

**DEALING WITH DECOUPLING FROM
CHINA: BUSINESS STRATEGIES
IN A CHANGING WORLD**

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EAI Background Brief No. 1757

Synopsis in English, [Chinese](#), [French](#) and [Spanish](#)

Discussions on US-China decoupling generally focus on macro-economic indicators and often view the issue through a US or a Chinese lens. On the basis of almost 100 interviews with firms and business associations, this study presents another perspective to the discussions by providing firm-level insights on the impact of decoupling on foreign companies in China from four advanced economies – Singapore, the Netherlands, Germany and Japan.

Currently, concerns of firms about US-China tensions are less about the current measures and sanctions and more about what might happen in the future. Foreign firms active in China operate in a highly uncertain and potentially volatile policy environment, not just in China itself but also in their home countries and the United States, with potentially grave consequences for the global company as a whole.

Nevertheless, most firms do not intend to withdraw from China, nor do they expect to do so in the future. Coping strategies range from (1) adopting an “In China, for China” localisation strategy to insulate their Chinese operations and reduce foreign dependence, (2) limiting any further exposure to China, (3) diversifying supply chains or production to other countries, or, in many cases, (4) adopting a wait-and-see attitude while, for the time being, not doing anything at all.

Decoupling also presents some companies with opportunities to expand their business. This includes many sectors of the Singapore economy. Maintaining a neutral position between the United States and China, Singapore’s attractiveness as an investment destination for firms, both foreign and Chinese, in China looking to reduce geopolitical risk has been enhanced by the geopolitical tensions.

Chinese:

应对与中国脱钩：不断变化的世界中的商业策略

关于中美脱钩的讨论通常集中在宏观经济指标上，并经常从美国或中国的角度来看待问题。基于对近 100 家企业和商业协会的采访，本研究提供了企业层面关于与四个发达经济体（新加坡、荷兰、德国和日本）脱钩对在华外国企业影响的见解，为讨论提供了另一种视角。

目前，企业对中美紧张局势的担忧不再是当前的政策措施和贸易制裁，而是未来可能发生的情况。活跃在中国的外国公司在高度不确定且可能不稳定的政策环境中运营，不仅在中国本身，而且在其母国和美国，这可能对整个跨国公司造成严重后果。

尽管如此，大多数企业并不打算撤出中国，也不期望将来这样做。应对策略包括（1）采取“在中国，为中国”的本地化策略，以隔离其在中国的业务并减少对外依赖，（2）限制对中国的进一步接触，（3）将供应链或生产多元化到其他国家，或者，在许多情况下，（4）采取观望态度，暂时不采取任何行动。

脱钩也为一些公司提供了拓展业务的机会。这关系到新加坡一些经济产业。由于在美国和中国之间保持中立立场，地缘政治紧张局势增强了新加坡作为寻求降低地缘政治风险的中外企业投资目的地的吸引力。

French:

FAIRE FACE AU DÉCOUPLAGE DEPUIS LA CHINE: LES STRATÉGIES DES ENTREPRISES DANS UN MONDE QUI CHANGE

Les discussions sur le découplage entre les États-Unis et la Chine se concentrent généralement sur les indicateurs macro-économiques et abordent souvent la question sous un angle américain ou chinois. S'appuyant sur près d'une centaine d'entretiens réalisés avec des entreprises et des associations patronales, cette étude présente une autre perspective. En se plaçant au niveau des entreprises, elle renseigne sur l'impact du découplage sur les firmes étrangères opérant en Chine et en provenance de quatre économies avancées : Singapour, les Pays-Bas, l'Allemagne et le Japon.

Aujourd'hui, les préoccupations des entreprises concernant les tensions entre les États-Unis et la Chine portent moins sur les mesures et sanctions actuelles que sur ce qui pourrait advenir. Les firmes étrangères présentes sur le marché chinois opèrent dans un environnement politique très incertain et potentiellement volatil. C'est le cas non seulement en Chine, mais aussi dans leur pays d'origine et aux États-Unis, avec des conséquences potentiellement graves pour leurs activités au niveau global.

Néanmoins, la plupart des entreprises n'ont ni l'intention de quitter la Chine, ni ne prévoient de le faire à l'avenir. Elles s'adaptent en mettant en place des stratégies allant de (1) l'adoption d'une stratégie de localisation « En Chine, pour la Chine » afin d'isoler leurs opérations chinoises et réduire leur dépendance à l'étranger, (2) la limitation de toute exposition supplémentaire à la Chine, (3) la diversification des chaînes d'approvisionnement ou de la production vers d'autres pays, ou, dans de nombreux cas, (4) l'adoption d'une attitude attentiste tout en ne prenant aucune mesure particulière pour le moment.

