



Norwegian Consulate General

Shanghai

# Norwegian Business in China 2024

Norwegian companies' view on future potential



NORWAY · CHINA  
挪威 · 中国

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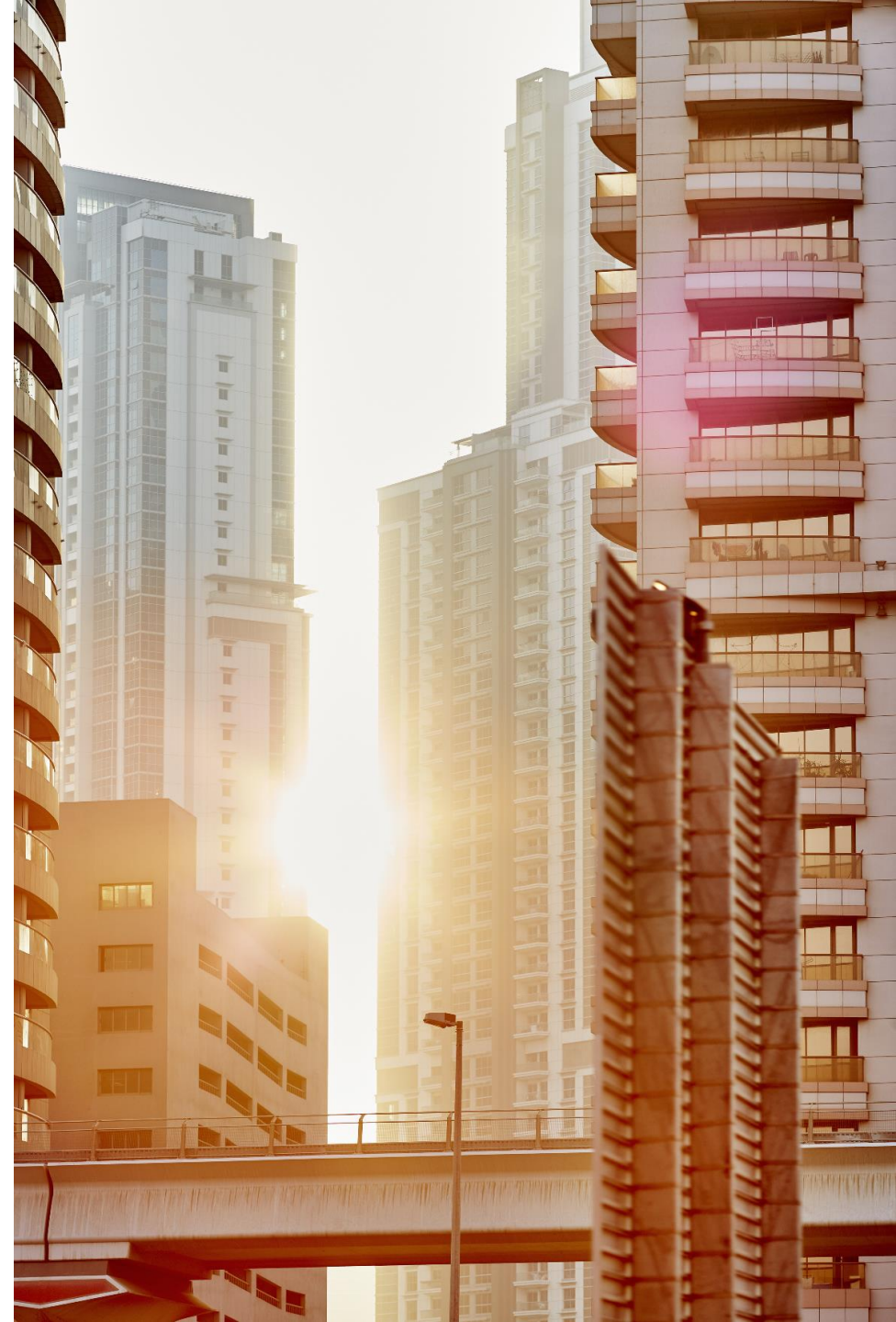
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CHINA

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# Foreword

## China remains Norway’s largest trading partner in Asia

The Chinese market is large and dynamic, creating substantial opportunities for Norwegian companies.

We are pleased to present *Norwegian Business in China 2024*, commissioned by the Norwegian Consulate General in Shanghai and developed in close cooperation with Innovation Norway, the Norwegian Seafood Council, and the Norwegian Business Association China, along with all Team Norway stakeholders in China. *Norwegian Business in China 2024* (hereinafter referred to as "the report") aims to present Norwegian business in China from the perspective of Norwegian companies operating in China.

The report includes insights from a business survey conducted in March 2024, in which 101 Norwegian companies in China shared their views on the Chinese market and future business outlook. We are grateful to all the companies that contributed to this report. The report offers key statistics about the trade trends between Norway and China, in addition to insights

shared by Norwegian companies. According to the business survey, 66% of the respondents hold an optimistic view of the business outlook for their industries over the next 3 years, 13% more than last year.

Meanwhile, 36% of the respondents consider the business environment increasingly difficult, 7% less than last year. Only 6% of the surveyed companies consider reducing their investments in China in 2024. Propelled by China’s dual goals of peak carbon emissions by 2030 and becoming carbon neutral by 2060, the top business opportunities are those driving the green shift – maritime and shipping-related sectors being highlighted.

We sincerely hope the report will provide useful insights and advice as well as serve as a tool for interested stakeholders, including Norwegian companies already operating in China and companies looking to explore new market opportunities in China.



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# Executive summary

Insights based on inputs from 101 Norwegian companies taking part in the 2024 business survey

|                            |   |  |   |  |
|----------------------------|---|--|---|--|
| Key Statistics             | <b>#2</b><br>China is the world’s second largest economy and the second largest importer worldwide                              | <b>&gt;160</b><br>Over 160 Norwegian companies are located in China  | <b>#11</b><br>Norwegian exports to mainland China accounted for the eleventh largest export value of goods from Norway in 2023  | <b>#2</b><br>Norwegian imports from mainland China accounted for the second largest import value of goods to Norway in 2023  |
| Business Environment       | <b>84%</b><br>Hold optimistic (66%) or neutral (18%) attitudes toward their business outlook in China over the next three years | <b>6%</b><br>Consider to reduce their investments in China in 2024   | <b>51%</b><br>Have missed business opportunities or experienced limited market access due to regulatory barriers  | <b>88%</b><br>Plan to increase (39%) or not change (50%) the number of local employees in China during 2024  |
| Opportunities & Challenges | <b>Opportunities</b><br>The top business opportunities are activities driving the green shift across industries                 | <b>Attractiveness</b><br>The large domestic market, the role of China’s market in relevant global sectors and low-cost production are the top three factors that make the Chinese market attractive for Norwegian business | <b>Challenges</b><br>The top three challenges that Norwegian companies encounter in China are competition with local Chinese companies, economic uncertainty and geopolitical and political uncertainty | <b>Potential operational risk</b><br>Norwegian companies are concerned that geopolitical tensions, rising operational costs and regulatory changes within China may influence their China operations |





# Executive advice

## Recommendations from experienced Norwegian companies operating in China

### #1

#### Localization

“It’s vital to have local people who know the local culture and local operation very well.”<sup>1</sup>

“Learn the culture, know the people and the market.”

### #4

#### Open to Learn & Collaborate

“Come and see what is happening in China and talk to Norwegian government agencies and companies with experience in this market.”

### #2

#### Trustworthy Talent/Teamwork

“Choose a trustworthy team that communicates transparently with you.”

“Recruit the right local talent with integrity who can provide the right information for the company.”

### #5

#### Know the Market

“Do sufficient preliminary market research and define your brand positioning in the Chinese market.”

