



WELCOME!

Team Finland Webinar on the Business Impact of the Coronavirus – Part II will start at 2 pm. Please mute your mic, turn off your camera and remain on the line.



BUSINESS IMPACT OF THE CORONAVIRUS – PART II



Speakers



Jarno Syrjälä
Ambassador
Embassy of Finland
Beijing



Peter Ling-Vannerus
Chief Representative
SEB



Juha Tuominen
Chairman of the Board
Finnish Business
Council Beijing



Grace Wang
Trade Commissioner
East Asia
Business Finland



Harri Roto
CEO
GreenStream Network



Jaakko Koivusaari
Second Secretary
Trade and Economy
Embassy of Finland



Agenda



- Overview of the situation
- Coronavirus business survey – Part II
- Virus Outbreak Impact on Chinese economy
- Virus Outbreak Impact on Technology Exports to China
- Q&A



OVERVIEW OF THE SITUATION

Jarno Syrjälä

Ambassador

Embassy of Finland



Current situation in China



- China is no longer the epicenter. The focus in the epidemic control has shifted.
- China is taking strict measures to limit the amount of so called imported cases.
- Most foreign citizens are not allowed to enter China. Amount of international flights is limited.
- Economy is showing signs of getting back on track but the situation abroad causes a "demand shock".



Measures in Finland



- More than 1500 confirmed cases of COVID19
- State of emergency declared
- Restrictions on gatherings, stricter entry/exit rules
- Moving to/from Uusimaa region restricted
- Economic impacts significant, more than 300 000 people within cooperation negotiations.
- Support measures: supplementary budget, direct funding



