

Outline of Survey of Trends in Business Activities of Foreign Affiliates

1. 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 advance the Country's industrial and trade policies.

(2) Legal basis for the survey and protection of confidentiality

This survey is conducted by the Ministry of Economy, Trade and Industry (METI), pursuant to the Statistics Act. The confidentiality of information provided in response to the survey is protected under the Statistics Act (Article 41 of the Statistics Act).

(3) Survey target

The survey covers companies that satisfied the following conditions as of the end of March of the year 2019.

(a) A company in which more than one third of shares or holdings is owned by foreign investors, and in which the principal foreign investor's direct investment ratio is more than 10%.

(b) 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, and in which the principal foreign investor's direct investment ratio is more than 10%.

(Note 1) In this survey, the term "foreign investor" refers to non-resident individuals, companies and other groups established under the jurisdiction of foreign laws; or companies and other groups with headquarters located overseas.

(Note 2) 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.

(4) Survey method

This survey was delivered using the Japan Postal Service. The survey forms are mailed to the subject companies from METI and are then returned after being completed by the respective companies.

(5) Date

The survey was conducted on August 1, 2019, in connection with business for FY 2018.

(6) Number of respondents

Survey targets: 5,701 (5,606 in the previous survey)

Respondents: 3,449 (3,441 in the previous survey)

Response rate: 60.5% (61.4% in the previous survey)

Valid respondents: 3,287 (Including the finance and insurance industry and the real estate industry)

: 3,076 (Excluding the finance and insurance industry and the real estate industry)

(Note 1) Since the FY2010 survey, the "finance and insurance" industry and the "real estate" industry

were added to the targets of the survey.

(Note 2) Since the FY2011 survey, it covers not only indirect investments through holding companies, but also indirect investment from all Japanese domestic companies including operating companies.

2. Instructions for Use

(1) Note on survey results

- (a) Only valid answers are included. Therefore, the number of respondents varies per item.
- (b) When comparing the results of the current survey with previous surveys, it is necessary to take into account the differences in the response rate and the number of foreign affiliates covered, as some companies that fell outside the scope of previous surveys were included in the current survey, and vice versa.

(2) 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.

(3) Classification of industries

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

(4) Note on survey results

- (a) Notes on the terminology used in the Summary
 - “Number of Foreign affiliates”: Number of Companies that are currently in operation (excluding those with less than 1 million yen in capital)
 - “All incorporated enterprises”: All domestic corporations (refers to “Financial Statement statistics of corporations by Industry / Ministry of Finance”)
- (b) Notes for the symbols in tables and figures
 - The “x” signifies that the data is hidden because only 1 or 2 companies fall into the category. This method is used even where there are 3 or more companies, if a simple calculation using these disclosed figures would help identify the company corresponding to the “x”.
 - The “-” indicates that there is no relevant figure.
 - “0” indicates that the figure has a value of less than one.
- (c) There may be discrepancies between the exact sums of individual items and the totals provided, due to the numbers being rounded off to the nearest number.
- (d) Year-on-year comparisons and ratios mentioned in the text have been calculated in millions of yen, the counting unit of this survey, unless otherwise indicated.

(5) Ratio calculation formula

Calculated based on foreign affiliates that responded to questionnaires for both denominator and numerator.

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

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

(6) 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 (2018)” (Ministry of Economy, Trade and Industry).

Investment Facilitation Division
Trade and Economic Cooperation Bureau
Ministry of Economy, Trade and Industry
Email: gaishi-chosa@meti.go.jp

The 53st Survey of Trends in Business Activities of Foreign Affiliates (Summary)

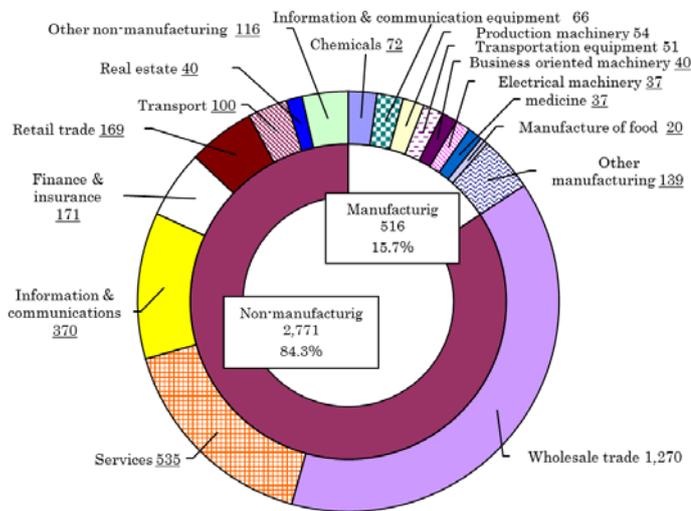
- **There is no significant change in the composition ratio of Asian, U.S. and European affiliates.**
- **The number of regular employees increased, when limited to companies that responded in both the previous fiscal year and the current fiscal year. The total number of responses was the same.**
- **Sales and ordinary profits and capital investment increased, when limited to companies that responded in both the previous fiscal year and the current fiscal year. The total number of responses also increased.**
- **As for the factors that made expanding business in Japan attractive, the top answer was “large market”.**
- **As for factors inhibiting the expansion of business in Japan, the top answer “High cost of doing business” is on a declining trend in recent years. The second largest factor, “The difficulty of securing human resources” is on an upward trend in recent years.**
- **As for the employment outlook, 98% of affiliates answered “Maintain current condition”.**
- **Future business expansion in Japan, More than 50% of affiliates will “Maintain current condition”.**

- **By region of origin, there is no significant change in the composition ratio of Asian, U.S. and European affiliates.**
 - European affiliates accounted for 43.2%, a 0.1 points increase from the previous fiscal year. Asian affiliates for 27.4%, and U.S. affiliates 23.1%.The composition ratio was the same as the previous year’s.
- **The number of regular employees increased, when limited to companies that respondent in both the previous fiscal year and the current fiscal year. The total number of responses also increased.**
 - The number of regular employees increased 1.8% from the previous fiscal year, when limited to companies that respondent in both the previous fiscal year and the current fiscal years. The manufacturing sector decreased 0.9% from the previous fiscal year, and non-manufacturing sector increased 3.5% from the previous fiscal year. The total number of respondents is 552,388 increased by 11.6% from the previous year. And 200,422 in the manufacturing industry increased by 14.8% from the previous year, and increased by 10.1% in the non-manufacturing industry by 351,966 from the previous year.
- **When limited to companies that respondent in both the previous fiscal year and the current fiscal year, Sales and ordinary profits and capital investment increased. The total number of responses was the same.**
 - Sales increased 6.4% from the previous fiscal year. (The total number was 44.8 trillion yen, increased 11.1% from the previous fiscal year.)
 - Ordinary profit was a 10.8% increase from the previous fiscal year. (The total number was 2.9 trillion yen, increase 18.9% from the previous fiscal year.)
 - Capital investment was a 7.0% increase from the previous fiscal year. (The total number was 1.8 trillion yen, increase 17.3%)
- **“Large market” was the top answer as for the factor that made expanding business in Japan attractive.**
 - “Income levels are high. Customer volume for products and services is high.” was the response of the majority of affiliates (62.4%). “Extensive infrastructure” was 46.7%. “Trendy, able to test the competitiveness of new products and services” continues at 46.0%.
- **As for factors inhibiting the expansion of business in Japan, “The difficulty of securing human resources” increased.**
 - The top answer continues to be “High cost of doing business” (71.9%), the proportion of answers is on the decline. “The difficulty of securing human resources” (57.6%) is on an upward trend in recent years.
- **As for the employment outlook, 97% of affiliates answered “Maintain current conditions”.**
 - As for the employment outlook for this year, the top answer was “Maintain current conditions,” accounting for 60.6% of the total. In the meantime, “Will increase staff” accounted for 36.3%.
- **Future business expansion in Japan, More than 50% of affiliates will “Maintain current conditions”.**
 - As for future business expansion in Japan, affiliates that answered “maintain current condition” were the largest in number, accounting for 51.7%, followed by affiliates that answered “Planning business expansion(sales and marketing)”, which accounted for 41.3%.

1. Distribution

- The survey, covering until the end of March 2019, covered 3,287 foreign affiliates (a 0.6% increase from the previous fiscal year), with 516 (a 4.3% decrease (id.)) in the manufacturing sector and 2,771 (a 1.6% increase (id.)) in the non-manufacturing sector. The manufacturing sector covered 15.7% of all industries, while the non-manufacturing sector accounted for 84.3% (Fig. 1-1 and Table 1-1).
- By industry, wholesale trade numbered the highest at 1,270, accounting for 38.6%, followed by services, and information & communications industry (Fig. 1-1).
- By region of origin, European affiliates reached 1,421, accounting for 43.2% (an increase of 0.1% points from the previous fiscal year), U.S. affiliates came to 760 (23.1%, the same as the previous year (id.)), and Asian affiliates came to 900 (27.4%, the same as the previous year (id.)) (Table 1-1).
- By headquarter offices in Japan per region, there were 2,712 foreign affiliates in the Kanto area. By prefecture Tokyo numbered the highest at 2,240 (68.1%), followed by Kanagawa (10.2%) and Osaka (4.9%) (Fig 1-2 and Table 1-2).

Figure 1-1 Distribution of Foreign Affiliates by Industry **Table 1-1 Percentage by Region of Origin and by Industry**



(Companies, %, point)

	FY2018 Number of foreign affiliates				Year-on- year changes
		FY2016	FY2017	FY2018	
Total	3,287	100.0	100.0	100.0	—
U.S.	760	23.9	23.1	23.1	0.0
Asian	900	25.7	27.4	27.4	0.0
Chinese	337	9.8	10.5	10.3	▲ 0.2
European	1,421	44.3	43.1	43.2	0.1
Others	206	6.1	6.3	6.3	0.0
Manufacturing	516	17.5	16.5	15.7	▲ 0.8
Non-manufacturing	2,771	82.5	83.5	84.3	0.8

Figure 1-2 Number of companies by Area in Japan

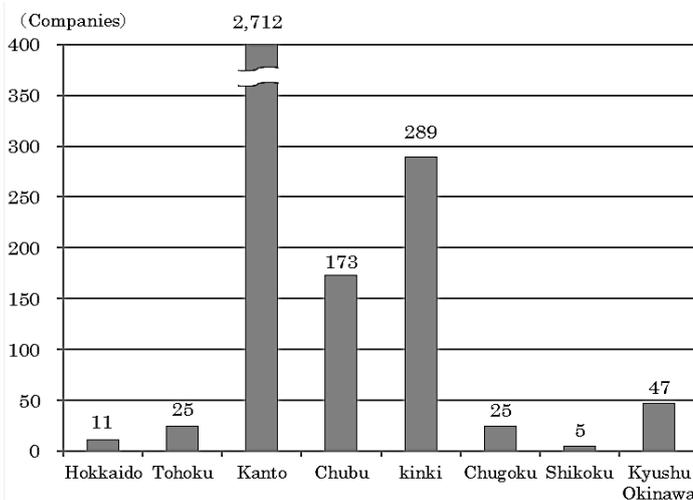


Table 1-2 Ranking of number of headquarter offices in Japan (by Prefecture)

(Companies, %)

Ranking	Prefecture	Companies	Percentages
1	Tokyo	2,240	68.1
2	Kanagawa	335	10.2
3	Osaka	161	4.9
4	Aichi	84	2.6
5	Hyogo	81	2.5
6	Chiba	54	1.6
7	Saitama	52	1.6
8	Fukuoka	29	0.9
9	Shizuoka	22	0.7
10	Kyoto	17	0.5
Total		3,287	100.0

2. New entries

- Of the total number of companies listed, there were 45 newly established / participated companies (note) in FY2018. Breakdown: 7 companies in manufacturing and 38 companies in non-manufacturing (Table 2-1).
- By industry, services sector and wholesale trade sector are each the highest with 15 companies, followed by information & communications sector 13 companies (Table 2-1).
- As for reasons why the ratio of shares or equity owned by foreign investors has surpassed one-third of the total shares, the top answer was “Newly established by a single company” (a ratio of 60.0%), followed by “Mergers & Acquisitions” (17.8%) (Figure 2-2).

