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Survey Report on Overseas Business Operations by Japanese Manufacturing Companies

JBIC 36th Survey, JFY 2024

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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Summary

1. Continued searching amid uncertainty in the environment surrounding overseas business, with a declining attitude toward strengthening and expanding future overseas business development

In this year's survey, both the overseas production ratio (36.0%) and the overseas sales ratio (40.0%) in FY2023 maintained an upward trend from the previous FY, with the overseas sales ratio reaching a record high. With regard to the companies' strategies for strengthening and expanding their overseas business development in the future, the upward trend after the COVID-19 pandemic turned negative. This can be seen as a result of the slowdown in global demand, the slowdown in the Chinese economy, increasing geopolitical risks, and intensified competition from foreign and local companies.

2. India maintained the top position in the ranking for promising countries for three consecutive years. China clearly moving out from the group of top promising countries, with its rank dropping to sixth place.

In terms of promising business destinations over the next three years, India's vote share increased by more than 10 points from the previous year to take the top spot for three years in a row, standing far ahead of the second place. China, which ranked third last year, lost a large share of votes, which flowed to India. Vietnam, which is also expected to be a recipient of the ex-China market, maintained second place for two years in a row. Although the U.S. lost votes due to concerns about the current rise in labor costs, it came in third place due to its reputation as a market and expectations as a center of innovation.

3. Supply chains are reviewed for restructuring. While there is a movement away from China, there is also a movement for companies to expand their sourcing to China.

There is a growing trend among manufacturing companies to review their supply chains due to economic rationality and geopolitical risk mitigation. There are moves to strengthen supply chains by moving "out of China" with respect to manufacturing and sales bases and raw material suppliers. Nevertheless, some companies in certain industries are transferring their manufacturing and sales bases and raw material suppliers from Japan to China due to the need to reduce costs and to respond the local market.

4. Business Transformation Efforts to Expand to the U.S., China and ASEAN countries

Approximately 90% of the companies that participated in this survey are working toward business transformation, and more than 30% are doing so through M&A or collaboration with overseas companies, research institutions, and startups. In particular, the largest number of cases of collaboration with startups were from the U.S., with cooperation in such areas as the latest AI-based technologies and renewable energy, confirming the growing recognition of the U.S. as a frontier of innovation. Other examples of M&A and collaboration with research institutions were also seen in China and ASEAN, where companies are making extensive efforts to expand their business areas and localize their operations.

5. Progress has been made in addressing decarbonization and the circular economy. Efforts to address biodiversity and human rights issues are limited.

About 65% of the companies are taking steps to decarbonize through energy-saving products, and about 45% are taking steps to transition to a circular economy through recycling and other measures. However, overseas efforts are limited, at around 20%, and it was found that the acceptance of increased costs and the lack of subsidies are barriers to overseas efforts. Manufacturing companies are also aware of the future transition to a decarbonized society and a circular economy, and they expect growth opportunities in areas such as automobiles and storage batteries, biomass and other resource recycling, renewable energy, and hydrogen and ammonia. No progress has been made on biodiversity and human rights issues since the previous year, and there are differences in efforts depending on the size of the company.

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1. Survey Overview

(1) Survey Overview Survey Method

1. Research Objective and Targets

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

2. Methodology

(1) Number of surveyed companies: 936

(2) Methods: The questionnaires were sent via post and email. During the survey period, supplemental online interviews were also conducted.

3. Responses

(1) Number of responses: 495 companies (-39 respondents compared to last year)

(2) Response rate: 52.9% (-1.2 points compared to last year)

4. Survey Period

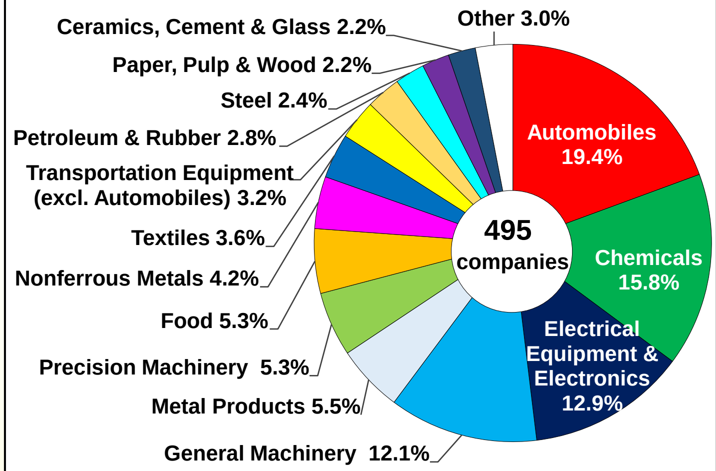
July 9, 2024, to August 30, 2024

(*Responses received by September 6 were counted as valid))

5. Survey Items

(1) Survey Overview
(2) Overseas Business Performance
(3) Business Prospects for Medium-term
(4) Promising Countries/Regions
(5) Responding to the Changing Supply Chain*
(6) Initiatives for Business Transformation and Expansion of New Businesses (including innovation)*
(7) Initiatives for the realization of a sustainable society*
(Items with asterisks (*) indicate this year's independent topics)

Figure 1.1 Responding Companies (by sector)



(companies)

Industry Type	FY2023	FY2024	Proportion
Automobiles	103	**96**	19.4%
Chemicals	90	**78**	15.8%
Electrical Equipment & Electronics	74	**64**	12.9%
General Machinery	63	**60**	12.1%
Metal Products	27	**27**	5.5%
Precision Machinery	28	**26**	5.3%
Food	19	**26**	5.3%
Nonferrous Metals	22	**21**	4.2%
Textiles	25	**18**	3.6%
Transportation Equipment (excl. Automobiles)	18	**16**	3.2%
Petroleum & Rubber	12	**14**	2.8%
Steel	13	**12**	2.4%
Paper, Pulp & Wood	11	**11**	2.2%
Ceramics, Cement & Glass	11	**11**	2.2%
Other	18	**15**	3.0%
Total	534	**495**	100.0%

(Note) In this survey, Automobiles, Chemicals, Electrical Equipment & Electronics, and General Machinery are collectively referred to as the "four major industries." Chemicals is the total of Chemicals (including plastic products) and Pharmaceuticals, while Automobiles, Electrical and electronics, General machinery, and Precision machinery are the total of Assembly and Parts in the respective sectors.

Figure 1.2 Number of Responding Companies (by capitalization, non-consolidated)

(companies)

Paid-in Capital	FY2023	FY2024	Proportion
Less than ¥300 mn.	140	**125**	25.3%
¥300 mn. up to ¥1 bn.	70	**77**	15.6%
¥1 bn. up to ¥5 bn.	109	**100**	20.2%
¥5 bn. up to ¥10 bn.	58	**63**	12.7%
¥10 bn. or more	151	**128**	25.9%
Holding company	6	**2**	0.4%
No response	0	**0**	0.0%
Total	534	**495**	100.0%

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

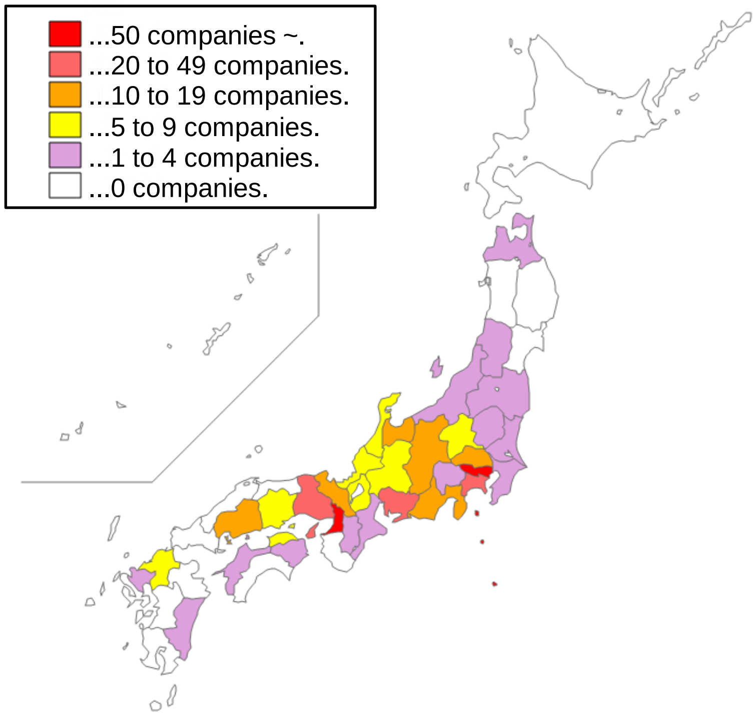
1 (2) Survey Summary Profile of Responding Companies ①

Figure 1.3 Profile of Responding Companies

Headquarters Location

Tokyo 170, Osaka 68, Aichi 41, Hyogo 26, Kanagawa 25, Shizuoka 18, Saitama 15, Hiroshima 15, Nagano 14, Kyoto 14, Toyama 11, Shiga 8, Okayama 8, Gunma 6, Kagawa 6, Ishikawa5, Fukui5, Gifu5, Fukuoka5, Tochigi4, Niigata4, Yamagata3, Chiba3, Mie3, Tokushima 3, Nara 2, Ehime 2, Aomori 1, Fukushima 1, Ibaraki 1, Yamanashi 1, Saga 1, Miyazaki 1

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



Listed/Unlisted(This Year)

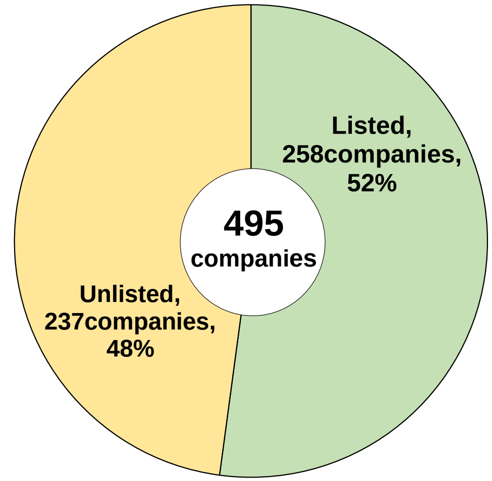
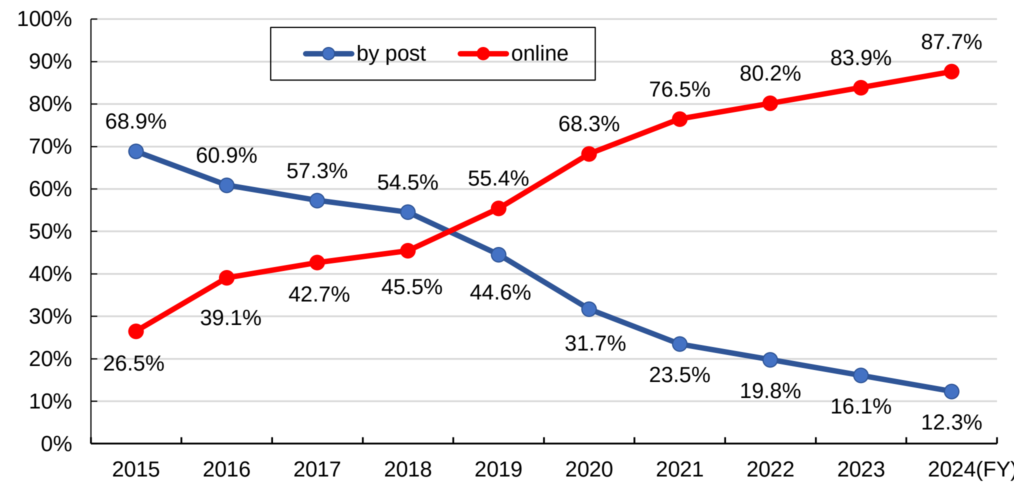


Figure 1.4 Transition of Survey Methods



(Note: 2015 includes 4.6% of other responses via 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	348	72.7%
2	Thailand	228	47.6%
3	US	192	40.1%
4	Indonesia	155	32.4%
5	India	122	25.5%
6	Vietnam	120	25.1%
7	Mexico	97	20.3%
8	Malaysia	93	19.4%
9	EU14	89	18.6%
10	Taiwan	85	17.7%
11	Korea	80	16.7%
12	Philippines	59	12.3%
13	Central & Eastern Europe	43	9.0%
14	Singapore	41	8.6%
15	Brazil	40	8.4%

(2) One or more overseas affiliates for sales

	Country/ Region	No. of respondents (company)	Proportion
1	China	290	60.5%
2	US	242	50.5%
3	Thailand	177	37.0%
4	EU14	151	31.5%
5	Singapore	126	26.3%
6	Taiwan	124	25.9%
7	Indonesia	115	24.0%
8	Hong Kong	108	22.5%
9	Korea	102	21.3%
10	India	100	20.9%
11	Vietnam	94	19.6%
12	Mexico	81	16.9%
13	Malaysia	73	15.2%
14	UK	66	13.8%
15	Brazil	55	11.5%

(Note: The total number of companies responding to the survey was 479.)

<Definitions of regions in this survey>

NIEs3 Korea, Taiwan, Hong Kong

ASEAN5 Singapore, Thailand, Indonesia, Malaysia, Philippines

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

North America US and Canada

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

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

Europe EU14, UK, Central & Eastern Europe, Turkey

*Taiwan and Hong Kong are counted as NIEs3.

<China's regional classification in this study>.

Northeast (Heilongjiang, Jilin, Liaoning)

North China (Beijing, Tianjin, Hebei, Shandong)

East China (Shanghai, Jiangsu, Anhui, Zhejiang)

South China (Fujian, Guangdong, Hainan)

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

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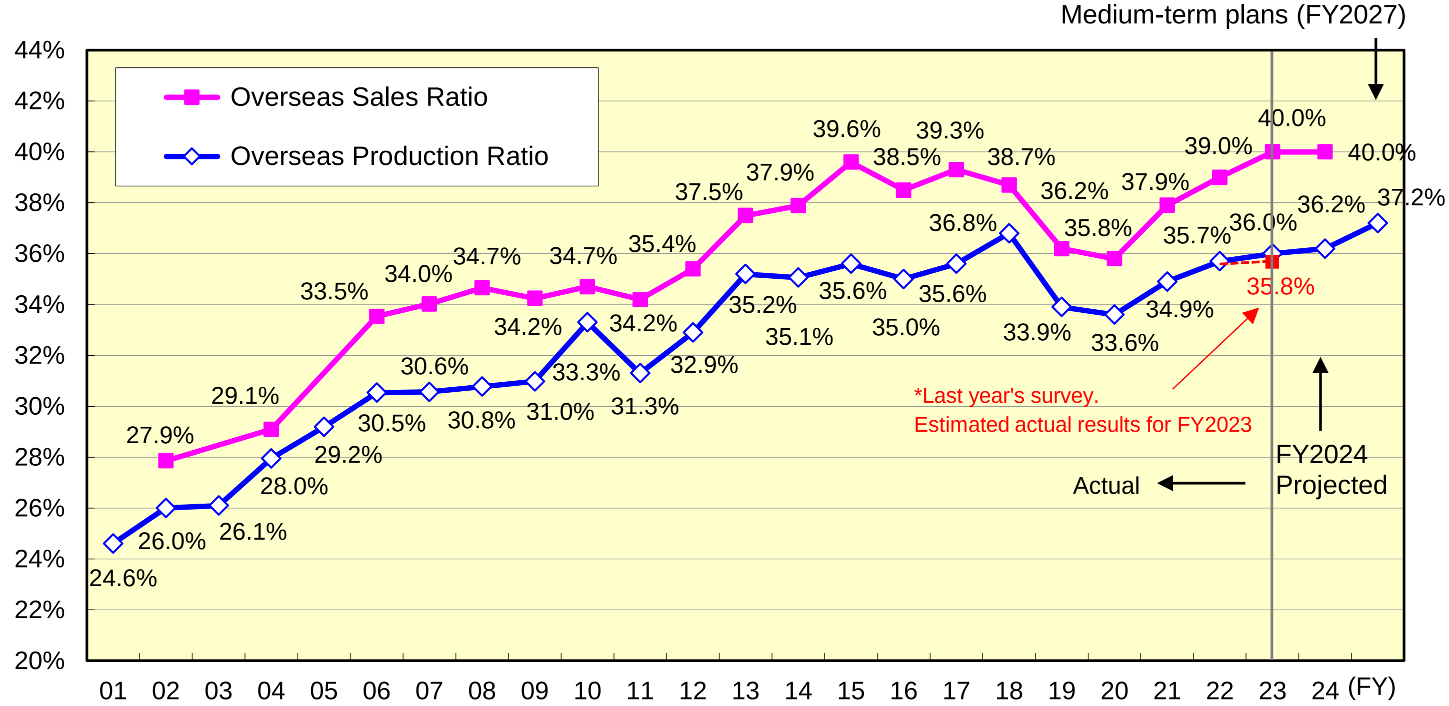
2. Overseas Business Performance

(1) Basic Data: Overseas Production/Sales Ratio

Figure 2.1 Trends in Overseas Production/Sales Ratio (From FY2001-, all industries)



(Note 1) Calculation methods of indices (all on a consolidated basis)

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

(Note 2) Each ratio in the graph is a simple average of the values reported by the responding companies.
(Note 3) Overseas sales ratios for FY2003 and FY2005 were not surveyed.

(Reference) Contribution of increase in overseas sales ratio
(FY2022-2023 by industry)

Industry Type	Contribution to the increase
Automobiles	0.6
General Machinery	0.4
Chemicals	0.2
Textiles	0.1
Food	0.1
Electrical Equipment & Electronics	0.0
Nonferrous Metals	0.0
Petroleum & Rubber	0.0
Paper, Pulp & Wood	0.0
Steel	0.0
Metal products	0.0
Ceramics, Cement & Glass	0.0
Precision Machinery	-0.1
Other	-0.1
Transportation Equipment	-0.4
Total	1.0

(Note: Calculated by weighting the increase from the previous year based on the number of companies that responded to last year's survey.)

■ **Overseas Production Ratio maintained an upward trend, but the growth slowed down. Overseas Sales Ratio reached a record high level due to yen depreciation.**

- The actual Overseas Production Ratio in FY2023 (36.0%) exceeded the FY2023 estimate (35.8%) at the time of last year's survey; the FY2024 estimate is 36.2%, and the mid-term plan (FY2027) is 37.2%, with the possibility of a record high level, although growth will be gradual.
- The Overseas Sales Ratio in FY2023 was 40.0%, a record high level on the back of the historic depreciation of the yen.

(1) Basic data Overseas Production/Sales Ratio by Industry

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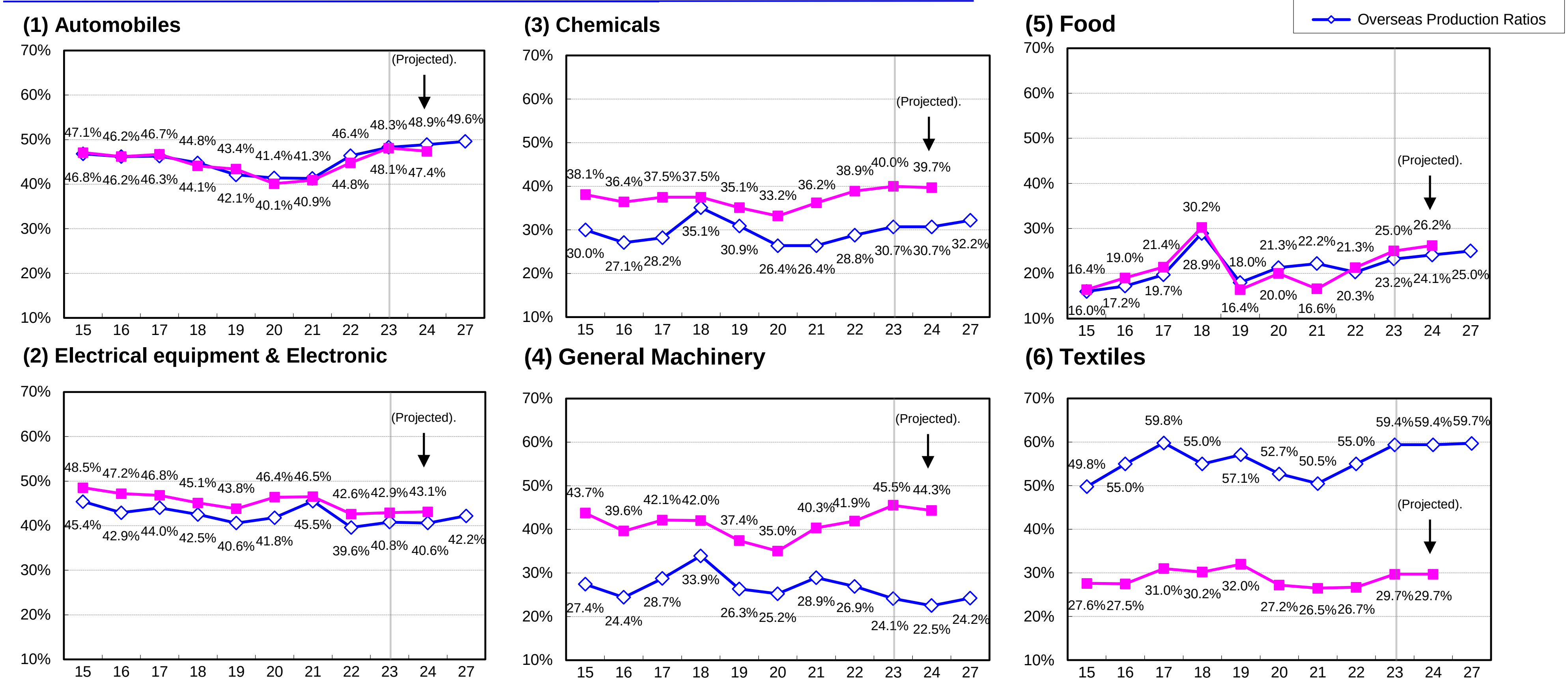
Figure 2.2 Trends in Each Index by Industry (FY2015 onwards)



■ Overseas Sales Ratio increased in all four major industries. General Machinery decreased in terms of Overseas Production Ratio.

- In FY2023, Overseas Production Ratio (actual) increased for Automobiles (46.4%→48.3%), Electrical Equipment & Electronics (39.6%→40.8%), Chemicals (28.8%→30.7%), Food (20.3%→23.2%), and Textiles (55.0%→59.4%). Only General Machinery (26.9% to 24.1%) showed a different trend, decreasing.
- In FY2023, Overseas Sales Ratio (actual) increased in all four major industries. In the interviews, one company commented, "Overall business is favorable. In particular, the renewable energy business is growing" (Electrical Equipment & Electronics (assembly)).
- As for General Machinery, one interviewee said, “Although local production in China decreased and the ratio of overseas production decreased, the ratio of overseas sales increased due to growth in exports to North America” (General Machinery (assembly)).

Question

Please select the answer that best describes your company's FY2023 profits when compared with initial targets (by countries/regions).

Figure 2.3 Overseas Performance Evaluation

(%)

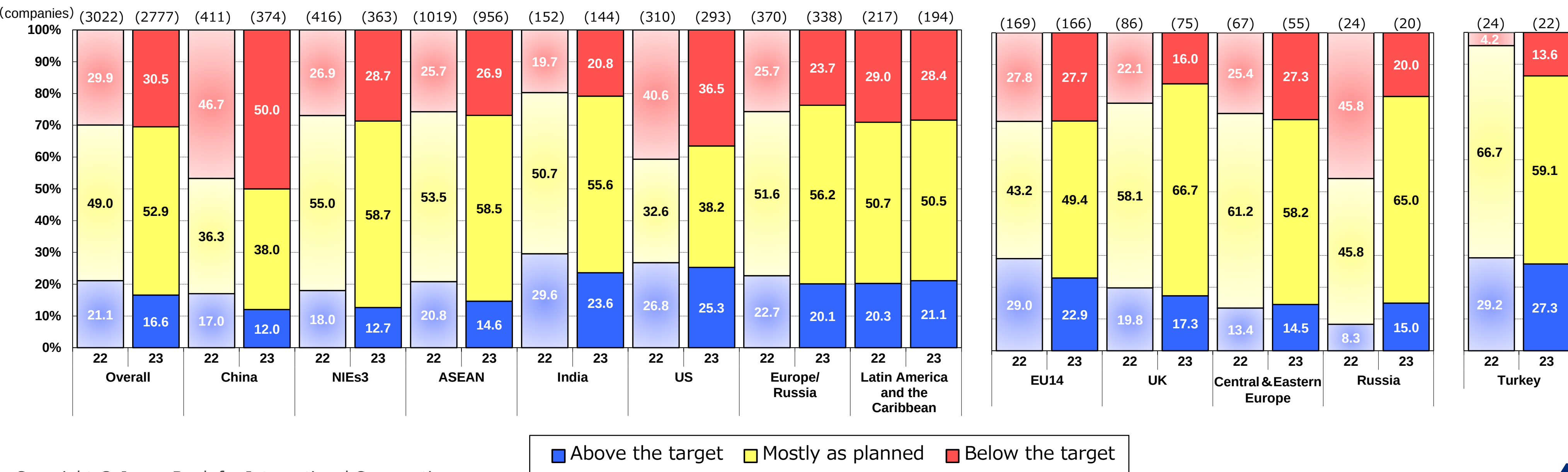
(FY)	2022	2023
Above the target	21.1	16.6(▲4.5)
Mostly as planned	49.0	52.9(+3.9)
Below the target	29.9	30.5(+0.6)

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

■More companies are below targets due to slowing demand growth & intensifying competition.

- In FY2023, the percentage of respondents choosing "above the target" (16.6%) decreased 4.5 points from the previous year, while those who chose "below the target" (30.5%) increased 0.6 points from the previous year, indicating that the results of overseas earnings fell short of the plan.
- By country/region, the percentage of "above the target" increased from the previous year in Latin America, Central and Eastern Europe, and other regions. In Latin America, most of the companies who selected "above the target" were companies in the Automobiles industry in Mexico, indicating that business is going well.
- The decrease in the percentage of "above the target" and the increase in the percentage of "below the target" in China, NIEs3, ASEAN, and India were conspicuous, indicating that intensifying competition with local companies in China and slowing demand growth in ASEAN had a negative impact. One company commented that in China, "Sales of parts were also sluggish as Japanese companies suffered from weak sales due to intensifying competition with local EV makers, who were prepared to take on the challenge of capturing the market even at the cost of worsening profitability. (Automobiles (assembly and parts)). As for ASEAN, one company said, "In addition to declining demand, rising prices have prevented sales growth and profits from rising" (Automobile (assembly)).

Figure 2.4 Overseas Performance Evaluation (by Country/Region)



(2) Performance Evaluations: Reasons (by Major Countries/Regions)

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■ Sluggish sales activity in Asia & Europe, due to the rise of foreign/local companies, price competition, and economic slowdown

- As for “reasons for exceeding the target,” the percentages of “cost cuts via consolidation of manufacturing” increased in the NIEs3, ASEAN, India, and “good performance of exports from the country/region” increased in China, ASEAN, and India, and Europe. On the other hand, the percentage of “good performance of sales in the country/region” decreased in all regions. Due to the yen’s depreciation, responses for "other temporary factors" also increased. Some companies commented, "The Chinese economy was sluggish, but orders from suppliers were larger than expected" and "In India, the economy was favorable, and sales were favorable due to increased demand in the steel industry" (Chemicals).
- As for the “reasons for falling below the target,” the percentage of “poor performance of sales in the country/region” increased in major countries and regions. In the interview, one company commented, “The worsening Chinese economy has led to the postponement of investment in industrial equipment, affecting our business” (Electrical Equipment & Electronics (assembly)). Another company stated, “Raw material and labor costs continue to soar globally” (Automobile (parts)).

Figure 2.5 Reasons for Exceeding the Target

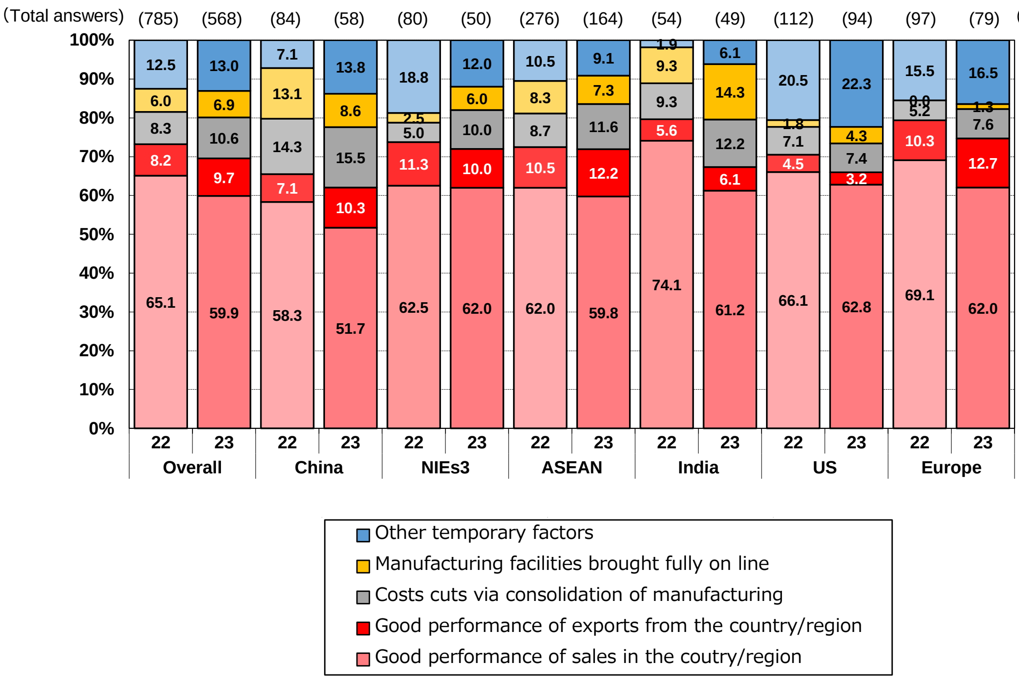
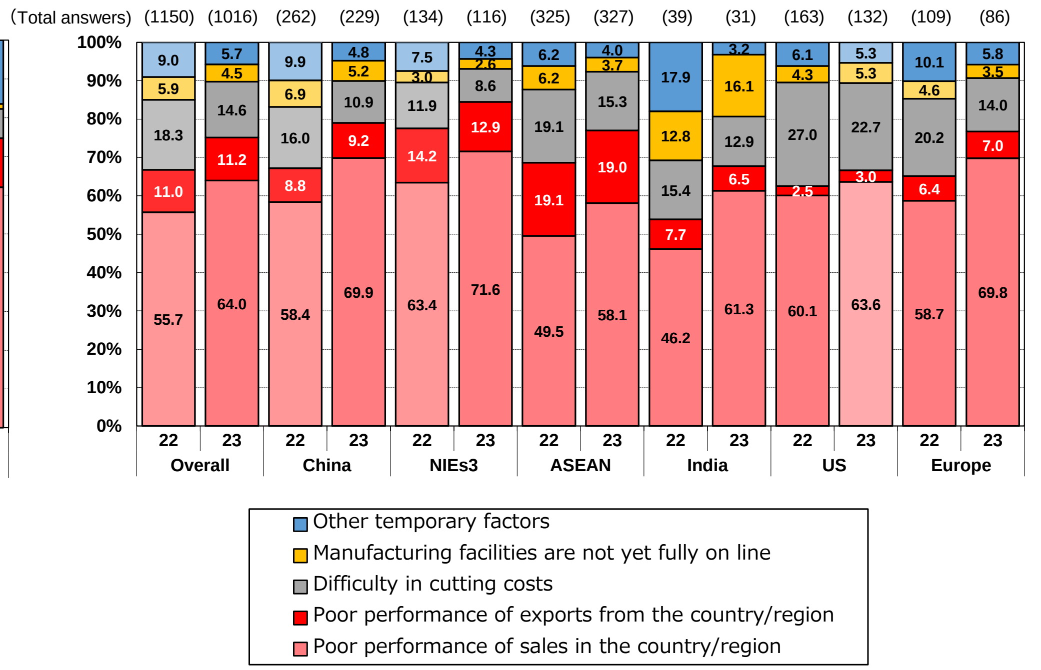


Figure 2.6 Reasons for Falling Below the Target



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

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3. Business Prospects for Medium-term

(1) Medium-Term Business Development: Stance Toward Strengthening/Expanding Business (Overseas/Domestic)

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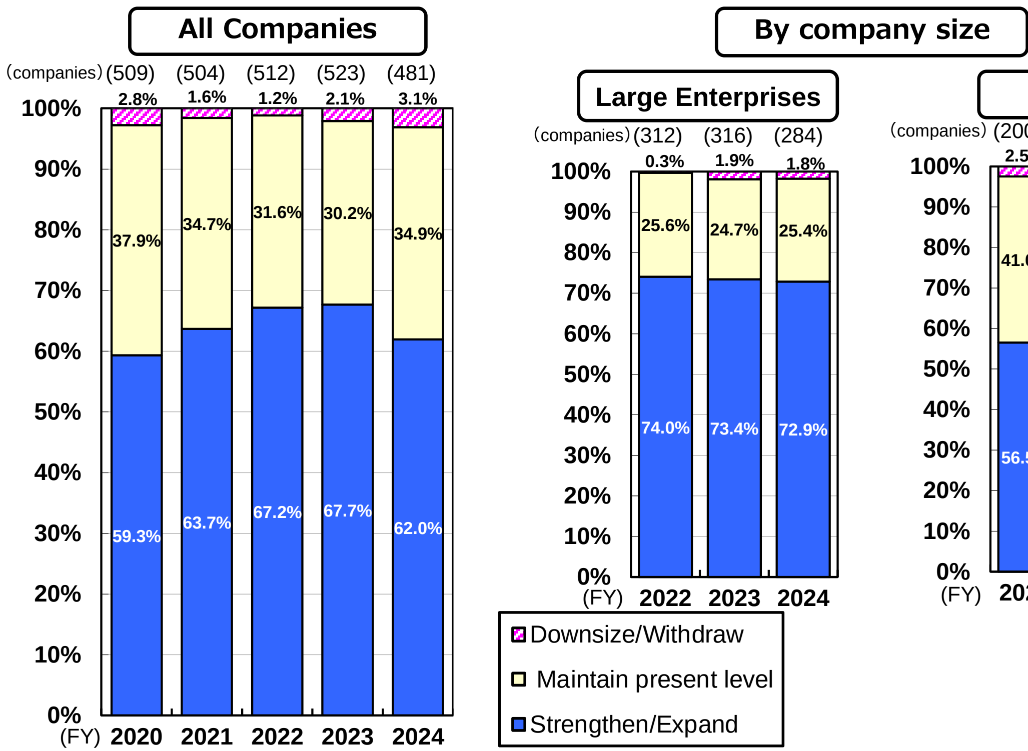
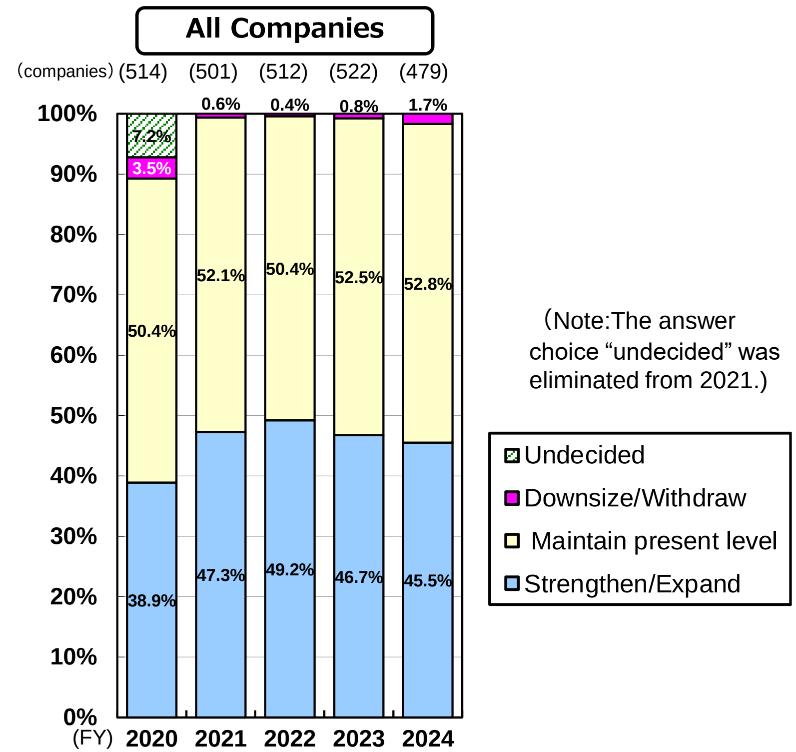
Question	What are your medium-term (the next 3 years) prospects for overseas and domestic operations?

Overseas Figure 3.1 Medium-Term (next 3 years) Prospects for Overseas Business Expansion



Domestic Figure 3.2 Medium-Term (next 3 years) for Domestic Business Expansion



- **As for overseas business, the upward trend of “strengthen/expand” seen in recent years has reversed and turned negative.**
  - Thee number of companies that chose “strengthen/expand" decreased 5.7 points from the previous year's survey to 62.0%. By company size, SMEs in particular dropped sharply, down 12.7 points from the previous year to 46.2%. The “downsize/withdraw" response rate increased by 2.7 points to 5.1%. In the interview, one company said, “The postponement of investment by our business partners in China is having a negative impact on our own companies as well. Small and medium-sized enterprises are particularly affected, and they are not in a position to strengthen and expand their business” (General Machinery parts).
- **In domestic business, “strengthen/expand” declined for the second consecutive year.**
  - Regarding domestic business, 45.5% of companies answered they are “strengthening or expanding” their domestic business, down 1.2 points from the previous year, marking the second consecutive year of decline. Concerns about Japan's declining population and shrinking market were voiced (Automobile parts and Chemicals).

(Note: Overseas business includes outsourced production and procurement as well as manufacturing, sales, and R&D.)

(1) Medium-Term Business Development: Stance Toward Strengthening/Expanding Business (Overseas/Domestic) - Cross Analyses

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Figure 3.3 Shift in Intentions to Strengthen/Expand Business (2005-2024)

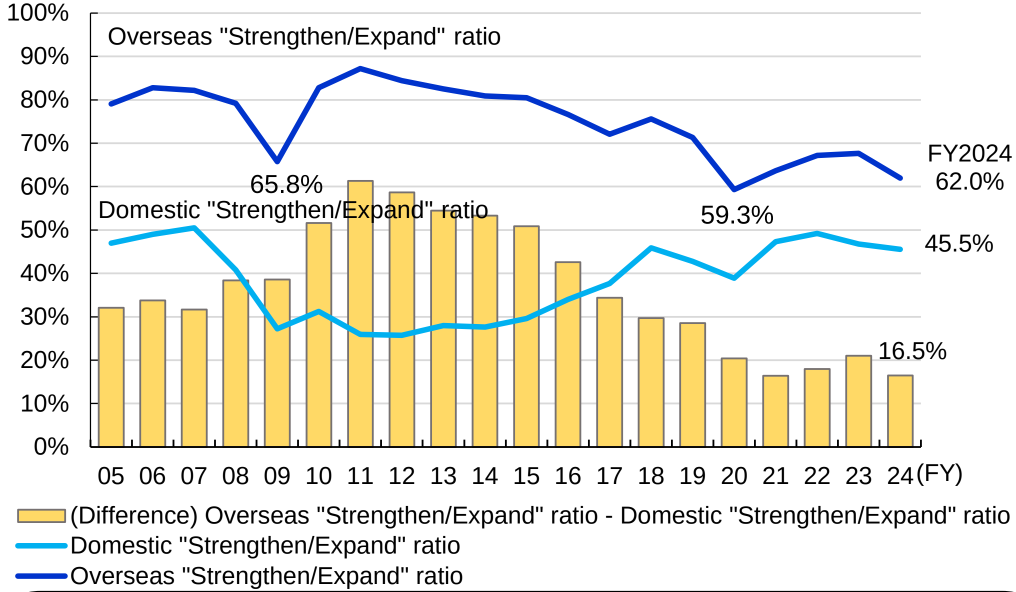
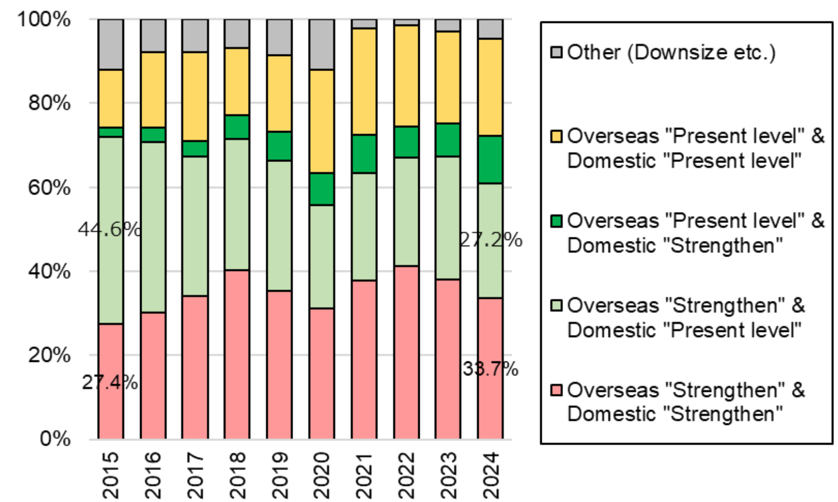


Figure 3.4 Cross Analysis of Prospects for Overseas and Domestic Business

Medium-term Prospects (next 3 yrs. or so)			
Overseas business	Domestic business	No. of respondent companies	Proportion
Strengthen/expand (295 companies)	Strengthen/Expand	161	33.7%
	Maintain present level	130	27.2%
	Downsize/Withdraw	4	0.8%
Maintain present level (168 companies)	Strengthen/Expand	54	11.3%
	Maintain present level	111	23.2%
	Downsize/Withdraw	3	0.6%
Downsize/withdraw (15 companies)	Strengthen/Expand	2	0.4%
	Maintain present level	12	2.5%
	Downsize/Withdraw	1	0.2%

(Note: For data by industry, please refer to the Appendix.)(n= 478 companies)

Figure 3.5 Transition of Outlook for Overseas and Domestic Business



■ Attitude toward strengthening overseas business turns negative.

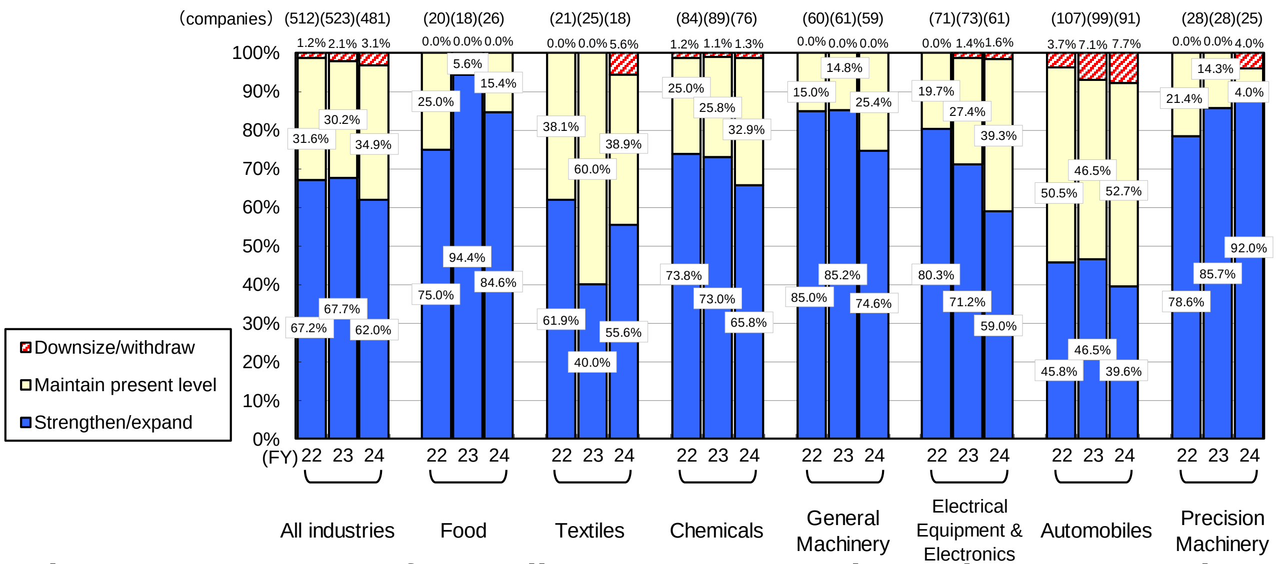
- As for overseas operations, the percentage of "strengthen/expand" decreased 5.7 points from 67.7% in the previous year to 62.0%, the first negative figure compared to the previous year since the COVID-19 pandemic in 2020. The slowdown in global demand growth in China and ASEAN, the overproduction of EVs and other products in China, and the rise of local companies have increased competitive uncertainty, while the exchange rate level has also had an impact, leading all companies to be cautious about their overseas expansion.

■ Fewer companies maintain their strengthening of both overseas and domestic business.

- The percentage of companies that responded that they will "strengthen/expand" both their overseas and domestic operations decreased for the second consecutive year, down 4.4 points from the previous year. On the other hand, "overseas present level & domestic strengthen" increased 3.3 points from the previous year, while "others (downsize etc.)" increased 1.7 points.

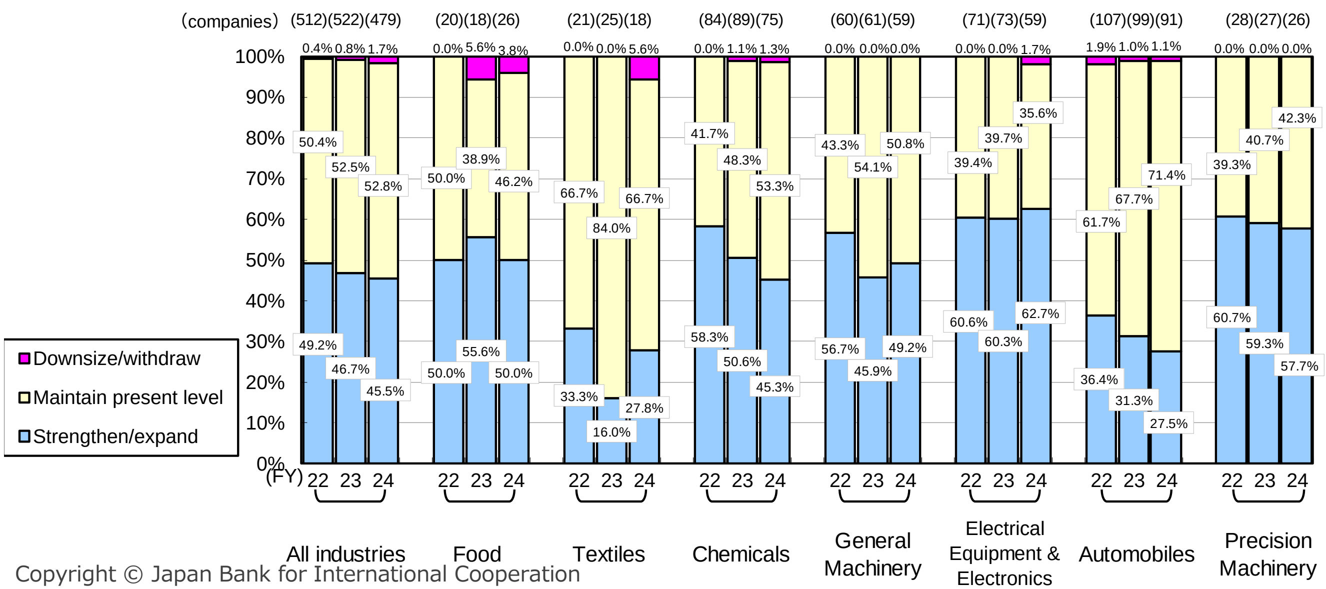
(1) Medium-Term Business Development: Stances Toward Strengthening/Expanding Business by Industry

Figure 3.6 Prospects for Medium-Term Overseas Business Expansions



- **"Strengthen/expand" in all four major industries continues to decline.**
- By industry, the "strengthen/expand" stance in the four major industries declined. In particular, the "strengthen /expand" stance of Electrical Equipment & Electronics decreased by 12.2 points from the previous year. In our interviews, we heard that "Benefits of overseas operations are declining due to the weak yen" (Electrical/Electronics Components). This may be due to intensifying competition in China and other regions, partly because of the rising technological capabilities of local companies.
- For Automobiles, "strengthen/expand" remained weak, while "downsize/withdraw" reached 7.7%. In the interviews, some respondents said they would "withdraw from the market due to the downsizing of Japanese automakers' operations in China," "decrease in engine parts production due to electrification," and "wait and see how far the shift to EVs will go" (Automobile parts). Amidst these uncertainties in the global market, there continues to be a cautious trend.

Figure 3.7 Prospects for Medium-Term Domestic Business Expansions



- **"Strengthen/Expand" decreased mainly in Chemical and Automobiles.**
- By industry, among the four major industries, the Chemical saw the largest drop in the ratio of "strengthen/expand" domestic business, down 5.3 points from the previous year. The same trend was seen for Automobiles, which saw a decline for the second consecutive year. For Chemicals, "strengthen/expand" is on a declining trend, as companies are consolidating their production facilities due to declining demand in Japan and China.
- For General Machinery and Electrical Equipment &Electronics, "strengthened/expanded" overseas operations decreased, while "strengthened or expanded" domestic operations increased slightly. This reflects demand related to semiconductors and manufacturing equipment, and the strengthening of domestic investment by related companies.

(Note: For detailed data, see Appendix.)

(1) Medium-Term Business Development: Countries to be Strengthened

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Question We would like to ask those who selected "strengthening/expanding" for overseas business development. Which country/region is it? (Multiple answers allowed)

Figure 3.8 Countries to Strengthen

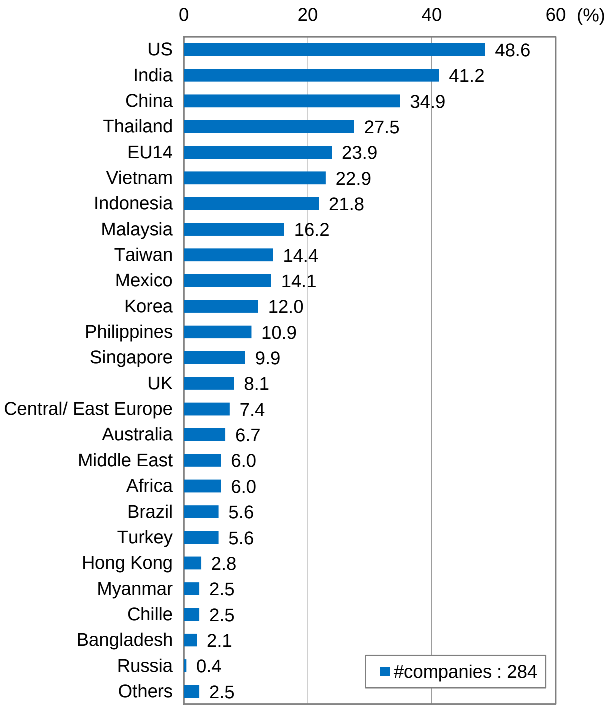


Figure 3.9 Countries to Strengthen (by size)

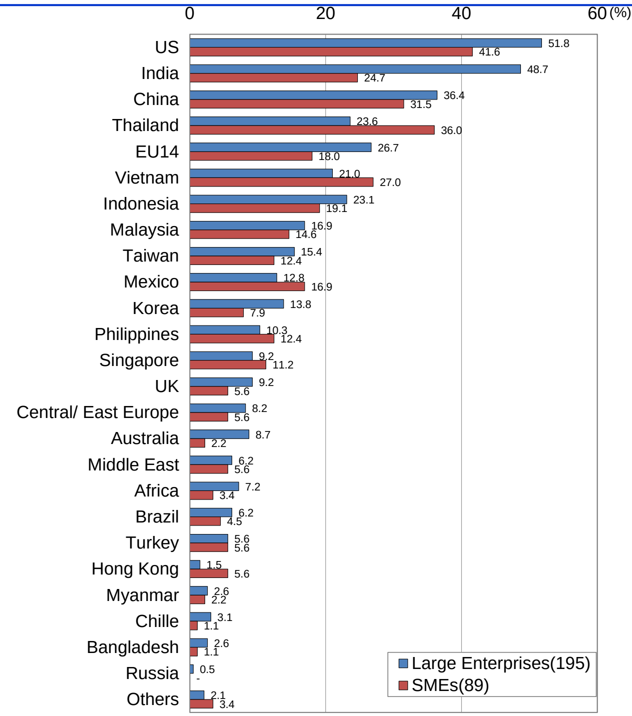
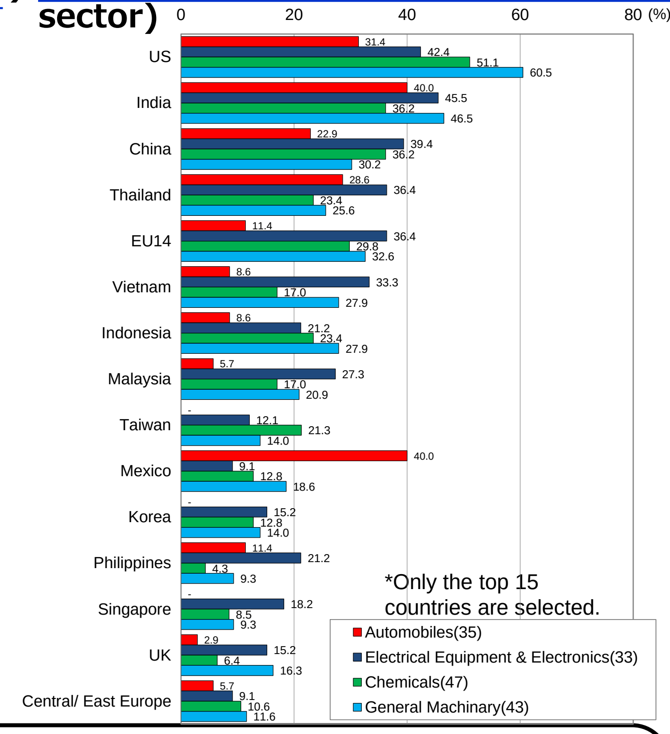


Figure 3.10 Countries to Strengthen (by sector)

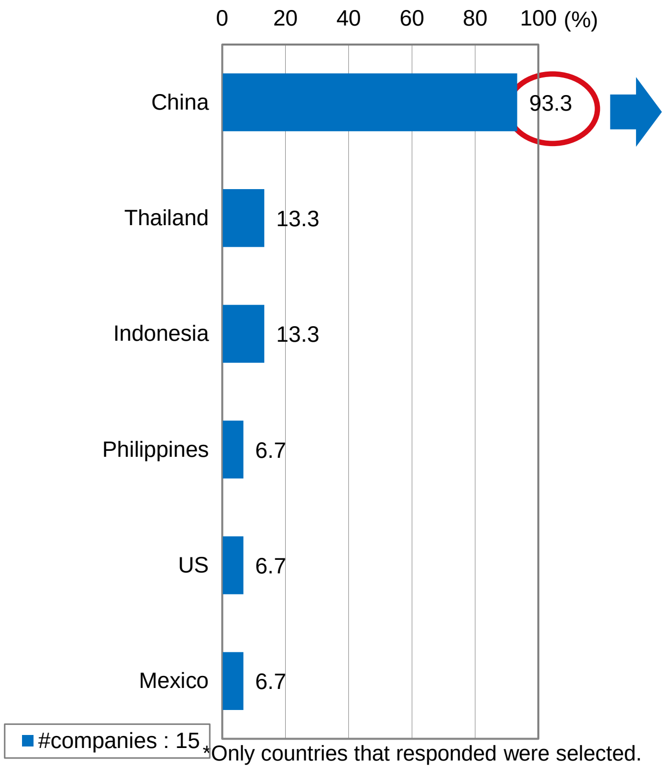


- **Nearly 50% of the companies will strengthen/expand their U.S. business. Despite the tightening of regulations between the U.S. and China, the number of companies that will strengthen/expand their China business is also in the 30% range.**
- The U.S. received the highest number of votes, including in the General Machinery and Chemicals industry, backed by the resilience of the U.S. economy. Some companies said, "Compared to Asia, the economy is stable and the market base is broad. We are expanding business from the viewpoint of local production for local consumption" (General Machinery assembly). Meanwhile, the Automobiles industry is taking a strong stance toward Mexico as a supply base for the U.S. market, partly due to the USMCA.
- India received universal responses from the four major industries, mainly from large companies, to strengthen/expand. One company said, "Sales are growing, and we will strengthen both manufacturing and sales" (General Machinery). On the other hand, SMEs accounted for only about half of the large companies, suggesting that the country continues to be a challenging one for SMEs.
- China had the third-highest number of votes. Even as the Chinese economy slows down, companies that can expect to demonstrate superiority in the Chinese market, due to the size of the market, responded that they will strengthen their business for China.
- In Thailand, the percentage of SMEs exceeds that of large enterprises. With a long history of expansion by Japanese companies and an investment environment that facilitates entry into the country as a logistics hub in ASEAN, many SMEs appear to be citing Thailand as a country in which to strengthen their operations.

