



(Appendix: Presentation summary)

## 1. Changes in the European business environment due to COVID-19 and challenges for corporate Activities

By Mr. Susumu Tanaka, Director of Europe, Russia and CIS Division, JETRO Tokyo

At the beginning, Mr. Tanaka explained that the infection of COVID-19 in European has calmed down little by little and that the removal of restrictions of movement is gradually progressing through trial and error. And then he took up a guideline consists of three points for deregulation and a roadmap consists of 10 items for reconstruction, both by the EU commission.

He touched the impact on business, showing GDP and household spending in major EU countries, utilizing concrete figures. In particular, he concentrated on the movements of the automobile industry. Although the production and sales of automobiles are not on track yet as a whole, he took up the example that the expansion of demand by eco-car purchasing support measures in France has led to the activation of personal consumption.

Regarding the trends of Japanese companies in Europe, he explained the operation status, labor management, movement of the supply chain, etc. Although the Japanese manufacturing industry has begun to move toward production recovery, there are some backward movements due to the occurrence of clusters, and there are still many restrictions on logistics, and delays are becoming chronic, he pointed out.

After that, he introduced the economic stimulus measures of the major countries in anticipation of after COVID-19 by exemplifying the progress of the digital society and the automobile purchasing incentive measures of France, Germany and Spain.

Finally, he explained that the EU has decided to apply national subsidies as an exceptional measure and by July 23, 226 subsidy cases have been approved, while the scheme breaks the single-market principle.

## 2. How is the situation of revitalization of SMEs in Europe ?

By Mr. Luc Hendrickx, Director Enterprise Policy, SMEunited

First, Mr. Hendrickx introduced the SMEunited as an organization, which consists of 60 organizations in 30 countries in Europe and 24 million small and medium-sized enterprises. 24 million companies account for 99.8% of the total number of companies in Europe, of which 93.1% are companies with 10 or less employees.

He pointed out that the impact of COVID-19 is most strongly reflected in the strengthening of domestic orientation and disruption of the supply chain in the short term, and in the long term, in the promotion of telework and e-commerce. By industry, he added, the industries that have been hit hardest are services



such as travel, hotels, restaurants, and retail/wholesale and construction. More than 50% of these industries are suffering from serious cash flow problems. In response to this, financial institutions and others are working on relaxing loan and loan repayment conditions, and on June 29, the EU also decided that the government could assist the SMEs that are already difficult to raise funds as of December 2019, he explained.

He also introduced that short-term employment is also permitted by “the EU support to mitigate unemployment risks in an emergency =SURE” and said that “the EU Reconstruction Fund” agreed in late July is also significant.

Regarding the international environment after the wave of COVID-19, he stressed that an early conclusion of investment protection agreements attached to Japan-EU EPA, an early execution of new trade agreement between EU and UK, construction and diversification of supply chain outside China, raising tariffs due to the protectionism in the US, are important factors for EU SMEs.