Outline of Survey of Trends in Business Activities of Foreign Affiliates

【Outline of the Survey】

1. Purpose of the survey

The purpose of the Survey of Trends in Business Activities of Foreign Affiliates is to understand the business trends of foreign affiliates in Japan to help push forward the Country's industrial and trade policies.

2. Survey target

The survey covers companies that satisfied the following conditions as of the end of March of the year 2013, or satisfied the following conditions during the year 2012.

(1) A company in which more than one third of shares or holdings is owned by foreign investors.
(2) A company funded by a domestic company (in Japan) in which more than one third of shares or holdings is owned by foreign investors, in which the total ratio of the foreign investors' direct and indirect investment is more than one third of the shares or holdings of the company concerned.
(3) Companies that fall under 1) or 2) above, in which the principal foreign investor's direct investment ratio is more than 10%.

(Note 1) Since 2011, it covers not only indirect investments through holding companies, but also indirect investment from all Japanese domestic companies including business corporations.

(Note 2) In this survey, the term "foreign investor" refers to non-resident individuals, companies and other groups established conforming to foreign laws; or companies and other groups with headquarters located overseas.

(Note 3) Direct investment ratio means the ratio of a foreign investor's shares or holdings to the total capital. Indirect investment ratio means the ratio of investment in a holding company by foreign investors multiplied by the ratio of the holding company's investment in the company in question.

3. Date

The survey was conducted on August 2, 2013, in connection with the business results for FY 2012 and as of the end of FY2012.

4. Number of respondents

Respondents: 3,292 (3,514in the previous survey)
Response rate: 60.3% (63.4% in the previous survey)

【Instructions for Use】

1. Definition of regions

Unless otherwise specified, for the purpose of this survey, region of origin refers to the country or region where the foreign investor is located.

2. Classification of industries

The industrial classifications used in the survey are based on the Japan Standard Industrial Classification.

3. Note on survey results

(1) Only valid answers are included. Therefore, the number of respondents varies per item.

(2) When comparing the results of the current survey with previous surveys, it is necessary to note the differences in the response rate and the number of foreign affiliates covered, as some enterprises that fell outside the scope of previous surveys were included in the current survey, and vice versa.

(3) Notes for the marks in tables and figures

The mark “x” signifies that the data have been excluded because only either 1 or 2 enterprises fall under the category. This method is used even where there are 3 or more figures, if disclosure of such figures would help identify the origin of the excluded figures by calculation.

The mark “–” indicates that there is no relevant figure.

“0” indicates that the figure has a value of less than one.

The mark “…” indicates that the denominator is negative or the numerator is 0.

(4) The sum of individual items may disagree with a given total, due to the numbers being rounded off to the nearest number.

(5) Year-on-year comparisons and ratios mentioned in the text have been calculated in millions of yen, the counting unit of this survey.

4. Ratio calculation formula

Ordinary profit to sales ratio= Ordinary profit/Sales × 100

Ratio of equity to total assets = Total net assets/Total assets × 100

5. Miscellaneous

When reprinting the statistical figures given in this survey, the source must be cited as “Survey of Trends in Business Activities of Foreign Affiliates” (Ministry of Economy, Trade and Industry).

Trade and Investment Facilitation Division

Trade and Economic Cooperation Bureau

Ministry of Economy, Trade and Industry

The 47th Survey of Trends in Business Activities of Foreign Affiliates (Summary)

Summary of the trends among foreign affiliates in Japan in FY2012

- ○ **The percentage of European and Asian affiliates increased, U.S. affiliates decreased.**
- ○ **The number of new entries decreased. The number of withdrawals increased slightly.**
- ○ **The number of regular employees decreased. The percentage of part-time workers also decreased.**
- ○ **Asia and Oceania regions, most regional headquarters were in Singapore.**
- ○ **Sales, ordinary profit, and capital investment decreased.**
- ○ **More than 50% of affiliates will expand their businesses.**

(Note) Since FY2010 survey, the finance and insurance industry and the real estate industry were added to the targets of the survey. In this summary, from the viewpoint of comparison from the previous fiscal years, data excluding the finance and insurance industry and the real estate industry are used in Figure 8-3 and 8-4.

○ **The percentage of European and Asian affiliates increased, U.S. affiliates decreased.**

・ European affiliates accounted for 44.1% of the total, up 0.3% points from the previous fiscal years, Asian affiliates accounted for 21.5% of the total, up 0.4% points (id.). In the meantime, U.S. affiliates accounted for 27.7%, down 0.1% points (id.).

○ **The number of new entries decreased. The number of withdrawals increased slightly.**

・ The number of companies that were newly foreign-capitalized decreased by 11.1% from the previous survey, from 90 to 80.
・ The number of companies that dissolved, withdrew, or reduced their foreign capital ratio increased by 3.6% from the previous survey, from 138 to 143.

○ **The number of regular employees decreased. The percentage of part-time workers also decreased.**

・ The number of regular employees decreased 5.0% from the previous fiscal year, mainly in the production machinery and wholesale trade industry, to 535,000.
・ The percentage of part-time workers is down 3.4% points from the previous fiscal year to 25.8%.

○ **Regional headquarters in the Asia and Oceania regions were the largest in number in Singapore.**

・ The largest number of regional headquarters in the Asia and Oceania regions were in Singapore with 321, followed by 277 in China, 222 in Hong Kong, and 114 in Japan.
* The total number includes multiple answers.

○ **Sales, ordinary profit, and capital investment decreased.**

・ Sales were 41.0trillion yen, decreasing 11.7% from the previous fiscal year (a 10.4% increase when limited to companies that responded in both the previous fiscal year and the current year).
・ Ordinary profit was 2,175.9 billion yen, a 7.9% decrease from the previous fiscal year (a 20.4% increase when limited to companies that responded in both the previous fiscal year and the current year).
・ Ordinary Profit to Sales Ratio of Asian affiliates was 4.5%, up 3.4% points from the previous fiscal year. For the first time, Asian affiliates were higher than incorporated enterprises, at 3.5%.
・ Capital investment was 702.2 billion yen, a 24.7% decrease from the previous fiscal year (an 18.4% decrease when limited to companies that responded in both the previous fiscal year and the current year).

○ **More than 50% of affiliates will expand their businesses.**

・ As for the future business expansion in Japan, affiliates that answered “planning business expansion” were the largest in number, accounting for 52.1%, followed by the affiliates that answered “maintain current conditions,” which accounted for 45.7%.

1. Distribution

- The survey as of the end of March 2013 covered 2,976 foreign affiliates (a 6.8% decrease from the previous fiscal year), with 508 (an 8.5% decrease (id.)) in the manufacturing sector and 2,468 (a 6.5% decrease (id.)) in the non-manufacturing sector. The manufacturing sector accounted for 17.1% of all industries, down 0.3% points from the previous fiscal year, while the non-manufacturing sector accounted for 82.9%, up 0.3% points (id.) (Fig. 1-1 and Table 1-1).
- By industry, wholesale trade numbered the highest, at 1,234, accounting for 41.5%, followed by services, and information and communications (Fig. 1-1).
- By region of origin, European affiliates reached 1,313, accounting for 44.1%, up 0.3% from the previous fiscal year, U.S. affiliates came to 825 (27.7%, down 0.1% points (id.)), and Asian affiliates came to 639 (21.5%, up 0.4% points (id.)) (Table 1-1).

Figure 1-1 Distribution of Foreign Affiliates by Industry

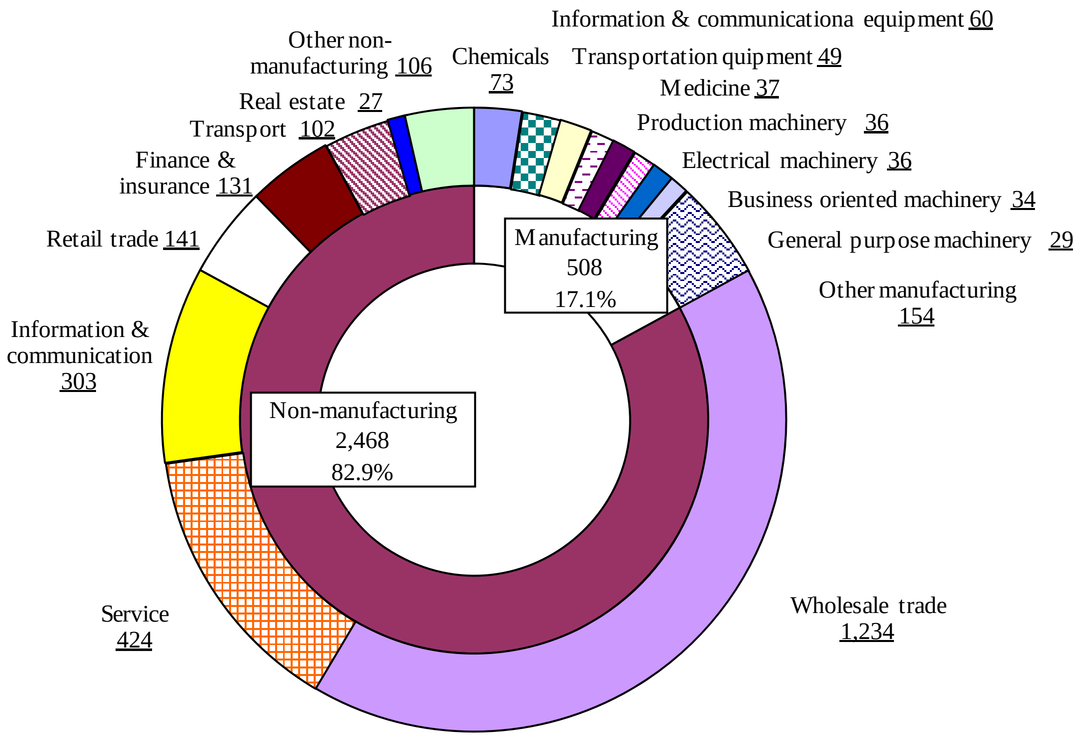


Table 1-1 Composition Percentage by Region of Origin and by Industry

(Companies, %, % point)