“Understand the market and be patient.”

### #3

#### Long Term Mindset

“Be ready to invest long term. Invest time and money in finding suitable local partners/people. Everything is possible, but nothing is easy.”

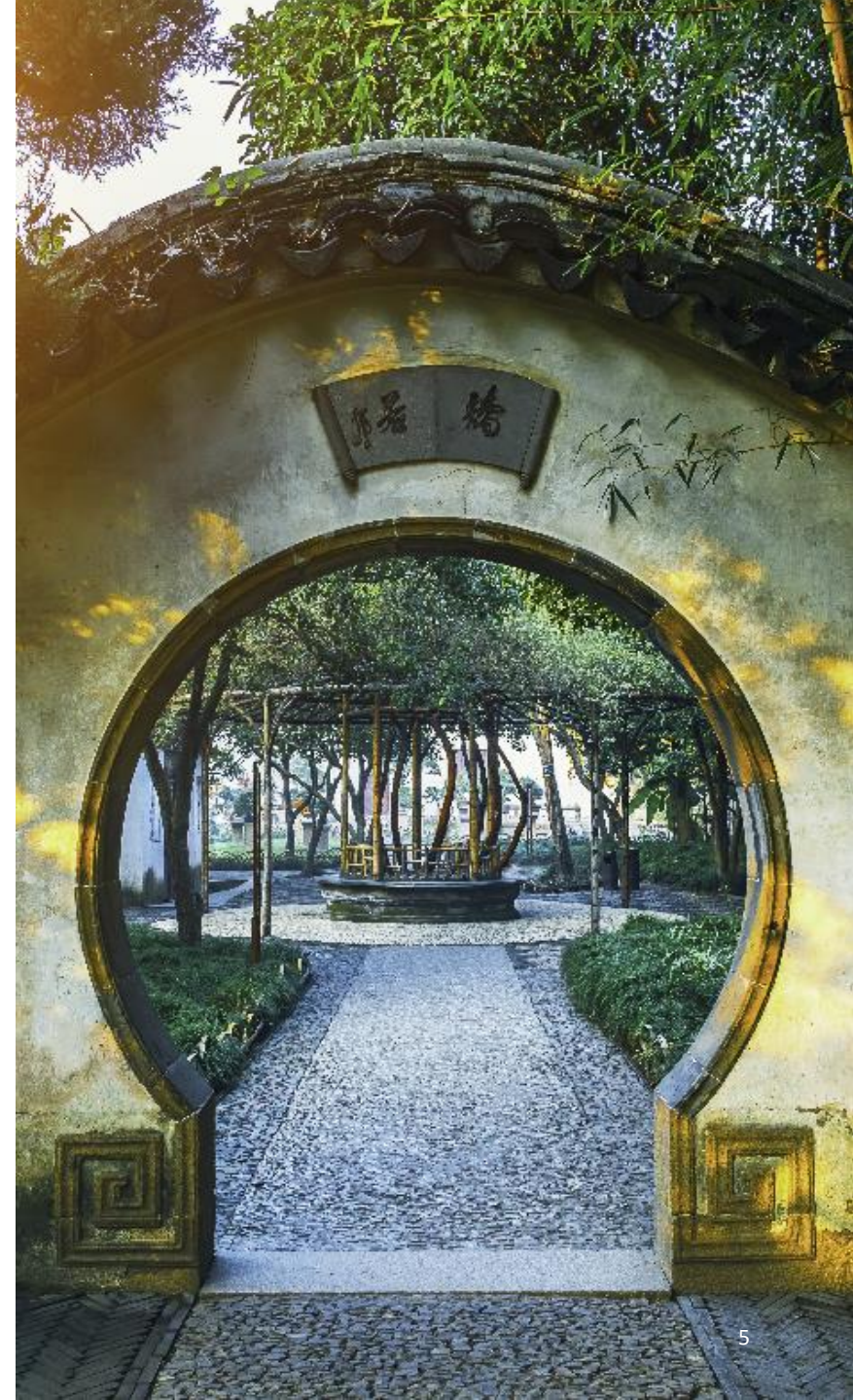
### #6

#### Trust in Opening-up<sup>2</sup>

“Trust in China to continue opening-up.”

“Focus on the Chinese government’s preferential policies for foreign-invested companies.”

Notes: 1. The advice are quotations from surveyed Norwegian companies. 2.The opening-up refers to the Chinese government promoting a series of policies designed to benefit foreign companies and investments.



## Data collection

The research team employed a mixed-method approach, combining quantitative and qualitative techniques, to delve into Norwegian enterprises' presence in China and assess their current and prospective market opportunities. In addition, the Norwegian Consulate General in Shanghai supplied secondary data, including reports and statistics, to support the analysis.

## QUANTITATIVE RESEARCH

### Desktop Research:

Statistical data from reputable sources, including the World Bank, International Monetary Fund (IMF), General Administration of Customs of the People's Republic of China (GACC), Statistics Norway (SSB), Norges Bank Investment Management (NBIM) and National Bureau of Statistics of China was gathered for various sections of the report.

### Survey:

161 Norwegian companies were invited to participate in the business survey in March 2024. 101 respondents completed the survey, achieving a response rate of 62%. The respondents represent a broad range of company sizes, geographical locations, and industries.

The majority of the quantitative data used in this report has been sourced from the data provided by the Norwegian companies surveyed and SSB.

## QUALITATIVE RESEARCH

### Survey:

Several qualitative questions were raised regarding the business opportunities available in China and the guidance Norwegian companies might seek when contemplating market entry.

# Methodology



# 2024 Overview and key statistics

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# Key statistics about China

China plays an indispensable role in global trade

## POPULATION

#2



China is the second most populous country in the world, with a total population of **1.41** billion at the end of 2023.

## ECONOMY

#2



In 2023, China was the second-largest economy globally, with a GDP of approximately **17.7** trillion USD, equal to nearly **186.5** trillion NOK<sup>1</sup>.

## EXPORT

#1



China's export value of goods and services ranked top globally in 2022, with a total of **3.7** trillion USD, equivalent to **39.2** trillion NOK. In 2023, China's total export value was **3.4** trillion USD, equivalent to **35.7** trillion NOK.

## IMPORT

#2



China ranked second in imports of goods and services worldwide in 2022, totaling **3.1** trillion USD, equivalent to **33.1** trillion NOK. In 2023, China's total import value was **2.6** trillion USD, equivalent to **27.0** trillion NOK.

