

JETRO's Second Quick Business Survey: Summary of Responses of Japanese Companies in the United States (April 6-8, 2020)

KEY TOPIC: Business Concerns and Reactions to COVID-19

April 9, 2020

Japan External Trade Organization (JETRO)

New York
San Francisco
Los Angeles

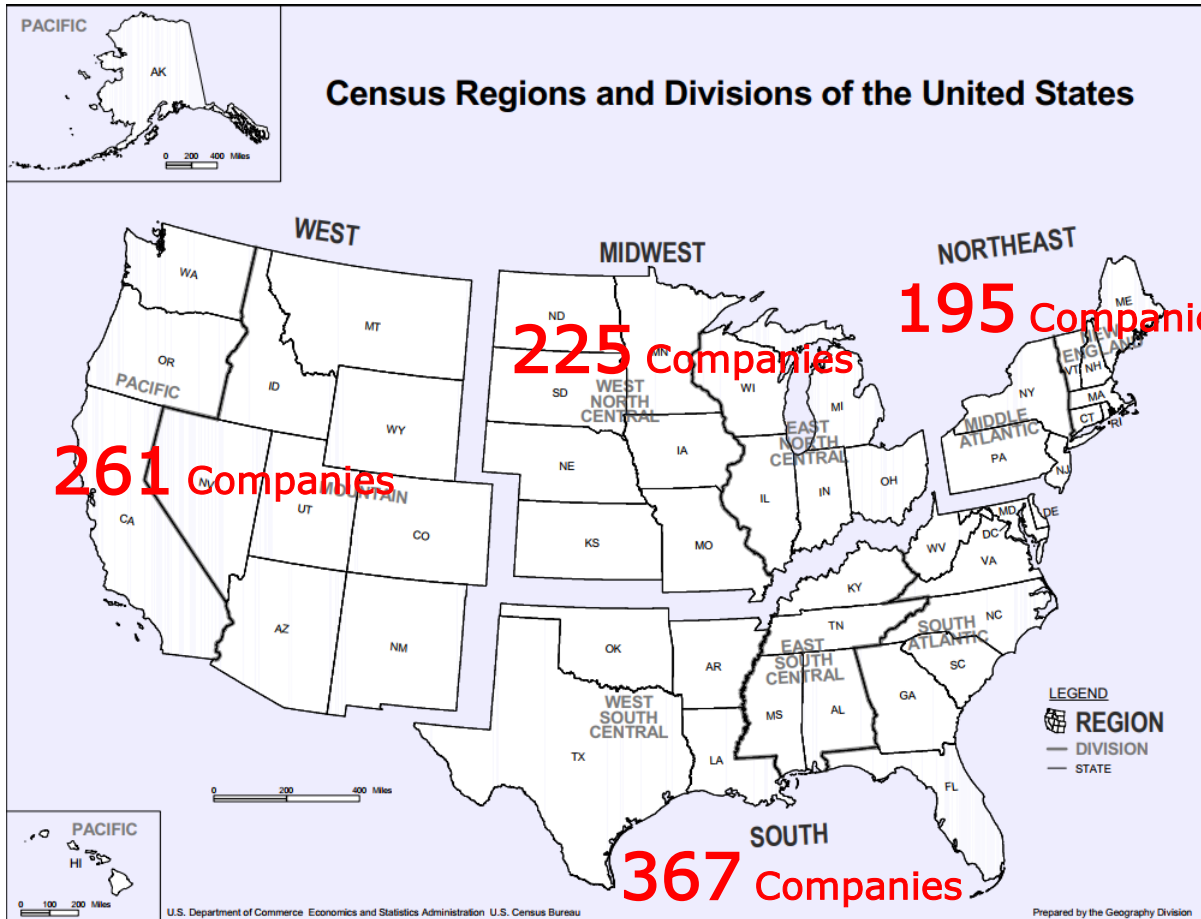
Chicago
Atlanta
Houston

Overview

Survey Period : April 6 – 8, 2020

Valid responses : 1,048 Companies

❖ Respondents by Regions



❖ Respondents by Industries

Manufacturing : 564
 Non-manufacturing : 484

❖ Respondents by number of employee

1~10 : 248
 11~100 : 362
 101~500 : 236
 More than 501 : 202

※For access to the first survey conducted from March 24 to 26:
https://www5.jetro.go.jp/newsletter/ama/2020/covid-19_surveyresult_0327_en.pdf

Created by JETRO based on the Census Bureau's regional classification Note: Hawaii is classified as West

■ Key Findings from JETRO's Second Business Survey (1)

1. Temporary Returns of Expatriates to Japan and Working from Home

- More than 70% of expatriates have not temporarily returned to Japan. The leading reasons are concerns about the risk of infection during travel and concerns in securing accommodations during the stay once in Japan.
- More than half of the employees are required to work from home due to Stay-At-Home orders. As a result, more than half of all surveyed companies are concerned about "constraints on sales activities" and "decreased productivity due to a lack of communication between employees."

2. Production and Sales Status

- With the increase of Stay-At-Home orders, more than 40% of companies are deemed as an "essential business" and remain open to continue operations.
- More than half of the companies have seen a decrease in sales in the past month.
- Nearly 70% of companies are operating at less than their normal production rate (some are suspending), which is a significant increase from the previous survey (54.2%). This is due to a decrease in domestic demand, including reduction of their customers' production.

