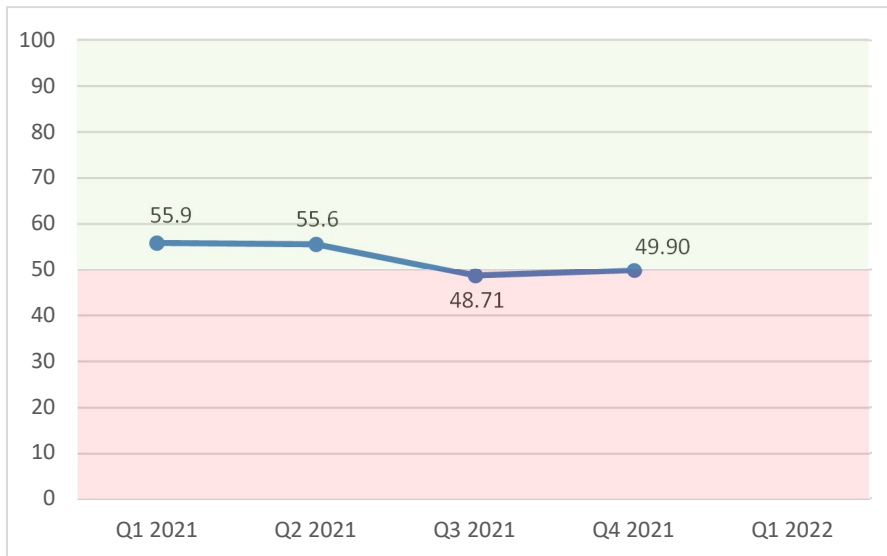


DANISH BUSINESS OUTLOOK ON CHINA (DBOC) INDEX – DECEMBER 2021

49.9

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

IN Q4, 2021, THE OVERALL SHORT-TERM OUTLOOK OF DANISH COMPANIES HAS SLIGHTLY IMPROVED COMPARED TO THE PREVIOUS QUARTER. THIS IS ESPECIALLY REFLECTED BY SMEs AND RESPONDENTS BASED IN CHINA WHICH SHOWS A POSITIVE SHORT-TERM OUTLOOK FOR CHINA IN Q4.



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.

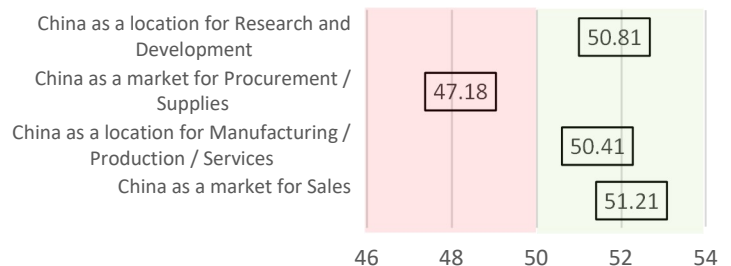
If a majority indicate a deterioration the index will be <50



RETRACTION IN MARKET OPPORTUNITIES FOR PROCUREMENTS IS DRIVING THE OUTLOOK

THE SHORT-TERM OUTLOOK FOR CHINA AS A MARKET FOR R&D, MANUFACTURING AND SALES ARE ALL POSITIVE WITH CHINA AS A MARKET FOR SALES HAVING THE MOST POSITIVE OUTLOOK.

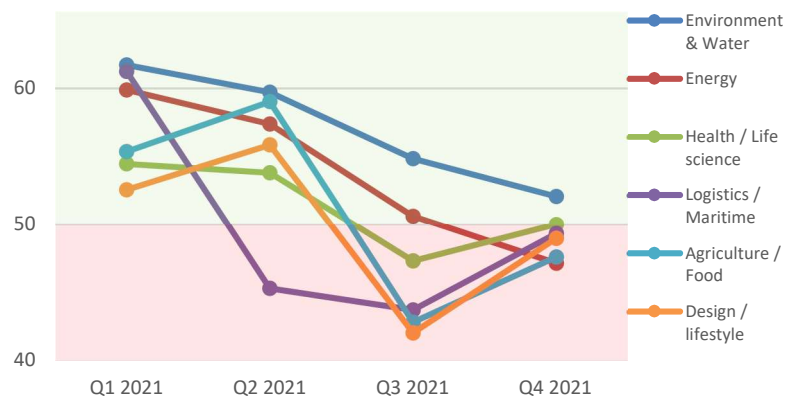
ONLY THE FUTURE OUTLOOK FOR CHINA AS A LOCATION FOR PROCUREMENT / SUPPLIES INDICATES AN OVERALL DETERIORATION BASED ON THE PAST 3 MONTHS BUT SUFFICIENTLY TO DRIVE THE OVERALL SLIGHTLY NEGATIVE SHORT-TERM OUTLOOK.



