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 will satisfy the following conditions by the end of March of year 2012, or have satisfied the following conditions during year 2011.

(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 will cover not only indirect investments through holding companies, but it will also cover 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 its headquarter 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 3, 2012, in connection with the business results for FY 2011 and the end of FY 2011.

4. Number of respondents

Respondents: 3,514 (3,501 in the previous survey)
Response rate: 63.4% (62.8% 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 suppressed because only either 1 or 2 enterprises fall under the category. This method is used even where figures are 3 or more, if disclosure of such figures would help identify the suppressed figures by calculation.

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

“0” shows that the figure is less than one unit.

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

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

(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 = Shareholder equity/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 46th Survey of Trends in Business Activities of Foreign Affiliates (Summary)

Points of the trends among foreign affiliates in Japan in FY2011

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

(Note) Starting from the 44th 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 43.8% of the total, up 1.0% points from the previous fiscal years, Asian affiliates accounted for 21.1% of the total, up 0.1% points (id.). In the meantime, U.S. affiliates accounted for 27.8%, down 1.6% points (id.).

○ **Both the number of new entries and the number of withdrawals, etc., European affiliates was the largest.**

・ The number of companies that were newly foreign-capitalized was 90, by region of origin, European affiliates were 33, Asian affiliates were 28, and U.S. affiliates were 26.

・ The number of companies that dissolved, withdrew, or reduced their foreign capital ratio was 138, by region of origin, European affiliates were 50, U.S. affiliates were 43, and Asian affiliates were 21.

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

・ The number of regular employees increased 7.5% from the previous fiscal year, mainly in the retail trade industry, to 563,000.

・ The percentage of part-time workers increased 7.3% points from the previous fiscal year to 29.2%.

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

・ Regional headquarters in the Asia and Oceania regions were the largest in number in Singapore, at 320, followed by China, at 309, Hong Kong, at 243, and Japan at 113.
* The total number includes multiple answers.

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

・ Sales were 46.5 trillion yen, up 7.9% from the previous fiscal year.

・ Ordinary profit was 2,361.8 billion yen, up 13.7% from the previous fiscal year.

・ Capital investment was 932.8 billion yen, up 11.7% from the previous fiscal 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 51.4%, followed by the affiliates that answered “maintain current conditions,” which accounted for 45.3%.

1. Distribution

- The survey as of the end of March 2012 covered 3,194 foreign affiliates (up 1.7% from the previous fiscal year), with 555 (up 8.2% (id.)) in the manufacturing sector and 2,639 (up 0.4% (id.)) in the non-manufacturing sector. The manufacturing sector accounted for 17.4% of all industries, up 1.1% points from the previous fiscal year, while the non-manufacturing sector accounted for 82.6%, down 1.1% points (id.) (Fig. 1-1 and Table 1-1).
- By industry, wholesale trade numbered the highest, at 1,348, accounting for 42.2%, followed by services, and information and communications (Fig. 1-1).
- By region of origin, European affiliates reached 1,400, accounting for 43.8%, up 1.0% from the previous fiscal year. U.S. affiliates came to 887 (27.8%, down 1.6% points (id.)), and Asian affiliates came to 674 (21.1%, up 0.1% points (id.)) (Table 1-1).

Figure 1-1 Distribution of Foreign Affiliates by Industry

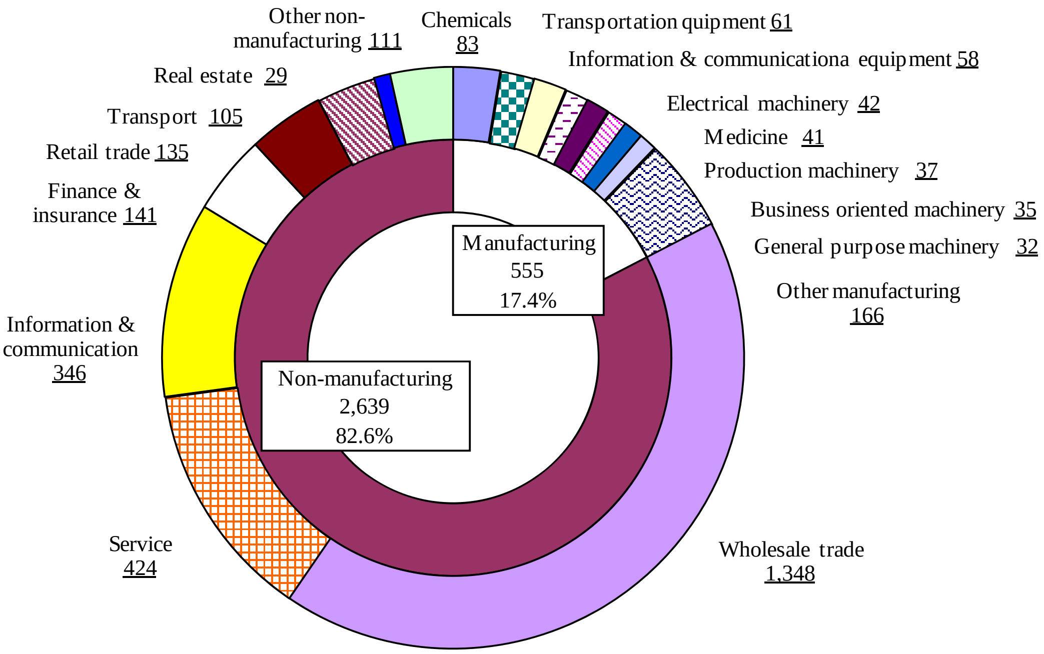


Table 1-1 Composition Percentage by Region of Origin and by Industry

(Companies, %, % point)

	FY2011 Number of foreign affiliates	Composition percentage			
		FY2009	FY2010	FY2011	Year-on-year changes
Total	3,194	100.0	100.0	100.0	—
U.S.	887	30.5	29.4	27.8	-1.6
Asian	674	20.5	21.0	21.1	0.1
Chinese	238	7.5	7.4	7.5	0.1
European	1,400	42.8	42.8	43.8	1.0
Others	233	6.2	6.8	7.3	0.5
Manufacturing	555	17.2	16.3	17.4	1.1
Non-manufacturing	2,639	82.8	83.7	82.6	-1.1

2. New entries

- Of the foreign affiliates covered by the survey in FY2011, 90 companies were newly established or newly started capital participation.(Note) They are broken down into 21 manufacturing companies and 69 non-manufacturing companies) (Table 2-1).
- By region of origin, U.S. affiliates were 26, Asian affiliates were 28, and European affiliates were 33. (Table 2-1).

Table 2-1 Number of New Entries

(Companies, %)

	World total			U.S. affiliates			Asian affiliates			European affiliates		
	FY2009	FY2010	FY2011	FY2009	FY2010	FY2011	FY2009	FY2010	FY2011	FY2009	FY2010	FY2011
All industries	89	37	90	28	10	26	25	14	28	31	11	33
Manufacturing	16	10	21	8	1	4	4	4	7	4	4	8
Non-manufacturing	73	27	69	20	9	22	21	10	21	27	7	25

(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 FY2011 was 138, of which 23 companies were in the manufacturing sector and 112 companies were in the non-manufacturing sector (Table 3-1).
- By region of origin, U.S. affiliates were 43, Asian affiliates were 21, and European affiliates were 50 (Table 3-1).