■ Key Findings from JETRO's Second Business Survey (2)

3. Utilization of Public Assistance Programs and Challenges that Companies Are Struggling to Address

- One-fourth of companies are considering applying for public assistance programs. Importantly, nearly 15% of companies are interested, but not aware of the kinds of business assistance programs available.
- Overall, there is a high demand for access to information concerning support measures.
- As more companies implement working from home policies and as the spread of COVID-19 rises in the US, labor and safety management issues will continue to be a major challenges. Many companies are struggling to cope with these difficulties during this unprecedented crisis.

In response to this situation, JETRO has initiated a consultation service for Japanese companies with operations in the United States.

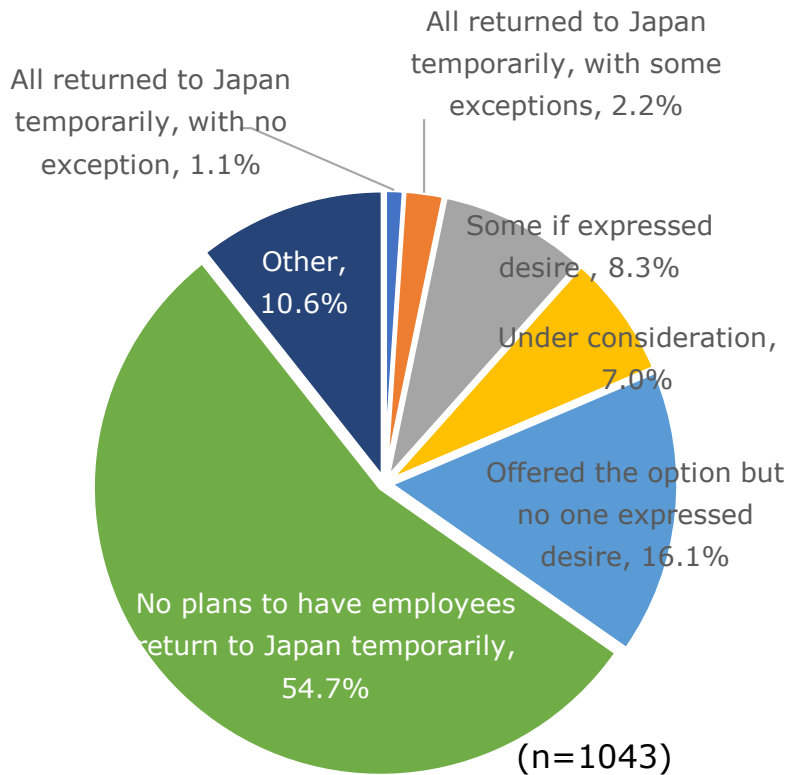
These consultation services are free of charge and provided by JETRO representatives and by Japanese speaking service professionals.

JETRO is providing essential information through a dedicated link on our website in Japanese, we are also assisting with consultations on an individual basis.

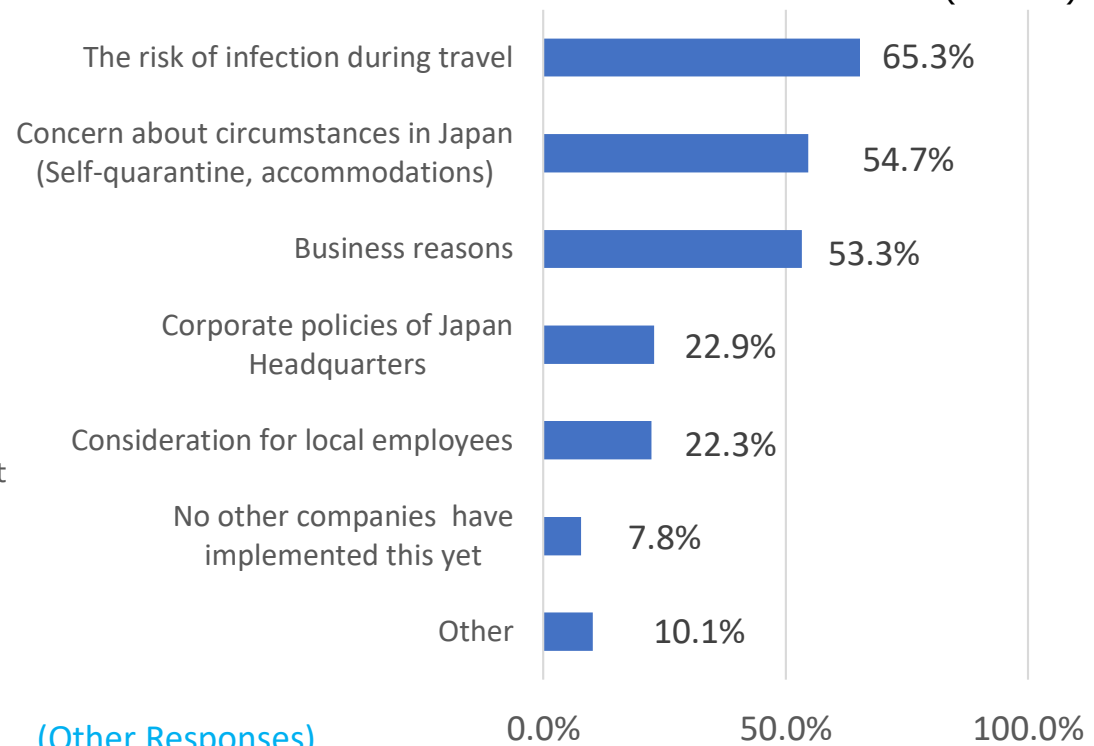
1-1. Expatriates' Temporary Return to Japan

- Japan raised the infectious disease risk throughout the United States to "Level 3." Despite this, **70% of companies do not have plans for expatriates to return to Japan on a temporary basis.**
- Half of the companies do not have plans to and nearly 20% stated they offered the option but no one expressed desire to return to Japan.
- The main reasons were concerns about **the risk of infection during travel**, circumstances in Japan upon return and business reasons.

