

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 push forward 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 2016, or satisfied the following conditions during the year 2015.

- (a) A company in which more than one third of shares or holdings is owned by foreign investors.
- (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.
- (c) Companies that fall under 1) or 2) above, 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 conforming to 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 sent back after being completed by the respective companies.

(5) Date

The survey was conducted on August 1, 2016, in connection with the business results for FY 2015 and as of the end of FY2015.

(6) Number of respondents

Survey targets: 5,859 (5,950 in the previous survey)

Respondents: 3,681 (3,592 in the previous survey)

Response rate: 62.8% (60.4% in the previous survey)

Valid respondents: 3,410 (Including the finance and insurance industry and the real estate industry)
: 3,207 (Excluding the finance and insurance industry and the real estate industry)

(Note 1) Since FY2010 survey, the “finance and insurance” industry and the “real estate” industry were added to the targets of the survey.

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

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 monetary amounts)
 - “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” (Ministry of Economy, Trade and Industry).

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The 50th Survey of Trends in Business Activities of Foreign Affiliates (Summary)

Summary of the trends among foreign affiliates in Japan in FY2015

- The percentage of Asian affiliates increased while U.S. and European affiliates decreased.
 - The number of regular employees decreased due to individual company factors. However, increases in regular employee numbers were seen in the non-manufacturing sector.
 - In the Asia and Oceania regions, most regional headquarters were located in Singapore.
 - Sales and ordinary profits decreased while capital investment increased.
 - As for factors inhibiting the ability to secure Japanese personnel, the top answer was “Business communication difficulties in English”.
 - As for the hiring outlook, almost all affiliates answered “Will increase or maintain staff”.
 - More than 50% of affiliates will expand their businesses.
-
- The percentage of Asian affiliates increased while U.S. and European affiliates decreased.
 - Asian affiliates accounted for 25.7% of the total, up by 1.9% points from the previous fiscal years, U.S. affiliates accounted for 25.1% of the total, down 0.8% points (id.). In the meantime, European affiliates accounted for 43.5%, down 0.4% points (id.).
 - The number of regular employees decreased due to individual company factors. However, increases in regular employees were seen in the non-manufacturing sector.
 - The number of regular employees decreased 1.9% from the previous fiscal year (a 3.4% increase when limited to companies that responded in both the previous fiscal year and the current year) to 623,876. The cause of this decrease is largely affected by individual companies that were excluded from the survey due to the declining foreign capital ratio in the transportation machinery factor.
 - In the Asia and Oceania regions, most regional headquarters were located in Singapore.
 - The largest number of regional headquarters in the Asia and Oceania regions were in Singapore with 365, followed by 263 in China, 202 in Hong Kong, and 89 in Japan.
* The total number includes multiple answers.
 - Sales and ordinary profit decreased while capital investment increased.
 - Sales were 44.7 trillion yen, a 6.4% decrease from the previous fiscal year.
 - Ordinary profit was 2.9 trillion yen, a 2.9% decrease from the previous fiscal year.
 - Capital investment was 1.6 trillion yen, a 39.8% increase from the previous fiscal year. The cause of this increase is greatly affected by individual companies.
 - As for factors inhibiting the ability to secure Japanese personnel, the top answer was “Business communication difficulties in English”.
 - “Business communication difficulties in English” was the response of the majority of affiliates.
 - As for the hiring outlook, almost all affiliates answered “Will increase or maintain staff”.
 - As for the hiring outlook for this year, the top answer was “Maintain current conditions,” accounting for 61.4% of the total. In the meantime, “Will increase staff” accounted for 34.8% (id.).
 - More than 50% of affiliates will expand their businesses.
 - As for future business expansion in Japan, affiliates that answered “planning business expansion” were the largest in number, accounting for 55.5%, followed by the affiliates that answered “maintain current conditions,” which accounted for 42.0%.

1. Distribution

- The survey as of the end of March 2016 covered 3,410 foreign affiliates (a 2.3% increase from the previous fiscal year), with 629 (a 5.9% increase (id.)) in the manufacturing sector and 2,781 (a 1.6% increase (id.)) in the non-manufacturing sector. The manufacturing sector accounted for 18.4% of all industries, while the non-manufacturing sector accounted for 81.6% (Fig. 1-1 and Table 1-1).
- By industry, wholesale trade numbered the highest at 1,334, accounting for 39.1%, followed by services, and information & communications (Fig. 1-1).
- By region of origin, European affiliates reached 1,484, accounting for 43.5% (down 0.4% points from the previous fiscal year), U.S. affiliates came to 855 (25.1%, down 0.8% points (id.)), and Asian affiliates came to 875 (25.7%, up by 1.9% points (id.)) (Table 1-1).
- By headquarter offices per region, there were 2,804 foreign affiliates in the Kanto area. Tokyo numbered the highest at 2,296 (67.3%), followed by Kanagawa (9.9%) and Osaka (5.2%) (Fig 1-2 and Table 1-2).

Figure 1-1 Distribution of Foreign Affiliates by Industry

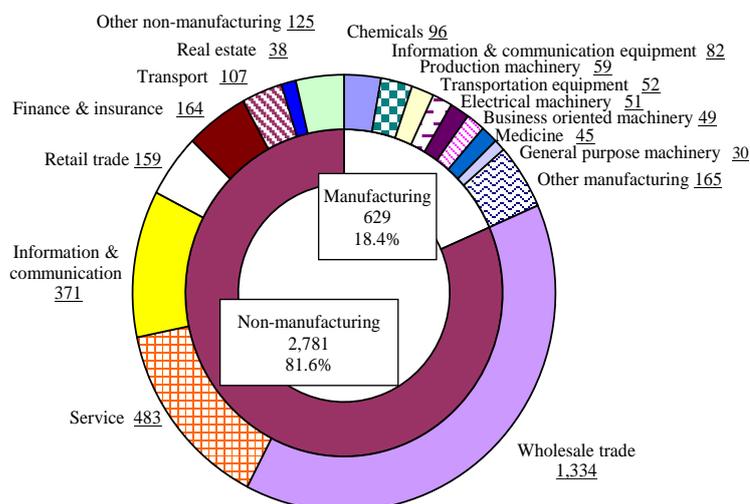


Table 1-1 Percentage by Region of Origin and by Industry

(Companies, %, % point)

	FY2015 Number of foreign affiliates	Percentage			
		FY2013	FY2014	FY2015	Year-on-year changes
Total	3,410	100.0	100.0	100.0	—
U.S.	855	26.8	25.9	25.1	-0.8
Asian	875	22.2	23.8	25.7	1.9
Chinese	335	8.4	8.4	9.8	1.4
European	1,484	44.4	43.9	43.5	-0.4
Others	196	6.6	6.4	5.7	-0.7
Manufacturing	629	17.6	17.8	18.4	0.6
Non-manufacturing	2,781	82.4	82.2	81.6	-0.6

Figure 1-2 Number of companies by Area in Japan

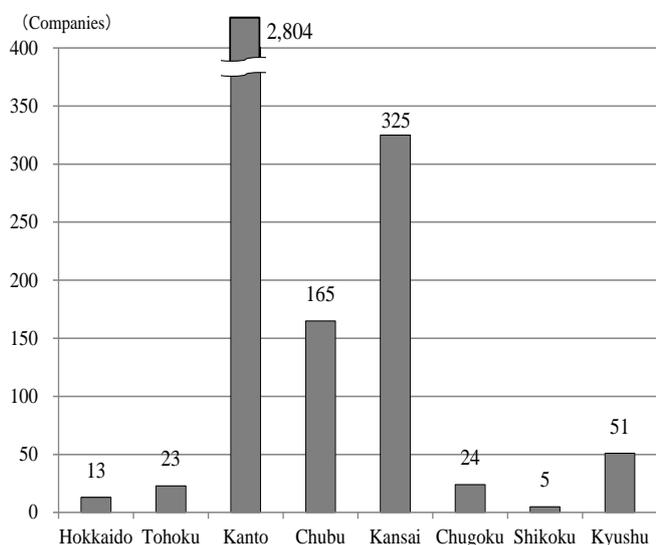


Table 1-2 Ranking of number of companies (by Prefecture)

(Companies, %)

Ranking	Prefecture	Companies	Percentages
1	Tokyo	2,296	67.3
2	Kanagawa	336	9.9
3	Osaka	177	5.2
4	Hyogo	95	2.8
5	Aichi	73	2.1
6	Saitama	69	2.0
7	Chiba	64	1.9
8	Fukuoka	30	0.9
9	Shizuoka	26	0.8
10	Kyoto	20	0.6
Total		3,410	100.0

2. New entries

- Of the foreign affiliates covered by the survey in FY2015, 74 companies were newly established or newly started capital participants.^(Note) They are broken down into 9 manufacturing companies and 65 non-manufacturing companies (Table 2-1).
- By industry, wholesale trade numbered the highest at 22, followed by information & communication at 13. (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 74.3%), followed by “Mergers & Acquisitions” (16.2%) followed (Figure 2-2).

