



# Business Climate Survey - May 2023

*From April 24 to May 12, 2023  
284 answers*

## French enterprises in China Q2 Business Climate Survey





## French companies in China report tepid economic recovery

With almost 2100 subsidiaries employing some 307400 people, France is the leading European investor in China by the number of companies. With its 1600 members, the French Chamber of Commerce and Industry in China (CCIFC) has been defending the interests of French companies since 1992.

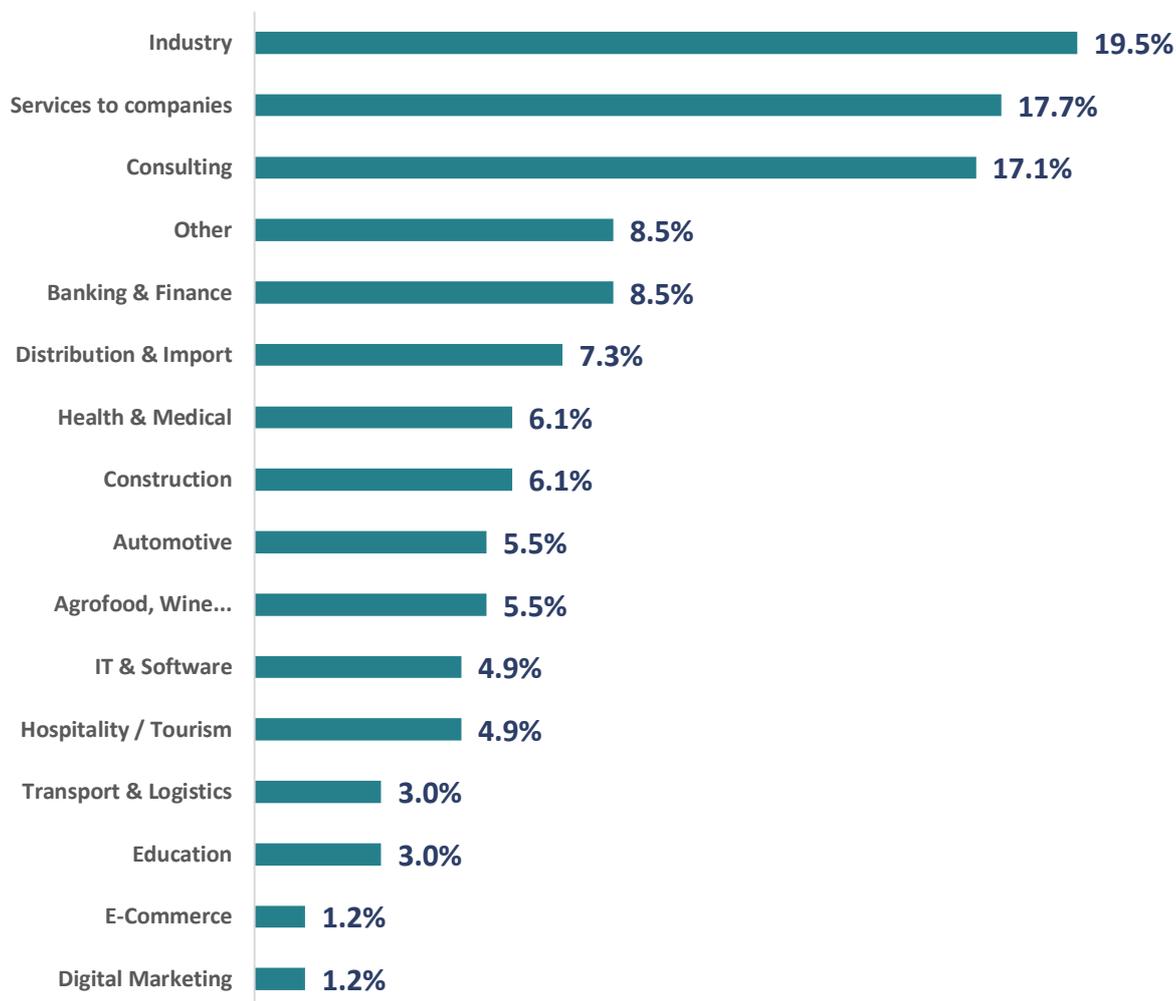
Following up on the series of surveys launched from April 2022, the French Chamber of Commerce and Industry in China (CCIFC) questioned its members between April 24 and May 12 2023 on their activity in the context of the country's reopening. 284 companies responded to the survey.

- **Despite the lifting of health restrictions, French companies deplore suffering from long-term impacts on their activity.** Nearly a third of respondents report a significant impact on their business in China (versus 19% for their activity in the rest of the world); only 27% describe the impact of the pandemic on their business in China as low (against 45% in the rest of the world).
- **The main obstacles to their recovery** are geopolitical risks (54%), falling demand (54%), Sino-American decoupling (31%), China's declining attractiveness to foreign talent (28%), persistent mobility restrictions (23%), and market access barriers (20%).
- **However, respondents are relatively optimistic regarding China's economic outlook for the next two years.** 36% display confidence, compared with 13% who are pessimistic.
- While more than half of companies reported sales in line with their forecasts for the first four months of 2023, a third of respondents performed below expectations. Only 12% of respondents reported performances exceeding their forecasts.
- **Half of respondents expect their sales to increase in 2023, down from almost two-thirds in the previous survey conducted in [February 2023](#).** 22% anticipate sales to remain unchanged, and 26% predict a decrease (versus 14% in the previous survey).
- Broadly speaking, the optimism witnessed at the beginning of the year appears to be fading. The share of companies planning to increase their investments in China is down compared with the previous survey (39% vs. 47% in February). 17% of respondents intend to reduce their presence in China, up from 7% in February, and 16% in September 2022.
- To facilitate the country's economic recovery, respondents encourage the Chinese authorities to expand the access by foreign companies to subsidies and financial support programs, ensure equal treatment of foreign companies, reduce market access barriers, and implement demand-side policies.

