

# FY2013 Annual Survey of Corporate Behavior

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# Survey methodology

- |   |                                |   |
|---|--------------------------------|---|
| 1 | Objective of the survey        | The objective of this survey is to clarify the actual state of the Japanese economy from the aspect of corporate activities, by continuously conducting surveys on how companies forecast future business outlook and industrial demand trends. |
| 2 | Period of the survey           | January 2014  |
| 3 | Survey items                   | Business outlook and demand forecast, exchange rates, prices, growth rate of capital investment, rate of change in the number of employees, ratios of overseas production and reverse imports   |
| 4 | Coverage                       | All companies listed in the First Section and Second Section of the Tokyo and Nagoya Stock Exchange (2,395 companies as of November 1, 2013)  |
| 5 | Survey method                  | Self-reporting mailing method using prescribed questionnaire  |
| 6 | Number of responding companies | 867 (439 in manufacturing industries, 428 in non-manufacturing industries)  |
| 7 | Response rate                  | 36.2%   |

(Note1) The sectors used in this survey are based on the classifications for securities codes.  
The breakdown for manufacturing industries is as follows.

Material-type manufacturing industries:	Textiles & Apparels, Pulp & Paper, Chemicals, Iron & Steel, Nonferrous Metals
Processing-type manufacturing industries:	Machinery, Electric Appliances, Transportation Equipment, Precision Instruments
Other manufacturing industries:	Foods, Pharmaceutical, Oil & Coal Products, Rubber Products, Glass & Ceramics Products, Metal Products, Other Products

(Note2) The Tokyo and Osaka Stock Exchanges merged their spot markets on July 16, 2013.



# Summary of the results

## 1 Business outlook and demand forecast

### (1) Forecast of Japan's economic growth rate

- The real economic growth rate for the “next fiscal year” (FY2014) on an all industries basis (average of actual values) was forecast to rise by 1.3%, which was higher than the results of the previous year (FY2012, 1.2%), a rise for the fifth consecutive year.
- The forecasts for the “next 3 years” (1.4%) and the “next 5 years” (1.5%) were both higher than the previous year's survey (1.1% and 1.2% respectively).
- The forecasts of the nominal economic growth rate for the “next fiscal year,” “next 3 years,” and “next 5 years” were all higher than those of the real economic growth rate, implying that price increases were expected. The gap between nominal and real growth rate forecasts has turned to a plus for the first time since the nominal growth rate was included in these annual surveys in FY2003.

Japan's real economic growth rate for the “next fiscal year” (FY2014) on an all industries basis (average of actual values<sup>1)</sup>) by the companies surveyed (companies listed on the first and second sections of the Tokyo and Nagoya Stock Exchanges) was forecast to rise by 1.3%, which was higher than the results of the previous year (FY2012, 1.2%), marking a rise for the fifth consecutive year (Fig. 1-1, Table 1-1).

With regard to the medium-term outlook, the forecasts for the “next 3 years” (average of FY2014–2016) and the “next 5 years” (average of FY2014–2018) were 1.4% and 1.5%, respectively, both higher than the previous year's results (1.1% and 1.2% respectively).

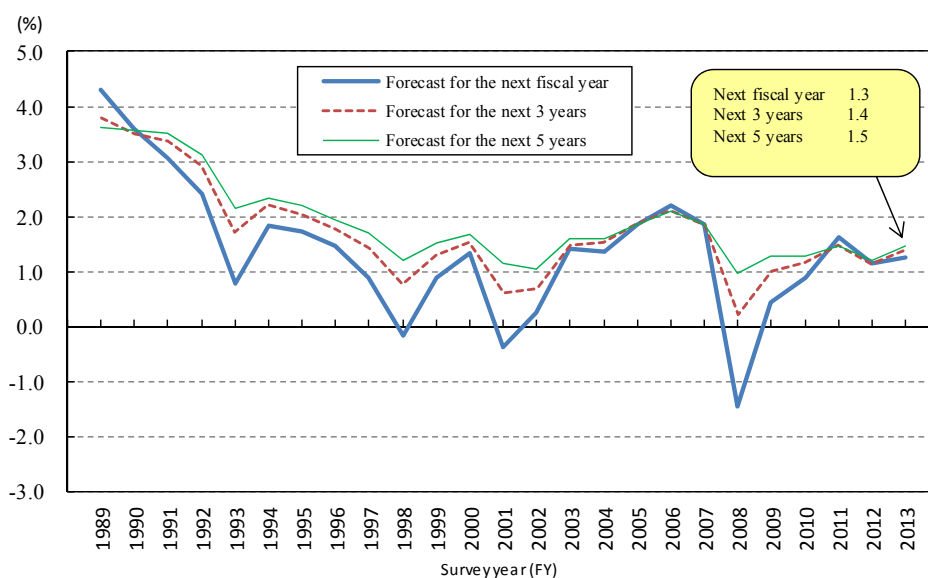
Looking at the forecast for the “next fiscal year” by capital size, the forecast by companies with capital of “less than 1 billion yen” was 1.2%, those with “1 to 5 billion yen (not incl.)” was 1.4%, those with “5 to 10 billion yen (not incl.)” was 1.3% and those with “10 billion yen or more” was 1.1%.

On the other hand, the forecast of nominal economic growth rates for the “next fiscal year” on an all industries basis (average of actual values) was 1.7%, for the “next 3 years” was 1.7%, and for the “next 5 years” was 1.8%, all of which were the highest since the FY2006 survey. The nominal economic growth rate forecasts for the “next fiscal year,” “next 3 years,” and “next 5 years” were all higher than real economic growth rates (0.5% points for the “next fiscal

<sup>1)</sup> The averages in this survey are simple averages, and rounded off the decimal third place and assumed the second place effective numerical value. The numbers rounded to one decimal place are used in the text. For numbers up to two decimal places, see statistical data at the back “Statistical Charts FY2013”. The same applies hereinafter.

year”, 0.3% points for the “next 3 years” and 0.3% point for the “next 5 years”), suggesting that price increases were expected. As a consequence of these results, the gap between nominal and real economic growth rates (real economic growth rate subtracted from nominal economic growth rate) has turned to a plus for the first time since the nominal growth rate was included in these annual surveys in FY2003 (Fig. 1-2).

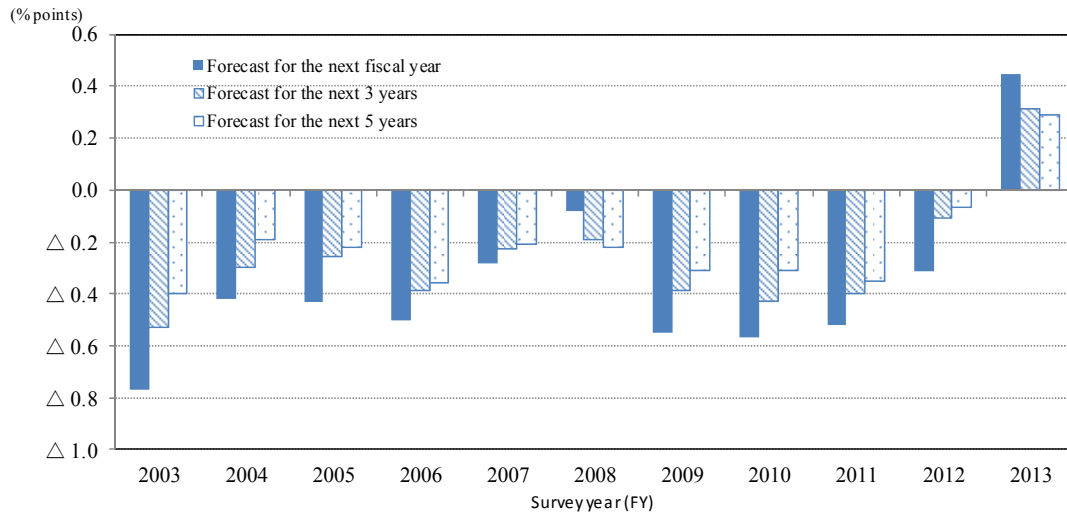
[Fig. 1-1] Trend of Japan’s real economic growth rate forecasts (all industries basis)



Note: With regard to the “forecast” for each fiscal year, for example, the “forecast for the next fiscal year” in the FY2013 survey refers to the forecast for FY2014; the “forecast for the next 3 years” refers to the forecast for FY2014 to FY2016; and the “forecast for the next 5 years” refers to the forecast for FY2014 to FY2018 (fiscal year average).

<Reference>:Changes in the gap between nominal and real economic growth for all industries (nominal minus real)

[Fig. 1-2] Changes in the gap rate (nominal minus real economic growth) for all industries



Note: With regard to the “forecast” for each fiscal year, for example, the “forecast for the next fiscal year” in the FY2013 survey refers to the forecast for FY2014; the “forecast for the next 3 years” refers to the forecast for FY2014 to FY2016; and the “forecast for the next 5 years” refers to the forecast for FY2014 to FY2018 (fiscal year average).

[Table 1-1] Trend of Japan's economic growth rate forecasts (all industries basis)

(%)

Survey year	Nominal economic growth rate			Real economic growth rate		
	Forecast for the next fiscal year	Forecast for the next 3 years	Forecast for the next 5 years	Forecast for the next fiscal year	Forecast for the next 3 years	Forecast for the next 5 years
FY 1989	-	-	-	4.3	3.8	3.6
1990	-	-	-	3.6	3.5	3.6
1991	-	-	-	3.1	3.4	3.5
1992	-	-	-	2.4	2.9	3.1
1993	-	-	-	0.8	1.7	2.1
1994	-	-	-	1.8	2.2	2.3
1995	-	-	-	1.7	2.0	2.2
1996	-	-	-	1.5	1.8	1.9
1997	-	-	-	0.9	1.4	1.7
1998	-	-	-	-0.2	0.8	1.2
1999	-	-	-	0.9	1.3	1.5
2000	-	-	-	1.3	1.5	1.7
2001	-	-	-	-0.4	0.6	1.2
2002	-	-	-	0.3	0.7	1.0
2003	0.7	0.9	1.2	1.4	1.5	1.6
2004	0.9	1.2	1.4	1.4	1.5	1.6
2005	1.4	1.6	1.6	1.9	1.9	1.9
2006	1.7	1.7	1.7	2.2	2.1	2.1
2007	1.6	1.6	1.6	1.9	1.8	1.9
2008	-1.5	0.0	0.8	-1.5	0.2	1.0
2009	-0.1	0.6	1.0	0.4	1.0	1.3
2010	0.3	0.7	1.0	0.9	1.2	1.3
2011	1.1	1.1	1.1	1.6	1.5	1.5
2012	0.8	1.0	1.1	1.2	1.1	1.2
2013	1.7	1.7	1.8	1.3	1.4	1.5

Note 1: With regard to the “forecast” for each fiscal year, for example, the “forecast for the next fiscal year” in the FY2013 survey refers to the forecast for FY2014; the “forecast for the next 3 years” refers to the forecast for FY2014 to FY2016; and the “forecast for the next 5 years” refers to the forecast for FY2014 to FY2018 (fiscal year average).

Note 2: The survey of nominal economic growth rates started in FY2003.



## (2) Forecast of growth rate of industry demand

- The forecast of the real growth rate for the “next fiscal year” (all industries basis, average of actual values) was 1.0%, a positive growth forecast for the fourth consecutive year.
- Compared to the previous year’s result, the forecast for manufacturing industries rose 0.3% points, while that for non-manufacturing industries dropped by 0.3% points.
- Both manufacturing and non-manufacturing industries forecast positive growth for the “next fiscal year,” “next 3 years,” and “next 5 years.”
- Looking at the forecasts for the “next fiscal year” by sector, the growth rate forecasts were high in sectors such as “Electric Appliances” (2.2%) and “Pharmaceutical” (2.0%) in manufacturing industries, and “Other Financial Services” (2.4%) and “Real Estate” (1.4%) in non-manufacturing industries.
- Compared to Japan’s real economic growth rate forecast (all industries basis), the real growth rate forecasts of industry demand were lower for the “next fiscal year,” “next 3 years,” and “next 5 years.”

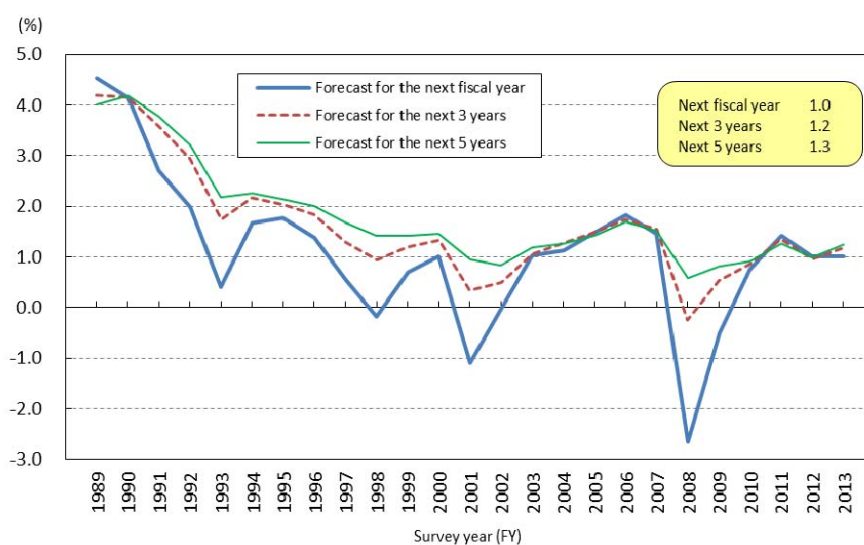
The forecast of the real growth rate of industry demand for the “next fiscal year” (all industries basis, average of actual values) was 1.0%. This is the same as the results of the previous year (FY2012, 1.0%), but still a rise for the fourth consecutive year (Fig. 1-3, Table 1-2).

Compared to the previous year’s result, the forecast for manufacturing industries rose to 1.2% from the previous year’s 1.0%, while that for non-manufacturing industries dropped from the previous 1.0% to 0.8%. Within the manufacturing industries, the “Electric Appliances” sector saw a significant rise (1.2% point rise). In the non-manufacturing industries, there was a noticeable drop in the “Construction” (2.3% point drop) (Fig. 1-6 and 1-7).

With regard to the medium-term outlook, the forecast for the “next 3 years” was 1.2% and the “next 5 years” 1.3%, both higher than the previous year’s results (1.0% each).

By industry, the forecasts by manufacturing industries were 1.2% for the “next fiscal year,” 1.3% for the “next 3 years,” and 1.3% for the “next 5 years.” Those by non-manufacturing industries were 0.8% for the “next fiscal year,” 1.1% for the “next 3 years,” and 1.2% for the “next 5 years,” resulting in manufacturing industries expecting higher growth rates for all of the three forecast types than non-manufacturing industries (Fig. 1-4).

[Fig. 1-3] Trend of real growth rate forecasts of industry demand (all industries basis)



Note: With regard to the “forecast” for each fiscal year, for example, the “forecast for the next fiscal year” in the FY2013 survey refers to the forecast for FY2014; the “forecast for the next 3 years” refers to the forecast for FY2014 to FY2016; and the “forecast for the next 5 years” refers to the forecast for FY2014 to FY2018 (fiscal year average).

By manufacturing industry segment, the forecasts for material-type manufacturing industries were 1.2% for the “next fiscal year,” 1.3% for the “next 3 years,” and 1.4% for the “next 5 years.” The same figures for processing-type manufacturing industries were 1.8%, 1.7%, and 1.7% respectively. For other manufacturing industries, they were 0.5%, 0.7%, and 0.8% respectively, indicating that processing-type manufacturing industries expect higher growth.

By sector (sectors with 5 or more responding companies), 25 out of 27 sectors expect positive growth for the “next fiscal year,” while all the 27 sectors expect positive growth for “next 3 years” and “next 5 years.” Growth rate forecasts were high for the “next fiscal year” in sectors such as “Electric Appliances” (2.2%) and “Pharmaceutical” (2.0%) in manufacturing industries, and in “Other Financial Services” (2.4%) and “Real Estate” (1.4%) in non-manufacturing industries (Fig. 1-5).

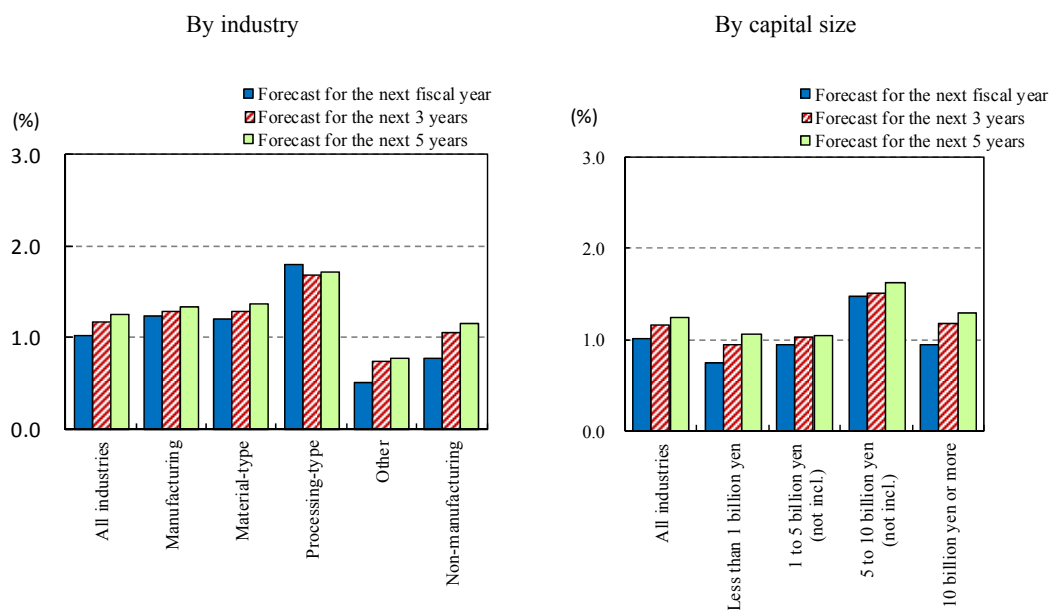
Looking at the forecasts for the “next fiscal year” by capital size, the forecast by companies with a capital of “less than 1 billion yen” was 0.7%, those with “1 to 5 billion yen (not incl.)” was 1.0%, companies with “5 to 10 billion yen (not incl.)” was 1.5%, and those with “10 billion yen or more” was 0.9% (Fig. 1-4).

On the other hand, the forecast of nominal growth rates (all industries basis, average of actual values) was 1.3% for the “next fiscal year,” 1.4% for the “next 3 years” and also for the “next 5 years,” all higher than the previous year’s results. The forecast for nominal growth rates for the “next fiscal year,” “next 3 years,” and “next 5 years” were all higher than real growth rates (0.2% points for the “next fiscal year,” “next 3 years,” and “next 5 years”), suggesting that price increases were expected. The gap between nominal and real economic growth rates has turned

into a plus for the first time since nominal growth rate was added to these annual surveys in FY2003.

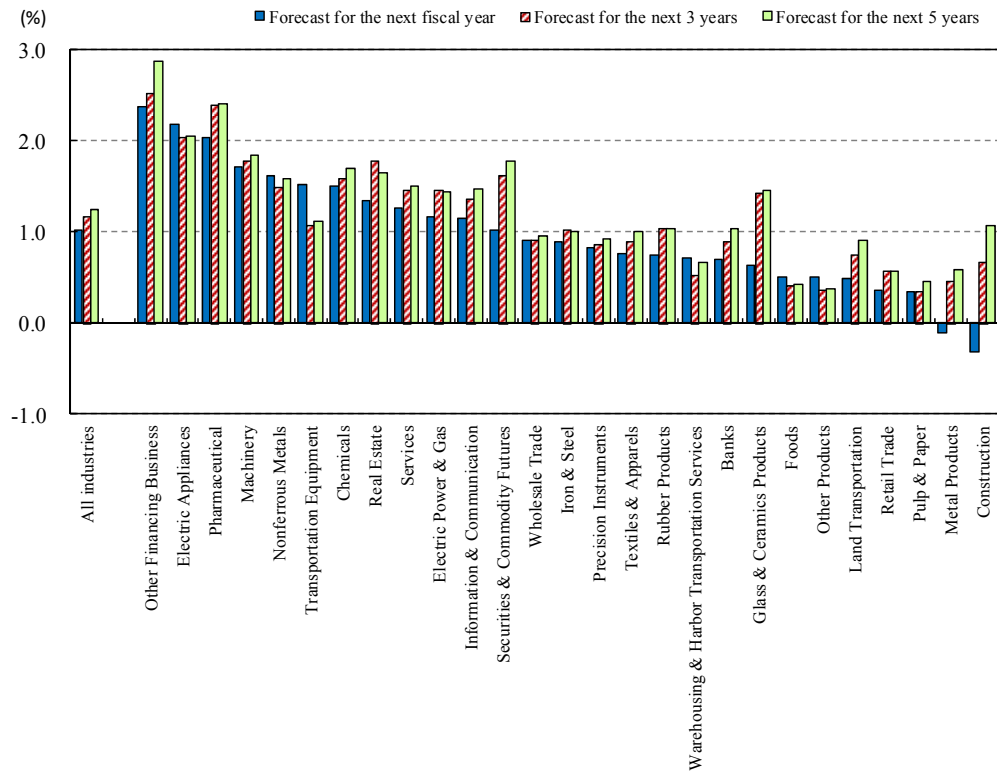
Furthermore, in comparison to the forecasts of Japan’s real economic growth rates (all industries basis), the forecasts of real industrial demand growth rates were lower for “next fiscal year,” “next 3 years,” and “next 5 years.”

[Fig. 1-4] Real growth rate forecasts of industry demand by industry and capital size



Note: The “forecast for the next fiscal year” in the FY2013 survey refers to the forecast for FY2014; the “forecast for the next 3 years” refers to the forecast for FY2014 to FY2016; and the “forecast for the next 5 years” refers to the forecast for FY2014 to FY2018 (fiscal year average).

[Fig. 1-5] Real growth rate forecasts of industry demand by sector

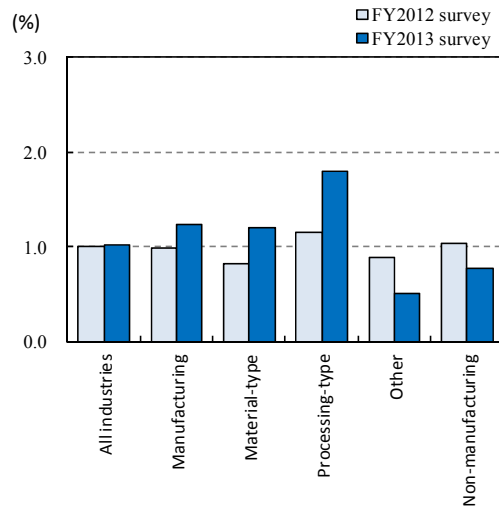


Note 1: The “forecast for the next fiscal year” in the FY2013 survey refers to the forecast for FY2014; the “forecast for the next 3 years” refers to the forecast for FY2014 to FY2016; and the “forecast for the next 5 years” refers to the forecast for FY2014 to FY2018 (fiscal year average).

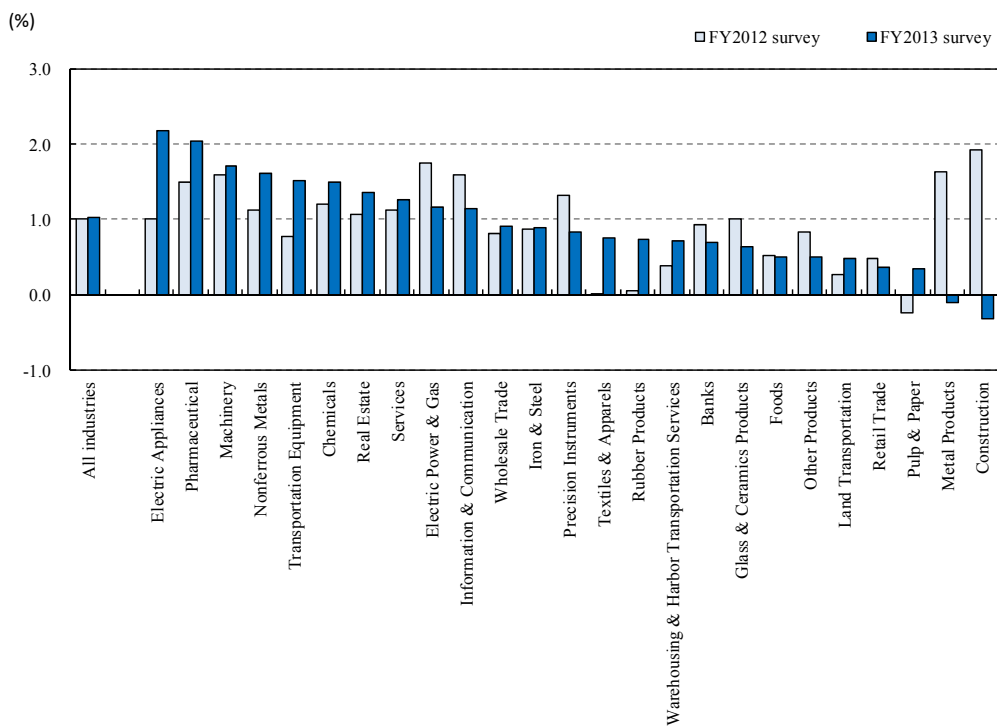
Note 2: Only sectors with 5 or more responding companies are included for all of the “forecast for the next fiscal year,” “forecast for the next 3 years” and “forecast for the next 5 years.”

<Reference>: Real growth rate forecasts of industrial demand compared to the previous year's results (next fiscal year)

[Fig. 1-6] Real growth rate forecasts of industry demand by industry compared to the previous year's results (next fiscal year)



[Fig. 1-7] Real growth rate forecasts of industry demand by sector compared to the previous year's results (next fiscal year)



Note: Sectors only include those with 5 or more responding companies in the FY2012 and FY2013 survey.

[Table 1-2] Trend of growth rate forecasts of industry demand (all industries basis)

(%)

Survey year	Nominal growth rate of industry demand			Real growth rate of industry demand		
	Forecast for the next fiscal year	Forecast for the next 3 years	Forecast for the next 5 years	Forecast for the next fiscal year	Forecast for the next 3 years	Forecast for the next 5 years
FY 1989	-	-	-	4.5	4.2	4.0
1990	-	-	-	4.2	4.2	4.2
1991	-	-	-	2.7	3.6	3.8
1992	-	-	-	2.0	3.0	3.2
1993	-	-	-	0.4	1.7	2.2
1994	-	-	-	1.7	2.2	2.3
1995	-	-	-	1.8	2.0	2.2
1996	-	-	-	1.4	1.8	2.0
1997	-	-	-	0.5	1.3	1.7
1998	-	-	-	-0.2	0.9	1.4
1999	-	-	-	0.7	1.2	1.4
2000	-	-	-	1.0	1.3	1.5
2001	-	-	-	-1.1	0.3	1.0
2002	-	-	-	-0.0	0.5	0.8
2003	0.7	0.7	0.9	1.0	1.1	1.2
2004	0.9	1.1	1.1	1.1	1.3	1.3
2005	1.2	1.2	1.1	1.5	1.5	1.4
2006	1.6	1.5	1.4	1.8	1.7	1.7
2007	1.4	1.4	1.4	1.5	1.5	1.5
2008	-2.9	-0.5	0.4	-2.7	-0.2	0.6
2009	-0.9	0.3	0.6	-0.5	0.5	0.8
2010	0.4	0.6	0.7	0.8	0.9	0.9
2011	1.0	1.1	1.0	1.4	1.4	1.3
2012	0.8	0.8	0.8	1.0	1.0	1.0
2013	1.3	1.4	1.4	1.0	1.2	1.3

Note 1: With regard to the “forecast” for each fiscal year, for example, the “forecast for the next fiscal year” in the FY2013 survey refers to the forecast for FY2014; the “forecast for the next 3 years” refers to the forecast for FY2014 to FY2016; and the “forecast for the next 5 years” refers to the forecast for FY2014 to FY2018 (fiscal year average).

Note 2: The survey of nominal growth rates started in FY2003.

## 2 Exchange rates

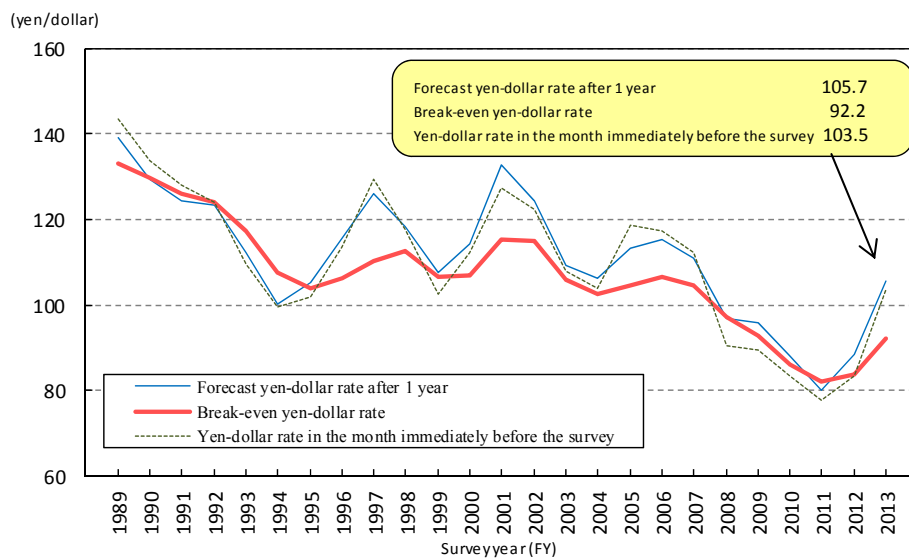
### (1) Forecast yen-dollar rate after 1 year

- The forecast yen-dollar rate after 1 year (around January 2015) (all industries basis, class value average) was 105.7 yen/dollar. This is lower by 17.4 yen from the previous year's results (88.4 yen/dollar), marking a weaker yen forecast for the second consecutive year.
- The above forecast is also 2.3 yen lower than the yen-dollar rate in the month immediately before the survey (103.5 yen/dollar in December 2013).

The forecast yen-dollar rate after 1 year (around January 2015) (all industries basis, class value average<sup>2)</sup>) was 105.7 yen/dollar. The forecast by manufacturing industries was 105.3 yen/dollar and 106.1 yen/dollar by non-manufacturing industries, marking a weaker yen forecast for the second consecutive year (Fig. 2-1, Table 2-1).

The forecast yen-dollar rate after 1 year was 2.3 yen lower than the yen-dollar rate<sup>3)</sup> in the month immediately before the survey (103.5 yen/dollar in December 2013).

[Fig. 2-1] Trend of the forecast yen-dollar rate after 1 year and the break-even yen-dollar rate (all industries basis)



Note 1: "Forecast yen-dollar rate" refers to the class value average, and "break-even yen-dollar rate" refers to the average of actual values.

Note 2: "Break-even yen-dollar rate" represents the value of only companies that are conducting exports.

<sup>2)</sup> "The class value average" is an average value calculated using the median value of each class (for example, if the class chosen is "10%-20% (not incl.)," the median would be 15%). Note that average values for classes that have no upper limit are calculated using the lower limit (e.g. for the class "20% or more," it will be 20%), and those for classes without a lower limit will use the upper limit (e.g. in "20% or less," it will be 20%). The same applies hereinafter.

