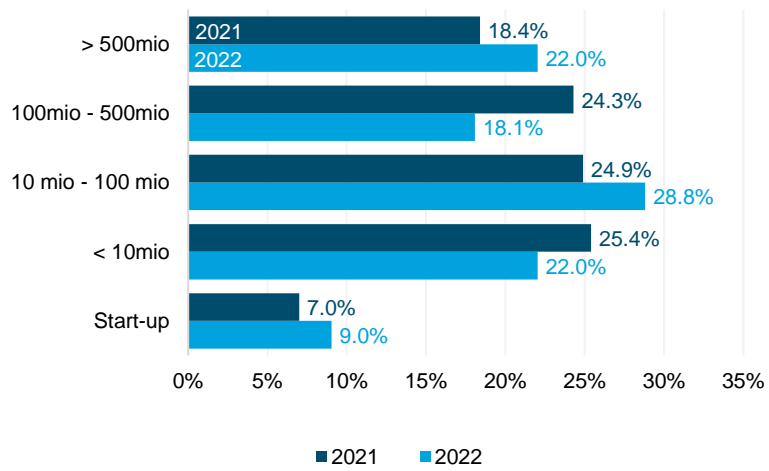
Industry Categories (2021-2022)



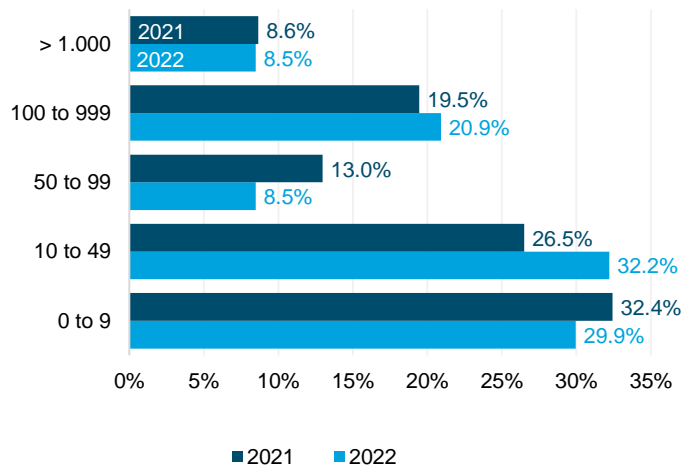


# Company Size

Size by Revenue (RMB)