Table 3-1 Number of Withdrawals

(Companies, %)

	World total			U.S. affiliates			Asian affiliates			European affiliates		
	FY2009	FY2010	FY2011	FY2009	FY2010	FY2011	FY2009	FY2010	FY2011	FY2009	FY2010	FY2011
All industries	170	172	138	62	59	43	22	33	21	58	54	50
Manufacturing	30	34	23	10	15	9	3	6	1	13	12	10
Non-manufacturing	131	134	112	52	43	34	19	27	20	45	42	40

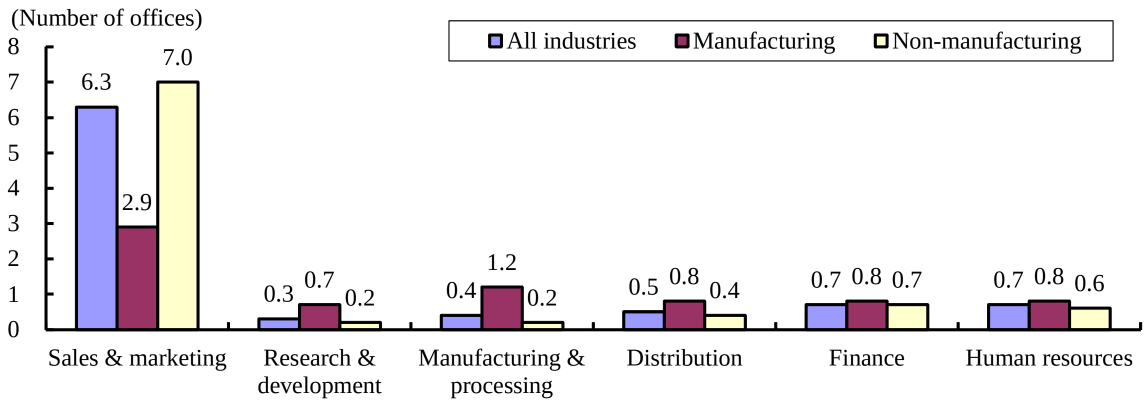
(Note 1) Foreign capital ratio reduction means that the ratio of capitalization by foreign investors has fallen to one-third or less, or the ratio of capitalization by main foreign investors has fallen to less than 10%.

(Note 2) The values of all industries in the world total in FY2009 and FY2011, and the values of all industries in the world total and the U.S. affiliates in FY2010 were different from the sum of values of manufacturing and non-manufacturing since nine companies in FY2009, four companies in FY2010, and three companies in FY2011 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 2.9 for companies in the manufacturing sector and 7.0 for those in the non-manufacturing sector. Companies in the manufacturing sector also have 0.7 R&D facilities (Fig. 4-1).

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

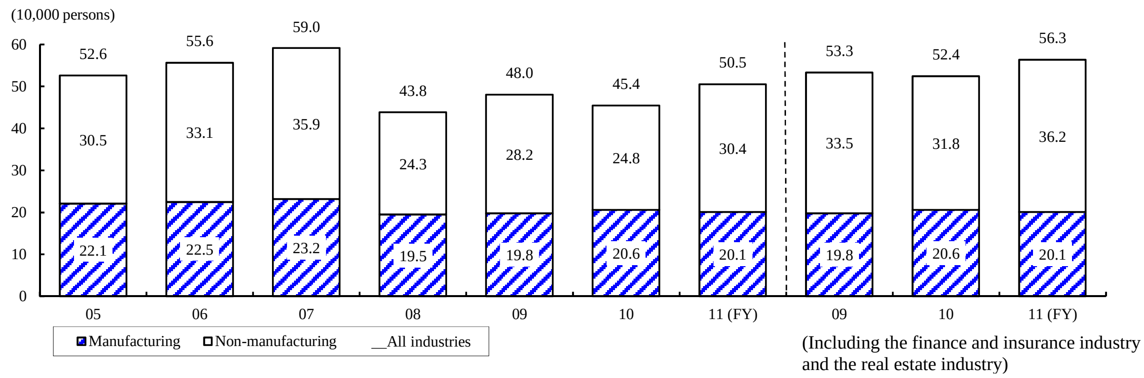


(Note) Offices with multiple functions are counted separately for each function.

5. Employment

- The number of regular employees increased 7.5% from the previous fiscal year to 563,000 (up 4.9% when limited to companies that responded in both the previous fiscal year and the current year). The manufacturing sector recorded a 2.5% decrease from the previous fiscal year to 201,000, and the non-manufacturing sector saw an increase of 14.0% (id.) to 362,000 (Fig. 5-1).
- By industry, in the manufacturing sector, medicine recorded an increase of 13.9% from the previous fiscal year to 40,000, whereas transportation equipment showed a decrease of 19.0% (id.) to 67,000. In the non-manufacturing sector, retail trade recorded an increase of 79.4% (id.) to 58,000 (Fig. 5-2).
- The percentage of part-time workers(Note) in the manufacturing sector increased 4.1% points from the previous fiscal year to 10.3%, and that in the non-manufacturing sector increased 7.4% points (id.) to 38.6% (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

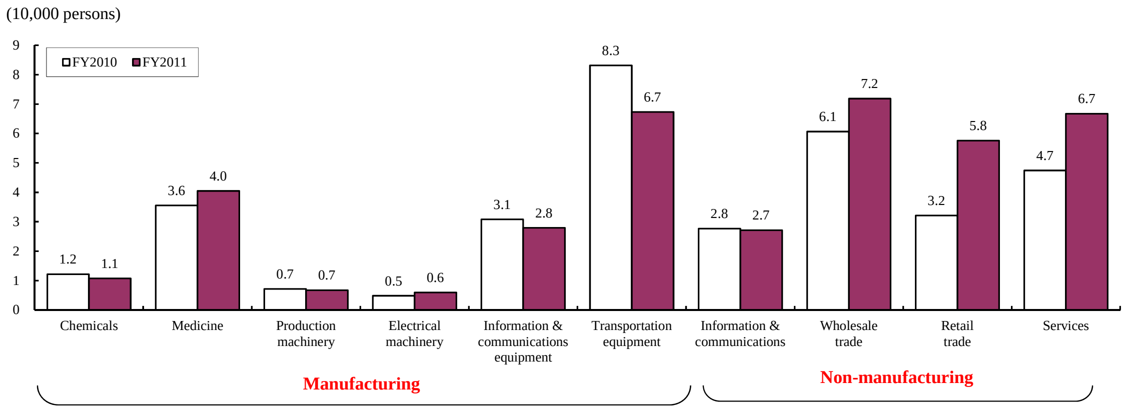


Table 5-1 Percentage of Part-Time Workers

(%, % point)

	Percentage of part-time workers			
	FY2009	FY2010	FY2011	Year-on-year changes
All industries	25.6	21.9	29.2	7.3
Manufacturing	4.0	6.2	10.3	4.1
Non-manufacturing	37.8	31.2	38.6	7.4

(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 113 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, 309 were in China, 320 were in Singapore, and 243 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	113	54	23	41	62	26	24	43	20	102
Manufacturing	25	15	5	12	16	6	6	10	3	21
Non-manufacturing	88	39	18	29	46	20	18	33	17	81

(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	309	243	53	56	48	320	71	329
Manufacturing	72	35	10	8	11	54	10	66
Non-manufacturing	237	208	43	48	37	266	61	263

(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.

