

Team
FINLAND

TEAM FINLAND CHINA FLASH SURVEY
**IMPACTS OF THE
COVID-19 OUTBREAK
AND THE UKRAINE WAR**

**BUSINESS
FINLAND**



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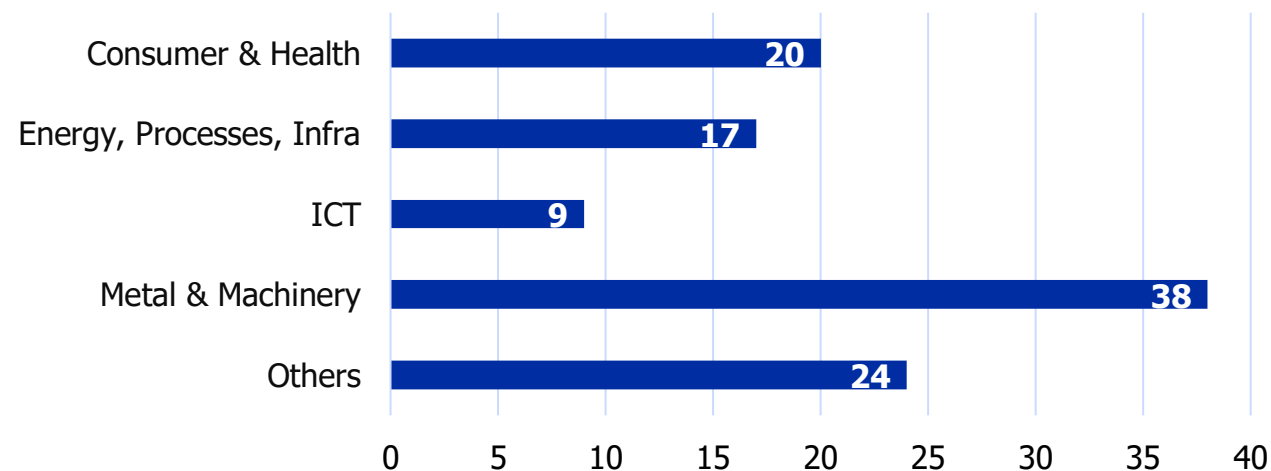
Finnish Business Council Beijing

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SURVEY DEMOGRAPHICS & BACKGROUND

