COVID-19 Severely Impacting Business: trade associations call for proportionate measures to get real economy back on track

Beijing/Guangzhou/Shanghai, 27th February 2020 – The German Chamber of Commerce in China (German Chamber) and the European Union Chamber of Commerce in China (European Chamber) today released details of a joint survey on the effects of COVID-19 on European business in China.

The results show that the impact has been severe overall, with every single survey respondent suffering the consequences to varying degrees, and being subject to restrictions and often conflicting regulations. Many companies that have been permitted to reopen lack the necessary inputs/staff to resume full operations, the customers to buy their goods/services or the means to move goods and people to meet demand.

Key Findings

- Almost 90% of respondents report a medium to high impact, while half plan to lower annual business targets.
- Nearly half of respondents forecast a double-digit drop in revenues for the first half of 2020, and a quarter expect to see a drop of over 20 per cent.
- Major challenges include unpredictable rules, highly restrictive quarantine demands and extensive pre-conditions to restart operations.
- Half of respondents face inconsistent rules applied across different jurisdictions and at different levels of government, which can frequently change, often at short notice. For example, deliveries can be subject to multiple onerous restrictions when passing through provinces, cities and even districts.
- More than 300 European companies are actively supporting efforts to contain the COVID-19 outbreak, and around 70% have donated medical equipment to crisis regions, contributed financially to the fight against the virus, and supported logistically.

“China finds itself performing a precarious balancing act with two important but divergent tasks: keeping firm with virus prevention measures while fighting for a return to economic normalcy,” said Dr Stephan Woellenstein, Chairman of the German Chamber of Commerce in North China. “This will require the Chinese Government to release supporting measures for those most affected—especially SMEs—until operations normalise.”

“The patchwork of conflicting rules that emerged from the fight against COVID-19 has produced hundreds of fiefdoms, making it next to impossible to move goods or people across China,” said Joerg Wuttke, president of the European Union Chamber of Commerce in China. “While virus containment is the most important task, standardising measures across larger jurisdictions should also be prioritised to get the real economy back on its feet.”

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Between 18th and 21st February 2020, a total of 577 member companies of the German Chamber of Commerce in China and the European Union Chamber of Commerce in China participated in the chambers joint flash survey on the impact of the Coronavirus outbreak on European business in China.

About the German Chamber of Commerce in China
The German Chamber of Commerce in China has currently more than 2,300 members in mainland China and is the official member organisation for German companies in China. By providing up to date market information and practical advice, the German Chamber helps its members to succeed in China. It offers a platform for the Sino-German business community and represents its members' interests towards stakeholders including government bodies and the public.

About the European Union Chamber of Commerce in China
The European Union Chamber of Commerce in China (European Chamber) was founded in 2000 by 51 member companies that shared a goal of establishing a common voice for the various business sectors of the European Union and European businesses operating in China. It is a members-driven, non-profit, fee-based organisation with a core structure of 31 working groups and fora representing European business in China. The European Chamber is recognised by the European Commission and the Chinese authorities as the official voice of European business in China.

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