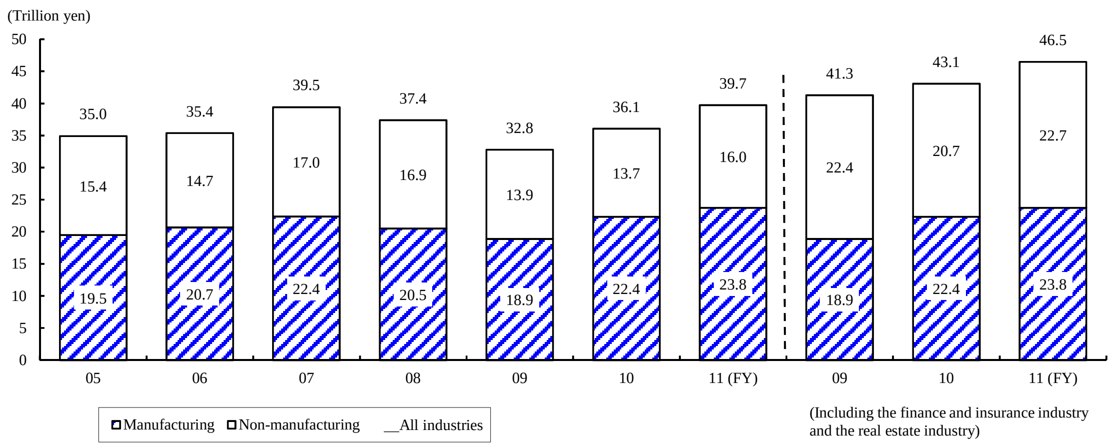
(Note 2) The number of regional headquarters by country and region is the total number according to multiple answers.

(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 46.5 trillion yen, up 7.9% from the previous fiscal year (up 8.9% when limited to companies that responded in both the previous fiscal year and the current year). The manufacturing sector posted 23.8 trillion yen, up 6.3% from the previous fiscal year, and the non-manufacturing sector marked 22.7 trillion yen, up 9.7% (id.) (Fig. 7-1).
- By industry, in the manufacturing sector, transportation equipment increased 1.8% from the previous fiscal year to 6.8 trillion yen. In the non-manufacturing sector, wholesale trade decreased 14.9% from the previous fiscal year to 9.9 trillion yen, and retail trade increased 65.8% (id.) to 1.8 trillion yen (Fig. 7-2).
- Exports decreased 33.6% from the previous fiscal year to 3.7 trillion yen (up 5.3% 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 0.8%, down 0.1% points from the previous fiscal year, while the non-manufacturing sector posted 1.2%, up 0.3% points (id.). By region of origin, Asian affiliates increased 0.1% points (id.) to 6.1% (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

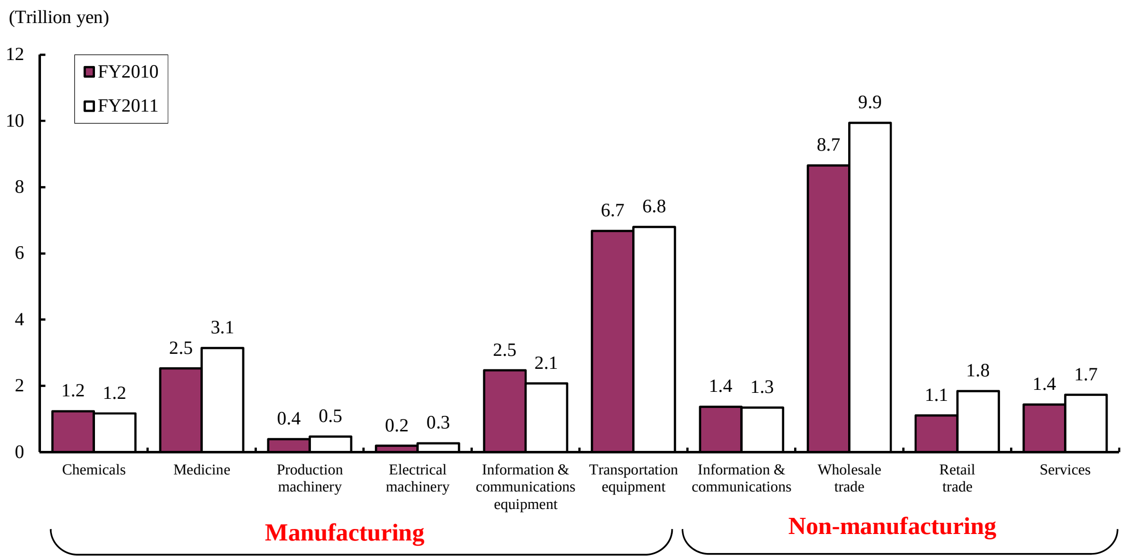


Table 7-1 Sales and Exports, and Sales to Principal Foreign Investors, and the Proportion Thereof to Total Sales

(100 million yen, %)

	Sales		Exports		Sales to principal foreign investors	
	FY2010	Year-on-year changes	FY2010	Year-on-year changes	FY2010	Year-on-year changes
Total	464,908	7.9	36,862	-33.6	4,497	14.0
Manufacturing	237,589	6.3	24,257	-47.9	1,813	-10.7
Non-manufacturing	227,319	9.7	12,605	41.0	2,684	40.2
U.S.	119,810	-4.0	4,283	-15.4	1,470	-12.3
Asian	39,325	45.6	9,987	77.0	2,400	47.6
European	259,175	10.5	21,153	-51.0	578	-1.7

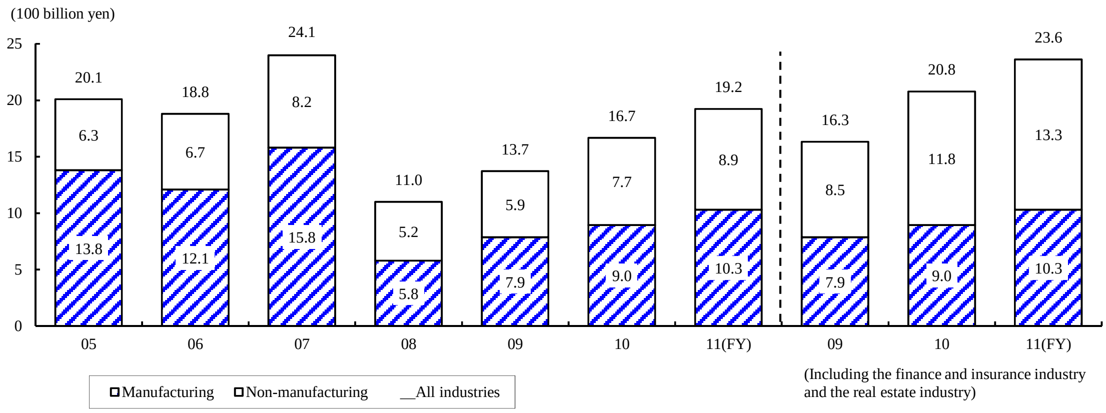
(%, % point)

	Proportion of sales to principal foreign investors to the total sales		
	FY2009	FY2010	Year-on-year changes (% point)
Total	0.9	1.0	0.1
Manufacturing	0.9	0.8	-0.1
Non-manufacturing	0.9	1.2	0.3
U.S.	1.3	1.2	-0.1
Asian	6.0	6.1	0.1
European	0.3	0.2	-0.1

8. Profit

- Ordinary profit was 2.3618 trillion yen, up 13.7% from the previous fiscal year (up 14.8% when limited to companies that responded in both the previous fiscal year and the current year). The manufacturing sector marked an increase of 15.1% from the previous fiscal year to 1.0304 trillion yen, and the non-manufacturing sector recorded an increase of 12.6% (id.) to 1.3314 trillion yen (Fig. 8-1).
- By industry, in the manufacturing sector, medicine increased 32.6% from the previous fiscal year to 346.5 billion yen. In the non-manufacturing sector, services increased 58.4% (id.) to 230 billion yen (Fig. 8-2).
- The ordinary profit to sales ratio(Note), excluding the finance and insurance industry and the real estate industry, increased 0.2% points from the previous fiscal year to 4.8%. This was 1.5% points higher than that for incorporated enterprises as a whole (Fig. 8-3).
- By region of origin, U.S. affiliates increased 1.5% points from the previous fiscal year to 11.2% (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

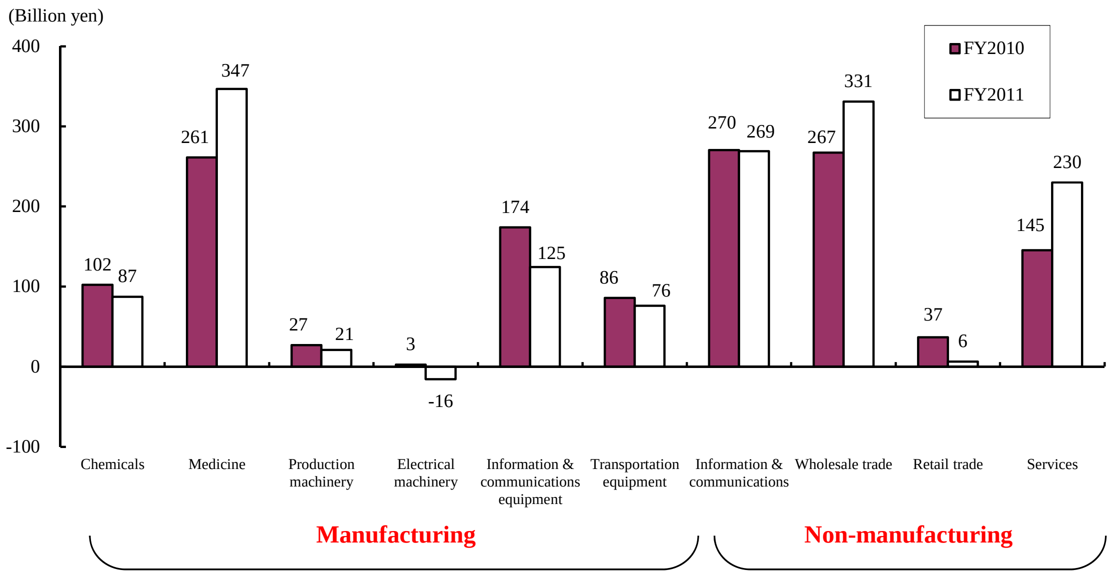
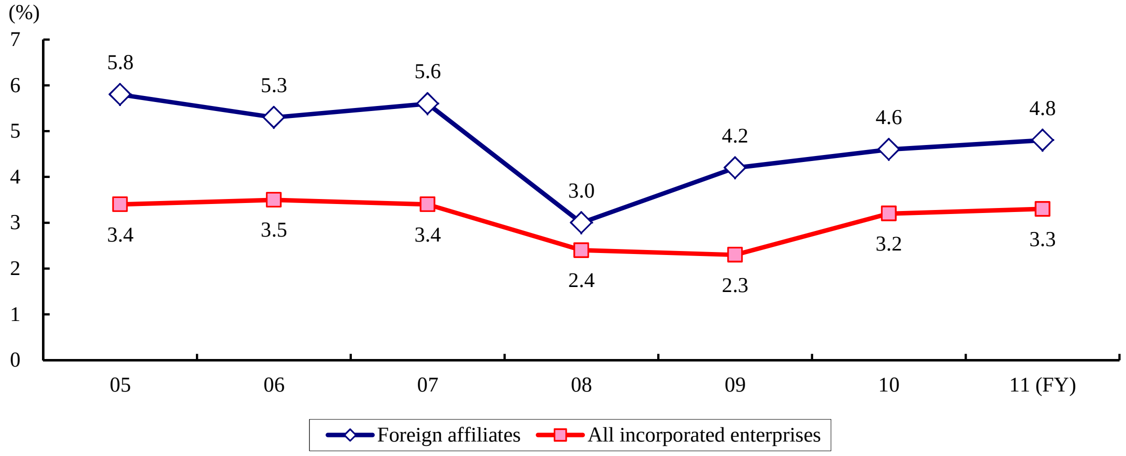


Figure 8-3 Changes in Ordinary Profit to Sales Ratio



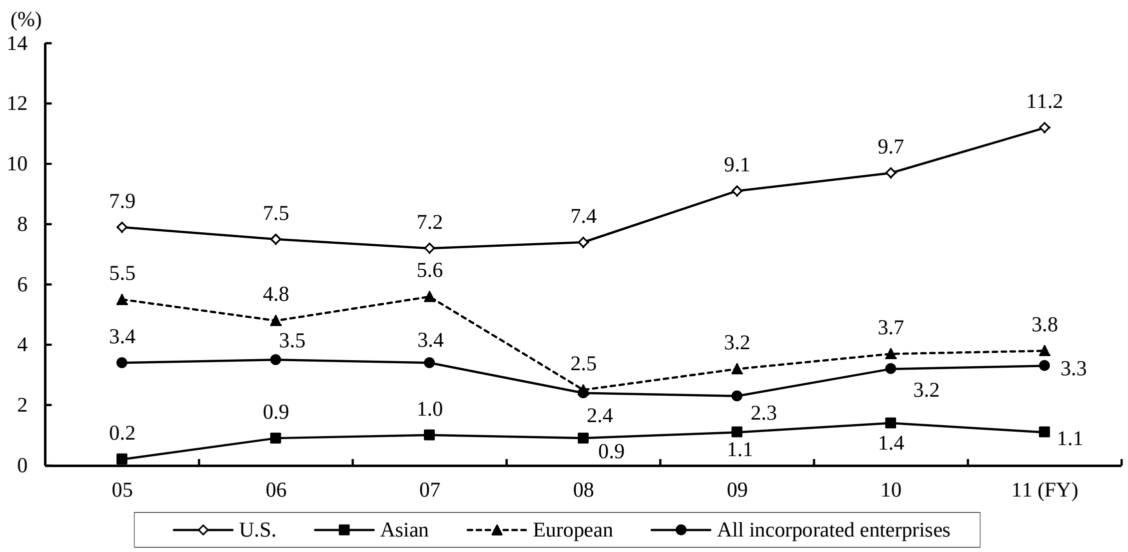
Source: All incorporated enterprises: "Financial Statement Statistics of Corporations by Industry" (Ministry of Finance)