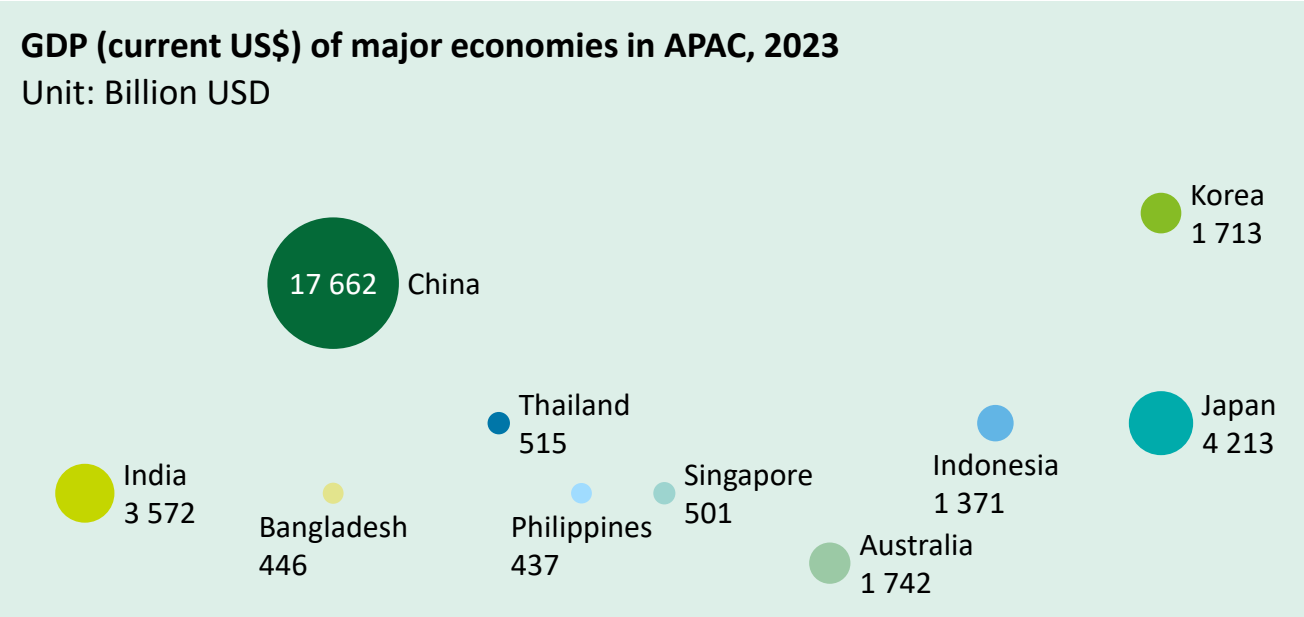
Notes: 1. The conversion rate of USD/NOK is based on the average exchange rate in 2023.





# China’s impact within the Asia Pacific (APAC) region

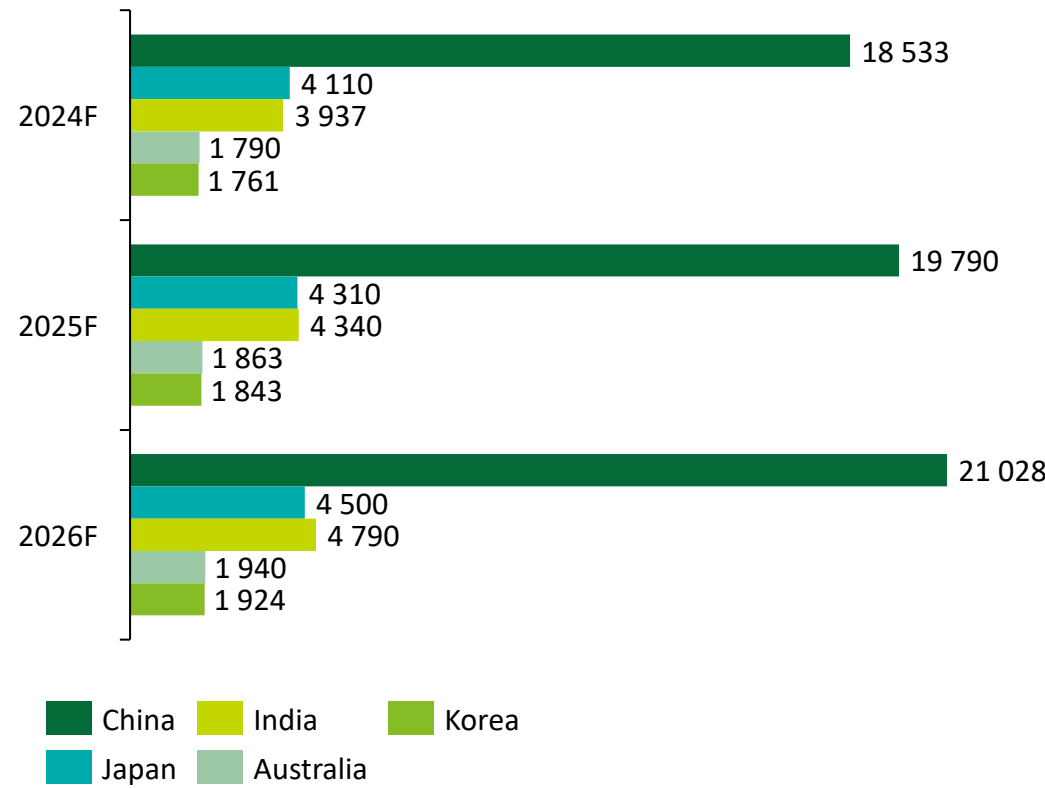
In 2023, China’s GDP was greater than the total GDP of the other nine major APAC economies



According to World Bank’s data, in 2023 China’s GDP was greater the total GDP of the other nine major APAC economies and was approximately

- **4 times** the GDP of Japan
- **5 times** the GDP of India
- **10 times** the GDP of Korea and Australia

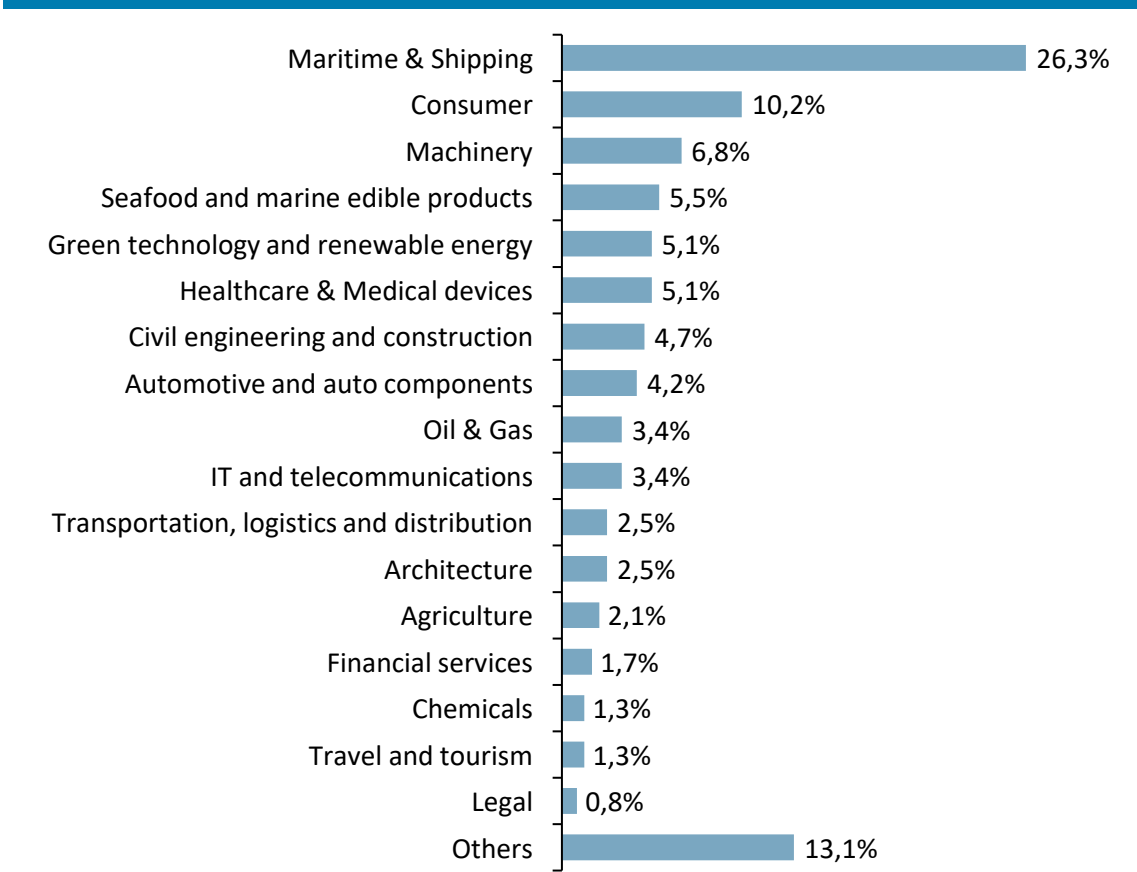
**GDP (current US\$) forecast of major economies in APAC, 2024-2026**  
Unit: Billion USD