(1) Medium-Term Business Development: Countries to Downsize/Withdraw Businesses

Question We would like to ask those who selected "downsize/withdraw" their overseas business development, Which country/region is it? (Multiple answers allowed)

Figure 3.11 Countries in Which to Downsize/Withdraw Businesses (All)



*Only countries that responded were selected.

Figure 3.12 Companies Downsizing/Withdrawing Businesses in China

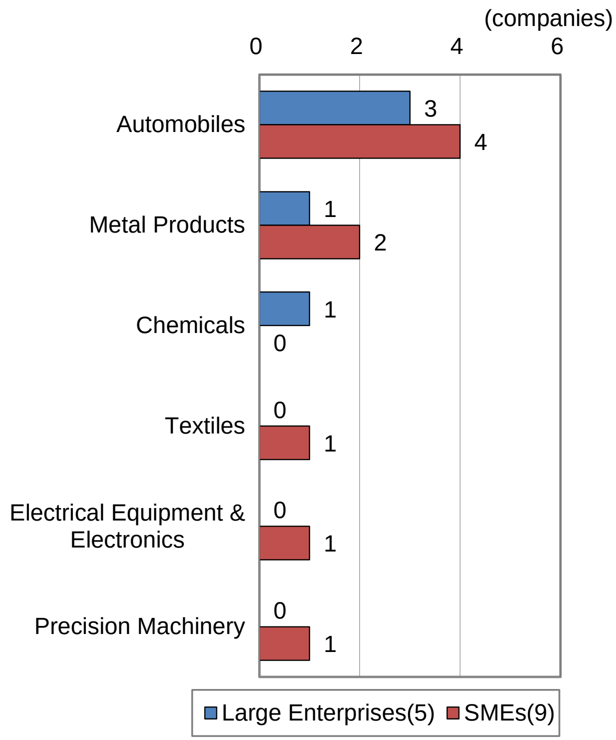
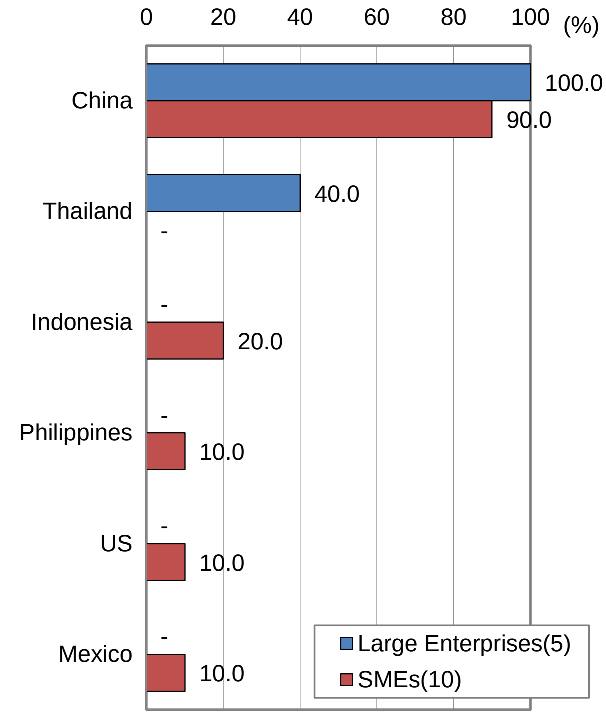


Figure 3.13 Countries to Downsize/Withdraw Businesses (by size)



*Only countries that responded were selected.

- **Out of 15 companies, 14 selected China as a country in which to "downsize/withdraw" its businesses. Half of them are automobiles.**
- As for countries in which companies will "downsize/withdraw" their overseas business development, China (93.3%), followed by Thailand (13.3%), and Indonesia (13.3%) were chosen, indicating a move away from China. Seven companies, or half of the companies that cited China, answered that the reason for downsizing/withdrawing from China was "due to a decrease in local production." This suggests that Japanese automakers are downsizing or withdrawing their Chinese operations in response to price competition with Chinese automakers.
- By size, five large companies and nine SMEs withdrew from China. From Thailand, two large companies (both in Automobile parts) withdrew due to sluggish sales of Japanese vehicles amid slowing domestic demand caused by rising household debt and the entry of Chinese EVs into the market as a result of Thailand's EV investment promotion measures. In addition, two SMEs withdrew from Indonesia, and one each from the Philippines, the U.S., and Mexico.

(2) Medium-Term Business Development: Impact of Yen Depreciation

JBIC

Question	Please select the impact of the current depreciation of the yen on your company's business from ① to ④.

Figure 3.14 Impact of Yen Depreciation on Business (overall)

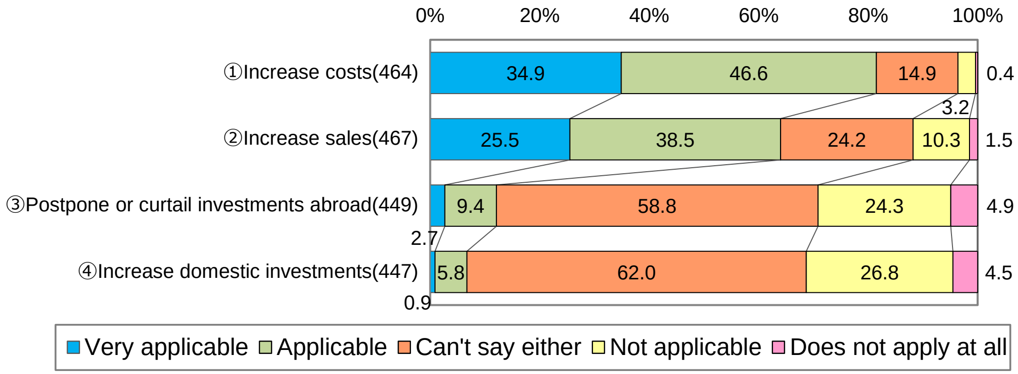
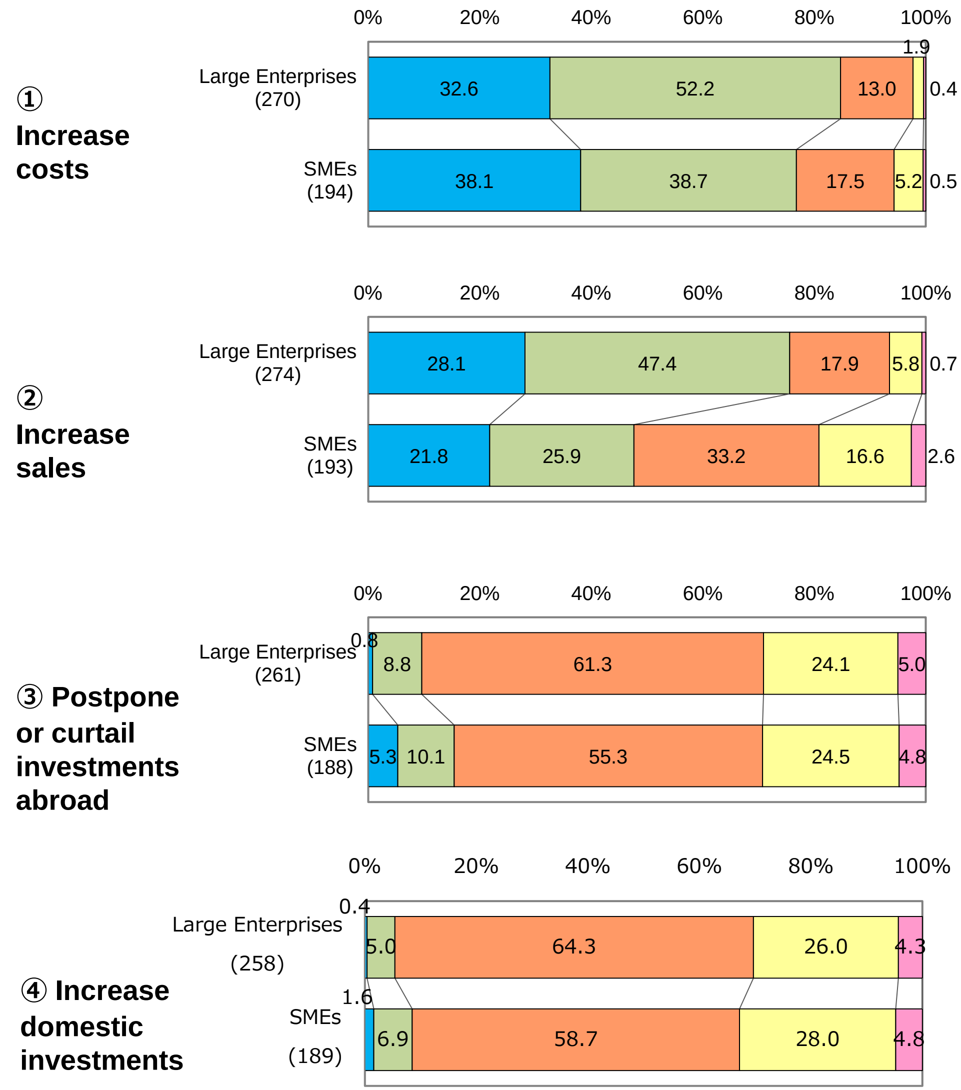


Figure 3.15.Impact of Yen Depreciation on Business (by size)



■ The impact of yen depreciation on costs and revenues is significant. Each company makes prudent decisions on investment actions.

- As for the impact of the yen's depreciation, 81.5% (see note) of the companies responded that "costs will increase." In particular, the "very applicable" response was particularly prominent among SMEs. In interviews, some SMEs said, "The yen's depreciation has increased procurement costs for domestic manufacturing, compressing profits" (Electrical Equipment & Electronics).
- Of the respondents, 64.0% (see note) answered that "sales will increase," with more large companies responding this way. One company said, "Sales are increasing, which is positive for earnings as a whole. The impact of the yen's depreciation is limited because they manufacture close to where they consume" (General Machinery assembly), indicating that the impact of yen's depreciation is being controlled through the establishment of a model of local production for local consumption. However, overall, more companies, regardless of size, responded that "costs will increase" than "sales will increase," suggesting that the impact of the yen's depreciation may be putting pressure on profits in general.
- Although the percentage of companies that "postpone or curtail investments abroad" and "increase domestic investment" was not that large, more than 50% of the respondents answered "undecided," indicating the cautious attitude of companies. On the other hand, some companies said, "If it is within the expected range, we will proceed with investment as planned" (General Machinery assembly).

(Note) Total of "very applicable" and "applicable"

(3) Medium-Term Business Development: Impact of Industrial Policies and Environmental Regulations (U.S.)

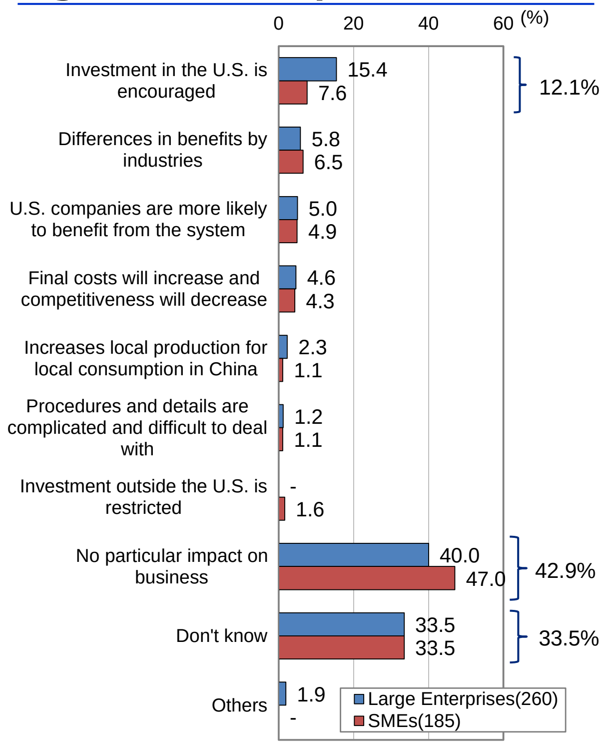
JBIC

Question	Please select the impact of U.S. industrial policies and environmental regulations on your business. (Multiple responses allowed.)

■**Although a large percentage responded "no particular impact" or "don't know," some companies have created a system to scrutinize subsidy measures and promote investment.**

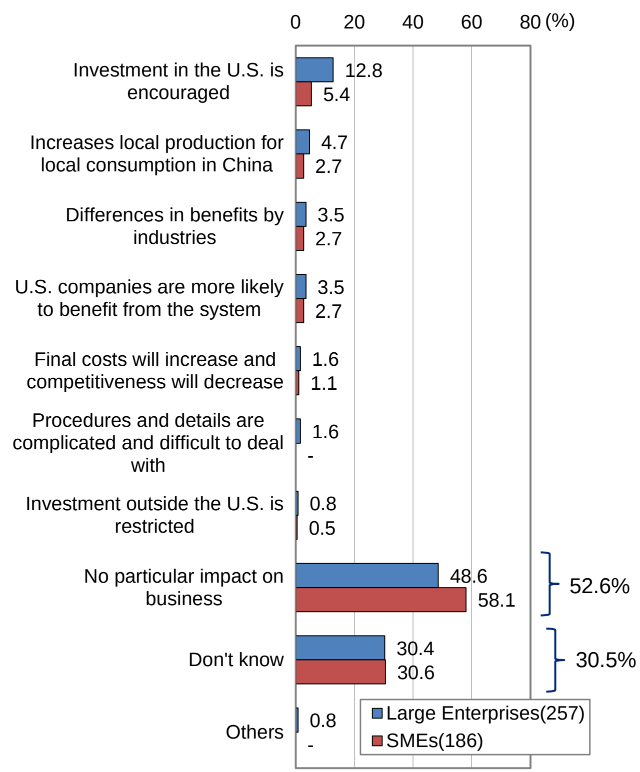
- Regarding the impact of the IRA and CHIPS and Science Act on their business, the total of "no impact" and "don't know" remained at the same level as the previous year, but the number of companies that answered "no impact" increased, indicating a certain degree of progress in understanding these systems. In the interviews, an increasing number of companies are preparing their systems to comply with the new legislation, such as "Every time a new regulation is enacted, the department in charge closely examines the degree of impact" (Automobiles (assembly)) and "We have already established a system for cooperation with our U.S. suppliers" (Chemicals).
- Among the companies that answered that there is an impact, "investment in the U.S. is encouraged" received the highest percentage. On the other hand, only a small percentage responded that "procedures and details are complicated and difficult to deal with" and "investment outside the U.S. is restricted." In the interviews, one respondent stated that "U.S. factories meet the conditions for IRA tax refunds and are planning to expand their semiconductor and renewable energy businesses" (Electrical Equipment & Electronics (components)).
- Regarding the Uyghur Forced Labor Prevention Law (UFLPA), about 90% of the companies are not aware of its impact, including companies responding "don't know." In the interviews, one said, "We haven't gotten around to it" (Automobiles (assembly)).

Figure 3.16 Impact of IRAs



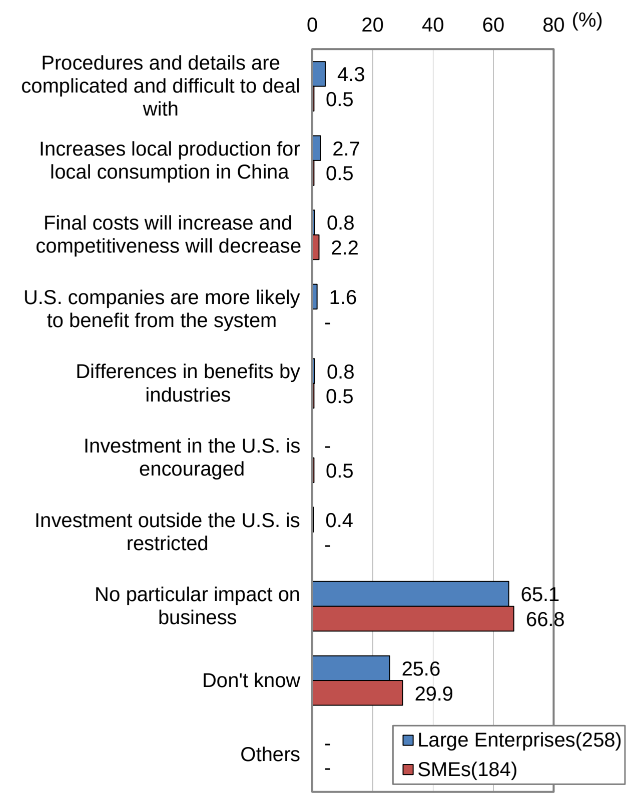
* Last year "no impact" : 30.4%.
Last year "don't know": 45.0%.

Figure 3.17 Impact of CHIPS Act



*Last year "no impact" : 32.3%.
Last year "don't know": 51.4%.

Figure 3.18. Impact of UFLPA



(3) Medium-Term Business Development: Impact of Industrial Policies and Environmental Regulations (Europe)

JBIC

Question: Please select the impact of EU industrial policies and environmental regulations on your business. (Multiple responses allowed.)

Figure 3.19 GD* Industry Plan

*Green Deal

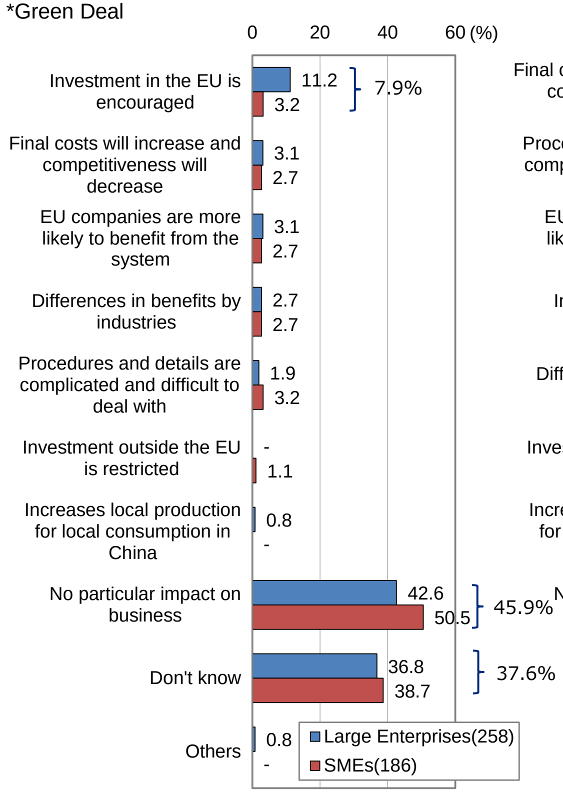


Figure 3.20 CBAM

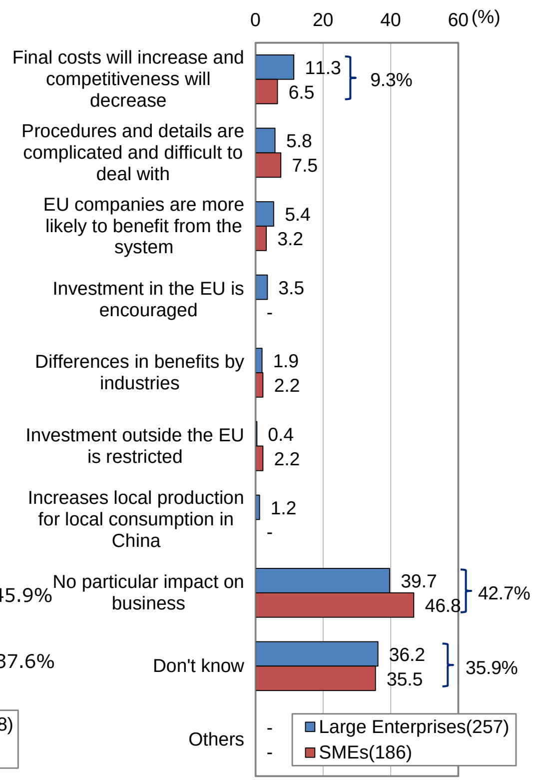


Figure 3.21 CSDDD

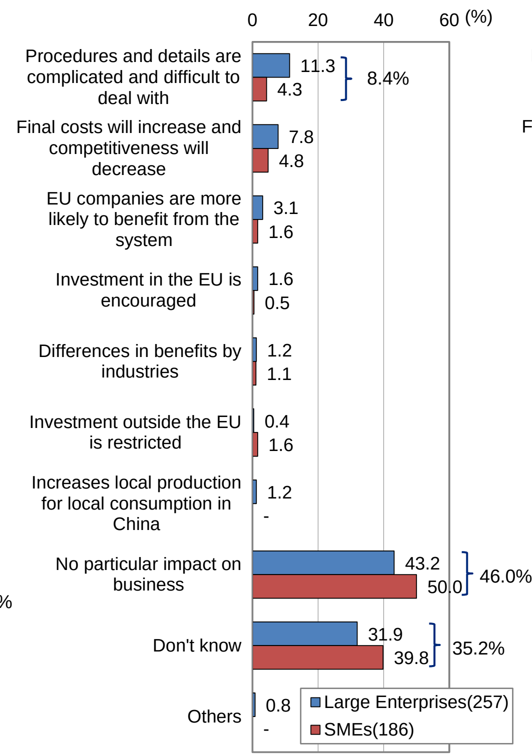
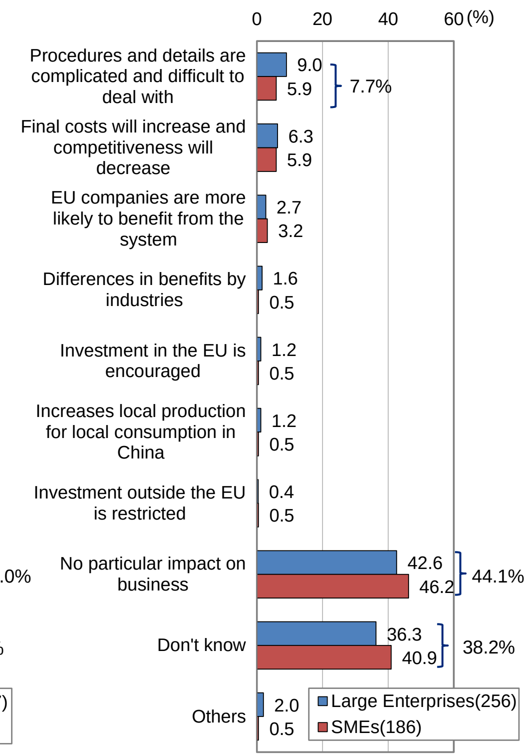


Figure 3.22 PFAS Regulations



■ **80% of companies are unaware of the impact. For some companies, Green Deal Industrial Plan will promote investment in the EU.**

- The majority answered "no particular impact" or "don't know," indicating that about 80% of companies are unaware of the impact of EU industrial policies and environmental regulations on their companies. This may be due to the fact that Japanese companies are not yet familiar with the CBAM and CSDDD. By size, the percentage of "no particular impact" and "don't know" responses from SMEs generally exceeded that of large companies with respect to each industrial policy.
- Among the responses that indicated a specific impact, the largest share of "investment in the EU is encouraged" was for the Green Deal Industrial Plan. In the interviews, one respondent said, "Projects for transmission lines connecting offshore wind power generation facilities with electric power companies and customers are applicable, and investment in the EU is progressing" (Nonferrous Metals). Other than these, the top responses were "final costs will increase and competitiveness will decline" and "procedures and details are complicated and difficult to deal with," but there was also a comment from a chemical company that "the commercialization of products that can comply with PFAS regulations is accelerating, and they see this as a business opportunity.

(4) Medium-Term Business Development: Roles to be played by Local Personnel

Question	What roles do you require local personnel to play in your overseas operations? What specific challenges do you face in recruiting and hiring local personnel?

■Local personnel are used for sales and general management, but only a limited number of companies are seeking executive-level local personnel.

- More than 60% of the companies selected "sales," "general management," "technical specialist," and "factory worker" as the roles they seek for local personnel in their overseas operations. On the other hand, 35.6% of the companies seek "executive" level roles for local personnel, and only about 1/3 of companies seek to appoint local personnel to management positions.
- Regarding challenges, "competition with other companies for human resources" accounted for the largest, followed by "high turnover rate" and "inability to offer attractive compensation levels." One company commented, "As long as there is a 'glass ceiling' that limits opportunities for the promotion of local personnel to executive positions and limits the level of compensation, it may be impossible to avoid a decline in motivation among local personnel and a high turnover rate" (Automobiles (assembly)).
- One example of a company actively promoting local human resources is "managing personnel information centrally on a global basis, identifying and assigning talented people, including appointing them to executive positions at the headquarters" (Automobiles (assembly)).

Figure 3.23 Roles of Local Personnel (by size)

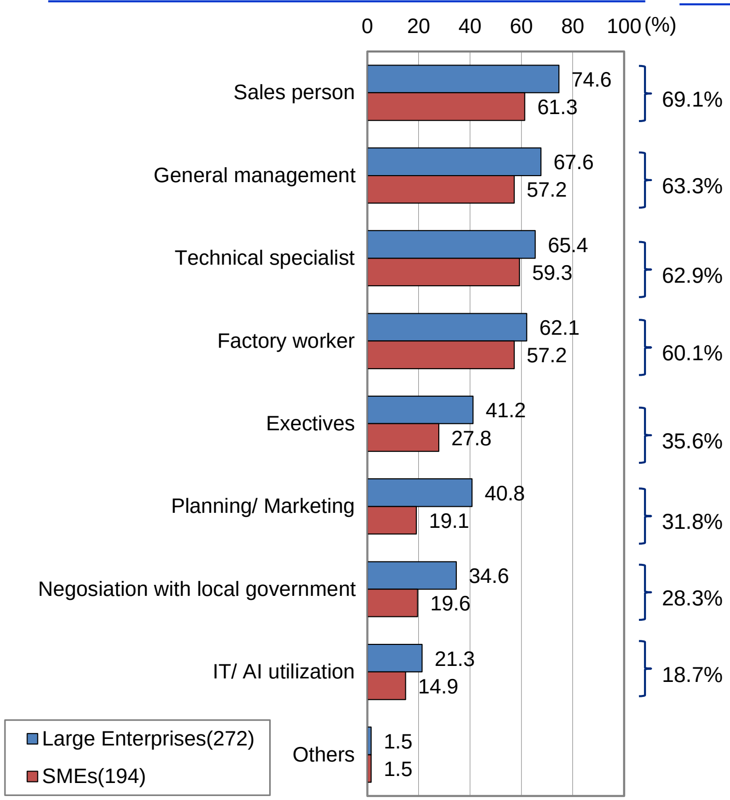


Figure 3.24 Roles of Local Personnel (by sector)

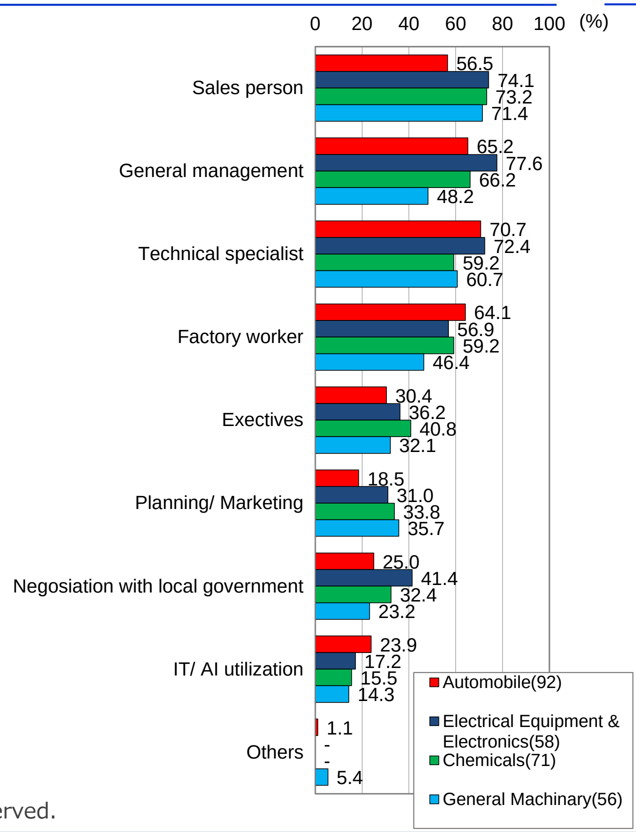
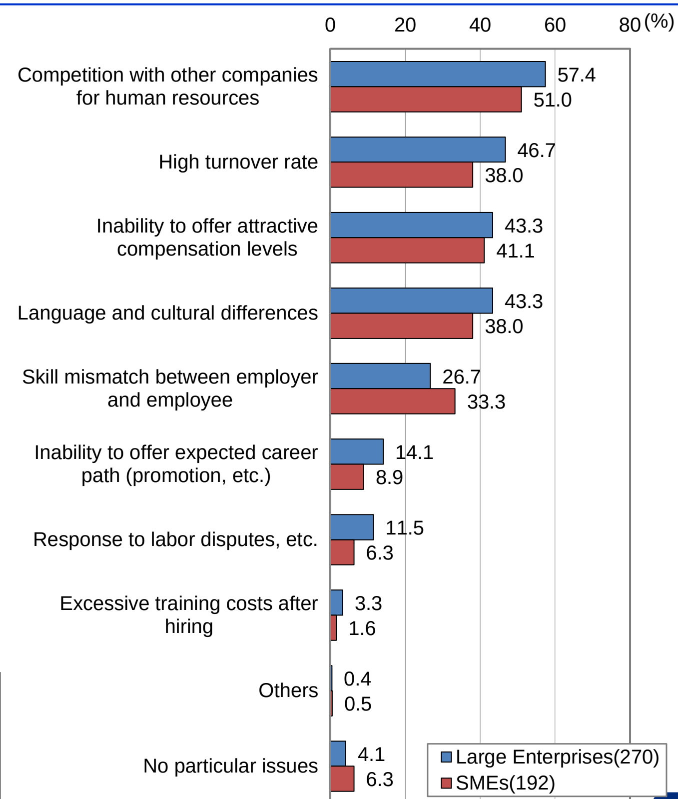


Figure 3.25 Challenges in Recruiting and Hiring Local Human Resources (by size)



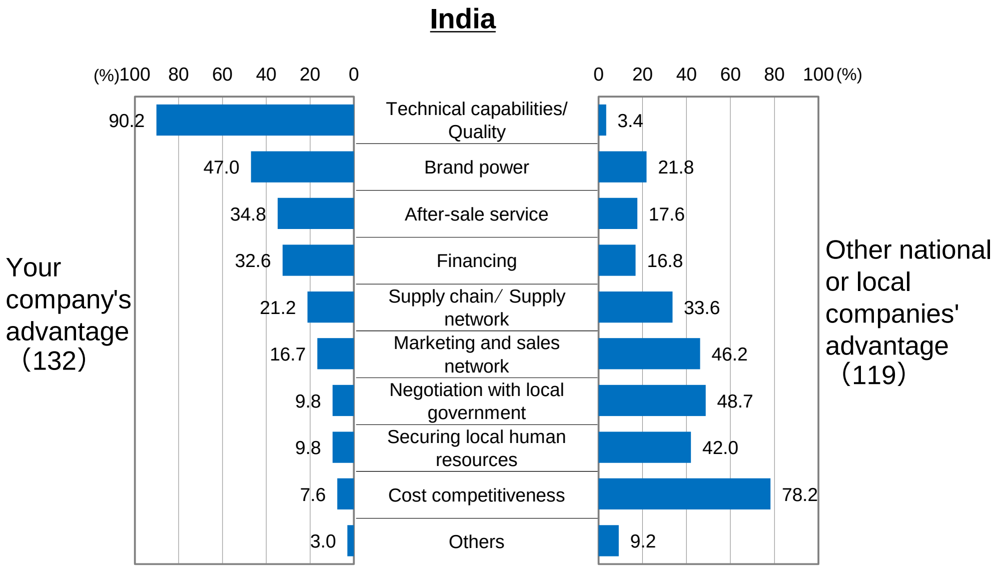
3

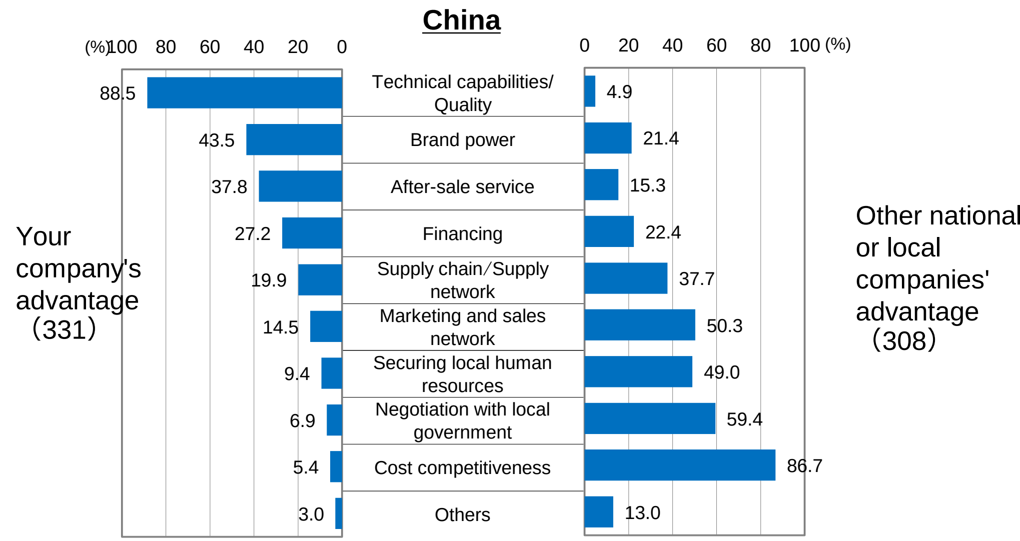
(5) Medium-Term Business Development: Advantages of the Company and other national/local companies

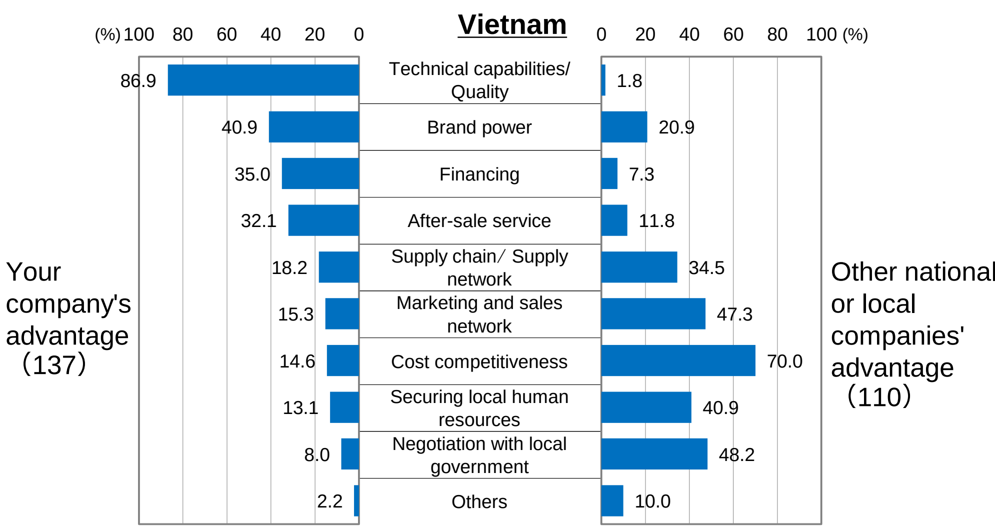
JBIC

Question: Please select the items in which you think your company has an advantage over companies from other countries and local companies when conducting business, and the items in which you think companies from other countries and local companies have an advantage. (Multiple answers allowed)

Figure 3.26 What is your Company's Advantage or Other National or Local Company's Advantage?







■Japanese companies have technical capabilities and quality advantages, but they struggle with cost competitiveness and negotiations with local governments.

- In India, China, and Vietnam, more than 85% of companies answered that they have superior "technical capabilities/quality." Companies also recognized them as superior to local companies in terms of "brand power," "after-sales service," and "financing."
- On the other hand, a large percentage of respondents answered that other national or local companies were generally superior in "cost competitiveness," "negotiation with local government," "supply chain/supply network," "marketing and sales network," and "securing local human resources."
- As for India, one company that responded that "cost competitiveness" was other national or local companies' advantage said, "Low-quality, low-cost products cannot compete, but adding value by selling energy-saving technology will increase sales" (General Machinery assembly).
- Regarding China, some respondents said, "Chinese companies cannot produce parts that require the high level of safety demanded by domestic and foreign automakers" (Automobiles parts). It appears that the market is segregated by quality and price range from local companies. However, 4.9% (15 companies) of the respondents in China indicated that local companies in other countries are superior in terms of "technical capabilities/quality," which may pose a risk for Japanese companies in their future business development.

日本の力を、世界のために。
Supporting Your Global Challenges

JBIC

4. Promising Countries/Regions

(1) Promising Countries: Potential Countries/Regions in the Medium-Term Ranking

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

Figure 4.1 Promising Countries for Overseas Business over the Medium-Term (next 3 years)

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

Ranking			Countries	No. of Companies		Percentage Share(%)	
2024	←	2023	(Total)	2024 351	2023 395	2024	2023
1	–	1	India	206	192	58.7	48.6
2	–	2	Vietnam	110	119	31.3	30.1
3	↑	4	US	92	107	26.2	27.1
4	↑	5	Indonesia	89	97	25.4	24.6
5	↑	6	Thailand	66	85	18.8	21.5
6	↓	3	China	61	112	17.4	28.4
7	–	7	Mexico	37	42	10.5	10.6
8	↑	9	Malaysia	26	26	7.4	6.6
9	↓	8	Philippines	25	35	7.1	8.9
10	–	10	Germany	20	21	5.7	5.3
11	–	11	Brazil	17	17	4.8	4.3
12	↓	11	Korea	14	17	4.0	4.3
13	↑	16	UK	12	7	3.4	1.8
14	↓	11	Taiwan	9	17	2.6	4.3
14	↑	15	Bangladesh	9	11	2.6	2.8
16	↓	14	Australia	6	13	1.7	3.3
16	↑	19	Canada	6	6	1.7	1.5
16	↑	19	Turkey	6	6	1.7	1.5
16	↑	25	Singapore	6	5	1.7	1.3
20	↓	16	France	5	7	1.4	1.8
20	↓	19	Cambodia	5	6	1.4	1.5
20	↑	28	Poland	5	4	1.4	1.0

(Note 1) In the case of a tie, the ranking was based on the ranking in the previous survey.
(Note 2) For results prior to FY2022, see Appendix.

■ India topped the list for the third year in a row, with Vietnam remaining in second place. The U.S. moved up to third place, while China dropped significantly to sixth place.

- India ranked first for three consecutive years with 58.7% of the vote, up 10.1 points from the previous year, citing the size and growth potential of the market.
- China's vote share fell 11.0 points from the previous year to a record low of 17.4%, against a backdrop of a slowing domestic economy, price competition with local companies, and a move away from China in the wake of protracted U.S.-China conflict.
- The U.S., despite the high opinion regarding its market, lost votes due to concerns about rising labor costs and other factors, but moved up to third place as a result of China's finishing in sixth place.
- Vietnam gained 1.2 points in the vote share, reflecting its relative advantage in terms of cost and other factors, as well as its awareness as an alternative destination for Chinese bases. Vietnam came in second place, following last year.

■ Indonesia and Thailand move up one place. Germany maintains 10th place.

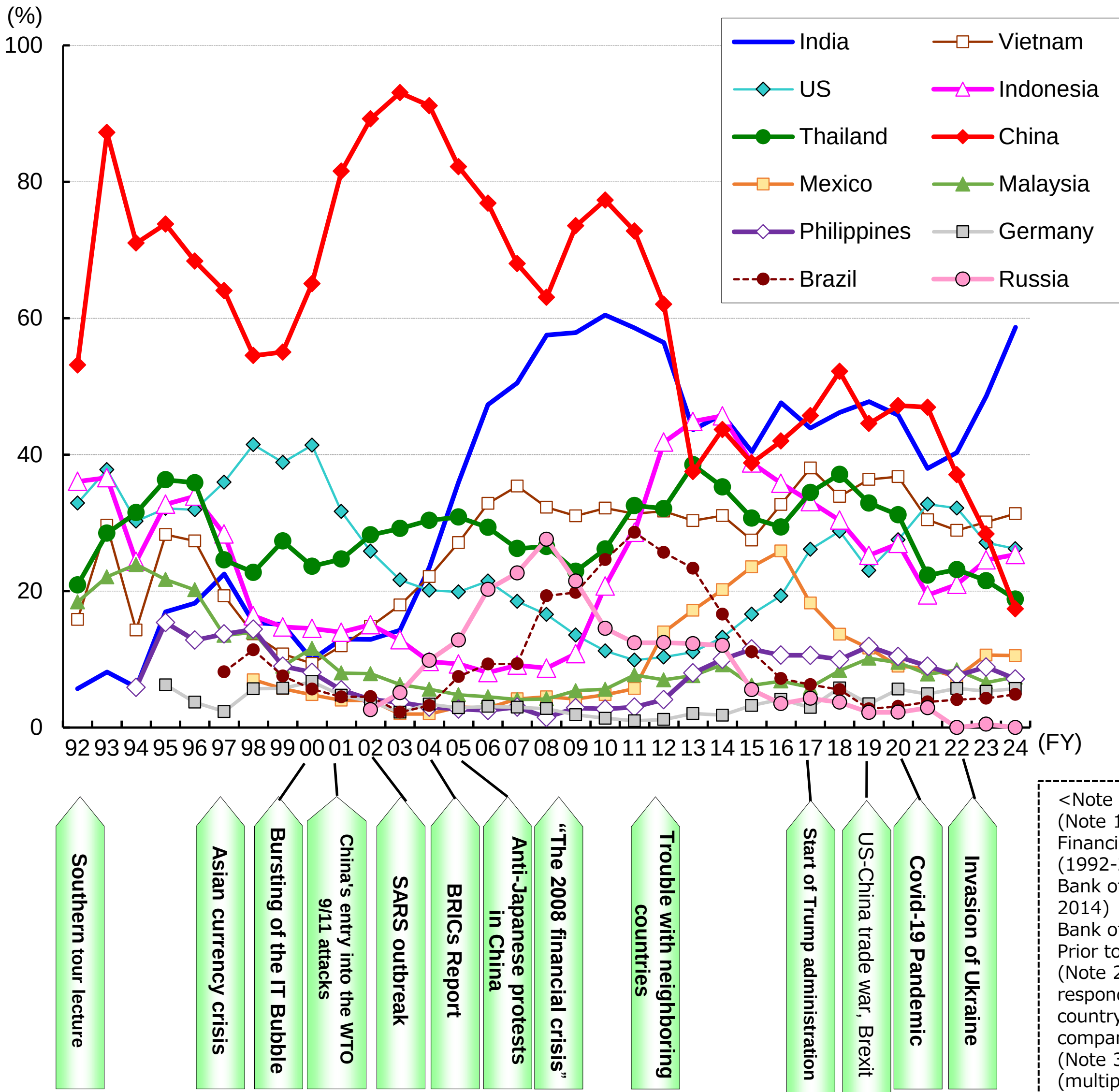
- Indonesia (4^{th}) and Thailand (5^{th}) moved up one place like the U.S., while China dropped in the rankings, but looking at the vote share, Indonesia remained almost unchanged, while Thailand dropped 2.7 points. Within the ASEAN region, Malaysia's vote share remained almost unchanged from the previous year, while the Philippines' vote share dropped, causing the two countries to switch places.
- Germany ranked 10th for the first time last year and remained 10th this year.
- Taiwan's ranking dropped for the second year in a row (from 10th to 11th to 14th) amid the awareness of geopolitical risks, such as the Taiwan contingency.

<List of countries ranked 23rd or lower>

Ranking	No. of Companies	Countries
23	4	Spain, Myanmar, Netherlands
26	3	Kenya
27	2	UAE, Saudi Arabia, South Africa, Italy, Nigeria, Chile, Egypt, New Zealand, Uzbekistan, Kazakhstan
37	1	Argentine, Czech, Laos, Mongolia, Oman, Paraguay, Senegal, Nepal, Peru, Ukraine

(1) Promising Countries: Potential Countries/Regions in the Medium-Term Trends in Votes

Figure 4.2 Trends in Vote (1992-2024)



- **India is the strongest, followed by Vietnam and the U.S.**
  - India was the only country to receive more than 50% of the votes cast, far ahead of the other countries, and it was ranked No.1 for three consecutive years, further reinforcing the country's boom. On the other hand, the percentage of companies with business plans in India declined 7.4 points from the previous year. While some companies have decided to expand into India, others are finding it difficult.
  - Among the top-ranked countries, Indonesia, which came in 4th, has also shown a steady upward trend in vote share in recent years.
  - This year was characterized by a sharper shift away from China and a significant drop in China's place, resulting in a greater number of votes for India and a further widening of the gap in vote share between 1st and 2nd place.
- **A wide range of sectors supported India, in contrast to China, which has competed for the top spot in recent years.**
  - India's vote share increased in all four major industries to take first place. Vietnam lost votes in the four major industries, particularly in general machinery, where it dropped significantly in both the number of votes and ranking.
  - The U.S. moved up to second place in General Machinery, surpassing Vietnam. On the other hand, it lost a large number of votes in Automobiles.
  - China lost significant votes in all four major industries, particularly in Electrical Equipment & Electronics, where it dropped from 3rd to 9th place last year.

<Note on page 28 and following>
(Note 1) Source of data on direct investment: Ministry of Finance, "Monthly Report of Fiscal and Financial Statistics" (Balance of Payments Special Feature: Balance of Payments Statistics by Region) (1992-2004)
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-)
Prior to 2006, total amounts are shown because data by industry did not exist.
(Note 2) The "number of responding companies" here represents the number of companies that responded to "reasons for promising" and "issues" out of the number of responding companies in each country/region in Figure 4.1. Therefore, it does not necessarily correspond to the number of responding companies in Figure 4.1.
(Note 3) "Percentage" is calculated by dividing the number of companies responding to each item (multiple responses allowed) by the number of companies responding to promising reasons or issues in each country/region.

(1) Promising Countries: Potential Countries/Regions in the Medium-Term Trends in Votes (4 Major Industries)

JBIC

Figure 4.3 Trends in Votes (4 Major Industries)

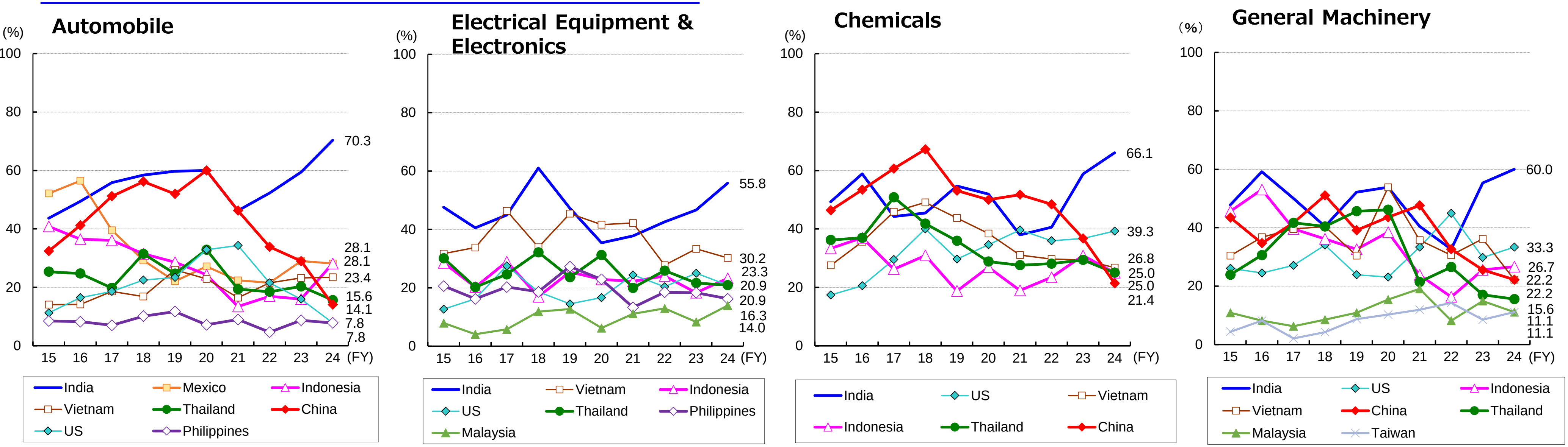


Chart 4.4 Promising Countries for Overseas Business over the Medium Term (Next 3 years) (4 Major Industries)

Automobile

Rank	Country	FY2024 (Total 64)	FY2023 (Total 69)
1	India	45	41
2	Mexico	18	20
2	Indonesia	18	11
4	Vietnam	15	16
5	Thailand	10	14
6	China	9	20
7	US	5	11
7	Philippines	5	6
9	Korea	2	2
10	Malaysia	1	3
10	Brazil	1	1
10	Canada	1	1
10	Myanmar	1	1
10	Germany	1	0
10	Kenya	1	0
10	UK	1	0

Electrical Equipment & Electronics

Rank	Country	FY2024 (Total 43)	FY2023 (Total 60)
1	India	24	28
2	Vietnam	13	20
3	Indonesia	10	11
4	US	9	15
4	Thailand	9	13
6	Philippines	7	11
7	Malaysia	6	5
8	Mexico	5	6
9	China	4	16
9	Germany	4	4

Chemicals

Rank	Country	FY2024 (Total 56)	FY2023 (Total 68)
1	India	37	40
2	US	22	25
3	Vietnam	15	20
4	Indonesia	14	21
4	Thailand	14	20
6	China	12	25
7	Malaysia	4	6
7	Brazil	4	5
7	Taiwan	4	5
7	Germany	4	4

General Machinery

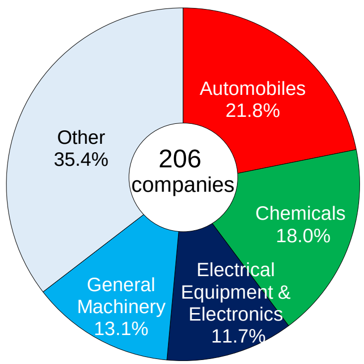
Rank	Country	FY2024 (Total 45)	FY2023 (Total 47)
1	India	27	26
2	US	15	14
3	Indonesia	12	12
4	Vietnam	10	17
4	China	10	12
6	Thailand	7	8
7	Malaysia	5	7
7	Taiwan	5	4
9	UK	4	2
10	Mexico	3	6
10	Germany	3	5
10	Philippines	3	4
10	Australia	3	3
10	Korea	3	2

4 (2) Promising Countries/Regions over the Medium-Term: Promising Reasons and Issues (Top 10)

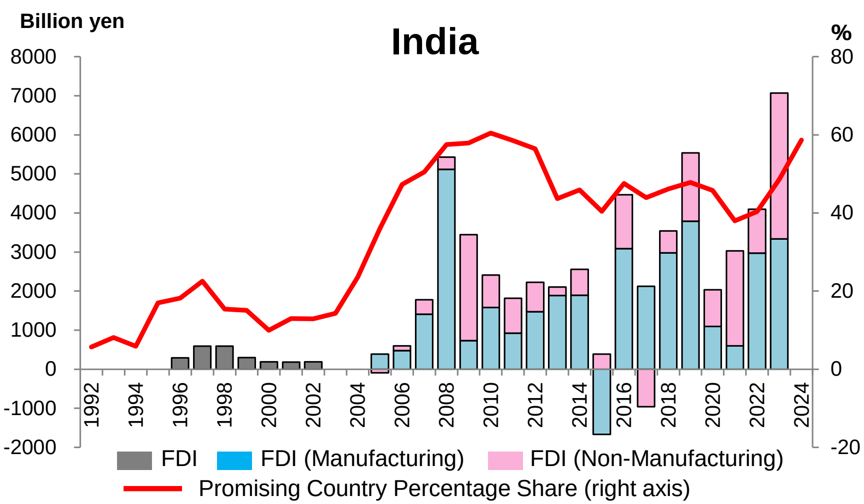
No. 1 India (→)

Vote share: 58.7% (+10.1 points from last year)
Business Planning Ratio: 38.4%.
Record High: 60.5% (2010)
Record Low: 5.7% (1992)

Breakdown by Industries



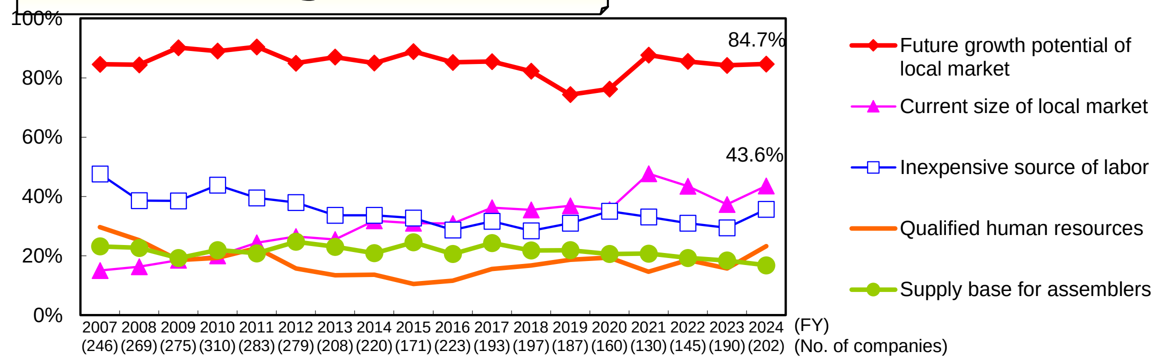
Vote share and Outward FDI of Japan



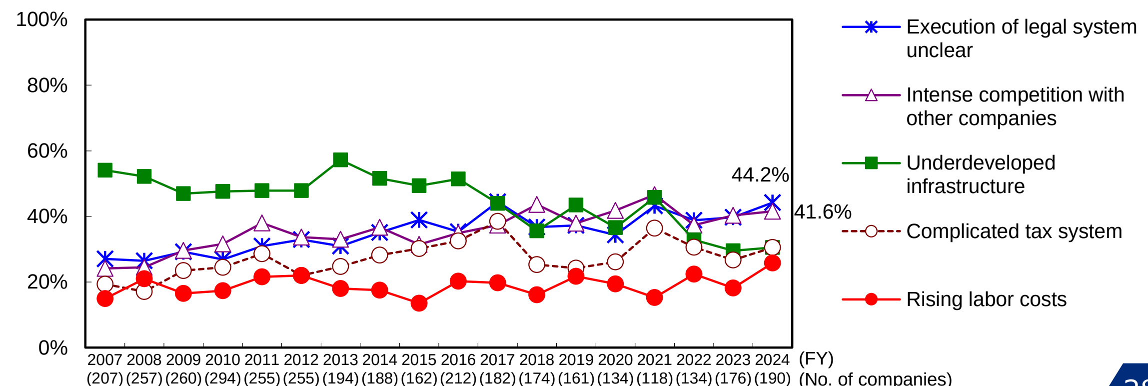
■ **The top position for the third consecutive year. However, the Business Planning Ratio decreased.**

- India's vote share rose 10.1 points over the previous year to become the top vote-getter for the third consecutive year. The amount of direct investment has also risen for three consecutive years, in tandem with the vote share, and while for many years the increase seemed to be driven by the country's image, in recent years it seems to have been linked to actual investment. The Business Planning Ratio decreased by 7.4 points (38.4%) from the previous year. While some companies have decided to invest in India, others still consider the hurdles to investment to be too high.
- In terms of promising reasons, "future growth potential of local market" continues to receive high marks, while "market size" and "inexpensive source of labor" are also attracting attention.
- In terms of issues, in addition to the continued "execution of legal system unclear", the percentage of "intense competition with other companies" also rose, suggesting that market competition is intensifying in tandem with the growing enthusiasm for investment in India.