Table 2-1 Trends in number of New Entries by Industry

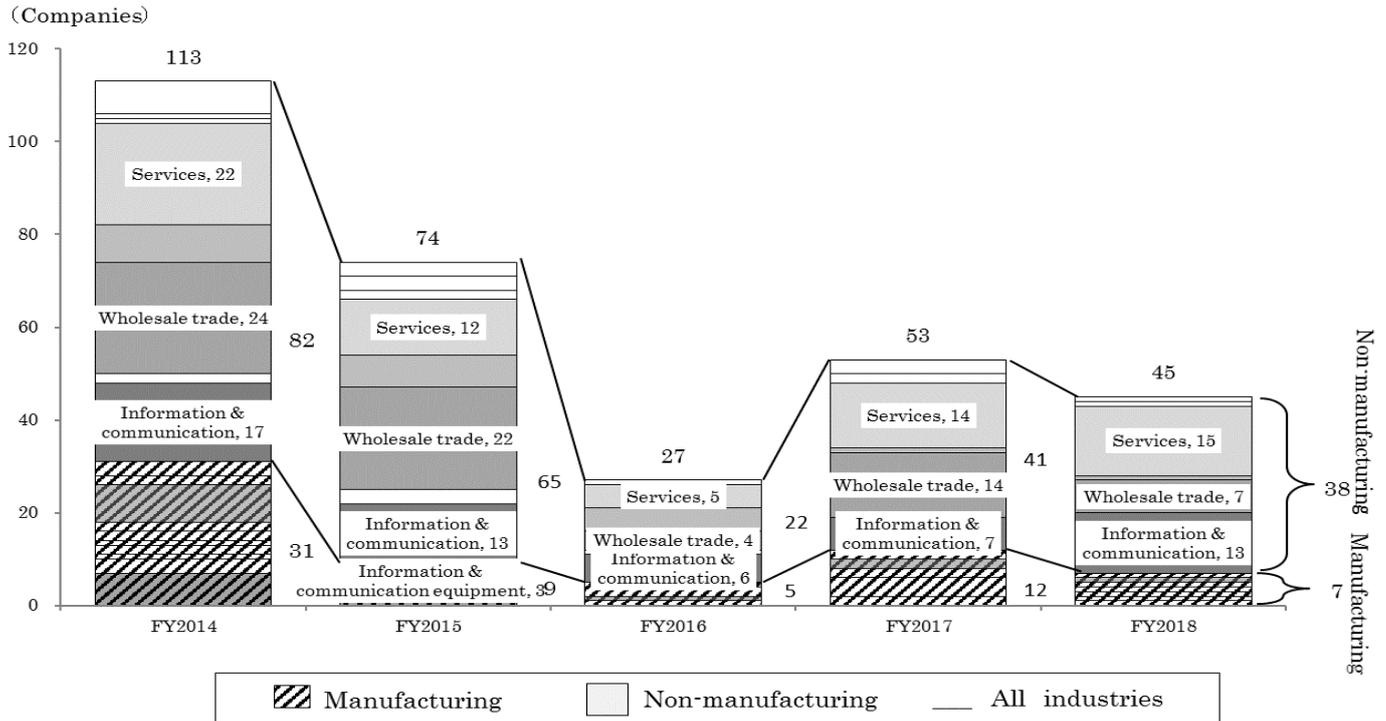
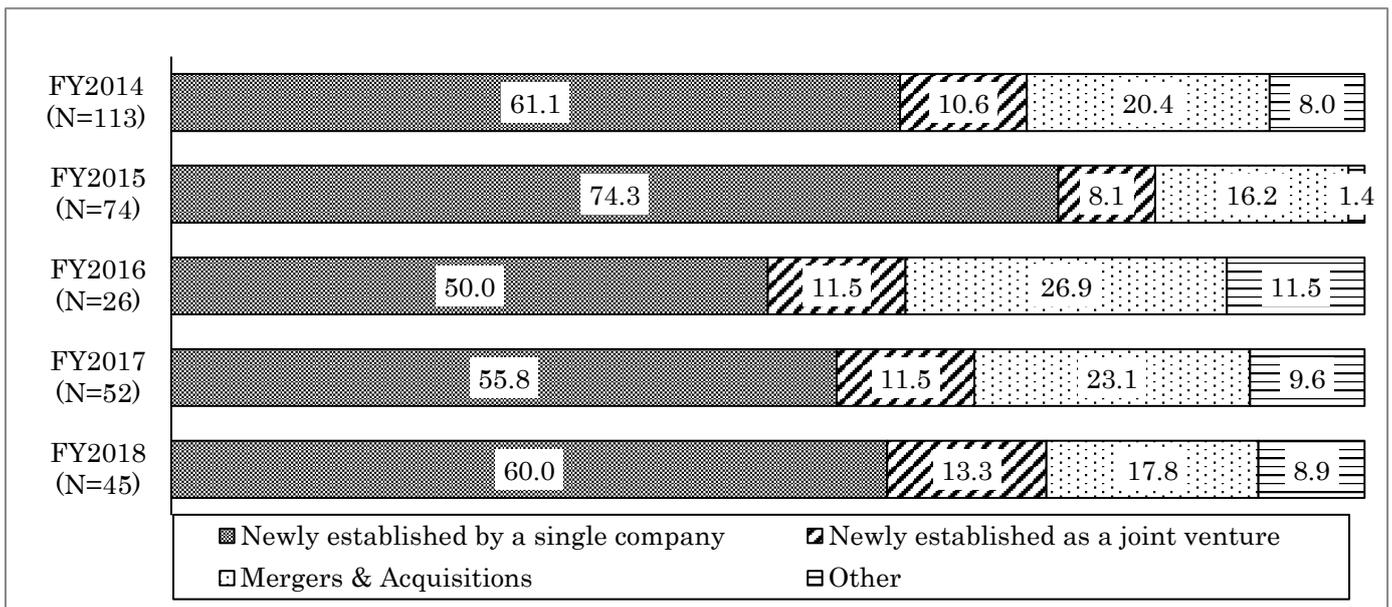


Figure 2-1 Trends in the Reasons for which the ratio of shares or equity owned by foreign investors has surpassed one-third of the total shares

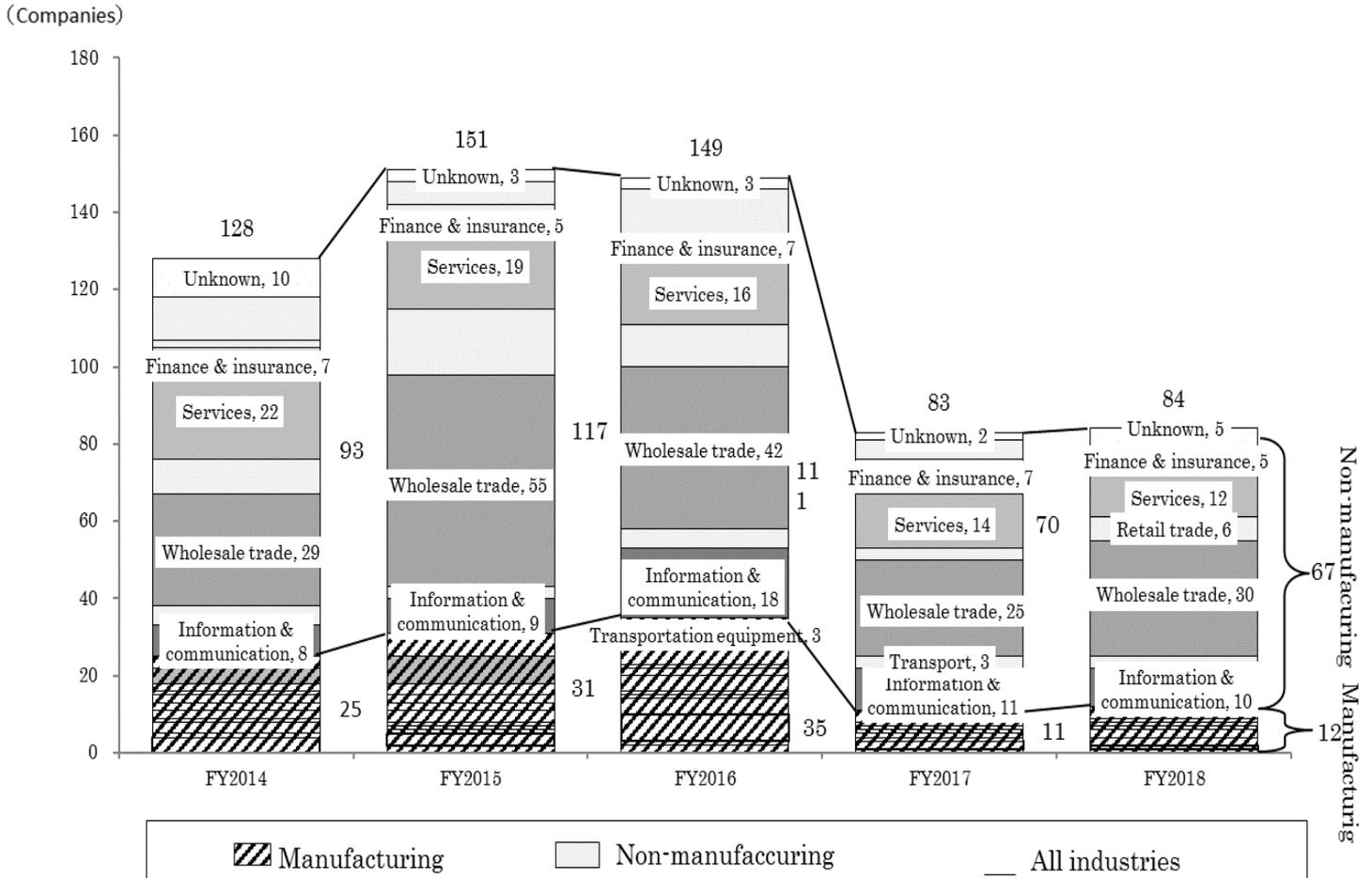


(Note) "Trends in the Reasons for which the ratio of shares or equity owned by foreign investors has surpassed one-third of the total shares" counts only responses of new entries.

