



FY 2024 Survey on the International Operations of Japanese Firms -JETRO Overseas Business Survey-

March 2025

Research & Analysis Department

Japan External Trade Organization (JETRO)

Introduction

In recent years, overseas markets have become increasingly important to Japanese firms. In light of this, the present survey analyzed trends related to Japanese firms' overseas business development, including trade, e-commerce (EC), overseas bases, procurement of materials and parts, employment of foreign personnel, human rights and environmental efforts.

This is the survey's 23rd edition, which began in 2002 targeting JETRO Members (firms registered with JETRO's membership service). From 2011, JETRO has been targeting non-members (who have utilized our services) to answer this survey. For this edition, JETRO sent questionnaires to 9,441 Japanese firms (including 3,321 JETRO Members and 6,120 non-members) from November to December 2024, and received answers back from 3,162 firms (valid response rate: 33.5%).

We would like to take this opportunity to thank the firms that participated in the survey. We hope that this report will be helpful to Japanese firms in planning their strategies for overseas business development.

This survey was partially outsourced to Transbird Inc.

March 2025

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1 | About This Survey

1.Target

The FY2024 survey targeted a total of 9,441 firms headquartered in Japan with interest in overseas business. They include 3,321 JETRO member firms and 6,120 firms that have used JETRO services.

**This survey has been conducted annually since FY2002, marking now its 23rd edition. The survey was initially conducted only for JETRO member firms, but its coverage was expanded in FY2011 to include non-JETRO member firms.*

2.Topics

- (1) Overview of Respondent Firms
- (2) Outlook of Overseas Businesses
- (3) Trade
- (4) Procurement
- (5) Overseas Expansion
- (6) Highly Skilled Foreign Professionals
- (7) Efforts for The Environment and Human Rights

3. Survey method

The survey was conducted in both online and mail formats.

4. Period

November 6, 2024 - December 6, 2024

5. Responses

Valid responses: 3,162 companies (including 1,109 JETRO members)

Valid response rate: 33.5%.

Profile of Respondent Firms (Overall, Industry, Firm Size)

| Overall, Industry, Firm Size | No. of firms | Share (%) |
|--|--------------|-----------|
| Total | 3,162 | 100.0 |
| Manufacturing | 1,870 | 59.1 |
| Food & beverages | 597 | 18.9 |
| Textiles/clothing | 102 | 3.2 |
| Wood/furniture/paper & pulp | 62 | 2.0 |
| Chemicals | 78 | 2.5 |
| Medical products & cosmetics | 54 | 1.7 |
| Petroleum/plastics/rubber | 79 | 2.5 |
| Ceramics/earth & stone | 25 | 0.8 |
| Iron & steel/non-ferrous metals/metal products | 177 | 5.6 |
| General machinery | 118 | 3.7 |
| Electrical equipment | 94 | 3.0 |
| IT equipment/electronic parts & devices | 55 | 1.7 |
| Cars/car parts/transportation machinery | 88 | 2.8 |
| Precision equipment | 78 | 2.5 |
| Other manufacturing | 263 | 8.3 |
| Non-manufacturing | 1,292 | 40.9 |
| Trade & wholesale | 654 | 20.7 |
| Retail | 109 | 3.4 |
| Construction | 89 | 2.8 |
| Transport | 57 | 1.8 |
| Finance & insurance | 51 | 1.6 |
| Communication/information & software | 83 | 2.6 |
| Professional services | 59 | 1.9 |
| Other non-manufacturing | 190 | 6.0 |
| Large firms | 461 | 14.6 |
| Large firms (excluding leading medium-sized firms) | 112 | 3.5 |
| Leading medium-sized firms | 349 | 11.0 |
| Small and medium-sized enterprises (SMEs) | 2,701 | 85.4 |
| SMEs (excluding micro-businesses) | 981 | 31.0 |
| Micro-businesses | 1,720 | 54.4 |

2 | Notes

- Percentages shown in charts and diagrams in this report are rounded off and therefore totals do not necessarily add up to 100%.
- The "Overseas Business Situation" is as follows
 "Exporting firms": Direct or indirect exports.
 "Importing firms": Importing firms.
 "Firms with overseas bases": Firms with overseas bases (excluding distributors).
 "Domestic firms": Not conducting overseas business.
- Definitions of large firms, SMEs, etc. are as follows :

Profile of Respondent Firms (by Overseas Business Status / Location)

| Total / Business Status / Location | No. of firms | Share (%) |
|------------------------------------|--------------|-----------|
| Total | 3,162 | 100.0 |
| Exporting firms | 2,462 | 77.9 |
| Firms with overseas bases | 1,111 | 35.1 |
| Importing firms | 1,417 | 44.8 |
| Domestic firms | 260 | 8.2 |
| Hokkaido | 71 | 2.2 |
| Tohoku | 155 | 4.9 |
| Kanto/Koshinetsu | 1,385 | 43.8 |
| Chubu | 311 | 9.8 |
| Hokuriku | 112 | 3.5 |
| Kansai | 591 | 18.7 |
| Chugoku | 174 | 5.5 |
| Shikoku | 135 | 4.3 |
| Kyushu/Okinawa | 228 | 7.2 |

| Classification | Manufacturing / Other | Wholesale | Retail | Services |
|--|--|--|--|---|
| Large firms | Firms other than SMEs | Firms other than SMEs | Firms other than SMEs | Firms other than SMEs |
| Large firms (excluding leading medium-sized firms) | Large firms other than leading medium-sized firms | Large firms other than medium-sized firms | Large firms other than medium-sized firms | Large firms other than medium-sized firms |
| Leading medium-sized firms | <300 million to >1 billion yen <300 to >3,000 employees | <100 million to >300 million yen, or <100 to >1,000 employees | <50 million to >300 million yen, or <50 to >1,000 employees | <50 million to >300 million yen, or <100 to >1,000 employees |
| Small and medium-sized enterprises (SMEs) | >300 million yen, or >300 employees | ≥100 million yen, or ≥100 employees | ≥50 million yen, or ≥50 employees | ≥50 million yen, or ≥100 employees |
| SMEs (excluding micro-businesses) | SMEs other than micro-businesses | SMEs other than micro-businesses | SMEs other than micro-businesses | SMEs other than micro-businesses |
| Micro-businesses | ≥50 million yen, or ≥20 employees | ≥10 million yen, or ≥5 employees or less | ≥10 million yen, or ≥5 employees | ≥10 million yen, or ≥5 employees |

Note: *The definitions of "large firms" and "SMEs" in the larger classification are based on the Small and Medium-sized Enterprise Basic Act. Others are defined by JETRO.

3 | List of Industry Names Used in The Report

[Manufacturing]

| Original | Abbreviation |
|--|--|
| Food & beverages | Food & beverages |
| Textiles | Textiles/clothing |
| Clothing | |
| Wood and wood products (excluding furniture) | Wood/furniture/paper & pulp |
| Furniture & building materials | |
| Paper & pulp | |
| Chemicals | |
| Medical products & cosmetics | Medical products & cosmetics |
| Coal & petroleum products | Petroleum/plastics/rubber |
| Plastics | |
| Rubber products | |
| Ceramics/earth & stone | Ceramics/earth & stone |
| Iron & steel | Iron & steel/non-ferrous metals/metal products |
| Non-ferrous metals | |
| Metal products | |
| General machinery | General machinery |
| Electrical equipment | Electrical equipment |
| IT equipment | IT equipment/electronic parts & devices |
| Electronic parts & devices | |

[Non-manufacturing]

| Original | Abbreviation |
|---|--------------------------------------|
| Trade & wholesale | Trade & wholesale |
| Retail | Retail |
| Construction | Construction |
| Transport | Transport |
| Finance & insurance | Finance & insurance |
| Communication | Communication/information & software |
| Information & software | |
| Professional services (Consulting, legal, etc.) | Professional services |
| Mining | |
| Utilities | Other non-manufacturing |
| Agriculture/forestry/fishery | |
| Printing & related industry | |
| Real estate | |
| Dining/lodging facilities | |
| Medical/welfare | |
| Other Services (Travel, entertainment, etc.) | |
| Other non-manufacturing | |

I. Overview of Respondent Firms

1 | Current Trade Conditions

Firms With International Trade Operation (Overall, Industry, Firm Size) (%)

| Overall, Industry, Firm Size | Currently Exporting | Only Exporting | Not Currently Exporting | Currently Importing | Only Importing |
|--|---------------------|----------------|-------------------------|---------------------|----------------|
| | | | | | |
| Overall (n=3,162) | 77.9 | 39.1 | 22.1 | 44.8 | 6.0 |
| Manufacturing (n=1,870) | 86.8 | 44.0 | 13.2 | 47.2 | 4.4 |
| Food & beverages (n=597) | 90.8 | 69.3 | 9.2 | 24.0 | 2.5 |
| Textiles/clothing (n=102) | 84.3 | 42.2 | 15.7 | 50.0 | 7.8 |
| Wood/furniture/paper & pulp (n=62) | 87.1 | 50.0 | 12.9 | 41.9 | 4.8 |
| Chemicals (n=78) | 96.2 | 29.5 | 3.8 | 67.9 | 1.3 |
| Medical products & cosmetics (n=54) | 85.2 | 33.3 | 14.8 | 51.9 | 0.0 |
| Petroleum/plastics/rubber (n=79) | 81.0 | 29.1 | 19.0 | 59.5 | 7.6 |
| Ceramics/earth & stone (n=25) | 68.0 | 16.0 | 32.0 | 72.0 | 20.0 |
| Iron & steel/non-ferrous metals/metal products (n=177) | 82.5 | 31.6 | 17.5 | 57.1 | 6.2 |
| General machinery (n=118) | 90.7 | 31.4 | 9.3 | 62.7 | 3.4 |
| Electrical equipment (n=94) | 86.2 | 26.6 | 13.8 | 67.0 | 7.4 |
| IT equipment/electronic parts & devices (n=55) | 89.1 | 30.9 | 10.9 | 60.0 | 1.8 |
| Cars/car parts/transportation machinery (n=88) | 81.8 | 23.9 | 18.2 | 61.4 | 3.4 |
| Precision equipment (n=78) | 91.0 | 33.3 | 9.0 | 59.0 | 1.3 |
| Other manufacturing (n=263) | 81.4 | 32.3 | 18.6 | 55.5 | 6.5 |
| Non-manufacturing (n=1,292) | 64.9 | 32.0 | 35.1 | 41.3 | 8.4 |
| Trade & wholesale (n=654) | 84.7 | 33.2 | 15.3 | 62.2 | 10.7 |
| Retail (n=109) | 75.2 | 51.4 | 24.8 | 31.2 | 7.3 |
| Construction (n=89) | 32.6 | 19.1 | 67.4 | 27.0 | 13.5 |
| Transport (n=57) | 38.6 | 22.8 | 61.4 | 19.3 | 3.5 |
| Finance & insurance (n=51) | 2.0 | 2.0 | 98.0 | 3.9 | 3.9 |
| Communication/information & software (n=83) | 55.4 | 42.2 | 44.6 | 14.5 | 1.2 |
| Professional services (n=59) | 27.1 | 22.0 | 72.9 | 6.8 | 1.7 |
| Other non-manufacturing (n=190) | 46.3 | 32.1 | 53.7 | 21.1 | 6.8 |
| Large firms (n=461) | 67.5 | 15.2 | 32.5 | 56.4 | 4.1 |
| SMEs (n=2,701) | 79.6 | 43.2 | 20.4 | 42.8 | 6.4 |

Note: 1) "n" is the total number of firms responding to this survey. 2) Includes indirect imports and exports through other firms. 3) Firms only exporting are those that export but do not import. 4) Firms that "do not currently export" are the number of non-exporting firms excluded from the total number of responding firms. 5) Firms that only import are those that import but do not export.

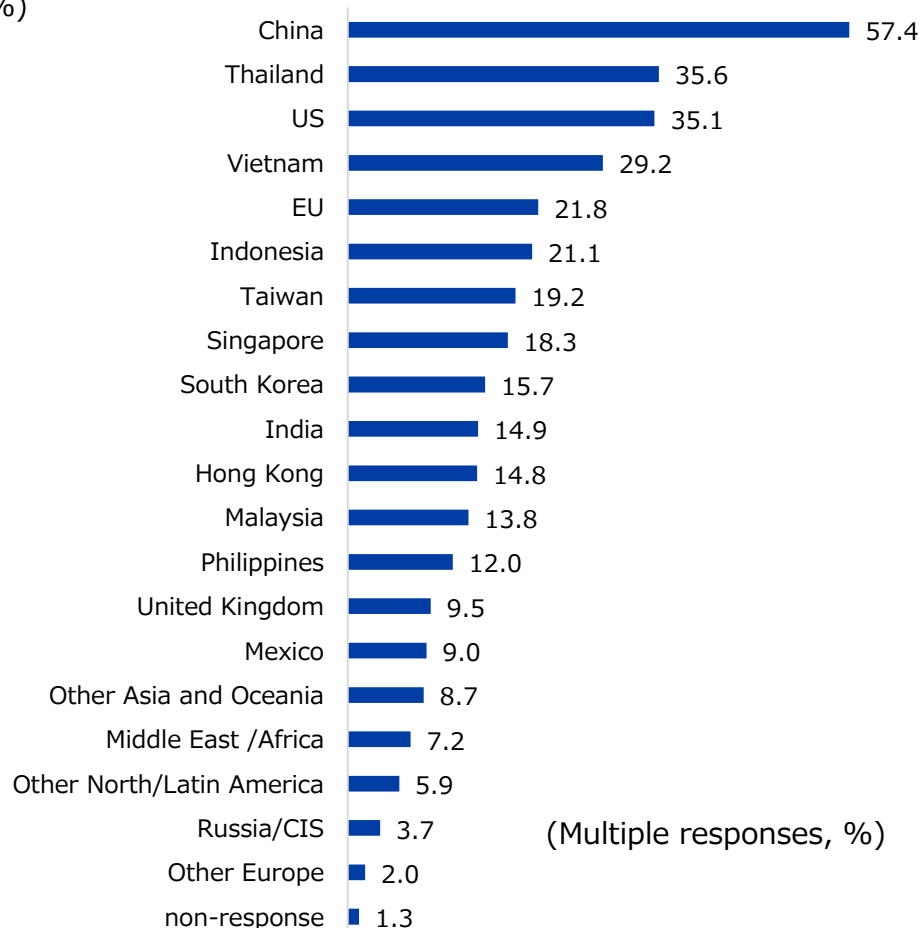
2 | Current Overseas Operations

Overseas Offices (Overall, Industry, Firm Size)

| Overall, Industry, Firm Size | Has | Does Not Have (%) |
|--|------|-------------------|
| Overall (n=3,162) | 35.1 | 64.9 |
| Manufacturing (n=1,870) | 35.7 | 64.3 |
| Food & beverages (n=597) | 14.4 | 85.6 |
| Textiles/clothing (n=102) | 27.5 | 72.5 |
| Wood/furniture/paper & pulp (n=62) | 25.8 | 74.2 |
| Chemicals (n=78) | 57.7 | 42.3 |
| Medical products & cosmetics (n=54) | 33.3 | 66.7 |
| Petroleum/plastics/rubber (n=79) | 43.0 | 57.0 |
| Ceramics/earth & stone (n=25) | 40.0 | 60.0 |
| Iron & steel/non-ferrous metals/metal products (n=177) | 52.5 | 47.5 |
| General machinery (n=118) | 61.0 | 39.0 |
| Electrical equipment (n=94) | 50.0 | 50.0 |
| IT equipment/electronic parts & devices (n=55) | 50.9 | 49.1 |
| Cars/car parts/transportation machinery (n=88) | 73.9 | 26.1 |
| Precision equipment (n=78) | 43.6 | 56.4 |
| Other manufacturing (n=263) | 34.6 | 65.4 |
| Non-manufacturing (n=1,292) | 34.4 | 65.6 |
| Trade & wholesale (n=654) | 33.6 | 66.4 |
| Retail (n=109) | 19.3 | 80.7 |
| Construction (n=89) | 47.2 | 52.8 |
| Transport (n=57) | 52.6 | 47.4 |
| Finance & insurance (n=51) | 41.2 | 58.8 |
| Communication/information & software (n=83) | 33.7 | 66.3 |
| Professional services (n=59) | 37.3 | 62.7 |
| Other non-manufacturing (n=190) | 31.6 | 68.4 |
| Large firms (n=461) | 79.6 | 20.4 |
| Large firms (excluding medium firms) (n=112) | 97.3 | 2.7 |
| Medium-sized firms (n=349) | 73.9 | 26.1 |
| SMEs (n=2,701) | 27.5 | 72.5 |
| SMEs (excluding small firms) (n=981) | 42.5 | 57.5 |
| Small firms (n=1,720) | 19.0 | 81.0 |

Notes: 1) "n" is the total number of firms that responded to this survey.
2) Agents are not included in overseas offices.

Countries and Regions Where Overseas Offices Are Located



Notes: 1) The Respondent firms are those who currently have overseas offices (1,111 firms). 2) "Other Asia and Oceania" refers to Asia/Pacific countries and regions other than China, Hong Kong, Taiwan, South Korea, Singapore, Thailand, Malaysia, Indonesia, the Philippines, Vietnam, and India. "Other North/Latin America" refers to countries and regions in North and Latin America other than the U.S. and Mexico. "Other Europe" refers to countries and regions in Europe other than the EU member states and the U.K.