Current Situation



Reasons NOT to Return



(Other Responses)

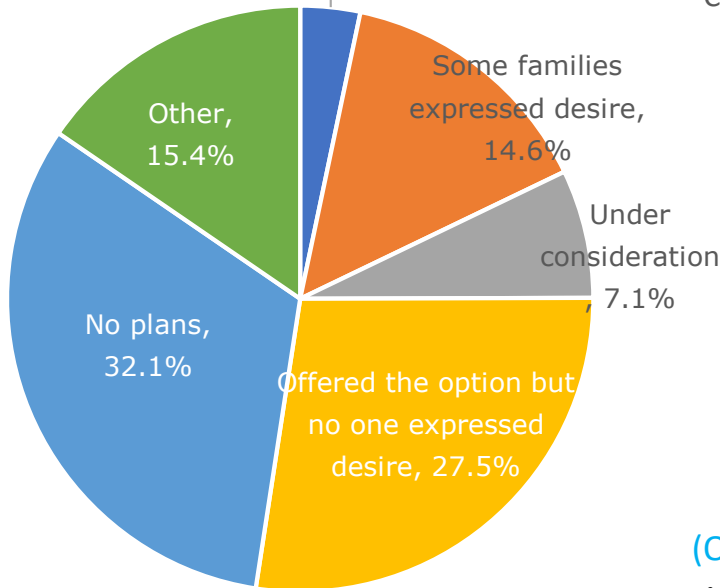
- Concerns with difficulty upon re-entry to the United States
- Current primary residence is in the United States, etc.

1-2. Temporary Return of Expatriate Families

- Over 30% of companies stated there are no plans for expatriate families to temporarily return to Japan. Nearly 30% stated they offered the option, but no one expressed desired to return to Japan. Around 60% of families are staying in the United States.
- The main reasons were concerns about the risk of infection during travel and due to their children's education.

Current Situation

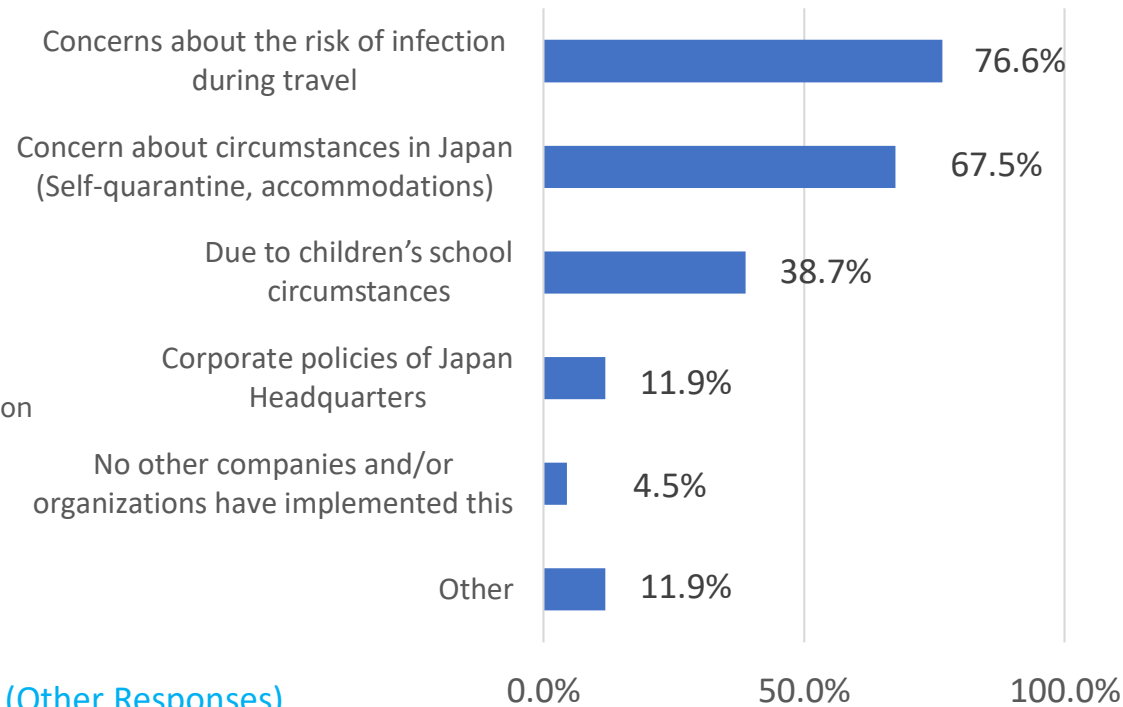
Unless there is a special reason, the entire family returned home temporarily, 3.3%



(n=1030)

Reasons NOT to Return

(n=764)