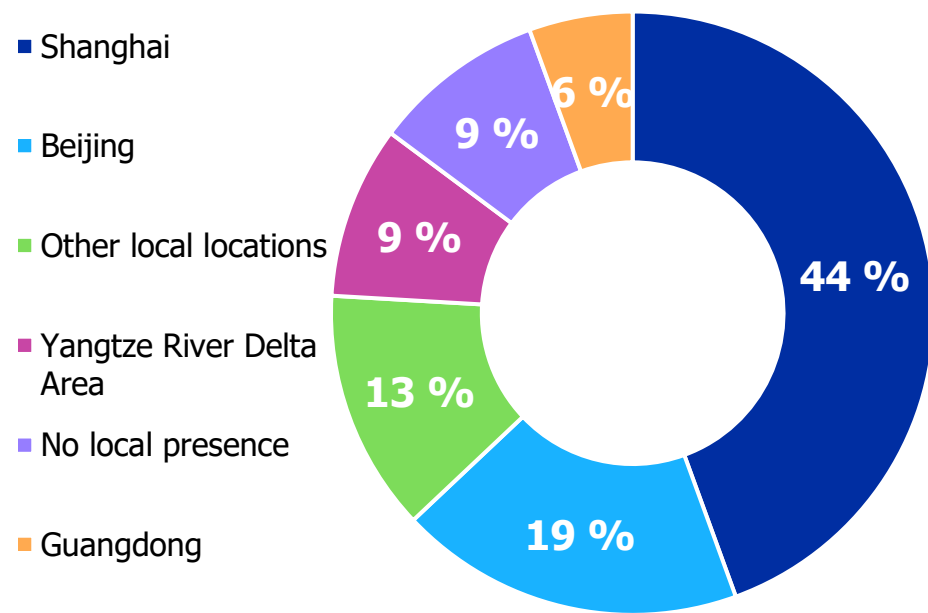
INDUSTRY SECTORS OF RESPONDENTS COMPANY



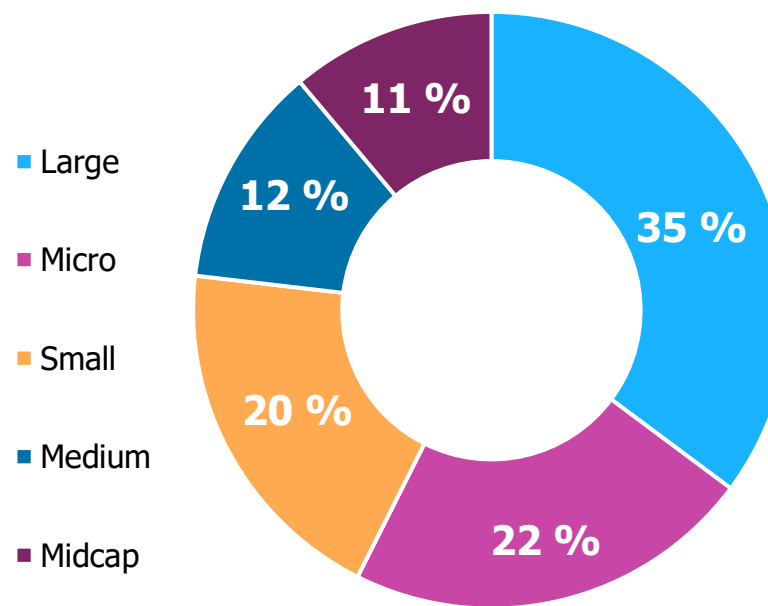
- Team Finland survey is a joint survey led by Business Finland and Finnish Business councils in Beijing, Shanghai and Guangzhou
- Survey was conducted between 8th-14th of April 2022
- 108 Finnish companies in China participated the survey
- Companies were asked about the business impacts in China related to Covid situation and Russian War against Ukraine

PROFILES OF THE SURVEYED COMPANIES

LOCATION IN CHINA



COMPANY SIZE

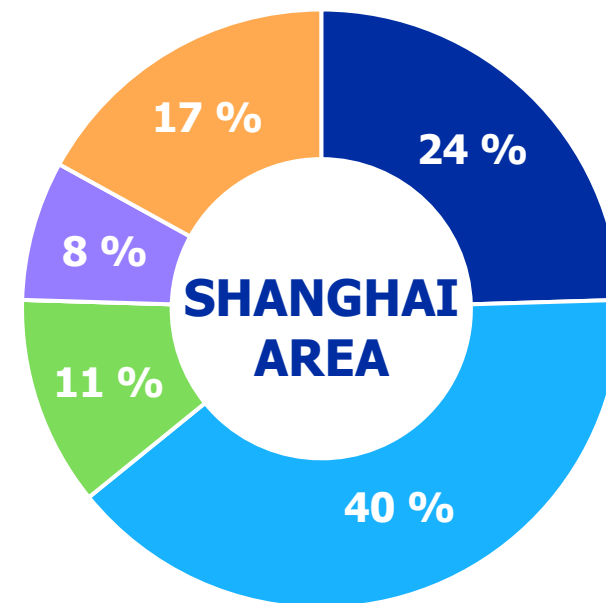
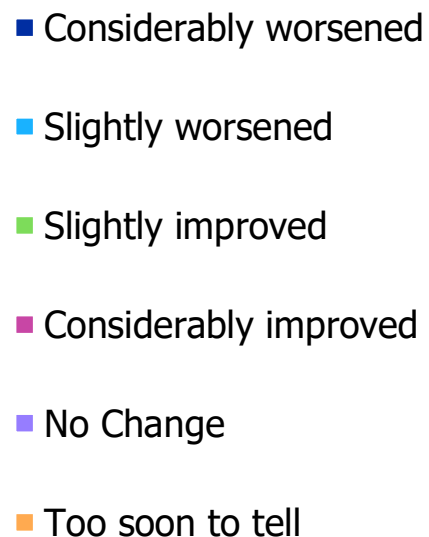
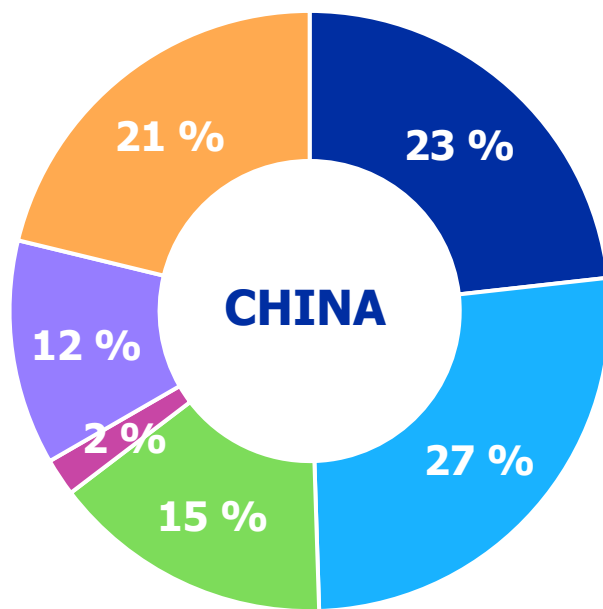


