



CICC Survey “The impact of the COVID-19”: Second Edition

Results and Analysis

March 30th , 2020



About the CICC

The **China-Italy Chamber of Commerce (CICC)** is the only business organisation recognised by both the **Italian Government (Ministry of Economic Development, MiSE)** and **People's Republic of China (Ministry of Civil Affairs, MoCA)** that aims to boost the internationalisation of Italian business and to promote the “Made in Italy” in the PRC.

Established in 1991, CICC has now offices in Beijing, Chongqing, Guangzhou, Shanghai and Suzhou.

The CICC Members (546 in 2018) represent the Italian business community such as public-invested and multinational corporations, small and medium-sized enterprises (both manufacturing and commercial), service companies etc

To companies settled in China and those with on-going business within the Chinese market, the CICC offers informative, training and business networking opportunities. Besides, the CICC qualifies itself as a voicing platform for them to share topics of common interest. To companies interested in strengthening their business in China, the CICC offers consultancy, assistance and marketing services.

The established network together with the institutional endorsement provided the CICC with the opportunities to organise several activities boosting private businesses, b2b, institutional and business missions, participation to fairs both in China and in Italy, networking events, gala dinners, awarding ceremonies, culinary events, concerts, career days, etc.

Executive summary

This is the second survey conducted by the **China-Italy Chamber of Commerce** on the impact of COVID-19 on its member companies.

The initial survey measured sentiment as companies returned from the Lunar New Year holiday **between 13th and 19th February**.

This survey, conducted **between 18th and 24th March**, provides an updated picture now that businesses have had time to better understand the impact of the outbreak on their operations.

Key Findings

- ✓ Period of time: 18-24 March, 2020
- ✓ Total number of respondents: 180

**Second
Survey**

- ✓ East: 67,21%
- ✓ North: 17,23%
- ✓ South: 14,44%

Location

- ✓ **Manufacturing: 47,22%**
- ✓ intangible services to companies (B2B, i.e. accounting, legal, coaching, mentoring, advisory, etc): **18,33%**
- ✓ trading/e-commerce/commercial: **16,11%**

**Business
sector**

- ✓ less than 10 28.89%
- ✓ 100-500 24.44%
- ✓ 10 to 50 22.22%

**Company
size**

Executive summary

CICC Members are still convinced that the impact of COVID-19 on their business will be very relevant.

28% of Italian companies expect their 2020 global revenue to drop by more than 30% as a direct result of the COVID-19 outbreak.

49% of them expect a decrease superior to 20% of their revenues in Mainland China. Moreover, the impact of the outbreak in Italy on the business in China is estimated to be very serious by 58% of respondents.

Companies are most affected by reduced demand for their products and services. More than half of respondents say their operations are already back to normality, at the same time for nearly one-third sales are not. The proportion of companies experiencing these challenges has risen since the first survey one month ago, highlighting that the impact on businesses is far more severe than first anticipated, considering the rapidly spreading coronavirus outbreak worldwide.

The members of the Chamber did not leave China because of the epidemic and they are very busy in supporting the recovery.

The large majority of the companies were very fast in re-starting the business despite the difficulties related to the measures to contain the epidemic.

However, reduced market demand and disruption of the supply chain are obstacles to the recovery.

70% of respondents have implemented a work-from-home policy, followed by flexible working hours (38.89%) and annual leave (26.11%), and roughly one third of businesses are postponing investment decisions.

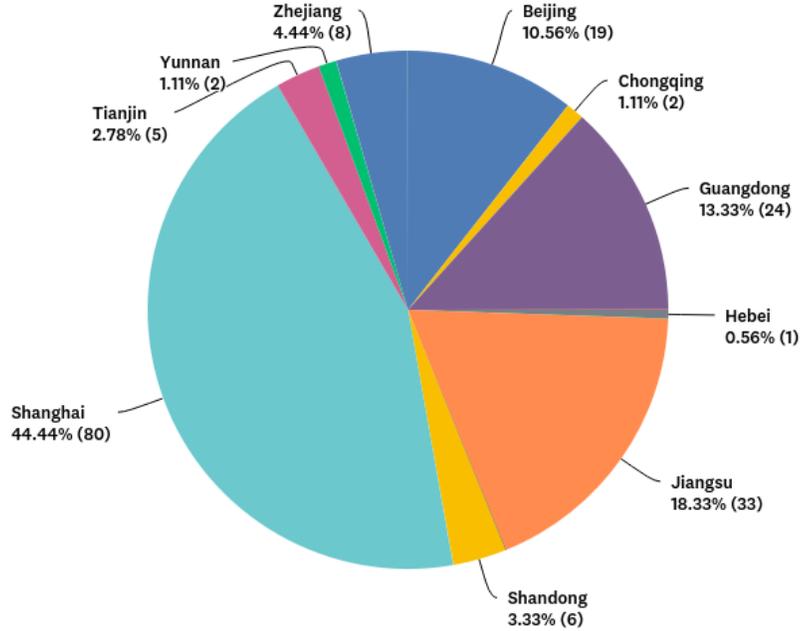
The predominant concerns for businesses for the next six months are reduced consumer demand (70%) and difficult in serving customers because of prolonged travel limitations (46.67%).

More than half of respondents hope the Italian government will give incentives for international investment and hope the Chinese government will provide tax alleviation and subsidies to help foreign business.

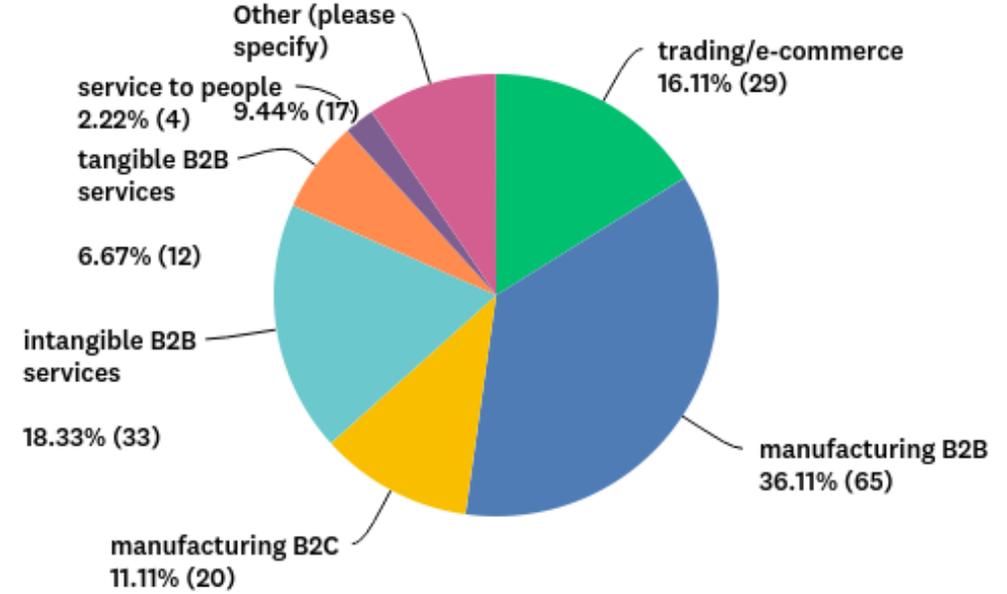
Our members are expecting from CICC help in accessing information about subsidies/incentive policies and events to help and support the recovery.

The sample (180 respondents)

