

Survey on Impacts of the COVID-19 on and Needs of Foreign-affiliated Companies

Results (Preliminary)

Invest Japan Department
Japan External Trade Organization
April 15th, 2020

1. Objective of Survey

Since the beginning of 2020, the COVID-19 has impacts on a variety of social and economic activities. This survey is to understand the impacts on foreign-affiliated companies in Japan as well as needs for supports so that JETRO and the government could reflect the opinions to future support.

2. Survey Period

April 2nd (Thursday) ~ April 10th (Friday) , 2020

3. Survey Target

- Foreign-affiliated companies in Japan that have established or expanded business in Japan with the help of JETRO between April 2003 and at the start of this survey as well as member companies of foreign chambers of commerce in the country.
- Number of companies answered : 376

4. Method

Online survey

- **93.4% answered negative impacts of COVID-19**

62.5% of the companies answered the COVID-19 has had “Negative” impacts on their business while 30.9% answered “Slightly negative.” Combined, 93.4% answered the virus has had negative impacts on them. The result aligns a third-party survey(※) targeting on Japanese companies, in which over 90% recognized negative impacts. As for the nature of the impacts, the top answers were those coming from the decrease in demands, as 68.4% chose “decrease in sales/orders.”

- **Companies less enthusiastic about expanding business**

For future development of business in Japan, the top answer was “Maintain the current business” (37.5%) ,followed by “Expanding as scheduled” and “Delaying the expansion” (22.6% for both answers) . Compared to the FY2019 survey, companies are less enthusiastic about expanding business. How long it takes to contain the virus could prolong the lower enthusiasm to expand business in Japan.

- **Many companies in need to secure/increase clients/consumers**

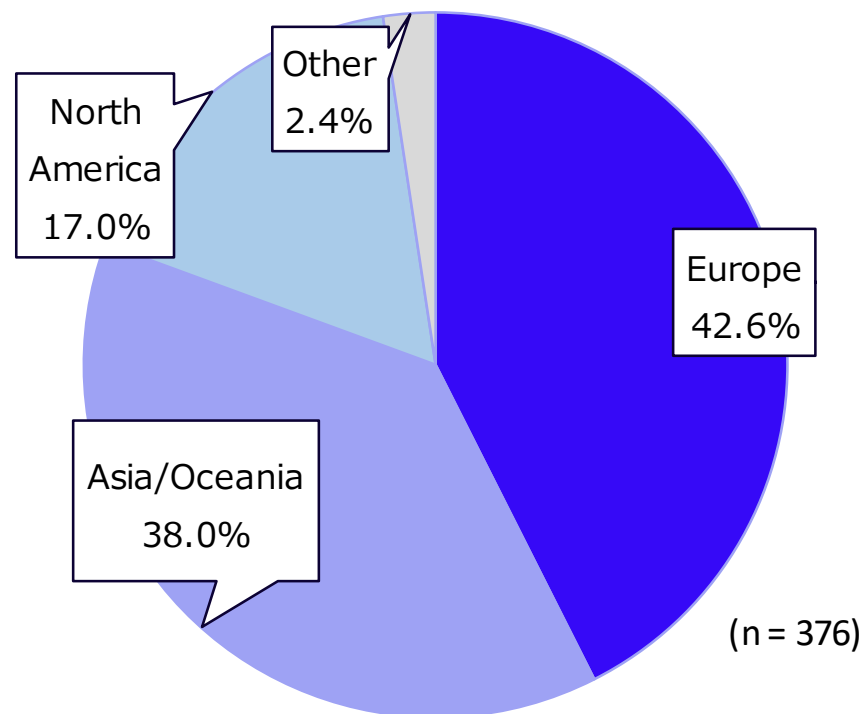
The largest number of companies, 51.3%, answered “Secure/increase clients/consumers” as a difficulty in managing business under the current circumstances. In particular, 55.6% of non-manufacturing companies chose the answer, the rate of which was almost 10% higher than the manufacturing (46.2%). This answer was followed by “Secure the cash flow (29.5%), which reflected the companies’ needs for some financial support.

※97.5% answered the virus “has already had impacts” or “could have impacts in the future” in the “[Third Survey on COVID-19 \(Tokyo Shoko Research\)](#).”