<sup>3)</sup> Interbank Rate(US dollar/yen Central Rate, Average in the Month, Tokyo Market). The same applies hereinafter.

## (2) Break-even yen-dollar rate

- The break-even yen-dollar rate for exporting companies on an all industries basis (average of actual values) was 92.2 yen/dollar. This was 8.4 yen lower than the previous year's result (83.9 yen/dollar), the second consecutive year for a weaker yen rate.
- By industry, the break-even yen-dollar rate was 92.1 yen/dollar in manufacturing industries, and 93.0 yen/dollar in non-manufacturing industries. These represent an 11.3 yen appreciation for the manufacturing industries and a 10.5 yen appreciation for non-manufacturing industries, from the yen-dollar rate in the month immediately before the survey (103.5 yen/dollar in December 2013).
- By sector, the break-even yen-dollar rate in sectors such as "Other Products" (99.1 yen/dollar) and "Glass & Ceramic Products" (96.9 yen/dollar) were at weaker yen levels than the average (the break-even yen-dollar rate for all industries), while sectors such as "Nonferrous Metal" (86.5 yen/dollar) and "Electric Appliances" (89.7 yen/dollar) were at stronger yen levels.
- Sectors with a stronger yen level than the average have higher real industry demand growth rate forecasts and overseas production ratios than sectors with a weaker yen level.

The break-even yen-dollar rate for exporting companies on an all industries basis (average of actual values) was 92.2 yen/dollar, which corresponds to a 8.4 yen depreciation compared to the previous year's result (83.9 yen/dollar, -10.0% year-on-year), marking the second consecutive year of a weaker yen (Fig. 2-1, Table 2-1).

It was 11.2 yen weaker than the exchange rate in the month immediately before the survey and 13.5 yen stronger than the forecast yen-dollar rate after 1 year.

By industry, the break-even yen-dollar rate was 92.1 yen/dollar in manufacturing industries and 93.0 yen/dollar in non-manufacturing industries. These represent an 11.3 yen appreciation for manufacturing industries and a 10.5 yen appreciation for non-manufacturing industries from the yen-dollar rate in the month immediately before the survey (Fig. 2-2).

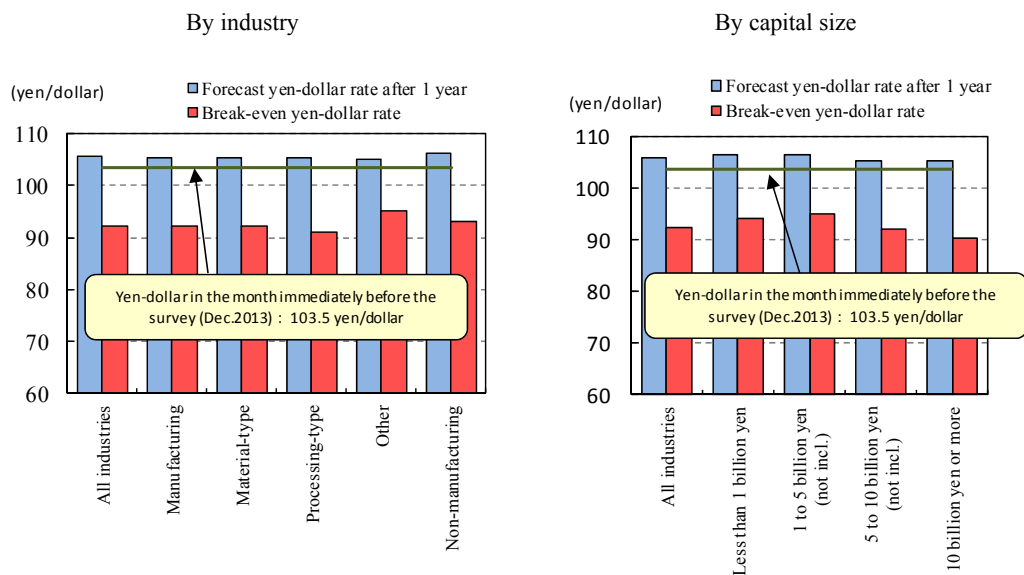
Compared to the average (92.2 yen/dollar) in sector terms, the break-even yen-dollar rates in "Other Products" (99.1 yen/dollar) and "Glass & Ceramic Products" (96.9 yen/dollar) were at weaker yen levels, while sectors such as "Nonferrous Metal" (86.5 yen/dollar) and "Electric Appliances" (89.7 yen/dollar) were stronger (Fig. 2-3). Furthermore, sectors with a stronger yen level than the average have higher real industry demand growth rate forecasts and overseas production ratios than sectors with a weaker yen level (Fig. 2-4).

By capital size, the break-even yen-dollar rate was 94.0 yen/dollar at companies with a capital of "Less than 1 billion yen," 95.0 yen/dollar at those with "1 to 5 billion yen (not incl.)," 92.1 yen/dollar at companies with "5 to 10 billion yen (not incl.)," and 90.1 yen/dollar at those with "10 billion yen or more." Compared to the yen-dollar rate in the month immediately before



the survey, the break-even yen-dollar rates at companies with “less than 1 billion yen” and “1 to 5 billion yen (not incl.)” were 9.5 yen and 8.5 yen stronger respectively, while the rates at companies with “5 to 10 billion yen (not incl.)” and “10 billion yen or more” were 11.4 yen and 13.4 yen stronger respectively (Fig. 2-2).

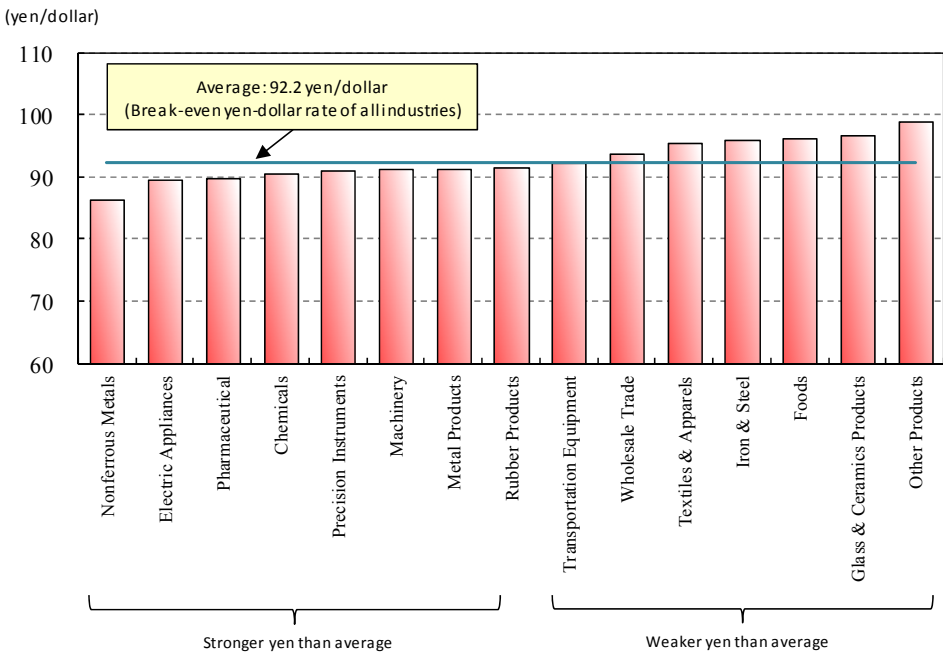
[Fig. 2-2] Forecast yen-dollar rate after 1 year and the break-even yen-dollar rate by industry and capital size



Note 1: “Forecast yen-dollar rate” refers to the class value average, and “break-even yen-dollar rate” refers to the average of actual values.

Note 2: “Break-even yen-dollar rate” represents the value of only companies that are conducting exports.

[Fig. 2-3] Break-even yen-dollar rate by sector

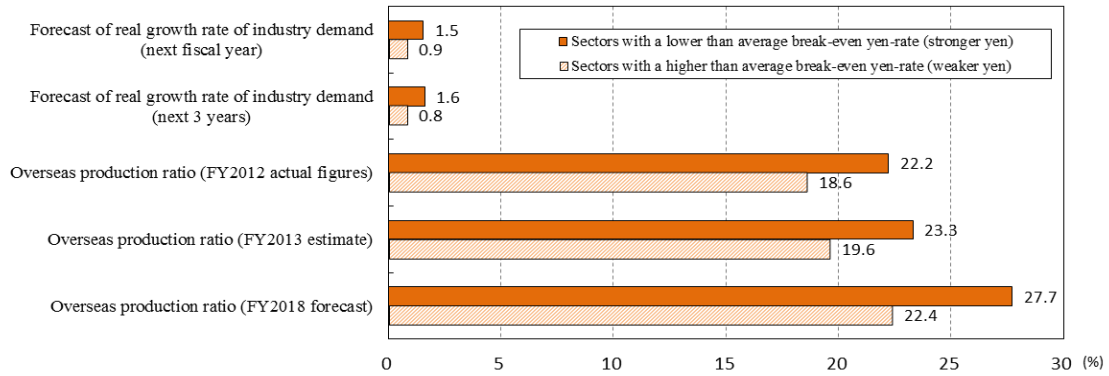


Note 1: "Break-even yen-dollar rate" represents the value of only companies that are conducting exports (average of actual values).

Note 2: Sectors only include those with 5 or more responding companies.

<Reference>: Real growth rate forecast of industry demand and overseas production ratio by break-even yen-dollar rate level

[Fig. 2-4] Real growth rate forecast of industry demand and overseas production ratio by break-even yen-dollar rate level



Note 1: Sectors were divided into two groups according to whether the break-even yen-dollar rate was lower (stronger yen) or higher (weaker yen) than the average. The real growth rate forecasts of industry demand of both groups, etc. were re-calculated (averages of actual values) and then compared.

Note 2: "Next fiscal year" refers to FY2014 and "next 3 years" refers to the average of FY2014-FY2016.

Note 3: Overseas production ratio = Volume of overseas production / (Volume of domestic production + Volume of overseas production)  
Simple average of responding companies including those that reported 0.0% for the overseas production ratio.

[Table 2-1] Trend of the forecast yen-dollar rate after 1 year and the break-even yen-dollar rate  
(all industries basis)

(yen/dollar)

Survey year	Forecast yen-dollar rate after 1 year	Break-even yen-dollar rate	Yen-dollar rate in the month immediately before the survey
FY 1989	139.2	133.3	143.6
1990	129.5	129.7	133.7
1991	124.2	126.2	128.1
1992	123.4	124.0	124.0
1993	112.2	117.5	109.7
1994	100.2	107.8	99.8
1995	105.3	104.0	101.9
1996	115.6	106.2	113.8
1997	126.2	110.4	129.5
1998	118.4	112.7	117.5
1999	107.6	106.5	102.7
2000	114.2	107.0	112.2
2001	132.8	115.3	127.4
2002	124.5	114.9	122.3
2003	109.3	105.9	107.9
2004	106.4	102.6	103.8
2005	113.2	104.5	118.6
2006	115.5	106.6	117.3
2007	111.0	104.7	112.3
2008	97.0	97.3	90.4
2009	95.9	92.9	89.6
2010	88.4	86.3	83.4
2011	80.3	82.0	77.9
2012	88.4	83.9	83.6
2013	105.7	92.2	103.5

Note 1: "Forecast yen-dollar rate" refers to the class value average, and "break-even yen-dollar rate" refers to the average of actual values.

Note 2: "Break-even yen-dollar rate" represents the value of only companies that are conducting exports.

Note 3: "Yen-dollar rate in the month immediately before the survey" refers to figures in December except for FY1994 and FY2008 (figures for FY1994 and 2008 are figures in January since the survey was conducted in February).

### 3 Prices

#### (1) Average purchase price

- The average purchase price after 1 year (all industries basis, class value average) was forecast to rise by 3.0%, an accelerated increase as compared to the previous year's result (up 1.4%).
- By sector, the rate of increase was forecast to be high in sectors including "Pulp & Paper" (6.1%) and "Rubber Products" (5.0%) in manufacturing industries, and "Real Estate" (6.5%) and "Construction" (6.5%) in non-manufacturing industries.

The average purchase price after 1 year was forecast to rise by 3.0% (1.4% in the previous year's survey) on an all industries basis (class value average). It was forecast to rise by 2.7% in manufacturing industries (1.5% in the previous year's survey) and by 3.4% in non-manufacturing industries (1.2% previously) (Fig. 3-1, Table 3-1).

By manufacturing industry segment, the average purchase price after 1 year was forecast to rise by 3.7% in material-type manufacturing industries (up 2.4% in the previous year's survey), 1.6% in processing-type manufacturing industries (up 0.6% previously) and 3.2% in other manufacturing industries (up 2.1% in the previous year's survey), marking higher increase in all three segments compared to the previous year's results.

By sector (those with 5 or more responding companies), the rate of increase was forecast to accelerate in all 25 sectors. The rate of increase is expected to be high in sectors such as "Pulp & Paper" (6.1%) and "Rubber Products" (5.0%) in manufacturing industries, and "Real Estate" (6.5%) and "Construction" (6.5%) in non-manufacturing industries (Fig. 3-2).

By capital size, the forecast average purchase price after 1 year by companies with a capital of "less than 1 billion yen" was up 3.2% (1.8% in the previous year's survey), those with "1 to 5 billion yen (not incl.)" was up 3.6% (up 2.1% previously), those with "5 to 10 billion yen (not incl.)" was up 2.8% (0.6% previously), and those with "10 billion yen or more" was up 2.3% (1.0% previously), which represents a rise in prices and also higher increase rates in all classes compared to previous year's survey (Fig. 3-1, Table 3-1).

## (2) Average sales price

- The average sales price after 1 year (all industries basis, class value average) was forecast to rise by 1.4%, marking a rebound from the previous year's 0.1% fall, the first plus in six years since FY2007 (1.8%).
- By sector, the rate of increase was forecast to be high in sectors such as "Steel" (3.5%) and "Pulp & Paper" (3.3%) in manufacturing industries, and "Real Estate" (4.4%) and "Construction" (4.2%) in non-manufacturing industries.
- For both the manufacturing and the non-manufacturing industries, the rise in purchase prices will surpass that of sales prices. Terms of trade are likely to worsen.

The average sales price after 1 year was forecast to rise by 1.4% (-0.1% in the previous year's survey) on an all industries basis (class value average), marking the first rise in six years since FY2007 (1.8%). It was forecast to rise by 0.8% in manufacturing industries (-0.5% in the previous year's survey), and by 2.1% in non-manufacturing industries (0.4% previously), the fourth consecutive year of increase for the latter industries (Fig. 3-1, Table 3-1).

By manufacturing industry segment, the forecast of average sales price after 1 year at material-type manufacturing industries rose by 2.2% (0.4% in the previous year's survey), and at other manufacturing industries rose by 0.3% (0.5% in the previous year's survey), continuous rises since the previous year for these two segments. For the processing type manufacturing there is a growth of 0.1% in contrast to the previous year's -1.8% figure.

By sector (those with 5 or more responding companies), the average sales price after 1 year was expected to rise in 22 out of 26 sectors, with high increase rates in "Steel" (3.5%) and "Pulp & Paper" (3.3%) in manufacturing industries, and "Real Estate" (4.4%) and "Construction" (4.2%) in non-manufacturing industries (Fig. 3-2).

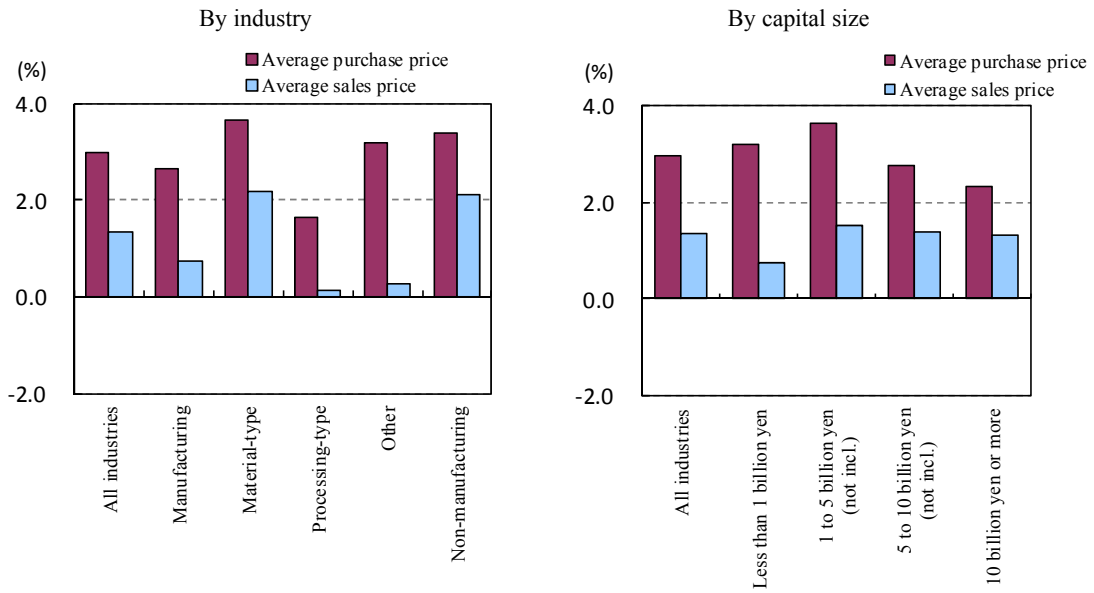
By capital size, the forecast average sales price after 1 year by companies with a capital of "less than 1 billion yen" was up 0.8%, those with "1 to 5 billion yen (not incl.)" was up 1.5%, those with "5 to 10 billion yen (not incl.)" was up 1.4%, and those with "10 billion yen or more" was up 1.3%, all marking increases (Fig. 3-1, Table 3-1).

Companies' terms of trade <sup>4)</sup> were expected to be -1.6% points for all industries (-1.5% points in the previous year's survey), -1.9% points for manufacturing industries (-2.1% points previously), and -1.3% points for non-manufacturing industries (-0.7% points previously), which indicates that both manufacturing and non-manufacturing industries will see higher rise in purchase price compared to sales price, and the terms of trade are likely to worsen (Table 3-1).

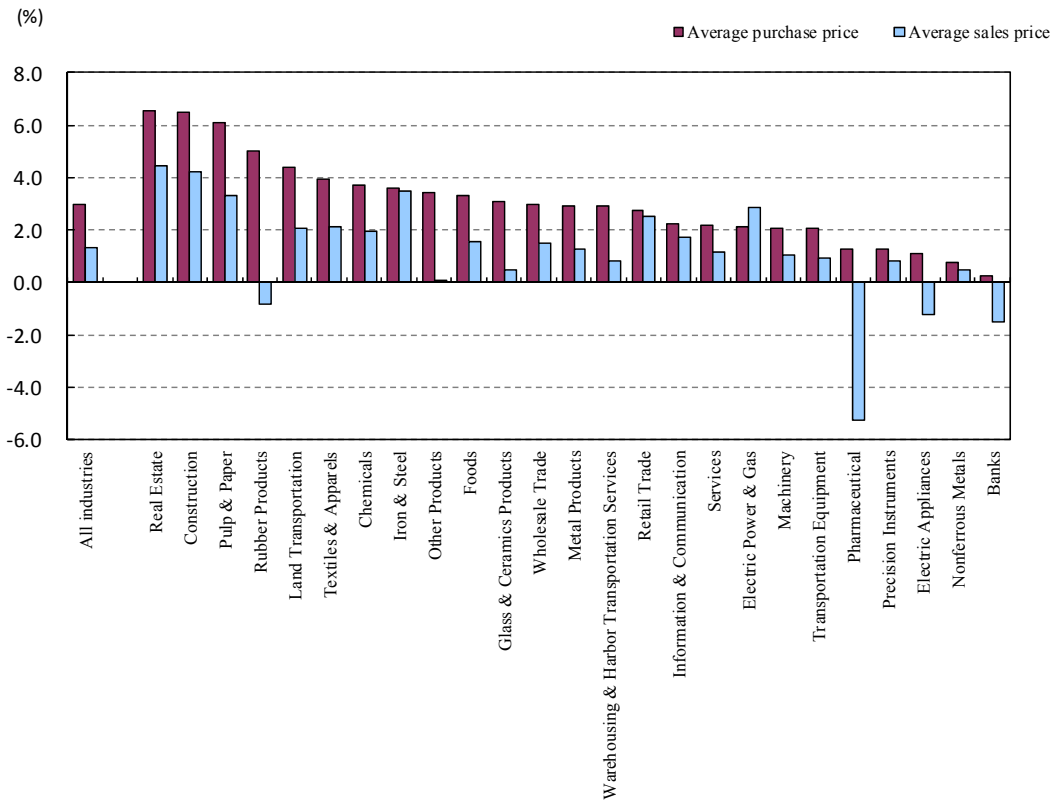
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<sup>4)</sup> Terms of trade as mentioned here represent the value obtained upon subtracting the rate of change in the average purchase price from the rate of change in the average sales price.

[Fig. 3-1] Forecast rate of changes in average purchase and sales prices after 1 year  
by industry and capital size



[Fig. 3-2] Forecast rate of changes in average purchase and sales prices after 1 year by sector



Note: Sectors only include those with 5 or more responding companies for both “average purchase price” and “average sales price.”

[Table 3-1] Forecast rate of changes in average purchase and sales prices and the change in the terms of trade after 1 year by industry and capital size

(%, % points)

		Average purchase price		Average sales price		Terms of trade	
		FY2013 survey	FY2012 survey	FY2013 survey	FY2012 survey	FY2013 survey	FY2012 survey
All industries		3.0	1.4	1.4	-0.1	-1.6	-1.5
Industry	Manufacturing	2.7	1.5	0.8	-0.5	-1.9	-2.1
	Material-type	3.7	2.4	2.2	0.4	-1.5	-2.0
	Processing-type	1.6	0.6	0.1	-1.8	-1.5	-2.4
	Other	3.2	2.1	0.3	0.5	-2.9	-1.7
	Non-manufacturing	3.4	1.2	2.1	0.4	-1.3	-0.7
Capital size	Less than 1 billion yen	3.2	1.8	0.8	0.9	-2.4	-1.0
	1 to 5 billion yen (not incl.)	3.6	2.1	1.5	0.2	-2.1	-1.9
	5 to 10 billion yen (not incl.)	2.8	0.6	1.4	-0.6	-1.4	-1.1
	10 billion yen or more	2.3	1.0	1.3	-0.4	-1.0	-1.4

Note 1: Terms of trade as mentioned here represent the value obtained upon subtracting the rate of change in the average purchase price from the rate of change in the average sales price.

Note 2: Terms of trade are derived from the rate of change of the average sales price and the rate of change of the average purchase price (refer to statistical tables 3-1 and 3-2) that include two decimal points. Therefore, they may not always coincide with figures calculated from the rate of change in average sales prices and the rate of change in average purchase price in the table above due to rounding.



(3) Terms of trade by average purchase price class

In terms of rate of change of average sales prices by the class of average purchase price after 1 year, the rate of the decline of average purchase prices was higher than the rate of the decline of average sales prices in classes of “-10% (not incl.) to -5% ” and “-5% (not incl.) to 0% (not incl.),” indicating that the terms of trade for these classes were likely to improve (Table 3-2).

On the other hand, the terms of trade were expected to worsen in the class that expects the change of average purchase prices to be “0%,” since the rate of decline in average purchase prices was smaller than the rate of decline in average sales prices.

Furthermore, the terms of trade were likely to worsen in classes that expect average purchase prices to rise, since the rate of increase in average sales prices was lower than the rate of increase in average purchase prices.

[Table 3-2] Forecast rate of changes in average sales price by average purchase price class and changes in the terms of trade after 1 year (all industries basis)

(%, % points)

Average purchase price class	Number of responding companies		Average sales price		Terms of trade	
	FY2013 survey	FY2012 survey	FY2013 survey	FY2012 survey	FY2013 survey	FY2012 survey
-20% or less	-	1	-	-20.0	-	0.0
-20% (not incl.) to -10%	-	2	-	-7.5	-	7.5
-10% (not incl.) to -5%	11	17	-6.6	-7.1	0.9	0.4
-5% (not incl.) to 0% (not incl.)	71	130	-2.0	-2.6	0.5	-0.1
0%	109	172	-0.7	-0.5	-0.7	-0.5
0% (not incl.) to 5% (not incl.)	372	272	1.3	0.7	-1.2	-1.8
5% to 10% (not incl.)	144	79	4.1	3.1	-3.4	-4.4
10% to 20% (not incl.)	25	10	8.1	3.5	-6.9	-11.5
20% or more	2	1	8.8	20.0	-11.3	0.0

Note 1: Terms of trade as mentioned here represent the value obtained upon subtracting the rate of change in the average purchase price from the rate of change in the average sales price.

Note 2: The rate of change in average purchase price is derived using the median value of each average purchase price class (for example, if the class chosen is “-20% (not incl.)-10%,” the median would be -15%. However, the “-20% or less” class uses “-20%” and the “20% or more” class uses “20%.”

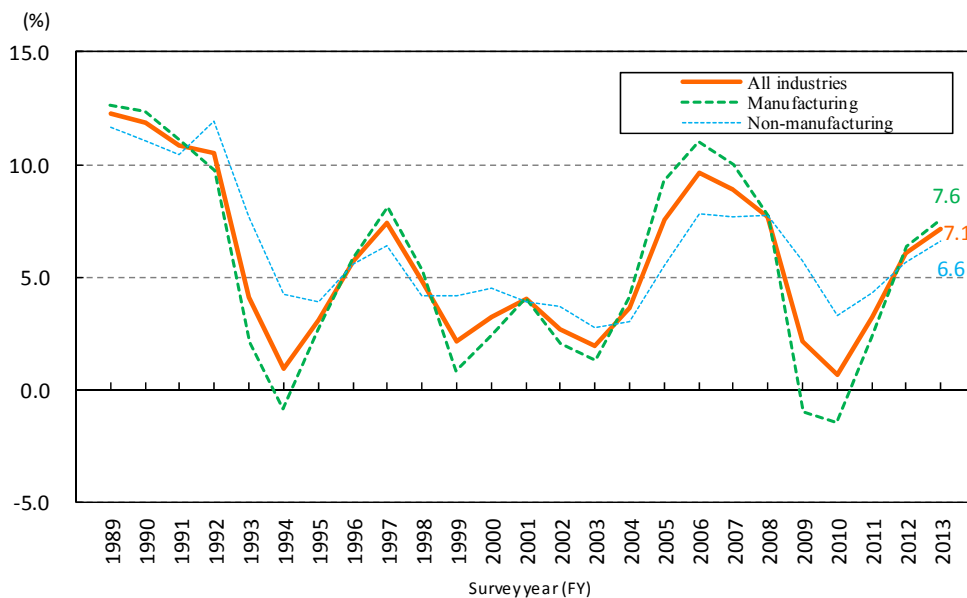
## 4 Growth rate of capital investment

### (1) Growth rate of capital investment over the past 3 years

- The growth rate of capital investment over the “past 3 years” (all industries basis, class value average) was 7.1%, a larger growth than the previous year’s survey (6.0%).

The growth rate of capital investment over the “past 3 years” (average of FY2011–2013) on an all industries basis (class value average) was 7.1%. The rate in manufacturing industries was 7.6% and non-manufacturing industries 6.6%, all higher than the previous year’s survey (Fig. 4-1, Table 4-1).

[Fig. 4-1] Trend of growth rate of capital investment over the past 3 years by industry



Note: With regard to the “past 3 years,” for example, “past 3 years” in the FY2013 survey represents rate of change from FY2011 to FY2013 (fiscal year average).

## (2) Growth rate of capital investment over the next 3 years

- Capital investment was forecast to grow by 4.2% over the “next 3 years” (all industries basis, class value average). The growth rate is higher than the previous year’s survey (3.5%), representing an increase for the fifth consecutive year.
- Both the manufacturing (4.4%) and non-manufacturing industries (3.9%) are expected to grow at higher rates than the previous year’s survey results of 3.5% for each category.
- By sector, the forecast growth rate was high in sectors such as “Rubber Products” (9.2%) and “Glass & Ceramics Products” (7.0%) in manufacturing industries, and “Securities & Commodity Futures” (9.0%) and “Retail Trade” (7.3%) in non-manufacturing industries.
- The growth rate for the “next 3 years” was expected to be smaller than the growth rate for the “past 3 years” (7.1% on an all industries basis).

Capital investment was forecast to grow by 4.2% over the “next 3 years” (average of FY2014–2016) on an all industries basis (class value average). The forecast growth rates in the manufacturing and non-manufacturing industries were 4.4% and 3.9% respectively.

The growth rate throughout industries was expected to accelerate as compared to that of the previous year’s survey, with figures of 3.5% for all, for manufacturing, and for non-manufacturing industry each (Fig. 4-2, Table 4-1).

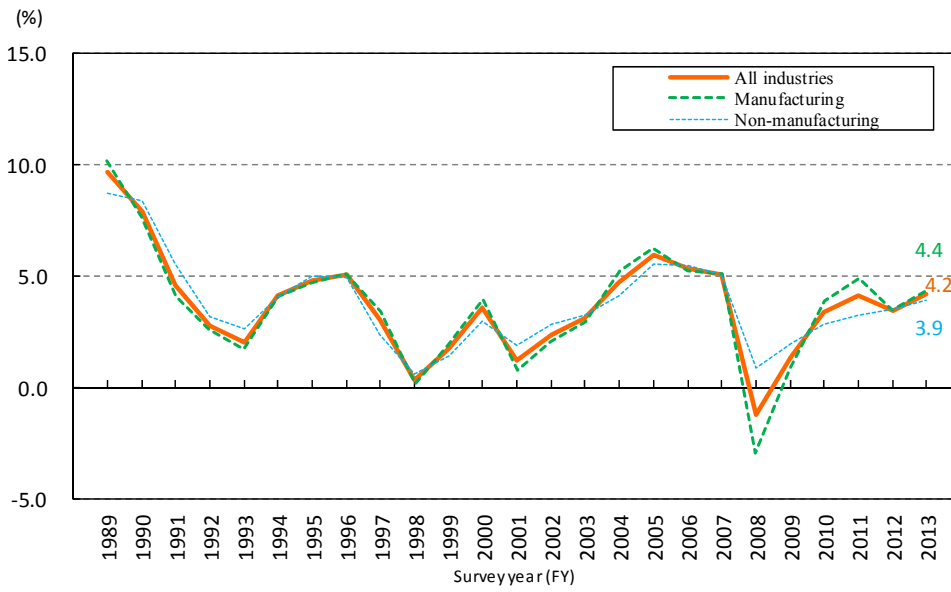
By manufacturing industry segment, the forecast growth rates of capital investment in material-type manufacturing industries was 3.0%, that in processing-type manufacturing industries was 4.5% and other manufacturing industries was 5.6%, all representing an increase in capital investment (Fig. 4-3).

By sector (those with 5 or more responding companies), capital investment was expected to increase in 25 out of 28 sectors, with high increase rates forecast in “Rubber Products” (9.2%) and “Glass & Ceramics Products” (7.0%) in manufacturing industries, and “Securities & Commodity Futures” (9.0%) and “Retail Trade” (7.3%) in non-manufacturing industries (Fig. 4-4).

By capital size, the forecast capital investment growth by companies with a capital of “less than 1 billion yen” was 4.2%, those with “1 to 5 billion yen (not incl.)” was 5.8%, those with “5 to 10 billion yen (not incl.)” was 4.4%, and those with “10 billion yen or more” was 2.6%, all of which represent an increase in capital investment (Fig.4-3).

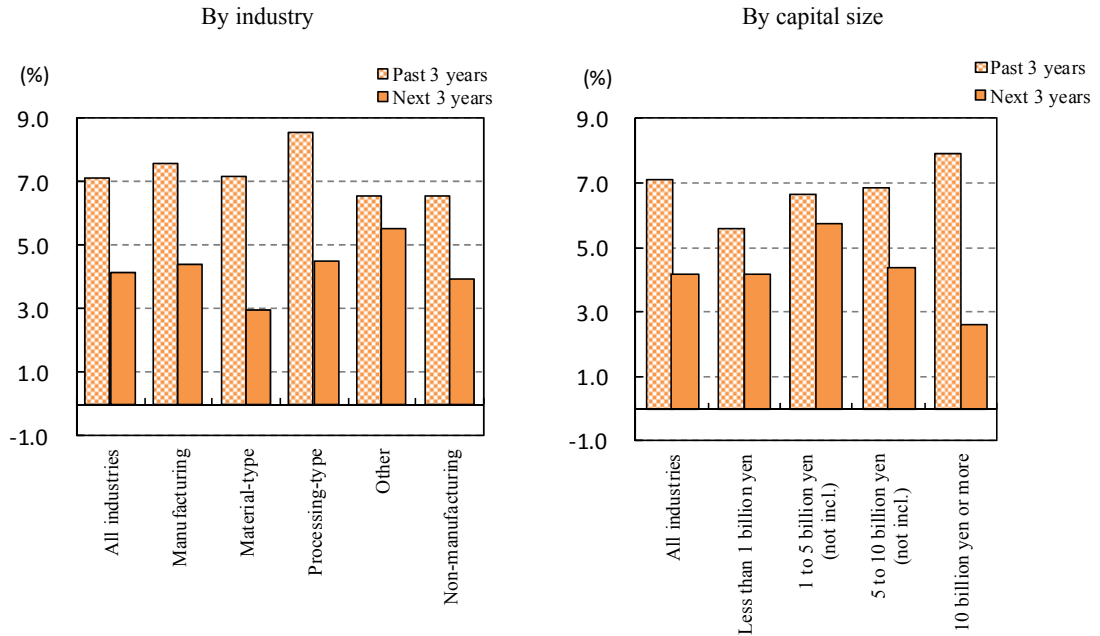
Furthermore, growth rates over the “next 3 years” were expected to decelerate in both the manufacturing and non-manufacturing industries as compared to the growth rates over the “past 3 years” (Fig. 4-3, Table 4-1).

[Fig. 4-2] Trend of growth rate forecasts of capital investment over the next 3 years by industry



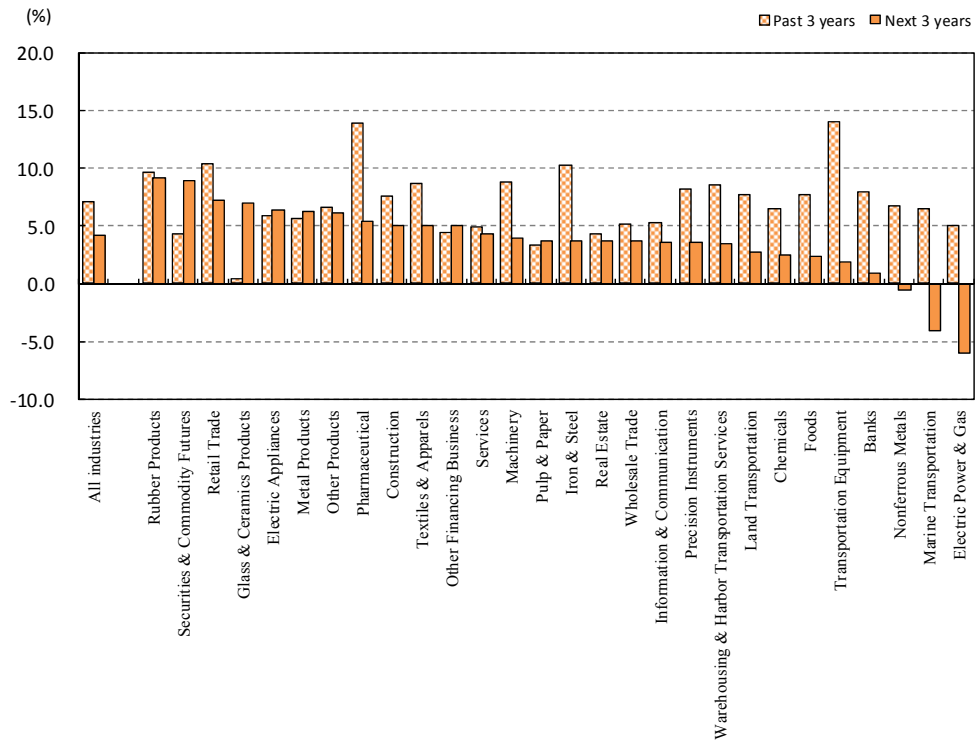
Note: With regard to “next 3 years,” for example, “next 3 years” in the FY2013 survey represents rate of change forecasts from FY2014 to FY2016 (fiscal year average).

[Fig. 4-3] Growth rate of capital investment by industry and capital size



Note: “Past 3 years” represents the growth rate from FY2011 to FY2013 (fiscal year average), and “next 3 years” represents growth rate forecasts from FY2014 to FY2016 (fiscal year average).

[Fig. 4-4] Growth rate of capital investment by sector



Note 1: “Past 3 years” represents the growth rate from FY2011 to FY2013 (fiscal year average), and “next 3 years” represents growth rate forecasts from FY2014 to FY2016 (fiscal year average).

Note 2: Sectors only include those with 5 or more responding companies for both “past 3 years” and “next 3 years.”

[Table 4-1] Trend of growth rate of capital investment by industry

(%)

Survey year	Past 3 years			Next 3 years		
	All industries	Manufacturing	Non-manufacturing	All industries	Manufacturing	Non-manufacturing
FY 1989	12.3	12.7	11.7	9.7	10.2	8.7
1990	11.9	12.4	11.1	7.9	7.7	8.4
1991	10.9	11.1	10.5	4.6	4.1	5.5
1992	10.5	9.7	11.9	2.8	2.6	3.2
1993	4.1	2.1	7.7	2.0	1.7	2.6
1994	0.9	-0.8	4.3	4.1	4.1	4.1
1995	3.1	2.6	3.9	4.8	4.7	5.0
1996	5.8	5.9	5.6	5.0	5.1	4.9
1997	7.4	8.1	6.4	3.0	3.4	2.4
1998	4.9	5.3	4.2	0.3	0.1	0.6
1999	2.1	0.9	4.1	1.7	1.9	1.4
2000	3.2	2.4	4.5	3.6	3.9	3.0
2001	4.0	4.1	3.9	1.2	0.8	1.9
2002	2.7	2.0	3.7	2.4	2.1	2.8
2003	1.9	1.3	2.8	3.1	3.0	3.2
2004	3.6	4.1	3.0	4.7	5.2	4.1
2005	7.5	9.2	5.5	5.9	6.2	5.5
2006	9.6	11.0	7.8	5.3	5.2	5.5
2007	8.9	10.0	7.7	5.1	5.1	5.1
2008	7.7	7.7	7.7	-1.2	-3.0	0.9
2009	2.2	-1.0	5.7	1.4	0.9	1.9
2010	0.7	-1.4	3.3	3.4	3.9	2.8
2011	3.3	2.3	4.3	4.1	4.9	3.2
2012	6.0	6.4	5.6	3.5	3.5	3.5
2013	7.1	7.6	6.6	4.2	4.4	3.9

Note: With regard to “past 3 years” and “next 3 years,” for example, “past 3 years” in the FY2013 survey represents rate of change from FY2011 to FY2013 (fiscal year average), and “next 3 years” represents rate of change forecasts from FY2014 to FY2016 (fiscal year average).

## 5 Change in the number of employees

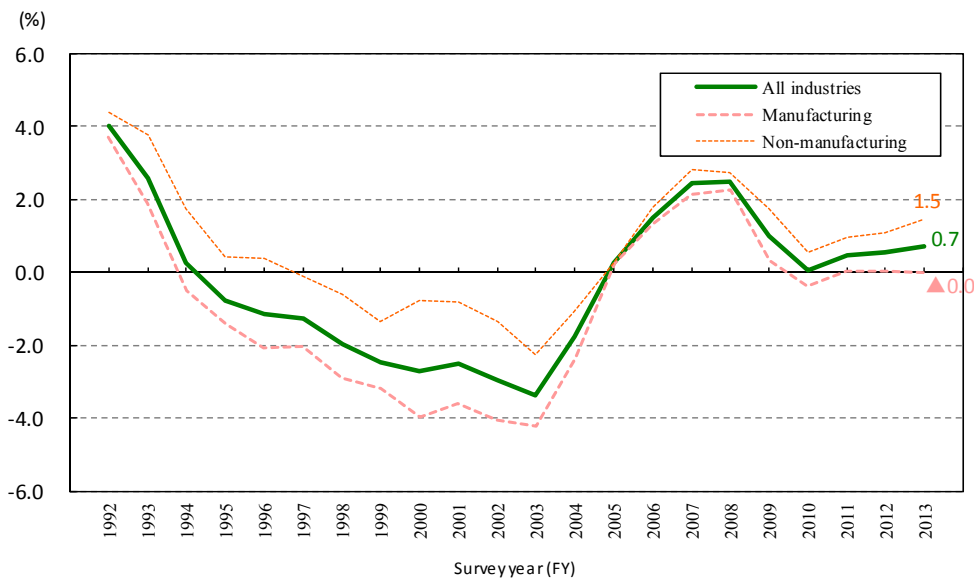
### (1) Rate of change in the number of employees over the past 3 years

- The rate of change in the number of employees over the “past 3 years” (all industries basis, class value average) was 0.7%, higher than the previous year’s results of 0.5%.

The rate of change in the number of employees over the “past 3 years” was 0.7% on an all industries basis (class value average) with -0.0% in manufacturing industries and 1.5% in non-manufacturing industries (Fig. 5-1, Table 5-1).

The figures for all industries and non-manufacturing industries were higher than the previous year, while that for manufacturing industries slightly fell from the previous year’s survey.

[Fig. 5-1] Trend in rate of change in the number of employees over the past 3 years by industry



Note 1: With regard to “past 3 years,” for example, “past 3 years” in the FY2013 survey represents rate of changes from FY2011 to FY2013 (fiscal year average).

Note 2: The survey of the rate of change in the number of employees started in FY1992.

Note 3: Only the FY2003 survey represents figures for “regular employees.”(The FY2003 survey was for “regular employees” and “part-time and temporary employees.”)

## (2) Rate of change in the number of employees over the next 3 years

- The forecast rate of change in the number of employees (all industries basis, class value average) over the “next 3 years” was 1.7%, which was higher than that of the previous year’s survey (1.0%).
- The number of employees was forecast to increase in both manufacturing (1.1%) and non-manufacturing (2.3%) industries, compared to the previous year’s survey.
- By sector, the forecast growth rate was high in sectors such as “Pulp & Paper” (2.1%) and “Pharmaceutical” (2.1%) in manufacturing industries, “Services” (4.6%), and “Retail Trade” (3.7%) in non-manufacturing industries.
- Compared to the increase rate over the “past 3 years” (0.7% on an all industries basis), the increase rate is forecast to accelerate over the “next 3 years.”

The forecast rate of change in the number of employees over the “next 3 years” was 1.7% on an all industries basis (class value average) with 1.1% in manufacturing industries and 2.3% in non-manufacturing industries (Fig. 5-2, Table 5-1).

The figures for all, manufacturing, and non-manufacturing industries were higher than those from the previous year’s survey.

By manufacturing industry segment, the forecast growth rate for material-type manufacturing industries was 0.6%, that for processing-type manufacturing industries was 1.4%, and that for other manufacturing industries was 1.2% (Fig. 5-3).

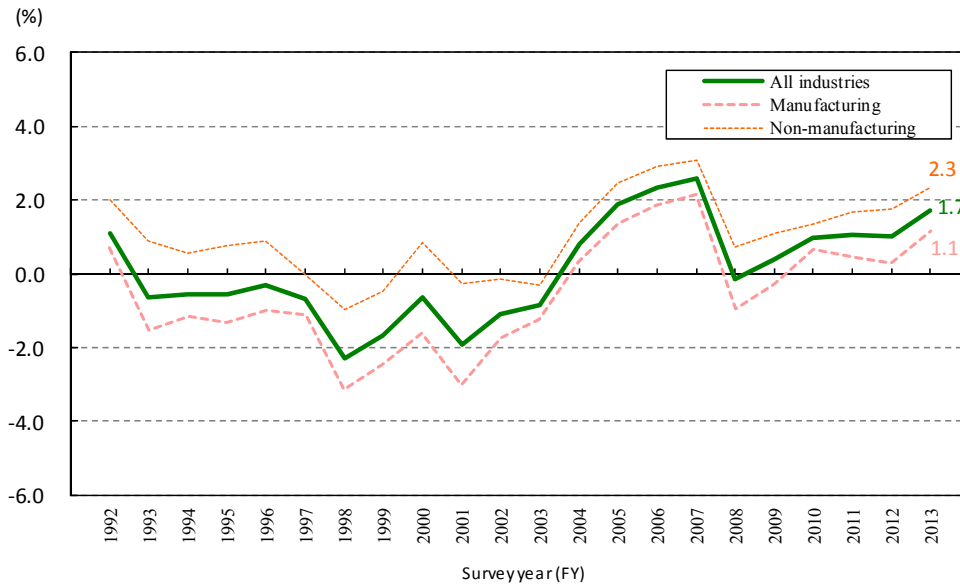
By sector (those with 5 or more responding companies), the number of employees was forecast to grow in 23 out of 28 sectors, with high forecast growth rates seen in sectors such as “Pulp & Paper” (2.1%) and “Pharmaceutical” (2.1%) in manufacturing industries, and “Services” (4.6%) and “Retail Trade” (3.7%) in non-manufacturing industries (Fig. 5-4).

By capital size, the forecast growth rate of the number of employees at companies with a capital of “less than 1 billion yen” was 3.3%, “1 to 5 billion yen (not incl.)” was 2.4%, “5 to 10 billion yen (not incl.)” was 1.7%, and “10 billion yen or more” was 0.9%, indicating that an increase was forecast in all capital size classes (Fig. 5-3).

Furthermore, compared to the growth rate over the “past 3 years,” the growth rate was expected to turn to a plus over the “next 3 years” in manufacturing industries, while the same rate was expected to grow further over the same period in non-manufacturing industries (Fig. 5-3, Table 5-1).



[Fig. 5-2] Trend in forecast rate of changes in the number of employees over the next 3 years by industry

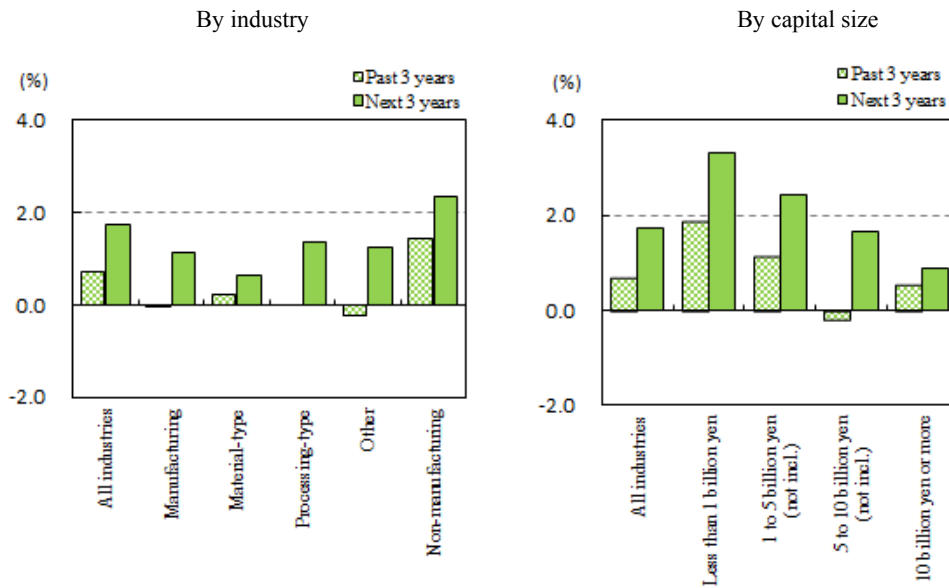


Note 1: With regard to “next 3 years,” for example, “next 3 years” in the FY2013 survey represents rate of change forecasts from FY2014 to FY2016 (fiscal year average).

Note 2: The survey of the rate of change in the number of employees started in FY1992.

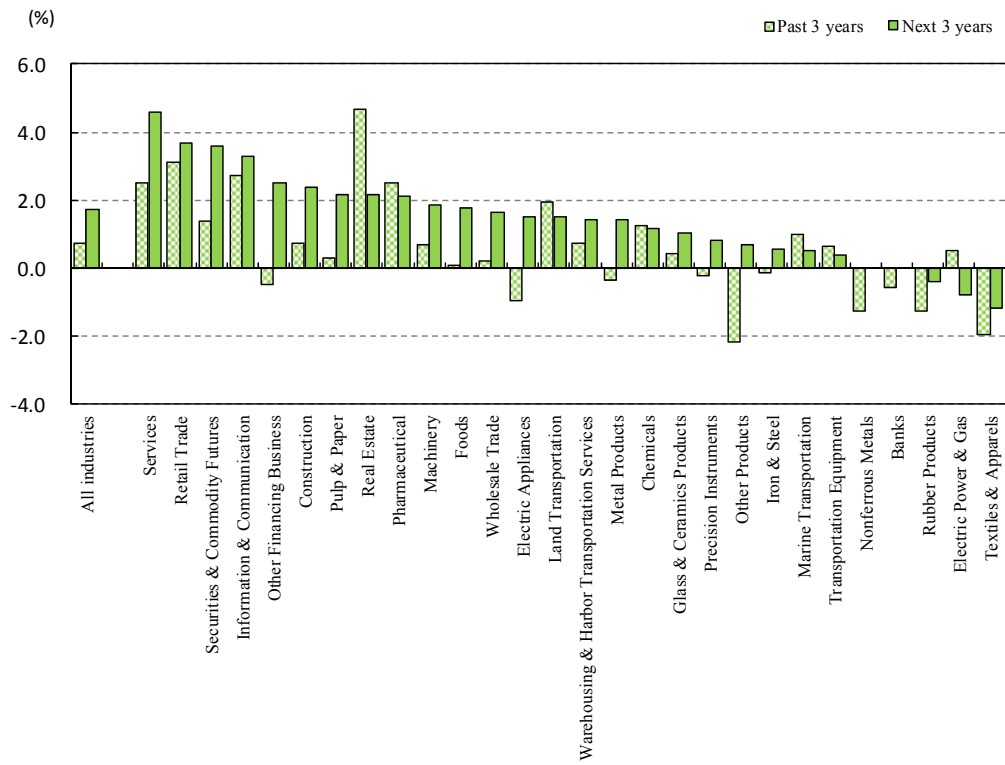
Note 3: Only the FY2003 survey represents figures for “regular employees.”(The FY2003 survey was for “regular employees” and “part-time and temporary employees.”)

[Fig. 5-3] The rate of change in the number of employees by industry and capital size



Note: “Past 3 years” represents rate of changes from FY2011 to FY2013 (fiscal year average), and “next 3 years” represents rate of change forecasts from FY2014 to FY2016 (fiscal year average).

[Fig. 5-4] Rate of change in the number of employees by sector



Note 1: "Past 3 years" represents rate of changes from FY2011 to FY2013 (fiscal year average), and "next 3 years" represents rate of change forecasts from FY2014 to FY2016 (fiscal year average).

Note 2: Sectors only include those with 5 or more responding companies for both "past 3 years" and "next 3 years."

### (3) Rate of change in the number of regular employees

- The forecast rate of change over the “next 3 years” for regular employees, from among the total number of employees on an all industries basis (class value average) was 1.5%, which was higher than the increase rate for all industries over the “past 3 years” (0.6%).
- Compared with the rate of change over the “past 3 years” by industry (-0.1% in manufacturing and 1.2% in non-manufacturing industries), the rate of change was expected to turn positive for manufacturing industries (0.9%) and accelerate in non-manufacturing industries (2.1%).

The rate of change in the number of regular employees among the total number of employees over the “past 3 years” was 0.6% on an all industries basis (class value average), -0.1% in manufacturing industries, and 1.2% in non-manufacturing industries (Table 5-1).

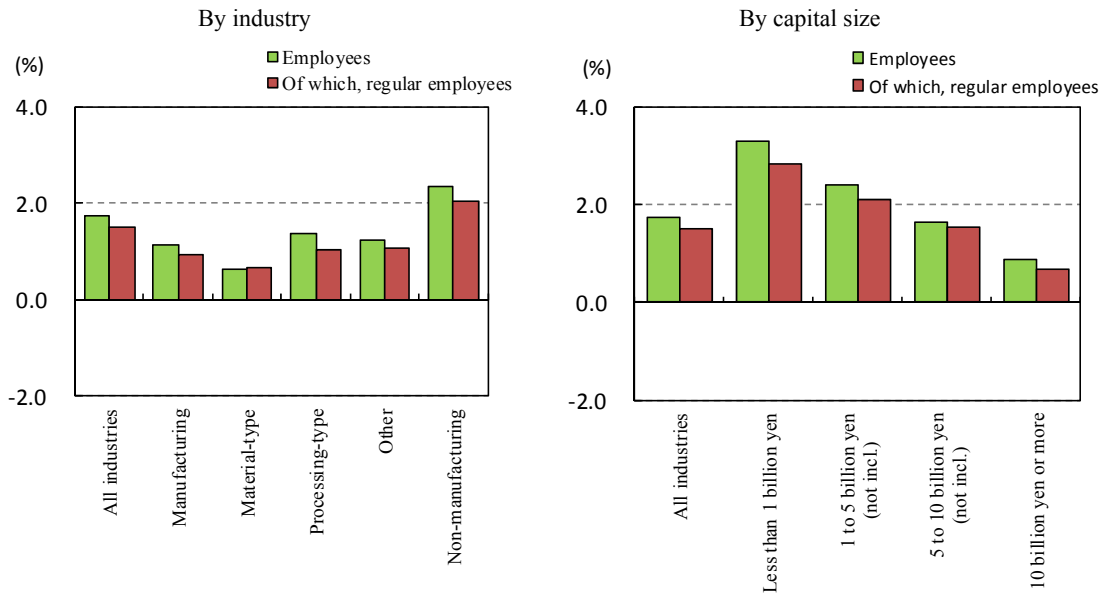
The forecast rate of change over the “next 3 years” was 1.5% in all industries, 0.9% in manufacturing industries, and 2.1% in non-manufacturing industries. Compared to the rate of change over the “past 3 years,” the increase rate was forecast to accelerate on an all industries basis and for non-manufacturing industries, and turn positive in manufacturing industries.

By sector (those with 5 or more responding companies), the rate of change was forecast to rise in 22 out of 28 sectors, with high increase rates in “Pulp & Paper” (2.1%) and “Pharmaceutical” (2.1%) in manufacturing industries, and “Services” (3.9%) and “Securities & Commodity Futures” (3.6%) in non-manufacturing industries (Fig. 5-6).

By capital size, the forecast growth rate at companies with a capital of “less than 1 billion yen” was 2.8%, “1 to 5 billion yen (not incl.)” was 2.1%, “5 to 10 billion yen (not incl.)” was 1.6%, and “10 billion yen or more” was 0.7%. An increase was expected by all classes (Fig. 5-5).

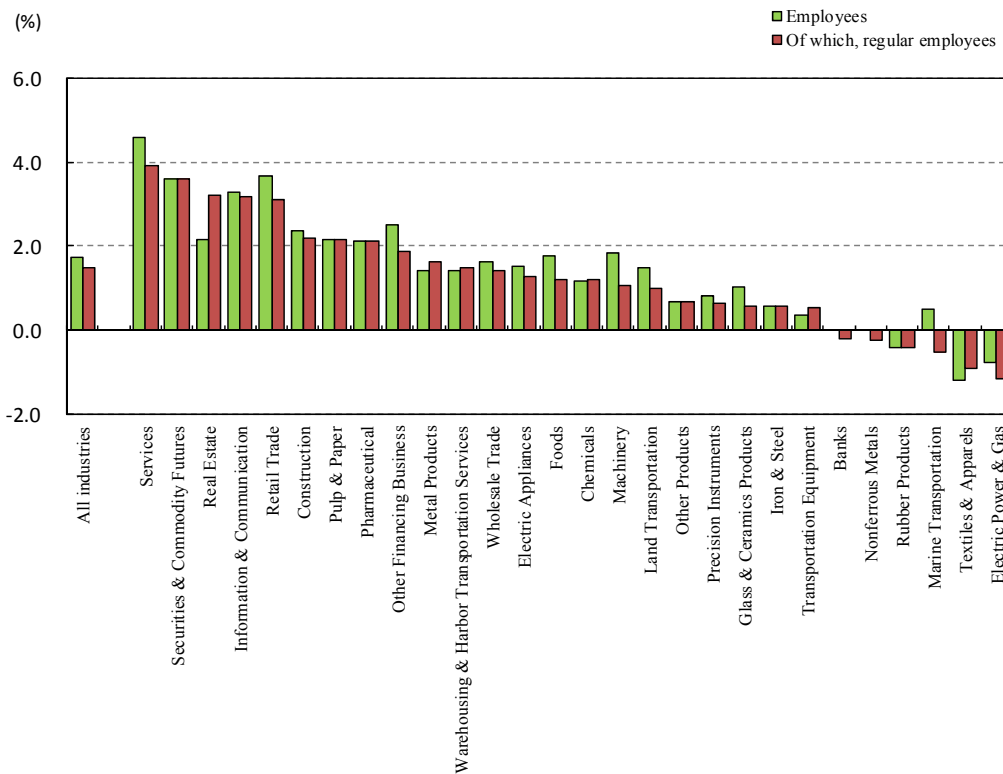
Furthermore, when comparing the forecast rate of change in the number of regular employees with that in the total number of employees, the rate of change in the number of regular employees was lower in both manufacturing and non-manufacturing industries (Fig. 5-5, Table 5-1).

[Fig. 5-5] Forecast rate of change in the number of regular employees among all employees over the next 3 years by industry and capital size



Note: "Next 3 years" represents rate of change forecasts from FY2014 to FY2016 (fiscal year average).

[Fig. 5-6] Forecast rate of change in the number of regular employees among all employees over the next 3 years by sector



Note 1: "Next 3 years" represents rate of change forecasts from FY2014 to FY2016 (fiscal year average)

Note 2: Sectors only include those with 5 or more responding companies for both "number of employees" and "number of regular employees."

[Table 5-1] Trend in rate of change in the number of employees by industry

(%)

Survey year	Past 3 years						Next 3 years					
	All industries		Manufacturing		Non-manufacturing		All industries		Manufacturing		Non-manufacturing	
	Regular employees		Regular employees		Regular employees		Regular employees		Regular employees		Regular employees	
FY 1992	4.0	-	3.7	-	4.4	-	1.1	-	0.7	-	2.0	-
1993	2.6	-	1.9	-	3.8	-	-0.7	-	-1.5	-	0.9	-
1994	0.3	-	-0.5	-	1.7	-	-0.6	-	-1.2	-	0.6	-
1995	-0.8	-	-1.4	-	0.4	-	-0.6	-	-1.3	-	0.8	-
1996	-1.2	-	-2.1	-	0.4	-	-0.3	-	-1.0	-	0.9	-
1997	-1.3	-	-2.0	-	-0.1	-	-0.7	-	-1.1	-	-0.0	-
1998	-2.0	-	-2.9	-	-0.6	-	-2.3	-	-3.2	-	-1.0	-
1999	-2.5	-	-3.2	-	-1.4	-	-1.7	-	-2.4	-	-0.5	-
2000	-2.7	-	-4.0	-	-0.8	-	-0.6	-	-1.6	-	0.8	-
2001	-2.5	-	-3.6	-	-0.8	-	-1.9	-	-3.0	-	-0.3	-
2002	-3.0	-	-4.1	-	-1.4	-	-1.1	-	-1.7	-	-0.1	-
2003	-3.4	-	-4.2	-	-2.3	-	-0.8	-	-1.2	-	-0.3	-
2004	-1.8	-	-2.4	-	-1.1	-	0.8	-	0.4	-	1.4	-
2005	0.3	-0.8	0.2	-0.7	0.3	-0.9	1.9	1.3	1.4	0.8	2.5	1.8
2006	1.5	0.6	1.3	0.5	1.8	0.7	2.3	1.9	1.9	1.6	2.9	2.3
2007	2.5	1.8	2.2	1.3	2.8	2.3	2.6	2.4	2.1	1.9	3.1	2.9
2008	2.5	2.0	2.3	1.6	2.7	2.4	-0.2	0.1	-0.9	-0.3	0.7	0.6
2009	1.0	1.4	0.3	1.0	1.7	1.8	0.4	0.3	-0.3	-0.3	1.1	0.9
2010	0.0	0.2	-0.4	-0.1	0.5	0.5	1.0	0.8	0.7	0.5	1.4	1.1
2011	0.5	0.2	0.0	-0.2	1.0	0.5	1.0	0.9	0.4	0.3	1.7	1.6
2012	0.5	0.2	0.1	-0.3	1.1	0.8	1.0	0.8	0.3	0.2	1.8	1.5
2013	0.7	0.6	-0.0	-0.1	1.5	1.2	1.7	1.5	1.1	0.9	2.3	2.1

Note 1: With regard to “past 3 years” and “next 3 years,” for example, “past 3 years” in the FY2013 survey represents rate of changes from FY2011 to FY2013 (fiscal year average), and “next 3 years” represents rate of change forecasts from FY2014 to FY2016 (fiscal year average).

Note 2: The survey of the rate of change in the number of employees started in FY1992. The survey of “regular employees” started in FY2005.

Note3: Only the FY2003 survey represents figures for “regular employees.”(The FY2003 survey was for “regular employees” and “part-time and temporary employees.”)

## 6 Overseas production ratio and reverse imports ratio

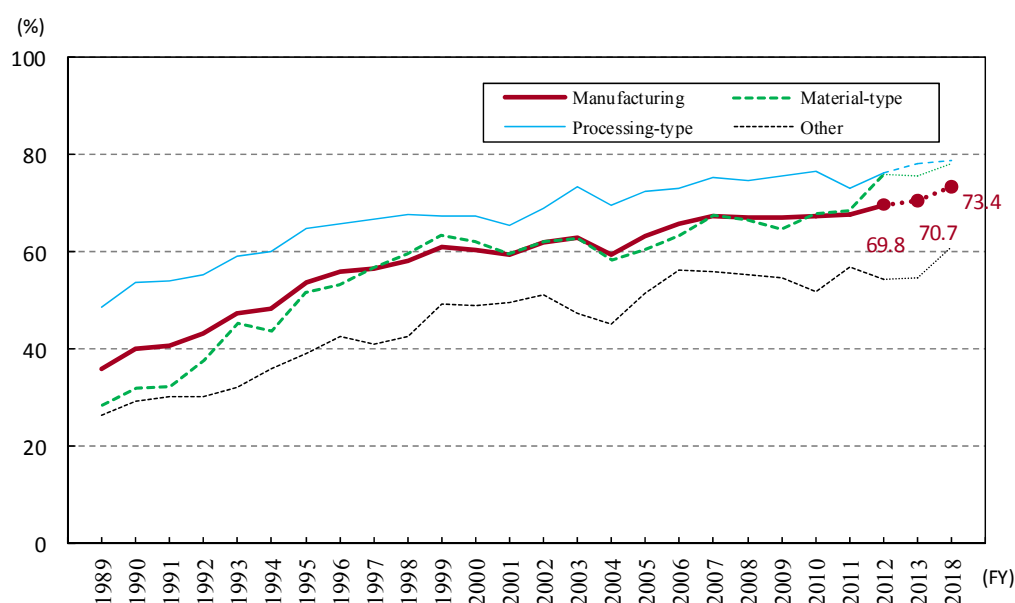
(1) The ratio of companies conducting overseas production (manufacturing industries only)

- The ratio of companies conducting overseas production (FY2012 actual figures) was 69.8%, up 2.1% points from the previous year's survey (67.7%).
- "FY2013 estimate" (70.7%) and "FY2018 forecast" (73.4%) were also on a rising trend.

The ratio of companies that conduct overseas production (manufacturing industries only) was 69.8% (FY2012 actual figures), which represents an increase of 2.1% points from the previous year's survey (67.7%). This is the highest figure since this annual survey was started in FY1987.

Additionally, the "FY2013 estimate" was 70.7% and "FY2018 forecast" was 73.4%, which were both on a rising trend (Fig. 6-1, Table 6-1).

[Fig. 6-1] Ratio of companies that conduct overseas production (manufacturing industries)



Note: FY2013 represents the actual figure estimate, FY2018 represents the forecast, and other years represent the actual figure for the previous fiscal year in the survey for the following fiscal year. (For example, the value for FY2012 is the ratio of companies that entered the value for "FY2012 actual figures" in the FY2013 survey.)

[Table 6-1] Ratio of companies that conduct overseas production (manufacturing industries)

(%)

Fiscal year	Manufacturing			
	Material-type	Processing-type	Other	
FY 1989	36.0	28.5	48.7	26.5
1990	40.3	32.0	53.9	29.3
1991	40.8	32.5	54.2	30.4
1992	43.3	37.9	55.5	30.2
1993	47.4	45.3	59.2	32.1
1994	48.3	43.7	60.2	36.1
1995	53.9	51.8	65.0	39.2
1996	55.9	53.4	66.0	42.6
1997	56.7	56.9	66.7	41.2
1998	58.3	59.7	67.9	42.6
1999	61.1	63.5	67.4	49.3
2000	60.4	62.1	67.3	48.9
2001	59.4	59.6	65.4	49.7
2002	62.1	62.3	69.1	51.4
2003	63.0	62.9	73.6	47.6
2004	59.6	58.4	69.8	45.2
2005	63.2	60.5	72.5	51.5
2006	65.9	63.6	73.2	56.2
2007	67.3	67.7	75.5	55.9
2008	67.1	66.7	74.9	55.5
2009	67.1	64.7	75.8	54.6
2010	67.6	67.8	76.6	51.8
2011	67.7	68.7	73.2	57.1
2012	69.8	76.0	76.4	54.3
2013	70.7	75.7	78.2	54.9
2018	73.4	78.3	78.9	61.0

Note: FY2013 represents the actual figure estimate, FY2018 represents the forecast, and other years represent the actual figure for the previous fiscal year in the survey for the following fiscal year. (For example, the value for FY2012 is the ratio of companies that entered the value for “FY2012 actual figures” in the FY2013 survey.)

## (2) Overseas production ratio (manufacturing industries only)

- For overseas production ratio (actual value average), the “FY2012 actual figures” was 20.6%, representing a rise from the previous year’s actual figure (17.2%). The number is the highest since the survey started in FY1987,
- The “FY2013 estimate” (21.6%) and the “FY2018 forecast” (25.5%) represent the continuously increasing trend of the overseas production. In the manufacturing industry segment, the “FY2013 estimate” and “FY2018 forecast” of processing-type manufacturing industries (29.0% and 33.0% respectively) were particularly high.
- Looking at the “FY2018 forecast” by sector, the figures were high in sectors such as “Rubber Products” (46.4%) and “Electric Appliances” (39.6%), while they were low in sectors such as “Pharmaceutical” (1.9%) and “Pulp & Paper” (12.2%).

For overseas production ratio<sup>5)</sup> (actual value average), the “FY2012 actual figures” was 20.6%, representing a rise from the previous year’s actual figure (17.2%). The number is the highest since the survey started in FY1987. Furthermore, the “FY2013 estimate” of 21.6% and “FY2018 forecast” of 25.5% both represent a further rise (Fig. 6-2, Table 6-2).

Looking at the “FY2018 forecast” by manufacturing industry segment, material-type manufacturing industries, processing-type manufacturing industries and other manufacturing industries all saw a rise from the “FY2013 estimate,” with processing-type manufacturing industries showing a significant rise of 29.0% and 33.0% each (Fig. 6-3, Table 6-2).

The “FY2018 forecast” by sector (those with 5 or more responding companies) was higher than the “FY2013 estimate” in all 15 sectors. The forecast level was high in sectors such as “Rubber Products” (46.4%) and “Electric Appliances” (39.6%), and low in “Pharmaceutical” (1.9%) (Fig. 6-4).

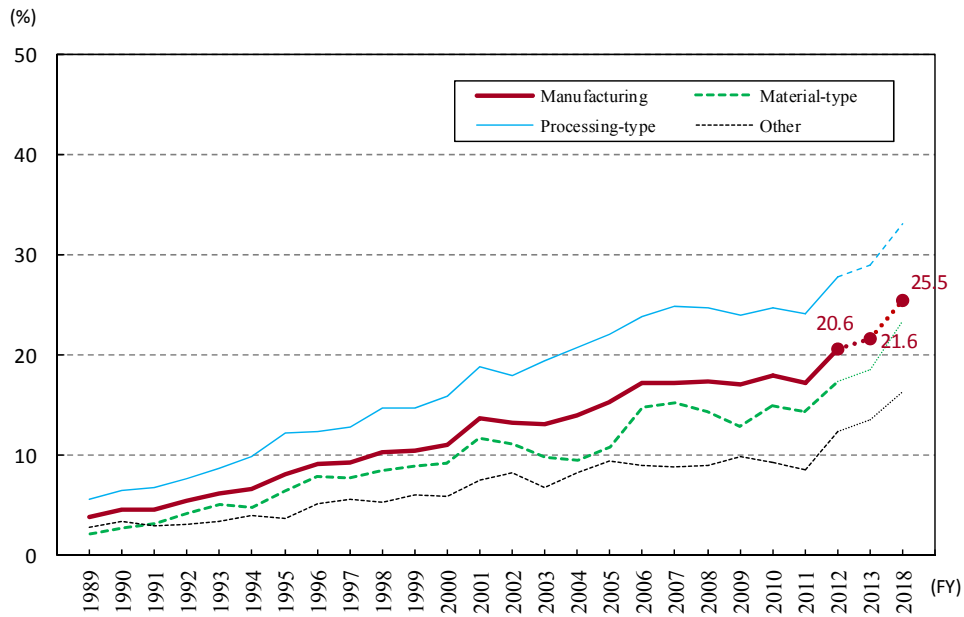
Looking at the “FY2018 forecast” by capital size, companies with a capital of “less than 1 billion yen” expect 10.6% (“FY2013 estimate”: 8.0%), “1 to 5 billion yen (not incl.)” 19.1% (“FY2013 estimate”: 15.6%), “5 to 10 billion yen (not incl.)” 26.7% (“FY2013 estimate”: 22.0%), and “10 billion yen or more” 33.2% (“FY2013 estimate”: 28.2%), which indicates that the ratio was expected to rise as compared to “FY2013 estimate” in all classes (Fig. 6-3).

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<sup>5)</sup> Overseas production ratio = Volume of overseas production / (Volume of domestic production + Volume of overseas production)  
Simple average of responding companies including those that reported 0.0% for the overseas production ratio.



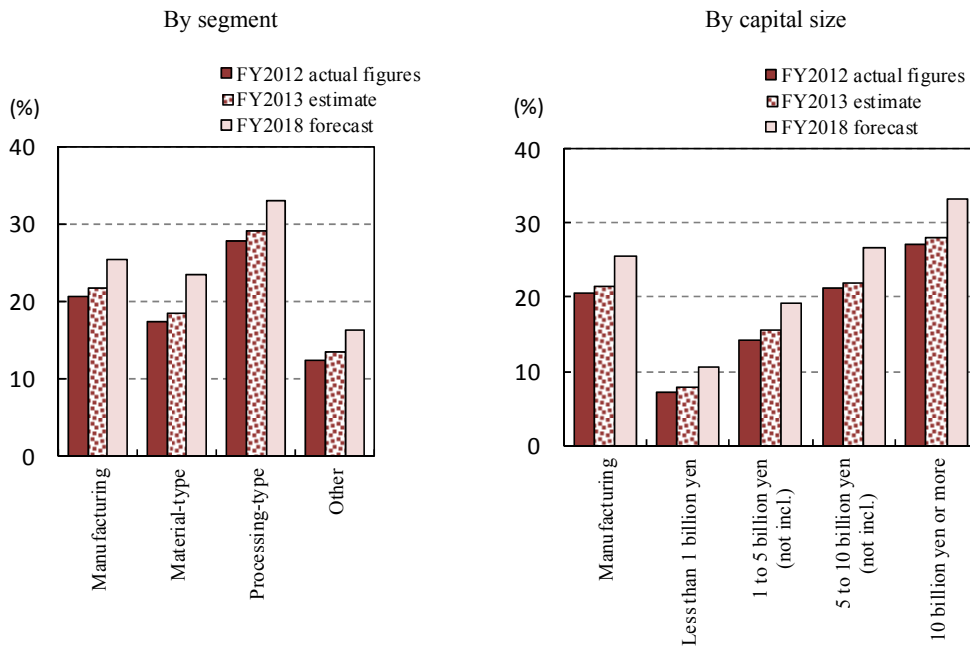
[Fig. 6-2] Trend of overseas production ratios (manufacturing industries)



Note 1: FY2013 represents the actual figure estimate, FY2018 represents the forecast, and other years represent the actual figure for the previous fiscal year in the survey for the following fiscal year. (For example, the value for FY2012 is the value for “FY2012 actual figures” in the FY2013 survey.)

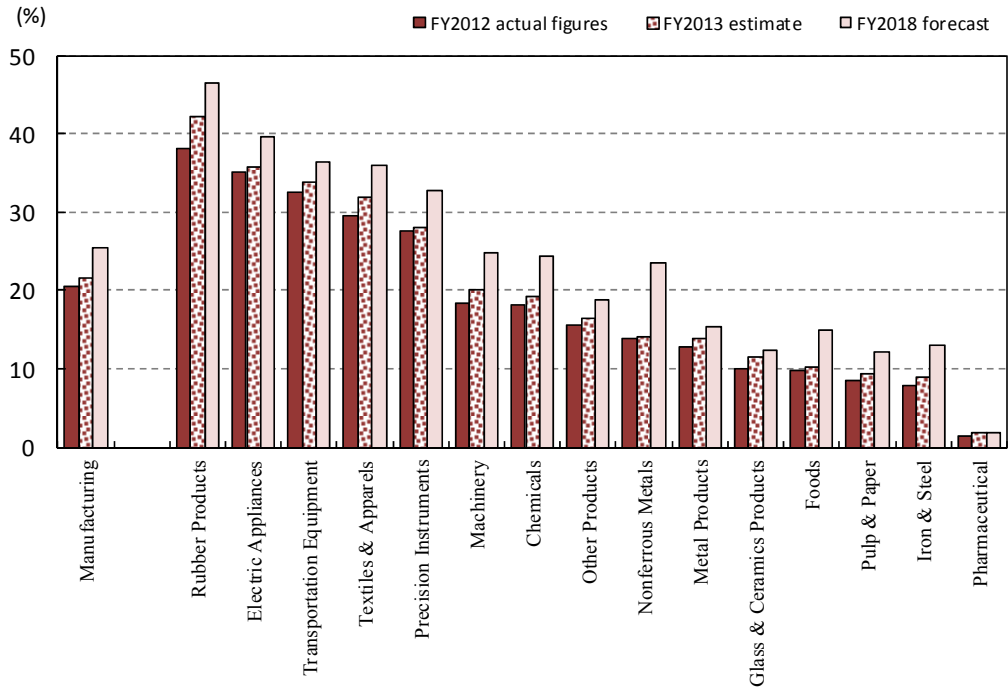
Note 2: Simple average of responding companies including those that reported 0.0% for the overseas production ratio.

[Fig. 6-3] Overseas production ratio by manufacturing industry segment and capital size



Note: Simple average of responding companies including those that reported 0.0% for the overseas production ratio.

[Fig. 6-4] Overseas production ratio by sector (manufacturing industries)



Note 1: Simple average of responding companies including those that reported 0.0% for the overseas production ratio.

Note 2: Sectors only include those with 5 or more responding companies in all of “FY2012 actual figures,” “FY2013 estimate” and “FY2018 forecast.”

[Table 6-2] Trend of overseas production ratio (manufacturing industries)

(%)

Fiscal year	Manufacturing			
	Material-type	Processing-type	Other	
FY 1989	3.8	2.2	5.7	2.8
1990	4.6	2.8	6.5	3.4
1991	4.6	3.1	6.7	3.0
1992	5.4	4.2	7.7	3.1
1993	6.1	5.1	8.7	3.4
1994	6.6	4.8	9.8	3.9
1995	8.1	6.4	12.2	3.7
1996	9.1	7.9	12.4	5.2
1997	9.3	7.7	12.8	5.6
1998	10.2	8.5	14.8	5.3
1999	10.5	8.9	14.7	6.0
2000	11.1	9.2	15.9	6.0
2001	13.7	11.7	18.9	7.5
2002	13.2	11.2	17.9	8.2
2003	13.1	9.7	19.4	6.8
2004	14.0	9.5	20.7	8.2
2005	15.2	10.8	22.1	9.4
2006	17.3	14.8	23.9	8.9
2007	17.3	15.3	24.8	8.9
2008	17.4	14.4	24.7	9.0
2009	17.1	12.9	24.0	9.9
2010	17.9	14.9	24.8	9.2
2011	17.2	14.3	24.1	8.6
2012	20.6	17.3	27.8	12.4
2013	21.6	18.5	29.0	13.5
2018	25.5	23.4	33.0	16.3

Note 1: FY2013 represents the actual figure estimate, FY2018 represents the forecast, and other years represent the actual figure for the previous fiscal year in the survey for the following fiscal year. (For example, the value for FY2012 is the value for “FY2012 actual figures” in the FY2013 survey.)

Note 2: Simple average of responding companies including those that reported 0.0% for the overseas production ratio.

### (3) Reverse imports ratio (manufacturing industries only)

- The “FY2012 actual figures” for the reverse imports ratio (actual value average) was 18.8%, showing a decline for the fifth consecutive year and the lowest level since the beginning of the survey in FY2001.
- The “FY2013 actual figures” was estimated to rise (19.6%) while the “FY2018 forecast” was estimated to decline (18.8%).
- Looking at the “FY2018 forecast” by sector, the level was low in sectors such as “Transportation Equipment” (5.0%) and “Iron & Steel” (6.1%), while it was high in “Metal Products” (35.4%) and “Precision Instruments” (31.9%).

The “FY2012 actual figures” of the reverse imports ratio<sup>6)</sup> (actual value average) was 18.8%, a decline for the fifth consecutive year and the lowest level since the beginning of the survey in FY2001. The “FY2013 estimate” was 19.6% and “FY2018 forecast” 18.8% (Fig. 6-5, Table 6-3).

Looking at the “FY2018 forecast” by manufacturing industry segment, the ratio in material-type manufacturing industries was 13.2%, processing-type manufacturing industries was 17.6%, and other manufacturing industries 27.0% (Fig. 6-6, Table 6-3).

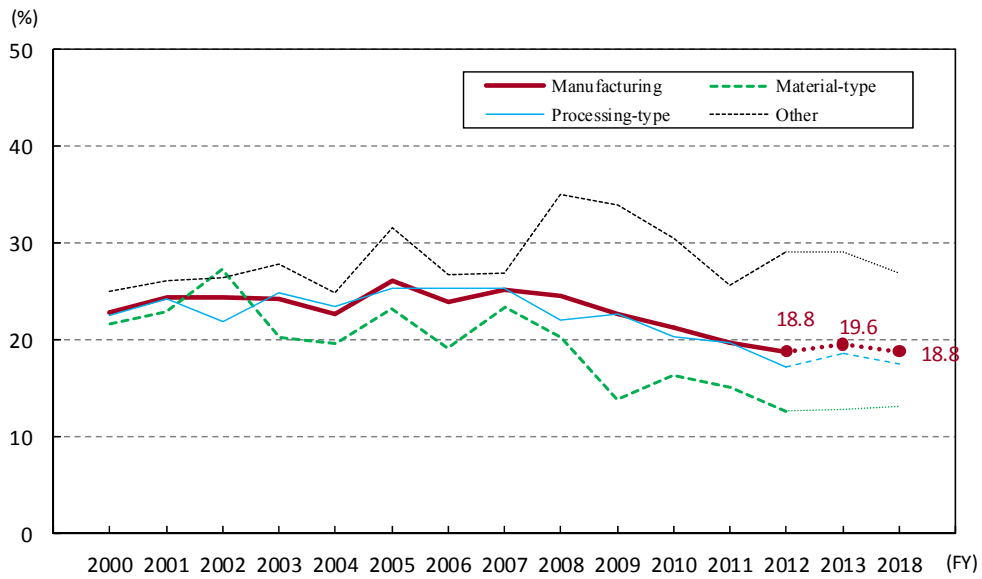
In terms of the “FY2018 forecast” by sector (those with 5 or more responding companies), 11 out of 13 sectors expect the reverse imports ratio to drop from the “FY2013 estimate,” with the low level in sectors such as “Transportation Equipment” (5.0%) and “Iron & Steel” (6.1%), while being high in sectors including “Metal Products” (35.4%) and “Precision Instruments” (31.9%) (Fig. 6-7).

Looking at the “FY2018 forecast” by capital size, companies with a capital of “less than 1 billion yen” expect 25.1% (“FY2013 estimate”: 25.4%), “1 to 5 billion yen (not incl.)” 21.3% (“FY2013 estimate”: 25.0%), “5 to 10 billion yen (not incl.)” 14.3% (“FY2013 estimate”: 14.5%), and “10 billion yen or more” 18.7% (“FY2013 estimate”: 18.4%), which indicates that the ratio was expected to drop as compared to “FY2013 estimate” in all classes except for the “10 billion yen or more” class (Fig. 6-6).

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<sup>6)</sup> Reverse imports ratio = Export volume to Japan / Volume of overseas local production  
Excludes companies that reported 0.0% in overseas production ratio.  
Simple average of responding companies including those that reported 0.0% in the ratio of reverse imports.

[Fig. 6-5] Trend of the ratio of reverse imports (manufacturing industries)



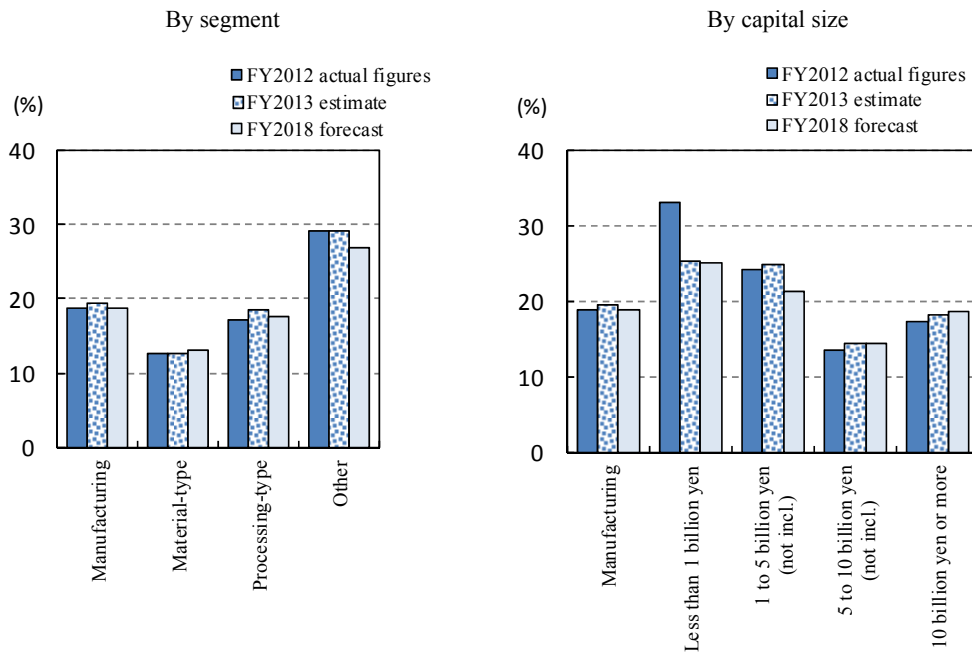
Note 1: FY2013 represents the actual figure estimate, FY2018 represents the forecast, and other years represent the actual figure for the previous fiscal year in the survey for the following fiscal year. (For example, the value for FY2012 is the value for “FY2012 actual figures” in the FY2013 survey.)

Note 2: Excludes companies that reported 0.0% in overseas production ratio.

Note 3: Simple average of responding companies including those that reported 0.0% in the ratio of reverse imports.

Note 4: The survey of the ratio of reverse imports started in FY2001.

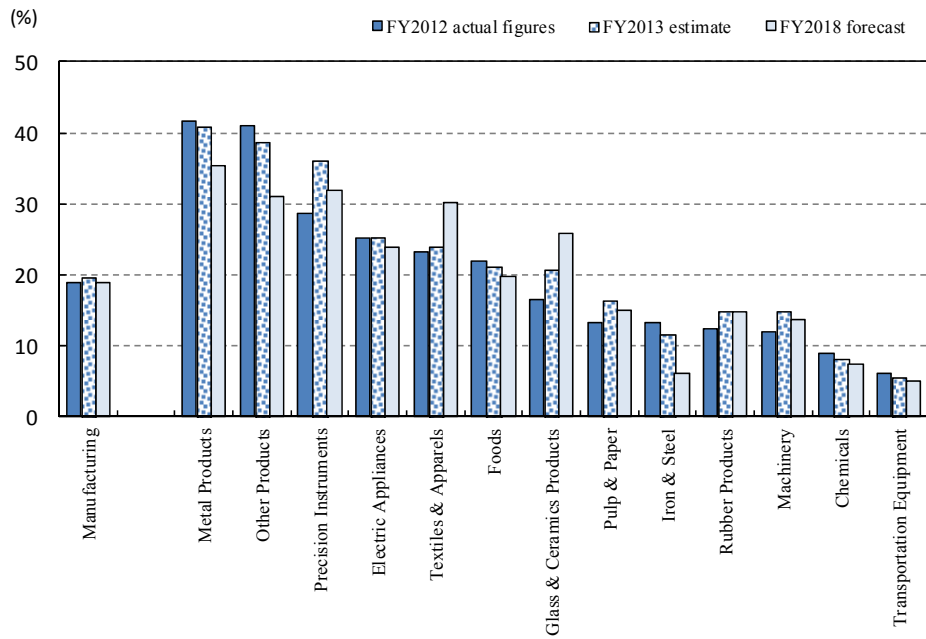
[Fig. 6-6] Ratio of reverse imports by manufacturing industry segment and capital size



Note 1: Excludes companies that reported 0.0% in overseas production ratio.

Note 2: Simple average of responding companies including those that reported 0.0% in the ratio of reverse imports.

[Fig. 6-7] Ratio of reverse imports by sector (manufacturing industries)



Note 1: Excludes companies that reported 0.0% in overseas production ratio.

Note 2: Simple average of responding companies including those that reported 0.0% in the ratio of reverse imports.

Note 3: Sectors only include those with 5 or more responding companies in all of “FY2012 actual figures,” “FY2013 estimate” and “FY2018 forecast.”

[Table 6-3] Trend of the ratio of reverse imports (manufacturing industries)

(%)

Fiscal year	Manufacturing			
	Material-type	Processing-type	Other	
FY 2000	22.9	21.7	22.5	25.1
2001	24.4	22.9	24.3	26.1
2002	24.4	27.3	21.8	26.4
2003	24.3	20.3	24.9	27.8
2004	22.6	19.6	23.4	24.8
2005	26.1	23.2	25.3	31.6
2006	23.9	19.2	25.4	26.7
2007	25.2	23.4	25.4	26.8
2008	24.5	20.3	22.1	35.1
2009	22.6	13.9	22.7	33.9
2010	21.3	16.4	20.4	30.5
2011	19.8	15.2	19.8	25.6
2012	18.8	12.6	17.2	29.1
2013	19.6	12.9	18.7	29.2
2018	18.8	13.2	17.6	27.0

Note 1: FY2013 represents the actual figure estimate, FY2018 represents the forecast, and other years represent the actual figure for the previous fiscal year in the survey for the following fiscal year. (For example, the value for FY2012 is the value for “FY2012 actual figures” in the FY2013 survey.)

Note 2: Excludes companies that reported 0.0% in overseas production ratio.

Note 3: Simple average of responding companies including those that reported 0.0% in the ratio of reverse imports.

Note 4: The survey of the ratio of reverse imports started in FY2001.

(4) Reason for having an overseas production base (manufacturing industries only)

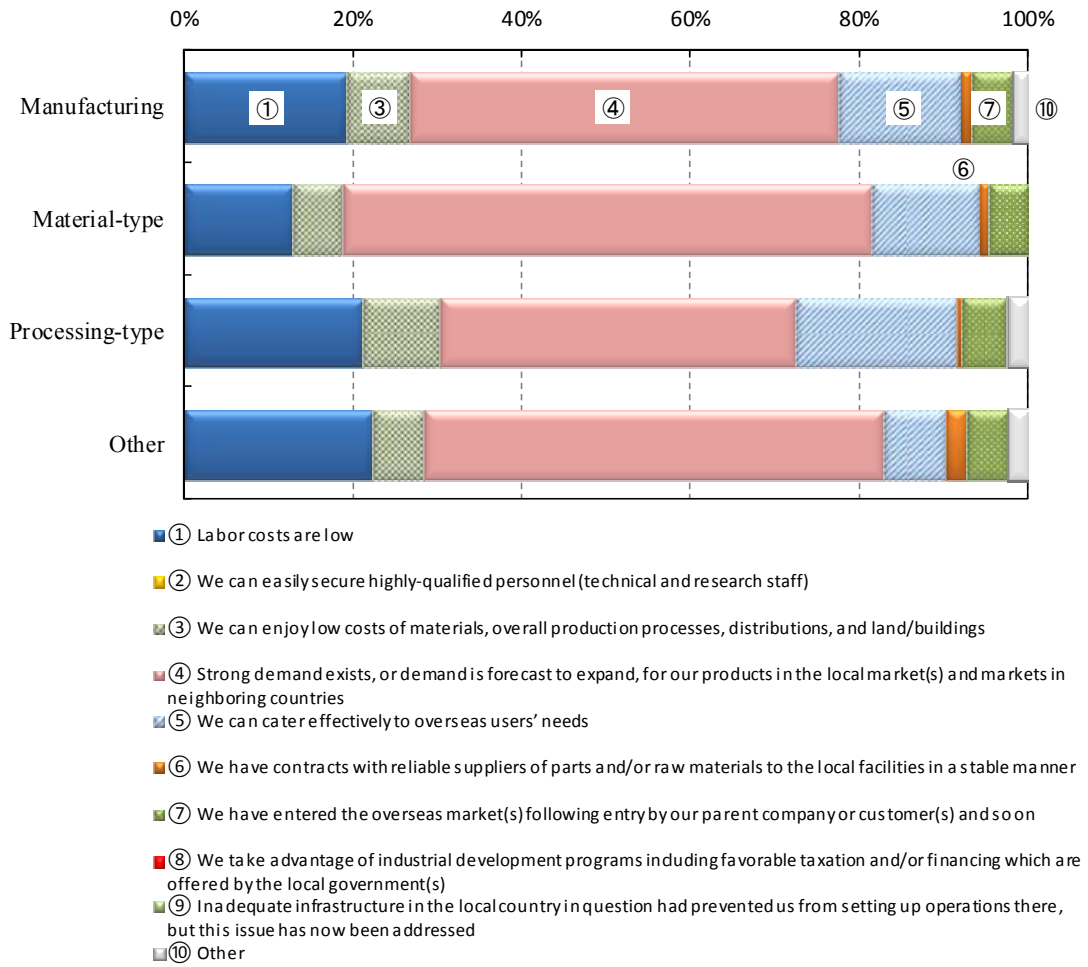
- The most popular reason for setting up production bases abroad was “Strong demand exists, or demand is forecast to expand, for our products in the local market(s) and markets in neighboring countries” (50.8%), a 5.0% point rise from the previous year’s survey (45.8%).
- On the other hand, the second-most cited reason, “Labor costs are low,” fell by 4.0% points from the previous year’s result of 23.1% to 19.1%.

Looking at the reason for having an overseas production base (choose one from the choices), “Strong demand exists, or demand is forecast to expand, for our products in the local market(s) and markets in neighboring countries” was the most commonly cited with 50.8% (previous year’s result: 45.8%), followed by “Labor costs are low” with 19.1% (previous year’s result: 23.1%), “We can cater effectively to overseas users’ needs” with 14.4% (previous year’s result: 11.4%), “We can enjoy low costs of materials, overall production processes, distribution, and land/buildings” with 7.5% (previous year’s result: 9.1%), and “We have entered the overseas market(s) following entry by our parent company or customer(s) and so on” with 5.0% (previous year’s result: 5.5%) (Fig. 6-8, Table 6-4).

Compared to the previous year’s survey, while the composition ratio of reasons such as “Labor costs are low” was decreasing, the composition ratio of reasons such as “Strong demand exists, or demand is forecast to expand, for our products in the local market(s) and markets in neighboring countries” was rising.



[Fig. 6-8] Reason for having an overseas production base (manufacturing industries)



[Table 6-4] Reason for having an overseas production base (manufacturing industries)

(%)

	FY2013 survey				FY2012 survey
	Manufacturing	Material-type	Processing-type	Other	Manufacturing
Reason for having an overseas production base	100.0	100.0	100.0	100.0	100.0
① Labor costs are low	19.1	12.8	21.1	22.2	23.1
② We can easily secure highly-qualified personnel (technical and research staff)	-	-	-	-	-
③ We can enjoy low costs of materials, overall production processes, distributions, and land/buildings	7.5	5.8	9.2	6.2	9.1
④ Strong demand exists, or demand is forecast to expand, for our products in the local market(s) and markets in neighboring countries	50.8	62.8	42.1	54.3	45.8
⑤ We can cater effectively to overseas users' needs	14.4	12.8	19.1	7.4	11.4
⑥ We have contracts with reliable suppliers of parts and/or raw materials to the local facilities in a stable manner	1.3	1.2	0.7	2.5	2.6
⑦ We have entered the overseas market(s) following entry by our parent company or customer(s) and so on	5.0	4.7	5.3	4.9	5.5
⑧ We take advantage of industrial development programs including favorable taxation and/or financing which are offered by the local government(s)	-	-	-	-	-
⑨ Inadequate infrastructure in the local country in question had prevented us from setting up operations there, but this issue has now been addressed	-	-	-	-	-
⑩ Other	1.9	-	2.6	2.5	2.6

Note: Highlighted sections represent the top 3 in each fiscal year.