	FY2012 Number of foreign affiliates	Composition percentage FY2010	FY2011	FY2012	Year-on-year changes
Total	2,976	100.0	100.0	100.0	—
U.S.	825	29.4	27.8	27.7	−0.1
Asian	639	21.0	21.1	21.5	0.4
Chinese	217	7.4	7.5	7.3	−0.2
European	1,313	42.8	43.8	44.1	0.3
Others	199	6.8	7.3	6.7	−0.6
Manufacturing	508	16.3	17.4	17.1	−0.3
Non-manufacturing	2,468	83.7	82.6	82.9	0.3

2. New entries

- Of the foreign affiliates covered by the survey in FY2012, 80 companies were newly established or newly started capital participation.(Note) They are broken down into 11 manufacturing companies and 69 non-manufacturing companies) (Table 2-1).
- By region of origin, 12 were U.S. affiliates, 32 were Asian affiliates, and 31 were European affiliates. (Table 2-1).

Table 2-1 Number of New Entries

(Companies, %)

	World total			U.S. affiliates			Asian affiliates			European affiliates		
	FY2011	FY2012	Year-on-year changes	FY2011	FY2012	Year-on-year changes	FY2011	FY2012	Year-on-year changes	FY2011	FY2012	Year-on-year changes
All industries	90	80	-11.1	26	12	-53.8	28	32	14.3	33	31	-6.1
Manufacturing	21	11	-47.6	4	1	-75.0	7	7	0.0	8	3	-62.5
Non-manufacturing	69	69	0.0	22	11	-50.0	21	25	19.0	25	28	12.0

(Note) Including companies that have not yet reached the first accounting term after establishment or after foreign capitalization.

3. Dissolution, withdrawal, or foreign capital ratio reduction

- The number of companies that dissolved, withdrew, or reduced their foreign capital ratio (Note) in FY2012 was 143, of which 32 companies were in the manufacturing sector and 105 companies were in the non-manufacturing sector (Table 3-1).
- By region of origin, 52 were U.S. affiliates, 21 were Asian affiliates, and 42 were European affiliates (Table 3-1).

Table 3-1 Number of Withdrawals

(Companies, %)

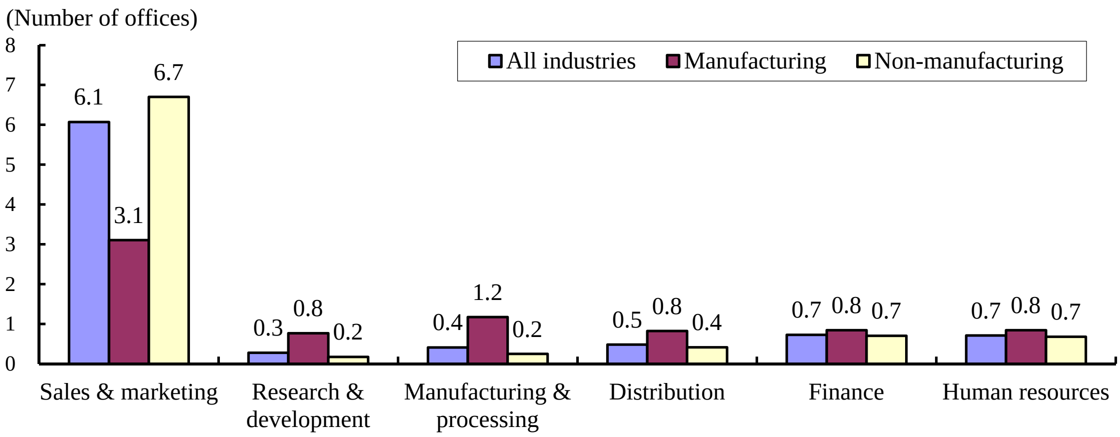
	World total			U.S. affiliates			Asian affiliates			European affiliates		
	FY2011	FY2012	Year-on-year changes	FY2011	FY2012	Year-on-year changes	FY2011	FY2012	Year-on-year changes	FY2011	FY2012	Year-on-year changes
All industries	138	143	3.6	43	52	20.9	21	21	0.0	50	42	-16.0
Manufacturing	23	32	39.1	9	14	55.6	1	3	200.0	10	10	0.0
Non-manufacturing	112	105	-6.3	34	38	11.8	20	18	-10.0	40	32	-20.0

(Note 1) Foreign capital ratio reduction means that the ratio of capitalization by foreign investors has fallen to one-third or less, or the ratio of capitalization by principal foreign investors has fallen to less than 10%.
(Note 2) The values of all industries in the world total in FY2011 and FY2012 were different from the sum of values of manufacturing and non-manufacturing since 3 companies in FY2011 and 6 companies in FY2012 could not identify their type of industry.

4. Offices in Japan by function

- Looking at the number of offices in Japan per company, by function, (Note) the average number of domestic offices with sales and marketing functions was 3.1 for companies in the manufacturing sector and 6.7 for those in the non-manufacturing sector. Companies in the manufacturing sector also have 0.8 R&D facilities (Fig. 4-1).

Figure 4-1 Number of Offices of Foreign Affiliates in Japan by Function (Average per Company)

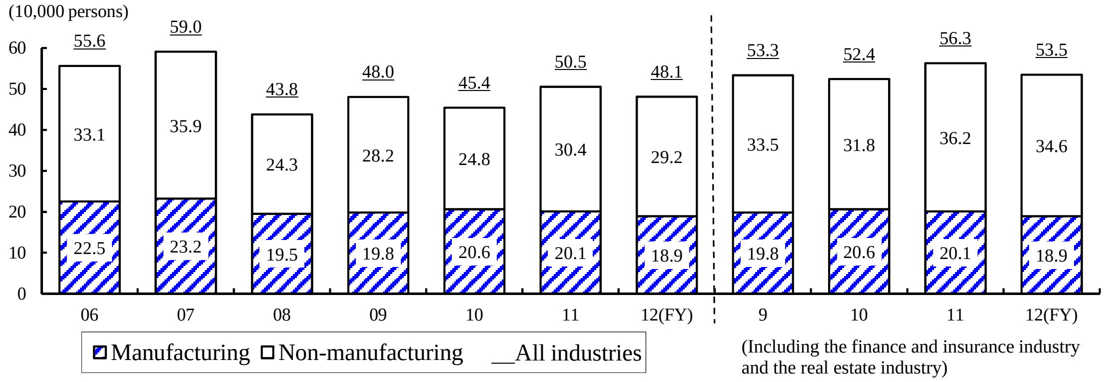


(Note) Offices with multiple functions are counted separately for each function.

5. Employment

- The number of regular employees decreased 5.0% from the previous fiscal year to 535,000 (decreased 2.9% when limited to companies that responded in both the previous fiscal year and the current year). The manufacturing sector recorded a 5.9% decrease from the previous fiscal year to 189,000, and the non-manufacturing sector saw an decrease of 4.4% (id.) to 346,000 (Fig. 5-1).
- By industry, in the manufacturing sector, production machinery recorded a decrease of 5.5% from the previous fiscal year to 6,000. In the non-manufacturing sector, Services recorded an increase of 5.5% (id.) to 70,000 (Fig. 5-2).
- The percentage of part-time workers (Note) in the manufacturing sector down 4.3% points from the previous fiscal year to 6.0%, and that in the non-manufacturing sector down 3.8% points (id.) to 34.8% (Table 5-1).

Figure 5-1 Number of Regular Employees



(Note) From the viewpoint of comparison from the previous fiscal years, data excluding the finance and insurance industry, and the real estate industry are also used.

