



## Reaction of the European business community in Japan to the COVID-19 and the impact on its operations

This survey has been designed by the European Business Council in Japan and sent to the 18 European National Chambers of Commerce in Japan, who kindly circulated it among their Members. Industry was given between February 26<sup>th</sup> to March 10<sup>th</sup>, 2020 to answer the questionnaire. The data was collected anonymously.

In February 2020, the European Union and Japan celebrated the first anniversary of the entry into force of the EU-Japan Economic Partnership Agreement (EPA). According to a European Commission Press Release, “in the first ten months following the implementation of the agreement, EU exports to Japan went up by 6.6% compared to the same period the year before.”

In this context of increased exchanges between the EU and Japan, the objective of this survey is to better understand the current situation at European companies operating in Japan confronted to the COVID-19 crisis and to highlight its direct impact on their economic activity.

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### SUMMARY

**260 companies from 16 EU countries answered the survey. 82% of them introduced changes to their working style to protect their employees by implementing specific measures such as restrictions on business trips (76%) and public events (55%). Telework is an interesting option for most of them (70%).**

**The impact on turnover for the first semester 2020 is generally revised downwards: 35% of the respondents expect a 20% decline, but 38% stress their lack of visibility.**

**The impact on the companies' activity is mostly felt on business trips (87,5%), on supply chains (34%) and to a minor degree on cash flow (19%), employment (16%) and cost reduction (16%).**

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Survey realized by the  EBC  
EUROPEAN BUSINESS COUNCIL IN JAPAN

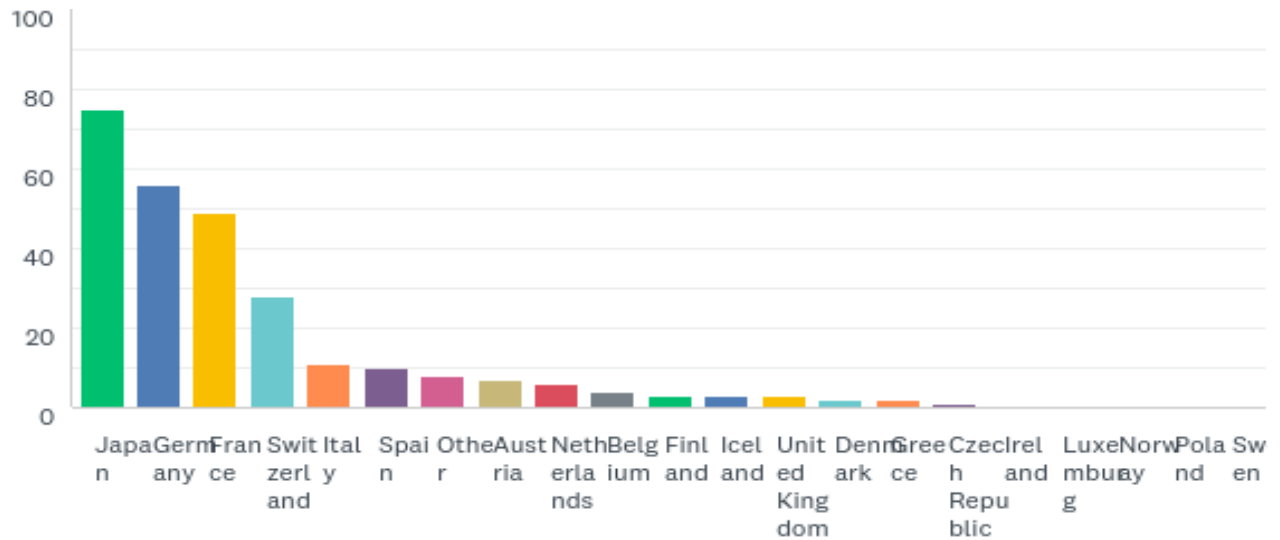
*The European Business Council (EBC) is the trade policy arm of 15 European National Chambers of Commerce and Business Associations in Japan and has been working to improve the trade and investment environment for European companies in Japan since 1972.*

In cooperation with        

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## 1. Profile of Companies that responded to the Survey



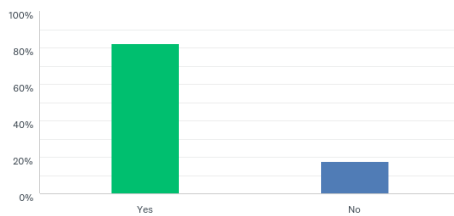
75% of the respondents identified themselves as a “Japanese” company. They are companies established in Japan by European nationals or Japanese companies members of an EU National Chamber of Commerce.

63% of the participants are operating in the service sector. 52% of the respondents are SMEs (between 10 and 500 employees).

## 2. Impact on Working Style

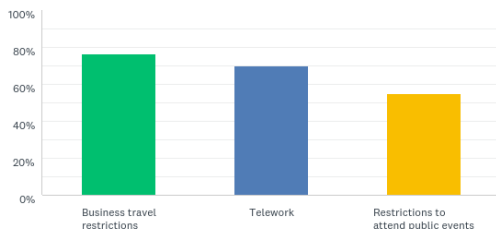
82% of the respondents decided to implement specific measures since the beginning of the crisis in Japan in January.

*Has your company taken specific measures in Japan since January till now?*



To avoid human contact in limited spaces, many companies have introduced restrictions on business trips (76%) and public events (55%) and favor the use of telework (70%).

*If Yes, what kind of measures?*



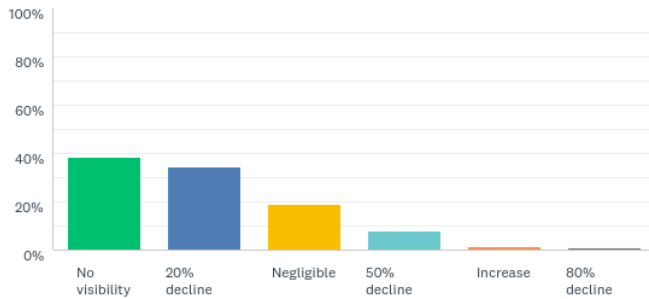
In the same line, companies mention the adoption of flexible working hours to avoid rush hour commuting and an increased frequency of office cleaning and hygiene measures for employees as well as for visitors (face masks, disinfectant provided at the office).

### 3. Impact on Turnover

The impact on turnover for the first quarter 2020 is generally revised downwards: 35% of the respondents expect a 20% decline, but for 38% it is still too early to really understand the situation and they stress their lack of visibility.

However, 19% of respondents remain quite optimistic and mention the impact should be negligible.

*For the first semester 2020, do you expect to have a loss of turnover compared to your original forecast?*



### 4. Impact on Activity

The impact on companies' activity is mostly felt on business trips (87,5%). As many European companies based in Japan are also operating in the region (China and Korea), restrictions on going abroad could have a negative consequence on their business.

34% of companies say the supply chain is affected and there are repercussions to a minor degree on cash flow (19%) and employment (16%). 16% of companies have implemented cost reduction measures.

*The impact of the corona virus on your activities is already felt on*

