

Quarterly Survey of Overseas Subsidiaries (Survey from January to March 2018)

~ Summary of the Results ~



June 27, 2018

Research and Statistics Department
Ministry of Economy, Trade and Industry

1 About the Quarterly Survey of Overseas Subsidiaries

(1) Outline of the Survey

I Purpose of the survey

The purpose of this survey is to promote flexible policymaking for both the economy and industry, by understanding the dynamic changes in the overseas activities of Japanese companies.

II Legal basis of the survey

The survey is conducted by the Ministry of Economy, Trade and Industry with approval under the Statistics Act.

III Date of the survey

The survey was based on the period ending on the last day of March 2018. (The deadline for submitting survey responses for this quarter was May 15, 2018.)

IV Coverage of the Survey

The survey covers Japanese companies that met all the following criteria as of the end of March 2017: All industries except finance, insurance, and real estate; companies with 100 million yen or more in capital; companies with 50 or more employees; companies with overseas subsidiaries.

This survey also targets overseas subsidiaries of the above Japanese parent companies (including overseas subsidiaries that were established during the term of the survey) that meet all of the following criteria as of the end of the surveyed quarter: manufacturing companies; companies with 50 or more employees; companies with 50% or more of their capital coming from parent companies, including both direct and indirect funds (such as funds provided via local subsidiaries).

V Method of the Survey

The survey was conducted via mail, using self-declarations submitted by Japanese parent companies.

VI Survey Items

The survey covers actual figures and Diffusion Index (business confidence) for sales, capital investment, and number of employees.

VII Response Rate

The responses to the survey for this quarter are summarized below:

| Number of companies covered by the survey (overseas subsidiaries) | Number of companies that responded | Response rate [※] |
|---|------------------------------------|----------------------------|
| 5,296 | 4,119 | 77.8% |

※Response rate it was calculated by the valid responses

(2) Notes on Use

I Adjustments to deal with gaps in reported values

Comparisons between the current quarter and the corresponding quarter of the previous year are calculated and estimated by totaling the figures only for overseas subsidiaries (newly established companies included) continuously subject to the survey since the corresponding quarter of the previous year.

II Revisions to statistical data

Statistical data for the current quarter are preliminary results. They are revised at the time of publication of the survey report for the next quarter.

Annual revisions are conducted once a year at the time of publication of the survey report for the April-June quarter. Statistical data for the previous year were retroactively revised and fixed.

III Tabulation method

Data for all companies covered by the survey is tabulated after estimating the results for companies that did not submit responses, based on the following formula in each region and sector (the number of employees given in the previous quarter is used in the case of employees). All items are estimated except the capital investment.

Estimated values for this quarter for companies not submitting data =

Value for the corresponding quarter in the previous year for relevant companies ×

_____ Total values for this quarter for companies that submitted data both this quarter and in the same quarter of the previous year

_____ Total values for the same quarter of the previous year for companies that submitted data both this quarter and in the same quarter of the previous year

IV Classification of countries and regions

i North America:

the United States and Canada

ii Asia

①ASEAN4: Indonesia, Thailand, the Philippines, and Malaysia

ASEAN10: Indonesia, Thailand, the Philippines, Malaysia, Cambodia, Singapore, Brunei, Vietnam, Myanmar, and Laos

②NIEs3: Singapore, Taiwan, and Korea

③China: including Hong Kong

④Other Asian countries: India, Cambodia, Sri Lanka, Pakistan, Bangladesh, Brunei, Vietnam, Myanmar, and Laos

iii Europe:

Ireland, the United Kingdom, Italy, Ukraine, Austria, the Netherlands, Greece, Swiss, Sweden, Spain, Slovakia, the Czech Republic, Denmark, Germany, Turkey, Hungary, Finland, France, Bulgaria, Belgium, Poland, Portugal, Montenegro, Luxembourg, Romania, and Russia

iv Other:

Argentina, Israel, Uruguay, Egypt, El Salvador, Australia, Guatemala, Costa Rica, Columbia, Saudi Arabia, Samoa, Swaziland, Tanzania, Tunisia, Chile, Nigeria, New Zealand, Paraguay, Brazil, Venezuela, Peru, South Africa, Mexico, and Morocco

V Regarding listed currencies

Amounts listed in local currencies are analyzed by converting them into U.S. dollars at the average exchange rate for the quarter announced by the IMF.

Exchange rates of major currencies against the U.S. dollars (average term rates published by IMF "IFS")

| | | FY2016 | | FY2017 | | |
|--------|-------------------------------------|-----------|-----------|-----------|-----------|-----------|
| | | Jan.-Mar. | Apr.-Jun. | Jul.-Sep. | Oct.-Dec. | Jan.-Mar. |
| Japan | Yen | 113.61 | 111.08 | 111.01 | 112.97 | 108.23 |
| ASEAN4 | Indonesia (Rupiah) | 13348.4 | 13309.3 | 13329.1 | 13536.7 | 13576.2 |
| | Malaysia (Ringgit) | 4.4500 | 4.3300 | 4.2600 | 4.1600 | 3.9200 |
| | Philippines (Peso) | 49.990 | 49.860 | 50.840 | 50.930 | 51.450 |
| | Thailand (Baht) | 35.120 | 34.450 | 33.390 | 32.960 | 31.540 |
| NIEs3 | Republic of Korea (Won) | 1154.80 | 1130.00 | 1132.50 | 1106.10 | 1072.80 |
| | Singapore (Singapore dollar) | 1.4200 | 1.3900 | 1.3600 | 1.3500 | 1.3200 |
| | Taiwan (New Taiwan dollar) | 31.0990 | 30.2700 | 30.2830 | 30.1170 | 29.3210 |
| China | People's Public of China (Yuan) | 6.8900 | 6.8600 | 6.6700 | 6.6100 | 6.3500 |
| | Hong Kong (Hong Kong dollar) | 7.760 | 7.790 | 7.820 | 7.810 | 7.830 |
| Europe | United Kingdom (Pound) [※] | 0.810 | 0.780 | 0.760 | 0.750 | 0.720 |
| | Euro Area (Euro) | 0.9400 | 0.9100 | 0.8500 | 0.8500 | 0.8100 |

VI Industrial Classification

Industrial Classification is based on the Japan Standard Industrial Classification (JSIC).

Based on sales, the four major industry sectors out of the total of 12 are "Chemicals", "General-purpose machinery (general-purpose, production, and business-oriented machinery)", "Electrical machinery", and "Transportation equipment".

| Industry Classification | Japan Standard Industrial Classification(Code) |
|---|--|
| FOOD AND TABACCO | Manufacture of food (09), manufacture of beverages, tobacco and feed (10) |
| TEXTILES | Manufacture of textile mill products (11) |
| LUMBER, PULP, PAPER AND PAPER PRODUCTS | Manufacture of lumber and wood products, except furniture (12), Manufacture of pulp, paper and paper products (14) |
| CHEMICALS | Manufacture of Chemical and allied products (16) |
| CERAMIC, STONE AND CLAY PRODUCTS | Manufacture of ceramic, stone and clay products (21) |
| IRON AND STEEL | Manufacture of iron and steel (22) |
| NON-FERROUS METALS | Manufacture of non-ferrous metals and products (23) |
| FABRICATED METAL PRODUCTS | Manufacture of fabricated metal products (24) |
| GENERAL-PURPOSE, PRODUCTION AND BUSINESS ORIENTED MACHINERY | Manufacture of general-purpose machinery (25), Manufacture of production machinery (26), Manufacture of business oriented machinery (27) |
| ELECTRICAL MACHINERY | Electronic parts, devices and electronic circuits (28), Manufacture of electrical machinery, equipment and supplies (29), Manufacture of information and communication electronics equipment (30) |
| TRANSPORTATION EQUIPMENT | Manufacture of transportation equipment (31) |
| MISCELLANEOUS MANUFACTURING INDUSTRIES | Manufacture of furniture and fixtures (13), Printing and allied industries (15), Manufacture of petroleum and coal products (17), Manufacture of plastic products, except otherwise classified (18), Manufacture of rubber products (19), Manufacture of tanning, leather products and fur skins (20), Miscellaneous manufacturing industries (32) |