Figure 5-2 Number of Regular Employees by Industry

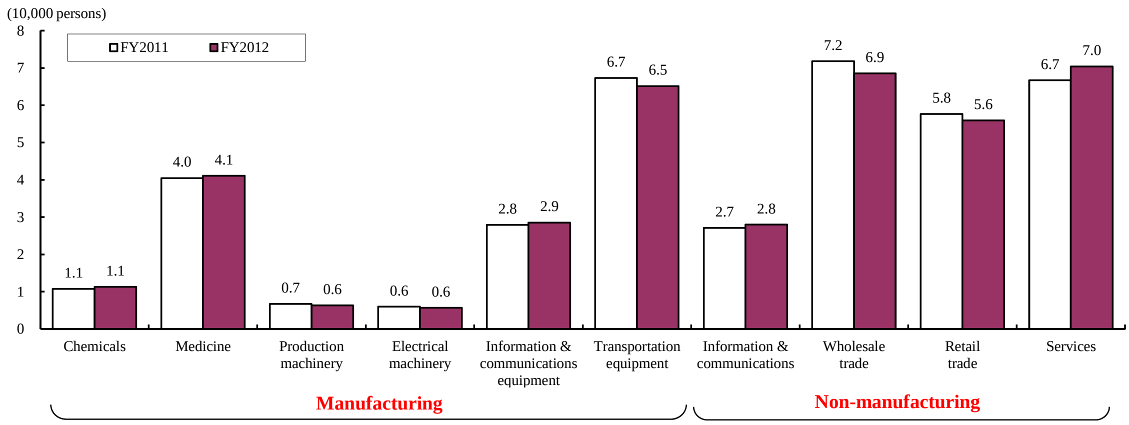


Table 5-1 Percentage of Part-Time Workers

(%, % point)

	Percentage of part-time workers			
	FY2010	FY2011	FY2012	Year-on-year changes
All industries	21.9	29.2	25.8	−3.4
Manufacturing	6.2	10.3	6.0	−4.3
Non-manufacturing	31.2	38.6	34.8	−3.8

(Note) Percentage of part-time workers = Number of part-time workers / (Number of full-time workers + Number of part-time workers) × 100.0

6. Regional headquarters in the Asia and Oceania regions

- There were 114 regional headquarters located in Japan that control all of their respective bases in the Asia and Oceania regions (Table 6-1).
- Meanwhile, with regard to the countries and regions where foreign parent companies (principal foreign investors) have their regional headquarters that control all of their respective bases in the Asia and Oceania regions, 321 were in Singapore, 277 were in China, and 222 were in Hong Kong (Table 6-2).

Table 6-1 Regional Headquarters in Japan that control all of their respective bases in the Asia and Oceania Regions

(Companies, bases)

	Number of regional headquarters (companies)	Number of country and regional bases controlled (total number)								
		China	Hong Kong	Taiwan	South Korea	Thailand	Malaysia	Singapore	Australia	Others
All industries	114	48	25	39	56	17	21	23	17	93
Manufacturing	22	11	3	10	9	2	4	4	0	10
Non-manufacturin	92	37	22	29	47	15	17	19	17	83

(Note) The number of country and regional bases controlled is the total number according to multiple answers.

Table 6-2 Regional Headquarters that control all of their respective bases in the Asia and Oceania Regions belonging to foreign parent companies (principal foreign investors)

(Bases)

	China	Hong Kong	Taiwan	South Korea	India	Singapore	Australia	Others
All industries	277	222	42	48	43	321	68	296
Manufacturing	62	23	8	8	7	40	6	40
Non-manufactu	215	199	34	40	36	281	62	256

(Note 1) Regional headquarters that control all of their respective bases in the Asia and Oceania regions belonging to foreign parent companies, which were not covered by this survey, are compiled by country and region.

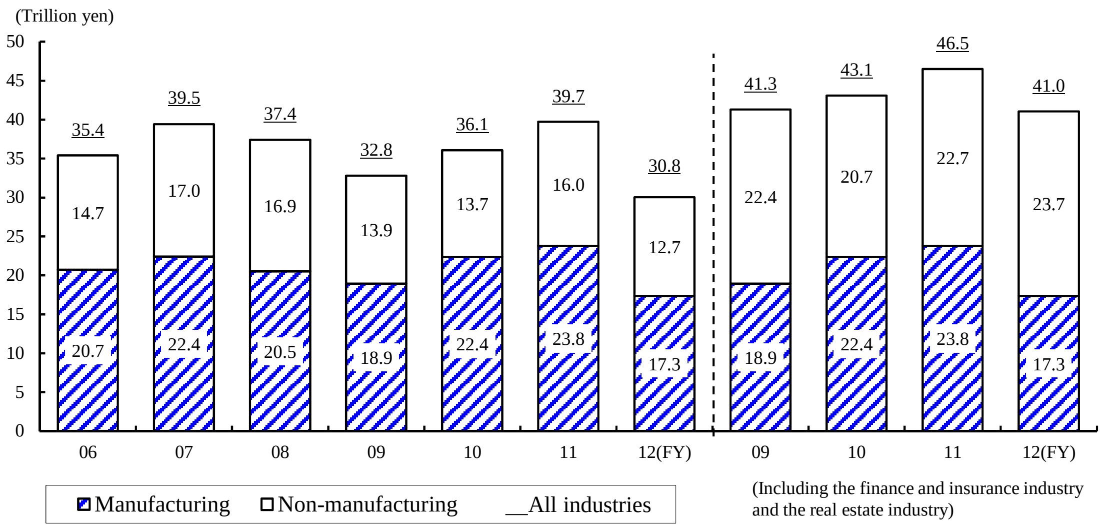
(Note 2) The number of regional headquarters by country and region is the total number according to multiple answers.

(Note 3) Duplications in cases where both the subsidiary and sub-subsidiary of one foreign parent company provided answers are excluded.

7. Sales, exports, and foreign investors

- Sales amounted to 41.0 trillion yen, an 11.7% decrease from the previous fiscal year (a 10.4% increase when limited to companies that responded in both the previous fiscal year and the current year). The manufacturing sector posted 17.3 trillion yen, a 27.1% decrease from the previous fiscal year, and the non-manufacturing sector marked 23.7 trillion yen, an increase of 4.4% (id.) (Fig. 7-1).
- By industry, in the manufacturing sector, transportation equipment decreased 17.0% from the previous fiscal year to 5.6 trillion yen. In the non-manufacturing sector, wholesale trade decreased 27.8% from the previous fiscal year to 7.2 trillion yen, whereas finance and insurance increased 53.2% (id.) to 10.2 trillion yen (Fig. 7-2).
- Exports increased 17.7% from the previous fiscal year to 4.3 trillion yen (down 6.8% when limited to companies that responded in both the previous fiscal year and the current year) (Table 7-1).
- Looking at the proportion of sales to principal foreign investors to the total sales, the manufacturing sector posted 1.1%, up 0.3% points from the previous fiscal year, while the non-manufacturing sector posted 1.0%, down 0.2% points (id.). By region of origin, Asian affiliates posted 6.1%, remaining unchanged from the previous fiscal year (Table 7-1).

Figure 7-1 Sales



(Note) From the viewpoint of comparison from the previous fiscal years, data excluding the finance and insurance industry and the real estate industry are also used.

Figure 7-2 Sales by Major Industry

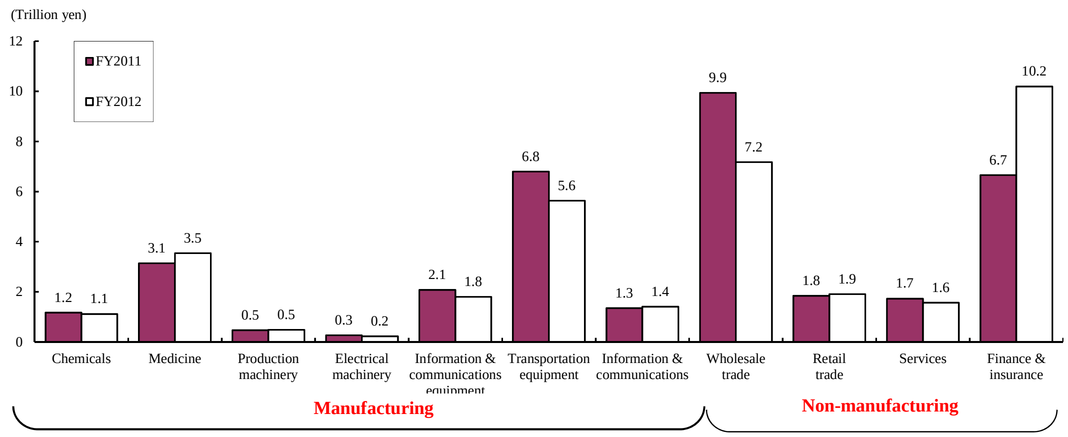


Table 7-1 Sales and Exports, and Sales to Principal Foreign Investors, and their Proportion to Total Sales

(100 million yen, %)

	Sales		Exports		Sales to principal foreign investors	
	FY2012	Year-on-year changes	FY2012	Year-on-year changes	FY2012	Year-on-year changes
Total	410,492	-11.7	43,377	17.7	4,301	-4.4
Manufacturing	173,207	-27.1	34,572	42.5	1,948	7.4
Non-manufacturing	237,285	4.4	8,805	-30.1	2,353	-12.3
U.S.	144,642	20.7	4,256	-0.6	1,261	-14.2
Asian	39,440	0.3	7,521	-24.7	2,388	-0.5
European	183,961	-29.0	30,466	44.0	640	10.7

