

## Press Release

Shanghai: Friday 14 February 2020

### Impact of Novel Coronavirus Outbreak on Australian Business

The Australian Chamber of Commerce in Shanghai (AustCham Shanghai) conducted a 'spot poll' survey of 100 Australian organisations between COB Monday 10 February and 10.30am Thursday 13 February to understand the impacts and predicted impacts of the novel coronavirus outbreak on Australian business in China. The survey period coincided with the official return to work time following the extension of the national public holiday. The survey was closed after 100 submissions were received.

Organisations were asked about the impact the outbreak was having on their first quarter revenues, the predicted impacts for 2020, and how they were responding to the situation including adopting work from home arrangements and altering travel policies.

### Key Results

- 92% of organisations reported that the coronavirus outbreak would have a negative impact on their revenue forecasts for the first quarter of this year
  - 57% reported a very negative impact to first quarter revenues of a decrease equal to or greater than 20%
  - 35% reported a somewhat negative impact to first quarter revenues of a decrease of between 10-15%
- 87% of organisations reported that the coronavirus outbreak would have a negative impact on their revenue forecasts for the calendar year 2020
  - 27% reported a very negative impact to 2020 annual revenue forecasts of a decrease equal to or greater than 20%
  - 60% reported a somewhat negative impact to 2020 annual revenue forecasts of between 10-15%
- The largest reported organisational concern is the safety and health of employees. This was closely followed by operational concerns such as lower sales, higher fixed costs and impacted profitability.
- An overwhelming majority of those who completed the survey did so from their homes (88%), due to the rapid adoption of work from home practices.
- For those organisations opening workplaces, 64% of organisations polled have introduced additional health and hygiene measures in the office including daily temperature checks, mandatory mask wearing and hand washing.
- 36% of respondents reported that they are reviewing their China strategy as a direct result of the coronavirus outbreak.
- The majority of respondents (68%) reported that they are not seeking specific government support at this stage.

## Statement

It is clear the impact of the novel coronavirus outbreak in China is having a profound impact to business, including the Australian business community. The majority of Australian organisations are reporting varying levels of disruption to normal trading activities and expect the impacts of the outbreak to continue for 3-6 months. Most are implementing work from home policies and conducting enhanced screening and health protection measures for their staff when at work. For those businesses including factory and warehouse workers where working from home is not possible, we understand there is increased disruption to normal business.

The Chamber's CEO & Executive Director Jack Brady said, "unfortunately the outbreak is not only having profound health impacts, but also impacts to local and foreign business in China. Australian organisations here are far from exempt from that."

"Our community is supporting the relief effort through donations and medical supplies where possible, and closely monitoring the situation."

"It is still too early to clearly understand what the scale of the impact of the outbreak will be for business in China. What we can say though is that China is resilient, and the market will be remain hungry for Australian goods and services."

"When normal trading returns, Australian organisations need to be ready to expand back into the market. Australia has a strong trading relationship with China and much to offer. This will only continue when things normalise."

"The Chinese Government and the Shanghai Government have already announced a number of measures to assist business, particularly small and medium enterprises. We will be working with the Shanghai Government and Chinese authorities to support business in this difficult time."

## About AustCham Shanghai

The Australian Chamber of Commerce Shanghai (AustCham Shanghai) is the peak body for Australian business in east China. As a membership-based organisation, AustCham Shanghai represents more than 350 businesses and individuals providing support, education, advocacy and business services. The Chamber is based at Australia House by AustCham Shanghai, a stand-alone 5,300sqm seven-storey building in downtown Shanghai that provides physical offices, co-working spaces, food & beverage outlets, event spaces and showcase opportunities for the Australia-China business community.

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