2 Overview

Fig. 2-1 Long-Term Trends in Sales, etc. of Overseas Subsidiaries

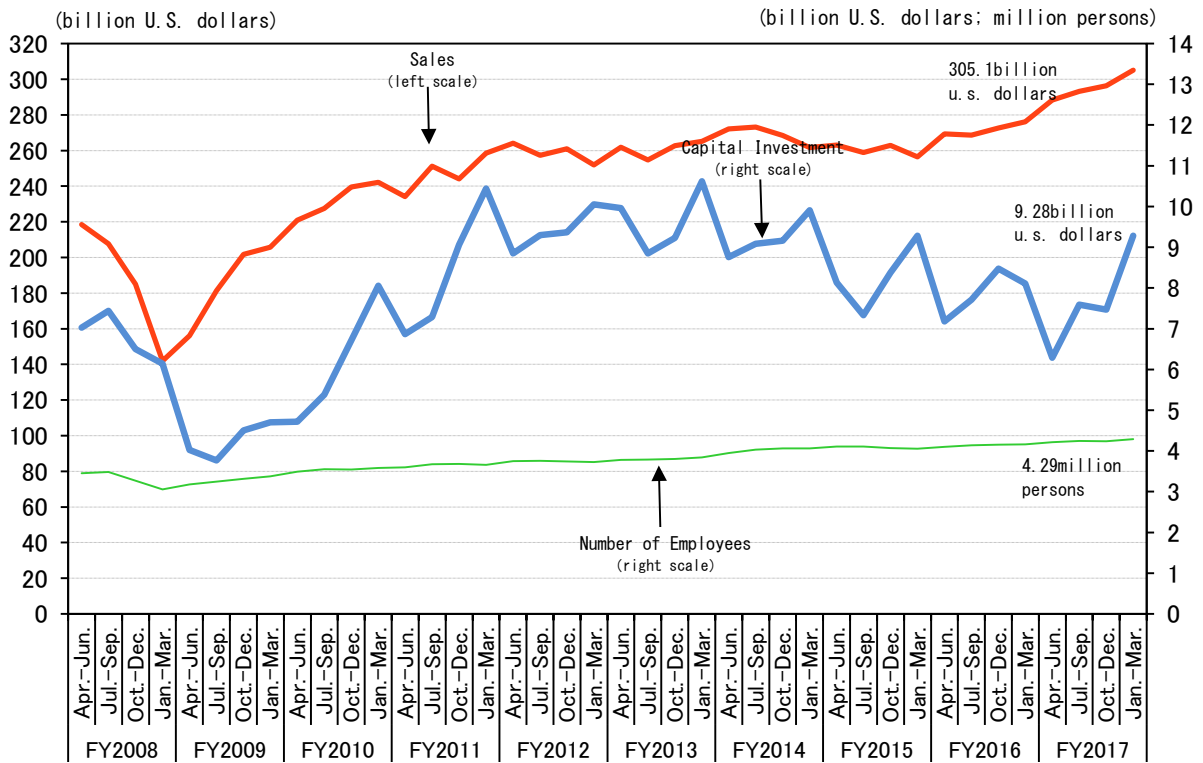


Fig. 2-2 Diffusion Index (DI) for Sales Forecast (Current DI and Next DI)

