FY2015 Annual Survey of Corporate Behavior

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Survey methodology

1	Objective of the survey	The objective of this survey is to clarify the actual state of the Japanese economy from the aspect of corporate activities, by continuously conducting surveys on how companies forecast future business outlook and industrial demand trends.
2	Period of the survey	January 2016
3	Survey items	Business outlook and demand forecast, exchange rates, prices, growth rate of capital investment, rate of change in the number of employees, ratios of overseas production and reverse imports
4	Coverage	All companies listed in the First Section and Second Section of the Tokyo and Nagoya Stock Exchange (2,515 companies as of November 1, 2015)
5	Survey method	Self-reporting survey by mail or online, using prescribed questionnaire
6	Number of responding companies	1,062 (499 in manufacturing industries, 563 in non-manufacturing industries)
7	Response rate	42.2%

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

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

Results of the survey

1 Business outlook and demand forecast

(1) Forecast of Japan's economic growth rate

- ○ The real economic growth rate forecast (all industries, average of reported numbers) for the "next fiscal year" (FY2016) was 1.1%. The rate has been positive for the seventh consecutive year. The forecasts for the "next 3 years" and the "next 5 years" were 1.0% and 1.1%, respectively.
- ○ The nominal economic growth rate forecasts for the "next fiscal year," the "next 3 years" and the "next 5 years" were all higher than the real rate forecasts (for the third consecutive year).

Japan's real economic growth rate forecast (all industries, average of reported numbers [1)]) for the "next fiscal year" (FY2016) based on the survey conducted for the companies (companies listed on the first and second sections of the Tokyo and Nagoya Stock Exchanges, and hereinafter referred to as "companies") was 1.1%, lower than the previous year's survey result (FY2014) of 1.3%, but the rate has been positive for the seventh consecutive year. (Figure 1-1, Table 1-1)

With respect to the medium-term forecast, those for the "next 3 years" (average of FY2016–FY2018) and the "next 5 years" (average of FY2016–FY2020) were 1.0% and 1.1%, respectively, both lower than the previous year's survey results (1.4% and 1.4%, respectively).

In terms of the forecast for the "next fiscal year" by capital size, the forecasts by the companies with a capital of "less than 1 billion yen", "1 to 5 billion yen (not incl.)", and "5 to 10 billion yen (not incl.)", were all 1.0%, and the forecast by those with a capital of "10 billion yen or more" was 1.2%.

On the other hand, the nominal economic growth rate forecasts (all industries, average of reported numbers) for the "next fiscal year", the "next 3 years" and the "next 5 years" were 1.6%, 1.5%, and 1.6%, respectively. In addition, the nominal economic growth rate forecasts were all higher than the real economic growth rate forecasts (0.5 percentage points for the "next fiscal year", the "next 3 years" and the "next 5 years"), suggesting that companies anticipated future price increases. As a result, the difference between the nominal rate and the real rate (nominal economic growth rate – real economic growth rate) was positive for the third consecutive year. (Figure 1-2)

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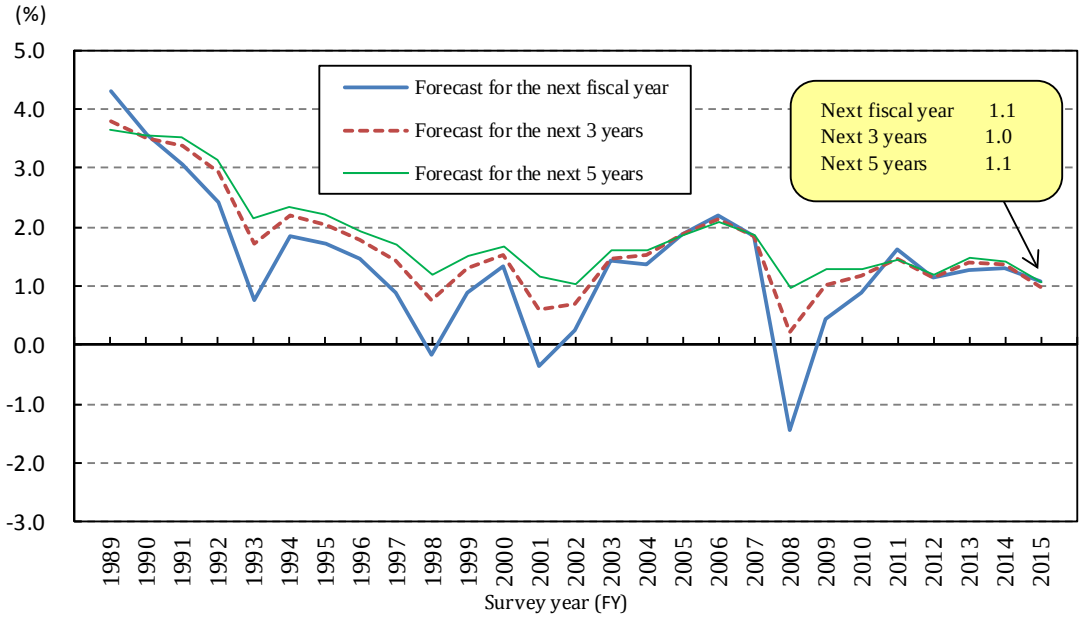
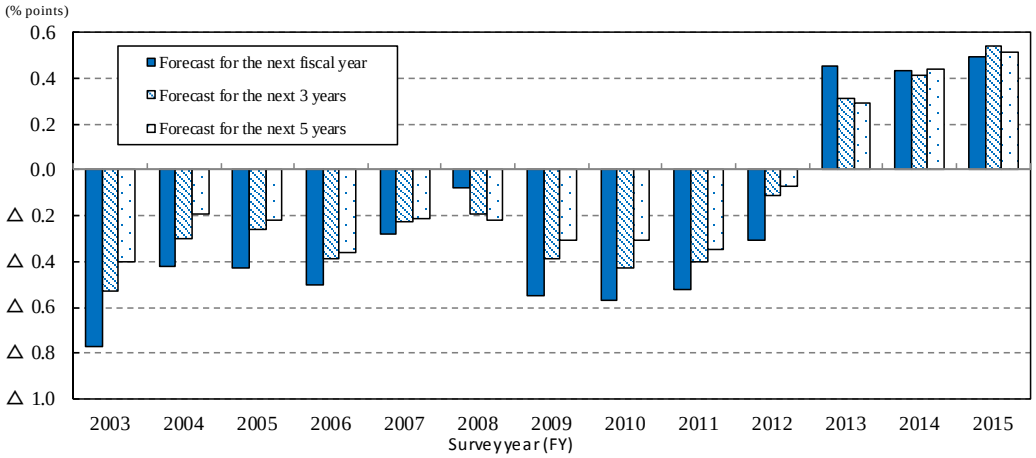
1) The averages used in this "Results of the survey" are values shown in the "Statistical Data," rounded to the second decimal place. Values shown in the "Statistical Data" (rounded to the second decimal place) are used for figures and tables in the following pages. The same applies hereinafter.

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



Note) With regard to the "forecast" for each fiscal year, for example, the "forecast for the next fiscal year" in the FY2015 survey refers to the forecast for FY2016; the "forecast for the next 3 years" refers to the forecast for FY2016 to FY2018; and the "forecast for the next 5 years" refers to the forecast for FY2016 to FY2020 (fiscal year average).

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



Note) With regard to the "forecast" for each fiscal year, for example, the "forecast for the next fiscal year" in the FY2015 survey refers to the forecast for FY2016; the "forecast for the next 3 years" refers to the forecast for FY2016 to FY2018; and the "forecast for the next 5 years" refers to the forecast for FY2016 to FY2020 (fiscal year average).

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

(%)

Survey year	Nominal economic growth rate			Real economic growth rate		
	Forecast for the next fiscal year	Forecast for the next 3 years	Forecast for the next 5 years	Forecast for the next fiscal year	Forecast for the next 3 years	Forecast for the next 5 years
FY 1989	-	-	-	4.3	3.8	3.6
1990	-	-	-	3.6	3.5	3.6
1991	-	-	-	3.1	3.4	3.5
1992	-	-	-	2.4	2.9	3.1
1993	-	-	-	0.8	1.7	2.1
1994	-	-	-	1.8	2.2	2.3
1995	-	-	-	1.7	2.0	2.2
1996	-	-	-	1.5	1.8	1.9
1997	-	-	-	0.9	1.4	1.7
1998	-	-	-	-0.2	0.8	1.2
1999	-	-	-	0.9	1.3	1.5
2000	-	-	-	1.3	1.5	1.7
2001	-	-	-	-0.4	0.6	1.2
2002	-	-	-	0.3	0.7	1.0
2003	0.7	0.9	1.2	1.4	1.5	1.6
2004	0.9	1.2	1.4	1.4	1.5	1.6
2005	1.4	1.6	1.6	1.9	1.9	1.9
2006	1.7	1.7	1.7	2.2	2.1	2.1
2007	1.6	1.6	1.6	1.9	1.8	1.9
2008	-1.5	0.0	0.8	-1.5	0.2	1.0
2009	-0.1	0.6	1.0	0.4	1.0	1.3
2010	0.3	0.7	1.0	0.9	1.2	1.3
2011	1.1	1.1	1.1	1.6	1.5	1.5
2012	0.8	1.0	1.1	1.2	1.1	1.2
2013	1.7	1.7	1.8	1.3	1.4	1.5
2014	1.7	1.8	1.9	1.3	1.4	1.4
2015	1.6	1.5	1.6	1.1	1.0	1.1

Note 1) With regard to the "forecast" for each fiscal year, for example, the "forecast for the next fiscal year" in the FY2015 survey refers to the forecast for FY2016; the "forecast for the next 3 years" refers to the forecast for FY2016 to FY2018; and the "forecast for the next 5 years" refers to the forecast for FY2016 to FY2020 (fiscal year average).

Note 2) The survey of nominal economic growth rate forecasts started in FY2003.

Note 3) For the survey results before FY1988, please refer to "Long-term time-series data" at the end of the book.

(2) Forecast of growth rate of industry demand

- ○ The forecast of the real growth rate of industry demand (all industries, average of reported numbers) for the “next fiscal year” was 1.0%, and the rate has been positive for the sixth consecutive year. The figure for the manufacturing industries fell by 0.5 percentage points from the previous year's survey result to 1.0%, and that for the non-manufacturing industries was at the same level, 0.9%, as the previous year's survey result.
- ○ The forecast for the “next 3 years” and the “next 5 years” were 0.9% and 1.0%, respectively.
- ○ In terms of the forecasts for the “next fiscal year” by segment of manufacturing industries, the processing-type manufacturing industries forecast relatively high growth (1.3%).
- ○ In terms of the forecasts for the “next fiscal year” by sector, the growth rate forecast of the manufacturing industries was high in “Pharmaceutical” (3.6%) and “Electric Appliances” (1.3%), and that of the non-manufacturing industries was high in “Securities & Commodity Futures” (2.2%), and “Other Financing Businesses” (2.2%).
- ○ The forecasts for the real growth rate of industry demand for the “next fiscal year”, the “next 3 years” and the “next 5 years” were all lower than Japan’s real economic growth rate forecasts (all industries).

The forecast of the real growth rate of industry demand (all industries, average of reported numbers) for the “next fiscal year” was 1.0%, 0.2 percentage points lower than the previous year’s survey result, but the rate has been positive for the sixth consecutive year. (Figure 1-3, Table 1-2).

In addition, the figure for the manufacturing industries fell by 0.5 percentage points from the previous year's survey result to 1.0%, and that of the non-manufacturing industries was at the same level, 0.9%, as the previous year’s survey result. (Figure 1-6)

The medium-term forecasts for the “next 3 years” and the “next 5 years” were 0.9% and 1.0%, respectively. (Figure 1-3, Table 1-2)

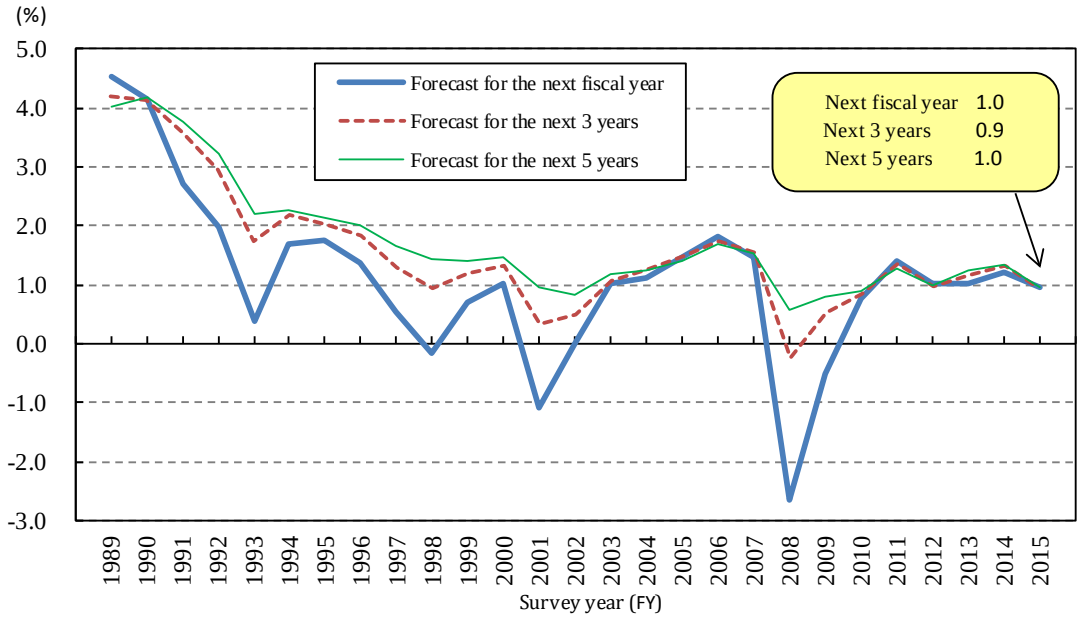
In terms of the forecasts by industry, those of the manufacturing industries for the “next fiscal year”, the “next 3 years” and the “next 5 years” were all 1.0%, and those of the non-manufacturing industries were all 0.9%. The manufacturing industries anticipated higher growth than the non-manufacturing industries in all forecasts. (Figure 1-4)

In terms of the forecasts by segment of manufacturing industries, those of the “material-type manufacturing industries” for the “next fiscal year”, the “next 3 years” and the “next 5 years” were all 0.8%, and those of the “processing-type manufacturing industries” were 1.3%, 1.3%, and 1.4%, respectively, and those of “other manufacturing industries” were 0.8%, 0.6%, and 0.6%, respectively. The “processing-type manufacturing industries” forecast relatively high growth. (Figure 1-4)

In terms of the forecasts for the “next fiscal year” by sector (those with 5 or more responding companies, 27 sectors), the growth rate forecast for the manufacturing industries was high in

“Pharmaceutical” (3.6%) and “Electric Appliances” (1.3%), and that of the non-manufacturing industries was high in “Securities & Commodity Futures” (2.2%), and “Other Financing Businesses" (2.2%) . (Figure 1-5)

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



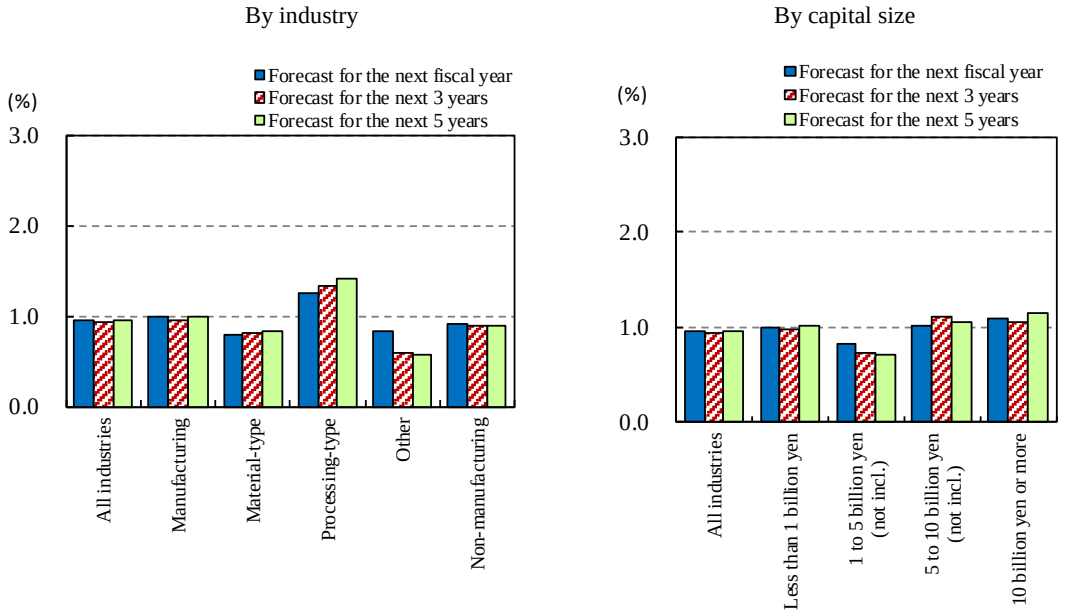
Note) With regard to the “forecast” for each fiscal year, for example, the “forecast for the next fiscal year” in the FY2015 survey refers to the forecast for FY2016; the “forecast for the next 3 years” refers to the forecast for FY2016 to FY2018; and the “forecast for the next 5 years” refers to the forecast for FY2016 to FY2020 (fiscal year average).