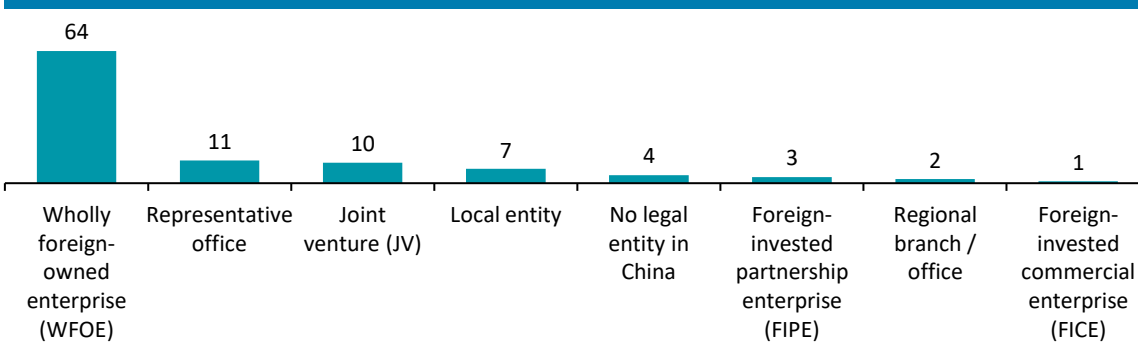
# Overview of Norwegian companies in China

More than 60% have chosen the Wholly foreign-owned enterprise (WFOE) legal structure

Industries<sup>1</sup>



Legal Structure<sup>2</sup>



Type of Business in China<sup>3</sup>



Notes: 1. The results are from 164 Norwegian companies operating in China, and some companies operate in multiple industries. However, this number may not represent the total number of Norwegian companies, as there could be additional businesses that we are not aware of. 2. The results are from 101 respondent Norwegian companies in China, and 1 respondent operates in two legal structures with one WFOE and one JV in China. 3. Data from 101 respondents, but companies have multiple types of business in China.



# Business environment in China

## Norwegian companies remain optimistic about the Chinese business environment

- 84% hold optimistic (66%) or neutral (18%) attitudes towards the business outlook for their industries in China over the next three years, 7% less than the total percentage last year. Compared to last year, an additional 13% hold an optimistic outlook.
- 36% consider the business environment to become more difficult, 7% less than last year.
- 6% consider reducing investments in China in 2024, similar to last year’s result.

### Local presence:

- 20% plan to expand the supply chain setup in China while 50% will keep their supply chain setup unchanged.
- 13% consider alternative supply chains in other markets or have already made changes.
- 39% consider increasing the number of employees in 2024, a 2% increase from last year.

**Competitor Landscape:** Norwegian companies perceive less competition from Chinese firms than last year, as 34% of surveyed companies identified local Chinese companies as their key competitors in the Chinese market, a 10% decrease.

| Key competitors in the Chinese market | Share |
|---------------------------------------|-------|
| State-owned enterprises (Chinese)     | 7%    |
| Local private enterprises (Chinese)   | 27%   |
| Multinational corporations (MNCs)     | 20%   |
| Other International Enterprises       | 26%   |



84%

hold optimistic (66%) or neutral (18%) attitudes towards the business outlook for their industries in China over the next 3 years



54%

still see the market they operate in growing in 2024, and 28% believe it will remain unchanged



43%

state that China’s investment environment is stable, while 24% consider it is improving and 25% consider it is deteriorating



20%

plan to expand their supply chain setup in China

# Regulatory environment in China

Norwegian companies consider the regulatory environment in China to be improving, while remaining concerned about political uncertainty

- 33% consider that their business negatively is influenced by politics, an increase of 2% from last year. 11% believe that their business has been positively influenced by politics, a 2% increase from last year.
- 52% state that foreign companies are treated equally with local companies when it comes to government policies, enforcement actions and administrative practices. 9% believe that foreign companies receive preferential treatment compared to local companies. 23% note that foreign companies are treated less favorably.
- 58% are confident, 24% are neutral and 16% are unconfident about the Chinese government’s commitment to further opening China’s market to foreign investment over the next 3 years.
- 43% are concerned that inadequate Intellectual Property Rights protection will limit their company’s investment in China.
- 39% are concerned that US sanctions against certain companies and/or certain industries in China may adversely affect their business, 4% less than last year.
- 26% consider current US export restrictions of Chinese products to challenge their business.



33%

Consider that their business has been negatively influenced by politics



51%

have missed business opportunities or experienced limited market access due to regulatory barriers



82%

are confident (58%) or neutral (24%) about Chinese government’s commitment to further opening China’s market to foreign investment over the next 3 years



47%

consider that the current state of China’s enforcement of Intellectual Property Rights has been improved compared to previous years



An aerial photograph of a park with a winding path, a lake, and a forest. The path is light-colored and curves through the green landscape. The lake is a vibrant blue-green color. The forest is dense and green.

## Responsible business conduct

**66 %**

State that the ESG criteria influence business decisions in China

**54 %**

Assess that the Norwegian Transparency Act does not impact operations in China, while 19% consider that it does not have a negative impact

### **Sustainability is a core aspect of how businesses operate:**

Norway was one of the first countries to enact legislation on responsible business conduct. The new Transparency Act came into effect on July 1, 2022, requiring Norwegian companies to adhere to both UN guidelines and OECD principles regarding responsible business conduct.

Companies are now obligated to perform due diligence to assess and address any negative impacts on human rights or decent working conditions within their operations, supply chains, and other business partnerships. They must also publish reports on these assessments to enhance transparency, informing the public about their efforts to prevent and reduce such negative impacts.

This Act is grounded in the international OECD Guidelines for Multinational Enterprises, which have been in place since 1976 and have set an international standard for corporate responsibility in supply chains. Consequently, Norwegian companies are already well-versed in conducting human rights due diligence within their supply chains.



# Norwegian companies in China

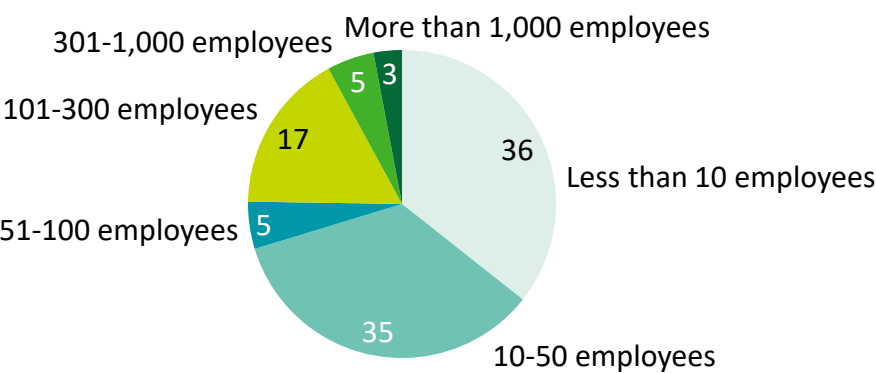
Predominantly in the eastern coastal area