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

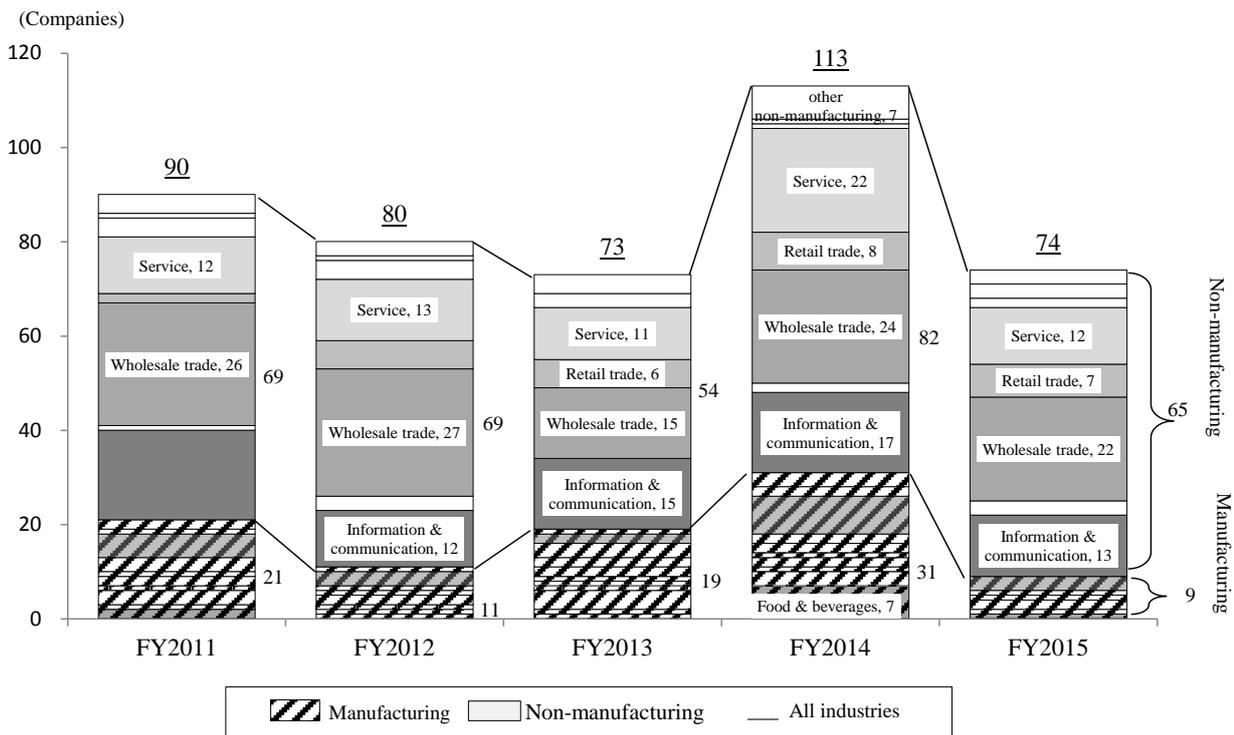
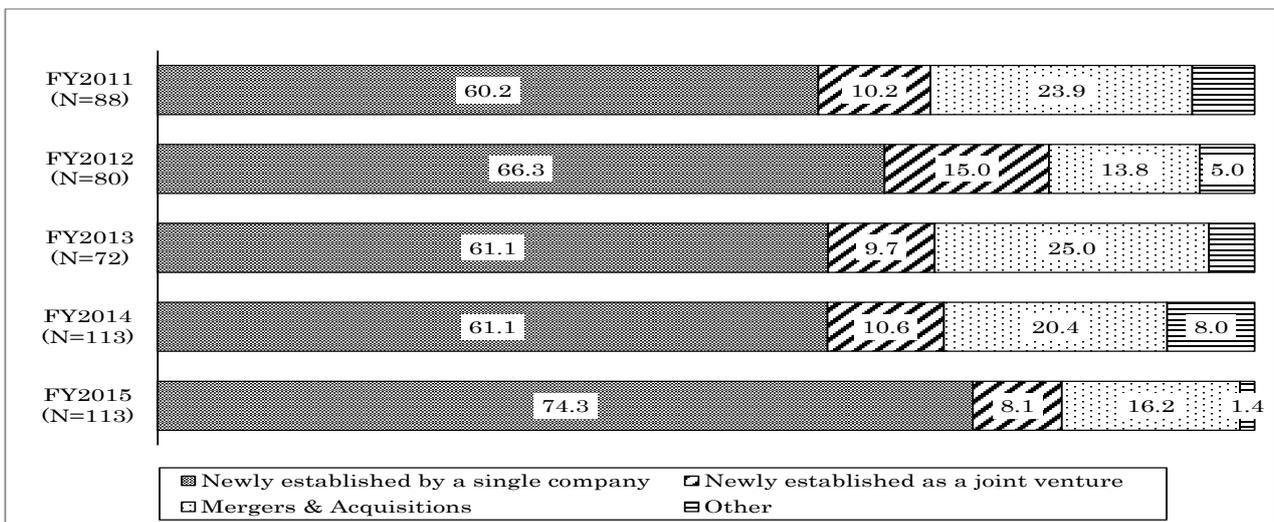


Figure 2-1 Trends in the Reasons for which the ratio of shares or equity owned by foreign investors has surpassed one-third of the total shares

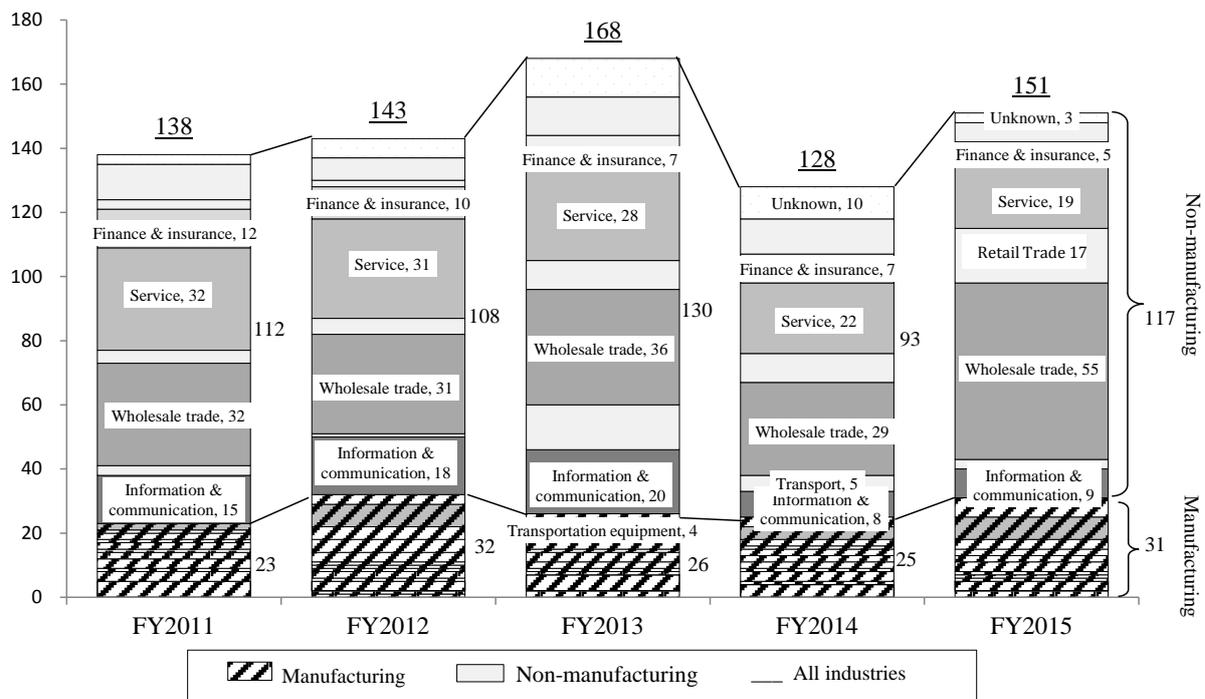


(Note) "Trends in the Reasons for which the ratio of shares or equity owned by foreign investors has surpassed one-third of the total shares" counts only responses of new entries.

3. Dissolution, withdrawal, or foreign capital ratio reduction

- The number of companies that dissolved, withdrew, or reduced their foreign capital ratio ^(Note) in FY2015 was 151, of which 31 companies were in the manufacturing sector and 117 companies were in the non-manufacturing sector (Table 3-1).
- By industry, wholesale trade numbered the highest at 55, followed by service at 19 (Table 3-1).

Table 3-1 Trends in number of Withdrawals



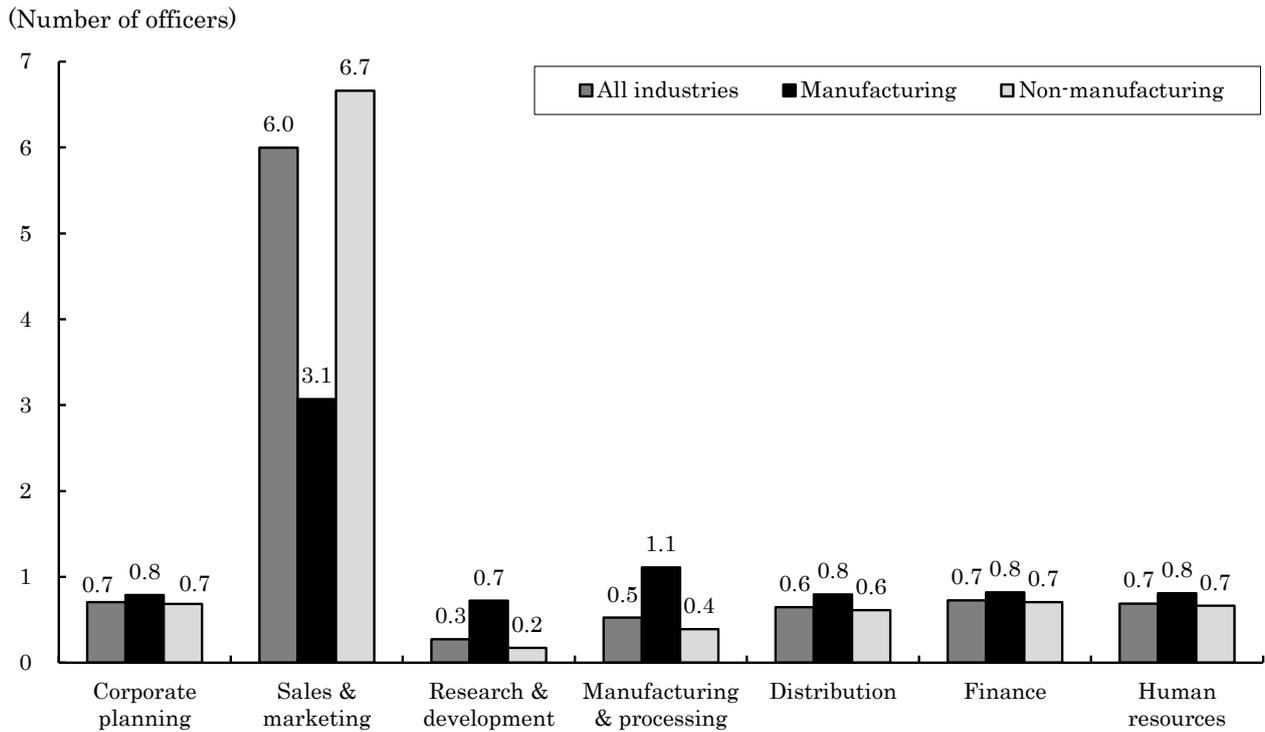
(Note 1) Foreign capital ratio reduction means that the ratio of capitalization by foreign investors has fallen to one-third or less, or the ratio of capitalization by principal foreign investors has fallen to less than 10%.