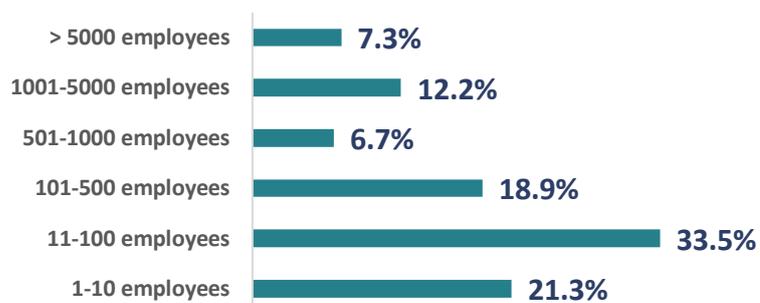
The survey highlights that French companies continue to face a considerable number of challenges in China despite the lifting of health restrictions at the end of last year. China's economic recovery remains fragile and falls short of expectations, while structural challenges of doing business in China show no sign of easing. In light of this situation, CCIFC and its members call for foreign companies to be given equal access to financial support programs, and for the establishment of a fair business environment.

# Profile of respondents

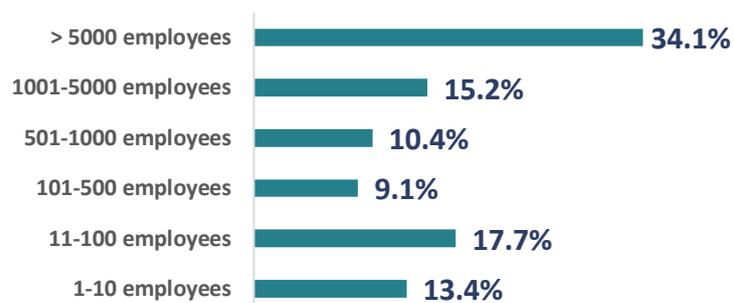
## Your Sector



## Number of employees in China

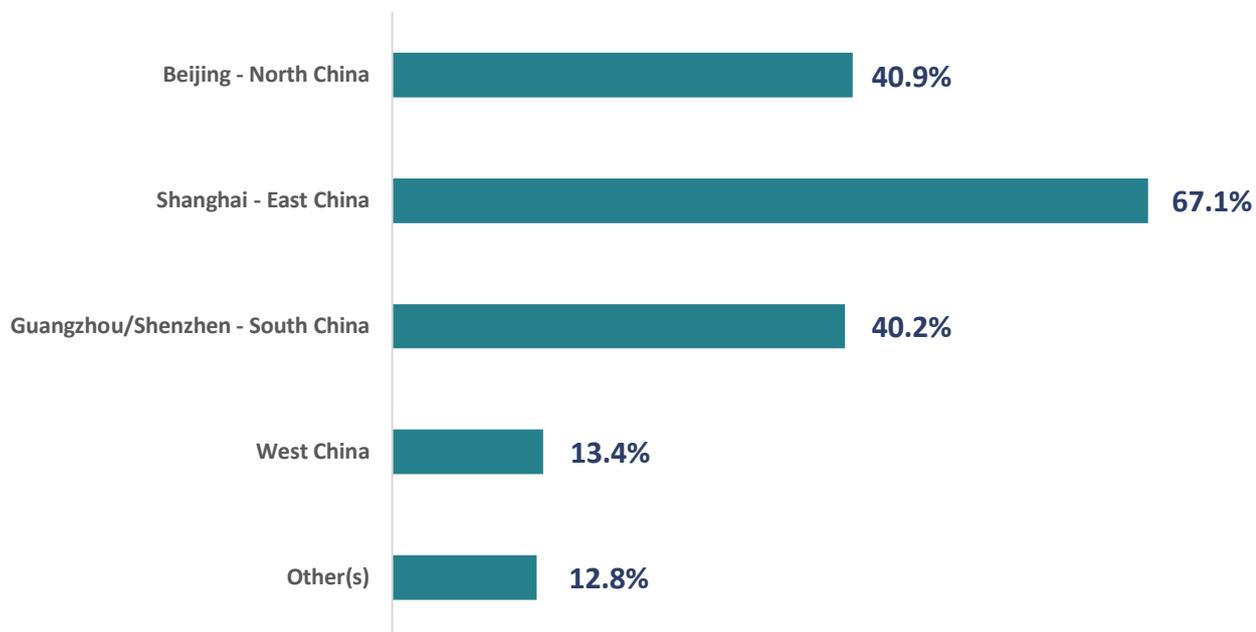


## Number of employees worldwide



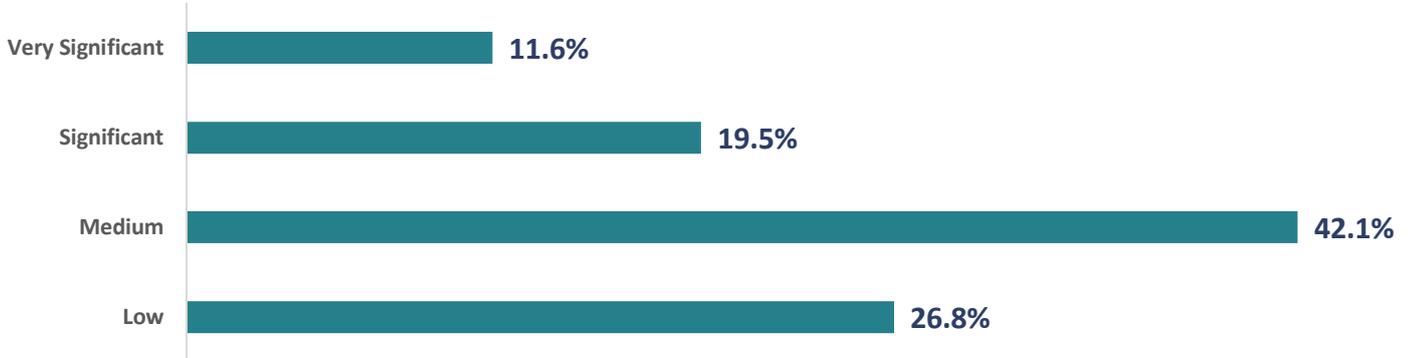
# Profile of respondents

## Your company's location(s)

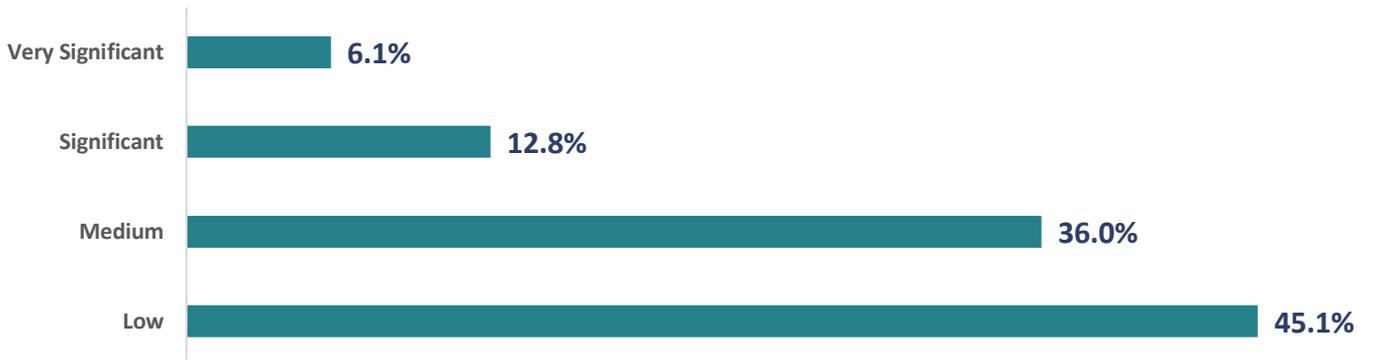


# Business climate

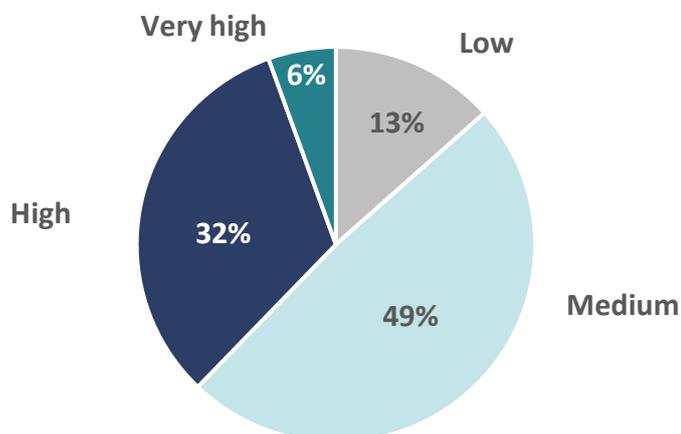
Long-term negative impact of the COVID 19 pandemic on your sector – China only:



Long-term negative impact of the COVID 19 pandemic on your sector – Excluding China:

