

2022 Edition

SURVEY: IMPACT OF COVID-19 ON ITALIAN COMPANIES IN CHINA

**CHINA-ITALY CHAMBER OF COMMERCE
CONDUCTED A SURVEY AMONG ITS
MEMBERS TO ASSESS THE IMPACT OF
RECENT COVID-19 RESTRICTIONS ON
THE ACTIVITIES OF THE ITALIAN
BUSINESS COMMUNITY IN CHINA.**

Check the results!

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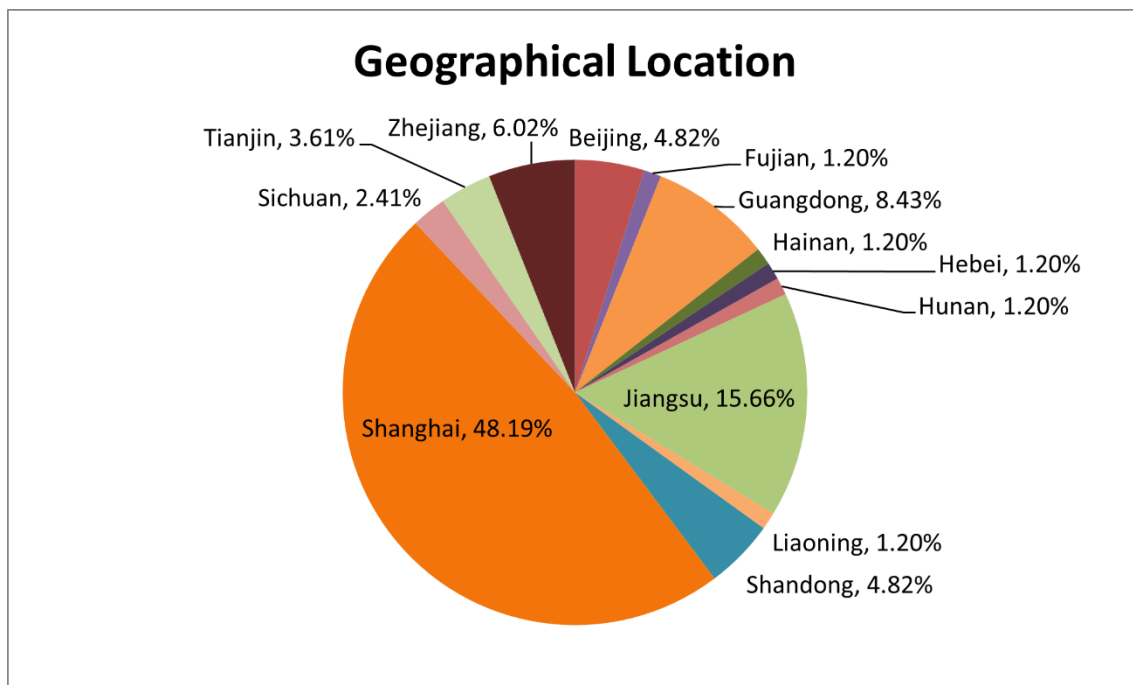
Camera di Commercio Italiana in Cina
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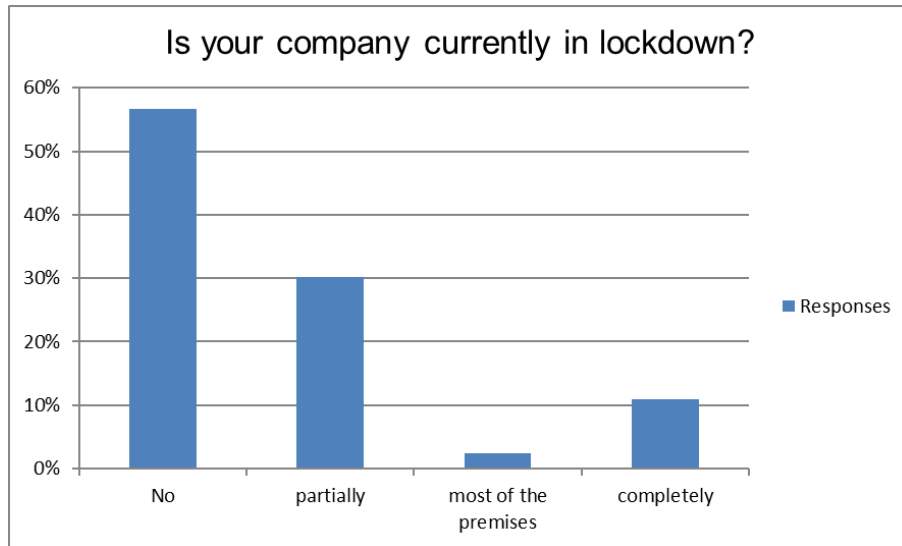
From March 16th till March 22nd, 2022, the China-Italy Chamber of Commerce (CICC) conducted a survey among its members to assess **the impact of recent COVID-19 restrictions on the activities of the Italian Business Community in China**. Issues such as repercussions on the supply chain, impact on production, travel restrictions and smart working have been analyzed.

The main goal of the survey is to carefully monitor the situation to evaluate actions in support of our companies. The survey collected **83 answers**, with a large majority of the respondents based in the **East area of China (71%)**, with Shanghai alone accounting for 49%.

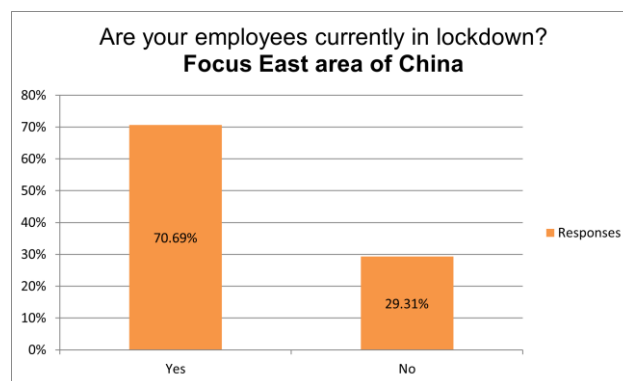
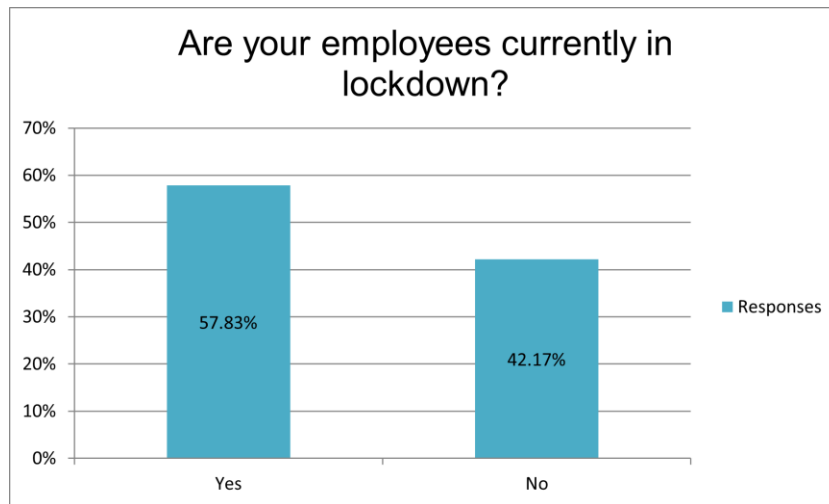
Considering the presence of the Italian companies in China and the composition of the CICC membership, more than 50% of the companies being part of the survey belongs to the **manufacturing sector**, with 26% involved in **B2B and B2C services**.



Almost half of the respondents were affected by partial or total lockdown, with a slightly lower percentage of customers and suppliers being affected.

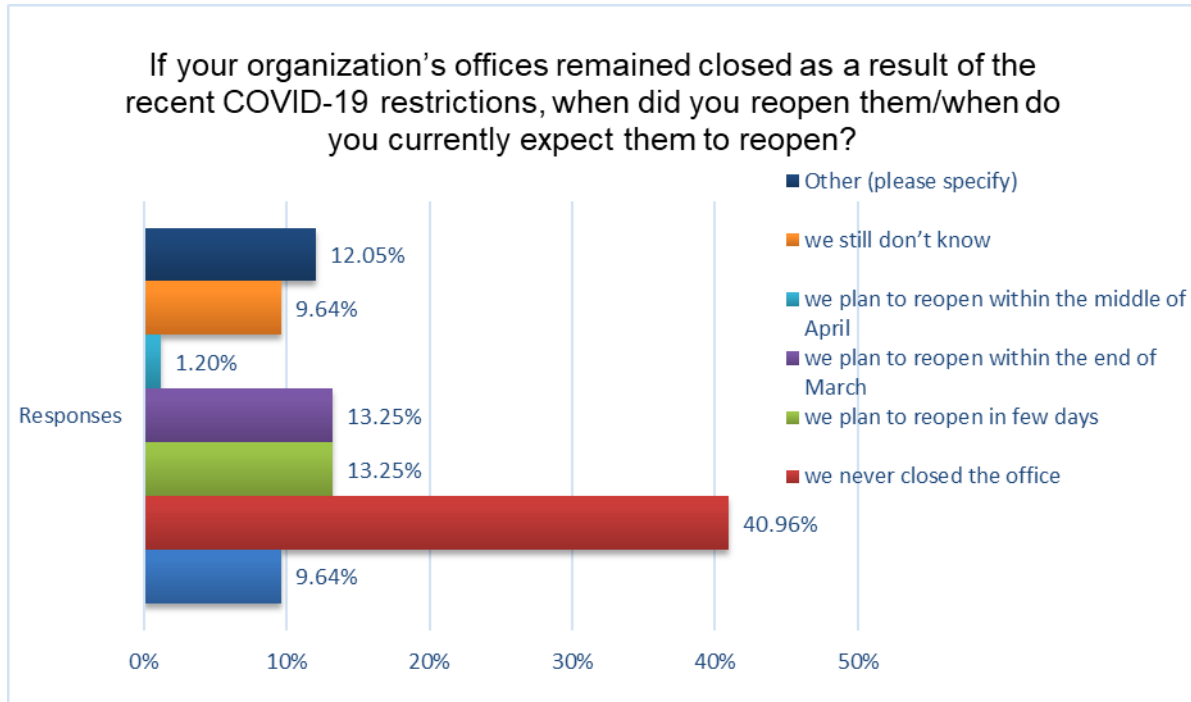


59% of all companies reported the lockdown of their employees. This percentage overcomes 70% in the companies based in East China.

