

Unfolding Crisis: **ECCP Perceptions and Recommendations on COVID-19**

ECCP Survey Report on COVID-19



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EXECUTIVE SUMMARY

Undeniably, the economic toll of the coronavirus disease 2019 (COVID-19) pandemic has been unprecedented. On the domestic front, the Philippines became the first country to shut its financial markets, only to reopen a day after, while businesses reel from stringent quarantine measures.

Between 17 March to 25 March, the European Chamber of Commerce of the Philippines (ECCP) conducted a short survey to assess the impact of COVID-19 on the European-Philippine business community. A total of 87 ECCP member companies participated in the poll.

Through this initiative, the ECCP seeks to address the concerns faced by its members to and proactively work with the government and other stakeholders in finding ways to protect the country's population and stimulate economic activity.

Key Findings

- 67.8% of respondents reported that they were significantly affected by the COVID-19 epidemic.
- In terms of business functions, respondents answered that operations, specifically on sales and human resources, were the most affected.
- More than half of the respondents estimate up to 50% revenue loss.
- 31% of the respondents answered that it will take them four to six months to recover.
- Less than half or 46% of the respondents said that the global health crisis has significant effects to their organization's revenue performance and operating cost due to mitigating measures.
- Key areas that the respondents call for government support on are tax breaks, economic and business support, and tax filing extensions.
- In spite of the declaration of a Code Red Alert Sub-level 2, more than three-fourths or 77% of the respondents answered that they will be able to manage the challenges of the COVID-19 pandemic.

RESPONDENTS' PROFILE

Nationality of Organization (14 nationalities)

The companies surveyed came from 14 nationalities, mostly from Europe or Filipino companies with European equities.



U.S.A.*



Australia*



Belgium



United Kingdom



Canada*



China*



Netherlands



Philippines



Germany



Hong Kong*



Ireland



Norway



Spain

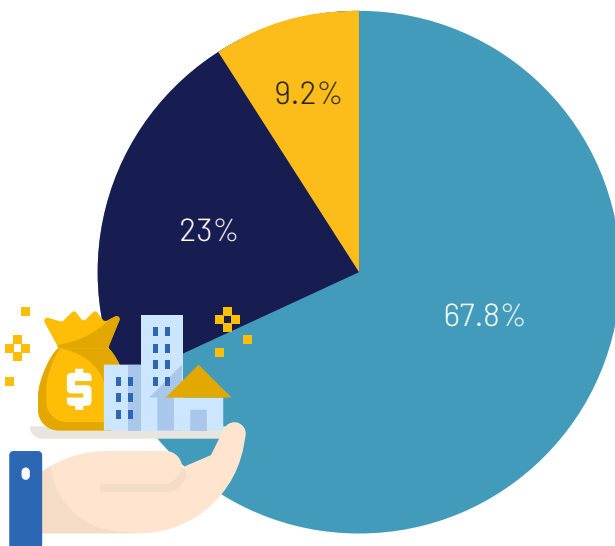


Switzerland

*Non-European companies with European equities

Designation of Respondents

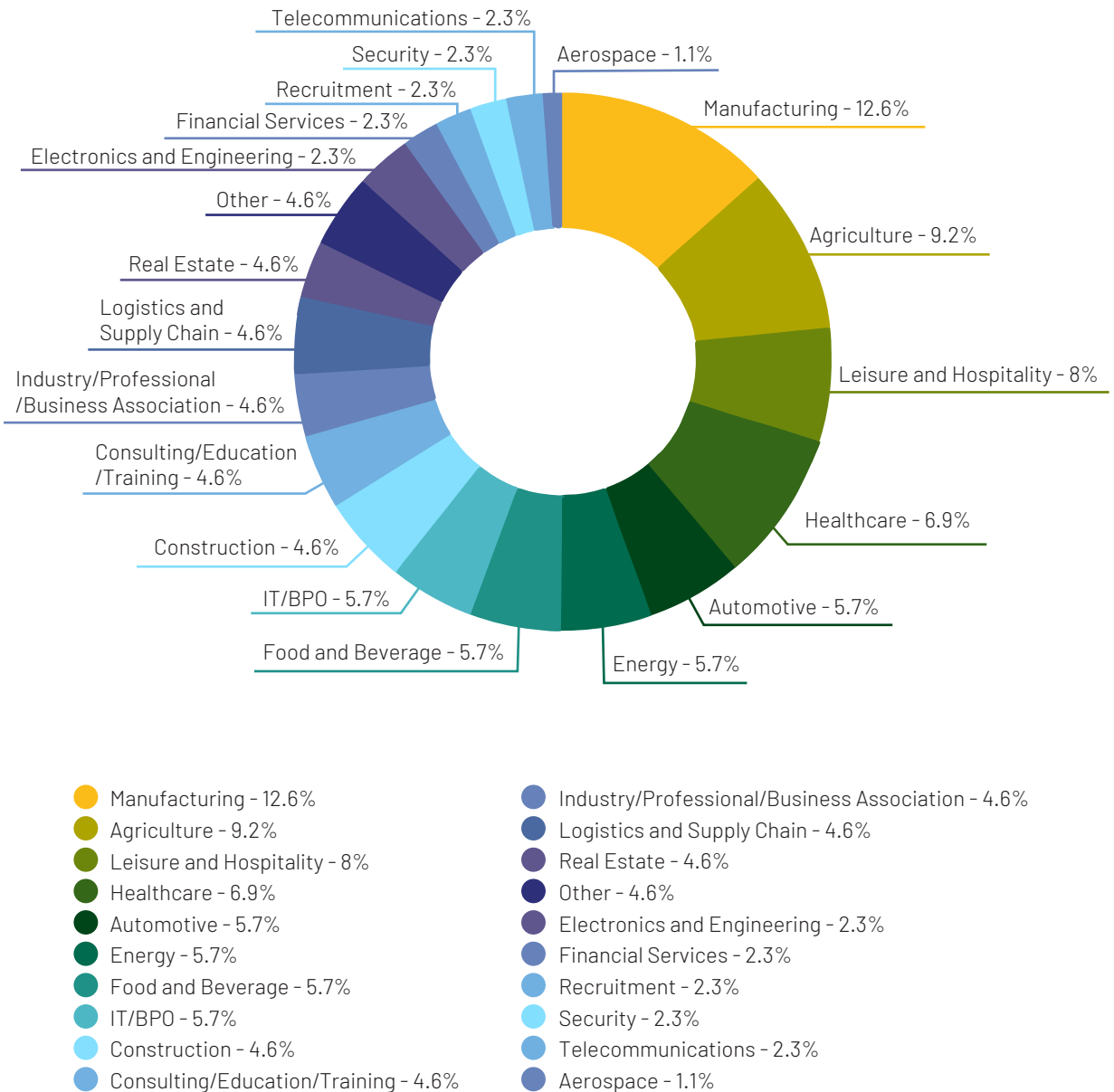
67.8% or majority of the respondents are C-level executives (e.g. chief executive officers, managing directors/partners, presidents) who have considerable control and influence over their companies. 23% came from middle management, while 9.2% are from the lower management.



- 67.8% - Top Management
- 23% - Middle Management
- 9.2% - Lower Management

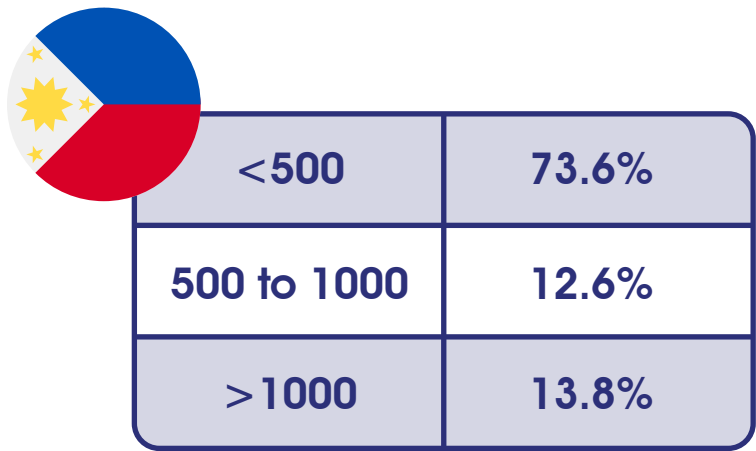
Industry Group

Respondents also came from across different industry groups with the largest from the manufacturing sector (12.6%). Industry players from agriculture (9.2%), leisure and hospitality (8%), as well as healthcare (6.9%) also comprise a significant size of the total survey respondents.