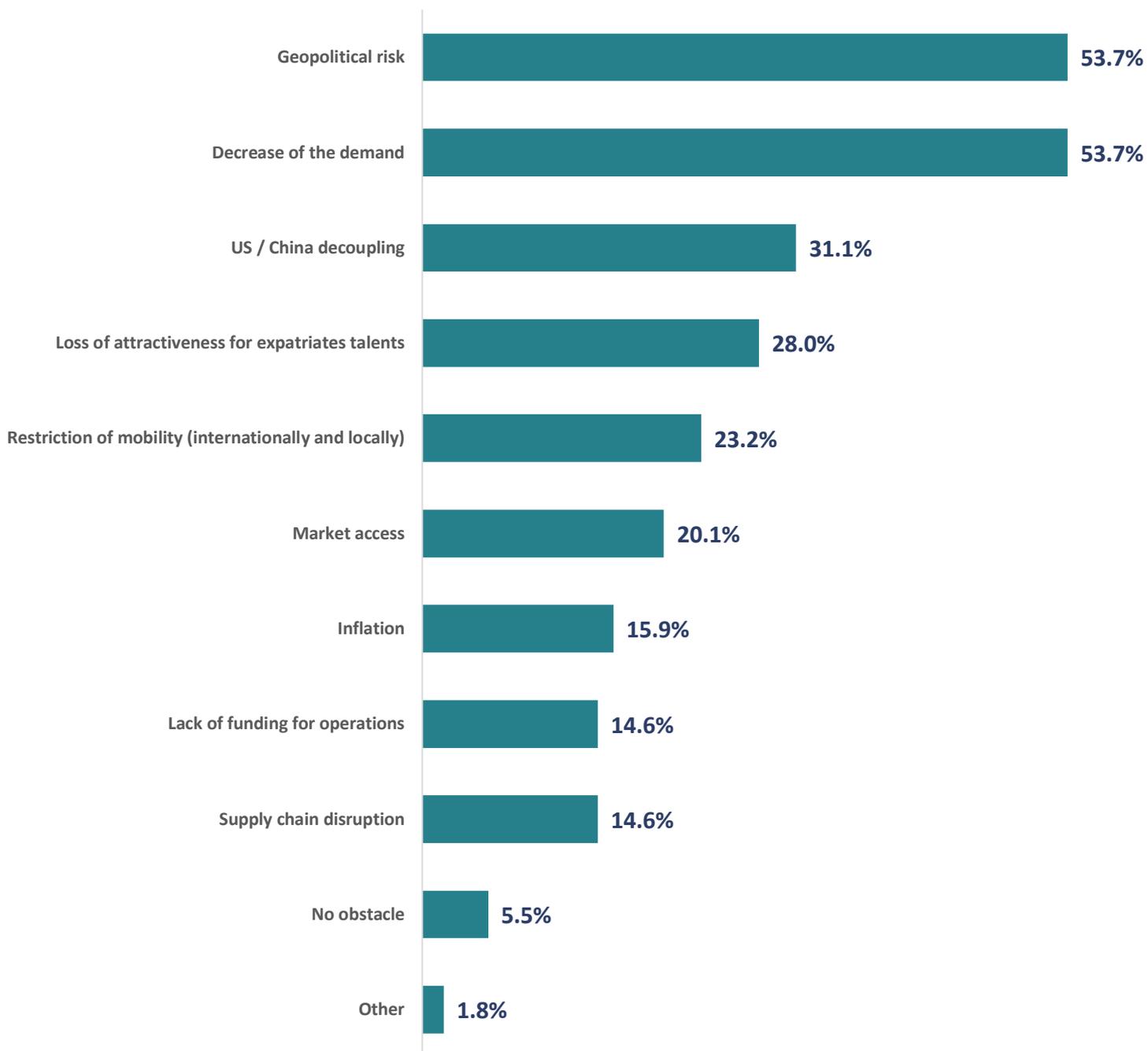


Your confidence in the Chinese economic environment over the next 24 months:



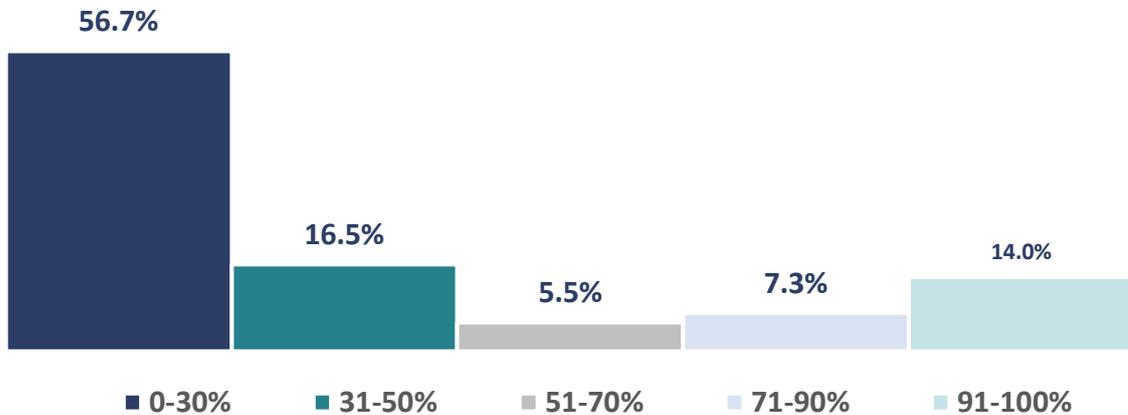
# Business climate

What are the main obstacles to the resumption of your operations:

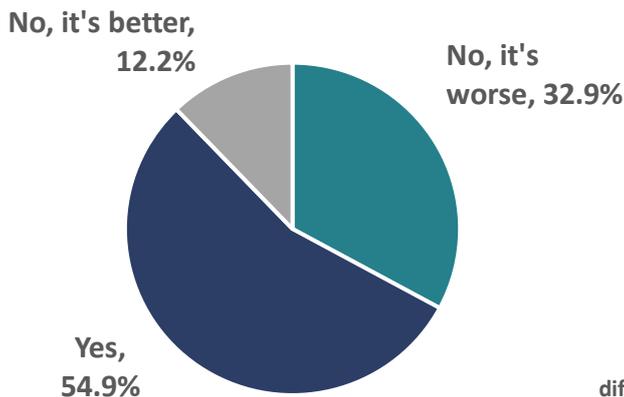


# Recovery of economic activity in China in 2023

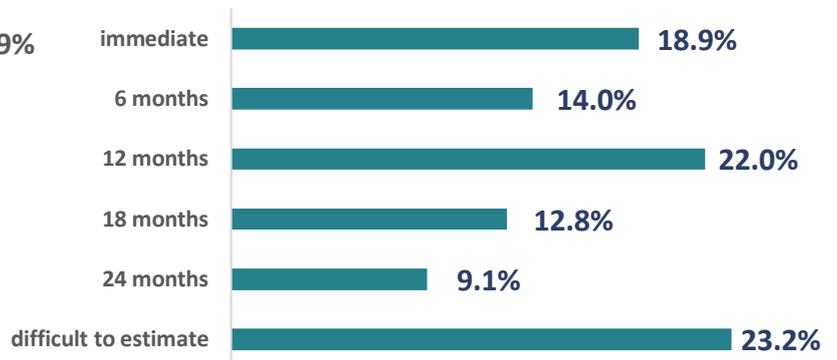
Turnover recorded during the first months of 2023 (January to April) as a share of your yearly projections:



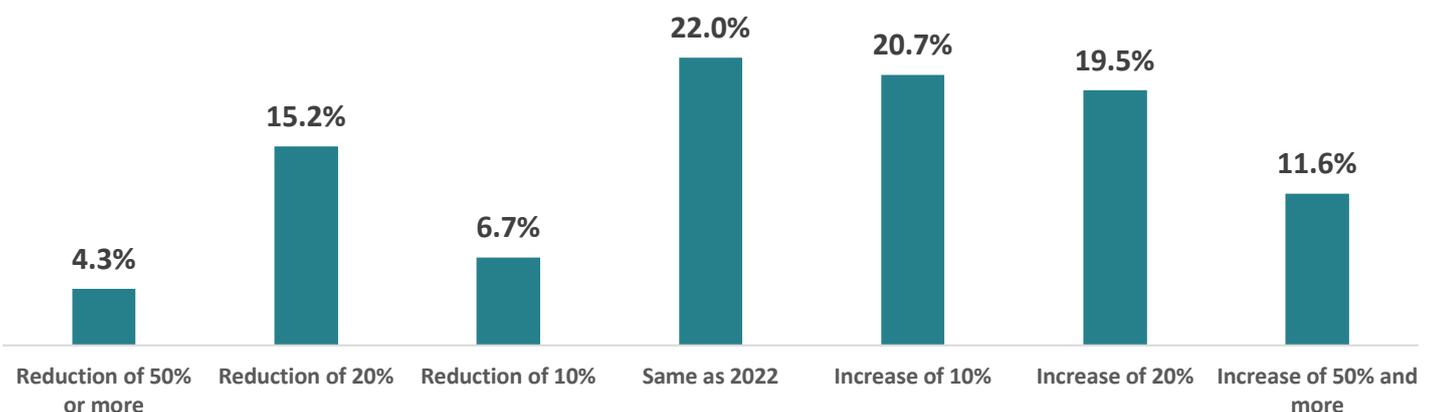
Are these results in line with your initial projections?



Estimated timeframe until returning to pre-covid level activity in China?

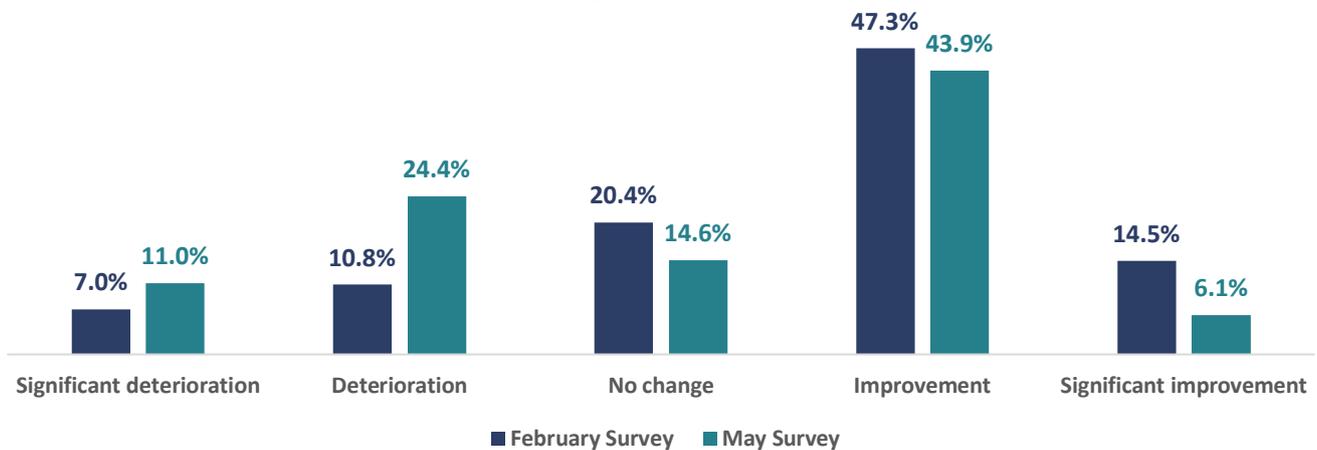


Which level of turnover are you expecting in 2023, compared with 2022?