ENVIRONMENT & WATER COMPANIES STILL REPORT POSITIVE OUTLOOK

SAME WAY AS THE OVERALL OUTLOOK – WHEN BREAKING DOWN THE OUTLOOK ON INDIVIDUAL SECTORS – 4 OUT OF 6 SECTORS INDICATES A SLIGHTLY NEGATIVE OUTLOOK WITH ONLY THE ENVIRONMENT AND WATER SECTOR REPORTING A POSITIVE OUTLOOK, WHILE COMPANIES IN THE HEALTH SECTOR HAS AN UNCHANGED OUTLOOK.

FOR AGRICULTURE, DESIGN, LOGISTICS AND HEALTH THE TREND SHOWS AN UPWARD PATTERN WITH REGARD TO THE SHORT-TERM OUTLOOK COMPARED TO THE PREVIOUS QUARTER.



OUTLOOK BECOMES POSITIVE AMONGST RESPONDENTS BASED IN CHINA

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

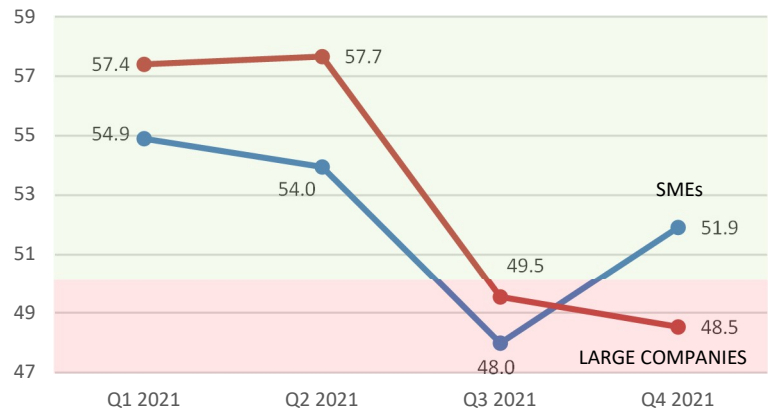
THE VIEWPOINT OF RESPONDENTS LOCATED IN CHINA IS OVERALL IMPROVING WHICH ONCE AGAIN HAS A POSITIVE OUTLOOK REGARDING CHINA, WHILE THAT OF RESPONDENTS IN DENMARK IS NOW SHOWING A DETERIORATING SHORT-TERM OUTLOOK.



SMEs ARE OPTIMISTIC IN OUTLOOK ON CHINA

IN CONTRAST TO Q3, SMEs ARE IN Q4 SHOWING AN IMPROVED SHORT-TERM OUTLOOK FOR CHINA, WHILE LARGE COMPANIES CONTINUE TO SHOW A DETERIORATION IN THEIR SHORT-TERM OUTLOOK IN Q4.

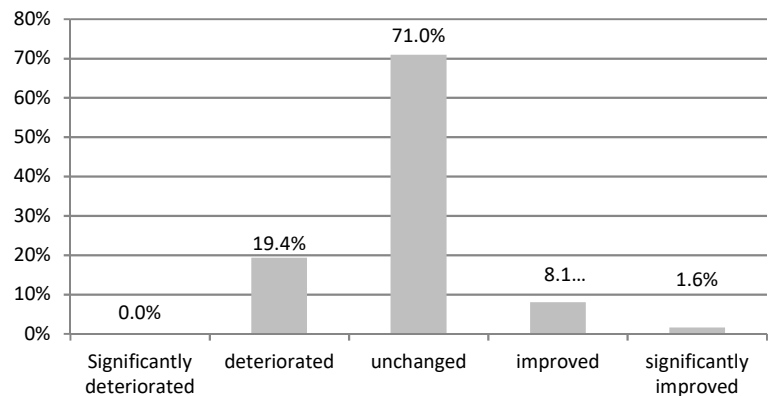
FOR SMEs, THE IMPROVED OUTLOOK IN Q4 IS ESPECIALLY DRIVEN BY AN OVERALL HIGH SHORT-TERM OUTLOOK ON SALES IN CHINA. SIMILAR TO THE OVERALL OUTLOOK THEN RETRACTION IN MARKET OPPORTUNITIES FOR CHINA AS A MARKET FOR PROCUREMENT IS DRIVING THE OUTLOOK FOR LARGE COMPANIES.



FUTURE ELECTRICITY PRICES SHOW LITTLE IMPACT ON SHORT-TERM OUTLOOK

ASKED TO ASSESS HOW THE FUTURE ELECTRICITY PRICES (OPPORTUNITY FOR INCREASED TURNOVER vs HIGHER PRODUCTION COST) WOULD AFFECT THE SHORT-TERM BUSINESS OUTLOOK ON CHINA COMPANIES PREDOMINANTLY REPORTED THAT THEIR OUTLOOK ON CHINA REMAINS UNCHANGED.

APPROXIMATELY 19% OF COMPANIES REPORTED THAT FUTURE ELECTRICITY PRICES WOULD HAVE A DETERIORATING EFFECT ON THEIR SHORT-TERM OUTLOOK WHILE EVEN FEWER INDICATES THAT IT HAS AN IMPROVED (8.1%) OR SIGNIFICANTLY IMPROVED (1.6%) EFFECT.



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: