

## Summary of the 49th Basic Survey on Overseas Business Activities (Conducted in July 2019)

### Trends of overseas affiliates in the fiscal year (FY) 2018 survey

- The number of overseas affiliates was 26,233. The percentage accounted for by overseas affiliates of ASEAN10 among the total continued to increase.
- The number of employees at overseas affiliates was 6.05 million, up by 1.7% from the previous fiscal year.
- Sales of overseas affiliates increased by 1.0% from the previous fiscal year to 290.9 trillion yen. Ordinary profits and current net profits increased.
- The overseas production ratio for manufacturing industries (based on all domestic companies) was 25.1%. This was the same level as that of the previous fiscal year which marked a record high.
- Research and development expenses decreased and the amount of capital investment increased in manufacturing industries.

### Summary of findings

#### 1. The percentage accounted for by overseas affiliates of ASEAN10 increased for eight consecutive years.

- (1) The number of overseas affiliates as of the end of FY2018 was 26,233. It consists of 11,344 companies in the manufacturing industries and 14,889 companies in the non-manufacturing industries.
- (2) Manufacturing companies accounted for 43.2% and non-manufacturing companies accounted for 56.8% of the total.
- (3) By region, the number of overseas affiliates increased all in Asia, Europe and North America. In Asia, the percentage of ASEAN10 continued to increase, while that of China decreased.

#### 2. The number of employees at overseas affiliates increased.

- (1) The number of employees at overseas affiliates as of the end of FY2018 was 6.05 million, up by 1.7% from the previous fiscal year.
- (2) By sector, the number of employees increased both in manufacturing industries (4.57 million, up by 0.1% from the previous fiscal year) and in non-manufacturing industries (1.48 million, up by 6.7% (id.)).
- (3) By region, increases were seen all in Asia, Europe and North America. In Asia, the number increased in ASEAN10 but decreased in China.

#### 3. Sales, ordinary profits and current net profits of overseas affiliates increased.

- (1) Sales amounted to 290.9 trillion yen, up by 1.0% from the previous fiscal year. By sector, increases were seen in the services sector, the retail trade sector, etc. By region, the number increased in North America and Asia but decreased in Europe.
- (2) Ordinary profits increased by 9.1% from the previous fiscal year to 13.7 trillion yen, while current net profits increased to 10.9 trillion yen, up by 4.7% (id.).
- (3) The amount of current retained earnings was 3.8 trillion yen (down by 19.1% from the previous fiscal year), and the balance of retained earnings was 41.9 trillion yen (up by 17.2% (id.)).

#### 4. The overseas production ratio for manufacturing industries was the same level as that of the previous fiscal year which marked a record high.

- (1) The overseas production ratio for manufacturing industries (based on all domestic companies) was 25.1%, decrease by 0.3 percentage points (pp) from the previous fiscal year.
- (2) By sector, overseas production ratios decreased in the information and communication electronics equipment sector (27.8%), production machinery sector (14.7%) and others.

#### 5. Research and development expenses decreased and the amount of capital investment increased in manufacturing industries.

- (1) Research and development expenses in manufacturing industries decreased by 3.8% from the previous fiscal year to 695.1 billion yen.
- (2) Research and development expenses per company in manufacturing industries amounted to 0.44 billion yen, down by 9.9% from the previous fiscal year. By sector, the amount decreased in the chemicals sector, information and communication electronics equipment sector, etc.
- (3) The amount of capital investment in manufacturing industries amounted to 4.4 trillion yen, up by 10.7% from the previous fiscal year. By sector, the amount increased in the transportation equipment sector, etc. but decreased in the information and communication electronics equipment sector, etc.

## 1. Distribution of overseas affiliates

- The number of overseas affiliates as of the end of FY2018 was 26,233. It consists of 11,344 companies in the manufacturing industries and 14,889 companies in the non-manufacturing industries. Overseas affiliates in the manufacturing industries accounted for 43.2% of the total number of overseas affiliates of all industries (a 0.1 pp decrease from the previous fiscal year), and those in the non-manufacturing industries accounted for 56.8% of the total (a 0.1 pp increase (id.)). (Table 1)
- By region, the number of overseas affiliates increased in all of Asia, Europe and North America (Table 2)
- In Asia (which accounted for 67.4% of all regions), ASEAN10's share increased for eight consecutive years and reached 28.4% of all regions (up by 1.2 pp from the previous fiscal year), but China's share decreased for six consecutive years and was 29.6% (down by 0.2 pp (id.)). (Table 2, Figure 1)

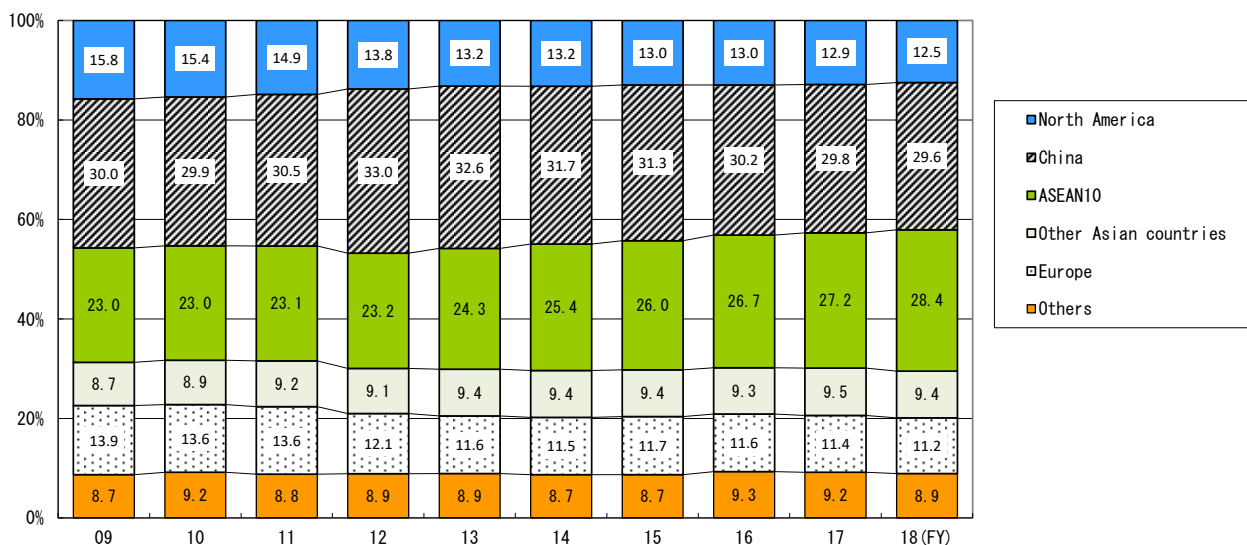
Table 1. Distribution of overseas affiliates by sector

	End of FY2018 Number of overseas	Breakdown by sector (Units: companies, %)		
		FY2017 Breakdown	FY2018	
			Breakdown	Change in points
All industries	26,233	100.0	100.0	-
Manufacturing industries	11,344	43.3	43.2	▲ 0.1
Food	546	4.8	4.8	0.0
Textiles	487	4.2	4.3	0.1
Lumber, wood, paper, and pulp	202	1.8	1.8	0.0
Chemicals	1,120	10.0	9.9	▲ 0.1
Petroleum and coal	43	0.4	0.4	0.0
Ceramic, stone, and clay products	262	2.3	2.3	0.0
Iron and steel	355	3.2	3.1	▲ 0.1
Non-ferrous metals	371	3.1	3.3	0.2
Metal products	632	5.3	5.6	0.3
General-purpose machinery	449	4.1	4.0	▲ 0.1
Production machinery	859	7.3	7.6	0.3
Business oriented machinery	403	3.5	3.6	0.1
Electrical machinery	646	6.0	5.7	▲ 0.3
Information and communication electronics equipment	1,024	9.3	9.0	▲ 0.3
Transportation equipment	2,365	21.7	20.8	▲ 0.9
Miscellaneous manufacturing industries	1,580	13.1	13.9	0.8
Non-manufacturing industries	14,889	56.7	56.8	0.1
Agriculture, forestry, and fisheries	97	0.7	0.7	0.0
Mining	190	1.5	1.3	▲ 0.2
Construction	397	2.6	2.7	0.1
Information and communications	880	6.0	5.9	▲ 0.1
Transport	1,439	9.4	9.7	0.3
Wholesale trade	7,409	50.0	49.8	▲ 0.2
Retail trade	737	5.0	4.9	▲ 0.1
Services	2,689	17.3	18.1	0.8
Miscellaneous non-manufacturing industries	1,051	7.5	7.1	▲ 0.4

Table 2. Distribution of overseas affiliates by region

	(Unit: companies for upper columns, composition ratios (%) for lower columns)	
	FY2017	FY2018
All regions	25,034	26,233
	100.0	100.0
North America	3,221	3,277
	12.9	12.5
Asia	16,655	17,672
	66.5	67.4
China	7,463	7,754
	29.8	29.6
ASEAN10	6,813	7,441
	27.2	28.4
Other Asian countries	2,379	2,477
	9.5	9.4
Europe	2,859	2,937
	11.4	11.2
Others	2,299	2,347
	9.2	8.9

Figure 1. Trends in distribution ratio of overseas affiliates by region



## 2. Advances and withdrawals of overseas affiliates

- The number of overseas affiliates that advanced to overseas markets (new establishment<sup>Note 1</sup>) in FY2018 was 365 (an increase by 24 companies from the previous fiscal year). When looking at the percentage by region, increases were seen in the percentage of companies that advanced to China, Europe and other Asian countries, while the percentage decreased for companies that advanced to North America and ASEAN10. (Figure 2)
- The number of overseas affiliates withdrawn from overseas markets (<sup>Note 2</sup>) in FY2018 was 612 (a decrease by 113 companies from the previous fiscal year), of which 228 were companies in the manufacturing industries (down by 68 companies (id.)) and 384 were companies in the non-manufacturing industries (down by 45 companies (id.)). (Figure 3)
- The ratio of withdrawals (<sup>Note 3</sup>) was 2.3% (down by 0.5 pp from the previous fiscal year). By region, the ratio decreased in North America, China and ASEAN10. (Table 3)

Figure 2. Ratio of overseas affiliates by year of establishment or capital participation (by region)

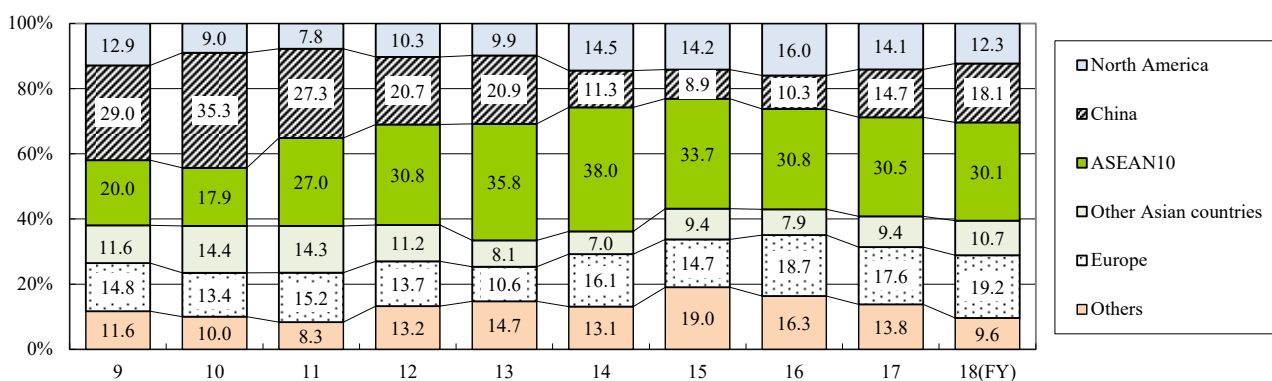


Figure 3. Trends in the number of overseas withdrawals

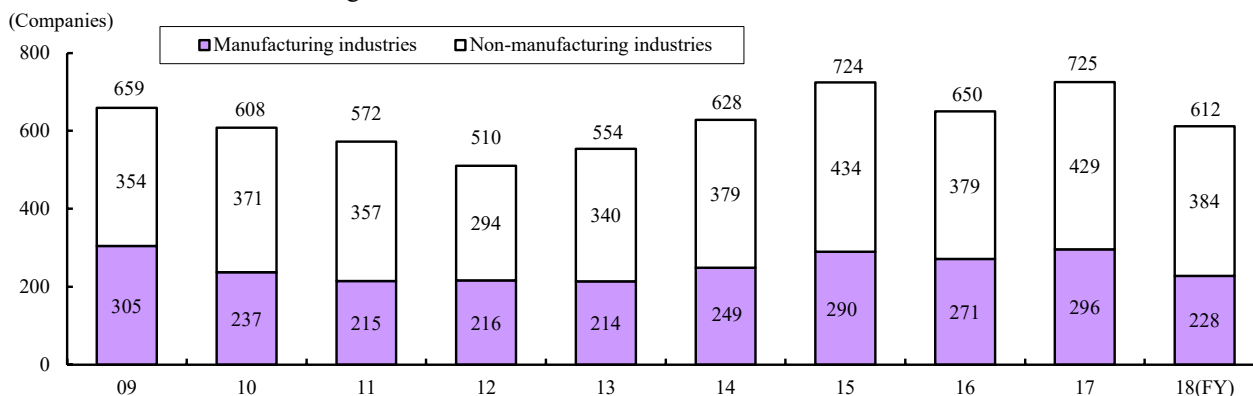


Table 3. Trends in the number of overseas withdrawals and ratio of overseas withdrawals by region

	(Unit:Companies)					(Unit:%)				
	14	15	16	17	18(FY)	14	15	16	17	18(FY)
All regions	628	724	650	725	612	2.5	2.8	2.5	2.8	2.3
North America	70	103	76	94	61	2.2	3.1	2.3	2.8	1.8
Asia	406	466	435	472	402	2.5	2.7	2.6	2.8	2.2
China	274	278	269	270	232	3.5	3.4	3.5	3.5	2.9
ASEAN10	78	121	119	141	117	1.0	1.8	1.6	2.0	1.5
Europe	101	93	79	80	80	3.5	3.1	2.7	2.7	2.7

Note 1: "Year of establishment or capital participation" counts the overseas affiliates that were newly established in the fiscal year being surveyed.

Note 2: "Withdrawal" includes "dissolution, withdrawal/transfer" and "decline in control share (where the ratio of investments from the Japan side declines to between 0% and 10%)".

Note 3: Ratio of withdrawals = Number of overseas withdrawals in FY2018 / (Total number of overseas affiliates with valid responses in FY2018 + Number of overseas withdrawals in FY2018) × 100.0

### 3. Employment at overseas affiliates

- The number of employees at overseas affiliates as of the end of FY2018 was 6.05 million, up by 1.7% from the previous fiscal year (or up by 1.2% when comparing only companies that gave valid responses for this year and the previous year). (Table 4)
  - The number of employees in manufacturing industries was 4.57 million, up by 0.1% from the previous fiscal year. By sector, the number of employees increased in the transportation equipment sector (1.81 million, up by 2.4% from the previous fiscal year) and the information and communication electronics equipment sector (0.62 million, up by 4.0% (id.)), but decreased in the electrical machinery sector (0.27 million, down by 16.4% (id.)) and others.
- The number of employees in non-manufacturing industries was 1.48 million, up by 6.7% (id.). By sector, increases were observed in the services sector (0.24 million, up by 24.4% (id.)), the wholesale trade sector (0.59 million, up by 3.1% (id.)), and the retail trade sector (0.18 million, up by 4.8% (id.)). (Table 4, Figure 4)
- By region, the number of employees increased all in Asia (4.13 million, up by 1.3% from the previous fiscal year), Europe (0.63 million, up by 3.3% (id.)), and North America (0.81 million, up by 2.5% (id.)). (Figure 5)
  - In Asia, the number of employees increased in ASEAN10 but decreased in China. (Figure 6)

Table 4. Trends in the number of employees at overseas affiliates

	14		15		16		17		18(FY)	
		Y/Y		Y/Y		Y/Y		Y/Y		Y/Y
All industries	575	4.2	557	▲ 3.0	559	0.3	595	6.5	605	1.7
Manufacturing industries	457	4.2	442	▲ 3.2	433	▲ 2.1	457	5.6	457	0.1
Non-manufacturing industries	118	4.2	116	▲ 2.3	126	9.3	139	9.5	148	6.7

Figure 4. Number of employees at overseas affiliates (by major sector)

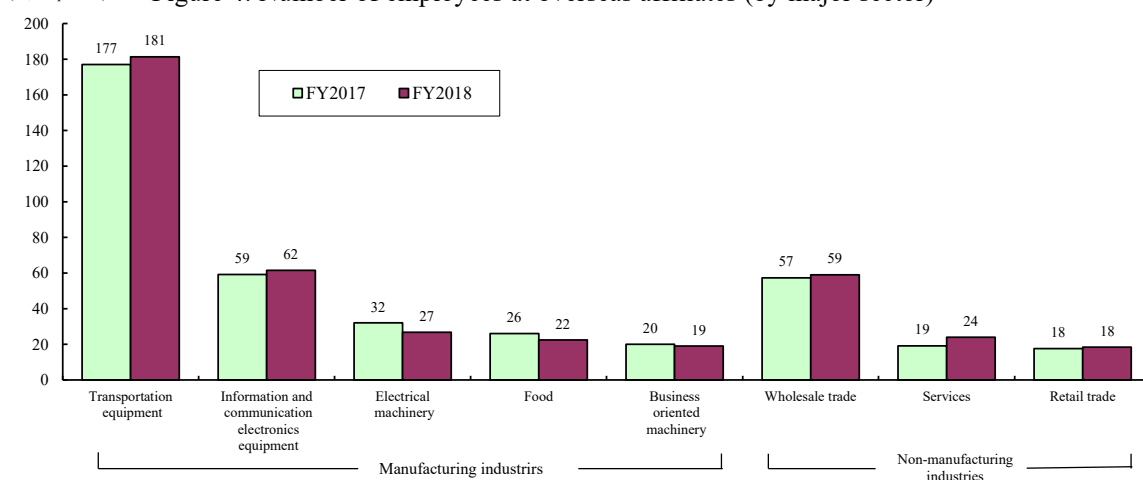


Figure 5. Number of employees at overseas affiliates (by region)

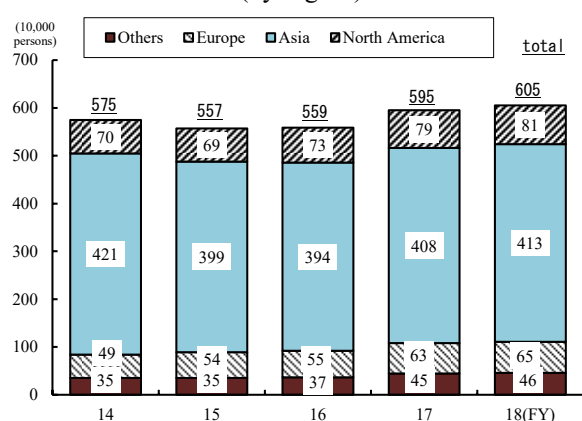
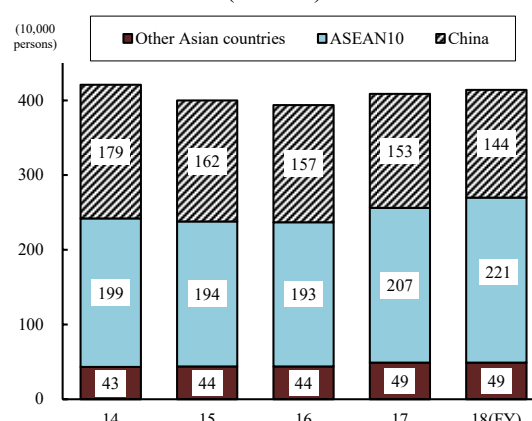


Figure 6. Number of employees at overseas affiliates (in Asia)



#### 4. Sales of overseas affiliates

- Sales of overseas affiliates in FY2018 amounted to 290.9 trillion yen, up by 1.0% from the previous fiscal year (or up by 3.1% when comparing only companies that gave valid responses for this year and the previous year). (Figure 7)
- Manufacturing industries saw an increase to 138.6 trillion yen, up by 0.4% from the previous fiscal year. By sector, sales increased in the chemicals sector (10.5 trillion yen, up by 2.7% from the previous fiscal year), the transportation equipment sector (70.1 trillion yen, up by 0.3% (id.)) and others. Sales in non-manufacturing industries also increased to reach 152.3 trillion yen, up by 1.5% (id.). By sector, sales increased in the services sector (15.1 trillion yen, up by 13.7% (id.)) and others. (Figure 7, Figure 8)
- By region, sales increased all in North America (95.1 trillion yen, up by 2.5% (id.)), Asia (131.7 trillion yen, up by 1.3% (id.)), but decreased in Europe (41.2 trillion yen, down by 4.6% (id.)). (Figure 9)
- In Asia, ASEAN10 saw an increase, while China and other Asian countries saw a decrease. (Figure 10)

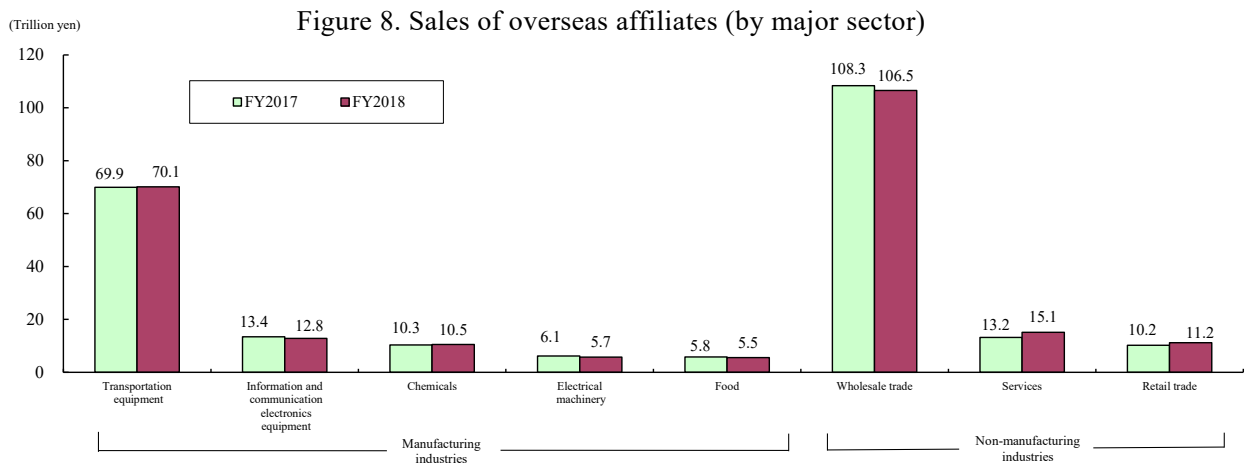
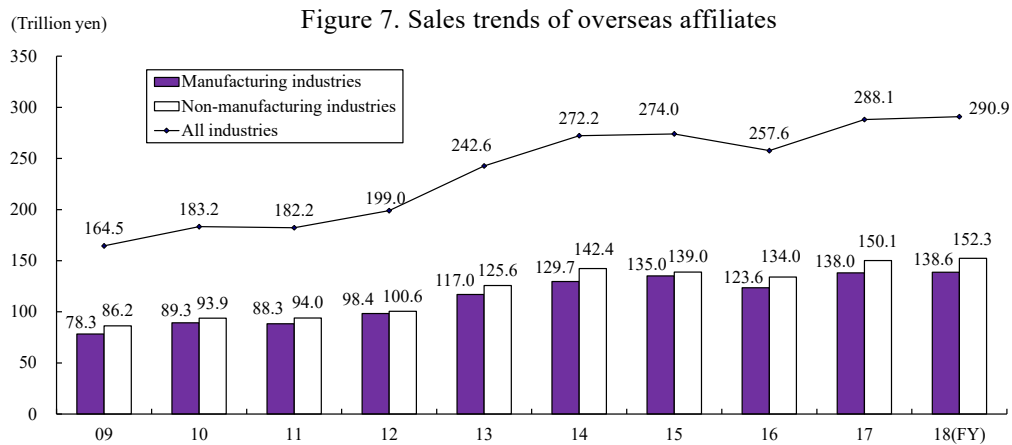


Figure 9. Sales trends of overseas affiliates (by region)

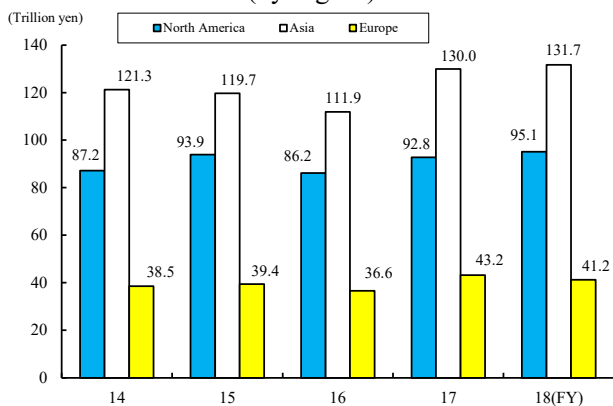
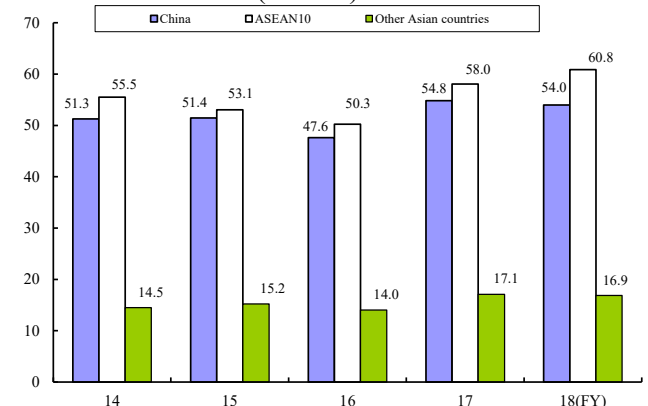


Figure 10. Sales trends of overseas affiliates (in Asia)



## 5. Overseas production ratio of overseas affiliates in manufacturing industries

- The overseas production ratio for manufacturing industries (based on all domestic companies)<sup>note</sup> in FY2018 was 25.1%, decrease by 0.3 percentage points (pp) from the previous fiscal year. (Figure 11)
- By sector, overseas production ratios decreased in the information and communication electronics equipment sector (27.8%), production equipment sector (14.7%) and others. (Table 5)

Figure 11. Trends in the overseas production ratio (manufacturing industries)

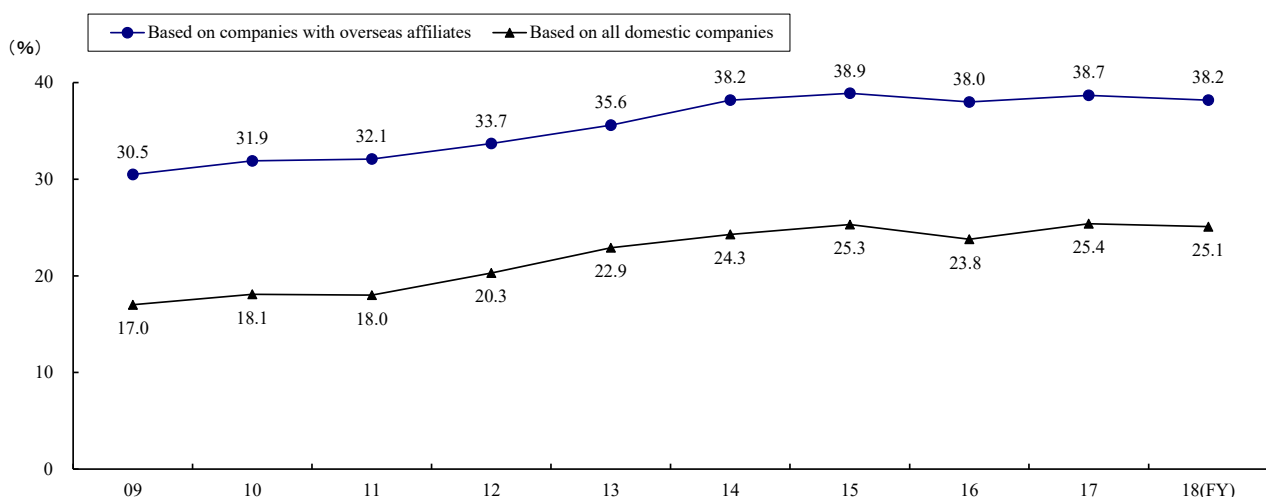


Table 5. Trends in the overseas production ratio by sector (calculated based on the total number of domestic companies (manufacturing industries))

	(Unit: %)									
	09	10	11	12	13	14	15	16	17	18(FY)
Total for manufacturing industries	17.0	18.1	18.0	20.3	22.9	24.3	25.3	23.8	25.4	25.1
Food	4.7	5.0	4.9	5.7	8.3	11.4	12.2	10.6	11.4	10.7
Textiles	6.2	6.2	8.3	11.9	12.3	12.4	12.9	11.1	14.0	14.2
Lumber, wood, paper, and pulp	3.7	4.5	4.3	4.7	5.7	7.8	9.7	8.2	9.8	10.3
Chemicals	15.1	17.4	18.5	19.5	20.5	22.4	19.4	18.0	20.1	19.8
Petroleum and coal	1.6	2.4	5.2	9.8	12.5	10.1	9.6	6.3	12.8	17.4
Ceramic, stone, and clay products	11.6	13.6	10.7	15.2	16.2	14.1	17.4	16.3	19.0	19.5
Iron and steel	10.7	11.2	10.2	11.5	13.6	14.5	14.0	17.6	19.3	20.8
Non-ferrous metals	11.8	14.7	14.8	15.3	17.5	19.1	18.8	19.0	20.7	21.5
Metal products	2.8	3.9	3.7	5.3	6.2	8.1	6.4	5.7	7.9	7.2
General-purpose machinery	21.2	28.3	24.8	26.6	27.6	34.2	33.8	32.9	31.9	29.2
Production machinery	8.0	11.1	11.5	11.8	13.6	14.6	15.7	13.9	15.9	14.7
Business oriented machinery	12.9	13.8	15.0	18.4	18.4	19.6	18.5	16.2	17.0	17.5
Electrical machinery	13.0	11.8	12.8	14.3	17.7	17.2	17.3	14.5	16.3	15.3
Information and communication electronics equipment	26.1	28.4	26.7	28.3	30.4	30.7	29.4	27.3	29.3	27.8
Transportation equipment	39.3	39.2	38.6	40.2	43.7	46.9	48.8	46.1	47.2	46.9
Miscellaneous manufacturing industries	8.7	9.1	11.5	12.8	14.8	12.0	14.3	12.6	12.9	13.4

Note: Overseas production ratio based on all domestic companies = Sales of overseas affiliates (manufacturing industries) / (Sales of overseas affiliates (manufacturing industries) + Sales of domestic companies (manufacturing industries)) × 100.0

Overseas production ratio based on companies with overseas affiliates = Sales of overseas affiliates (manufacturing industries) / (Sales of overseas affiliates (manufacturing industries) + Sales of parent companies (manufacturing industries)) × 100.0

Source: Sales of domestic companies: "Financial Statements Statistics of Corporations by Industry" (Ministry of Finance)

## 6. Sale destinations of overseas affiliates in manufacturing industries

- When looking at the local and intraregional sales ratio (Note) of overseas affiliates in manufacturing industries by region, in FY2018, the ratio was 93.9% in North America, 82.2% in Europe, and 79.6% in Asia.
- The ratio of sales to Japan was 15.3% in Asia, 4.1% in Europe, and 1.8% in North America.
- Compared to FY2009, the ratio of local sales at overseas affiliates decreased in North America, Asia, and Europe, whereas the ratio of intraregional sales increased in all of these three regions. (Figure 12, Table 6)

Figure 12. Sale destinations (sales) of overseas affiliates in manufacturing industries

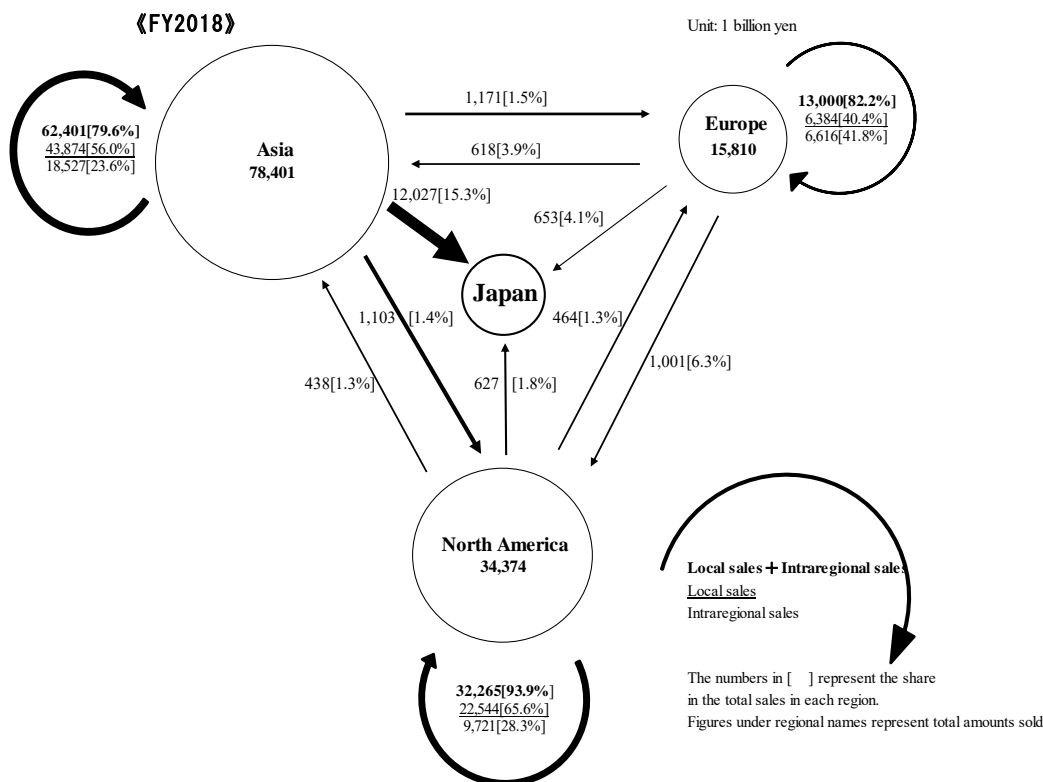
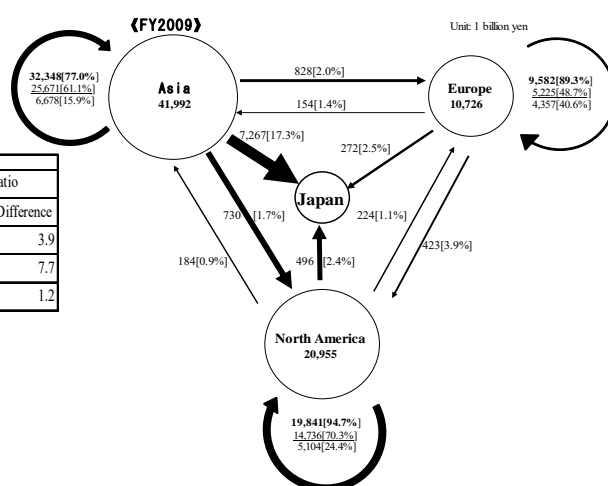


Table 6. FY2009/2018 comparison of local and intraregional sales ratios and ratios of sales to Japan

	Local and intraregional sales ratio			Local sales ratio			Intraregional sales ratio		
	FY2009	FY2018	Difference	FY2009	FY2018	Difference	FY2009	FY2018	Difference
North America	94.7	93.9	▲ 0.8	70.3	65.6	▲ 4.7	24.4	28.3	3.9
Asia	77.0	79.6	2.6	61.1	56.0	▲ 5.1	15.9	23.6	7.7
Europe	89.3	82.2	▲ 7.1	48.7	40.4	▲ 8.3	40.6	41.8	1.2

	Ratio of sales to Japan		
	FY2009	FY2018	Difference
North America	2.4	1.8	▲ 0.6
Asia	17.3	15.3	▲ 2.0
Europe	2.5	4.1	1.6



Note: Local: Country in which overseas affiliates of Japanese companies are located

Intraregional: Same region other than the country in which overseas affiliates of Japanese companies are located (regional classifications: North America, Asia, Europe, etc.)

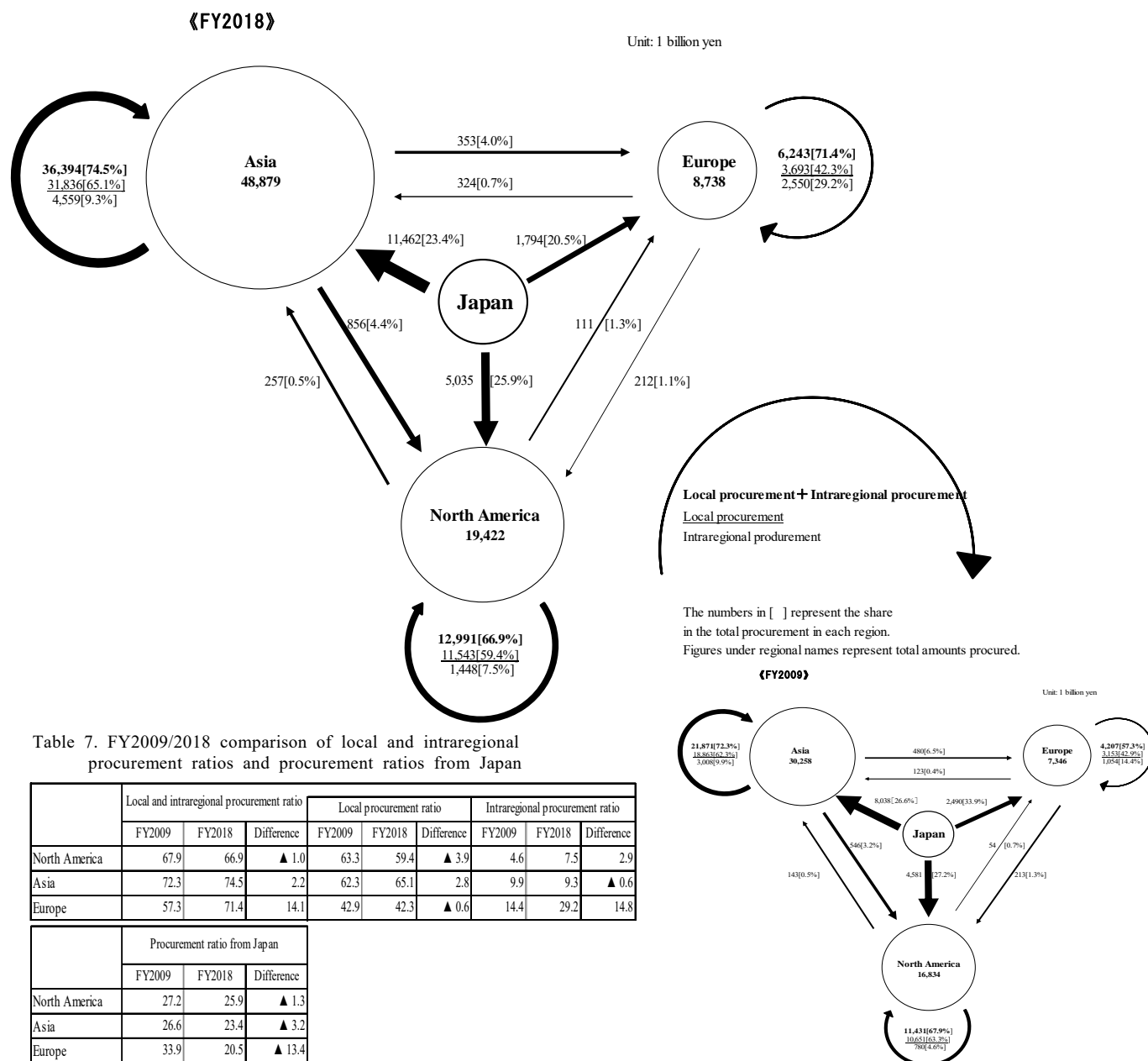
Local and intraregional sales ratio = Local and intraregional sales (sales) / Total sales of the region (total sales) × 100.0

The amount of total sales includes the amount of sales to other regions.

## 7. Procurement destinations of overseas affiliates in manufacturing industries

- When looking at the local and intraregional procurement ratio <sup>(Note)</sup> of overseas affiliates in manufacturing industries by region, in FY2018, the ratio was 74.5% in Asia, 71.4% in Europe, and 66.9% in North America.
- The procurement ratio from Japan was 23.4% in Asia, 25.9% in North America, and 20.5% in Europe.
- Compared to FY2009, the local procurement ratio increased in Asia but decreased in North America and Europe. In the meantime, North America, Asia and Europe all saw a drop in the procurement ratio from Japan. (Figure 13, Table 7)

Figure 13. Procurement destinations (purchases) of overseas affiliates in manufacturing industries



Note: Local: Country in which overseas affiliates of Japanese companies are located

Intraregional: Same region other than the country in which overseas affiliates of Japanese companies are located (regional classifications: North America, Asia, Europe, etc.)

Local and intraregional procurement ratio = Local and intraregional procurement (purchases) / Total procurement of the region (total purchases) × 100.0

The amount of total procurement includes the amount of procurement from other regions.



## 8. Profits of overseas affiliates

- In FY2018, ordinary profits of overseas affiliates were to 13.7 trillion yen, up by 9.1% from the previous fiscal year (or increased by 8.7% when comparing only companies that gave valid responses for this year and the previous year). Ordinary profits for manufacturing industries were 6.6 trillion yen, down by 5.5% from the previous fiscal year, but those for non-manufacturing industries increased to 7.2 trillion yen, up by 27.0% (id.). (Figure 14)
- By region, the amount increased in Europe (up by 32.2% from the previous fiscal year) and North America (up by 11.1% (id.)) but fell in Asia (down by 4.5% (id.)). (Figure 15)
- The ratio of ordinary profits to sales <sup>(Note)</sup> increased to 5.3%, up by 0.7 pp from the previous fiscal year. The ratio for manufacturing industries increased to 5.5% (up by 0.1 pp from the previous fiscal year) and that for non-manufacturing industries was 5.1% (up by 1.4 pp (id.)). (Table 8)

Figure 14. Trends in ordinary profits of overseas affiliates

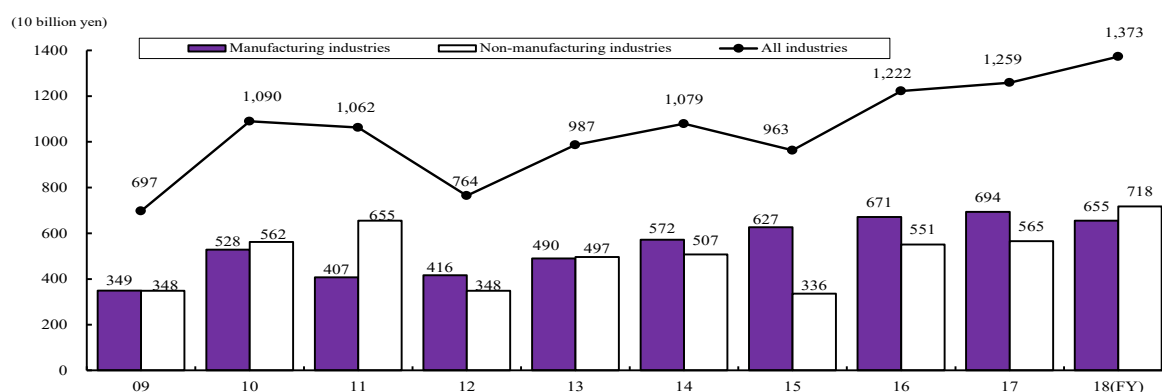


Figure 15. Trends in ordinary profits of overseas affiliates (by region)

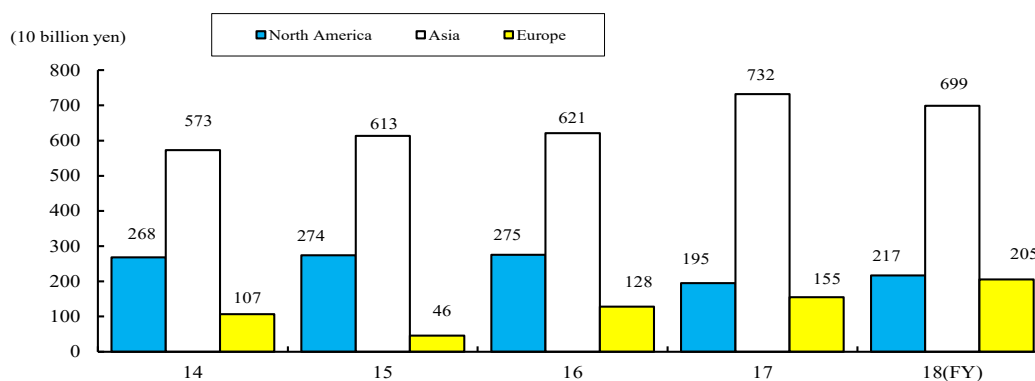


Table 8. Trends in the ratio of ordinary profits to sales of overseas affiliates

	09	10	11	12	13	14	15	16	17	18(FY)
All industries	4.4	6.1	5.9	3.9	4.2	4.1	4.0	4.9	4.6	5.3
Manufacturing industries	4.8	6.2	4.9	4.6	4.6	4.7	5.0	5.8	5.4	5.5
Non-manufacturing industries	4.0	6.1	6.8	3.3	3.9	3.5	3.0	4.1	3.7	5.1
(Reference) Domestic companies	2.3	3.2	3.3	3.5	4.2	4.5	4.8	5.2	5.4	5.5
Manufacturing industries	2.4	3.9	3.7	4.1	5.5	5.9	5.9	6.1	7.0	6.6
Non-manufacturing industries	2.3	2.8	3.1	3.3	3.7	3.9	4.3	4.8	4.9	5.0

(Unit: %)

Note: Ratio of ordinary profit to sales = Ordinary profits / Sales × 100.0 (Calculated based on overseas affiliates that responded to questionnaires for both ordinary profits and sales.)

Source: Ratio of ordinary profits to sales in domestic companies: "Financial Statements Statistics of Corporations by Industry" (Ministry of Finance)

## 9. Profit appropriation of overseas affiliates

- In FY2018, current net profits of overseas affiliates increased to 10.9 trillion yen, up by 4.7% from the previous fiscal year (or up by 0.8% when comparing only companies that gave valid responses for this year and the previous year). Manufacturing industries saw a decrease to 5.1 trillion yen, down by 5.8% (id.), while non-manufacturing industries saw a 16.1% increase to 5.8 trillion yen. (Figure 16)
- The amount of current retained earnings <sup>(Note 1)</sup> of overseas affiliates in FY2018 was 3.8 trillion yen, down by 19.1% from the previous fiscal year (or decreased by 35.0% when comparing only companies that gave valid responses for this year and the previous year).
- The balance of retained earnings <sup>(Note 2)</sup> was 41.9 trillion yen, up by 17.2% from the previous fiscal year (or up by 4.3% when comparing only companies that gave valid responses for this year and the previous year). (Figure 17, Table 9)

Figure 16. Trends in current net profits

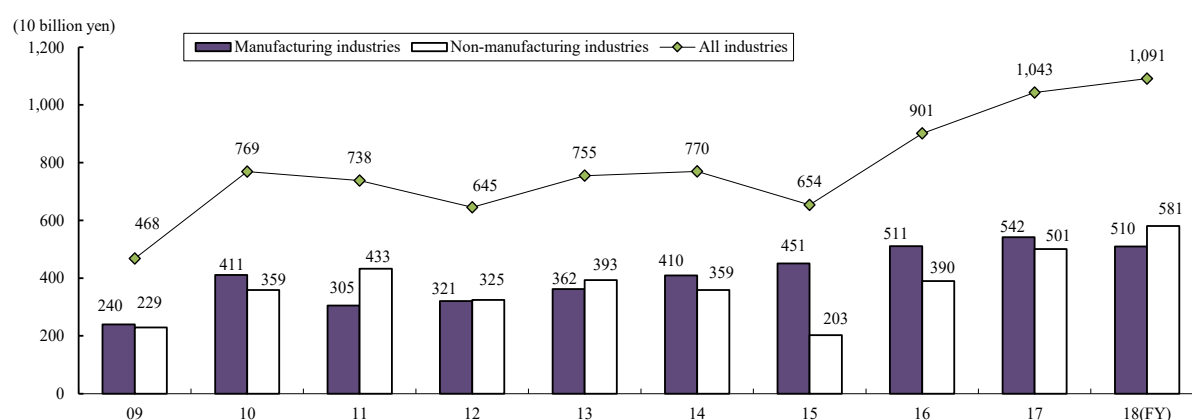


Figure 17. Trends in current retained earnings and balance of retained earnings

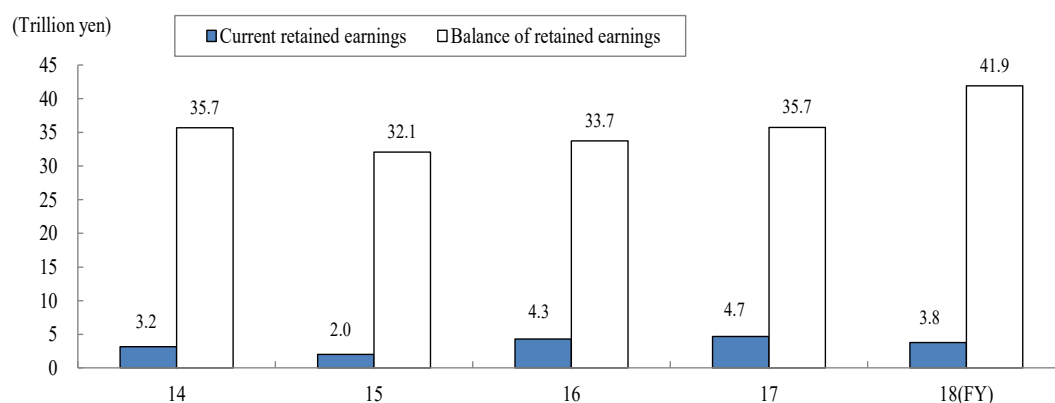


Table 9. Trends in current retained earnings and balance of retained earnings

(Units: 100 million yen, %)

	Current retained earnings			Balance of retained earnings		
	FY2017	FY2018	Y/Y	FY2017	FY2018	Y/Y
All industries	46,676	37,774	▲ 19.1	357,310	418,891	17.2
Manufacturing industries	21,322	17,315	▲ 18.8	168,677	183,028	8.5
Non-manufacturing industries	25,354	20,459	▲ 19.3	188,634	235,863	25.0

Note 1: Current retained earnings = Current net profit or loss - Dividends

Note 2: Year-end balance of retained earnings = Proprietary capital - Capital - Capital reserve

## 10. Research and development expenses of overseas affiliates in manufacturing industries

- In FY2018, research and development expenses in manufacturing industries were 695.1 billion yen, down by 3.8% from the previous fiscal year (or up by 5.6% when comparing only companies that gave valid responses for this year and the previous year).
- The ratio of overseas research and development expenses <sup>(Note)</sup> decreased by 0.3 pp from the previous fiscal year to 5.5%. (Figure 18)
- Research and development expenses per company in the manufacturing industries decreased by 9.9% from the previous fiscal year to 440 million yen. By sector, decreases were seen in the chemicals sector, the transportation equipment sector, the information and communication electronics equipment sector, etc. (Table 10) By region, decreases were seen all in North America, Europe and Asia. (Table 11)

Figure 18. Trends in research and development expenses of overseas affiliates and in the ratio of overseas research and development expenses (manufacturing industries)

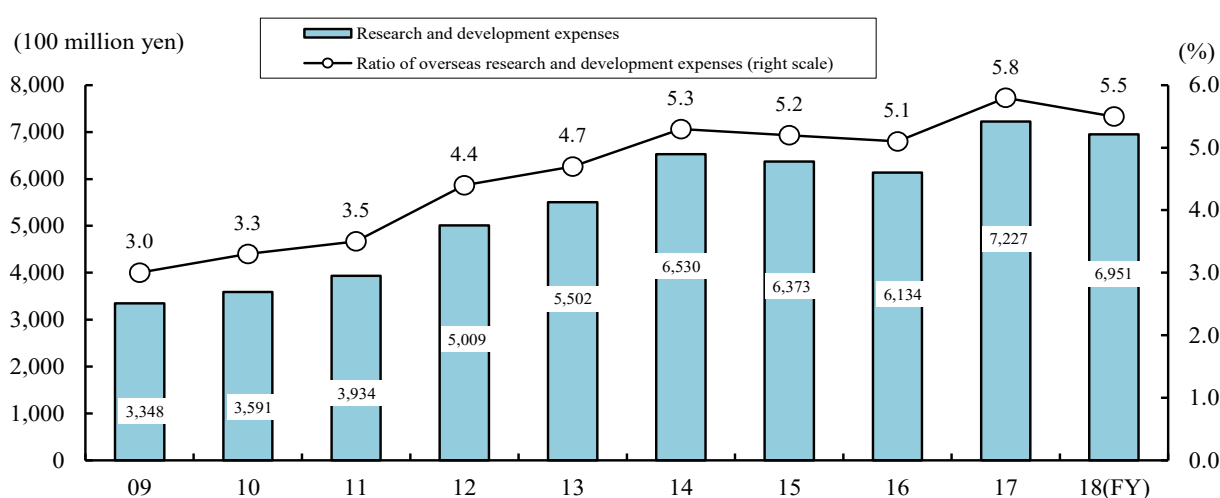


Table 10. Research and development expenses per company in manufacturing industries (by major sector)

	FY2017	FY2018	(Units: Million yen, %)	
			Y/Y difference	Y/Y ratio
Manufacturing industries	485	437	▲ 48	▲ 9.9
Chemicals	862	702	▲ 160	▲ 18.6
Transportation equipment	782	700	▲ 82	▲ 10.5
Information and communication electronics equipment	666	561	▲ 105	▲ 15.8
Business oriented machinery	446	475	▲ 29	6.5
Production machinery	477	429	▲ 48	▲ 10.1

Table 11. Research and development expenses per company in manufacturing industries (by region)

	FY2017			FY2018		
	Y/Y difference	Y/Y ratio		Y/Y difference	Y/Y ratio	
All regions	485	57	13.3	437	▲ 48	▲ 9.9
North America	1,217	135	12.5	1,075	▲ 142	▲ 11.7
Asia	257	26	11.3	247	▲ 10	▲ 3.9
Europe	655	71	12.2	594	▲ 61	▲ 9.3

Note: Ratio of overseas research and development expenses (manufacturing industries) = Research and development expenses of overseas affiliates (manufacturing industries) / (Research and development expenses of overseas affiliates (manufacturing industries) + Research and development expenses of domestic companies (manufacturing industries)) × 100.0

Source: Research and development expenses of domestic companies: Total of labor costs, raw material costs, lease costs, other costs and depreciation costs in "Intramural expenditure on R&D of companies, etc. (costs)" in the Report on the Survey of Research and Development in Japan (Ministry of Internal Affairs and Communications)

## 11. Capital investment in overseas affiliates in manufacturing industries

- In FY2018, the amount of capital investment in overseas affiliates in manufacturing industries increased to 4.4 trillion yen, up by 10.7% from the previous fiscal year (and increased by 11.1% when comparing only companies that gave valid responses for this year and the previous year). The ratio of overseas capital investment<sup>(Note)</sup> was 21.5%, up by 0.7 pp from the previous fiscal year. (Figure 19)
- By sector, the ratio of overseas capital investment increased in the transportation equipment sector (up by 12.7% from the previous fiscal year) and the chemicals sector (up by 18.8% (id.)), but decreased in the electrical machinery sector (down by 9.2% (id.)) and others (Figure 20).
- By region, the ratio increased in Asia and Europe but slightly decreased in North America. In Asia, China, other Asian countries and ASEAN10 all saw increases. (Figure 21 and 22)

Figure 19. Trends in capital investment in overseas affiliates and the ratio of overseas capital investment (manufacturing industries)

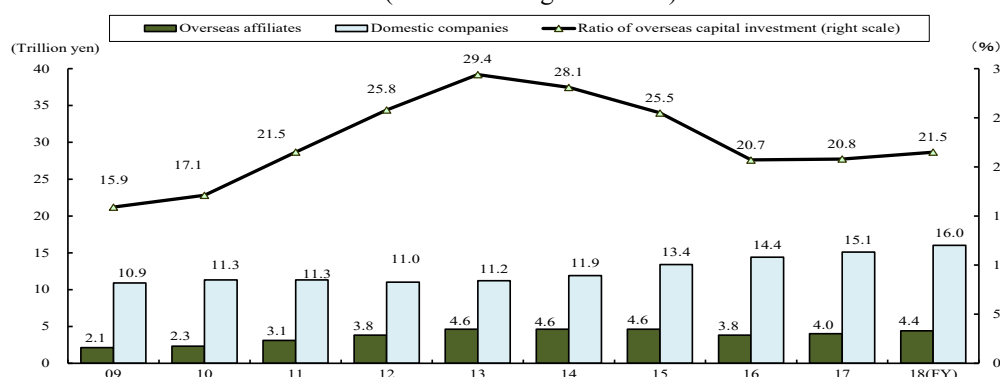


Figure 20. Capital investment in overseas affiliates (by major manufacturing sector)

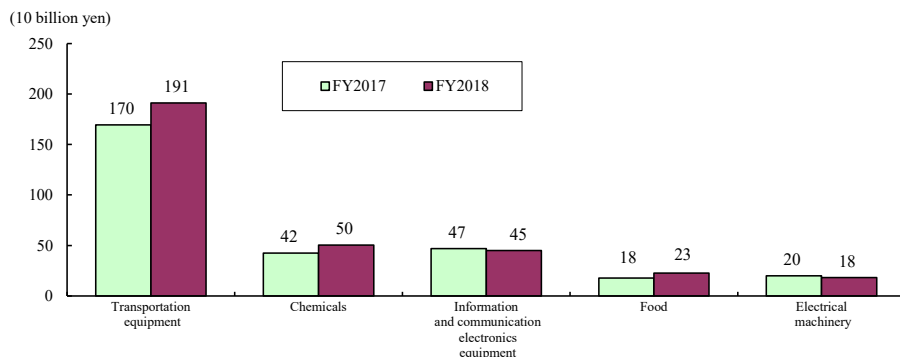


Figure 21. Capital investment in overseas affiliates in manufacturing industries (by region)

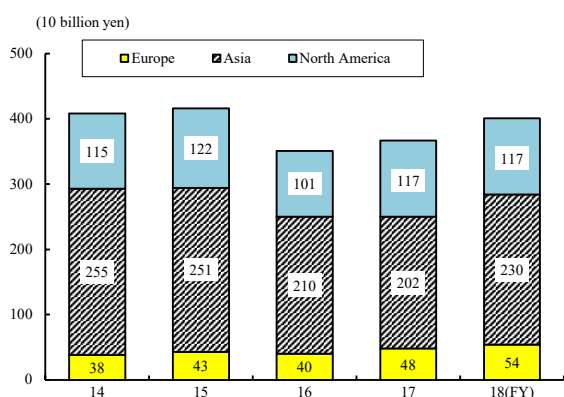
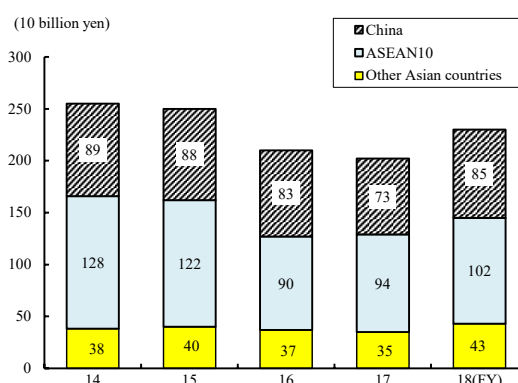


Figure 22. Capital investment in overseas affiliates in manufacturing industries (in Asia)



Note: Ratio of overseas capital investment (manufacturing industries) = Amount of capital investment in overseas affiliates (manufacturing industries) / (Amount of capital investment in overseas affiliates (manufacturing industries) + Amount of capital investment in domestic companies (manufacturing industries)) × 100.0

Source: Amount of capital investment in domestic companies: "Financial Statements Statistics of Corporations by Industry" (Ministry of Finance)

## 12. Payments from overseas affiliates to Japanese investors

- Payments (such as dividends and royalties) from overseas affiliates to Japanese investors in FY2018 amounted to 5.0 trillion yen, up by 9.8% from the previous fiscal year. (Figure 23)
- Looking at payments from overseas affiliates to Japanese investors by region, payments increased from Asia (up by 13.1% from the previous fiscal year) and Europe (up by 13.6% (id.)), but decreased in North America (down by 2.4% (id.)). In Asia, payments increased both from ASEAN10 and China. (Figure 24, Figure 25)
- By major sector, payments increased in the wholesale trade sector (up by 39.4% from the previous fiscal year), transportation equipment sector (up by 10.3% (id.)), and others. (Figure 26)

Figure 23. Changes in payments from overseas affiliates to Japanese investors (all industries)

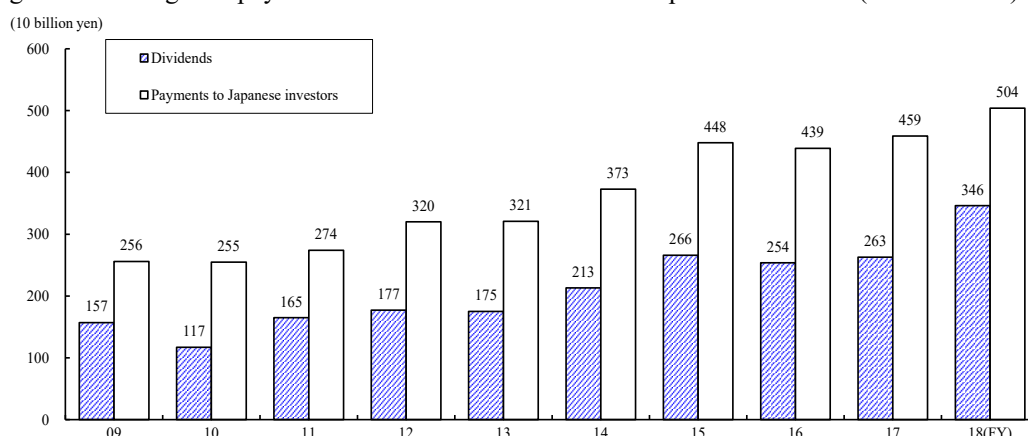


Figure 24. Payments from overseas affiliates to Japanese investors (by region)

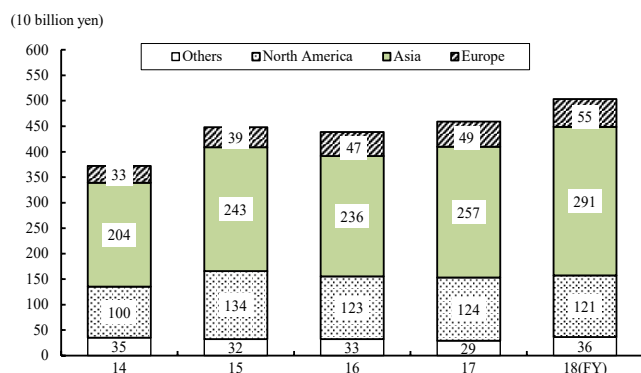


Figure 25. Payments from overseas affiliates to Japanese investors (in Asia)

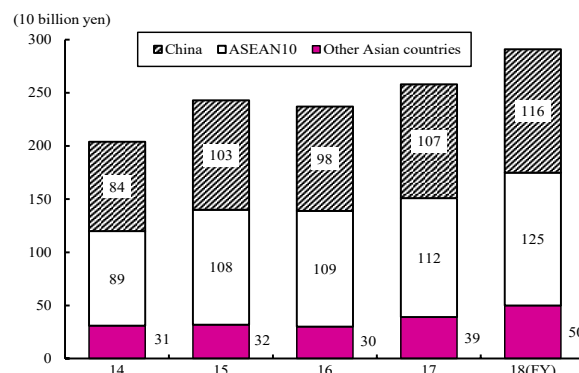


Figure 26. Payments from overseas affiliates to Japanese investors (by major sector)