Large > 250 employees and global sales >300M€
 Micro <10 employees globally and global sales < 2M€
 Small <50 employees globally and global sales <10M€
 Medium <250 employees globally and global sales < 50M€
 Midcap large with global sales < 300M€

IMPACT OF THE RECENT COVID-19 OUTBREAK IN SHANGHAI

REVENUE EXPECTATION FOR THE FULL YEAR 2022

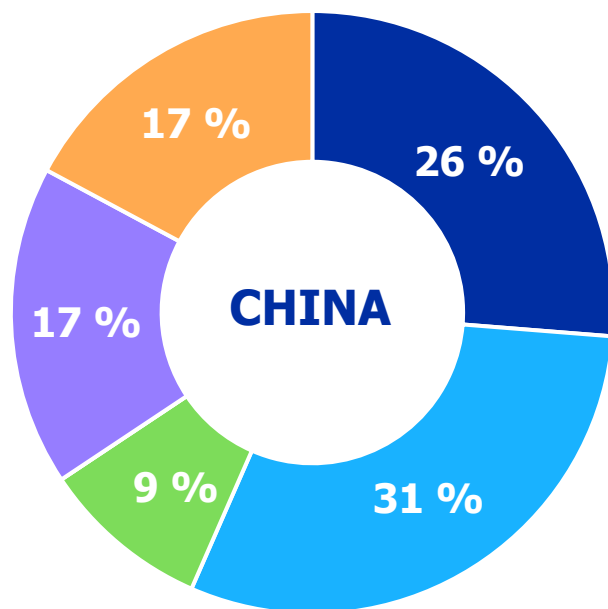
- 50% of respondents see expectations on revenue dropping in China, 64% in Shanghai area (=Shanghai and Yangzhe River delta)
- Close to half of the respondents considered it is too early to say (21%), saw improvement (17%), or felt no change (12%)



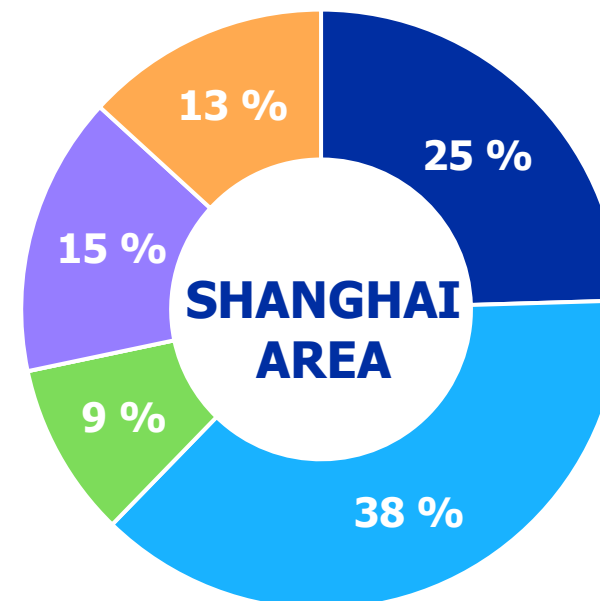
IMPACT OF THE RECENT COVID-19 OUTBREAK IN SHANGHAI

INVESTMENT OUTLOOK FOR CHINA

- Investment include both increase of operational costs as well as investments in assets
- Companies outside of Shanghai area reported more negative outlook on investments vs revenue. Shanghai area about the same.