CORONAVIRUS BUSINESS SURVEY – PART II

Grace Wang

Trade Commissioner East Asia

Business Finland

**BUSINESS
FINLAND**

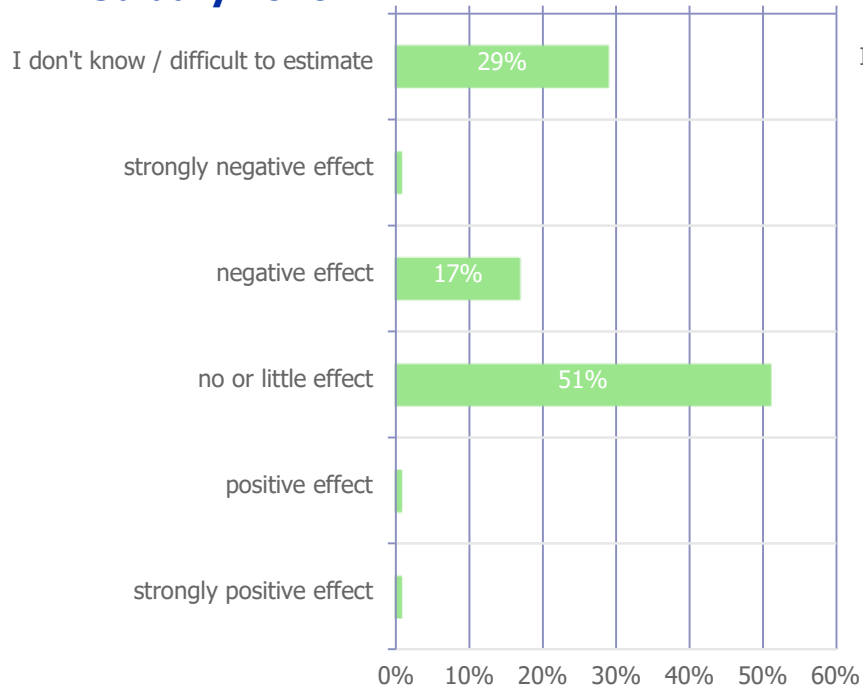
IMPACT OF CORONAVIRUS ON OUR CUSTOMERS

Business Finland 2nd Survey 19-26.03.2020

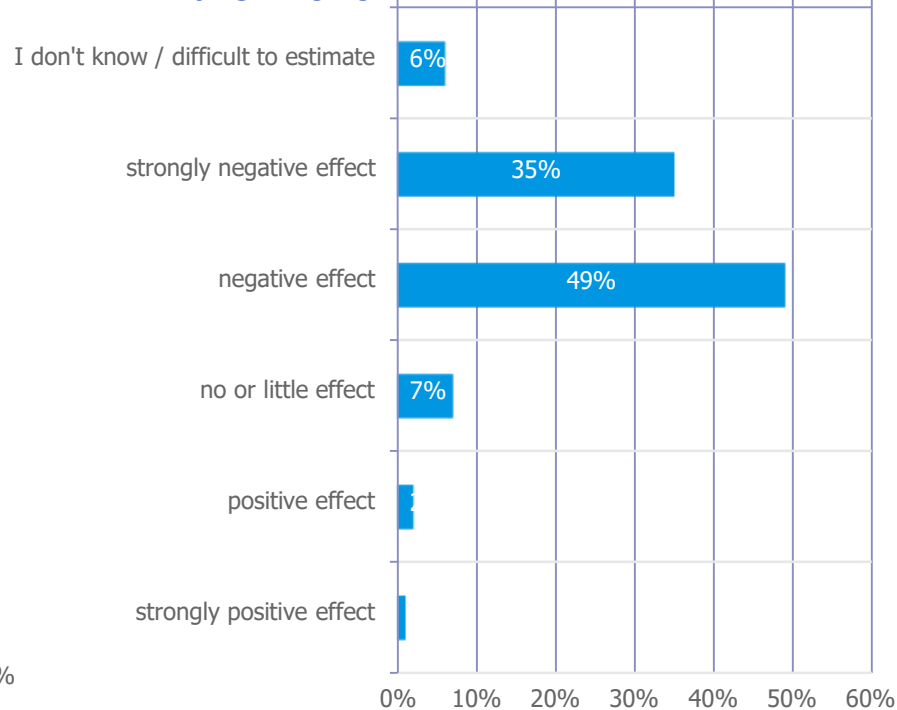


Impact on TURNOVER

February 2020

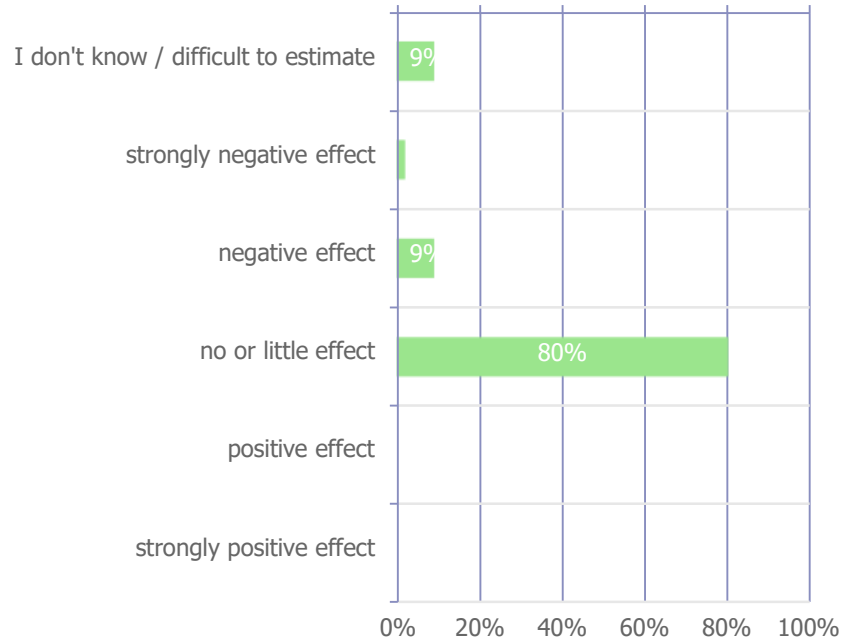


March 2020

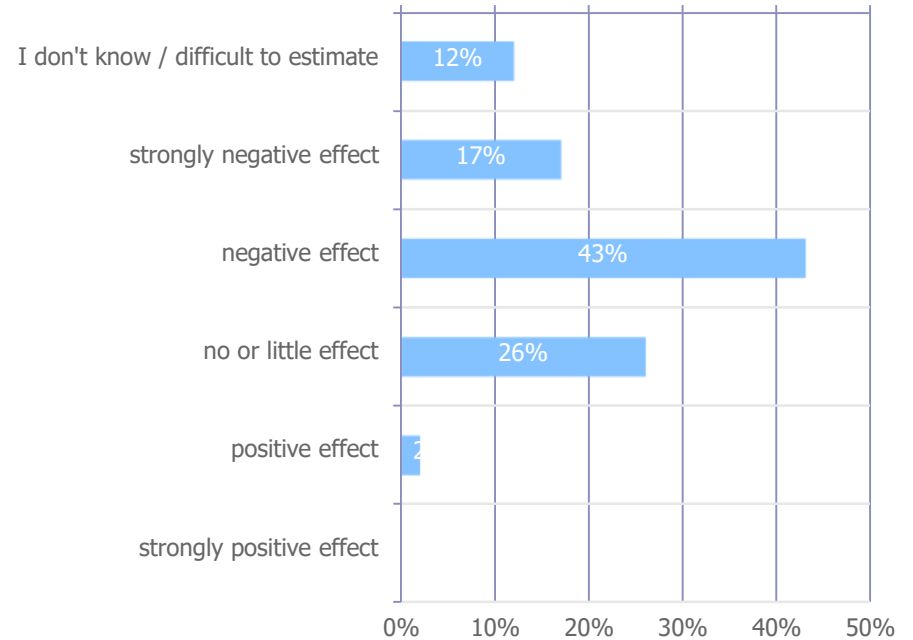


Impact on EMPLOYEES

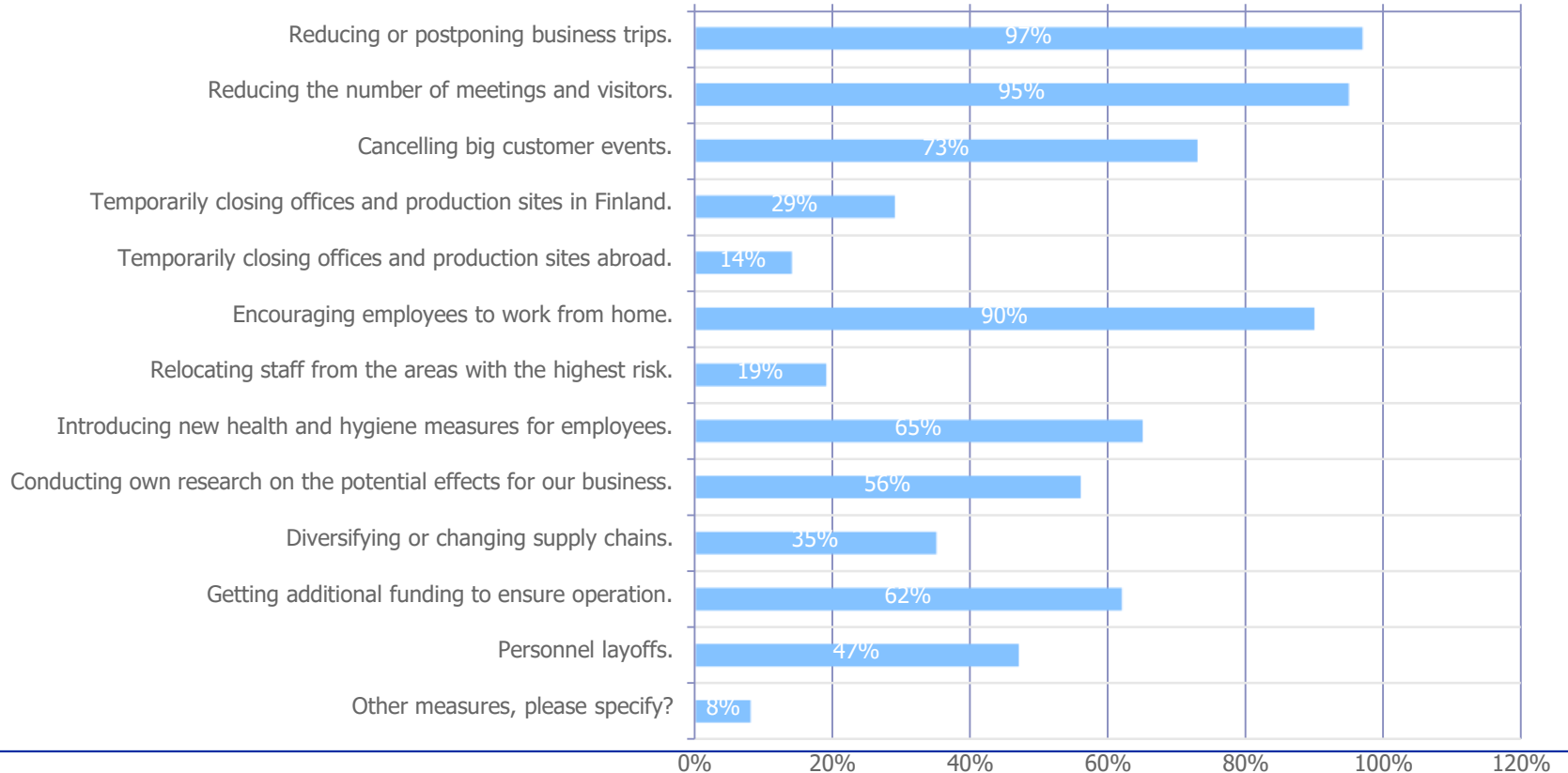
February 2020



March 2020



MEASURES companies have taken



other MEASURES companies are taking

- Extra funding;
- Furloughing employees;
- Salary flexibility agreed with employees;
- Cutting back on costs of premises or other costs;
- Focusing on product development;
- Significant changes in business models;
- Moving operations online;
- Redundancies or closing business.

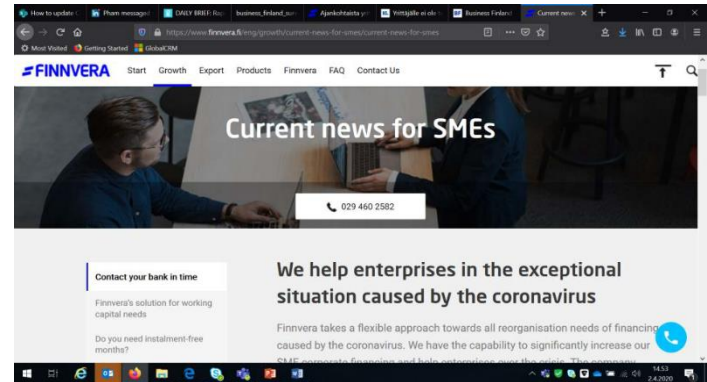
FUNDINGS FOR COMPANIES IN DISRUPTIVE CIRCUMSTANCES IN FINLAND

https://www.businessfinland.fi/en/for-finnish-customers/services/funding/disruptive_situations_funding/
<https://www.finnvera.fi>
<https://tem.fi/en/information-on-coronavirus>

BUSINESS FINLAND



FINNVERA



Business Finland Services

Team Finland Market Opportunities

<https://www.marketopportunities.fi>

Business Finland Funding

https://www.businessfinland.fi/en/for-finnish-customers/services/funding/disruptive_situations_funding/

- Funding for SMEs and midcap companies whose business is affected by corona virus outbreak.

<https://www.businessfinland.fi/en/for-finnish-customers/services/funding/>

- All funding services

Business Finland coronavirus information website

<https://www.businessfinland.fi/en/for-finnish-customers/coronavirus/>

Finnish Suppliers service

<https://www.businessfinland.fi/en/do-business-with-finland/finnish-suppliers/>

Thank You!

Business Finland in China

<https://www.businessfinland.fi/en/locations/asia-india-and-oceania/china/>

<https://www.businessfinland.fi/toimipisteet/asia/kiina/>



IMPACT ON CHINESE ECONOMY

Peter Ling-Vannerus
Chief Representative
SEB

Finnish Business Council

China - On the road to Recovery

Peter Ling-Vannerus, Chief Rep SEB and Chair of the
Banking and Securities Working Group of the EUCCC

2020 04 03

Agenda

- Peak passed?
- Economic effects
- Recovery and support
- Banking System
- US China Trade Agreement