**Country of Parent Company
(by country/region)**

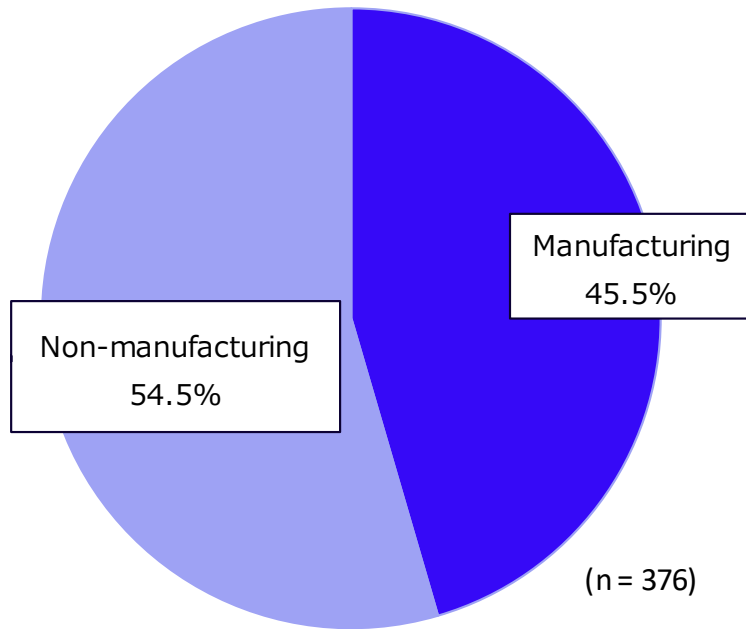
Country/ Region	# of Companies	Share (%)
China	71	18.9
US	60	16.0
Germany	39	10.4
France	31	8.2
UK	22	5.9
Switzerland	22	5.9
South Korea	17	4.5
India	11	2.9
Netherland	11	2.9
Taiwan	11	2.9
Singapore	10	2.7
Italy	8	2.1
Vietnam	7	1.9
Spain	5	1.3
Denmark	5	1.3
Finland	5	1.3
Hong Kong	5	1.3
Other	36	9.6
Total	376	100.0