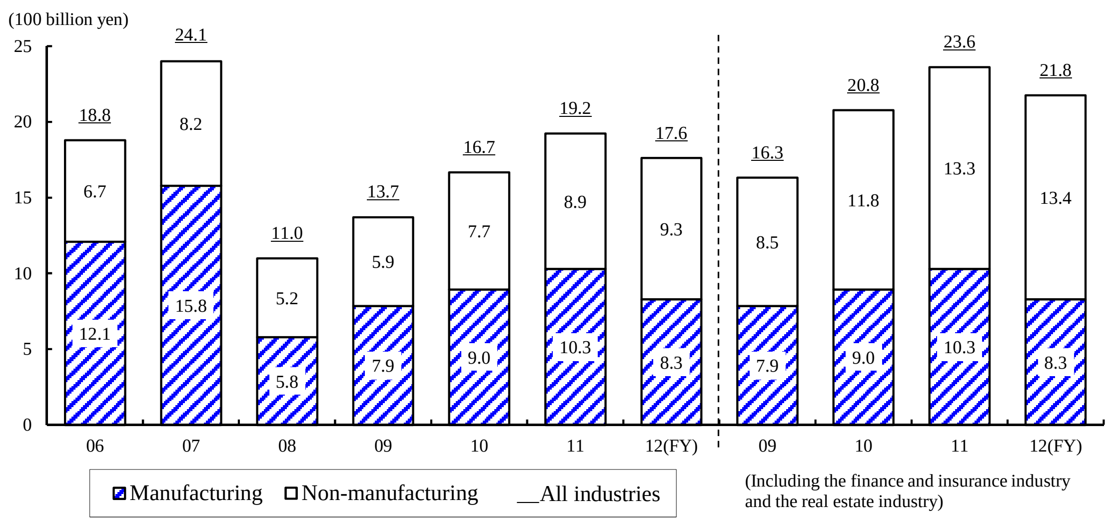
(%, % point)

	Proportion of sales to principal foreign investors to the total sales		
	FY2011	FY2012	Year-on-year changes (% point)
Total	1.0	1.0	0.0
Manufacturing	0.8	1.1	0.3
Non-manufacturing	1.2	1.0	-0.2
U.S.	1.2	0.9	-0.3
Asian	6.1	6.1	0.0
European	0.2	0.3	0.1

8. Profit

- Ordinary profit was 2.1759 trillion yen, a 7.9% decrease from the previous fiscal year (a 20.4% increase when limited to companies that responded in both the previous fiscal year and the current year). The manufacturing sector marked a decrease of 19.3% from the previous fiscal year to 831.1 billion yen, and the non-manufacturing sector recorded an increase of 1.0% (id.) to 1.3448 trillion yen (Fig. 8-1).
- By industry, in the manufacturing sector, chemicals decreased 33.5% from the previous fiscal year to 58.1 billion yen, whereas transportation equipment increased 176.1% (id.) to 209.8 billion yen. In the non-manufacturing sector, services decreased 35.7% (id.) to 147.9 billion yen, whereas retail trade increased 373.7% (id.) to 29.9 billion yen (Fig. 8-2).
- The ordinary profit to sales ratio (Note), excluding the finance and insurance industry, and the real estate industry, was up 0.9% points from the previous fiscal year to 5.7%. This was 2.2% points higher than that for incorporated enterprises as a whole (Fig. 8-3).
- By region of origin, U.S. affiliates were up 0.3% points from the previous fiscal year to 11.5%. For the first time, Asian affiliates were higher than incorporated enterprises increasing 4.5%, up 3.4% points from the previous fiscal year (Fig. 8-4).

Figure 8-1 Ordinary Profit



(Note) From the viewpoint of comparison from the previous fiscal years, data excluding the finance and insurance industry, and the real estate industry are also used.

Figure 8-2 Ordinary Profit by Major Industry

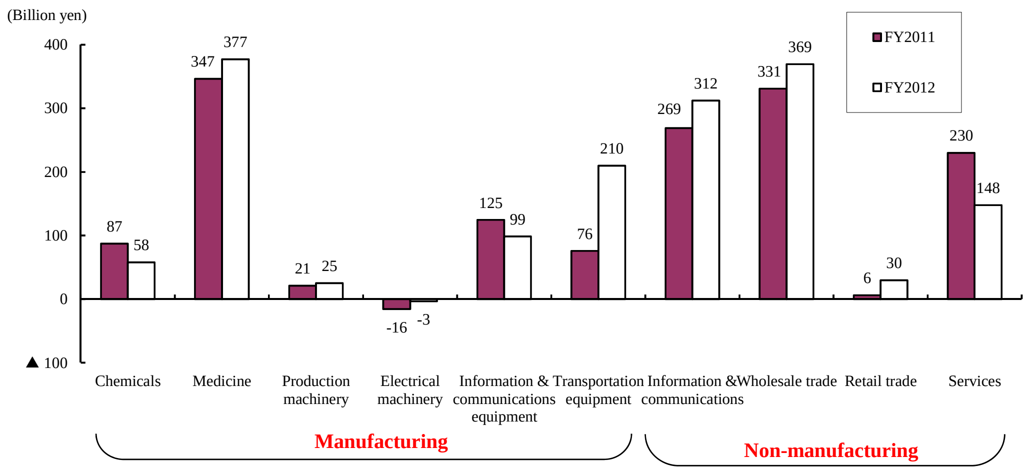
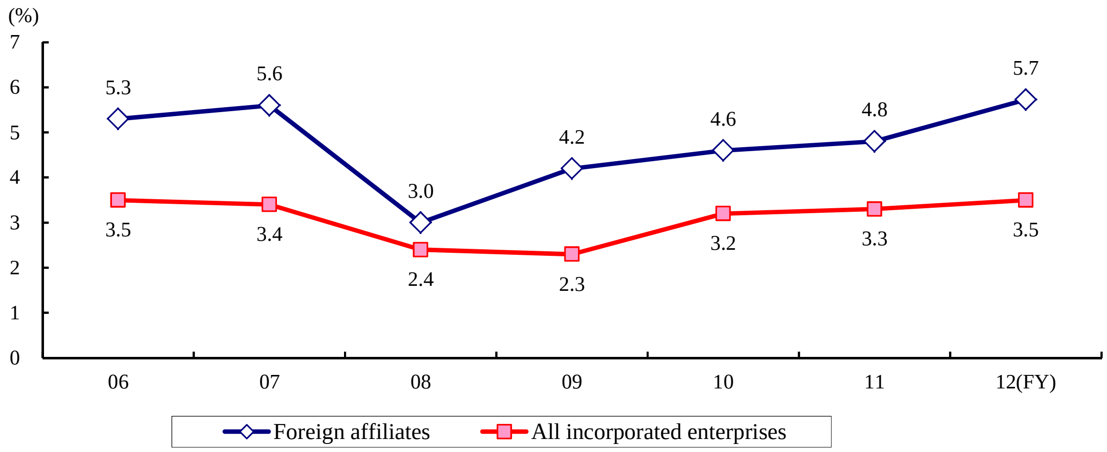


Figure 8-3 Changes in Ordinary Profit to Sales Ratio



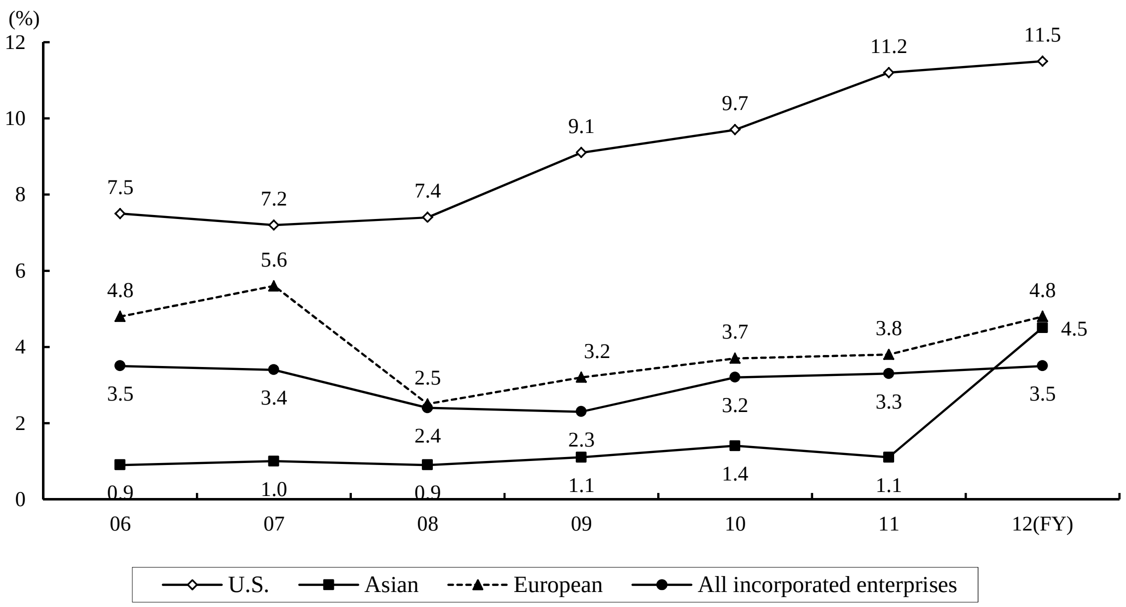
Source: All incorporated enterprises: "Financial Statement Statistics of Corporations by Industry" (Ministry of Finance)

(Note 1) Ordinary profit to sales ratio = Ordinary profit / Sales × 100.0

(Note 2) The values of the Survey of Trends in Business Activities of Foreign Affiliates exclude the values of the finance and insurance industry and the real estate industry.