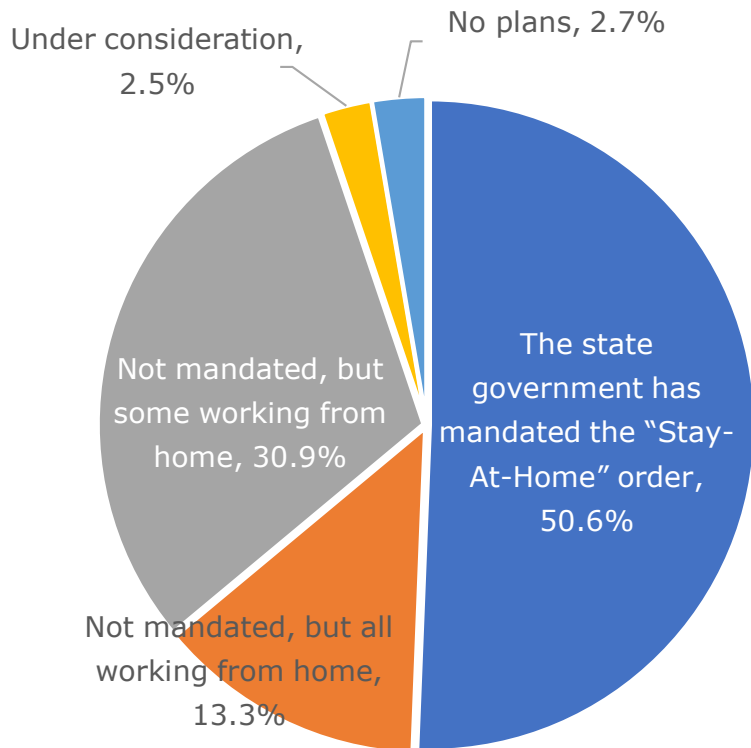
(Other Responses)

- Concerns with difficulty upon re-entry to the United States.
- It is better for the family to stay together.
- Since schools are closed, now we have to attend remote classes.
- If children do not attend school for a while, they have to leave, etc.

2-1. Implementation of Working from Home

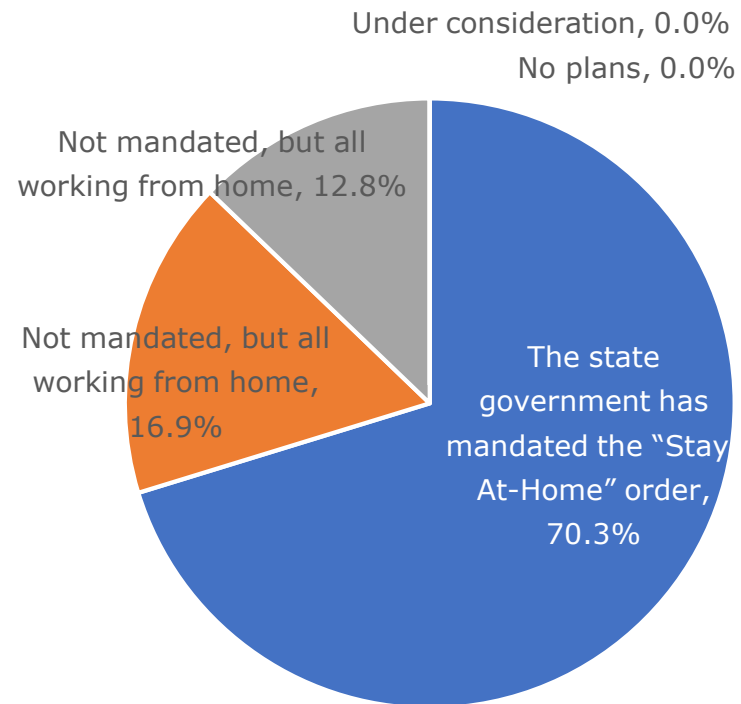
- Including regions where the Stay-At-Home order is not mandated, **approximately 95% of companies have implemented working from home policies.**
- More than half of the companies implemented working from home policies due to the Stay-At-Home order mandated by the state government.
- Especially for companies residing in regions with high infection rates like New York and other states in the Northeast, 70% of companies have employees working from home due to the Stay-At-Home order.

United States



(n=1043)

Northeast Region of the U.S.

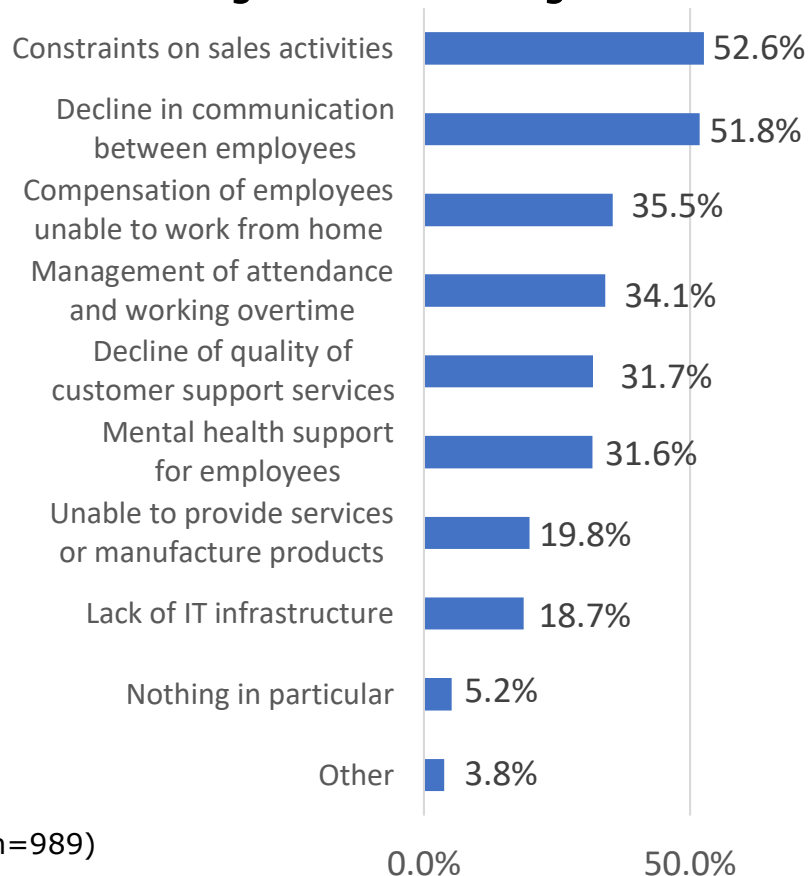


(n=195)

2-2. Challenges While Working from Home

- More than half of the companies stated their top concerns when implementing working from home are "constraints on sales activities" and "reduced productivity due to decline in communication".
- Some companies are also concerned about the mental health of their employees.

