



Beijing, 3 November 2020

Press Release

Object: China-Italy Chamber of Commerce (CICC): Flash Investigation on Business Sentiment of Members

In 2020 along with Chinese GDP, sectors of digital, automation, industrial component, and retail are in favourable conditions. There will be positive outlook and constant improvement for the next 12 months.

China-Italy Chamber of Commerce has organized a flash quarterly investigation on business development of Italian companies operating in China since the 2nd quarter of 2020. The CICC, with her 550 members, is an association with the broadest presence and highest visibility within China. The analysis is focused on a few key parameters (revenue, orders and evolution) for immediately understanding the sentiments of the market.

The investigation of the 3rd quarter 2020 is based on feedbacks from about 200 members (of which over 60% are from the sectors of mechanics and industrial component) and it is therefore the most clear picture depicting the performance of Italian companies in the only country that, according to forecast of different research institutes, produces GDP growth in 2020. Such power makes Chinese filial companies of Italian enterprises more and more important in the economic consideration of their parent companies.

The results of the investigation make it clear that in 2020 60% of the sampled companies will have business development at least equal to that of 2019, while 40% of them will see a decrease of at least 5%. In terms of sectors, the growth is led by sectors of digital, automation, industrial component, energy, retail and services, while sectors of chemistry and electro-domestics are in slow growth.

The negative scenario seems to be left behind: all the sectors will see an improvement on the business outlook in the next 6-12 months; especially when it comes to sales inside China (56% of the sampled companies will see positive future). However, exports toward Italy or other parts of the world will be stable or even worse (only 12% of the sampled companies are expecting better sales to Italy).

Coming back to this year, in the first 9 months 30% of the sampled companies saw improvement compared with 2019, while 46% of them experienced reduction in revenue; totally 23% of the companies has kept their business in line with the previous year. Business performance in the 4th quarterly will be, as expected, strong. Now 30% of the companies are having more orders compared with the last quarter (it was 19% of the companies in the previous investigation). The percentage of the companies that have same volume of orders has increased (from 40% to 44%), while the ratio of companies with backlog has decreased (from 41% to 27%).

To these results, the president of China-Italy Chamber of Commerce, MR. Paolo Bazzoni, has made his response: "The data have confirmed what our members tell us everyday. China has recovered from the pandemic and so do the Italian companies in China. These results are very positive if we think

100027 - 北京市朝阳区工人体育场北路 1 号三里屯外交公寓 3 号楼 2 单元 021 号公寓

3-2-21 Sanlitun Diplomatic Residence Compound - DRC, Workers Stadium North Road, Chaoyang District, Beijing, 100600, P.R. China

Tel: (010)85910545 Fax: (010) 85910546

E-mail: info@cameraitacina.com <http://www.cameraitacina.com>

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about this year that the companies are experiencing and the impact of the pandemic on the global economy, and the data should be read in the context of slight growth of Chinese GDP in 2020. The driving on internal consumption of China has favoured some sectors, as already happened, but more generally it has favoured the Italian enterprises that have invested and located themselves in China. Today these investments have also contributed to the growth of Italy since 70% of the members have stated that they have made imports from Italy and one third of them have produced (more than 30%) of the revenue, creating value for their parent companies. Let's see what will happen in the next investigation in January 2021, which will contain a summary on 2020. We are very contented that we have introduced this flash instrument that allows us to measure, precisely and reliably, the business temperature of Italian companies in China, and have access to information and data that are fundamental to our companies."

*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 (almost 550 in 2020) 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.

For more information please contact: communication@cameraitacina.com

100027 - 北京市朝阳区工人体育场北路 1 号三里屯外交公寓 3 号楼 2 单元 021 号公寓
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