3 | Overseas Sales as a Percentage of Total Sales

Overseas Sales Ratio in FY2024 (Overall, Industry, Size)

(%)

| Overall, Industry, Size | Less than 1% | 1 - 5% | 6 -10% | 11 - 20% | 21 - 30% | 31 - 40% | 41 - 50% | 51 - 60% | 61 - 70% | 71 - 80% | 81 - 90% | 91 - 100% | No Answer |
|--|--------------|--------|--------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|-----------|
| Overall (n=2,706) | 19.9 | 26.0 | 13.7 | 10.7 | 7.2 | 4.9 | 3.1 | 3.3 | 2.8 | 2.4 | 1.5 | 2.9 | 1.7 |
| Manufacturing (n=1,700) | 18.2 | 26.8 | 14.3 | 11.8 | 8.2 | 5.4 | 3.5 | 4.1 | 2.9 | 1.9 | 1.1 | 0.6 | 1.3 |
| Food & beverages (n=551) | 23.0 | 37.0 | 16.7 | 9.8 | 5.1 | 2.7 | 1.1 | 1.5 | 0.9 | 0.7 | 0.2 | 0.4 | 0.9 |
| Textiles/clothing (n=95) | 18.9 | 32.6 | 15.8 | 11.6 | 8.4 | 3.2 | 5.3 | 3.2 | 1.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| Wood/furniture/paper & pulp (n=55) | 34.5 | 27.3 | 12.7 | 9.1 | 3.6 | 3.6 | 3.6 | 0.0 | 0.0 | 3.6 | 0.0 | 0.0 | 1.8 |
| Chemicals (n=75) | 4.0 | 14.7 | 16.0 | 17.3 | 10.7 | 9.3 | 8.0 | 10.7 | 5.3 | 1.3 | 0.0 | 0.0 | 2.7 |
| Medical products & cosmetics (n=47) | 19.1 | 29.8 | 27.7 | 6.4 | 4.3 | 0.0 | 4.3 | 2.1 | 4.3 | 0.0 | 2.1 | 0.0 | 0.0 |
| Petroleum/plastics/rubber (n=71) | 23.9 | 15.5 | 4.2 | 18.3 | 19.7 | 2.8 | 4.2 | 5.6 | 1.4 | 0.0 | 1.4 | 0.0 | 2.8 |
| Ceramics/earth & stone (n=19) | 5.3 | 31.6 | 5.3 | 21.1 | 15.8 | 5.3 | 0.0 | 0.0 | 0.0 | 10.5 | 0.0 | 0.0 | 5.3 |
| Iron & steel/non-ferrous metals/metal products (n=158) | 17.7 | 25.3 | 11.4 | 10.1 | 10.1 | 8.2 | 4.4 | 2.5 | 3.8 | 2.5 | 2.5 | 0.0 | 1.3 |
| General machinery (n=111) | 8.1 | 20.7 | 13.5 | 17.1 | 9.0 | 9.0 | 3.6 | 5.4 | 5.4 | 0.9 | 4.5 | 1.8 | 0.9 |
| Electrical equipment (n=86) | 18.6 | 19.8 | 10.5 | 12.8 | 12.8 | 8.1 | 2.3 | 3.5 | 3.5 | 2.3 | 2.3 | 2.3 | 1.2 |
| IT equipment/electronic parts & devices (n=51) | 5.9 | 21.6 | 7.8 | 7.8 | 15.7 | 9.8 | 2.0 | 11.8 | 7.8 | 7.8 | 2.0 | 0.0 | 0.0 |
| Cars/car parts/transportation machinery (n=84) | 11.9 | 11.9 | 10.7 | 14.3 | 3.6 | 6.0 | 11.9 | 9.5 | 9.5 | 4.8 | 0.0 | 2.4 | 3.6 |
| Precision equipment (n=73) | 11.0 | 17.8 | 15.1 | 13.7 | 8.2 | 9.6 | 4.1 | 8.2 | 5.5 | 4.1 | 2.7 | 0.0 | 0.0 |
| Other manufacturing (n=224) | 18.8 | 21.9 | 15.2 | 11.2 | 8.9 | 6.7 | 3.6 | 5.4 | 2.7 | 2.2 | 0.4 | 1.3 | 1.8 |
| Non-manufacturing (n=1,006) | 22.7 | 24.8 | 12.7 | 8.8 | 5.5 | 4.0 | 2.4 | 2.0 | 2.5 | 3.4 | 2.2 | 6.8 | 2.4 |
| Trade & wholesale (n=574) | 14.1 | 24.2 | 11.7 | 10.8 | 6.8 | 4.9 | 2.3 | 2.6 | 3.7 | 4.2 | 3.0 | 10.3 | 1.6 |
| Retail (n=89) | 39.3 | 19.1 | 11.2 | 10.1 | 3.4 | 2.2 | 3.4 | 0.0 | 2.2 | 2.2 | 1.1 | 2.2 | 3.4 |
| Construction (n=59) | 42.4 | 30.5 | 16.9 | 6.8 | 1.7 | 1.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Transport (n=41) | 17.1 | 19.5 | 9.8 | 12.2 | 9.8 | 7.3 | 4.9 | 2.4 | 0.0 | 4.9 | 2.4 | 4.9 | 4.9 |
| Finance & insurance (n=21) | 47.6 | 9.5 | 4.8 | 4.8 | 0.0 | 0.0 | 4.8 | 0.0 | 0.0 | 4.8 | 0.0 | 0.0 | 23.8 |
| Communication/information & software (n=62) | 29.0 | 32.3 | 19.4 | 4.8 | 1.6 | 3.2 | 1.6 | 0.0 | 1.6 | 1.6 | 3.2 | 0.0 | 1.6 |
| Professional services (n=36) | 27.8 | 19.4 | 19.4 | 5.6 | 5.6 | 5.6 | 2.8 | 2.8 | 0.0 | 2.8 | 0.0 | 5.6 | 2.8 |
| Other non-manufacturing (n=124) | 33.9 | 30.6 | 13.7 | 2.4 | 4.0 | 1.6 | 2.4 | 2.4 | 0.8 | 2.4 | 0.8 | 2.4 | 2.4 |
| Large firms (n=416) | 14.7 | 20.7 | 12.3 | 11.3 | 6.7 | 7.5 | 5.5 | 7.0 | 4.3 | 3.6 | 2.2 | 0.5 | 3.8 |
| SMEs (n=2,290) | 20.8 | 27.0 | 14.0 | 10.6 | 7.2 | 4.4 | 2.6 | 2.6 | 2.5 | 2.2 | 1.4 | 3.4 | 1.3 |

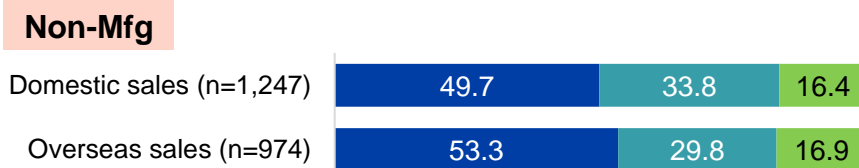
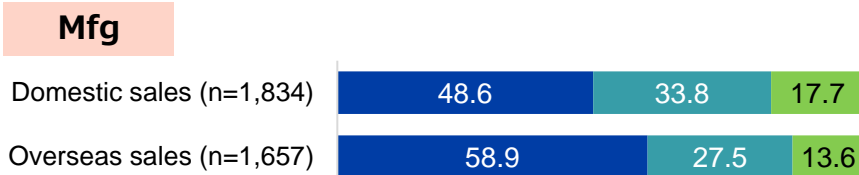
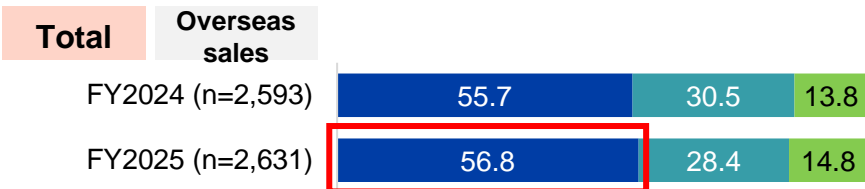
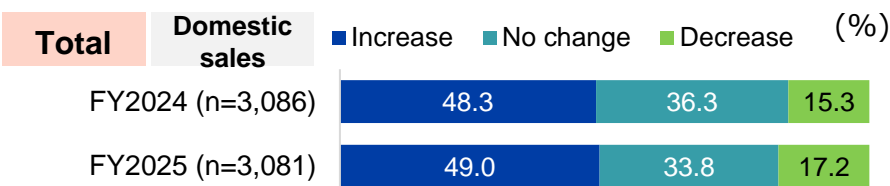
Note: (1) "n" is the number of firms exporting or with overseas bases. (2) In principle, sales based on exports are classified as overseas sales.

(3) Shaded areas indicate response rates of 25% or higher.

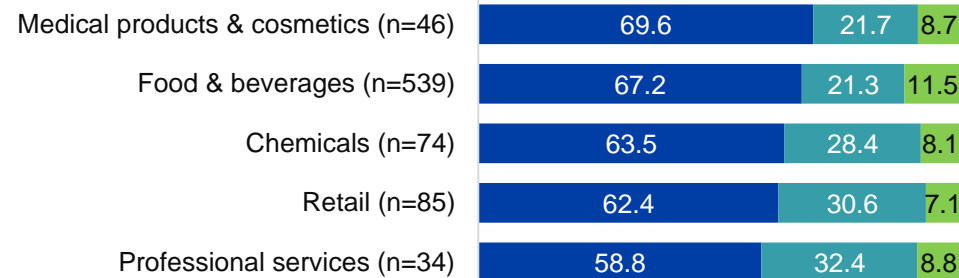
4 | More than 50% of Firms Expect to Increase Overseas Sales in FY2025

- 56.8% of firms expect their overseas sales to “increase” in FY2025 compared to the previous fiscal year.** The figure is 7.8 points higher than the percentage for the domestic market. Particularly, in the manufacturing industry, the percentage of companies expecting an increase in overseas sales was high. **Over 60% of firms in the medical products & cosmetics, food & beverages, chemicals, and retail industries, expect sales increase in the overseas market.** Cars/car parts/transportation equipment was the only industry with less than 40% of respondents expecting an “increase.”

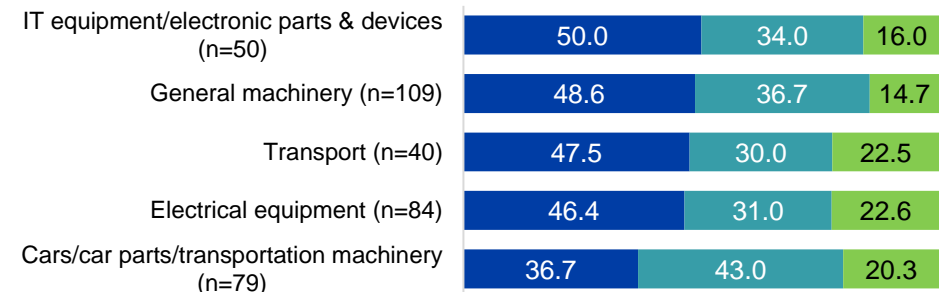
Estimated Increase/Decrease in Domestic and Overseas Sales in FY2025 (vs. Previous Year)



Top 5 industries with the highest percentage of "Overseas sales increase"



Bottom 5 industries with the smaller percentage of "Overseas sales increase"



Note: "n" is the number of firms that responded. Overseas "n" is the number of firms with exporting firms or with overseas bases.

The "FY2024" figure is based on the results of the previous survey of Japanese firms' overseas business development (FY2023). Copyright © 2025 JETRO. All rights reserved.

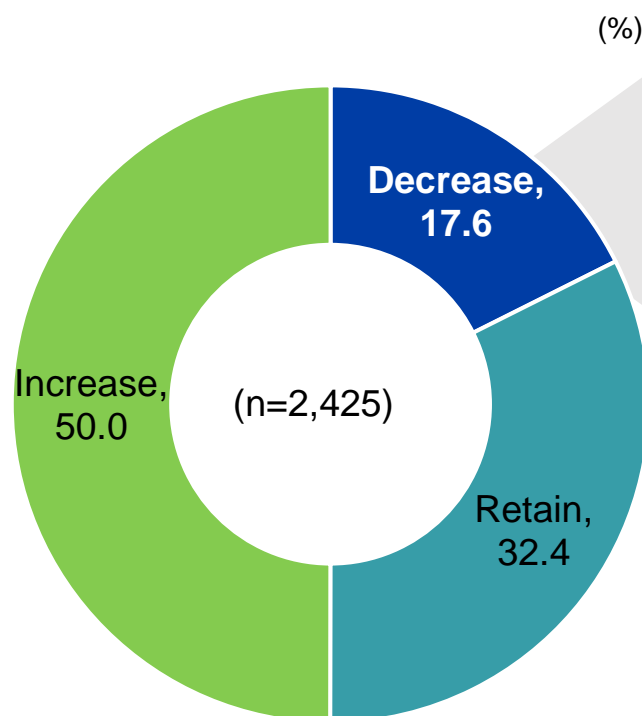
II. Outlook for Overseas Business: (1) Trade

- Record high respondents consider the U.S. as the most important export destination -

1 | 50% of Exporters Increase Exports

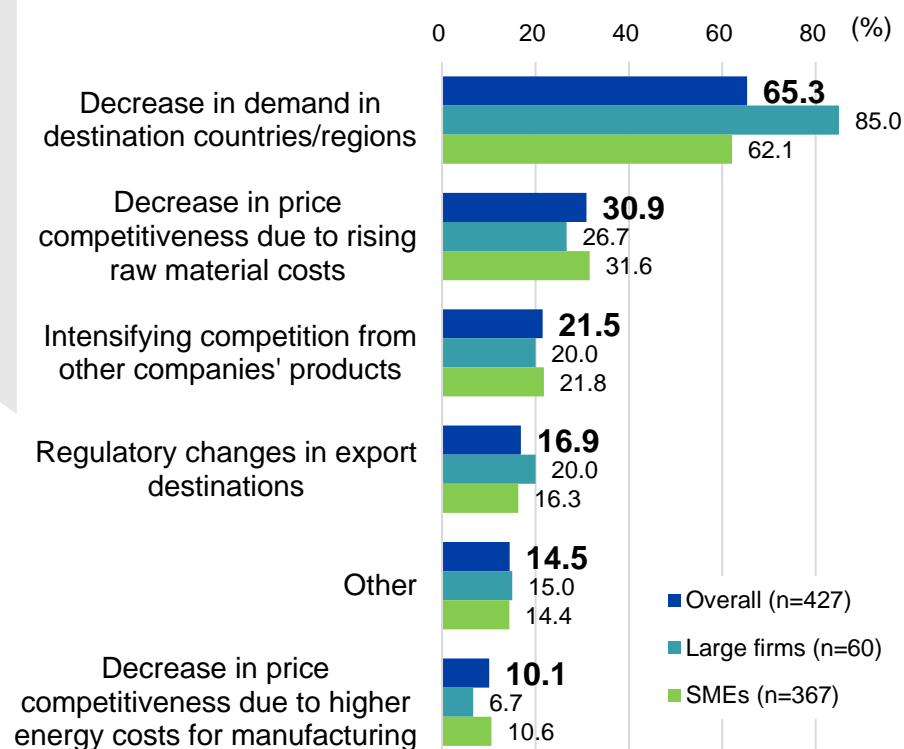
- **50% of exporters said their export volumes in 2024 would “increase” from 2023.**
- More than 60% of firms indicating their exports had “decreased” (17.6%) cited declining demand in exporting firms' destination markets as a reason. “Decrease in price competitiveness due to rising raw material costs” and “intensifying competition from other companies' products” also ranked high.

Export Outlook in 2024 (Year-on-Year Change, Volume Basis)



Note: “n” is the number of firms that exported directly by themselves or indirectly through other companies, excluding those that did not respond.

Factors Behind the Decrease in Exports (Multiple Answers)



Note: “n” is the number of exporting firms that expected a “Decrease”.

2 | More than Half in Manufacturing Expect Increases

Export Outlook for 2024 (By Industry)

(%)

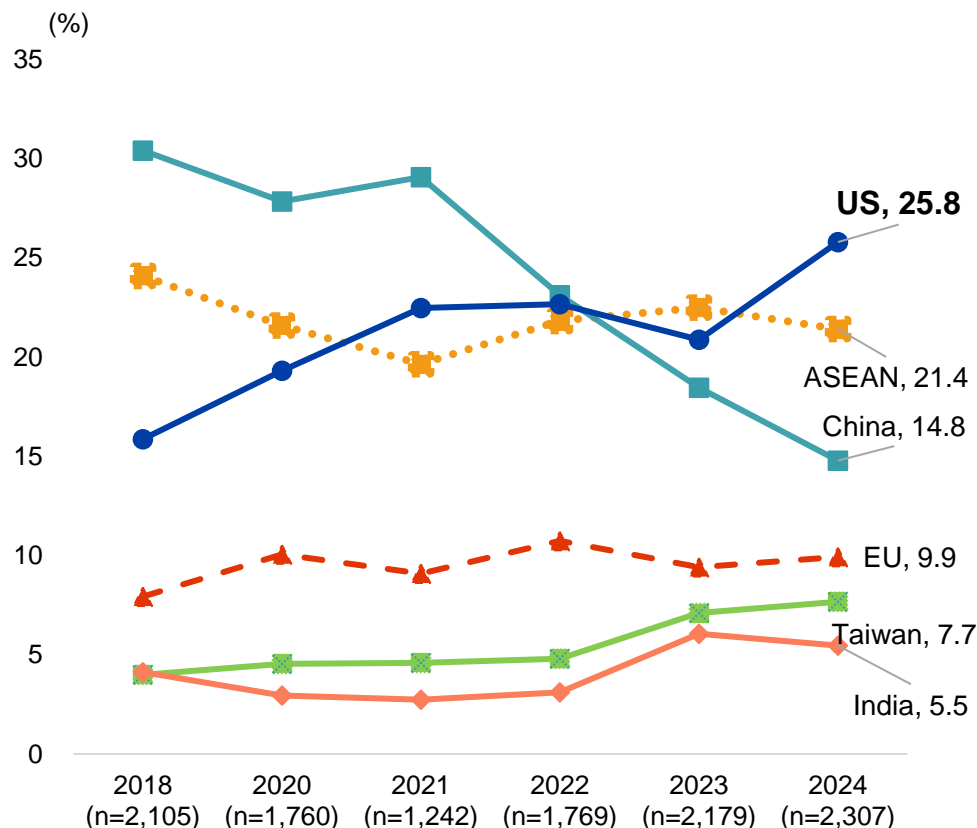
| | No. of companies | Increase | Retain | Decrease |
|--|------------------|----------|--------|----------|
| Overall | 2,425 | 50.0 | 32.4 | 17.6 |
| Manufacturing | 1,601 | 51.5 | 32.5 | 16.0 |
| Food & beverages | 536 | 62.5 | 26.5 | 11.0 |
| Textiles/clothing | 84 | 52.4 | 27.4 | 20.2 |
| Wood/furniture/paper & pulp | 53 | 50.9 | 30.2 | 18.9 |
| Chemicals | 75 | 56.0 | 30.7 | 13.3 |
| Medical products & cosmetics | 45 | 62.2 | 31.1 | 6.7 |
| Petroleum/plastics/rubber | 62 | 32.3 | 46.8 | 21.0 |
| Ceramics/earth & stone | 16 | 37.5 | 43.8 | 18.8 |
| Iron & steel/non-ferrous metals/metal products | 144 | 40.3 | 37.5 | 22.2 |
| General machinery | 107 | 36.4 | 43.0 | 20.6 |
| Electrical equipment | 79 | 43.0 | 39.2 | 17.7 |
| IT equipment/electronic parts & devices | 47 | 40.4 | 36.2 | 23.4 |
| Cars/car parts/transportation machinery | 69 | 29.0 | 39.1 | 31.9 |
| Precision equipment | 71 | 47.9 | 42.3 | 9.9 |
| Other manufacturing | 213 | 55.4 | 29.1 | 15.5 |
| Non-manufacturing | 824 | 47.1 | 32.2 | 20.8 |
| Trade & wholesale | 547 | 46.1 | 31.6 | 22.3 |
| Retail | 81 | 54.3 | 30.9 | 14.8 |
| Construction | 28 | 28.6 | 53.6 | 17.9 |
| Transport | 21 | 33.3 | 33.3 | 33.3 |
| Communication/information & software | 43 | 58.1 | 27.9 | 14.0 |
| Professional services | 16 | 56.3 | 25.0 | 18.8 |
| Other non-manufacturing | 87 | 48.3 | 33.3 | 18.4 |

Note: 1) "n" is the number of firms that export directly by themselves or indirectly through other companies, and responded to the "Exporting firms outlook" question, excluding firms with n = less than 10. 2) Shaded areas indicate response rates of 50% or more.