(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

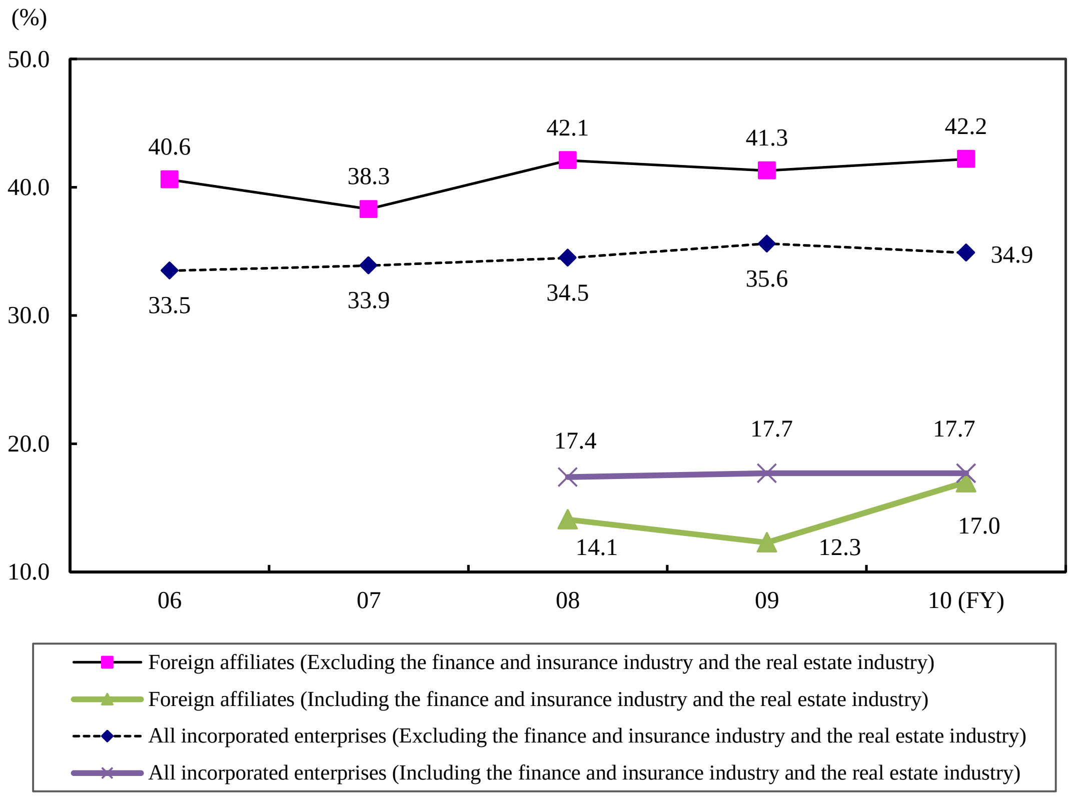
(Note 2) The values of the Survey of Trends in Business Activities of Foreign Affiliates exclude the values of the finance and insurance industry and the real estate industry.

(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 17.0%. This was 0.7% 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 42.2%. This was 7.3% 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 shareholder equity / Total assets × 100.0

10. Capital investment/Research and development

- Capital investment amounted to 932.8 billion yen, up 11.7% from the previous fiscal year (down 17.5% when limited to companies that responded in both the previous fiscal year and the current year). The manufacturing sector recorded a decrease of 7.7% from the previous fiscal year to 597.3 billion yen, and the non-manufacturing sector saw a 78.5% increase (id.) to 335.5 billion yen (Fig. 10-1).
- The proportion of capital investment by foreign affiliates to the total by all incorporated enterprises was 2.7%, up 0.3% points from the previous fiscal year (Fig. 10-1).
- By industry, retail trade saw an increase of 246.4% from the previous fiscal year, and information and communications recorded an increase of 134.2 % (id.) (Fig. 10-2).
- The average rate of research and development expenses per company in the manufacturing sector was 1.98 billion yen, down 40.2% from the previous fiscal year. By industry, medicine posted 7.42 billion yen, followed by transportation equipment, at 5.24 billion yen, down 72.5% from the previous fiscal year, and information and communications equipment, at 2.6 billion yen (Fig. 10-3).

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

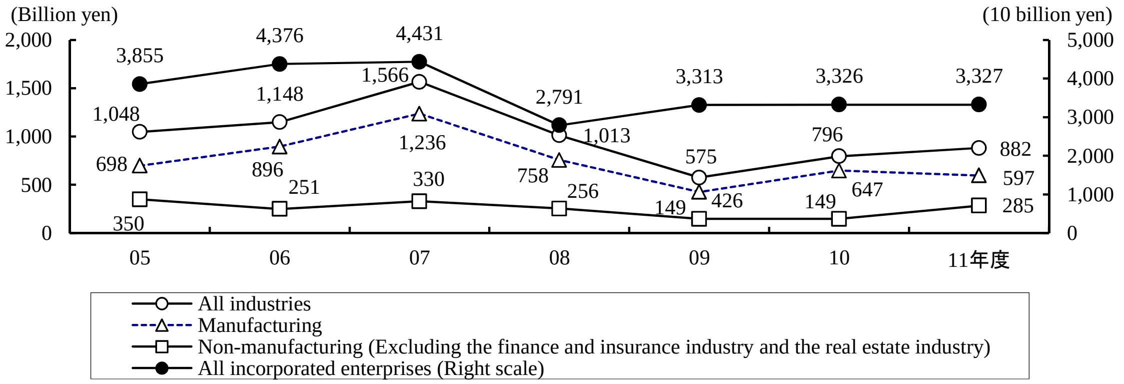
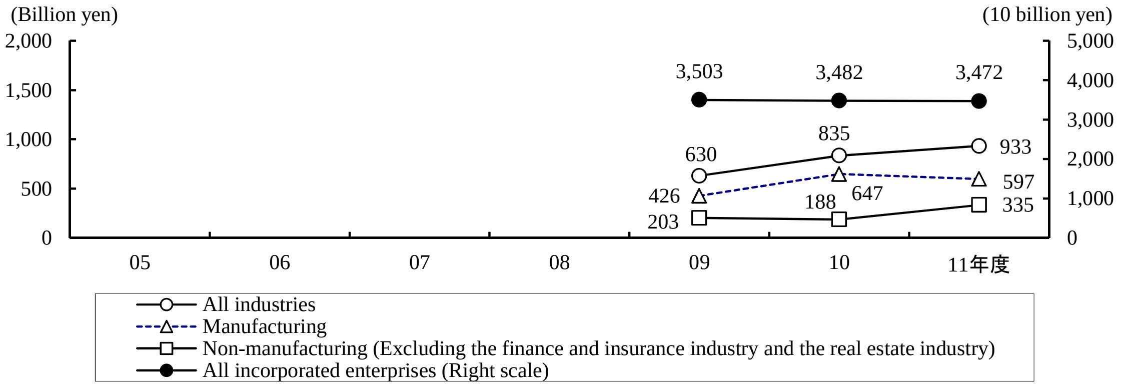


Figure 10-1-2 Capital Investment
(Including the finance and insurance industry and the real estate industry)



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

Figure 10-2 Capital Investment by Major Industry

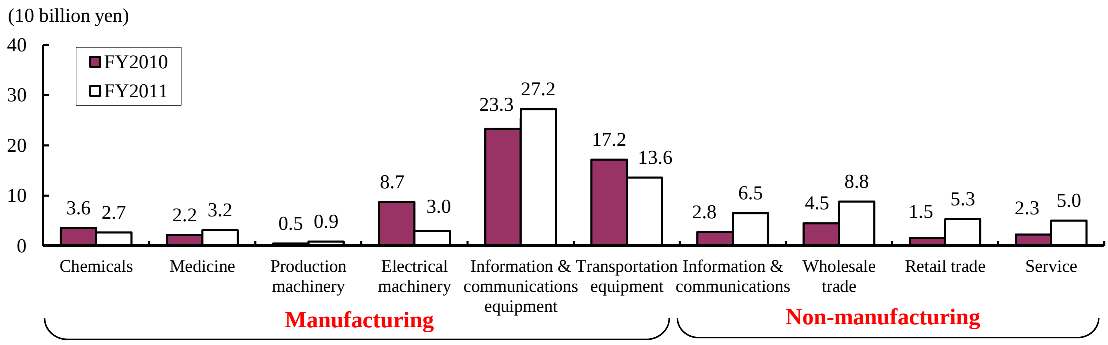
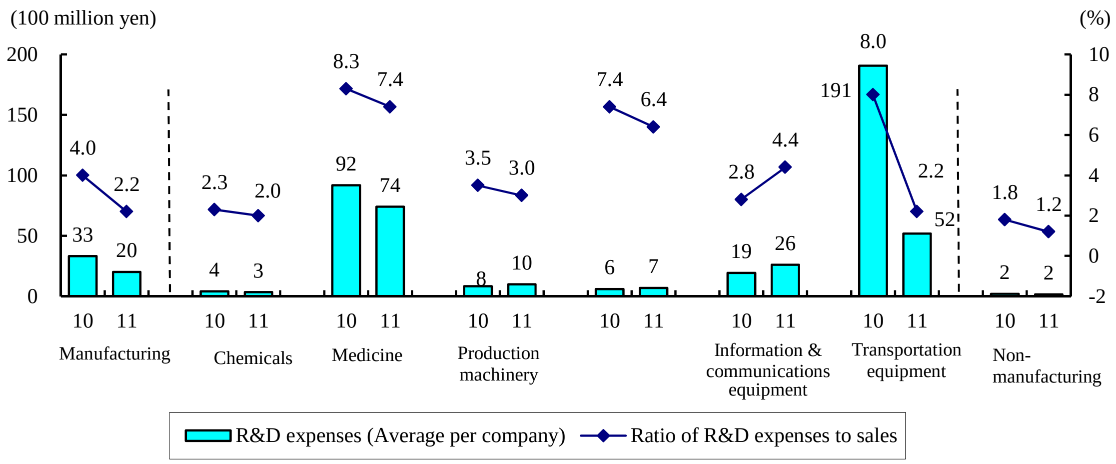


Figure 10-3 R&D Expenses (Average per Company) by Industry and Ratio of R&D Expenses to Sales



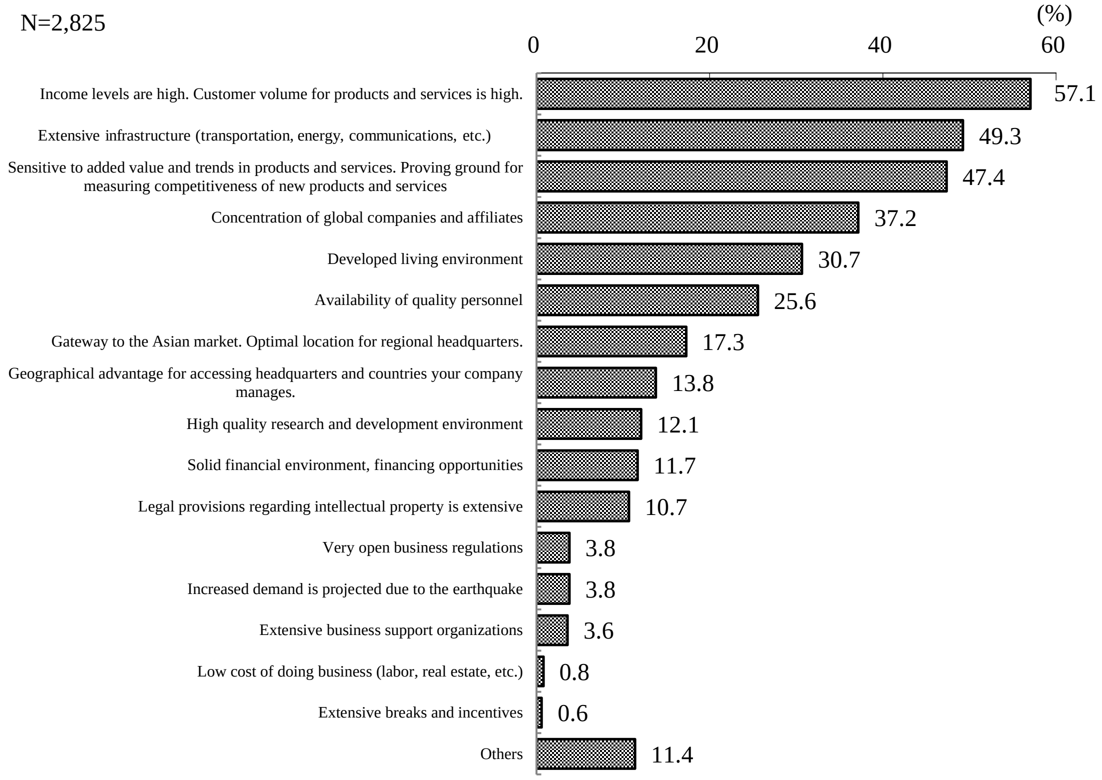
Ratio of R&D expenses to sales = R&D expenses / Sales × 100.0

11-1. Attractiveness for 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 57.1% of the total.
- About 50% affiliates also said, "There is extensive infrastructure (transportation, energy, communications, etc.)" (composition ratio of 49.3%), 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" (47.4%).

Figure 11-1 Attractiveness for Business Expansion in Japan

(Multiple answers: up to five top items)

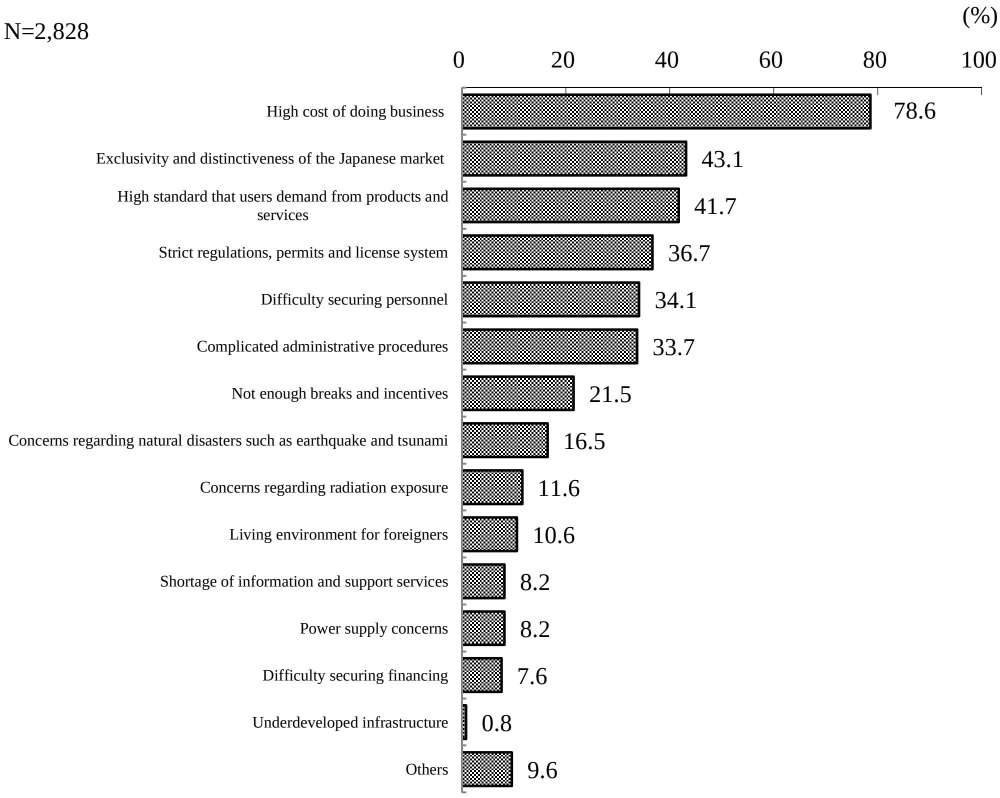


11-2. Factors inhibiting business expansion in Japan

- As for factors inhibiting business expansion in Japan, the top answer was "High cost of doing business," accounting for 78.6% of the total, thus about 80%.
- "Exclusivity and distinctiveness of the Japanese market" (composition ratio of 43.1%), "High standard that users demand from products and services" (41.7%), and "Strict regulations, permits and license system" (36.7%) followed.

Figure 11-2 Factors Inhibiting Business Expansion in Japan

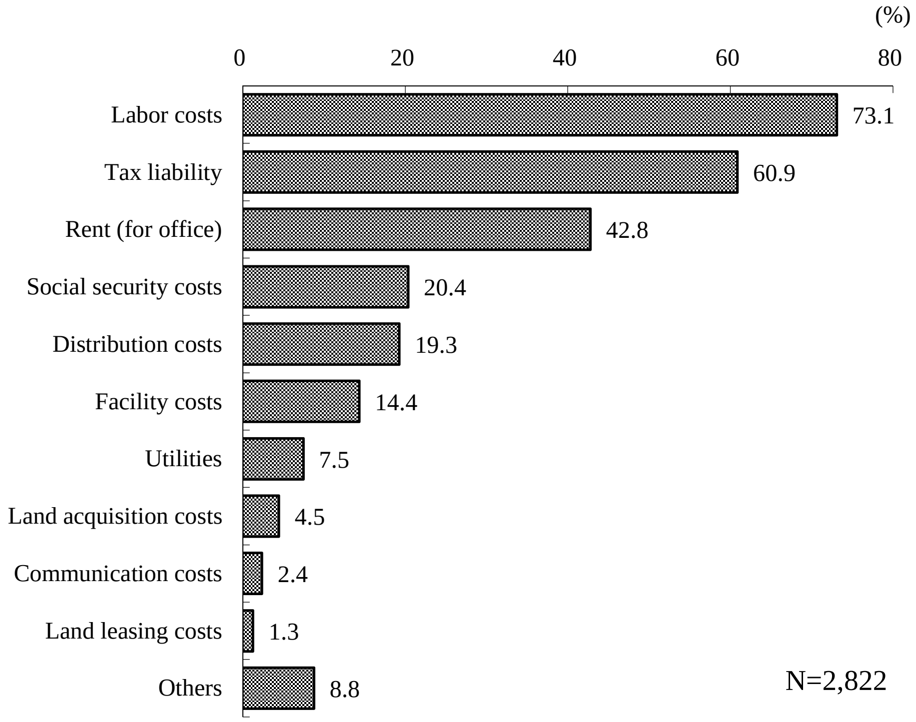
(Multiple answers: up to five top items)



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 73.1% of the total and was the response of about 70% of affiliates, followed by "Tax liability" (composition ratio of 60.9%), "Rent (for office)" (42.8%), and "Social security costs" (20.4%).

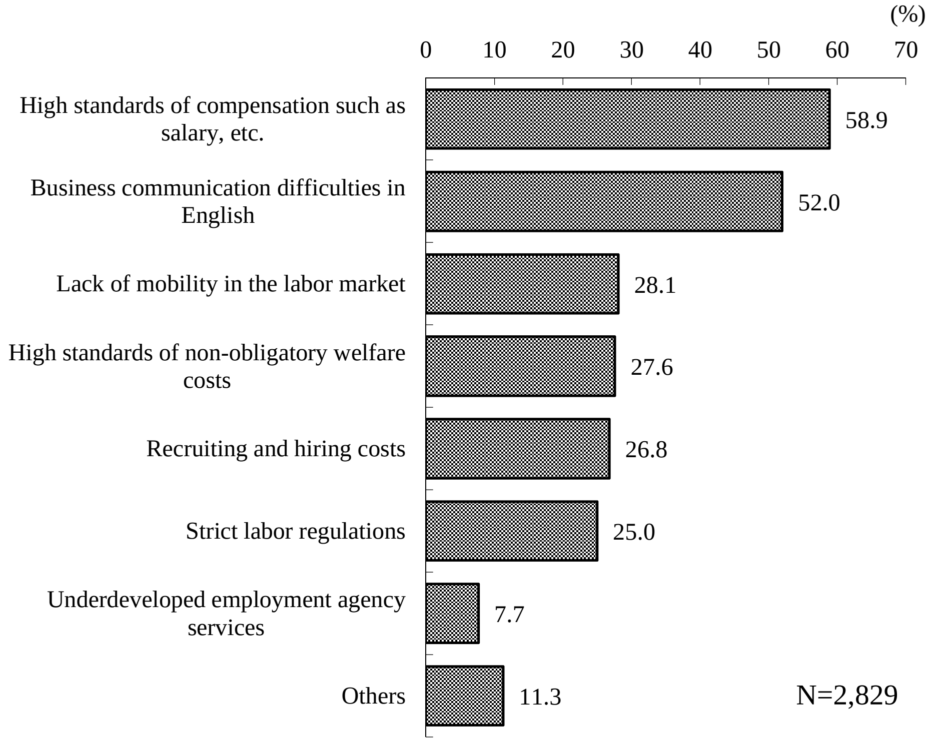
Figure 12-1 Inhibiting Factors with regard to the Cost of Doing Business in Japan
(Multiple answers: up to three top items)



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 58.9% of the total and was the response of the majority of affiliates, together with "Business communication difficulties in English" (composition ratio of 52.0).
- "Lack of mobility in the labor market" (composition ratio of 28.1%), and "High standards of non-obligatory welfare costs" (27.6%) followed.

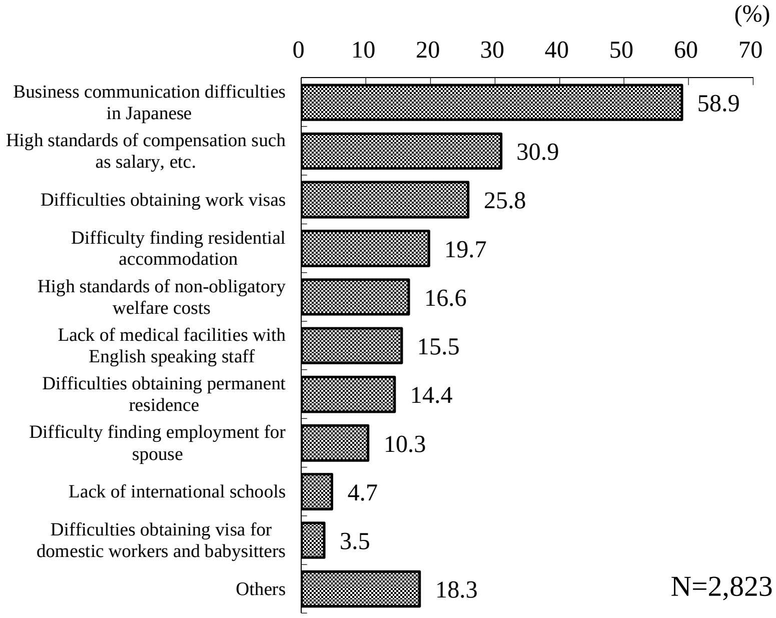
Figure 13-1 Inhibiting Factors in Securing Japanese Personnel
(Multiple answers: up to three top items)



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 58.9% of the total, thus about 60%.
- “High standards of compensation such as salary, etc.” (composition ratio of 30.9%), “Difficulties obtaining work visas” (25.8%), and “Difficulty finding residential accommodation” (19.7%) followed.

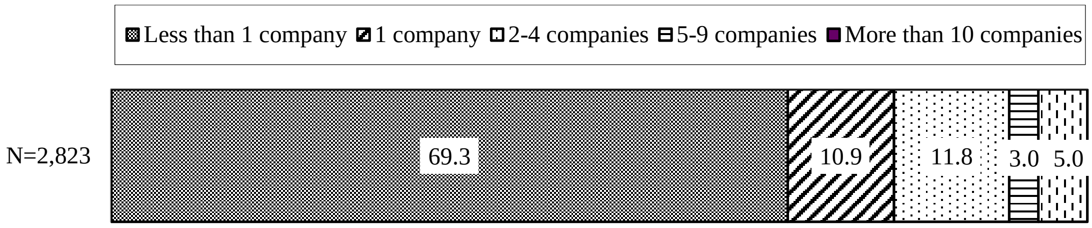
Figure 13-2 Inhibiting Factors in Securing Foreign Personnel
(Multiple answers: up to three top items)



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 69.3% of the total, thus about 70%.
- With regard to the affiliates that partnered with Japanese companies, "1 company" accounted for 10.9%, "2–4 companies" accounted for 11.8%, "5–9 companies" accounted for 3.0%, and "More than 10 companies" accounted for 5.0%.

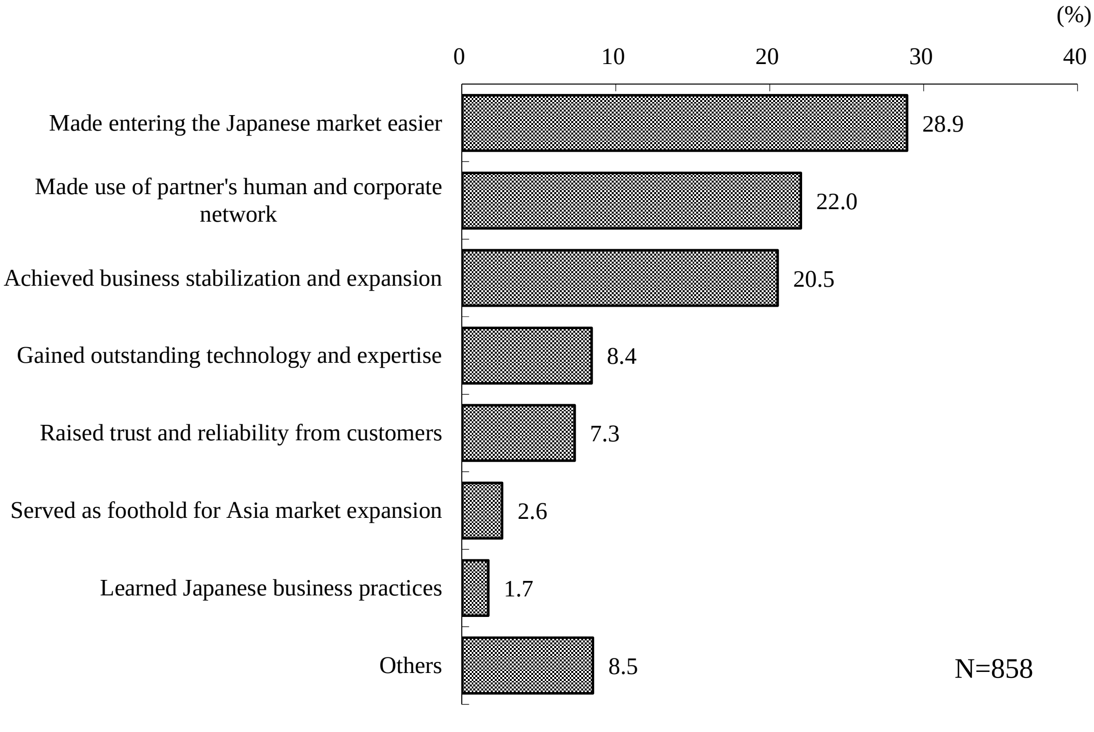
Figure 14-1 Business Partnerships with Japanese Companies



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 28.9% of the total, followed by "It made use of partner's human and corporate network " (composition ratio of 22.0%), and "It achieved business stabilization and expansion " (20.5%).

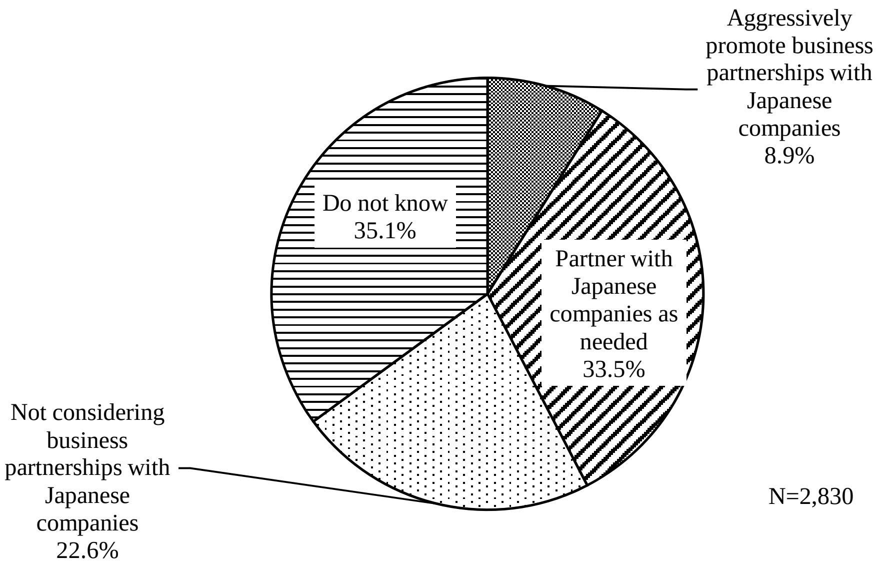
Figure 14-2 Advantage of partnering with Japanese Companies



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 8.9% and "Partner with Japanese companies as needed" accounting for 33.5%.

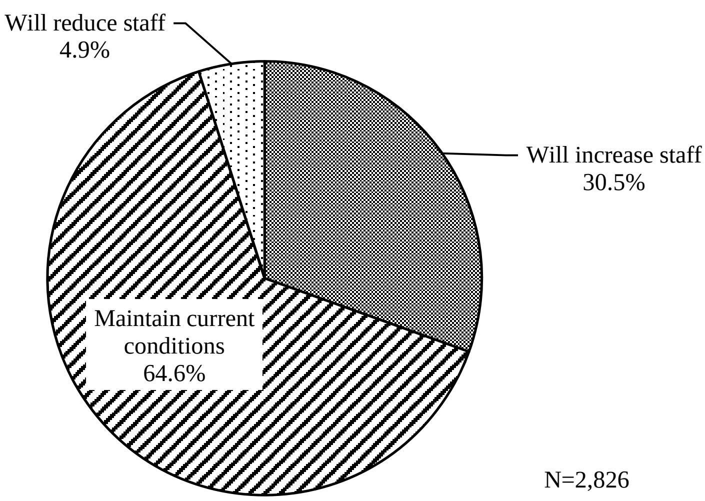
Figure 15-1 Future Plans for Business Partnerships with Japanese Companies



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 64.6% of the total, while "Will increase staff" accounted for 30.5% and "Will reduce staff" accounted for 4.9%.

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 51.4% of the total, thus more than 50%, followed by "Maintain current conditions," accounting for 45.3%.
- Whereas, "Planning to downsize" stood at a composition ratio of 2.4%, and "Discontinue operations" stood at 0.9%.

Figure 17-1 Future Business Expansion in Japan