Growth heavily
reduced in Q1
Supply, demand
and investment

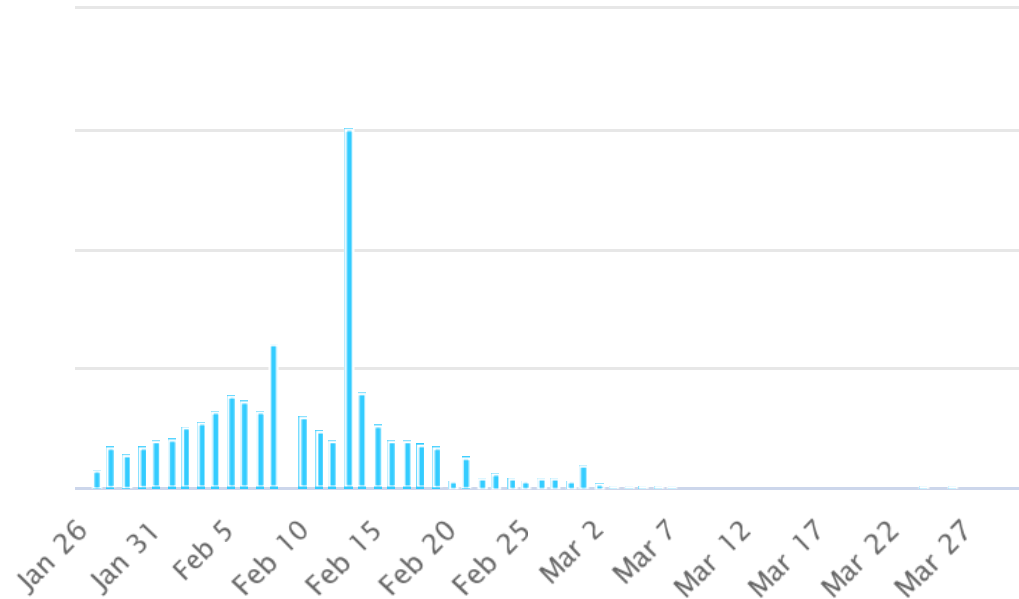


Strong government
support for
Economic Recovery
Effects on Banks



Trade truce for
now. Beware of
risks to
implementation

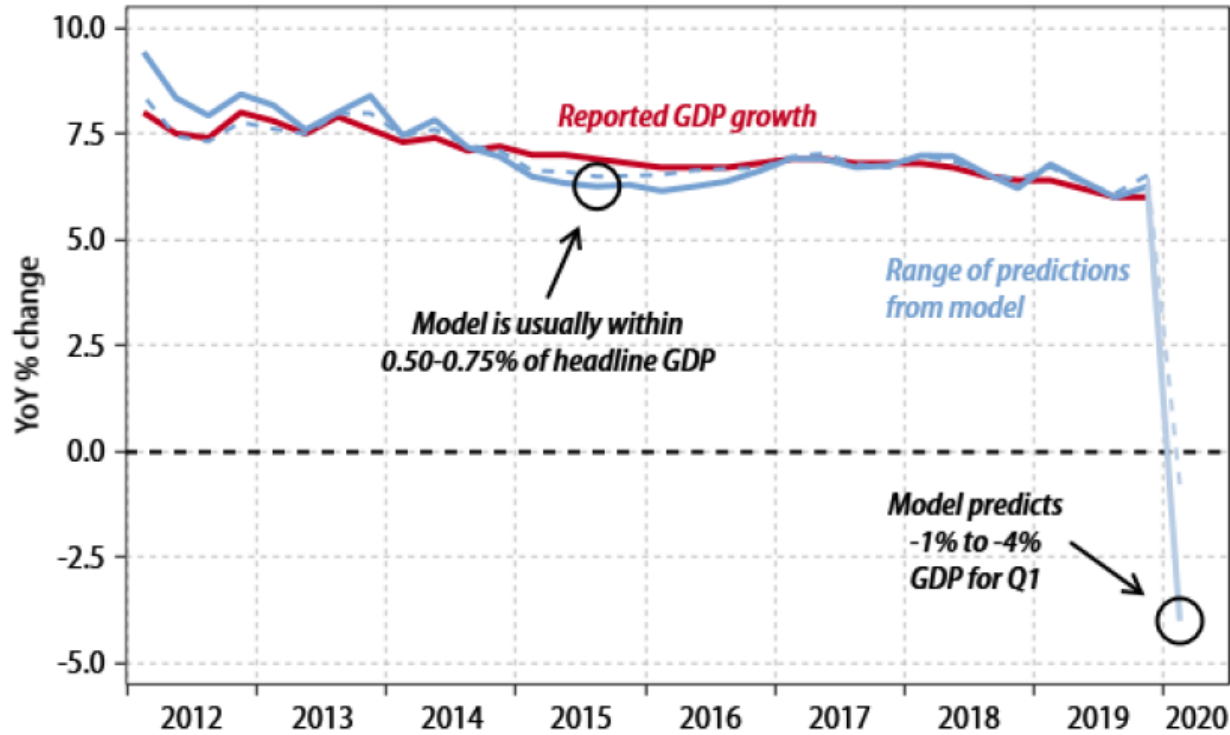
Peak seems passed – can we trust data? 2nd Peak?



Highest drop in GDP since records began

Real GDP growth in Q1 will very likely be negative

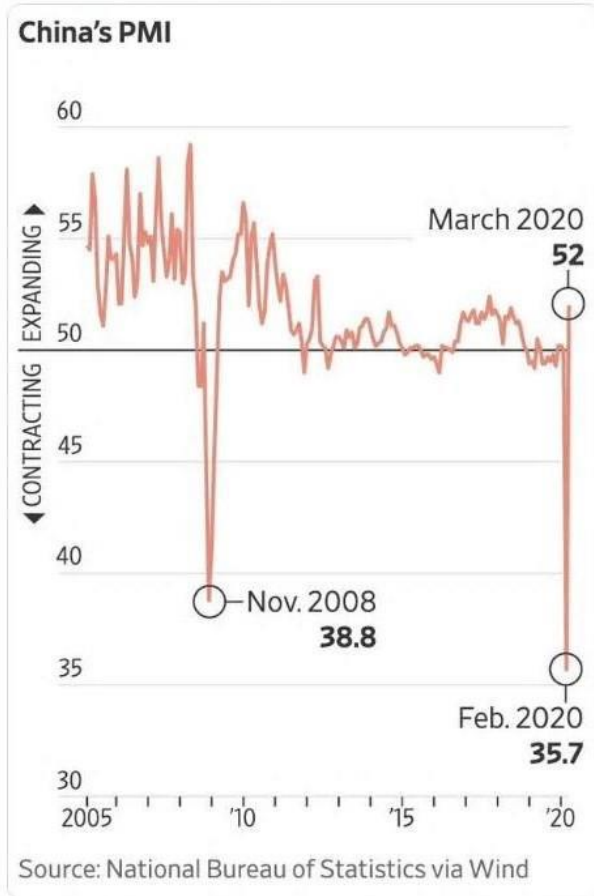
GDP regression against monthly IVA growth & services PMI



Model is usually within 0.50-0.75% of headline GDP

Model predicts -1% to -4% GDP for Q1

Record drop of PMI and record rebound



Several Indicators pointing upwards

Subindices (Jan 1 2020 = 100)



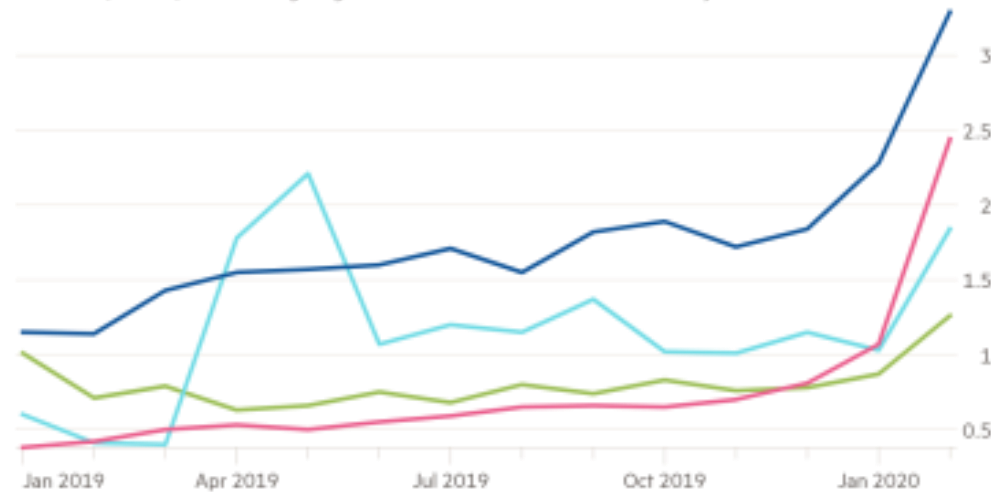
*2019 values at same number of days before/after the lunar new year
 Sources: WIND; EntGroup; FT research
 © FT

Grocery Sales Up

Online grocery sales in China pick up

Daily active users (m)

— Hema (Alibaba) — Dingdong Maicai — MissFresh — JD Daojia

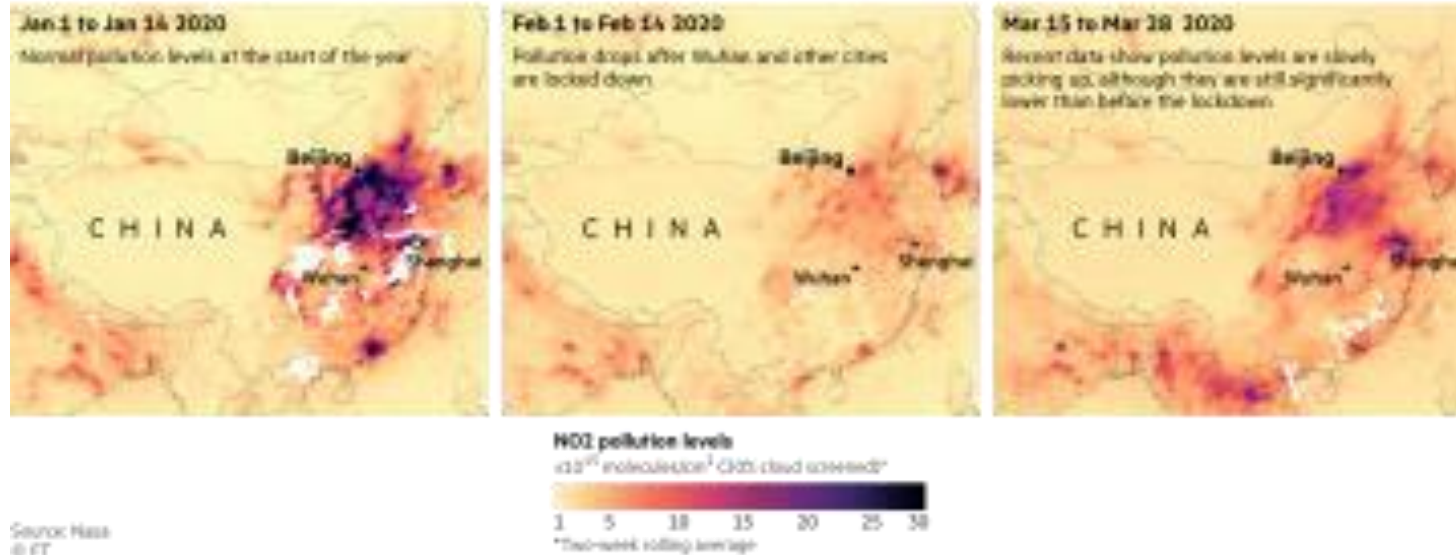


Source: TF Securities
© FT



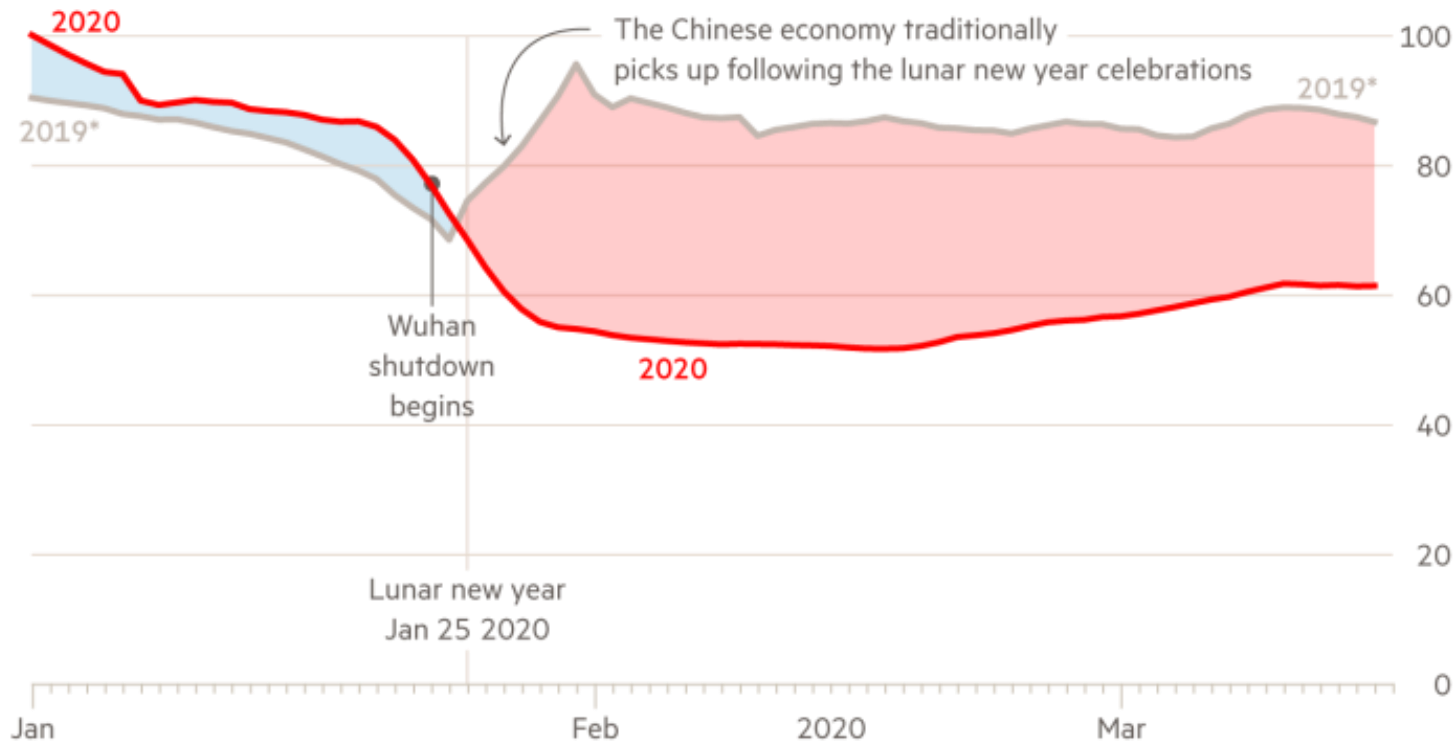
A few positive effects but also indicators.....