**Country of Parent Company
(by region)**

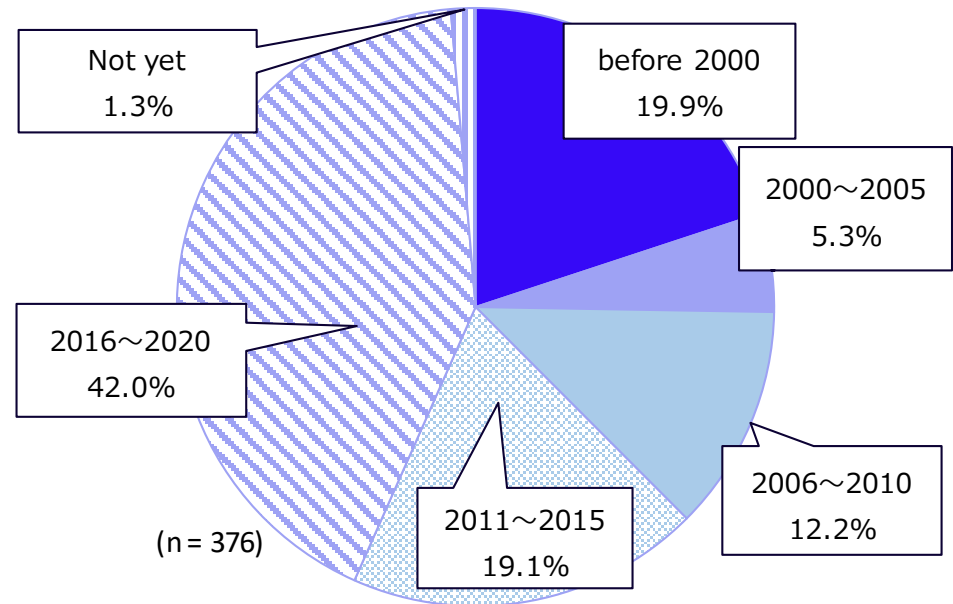


Industry/Year of Starting Business in Japan

Industry



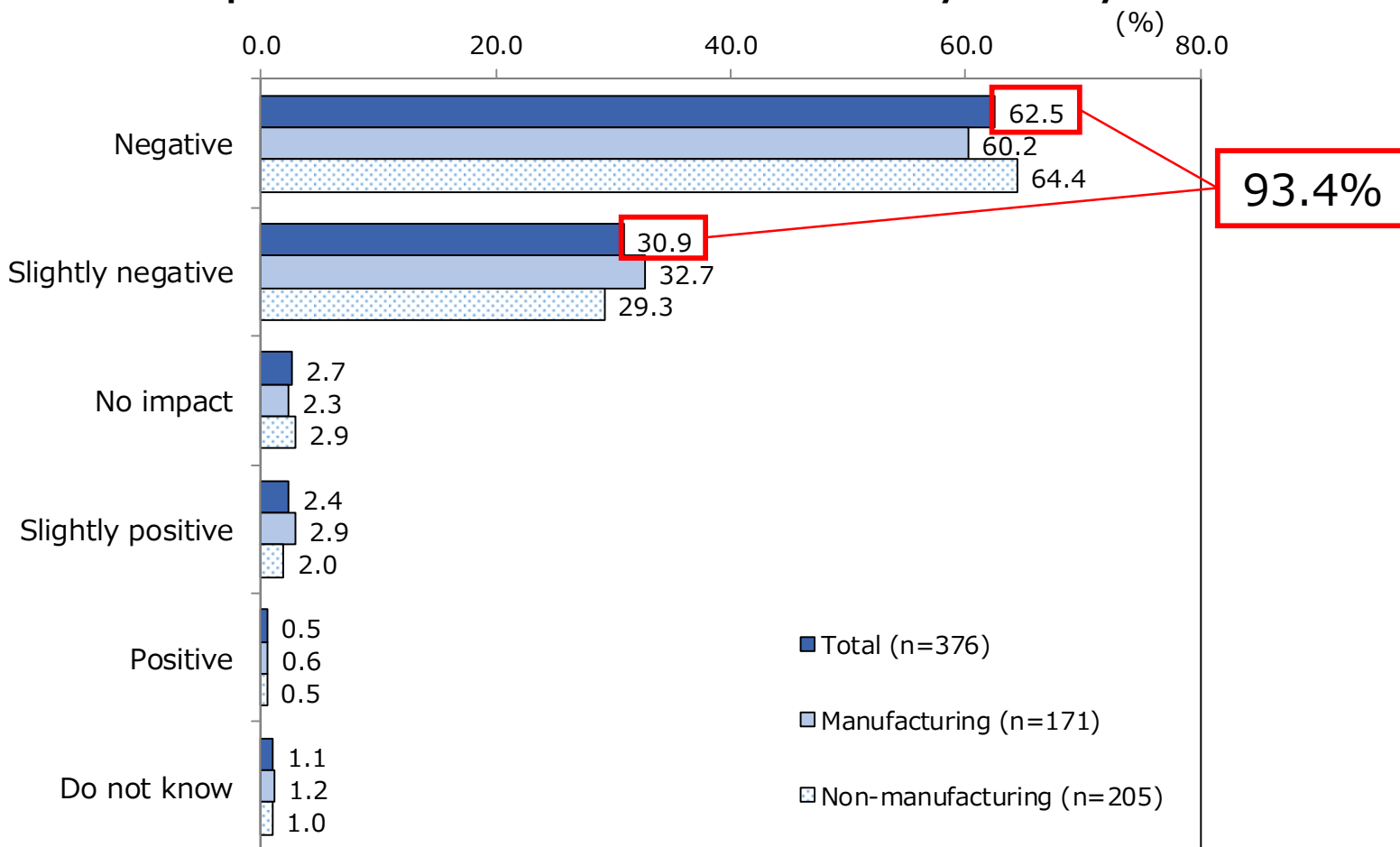
Year of Starting Business in Japan



(1) -① Impacts of COVID-19

- 93.4% chose either “Negative” or “Slightly negative”
- “Negative” was the most popular answer in all industries except for agriculture. In particular, 88.5% of companies in transportation/tourism chose the answer.