**Around half of Norwegian companies have a presence in Shanghai.**

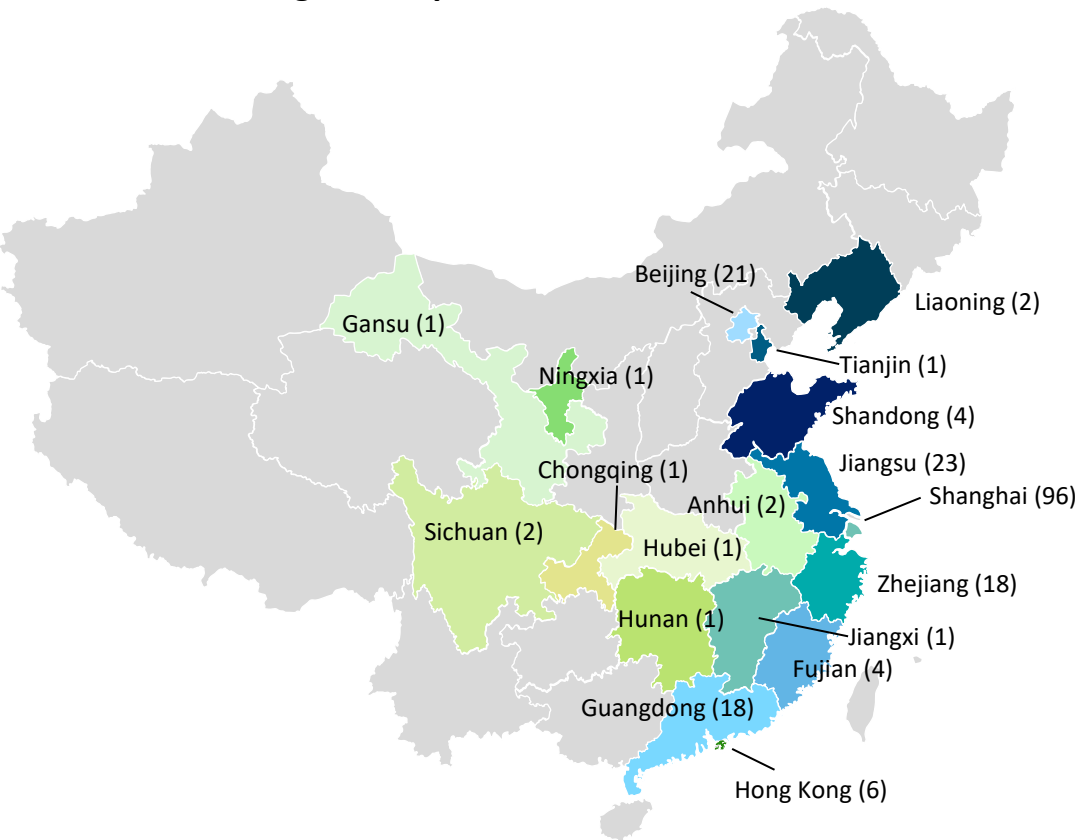
Regions such as the Yangtze River Delta area, Beijing and Guangdong are hubs for Norwegian business operations.

There are more than 12,500 employees<sup>1</sup> in total among 101 surveyed companies.

**Distribution of 101 surveyed companies by number of employees in China**



**Presence of Norwegian companies in China<sup>2</sup>**



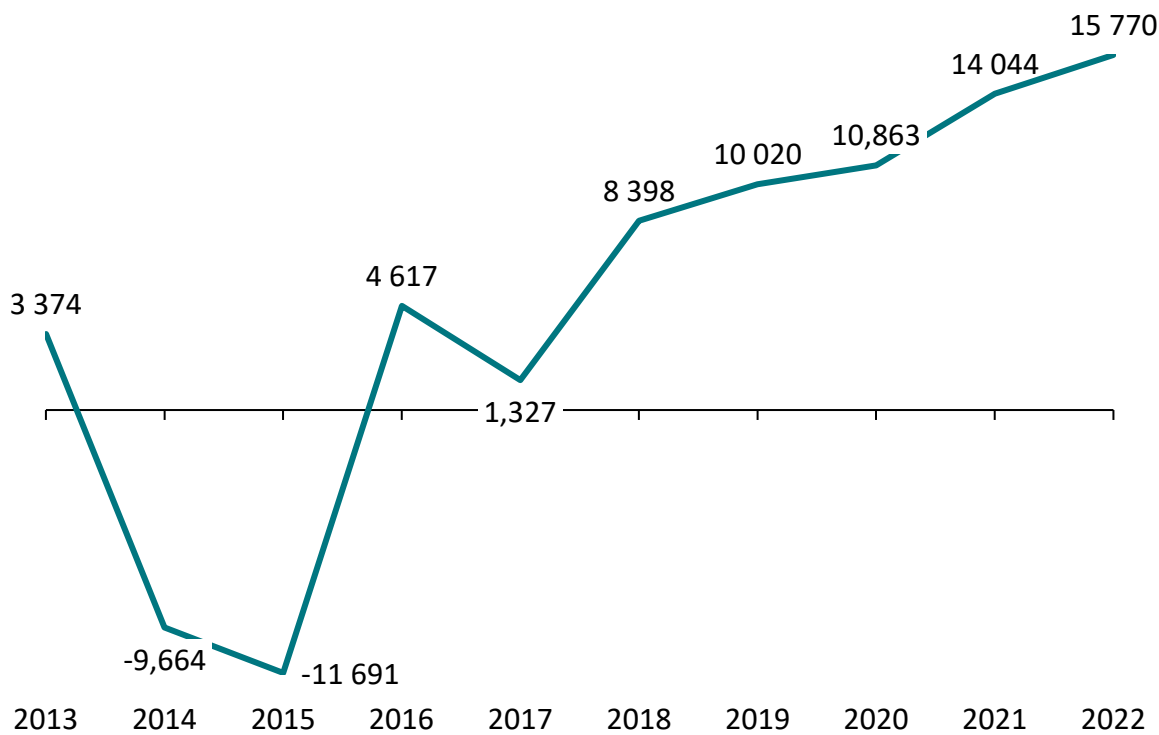
Notes: 1. Employees mainly include full-time employees, part-time employees and contractors. 2. The results are based on an overview including 164 Norwegian companies established in China. However, this number may not represent the total number of Norwegian companies, as there could be additional businesses that we are not aware of.



# Norwegian Investments in China

Norwegian foreign direct investment has continued to grow, while the Pension Fund Global’s investments have slightly increased in 2023

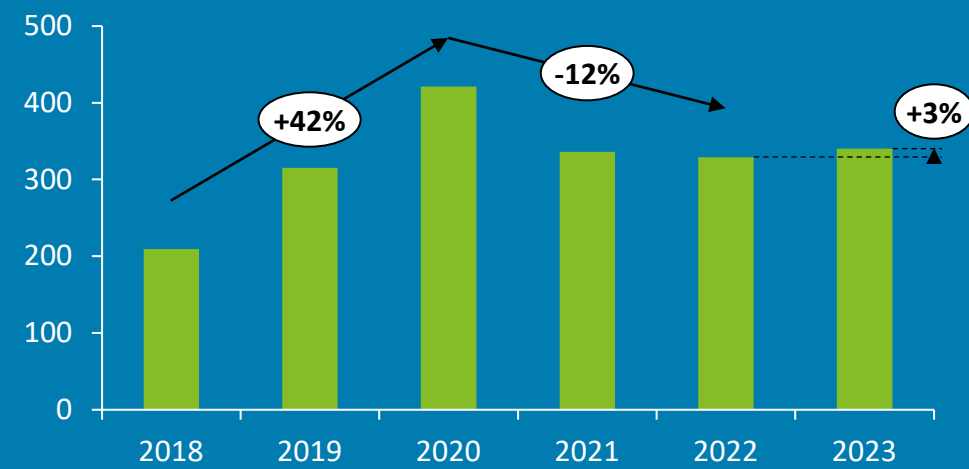
Norwegian foreign direct investment in mainland China, 2013 - 2022 (mNOK)



The Norwegian Government Pension Fund Global

After a two-year decline, the Norwegian Government Pension Fund’s investment in mainland China slightly picked up in 2023. The Fund held substantial investments in mainland China totaling 340 bNOK in 2023.