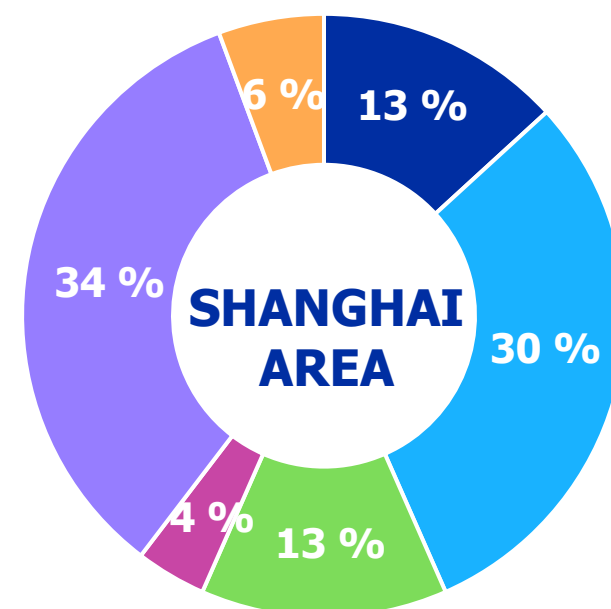
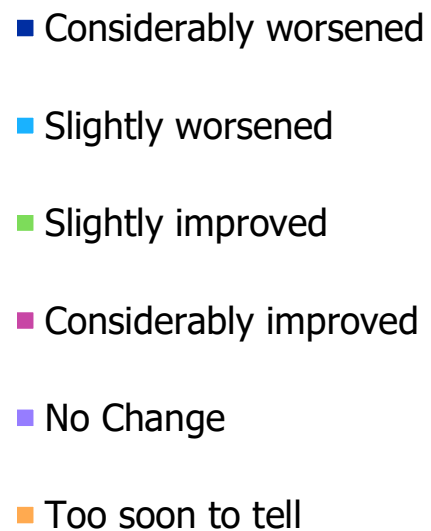
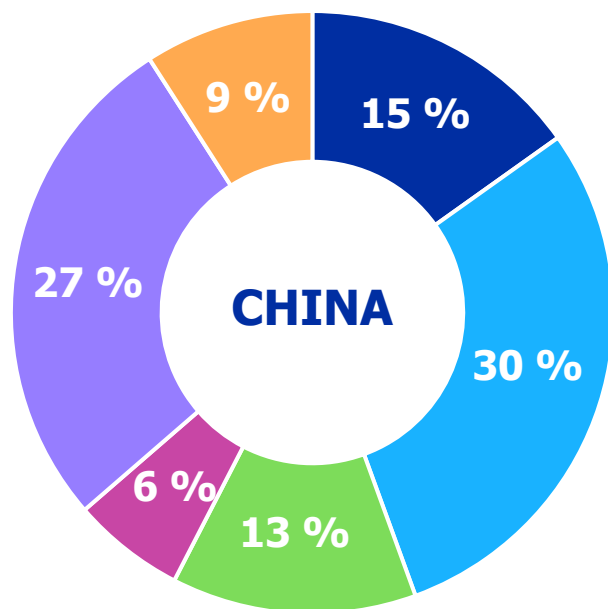
- Considerably worsened
- Slightly worsened
- Slightly improved
- Considerably improved
- No Change
- Too soon to tell