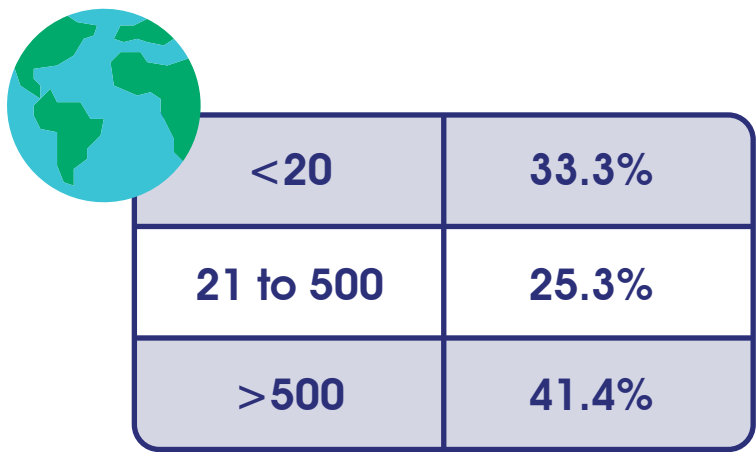
How many employees are employed in your organization in the Philippines?

Almost three-fourths or 73.6% of the organizations surveyed have less than 500 employees based in the Philippines. As for the remaining quarter, 13.8% of the companies have more than 1,000 local staff while 12.6% maintain a headcount of between 500 to 1,000.



How many employees are employed in your organization globally?

41.4% of the companies have more than 500 employees worldwide, 25.3% keep between 21 to 500 international staff, while 33.3% have less than 20 personnel outside the Philippines.



Almost all respondents felt the effects of the COVID-19 outbreak to varying degrees. 67.8% reported that they are significantly affected, 24.1% or a quarter agreed that they are moderately affected, 6.9% answered that they are slightly affected, while a slim 1.1% said that they are not affected by the global health crisis.



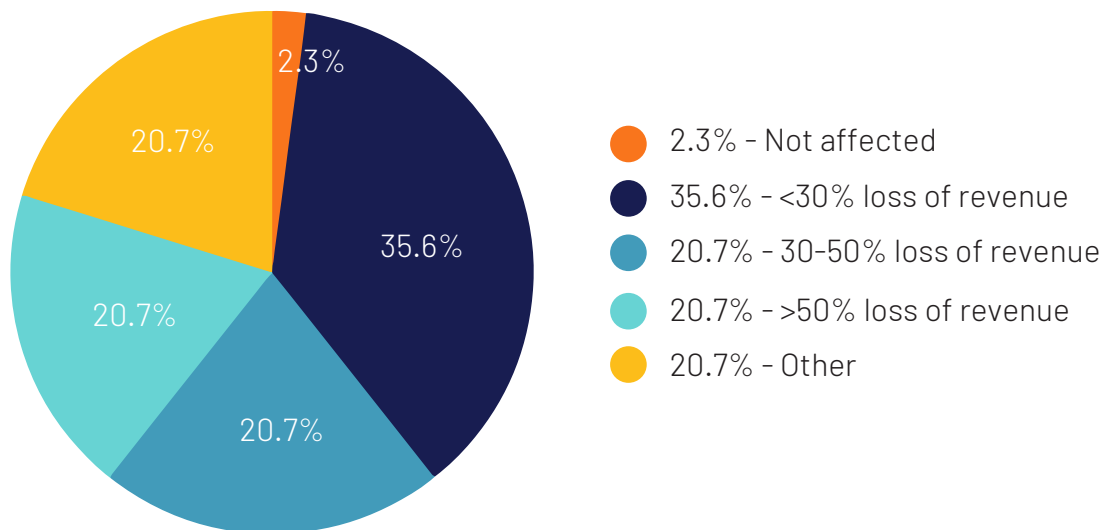
Respondents expressed that operations remain the most significant concern for their businesses as COVID-19 shut down economic activity. Specifically, sales and human resources are affected as companies see declines in financial operations and reduced workforce productivity. Additionally, stringent quarantine measures of the government tightened the movement of company personnel as well as transportation of goods.



What do you think would be the estimated cumulative impact of the COVID-19 outbreak on your organization for 2020?