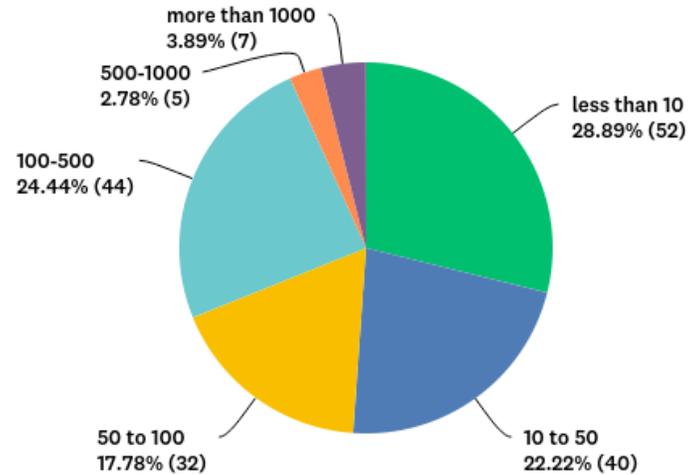
GEOGRAPHICAL LOCATION



BUSINESS SECTOR

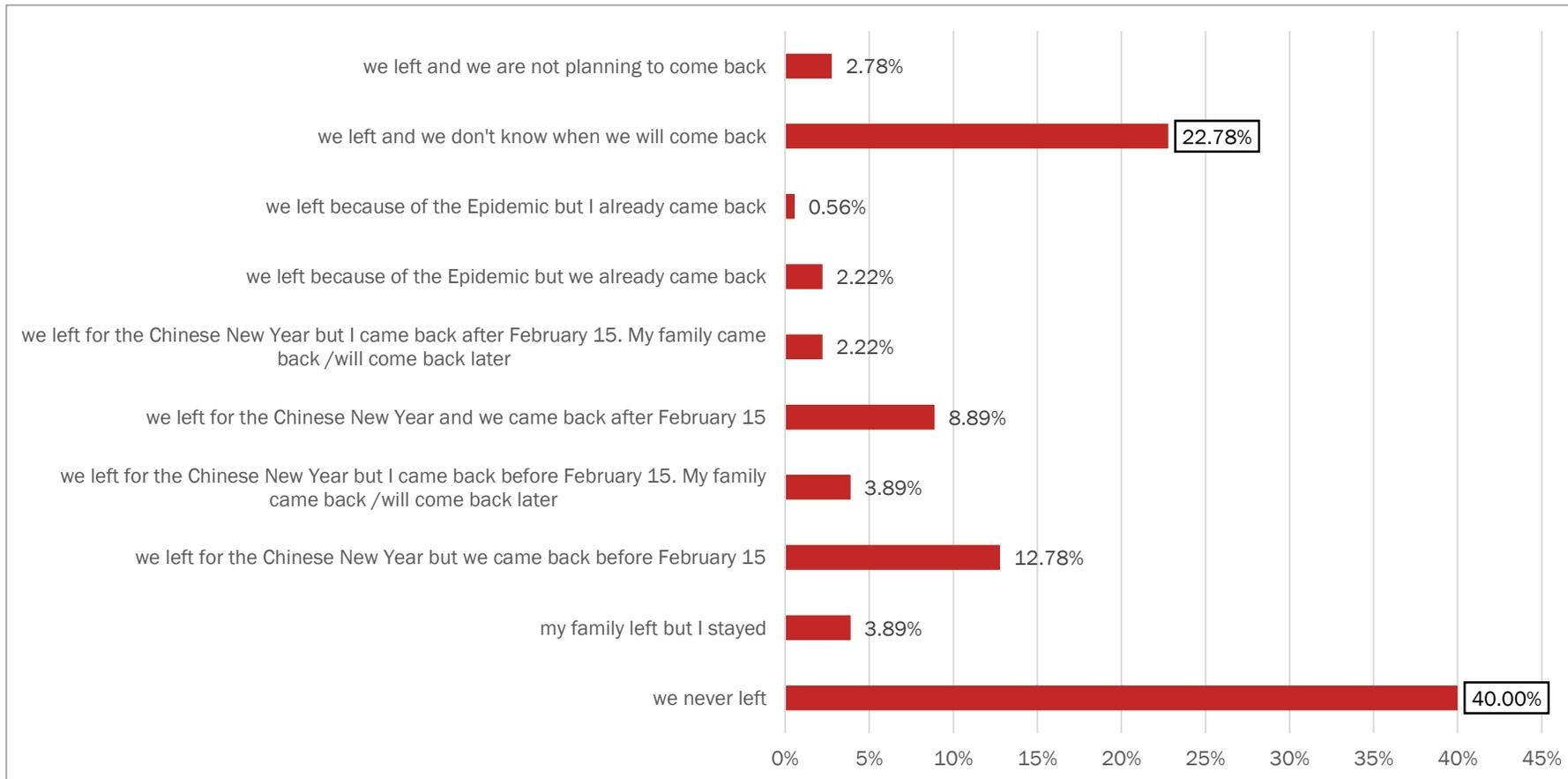


NUMBER OF EMPLOYEES



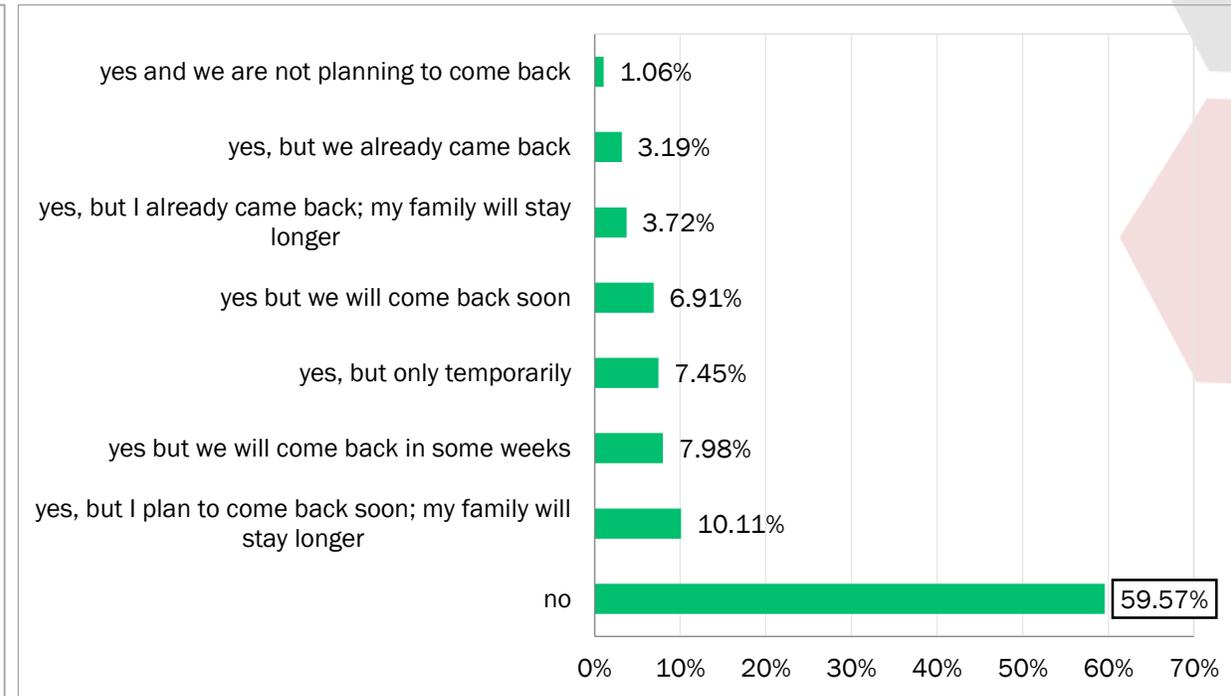
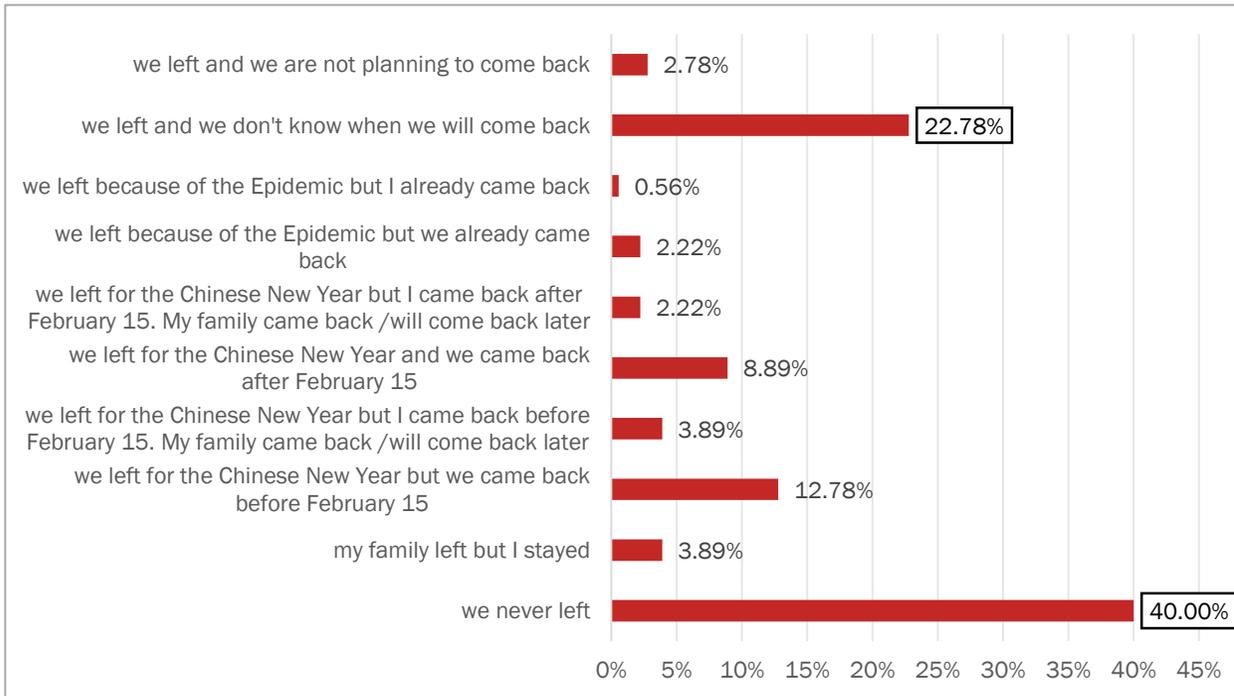
The large majority of our members did not leave China or came back very early. At the same time 23% left and don't know if or when they will come back

Did you and your family leave China because of the outbreak?



Second survey vs First survey

Did you and your family leave China because of the outbreak?



