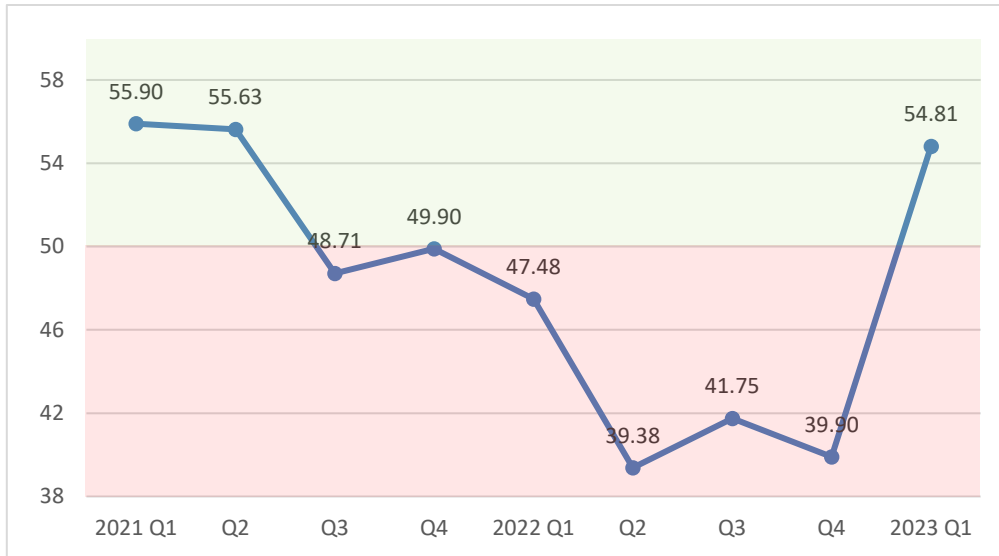


# DANISH BUSINESS OUTLOOK ON CHINA (DBOC) INDEX – APRIL 2023

54.8

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

IN Q1, 2023, THE SHORT-TERM OUTLOOK OF DANISH COMPANIES HAS SIGNIFICANTLY IMPROVED, REACHING ITS HIGHEST LEVEL IN NEARLY TWO YEARS. THE MAJORITY OF POLLED COMPANIES HAVE, FOR THE FIRST TIME SINCE Q2 OF 2021, INDICATED AN IMPROVEMENT IN THEIR SHORT-TERM BUSINESS OUTLOOK ON CHINA. HOWEVER, CONCERNS ON DE-RISKING AND REDUCED INVESTMENT PLANS LINGER.



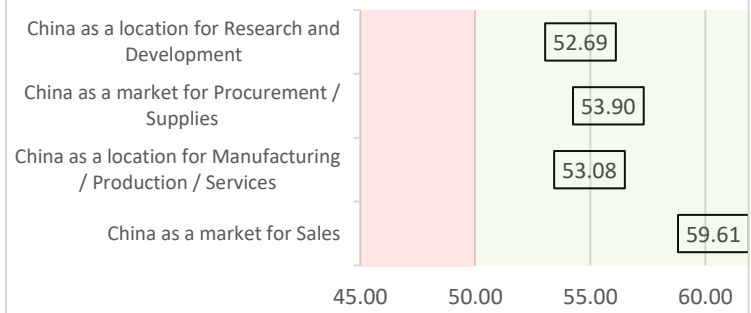
## THE INDEX EXPLAINED

- 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.

## CHINA AS A MARKET FOR SALES IS DRIVING THE IMPROVED OUTLOOK

THE SHORT-TERM OUTLOOKS FOR CHINA AS A MARKET FOR SALES, MANUFACTURING, PROCUREMENT AND R&D HAVE ALL IMPROVED SIGNIFICANTLY IN THIS QUARTER, WITH OUTLOOK FOR SALES REACHING A DBOC RECORD HIGH.

THE IMPROVEMENTS ACROSS THE BOARD, STAND IN STARK CONTRAST TO THE 2022 Q4 NUMBERS, WHERE OUTLOOK FOR THE SALES DIMENSION REACHED A RECORD LOW.