Promising Reasons



Issues

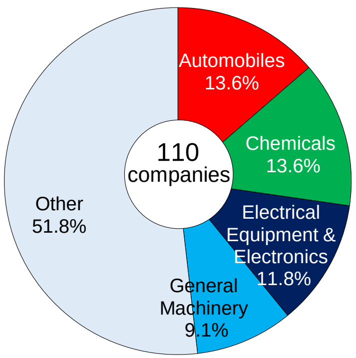


(2) Promising Countries/Regions over the Medium-Term: Promising Reasons and Issues (Top 10)

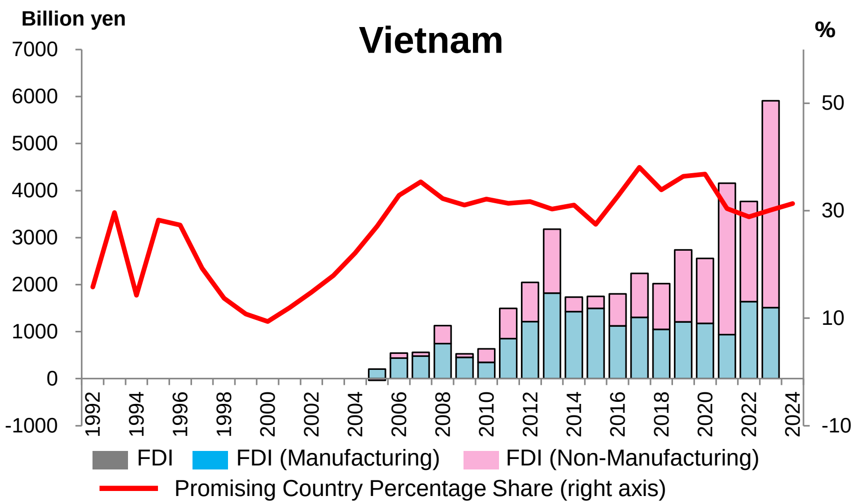
No.2 Vietnam (→)

Vote share: 31.3% (+1.2 points from last year)
Business Planning Ratio: 29.1%.
Record high: 38.1% (2017)
Record low: 9.4% (2000)

Breakdown by Industries



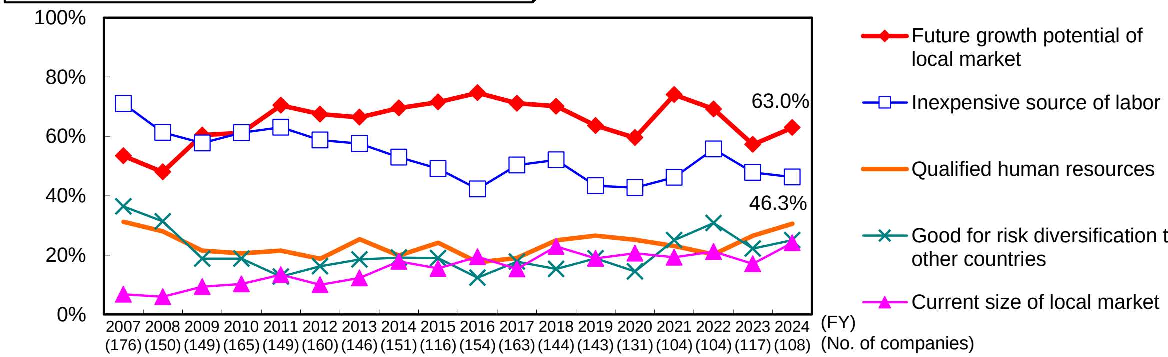
Vote share and Outward FDI of Japan



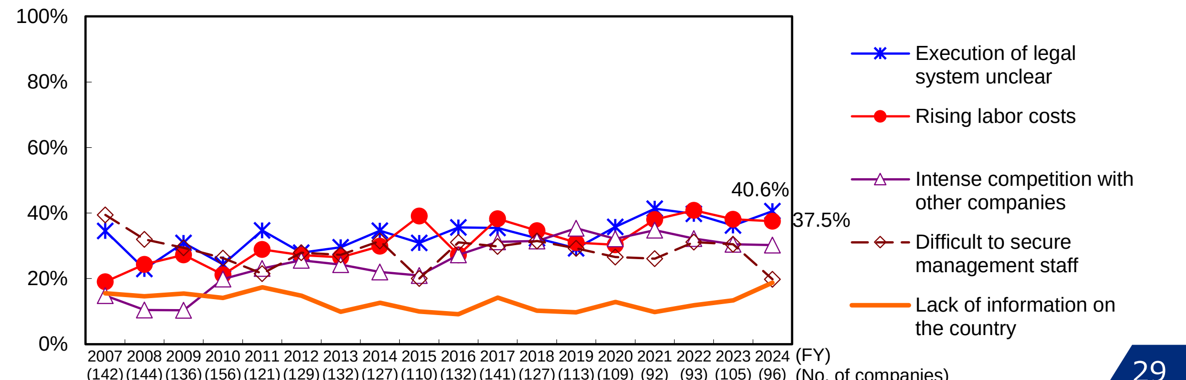
■ **Second place for the second year in a row, but still with a low Business Planning Ratio.**

- For the second year in a row, it ranked second. In addition to the widely recognized expectation of "future growth potential of the local market," the percentage of companies that consider "qualified human resources," "current size of the local market," and "risk diversification" as reasons for the promising market is also rising.
- However, the Business Planning Ratio is down 2.0 points from the previous year, the second lowest among the top 10 countries. While there are many cases actually being selected as destinations for transferring manufacturing bases from China, it is possible that the impression and expectations are still better than the actual situation.
- On the issue side, "execution of legal system unclear" continues to be recognized, and changes in legal interpretation based on policy have been a longstanding concern for companies.

Promising Reasons



Issues



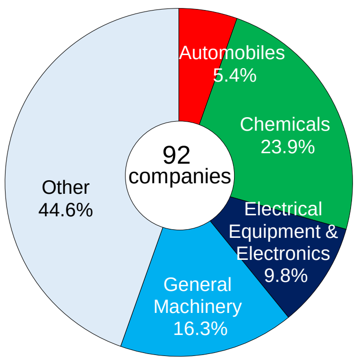
(2) Promising Countries/Regions over the Medium-Term: Promising Reasons and Issues (Top 10)

JBIC

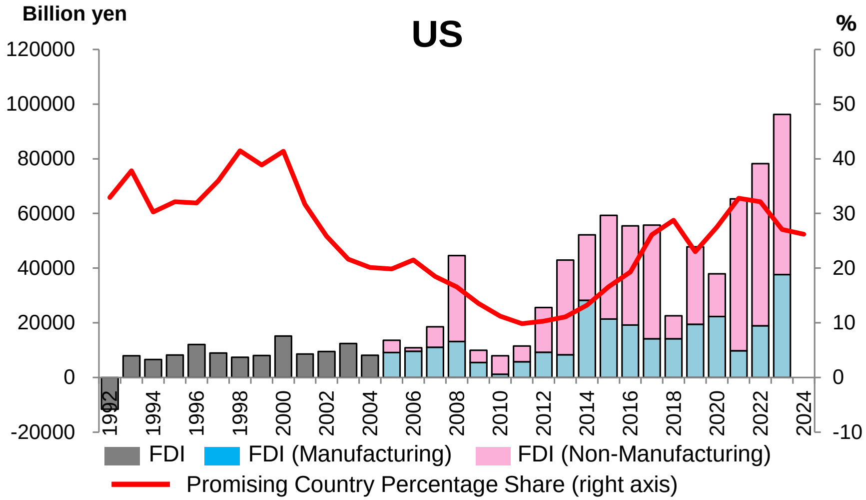
No.3 U.S.A. (↑)

Vote share: 26.2% (-0.9 points from last year)
Business Planning Ratio: 60.9%
Record high: 41.5% (1998)
Record low: 9.9% (2011)

Breakdown by Industries



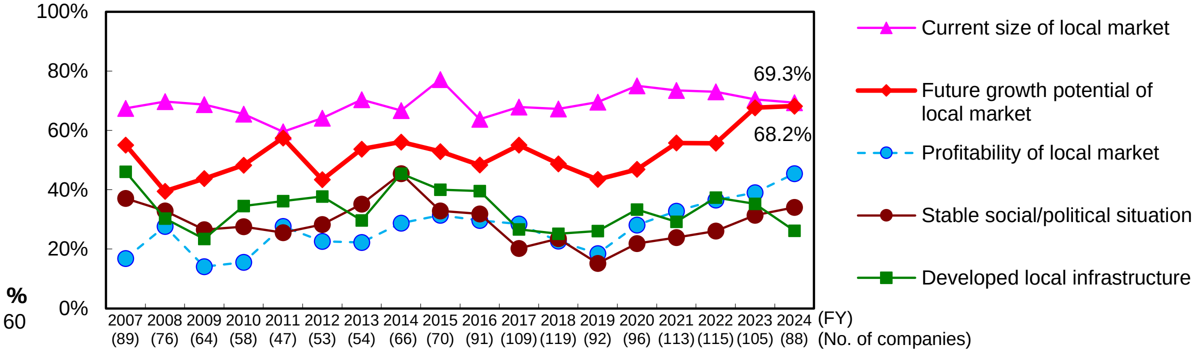
Vote share and Outward FDI of Japan



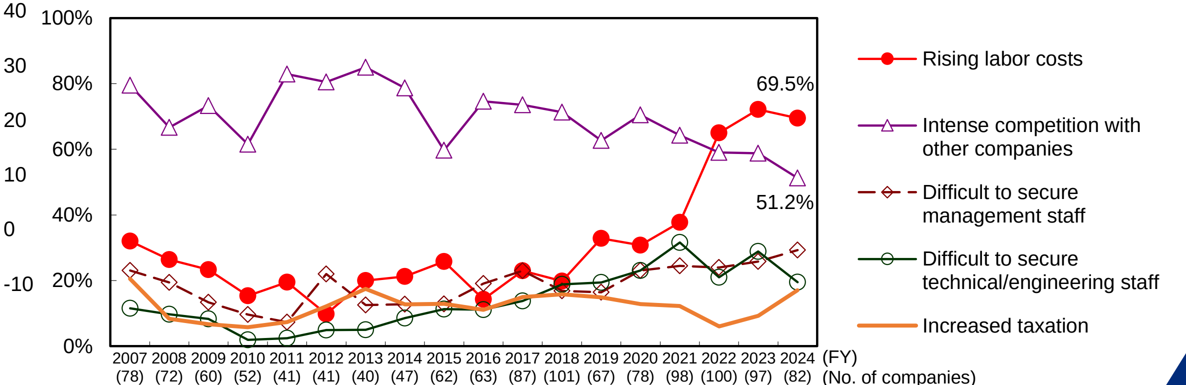
■ **Labor cost is an issue, but the size and growth potential of the market are highly supportive.**

- The U.S. lost 0.9 points in terms of vote share but moved up to third place due to China's drop in ranking. In terms of promising reasons, "size of the local market," "growth potential," and "profitability" were highly rated. In our interviews, we also heard that "inquiries for semiconductor and renewable energy-related businesses are strong, using IRAs as leverage" (Electrical Equipment & Electronics), and preferential treatment by the U.S. government is also a factor that increases the level of promise.
- The planned investment ratio increased 7.6 percentage points from the previous year to over 60%, maintaining the top position from the previous year. The amount of direct investment also increased for the third consecutive year to a record high, indicating a favorable investment environment.
- As for issues, "rising labor costs" continued to be the most common response, and “intense competition with other companies" was the second most common response. Some respondents said, "The U.S., being the center of innovation, faces a lot of competition from new entrants, including those in other industries" (General Machinery assembly).

Promising Reasons



Issues

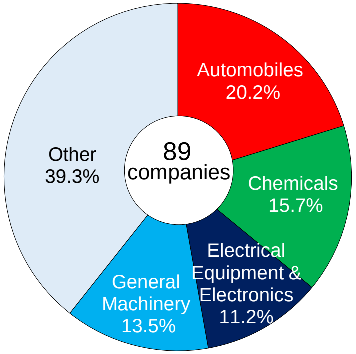


(2) Promising Countries/Regions over the Medium-Term: Promising Reasons and Issues (Top 10)

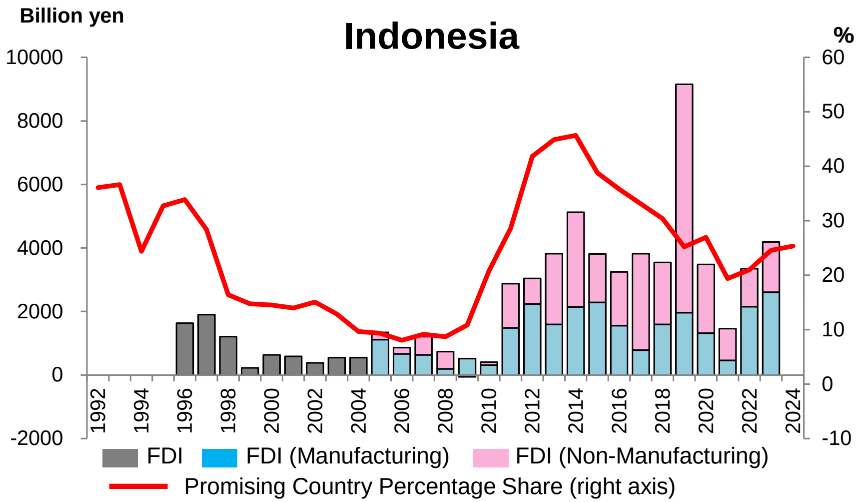
No.4 Indonesia (↑)

Vote share: 25.4% (+0.8 points from last year)
Business Planning Ratio: 23.6%.
Record high: 45.7% (2014)
Record low: 8.1% (2006)

Breakdown by Industries

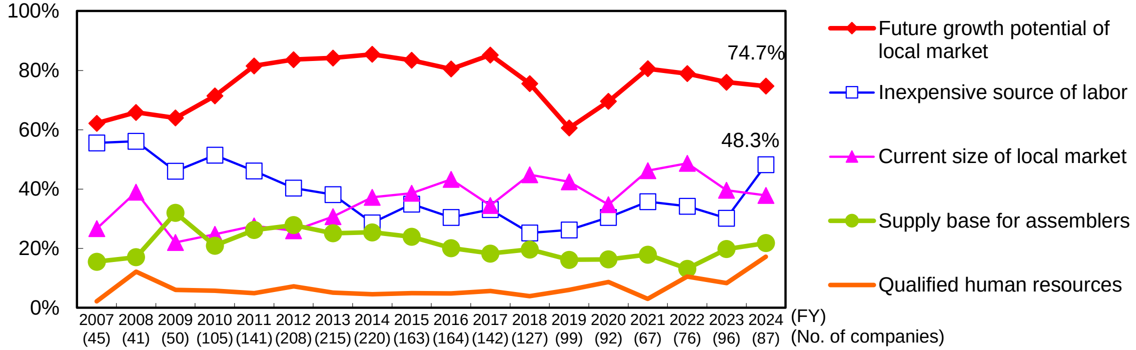


Vote share and Outward FDI of Japan

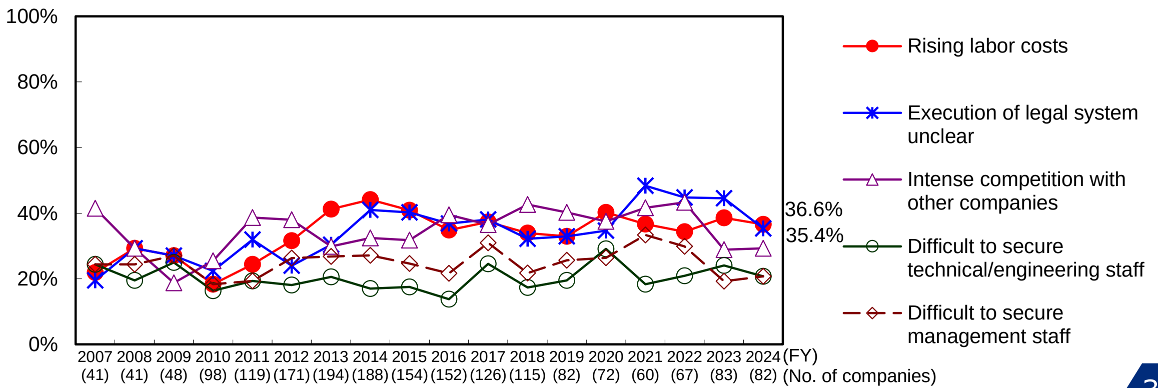


- **Increased vote share supported by relatively strong domestic demand.**
- Indonesia increased its vote share from the previous year by 0.8 percentage points. This is the third consecutive year of increase in the vote share. In terms of promising reasons, "future growth potential of local market" accounted for the largest percentage, indicating that investment for relatively stable domestic demand is promising. Compared to other ASEAN countries, the evaluation of "inexpensive labor" is relatively high.
- In terms of issues, the percentage of respondents who pointed out "execution of legal system unclear" is on a downward trend, but some companies said, "There are some cases where they find it more difficult to obtain type certification than local companies" (Electrical Equipment & Electronics assembly).

Promising Reasons



Issues

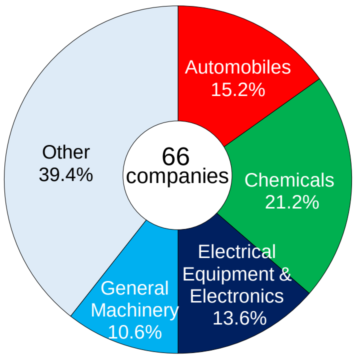


(2) Promising Countries/Regions over the Medium-Term: Promising Reasons and Issues (Top 10)

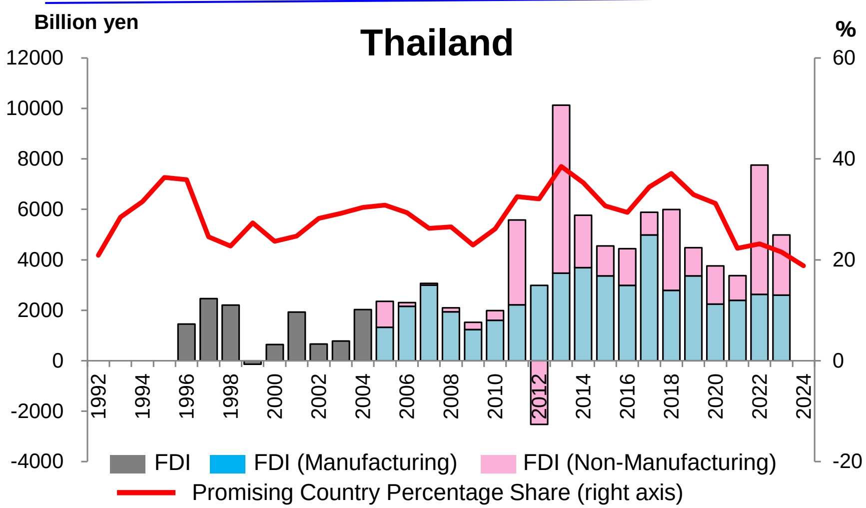
No.5 Thailand (↑)

Vote share: 18.8% (-2.7 points from last year)
Business Planning Ratio: 40.9%.
Record high: 38.5% (2013)
Record low: 18.8% (2024)

Breakdown by Industries



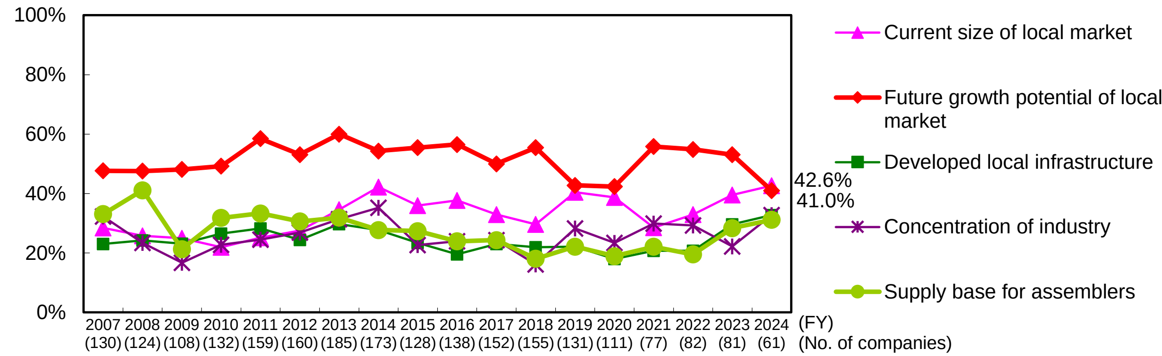
Vote share and Outward FDI of Japan



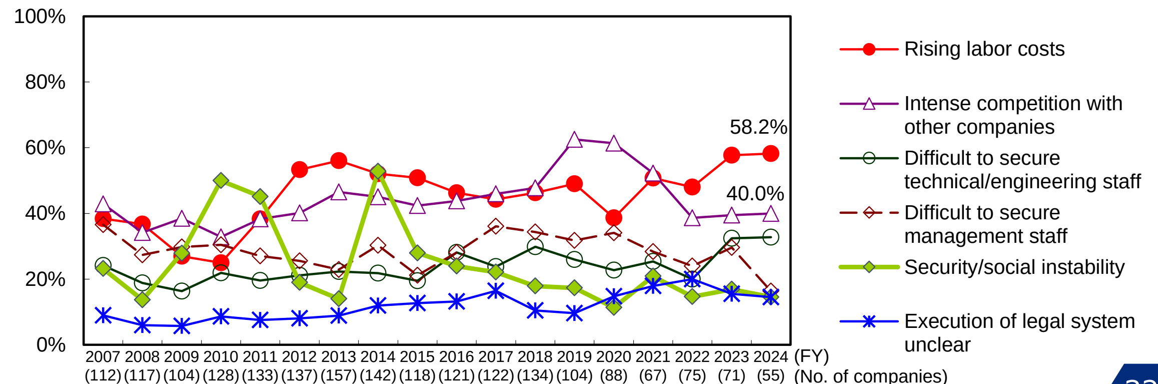
■ **Attracting attention as a base for risk diversification, but rising labor costs is an issue.**

- Although the vote share dropped 2.7 points from the previous year to a record low, the ranking was 5th. Many companies continued to give "future growth potential of local market" and "current size of local market" as promising reasons. The percentages for "supply base for assemblers" and "concentration of industry" increased, suggesting that companies are reviewing their supply chains for the purpose of de-risking.
- In terms of issues, "rising labor costs" accounted for the largest percentage. The large percentage of "difficult to secure technical/engineering staff" indicates that companies are having difficulty in securing human resources due to rising labor costs.

Promising Reasons



Issues

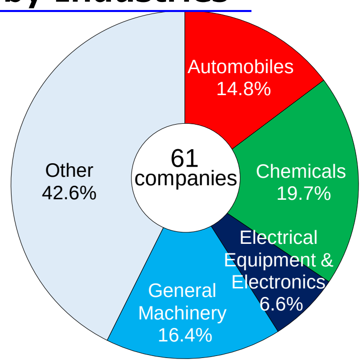


(2) Promising Countries/Regions over the Medium-Term: Promising Reasons and Issues (Top 10)

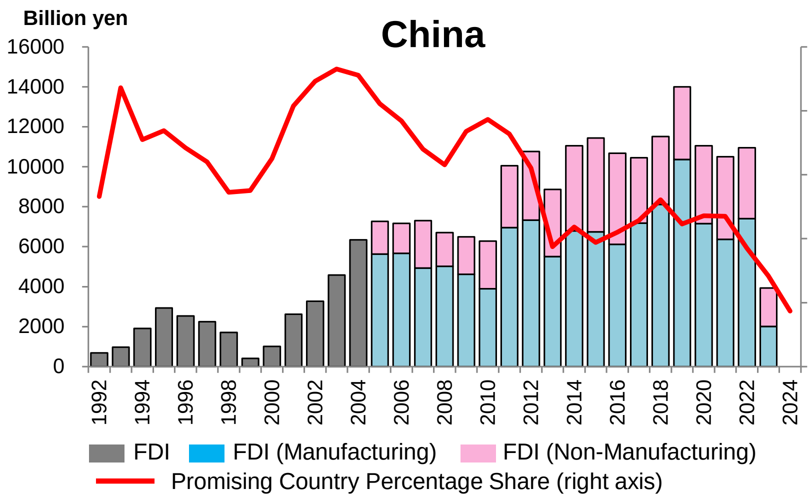
No.6 China (↓)

Vote share: 17.4% (-11.0 points from last year)
Business Planning Ratio: 41.0%.
Record high: 93.1% (2003)
Record low: 17.4% (2024)

Breakdown by Industries

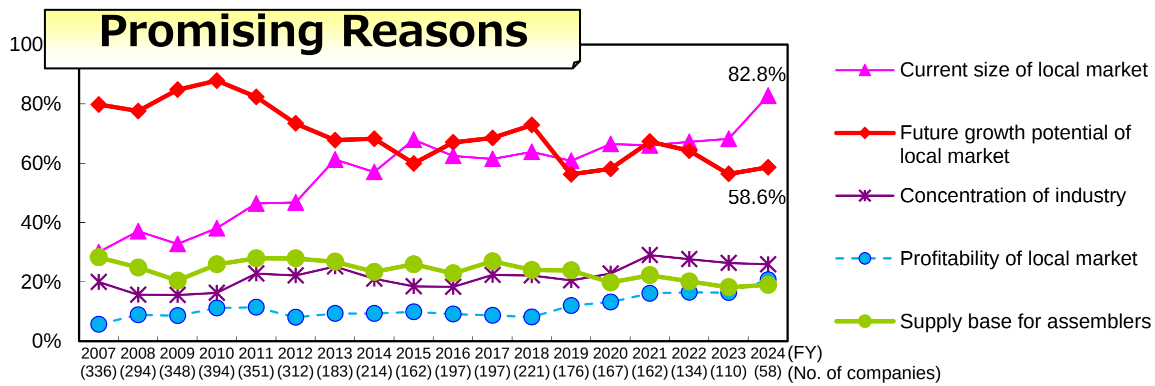


Vote share and Outward FDI of Japan

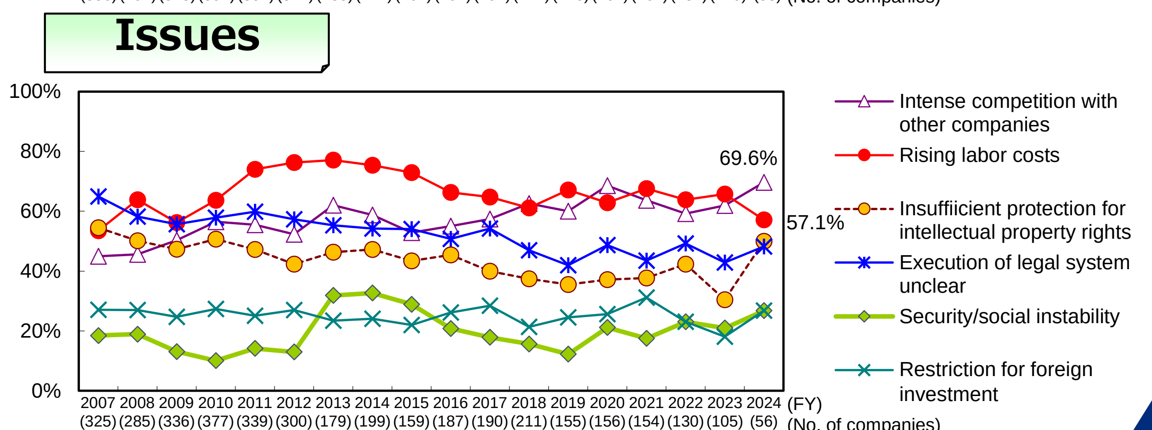


- **This year the vote share has decreased significantly, and the ranking has dropped to 6th place.**
- The vote share declined for the fourth consecutive year (down 11.0 points from the previous year), with the ranking dropping to sixth place, the lowest ever. The decline in votes is thought to be due to the U.S.-China conflict and the resulting tightening of regulations between the two countries, as well as the slowdown of the Chinese economy. The amount of direct investment also declined significantly from the previous year.
- The highest number of respondents (approximately 83%) cited the “current size of local market” as a promising reason, indicating that the country’s huge market continues to be a presence that cannot be ignored. On the other hand, support from Electrical Equipment & Electronics declined this year, and some respondents said, “From the perspective of handling semiconductors, we are concerned about the prolonged U.S.–China conflict and the situation in Taiwan, and China is not promising.”
- In terms of issues, responses of “intense competition with other companies” have increased. On the other hand, the interviews also revealed that “costs on the Chinese side are rising and the gap with Japan is disappearing, while the gap in technology and quality is also narrowing” (Chemicals).

Promising Reasons



Issues

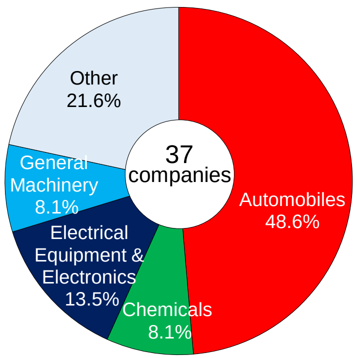


(2) Promising Countries/Regions over the Medium-Term: Promising Reasons and Issues (Top 10)

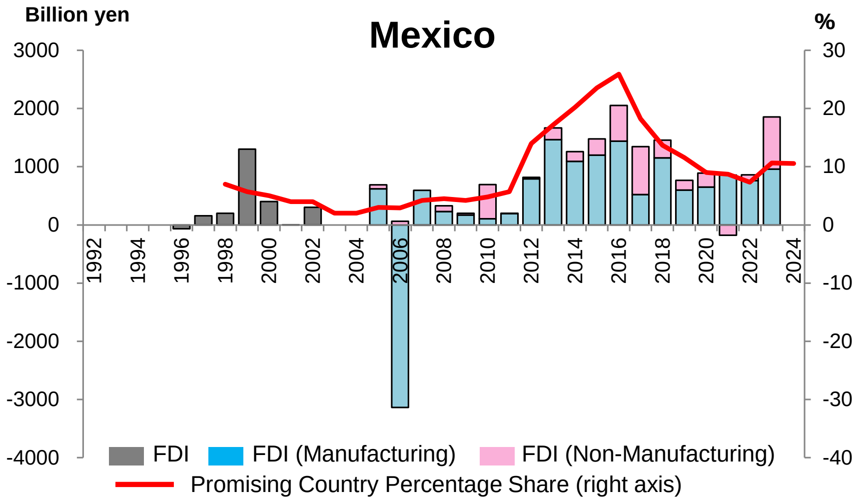
No.7 Mexico (→)

Vote share: 10.5% (-0.1 points from last year)
Business Planning Ratio: 43.2%.
Record high: 25.9% (2016)
Record low: 2.0% (2003, 2004)

Breakdown by industry



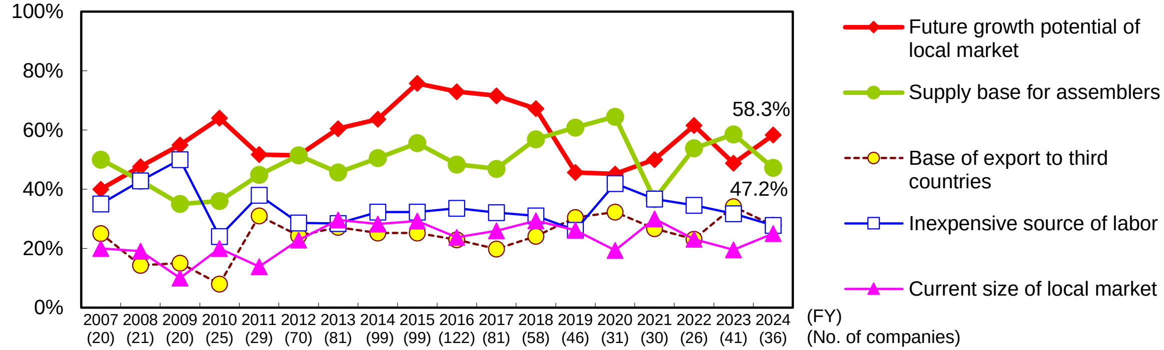
Vote share and Outward FDI of Japan



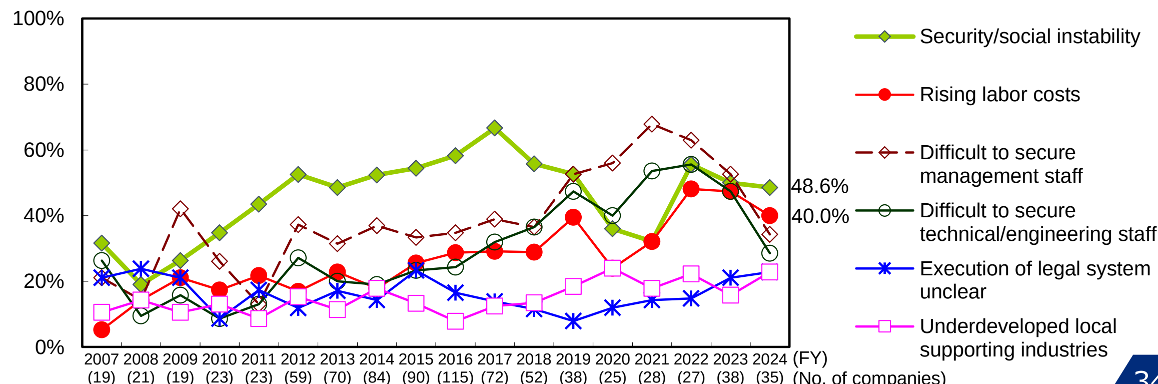
■ **Maintains a high profile as a promising supply base for the US. Issues are also improving.**

- The percentage of votes received was almost unchanged from the previous year, down 0.1 points, and the ranking remained unchanged at seventh place. The continued high level of support for Mexico from automobiles (parts manufacturers) is a distinctive feature of the country. As Mexico surpassed China as the top country in exports to the U.S. in FY2023, Japanese companies are positioning Mexico as a promising supply base for the U.S. In our interviews, we also received a response that "our production base in Asia is being transferred to Mexico" (General machinery (assembler)).
- In terms of issues, the percentages of "security / social instability" and "rising labor costs" have decreased. Regarding labor costs, although there are periodic increases in minimum wages, Mexico has been evaluated in a way of being "relatively inexpensive, making it easy for small and medium-sized enterprises to enter the country" (Automobiles (parts)).

Promising Reasons



Changes in Issues



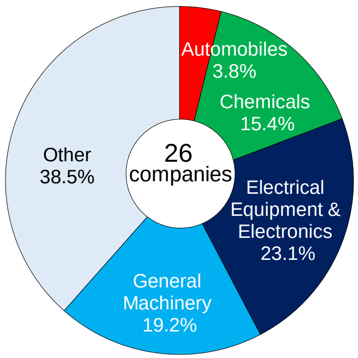
(2) Promising Countries/Regions over the Medium-Term: Promising Reasons and Issues (Top 10)

JBIC

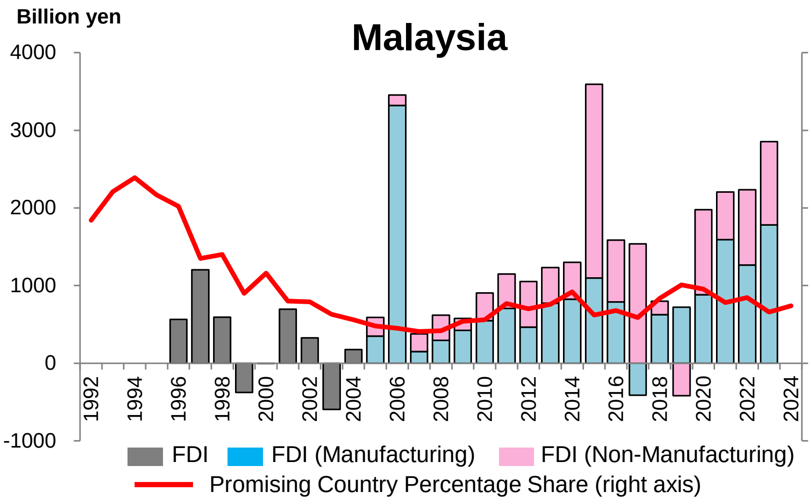
No.8 Malaysia (↑)

Vote share: 7.4% (+0.8 points from last year)
Business Planning Ratio: 42.3%.
Record high: 23.9% (1994)
Record low: 4.1% (2007)

Breakdown by industry



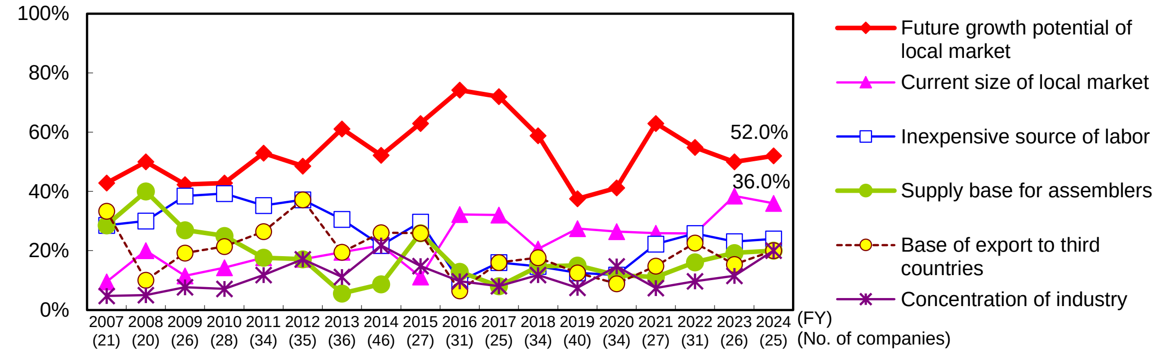
Vote share and Outward FDI of Japan



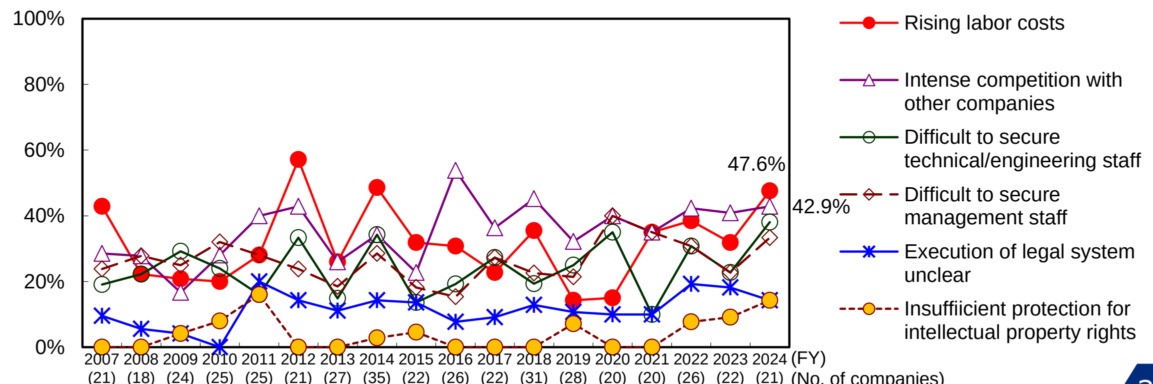
■ **Actively attracting foreign investment with the goal of industrial upgrading.**

- Malaysia's share of the vote increased by 0.8 points from the previous year, moving up one place to eighth. Also, compared to last year, the share of "electrical equipment & electronics" among companies responding as promising increased (+3.9 points). Malaysia has recently been focusing on semiconductors and data center-related businesses for industrial upgrading, which is a distinctive feature of the country. In the interview, one respondent company mentioned that "There is a high need for data center-related products, and we would like to expand sales" (Electrical equipment & electronics (assembly)).
- In terms of issues, "rising labor costs" and "intense competition with other companies" have been selected by the companies. In addition, "difficult to secure technical/ engineering and management staff" has been an issue, and this trend has continued since the previous year.

Promising Reasons



Issues



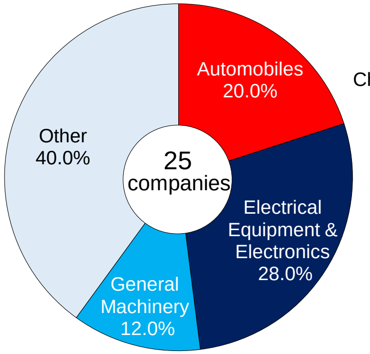
(2) Promising Countries/Regions over the Medium-Term: Promising Reasons and Issues (Top 10)

JBIC

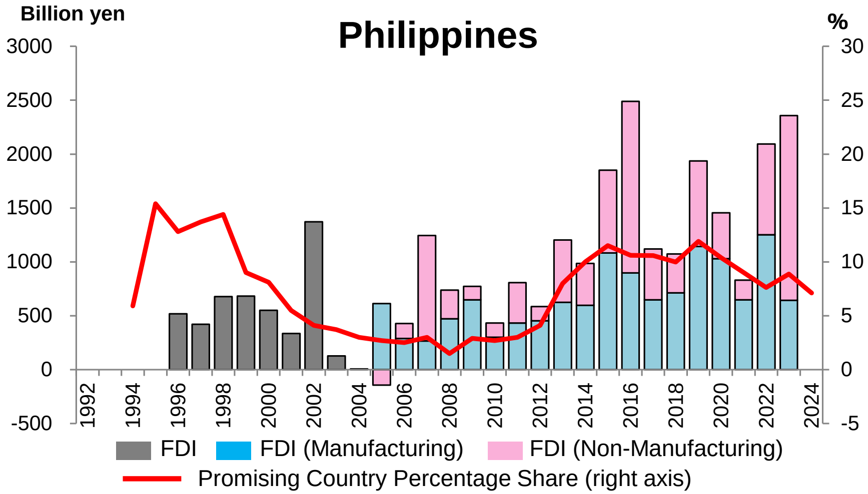
No.9 Philippines (↓)

Vote share: 7.1% (-1.8 points from last year)
Business Planning Ratio: 40.0%.
Record high: 15.4% (1995)
Record low: 1.5% (2008)

Breakdown by industry



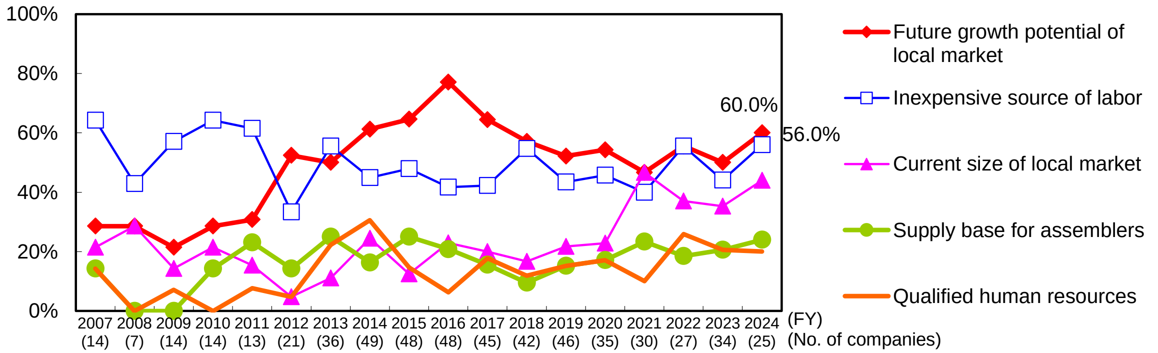
Vote share and Outward FDI of Japan



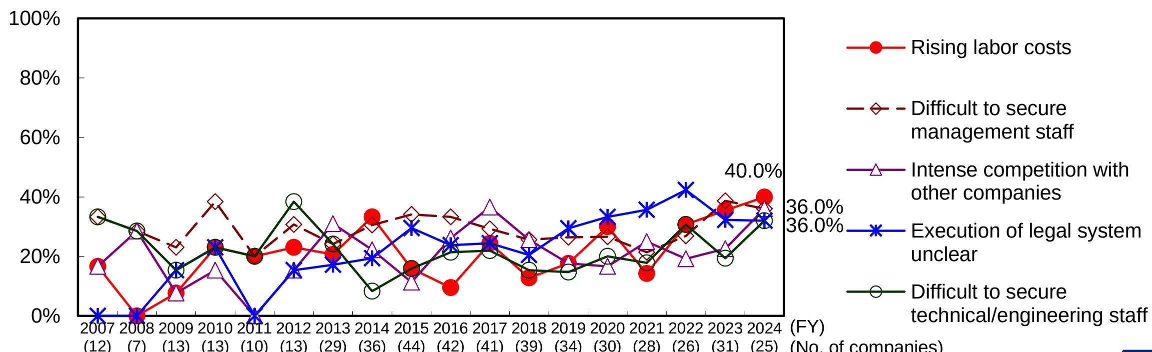
High evaluation of "inexpensive source of labor" and recognition of "rising labor costs".

- The Philippines' vote share dropped 1.8 points from the previous year, and as a consequence, its ranking has dropped to ninth place. Regarding the promising reasons, "future growth potential of local market" and "inexpensive source of labor" has been selected. In addition, the percentage of "supply base for assemblers" is on the rise.
- Chemicals, which accounted for 11.4% of the industry breakdown last year, dramatically declined to 0% this year. A chemical company that selected the Philippines last year said, "When considering future investment, we thought that a country with a large population and a growing market was more promising."
- In terms of issues, the percentage of "rising labor costs" and "difficult to secure technical/-engineering staff" were selected more than last year.

Promising Reasons



Issues

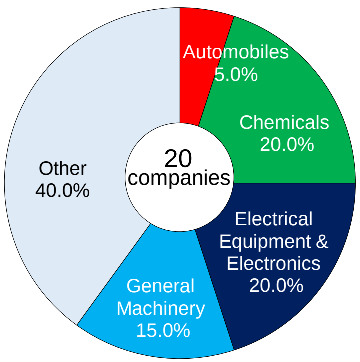


(2) Promising Countries/Regions over the Medium-Term: Promising Reasons and Issues (Top 10)

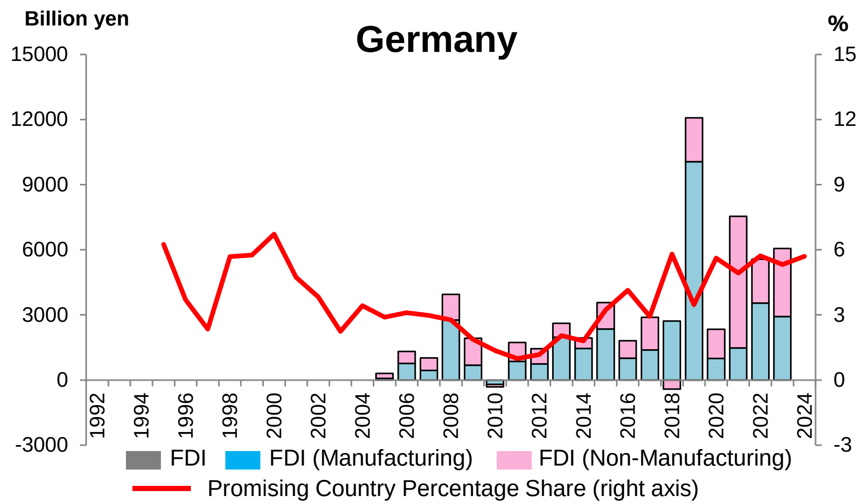
No.10 Germany (→)

Vote share: 5.7% (+0.4 points from last year)
Business Planning Ratio: 55.0%.
Record high: 6.7% (2000)
Record low: 1.0% (2011)

Breakdown by industry



Vote share and Outward FDI of Japan

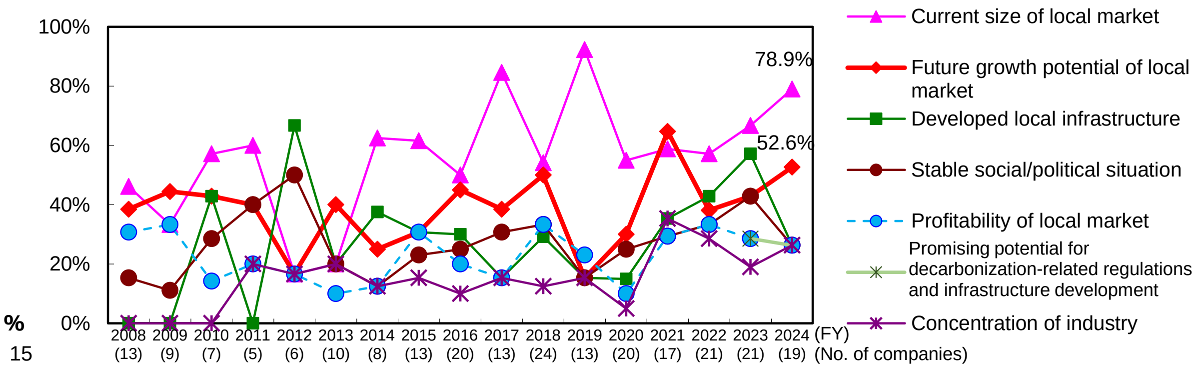


■ **Germany continues to rank in the top 10 from last year.**

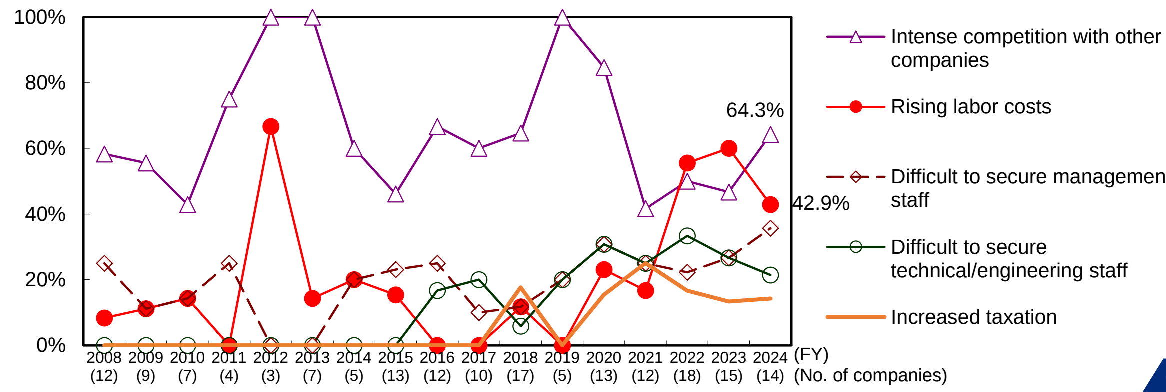
- Germany's share of the vote increased by 0.4 points from last year, remaining in tenth place. Regarding promising reasons, "current size and future growth potential of local market" were selected as the most promising reason. The "decarbonization-related regulations and infrastructure development" has been a promising reason, attracting the attention of Japanese companies working to decarbonize their businesses. The business planning ratio has been very high this year as well, at more than 50%.
- Regarding the issues, "intense competition with other companies" and "rising labor costs" continue to be the most frequently selected issues like the last year. In addition, "difficult to secure management & technical/ engineering staff" have ranked high, indicating that the labor shortage is becoming more serious.

Promising Reasons

*"Promising potential for decarbonization-related institutional and infrastructure development" was added in FY2023.



Issues



(3) Promising Country/Regions: Potential Countries/Regions over the Medium-Term – Existence of Business Plans

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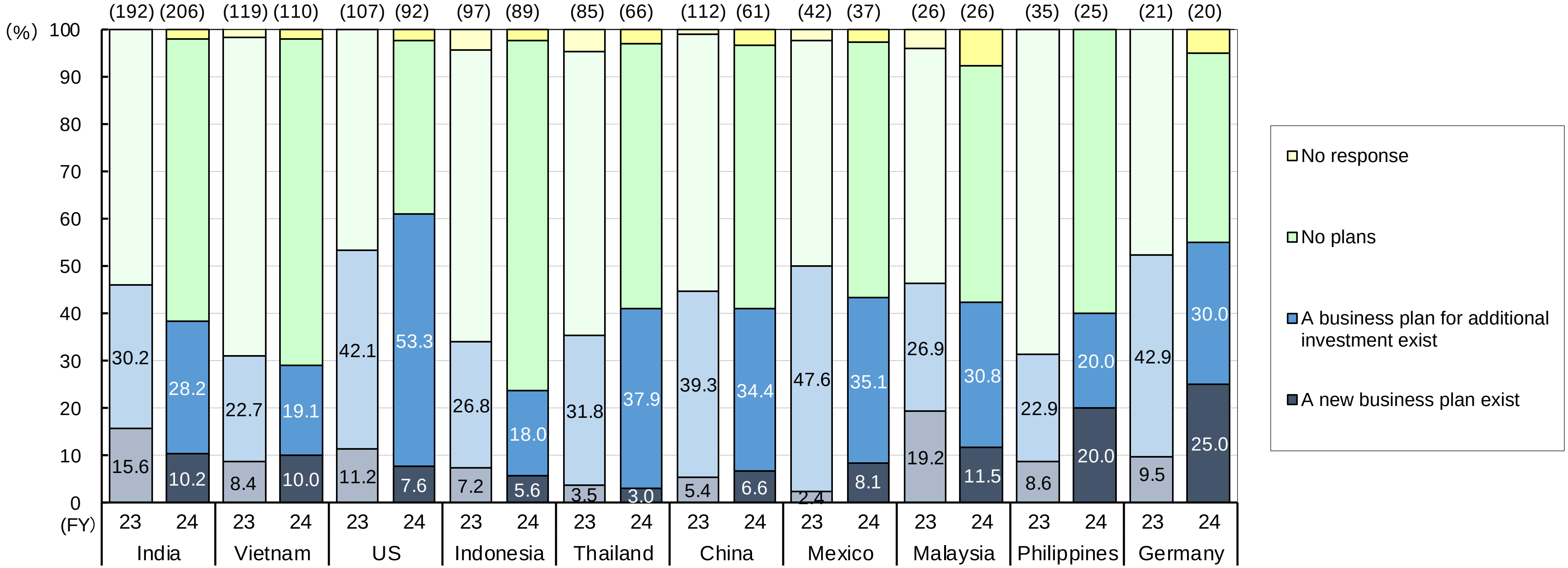
Question: Please select the countries that you consider promising in the medium term (the next three years or so), and select the applicable items regarding your company's business plan in each country.

Figure 4.5 Existence of Business Plans in Promising Countries/Regions



(Note 1) Percentages in the graphs are calculated by dividing the number of companies that responded "have a business plan" by the number of companies that responded "promising.
(Note 2) Figures in parentheses in the bar chart indicate the number of companies that answered that the country is promising in Chart 4.1.