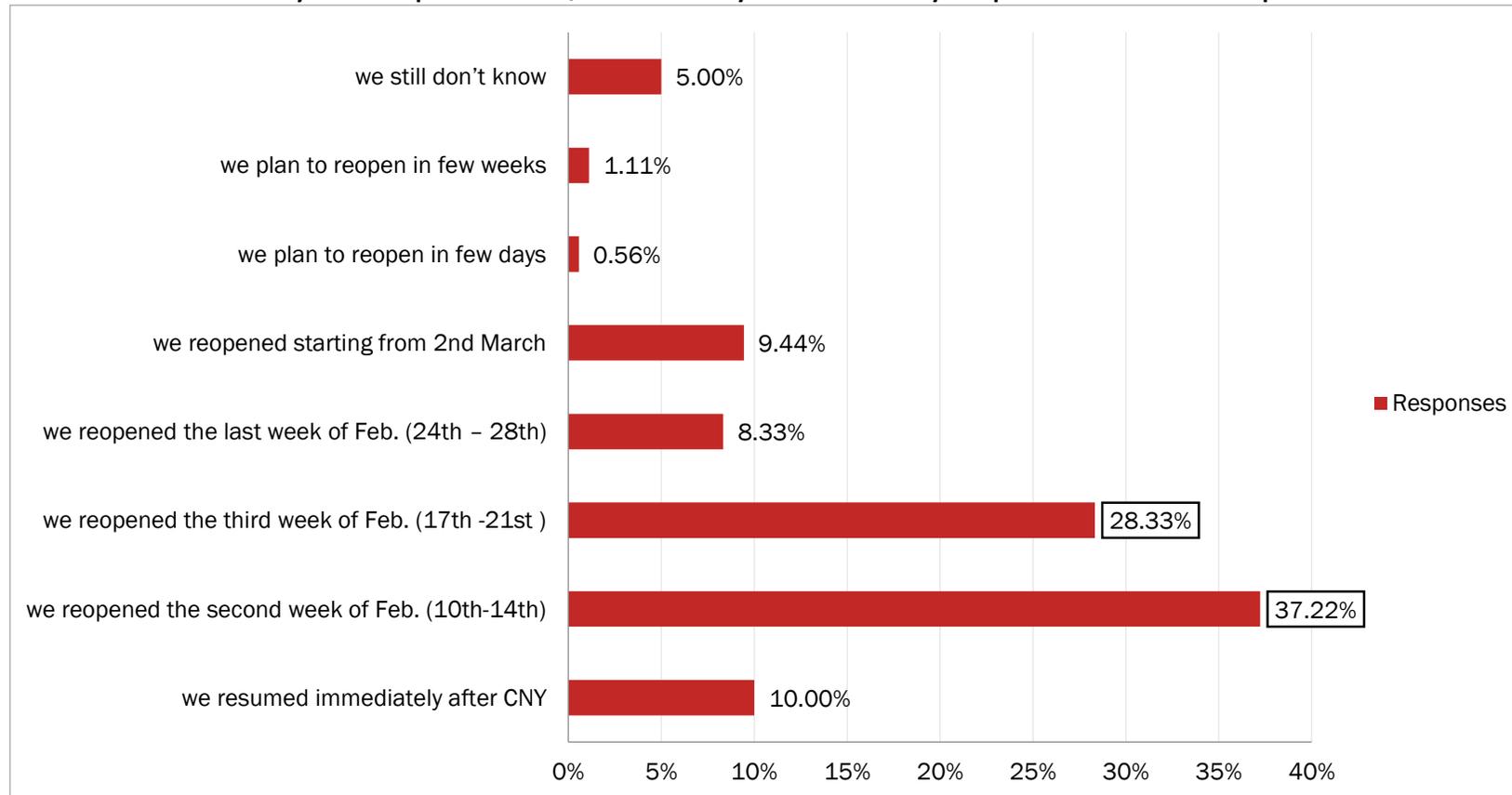
Second survey

vs

First survey

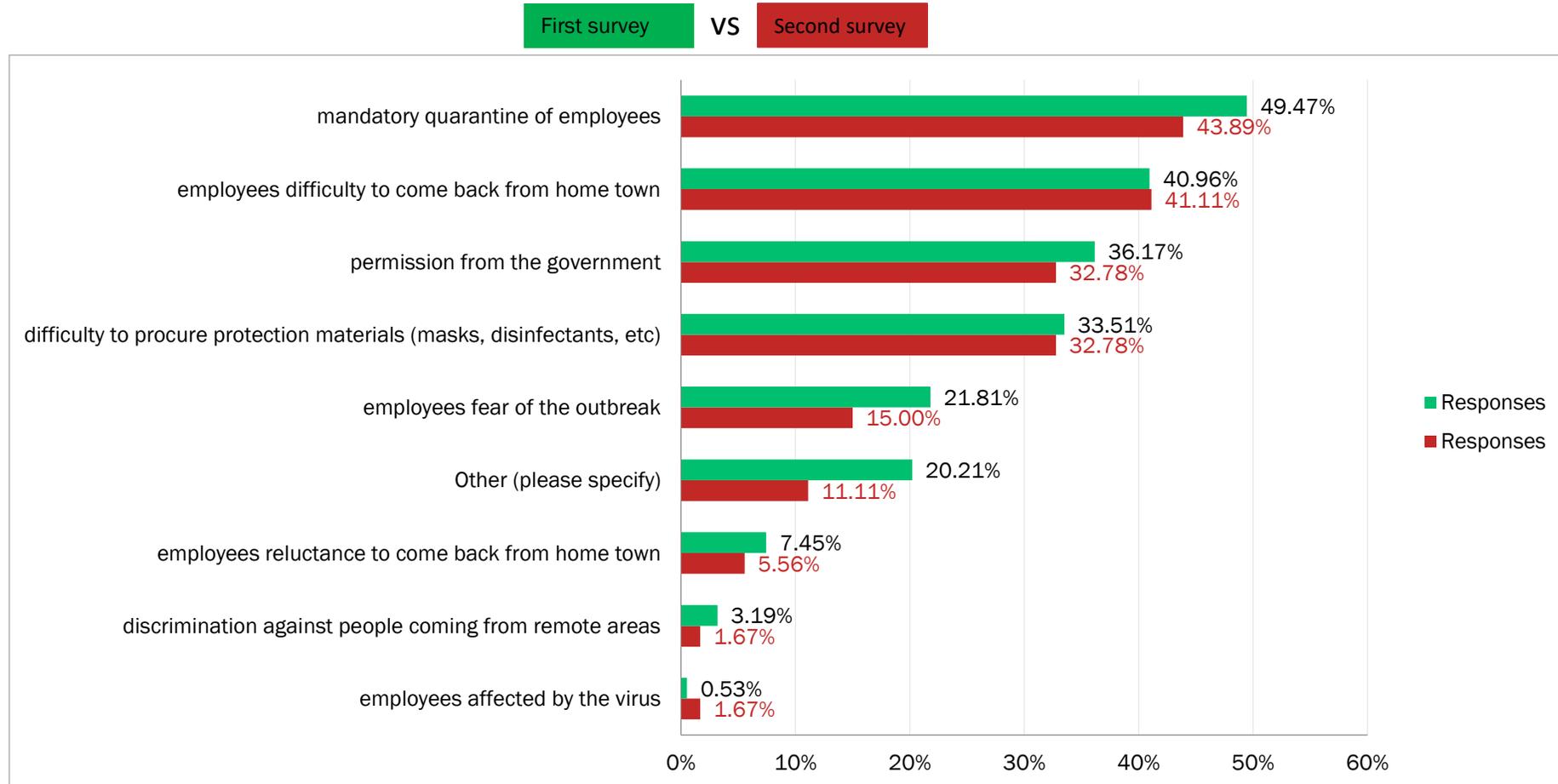
75% of respondents reopened the office/factory before February 21

If your organization's offices remained closed as a result of COVID-19, when did you reopen them/when do you currently expect them to reopen?



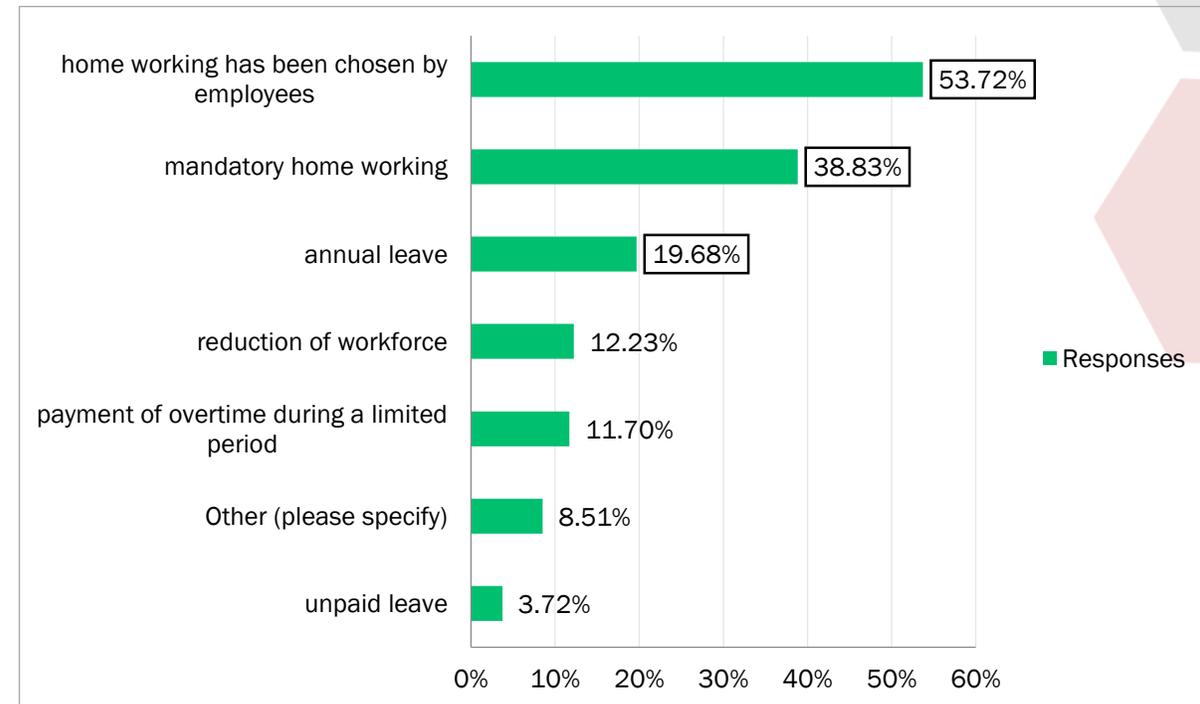
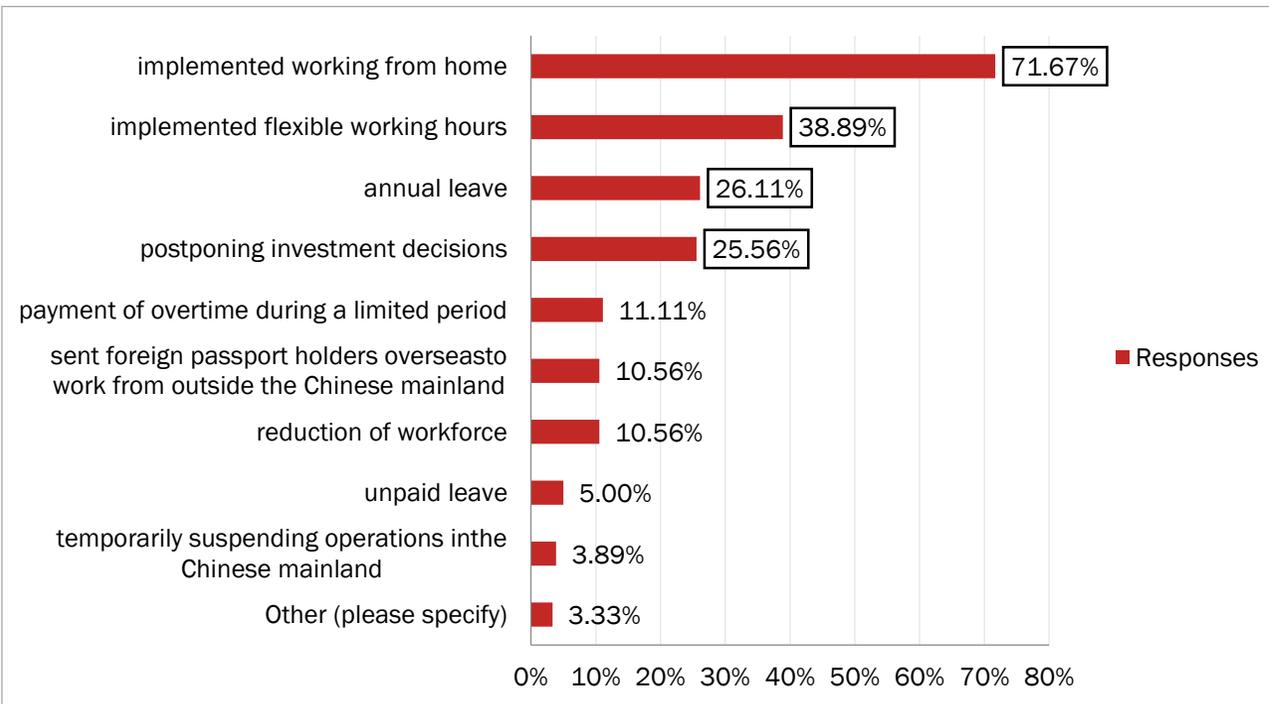
Government measures to contain epidemic are the biggest obstacle to re-opening

Which are the most important difficulties in re-opening?



70% of respondents have implemented a work-from-home policy, followed by flexible working hours and annual leave

What actions has your Organisation taken or is considering taking in response to COVID-19?



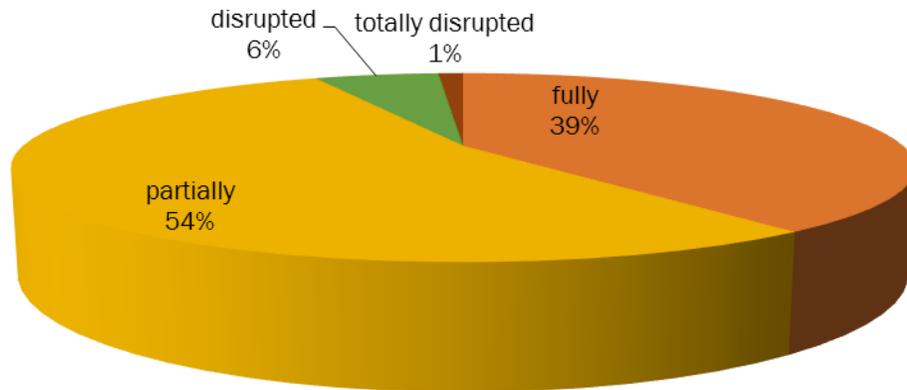
Second survey

VS

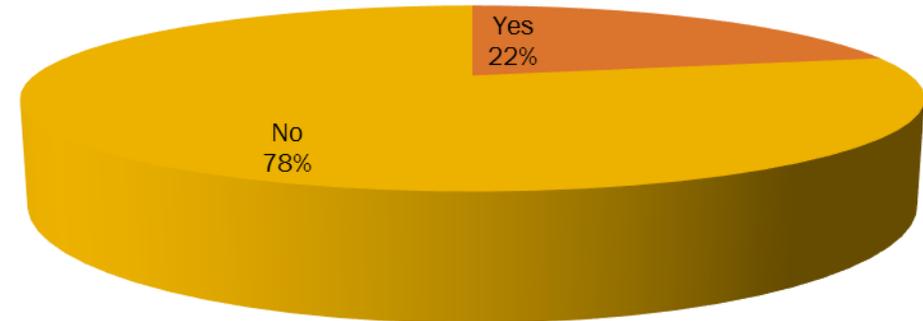
First survey

The supply chain has not been restructured due to the epidemic. Moreover, it has been recovered for 93% of our Members.

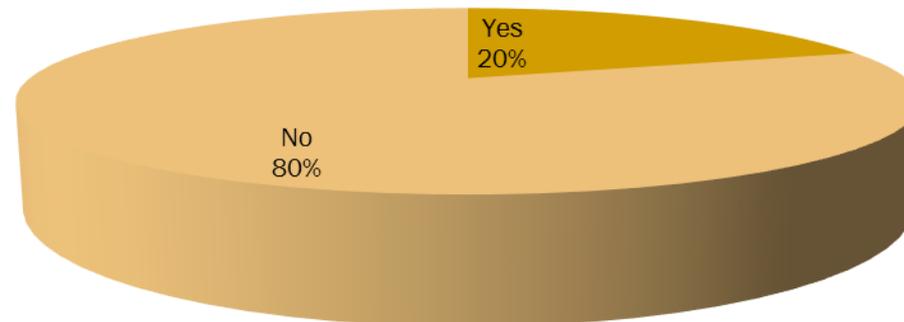
Has your company supply chain been recovered?



Has your company in China restructured its supply chain because of the outbreak in Italy/Europe?