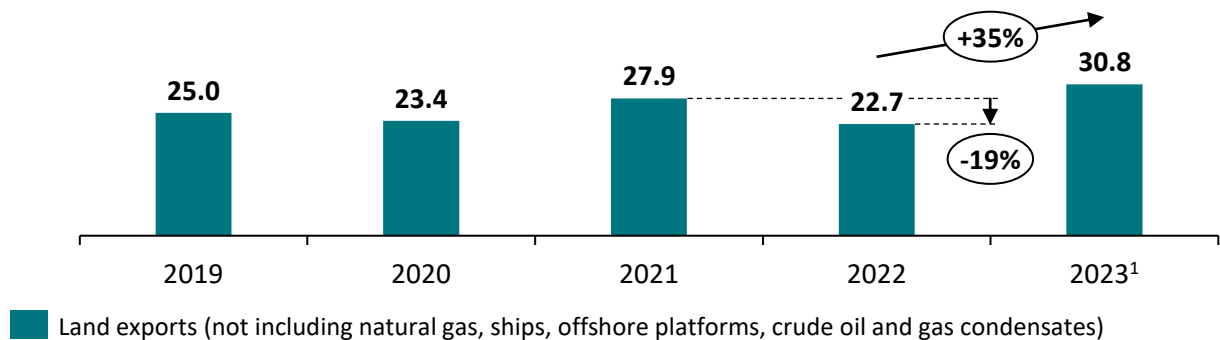
The Norwegian Government Pension Fund Global’s investments in mainland China, 2018 - 2023 (bNOK)



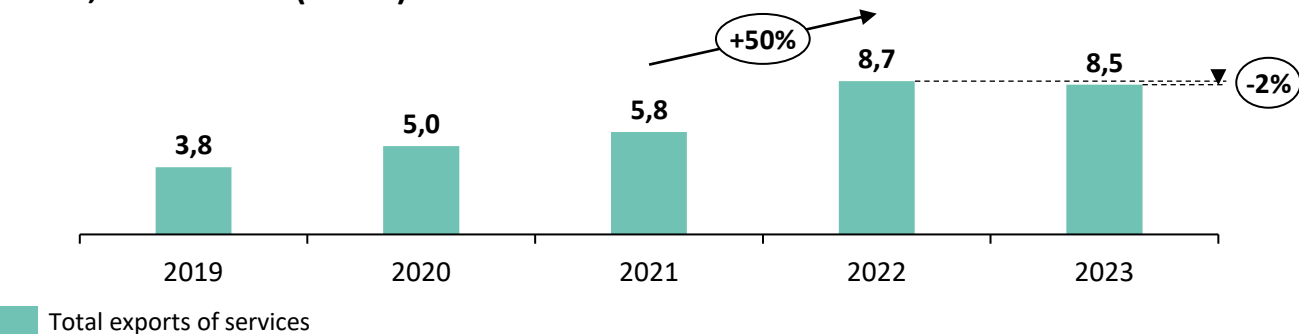
# Norwegian export to China

China remains Norway’s most important trading partner in Asia

Total value of Norwegian land exports of goods to mainland China, 2019 - 2023 (bNOK)



Total value of Norwegian exports of services (excluding financial assets) to mainland China, 2019 - 2023 (bNOK)



Notes: 1. The statistics for 2023 are provisional or preliminary. 2. Including other exports (natural gas, ships, offshore platforms, crude oil and gas condensates) at a value of 6.7 bNOK in 2023.

37.5 bNOK<sup>2</sup>

Total value of exported goods from Norway to mainland China in 2023

Norwegian exports to mainland China **#11** accounted for the eleventh largest export value of goods from Norway in 2023

8.5 bNOK

Total value of exported services from Norway to mainland China in 2023

The total value of Norwegian exports in services to mainland China declined slightly in 2023, after a 50% year-on-year increase in 2022

# 114.1 bNOK

Total value of imported goods from mainland China to Norway in 2023

**#2** Norwegian imports from mainland China accounted for the second largest import value of goods to Norway in 2023

The total value of Norwegian imports in goods from mainland China in 2023 decreased by 10%

# 5.8 bNOK

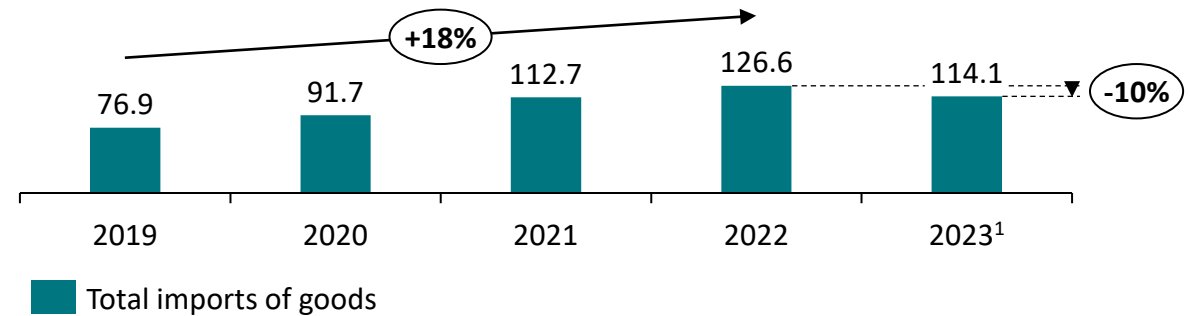
Total value of imported services from mainland China to Norway in 2023

The total value of Norwegian imports in services from mainland China dropped by 5% in 2023

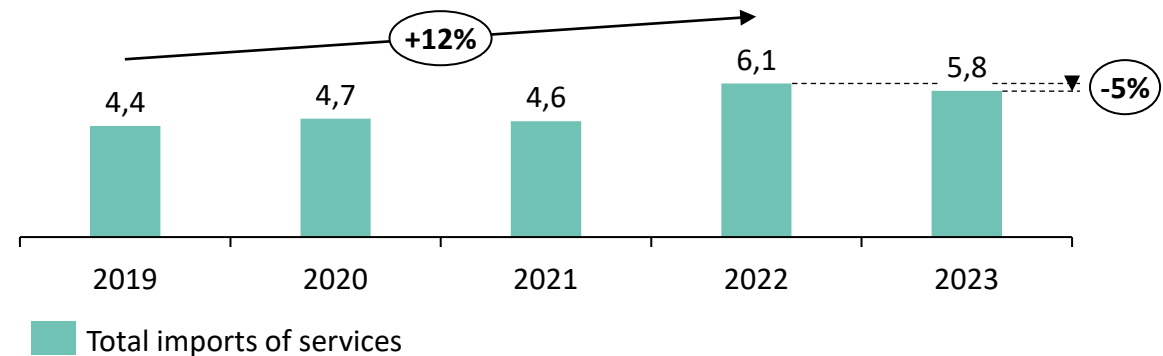
## Norwegian import from China

The total value of imports of goods and services from mainland China declined in 2023

Total value of Norwegian imports of goods from mainland China, 2019 - 2023 (bNOK)



Total value of Norwegian imports of services (excluding financial assets) to mainland China, 2019 - 2023 (bNOK)



Notes: 1. The statistics for 2023 are provisional or preliminary.



# Exports and imports of goods in 2023

Five out of the top six categories of Norwegian exports of goods have increased in volume

In 2023, seafood ranked first in goods exported from Norway to China, accounting for 23% of the total export value. The export of petroleum and petroleum products from Norway to China sharply decreased in 2023. Total exports of petroleum and petroleum products in Norwegian kroner declined by 44% and 77% in 2022 and 2023.