Challenges while working from home



(Examples of Mental Health Support)

■ More Frequent Communication

- Daily breakfast meetings (virtually)
- Frequent messages and expression of appreciation from the President and senior management
- Sharing information on a weekly basis
- Online face-to-face communication
- Ensuring no one is isolated
- Communicating by phone

■ Short Breaks and Exercising

- Photo Contest
- Having a friendly conversations (non-work related)
- Sharing a guideline of exercising and stretching at home
- Drinking from home (Virtual Drinking Party)

■ Other

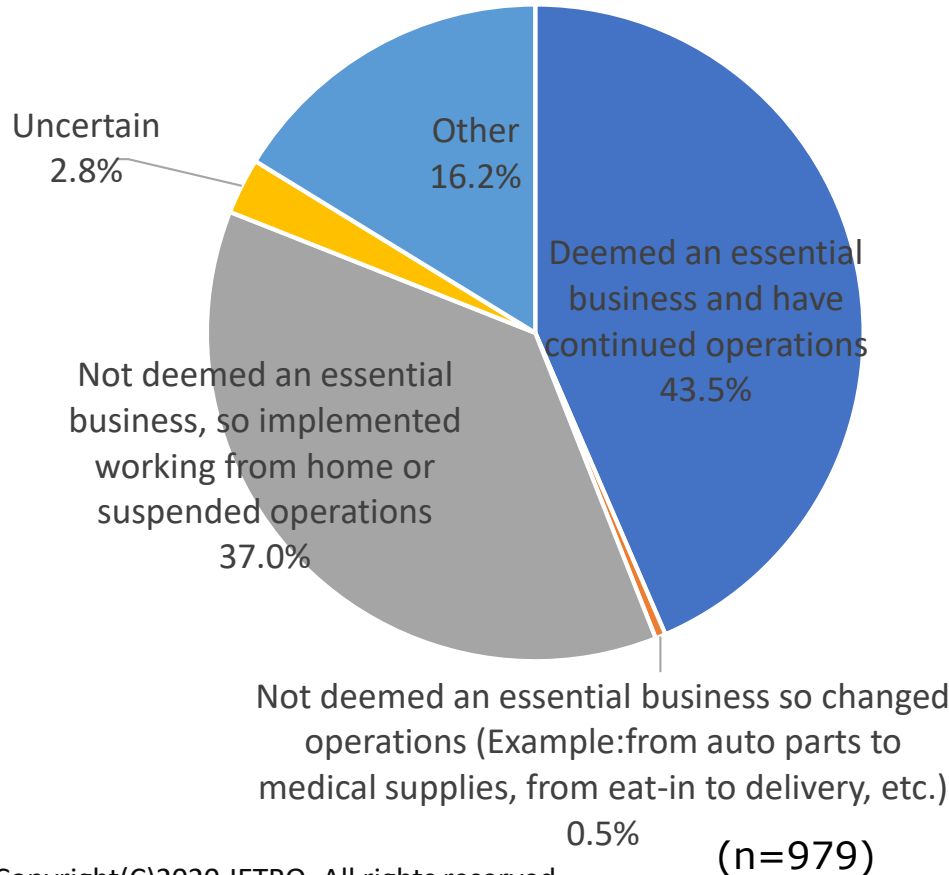
- Providing Information on Mental health Support

(Other Responses)

- Takes longer to process payments and accounting tasks
- Managing mail delivery
- Hard to revise employee handbook and evaluation system
- Lack of exercise

3. Operations under the "Stay-At-Home Order"

- 43.5% of companies have been deemed "essential" and continue their operations. This percentage was especially higher among manufacturing companies (52.9%).
- On the other hand, even if businesses were deemed "essential," some companies have halted their operations due to a suspension in their customers' production or a decrease in demand.



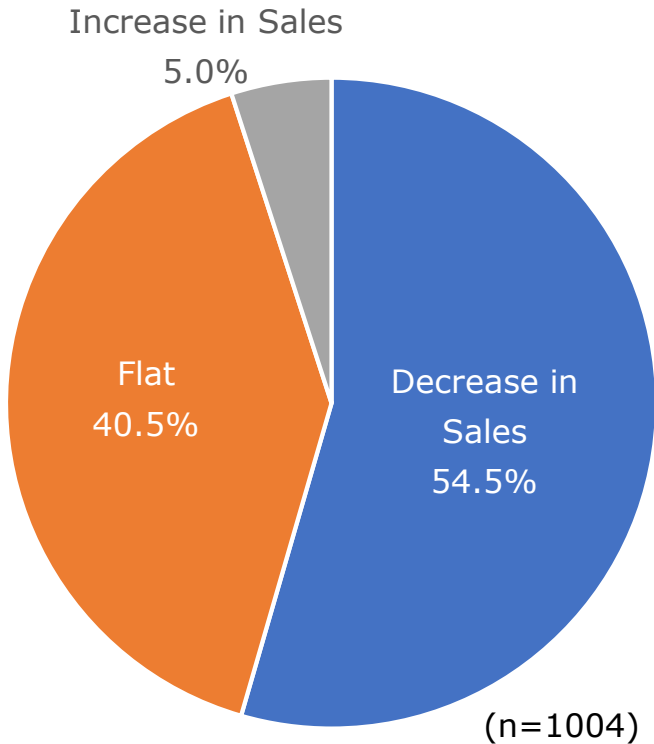
(Other Responses)

- Our business is deemed "essential" but...
 - Production has been halted due a suspension of their customers' production.
 - Business is suspended due to a decrease in demand.
 - Since the market is weak and inventory is sufficient, operations have been suspended.
 - Employees only go to the office when there is a customer request.
 - Implemented working from home for the safety of employees.
 - Working from home since job functions can be easily done from home.
 - On-site work is operating and office work is done from home.
 - Employees take turns rotating shifts.
 - Only those who work with payments, financing, salaries, warehouse shipments, etc. are obligated to go to the office.