IMPACT OF THE RECENT COVID-19 OUTBREAK IN SHANGHAI

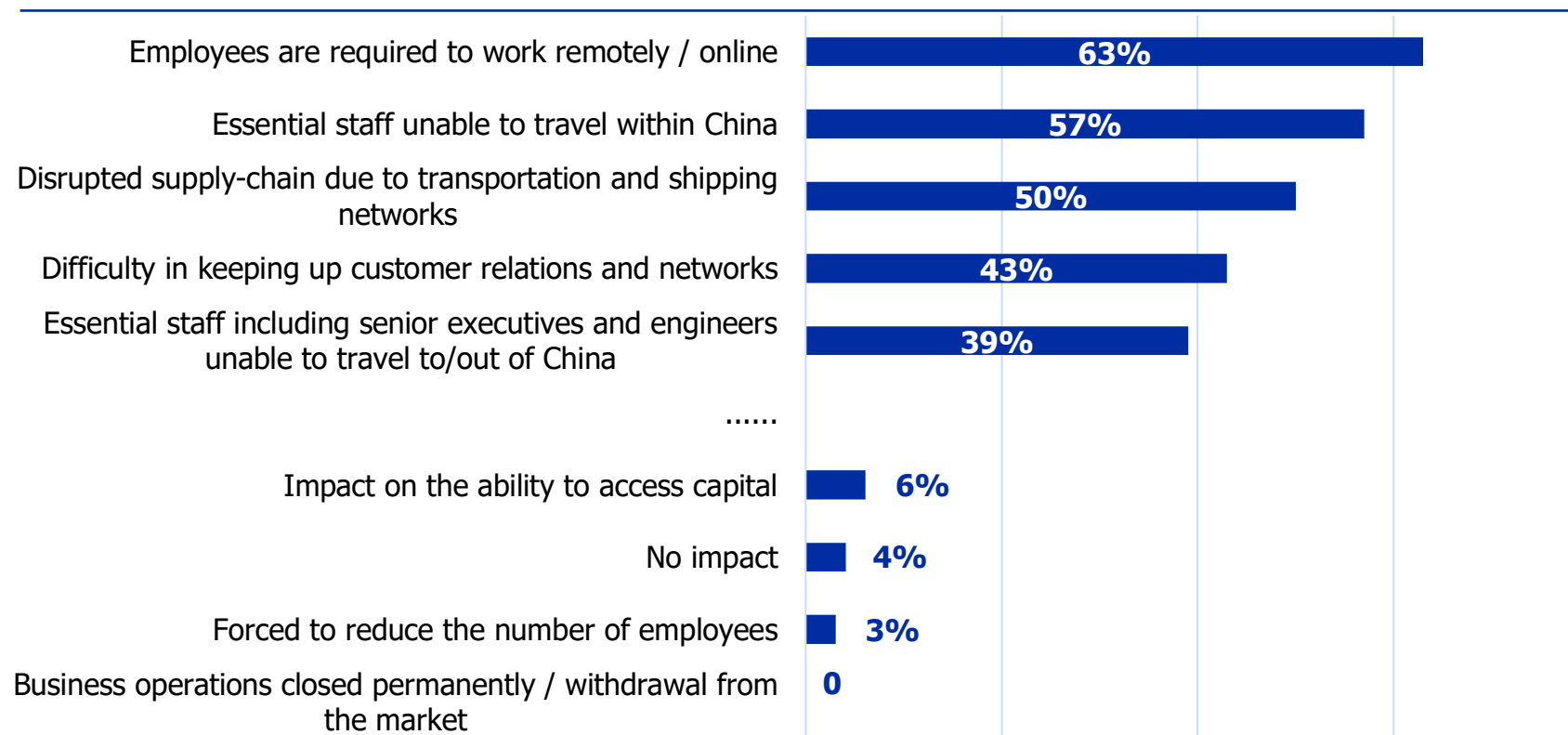
READINESS TO INITIATE NEW R&D/INNOVATION ACTIVITIES IN CHINA

- Significant decline reported also in new innovation initiatives, however difference between China and Shanghai area is marginal
- About one third of the companies do not see the impact (no change)



HOW HAS THE RECENT COVID-19 OUTBREAK IN SHANGHAI IMPACTED BUSINESS?