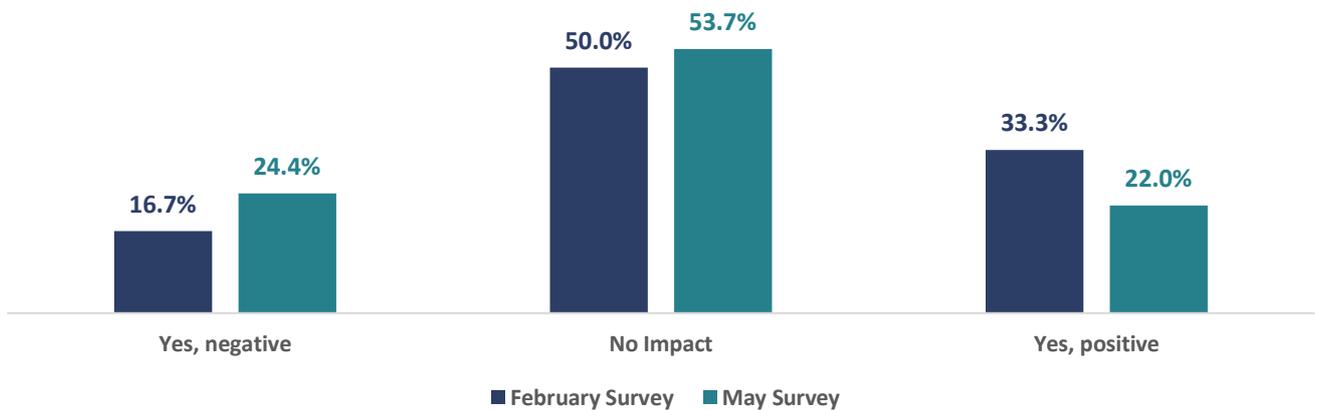


# Long-term forecast and future investments

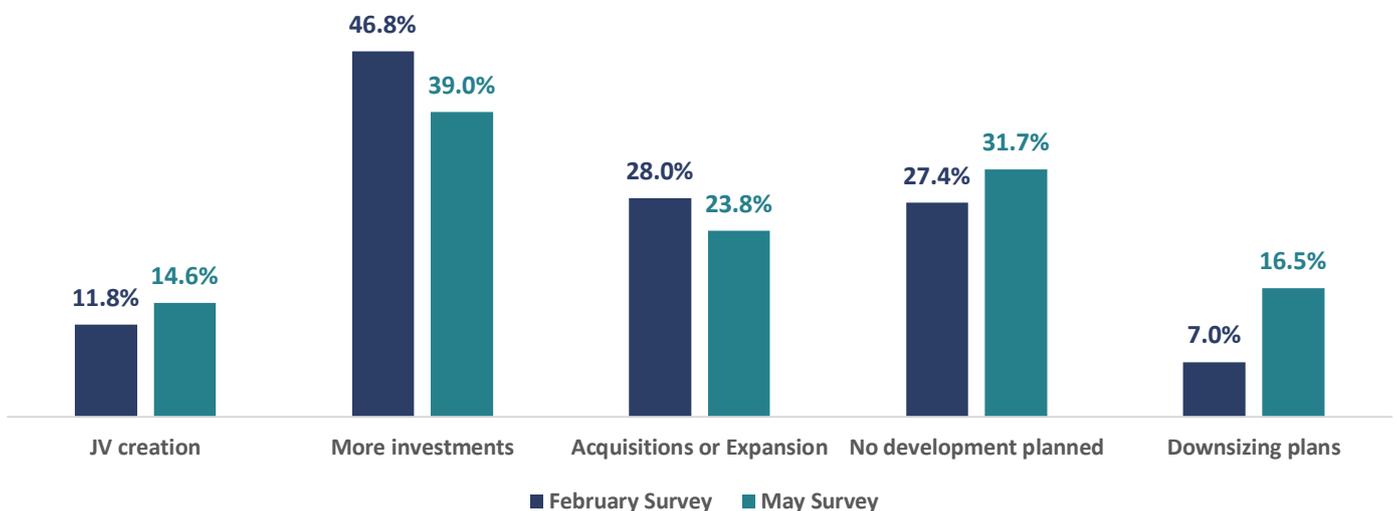
How has your company's perception of China evolved, since the lifting of the restrictions?



Does this change of perception have an impact on your investment decision?



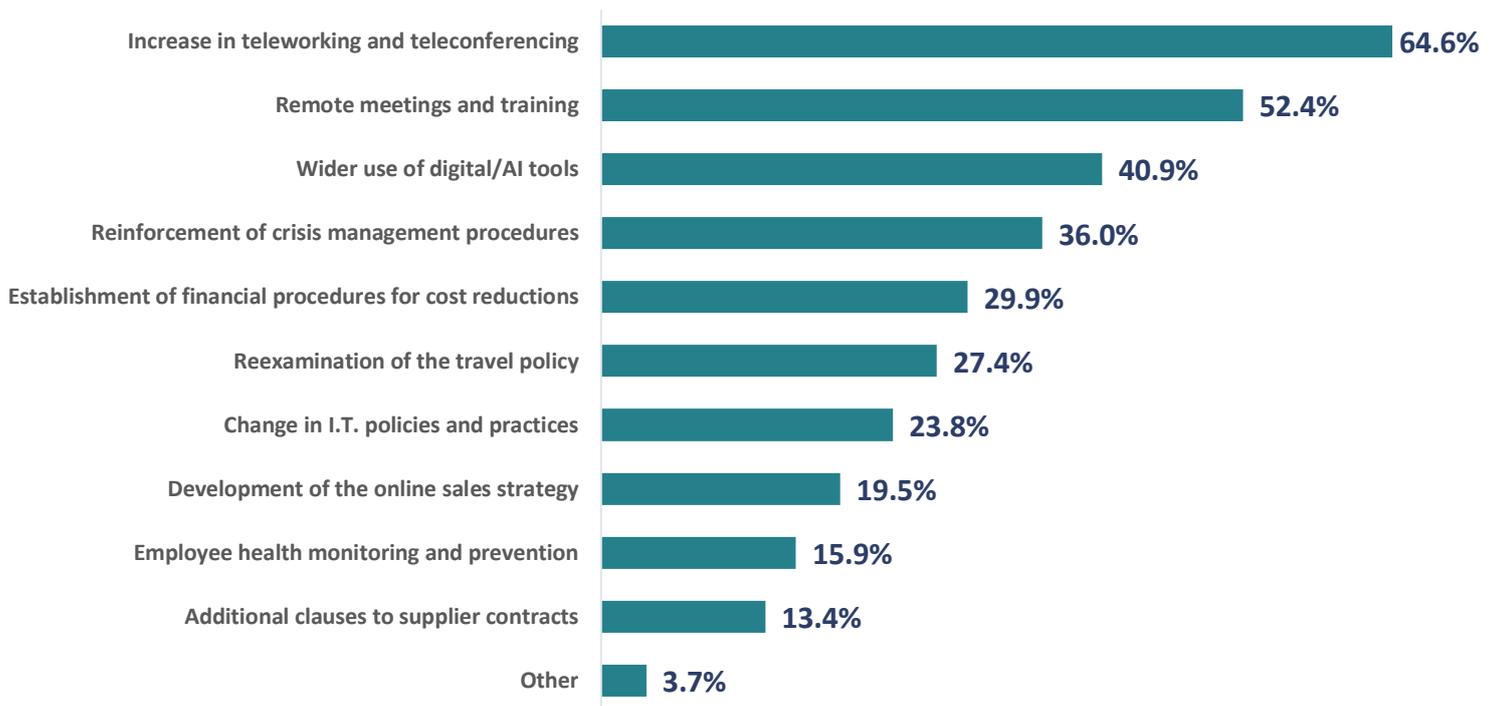
How do you plan to develop your activity in the next 3 years



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# Long-term forecast and future investments