In terms of the forecasts for the “next fiscal year” by capital size, companies with a capital of “less than 1 billion yen”, “1 to 5 billion yen (not incl.)”, “5 to 10 billion yen (not incl.)”, and “10 billion yen or more” forecast 1.0%, 0.8%, 1.0%, and 1.1%, respectively. (Figure 1-4)

On the other hand, the nominal growth rate forecasts (all industries, average of reported numbers) for the “next fiscal year”, the “next 3 years”, and the “next 5 years”, were all 1.3%. They were all lower than the previous year's survey results. The nominal growth rate forecasts were all higher than the real growth rate forecasts. (Table 1-2)

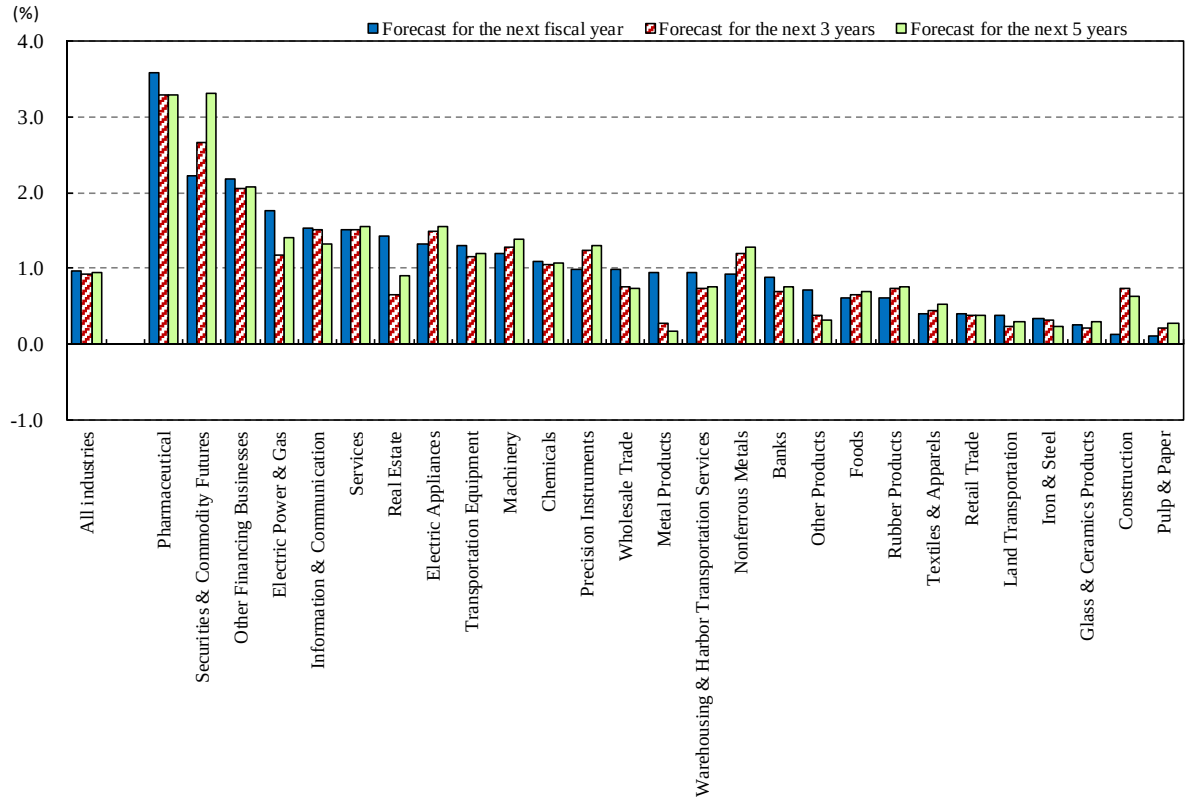
In addition, the forecasts for the real growth rate of industry demand for the “next fiscal year”, the “next 3 years” and the “next 5 years” were all lower than Japan’s real economic growth rate forecasts (all industries). (Table 1-1, Table 1-2)

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



Note) The "forecast for the next fiscal year" in the FY2015 survey refers to the forecast for FY2016; the "forecast for the next 3 years" refers to the forecast for FY2016 to FY2018; and the "forecast for the next 5 years" refers to the forecast for FY2016 to FY2020 (fiscal year average).

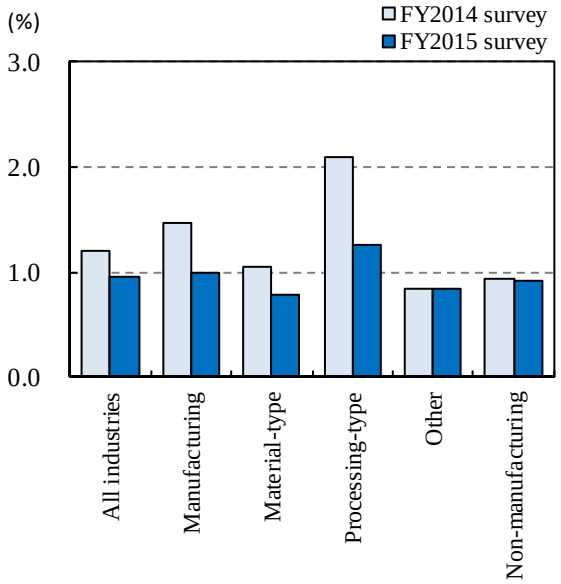
[Fig. 1-5] Real growth rate forecasts of industry demand by sector



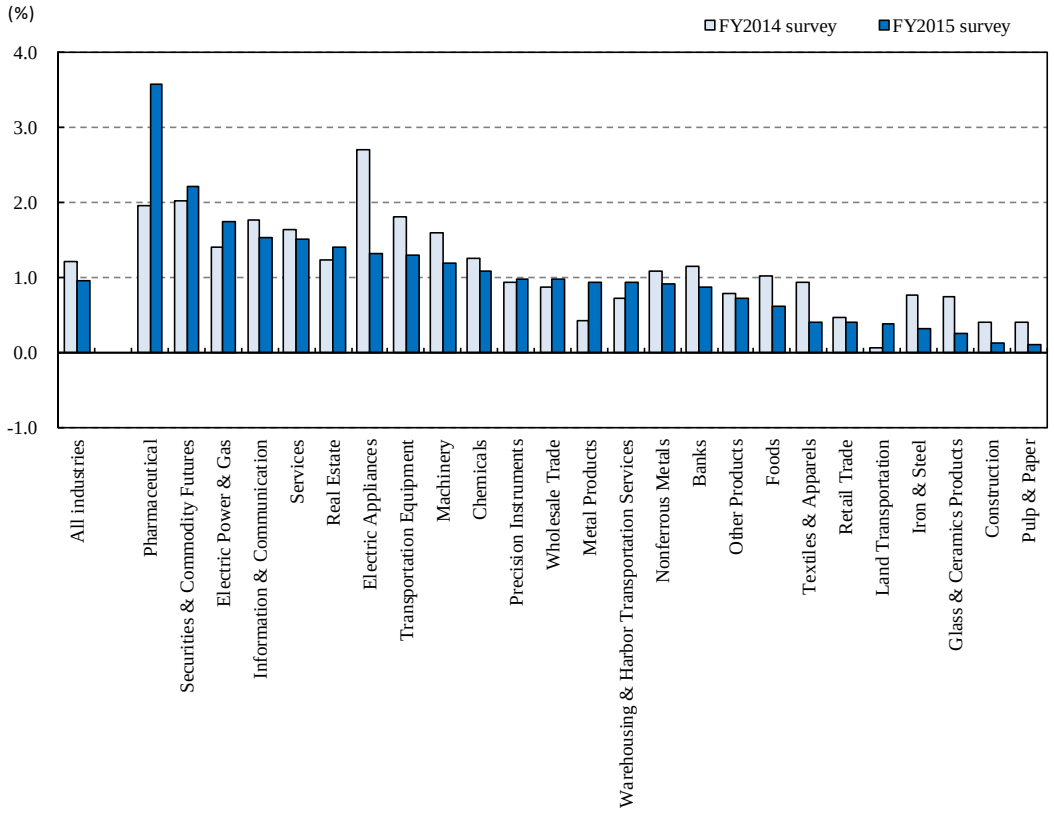
Note 1) The "forecast for the next fiscal year" in the FY2015 survey refers to the forecast for FY2016; the "forecast for the next 3 years" refers to the forecast for FY2016 to FY2018; and the "forecast for the next 5 years" refers to the forecast for FY2016 to FY2020 (fiscal year average).

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

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



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



Note) Sectors include only those with 5 or more responding companies in the FY2014 and FY2015 survey.

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

(%)

Survey year	Nominal growth rate of industry demand			Real growth rate of industry demand		
	Forecast for the next fiscal year	Forecast for the next 3 years	Forecast for the next 5 years	Forecast for the next fiscal year	Forecast for the next 3 years	Forecast for the next 5 years
FY 1989	-	-	-	4.5	4.2	4.0
1990	-	-	-	4.2	4.2	4.2
1991	-	-	-	2.7	3.6	3.8
1992	-	-	-	2.0	3.0	3.2
1993	-	-	-	0.4	1.7	2.2
1994	-	-	-	1.7	2.2	2.3
1995	-	-	-	1.8	2.0	2.2
1996	-	-	-	1.4	1.8	2.0
1997	-	-	-	0.5	1.3	1.7
1998	-	-	-	-0.2	0.9	1.4
1999	-	-	-	0.7	1.2	1.4
2000	-	-	-	1.0	1.3	1.5
2001	-	-	-	-1.1	0.3	1.0
2002	-	-	-	-0.0	0.5	0.8
2003	0.7	0.7	0.9	1.0	1.1	1.2
2004	0.9	1.1	1.1	1.1	1.3	1.3
2005	1.2	1.2	1.1	1.5	1.5	1.4
2006	1.6	1.5	1.4	1.8	1.7	1.7
2007	1.4	1.4	1.4	1.5	1.5	1.5
2008	-2.9	-0.5	0.4	-2.7	-0.2	0.6
2009	-0.9	0.3	0.6	-0.5	0.5	0.8
2010	0.4	0.6	0.7	0.8	0.9	0.9
2011	1.0	1.1	1.0	1.4	1.4	1.3
2012	0.8	0.8	0.8	1.0	1.0	1.0
2013	1.3	1.4	1.4	1.0	1.2	1.3
2014	1.5	1.6	1.6	1.2	1.3	1.3
2015	1.3	1.3	1.3	1.0	0.9	1.0

Note 1) With regard to the “forecast” for each fiscal year, for example, the “forecast for the next fiscal year” in the FY2015 survey refers to the forecast for FY2016; the “forecast for the next 3 years” refers to the forecast for FY2016 to FY2018; and the “forecast for the next 5 years” refers to the forecast for FY2016 to FY2020 (fiscal year average).

Note 2) The survey of nominal growth rate forecasts started in FY2003.

Note 3) For the survey results before FY1988, please refer to “Long-term time-series data” at the end of the book.

2 Exchange rates

(1) Forecast yen-dollar rate after 1 year

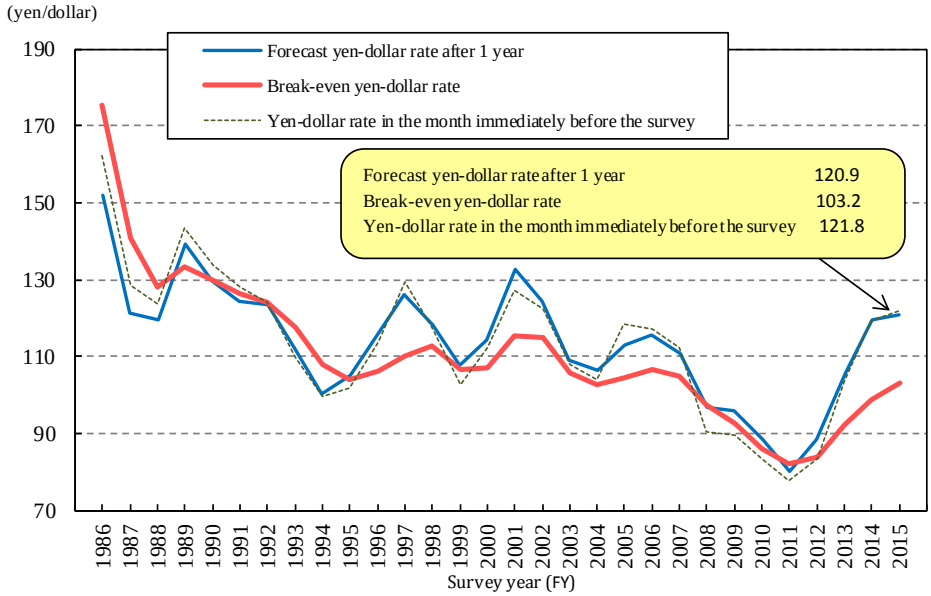
○ The forecast yen-dollar rate after 1 year (around January 2017) (all industries, class value average) was 120.9 yen/dollar. This was a 1.4 yen depreciation from the previous year's survey result (119.5 yen/dollar). The forecast rates for the manufacturing industries and the non-manufacturing industries were 120.7 yen/dollar and 121.2 yen/dollar, respectively. Both industries forecast yen depreciation for the fourth consecutive year.

○ Compared with the yen-dollar rate for the month immediately before the survey (121.8 yen/dollar in December 2015), the forecast appreciated by 0.9 yen.

The forecast yen-dollar rate (against the US dollar. The same applies hereinafter) after 1 year (around January 2017) (all industries, class value average[2)]) was 120.9 yen/dollar. This was a 1.4 yen depreciation compared with the previous year's survey result (119.5 yen/dollar). The forecast rates of the manufacturing industries and the non-manufacturing industries were 120.7 yen/dollar and 121.2 yen/dollar, respectively. Both industries forecast yen depreciation for the fourth consecutive year. (Figure 2-1, Table 2-1)

Compared with the yen-dollar rate[3)] for the month immediately before the survey (121.8 yen/dollar in December 2015), the forecast after 1 year appreciated by 0.9 yen.

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



Note 1) "Forecast yen-dollar rate" is the average of the class values, while "break-even yen-dollar rate" is the average of the actual reported numbers.

Note 2) Calculation of "break-even yen-dollar rate" includes only companies that conduct exports.

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

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

(2) Break-even yen-dollar rate

○ The break-even yen-dollar rate (all industries, average of reported numbers) of exporting companies was 103.2 yen/dollar. This was a 4.2 yen depreciation against the previous year's survey result (99.0 yen/dollar). The yen's depreciation in the break-even rate has continued for the fourth consecutive year.

○ In terms of the break-even yen-dollar rate by industry, the rates of the manufacturing industries and the non-manufacturing industries were 102.3 yen/dollar and 109.0 yen/dollar, respectively. Compared with the yen-dollar rate for the month immediately before the survey, the rate of the both of the manufacturing industries and non-manufacturing industries appreciated by 19.5 yen and 12.8 yen, respectively.

○ In terms of the break-even yen-dollar rate by segment of manufacturing industries, the rates of the "processing-type manufacturing industries", "material-type manufacturing industries" and the "other manufacturing industries", were 100.5 yen/dollar, 103.1 yen/dollar and 105.9 yen/dollar, respectively. The "processing-type manufacturing industries" set a relatively stronger break-even rate.

○ In terms of the break-even yen-dollar rate by sector, compared with the all industries average, sectors such as "Foods" (114.5 yen/dollar) and "Iron & Steel" (111.2 yen/dollar) set weaker break-even rates, while sectors such as "Precision Instruments" (88.6 yen/dollar) and "Nonferrous Metals" (95.6 yen/dollar) set stronger rates.

○ Sectors with stronger break-even rates on average tended to have higher "forecast for the real growth rate of industry demand", and higher "overseas production ratio" than those with weaker break-even rates.

The break-even yen-dollar rate (all industries, average of reported numbers) of exporting companies was 103.2 yen/dollar. This was a 4.2 yen depreciation (depreciation by 4.2% y/y) against the previous year's survey result (99.0 yen/dollar). The yen's depreciation in the break-even rate has continued for the fourth consecutive year. (Figure 2-1, Table 2-1)

The break-even rate is the yen's appreciation by 17.7 yen and 18.6 yen against the forecast yen-dollar rate after 1 year and the yen-dollar rate for the month immediately before the survey (121.8 yen/dollar), respectively. (Table 2-1)

In terms of the break-even yen-dollar rate by industry, the rates for the manufacturing industries and the non-manufacturing industries were 102.3 yen/dollar and 109.0 yen/dollar, respectively. Compared with the yen-dollar rate for the month immediately before the survey, the rate of the both of the manufacturing industries and non-manufacturing industries appreciated by 19.5 yen and 12.8 yen, respectively. (Figure 2-2)

In terms of the break-even yen-dollar rate by segment of manufacturing industries, the rates of the "processing-type manufacturing industries", the "material-type manufacturing industries" and the "other manufacturing industries" were 100.5 yen/dollar, 103.1 yen/dollar and 105.9

yen/dollar, respectively. The “processing-type manufacturing industries” set a relatively stronger break-even rate. (Figure 2-2)

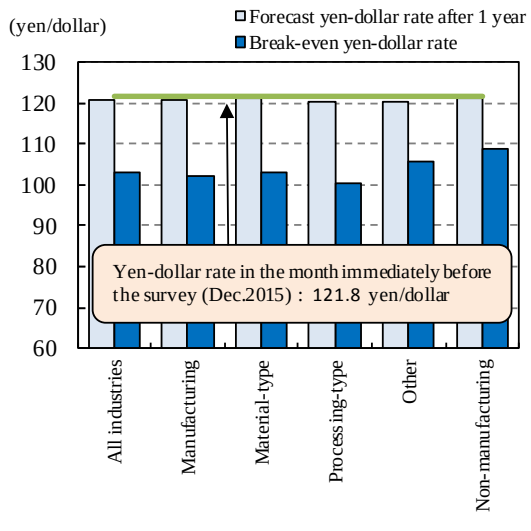
In terms of the break-even yen-dollar rate by sector, compared with the industries average, sectors such as “Foods” (114.5 yen/dollar) and “Iron & Steel” (111.2 yen/dollar) set weaker break-even rates, while sectors such as “Precision Instruments” (88.6 yen/dollar) and “Nonferrous Metals” (95.6 yen/dollar) set stronger rates. (Figure 2-3) In addition, Sectors with stronger break-even rates on average tended to have higher “forecast of the real growth rate of industry demand”, and higher “overseas production ratio” than those with weaker break-even rates.(Figure 2-4)

In terms of capital size, break-even yen-dollar rates of the companies with a capital of “less than 1 billion yen”, “1 to 5 billion yen (not incl.)”, “5 to 10 billion yen (not incl.)” and “10 billion yen or more” were 107.1 yen/dollar, 104.9 yen/dollar, 103.4 yen/dollar, and 101.0 yen/dollar, respectively. Compared with the yen-dollar rates for the month immediately before the survey, the rates appreciated by 14.7 yen, 16.9 yen, 18.4 yen, and 20.8 yen, respectively. (Figure 2-2)

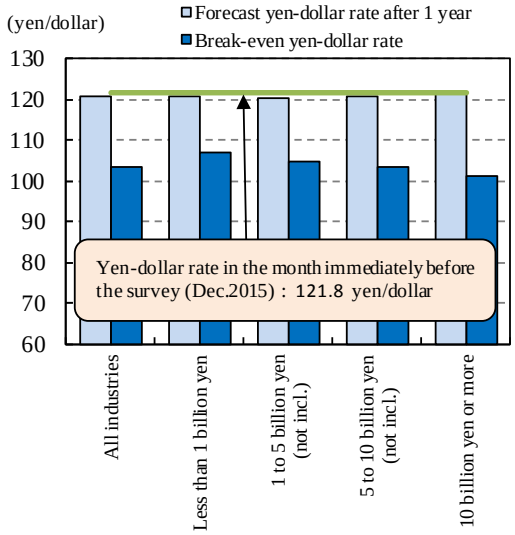
Looking at the composition of responses regarding the break-even yen-dollar rate, the share of "over 100 yen (inclusive) to 110 yen (not incl.)" was the largest with a large variance as seen in the previous year's survey result. (Figure 2-5)

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

By industry



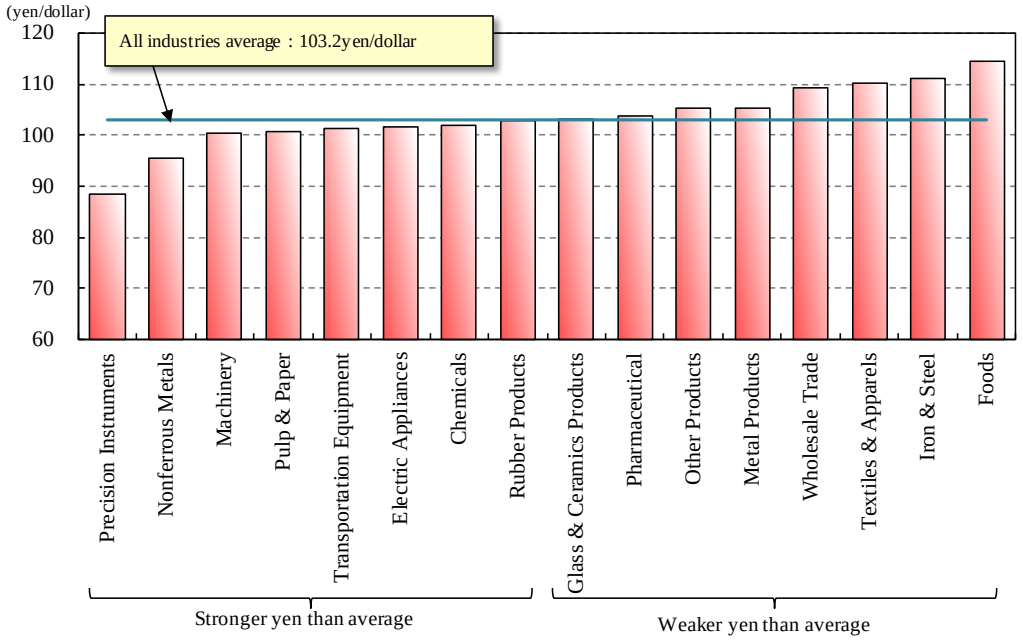
By capital size



Note 1) “Forecast yen-dollar rate” is the average of the class values, while “break-even yen-dollar rate” is the average of the actual reported numbers.