Impacts of COVID-19 on Business (total·by industry)



(1) - ② Impacts of COVID-19

- 68.4% of the companies chose "Decrease in sales/orders" as the nature of negative impacts, and the top three answers were those that reflect decrease in demand.

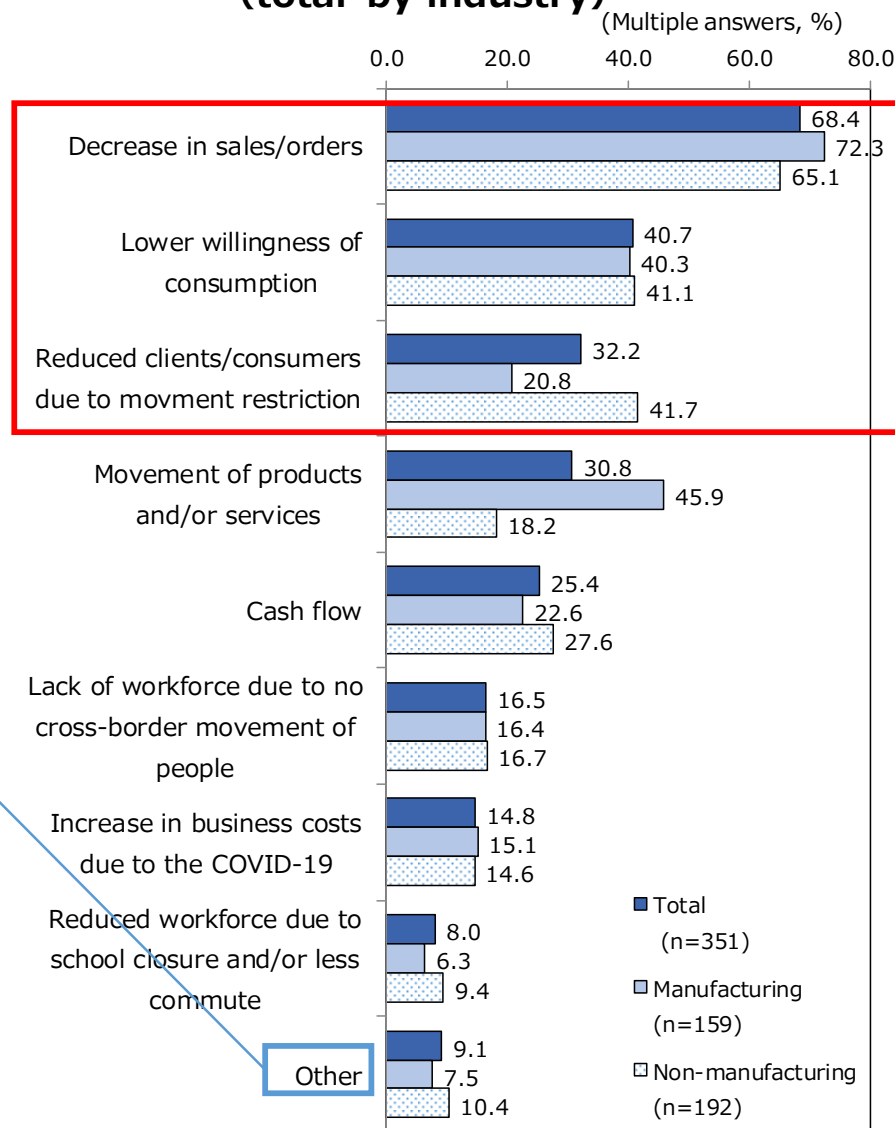
- By industry, 41.7% of non-manufacturing chose "Reduced clients/consumers due to movement restriction", a lot higher than manufacturing(20.8%). 45.9% of manufacturing, on the other hand, answered "Movement of products and/or services" while only 18.2% of non-manufacturing chose the same answer.

<Other>

- Cannot conduct face-to-face business meeting or slow progress online,
- Limited business hours and/or activities,
- Slower decision making for business development and expansion, etc.

Note: n is companies that answered the COVID-19 has had either "Negative" or "Slightly negative" impacts on them. Companies could choose up to three answers.

