

## **Growing with China Headline Findings**

**Speaker:**

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**[Stuart Tait]** Neither the COVID-19 pandemic, nor the increasing geopolitical tensions, seem to have dimmed the prospects for China. In fact, 75 per cent of all companies surveyed say that they expect to increase their sales into China in the next two years.

*What is fuelling international companies' confidence?*

More than two-thirds of all companies surveyed say that China's among their top three target markets for growth. Sixty-five per cent cite China's business environment as the main attraction. And companies in Asia-Pacific in particular attribute their confidence to China's early recovery from the pandemic combined with an increasingly affluent Chinese consumer base. The other attraction is the advanced development of China's digital economy, which facilitates expansion at a time of global isolation, especially for those in the services sector.

*Which sectors are we expecting to see the biggest growth?*

Well, the companies surveyed actually see a broad-based recovery in China. And the number one growth area they see is in services, especially hi-tech services. Now that may reflect some of the challenges in goods trade on the back of geopolitical tensions. But it's also testament to a very digitally savvy consumer base in China.

*How does China's consumer base impact companies' growth strategy?*

Well, globally, the pandemic has really accelerated technology adoption. And for companies to thrive in China they really have to understand the local habits and taste of that digitally savvy customer base. Now many companies are approaching this in a hybrid manner. They're going to use their own proprietary platforms but they're also going to partner with other companies and their platforms.

*Why do companies plan to increase their supply chains based in China?*

Seventy-five per cent of the companies surveyed said they're going to increase their supply chain base in China. And there are some clear reasons for them to do that. First of all, there are the digital opportunities. There's the speed to market in China itself. And there's growing consumer demand. And this really highlights the pivotal role that China plays in global supply chains and how remarkably durable China is in this regard.