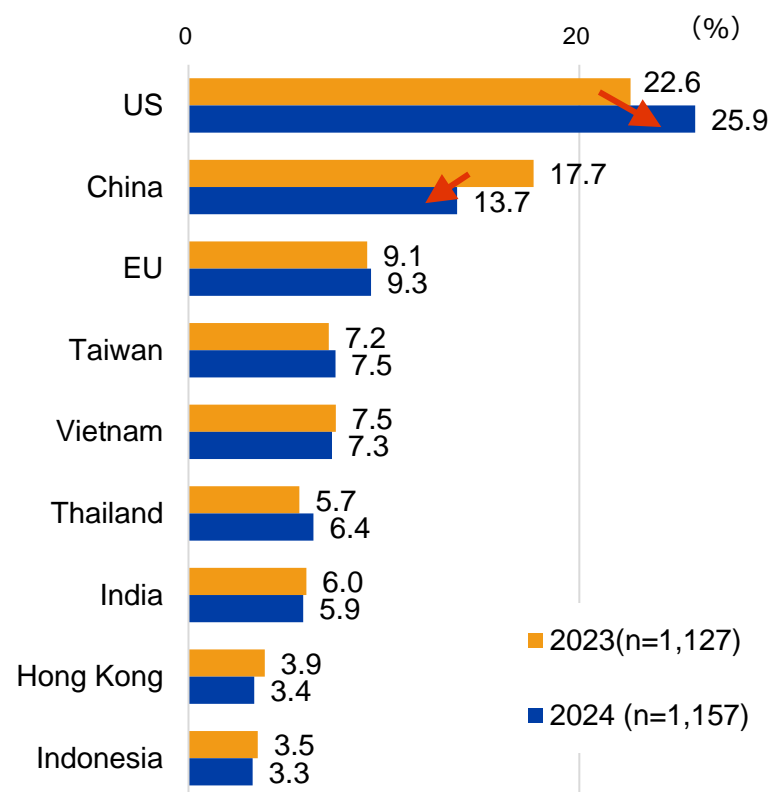
3 | The U.S. Is the Most Important Export Destination

- **The U.S. topped the list as the most important export destination with 25.8% of responses. This is the highest percentage since 2016, when comparisons began, further widening the gap with China.**
- When restricted to firms that responded consecutively from the previous year's survey, the U.S. increased by 3.3 points and China decreased by 4.0 points.

**Top Priority in Export
(Top 6, Time Series)**



**Shift in Top Priority
(Only for Consecutive Respondents)**



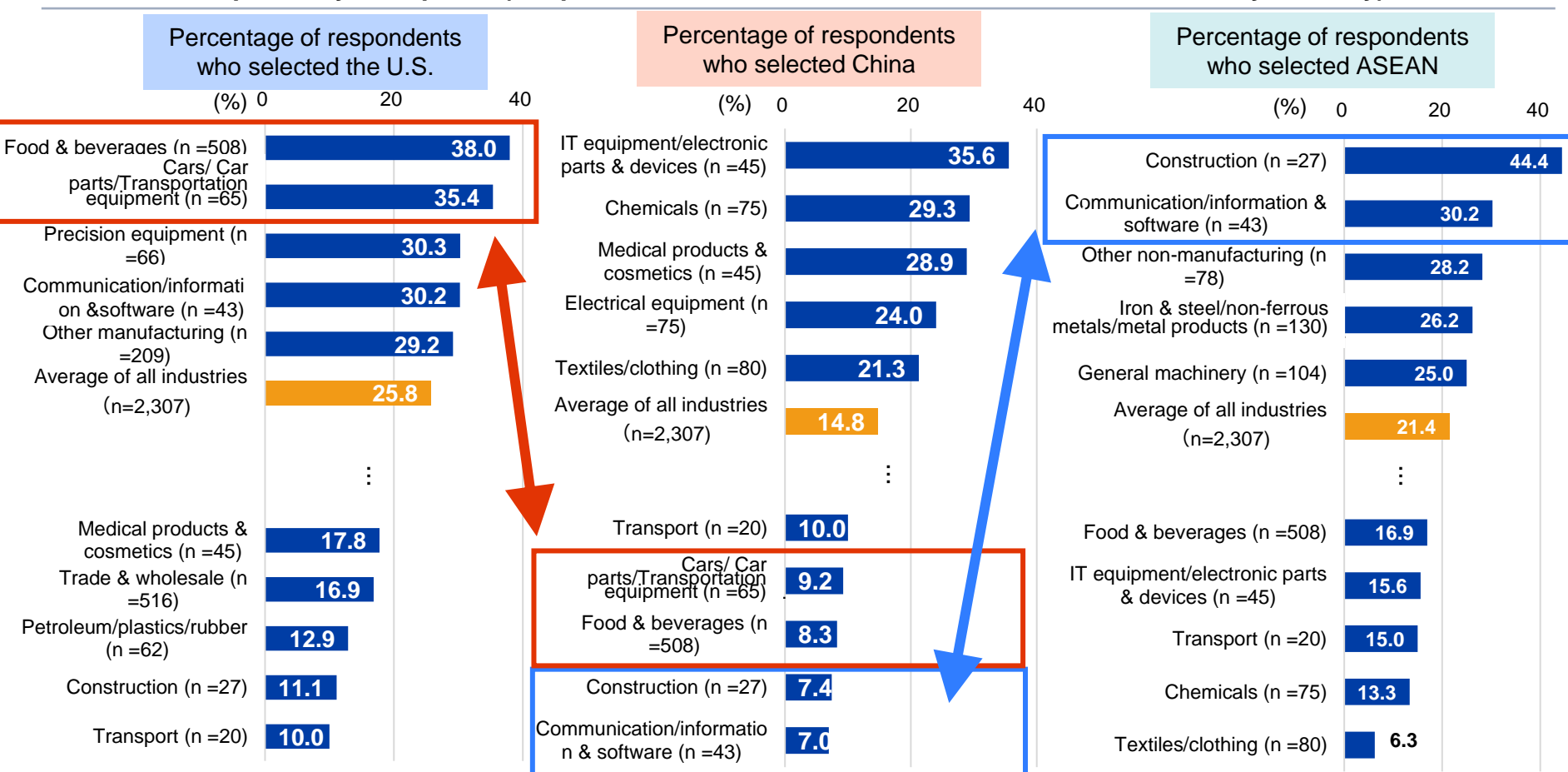
Note: 1) No survey was conducted in 2019 with the same questions. 2) For 2018-2021, the EU is "Western Europe.(excluding the U.K.)". 3) Excludes firms that did not respond.

Note: 1) Only the top 9 countries/regions. 2) Number of firms in each year are different. 3) Excludes firms that did not respond.

4 | For Cars and Food, the U.S. Market Is the Most Important

- In the food & beverages and cars & car parts industries, a noticeably high percentage of export firms selected the **"U.S." as their most important destination**, while the percentage of firms selecting "China" was low, at less than 10%.
- In IT equipment/electronic parts & devices, chemicals, and medical products & cosmetics industries, around 30% of firms choose "China."

Top Priority in Exports (Respondents Who Selected the U.S., China, and ASEAN, by Industry)



Note: The top five and bottom five industries are listed in descending order of the percentage of respondents who selected the U.S., China, and ASEAN as their most important export destinations, excluding those with less than 20 companies.

5 | The U.S. Tops Both Manufacturing and Non-manufacturing

- By industry, around 40% of firms in the food & beverages and professional services industries indicated the U.S. as their most important export destination in the future.
- The EU accounted for the largest share of responses in textiles, clothing, and petroleum, plastics, and rubber.

Top Priority in Export Destinations (By Major Country/Region x Industry)

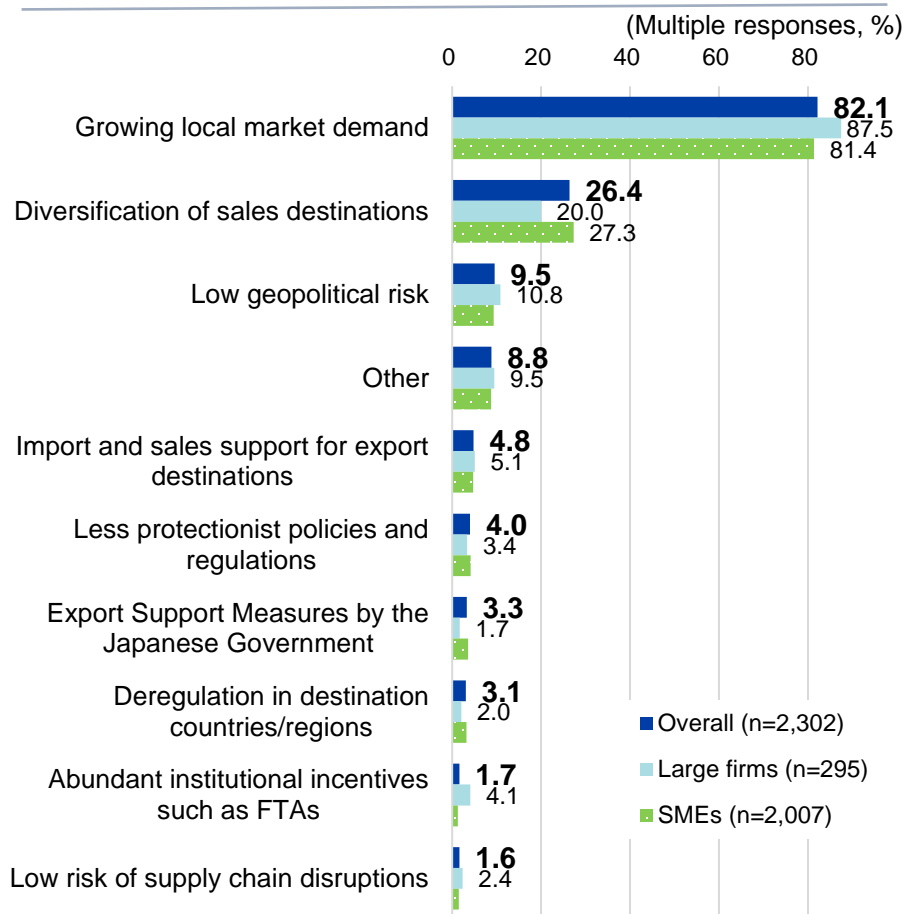
| (Multiple responses, %) | | | | | | | | | | | | |
|--|----------------------|---------------|------------------|---------------|-------------------|--------------------|---------------------|------------------|----------------------|---------------------|---------------------|------------------|
| | No. of compa nies | US (n=595) | China (n=341) | EU (n=229) | Taiwan (n=177) | Vietnam (n=146) | Thailand (n=135) | India (n=126) | Hong Kong (n=101) | Singapore (n=70) | Indonesia (n=66) | ASEAN (n=494) |
| Overall | 2,307 | 25.8 | 14.8 | 9.9 | 7.7 | 6.3 | 5.9 | 5.5 | 4.4 | 3.0 | 2.9 | 21.4 |
| Manufacturing | 1,527 | 29.1 | 14.7 | 11.0 | 7.5 | 5.2 | 5.7 | 5.4 | 3.9 | 3.2 | 2.9 | 19.4 |
| Food & beverages | 508 | 38.0 | 8.3 | 9.3 | 9.8 | 4.1 | 3.0 | 1.0 | 8.3 | 5.7 | 2.2 | 16.9 |
| Textiles/clothing | 80 | 21.3 | 21.3 | 27.5 | 13.8 | 3.8 | 2.5 | 1.3 | 2.5 | 0.0 | 0.0 | 6.3 |
| Wood/furniture/paper & pulp | 50 | 24.0 | 14.0 | 10.0 | 14.0 | 4.0 | 6.0 | 2.0 | 6.0 | 4.0 | 2.0 | 18.0 |
| Chemicals | 75 | 20.0 | 29.3 | 14.7 | 6.7 | 4.0 | 4.0 | 9.3 | 1.3 | 2.7 | 2.7 | 13.3 |
| Medical products & cosmetics | 45 | 17.8 | 28.9 | 8.9 | 13.3 | 13.3 | 6.7 | 2.2 | 2.2 | 2.2 | 0.0 | 22.2 |
| Petroleum/plastics/rubber | 62 | 12.9 | 16.1 | 16.1 | 6.5 | 9.7 | 3.2 | 9.7 | 0.0 | 0.0 | 3.2 | 22.6 |
| Iron & steel/non-ferrous metals/metal products | 130 | 19.2 | 16.9 | 10.8 | 5.4 | 5.4 | 10.8 | 13.1 | 0.0 | 2.3 | 3.8 | 26.2 |
| General machinery | 104 | 27.9 | 13.5 | 6.7 | 2.9 | 8.7 | 8.7 | 15.4 | 0.0 | 1.9 | 3.8 | 25.0 |
| Electrical equipment | 75 | 25.3 | 24.0 | 8.0 | 4.0 | 5.3 | 2.7 | 6.7 | 1.3 | 5.3 | 4.0 | 22.7 |
| IT equipment/electronic parts & devices | 45 | 24.4 | 35.6 | 6.7 | 4.4 | 0.0 | 6.7 | 2.2 | 2.2 | 2.2 | 6.7 | 15.6 |
| Cars/car parts/transportation machinery | 65 | 35.4 | 9.2 | 6.2 | 4.6 | 1.5 | 9.2 | 10.8 | 0.0 | 0.0 | 3.1 | 20.0 |
| Precision equipment | 66 | 30.3 | 15.2 | 10.6 | 3.0 | 4.5 | 4.5 | 7.6 | 0.0 | 1.5 | 9.1 | 22.7 |
| Other manufacturing | 209 | 29.2 | 12.4 | 12.9 | 5.3 | 6.7 | 10.0 | 4.8 | 3.8 | 1.9 | 2.9 | 23.4 |
| Non-manufacturing | 780 | 19.2 | 14.9 | 7.8 | 7.9 | 8.5 | 6.2 | 5.5 | 5.4 | 2.7 | 2.7 | 25.3 |
| Trade & wholesale | 516 | 16.9 | 17.4 | 7.8 | 6.8 | 9.3 | 6.0 | 6.4 | 6.0 | 2.9 | 2.1 | 25.0 |
| Retail | 79 | 25.3 | 10.1 | 10.1 | 11.4 | 2.5 | 6.3 | 1.3 | 7.6 | 5.1 | 1.3 | 17.7 |
| Construction | 27 | 11.1 | 7.4 | 3.7 | 3.7 | 14.8 | 14.8 | 3.7 | 3.7 | 0.0 | 3.7 | 44.4 |
| Transport | 20 | 10.0 | 10.0 | 15.0 | 15.0 | 5.0 | 0.0 | 15.0 | 0.0 | 5.0 | 0.0 | 15.0 |
| Communication/information & software | 43 | 30.2 | 7.0 | 2.3 | 4.7 | 4.7 | 11.6 | 7.0 | 4.7 | 0.0 | 4.7 | 30.2 |
| Professional services | 16 | 43.8 | 0.0 | 6.3 | 0.0 | 6.3 | 6.3 | 6.3 | 0.0 | 0.0 | 6.3 | 25.0 |
| Other non-manufacturing | 78 | 23.1 | 14.1 | 9.0 | 15.4 | 10.3 | 2.6 | 1.3 | 2.6 | 1.3 | 6.4 | 28.2 |

Note: 1) Excluding firms that did not respond (e.g. with less than 20 firms). 2) ASEAN is calculated by adding up the number of responses from Vietnam, Thailand, Singapore, Indonesia, the Philippines, and Malaysia. 3) Shaded area is the highest share for each industry.