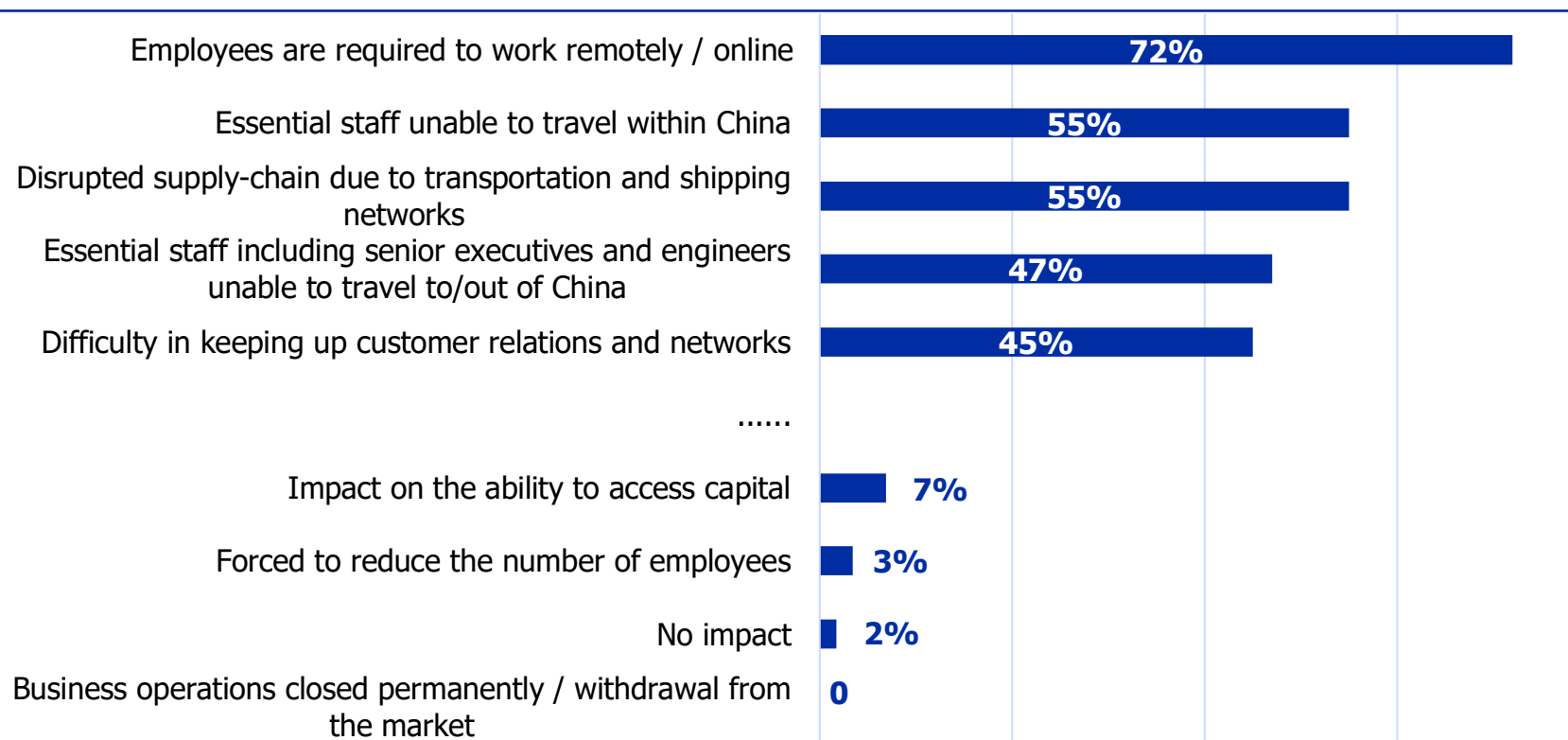
CHINA ALL REGIONS



- Based on multiple selection question (companies were asked to choose from several options)
- Travelling restrictions and remote work-related challenges were mostly mentioned
- Nearly half of companies also highlighted the issue of supply chain and logistics
- Only 3% of companies saw need to reduce employees
- 6% had issues in accessing capital

HOW HAS THE RECENT COVID-19 OUTBREAK IN SHANGHAI IMPACTED BUSINESS?