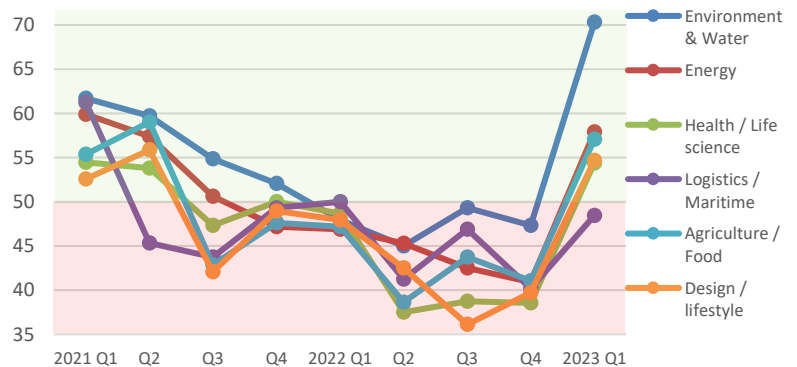


## ALL SECTORS INDICATE IMPROVED OUTLOOK AS E&W REACH HISTORIC HIGH

SAME WAY AS THE OVERALL OUTLOOK – WHEN BREAKING THE OUTLOOK DOWN INTO INDIVIDUAL SECTORS – ALL SECTORS HAVE A HIGHER INDEX SCORE COMPARED TO THE PREVIOUS QUARTER.

MOST SECTORS INDICATE OVERALL IMPROVEMENT (A NUMBER ABOVE 50), WHILE THE INDEX FOR ENVIRONMENT & WATER HAS RISEN TO A DBOC RECORD HIGH.

DESPITE A HIGHER DBOC INDEX THAN PREVIOUS QUARTERS, THE LOGISTICS/MARITIME SECTOR IS STILL HAVING A NUMBER BELOW 50, INDICATING A MAJORITY OF COMPANIES WITH A DETERIORATED SHORT-TERM OUTLOOK.

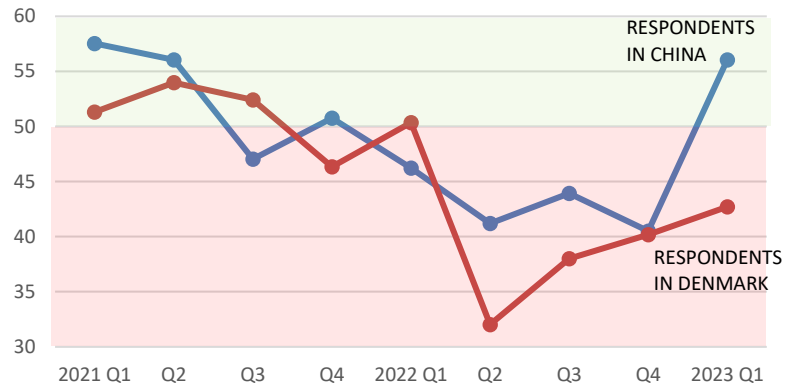


## LOCATION OF RESPONDENTS HAS INFLUENCE ON OUTLOOK

THE DBOC INDEX HAS IMPROVED FOR RESPONDENTS BASED IN BOTH DENMARK AND CHINA.

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

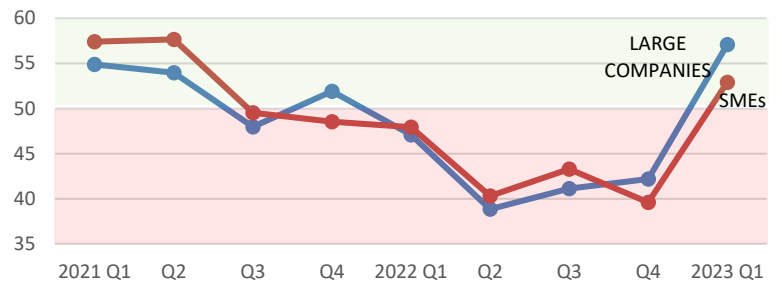
RESPONDENTS IN CHINA OVERALL INDICATE AN IMPROVED SHORT-TERM OUTLOOK (HIGHEST DBOC NUMBER SINCE EARLY 2021), WHILE A MAJORITY OF RESPONDENTS IN DENMARK STILL HAVE A DETERIORATING SHORT-TERM OUTLOOK, DESPITE A HIGHER INDEX COMPARED TO THE PREVIOUS QUARTER.