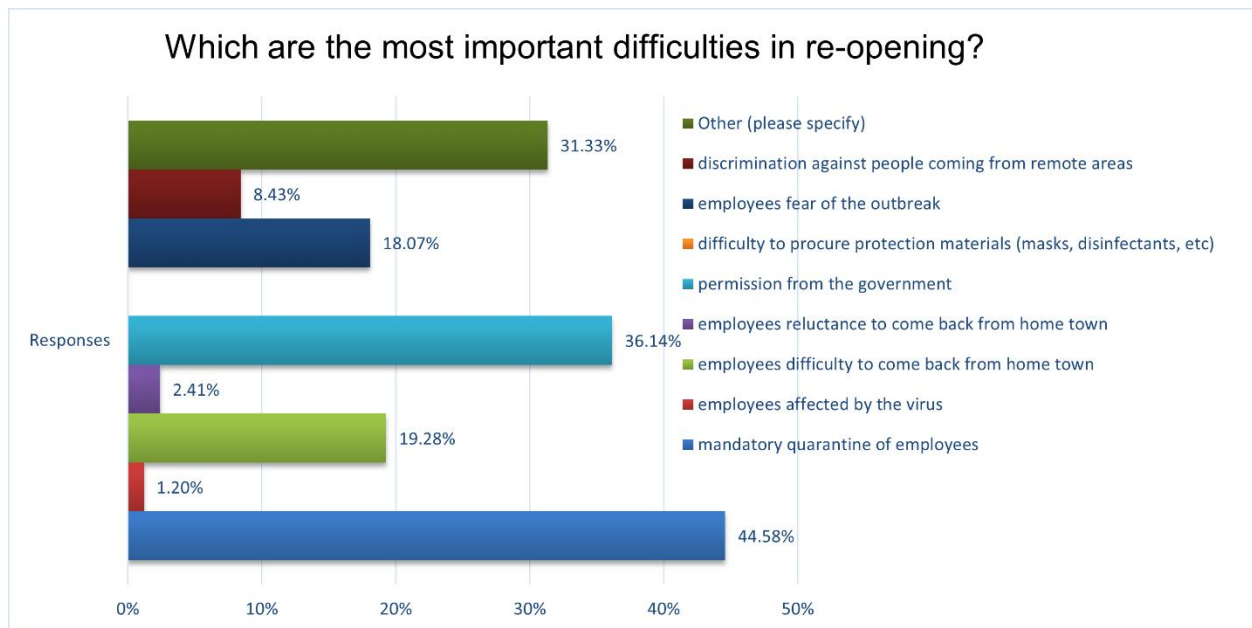




As a result, almost 40% of the companies were obliged to interrupt the operations, but more than 60% of them had not yet re-opened on the day of the survey. However, most of the companies are still quite positive and expect to reopen their offices in a few days, despite the difficulties related to the measures implemented to contain the epidemic.

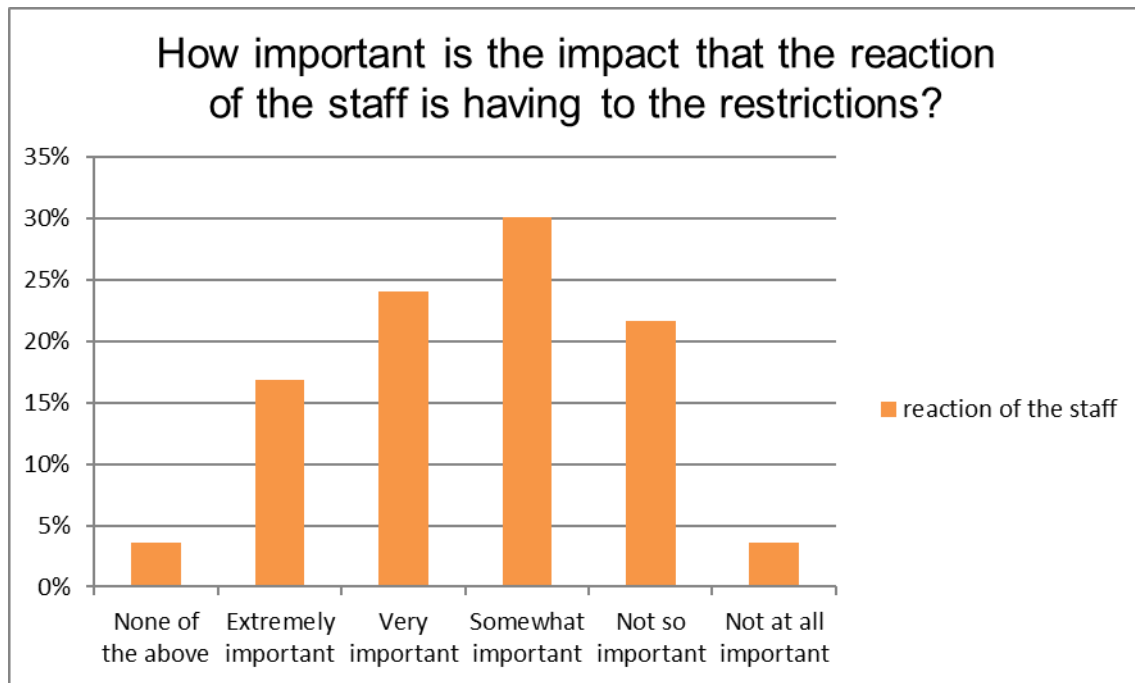


The main difficulties in the re-opening are **related to government measures**, toward the companies or the employees.