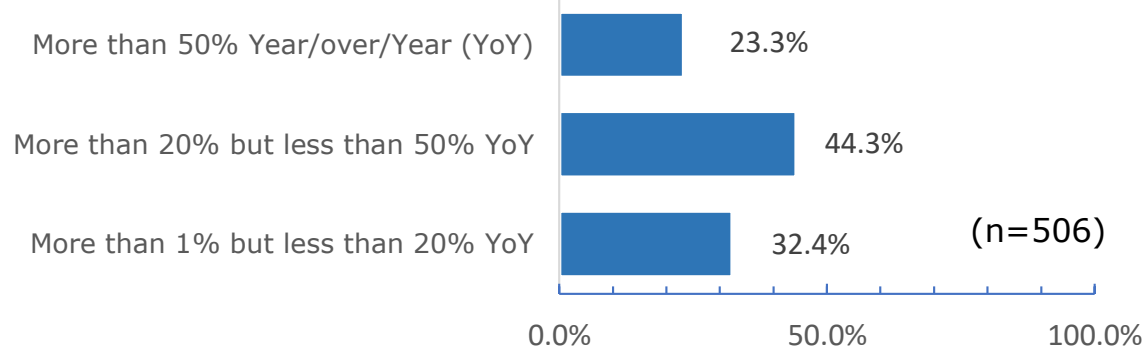
4. Impact on Sales

- More than 50% of companies stated sales have decreased in the past month.
- Among these companies, **more than two-thirds stated sales decreased by more than 20% year-over-year**, and more than 20% stated sales decreased by more than 50%.

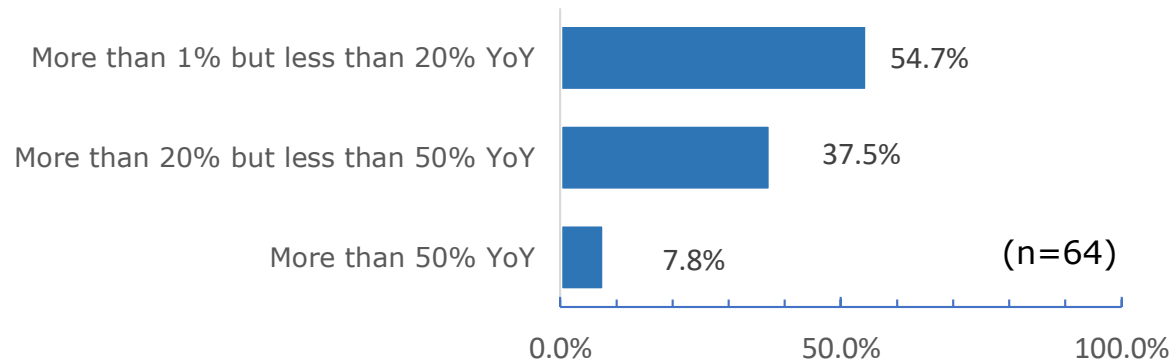
Impact on Sales (last month)



