

COVID-19

IMPACT FOR FRENCH COMPANIES IN CHINA 1 MONTH AFTER

MARCH 2020

INTRODUCTION

The aim of this second survey, one month after the first one, is to measure the evolution of the economic impact of the current Covid-19 epidemic, its effects on French companies and the French companies' access to different subsidies.

This survey was conducted on the 12th and the 14th of March, 2020 via the various channels of communication of institutions partners: WeChat, LinkedIn, websites.

The data has been collected anonymously.

CONDUCTED WITH:

Survey carried out in collaboration by the CCEF, the Economic Service of the French Embassy and French Consulates in China, CCI FRANCE CHINE, Business France and La French Tech.



BY : **NEXTSTEP STUDIO**



1. PROFILE

OF THE COMPANIES THAT RESPONDED TO THE SURVEY

228 business executives answered the questionnaire.

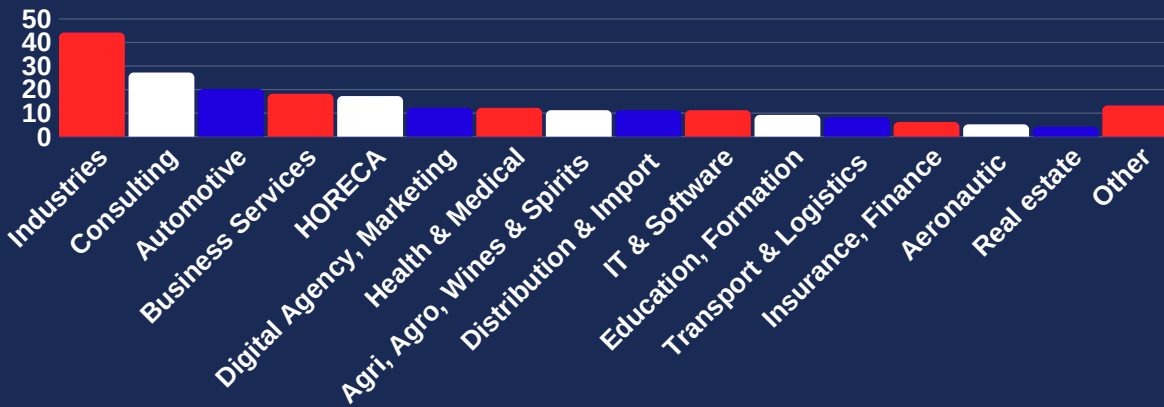
The size of these companies (very similar to the previous survey) :

- 33% have less than 10 employees in China
- 48% have between 11 and 500 employees in China
- 13% have between 500 and 5000 employees in China
- 6% have more than 5,000 employees in China

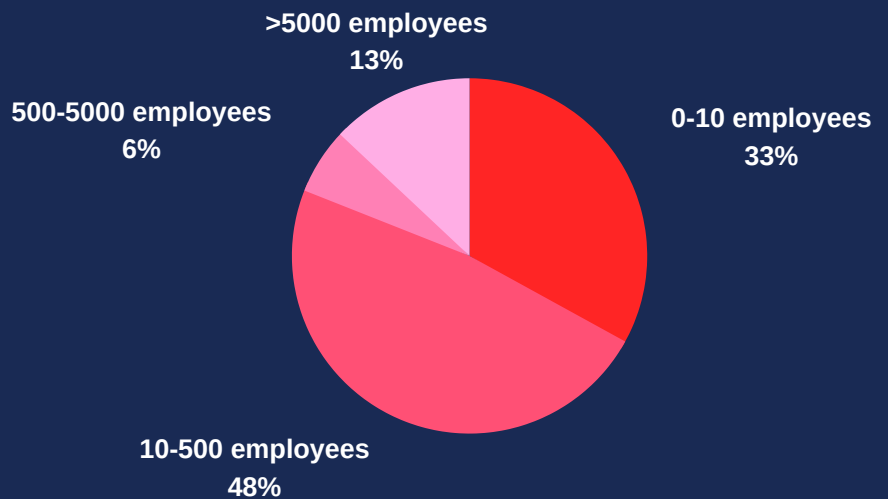
Their dependence to a Group:

- Almost 2/3 are subsidiaries of Groups headquartered outside China
- Almost 1/3 are companies founded in China, not attached to a Group
- 8% are in Joint Venture

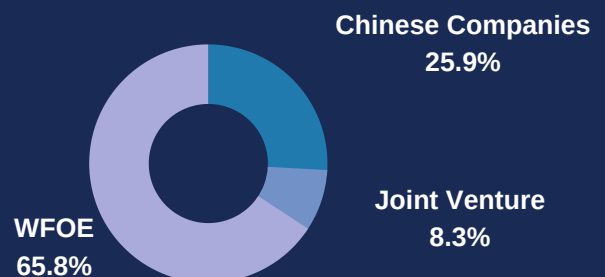
**228 BUSINESS EXECUTIVES PARTICIPATED,
REPRESENTING 20 BUSINESS SECTORS**

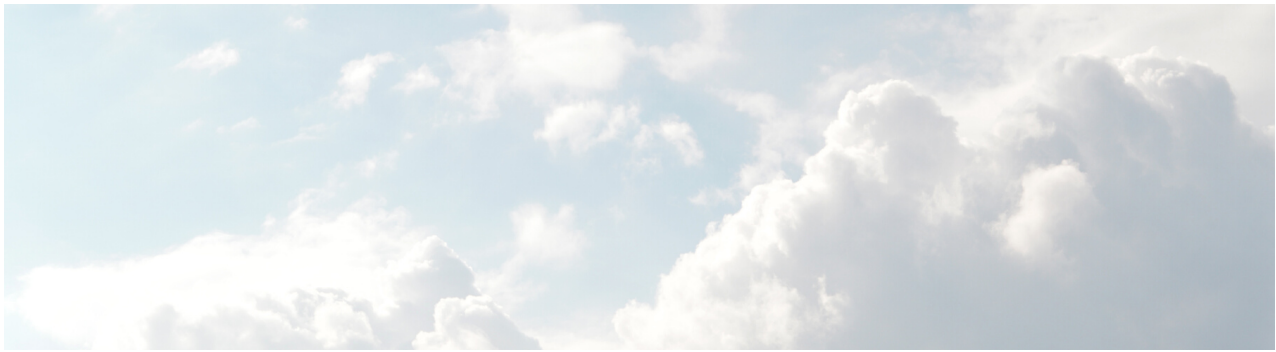


**81% OF THE RESPONDING
COMPANIES COUNT
LESS THAN 500 EMPLOYEES**



**MOST OF THEM REPRESENT
WHOLLY FOREIGN OWNED
ENTERPRISES**





2. EVOLUTION OF THE SITUATION

PERCEPTION OF COMPANIES ON THE DATE OF THE SURVEY

A month later, 43% of the companies taking part in the survey consider that the current situation is as expected, 30% of the companies consider it better than expected and 27% worst than expected.

About the future, 29% of the companies taking part in the survey think it may be better, 38% think it may be worse and 33% think it will be as expected, .

**LAST MONTH HAS BEEN
IN AGREEMENT WITH
FEBRUARY'S
EXPECTATION**



**PERCEPTION OF THE
FUTURE IS MORE
UNCERTAIN**





3. RESUMPTION OF ACTIVITIES

PERCEPTION OF COMPANIES ON THE DATE OF THE SURVEY

The resumption of activity is understood as a capacity to recover 80% of historical orders in the same period.

About half of the companies anticipate a resumption of activity by mid-April, 3/4 anticipate it before June. In the previous survey of mid-February, about half of the companies anticipated a resumption of activity by the end of March, 2/3 by mid-April. This perception is therefore shifted by 2 weeks.

Nevertheless, we observe a strong difference between some sectors anticipating a resumption of the activity by mid-March (Transport, IT, industries, e-commerce, aeronautic) while some others are much more pessimistic (sport, construction, real estate) whom do not expect it to happen before June.

Return of employees to the workplace

- More than 50% of the companies have at least 80% of their employees back on site
- 16% have in between 50% and 80% of their employees back on site
- 8% of the companies still have their offices closed, all of them being services companies

Resumption of production

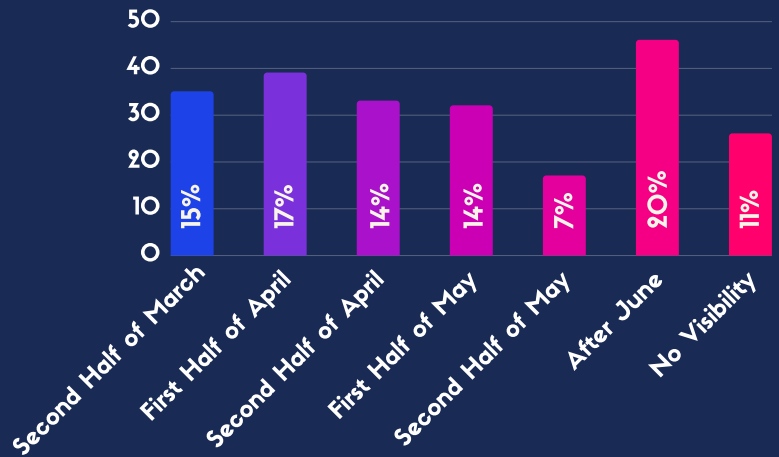
For companies with one or more production tools in China (48% of companies responding to the survey), almost 38% of them announced that they have recovered a production capacity above 80% and only 21% said that they are below 30% of their production capacity.

WHEN CAN YOU EXPECT A "BACK TO NORMAL LEVEL" OF RECEIVING ORDERS IN YOUR COMPANY ?

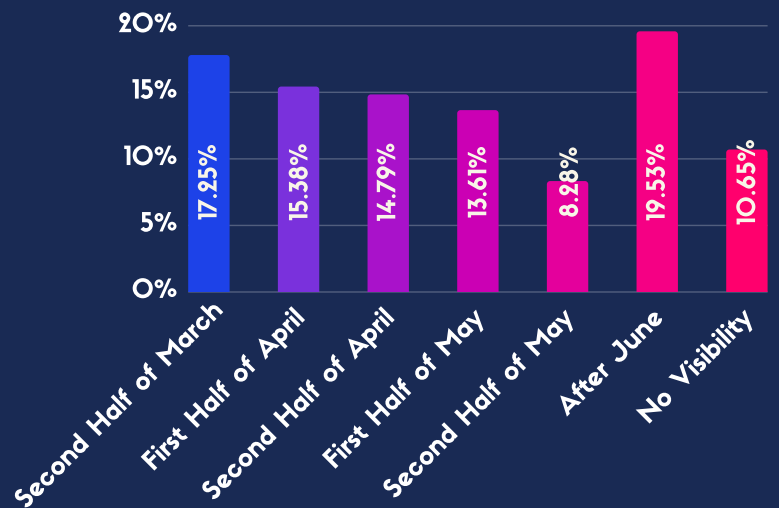
(AT LEAST 80% OF HISTORICAL ORDERS ON THE SAME PERIOD)