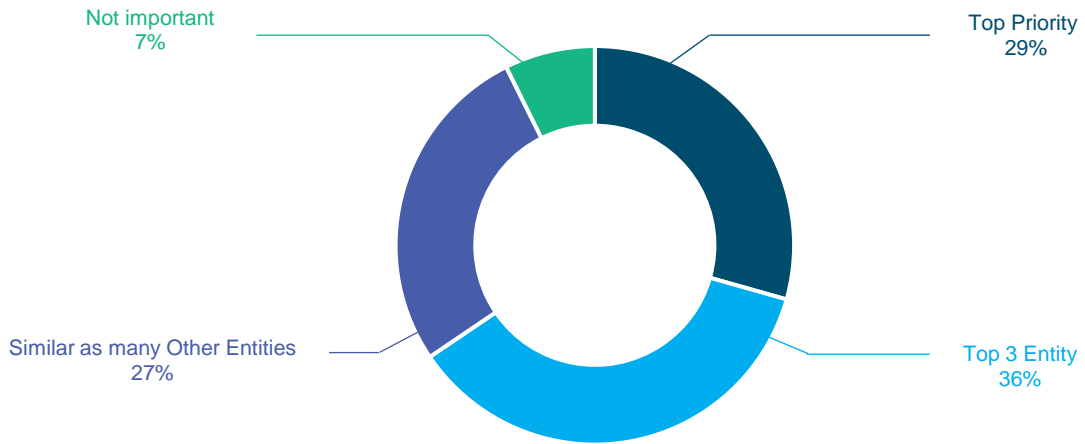


Size by Employees in China



# Reasons & Importance of China

China Entity's Importance in Group Strategy

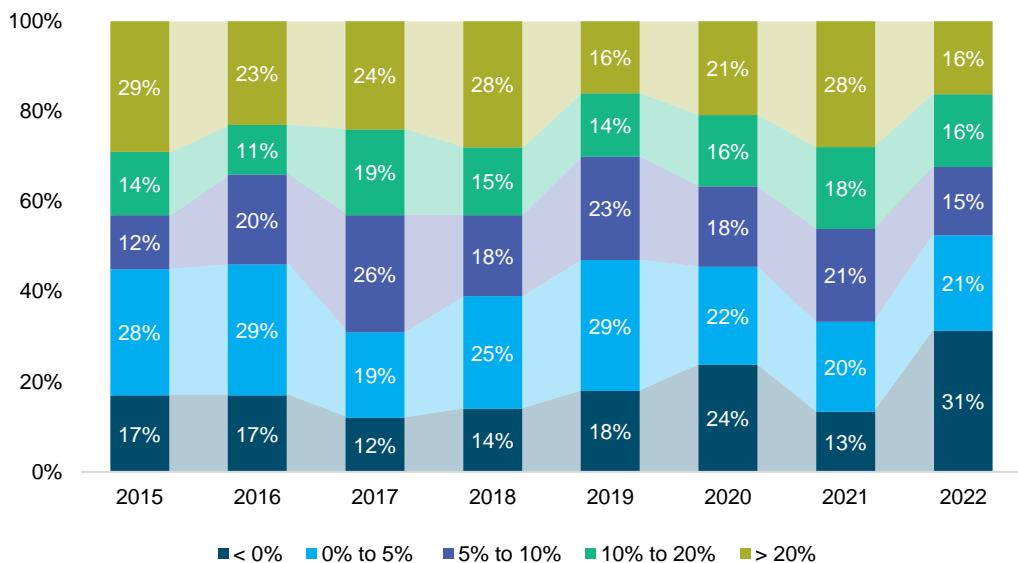