Le découplage offre également à certaines entreprises des opportunités de développer leurs activités. Cela inclut de nombreux pans de l'économie singapourienne. En maintenant une position de neutralité entre les États-Unis et la Chine, l'attractivité de Singapour en tant que destination d'investissement privilégiée pour les firmes, tant étrangères que chinoises

présentes en Chine et cherchant à réduire l'exposition au risque géopolitique, a été renforcée par les tensions actuelles.

Spanish:

AFRONTAR EL DESACOPLAMIENTO DE CHINA: ESTRATEGIAS EMPRESARIALES EN UN MUNDO CAMBIANTE

Las discusiones sobre el desacoplamiento entre Estados Unidos y China generalmente se centran en indicadores macroeconómicos y a menudo ven el tema a través de una lente estadounidense o china. Sobre la base de casi 100 entrevistas con empresas y asociaciones empresariales, este estudio presenta otra perspectiva de los debates al proporcionar información a nivel empresarial sobre el impacto de la desvinculación en las empresas extranjeras en China de cuatro economías avanzadas: Singapur, Países Bajos, Alemania y Japón.

Actualmente, las preocupaciones de las empresas sobre las tensiones entre Estados Unidos y China tienen menos que ver con las medidas y sanciones actuales y más con lo que podría suceder en el futuro. Las empresas extranjeras activas en China operan en un entorno político altamente incierto y potencialmente volátil, no sólo en la propia China sino también en sus países de origen y en Estados Unidos, con consecuencias potencialmente graves para la empresa global en su conjunto.

Sin embargo, la mayoría de las empresas no tienen intención de retirarse de China ni esperan hacerlo en el futuro. Las estrategias de afrontamiento van desde (1) adoptar una estrategia de localización "En China, para China" para aislar sus operaciones chinas y reducir la dependencia extranjera, (2) limitar cualquier exposición adicional a China, (3) diversificar las cadenas de suministro o la producción a otros países, o, en muchos casos, (4) adoptar una actitud de esperar y ver qué pasa y, por el momento, no hacer nada en absoluto.

El desacoplamiento también presenta a algunas empresas oportunidades para expandir su negocio. Esto incluye muchos sectores de la economía de Singapur. Al mantener una posición neutral entre Estados Unidos y China, el atractivo de Singapur como destino de inversión para empresas, tanto extranjeras como chinas, en China que buscan reducir el riesgo geopolítico se ha visto reforzado por las tensiones geopolíticas.

Executive Summary

1. China's challenge to the supremacy of the United States has fundamentally upset the geopolitical balance of power. To foreign businesses in China, the conflict is an external event that they must learn to adjust to as best as they can. The strategic imperative to adjust supply chains is now deeply felt among businesses.
2. Foreign companies from Germany, Japan, the Netherlands and Singapore choose to decouple from China not because they are susceptible to "China risk" but to strengthen their resilience against the fallout from the US-China conflict.
3. Concerns about US China policies go beyond current trade measures and technology sanctions. There is great uncertainty about what might still be in store. Companies are especially worried about the possible extra-territorial application of American or Chinese sanctions, which would have potential grave consequences for a global company's operations across the world.
4. Since Russia's invasion of Ukraine, many companies fear future sanctions on China as well. Conversely, under its national security legislation and the "dual circulation" policy, the Chinese government has stepped up efforts to localise supply chains to lessen dependence on world markets.
5. Firms active in China currently operate in a highly uncertain policy environment not just in China, but also in their home countries and the United States. Nevertheless, the single most important determinant of decisions on staying, relocating or diversifying remains a firm's outlook on business. Company strategies remain largely driven by business rather than political considerations.
6. For firms, the strategic imperative is to adjust supply chains and avoid excessive dependency on China. Strategies range from (1) fully withdrawing from China to (2) ringfencing China operations, (3) limiting further exposure to China by diversifying supply chains or production to other countries, or (4) for the time being, doing nothing at all.

7. Most companies choose to adapt to rather than divest from China. They defer future investment, localise operations, adjust supply chains or establish separate supply chains for China and the United States. The aim is to achieve self-sufficiency for its Chinese operations and reduce foreign inputs.
8. The “China for China” strategy of foreign firms integrates them further into the Chinese market. This adds to the reduction of globalisation and *creates two distinct economic spheres*, one on China and the other on the United States. Decoupling could end up *strengthening the resilience and self-sufficiency of China’s economy* as much as the economies of countries that are decoupling from China.
9. Due to its neutrality, Singapore has profited from certain aspects of business decoupling from China. Foreign firms in China and some Chinese (private) firms relocating activities out of China have selected Singapore as its relocation destination or supplier of business and financial services.
10. Many Singaporean companies remain well-established in China, prioritising opportunities in China over that in the United States. These Singaporean firms have become part of the fabric of the Chinese economy and are there to stay.
11. Nevertheless, many Singaporean firms find that geopolitics have made their commitment to China more difficult. Moreover, the cultural ties of younger Singaporean business leaders with China are weaker. They do not want to jeopardise business opportunities in the United States, while geopolitics have also made opportunities in ASEAN or the Middle East more attractive.