3/4 EXPECT A BACK TO NORMAL LEVEL BEFORE **JUNE**

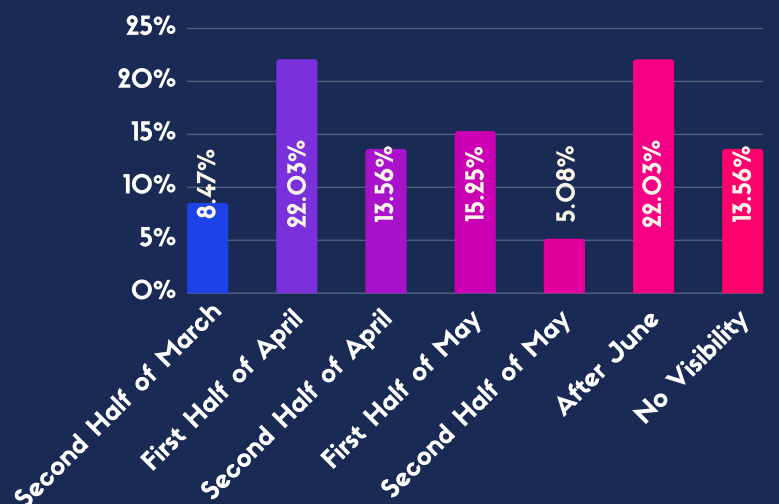
BUT **HALF** EXPECT IT BY **MID-APRIL**



JOINT VENTURE
WFOE



CHINESE
COMPANIES



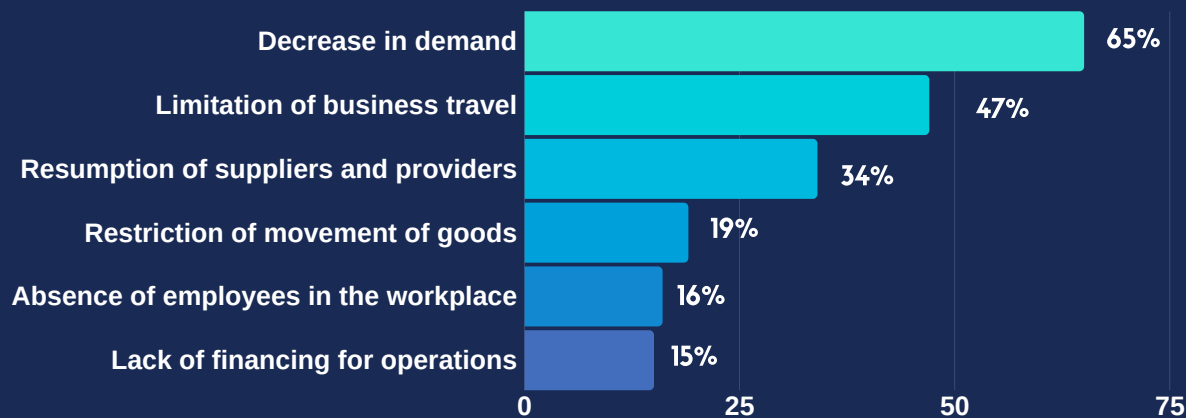
Main obstacles to the resumption of activities

The companies in this survey identify several sources of difficulty in restarting their activity. The three ones that come out the most are:

- The decrease in demand in China and abroad has an impact (for 65%)
- The limitation of business travel (for 47%)
- The resumption of suppliers and providers (for 34%)

Only 5% of the companies surveyed believe that there are no obstacles.

MAIN OBSTACLES TO THE RESUMPTION OF ACTIVITIES





4. IMPACT ON TURNOVER

PERCEPTION OF COMPANIES ON THE DATE OF THE SURVEY

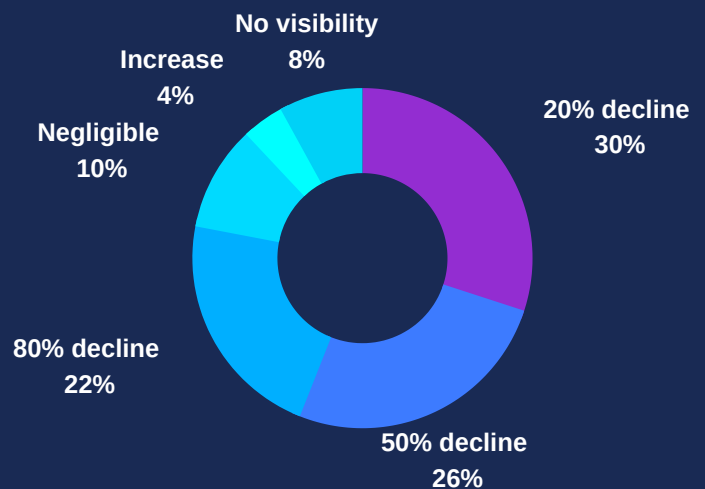
One month after the first survey, French companies in China have a better appreciation about the impact of the crisis on their turnover but different opinions.

- 56% anticipate a drop in turnover of up to 50%, against 61% in the last survey
- 22% anticipate a drop in turnover of up to 80%, against 15% in the last survey
- Only 8% have no visibility, against 21% in the last survey

WHAT ARE YOUR EXPECTATION, COMPARED TO YOUR FORECAST, IN TERMS OF TURNOVER FOR THE FIRST SEMESTER?