Apart from petroleum and petroleum products, the export of other top categories of goods from Norway to China experienced notable growth in 2023. Particularly, the export of non-ferrous metals saw a remarkable surge, with a 170% increase in NOK.

However, the amount in NOK of the top 6 import goods from China all declined in 2023. Road vehicles, office machines and data processing machines, apparel and accessories and miscellaneous manufactured articles all experienced double digit decline in growth.



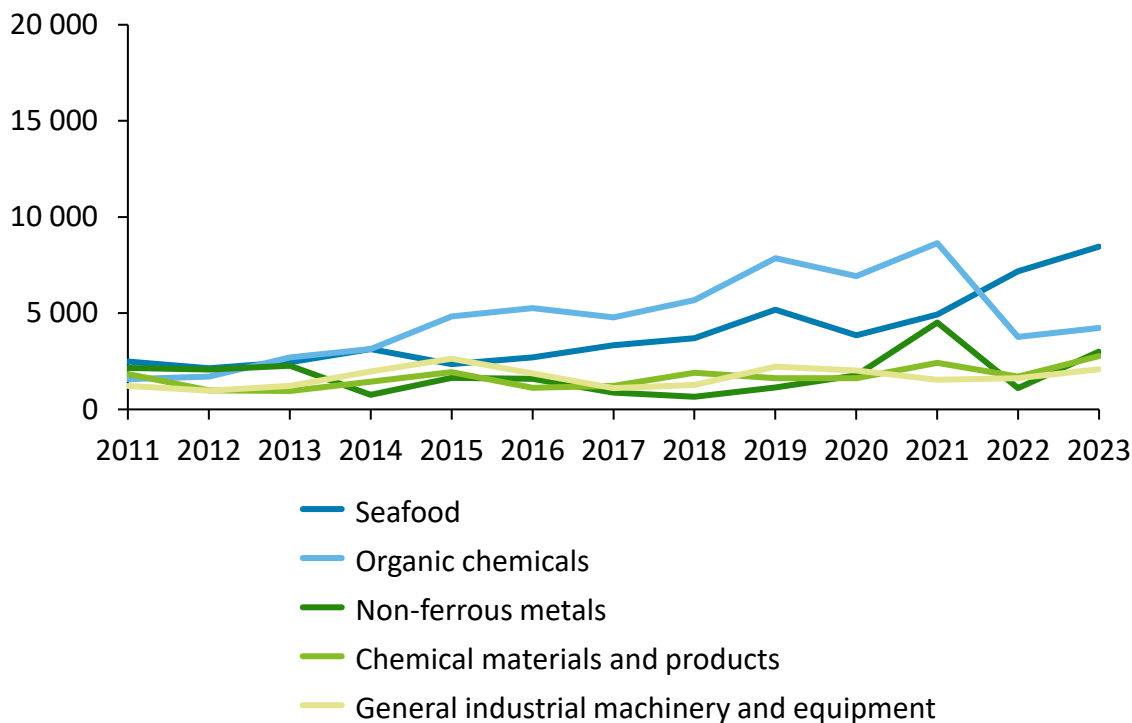
| Top 6 export goods in 2023                 | Value (mNOK) | Share | Growth in NOK |
|--|--------------|-------|---------------|
| Seafood                                    | 8 462        | 23 %  | +18 %         |
| Petroleum, petroleum products              | 6 692        | 18 %  | -77 %         |
| Organic chemicals                          | 4 237        | 11 %  | +13 %         |
| Non-ferrous metals                         | 2 995        | 8 %   | +170 %        |
| Chemical materials and products            | 2 759        | 7 %   | +62 %         |
| General industrial machinery and equipment | 2 082        | 6 %   | +29 %         |

| Top 6 import goods in 2023                 | Value (mNOK) | Share | Growth in NOK |
|--|--------------|-------|---------------|
| Telecommunications apparatus and equipment | 17 223       | 15 %  | -3 %          |
| Electrical machinery and apparatus         | 16 320       | 14 %  | -1 %          |
| Road vehicles                              | 12 589       | 11 %  | -19 %         |
| Office machines, data processing machines  | 12 554       | 11 %  | -10 %         |
| Articles of apparel and accessories        | 9 930        | 9 %   | -18 %         |
| Miscellaneous manufactured articles        | 8 010        | 7 %   | -10 %         |

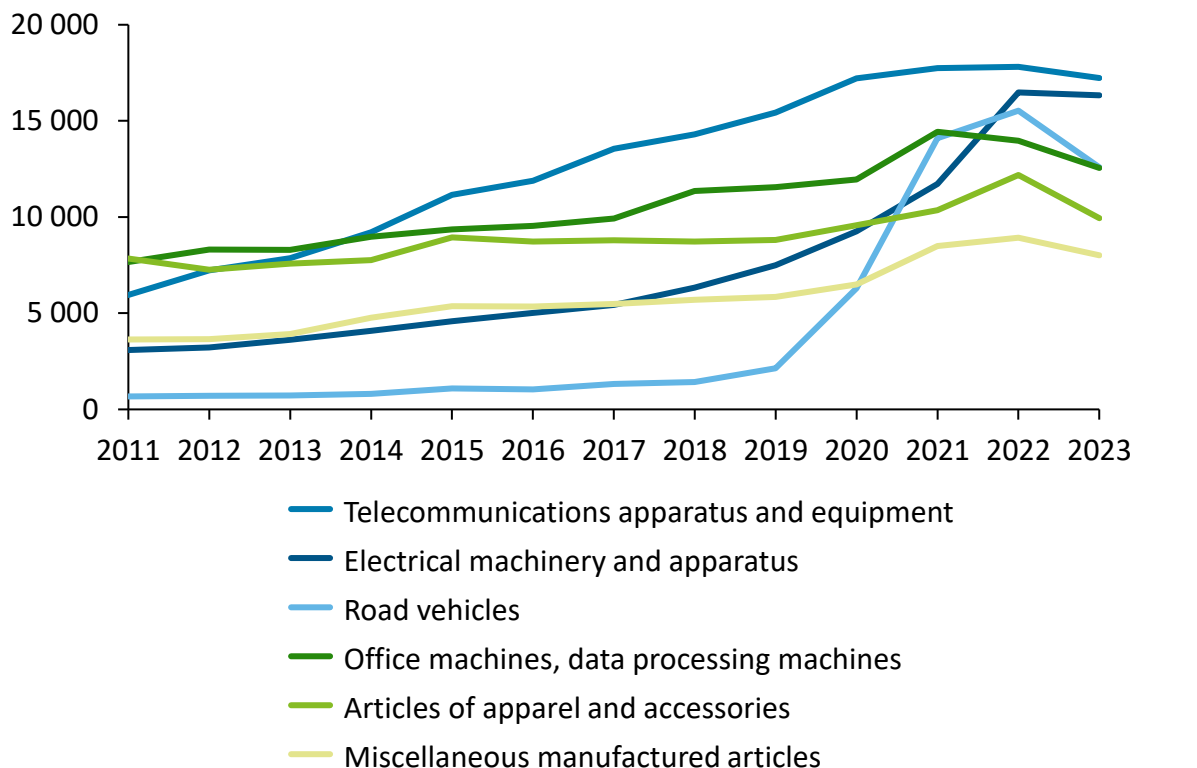
# Historical development of exports and imports of goods

The value of land exports of goods from Norway to China started to pick up again in 2023, while the import value of most main categories declined slightly in the same period

Main categories in land exports of goods from Norway to China, 2011 - 2023 (mNOK)