# Business Performance

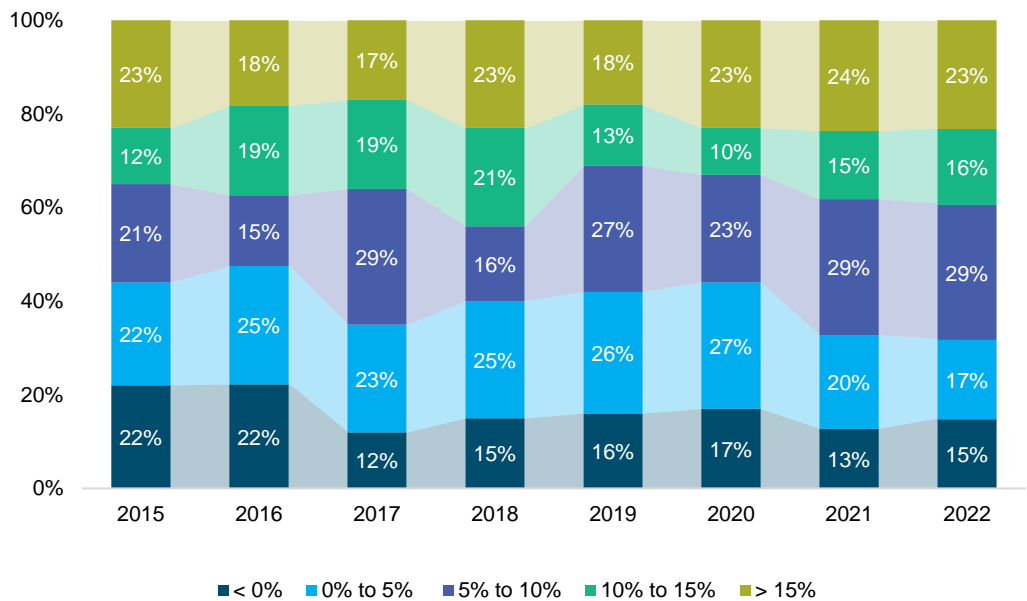
# Revenue Growth

% Revenue Growth from 2015 to 2022



# Profit Margin

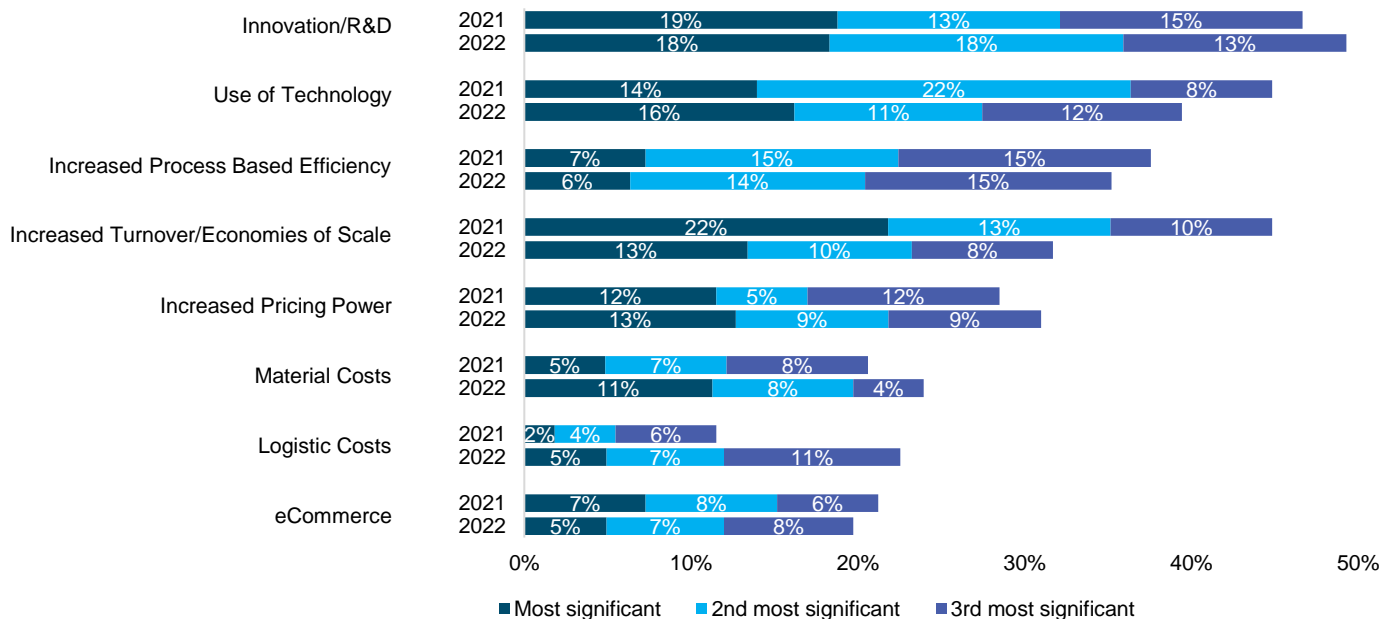
Profit as a % of Revenue from 2015 to 2022