56% anticipate a drop in turnover of up to **50%**

22% think that the drop could go up to **80%**





5. MEASURES & APPROACHES

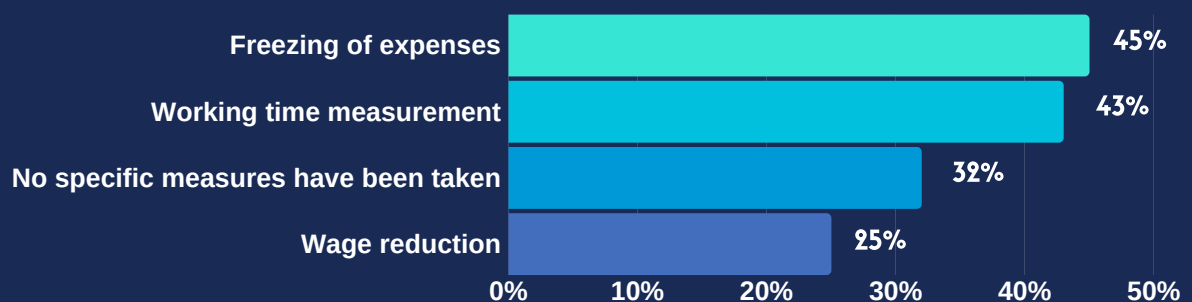
COMPANIES DECLARATION AT THE DATE OF THE SURVEY

One month after the start of the crisis, 68% of the companies in this survey state that they have taken one or more temporary economic measures to deal with the immediate impact of the crisis on their activity and 57% state that they have taken one or more structural measures to anticipate longer term consequences.

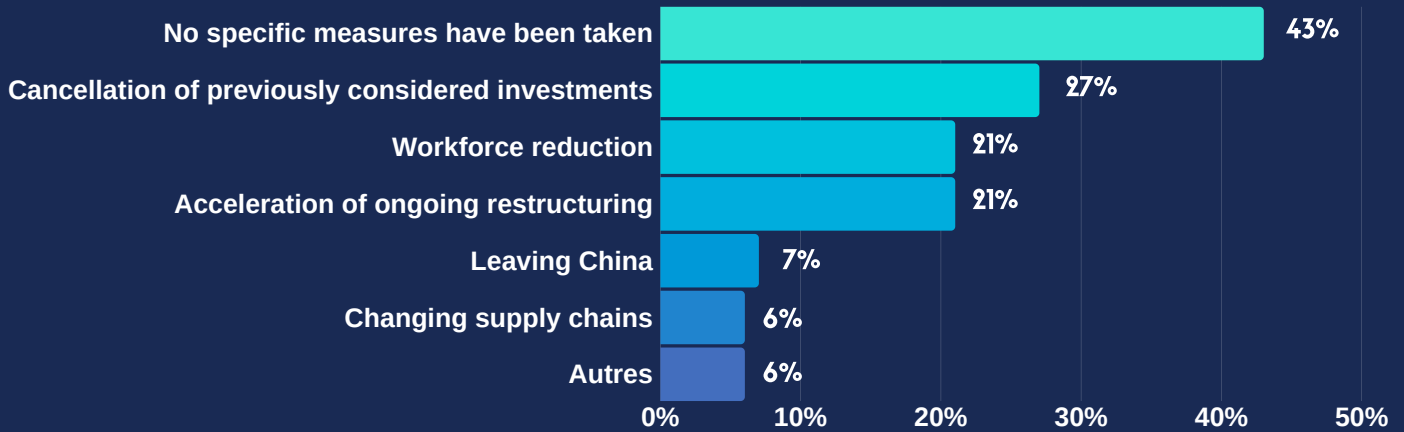
61% of the companies surveyed have initiated negotiation with business partners and 55% at least one approach with the Chinese authorities. However, all the requests were not successful and 43% of the companies that carried out an approach and issued a refusal declared that they do not know the reason of the refusal.

Concerning the companies which did not initiate any measure, 23% believe that they did not need it but 20% declare that they did not know how to proceed to do so.