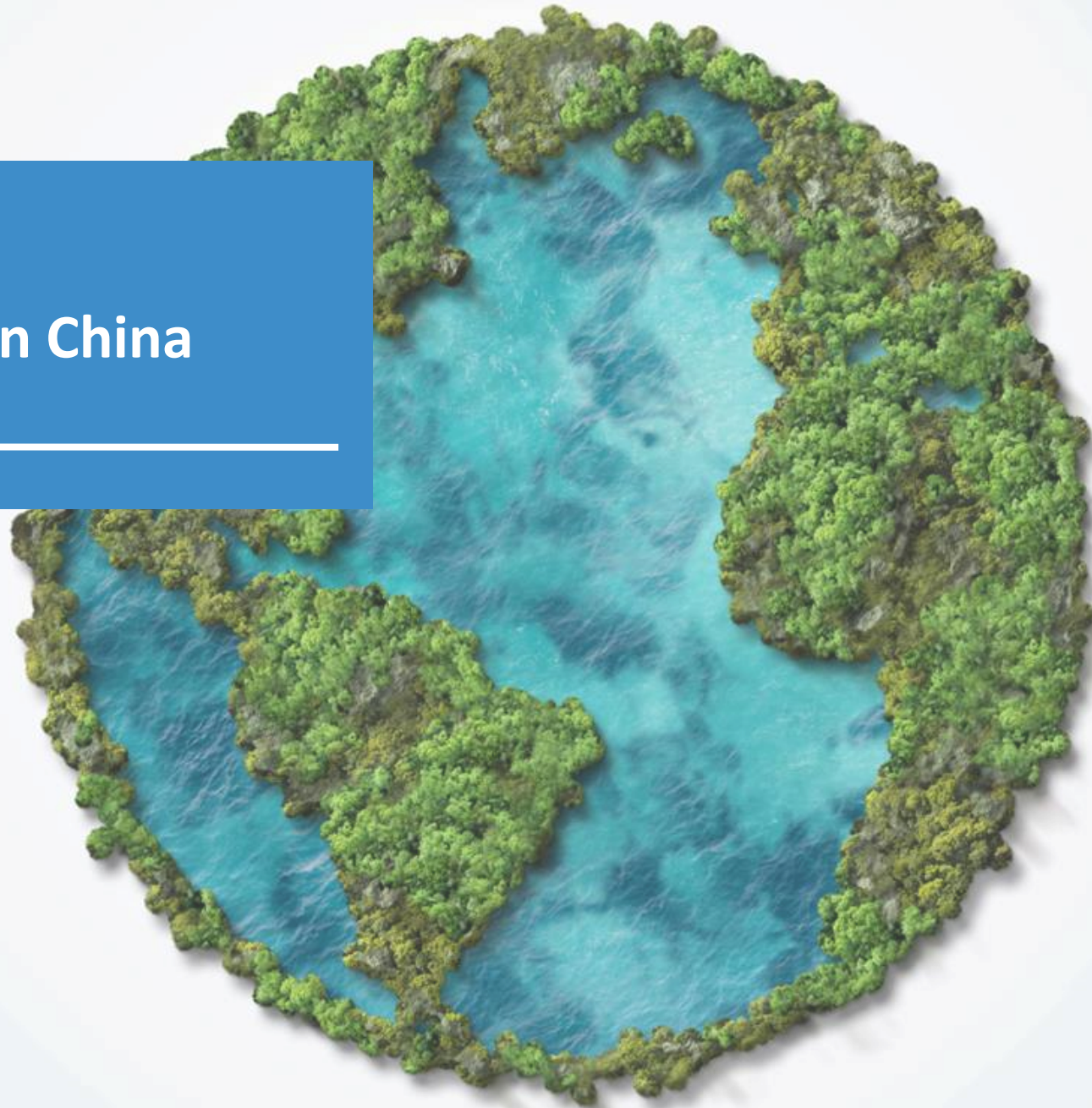


Main categories in imports of goods from China to Norway, 2011 - 2023 (mNOK)



# Team Norway in China

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# Team Norway in China



Notes: The Norwegian Consulate General in Guangzhou will be permanently closed as of July 15, 2024. Therefore, it is not included in Team Norway in this report.  
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Norwegian Embassy  
Beijing

The mission of the Embassy in Beijing is to enhance and promote relations between Norway and China in cooperation with the Consulate General in Shanghai.  
Norwegian Embassy in Beijing - Norway in China



Innovation Norway (IN) contributes to sustainable growth and exports for Norwegian businesses by giving active support based on in-depth expertise on relevant industry sectors in China.  
China | Innovation Norway (innovasjon norge.no)



The Norwegian Business Association in China is an active non-profit member-based association for Norwegian companies and business people in China. The NBA administration is located in Shanghai, and is further represented with a chapter in Beijing.  
Norwegian Business Association China (norbachina.com)



Norwegian Consulate General  
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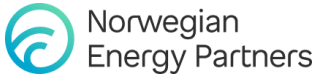
The Consulate General in Shanghai promotes Norwegian interests and supports Norwegian businesses and initiatives in Eastern China.  
Consulate General in Shanghai - Norway in China



The Norwegian Seafood Council (NSC) aims to increase the value of Norwegian seafood resources. China is a key growth market for Norwegian seafood. The China office is based in Shanghai.  
Seafood.no



The Norwegian Chamber of Commerce Hong Kong is a platform for Norwegian companies in Hong Kong.  
Norwegian Chamber of Commerce in Hong Kong (norchamhk.com)



Norwegian Energy Partners (NORWEP) identifies new business opportunities and open doors for the Norwegian energy industry in China. The China office is based in Beijing.  
Norwep

# Team Norway in China

More Norwegian companies value support from Norwegian governmental agencies in China

Which support from Team Norway is most valuable for driving your business in the Chinese market?

#1

Creating platforms for business activities

#2

Facilitating access to relevant Chinese authorities

#3

Branding Norway towards local stakeholders

#4

Providing relevant and useful information about China



91%

consider the active support from Norwegian governmental agencies in China to be important for their business activities, a 9% increase from last year

## End Notes

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1. Page 8: National Bureau of Statistics of China, IMF, World Bank, GACC
  - a) STATISTICAL COMMUNIQUÉ OF THE PEOPLE'S REPUBLIC OF CHINA ON THE 2023 NATIONAL ECONOMIC AND SOCIAL DEVELOPMENT[1] ([stats.gov.cn](http://stats.gov.cn))
  - b) World Economic Outlook (April 2024) - GDP, current prices ([imf.org](http://imf.org))
  - c) Exports of goods and services (current US\$) | Data ([worldbank.org](http://worldbank.org))
  - d) Imports of goods and services (current US\$) | Data ([worldbank.org](http://worldbank.org))
  - e) China's Total Export & Import Values, December 2023 (in USD) ([customs.gov.cn](http://customs.gov.cn))
2. Page 9: IMF
  - a) World Economic Outlook (April 2024) - GDP, current prices ([imf.org](http://imf.org))
3. Page 15: SSB, NBIM
  - a) Foreign direct investment – SSB
  - b) All investments | Norges Bank Investment Management ([nbim.no](http://nbim.no))
4. Page 16-19: SSB, European Commission
  - a) External trade – SSB

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Page 1,2,4-8,11-18,20,22: Deloitte Global



## Published in May 2024 by

The Consulate General in Shanghai is the publisher of this business report which gives an overview of Norwegian presence in China, as well as the current and future market potential in China for Norwegian businesses.



Norwegian Consulate General  
*Shanghai*

## Supported by

Innovation Norway, the Norwegian Seafood Council and the Norwegian Business Association, with additional support provided by the Norwegian Embassy in Beijing.



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## Developed by

Deloitte China has worked closely with Team Norway China and has been responsible for developing the report.

**Deloitte.**

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