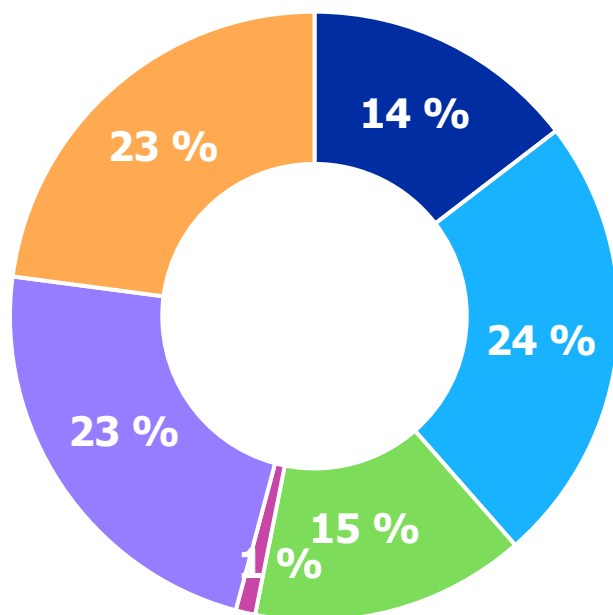
SHANGHAI AREA ONLY



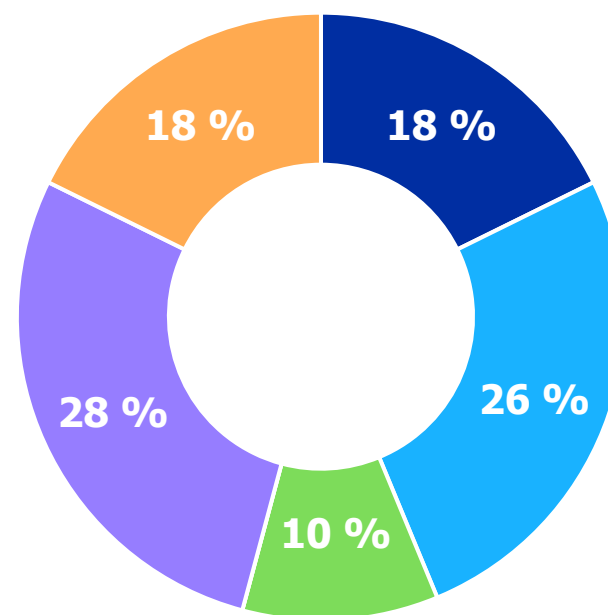
- Impacted areas between companies in Shanghai area and China are similar
- More companies in Shanghai area reported impacts of Covid
- Also least impacted areas are similar