A majority of ECCP members also conceded that COVID-19 has considerable effects on their revenue performance. 35.6% answered that they would suffer less than 30% revenue loss, while 20.7% estimated roughly a drop in revenues of between 30% to 50%. Similarly, 20.7% are at risk of more than 50% drop in revenue while 2.3% said that COVID-19 will not affect their balance sheets.

Additionally, 20.7% of those surveyed said it is unclear at the moment to give an estimate as it depends on the business environment and how the epidemic evolves.

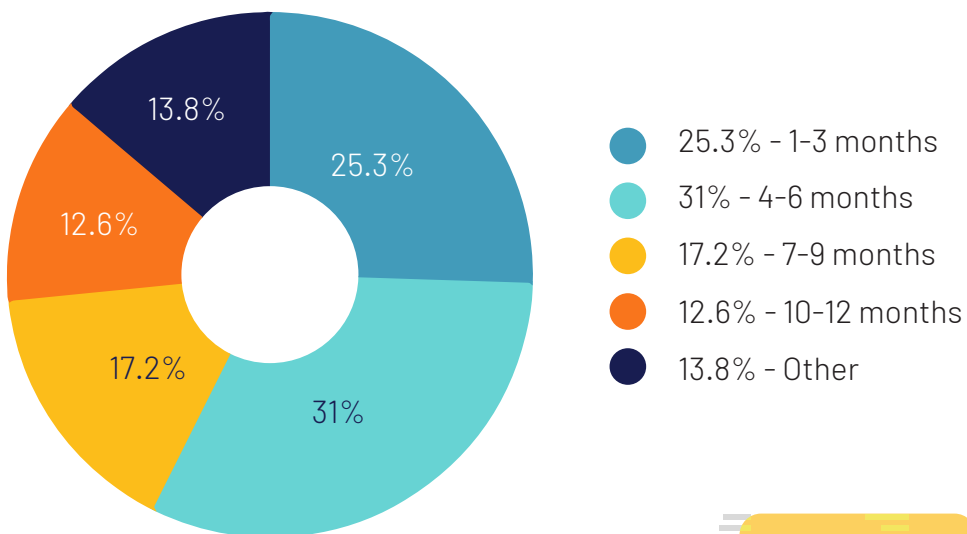


For how long do you expect it will take for your organization or industry to recover from the COVID-19 pandemic?

31% of the respondents admitted that it will take them four to six months to recover from the COVID-19's effects. Meanwhile, a quarter or 25.3% answered that the recovery rate is much shorter for them at one to three months.

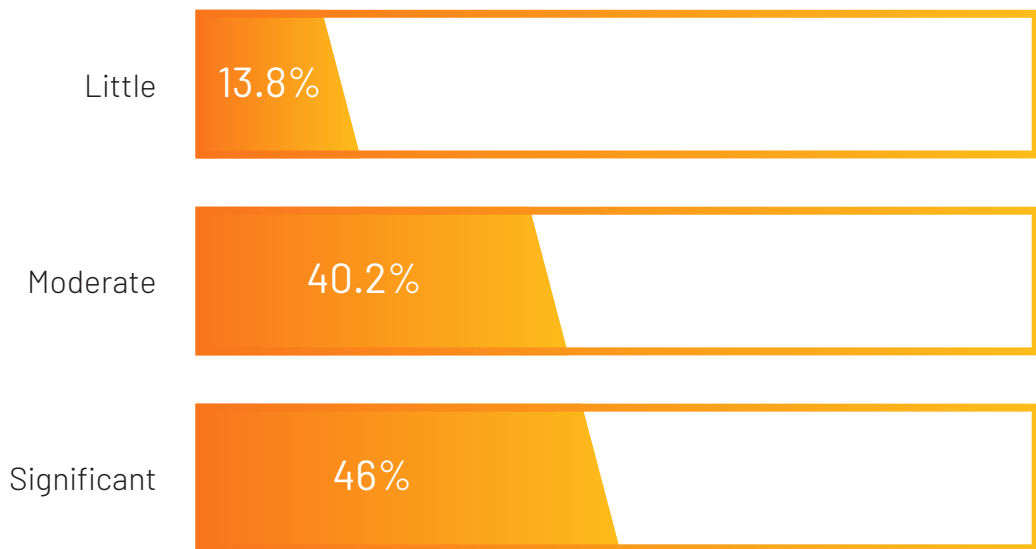
On the other hand, other respondents also reported a much longer lead time with 17.2% saying they may require between seven to nine months to recuperate while 12.6% recognizing a ten- to twelve-month period to regain footing.