- **More than half of the responding companies that selected the U.S. and Germany have business plans. The business planning ratio of India declined.**

- The top five countries with the highest percentages of "a new business plan exist" or "a business plan for additional investment exists" (i.e., "business planning ratio") were, in order, the U.S. (60.9%), Germany (55.0%), Mexico (43.2%), Malaysia (42.3%), and China (41.0%).
- Since last year, the U.S., Thailand, the Philippines, and Germany have increased their business planning ratio. In particular, the U.S. has shown significant growth, and direct investment from Japan is also on the rise. In addition, the business planning ratio in India decreased. While some companies are deciding to invest in India, it appears that some companies still consider the hurdles to investment to be too high.

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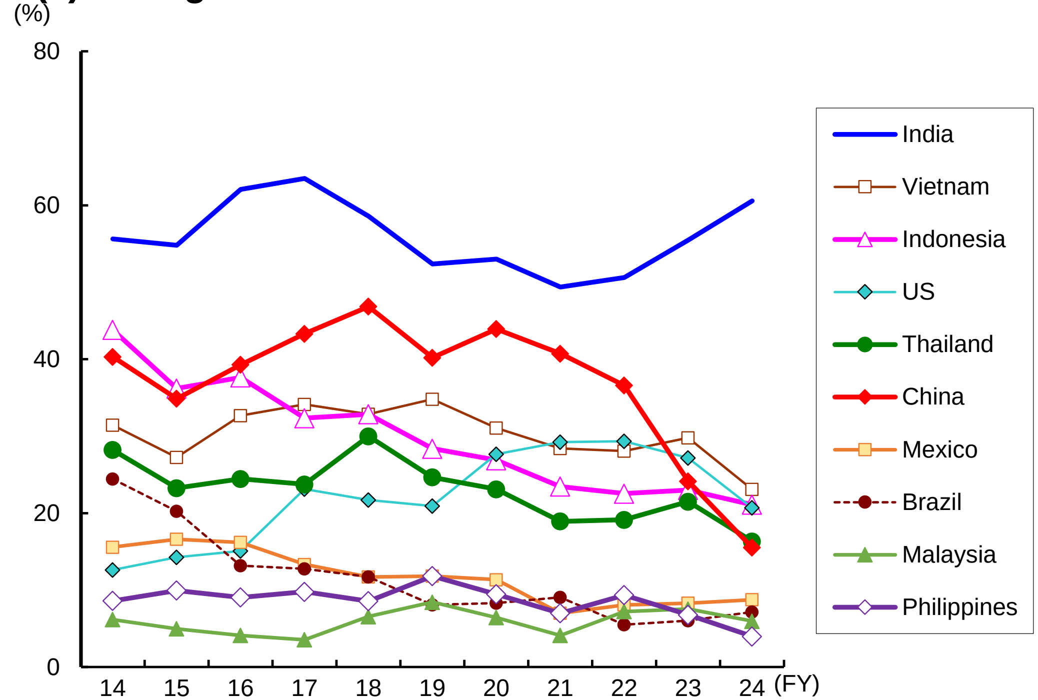
Figure 4.6 Promising Countries/Regions in the Long-Term

(1) Results for FY 2024

Ranking 2024	←	Ranking 2023	Country/Region	No. of Companies 2024	No. of Companies 2023	Percentage Share(%) 2024	Percentage Share(%) 2023
			(Total)	251	265		
1	–	1	India	152	147	60.6	55.5
2	–	2	Vietnam	58	79	23.1	29.8
3	↑	5	Indonesia	53	61	21.1	23.0
4	↓	3	US	52	72	20.7	27.2
5	↑	6	Thailand	41	57	16.3	21.5
6	↓	4	China	39	64	15.5	24.2
7	–	7	Mexico	22	22	8.8	8.3
8	↑	10	Brazil	18	16	7.2	6.0
9	↓	8	Malaysia	15	20	6.0	7.5
10	↓	9	Philippines	10	18	4.0	6.8

(2) Change in Vote Ratio



- **India and Vietnam continue to hold the first and second places, respectively, in the list of promising countries/ regions in the long term. China's share of the vote declined further.**
  - As for countries with long-term potential over the next 10 years or so, India ranked first for the 15th consecutive year, while China dropped further in the vote share to sixth place.
  - In this year's survey, Indonesia, Thailand, and Brazil moved up in the rankings. There was no growth in the percentage of votes received by Indonesia and Thailand, and it is thought that the relative improvement in ranking was due to China's drop in ranking.
  - Large companies tended to select India, the U.S., Vietnam, Indonesia, and China as long-term promising countries/ regions, while small and midsize enterprises chose India, Vietnam, Indonesia, Thailand, and Mexico whose labor costs are relatively low.
  - Brazil, which did not make the top 10 list of countries with medium-term prospects, is in eighth place. It is supported mainly by chemicals (6 out of 18 companies), and this is thought to be due to the expanding demand for agricultural production and agrochemicals, taking bioethanol and other factors into account.

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5. Responding to Changing Supply Chain

(1) Responding to Changing Supply Chain
Supply Chain Risks and Issues

Question	What supply chain risks/issues have impacted your business operations or are likely to do so in the future? (Multiple answers allowed)

■ The effects of recent inflation and the escalation of the U.S.-China tension are recognizable.

- As for supply chain risks and issues, "exchange rate fluctuations" received the highest percentage of responses, surpassing options of geopolitical risks. One respondent (General machinery (assembly)) said, "We are aiming for local production for local consumption in order to reduce the increase in procurement costs due to the weak yen, but we cannot immediately move our production base to the local market due to relocation costs."
- Many companies view the prolonged "US-China rivalry" as an issue, along with the "China-Taiwan conflict," and the impact on the companies of Electrical equipment & equipment in particular is significant. In our interviews, some companies said, "The recent conflict between the US and China is a risk for us because we manufacture in China and supply to the world. In the procurement of semiconductor parts, we do business with Taiwanese companies, so we would be greatly affected in the event of an emergency in Taiwan" (Electrical equipment & electronics (assembly)). On the other hand, another respondent said, "Basically, we make business decisions from the standpoint of economic rationality. Geopolitical risk is only one of the factors in our decision-making process."
- Unlike the "U.S.-China rivalry," risk perceptions of the "Russian invasion of Ukraine" and "situation in the Middle East" varied by industry.
- In light of rising geopolitical risks, some companies have established a risk management committee with the participation of executives and others to discuss geopolitical risks in the supply chain (Chemicals).

Figure 5.1
Supply Chain Risks and Issues (by size)

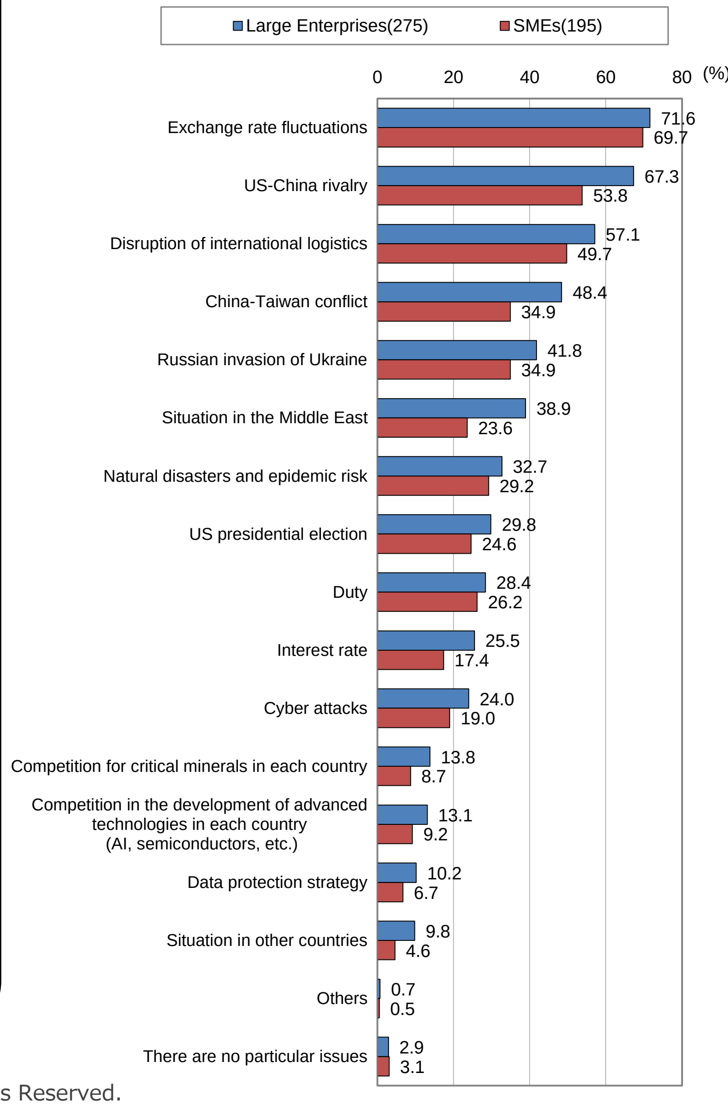
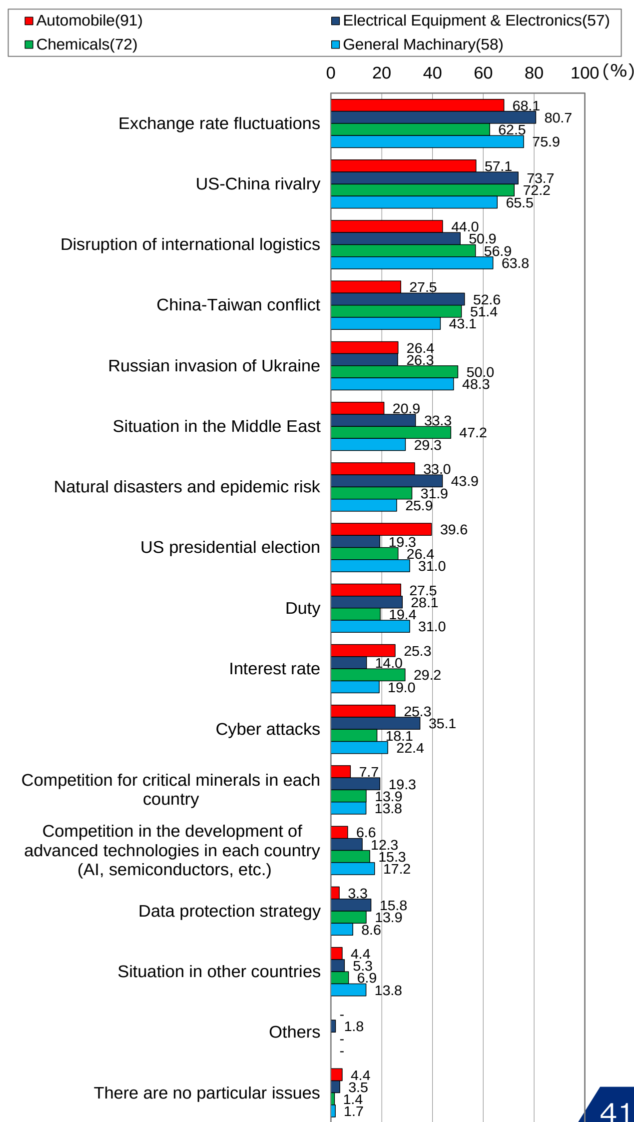


Figure 5.2
Supply Chain Risks and Issues (by industry)



(2) Responding to Changing Supply Chain - Restructuring

Question: Regarding the status of supply chain recombination across countries in the past five years, please indicate the applicable answer for each of the following: (1) R&D bases, (2) manufacturing, sales, and service bases, and (3) suppliers of raw materials, parts, and manufacturing equipment.

Figure 5.3 Supply Chain Restructuring Status (Overall)

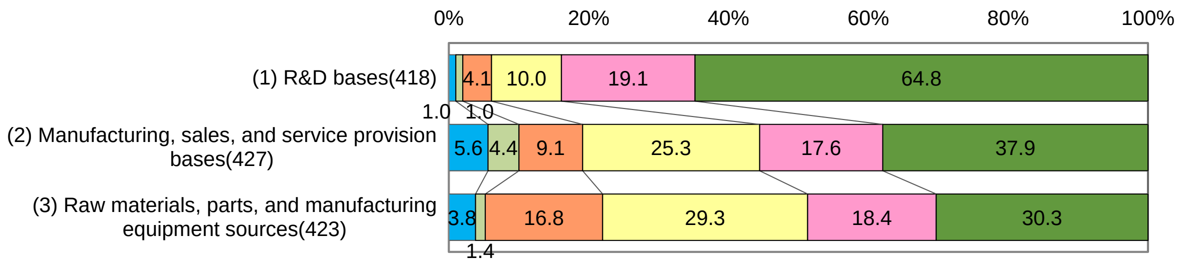
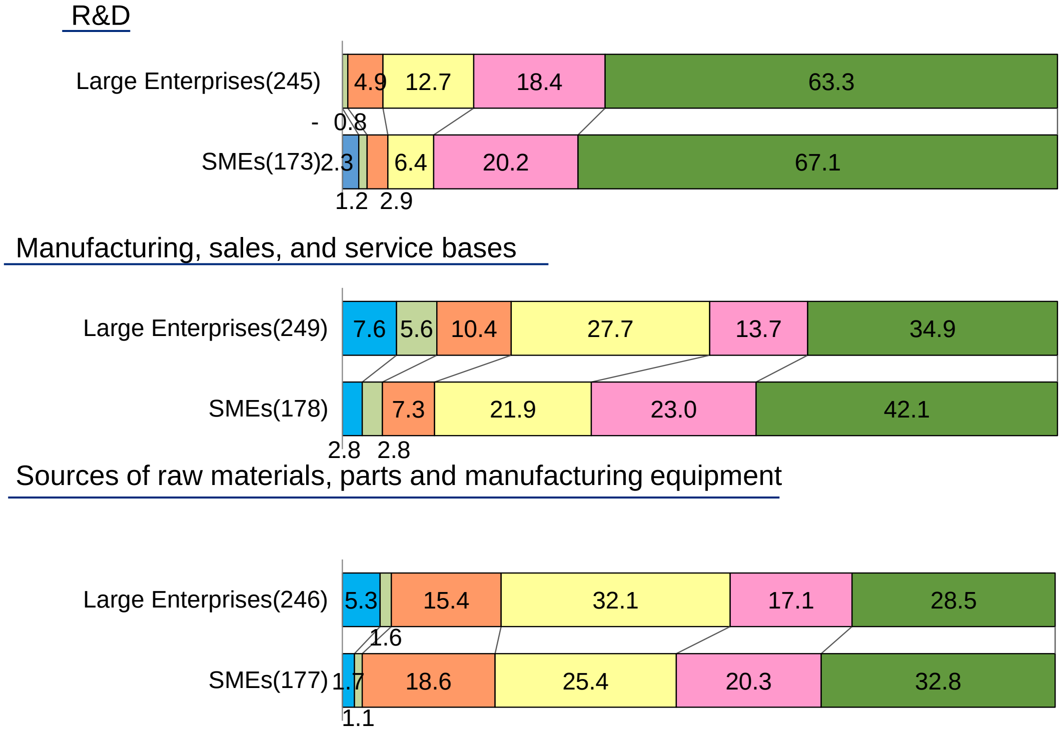


Figure 5.4 Supply Chain Restructuring Status (by size)



■ Supply chain reorganization appears to be underway among manufacturing companies.

- Looking at the status of supply chain reconfiguration by type of base, a large percentage of companies are implementing or considering some kind of reconfiguration in the order of (3) sources of raw materials etc., (2) manufacturing, sales, and service provision bases, and (1) R&D bases.
- As for R&D bases, more than 60% of the respondents answered “Implementation not required,” and only 6.1% of the companies have already implemented reconfiguration. Among those that have done so, one company commented, "We are promoting local production for local consumption, including R&D bases, in order to promote product development that focuses on the market needs of the locals and prevent supply chain fragmentation" (Chemicals).
- In the area of manufacturing, sales, and service bases, “relocation” was implemented by a relatively large number of companies, especially large enterprises. However, some said, “Closing or relocating a manufacturing base is not an easy task because the procedure normally takes several years" (Chemical).
- With regard to the sources of raw materials and other supplies, a relatively higher percentage of respondents have already implemented "diversification" compared with the other areas, with both all small and midsize companies (18.6%) and large companies (15.4%) having done so. It is likely to be implemented in response to increased geopolitical risks in recent years.

(2) Responding to Changing Supply Chain Relocation, Consolidation, and Diversification

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Question | With respect to supply chain change/relocation, consolidation, and diversification, from where to where? (Multiple responses allowed)

Figure 5.5: R&D

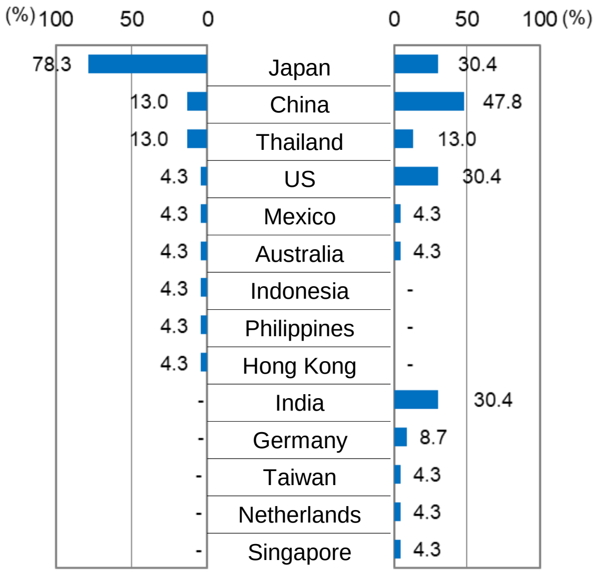


Figure 5.6: Manufacturing, Sales, and Service Bases

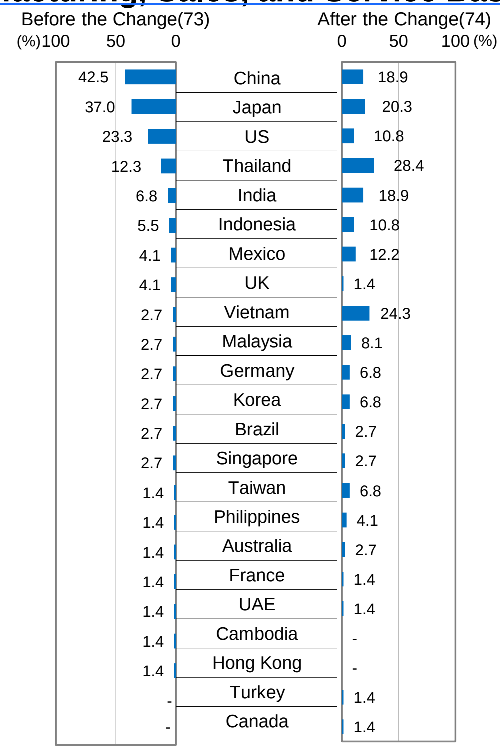
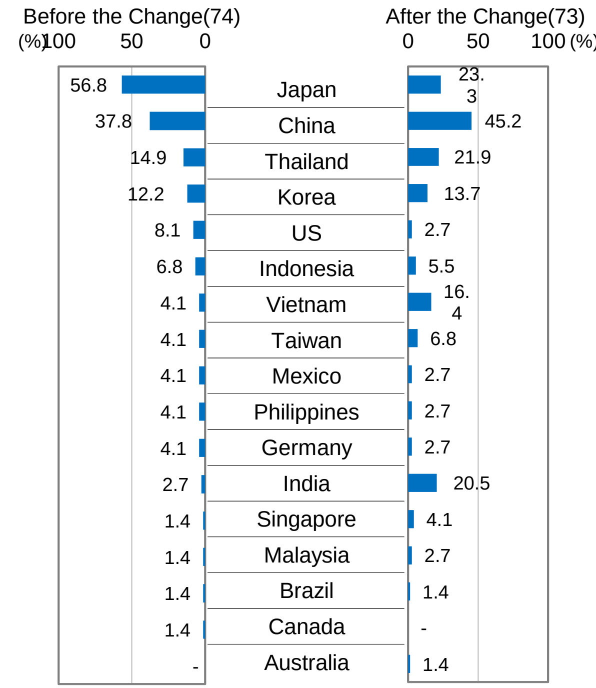


Figure 5.7: Sources of raw materials, parts, and manufacturing equipment



■ **Manufacturing companies are relocating their bases and raw material suppliers in order to promote localization, avoid risk, and reduce costs.**

- With regard to R&D sites, most respondent companies answered “Japan” before the change of reconfiguration including “relocation,” “consolidation,” and “diversification.” After the change, “China” was the most common answer (excluding Japan), followed by “U.S.” and “India.” Some companies have moved to establish R&D functions outside of Japan, in order “to have local development functions to enable product development that meets local market demand” (Electrical equipment & electronics (parts)).
- In terms of manufacturing, sales, and service bases, the largest number of companies switched from “China” and “Japan.” “ Thailand,” “Vietnam,” “China (mainly from Japan),” and “India” followed as the destinations for changeover. In the interviews, some companies said they have “already transferred production bases from China to Vietnam” (Chemicals) and “consolidated production bases and reduced fixed costs due to the slowdown of the Chinese economy and the rise of domestic Chinese manufacturers” (General Machinery), reflecting the fact that they are moving away from China.
- With regard to raw materials, parts, and manufacturing equipment, there were many moves from “Japan” to “China” for the purpose of cost reduction through local procurement. There are also the cases of “China” to “India,” “Japan,” and “Vietnam” in consideration of geopolitical risks. It appears that manufacturing companies are considering where to procure their products based on geopolitical risk avoidance as well as cost reduction perspectives.

5 (2) Responding to Changing Supply Chain Restructuring Research and Development (R&D) bases

- Only 25 companies (6.1%) of the responding companies have restructured their R&D bases. This is to promote the establishment of global R&D structure by diversifying Japanese bases to multiple countries, such as China, India, and the U.S. In the interviews, some respondents mentioned "diversification of R&D bases to promote localization of products."
- In the automobile industry, there is an example of R&D bases being consolidated in Mexico, in response to declining demand in China and moves of Japanese manufacturers to strengthen production in North America.

Figure 5.8 Restructuring from Japan (R&D)

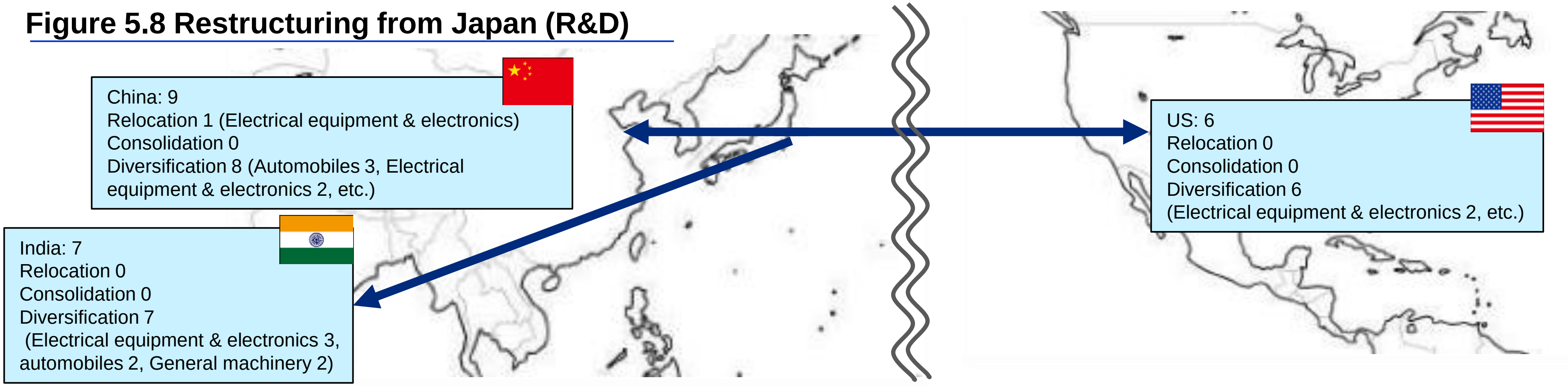
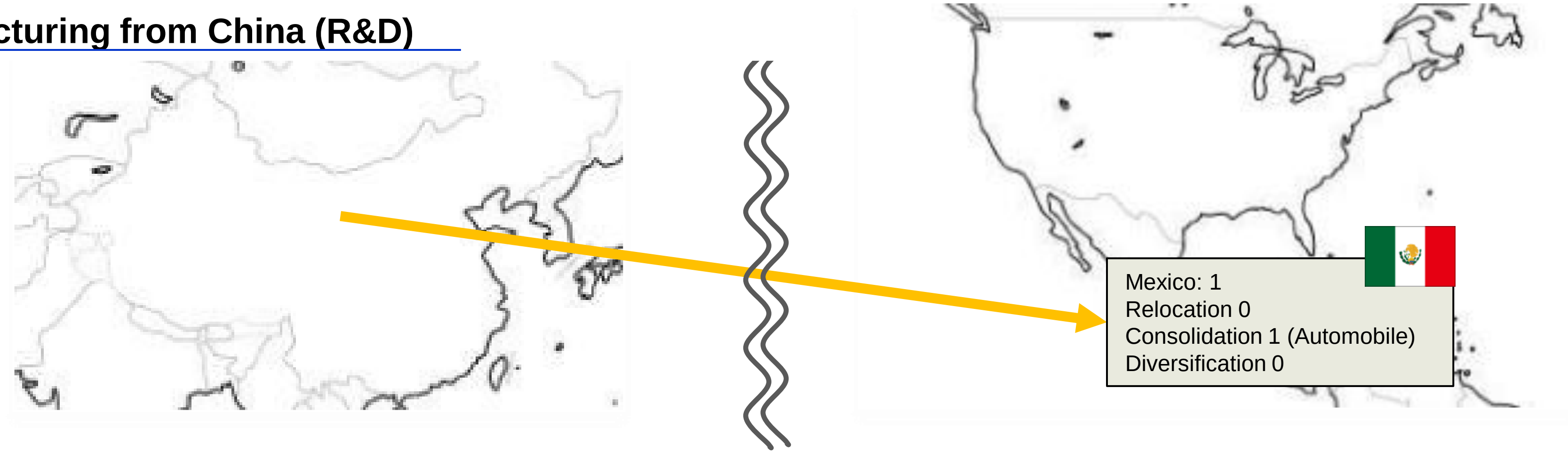


Figure 5.9 Restructuring from China (R&D)



*Reconfiguration of the starting point of Japan and China is indicated. Regarding Japan origin, Japan is listed as a country by six or more responding companies.

5 (2) Responding to Changing Supply Chain
Restructuring manufacturing, sales and service bases

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- Restructuring of manufacturing and sales bases was reported by 82 companies, or 19.2% of all responding companies. They mainly restructure their bases from Japan, China, and the U.S.
- Regarding the restructuring from China, Vietnam is the most common destination, followed by Japan, Thailand, India, and other countries when it comes to relocation and consolidation. Based on the backdrop of tighter U.S. tariffs and the rise of local Chinese companies, there are many moves away from China, particularly in the electrical equipment & electronics industries.
- From Japan, India is the most common destination of restructuring, followed by China, Vietnam and the US when it comes to diversification. In the interviews, companies responded that some of the projects are focused on market development in India (e.g., automobiles) and others are focused on meeting the growing demand in China (medical equipment).
- As for restructuring from the US, there is a movement to relocate and consolidate to Mexico, Japan, and other countries, especially in the automobile industry.

Figure 5.10: Restructuring from Japan (manufacturing bases, etc.)

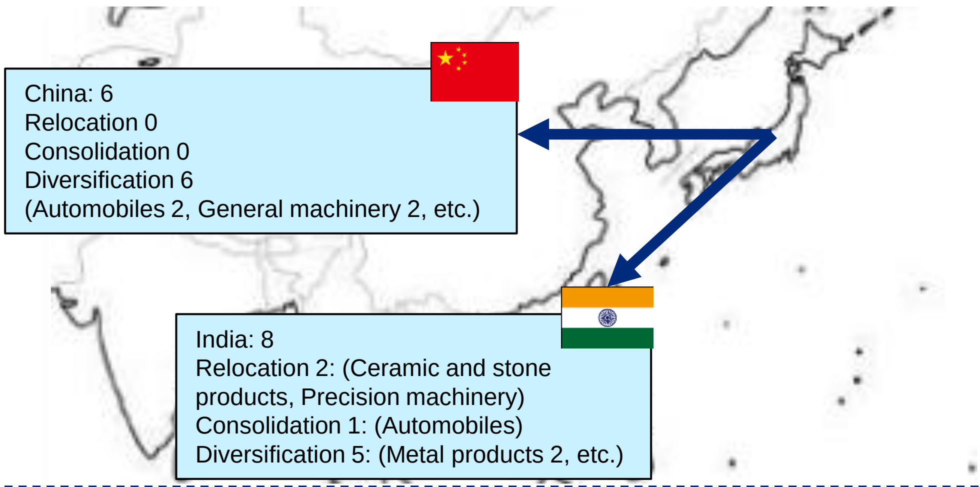
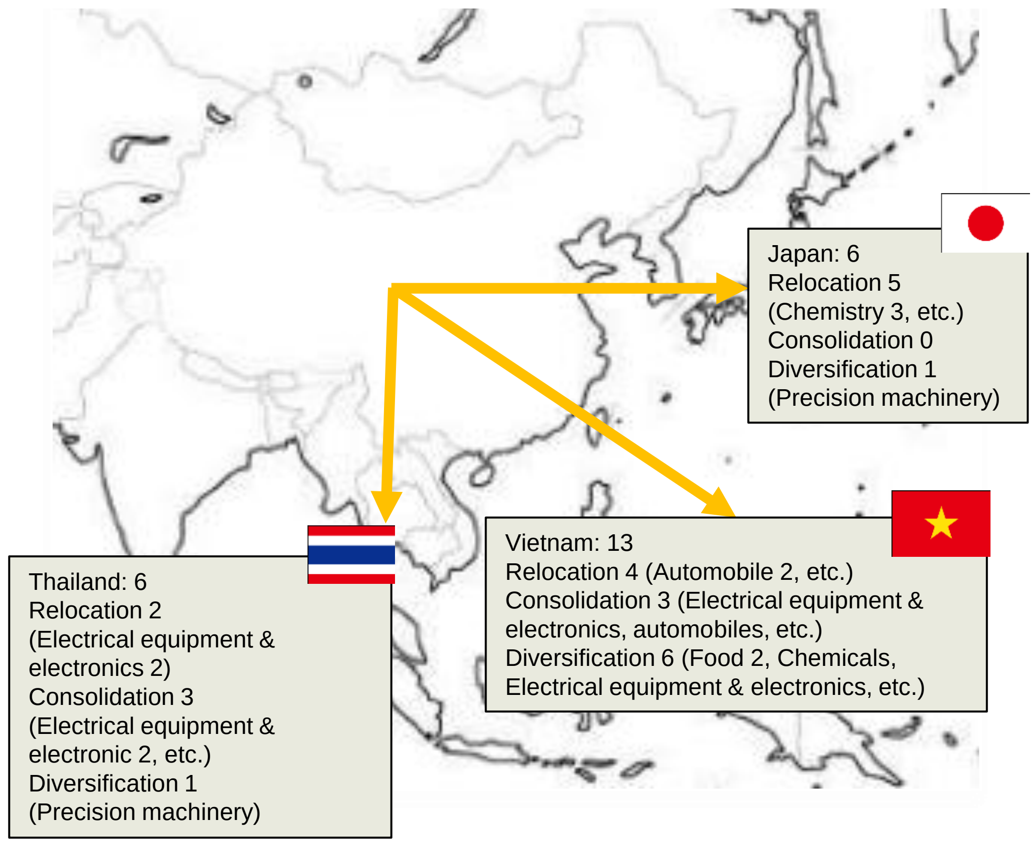


Figure 5.11: Restructuring from the U.S. (manufacturing bases, etc.)

*For reconfigurations originating from Japan, the U.S., and China, the destinations with six or more companies responding are listed.

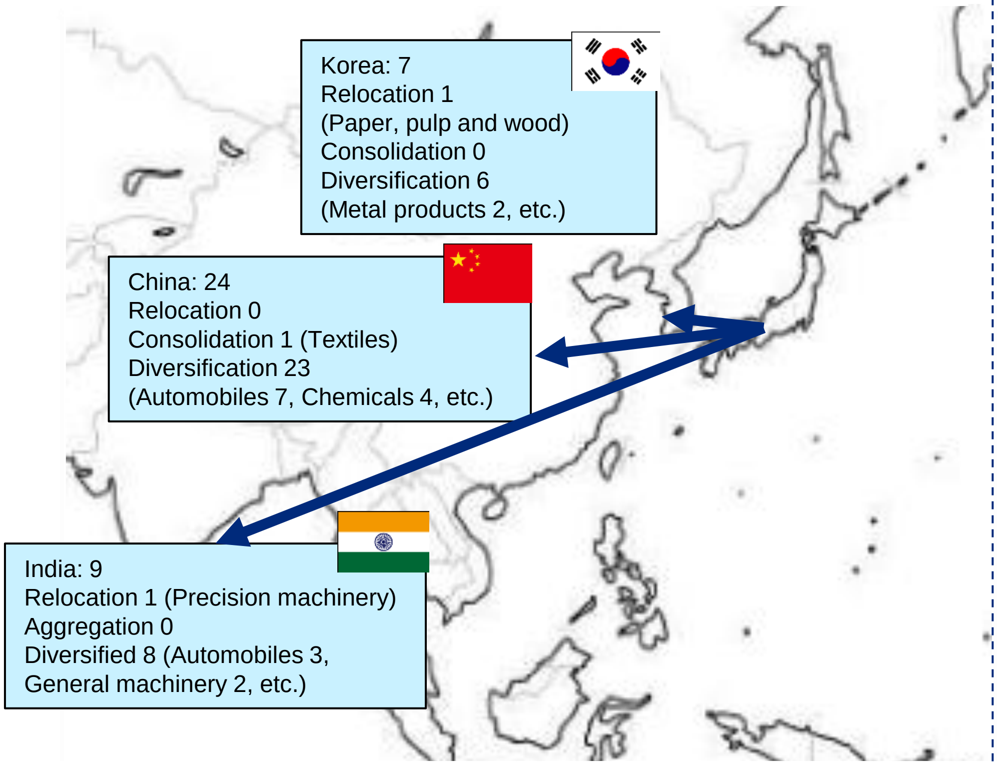
Figure 5.12: Restructuring from China (manufacturing sites, etc.)



(2) Responding to Changing Supply Chain
Restructuring sources of raw materials, parts, and manufacturing equipment

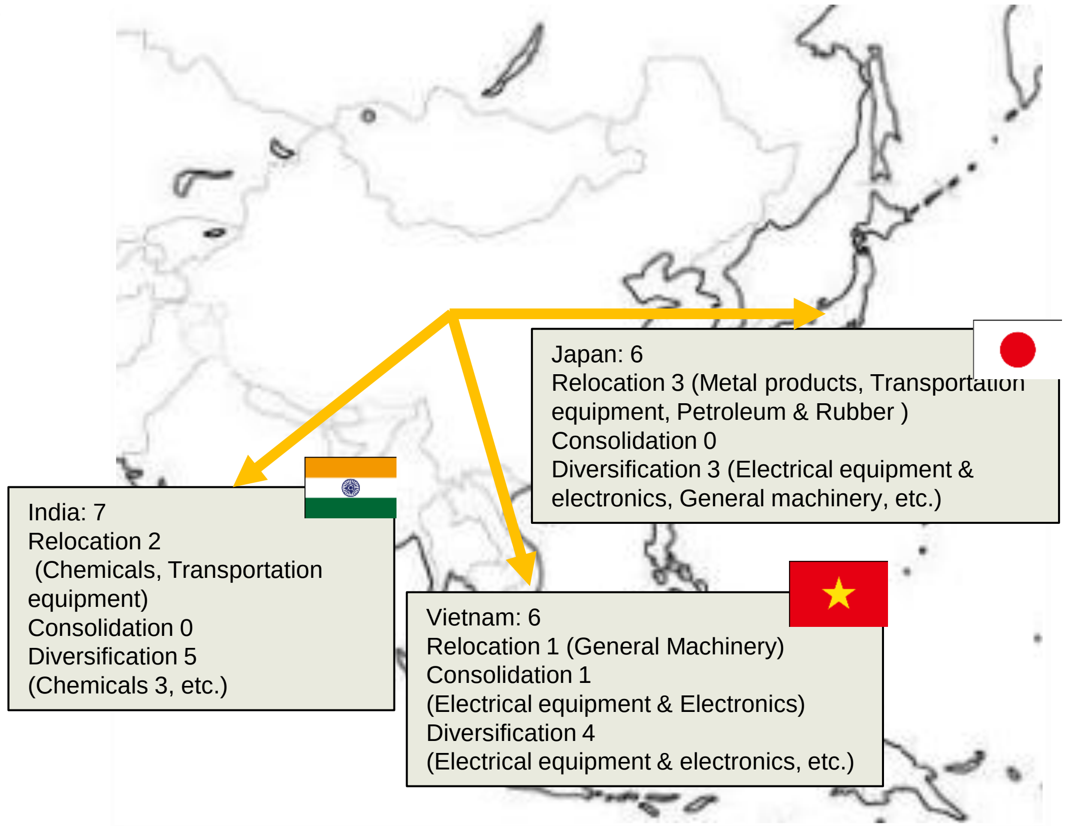
- Restructuring of suppliers of raw materials, parts, and other materials was reported by 93 companies (22.0% of the responding companies). The main trend is to diversify procurement from Japan and China to India, Korea, Vietnam, Thailand, and other countries.
- Movements originating from China are seen in the electrical equipment & electronics, and chemical industries for the sake of risk reduction, as well as those associated with the restructuring of manufacturing bases. One interview respondent stated, "We used to procure intermediate materials for minerals from China, but we have switched to procurement in Vietnam, from mining to consistent procurement" (Chemicals).
- The largest number of Japanese-originated movements are destined for China. Many companies chose economic rationality as the reason, with one company saying, "From the viewpoint of cost reduction, we have promoted localization of parts procurement" (Automobile).

Figure 5.13
Restructuring from Japan (Sources)



*For restructures from Japan and China, destinations with six or more responding companies are listed.

Figure 5.14
Restructuring from China (Sources)



(3) Responding to Changing Supply Chain
Reason for change

Question: If you have changed any part of your supply chain, what was the reason for the change? (Multiple answers allowed)

Figure 5.15. Reasons for supply chain change (overall)

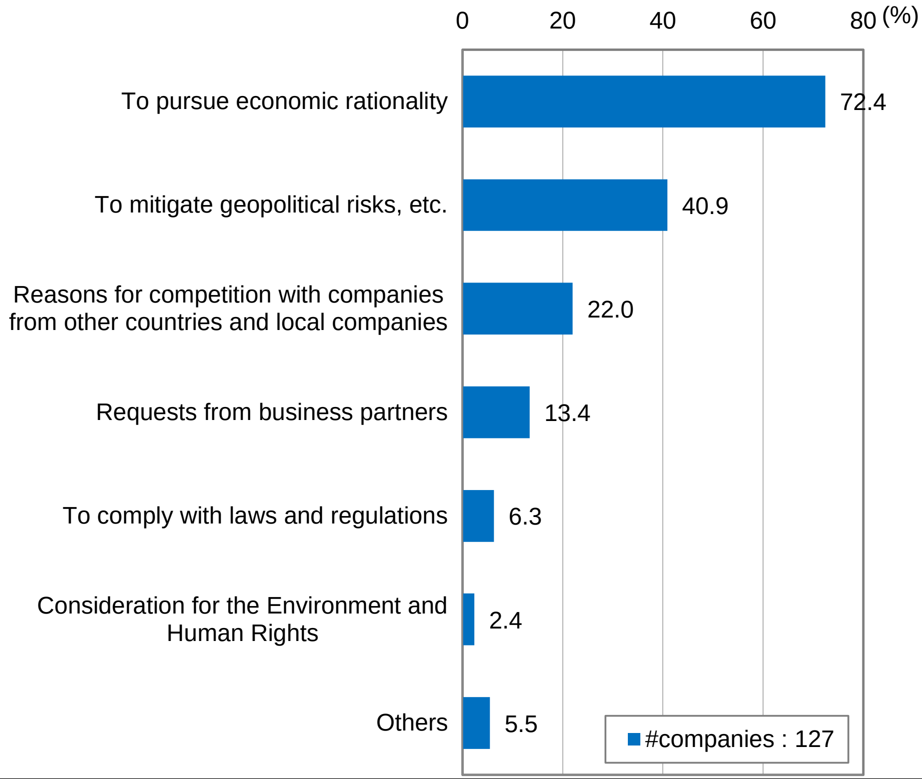
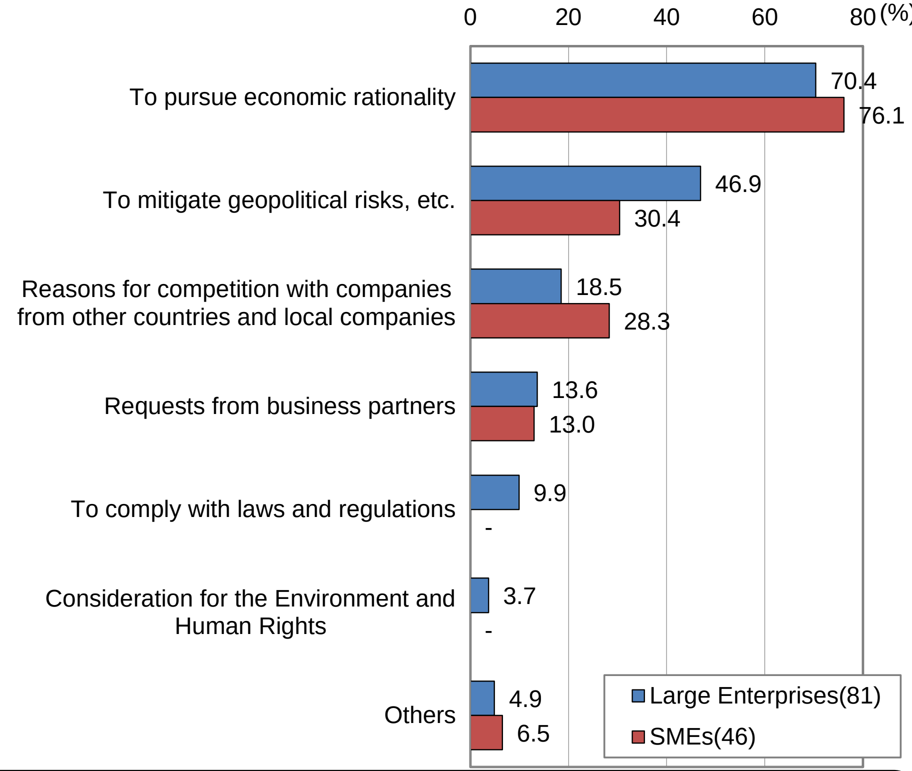


Figure 5.16. Reasons for supply chain change (by size)



- **Economic rationality is firstly considered, but growing concern about geopolitical risk is also a significant factor for supply chain restructuring.**
  - As for the reasons for changing supply chains, "to pursue economic rationality" accounted for more than 70%, followed by "to mitigate geopolitical risks, etc." at 40%. In the interviews, some respondents said, "In fact, we were forced to review our portfolio from the viewpoint of profitability even before geopolitical risks increased" (Chemicals).
  - While many SMEs made changes based on economic rationale and the competitive environment, large companies with global sales and supply networks chose "to mitigate geopolitical risks" as a major reason, while others selected "to comply with laws and regulations" and "consideration for the environment and human rights."

(4) Responding to Changing Supply Chains
Sources of raw materials and other resources that are difficult to substitute

Question: Regarding the procurement of raw materials, parts, or manufacturing equipment that are most difficult to substitute, from which country/region are they supplied by suppliers with headquarters functions? (Multiple answers allowed)

Figure 5.17:
Sources of raw materials, parts, and manufacturing equipment that are difficult to substitute (comparison with last year)

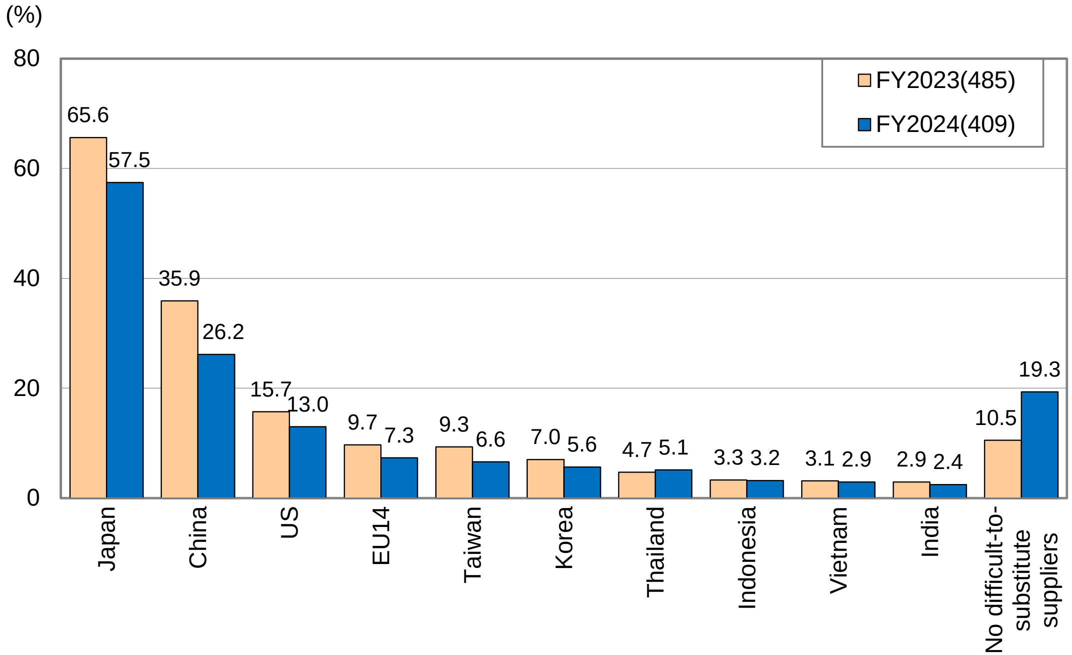
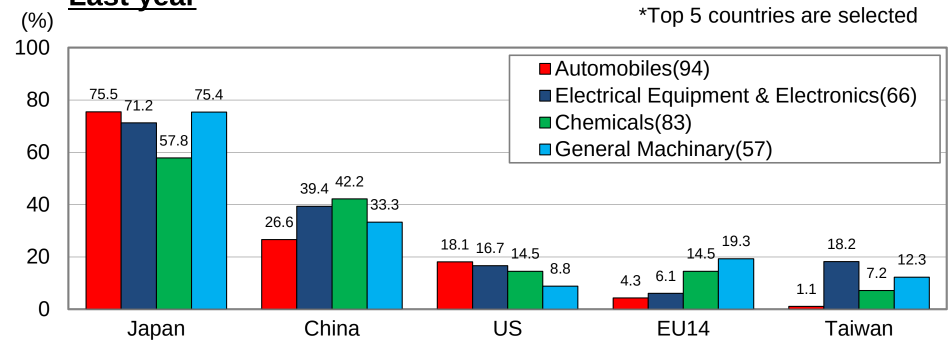


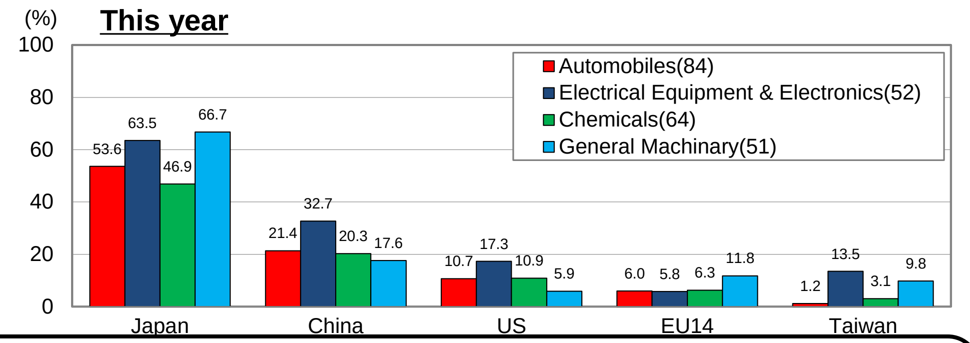
Figure 5.18:
Sources of raw materials, parts, and manufacturing equipment that are difficult to substitute (by industry)

Last year

*Top 5 countries are selected



This year



- **Regardless of industries, the percentage is decreasing in sources of raw materials, etc. that are difficult to substitute. Manufacturing companies are moving to mitigate risks related to their procurement.**

- There was no change in the order of "Japan," "China," "US," "EU14," and "Taiwan" as sources of raw materials, parts, and manufacturing equipment that are difficult to substitute, compared to the previous year.
- The response for "China" decreased significantly by 9.7 points, indicating corporate efforts to diversify risks. The percentage of companies that chose "not difficult to substitute suppliers" doubled from the previous year, while each country's percentage decreased in almost all countries. It appears that the diversification efforts of procurement sources are progressing in companies.
- In the interview, one of the respondents said, "A Chinese company that procures parts and materials has transferred its production to Vietnam, and we continue to procure from its Vietnamese base. Switching costs are also low because the company is an existing supplier" (Electrical equipment & electronics (assembly)).
- By industry, procurement from China in the Chemicals industry dropped the most, by 21.9 points. Some interview respondents said, "In light of geopolitical risks, some raw material extraction sites were transferred to South America" (Chemicals).

(5) Responding to Changing Supply Chains
Reasons for Difficulty in Substitution

Question	What are the reasons for the substitution difficulties? (Multiple answers allowed)

Figure 5.19.
Reasons for Difficulty in Substitution (Companies selected for China only)

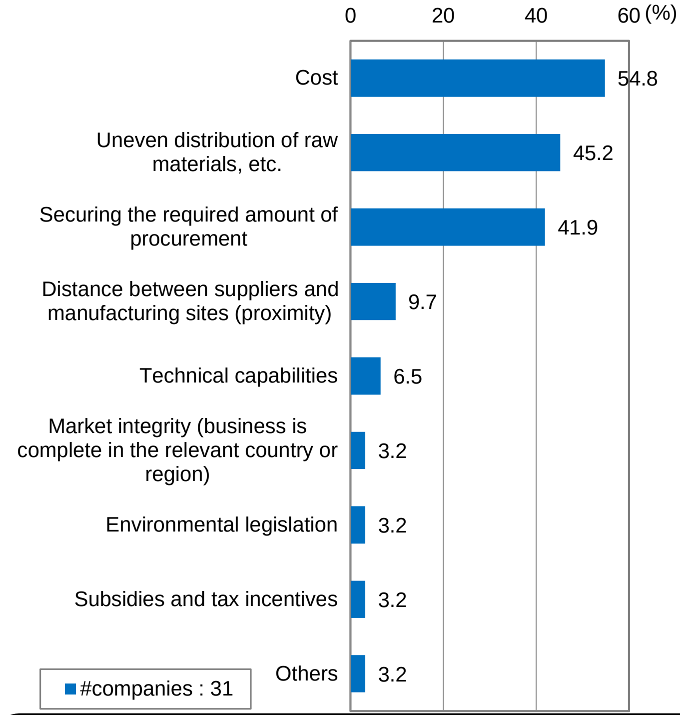


Figure 5.20
Reasons for Difficulty in Substitution (Companies selected for the U.S. only)

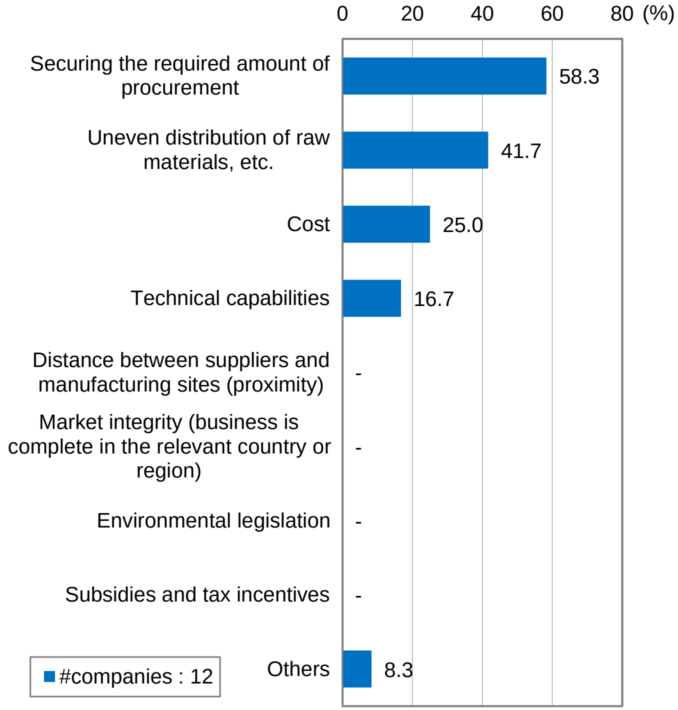
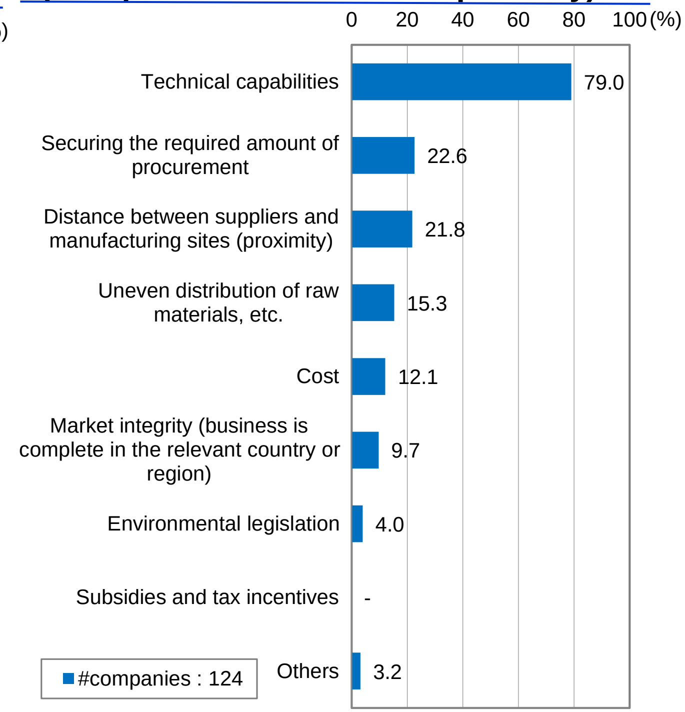


Figure 5.21
Reasons for Difficulty in Substitution (Companies selected for Japan only)



- **Reasons for difficulties in substitution: “cost” for China, “securing the required amount of procurement" for the U.S., and "technological capability" for Japan.**

- The most common reason given by companies that chose “China” only was “cost.” Some companies responded, “In order to maintain price competitiveness in the Chinese market, we need to procure from low-cost local suppliers while maintaining a certain level of quality” (General machinery (assembly)) and “Prices in China have been rising in recent years, but they are still about 20% cheaper than in Japan” (automobiles (parts)). Many companies believe that China cannot be ignored from a cost perspective. Other companies selected “uneven distribution of raw materials etc.,” and “securing the required amount of procurement.”
- For companies that selected “U.S.” only, the most common response was “securing the required amount of procurement.” One company responded, “Where semiconductor market conditions were tight, there is no other place but the U.S. to secure enough custom-made computer infrastructure” (Electrical equipment & Electronics (assembly)).
- About 80% of the companies that selected "Japan" only chose "technological capabilities." The superiority of technology in Japan was confirmed, particularly in the electrical equipment & electronics and automobile industries.