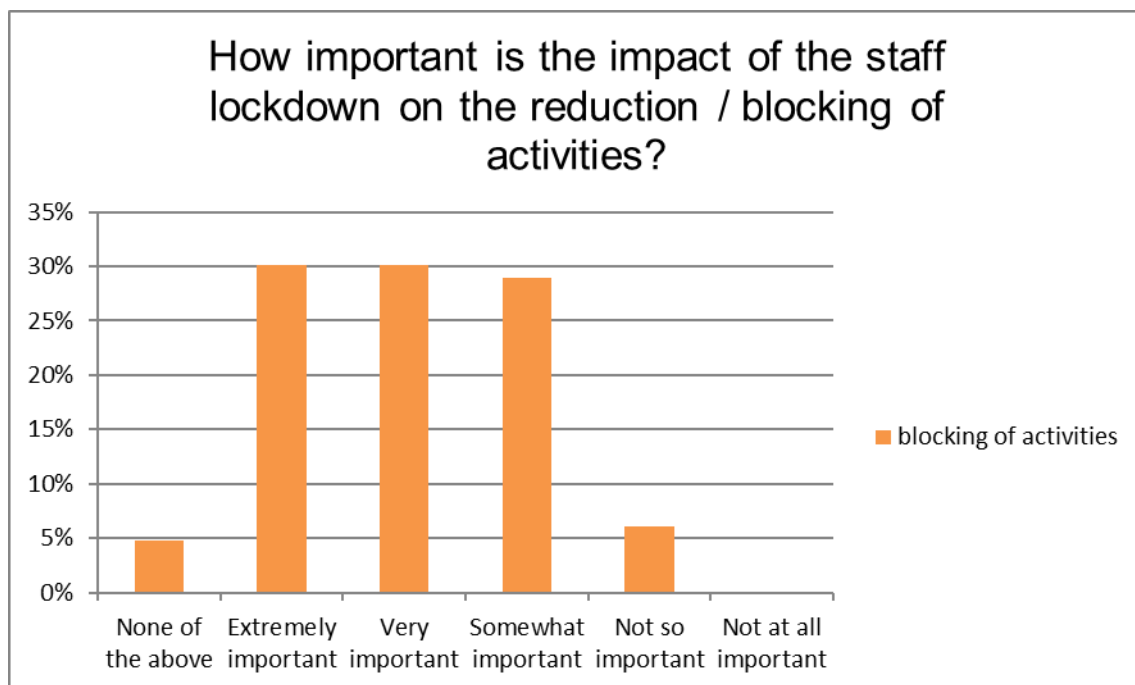




The reaction of the employees is also an important cause of business disruption.

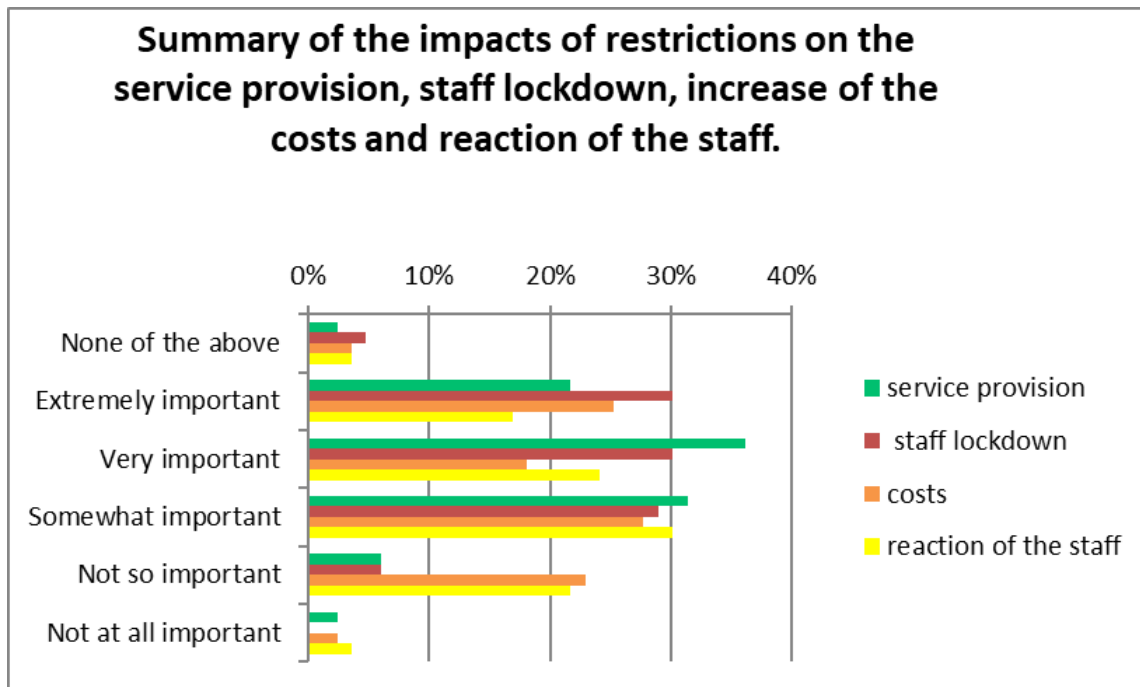
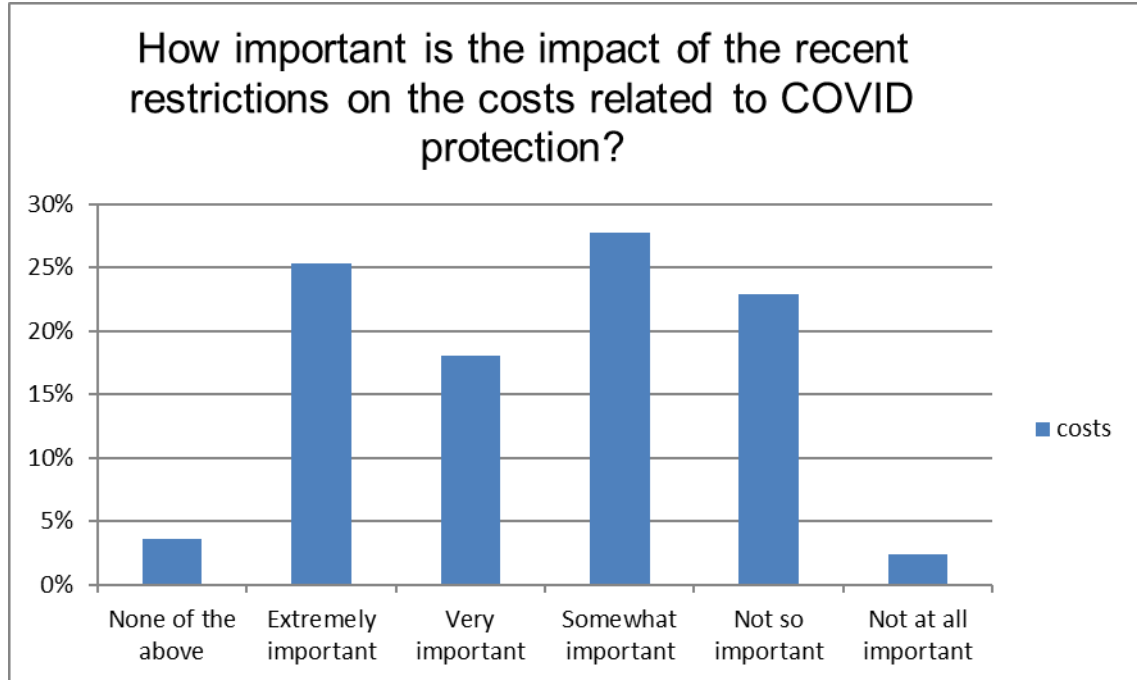