Sales Decrease



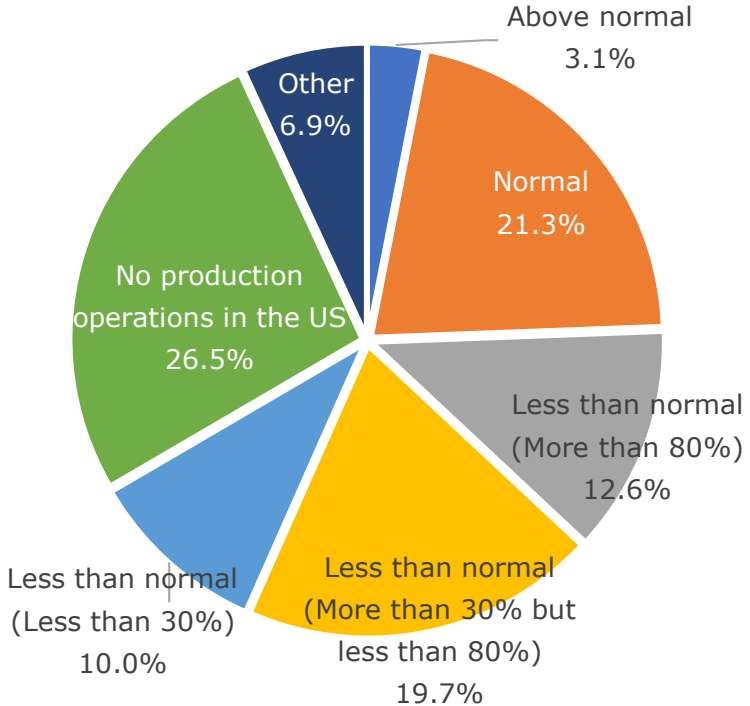
Sales Increase



5. Production Status for Manufacturing Companies

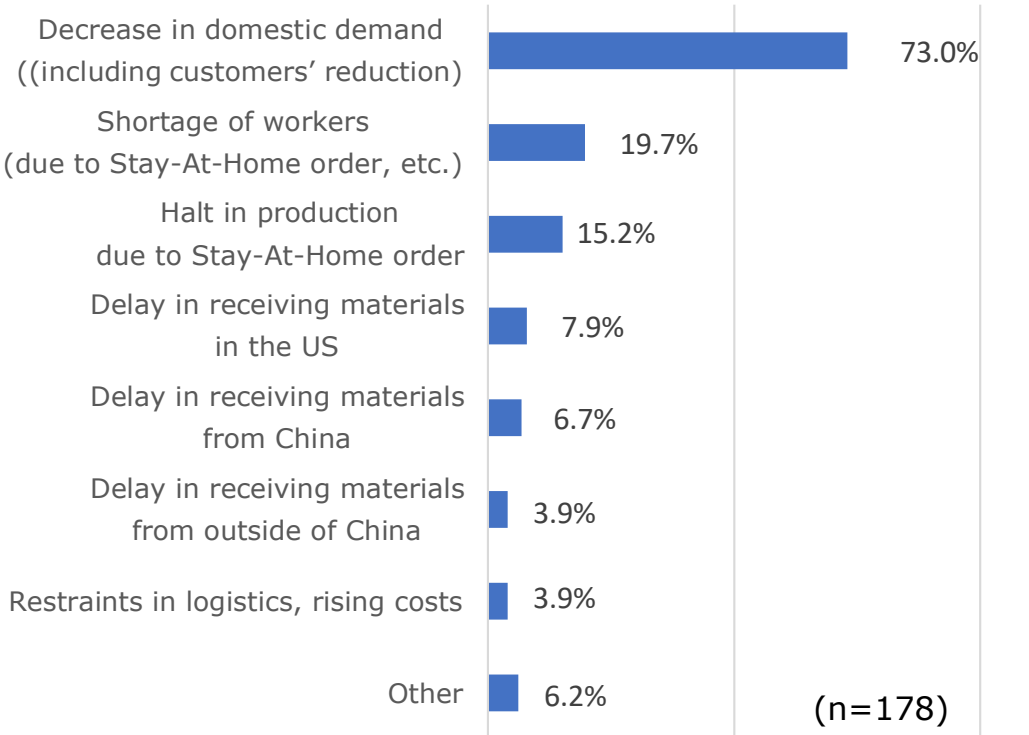
- Nearly 70% of companies have either suspended production or been operating at less than the normal capacity, a significant increase from the previous survey (54.2%), conducted on March 24-26th.
- Approximately three-fourths of companies stated the leading factor was a decrease in domestic demand, followed by a shortage of workers (due to Stay-At-Home order, etc.) and suspension of factory operations.

Production Volume



(n=442)

Factors of Production Decrease



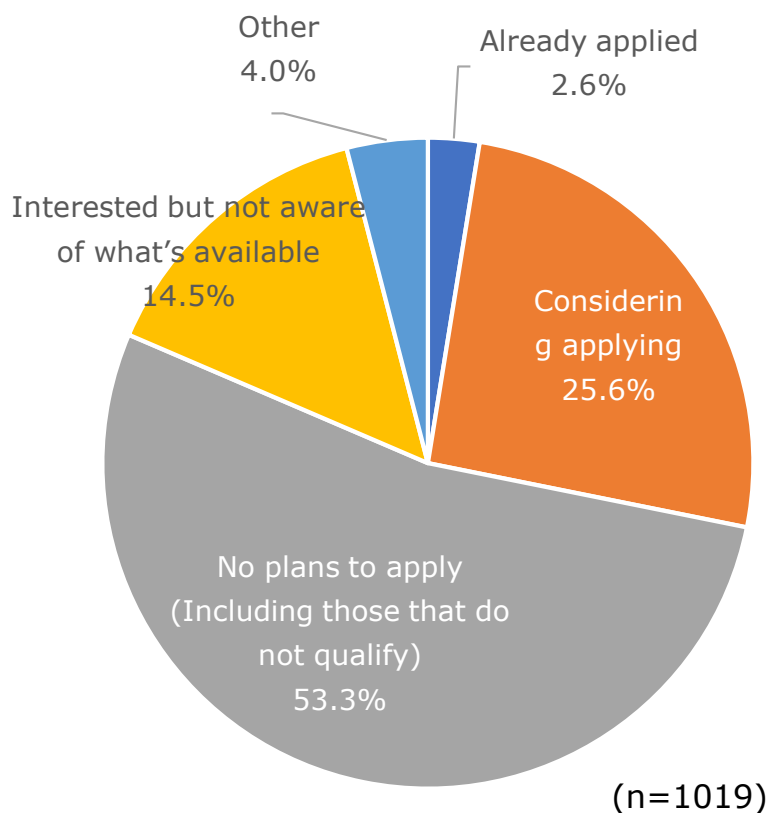
(n=178)

※Multiple answers allowed

0.0% 50.0% 100.0%

6. Utilization of Public Assistance Programs

- While more than half companies stated they have no plans or not eligible to public assistance programs, one-fourth of the companies are considering to apply.
- On the other hand, **14.5% of companies responded "are interested but are not aware of the type of support that is available"**.