IMPACT OF THE RUSSIAN ATTACK ON UKRAINE ON CHINA BUSINESS OUTLOOK

IMPACT ON 2022 REVENUE

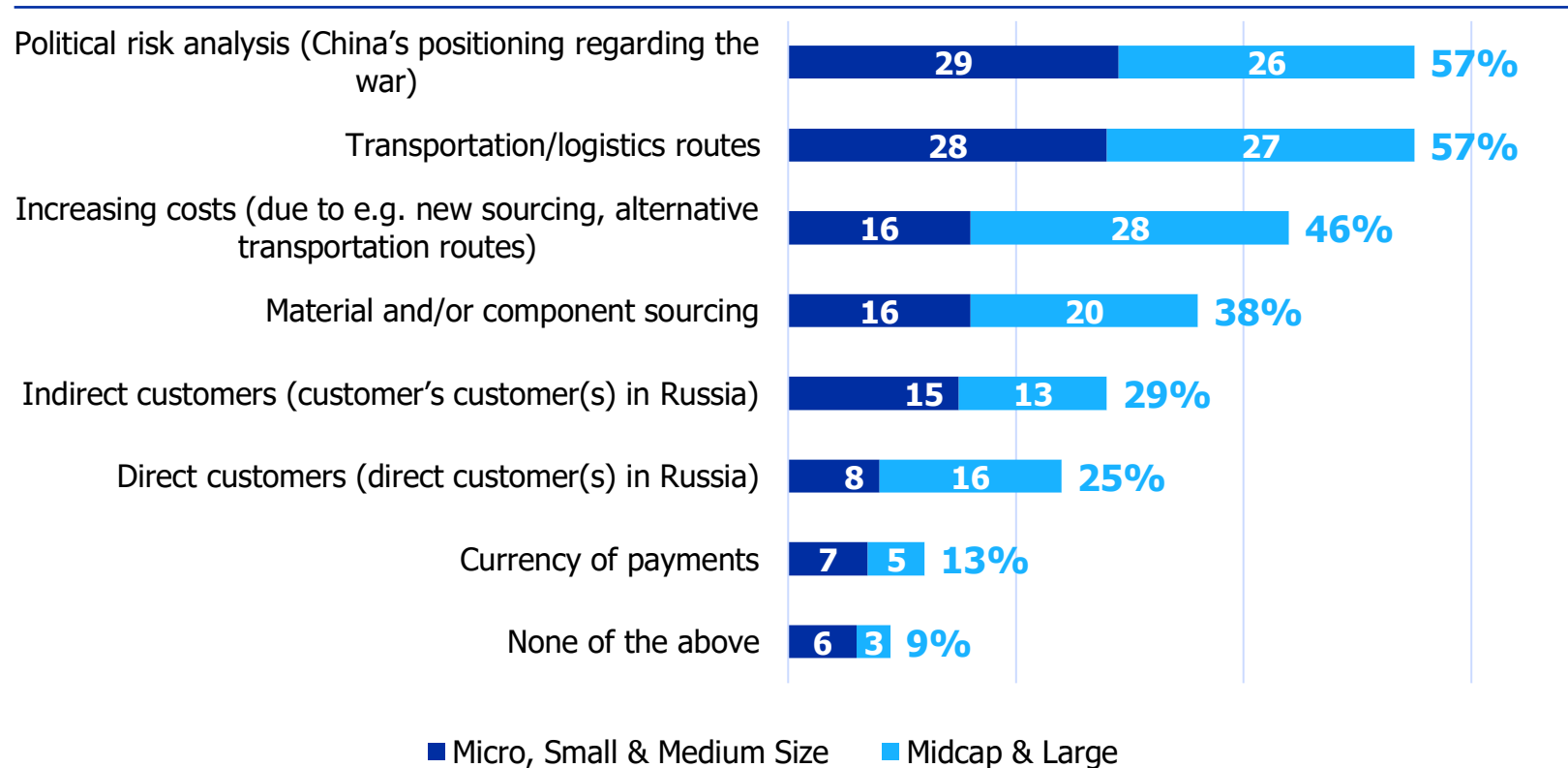


IMPACT ON 2022 INVESTMENTS



- Drop in revenue expectation slightly lower than in case of Covid impact, but still there
- Amazingly similar China level outlook with the case of Covid impact

WHICH BUSINESS ASPECTS HAVE BEEN RE-EVALUATED OR CHANGED DUE TO THE RUSSIAN ATTACK ON UKRAINE?



- This was a multi-selection question
- Most companies re-evaluating China political risk with reference to the war regardless of company size
- Most companies is required to do transportation rerouting and logistics replanning
- Cost increase is especially felt by larger companies
- Customer risk in Russia (indirect and/or direct) is selected by close to one third of surveyed companies

SUMMARY & CONCLUSIONS

- Over 50% of surveyed companies see worsening outlook for revenue and investments due to Covid. Roughly one third of the companies considered it's too early to say or did not expect any impact.
- Close to 20% reported improved outlook suggesting some will benefit from the situation by winning market share and/or they see an increase in demand due to Covid.
- Negative impact on new innovation initiatives was reported by 45% of respondents. Close to 40% saw no change or said its too early to say.
- Yet as low as 3% of the companies considered employee reduction and only 6% expect challenges in accessing capital.
- 57% of companies are evaluating the political risks of China positioning on war in Ukraine and 25-30% are evaluating business with their direct/indirect customers in Russia.
- Impacts of political risk are evaluated by most companies and the concern is equally shared by large and small size companies.
- 10-16% see improved business outlook as a result of the war in Ukraine, and the rest are rather equally split between no impact/too early to say (46%) and getting worse (38%-44%)



Thank you!

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