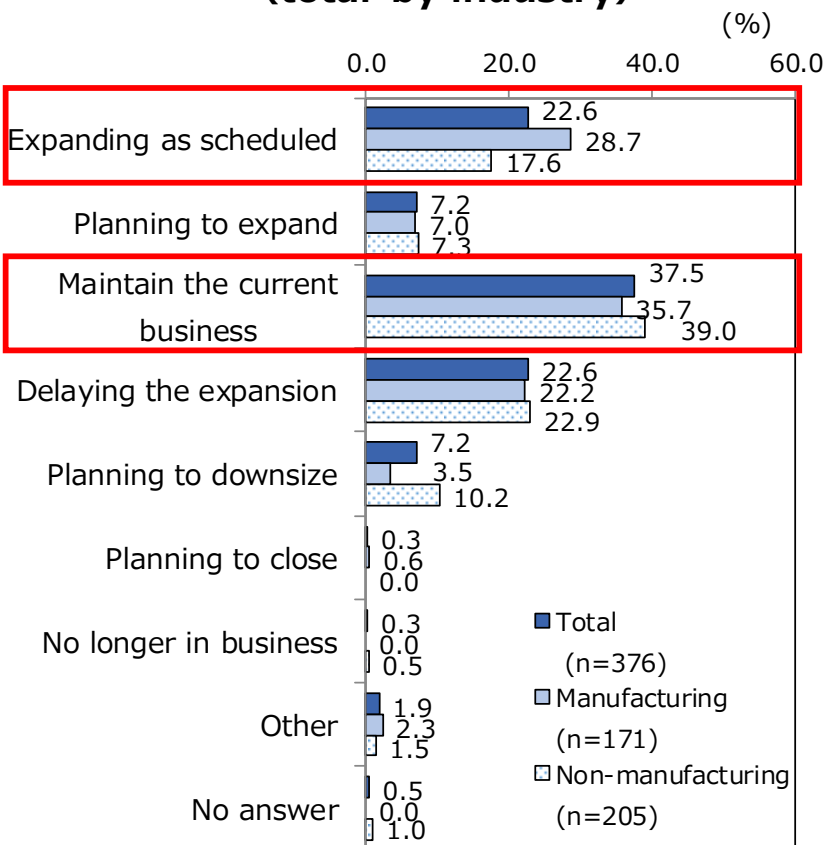
Nature of the Impacts (total·by industry)



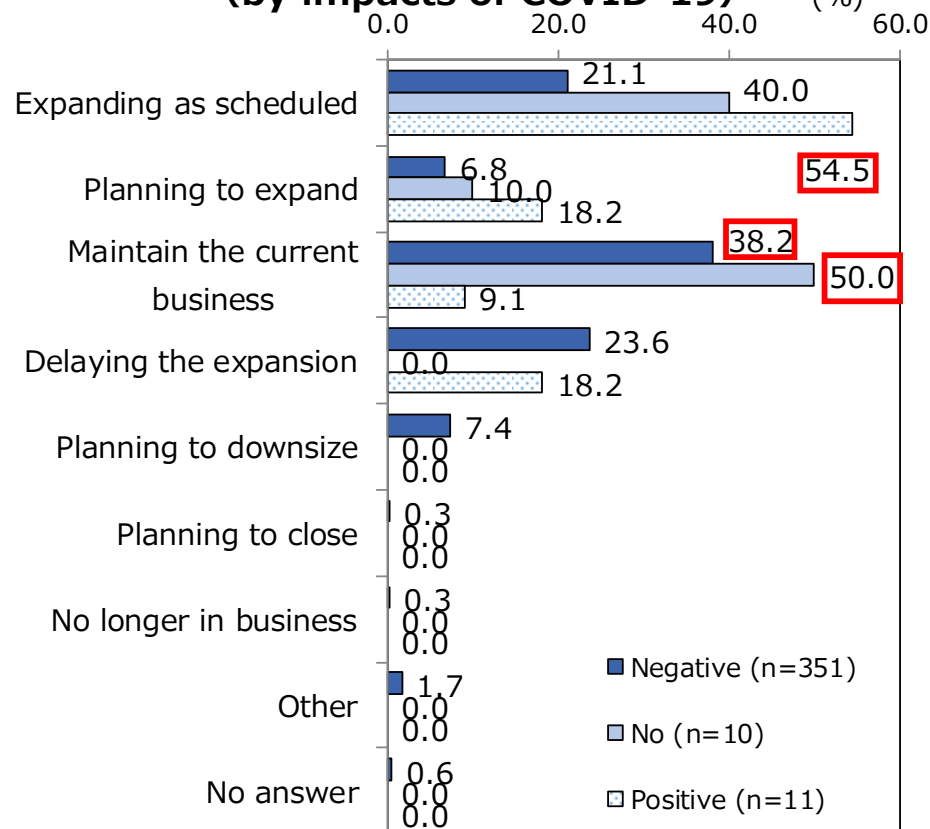
(2) Future Business Development/Expansion