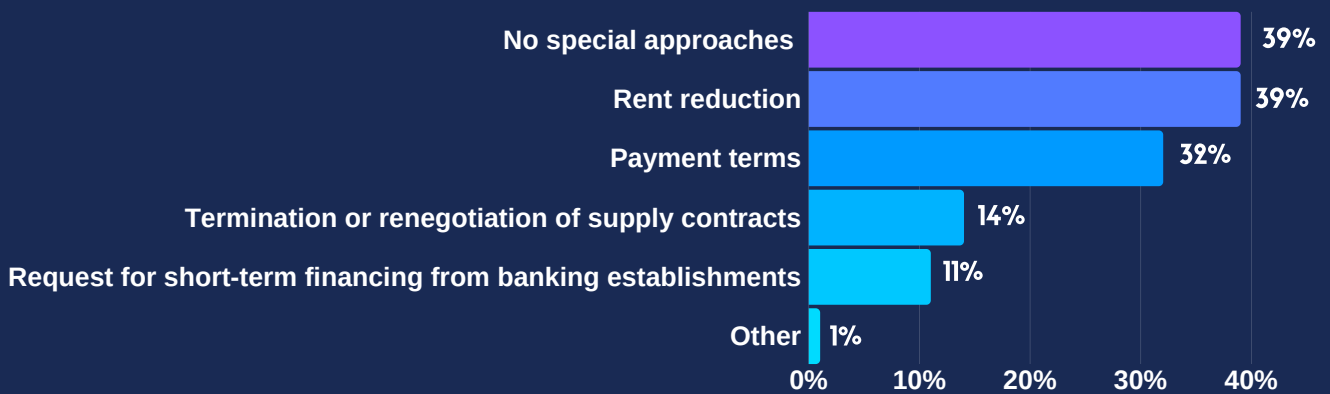
TEMPORARY ECONOMIC MEASURES



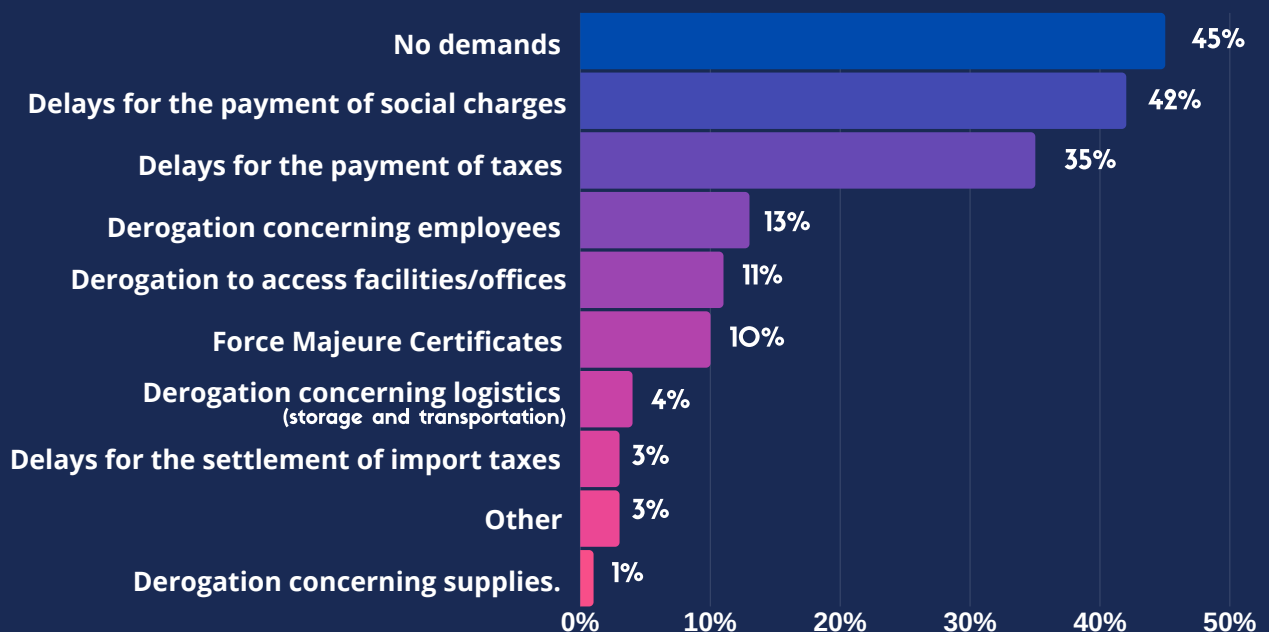
STRUCTURAL ECONOMIC MEASURES



APPROACHES TAKEN WITH BUSINESS PARTNERS IN CHINA



IN CHINA, APPROACHES TAKEN WITH CHINESE AUTHORITIES



SURVEY - MARCH 2020

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BY :