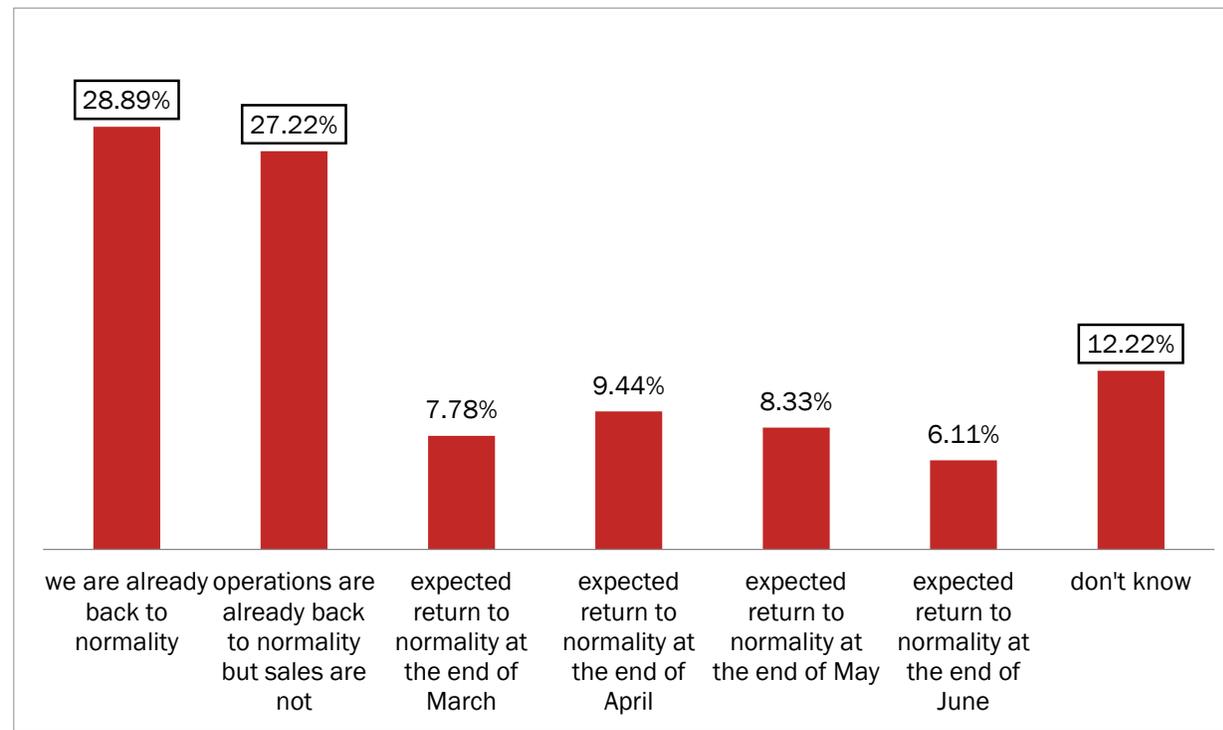


Has your mother company restructured its global supply chain because of the outbreak in China?



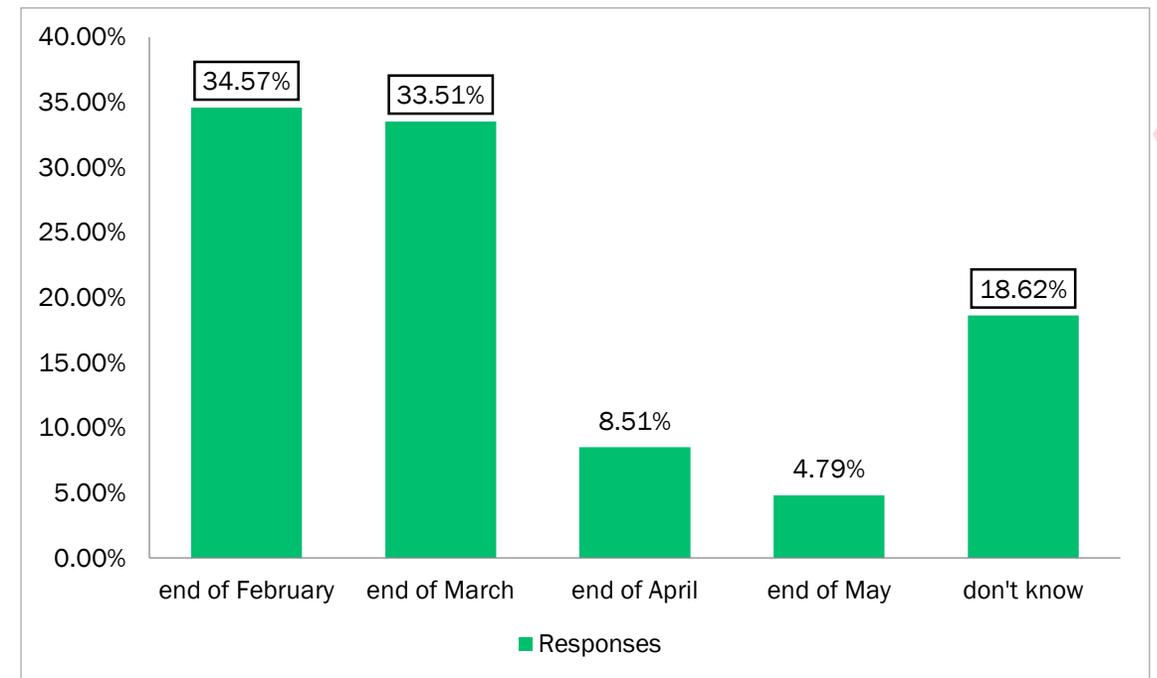
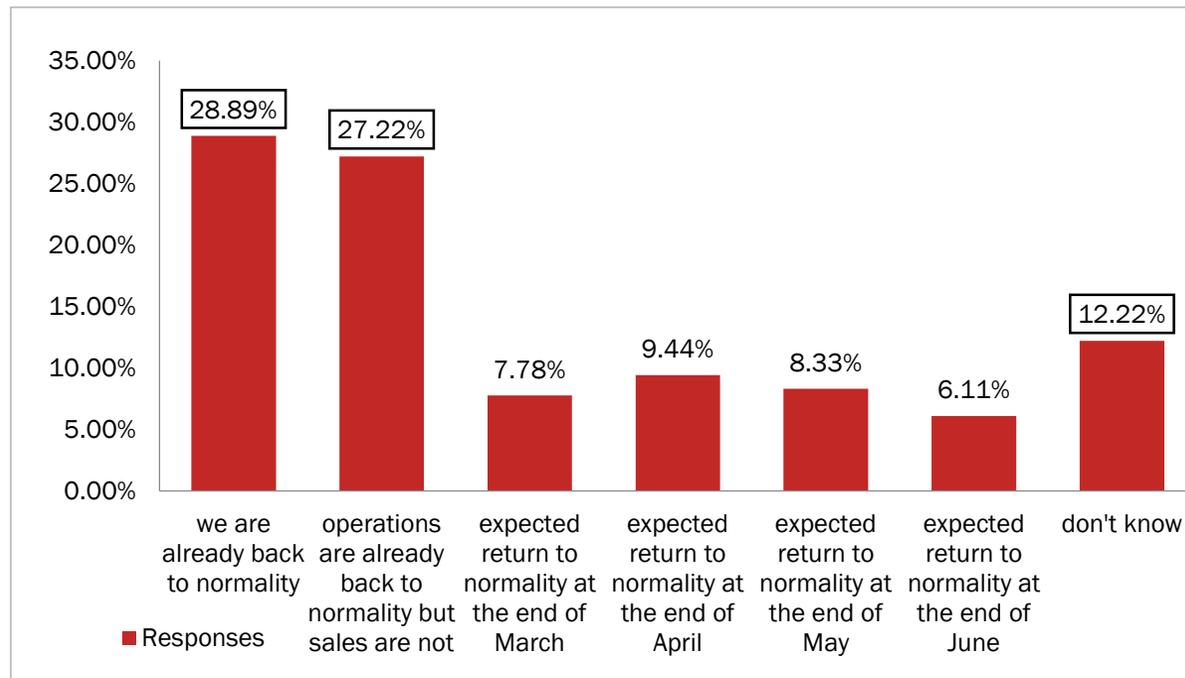
The operations of the majority of respondents are already back to normality, but at the same time, for nearly one-third, sales are not

When does your Organization anticipate the situation and your operations will return to normal?



Second survey vs First survey

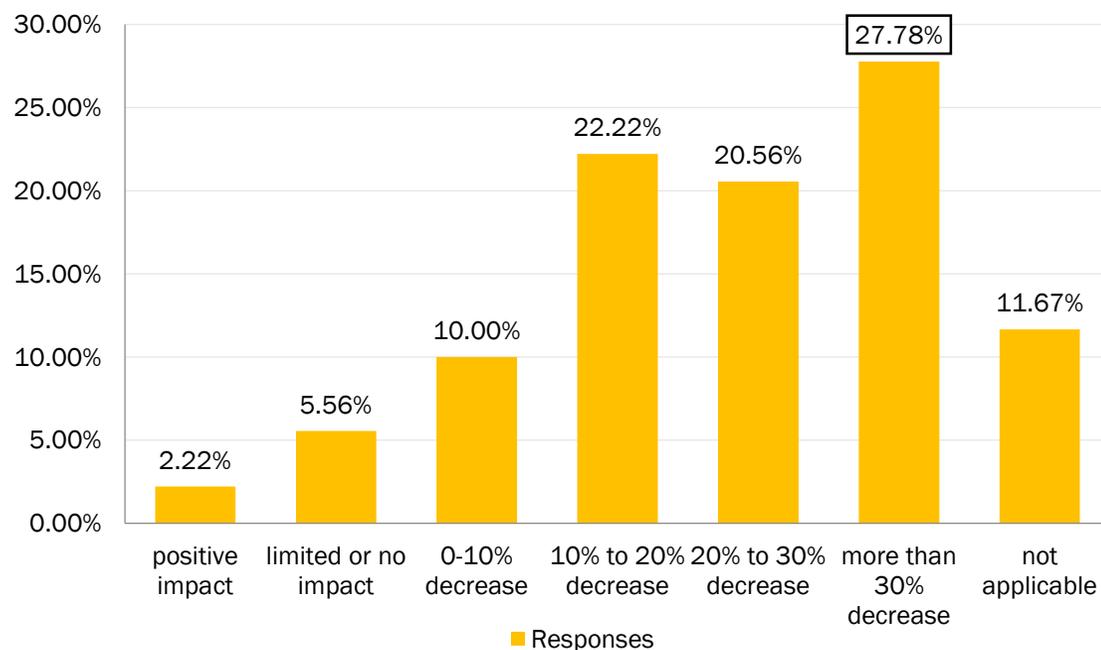
When does your Organization anticipate the situation and your operations will return to normal?