Several companies have reported the difficulties linked to the strong measures against the entrance of foreign personnel. The restrictions by the government have had a very serious impact on the service provision, with **the lockdown of the personnel being the biggest issue.**



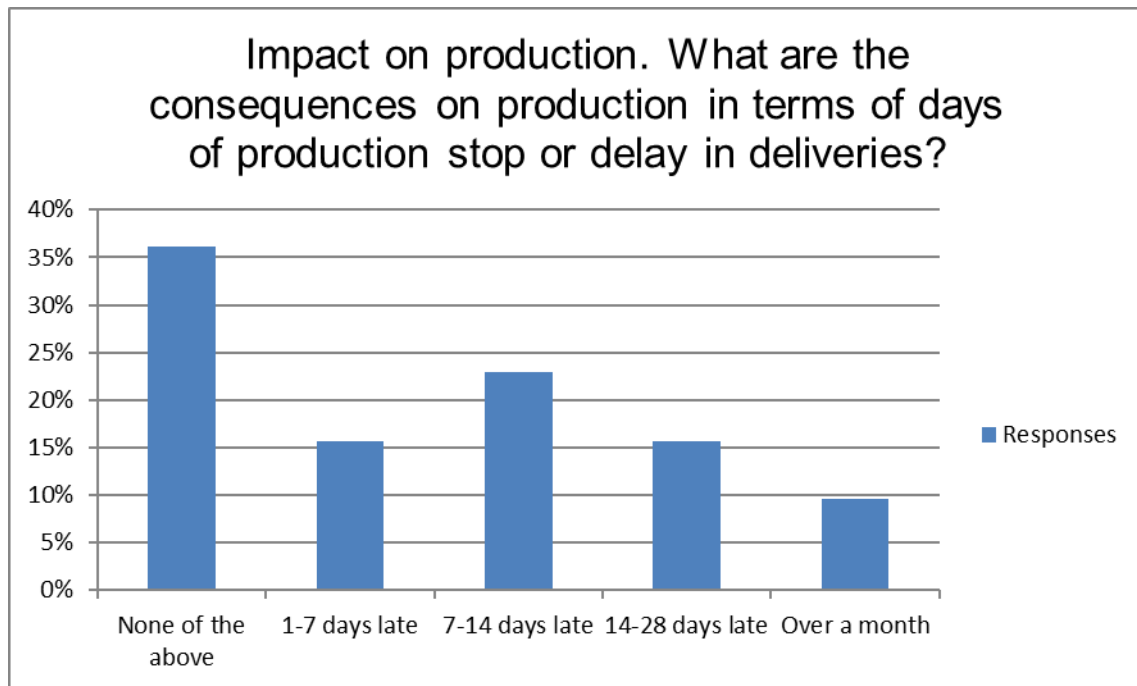


Because of the restrictions, the Italian companies faced a significant increase in **costs related to Covid-19 prevention**.