(Note 3) The values of the Financial Statement Statistics of Corporations by Industry exclude the values of the finance and insurance industry.

Figure 8-4 Ordinary Profit to Sales Ratio (by Region of Origin)



Source: All incorporated enterprises: "Financial Statement Statistics of Corporations by Industry" (Ministry of Finance)

(Note 1) Ordinary profit to sales ratio = Ordinary profit / Sales × 100.0

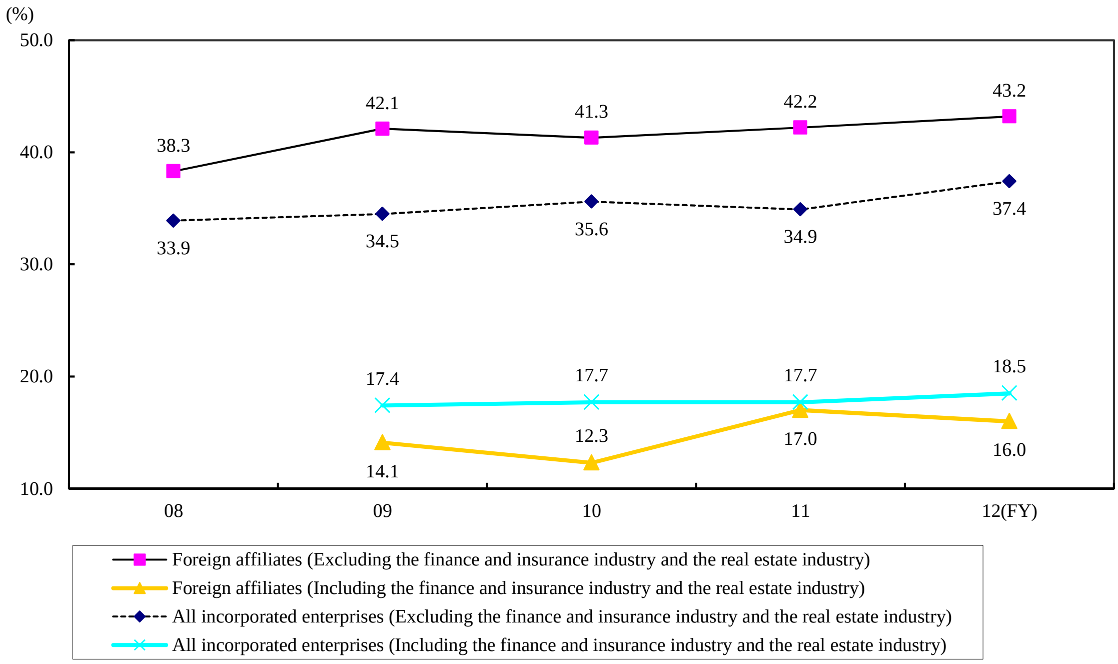
(Note 2) The values of the Survey of Trends in Business Activities of Foreign Affiliates exclude the values of the finance and insurance industry and the real estate industry.

(Note 3) The values of the Financial Statement Statistics of Corporations by Industry exclude the values of the finance and insurance industry.

9. Equity to total assets ratio

- The ratio of equity to total assets (Note) was 16.0%. This was 2.5% points lower than that for incorporated enterprises as a whole (Fig. 9-1).
- The ratio of equity to total assets, excluding the finance and insurance industry and the real estate industry, was 43.2%. This was 5.8% points higher than that for incorporated enterprises as a whole (Fig. 9-1).

Figure 9-1 Equity to Total Assets Ratio



Source: All incorporated enterprises: "Financial Statement Statistics of Corporations by Industry" (Ministry of Finance)

(Note) Ratio of equity to total assets = Total net assets / Total assets × 100.0

10. Capital investment

- Capital investment amounted to 702.2 billion yen, a 24.7% decrease from the previous fiscal year (an 18.4% decrease when limited to companies that responded in both the previous fiscal year and the current year). The manufacturing sector recorded a decrease of 29.5% from the previous fiscal year to 420.9 billion yen, and the non-manufacturing sector saw a 16.1% decrease (id.) to 281.3 billion yen (Fig. 10-1).
- The proportion of capital investment by foreign affiliates to the total by all incorporated enterprises was 2.0%, down 0.7% points from the previous fiscal year (Fig. 10-1).
- By industry, electrical machinery saw an decrease of 70.9% from the previous fiscal year, and information and communications equipment recorded a decrease of 53.3 % (id.) (Fig. 10-2).

Figure 10-1-1 Capital Investment
(Excluding the finance and insurance industry and the real estate industry)

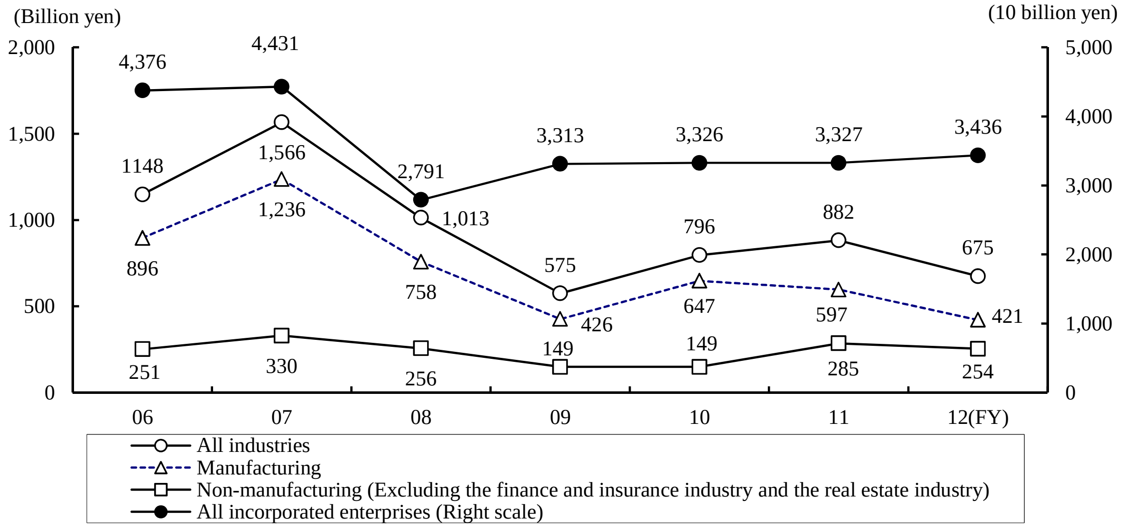
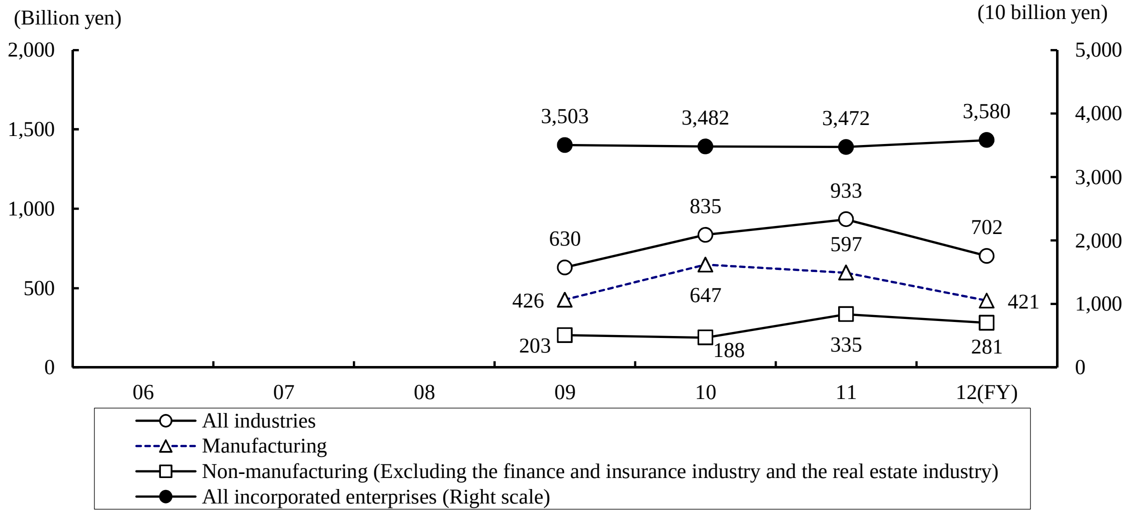
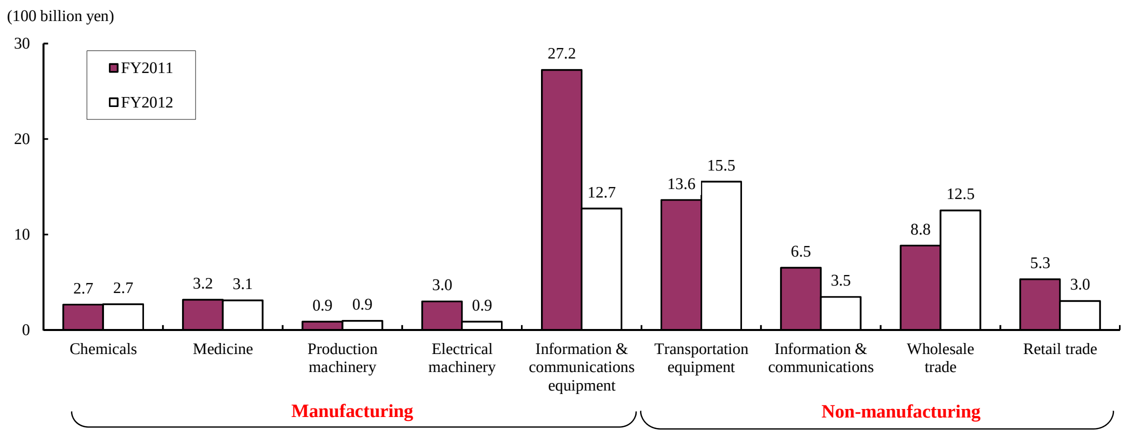


