

## Summary of the 51st Basic Survey on Overseas Business Activities (Conducted in July 2021)

### Trends of overseas affiliates in the fiscal year (FY) 2020 survey

- The number of overseas affiliates was 25,703. The percentage accounted for by overseas affiliates of ASEAN10 among the total continued to increase.
- The number of employees at overseas affiliates was 5.63 million, down by 0.2% from the previous fiscal year.
- Sales of overseas affiliates decreased by 8.4% from the previous fiscal year to 240.9 trillion yen. Ordinary profits and current net profits both decreased.
- The overseas production ratio for manufacturing industries (based on all domestic companies) was 23.6%, up by 0.2 percentage points (pp) from the previous fiscal year.
- Research and development expenses increased and the amount of capital investment decreased in manufacturing industries.

### Summary of findings

#### 1. The percentage accounted for by overseas affiliates of ASEAN10 continued to increase.

- (1) The number of overseas affiliates as of the end of FY2020 was 25,703. It consists of 11,070 companies in the manufacturing industries and 14,633 companies in the non-manufacturing industries.
- (2) Manufacturing companies accounted for 43.1% and non-manufacturing companies accounted for 56.9% of the total.
- (3) By region, the number of overseas affiliates increased in Europe but decreased in North America and Asia. In Asia, the percentage of ASEAN10 increased for ten consecutive years, while that of China decreased.

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

- (1) The number of employees at overseas affiliates as of the end of FY2020 was 5.63 million, down by 0.2% from the previous fiscal year.
- (2) The number of employees decreased both in manufacturing industries (4.19 million, down by 0.2% from the previous fiscal year) and in non-manufacturing industries (1.43 million, down by 0.2% (id.)).
- (3) By region, increases were seen in Europe and Asia, but the number decreased in North America. In Asia, the number decreased in China and ASEAN10 but increased in other Asian countries.

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

- (1) Sales amounted to 240.9 trillion yen, down by 8.4% from the previous fiscal year. By sector, the amount decreased in the wholesale trade sector, the transportation equipment sector, etc. By region, decreases were seen all in North America, Asia and Europe.
- (2) Ordinary profits decreased by 8.9% from the previous fiscal year to 9.9 trillion yen, while current net profits decreased by 11.7% (id.) to 7.0 trillion yen.
- (3) The amount of current retained earnings was 1.3 trillion yen (down by 21.0% from the previous fiscal year), and the balance of retained earnings was 37.6 trillion yen (down by 1.8% (id.)).

#### 4. Overseas production ratio of overseas affiliates in manufacturing industries slightly increased.

- (1) The overseas production ratio for manufacturing industries (based on all domestic companies) was 23.6%, up by 0.2 percentage points (pp) from the previous fiscal year.
- (2) By sector, overseas production ratios increased in such sectors as the transportation equipment sector (44.4%) and the information and communication electronics equipment sector (30.3%).

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

- (1) Research and development expenses in manufacturing industries increased by 1.5% from the previous fiscal year to 710.5 billion yen.
- (2) Research and development expenses per company in manufacturing industries amounted to 0.46 billion yen, down by 0.7% from the previous fiscal year. By sector, the amount decreased in the transportation equipment sector, the business oriented machinery sector, etc.
- (3) The amount of capital investment in manufacturing industries amounted to 3.2 trillion yen, down by 25.0% from the previous fiscal year. By sector, the amount decreased in the transportation equipment sector, the information and communication electronics equipment sector, etc.

## 1. Distribution of overseas affiliates

- The number of overseas affiliates as of the end of FY2020 was 25,703. It consists of 11,070 companies in the manufacturing industries and 14,633 companies in the non-manufacturing industries. Overseas affiliates in the manufacturing industries accounted for 43.1% of the total number of overseas affiliates of all industries (a 0.5 percentage point (pp) decrease from the previous fiscal year), and those in the non-manufacturing industries accounted for 56.9% of the total (a 0.5 pp increase (id.)). (Table 1)
- By region, the number of overseas affiliates increased in Europe, but decreased in North America and Asia. (Table 2)
- In Asia (which accounted for 67.5% of all regions), ASEAN10's share increased for ten consecutive years and reached 28.8% of all regions (up by 0.3 pp from the previous fiscal year), while China's share decreased to 29.1% (down by 0.6 pp (id.)). (Table 2, Figure 1)

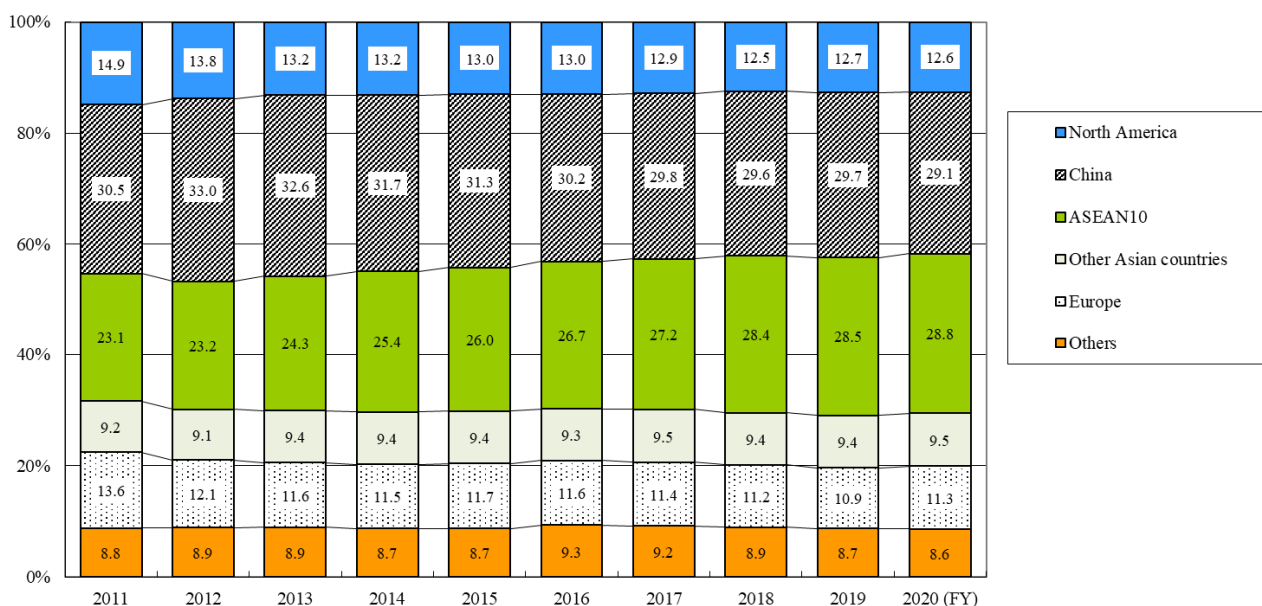
**Table 1. Distribution of overseas affiliates by sector**

	End of FY2020 Number of overseas	Breakdown by sector		
		FY2019		FY2020
		Breakdown	Breakdown	Change in points
All industries	25,703	100.0	100.0	-
Manufacturing industries	11,070	43.6	43.1	-0.5
Food	498	4.7	4.5	-0.2
Textiles	462	4.2	4.2	0.0
Lumber, wood, paper, and pulp	198	1.8	1.8	0.0
Chemicals	1,092	9.7	9.9	0.2
Petroleum and coal	36	0.4	0.3	-0.1
Ceramic, stone, and clay products	233	2.2	2.1	-0.1
Iron and steel	326	2.9	2.9	0.0
Non-ferrous metals	344	3.2	3.1	-0.1
Metal products	628	5.8	5.7	-0.1
General-purpose machinery	473	4.0	4.3	0.3
Production machinery	859	7.7	7.8	0.1
Business oriented machinery	410	3.6	3.7	0.1
Electrical machinery	632	6.0	5.7	-0.3
Information and communication electronics equipment	937	8.7	8.5	-0.2
Transportation equipment	2,387	21.4	21.6	0.2
Miscellaneous manufacturing industries	1,555	13.7	14.0	0.3
Non-manufacturing industries	14,633	56.4	56.9	0.5
Agriculture, forestry, and fisheries	99	0.6	0.7	0.1
Mining	161	1.1	1.1	0.0
Construction	423	2.9	2.9	0.0
Information and communications	853	5.7	5.8	0.1
Transport	1,421	9.7	9.7	0.0
Wholesale trade	7,356	50.2	50.3	0.1
Retail trade	723	4.9	4.9	0.0
Services	2,554	17.4	17.5	0.1
Miscellaneous non-manufacturing industries	1,043	7.5	7.1	-0.4

**Table 2. Distribution of overseas affiliates by region**

	FY2019		FY2020	
	Number of overseas	Composition ratio (%)	Number of overseas	Composition ratio (%)
All regions	25,693	100.0	25,703	100.0
North America	3,273	12.7	3,235	12.6
Asia	17,372	67.6	17,342	67.5
China	7,639	29.7	7,486	29.1
ASEAN10	7,312	28.5	7,414	28.8
Other Asian countries	2,421	9.4	2,442	9.5
Europe	2,803	10.9	2,913	11.3
Others	2,245	8.7	2,213	8.6

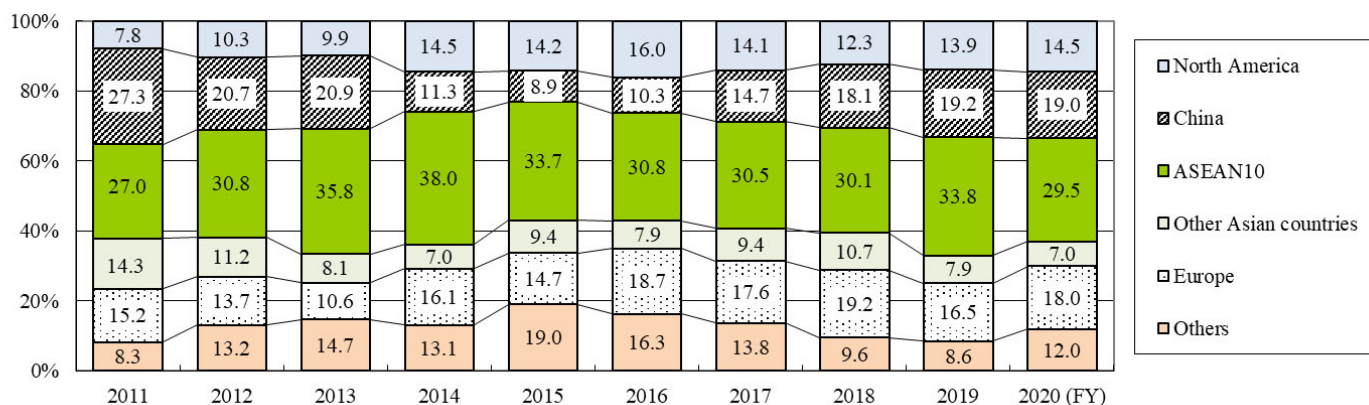
**Figure 1. Trends in distribution ratio of overseas affiliates by region**



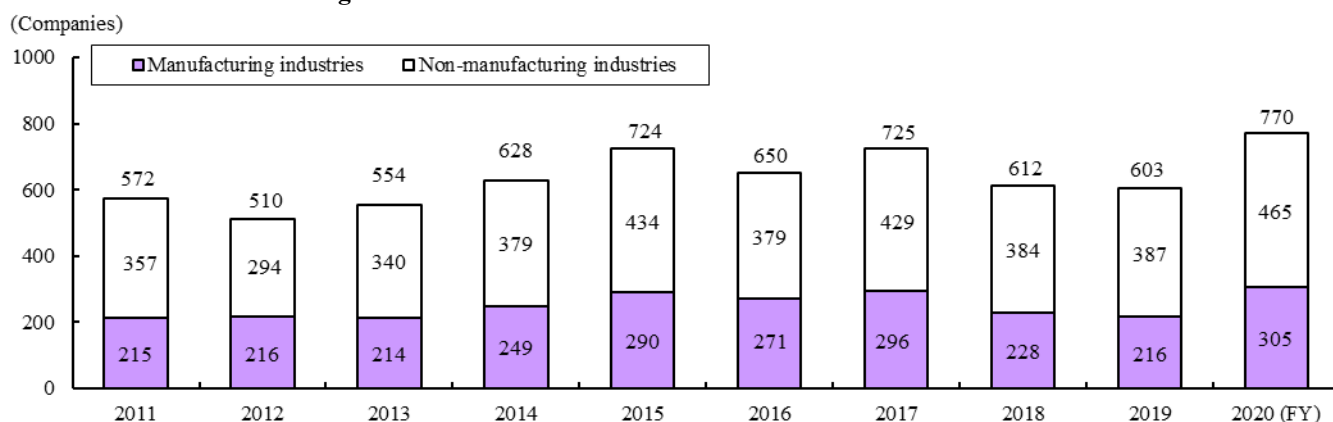
## 2. Advances and withdrawals of overseas affiliates

- The number of overseas affiliates that advanced to overseas markets (new establishment<sup>Note 1</sup>) in FY2020 was 200 (a decrease by 66 companies from the previous fiscal year). When looking at the percentage by region, increases were seen in the percentage of companies that advanced to Europe and North America, while the percentage decreased for companies that advanced to ASEAN10, other Asian countries and China. (Figure 2)
- The number of overseas affiliates withdrawn from overseas markets<sup>Note 2</sup> in FY2020 was 770 (an increase by 167 companies from the previous fiscal year), of which 305 were companies in the manufacturing industries (up by 89 companies (id.)) and 465 were companies in the non-manufacturing industries (up by 78 companies (id.)). (Figure 3)
- The ratio of withdrawals<sup>Note 3</sup> was 2.9% (up by 0.6 percentage points (pp) from the previous fiscal year). By region, the ratio increased in North America, China and ASEAN10 and decreased in Europe. (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:%)				
	Number of overseas withdrawals					Ratio of overseas withdrawals				
	2016	2017	2018	2019	2020 (FY)	2016	2017	2018	2019	2020 (FY)
All regions	650	725	612	603	770	2.5	2.8	2.3	2.3	2.9
North America	76	94	61	76	104	2.3	2.8	1.8	2.3	3.1
Asia	435	472	402	385	530	2.6	2.8	2.2	2.2	3.0
China	269	270	232	219	277	3.5	3.5	2.9	2.8	3.6
ASEAN10	119	141	117	123	190	1.6	2.0	1.5	1.7	2.5
Europe	79	80	80	76	63	2.7	2.7	2.7	2.6	2.1

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 / (Total number of overseas affiliates with valid responses + Number of overseas withdrawals) × 100.0

### 3. Employment at overseas affiliates

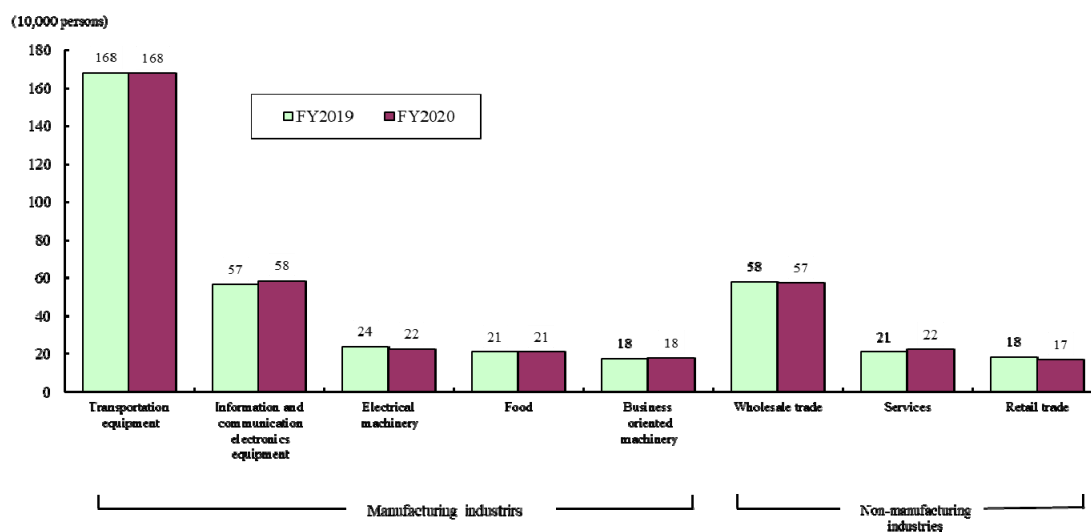
- The number of employees at overseas affiliates as of the end of FY2020 was 5.63 million, down by 0.2% from the previous fiscal year (or down by 2.0% when comparing only companies that gave valid responses for this year and the previous year). (Table 4)
- The number of employees in manufacturing industries was 4.19 million, down by 0.2% from the previous fiscal year. By sector, the number of employees decreased in the electrical machinery sector (0.22 million, down by 5.2% from the previous fiscal year), the transportation equipment sector (1.68 million, down by 0.1% (id.)) and others, but increased in the information and communication electronics equipment sector (0.58 million, up by 3.5% (id.)) and others. The number of employees in non-manufacturing industries was 1.43 million, down by 0.2% (id.). By sector, decreases were observed in the retail trade sector (0.17 million, down by 7.9% (id.)), the wholesale trade sector (0.57 million, down by 1.3% (id.)), while increases were observed in the services sector (0.22 million, up by 6.2% (id.)). (Table 4, Figure 4)
- By region, the number of employees increased in Europe (0.63 million, up by 2.5% from the previous fiscal year) and Asia (3.80 million, up by 0.3% (id.)), but decreased in North America (0.77 million, down by 2.8% (id.)). (Figure 5)
- In Asia, China and ASEAN10 saw decreases, while other Asian countries saw increases. (Figure 6)

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

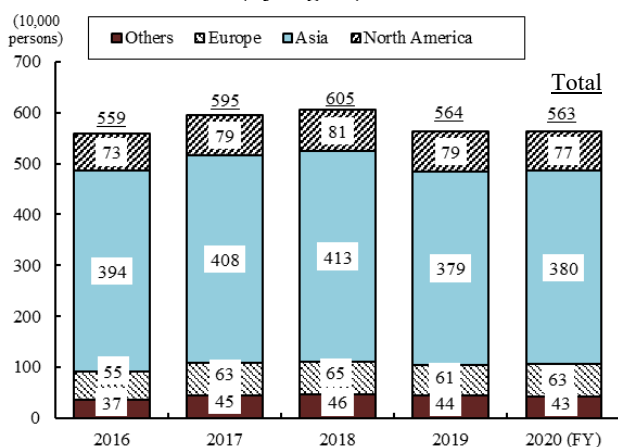
(Units: 10,000 persons, %)

	2016		2017		2018		2019		2020 (FY)	
		Y/Y		Y/Y		Y/Y		Y/Y		Y/Y
All industries	559	0.3	595	6.5	605	1.7	564	-6.9	563	-0.2
Manufacturing industries	433	-2.1	457	5.6	457	0.1	420	-8.2	419	-0.2
Non-manufacturing industries	126	9.3	139	9.5	148	6.7	144	-2.9	143	-0.2

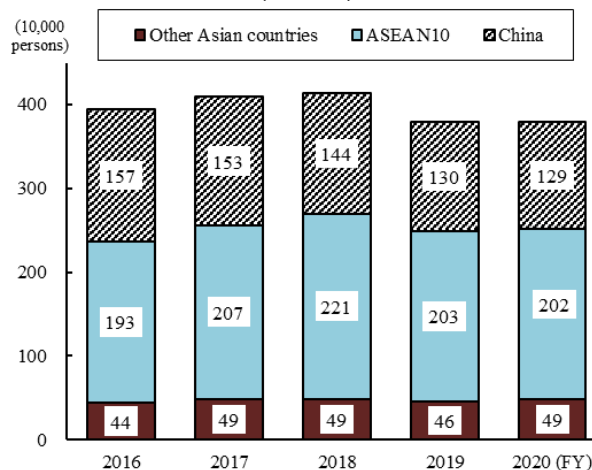
**Figure 4. Number of employees at overseas affiliates (by major sector)**



**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 FY2020 amounted to 240.9 trillion yen, down by 8.4% from the previous fiscal year (or down by 9.4% when comparing only companies that gave valid responses for this year and the previous year). (Figure 7)
- Manufacturing industries saw a decrease to 112.8 trillion yen, down by 7.3% from the previous fiscal year. By sector, sales decreased in the transportation equipment sector (56.7 trillion yen, down by 9.6% from the previous fiscal year), the electrical machinery sector (4.4 trillion yen, down by 14.5% (id.)), the chemicals sector (8.9 trillion yen, down by 2.2% (id.)) and others. Non-manufacturing industries saw a 9.4% decrease to 128.1 trillion yen (id.). By sector, sales decreased in the wholesale trade sector (88.2 trillion yen, down by 9.9% (id.)), the services sector (12.0 trillion yen, down by 9.8% (id.)) and others. (Figure 7, Figure 8)
- By region, sales decreased all in North America (77.5 trillion yen, down by 11.9% from the previous fiscal year), Asia (110.5 trillion yen, down by 4.9% (id.)), and Europe (35.2 trillion yen, down by 6.8% (id.)). (Figure 9)
- In Asia, sales increased in China, but decreased in ASEAN10 and other Asian countries. (Figure 10)

Figure 7. Sales trends of overseas affiliates

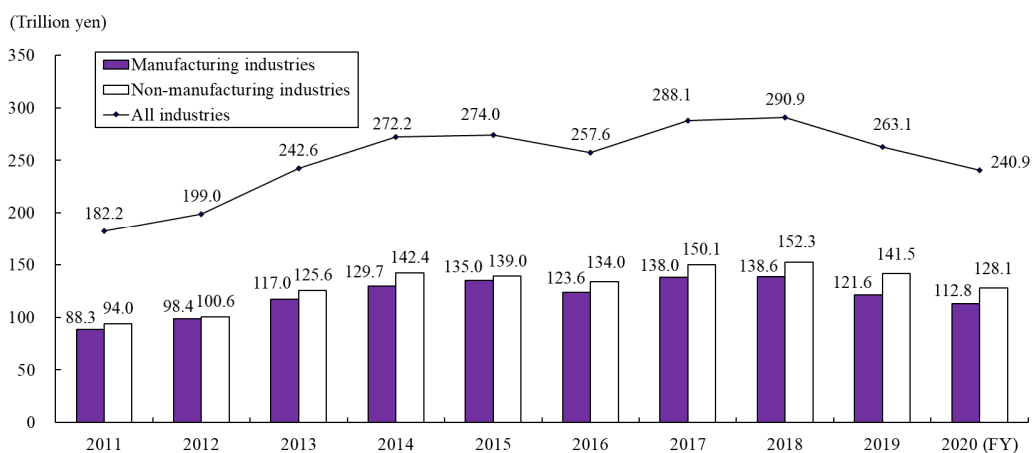


Figure 8. Sales of overseas affiliates (by major sector)

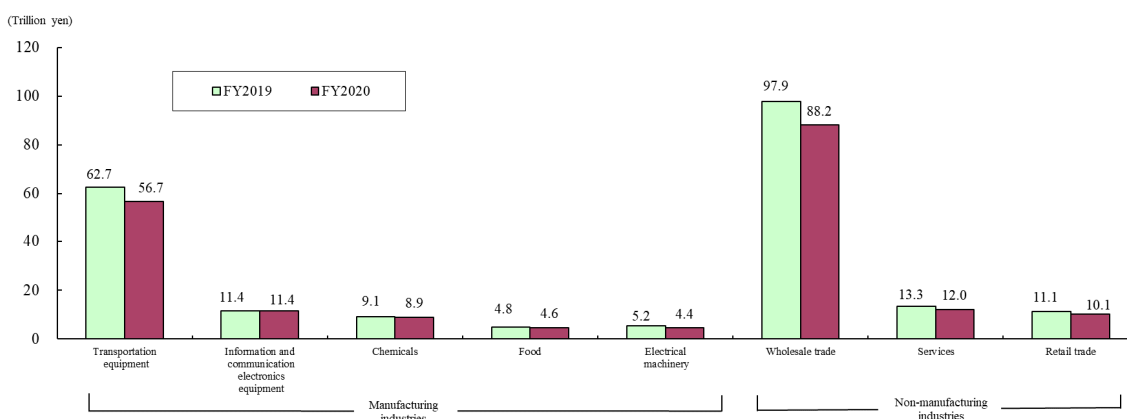


Figure 9. Sales trends of overseas affiliates (by region)

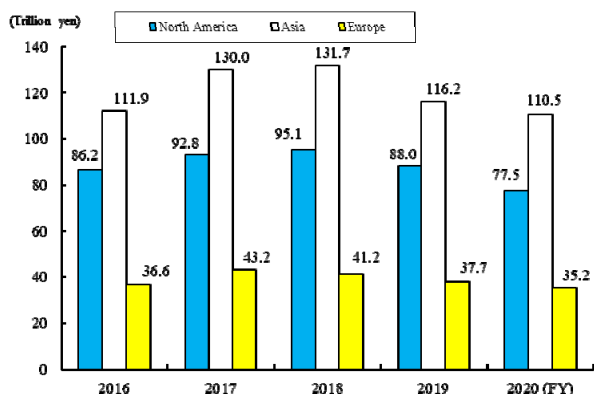
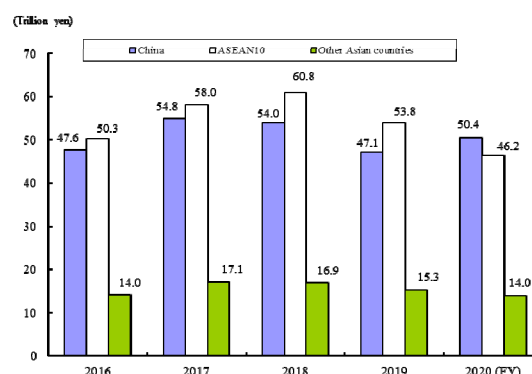


Figure 10. Sales trends of overseas affiliates (in Asia)



## 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 FY2020 was 23.6%, up by 0.2 percentage points (pp) from the previous fiscal year. (Figure 11)
- By sector,<sup>Note 2</sup> overseas production ratios increased in the transportation equipment sector (44.4%), the information and communication electronics equipment sector (30.3%), the general-purpose machinery sector (29.5%), etc., but decreased in the ceramic, stone and clay products sector (15.5%), the electrical machinery sector (13.3%), etc. (Table 5)

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

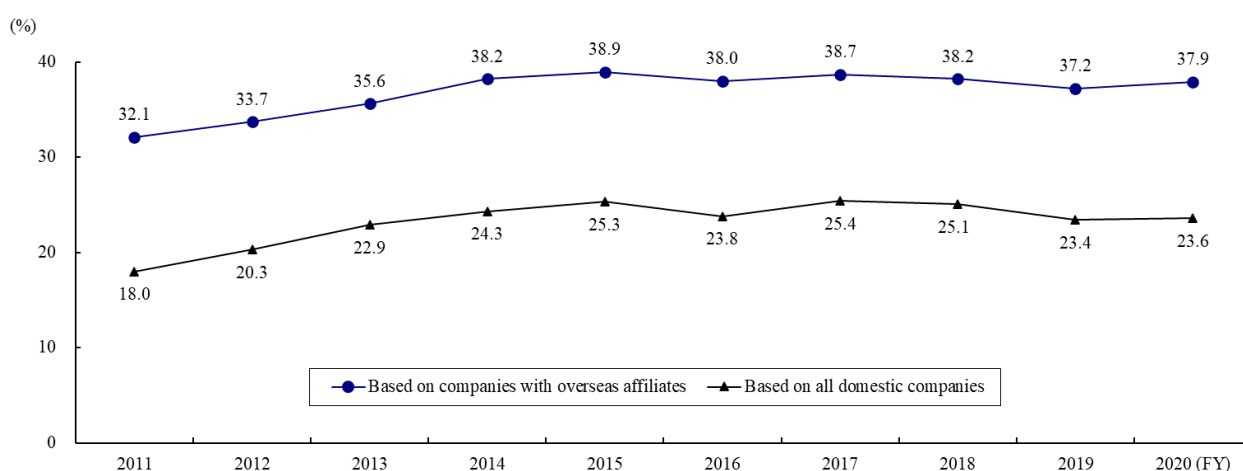


Table 5. Trends in the overseas production ratio by sector (calculated based on the total number of domestic companies (manufacturing industries))

(Unit: %)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 (FY)
Total for manufacturing industries	18.0	20.3	22.9	24.3	25.3	23.8	25.4	25.1	23.4	23.6
Food	4.9	5.7	8.3	11.4	12.2	10.6	11.4	10.7	9.8	9.9
Textiles	8.3	11.9	12.3	12.4	12.9	11.1	14.0	14.2	13.2	13.1
Lumber, wood, paper, and pulp	4.3	4.7	5.7	7.8	9.7	8.2	9.8	10.3	10.0	10.5
Chemicals	18.5	19.5	20.5	22.4	19.4	18.0	20.1	19.8	18.0	18.4
Petroleum and coal	5.2	9.8	12.5	10.1	9.6	6.3	12.8	17.4	3.1	5.4
Ceramic, stone, and clay products	10.7	15.2	16.2	14.1	17.4	16.3	19.0	19.5	17.4	15.5
Iron and steel	10.2	11.5	13.6	14.5	14.0	17.6	19.3	20.8	20.0	20.6
Non-ferrous metals	14.8	15.3	17.5	19.1	18.8	19.0	20.7	21.5	18.1	18.4
Metal products	3.7	5.3	6.2	8.1	6.4	5.7	7.9	7.2	6.7	6.8
General-purpose machinery	24.8	26.6	27.6	34.2	33.8	32.9	31.9	29.2	28.2	29.5
Production machinery	11.5	11.8	13.6	14.6	15.7	13.9	15.9	14.7	14.4	14.7
Business oriented machinery	15.0	18.4	18.4	19.6	18.5	16.2	17.0	17.5	17.0	17.0
Electrical machinery	12.8	14.3	17.7	17.2	17.3	14.5	16.3	15.3	14.6	13.3
Information and communication electronics equipment	26.7	28.3	30.4	30.7	29.4	27.3	29.3	27.8	28.7	30.3
Transportation equipment	38.6	40.2	43.7	46.9	48.8	46.1	47.2	46.9	44.2	44.4
Miscellaneous manufacturing industries	11.5	12.8	14.8	12.0	14.3	12.6	12.9	13.4	12.5	13.0

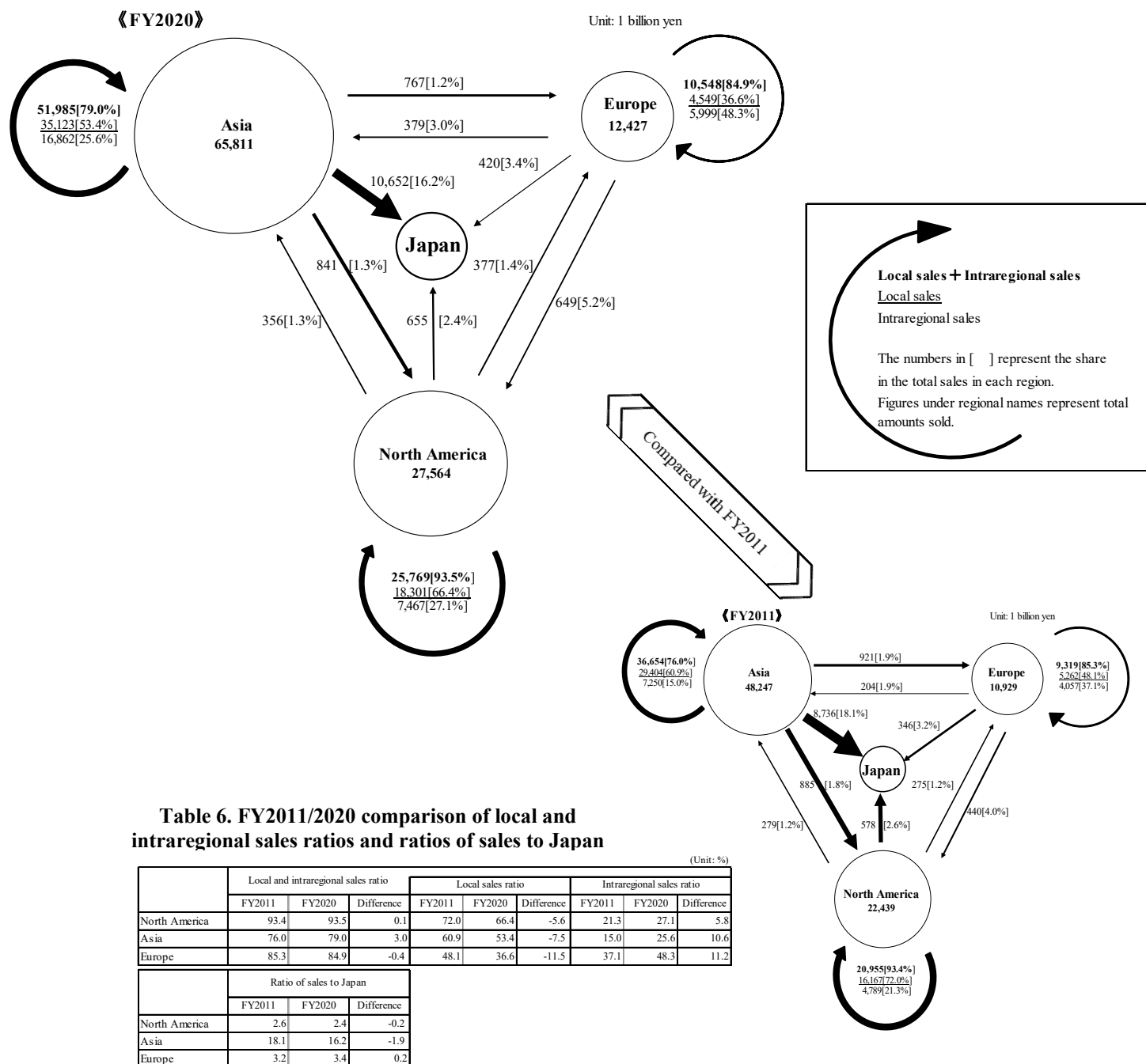
Note: Overseas production ratio based on all domestic companies = Sales of overseas affiliates (manufacturing industries) / (Sales of overseas affiliates (manufacturing industries) + Sales of domestic companies (manufacturing industries)) × 100.0  
 Overseas production ratio based on companies with overseas 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<sup>Note 1</sup> of overseas affiliates in manufacturing industries by region, in FY2020, the ratio was 93.5% in North America, 84.9% in Europe, and 79.0% in Asia.
- The ratio of sales to Japan was 16.2% in Asia, 3.4% in Europe, and 2.4% in North America.
- Compared with FY2011, 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



Note 1: 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.)

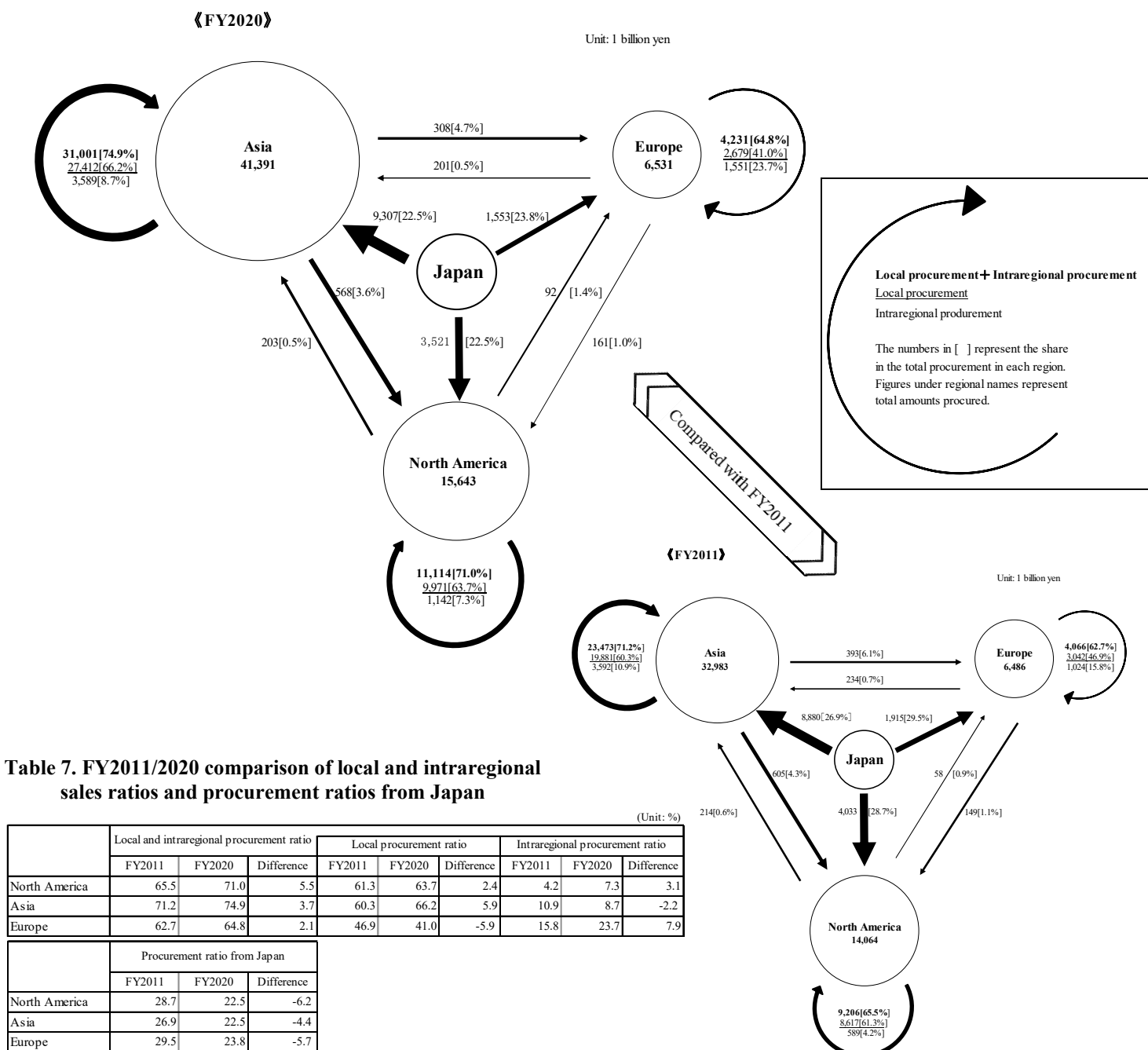
Local and intraregional sales ratio = Local and intraregional sales (sales) / Total sales of the region (total sales) × 100.0

Note 2: 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 1</sup> of overseas affiliates in manufacturing industries by region, in FY2020, the ratio was 74.9% in Asia, 71.0% in North America, and 64.8% in Europe.
- The procurement ratio from Japan was 23.8% in Europe and 22.5% both in North America and Asia.
- Compared with FY2011, the local procurement ratio increased all in North America, Asia and Europe. In the meantime, North America, Asia and Europe all saw decreases in the procurement ratio from Japan. (Figure 13, Table 7)

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



Note 1: 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

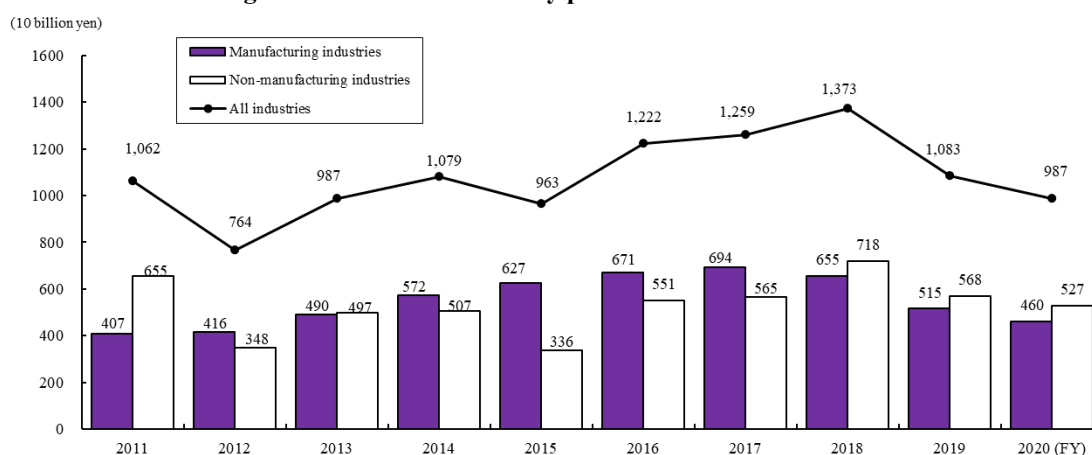
Note 2: The amount of total procurement includes the amount of procurement from other regions.



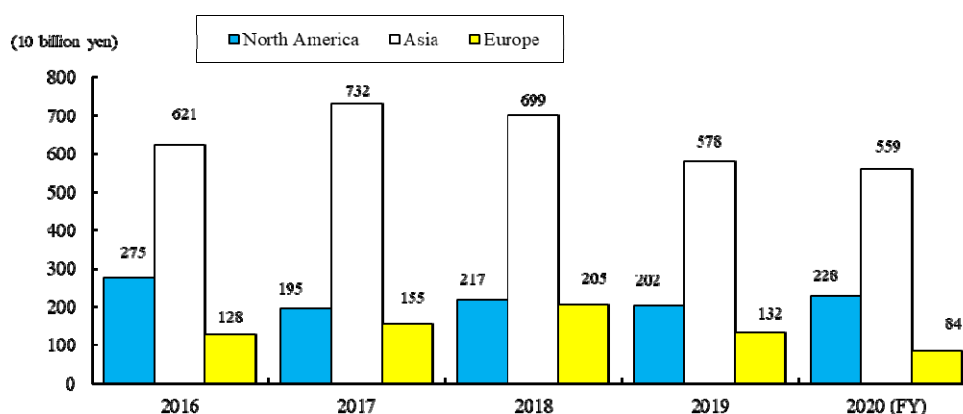
## 8. Profits of overseas affiliates

- In FY2020, ordinary profits of overseas affiliates were 9.9 trillion yen, down by 8.9% from the previous fiscal year (or down by 8.4% when comparing only companies that gave valid responses for this year and the previous year). Ordinary profits for manufacturing industries were 4.6 trillion yen, down by 10.7% from the previous fiscal year, and those for non-manufacturing industries were 5.3 trillion yen, down by 7.2% (id.). (Figure 14)
- By region, the amount increased in North America (up by 12.5% from the previous fiscal year), but decreased in Europe (down by 36.1% (id.)) and Asia (down by 3.3% (id.)). (Figure 15)
- The ratio of ordinary profits to sales<sup>Note</sup> was 4.8%, down by 0.1 percentage points (pp) from the previous fiscal year. The ratio decreased both for manufacturing industries to 4.9% (down by 0.1 pp from the previous fiscal year) and for non-manufacturing industries to 4.8% (down by 0.1 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**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 (FY)
(Reference) All industries	5.9	3.9	4.2	4.1	4.0	4.9	4.6	5.3	4.9	4.8
Manufacturing industries	4.9	4.6	4.6	4.7	5.0	5.8	5.4	5.5	5.0	4.9
Non-manufacturing industries	6.8	3.3	3.9	3.5	3.0	4.1	3.7	5.1	4.9	4.8
Domestic companies	3.3	3.5	4.2	4.5	4.8	5.2	5.4	5.5	4.8	4.6
Manufacturing industries	3.7	4.1	5.5	5.9	5.9	6.1	7.0	6.6	5.7	6.0
Non-manufacturing industries	3.1	3.3	3.7	3.9	4.3	4.8	4.9	5.0	4.5	4.1

(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 FY2020, current net profits of overseas affiliates decreased to 7.0 trillion yen, down by 11.7% from the previous fiscal year (or down by 8.2% when comparing only companies that gave valid responses for this year and the previous year). Manufacturing industries saw a decrease to 3.0 trillion yen, down by 14.2% (id.), and non-manufacturing industries also saw a decrease to 4.0 trillion yen, down by 9.6% (id.). (Figure 16)
- The amount of current retained earnings<sup>Note 1</sup> of overseas affiliates in FY2020 was 1.3 trillion yen, down by 21.0% from the previous fiscal year (or down by 14.4% 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 37.6 trillion yen, down by 1.8% from the previous fiscal year (or up by 0.3% 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

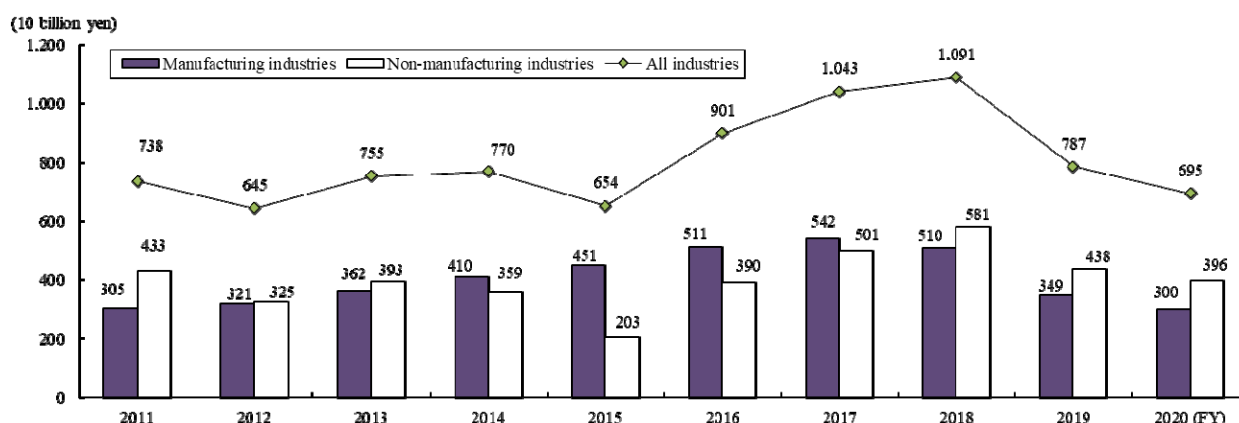


Figure 17. Trends in current retained earnings and balance of retained earnings

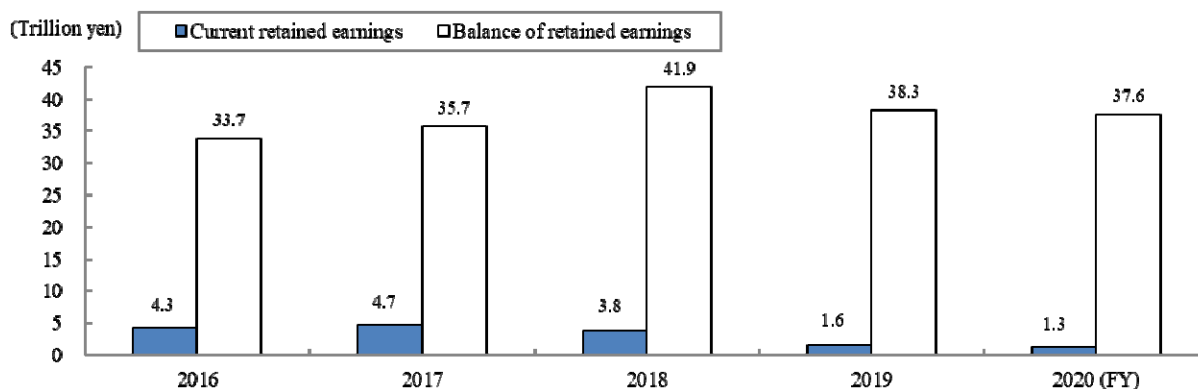


Table 9. Trends in current retained earnings and balance of retained earnings

(Units: 100 million yen, %)

	Current retained earnings			Balance of retained earnings		
	FY2019	FY2020	Y/Y	FY2019	FY2020	Y/Y
All industries	16,289	12,866	-21.0	382,597	375,677	-1.8
Manufacturing industries	9,345	3,341	-64.3	177,992	175,421	-1.4
Non-manufacturing industries	6,944	9,526	37.2	204,606	200,256	-2.1

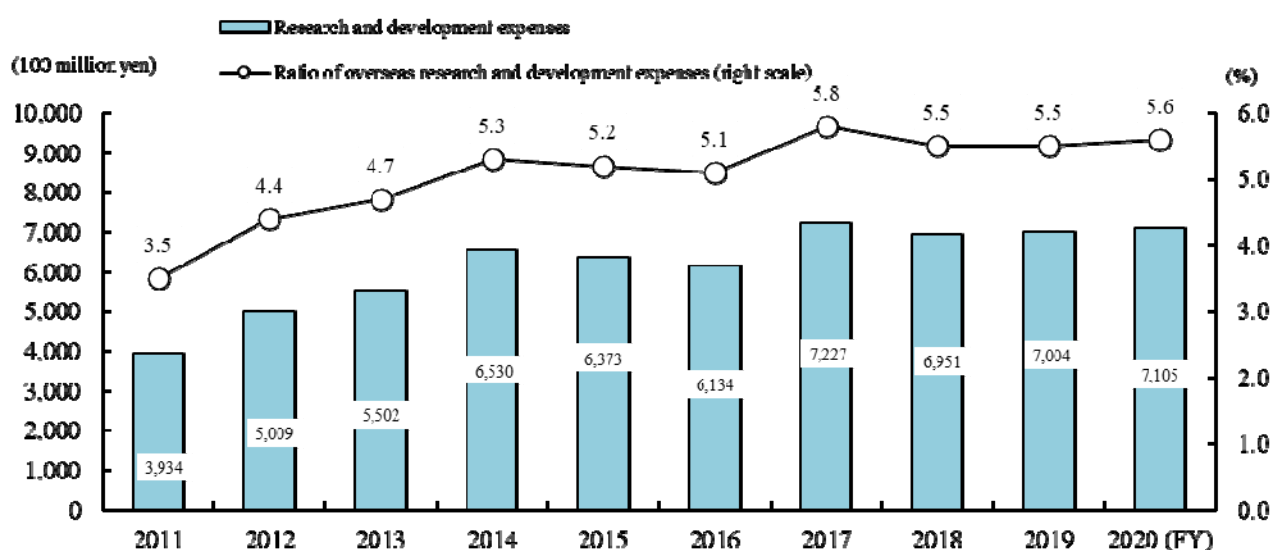
Note 1: Current retained earnings = Current net profit or loss - Dividends

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 FY2020, research and development expenses in manufacturing industries were 710.5 billion yen, up by 1.5% from the previous fiscal year (or up by 2.2% 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> was 5.6%, up by 0.1 percentage points (pp) from the previous fiscal year. (Figure 18)
- Research and development expenses per company in the manufacturing industries decreased by 0.7% from the previous fiscal year to 460 million yen. By sector, decreases were seen in the transportation equipment sector and the business oriented machinery sector, while the chemicals sector and others saw increases. (Table 10) By region, decreases were seen in Europe and Asia, while North America saw an increase. (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)**

(Units: Million yen, %)

	FY2019	FY2020	
		Y/Y difference	Y/Y ratio
Manufacturing industries	459	456	-0.7
Chemicals	692	749	8.2
Transportation equipment	794	726	-8.6
Information and communication electronics equipment	541	630	16.5
Business oriented machinery	500	478	-4.4
Electrical machinery	393	437	11.2

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

(Units: Million yen, %)

	FY2019			FY2020		
	Y/Y difference	Y/Y ratio		Y/Y difference	Y/Y ratio	
All regions	459	22	5.0	456	-3	-0.7
North America	1,125	50	4.7	1,265	140	12.4
Asia	282	35	14.2	256	-26	-9.2
Europe	625	31	5.2	591	-34	-5.4

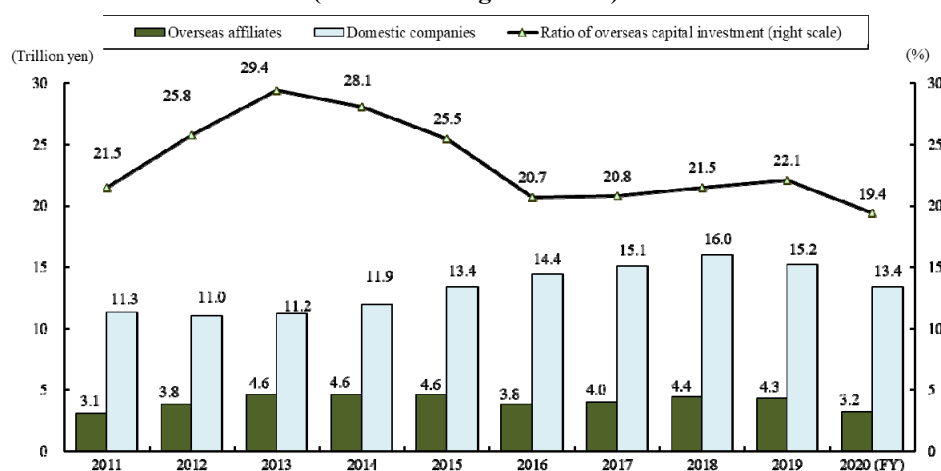
Note: Ratio of overseas research and development expenses (manufacturing industries) = Research and development expenses of overseas affiliates (manufacturing industries) / (Research and development expenses of overseas affiliates (manufacturing industries) + Research and development expenses of domestic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

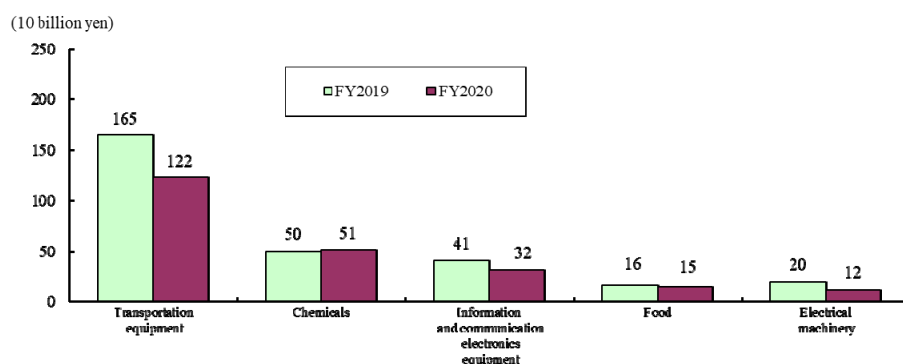
## 11. Capital investment in overseas affiliates in manufacturing industries

- In FY2020, the amount of capital investment in overseas affiliates in manufacturing industries decreased to 3.2 trillion yen, down by 25.0% from the previous fiscal year (or down by 26.0% 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 19.4%, down by 2.7 percentage points (pp) from the previous fiscal year. (Figure 19)
- By sector, the ratio of overseas capital investment decreased in the transportation equipment sector (down by 25.6% from the previous fiscal year), the information and communication electronics equipment sector (down by 21.8% (id.)), etc., while the chemicals sector saw an increase (up by 2.1% (id.)). (Figure 20)
- By region, the ratio decreased all in Asia, North America and Europe. In Asia, decreases were observed all in ASEAN10, China and other Asian countries. (Figure 21, Figure 22)

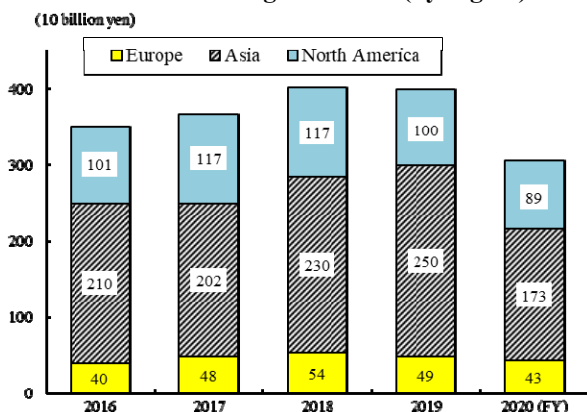
**Figure 19. Trends in capital investment in overseas affiliates and the ratio of overseas capital investment (manufacturing industries)**



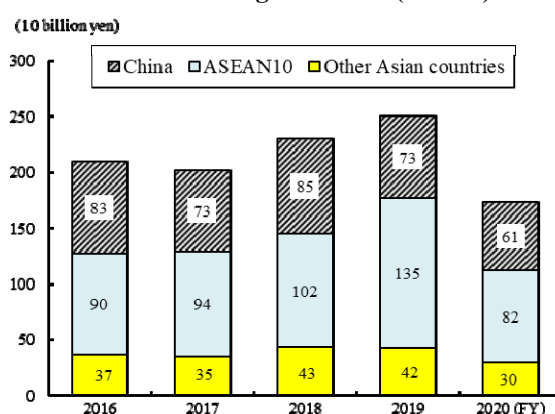
**Figure 20. Capital investment in overseas affiliates (by major manufacturing sector)**



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



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



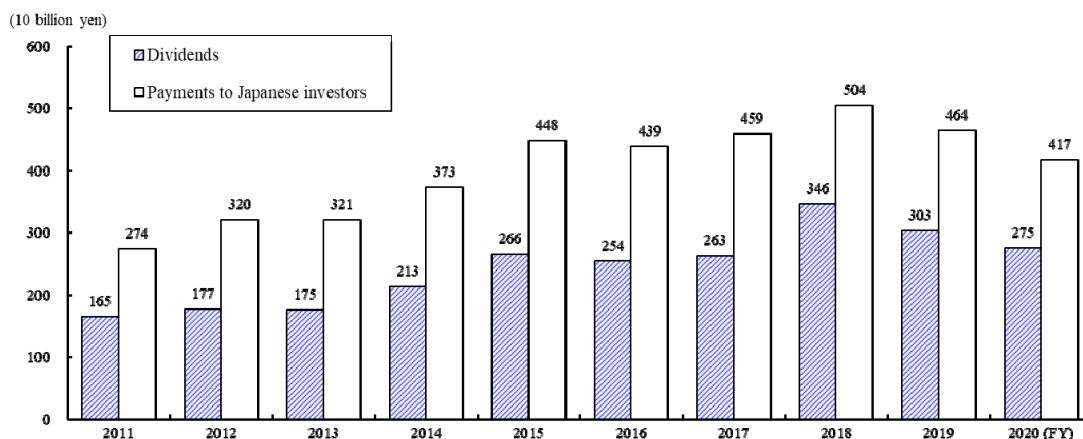
Note: Ratio of overseas capital investment (manufacturing industries) = Amount of capital investment in overseas affiliates (manufacturing industries) / (Amount of capital investment in overseas affiliates (manufacturing industries) + Amount of capital investment in domestic companies (manufacturing 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 FY2020 amounted to 4.2 trillion yen, down by 10.1% from the previous fiscal year. (Figure 23)
- Looking at payments from overseas affiliates to Japanese investors by region, payments decreased from Asia (down by 7.2% from the previous fiscal year) and North America (down by 8.2% (id.)), but increased from Europe (up by 2.7% (id.)). In Asia, China saw an increase, while ASEAN10 and other Asian countries saw decreases. (Figure 24, Figure 25)
- By major sector, payments increased in the wholesale trade sector (up by 17.1% from the previous fiscal year) and others, but decreased in the transportation equipment sector (down by 25.8% (id.)), the services sector (down by 21.5% (id.)), the chemicals sector (down by 13.6% (id.)) and others. (Figure 26)

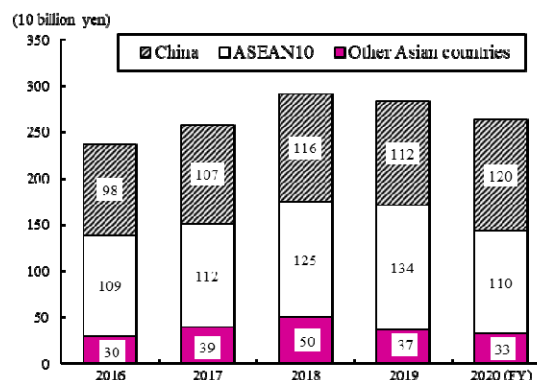
**Figure 23. Changes in payments from overseas affiliates to Japanese investors (all industries)**



**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)**