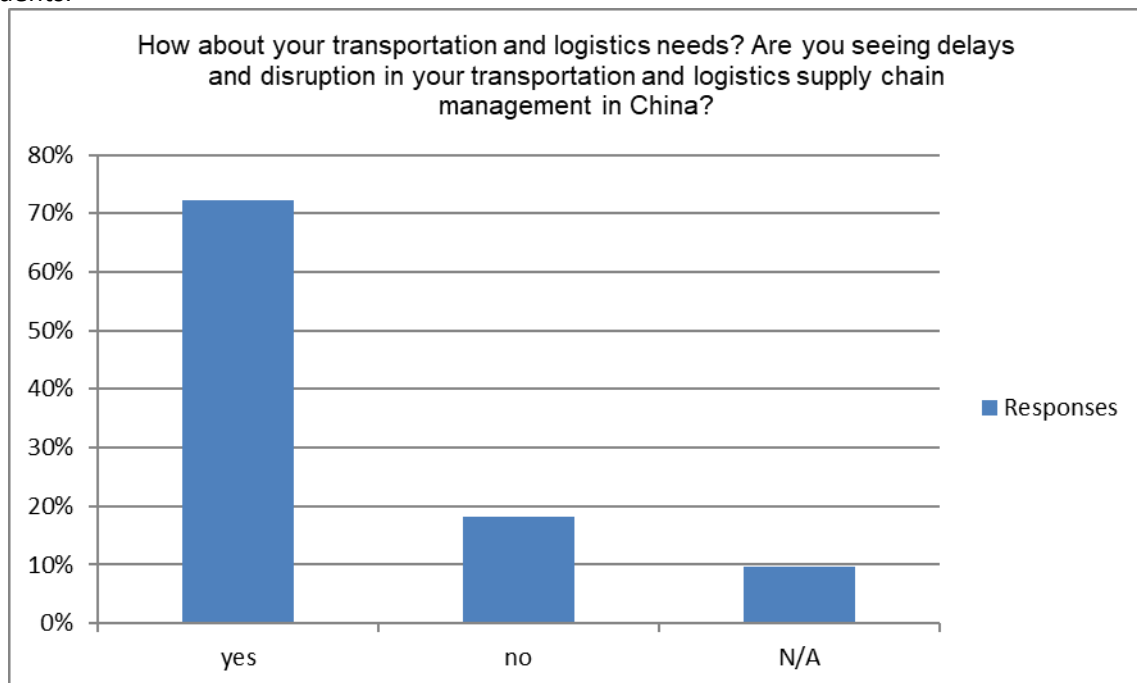


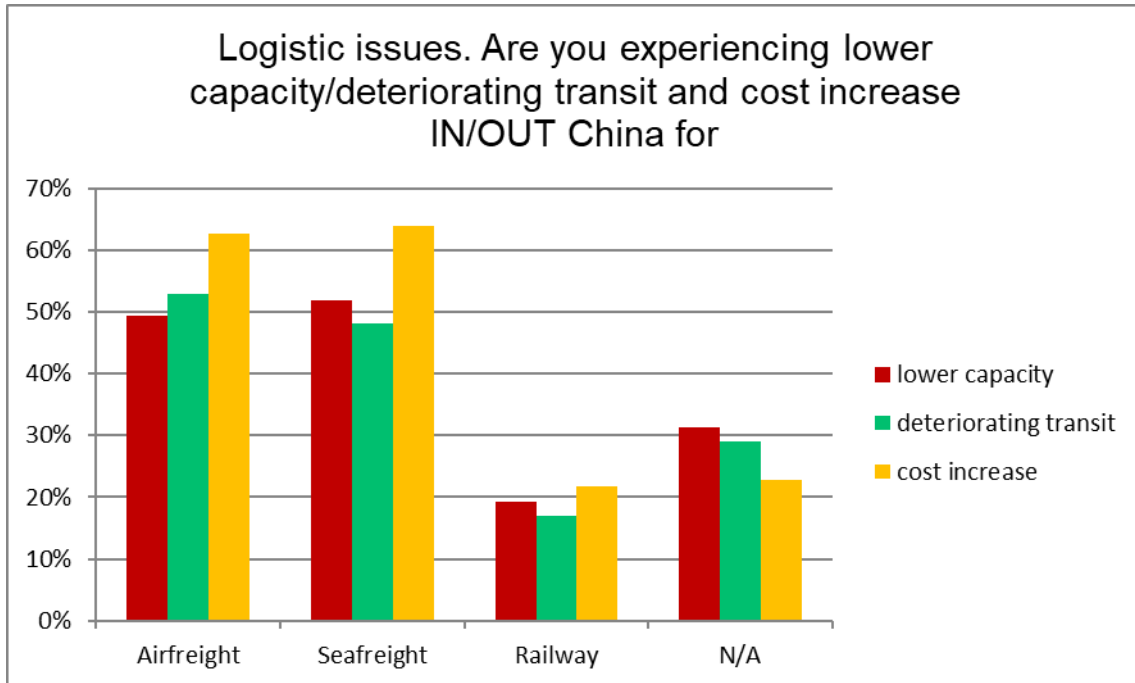


The restrictions related to the recent increase of Covid cases had a **significant impact on the production and the capability to serve the customers**, with almost 25% of companies registering **more than 2 weeks of delay**.

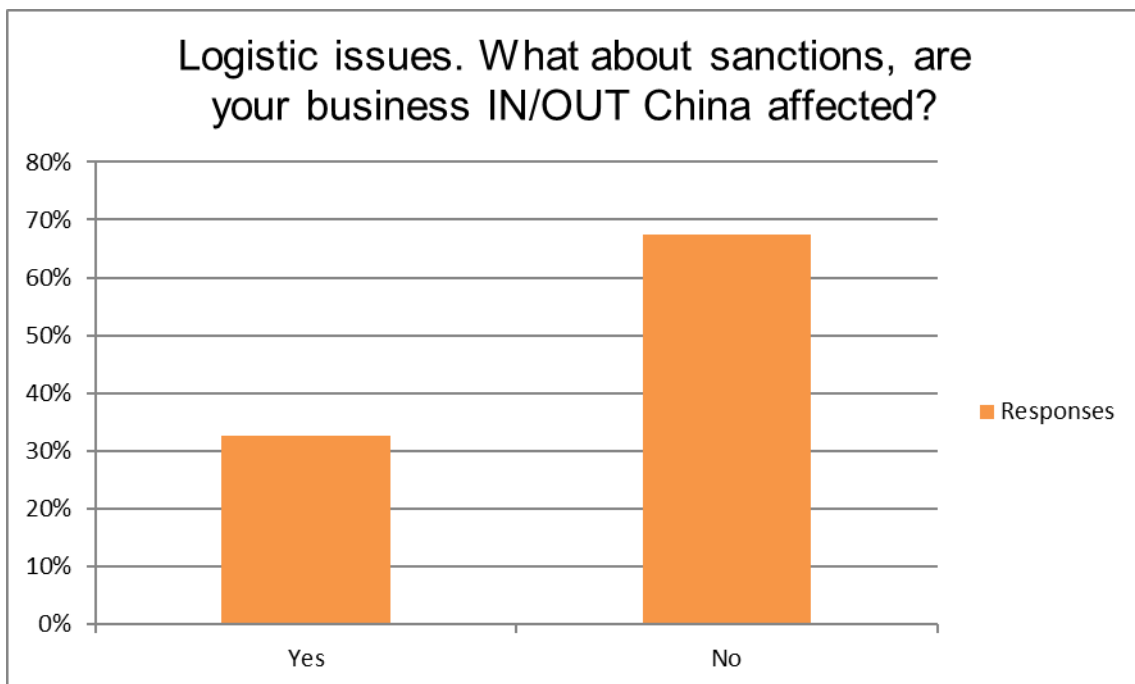


In regard to the **logistics difficulties**, they affected 72% of the respondents, with capacity reduction, price increase and longer delivery time in both airfreight and sea freight, with sanctions impacting 1/3 of the respondents.