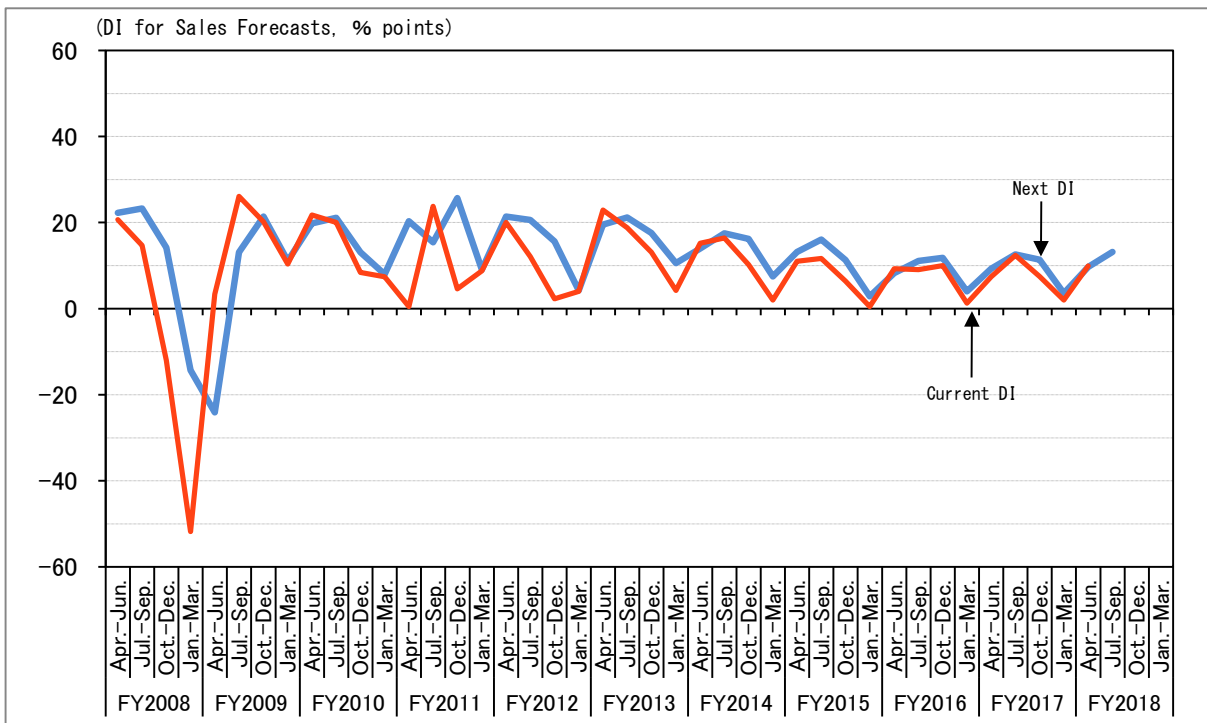


Fig. 2-3 Summary Table of the Survey

| | Sales | | | | Capital Investment | | | | Number of Employees | | | |
|--------------------------------|----------------|------------|-------------------------|----------------------|--------------------|------------|-------------------------|----------------------|---------------------|------------|-------------------------|----------------------|
| | Results | | Forecasts Current DI | Forecasts Next DI | Results | | Forecasts Current DI | Forecasts Next DI | Results | | Forecasts Current DI | Forecasts Next DI |
| | Jan.-Mar. 2018 | | Apr.-Jun. 2018 | Jul.-Sep. 2018 | Jan.-Mar. 2018 | | Apr.-Jun. 2018 | Jul.-Sep. 2018 | End of Mar. 2018 | | Jun. 2018 | Sep. 2018 |
| | Billion USD | y/y % chg. | %points | %points | Billion USD | y/y % chg. | %points | %points | Mil. Persons | y/y % chg. | %points | %points |
| All Regions | 305.1 | 9.3 | 9.9 | 13.2 | 9.28 | 16.8 | 13.9 | 10.1 | 4.290 | 1.7 | 8.1 | 5.3 |
| Chemicals | 23.0 | 11.1 | 10.1 | 17.0 | 0.60 | 16.4 | 9.3 | 5.9 | 0.181 | 2.1 | 11.2 | 8.1 |
| General-purpose machinery | 28.9 | 16.0 | 8.9 | 11.4 | 0.49 | 1.7 | 22.8 | 13.0 | 0.472 | 5.1 | 15.7 | 11.6 |
| Electrical machinery | 44.1 | 6.7 | 13.2 | 14.1 | 1.07 | -5.0 | 9.2 | 13.1 | 1.060 | 0.5 | 2.8 | 1.9 |
| Transportation equipment | 167.5 | 8.5 | 4.3 | 8.4 | 5.83 | 24.7 | 14.4 | 10.4 | 1.677 | 2.6 | 7.8 | 5.5 |
| North America | 92.0 | 2.8 | 4.3 | -0.8 | 2.83 | 3.8 | 11.6 | 5.6 | 0.589 | 4.7 | 6.3 | 4.3 |
