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Coronavirus: desperate overseas firms turn to China as lockdowns hit home



- As infections spread in the US and across Europe, lockdowns are halting business operations
- Senior managers are also unable to return to China, leaving firms also looking for stand-in CEOs and chief operating officers

As China slowly grinds back into activity after a two-month hiatus, the opposite is happening elsewhere, meaning amid widespread lockdowns, global businesses desperate to maintain operations are now looking for solutions where economies are gradually improving.

A Shanghai-based photo and video production business has been receiving a series of cold calls from companies in the United States, Europe and Australia looking for help with television commercials and corporate photography.

Central Studios, which has seen a rise in work coming from outside China, said companies are desperately looking for available manpower to finish projects after their usual service providers went into coronavirus containment lockdowns.

Small to medium-sized entrepreneurs, who have businesses based in China but cannot get back into the country, are also seeking help to keep their operations going.

The US and four European countries, led by Italy and Spain, now top the tally of coronavirus infections globally after surpassing China. European countries have also tightened and extended their lockdowns, while the US has extended its social distancing for another month.

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“As they are all in quarantine now, and with suppliers coming back online now in China, they are trying to keep their production timelines moving forward smoothly,” Central Studios’ CEO Rodney Evans said.

Elsewhere in Shanghai, CDI Global’s mergers & acquisitions consultant, Dan Senger, has also been busy. He has been receiving calls from banks in the US and Europe looking to co-partner with his firm on existing merger deals with Chinese biotech and chemical companies.

Senior managers trapped in the US have also been calling asking him to oversee operations in their factories in China.

“I had one guy ask me if I could take a look at his factory operations in central China, and then I realised it was in Wuhan,” he said. “In short, people are outsourcing to China because it’s open.”

Outsourcing aside, shoring up local Chinese operations has been a top priority, especially after China placed an interim ban on foreigners entering the country in an effort to block the spread of the coronavirus through imported cases.

This isolated many from their companies in China, according to managing partner Natalie Lowe from marketing agency, The Orangeblowfish.

The demand for “stand-in chief operating officers (COOs)” has been ramping up, especially for her clients who left China during the onset of Covid-19 in January, and now find themselves stuck in their home countries, Lowe said.

“Suddenly, my clients were contacting us to be their COO for the day, to steer the company for them,” she added. “However, this won’t be a long term, maybe about six to 12 months, a short term play.”

Her business has evolved from being a marketing consultancy into a business advisory overnight, supervising clients’ operations, including running their payroll and even managing staff.

Lowe’s experience was echoed by PTL Group, an international management company specialising in running operations for 20 years, who has seen its business increase markedly since the outbreak.

General manager Arie Schreier said that many of his clients with businesses spread across Shanghai, Beijing and Guangzhou are unable to return to China. They were either China-based entrepreneurs or managers of Chinese branches of global companies based in the US, Britain, Israel, Australia and Europe.

They requested a stand-in CEO or COO to handle logistics support, sales and invoicing, rental negotiations, warehousing of goods and even to negotiate lower salaries for employees in an effort to cut costs, Schreier said.

“We also moved those remaining employees to our offices so that we can manage them to give them the feeling that there is a manager for them in China,” Schreier said.

In a stronger signal of companies looking for opportunities, Australian international trade consultant Alistair Nicholas said he had seen a spike in interest among Australian food manufacturers and agriculture exporters about new opportunities in China in recent weeks.

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“Some of them have noted a drop in sales domestically since restrictions were placed on Chinese tourists coming into Australia ... and are now looking at exporting those products to China because they can’t afford to wait for the tourists to return,” he said.

“Other Australian companies are just looking for new markets as they brace themselves for a slowing of the Australian economy because of our response to the coronavirus.”

In an effort to sustain exports to China and other Asian countries, last week, the Australian government spent A\$110 million (US\$66 million) on chartered flights to distribute locally produced seafood, meat, dairy as well as fruit and vegetables, with the flights then returning with medical supplies.

“Even during Covid-19, China proves to be the go-to market,” said Senger at CDI Global. “But it also means the world must find new ways to work with each other.”

South China Morning Post (<https://www.scmp.com/economy/china-economy/article/3078604/coronavirus-desperate-overseas-firms-turn-china-lockdowns-hit>)