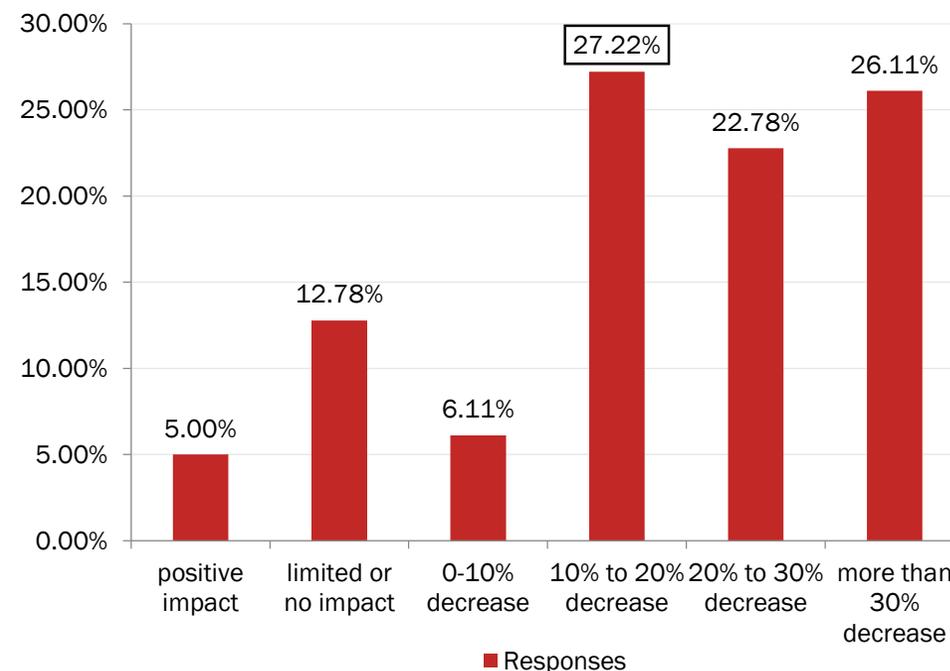
Second survey vs First survey

Our members are still convinced that the impact of COVID-19 on their business will be very relevant

Which impact do you foresee the outbreak will have on your **global revenues?**

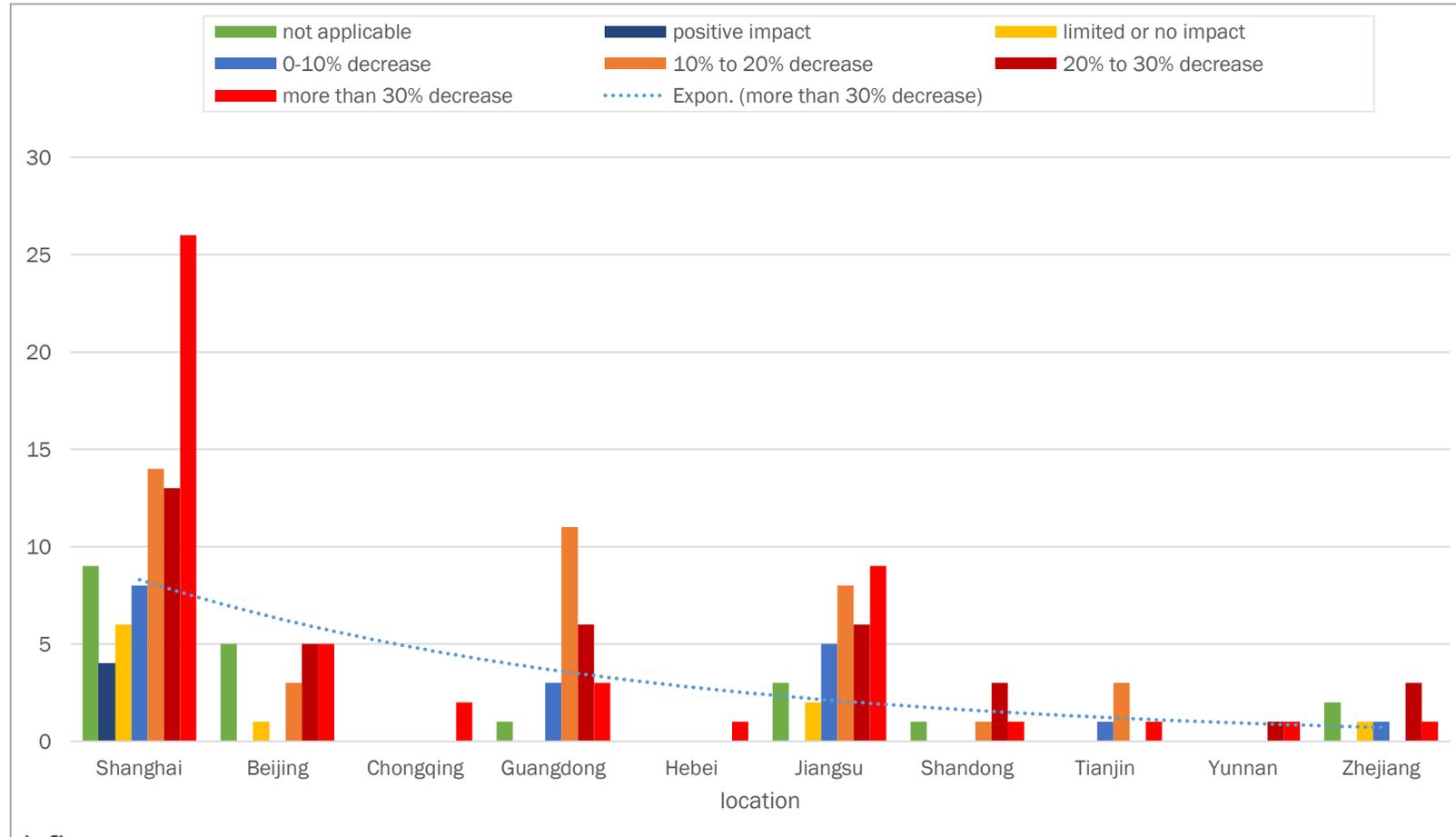


Which impact do you foresee the outbreak will have on your revenues **in the Chinese Mainland?**



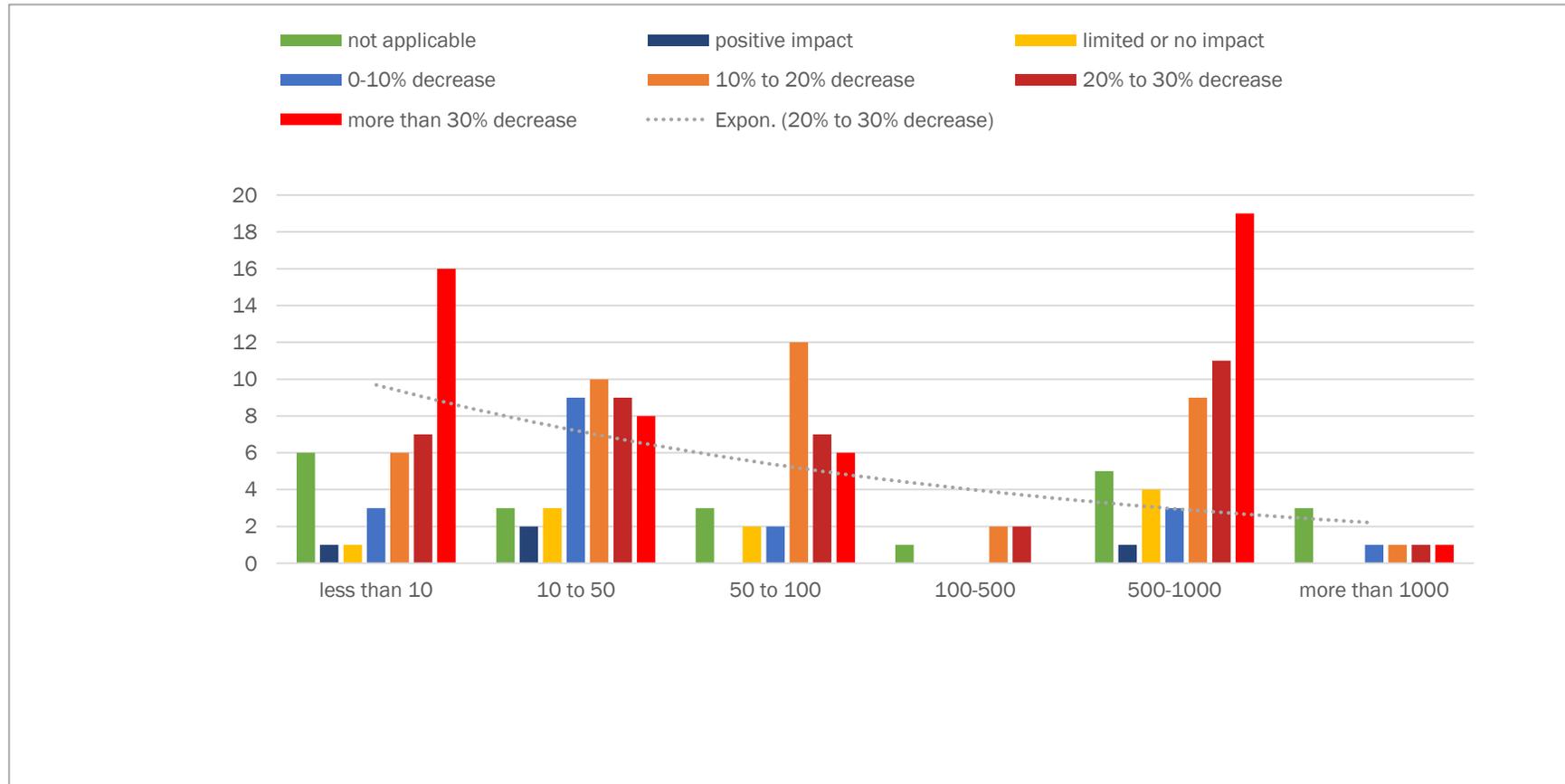
Companies located in Shanghai and Jangsu province are very concerned about their global impact