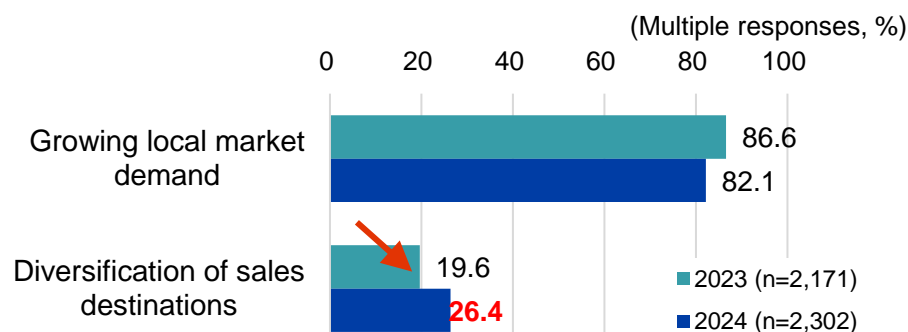
6 | For Reason for Selecting Export Destinations, “Diversification of Sales Destinations” Surged

- In terms of reasons for selecting the most important export destination, more than 80% of firms responded, “growing local market demand”. This was followed by **“diversification of sales destinations” (26.4%), up 6.8 points from** previous year.

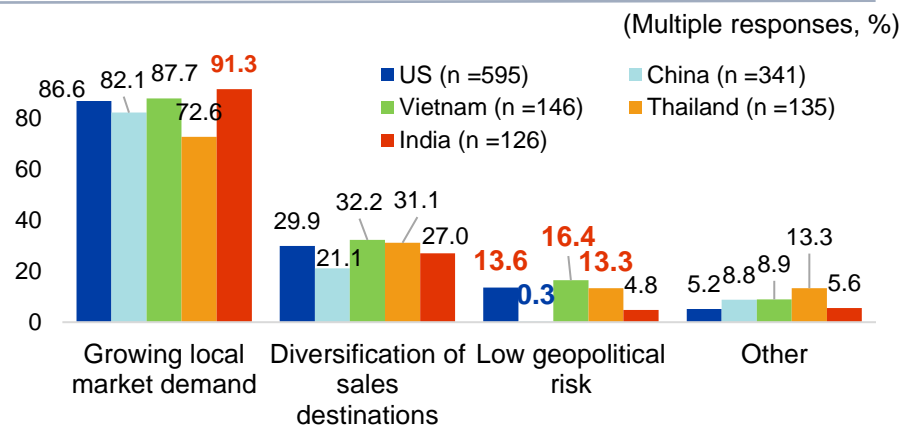
Reasons for Top Priority in Export Destinations



Top Priority in Export Destinations
(Top 2 Items, vs. Previous Year)



Top Priority in Export Destinations
(Major Countries/Regions)



Note: (n in both figures) Exporting firms that identified their most important countries/regions in the future (excluding those that did not respond).

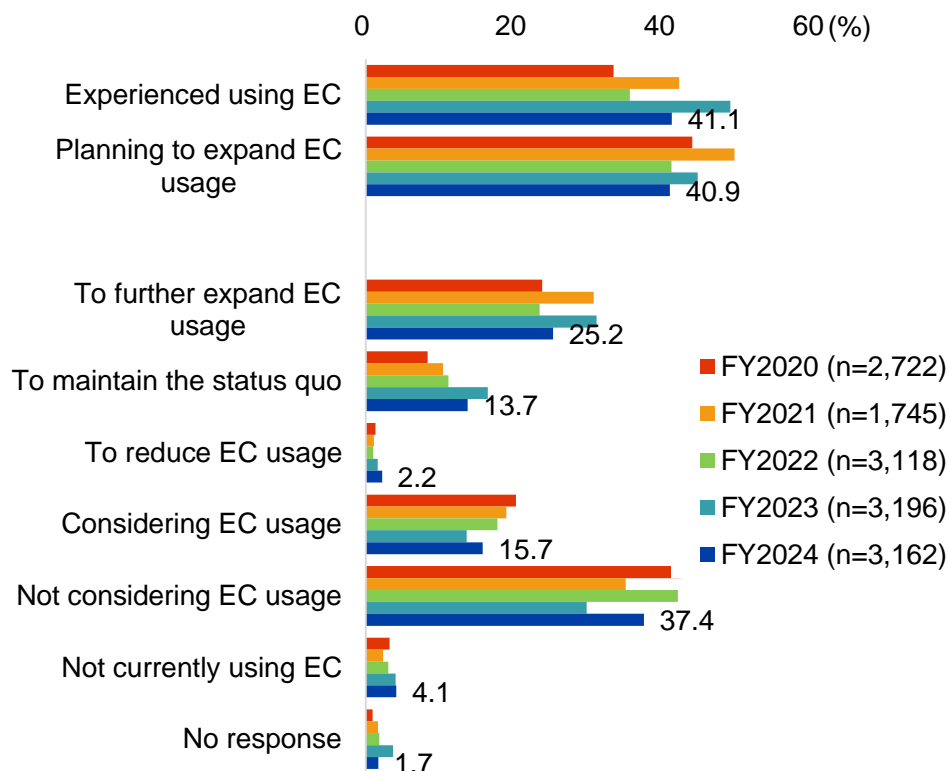
II- (2) Electronic Commerce (EC)

- 40% of firms are willing to expand their use of EC -

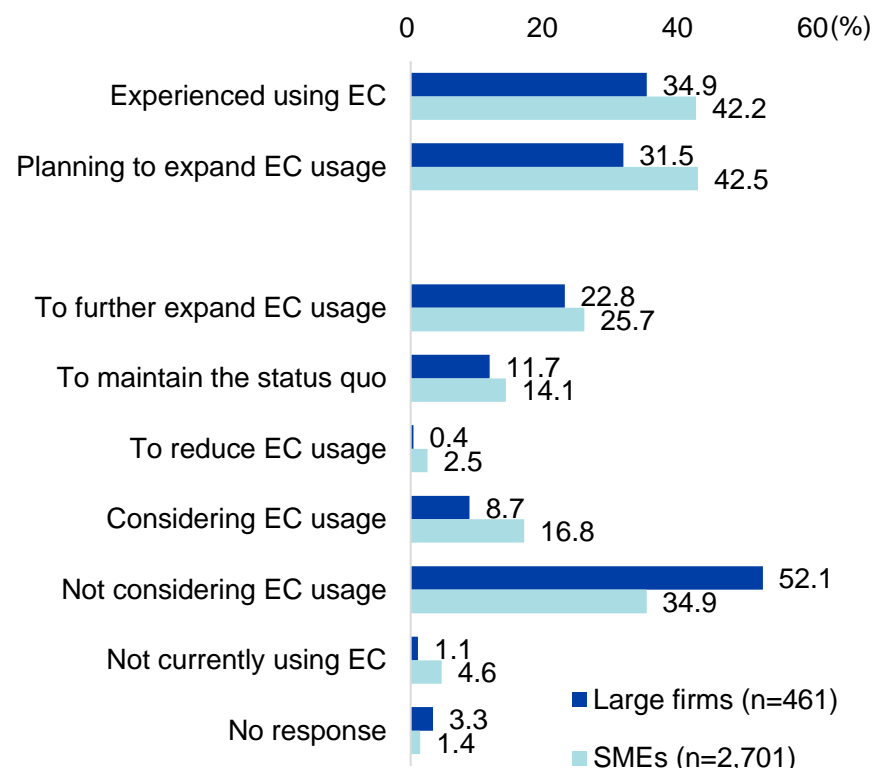
1 | 40% of Firms Have Experience Using EC

- The **percentage of firms that have used EC domestically or abroad is 41.1% (including opening stores and selling through intermediaries)**. 40.9% responded that they will expand their use of EC in the future. After having peaked in FY2021 (49.6%), the percentage continues to level off.
- By number, SMEs outnumbered large firms in both "Experienced using EC" and "Planning to expand EC usage."

EC Usage (Overall, by Year)



EC Usage (2024, by Number of Firms)



Note: 1) "n" is the total number of responses. 2) "Expanding use" is the sum of "planning to further expand" among those using EC and "considering future use" among those who are not using EC.

2 | EC Usage Rate Exceeds 60% for Retail, etc.

- The percentage of respondents who "have used EC" **exceeded 60% in the Retail category, the highest among all industries.**

EC Usage (By Industry)

(%)

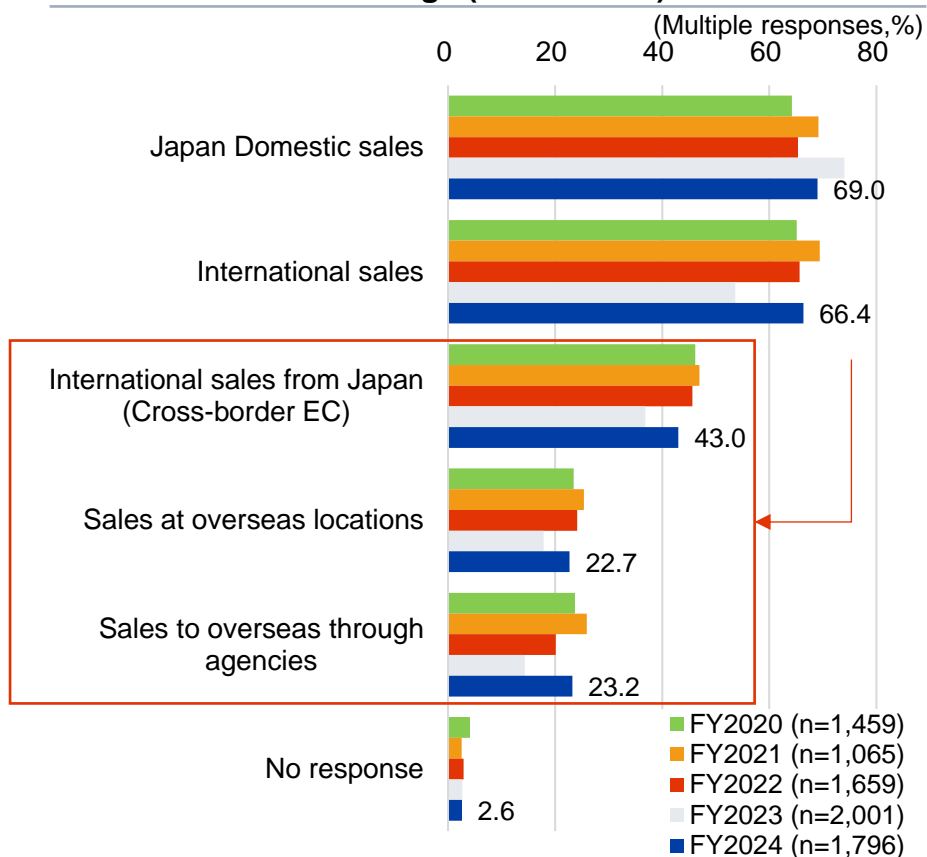
| | No. of companies | Overall | Experience of EC usage | | | Never used, but considering to use | Never used and not considering to use | Have used, but not currently using | No Answer |
|--|------------------|-------------|------------------------|----------|--------|------------------------------------|---------------------------------------|------------------------------------|-----------|
| | | | Expand | Maintain | Reduce | | | | |
| Overall | 3,162 | 41.1 | 25.2 | 13.7 | 2.2 | 15.7 | 37.4 | 4.1 | 1.7 |
| Manufacturing | 1,870 | 45.0 | 27.6 | 14.9 | 2.5 | 16.1 | 33.1 | 4.4 | 1.4 |
| Food & beverages | 597 | 55.9 | 36.0 | 16.9 | 3.0 | 18.4 | 20.6 | 4.0 | 1.0 |
| Textiles/clothing | 102 | 59.8 | 40.2 | 16.7 | 2.9 | 17.6 | 19.6 | 2.0 | 1.0 |
| Wood/furniture/paper & pulp | 62 | 61.3 | 38.7 | 17.7 | 4.8 | 16.1 | 12.9 | 8.1 | 1.6 |
| Chemicals | 78 | 42.3 | 20.5 | 20.5 | 1.3 | 12.8 | 44.9 | - | - |
| Medical products & cosmetics | 54 | 59.3 | 37.0 | 16.7 | 5.6 | 11.1 | 18.5 | 9.3 | 1.9 |
| Petroleum/plastics/rubber | 79 | 39.2 | 20.3 | 17.7 | 1.3 | 17.7 | 36.7 | 3.8 | 2.5 |
| Ceramics/earth & stone | 25 | 36.0 | 28.0 | 4.0 | 4.0 | 16.0 | 48.0 | - | - |
| Iron & steel/non-ferrous metals/metal products | 177 | 40.1 | 23.2 | 13.6 | 3.4 | 14.1 | 38.4 | 5.6 | 1.7 |
| General machinery | 118 | 23.7 | 13.6 | 8.5 | 1.7 | 17.8 | 50.0 | 7.6 | 0.8 |
| Electrical equipment | 94 | 35.1 | 20.2 | 12.8 | 2.1 | 14.9 | 44.7 | 4.3 | 1.1 |
| IT equipment/electronic parts & devices | 55 | 40.0 | 21.8 | 12.7 | 5.5 | 16.4 | 40.0 | 3.6 | - |
| Cars/car parts/transportation machinery | 88 | 19.3 | 8.0 | 10.2 | 1.1 | 9.1 | 60.2 | 5.7 | 5.7 |
| Precision equipment | 78 | 33.3 | 16.7 | 15.4 | 1.3 | 11.5 | 50.0 | 3.8 | 1.3 |
| Other manufacturing | 263 | 40.3 | 26.2 | 13.3 | 0.8 | 16.3 | 37.6 | 4.2 | 1.5 |
| Non-manufacturing | 1,292 | 35.6 | 21.8 | 12.1 | 1.7 | 15.0 | 43.7 | 3.6 | 2.2 |
| Trade & wholesale | 654 | 40.4 | 22.0 | 16.5 | 1.8 | 15.9 | 39.0 | 3.7 | 1.1 |
| Retail | 109 | 63.3 | 47.7 | 13.8 | 1.8 | 11.0 | 20.2 | 2.8 | 2.8 |
| Construction | 89 | 11.2 | 4.5 | 6.7 | - | 12.4 | 70.8 | 2.2 | 3.4 |
| Transport | 57 | 17.5 | 10.5 | 5.3 | 1.8 | 12.3 | 66.7 | 1.8 | 1.8 |
| Finance & insurance | 51 | 13.7 | 11.8 | 2.0 | - | 5.9 | 72.5 | - | 7.8 |
| Communication/information & software | 83 | 30.1 | 19.3 | 9.6 | 1.2 | 10.8 | 53.0 | 3.6 | 2.4 |
| Professional services | 59 | 18.6 | 15.3 | 3.4 | - | 20.3 | 61.0 | - | - |
| Other non-manufacturing | 190 | 33.7 | 23.7 | 6.8 | 3.2 | 18.9 | 36.3 | 6.8 | 4.2 |

Note: 1) "n" is the total number of firms that responded to this survey. 2) Highlights indicates the industries that use EC at a rate of over 50%.

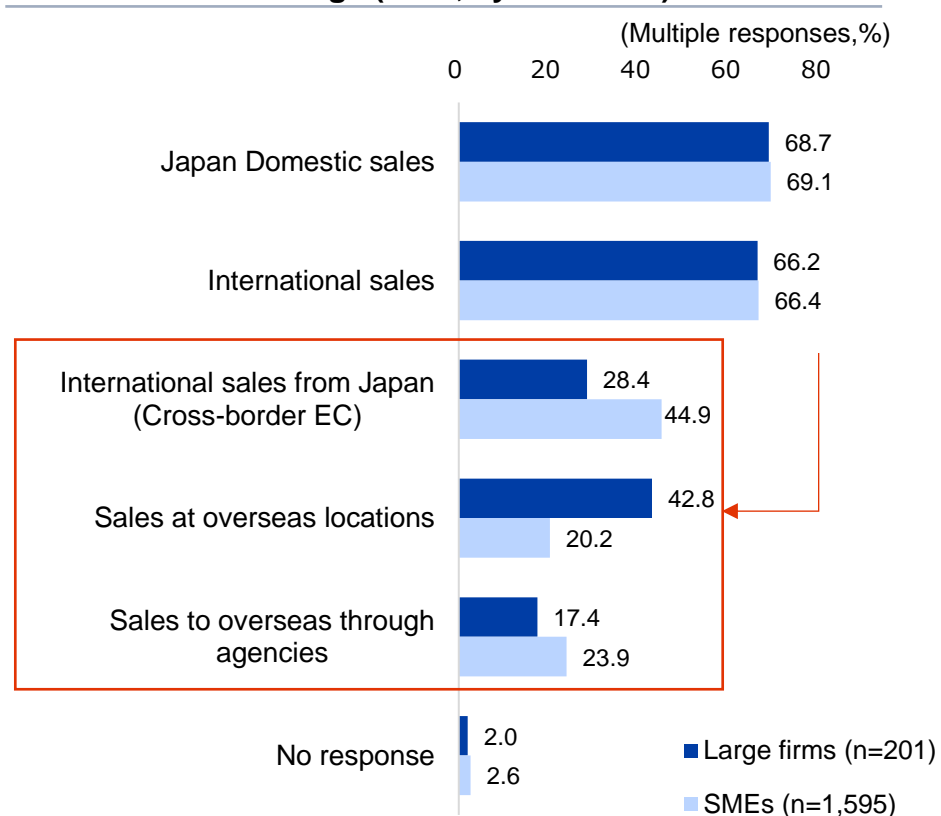
3 | More Than 60% of Respondents Use EC for Overseas Sales (Including Those Considering It)

- Of the firms that responded that they use or are considering using EC, **66.4% responded that they are using or considering using EC for international sales**. Cross-border EC accounted for the highest percentage of specific sales methods, at 43.0%.
- By firm size, more than 40% of large firms responded that they sell their products at their overseas offices. On the other hand, more than 40% of SMEs answered that they use cross-border EC.

EC Usage (Time Series)



EC Usage (2024, by Firm Size)



Note: 1) "n" represents firms that have used EC or are considering using it (but not those who have stopped using it). 2) Firms that selected "International sales from Japan (Cross-border EC)," "Sales at overseas locations," or "Sales to overseas through agencies, etc." for overseas sales.

II- (3) Overseas Expansion

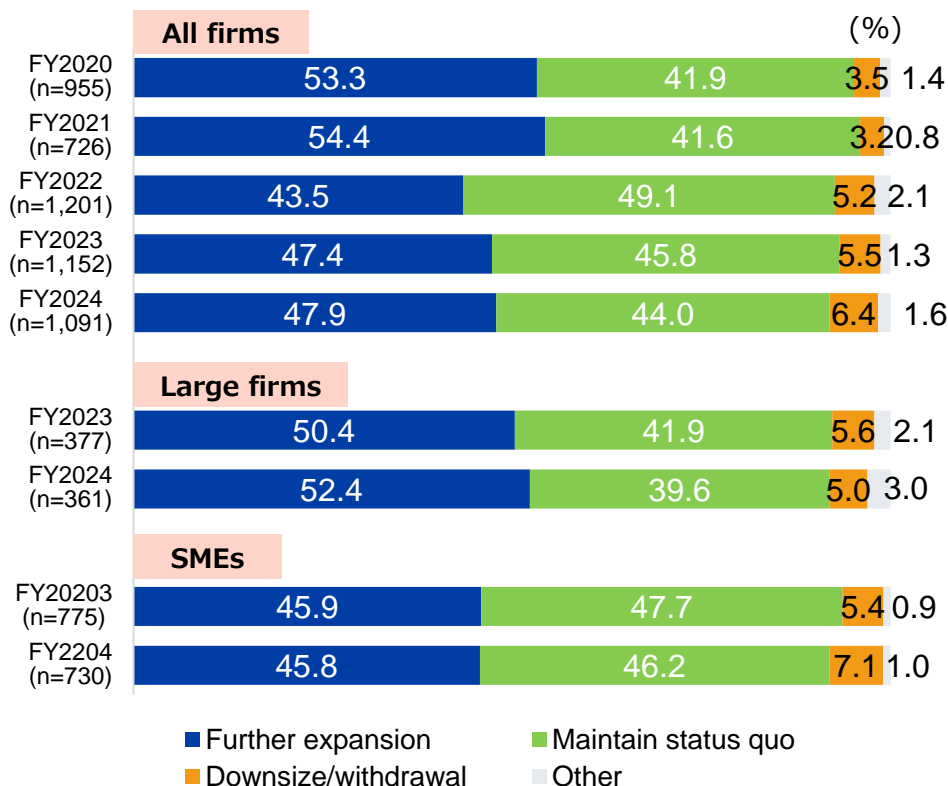
- Willingness to expand overseas business is consistent with previous year -

1 | Willingness to Expand Overseas Business Is Consistent with Previous Year

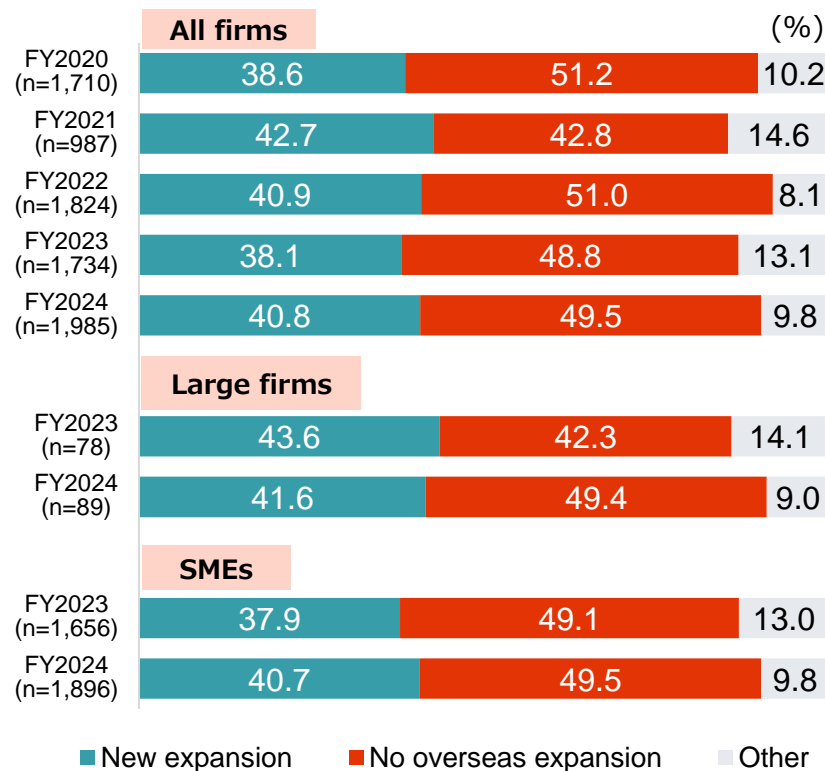
- Regarding their overseas expansion policy over the next three years or so, **47.9% of firms that already have overseas offices said they will "further expand," consistent with previous year (47.4%).**
- Among firms without overseas offices, the percentage of firms that "want new overseas offices" increased slightly from previous year to 40.8%.

Future Overseas Expansion Policy

Firms That Already Have Overseas Offices



Firms Without Overseas Offices



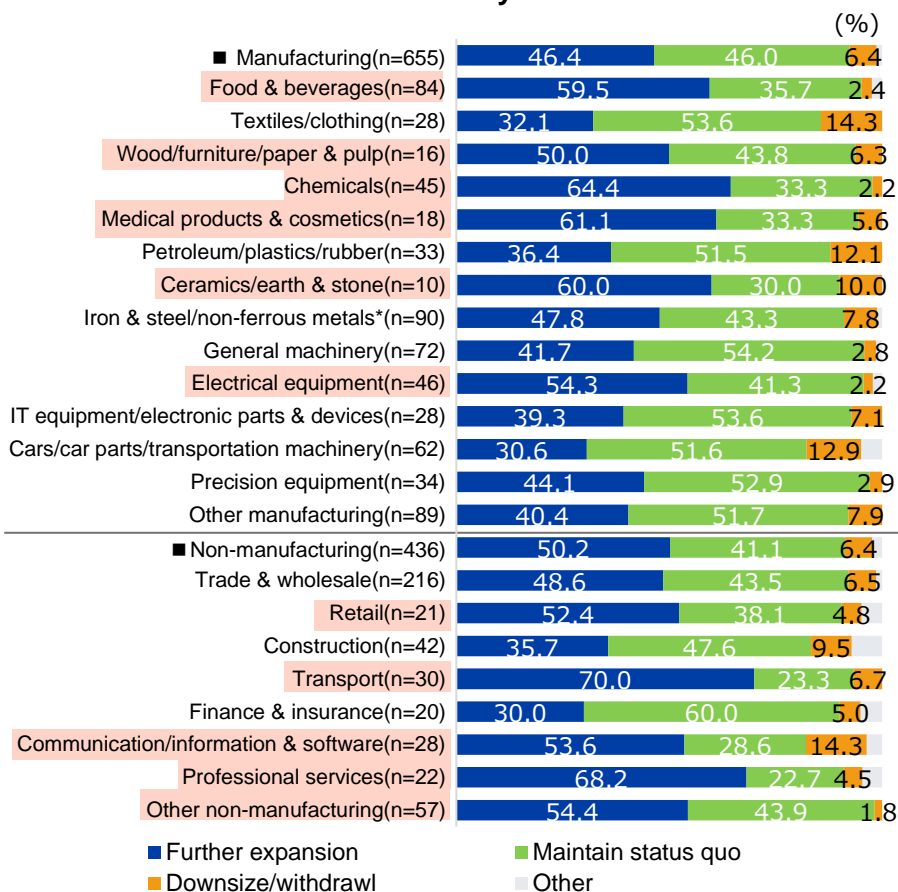
Note: The value of "n" does not include firms with non-responses.

2 | Future Overseas Expansion Policy (by Industry)

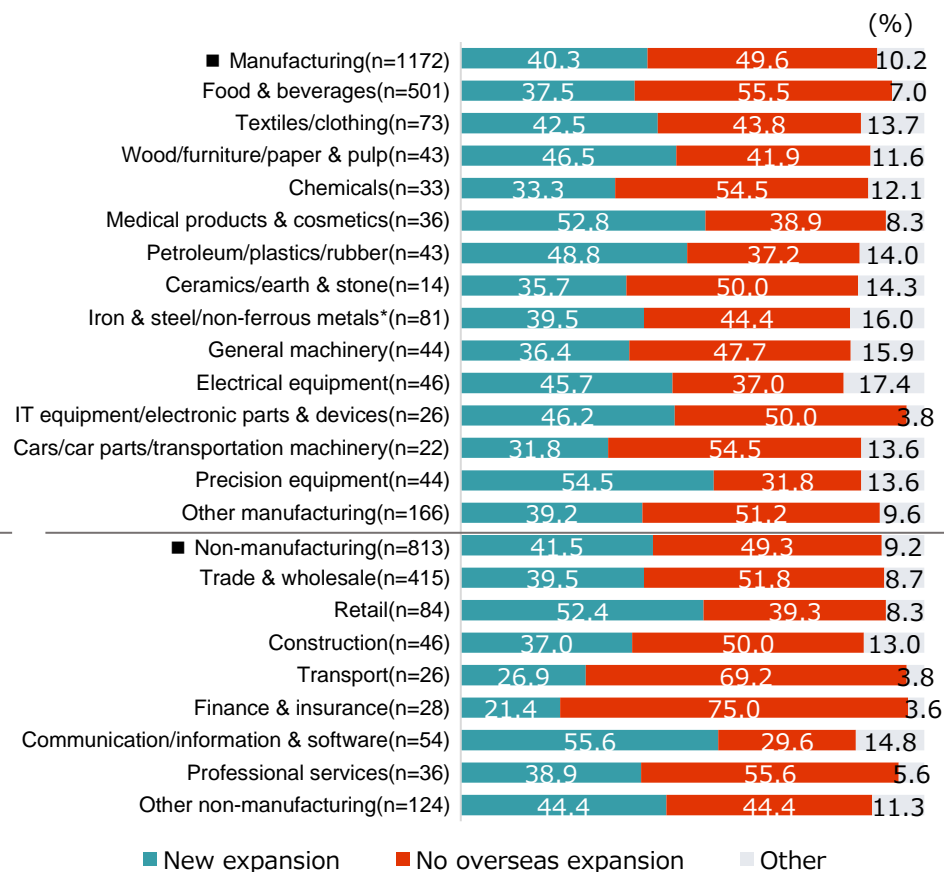
- Of the firms with overseas offices, **11 industries, including transport, professional services, chemicals, and medical products & cosmetics, accounted for more than half of the respondents planning to expand their overseas operations.**

Future Overseas Expansion Policy (By Industry)

Firms that already have overseas offices



Firms without overseas offices

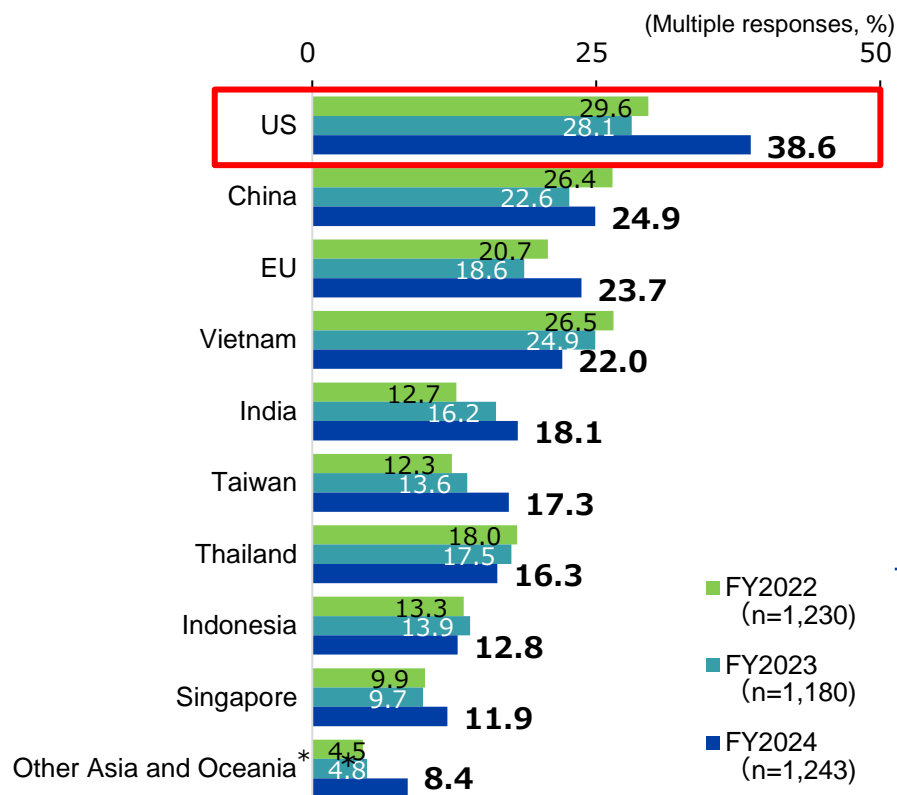


Notes: 1) The value of "n" does not include firms with non-responses. 2)* : Iron & steel/non-ferrous metals/metal products
3) Shading indicates industries in which 50% or more of the respondents selected "Further expansion".

3 | The U.S. Continues to Be the Top Destination for Future Business Expansion

- **The highest percentage of respondents continues planning to expand their overseas business to the U.S. (38.6%),** far ahead of China (24.9%), the second highest percentage.
- In addition to the U.S., willingness to expand to China, EU, India, Taiwan, and Singapore, increased from last year.

Countries/Regions for Overseas Expansion (Top 10)



Countries/Regions for Overseas Expansion (Others, FY2024)

(Multiple responses, %)

| | All firms (n=1,243) | Large firms (n=202) | SMEs (n=1,041) |
|--|------------------------|------------------------|-------------------|
| 11 Malaysia | 6.9 | 5.4 | 7.2 |
| 12 Hong Kong | 6.4 | 3.5 | 7.0 |
| 13 Middle East* | 6.4 | 5.4 | 6.5 |
| 14 Philippines | 5.7 | 8.4 | 5.2 |
| 14 South Korea | 5.7 | 4.5 | 6.0 |
| 16 United Kingdom | 3.8 | 1.5 | 4.2 |
| 17 Africa* | 2.3 | 3.0 | 2.2 |
| 18 Other Americas* | 2.3 | 2.0 | 2.3 |
| 19 Mexico | 1.6 | 4.0 | 1.2 |
| 20 Other Europe* (excl. Russia and CIS) | 1.3 | 0.0 | 1.5 |
| 21 Russia and CIS | 0.6 | 1.0 | 0.5 |

Top 5 Destinations (Free answer for each region (*), by ratio of total)

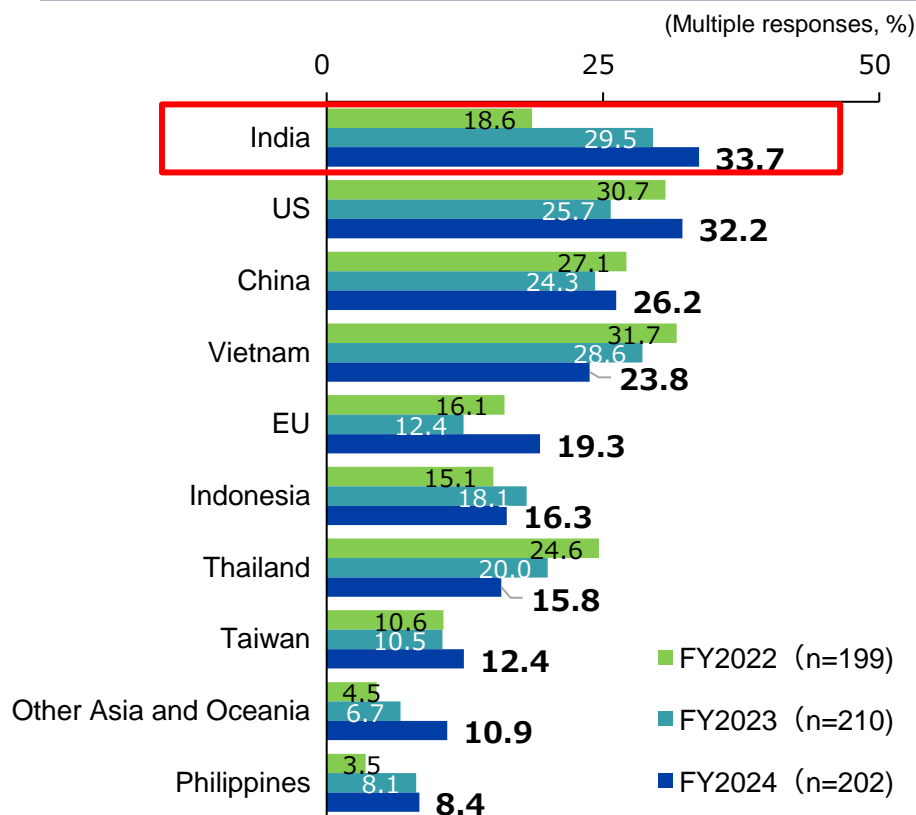
«Other Asia Pacific» Australia (2.7%), Bangladesh (1.3%)
 «Middle East» United Arab Emirates (1.9%), Saudi Arabia (1.0%)
 «Other Americas» Canada (0.9%)

Notes: 1) "n" is the number of firms that responded either "have an existing base overseas and plan to expand further," "do not have an existing base overseas but want to expand overseas," when selecting up to 3 locations for business expansion. 2) The percentage for each country/region is the ratio of the number of firms that responded to the question together with the reason for selecting the locations. 3) EU is an EU-wide option only, and individual member states cannot be selected.

