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# Survey Report on Overseas Business Operations by Japanese Manufacturing Companies

JBIC 34<sup>th</sup> Survey, 2022

Strategic Research Department

We would like to express our deep gratitude to all the companies who cooperated in this survey. We hope that the results of this survey will serve as a reference for future business activities.

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## **1. Japanese manufacturers' overseas business operations seem to have started to recover from the COVID-19 pandemic**

The overseas business operations of Japanese manufacturers seem to have started to recover from the pandemic-induced slowdown and stagnation that was observed until the previous fiscal year. Both their overseas sales ratios and overseas production ratios are on the rise compared to the previous year. In FY2022, their overseas sales ratios are projected to be at pre-pandemic levels, and according to their medium-term plans, their overseas production ratios are expected to recover to almost pre-pandemic levels in 2025. Overseas earnings also increased in many regions, which is encouraging Japanese manufacturers, particularly the larger ones, to expand their operations again domestically and internationally.

## **2. India has returned as the top promising country after three years, pushing China down into second place**

Seen by a wide range of industries to be the most promising country for the next three years, India is back to the top place after three years, while China has lost a large number of votes. China's decline is most likely attributable to its radical zero-COVID policy, which has brought its economy to a standstill. However, amid an ongoing US-China conflict, there are also various other growing concerns that could be the cause of this descent. The United States maintains its third place, backed by its solid expectations for further economic growth in the general machinery industry. Among the ASEAN members, those that ranked relatively high last year have stayed in the same places, partially regaining the votes they had lost due to the pandemic.

## **3. Nearly 90% of the respondents suffered a negative impact from the invasion in Ukraine**

Almost 90% of the respondents said their business had been negatively affected by the Russian invasion of Ukraine. The most common impacts were indirect impacts such as "rising fuel prices," "logistics disruption," and an "increase in spending due to currency fluctuations." Direct influences, such as the "scaling back or discontinuing of operations" and "working around economic sanctions," were identified by a relatively small number of the respondents. In addition, there were many more respondents that anticipate they will accelerate their decarbonization efforts due to the invasion than the opposite. The high price of fossil fuels induced by the invasion seems to have heightened expectations for a widespread introduction of clean energy.

## **4. Japanese manufacturers view geopolitical risk as increasingly critical for their business strategy and are enhancing their information gathering and capacity for analysis**

Approximately 90% of the respondents view geopolitical risk as "very significant" or "significant" for their business strategy. Many respondents said they were diversifying their suppliers and enhancing their information gathering capacity or risk analysis/evaluation capability in order to mitigate geopolitical risk, and few said they were changing their location strategy or investment plan, or discontinuing or selling their business. Concerning the US-China decoupling, fewer than the previous year's survey said they would enhance their operation in China, for the same reason for China's decline in the promising country rankings, and more said they would enhance their operation in US.

## **5. Approximately 80% of the respondents are considering sustainability, and 75% of these respondents are already working on decarbonization**

Approximately 80% of the respondents are considering sustainability in their overseas business operations. Those respondents who aspired highly toward operations overseas or viewed geopolitical risk seriously tended to consider sustainability. Also, respondents are particularly concerned about climate change and decarbonization. 75% of them are already taking action, and more than 50% of respondents are making efforts that align with or exceed the Government of Japan's goal of achieving carbon neutrality by 2050. Furthermore, we found that those that have the aim of actively improving their brand image are more actively addressing decarbonization. Regarding human rights protections, the respondents are showing significant progress compared to the previous year.

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## 1. Survey Overview



## 1. Research Objective and Targets

This survey aimed to research and analyze the current status and future prospects for overseas business development of Japanese manufacturing companies. The companies targeted in this survey are Japanese manufacturing companies which have three or more overseas affiliates (including at least one production base).

## 2. Methodology

- (1) Number of surveyed companies: 946
- (2) Methods: The questionnaires were sent via post and email. Questionnaires were sent either through email or physical mail. During the survey period, supplemental online interviews were also conducted.

## 3. Responses

- (1) Number of respondents: 531 (105 by post, 426 by web)
- (2) Response rate: 56.1% (+2.7 points compared to last year)

## 4. Survey Period

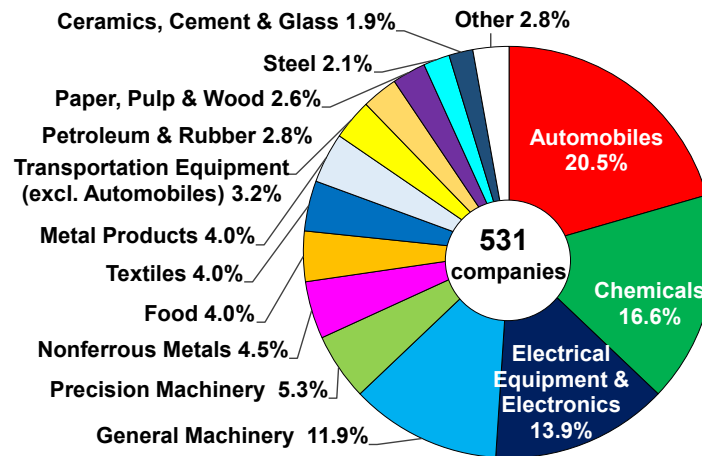
July 12, 2022, to September 2, 2022

(\*Responses received by September 12 were counted as valid)

## 5. Survey Items

- (1) Survey Overview
  - (2) Overseas Business Performance
  - (3) Business Prospects and Promising Countries/Regions
  - (4) Hot Topics for Japanese Manufacturing Companies
  - (5) Impacts of the invasion of Ukraine\*
  - (6) Supply chains and geopolitical risk\*
  - (7) Sustainability initiatives\*
- (Items with asterisks (\*) indicate this year's independent topics)

### Figure 1.1 Responding Companies (by sector)



Industry Type	FY2021	FY2022	Proportion
Automobiles	109	109	20.5%
Chemicals	80	88	16.6%
Electrical Equipment & Electronics	67	74	13.9%
General Machinery	59	63	11.9%
Precision Machinery	32	28	5.3%
Nonferrous Metals	21	24	4.5%
Food	23	21	4.0%
Textiles	23	21	4.0%
Metal Products	22	21	4.0%
Transportation Equipment (excl. Automobiles)	12	17	3.2%
Petroleum & Rubber	14	15	2.8%
Paper, Pulp & Wood	11	14	2.6%
Steel	12	11	2.1%
Ceramics, Cement & Glass	12	10	1.9%
Other	18	15	2.8%
Total	515	531	100.0%

(Note) In this study, Automobiles, Chemicals, Electrical and electronics and General machinery are collectively referred to as the 'four main industries'. The term 'Chemical' refers to the total of 'Chemicals (including plastic products)' and 'Pharmaceuticals', while the terms 'Automobiles', 'Electrical equipment and electronics', 'General machinery' and 'Precision machinery' refer to the total of 'Assembly' and 'Parts' in the respective industry sectors.

### Figure 1.2 Number of Responding Firms (by Capitalisation, Non-consolidated)

Paid-in Capital	FY2021	FY2022	Proportion
Less than ¥300 mn.	120	132	24.9%
¥300 mn. up to ¥1 bn.	74	77	14.5%
¥1 bn. up to ¥5 bn.	109	103	19.4%
¥5 bn. up to ¥10 bn.	62	62	11.7%
¥10 bn. or more	144	150	28.2%
Holding company	6	7	1.3%
No response	0	0	0.0%
Total	515	531	100.0%

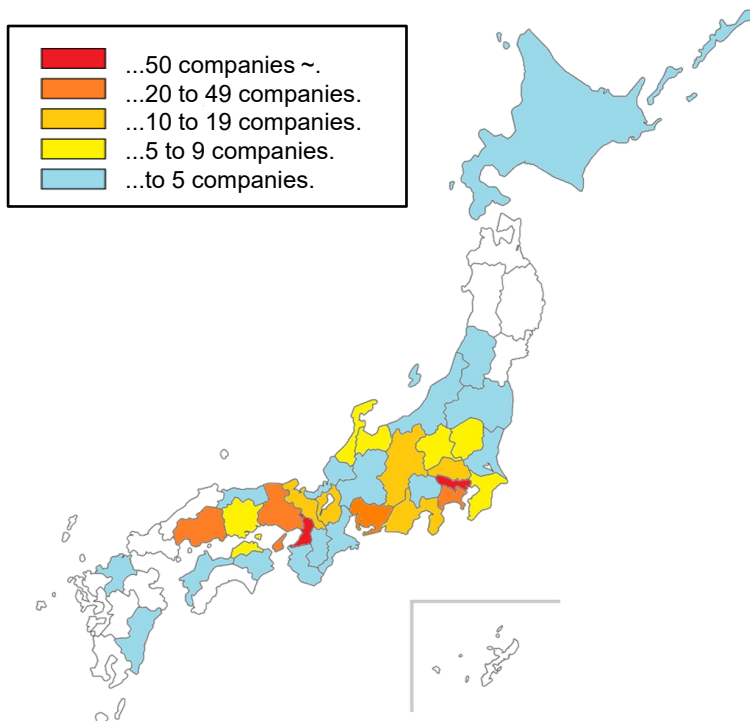
(Note: For the purposes of this study, the definition of 'small and medium-sized enterprises' is enterprises with a capital of less than 1 billion yen.

Figure 1.3 Profile of Responding Companies

## Headquarters Location

Tokyo 180, Osaka 69, Aichi 48, Kanagawa 29, Hyogo 26, Hiroshima 22, Saitama 17, Kyoto 16, Nagano 16, Shizuoka 13, Shiga 11, Okayama 8, Tochigi 8, Toyama 8, Chiba 7, Ishikawa 6, Kagawa 6, Gunma 6, Gifu 4, Fukui 4, Mie 4, Ehime 3, Fukuoka 3, Yamagata 3, Ibaraki 2, Tokushima 2, Niigata 2, Yamanashi 2, Tottori 1, Nara 1, Fukushima 1, Hokkaido 1, Miyazaki 1, Wakayama 1

Note: The head office addresses of the respondent companies are plotted.



Source: This map was created by JBIC based on "CraftMAP"  
(<http://www.craftmap.box-i.net/>)

## Listed/Unlisted (This Year)

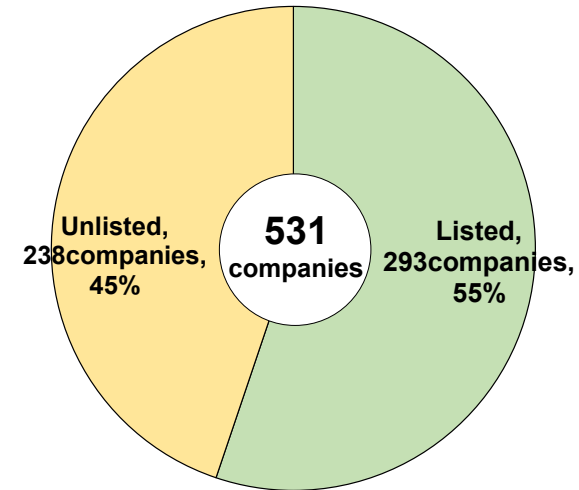
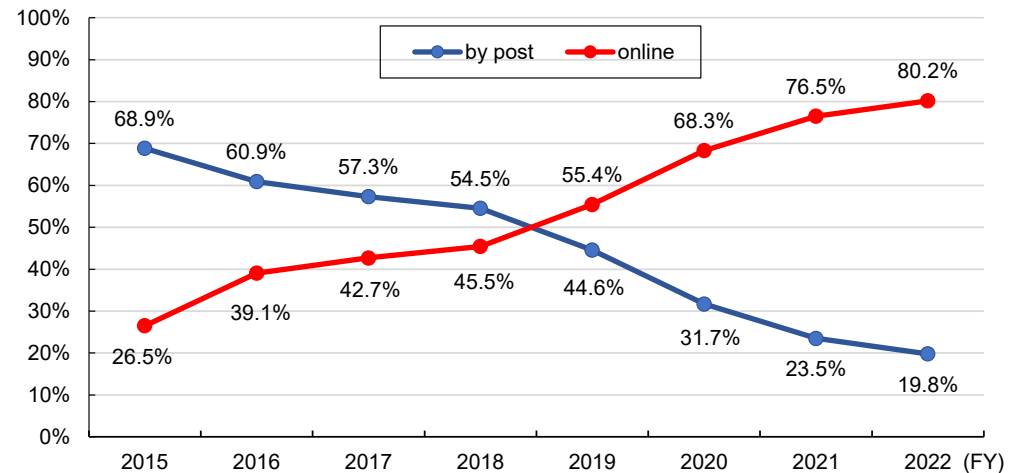


Figure 1.4 Transition of Survey Methods



(Note: 2015 includes 4.6% of responses from other electronic survey forms.)



**Figure 1.5 Distribution of Overseas Affiliates**

**(1) One or more overseas affiliates for production**

	Country/Region	No. of respondents (company)	Proportion
1	China	386	75.0%
2	Thailand	247	48.0%
3	US	216	41.9%
4	Indonesia	167	32.4%
5	Vietnam	125	24.3%
6	India	119	23.1%
7	Mexico	108	21.0%
8	EU14	102	19.8%
9	Malaysia	93	18.1%
10	Taiwan	88	17.1%
11	Korea	84	16.3%
12	Philippines	74	14.4%
13	Central & Eastern Europe	52	10.1%
14	Brazil	50	9.7%
15	Singapore	43	8.3%
	UK	43	8.3%

**(2) One or more overseas affiliates for sales**

	Country/Region	No. of respondents (company)	Proportion
1	China	302	58.6%
2	US	247	48.0%
3	Thailand	202	39.2%
4	EU14	164	31.8%
5	Singapore	140	27.2%
6	Taiwan	136	26.4%
7	Indonesia	115	22.3%
8	India	114	22.1%
9	Korea	113	21.9%
	Hong Kong	113	21.9%
11	Vietnam	101	19.6%
12	Malaysia	86	16.7%
13	Mexico	83	16.1%
14	UK	81	15.7%
15	Brazil	59	11.5%

Note: The total number of companies responding to this question is 515.

**< Definitions of regions in this study >**

**NIEs3** South Korea, Taiwan, Hong Kong

**ASEAN5** Singapore, Thailand, Indonesia, Malaysia, Philippines

**ASEAN 10** ASEAN 5, Vietnam, Myanmar, Cambodia, Laos, Brunei

**North America** USA, Canada

**EU14** Germany, France, Italy, Netherlands, Belgium, Greece, Luxembourg, Denmark, Spain, Portugal, Austria, Finland, Sweden, Ireland

**Central and Eastern Europe** Poland, Hungary, Czech Republic, Slovakia, Bulgaria, Romania, Slovenia, Albania, Croatia, Serbia, Montenegro, Bosnia and Herzegovina, Republic of North Macedonia

**Europe** EU14, UK, Central and Eastern Europe, Turkey

\*Taiwan and Hong Kong are counted as NIEs3.

**< Regional classification of China in this study >**

**Northeast** (Heilongjiang, Jilin and Liaoning provinces)

**North China** (Beijing, Tianjin, Hebei and Shandong provinces)

**East China** (Shanghai, Jiangsu, Anhui and Zhejiang provinces)

**South China** (Fujian, Guangdong and Hainan provinces)

**Inland areas** (provinces and autonomous regions other than those mentioned above)

※Taiwan and Hong Kong are included in the NIEs.



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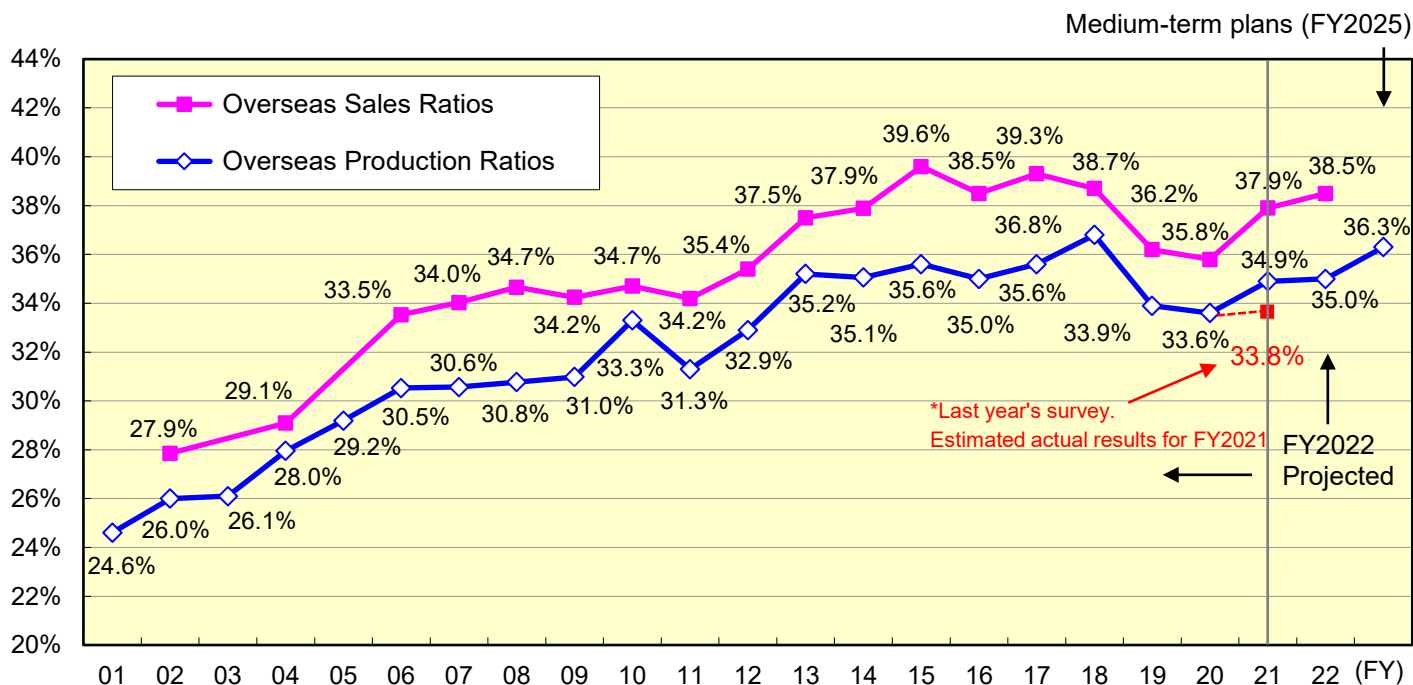
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## 2. Basic Data and Evaluation of Project Performance



Figure 2.1 Trends in Overseas Production/Sales Ratios (FY2001 onwards, all industries)



Note 1: Calculation methods of various indicators (all on a consolidated basis)

Overseas Production Ratio = Overseas Production / (Domestic Production + Overseas Production)

Overseas Sales Ratio = Overseas Sales / (Domestic Sales + Overseas Sales)

Note 2: Each of the ratios in the graph is a simple average based upon the values reported by responding companies.

Note 3: Surveys were not performed on overseas sales ratios in 2003 and 2005.

Reference: Contribution to the increase in overseas sales ratio (FY2020-2021 / by industry)

Industry Type	Contribution to the increase
Petroleum & Rubber	-0.2
Food	-0.1
Metal products	-0.1
Ceramics, Cement & Glass	0.0
Paper, Pulp & Wood	0.0
Textiles	0.0
Transportation Equipment	0.0
Electrical Equipment & Electronics	0.0
Steel	0.1
Other	0.1
Automobiles	0.2
Nonferrous Metals	0.2
Chemicals	0.5
General Machinery	0.6
Precision Machinery	0.6
<b>Total</b>	<b>2.1</b>

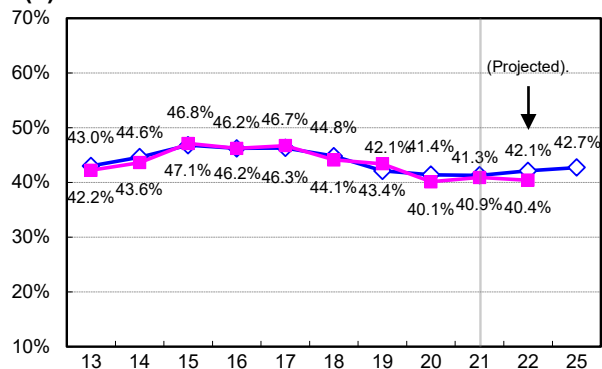
Note: This is calculated by weighing the rate of increase from last year based on the number of companies responding to this year's survey.

### ■ The overseas production/sales ratios have risen for the first time since the coronavirus pandemic.

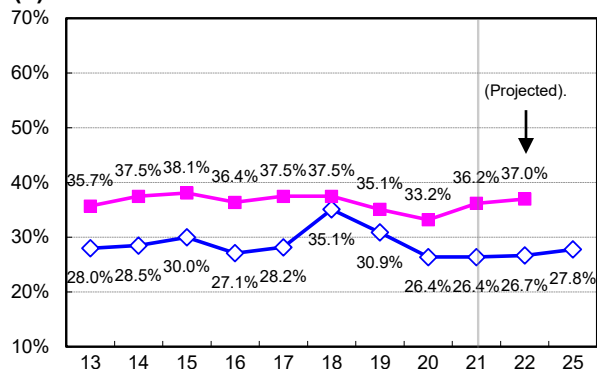
- The ratio of overseas production in FY2021 recovered to 34.9%, exceeding the estimated FY2021 result (33.8%) in the previous year's survey, and turning upwards for the first time since the coronavirus pandemic. The estimated FY2022 result will remain almost unchanged, but in the medium-term plan (FY2025), the ratio will increase to 36.3%. The recovery trend is expected to continue.
- The ratio of overseas sales also bottomed out in the last financial year, with the FY2021 results recording the largest growth rate in the past decade, up 2.1 points to 37.9%. The FY2022 results forecast is for a further increase to 38.5%, close to the FY18 (38.7%) level before the coronavirus pandemic.

Figure 2.2 Trends in Each Index by Industry (FY2012 onwards)

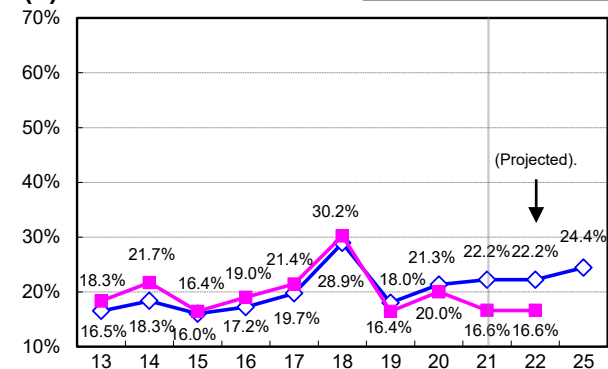
## (1) Automobiles



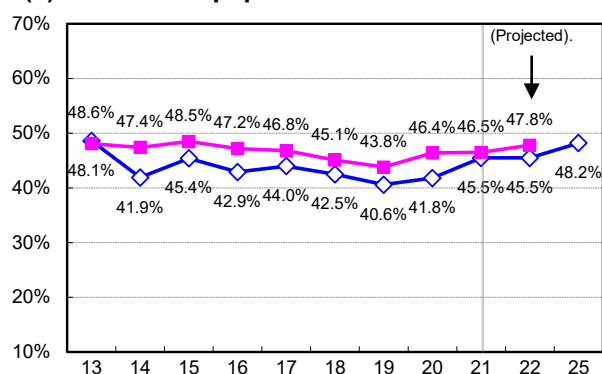
## (3) Chemicals



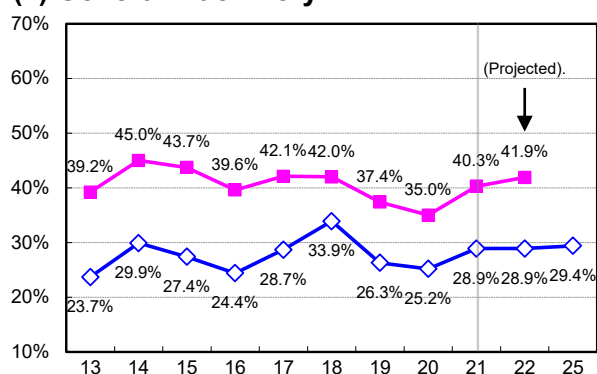
## (5) Food



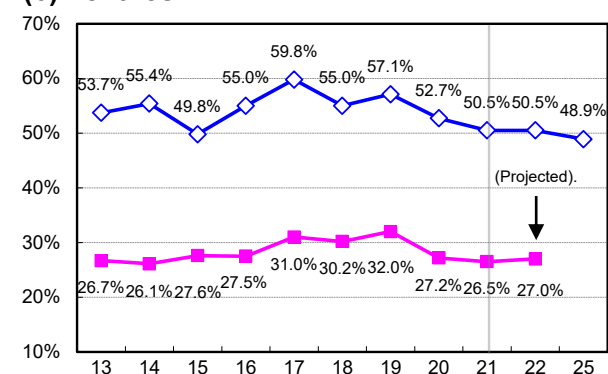
## (2) Electrical equipment &amp; Electronic



## (4) General Machinery



## (6) Textiles



\*4 main industries: Automobiles, Electrical equipment & Electronics, Chemicals and General Machinery

### Export-oriented industries such as Chemicals and General Machinery have increased significantly in the overseas sales ratios.

- The overseas production ratios for Automobiles (41.4% to 41.3%) and Chemicals (26.4% to 26.4%) remained almost unchanged compared to the previous year's survey. In contrast, Electrical equipment & Electronics (41.8% to 45.5%) and General Machinery (25.2% to 28.9%) have started to recover and reached the level before the coronavirus pandemic. They are expected to rise further in the medium-term plan.
- As for the overseas sales ratio, 4 main industries\* have turned to an increase compared to the previous year. Although the overseas sales ratio in Chemicals and General Machinery rose sharply, they did not reach the level before the coronavirus pandemic. The ratio of Electrical equipment & Electronics, which showed a rise with the increase of the telework-related demand in the previous year, it remained almost unchanged.

## Question

Please select the answer that best describes your company's FY2021 (until March 2022) profits when compared with the initial targets (by countries/regions).

Figure 2.3 Evaluation of Overseas Earnings Performance

(%)

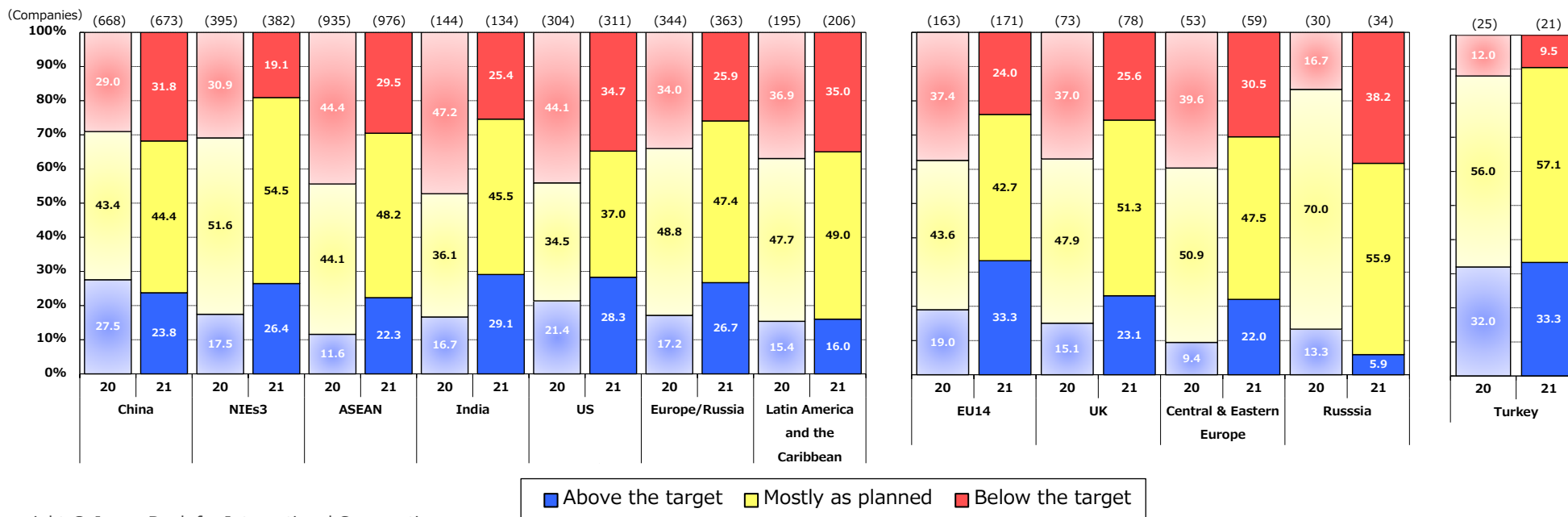
(FY)	2020	2021
Above the target	17.9	24.0(+6.1)
Mostly as planned	44.9	47.5(+2.6)
Below the target	37.2	28.5(▲8.7)

Note: This is a simple average of the evaluation scores for each destination region and country.

■ There is a sign of recovery from the coronavirus in most countries.

- According to the overseas performance evaluations, slightly more companies chose 'below the target' (28.5%) than 'above the target' (24.0%). But in all countries/regions except China and Russia, the number of companies which chose 'above the target' has increased compared to the last year. The business environment appears to have improved significantly from the time of last year's survey, when India and South-East Asia and so on were experiencing a serious coronavirus pandemic. In the interviews, it was pointed out that 'Capital investment has increased and business performance has remained strong as a result of the recovery from the coronavirus pandemic'. (General Machinery)
- On the other hand, the business environment in China and Russia showed deterioration due to the strict lockdown and the invasion of Ukraine and so on. In addition, some companies had the problem of semiconductor shortages.

Figure 2.4 Overseas Performance Evaluation (by Country/Region)

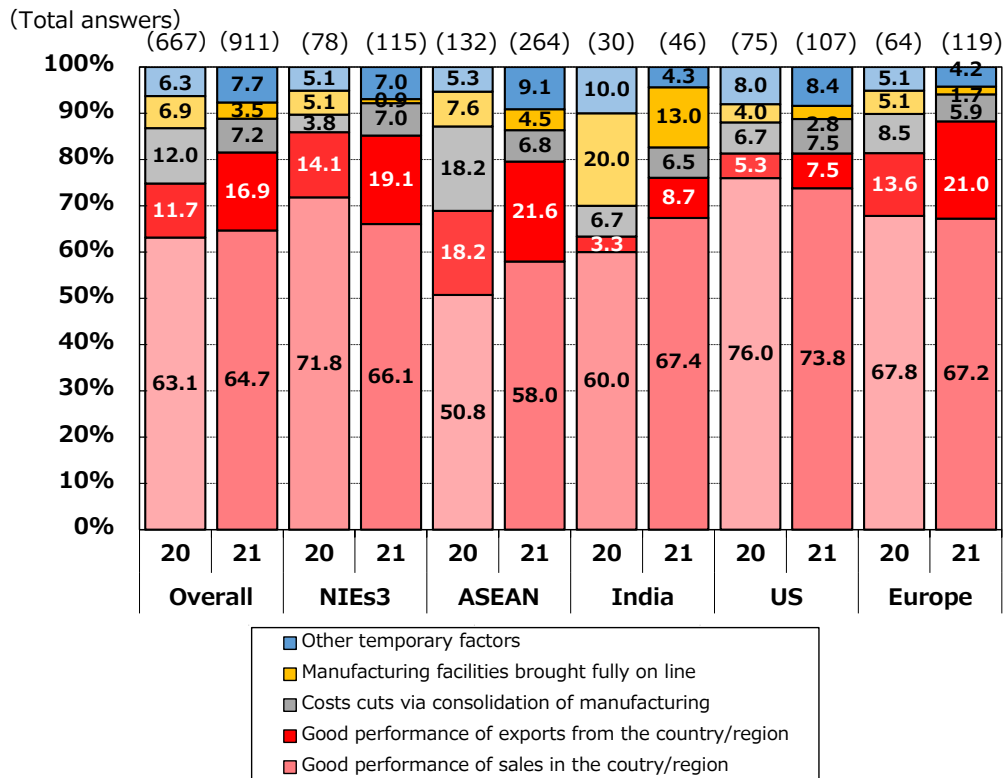


■ Improvements in export and sales activities in many countries, but cost reductions and sluggish domestic demand remain challenges.

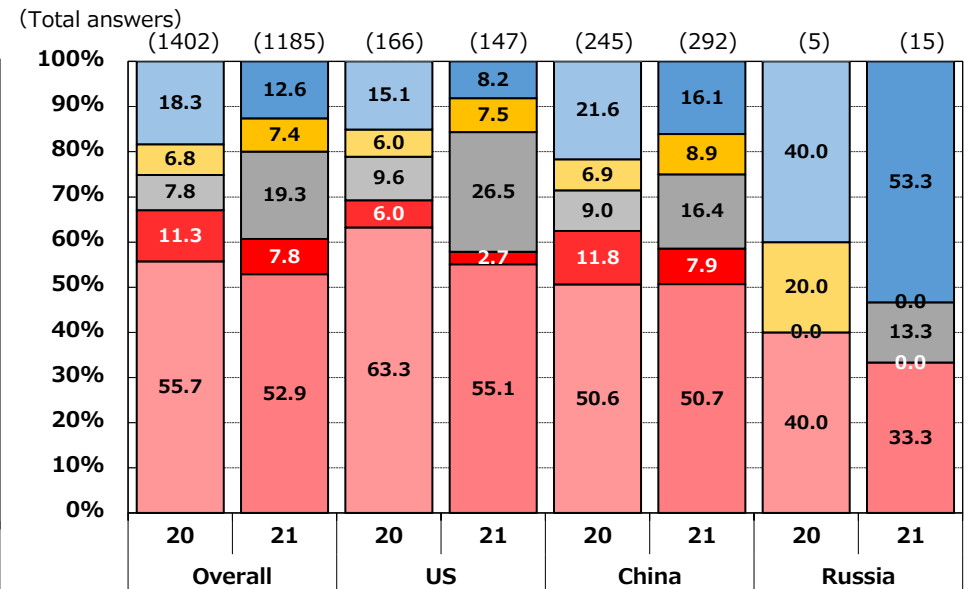
- As for the reasons for exceeding the target, 'Good performance of exports from the country/region' increased across the board in most countries from the previous year, indicating that export transactions are getting active as supply chain disruptions subside. In India and ASEAN, 'Good performance of sales in the country/regions' increased, indicating a recovery in domestic consumer behavior.
- As for the reasons for falling below the target, 'Other temporary factors' decreased overall, indicating that the impact of the coronavirus is diminishing from the previous year. On the other hand, 'Cost cuts via consolidation of manufacturing' increased, especially in the US, which was greatly affected by high inflation. In the interviews, it was pointed out that "The rising cost of labour and materials in the US has become an issue, and we are restructuring our business" (Automobiles).

## Performance Evaluations:

### Figure 2.5 Reasons for Exceeding the Target



### Figure 2.6 Reasons for Falling Below the Target



(Note: Percentages represent the percentage of each option in the total number of responses for the current year in the region/country concerned. Multiple answers allowed.)



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### 3. Business Prospects and Promising Countries/ Regions

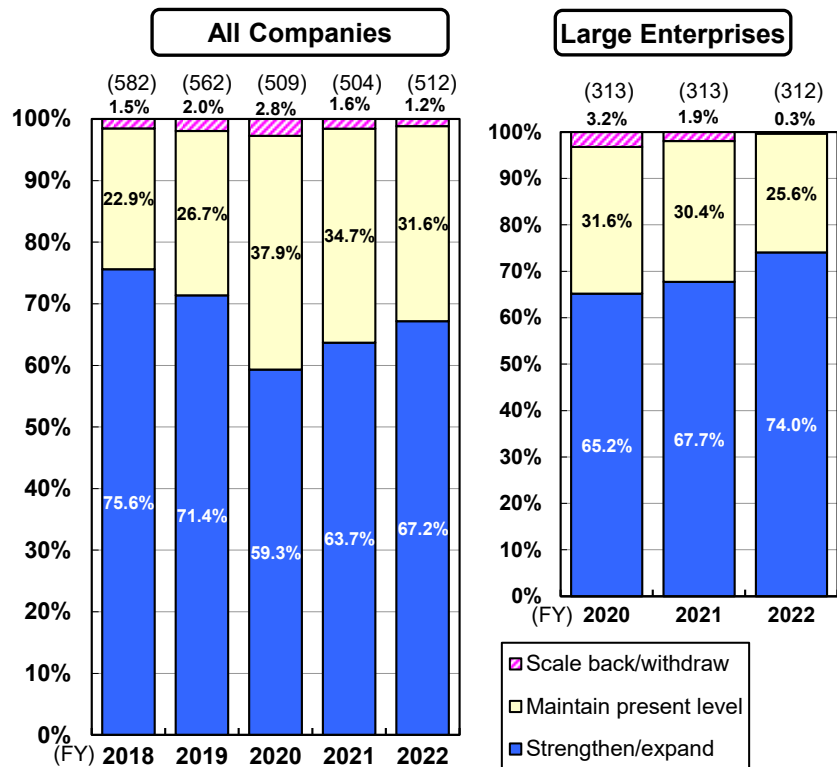


# (1) Future Business Expansions: Stance Toward Strengthening/Expanding Business (Overseas/Domestic)

Question What are your medium-term prospects (the next three years) for your overseas and domestic operations?

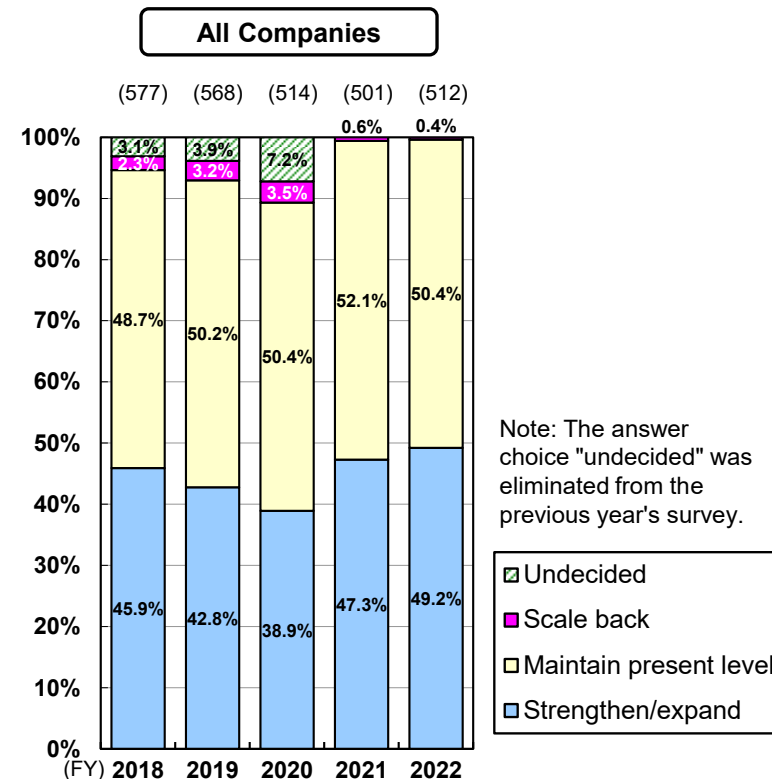
## Overseas

Figure 3.1 Medium-term (Next 3 Years) Prospects for Overseas Business Expansion



## Domestic

Figure 3.2 Medium-term (Next 3 Years) Prospects for Domestic Business Expansion



### ■ As for overseas business, 'Strengthen/Expand' is on a recovery trend.

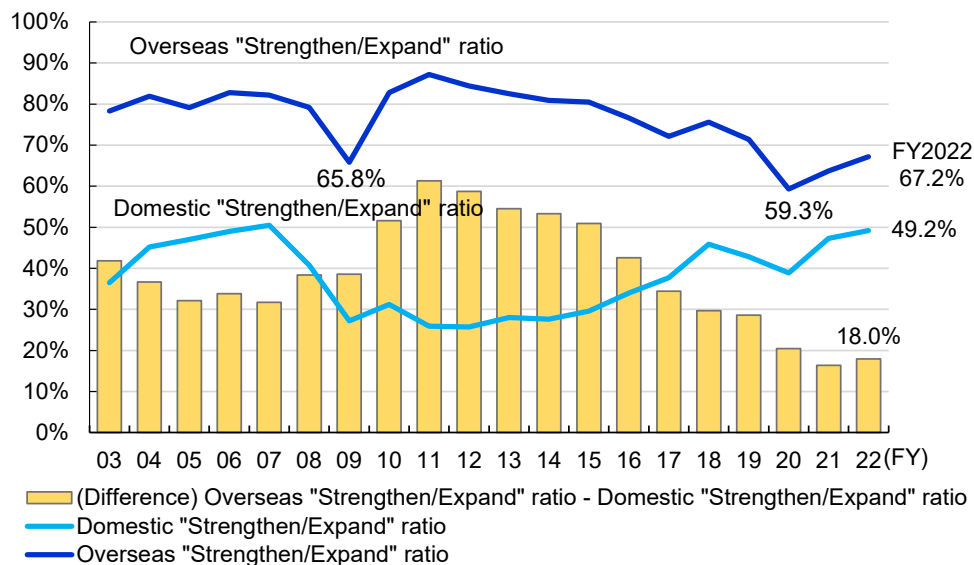
- The number of companies which chose 'Strengthen/expand' recovered by 3.5 percentage points as 'Maintain present level' decreased. While until the previous year's survey, several companies said that it was difficult to make a forecast under the pandemic, this year's survey suggests that an increasing number of companies are making business plans with a view to the new normal with the pandemic.
- In terms of company size, large enterprises showed a steady increase, whereas SMEs showed a cautious trend, a turnaround from the previous year's survey.