A very large majority of the companies believed the present issues are related to the current restrictions.



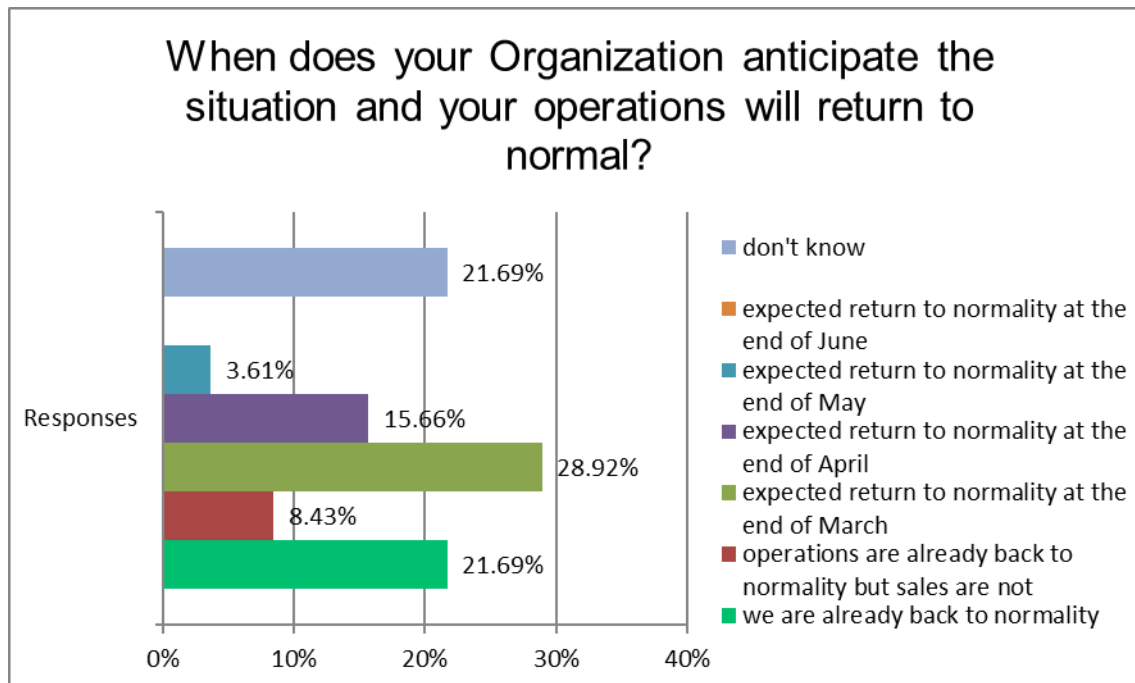


The survey showed a large variability in the behavior of the different cities and districts, with scattered containment measures impacting both the companies and the employees.

To address the challenges, the very large majority of the companies (more than 70%) implemented a **work-from-home policy**, followed by **flexible working hours** (33%), with a small percentage requiring employees to take annual leave and/or reducing the workforce.

Many companies implemented prevention measures, including the sterilization of the premises, deliveries, and the mandatory testing of the personnel.

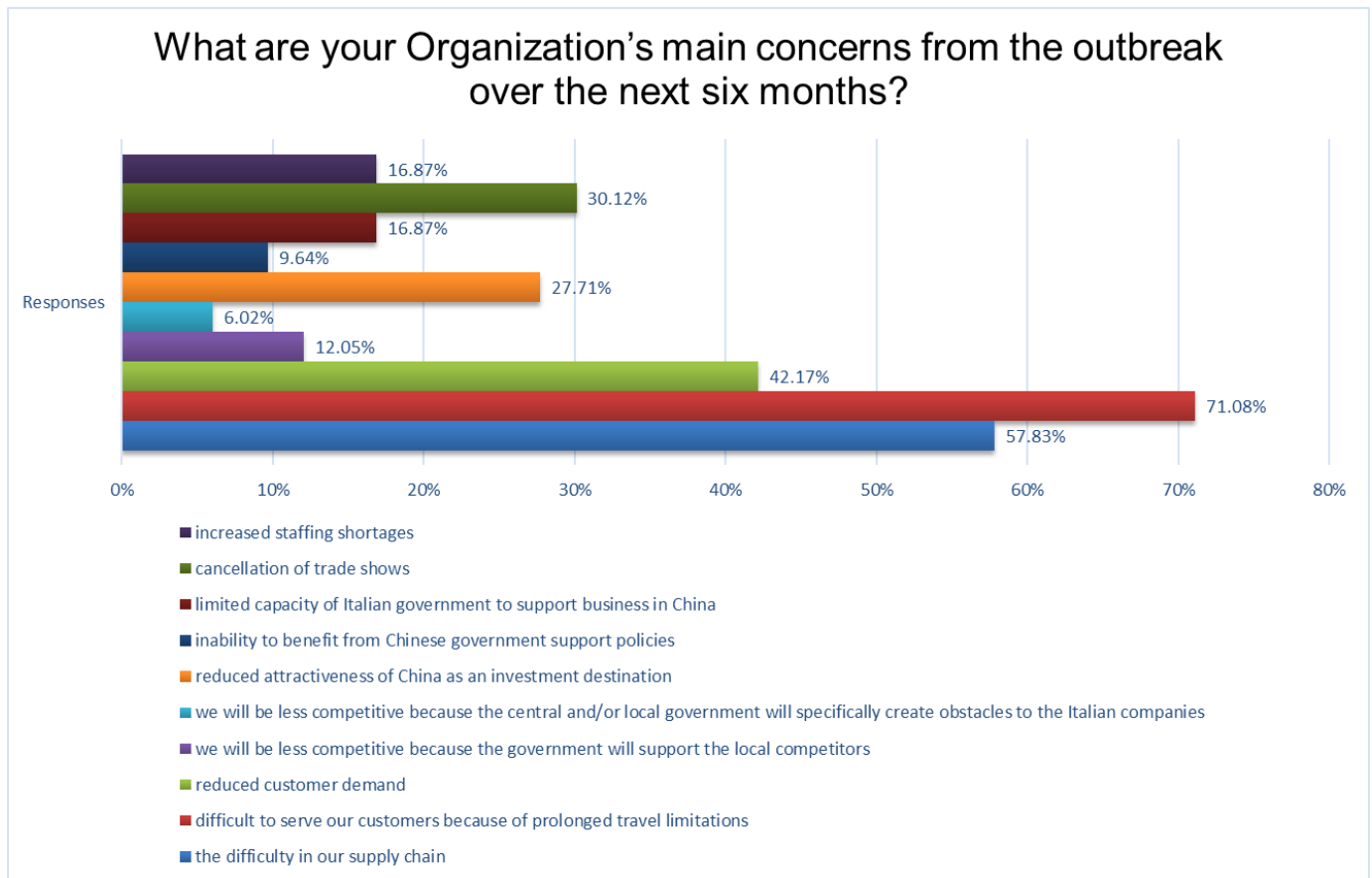
The uncertainty related to the resume of normal operations is also impacting the business. Companies are most affected by reduced demand for their products and services. However, almost 30% of our companies are quite optimistic and say their operations will return to normality within the end of March; **about 20% of the respondents do not consider possible to return to normality before the end of April** and another 20% are not able to foresee any clear date.