Figure 10-1-2 Capital Investment
(Including the finance and insurance industry and the real estate industry)



Source: All incorporated enterprises: "Financial Statement Statistics of Corporations by Industry" (Ministry of Finance)

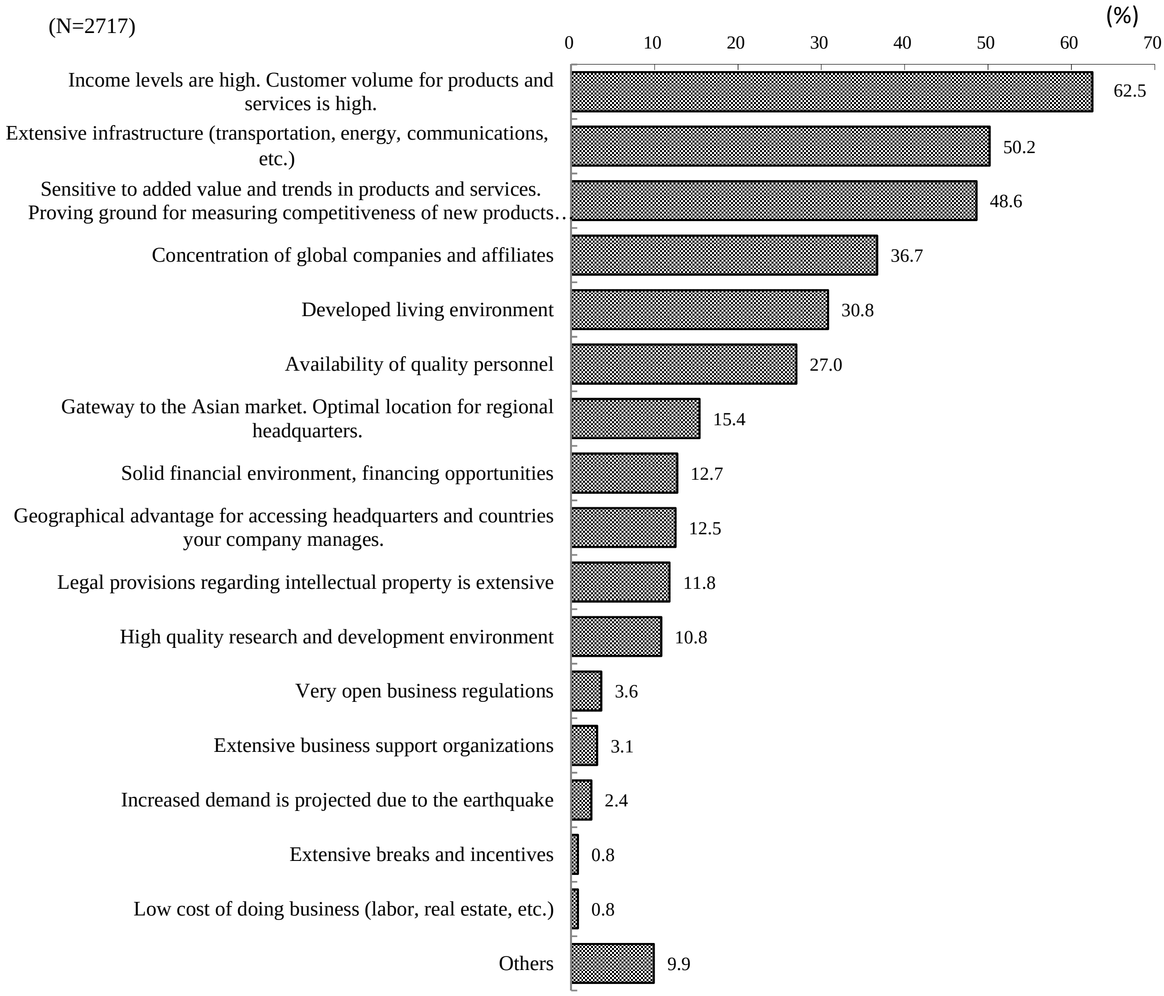
Figure 10-2 Capital Investment by Major Industry



11-1. Attractiveness of business expansion in Japan

- Regarding whether the business environment is attractive for business expansion in Japan, the top response was, "Income levels are high, and customer volume for products and services is high," accounting for 62.5% of the total.
- About 50% affiliates also said, "There is extensive infrastructure (transportation, energy, communications, etc.)" (a ratio of 50.2%), and, "The environment is sensitive to added value and trends in products and services. It is a proving ground for measuring the competitiveness of new products and services" (48.6%).

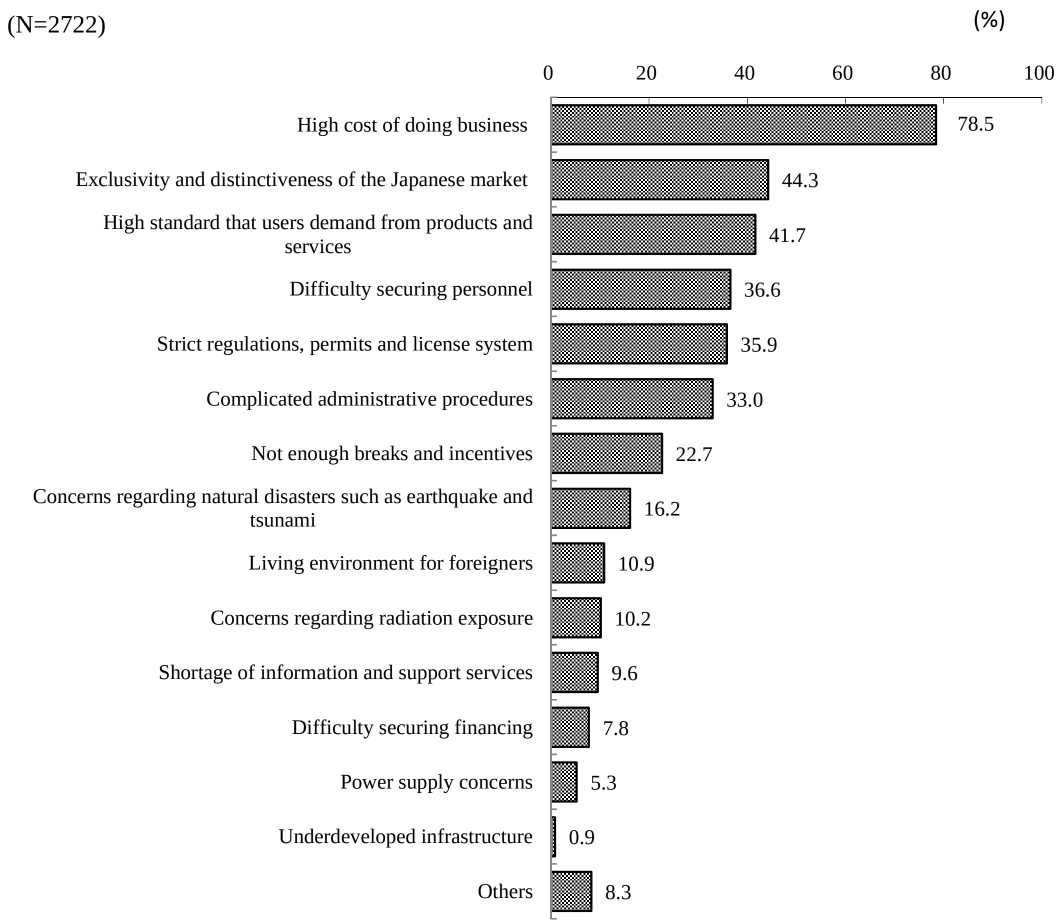
Figure 11-1 Attractiveness of Business Expansion in Japan
(Multiple answers: up to five responses per company)



11-2. Factors inhibiting business expansion in Japan

- As for factors inhibiting business expansion in Japan, the top answer was "High cost of doing business," accounting for 78.5% of the total, thus about 80%.
- "Exclusivity and distinctiveness of the Japanese market" (a ratio of 44.3%), "High standard that users demand from products and services" (41.7%), and "Difficulty securing personnel" (36.6%) followed.