## What permanent changes have you made following the COVID 19 pandemic? (multiple answers)

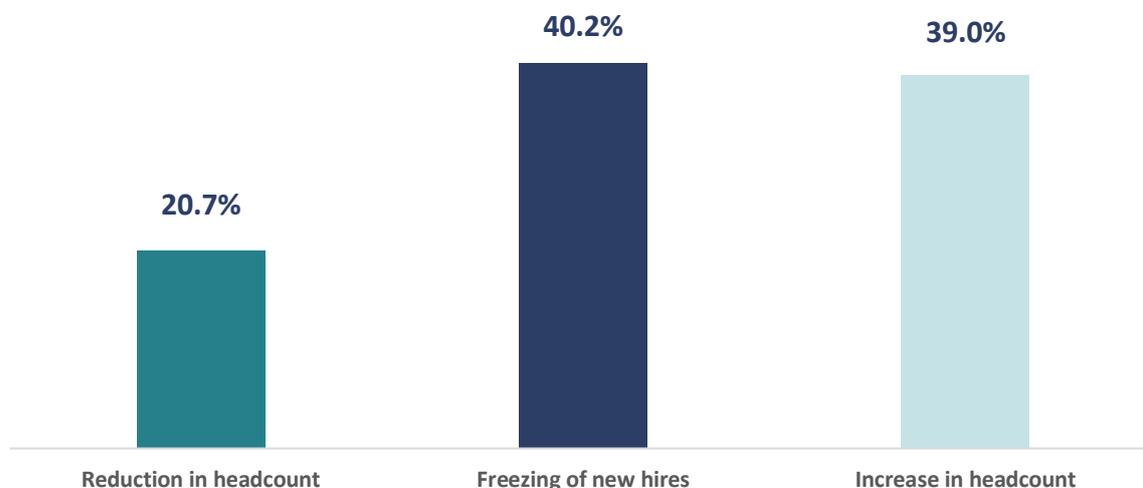


What new measures would you like the authorities to implement to support companies during the reopening phase: (open question)

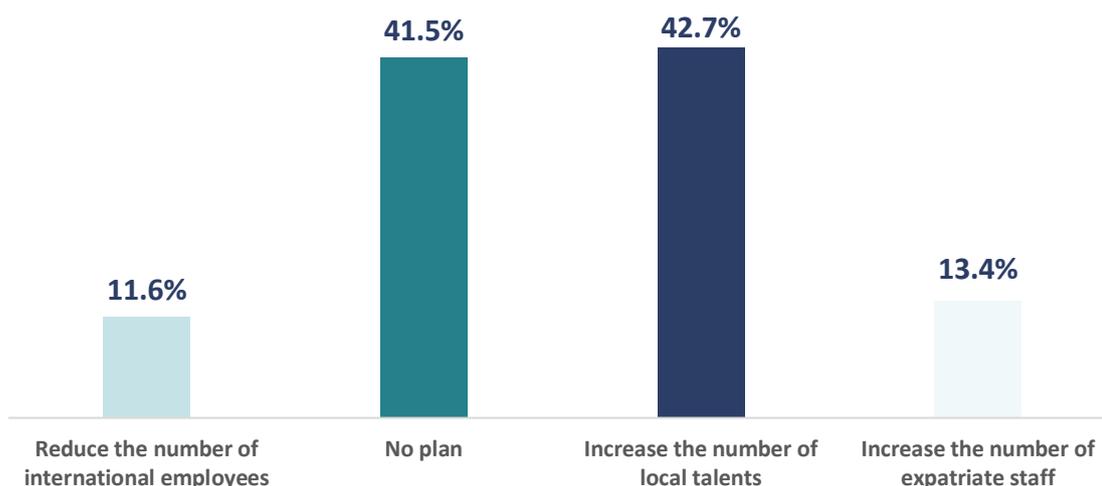
- Facilitating the access by foreign firms to financial support and subsidies
- Improve market access, fairness in the treatment.
- Extend the I.I.T. benefits for foreign employees.
- Facilitate the connection between France and China, in terms of number of flights and prices.
- Ease the obtention of visas ; promote young talents exchanges programs.
- Support the demand, increase subsidies for households.

# Human Resources policy

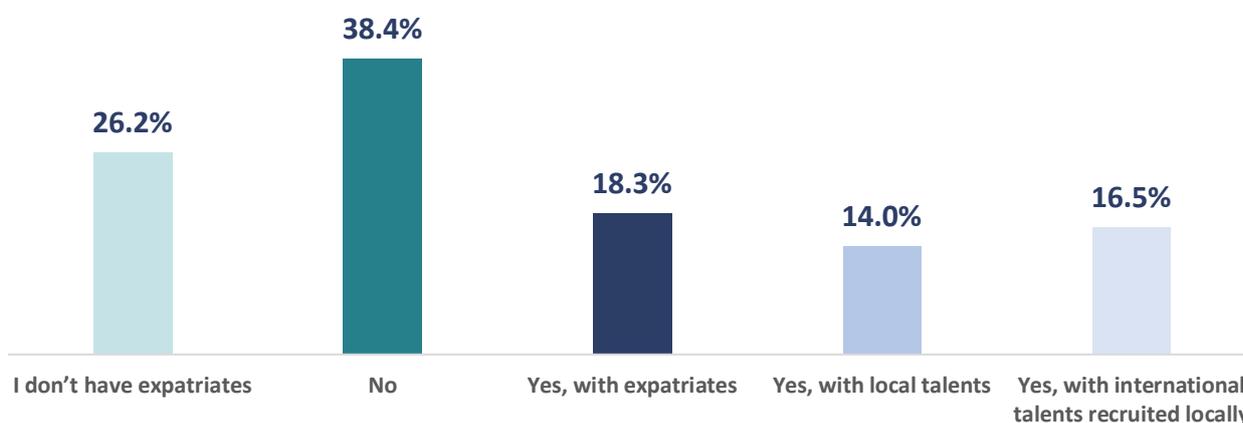
In terms of recruitment, what is your policy for 2023:



What is your plan regarding talent attraction?