- In total, the top answer was “Maintain the current business”(37.5%), followed by “Expanding as scheduled” and “Delaying the expansion”(22.6% for both answers). Compared to the survey in 2019, the rate for expansion(70.3%) decreased while maintaining the business(28.3%) increased.
- By impacts of COVID-19, “Positive” chose “Expanding as scheduled”(54.5%) most, whereas the top answer for “Negative”(38.2%) and “No”(50.0%) was “Maintain the current business.”

Future Business Development/Expansion (total·by industry)



Future Business Development/Expansion (by impacts of COVID-19)



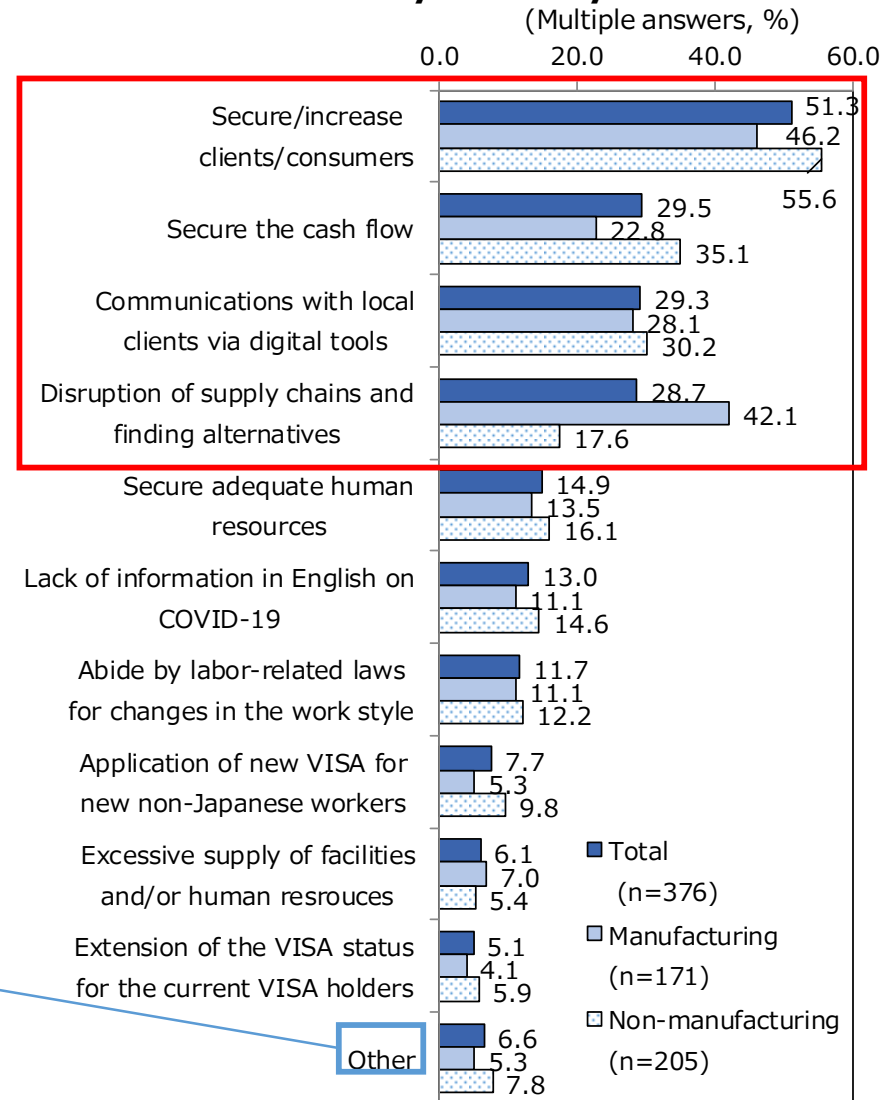
(3) -① Current Difficulties in Management