3. Dissolution, withdrawal, or foreign capital ratio reduction

- The number of companies that dissolved, withdrew, or reduced their foreign capital ratio ^(Note) in FY2018 was 84, of which 12 companies were in the manufacturing sector and 67 companies were in the non-manufacturing sector (Table 3-1).
- By industry, wholesale trade sector numbered the highest 30 companies, followed by services sector 12 companies (Table 3-1).

Table 3-1 Trends in number of Withdrawals



(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 total number of companies which withdrew their foreign capital ratio for all industries is different from the sum of manufacturing and non-manufacturing companies, due to the fact that some companies did not identify their type of industry.

4. Employment

- When limited to companies that responded in both the previous fiscal year and the current fiscal year, the number of regular employees increased 1.8% from the previous fiscal year. The manufacturing sector recorded a 0.9% decrease (id.), and the non-manufacturing sector saw an increase of 3.5% (id.).
- By industry, the transport equipment sector, which has the largest number of regular employees in manufacturing, increased 0.6%. In the non-manufacturing sector, the service sector with the highest number of regular employees recorded a 2.8% increase.
- The total number of regular employees was 552,388, an 11.6% rise from the previous fiscal year (Fig. 5-1). Manufacturing was 200,422 (increase 14.3%), non-manufacturing was 351,966 (increase 10.1%)
- By industry, the transportation equipment sector was recorded at 67,740(a decrease of 0.6% fall from the previous fiscal year), and the service sector was recorded at 76,849 (a decrease of 1.9% fall from the previous fiscal year). On the other hand, the electrical machinery sector was recorded at 24,956(an increase of 118.3% rise from the previous fiscal year) and the finance & insurance sector was at 51,224(an increase of 41.7% rise from the previous fiscal year) (Fig. 4-2).
- The number of regular employees by prefecture that entered the survey (based on location of establishments location in Japan) is the highest in Tokyo with 147,611 people (composition ratio is 32.8%), followed by 57,110 in Kanagawa prefecture (12.7%) and 41,671 in Osaka prefecture (9.3%) (Table 4-3). Compared to the ratio of the Percentage of regular employees (based on headquarter office location in Japan), the ratio was lower in Tokyo and Kanagawa prefecture (Table 4-4).

Figure 4-1 Number of Regular Employees

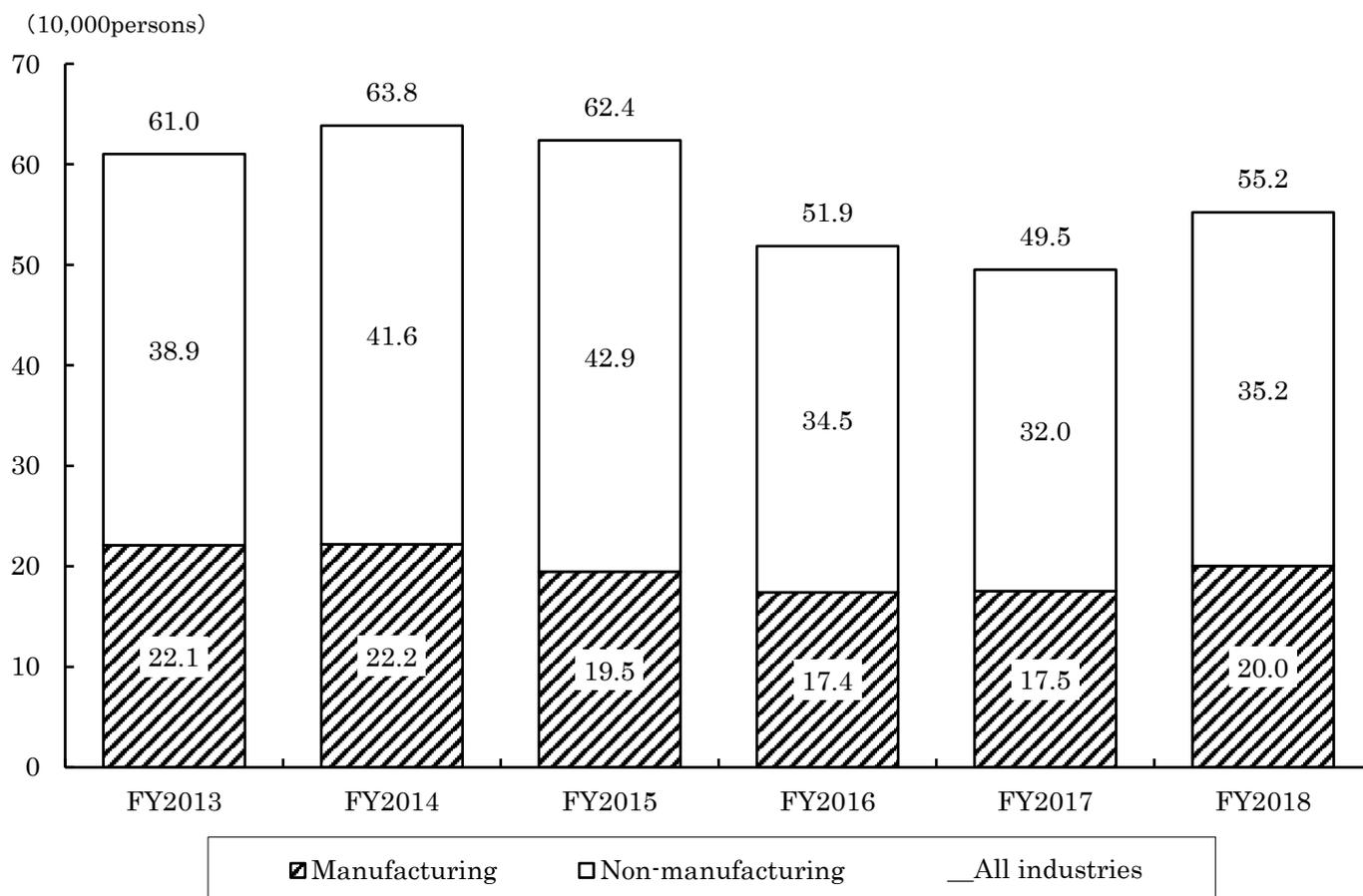


Figure 4-2 Number of Regular Employees by Industry

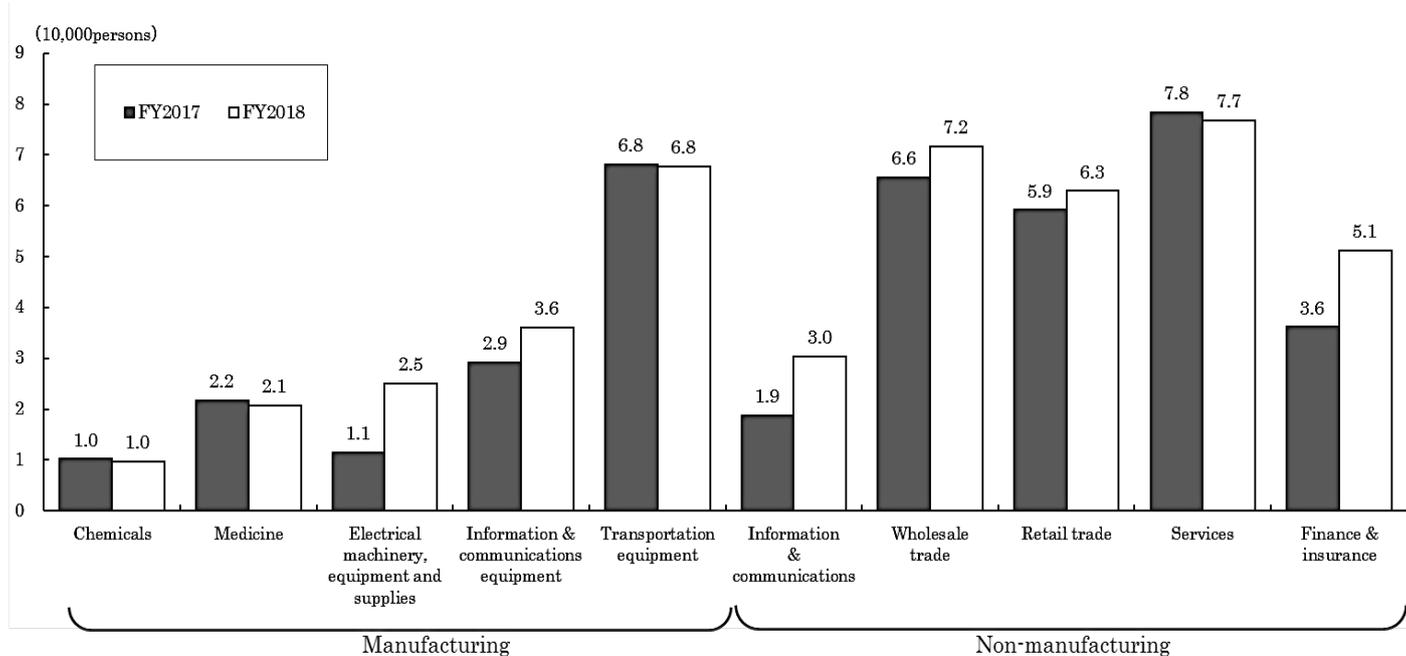


Table 4-3 Number of Regular Employees based on establishments' location

(Persons, %)

Ranking	Prefecture	Persons	Percentages
1	Tokyo	147,611	32.8
2	Kanagawa	57,110	12.7
3	Osaka	41,671	9.3
4	Aichi	18,407	4.1
5	Chiba	16,100	3.6
6	Mie	14,829	3.3
7	Shizuoka	14,692	3.3
8	Saitama	13,701	3.0
9	Hyogo	12,355	2.7
10	Fukuoka	10,643	2.4

Table 4-4 Number of Regular Employees based on headquarters' location

(Persons, %)

Ranking	Prefecture	Persons	Percentages
1	Tokyo	329,778	59.7
2	Kanagawa	84,898	15.4
3	Osaka	43,044	7.8
4	Gunma	31,026	5.6
5	Chiba	8,977	1.6
6	Saitama	8,826	1.6
7	Shizuoka	7,684	1.4
8	Aichi	7,011	1.3
9	Hyogo	4,689	0.8
10	Ibaraki	2,642	0.5

5. Breakdown of establishment owned in Japan by function

- The distribution of functions of establishment owned in Japan is largest in Tokyo, followed by Kanagawa and Osaka.
- Among prefectures that do not always rank high in the composition ratio of the number of employees (Table. 4-3), Ibaraki, Tochigi, and Shiga rank in the top 10.

Table 5-1 Top 10 establishment functions in Japan

Ranking	Corporate Planning	Sales and Marketing	Research and development	Manufacturing and processing	Distribution	Finance	Human resources
1	Tokyo	Tokyo	Tokyo	Tokyo	Tokyo	Tokyo	Tokyo
2	Kanagawa	Osaka	Kanagawa	Kanagawa	Kanagawa	Kanagawa	Kanagawa
3	Osaka	Kanagawa	Aichi	Osaka	Osaka	Osaka	Osaka
4	Aichi	Aichi	Osaka	Aichi	Chiba	Hyogo	Hyogo
5	Hyogo	Fukuoka	Saitama	Saitama	Aichi	Aichi	Aichi
6	Saitama	Hyogo	Chiba	Chiba	Hyogo	Chiba	Saitama
7	Chiba	Chiba	Hyogo	Fukuoka	Saitama	Saitama	Chiba
8	Fukuoka	Saitama	Shizuoka	Hyogo	Fukuoka	Fukuoka	Fukuoka
9	Shiga	Hokkaido	Ibaraki	Shizuoka	Shizuoka	Shizuoka	Shiga
10	Shizuoka	Hiroshima	Tochigi	Ibaraki	Ibaraki	Shiga	Shizuoka

6. Sales, exports, and Sales to Principal foreign investors

- When limited to companies that responded in both the previous fiscal year and the current fiscal year, sales figures increased 6.4% from previous fiscal year. The manufacturing sector decreased 3.7% (id.), and the non-manufacturing sector increased 13.3% (id.). By industry, in the manufacturing sector, the transportation equipment sector decreased 0.4% (id.). In the non-manufacturing sector, wholesale trade increased 11.3% (id.).
- On the other hand, the total sales of all responses was 44.8 trillion yen, a 11.1% increase from the previous fiscal year (Fig. 6-1). The manufacturing sector was 15.6 trillion yen, decreased 1.6% (id.), and the non-manufacturing sector was 29.1 trillion increased 19.3% (id.). By industry, the transportation equipment sector is the largest in manufacturing sector, decrease 0.2% from the previous fiscal year to 6.6 trillion yen, and the wholesale sector in the non-manufacturing sector is the largest at 10.6 trillion yen, increased 7.5% from the previous fiscal year It became). (Fig. 6-2).
- Exports decreased 11.4% from the previous fiscal year when limited to companies that responded in both the previous fiscal year and the current year.
- On the other hand, the total exports of all responses was 5.9 trillion yen, a 5.1% decreased from previous fiscal year (Table 6-1).
- Looking at the ratio of the value of sales to principal foreign investors to the value of total sales, the manufacturing sector posted 0.8%, a 0.2% points decrease from the previous fiscal year, while the non-manufacturing sector posted 0.3% (a 0.3% points decrease (id.)). By region of origin, 0.7% of Asian affiliates are the highest (a 0.6% points decrease (id.)). (Table 6-1).

Figure 6-1 Sales

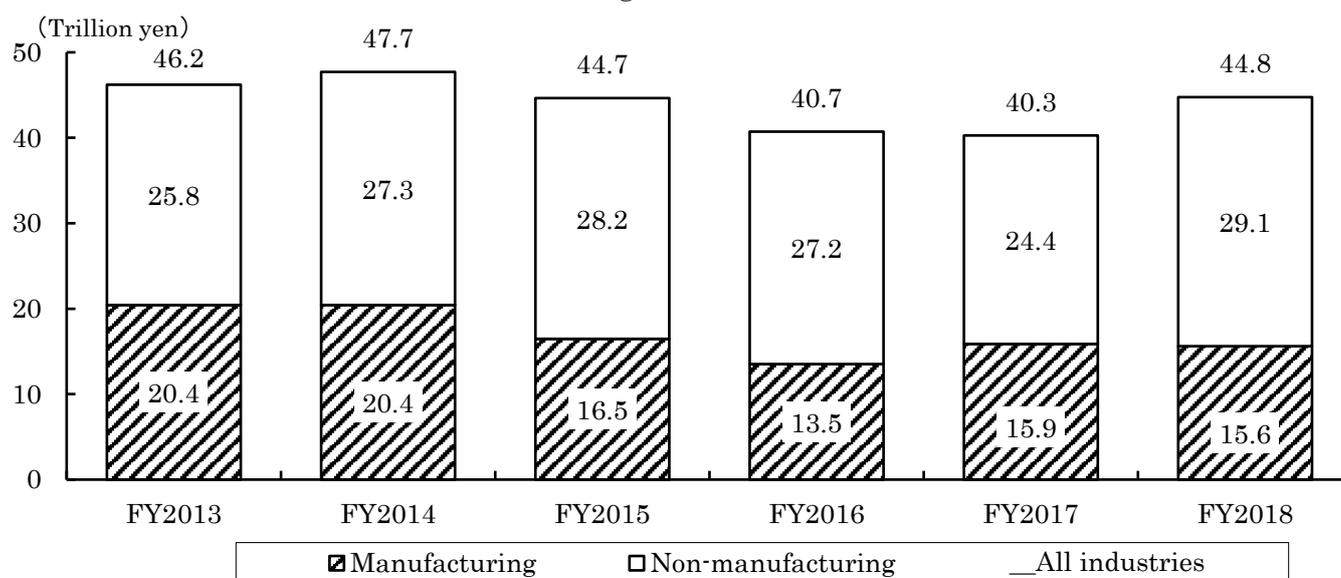


Figure 6-2 Sales by Major Industry

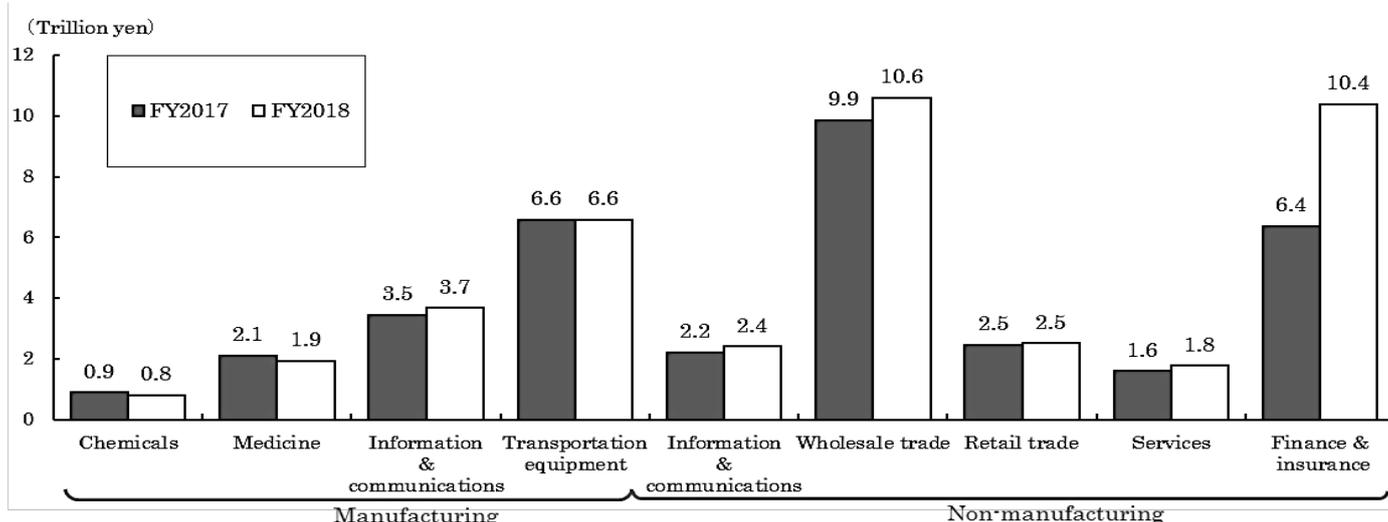


Table 6-1 Sales and Exports, and Sales to Principal Foreign Investors, and their Proportion to Total Sales

(100 million yen, %)

	Sales		Exports		Sales to principal foreign investors	
	FY2018	Year-on-year changes	FY2018	Year-on-year changes	FY2018	Year-on-year changes
	Total	447,602	11.1	58,882	▲ 5.1	2,061
Manufacturing	156,138	▲ 1.6	50,554	▲ 1.8	1,185	▲ 22.2
Non-manufacturing	291,464	19.3	8,328	▲ 21.2	876	▲ 37.3
U.S.	128,103	31.5	3,807	▲ 35.1	503	▲ 20.8
Asian	114,146	5.3	17,271	▲ 6.6	747	▲ 48.3
European	187,928	1.0	30,951	▲ 16.0	769	▲ 5.9

(%, point)

	Proportion of sales to principal foreign investors to the total sales		
			Year-on-year changes (point)
	FY2017	FY2018	
Total	0.7	0.5	▲ 0.2
Manufacturing	1.0	0.8	▲ 0.2
Non-manufacturing	0.6	0.3	▲ 0.3
U.S.	0.7	0.4	▲ 0.3
Asian	1.3	0.7	▲ 0.6
European	0.4	0.4	0.0

7. Profit

- When limited to companies that responded in both the previous fiscal year and the current fiscal year, the value of ordinary profit increased 10.8% from the previous fiscal year. The manufacturing sector recorded a 23.4% increase (id.), and the non-manufacturing sector saw an increase of 3.9% (id.).
- By industry, the largest number of transport equipment in the manufacturing sector an increase of 23.5% (id.), in the largest number of finance and insurance in the non-manufacturing sectors an increase of 45.8% (id.).
- On the other hand, total Ordinary profit was 2.9 trillion yen, a 18.9% increase from the previous fiscal year. The manufacturing sector marked a increase of 14.6% from the previous fiscal year to 1.0 trillion yen, and the non-manufacturing sector recorded a increase of 21.3% (id.) to 1.9 trillion yen (Fig. 8-1).
- By industry, in the manufacturing sector, the transportation equipment sector account for the largest number a increased 20.0% from the previous fiscal year to 437.2 billion yen. In the non-manufacturing sector, the finance and insurance sector account for the largest number a increased 114.8% (id.) to 979.4 billion yen (Fig. 7-2).
- The ordinary profit to sales ratio ^(Note), (excluding the finance and insurance sector), was decrease 0.1% points from the previous fiscal year to 5.6%. This was 0.1 points higher than that for incorporated enterprises as a whole in Japan (Fig. 7-3).
- By region of origin, U.S. affiliates increased 0.7% points from the previous fiscal year to 8.1%, whereas the number of. European affiliates increased 0.7% points, from the previous fiscal year to 7.0%. Asian affiliates decreased 1.3% points from the previous fiscal year to 2.4% (Fig. 7-4).

Figure 7-1 Ordinary Profit

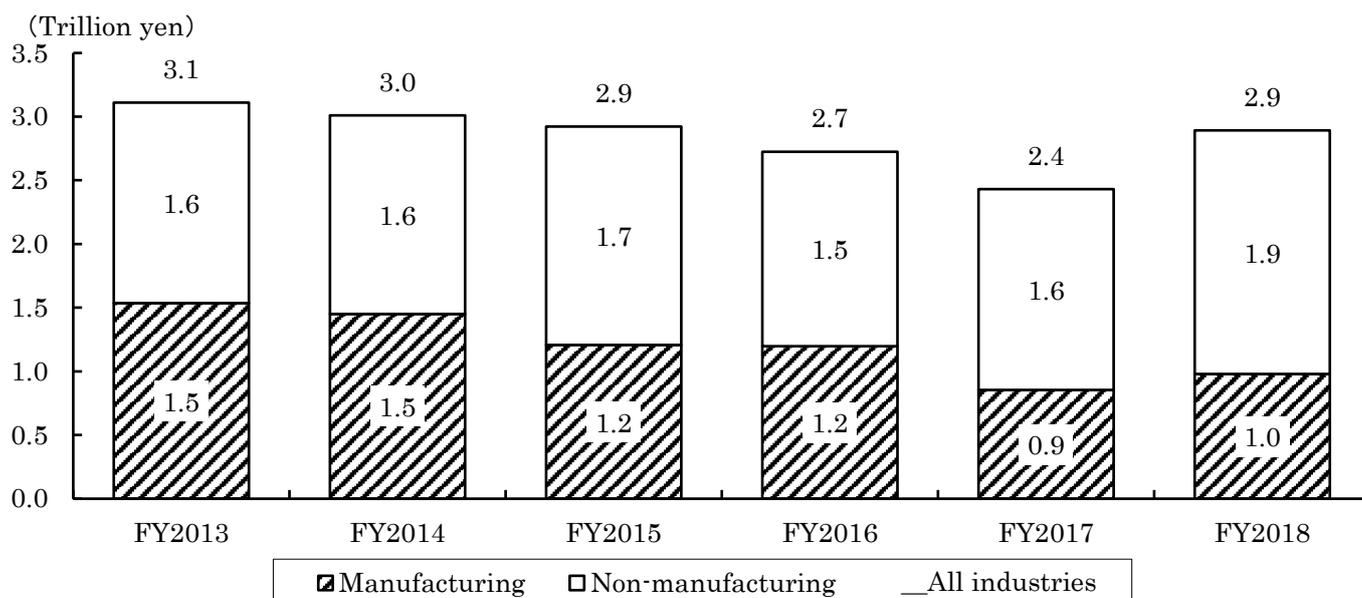


Figure 7-2 Ordinary Profit by Major Industry

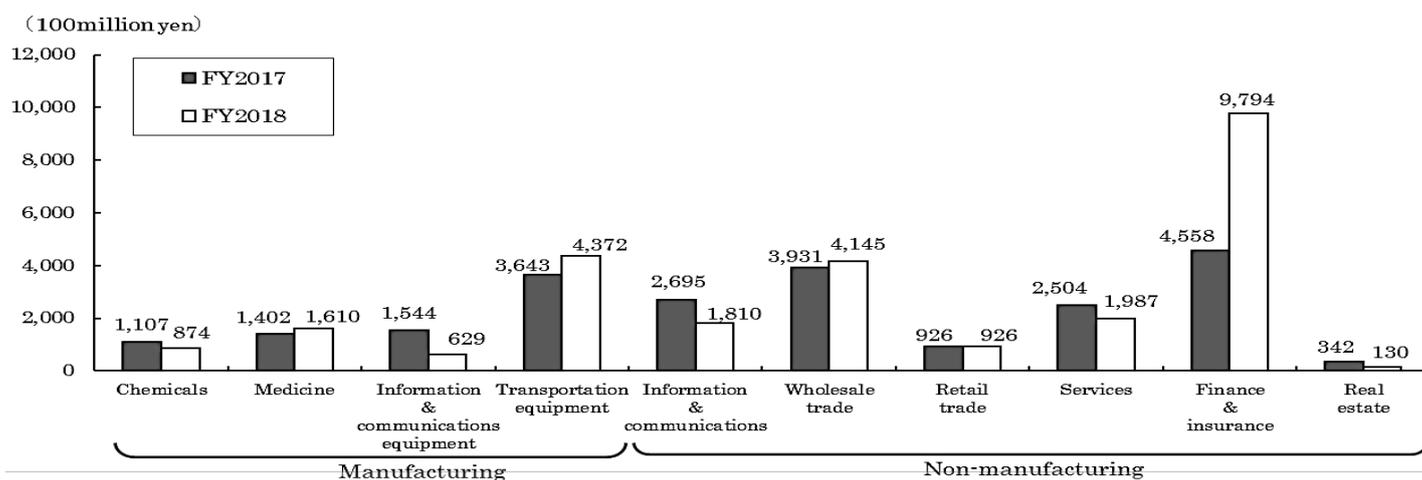
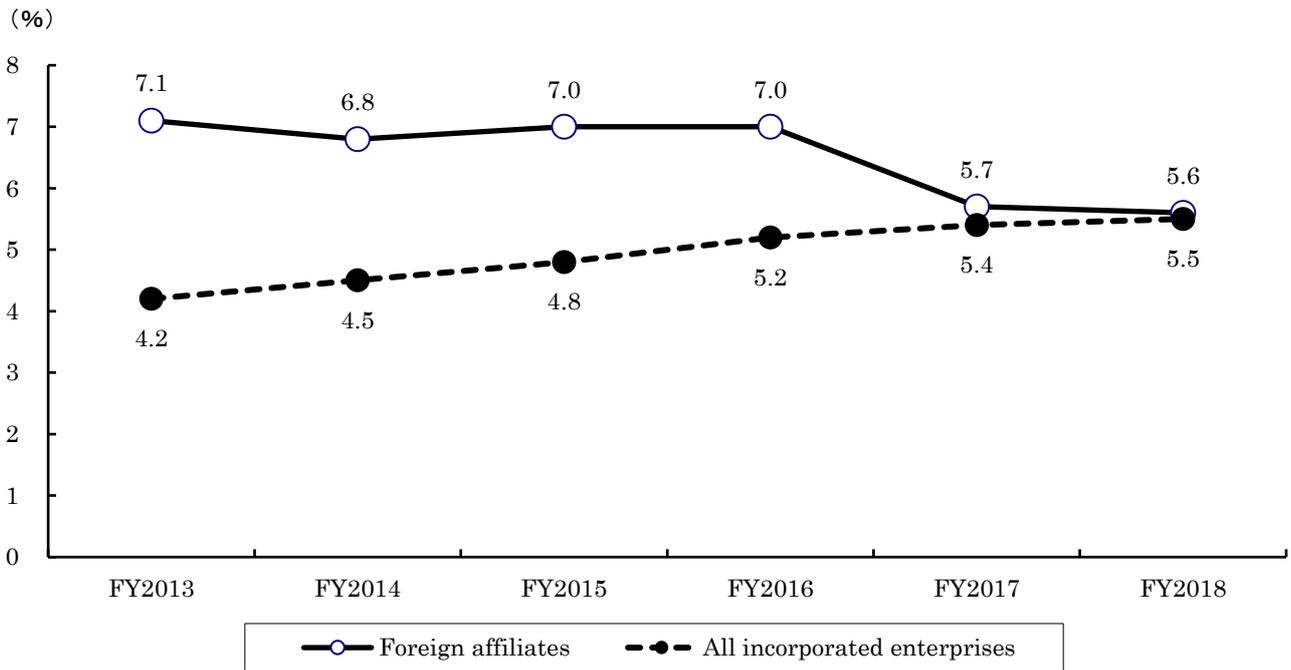


Figure 7-3 Changes in Ordinary Profit to Sales Ratio

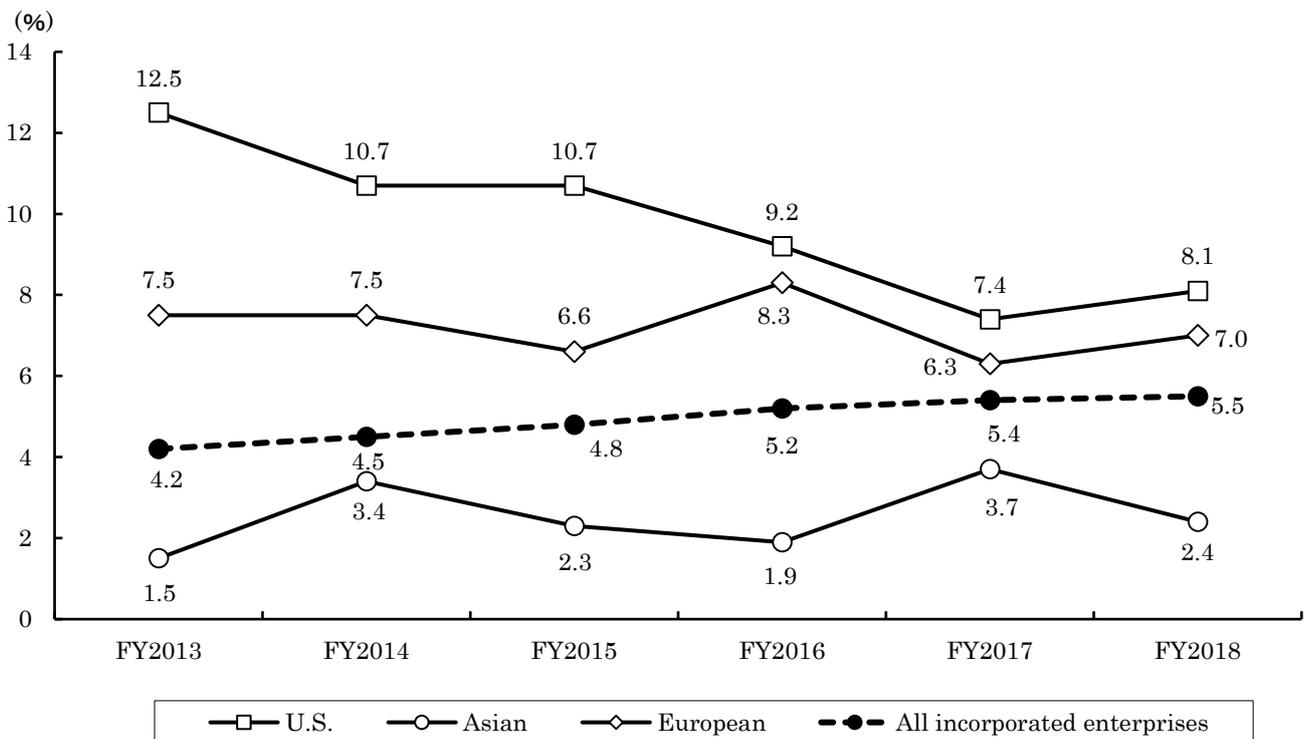


Source: All incorporated enterprises: "Financial Statement Statistics of Corporations by Industry" (Ministry of Finance)

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

(Note 2) All values exclude the values for the finance and insurance industry.

Figure 7-4 Ordinary Profit to Sales Ratio (by Region of Origin)



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

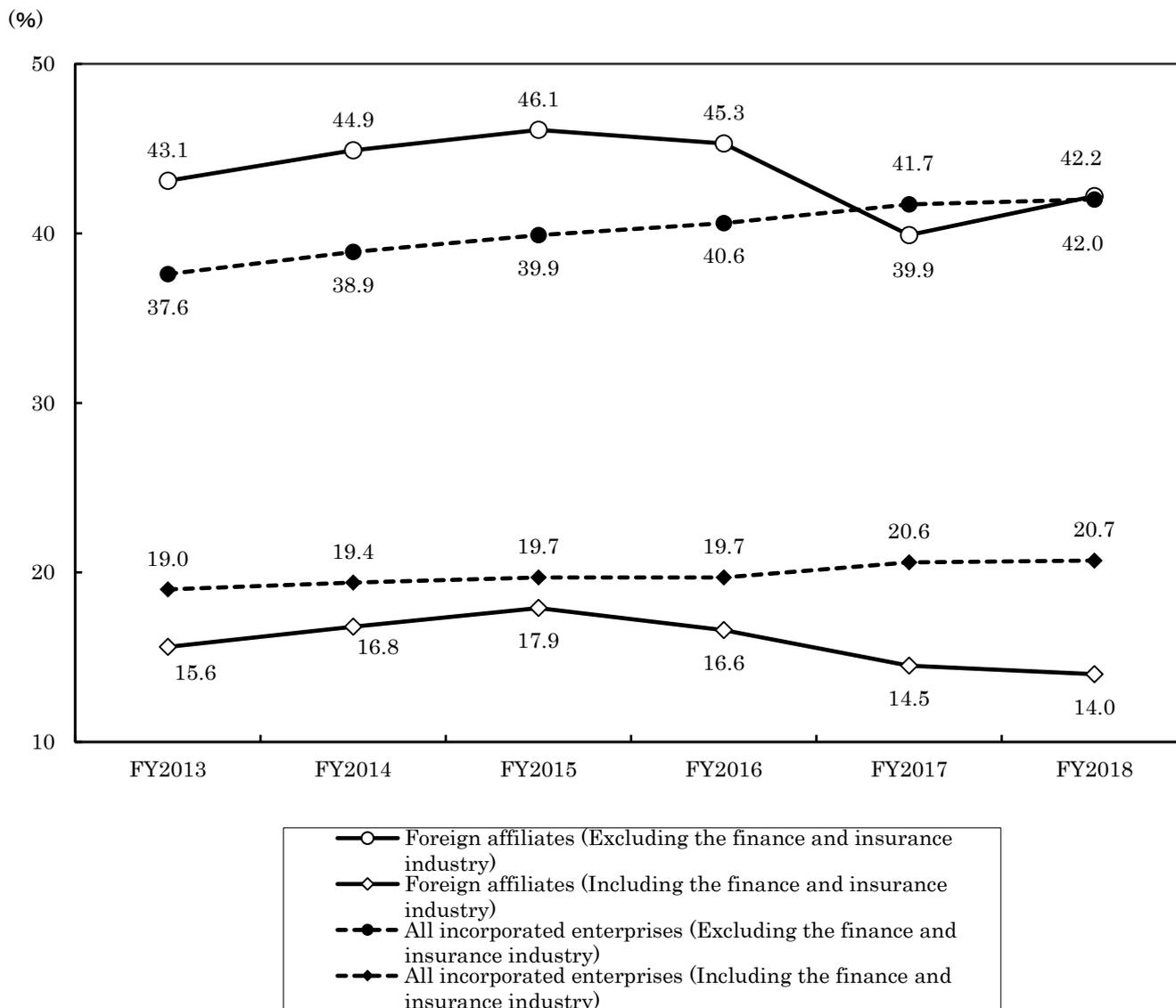
(Note 1) Ordinary profit to sales ratio = Ordinary profit / Sales × 100.0

(Note 2) All values exclude the values for the finance and insurance industry.

8. Equity to total assets ratio

- The ratio of equity to total assets ^(Note) was 14.0%. This was 6.7% points lower than that for incorporated enterprises as a whole (Fig. 8-1).
- The ratio of equity to total assets, excluding the finance and insurance sector, was 42.2%. This was 0.2% points higher than that for incorporated enterprises as a whole in Japan (Fig. 8-1).

Figure 8-1 Equity to Total Assets Ratio



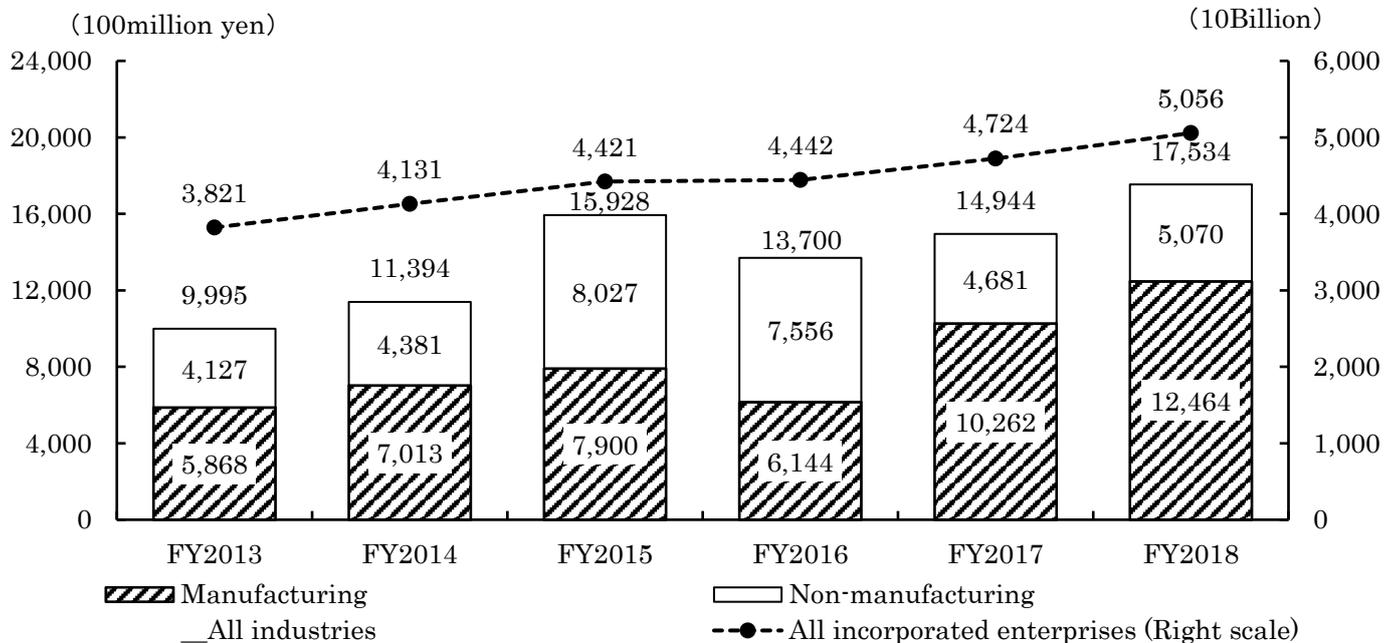
Source: All incorporated enterprises: "Financial Statement Statistics of Corporations by Industry" (Ministry of Finance)

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

9. Capital investment

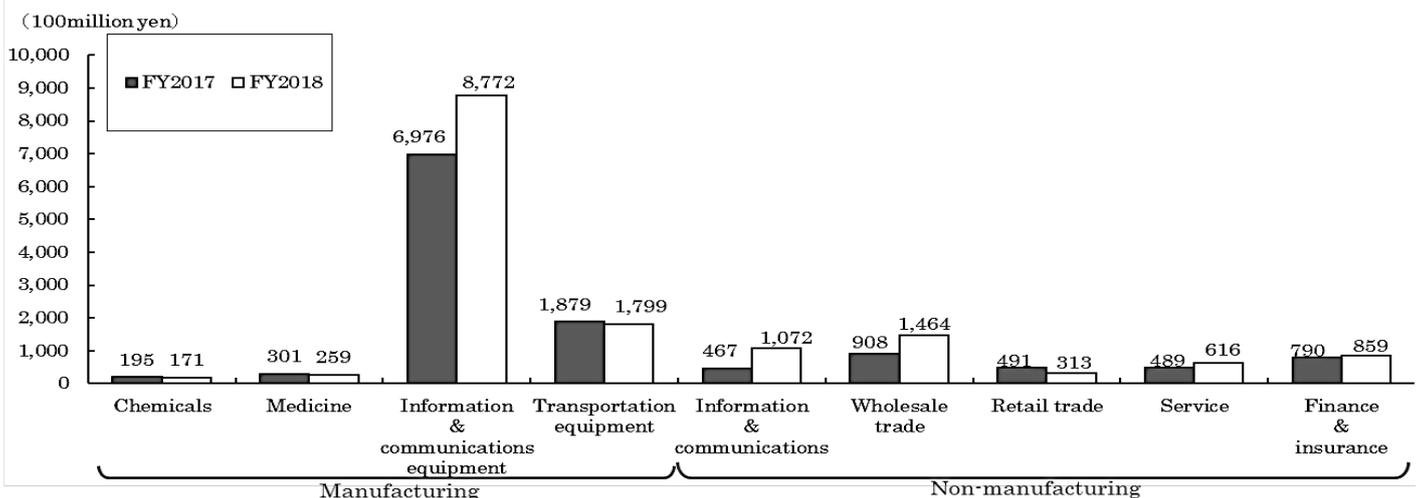
- When limited to companies that responded in both the previous fiscal year and the current fiscal year, the value of capital investment increased 7.0% from the previous fiscal year. The manufacturing sector recorded a 0.4% decrease (id.), and the non-manufacturing sector saw a increase of 26.0% (id.).
- By industry, the largest number of information communication machines in manufacturing increased by 3.1%, and the largest number of wholesale in non-manufacturing increased by 63.4%.
- On the other hand, total capital investment was 1.8 trillion yen, a 17.3% increase from the previous fiscal year. The manufacturing sector recorded a increase of 21.5% from the previous fiscal year to 1 trillion 246.4 billion yen, and the non-manufacturing sector recorded a increase of 8.3% (id.) to 507 billion yen (Fig. 9-1).
- By industry, in the manufacturing sector, the information communication equipment sector account for the largest number at 877.2 billion yen (increase 25.8% compared to the previous fiscal year). In the non-manufacturing sector, the wholesale sector account for the largest number at 146.4 billion yen (increase 61.3%) (Fig. 9-2)
- The proportion of capital investment by foreign affiliates to the total capital investment by all incorporated enterprises in Japan was 3.5% (increase 0.3% points from the previous fiscal year) (Fig. 9-1).

Figure 9-1 Capital Investment



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

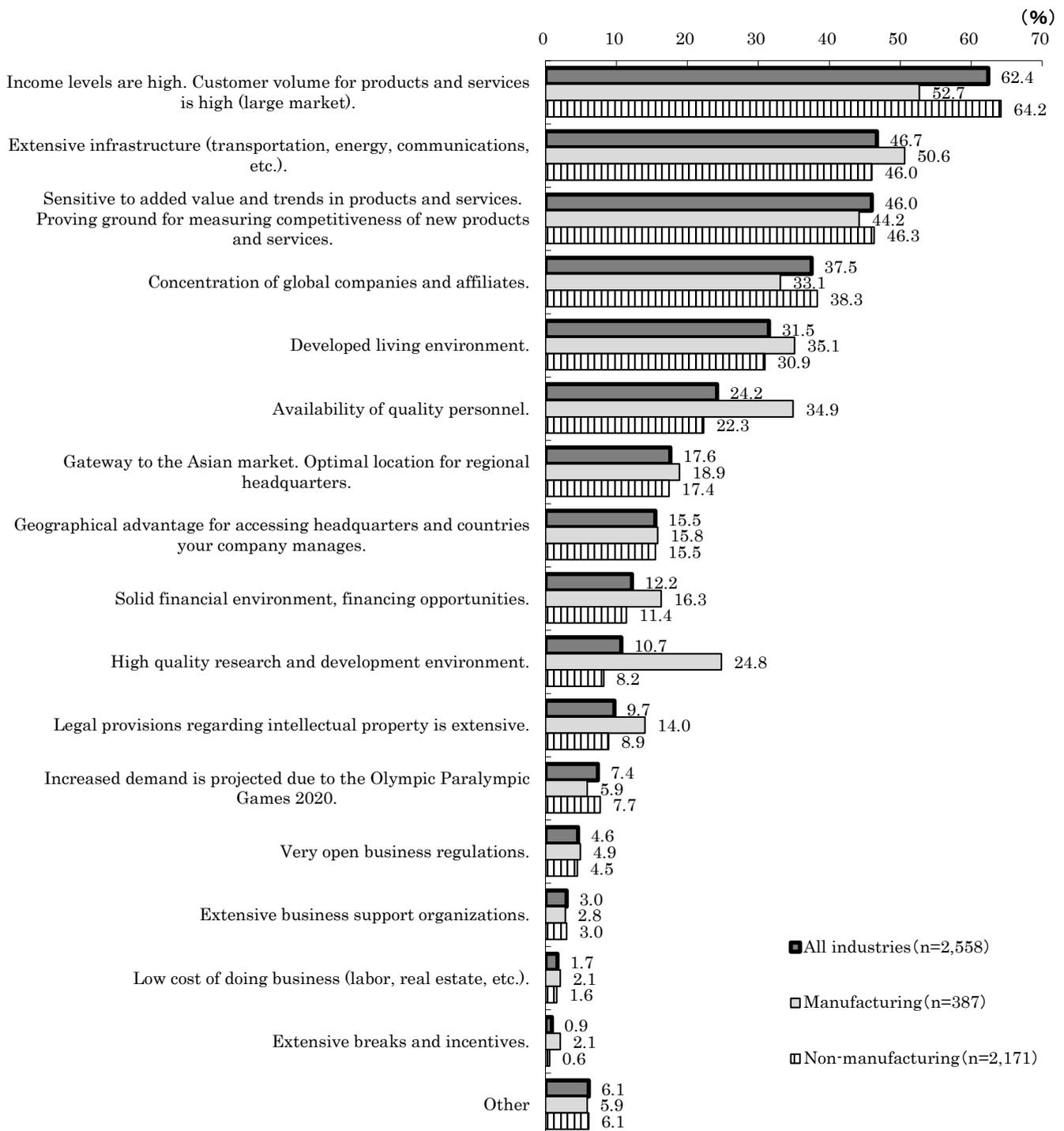
Figure 9-2 Capital Investment by Major Industry



10-1. Attractiveness of business expansion in Japan

- Regarding whether the business environment is attractive for business expansion in Japan, it varies depending on the type of industry, but as a whole, continuing from the previous survey, the top response was “Income levels are high. Customer volume for products and services is high,” accounting for 62.4% of the total.
- About 50% affiliates also said, “Extensive infrastructure (transportation, energy, communications, etc.)” (a ratio of 46.7%), and, There 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)” (46.0%).

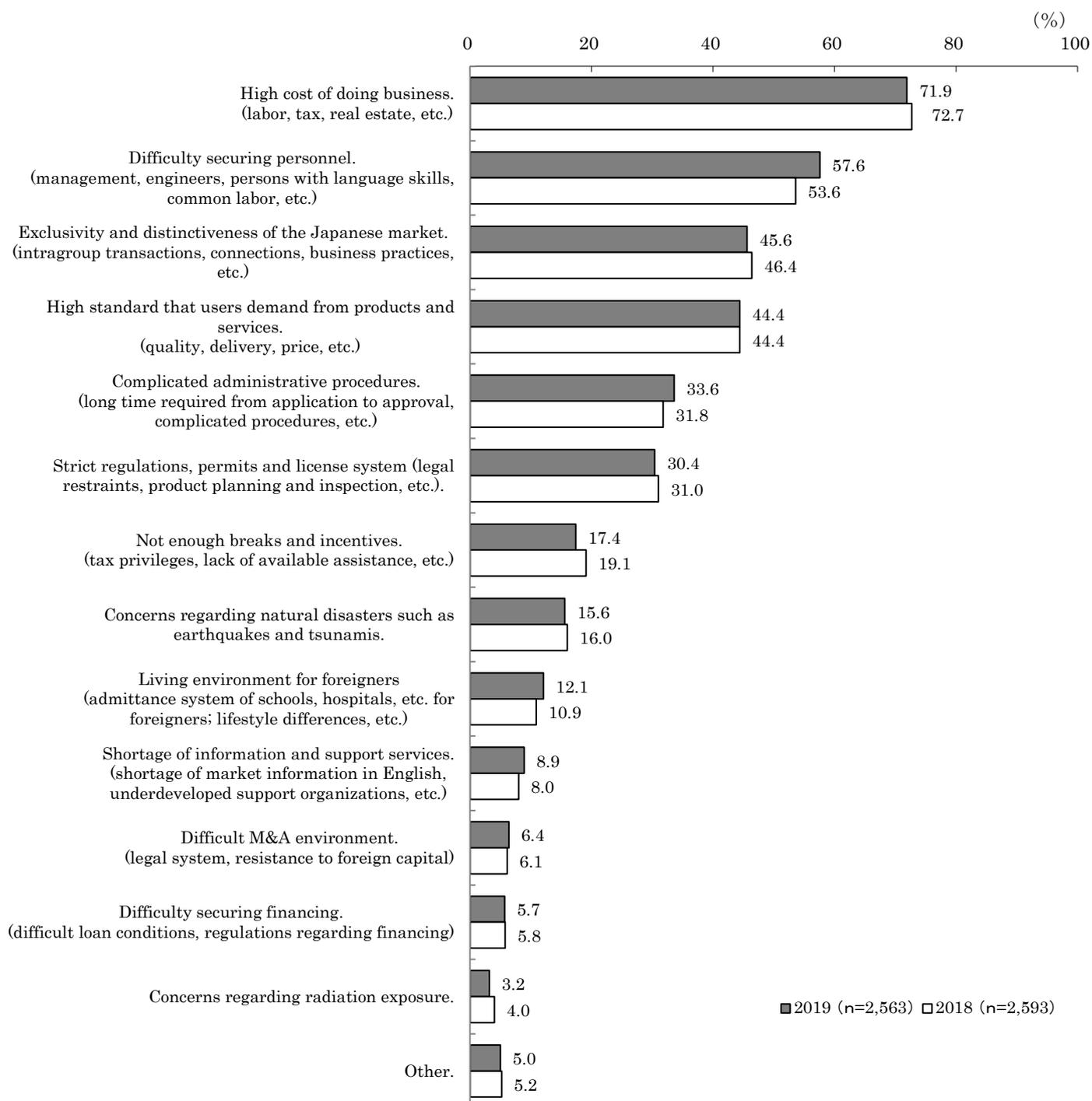
Figure 10-1 Attractiveness of Business Expansion in Japan
(Multiple answers: top 5 responses per company)



10-2. Factors inhibiting business expansion in Japan

- As for factors inhibiting business expansion in Japan, the top answer was “High cost of doing business (71.9%),” decrease 0.8% points from the previous survey.
- “Difficulty securing personnel” (a ratio of 57.6%), increase 4.0% points from the previous survey.
- Followed by “Exclusivity and distinctiveness of the Japanese market” (45.6%) and “High standard that users demand from products and services” (44.4%).

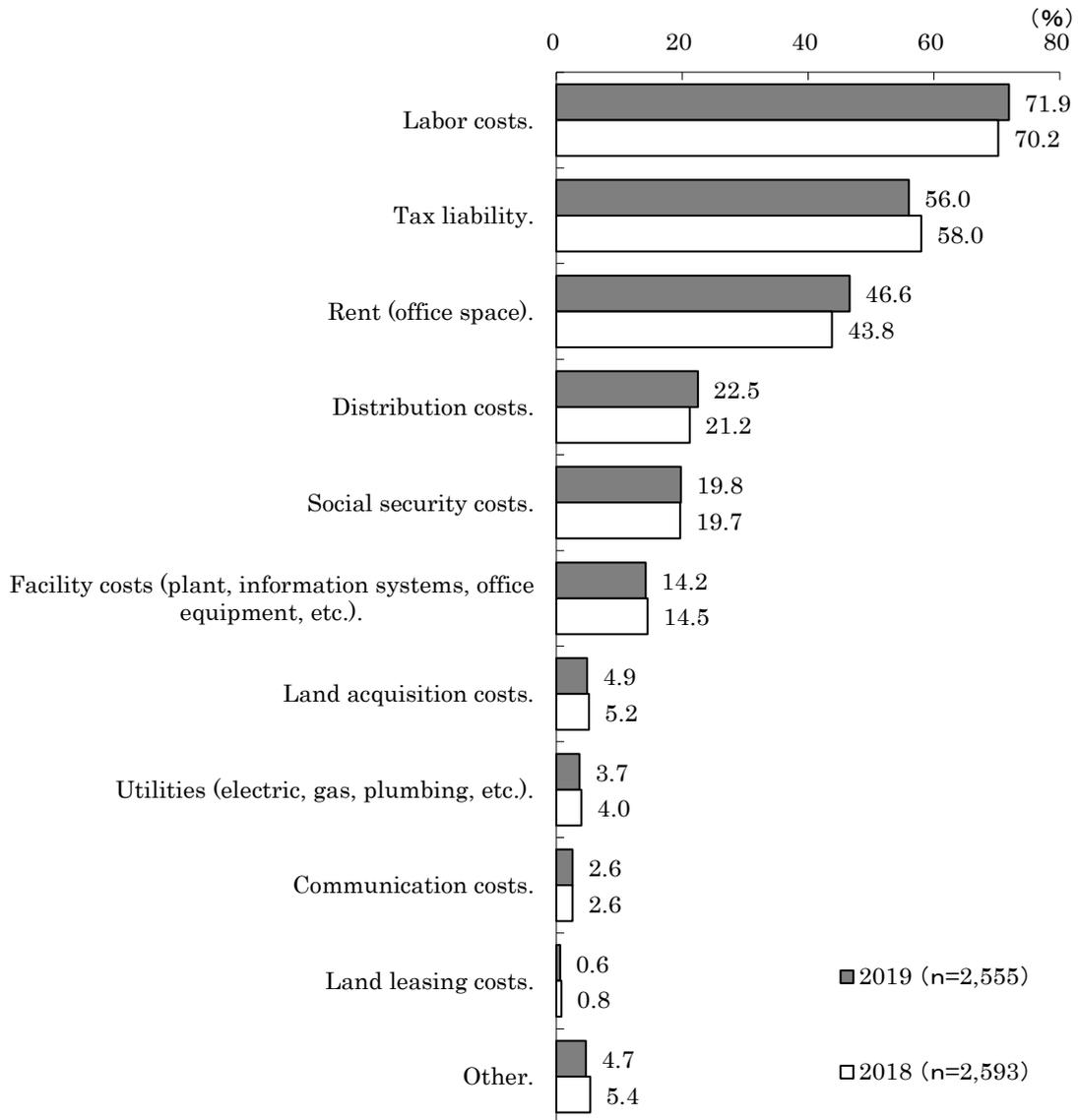
Figure 10-2 Factors Inhibiting Business Expansion in Japan
(Multiple answers: top 5 responses per company)



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

- For inhibiting factors with regard to the cost of doing business in Japan, as with the previous survey, the top answer was “Labor costs” (with a ratio of 71.9%), followed by “Tax liability” (56.0%) and “Rent (offices space)” (46.6%). “Labor costs” was the response of the majority of affiliates, increase 1.7% points from the previous survey.

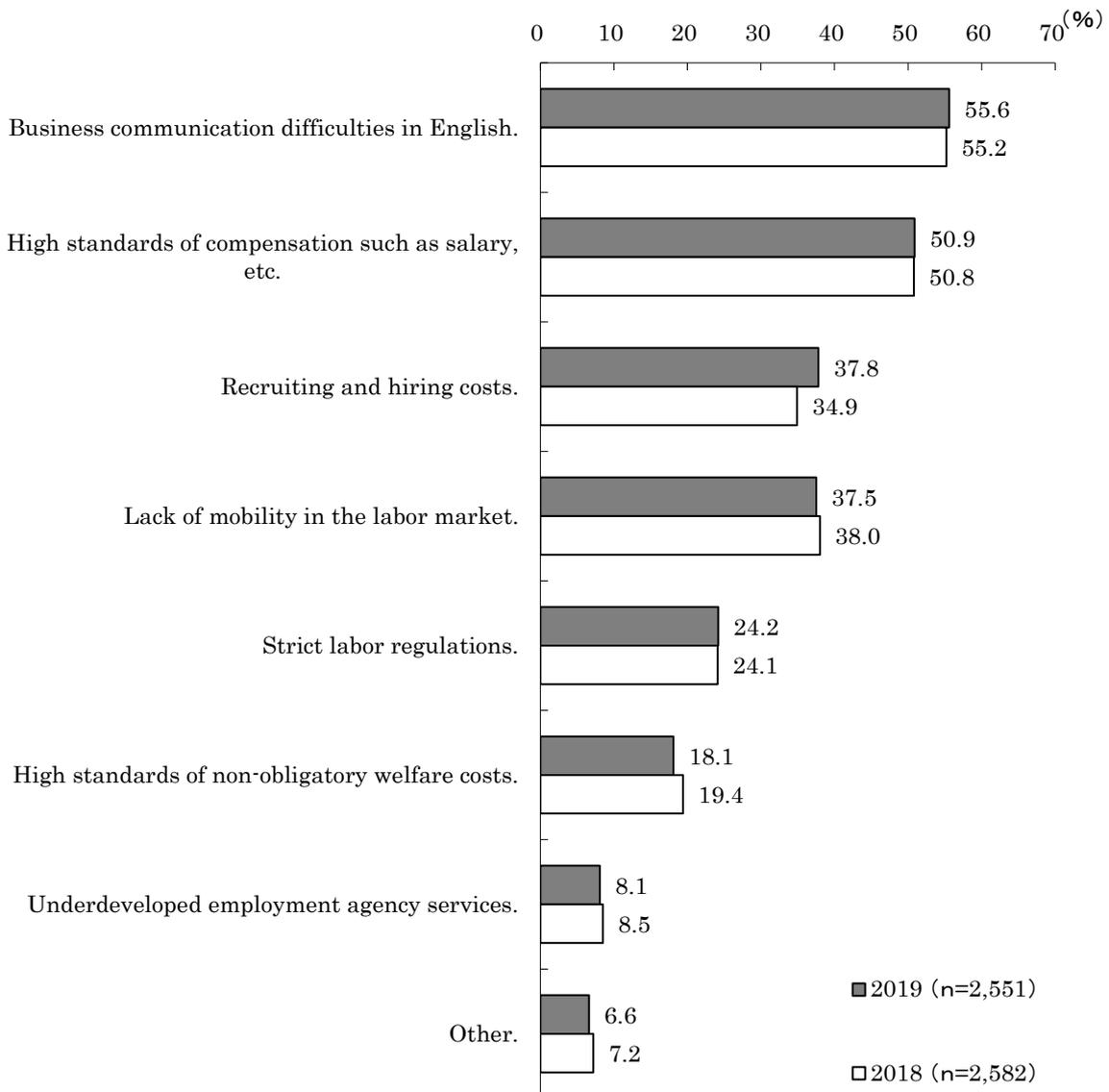
Figure 11 Inhibiting Factors with regard to the Cost of Doing Business in Japan



12-1. Inhibiting factors in securing Japanese personnel

- As for inhibiting factors in terms of securing Japanese personnel, the top answer was “Business communication difficulties in English” (a ratio of 55.6%) (a increase 0.4% points from the previous survey).
- “High standards of compensation, such as salary, etc.” (a ratio of 50.9%), “Recruiting and hiring costs” (37.8%), “Lack of mobility in the labor market” (37.5%), “Strict labor regulations” (24.2%) and “High standards of non-obligatory welfare costs” (18.1%) followed.

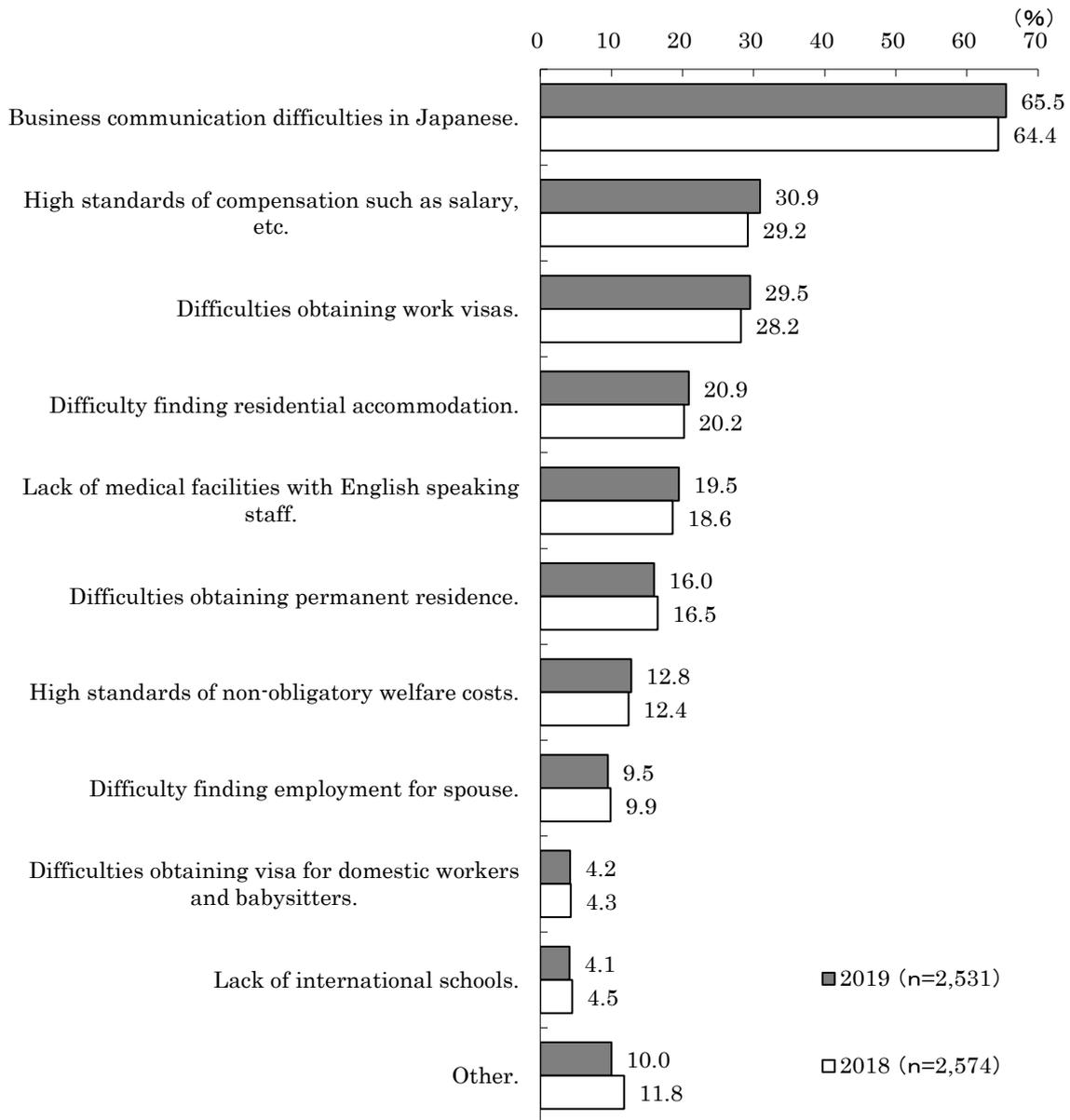
Figure 12-1 Inhibiting Factors in Securing Japanese Personnel
 (Multiple answers: top 3 responses per company)



12-2. Inhibiting factors in securing foreign personnel

- As for inhibiting factors in securing foreign personnel, continuing from the previous survey, the top answer was “Business communication difficulties in Japanese,” (a ratio of 65.5%).
- Then, “High standards of compensation such as salary, etc.” (a ratio of 30.9%), “Difficulties obtaining work visas” (29.5%), and “Difficulty finding residential accommodation” (20.9%) followed.

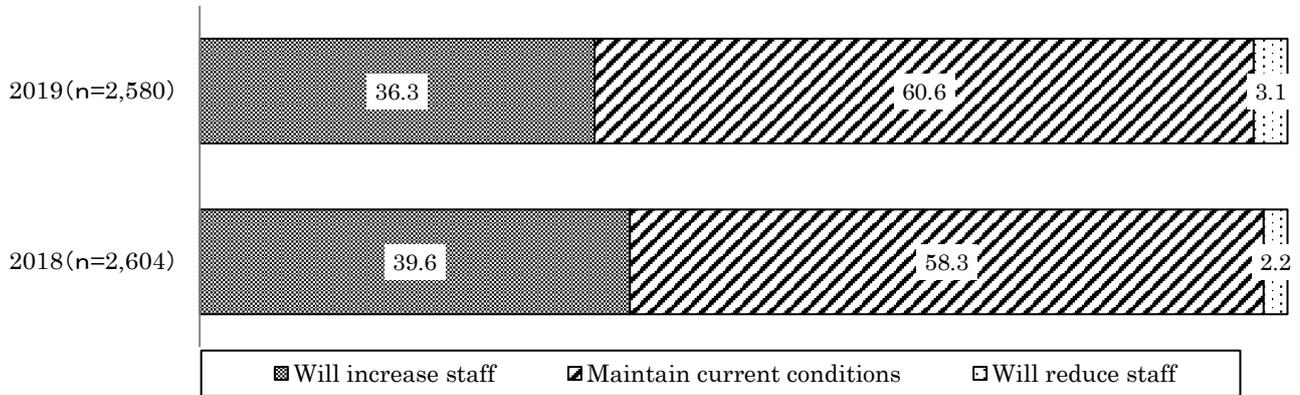
Figure 12-2 Inhibiting Factors in Securing Foreign Personnel
 (Multiple answers: top 3 responses per company)



13. Employment outlook for this year

- As for the employment outlook for this year in foreign affiliates, continuing from the previous survey, the top answer was “Maintain current conditions,” accounting for 60.6% of the total, while “Will increase staff” accounted for 36.3% and “Will reduce staff” accounted for 3.1%.

Figure 13-1 Hiring Outlook for This Year



14. Future business expansion in Japan

- As for future business expansion in Japan, the top answer was “Maintain current condition,” (a ratio of 51.7%).
- Then followed by “Planning business expansion (Sales and marketing),” accounting for 41.3%.

Figure 14-1 Future Business Expansion in Japan