Note 2) Calculation of “break-even yen-dollar rate” includes only companies that conduct exports.

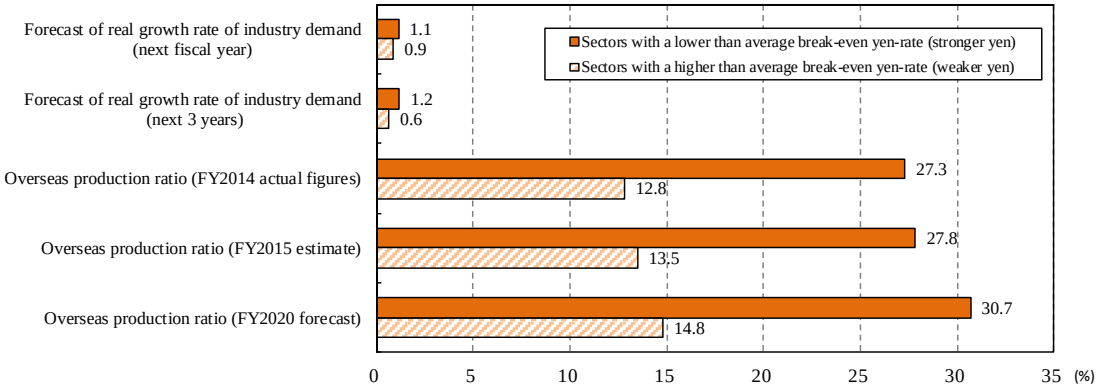
[Fig. 2-3] Break-even yen-dollar rate by sector



Note 1) Calculation of "break-even yen-dollar rate" includes only companies that conduct exports (average of reported numbers).

Note 2) Only sectors with 5 or more responding companies are included.

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

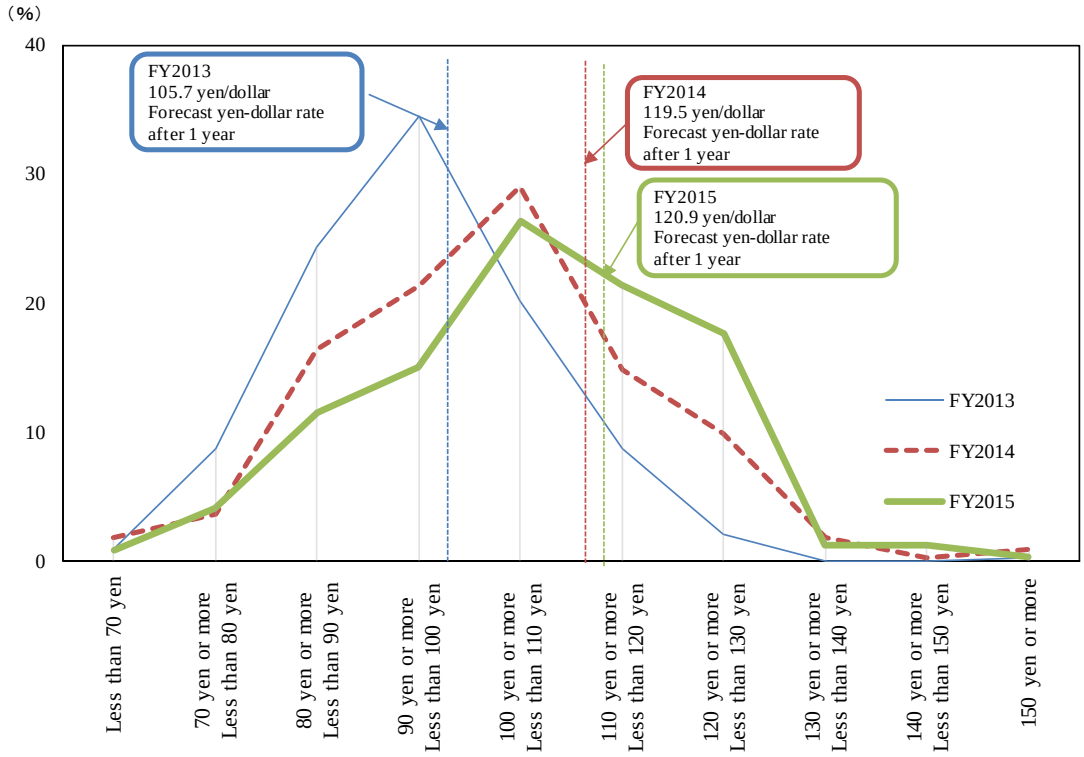


Note 1) Sectors are divided into two groups according to whether the break-even yen-dollar rate is lower (stronger yen) or higher (weaker yen) than the average. The real growth rate forecasts of industry demand of both groups, etc. are re-calculated (averages of reported numbers) and then compared.

Note 2) "Next fiscal year" refers to FY2016 and "next 3 years" refers to the average of FY2016-FY2018.

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

[Figure 2-5] Change in composition ratio of responses regarding the break-even yen-dollar rate (all industries)



Note 1) "Forecast yen-dollar rate" is class value average.

Note 2) "Break-even yen-dollar rate" is composition ratio of exporting companies only.

Note 3) Standard deviation of "break-even yen-dollar rate" (reported numbers are used in the calculation):
12.85 (Survey of FY2013), 15.76 (Survey of FY2014), 17.54 (Survey of FY2015)

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

(yen/dollar)

Survey year	Forecast yen-dollar rate after 1 year	Break-even yen-dollar rate	Yen-dollar rate in the month immediately before the survey	Difference	
				Forecast yen-dollar rate after 1 year – Break-even yen-dollar rate	Yen-dollar rate for the month immediately before the survey – Break-even yen-dollar rate
FY 1986	152.0	175.4	162.2	-23.4	-13.2
1987	121.5	140.9	128.4	-19.4	-12.6
1988	119.7	128.1	123.6	-8.4	-4.5
1989	139.2	133.3	143.6	5.9	10.3
1990	129.5	129.7	133.7	-0.2	4.1
1991	124.2	126.2	128.1	-2.0	1.9
1992	123.4	124.0	124.0	-0.6	0.0
1993	112.2	117.5	109.7	-5.3	-7.8
1994	100.2	107.8	99.8	-7.6	-8.0
1995	105.3	104.0	101.9	1.3	-2.1
1996	115.6	106.2	113.8	9.4	7.6
1997	126.2	110.4	129.5	15.8	19.1
1998	118.4	112.7	117.5	5.7	4.9
1999	107.6	106.5	102.7	1.1	-3.8
2000	114.2	107.0	112.2	7.3	5.3
2001	132.8	115.3	127.4	17.5	12.0
2002	124.5	114.9	122.3	9.6	7.4
2003	109.3	105.9	107.9	3.4	2.0
2004	106.4	102.6	103.8	3.8	1.2
2005	113.2	104.5	118.6	8.7	14.1
2006	115.5	106.6	117.3	8.9	10.8
2007	111.0	104.7	112.3	6.3	7.6
2008	97.0	97.3	90.4	-0.3	-6.9
2009	95.9	92.9	89.6	3.0	-3.3
2010	88.4	86.3	83.4	2.1	-2.9
2011	80.3	82.0	77.9	-1.7	-4.2
2012	88.4	83.9	83.6	4.5	-0.2
2013	105.7	92.2	103.5	13.5	11.2
2014	119.5	99.0	119.4	20.5	20.4
2015	120.9	103.2	121.8	17.7	18.7

Note 1) “Forecast yen-dollar rate” is the average of the class values, while “break-even yen-dollar rate” is the average of the actual reported numbers.

Note 2) Calculation of “break-even yen-dollar rate” includes only companies that conduct exports.

Note 3) “Yen-dollar rate in the month immediately before the survey” refers to figures in December, except for FY1994 and FY2008 (Figures in FY1994 and FY2008 are rates in January since the survey was conducted in February in those years).

3 Prices

(1) Average purchase price

○ Average purchase prices after 1 year (all industries, class value average) increased by 1.6%. Although the increase was smaller than that of the previous year's survey result (2.7%), the price showed an increase for the seventh consecutive year.

○ In terms of average purchase price by sector, the rate of increase was high in sectors such as "Textiles & Apparels" (4.2%) and "Other Products" (2.7%) for the manufacturing industries, and in sectors such as "Real Estate" (2.9%) and "Construction" (2.9%) for the non-manufacturing industries.

Average purchase prices after 1 year (all industries, class value average) increased by 1.6%. Although the increase was smaller than that of the previous year's survey result (2.7%), the price showed an increase for the seventh consecutive year. In addition, average purchase price increased by 1.2% in the manufacturing industries (the previous year's survey result, 2.3%) and increased by 2.2% in the non-manufacturing industries (the previous year's survey result, 3.1%).

In terms of average purchase price by segment of manufacturing industries, this increased by 1.1% in the "material-type manufacturing industries" (the previous year's survey result, 2.4%), increased by 1.1% in the "processing-type manufacturing industries" (the previous year's survey result, 1.7%), and increased by 1.3% in "other manufacturing industries" (the previous year's survey result, 3.4%). The increase was smaller than that of the previous year's survey results for the "material-type manufacturing industries", the "processing-type manufacturing industries", and "other manufacturing industries". (Figure 3-1, Table 3-1)

In terms of average purchase price by sector (those with 5 or more responding companies), 22 out of 25 sectors forecast an increase, and the rate of increase was high in sectors such as "Textiles & Apparel" (4.2%) and "Other Products" (2.7%) for the manufacturing industries, and in sectors such as "Real Estate" (2.9%) and "Construction" (2.9%) for the non-manufacturing industries. (Figure 3-2)

In terms of capital size, average purchase prices after 1 year of the companies with a capital of "less than 1 billion yen", "1 to 5 billion yen (not incl.)", "5 to 10 billion yen (not incl.)", and "10 billion yen or more" increased by 1.7% (the previous year's survey result, 3.4%), 2.0% (the previous year's survey result, 3.5%), 1.7% (the previous year's survey result, 2.7%), and 1.1% (the previous year's survey result, 1.5%), respectively. Prices were forecast to increase in all classes, but the increase was smaller than that of the previous year's survey result in all classes. (Figure 3-1, Table 3-1)

(2) Average sales price

○ Average sales prices after 1 year (all industries, class value average) increased by 0.8%, which was an increase for the third consecutive year.

○ In terms of average sales prices by sector, the rate of increase was high in sectors such as “Textiles & Apparel” (1.9%) and “Foods” (1.6%) for the manufacturing industries, and in sectors such as “Real Estate” (2.4%) and “Retail Trade” (2.0%) for the non-manufacturing industries.

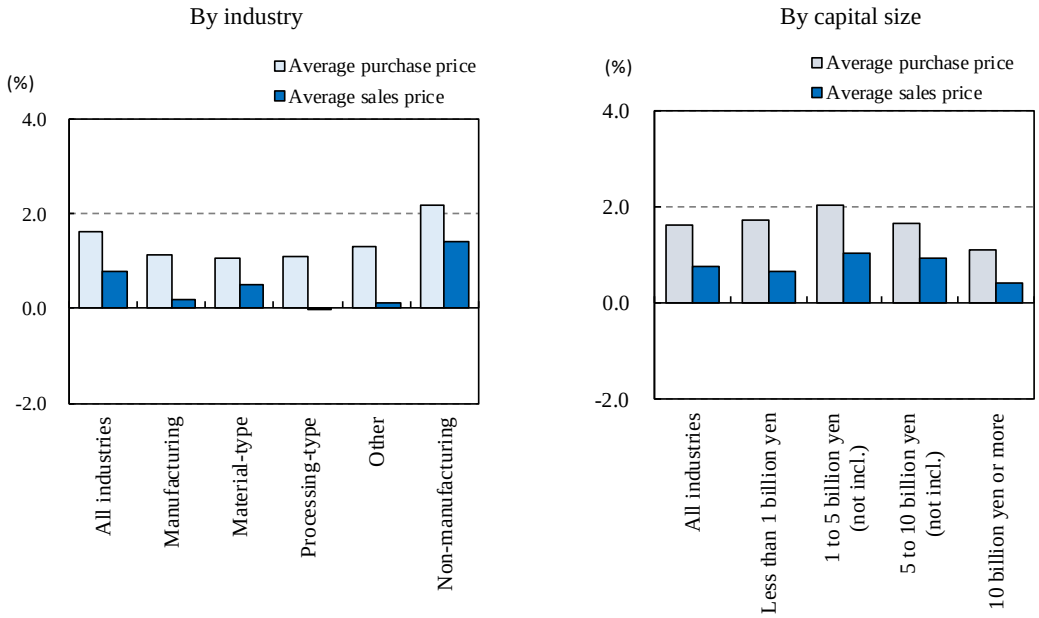
Average sales prices after 1 year (all industries, class value average) increased by 0.8% (previous year’s survey result, 1.3%), which was an increase for the third consecutive year. In addition, average sales prices increased by 0.2% in the manufacturing industries (previous year’s survey result, 0.7%), and which was an increase for the third consecutive year. It increased by 1.4% in the non-manufacturing industries (previous year’s survey result, 1.9%), which was an increase for the sixth consecutive year.

In terms of average sales prices by segment of manufacturing industries, this increased by 0.5% in the “material-type manufacturing industries” (the previous year’s survey result, 1.2%), decreased by 0.0% in the “processing-type manufacturing industries” (the previous year’s survey result, 0.0%), and increased by 0.1% in “other manufacturing industries” (the previous year’s survey result, 1.5%).

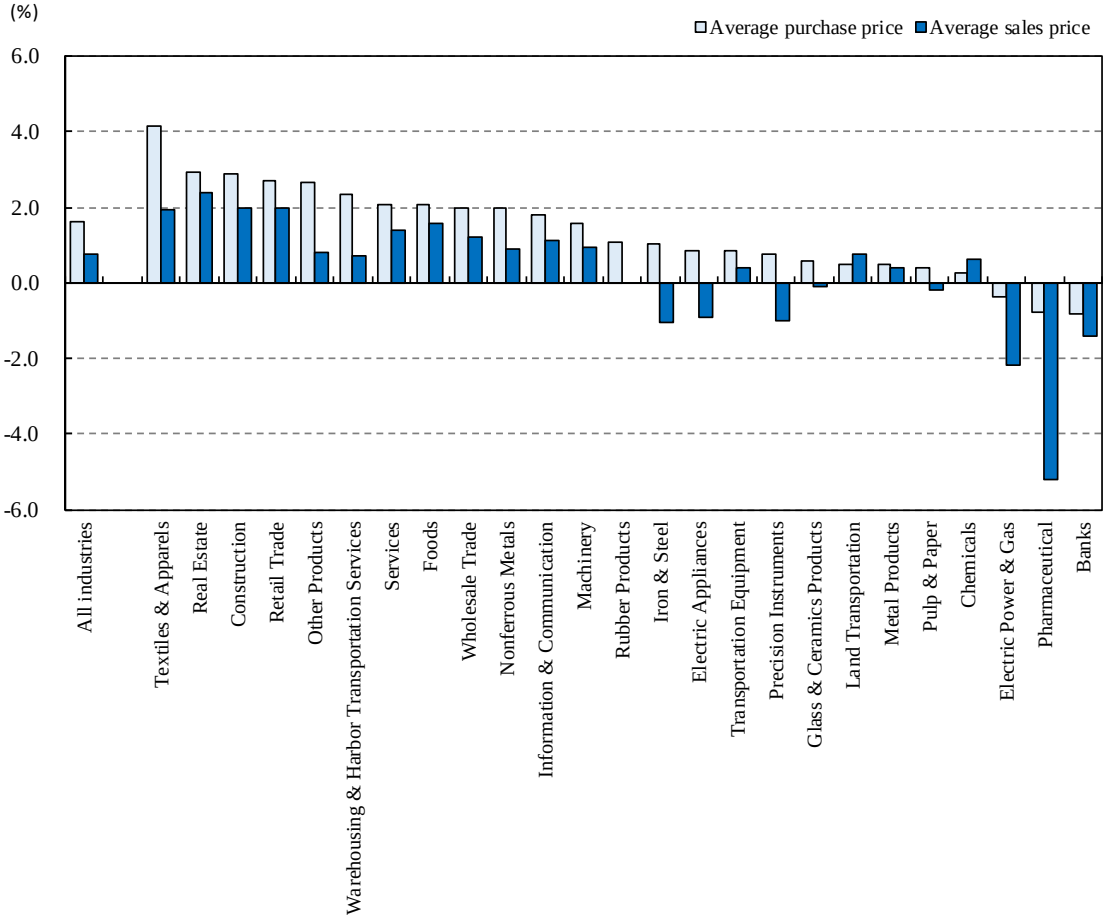
In terms of average sales price by sector (those with 5 or more responding companies), 16 out of 25 sectors forecast an increase, and the rate of increase was high in sectors such as “Textiles & Apparel” (1.9%) and “Foods” (1.6%) in the manufacturing industries, and in sectors such as “Real Estate” (2.4%) and “Retail Trade” (2.0%) in the non-manufacturing industries. (Figure 3-2)

In terms of capital size, the average sales price of companies with a capital of “less than 1 billion yen”, “1 to 5 billion yen (not incl.)”, “5 to 10 billion yen (not incl.)”, and “10 billion yen or more” increased by 0.7%, 1.0%, 0.9%, and 0.4%, respectively. All classes forecast price increases. (Figure 3-1, Table 3-1)

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



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



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

(3) Terms of trade

○ Purchase price increases surpassed sales price increases in both manufacturing and non-manufacturing industries, and terms of trade were forecast to worsen by 0.9 percentage points for all industries, but the worsening was less than that in the previous year's survey result (deterioration by 1.4 percentage points).

Companies' terms of trade[4)] were expected to deteriorate by 0.9 percentage points in all industries (deterioration by 1.4 percentage points in the previous year's survey result), deterioration by 1.0 percentage points in the manufacturing industries (deterioration by 1.6 percentage points in the previous year's survey result), and deterioration by 0.8 percentage points in the non-manufacturing industries (deterioration by 1.2 percentage points in the previous year's survey result). Purchase price increases surpassed sales price increases in both manufacturing and non-manufacturing industries. Terms of trade were forecast to worth, but the worsening was less than that in the previous year's survey result. (Table 3-1)

In terms of the rate of change in average sales prices after 1 year by average purchase price class, the classes that forecast a fall in the rate of change in average purchase prices anticipate that average purchase price would drop further than the average sales price, and therefore terms of trade were forecast to take an upturn. (Table 3-2)

The classes that forecast 0% or more rate of change in average purchase prices, anticipated that average purchase prices would rise further than the average sales prices, and therefore terms of trade were forecast to worsen. (Table 3-2)

4) Terms of Trade = Rate of change in average sales price – rate of change in average purchase price

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

(%, % points)

		Average purchase price		Average sales price		Terms of trade	
		FY2015 survey	FY2014 survey	FY2015 survey	FY2014 survey	FY2015 survey	FY2014 survey
All industries		1.6	2.7	0.8	1.3	-0.9	-1.4
Industry	Manufacturing	1.2	2.3	0.2	0.7	-1.0	-1.6
	Material-type	1.1	2.4	0.5	1.2	-0.6	-1.2
	Processing-type	1.1	1.7	-0.0	0.0	-1.1	-1.6
	Other	1.3	3.4	0.1	1.5	-1.2	-1.9
	Non-manufacturing	2.2	3.1	1.4	1.9	-0.8	-1.2
Capital size	Less than 1 billion yen	1.7	3.4	0.7	2.0	-1.1	-1.5
	1 to 5 billion yen (not incl.)	2.0	3.5	1.0	1.6	-1.0	-1.9
	5 to 10 billion yen (not incl.)	1.7	2.7	0.9	1.2	-0.7	-1.5
	10 billion yen or more	1.1	1.5	0.4	0.6	-0.7	-0.8

Note 1) Terms of Trade = Rate of change in average sales price – rate of change in average purchase price

Note 2) Terms of trade are derived from the rate of change of the average sales price and the rate of change of the average purchase price (Refer to FY2015 Statistical Tables 3-1 and 3-2) that include two decimal points. Therefore, they may not always coincide with figures calculated from the rate of change in average sales prices and the rate of change in average purchase price in the table above due to rounding.

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

(%, % points)

Average purchase price class	Number of responding companies		Average sales price		Terms of trade	
	FY2015 survey	FY2014 survey	FY2015 survey	FY2014 survey	FY2015 survey	FY2014 survey
-20% or less	-	3	-	-12.5	-	7.5
-20% (not incl.) to -10%	5	4	-14.5	-11.9	0.5	3.1
-10% (not incl.) to -5%	18	18	-5.3	-6.4	2.2	1.1
-5% (not incl.) to 0% (not incl.)	131	96	-1.8	-1.9	0.7	0.7
0%	219	142	-0.3	-0.3	-0.3	-0.3
0% (not incl.) to 5% (not incl.)	409	382	1.5	1.6	-1.0	-0.9
5% to 10% (not incl.)	84	144	3.9	3.1	-3.6	-4.4
10% to 20% (not incl.)	17	34	10.9	9.6	-4.1	-5.4
20% or more	4	7	11.9	12.1	-8.1	-7.9

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

4 Change in capital investment

(1) Capital investment for the past 3 years

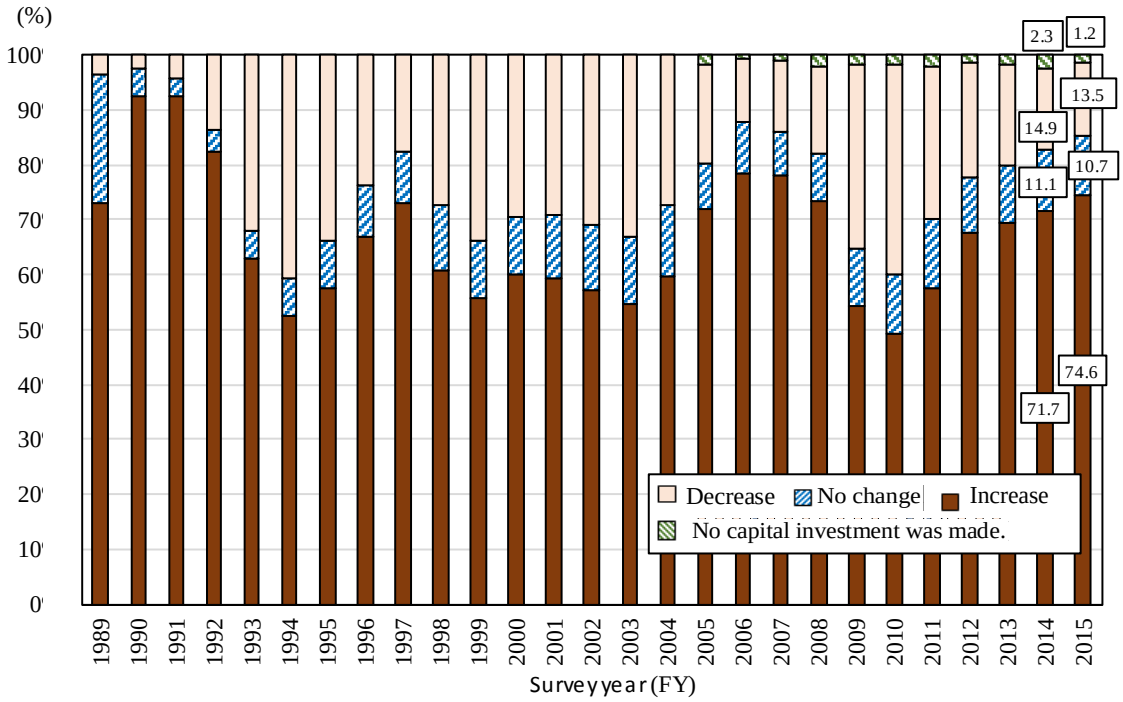
○ The percentage of companies that increased capital investment (all industries) for the “past 3 years” was 74.6%, up from the previous year's survey result (71.7%).

○ The rate of change in capital investment for the “past 3 years” (all industries, class value average) was 8.0%.

The percentage of companies that increased capital investment (all industries) for the “past 3 years” (average of FY2013–FY2015) was 74.6%, up from the previous year's survey result (71.7%). The percentage of companies that decreased capital investment was 13.5%. (The previous year’s survey result was 14.9%.) (Figure 4-1, Table 4-1)

The rate of change in capital investment (class value average) for the “past 3 years” (average of FY2013-FY2015) was 8.0% in all industries. The scale of increase was smaller than the previous year's survey result (8.4%). The rate of change in capital investment was 8.3% for the manufacturing industries, and the size of increase was smaller than the previous year's survey result (9.0%). On the other hand, the rate of change was 7.8% for the non-manufacturing industries, and the size of the increase was larger than in the previous year's survey result (7.7%). (Figure 4-2, Table 4-2)

[Figure 4-1] Change in the percentage of companies that increased or decreased capital investment for the past 3 years (all industries)

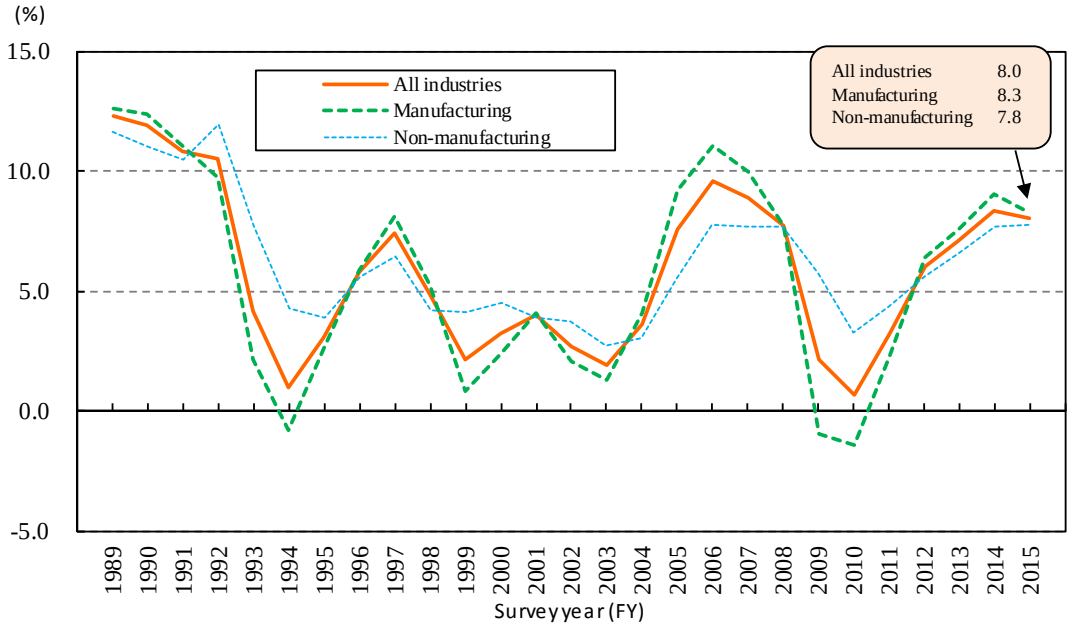


Note 1) Increase: Percentage of companies responding over 0%, No change: Percentage of companies responding 0%, Decrease: Percentage of companies responding less than 0%.

Note 2) The alternative of "no capital investment was made/is planned" was added from the survey of FY2005.

Note 3) The "past 3 years" means that, for example, the "past 3 years" for the FY2015 survey represents the period from FY2013 to FY2015.

[Fig. 4-2] Transition of growth rate of capital investment over the past 3 years by industry



Note) With regard to the "past 3 years," for example, the "past 3 years" in the FY2015 survey represents rate of change from FY2013 to FY2015 (fiscal year average).

(2) Capital investment over the next 3 years

○ The percentage of companies expecting to increase capital investment (all industries) over the “next 3 years” was 68.4%, up from the previous year’s survey result (64.5%). This was the highest level since the FY2007 survey result (70.2%).

○ The rate of change in capital investment over the “next 3 years” (class value average) increased by 4.3%, representing an increase for the seventh consecutive year. The rate of change in capital investment was forecast to increase in the manufacturing (4.7%) and non-manufacturing industries (4.0%).

○ In terms of the rate of change in capital investment by sector, the increase rate was high in sectors such as “Precision Instruments” (10.0%) and “Other Products” (7.0%) in the manufacturing industries, and in sectors such as “Other Financing Businesses” (7.5%) and “Land Transportation” (5.9%) in the non-manufacturing industries.

The percentage of companies expecting to increase capital investment (all industries) over the “next 3 years” (average of FY2016–FY2018) was 68.4%, up from the previous year's survey result (64.5%). This was the highest level since the FY2007 survey result (70.2%). The percentage of companies expecting a decrease in capital investment was 15.0%. (The previous year’s survey result was 16.0%.) (Figure 4-3, Table 4-1)

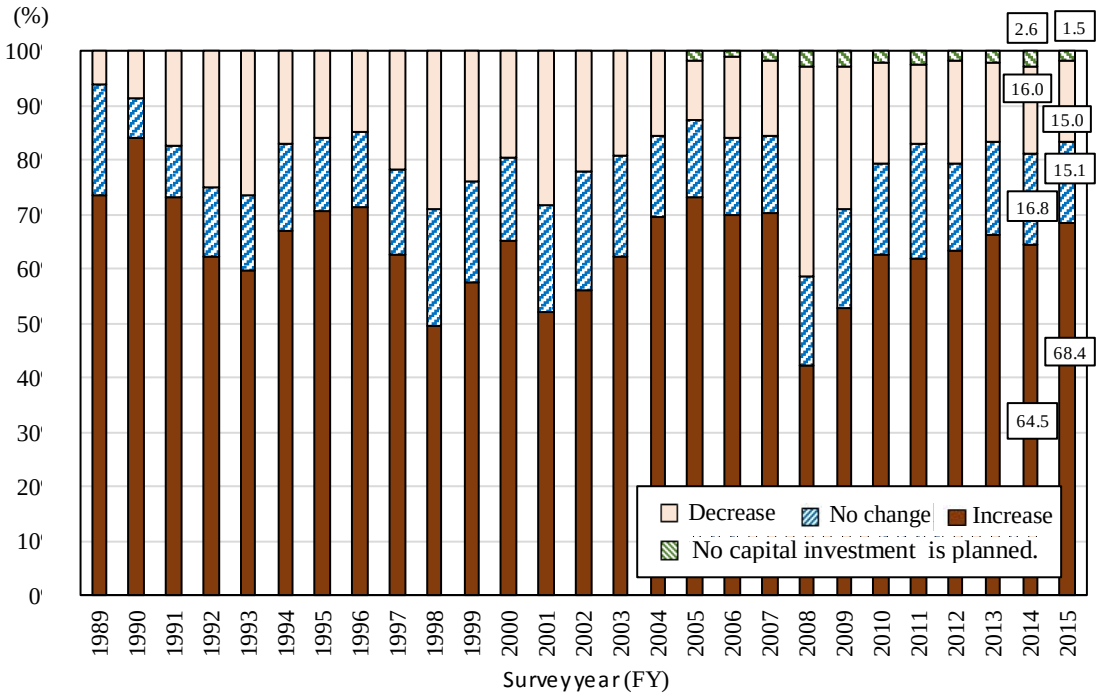
The rate of change in capital investment (class value average) over the “next 3 years” (average of FY2016–FY2018) increased by 4.3% in all industries (the previous year’s survey result, 3.9%), representing an increase for the seventh consecutive year. In addition, the rate of change in capital investment increased by 4.7% in manufacturing (the previous year’s survey result, 4.2%) and increased by 4.0% in non-manufacturing industries (the previous year’s survey result, 3.5%). The scale of increase in all cases was larger than in the previous year’s survey results. (Figure 4-4, Table 4-2)

In terms of the rate of change by segment of manufacturing industries, the rate increased by 4.8% in the “material-type manufacturing industries,” increased by 4.6% in the “processing-type manufacturing industries,” and increased by 4.6% in “other manufacturing industries.” The rate was forecast to increase in all cases.

In terms of the sector (those with 5 or more responding companies), 25 out of 28 sectors forecast an increase, and the increase rate in the manufacturing industries was high in sectors such as “Precision Instruments” (10.0%) and “Other Products” (7.0%), while the increase rate in the non-manufacturing industries was high in sectors such as “Other Financing Businesses” (7.5%) and “Land Transportation” (5.9%). (Figure 4-6)

In terms of capital size, the increased figure of the companies with a capital of “less than 1 billion yen”, “1 to 5 billion yen (not incl.)”, “5 to 10 billion yen (not incl.)”, and “10 billion yen or more”, was 5.8%, 5.2%, 3.9%, and 3.1%, respectively. All classes forecast an increase. (Figure 4-5)

[Figure 4-3] Change in the percentage of companies expecting an increase or a decrease in capital investment over the next 3 years (all industries)

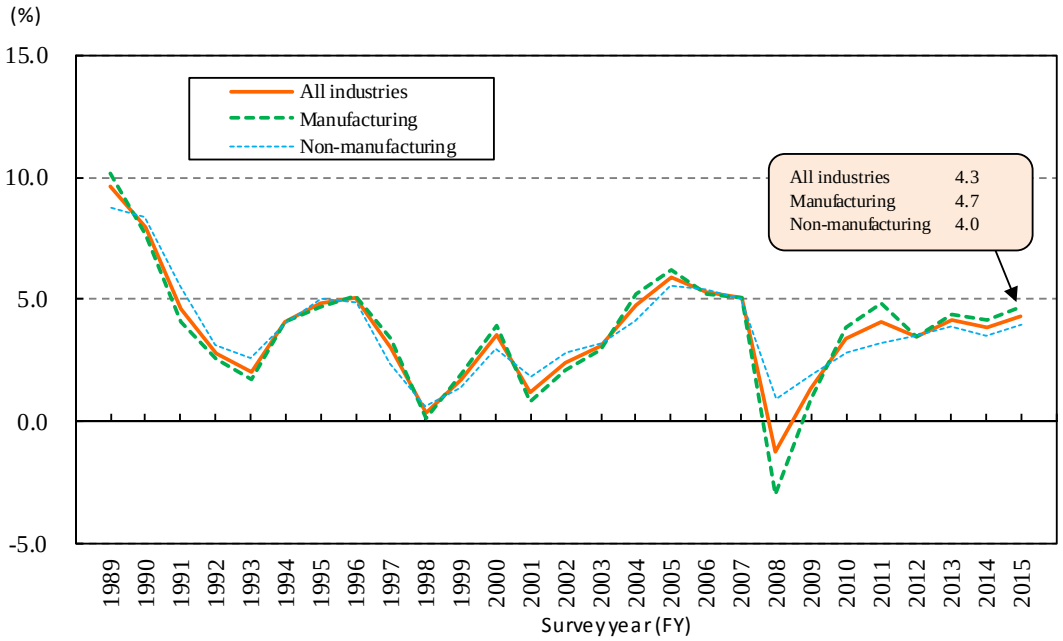


Note 1) Increase: Percentage of companies responding over 0%, No change: Percentage of companies responding 0%, Decrease: Percentage of companies responding less than 0%.

Note 2) The alternative of "no capital investment was made/is planned" was added from the survey of FY2005.

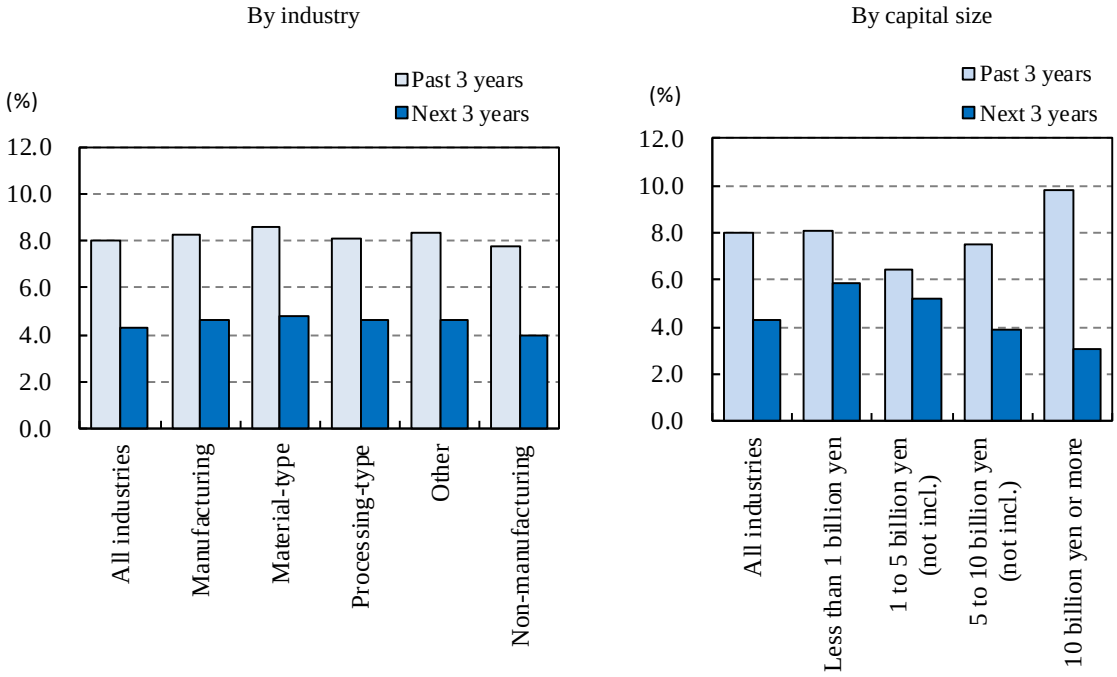
Note 3) The "next 3 years" means that, for example, the "next 3 years" for the FY2015 survey represents the period from FY2016 to FY2018.

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



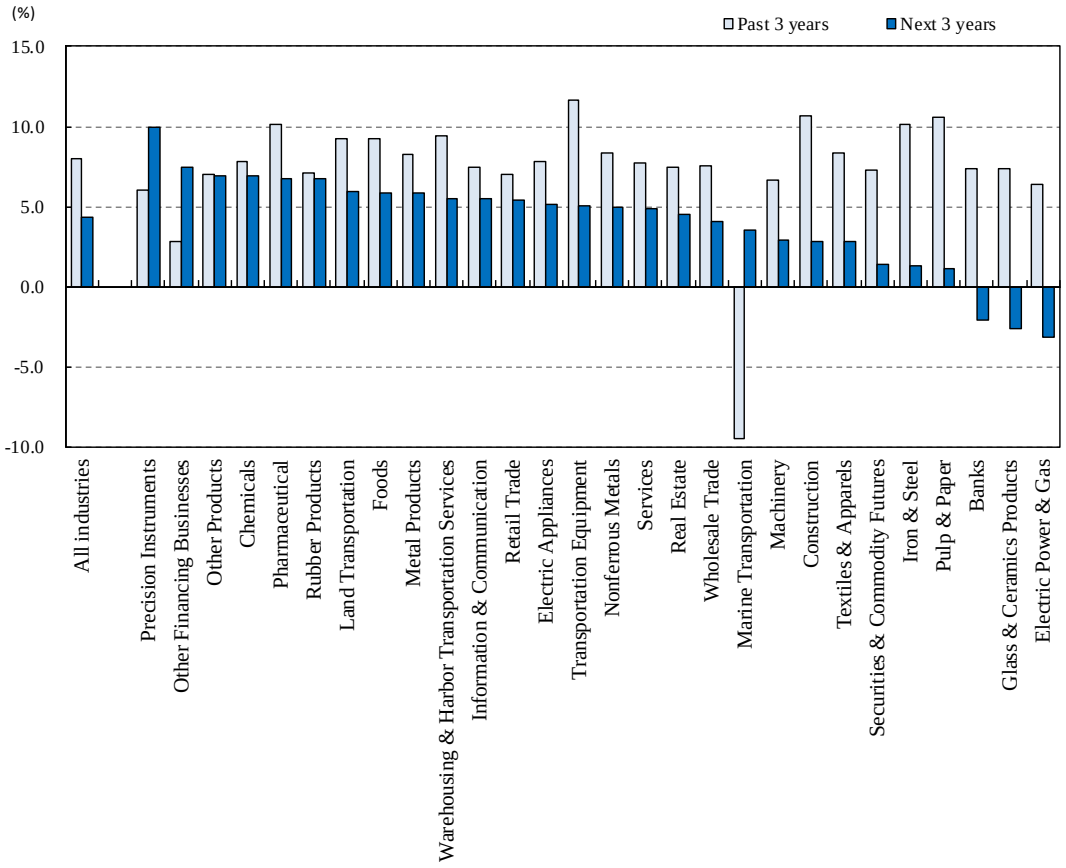
Note) With regard to the "next 3 years," for example, the "next 3 years" in the FY2015 survey represents rate of change forecasts from FY2016 to FY2018 (fiscal year average).

[Fig. 4-5] Growth rate of capital investment by industry and capital size



Note) The "Past 3 years" represents the growth rate from FY2013 to FY2015 (fiscal year average), and the "next 3 years" represents growth rate forecasts from FY2016 to FY2018 (fiscal year average).

[Fig. 4-6] Growth rate of capital investment by sector



Note 1) The "Past 3 years" represents the growth rate from FY2013 to FY2015 (fiscal year average), and the "next 3 years" represents growth rate forecasts from FY2016 to FY2018 (fiscal year average).

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

[Table 4-1] Change in the percentage of companies that increased or decreased in capital investment

(%)

Survey year	Past 3 years				Next 3 years			
	Increase	No change	Decrease	No capital investment was made.	Increase	No change	Decrease	No capital investment is planned.
FY 1987	54.8	36.5	8.8	-	62.2	32.1	5.7	-
1988	60.5	32.6	6.8	-	70.1	24.3	5.5	-
1989	72.9	23.6	3.5	-	73.9	20.3	6.0	-
1990	92.7	4.7	2.6	-	84.3	7.3	8.5	-
1991	92.4	3.4	4.1	-	73.3	9.3	17.4	-
1992	82.6	3.9	13.5	-	62.5	12.5	25.0	-
1993	62.9	5.2	31.9	-	59.7	13.8	26.6	-
1994	52.6	6.9	40.7	-	67.0	16.0	17.1	-
1995	57.4	8.7	33.8	-	70.6	13.8	15.7	-
1996	67.1	9.2	23.8	-	71.4	13.7	14.9	-
1997	72.9	9.3	17.7	-	62.6	15.9	21.5	-
1998	60.9	11.6	27.4	-	49.5	21.4	29.0	-
1999	55.9	10.5	33.7	-	57.7	18.3	24.0	-
2000	59.9	10.8	29.3	-	65.2	15.4	19.4	-
2001	59.4	11.6	29.1	-	52.3	19.5	28.2	-
2002	57.0	12.0	30.7	-	56.3	21.8	21.9	-
2003	54.7	12.1	33.0	-	62.3	18.8	19.0	-
2004	59.9	12.8	27.4	-	69.7	14.8	15.4	-
2005	71.8	8.6	17.9	1.7	73.2	14.1	11.0	1.6
2006	78.5	9.2	11.8	0.5	70.0	14.3	14.9	0.8
2007	78.2	7.9	12.8	1.0	70.2	13.9	14.1	1.5
2008	73.4	8.5	15.9	2.1	42.3	16.3	38.8	2.7
2009	54.4	10.4	33.7	1.6	52.7	18.2	26.2	2.8
2010	49.2	11.0	38.0	1.8	62.5	16.9	18.6	1.9
2011	57.6	12.4	28.1	1.9	61.9	21.3	14.5	2.3
2012	67.6	10.2	21.0	1.4	63.3	16.2	18.9	1.6
2013	69.5	10.3	18.5	1.7	66.4	16.9	14.6	2.0
2014	71.7	11.1	14.9	2.3	64.5	16.8	16.0	2.6
2015	74.6	10.7	13.5	1.2	68.4	15.1	15.0	1.5

Note 1) Increase: Percentage of companies responding over 0%, No change: Percentage of companies responding 0%, Decrease: Percentage of companies responding less than 0%.

Note 2) The alternative of “no capital investment was made/is planned” was added from the survey of FY2005.

Note 3) The “past 3 years” and the “next 3 years” means that, for example, the “past 3 years” and the “next 3 years” for the FY2015 survey represents from FY2013 to FY2015, and from FY2016 to FY2018, respectively.

[Table 4-2] Transition of growth rate of capital investment by industry

(%)

Survey year	Past 3 years			Next 3 years		
	All industries	Manufacturing	Non-manufacturing	All industries	Manufacturing	Non-manufacturing
FY 1987	6.5	6.0	7.4	6.3	6.3	6.3
1988	8.7	8.3	9.6	9.2	9.6	8.5
1989	12.3	12.7	11.7	9.7	10.2	8.7
1990	11.9	12.4	11.1	7.9	7.7	8.4
1991	10.9	11.1	10.5	4.6	4.1	5.5
1992	10.5	9.7	11.9	2.8	2.6	3.2
1993	4.1	2.1	7.7	2.0	1.7	2.6
1994	0.9	-0.8	4.3	4.1	4.1	4.1
1995	3.1	2.6	3.9	4.8	4.7	5.0
1996	5.8	5.9	5.6	5.0	5.1	4.9
1997	7.4	8.1	6.4	3.0	3.4	2.4
1998	4.9	5.3	4.2	0.3	0.1	0.6
1999	2.1	0.9	4.1	1.7	1.9	1.4
2000	3.2	2.4	4.5	3.6	3.9	3.0
2001	4.0	4.1	3.9	1.2	0.8	1.9
2002	2.7	2.0	3.7	2.4	2.1	2.8
2003	1.9	1.3	2.8	3.1	3.0	3.2
2004	3.6	4.1	3.0	4.7	5.2	4.1
2005	7.5	9.2	5.5	5.9	6.2	5.5
2006	9.6	11.0	7.8	5.3	5.2	5.5
2007	8.9	10.0	7.7	5.1	5.1	5.1
2008	7.7	7.7	7.7	-1.2	-3.0	0.9
2009	2.2	-1.0	5.7	1.4	0.9	1.9
2010	0.7	-1.4	3.3	3.4	3.9	2.8
2011	3.3	2.3	4.3	4.1	4.9	3.2
2012	6.0	6.4	5.6	3.5	3.5	3.5
2013	7.1	7.6	6.6	4.2	4.4	3.9
2014	8.4	9.0	7.7	3.9	4.2	3.5
2015	8.0	8.3	7.8	4.3	4.7	4.0

Note) With regard to the “past 3 years” and the “next 3 years,” for example, the “past 3 years” in the FY2015 survey represents rate of change from FY2013 to FY2015 (fiscal year average), and the “next 3 years” represents rate of change forecasts from FY2016 to FY2018 (fiscal year average).

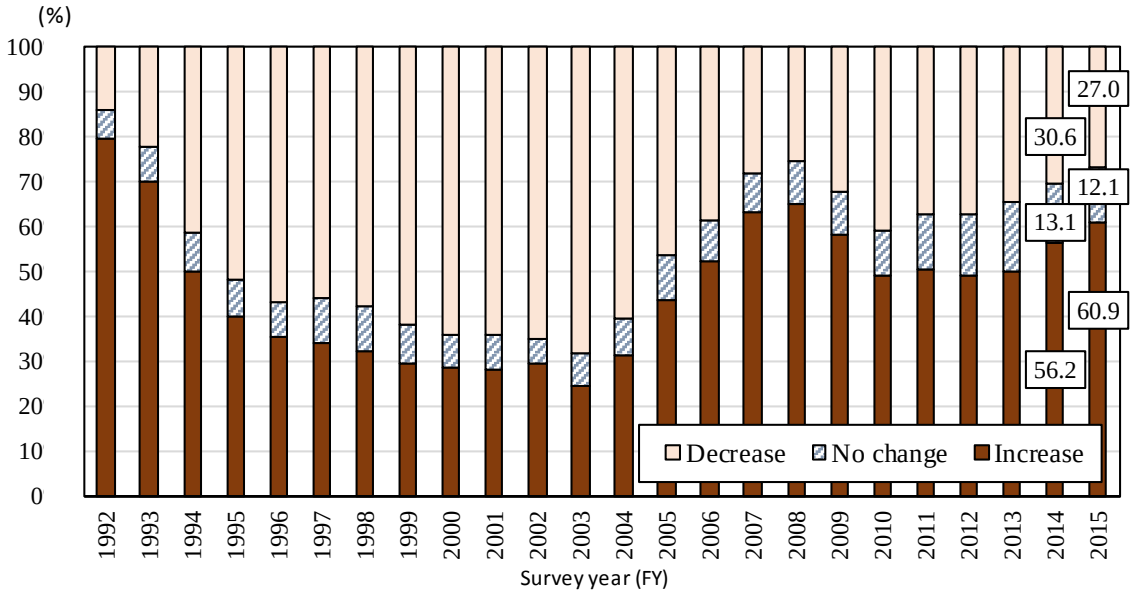
5 Change in the number of employees

(1) Number of employees for the past 3 years

○ The percentage of companies that increased employees for the “past 3 years” (all industries) was 60.9%, up from the previous year’s survey result (56.2%).

The percentage of companies that increased employees for the “past 3 years” (average of FY2013–FY2015) (all industries) was 60.9%, up from the previous year's survey result (56.2%). The percentage of companies that decreased employees was 27.0%. (The previous year’s survey result was 30.6%.) (Figure 5-1, Table 5-1)

[Figure 5-1] Change in the percentage of companies that increased or decreased employees for the past 3 years (all industries)



Note 1) Increase: Percentage of companies responding over 0%, No change: Percentage of companies responding 0%, Decrease: Percentage of companies responding less than 0%.

Note 2) The “past 3 years” means that, for example, the “past 3 years” for the FY2015 survey represents the period from FY2013 to FY2015.

Note 3) The survey for the rate of change in overall employees started from FY1992.

Note 4) The FY2003 survey shows the answers of “regular employees” only. (The FY2003 survey was conducted for “regular employees” and “part-time, temporary employees.”)

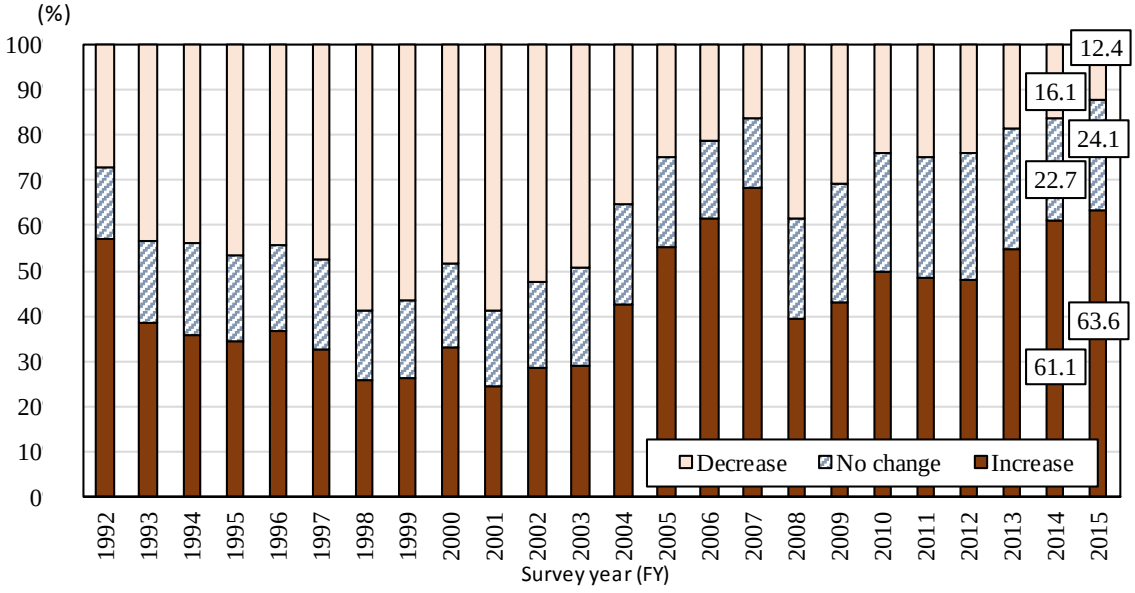
(2) Number of employees over the next 3 years

○ The percentage of companies expecting to increase employees over the “next 3 years” (all industries) was 63.6%, up from the previous year’s survey result (61.1%). This was the highest level since the FY2007 survey result (68.3%).

The percentage of companies expecting to increase employees over the “next 3 years” (average of FY2016-FY2018) (all industries) was 63.6%, up from the previous year’s survey result (61.1%). This was the highest level since the FY2007 survey result (68.3%). The percentage of companies expecting to decrease employees was 12.4%. (The previous year’s survey result was 16.1%.) (Figure 5-2, Table 5-1)

The percentage of companies expecting to increase employees has grown from the “past 3 years” (average of FY2013-FY2015). (Figure 5-1 and 5-2, Table 5-1)

[Figure 5-2] Change in the percentage of companies expecting an increase or a decrease in employees over the next 3 years (all industries)



Note 1) Increase: Percentage of companies responding over 0%, No change: Percentage of companies responding 0%, Decrease: Percentage of companies responding less than 0%.

Note 2) The “next 3 years” means that, for example, the “next 3 years” for the FY2015 survey represents the period from FY2016 to FY2018.

Note 3) The survey for the rate of change in overall employees started from FY1992.

Note 4) The FY2003 survey shows the answers of “regular employees” only. (The FY2003 survey was conducted for “regular employees” and “part-time, temporary employees.”)

(3) Number of regular employees

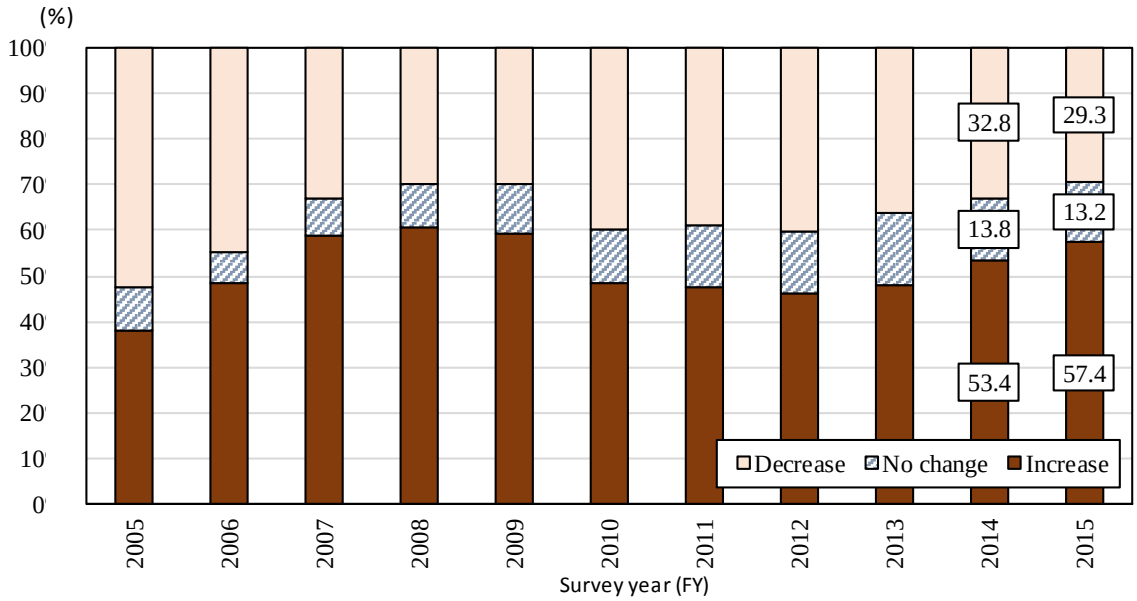
○ The percentage of companies that increased regular employees among their employees for the “past 3 years” (all industries) was 57.4%, up from the previous year’s survey result (53.4%).

○ The percentage of companies expecting to increase regular employees among their employees over the “next 3 years” (all industries) was 61.7%, up from the previous year’s survey result (60.0%). This was the highest level since the FY2007 survey result (66.5%).

The percentage of companies that increased regular employees among their employees for the “past 3 years” (average of FY2013–FY2015) (all industries) was 57.4%, up from the previous year’s survey result (53.4%). The percentage of companies that decreased regular employees was 29.3%. (The previous year’s survey result was 32.8%.) (Figure 5-3, Table 5-1)

The percentage of companies expecting to increase regular employees among their employees over the “next 3 years” (average of FY2016–FY2018) (all industries) was 61.7%, up from the previous year's survey result (60.0%). This was the highest level since the FY2007 survey result (66.5%). The percentage of companies expecting a decrease was 13.2%. (The previous year's survey result was 16.7%) (Figure 5-4, Table 5-1)

[Figure 5-3] Change in the percentage of companies that increased or decreased regular employees among their employees for the past 3 years (all industries)

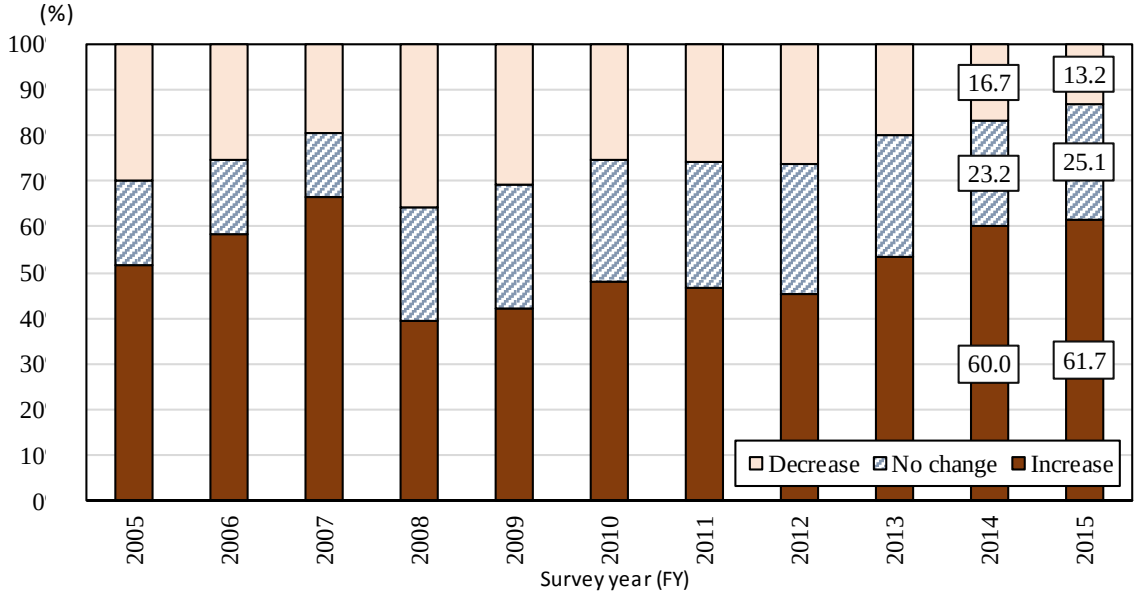


Note 1) Increase: Percentage of companies responding over 0%, No change: Percentage of companies responding 0%, Decrease: Percentage of companies responding less than 0%.

Note 2) The “past 3 years” means that, for example, the “past 3 years” for the FY2015 survey represents the period from FY2013 to FY2015.

Note 3) The survey for the rate of change in regular employees (among overall employees) started from FY2005.

[Figure 5-4] Change in the percentage of companies expecting an increase or a decrease in regular employees among their employees over the next 3 years (all industries)



Note 1) Increase: Percentage of companies responding over 0%, No change: Percentage of companies responding 0%, Decrease: Percentage of companies responding less than 0%.

Note 2) The “next 3 years” means that, for example, the “next 3 years” for the FY2015 survey represents the period from FY2016 to FY2018.

Note 3) The survey for the rate of change in regular employees (among overall employees) started from FY2005.

[Table 5-1] Change in the percentage of companies that increased or decreased in employees

(%)

Survey year	Past 3 years						Next 3 years					
				Regular employees						Regular employees		
	Increase	No change	Decrease	Increase	No change	Decrease	Increase	No change	Decrease	Increase	No change	Decrease
FY 1992	79.6	6.2	14.2	-	-	-	56.9	15.9	27.2	-	-	-
1993	69.9	7.9	22.2	-	-	-	38.4	18.4	43.3	-	-	-
1994	49.9	8.8	41.3	-	-	-	36.0	20.1	43.9	-	-	-
1995	40.1	8.1	51.8	-	-	-	34.4	19.0	46.7	-	-	-
1996	35.4	7.7	56.9	-	-	-	36.7	19.1	44.2	-	-	-
1997	34.1	10.0	56.0	-	-	-	32.8	19.6	47.6	-	-	-
1998	32.3	10.0	57.7	-	-	-	25.9	15.3	58.8	-	-	-
1999	29.6	8.5	61.8	-	-	-	26.6	17.0	56.5	-	-	-
2000	28.6	7.4	63.9	-	-	-	32.9	18.7	48.4	-	-	-
2001	28.2	7.6	64.2	-	-	-	24.7	16.7	58.6	-	-	-
2002	29.5	5.5	64.9	-	-	-	28.4	19.0	52.5	-	-	-
2003	24.4	7.2	68.5	-	-	-	29.2	21.8	49.2	-	-	-
2004	31.3	8.4	60.4	-	-	-	42.8	22.2	35.1	-	-	-
2005	43.6	10.0	46.4	38.0	9.6	52.4	55.2	20.1	24.7	51.5	18.5	30.0
2006	52.3	8.9	38.9	48.4	6.6	45.0	61.7	17.0	21.3	58.5	16.0	25.5
2007	63.3	8.6	28.1	59.0	8.1	33.0	68.3	15.3	16.5	66.5	13.8	19.6
2008	65.0	9.6	25.4	60.7	9.6	29.8	39.5	22.0	38.4	39.4	25.0	35.5
2009	58.2	9.3	32.4	59.1	10.8	30.0	43.2	26.0	30.8	42.3	27.1	30.6
2010	49.2	9.7	41.0	48.6	11.6	39.8	49.8	26.4	23.8	47.9	26.7	25.5
2011	50.6	12.0	37.4	47.4	13.7	38.8	48.3	26.7	25.1	46.7	27.5	25.8
2012	49.1	13.8	37.1	46.0	13.9	40.1	48.0	28.2	23.8	45.3	28.6	26.0
2013	50.0	15.3	34.7	48.0	16.0	36.1	54.9	26.4	18.5	53.5	26.7	20.0
2014	56.2	13.1	30.6	53.4	13.8	32.8	61.1	22.7	16.1	60.0	23.2	16.7
2015	60.9	12.1	27.0	57.4	13.2	29.3	63.6	24.1	12.4	61.7	25.1	13.2

Note 1) Increase: Percentage of companies responding over 0%, No change; percentage of companies responding 0%, Decrease; percentage of companies responding less than 0%

Note 2) The “past 3 years” and the “next 3 years” means that, for example, the “past 3 years” and the “next 3 years” for the FY2015 survey represents from FY2013 to FY2015, and from FY2016 to FY2018, respectively.

Note 3) Survey of ratio of change in overall employees started from FY1992. Survey of ratio of change in “regular employees” (among overall employees) started from FY2005.

Note 4) The FY2003 survey shows the answers of “regular employees” only. (The FY2003 survey was conducted for “regular employees” and “part-time, temporary employees.”)

6 Overseas production ratio and reverse imports ratio

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

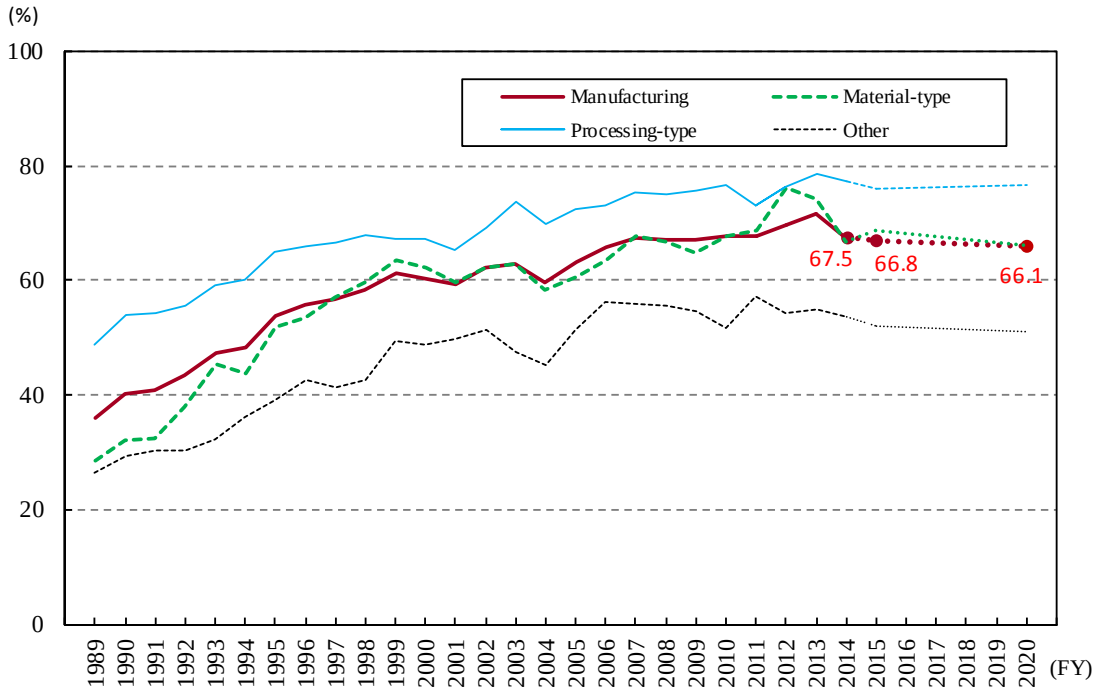
○ The “FY2014 actual result” for the percentage of companies conducting overseas production was 67.5%, a 4.1 percentage point decrease from the previous year’s survey result (71.6%).

○ The “FY2015 estimate” was 66.8% and the “FY2020 forecast” was 66.1%. The decline was expected to continue.

The “FY2014 actual result” for the percentage of companies conducting overseas production (manufacturing industries only) was 67.5%, a 4.1 percentage point decrease from the previous year’s survey result (71.6%).

The “FY2015 estimate” was 66.8% and the “FY2020 forecast” was 66.1%. The decline was expected to continue. (Figure 6-1, Table 6-1)

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



Note) FY2015 represents the estimate of the actual figure, FY2020 represents the forecast, and other years represent the actual result for the previous fiscal year in the survey for the following fiscal year. (For example, the value for FY2014 is the ratio of companies that entered the value for “FY2014 actual result” in the FY2015 survey.)

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

(%)

Fiscal year	Manufacturing	Material-type	Processing-type	Other
FY 1986	32.5	26.5	39.5	28.2
1987	27.7	21.3	38.2	19.7
1988	34.2	28.0	47.2	24.1
1989	36.0	28.5	48.7	26.5
1990	40.3	32.0	53.9	29.3
1991	40.8	32.5	54.2	30.4
1992	43.3	37.9	55.5	30.2
1993	47.4	45.3	59.2	32.1
1994	48.3	43.7	60.2	36.1
1995	53.9	51.8	65.0	39.2
1996	55.9	53.4	66.0	42.6
1997	56.7	56.9	66.7	41.2
1998	58.3	59.7	67.9	42.6
1999	61.1	63.5	67.4	49.3
2000	60.4	62.1	67.3	48.9
2001	59.4	59.6	65.4	49.7
2002	62.1	62.3	69.1	51.4
2003	63.0	62.9	73.6	47.6
2004	59.6	58.4	69.8	45.2
2005	63.2	60.5	72.5	51.5
2006	65.9	63.6	73.2	56.2
2007	67.3	67.7	75.5	55.9
2008	67.1	66.7	74.9	55.5
2009	67.1	64.7	75.8	54.6
2010	67.6	67.8	76.6	51.8
2011	67.7	68.7	73.2	57.1
2012	69.8	76.0	76.4	54.3
2013	71.6	74.2	78.5	54.8
2014	67.5	66.9	77.2	53.7
2015	66.8	68.6	76.1	51.9
2020	66.1	66.0	76.7	51.2

Note) FY2015 represents the estimate of the actual figure, FY2020 represents the forecast, and other years represent the actual result for the previous fiscal year in the survey for the following fiscal year. (For example, the value for FY2014 is the ratio of companies that entered the value for “FY2014 actual result” in the FY2015 survey.)

(2) Overseas production ratio (manufacturing industries only)

○ The “FY2014 actual result” for the overseas production ratio (average of reported numbers) was 21.6%, a decrease from the previous year’s actual result (22.3%).

○ The “FY2015 estimate” was 22.1% and the “FY2020 forecast” was 24.2%. Growth was expected but with a forecast lower than that in the previous year's survey results. In terms of the “FY2015 estimate” and “FY2020 forecast” by segment of manufacturing industries, the overseas production ratios for “processing-type manufacturing industries” were high (31.1% and 33.7%, respectively).

○ In terms of the “FY2020 forecast” by sector, the level was high in sectors such as “Rubber Products” (42.7%) and “Electric Appliances” (40.0%), while it was low in sectors such as “Pharmaceutical” (3.2%) and “Foods” (5.7%).

○ 49.4% of the companies expected the increase in overseas production ratio in the “FY2020 forecast” compared to the “FY2015 estimate.” The percentage of the former group of companies has dropped compared to the previous year’s survey result (52.9%) for the second consecutive year.

The “FY2014 actual result” for the overseas production ratio[5)] (average of reported numbers) was 21.6%, a decrease from the previous year’s actual result (22.3%). In addition, the “FY2015 estimate” was 22.1% and the “FY2020 forecast” was 24.2%. Growth was expected but with a forecast lower than that in the previous year's survey results. (Figure 6-2, Table 6-2)

In terms of the “FY2020 forecast” by segment of manufacturing industries, the forecasts for the “material-type manufacturing industries”, for the “processing-type manufacturing industries”, and for “other manufacturing industries” were 20.8%, 33.7% and 13.7%, respectively, and increased from the “FY2015 estimates” (18.8%, 31.1% and 12.3%, respectively). In particular, the level for the “processing-type manufacturing industries” was high. (Figure 6-3, Table 6-2)

In terms of the “FY2020 forecast” by sector (those with 5 or more responding companies), 13 out of 15 sectors forecast an increase from "FY2015 estimate", and the level was high in sectors such as “Rubber Products” (42.7%) and “Electric Appliances” (40.0%), while it was low in sectors such as “Pharmaceutical” (3.2%) and “Foods” (5.7%) were low. (Figure 6-4)

In terms of the “FY2020 forecast” by capital size, the forecast by companies with capital of “less than 1 billion yen”, “1 to 5 billion yen (not incl.)”, “5 to 10 billion yen (not incl.)”, and “10 billion yen or more” was 5.0% (“FY2015 estimate”: 3.4%), 17.2% (“FY2015 estimate”: 15.3%), 28.9% (“FY2015 estimate”: 26.1%), and 33.6% (“FY2015 estimate”: 30.4%), respectively. The ratios of the “FY2020 forecast” were higher than the “FY2015 estimate” in all of these classes. (Figure 6-3)

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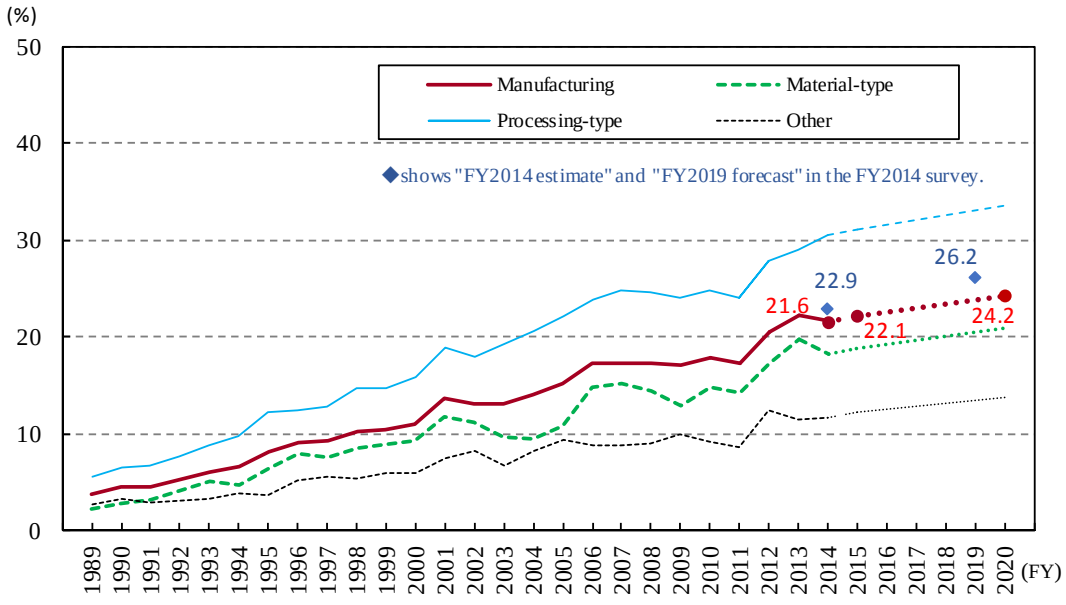
5) Overseas production ratio = Volume of overseas production / (Volume of domestic production + Volume of overseas production)
Simple average of responding companies including those that reported 0.0% for the overseas production ratio.

49.4% of the companies expected an increase in overseas production ratio in the “FY2020 forecast” compared to the “FY2015 estimate.” 5.3% of the companies expected a decrease. The percentage of the former group of companies has dropped compared to the previous year’s survey result (52.9%) for the second consecutive year. (Figure 6-5, Table 6-3)

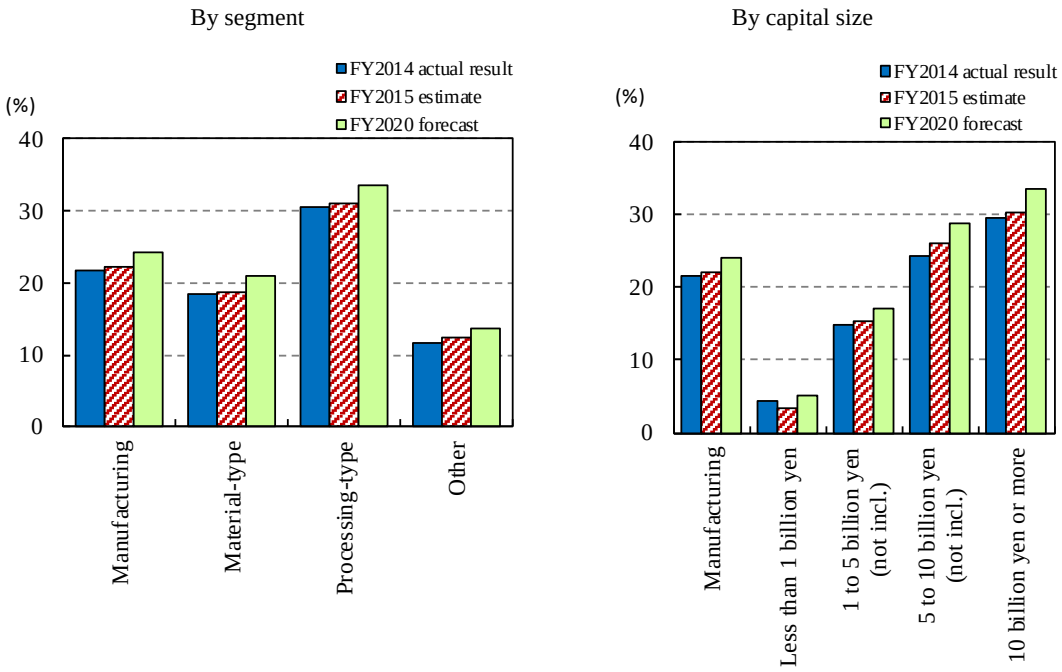
[Fig. 6-2] Transition of overseas production ratios (manufacturing industries)



Note 1) FY2015 represents the estimate of the actual figure, FY2020 represents the forecast, and other years represent the actual result for the previous fiscal year in the survey for the following fiscal year. (For example, the value for FY2014 is the value for “FY2014 actual result” in the FY2015 survey.)

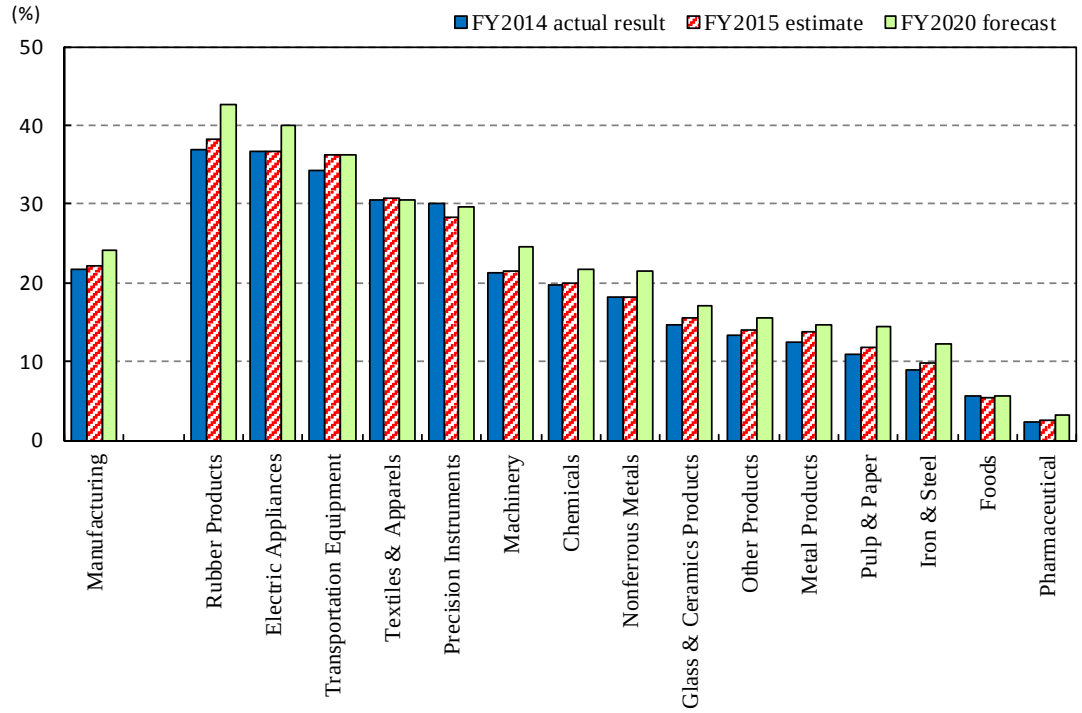
Note 2) Simple average of responding companies including those that reported 0.0% for the overseas production ratio.

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



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

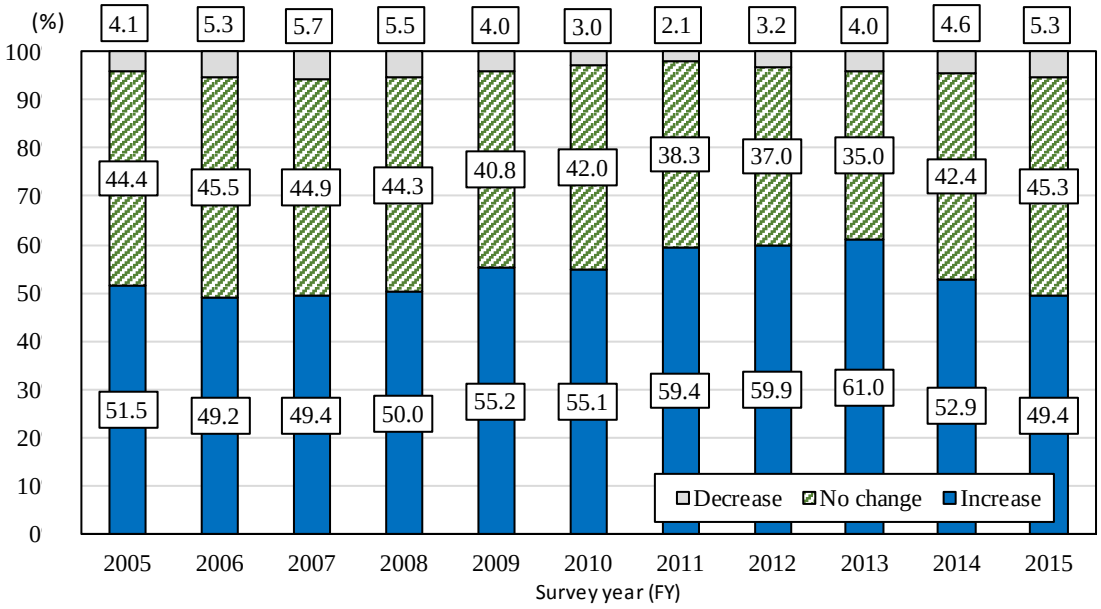
[Fig. 6-4] Overseas production ratio by sector (manufacturing industries)



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

Note 2) Sectors include only those with 5 or more responding companies in all of "FY2014 actual result," "FY2015 estimate" and "FY2020 forecast."

[Figure 6-5] The percentage of companies expecting an increase or a decrease in overseas production ratio (Manufacturing)



Note) Increase: "Forecast" – "Estimate" ＞ 0, No change: "Forecast" – "Estimate" = 0, Decrease: "Forecast" – "Estimate" ＜ 0.
(In FY2015, if the values after subtracting "FY2015 estimate" from "FY2020 forecast" of each responding company are plus, equal, and minus, it is "Increase," "No change," and "Decrease.")

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

(%)

Fiscal year	Manufacturing	Material-type	Processing-type	Other
FY 1986	2.6	1.5	3.6	2.2
1987	2.4	1.3	3.9	1.4
1988	3.2	2.0	5.4	1.7
1989	3.8	2.2	5.7	2.8
1990	4.6	2.8	6.5	3.4
1991	4.6	3.1	6.7	3.0
1992	5.4	4.2	7.7	3.1
1993	6.1	5.1	8.7	3.4
1994	6.6	4.8	9.8	3.9
1995	8.1	6.4	12.2	3.7
1996	9.1	7.9	12.4	5.2
1997	9.3	7.7	12.8	5.6
1998	10.2	8.5	14.8	5.3
1999	10.5	8.9	14.7	6.0
2000	11.1	9.2	15.9	6.0
2001	13.7	11.7	18.9	7.5
2002	13.2	11.2	17.9	8.2
2003	13.1	9.7	19.4	6.8
2004	14.0	9.5	20.7	8.2
2005	15.2	10.8	22.1	9.4
2006	17.3	14.8	23.9	8.9
2007	17.3	15.3	24.8	8.9
2008	17.4	14.4	24.7	9.0
2009	17.1	12.9	24.0	9.9
2010	17.9	14.9	24.8	9.2
2011	17.2	14.3	24.1	8.6
2012	20.6	17.3	27.8	12.4
2013	22.3	19.9	29.0	11.6
2014	21.6	18.4	30.5	11.7
2015	22.1	18.8	31.1	12.3
2020	24.2	20.8	33.7	13.7

Note 1) FY2015 represents the estimate of the actual figure, FY2020 represents the forecast, and other years represent the actual result for the previous fiscal year in the survey for the following fiscal year. (For example, the value for FY2014 is the value for “FY2014 actual result” in the FY2015 survey.)

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

[Table 6-3] The percentage of companies expecting an increase or a decrease in overseas production ratio (Manufacturing)

(%)

Survey year	Increase	No change	Decrease
FY 1987	44.0	55.0	1.0
1988	37.9	61.4	0.6
1989	39.7	59.4	0.9
1990	40.5	58.5	1.1
1991	41.1	57.0	1.9
1992	38.3	58.7	3.1
1993	44.9	53.3	1.7
1994	50.9	47.6	1.6
1995	52.1	46.2	1.7
1996	53.4	44.8	1.8
1997	50.5	46.3	3.3
1998	46.1	49.9	4.0
1999	47.6	48.8	3.7
2000	50.5	44.9	4.5
2001	53.8	43.6	2.6
2002	50.7	44.9	4.4
2003	55.7	41.2	3.1
2004	55.2	41.3	3.5
2005	51.5	44.4	4.1
2006	49.2	45.5	5.3
2007	49.4	44.9	5.7
2008	50.0	44.3	5.5
2009	55.2	40.8	4.0
2010	55.1	42.0	3.0
2011	59.4	38.3	2.1
2012	59.9	37.0	3.2
2013	61.0	35.0	4.0
2014	52.9	42.4	4.6
2015	49.4	45.3	5.3

Note) Increase: “Forecast” – “Estimate” ＞ 0, No change: “Forecast” – “Estimate” = 0, Decrease: “Forecast” – “Estimate” ＜ 0.
(In FY2015, if the values after subtracting “FY2015 estimate” from “FY2020 forecast” of each responding company are plus, equal, and minus, it is “Increase,” “No change,” and “Decrease.”)

(3) Reverse imports ratio (manufacturing industries only)

○ The “FY2014 actual result” for the reverse imports ratio (average of reported numbers) was 19.1%, a decrease from the previous year’s actual result (21.5%).
○ The “FY2015 estimate” was 18.4%, and the “FY2020 forecast” was 17.9%. A decline was expected.
○ In terms of the “FY2020 forecast” by sector, the level was low in sectors such as “Iron & Steel” (1.5%) and “Nonferrous Metals” (5.4%), while it was high in sectors such as “Electric Appliances” (29.7%) and “Other Products” (28.6%).

The “FY2014 actual result” for the reverse imports ratio[7)] (average of reported numbers) was 19.1%, a decrease from the previous year’s actual result. The “FY2015 estimate” was 18.4% and the “FY2020 forecast” was 17.9%, both down from the previous figures. (Figure 6-7, Table 6-4)

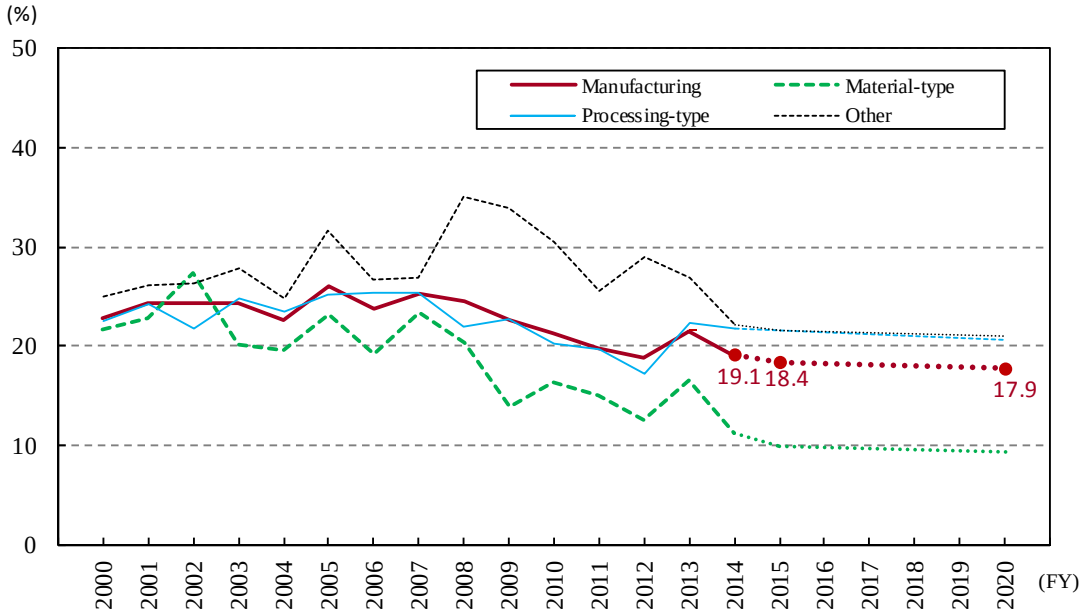
In terms of the “FY2020 forecast” by segment of manufacturing industries, the forecast of the “material-type manufacturing industries”, the “processing-type manufacturing industries”, and “other manufacturing industries” was 9.3%, 20.7%, and 21.1%, respectively. (Figure 6-8, Table 6-4)

In terms of the “FY2020 forecast” by sector (those with 5 or more responding companies), the level was low in sectors such as “Iron & Steel” (1.5%) and “Nonferrous Metals” (5.4%), while it was high in sectors such as “Electric Appliances” (29.7%) and “Other Products” (28.6%). Compared to the “FY2015 estimate,” the forecast showed a decrease in 9 sectors such as “Precision Instruments” (down 5.1 percentage points) and “Electric Appliances” (down 2.9 percentage points), while it showed an increase in 5 out of 14 sectors such as “Rubber Products” (up 1.4 percentage points) and "Pulp & Paper” (up 1.3 percentage points). (Figure 6-9)

In terms of the “FY2020 forecast” by capital size, as against the "FY2015 estimate", the forecast by the companies with a capital of "10 billion yen or more" was 17.1% ("FY2015 estimate": 15.9%), and the ratio was forecast to increase in this class. The forecasts by the companies with a capital of "less than 1 billion yen”, "1 to 5 billion yen (not incl.)”, and “5 to 10 billion yen (not incl.)” were 8.8% (“FY2015 estimate”: 13.0%), 16.7% (“FY2015 estimate”: 18.2%), and 20.4% (“FY2015 estimate”: 23.0%), respectively. The ratios were forecast to decrease in these classes. (Figure 6-8)

7) Reverse imports ratio = Export volume to Japan / Volume of overseas local production
The ratio excludes companies that reported 0.0% in overseas production ratio.
Simple average of responding companies including those that reported 0.0% in the ratio of reverse imports.