- The largest number, 51.3%, answered “Secure/increase clients/consumers”, which would directly result in sales. In particular, 55.6% of non-manufacturing chose the answer, about 10% higher than manufacturing.
- More non-manufacturing companies(35.1%) chose “Secure the cash flow” which was the second most popular answer, than manufacturing.
- The third highest answer was “Communications with local clients via digital tools”(29.3 %), which about 30% of both manufacturing (28.1%) and non-manufacturing(30.2%) chose.
- The rate of those that answered “Disruption of supply chains and finding alternatives” was 28.7% in total. In manufacturing, however, the rate was 42.1% and the second most common choice.

<Other>

- Keep staff safe, lack of disinfectant and masks,
- Slower approval processes/correspondence with authorities
- Cancellation of orders expected
- Restriction of cross-border movement for business activities and going back to home country, etc.

Current Difficulties in Management (total·by industry)



Note: Companies could choose up to three answers.

(3) -②

Current Difficulties in Management

- By the year of starting business in Japan, “Secure/increase clients/consumers” was the top answer for all the periods, except for those that came to Japan before 2000, whose top choice was “Disruption of supply chains and finding alternatives.” at 50.7%. 40.0% of the second oldest group of companies (2000~2005) also chose the answer.

Current Difficulties in Management (by year of establishment)

(Multiple answers, %)

	Total (n=376)	~2000 (n=75)	2000~05 (n=20)	2006~10 (n=46)	2011~15 (n=72)	2016~20 (n=158)
Secure/increase clients/consumers	51.3	45.3	55.0	43.5	52.8	55.1
Secure the cash flow	29.5	25.3	25.0	34.8	36.1	28.5
Communications with local clients via digital tools	29.3	25.3	20.0	26.1	29.2	32.9
Disruption of supply chains and finding alternatives	28.7	50.7	40.0	26.1	19.4	20.9
Secure adequate human resources	14.9	10.7	15.0	15.2	13.9	17.7
Lack of information in English on COVID-19	13.0	13.3	20.0	15.2	15.3	10.8
Abide by labor-related laws for changes in the work style	11.7	16.0	0.0	13.0	20.8	7.0
Application of new VISA for new non-Japanese workers	7.7	4.0	5.0	8.7	6.9	9.5
Excessive supply of facilities and/or human resources	5.1	5.3	5.0	4.3	4.2	5.7
Extension of the VISA status for the current VISA holders	6.1	10.7	0.0	6.5	8.3	3.8
Other	6.6	6.7	10.0	2.2	6.9	7.0

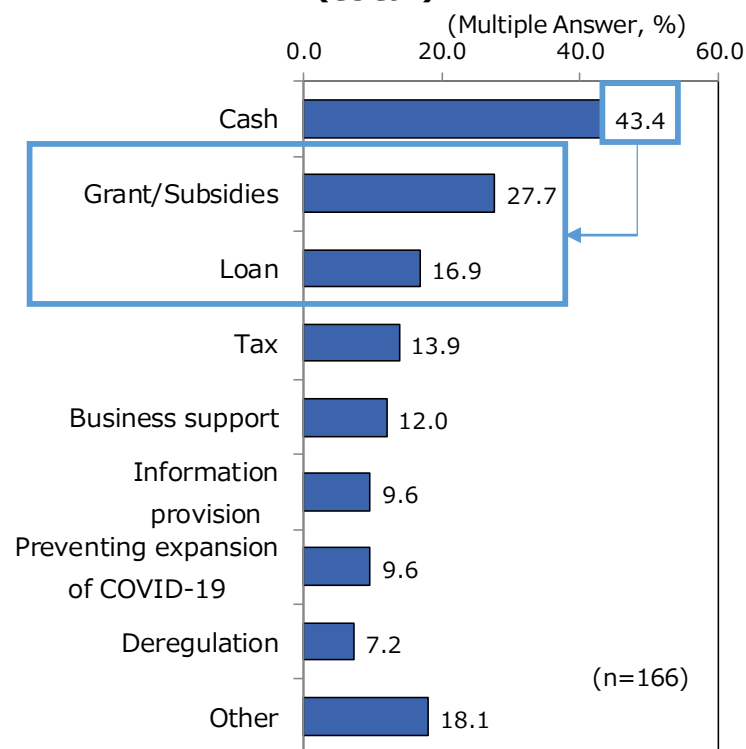
Note:

- 1) Companies could choose up to three answers.
- 2) Highlighted cells are the choices the largest number of companies that started business during the concerned period chose.

(4) Needs for Support/Information

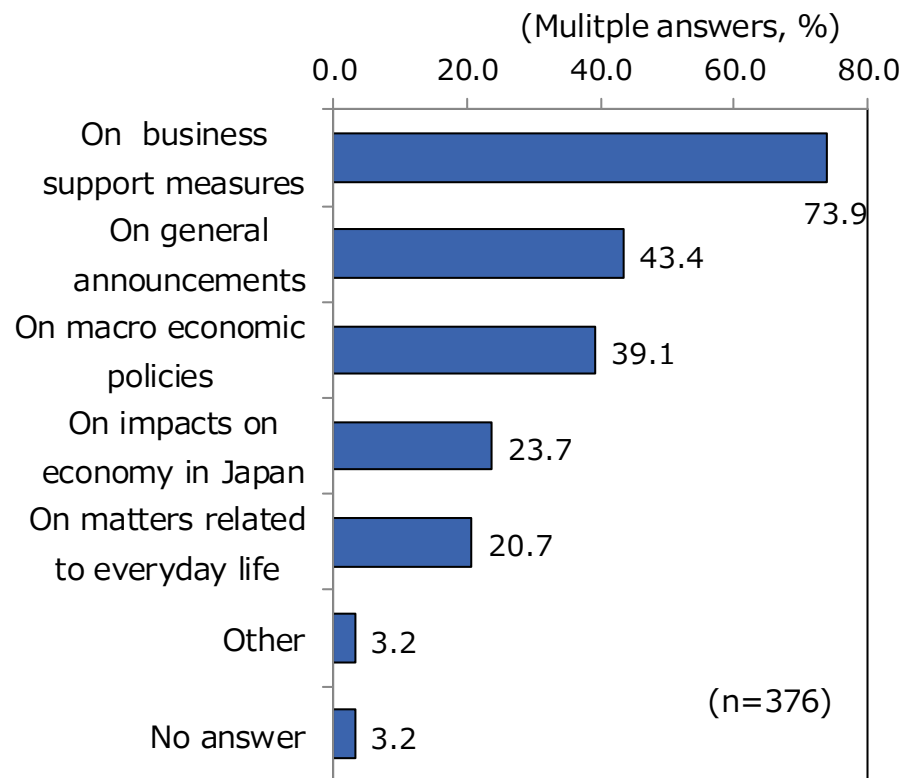
- 43.4% raised “Cash”-related measures as supports they need from the government for business development and/or expansion in Japan. Combined with answers related to “Tax,” the second most common answer, over half of the companies are in need for financial support.
- “Other” in supports from the government include supports to prevent furlough or acquire new talents, ease of procedures for entry into country or transparent outlook for policies on cross-border movement restrictions and supports for teleworking, among others.

Needs for Support from Government (total)



Note: n is the number of short answers in the survey, excluding those such as “not in particular.”

Needs for Information in English (total)



Note: Companies could choose up to three answers.

- (1) Impacts of COVID-19 on business**
- (2) Nature of the Impacts**
- (3) Plan of Development/Expansion of Business in Japan**
- (4) Difficulties in Managing Business Operations in Japan**
- (5) Information to be Provided in English**
- (6) Support You Need to Manage/Expand Business in Japan**



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