## IMPROVED OUTLOOKS ON CHINA AMONGST SMEs AND LARGE COMPANIES

BOTH SMEs AND LARGE COMPANIES SHOW A SIGNIFICANT POSITIVE SHORT-TERM OUTLOOK, INDICATING IMPROVEMENTS FOR BOTH CATEGORIES, WITH THE LATTER REACHING THEIR HIGHEST DBOC SCORE TO DATE.

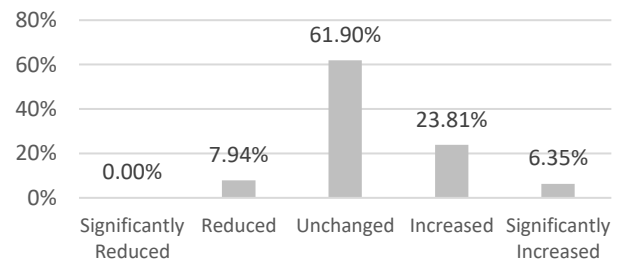
THE IMPROVED OUTLOOKS FOR BOTH LARGE COMPANIES AND SMEs ARE ESPECIALLY DRIVEN BY THEIR OUTLOOKS ON CHINA AS A MARKET FOR SALES IN CHINA/EXPORT TO CHINA.



## INCREASED FOCUS ON DE-RISKING

ASKED TO ASSESS THE EXTENT OF THEIR COMPANY'S DE-RISKING TOWARDS CHINA IN 2023, COMPARED TO 2022, THE MAJORITY OF COMPANIES EXPECT IT TO BE UNCHANGED.

YET THERE IS A SIGNIFICANTLY HIGHER PROPORTION OF COMPANIES, WHO EXPECT TO INCREASE THEIR DE-RISKING COMPARED TO REDUCING.

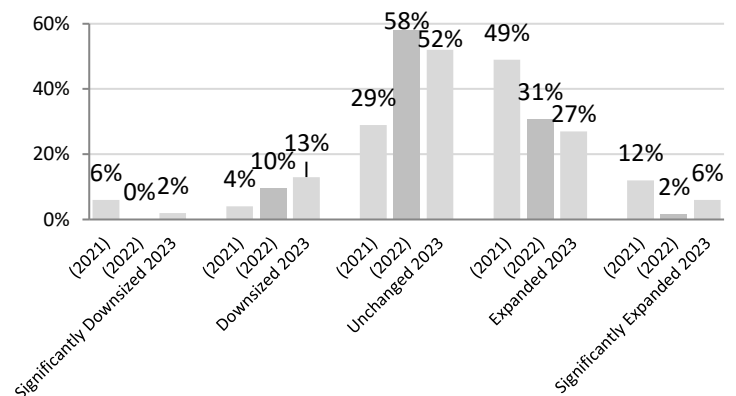


## RETRACTION IN DANISH BUSINESS COMMUNITIES' INVESTMENT PLANS IN CHINA

ONCE A YEAR COMPANIES ARE ASKED ABOUT THEIR ANNUAL INVESTMENT PLANS IN CHINA. THE FIGURE SHOWS THE HISTORICAL FIGURES FROM 2021-2023.

IN 2023, AROUND HALF OF THE COMPANIES POLLED EXPECT INVESTMENTS – LABOUR, ASSETS OR BOTH – IN CHINA TO REMAIN UNCHANGED THROUGHOUT THE COURSE OF THE YEAR.

YET THE PROPORTION OF COMPANIES THAT EXPECT TO DOWNSIZE THEIR INVESTMENT IN CHINA HAS SLIGHTLY INCREASED IN 2023 COMPARED TO 2022.



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 22 March 2023 until 07 April 2023 with the participation of 65 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: