

GLOBAL BUSINESS BAROMETER



Survey

Austrian Subsidiaries in China Mainland

October 2025

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Foreword and Summary

ADVANTAGE AUSTRIA, Austria's official business representation abroad, conducts "the Global Business Barometer" (GBB) an annual survey on Austrian subsidiaries world-wide. The confidential online survey 2025, carried out in October 2025 in collaboration with the Vienna University of Economics and Business, gathered insights from 51 Austrian subsidiaries in China Mainland. The findings provide valuable expertise into how Austrian businesses assess market conditions, identify challenges, and highlight areas where improvements are needed to strengthen investor confidence.

The latest GBB survey among Austrian subsidiaries in China indicates a slow but noticeable improvement compared to last year's historically negative outlook. While sentiment for 2025 remained cautious, the overall economic perspective in China appears slightly more positive than the global average.

Although confidence is still restrained, the outlook for 2026 is more encouraging. Many companies anticipate either a stable environment or a modest recovery, with China continuing to show a somewhat stronger trend compared to global figures. Notably, 24% of respondents expect conditions to improve in China, compared to 20% globally.

China continues to be regarded as a highly attractive business location, primarily due to its outstanding infrastructure, advanced digitalization, and the strong availability and quality of local suppliers. These factors remain key advantages for Austrian subsidiaries operating in the market.

However, several challenges persist. The strict regulation of capital flows remains a significant concern for many businesses. In addition, bureaucratic hurdles and administrative red tape continue to create inefficiencies. Looking ahead, geopolitical tensions, protectionist measures, and systemic rivalry could further impact China's attractiveness as a business hub.

As the most trusted measure to advance your company's interest in China, ADVANTAGE AUSTRIA would like to invite you to have a closer look at the details of the "Global Business Barometer 2025"

Franz Roessler, Head of ADVANTAGE AUSTRIA Beijing

1. Austrian business in Mainland China

1.1. General business outlook

With a trade volume of 16,5 bn EUR in the first three quarters of 2025, China remains Austria's most important trading partner in Asia and its third most important in the world. Following Germany, China is Austria's second biggest source of imports. There are more than 900 subsidiaries of 650 Austrian companies in operating in China.

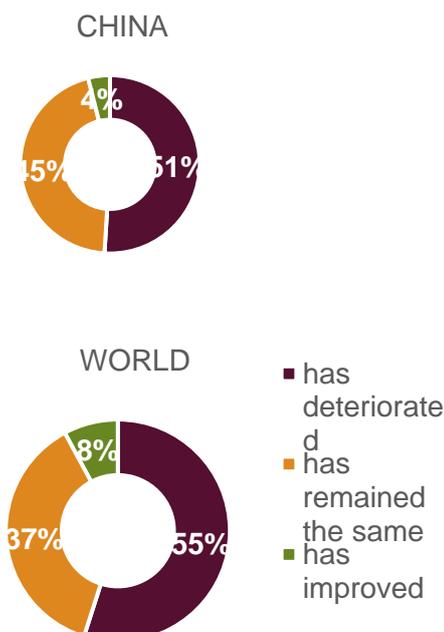
After the historic low in sentiment last year, the mood remains cautious in 2025, while slowly improving.

Compared to last year, fewer companies report a deterioration (51%) of the economic climate, indicating that conditions are less negative than in 2024 (68%) — but they are still far from positive. Only a small number of firms experienced an actual improvement (4%). These numbers, while slightly better than the worldwide figures (55% deterioration, 37% remained same, 8% improved), still show a rather cold Economic Climate throughout the globe rather than China being an outlier.

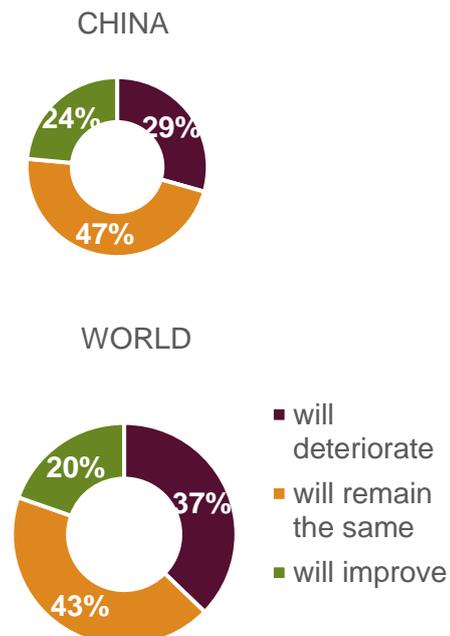
Looking to 2026, the majority of businesses expect the situation to remain unchanged (47%). However, on a positive side, more companies in China anticipate an improvement (24%) and fewer expect a deterioration (29%) compared to Austrian subsidiaries worldwide (20% and 37%).

How would you assess the development of the general economic climate from a business perspective over the...

past 12 months (2025)?



next 12 months (2026)?

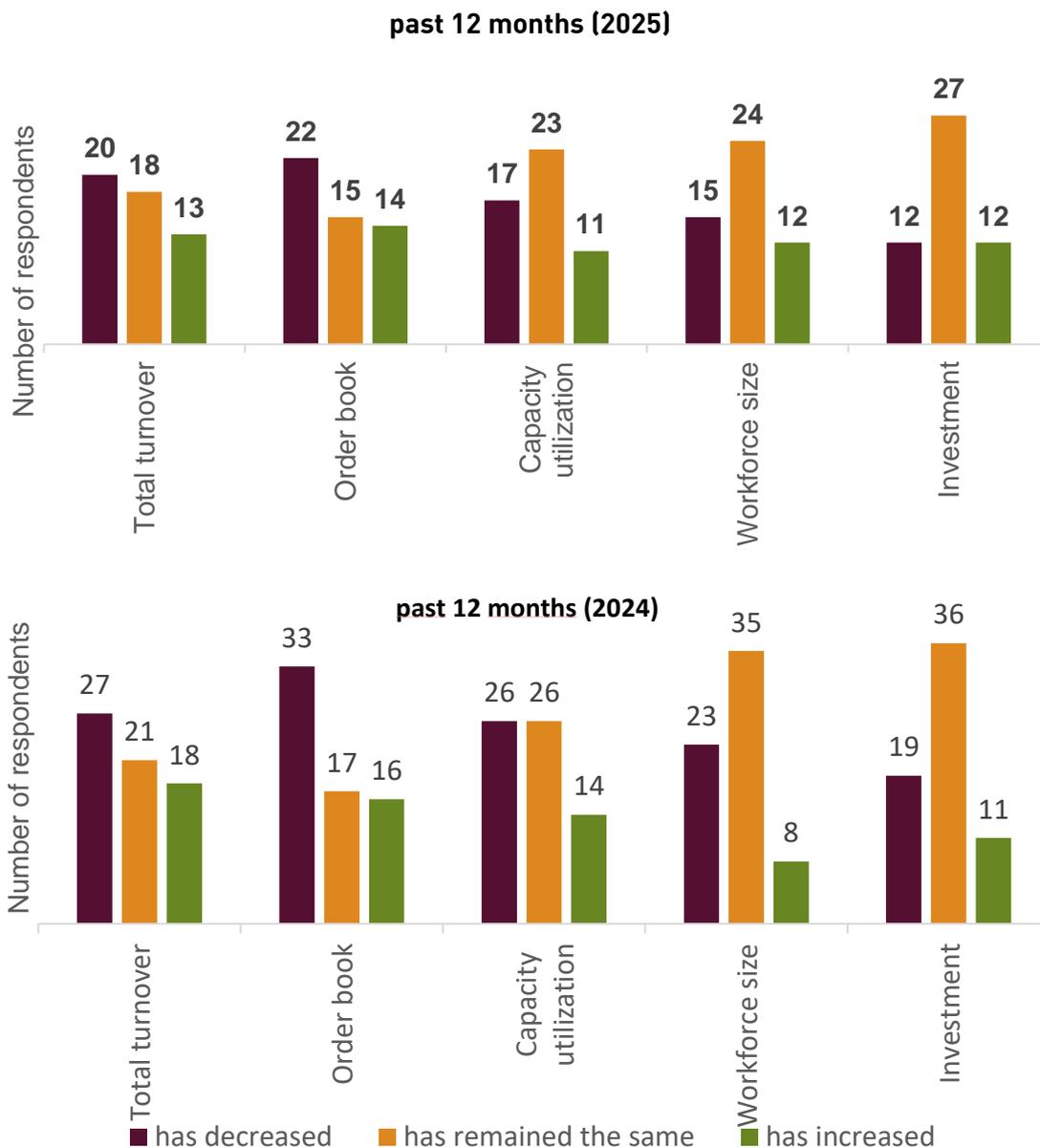


1.2. Key Performance Indicators

Compared to last year, Key Performance Indicators (KPI) show a more balanced picture. While many companies still report declines across major KPIs, the gap between decreases and increases has narrowed—a trend not seen in 2024. Order books and turnover remain under pressure, yet more than half of the surveyed subsidiaries experienced stable or improved results over the past 12 months. In terms of workforce size and investment, the responses are evenly split between companies reducing and those increasing their commitments. This balance underlines that, despite ongoing challenges, most Austrian businesses continue to view China as a strategically important market.

The Key Performance Indicators are slowly improving...

Assessment of key performance indicators

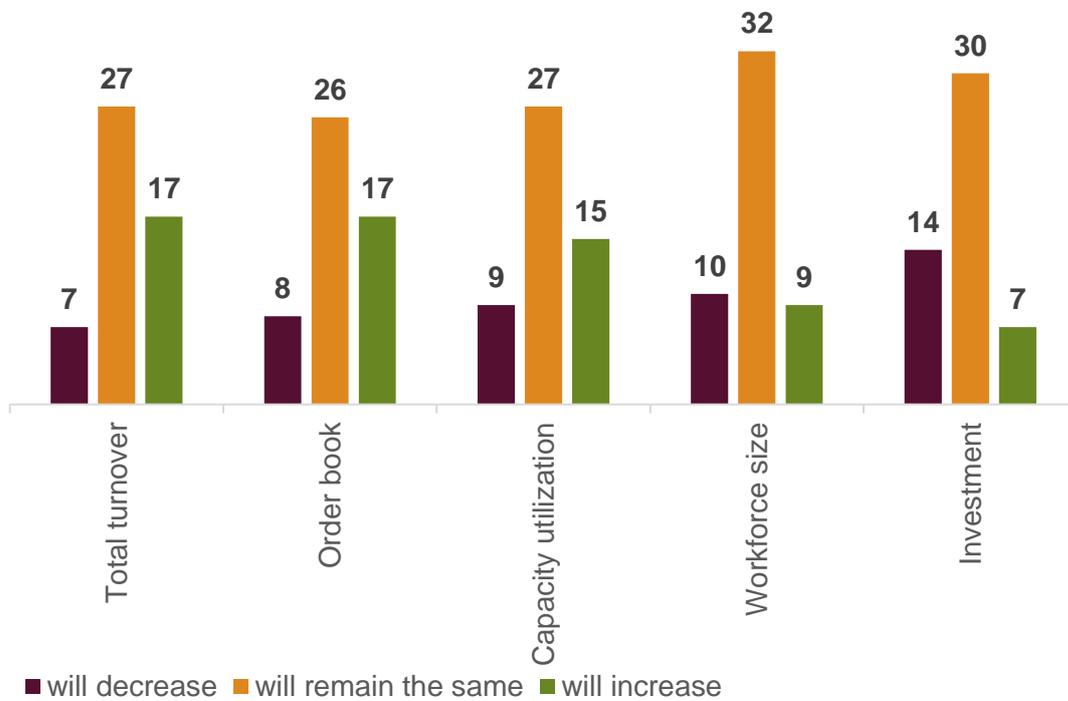


The outlook for 2026 shows a cautious confidence as most Austrian subsidiaries maintain a realistic yet confident outlook for the Chinese market. Expectations for key performance indicators in the coming year are generally positive: Significantly more companies anticipate an improvement compared to those predicting a decrease. While the majority plan to keep workforce levels and investments stable or even increase them, around one-fifth of respondents foresee a reduction for their Chinese subsidiaries. Nevertheless, most companies remain committed to holding or strengthening their market position, underlining China's continued strategic importance despite ongoing challenges.

... while the outlook for 2026 is slightly optimistic except for direct investment.

Assessment of key performance indicators

next 12 months (2026)

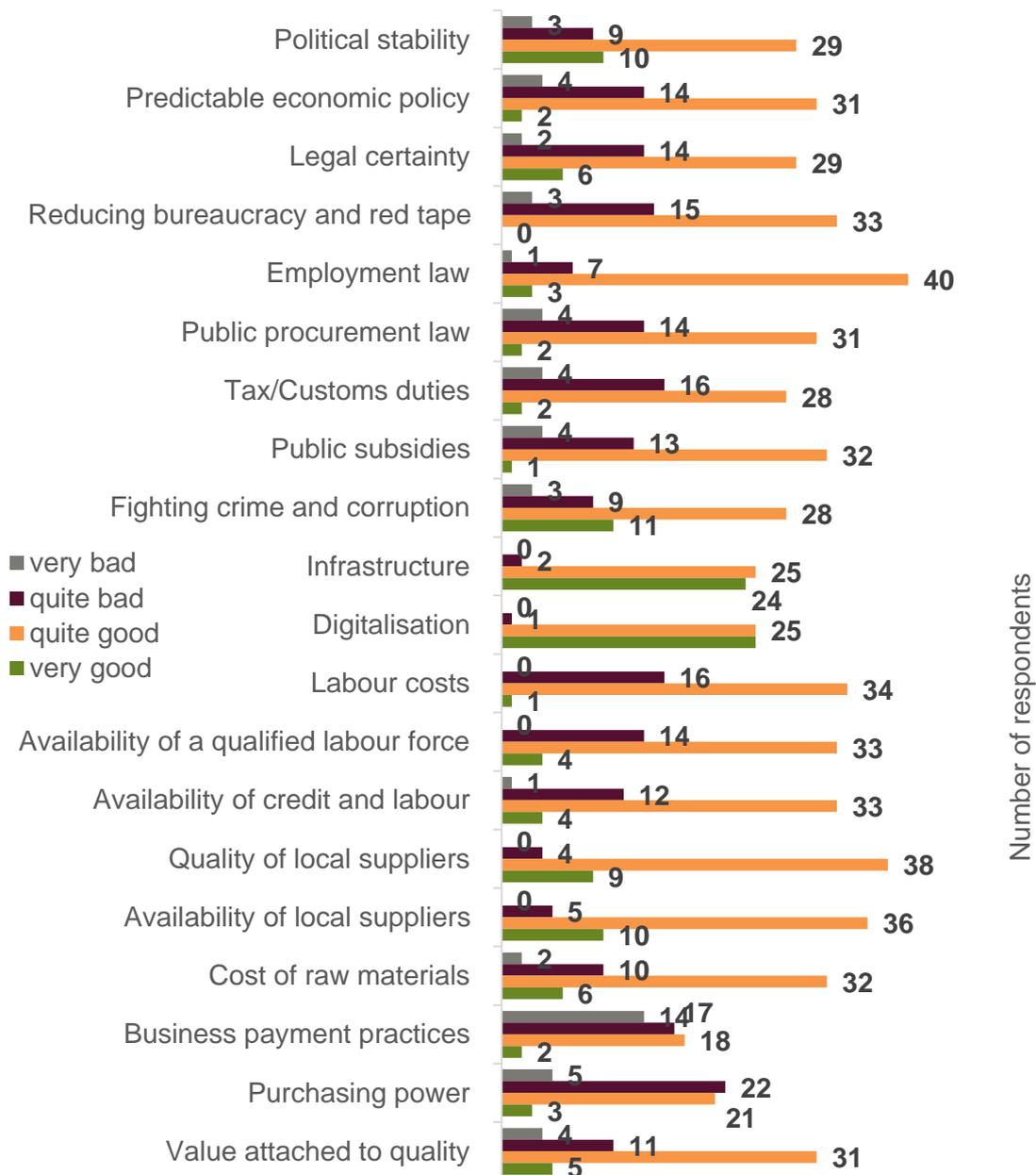


1.3. China as a Business Location

Compared to last year, the assessment of China's location factors remains unchanged. The market continues to attract businesses with its excellent infrastructure, advanced digitalization, and strong logistics capabilities. The availability and quality of local suppliers also receive consistently high ratings, and initiatives to combat crime and corruption are acknowledged positively by most subsidiaries.

On the downside, concerns persist. The stringent controls on cross-border capital movements remain a major challenge for companies, alongside bureaucratic complexity and red tape.

How do you assess the following regulatory and market-related topics in China?



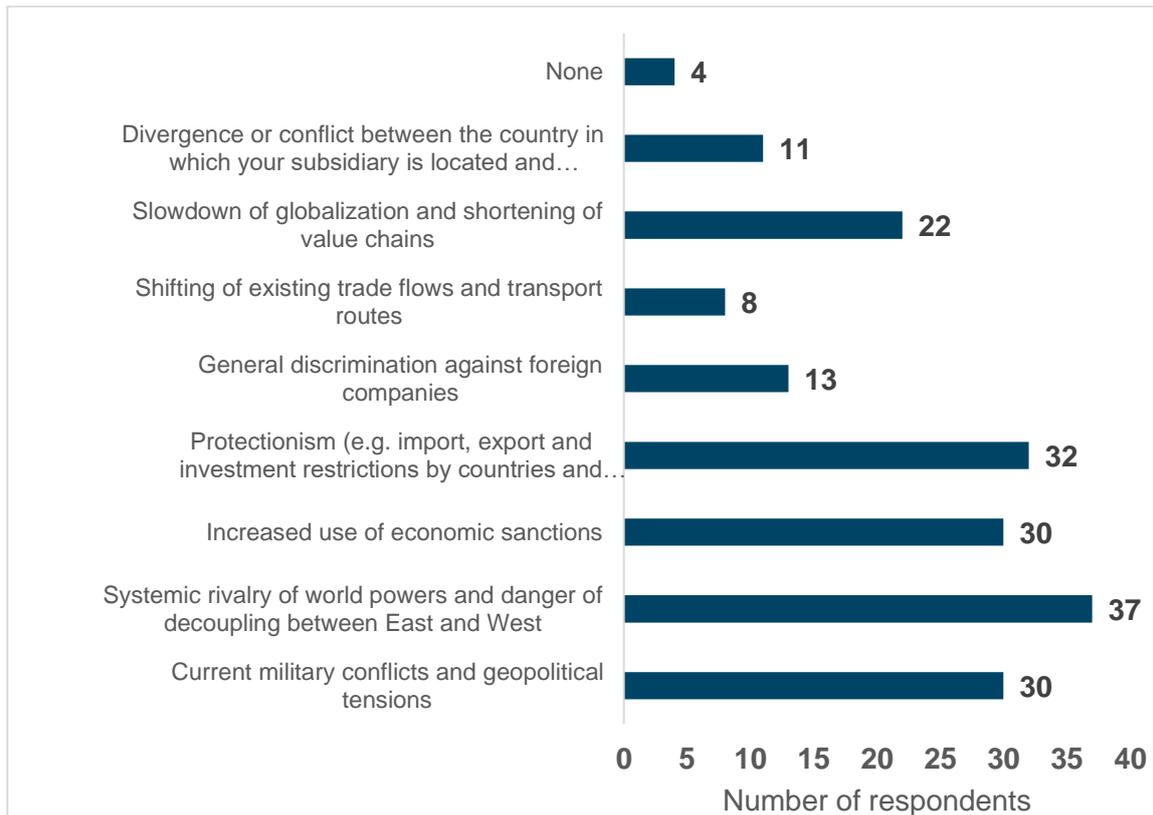
1.4. Geopolitical risks

Similar to the previous year, Austrian subsidiaries in China continue to view geopolitical developments as a major source of uncertainty for their business activities. Looking ahead, the following factors are considered particularly risk-laden: systemic rivalry between global powers, rising protectionism, military tensions, and economic sanctions.

Systematic rivalry, protectionism, military tensions and economic sanctions are regarded as the greatest risks

Despite these fears, less than one-third of respondents feel directly discriminated against as foreign companies in China. This suggests that while protectionist tendencies are perceived as a strategic threat, their practical impact on daily operations has so far been limited or unevenly applied across industries.

Which current geopolitical phenomena pose the greatest risk potential for the economic activity of your company in the subsidiary's country?

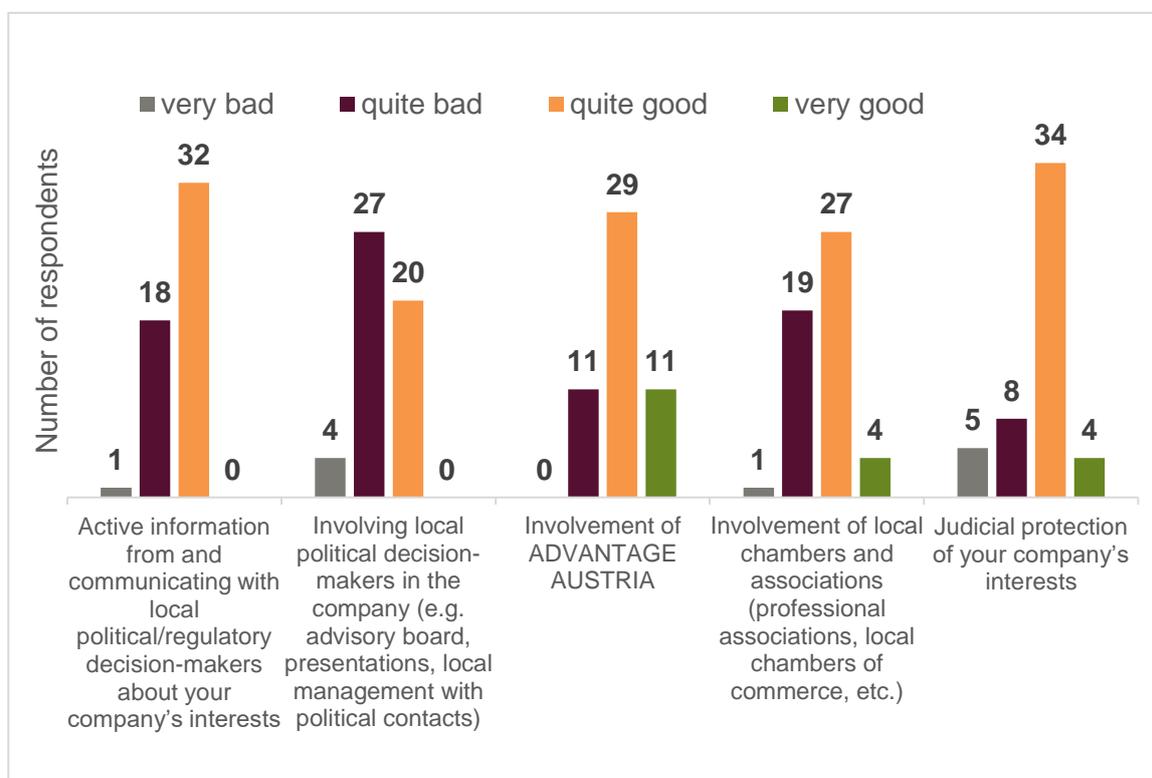


1.5. Measures to advance interests in China

Most Austrian subsidiaries in China express a considerable level of trust in Chinese institutions when it comes to ensuring a stable business environment. However, concerns arise when local decision-makers become deeply integrated into the company's internal processes.

For the majority of respondents, aside from judiciary protection, ADVANTAGE AUSTRIA remains the most trusted mechanism for advancing business interests in China.

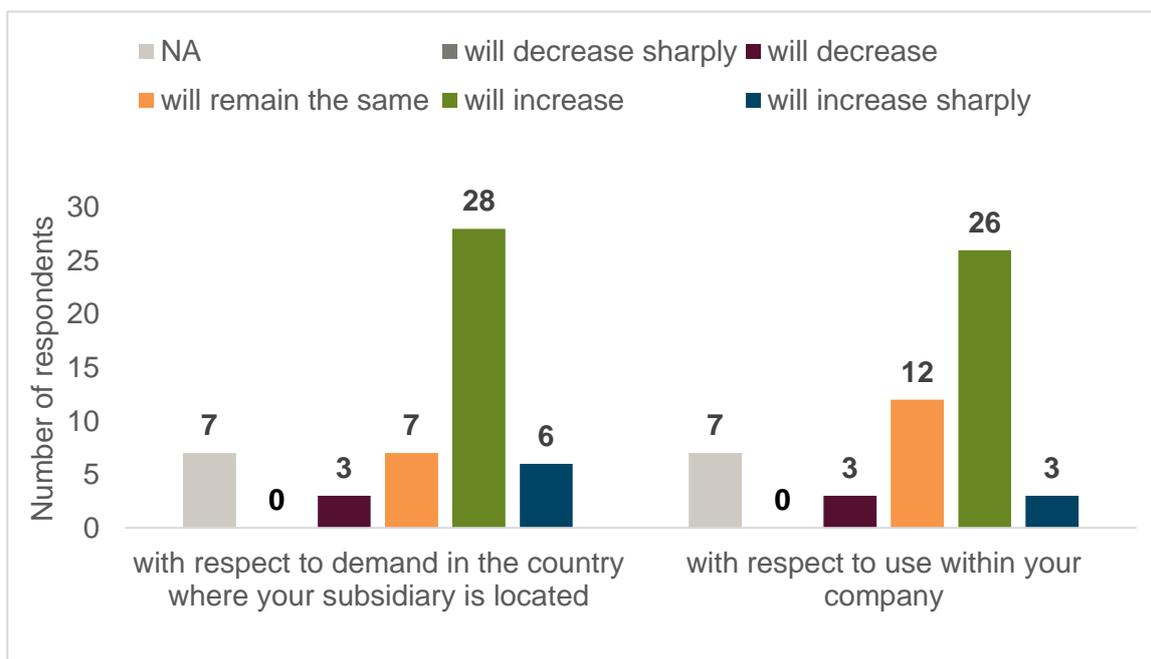
How do you assess the effectiveness of the following measures to advance your company's interests in the subsidiary's country?



1.6. The Use of Artificial Intelligence

The trend toward increased use of AI technologies continues. Compared to last year, even fewer companies believe that AI adoption will stagnate or decline. For most Austrian subsidiaries in China, the importance of AI is clear: it is seen as a key driver for innovation and competitiveness, both in products and services especially in the highly digitalized Chinese market. The majority expects AI integration to increase in the coming year, reflecting AI's role in shaping future business models.

From your company's perspective, how do you assess the development of products and services based on artificial intelligence in the next 12 months?



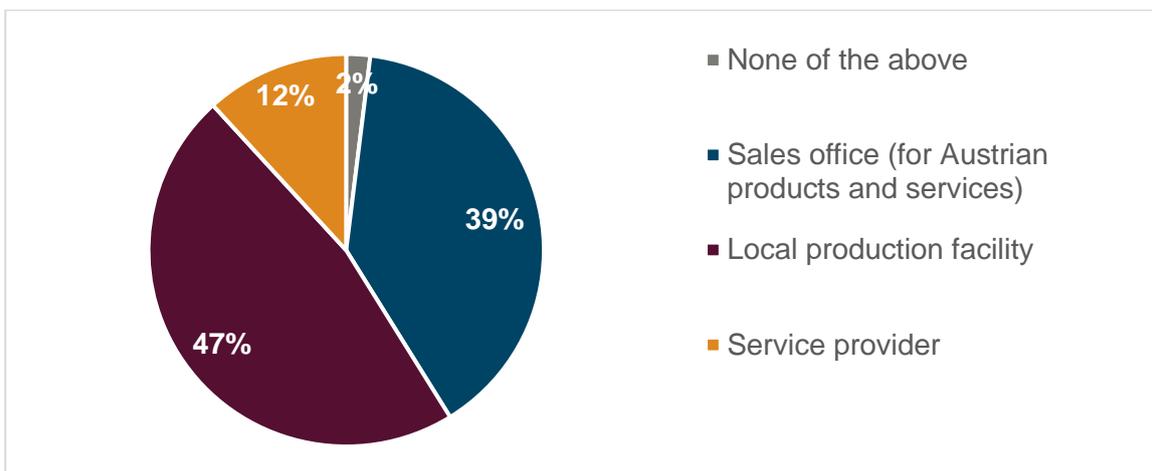
2. Survey Methodology

The “Global Business Barometer” (GBB) China Mainland survey was conducted in October 2025 in the form of a quantitative online survey comprising of eleven questions in total. Managers of Austrian subsidiaries or representative offices in China Mainland across a wide range of industries were invited to participate in the survey.

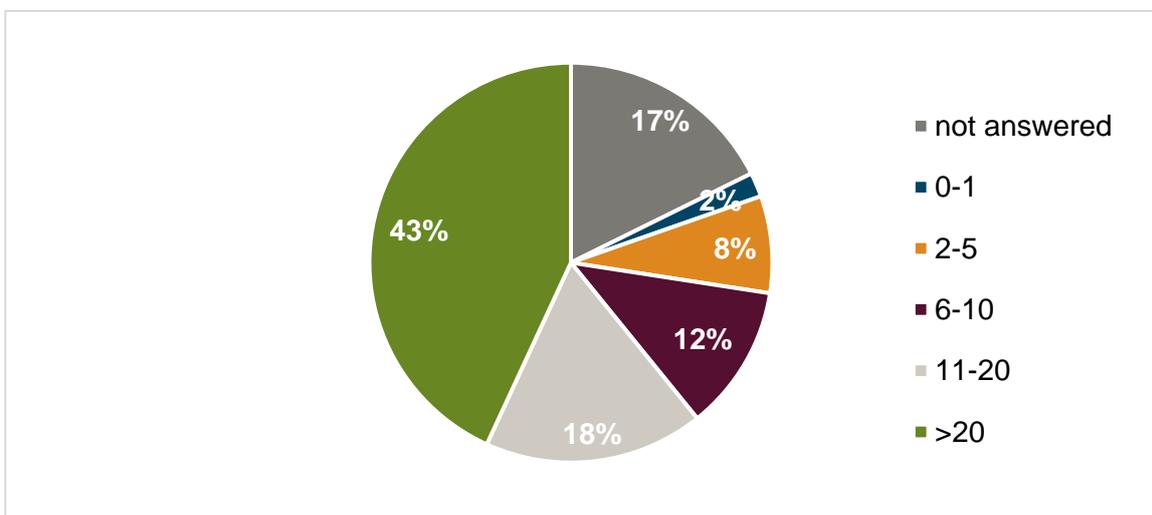
3. Profile of participants

51 respondents took part in the survey. Compared to previous year, the percentage of Austrian subsidiaries with local production facilities rose (from 39% to 47%) while companies with sales offices shrank percentage wise (from 45% to 39%). Despite weaker near-term sales, companies appear to be investing in local manufacturing – an indication of confidence in the markets’ strategic importance and a focus on readiness for future demand.

What is the main activity of your company in China? (in percent)



Participants by turnover in million EUR



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