[Fig. 6-7] Transition of the ratio of reverse imports (manufacturing industries)

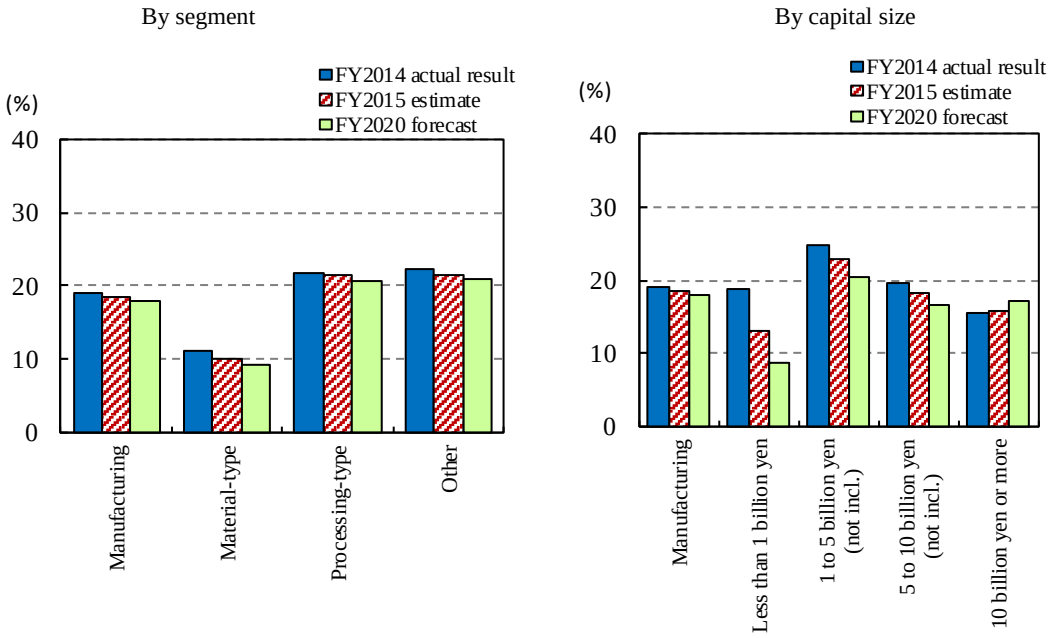


Note 1) FY2015 represents the estimate of the actual figure, FY2020 represents the forecast, and other years represent the actual result for the previous fiscal year in the survey for the following fiscal year. (For example, the value for FY2014 is the value for "FY2014 actual result" in the FY2015 survey.)

Note 2) This is a simple average which excludes companies reporting 0.0% overseas production ratio, while it includes companies answering 0.0% reverse imports ratio.

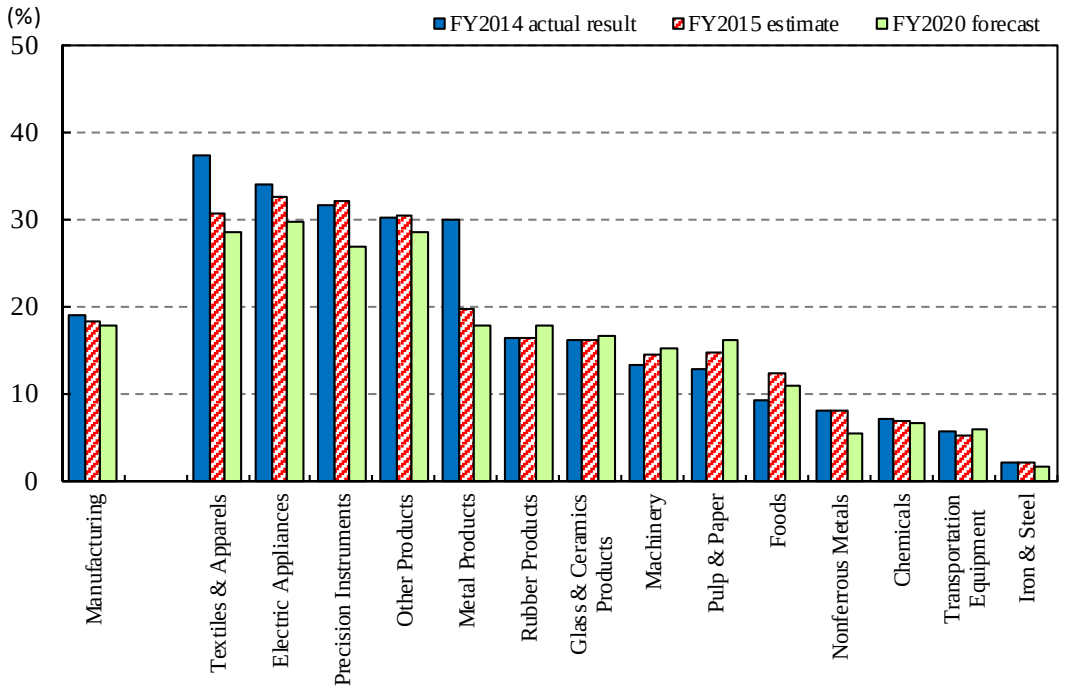
Note 3) The survey of the ratio of reverse imports started in FY2001.

[Fig. 6-8] Ratio of reverse imports by manufacturing industry segment and capital size



Note) This is a simple average which excludes companies reporting 0.0% overseas production ratio, while it includes companies answering 0.0% reverse imports ratio.

[Fig. 6-9] Ratio of reverse imports by sector (manufacturing industries)



Note 1) This is a simple average which excludes companies reporting 0.0% overseas production ratio, while it includes companies answering 0.0% reverse imports ratio.

Note 2) Sectors include only those with 5 or more responding companies in all of "FY2014 actual result," "FY2015 estimate" and "FY2020 forecast."

[Table 6-4] Transition of the ratio of reverse imports (manufacturing industries)

(%)

Fisical year	Manufacturing	Material-type	Processing-type	Other
FY 2000	22.9	21.7	22.5	25.1
2001	24.4	22.9	24.3	26.1
2002	24.4	27.3	21.8	26.4
2003	24.3	20.3	24.9	27.8
2004	22.6	19.6	23.4	24.8
2005	26.1	23.2	25.3	31.6
2006	23.9	19.2	25.4	26.7
2007	25.2	23.4	25.4	26.8
2008	24.5	20.3	22.1	35.1
2009	22.6	13.9	22.7	33.9
2010	21.3	16.4	20.4	30.5
2011	19.8	15.2	19.8	25.6
2012	18.8	12.6	17.2	29.1
2013	21.5	16.5	22.4	27.0
2014	19.1	11.3	21.8	22.3
2015	18.4	10.0	21.5	21.5
2020	17.9	9.3	20.7	21.1

Note 1) FY2015 represents the estimate of the actual figure, FY2020 represents the forecast, and other years represent the actual result for the previous fiscal year in the survey for the following fiscal year. (For example, the value for FY2014 is the value for “FY2014 actual result” in the FY2015 survey.)

Note 2) This is a simple average which excludes companies reporting 0.0% overseas production ratio, while it includes companies answering 0.0% reverse imports ratio.

Note 3) The survey of the ratio of reverse imports started in FY2001.

(4) “Main reason” and “Other relevant reasons” for having an overseas production base (manufacturing industries only)

○ The top "main reason" for having an overseas production base was “Strong demand exists, or demand is forecast to expand, for our products in the local market(s) and markets in neighboring countries” (39.6%), and the second top reason was “Labor costs are low” (20.5%). Compared with the previous year's survey result, the share of the reasons including "Labor costs are low" has declined.

In terms of the “main reason” for having an overseas production base, “Strong demand exists, or demand is forecast to expand, for our products in the local market(s) and markets in neighboring countries” was most commonly cited with 39.6%, followed by “Labor costs are low” with 20.5%, “We can cater effectively to overseas users’ needs” with 12.9%, “We have entered the overseas market(s) following the entry by our parent company or customer(s) and so on” with 10.9%, and “We can enjoy low costs of materials, overall production processes, distribution, and land/buildings” with 10.6%. (Figure 6-10, Table 6-5).

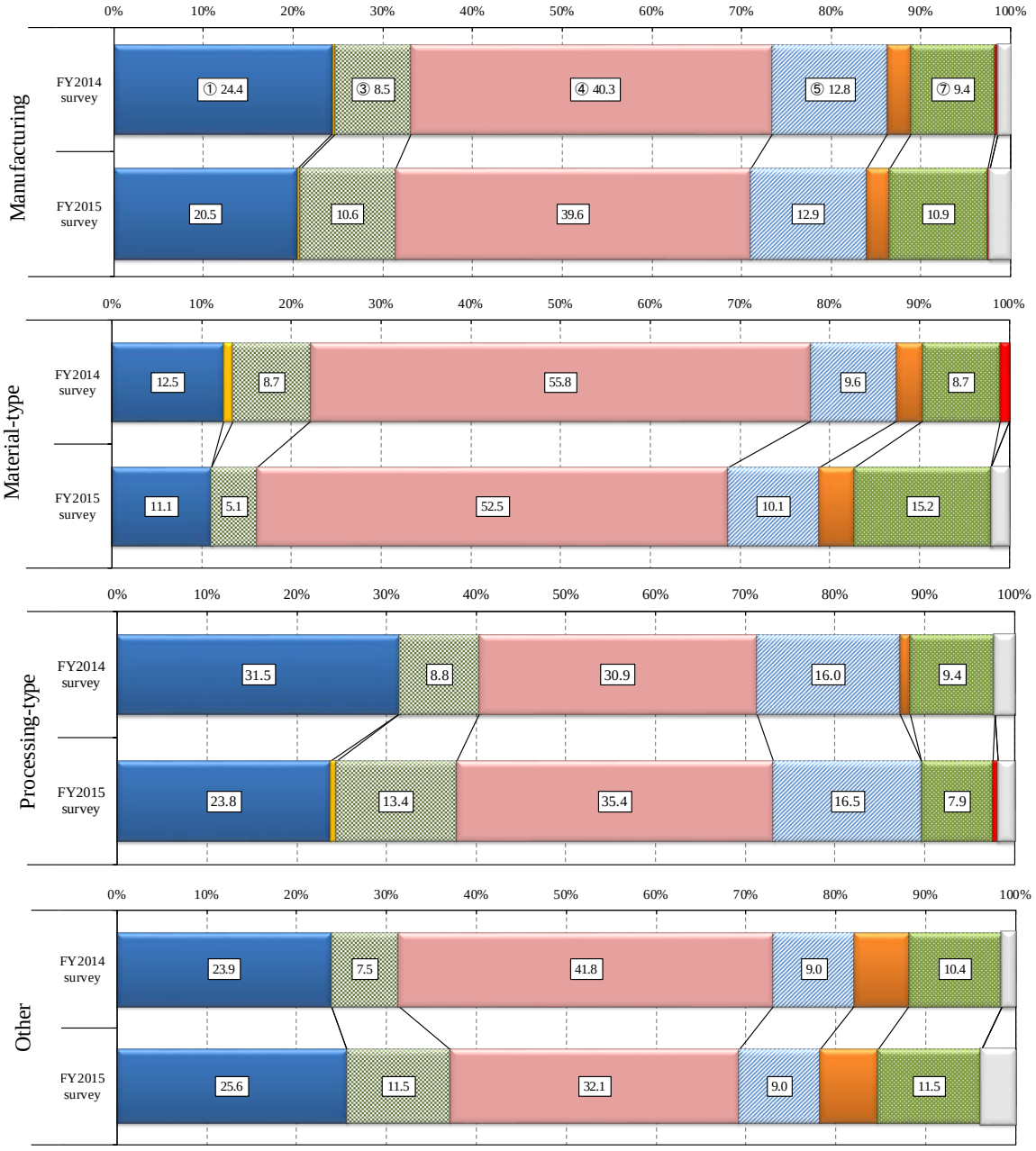
Compared with the previous year's survey result, the share of the items such as "Labor costs are low" declined, while the share of the items such as "We can enjoy low costs of materials, overall production processes, distributions, and land/buildings", and "We have entered the overseas market(s) following the entry by our parent company or customer(s) and so on" increased. (Figure 6-10, Table 6-5)

After combining the "main reason" for having an overseas production base with "other relevant reasons"[8)], the top reason was “Strong demand exists, or demand is forecast to expand for our products in the local market(s) and markets in neighboring countries” (69.8%), and the second top reason was “Labor costs are low” (43.1%). (Table 6-6)

Compared with the previous year's survey result, the share of reasons such as "Labor costs are low" has declined, while that of "Strong demand exists, or demand is forecast to expand, for our products in the local market(s) and markets in neighboring countries", has increased. (Table 6-6)

8)Added up the number of the responses according to an item and calculated a composition ratio based on the number of companies that responded regarding “Main Reasons” and “Other relevant reasons” for having an overseas production base.

[Fig. 6-10] Changes in composition ratio of the “Main reason” for having an overseas production base (manufacturing industries)



① Labor costs are low

② We can easily secure highly-qualified personnel (technical and research staff)

③ We can enjoy low costs of materials, overall production processes, distributions, and land/buildings

④ Strong demand exists, or demand is forecast to expand, for our products in the local market(s) and markets in neighboring countries

⑤ We can cater effectively to overseas users’ needs

⑥ We have contracts with reliable suppliers of parts and/or raw materials to the local facilities in a stable manner

⑦ We have entered the overseas market(s) following entry by our parent company or customer(s) and so on

⑧ We take advantage of industrial development programs including favorable taxation and/or financing which are offered by the local government(s)

⑨ Inadequate infrastructure in the local country in question had prevented us from setting up operations there, but this issue has now been addressed

⑩ Other

[Table. 6-5] Changes in composition ratio of the “main reason” for having an overseas production base (manufacturing industries)

(%)

	Manufacturing		Material-type		Processing-type		Other	
	FY2014 survey	FY2015 survey	FY2014 survey	FY2015 survey	FY2014 survey	FY2015 survey	FY2014 survey	FY2015 survey
Reason for having an overseas production base	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
① Labor costs are low	24.4	20.5	12.5	11.1	31.5	23.8	23.9	25.6
② We can easily secure highly-qualified personnel (technical and research staff)	0.3	0.3	1.0	-	-	0.6	-	-
③ We can enjoy low costs of materials, overall production processes, distributions, and land/buildings	8.5	10.6	8.7	5.1	8.8	13.4	7.5	11.5
④ Strong demand exists, or demand is forecast to expand, for our products in the local market(s) and markets in neighboring countries	40.3	39.6	55.8	52.5	30.9	35.4	41.8	32.1
⑤ We can cater effectively to overseas users’ needs	12.8	12.9	9.6	10.1	16.0	16.5	9.0	9.0
⑥ We have contracts with reliable suppliers of parts and/or raw materials to the local facilities in a stable manner	2.6	2.6	2.9	4.0	1.1	-	6.0	6.4
⑦ We have entered the overseas market(s) following entry by our parent company or customer(s) and so on	9.4	10.9	8.7	15.2	9.4	7.9	10.4	11.5
⑧ We take advantage of industrial development programs including favorable taxation and/or financing which are offered by the local government(s)	0.3	0.3	1.0	-	-	0.6	-	-
⑨ Inadequate infrastructure in the local country in question had prevented us from setting up operations there, but this issue has now been addressed	-	-	-	-	-	-	-	-
⑩ Other	1.4	2.3	-	2.0	2.2	1.8	1.5	3.8

[Table 6-6] Reason for having an overseas production base (Main reason + Other relevant reasons)

Top 5 reasons (Manufacturing industries)

FY2015 survey

(%)

Manufacturing		Material-type		Processing-type		Other	
④ Strong demand exists, or demand is forecast to expand, for our products in the local market(s) and markets in neighboring countries	69.8	④ Strong demand exists, or demand is forecast to expand, for our products in the local market(s) and markets in neighboring countries	80.8	④ Strong demand exists, or demand is forecast to expand, for our products in the local market(s) and markets in neighboring countries	65.9	④ Strong demand exists, or demand is forecast to expand, for our products in the local market(s) and markets in neighboring countries	64.1
① Labor costs are low	43.1	⑤ We can cater effectively to overseas users' needs	48.5	① Labor costs are low	50.6	③ We can enjoy low costs of materials, overall production processes, distributions, and land/buildings	41.0
⑤ We can cater effectively to overseas users' needs	42.2	① Labor costs are low	32.3	⑤ We can cater effectively to overseas users' needs	40.2	① Labor costs are low	41.0
③ We can enjoy low costs of materials, overall production processes, distributions, and land/buildings	33.1	⑦ We have entered the overseas market(s) following entry by our parent company or customer(s) and so on	32.3	③ We can enjoy low costs of materials, overall production processes, distributions, and land/buildings	32.9	⑤ We can cater effectively to overseas users' needs	38.5
⑦ We have entered the overseas market(s) following entry by our parent company or customer(s) and so on	24.0	③ We can enjoy low costs of materials, overall production processes, distributions, and land/buildings	27.3	⑦ We have entered the overseas market(s) following entry by our parent company or customer(s) and so on	20.7	⑦ We have entered the overseas market(s) following entry by our parent company or customer(s) and so on	20.5

FY2014 survey

(%)

Manufacturing		Material-type		Processing-type		Other	
④ Strong demand exists, or demand is forecast to expand, for our products in the local market(s) and markets in neighboring countries	68.4	④ Strong demand exists, or demand is forecast to expand, for our products in the local market(s) and markets in neighboring countries	78.8	④ Strong demand exists, or demand is forecast to expand, for our products in the local market(s) and markets in neighboring countries	61.5	④ Strong demand exists, or demand is forecast to expand, for our products in the local market(s) and markets in neighboring countries	70.6
① Labor costs are low	47.7	⑤ We can cater effectively to overseas users' needs	45.2	① Labor costs are low	57.1	⑤ We can cater effectively to overseas users' needs	42.6
⑤ We can cater effectively to overseas users' needs	41.2	① Labor costs are low	35.6	⑤ We can cater effectively to overseas users' needs	38.5	① Labor costs are low	41.2
③ We can enjoy low costs of materials, overall production processes, distributions, and land/buildings	30.5	③ We can enjoy low costs of materials, overall production processes, distributions, and land/buildings	33.7	③ We can enjoy low costs of materials, overall production processes, distributions, and land/buildings	29.1	③ We can enjoy low costs of materials, overall production processes, distributions, and land/buildings	29.4
⑦ We have entered the overseas market(s) following entry by our parent company or customer(s) and so on	21.8	⑦ We have entered the overseas market(s) following entry by our parent company or customer(s) and so on	27.9	⑦ We have entered the overseas market(s) following entry by our parent company or customer(s) and so on	19.2	⑦ We have entered the overseas market(s) following entry by our parent company or customer(s) and so on	19.1

Note 1) The composition ratio of the "Main reason" and "Other relevant reasons" is based on the number of companies that responded.

Note 2) Responding companies can choose one "Main reason," and up to two "Other relevant reasons."