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6. Initiatives for Business Transformation and Expansion of New Businesses (including innovation)

(1) Business Transformation and Expansion of New Business Specific items to be addressed

Question | Regarding the status of your company's initiatives for business transformation and new business expansion (including innovation), please select the ones that apply to your company. (Multiple answers allowed)

Figure 6.1: Initiatives for Change (Overall and by size)

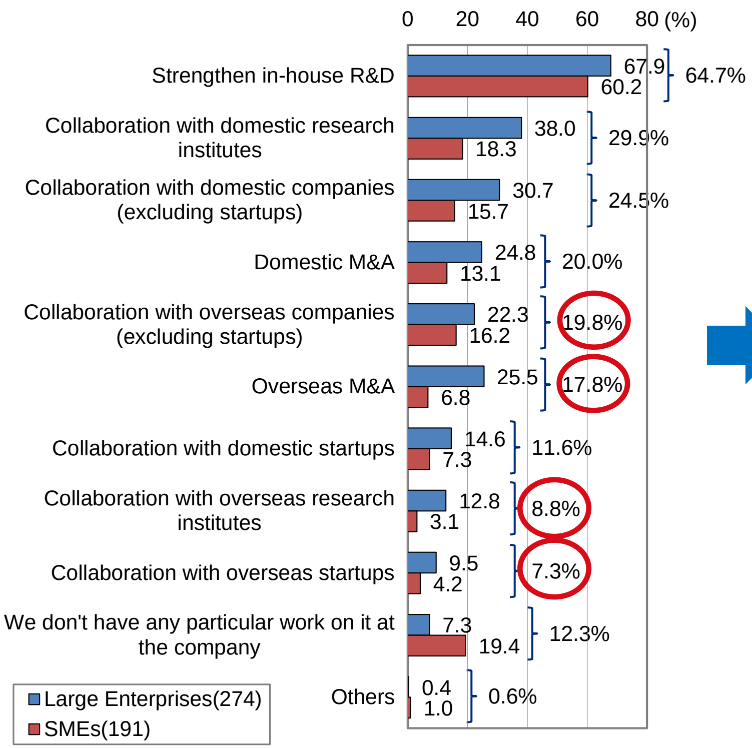
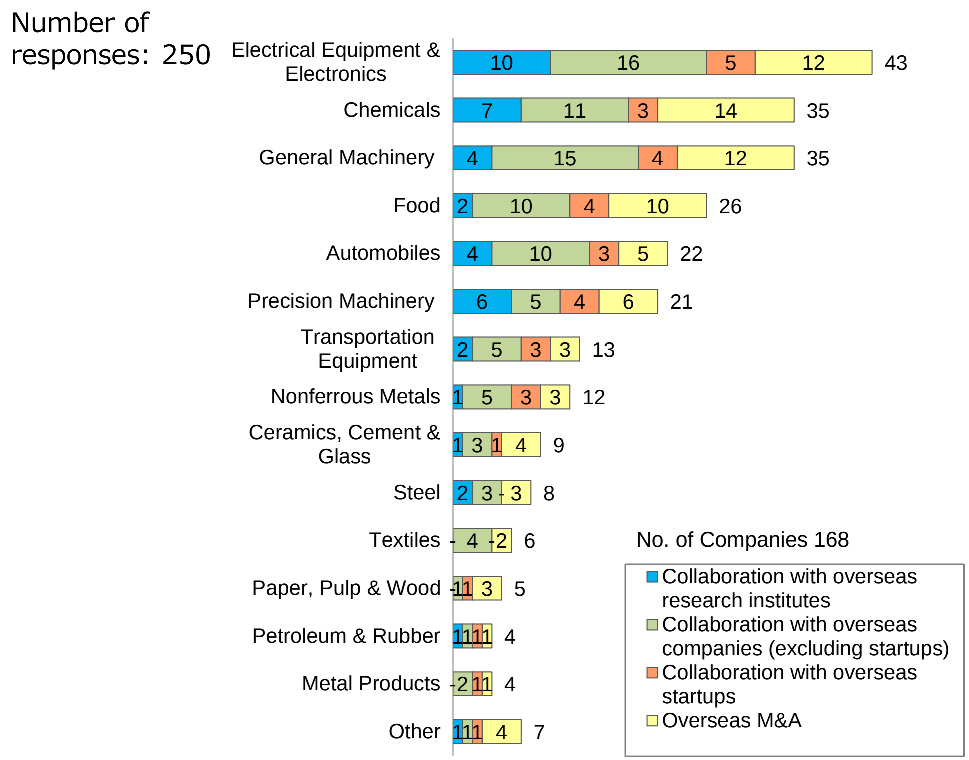


Figure 6.2: Companies Engaged in Overseas Cooperation (by industry, total number of responses)



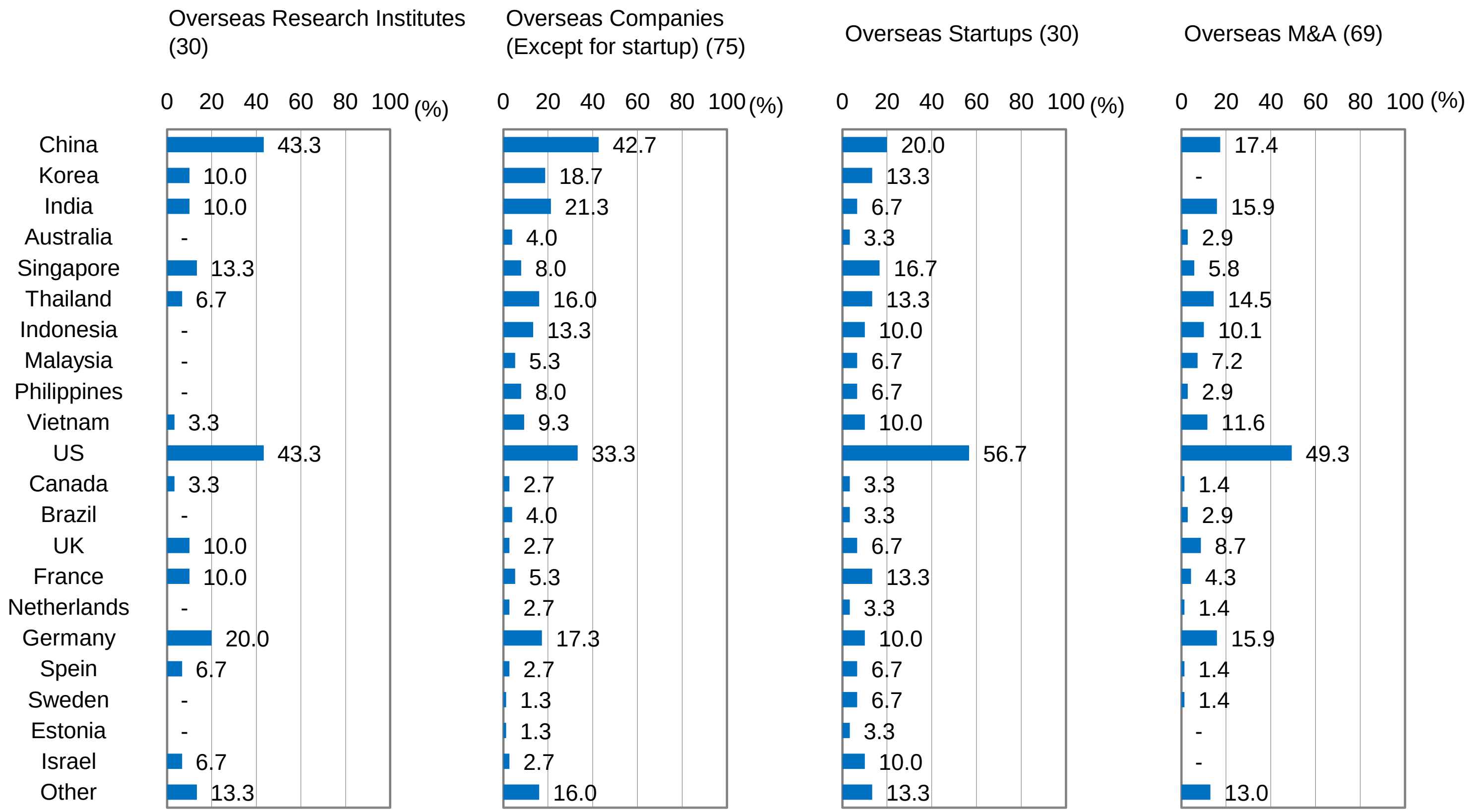
■ **Manufacturing companies are mainly collaborating with domestic partners for business transformation. However, large enterprises are also increasingly collaborating with overseas partners, mainly through M&A.**

- As for specific initiatives for business transformation and new business expansion (including innovation), "strengthening in-house R&D" was the highest at 64.7%.
- Next to "strengthening in-house R&D," "collaboration with domestic research institutions" and "collaboration with domestic companies" followed, indicating that the majority of companies are engaged in domestic initiatives. By size, large enterprises are more likely than SMEs to collaborate with outside parties, mainly through overseas companies and M&A, suggesting that they are making more progress in this area. In the interview, one respondent said, "Since it takes time to acquire sales netwo-rks and technologies, M&A will be actively pursued in order to shorten the time required" (General machinery (assembler)).
- Looking at the companies that are working on overseas tie-ups, the largest number of companies are in the electrical equipment & electronics (43% of total responses) and general machinery/chemicals (35% of total responses) industries. In the electrical equipment & electronics and chemical industries, many are working in Europe and the U.S. to acquire technologies, while in the general machinery and food industries, many are working in China and ASEAN from the viewpoint of expanding sales channels. In the interview, one respondent said, "In addition to increased demand for sensing technology, semiconductors, and data centers, there is growing momentum for technological development, and we will collaborate more and more, both domestically and internationally" (Electrical equipment & electronics (assembler)).

(2) Business Transformation and Expansion of New Business
Countries where overseas collaboration is implemented

Question If you choose to work with overseas research institutions, with overseas companies (excluding start-ups), with overseas start-ups, or with overseas M&A, in which countries are they? (Multiple answers allowed)

Figure 6.3: Countries of Overseas Collaboration (All)



■ **Overseas partners are mainly the U.S. and China, with some collaboration with ASEAN and Europe.**

- The U.S. and China (43.3%) were the most frequently cited destinations for collaboration among overseas research institutions. In China, petroleum/rubber, steel, general machinery, and electrical equipment & electronics were most frequently cited, while in the U.S., nonferrous metals, transportation equipment, and precision machinery were most frequently cited.
- Regarding collaboration with overseas companies, the response rate was relatively high in India, South Korea, and Germany, as well as in China and the United States. In the interview, one respondent said, "We have established a joint venture with a Chinese company to manufacture products for the domestic Chinese market" (automobile (parts)).
- Regarding collaboration with overseas startups, the U.S. was selected prominently at a high percentage, followed by China and Singapore. One company that chose the U.S. said, "In order to realize a smart grid, we are collaborating with a U.S. startup and promoting the use of AI technology to analyze data" (electrical equipment & electronics (assembly)). In Singapore, collaboration is progressing in a wide variety of industries, including medical and IT.
- With regard to overseas M&A, initiatives were seen mainly in the US, but also throughout the ASEAN countries (Singapore, Thailand, Indonesia, Malaysia, Vietnam, and the Philippines), particularly in chemicals and food products.

(3) Business Transformation and Expansion of New Business
Areas of interest in emerging technologies

Question The following are some of the main areas of advanced technology and innovation that are relevant to research and development, manufacturing, sales, etc., from the viewpoint of new business expansion. Please select any that interest you. (Multiple answers allowed)

Figure 6.4: Areas of interest in emerging technologies (overall/by size)

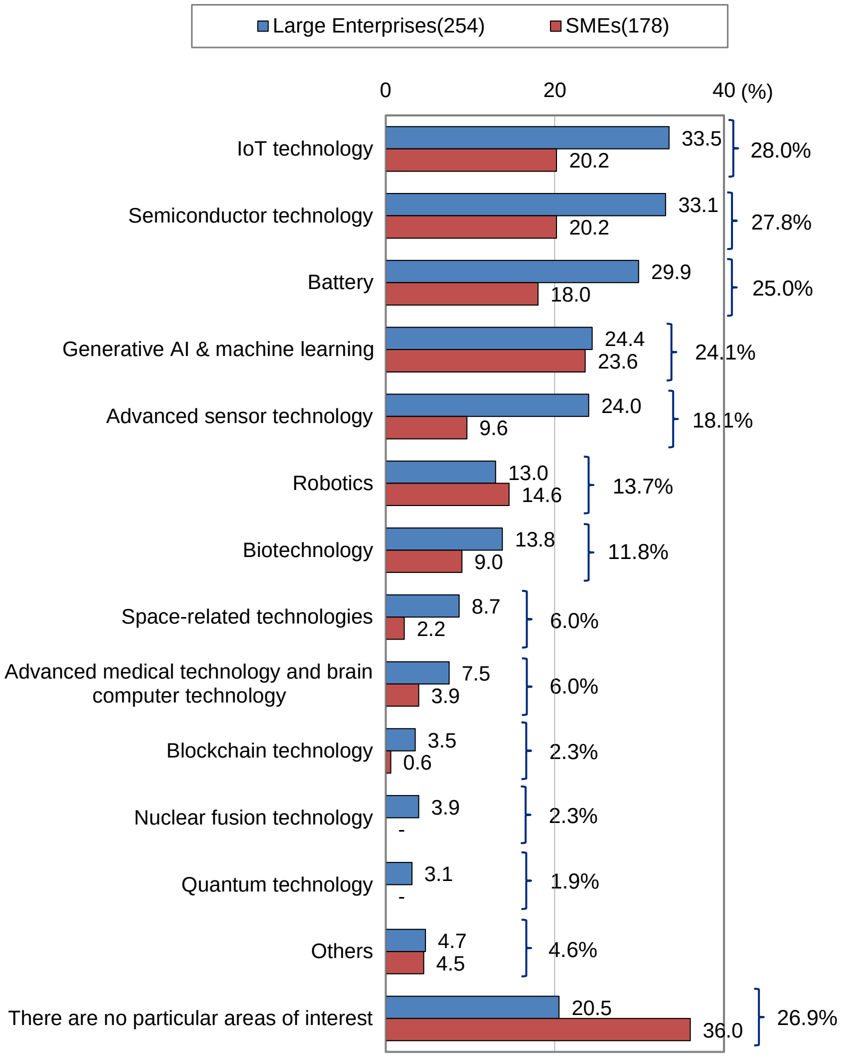
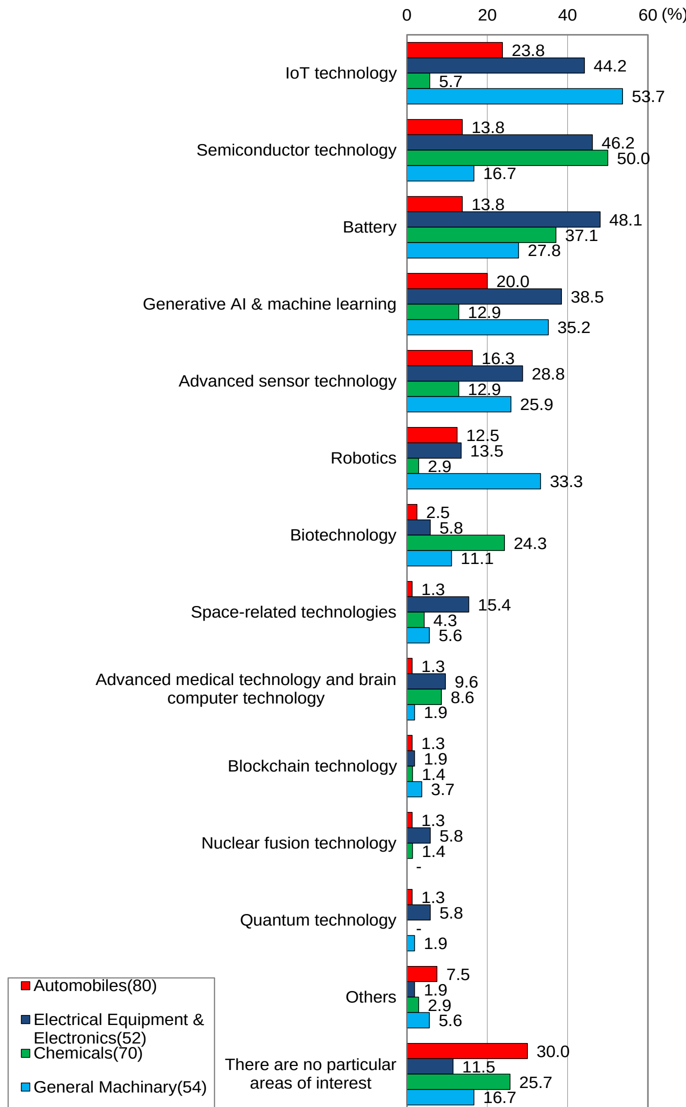


Figure 6.5: Areas of interest in emerging technologies (by industry)



Interest in IoT and semiconductor technologies, especially among large companies.

- Among the technological fields that lead to advanced technology and innovation, IoT technology was the area of interest at 28.0%, followed by semiconductor technology at 27.8%.
- By size, large companies cited IoT technology (33.5%) and semiconductor technology (33.1%), while small and midsize enterprises cited generative AI and machine learning (23.6%). More small and midsize enterprises (14.6%) cited robotics than large enterprises did (13.0%). In the interview, one respondent said, "We would like to develop image recognition technology for inspecting finished products and automate box packing, and eventually make the factory unmanned" (automobile (parts)), giving a glimpse of how mid-sized and small companies, in particular, are working on automation against the backdrop of labor shortages.
- By industry, the percentage of responses was high for storage batteries, semiconductors and IoT technology in electrical equipment & electronics, semiconductor technology and storage batteries as well as biotechnology in chemicals, and IoT technology, generative AI/machine learning, and robotics in general machinery.

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7. Initiatives for the Realization of a Sustainable Society

(1) Initiatives for the Realization of a Sustainable Society
Efforts to reduce CO2 emissions through business

Question: Please select the applicable items regarding your efforts to reduce CO2 emissions in your business (excluding reduction of CO2 emissions within your company). (Multiple answers allowed)

Figure 7.1: Efforts to reduce CO2 emissions (overall and by size)

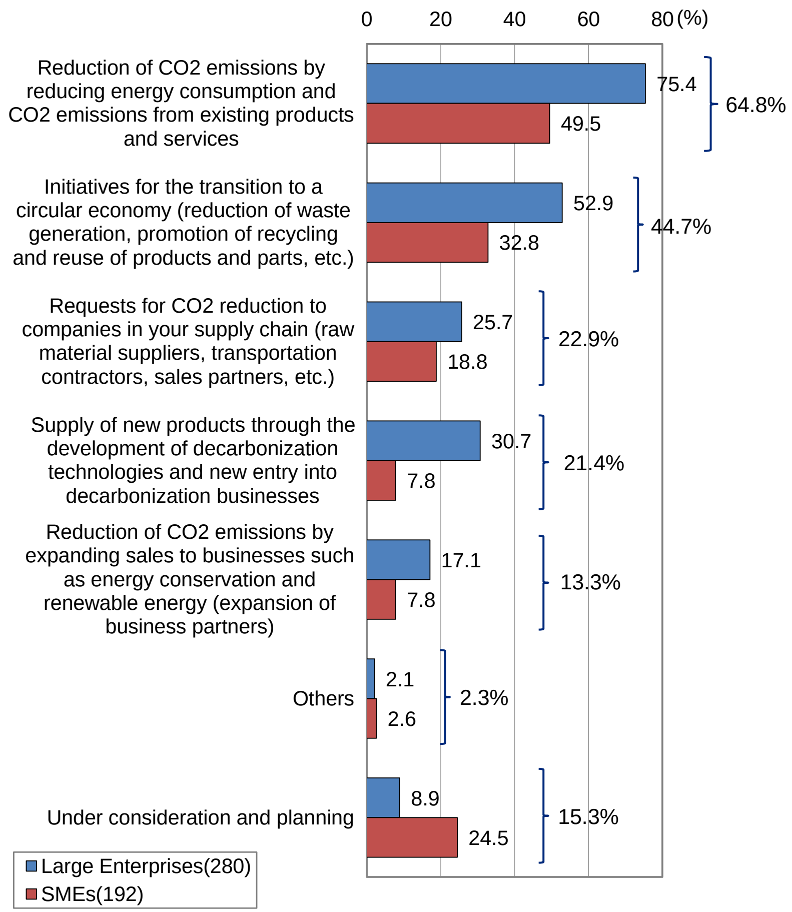
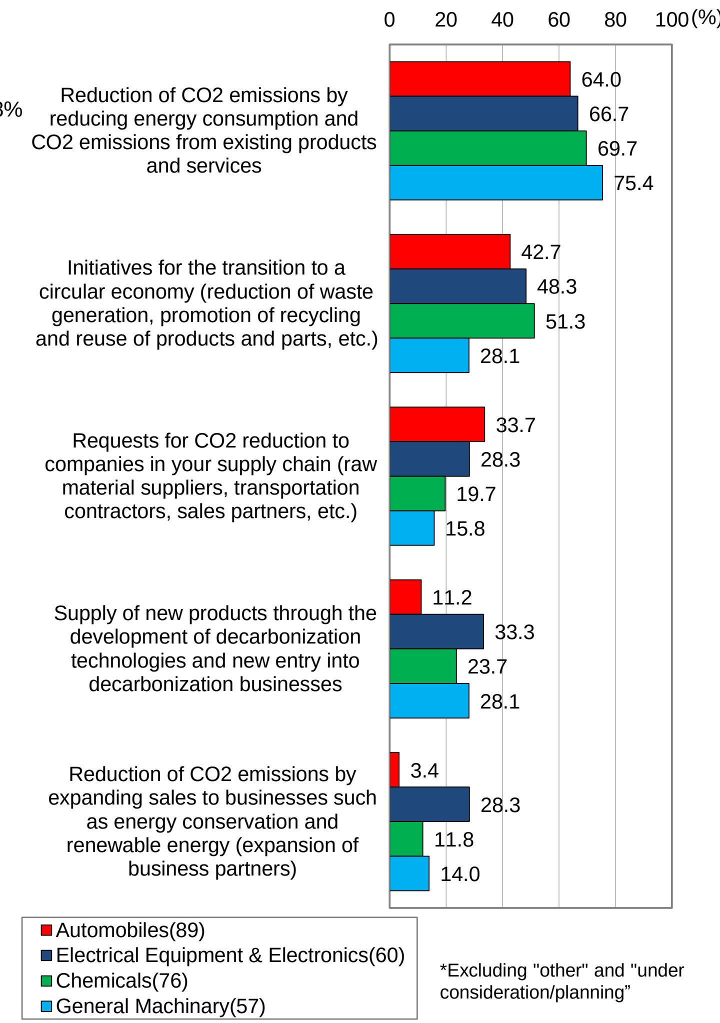


Figure 7.2: Efforts to reduce CO2 emissions (by sector)



*Excluding "other" and "under consideration/planning"

Products are being updated for a decarbonized society, and the transition to a circular economy is underway.

- It was found that 64.8% of companies are working on “reduction of CO2 emissions by reducing energy consumption and CO2 emission from existing products and services.” The response rate of companies making “initiatives for the transition to a circular economy” was also high, at 44.7%, indicating a high level of interest in the circular economy.
- By size, large companies also had a high response rate (30.7%) for “supply of new products through development of decarbonization technologies and new entry into new decarbonization businesses,” indicating that they are actively engaged in this area.
- By industry, the response rate for “request for CO2 reduction to companies in your supply chain” for automobiles was higher than for other industries. In the interview, some respondents said, “The Japan Automobile Manufacturers Association has set a CO2 emission reduction target, and the industry as a whole is reducing CO2 emissions.” The response rate for “supply of new products through the development of decarbonization technologies and new entry into decarbonization businesses” in electrical/ electronics was also higher than in other industries. One interview respondent said, “We are developing products for solar power generation and energy storage systems as our main products” (electrical equipment & electronics (parts)).

7 (2) Initiatives for the Realization of a Sustainable Society
Countries where CO2 emissions reductions through projects are implemented

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Question In which countries are the initiatives described in the previous question being implemented primarily? （What are the barriers and challenges to progress in implementing this initiative? (Multiple responses allowed.)

Figure7.3: Countries where initiatives are implemented (overall and by size)

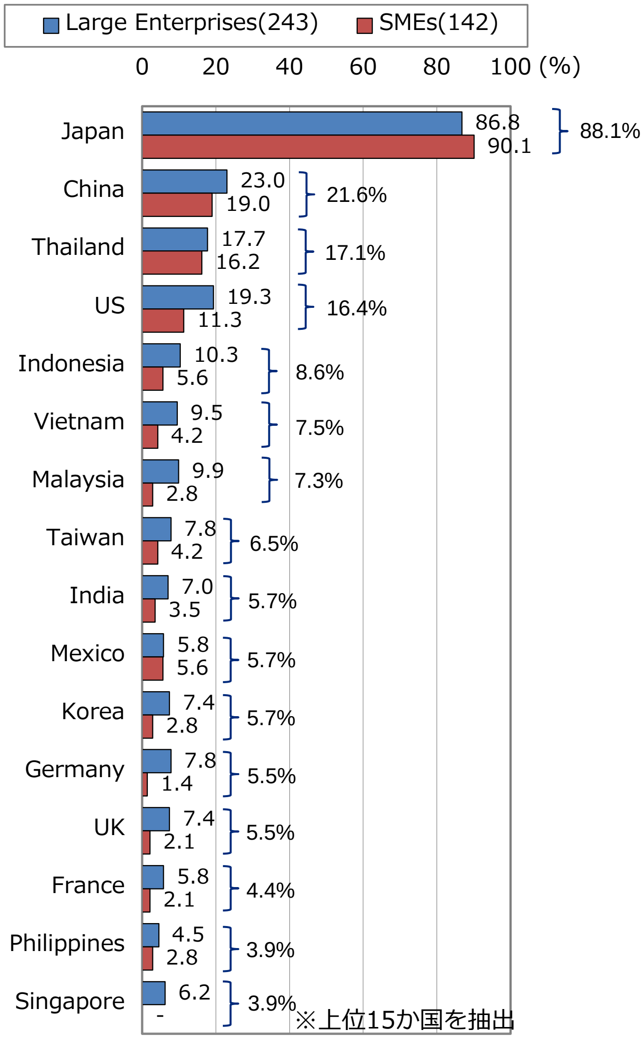
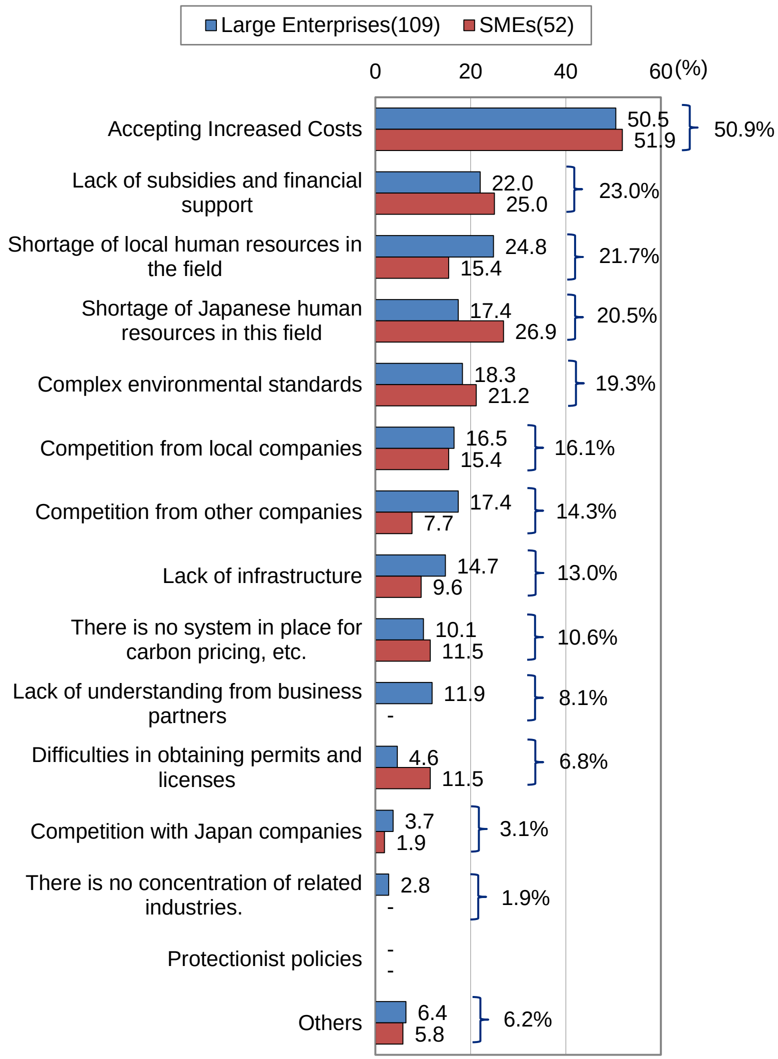


Figure 7.4: Barriers and challenges to progress (overall and by size)



■ Efforts to reduce CO2 emissions are centered in Japan. Overseas, progress is being made in China, Thailand, and the U.S., but to a limited extent.

- Of the companies, 88.1% selected Japan as the country in which they are making efforts to reduce CO2 emissions, indicating that efforts are currently focused mainly on Japan.
- Overseas, efforts are seen in China, Thailand, and the U.S., but are limited. In China and Thailand, there is no significant difference in the response rate between SMEs and large enterprises.
- As for barriers/challenges to overseas initiatives, “accepting increased costs” (50.9%) accounted for the largest percentage of responses. Many respondents also cited “lack of subsidies and financial support” (23.0%) to compensate for increased costs. In the interview, some respondents said, “India offers fewer subsidies than other countries, and the lack of established systems such as carbon pricing is a challenge” (Chemicals). Another respondent said, “In China, there are cases where stricter environmental standards are imposed than in Japan” (Automobiles (parts)).

(3) Initiatives for the Realization of a Sustainable Society
Business areas expected as growth opportunities

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Question In promoting the transition to a decarbonized society and a circular economy as an opportunity for business growth, we will expand our business partners and enter into new businesses. In what areas do you have expectations? (Multiple answers allowed)

Figure 7.5: "Opportunities for Growth" Expected business areas (overall and by size)

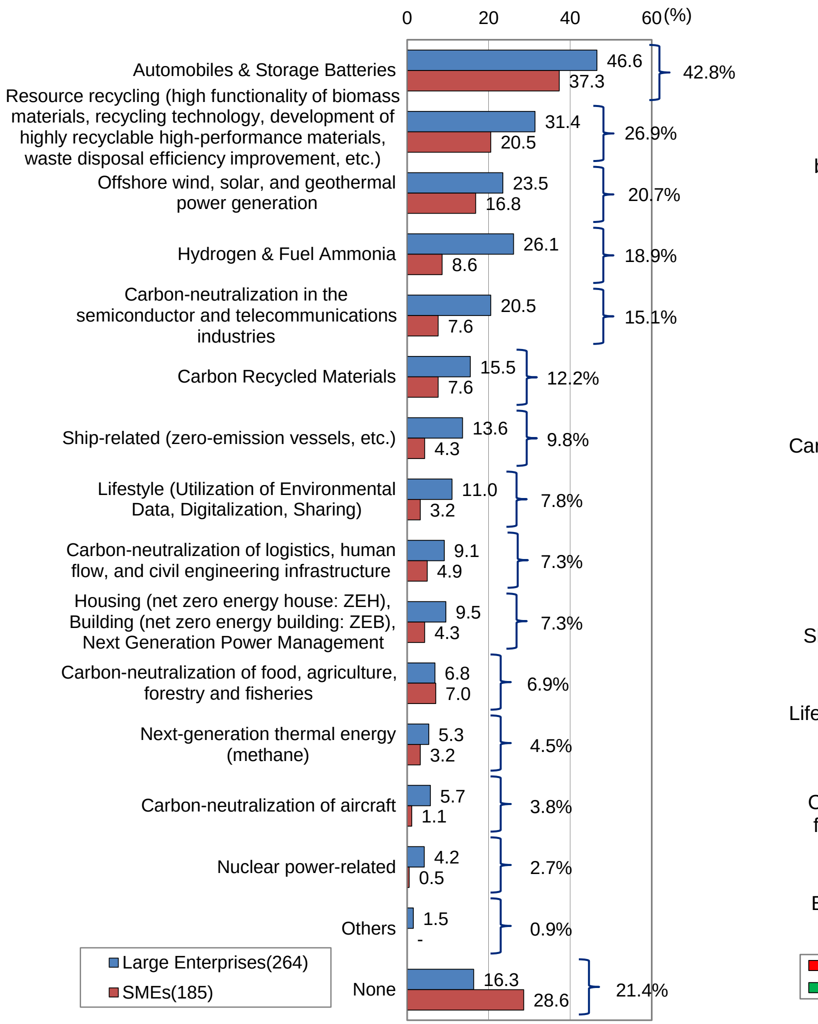
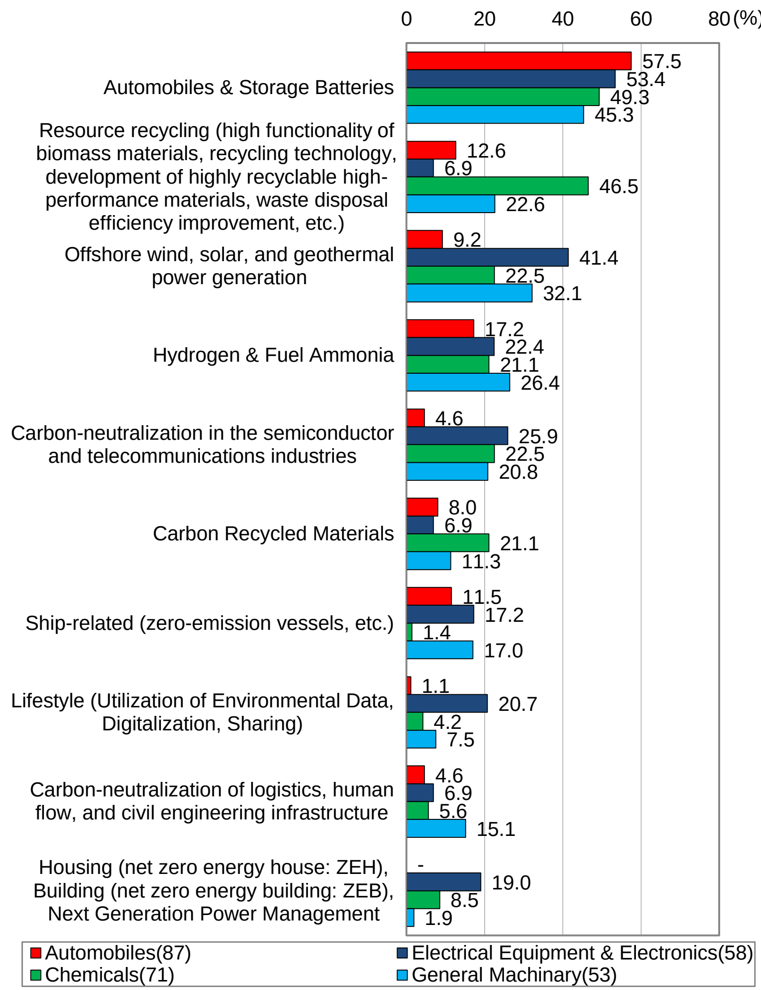


Figure 7.6: "Opportunities for Growth" Expected Business Sectors (by industry)



*Only the top 10 items are extracted.

- **About 40% of companies see "automobiles and storage batteries" as a growth field. High awareness of resource recycling is also noteworthy.**
  - The most common business field expected to provide "growth opportunities" was "Automobiles & storage batteries" (42.8%), followed by "Resource recycling" (26.9%) and "Offshore wind, solar, and geothermal power generation" (20.7%). Combined with the high response rate for circular economy initiatives in the previous two questions, these results indicate that many Japanese companies are looking forward to resource recycling-related projects as a "growth opportunity."
  - By industry, "resource recycling" (46.5%) in Chemicals and "Offshore wind, solar, and geothermal power generation" (41.4%) in Electrical equipment & electronics had high response rates. In the interview, one respondent said, "We are starting a business of components for solar power generation in response to requests from our customers to switch to renewable energy" (electrical equipment & electronics (parts)).

7 (4) Initiatives for the Realization of a Sustainable Society
Background to interest in a circular economy and biodiversity

Question: If you are interested in transitioning to a circular economy/securing biodiversity, please select the closest thing you can think of as a background to your interest. (Multiple answers allowed)

Figure 7.7: Background to interest (overall and by size)

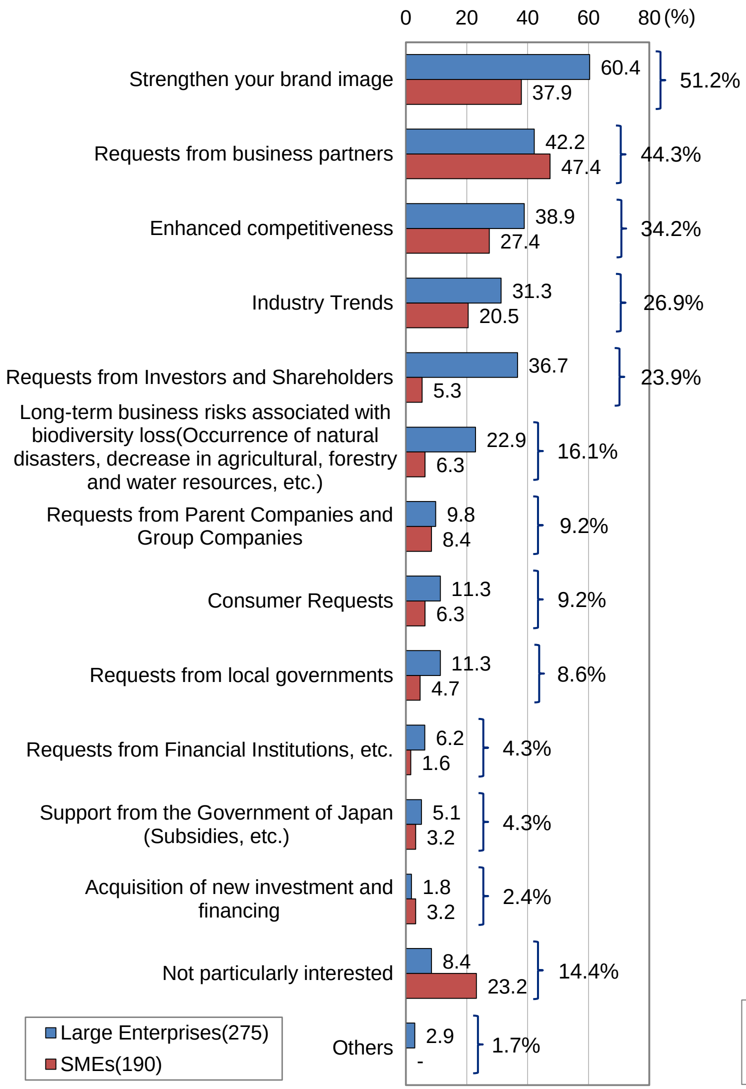
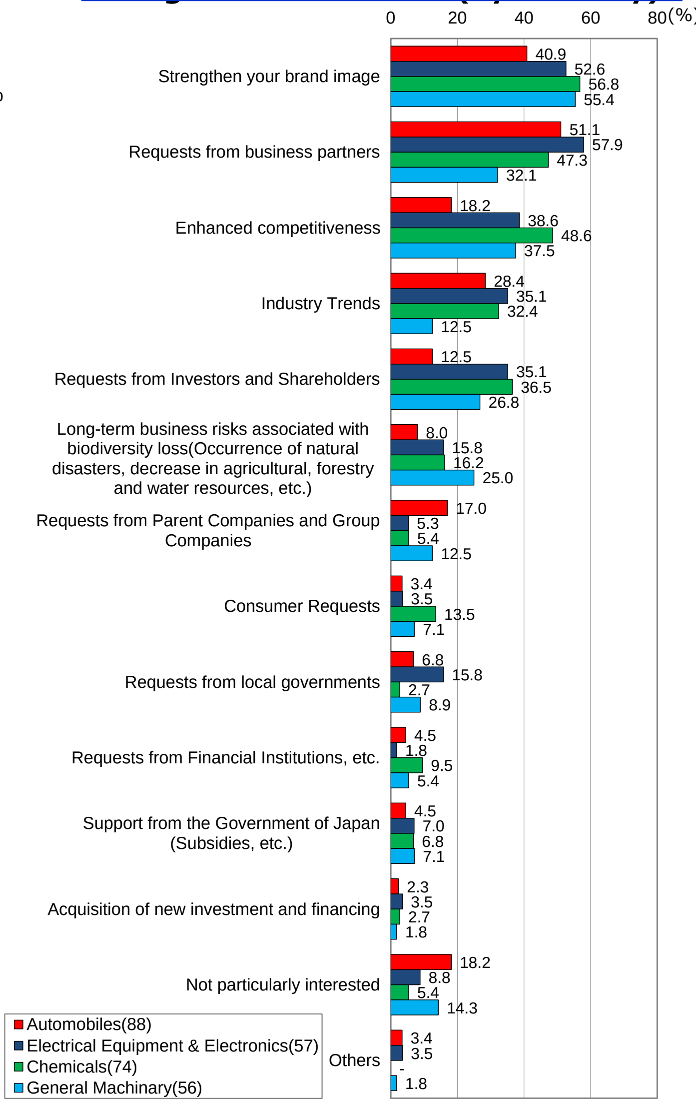


Figure 7.8: Background to interest (by industry)



■ **Many companies are interested in the transition to a circular economy and biodiversity against the backdrop of strengthening their brand image and requests from their business partners.**

- Many companies cited "strengthen our brand image" (51.2%) and "requests from business partners" (44.3%) as the reasons for their interest in the transition to a circular economy and biodiversity.
- The next most popular choice was "enhanced competitiveness." One respondent said, "Water quality management is important in maintaining ecosystems, and if the world focuses more on biodiversity, advanced management systems and solutions will be required, which will lead to enhanced competitiveness."
- By size, the response rate for "request from business partners" was higher among small and midsize companies than among large companies. Also, "request from investors/shareholders" was selected by a higher percentage of large companies (36.7%) than small and midsize companies, revealing the strong influence of investors. In the interview, one respondent said, "Our European business partners who are taking advanced initiatives are highly interested in this field" (nonferrous metals).
- By industry, interest in biodiversity is relatively high in the chemical and electrical equipment & electronics industries. One interview respondent said, "Chemical manufacturers have a wide variety of suppliers, so strict management is becoming a trend" (Chemicals).

(5) Initiatives for the Realization of a Sustainable Society
Transition to a circular economy and securing biodiversity

Question	Please select the most applicable items regarding your efforts to shift to a circular economy and to secure biodiversity. (Multiple answers allowed)

Figure 7.9
Efforts to shift to a circular economy and secure biodiversity (overall and by size)

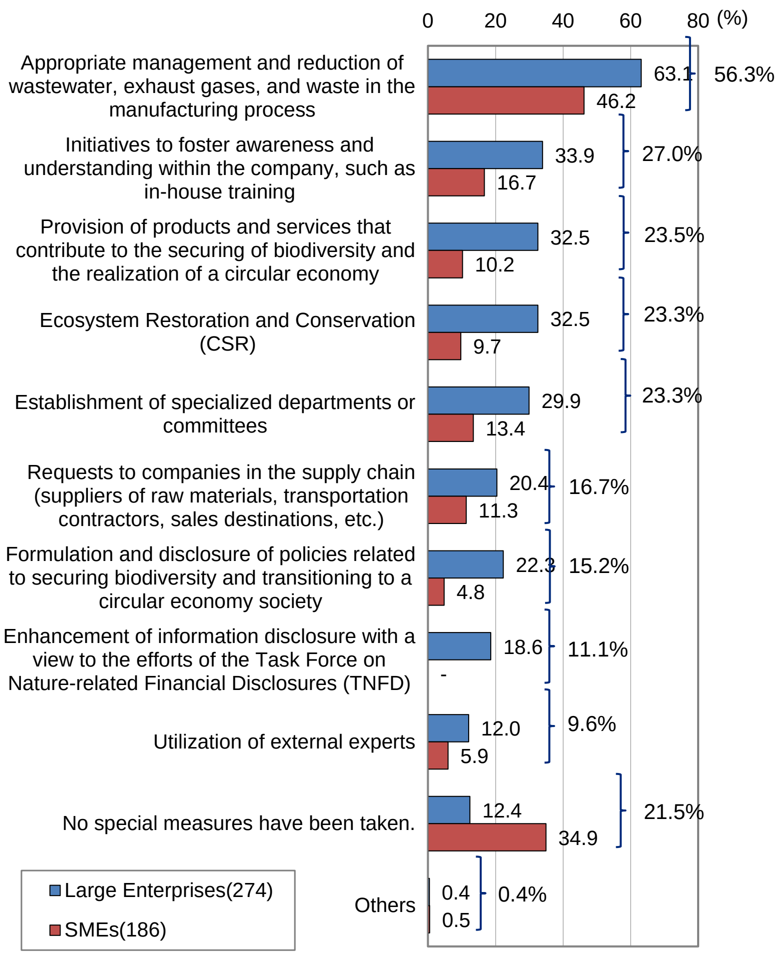
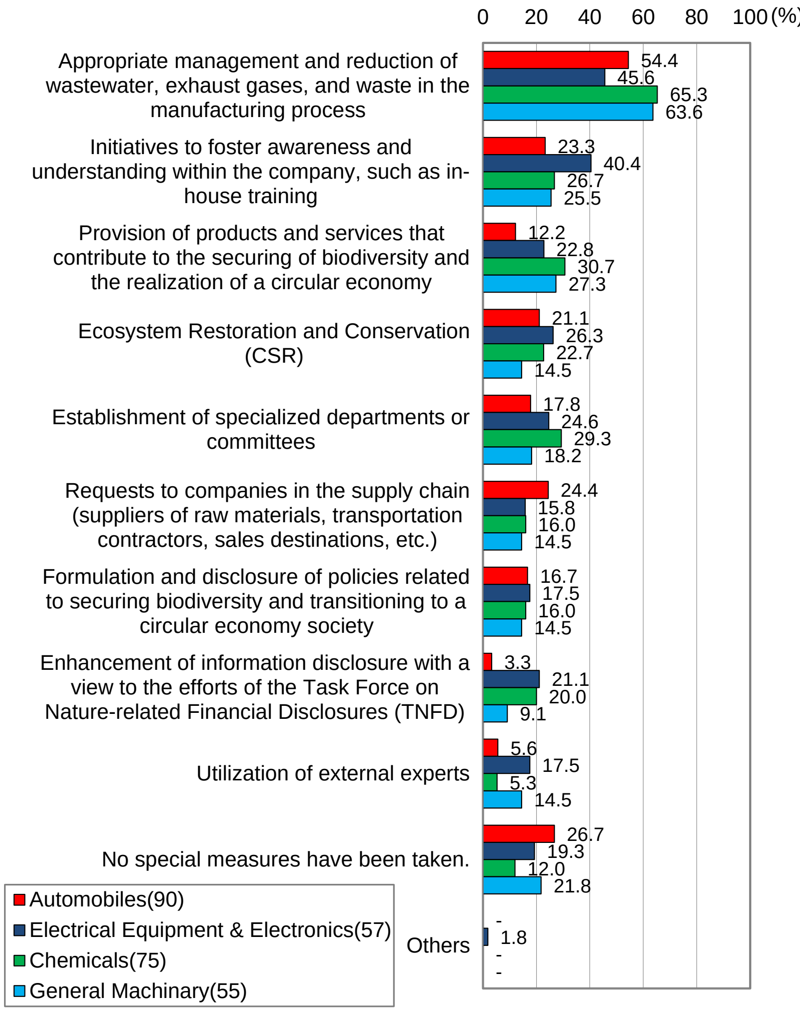


Figure 7.10 Efforts to shift to a circular economy and secure biodiversity (by industry)



■ **Initiatives to shift to a circular economy and secure biodiversity, especially among large companies.**

- The highest overall response rate was 56.3%, for "appropriate management and reduction of wastewater, exhaust gas, and waste in the manufacturing process."
- By size, large companies are leading the implementation of most of the initiatives indicated; there was a large difference in initiatives by company size.
- By industry, the automobile industry has made some progress in "Appropriate management and reduction of wastewater in the manufacturing process," but it has made less progress than other industries in terms of the provision of products and services and information disclosure.

(6) Initiatives for the Realization of a Sustainable Society
Background of interest in human rights issues

Question: If you are interested in human rights issues, please select similar items to your thoughts from the following as to the background to your interest. (Multiple answers allowed)

Figure 7.11: Background to interest in human rights issues (Overall and by size)

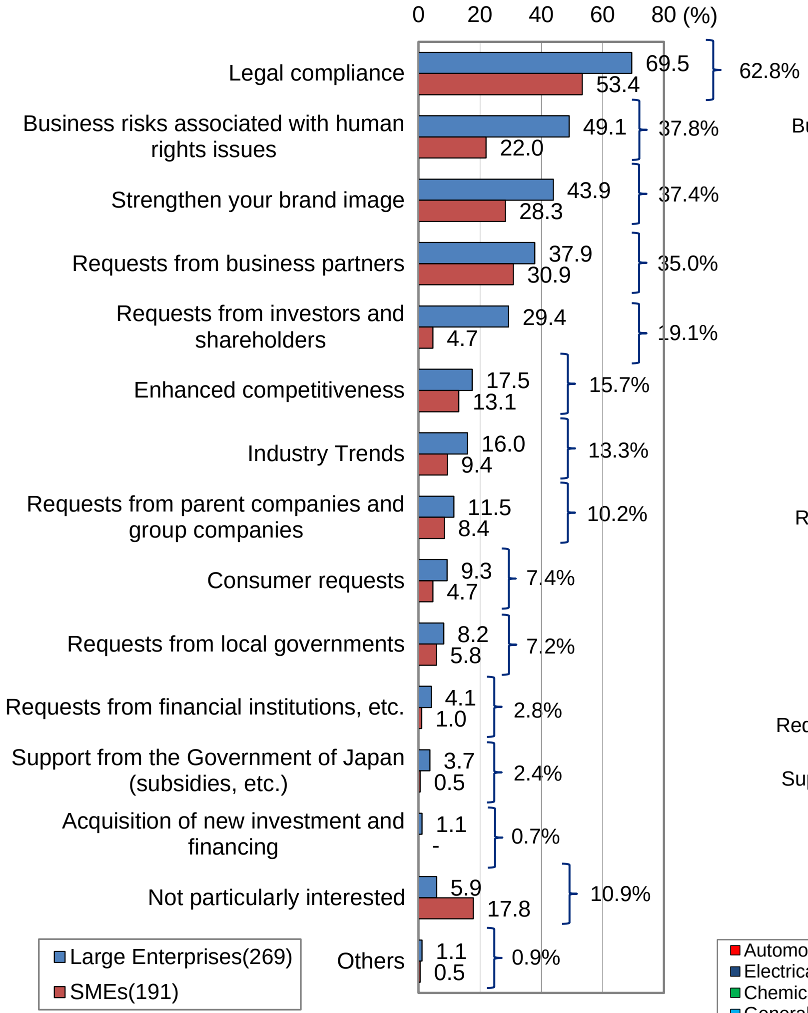
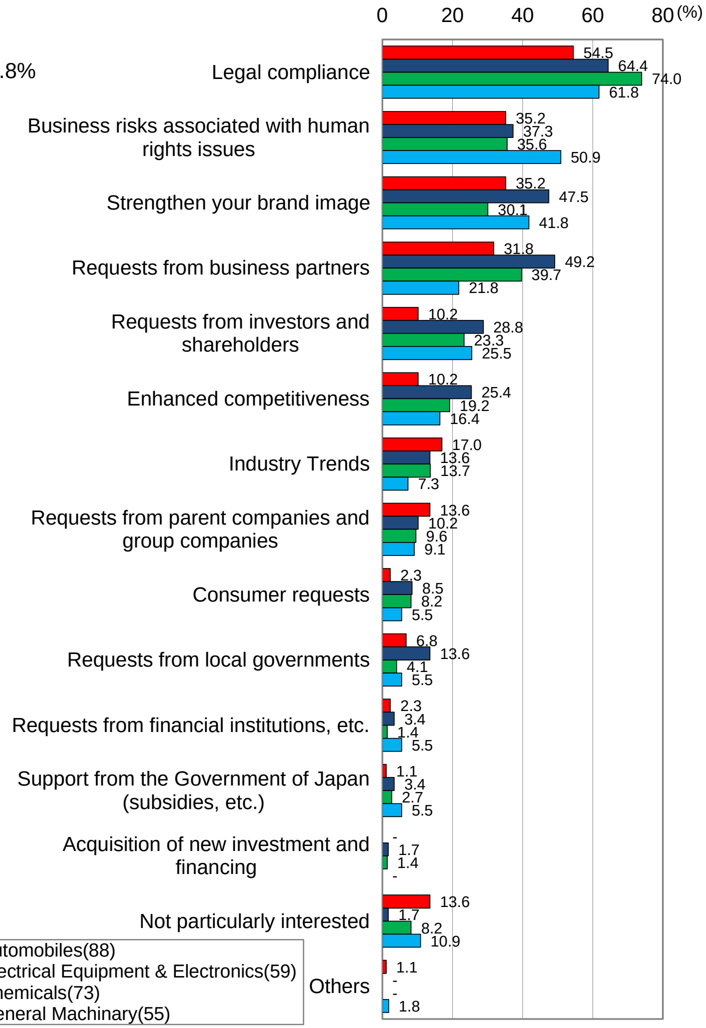


Figure 7.12: Background to interest in human rights issues (by industry)

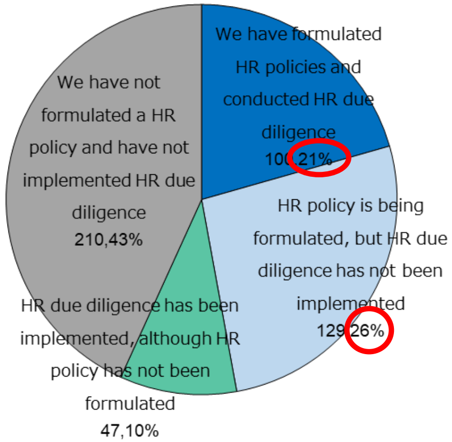


- **More than 60% of companies are concerned about human rights issues from the perspective of legal compliance. Recognition of human rights issues as a business risk, especially among large companies.**
- Many companies cited "legal compliance" (62.8%) as the reason for their interest in human rights issues. In the interview, one respondent said, "With regard to human rights issues, not taking action is a negative, and we are proceeding under the awareness that taking action is a matter of course" (Chemicals).
- Of the responding companies, 15.7% chose "enhanced competitiveness," and one respondent said, "Focusing on compliance and strengthening the brand image will strengthen competitiveness, including the acquisition of human resources" (nonferrous metals).
- By size, large companies have particularly high response rates for "business risks associated with human rights issues" and "requests from investors and shareholders."
- By industry, "legal compliance" (74.0%) and "business risks associated with human rights issues" (50.9%) were characterized by high response rates in the chemicals and general machinery sectors, respectively.

(7) Initiatives for the Realization of a Sustainable Society Human Rights Initiatives

Question: Please select the number of items that apply to your company's efforts to address human rights issues. (Multiple answers allowed)

[34th Survey]
Please select one item that best describes your view of our efforts to address "human rights issues" in the supply chain.



- **Efforts are being made mainly by large enterprises, but no progress has been made since past surveys.**
- As specific efforts to address human rights issues, many companies cited "initiatives to foster awareness and understanding within the company" (52.8%) and "formulation of human rights policies" (45.2%). It cannot be said that significant progress has been made since then.
- By size, it can be seen that "formulation of human rights policies" and "implementation of human rights(HR) due diligence" are more advanced in large companies. In the interview, one respondent said, "Group companies conduct questionnaires on human rights issues, such as child labor, in a unified manner with advice from experts, and disclose the results" (electrical equipment & electronics (parts)). A high percentage of small and midsize enterprises responded that they "have not implemented any particular measures," indicating that they may not have started to address human rights issues.

Figure 7.13: Efforts to address human rights issues (overall)

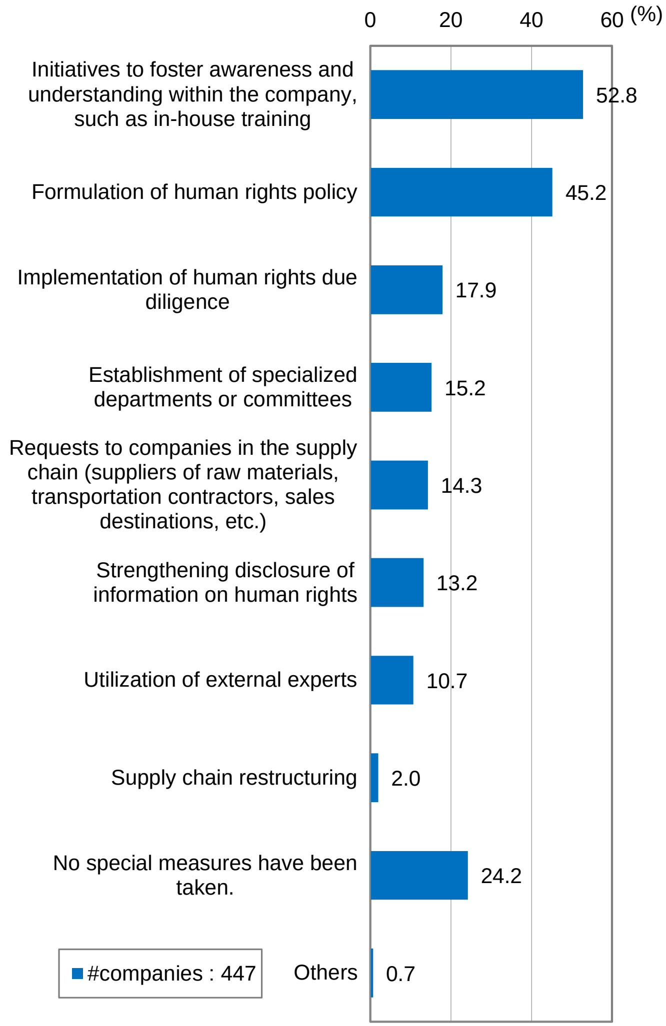
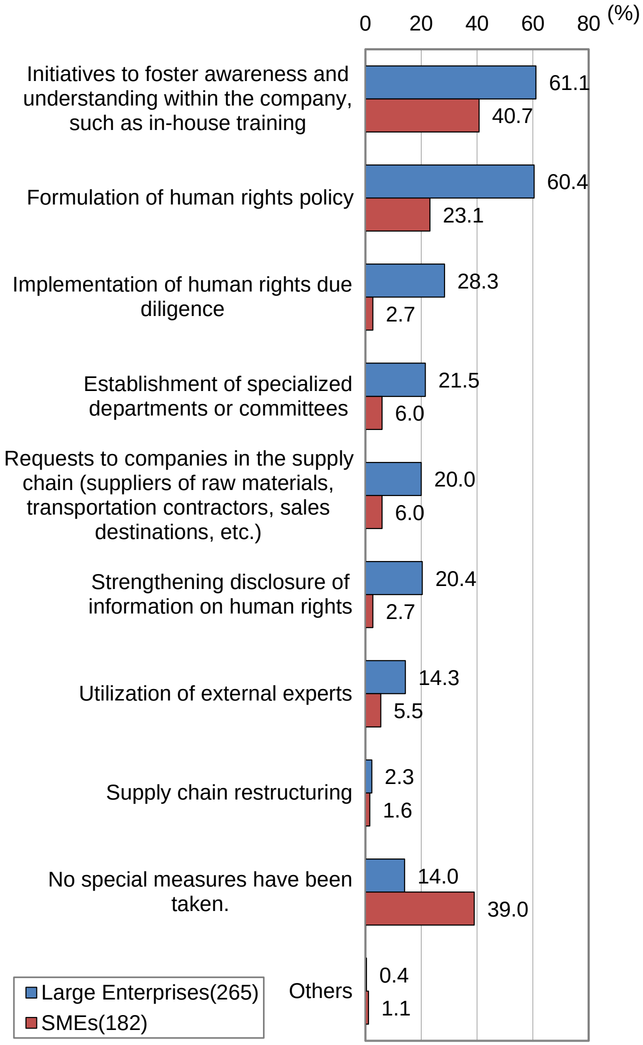


Figure 7.14: Efforts to address human rights issues (by size)



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(Appendix #1)
Analysis of Non-Manufacturing Companies

(1) Survey Overview Survey Method

1. Research Objective and Target

Companies with three or more overseas subsidiaries, arranged by industry, with at least 50% of the top capitalization size are eligible.

2. Methodology

(1) Number of companies surveyed: 320

(2) Survey method: Same as the manufacturing survey

3. Responses

(1) Number of responses: 105 companies *11 companies responded by mail, 94 companies by web

(2) Response rate: 32.8%.

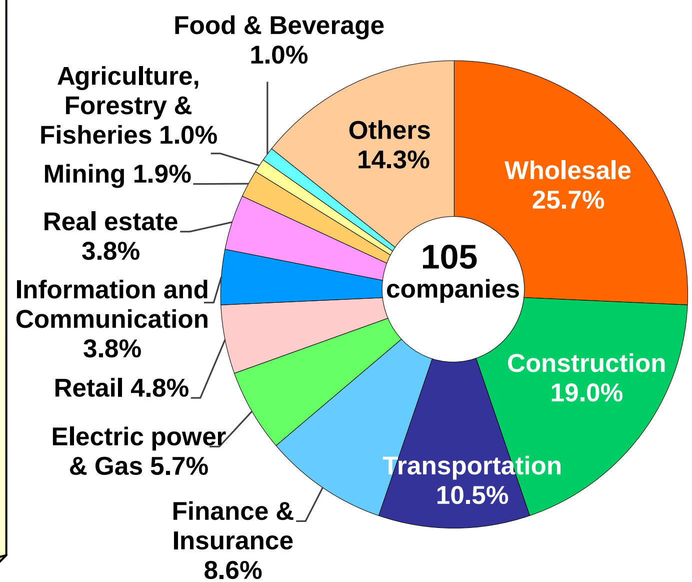
4. Survey period

Same as the manufacturing survey

5. Survey Items

Same as the manufacturing survey

Figure 1.1 Responding companies (by Sector)



(companies)

Industry Type	FY2024	Proportion
Wholesale	27	25.7%
Construction	20	19.0%
Transportation	11	10.5%
Finance & Insurance	9	8.6%
Electric power & Gas	6	5.7%
Retail	5	4.8%
Information and Communication	4	3.8%
Real estate	4	3.8%
Mining	2	1.9%
Agriculture, Forestry & Fisheries	1	1.0%
Food & Beverage	1	1.0%
Others	15	14.3%
Total	105	100.0%

Figure 1.2 Number of Responding Companies (by Capitalization, Non-consolidated)

(companies)

Paid-in Capital	FY2024	Proportion
Less than ¥300 mn.	10	9.5%
¥300 mn. up to ¥1 bn.	2	1.9%
¥1 bn. up to ¥5 bn.	23	21.9%
¥5 bn. up to ¥10 bn.	12	11.4%
¥10 bn. or more	53	50.5%
Holding company	5	4.8%
No response	0	0.0%
Total	105	100.0%

Figure 1.3 Profile of Responding Companies (Listed/-Unlisted)

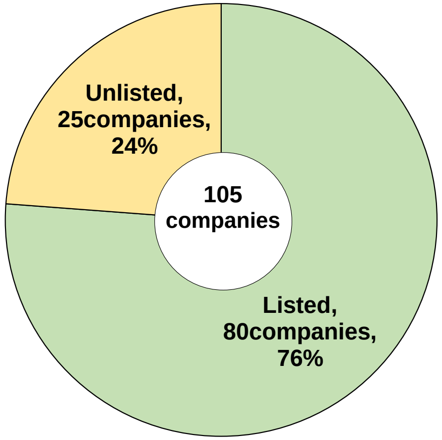


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Figure 1.4
Distribution of Overseas Affiliates

	Country/ Region	No. of respondents (company)	Proportion
1	**China**	61	60.4%
2	**Thailand**	59	58.4%
3	**US**	57	56.4%
4	**Vietnam**	54	53.5%
5	**Indonesia**	45	44.6%
6	**Singapore**	44	43.6%
7	**Hong Kong**	33	32.7%
8	**Taiwan**	27	26.7%
	Malaysia	27	26.7%
	Philippines	27	26.7%
	India	27	26.7%
	EU14	27	26.7%
13	**UK**	23	22.8%
14	**Australia**	18	17.8%
15	**Korea**	16	15.8%

Figure 1.5
Overseas Sales Ratio

	No. of respondents (company)	Overseas Sales Ratios（%） FY2023 Actual	FY2024 Projected
Total	96	19.8	19.7
Agriculture, Forestry & Fisheries	1	75.0	75.0
Mining	2	60.0	55.0
Construction	18	12.2	12.8
Electric power & Gas	4	10.0	10.0
Transportation	11	20.5	20.5
Information and Communication	4	45.0	45.0
Wholesale	25	21.0	21.0
Retail	5	5.0	5.0
Food & Beverage	1	25.0	25.0
Finance & Insurance	9	22.8	22.8
Real estate	2	5.0	5.0
Others	14	17.9	17.1

（Note: The total number of companies responding to this survey was 101.

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Question: As of March 2024, which of the following applies to your “evaluation of earnings performance” in the countries/regions where you have production and sales subsidiaries? 1. Above the target,“ ”2. Mostly as planned," or "3. Below the plan" (single answer)

Figure 2.1 Overseas Earnings Performance Evaluation

(%)

(FY)	2023
Above the target	14.6
Mostly as planned	60.2
Below the target	25.1

(Note)
Simple average of evaluation points for each region and country of operation.

- **While responses were generally in line with plans, Asia, especially China, was in a slump.**
- Regarding the results of overseas earnings, 14.6% of companies responded that they were “above the target,” 60.2% responded that they were “mostly as planned,” and 25.1% responded that they were “below the target.”
- By country/region, compared to the above average, a higher percentage of companies in India chose “above the target,” with half of the companies selecting “good performance of sales in the country/region” as the reason. Less companies selected “poor performance of sales in the country/region,” indicating that the Indian economy is booming.
- Regarding China, 44.4% of respondents answered “below the target,” which was much higher than the average. The reasons selected were “poor performance of sales” and “poor performance of exports” (transportation sector slumping due to poor exports by the manufacturing sector). Many respondents in the NIEs3 and ASEAN also selected “below the target,” suggesting that performance in Asia, especially China, was sluggish.

Figure 2.2 Performance Evaluations (by Country/Region)

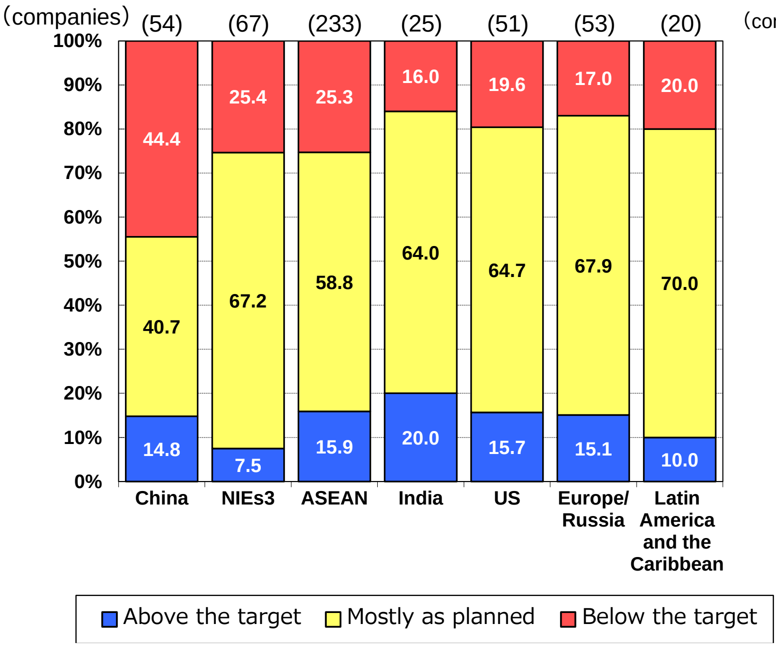


Figure 2.3 Reasons for exceeding the target

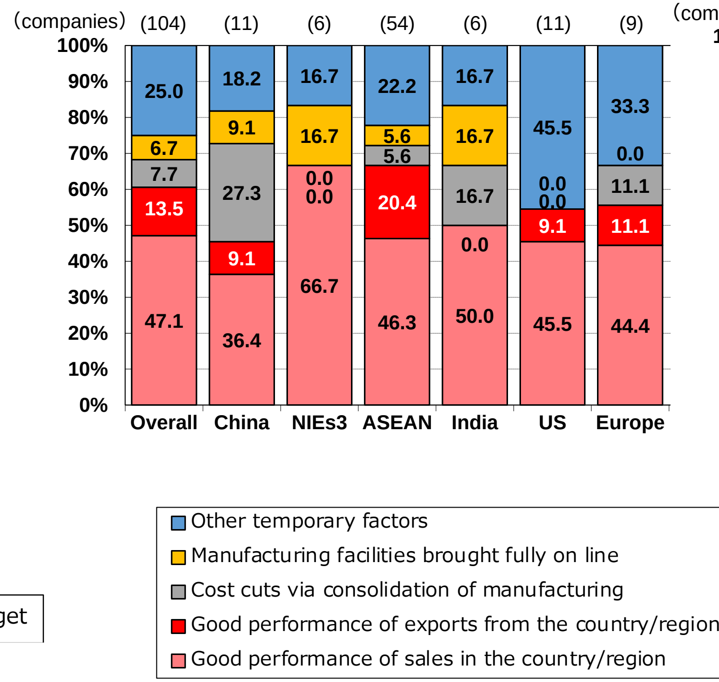
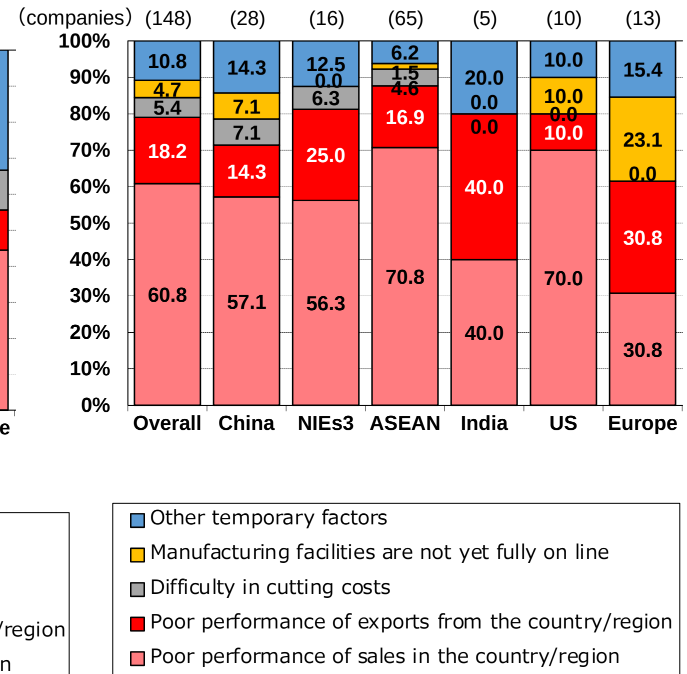


Figure 2.4 Reasons for falling below the target



(1) Future Business Expansions: Stance Toward Strengthening/Expanding Business (Overseas/by country)

Question	What is your medium-term (the next three years) outlook for overseas business and domestic business in general? We would like to ask those who selected "strengthening/expanding" their overseas business development. Which country/region is it? (Multiple answers allowed)

Figure 3.1
Medium-term (next 3 years) prospects for overseas business expansion

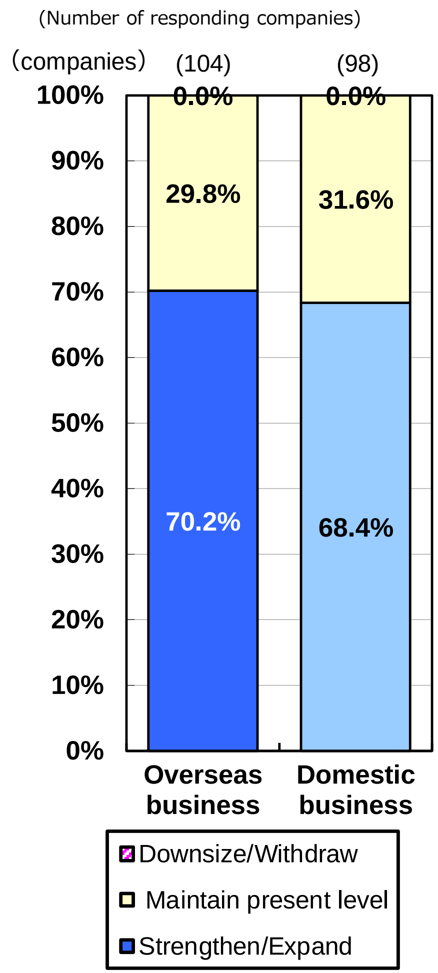
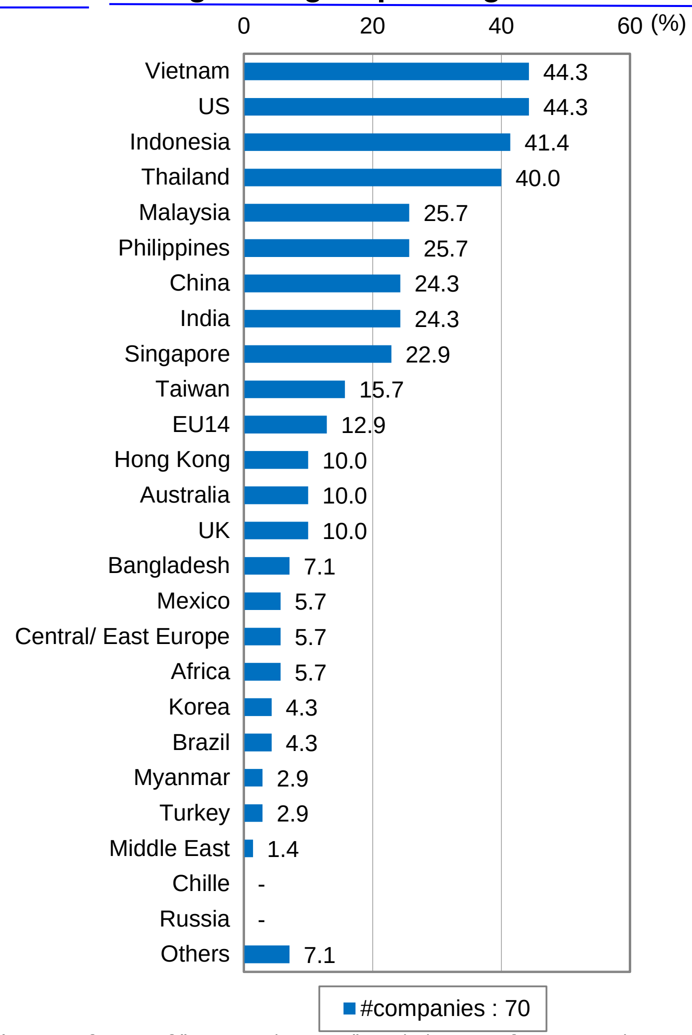


Figure 3.2
Countries in which companies are strengthening/ expanding their business



- **Vietnam and the U.S. were the top countries for "strengthening/expanding." China received only 20% of the votes**

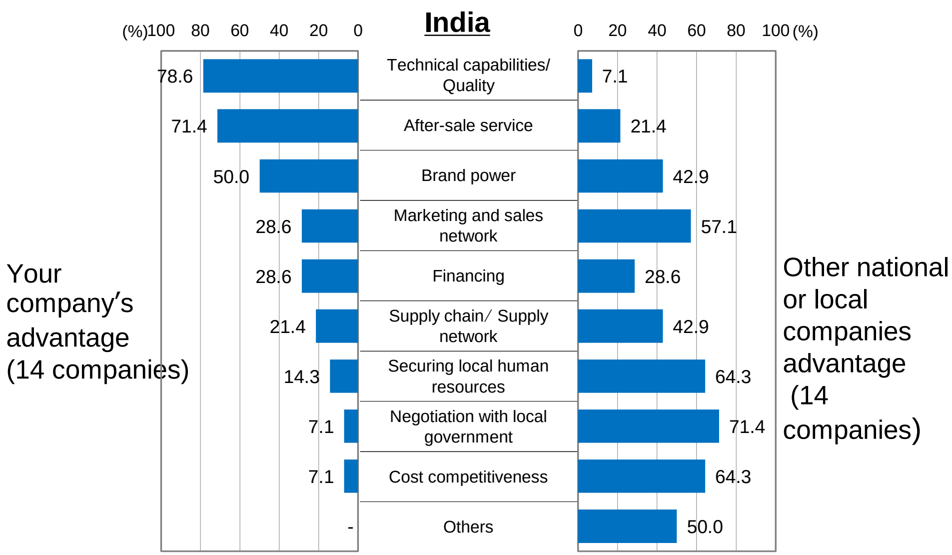
- Of the companies, 70.2% responded that they are "strengthening/-expanding" their overseas operations, indicating that many companies are strengthening or expanding their overseas operations.
- Vietnam and the U.S. took first place with the same rate of 44.3% of the votes for "strengthening/ expanding" overseas business development, followed by Indonesia and Thailand.
- While 60% of the responding companies have overseas affiliates in China, the percentage of respondents with a stance of strengthening/ expanding their business was relatively low, at 24.3%. In the interviews, some respondents said that "logistics business is sluggish" (Transportation)." The current economic situation and high geopolitical risk are thought to be factors.
- India also ranked in the 7th position. While some companies are "looking forward to growth in export volume" (Transportation)," India's infrastructure is not that sufficient in comparison with the top-ranked countries, and this may be influencing the attitude of Indian business.
- Regarding domestic business, 68.4% of companies chose "strengthening/expanding," indicating a proactive attitude toward business development both overseas and in Japan.

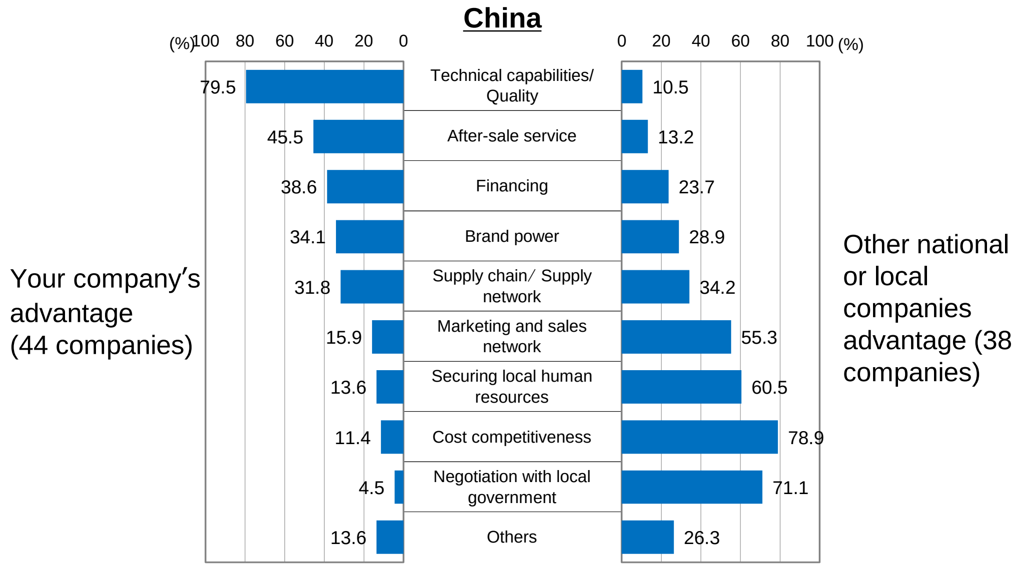
(Note: Definition of "overseas business": Includes manufacturing, sales, R&D, and other activities at overseas bases, as well as outsourced production, procurement, and other activities undertaken by each company.)

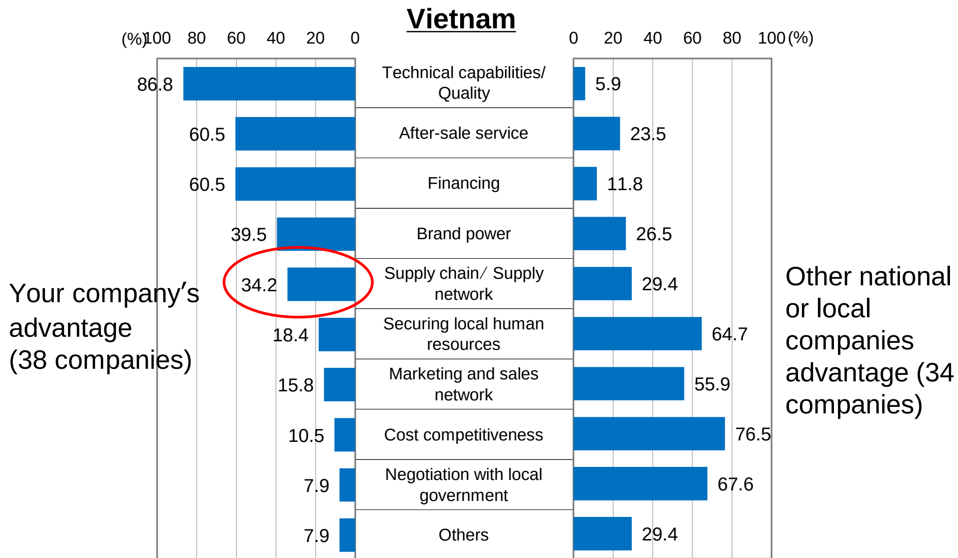
(2) Advantages of the Company and Other National or Local Companies in Major Countries

Question: Please select the items in which you think your company has an advantage over companies from other national or local companies when conducting business, and the items in which you think companies from other national or local companies have an advantage. (Multiple answers allowed)

Figure 3.3: Advantage in India, Vietnam, and China







■ Supply chain/network trends vary by country.

- In India, China, and Vietnam, about 80% of the respondents answered that their companies have an advantage in terms of "technical capabilities / quality." Many companies in India, China, and Vietnam also indicated that their companies have an advantage in "after-sales service" and "brand power."
- On the other hand, the majority of respondents answered that companies from other national or local companies have an advantage in "cost competitiveness," "negotiation with local governments," "securing local human resources," and "marketing and sales network."
- In terms of "supply chain/network," many companies answered that they have an advantage in Vietnam. In the interview, one respondent said, "We have already established a transportation network that covers a wide area of Vietnam, we have strong relationships with local Japanese companies, and we have more customers than local transportation companies" (Transportation).

(1) Promising Country Survey Ranking of promising countries/regions in the medium term

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

Figure 4.1: Promising Countries/Regions for Overseas Business over the Medium-term (Next three years)

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

Ranking	Countries (Total)	No. of Companies 69	Percentage Share(%)
1	India	28	40.6
2	Indonesia	23	33.3
3	Vietnam	21	30.4
4	US	20	29.0
5	Philippines	14	20.3
6	Australia	8	11.6
6	Malaysia	8	11.6
8	Thailand	7	10.1
9	Bangladesh	6	8.7
9	Singapore	6	8.7
11	China	5	7.2
12	Mexico	4	5.8
12	Taiwan	4	5.8
14	Brazil	3	4.3
14	Nepal	3	4.3
16	Cambodia	2	2.9
16	Canada	2	2.9
16	Germany	2	2.9
16	Korea	2	2.9
16	Netherlands	2	2.9
16	Turkey	2	2.9
16	UK	2	2.9

■ India is in first place. Indonesia and Vietnam are in second and third place.

- India came in first place, with 40.6% of the vote. The business planning ratio was 35.7%, about the same level as the manufacturing sector. With per capita GDP exceeding $2,000 and disposable income beginning to increase, there are high expectations for the non-manufacturing sector.
- Indonesia, with the largest population in ASEAN and strong domestic demand, came in second. In our interviews, some respondents expressed their expectations, saying, “Among ASEAN countries, Indonesia is supported by strong domestic demand, and we have many inquiries from customers” (Transportation).
- The U.S. ranked fourth due to its stable economic environment. In the interview, one respondent said, “I feel the economy is doing well, including in the real estate, semiconductor, and pharmaceutical sectors” (Transportation).
- China ranked 11th, with 7.2% of the vote. The number of votes from the service sector, such as wholesale and transportation, did not grow, and one company said, “It is not promising due to growing concerns about the U.S.-China relation” (Transportation).

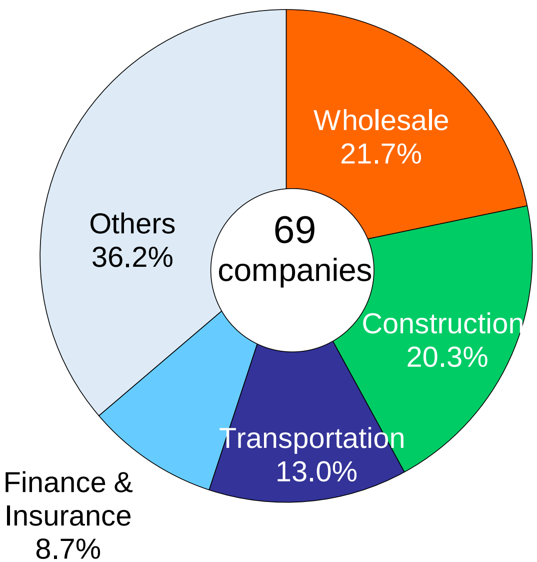
<List of countries ranked 23rd or lower>

Ranking	No. of Companies	Countries
23	1	Belgium, Fiji, France, Mauritius, Myanmar, New Zealand, Norway, Palau, Samoa, Saudi Arabia, Solomon, Sri Lanka, Timor-Leste, Tonga, Turkmenistan, Uzbekistan

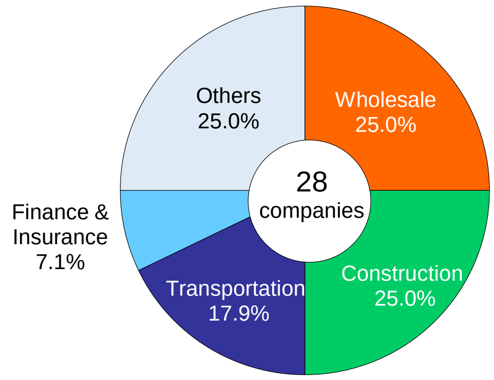
(2) Promising Countries/Regions over Medium-Term: Promising Reasons and Issues (Top 5)

Figure 4.2: Breakdown of Industries of Companies

Breakdown by Industries



India



Promising Reasons

India	No. of Companies	(%)
Total	28	
Future growth potential of local market	26	92.9
Current size of local market	12	42.9
Qualified human resources	7	25.0
Profitability of local market	7	25.0
Concentration of industry	5	17.9

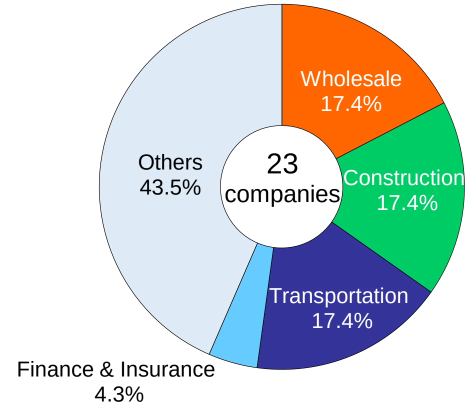
Issues

India	No. of Companies	(%)
Total	28	
Complicated tax system	12	42.9
Execution of legal system unclear	11	39.3
Rising labor costs	10	35.7
Execution of tax system unclear	8	28.6
Underdeveloped infrastructure	8	28.6

Highly rated for growth potential in local markets

- Of the companies that selected India as a promising country, 92.9% rated the "growth potential of the local market" as one of the most important factors.
- As for issues, "complicated tax system" and "execution of the legal system unclear" were cited by respondents. One interview respondent said, "it is difficult to understand the legal system when conducting finance, and priority is given to ASEAN countries" (Finance and Insurance).

Indonesia



Promising Reasons

Indonesia	No. of Companies	(%)
Total	23	
Future growth potential of local market	18	78.3
Current size of local market	9	39.1
Qualified human resources	5	21.7
Promising potential for decarbonization-related regulations and infrastructure development	4	17.4
Inexpensive source of labor	2	8.7
Good for risk diversification to other countries	2	8.7
Profitability of local market	2	8.7

Issues

Indonesia	No. of Companies	(%)
Total	23	
Execution of legal system unclear	7	30.4
Complicated/Unclear procedures for investment permission	6	26.1
Rising labor costs	6	26.1
Intense competition with other companies	6	26.1
Execution of tax system unclear	5	21.7
Restriction for foreign investment	5	21.7

Ranked second, supported by strong domestic demand

- As for promising reasons, "future growth potential of the local market" received the most votes (78.3%), indicating that the country's large consumer market makes it an attractive investment destination.
- As for issues, "execution of legal system unclear" received the highest number of votes, a trend similar to that of the manufacturing industry.

(2) Promising Countries/Regions over Medium-Term: Promising Reasons and Issues (Top 5)

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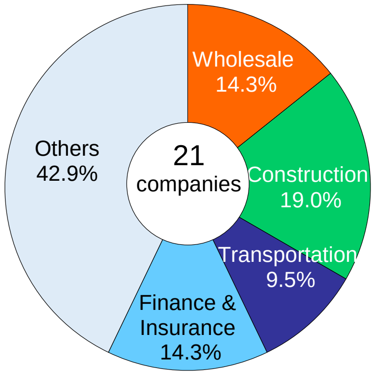
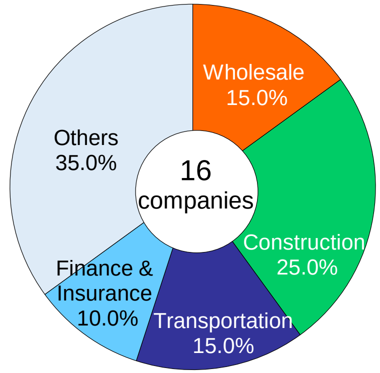
Figure 4.2: Breakdown of Industries of Companies

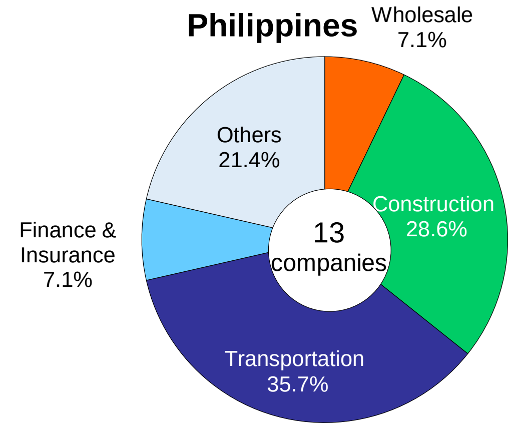
Vietnam



The U.S.



Philippines



Promising Reasons

Vietnam	No. of Companies	(%)
Total	21	
Future growth potential of local market	14	66.7
Current size of local market	9	42.9
Inexpensive source of labor	8	38.1
Qualified human resources	7	33.3
Good for risk diversification to other countries	2	9.5
Profitability of local market	2	9.5
Stable social/political situation	2	9.5
Promising potential for decarbonization-related regulations and infrastructure development	2	9.5

Issues

Vietnam	No. of Companies	(%)
Total	21	
Complicated/Unclear procedures for investment permission	9	42.9
Rising labor costs	9	42.9
Execution of legal system unclear	7	33.3
Restriction for foreign investment	5	23.8
Underdeveloped legal system	4	19.0
Restrictions on foreign currency/ transfers of money	4	19.0
Intense competition with other companies	4	19.0

Promising Reasons

US	No. of Companies	(%)
Total	20	
Current size of local market	15	75.0
Future growth potential of local market	8	40.0
Stable social/political situation	6	30.0
Profitability of local market	5	25.0
Developed local infrastructure	4	20.0
Developed local logistics	4	20.0

Issues

US	No. of Companies	(%)
Total	16	
Rising labor costs	10	62.5
Intense competition with other companies	9	56.3
Labor problems	2	12.5
Increased taxation	1	6.3
Difficult to secure technical/engineering staff	1	6.3
Difficult to secure management staff	1	6.3
Difficulty in raising funds	1	6.3
Security/social instability	1	6.3
Lack of information on the country	1	6.3

Promising Reasons

Philippines	No. of Companies	(%)
Total	14	
Future growth potential of local market	7	50.0
Qualified human resources	4	28.6
Inexpensive source of labor	4	28.6
Current size of local market	4	28.6
Good for risk diversification to other countries	3	21.4

Issues

Philippines	No. of Companies	(%)
Total	13	
Execution of tax system unclear	5	38.5
Restriction for foreign investment	5	38.5
Execution of legal system unclear	4	30.8
Rising labor costs	4	30.8
Complicated tax system	3	23.1
Complicated/Unclear procedures for investment permission	3	23.1
Insufficient protection for intellectual property rights	3	23.1

Third place due to expectations for growth.

- Compared to the other top countries, Vietnam has more support from Finance and Insurance. A company that receives support from the Vietnamese government responded, “We are looking for collaboration in DX-related business by leveraging our experience in Japan” (Finance & Insurance).
- The most popular reason for promising reasons was “future growth potential of the local market,” while the most popular issue was “complicated procedures for investment permission.”

The size of the local market is highly rated.

- Of the companies that selected the U.S. as a promising country, 75% evaluated the “current size of the local market.” In the interviews, some said, “The economy is booming and unemployment is low. Under these circumstances, real estate, especially rental housing development, is progressing." (Real estate)
- As for issues, “rising labor costs" and “intense competition with other companies" received the most votes.

Market growth potential and human resources are attracting attention.

- Half of the companies that selected the Philippines as a promising country rated the “future growth potential of the local market." In addition, the Philippines was highly rated in terms of human resources, including “qualified human resources" who are fluent in English and a labor force that is considered inexpensive even within ASEAN countries.
- As for issues, “execution of tax system unclear" and “restrictions for foreign investment" received the most votes.

(2) Promising Countries/Regions: Potential Countries/ Regions over Medium-Term – Existence of Business Plans

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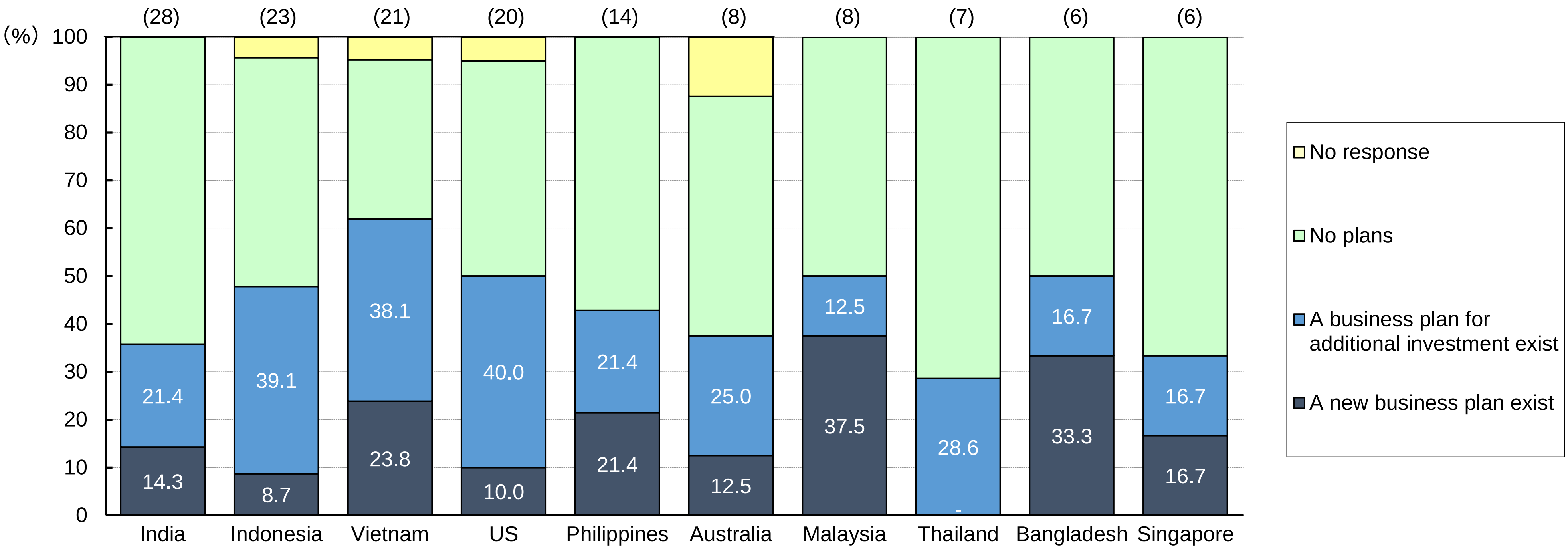
Question Please select the answer that best describes your company's business plan in each of the countries/regions listed in the Promising Countries/Regions over the medium-term (next three years).

Figure 4.3: 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 4.1.

■ **More than half of the responding companies in Vietnam, the U.S., Malaysia, and Bangladesh have business plans. Vietnam has the highest number of business plans.**

- The top five countries with the highest percentages of "a new business plan exists" or "a business plan for additional investment exists" (i.e., business planning ratio) were Vietnam (61.9%), the U.S., Malaysia, and Bangladesh (50.0%), and Indonesia (47.8%). By industry, Wholesale has many plans in India, Indonesia, and Vietnam, while Construction has many plans in the Philippines, India, the U.S., Vietnam, and Indonesia.
- As for India, it ranks first as a promising country, due to its high expectations, but the business planning ratio is low and may be ahead of expectations. However, with many plans from Wholesale and Construction, backed by the expansion of the consumer market in line with economic growth, the industry is expected to expand in the future.

5 Responding to a Changing Supply Chain/Modifications and Transfers, Consolidation, and Diversification

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Question: With respect to supply chain modifications/transfers, consolidation, and diversification, from where to where, respectively? (Multiple answers allowed)

Global supply chain restructuring appears to be performed from China.

- Looking at the status of supply chain restructuring by type of function, a large percentage of companies are implementing or considering some sort of restructuring in the order of (3) raw material sources, (2) manufacturing, sales, and service bases, and (1) R&D bases.
- Regarding the restructuring of R&D sites, companies that chose "Japan" before the change were seen to be moving to "the U.S." (two companies), "China," "India," and "Singapore" (one company each), indicating a trend toward diversification.
- Regarding manufacturing, sales, and service bases, companies switched from Japan to Vietnam (7) and to Thailand (5). Vietnam was selected by four companies as the destination for the production, sales, and service bases from China, while Indonesia, Thailand, and Japan (three each) were selected from Japan and China.
- Regarding sources of raw materials, parts, and manufacturing equipment, five companies switched from "China" to "Japan" and four4 companies switched to "Vietnam." Vietnam is seen as an alternative to China as a source of raw materials, parts, and manufacturing equipment.

Figure 5.1: Supply chain restructuring status

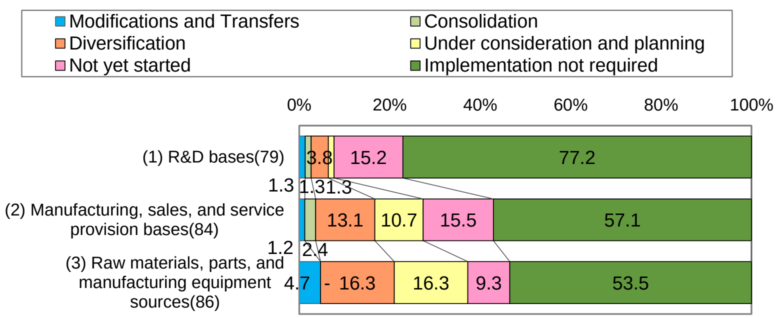


Figure 5.2: R&D

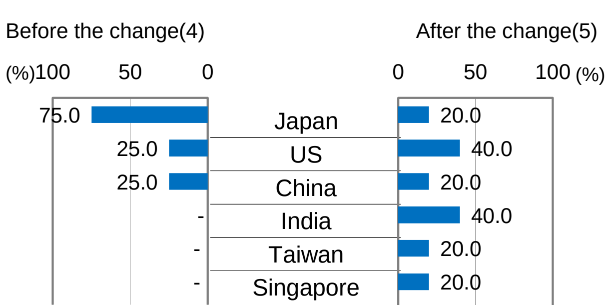


Figure 5.3: Manufacturing, sales, and service bases

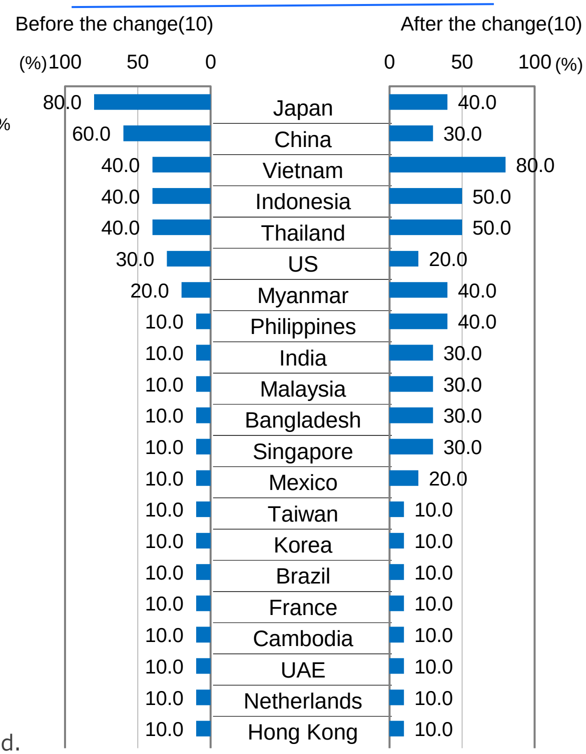
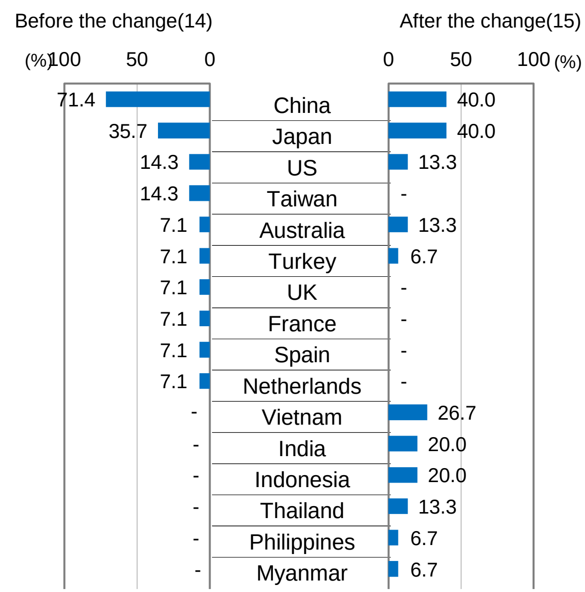


Figure 5.4: Sources of raw materials, parts, and manufacturing equipment



(2) Business Transformation and Expansion of New Business Countries where overseas collaboration is implemented

Question Regarding the status of your company's initiatives for business transformation and new business expansion (including innovation), please select the ones that apply to your company. (Multiple answers allowed) If you choose to work with overseas research institutions, with overseas companies (excluding start-ups), with overseas start-ups, or with overseas M&A, in which countries do you do so? (Multiple answers allowed)

- **In the manufacturing industry, the U.S. and China are the main destinations for business alignment, while in the non-manufacturing industry, alignment is progressing in the U.S. and Singapore for the purpose of technological innovation.**
- As for overseas M&A, 31 companies are engaged with the U.S. and ASEAN countries' partners. In the interview, one company said, "We are engaged in M&A to achieve sustainable growth through new project orders and market expansion" (Transportation).
- Regarding business alignment with overseas companies (excluding start-ups), 29 companies are engaged, with Vietnam, Indonesia, and Thailand as the main partners. Vietnam, Indonesia, and Thailand are the major partners, followed by China.
- Regarding business alignment with overseas startups, 15 companies are working on this, with the U.S. and Singapore as the main partners. In particular, many of the alignments are aimed at developing new business areas. In the interview, one respondent said, "We select companies for alignment not only in their own business domain, but also those that are advancing innovative technologies and research" (Construction).
- Regarding alignment with research institutions, 12 companies are engaged, mainly in developed countries, such as Singapore and the United States.
- Overall, it was clear that companies are expanding their activities in a wide variety of countries as a new business initiative. In the interviews, one respondent said, "We are acquiring local companies to expand our overseas business as the next market after Japan" (Construction).
- In ASEAN, where industrial concentration has historically been mainly done by Japanese manufacturing, there was little alignment with local companies in the manufacturing sector, but in the non-manufacturing sector, local companies have demonstrated relative strength, suggesting that Japanese companies are considering them as a destination for alignment.

Figure 6.1: Initiatives for Business Transformation

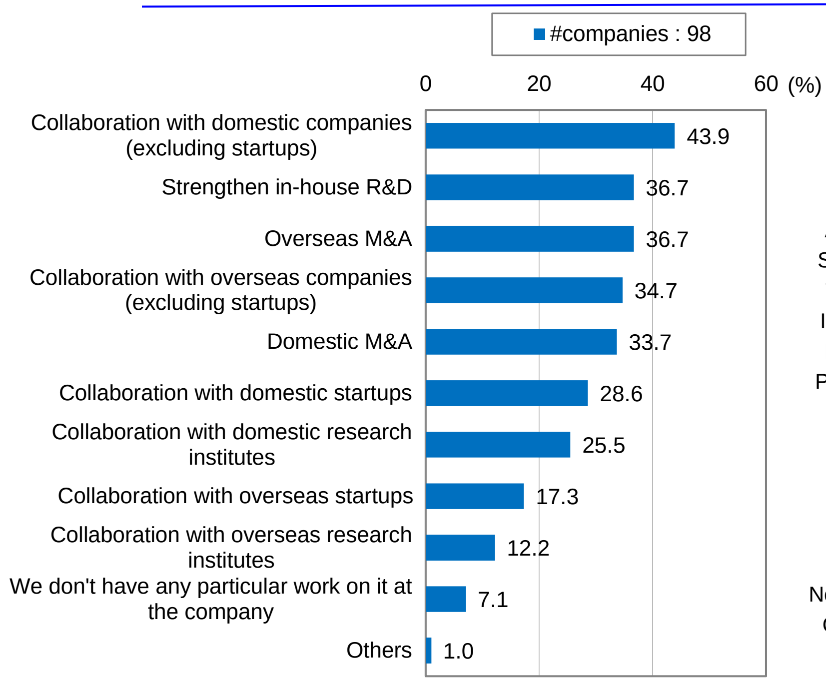
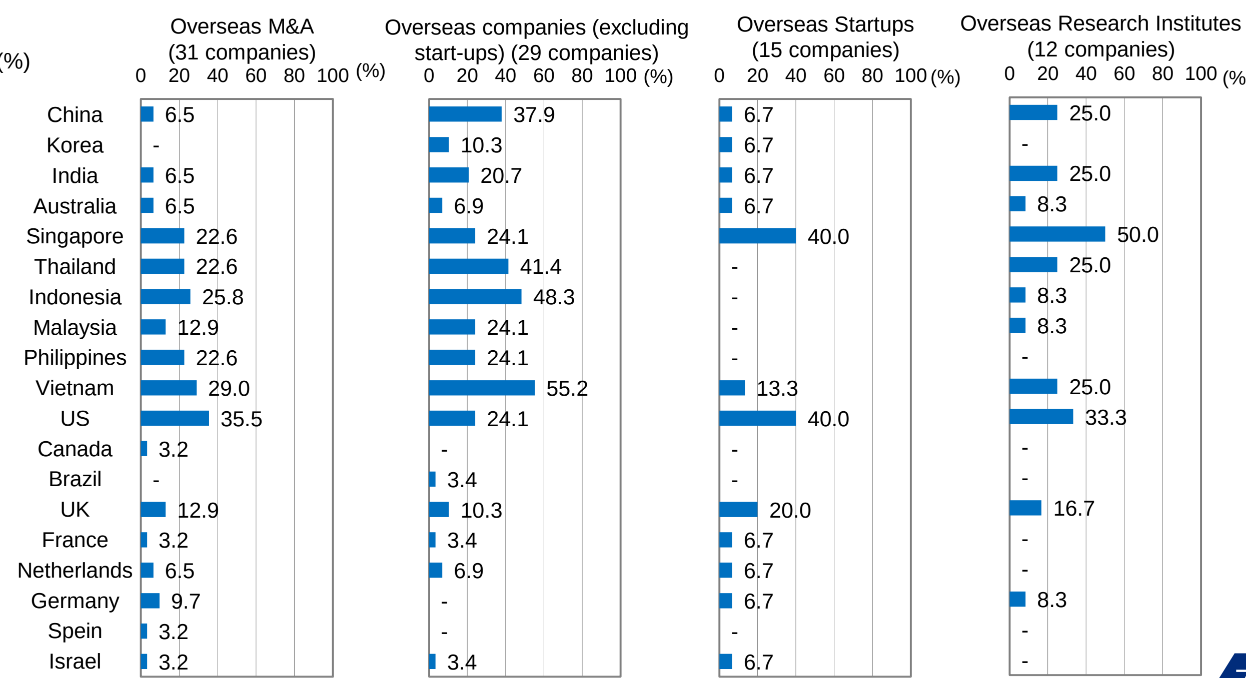


Figure 6.2: Countries of Overseas Collaboration



Initiatives to realize a sustainable society / Business areas expected as opportunities for growth

Question: Please select the applicable items regarding your efforts to reduce CO2 emissions in your business (excluding reduction of CO2 emissions within your company). (Multiple answers allowed) In promoting the transition to a decarbonized society and a circular economy as an opportunity for business growth, we will expand our business partners and enter into new businesses. In what areas do you have expectations? (Multiple answers allowed)

Figure 7.1: Efforts to reduce CO2 emissions

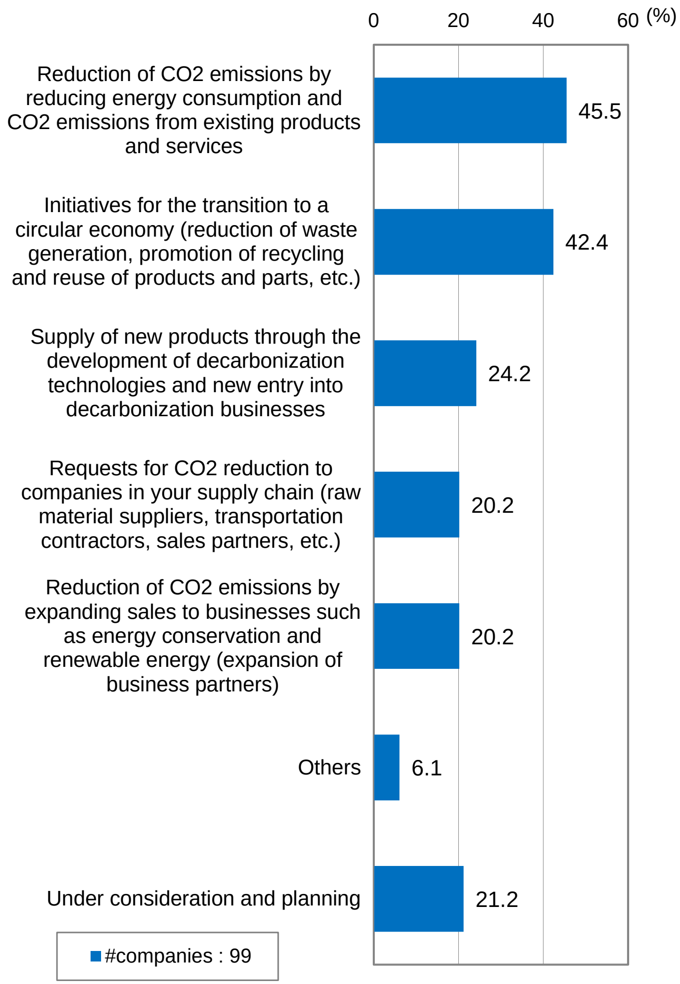
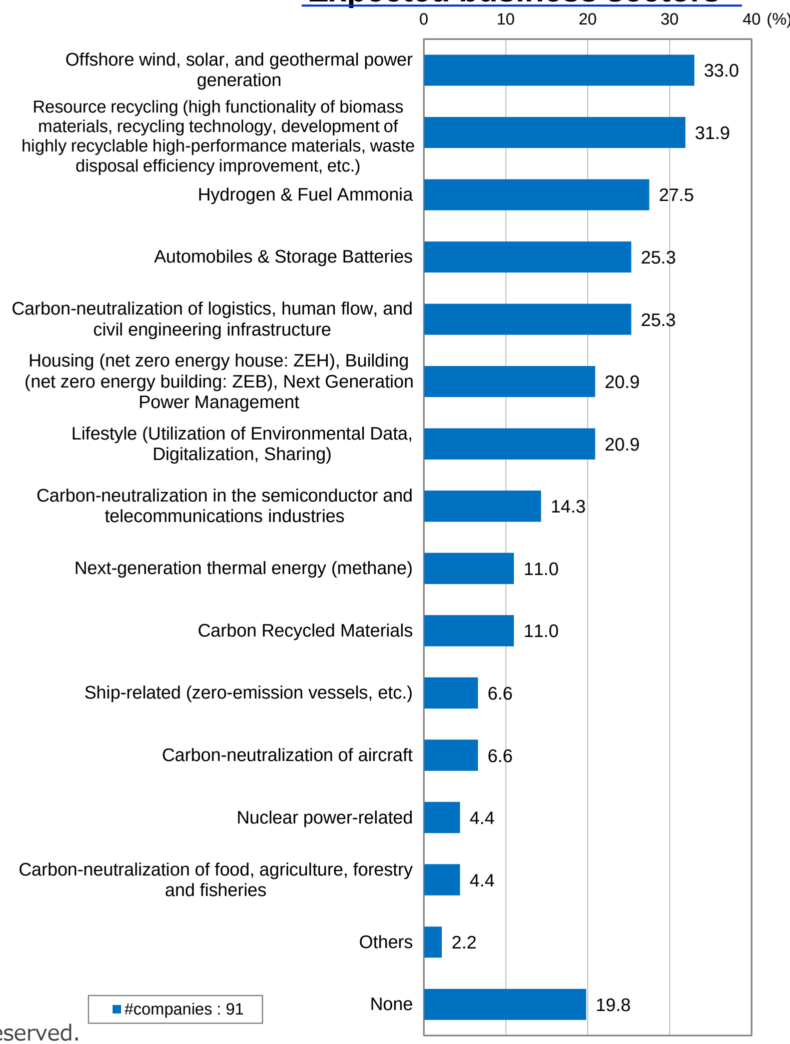


Figure 7.2: "Opportunities for growth" Expected business sectors



- **Companies focus on energy-saving products and initiatives conscious of the circular economy. Offshore wind, solar, and geothermal power generation, as well as resource recycling, are listed as growth areas.**
- As for efforts to reduce CO2 emissions, the majority of responses, mainly from the Construction, Wholesale, and Transportation sectors, were “reduction of CO2 emissions by reducing consumption and CO2 emission from existing products and service” and “initiative for the transition to a circular economy.” In the interview, one company responded, “We would purchase renewable energy from power companies, develop low-carbon building materials, and work to expand ZEB” (Construction).
- As for business sectors expected as “opportunities for growth” 33.0% of respondents, mostly from the construction industry, cited “offshore wind, solar, and geothermal power generation,” followed by “resource recycling-related,” at 31.9%, mainly from the Wholesale sector. There is also a high level of interest in next-generation energy sources, such as hydrogen and fuel ammonia.
- The large percentage of responses related to the transition to a circular economy and resource recycling in both CO2 reduction efforts and business sectors expected to be “opportunities for growth” indicates the high level of attention paid by companies.