| Chemicals | 6.1 | 4.7 | 0.0 | 9.3 | 0.14 | 12.2 | 0.0 | 8.3 | 0.027 | 2.5 | 20.9 | 9.3 |
| General-purpose machinery | 10.3 | 18.0 | 9.7 | 0.0 | 0.19 | -17.5 | 29.2 | 10.8 | 0.078 | 30.4 | 22.9 | 15.7 |
| Electrical machinery | 7.3 | 3.5 | -6.3 | 4.1 | 0.08 | -23.4 | 12.8 | 2.6 | 0.058 | 12.1 | -2.0 | 0.0 |
| Transportation equipment | 56.0 | -0.4 | -1.8 | -13.9 | 2.19 | 9.9 | 10.0 | 0.6 | 0.272 | 0.2 | 3.7 | 1.8 |
| Asia | 148.2 | 11.8 | 11.0 | 16.7 | 4.69 | 26.7 | 14.9 | 11.7 | 2.954 | 0.7 | 8.4 | 5.3 |
| Chemicals | 10.0 | 14.1 | 11.6 | 19.4 | 0.33 | 37.8 | 11.2 | 6.5 | 0.116 | 1.9 | 10.9 | 9.1 |
| General-purpose machinery | 13.2 | 12.3 | 10.1 | 14.4 | 0.21 | 38.9 | 23.4 | 14.3 | 0.343 | 0.1 | 14.4 | 10.4 |
| Electrical machinery | 29.1 | 5.6 | 15.3 | 14.1 | 0.91 | -3.4 | 7.9 | 12.5 | 0.920 | -0.5 | 2.7 | 1.6 |
| Transportation equipment | 75.1 | 14.2 | 5.3 | 18.0 | 2.58 | 44.8 | 17.8 | 15.0 | 0.974 | 2.5 | 9.4 | 5.7 |
| ASEAN 4 | 56.6 | 13.6 | 2.5 | 17.3 | 2.04 | 38.4 | 11.8 | 11.5 | 1.198 | 1.9 | 6.9 | 3.7 |
| Chemicals | 3.3 | 10.8 | 10.6 | 18.3 | 0.19 | 57.4 | 6.8 | 7.9 | 0.047 | 2.9 | 11.6 | 8.6 |
| General-purpose machinery | 3.2 | 11.2 | 5.0 | 7.5 | 0.06 | 20.0 | 12.1 | 0.0 | 0.120 | 0.8 | 5.0 | 7.5 |
| Electrical machinery | 10.7 | 10.6 | 9.0 | 10.4 | 0.45 | -13.0 | 15.7 | 13.9 | 0.381 | 2.4 | 3.7 | 1.8 |
| Transportation equipment | 30.8 | 14.4 | -9.8 | 19.0 | 1.06 | 92.5 | 12.1 | 18.1 | 0.405 | 1.9 | 5.6 | 2.9 |
| NIEs 3 | 13.0 | 3.6 | 15.5 | 15.2 | 0.29 | -0.3 | 12.0 | 3.7 | 0.134 | -0.4 | 11.5 | 6.9 |