### ■ In domestic business, 'Strengthen/Expand' rises due to resumption of capital investment with a recovery from the pandemic.

- As for the domestic business, 'Strengthen/expand' rose for the second consecutive year due in part to the resumption of capital investment plans, including renewal investments and new investments for decarbonization-related measures, which were postponed due to the pandemic. It is the highest rate of 49.2% in the past 10 years. A firm from the metal industry pointed out that 'Assuming industry-academia collaboration, we would like to appeal from Japan to the rest of the world.'



Figure 3.3 Shift in Intentions to Strengthen/Expand Business (2003-2022)



## ■ Willingness towards overseas business slowly recovering

- The proportion of companies which chose 'strengthen/expand' increased by 3.5 points from the previous year to 67.2%, showing a gradual recovery from the impact of the coronavirus pandemic. Although the upward trend continues, it is different from the V-shaped recovery seen at the time of the collapse of Lehman Brothers, and quite a few companies remain cautious about the future outlook.

## ■ Linkage between overseas and domestic business stances

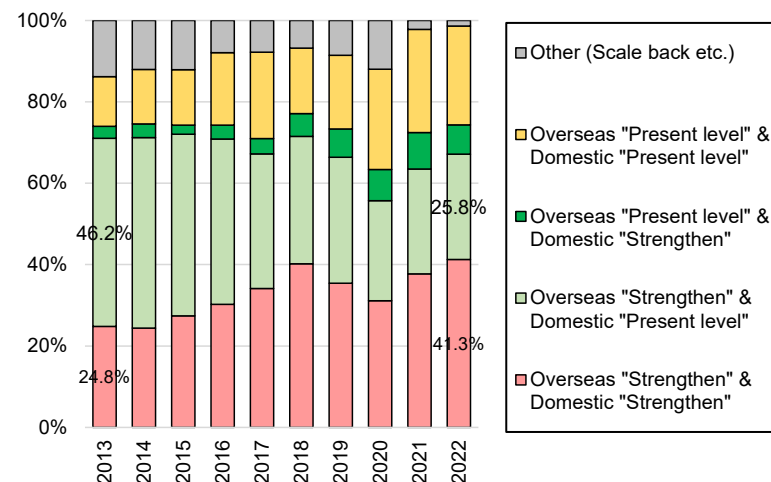
- A total of 211 companies (41.3% (511 respondents)) chose to 'strengthen/expand' both their overseas and domestic businesses, the highest level in the past decade. In addition, the ratio of companies choosing to 'strengthen/expand' their domestic business has increased over the past few years among those that 'strengthen/expand' their overseas business (Chart 3.5). This suggests that the linkage between domestic and overseas business expansions has been stronger.

Figure 3.4 Cross Analysis of Prospects for Overseas and Domestic Business

Medium-term Prospects (next 3 yrs. or so)			
Overseas business	Domestic business	No. of respondent companies	Proportion
Strengthen/expand (343 companies)	Strengthen/expand	211	61.5%
	Maintain present level	132	38.5%
	Scale back	0	0.0%
Maintain present level (162 companies)	Strengthen/expand	37	22.8%
	Maintain present level	124	76.5%
	Scale back	1	0.6%
Scale back/withdraw (6 companies)	Strengthen/expand	3	50.0%
	Maintain present level	2	33.3%
	Scale back	1	16.7%

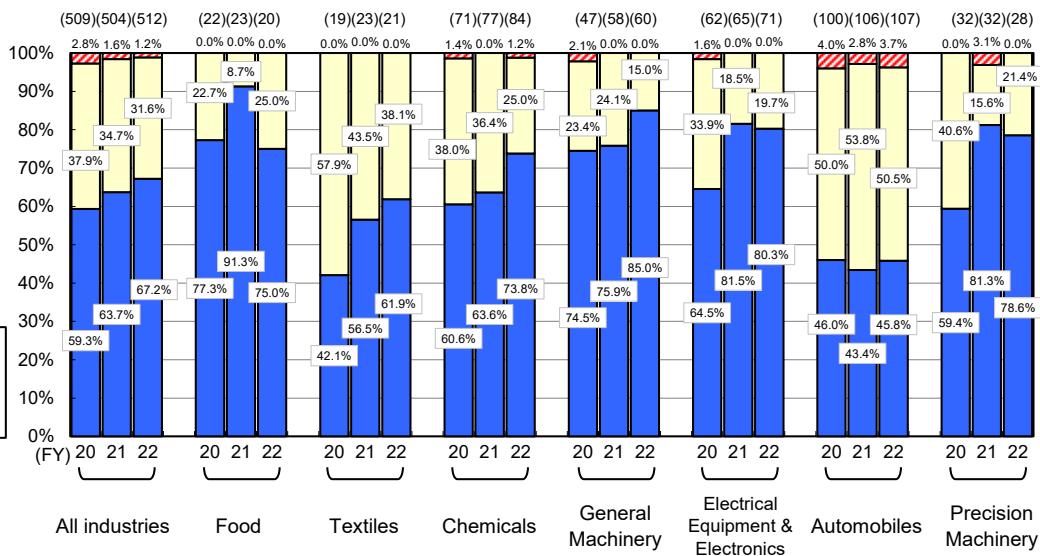
Note: For data by industry, please refer to the Appendix. (n= 511 companies)

Figure 3.5 Increasing Linkage between Overseas and Domestic Businesses



# (1) Future Business Expansions: Stances Toward Strengthening/Expanding Business by Industry

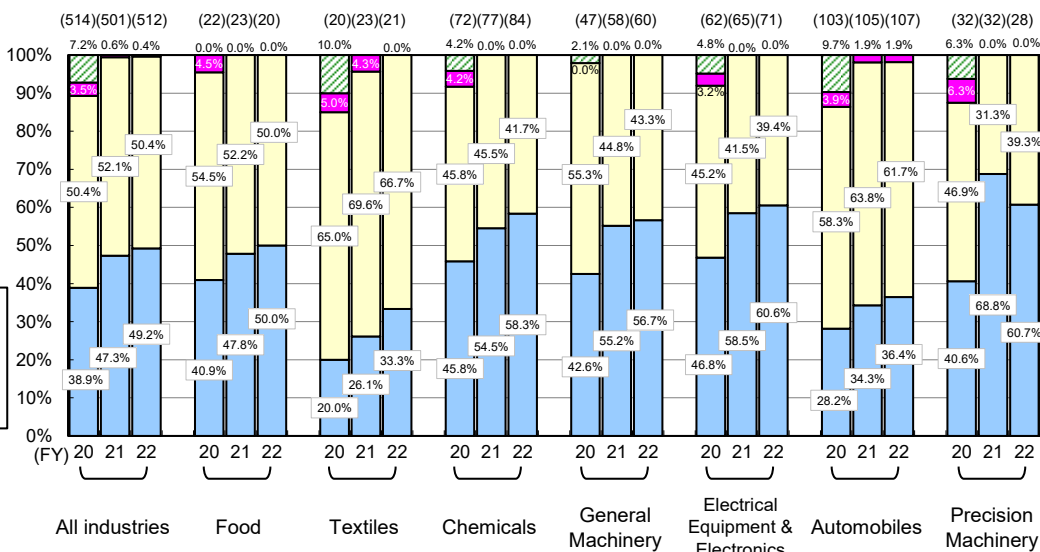
## Figure 3.6 Prospects for Medium-term Overseas Business Expansions



■ In overseas business, many industries are in a position to 'Strengthen/expand', but still cautious in automobiles.

- Although the percentage of companies choosing 'strengthen/expand' increased overall in this year's survey and showed a recovery trend, the automobile sector, which is one of the main industries, indicated a continued cautious attitude towards overseas business.
- In the interviews, one automobile company pointed out 'We have a backlog of orders due to delays in production caused by a shortage of semiconductors, which makes expansion difficult at the moment' and 'We want to focus on improving the quality of our products with an emphasis on 'quality over quantity' to respond to the current business transformation' (from engine cars to EV cars).

## Figure 3.7 Prospects for Medium-term Domestic Business Expansions



■ Attitudes to strengthen and expand domestic business are rising in many sectors.

- In terms of industry, all industries except precision machinery have taken a stronger stance to 'strengthen/expand' their domestic operations in the current financial year.
- In addition to the resumption of capital expenditure that had been postponed in the wake of the pandemic, it appears that more companies are increasing capital and research expenditure in order to respond to the current business transformation, including decarbonization.

Note 1: The option "undecided" was eliminated from the FY2021 survey.

Note 2: For detailed data, please refer to Appendix #1.

Question Please list up to five promising countries for business development in the medium-term (the next three years). (Multiple answers allowed, open-ended).

Figure 3.8 Promising Countries for Overseas Business over the Medium-term (Next 3 Years)

\*Percentage of votes (%) = Number of votes for country / Number of respondent companies

Ranking		Countries (Total)	No. of Companies		Percentage Share(%)		
2022	←		2021	2022	2021	2022	2021
				367	345		
1	↑	2	India	148	131	40.3	38.0
2	↓	1	China	136	162	37.1	47.0
3	—	3	US	118	113	32.2	32.8
4	—	4	Vietnam	106	105	28.9	30.4
5	—	5	Thailand	85	77	23.2	22.3
6	—	6	Indonesia	77	67	21.0	19.4
7	↑	9	Malaysia	31	27	8.4	7.8
8	↓	7	Philippines	28	31	7.6	9.0
9	↓	8	Mexico	27	30	7.4	8.7
10	—	10	Taiwan	23	19	6.3	5.5
11	—	11	Germany	21	17	5.7	4.9
12	—	12	Korea	17	16	4.6	4.6
13	—	13	Brazil	15	13	4.1	3.8
14	—	14	Australia	13	12	3.5	3.5
15	↓	14	Singapore	12	12	3.3	3.5
16	—	16	Bangladesh	10	10	2.7	2.9
16	↑	24	UK	10	4	2.7	1.2
18	↓	16	Turkey	9	10	2.5	2.9
19	↑	21	France	8	6	2.2	1.7
20	↑	21	Cambodia	7	6	1.9	1.7

Note 1: Countries with the same rank were ordered based upon their rank in the previous survey.

Note 2: See the appendix for the results prior to FY2021.

### ■ India moves to the top of the list after three years, with China in second place.

- China and India swapped the top spot in the list of promising medium-term business destination countries, with India returning to first place for the first time in three years, since 2019, with an increase of 2.3 percentage points in the vote share. On the other hand, China fell significantly by -9.9 points in terms of vote share, dropping to second place.
- In contrast to India, where economic activity has recovered from the pandemic, China is thought to have suffered a significant drop in vote share, mainly due to the economic downturn caused by its strict zero COVID policy and other factors, as well as the escalation of the conflict between the US and China.

### ■ The US retains third place, with most ASEAN countries also maintaining their rankings.

- The US remained in third place, with strong support from responding companies. The US is a mature, developed country with a huge market and high expectations for its growth potential; it has steadily increased its vote share since 2019 and it will be interesting to see where it goes from here.
- ASEAN countries, which fell across the board in the last financial year due to the Delta variant epidemic, have generally seen a slight increase in the number of votes received this year, while the ranking has remained unchanged among high-ranked ASEAN countries.

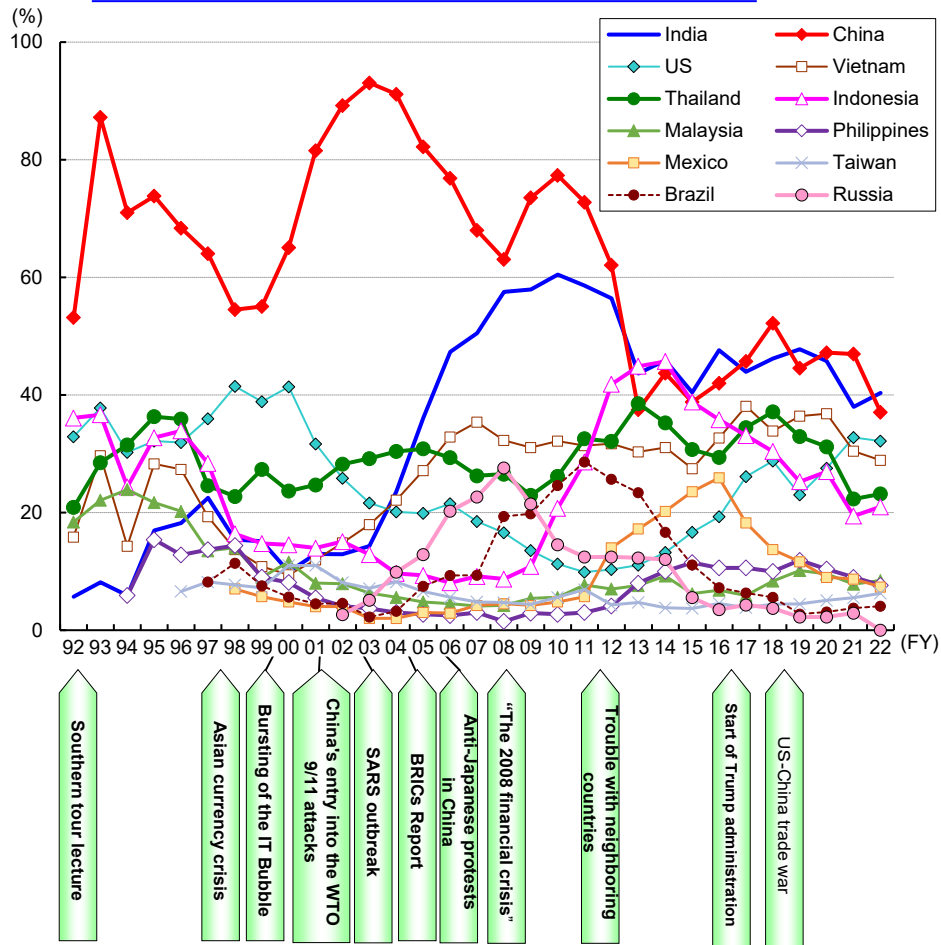
### ■ European countries ranked amid invasion of Ukraine.

- It is important to note that the rankings from 11 to 20 onwards are likely to change due to the small number of votes received, but Germany continues to be the top European country, with the UK and France newly ranked in the top 20, and Eastern European countries can be found in the top 21 and below. It remains to be seen whether interest in Europe will continue in the future, even as the negative effects of the invasion of Ukraine become more prolonged.

### <List of countries below 21st place>

Ranking	No. of Companies	Countries
21	5	Canada, Poland, UAE, Chile
25	4	Myanmar, Netherlands
27	3	Italy, Spain, Czech
30	2	Japan, Kenya, Egypt, Laos, South Africa, Hungary
36	1	Bahrain, New Zealand, Peru, Portugal, Slovenia, Colombia, Finland, Morocco, Nigeria, Romania, Senegal, Slovak, Tanzania, Uzbekistan

Figure 3.9 Trends in Votes (1992-2022)



### ■ Polarised structure continues. Focus on future rankings of India and China

- In recent years, China and India have been competing for the top spot, with both countries going through cycles of ups and downs in vote share, with India coming out on top every three years since 2016. On the other hand, China's declining share of the vote appears to be a long-term trend, and it will be interesting to see how the rankings of the two countries change in the future.
- Of the other top 10 countries, Indonesia and Thailand have seen a slight recovery in turnout after falling last year, but neither has returned to the level in the pre-pandemic era.
- Overall, the bipolar structure, where the gap between the top six countries and the bottom countries widens, remains unchanged this year.

### ■ India is seen as promising in a wide range of industries, while China loses votes (see next page)

- India received support from a wide range of industries, including automobiles, electrical equipment and electronics. Conversely, China saw a decline in the number of votes in a wide range of industries, with the number of votes for automobiles in particular almost halved (from 42 to 22) from FY2020, with some saying that they would rather find a way forward in other markets than in China, where competition with local manufacturers and others is fierce (automotive parts).
- In the US, the percentage of votes cast in the four main industries had been on an increasing trend until last year's survey, but this time the drop in the number of votes cast for automobiles was offset by an increase for general machinery, resulting in the overall percentage of votes remaining unchanged.

<Notes on page 21 and following.

(Note 1) Source of data on direct investment: Ministry of Finance, Fiscal and Financial Statistics Monthly (Special Issue on Balance of Payments: Balance of Payments Statistics by Region) (1991-2004) Bank of Japan, "Balance of Payments Statistics (Direct Investment by Industry and Region)" (2005-2014).

Bank of Japan, "Balance of Payments Statistics (Direct Investment Flows)" (2015-2018).

Prior to 2005, data by industry sector did not exist, so the total amount is shown.

(Note 2) "Number of responding companies" here indicates the number of companies that responded to "reasons for promising" and "issues" out of the total. Therefore, it is not necessarily the same as the number of responding companies in Figure 3.17.

(Note 3) "Ratio" is calculated by dividing the number of companies that responded to each item (multiple responses allowed) by the number of companies.

## (2) Promising Countries: Potential Countries/Regions in the Medium-term Trends in Votes (4 Main Industries)

Figure 3.10 Trends in Votes (4 Main Industries)

Note: Figures are calculated for countries for which industry data for the past 10 years are available.

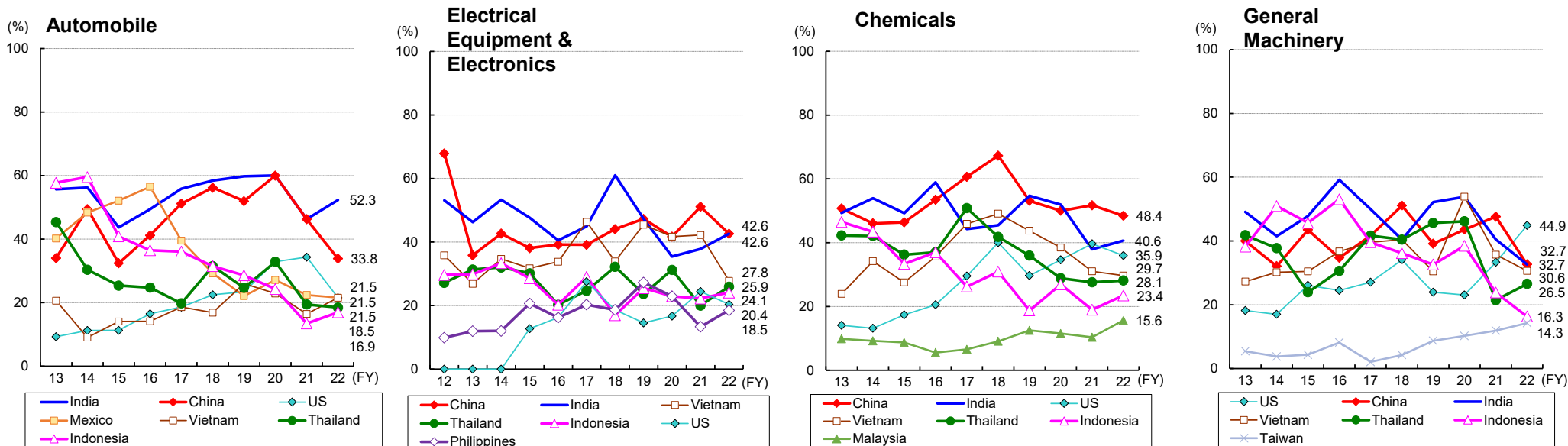


Figure 3.11 Promising Countries for Overseas Business over the Medium-term (Next 3 Years) (4 Major Industries)

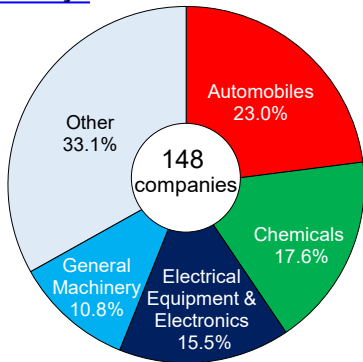
Automobile				Electrical Equipment & Electronics				Chemicals				General Machinery			
Rank	Country	FY2022 (Total 65)	FY2021 (Total 67)	Rank	Country	FY2022 (Total 54)	FY2021 (Total 45)	Rank	Country	FY2022 (Total 64)	FY2021 (Total 58)	Rank	Country	FY2022 (Total 49)	FY2021 (Total 42)
1	India	34	31	1	China	23	23	1	China	31	30	1	US	22	14
2	China	22	31	1	India	23	17	2	India	26	22	2	China	16	20
3	US	14	23	3	Vietnam	15	19	3	US	23	23	2	India	16	17
3	Mexico	14	15	4	Thailand	14	9	4	Vietnam	19	18	4	Vietnam	15	15
3	Vietnam	14	11	5	Indonesia	13	10	5	Thailand	18	16	5	Thailand	13	9
6	Thailand	12	13	6	US	11	11	6	Indonesia	15	11	6	Indonesia	8	10
7	Indonesia	11	9	7	Philippines	10	6	7	Malaysia	10	6	7	Taiwan	7	5
8	Philippines	3	6	8	Malaysia	7	5	8	Taiwan	8	5	8	Malaysia	4	8
8	Malaysia	3	0	9	Brazil	5	4	9	Korea	7	7	8	Korea	4	3
10	Germany	2	2	9	Singapore	5	4	9	Germany	3	4	10	Turkey	3	3
				9	Germany	5	3	10	Australia	3	3	10	Germany	3	2
								10	Brazil	3	3	10	Mexico	3	1
												10	UK	3	0

# (3) Promising Countries/Regions over the Medium-term: Promising Reasons and Issues (Top 10)

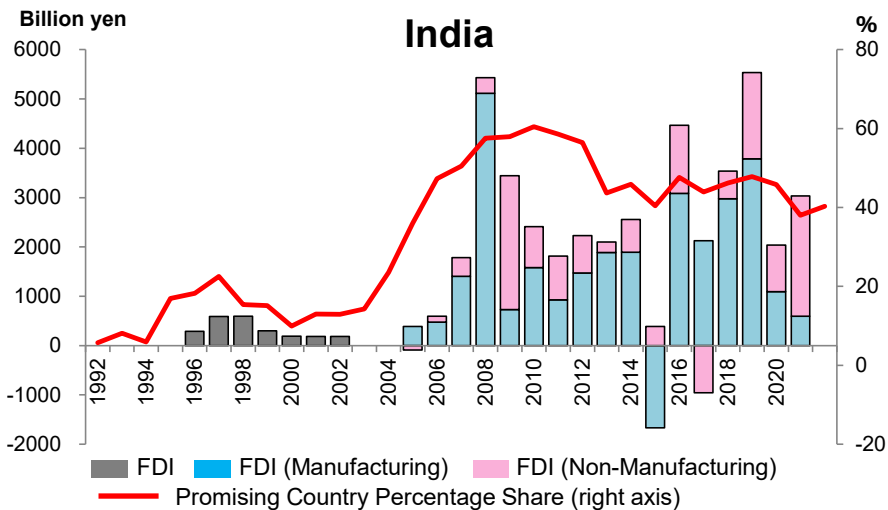
## No.1 India (↑)

Vote Share: 40.3% (+2.3 pt from last year)  
 Highest: 60.5% (2010)  
 Lowest: 5.7% (1992)

### Breakdown by Industry



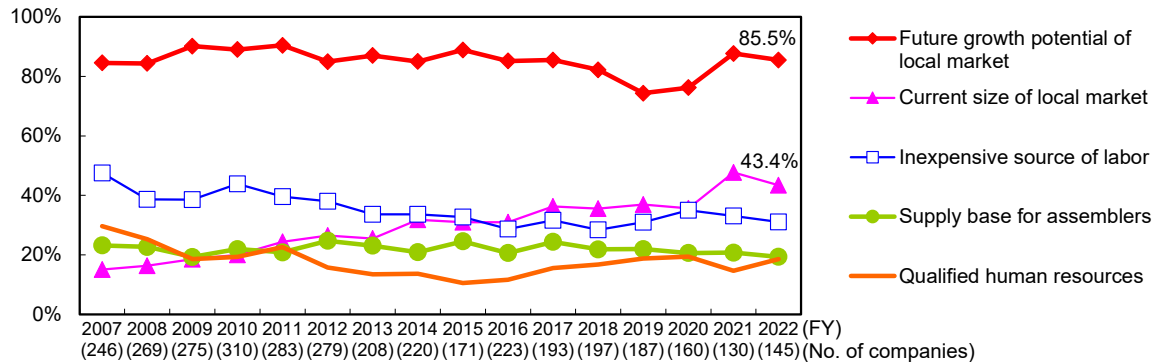
### Vote Share and Outward FDI of Japan



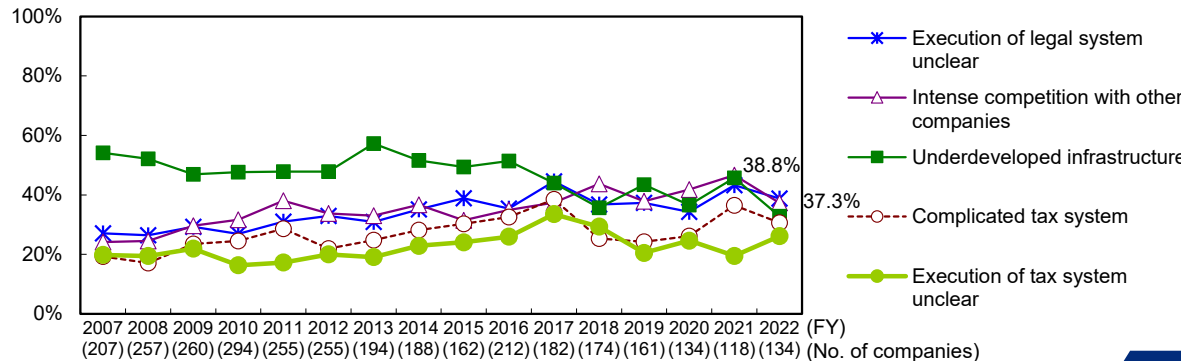
### Expectations for future growth potential, returning to the top of the table

- India, which was hit by the COVID-19 infection explosion during the last year's survey period, has turned around and returned to the number one position for the first time in three years, following a steady recovery in economic activity since then. Many companies continue to cite the 'future growth potential of the local market' as a promising reason.
- The number of companies citing 'execution of legal system unclear' and 'complicated tax system' as challenges has decreased. The challenge of 'underdeveloped infrastructure' has also decreased steadily in terms of voting share to 32.8% from around 60% in the FY2013 survey, which suggests the firms' impression about infrastructure in India are steadily improving.

### Promising Reasons



### Issues



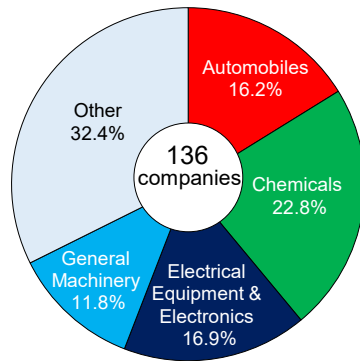


# (3) Promising Countries/Regions over the Medium-term: Promising Reasons and Issues (Top 10)

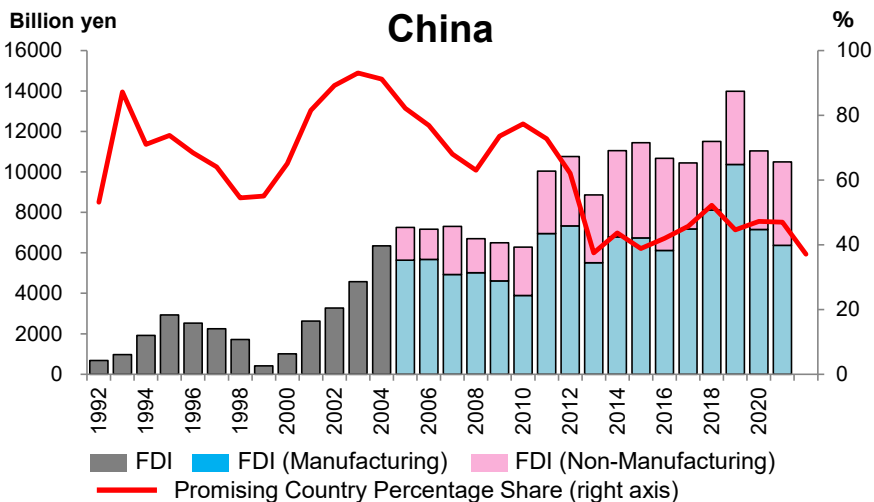
## No. 2 China (↓)

Vote Share: 37.1% (-9.9 pt from last year)  
Highest: 93.1% (2003)  
Lowest: 37.1% (2022)

### Breakdown by Industry



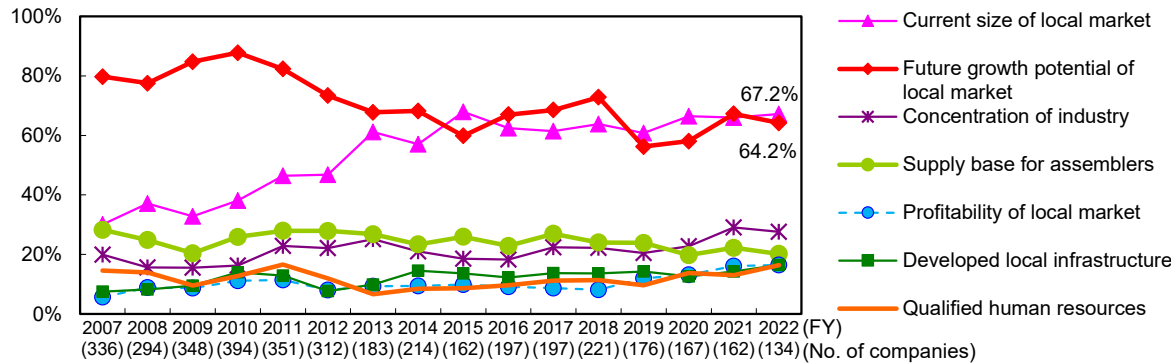
### Vote Share and Outward FDI of Japan



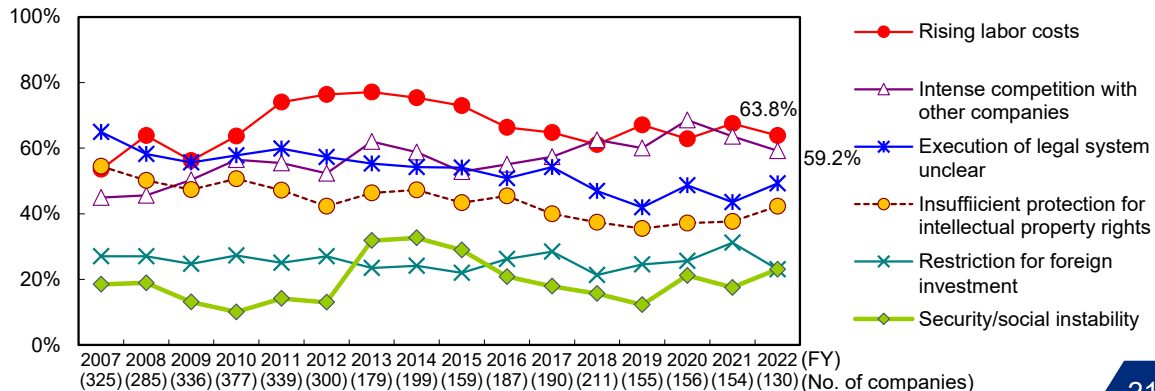
### Record low vote share due to Zero-COVID policy and other factors, falling to second place

- The percentage of votes received fell by about 10 percentage points from the previous year's survey, the lowest level ever since the start of this survey. Although the promising reasons for the country still show high expectations and future growth, it has lost the top spot to India, reflecting a difficult business environment affected by restrictions on economic activity due to the thorough implementation of the Zero-COVID policy.
- In terms of issues or challenges, the proportion of companies citing 'rising labour costs' and 'intense competition' has remained high, while the proportion of companies citing 'uncertainty over the operation of legislation' and 'insufficient protection of intellectual property rights' has risen to over 40%, coupled with the conflict between the US and China.

### Promising Reasons



### Issues



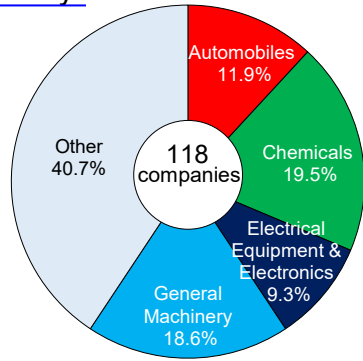


# (3) Promising Countries/Regions over the Medium-term: Promising Reasons and Issues (Top 10)

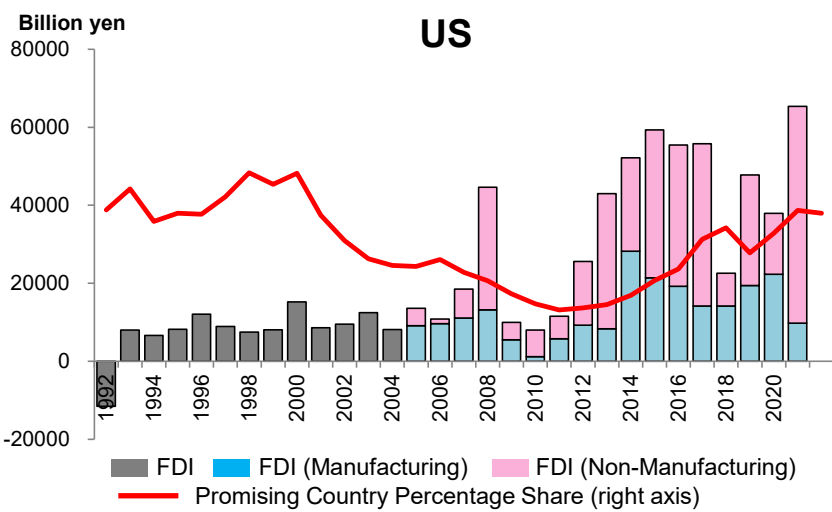
## No. 3 USA (→)

VoteShare: 32.2% (-0.6 pt from last year)  
 Highest: 41.5% (1998)  
 Lowest: 9.9% (2011)

### Breakdown by Industry



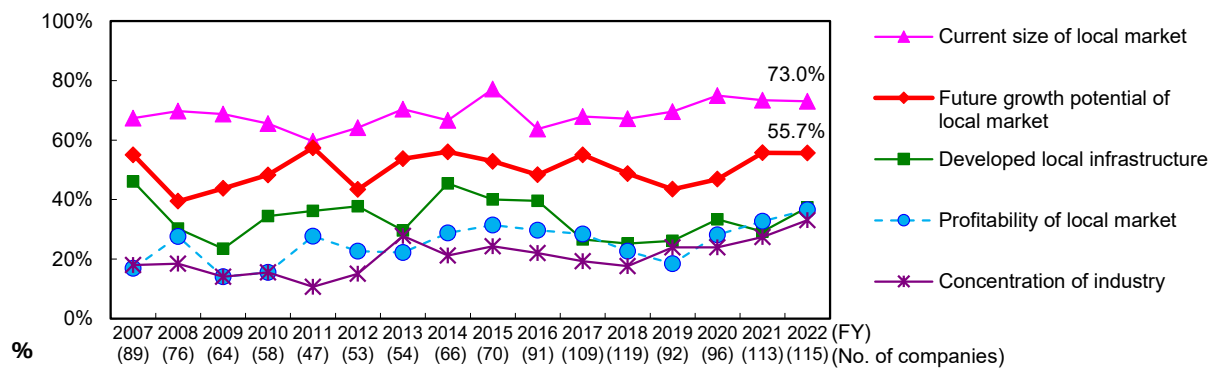
### Vote Share and Outward FDI of Japan



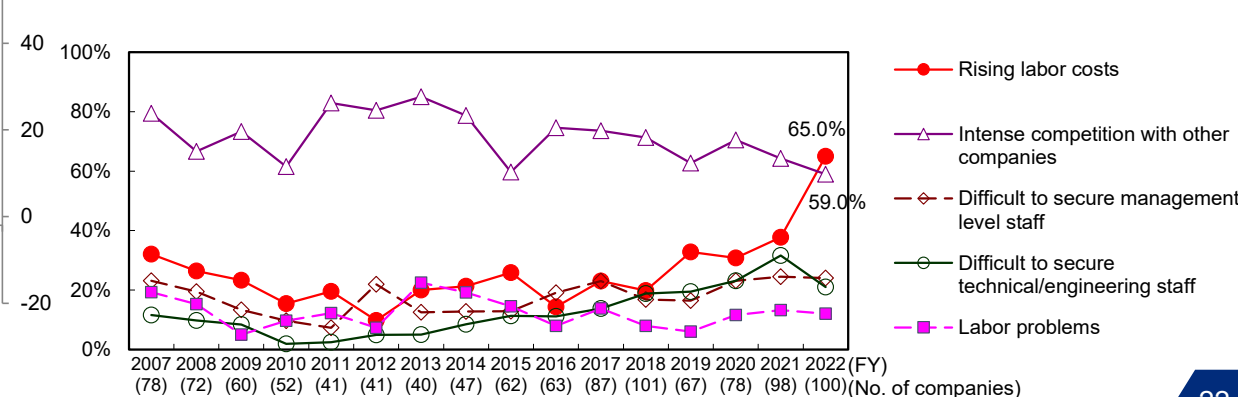
**Expectations for further growth outside the automotive sector are resilient, but there are challenges due to inflation**

- In the breakdown of the industries that responded as promising, the share of the automobile industry, which has been at the top of the list at around 20% in previous years, decreased significantly. Some companies are in the process of shifting their business structure from a focus on engine-driven to electric motor-driven vehicles. This is believed to be the reason behind the cautious attitude in the world's leading automobile market.
- As for challenges, amid a general phase of rising costs due to rapid inflation following the rapid economic recovery from the pandemic, the numbers of companies citing "rising labour costs" has doubled since the previous survey, and it remains to be seen how labour cost factors will affect the US ranking in the survey in the future.

### Promising Reasons



### Issues

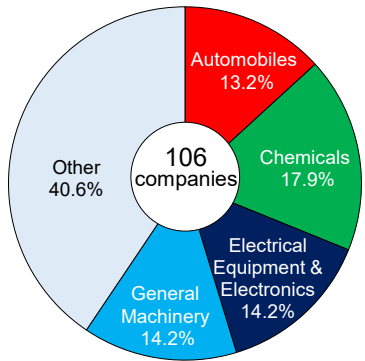


# (3) Promising Countries/Regions over the Medium-term: Promising Reasons and Issues (Top 10)

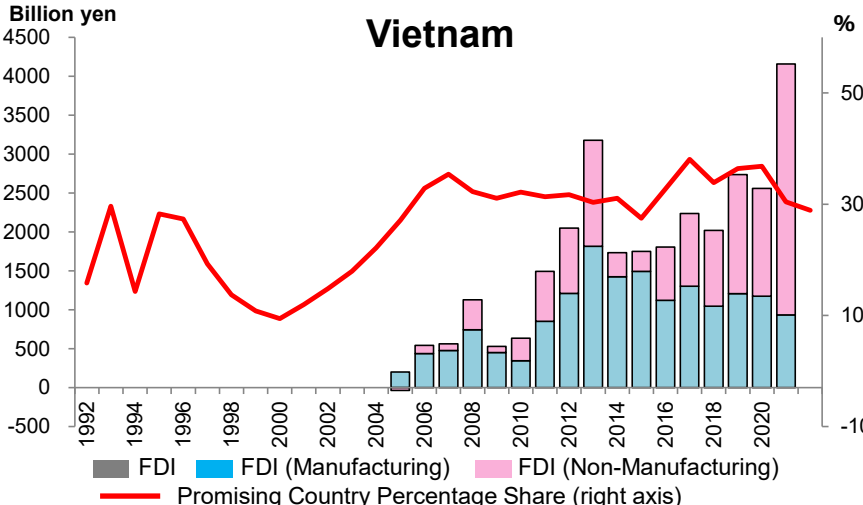
## No. 4 Vietnam (→)

Vote Share: 28.9% (-1.5 pt from last year)  
Highest: 38.1% (2017)  
Lowest: 9.4% (2000)

### Breakdown by Industry



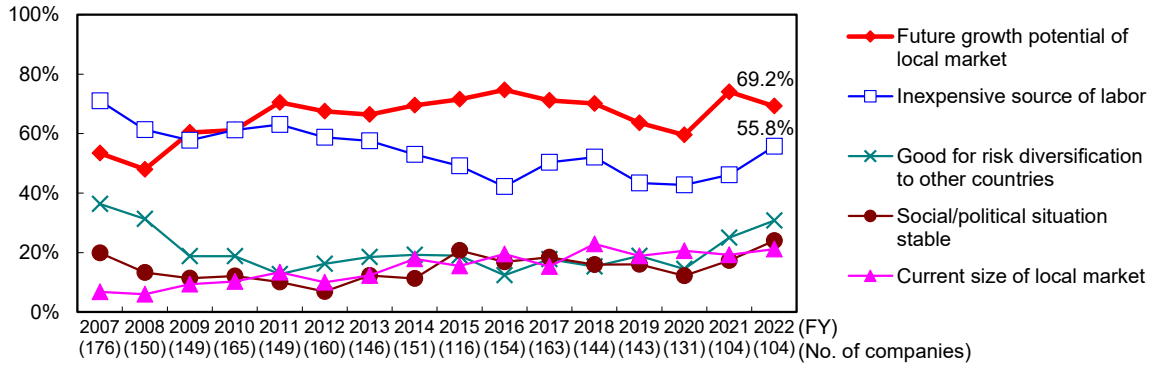
### Vote Share and Outward FDI of Japan



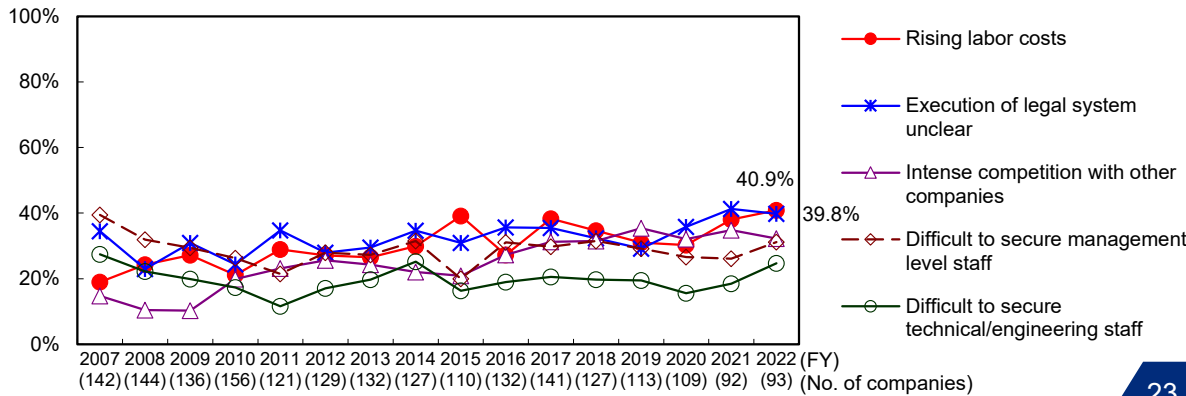
**■ Maintains the leading position in ASEAN, with labour costs to be monitored**

- Vietnam maintained its fourth position, the top position among ASEAN countries. A breakdown by industries shows that the number of votes to Vietnam by 4 main industries, except for electrical equipment and electronics, has increased or maintained and the "business plan ratio" for the country has also increased by 1.6 percentage points compared to the previous survey.
- While Vietnam is characterized by the fact that 'inexpensive source of labor' is a promising reason for many votes compared to Thailand and Indonesia, "rising labor costs" is the top challenging issue cited by companies in this year's survey. This suggests the transition in labor costs may affect the votes to be received in the future. In addition, an increasing number of companies cite 'as a source of risk diversification to other countries' as a promising reason, suggesting that they are looking to Vietnam as a new base from China in response to the prolonged friction between the US and China and other factors.

### Promising Reasons



### Issues

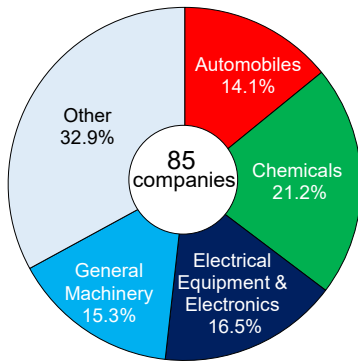


# (3) Promising Countries/Regions over the Medium-term: Promising Reasons and Issues (Top 10)

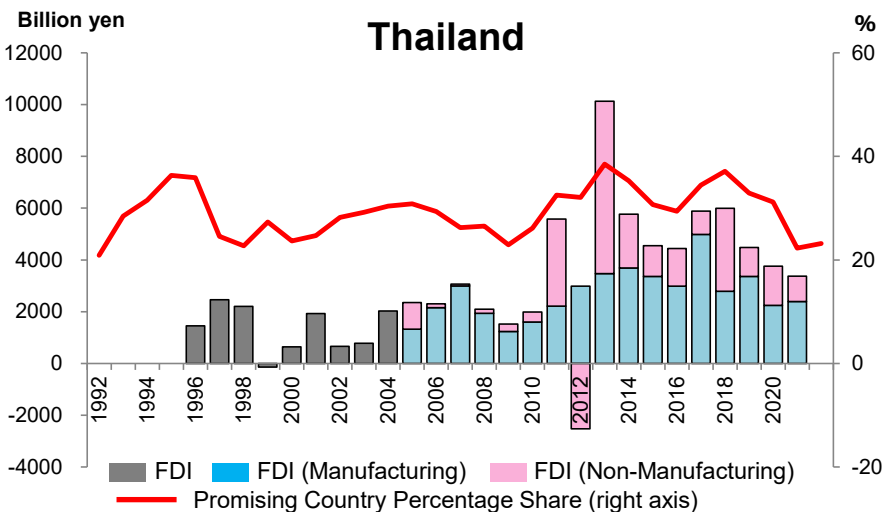
## No. 5 Thailand (→)

Vote Share: 23.2% (+0.9 pt from last year)  
Highest: 38.5% (2013)  
Lowest: 20.9% (1992)

### Breakdown by Industry



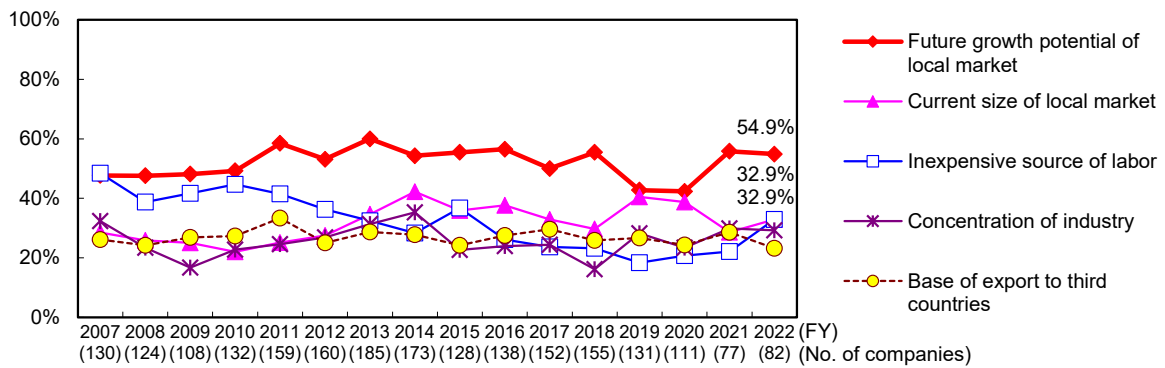
### Vote Share and Outward FDI of Japan



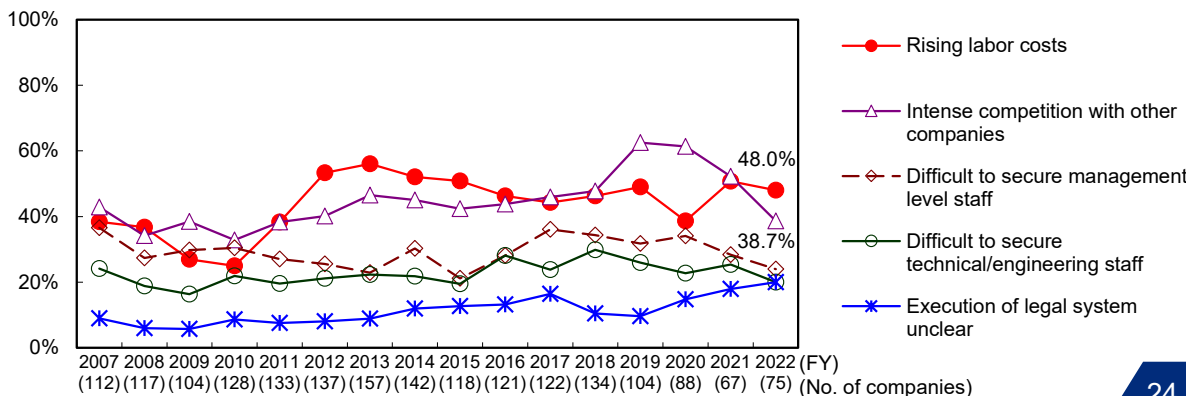
**■ Good assessment of its investment climate; labour market developments in focus**

- This year, after the coronavirus pandemic, the country slightly recovered its vote share and maintained its fifth position. In addition to the growth potential of the market, 'concentration of industry' was consistently cited as the top promising reason, which is thought to be due to the accumulation of stable acceptance of Japanese manufacturing investment over the years among ASEAN countries.
- In terms of challenges, the number of companies citing 'difficulty in securing managerial and technical personnel' has decreased while 'rising labour costs' has remained high, suggesting that the local labour market may be undergoing significant change.

### Promising Reasons



### Issues

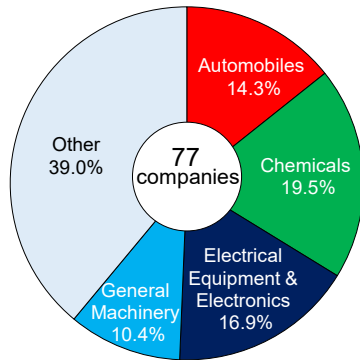


# (3) Promising Countries/Regions over the Medium-term: Promising Reasons and Issues (Top 10)

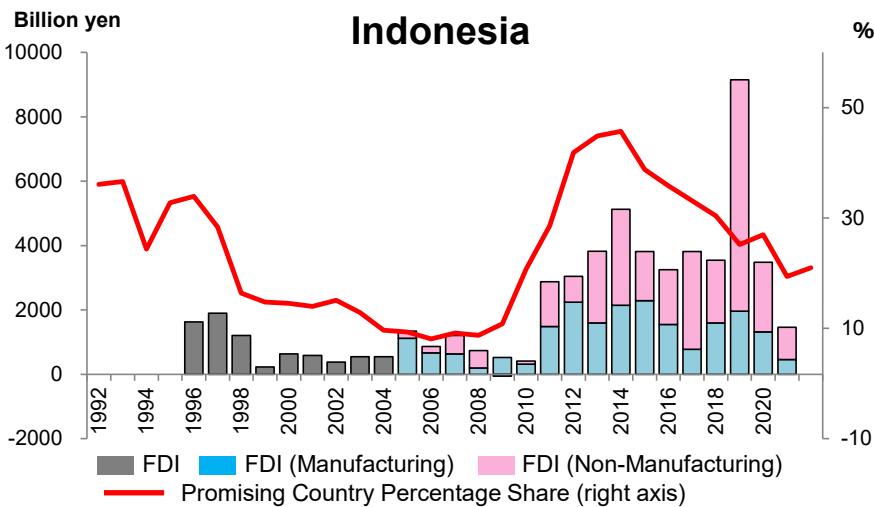
## No. 6 Indonesia (→)

Vote Share: 21.0% (+1.6 pt from last year)  
 Highest: 45.7% (2014)  
 Lowest: 8.1% (2006)

### Breakdown by Industry

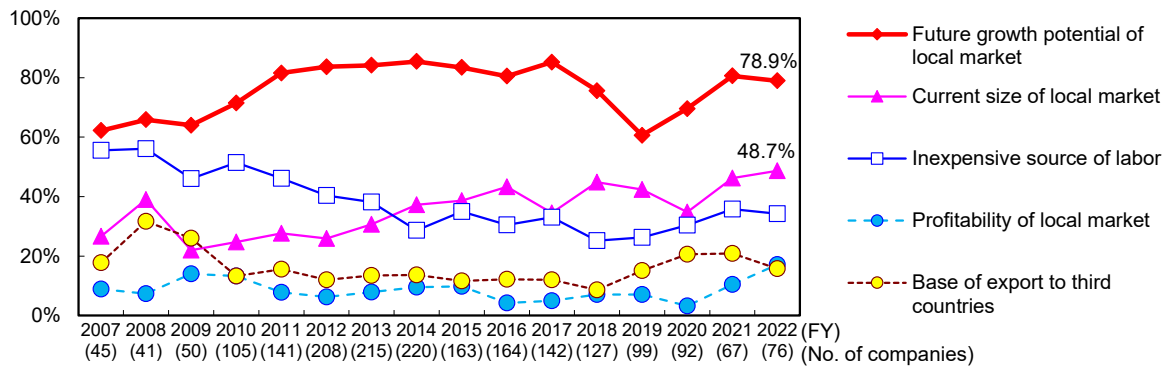


### Vote Share and Outward FDI of Japan

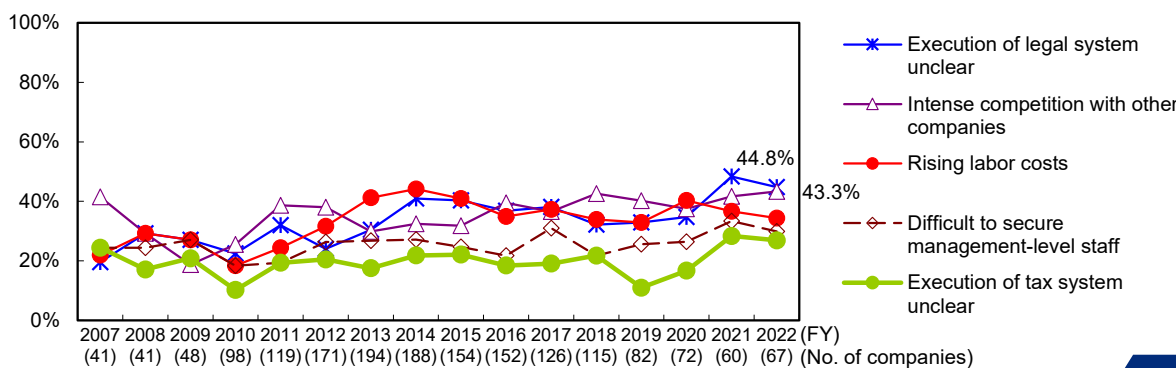


- **Maintains 6th position, showing recovery from the pandemic, with high expectations for continued market growth potential**
  - The vote share reversed the significant drop due to the pandemic in the previous year and maintained its sixth place. The reasons for the high expectations for the 'future growth potential of the local market' and 'current size' remained at the highest level in the past three years. In addition, 'profitability of the local market' has increased for the past 2 years.
  - On the other hand, along with an increasingly competitive environment, 'uncertainty over the execution of legislation and taxation' continues to be the top issue, with the development of a system to accommodate foreign companies remaining a challenge.

### Promising Reasons



### Issues

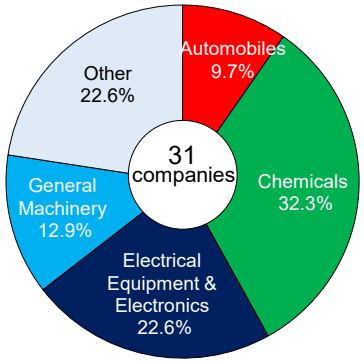


# (3) Promising Countries/Regions over the Medium-term: Promising Reasons and Issues (Top 10)

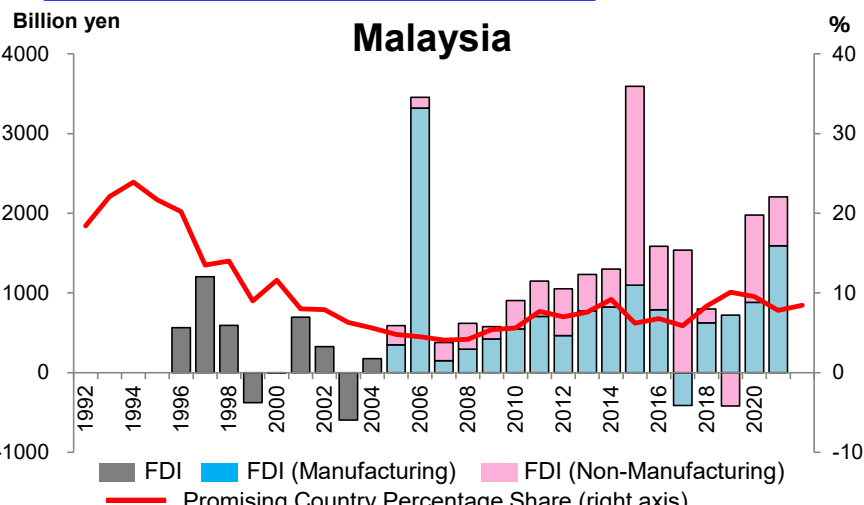
## No.7 Malaysia ( ↑ )

Vote Share: 8.4 % (+0.6 pt from last year)  
 Highest: 23.9% (1994)  
 Lowest: 4.1% (2007)

### Breakdown by Industry



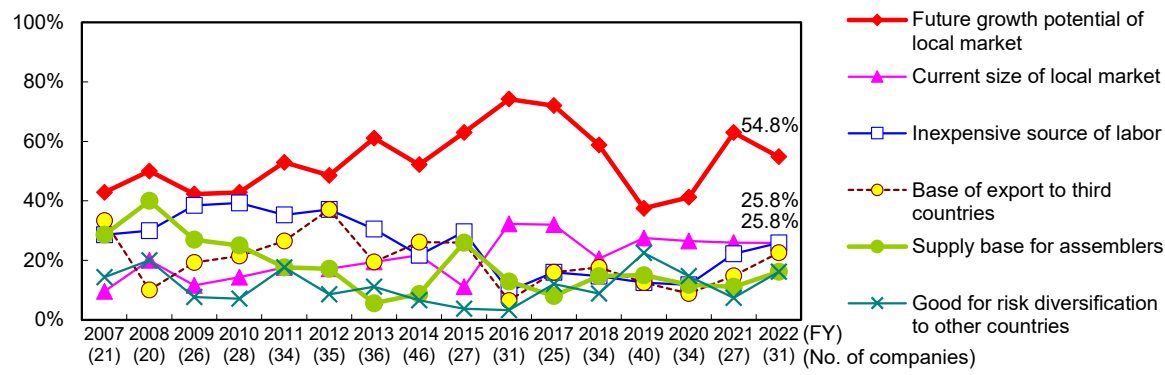
### Vote Share and Outward FDI of Japan



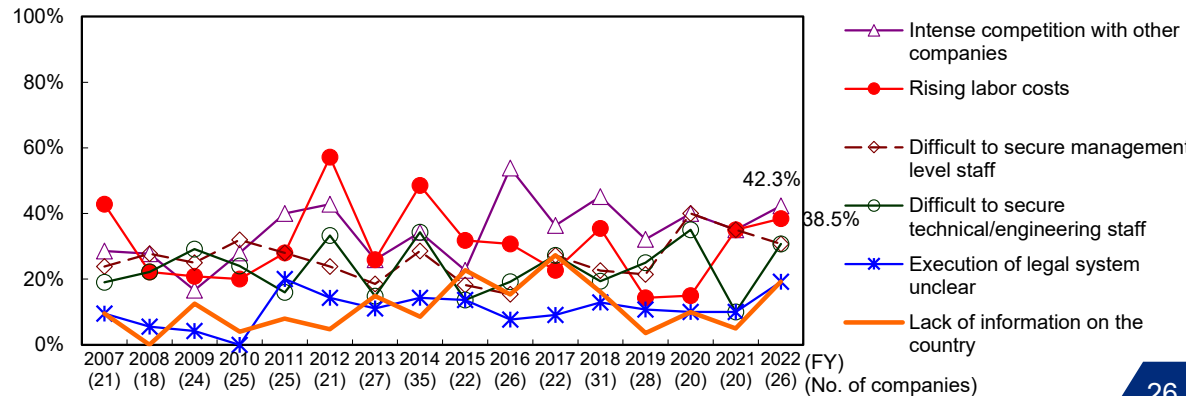
**■ Increasing attractiveness as a base for diversifying business risks**

- The country moved up two places to seventh place in the rankings, with an increase in the vote rate due to the recovery from the pandemic, and a fall in the vote rates of other countries. As reasons for the promising results, along with expectations of market growth potential, there was a trend towards an increase in votes for 'as a third-country export base', 'as a supply base for assembly manufacturers', and 'as a source of risk diversification to other countries' indicating high expectations as a base for business risk diversification amid the prolonged friction between the US and China.
- As for challenges, votes were cast for 'intense competition with other companies', 'rising labour costs' and 'difficulty in securing managerial and technical personnel'. The results show that, challenges exist in terms of profitability and human capital, while it is highly attractive as a business location.

### Promising Reasons



### Issues

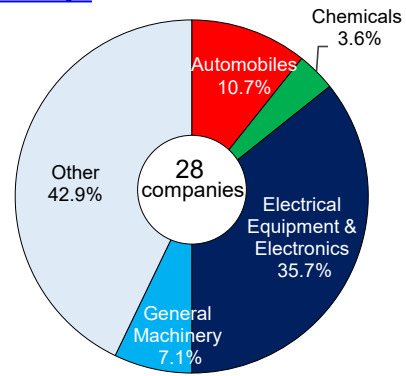


# (3) Promising Countries/Regions over the Medium-term: Promising Reasons and Issues (Top 10)

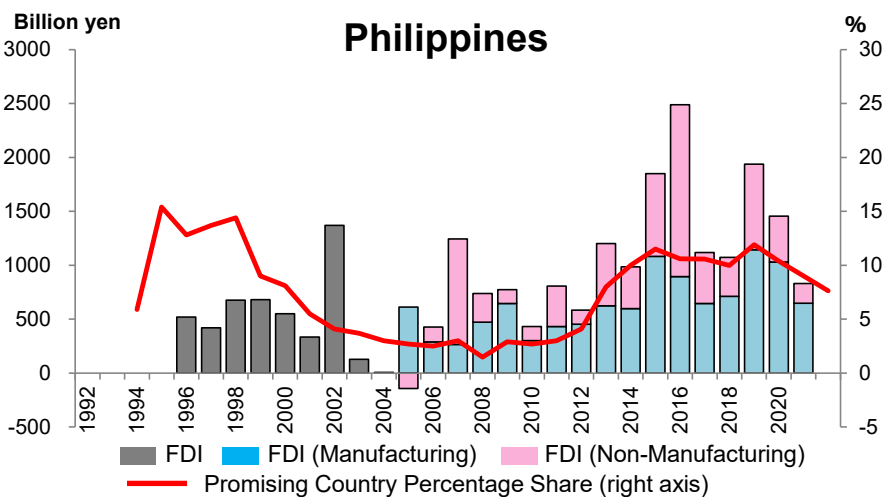
## No. 8 Philippines ( ↓ )

Vote Share: 7.6% (-1.4 pt from last year)  
Highest: 15.4% (1995)  
Lowest: 1.5% (2008)

### Breakdown by Industry



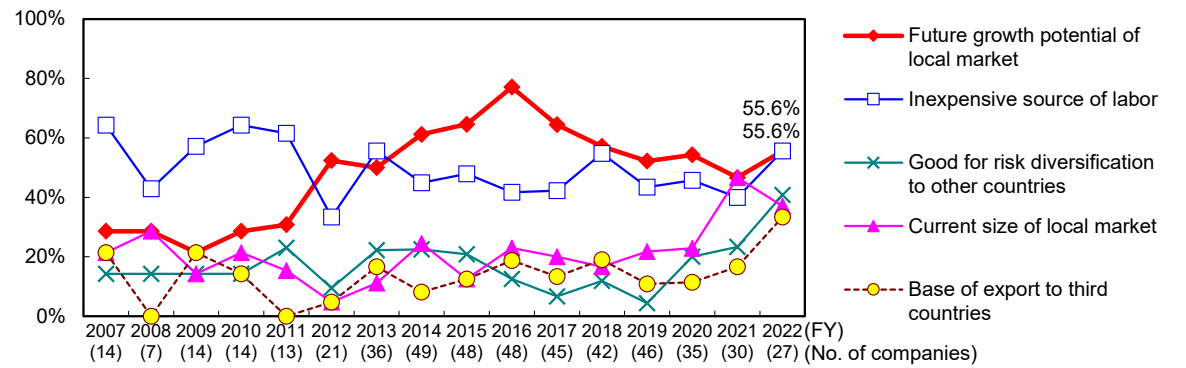
### Vote Share and Outward FDI of Japan



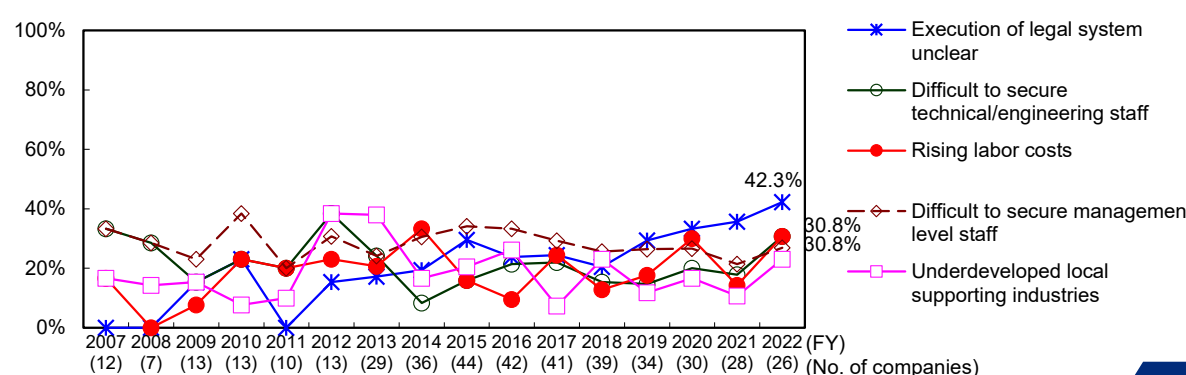
**Watch for future rankings to emerge as a promising source of risk diversification**

- As a result of a slight decline in the vote rate from last year's survey, the ranking has also dropped by one place. In terms of promising reasons, 'future growth potential of the local market' and 'inexpensive labour' have risen again. Also, the percentage of votes for 'as a source of risk diversification to other countries' and "as a base of export to third countries" have skyrocketed over the past three years, reaching a record high. This suggests expectations for business bases to diversify business risks are rising under the US-China friction.
- As for challenges, it should be noted that 'execution of legal system unclear' has shown an upward trend in the last four years with the difficulties of securing human capital and underdeveloped local supporting industries. The situation requires appropriate improvements in order to increase its attractiveness as a source of risk diversification.

### Promising Reasons



### Issues



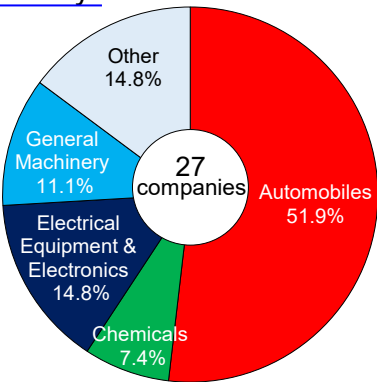


# (3) Promising Countries/Regions over the Medium-term: Promising Reasons and Issues (Top 10)

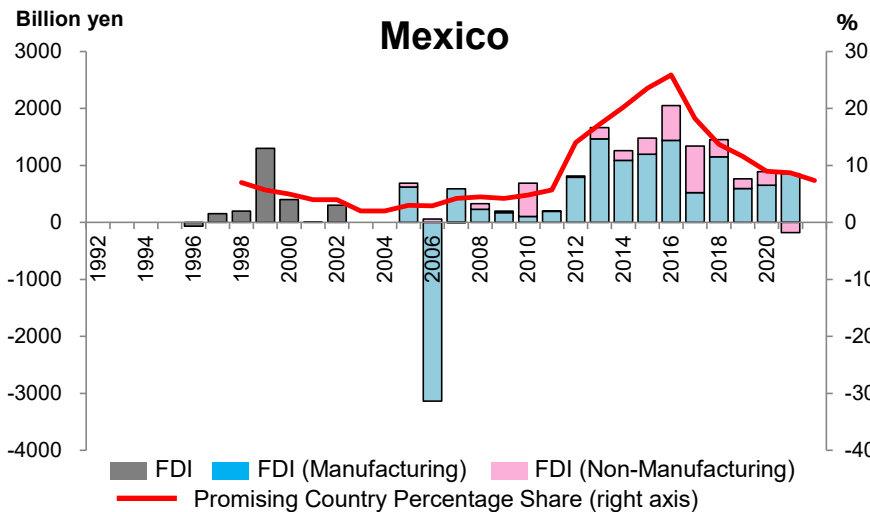
## No. 9 Mexico ( ↓ )

Vote Share: 7.4% (-1.3 pt from last year)  
 Highest: 25.9% (2016)  
 Lowest: 2.0% (2003, 2004)

### Breakdown by Industry



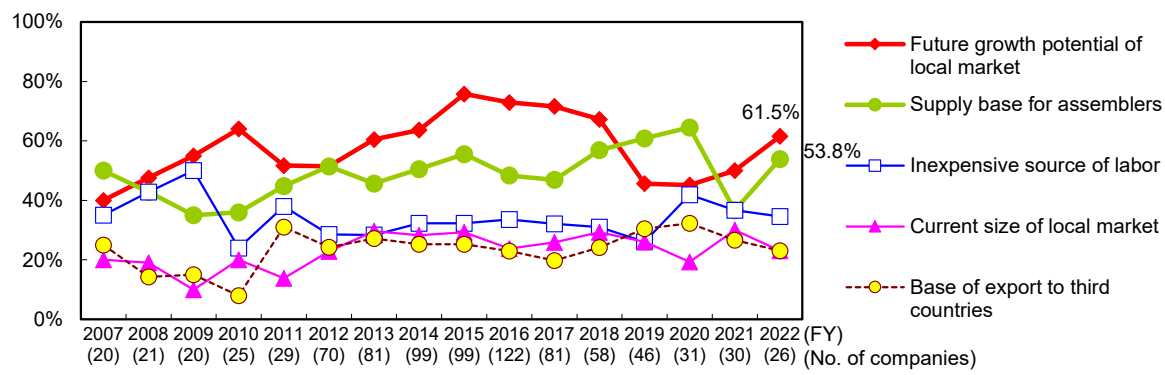
### Vote Share and Outward FDI of Japan



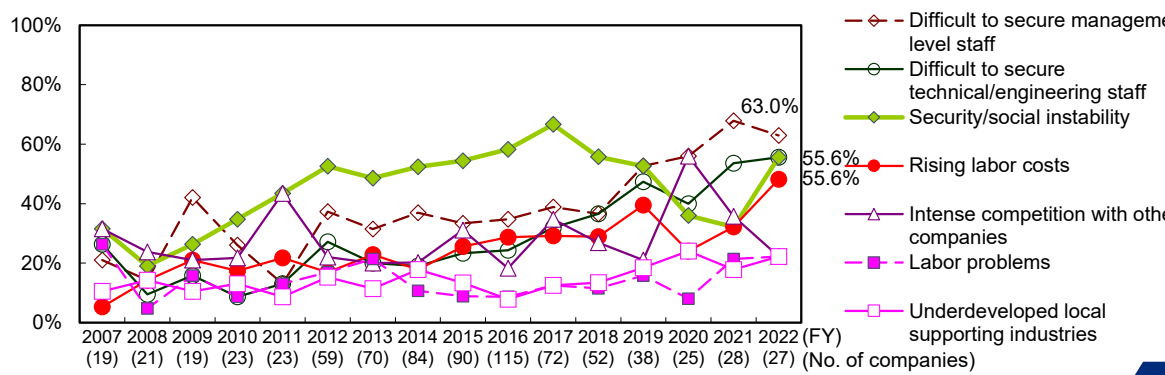
**Expectations for supply base for assemblers recover, but labour aspect is becoming a challenge**

- Since 2016, the percentage of votes received has continued to fall, dropping one place this year. In terms of promising reasons, "as a supply base for assembly manufacturers" showed a sharp recovery, although it did not reach the pre-pandemic level. In interviews, one respondent said, "There is an impression that not so many Japanese competitors have entered the Mexican market, so it is easy to get orders" (automotive parts).
- In terms of challenges, concerns about security and social conditions have re-emerged. In addition, many companies continue to cite 'difficulty in securing management personnel' and 'difficulty in securing technical personnel', highlighting that the overall labour aspect is becoming a challenge.

### Promising Reasons



### Issues



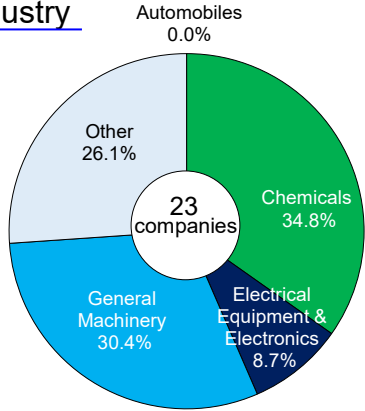


# (3) Promising Countries/Regions over the Medium-term: Promising Reasons and Issues (Top 10)

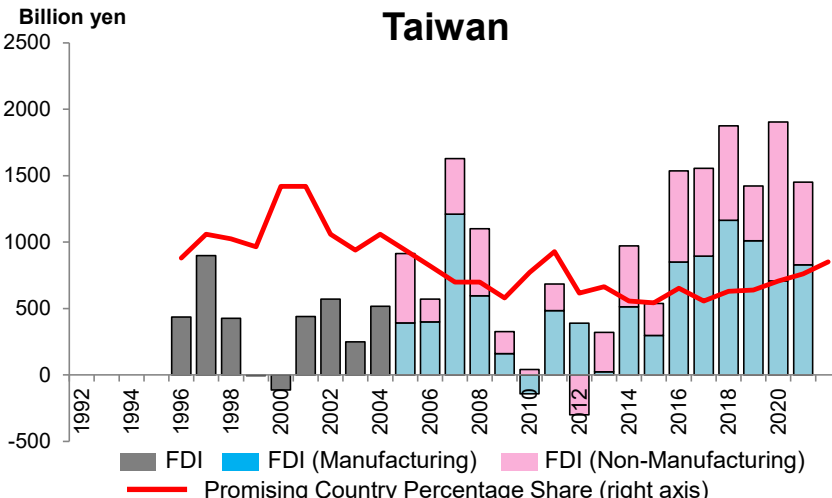
## No. 10 Taiwan (→)

Vote Share: 6.3% (+0.8 pt from last year)  
 Highest: 11.0% (2000, 2001)  
 Lowest: 3.7% (2015)

### Breakdown by Industry



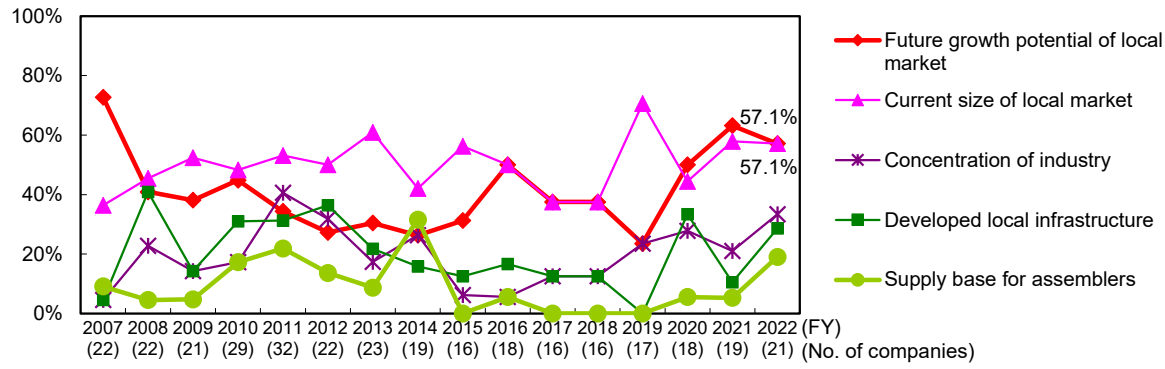
### Vote Share and Outward FDI of Japan



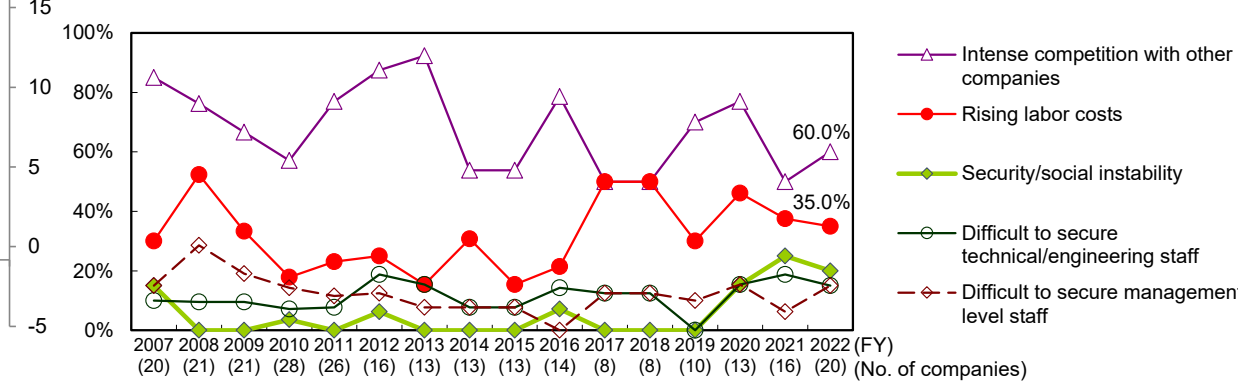
**Maintained 10th position from last year**

- Taiwan's share of the vote increased slightly by 0.8 points from last year's survey, but Taiwan was ranked 10th as in last year's survey. It is noteworthy that the votes for "future growth potential of the local market" and "current size of the local market" continue to be the most promising reasons, and voting shares of 'concentration of industry', 'developed local infrastructure', and 'supply base for assemblers' have rapidly risen this year.
- In terms of challenges, 'intense competition' and 'rising labour costs' top the list, but 'security and social unrest' has also risen sharply in recent years, suggesting that tensions in the Taiwan Strait are becoming a cause for concern for Japanese manufacturing companies.

### Promising Reasons



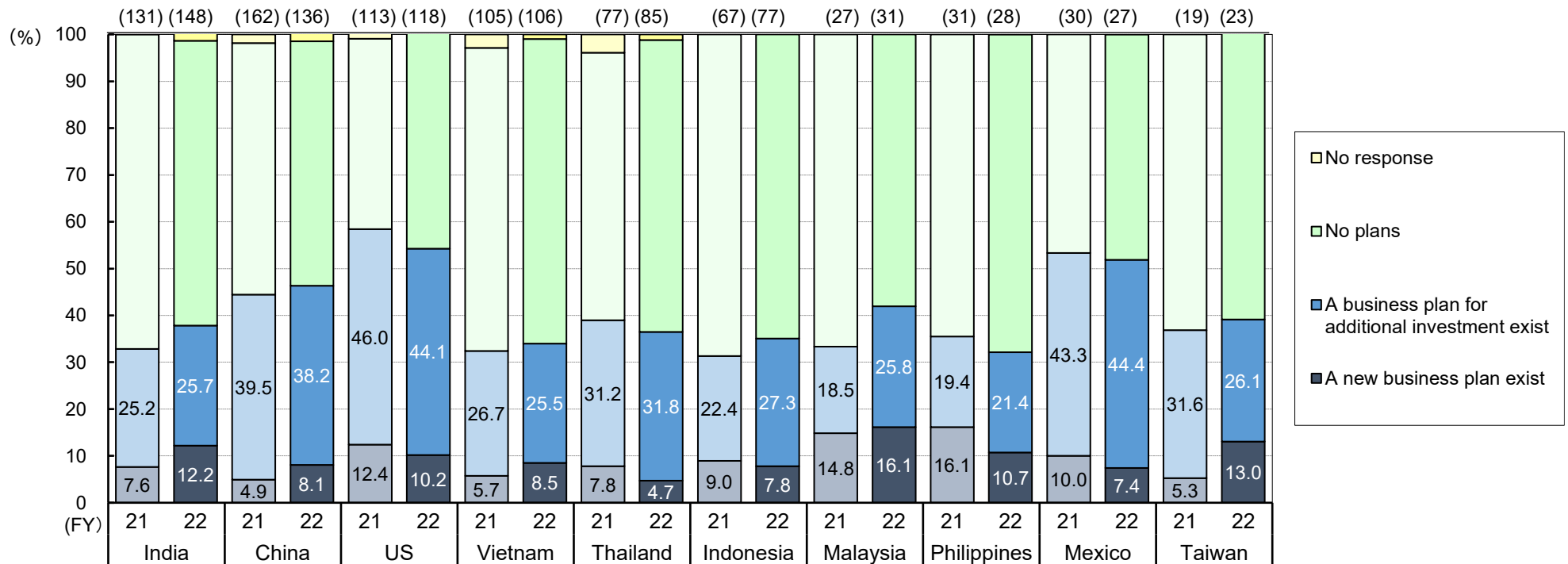
### Issues



## Question

Please select the answer that best describes your company's business plan in each of the countries/regions listed in the Promising Countries/Regions over the medium-term (next 3 years).

Figure 3.12 Existence of Business Plans in Promising Countries/Regions



Note 1: The ratio in the graph is the number of companies that answered that they have a business plan in a certain country divided by the number of companies that answered that the country was promising.

Note 2: The number in parentheses on the bar graph is the number of companies that answered that the country was promising in Figure 3.8.

## ■ In the US and Mexico, more than half of respondent companies have business plans.

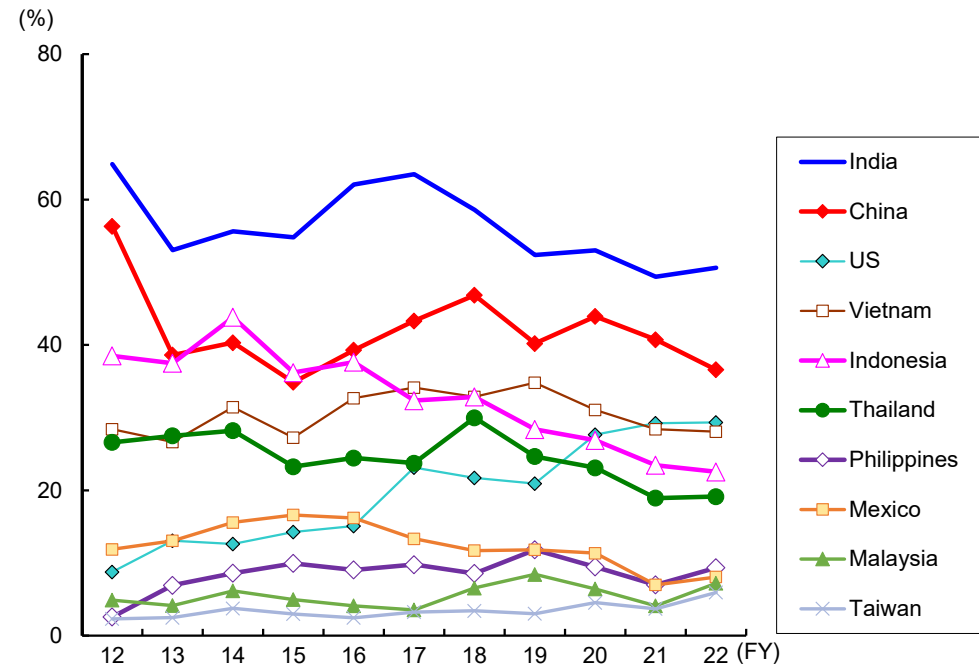
- The top five countries with the highest “business planning rate”, were the US (54.3%), Mexico (51.8%), China (46.3%), Malaysia (41.9%) and Taiwan (39.1%) in order.
- In India, as in Taiwan, the number of companies choosing ‘A new business plan exists’ increased significantly compared to the previous year’s survey, but ‘A business plan for additional investment exists’ remained unchanged. India ranked only sixth in terms of the percentage with plans, which was the lowest among the top three countries (India, China and the US) in the ranking of promising countries over the medium term, at just under 40%. This can be seen as evidence that the reasons why the respondents chose India as a promising country are image-driven, and the future of the country will be a focus of attention.

Figure 3.13 Promising Countries/Regions in the Long-term (Next 10 Years)

## (1) Results for FY2022

Ranking		Country/Region (Total)	No. of Companies		Percentage Share(%)	
2022	← 2021		2022 235	2021 243	2022	2021
1	← 1	India	119	120	50.6	49.4
2	← 2	China	86	99	36.6	40.7
3	← 3	US	69	71	29.4	29.2
4	← 4	Vietnam	66	69	28.1	28.4
5	← 5	Indonesia	53	57	22.6	23.5
6	← 6	Thailand	45	46	19.1	18.9
7	↑ 9	Philippines	22	17	9.4	7.0
8	↑ 9	Mexico	19	17	8.1	7.0
9	↑ 12	Malaysia	17	10	7.2	4.1
10	↑ 13	Taiwan	14	9	6.0	3.7

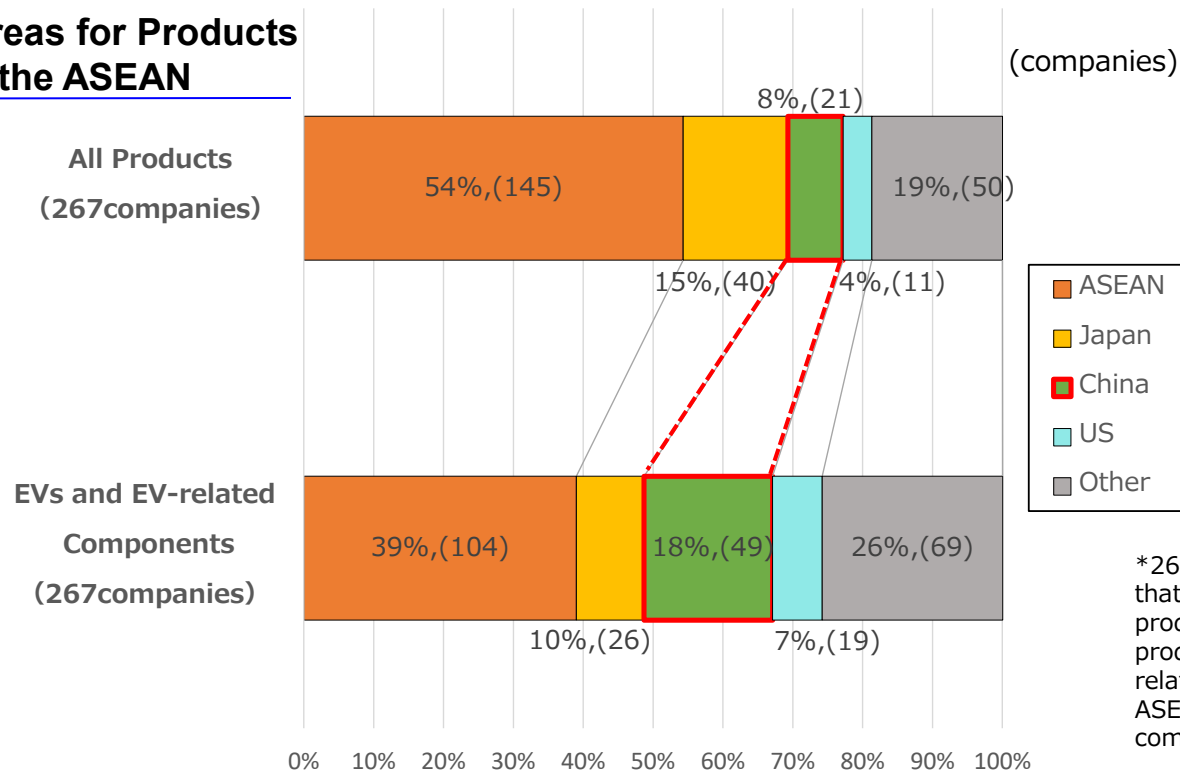
## (2) Trends in Votes


**India retains the top in long-term prospects, with the US in third closing in on China in second.**

- Regarding promising countries over the next 10 years or so, India ranked first for the 13th consecutive year. While China maintains second place, the number of respondents has declined consecutively since the 2018 survey (164 respondents). The third-placed USA, which has consistently maintained around 70 votes since the same year's survey (76 respondents), closes in on China.
- The Philippines, Mexico, Malaysia and Taiwan all moved up in the rankings with an increase in the number of votes received. In terms of industry composition, the Philippines was dominated by Electrical Equipment & Electronics, Mexico by Automobiles and Malaysia by Chemicals. In Taiwan, votes were collected from the General machinery and Chemicals that handle semiconductor-related products.
- Despite some differences in ranking, the countries that ranked as promising in the long-term in this year's survey are the same as the top 10 in the medium-term, suggesting that many companies have chosen the same promising countries and regions regardless of the difference in the medium- or long-term timeframe.
- On the other hand, Brazil and Myanmar, which were ranked in the top ten last year, have each dropped out of the list.

**Question** Regarding the products you produce in the ASEAN region, to which country/region do you sell most of your products? Regarding EVs and EV-related components made in ASEAN, to which country/region do you expect more products to be sold? Please select one of each that is closest to your opinion.

**Chart 3.14 Sales Areas for Products Produced in the ASEAN**



\*267 companies = only those companies that chose an option other than 'no production' for both questions, 'products produced in the ASEAN' and 'EVs and EV-related components produced in the ASEAN' (267 of the 405 responding companies in total) were selected.

■ **Within the ASEAN region, there is a network of local production for local consumption.**

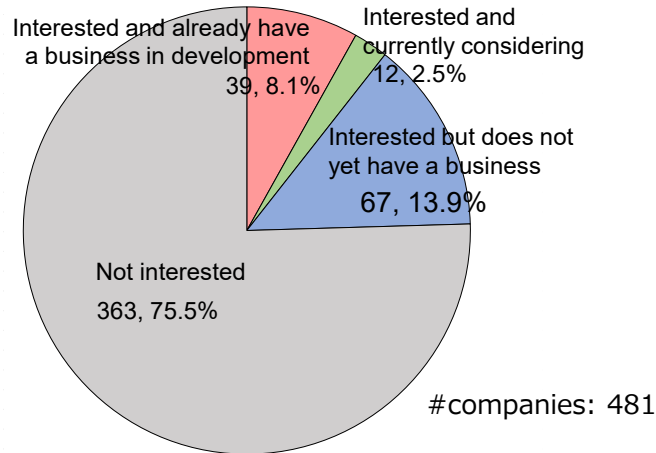
- The majority of companies chose "within the ASEAN" as the destination for products manufactured within the ASEAN region, indicating that Japanese companies have formed supply chain networks for local production for local consumption within the ASEAN region, mainly within the countries where they have manufacturing bases.

■ **As for EVs and EV-related components, China's dominance as a sales destination stands out.**

- A large number of EVs and EV-related components are also expected to be sold to customers "within the ASEAN", and it appears that a certain supply chain network has been formed within the ASEAN region. However, when looking at sales areas outside of ASEAN, China accounts for the next largest proportion, suggesting that Japanese companies operating in the ASEAN region are being integrated into the China-centred supply chain against the backdrop of the size of the EV market in China. In the interviews, some said that they would "expand their sales network in China for EV-related parts" (Automobiles).

Question Please select the answer that best describes your situation regarding business operations in Africa as a production or sales base.

**Figure 3.15 The Responding Companies' Expectations on Business Development in Africa**



**■ South Africa got the first place in the ranking of promising African countries.**

- Only about a quarter of the total number of respondents answered they are interested in African countries. Among them, South Africa got the first place, followed by Nigeria, Kenya and Egypt, all of which have large populations and economic scales.

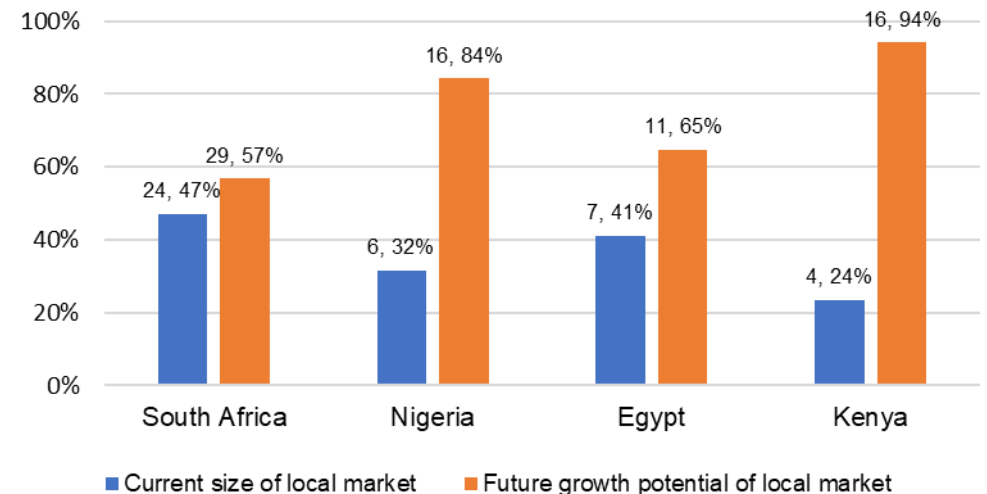
**■ Kenya and Nigeria's future growth potential attracts attention.**

- Japanese companies are more interested in Africa from the perspective of sales destinations than from the perspective of labour, raw materials, infrastructure and institutions. Nigeria and Kenya, in particular, appear to have higher expectations of the 'future growth potential of local markets' than of the 'current size of local markets'.

**Figure 3.16 Promising Countries in Africa**

Ranking	Country	# companies	Percentage share (%)
		85	
1	South Africa	51	60.0
2	Nigeria	19	22.4
2	Kenya	19	22.4
4	Egypt	18	21.2
5	Morocco	10	11.8
6	Senegal	4	4.7
6	Tunisia	4	4.7
8	Tanzania	3	3.5
9	Ghana	2	2.4
9	Mozambique	2	2.4

**Figure 3.17 Reasons for Showing Interest and Expectations**



\*Percentages are for each reason among the sample of companies that selected one of those 4 as a promising country in Africa.

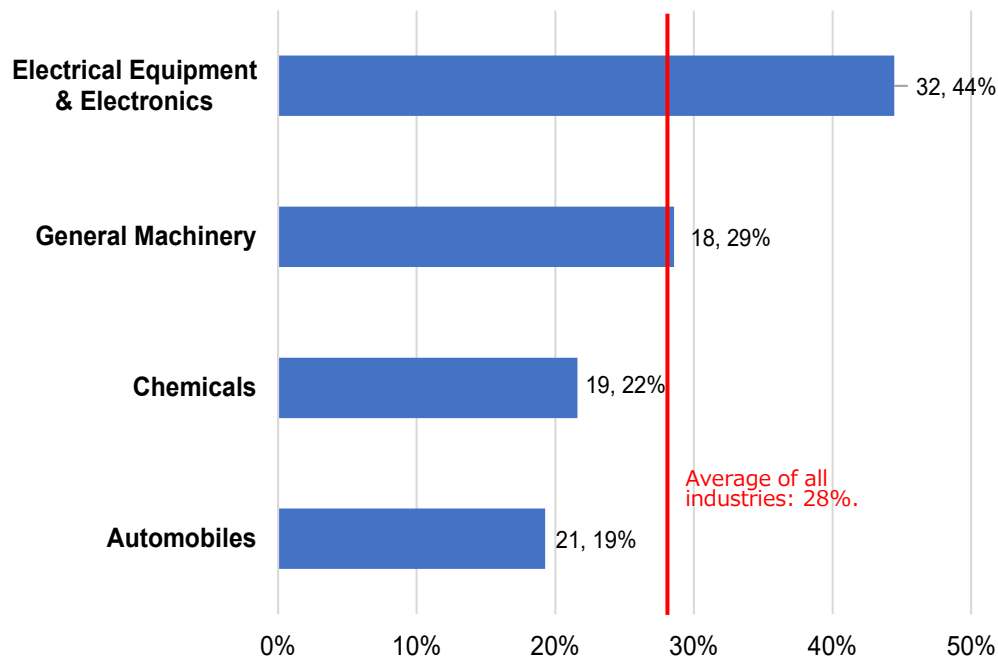
### ■ Africa attracts a lot of attention from the electrical and electronics industry.

- By an analysis by sector, companies in electrical equipment & electronics indicated that they would put attention on Africa, which was significantly higher than the overall average.

### ■ Differences in countries of interest by industry

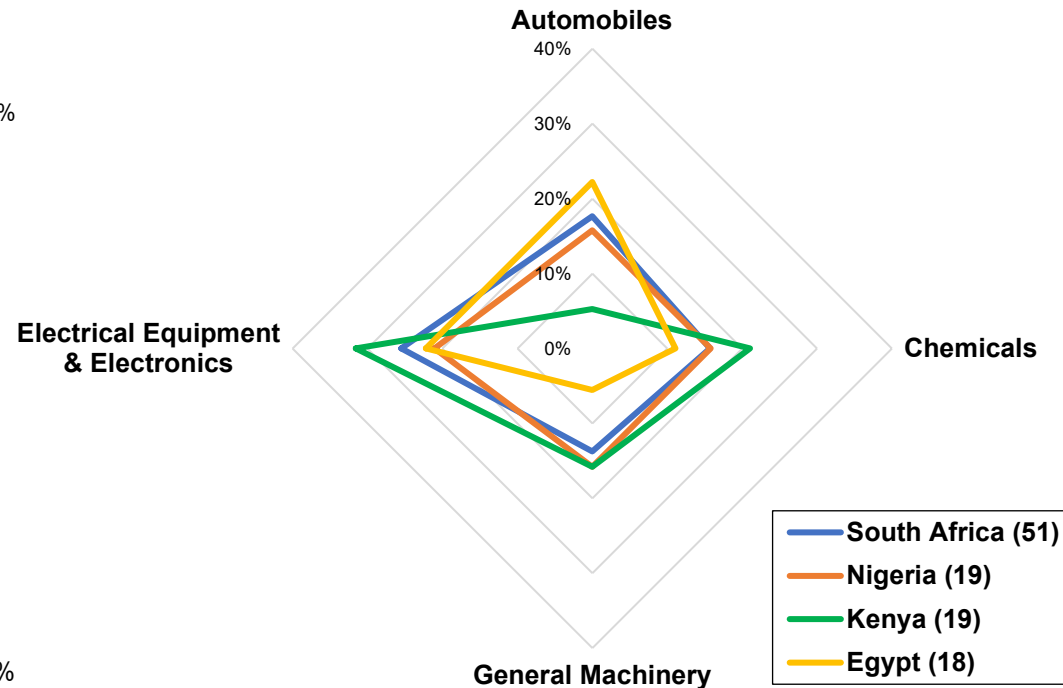
- South Africa and Nigeria were evenly selected by the four main industries. On the other hand, the votes for Kenya was dominated by electrical equipment & electronics and chemicals, and for Egypt by automobiles and electrical equipment & electronics.

**Figure 3.18 The Number of Companies Interested in African Business (by Sector)**



(Note) Percentages are calculated using the number of responding companies in each industry as the population parameter.

**Figure 3.19 Response to the Question of Promising African Countries (by Four Main Industries)**



(Note) Percentages are calculated using the number of responding companies in each industry as the population parameter.

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## 4. Hot Topics for Japanese Manufacturing Companies

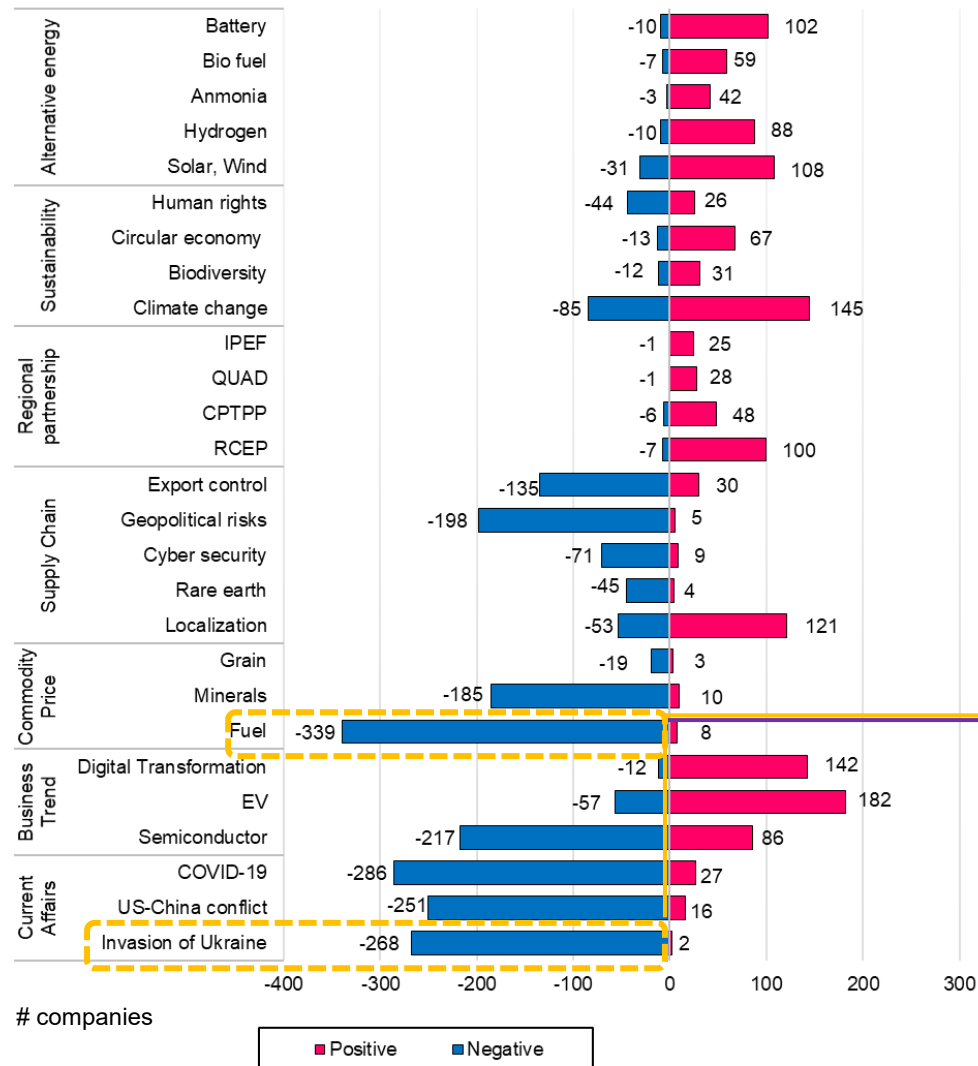




# 4 (1) Hot Topics for Japanese Manufacturing Companies: What are the Hot Topics for Them?

Question Please choose news and events to which you are paying attention in planning your future overseas business strategy. (Multiple answers allowed).

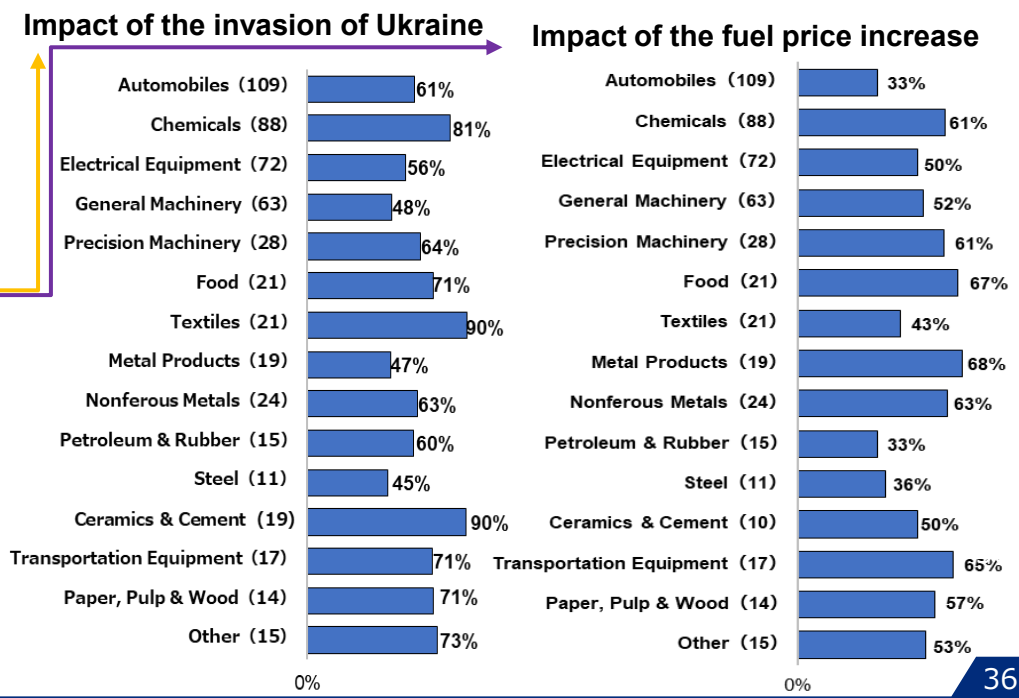
**Figure 4.1 Positive/Negative Topics for Japanese Manufacturing Companies**



- **Keywords related to the invasion of Ukraine attracted much attention.**
  - Keywords related to the situation in Ukraine, such as “Invasion of Ukraine” and ‘Fuel’ were found to capture a high level of attention by the respondents. Keywords related to industry trends, such as “semiconductor,” “EV” and “Climate Change”, also gathered a lot of votes.
  - When it comes to the keyword of “invasion of Ukraine,” it turned out that a wide range of industries were affected by the event. Another analysis by industry found that chemicals, textiles, and ceramics & cement were particularly affected by the impact of a recent increase in fuel prices.

(Note: Definition of positive and negative; Positive - business opportunities / Negative - risk/cost factors)

**Figure 4.2 Impact of the Invasion of Ukraine on Various Industries**



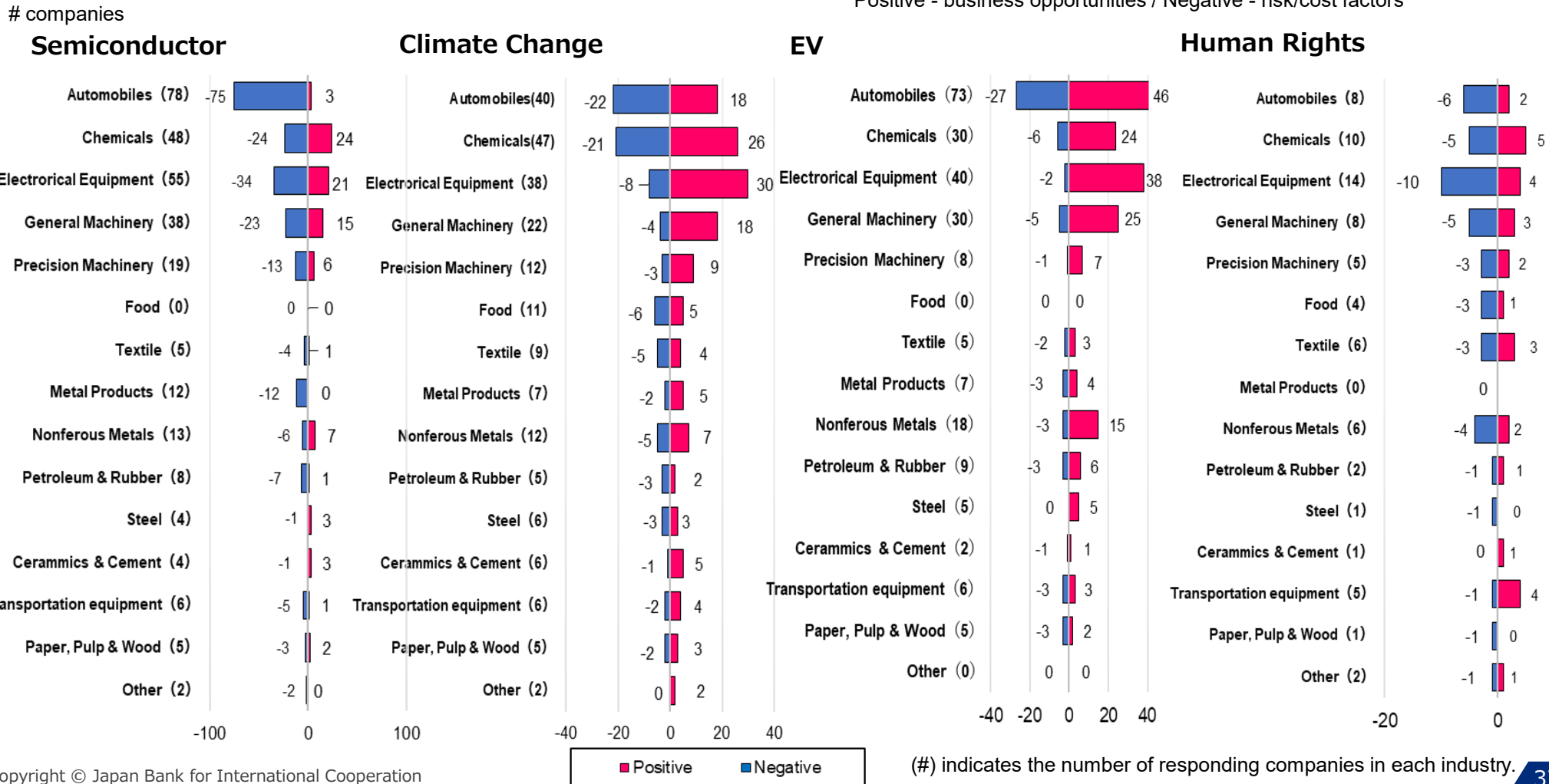
## ■ "Semiconductor" and "climate change" resulted in divergent views across sectors.

- Regarding the keyword "semiconductor," a majority of the companies in the automobile sector viewed it negatively, whereas the result from the chemical industry showed that the positive and negative views were almost identical. In terms of "climate change" and "EV", while the majority of companies in the automobile sector viewed them negatively, a lot of companies in the other sectors viewed them positively.

### Figure 4.3 Positive/Negative Topics by Each Sector

(Note: Definition of positive and negative.

Positive - business opportunities / Negative - risk/cost factors



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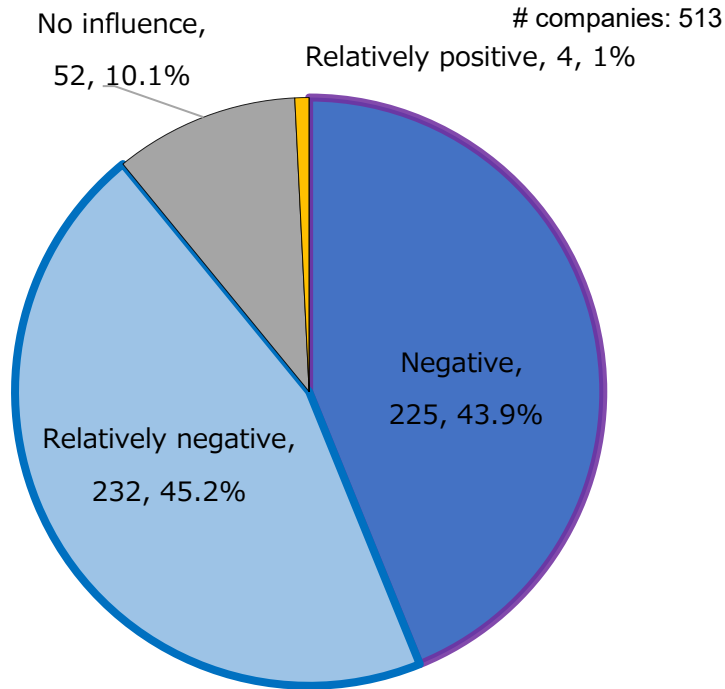


## 5. Impact of the Invasion of Ukraine



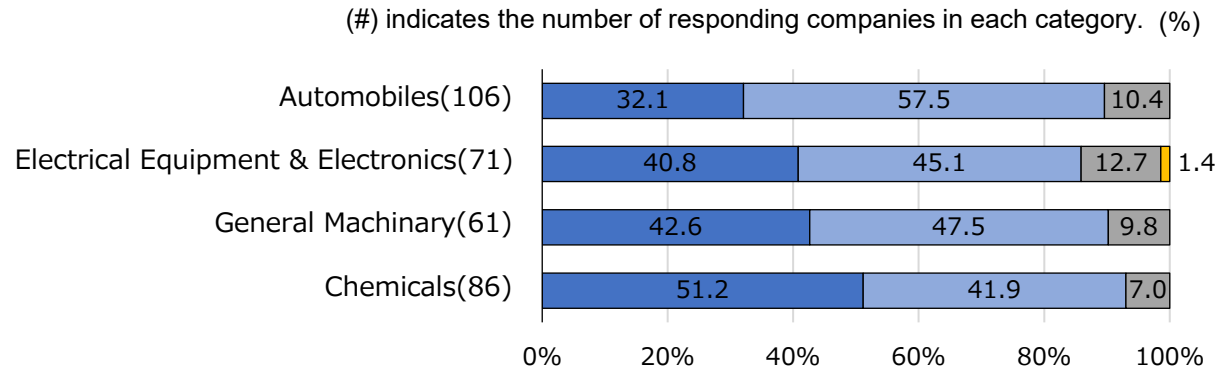
**Question** Regardless of the location of your overseas bases, has your business been affected by the invasion of Ukraine?

**Figure 5.1 Impact of the Invasion of Ukraine**

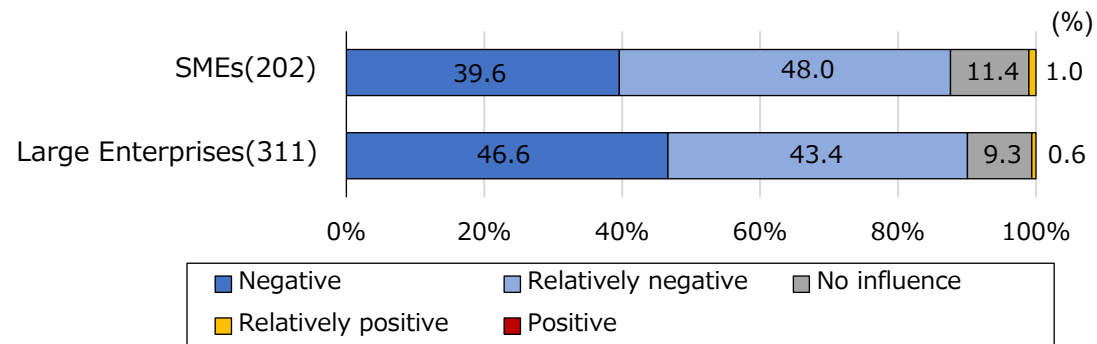


Note: Percentages are calculated using the number of responding companies as the population parameter.

**Figure 5.2 Impact of the Invasion of Ukraine (by Sector)**



**Figure 5.3 Impact of the Invasion of Ukraine (by Company Size)**



**■ Negative impact of the invasion of Ukraine was confirmed by around 90% of companies, but with characteristics depending on sector and company size**

- Around 90% of all the respondents answered that the invasion of Ukraine have had a 'negative' or 'relatively negative' impact.
- By sector, the chemical industry was found to be the most negatively affected, which deals with products made from crude oil. This tendency indicates that they have been affected by the rising prices of raw materials and the instability of energy supplies.
- In the analysis by company size, the negative impact on large enterprises was more pronounced than on SMEs. It may be because large enterprises have more extensive operations around the world and are more likely to be affected by the suspension of local operations following the invasion of Ukraine and the subsequent supply chain disruption in raw material supplies.

Question What are the reasons for the negative impact of the invasion of Ukraine on your business? (Multiple answers allowed)

Figure 5.4 Reasons for Negative Impact of the Invasion of Ukraine

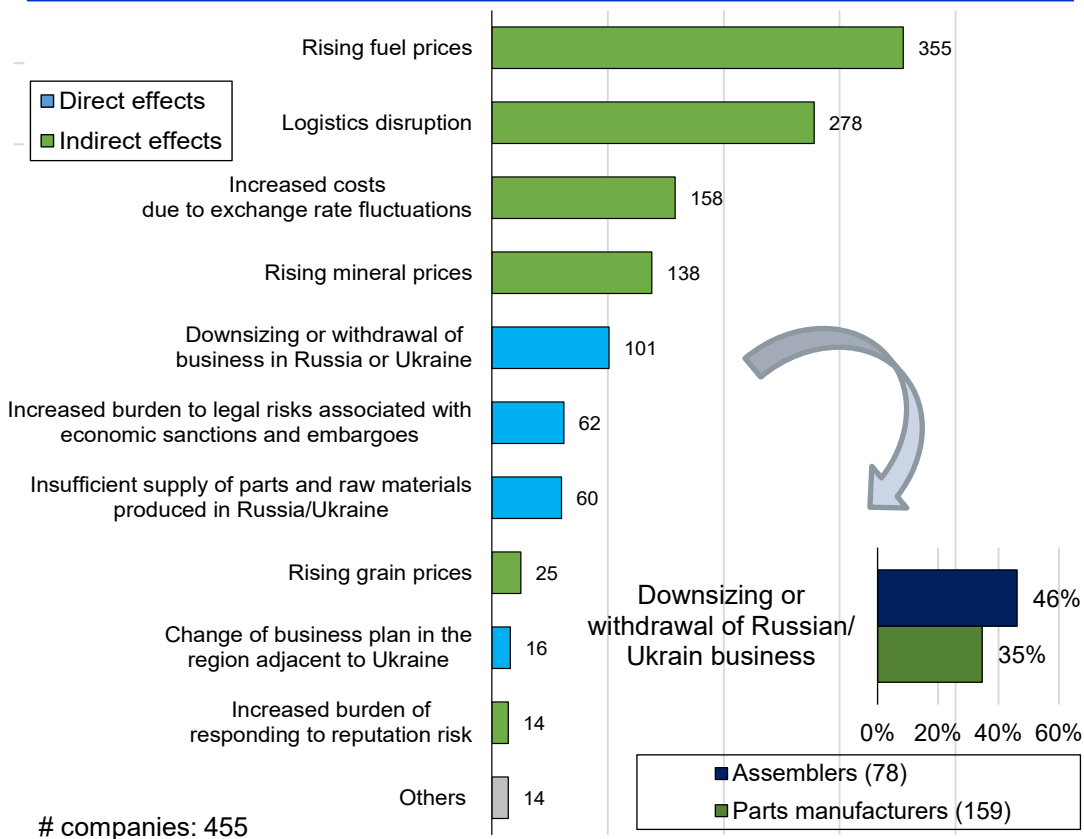
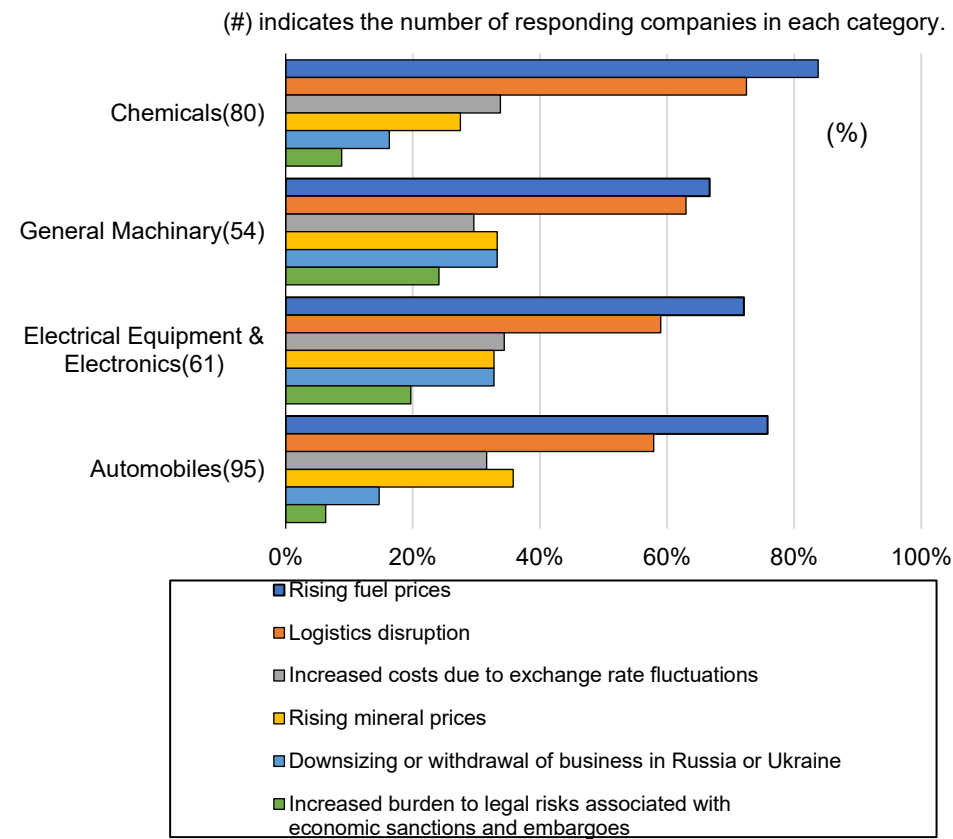


Figure 5.5 Reasons for Negative Impact (by Sector)

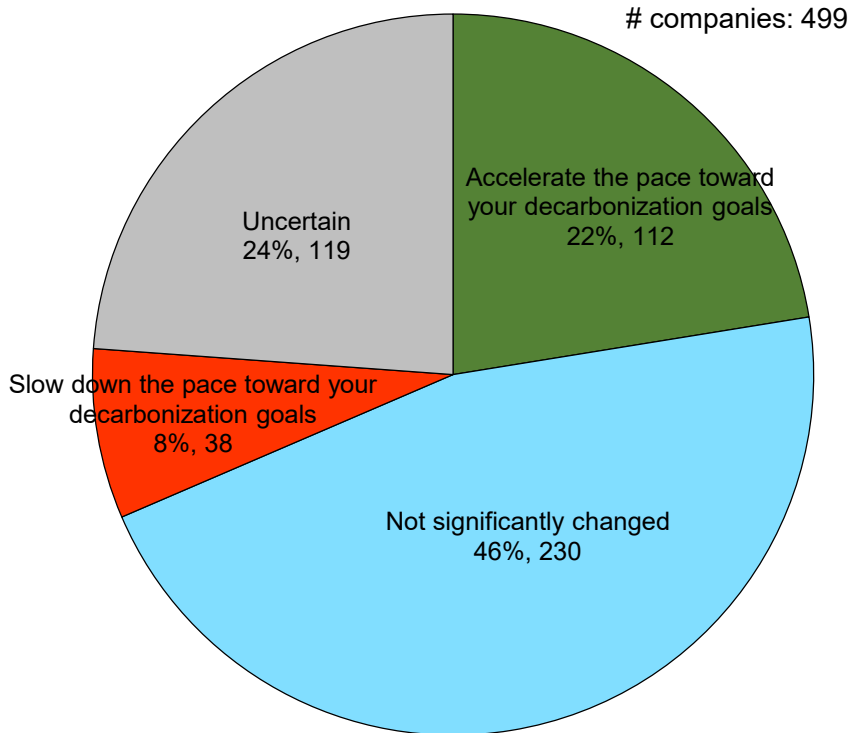


■ The invasion of Ukraine has led to a wide range of effects, including 'higher fuel prices,' 'logistics disruption,' and 'increased costs due to exchange rate fluctuations.'

- The top three specific negative impacts turned out to be 'Rising fuel prices,' 'Logistics disruption,' and 'Increased costs due to exchange rate fluctuations,' suggesting widespread indirect effects to Japanese manufacturers by the invasion of Ukraine. Meanwhile, it was confirmed that direct impacts such as 'Downsizing or withdrawal of business in Russia or Ukraine' and 'Increased burden to legal risks associated with economic sanctions and embargoes' gathered a relatively small number of votes.
- A cross-analysis by sector indicates that the impact of economic sanctions was relatively small in the automotive industry. Besides, the direct impact, including 'Downsizing and withdrawal of business in Russia or Ukraine' on parts suppliers in each industry was relatively small compared to assemblers. It may suggest that parts suppliers did not necessarily expand their business into Russia or Ukraine; the automobile's typical "local production for local consumption" business model has not been necessarily formed in the region.

Question Do you expect the invasion of Ukraine will alter your strategic attitude toward decarbonization?

Figure 5.6 Impact on Decarbonization Initiatives



Note: Percentages are calculated using the number of responding companies as the population parameter.

Figure 5.7 Impact on Decarbonization Initiatives (by Sector)

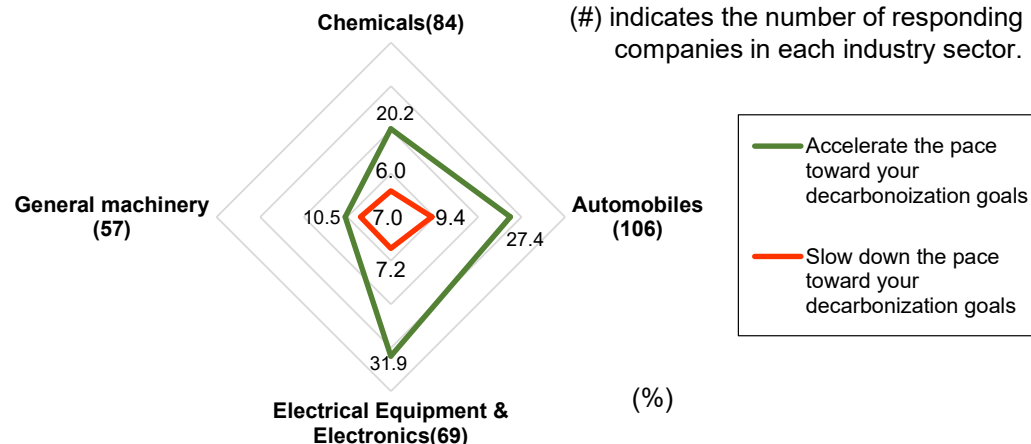
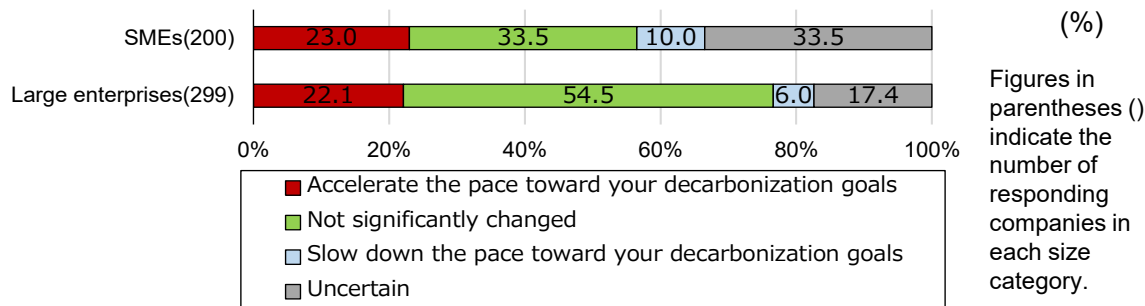


Figure 5.8 Impact on Decarbonization Initiatives (by Size)



■ Ukraine invasion seems to accelerate decarbonization initiatives.

- Although 46% of respondents said that their strategic attitude toward decarbonization would be "not significantly changed," the number of companies that answered they would "accelerate" the pace toward their targets far outnumbered those that responded they would "slow down" the pace. This shows those companies' expectations for increased investment and use of renewable energy in the wake of rising fossil fuel prices.
- By industry, a particularly high proportion of companies in the electrical equipment/electronics and automobiles industries answered that they would 'accelerate the pace' toward their decarbonization goals. One company mentioned that 'industry-wide efforts are accelerating in line with requests from suppliers in Europe and elsewhere' (electrical equipment and electronics). Another one reflected that they were 'facing pressure to switch to alternative heat sources as coal prices soar, and as a result, decarbonization is accelerating' (ceramic industry).
- By size, there was little difference between large and SMEs in terms of the proportion of firms that responded they would 'accelerate the pace' toward their decarbonization targets.



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## 6. Supply Chains and Geopolitical Risks



Question What are the factors that have had a significant impact on your production activities regarding the current supply chain shock? (Multiple answers allowed)

Figure 6-1 Shock Factors Affecting Production Activities

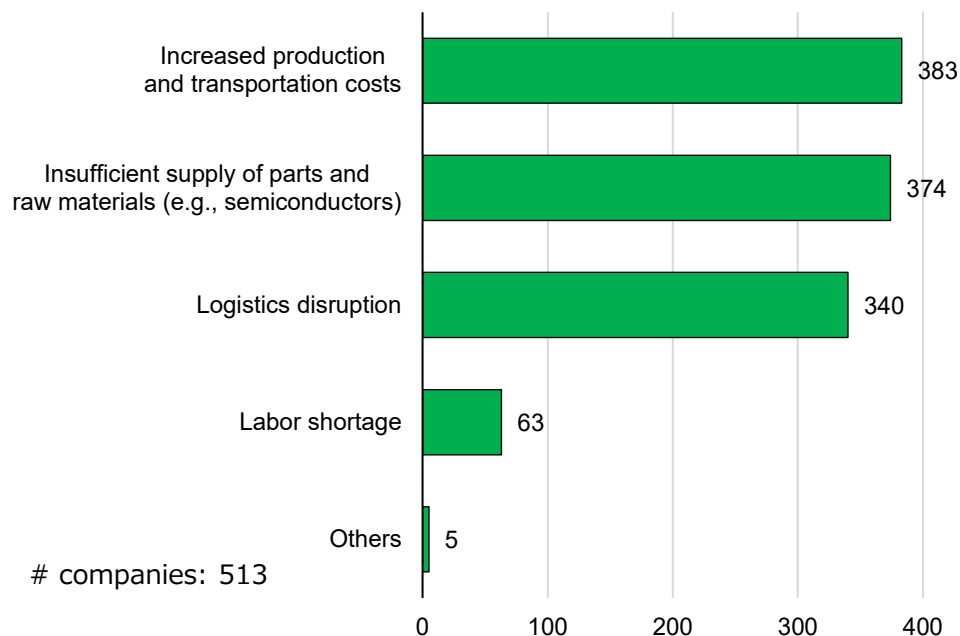
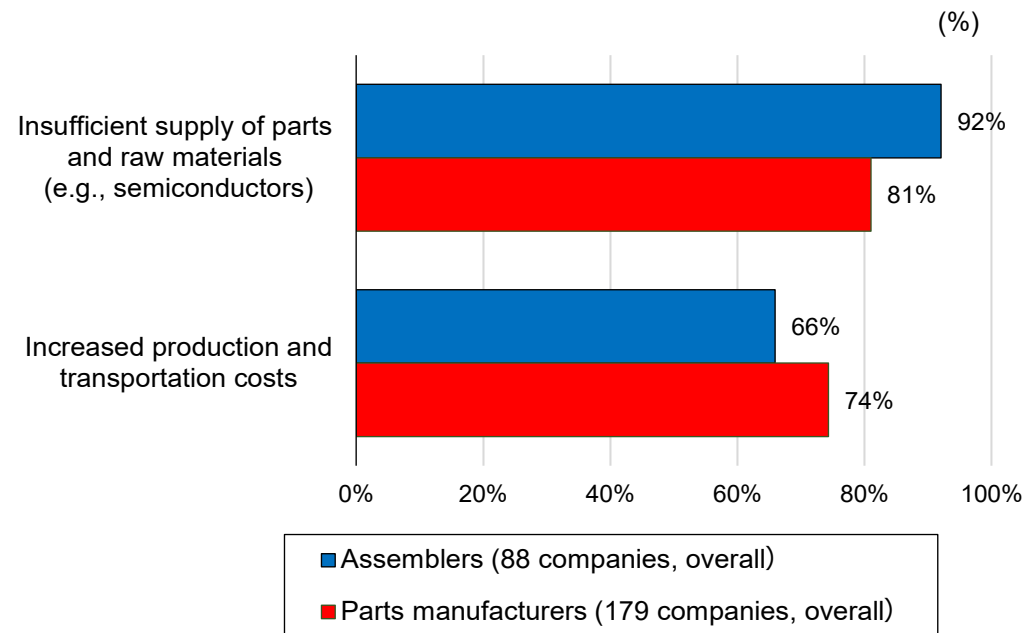


Figure 6.2 Comparison: Assemblers and Parts Manufacturers



### Widespread recognition of the impact of global inflation on business activity.

- 'Increased production and transport costs' (383 companies) received the most votes as the supply chain shock has a significant impact on production activities, suggesting that the impact of global inflation on business activity has been widely recognized this year. In addition, the 'insufficient supply of parts and raw materials' continues to be recognized as the main shock factor. Some companies commented that "the reduction in the parent company's production plan due to the shortage of semiconductors is affecting the production as a result" (Automobile). The impact of 'Logistical disruption' continues to be widely recognized as a shock factor among manufacturing firms, although it was expected that this should have been resolved as a reasonable amount of time has passed since the spread of COVID-19.

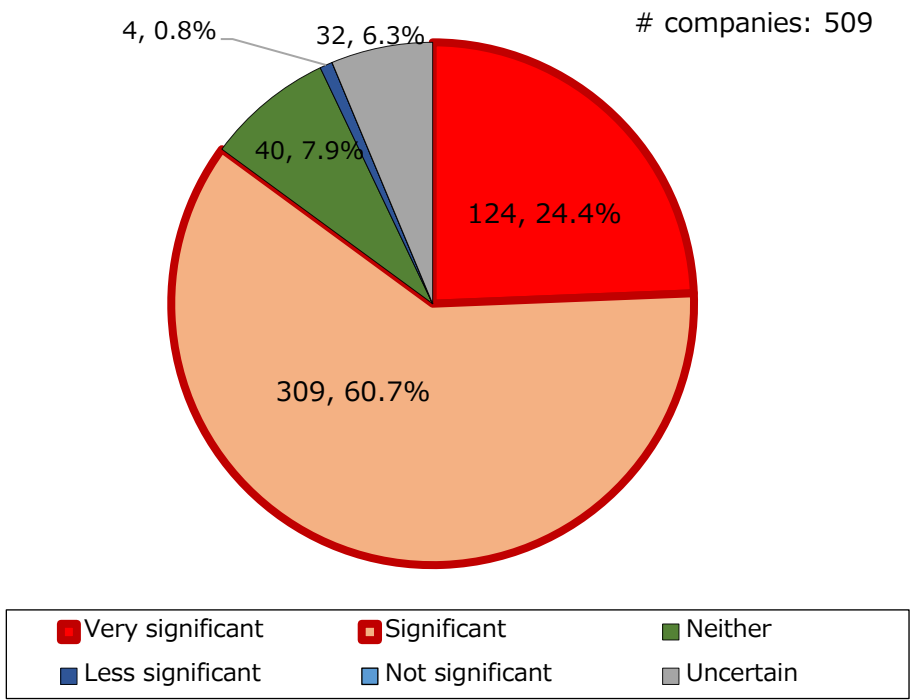
### Differences in perceived shock factors between assemblers and parts manufacturers.

- A comparison between assemblers and parts manufacturers in the general machinery, electrical equipment and electronics, automobiles, and precision machinery sectors shows that a relatively high proportion of the assemblers cited 'insufficient supply of parts and raw materials', while a relatively high proportion of parts manufacturers identified 'increased production and transport costs' as a shock factor. This suggests that the assemblers continue to face difficulties in obtaining raw materials and intermediate goods, while parts manufacturers are unable to pass on increased production and other costs to selling prices.

# 6 (2) Importance of Geopolitical Risk

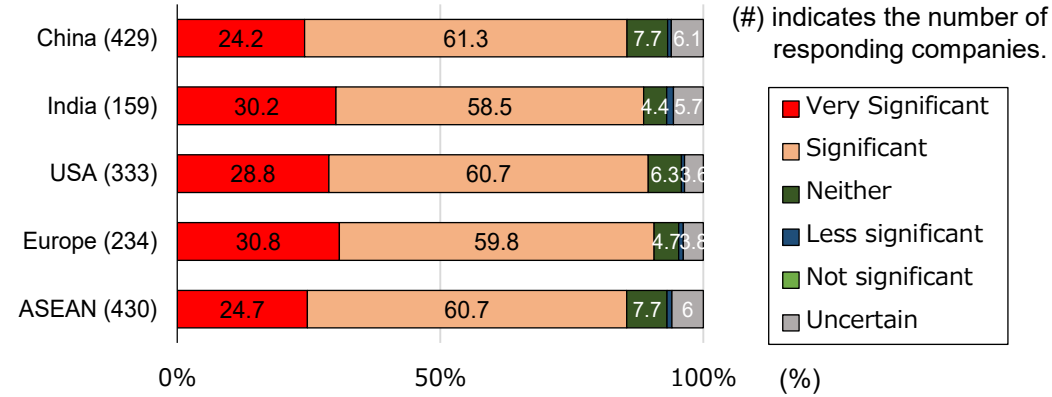
Question How significant is the concept of geopolitical risk in your business strategy?

**Figure 6.3 Importance of Geopolitical Risk in Business Strategy**



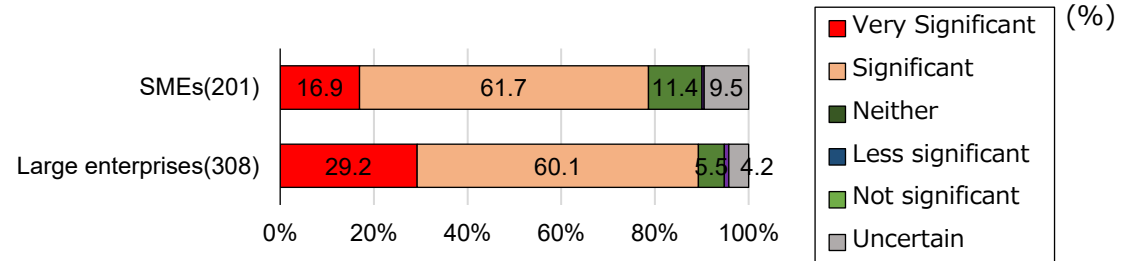
Note: Percentages are calculated using the number of responding companies as the population parameter.

**Figure 6.4 Importance of Geopolitical Risk (by Location)**



Note: Percentages are calculated using the number of responding companies in each country as the population.

**Figure 6.5 Importance of Geopolitical Risk (by Company Size)**



Note: Percentages are calculated using the number of responding companies in each size as the population.

**85% of all companies, regardless of the location of their overseas bases, consider geopolitical risks to be significant in their business strategies, although there is some variation depending on the size of the company.**

- With regard to the importance of geopolitical risk in business strategy, a total of 85% of responding companies answered that geopolitical risk was either 'very significant' or 'significant,' indicating that a large majority of companies recognize geopolitical risk as important when developing overseas business. A cross-analysis of the importance of geopolitical risk and overseas bases of the respondent companies shows that the importance of geopolitical risk is uniformly high regardless of which country or region the companies have their production bases in. It signifies that geopolitical risk is now widely recognized by Japanese companies as a global management issue that is not specific to any particular country or region.
- On the other hand, a comparison by size shows that 29.2% of large enterprises answered that geopolitical risk was 'very significant,' while the response rate from small and medium-sized enterprises (SMEs) for the same question was only 16.9%. It suggests that large enterprises with global operations are likely to regard geopolitical risks as more significant than SMEs.

Question What are the most relevant geopolitical risks to your business? (Multiple answers allowed)

Figure 6.6 Geopolitical Risk Factors Relevant to Business Activity

# companies: 502

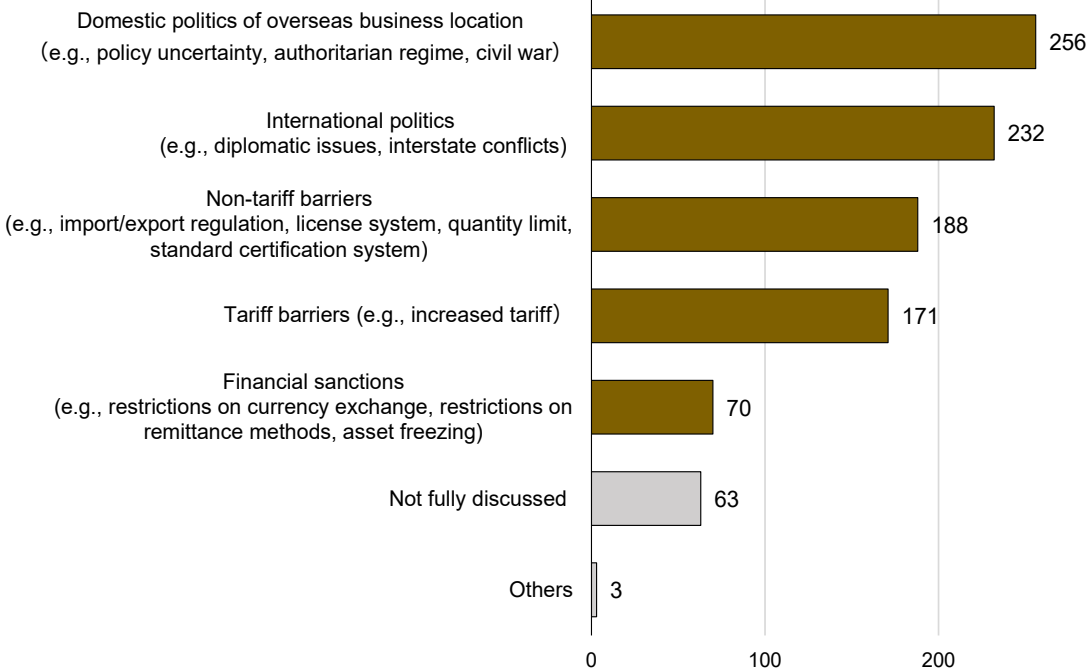
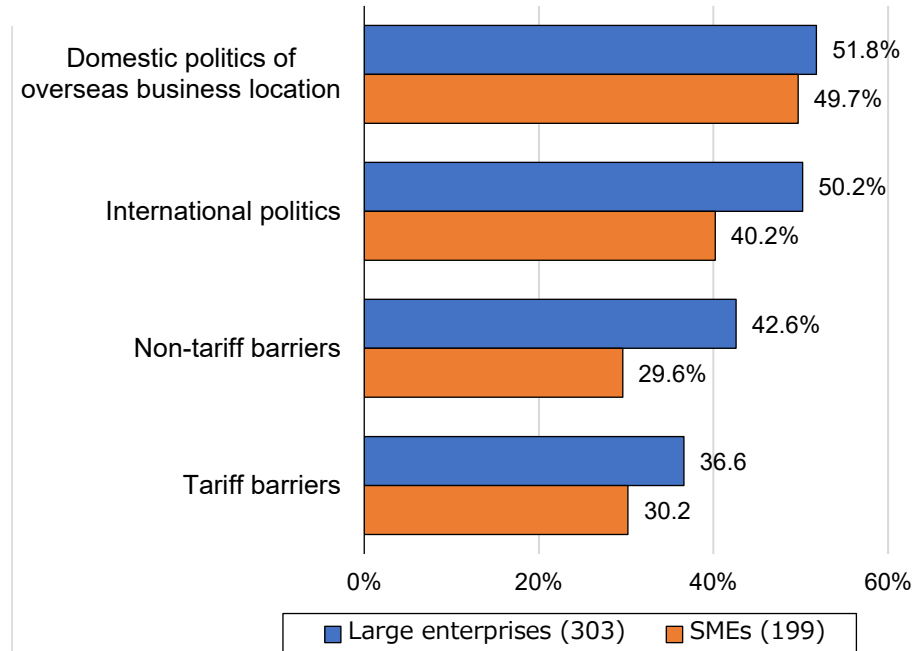


Figure 6.7 Geopolitical Risk Factors (by Company Size)

# companies: 502



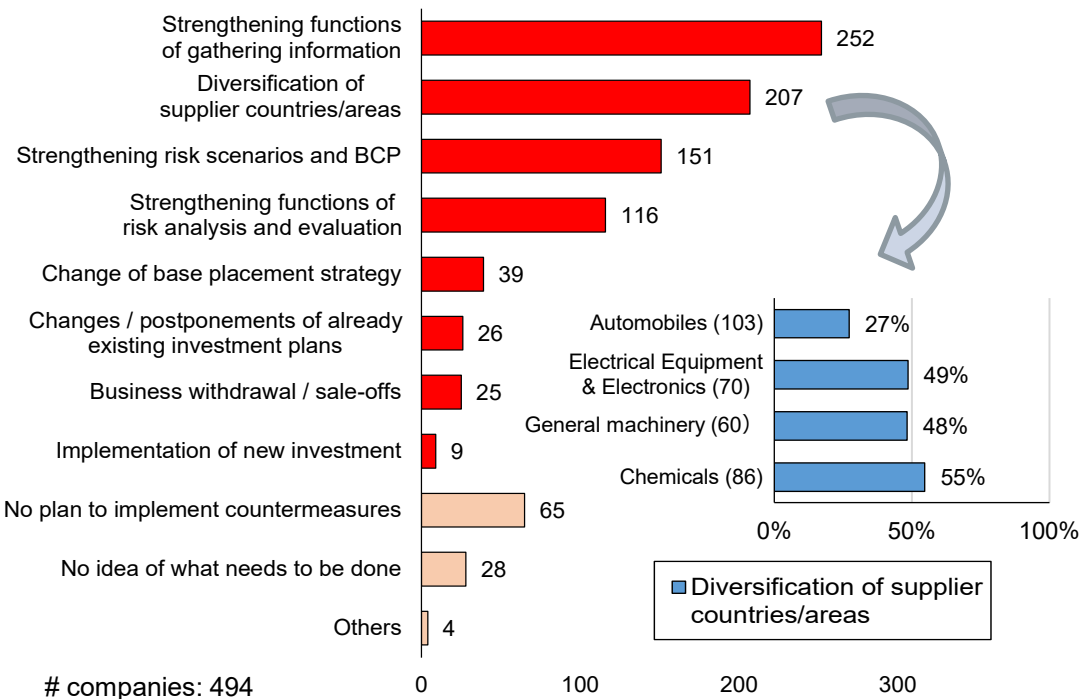
Note: (#) indicates the number of responding companies of each company size.

■ **The recent unstable international situation has resulted in domestic and international politics being the most perceived risk factor by companies in the countries where they operate.**

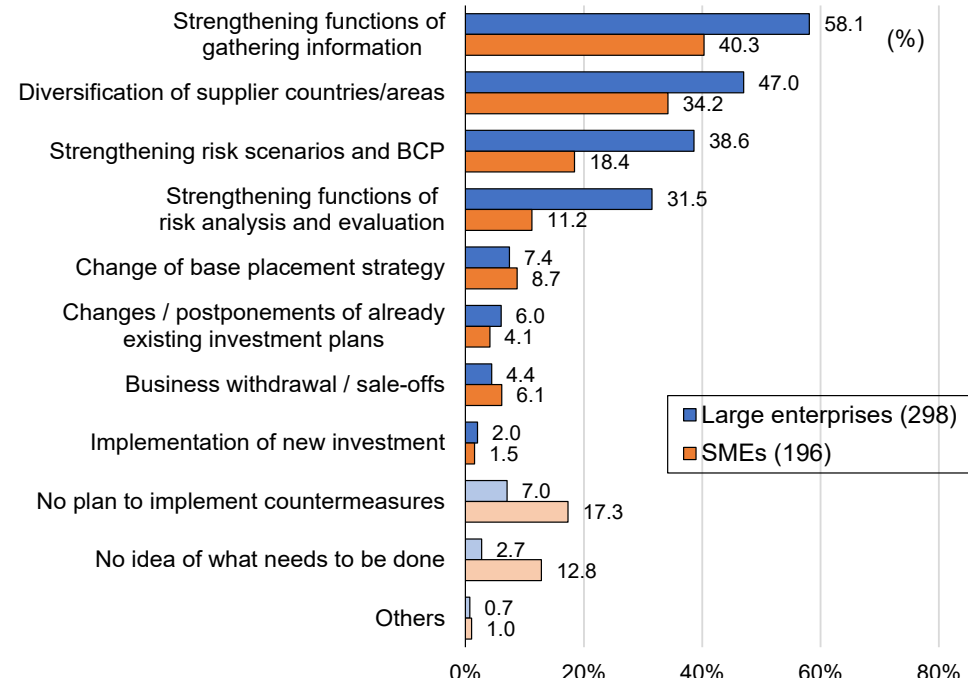
- When asked about geopolitical risks that are highly relevant to their business activities, 'Domestic politics of overseas business location' received the highest votes, followed by 'international politics', 'non-tariff barriers' and 'tariff barriers'.
- A comparison by company size suggested that 'domestic politics' is regarded as a geopolitical risk that should be considered regardless of the size of the company, whereas 'international politics' tends to be perceived as a relatively important risk factor by large enterprises with a wide range of overseas operations, compared to SMEs.
- The interview result revealed the specific examples of geopolitical risk factors, which includes: 'Concerns about being subject to strict examination and regulation by CFIUS (Committee on Foreign Investment in the United States) when developing new business in the US' (Electrical equipment and electronics); 'Stagnation of licence renewal in China' (Chemicals); 'Impact of financial sanctions in Russia-related business' (Electrical equipment & electronics). These individual and regional concerns might imply that geopolitical risk is becoming a company-wide issue for all companies.

Question What measures do you currently have in place to deal with geopolitical risks? (Multiple answers allowed)

### Figure 6.8 Measures to Address Geopolitical Risks



### Figure 6.9 Measures to Address Geopolitical Risks (by Size)



Note: Percentages are calculated using the number of responding companies in each size as the population parameter.

#### ■ Increased awareness of the need for companies to actively collect and analyse information on geopolitical risks

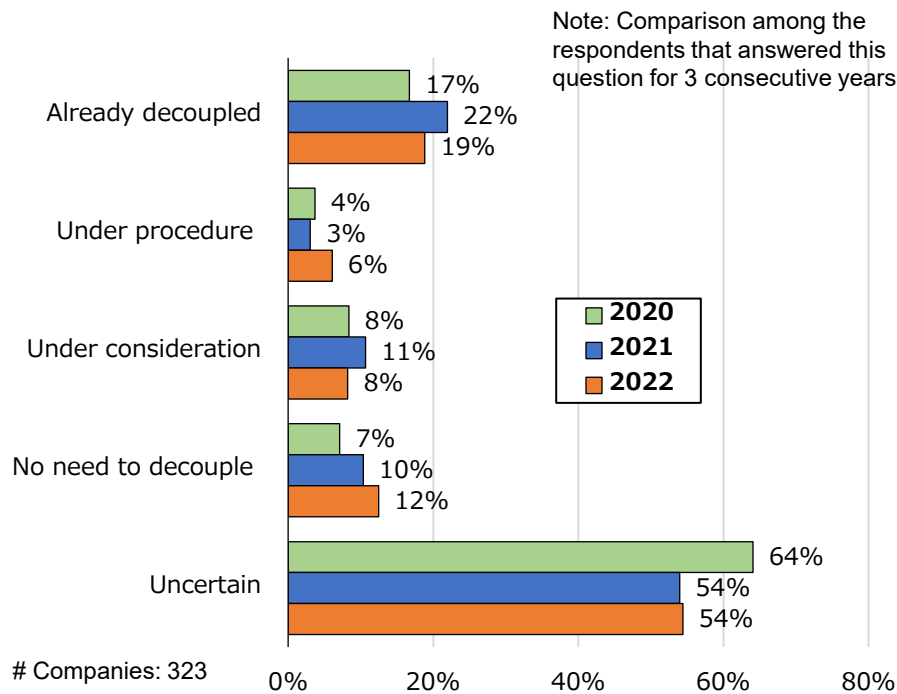
- As measures to address geopolitical risks, 'strengthening information gathering functions', 'strengthening risk scenarios and BCPs' and 'strengthening risk analysis and assessment functions' as well as 'diversifying suppliers' collected a lot of votes, indicating a growing awareness among companies to actively gather and analyse information. As specific measures, some companies mentioned they would "set up a working group within the company to discuss geopolitical risks" (Electrical Equipment & Electronics) and "set up a secretariat focusing on economic sanctions-related geopolitical risks such as OFAC" (Chemicals). On the other hand, relatively few companies have taken concrete steps to change their bases, withdraw from business or change their investment plans. In the analysis between major industries, the degree of efforts to 'diversify suppliers' in the automotive industry remained relatively small, as in the previous year's survey, suggesting the difficulty of diversifying suppliers in normal times due to the complexity of the procurement structure of the automobile industry.

#### ■ Size of companies makes a difference in their preparedness for geopolitical risks

- By size, both SMEs and large enterprises are making progress in strengthening their information gathering functions and diversifying their suppliers, which are relatively easy for even SMEs to undertake from a cost perspective, but SMEs are less likely to take measures such as strengthening risk scenarios and BCPs, and strengthening risk analysis and assessment functions, which may require the development of internal systems and long-lasting HR development.

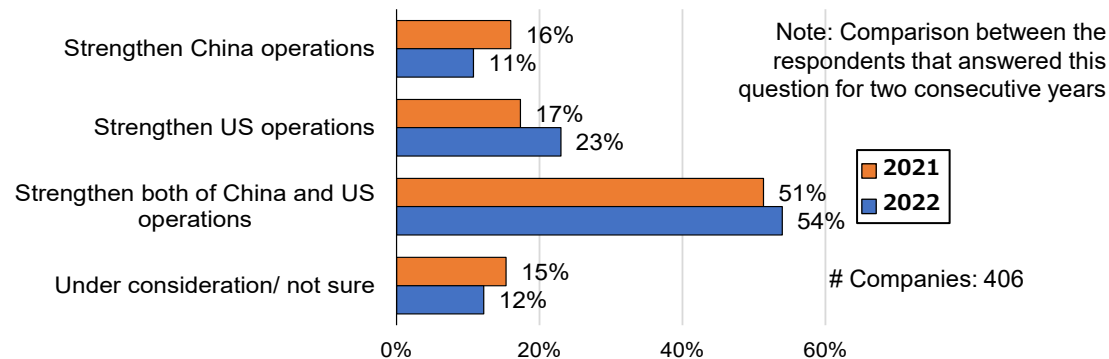
Question Regarding “US-China decoupling”, which measures has your company taken? In which direction is your company moving?

**Figure 6.10 Progress of US-China Decoupling**

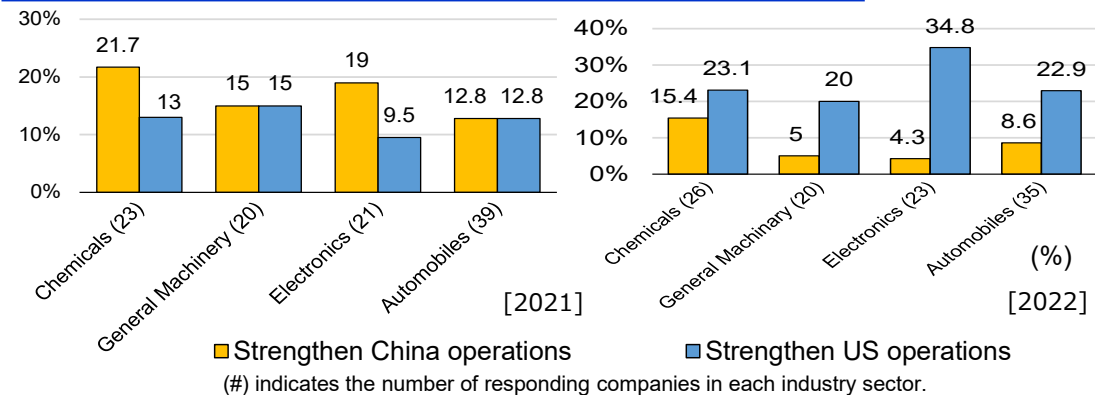


Note: Percentages are calculated based on the number of companies that responded for three consecutive years.

**Figure 6.11 Response to US-China Decoupling**



**Figure 6.12 Comparison over Time (by Industry)**



**Japanese manufacturing companies' response to the US-China decoupling has seen a decline in the strengthening of their China operations.**

- Between 2020 and 2021, the number of votes for “uncertain” decreased significantly, indicating that discussions on decoupling measures have deepened within each company, but the trend did not change significantly between 2021 and 2022 (the current year).
- Compared to the previous year, the proportion of companies that answered they would strengthen their Chinese operations decreased, while those which would strengthen their US operations increased. The main reason appears to be the impact of topical and economic events, such as the slump in economic activity following China’s strict zero-COVID policy. However, it seems that awareness of geopolitical risks, such as the possibility of a Taiwan contingency, also affects the trend.
- In last year’s survey, a more significant proportion of companies in the chemical and electrical equipment and electronics industries answered they would strengthen their China operations than their US operations. However, this trend has reversed in this year’s survey, with a clear shift from an emphasis on China to an emphasis on the US in all four major industries.



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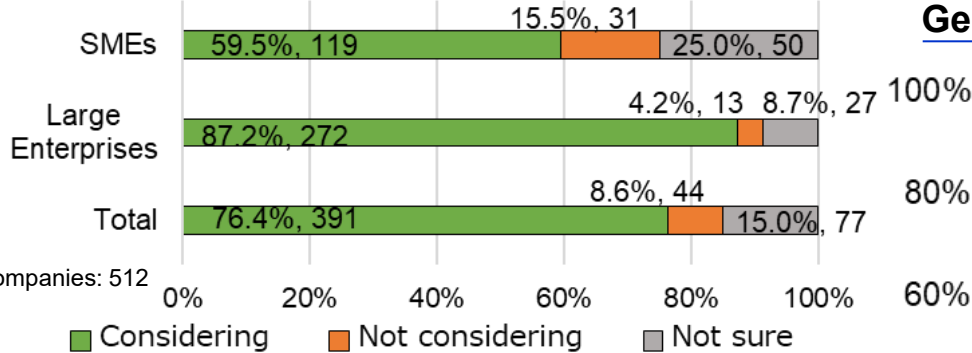
## 7. Sustainability



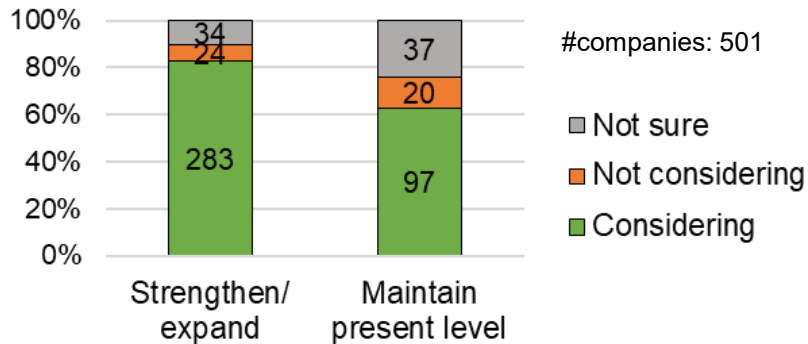
## Question

Does your company take sustainability into consideration when operating its overseas business? Please select one that is most applicable in your company.

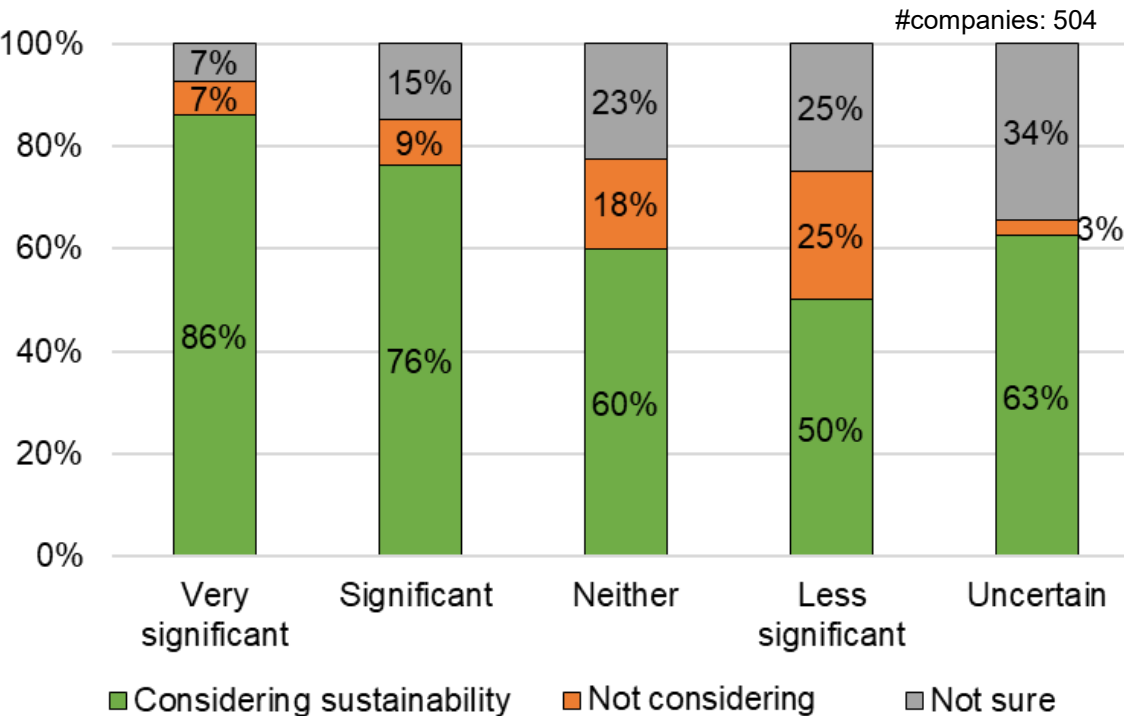
### Figure 7.1 Initiatives for Sustainability (by Scale)



### Figure 7.3 Initiatives for Sustainability in Stances on Future Overseas Business



### Figure 7.2 Initiatives for Sustainability in Stances on Geopolitical Risks

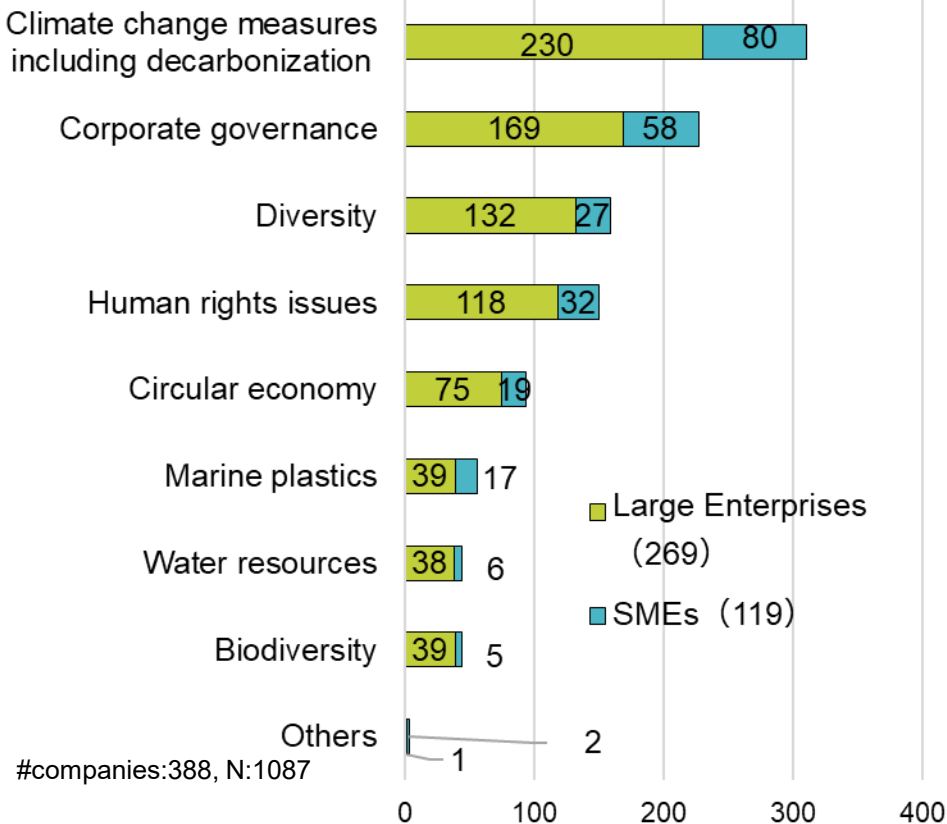


#### ■ Around 80% of companies take sustainability into consideration, and companies that are more active in overseas business development carry out business operations that take sustainability into account

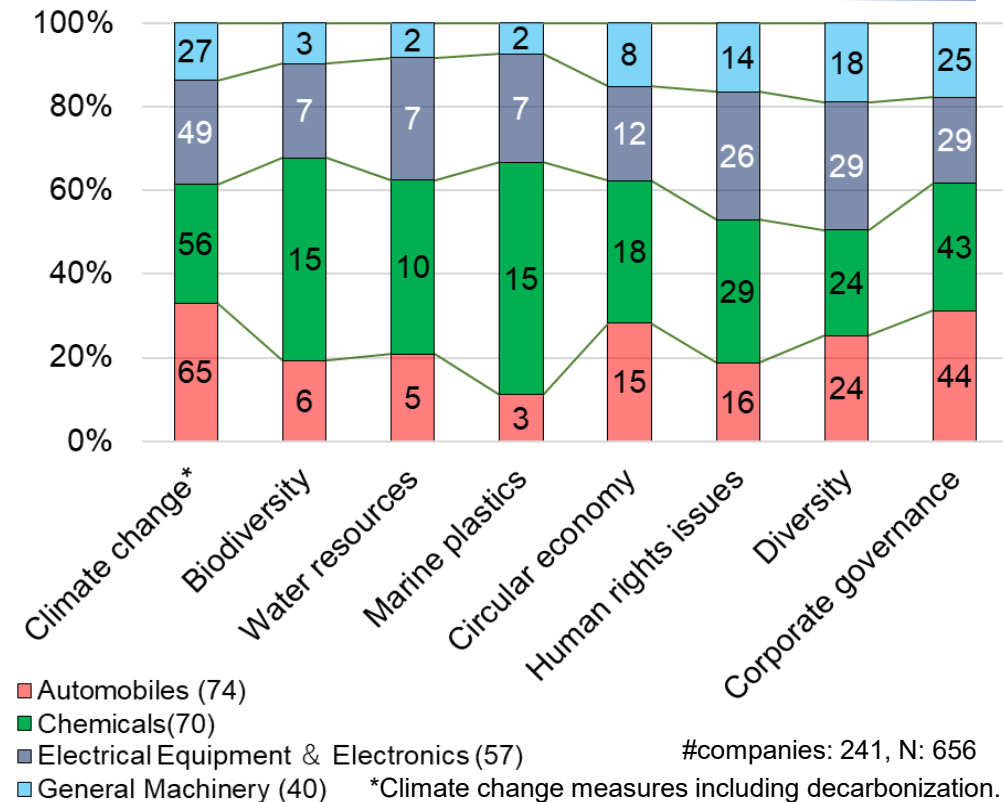
- Overall, 76% of companies responded that they are “considering” sustainability in their overseas business operations. By company size, nearly 90% of large enterprises answered that they were “considering,” while only about 60% of SMEs answered that they were “considering.”
- We found that companies that are more willing to expand overseas business and those that recognize geopolitical risk as more significant are more likely to operate their overseas businesses with sustainability in mind. Companies that are eager to do global business are exposed to a wide variety of risks on a daily basis, and this shows that they are highly aware of and eager to address external factors and global issues that can significantly affect their business environment.

**Question** For respondents who answered "1. Considering" in the previous question, please select the topics that are the most considered in your company when operating its overseas business. (Multiple answers allowed)

## Figure 7.4 Hot Topics in Sustainability (by Scale)



## Figure 7.5 Hot Topics in Sustainability (4 Main Industries)



### ■ Japanese manufacturers are most concerned about decarbonization among sustainability-related topics

- When we asked companies that responded that they were "considering" sustainability about sustainability-related topics of interest, "climate change measures including decarbonization" received most votes, followed by "corporate governance", "diversity", and "human rights issue". It was found that Japanese companies, regardless of their size, place overwhelming importance on "climate change measures including decarbonization" in terms of sustainability.
- By main industry, we found that chemicals have relatively high business interest even in fields such as "marine plastics" and "biodiversity," which are not currently attracting interest in the manufacturing industry as a whole.

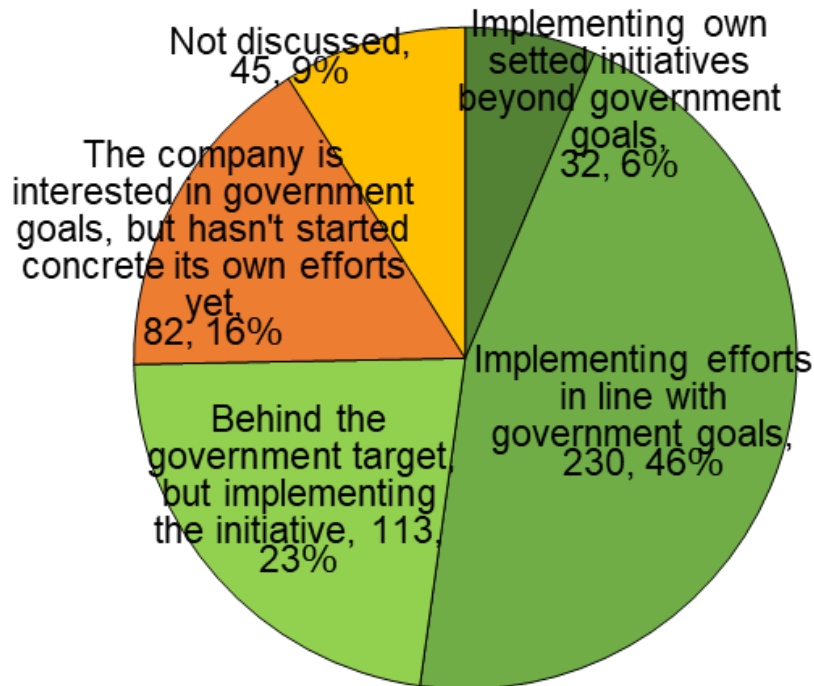
**Question** The Government of Japan has set a goal of achieving carbon neutrality (greenhouse gas emissions of virtually zero) by 2050. Based on the goals of the Government of Japan, please select one that is close to your company's efforts for decarbonization.

### ■ 75% of companies have implemented decarbonization efforts, and proactive motivation is the top

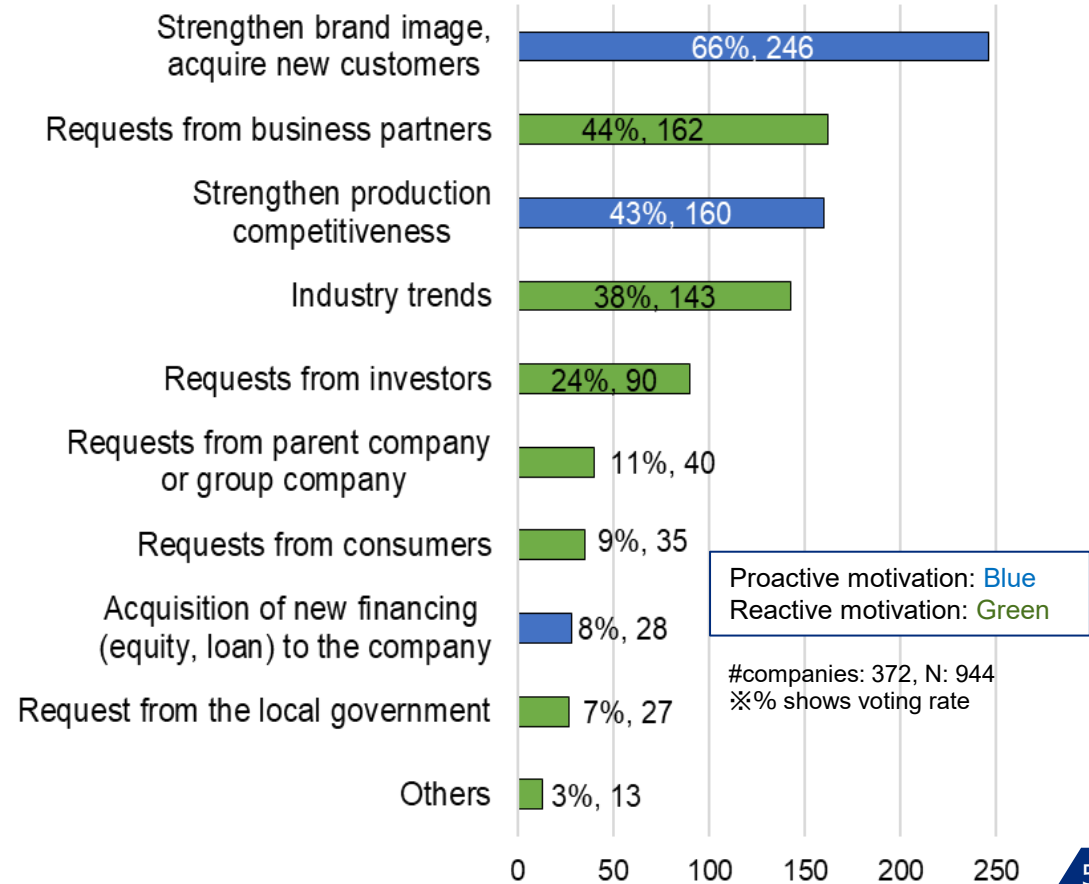
- In terms of the status of decarbonization efforts, 75% of the responding companies have already started some kind of decarbonization efforts, and a total of more than 50% of the companies are meeting or exceeding the government target (to achieve carbon neutrality by 2050), indicating a high level of commitment.
- As for their motivations for working on decarbonization, when we lined up options representing proactive or reactive attitudes toward various requests and pressures from outside the company, we found that "strengthening brand image, acquiring new customers" as the proactive motivation that collected the most votes.

### Figure 7.6 Initiatives for Decarbonization

#companies:502



### Figure 7.7 Motivations for Decarbonization

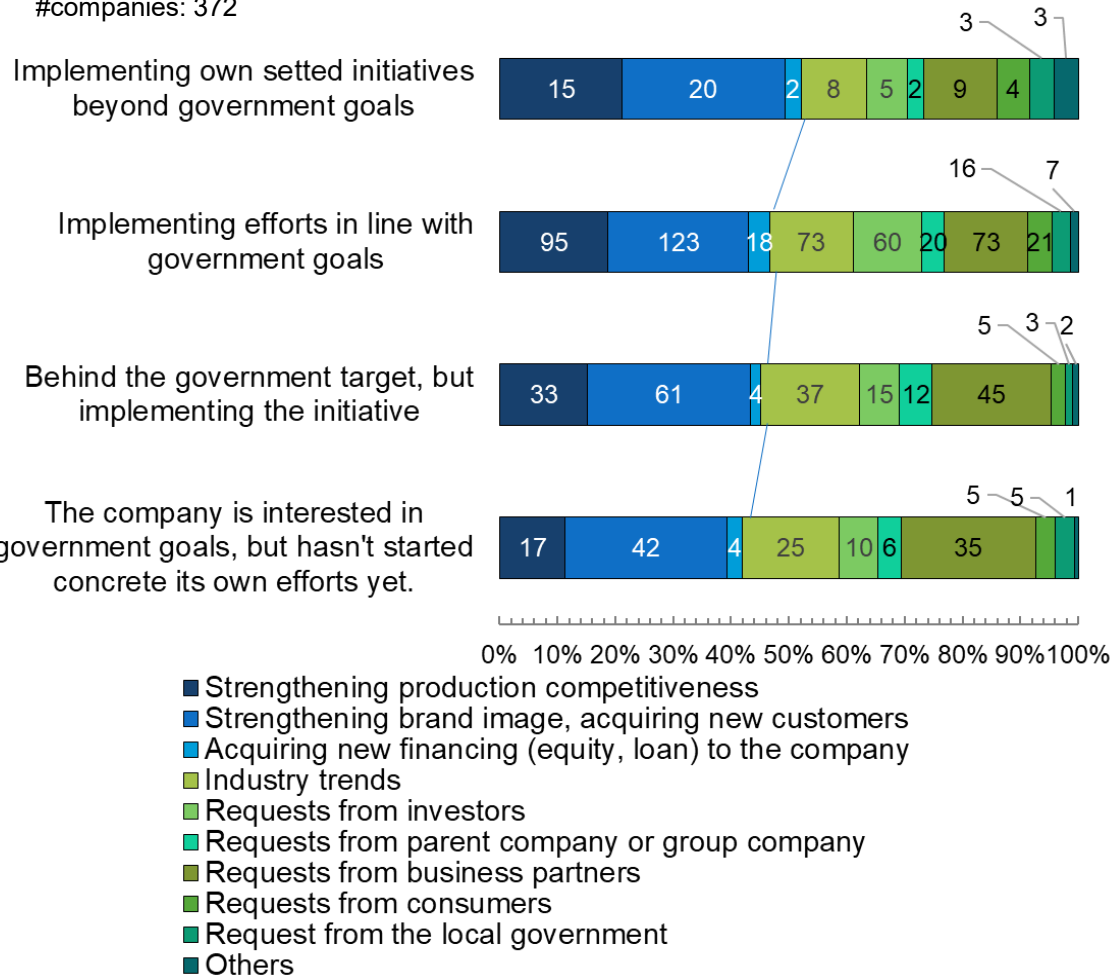


## Question

Choose reasons that are close to your company's idea regarding the reason(s) of having interest on decarbonization. (Multiple answers allowed.)

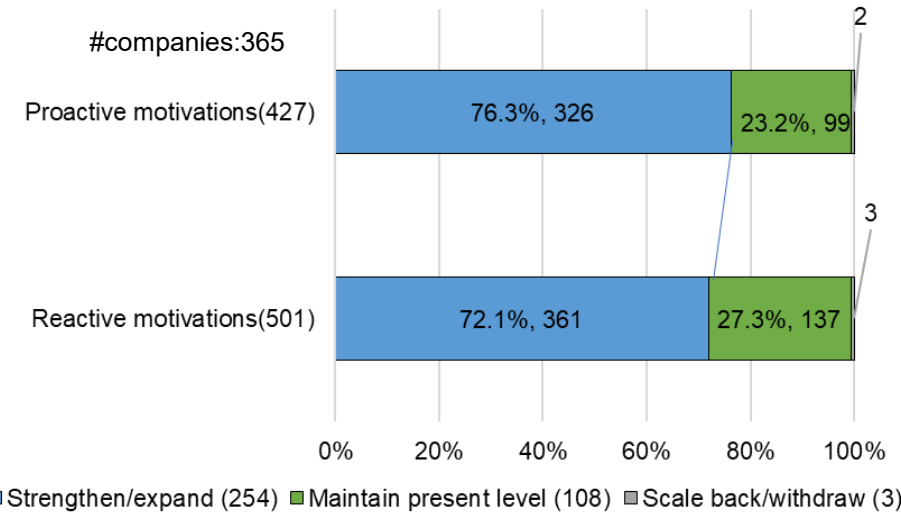
**Figure 7.8 Motivations for Decarbonization in Degree of Decarbonization Efforts**

#companies: 372



**Figure 7.9 Proactive/Reactive Motivations for Decarbonization in Overseas Business Stance**

#companies: 365



**Companies with more advanced decarbonization efforts have more active motivation and are more willing to expand overseas business**

- Looking at the breakdown of motivations by the degree of decarbonization efforts, we found that the more companies that are actively working on decarbonization, the more likely they are to choose proactive motivations. The result shows the "aggressive" attitude of Japanese manufacturing companies related to decarbonization.
- In addition, in the survey conducted in FY 2020, the most popular response to the question about the motivation to work on the SDGs was the reactive answer, i.e., "increased interest from consumers, buyers and professional federations." Compared to the above, it seems that "sustainability" is rather used by companies in their strategic planning and initiatives to proactively expand business opportunities.



Question What do you expect from the government as the support measure(s) to tackle decarbonization? (Multiple answers allowed)

Figure 7.10 Expectations for Government Policies

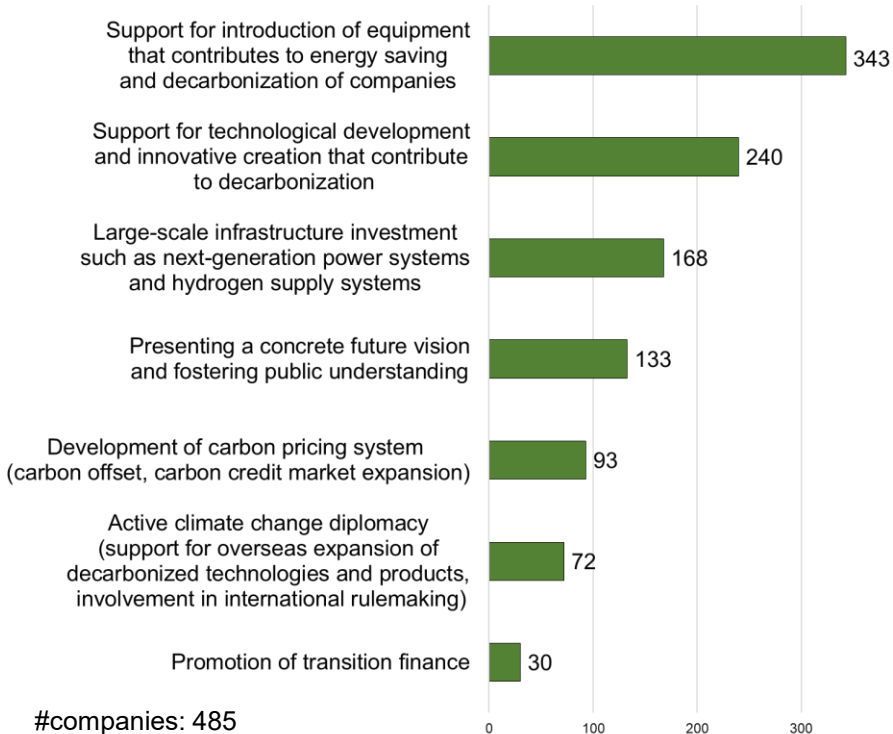


Figure 7.11 Expectations for Government Policies (4 Main Industries)

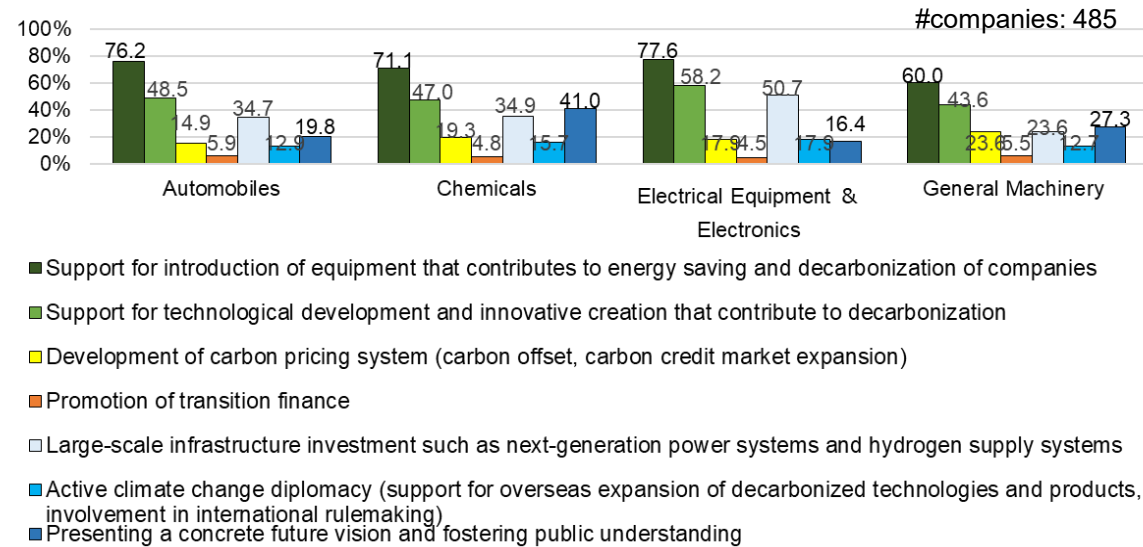
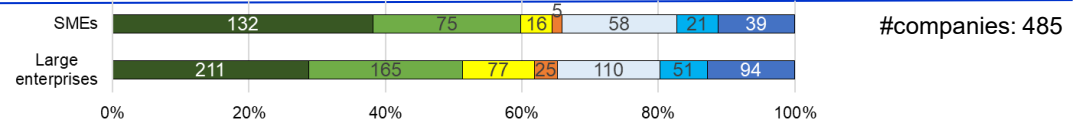


Figure 7.12 Expectations for Government Policies (by Scale)



### Expectations for government policies focus on ensuring profitability in the immediate future and on developing new markets in the medium- to long-term future

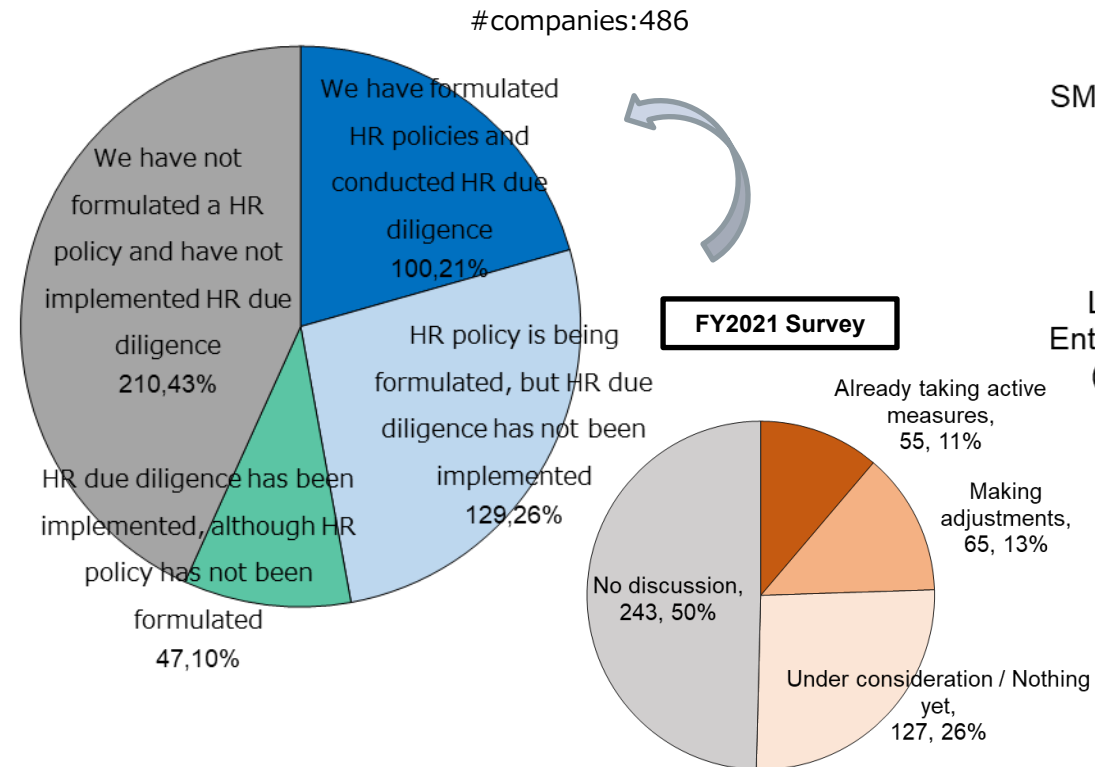
- Regarding expectations for government policies, many companies answered with “introduction of equipment that contributes to energy saving and decarbonization of companies” and “technological development and innovation creation that contribute to decarbonization”. It can be seen that there are expectations (especially from SMEs) for government policies to lead Japanese manufacturers’ decarbonization business up to the next stage from the initial one.
- There are expectations for “large-scale infrastructure investment such as next-generation power systems and hydrogen supply systems” that are to a certain extent from all major industries, suggesting that there are generally high expectations for the creation of new markets through decarbonization. There are high expectations from the electrical equipment and electronics industry, which expects to provide digital technologies. In addition, “presenting a concrete future image and fostering public understanding” received a relatively large number of votes from the chemicals industry, which is considered to have a large amount of carbon emissions and little room for emission reductions.



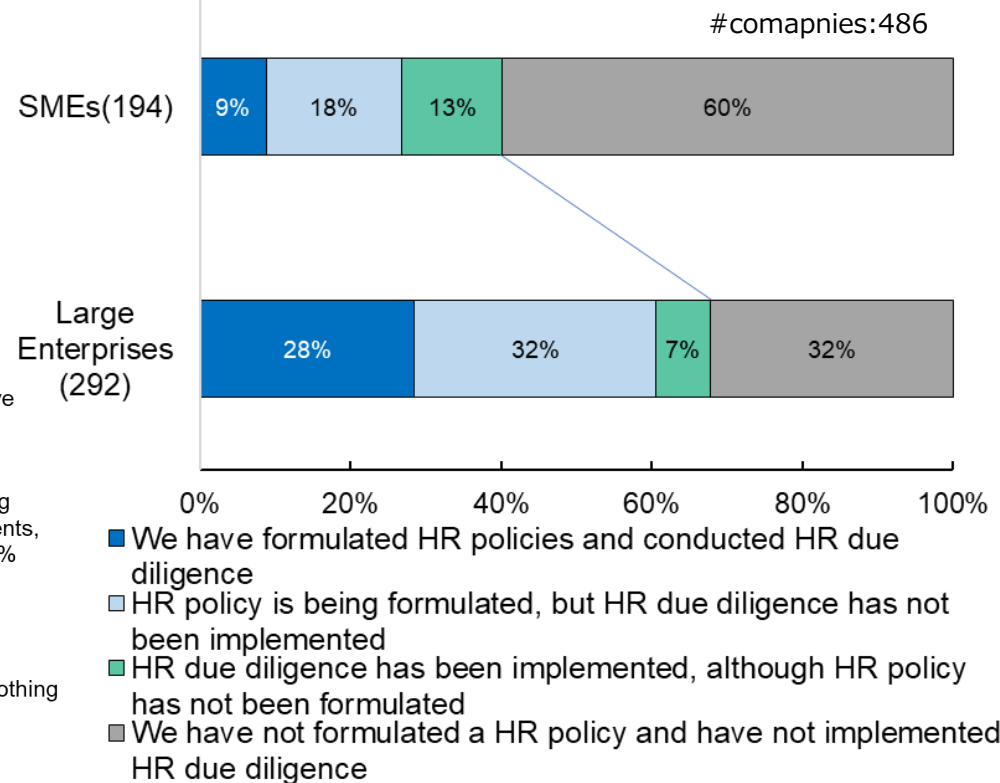
## Question

About your company's approach to "human rights (HR) issues" in its supply chain, please select one that is close to your company's status.

**Figure 7.13 Initiatives for Human Rights Issues**



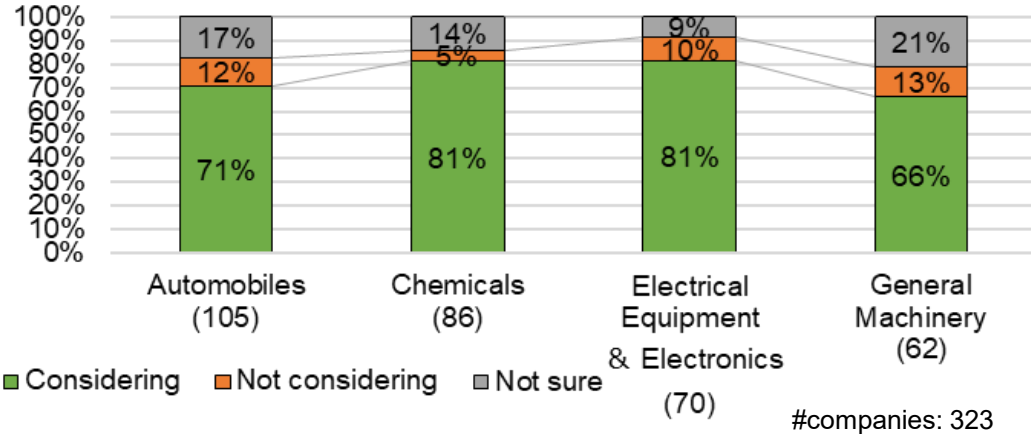
**Figure 7.14 Initiatives for Human Rights Issues (by Scale)**



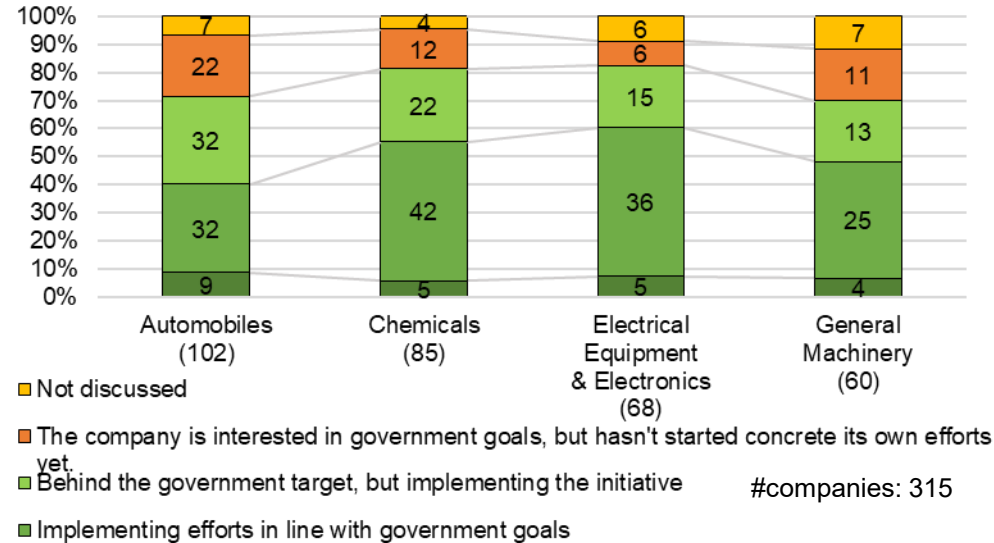
### ■ Progress Made in Addressing Human Rights Issues by Japanese Manufacturers

- In last year's survey, 76% of the responses regarding the status of efforts to address human rights issues chose "no action" ("no discussion" or "under discussion/nothing yet"). The ratio of "no action" has decreased to less than 50% this year. In light of the developments in laws and regulations on business and human rights in Europe and the US since last year, and the formulation of the 'Guidelines on Respecting Human Rights in Responsible Supply Chains' by the Japanese Government in September 2022, it can be seen that considerable progress has been made in tackling HR issues in the Japanese manufacturing industry.
- By scale, initiatives on HR issues by large enterprises are far ahead.

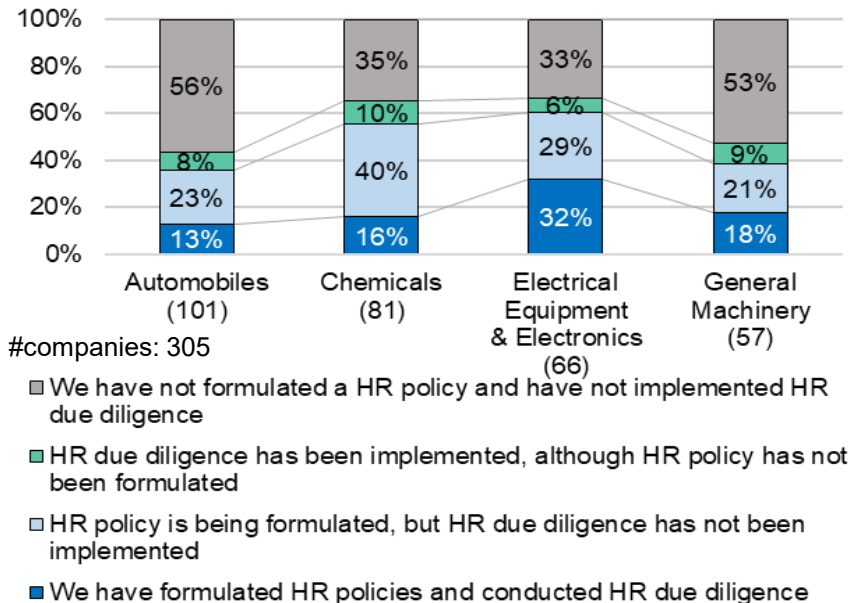
**Figure 7.15**  
Initiatives for Sustainability (by Industry)



**Figure 7.16**  
Initiatives for Decarbonization (by Industry)



**Figure 7.17 Initiatives for HR Issues (by Industry)**



#### ■ Sustainability efforts are relatively ahead of Chemicals and Electrical Equipment and Electronics industries

- Comparing the status of various sustainability initiatives by main industry, the results show that chemical and electrical/electronic industries are relatively ahead.
- In terms of decarbonization efforts, the chemicals sector is particularly successful in creating business opportunities in the field of low-carbon and decarbonized materials, while the electronics and electrical machinery sector has a variety of B-to-C and B-to-B decarbonization business opportunities, and the relative ease of efforts to reduce CO<sub>2</sub> emissions in the manufacturing process. On the other hand, in the automotive sector, where companies have different stances on EVs depending on their product lineups, the extent of their decarbonization efforts varied.
- In terms of addressing HR issues, the electrical equipment and electronics industry, which has labor-intensive processes in their supply chains, and chemicals industry, which seems to have a relatively high social and environmental impact due to the procurement of raw materials, are urgently required to respond.

日本の力を、世界のために。

Supporting Your Global Challenges



## Appendix #1: Detailed Data



Industry	Overseas Production Ratio ※1										Overseas Sales Ratio ※2							
	FY2019 (actual)		FY2020 (actual)		FY2021 (actual)		FY2022 (projected)		Medium-term plans(FY2025)		FY2019 (actual)		FY2020 (actual)		FY2021 (actual)		FY2022 (projected)	
	No. of Companies		No. of Companies		No. of Companies		No. of Companies		No. of Companies		No. of Companies		No. of Companies		No. of Companies		No. of Companies	
Food	18.0%	20	21.3%	19	22.2%	18	22.2%	18	24.4%	18	16.4%	22	20.0%	22	16.6%	19	16.6%	19
Textiles	57.1%	19	52.7%	22	50.5%	20	50.5%	20	48.9%	18	32.0%	20	27.2%	23	26.5%	20	27.0%	20
Paper, Pulp & Wood	19.4%	9	13.2%	11	15.8%	13	16.5%	13	16.8%	11	18.3%	9	16.8%	11	15.0%	14	16.4%	14
Chemicals (total)	30.9%	64	26.4%	70	26.4%	76	26.7%	76	27.8%	68	35.1%	74	33.2%	79	36.2%	86	37.0%	84
Chemicals (incl. plastic products)	32.1%	58	27.2%	65	27.0%	71	27.1%	71	28.6%	64	35.7%	68	33.9%	74	36.6%	81	37.4%	79
Pharmaceuticals	20.0%	6	17.0%	5	19.0%	5	21.0%	5	15.0%	4	28.3%	6	23.0%	5	29.0%	5	31.0%	5
Petroleum & Rubber	41.7%	12	43.2%	11	29.5%	11	30.5%	11	30.5%	11	40.0%	12	40.0%	12	32.3%	11	33.2%	11
Ceramics, Cement & Glass	30.7%	7	43.2%	11	41.0%	10	41.0%	10	40.6%	9	35.0%	10	41.7%	12	40.0%	10	41.0%	10
Steel	25.0%	15	27.0%	10	18.3%	9	18.3%	9	19.4%	9	24.4%	16	24.0%	10	29.0%	10	28.3%	9
Nonferrous Metals	35.0%	14	38.0%	20	35.0%	19	33.3%	18	35.6%	17	32.1%	17	34.0%	21	39.3%	21	37.2%	18
Metal Products	31.7%	24	30.0%	20	32.4%	19	32.2%	18	33.2%	17	35.8%	25	38.5%	20	36.1%	19	38.2%	19
General Machinery (total)	26.3%	45	25.2%	55	28.9%	59	28.9%	57	29.4%	57	37.4%	46	35.0%	57	40.3%	62	41.9%	61
Assembly	23.7%	39	23.8%	42	25.2%	42	24.5%	40	24.5%	40	37.0%	40	36.6%	44	39.2%	45	40.7%	44
Parts	43.3%	6	29.6%	13	37.9%	17	39.1%	17	40.9%	17	40.0%	6	29.6%	13	43.2%	17	45.0%	17
Electrical Equipment & Electronics (total)	40.6%	57	41.8%	56	45.5%	66	45.5%	66	48.2%	62	43.8%	65	46.4%	66	46.5%	72	47.8%	72
Assembly	33.5%	27	31.5%	23	34.5%	22	34.5%	22	38.5%	20	36.3%	30	34.6%	27	36.3%	24	38.3%	24
Parts	47.0%	30	48.9%	33	50.9%	44	50.9%	44	52.9%	42	50.1%	35	54.5%	39	51.7%	48	52.5%	48
Transportation Equipment (excl. Automobiles)	32.1%	14	30.8%	12	36.8%	17	36.8%	17	43.6%	14	34.3%	14	42.5%	12	42.6%	17	44.4%	16
Automobiles (total)	42.1%	99	41.4%	105	41.3%	101	42.1%	100	42.7%	94	43.4%	104	40.1%	108	40.9%	105	40.4%	102
Assembly	58.3%	3	40.0%	4	55.0%	4	65.0%	3	60.0%	2	77.5%	4	55.0%	5	73.0%	5	70.0%	4
Parts	41.6%	96	41.4%	101	40.8%	97	41.4%	97	42.3%	92	42.0%	100	39.4%	103	39.3%	100	39.2%	98
Precision Machinery (total)	30.3%	30	25.7%	29	38.1%	26	38.1%	26	40.0%	26	41.8%	31	37.0%	30	47.1%	28	47.9%	28
Assembly	23.9%	19	20.6%	18	29.7%	15	29.7%	15	33.0%	15	43.9%	19	35.6%	18	49.4%	16	50.6%	16
Parts	41.4%	11	34.1%	11	49.5%	11	49.5%	11	49.5%	11	38.3%	12	39.2%	12	44.2%	12	44.2%	12
Other	23.6%	42	23.1%	16	24.2%	12	23.3%	12	25.0%	12	26.7%	48	19.7%	17	23.6%	14	23.6%	14
Overall	33.9%	471	33.6%	467	34.9%	476	35.0%	471	36.3%	443	36.2%	513	35.8%	500	37.9%	508	38.5%	497

Note 1: Overseas Production Ratio = Overseas Production / (Domestic Production + Overseas Production)

Note 2: Overseas Sales Ratio = Overseas Sales / (Domestic Sales + Overseas Sales)

Overseas	Strengthen /expand		Maintain present level		Scale back /withdraw	
	2021	2022	2021	2022	2021	2022
	All Industries	63.7%	67.2%	34.7%	31.6%	1.6%
Food	91.3%	75.0%	8.7%	25.0%	-	-
Textiles	56.5%	61.9%	43.5%	38.1%	-	-
Paper, Pulp & Wood	63.6%	69.2%	36.4%	30.8%	-	-
Chemicals (total)	63.6%	73.8%	36.4%	25.0%	-	1.2%
Chemicals (incl. plastic products)	63.9%	72.2%	36.1%	26.6%	-	1.3%
Pharmaceuticals	60.0%	100.0%	40.0%	-	-	-
Petroleum & Rubber	50.0%	61.5%	50.0%	38.5%	-	-
Ceramics, Cement & Glass	58.3%	60.0%	41.7%	40.0%	-	-
Steel	66.7%	54.5%	25.0%	45.5%	8.3%	-
Nonferrous Metals	57.1%	65.2%	38.1%	34.8%	4.8%	-
Metal Products	52.4%	52.6%	42.9%	42.1%	4.8%	5.3%
General Machinery (total)	75.9%	85.0%	24.1%	15.0%	-	-
Assembly	80.0%	86.0%	20.0%	14.0%	-	-
Parts	61.5%	82.4%	38.5%	17.6%	-	-
Electrical Equipment & Electronics (total)	81.5%	80.3%	18.5%	19.7%	-	-
Assembly	77.8%	79.2%	22.2%	20.8%	-	-
Parts	84.2%	80.9%	15.8%	19.1%	-	-
Transportation Equipment (excl. Automobiles)	72.7%	76.5%	27.3%	23.5%	-	-
Automobiles (total)	43.4%	45.8%	53.8%	50.5%	2.8%	3.7%
Assembly	20.0%	75.0%	60.0%	25.0%	20.0%	-
Parts	44.6%	44.7%	53.5%	51.5%	2.0%	3.9%
Precision Machinery (total)	81.3%	78.6%	15.6%	21.4%	3.1%	-
Assembly	80.0%	75.0%	15.0%	25.0%	5.0%	-
Parts	83.3%	83.3%	16.7%	16.7%	-	-
Other	50.0%	53.3%	44.4%	46.7%	5.6%	-

Domestic	Strengthen /expand		Maintain present level		Scale back	
	2021	2022	2021	2022	2021	2022
	All Industries	47.3%	49.2%	52.1%	50.4%	0.6%
Food	47.8%	50.0%	52.2%	50.0%	-	-
Textiles	26.1%	33.3%	69.6%	66.7%	4.3%	-
Paper, Pulp & Wood	30.0%	71.4%	70.0%	28.6%	-	-
Chemicals (total)	54.5%	58.3%	45.5%	41.7%	-	-
Chemicals (incl. plastic products)	54.2%	55.7%	45.8%	44.3%	-	-
Pharmaceuticals	60.0%	100.0%	40.0%	-	-	-
Petroleum & Rubber	21.4%	46.2%	78.6%	53.8%	-	-
Ceramics, Cement & Glass	41.7%	30.0%	58.3%	70.0%	-	-
Steel	25.0%	18.2%	75.0%	81.8%	-	-
Nonferrous Metals	47.6%	47.8%	52.4%	52.2%	-	-
Metal Products	52.4%	44.4%	47.6%	55.6%	-	-
General Machinery (total)	55.2%	56.7%	44.8%	43.3%	-	-
Assembly	57.8%	60.5%	42.2%	39.5%	-	-
Parts	46.2%	47.1%	53.8%	52.9%	-	-
Electrical Equipment & Electronics (total)	58.5%	60.6%	41.5%	39.4%	-	-
Assembly	44.4%	50.0%	55.6%	50.0%	-	-
Parts	68.4%	66.0%	31.6%	34.0%	-	-
Transportation Equipment (excl. Automobiles)	54.5%	47.1%	45.5%	52.9%	-	-
Automobiles (total)	34.3%	36.4%	63.8%	61.7%	1.9%	1.9%
Assembly	20.0%	50.0%	80.0%	50.0%	-	-
Parts	35.0%	35.9%	63.0%	62.1%	2.0%	1.9%
Precision Machinery (total)	68.8%	60.7%	31.3%	39.3%	-	-
Assembly	65.0%	56.3%	35.0%	43.8%	-	-
Parts	75.0%	66.7%	25.0%	33.3%	-	-
Other	52.9%	33.3%	47.1%	66.7%	-	-

Note: The option "undecided" was eliminated from FY2021 survey.

## Promising Countries/Regions over the Mid-term (Next 3 Years)

Rank	FY2022 Survey	No. of Companies	Percentage share (%)	FY2021 Survey	No. of Companies	Percentage share (%)	FY2020 Survey	No. of Companies	Percentage share (%)	FY2019 Survey	No. of Companies	Percentage share (%)	FY2018 Survey	No. of Companies	Percentage share (%)
		367			345			356			404			431	
1	India	148	40.3	China	162	47.0	China	168	47.2	India	193	47.8	China	225	52.2
2	China	136	37.1	India	131	38.0	India	163	45.8	China	180	44.6	India	199	46.2
3	US	118	32.2	US	113	32.8	Vietnam	131	36.8	Vietnam	147	36.4	Thailand	160	37.1
4	Vietnam	106	28.9	Vietnam	105	30.4	Thailand	111	31.2	Thailand	133	32.9	Vietnam	146	33.9
5	Thailand	85	23.2	Thailand	77	22.3	US	98	27.5	Indonesia	102	25.2	Indonesia	131	30.4
6	Indonesia	77	21.0	Indonesia	67	19.4	Indonesia	96	27.0	US	93	23.0	US	124	28.8
7	Malaysia	31	8.4	Philippines	31	9.0	Philippines	37	10.4	Philippines	48	11.9	Mexico	59	13.7
8	Philippines	28	7.6	Mexico	30	8.7	Malaysia	34	9.6	Mexico	47	11.6	Philippines	43	10.0
9	Mexico	27	7.4	Malaysia	27	7.8	Mexico	32	9.0	Myanmar	41	10.1	Myanmar	37	8.6
10	Taiwan	23	6.3	Taiwan	19	5.5	Myanmar	25	7.0	Malaysia	18	4.5	Malaysia	36	8.4
11	Germany	21	5.7	Germany	17	4.9	Germany	20	5.6	Taiwan			15	3.7	Germany
12	Korea	17	4.6	Korea	16	4.6	Taiwan	18	5.1	Korea	14	3.5			Brazil
13	Brazil	15	4.1	Brazil	13	3.8	Bangladesh	16	4.5	Singapore			13	3.2	Korea
14	Australia	13	3.5	Australia	12	3.5	Australia	14	3.9	Germany	12	3.0			Taiwan
15	Singapore	12	3.3	Singapore	10	2.9	Korea	12	3.4	Australia			11	3.1	Russia
16	Bangladesh	10	2.7	Myanmar			Singapore	Brazil	11	3.1	Cambodia	12			3.0
17	UK	9	2.5	Bangladesh	7	2.0	UK	9	2.5	Brazil	9	2.2	Cambodia	13	3.0
18	Turkey			Russia			UK			9			2.5	Russia	9
19	France	8	2.2	Turkey	7	2.0	Russia	8	2.2	France	8	2.0	Turkey	9	2.1
20	Cambodia	7	1.9	Canada			Turkey	7	2.0	Turkey			8	2.0	Laos
													France		

## Promising Countries/Regions in the Long-term (Next 10 Years)

Rank	FY2022 Survey	No. of Companies	Percentage share (%)	FY2021 Survey	No. of Companies	Percentage share (%)
		235			243	
1	India	119	50.6	India	120	49.4
2	China	86	36.6	China	99	40.7
3	US	69	29.4	US	71	29.2
4	Vietnam	66	28.1	Vietnam	69	28.4
5	Indonesia	53	22.6	Indonesia	57	23.5
6	Thailand	45	19.1	Thailand	46	18.9
7	Philippines	22	9.4	Brazil	22	9.1
8	Mexico	19	8.1	Myanmar	21	8.6
9	Malaysia	17	7.2	Mexico	17	7.0
10	Taiwan	14	6.0	Philippines		



### Promising Countries/Regions for Overseas Business over the Mid-term (Next 3 Years) (SMEs)

Question Please provide us with the names of up to 5 countries that you consider to have promising prospects for business operations over the mid-term (next 3 years). (Multiple answers allowed)

Note: Percentage of votes (%)  
= Number of votes for country / Number of respondent companies

Ranking			Country/Region (Total)	No. of Companies		Percentage Share(%)	
2022	← 2021			2022 129	2021 122	2022	2021
1	↑	3	India	47	41	36.4	33.6
2	-	2	US	34	42	26.4	34.4
2	↑	4	Vietnam	34	31	26.4	25.4
4	↓	1	China	32	43	24.8	35.2
5	↑	6	Indonesia	30	21	23.3	17.2
6	↓	5	Thailand	29	22	22.5	18.0
7	-	7	Mexico	15	16	11.6	13.1
8	↓	7	Philippines	13	16	10.1	13.1
9	-	9	Malaysia	9	9	7.0	7.4
10	↑	14	Germany	6	3	4.7	2.5
10	↑	14	Taiwan	6	3	4.7	2.5
12	↓	11	Singapore	4	4	3.1	3.3
12	↑	18	Cambodia	4	2	3.1	1.6
14	↓	10	Australia	3	5	2.3	4.1
14	↓	11	Korea	3	4	2.3	3.3
14	-	14	Bangladesh	3	3	2.3	2.5
17	↓	14	Myanmar	2	3	1.6	2.5
17	↑	18	Brazil	2	2	1.6	1.6
17	↑	18	France	2	2	1.6	1.6
17	↑	18	Italy	2	2	1.6	1.6
17	↑	25	Laos	2	1	1.6	0.8
17	↑	25	Spain	2	1	1.6	0.8
17	↑	25	UK	2	1	1.6	0.8
17	↑	-	Poland	2	-	1.6	-

Note 1: The number of responding companies refers to the number of companies that cited reasons for a country being promising.

Note 2: The colored cell indicate the top three reasons most often cited for each country.

FY2022 Survey	1 India		2 China		3 US		4 Vietnam		5 Thailand		6 Indonesia		7 Malaysia		8 Philippines		9 Mexico		10 Taiwan		
	#	Ratio	#	Ratio	#	Ratio	#	Ratio	#	Ratio	#	Ratio	#	Ratio	#	Ratio	#	Ratio	#	Ratio	
	companies		companies		companies		companies		companies		companies		companies		companies		companies		companies		companies
No. of responding companies	145	100%	134	100%	115	100%	104	100%	82	100%	76	100%	31	100%	27	100%	26	100%	21	100%	
1. Qualified human resources	27	18.6%	22	16.4%	20	17.4%	21	20.2%	13	15.9%	8	10.5%	2	6.5%	7	25.9%	-	0.0%	3	14.3%	
2. Inexpensive source of labor	45	31.0%	11	8.2%	1	0.9%	58	55.8%	27	32.9%	26	34.2%	8	25.8%	15	55.6%	9	34.6%	2	9.5%	
3. Inexpensive components/raw materials	16	11.0%	13	9.7%	4	3.5%	14	13.5%	6	7.3%	5	6.6%	4	12.9%	1	3.7%	-	0.0%	-	0.0%	
4. Supply base for assemblers	28	19.3%	27	20.1%	21	18.3%	16	15.4%	16	19.5%	10	13.2%	5	16.1%	5	18.5%	14	53.8%	4	19.0%	
5. Concentration of industry	22	15.2%	37	27.6%	38	33.0%	19	18.3%	24	29.3%	11	14.5%	3	9.7%	3	11.1%	5	19.2%	7	33.3%	
6. Good for risk diversification to other countries	17	11.7%	2	1.5%	5	4.3%	32	30.8%	13	15.9%	9	11.8%	5	16.1%	11	40.7%	2	7.7%	3	14.3%	
7. Base of export to Japan	7	4.8%	12	9.0%	3	2.6%	15	14.4%	15	18.3%	5	6.6%	4	12.9%	3	11.1%	-	0.0%	2	9.5%	
8. Base of export to third countries	18	12.4%	7	5.2%	4	3.5%	18	17.3%	19	23.2%	12	15.8%	7	22.6%	9	33.3%	6	23.1%	3	14.3%	
9. Current size of local market	63	43.4%	90	67.2%	84	73.0%	22	21.2%	27	32.9%	37	48.7%	8	25.8%	10	37.0%	6	23.1%	12	57.1%	
10. Future growth potential of local market	124	85.5%	86	64.2%	64	55.7%	72	69.2%	45	54.9%	60	78.9%	17	54.8%	15	55.6%	16	61.5%	12	57.1%	
11. Profitability of local market	13	9.0%	22	16.4%	42	36.5%	11	10.6%	13	15.9%	13	17.1%	4	12.9%	2	7.4%	3	11.5%	2	9.5%	
12. Developed local infrastructure	3	2.1%	22	16.4%	43	37.4%	11	10.6%	17	20.7%	2	2.6%	4	12.9%	5	18.5%	2	7.7%	6	28.6%	
13. Developed local logistics services	-	0.0%	12	9.0%	22	19.1%	6	5.8%	9	11.0%	3	3.9%	-	0.0%	5	18.5%	3	11.5%	3	14.3%	
14. Tax incentives for investment	2	1.4%	5	3.7%	2	1.7%	9	8.7%	13	15.9%	4	5.3%	2	6.5%	2	7.4%	-	0.0%	-	0.0%	
15. Stable policies to attract foreign investment	4	2.8%	4	3.0%	2	1.7%	9	8.7%	13	15.9%	3	3.9%	1	3.2%	-	0.0%	-	0.0%	1	4.8%	
16. Social/political situation stable	5	3.4%	4	3.0%	30	26.1%	25	24.0%	10	12.2%	3	3.9%	2	6.5%	4	14.8%	-	0.0%	3	14.3%	

FY2021 Survey	1 China		2 India		3 US		4 Vietnam		5 Thailand		6 Indonesia		7 Philippines		8 Mexico		9 Malaysia		10 Taiwan		
	#	Ratio	#	Ratio	#	Ratio	#	Ratio	#	Ratio	#	Ratio	#	Ratio	#	Ratio	#	Ratio	#	Ratio	
	companies		companies		companies		companies		companies		companies		companies		companies		companies		companies		companies
No. of responding companies	162	100%	130	100%	113	100%	104	100%	77	100%	67	100%	30	100%	30	100%	27	100%	19	100%	
1. Qualified human resources	21	13.0%	19	14.6%	13	11.5%	24	23.1%	6	7.8%	2	3.0%	3	10.0%	1	3.3%	3	11.1%	3	15.8%	
2. Inexpensive source of labor	12	7.4%	43	33.1%	1	0.9%	48	46.2%	17	22.1%	24	35.8%	12	40.0%	11	36.7%	6	22.2%	-	0.0%	
3. Inexpensive components/raw materials	24	14.8%	20	15.4%	3	2.7%	10	9.6%	4	5.2%	6	9.0%	3	10.0%	2	6.7%	3	11.1%	-	0.0%	
4. Supply base for assemblers	36	22.2%	27	20.8%	19	16.8%	15	14.4%	17	22.1%	12	17.9%	7	23.3%	11	36.7%	3	11.1%	1	5.3%	
5. Concentration of industry	47	29.0%	19	14.6%	31	27.4%	9	8.7%	23	29.9%	4	6.0%	3	10.0%	7	23.3%	2	7.4%	4	21.1%	
6. Good for risk diversification to other countries	1	0.6%	12	9.2%	4	3.5%	26	25.0%	14	18.2%	6	9.0%	7	23.3%	1	3.3%	2	7.4%	2	10.5%	
7. Base of export to Japan	12	7.4%	6	4.6%	-	0.0%	18	17.3%	16	20.8%	7	10.4%	7	23.3%	-	0.0%	2	7.4%	2	10.5%	
8. Base of export to third countries	18	11.1%	18	13.8%	5	4.4%	23	22.1%	22	28.6%	14	20.9%	5	16.7%	8	26.7%	4	14.8%	5	26.3%	
9. Current size of local market	107	66.0%	62	47.7%	83	73.5%	20	19.2%	22	28.6%	31	46.3%	14	46.7%	9	30.0%	7	25.9%	11	57.9%	
10. Future growth potential of local market	109	67.3%	114	87.7%	63	55.8%	77	74.0%	43	55.8%	54	80.6%	14	46.7%	15	50.0%	17	63.0%	12	63.2%	
11. Profitability of local market	26	16.0%	7	5.4%	37	32.7%	7	6.7%	8	10.4%	7	10.4%	1	3.3%	2	6.7%	3	11.1%	-	0.0%	
12. Developed local infrastructure	23	14.2%	1	0.8%	33	29.2%	8	7.7%	16	20.8%	2	3.0%	2	6.7%	3	10.0%	8	29.6%	2	10.5%	
13. Developed local logistics services	14	8.6%	-	0.0%	17	15.0%	2	1.9%	7	9.1%	-	0.0%	1	3.3%	3	10.0%	2	7.4%	-	0.0%	
14. Tax incentives for investment	6	3.7%	2	1.5%	2	1.8%	7	6.7%	12	15.6%	5	7.5%	3	10.0%	2	6.7%	5	18.5%	1	5.3%	
15. Stable policies to attract foreign investment	5	3.1%	-	0.0%	2	1.8%	7	6.7%	8	10.4%	3	4.5%	3	10.0%	-	0.0%	1	3.7%	-	0.0%	
16. Social/political situation stable	10	6.2%	3	2.3%	27	23.9%	18	17.3%	6	7.8%	3	4.5%	1	3.3%	3	10.0%	5	18.5%	-	0.0%	

Note 1: The number of respondent companies refers to the number of companies that cited issues.  
Note 2: The colored cell indicate the top three reasons most often cited for each country.

FY2022 Survey	1 India		2 China		3 US		4 Vietnam		5 Thailand		6 Indonesia		7 Malaysia		8 Philippines		9 Mexico		10 Taiwan	
	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio
Respondent companies	134	100%	130	100%	100	100%	93	100%	75	100%	67	100%	26	100%	26	100%	27	100%	20	100%
1. Underdeveloped legal system	23	17.2%	5	3.8%	-	0.0%	12	12.9%	3	4.0%	8	11.9%	-	0.0%	3	11.5%	2	7.4%	-	0.0%
2. Execution of legal system unclear	52	38.8%	64	49.2%	3	3.0%	37	39.8%	15	20.0%	30	44.8%	5	19.2%	11	42.3%	4	14.8%	1	5.0%
3. Complicated tax system	41	30.6%	11	8.5%	2	2.0%	10	10.8%	6	8.0%	6	9.0%	-	0.0%	1	3.8%	5	18.5%	1	5.0%
4. Execution of tax system unclear	35	26.1%	21	16.2%	1	1.0%	17	18.3%	7	9.3%	18	26.9%	3	11.5%	2	7.7%	4	14.8%	-	0.0%
5. Increased taxation	22	16.4%	26	20.0%	6	6.0%	10	10.8%	8	10.7%	10	14.9%	-	0.0%	2	7.7%	4	14.8%	2	10.0%
6. Restriction for foreign investment	23	17.2%	30	23.1%	1	1.0%	10	10.8%	12	16.0%	13	19.4%	2	7.7%	1	3.8%	1	3.7%	1	5.0%
7. Complicated/unclear procedures for investment permission	18	13.4%	22	16.9%	2	2.0%	14	15.1%	5	6.7%	7	10.4%	3	11.5%	1	3.8%	3	11.1%	-	0.0%
8. Insufficient protection for intellectual property rights	18	13.4%	55	42.3%	-	0.0%	12	12.9%	5	6.7%	7	10.4%	2	7.7%	2	7.7%	1	3.7%	-	0.0%
9. Restrictions on foreign currency/ transfers of money overseas	19	14.2%	25	19.2%	-	0.0%	13	14.0%	5	6.7%	6	9.0%	4	15.4%	2	7.7%	1	3.7%	1	5.0%
10. Import restrictions/customs procedures	21	15.7%	26	20.0%	3	3.0%	10	10.8%	4	5.3%	10	14.9%	1	3.8%	1	3.8%	5	18.5%	1	5.0%
11. Difficult to secure technical/engineering staff	26	19.4%	22	16.9%	21	21.0%	23	24.7%	15	20.0%	14	20.9%	8	30.8%	8	30.8%	15	55.6%	3	15.0%
12. Difficult to secure management-level staff	29	21.6%	23	17.7%	24	24.0%	29	31.2%	18	24.0%	20	29.9%	8	30.8%	7	26.9%	17	63.0%	3	15.0%
13. Rising labor costs	30	22.4%	83	63.8%	65	65.0%	38	40.9%	36	48.0%	23	34.3%	10	38.5%	8	30.8%	13	48.1%	7	35.0%
14. Labor problems	27	20.1%	14	10.8%	12	12.0%	10	10.8%	5	6.7%	11	16.4%	1	3.8%	2	7.7%	6	22.2%	1	5.0%
15. Intense competition with other companies	50	37.3%	77	59.2%	59	59.0%	30	32.3%	29	38.7%	29	43.3%	11	42.3%	5	19.2%	6	22.2%	12	60.0%
16. Difficulty in raising funds	11	8.2%	4	3.1%	-	0.0%	8	8.6%	2	2.7%	3	4.5%	2	7.7%	1	3.8%	1	3.7%	1	5.0%
17. Underdeveloped local supporting industries	15	11.2%	2	1.5%	2	2.0%	11	11.8%	2	2.7%	5	7.5%	1	3.8%	6	23.1%	6	22.2%	-	0.0%
18. Underdeveloped infrastructure	44	32.8%	3	2.3%	-	0.0%	20	21.5%	4	5.3%	11	16.4%	3	11.5%	4	15.4%	4	14.8%	-	0.0%
19. Security/social instability	33	24.6%	30	23.1%	6	6.0%	4	4.3%	11	14.7%	15	22.4%	3	11.5%	4	15.4%	15	55.6%	4	20.0%
20. Lack of information on the country	25	18.7%	2	1.5%	2	2.0%	11	11.8%	3	4.0%	9	13.4%	5	19.2%	3	11.5%	3	11.1%	-	0.0%

FY2021 Survey	1 China		2 India		3 Vietnam		4 Thailand		5 US		6 Indonesia		7 Philippines		8 Malaysia		9 Mexico		10 Myanmar	
	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio
Respondent companies	154	100%	118	100%	98	100%	92	100%	67	100%	60	100%	28	100%	28	100%	20	100%	16	100%
1. Underdeveloped legal system	7	4.5%	19	16.1%	2	2.0%	17	18.5%	1	1.5%	10	16.7%	6	21.4%	2	7.1%	1	5.0%	-	0.0%
2. Execution of legal system unclear	67	43.5%	51	43.2%	2	2.0%	38	41.3%	12	17.9%	29	48.3%	10	35.7%	4	14.3%	2	10.0%	1	6.3%
3. Complicated tax system	19	12.3%	43	36.4%	3	3.1%	12	13.0%	4	6.0%	8	13.3%	4	14.3%	4	14.3%	1	5.0%	-	0.0%
4. Execution of tax system unclear	31	20.1%	23	19.5%	-	0.0%	19	20.7%	2	3.0%	17	28.3%	7	25.0%	2	7.1%	1	5.0%	-	0.0%
5. Increased taxation	33	21.4%	12	10.2%	12	12.2%	10	10.9%	7	10.4%	10	16.7%	3	10.7%	2	7.1%	1	5.0%	-	0.0%
6. Restriction for foreign investment	48	31.2%	18	15.3%	1	1.0%	10	10.9%	7	10.4%	12	20.0%	4	14.3%	2	7.1%	1	5.0%	1	6.3%
7. Complicated/unclear procedures for investment permission	26	16.9%	21	17.8%	1	1.0%	14	15.2%	6	9.0%	13	21.7%	3	10.7%	3	10.7%	1	5.0%	1	6.3%
8. Insufficient protection for intellectual property rights	58	37.7%	14	11.9%	-	0.0%	12	13.0%	6	9.0%	6	10.0%	2	7.1%	1	3.6%	-	0.0%	1	6.3%
9. Restrictions on foreign currency/ transfers of money overseas	48	31.2%	19	16.1%	-	0.0%	19	20.7%	1	1.5%	4	6.7%	2	7.1%	1	3.6%	1	5.0%	1	6.3%
10. Import restrictions/customs procedures	35	22.7%	22	18.6%	5	5.1%	15	16.3%	1	1.5%	10	16.7%	4	14.3%	3	10.7%	1	5.0%	1	6.3%
11. Difficult to secure technical/engineering staff	26	16.9%	21	17.8%	31	31.6%	17	18.5%	17	25.4%	11	18.3%	5	17.9%	15	53.6%	2	10.0%	3	18.8%
12. Difficult to secure management-level staff	27	17.5%	30	25.4%	24	24.5%	24	26.1%	19	28.4%	20	33.3%	6	21.4%	19	67.9%	7	35.0%	1	6.3%
13. Rising labor costs	104	67.5%	18	15.3%	37	37.8%	35	38.0%	34	50.7%	22	36.7%	4	14.3%	9	32.1%	7	35.0%	6	37.5%
14. Labor problems	26	16.9%	25	21.2%	13	13.3%	16	17.4%	3	4.5%	14	23.3%	1	3.6%	6	21.4%	1	5.0%	-	0.0%
15. Intense competition with other companies	98	63.6%	55	46.6%	63	64.3%	32	34.8%	35	52.2%	25	41.7%	7	25.0%	10	35.7%	7	35.0%	8	50.0%
16. Difficulty in raising funds	8	5.2%	12	10.2%	2	2.0%	7	7.6%	2	3.0%	2	3.3%	2	7.1%	2	7.1%	-	0.0%	-	0.0%
17. Underdeveloped local supporting industries	3	1.9%	16	13.6%	1	1.0%	12	13.0%	1	1.5%	6	10.0%	3	10.7%	5	17.9%	2	10.0%	-	0.0%
18. Underdeveloped infrastructure	5	3.2%	54	45.8%	1	1.0%	18	19.6%	1	1.5%	18	30.0%	8	28.6%	4	14.3%	-	0.0%	-	0.0%
19. Security/social instability	27	17.5%	31	26.3%	6	6.1%	4	4.3%	14	20.9%	14	23.3%	13	46.4%	9	32.1%	1	5.0%	4	25.0%
20. Lack of information on the country	6	3.9%	8	6.8%	3	3.1%	9	9.8%	3	4.5%	4	6.7%	1	3.6%	3	10.7%	1	5.0%	1	6.3%

## Existence of Business Plans in Promising Countries

Note: Each ratio refers to the number of companies answering "A new business plan exists", "A business plan for additional investment exists", "No plans" or "No response", divided by the total number of respondent companies for the respective countries.

	No. 1		No. 2		No. 3		No. 4		No. 5		No. 6		No. 7		No. 8		No. 9		No. 10	
	India		China		US		Vietnam		Thailand		Indonesia		Malaysia		Philippines		Mexico		Taiwan	
	Respondent companies	Ratio	Respondent companies	Ratio	Respondent companies	Ratio	Respondent companies	Ratio	Respondent companies	Ratio	Respondent companies	Ratio	Respondent companies	Ratio	Respondent companies	Ratio	Respondent companies	Ratio	Respondent companies	Ratio
<b>Total</b>	<b>148</b>	<b>100%</b>	<b>136</b>	<b>100%</b>	<b>118</b>	<b>100%</b>	<b>106</b>	<b>100%</b>	<b>85</b>	<b>100%</b>	<b>77</b>	<b>100%</b>	<b>31</b>	<b>100%</b>	<b>28</b>	<b>100%</b>	<b>27</b>	<b>100%</b>	<b>23</b>	<b>100%</b>
A new business plan exist	18	12.2%	11	8.1%	12	10.2%	9	8.5%	4	4.7%	6	7.8%	5	16.1%	3	10.7%	2	7.4%	3	13.0%
A business plan for additional	38	25.7%	52	38.2%	52	44.1%	27	25.5%	27	31.8%	21	27.3%	8	25.8%	6	21.4%	12	44.4%	6	26.1%
No plans	90	60.8%	71	52.2%	57	48.3%	69	65.1%	53	62.4%	50	64.9%	18	58.1%	19	67.9%	13	48.1%	15	65.2%
No response	3	2.0%	3	2.2%	1	0.8%	1	0.9%	1	1.2%	0	0.0%	0	0.0%	1	3.6%	1	3.7%	0	0.0%

	No. 11		No. 12		No. 13		No. 14		No. 15		No. 16		No. 16		No. 18		No. 19		No. 20	
	Germany		Korea		Brazil		Australia		Singapore		Bangladesh		UK		Turkey		France		Cambodia	
	Respondent companies	Ratio	Respondent companies	Ratio	Respondent companies	Ratio	Respondent companies	Ratio	Respondent companies	Ratio	Respondent companies	Ratio	Respondent companies	Ratio	Respondent companies	Ratio	Respondent companies	Ratio	Respondent companies	Ratio
<b>Total</b>	<b>21</b>	<b>100%</b>	<b>17</b>	<b>100%</b>	<b>15</b>	<b>100%</b>	<b>13</b>	<b>100%</b>	<b>12</b>	<b>100%</b>	<b>10</b>	<b>100%</b>	<b>10</b>	<b>100%</b>	<b>9</b>	<b>100%</b>	<b>8</b>	<b>100%</b>	<b>7</b>	<b>100%</b>
A new business plan exist	0	0.0%	2	11.8%	1	6.7%	1	7.7%	2	16.7%	2	20.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
A business plan for additional	9	42.9%	6	35.3%	5	33.3%	3	23.1%	3	25.0%	4	40.0%	5	50.0%	2	22.2%	4	50.0%	2	28.6%
No plans	12	57.1%	9	52.9%	9	60.0%	9	69.2%	7	58.3%	4	40.0%	5	50.0%	6	66.7%	4	50.0%	5	71.4%
No response	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1	11.1%	0	0.0%	0	0.0%

## Promising Countries/Regions (Number of Respondent Companies)

Rank	Country	No. of respondent companies		Change from last survey ('22-'21)
		FY2022	FY2021	
1	US	64	66	▲ 2
2	China	63	72	▲ 9
3	India	56	43	13
4	Vietnam	36	34	2
5	Thailand	31	30	1
6	Indonesia	27	21	6
7	Mexico	14	16	▲ 2
8	Malaysia	13	9	4
9	Germany	9	12	▲ 3
9	Philippines	9	11	▲ 2
9	Taiwan	9	7	2

	# of respondent companies	ASEAN	Japan	US	China	Hard to answer depends on production bases in each ASEAN country	Hard to answer depends on production bases in each ASEAN country	Other
Total	481	206	84	20	30	55	76	10
Food	20	10	3	0	1	1	5	0
Textiles	21	6	12	0	1	1	0	1
Paper, Pulp & Wood	13	6	1	0	0	3	3	0
Chemicals (subtotal)	82	38	10	1	6	8	16	3
Chemicals (incl. plastics)	78	37	10	1	6	8	13	3
Pharmaceuticals	4	1	0	0	0	0	3	0
Petroleum & Rubber	13	6	2	0	2	2	1	0
Ceramics, Cement & Glass	10	5	0	1	0	2	2	0
Steel	8	6	1	0	0	1	0	0
Nonferrous Metals	21	9	5	1	0	1	4	1
Metal Products	17	6	5	1	1	2	2	0
General Machinery	57	21	9	2	3	4	18	0
General Machinery (assembler)	40	12	7	2	3	2	14	0
General Machinery (parts)	17	9	2	0	0	2	4	0
Electrical Equipment & Electronics (subtotal)	66	18	12	5	8	12	10	1
Electrical Equipment & Electronics (assembler)	21	4	5	2	3	4	3	0
Electrical Equipment & Electronics (parts)	45	14	7	3	5	8	7	1
Transportation Equipment (excl. automobiles)	14	5	5	1	0	1	2	0
Automobiles (subtotal)	101	63	10	6	2	14	5	1
Automobiles (assembler)	5	3	0	0	0	2	0	0
Automobiles (parts)	96	60	10	6	2	12	5	1
Precision Machinery (subtotal)	24	6	3	1	4	3	5	2
Precision Machinery (assembler)	14	5	0	0	2	1	4	2
Precision Machinery (parts)	10	1	3	1	2	2	1	0
Others	14	1	6	1	2	0	3	1

# Promising Countries Survey :

## Sales Areas for EV Products Produced in the ASEAN

	# of respondent companies	ASEAN	Japan	US	China	Hard to answer depends on production bases in each ASEAN country	No production in ASEAN	No bussiness related to EVs and EV-related components	Other
Total	461	110	28	19	52	63	73	108	8
Food	17	0	0	0	2	1	3	11	0
Textiles	19	5	2	1	3	0	2	6	0
Paper, Pulp & Wood	13	1	0	4	0	1	4	3	0
Chemicals (subtotal)	78	15	5	2	11	15	12	17	1
Chemicals (incl. plastics)	74	14	5	2	11	15	12	14	1
Pharmaceuticals	4	1	0	0	0	0	0	3	0
Petroleum & Rubber	13	2	0	1	4	3	2	1	0
Ceramics, Cement & Glass	9	1	1	0	1	1	1	4	0
Steel	7	2	0	0	0	1	0	4	0
Nonferrous Metals	21	9	0	1	2	3	2	2	2
Metal Products	17	3	0	1	2	0	3	8	0
General Machinery	54	12	4	1	2	2	16	16	1
General Machinery (assembler)	39	7	4	0	1	0	13	14	0
General Machinery (parts)	15	5	0	1	1	2	3	2	1
Electrical Equipment & Electronics (subtotal)	64	11	4	2	9	12	11	13	2
Electrical Equipment & Electronics (assembler)	21	2	1	0	1	5	4	8	0
Electrical Equipment & Electronics (parts)	43	9	3	2	8	7	7	5	2
Transportaion Equipment (excl. automobiles)	13	3	1	1	1	3	2	2	0
Automobiles (subtotal)	101	42	8	5	10	19	11	4	2
Automobiles (assembler)	5	3	0	0	1	1	0	0	0
Automobiles (parts)	96	39	8	5	9	18	11	4	2
Precision Machinery (subtotal)	22	4	2	0	3	2	4	7	0
Precision Machinery (assembler)	13	4	1	0	1	1	3	3	0
Precision Machinery (parts)	9	0	1	0	2	1	1	4	0
Others	13	0	1	0	2	0	0	10	0



	# of respondent companies	Interested and already have a business development	Interested and currently considering	Interested but not yet have a business	Not interested
Total	481	39	12	67	363
Food	18	2	1	1	14
Textiles	21	1	0	0	20
Paper, Pulp & Wood	13	0	2	2	9
Chemicals (subtotal)	84	5	2	12	65
Chemicals (incl. plastics)	80	4	2	11	63
Pharmaceuticals	4	1	0	1	2
Petroleum & Rubber	13	2	0	0	11
Ceramics, Cement & Glass	10	1	0	0	9
Steel	9	0	0	1	8
Nonferrous Metals	21	2	0	3	16
Metal Products	18	1	0	3	14
General Machinery	57	6	0	14	37
General Machinery (assembler)	41	5	0	10	26
General Machinery (parts)	16	1	0	4	11
Electrical Equipment & Electronics (subtotal)	66	8	3	10	45
Electrical Equipment & Electronics (assembler)	22	4	2	4	12
Electrical Equipment & Electronics (parts)	44	4	1	6	33
Transportation Equipment (excl. automobiles)	13	1	0	4	8
Automobiles (subtotal)	100	6	1	12	81
Automobiles (assembler)	5	4	0	0	1
Automobiles (parts)	95	2	1	12	80
Precision Machinery (subtotal)	25	4	3	2	16
Precision Machinery (assembler)	14	3	3	1	7
Precision Machinery (parts)	11	1	0	1	9
Others	13	0	0	3	10

	# of respondent companies	Qualified human resources	Inexpensive source of labor	Inexpensive components/raw materials	Supply base for assemblers	Receiver of risk diversification to other countries	Export Base to third countries	Current size of local market	Future growth potential of local market	Future growth potential of the intra-African market (including AfCFTA)	Developed local infrastructure (Electricity, Communications, Transportation, etc.)	Developed local logistics	Stable policies to attract foreign investment	Stable social/political situation
Total	133	6	21	10	17	6	15	53	88	49	18	6	2	14
South Africa	51	2	3	4	7	2	6	24	29	17	8	2	1	3
Nigeria	19	1	4	3	1	0	1	6	16	8	1	0	0	1
Egypt	17	0	2	0	2	2	1	7	11	6	4	2	0	3
Kenya	17	2	3	1	1	0	2	4	16	8	0	0	0	3
Morocco	9	0	2	0	3	1	1	2	3	4	0	0	0	0
Senegal	4	1	2	2	2	0	2	2	3	3	0	0	0	1
Tunisia	4	0	1	0	1	1	1	2	1	0	1	1	0	1
Tanzania	3	0	0	0	0	0	0	1	2	0	0	0	0	0
Ghana	2	0	0	0	0	0	0	0	0	1	2	1	1	2
Mozambique	2	0	1	0	0	0	0	1	2	0	1	0	0	0
Congo	2	0	1	0	0	0	0	2	2	0	0	0	0	0
Ethiopia	1	0	1	0	0	0	1	0	1	1	0	0	0	0
Sudan	1	0	0	0	0	0	0	1	1	1	0	0	0	0
Zambia	1	0	1	0	0	0	0	1	1	0	1	0	0	0

	# of respondent companies	Negative	Relatively negative	No influence	Relatively positive	Positive
Total	513	225	232	52	4	0
Food	20	12	8	0	0	0
Textiles	21	10	10	1	0	0
Paper, Pulp & Wood	14	6	8	0	0	0
Chemicals (subtotal)	86	44	36	6	0	0
Chemicals (incl. plastics)	81	43	32	6	0	0
Pharmaceuticals	5	1	4	0	0	0
Petroleum & Rubber	13	8	4	1	0	0
Ceramics, Cement & Glass	10	5	2	3	0	0
Steel	11	4	6	1	0	0
Nonferrous Metals	22	9	6	5	2	0
Metal Products	19	7	9	2	1	0
General Machinery	61	26	29	6	0	0
General Machinery (assembler)	44	20	19	5	0	0
General Machinery (parts)	17	6	10	1	0	0
Electrical Equipment & Electronics (subtotal)	71	29	32	9	1	0
Electrical Equipment & Electronics (assembler)	24	10	10	4	0	0
Electrical Equipment & Electronics (parts)	47	19	22	5	1	0
Transportation Equipment (excl. automobiles)	17	8	8	1	0	0
Automobiles (subtotal)	106	34	61	11	0	0
Automobiles (assembler)	5	5	0	0	0	0
Automobiles (parts)	101	29	61	11	0	0
Precision Machinery (subtotal)	27	14	10	3	0	0
Precision Machinery (assembler)	15	8	6	1	0	0
Precision Machinery (parts)	12	6	4	2	0	0
Others	15	9	3	3	0	0

## (2) Impact of the invasion of Ukraine: Reasons for Negative Impacts (by industry)

	# of respondent companies	Downsizing or withdrawal of Russian/ Ukraine business	Logistics disruption	Insufficient supply of parts and RM produced in Russia/Ukraine	Rising fuel prices	Rising mineral prices	Rising grain prices	Increased costs due to exchange rate fluctuations	Increased burden to legal risks associated with economic sanctions and embargoes	Increased burden of responding to reputation risk	Change of business plan in the region adjacent to Ukraine	Others
Total	455	101	278	60	355	138	25	158	62	14	16	14
Food	19	3	11	3	15	2	13	13	3	2	0	1
Textiles	20	1	10	0	20	1	0	10	1	0	0	1
Paper, Pulp & Wood	14	2	8	3	14	2	0	6	2	0	1	0
Chemicals (subtotal)	80	13	58	15	67	22	3	27	7	1	2	0
Chemicals (incl. plastics)	75	12	54	14	65	22	3	26	7	1	2	0
Pharmaceuticals	5	1	4	1	2	0	0	1	0	0	0	0
Petroleum & Rubber	12	3	9	2	9	3	0	5	2	1	1	1
Ceramics, Cement & Glass	7	1	3	0	7	2	0	3	4	2	0	0
Steel	10	0	3	2	9	5	0	4	0	0	0	0
Nonferrous Metals	15	3	10	5	12	6	0	4	1	0	1	0
Metal Products	16	2	9	2	11	10	0	6	2	0	1	1
General Machinery	54	18	34	7	36	18	2	16	13	3	3	2
General Machinery (assembler)	39	15	26	6	26	13	1	13	11	3	2	2
General Machinery (parts)	15	3	8	1	10	5	1	3	2	0	1	0
Electrical Equipment & Electronics (subtotal)	61	20	36	7	44	20	3	21	12	4	6	2
Electrical Equipment & Electronics (assembler)	20	9	12	2	14	6	2	7	2	3	4	0
Electrical Equipment & Electronics (parts)	41	11	24	5	30	14	1	14	10	1	2	2
Transportation Equipment (excl. automobiles)	16	4	9	3	13	5	0	2	4	0	0	1
Automobiles (subtotal)	95	14	55	10	72	34	1	30	6	1	1	4
Automobiles (assembler)	5	3	4	1	4	2	0	2	3	1	0	0
Automobiles (parts)	90	11	51	9	68	32	1	28	3	0	1	4
Precision Machinery (subtotal)	24	11	15	1	17	7	2	8	5	0	0	1
Precision Machinery (assembler)	14	9	7	1	9	2	2	3	3	0	0	1
Precision Machinery (parts)	10	2	8	0	8	5	0	5	2	0	0	0
Others	12	6	8	0	9	1	1	3	0	0	0	0

### (3) Invasion of Ukraine: Subsequent Effects on Decarbonization Initiatives (by industry)

	# of respondent companies	Accelerate the pace toward your decarbonization goals	Slow down the pace toward your decarbonization goals	Not significantly changed	Uncertain
Total	499	112	38	230	119
Food	17	2	1	8	6
Textiles	21	5	3	9	4
Paper, Pulp & Wood	14	4	1	7	2
Chemicals (subtotal)	84	17	5	43	19
Chemicals (incl. plastics)	80	17	5	41	17
Pharmaceuticals	4	0	0	2	2
Petroleum & Rubber	13	4	1	6	2
Ceramics, Cement & Glass	10	2	1	4	3
Steel	11	0	1	8	2
Nonferrous Metals	22	5	2	11	4
Metal Products	19	0	3	6	10
General Machinery	57	6	4	30	17
General Machinery (assembler)	41	5	3	24	9
General Machinery (parts)	16	1	1	6	8
Electrical Equipment & Electronics (subtotal)	69	22	5	29	13
Electrical Equipment & Electronics (assembler)	24	8	3	11	2
Electrical Equipment & Electronics (parts)	45	14	2	18	11
Transportation Equipment (excl. automobiles)	16	5	1	8	2
Automobiles (subtotal)	106	29	10	46	21
Automobiles (assembler)	5	2	0	2	1
Automobiles (parts)	101	27	10	44	20
Precision Machinery (subtotal)	25	9	0	8	8
Precision Machinery (assembler)	15	4	0	5	6
Precision Machinery (parts)	10	5	0	3	2
Others	15	2	0	7	6

	# of respondent companies	Logistics disruption	Insufficient supply of parts and raw materials (e.g., semiconductors)	Increased production and transportation costs	Labor shortage	Others
Total	513	340	374	383	63	5
Food	20	17	9	19	2	0
Textiles	21	12	8	17	5	0
Paper, Pulp & Wood	13	8	9	10	2	0
Chemicals (subtotal)	87	62	55	68	10	3
Chemicals (incl. plastics)	82	59	55	64	10	3
Pharmaceuticals	5	3	0	4	0	0
Petroleum & Rubber	13	8	8	10	1	0
Ceramics, Cement & Glass	10	7	6	10	1	0
Steel	10	1	4	8	2	0
Nonferrous Metals	24	19	18	16	3	0
Metal Products	18	9	13	12	0	0
General Machinery	61	41	50	39	6	1
General Machinery (assembler)	44	28	38	27	6	1
General Machinery (parts)	17	13	12	12	0	0
Electrical Equipment & Electronics (subtotal)	71	51	64	48	9	0
Electrical Equipment & Electronics (assembler)	24	20	24	15	4	0
Electrical Equipment & Electronics (parts)	47	31	40	33	5	0
Transportation Equipment (excl. automobiles)	17	10	14	11	1	0
Automobiles (subtotal)	108	69	88	82	13	1
Automobiles (assembler)	5	5	5	4	1	0
Automobiles (parts)	103	64	83	78	12	1
Precision Machinery (subtotal)	27	18	24	22	6	0
Precision Machinery (assembler)	15	10	14	12	4	0
Precision Machinery (parts)	12	8	10	10	2	0
Others	13	8	4	11	2	0



	# of respondent companies	Very significant	Significant	Neither	Less significant	Not significant	Uncertain
Total	509	124	309	40	4	0	32
Food	20	4	12	3	0	0	1
Textiles	21	2	16	1	1	0	1
Paper, Pulp & Wood	13	5	6	2	0	0	0
Chemicals (subtotal)	87	20	61	4	0	0	2
Chemicals (incl. plastics)	82	18	58	4	0	0	2
Pharmaceuticals	5	2	3	0	0	0	0
Petroleum & Rubber	13	1	9	3	0	0	0
Ceramics, Cement & Glass	10	4	3	2	1	0	0
Steel	10	3	7	0	0	0	0
Nonferrous Metals	22	7	14	1	0	0	0
Metal Products	18	4	10	2	0	0	2
General Machinery	61	19	33	6	0	0	3
General Machinery (assembler)	44	17	20	5	0	0	2
General Machinery (parts)	17	2	13	1	0	0	1
Electrical Equipment & Electronics (subtotal)	70	20	42	4	0	0	4
Electrical Equipment & Electronics (assembler)	24	8	12	1	0	0	3
Electrical Equipment & Electronics (parts)	46	12	30	3	0	0	1
Transportation Equipment (excl. automobiles)	17	4	11	0	0	0	2
Automobiles (subtotal)	106	21	61	12	1	0	11
Automobiles (assembler)	5	2	3	0	0	0	0
Automobiles (parts)	101	19	58	12	1	0	11
Precision Machinery (subtotal)	26	7	15	0	1	0	3
Precision Machinery (assembler)	14	5	7	0	1	0	1
Precision Machinery (parts)	12	2	8	0	0	0	2
Others	15	3	9	0	0	0	3

### (3) Geopolitical Risk Factors Relevant to Business Activities (by industry)

	# of respondent companies	Domestic politics of overseas business location (e.g., policy uncertainty, authoritarian regime, civil war etc.)	International politics (e.g., diplomatic issues, interstate conflicts etc.)	Tariff barriers (e.g., increased tariff etc.)	Non-tariff barriers (e.g., import/export regulation, license system, quantity limit, standard certification system, etc.)	Financial sanctions (e.g., restrictions on currency exchange, restrictions on remittance methods, asset freezing, etc.)	Not fully discussed	Others
Total	502	256	232	171	188	70	63	3
Food	19	10	13	9	5	1	1	0
Textiles	21	13	9	7	5	3	5	0
Paper, Pulp & Wood	13	5	6	3	4	1	1	1
Chemicals (subtotal)	85	54	39	30	36	10	8	1
Chemicals (incl. plastics)	80	51	38	29	35	10	7	1
Pharmaceuticals	5	3	1	1	1	0	1	0
Petroleum & Rubber	13	4	7	6	5	2	1	0
Ceramics, Cement & Glass	10	6	6	2	3	3	2	0
Steel	9	5	4	5	4	0	0	0
Nonferrous Metals	22	9	11	7	9	4	1	0
Metal Products	17	8	9	4	7	3	2	0
General Machinery	61	28	30	18	26	11	8	0
General Machinery (assembler)	44	22	24	14	22	10	4	0
General Machinery (parts)	17	6	6	4	4	1	4	0
Electrical Equipment & Electronics (subtotal)	70	38	38	21	28	10	6	0
Electrical Equipment & Electronics (assembler)	24	11	10	8	10	5	4	0
Electrical Equipment & Electronics (parts)	46	27	28	13	18	5	2	0
Transportation Equipment (excl. automobiles)	16	10	7	5	3	2	2	0
Automobiles (subtotal)	105	52	33	43	39	14	16	1
Automobiles (assembler)	5	4	3	2	3	1	0	0
Automobiles (parts)	100	48	30	41	36	13	16	1
Precision Machinery (subtotal)	27	10	16	7	10	5	4	0
Precision Machinery (assembler)	15	7	9	5	5	4	1	0
Precision Machinery (parts)	12	3	7	2	5	1	3	0
Others	14	4	4	4	4	1	6	0

	# of respondent companies	Strengthening functions of gathering information	Strengthening functions of risk analysis and evaluation	Strengthening risk scenarios and BCP	Diversification of Supplier countries/areas	Change of base placement strategy	Changes / postponements of already existing investment plans	Implementation of new investment	Business withdrawal / sale-offs	Aspired to implement countermeasures without any idea	No plan to implement countermeasures	Others
Total	494	252	116	151	207	39	26	9	25	33	55	4
Food	19	12	3	3	5	2	0	0	2	3	1	0
Textiles	21	13	1	7	8	2	0	1	0	1	3	0
Paper, Pulp & Wood	12	6	2	4	7	1	0	0	0	1	2	0
Chemicals (subtotal)	86	52	33	31	47	6	6	1	3	0	5	1
Chemicals (incl. plastics)	81	50	32	31	44	5	5	1	3	0	5	0
Pharmaceuticals	5	2	1	0	3	1	1	0	0	0	0	1
Petroleum & Rubber	12	6	2	3	7	0	0	0	0	1	0	0
Ceramics, Cement & Glass	9	6	2	4	5	1	2	1	2	0	2	0
Steel	9	6	1	0	2	0	1	1	1	0	2	0
Nonferrous Metals	21	10	5	8	6	2	0	1	1	1	1	0
Metal Products	17	9	4	2	7	0	1	0	0	1	3	0
General Machinery	60	32	12	14	29	6	2	1	2	7	5	1
General Machinery (assembler)	43	26	12	10	26	4	1	1	2	5	2	1
General Machinery (parts)	17	6	0	4	3	2	1	0	0	2	3	0
Electrical Equipment & Electronics (subtotal)	70	28	14	29	34	7	4	0	4	6	5	1
Electrical Equipment & Electronics (assembler)	23	9	3	8	11	1	2	0	0	4	2	0
Electrical Equipment & Electronics (parts)	47	19	11	21	23	6	2	0	4	2	3	1
Transportation Equipment (excl. automobiles)	15	8	5	4	6	1	0	1	2	0	1	0
Automobiles (subtotal)	103	46	20	33	28	7	10	1	6	10	19	0
Automobiles (assembler)	4	3	1	3	2	0	1	0	0	0	0	0
Automobiles (parts)	99	43	19	30	26	7	9	1	6	10	19	0
Precision Machinery (subtotal)	26	13	9	7	11	2	0	0	1	2	4	0
Precision Machinery (assembler)	15	7	4	3	4	2	0	0	1	1	2	0
Precision Machinery (parts)	11	6	5	4	7	0	0	0	0	1	2	0
Others	14	5	3	2	5	2	0	1	1	0	2	1

# 6 (5) US-China Decoupling (by industry)

	# of respondent companies	Already decoupled	Under procedure	Under consideration	No need to decouple	Uncertain
Total	496	95	28	42	65	266
Food	19	4	1	1	1	12
Textiles	20	2	2	1	2	13
Paper, Pulp & Wood	12	1	0	1	2	8
Chemicals (subtotal)	86	11	5	11	14	45
Chemicals (incl. plastics)	81	11	5	10	12	43
Pharmaceuticals	5	0	0	1	2	2
Petroleum & Rubber	13	6	1	1	0	5
Ceramics, Cement & Glass	10	0	2	1	1	6
Steel	9	3	0	0	1	5
Nonferrous Metals	20	5	1	0	0	14
Metal Products	18	3	0	0	2	13
General Machinery	58	13	3	4	8	30
General Machinery (assembler)	41	9	2	4	5	21
General Machinery (parts)	17	4	1	0	3	9
Electrical Equipment & Electronics (subtotal)	69	9	6	8	11	35
Electrical Equipment & Electronics (assembler)	24	6	1	1	4	12
Electrical Equipment & Electronics (parts)	45	3	5	7	7	23
Transportation Equipment (excl. automobiles)	17	5	1	3	0	8
Automobiles (subtotal)	104	23	4	8	16	53
Automobiles (assembler)	5	3	0	0	1	1
Automobiles (parts)	99	20	4	8	15	52
Precision Machinery (subtotal)	26	9	0	3	7	7
Precision Machinery (assembler)	15	4	0	3	4	4
Precision Machinery (parts)	11	5	0	0	3	3
Others	15	1	2	0	0	12

# 6 (5) US-China Decoupling (by industry)

	# of respondent companies	Strengthen China operations	Strengthen US operations	Strengthen both of China and US operations	Under consideration/ not sure
Total	164	18	40	84	22
Food	6	1	0	4	1
Textiles	5	3	2	0	0
Paper, Pulp & Wood	2	0	1	1	0
Chemicals (subtotal)	26	4	6	13	3
Chemicals (incl. plastics)	26	4	6	13	3
Pharmaceuticals	0	0	0	0	0
Petroleum & Rubber	8	2	1	3	2
Ceramics, Cement & Glass	3	0	1	2	0
Steel	3	1	2	0	0
Nonferrous Metals	6	0	3	3	0
Metal Products	3	0	1	2	0
General Machinery	20	1	4	10	5
General Machinery (assembler)	15	0	4	6	5
General Machinery (parts)	5	1	0	4	0
Electrical Equipment & Electronics (subtotal)	23	1	8	10	4
Electrical Equipment & Electronics (assembler)	8	1	3	3	1
Electrical Equipment & Electronics (parts)	15	0	5	7	3
Transportation Equipment (excl. automobiles)	9	0	2	4	3
Automobiles (subtotal)	35	3	8	20	4
Automobiles (assembler)	3	0	1	2	0
Automobiles (parts)	32	3	7	18	4
Precision Machinery (subtotal)	12	2	1	9	0
Precision Machinery (assembler)	7	1	0	6	0
Precision Machinery (parts)	5	1	1	3	0
Others	3	0	0	3	0

	# of respondent companies	Considering	Not considering	Not sure
Total	512	391	44	77
Food	20	14	1	5
Textiles	21	19	2	0
Paper, Pulp & Wood	13	12	0	1
Chemicals (subtotal)	86	70	4	12
Chemicals (incl. plastics)	81	66	4	11
Pharmaceuticals	5	4	0	1
Petroleum & Rubber	14	12	1	1
Ceramics, Cement & Glass	10	8	1	1
Steel	10	6	1	3
Nonferrous Metals	23	20	0	3
Metal Products	19	11	2	6
General Machinery	62	41	8	13
General Machinery (assembler)	45	32	4	9
General Machinery (parts)	17	9	4	4
Electrical Equipment & Electronics (subtotal)	70	57	7	6
Electrical Equipment & Electronics (assembler)	24	20	3	1
Electrical Equipment & Electronics (parts)	46	37	4	5
Transportation Equipment (excl. automobiles)	17	12	2	3
Automobiles (subtotal)	105	74	13	18
Automobiles (assembler)	5	5	0	0
Automobiles (parts)	100	69	13	18
Precision Machinery (subtotal)	27	25	1	1
Precision Machinery (assembler)	15	14	1	0
Precision Machinery (parts)	12	11	0	1
Others	15	10	1	4



	# of respondent companies	Climate change measures including decarbonization	Biodiversity	Water resources	Marine plastics	Circular economy	Human rights issues	Diversity	Corporate governance	Others
Total	388	310	44	44	56	94	150	159	227	3
Food	14	11	2	4	5	4	6	6	7	0
Textiles	19	13	1	2	5	3	8	5	10	0
Paper, Pulp & Wood	12	7	3	1	7	6	5	6	8	0
Chemicals (subtotal)	70	56	15	10	15	18	29	24	43	1
Chemicals (incl. plastics)	66	54	15	10	14	18	28	21	40	1
Pharmaceuticals	4	2	0	0	1	0	1	3	3	0
Petroleum & Rubber	12	10	1	2	1	2	7	5	7	0
Ceramics, Cement & Glass	8	6	0	2	0	3	3	4	6	0
Steel	6	5	1	1	0	2	3	2	4	0
Nonferrous Metals	20	19	3	4	2	8	13	11	15	0
Metal Products	11	8	0	1	0	1	3	5	5	0
General Machinery	40	27	3	2	2	8	14	18	25	2
General Machinery (assembler)	31	22	3	2	2	7	11	15	20	1
General Machinery (parts)	9	5	0	0	0	1	3	3	5	1
Electrical Equipment & Electronics (subtotal)	57	49	7	7	7	12	26	29	29	0
Electrical Equipment & Electronics (assembler)	20	16	4	2	5	5	7	8	10	0
Electrical Equipment & Electronics (parts)	37	33	3	5	2	7	19	21	19	0
Transportation Equipment (excl. automobiles)	11	10	1	1	0	3	3	4	6	0
Automobiles (subtotal)	74	65	6	5	3	15	16	24	44	0
Automobiles (assembler)	5	5	2	2	1	3	3	3	4	0
Automobiles (parts)	69	60	4	3	2	12	13	21	40	0
Precision Machinery (subtotal)	24	18	0	1	6	5	9	11	13	0
Precision Machinery (assembler)	14	10	0	0	4	3	5	6	7	0
Precision Machinery (parts)	10	8	0	1	2	2	4	5	6	0
Others	10	6	1	1	3	4	5	5	5	0

	# of respondent companies	Implementing own setted initiatives beyond government goals	Implementing efforts in line with government goals	Behind the government target, but implementing the initiative	Interested in government goals, but hasn't started concrete its own efforts yet.	Not discussed
Total	502	32	230	113	82	45
Food	20	2	10	3	3	2
Textiles	21	2	7	7	2	3
Paper, Pulp & Wood	13	1	10	1	0	1
Chemicals (subtotal)	85	5	42	22	12	4
Chemicals (incl. plastics)	81	5	39	22	12	3
Pharmaceuticals	4	0	3	0	0	1
Petroleum & Rubber	14	0	10	2	2	0
Ceramics, Cement & Glass	10	1	4	1	1	3
Steel	11	0	8	1	0	2
Nonferrous Metals	22	0	13	3	4	2
Metal Products	19	0	7	4	5	3
General Machinery	60	4	25	13	11	7
General Machinery (assembler)	44	4	18	12	7	3
General Machinery (parts)	16	0	7	1	4	4
Electrical Equipment & Electronics (subtotal)	68	5	36	15	6	6
Electrical Equipment & Electronics (assembler)	23	1	13	7	0	2
Electrical Equipment & Electronics (parts)	45	4	23	8	6	4
Transportaion Equipment (excl. automobiles)	16	2	6	4	4	0
Automobiles (subtotal)	102	9	32	32	22	7
Automobiles (assembler)	5	1	4	0	0	0
Automobiles (parts)	97	8	28	32	22	7
Precision Machinery (subtotal)	26	1	14	2	5	4
Precision Machinery (assembler)	15	1	7	1	3	3
Precision Machinery (parts)	11	0	7	1	2	1
Others	15	0	6	3	5	1

	# of respondent companies	Strengthen production competitiveness	Strengthen brand image, acquire new customers	Acquisition of new financing (equity, loan) to the company	Requests from investors	Requests from parent company or group company	Requests from parent company or group company	Requests from business partners	Requests from consumers	Request from the local government	Others
Total	372	160	246	28	143	90	40	162	35	27	13
Food	14	4	10	2	7	4	0	4	6	2	0
Textiles	14	5	8	1	7	3	2	7	1	1	0
Paper, Pulp & Wood	10	7	6	1	3	0	0	6	2	0	0
Chemicals (subtotal)	66	31	51	3	22	18	4	30	5	3	3
Chemicals (incl. plastics)	65	31	50	3	21	17	4	30	5	3	3
Pharmaceuticals	1	0	1	0	1	1	0	0	0	0	0
Petroleum & Rubber	11	4	8	1	3	3	0	6	0	1	0
Ceramics, Cement & Glass	5	2	5	3	1	3	0	2	1	2	0
Steel	8	2	6	1	6	6	0	3	3	1	0
Nonferrous Metals	15	6	8	1	6	5	1	9	1	1	2
Metal Products	13	3	10	2	4	0	2	5	0	1	0
General Machinery	46	20	34	2	10	7	3	14	4	2	4
General Machinery (assembler)	34	13	26	2	7	6	3	10	3	0	4
General Machinery (parts)	12	7	8	0	3	1	0	4	1	2	0
Electrical Equipment & Electronics (subtotal)	47	24	33	8	19	20	5	20	6	4	1
Electrical Equipment & Electronics (assembler)	15	5	12	2	4	8	2	3	2	1	1
Electrical Equipment & Electronics (parts)	32	19	21	6	15	12	3	17	4	3	0
Transportation Equipment (excl. automobiles)	13	7	9	1	4	4	2	5	1	1	0
Automobiles (subtotal)	81	38	38	1	39	11	17	46	1	6	2
Automobiles (assembler)	2	2	2	0	1	1	0	1	0	0	0
Automobiles (parts)	79	36	36	1	38	10	17	45	1	6	2
Precision Machinery (subtotal)	20	6	15	1	9	5	4	5	2	1	1
Precision Machinery (assembler)	10	3	8	0	3	3	2	2	0	0	1
Precision Machinery (parts)	10	3	7	1	6	2	2	3	2	1	0
Others	9	1	5	0	3	1	0	0	2	1	0

## (2) Decarbonization : Expectations for Government Policies (by industry)

	# of respondent companies	Support for introduction of equipment that contributes to energy saving and decarbonization of companies	Support for technological development and innovative creation that contribute to decarbonization	Development of carbon pricing system (carbon offset, carbon credit market expansion)	Promotion of transition finance	Large-scale infrastructure investment such as next-generation power systems and hydrogen supply systems	Active climate change diplomacy (support for overseas expansion of decarbonized technologies and products, involvement in international rulemaking)	Presenting a concrete future vision and fostering public understanding
Total	485	343	240	93	30	168	72	133
Food	18	17	6	3	0	5	3	5
Textiles	21	12	9	3	2	6	2	4
Paper, Pulp & Wood	13	12	7	2	2	3	1	4
Chemicals (subtotal)	83	59	39	16	4	29	13	34
Chemicals (incl. plastics)	79	59	39	15	4	27	13	31
Pharmaceuticals	4	0	0	1	0	2	0	3
Petroleum & Rubber	14	8	9	4	1	6	2	4
Ceramics, Cement & Glass	10	7	7	2	3	5	2	4
Steel	9	6	4	2	0	3	2	2
Nonferrous Metals	21	14	8	5	1	10	3	4
Metal Products	17	13	7	2	0	3	2	10
General Machinery	55	33	24	13	3	13	7	15
General Machinery (assembler)	40	26	18	13	3	9	6	12
General Machinery (parts)	15	7	6	0	0	4	1	3
Electrical Equipment & Electronics (subtotal)	67	52	39	12	3	34	12	11
Electrical Equipment & Electronics (assembler)	22	13	12	2	1	13	5	4
Electrical Equipment & Electronics (parts)	45	39	27	10	2	21	7	7
Transportation Equipment (excl. automobiles)	16	12	12	5	3	4	4	1
Automobiles (subtotal)	101	77	49	15	6	35	13	20
Automobiles (assembler)	4	2	4	1	1	3	3	2
Automobiles (parts)	97	75	45	14	5	32	10	18
Precision Machinery (subtotal)	25	15	13	7	1	7	6	9
Precision Machinery (assembler)	14	7	5	3	0	3	4	6
Precision Machinery (parts)	11	8	8	4	1	4	2	3
Others	15	6	7	2	1	5	0	6

# 7 (3) Human Rights Issues (by industry)

	# of respondent companies	We have formulated human rights policies and conducted human rights due diligence.	Human rights policy is being formulated, but human rights due diligence has not been implemented	Human rights due diligence has been implemented, although human rights policy has not been formulated	We have not formulated a human rights policy and have not implemented human rights due diligence.
Total	486	100	129	47	210
Food	18	7	3	2	6
Textiles	21	1	7	4	9
Paper, Pulp & Wood	13	1	8	1	3
Chemicals (subtotal)	81	13	32	8	28
Chemicals (incl. plastics)	77	12	31	8	26
Pharmaceuticals	4	1	1	0	2
Petroleum & Rubber	13	2	2	2	7
Ceramics, Cement & Glass	10	3	2	0	5
Steel	10	2	3	0	5
Nonferrous Metals	22	10	4	1	7
Metal Products	19	3	3	5	8
General Machinery	57	10	12	5	30
General Machinery (assembler)	41	7	11	5	18
General Machinery (parts)	16	3	1	0	12
Electrical Equipment & Electronics (subtotal)	66	21	19	4	22
Electrical Equipment & Electronics (assembler)	22	5	5	2	10
Electrical Equipment & Electronics (parts)	44	16	14	2	12
Transportation Equipment (excl. automobiles)	15	2	3	2	8
Automobiles (subtotal)	101	13	23	8	57
Automobiles (assembler)	4	3	0	0	1
Automobiles (parts)	97	10	23	8	56
Precision Machinery (subtotal)	25	8	7	2	8
Precision Machinery (assembler)	15	4	3	2	6
Precision Machinery (parts)	10	4	4	0	2
Others	15	4	1	3	7

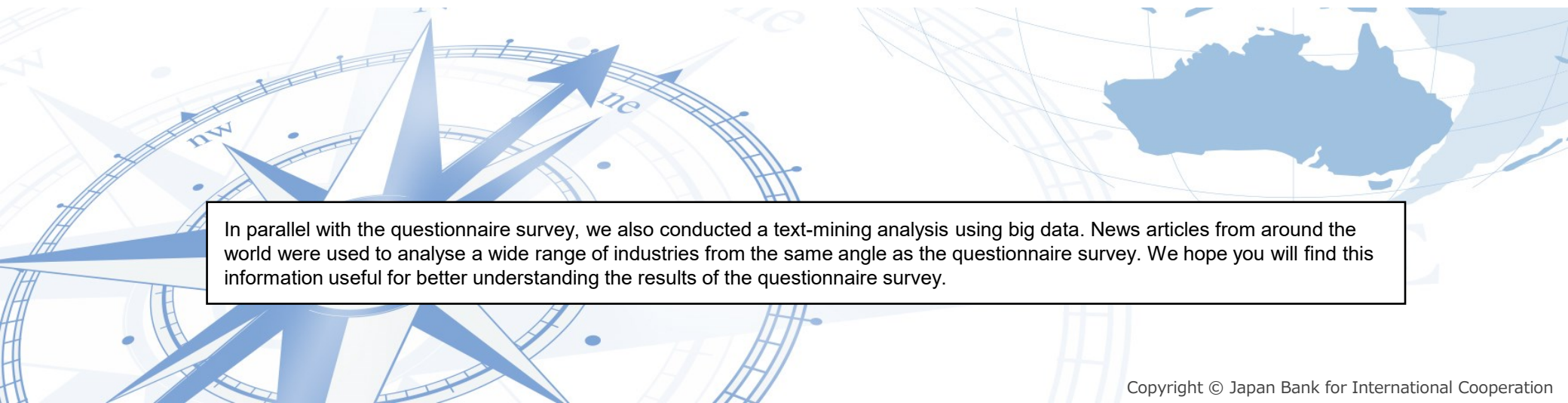


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## Appendix #2: Supplementary Research Using Text Mining



In parallel with the questionnaire survey, we also conducted a text-mining analysis using big data. News articles from around the world were used to analyse a wide range of industries from the same angle as the questionnaire survey. We hope you will find this information useful for better understanding the results of the questionnaire survey.



# Comparison: The Attention Given to Each Theme in the Global News Media and the Result of this Survey (see page 36-37 of this report)

	Industry News		JBIC survey
	In foreign languages	In Japanese	
Ukraine	2.71%	1.54%	80%
US-China conflict	0.18%	0.05%	79%
Semiconductor	1.55%	3.21%	89%
EV	0.87%	1.77%	71%
DX	0.26%	2.85%	45%
Fuel price	0.72%	0.54%	100%
Mineral prices	0.34%	0.02%	58%
Grain prices	0.76%	0.04%	6%
Critical minerals	0.19%	0.08%	14%
Cyber security	0.28%	0.19%	24%
Geopolitical risks	0.69%	0.28%	60%
Export control	0.28%	0.03%	49%
RCEP	0.01%	0.03%	32%
CPTPP	0.01%	0.00%	16%
QUAD	0.06%	0.01%	9%
IPEF	0.01%	0.02%	8%
Climate change	1.31%	0.57%	68%
Biodiversity	0.13%	0.11%	13%
Circular economy	0.20%	0.08%	24%
Human rights	0.67%	0.28%	21%
Solar, wind	1.06%	1.54%	41%
Hydrogen	0.63%	0.80%	29%
Anmonia	0.14%	0.20%	13%
Bio fuel	0.05%	0.07%	19%
Battery	1.29%	0.33%	33%
Sample size	4,576,362	473,380	339

Regarding the US-China conflict, there is a significant gap between the proportion of appearances in domestic/ international articles and the high level of interest of the surveyed companies.

Keywords related to the manufacturing industry, such as semiconductors, EV, and DX, have been more widely reported by Japanese media.

International news reports are more interested in issues related to the invasion of Ukraine, such as rising inflation and geopolitical risks.

International news reports are more interested in releasing stories about climate change.

- We analyzed the extent to which the themes covered in this survey received attention in the coverage of corporate activities in the world's major media.

- Specifically, news articles (4.58 million in English and 470,000 in Japanese) from July to September 2022 analysed by Dow Jones Factiva ('Factiva') as 'related to corporate activities' were counted for each keyword (1.1 million in English and 140,000 in Japanese).

- Regarding the reports released in English, there are many articles on inflation (incl. price trends in natural resources) and geopolitical risks, which became buzzwords after the invasion of Ukraine. On the contrary, Japanese reports focus more on manufacturing-related topics (e.g., semiconductors, EVs, DX).

- "Climate change" is more of an interest in English-language news reports.

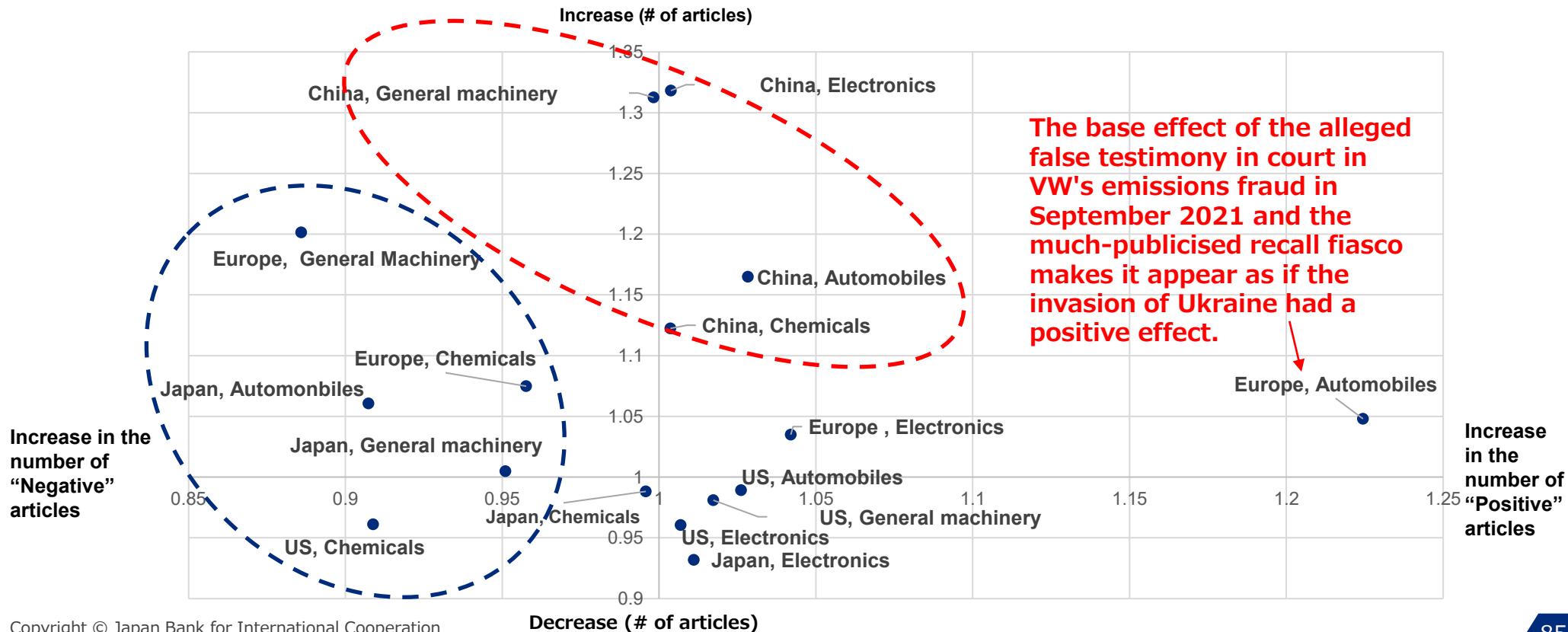
- There are differences in interest between the Japanese reports and the result of this survey in terms of keywords "geopolitical risks" or "export control." This indicates the general difference in interest between news media and corporate stakeholders.

- A sentiment analysis (positive-negative analysis) on the impact of the invasion of Ukraine revealed that chemical and general machinery sectors in Japan, the US, and Europe were negatively affected by the event. At the same time, the effects on each sector in the Chinese industry seem relatively neutral.

## Data

Target article	# articles
Article frequency analysis: company and industry news on Dow Jones Factiva on four main industries in the US, Europe, China and Japan. (Target period: 24 August 2021 - 23 February 2022 (before the invasion); 24 February 2022 - 23 August 2022 (after the invasion).)	3,716,140 cases
Sentiment analysis: the articles above that have appeared on Factiva Expert Search (Target period: 24 August 2021 - 23 February 2022 (before the invasion); 24 February 2022 - 23 August 2022 (after the invasion).)	86,630 cases

Impact of the invasion of Ukraine on major industries in various regions.



■ The results of a regional breakdown of the number of articles on 'climate change' and 'energy security' before and after the invasion of Ukraine show a decrease in articles on 'climate change' and a sharp increase in articles on 'energy security', particularly in Europe.

Figure: Changes in the number of articles on Climate Change before and after the invasion of Ukraine

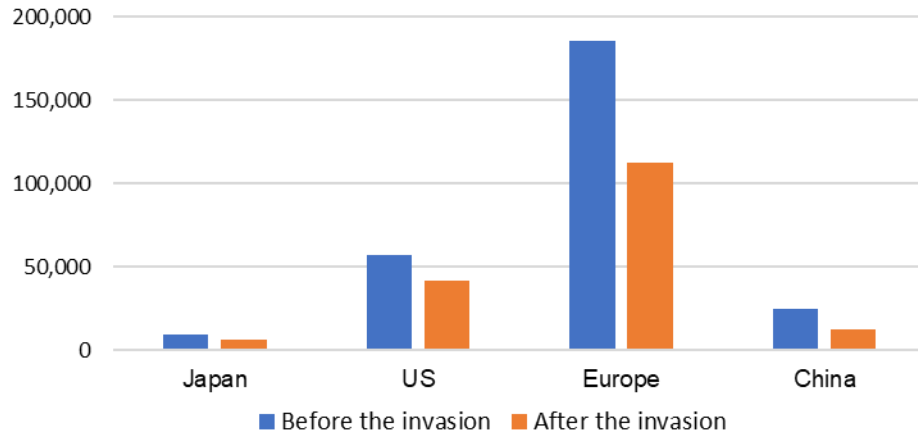
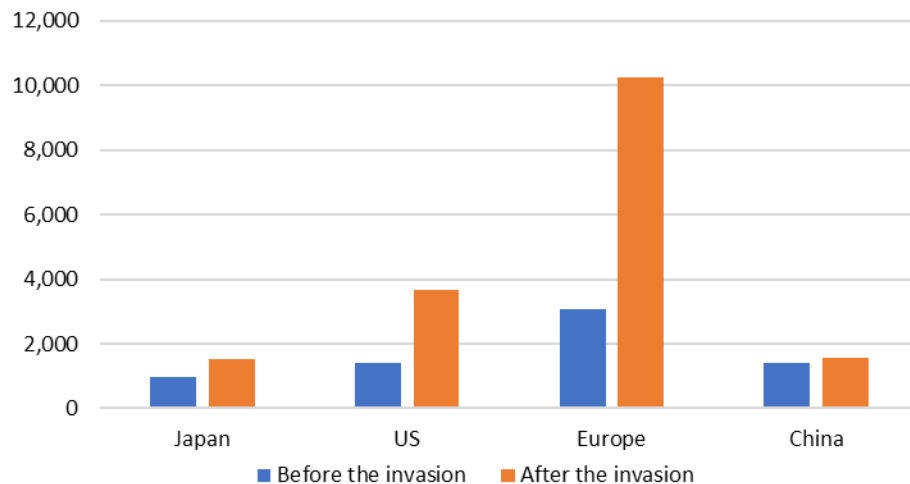


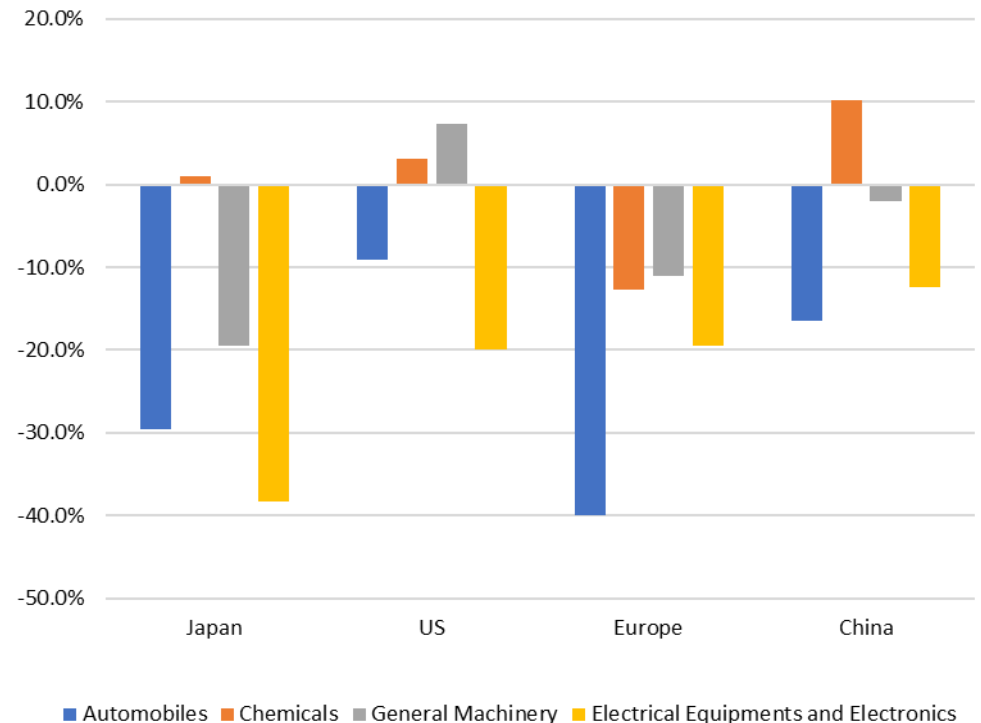
Figure: Changes in the number of articles on Energy Security before and after the invasion of Ukraine



### Data

Target article	# Articles
Articles about 'Climate change' or 'Energy security' on Dow Jones Factiva. (Target period: 24 Aug 2021 - 23 Feb 2022 before the invasion, 24 Feb 2022 - 23 Aug 2022 after the invasion).	434,224 cases

Figure: Number of articles on Climate Change before and after the invasion of Ukraine, by main industry



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# Survey Report on Overseas Business Operations by Japanese Manufacturing Companies

JBIC 34<sup>th</sup> Survey, 2022

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