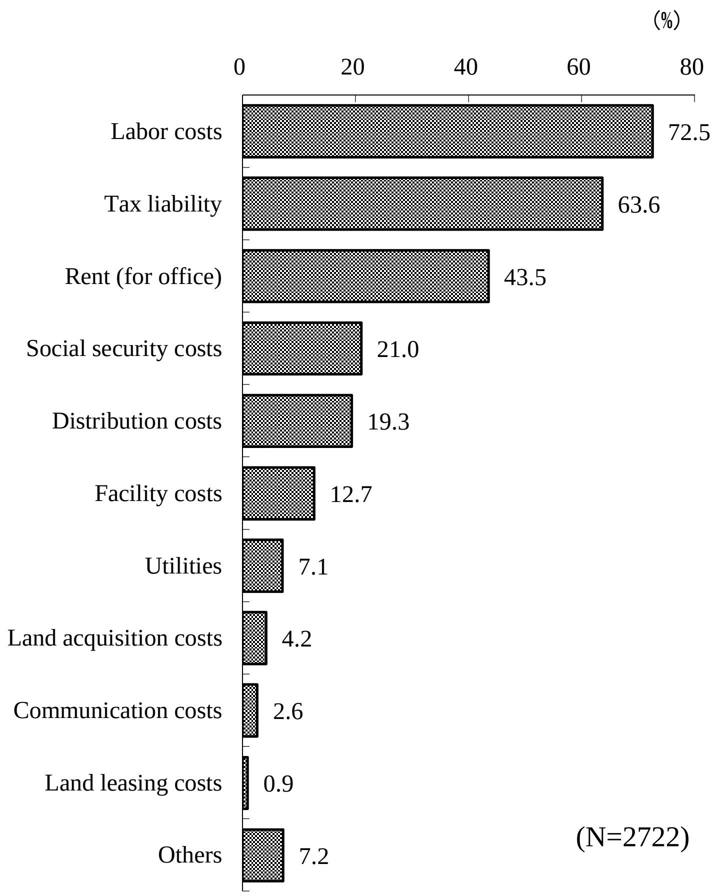
Figure 11-2 Factors Inhibiting Business Expansion in Japan
(Multiple answers: up to five responses per company)



12. Inhibiting factors with regard to the cost of doing business in Japan

- As for inhibiting factors with regard to the cost of doing business in Japan, the top answer was "Labor costs," which accounted for 72.5% of the total and was the response of about 70% of affiliates, followed by "Tax liability" (a ratio of 63.6%), "Rent (for offices)" (43.5%), and "Social security costs" (21.0%).

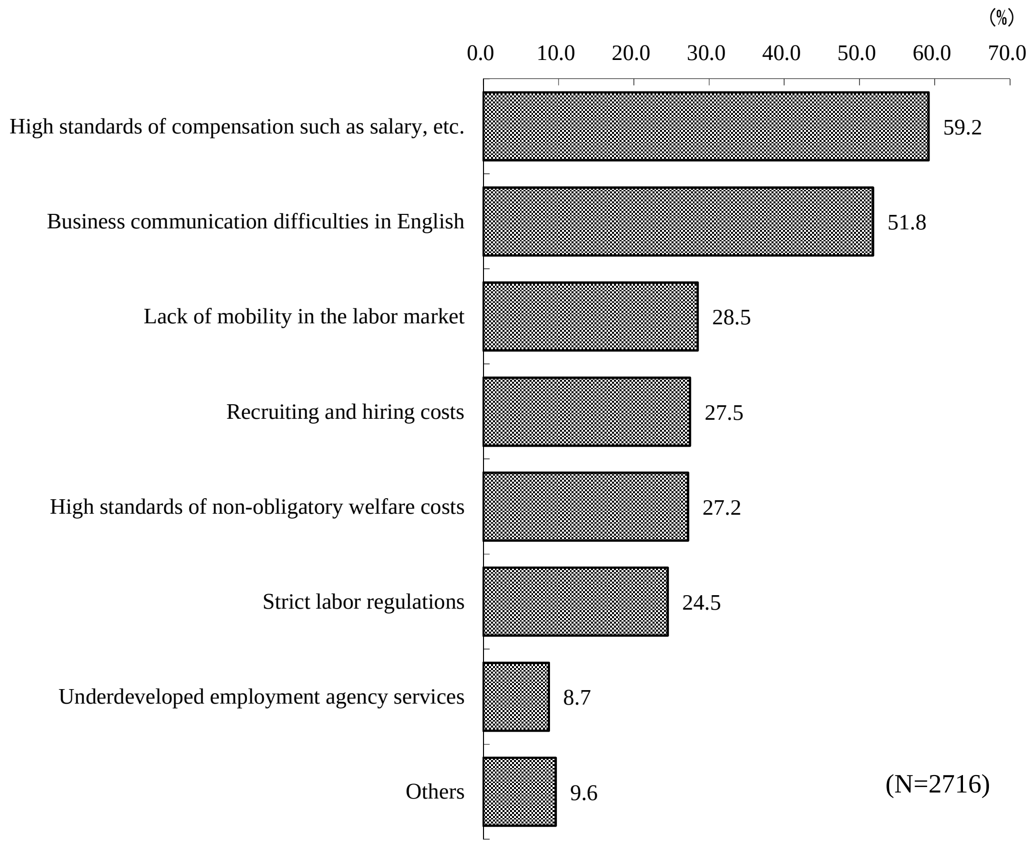
Figure 12-1 Inhibiting Factors with regard to the Cost of Doing Business in Japan (Multiple answers: up to three responses per company)



13-1. Inhibiting factors in securing Japanese personnel

- As for inhibiting factors in securing Japanese personnel, the top answer was "High standards of compensation, such as salary, etc.," which accounted for 59.2% of the total and was the response of the majority of affiliates, together with "Business communication difficulties in English" (a ratio of 51.8).
- "Lack of mobility in the labor market" (a ratio of 28.5%), "Recruiting and hiring costs" (27.5%), "High standards of non-obligatory welfare costs" (27.2%) and "Strict labor regulations" (24.5%) followed.

Figure 13-1 Inhibiting Factors in Securing Japanese Personnel
(Multiple answers: up to three responses per company)

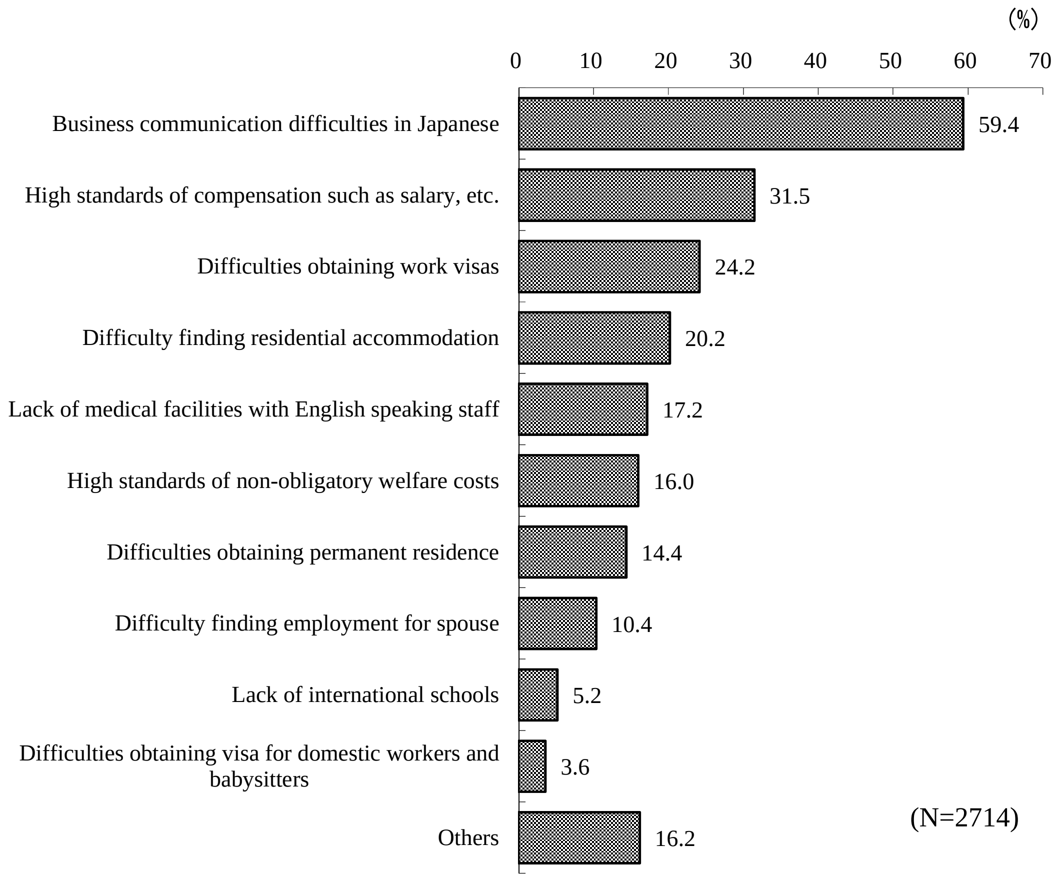


13-2. Inhibiting factors in securing foreign personnel

- As for inhibiting factors in securing foreign personnel, the top answer was "Business communication difficulties in Japanese," accounting for 59.4% of the total, thus about 60%.
- "High standards of compensation such as salary, etc." (a ratio of 31.5%), "Difficulties obtaining work visas" (24.2%), and "Difficulty finding residential accommodation" (20.2%) followed.