Forecast of Impact on global revenues by location

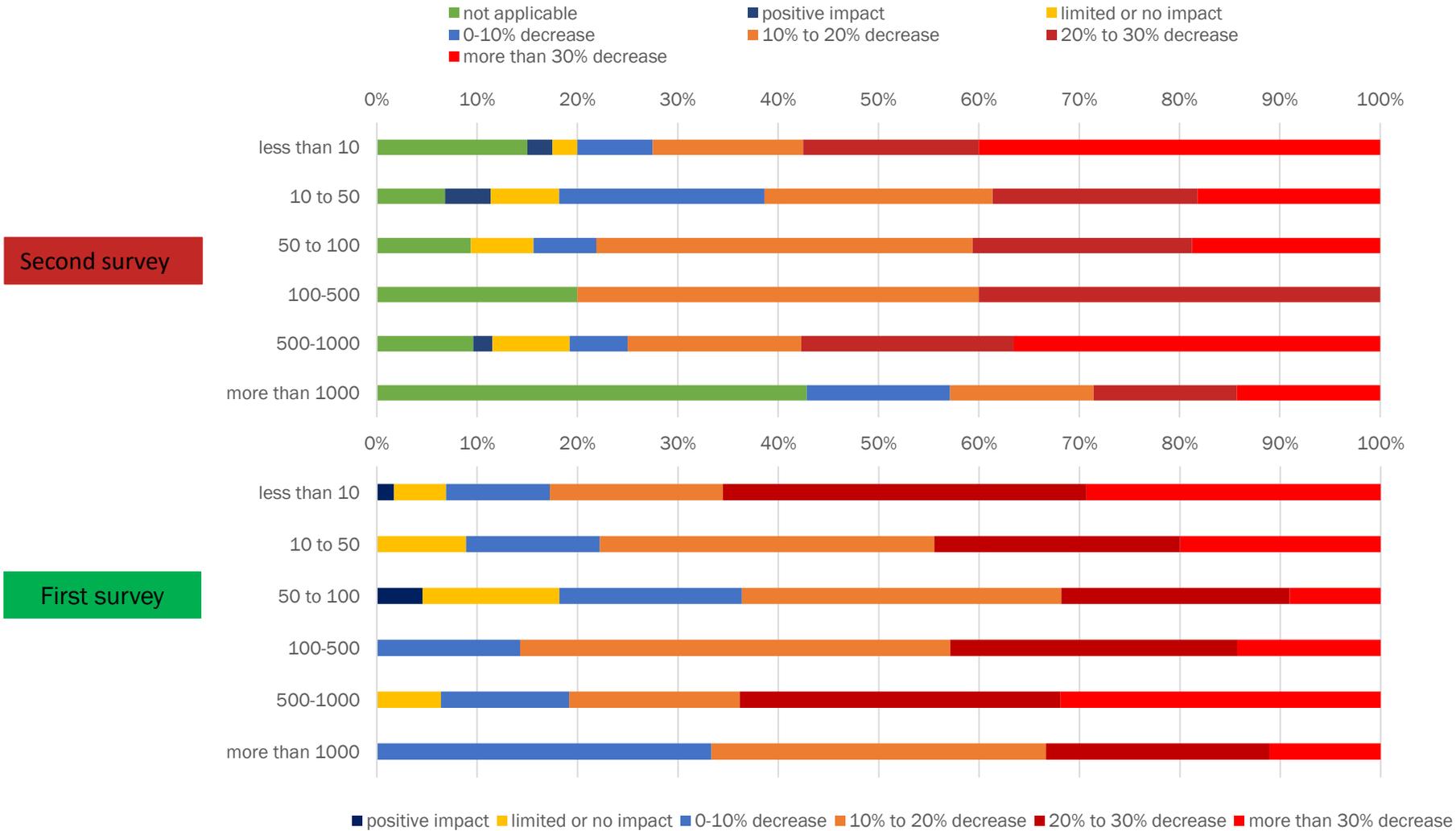


Smaller companies are much more concerned

Forecast of Impact on global revenues by company size

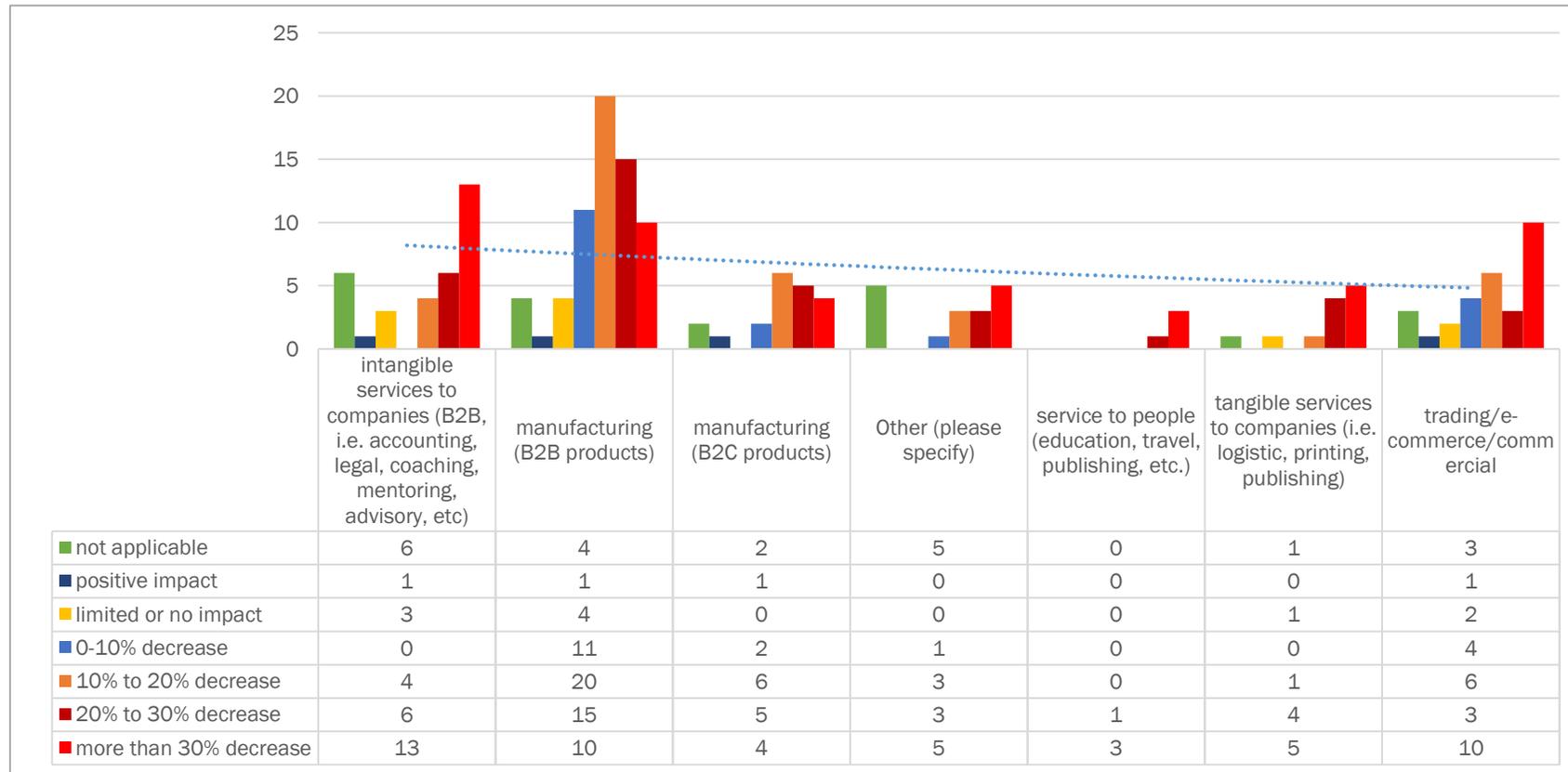


Forecast of Impact on global revenues by company size



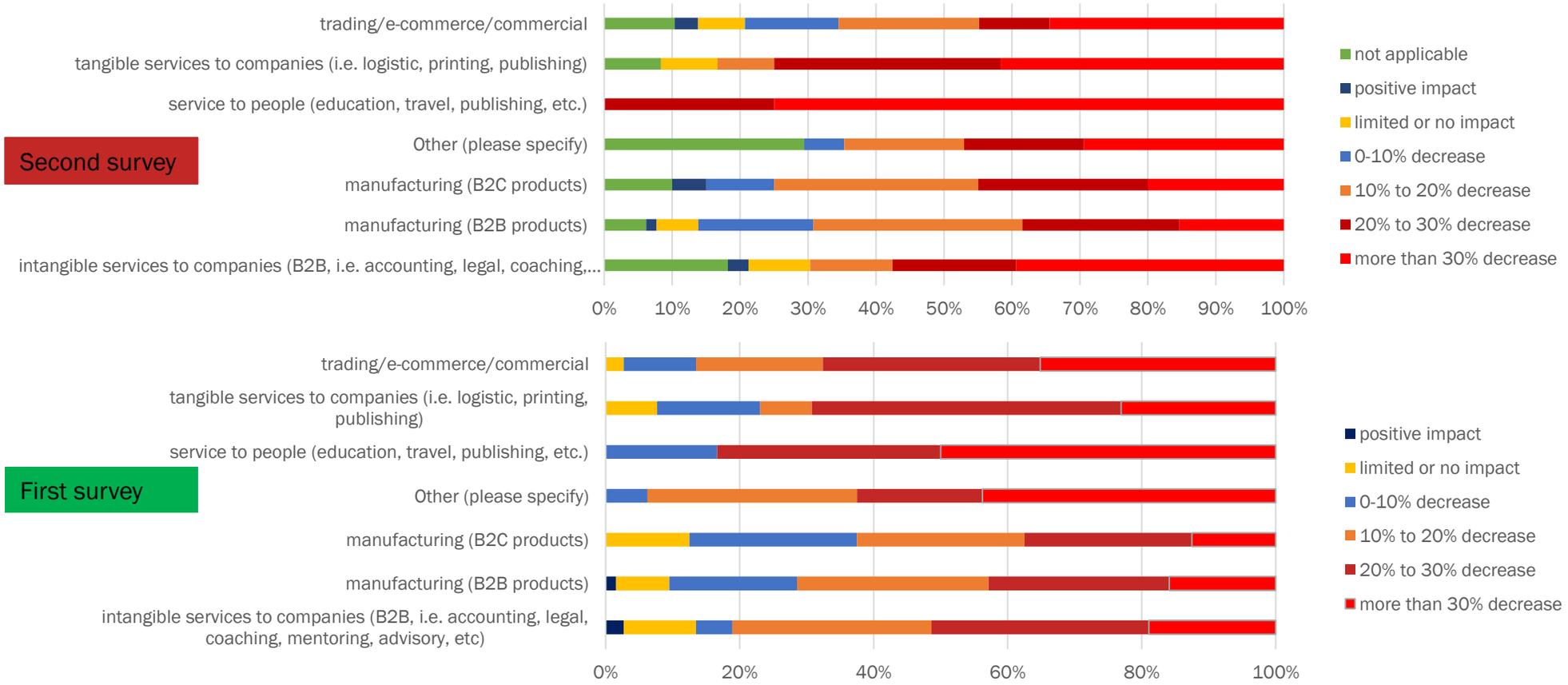
Service, B2B and trading companies are more concerned

Forecast of Impact on global revenues by business sector



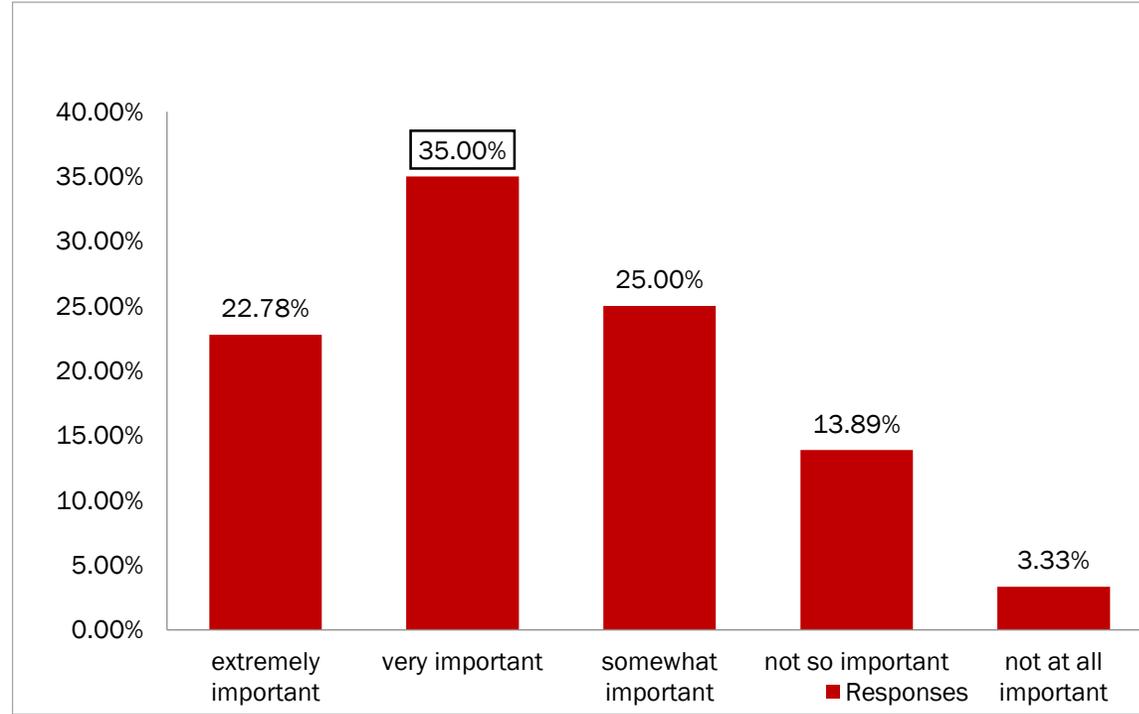
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Forecast of Impact on global revenues by business sector