Efforts to realize a sustainable society / Countries implementing CO2 reduction through business

Question

In which countries are the initiatives described in the previous question being implemented primarily? What are the barriers and challenges to progress in implementing this initiative? (Multiple responses allowed.)

Figure7.3: Countries where initiatives are implemented (overall and by size)

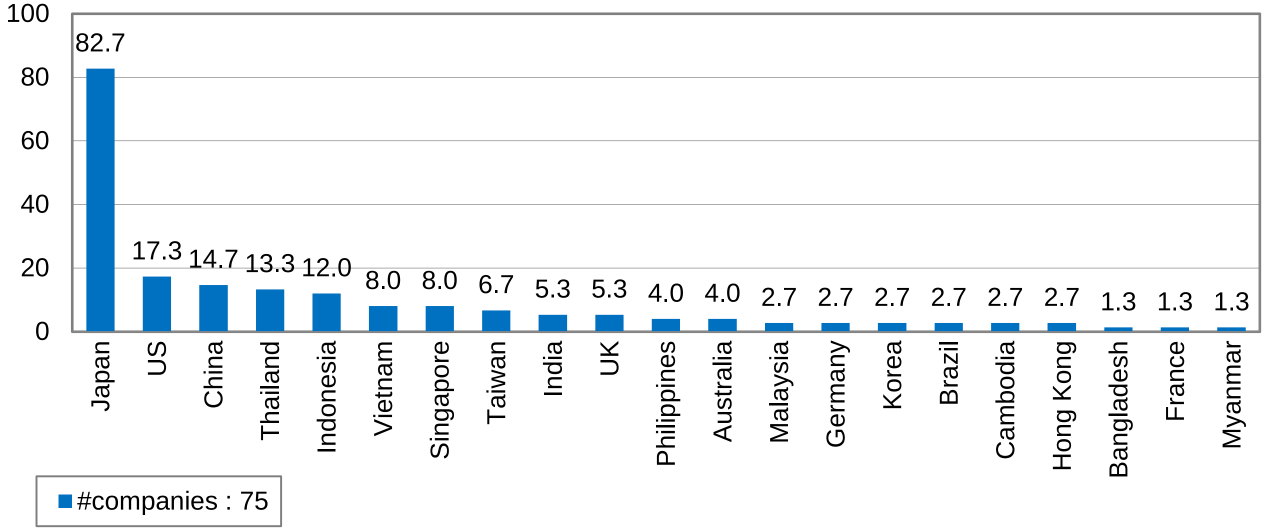
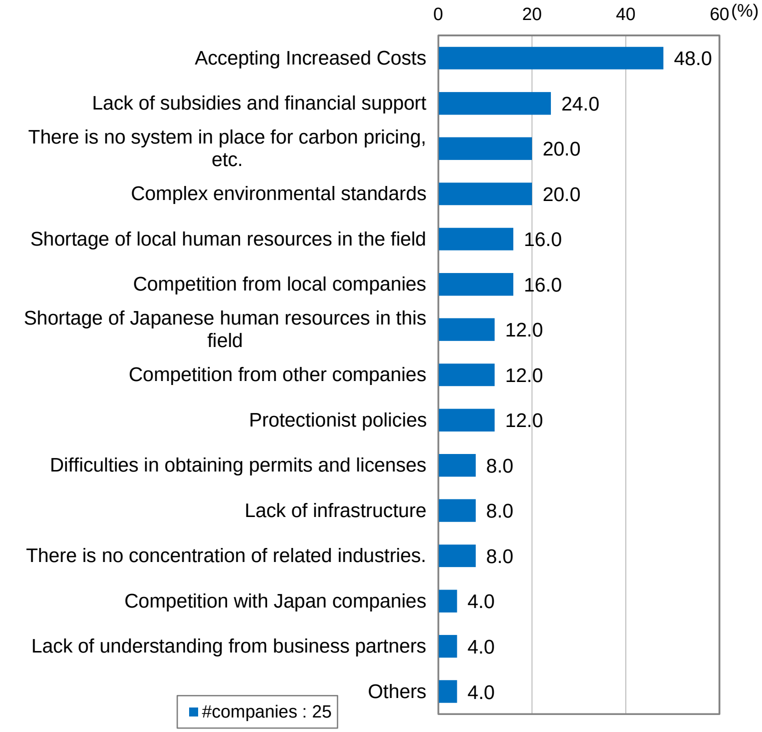


Figure 7.4: Barriers and challenges to progress (overall and by size)



■ Initiatives are progressing mainly in Japan. The U.S., China, and ASEAN countries follow. Companies are facing financial challenges and need support from local governments.

- Japan was cited by 82.7% of the companies as the country in which they are implementing CO2 reduction efforts, indicating that efforts are currently focused mainly in Japan. Countries that are in high positions are China, Thailand, and other ASEAN countries where many Japanese companies have their bases, and the United States, which is a developed country, but all of these countries are in the 10% range. In the U.S., infrastructure-related companies, such as construction and electric power and gas companies, are implementing initiatives, while in China, wholesale and retail-related companies are implementing initiatives.
- The top challenges are “accepting increased costs” and “lack of subsidies and financial support,” indicating that financial challenges are a bottleneck for companies when working on decarbonization outside Japan. The introduction of renewable energy and switching materials to comply with complex decarbonization laws and regulations in each country requires a high initial investment, which requires not only the company itself, but also cooperation with local governments and others to advance the effort. In the interview, one respondent said, “In the U.S., zero-emission housing is being developed, and the level of subsidies varies from region to region, so the same product may be sold in some regions and not in others” (Construction). The survey revealed that financial support is an important factor for Japanese companies to expand their efforts overseas.

Initiatives for a Sustainable Society / Background to Interest in Circular Economy and Biodiversity

Question: If you are interested in transitioning to a circular economy or securing biodiversity, please select the closest item you can think of as a background to your interest. (Multiple answers allowed) Please select the most applicable items regarding your efforts to shift to a circular economy and to secure biodiversity. (Multiple answers allowed)

Figure 7.5: Background to interest

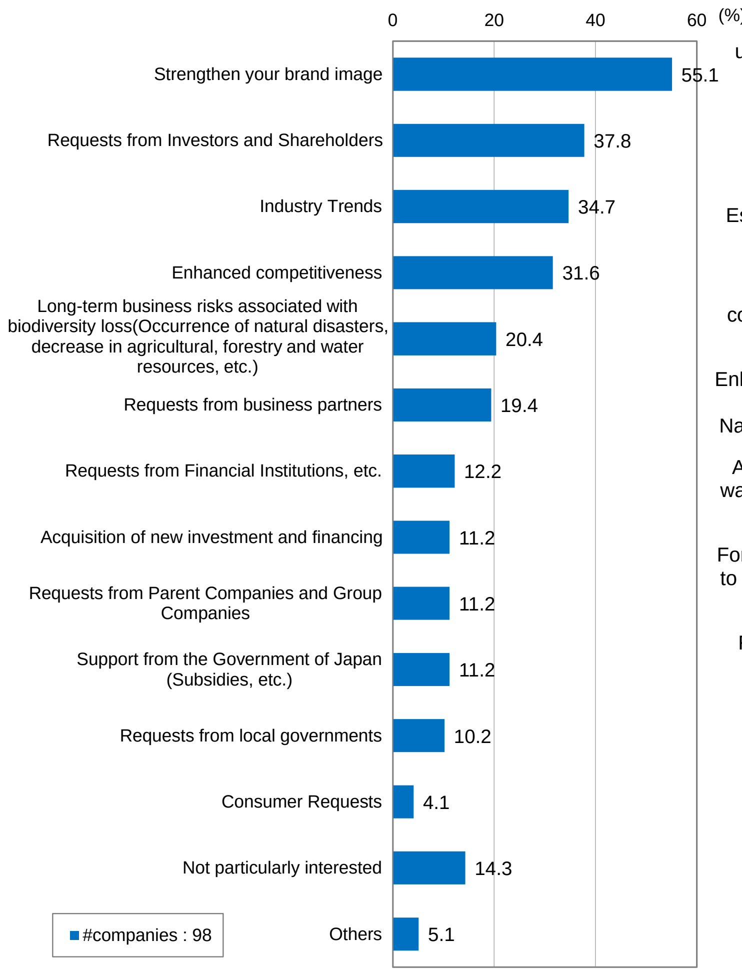
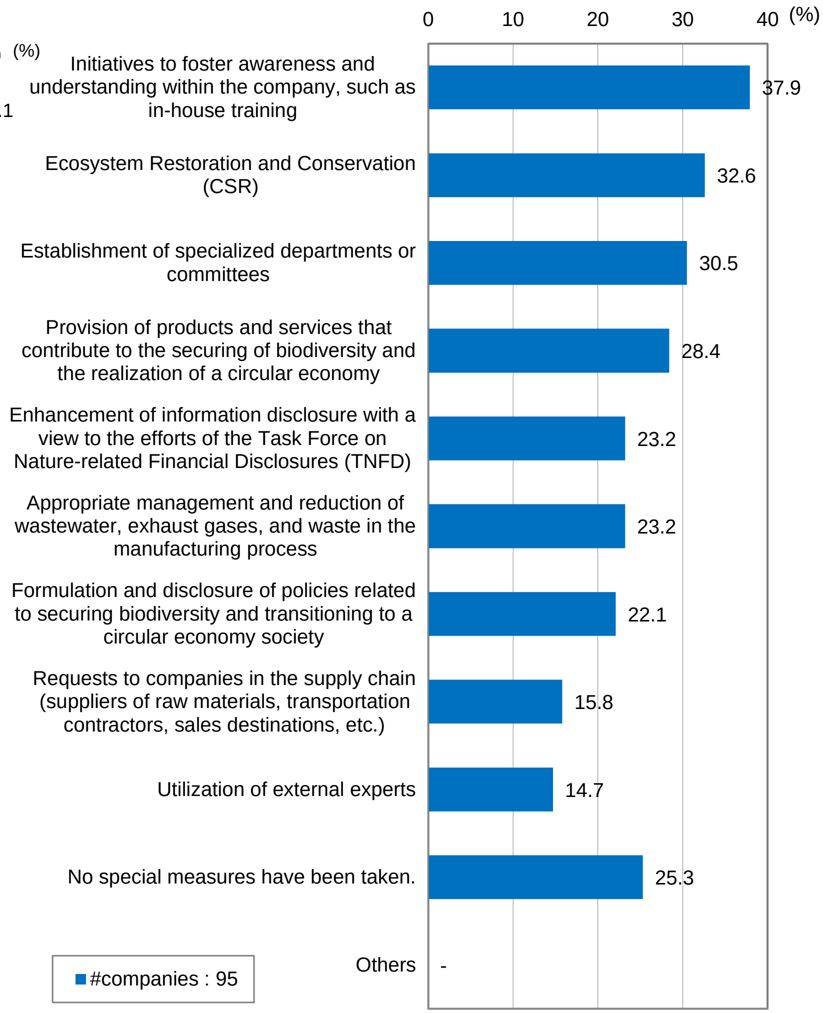


Figure 7.6: Efforts to shift to a circular economy and secure biodiversity



- **Companies "strengthen brand image" as the background to their interest in shifting to a circular economy and securing biodiversity. Internal corporate initiatives, such as internal training, CSR, and setting up departments are mainly done.**
  - Many companies cited "strengthen our brand image" (55.1%), "requests from investors and shareholders" (37.8%), and "industry trends" (34.7%) as reasons for their interest in the transition to a circular economy and biodiversity. Construction, wholesale, and transportation companies are highly interested in the issue. In the interviews, some companies said, "We will strive to improve society's trust through various initiatives on important issues as well as biodiversity, which will lead us to enhanced competitiveness and sustainable growth" (Construction).
  - In terms of efforts to shift to a circular economy and secure biodiversity, companies are focusing on "Initiatives to foster awareness and understanding within the company, such as internal training," and "Ecosystem restoration and conservation activities." "Establishment of specialized departments and committees" was also high on the list, indicating that companies are focusing on internal initiatives.

7 Efforts to create a sustainable society / Background to interest in human rights

Question If you are interested in human rights issues, please select items similar to your thoughts as to the background to your interest. (Multiple answers allowed)
Please select the number of items that apply to your company's efforts to address human rights issues. (Multiple answers allowed)

Figure 7.7:
Background of interest in human rights issues

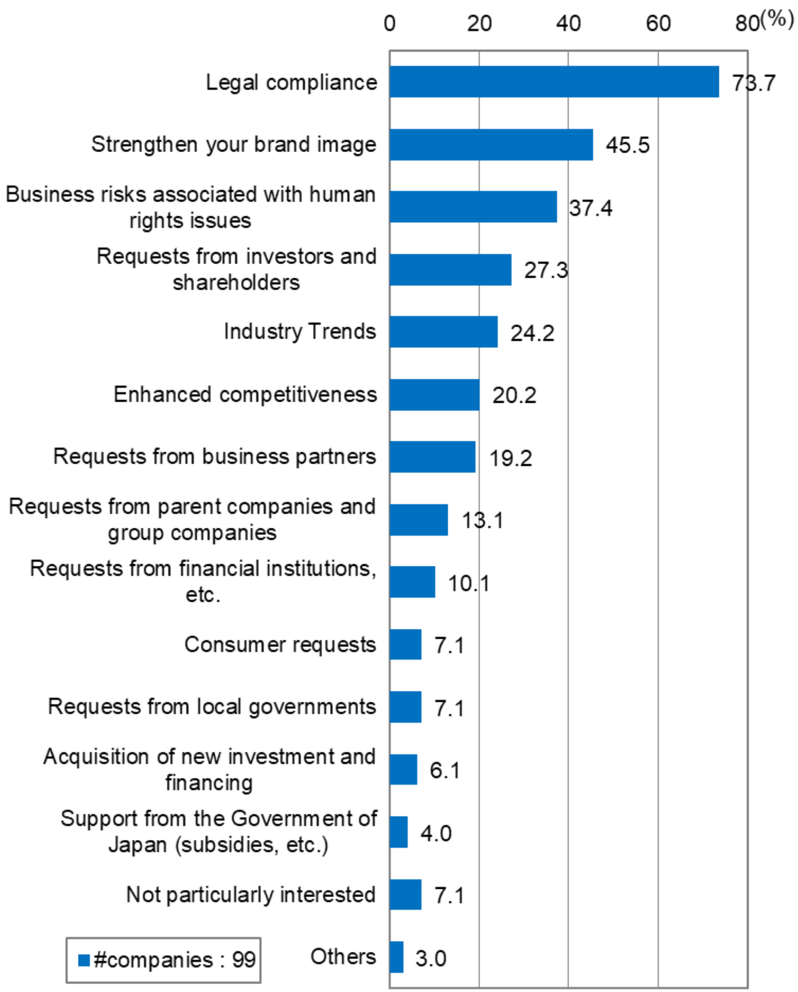
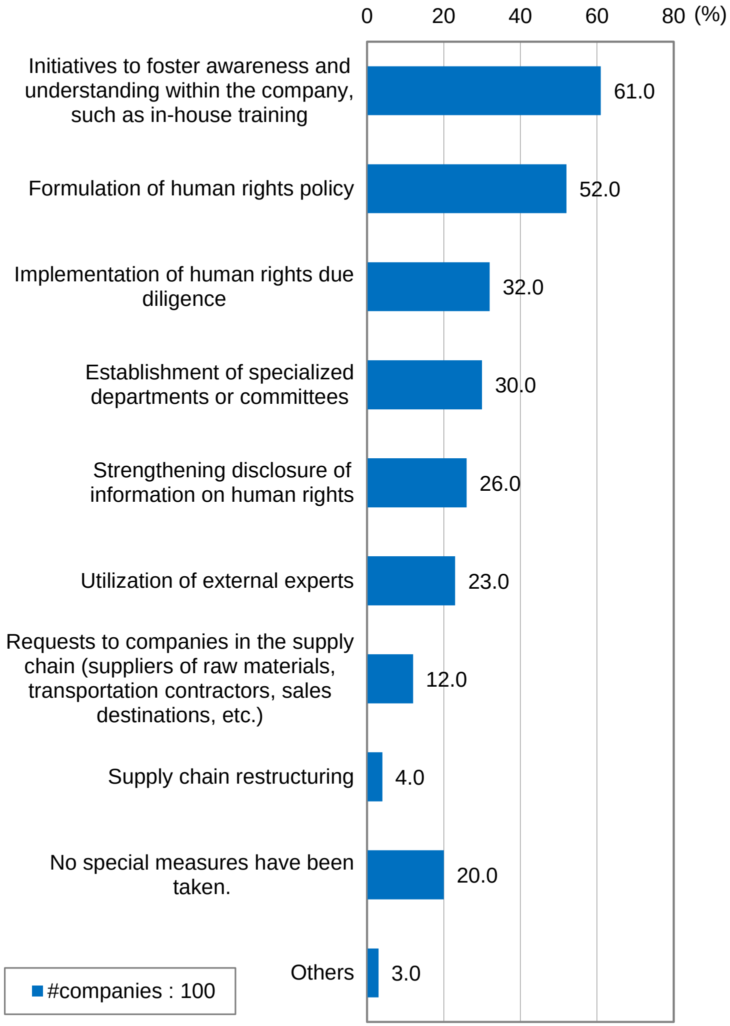


Figure 7.8:
Efforts to address human rights issues



- **About 70% of companies cite “legal compliance” as the background to their interest in human rights issues. It was found that they are also making progress on initiatives such as formulating human rights policies and conducting human rights due diligence.**
- Many companies, mainly Wholesale (19 of 25), cited “legal compliance” (73.7%) as the reason for their interest in human rights issues. A relatively large percentage of companies, mainly in the construction sector (14 of 19), also cited “strengthen our brand image” as a reason.
- Regarding efforts to address human rights issues, many companies cite “initiatives to foster awareness and understanding within the company, such as in-house training.” Companies in the Finance and Insurance industries in particular (five out of nine companies) focus on “formulation of human rights policy” and “implementation of human rights due diligence.”

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(Appendix #2) Analysis by Text Mining

Survey Overview / Text Mining Analysis

- **In parallel with the questionnaire survey of Japanese companies, this text-mining survey was conducted under the following analytical themes: (1) Corporate risk perception, (2) Sentiment toward European and U.S. regulations, (3) Trends in advanced technologies, (4) Trends in climate change technologies, and (5) Corporate perception on sustainability (natural capital, human rights, and the circular economy). We visualized changes in the individual topics that Japanese companies are focusing on and compared them with European and U.S. companies.**
  - Data used for analysis: Corporate disclosures on EDINET in Japan and EDGAR in the U.S. (for the past five years, a total of 9,441 companies in FY24 (4,221 in Japan, 5,015 in the U.S., and 205 in Europe)); GDELT, a global database of print, broadcast, and web news media in more than 100 languages from around the world that accumulates information every 15 minutes (search content and time period are set according to analysis theme), Dow Jones Factiva (search content and time period are set according to analysis theme).
  - Annual notation: The relationship between the annual notation and the data analyzed in this analysis is as follows
    - FY20: April/2019 - March/2020 (Japanese companies), January/2019 - December/2019 (The U.S. and European companies)
    - FY21: April/2020 - March/2021 (Japanese companies), January/2020 - December/2020 (The U.S. and European companies)
    - FY22: April/2021 - March/2022 (Japanese companies), January/2021 - December/2021 (The U.S. and European companies)
    - FY23: April/2022 - March/2023 (Japanese companies), January/2022 - December/2022 (The U.S. and European companies)
    - FY24: April/2023 - March/2024 (Japanese companies), January/2023 - December/2023 (The U.S. and European companies)

Data Summary

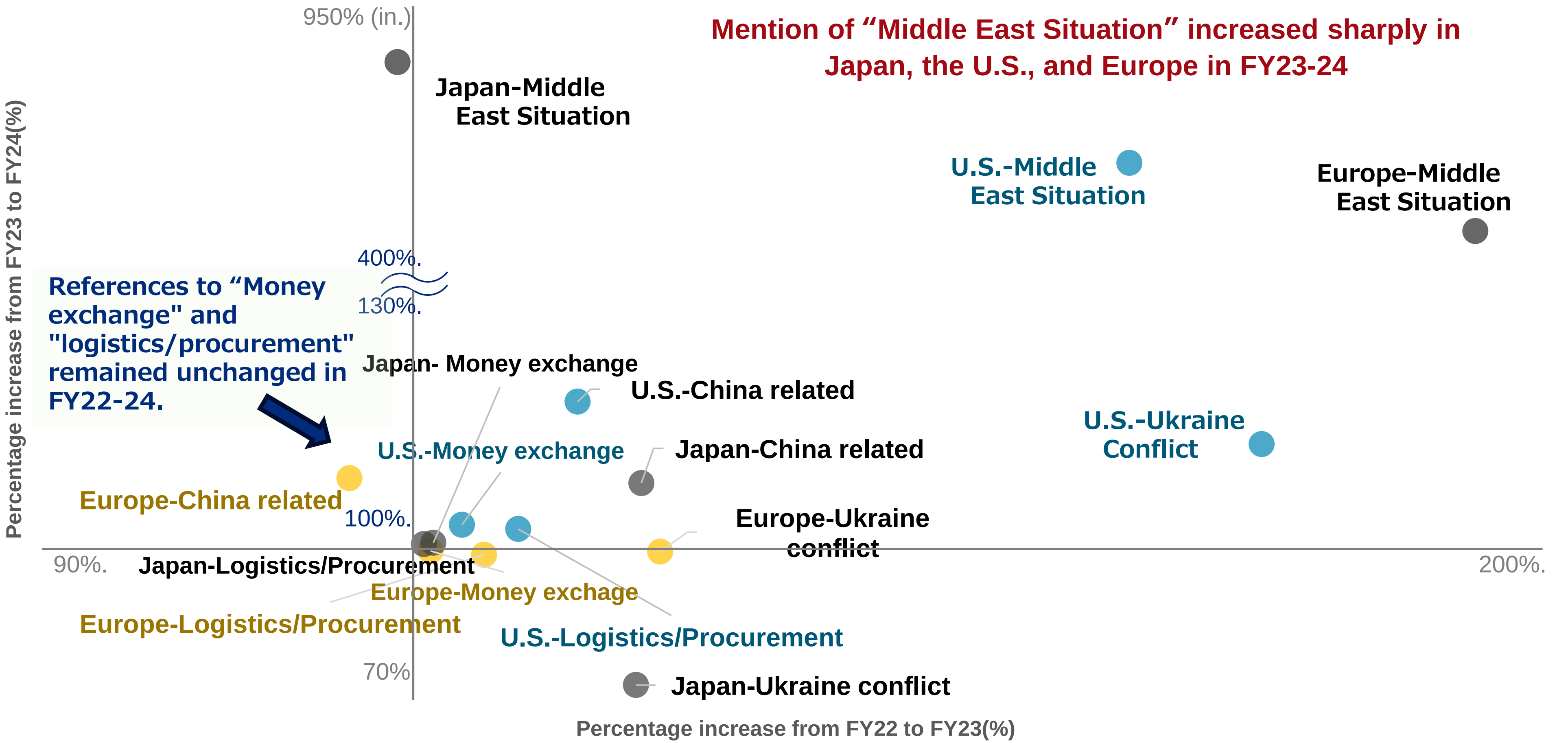
Analysis Theme	Data-set	Analytical Method
(1) Corporate Risk Perceptions	• EDINET (Annual Securities Report) • EDGAR(Form10-K, 20-F)	Perform the following analysis using Python ・Frequency analysis, topic analysis, document summarization, co-occurrence word analysis
(2) Sentiment toward European and U.S. regulations	• GDELT (Global Database of Events, Language and Tone), Dow Jones Factiva	Perform the following analysis using Python ・Sentiment analysis of time series (GDELT) ・Supplemental analysis of sentiment based on newspaper articles (Factiva)
(3) Trends in advanced technology (4) Trends in Climate Change Technology	• Dow Jones Factiva	Perform the following analysis using Python ・Time-series technology trend analysis
(5) Corporate Perceptions on Sustainability	• EDINET (Annual Securities Report) • EDGAR(Form10-K, 20-F)	Perform the following analysis using Python ・Frequency analysis, topic analysis, document summarization, co-occurrence word analysis

*Text mining (natural language processing) is a technique that uses AI to analyze a data set consisting of a large amount of text.
* The European companies are those listed on the U.S. stock market, and the number of companies is limited. In addition, many of these European companies are large companies with global operations, and their disclosure documents are detailed, so the coefficients in this analysis may be higher than those in the previous one.

Corporate Risk Perceptions / Changes in the Percentage of Mentioned High-Profile Risks

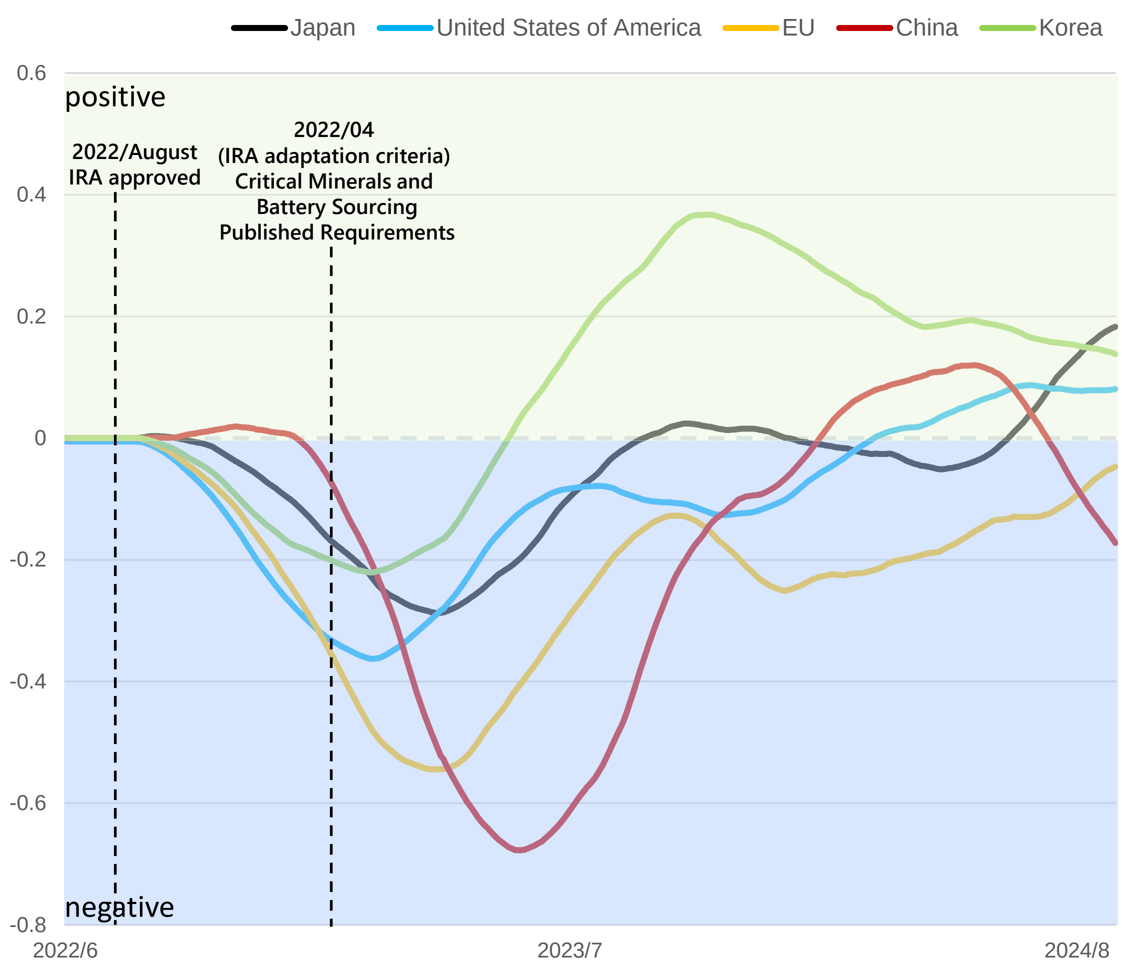
Analysis of changes in risks mentioned in Japanese, U.S., and European corporate disclosures over the past three years.
The number of companies that have highlighted the risk of the "Middle East situation" in their corporate disclosures in Japan, the U.S., and Europe has increased sharply.
Meanwhile, references to the "Ukraine conflict" have begun to decline in Japan.
Corporate disclosure materials reveal a growing awareness of geopolitical risks.

Percentage of companies mentioning supply chain-related risks in Japan, the U.S., and Europe



Trends in the media coverage of regulations in the U.S. and Europe / Inflation Reduction Act (IRA)

Sentiment toward IRAs

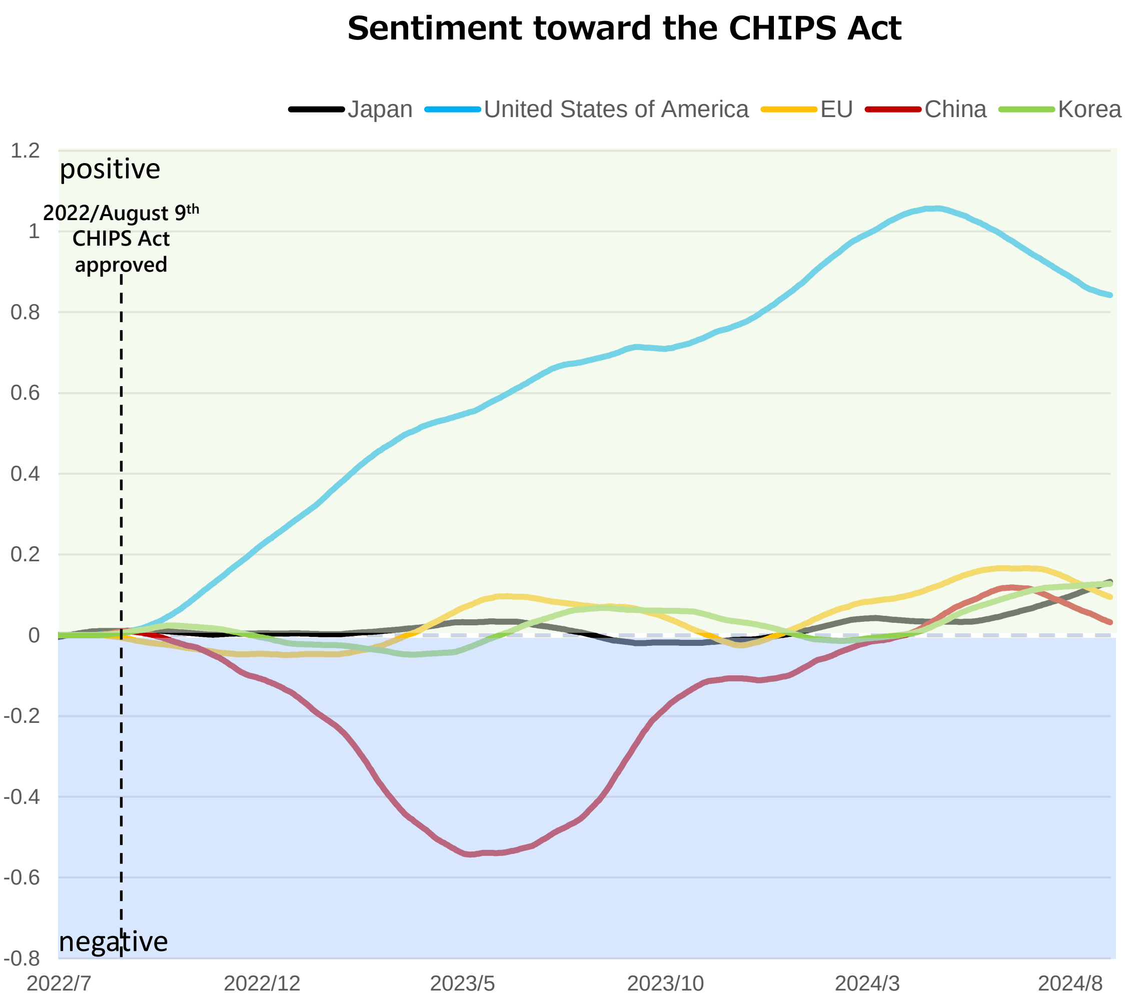


*The graph calculates an additional 180-day moving average against the GDELT tone's 90-day moving average data in order to capture long-term trends.

Immediately after the approval of the IRA, negative sentiment persisted in many countries. After 2023, the trend turned positive as companies related to automobiles and storage batteries in the U.S. allies became eligible for preferential treatment.

- **Japan**
  - Under the IRA, EVs assembled outside the U.S. are not eligible for the tax credit, and there were concerns about the negative impact on the Japanese auto industry immediately after the IRA was enacted.
  - Positive turnaround with tax incentives for Japanese companies in late 2023.
- **United States of America**
  - Immediately after the enactment of the IRA, there were negative press reports about the increased financial burden caused by the regulation and doubts about the effectiveness of the policy.
  - Turned positive in the second half of 2023, with reports of IRAs easing inflation and the growth of the clean energy industry.
- **Europe**
  - Immediately after the IRA was approved, there were concerns that it would have a negative impact on related industries in Europe.
  - Investment in European renewable energy companies under IRAs reportedly shifted to neutral.
- **China**
  - Immediately after the IRA was enacted, negative press coverage continued, including the Chinese government's expressed criticism of the IRA.
  - Negative news coverage tends to continue as the U.S.-China trade friction is not expected to ease after 2024.
- **Korea**
  - Immediately after the IRA was approved, there were concerns about the impact of the IRA on the Korean auto industry.
  - Positive turnaround with Korean cars eligible for preferential tax treatment after 2023.

Trends in the media coverage of regulations in Europe and the U.S. / CHIPS and Science Act (CHIPS Act)



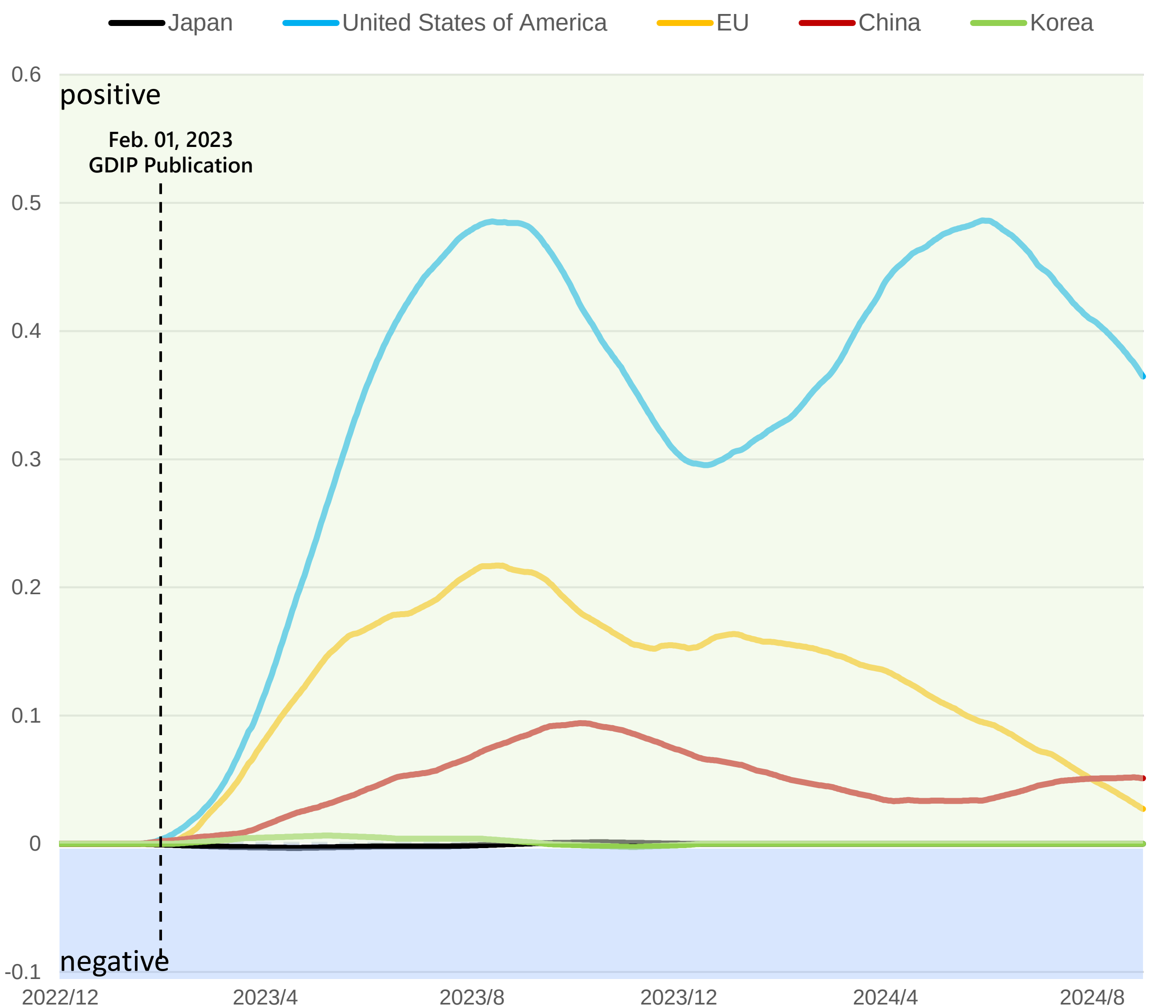
*The graph calculates an additional 180-day moving average against the GDELT tone's 90-day moving average data in order to capture long-term trends.
In addition, since the abbreviated name of the CHIPS Act is found in news articles in Japan, the abbreviated name is added as well as the official name as a search term.

Immediately after the passage of the CHIPS Act, negative press coverage was seen outside of the U.S., but it turned positive after 2023 as financing was realized for allied companies. In China, on the other hand, negative press coverage was conspicuous, and the U.S.-China conflict became clear in the semiconductor industry as well.

- **Japan**
  - Initially, there were concerns about the impact of the restrictions on semiconductor production equipment exports to China on Japanese companies, but there were also positive reports that anticipated growth in Japan's semiconductor industry.
- **United States of America**
  - The investment promotion effect of the CHIPS Act has been well received, and strong positive sentiment has been noticeable since the passage of the act.
  - The positive trend continued, especially in the second half of 2022, as the announcement by an overseas semiconductor manufacturing company of the construction of a new plant was appreciated.
- **Europe**
  - When the CHIPS Act was first approved, there were negative press reports due to concerns about the European semiconductor industry.
  - Positive trend since 2023 due to the receipt of CHIPS Act subsidies by European companies and increased investment in North America.
- **China**
  - Since the passage of the CHIPS Act, concerns about the growth of China's semiconductor industry have continued to receive very negative press.
- **Korea**
  - Although there were concerns about the impact of the CHIPS Act on the semiconductor industry in their own country from its approval until around August 2023, there were positive reports of support from the U.S. government to Korean semiconductor companies' manufacturing bases in North America under the CHIPS Act.

Trends in the media coverage of regulations in Europe and the U.S. / Green Deal Industrial Plan (GDIP)

Sentiment toward the Green Deal Industrial Plan



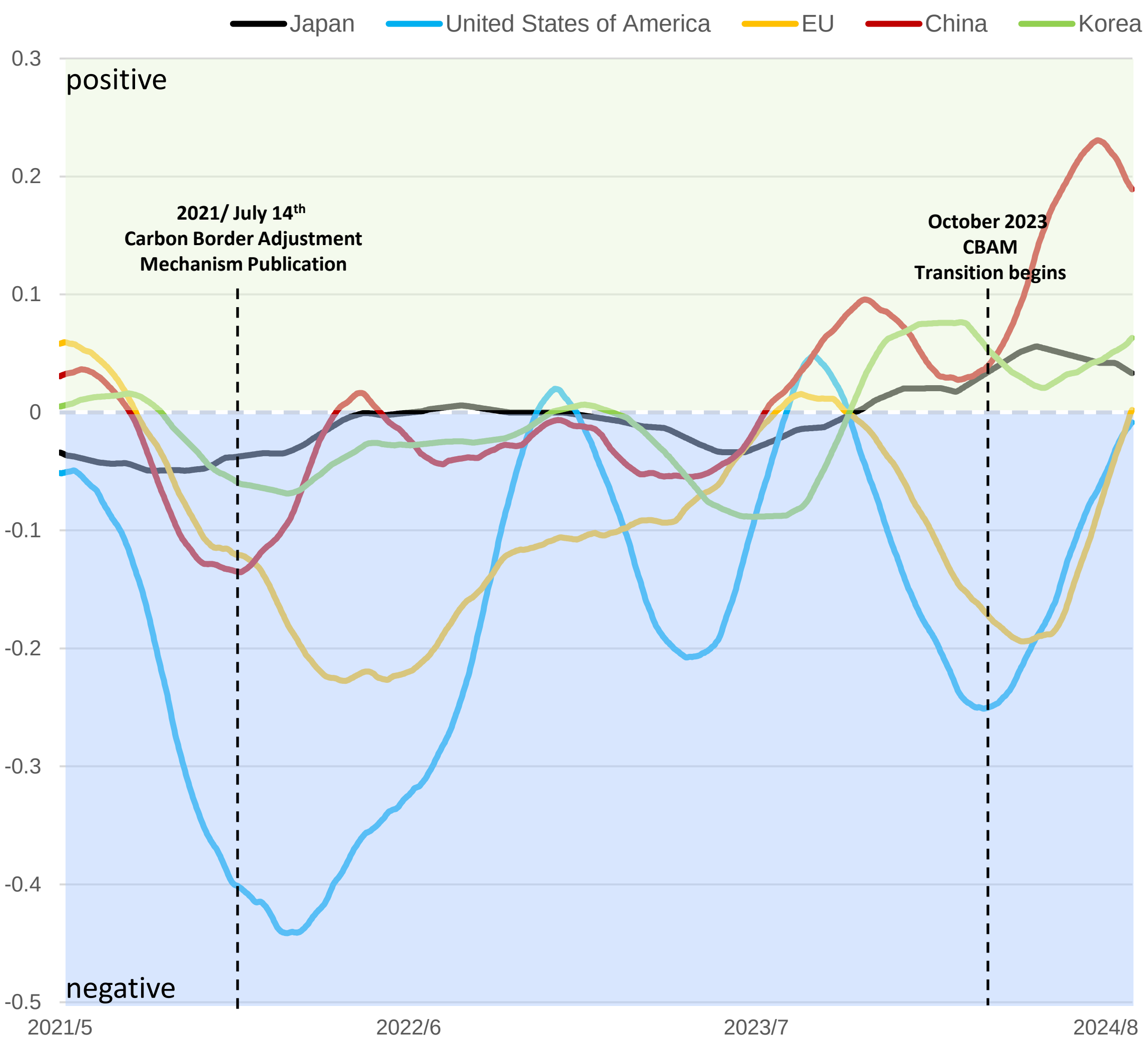
*The graph calculates an additional 180-day moving average against the GDELT tone's 90-day moving average data in order to capture long-term trends.

Since the publication of the GDIP, positive sentiment has prevailed in the U.S., Europe and China due to expectations for the growth of sustainability-related industries in the European market.

- **Japan**
  - Regarding the number of articles mentioning the regulation in the survey period, the number of articles mentioning the regulation in Japan was 36, compared to 1,214 in the U.S., suggesting that the regulation has not received much attention in Japan.
- **United States of America**
  - Positive press coverage continued from immediately after the announcement until 2024, due to expectations of expanded export opportunities for U.S. companies' advanced technological capabilities in the EV field and other areas.
- **Europe**
  - Positive environmental measures and expectations for economic growth across Europe due to increased capital inflows and investment by foreign companies as a result of the GDIP.
    - Against the backdrop of the GDIP, U.S. semiconductor manufacturers and German semiconductor suppliers announced plans to build semiconductor plants for EVs in Germany in the first half of 2023.
- **China**
  - Positive press coverage of Europe's sustainability efforts increased in response to the release of the GDIP, continuing a positive trend in the wake of European investments by Chinese companies in EVs, storage batteries, and clean energy.
- **Korea**
  - There are very few related articles in Korea and little attention paid to the European GDIP.

Trends in the media coverage of regulations in Europe and the U.S. / Carbon Border Adjustment Measures (CBAM)

Sentiment toward CBAM



*The graph calculates an additional 180-day moving average against the GDELT tone's 90-day moving average data in order to capture long-term trends.

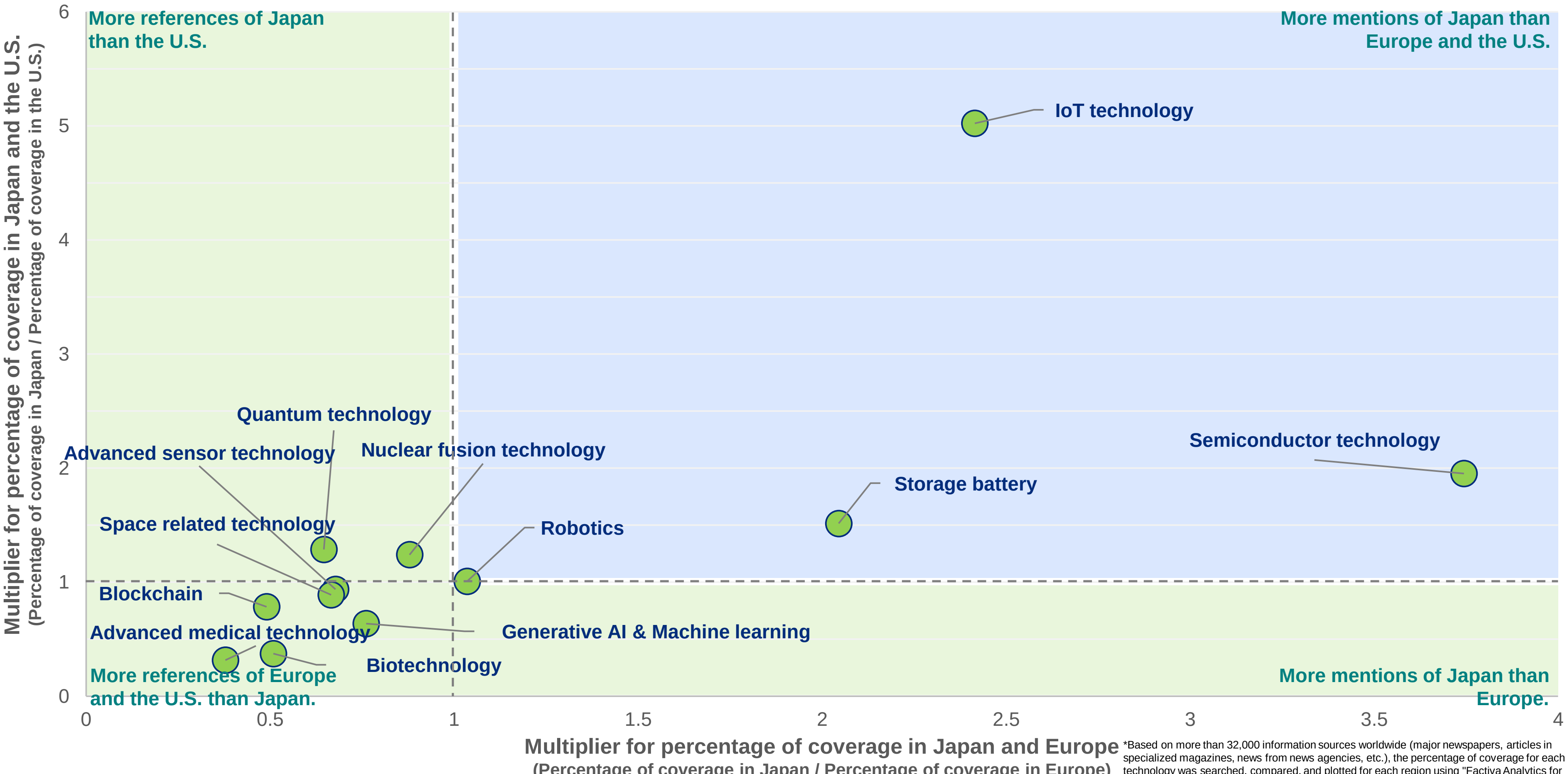
Since the release of the CBAM, there have been concerns that the carbon tax will reduce competitiveness in non-European countries, and in Europe, the issue of rising import prices has become an issue.

- **Japan**
  - The number of articles mentioning the official name of the regulation is low, with only 176 in Japan, compared to 2,288 in the U.S., which is less attention-getting.
- **United States of America**
  - Since the release of the CBAM, a negative trend has been noticeable due to concerns about a decline in the price competitiveness of carbon-intensive products of U.S. companies in the EU.
  - After October 2023, when the CBAM transition began, the trend was negative again due to concerns about the impact on U.S.-related industries.
- **Europe**
  - The negative trend continues due to concerns that CBAM's carbon tax will increase the prices of carbon-intensive products, leading to higher manufacturing costs.
- **China**
  - Immediately after the release of the CBAM, there was a negative trend due to concerns that Chinese companies, which export many carbon-intensive products to Europe, would lose competitiveness.
  - In the second half of 2023, the situation turned positive, with reports that increased trade in carbon-intensive products with Russia would mitigate the impact of reduced trade with Europe, and that Chinese companies' efforts to reduce GHG emissions were responding appropriately to the CBAM.
- **Korea**
  - The negative trend since the CBAM announcement turned positive in the second half of 2023, as Korean automobile companies announced low-carbon brands and their adaptation to the CBAM was recognized.

Initiatives for business transformation and new business expansion / International comparisons of technological areas of interest

Regarding the percentages of media reports related to "IoT technology," "storage batteries," and "semiconductor technology" among those related to advanced technologies in 2024, Japan is significantly higher than Europe and the U.S., indicating an increasing trend in the recent media coverage of semiconductor investment, EV demand, and the diffusion of IoT technology in Japan.

Comparison of the percentage of advanced technology coverage in Japan in 2024 between Europe and the U.S.

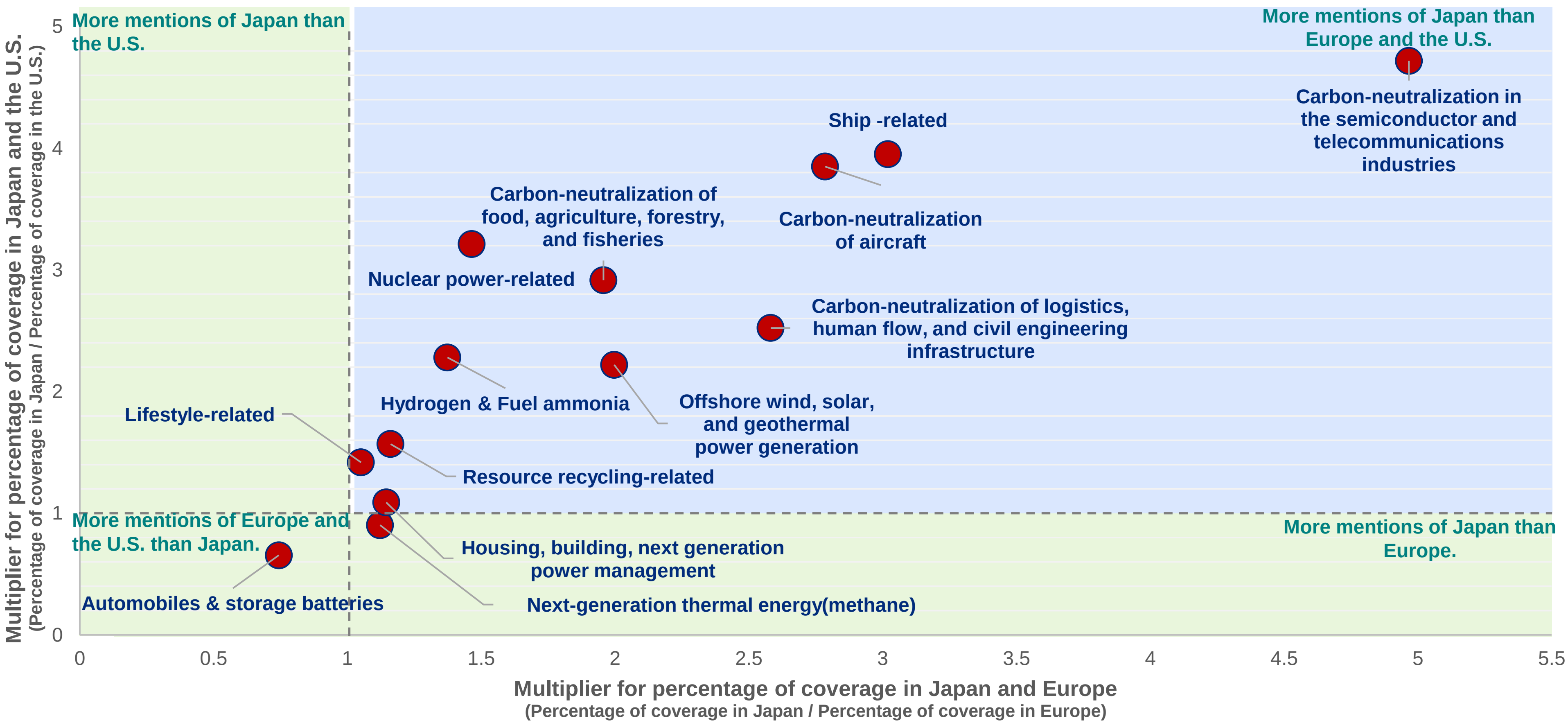


*Based on more than 32,000 information sources worldwide (major newspapers, articles in specialized magazines, news from news agencies, etc.), the percentage of coverage for each technology was searched, compared, and plotted for each region using "Factiva Analytics for Project" provided by Dow Jones Japan.