China's pollution levels are on the rise as lockdown restrictions ease

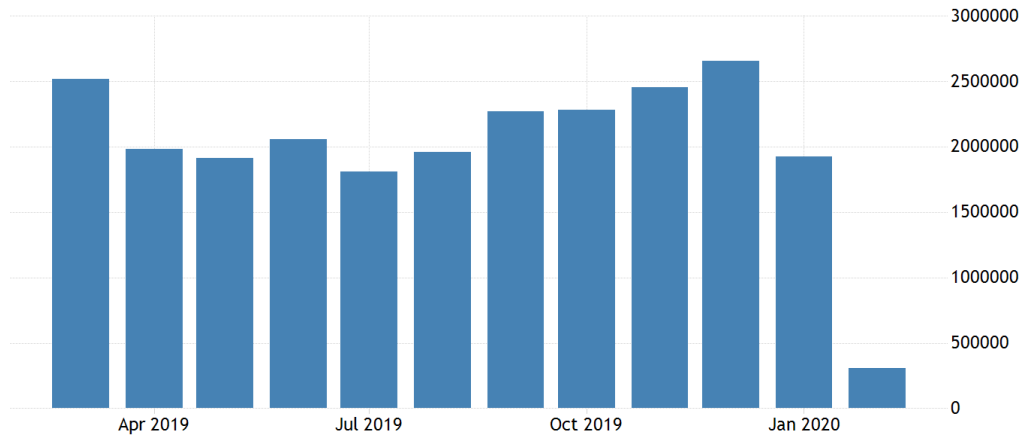


China's big gap

FT China Economic Activity Index (Jan 1 2020 = 100)



Car sales at the bottom, but recovering



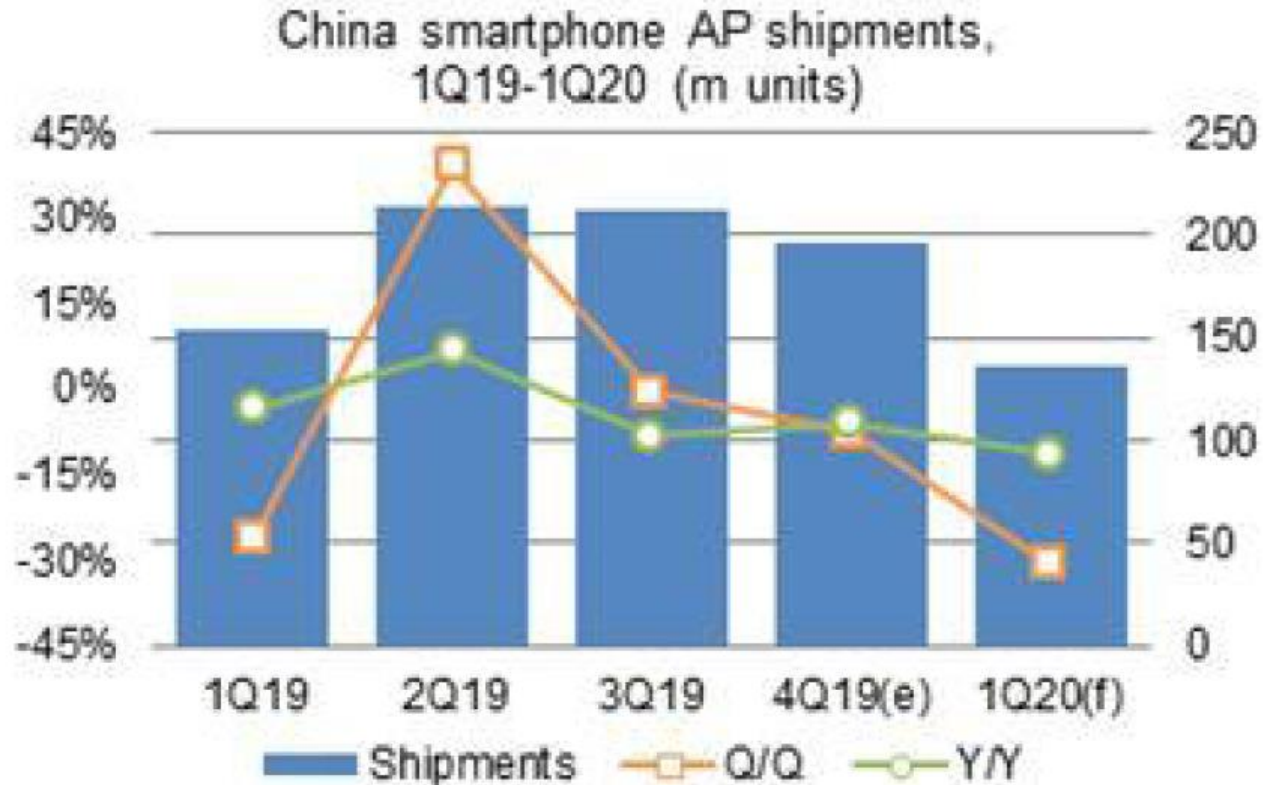
SOURCE: TRADINGECONOMICS.COM | CHINA ASSOCIATION OF AUTOMOBILE MANUFACTURERS

Consumption and travel

- Property sales at 10 % of normal levels
- Passenger traffic declined 70 %
- Car sales down 92 % (China world's largest market)
- Hotel and restaurant business at standstill inside and outside China
- Banking Sector:
 - Payments at EU banks at 75 % of normal level
 - Trade transactions at EU banks in China at 50 % of normal level
 - Level (25 % a month ago)