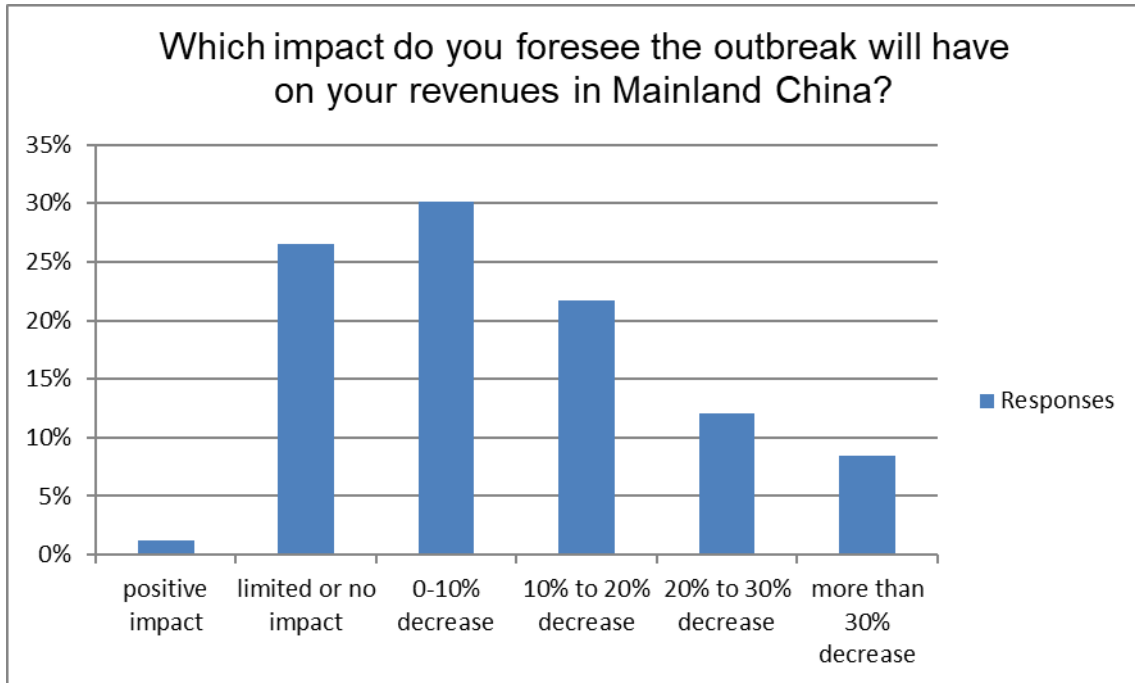


The predominant concerns for the Italian companies for the next six months are **difficulty to supply** the materials for the production (58%) and to serve the customers because of prolonged travel limitations (more than 71%), followed by reduced consumer demand (42%).

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As a result of the present situation, more than 80% of the respondents foresee a negative impact on 2022 sales, with more than 20% foreseeing an impact superior to 20%.



The China-Italy Chamber of Commerce (CICC) regrets to see that China is being swept by a new epidemic wave and appreciates the efforts made by the Chinese government to stop the increase in new cases of Covid-19. **However, our latest survey shows that the new restrictions in place are affecting social and economic relations on a national scale, especially in eastern China.** From the information available thus far, it appears that the new restrictions will persist until at least mid-April.

In light of the results of the survey, we will inform our diplomatic representation in order to advocate the serious difficulties faced by our businesses towards the local authorities.

This is the first of a series of short surveys aimed at investigating the inconvenience caused to our members and evaluating support actions and meetings with the competent local authorities. Pending new developments, the CICC staff continues to monitor the situation.

We look forward to the return to normal operations, hopefully in the shortest time possible. For urgent reports, please contact our offices located in the various regions of China.

Kind regards,
The China-Italy Chamber of Commerce