(Sample Responses)

[Assistance Programs to which Companies Applied]

- CARES Act
- Paycheck Protection Program (PPP)
- Economic Disaster Injury Loan (EDIL)
- Unemployment Insurance Benefits
- Families First Coronavirus Response Act (FFCRA)
- Emergency Family and Medical Leave Act (EFMLA)

[Assistance Programs Under Consideration]

- CARES Act
- PPP (includes looking for lenders and checking whether the company is suitable to apply)
- Payroll Tax Deferral
- Tax Credits
- Unemployment Insurance Benefits

[Assistance Programs of Interest]

- CARES Act
- PPP
- Leave Payment
- Tax Reduction Measures
- Office Rent Reduction and Exemption
- Unemployment Insurance Benefits
- Support Measures for Paid Leave Provisions

7. Challenges Companies are Struggling to Address (Part 1)

(Sample Responses)

■ Visa and Immigration Restrictions

- The renewal deadline for my visa is coming in May, but I cannot schedule an interview.
- I have to carefully decide when we could return since it is mandatory to self-quarantine for 2 weeks when entering Japan and also when re-entering the U.S. • Since our clients in Japan cannot travel to the United States, it makes it difficult to operate.

■ Relief Measures for Businesses

- It would be beneficial to have a comprehensive guidance of the available public assistance programs.
- I am not sure what kind of aids and supports are available for us.
- I have applied for a loan program, but I don't know if it will be approved.

■ Financing

- Shortage of capital.
- The employees at the bank were not familiar with the requirements to apply for a loan.
- Future impact on the business, cash flow, employment, etc.

7. Challenges Companies are Struggling to Address (Part 2)

■ Business Continuity

- Since the definition of an 'essential business' varies depending on the state and location of the office, it is difficult to determine if we are allowed to continue operating as a business and if so, which job functions qualify as essential.
- We were told our factory in Mexico cannot operate since it is not 'essential', but it is difficult to determine whether that is really true.
- We are continuing to operate since we are deemed as an 'essential business', but we have been rotating shifts on a daily basis in order to practice social distancing. While there used to be nothing to work from home, we created new tasks to pay, such as compiling an operations manual, etc.
- We are not sure when we could reopen our production facilities. Since the duration of the Stay-At-Home order varies by state, we have concerns on how to operate our own facility even after the end of the order, when our suppliers located in another state cannot operate.

■ Working from Home

- If companies allowed employees to go grocery stores during the day on weekdays, it would help alleviate overcrowding and reduce the risk of infections.
- Establishing new rules for working from home, including how to deal with industrial accidents while working from home.
- Since the situation has prolonged, we are concerned about the decrease in productivity.

7. Challenges Companies are Struggling to Address (Part 3)

■ Employee

- Compensation of those who work from home and at the office; taking proper actions when an employee is found to be infected; and compensation for employees if business operations are suspended.
- Currently focused on infection prevention measures to ensure employees' health to keep factory operating.
- Our industry has been significantly impacted by the travel restrictions. We are not sure how long we should keep our employees.

■ Healthcare and Daily Life

- There are concerns about the healthcare system.
- In case I get infected, I am not sure if there is adequate medical support available.
- Medicine, toilet paper, face masks, disinfectants, etc. are not readily available.
- I am worried about anti-Asian discrimination.
- Since the DMV is closed, there are some people who are unable to renew their driver's license or vehicle registration.

■ Other

- There is no instruction from the HQs in Japan. It is difficult for HQ in Japan to understand the U.S. situation correctly, since there is a large information gap.
- Uncertainty surrounding how long this situation will continue.
- It is the time that Japanese companies should come together and overcome this unprecedented crisis. If there is any support we can provide, I would like to be informed.

JETRO's COVID-19 Consultation Service for Japanese Companies Operating in the US

- With the rising spread of COVID-19, Japanese companies with operations in the US have been significantly impacted. In response to this situation and to provide support to Japanese companies that have been impacted by COVID-19, JETRO USA has started a consultation service in all regional offices in North America.

1. Individual Consultation with Local Experts

JETRO has teamed up with local experts such as lawyers and accountants to provide complimentary individual consultations on for example, labor, legal, and tax issues encountered by Japanese companies.

2. Responding to Individual Consultations and Inquiries

We will respond to various inquiries, including questions about information published on our website.

Please submit your application online using the link below (in Japanese):

https://www.jetro.go.jp/jetro/overseas/us_newyork/info/20200403.html

JETRO Website (in Japanese)

“Impact of the COVID-19 Crisis” at the link below:

<https://www.jetro.go.jp/world/covid-19>



日本貿易振興機構(ジェトロ)

海外ビジネス情報 ▾ サービス ▾ | 国・地域別に見る ▾ 目的別に見る ▾ 産業別に見る ▾

◆ > 国・地域別に見る > 特集：新型コロナウイルス感染拡大の影響

特集 新型コロナウイルス感染拡大の影響

 このページを印刷する

中国湖北省武漢市で発生した新型コロナウイルスによる肺炎の感染が拡大しており、感染者や死者が増加するなど状況が深刻化している。本特集では、中国および世界各国の感染状況やその対応などについて報告する。

▶ 北米

- ・ 事業者・ビジネス関連措置
- ・ 各州政府等の措置などのリンク集

▶ 欧州

- ・ 経済対策及び事業者・ビジネス関連措置
- ・ 関連リンク集

▶ アジア

- ・ 経済対策および事業者支援策等
- ・ 国内の移動制限・事業所閉鎖等の措置

▶ 中国

- ・ 動画によるワンポイント解説
- ・ 中国各地域の企業等に対する支援策
- ・ Q&A

▶ 進出日系企業への緊急調査結果 ▶ お問合せ・相談窓口ご案内

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中国	アジア	オセアニア	北米	中南米	欧州	ロシア・CIS	中東	アフリカ	世界
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2020年4月2日 瀋陽市、介護施設など民生関連施設の封鎖管理を緩和(中国)

2020年4月2日 大連市、外国からの新型コロナウイルス感染者流入防止へ水際対策強化(中国)

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■ Japan

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