Waiting for our phones



Slow but steady pace to recovery

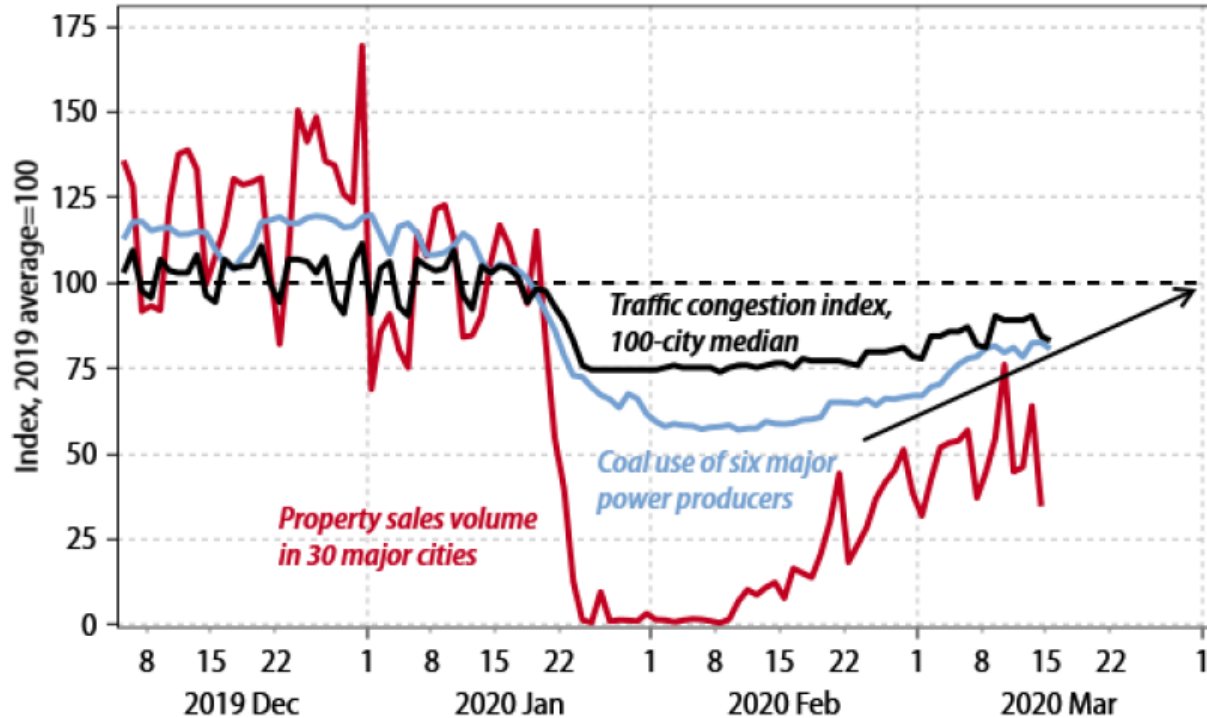
- Large Enterprise Activity Index, April 1st 96 %
March 18: 74.8 % (March 16: 74.6 %)
- SME Activity Index, April 1st, 76.8 %
- Trivium National Business Activity index
77.7 % on April 1 (74.7 %, March 27)
- 25 of 31 Provinces full resumption of
large companies.



Pushing for recovery to normal levels

Economic activity should be close to normal by end-March

Daily economic indicators relative to 2019



Stimulus package to aid Recovery

- **Lending facilitation:** **1 Trillion RMB and further cuts to RRR**
- **Tax and fee cuts:** **500 Billion RMB**
- **Infrastructure spending** **300 Billion RMB announced 1 Trn expect.**
- **Liquidity injections PBOC** **1.2 Trillion RMB**
- **Banks and market**
 - **1Trillion Corp Bonds**
 - **800 Billion SME financing backed by acct. receivable**
 - **300 Billion Fin Inst ossuance forfor SME**



Pushing Growth

- **New Growth Target** – mid April – will target drive stimulus?

Nanjing

E-vouchers

318 MRMB

Suning.com

Coupons

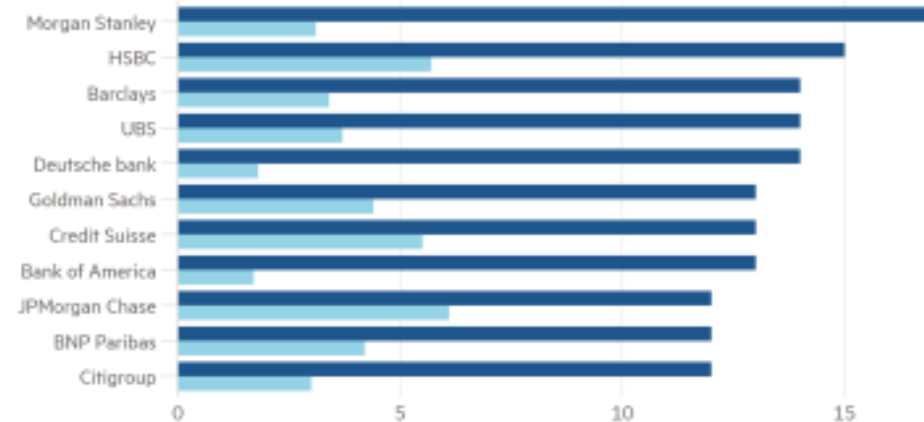
500 MRMB

Banks are stronger today than in 2007

Banks are in a better position now than they were in the financial crisis

Common equity tier one ratio (%)

2019 2007



Source: Autonomous
© FT

“Monster” Trade Deal

Phase 1 Agreements

Stepped up Chinese purchases: USD204 bn (2020) and USD251 bn (2021)