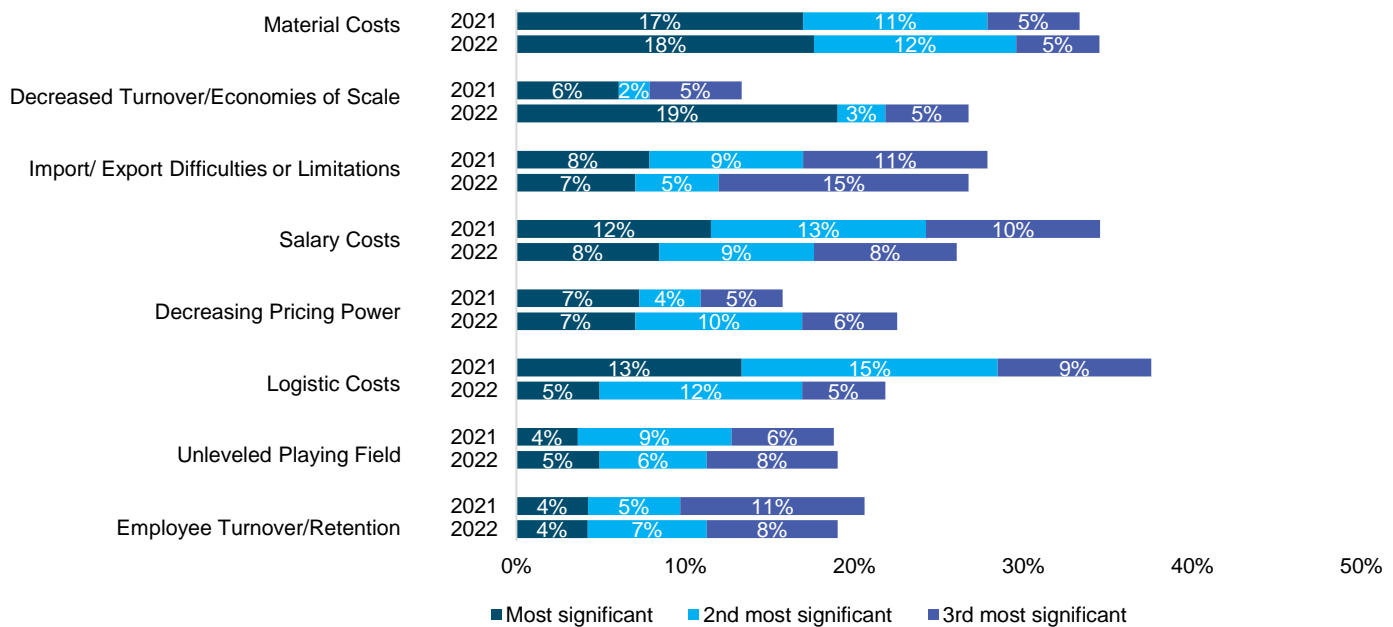
# Positive Drivers

## Most Significant Positive Drivers



# Negative Drivers

## Most Significant Negative Drivers

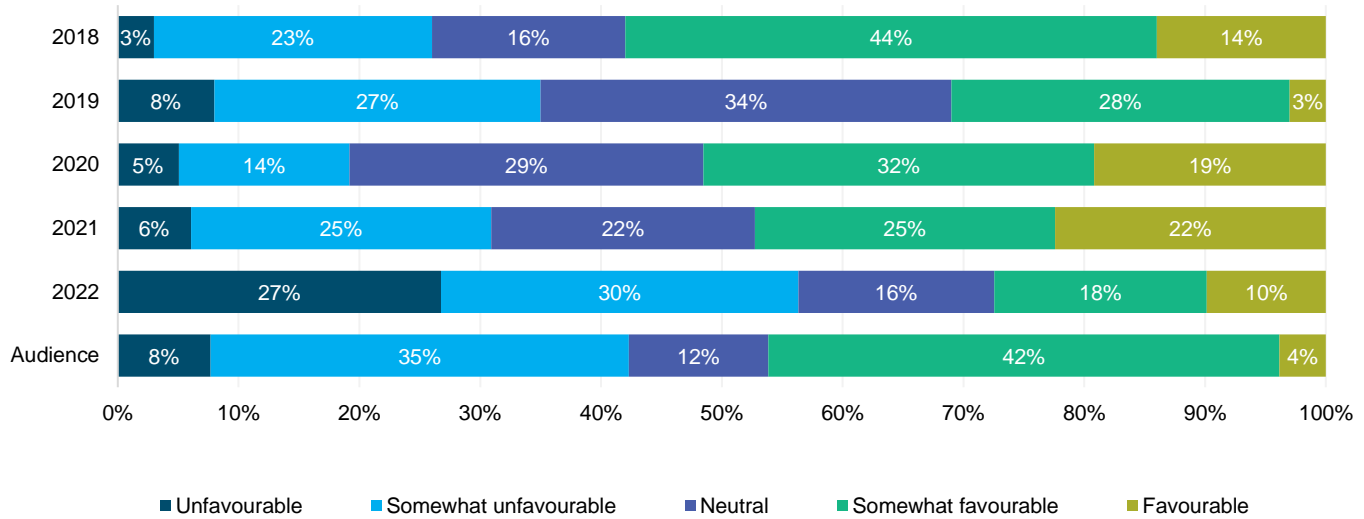




# Business Sentiment

# Perception of the Chinese Market

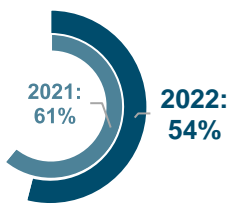
Perception of the Chinese Market 2017-2022



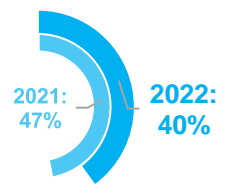
# HR Challenges

Did you experience any of the following HR challenges in 2022?

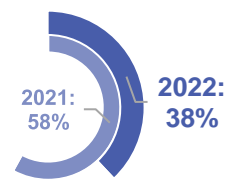
Finding Qualified Personnel



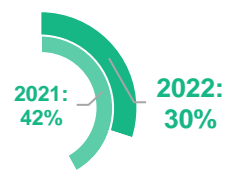
Entry Restrictions for Employees Outside China



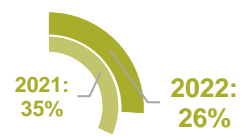
Increased Labor Costs



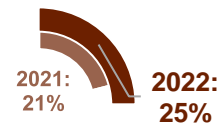
Retaining Qualified Staff



Visa Issues for Foreign Talent



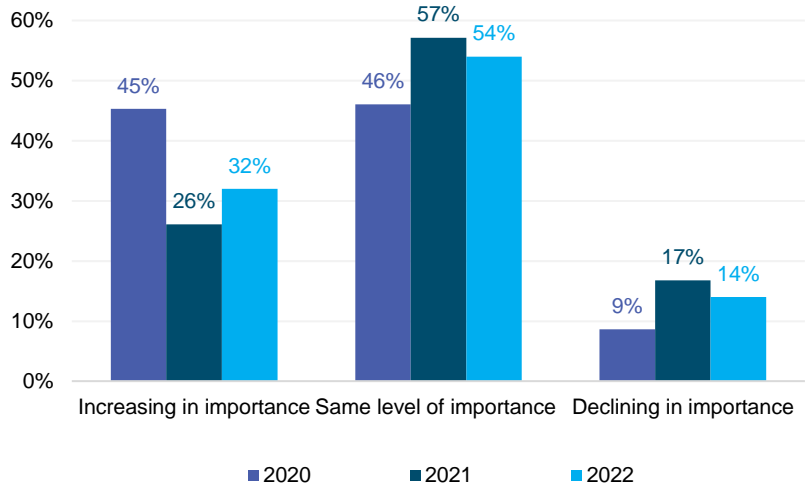
Attracting Foreign Talent





# Strategy for China

How important will China be in your group's strategy in the coming two years?