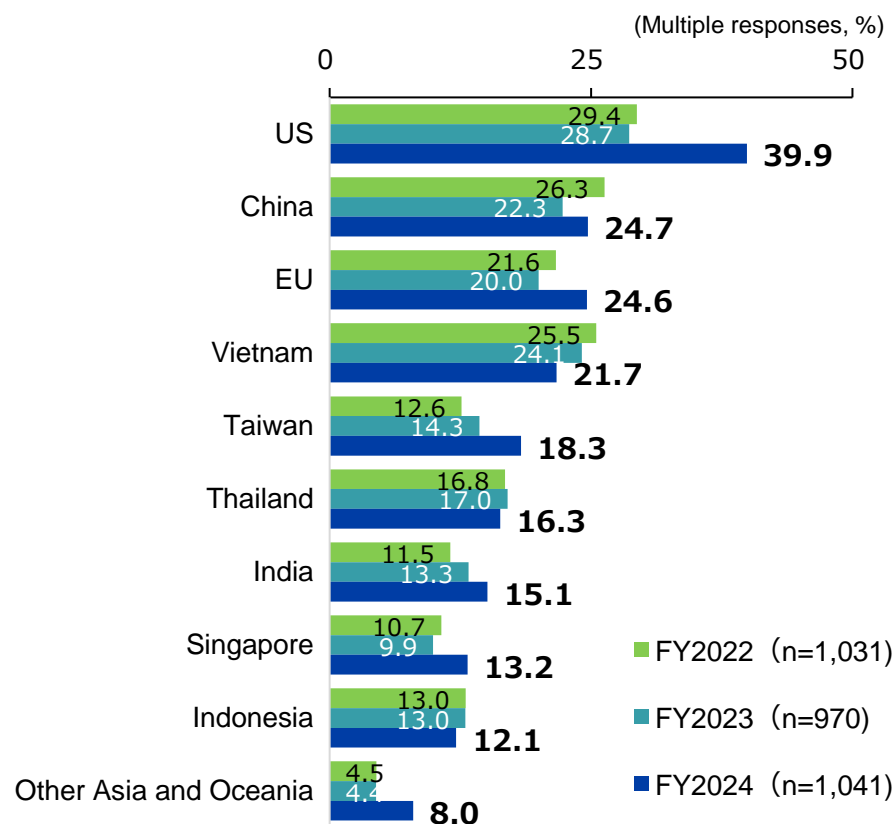
4 | India Is the Top Destination for Expansion Among Large Firms

- Large firms have the highest willingness to expand to India (33.7%), followed by the U.S. (32.2%). India is increasingly attracting the attention of large firms, having risen from fifth to first place in the previous year and maintaining its top position. Among SMEs, the U.S. (39.9%) maintained its top position, with a large lead from second-place; Taiwan (18.3%) and Thailand (16.3%) also exceeded India.

Future Expansion Destinations (Large Firms)



Countries/Regions for Overseas Expansion (SMEs)

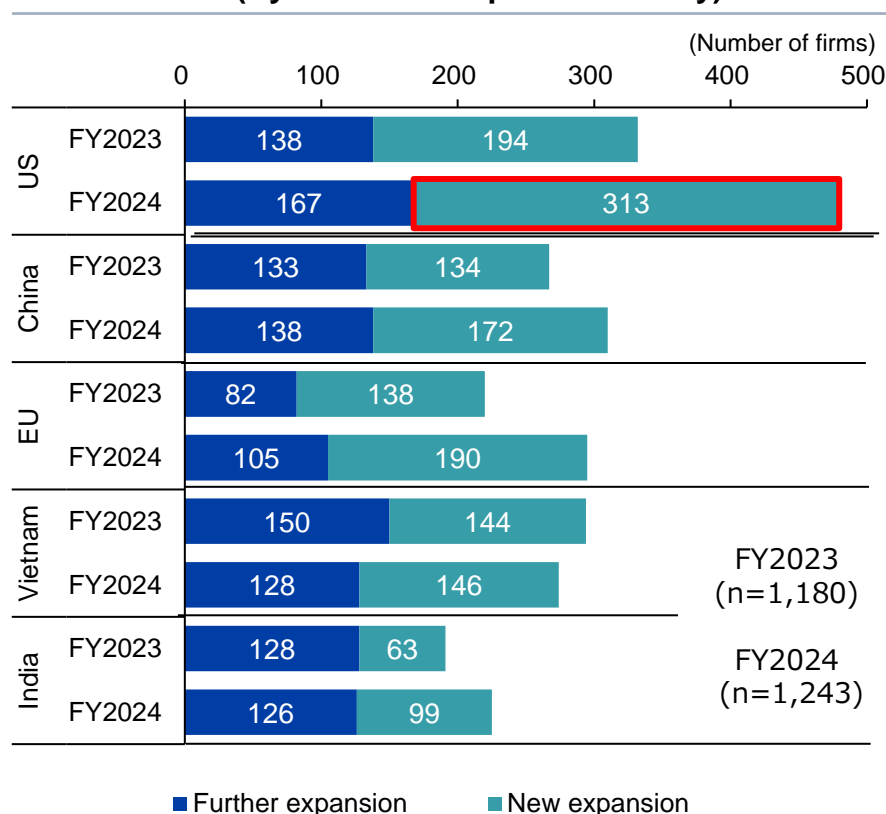


Notes: 1) "n" is the number of firms that responded either "have an existing base overseas and plan to expand further," "do not have an existing base overseas but want to expand overseas," when selecting up to 3 locations for business expansion. 2) The percentage for each country/region is the ratio of the number of firms that responded to the question together with the reason for selecting the locations. 3) EU is an EU-wide option only, and individual member states cannot be selected.

5 | New Overseas Offices Focus On the U.S.

- By future expansion policy, the number of firms that want to establish new overseas offices in all major destinations increased over the previous year. **In particular, more than 300 firms wished to establish new offices in the U.S., an increase of more than 100 firms from previous year.**
- In both manufacturing and non-manufacturing, the largest number of firms in many industries indicated the U.S.

**Countries/Regions for Overseas Expansion
(By Overseas Expansion Policy)**



**Countries/Regions for Overseas Expansion
With Most Frequent Answer (By Industry)**

| Future Overseas Expansion Policy→ | | Further Expansion | New Expansion |
|-----------------------------------|--|------------------------|---------------|
| Manufacturing | Food & beverages (n=228) | US | US |
| | Textiles/clothing (n=37) | EU | US |
| | Wood/furniture/paper & pulp (n=25) | US/China | EU |
| | Chemicals (n=37) | China | US/China |
| | Medical products & cosmetics (n=30) | US/EU | US/Taiwan |
| | Petroleum/plastics/rubber (n=33) | US/Vietnam | EU |
| | Iron & steel/non-ferrous metals* (n=72) | US | US |
| | General machinery (n=45) | India | Vietnam |
| | Electrical equipment (n=44) | EU | US |
| | IT equipment/electronic parts & devices (n=23) | US | US |
| | Cars/car parts/transportation machinery (n=26) | India | India |
| Precision equipment (n=35) | US | US | |
| Non-manufacturing | Trade & wholesale (n=245) | China | US |
| | Retail (n=53) | Taiwan | US |
| | Construction (n=31) | Indonesia | Vietnam |
| | Transport (n=25) | India | China/India |
| | Communication/information & software (n=41) | Vietnam/Indonesia | US |
| | Professional services (n=28) | Other Asia and Oceania | India |

Notes: 1) "n" is the number of firms that responded either "have an existing base overseas and plan to expand further," "do not have an existing base overseas but want to expand overseas," for selecting up to 3 locations for business expansion. 2) (Right chart) Countries/Regions for Overseas Expansion with most frequent answer by industry. Excl. "n" less than 20 firms and excl. other manufacturing/other non-manufacturing industries. 3) (Right chart) * : Iron & steel/non-ferrous metals/metal products

6 | Cars/Car Parts, etc. and General Machinery Focus On India

- By industry, general machinery, car/car parts/transportation machinery, transport, and professional services have the greatest appetite for business expansion in India.
- In food & beverages, more than 60% of firms indicated the U.S. as a future business expansion destination.

Overseas Business Expansion Locations (By Major Countries/Regions, by Industry)

(Multiple responses, %)

| | No. of firms | US (n=480) | China (n=310) | EU (n=295) | Vietnam (n=274) | India (n=225) | Taiwan (n=215) | Thailand (n=202) | Indonesia (n=159) | Singapore (n=148) |
|---|--------------|------------|---------------|------------|-----------------|---------------|----------------|------------------|-------------------|-------------------|
| Total | 1,243 | 38.6 | 24.9 | 23.7 | 22.0 | 18.1 | 17.3 | 16.3 | 12.8 | 11.9 |
| Manufacturing | 734 | 45.9 | 26.2 | 28.6 | 21.7 | 18.9 | 18.3 | 16.1 | 11.3 | 10.4 |
| Food & beverages | 228 | 60.5 | 23.7 | 24.1 | 17.5 | 7.5 | 27.2 | 14.0 | 7.0 | 20.2 |
| Textiles/clothing | 37 | 51.4 | 35.1 | 51.4 | 13.5 | 2.7 | 24.3 | 5.4 | 5.4 | 2.7 |
| Wood/furniture/paper & pulp | 25 | 48.0 | 16.0 | 44.0 | 16.0 | 8.0 | 20.0 | 4.0 | 12.0 | 12.0 |
| Chemicals | 37 | 43.2 | 48.6 | 32.4 | 13.5 | 27.0 | 10.8 | 24.3 | 18.9 | 13.5 |
| Medical products & cosmetics | 30 | 40.0 | 20.0 | 36.7 | 16.7 | 16.7 | 30.0 | 23.3 | 3.3 | 13.3 |
| Petroleum/plastics/rubber | 33 | 30.3 | 24.2 | 27.3 | 27.3 | 12.1 | 18.2 | 21.2 | 12.1 | 0.0 |
| Iron & steel/non-ferrous metals* | 72 | 36.1 | 26.4 | 27.8 | 26.4 | 25.0 | 6.9 | 22.2 | 13.9 | 4.2 |
| General machinery | 45 | 33.3 | 24.4 | 28.9 | 28.9 | 40.0 | 11.1 | 15.6 | 22.2 | 2.2 |
| Electrical equipment | 44 | 38.6 | 22.7 | 36.4 | 22.7 | 31.8 | 13.6 | 9.1 | 6.8 | 6.8 |
| IT equipment/electronic parts & devices | 23 | 47.8 | 39.1 | 34.8 | 8.7 | 30.4 | 8.7 | 8.7 | 4.3 | 0.0 |
| Cars/car parts/transportation machinery | 26 | 15.4 | 15.4 | 3.8 | 19.2 | 46.2 | 0.0 | 26.9 | 34.6 | 0.0 |
| Precision equipment | 35 | 40.0 | 25.7 | 20.0 | 28.6 | 28.6 | 11.4 | 8.6 | 20.0 | 2.9 |
| Other manufacturing | 89 | 44.9 | 30.3 | 29.2 | 31.5 | 22.5 | 15.7 | 21.3 | 10.1 | 9.0 |
| Non-manufacturing | 509 | 28.1 | 23.2 | 16.7 | 22.6 | 16.9 | 15.9 | 16.5 | 14.9 | 14.1 |
| Trade & wholesale | 245 | 29.8 | 27.3 | 21.6 | 25.7 | 18.8 | 19.2 | 17.1 | 12.7 | 14.3 |
| Retail | 53 | 35.8 | 20.8 | 17.0 | 7.5 | 3.8 | 20.8 | 20.8 | 13.2 | 26.4 |
| Construction | 31 | 22.6 | 16.1 | 6.5 | 35.5 | 12.9 | 0.0 | 19.4 | 25.8 | 3.2 |
| Transport | 25 | 20.0 | 20.0 | 8.0 | 12.0 | 40.0 | 0.0 | 12.0 | 12.0 | 8.0 |
| Communication/information & software | 41 | 34.1 | 14.6 | 14.6 | 12.2 | 17.1 | 12.2 | 7.3 | 19.5 | 9.8 |
| Professional services | 28 | 21.4 | 14.3 | 10.7 | 25.0 | 28.6 | 3.6 | 7.1 | 14.3 | 3.6 |
| Other non-manufacturing | 79 | 24.1 | 20.3 | 12.7 | 26.6 | 10.1 | 19.0 | 17.7 | 16.5 | 16.5 |

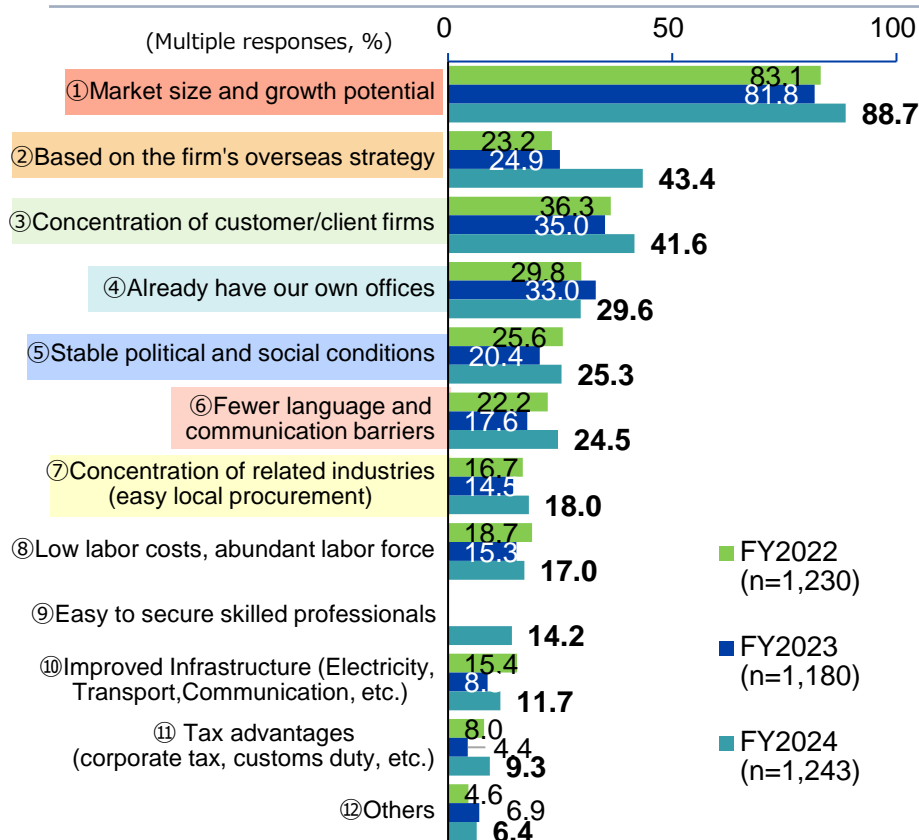
Notes: 1) "n" is the number of firms that responded either "have an existing base overseas and plan to expand further," "do not have an existing base overseas but want to expand overseas," for selecting up to 3 locations for business expansion. Excl. "n" less than 20 firms in each industry. 2) Countries/Regions for Overseas Expansion with most frequent answer by industry. *: Iron & steel/non-ferrous metals/metal products.

3) The shading indicates the highest percentage in each industry.

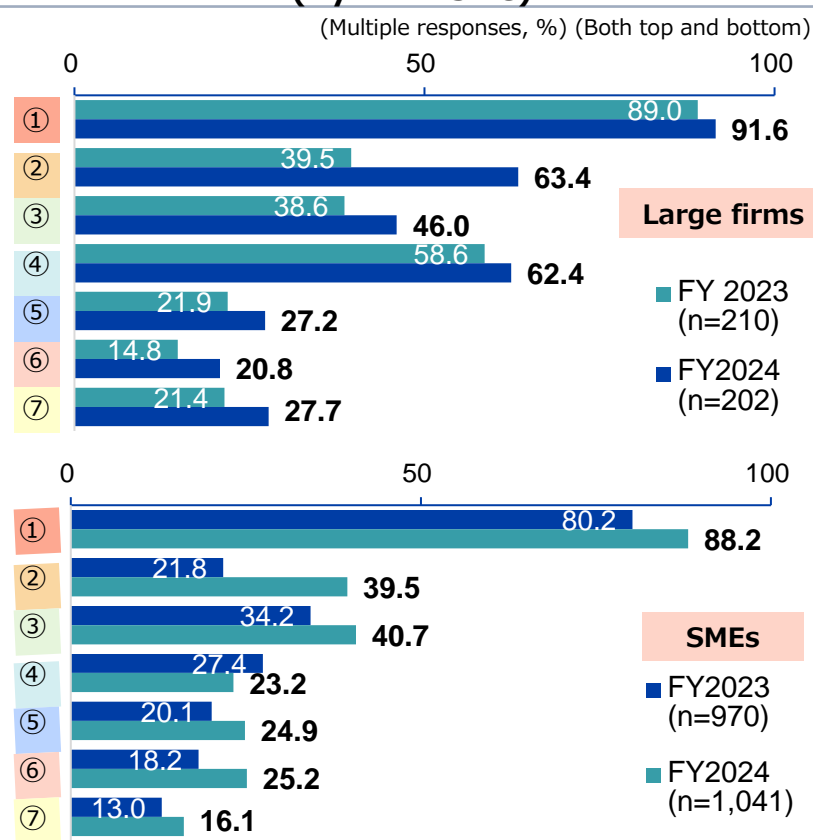
7 | Increasing Weight of Firm's Overseas Strategy in Selecting Destinations

- **"Market size/growth potential" (88.7%) remained the largest reason for selecting a future business expansion.** "Based on the firm's overseas business strategy" (43.4%), including restructuring and diversification of business bases, rose significantly from previous year to become the next top reason.
- Among large firms, "already have our own offices" (62.4%) exceeded "Concentration of customer/client firms" (46.0%).

Reasons for Selecting Business Expansion location



Reasons for Selecting Business Expansion Location (By Firm Size)



Notes: 1) "n" is the number of firms that responded either "have an existing base overseas and plan to expand further," "do not have an existing base overseas but want to expand overseas," for selecting up to 3 locations for business expansion.
 2) Reason ⑨, "Easy to secure skilled professionals," was newly added in FY2024.

8 | For Vietnam and India, Human Resources Also Surged

- **“Market size/growth potential” was the biggest reason** for selecting the top countries/regions for business expansion.
- In Vietnam, India, and Indonesia, “low labor costs, abundant labor force” ranked high. In Vietnam and India, “easy to secure skilled professionals” was selected by around 15%, a high score for human resource aspect.

Reasons for Selecting a Business Expansion Location (Major Countries/Regions)

(Multiple responses, %)

| US (n=480) | China (n=310) | EU (n=295) | Vietnam (n=274) | India (n=225) | Taiwan (n=215) | Thailand (n=202) | Indonesia (n=159) | Singapore (n=148) |
|---------------|------------------|---------------|--------------------|------------------|-------------------|---------------------|----------------------|----------------------|
| ① 88.3 | ① 71.6 | ① 77.6 | ① 84.7 | ① 90.7 | ① 65.1 | ① 69.8 | ① 86.2 | ① 66.9 |
| ③ 35.4 | ② 34.8 | ③ 35.6 | ② 35.8 | ② 38.2 | ③ 33.5 | ③ 40.1 | ② 30.8 | ⑤ 36.5 |
| ② 34.0 | ③ 34.5 | ② 34.2 | ⑧ 31.8 | ③ 25.8 | ② 28.4 | ② 32.2 | ③ 25.8 | ③ 31.1 |
| ⑥ 25.6 | ④ 34.2 | ⑤ 24.7 | ③ 27.7 | ⑧ 21.3 | ⑥ 21.9 | ④ 28.2 | ⑧ 20.1 | ② 26.4 |
| ④ 22.7 | ⑦ 21.9 | ④ 16.3 | ④ 25.5 | ④ 20.9 | ⑤ 13.5 | ⑦ 19.3 | ④ 18.2 | ⑥ 23.0 |
| ⑤ 21.9 | ⑥ 13.9 | ⑥ 14.6 | ⑤ 16.1 | ⑨ 14.7 | ④ 11.6 | ⑤ 16.3 | ⑦ 13.2 | ⑪ 15.5 |
| ⑦ 10.0 | ⑧ 8.4 | ⑩ 8.8 | ⑨ 16.1 | ⑦ 11.6 | ⑦ 8.4 | ⑧ 14.9 | ⑥ 6.9 | ④ 10.8 |
| ⑩ 9.6 | ⑨ 6.8 | ⑨ 5.8 | ⑦ 13.9 | ⑥ 10.7 | ⑨ 7.4 | ⑥ 10.9 | ⑨ 6.9 | ⑩ 10.1 |
| ⑨ 5.4 | ⑩ 5.8 | ⑦ 5.4 | ⑩ 7.3 | ⑤ 4.4 | ⑩ 7.4 | ⑩ 9.4 | ⑤ 6.3 | ⑨ 7.4 |
| ⑪ 3.1 | ⑤ 2.9 | ⑫ 4.7 | ⑥ 5.5 | ⑫ 3.6 | ⑫ 4.7 | ⑨ 6.9 | ⑫ 4.4 | ⑦ 6.8 |
| ⑫ 2.1 | ⑫ 2.9 | ⑪ 3.1 | ⑪ 5.1 | ⑪ 2.7 | ⑧ 2.3 | ⑪ 4.5 | ⑩ 3.8 | ⑫ 4.7 |
| ⑧ 0.2 | ⑪ 1.6 | ⑧ 0.7 | ⑫ 3.6 | ⑩ 1.3 | ⑪ 1.9 | ⑫ 3.5 | ⑪ 1.9 | ⑧ 0.7 |

① Market size and growth potential ② Based on the firm's overseas strategy ③ Concentration of customer/client firms ④ Already have our own offices ⑤ Stable political and social conditions ⑥ Fewer language and communication barriers ⑦ Concentration of related industries (easy local procurement) ⑧ Low labor costs, abundant labor force ⑨ Easy to secure skilled professionals ⑩ Improved infrastructure (Electricity, Transport, Communication, etc.) ⑪ Tax advantages (corporate tax, customs duty, etc.) ⑫ Others

Notes: 1) “n” is the number of firms that responded either “have an existing base overseas and plan to expand further,” “do not have an existing base overseas but want to expand overseas,” for selecting up to 3 locations for business expansion, with the reason for selecting. 2) Reason ⑨, “Easy to secure skilled professionals,” was newly added in FY2024. 3) The percentage of firms that responded for each country/region. 4) Red figures indicate more than a 5%-point increase, blue figures indicate a decline of at least 5% points from the previous survey.

9 | Reasons for Choosing a Business Expansion Destination (By Industry)

- The response ratio for "market size/growth potential" was generally high, exceeding 80% in all industries, and more than 90% in eight industries, including chemicals, IT equipment/electronic parts & devices, etc.

Reasons for Choosing a Business Expansion Destination (By Industry)

(Multiple responses, %)

| | No. of firms | Market size and growth potential | Based on the firms's overseas strategy | Concentration of customer/client firms | Already have our own offices | Stable political and social conditions | Fewer language & communication barriers | Concentration of related industries | Low labor costs, abundant labor force | Easy to secure skilled professionals | Improved infrastructure | Tax advantage |
|---|--------------|----------------------------------|--|--|------------------------------|--|---|-------------------------------------|---------------------------------------|--------------------------------------|-------------------------|---------------|
| Total | 1,243 | 88.7 | 43.4 | 41.6 | 29.6 | 25.3 | 24.5 | 18.0 | 17.0 | 14.2 | 11.7 | 9.3 |
| Manufacturing | 734 | 89.5 | 41.8 | 43.5 | 29.4 | 24.9 | 23.2 | 18.3 | 15.7 | 12.5 | 10.6 | 7.8 |
| Food & beverages | 228 | 92.1 | 32.5 | 35.1 | 13.6 | 25.9 | 17.1 | 9.6 | 10.1 | 6.6 | 8.3 | 5.7 |
| Textiles/clothing | 37 | 86.5 | 27.0 | 40.5 | 13.5 | 24.3 | 27.0 | 16.2 | 13.5 | 8.1 | 2.7 | 2.7 |
| Wood/furniture/paper & pulp | 25 | 88.0 | 44.0 | 40.0 | 24.0 | 20.0 | 12.0 | 16.0 | 16.0 | 8.0 | 4.0 | 4.0 |
| Chemicals | 37 | 97.3 | 64.9 | 51.4 | 59.5 | 21.6 | 24.3 | 37.8 | 16.2 | 16.2 | 18.9 | 8.1 |
| Medical products & cosmetics | 30 | 90.0 | 53.3 | 36.7 | 26.7 | 36.7 | 30.0 | 20.0 | 10.0 | 23.3 | 16.7 | 10.0 |
| Petroleum/plastics/rubber | 33 | 81.8 | 39.4 | 45.5 | 27.3 | 24.2 | 24.2 | 18.2 | 21.2 | 12.1 | 15.2 | 6.1 |
| Iron & steel/non-ferrous metals* | 72 | 87.5 | 50.0 | 51.4 | 47.2 | 27.8 | 18.1 | 26.4 | 20.8 | 11.1 | 9.7 | 9.7 |
| General machinery | 45 | 93.3 | 42.2 | 42.2 | 42.2 | 11.1 | 22.2 | 26.7 | 15.6 | 8.9 | 8.9 | 11.1 |
| Electrical equipment | 44 | 81.8 | 45.5 | 47.7 | 36.4 | 25.0 | 34.1 | 22.7 | 20.5 | 25.0 | 13.6 | 11.4 |
| IT equipment/electronic parts & devices | 23 | 95.7 | 34.8 | 52.2 | 39.1 | 47.8 | 26.1 | 21.7 | 30.4 | 26.1 | 17.4 | 21.7 |
| Cars/car parts/transportation machinery | 26 | 80.8 | 65.4 | 42.3 | 50.0 | 11.5 | 7.7 | 19.2 | 26.9 | 26.9 | 11.5 | 7.7 |
| Precision equipment | 35 | 91.4 | 37.1 | 62.9 | 31.4 | 28.6 | 34.3 | 14.3 | 11.4 | 5.7 | 14.3 | 8.6 |
| Other manufacturing | 89 | 88.8 | 46.1 | 49.4 | 31.5 | 23.6 | 37.1 | 22.5 | 19.1 | 18.0 | 11.2 | 7.9 |
| Non-manufacturing | 509 | 87.6 | 45.6 | 38.9 | 29.9 | 25.7 | 26.3 | 17.7 | 18.9 | 16.5 | 13.4 | 11.4 |
| Trade & wholesale | 245 | 89.0 | 45.3 | 47.3 | 32.7 | 27.3 | 26.9 | 22.0 | 16.7 | 13.1 | 14.3 | 12.7 |
| Retail | 53 | 86.8 | 43.4 | 30.2 | 15.1 | 20.8 | 37.7 | 9.4 | 13.2 | 11.3 | 7.5 | 17.0 |
| Construction | 31 | 93.5 | 58.1 | 38.7 | 35.5 | 12.9 | 19.4 | 16.1 | 29.0 | 16.1 | 9.7 | 6.5 |
| Transport | 25 | 80.0 | 52.0 | 36.0 | 56.0 | 16.0 | 16.0 | 20.0 | 24.0 | 12.0 | 16.0 | 12.0 |
| Communication/information & software | 41 | 80.5 | 34.1 | 36.6 | 22.0 | 29.3 | 26.8 | 9.8 | 17.1 | 22.0 | 7.3 | 4.9 |
| Professional services | 28 | 82.1 | 53.6 | 21.4 | 21.4 | 21.4 | 25.0 | 14.3 | 14.3 | 21.4 | 17.9 | 10.7 |
| Other non-manufacturing | 79 | 91.1 | 43.0 | 27.8 | 26.6 | 34.2 | 25.3 | 15.2 | 27.8 | 27.8 | 17.7 | 10.1 |

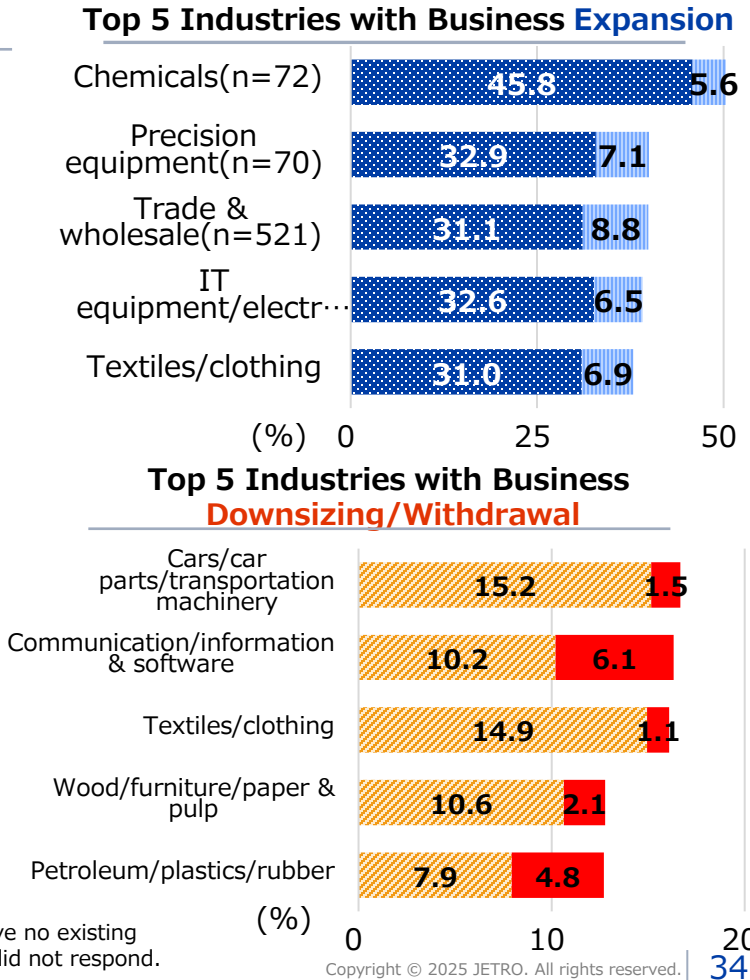
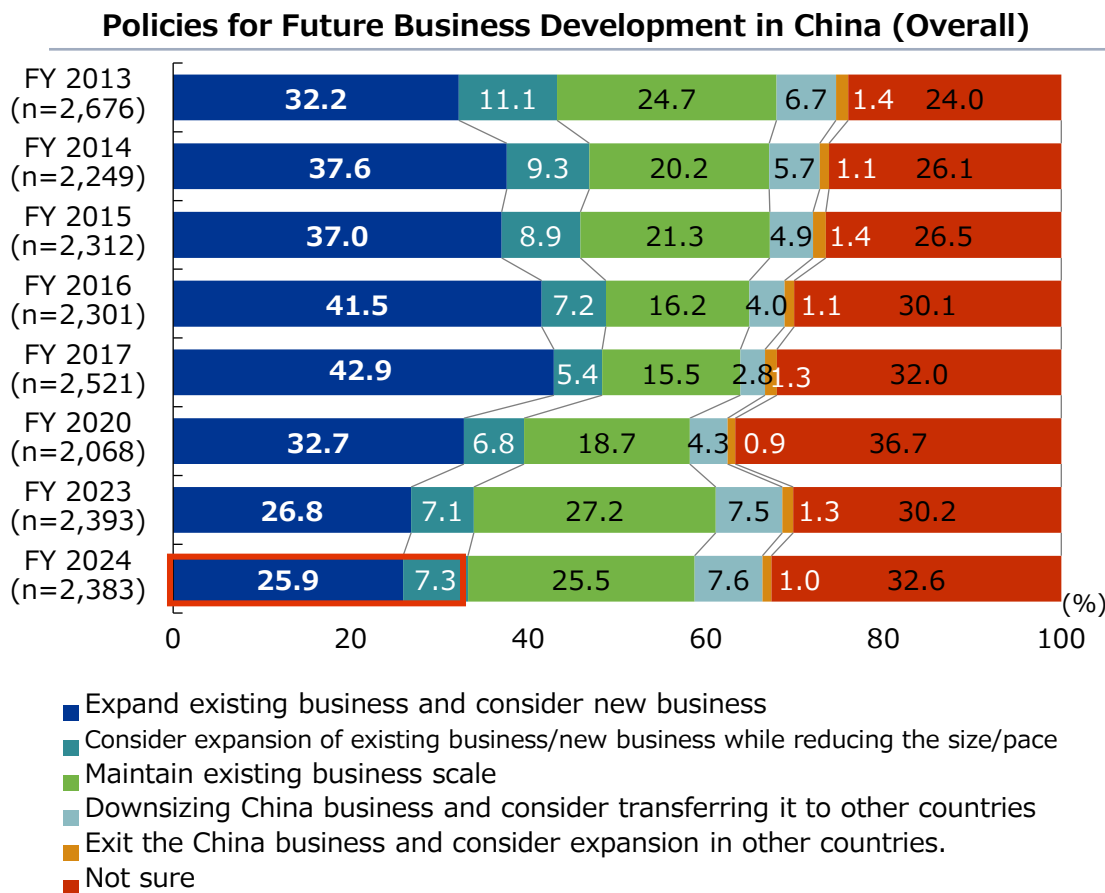
Notes: 1) "n" is the number of firms that responded either "have an existing base overseas and plan to expand further," "do not have an existing base overseas but want to expand overseas," for selecting up to 3 locations for business expansion, with the reason for selecting, excluding those with less than 20 firms. 2) The percentage of the total number of respondents for each industry. * : Iron & steel/non-ferrous metals/metal products. "Other" and "non-responses" categories are excluded.
 3) Bolded figures indicate more than 80%. Shading in dark: 50% or more, light: 50-25% or more, unshaded: less than 10%.

II- (4) Business with China

- Willingness to expand business with China declines with concern about geopolitical risks -

1 | No Recovery in Willingness to Do Business in China

- Firms looking to expand existing business or consider new business in China were 33.2%. This is unchanged from the previous year. Less than 10% of firms are considering downsizing. **Only 1%** are **considering withdrawal**.
- By industry, more than 50% of chemicals intend to expand their business. On the other hand, **a high percentage of cars and car parts are considering downsizing**.

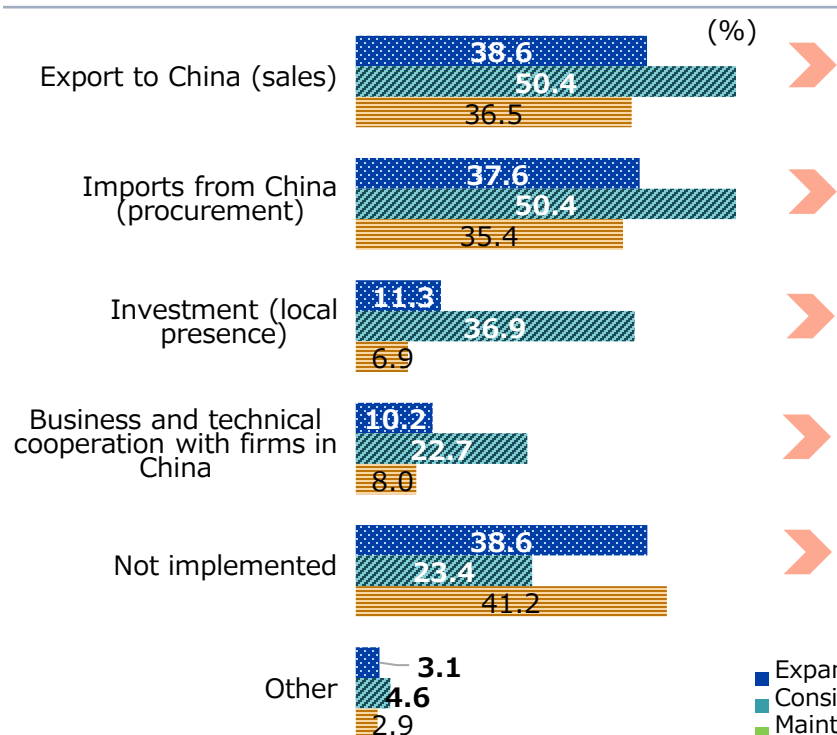


Note: 1) The number of firms (n) is based on the total number of responding firms (including firms that have no existing business in China), excluding those that answered "will not develop business in the future" and those that did not respond.
2) This question was not asked in FY2006, FY2007, FY2009, and FY2010.