Further opening up of Chinese financial markets

A pact on FX practices

Framework on intellectual property rights & technology transfer

Lowering US tariffs to 7.5% for September tranche of Chinese goods



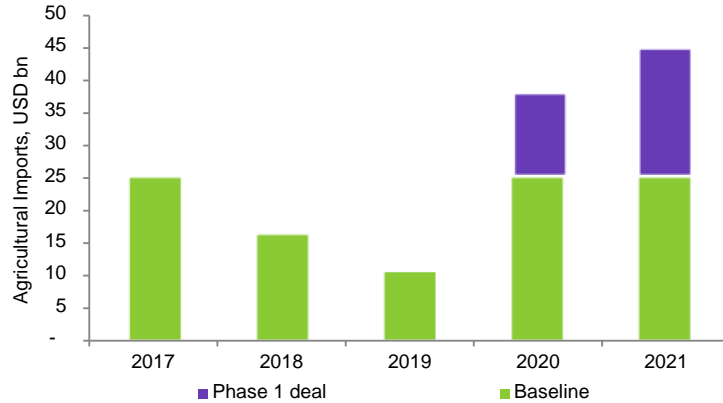
Hardwired changes in US regulation

- **Export Control Reform Act (ECRA) signed in Aug 2018** led to entity black lists
- **Foreign Investment and Risk Review Modernization Act (FIRRMA) of 2018** expands scope of Committee on Foreign Investment in the United States (CCFIUS)
- **Government bans on Chinese industrial equipment**
- **Talks (later denied) about banning US listings of Chinese companies**

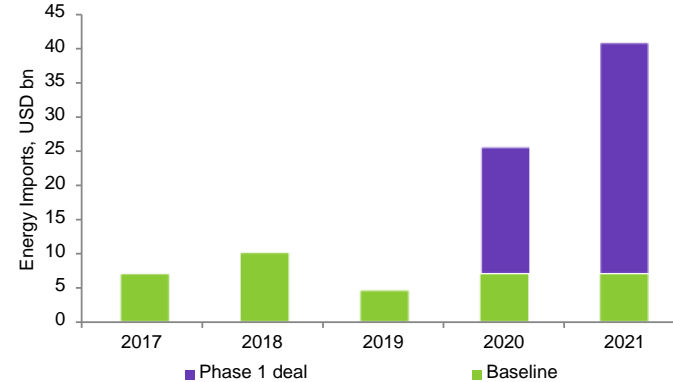


Phase 1 import targets are a stretch

Agricultural Imports



Energy Imports



China helping Europe and rest of world (Belt and Road)





TECHNOLOGY EXPORTS TO CHINA

Harri Roto

CEO

GreenStream Network

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GreenStream in Brief

GreenStream

- GreenStream was founded in 2001
- GreenStream is a leading Northern European company focusing on:
 - ***Energy efficiency project financing services***
 - ***Climate Services covering tailored advisory and fund management and investments in carbon and renewable energy markets***
 - **Offices in Helsinki, Beijing and Shanghai Free Trade Zone**





Opening the markets for other Finnish SMEs

Nine Finnish cleantech companies are involved in our ESCO projects and for approximately half of them, we have been able to open the Chinese markets for the first time, e.g. Runtech and Sarlin.

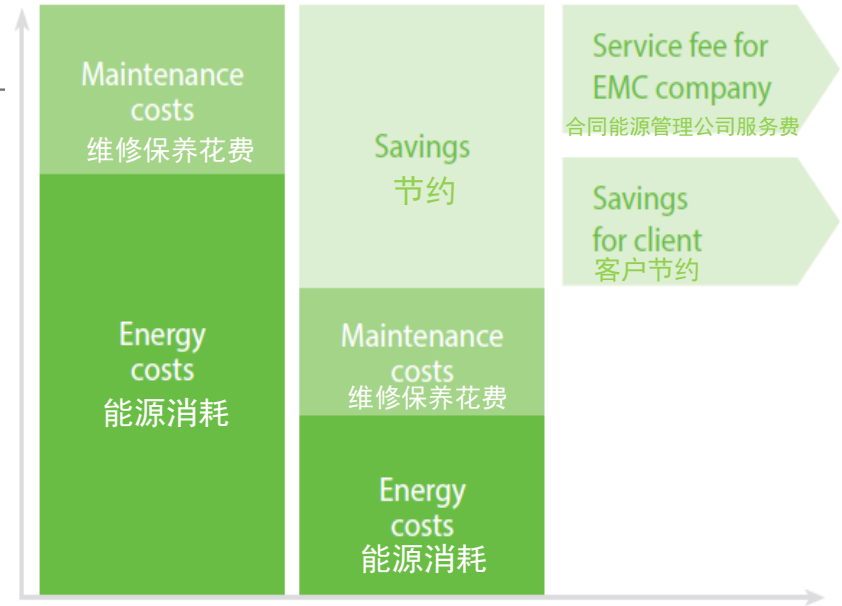
Some companies have learned with us, that they are not yet ready for entering to China. This has saved them remarkable amounts of money!

For the right technologies, we will find the customers, close the deals and finance the projects.

More technology partners are continuously searched to co-operate with.

GreenStream is a well-established EMC Company in China (EMC means the same as ESCO, Energy Service Company)

- GreenStream organizes financing, technical solution, and engineering
 - Client pays part of the achieved savings as a service fee - win-win-win situation from day one to the client, GreenStream and the technology providers.
- GreenStream's EMC projects help the client to save remarkable amounts of energy - as well as water and raw materials - and to increase production
- GreenStream brings the best available Finnish and Western technologies to Chinese clients



GreenStream has EMC projects in pulp and paper mills, steel mills and powerplants



References

- Over 200 projects in China, including emission reduction/ emissions trading projects

- More than 150 potential EMC projects have been evaluated, 15 invested

- Energy savings up to 50 %





SARS-CoV-2

(pic: yle.fi)

Clients' plants are back to operation, but not in full capacity
Some clients still require 14 days quarantine, making visits impossible



Headquarters' of clients have somewhat adopted through using videoconferencing, but on mill level this does not seem to be a solution for our sales

- However for existing projects and projects under construction this helps





Biggest problems

- When will it be possible to get Finnish experts on site for critical missions, for example for commissioning of new projects?
 - Force Majeure clauses scrutinized
- Everyone seems to postpone non-critical investments at the moment
- Closing new deals, especially for non-critical improvements, extremely difficult at the moment



What next

- People's congress on April 18th/ 19th
- China has a huge push to get industry and the economy back on track 100%
- China will bounce back fast, but lagging foreign demand is a big question mark for Chinese export industries, and will continue to affect foreign companies selling technology to China



Thank You!

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Q&A