Figure 13-2 Inhibiting Factors in Securing Foreign Personnel

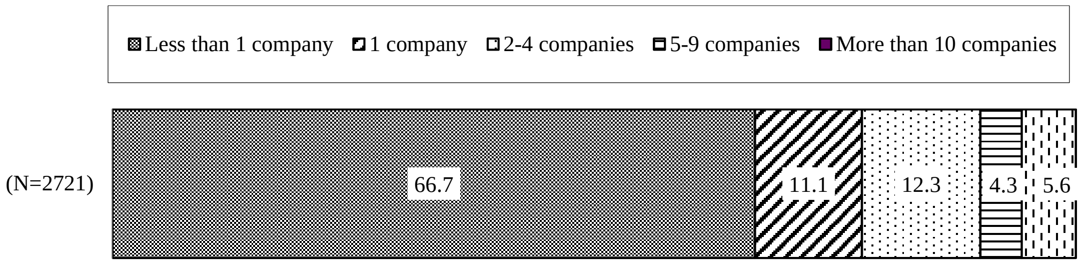
(Multiple answers: up to three responses per company)



14-1. Business partnerships with Japanese companies

- The top answer regarding the total number of Japanese companies that foreign affiliates doing business in Japan partnered with was “Less than 1 company,” accounted for 66.7% of the total, thus about 70%.
- With regard to the affiliates that partnered with Japanese companies, “1 company” accounted for 11.1%, “2–4 companies” accounted for 12.3%, “5–9 companies” accounted for 4.3%, and “More than 10 companies” accounted for 5.6%.

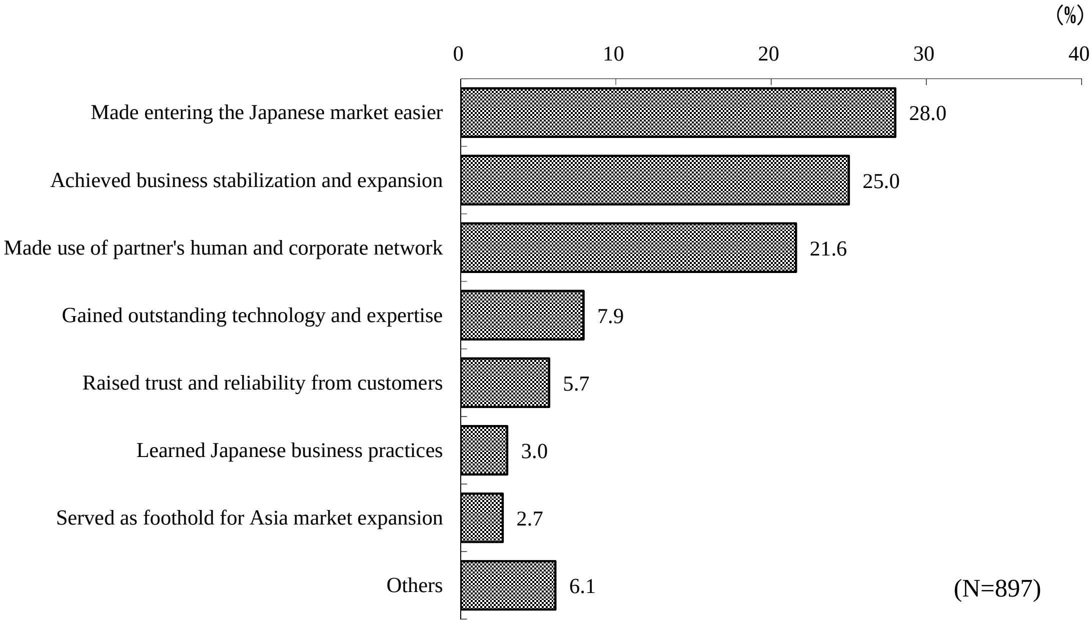
Figure 14-1 Business Partnerships with Japanese Companies



14-2. Advantage of partnering with Japanese companies

- As for the advantage of partnering with Japanese companies, the top answer was “It made entering the Japanese market easier,” accounting for 28.0% of the total, followed by “It achieved business stabilization and expansion” (a ratio of 25.0%), and “Made use of partner’s human and corporate network ” (21.6%).

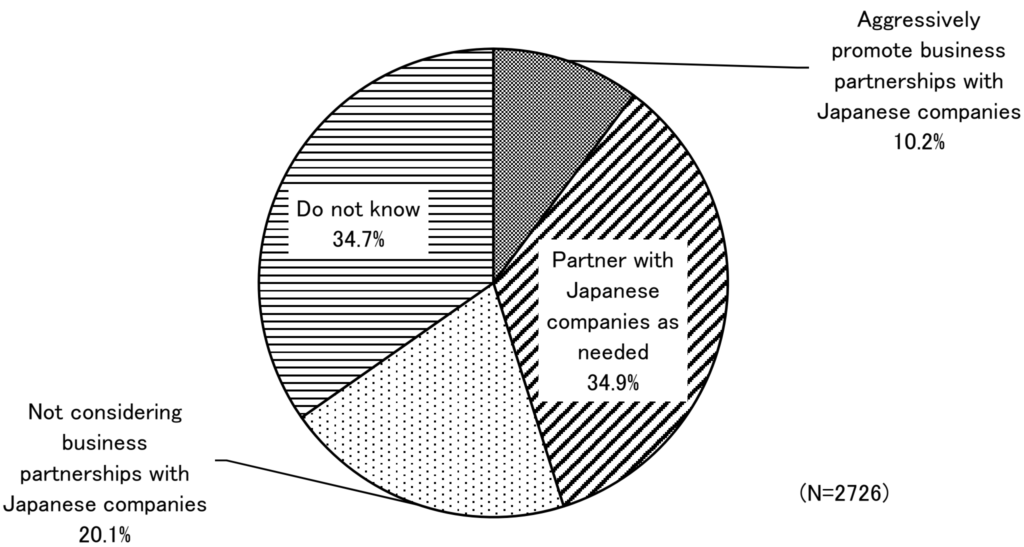
Figure 14-2 Advantage of partnering with Japanese Companies



15. Future plans for business partnerships with Japanese companies

- As for future plans for business partnerships with Japanese companies, a total of about 40% of affiliates took a positive view of partnering with Japanese companies, with the answers of “Aggressively promote business partnerships with Japanese companies” accounting for 10.2% and “Partner with Japanese companies as needed” accounting for 34.9%.

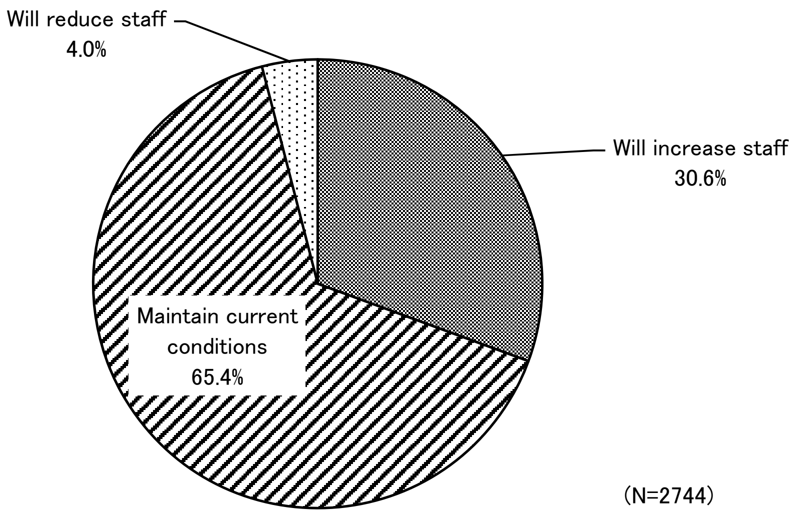
Figure 15-1 Future Plans for Business Partnerships with Japanese Companies



16. Hiring outlook for this year

- As for the hiring outlook for this year in foreign affiliates, the top answer was “Maintain current conditions,” accounting for 65.4% of the total, while “Will increase staff” accounted for 30.6% and “Will reduce staff” accounted for 4.0%.

Figure 16-1 Hiring Outlook for This Year



17. Future business expansion in Japan

- As for future business expansion in Japan, the top answer was “Planning business expansion,” accounting for 52.1% of the total, thus more than 50%, followed by “Maintain current conditions,” accounting for 45.7%.
- Whereas, “Planning to downsize” stood at a ratio of 1.6%, and “Discontinue operations” stood at 0.6%.

Figure 17-1 Future Business Expansion in Japan