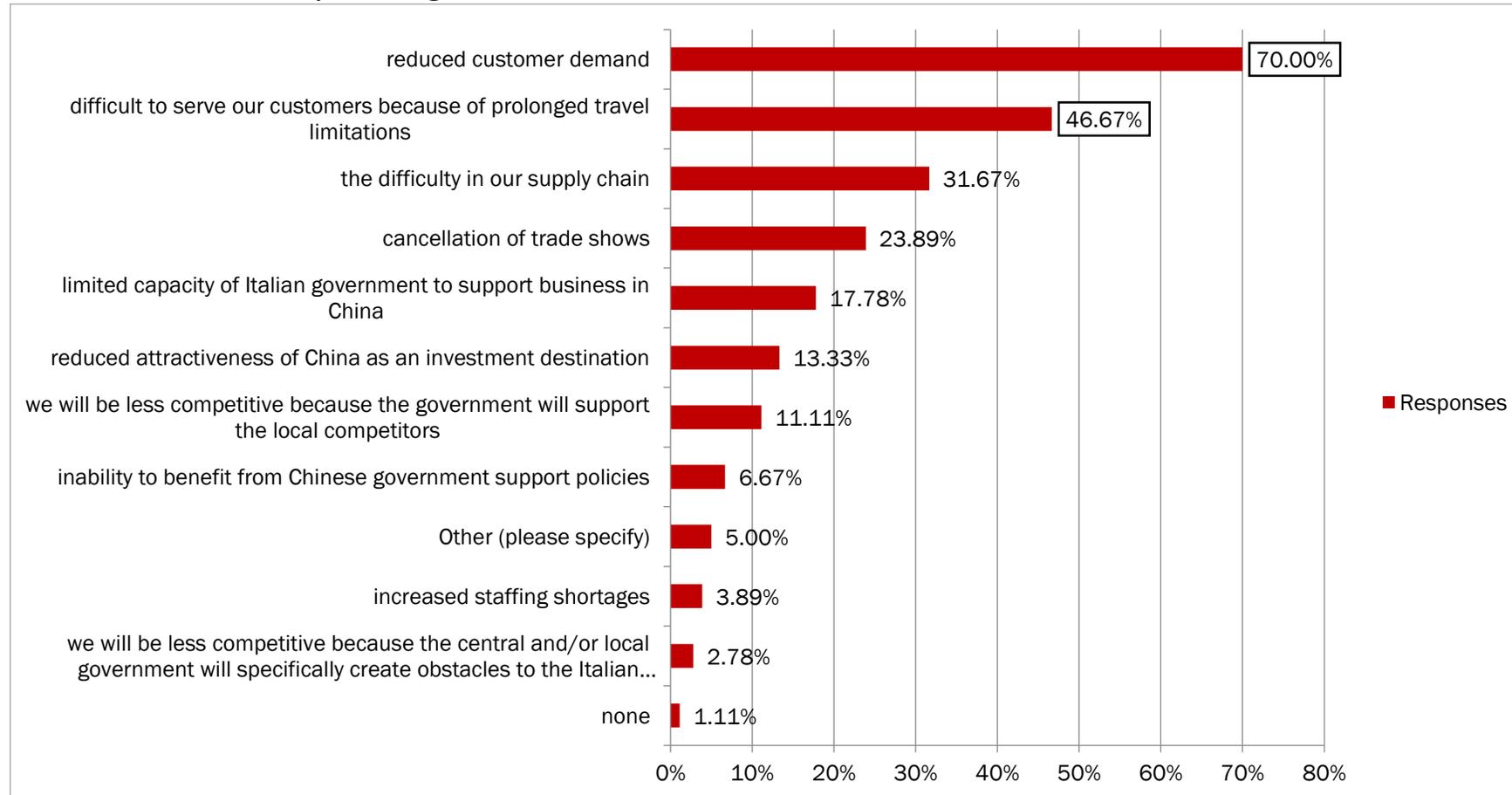
The impact of the outbreak in Italy on the business in China is estimated to be very serious

Which will be in your opinion the negative impact of the outbreak in Italy on your business in China?



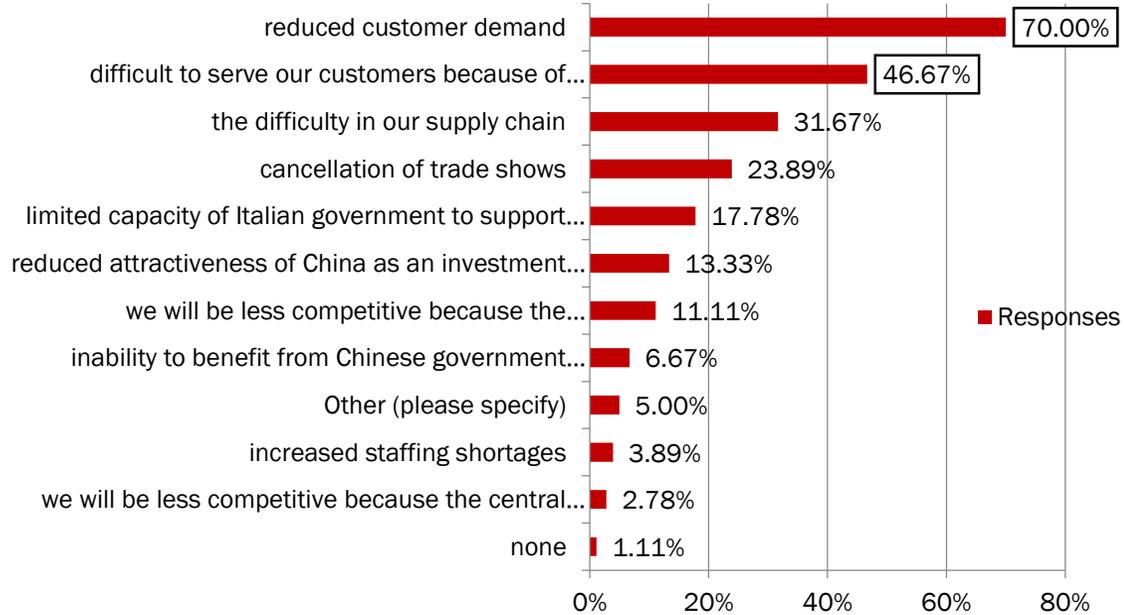
Travel restrictions and reduced customers' demand are the predominant concerns for CICC members for the next 6 months

What are your Organization's main concerns from the outbreak over the next six months?



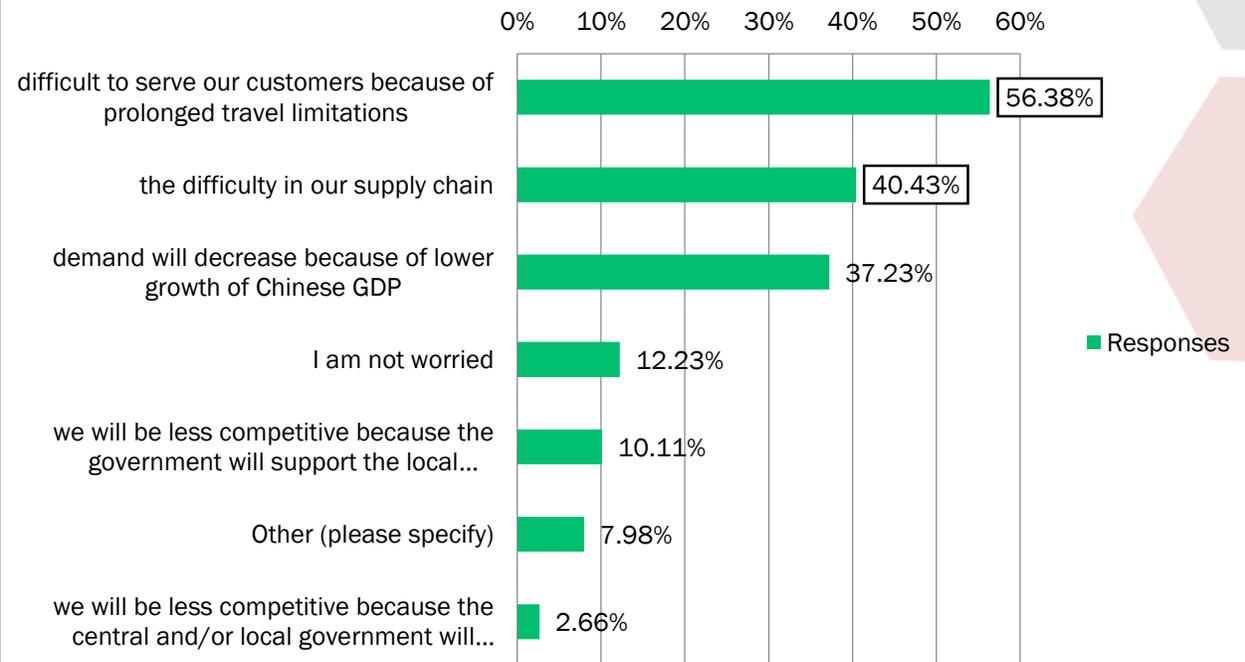
Second survey vs First survey

What are your Organization's main concerns from the outbreak over the next six months?



Second survey

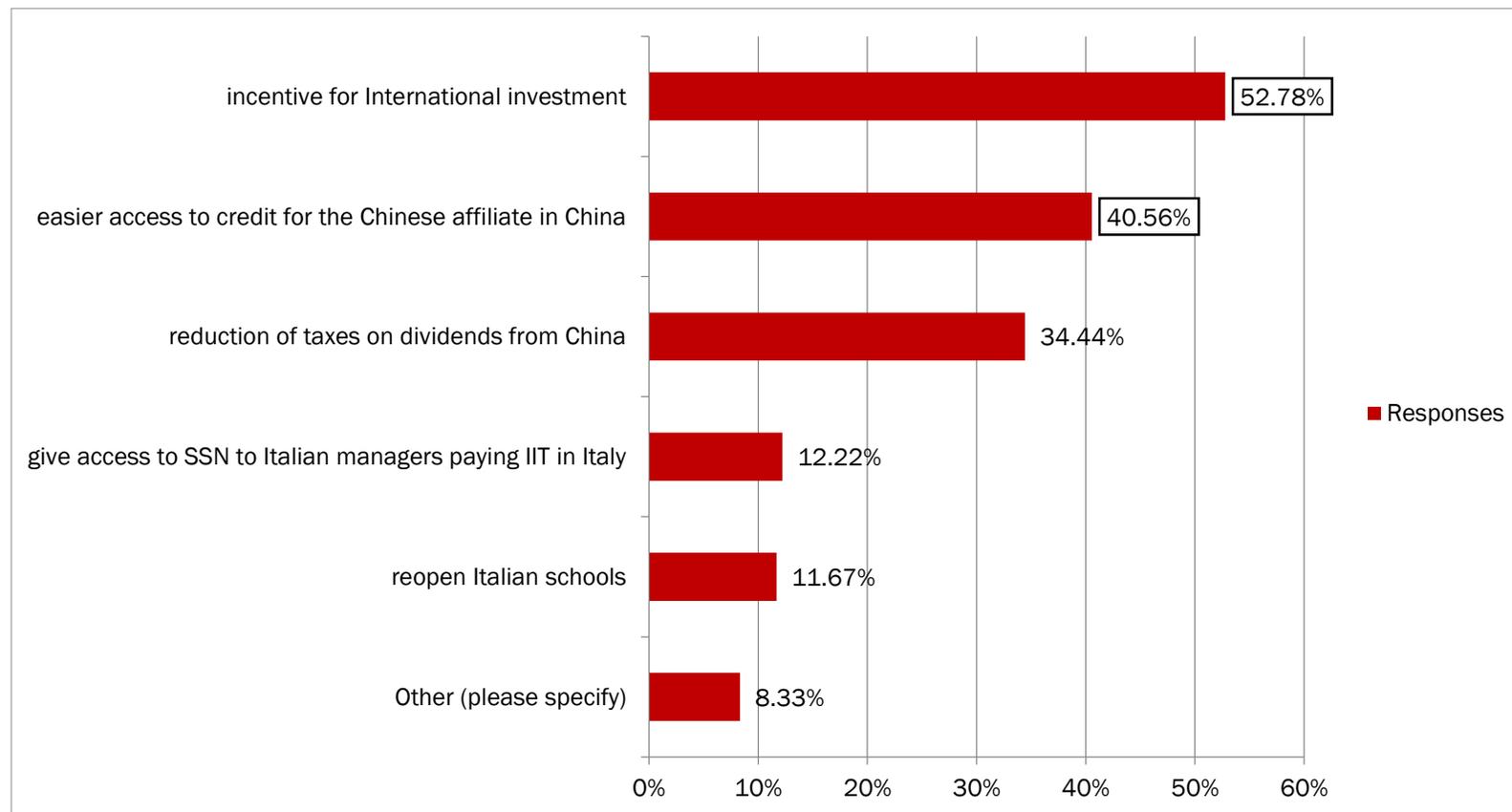
What worries you most about the future of your business in China?



First survey

More than half of respondents hope the Italian government will give incentives for international investment; a majority are seeking reduction of taxes and easier access to credit

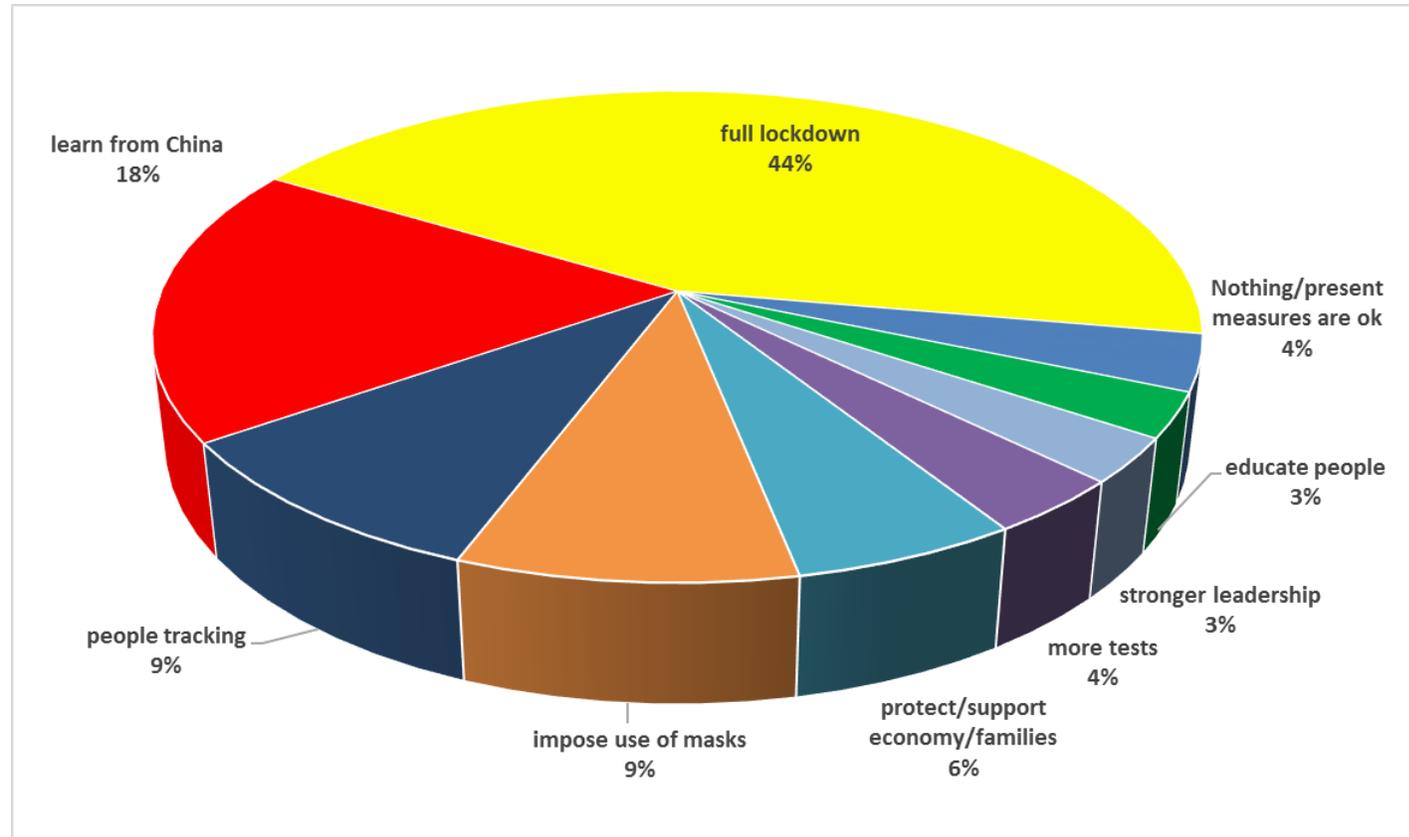
What are the suggestions you would give to the Italian government to support Italian companies in China?



Open Suggestions for the Italian Government

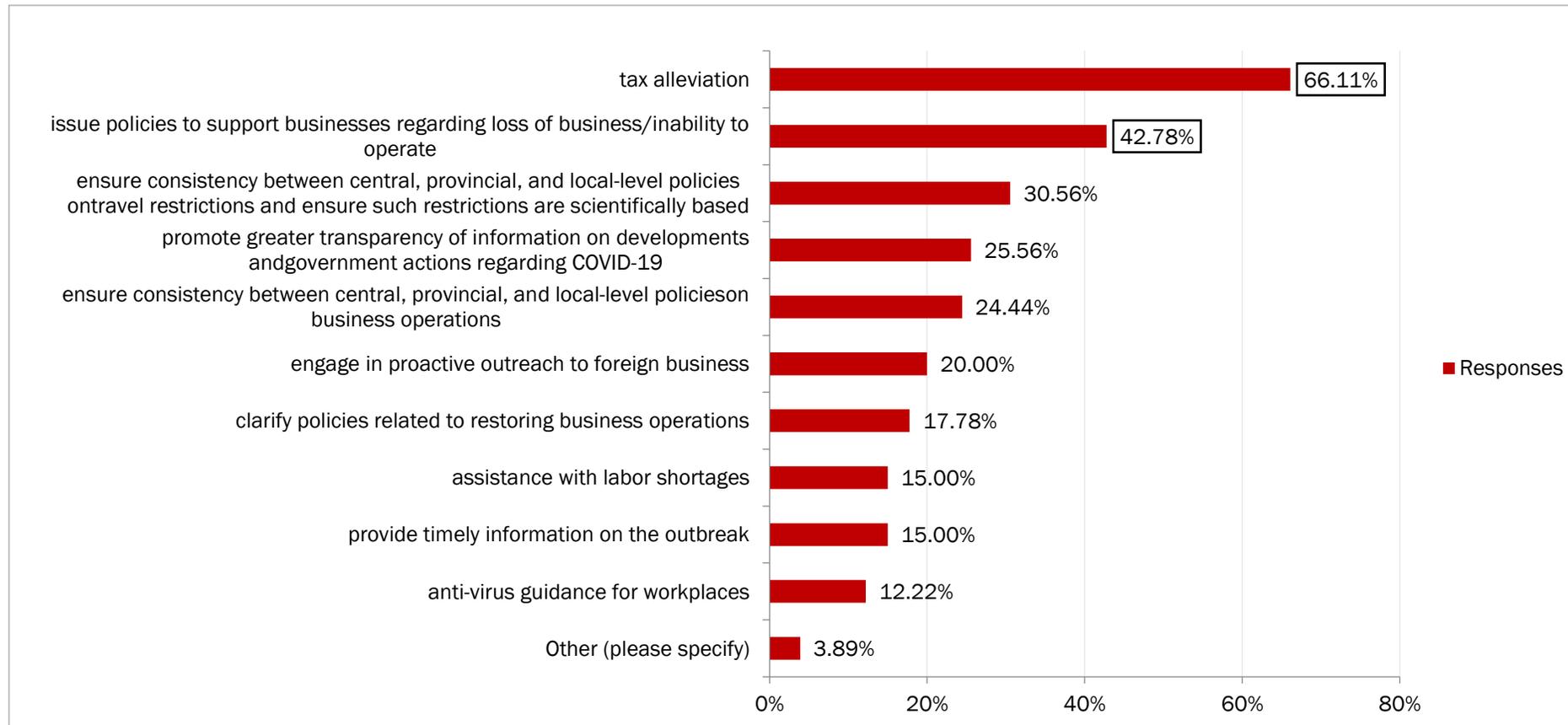
131 answers

According to the experience and measures taken in China, what are the suggestions you would give to the Italian government to contain the spread of the epidemic in Italy?



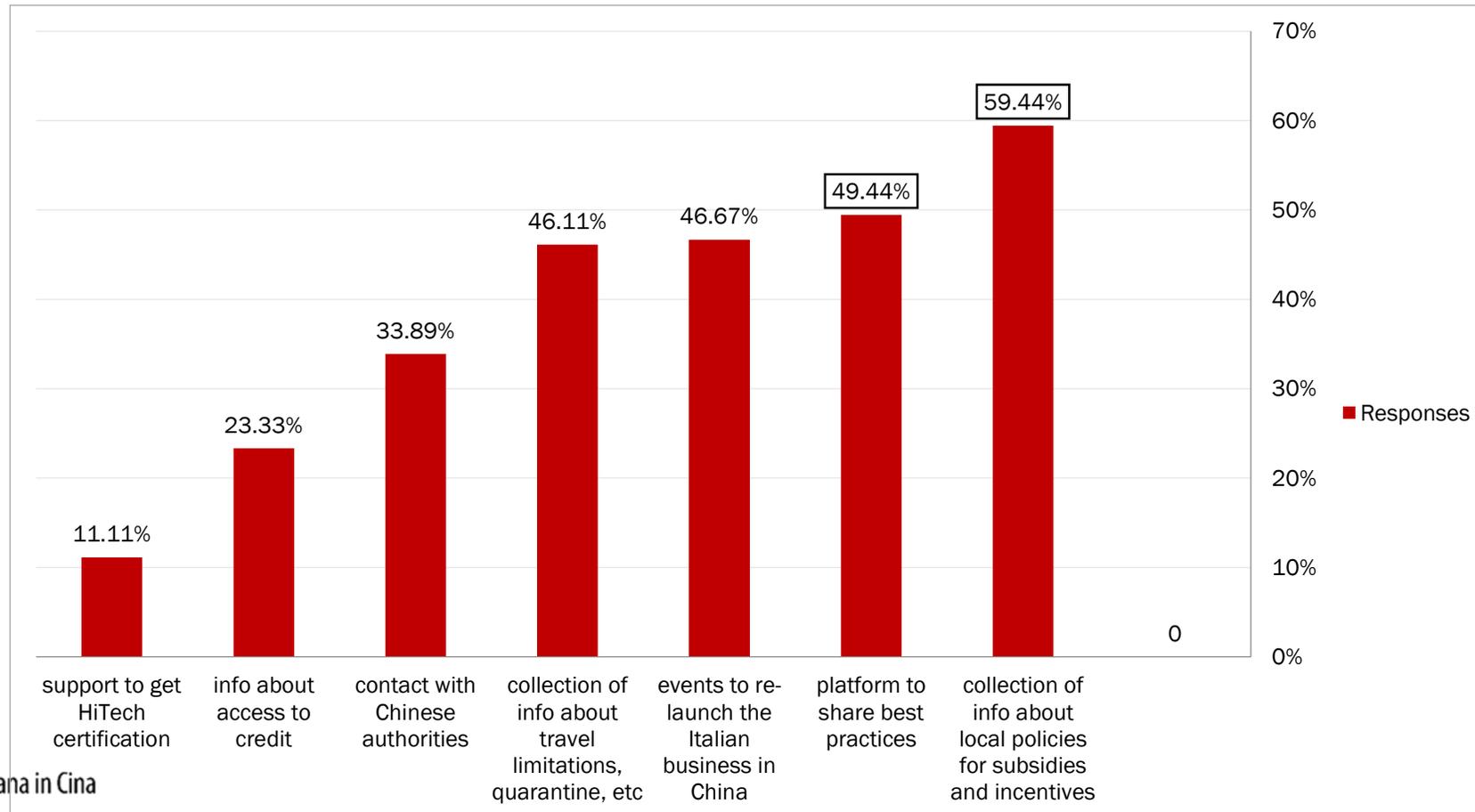
More than half of our members hope the Chinese government will provide tax alleviation to help foreign business

Which actions can the Chinese government take to help foreign businesses in China?



CICC Members are still seeking clear, consistent information. They need a platform to share best practices and they are looking for a new strategy for the re-launching of the Italian business in China

Which type of support you would like to receive from the China-Italy Chamber of Commerce?





The China-Italy Chamber of Commerce is committed to provide the best possible support to its members.

Thank you for helping us to better help you





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