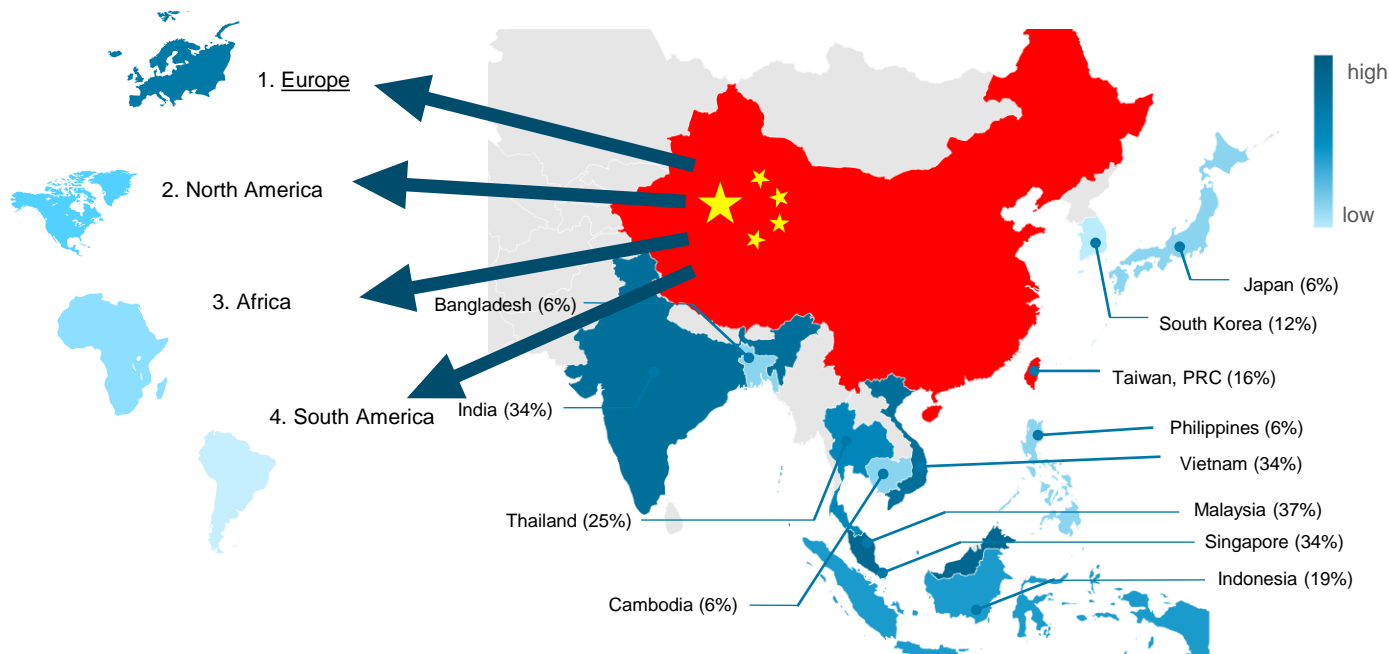
# Strategy for China

Do you consider/ are you moving some Chinese activities to other regions?



# Leaving China – to where?

## Destinations of Companies leaving Mainland China



Note: Respondents were asked to which countries/regions they would consider moving their operations. As a result, multiple countries/regions per respondent could be selected.



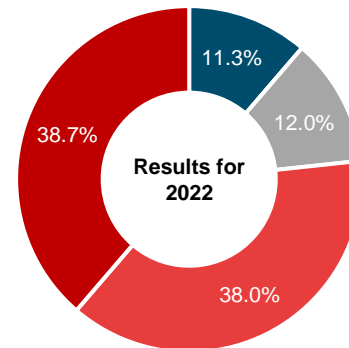
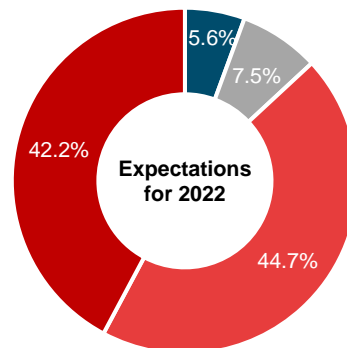
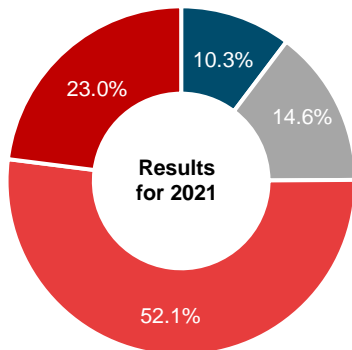
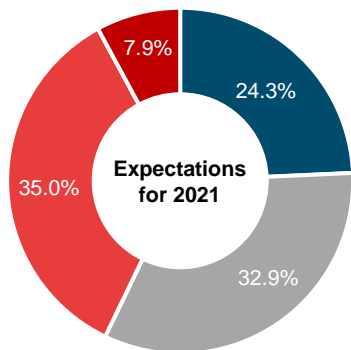
# COVID-19 Impact