| Chemicals | 3.4 | 10.4 | 12.8 | 25.5 | 0.06 | -3.2 | 17.5 | 2.5 | 0.017 | 4.0 | 13.0 | 6.5 |
| General-purpose machinery | 1.8 | 20.3 | 2.8 | 8.3 | 0.01 | 71.2 | 19.3 | 6.4 | 0.022 | 4.6 | 25.7 | 17.1 |
| Electrical machinery | 3.3 | -4.6 | 30.2 | 13.9 | 0.05 | -38.3 | 4.9 | -2.4 | 0.038 | -0.9 | 11.4 | 9.1 |
| Transportation equipment | 1.9 | -5.5 | 20.0 | 13.8 | 0.11 | 44.9 | 7.4 | 11.6 | 0.018 | -1.3 | 3.6 | -11.1 |
| China (incl. Hong Kong) | 62.5 | 11.3 | 16.0 | 15.5 | 1.29 | 27.7 | 19.5 | 13.1 | 1.083 | -2.7 | 8.3 | 5.8 |
| Chemicals | 2.6 | 25.3 | 10.7 | 15.5 | 0.05 | 63.4 | 14.3 | 8.1 | 0.035 | -1.2 | 9.9 | 9.9 |
| General-purpose machinery | 7.1 | 10.7 | 14.6 | 16.4 | 0.07 | 14.2 | 31.6 | 19.4 | 0.142 | -4.6 | 13.0 | 7.8 |
| Electrical machinery | 13.6 | 3.8 | 19.9 | 17.3 | 0.38 | 24.4 | 3.5 | 15.5 | 0.390 | -3.7 | 2.8 | 1.6 |
| Transportation equipment | 31.5 | 14.9 | 16.5 | 16.3 | 0.55 | 27.8 | 29.3 | 12.7 | 0.308 | -0.5 | 11.5 | 9.2 |
| Europe | 40.9 | 16.2 | 6.0 | 3.4 | 1.08 | 23.9 | 12.2 | 9.2 | 0.411 | 3.7 | 8.6 | 4.2 |
| Chemicals | 6.5 | 12.6 | 11.4 | 10.2 | 0.13 | 3.3 | 10.0 | 0.0 | 0.033 | 2.4 | 11.9 | 5.1 |
| General-purpose machinery | 4.9 | 24.3 | 1.4 | 7.0 | 0.09 | -12.8 | 14.3 | 9.5 | 0.041 | 6.4 | 15.5 | 12.7 |
| Electrical machinery | 6.5 | 20.0 | 5.0 | 15.0 | 0.07 | -16.4 | 15.6 | 28.1 | 0.045 | 2.1 | 10.2 | 2.6 |
| Transportation equipment | 16.8 | 13.8 | -2.5 | -15.0 | 0.52 | 37.3 | 10.2 | 7.3 | 0.194 | 4.2 | 2.7 | -2.7 |