(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. 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 6.0 for companies in all industries, 3.1 for those in the manufacturing sector and 6.7 for those in the non-manufacturing sector (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 2.3% from the previous fiscal year to 623,876 (increased 3.4% when limited to companies that responded in both the previous fiscal year and the current year). The manufacturing sector recorded a 12.3% decrease from the previous fiscal year to 194,563 (decreased 4.2% when limited to companies that responded in both the previous fiscal year and the current year), and the non-manufacturing sector saw an increase of 3.1% (id.) to 429,313 (increased 6.8% when limited to companies that responded in both the previous fiscal year and the current year) (Fig. 5-1).
- By industry, in the manufacturing sector, transportation equipment recorded a decrease of 20.7% from the previous fiscal year to 69,799 (decreased 1.6% when limited to companies that responded in both the previous fiscal year and the current year). In the non-manufacturing sectors, the wholesale trade sector recorded the highest at 76,317, an increase of 8.1% (id.) (a 0.9% increase when limited to companies that responded in both the previous fiscal year and the current year) (Fig. 5-2).

Figure 5-1 Number of Regular Employees

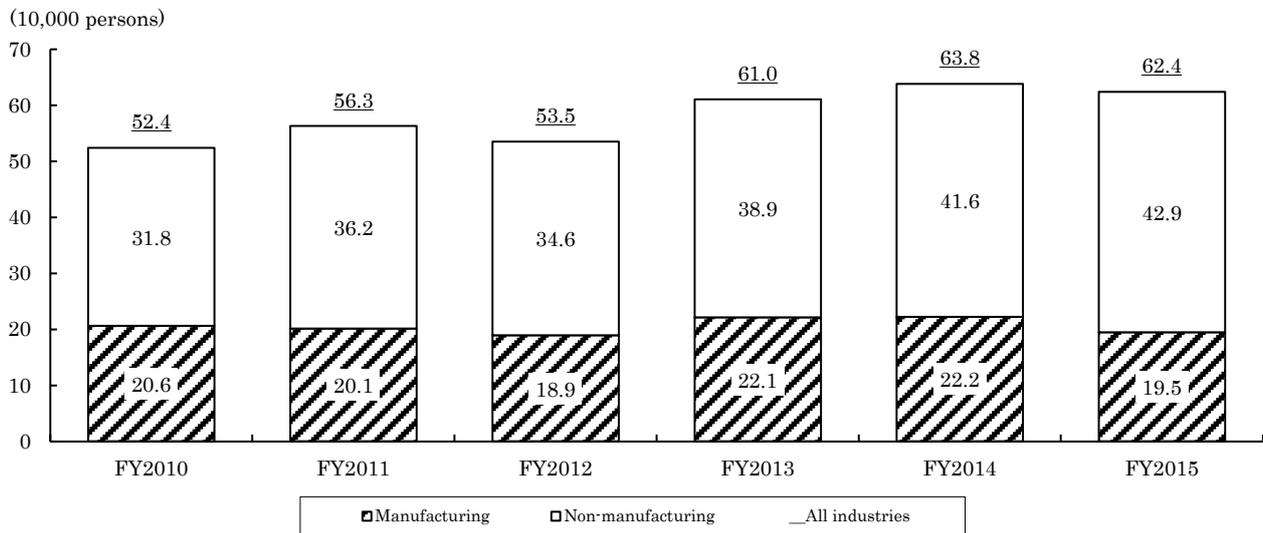
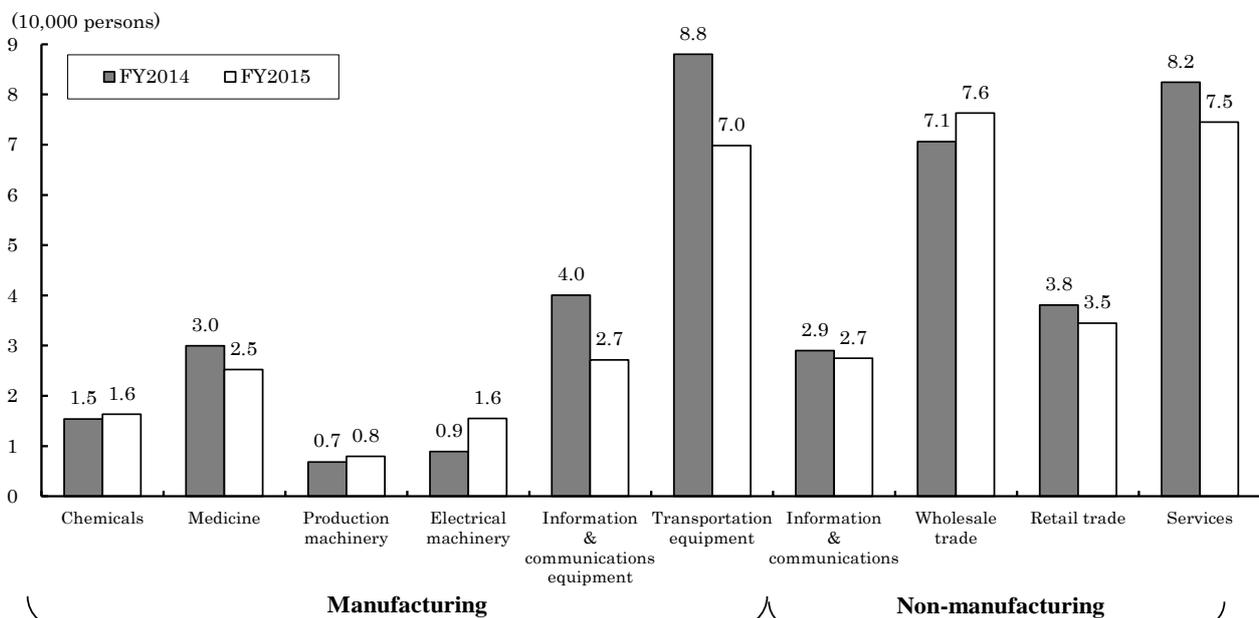


Figure 5-2 Number of Regular Employees by Industry



6. Regional headquarters in the Asia and Oceania regions

- There were 365 regional headquarters located in Singapore, 263 in China, 202 in Hong Kong, and 89 in Japan that control all of their respective bases in the Asia and Oceania regions (Table 6-1, 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 in Japan (companies)	Number of bases controlled (by country and region)								
		China	Hong Kong	Taiwan	South Korea	Thailand	Malaysia	Singapore	Australia	Others
		All industries	89	39	18	20	31	15	10	19
Manufacturing	22	13	5	5	9	6	4	4	3	19
Non-manufacturing	67	26	13	15	22	9	6	15	7	43

(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	263	202	40	30	38	365	70	217
Manufacturing	61	19	5	3	5	55	12	42
Non-manufacturing	202	183	35	27	33	310	58	175

(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 44.7 trillion yen, a 6.4% decrease from the previous fiscal year (a 10.7% decrease when limited to companies that responded in both the previous fiscal year and the current year). The manufacturing sector posted 16.5 trillion yen, a 19.3% decrease from the previous fiscal year (a 2.0% decrease when limited to companies that responded in both the previous fiscal year and the current year), and the non-manufacturing sector marked 28.2 trillion yen, a 3.3% increase (id.) (a 14.5% decrease when limited to companies that responded in both the previous fiscal year and the current year) (Fig. 7-1).
- By industry, in the manufacturing sector, transportation equipment decreased 7.8% from the previous fiscal year to 7.3 trillion yen (a 0.7% decrease when limited to companies that responded in both the previous fiscal year and the current year). In the non-manufacturing sector, wholesale trade increased 7.7% from the previous fiscal year to 10.4 trillion yen (a 3.2% increase when limited to companies that responded in both the previous fiscal year and the current year) (Fig. 7-2).
- Exports increased 6.4% from the previous fiscal year to 5.4 trillion yen (a 2.0% increase when limited to companies that responded in both the previous fiscal year and the current year) (Table 7-1).
- Looking at the ratio of the value of sales to principal foreign investors to the value of total sales, the manufacturing sector posted 1.1%, a 0.4% increase from the previous fiscal year, while the non-manufacturing sector posted 0.7% (a 0.3% points increase (id.)). By region of origin, Asian affiliates posted 4.4% (a 1.4% points increase (id.)). (Table 7-1).

Figure 7-1 Sales

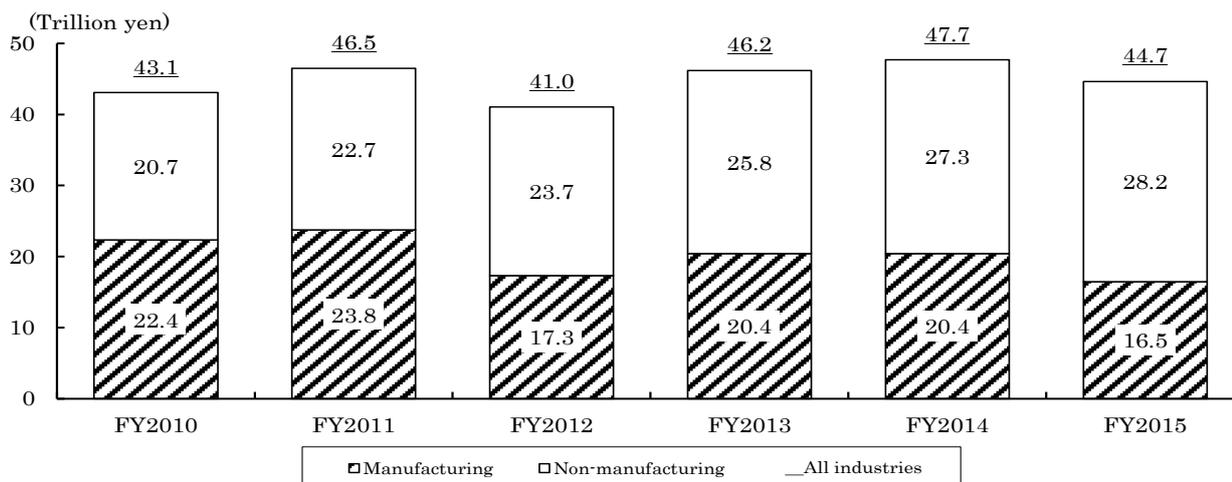


Figure 7-2 Sales by Major Industry

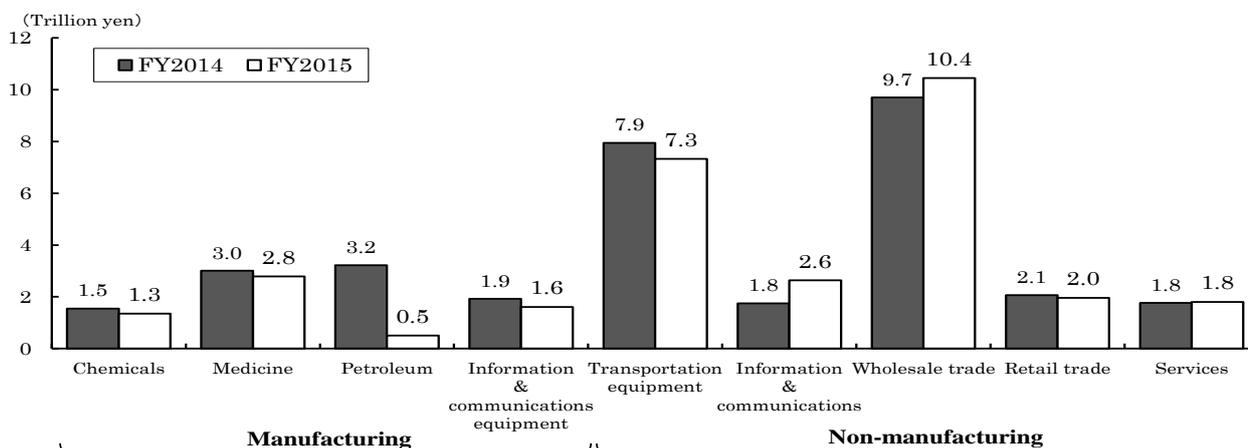


Table 7-1 Sales and Exports, and Sales to Principal Foreign Investors, and their Proportion to Total Sales

(100 million yen, %)

	Sales		Exports		Sales to principal foreign investors	
	FY2015	Year-on-year changes	FY2015	Year-on-year changes	FY2015	Year-on-year changes
	Total	446,518	-6.4	53,907	6.4	3,584
Manufacturing	164,818	-19.3	42,623	4.4	1,751	14.6
Non-manufacturing	281,700	3.3	11,284	14.5	1,833	54.8
U.S.	126,146	-6.3	10,933	169.8	705	6.6
Asian	48,958	13.6	6,885	-7.9	2,168	67.2
European	254,339	-0.1	32,621	-11.4	698	-5.1

(%, % point)

	Proportion of sales to principal foreign investors to the total sales		
			Year-on-year changes (% point)
	FY2015	FY2014	
Total	0.6	0.8	0.2
Manufacturing	0.7	1.1	0.4
Non-manufacturing	0.4	0.7	0.3
U.S.	0.5	0.6	0.1
Asian	3.0	4.4	1.4
European	0.3	0.3	0.0

8. Profit

- Ordinary profit was 2.9 trillion yen, a 2.9% decrease from the previous fiscal year (a 9.1% decrease when limited to companies that responded in both the previous fiscal year and the current year). The manufacturing sector marked a decrease of 16.7% from the previous fiscal year to 1.2 trillion yen (a 16.6% decrease when limited to companies that responded in both the previous fiscal year and the current year), and the non-manufacturing sector recorded an increase of 10.0% (id.) to 1.7 trillion yen (a 3.2% decrease when limited to companies that responded in both the previous fiscal year and the current year) (Fig. 8-1).
- By industry, in the manufacturing sector, transportation equipment decreased 23.5% from the previous fiscal year to 602.1 billion yen (a 23.5% decrease when limited to companies that responded in both the previous fiscal year and the current year). In the non-manufacturing sector, finance & insurance increased 27.9% (id.) to 600.4 billion yen (a 9.7% decrease when limited to companies that responded in both the previous fiscal year and the current year) (Fig. 8-2).
- The ordinary profit to sales ratio ^(Note), excluding the finance and insurance industry, was up by 0.2% points from the previous fiscal year to 7.0%. This was 2.2% points higher than that for incorporated enterprises as a whole (Fig. 8-3).
- By region of origin, Asian affiliates were down 1.1% points from the previous fiscal year to 2.3%, whereas the number of U.S. affiliates remained the same as the previous fiscal year at 10.7% (Fig. 8-4).

Figure 8-1 Ordinary Profit

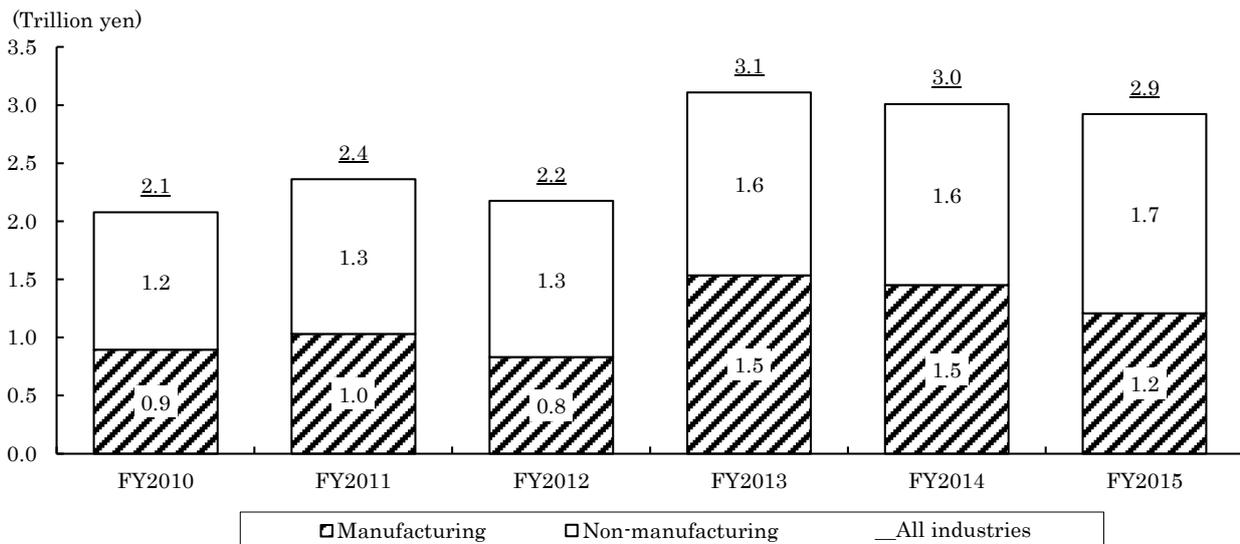


Figure 8-2 Ordinary Profit by Major Industry

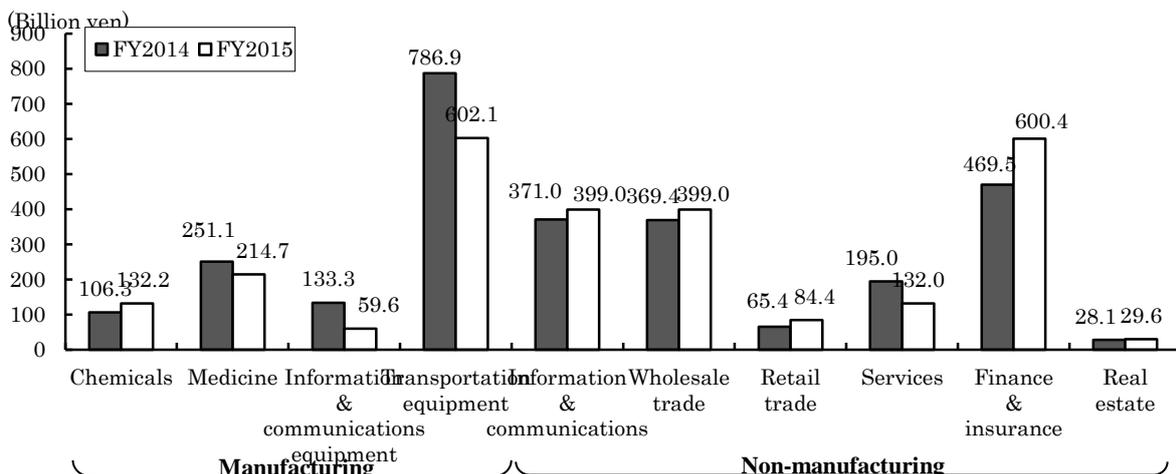
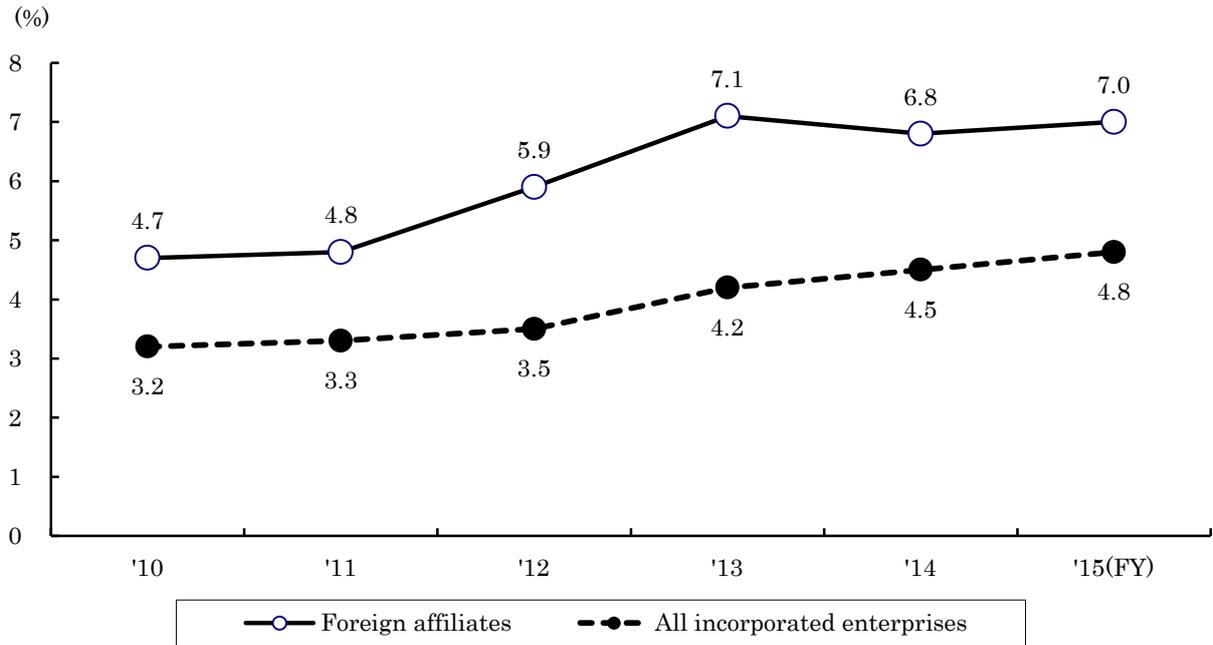


Figure 8-3 Changes in Ordinary Profit to Sales Ratio

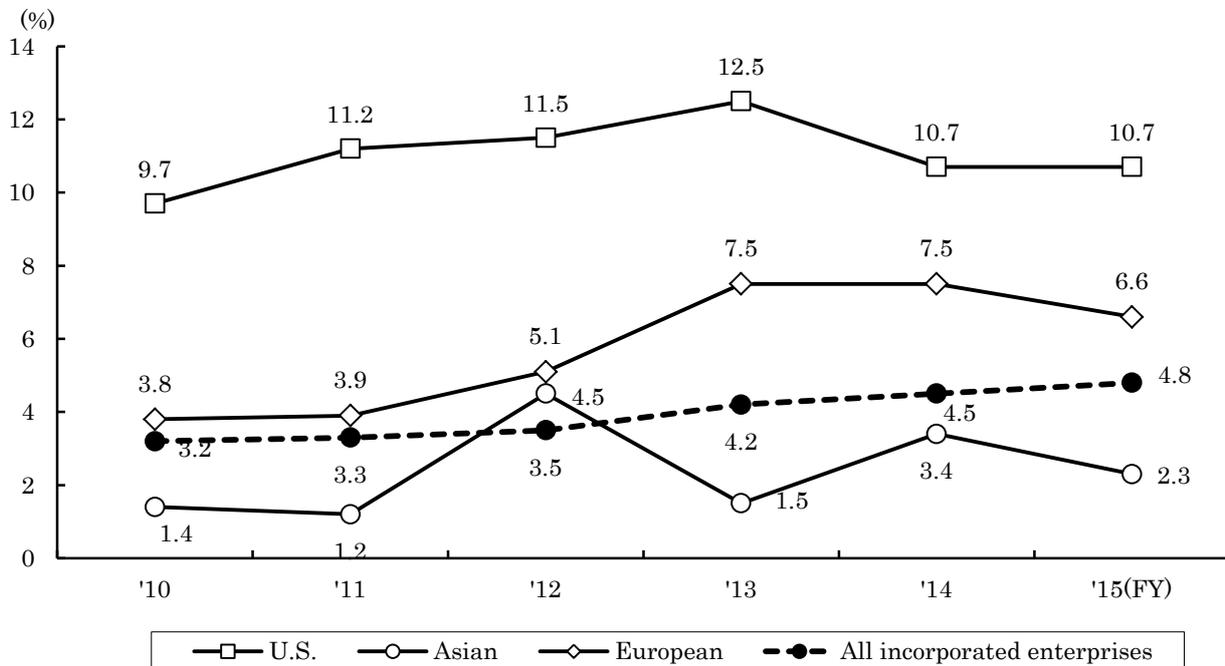


Source: All incorporated enterprises: "Financial Statement Statistics of Corporations by Industry" (Ministry of Finance)

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

(Note 2) The values of all 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)

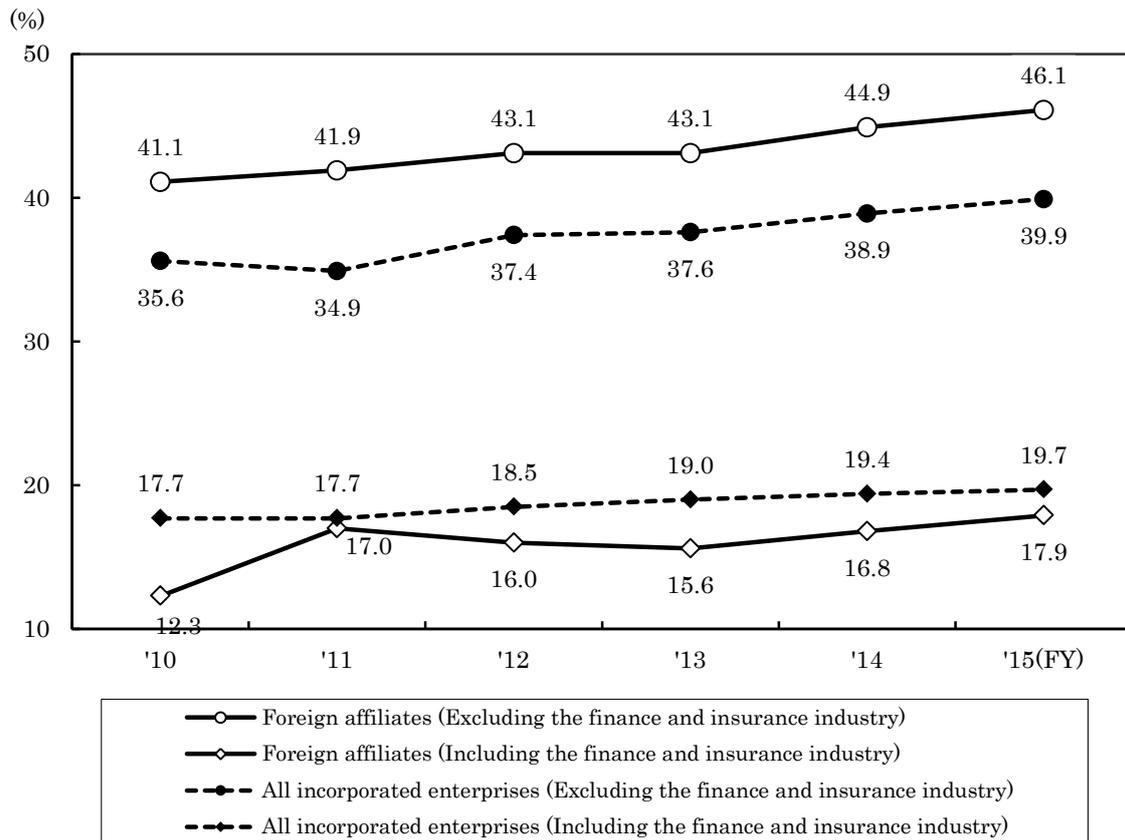
(Note 1) Ordinary profit to sales ratio = Ordinary profit / Sales × 100.0

(Note 2) The values of all exclude the values of the finance and insurance industry.

9. Equity to total assets ratio

- The ratio of equity to total assets ^(Note) was 17.9%. This was 1.8% 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, was 46.1%. This was 6.2% points higher than that for incorporated enterprises as a whole (Fig. 9-1).

Figure 9-1 Equity to Total Assets Ratio



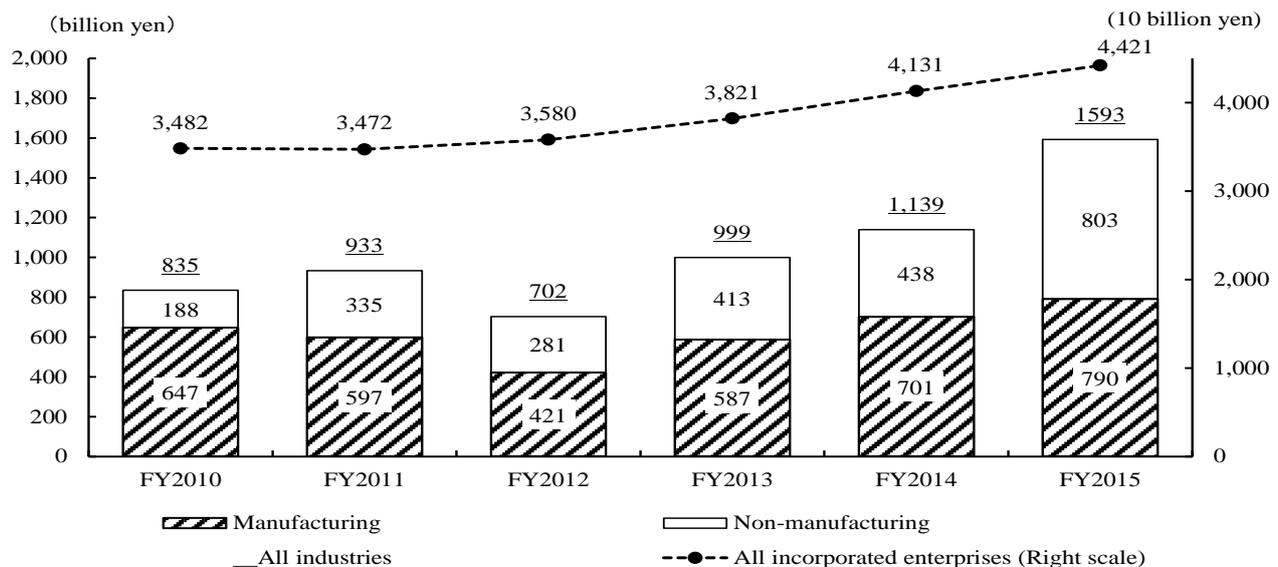
Source: All incorporated enterprises: "Financial Statement Statistics of Corporations by Industry" (Ministry of Finance)

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

10. Capital investment

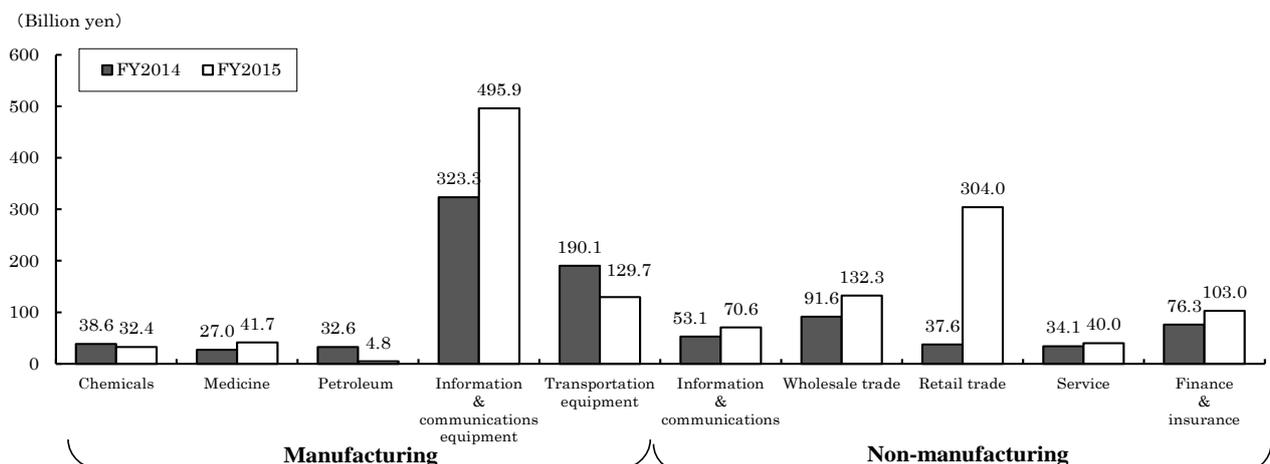
- Capital investment amounted to 1.6 trillion yen, a 39.8% increase from the previous fiscal year (a 41.9% increase when limited to companies that responded in both the previous fiscal year and the current year). The manufacturing sector recorded an increase of 12.6% from the previous fiscal year to 790 billion yen (a 14.0% increase when limited to companies that responded in both the previous fiscal year and the current year), and the non-manufacturing sector saw a 83.2% increase (id.) to 802.7 billion yen (an 82.1% increase when limited to companies that responded in both the previous fiscal year and the current year) (Fig. 10-1).
- The proportion of capital investment by foreign affiliates to the total by all incorporated enterprises was 3.6% (up by 0.8% points from the previous fiscal year) (Fig. 10-1).
- By industry, in the manufacturing sector, information and communications equipment increased 53.4% from the previous fiscal year to 495.9 billion yen (a 17.0% increase when limited to companies that responded in both the previous fiscal year and the current year). In the non-manufacturing sector, wholesale trade increased 707.9% (id.) to 304 billion yen (an 1806.4% decrease when limited to companies that responded in both the previous fiscal year and the current year) (Fig. 10-2).

Figure 10-1-1 Capital Investment



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

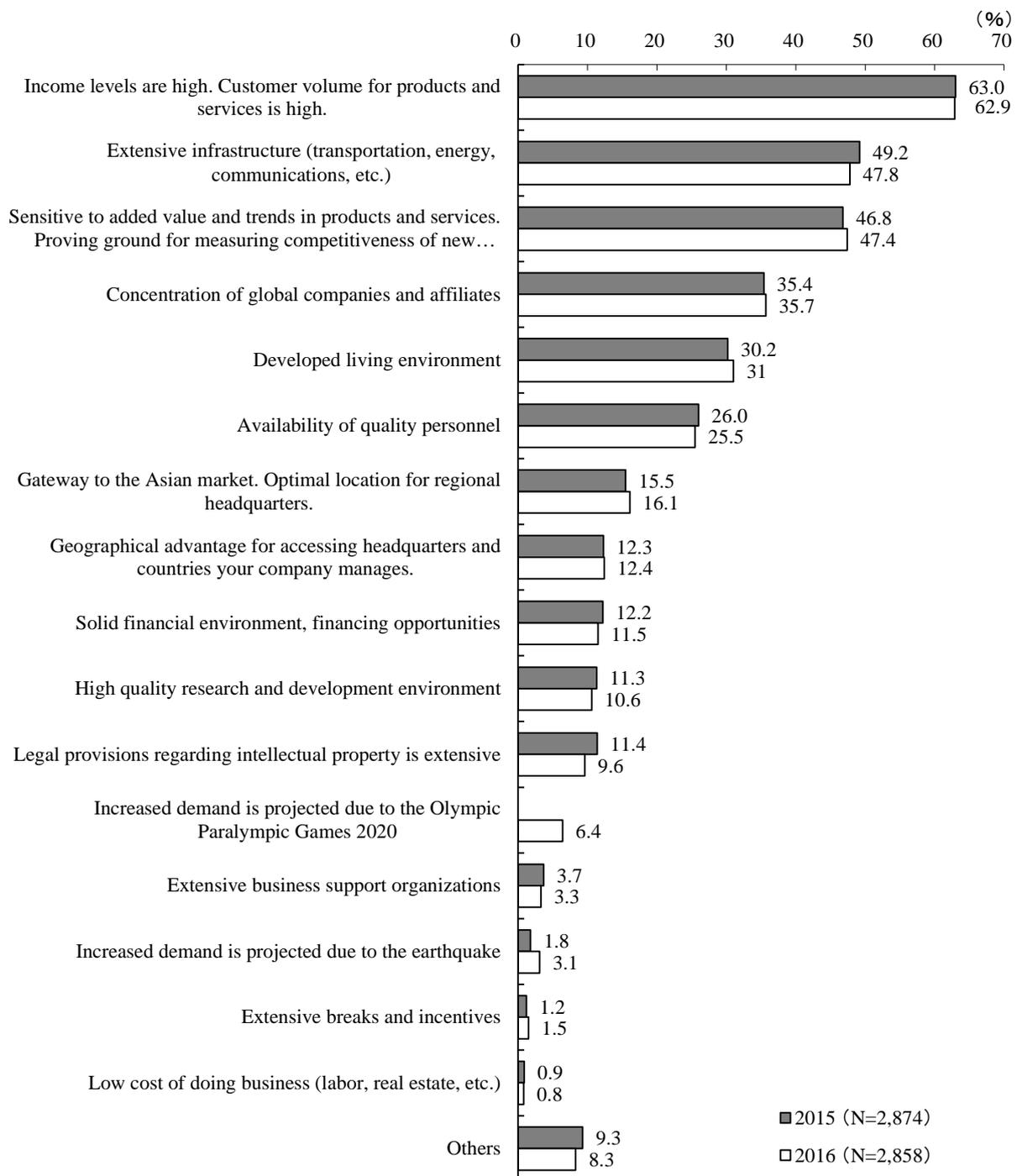
Figure 10-2 Capital Investment by Major Industry



11-1. Attractiveness of business expansion in Japan

- Regarding whether the business environment is attractive for business expansion in Japan, continuing from the previous survey, the top response was “Income levels are high, and customer volume for products and services is high,” accounting for 62.9% of the total.
- About 50% affiliates also said, “There is extensive infrastructure (transportation, energy, communications, etc.)” (a ratio of 47.8%), 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%).

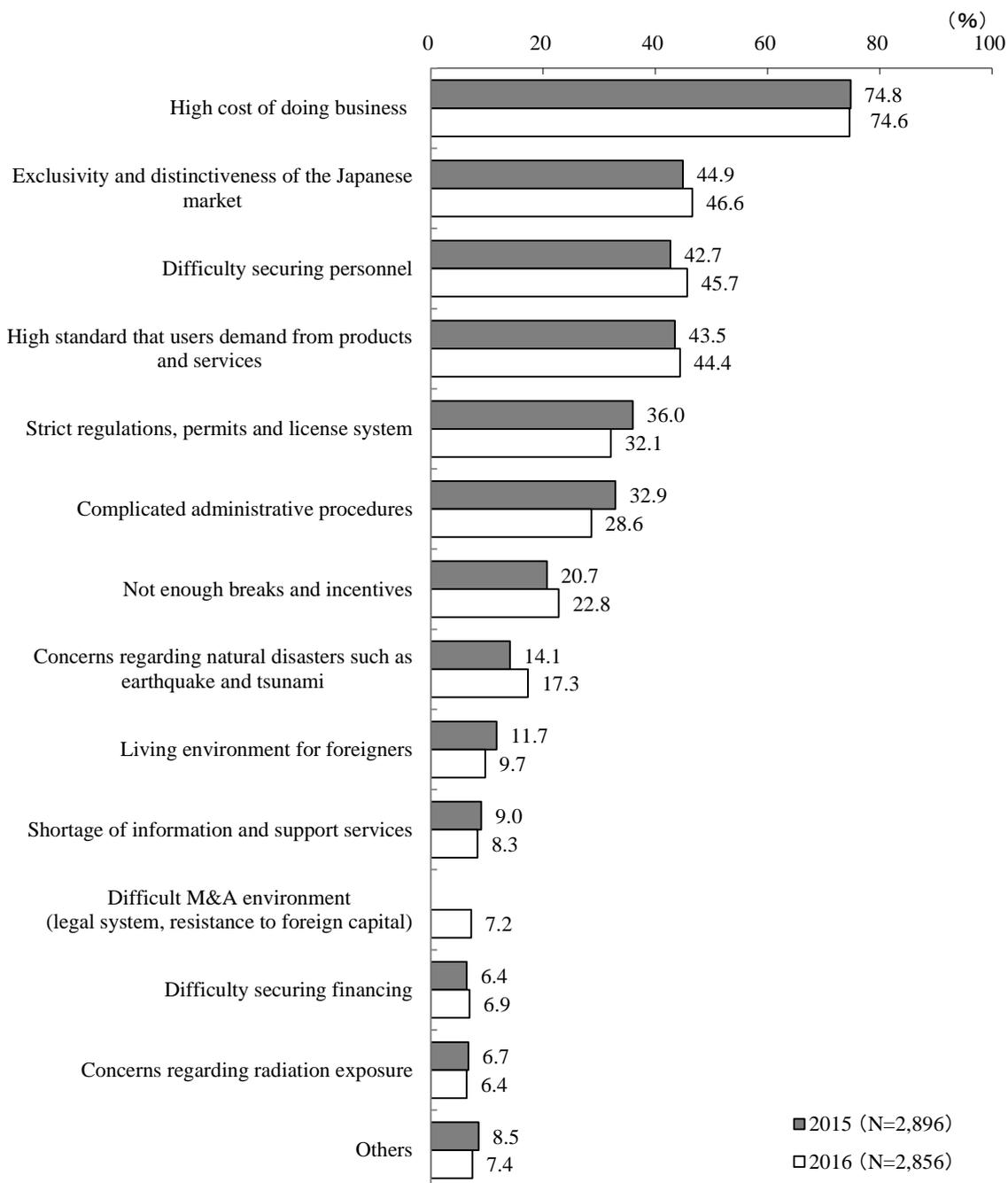
Figure 11-1 Attractiveness of Business Expansion in Japan
(Multiple answers: top 5 responses per company)



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 (74.6%),” it was down 0.2% points from previous survey.
- “Exclusivity and distinctiveness of the Japanese market” (a ratio of 46.6%), “Difficulty securing personnel” (45.7%), and “High standard that users demand from products and services” (44.4%) followed (“Difficulty securing personnel” was up by 3.0% points from the previous survey).

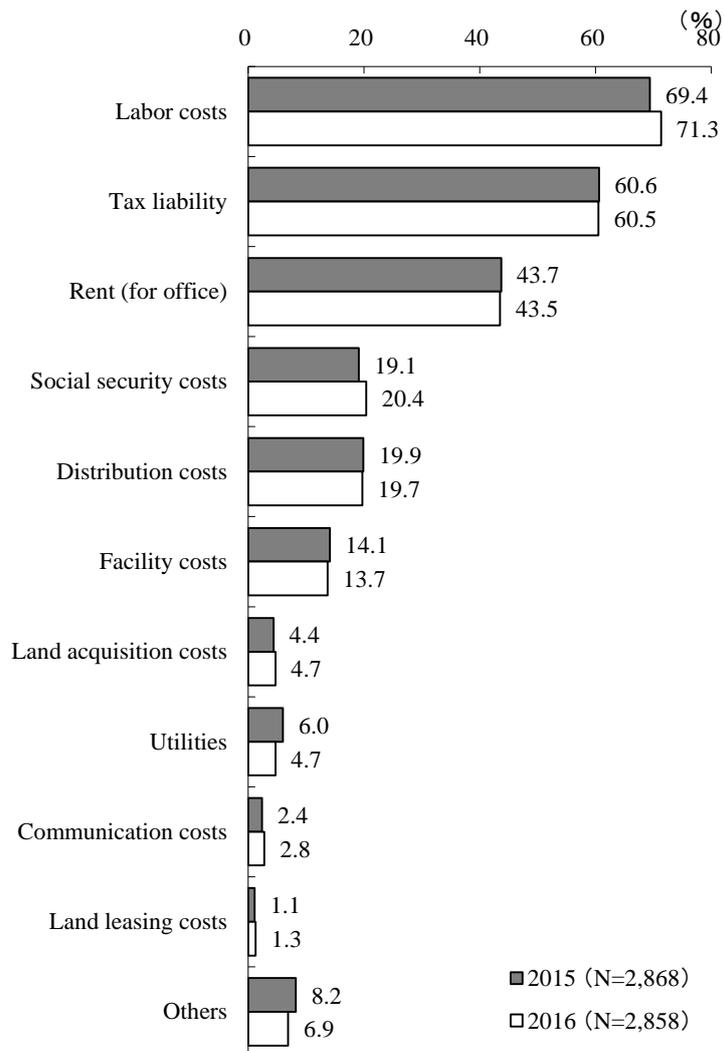
Figure 11-2 Factors Inhibiting Business Expansion in Japan
 (Multiple answers: top 5 responses per company)



12. 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 71.3%), followed by “Tax liability” (60.5%) and “Rent (for offices)” (43.5%). “Labor costs” was the response of the majority of affiliates, up by 1.9% points from the previous survey.

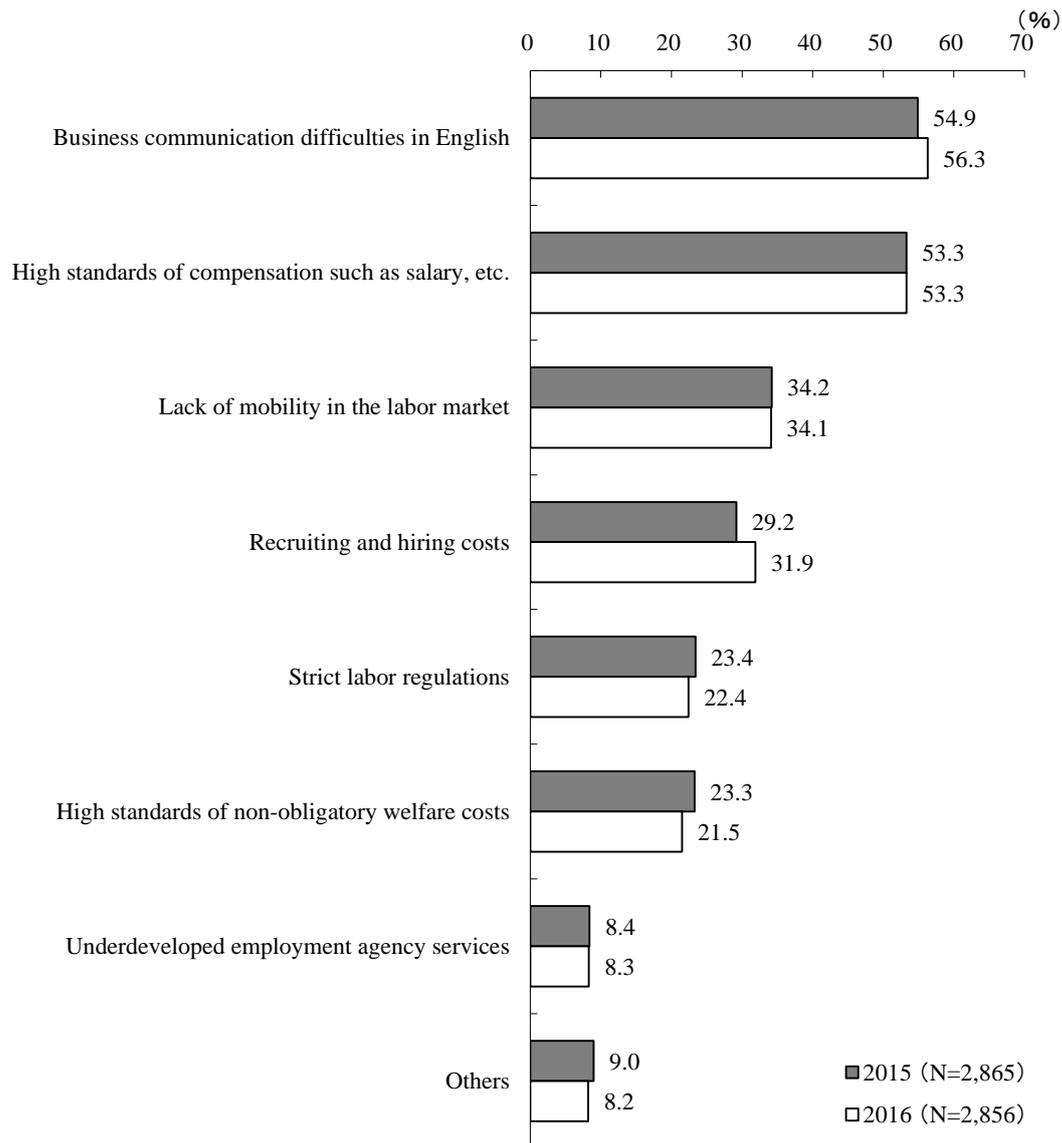
Figure 12 Inhibiting Factors with regard to the Cost of Doing Business in Japan
(Multiple answers: top 3 responses per company)



13-1. 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 56.3%) (up by 1.4 points from the previous survey).
- “High standards of compensation, such as salary, etc.” (a ratio of 53.3%), “Lack of mobility in the labor market” (a ratio of 34.1%), “Recruiting and hiring costs” (31.9%), “Strict labor regulations” (22.4%) and “High standards of non-obligatory welfare costs” (21.5%) followed.

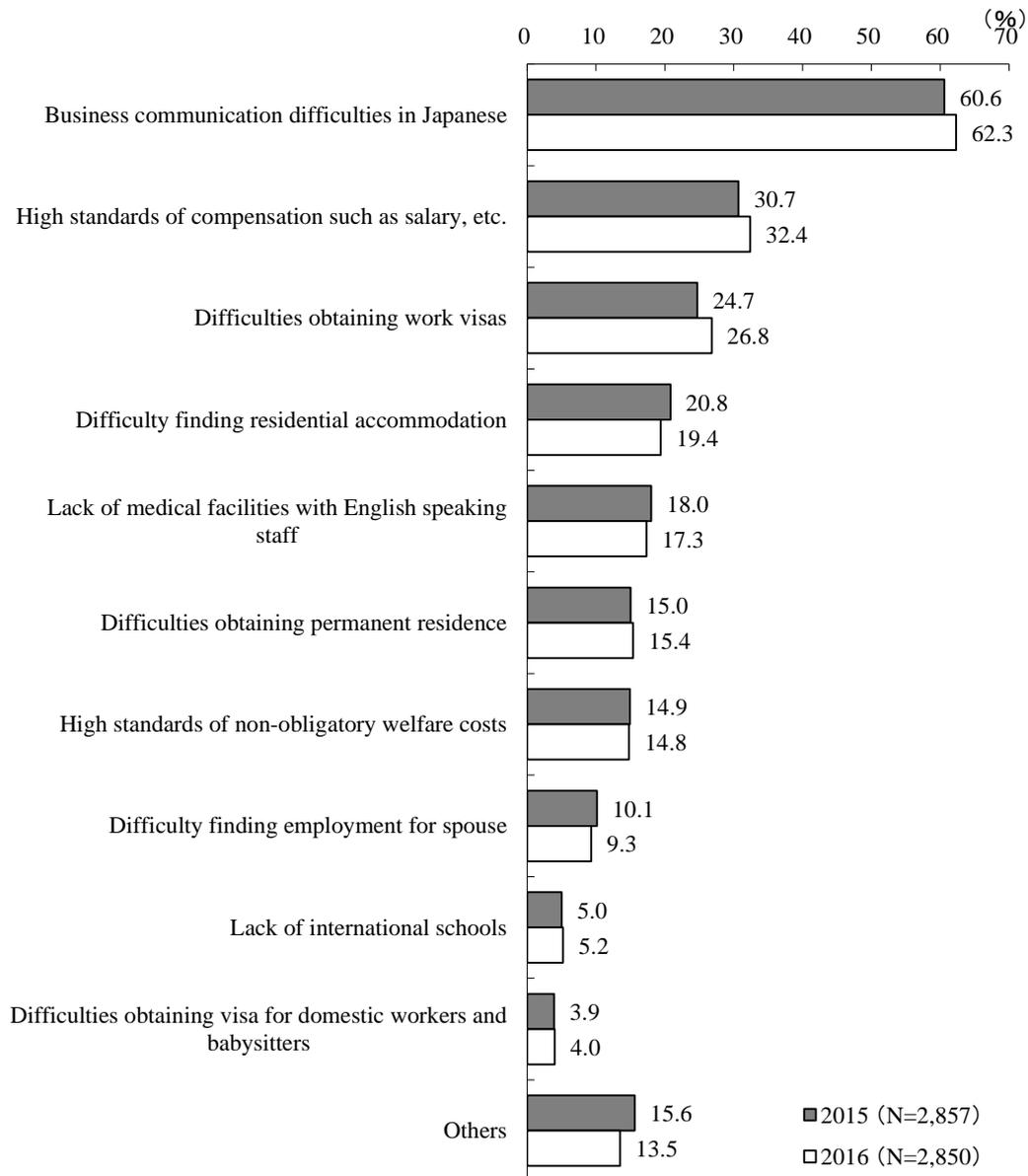
Figure 13-1 Inhibiting Factors in Securing Japanese Personnel
 (Multiple answers: top 3 responses per company)



13-2. 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 62.3%).
- “High standards of compensation such as salary, etc.” (a ratio of 32.4%), “Difficulties obtaining work visas” (26.8%), and “Difficulty finding residential accommodation” (19.4%) followed.

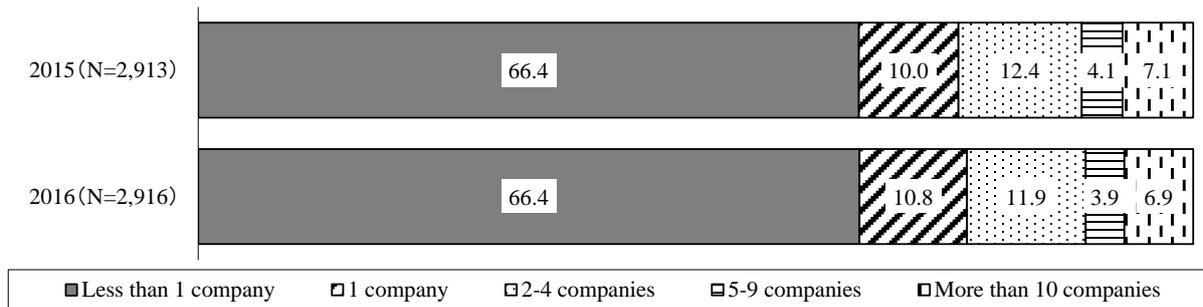
Figure 13-2 Inhibiting Factors in Securing Foreign Personnel
(Multiple answers: top 3 responses per company)



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,” (a ratio of 66.4%), continuing from the previous survey.
- With regard to the affiliates that partnered with Japanese companies, “1 company” accounted for 10.8%, “2–4 companies” accounted for 11.9%, “5–9 companies” accounted for 3.9%, and “More than 10 companies” accounted for 6.9%.

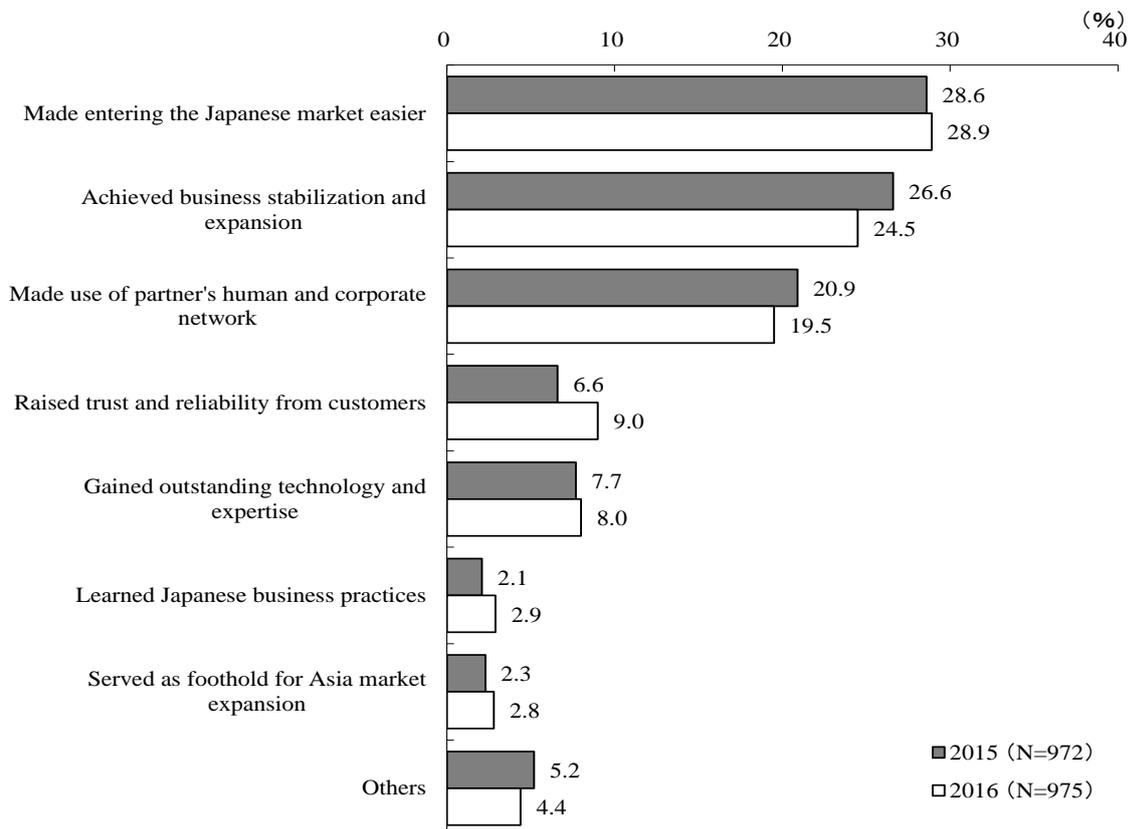
Figure 14-1 Business Partnerships with Japanese Companies



14-2. Advantage of partnering with Japanese companies

- As for the advantage of partnering with Japanese companies, continuing from the previous survey, the top answer was “It made entering the Japanese market easier,” (a ratio of 28.9%), followed by “It achieved business stabilization and expansion” (24.5%), and “Made use of partner’s human and corporate network” (19.5%).

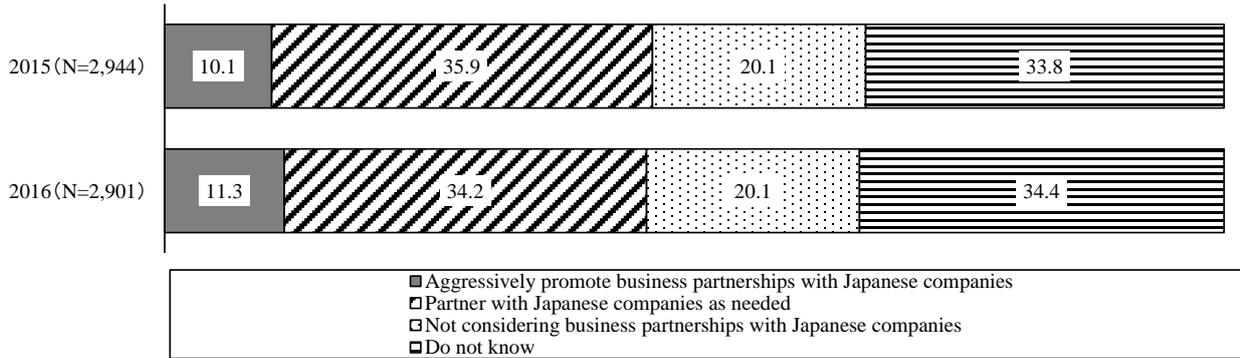
Figure 14-2 Advantage of partnering with Japanese Companies



15. Future plans for business partnerships with Japanese companies

• As for future plans for business partnerships with Japanese companies, continuing from the previous survey, 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 11.3% and “Partner with Japanese companies as needed” accounting for 34.2%.

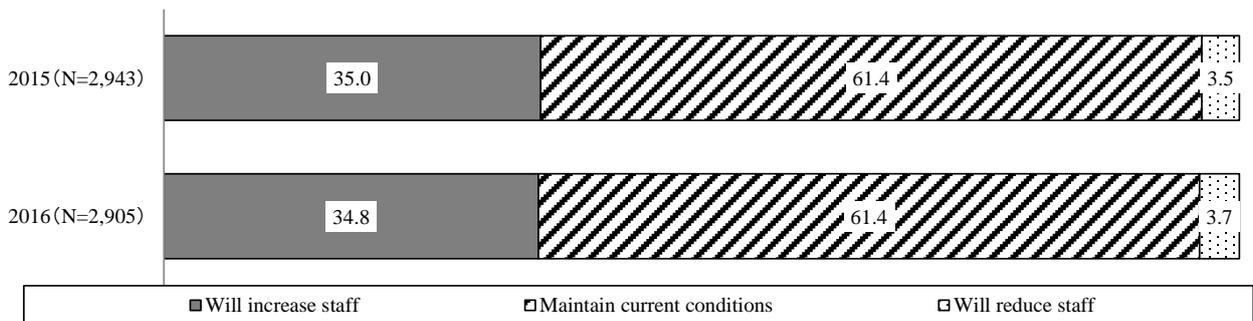
Figure 15-1 Future Plans for Business Partnerships with Japanese Companies



16. Hiring outlook for this year

• As for the hiring outlook for this year in foreign affiliates, continuing from the previous survey, the top answer was “Maintain current conditions,” accounting for 61.4% of the total, while “Will increase staff” accounted for 34.8% and “Will reduce staff” accounted for 3.7%..

Figure 16-1 Hiring Outlook for This Year



17. Future business expansion in Japan

- As for future business expansion in Japan, continuing from the previous survey, the top answer was “Planning business expansion,” accounting for 55.5% of the total (up by 0.3% points from the previous year), followed by “Maintain current conditions,” accounting for 42.0%.
- Whereas, “Planning to downsize” stood at a ratio of 1.6%, and “Discontinue operations” stood at 0.9%.

Figure 17-1 Future Business Expansion in Japan