# COVID-19 Impact

## COVID-19 Impact on Performance

2021

2022

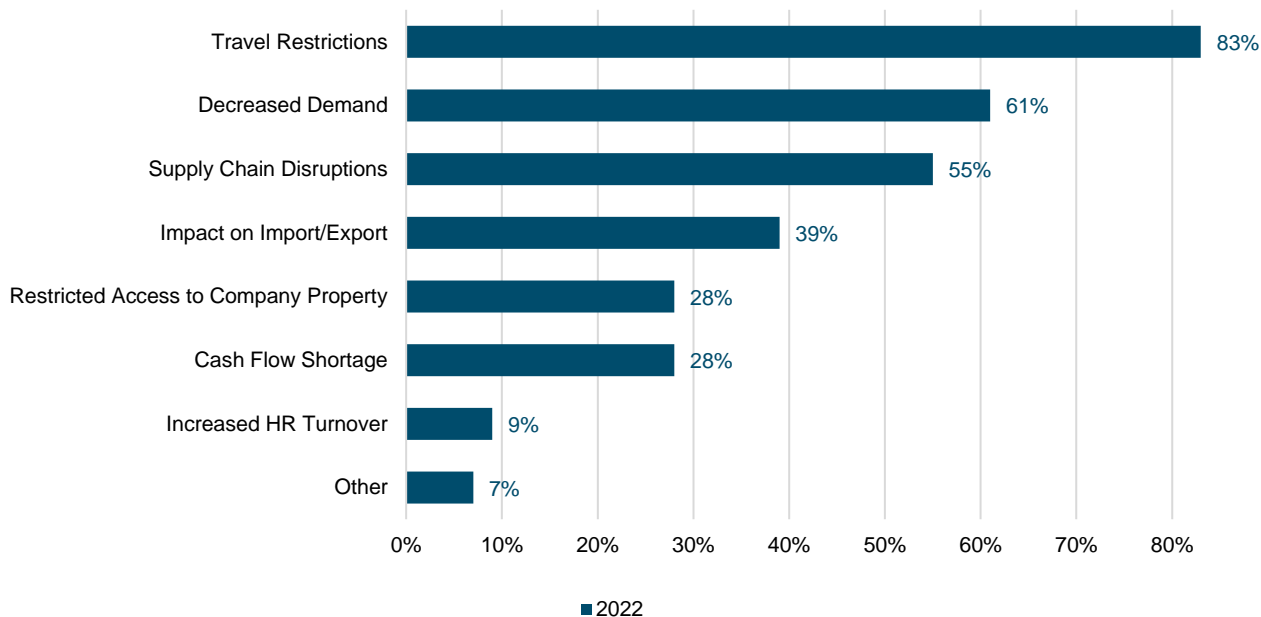


■ Positive   ■ No Impact   ■ Somewhat Negative   ■ Strongly Negative



# COVID-19 Impact – Main Negative Factors

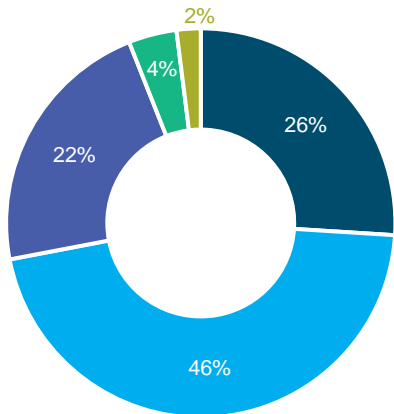
What factors related to COVID-19 negatively impacted your business?



Note: Multiple factors per respondent could be selected.

# COVID-19 Impact – Policy Change

How do you expect China's Covid policy change affect your company in 2023?



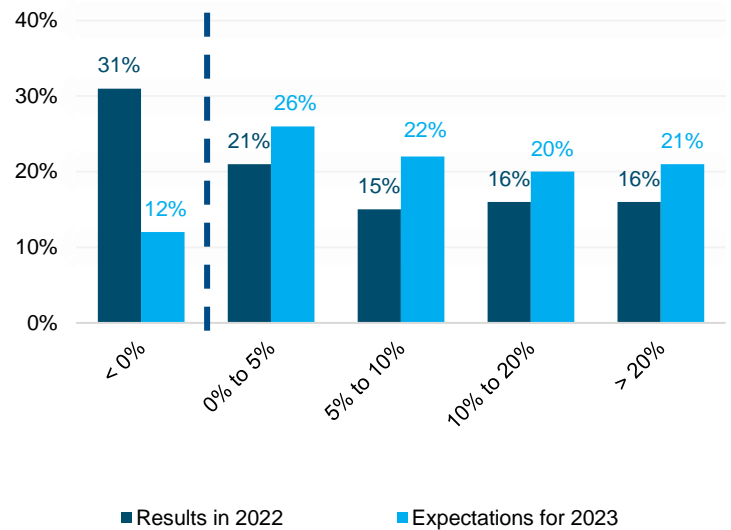
■ Strongly Positive ■ Positive ■ No Impact ■ Negative ■ Strongly Negative