The remaining 13.8% indicated that they are uncertain as to how long their company will need to recover.



To what extent has the COVID-19 pandemic affected your organization's revenue performance and operating cost, due to preventive and protective measures for staff, partners, and suppliers?

Less than half or 46% of the respondents said that the extent at which the pandemic affected their businesses due to mitigating measures is significant, 40.2% reported a moderate scope, and 13.8% answered a little reach.



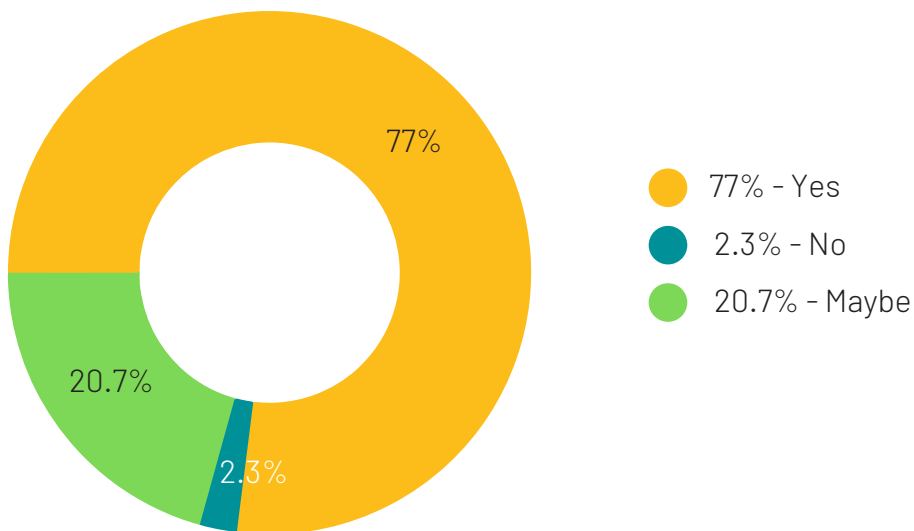
What kind of measures/support would you like to have in place by the Philippine government to cushion the impact of the situation on your organization/industry?

Survey respondents also called for various government interventions to help alleviate the impact of COVID-19 to their organizations. Most businesses call for economic, business and unemployment support for companies and employees, business tax breaks as well as extension of the tax filing deadlines as the most sought-after support from the regulatory authorities.



Do you think your organization will be able to manage the challenges of the COVID-19 pandemic with the declaration of a Code Red Alert Sub-level 2?

Despite the situation compounded with the government's declaration of a Code Red Alert Sub-level 2, a majority of ECCP members remain optimistic as 77% think that their companies will be able to manage the challenges posed by COVID-19 while 2.3% say otherwise. 20.7% of respondents are uncertain.



RECOMMENDATIONS

The ECCP recognizes the initiatives of the government to combat this health crisis and believes that a whole-of-society approach is necessary in complementing the government's efforts in mitigating the spread of COVID-19. As such, we urge the government to enact policy measures that will cushion the impact of the disease to ECCP members and the business community at large, specifically:

- **Provide adequate government support** such as enacting stimulus package to affected sectors and providing transportation to employees and goods belonging to essential industries;
- **Clarify and harmonize the varying COVID-19-related policies** of the national and local governments as well as **strengthen dissemination of guidances**;
- **Establish direct communications** between the government and the private sector including hotlines for contact persons of the different member agencies of the Inter-Agency Task Force on Emerging Infectious Diseases, and;
- **Ensure a reliable internet connection** as members anticipate increased broadband congestion due to mass migration of services online.

Moreover, we call on the government to extend its assistance programs to businesses post-COVID-19 to enable faster recovery, reduce expense, and reboot the economy, specifically:

- **Tax deductions, unemployment benefits, and extensions on tax payment deadlines** to ease businesses' compliance burdens to corporate regulations;
- **Loan programmes, subsidies and relief for import/export enterprises, training grants and incentives for upskilling programs, and free visa renewals** to facilitate access to much-needed capital; and
- **Moratorium on lease payments** for commercial tenants.

The ECCP, together with the local and foreign business community, stand united with the Philippine government in its fight against COVID-19.