| | | | | | | | | | | | | |
|-----------------------------|------|------|------|------|------|-------|------|------|-------|-----|------|-----|
| (Reference) ASEAN 10 | 66.0 | 12.3 | 5.2 | 17.4 | 2.29 | 31.5 | 12.7 | 12.0 | 1.582 | 2.2 | 7.5 | 4.5 |
| Chemicals | 4.5 | 10.3 | 8.5 | 17.9 | 0.21 | 62.7 | 9.2 | 6.6 | 0.055 | 2.8 | 10.9 | 9.4 |
| General-purpose machinery | 4.7 | 11.7 | 6.8 | 5.8 | 0.10 | 53.6 | 12.9 | 5.8 | 0.174 | 3.4 | 10.8 | 9.9 |
| Electrical machinery | 12.8 | 9.5 | 8.6 | 10.6 | 0.49 | -13.1 | 14.5 | 12.5 | 0.490 | 2.0 | 1.5 | 1.4 |
| Transportation equipment | 33.4 | 13.2 | -6.9 | 19.3 | 1.14 | 74.1 | 12.5 | 18.6 | 0.514 | 3.1 | 6.5 | 3.2 |

Questionnaire

| | | | |
|-------------------------------|---|--|----------|
| Where to send | Ministry of Economy, Trade and Industry | Quarterly Survey of Overseas Subsidiaries | |
| Due date | | Questionnaire for Quarterly Survey of Overseas Subsidiaries | 政府統計 |
| No. of copies to be submitted | 1 | Confidential | |

Inquiries for further information
Enterprise Statistics Office,
Research and Statistics Dept.,
Ministry of Economy, Trade and Industry

The confidentiality of information provided in the questionnaire shall be protected under the Statistics Act.

As of the end of _____

Enter the currency code for the amounts you chose.

If the applicable period for the amount you enter here is not a quarter period, cross out "Quarter" with a double line and circle "Half year."

Please use a black or blue ballpoint pen or felt-tip pen, when fill in to the questionnaire.

※ Please be sure to fill in this section.

| | | | | | | | |
|---|---------|-----------|--|--|--|--|--|
| Currency code (See the reverse side) | | | | | | | |
| Period for the amounts | Quarter | Half year | | | | | |

Make an estimate based on the actual situation eliminating seasonal factors, and choose one from "1. Increase", "2. Unchanged" and "3. Decrease". Circle the applicable number. Both the forecast of the current quarter and the next quarter shall be based on comparison with the respective previous quarter.

| Item | Actual result | Forecast | | Remarks |
|---|---------------|--|--|---------|
| | | Current quarter | Next quarter | |
| 101 | | | | |
| Sales | | 1. Increase 2. Unchanged 3. Decrease | 1. Increase 2. Unchanged 3. Decrease | |
| Local sales 102 | | 1. Increase 2. Unchanged 3. Decrease | 1. Increase 2. Unchanged 3. Decrease | |
| Sales to Japan 103 | | 1. Increase 2. Unchanged 3. Decrease | 1. Increase 2. Unchanged 3. Decrease | |
| Sales to countries other than Japan 104 | | 1. Increase 2. Unchanged 3. Decrease | 1. Increase 2. Unchanged 3. Decrease | |
| Acquisition of tangible fixed assets in this term (excluding land) 201 | | 1. Increase 2. Unchanged 3. Decrease | 1. Increase 2. Unchanged 3. Decrease | |

The amount of the tangible fixed assets that your company acquired in this term. The amount does not include any decreases (due to retirement, etc.).

| | | | | | |
|--|------------|---------------------------------|--|---|--------|
| If you answered "1. Increase" for "Next quarter" in 201, then in 202, circle the applicable purpose of acquiring the assets. (Multiple answers allowed.) | 202 | 1 | 2 | 3 | 4 |
| | | To increase production capacity | To update or repair facilities and equipment | To promote rationalization and efficiency | Others |

| Item | Number (persons) | Forecast | | Remarks |
|---------------------|------------------|--|--|---------|
| | | End of | End of | |
| 301 | | | | |
| Number of employees | | 1. Increase 2. Unchanged 3. Decrease | 1. Increase 2. Unchanged 3. Decrease | |

Remarks

• When there are any affiliates to be added to or excluded from the survey, please fill in the questionnaire in accordance with the "Guide for the Questionnaire."

• In case of any drastic changes (company merger, suspension of operation, etc.), please provide us with the details.

(Please make the necessary corrections in red ink)

Name of the overseas affiliate: _____

Country where it is located: _____

Name of the headquarters _____

Department _____

Person in charge _____

Telephone _____

Code G _____

◆ Thank you for your cooperation. ◆



政府統計

Inquires

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※Time series tables for past data are available on the website at the above address.