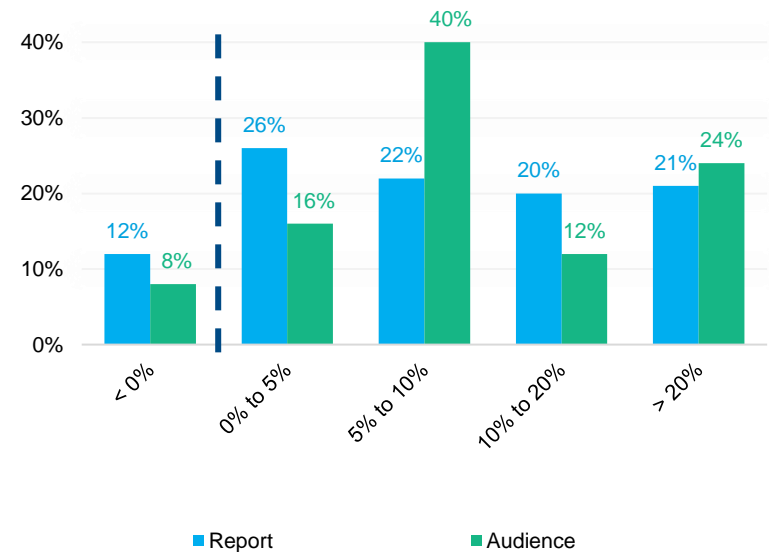
# Onward Expectations

# Revenue Growth Expectations

Expected Revenue Growth for 2023 - Report

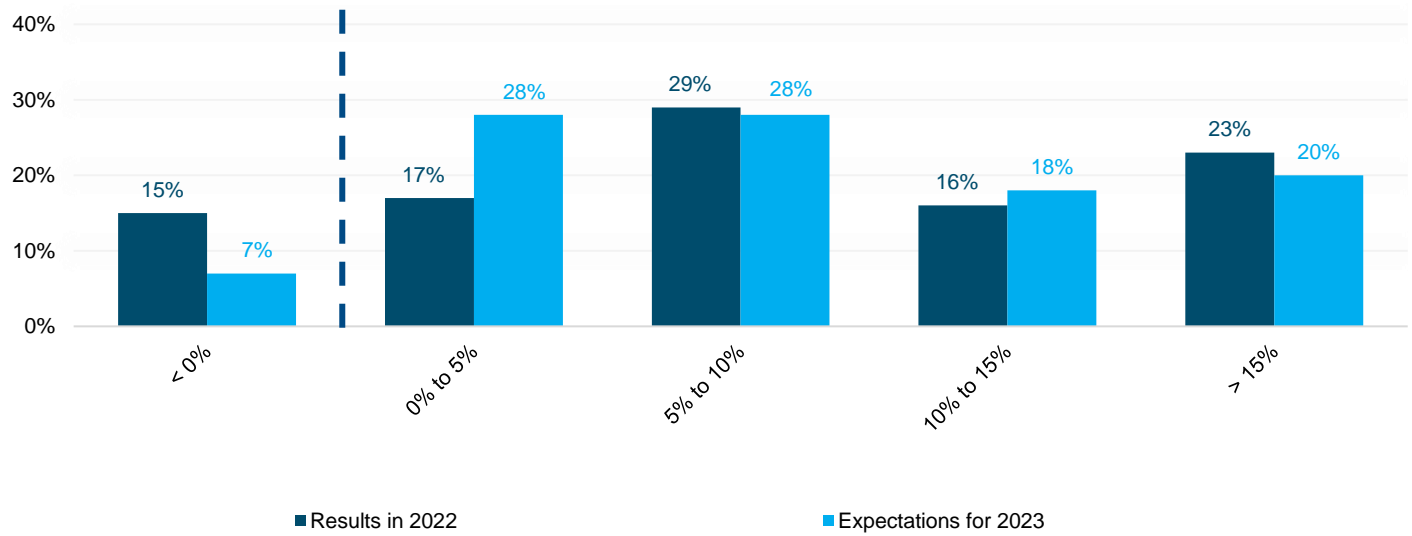


Expected Revenue Growth for 2023 - Now



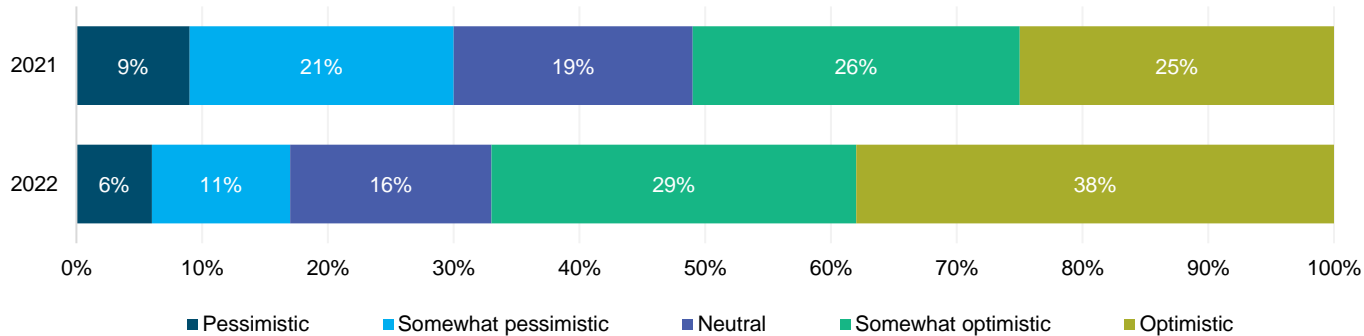
# Profit Expectations

## Profit Expectations for 2023



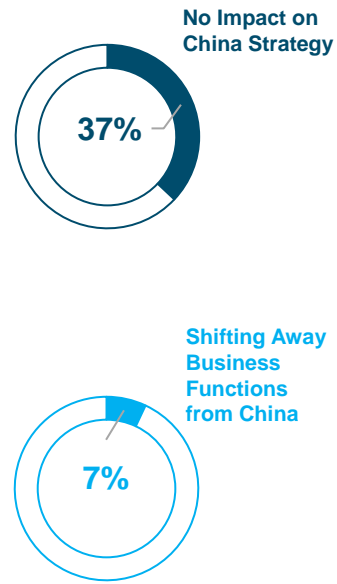
# China Investment Strategy

How do you feel about your company's prospects in China for the next 5 years?

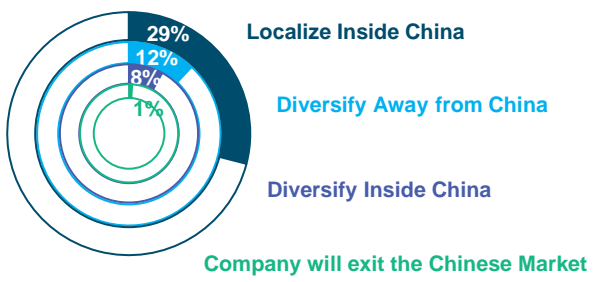


# China Strategy

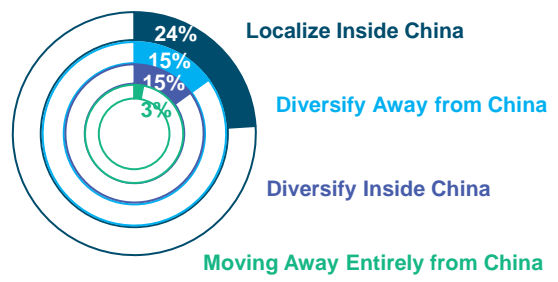
How is your firm adaption its China Strategy considering the current business and geopolitical climate?



## Changes in Production



## Changes in Supply Chain



Note: Multiple factors per respondent could be selected.

# China Strategy

What is your motivation behind the recalibration of your China strategy?

Increasing Resilience of Supply Chains **30%**

Mitigating Perceived Volatility of Government Policy **26%**

Mitigating Impact of Shifting Attitudes Toward China **21%**

Compliance with Regulatory Requirements **12%**

**34%** Proximity to Key Customers and Suppliers

**28%** Mitigating Impact of Decoupling (Geopolitical Tensions)

**22%** Cost Savings

**16%** Localization Request by Suppliers or Government

**3%** Mitigating Impact of Ongoing Ukraine Situation





# Conclusion

# Closing remarks

In line with expectations of the COVID measures, a significant increase in respondents with revenue decrease

Profits remain stable as the Chinese market continues to be important for the respondents' Group strategy

Rising labor costs continued to drop in importance as negative driver, and we saw a significant decrease in economies of scale due to lack of manufacturing and sales potential during 2022

Negative trend in business sentiment of 2021 continues and reaches a low point in 2022

Despite negative sentiment, respondents remain bullish about economic/financial outlook, reporting an expected return to pre-COVID levels of revenue growth and profit margins

Due to ongoing geopolitical tensions and uncertainty, respondents are considering diversifying and moving away from China, but for most China continues to be a crucial market

**Despite negative perception and performance in the past year, China is expected to remain a crucial market for Benelux businesses**

# Thanks for your attention!

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