



# FY 2018 Survey on the International Operations of Japanese Firms

- JETRO Overseas Business Survey -

March 7, 2019  
Japan External Trade Organization  
(JETRO)  
Overseas Research Department

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# Survey outline and profile of respondent firms

## Survey Outline

### 1. Survey targets

A total of 10,004 firms (headquarters) with interest in overseas business. The FY2018 survey covered 3,305 JETRO member firms plus 6,699 firms using JETRO services.

\*This survey has been conducted annually since FY 2002, directed only at JETRO member firms. This year marked its 17th edition. From FY 2011, JETRO has expanded the number of subject firms.

### 2. Survey topics

- I. Your Profile
- II. International Trade
- III. Overseas Expansion
- IV. Effects of Trade Protectionism
- V. Utilization of Free Trade Agreements (FTAs)
- VI. Utilization of Foreign Personnel
- VII. E-Commerce (EC)

### 3. Period

November 19, 2018 to January 4, 2019

### 4. Response

Number of valid replies: 3,385 (of which 1,234 are JETRO member firms)

Valid response rate: 33.8%

## Definitions of large-scale firms, SMEs, etc.

	Manufacturing and other	Wholesale	Retail	Service
Large-scale firms	Firms other than SMEs	Firms other than SMEs	Firms other than SMEs	Firms other than SMEs
Large-scale firms (excluding leading medium-sized firms)	Large-scale firms other than leading medium-sized firms	Large-scale firms other than leading medium-sized firms	Large-scale firms other than leading medium-sized firms	Large-scale firms other than leading medium-sized firms
Leading medium-sized firms	More than 300 million but less than 1 billion yen, or more than 300 but less than 3000 employees	More than 100 million but less than 300 million yen, or more than 100 but less than 1000 employees	More than 50 million but less than 300 million yen, or more than 50 but less than 1000 employees	More than 50 million but less than 300 million yen, or more than 100 but less than 1000 employees
Small and medium-sized enterprises (SMEs)	300 million or less, or 300 employees or less	100 million or less, or 100 employees or less	50 million or less, or 50 employees or less	50 million or less, or 100 employees or less
SMEs (excluding micro-businesses)	SMEs other than micro-businesses	SMEs other than micro-businesses	SMEs other than micro-businesses	SMEs other than micro-businesses
Micro-businesses	50 million or less, or 20 employees or less	10 million or less, or 5 employees or less	10 million or less, or 5 employees or less	10 million or less, or 5 employees or less

Note: The larger categories of "large-scale firms" and "SMEs" are based on the Small and Medium-sized Enterprise Basic Act. The others have been defined by JETRO.

## Profile of respondent firms

	No. of firms	Share (%)
All respondent firms	3,385	100.0
Manufacturing	1,864	55.1
Food & beverages	479	14.2
Textiles/clothing	101	3.0
Wood & woods products/furniture & building materials/paper & pulp	68	2.0
Chemicals	93	2.7
Medical products & cosmetics	69	2.0
Coal & petroleum products/plastics/rubber products	108	3.2
Ceramics/earth & stone	30	0.9
Iron & steel/non-ferrous metals/metal products	207	6.1
General machinery	164	4.8
Electrical equipment	96	2.8
IT equipment/electronic parts & devices	55	1.6
Cars/car parts/other transportation machinery	99	2.9
Precision equipment	78	2.3
Other manufacturing	217	6.4
Non-manufacturing	1,521	44.9
Trade and wholesale	730	21.6
Retail	114	3.4
Construction	101	3.0
Transport	90	2.7
Finance & insurance	81	2.4
Communication, information & software	97	2.9
Professional services	60	1.8
Other non-manufacturing	248	7.3
Large-scale firms	615	18.2
Large-scale firms (excluding leading medium-sized firms)	151	4.5
Leading medium-sized firms	464	13.7
Small and medium-sized enterprises (SMEs)	2,770	81.8
SMEs (excluding micro-businesses)	1,138	33.6
Micro-businesses	1,632	48.2
Firms with export operations	2,465	72.8
Firms with import operations	1,823	53.9
Firms with overseas bases	1,528	45.1
Domestic firms	354	10.5

Note: "Domestic firms" are firms that do not conduct business overseas.

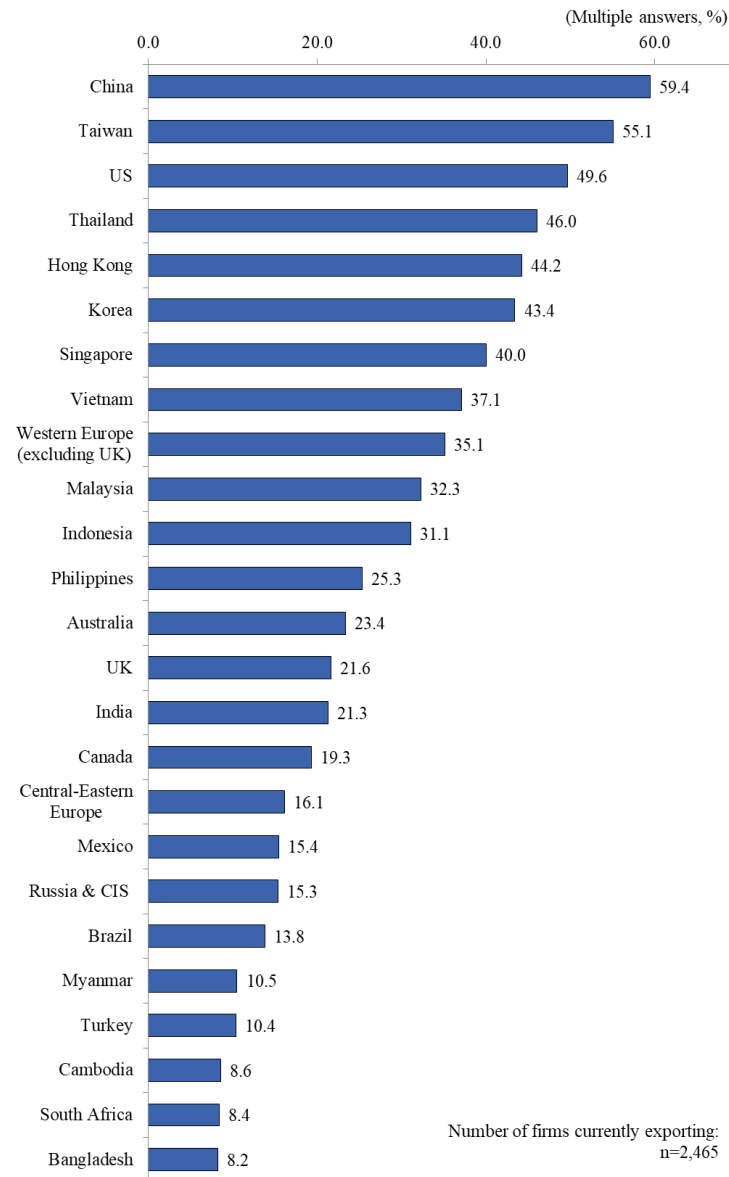
# Profile of respondent firms (status of export destinations)

## Firms with export operations (total, by industry, by firm size)

	Currently exporting		Not currently exporting	Currently importing		No answer
	Exports only	Imports only				
Total (n=3,385)	72.8	26.1	26.7	53.9	7.1	0.5
Manufacturing (n=1,864)	85.2	30.7	14.5	59.5	5.0	0.3
Food & beverages (n=479)	84.6	54.7	15.2	33.6	3.8	0.2
Textiles/clothing (n=101)	73.3	22.8	25.7	68.3	17.8	1.0
Wood & woods products/furniture & building materials/paper & pulp (n=68)	79.4	26.5	20.6	60.3	7.4	0.0
Chemicals (n=93)	96.8	20.4	3.2	77.4	1.1	0.0
Medical products & cosmetics (n=69)	94.2	47.8	5.8	50.7	4.3	0.0
Coal & petroleum products/plastics/rubber products (n=108)	86.1	21.3	12.0	66.7	1.9	1.9
Ceramics/earth & stone (n=30)	70.0	23.3	30.0	60.0	13.3	0.0
Iron & steel/non-ferrous metals/metal products (n=207)	79.7	21.3	19.8	66.7	8.2	0.5
General machinery (n=164)	93.3	20.7	6.7	74.4	1.8	0.0
Electrical equipment (n=96)	92.7	22.9	7.3	71.9	2.1	0.0
IT equipment/electronic parts & devices (n=55)	89.1	10.9	10.9	80.0	1.8	0.0
Cars/car parts/other transportation machinery (n=99)	82.8	10.1	17.2	74.7	2.0	0.0
Precision equipment (n=78)	92.3	24.4	7.7	71.8	3.8	0.0
Other manufacturing (n=217)	81.1	24.4	18.9	63.6	6.9	0.0
Non-manufacturing (n=1,521)	57.7	20.4	41.6	46.9	9.7	0.7
Trade and wholesale (n=730)	82.7	22.3	17.1	71.9	11.5	0.1
Retail (n=114)	57.9	35.1	39.5	36.8	14.0	2.6
Construction (n=101)	34.7	20.8	65.3	26.7	12.9	0.0
Transport (n=90)	30.0	5.6	70.0	30.0	5.6	0.0
Finance & insurance (n=81)	4.9	1.2	93.8	4.9	1.2	1.2
Communication, information & software (n=97)	32.0	12.4	67.0	23.7	4.1	1.0
Professional services (n=60)	26.7	18.3	71.7	18.3	10.0	1.7
Other manufacturing (n=248)	37.9	23.4	60.5	22.2	7.7	1.6
Large-scale firms (n=615)	67.5	7.8	32.2	63.9	4.2	0.3
Large-scale firms (excluding leading medium-sized firms) (n=151)	69.5	7.3	30.5	68.9	6.6	0.0
Leading medium-sized firms (n=464)	66.8	8.0	32.8	62.3	3.4	0.4
SMEs (n=2,770)	74.0	30.2	25.5	51.6	7.8	0.5
SMEs (excluding micro-businesses) (n=1,138)	74.1	20.2	25.7	61.1	7.2	0.2
Micro-businesses (n=1,632)	74.0	37.1	25.3	45.0	8.2	0.7

Note: 1) n= the total number of respondent firms. 2) Exports/Imports include indirect exporting/importing through other firms. 3) "Exports Only" refers to firms with export operations excluding firms currently importing. 4) "Not currently exporting" refers to firms other than firms with export operations and firms with no answer. 5) "Imports Only" refers to firms with import operations excluding firms currently exporting.

## Export destinations of exporting firms



# Profile of respondent firms (status of overseas bases)

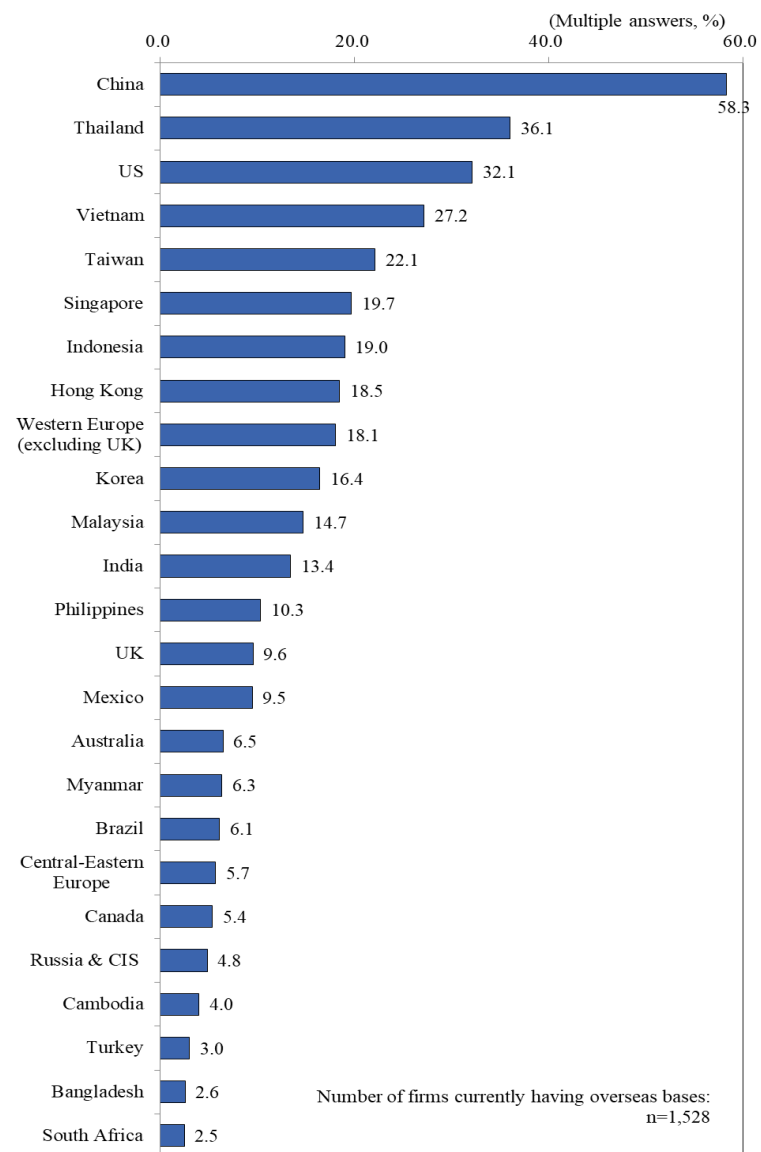
## Firms with overseas bases (total, by industry, by firm size)

	(%)		
	With overseas bases	Without overseas bases	No answer
Total (n=3,385)	45.1	54.4	0.5
<b>Manufacturing (n=1,864)</b>	46.1	53.6	0.3
Food & beverages (n=479)	22.5	77.2	0.2
Textiles/clothing (n=101)	43.6	55.4	1.0
Wood & woods products/furniture & building materials/paper & pulp (n=68)	36.8	63.2	0.0
Chemicals (n=93)	67.7	32.3	0.0
Medical products & cosmetics (n=69)	36.2	63.8	0.0
Coal & petroleum products/plastics/rubber products (n=108)	59.3	38.9	1.9
Ceramics/earth & stone (n=30)	40.0	60.0	0.0
Iron & steel/non-ferrous metals/metal products (n=207)	49.8	49.8	0.5
General machinery (n=164)	56.7	43.3	0.0
Electrical equipment (n=96)	65.6	34.4	0.0
IT equipment/electronic parts & devices (n=55)	67.3	32.7	0.0
Cars/car parts/other transportation machinery (n=99)	77.8	22.2	0.0
Precision equipment (n=78)	57.7	42.3	0.0
Other manufacturing (n=217)	46.1	53.9	0.0
<b>Non-manufacturing (n=1,521)</b>	44.0	55.3	0.7
Trade and wholesale (n=730)	44.5	55.3	0.1
Retail (n=114)	30.7	66.7	2.6
Construction (n=101)	47.5	52.5	0.0
Transport (n=90)	66.7	33.3	0.0
Finance & insurance (n=81)	46.9	51.9	1.2
Communication, information & software (n=97)	43.3	55.7	1.0
Professional services (n=60)	43.3	55.0	1.7
Other manufacturing (n=248)	38.3	60.1	1.6
<b>Large-scale firms (n=615)</b>	83.1	16.6	0.3
Large-scale firms (excluding leading medium-sized firms) (n=151)	92.1	7.9	0.0
Leading medium-sized firms (n=464)	80.2	19.4	0.4
<b>SMEs (n=2,770)</b>	36.7	62.8	0.5
SMEs (excluding micro-businesses) (n=1,138)	50.2	49.6	0.2
Micro-businesses (n=1,632)	27.3	71.9	0.7

Note: 1) n= the total number of respondent firms.

2) Agencies are not included in overseas bases.

## Country and region of overseas bases



# Most firms answered that their proportion of overseas sales was 1 to 20%

Out of firms performing exports or expanding overseas, the proportion answering that their overseas sales accounted for 1 to 20% of their overall sales was the highest, at 58.2%. The average proportion of overseas sales was 18.7%. By industry, this exceeded 30% of overall sales for IT equipment/electronic parts & devices (35.6%), cars/car parts/other transportation machinery (33.4%), and precision equipment (30.6%).

Proportion of overseas sales for FY 2017 (total, by industry, firm size)

	Percentage of overseas sales (%)			
	Less than 1%	1 - 20%	21 - 60%	61 - 100%
Total (n=2,481)	14.1	58.2	19.7	7.9
<b>Manufacturing (n=1,498)</b>	10.9	59.4	23.1	6.5
Food & beverages (n=374)	17.1	73.8	6.4	2.7
Textiles/clothing (n=78)	16.7	60.3	20.5	2.6
Wood & woods products/furniture & building materials/paper & pulp (n=54)	13.0	64.8	14.8	7.4
Chemicals (n=82)	3.7	47.6	42.7	6.1
Medical products & cosmetics (n=53)	7.5	77.4	13.2	1.9
Coal & petroleum products/plastics/rubber products (n=90)	16.7	54.4	25.6	3.3
Ceramics/earth & stone (n=21)	9.5	71.4	14.3	4.8
Iron & steel/non-ferrous metals/metal products (n=157)	11.5	58.6	24.8	5.1
General machinery (n=141)	4.3	48.9	36.2	10.6
Electrical equipment (n=85)	5.9	56.5	31.8	5.9
IT equipment/electronic parts & devices (n=44)	6.8	38.6	31.8	22.7
Cars/car parts/other transportation machinery (n=80)	6.3	35.0	48.8	10.0
Precision equipment (n=68)	5.9	45.6	35.3	13.2
Other manufacturing (n=171)	8.8	60.2	21.1	9.9
<b>Non-manufacturing (n=983)</b>	19.0	56.5	14.4	10.1
Trade and wholesale (n=579)	13.3	55.3	16.8	14.7
Retail (n=76)	13.2	68.4	15.8	2.6
Construction (n=53)	41.5	50.9	7.5	0.0
Transport (n=52)	21.2	55.8	19.2	3.8
Finance & insurance (n=24)	83.3	8.3	8.3	0.0
Communication, information & software (n=43)	25.6	67.4	2.3	4.7
Professional services (n=30)	6.7	63.3	13.3	16.7
Other manufacturing (n=126)	27.0	61.1	9.5	2.4
<b>Large-scale firms (n=454)</b>	10.6	50.4	31.7	7.3
Large-scale firms (excluding leading medium-sized firms) (n=109)	7.3	38.5	41.3	12.8
Leading medium-sized firms (n=345)	11.6	54.2	28.7	5.5
<b>SMEs (n=2,027)</b>	14.9	60.0	17.0	8.1
SMEs (excluding micro-businesses) (n=865)	14.3	57.0	21.2	7.5
Micro-businesses (n=1,162)	15.4	62.2	13.9	8.5

Note: 1) n = 2,481 who answered their proportion of overseas sales amongst the number of firms who are performing exports or having overseas basis. 2) Sales based upon exports as a general rule classified as overseas sales. 3) Highlighted cells indicate items chosen by the largest number of firms for each industry type.

Proportion of domestic / overseas sales for 2017 (total, by industry, firm size)

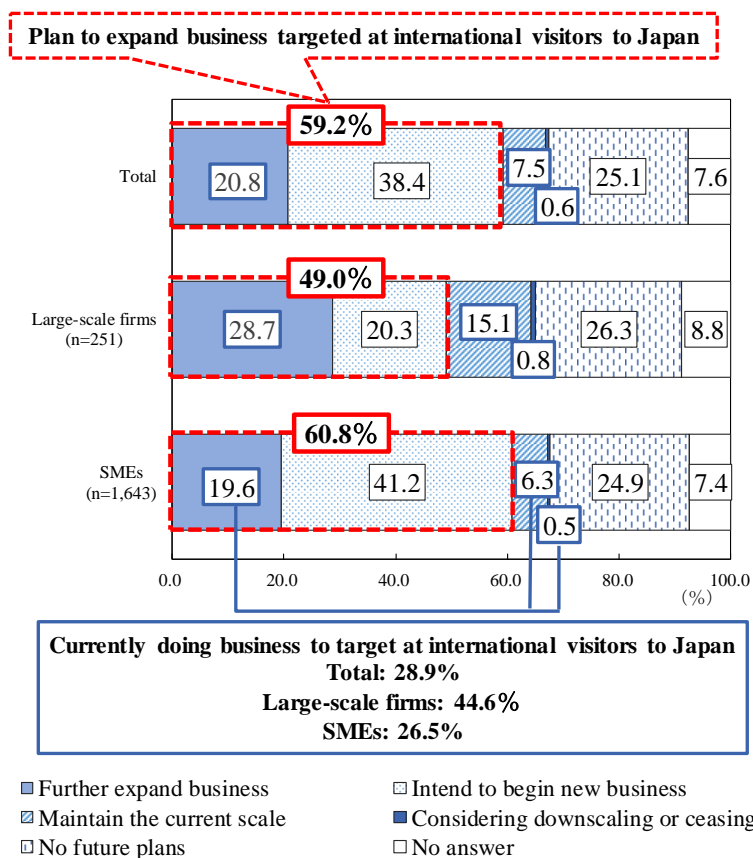
	Domestic sales	Overseas sales	Proportion of overseas sales (%)			
			Asia Pacific	North America/ Central and South America	Europe/ Russia	Middle East / Africa
Total (n=2,481)	81.3	18.7	12.0	3.9	2.2	0.6
<b>Manufacturing (n=1,498)</b>	81.2	18.8	11.3	4.3	2.6	0.5
Food & beverages (n=374)	91.7	8.3	4.5	2.8	0.9	0.1
Textiles/clothing (n=78)	86.6	13.4	7.9	2.8	2.6	0.2
Wood & woods products/furniture & building materials/paper & pulp (n=54)	82.8	17.2	10.5	3.6	2.8	0.4
Chemicals (n=82)	75.4	24.6	17.3	4.4	2.4	0.5
Medical products & cosmetics (n=53)	87.6	12.4	9.6	1.1	1.6	0.1
Coal & petroleum products/plastics/rubber products (n=90)	81.8	18.2	12.3	3.8	1.7	0.4
Ceramics/earth & stone (n=21)	84.7	15.3	13.1	0.9	1.3	0.1
Iron & steel/non-ferrous metals/metal products (n=157)	81.5	18.5	12.7	3.4	2.1	0.4
General machinery (n=141)	72.5	27.5	15.7	6.8	3.6	1.4
Electrical equipment (n=85)	78.3	21.8	13.6	3.9	3.5	0.8
IT equipment/electronic parts & devices (n=44)	64.5	35.6	23.5	7.7	4.2	0.1
Cars/car parts/other transportation machinery (n=80)	66.6	33.4	18.0	10.0	3.6	1.8
Precision equipment (n=68)	69.4	30.6	13.6	9.2	6.6	1.2
Other manufacturing (n=171)	79.5	20.5	11.8	3.9	4.3	0.5
<b>Non-manufacturing (n=983)</b>	81.4	18.6	13.0	3.2	1.6	0.8
Trade and wholesale (n=579)	76.1	23.9	17.0	3.5	2.4	1.0
Retail (n=76)	88.4	11.6	7.3	3.4	0.3	0.7
Construction (n=53)	93.5	6.5	5.5	0.5	0.3	0.1
Transport (n=52)	84.4	15.6	10.7	3.0	1.6	0.2
Finance & insurance (n=24)	96.3	3.7	2.1	1.2	0.4	0.1
Communication, information & software (n=43)	91.8	8.3	6.5	1.7	0.1	0.0
Professional services (n=30)	78.9	21.1	13.5	5.8	1.6	0.4
Other manufacturing (n=126)	89.2	10.8	6.4	3.3	0.5	0.7
<b>Large-scale firms (n=454)</b>	77.9	22.1	12.3	6.0	3.2	0.6
Large-scale firms (excluding leading medium-sized firms) (n=109)	70.9	29.1	14.0	8.7	5.3	1.1
Leading medium-sized firms (n=345)	80.1	19.9	11.8	5.1	2.5	0.5
<b>SMEs (n=2,027)</b>	82.0	18.0	11.9	3.4	2.0	0.6
SMEs (excluding micro-businesses) (n=865)	81.2	18.9	11.9	3.9	2.4	0.6
Micro-businesses (n=1,162)	82.7	17.3	11.9	3.1	1.8	0.6

Note: 1) n = 2,481 who answered their proportion of overseas sales amongst the number of firms who are performing exports or having overseas basis 2) Sales based upon exports as a general rule classified as overseas sales. 3) Highlighted cells indicate items which proportion of overseas sales was 20% or more.

Nearly 30% of firms doing business targeted at international visitors to Japan, 60% plan to expand this business

When asked about business targeting international visitors to Japan (see notes), 28.9% of firms answered they were already active in this field. In response to being asked about their efforts regarding this in the near future (next 3 years or so) 59.2% answered that they planned to expand their business (a figure combining firms who “Plan to expand further” (20.8%) and “Intend to begin new business” (38.4%)). Note: Limited to sales/services being offered in Japan

**Business targeted at international visitors to Japan (total, by firm size)**



**Business targeted at international visitors to Japan (total, by industry)**

	Number of firms	Currently doing business	Plan to expand business	Further expand business	Intend to begin new business	Maintain the current scale	Considering downscaling or ceasing	No future plans	No answer
<b>Total</b>	1,894	28.9	59.2	20.8	38.4	7.5	0.6	25.1	7.6
<b>Manufacturing</b>	1,041	27.7	59.3	18.8	40.4	8.3	0.6	25.0	6.9
Food & beverages	432	29.9	72.5	23.1	49.3	6.0	0.7	16.7	4.2
Textiles/clothing	78	26.9	69.2	17.9	51.3	9.0	0.0	15.4	6.4
Wood & woods products/furniture & building materials/paper & pulp	41	24.4	78.0	22.0	56.1	2.4	0.0	14.6	4.9
Chemicals	25	20.0	32.0	12.0	20.0	8.0	0.0	40.0	20.0
Medical products & cosmetics	59	44.1	64.4	32.2	32.2	10.2	1.7	11.9	11.9
Coal & petroleum products/plastics/rubber products	45	20.0	46.7	11.1	35.6	8.9	0.0	37.8	6.7
Ceramics/earth & stone	15	33.3	46.7	13.3	33.3	6.7	13.3	33.3	0.0
Iron & steel/non-ferrous metals/metal products	75	21.3	44.0	13.3	30.7	8.0	0.0	36.0	12.0
General machinery	41	24.4	24.4	9.8	14.6	14.6	0.0	46.3	14.6
Electrical equipment	28	17.9	25.0	3.6	21.4	14.3	0.0	53.6	7.1
IT equipment/electronic parts & devices	17	35.3	35.3	23.5	11.8	11.8	0.0	52.9	0.0
Cars/car parts/other transportation machinery	19	21.1	31.6	5.3	26.3	15.8	0.0	47.4	5.3
Precision equipment	31	16.1	35.5	3.2	32.3	12.9	0.0	35.5	16.1
Other manufacturing	135	27.4	52.6	17.0	35.6	10.4	0.0	30.4	6.7
<b>Non-manufacturing</b>	853	30.4	59.2	23.2	36.0	6.6	0.6	25.2	8.4
Trade and wholesale	404	25.5	57.4	20.0	37.4	5.2	0.2	29.5	7.7
Retail	98	37.8	70.4	26.5	43.9	10.2	1.0	17.3	1.0
Construction	36	13.9	33.3	5.6	27.8	8.3	0.0	30.6	27.8
Transport	37	29.7	45.9	24.3	21.6	5.4	0.0	40.5	8.1
Finance & insurance	37	45.9	40.5	27.0	13.5	13.5	5.4	24.3	16.2
Communication, information & software	48	25.0	54.2	20.8	33.3	4.2	0.0	29.2	12.5
Professional services	29	44.8	72.4	34.5	37.9	6.9	3.4	10.3	6.9
Other non-manufacturing	164	37.2	68.9	30.5	38.4	6.7	0.0	16.5	7.9

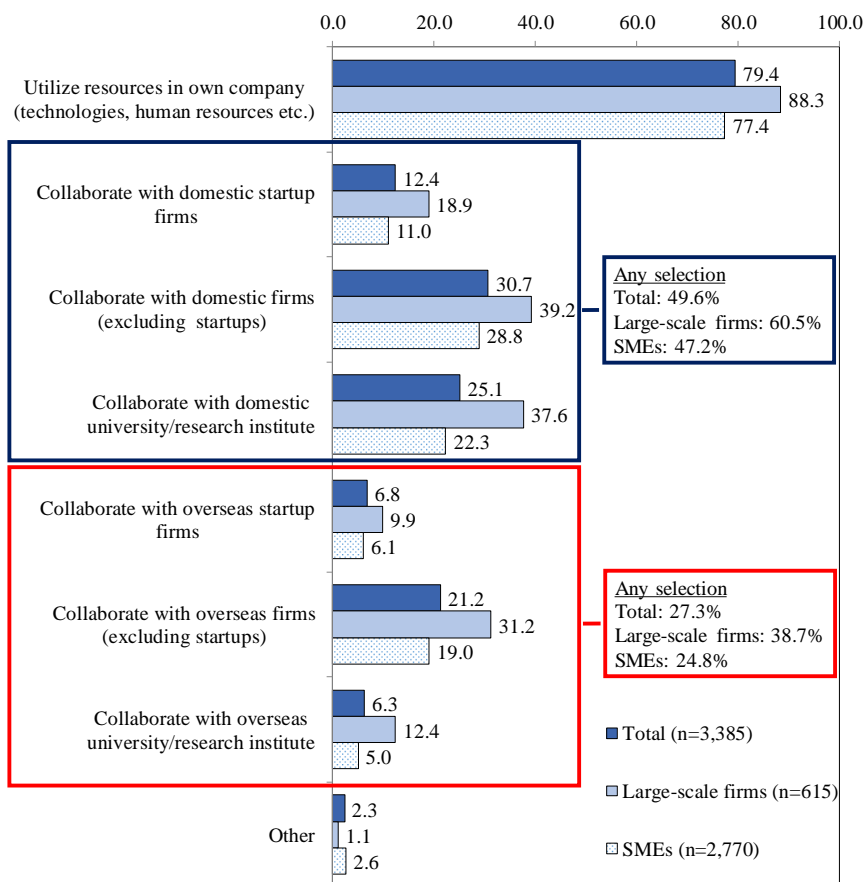
Note: 1) n= the number of total respondents minus those who answered “industry is not relevant for international visitors to Japan”. 2) Total of “currently doing business”, “further expand business”, “maintain the current scale”, and “considering downscaling or ceasing” 3) Highlighted areas are the items for which the proportion of answers was the highest for each industry.

# Approx. 30% are collaborating with overseas firms/universities/research institutes

When aiming to create new businesses, business models, or products/services, the percentage of firms answering they “utilize resources in own firms (technologies, human resources etc.)” is the largest (79.4%). The response rate of firms answering that they would collaborate with domestic firms/universities/research institutes is 49.6%, compared to 27.3% for overseas locations. In terms of countries/regions that were being targeted for collaboration, China received the highest percentage of answers at 36.3% This was followed by the US, Taiwan, and Vietnam.

**Efforts related to innovation (total, by firm size)**

(Multiple answers, %)



Note: n = the total number of respondent firms.

**Nationality of firms/universities/research institutes (total, by firm size, by industry)**

(Multiple answers, %)

	Total (n=925)	By firm size		By industry	
		Large-scale firms (n=238)	SMEs (n=687)	Manufacturing (n=453)	Non-manufacturing (n=472)
Advanced economies	56.1	61.8	54.1	62.5	50.0
Emerging and developing economies	63.0	58.8	64.5	60.9	65.0
Asia Pacific	70.3	65.1	72.1	70.0	70.6
China	36.3	36.6	36.2	38.0	34.7
Hong Kong	11.9	10.1	12.5	10.8	12.9
Taiwan	19.8	13.9	21.8	21.0	18.6
Korea	13.5	12.6	13.8	17.0	10.2
ASEAN	44.3	45.0	44.1	41.3	47.2
Singapore	10.7	14.3	9.5	10.2	11.2
Thailand	18.2	21.4	17.0	18.5	17.8
Malaysia	8.0	7.6	8.2	7.7	8.3
Indonesia	12.2	17.2	10.5	10.2	14.2
Philippines	5.7	5.9	5.7	5.5	5.9
Vietnam	19.6	19.3	19.7	15.9	23.1
Myanmar	4.0	5.0	3.6	2.4	5.5
India	7.2	12.2	5.5	7.5	7.0
North America/Latin America	22.7	38.7	17.2	27.4	18.2
US	20.9	35.3	15.9	25.8	16.1
Europe/Russia	20.0	24.4	18.5	24.5	15.7
Western Europe	18.5	24.4	16.4	23.0	14.2
UK	5.4	8.0	4.5	5.5	5.3
Western Europe (excluding UK)	15.9	20.2	14.4	20.8	11.2
Middle East/Africa	3.4	4.2	3.1	1.5	5.1

Note: 1) n = firms answering “collaborate with overseas startup firms”, “collaborate with overseas firms (excluding startups)” and “collaborate with overseas university/research institute”. 2) The table only shows countries/regions where the number of respondent large-scale, small and medium-sized, manufacturing and non-manufacturing firms is 10 or more.



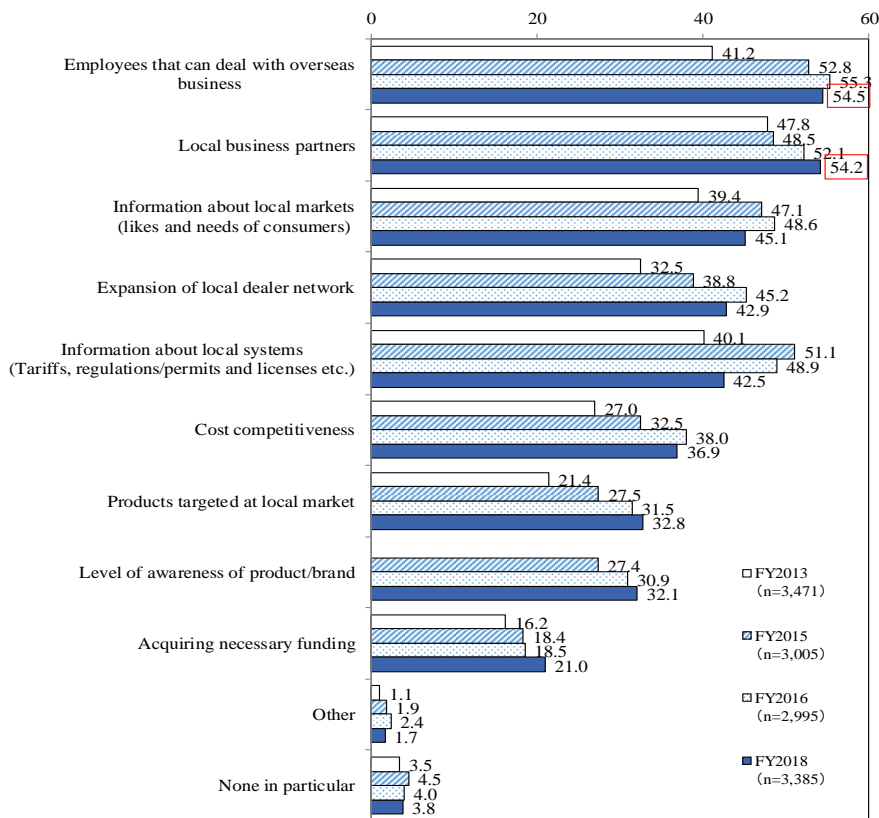
# More than half considered personnel and local business partners to be challenges

When asked about challenges relating to overseas business (exports/overseas expansion) the majority answered “employees that can deal with overseas business” (54.5%). The percentage for “local business partners” (54.2%) had increased compared to previous surveys. By firm size, the majority of large-scale firms answered that “employees that can deal with overseas business” was their biggest challenge (67.3%) with small and medium-sized enterprises answering “local business partners” (54.9%).

Challenges for overseas business (exports/overseas expansion)

(total, time series)

(Multiple answers, %)



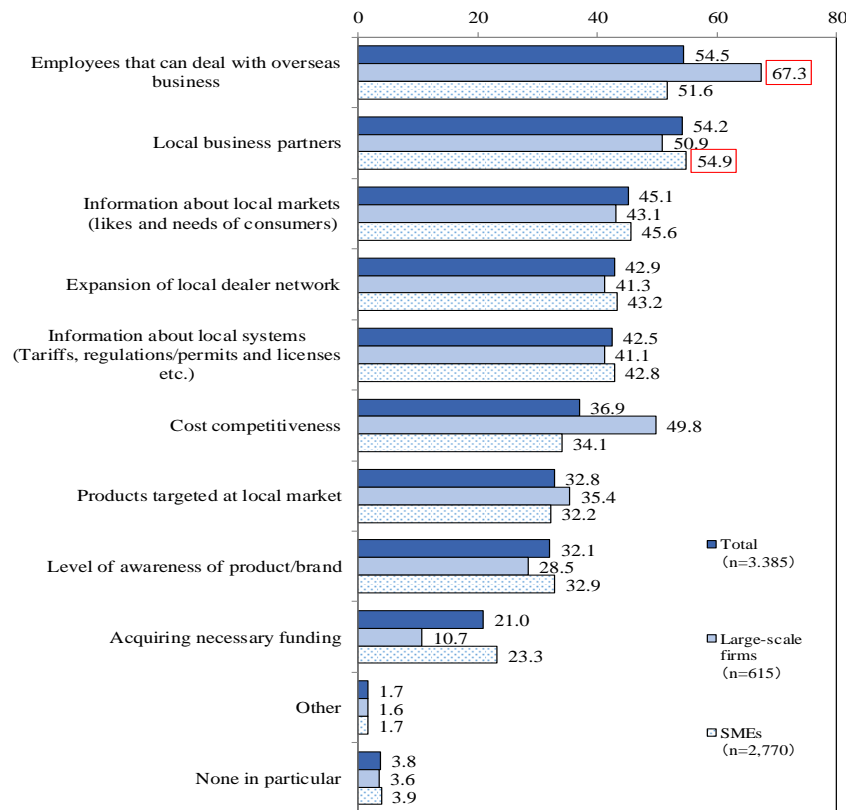
Note: 1) n= the total number of respondent firms.

2) There was no selection for “level of awareness of product/brand” in the FY 2013 survey.

Challenges for overseas business (exports/overseas expansion)

(total, by firm size)

(Multiple answers, %)



Note: n= the total number of respondent firms.

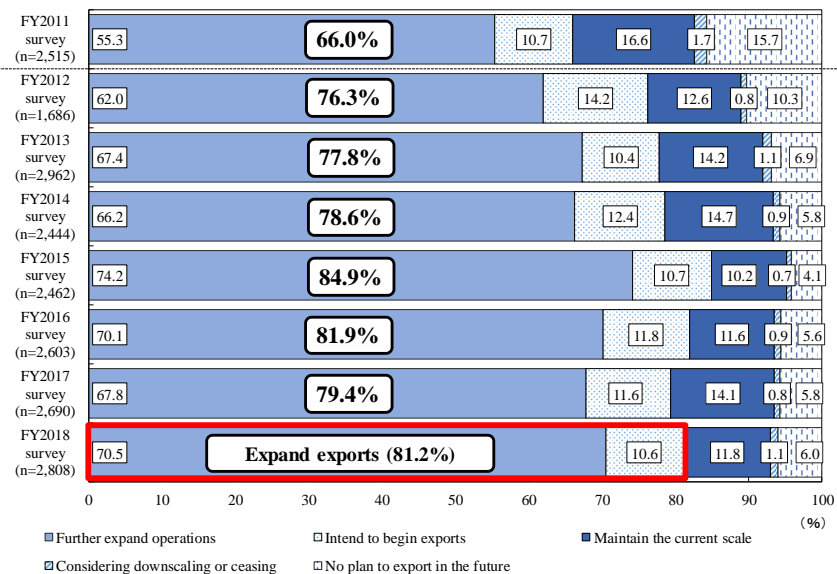
## 2. International trade

- Diminished motivation to expand exports levels off while the ratio of responses with China as the most important export destination increases -

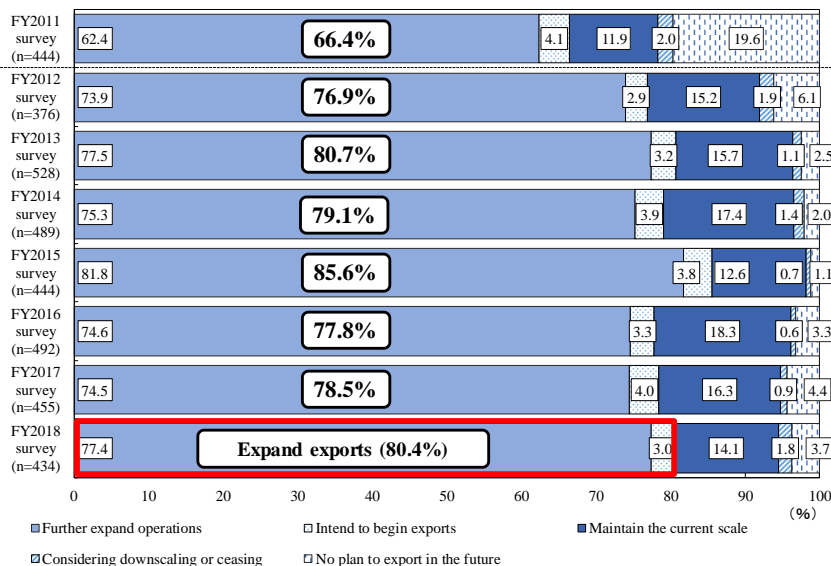
# Diminished motivation to expand exports levels off

Regarding export policies over the next three years or so, 81.2% of firms answered that they would expand exports. (This figure combines firms “planning to further expand exports” [70.5%] as well as those “intending to begin exports” [10.6%]). The proportion of firms that are willing to expand exports continued to decline from the peak of FY2015 (84.9%), dropping below 80% in FY2017 (79.4%), but leveling off in FY2018. However, amongst the respondents there were firms who commented that they wanted to prioritize their domestic business or lacked the personnel necessary for export expansion, so the response rate did not reach the peak seen in FY 2015.

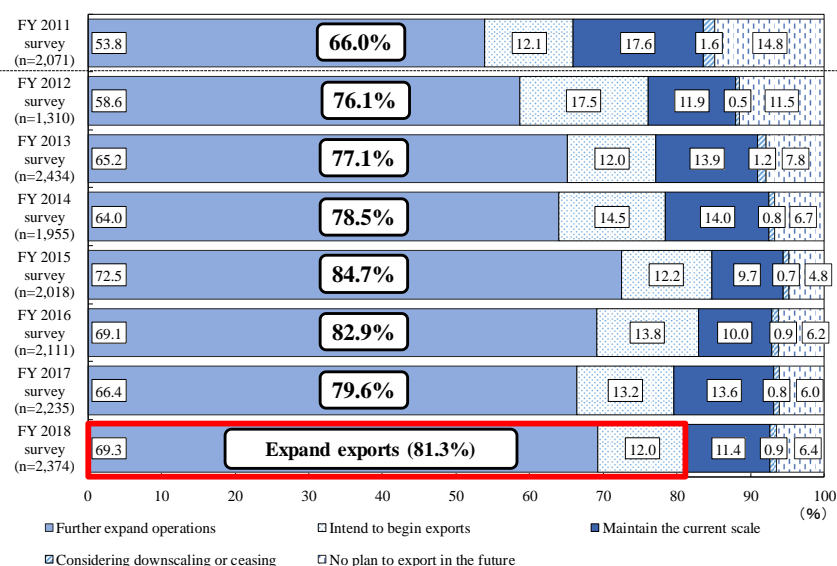
Policy on exports for the future (total)



Policy on exports for the future (large-scale firms)



Policy on exports for the future (SMEs)



Note: n = total number of respondent firms, excluding “no international trade for the operations” (item created in FY 2012) and “no answer”.

# Increase in proportion of exports for non-manufacturing sectors

## Policy on exports for the future (by industry)

(%)

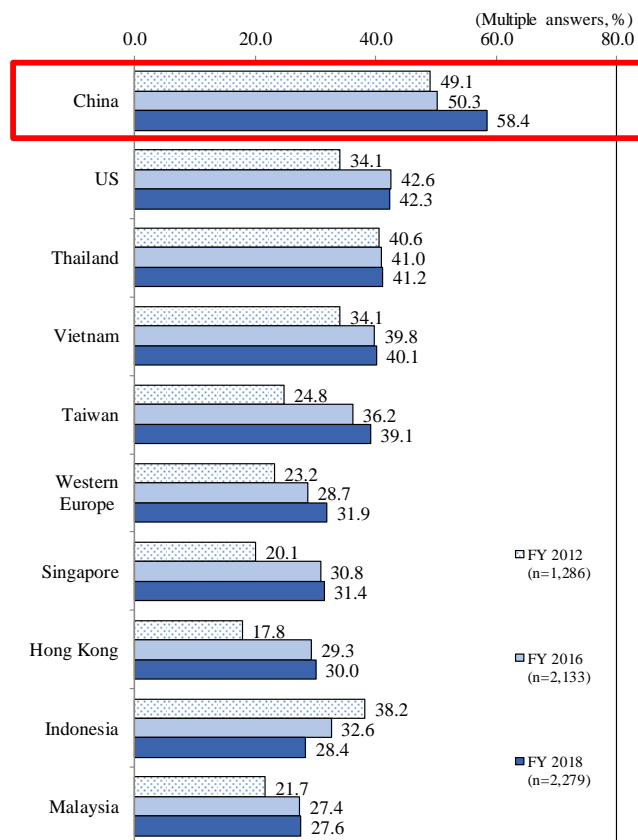
	No. of firms	Expand exports		Conducting export operations now and intending to expand them		Not conducting export operations now, but intending to begin exports		Conducting export operations now and maintaining the current scale		Conducting export operations now, but considering downsizing or ceasing		Neither conducting export operations now or intending to export in the future	
		FY17→ FY18	FY17→ FY18	FY17→ FY18	FY17→ FY18	FY17→ FY18	FY17→ FY18	FY17→ FY18	FY17→ FY18	FY17→ FY18	FY17→ FY18		
Total	2,808	81.2	+ 1.8	70.5	+ 2.7	10.6	Δ1.0	11.8	Δ2.3	1.1	+ 0.3	6.0	+ 0.2
Manufacturing	1,742	81.6	+ 0.7	73.7	+ 1.2	7.9	Δ0.4	12.9	Δ0.9	1.0	+ 0.4	4.6	Δ0.2
Food & beverages	451	88.2	+ 3.0	77.6	+ 2.1	10.6	+ 0.8	7.3	Δ3.2	0.2	Δ0.2	4.2	+ 0.5
Textiles/clothing	88	81.8	+ 1.0	67.0	+ 2.4	14.8	Δ1.4	8.0	Δ4.2	1.1	+ 1.1	9.1	+ 2.0
Wood & woods products/furniture & building materials/paper & pulp	60	81.7	+ 2.0	71.7	+ 8.7	10.0	Δ6.7	11.7	Δ1.3	1.7	Δ0.2	5.0	Δ0.6
Chemicals	91	78.0	Δ4.4	76.9	Δ3.3	1.1	Δ1.1	18.7	+ 6.6	1.1	Δ1.1	2.2	Δ1.1
Medical products & cosmetics	67	98.5	+ 1.4	92.5	+ 2.8	6.0	Δ1.4	1.5	Δ1.4	0.0	+ 0.0	0.0	+ 0.0
Coal & petroleum products/plastics/rubber products	101	75.2	+ 3.7	64.4	+ 4.1	10.9	Δ0.5	19.8	Δ0.7	3.0	+ 1.8	2.0	Δ4.8
Ceramics/earth & stone	28	67.9	Δ7.1	64.3	Δ10.7	3.6	+ 3.6	14.3	Δ7.6	0.0	+ 0.0	17.9	+ 14.7
Iron & steel/non-ferrous metals/metal products	189	72.0	+ 1.4	62.4	+ 0.5	9.5	+ 0.9	19.0	+ 1.9	0.5	Δ0.1	8.5	Δ3.2
General machinery	159	85.5	Δ0.1	81.8	Δ1.2	3.8	+ 1.2	11.9	Δ1.8	0.6	+ 0.6	1.9	+ 1.2
Electrical equipment	94	79.8	Δ1.4	74.5	Δ2.0	5.3	+ 0.6	16.0	+ 1.8	2.1	+ 2.1	2.1	Δ2.6
IT equipment/electronic parts & devices	51	74.5	+ 1.6	70.6	+ 9.6	3.9	Δ7.9	21.6	+ 1.2	0.0	Δ1.7	3.9	Δ1.2
Cars/car parts/other transportation machinery	89	64.0	Δ2.3	56.2	Δ3.8	7.9	+ 1.5	29.2	+ 1.8	4.5	+ 4.5	2.2	Δ4.1
Precision equipment	74	79.7	Δ5.0	79.7	Δ1.6	0.0	Δ3.4	14.9	+ 1.3	1.4	+ 1.4	4.1	+ 2.4
Other manufacturing	200	84.5	+ 1.3	76.5	+ 2.8	8.0	Δ1.5	8.5	Δ2.0	0.5	Δ0.6	6.5	+ 1.2
Non-manufacturing	1,066	80.5	+ 3.4	65.5	+ 5.2	15.0	Δ1.9	10.0	Δ4.5	1.2	+ 0.1	8.3	+ 0.9
Trade and wholesale	664	83.4	+ 3.1	75.3	+ 5.3	8.1	Δ2.3	10.2	Δ3.4	0.9	+ 0.3	5.4	+ 0.1
Retail	95	80.0	+ 2.8	57.9	+ 1.5	22.1	+ 1.3	9.5	Δ3.4	1.1	Δ1.9	9.5	+ 2.5
Construction	47	74.5	+ 9.1	42.6	+ 2.6	31.9	+ 6.6	14.9	Δ7.8	4.3	+ 2.9	6.4	Δ4.3
Transport	28	67.9	+ 2.9	57.1	+ 2.1	10.7	+ 0.7	21.4	Δ3.6	0.0	Δ5.0	10.7	+ 5.7
Communication, information & software	54	83.3	+ 3.0	44.4	+ 3.4	38.9	Δ0.4	5.6	Δ3.4	0.0	+ 0.0	11.1	+ 0.4
Professional services	25	48.0	Δ16.7	32.0	Δ9.2	16.0	Δ7.5	12.0	Δ17.4	8.0	+ 8.0	32.0	+ 26.1
Other non-manufacturing	148	78.4	+ 4.2	50.0	+ 6.7	28.4	Δ2.5	7.4	Δ5.1	1.4	Δ0.3	12.8	+ 1.2

Note: 1) n = total number of firms, excluding firms answering "no international trade for the operations" and "no answer". 2) The table only shows the industries where the number of respondent firms is 10 or more.

## Response rate with China as export target destination in the future increases

The largest number of firms are planning to expand exports or begin exports to China (58.4%), followed by the US (42.3%) and Thailand (41.2%). The percentage of firms choosing China as export target countries and regions increased compared to the previous survey (FY 2016). Per sectors, the percentage of manufacturing firms choosing China, Taiwan, and Western Europe increased. Compared with FY 2016, the percentage of non-manufacturing firms choosing China and Vietnam increased, and Vietnam rose to second place from third place.

Export target countries and regions in the future (total, time series)



Export target countries and regions in the future (by industry)

Total (n=2,279)				Manufacturing (n=1,421)				Non-manufacturing (n=858)			
Rank	Country/region	Share		Rank	Country/region	Share		Rank	Country/region	Share	
		FY16→	FY18			FY16→	FY18			FY16→	FY18
1	China	58.4	+8.1	1	China	60.5	+8.6	1	China	54.9	+7.2
2	US	42.3	Δ0.3	2	US	48.2	+0.4	2	Vietnam	42.2	+2.9
3	Thailand	41.2	+0.2	3	Thailand	42.2	+1.1	3	Thailand	39.7	Δ1.1
4	Vietnam	40.1	+0.3	4	Taiwan	41.0	+4.7	4	Taiwan	36.1	Δ0.1
5	Taiwan	39.1	+2.9	5	Vietnam	38.8	Δ1.2	5	US	32.6	Δ1.7
6	Western Europe	31.9	+3.2	6	Western Europe	36.8	+4.2	6	Hong Kong	30.5	Δ1.6
7	Singapore	31.4	+0.6	7	Singapore	32.0	+0.9	7	Singapore	30.3	Δ0.1
8	Hong Kong	30.0	+0.7	8	Hong Kong	29.6	+2.0	8	Malaysia	28.2	+0.7
9	Indonesia	28.4	Δ4.2	9	Indonesia	28.9	Δ5.2	9	Indonesia	27.7	Δ2.6
10	Malaysia	27.6	+0.2	10	Malaysia	27.2	Δ0.2	10	Western Europe	23.8	+1.4

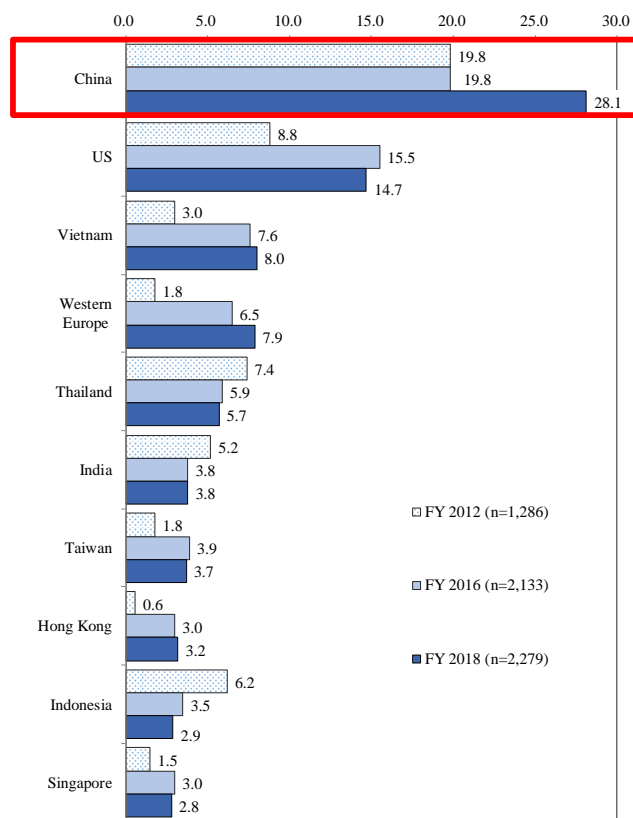
Note: 1) n = number of firms answering "planning to expand exports" or "intending to begin exports". 2) Yellow highlighted cells indicate countries/regions with an increase 3% or more from FY 2016 and blue highlighted cells indicate countries/regions with decrease of 3% or more from FY 2016.

Note: 1) n = number of firms answering "planning to expand exports" or "intending to begin exports". 2) Only top 10 countries and regions that gained higher percentages concerning the question on "export target countries and regions in the future" in the FY2018 survey are displayed.

## Large increase in response rate with China as the most important export destination in the future

With regard to the most important export destinations among target countries and regions, 28.1% of firms planning to expand exports in the future selected China. This is followed by the United States (14.7%) and Vietnam (8.0%). Compared with the previous survey in FY2016, the proportion for China has greatly increased from 19.8%. Looking at the reasons why China was selected as the most important export destination, 92.2% answered that it was due to increased demand, far exceeding other reasons.

**The most important export target countries and regions in the future (total, time-series)** (%)



Note: 1) n = number of firms answering "planning expand exports" or intending to begin exports". 2) Only top 10 countries and regions that gained higher percentages concerning the question on "the most important export target countries and regions in the future" in the FY2018 survey are displayed.

**Reasons for the most important export target countries and regions in the future (by country/region)**

	No. of firms	(Multiple answers, %)						
		Increasing demand in relevant country/region	High profitability in relevant country/region	Parent or client firms entering overseas market	Tariff eliminated/decreased due to free trade agreements etc	Changes in regulations/legal system in relevant country/region	Consideration of exchange rate fluctuation	Other
Total	2,105	78.1	17.4	12.6	4.8	2.9	0.5	8.9
China	640	92.2	13.0	11.6	1.3	3.6	0.0	3.3
US	334	71.9	36.2	9.6	1.5	1.8	0.9	7.5
Vietnam	183	73.8	4.4	22.4	9.8	1.6	0.5	10.4
Western Europe	180	69.4	23.3	2.8	13.9	1.7	1.1	13.9
Thailand	131	61.8	7.6	32.8	13.0	2.3	0.0	13.0
India	87	87.4	5.7	12.6	6.9	4.6	0.0	9.2
Taiwan	84	67.9	17.9	11.9	0.0	2.4	0.0	16.7
Hong Kong	73	75.3	27.4	4.1	8.2	5.5	0.0	9.6
Indonesia	65	78.5	7.7	15.4	6.2	0.0	0.0	10.8
Singapore	64	67.2	32.8	12.5	4.7	4.7	0.0	10.9

Note: 1) n = number of firms answering "the most important export target countries and regions in the future", excluding "no answer". 2) Yellow highlighted cells indicate countries/regions with the highest response rate for each item.

# Increase in proportion of firms who see Chinese firms as rivals

When examining rival firms at the top ranking export destinations, there has been a sharp increase in the number of firms who are focused on Chinese rivals compared to the previous survey (FY2012). When asked about the competitiveness of rival firms at their largest export destination, the number that answered “price/cost competitiveness” for Chinese rivals and those that answered “powerful brand name” for US and European firms was comparatively high.

## Competitiveness of rival firms at largest export destination (by firm nationality)

(Multiple answers, %)

	No. of firms	Price/Cost competitiveness	Distribution network (Agency network etc.)	Powerful brand name	Product lineups	Quality	Ties/linkages with local governments	Human resources	A swift decision-making process in management	Other	Not particularly	
Total	1,774	82.8	40.4	35.7	23.5	18.7	18.7	13.8	12.2	2.7	1.0	
Rival firms	Japanese firms	386	69.9	37.8	37.0	22.5	23.1	13.0	13.7	6.7	2.3	1.6
	Chinese firms	206	89.8	27.2	13.6	13.6	7.3	19.9	9.2	9.7	2.4	1.5
	Korean firms	39	79.5	30.8	28.2	25.6	33.3	17.9	7.7	15.4	0.0	0.0
	US firms	61	73.8	34.4	50.8	23.0	18.0	8.2	6.6	8.2	1.6	0.0
	European firms	51	72.5	49.0	51.0	27.5	15.7	17.6	11.8	13.7	5.9	3.9
	Firms in export destinations	59	78.0	37.3	25.4	13.6	11.9	22.0	18.6	5.1	0.0	3.4
Other firms	18	66.7	38.9	38.9	16.7	22.2	22.2	5.6	5.6	11.1	0.0	

Note: 1) n = number of firms answering “the largest export destination country/region”, excluding “no competition” or “no answer”. 2) Each rival firm is counted if only the firm is a competitor in the largest export destination. 3) Yellow highlighted cells indicate items with 50% or more. 4) Bolded figures indicate the highest answer rate for each item.

## Rival firms at main export destinations

(Multiple answers, %)

Rival firms → ↓ Export destinations	Total number of replies	Japanese firms		Chinese firms		Korean firms		Western firms		US firms	European firms	Firms in export destinations		Other		No competition	
		FY12→FY18		FY12→FY18		FY12→FY18		FY12→FY18				FY12→FY18		FY12→FY18		FY12→FY18	
Total	4,535	58.1	-	42.0	-	18.7	-	29.9	-	16.2	22.3	12.1	-	3.1	-	7.2	-
China	915	60.3	Δ0.9	67.7	+0.5	16.5	Δ 6.9	25.1	Δ 7.1	12.1	21.1	-	-	3.0	+0.1	5.5	Δ0.5
US	574	57.1	Δ0.7	32.2	+5.3	15.5	Δ 6.4	57.1	Δ 6.3	50.9	22.5	-	-	2.6	Δ1.1	5.7	+1.8
Taiwan	443	63.0	+0.9	33.9	+0.1	14.7	Δ 5.8	18.5	Δ 9.2	9.9	14.4	30.2	Δ 9.0	1.1	+0.1	7.4	+2.3
Thailand	352	69.3	+6.3	33.8	+4.1	10.2	Δ 8.2	20.2	Δ 8.4	7.1	17.3	25.9	Δ1.1	4.3	Δ1.7	7.1	+0.8
Western Europe	346	50.0	+9.6	32.9	+2.4	13.0	Δ 5.8	61.8	Δ2.8	17.9	59.5	-	-	1.7	Δ2.5	6.1	Δ1.5
Hongkong	336	71.7	+7.6	40.2	Δ 4.6	15.5	Δ 5.2	11.6	Δ 7.7	7.4	9.2	12.8	Δ 8.7	3.6	Δ0.5	6.3	Δ0.4
Korea	317	51.1	Δ 6.8	32.5	+9.4	56.5	Δ 6.7	26.8	Δ 3.1	12.6	22.7	-	-	2.5	Δ0.5	5.0	+0.7
Vietname	228	57.0	+2.5	41.7	+10.0	28.5	+6.5	18.9	Δ1.4	9.2	16.7	27.6	+6.5	5.7	Δ0.8	6.6	Δ2.3
Sinagpore	198	70.7	+13.7	29.3	Δ 3.9	11.6	Δ 9.1	21.2	Δ 6.3	12.1	17.7	16.7	Δ 6.1	2.0	Δ2.7	7.6	Δ0.7
Indonesia	158	50.0	Δ 10.2	46.2	+8.1	15.8	Δ 6.9	23.4	Δ 8.1	9.5	20.9	30.4	+8.3	5.1	+0.1	7.0	+0.9

Note: 1) n = total number of replies from firms currently conducting export operations. 2) An aggregate of the top five export value countries/regions in FY2012 and the same three in FY18 survey. 3) Only the top ten countries and regions that gained higher replies in the FY18 are displayed. 4) The value for Western Europe for FY12 was recounted based upon definition of a region in FY18. 5) For FY18 “Western firms” is the number of answers for “US firms” or “European firms”. In FY12 there is no distinction between US and European firms (Canadian firms were included in western firms in FY12). 6) Yellow highlighted cells indicate countries/regions with an increase of 3% or more since FY12. Blue highlighted cells indicate countries/regions with a decrease of 3% or more.

### 3. Overseas expansion

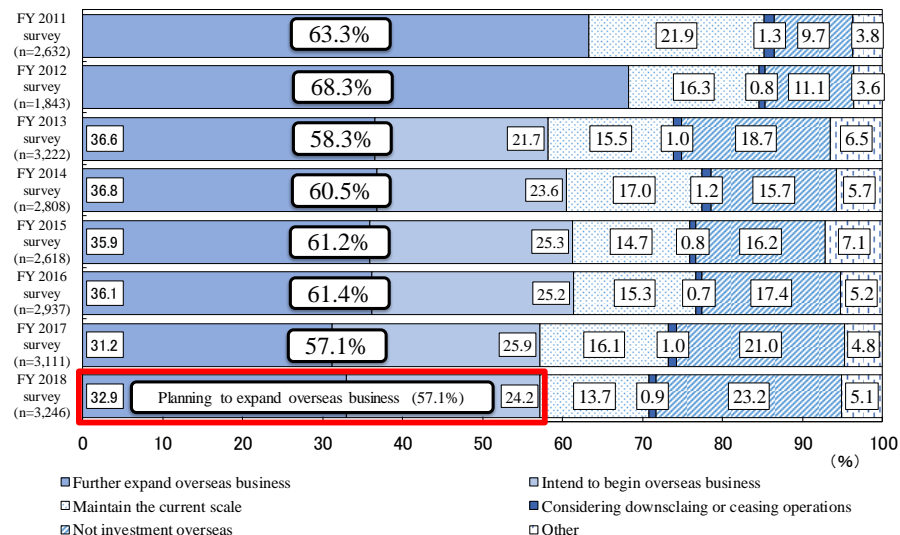
- While motivation to expand overseas business remains unchanged overall, an increased interest in China and the US is seen -



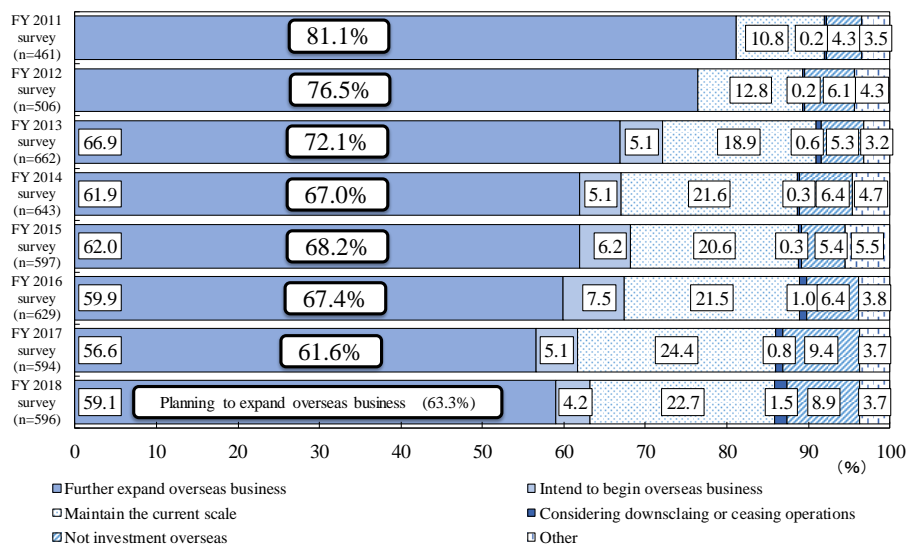
# Motivation to expand overseas business remains unchanged

Regarding overseas business (direct investment) expansion policies over the next three years or so, the ratio of firms “planning to expand overseas business” came to 57.1%, remaining the same as the previous year. (This figure combines firms “planning to further expand overseas business” [32.9%] and those “intending to begin overseas business” [24.2%]). By firm size, the proportion of large-scale firms who answered “planning to expand overseas business” was 63.3%, an increase from 61.6% in the previous year. On the other hand, small and medium-sized enterprises answered 55.7%, approximately the same as for the previous year (56.1%). Regarding factors for motivation to expand remaining the same, many respondents pointed out a shortage of human resources. At the same time, a notable portion of firms answered that they are relying on exports to meet overseas demand.

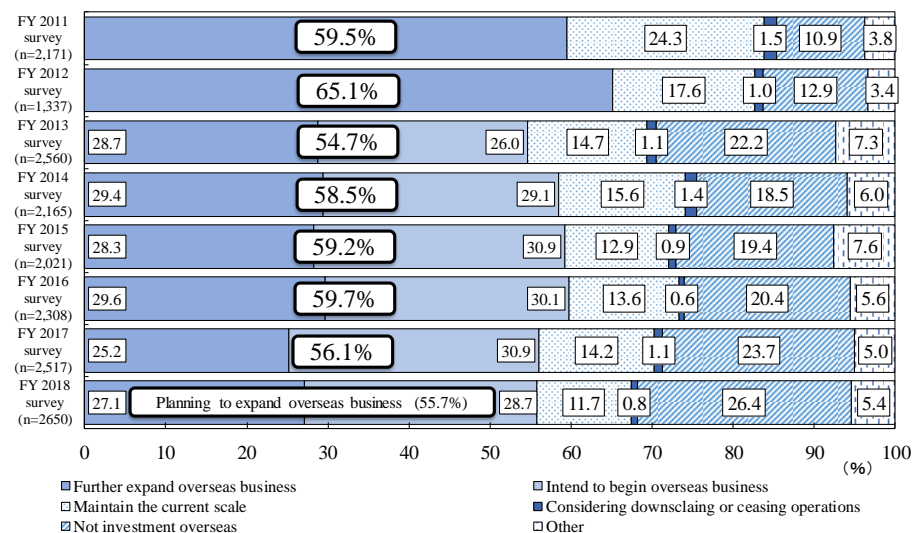
## Future overseas expansion policy (total)



## Future overseas expansion policy (large-scale firms)



## Future overseas expansion policy (SMEs)

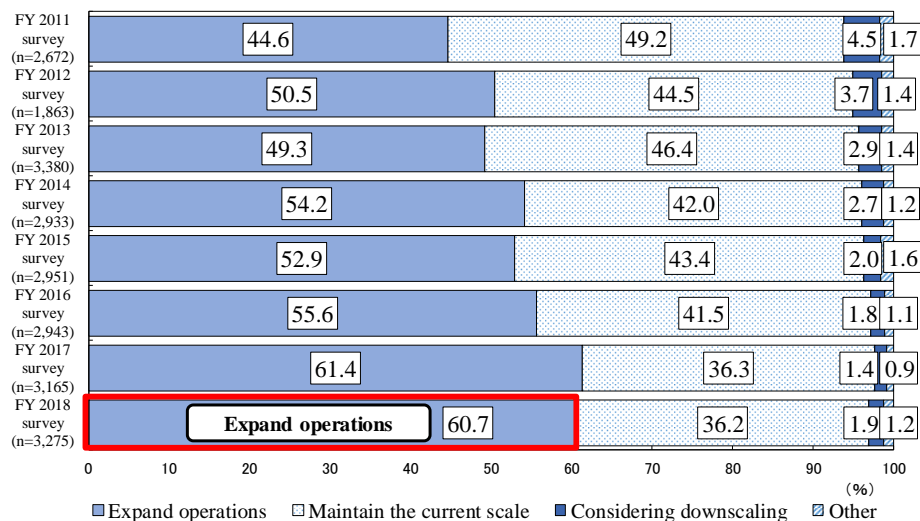


Note: 1) n = the total number of respondent firms, excluding firms answering “no answer” 2) The answer “planning to expand overseas business” for FY 2012 and 2011 is the proportion of firms who responded “plan to newly invest overseas or expand existing business”.

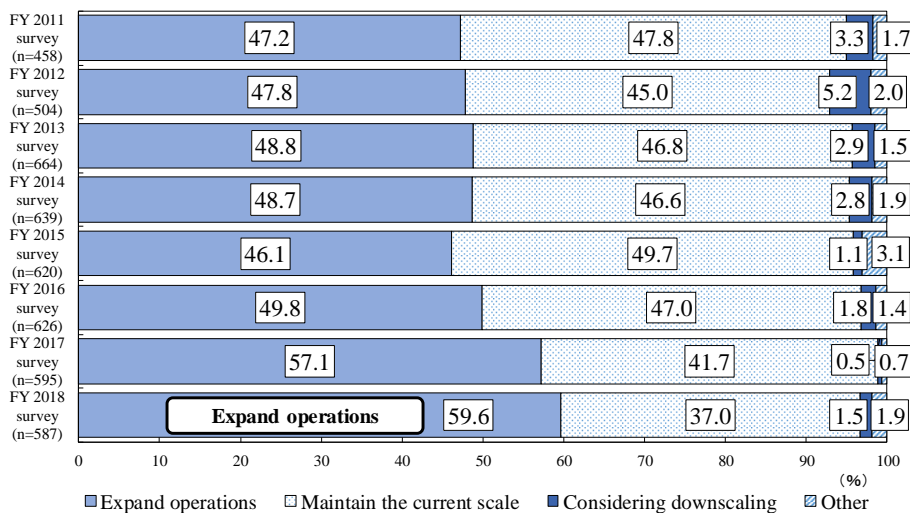
# Domestic business expansion remains high

In terms of domestic business expansion policies for future (next 3 years or so), the proportion of firms who responded “Expand operations” was 60.7%, maintaining the same level as the previous year (61.4%). By firm size, the proportion of large-scale firms who answered “Expand operations” was 59.6%, an increase from 57.1% in the previous year. Small and medium-sized enterprises answered 60.9%, exceeding 60% as in the previous year (62.4%). When asked about their reasons for domestic expansion, many answered that it was a response to increased demand for their firms’ products or services, as well as increased inbound tourism demand.

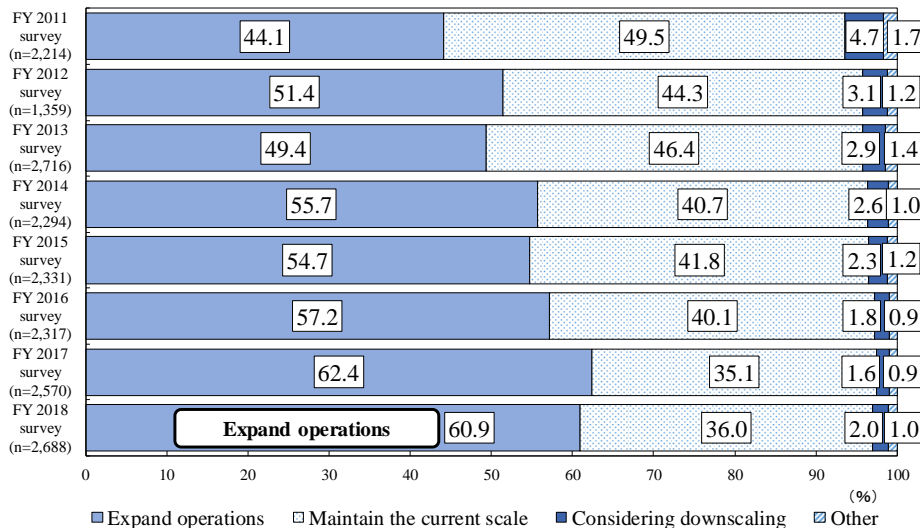
### Future domestic business expansion (total)



### Future domestic business expansion (Large-scale firms)



### Future domestic business expansion (SMEs)

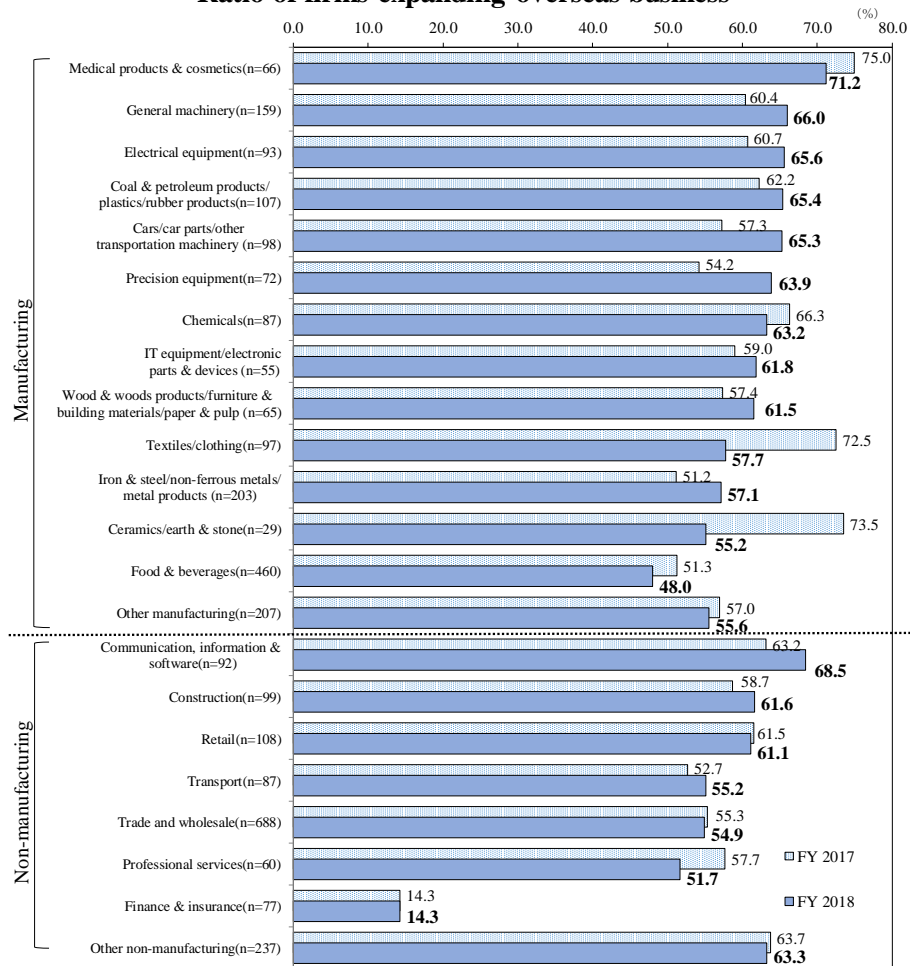


Note: n = the total number of respondent firms, excluding firms answering “no answer”.

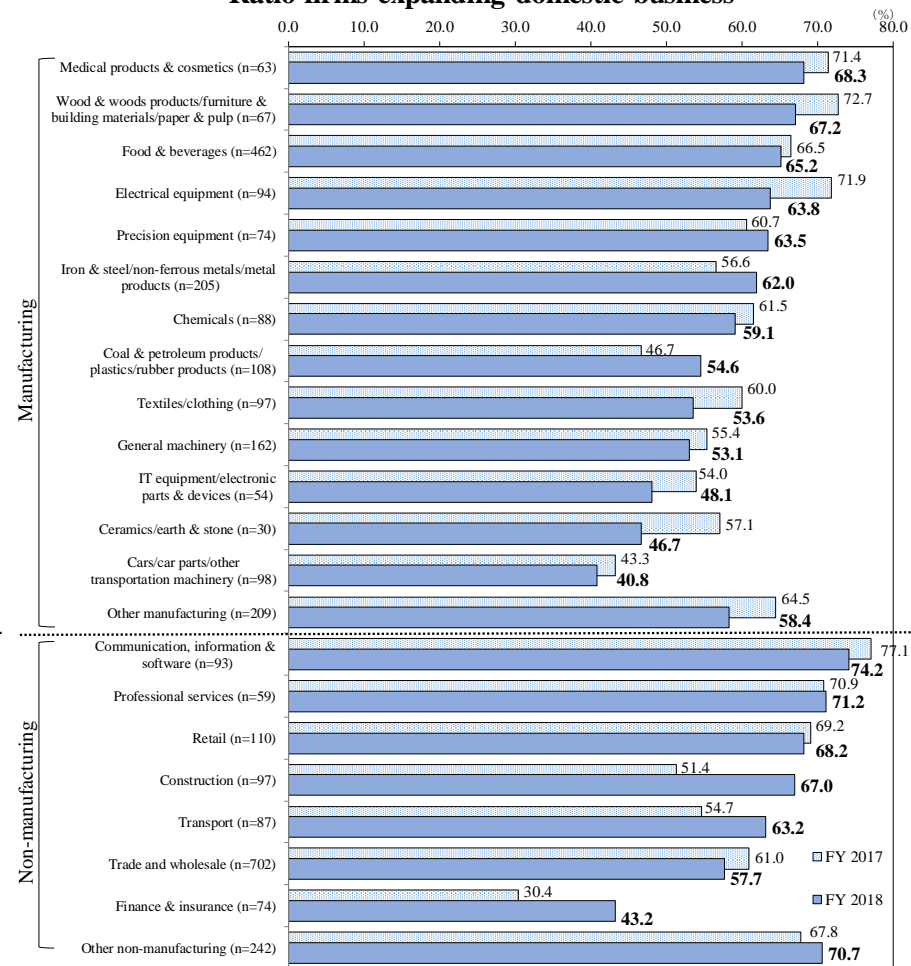
# High motivation for overseas expansion for medical products & cosmetics

The industry with the highest motivation to expand overseas continues to be medical products & cosmetics, at 71.2%. Firms commented on increased demand for Japanese-produced cosmetics and expectations regarding future overseas market growth as their reasons for this motivation. When compared to the previous year, there was also increased motivation for expansion from a variety of manufacturing industries including general machinery and electrical equipment.

### Ratio of firms expanding overseas business



### Ratio firms expanding domestic business



Note: 1) n = the total number of respondent firms, excluding the number of firms answering "no answer" (only listed for FY 2018). 2) "Expand overseas business" has included respondents reporting that they currently have overseas bases and are planning to expand them further in the future and those reporting that they currently have no overseas bases but intend to begin overseas business in the future.

## Motivation to expand business in China increases, Vietnam maintains 2nd place

Regarding the countries and regions where firms aim to expand business overseas, China's ratio rose to 55.4%, compared with 49.4% the previous year, out of firms who answered "currently have an overseas base and planning to further expand operations". This is the first rise in China as an answer since data began being collected in FY2011. Vietnam saw a decrease from 37.5% to 35.5% compared to the previous year, but still maintained its ranking as 2nd place.

### Overseas expansion by country and region (top 20 countries and regions)

(Multiple answers, %)

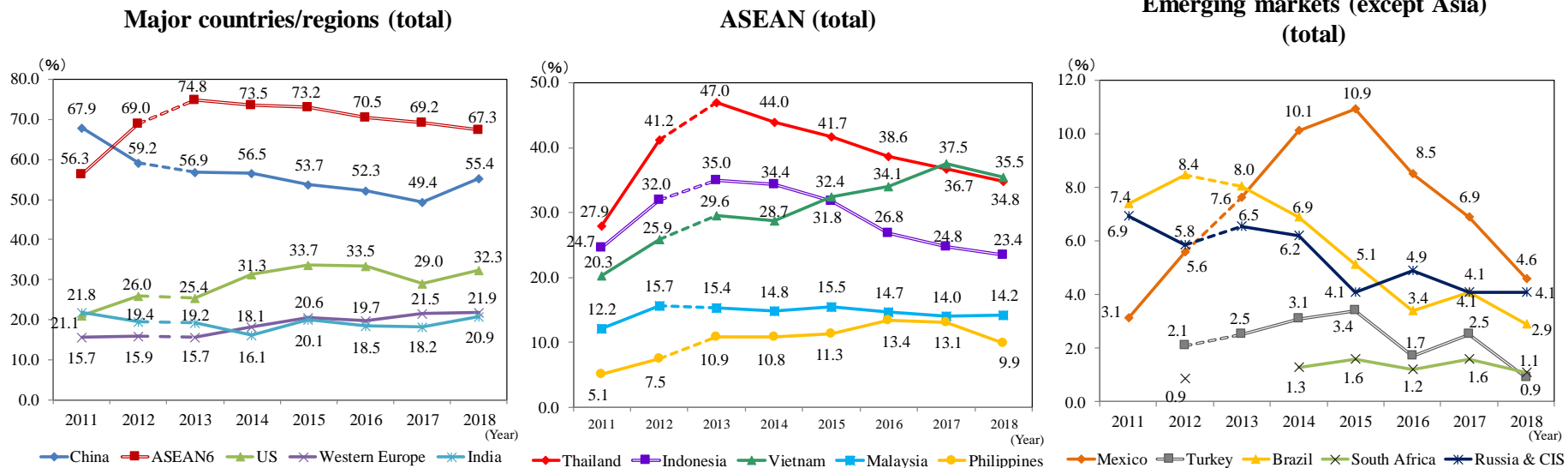
Country/region	FY 2018		FY 2017		FY 2016		FY 2015		FY 2014		FY 2013	FY 2012	FY 2011
	(n=1,050)	Rank	(n=938)	Rank	(n=992)	Rank	(n=895)	Rank	(n=1,001)	Rank	(n=1,119)	(n=1,149)	(n=1,602)
China	55.4	(1)	49.4	(1)	52.3	(1)	53.7	(1)	56.5	(1)	56.9	59.2	67.9
Vietnam	35.5	(2)	37.5	(2)	34.1	(3)	32.4	(4)	28.7	(5)	29.6	25.9	20.3
Thailand	34.8	(3)	36.7	(3)	38.6	(2)	41.7	(2)	44.0	(2)	47.0	41.2	27.9
US	32.3	(4)	29.0	(4)	33.5	(4)	33.7	(3)	31.3	(4)	25.4	26.0	21.1
Indonesia	23.4	(5)	24.8	(5)	26.8	(5)	31.8	(5)	34.4	(3)	35.0	32.0	24.7
Western Europe	21.9	(6)	21.5	(6)	19.7	(7)	20.6	(7)	18.1	(8)	15.7	15.9	15.7
Taiwan	21.3	(7)	20.0	(7)	20.6	(6)	21.6	(6)	21.0	(6)	20.0	21.8	18.5
India	20.9	(8)	18.2	(8)	18.5	(8)	20.1	(8)	16.1	(9)	19.2	19.4	21.8
Singapore	15.0	(9)	17.1	(9)	17.7	(9)	16.1	(10)	19.3	(7)	18.3	17.8	14.0
Malaysia	14.2	(10)	14.0	(10)	14.7	(11)	15.5	(11)	14.8	(12)	15.4	15.7	12.2
Korea	13.6	(11)	12.6	(13)	15.0	(10)	16.5	(9)	15.9	(11)	17.2	18.8	18.8
Hong Kong	13.5	(12)	13.6	(11)	14.1	(12)	14.2	(12)	16.1	(9)	15.4	15.8	14.2
Philippines	9.9	(13)	13.1	(12)	13.4	(13)	11.3	(14)	10.8	(13)	10.9	7.5	5.1
Myanmar	8.7	(14)	10.2	(14)	12.7	(14)	11.5	(13)	10.1	(14)	10.9	-	-
Australia	5.5	(15)	4.3	(18)	4.6	(19)	4.6	(19)	2.8	(21)	3.3	3.7	4.0
Mexico	4.6	(16)	6.9	(15)	8.5	(15)	10.9	(15)	10.1	(14)	7.6	5.6	3.1
Central-Eastern Europe	4.5	(17)	5.2	(16)	5.9	(16)	7.0	(16)	6.1	(18)	3.3	4.2	4.7
Russia & CIS	4.1	(18)	4.1	(19)	4.9	(18)	4.1	(20)	6.2	(17)	6.5	5.8	6.9
Cambodia	3.3	(19)	4.8	(17)	5.2	(17)	6.0	(17)	5.3	(19)	5.4	-	-
Canada	3.2	(20)	2.2	(23)	3.2	(22)	3.4	(21)	2.3	(24)	2.5	2.8	2.9
ASEAN6	67.3		69.2		70.5		73.2		73.5		74.8	69.0	56.3

Note: 1) Parameters for FY 2011 and 2012 are firms that answered they "plan to newly invest overseas or expand existing business" minus the firms that didn't answer about the functions they would expand. Parameters from 2013 onwards are the firms that answered "currently have an overseas base and planning to further expand operations" minus those that didn't answer about expansion functions. 2) ASEAN6 firms that answered any of the following 6 countries: Singapore, Thailand, Malaysia, Indonesia, Philippines, Vietnam. There are no selection settings for the breakdown of Western Europe, Russia & CIS, Central and South Eastern Europe. Myanmar and Cambodia are only from FY 2013's survey onwards. From FY 2017 onwards, "Western Europe" applies to firms that selected the UK or Western Europe (excluding UK) 3) Proportion of number of firms who plan to expand one or more of their functions in each country/region. Still counted as one firm even when expanding multiple functions in one country/region

# Motivation to expand business in the US shows growth

Regarding the countries and regions where firms aim to expand business overseas, the US, for which there was a reduced desire to expand business the previous year, motivation to expand increased, particularly in the manufacturing industry, rising from the previous year (29.0%) to 32.3%. Firms commented on the market size, as well as the need to respond to demand from client companies, including Japanese corporations. In China, which also saw an increase, reasons included the market size and growth potential. There were high expectations for Asia as a location for business expansion. However, the gradual decrease in desire amongst the ASEAN6 countries continued. Although Vietnam had stood out for its increases in previous years, there was a slight decline this year. In emerging markets other than Asia, there was a continued decrease in motivation for expansion in Mexico in both manufacturing and non-manufacturing industries.

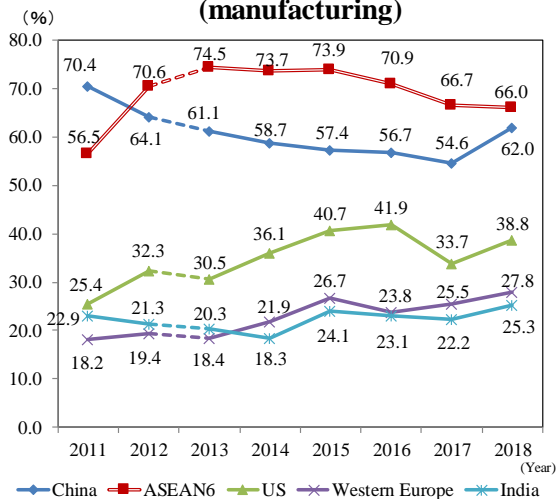
## Countries/regions for overseas expansion



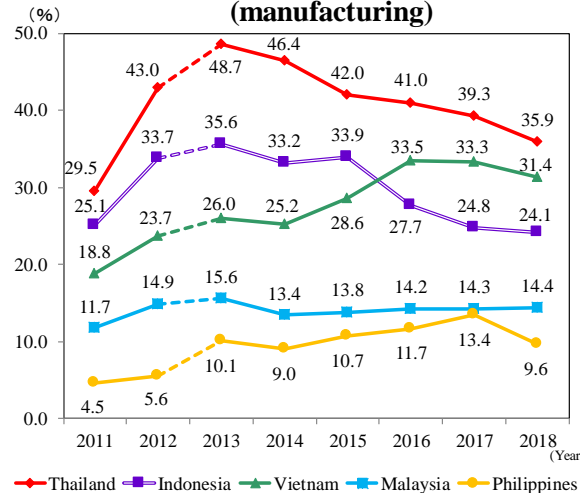
Note: 1) Parameters for FY 2011 and 2012 are firms that answered they “plan to newly invest overseas or expand existing business” minus the firms that didn't answer about the functions they would expand. Parameters from 2013 onwards are the firms that answered “currently have an overseas base and planning to further expand operations” minus those that didn't answer about expansion functions. 2) ASEAN6 firms that answered any of the following 6 countries: Singapore, Thailand, Malaysia, Indonesia, Philippines, Vietnam. From FY 2017 onwards, “Western Europe” applies to firms that selected the UK or Western Europe (excluding UK) There was no selection for South Africa in 2013's survey. 3) Proportion of number of firms who plan to expand one or more of their functions in each country/region. Still counted as one firm even when expanding multiple functions in one country/region.

# Countries/regions for overseas expansion (by industry)

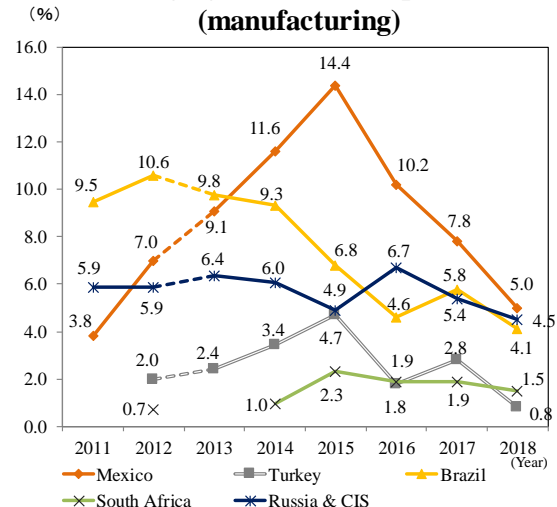
**Major countries/regions (manufacturing)**



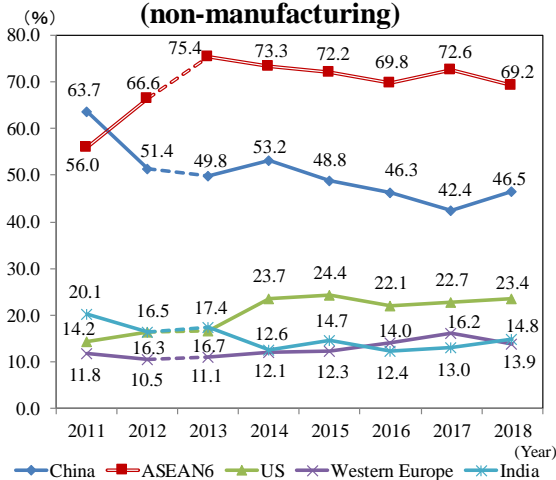
**ASEAN (manufacturing)**



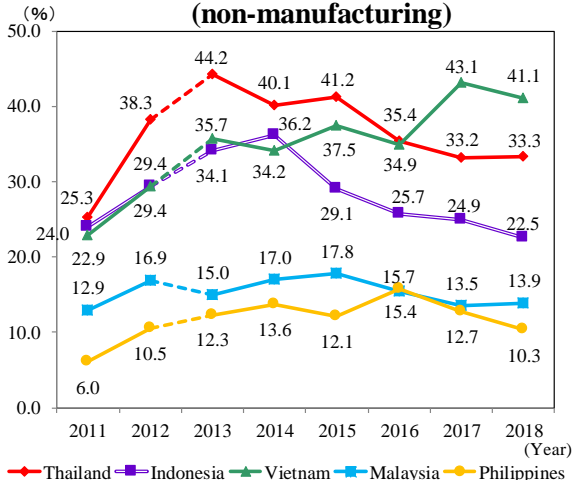
**Emerging markets (except Asia) (manufacturing)**



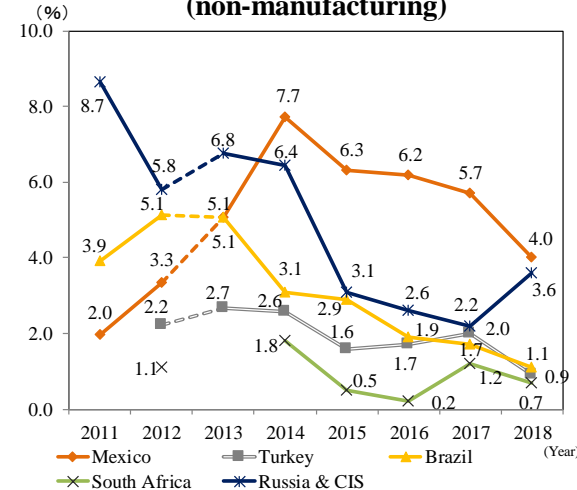
**Major countries/regions (non-manufacturing)**



**ASEAN (non-manufacturing)**



**Emerging markets (except Asia) (non-manufacturing)**



Note: 1) Parameters for FY 2011 and 2012 are firms that answered their “plan to newly invest overseas or expand existing business” minus the firms that didn’t answer about the functions they would expand. Parameters from 2013 onwards are the firms that answered “currently have an overseas base and planning to further expand operations” minus those that didn’t answer about expansion functions. 2) ASEAN6 firms that answered any of the following 6 countries: Singapore, Thailand, Malaysia, Indonesia, Philippines, Vietnam. From FY 2017 onwards, “Western Europe” applies to firms that selected the UK or Western Europe (excluding UK) There was no selection for South Africa in 2013’s survey. 3) Proportion of number of firms who plan to expand one or more of their functions in each country/region. Still counted as one firm even when expanding multiple functions in one country/region

## China in top place for many industries, US rises to second place for manufacturing

Regarding business expansion by industry, many industries listed China as the region that they most wanted to expand into. Motivation in China increased over the previous year, mainly in manufacturing sectors such as precision equipment and textiles/clothing. In the US, there was increased motivation to expand businesses in precision equipment and medical products & cosmetics sectors, with the position rising from 3rd to 2nd for manufacturing.

### Top 3 countries/regions planned for overseas expansion (by industry)

(Multiple answers, %)

	Number of firms	Rank 1		Rank 2		Rank 3	
Total	1,050	China	55.4	Vietnam	35.5	Thailand	34.8
Manufacturing	605	China	62.0	US	38.8	Thailand	35.9
Food & beverages	81	China	50.6	US	46.9	Taiwan	32.1
Textiles/clothing	27	China	81.5	US	40.7	Western Europe (excluding UK)	40.7
Wood & woods products/furniture & building materials/paper & pulp	20	China	70.0	Vietnam	35.0	Indonesia	35.0
Chemicals	45	China	82.2	Thailand	55.6	US	53.3
Medical products & cosmetics	21	China	66.7	US	47.6	Vietnam	38.1
Coal & petroleum products/plastics/rubber products	45	China	44.4	Vietnam	42.2	Thailand	35.6
Iron & steel/non-ferrous metals/metal products	71	China	56.3	Thailand	36.6	Vietnam	28.2
General machinery	69	China	56.5	Thailand	50.7	US	43.5
Electrical equipment	45	China	64.4	Thailand	40.0	US	37.8
IT equipment/electronic parts & devices	24	China	83.3	US	37.5	Thailand	20.8
Cars/car parts/other transportation machinery	51	China	52.9	India	51.0	Thailand	47.1
Precision equipment	30	China	73.3	US	50.0	Western Europe (excluding UK)	36.7
Other manufacturing	67	China	62.7	US	38.8	Vietnam	35.8
Non-manufacturing	445	China	46.5	Vietnam	41.1	Thailand	33.3
Trade and wholesale	234	China	58.1	Vietnam	42.3	Thailand	37.2
Retail	23	China	52.2	Vietnam	34.8	US	26.1
Construction	27	Vietnam	51.9	Indonesia	29.6	Myanmar	29.6
Transport	35	Thailand	45.7	Vietnam	42.9	China	40.0
Communication, information & software	27	China	37.0	Vietnam	33.3	Singapore	22.2
Professional services	17	Vietnam	52.9	China	35.3	India	29.4
Other non-manufacturing	72	Vietnam	37.5	Thailand	36.1	Indonesia	33.3

### Industries for which there was a large increase (China, US)

(Multiple answers, %)

Expansion of business in China		FY 2018	
		FY17→FY18	
1	Precision equipment	73.3	+ 27.1
2	Textiles/clothing	81.5	+ 23.9
3	Electrical equipment	64.4	+ 22.7
4	IT equipment/electronic parts & devices	83.3	+ 14.1
5	Professional services	35.3	+ 13.6
6	Chemicals	82.2	+ 12.8
7	Transport	40.0	+ 10.4
8	General machinery	56.5	+ 10.2
9	Wood & woods products/furniture & building materials/paper & pulp	70.0	+ 10.0
10	Food & beverages	50.6	+ 8.8

(Multiple answers, %)

Expansion of business in the US		FY 2018	
		FY17→FY18	
1	Precision equipment	50.0	+ 19.2
2	Medical products & cosmetics	47.6	+ 18.0
3	Retail	26.1	+ 15.4
4	Coal & petroleum products/plastics/rubber products	31.1	+ 14.0
5	General machinery	43.5	+ 12.0
6	IT equipment/electronic parts & devices	37.5	+ 10.6
7	Textiles/clothing	40.7	+ 7.4
8	Other non-manufacturing	29.2	+ 7.4
9	Chemicals	53.3	+ 6.4
10	Food & beverages	46.9	+ 5.1

(For both) Note: 1) n = the firms that answered “currently have an overseas base and planning to further expand operations” minus those that didn’t answer about expansion functions. Ratio is the firms that responded that they would expand their business in the relevant country/region, relative to the parameter of each industry. Still counted as one firm even when expanding multiple functions in one country/region 2) (Left table only) Yellow highlighted cells are industries that have seen an increase of 10% points or more since FY 2017. 3) Only answers for which more than 10 firms responded have been listed for FY 2017 and 2018.

## Increase in number of firms planning to expand sales functions in China and the US.

In terms of functions to be expanded overseas, 83.4% of firms answered sales functions, followed by production of high value-added goods (29.6%), and production of general-purpose goods (27.5%). Regarding to the countries and regions where to expand their sales functions, China retained its top position from the previous year at 47.7%, followed by the US (27.7%) which rising from fourth place in the previous year.

### Functions to be expanded overseas - country/region ranking by function

(Multiple answers, %)

Sales			Production						R&D						Regional HQ			Logistics		
			General purpose goods			High value-added goods			New product development			Change of specifications for local market								
Rank	Country/region	%	Rank	Country/region	%	Rank	Country/region	%	Rank	Country/region	%	Rank	Country/region	%	Rank	Country/region	%	Rank	Country/region	%
1	(1) China	47.7	1	(1) China	12.9	1	(1) China	13.6	1	(1) China	5.2	1	(1) China	6.2	1	(1) China	3.6	1	(1) China	5.2
2	(4) US	27.7	2	(2) Vietnam	8.8	2	(2) Thailand	7.3	2	(2) US	3.6	2	(3) US	3.4	2	(3) Thailand	2.9	2	(2) Thailand	3.8
3	(2) Thailand	27.6	3	(3) Thailand	7.3	3	(3) Vietnam	6.8	3	(5) Western Europe (excluding UK)	2.4	3	(2) Thailand	2.7	3	(3) US	2.5	3	(3) Vietnam	3.7
4	(3) Vietnam	25.2	4	(4) Indonesia	4.1	4	(4) US	6.6	4	(3) Vietnam	2.0	4	(5) Western Europe (excluding UK)	2.6	4	(2) Singapore	2.0	4	(4) US	3.0
5	(6) Taiwan	18.8	5	(5) India	3.6	5	(5) Indonesia	3.4	5	(4) Thailand	1.9	5	(4) Vietnam	2.3	5	(5) Western Europe (excluding UK)	1.7	5	(5) Western Europe (excluding UK)	2.4
6	(5) Indonesia	17.6	6	(6) US	2.8	6	(6) Western Europe (excluding UK)	3.0	6	(7) Taiwan	1.1	6	(7) India	1.5	6	(6) Vietnam	1.2	6	(6) Singapore	2.2
7	(8) India	17.3	7	(7) Taiwan	2.2	6	(7) India	3.0	7	(6) India	1.0	7	(10) Korea	1.4	7	(7) Hong Kong	1.0	6	(7) Indonesia	2.2
8	(7) Western Europe (excluding UK)	16.6	8	(8) Myanmar	2.1	6	(9) Taiwan	3.0	7	(7) Korea	1.0	8	(10) Singapore	1.3	7	(10) Taiwan	1.0	8	(8) India	1.6
9	(11) Hong Kong	12.6	8	(9) Malaysia	2.1	9	(7) Korea	2.3	7	(9) Indonesia	1.0	9	(6) Indonesia	1.2	9	(14) UK	0.5	8	(13) Malaysia	1.6
10	(9) Singapore	12.2	10	(10) Western Europe (excluding UK)	1.5	10	(10) Malaysia	1.4	10	(9) Malaysia	0.7	9	(8) Taiwan	1.2	10	(8) Indonesia	0.4	10	(11) Taiwan	1.2
11	(13) Korea	11.8	11	(11) Philippines	1.2	11	(13) Mexico	1.3	10	(12) Singapore	0.7	9	(9) Malaysia	1.2	10	(10) India	0.4	11	(8) Hong Kong	1.0
12	(10) Malaysia	11.6	11	(12) Korea	1.2	12	(12) Singapore	1.0	12	(25) Canada	0.6	12	(12) Hong Kong	1.0	10	(17) Korea	0.4	12	(13) Philippines	0.7
13	(12) Philippines	7.4	13	(14) Bangladesh	0.8	13	(11) Philippines	0.9	13	(11) Hong Kong	0.5	13	(19) Central-Eastern Europe	0.6	13	(10) Philippines	0.2	13	(11) Mexico	0.6
14	(14) Myanmar	5.3	13	(15) Cambodia	0.8	13	(13) Myanmar	0.9	14	(12) Philippines	0.4	14	(13) Philippines	0.4	13	(10) Myanmar	0.2	13	(13) Korea	0.6
15	(16) UK	4.9	15	(15) Australia	0.7	15	(26) Central-Eastern Europe	0.8	14	(16) UK	0.4	14	(14) Myanmar	0.4	13	(17) Other Central America	0.2	13	(16) UK	0.6
16	(18) Australia	4.5	16	(17) Brazil	0.6	16	(13) Hong Kong	0.7	14	(19) Australia	0.4	14	(16) Brazil	0.4	13	(22) Australia	0.2	16	(10) Myanmar	0.5
17	(17) Central-Eastern Europe	3.7	16	(17) Central-Eastern Europe	0.6	17	(16) Australia	0.5	17	(14) Myanmar	0.3	17	(15) UK	0.3	13	(22) Asia Pacific/Other	0.2	16	(18) Cambodia	0.5
17	(18) Russia & CIS	3.7	16	(19) Singapore	0.6	17	(16) UK	0.5	17	(15) Brazil	0.3	17	(25) South Africa	0.3				18	(18) Central-Eastern Europe	0.4
19	(15) Mexico	3.3	16	(24) Canada	0.6	17	(19) Brazil	0.5	19	(25) Central-Eastern Europe	0.2							18	(27) Canada	0.4
20	(23) Canada	2.8	20	(20) Hong Kong	0.5	17	(26) Canada	0.5	19	(25) South Africa	0.2	19		0.2	18			20		0.3
	ASEAN6	51.6		ASEAN6	16.2		ASEAN6	15.6		ASEAN6	5.0		ASEAN6	5.9		ASEAN6	5.4		ASEAN6	7.7
	(Reference) Western Europe	18.5		(Reference) Western Europe	1.5		(Reference) Western Europe	3.1		(Reference) Western Europe	2.5		(Reference) Western Europe	2.7		(Reference) Western Europe	2.1		(Reference) Western Europe	2.6
	Sales (total)	83.4		General purpose goods (total)	27.5		High value-added goods (total)	29.6		New product development (total)	11.4		Change of specifications for local market total	12.5		Regional HQ function total	8.7		Logistics function total	14.1

Note: 1) n = the firms that answered "currently have an overseas base and planning to further expand operations" minus those that didn't answer about expansion functions (1,050 firms). 2) Numbers within brackets are the previous year's ranking. 3) There are no selection settings for the breakdown of Western Europe (excluding UK), Russia & CIS, Central and South Eastern Europe. The lower "Western Europe" is firms that selected the UK or Western Europe (excluding UK) 4) ASEAN6 is a total of 6 countries including Singapore, Thailand, Malaysia, Indonesia, Philippines, Vietnam (does not include doubled-up firms). 5) Yellow highlighted cells are countries/regions that have seen an increase of 10% points or more since FY 2017.



## 4. Effects of trade protectionism

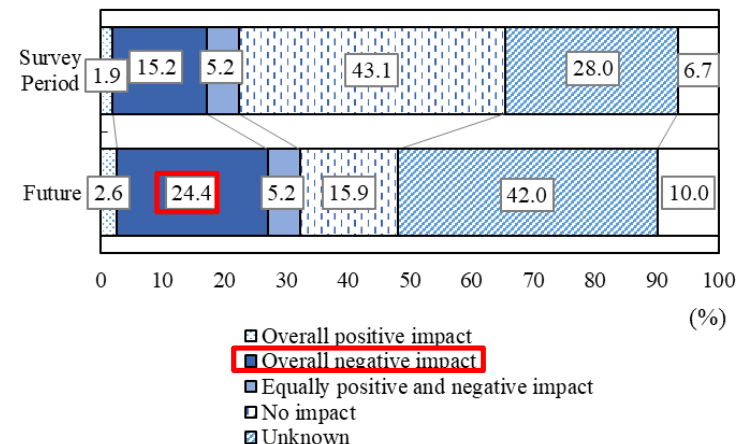
- 24% of firms anticipate negative effects, 70% of which are considering countermeasures -

# 24% of firms anticipate negative effects from trade protectionism

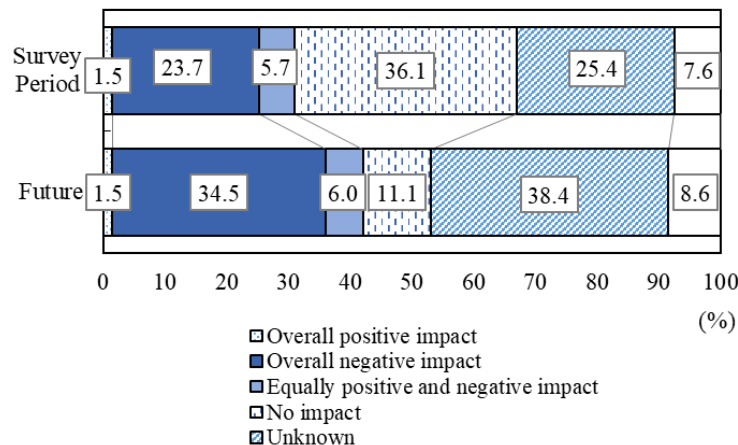
At the time of the survey, 43.1% of firms indicated there was “no impact” on their business regarding trade protectionism since 2017. This was followed by those which did not know (28.0%) and those expecting an overall negative impact (15.2%). Regarding the outlook for the future (about two to three years), while “no impact” has decreased to 15.9%, “unknown” has increased to 42.0% and “overall negative impact” increased to 24.4%.

Compared to SMEs, the response rates for “overall negative impact” are higher for large-scale firms for both periods (23.7% at the time of the survey, and 34.5% for the future).

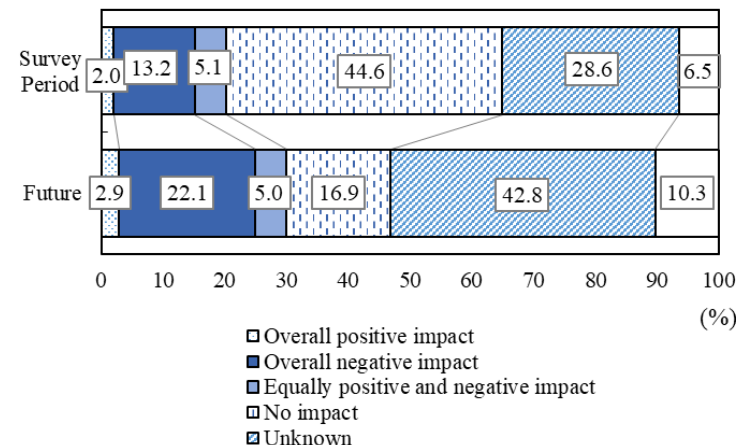
Effects of trade protectionism: At time of survey and in next 2 to 3 years (total)



Effects of trade protectionism: At time of survey and in next 2 to 3 years (Large-scale firms)



Effects of trade protectionism: At time of survey and in next 2 to 3 years (SMEs)



Note: n = total number of respondent firms (Total: 3,385, Large-scale firms; 615, SMEs: 2,770).

The “trade protectionism” in this survey indicates policies and measures since 2017, which include US Section 301 sanctions against China and Section 232 tariffs on steel and aluminum, as well as retaliatory measures being taken against the US by other countries (China, EU, Canada, Mexico, Russia, Turkey, etc.) and other policies and measures that have been put in place or are under consideration at the time of this survey.

# Transportation machinery highest for negative effects at around 40%

At the time of the survey, industries for which there was a high percentage for “overall negative impact” included cars/car parts/other transportation machinery, electrical equipment, IT equipment/electronic parts & devices, iron & steel/non-ferrous metals/metal products, coal & petroleum products/plastic/rubber products, chemicals, transport etc. There was also a high proportion of answers relating to future negative impact for the general machinery and precision equipment industries. In particular, the number of answers from firms in the cars/car parts/other transportation machinery for negative effects at the time of the survey and in the future (38.4% and 42.4% respectively) far exceed the number of answers for “no impact” or “unknown”.

### Effects of trade protectionism: At time of survey (by industry)

	Number of firms	Overall positive impact	Overall negative impact	Equally positive and negative impact	No impact	Un-known	No answer
Total	3,385	1.9	15.2	5.2	<b>43.1</b>	28.0	6.7
Manufacturing	1,864	2.1	17.2	4.8	<b>41.4</b>	28.8	5.7
Food & beverages	479	1.0	9.0	4.0	<b>43.0</b>	<b>36.5</b>	6.5
Textiles/clothing	101	1.0	15.8	1.0	<b>45.5</b>	28.7	<b>7.9</b>
Wood & woods products/furniture & building materials/paper & pulp	68	1.5	13.2	5.9	<b>45.6</b>	26.5	7.4
Chemicals	93	0.0	20.4	2.2	<b>48.4</b>	23.7	5.4
Medical products & cosmetics	69	<b>4.3</b>	10.1	4.3	<b>49.3</b>	24.6	7.2
Coal & petroleum products/plastics/rubber products	108	<b>4.6</b>	<b>21.3</b>	5.6	<b>38.9</b>	26.9	2.8
Ceramics/earth & stone	30	0.0	10.0	6.7	<b>40.0</b>	<b>36.7</b>	6.7
Iron & steel/non-ferrous metals/metal products	207	<b>4.3</b>	<b>21.7</b>	7.2	<b>39.1</b>	23.7	3.9
General machinery	164	2.4	17.1	7.3	<b>39.0</b>	27.4	6.7
Electrical equipment	96	0.0	<b>29.2</b>	5.2	<b>35.4</b>	27.1	3.1
IT equipment/electronic parts & devices	55	<b>3.6</b>	<b>27.3</b>	3.6	<b>36.4</b>	27.3	1.8
<b>Cars/car parts/other transportation machinery</b>	99	1.0	<b>38.4</b>	3.0	34.3	20.2	3.0
Precision equipment	78	2.6	17.9	9.0	30.8	<b>33.3</b>	6.4
Other manufacturing	217	<b>2.8</b>	14.7	4.1	<b>45.6</b>	25.3	7.4
Non-manufacturing	1,521	1.7	12.7	5.6	<b>45.1</b>	27.0	7.9
Trade and wholesale	730	2.3	15.3	6.3	<b>44.4</b>	24.1	7.5
Retail	114	0.9	8.8	3.5	<b>48.2</b>	30.7	<b>7.9</b>
Construction	101	0.0	11.9	6.9	<b>45.5</b>	27.7	<b>7.9</b>
Transport	90	0.0	20.0	<b>11.1</b>	<b>32.2</b>	<b>31.1</b>	5.6
Finance & insurance	81	0.0	11.1	3.7	24.7	<b>50.6</b>	<b>9.9</b>
Communication, information & software	97	2.1	3.1	3.1	<b>58.8</b>	22.7	10.3
Professional services	60	1.7	13.3	0.0	<b>55.0</b>	20.0	<b>10.0</b>
Other non-manufacturing	248	2.0	8.5	4.8	<b>49.2</b>	27.8	7.7

### Effects of trade protectionism: In next 2 to 3 years (by industry)

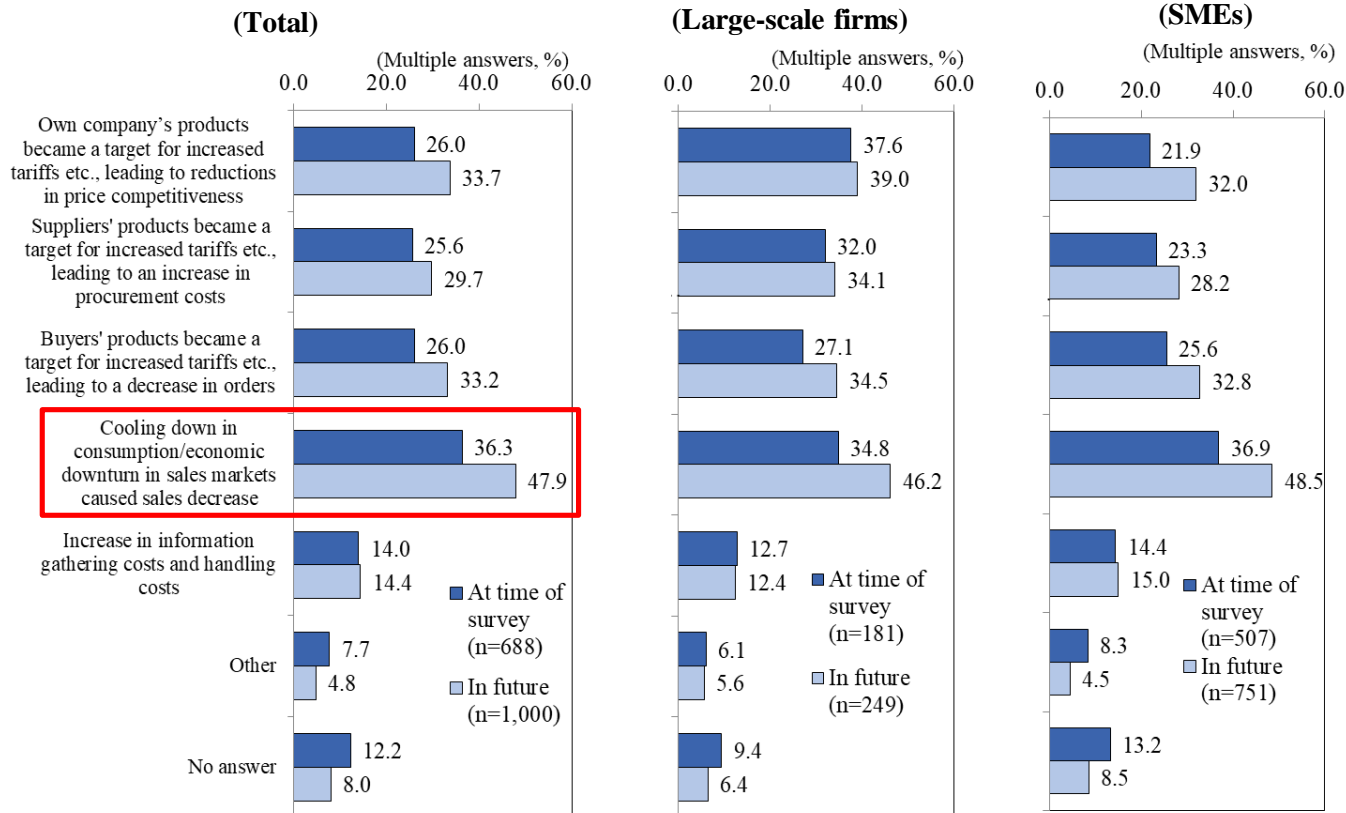
	Number of firms	Overall positive impact	Overall negative impact	Equally positive and negative impact	No impact	Un-known	No answer
Total	3,385	2.6	24.4	5.2	15.9	<b>42.0</b>	10.0
Manufacturing	1,864	2.2	26.1	5.0	14.1	<b>42.8</b>	9.8
Food & beverages	479	2.1	16.1	5.6	19.0	<b>45.5</b>	<b>11.7</b>
Textiles/clothing	101	0.0	16.8	1.0	<b>22.8</b>	<b>46.5</b>	<b>12.9</b>
Wood & woods products/furniture & building materials/paper & pulp	68	1.5	25.0	4.4	11.8	<b>44.1</b>	<b>13.2</b>
Chemicals	93	1.1	32.3	1.1	17.2	<b>43.0</b>	5.4
Medical products & cosmetics	69	<b>7.2</b>	17.4	5.8	15.9	<b>42.0</b>	11.6
Coal & petroleum products/plastics/rubber products	108	1.9	27.8	9.3	13.0	<b>39.8</b>	8.3
Ceramics/earth & stone	30	3.3	26.7	6.7	16.7	<b>40.0</b>	6.7
Iron & steel/non-ferrous metals/metal products	207	2.9	31.9	5.3	8.2	<b>42.5</b>	9.2
General machinery	164	2.4	<b>33.5</b>	7.3	8.5	<b>40.2</b>	7.9
Electrical equipment	96	3.1	<b>38.5</b>	4.2	11.5	32.3	10.4
IT equipment/electronic parts & devices	55	<b>3.6</b>	29.1	1.8	9.1	<b>50.9</b>	5.5
<b>Cars/car parts/other transportation machinery</b>	99	1.0	<b>42.4</b>	4.0	10.1	38.4	4.0
Precision equipment	78	1.3	<b>33.3</b>	5.1	6.4	<b>42.3</b>	11.5
Other manufacturing	217	1.8	24.4	4.6	15.2	<b>43.3</b>	10.6
Non-manufacturing	1,521	3.1	22.3	5.3	18.0	<b>41.1</b>	10.2
Trade and wholesale	730	2.7	27.5	5.8	14.0	<b>40.3</b>	9.7
Retail	114	<b>4.4</b>	17.5	2.6	<b>25.4</b>	<b>41.2</b>	8.8
Construction	101	2.0	14.9	8.9	17.8	<b>45.5</b>	10.9
Transport	90	<b>6.7</b>	<b>36.7</b>	8.9	5.6	<b>36.7</b>	5.6
Finance & insurance	81	1.2	18.5	2.5	16.0	<b>51.9</b>	9.9
Communication, information & software	97	<b>5.2</b>	8.2	4.1	26.8	<b>40.2</b>	15.5
Professional services	60	1.7	18.3	5.0	30.0	<b>33.3</b>	<b>11.7</b>
Other non-manufacturing	248	2.8	14.5	4.0	<b>25.4</b>	<b>41.9</b>	11.3

Note: 1) n = total number of respondent firms. 2) Highlighted cells are the top 5 highest answering industries for each item. Bolded digits are the items with the highest answer rate for each industry.

## Nearly half of negatively affected firms concerned about “Economic downturn at their sales destinations”

When firms that responded that they were seeing “negative effects” (answered “overall negative impact” or “equally positive and negative impact”) were asked about the content of these effects at the time of the survey, 36.3% responded “cooling down in consumption/economic downturn in sales markets caused sales decrease.” The proportion of answers increased to 47.9% when asked about these effects in the future. In terms of more direct effects, at the time of the survey the proportion of firms answering “own company’s products became a target for increased tariffs etc., leading to reductions in price competitiveness”, “suppliers’ products became a target for increased tariffs etc., leading to an increase in procurement costs”, or “buyers’ products became a target for increased tariffs etc., leading to a decrease in orders” was 26% for each, with this increasing to 30 - 34% for future effects. Large-scale firms were seeing stronger, more direct effects compared to SMEs.

Content of negative effects of trade protectionism (by firm size, per-point in time)



Note: n = firms that answered “overall negative impact” or “equally positive and negative impact” in response to the effects of trade protectionism.

## More than 40% of transportation machinery manufacturers see negative effects on products of own company/suppliers/buyers

Examining the negative effects of trade protectionism by industry reveals that approximately 60% of cars/car parts/other transportation machinery firms answered “own company’s products became a target for increased tariffs etc., leading to reductions in price competitiveness” both at the time of the survey and into the future. Approximately 40% answered “suppliers’ products became a target for increased tariffs etc., leading to an increase in procurement costs” with another 40 - 50% answering that “buyers’ products became a target for increased tariffs etc., leading to a decrease in orders”. This reveals that this industry is seeing particularly direct effects compared to others. The answer rate for “cooling down in consumption/economic downturn in sales markets caused sales decrease” was high for industries such as medical products & cosmetics, chemicals, and precision equipment both at the time of the survey and into the future. Approximately 60 to 70% of these industries answered that these decreases would be particularly noticeable in the future.

**Content of negative effects of trade protectionism: At time of survey (by industry)**

(Multiple answers, %)

	Number of firms	Own products	Suppliers' products	Buyers' products	Economic downturn in sales market	Information costs etc.	Other	No answer
Total	688	26.0	25.6	26.0	<b>36.3</b>	14.0	7.7	12.2
Manufacturing	410	32.7	27.3	29.0	<b>35.1</b>	13.7	6.1	10.5
Food & beverages	62	24.2	25.8	11.3	<b>30.6</b>	21.0	6.5	<b>17.7</b>
Textiles/clothing	17	<b>52.9</b>	<b>58.8</b>	17.6	35.3	<b>23.5</b>	<b>11.8</b>	0.0
Wood & woods products/furniture & building materials/paper & pulp	13	23.1	23.1	<b>46.2</b>	<b>53.8</b>	15.4	7.7	7.7
Chemicals	21	33.3	9.5	33.3	<b>42.9</b>	4.8	9.5	4.8
Medical products & cosmetics	10	<b>40.0</b>	<b>30.0</b>	20.0	<b>50.0</b>	20.0	10.0	10.0
Coal & petroleum products/plastics/rubber products	29	<b>34.5</b>	24.1	<b>34.5</b>	20.7	6.9	6.9	10.3
Ceramics/earth & stone	5							
Iron & steel/non-ferrous metals/metal products	60	26.7	23.3	<b>35.0</b>	<b>40.0</b>	6.7	5.0	13.3
General machinery	40	30.0	20.0	<b>35.0</b>	<b>42.5</b>	0.0	2.5	12.5
Electrical equipment	33	27.3	<b>36.4</b>	15.2	<b>36.4</b>	9.1	0.0	9.1
IT equipment/electronic parts & devices	17	<b>47.1</b>	23.5	41.2	17.6	<b>29.4</b>	<b>11.8</b>	0.0
<b>Cars/car parts/other transportation machinery</b>	41	<b>58.5</b>	<b>43.9</b>	<b>43.9</b>	31.7	<b>24.4</b>	4.9	2.4
Precision equipment	21	19.0	19.0	28.6	<b>42.9</b>	14.3	9.5	14.3
Other manufacturing	41	26.8	24.4	26.8	<b>31.7</b>	14.6	7.3	12.2
Non-manufacturing	278	16.2	23.0	21.6	<b>38.1</b>	14.4	10.1	14.7
Trade and wholesale	158	20.9	25.3	25.9	<b>41.8</b>	9.5	6.3	15.2
Retail	14	<b>28.6</b>	<b>28.6</b>	7.1	<b>28.6</b>	<b>21.4</b>	7.1	7.1
Construction	19	10.5	<b>42.1</b>	21.1	26.3	21.1	<b>26.3</b>	<b>15.8</b>
Transport	28	0.0	3.6	21.4	<b>39.3</b>	<b>25.0</b>	<b>17.9</b>	<b>17.9</b>
Finance & insurance	12	8.3	16.7	0.0	<b>41.7</b>	8.3	<b>25.0</b>	<b>16.7</b>
Communication, information & software	6							
Professional services	8							
Other non-manufacturing	33	15.2	27.3	12.1	<b>30.3</b>	18.2	3.0	<b>18.2</b>

**Content of negative effects of trade protectionism: In next 2 to 3 years (by industry)**

(Multiple answers, %)

	Number of firms	Own products	Suppliers' products	Buyers' products	Economic downturn in sales market	Information costs etc.	Other	No answer
Total	1,000	33.7	29.7	33.2	<b>47.9</b>	14.4	4.8	8.0
Manufacturing	580	37.6	30.5	34.7	<b>50.5</b>	13.4	3.4	7.8
Food & beverages	104	29.8	32.7	20.2	<b>51.0</b>	15.4	2.9	9.6
Textiles/clothing	18	<b>44.4</b>	<b>44.4</b>	22.2	<b>55.6</b>	<b>27.8</b>	<b>11.1</b>	5.6
Wood & woods products/furniture & building materials/paper & pulp	20	35.0	<b>40.0</b>	35.0	<b>50.0</b>	10.0	5.0	5.0
Chemicals	31	41.9	25.8	<b>45.2</b>	<b>67.7</b>	3.2	3.2	3.2
Medical products & cosmetics	16	25.0	25.0	12.5	<b>68.8</b>	18.8	0.0	6.3
Coal & petroleum products/plastics/rubber products	40	27.5	22.5	30.0	<b>45.0</b>	15.0	7.5	<b>15.0</b>
Ceramics/earth & stone	10	40.0	20.0	40.0	<b>50.0</b>	20.0	0.0	10.0
Iron & steel/non-ferrous metals/metal products	77	33.8	27.3	<b>46.8</b>	45.5	7.8	1.3	9.1
General machinery	67	40.3	26.9	37.3	<b>52.2</b>	9.0	3.0	<b>11.9</b>
Electrical equipment	41	41.5	39.0	22.0	<b>53.7</b>	14.6	0.0	0.0
IT equipment/electronic parts & devices	17	<b>47.1</b>	23.5	<b>52.9</b>	35.3	<b>29.4</b>	0.0	<b>11.8</b>
<b>Cars/car parts/other transportation machinery</b>	46	<b>60.9</b>	<b>43.5</b>	<b>50.0</b>	45.7	19.6	2.2	2.2
Precision equipment	30	23.3	16.7	36.7	<b>60.0</b>	10.0	6.7	6.7
Other manufacturing	63	<b>42.9</b>	31.7	38.1	<b>44.4</b>	12.7	6.3	6.3
Non-manufacturing	420	28.3	28.6	31.2	<b>44.3</b>	15.7	6.7	8.3
Trade and wholesale	243	33.3	34.2	35.4	<b>47.3</b>	11.5	3.7	7.4
Retail	23	<b>52.2</b>	<b>52.2</b>	17.4	47.8	17.4	0.0	0.0
Construction	24	8.3	<b>41.7</b>	33.3	25.0	12.5	<b>8.3</b>	<b>20.8</b>
Transport	41	7.3	7.3	<b>43.9</b>	<b>43.9</b>	17.1	14.6	9.8
Finance & insurance	17	5.9	11.8	0.0	23.5	17.6	<b>41.2</b>	<b>17.6</b>
Communication, information & software	12	25.0	8.3	16.7	<b>66.7</b>	33.3	8.3	0.0
Professional services	14	7.1	7.1	35.7	<b>42.9</b>	<b>28.6</b>	21.4	0.0
Other non-manufacturing	46	34.8	17.4	17.4	<b>39.1</b>	<b>28.3</b>	0.0	10.9

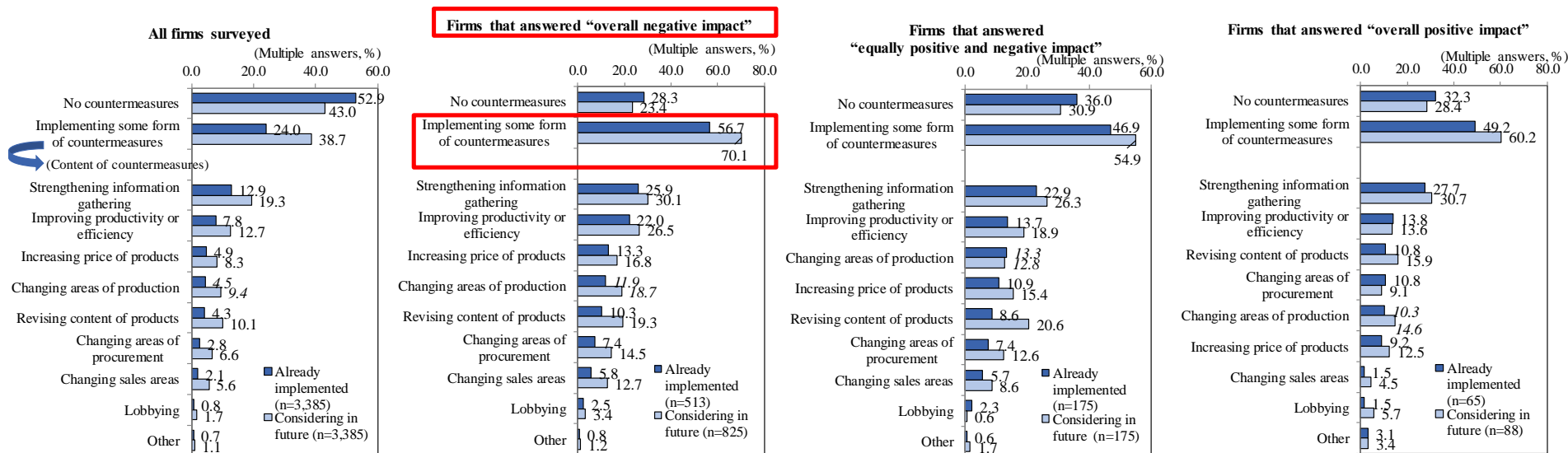
Note: 1) n = firms that answered “overall negative impact” or “equally positive and negative impact” in response to the effects of trade protectionism. 2) See the graph on the previous page for the official answer category names. 3) Highlighted cells are the top 5 highest answering industries for each item. Bolded digits are the items with the highest answer rate for each industry. 4) Answer ratios are not displayed for answers that less than 10 firms responded to (diagonal line).  
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## 70% of firms that will see overall negative impact are considering some form of countermeasures in the future

Among all respondents, 24% have already implemented some form of countermeasures against trade protectionism, while 38.7% are considering them in the future (see notes). In particular, for firms that answered “overall negative impact,” 56.7% have already implemented countermeasures in some form while 70.1% are considering them in the future. Looking at countermeasures being considered in the future, more than 20% answered “Strengthening information gathering” (30.1%) and “Improving in productivity or efficiency” (26.5%).

Note: The proportion of answers for “implementing some form of countermeasures” was calculated by subtracting “not implementing/planning any countermeasures” (No countermeasures) and “no answer” from 100%.

### Countermeasures for trade protectionism: By effects of trade protectionism (total, per-point in time)



Note: 1) n = firms that provided answers for the effects of trade protectionism for each point in time. 2) “changing areas of production” does not apply for non-manufacturing industries, so this proportion of answers only includes manufacturing industries. 3) The proportion of answers for “implementing some form of countermeasures” was calculated by subtracting “no countermeasures” and “no answer” from 100%.

\*The official names of the countermeasures in the above graph were as follows:

No countermeasures: Not implementing/planning any countermeasures”

Strengthening information gathering: Strengthening information gathering structure

Improving productivity or efficiency: Working to absorb costs through improvements in productivity or efficiency

Increasing price of products: Increasing price of own company’s products/services

Changing area of production: Making (partial) changes to own company’s countries/regions of production (manufacturing only)

Revising content of products: Revising content of own company’s products/services

Changing area of production: Making (partial) changes to the countries/regions that own company procures other company’s products from.

Changing sales area: Making (partial) changes to the countries/regions that the firm sells products in.

Lobbying: Lobbying Japanese/foreign governments or economic/industry groups etc.

## More than 40% of transportation machinery and textiles/clothing firms responded via improvements in productivity/efficiency

Amongst firms that answered that trade protectionism has a “negative impact” (“overall negative impact” or “equally positive and negative impact”) the proportion of those that had already implemented some form of countermeasures at the time of the survey was highest in order of medical products & cosmetics, cars/car parts/other transportation machinery, coal & petroleum products/plastic/rubber products, textiles/clothing, and retail. The primary countermeasures being implemented by these industries include “strengthening information gathering” (approximately 40% of retail and medical products & cosmetics firms), “improving productivity or efficiency” (more than 40% of transportation machinery and textiles/clothing firms), and “changing areas of production” (approximately 30% of coal/petroleum/plastic/rubber product firms).

### Countermeasures for trade protectionism: Already implemented (by firm size, industry, firms with negative $\geq$ positive impacts)

(Multiple answers, %)

	Number of firms	Changing areas of production (Manufacturing only)	Changing areas of procurement	Changing sales areas	Increasing price of products	Revising content of products	Improving productivity or efficiency	Lobbying	Strengthening information gathering	Other	No countermeasures	No answer	(Reference) Implementing some form of countermeasures
Total	688	-	7.4	5.8	12.6	9.9	19.9	2.5	25.1	0.7	30.2	15.6	54.2
Large-scale firms	181	18.3	11.0	7.7	16.6	7.7	26.0	4.4	34.3	0.6	18.8	15.5	65.7
SMEs	507	10.1	6.1	5.1	11.2	10.7	17.8	1.8	21.9	0.8	34.3	15.6	50.1
Manufacturing	410	12.2	7.3	5.9	14.6	9.0	24.9	2.2	22.7	1.0	27.1	15.9	57.1
Food & beverages	62	8.1	6.5	3.2	8.1	8.1	21.0	1.6	25.8	1.6	30.6	19.4	50.0
Textiles/clothing	17	17.6	5.9	5.9	17.6	17.6	41.2	0.0	11.8	0.0	11.8	23.5	64.7
Wood & woods products/furniture & building materials/paper & pulp	13	0.0	7.7	0.0	30.8	15.4	30.8	0.0	30.8	0.0	23.1	15.4	61.5
Chemicals	21	0.0	9.5	9.5	14.3	0.0	19.0	0.0	23.8	0.0	23.8	19.0	57.1
Medical products & cosmetics	10	20.0	30.0	20.0	10.0	30.0	20.0	10.0	40.0	0.0	20.0	0.0	80.0
Coal & petroleum products/plastics/rubber products	29	31.0	10.3	3.4	20.7	20.7	24.1	0.0	20.7	0.0	20.7	13.8	65.5
Ceramics/earth & stone	5												
Iron & steel/non-ferrous metals/metal products	60	10.0	5.0	5.0	15.0	5.0	25.0	6.7	18.3	0.0	31.7	15.0	53.3
General machinery	40	12.5	2.5	5.0	10.0	5.0	20.0	2.5	25.0	0.0	35.0	12.5	52.5
Electrical equipment	33	15.2	9.1	3.0	9.1	3.0	24.2	0.0	21.2	3.0	24.2	12.1	63.6
IT equipment/electronic parts & devices	17	23.5	11.8	11.8	35.3	11.8	23.5	5.9	17.6	0.0	29.4	23.5	47.1
Cars/car parts/other transportation machinery	41	17.1	12.2	7.3	17.1	2.4	43.9	0.0	26.8	2.4	14.6	12.2	73.2
Precision equipment	21	0.0	0.0	9.5	9.5	14.3	14.3	4.8	28.6	0.0	28.6	9.5	61.9
Other manufacturing	41	9.8	4.9	4.9	14.6	12.2	19.5	0.0	14.6	2.4	34.1	22.0	43.9
Non-manufacturing	278	-	7.6	5.8	9.7	11.2	12.6	2.9	28.8	0.4	34.9	15.1	50.0
Trade and wholesale	158	-	8.9	8.2	12.7	8.9	10.8	1.3	25.9	0.0	36.1	15.2	48.7
Retail	14	-	7.1	7.1	7.1	35.7	35.7	14.3	42.9	0.0	21.4	14.3	64.3
Construction	19	-	0.0	0.0	10.5	5.3	15.8	5.3	31.6	0.0	36.8	10.5	52.6
Transport	28	-	0.0	3.6	3.6	7.1	14.3	0.0	21.4	0.0	42.9	17.9	39.3
Finance & insurance	12	-	0.0	0.0	0.0	16.7	8.3	0.0	50.0	8.3	25.0	16.7	58.3
Communication, information & software	6	-											
Professional services	8	-											
Other non-manufacturing	33	-	18.2	3.0	9.1	18.2	15.2	3.0	30.3	0.0	27.3	18.2	54.5

Note: 1) n = firms that answered “overall negative impact” or “equally positive and negative impact” in response to the effects of trade protectionism at the time of the survey. 2) See the previous page for the official answer category names. 3) “changing areas of production” does not apply for non-manufacturing industries (value for large-scale and SMEs is for manufacturing industries). 4) Highlighted cells are the top 5 highest answering industries for each item. Bolded digits are the items with the highest answer rate for each industry. 5) The proportion of answers for “(Reference) implementing some form of countermeasures” was calculated by subtracting “no countermeasures” and “no answer” from 100%. 6) Answer proportions are not displayed for answers that less than 10 firms responded to (diagonal line).

## More than 30% of negatively affected transport machinery firms will consider changing areas of production

Amongst firms that answered that trade protectionism would have “negative effects” (“overall negative impact” or “equally positive and negative impact”) the percentage of those that are considering future countermeasures was highest in order of ceramics/earth & stone, cars/car parts/other transportation machinery, electrical equipment, IT equipment/electronic parts & devices, and textiles/clothing. The percentage of firms answering “changing areas of production”, “changing areas of procurement”, and “improving productivity or efficiency” was highest for the transportation machinery industry (34.8%, 23.9%, and 50.0% respectively) with “increasing price of products” being highest for the textiles/clothing industry (44.4%). “changing sales areas” and “revising content of products” was highest for retail sector, at 30.4% and 43.5% respectively.

### Countermeasures for trade protectionism: Considering implementing in next 2 to 3 years (by firm size, industry, firms with negative $\geq$ positive impacts)

(Multiple answers, %)

	Number of firms	Changing areas of production (Manufacturing only)	Changing areas of procurement	Changing sales areas	Increasing price of products	Revising content of products	Improving productivity or efficiency	Lobbying	Strengthening information gathering	Other	No countermeasures	No answer	(Reference) Implementing some form of countermeasures
Total	1,000	-	14.2	12.0	16.6	19.5	25.2	2.9	<b>29.4</b>	1.3	24.7	7.9	67.4
Large-scale firms	249	29.3	20.9	14.9	13.7	16.9	30.1	4.4	<b>37.8</b>	2.0	14.1	10.8	75.1
SMEs	751	14.3	12.0	11.1	17.6	20.4	23.6	2.4	26.6	1.1	<b>28.2</b>	6.9	64.8
Manufacturing	580	17.8	13.8	10.9	18.4	18.8	<b>31.6</b>	3.3	28.1	1.6	22.6	7.4	70.0
Food & beverages	104	7.7	7.7	9.6	23.1	<b>25.0</b>	<b>30.8</b>	3.8	26.0	1.0	24.0	6.7	69.2
Textiles/clothing	18	<b>27.8</b>	<b>22.2</b>	<b>22.2</b>	<b>44.4</b>	16.7	22.2	0.0	27.8	0.0	27.8	0.0	<b>72.2</b>
Wood & woods products/furniture & building materials/paper & pulp	20	5.0	15.0	0.0	20.0	10.0	25.0	0.0	25.0	0.0	<b>50.0</b>	0.0	50.0
Chemicals	31	19.4	<b>19.4</b>	12.9	12.9	9.7	<b>32.3</b>	3.2	<b>32.3</b>	0.0	22.6	9.7	67.7
Medical products & cosmetics	16	12.5	12.5	0.0	<b>25.0</b>	18.8	6.3	0.0	31.3	0.0	<b>37.5</b>	6.3	56.3
Coal & petroleum products/plastics/rubber products	40	<b>25.0</b>	10.0	10.0	12.5	<b>27.5</b>	<b>30.0</b>	<b>5.0</b>	22.5	0.0	22.5	10.0	67.5
Ceramics/earth & stone	10	20.0	10.0	10.0	20.0	<b>30.0</b>	<b>30.0</b>	0.0	<b>30.0</b>	0.0	10.0	10.0	<b>80.0</b>
Iron & steel/non-ferrous metals/metal products	77	14.3	<b>16.9</b>	<b>16.9</b>	22.1	20.8	<b>31.2</b>	<b>6.5</b>	28.6	<b>2.6</b>	22.1	7.8	70.1
General machinery	67	14.9	14.9	10.4	11.9	10.4	<b>32.8</b>	1.5	<b>32.8</b>	1.5	22.4	<b>10.4</b>	67.2
Electrical equipment	41	<b>24.4</b>	12.2	7.3	12.2	14.6	<b>36.6</b>	2.4	19.5	<b>4.9</b>	17.1	4.9	<b>78.0</b>
IT equipment/electronic parts & devices	17	<b>23.5</b>	5.9	<b>17.6</b>	<b>23.5</b>	17.6	<b>47.1</b>	0.0	<b>47.1</b>	0.0	11.8	<b>11.8</b>	<b>76.5</b>
Cars/car parts/other transportation machinery	46	<b>34.8</b>	<b>23.9</b>	10.9	13.0	13.0	<b>50.0</b>	4.3	28.3	2.2	15.2	6.5	<b>78.3</b>
Precision equipment	30	20.0	6.7	6.7	<b>23.3</b>	16.7	<b>26.7</b>	3.3	20.0	<b>3.3</b>	23.3	6.7	70.0
Other manufacturing	63	19.0	15.9	11.1	14.3	23.8	25.4	3.2	<b>31.7</b>	1.6	20.6	7.9	71.4
Non-manufacturing	420	-	14.8	13.6	14.0	20.5	16.4	2.4	<b>31.2</b>	1.0	27.6	8.6	63.8
Trade and wholesale	243	-	<b>19.8</b>	<b>16.9</b>	16.5	20.6	17.3	1.6	<b>29.2</b>	0.4	26.3	6.6	67.1
Retail	23	-	8.7	<b>30.4</b>	<b>30.4</b>	<b>43.5</b>	17.4	<b>4.3</b>	30.4	0.0	17.4	<b>17.4</b>	65.2
Construction	24	-	8.3	4.2	4.2	<b>25.0</b>	16.7	4.2	<b>41.7</b>	0.0	<b>33.3</b>	4.2	62.5
Transport	41	-	2.4	9.8	12.2	17.1	19.5	2.4	31.7	<b>2.4</b>	<b>39.0</b>	0.0	61.0
Finance & insurance	17	-	5.9	0.0	0.0	11.8	5.9	0.0	<b>52.9</b>	<b>5.9</b>	11.8	<b>23.5</b>	64.7
Communication, information & software	12	-	16.7	0.0	0.0	16.7	8.3	0.0	<b>33.3</b>	0.0	<b>33.3</b>	8.3	58.3
Professional services	14	-	7.1	14.3	7.1	7.1	0.0	<b>7.1</b>	<b>35.7</b>	0.0	28.6	7.1	64.3
Other non-manufacturing	46	-	10.9	4.3	10.9	17.4	19.6	<b>4.3</b>	26.1	2.2	<b>30.4</b>	<b>19.6</b>	50.0

Note: 1) n = firms that expected future “overall negative impact” or “equally positive and negative impact” in response to the effects of trade protectionism. 2) See the previous page for the official answer category names. 3) “changing areas of production” does not apply for non-manufacturing industries (value for large-scale and SMEs is for manufacturing industries). 4) Highlighted cells are the top 5 highest answering industries for each item. Bolded digits are the items with the highest answer rate for each industry. 5) The proportion of answers for “(Reference) implementing some form of countermeasures” was calculated by subtracting “no countermeasures” and “no answer” from 100%.

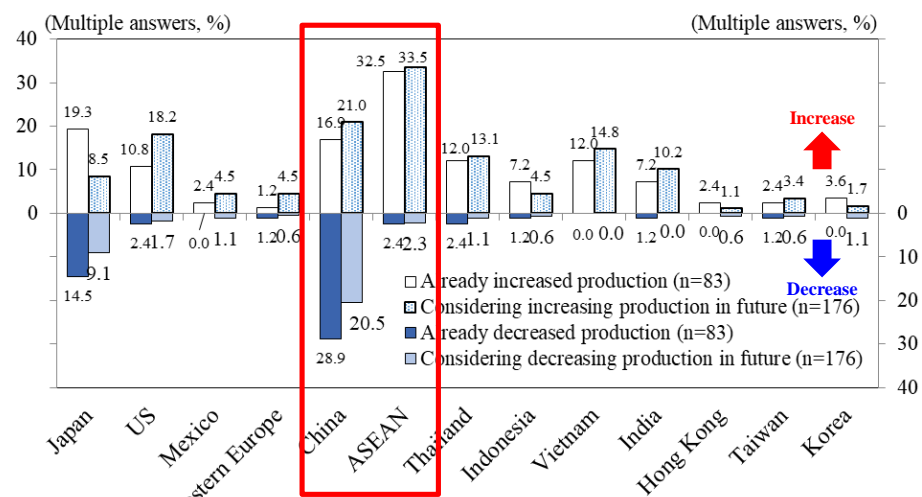


# Trend of decreased production/procurement in China, with increases in ASEAN countries

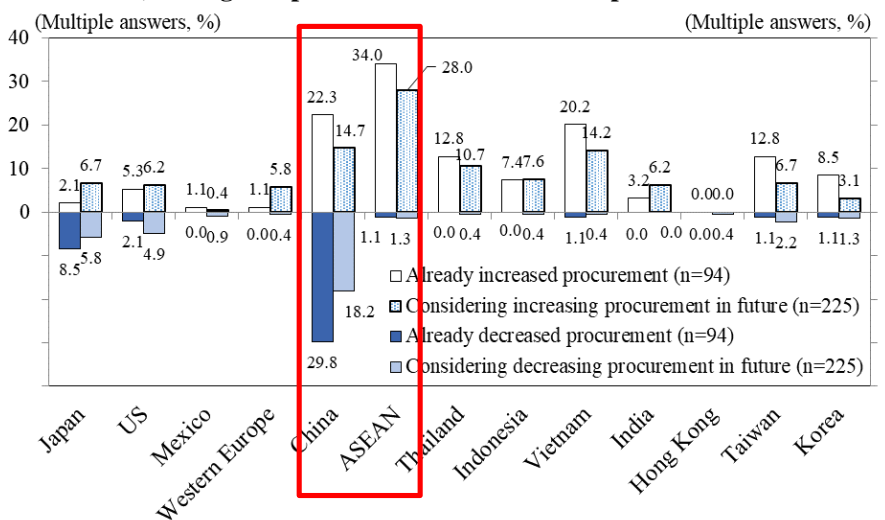
When firms that answered that they would respond to trade protectionism by “making (partial) changes to areas of production/procurement/sales” were asked where they would make increases/decreases, nearly 30% replied that they have already decreased procurement from or production in China. Overall the percentage of answers relating to decreases was highest for China. On the other hand, the percentage of answers regarding increases in ASEAN countries (Thailand and Vietnam in particular) was remarkable. However, the percentage of firms that answered they would make increases in China was also high, with those answering that increases and decreases in sales were around the same (at the time of the survey) or trending upwards (in the future). After ASEAN countries, China also had the second highest percentage of answers for future increases in production/procurement/sales (top position when compared to individual ASEAN countries).

## Countries/regions where production/procurement/sales are changed in response to trade protectionism

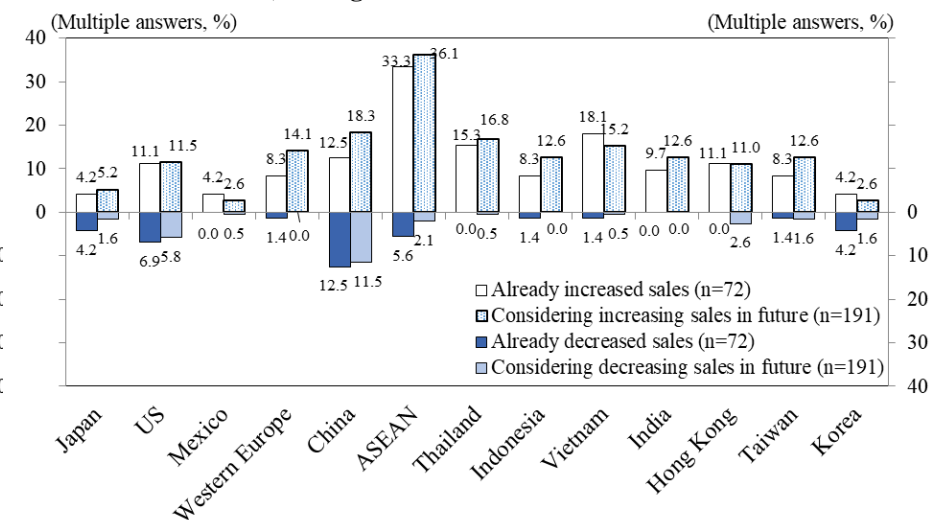
### 1) Changes in production of own products (manufacturing only)



### 2) Changes in procurement of other firms products



### 3) Changes in sales destinations



Note: 1) n = firms that answered they have made (partial) changes to areas of production, procurement, and sales as a response to trade protectionism, or are considering future changes. 2) The figures for each country/region = number of firms that said that they would increase/decrease production, procurement and sales in the country/region / n \* 100(%). 3) ASEAN is firms that selected any of the ASEAN member countries. Copyright (C) 2019 JETRO. All rights reserved.

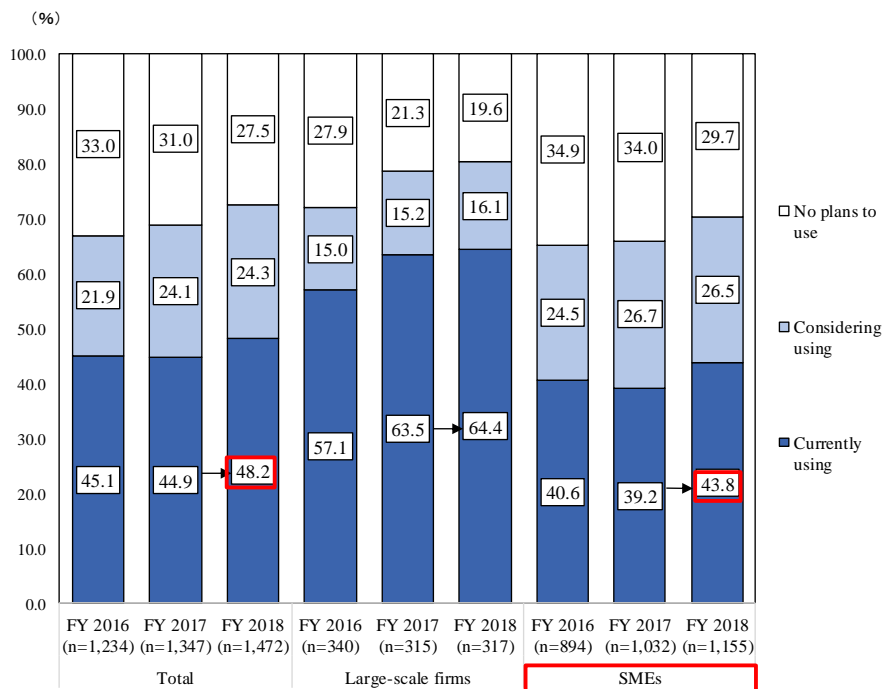
## 5. Utilization of Free Trade Agreements (FTA)

- FTA Utilization rate in exports rises to 48%, with expanded usage by SMEs-

# FTA utilization rate climbs up to 48.2% for exports

Among firms exporting to FTA-partner countries of Japan, 48.2% were using FTAs when exporting to these countries, up 3.3% from the previous year. The rate for SMEs was 43.8%, an increase of 4.6% from the previous year. By industry, the rate was highest among cars/car parts/other transportation machinery firms at 66.7%, the trend seen in this survey the previous year.

### Utilization rates for Japan's FTAs (total, time series)



Note: n= firms that export to one or more Japan's FTA-partner countries/regions (Thailand, Malaysia, Indonesia, Philippines, Vietnam, Other ASEAN, India, Mexico, Chile, Peru, Switzerland, Australia, Mongolia). This does not include firms who did not answer whether they were using a FTA or whose answers were unclear.

### Status of use of FTAs by industry (total, by industry)

	Number of firms	Using or considering using (%)			No plans to use (%)
		Using	Considering using	No plans to use	
Total	1,472	72.5	48.2	24.3	27.5
Large-scale firms	317	80.4	64.4	16.1	19.6
SMEs	1,155	70.3	43.8	26.5	29.7
<b>Manufacturing</b>	999	73.5	51.2	22.3	26.5
Food & beverages	213	76.5	48.4	28.2	23.5
Textiles/clothing	35	68.6	40.0	28.6	31.4
Wood & woods products/furniture & building materials/paper & pulp	27	74.1	44.4	29.6	25.9
Chemicals	64	79.7	59.4	20.3	20.3
Medical products & cosmetics	42	81.0	59.5	21.4	19.0
Coal & petroleum products/plastic products/rubber products	68	73.5	54.4	19.1	26.5
Ceramics/earth & stone	12	75.0	50.0	25.0	25.0
Iron & steel/non-ferrous metals/metal products	103	69.9	54.4	15.5	30.1
General machinery	118	73.7	54.2	19.5	26.3
Electrical equipment	64	60.9	45.3	15.6	39.1
IT equipment/electronic parts & devices	27	55.6	29.6	25.9	44.4
Cars/car parts/other transportation machinery	66	90.9	66.7	24.2	9.1
Precision equipment	47	57.4	36.2	21.3	42.6
Other manufacturing	113	73.5	51.3	22.1	26.5
<b>Non-manufacturing</b>	473	70.4	42.1	28.3	29.6
Trade and wholesale	346	74.3	46.8	27.5	25.7
Retail	23	65.2	21.7	43.5	34.8
Construction	22	63.6	36.4	27.3	36.4
Transport	17	64.7	29.4	35.3	35.3
Communication, information & software	10	40.0	20.0	20.0	60.0
Other non-manufacturing	47	61.7	29.8	31.9	38.3

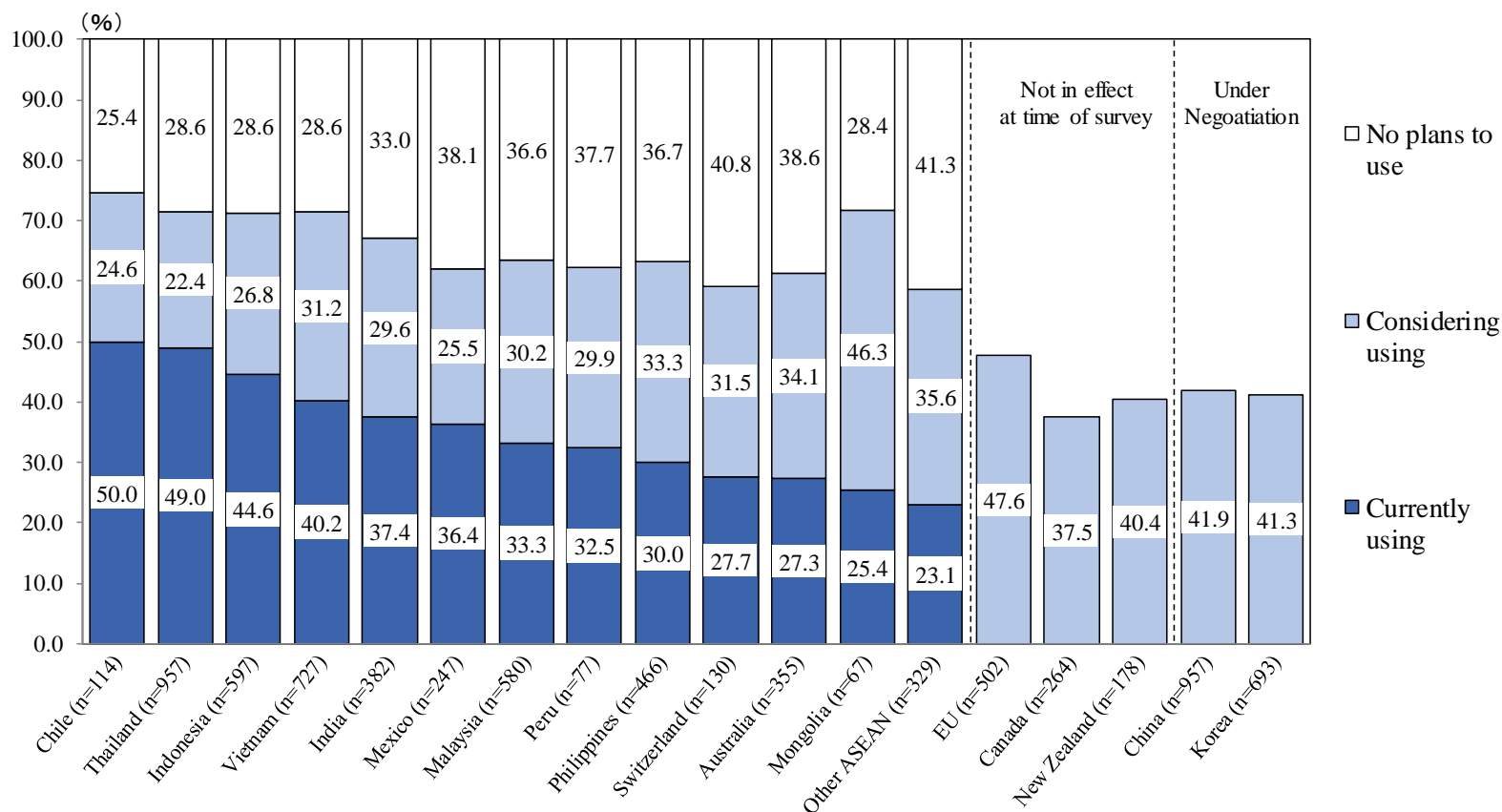
Note: 1) Industries in which more than 10 firms responded are displayed.

2) Highlighted cells indicate the top 10 industries of the rates of "Currently using".

## Utilization rate over 30% with 9 FTA-partner countries

By Japan's FTA-partner country/region, the utilization rate was particularly high for Chile, Thailand, Indonesia, Vietnam, and India. The rate also exceeded 30% in Mexico, Malaysia, Peru, and the Philippines, which made the number of partner countries with the rate of more than 30% was 9 (the number was 7 in the previous year). In the EU, with which the Japan-EU EPA came into effect on February 1, almost half, 47.6%, of the firms exporting to the region answered "considering using" at the time of the survey.

Utilization rates of FTA by partner country/region (total)

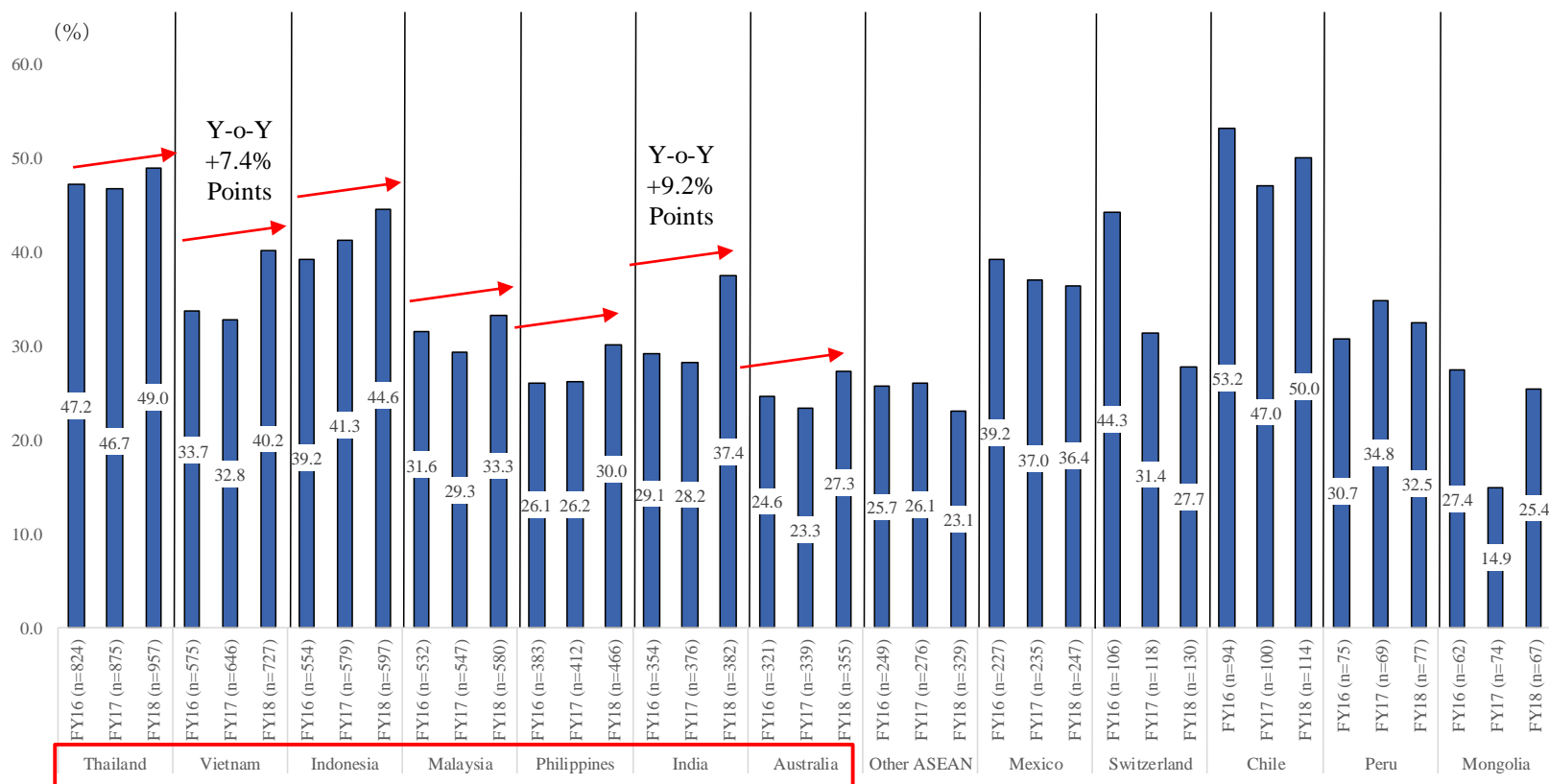


Note: 1) n= firms that export to the subject country/region. This does not include firms who did not answer the FTA status  
 2) FTA-partner countries/regions are listed from the left, in order of FTA utilization rate in exports

## FTA utilization rates in major export countries rise

The FTA utilization rate rose more than 2 percentage points over the previous year in the 9 FTA partner countries, to which many Japanese firms are exporting, including Thailand, Vietnam, Indonesia, Malaysia, Philippines, India, Australia, etc. Substantial increases were seen in India (+9.2%) and Vietnam (+7.4%). The rates significantly increased in the coal & petroleum products/plastic products/rubber products (38.5% → 60.0%) and trade/wholesale (27.0% → 39.5%) industries in India, while the rise of rates in Vietnam was observed in the chemicals (42.1% → 59.5%) and medical products & cosmetics (28.0% → 56.5%).

Utilization rates of FTA by partner country/region (time series)



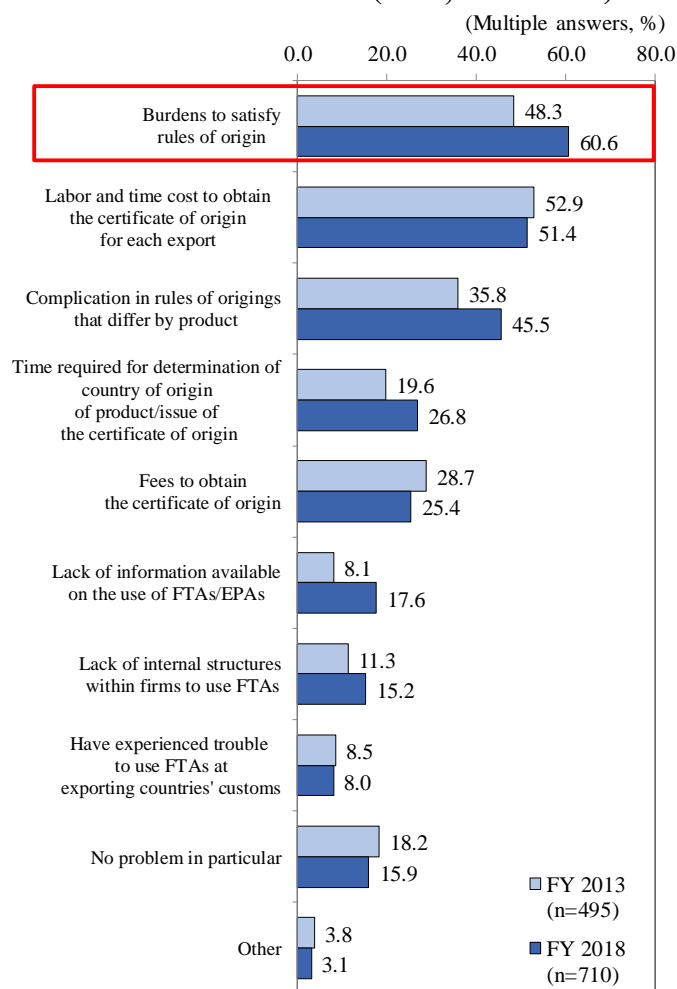
Note: 1) n= firms that export to the subject country/region. This does not include firms that did not answer the FTA status

2) FTA-partner countries/regions are listed from the left, in order of FTA utilization rate in exports

## More than 60% of firms using FTAs raise issues on rules of origin

Asked about issues they face in the use of FTAs, 60.6% of firms that have used FTAs in export answered “burdens to satisfy rules of origin”. The rate increased by 12.3% compared to the same question in FY 2013. This was followed by “labor and time cost to obtain the certificate of origin for each export” at 51.4%. The rates of these two answers were greater than 50% in almost all industries.

### Issues in use of FTAs (total, time series)



Note: n= firms that use FTAs in exports.

### Issues in use of FTAs (by industry)

(Multiple answers, %)

	Number of firms	Burdens to satisfy rules of origin	Labor and time cost to obtain the certificate of origin for each export	Complication in rules of origins that differ by product	Time required for determination of country of origin of product/issue of the certificate of origin	Fees to obtain the certificate of origin	Lack of information available on the use of FTAs/EPAs	Lack of internal structures within firms to use FTAs	Have experienced trouble to use FTAs at exporting countries' customs	No problem in particular	Other
Total	710	60.6	51.4	45.5	26.8	25.4	17.6	15.2	8.0	15.9	3.1
Large-scale firms	204	66.2	50.5	49.0	23.5	23.5	14.2	17.6	8.8	14.7	1.5
SMEs	506	58.3	51.8	44.1	28.1	26.1	19.0	14.2	7.7	16.4	3.8
Manufacturing	511	62.4	51.5	46.6	25.6	23.7	17.8	16.8	8.8	15.3	2.7
Food & beverages	103	59.2	51.5	47.6	30.1	21.4	22.3	16.5	5.8	15.5	4.9
Textiles/clothing	14	64.3	57.1	50.0	21.4	21.4	14.3	21.4	28.6	7.1	7.1
Wood & woods products/furniture & building materials/paper & pulp	12	66.7	41.7	58.3	25.0	25.0	8.3	8.3	0.0	8.3	0.0
Chemicals	38	63.2	42.1	47.4	18.4	18.4	13.2	10.5	7.9	23.7	0.0
Medical products & cosmetics	25	64.0	56.0	40.0	40.0	32.0	24.0	8.0	4.0	8.0	0.0
Coal & petroleum products/plastic products/rubber products	37	54.1	45.9	35.1	13.5	18.9	10.8	8.1	10.8	21.6	5.4
Iron & steel/non-ferrous metals/metal products	56	48.2	51.8	33.9	14.3	25.0	17.9	12.5	7.1	16.1	1.8
General machinery	64	70.3	53.1	60.9	28.1	25.0	18.8	20.3	4.7	12.5	1.6
Electrical equipment	29	65.5	55.2	44.8	27.6	24.1	13.8	27.6	10.3	13.8	3.4
Cars/car parts/other transportation machinery	44	79.5	52.3	56.8	36.4	29.5	18.2	29.5	13.6	9.1	2.3
Precision equipment	17	58.8	47.1	70.6	17.6	29.4	11.8	23.5	5.9	17.6	0.0
Other manufacturing	58	63.8	58.6	32.8	22.4	20.7	20.7	12.1	12.1	17.2	3.4
Non-manufacturing	199	55.8	51.3	42.7	29.6	29.6	17.1	11.1	6.0	17.6	4.0
Trade and wholesale	162	58.6	49.4	44.4	29.6	30.2	13.6	9.3	6.2	15.4	4.9
Other non-manufacturing	14	28.6	57.1	14.3	21.4	14.3	28.6	0.0	0.0	35.7	0.0

Note: 1) n= firms that use FTAs in exports. Industries in which more than 10 firms responded are displayed. 2) Highlighted cells indicate industries that remarked 50% or more.

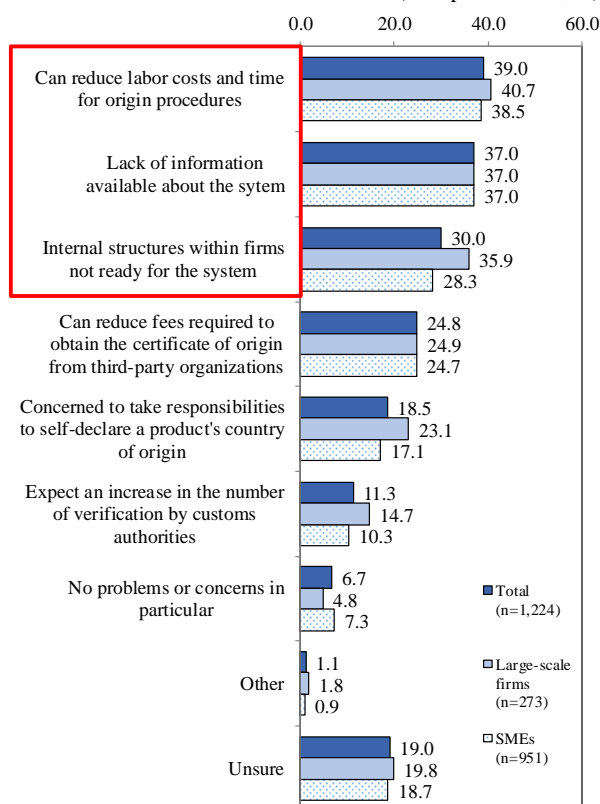
## Expectations and concerns on self-certification of origin

On the self-certification system for the origin certification procedures, which was introduced in Japan-EU EPA and TPP11 (see notes), 39.0% of firms that were either currently using or considering using an FTA chose “(the system) can reduce labor costs and time for origin procedures”. However, 37.0% answered “lack of information available on the system” while 30% also answered “internal structures within firms not ready for the system.”

Note: A system that allows either exporters, producers, or importers to declare a product’s country of origin, without having to use third-party organizations.

### Opinions on self-certification of origin (by firm size) Opinions on self-certification of origin (by industry)

(Multiple answers, %)



(Multiple answers, %)

	Number of firms	Can reduce labor costs and time for origin procedures	Lack of information available about the system	Internal structures within firms not ready for the system	Can reduce fees required to obtain the certificate of origin from third-party organizations	Concerned to take responsibilities to self-declare a product's country of origin	Expect an increase in the number of verification by customs authorities	No problems or concerns in particular	Other	Unsure
Total	1,224	39.0	37.0	30.0	24.8	18.5	11.3	6.7	1.1	19.0
Large-scale firms	273	40.7	37.0	35.9	24.9	23.1	14.7	4.8	1.8	19.8
SMEs	951	38.5	37.0	28.3	24.7	17.1	10.3	7.3	0.9	18.7
Manufacturing	826	40.0	36.9	28.3	25.1	18.6	11.5	6.7	1.1	19.1
Food & beverages	184	42.4	39.1	23.9	23.4	14.1	9.8	9.2	2.2	18.5
Textiles/clothing	34	50.0	35.3	32.4	32.4	17.6	17.6	0.0	0.0	20.6
Wood & woods products/furniture & building materials/paper & pulp	24	41.7	33.3	25.0	25.0	16.7	16.7	0.0	0.0	16.7
Chemicals	55	49.1	30.9	14.5	29.1	16.4	10.9	7.3	0.0	20.0
Medical products & cosmetics	40	45.0	37.5	17.5	27.5	10.0	12.5	0.0	0.0	20.0
Coal & petroleum products/plastic products/rubber products	54	37.0	33.3	27.8	29.6	24.1	11.1	5.6	0.0	20.4
Iron & steel/non-ferrous metals/metal products	89	25.8	30.3	24.7	20.2	12.4	3.4	9.0	1.1	25.8
General machinery	89	42.7	38.2	36.0	28.1	21.3	12.4	4.5	1.1	19.1
Electrical equipment	40	37.5	40.0	42.5	22.5	12.5	7.5	12.5	0.0	12.5
IT equipment/electronic parts & devices	20	30.0	35.0	50.0	15.0	15.0	5.0	20.0	5.0	20.0
Cars/car parts/other transportation machinery	62	38.7	43.5	35.5	21.0	35.5	21.0	6.5	3.2	19.4
Precision equipment	29	41.4	37.9	31.0	31.0	17.2	10.3	3.4	0.0	13.8
Other manufacturing	97	41.2	40.2	28.9	25.8	25.8	16.5	5.2	0.0	14.4
Non-manufacturing	398	36.9	37.2	33.4	24.1	18.1	10.8	6.8	1.3	18.6
Trade and wholesale	295	39.7	38.6	35.3	26.8	20.0	11.5	5.8	1.0	16.9
Retail	19	42.1	31.6	31.6	21.1	21.1	21.1	10.5	0.0	21.1
Construction	19	31.6	26.3	15.8	10.5	10.5	10.5	5.3	5.3	36.8
Transport	11	45.5	54.5	45.5	27.3	18.2	18.2	9.1	9.1	9.1
Other non-manufacturing	39	20.5	30.8	25.6	12.8	10.3	0.0	12.8	0.0	17.9

Note: 1) n= firms that currently use or consider using FTAs in exports, including FTAs not yet in effect at the time of survey or under negotiation. Industries in which more than 10 firms responded are displayed.

2) Highlighted cells indicate industries that remarked 40% or more.

Note: n= firms that currently use or consider using FTAs in exports including FTAs not yet in effect at the time of survey or under negotiation.

## 6. Utilization of foreign personnel

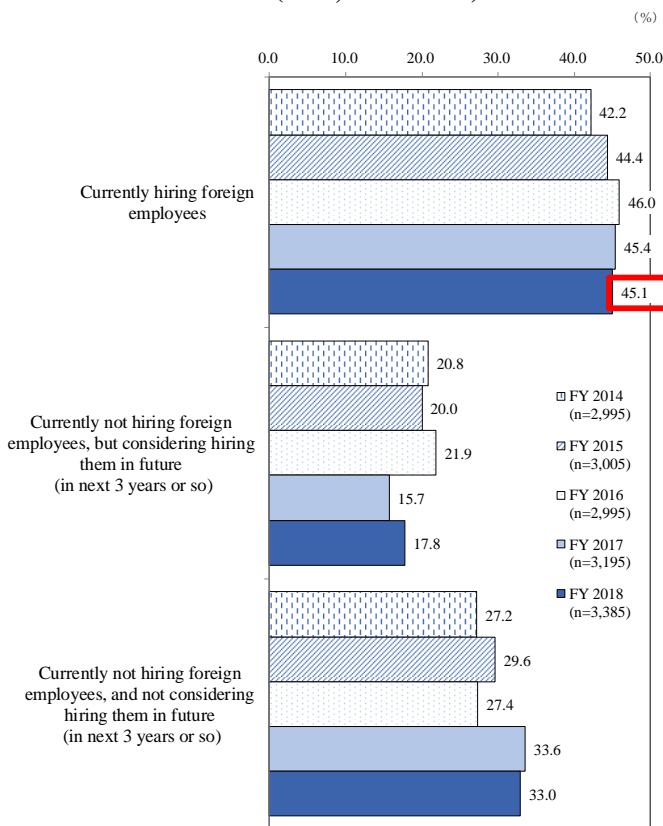
- Approximately 60% of SMEs are employing foreign personnel or are considering hiring them -



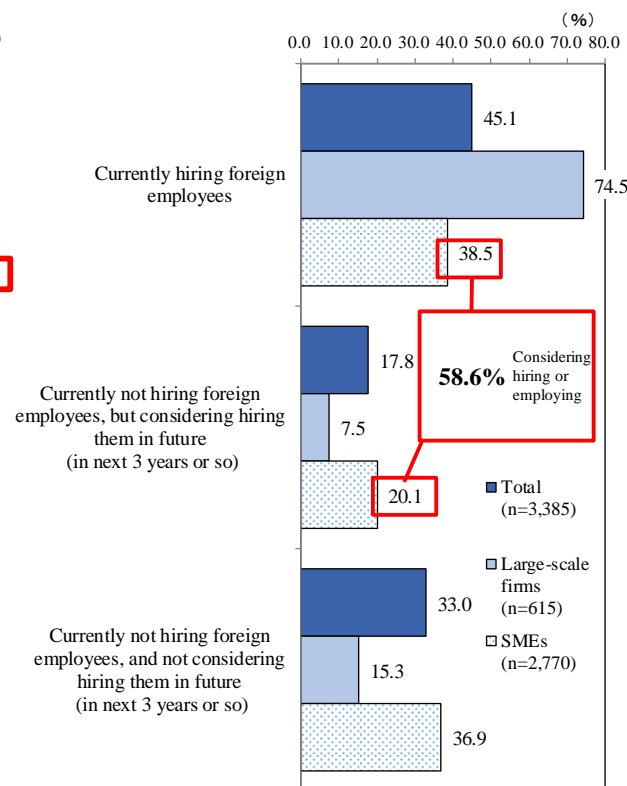
## Approximately 60% of SMEs are employing foreign personnel or are considering hiring them

The percentages of firms employing foreign personnel at domestic bases remained at 45.1%, the same level as the previous year (45.4%). Firms that responded they would like to consider employing them in the future increased from the previous year (from 15.7% to 17.8%). In the case of SMEs, about 60% (58.6%) responded that they are either employing foreign personnel or considering doing so in the future, and among firms with foreign employees, almost half (49.8%) responded that these employees were “general administrative staff”. This was also the most common answer.

**Hiring of foreign employees (total, time series)**

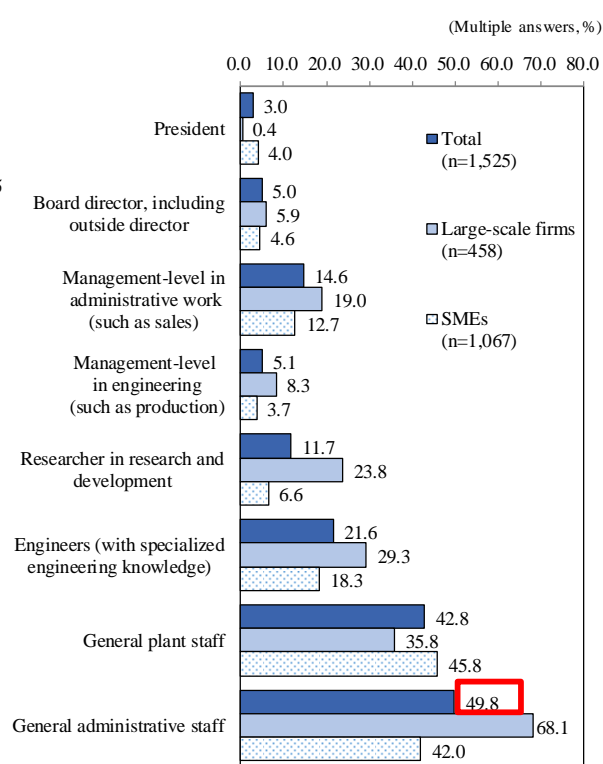


**Hiring of foreign employees (total, by firm size)**



Note: n = total number of respondent firms.

**Hiring status of foreign employees (total, by firm size)**



Note: n = firms who answered “currently hiring foreign employees”

Note: n = total number of respondent firms. The phrase “in next 3 years or so” was added from the FY 2017 survey onwards.

# Upward trend in percentages of foreign personnel

Looking at percentages of foreign personnel, the most frequent answer was “less than 1%” at 40.9% of firms, followed by “1 - 5%” at 33.2%. However, compared to the previous survey (FY 2015) there were increases seen amongst many industries. In particular, increases were seen in 10 out of the 14 manufacturing industries, with these firms answering that they had more than 20% foreign personnel.

## Upward trend percentages of foreign personnel (total, by industry)

	No. of firms	Less than 1 %		1 - 5 %		6 - 10%		11 - 20%		more than 20%		No answer
		FY15→ FY18	FY15→ FY18	FY15→ FY18	FY15→ FY18	FY15→ FY18	FY15→ FY18	FY15→ FY18	FY15→ FY18			
<b>Total</b>	1,525	40.9	Δ 2.2	33.2	Δ 3.1	9.6	+ 1.9	5.7	+ 0.1	6.3	+ 2.4	4.3
Large-scale firms	458	64.8	+ 0.8	28.2	Δ 2.0	1.7	Δ 0.5	0.9	+ 0.5	0.2	Δ 0.4	4.1
Small and medium-sized enterprises (SMEs)	1,067	30.6	Δ 1.4	35.3	Δ 4.3	13.0	+ 2.3	7.8	Δ 0.5	8.9	+ 3.3	4.4
<b>Manufacturing</b>	885	41.1	Δ 1.8	33.1	Δ 6.2	9.7	+ 1.8	6.2	+ 2.0	5.5	+ 3.5	4.3
Food & beverages	170	38.8	+ 1.2	27.1	Δ 15.1	12.9	+ 5.6	10.0	+ 0.8	5.3	+ 4.4	5.9
Textiles/clothing	37	24.3	Δ 0.0	35.1	Δ 0.0	8.1	Δ 21.6	10.8	+ 5.4	13.5	+ 8.1	8.1
Wood & woods products/furniture & building materials/paper & pulp	28	50.0	+ 7.1	32.1	Δ 1.2	7.1	+ 2.3	3.6	Δ 1.2	0.0	Δ 4.8	7.1
Chemicals	46	45.7	Δ 6.3	43.5	+ 3.5	4.3	+ 2.3	0.0	-	0.0	Δ 2.0	6.5
Medical products & cosmetics	30	36.7	Δ 20.4	33.3	Δ 2.4	13.3	+ 6.2	3.3	+ 3.3	6.7	+ 6.7	6.7
Coal & petroleum products/plastics/rubber products	58	27.6	Δ 24.7	27.6	Δ 1.9	19.0	+ 16.7	5.2	+ 2.9	10.3	+ 3.5	10.3
Ceramics/earth & stone	11	54.5	Δ 9.1	36.4	+ 0.0	0.0	-	0.0	-	9.1	+ 9.1	0.0
Iron & steel/non-ferrous metals/metal products	107	35.5	Δ 1.7	28.0	Δ 11.4	15.9	+ 4.2	6.5	+ 2.2	11.2	+ 9.1	2.8
General machinery	105	47.6	Δ 4.9	38.1	+ 0.7	7.6	+ 2.5	2.9	+ 0.9	1.0	Δ 1.0	2.9
Electrical equipment	54	44.4	+ 0.9	38.9	Δ 3.0	5.6	Δ 0.9	7.4	+ 4.2	1.9	+ 1.9	1.9
IT equipment/electronic parts & devices	33	42.4	+ 1.8	39.4	+ 8.2	9.1	Δ 3.4	6.1	Δ 0.2	3.0	Δ 0.1	0.0
Cars/car parts/other transportation machinery	69	42.0	+ 6.5	37.7	Δ 4.4	5.8	Δ 0.8	4.3	Δ 2.3	5.8	+ 1.9	4.3
Precision equipment	39	51.3	+ 4.8	33.3	Δ 1.6	2.6	Δ 9.0	5.1	+ 2.8	7.7	+ 7.7	0.0
Other manufacturing	98	46.9	+ 6.6	32.7	Δ 16.7	6.1	+ 0.9	8.2	+ 4.3	4.1	+ 4.1	2.0
<b>Non-manufacturing</b>	640	40.5	Δ 3.0	33.3	+ 1.3	9.5	+ 2.0	5.0	Δ 2.5	7.3	+ 0.8	4.4
Trade and wholesale	270	36.7	+ 0.8	34.4	Δ 1.5	13.0	+ 3.8	5.6	Δ 3.6	7.8	+ 0.2	2.6
Retail	45	40.0	Δ 22.5	33.3	+ 14.6	4.4	Δ 5.0	6.7	+ 3.6	2.2	Δ 0.9	13.3
Construction	53	45.3	Δ 11.0	32.1	+ 4.0	5.7	+ 2.6	5.7	Δ 3.7	7.5	+ 7.5	3.8
Transport	45	57.8	Δ 7.1	26.7	+ 7.8	6.7	+ 6.7	0.0	Δ 8.1	4.4	Δ 1.0	4.4
Finance & insurance	29	86.2	Δ 2.4	13.8	+ 5.2	0.0	-	0.0	-	0.0	Δ 2.9	0.0
Communication, information & software	59	22.0	Δ 9.8	35.6	Δ 14.4	11.9	+ 0.5	10.2	+ 5.7	11.9	+ 11.9	8.5
Professional services	23	8.7	Δ 12.0	52.2	+ 14.3	4.3	Δ 6.0	4.3	Δ 6.0	26.1	+ 15.8	4.3
Other non-manufacturing	116	44.8	+ 4.3	33.6	+ 3.2	8.6	+ 2.3	3.4	Δ 2.9	5.2	Δ 6.2	4.3

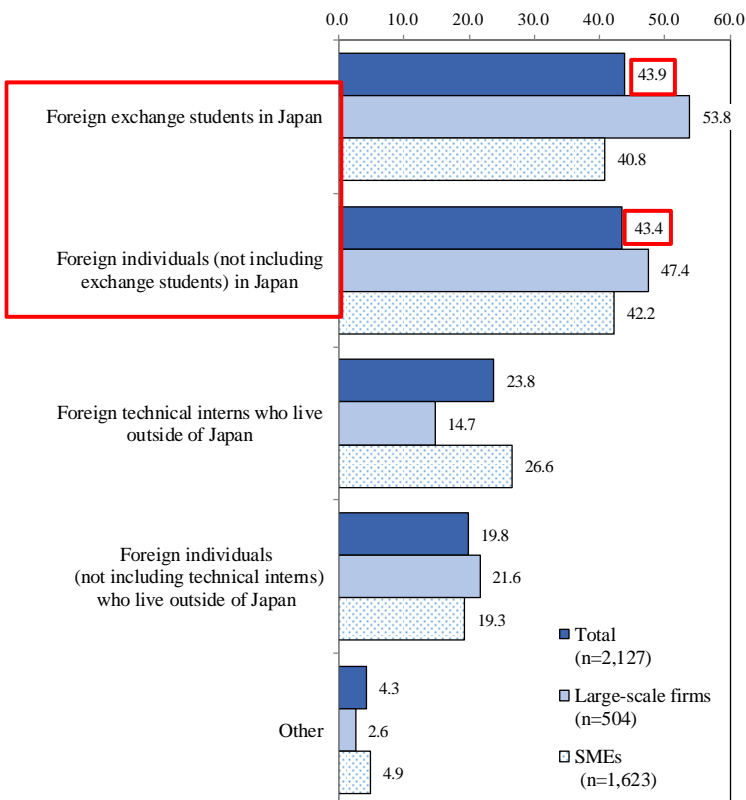
Note: 1) n = firms who answered “Currently hiring foreign employees” 2) highlighted cells are categories where the proportion has increased compared to 2015.

# Emphasis on hiring foreign personnel from Japan

Among firms who answered that they were “currently hiring foreign employees” or were “considering hiring them in the future”, most had hired these employees from Japan or were considering hiring them from Japan. By industry, the proportion of transport, finance & insurance, communication, and information & software firms who were hiring or considering hiring foreign exchange students was highest, at more than 50%. On the other hand, the number of firms in the construction, earth & stone, and iron & steel/non-ferrous metals/metal products industries who were either employing or considering hiring technical interns was more than 40%.

## Method of hiring foreign employees (total, by firm size)

(Multiple answers, %)



## Method of hiring foreign employees (by industry)

(Multiple answers, %)

	No. of firms	Foreign exchange students in Japan	Foreign individuals (does not include exchange students) in Japan	Foreign individuals who live outside of Japan		Other	No answer	
				Hiring foreign technical interns	Hiring other than foreign technical interns			
<b>Total</b>	2,127	43.9	43.4	37.9	23.8	19.8	4.3	8.3
<b>Manufacturing</b>	1,195	41.8	41.8	41.8	29.4	18.8	4.5	7.8
Food & beverages	272	36.8	31.3	48.2	38.6	13.2	5.1	12.1
Textiles/clothing	55	40.0	38.2	38.2	34.5	10.9	0.0	9.1
Wood & woods products/furniture & building materials/paper & pulp	35	45.7	40.0	42.9	28.6	20.0	2.9	5.7
Chemicals	57	49.1	49.1	19.3	3.5	19.3	5.3	10.5
Medical products & cosmetics	46	43.5	69.6	23.9	10.9	15.2	6.5	4.3
Coal & petroleum products/plastics/rubber products	78	38.5	47.4	48.7	38.5	17.9	1.3	5.1
Ceramics/earth & stone	15	53.3	13.3	66.7	40.0	33.3	13.3	0.0
Iron & steel/non-ferrous metals/metal products	142	40.8	39.4	50.7	40.1	19.7	2.1	3.5
General machinery	127	47.2	35.4	44.1	25.2	26.8	2.4	6.3
Electrical equipment	64	39.1	60.9	29.7	14.1	20.3	4.7	3.1
IT equipment/electronic parts & devices	37	45.9	54.1	32.4	24.3	16.2	0.0	13.5
Cars/car parts/other transportation machinery	82	48.8	52.4	53.7	39.0	28.0	6.1	4.9
Precision equipment	49	32.7	44.9	36.7	12.2	30.6	12.2	10.2
Other manufacturing	136	43.4	41.2	30.1	21.3	14.7	7.4	8.8
<b>Non-manufacturing</b>	932	46.6	45.5	33.0	16.6	21.1	4.1	9.0
Trade and wholesale	403	43.9	49.6	28.0	12.4	18.9	4.7	7.9
Retail	67	40.3	49.3	34.3	22.4	22.4	6.0	13.4
Construction	77	44.2	28.6	66.2	40.3	35.1	2.6	5.2
Transport	64	56.3	50.0	26.6	10.9	18.8	3.1	4.7
Finance & insurance	37	54.1	27.0	18.9	5.4	16.2	5.4	10.8
Communication, information & software	74	51.4	50.0	27.0	6.8	21.6	1.4	12.2
Professional services	34	41.2	50.0	29.4	8.8	23.5	2.9	14.7
Other non-manufacturing	176	50.0	41.5	38.1	23.9	21.0	4.0	10.2

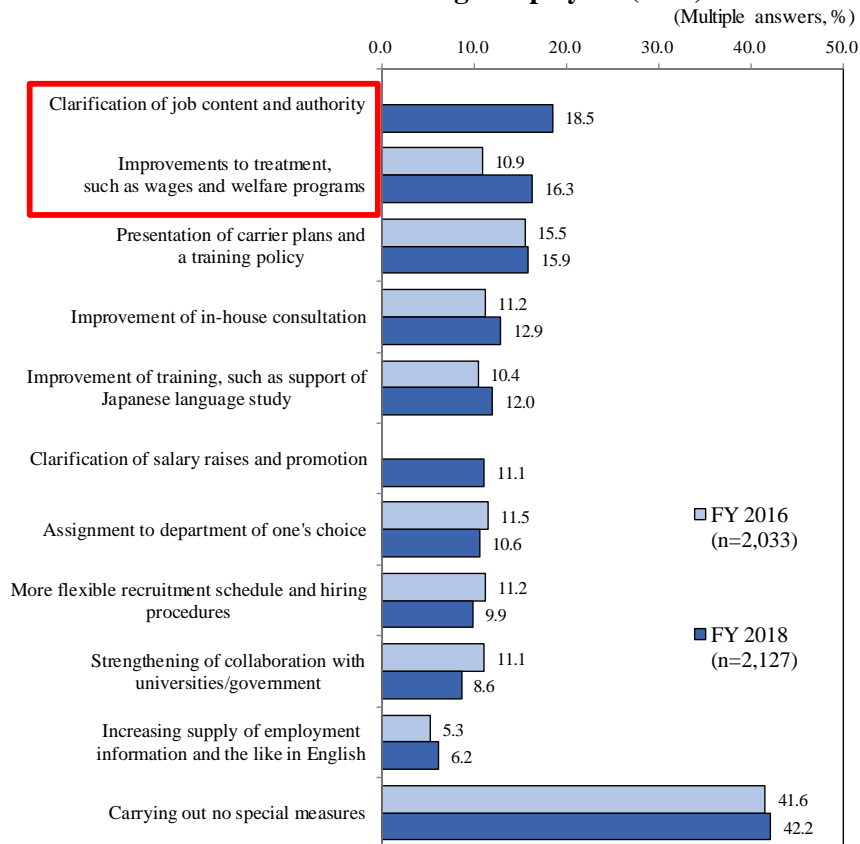
Note: n = firms who answered “Currently hiring foreign employees” or “Considering hiring them in future”

Note: 1) n = firms who answered “currently hiring foreign employees” or “considering hiring them in future” 2) highlighted areas are the top 5 industries per employment method.

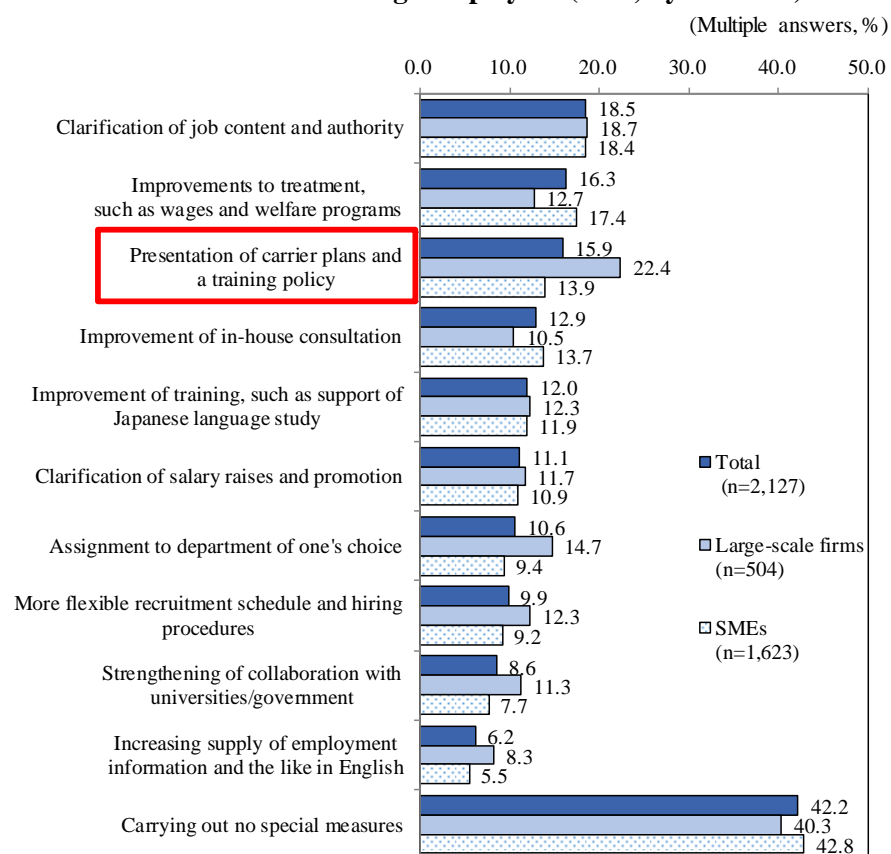
# Focus placed on “clarification of job content and authority”

Amongst firms who were either employing or considering hiring foreign personnel, 42.2% answered “no special measures” in regards to their hiring measures. This was followed by “clarification of job content and authority” (18.5%) and “improvements to treatment, such as wages and welfare programs” (16.3%). When compared to the previous survey (FY 2016), the proportion of firms that answered “improvements to treatment, such as wages and welfare programs” had increased by 5.4%. By firm size, the most common answer for large-scale firms was “presentation of carrier plans and a training policy” at 22.4%

### Measures to hire foreign employees (total)



### Measures to hire foreign employees (total, by firm size)



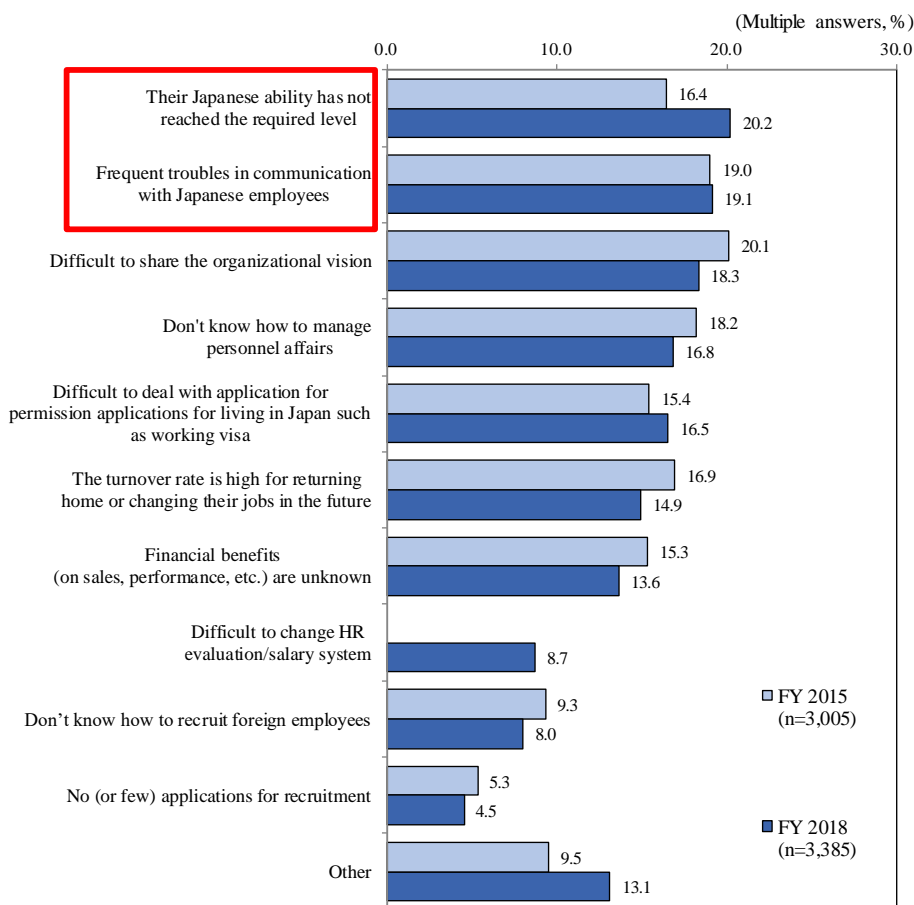
Note: n = firms who answered “currently hiring foreign employees” or “considering hiring them in future”. “clarification of job content and authority” and “clarification of salary raises and promotion” are new categories that have been added from FY 2018.

Note: n = firms who answered “currently hiring foreign employees” or “considering hiring them in future”

# Issues relating to Japanese proficiency/communication

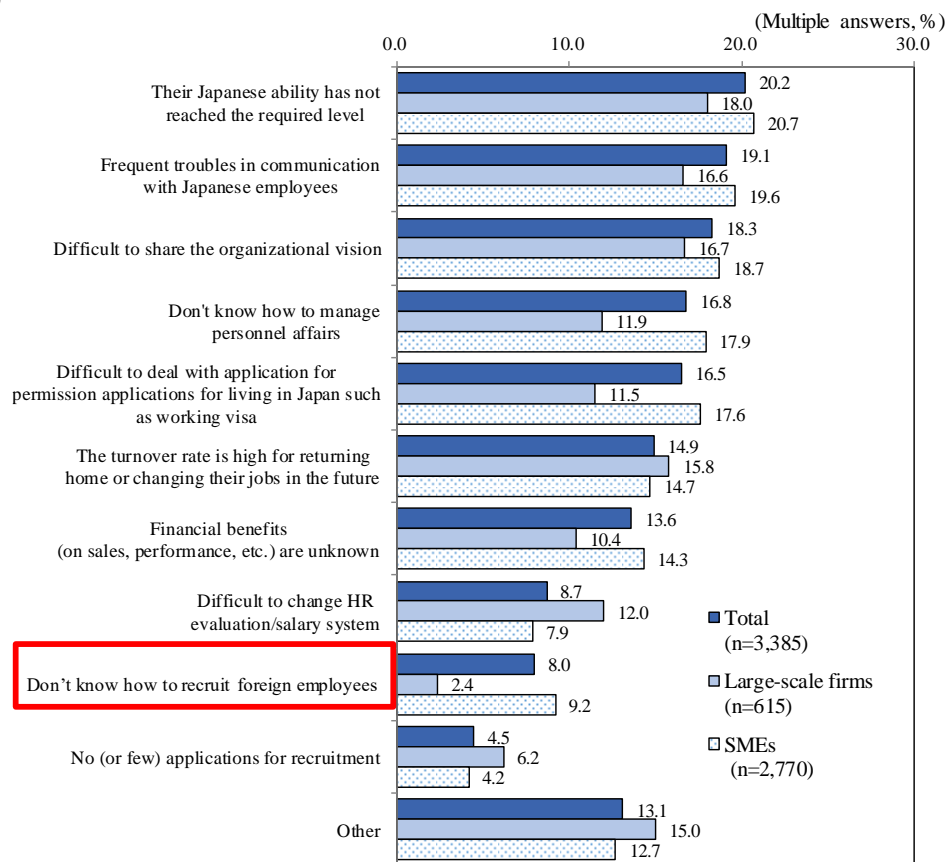
Regarding issues in hiring/employing foreign personnel, the two most common answers (at approximately 20% each) included “their Japanese ability has not reached the required level” and “frequent troubles in communication with Japanese employees”. By firm size, the proportion of SMEs that answered “don’t know how to recruit foreign employees” was 9.2%, 6.8% higher than large-scale firms. This answer had the largest difference in regards to firm size.

### Issues in hiring/employing foreign employees (total)



Note: n = total number of respondent firms. “Difficult to change HR evaluation/salary system” is a new category added from FY 2018

### Measures for hiring foreign employees (total, by firm size)



Note: n = total number of respondent firms.

## Common measures by firms that have a large proportion of foreign employees

Examining the measures of firms that have a large ratio of foreign employees showed that many of them were using similar measures including “clarity regarding duties and rights” and “improvements to compensation such as pay and benefits” as well as “improvement of in-house consultation”, “improvement of training, such as support of Japanese language study”, and “clarification of salary raises and promotion”. In terms of issues relating to hiring and employment, regardless of the ratio of foreign personnel, the most common answer was “their Japanese ability has not reached the required level”.

### Employment measures by ratio of foreign employees

(Multiple answers, %)

	No. of firms	Presentation of career plans and a training policy	Assignment to department of one's choice	Clarity regarding duties and rights	Clarification of salary raises and promotion	Improvements to compensation such as pay and benefits	Improvement of training, such as support of Japanese language study	Improvement of in-house consultation	More flexible recruitment schedule and hiring procedures	Increasing supply of employment information and the like in English	Increasing supply of employment information and the like in English	Carrying out no special measures	Other	
Ratio of foreign employees	Total	1,459	18.6	13.6	21.6	13.4	18.4	13.9	15.6	11.6	6.0	9.2	38.0	2.2
	Less than 1%	623	16.2	12.7	14.0	9.6	12.5	9.0	10.9	9.8	5.8	7.9	47.5	2.7
	1 - 5%	506	21.5	15.4	24.7	14.0	19.4	14.8	17.4	11.7	6.3	10.9	32.2	1.8
	6 - 10%	147	17.0	12.2	25.9	16.3	22.4	20.4	17.7	11.6	6.8	8.2	32.7	0.7
	11 - 20%	87	19.5	12.6	34.5	23.0	29.9	25.3	26.4	13.8	5.7	11.5	26.4	2.3
	More than 20%	96	19.8	12.5	36.5	20.8	34.4	20.8	22.9	20.8	5.2	8.3	25.0	3.1

Note: 1) n = firms who answered “currently hiring foreign employees” and who gave their proportion of personnel 2) highlighted cells are items for which the percentage of answers was 20% or more. 3) firms who didn't answer have not been displayed.

### Issues for hiring/employing foreign employees by ratio

(Multiple answers, %)

	No. of firms	Financial benefits (on sales, performance, etc.) are unknown	Difficult to share the organizational vision	Don't know how to manage personnel affairs	Difficult to change HR evaluation/salary system	Difficult to deal with application for permission applications for living in Japan such as working visa	The turnover rate is high for returning home or changing their jobs in the future	Their Japanese ability has not reached the required level	Frequent troubles in communication with Japanese employees	Don't know how to recruit foreign employees	No (or few) applications for recruitment	Other	
Ratio of foreign employees	Total	1,459	9.5	17.5	9.1	8.5	12.5	16.6	25.8	19.2	3.6	6.8	12.9
	Less than 1%	623	9.0	15.2	9.0	10.0	10.8	15.2	20.1	16.5	3.2	7.7	15.9
	1 - 5%	506	10.3	18.8	10.7	7.1	13.6	18.2	26.1	18.8	4.2	6.5	10.3
	6 - 10%	147	9.5	21.1	10.2	10.9	12.9	18.4	40.8	26.5	4.1	6.8	9.5
	11 - 20%	87	6.9	11.5	3.4	2.3	12.6	12.6	37.9	31.0	2.3	3.4	11.5
	More than 20%	96	10.4	25.0	5.2	8.3	16.7	17.7	27.1	16.7	3.1	5.2	13.5

Note: 1) n = firms who answered “currently hiring foreign employees” and who gave their proportion of personnel 2) highlighted cells are items for which the percentage of answers was 20% or more. 3) Firms who didn't answer have not been displayed.

## 7. E-commerce

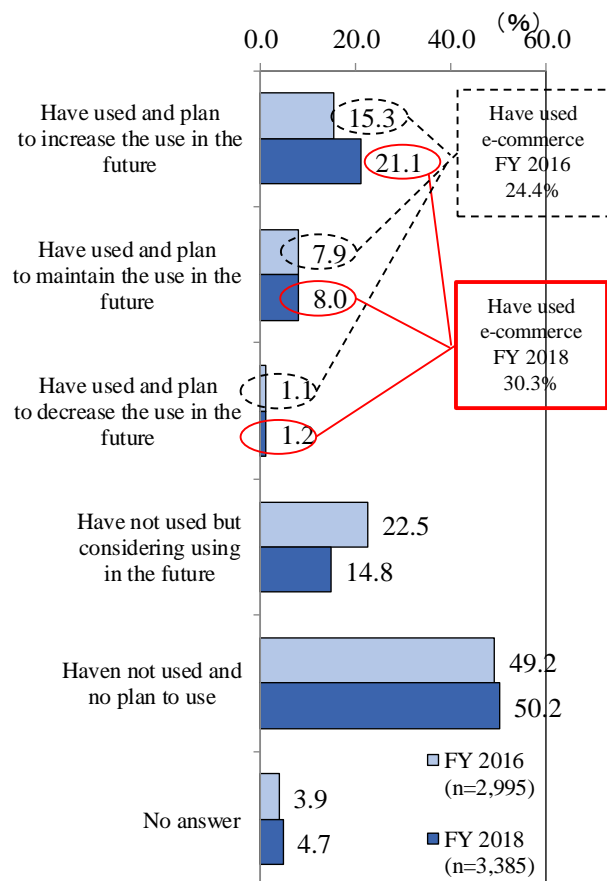
- Use of e-commerce in overseas sales expands, approximately 60% feel they have benefited -

# Use of e-commerce increased from 24.4% to 30.3%

Of all the respondent firms of this survey, 30.3% answered they “have used e-commerce” for sales, an increase from the previous survey (24.4% in FY 2016). There were no large difference in the rates by firm size. By industry, more than 50% of firms have used e-commerce for sales in medical products & cosmetics and retail.

Note: “Have used e-commerce” includes firms which selected either “have used and plan to increase the use in the future”, “have used and plan to maintain the use in the future”, or “have used and plan to decrease the use in the future”.

### Use of e-commerce (total, time series)



### Use of e-commerce (by firm size, industry)

	Number of firms	Have used e-commerce (%)	Have used and plan to increase the use in the future (%)	Have used and plan to maintain the use in the future (%)	Have used and plan to decrease the use in the future (%)	Have not used but considering using in the future (%)	Have not used and no plan to use (%)	No answer (%)
<b>Total</b>	3,385	30.3	21.1	8.0	1.2	14.8	50.2	4.7
Large-scale firms	615	30.4	21.8	8.1	0.5	8.1	55.8	5.7
SMEs	2,770	30.2	20.9	8.0	1.3	16.3	49.0	4.5
<b>Manufacturing</b>	1,864	31.7	22.1	8.4	1.2	15.9	48.6	3.7
Food & beverages	479	41.7	29.6	11.1	1.0	23.0	30.3	5.0
Textiles/clothing	101	49.6	41.6	4.0	4.0	15.8	29.7	5.0
Wood & woods products/furniture & building materials/paper & pulp	68	41.1	27.9	13.2	0.0	17.6	39.7	1.5
Chemicals	93	18.3	10.8	7.5	0.0	9.7	68.8	3.2
Medical products & cosmetics	69	57.9	44.9	10.1	2.9	17.4	15.9	8.7
Coal & petroleum products/plastics/rubber products	108	28.8	20.4	6.5	1.9	13.9	55.6	1.9
Ceramics/earth & stone	30	33.4	16.7	10.0	6.7	10.0	56.7	0.0
Iron & steel/non-ferrous metals/metal products	207	22.2	14.5	7.2	0.5	14.0	58.5	5.3
General machinery	164	14.6	7.9	6.7	0.0	13.4	70.7	1.2
Electrical equipment	96	20.8	12.5	7.3	1.0	12.5	63.5	3.1
IT equipment/electronic parts & devices	55	36.4	16.4	16.4	3.6	16.4	47.3	0.0
Cars/car parts/other transportation machinery	99	12.2	7.1	5.1	0.0	13.1	74.7	0.0
Precision equipment	78	28.2	20.5	6.4	1.3	6.4	62.8	2.6
Other manufacturing	217	33.2	24.9	6.9	1.4	13.8	48.4	4.6
<b>Non-manufacturing</b>	1,521	28.6	19.9	7.6	1.1	13.5	52.1	5.9
Trade and wholesale	730	33.8	24.5	7.9	1.4	15.5	46.3	4.4
Retail	114	58.8	45.6	11.4	1.8	10.5	26.3	4.4
Construction	101	3.0	2.0	1.0	0.0	13.9	76.2	6.9
Transport	90	10.0	5.6	3.3	1.1	4.4	75.6	10.0
Finance & insurance	81	6.1	4.9	1.2	0.0	1.2	81.5	11.1
Communication, information & software	97	28.9	15.5	11.3	2.1	11.3	48.5	11.3
Professional services	60	11.6	8.3	3.3	0.0	6.7	76.7	5.0
Other non-manufacturing	248	27.0	16.1	10.5	0.4	18.5	48.8	5.6

Note: n= the total number of firms that answered this survey.

Note: 1) n= the total number of firms that answered this survey. 2) Highlighted cells indicate industries that remarked 40% or more in "Have used e-



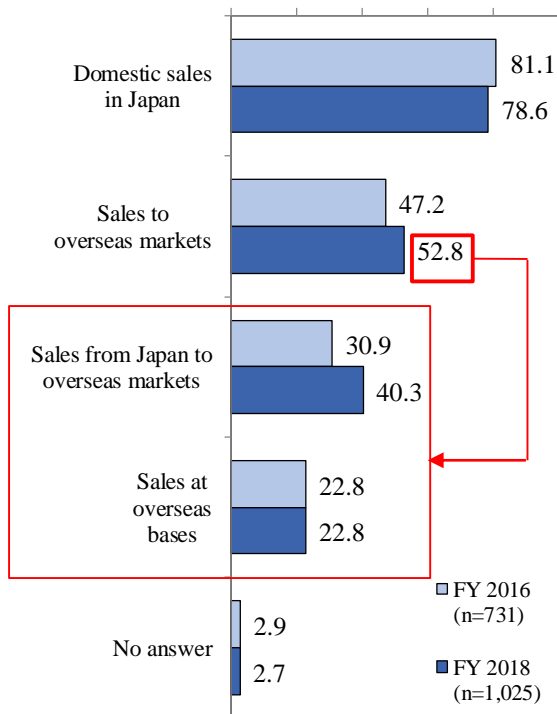
# 52.8% of firms engaged in e-commerce selling overseas

Of the firms that have used e-commerce for sales, 52.8% have used it for overseas sales (see notes), the rate of which saw an increase over the previous survey (47.2%). Breaking down the overseas sales, 40.3% of firms have used cross-border e-commerce sales from Japan to overseas markets, an increase of 9.4% over the previous survey. The proportion of those engaged in e-commerce for sales at overseas bases remained the same at 22.8%. By firm size, SMEs scored a higher rate of cross-border e-commerce whereas large-scale firms had a higher rate in “sales at overseas bases”.

Note: Firms that answered “sales from Japan to overseas markets” or “sales at overseas bases”.

### E-commerce utilization (total, time series)

(Multiple answers, %)



### E-commerce utilization (by firm size, industry)

(Multiple answers, %)

	Number of firms	Domestic sales in Japan	Sales to overseas markets	Sales from Japan to overseas markets	Sales at overseas bases	No answer
Total	1,025	78.6	52.8	40.3	22.8	2.7
Large-scale firms	187	75.4	51.9	27.8	38.5	1.6
SMEs	838	79.4	53.0	43.1	19.3	3.0
Manufacturing	592	79.7	53.0	39.0	24.0	2.9
Food & beverages	200	85.5	46.5	36.0	16.0	1.0
Textiles/clothing	50	86.0	56.0	48.0	18.0	4.0
Wood & woods products/furniture & building materials/paper & pulp	28	78.6	50.0	50.0	10.7	0.0
Chemicals	17	94.1	47.1	23.5	41.2	0.0
Medical products & cosmetics	40	70.0	72.5	57.5	47.5	0.0
Coal & petroleum products/plastics/rubber products	31	77.4	64.5	45.2	22.6	0.0
Ceramics/earth & stone	10	70.0	60.0	40.0	40.0	0.0
Iron & steel/non-ferrous metals/metal products	46	87.0	47.8	34.8	23.9	2.2
General machinery	24	58.3	62.5	45.8	29.2	0.0
Electrical equipment	20	70.0	55.0	30.0	30.0	15.0
IT equipment/electronic parts & devices	20	60.0	50.0	25.0	35.0	5.0
Cars/car parts/other transportation machinery	12	50.0	41.7	25.0	25.0	16.7
Precision equipment	22	86.4	54.5	27.3	31.8	4.5
Other manufacturing	72	77.8	56.9	40.3	27.8	6.9
Non-manufacturing	433	77.1	52.4	42.0	21.2	2.5
Trade and wholesale	247	75.7	53.8	42.1	21.9	2.4
Retail	67	71.6	68.7	61.2	23.9	1.5
Communication, information & software	28	82.1	42.9	39.3	17.9	7.1
Other non-manufacturing	67	91.0	34.3	25.4	16.4	0.0

Note: 1)n= firms that have used e-commerce for sales. 2) Industries in which more than 10 firms responded are displayed. 3)Highlighted areas indicate industries that remarked 60% or more in “Sales to overseas markets”.

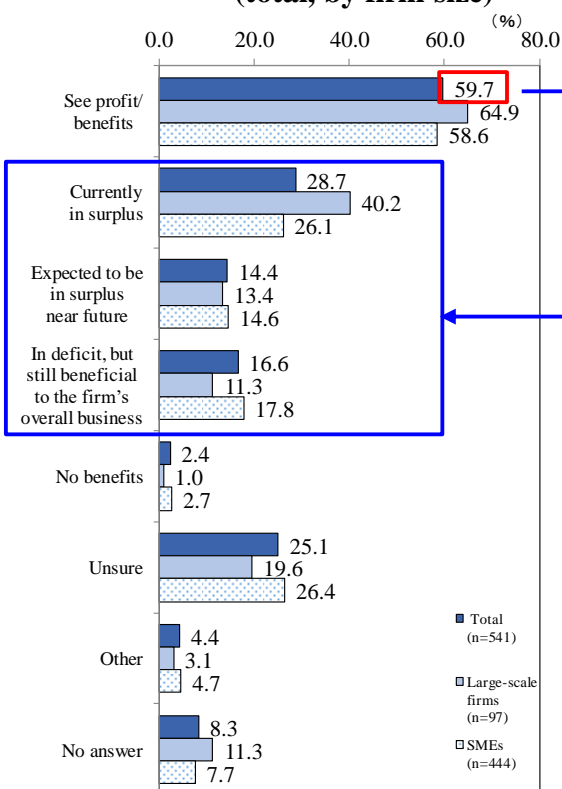
Note: n= firms they have used e-commerce for sales.

## Approx. 60% of firms selling to overseas markets using e-commerce recognize profits/benefits

Out of the firms that have used e-commerce for overseas sales, 59.7% responded that they have seen profits/benefited (see notes). 28.7% of total respondents said that their overseas e-commerce sales were “currently in surplus”. 40.2% of large-scale firms answered so whereas the rate of SMEs was 26.1%, showing a difference by size. By industry, more than 70% of firms in medical products & cosmetics said they have recognized profits/benefits.

Note: Firms who answered either “overseas e-commerce sales is currently in surplus”, “expected to be in surplus near future” or “in deficit, but still beneficial to the firm’s overall business”.

### Profits/benefits from overseas e-commerce sales (total, by firm size)



### Profits/benefits from overseas e-commerce sales (by industry)

	Number of firms	See profit/benefits	Currently in surplus	Expected to be in surplus near future	In deficit, but still beneficial to the firm's overall business	No benefits	Unsure	Other	No answer
Total	541	59.7	28.7	14.4	16.6	2.4	25.1	4.4	8.3
Large-scale firms	97	64.9	40.2	13.4	11.3	1.0	19.6	3.1	11.3
SMEs	444	58.6	26.1	14.6	17.8	2.7	26.4	4.7	7.7
Manufacturing	314	57.0	31.2	9.9	15.9	2.9	28.3	3.5	8.3
Food & beverages	93	54.8	24.7	11.8	18.3	4.3	31.2	3.2	6.5
Textiles/clothing	28	39.3	21.4	7.1	10.7	0.0	35.7	10.7	14.3
Wood & woods products/furniture & building materials/paper & pulp	14	50.0	14.3	14.3	21.4	0.0	21.4	21.4	7.1
Medical products & cosmetics	29	75.9	37.9	10.3	27.6	0.0	17.2	3.4	3.4
Coal & petroleum products/plastics/rubber products	20	60.0	35.0	5.0	20.0	5.0	25.0	0.0	10.0
Iron & steel/non-ferrous metals/metal products	22	50.0	31.8	4.5	13.6	0.0	45.5	0.0	4.5
General machinery	15	66.7	33.3	13.3	20.0	0.0	20.0	0.0	13.3
Electrical equipment	11	54.5	45.5	0.0	9.1	0.0	27.3	9.1	9.1
IT equipment/electronic parts & devices	10	40.0	20.0	10.0	10.0	20.0	20.0	0.0	20.0
Precision equipment	12	58.3	25.0	25.0	8.3	8.3	16.7	0.0	16.7
Other manufacturing	41	58.5	34.1	12.2	12.2	0.0	31.7	0.0	9.8
Non-manufacturing	227	63.4	25.1	20.7	17.6	1.8	20.7	5.7	8.4
Trade and wholesale	133	64.7	24.1	21.8	18.8	3.0	20.3	5.3	6.8
Retail	46	63.0	30.4	19.6	13.0	0.0	23.9	4.3	8.7
Communication, information & software	12	41.7	8.3	16.7	16.7	0.0	33.3	8.3	16.7
Other non-manufacturing	23	69.6	34.8	26.1	8.7	0.0	13.0	8.7	8.7

\*The official name of each answer is as follows: Terms within brackets are abbreviations.

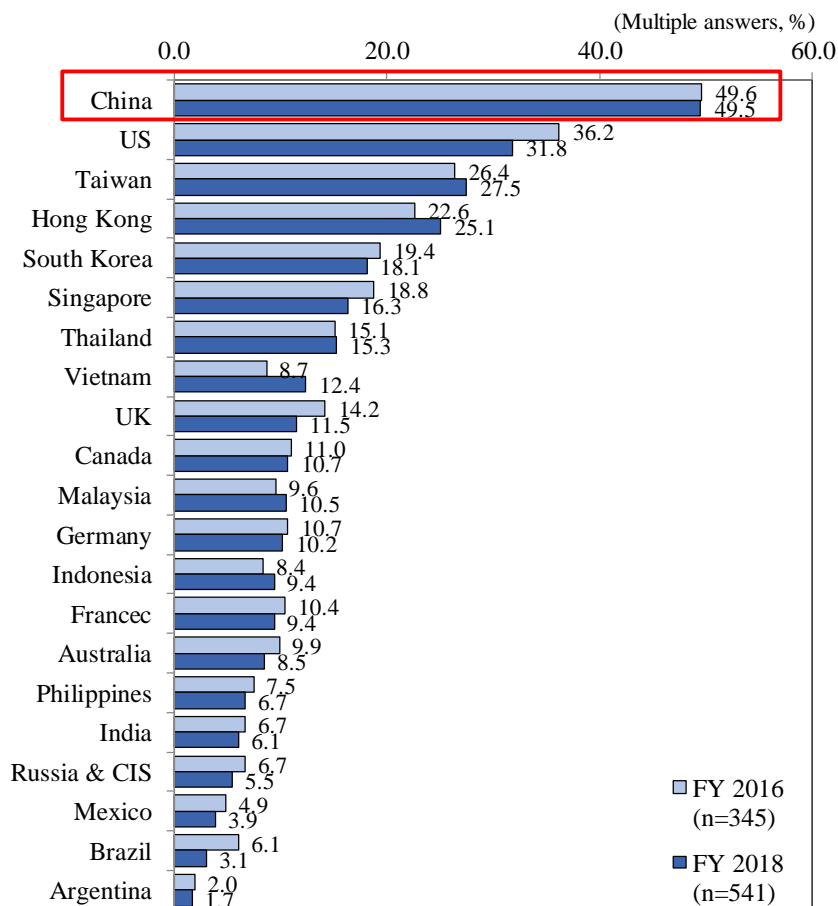
- Overseas e-commerce sales is currently in surplus (Currently in surplus)
- Overseas e-commerce sales is currently in deficit, but is expected to be in surplus near future (Expected to be in surplus near future)
- Overseas e-commerce sales is currently/in the future expected to be in deficit, but is still beneficial to the firm's overall business (In deficit, but still beneficial to the firms' overall business)
- Overseas e-commerce sales is currently/in the future forecast to be in deficit and is not beneficial to the firm (No benefits)

Note: n= firms that have used e-commerce for overseas sales.

# China is top sales market both now and in the future

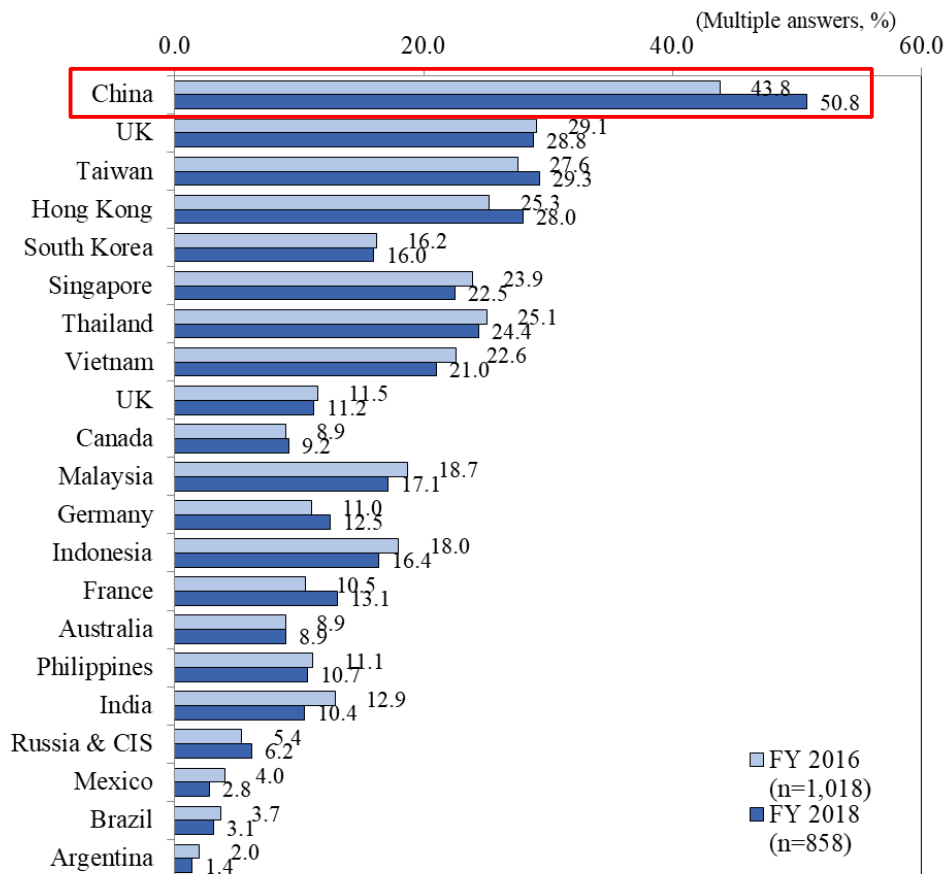
As in the previous survey (FY 2016), the top 3 overseas sales markets (both Sales from Japan to overseas markets and Sales at overseas bases) were China (49.5%), the US (31.8%), and Taiwan (27.5%). China was also the top choice for countries/regions planned for sales expansion (next 3 years or so) or as a new sales market (50.8%). In most of the industries, the country was also the top choice.

### Current overseas sales markets (total, time series)



Note: n= firms that have used e-commerce for overseas sales.

### Future overseas sales markets (total, time series)



Note: n= firms that have used or plan to use e-commerce for overseas sales

("plan to use" for FY 2016 includes firms that have not used e-commerce for sales but are planning to use it either domestic or overseas sales).

## E-commerce sales to ASEAN countries by SMEs expected near future

When comparing results for current and future overseas sales markets, ASEAN countries stood out as future sales markets. In particular, the proportions of SMEs choosing “future sales markets” exceeded those for “current sales markets” by 5.0% for all 6 major ASEAN countries.

### Current and future overseas sales markets (total, by firm size)

(Multiple answers, %)

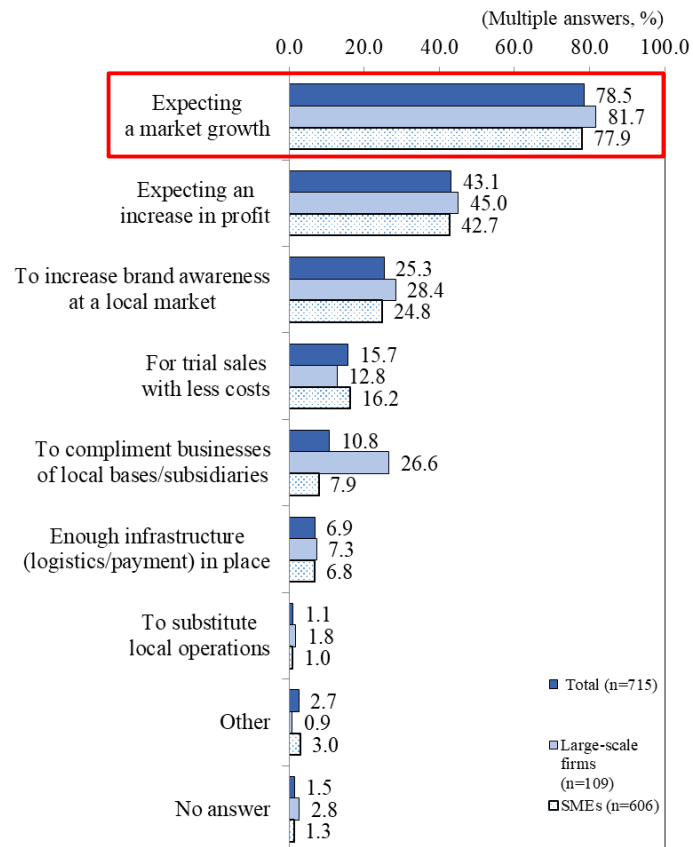
	Total			Large-scale firms			SMEs		
	Current sales markets (n=541)	Future sales markets (n=858)	Current → Future	Current sales markets (n=97)	Future sales markets (n=133)	Current → Future	Current sales markets (n=444)	Future sales markets (n=725)	Current → Future
China	49.5	50.8	1.3	69.1	60.2	Δ 8.9	45.3	49.1	3.8
US	31.8	28.8	Δ 3.0	36.1	28.6	Δ 7.5	30.9	28.8	Δ 2.1
Taiwan	27.5	29.3	1.8	26.8	22.6	Δ 4.2	27.7	30.5	2.8
Hong Kong	25.1	28.0	2.9	25.8	18.8	Δ 7.0	25.0	29.7	4.7
Korea	18.1	16.0	Δ 2.1	17.5	16.5	Δ 1.0	18.2	15.9	Δ 2.3
Singapore	16.3	22.5	6.2	20.6	13.5	Δ 7.1	15.3	24.1	8.8
Thailand	15.3	24.4	9.1	22.7	25.6	2.9	13.7	24.1	10.4
Vietnam	12.4	21.0	8.6	13.4	18.0	4.6	12.2	21.5	9.3
UK	11.5	11.2	Δ 0.3	14.4	7.5	Δ 6.9	10.8	11.9	1.1
Canada	10.7	9.2	Δ 1.5	12.4	7.5	Δ 4.9	10.4	9.5	Δ 0.9
Malaysia	10.5	17.1	6.6	14.4	15.0	0.6	9.7	17.5	7.8
Germany	10.2	12.5	2.3	15.5	7.5	Δ 8.0	9.0	13.4	4.4
Indonesia	9.4	16.4	7.0	16.5	18.8	2.3	7.9	16.0	8.1
France	9.4	13.1	3.7	8.2	6.8	Δ 1.4	9.7	14.2	4.5
Australia	8.5	8.9	0.4	7.2	7.5	0.3	8.8	9.1	0.3
Philippines	6.7	10.7	4.0	10.3	9.8	Δ 0.5	5.9	10.9	5.0
India	6.1	10.4	4.3	8.2	15.8	7.6	5.6	9.4	3.8
Russia & CIS	5.5	6.2	0.7	9.3	7.5	Δ 1.8	4.7	5.9	1.2
Mexico	3.9	2.8	Δ 1.1	8.2	6.0	Δ 2.2	2.9	2.2	Δ 0.7
United Arab	3.7	5.1	1.4	7.2	5.3	Δ 1.9	2.9	5.1	2.2
Brazil	3.1	3.1	0.0	5.2	5.3	0.1	2.7	2.8	0.1
South Africa	2.6	2.2	Δ 0.4	6.2	4.5	Δ 1.7	1.8	1.8	0.0
Argentina	1.7	1.4	Δ 0.3	1.0	1.5	0.5	1.8	1.4	Δ 0.4
Kenya	1.5	1.0	Δ 0.5	3.1	1.5	Δ 1.6	1.1	1.0	Δ 0.1
Nigeria	0.9	1.0	0.1	1.0	1.5	0.5	0.9	1.0	0.1
ASEAN6	28.7	43.6	14.9	34.0	36.1	2.1	27.5	45.0	17.5

Note: 1) n in “current sales markets”= firms that have used e-commerce for overseas sales. n in “future sales markets” = firms that have used or plan to use e-commerce for overseas sales. 2) Cells highlighted in yellow are countries/regions for which the percentage of answers for “future sales markets” exceeded those for “current sales markets” by 5% of points or more. 3) Cells highlighted in blue are countries/regions for which the percentage of answers for “future sales markets” fell below those for “current sales markets” by 5% of points or more.

## Expectations of market growth is the top reason for increase in /starting overseas sales

The most common answer as to why firms plan to increase or start new overseas sales using e-commerce was “expecting a market growth” (78.5%), followed by “expecting an increase in profit” (43.1%), and “to increase brand awareness at a local market(25.3%)”. 26.6% of large-scale firms answered “to compliment businesses of local bases/subsidiaries”, whereas the rate of SMEs was 7.9%, recording the significant difference by firm size.

**Reasons for increasing or starting new overseas e-commerce sales (total, by firm size)**



**Reasons for increasing or starting new overseas e-commerce sales (by industry)**

(Multiple answers, %)

	Number of firms	Expecting a market growth	Expecting an increase in profit	To increase brand awareness at a local market	For trial sales with less costs	To compliment businesses of local bases/subsidiaries	Enough infrastructure (logistics/payment) in place	To substitute local operations	Other	No answer
Total	715	78.5	43.1	25.3	15.7	10.8	6.9	1.1	2.7	1.5
Manufacturing	422	78.4	44.3	30.3	15.9	10.0	6.9	0.7	3.1	0.7
Food & beverages	142	80.3	43.0	29.6	14.1	3.5	10.6	0.7	5.6	0.7
Textiles/clothing	32	78.1	46.9	40.6	21.9	12.5	3.1	3.1	3.1	0.0
Wood & woods products/furniture & building materials/paper & pulp	18	55.6	38.9	27.8	27.8	0.0	0.0	0.0	5.6	0.0
Chemicals	12	75.0	66.7	50.0	0.0	25.0	0.0	0.0	0.0	0.0
Medical products & cosmetics	33	93.9	57.6	33.3	6.1	3.0	6.1	0.0	0.0	0.0
Coal & petroleum products/plastics/rubber products	24	91.7	62.5	16.7	16.7	16.7	0.0	0.0	0.0	0.0
Iron & steel/non-ferrous metals/metal products	35	80.0	45.7	42.9	20.0	8.6	8.6	0.0	0.0	0.0
General machinery	24	75.0	41.7	20.8	16.7	12.5	8.3	0.0	0.0	0.0
Electrical equipment	15	60.0	40.0	46.7	33.3	26.7	13.3	6.7	0.0	0.0
IT equipment/electronic parts & devices	12	58.3	16.7	0.0	8.3	25.0	0.0	0.0	8.3	0.0
Other manufacturing	52	82.7	42.3	26.9	9.6	17.3	3.8	0.0	3.8	1.9
Non-manufacturing	293	78.5	41.3	18.1	15.4	11.9	6.8	1.7	2.0	2.7
Trade and wholesale	174	80.5	46.0	18.4	15.5	10.9	6.3	2.3	1.7	2.3
Retail	37	78.4	35.1	16.2	10.8	16.2	10.8	2.7	2.7	5.4
Communication, information & software	14	78.6	7.1	14.3	14.3	21.4	0.0	0.0	0.0	0.0
Other non-manufacturing	43	76.7	41.9	20.9	16.3	9.3	9.3	0.0	2.3	2.3

Note: 1) n= firms that answered countries/regions in which they plan to increase or plan to start new overseas e-commerce sales. 2) Industries in which more than 10 firms responded are displayed. 3) Highlighted cells are industries that marked 60% or more.

Note: n= firms that answered countries/regions in which they plan to increase or plan to start new overseas e-commerce sales.

**FY 2018 Survey on the International Operations of Japanese Firms**  
-JETRO Overseas Business Survey -

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Note: Figures may not sum up to the total because some are less than one unit.

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