Initiatives for a sustainable society / International Comparison of Business Sectors Expected as "Growth Opportunities

In terms of media coverage of climate change technologies in 2024, the coverage of "Automobiles & storage batteries" is slightly higher in Europe and the U.S. than in Japan, but the coverage of other technologies is also higher in Japan, indicating broad interest in climate change technologies.

Comparison of the percentage of climate change technology coverage in Japan in 2024 between Europe and the U.S.



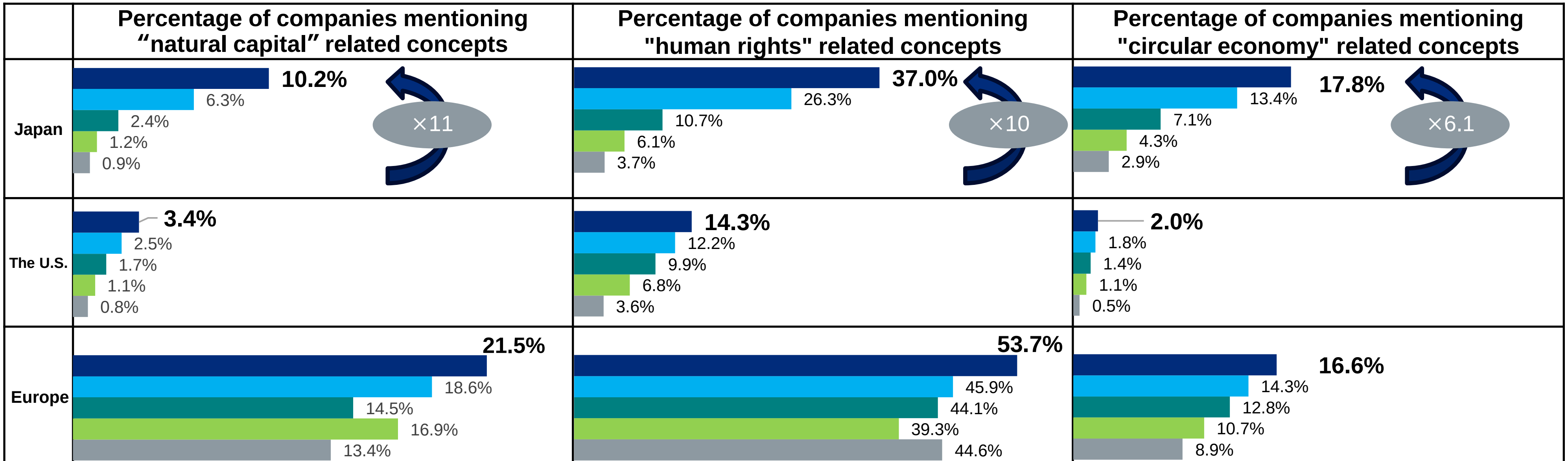
*"Carbon Recycled Materials" is excluded due to zero U.S. coverage.

*Based on more than 32,000 information sources worldwide (major newspapers, articles in specialized magazines, news from news agencies, etc.), the percentage of coverage for each technology was searched, compared, and plotted for each region using "Factiva Analytics for Project" provided by Dow Jones Japan.

Efforts to Achieve a Sustainable Society / Corporate Awareness of Natural Capital, Human Rights, and Circular Economy

The percentage of companies that mention "natural capital," "human rights," and "circular economy" in their corporate disclosures in Japan, the U.S., and Europe has been increasing over the past five years.
In Japan, the increase in the percentage of companies mentioning "natural capital," "human rights," and "circular economy" has been particularly pronounced.

Percentage of companies that mentioned the concepts of natural capital, human rights, and circular economy



Consideration

- **Japan:** The number of companies mentioning sustainability increased from FY2020 to FY2024, partly due to government initiatives, such as the requirement to disclose sustainability information as a result of the revision of the "**Cabinet Office Order on Disclosure of Corporate Affairs**" and other regulations. In particular, the percentage of Japanese companies mentioning "circular economy" increased to the same level as in Europe in FY2024.
- **Europe:** Leading the development of sustainability-related laws and regulations, the percentage of companies mentioning "natural capital," "human rights," and "circular economy" has remained at a high level since FY2020.
- **The U.S.:** The percentage of companies mentioning concepts related to "natural capital," "human rights," and "circular economy" is on the rise, but remains low compared to Europe and Japan.

*This year's analysis on natural capital and human rights has been revised in comparison to FY2023, with the search terms modified to fit the purpose of the survey. In addition, the total number of companies analyzed differs due to differences in the time of data compilation.

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(Appendix #3) Detailed Data

1 Overseas Production / Sales Ratio

Industry	Overseas Production Ratio ※1										Overseas Sales Ratio ※2							
	FY2021 (actual)	No. of Companies	FY2022 (actual)	No. of Companies	FY2023 (actual)	No. of Companies	FY2024 (projected)	No. of Companies	Medium-term plans(FY2027)	No. of Companies	FY2021 (actual)	No. of Companies	FY2022 (actual)	No. of Companies	FY2023 (actual)	No. of Companies	FY2024 (projected)	No. of Companies
Food	22.2%	18	20.3%	17	23.2%	22	24.1%	22	25.0%	21	16.6%	19	21.3%	19	25.0%	26	26.2%	26
Textiles	50.5%	20	55.0%	24	59.4%	16	59.4%	16	59.7%	15	26.5%	20	26.7%	24	29.7%	17	29.7%	17
Paper, Pulp & Wood	15.8%	13	15.0%	11	15.0%	11	15.0%	11	16.0%	10	15.0%	14	15.0%	11	15.0%	11	15.0%	11
Chemicals (total)	26.4%	76	28.8%	74	30.7%	63	30.7%	63	32.2%	61	36.2%	86	38.9%	87	40.0%	74	39.7%	73
Chemicals (incl. plastic products)	27.0%	71	29.0%	73	31.1%	62	31.1%	62	32.7%	60	36.6%	81	39.1%	86	40.2%	73	39.9%	72
Pharmaceuticals	19.0%	5	15.0%	1	5.0%	1	5.0%	1	5.0%	1	29.0%	5	25.0%	1	25.0%	1	25.0%	1
Petroleum & Rubber	29.5%	11	36.3%	8	41.0%	10	41.0%	10	41.0%	10	32.3%	11	40.6%	9	41.4%	11	41.4%	11
Ceramics, Cement & Glass	41.0%	10	43.2%	11	46.1%	9	47.2%	9	47.5%	8	40.0%	10	40.5%	11	39.4%	9	41.7%	9
Steel	18.3%	9	29.5%	11	31.7%	9	35.0%	9	36.3%	8	29.0%	10	33.3%	12	33.0%	10	36.1%	9
Nonferrous Metals	35.0%	19	33.4%	19	29.7%	17	29.1%	17	30.0%	16	39.3%	21	35.5%	22	36.0%	21	37.8%	18
Metal Products	32.4%	19	32.8%	27	30.9%	27	30.8%	26	31.5%	26	36.1%	19	36.1%	27	35.7%	27	35.4%	26
General Machinery (total)	28.9%	59	26.9%	58	24.1%	53	22.5%	51	24.2%	51	40.3%	62	41.9%	61	45.5%	59	44.3%	57
Assembly	25.2%	42	24.1%	44	22.5%	44	20.5%	42	21.9%	42	39.2%	45	41.8%	47	44.8%	49	43.5%	47
Parts	37.9%	17	35.7%	14	31.7%	9	31.7%	9	35.0%	9	43.2%	17	42.1%	14	49.0%	10	48.0%	10
Electrical Equipment & Electronics (total)	45.5%	66	39.6%	69	40.8%	59	40.6%	59	42.2%	57	46.5%	72	42.6%	72	42.9%	63	43.1%	59
Assembly	34.5%	22	30.0%	26	32.7%	26	32.7%	26	32.2%	25	36.3%	24	35.0%	27	32.8%	27	32.8%	27
Parts	50.9%	44	45.5%	43	47.1%	33	46.8%	33	50.0%	32	51.7%	48	47.2%	45	50.6%	36	51.9%	32
Transportation Equipment (excl. Automobiles)	36.8%	17	29.4%	18	29.4%	16	29.4%	16	30.3%	15	42.6%	17	40.6%	18	30.0%	16	30.6%	16
Automobiles (total)	41.3%	101	46.4%	96	48.3%	90	48.9%	90	49.6%	82	40.9%	105	44.8%	101	48.1%	95	47.4%	93
Assembly	55.0%	4	65.0%	3	62.5%	4	71.7%	3	71.7%	3	73.0%	5	75.0%	4	82.5%	4	81.7%	3
Parts	40.8%	97	45.8%	93	47.7%	86	48.1%	87	48.8%	79	39.3%	100	43.6%	97	46.5%	91	46.2%	90
Precision Machinery (total)	38.1%	26	36.9%	27	35.8%	25	37.2%	23	38.0%	23	47.1%	28	47.2%	27	46.2%	26	47.9%	24
Assembly	29.7%	15	30.3%	17	37.4%	17	36.9%	16	38.1%	16	49.4%	16	47.4%	17	49.1%	17	48.8%	16
Parts	49.5%	11	48.0%	10	32.5%	8	37.9%	7	37.9%	7	44.2%	12	47.0%	10	40.6%	9	46.3%	8
Other	24.2%	12	31.1%	18	34.3%	15	34.3%	15	37.7%	15	23.6%	14	30.6%	18	28.3%	15	28.3%	15
Overall	34.9%	476	35.7%	488	36.0%	442	36.2%	437	37.2%	418	37.9%	508	39.0%	519	40.0%	480	40.0%	464

(Note 1) Overseas production ratio = Overseas production / (Domestic production + Overseas production)
(Note 2) Overseas sales ratio = Overseas sales / (Domestic sales +

2 Future Business Expansions: Stances Toward Strengthening / Expanding Business by Industry (Overseas/Domestic)

Overseas	Strengthen / Expand		Maintain present level		Scale back / Withdraw	
	2023	2024	2023	2024	2023	2024
All Industries	67.7%	62.0%	30.2%	34.9%	2.1%	3.1%
Food	94.4%	84.6%	5.6%	15.4%	-	-
Textiles	40.0%	55.6%	60.0%	38.9%	-	5.6%
Paper, Pulp & Wood	72.7%	72.7%	27.3%	27.3%	-	-
Chemicals (total)	73.0%	65.8%	25.8%	32.9%	1.1%	1.3%
Chemicals (incl. plastic products)	72.7%	65.3%	26.1%	33.3%	1.1%	1.3%
Pharmaceuticals	100.0%	100.0%	-	-	-	-
Petroleum & Rubber	58.3%	57.1%	41.7%	42.9%	-	-
Ceramics, Cement & Glass	72.7%	54.5%	27.3%	45.5%	-	-
Steel	69.2%	75.0%	30.8%	25.0%	-	-
Nonferrous Metals	61.9%	47.4%	33.3%	52.6%	4.8%	-
Metal Products	63.0%	55.6%	33.3%	29.6%	3.7%	14.8%
General Machinery (total)	85.2%	74.6%	14.8%	25.4%	-	-
Assembly	87.0%	75.5%	13.0%	24.5%	-	-
Parts	80.0%	70.0%	20.0%	30.0%	-	-
Electrical Equipment & Electronics (total)	71.2%	59.0%	27.4%	39.3%	1.4%	1.6%
Assembly	70.4%	70.4%	29.6%	29.6%	-	-
Parts	71.7%	50.0%	26.1%	47.1%	2.2%	2.9%
Transportation Equipment (excl. Automobiles)	70.6%	62.5%	29.4%	37.5%	-	-
Automobiles (total)	46.5%	39.6%	46.5%	52.7%	7.1%	7.7%
Assembly	75.0%	100.0%	25.0%	-	-	-
Parts	45.3%	36.8%	47.4%	55.2%	7.4%	8.0%
Precision Machinery (total)	85.7%	92.0%	14.3%	4.0%	-	4.0%
Assembly	83.3%	94.1%	16.7%	5.9%	-	-
Parts	90.0%	87.5%	10.0%	-	-	12.5%
Other	77.8%	80.0%	22.2%	20.0%	-	-

Domestic	Strengthen / Expand		Maintain present level		Scale back / Withdraw	
	2023	2024	2023	2024	2023	2024
All Industries	46.7%	45.5%	52.5%	52.8%	0.8%	1.7%
Food	55.6%	50.0%	38.9%	46.2%	5.6%	3.8%
Textiles	16.0%	27.8%	84.0%	66.7%	-	5.6%
Paper, Pulp & Wood	63.6%	54.5%	36.4%	36.4%	-	9.1%
Chemicals (total)	50.6%	45.3%	48.3%	53.3%	1.1%	1.3%
Chemicals (incl. plastic products)	50.0%	44.6%	48.9%	54.1%	1.1%	1.4%
Pharmaceuticals	100.0%	100.0%	-	-	-	-
Petroleum & Rubber	58.3%	50.0%	41.7%	50.0%	-	-
Ceramics, Cement & Glass	54.5%	36.4%	45.5%	54.5%	-	9.1%
Steel	38.5%	33.3%	61.5%	58.3%	-	8.3%
Nonferrous Metals	38.1%	57.9%	61.9%	42.1%	-	-
Metal Products	59.3%	40.7%	40.7%	59.3%	-	-
General Machinery (total)	45.9%	49.2%	54.1%	50.8%	-	-
Assembly	47.8%	51.0%	52.2%	49.0%	-	-
Parts	40.0%	40.0%	60.0%	60.0%	-	-
Electrical Equipment & Electronics (total)	60.3%	62.7%	39.7%	35.6%	-	1.7%
Assembly	51.9%	59.3%	48.1%	40.7%	-	-
Parts	65.2%	65.6%	34.8%	31.3%	-	3.1%
Transportation Equipment (excl. Automobiles)	52.9%	62.5%	47.1%	37.5%	-	-
Automobiles (total)	31.3%	27.5%	67.7%	71.4%	1.0%	1.1%
Assembly	50.0%	75.0%	50.0%	25.0%	-	-
Parts	30.5%	25.3%	68.4%	73.6%	1.1%	1.1%
Precision Machinery (total)	59.3%	57.7%	40.7%	42.3%	-	-
Assembly	58.8%	58.8%	41.2%	41.2%	-	-
Parts	60.0%	55.6%	40.0%	44.4%	-	-
Other	44.4%	46.7%	50.0%	53.3%	5.6%	-

3 Promising Countries/Regions: Time Series Data

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

Rank	FY2024 Survey	No.of Companies 351	Percentage share (%)	FY2023 Survey	No.of Companies 395	Percentage share (%)	FY2022 Survey	No.of Companies 367	Percentage share (%)	FY2021 Survey	No.of Companies 345	Percentage share (%)	FY2020 Survey	No.of Companies 356	Percentage share (%)
1	India	206	58.7	India	192	48.6	India	148	40.3	China	162	47.0	China	168	47.2
2	Vietnam	110	31.3	Vietnam	119	30.1	China	136	37.1	India	131	38.0	India	163	45.8
3	US	92	26.2	China	112	28.4	US	118	32.2	US	113	32.8	Vietnam	131	36.8
4	Indonesia	89	25.4	US	107	27.1	Vietnam	106	28.9	Vietnam	105	30.4	Thailand	111	31.2
5	Thailand	66	18.8	Indonesia	97	24.6	Thailand	85	23.2	Thailand	77	22.3	US	98	27.5
6	China	61	17.4	Thailand	85	21.5	Indonesia	77	21.0	Indonesia	67	19.4	Indonesia	96	27.0
7	Mexico	37	10.5	Mexico	42	10.6	Malaysia	31	8.4	Philippines	31	9.0	Philippines	37	10.4
8	Malaysia	26	7.4	Philippines	35	8.9	Philippines	28	7.6	Mexico	30	8.7	Malaysia	34	9.6
9	Philippines	25	7.1	Malaysia	26	6.6	Mexico	27	7.4	Malaysia	27	7.8	Mexico	32	9.0
10	Germany	20	5.7	Germany	21	5.3	Taiwan	23	6.3	Taiwan	19	5.5	Myanmar	25	7.0
11	Brazil	17	4.8	Taiwan	17	4.3	Germany	21	5.7	Germany	17	4.9	Germany	20	5.6
12	Korea	14	4.0	Korea			Korea	17	4.6	Korea	16	4.6	Taiwan	18	5.1
13	UK	12	3.4	Brazil			Brazil	15	4.1	Brazil	13	3.8	Bangladesh	16	4.5
14	Taiwan	9	2.6	Australia	13	3.3	Australia	13	3.5	Australia	12	3.5	Australia	14	3.9
15	Bangladesh			Bangladesh	11	2.8	Singapore	12	3.3	Singapore			Korea	12	3.4
16	Australia	6	1.7	UK	7	1.8	Bangladesh	10	2.7	Myanmar	10	2.9	Singapore	11	3.1
17	Canada			France			UK			Bangladesh			Brazil		
18	Turkey			Spain			Turkey	9	2.5	Russia			UK	9	2.5
19	Singapore			Turkey	6	1.5	France	8	2.2	Turkey			Russia	8	2.2
20	France	5	1.4	Cambodia			Cambodia	7	1.9	Canada	7	2.0	Turkey	7	2.0
	Cambodia			Canada											
	Poland			UAE											
				Myanmar											
				Netherlands											

Promising Countries / regions over the Long-term (Next 10 Years)

Rank	FY2024 Survey	No.of Companies 251	Percentage share (%)	FY2023 Survey	No.of Companies 265	Percentage share (%)
1	India	152	60.6	India	147	55.5
2	Vietnam	58	23.1	Vietnam	79	29.8
3	Indonesia	53	21.1	US	72	27.2
4	US	52	20.7	China	64	24.2
5	Thailand	41	16.3	Indonesia	61	23.0
6	China	39	15.5	Thailand	57	21.5
7	Mexico	22	8.8	Mexico	22	8.3
8	Brazil	18	7.2	Malaysia	20	7.5
9	Malaysia	15	6.0	Philippines	18	6.8
10	Philippines	10	4.0	Brazil	16	6.0

Promising Countries/Regions for Overseas Business over the Mid-term (Next three 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 midterm (next three years). (Multiple answers allowed)

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

Ranking 2024	←	Ranking 2023	Countries (Total)	No. of Companies 2024 (140)	No. of Companies 2023 (146)	Percentage Share(%) 2024	Percentage Share(%) 2023
1	–	1	India	75	63	53.6	43.2
2	–	2	Vietnam	51	43	36.4	29.5
3	–	3	Indonesia	42	42	30.0	28.8
4	–	4	Thailand	27	35	19.3	24.0
5	↑	6	US	24	29	17.1	19.9
6	↑	7	Mexico	20	25	14.3	17.1
7	↓	5	China	18	34	12.9	23.3
8	–	8	Philippines	11	19	7.9	13.0
9	–	9	Malaysia	8	10	5.7	6.8
9	↑	10	Germany	8	6	5.7	4.1
11	↓	10	Brazil	6	6	4.3	4.1
12	↑	15	Cambodia	4	3	2.9	2.1
13	↓	12	Bangladesh	3	4	2.1	2.7
13	↓	12	Myanmar	3	4	2.1	2.7
15	↓	12	Korea	2	4	1.4	2.7
15	↑	16	Taiwan	2	2	1.4	1.4
15	↑	16	Turkey	2	2	1.4	1.4
15	↑	16	UK	2	2	1.4	1.4
15	↑	26	Poland	2	1	1.4	0.7
20	↓	16	Canada	1	2	0.7	1.4
20	↓	16	Italy	1	2	0.7	1.4
20	↓	16	South Africa	1	2	0.7	1.4
20	↓	16	Spain	1	2	0.7	1.4
20	↑	26	Argentine	1	1	0.7	0.7
20	↑	26	Senegal	1	1	0.7	0.7
20	↑	26	UAE	1	1	0.7	0.7
20	↑	–	Laos	1	-	0.7	-
20	↑	–	Mongolia	1	-	0.7	-
20	↑	–	Nepal	1	-	0.7	-
20	↑	–	Peru	1	-	0.7	-
20	↑	–	Singapore	1	-	0.7	-

3 Promising Countries/Regions: Details of Promising Reasons

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 cells indicate the top three reasons most often cited for each country.

FY2024 Survey	1 India		2 Vietnam		3 US		4 Indonesia		5 Thailand		6 China		7 Mexico		8 Malaysia		9 Philippines		10 Germany	
	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio
No. of responding companies	202	100%	108	100%	88	100%	87	100%	61	100%	58	100%	36	100%	25	100%	25	100%	19	100%
1. Qualified human resources	47	23.3%	33	30.6%	18	20.5%	15	17.2%	16	26.2%	10	17.2%	2	5.6%	2	8.0%	5	20.0%	4	21.1%
2. Inexpensive source of labor	72	35.6%	50	46.3%	-	0.0%	42	48.3%	15	24.6%	1	1.7%	10	27.8%	6	24.0%	14	56.0%	-	0.0%
3. Inexpensive components/raw materials	21	10.4%	12	11.1%	3	3.4%	10	11.5%	4	6.6%	6	10.3%	5	13.9%	1	4.0%	3	12.0%	-	0.0%
4. Supply base for assemblers	34	16.8%	16	14.8%	11	12.5%	19	21.8%	19	31.1%	11	19.0%	17	47.2%	5	20.0%	6	24.0%	-	0.0%
5. Concentration of industry	26	12.9%	11	10.2%	20	22.7%	12	13.8%	20	32.8%	15	25.9%	7	19.4%	5	20.0%	2	8.0%	5	26.3%
6. Good for risk diversification to other countries	18	8.9%	27	25.0%	2	2.3%	10	11.5%	10	16.4%	1	1.7%	5	13.9%	1	4.0%	4	16.0%	1	5.3%
7. Base of export to Japan	9	4.5%	12	11.1%	-	0.0%	5	5.7%	6	9.8%	4	6.9%	1	2.8%	-	0.0%	3	12.0%	1	5.3%
8. Base of export to third countries	28	13.9%	17	15.7%	3	3.4%	9	10.3%	15	24.6%	5	8.6%	10	27.8%	5	20.0%	3	12.0%	1	5.3%
9. Current size of local market	88	43.6%	26	24.1%	61	69.3%	33	37.9%	26	42.6%	48	82.8%	9	25.0%	9	36.0%	11	44.0%	15	78.9%
10. Future growth potential of local market	171	84.7%	68	63.0%	60	68.2%	65	74.7%	25	41.0%	34	58.6%	21	58.3%	13	52.0%	15	60.0%	10	52.6%
11. Profitability of local market	22	10.9%	7	6.5%	40	45.5%	9	10.3%	8	13.1%	12	20.7%	4	11.1%	3	12.0%	2	8.0%	5	26.3%
12. Developed local infrastructure	6	3.0%	4	3.7%	23	26.1%	3	3.4%	20	32.8%	6	10.3%	1	2.8%	2	8.0%	2	8.0%	5	26.3%
13. Developed local logistics	1	0.5%	3	2.8%	13	14.8%	3	3.4%	6	9.8%	4	6.9%	2	5.6%	1	4.0%	2	8.0%	3	15.8%
14. Tax incentives for investment	2	1.0%	3	2.8%	7	8.0%	2	2.3%	4	6.6%	1	1.7%	-	0.0%	2	8.0%	2	8.0%	1	5.3%
15. Stable policies to attract foreign investment	2	1.0%	6	5.6%	6	6.8%	1	1.1%	5	8.2%	1	1.7%	-	0.0%	2	8.0%	1	4.0%	-	0.0%
16. Stable social/political situation	7	3.5%	7	6.5%	30	34.1%	6	6.9%	7	11.5%	2	3.4%	3	8.3%	2	8.0%	3	12.0%	5	26.3%
17. Promising potential for decarbonization-related regulations and infrastructure development	5	2.5%	3	2.8%	9	10.2%	2	2.3%	4	6.6%	-	0.0%	-	0.0%	1	4.0%	2	8.0%	5	26.3%

FY2023 Survey	1 India		2 Vietnam		3 China		4 US		5 Indonesia		6 Thailand		7 Mexico		8 Philippines		9 Malaysia		10 Germany	
	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio
No. of responding companies	190	100%	117	100%	110	100%	105	100%	96	100%	81	100%	41	100%	34	100%	26	100%	21	100%
1. Qualified human resources	30	15.8%	31	26.5%	13	11.8%	16	15.2%	8	8.3%	17	21.0%	4	9.8%	7	20.6%	2	7.7%	4	19.0%
2. Inexpensive source of labor	56	29.5%	56	47.9%	3	2.7%	2	1.9%	29	30.2%	21	25.9%	13	31.7%	15	44.1%	6	23.1%	-	0.0%
3. Inexpensive components/raw materials	17	8.9%	11	9.4%	12	10.9%	-	0.0%	6	6.3%	7	8.6%	1	2.4%	1	2.9%	1	3.8%	-	0.0%
4. Supply base for assemblers	35	18.4%	19	16.2%	20	18.2%	14	13.3%	19	19.8%	23	28.4%	24	58.5%	7	20.6%	5	19.2%	-	0.0%
5. Concentration of industry	17	8.9%	14	12.0%	29	26.4%	29	27.6%	16	16.7%	18	22.2%	8	19.5%	6	17.6%	3	11.5%	4	19.0%
6. Good for risk diversification to other countries	20	10.5%	26	22.2%	4	3.6%	7	6.7%	9	9.4%	8	9.9%	2	4.9%	7	20.6%	2	7.7%	-	0.0%
7. Base of export to Japan	10	5.3%	17	14.5%	4	3.6%	1	1.0%	6	6.3%	7	8.6%	-	0.0%	4	11.8%	-	0.0%	1	4.8%
8. Base of export to third countries	24	12.6%	21	17.9%	9	8.2%	4	3.8%	15	15.6%	20	24.7%	14	34.1%	8	23.5%	4	15.4%	2	9.5%
9. Current size of local market	71	37.4%	20	17.1%	75	68.2%	74	70.5%	38	39.6%	32	39.5%	8	19.5%	12	35.3%	10	38.5%	14	66.7%
10. Future growth potential of local market	160	84.2%	67	57.3%	62	56.4%	71	67.6%	73	76.0%	43	53.1%	20	48.8%	17	50.0%	13	50.0%	9	42.9%
11. Profitability of local market	21	11.1%	6	5.1%	18	16.4%	41	39.0%	9	9.4%	10	12.3%	4	9.8%	3	8.8%	5	19.2%	6	28.6%
12. Developed local infrastructure	1	0.5%	10	8.5%	16	14.5%	37	35.2%	3	3.1%	24	29.6%	4	9.8%	3	8.8%	5	19.2%	12	57.1%
13. Developed local logistics	-	0.0%	5	4.3%	9	8.2%	21	20.0%	1	1.0%	8	9.9%	1	2.4%	2	5.9%	2	7.7%	5	23.8%
14. Tax incentives for investment	4	2.1%	3	2.6%	5	4.5%	5	4.8%	1	1.0%	9	11.1%	3	7.3%	1	2.9%	4	15.4%	1	4.8%
15. Stable policies to attract foreign investment	7	3.7%	7	6.0%	3	2.7%	4	3.8%	2	2.1%	4	4.9%	1	2.4%	-	0.0%	1	3.8%	-	0.0%
16. Stable social/political situation	9	4.7%	17	14.5%	3	2.7%	33	31.4%	6	6.3%	15	18.5%	2	4.9%	2	5.9%	2	7.7%	9	42.9%
17. Promising potential for decarbonization-related regulations and infrastructure development	5	2.6%	4	3.4%	-	0.0%	10	9.5%	3	3.1%	2	2.5%	-	0.0%	1	2.9%	-	0.0%	6	28.6%

Promising Countries/Regions: Details of Issues

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

FY2024 Survey	1 India		2 Vietnam		3 US		4 Indonesia		5 Thailand		6 China		7 Mexico		8 Malaysia		9 Philippines		10 Germany	
	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio
Respondent companies	190	100%	96	100%	82	100%	82	100%	55	100%	56	100%	35	100%	21	100%	25	100%	14	100%
1. Underdeveloped legal system	30	15.8%	11	11.5%	-	0.0%	10	12.2%	1	1.8%	5	8.9%	4	11.4%	1	4.8%	6	24.0%	-	0.0%
2. Execution of legal system unclear	84	44.2%	39	40.6%	4	4.9%	29	35.4%	8	14.5%	27	48.2%	8	22.9%	3	14.3%	8	32.0%	1	7.1%
3. Complicated tax system	58	30.5%	9	9.4%	2	2.4%	9	11.0%	3	5.5%	5	8.9%	5	14.3%	2	9.5%	3	12.0%	1	7.1%
4. Execution of tax system unclear	35	18.4%	12	12.5%	-	0.0%	15	18.3%	3	5.5%	5	8.9%	6	17.1%	2	9.5%	4	16.0%	-	0.0%
5. Increased taxation	19	10.0%	5	5.2%	14	17.1%	5	6.1%	2	3.6%	6	10.7%	3	8.6%	2	9.5%	1	4.0%	2	14.3%
6. Restriction for foreign investment	26	13.7%	2	2.1%	6	7.3%	9	11.0%	3	5.5%	15	26.8%	1	2.9%	1	4.8%	5	20.0%	-	0.0%
7. Complicated/Unclear procedures for investment permission	22	11.6%	10	10.4%	1	1.2%	5	6.1%	2	3.6%	10	17.9%	2	5.7%	-	0.0%	2	8.0%	-	0.0%
8. Insuffiicient protection for intellectual property rights	23	12.1%	7	7.3%	-	0.0%	8	9.8%	2	3.6%	28	50.0%	-	0.0%	3	14.3%	4	16.0%	-	0.0%
9. Restrictions on foreign currency/ transfers of money	21	11.1%	7	7.3%	1	1.2%	5	6.1%	2	3.6%	11	19.6%	4	11.4%	1	4.8%	2	8.0%	-	0.0%
10. Import restrictions/customs procedures	27	14.2%	9	9.4%	7	8.5%	14	17.1%	3	5.5%	13	23.2%	7	20.0%	2	9.5%	1	4.0%	1	7.1%
11. Difficult to secure technical/engineering staff	40	21.1%	14	14.6%	16	19.5%	17	20.7%	18	32.7%	12	21.4%	10	28.6%	8	38.1%	8	32.0%	3	21.4%
12. Difficult to secure management staff	39	20.5%	19	19.8%	24	29.3%	17	20.7%	9	16.4%	13	23.2%	12	34.3%	7	33.3%	9	36.0%	5	35.7%
13. Rising labor costs	49	25.8%	36	37.5%	57	69.5%	30	36.6%	32	58.2%	32	57.1%	14	40.0%	10	47.6%	10	40.0%	6	42.9%
14. Labor problems	22	11.6%	5	5.2%	8	9.8%	9	11.0%	6	10.9%	3	5.4%	6	17.1%	-	0.0%	1	4.0%	1	7.1%
15. Intense competition w ith other companies	79	41.6%	29	30.2%	42	51.2%	24	29.3%	22	40.0%	39	69.6%	6	17.1%	9	42.9%	9	36.0%	9	64.3%
16. Difficulty in raising funds	11	5.8%	7	7.3%	2	2.4%	3	3.7%	-	0.0%	2	3.6%	2	5.7%	1	4.8%	1	4.0%	-	0.0%
17. Underdeveloped local supporting industries	22	11.6%	9	9.4%	1	1.2%	5	6.1%	1	1.8%	-	0.0%	8	22.9%	2	9.5%	3	12.0%	-	0.0%
18. Underdeveloped infrastructure	58	30.5%	11	11.5%	-	0.0%	6	7.3%	1	1.8%	1	1.8%	3	8.6%	2	9.5%	2	8.0%	-	0.0%
19. Security/social intstability	37	19.5%	5	5.2%	6	7.3%	11	13.4%	8	14.5%	15	26.8%	17	48.6%	-	0.0%	4	16.0%	-	0.0%
20. Lack of information on the country	26	13.7%	18	18.8%	-	0.0%	12	14.6%	3	5.5%	-	0.0%	1	2.9%	-	0.0%	3	12.0%	1	7.1%
21. Undeveloped decarbonization-related regulations and infrastraucture	13	6.8%	2	2.1%	1	1.2%	5	6.1%	2	3.6%	2	3.6%	1	2.9%	1	4.8%	2	8.0%	-	0.0%

FY2023 Survey	1 India		2 Vietnam		3 China		4 US		5 Indonesia		6 Thailand		7 Mexico		8 Philippines		9 Malaysia		10 Germany	
	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio
Respondent companies	176	100%	105	100%	105	100%	97	100%	83	100%	71	100%	38	100%	31	100%	22	100%	15	100%
1. Underdeveloped legal system	26	14.8%	13	12.4%	5	4.8%	1	1.0%	6	7.2%	2	2.8%	2	5.3%	4	12.9%	1	4.5%	-	0.0%
2. Execution of legal system unclear	70	39.8%	38	36.2%	45	42.9%	6	6.2%	37	44.6%	11	15.5%	8	21.1%	10	32.3%	4	18.2%	2	13.3%
3. Complicated tax system	47	26.7%	9	8.6%	10	9.5%	5	5.2%	9	10.8%	3	4.2%	3	7.9%	3	9.7%	-	0.0%	1	6.7%
4. Execution of tax system unclear	37	21.0%	19	18.1%	15	14.3%	1	1.0%	17	20.5%	8	11.3%	4	10.5%	5	16.1%	1	4.5%	1	6.7%
5. Increased taxation	16	9.1%	11	10.5%	14	13.3%	9	9.3%	14	16.9%	7	9.9%	2	5.3%	5	16.1%	1	4.5%	2	13.3%
6. Restriction for foreign investment	22	12.5%	8	7.6%	19	18.1%	-	0.0%	10	12.0%	5	7.0%	-	0.0%	3	9.7%	-	0.0%	-	0.0%
7. Complicated/Unclear procedures for investment permission	25	14.2%	15	14.3%	18	17.1%	1	1.0%	10	12.0%	3	4.2%	3	7.9%	3	9.7%	1	4.5%	1	6.7%
8. Insuffiicient protection for intellectual property rights	16	9.1%	12	11.4%	32	30.5%	-	0.0%	5	6.0%	3	4.2%	-	0.0%	5	16.1%	2	9.1%	-	0.0%
9. Restrictions on foreign currency/ transfers of money	23	13.1%	10	9.5%	25	23.8%	1	1.0%	4	4.8%	1	1.4%	1	2.6%	1	3.2%	1	4.5%	-	0.0%
10. Import restrictions/customs procedures	23	13.1%	13	12.4%	24	22.9%	4	4.1%	17	20.5%	7	9.9%	2	5.3%	4	12.9%	4	18.2%	1	6.7%
11. Difficult to secure technical/engineering staff	47	26.7%	23	21.9%	16	15.2%	28	28.9%	20	24.1%	23	32.4%	18	47.4%	6	19.4%	5	22.7%	4	26.7%
12. Difficult to secure management staff	51	29.0%	32	30.5%	15	14.3%	25	25.8%	16	19.3%	21	29.6%	20	52.6%	12	38.7%	5	22.7%	4	26.7%
13. Rising labor costs	32	18.2%	40	38.1%	69	65.7%	70	72.2%	32	38.6%	41	57.7%	18	47.4%	11	35.5%	7	31.8%	9	60.0%
14. Labor problems	29	16.5%	11	10.5%	13	12.4%	9	9.3%	15	18.1%	2	2.8%	5	13.2%	1	3.2%	-	0.0%	2	13.3%
15. Intense competition w ith other companies	71	40.3%	32	30.5%	65	61.9%	57	58.8%	24	28.9%	28	39.4%	7	18.4%	7	22.6%	9	40.9%	7	46.7%
16. Difficulty in raising funds	18	10.2%	10	9.5%	6	5.7%	1	1.0%	2	2.4%	1	1.4%	4	10.5%	2	6.5%	1	4.5%	-	0.0%
17. Underdeveloped local supporting industries	21	11.9%	19	18.1%	1	1.0%	2	2.1%	12	14.5%	4	5.6%	6	15.8%	5	16.1%	1	4.5%	1	6.7%
18. Underdeveloped infrastructure	52	29.5%	15	14.3%	1	1.0%	-	0.0%	19	22.9%	3	4.2%	4	10.5%	6	19.4%	-	0.0%	-	0.0%
19. Security/social intstability	36	20.5%	4	3.8%	22	21.0%	4	4.1%	17	20.5%	12	16.9%	19	50.0%	8	25.8%	-	0.0%	-	0.0%
20. Lack of information on the country	28	15.9%	14	13.3%	5	4.8%	-	0.0%	8	9.6%	2	2.8%	4	10.5%	3	9.7%	3	13.6%	-	0.0%
21. Undeveloped decarbonization-related regulations and infrastraucture	12	6.8%	5	4.8%	2	1.9%	-	0.0%	3	3.6%	1	1.4%	1	2.6%	1	3.2%	1	4.5%	-	0.0%

Promising Countries/Regions: Existence of Business Plan

Existence of Business Plans in Promising Countries

	No. 1		No. 2		No. 3		No. 4		No. 5		No. 6		No. 7		No. 8		No. 9		No. 10	
	India		Vietnam		US		Indonesia		Thailand		China		Mexico		Malaysia		Philippines		Germany	
	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
Total	206	100%	110	100%	92	100%	89	100%	66	100%	61	100%	37	100%	26	100%	25	100%	20	100%
A new business plan exist	21	10.2%	11	10.0%	7	7.6%	5	5.6%	2	3.0%	4	6.6%	3	8.1%	3	11.5%	5	20.0%	5	25.0%
A business plan for additional	58	28.2%	21	19.1%	49	53.3%	16	18.0%	25	37.9%	21	34.4%	13	35.1%	8	30.8%	5	20.0%	6	30.0%
No plans	123	59.7%	76	69.1%	34	37.0%	66	74.2%	37	56.1%	34	55.7%	20	54.1%	13	50.0%	15	60.0%	8	40.0%
No response	4	1.9%	2	1.8%	2	2.2%	2	2.2%	2	3.0%	2	3.3%	1	2.7%	2	7.7%	0	0.0%	1	5.0%

	No. 11		No. 12		No. 13		No. 14		No. 14		No. 16		No. 16		No. 16		No. 16		No. 20	
	Brazil		Korea		UK		Taiwan		Bangladesh		Australia		Canada		Turkey		Singapore		France	
	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
Total	17	100%	14	100%	12	100%	9	100%	9	100%	6	100%	6	100%	6	100%	6	100%	5	100%
A new business plan exist	3	17.6%	1	7.1%	0	0.0%	1	11.1%	2	22.2%	0	0.0%	0	0.0%	1	16.7%	1	16.7%	0	0.0%
A business plan for additional	3	17.6%	5	35.7%	4	33.3%	2	22.2%	2	22.2%	2	33.3%	1	16.7%	2	33.3%	0	0.0%	2	40.0%
No plans	11	64.7%	7	50.0%	7	58.3%	6	66.7%	5	55.6%	3	50.0%	5	83.3%	2	33.3%	4	66.7%	2	40.0%
No response	0	0.0%	1	7.1%	1	8.3%	0	0.0%	0	0.0%	1	16.7%	0	0.0%	1	16.7%	1	16.7%	1	20.0%

	No. 20		No. 20	
	Cambodia		Poland	
	Respondent companies	Ratio	Respondent companies	Ratio
Total	5	100%	5	100%
A new business plan exist	0	0.0%	1	20.0%
A business plan for additional	0	0.0%	1	20.0%
No plans	5	100.0%	3	60.0%
No response	0	0.0%	0	0.0%

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.

Promising Countries/Regions (Number of Respondent Companies)

Rank	Country	No. of respondent companies		Change from last survey ('24-'23)
		FY2024	FY2023	
1	India	79	88	▲ 9
2	US	56	57	▲ 1
3	Vietnam	32	37	▲ 5
4	Thailand	27	30	▲ 3
5	China	25	50	▲ 25
6	Indonesia	21	33	▲ 12
7	Mexico	16	21	▲ 5
8	Malaysia	11	12	▲ 1
8	Germany	11	11	0
10	Philippines	10	11	▲ 1

(Non-manufacturing) Overseas Sales Ratio / Stances Toward Strengthening/Expanding Business by Industry (Overseas/Domestic)

Overseas Sales Ratio

Industry	Overseas Production Ratio ※			
	FY2023 (actual)	No. of Companies	FY2024 (projected)	No. of Companies
Agriculture, Forestry & Fisheries	75.0%	1	75.0%	1
Mining	60.0%	2	55.0%	2
Construction	12.2%	18	12.8%	18
Electric power & Gas	10.0%	4	10.0%	4
Transportation	20.5%	11	20.5%	11
Information and Communication	45.0%	4	45.0%	4
Wholesale	21.0%	25	21.0%	25
Retail	5.0%	5	5.0%	5
Food & Beverage	25.0%	1	25.0%	1
Finance & Insurance	22.8%	9	22.8%	9
Real estate	5.0%	2	5.0%	2
Others	17.9%	14	17.1%	14
Total	19.8%	96	19.7%	96

(Note) Overseas sales ratio = Overseas sales / (Domestic sales + Overseas sales)

Stances Toward Strengthening/Expanding Business by Industry (Overseas/Domestic)

Overseas	Strengthen / Expand	Maintain present level	Scale back / Withdraw
All industries	70.2%	29.8%	-
Agriculture, Forestry & Fisheries	-	100.0%	-
Mining	100.0%	-	-
Construction	55.0%	45.0%	-
Electric power & Gas	66.7%	33.3%	-
Transportation	80.0%	20.0%	-
Information and Communication	100.0%	-	-
Wholesale	70.4%	29.6%	-
Retail	80.0%	20.0%	-
Food & Beverage	100.0%	-	-
Finance & Insurance	77.8%	22.2%	-
Real estate	75.0%	25.0%	-
Others	66.7%	33.3%	-

Domestic	Strengthen / Expand	Maintain present level	Scale back / Withdraw
All industries	68.4%	31.6%	-
Agriculture, Forestry & Fisheries	-	100.0%	-
Mining	100.0%	-	-
Construction	68.4%	31.6%	-
Electric power & Gas	75.0%	25.0%	-
Transportation	70.0%	30.0%	-
Information and Communication	100.0%	-	-
Wholesale	76.0%	24.0%	-
Retail	60.0%	40.0%	-
Food & Beverage	100.0%	-	-
Finance & Insurance	66.7%	33.3%	-
Real estate	66.7%	33.3%	-
Others	46.7%	53.3%	-

5 (Non-manufacturing) Promising Countries/Regions

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

Rank		No.of Companies 69	Percentage share (%)
1	India	28	40.6
2	Indonesia	23	33.3
3	Vietnam	21	30.4
4	US	20	29.0
5	Philippines	14	20.3
6	Australia	8	11.6
7	Malaysia		
8	Thailand	7	10.1
9	Bangladesh	6	8.7
10	Singapore		
11	China	5	7.2
12	Mexico	4	5.8
13	Taiwan		
14	Brazil	3	4.3
15	Nepal		
16	Cambodia	2	2.9
17	Canada		
18	Germany		
19	Korea		
20	Netherlands		
	Turkey		
	UK		

Promising Countries / regions over the Long-term (Next 10 Years)

Rank		No.of Companies 44	Percentage share (%)
1	India	23	52.3
2	Indonesia	13	29.5
3	Vietnam	10	22.7
4	Australia	7	15.9
5	Philippines		
6	China	5	11.4
7	US		
8	Bangladesh	4	9.1
9	Kenya		
10	Thailand		

(Non-manufacturing) Promising Countries/Regions: Details of Promising Reasons/Issues

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

Promising Reasons	1 India		2 Indonesia		3 Vietnam		4 US		5 Philippines		6 Australia		6 Malaysia		8 Thailand		9 Bangladesh		9 Singapore	
	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio
No. of responding companies	28	100%	23	100%	21	100%	20	100%	14	100%	7	100%	8	100%	6	100%	6	100%	6	100%
1. Qualified human resources	7	25.0%	5	21.7%	7	33.3%	2	10.0%	4	28.6%	1	14.3%	-	0.0%	-	0.0%	-	0.0%	2	33.3%
2. Inexpensive source of labor	4	14.3%	2	8.7%	8	38.1%	-	0.0%	4	28.6%	-	0.0%	3	37.5%	1	16.7%	3	50.0%	-	0.0%
3. Inexpensive components/raw materials	4	14.3%	-	0.0%	1	4.8%	1	5.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	1	16.7%	-	0.0%
4. Supply base for assemblers	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	1	12.5%	-	0.0%	-	0.0%	-	0.0%
5. Concentration of industry	5	17.9%	1	4.3%	1	4.8%	2	10.0%	1	7.1%	-	0.0%	1	12.5%	-	0.0%	-	0.0%	1	16.7%
6. Good for risk diversification to other countries	2	7.1%	2	8.7%	2	9.5%	-	0.0%	3	21.4%	-	0.0%	2	25.0%	-	0.0%	-	0.0%	1	16.7%
7. Base of export to Japan	3	10.7%	1	4.3%	-	0.0%	2	10.0%	1	7.1%	-	0.0%	-	0.0%	1	16.7%	-	0.0%	-	0.0%
8. Base of export to third countries	2	7.1%	-	0.0%	1	4.8%	1	5.0%	1	7.1%	-	0.0%	1	12.5%	-	0.0%	-	0.0%	-	0.0%
9. Current size of local market	12	42.9%	9	39.1%	9	42.9%	15	75.0%	4	28.6%	2	28.6%	4	50.0%	3	50.0%	1	16.7%	3	50.0%
10. Future growth potential of local market	26	92.9%	18	78.3%	14	66.7%	8	40.0%	7	50.0%	2	28.6%	5	62.5%	2	33.3%	4	66.7%	1	16.7%
11. Profitability of local market	7	25.0%	2	8.7%	2	9.5%	5	25.0%	1	7.1%	3	42.9%	1	12.5%	-	0.0%	2	33.3%	2	33.3%
12. Developed local infrastructure	-	0.0%	-	0.0%	1	4.8%	4	20.0%	1	7.1%	-	0.0%	-	0.0%	1	16.7%	-	0.0%	2	33.3%
13. Developed local logistics	-	0.0%	-	0.0%	1	4.8%	4	20.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	1	16.7%	-	0.0%
14. Tax incentives for investment	2	7.1%	-	0.0%	-	0.0%	1	5.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	2	33.3%
15. Stable policies to attract foreign investment	1	3.6%	1	4.3%	1	4.8%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	2	33.3%
16. Stable social/political situation	1	3.6%	1	4.3%	2	9.5%	6	30.0%	2	14.3%	3	42.9%	1	12.5%	1	16.7%	2	33.3%	4	66.7%
17. Promising potential for decarbonization-related regulations and infrastructure development	3	10.7%	4	17.4%	2	9.5%	3	15.0%	1	7.1%	3	42.9%	-	0.0%	-	0.0%	-	0.0%	-	0.0%

Issues	1 India		2 Indonesia		3 Vietnam		4 US		5 Philippines		6 Australia		6 Malaysia		8 Thailand		9 Bangladesh		9 Singapore	
	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio	# companies	Ratio
No. of responding companies	28	100%	23	100%	21	100%	16	100%	13	100%	7	100%	5	100%	7	100%	6	100%	6	100%
1. Underdeveloped legal system	4	14.3%	4	17.4%	4	19.0%	-	0.0%	1	7.7%	-	0.0%	-	0.0%	-	0.0%	1	16.7%	-	0.0%
2. Execution of legal system unclear	11	39.3%	7	30.4%	7	33.3%	-	0.0%	4	30.8%	-	0.0%	1	20.0%	1	14.3%	3	50.0%	-	0.0%
3. Complicated tax system	12	42.9%	2	8.7%	1	4.8%	-	0.0%	3	23.1%	-	0.0%	1	20.0%	-	0.0%	1	16.7%	-	0.0%
4. Execution of tax system unclear	8	28.6%	5	21.7%	3	14.3%	-	0.0%	5	38.5%	-	0.0%	1	20.0%	-	0.0%	3	50.0%	-	0.0%
5. Increased taxation	5	17.9%	2	8.7%	-	0.0%	1	6.3%	-	0.0%	1	14.3%	-	0.0%	-	0.0%	1	16.7%	1	16.7%
6. Restriction for foreign investment	6	21.4%	5	21.7%	5	23.8%	-	0.0%	5	38.5%	-	0.0%	2	40.0%	3	42.9%	1	16.7%	-	0.0%
7. Complicated/Unclear procedures for investment permission	4	14.3%	6	26.1%	9	42.9%	-	0.0%	3	23.1%	-	0.0%	-	0.0%	1	14.3%	1	16.7%	-	0.0%
8. Insuffiicient protection for intellectual property rights	5	17.9%	2	8.7%	1	4.8%	-	0.0%	3	23.1%	-	0.0%	-	0.0%	-	0.0%	1	16.7%	-	0.0%
9. Restrictions on foreign currency/ transfers of money	4	14.3%	2	8.7%	4	19.0%	-	0.0%	1	7.7%	-	0.0%	-	0.0%	-	0.0%	3	50.0%	-	0.0%
10. Import restrictions/customs procedures	3	10.7%	2	8.7%	1	4.8%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	2	33.3%	-	0.0%
11. Difficult to secure technical/engineering staff	7	25.0%	4	17.4%	3	14.3%	1	6.3%	1	7.7%	-	0.0%	1	20.0%	1	14.3%	3	50.0%	1	16.7%
12. Difficult to secure management staff	7	25.0%	3	13.0%	2	9.5%	1	6.3%	2	15.4%	-	0.0%	1	20.0%	1	14.3%	2	33.3%	1	16.7%
13. Rising labor costs	10	35.7%	6	26.1%	9	42.9%	10	62.5%	4	30.8%	4	57.1%	-	0.0%	2	28.6%	1	16.7%	6	100.0%
14. Labor problems	4	14.3%	1	4.3%	-	0.0%	2	12.5%	1	7.7%	1	14.3%	-	0.0%	-	0.0%	1	16.7%	-	0.0%
15. Intense competition with other companies	6	21.4%	6	26.1%	4	19.0%	9	56.3%	2	15.4%	4	57.1%	-	0.0%	5	71.4%	-	0.0%	1	16.7%
16. Difficulty in raising funds	1	3.6%	1	4.3%	-	0.0%	1	6.3%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	1	16.7%	-	0.0%
17. Underdeveloped local supporting industries	4	14.3%	-	0.0%	1	4.8%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	2	33.3%	-	0.0%
18. Underdeveloped infrastructure	8	28.6%	3	13.0%	-	0.0%	-	0.0%	1	7.7%	-	0.0%	-	0.0%	-	0.0%	1	16.7%	-	0.0%
19. Security/social intstability	7	25.0%	1	4.3%	1	4.8%	1	6.3%	2	15.4%	-	0.0%	-	0.0%	-	0.0%	3	50.0%	-	0.0%
20. Lack of information on the country	4	14.3%	3	13.0%	3	14.3%	1	6.3%	2	15.4%	1	14.3%	2	40.0%	1	14.3%	1	16.7%	-	0.0%
21. Undeveloped decarbonization-related regulations and infrastraucture	3	10.7%	3	13.0%	1	4.8%	-	0.0%	1	7.7%	-	0.0%	-	0.0%	-	0.0%	1	16.7%	-	0.0%

5 (Non-manufacturing) Promising Countries/Regions: Existence of Business Plan

Existence of Business Plans in Promising Countries

	No. 1		No. 2		No. 3		No. 4		No. 5		No. 6		No. 6		No. 8		No. 9		No. 9	
	India		Indonesia		Vietnam		US		Philippines		Australia		Malaysia		Thailand		Bangladesh		Singapore	
	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
Total	28	100%	23	100%	21	100%	20	100%	14	100%	8	100%	8	100%	7	100%	6	100%	6	100%
A new business plan exist	4	14.3%	2	8.7%	5	23.8%	2	10.0%	3	21.4%	1	12.5%	3	37.5%	0	0.0%	2	33.3%	1	16.7%
A business plan for additional	6	21.4%	9	39.1%	8	38.1%	8	40.0%	3	21.4%	2	25.0%	1	12.5%	2	28.6%	1	16.7%	1	16.7%
No plans	18	64.3%	11	47.8%	7	33.3%	9	45.0%	8	57.1%	4	50.0%	4	50.0%	5	71.4%	3	50.0%	4	66.7%
No response	0	0.0%	1	4.3%	1	4.8%	1	5.0%	0	0.0%	1	12.5%	0	0.0%	0	0.0%	0	0.0%	0	0.0%

	No. 11		No. 12		No. 12		No. 14		No. 14		No. 16		No. 16		No. 16		No. 16		No. 16	
	China		Mexico		Taiwan		Brazil		Nepal		Cambodia		Canada		Germany		Korea		Netherlands	
	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
Total	5	100%	4	100%	4	100%	3	100%	3	100%	2	100%	2	100%	2	100%	2	100%	2	100%
A new business plan exist	0	0.0%	1	25.0%	0	0.0%	0	0.0%	1	33.3%	0	0.0%	0	0.0%	1	50.0%	1	50.0%	2	100.0%
A business plan for additional	2	40.0%	1	25.0%	2	50.0%	1	33.3%	0	0.0%	0	0.0%	1	50.0%	1	50.0%	0	0.0%	0	0.0%
No plans	3	60.0%	2	50.0%	1	25.0%	2	66.7%	2	66.7%	2	100.0%	1	50.0%	0	0.0%	1	50.0%	0	0.0%
No response	0	0.0%	0	0.0%	1	25.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%

	No. 16		No. 16	
	Turkey		UK	
	Respondent companies	Ratio	Respondent companies	Ratio
Total	2	100%	2	100%
A new business plan exist	0	0.0%	0	0.0%
A business plan for additional	0	0.0%	1	50.0%
No plans	2	100.0%	1	50.0%
No response	0	0.0%	0	0.0%

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.

Promising Countries/ Regions (Number of Respondent Companies)

Rank	Country	No. of respondent companies
1	Vietnam	13
2	Indonesia	11
3	India	10
3	US	10
5	Philippines	6
6	Malaysia	4
7	Australia	3
7	Bangladesh	3
9	Thailand	2
9	Singapore	2
9	China	2
9	Mexico	2
9	Taiwan	2
9	Germany	2
9	Netherlands	2

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JBIC 36th Survey, 2024

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