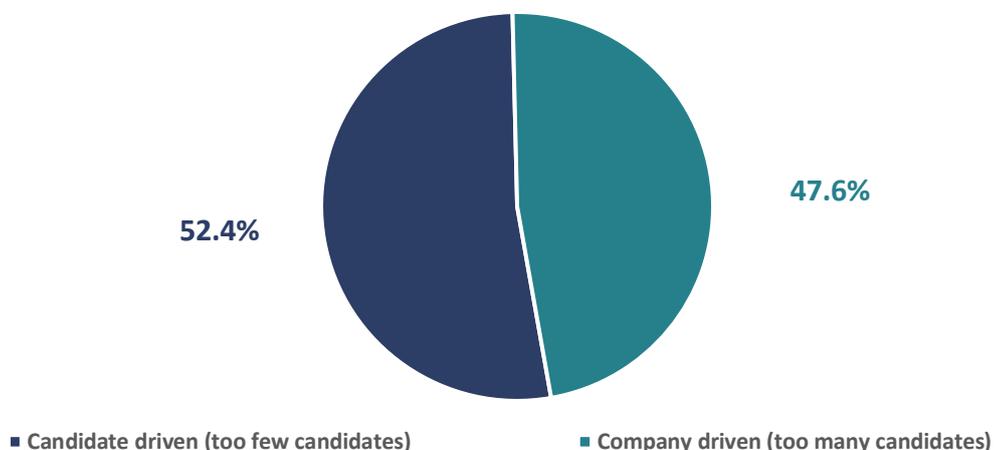


Are you planning to replace the expatriates who will leave China this summer?

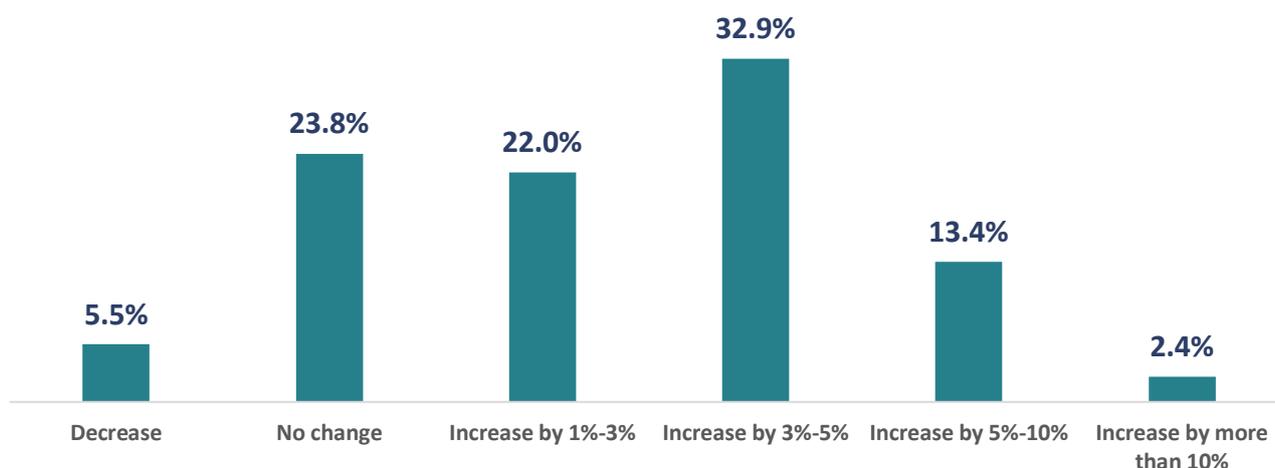


# Human Resources policy

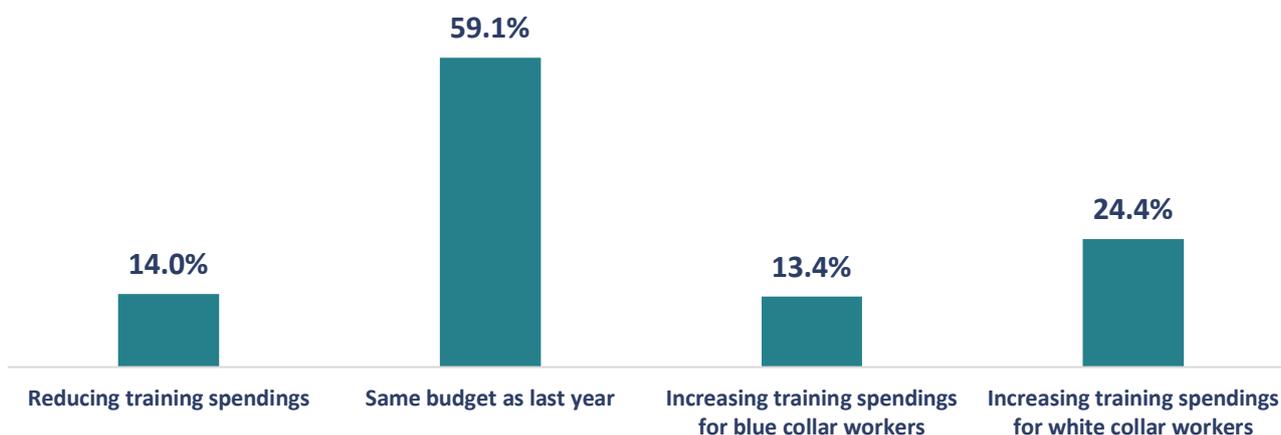
How would you describe the employment market?



How have the salaries evolved in your company between 2022 and 2023:



What is your training policy for 2023:



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## May 2023 - Business Confidence Survey

Thank you