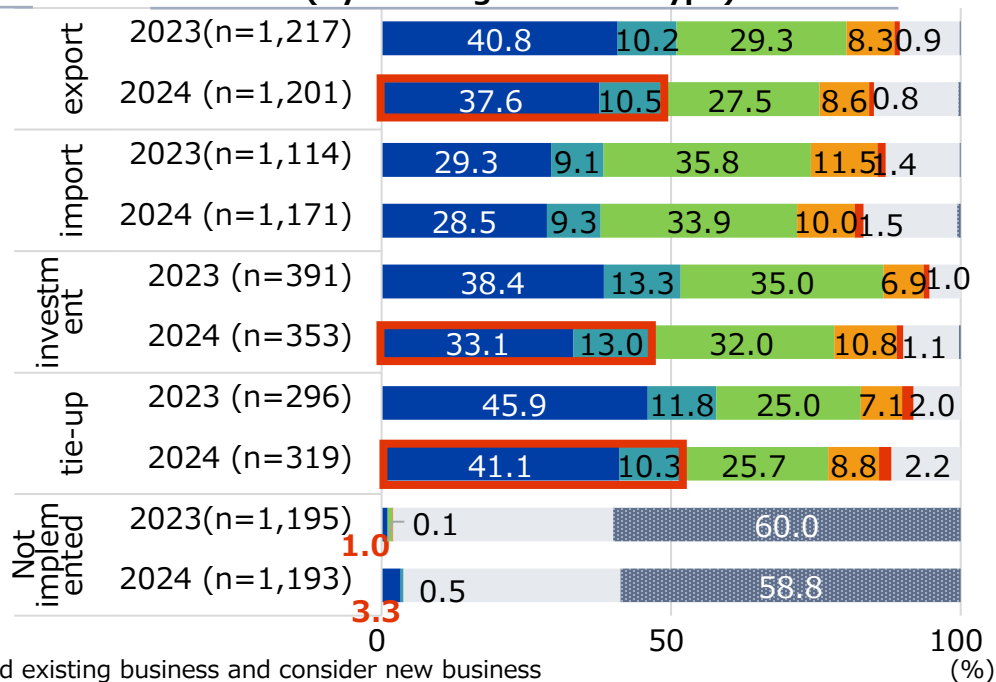
2 | Policies for Future Business Development in China Are Largely Divided

- More than 50% of large firms export and import from and to China. While 36.9% of large firms have a local presence, only 6.9% of SMEs have it. Less than 40% of firms have no business with China.
- Around 50% of firms that are exporting, investing, and engaging in business and technical cooperation in China, respectively, intend to expand their business in the country.** All of them decreased from the previous year. About 4% with no existing business with China are considering new business there.

Existing China Business (Overall), FY2024



Future Business Development Policy in China (By Existing Business Type)



- Expand existing business and consider new business
- Consider expansion of existing business/new business while reducing the size/pace
- Maintain existing business scale
- Downsizing China business and consider diversifying and transferring to other countries
- Exit from China and consider diversifying or transferring to other countries
- Not sure
- No further business development will be undertaken in the future.

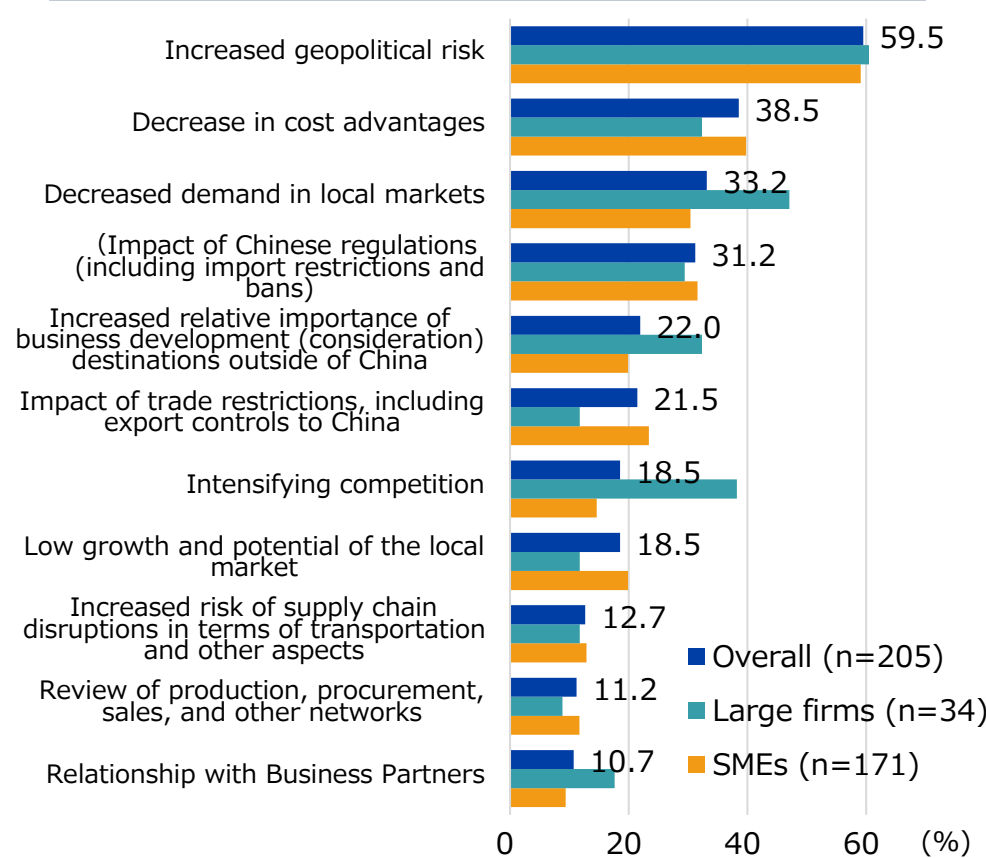
Overall (n=3,135) Large firms (n=458)
SMEs (n=2,677)

Note: Multiple responses are shown in the left chart, except for "not implemented".
Non-responses are excluded from the total (both left and right figures).

3 | Increased Geopolitical Risk Is the Main Reason for Reducing Business with China

- **Among the reasons for downsizing or withdrawing from China (205 valid responses), “heightened geopolitical risk” was the highest at approximately 60%.** This factor far outweighs cost and demand. Over 30% cited China’s import restrictions, and more than 20% cited export controls to China.
- **Additional U.S. tariffs and the possibility of further tariff increases were also cited as geopolitical risks.**

Reasons for Scaling Back or Withdrawing from China Business (Multiple Responses)



Main Comments on Reasons For Downsizing/Withdrawal

- We transferred production in China to Vietnam and India. In response to geopolitical risks, we withdrew the business of producing in China and exporting to the global market. **Additional tariffs imposed by the U.S. will exceed cost reductions.** Sales in Chinese market will continue to be handled from Japan and Vietnam (Electrical equipment / Large firms).
- We export electronic parts & rubber procured in China to U.S. bases, but are **concerned about cost-up due to tariffs imposed by the new U.S. administration.** (Car parts / Large firms)
- Japanese manufacturers, our business partners, have **been sluggish, especially in the car industry.** Local sales have halved from the previous peak. The production business has already been transferred to a local firm. The company will completely withdraw from China, including its trading company functions, and expand business in Southeast Asia (Rubber and plastics / SMEs).
- Unable to compete with the **overwhelming cost competitiveness and improved quality and technology of competing Chinese manufacturers.** We are increasing resource allocation to emerging countries such as India (Car parts / SMEs).
- **Negative customer perception of** using raw materials from China (Textiles & clothing / SMEs)
- Negative impact of sudden **enactment of local laws or notification/enforcement of changes,** such as abolition of value-added tax refund (Metal product / SMEs)

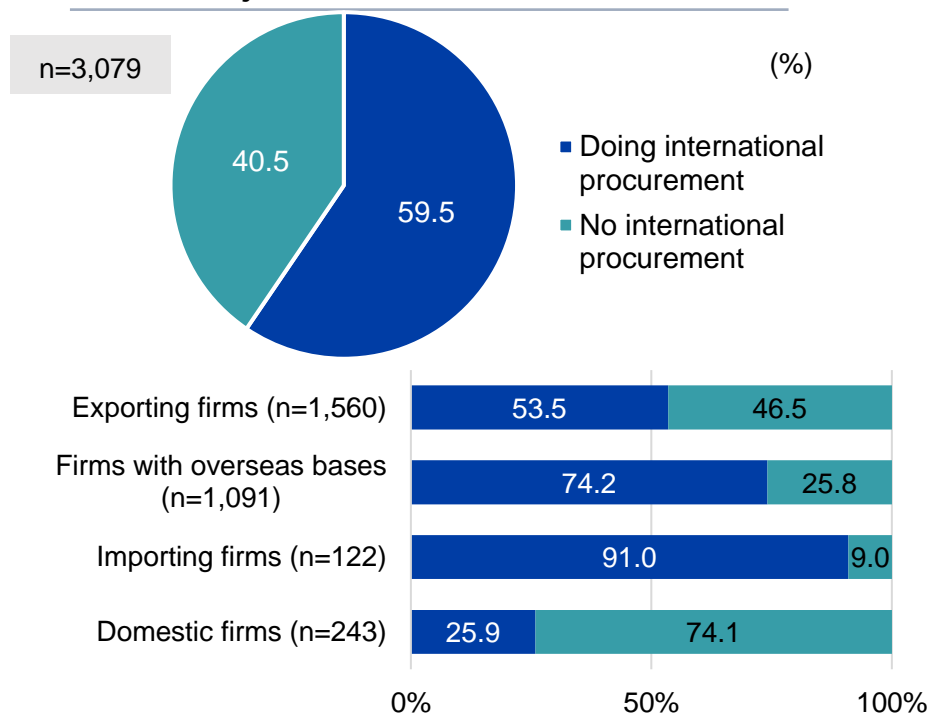
III. Geopolitical Risks and Supply Chains

- Procurement activities may be affected, but decentralization and other reviews are underway -

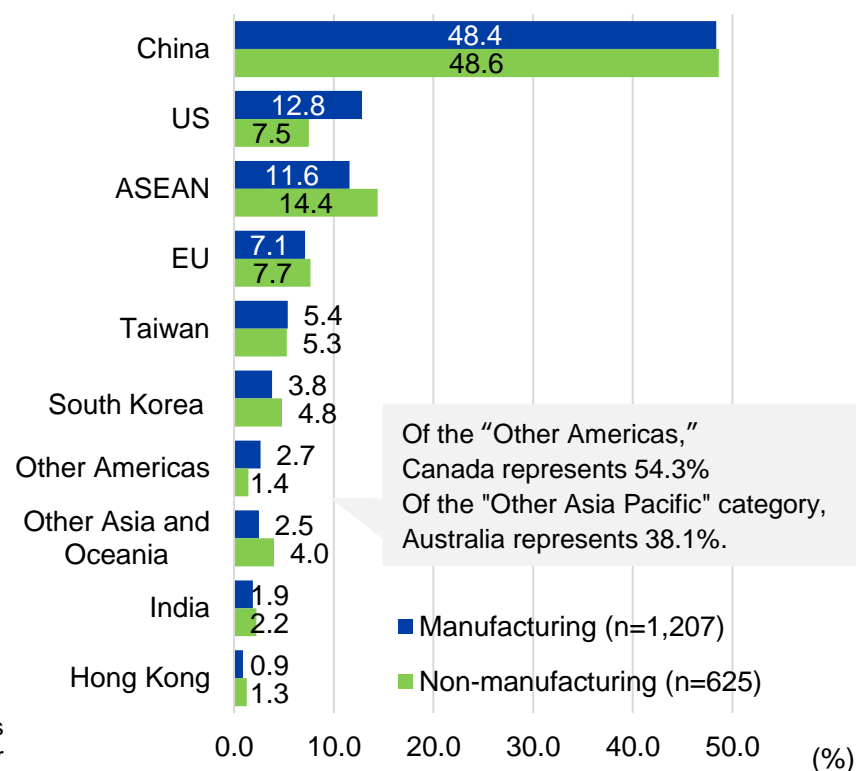
1 | China Accounts for About Half of Foreign Suppliers of Major Raw Materials and Parts

- 59.5% of all respondents answered that they procure major raw materials and parts essential for their main products and services from overseas.
- Of the firms that procure overseas, in terms of value, half of both manufacturing and non-manufacturing firms procure from China, the largest percentage of all.

Status of International Procurement Of Major Raw Materials and Parts



Foreign Suppliers of Main Raw Materials and Parts (Largest Sources by Value: Top 10 Countries/Regions)

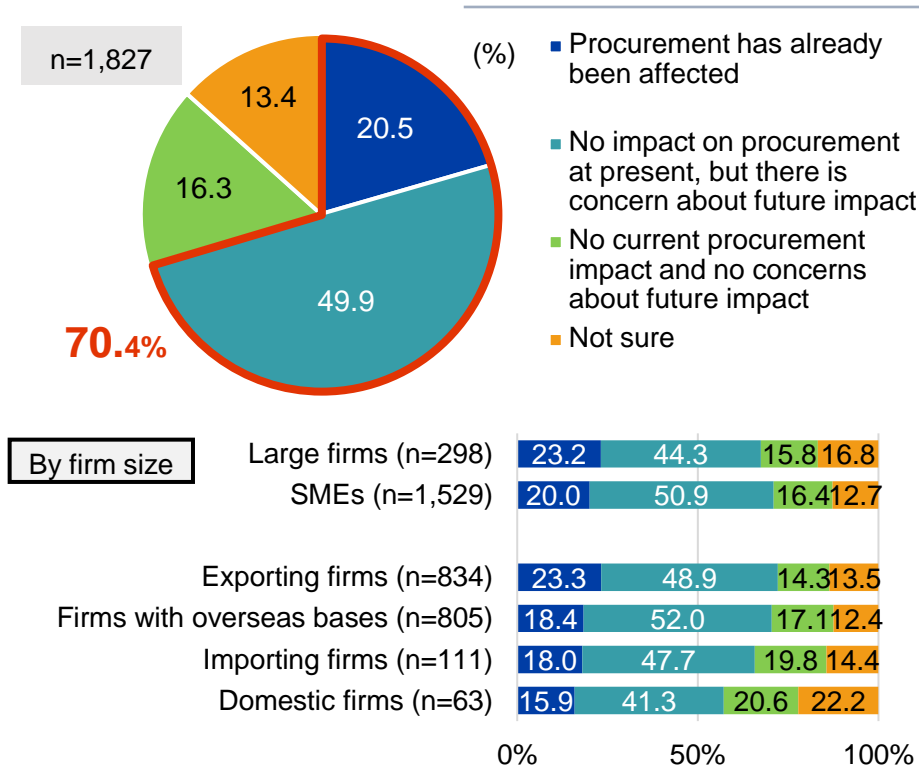


Note: "n" excludes firms that did not respond and firms that chose "do not procure major raw materials and parts from overseas."

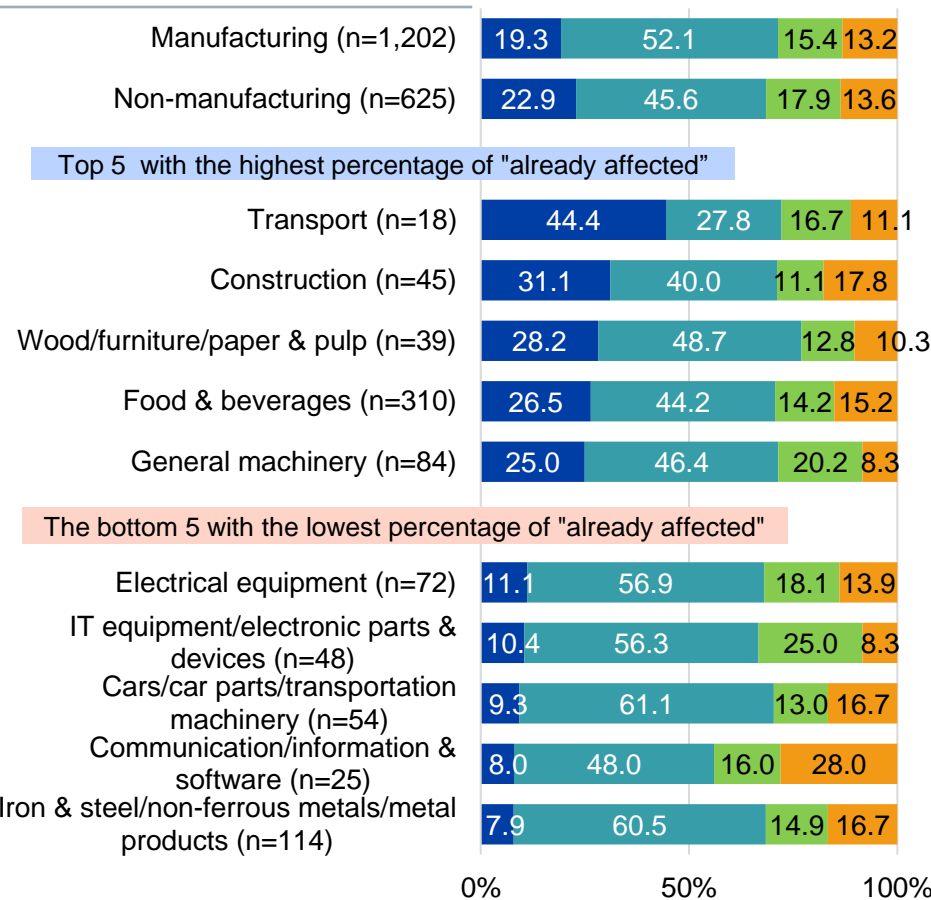
2 | Half Are Concerned About the Impact of Rising Geopolitical Risks

- Regarding the procurement of key raw materials and parts from their largest foreign suppliers, 20.5% of firms said that rising geopolitical risks “have already affected procurement,” and 49.9% said that “there is currently no impact on procurement, but there is concern about future impact.”
- By industry, more than 40% of transport firms reported that procurement has already been affected, the highest among all industries.

Impact on Procurement from Largest Foreign Suppliers by Geopolitical Risk



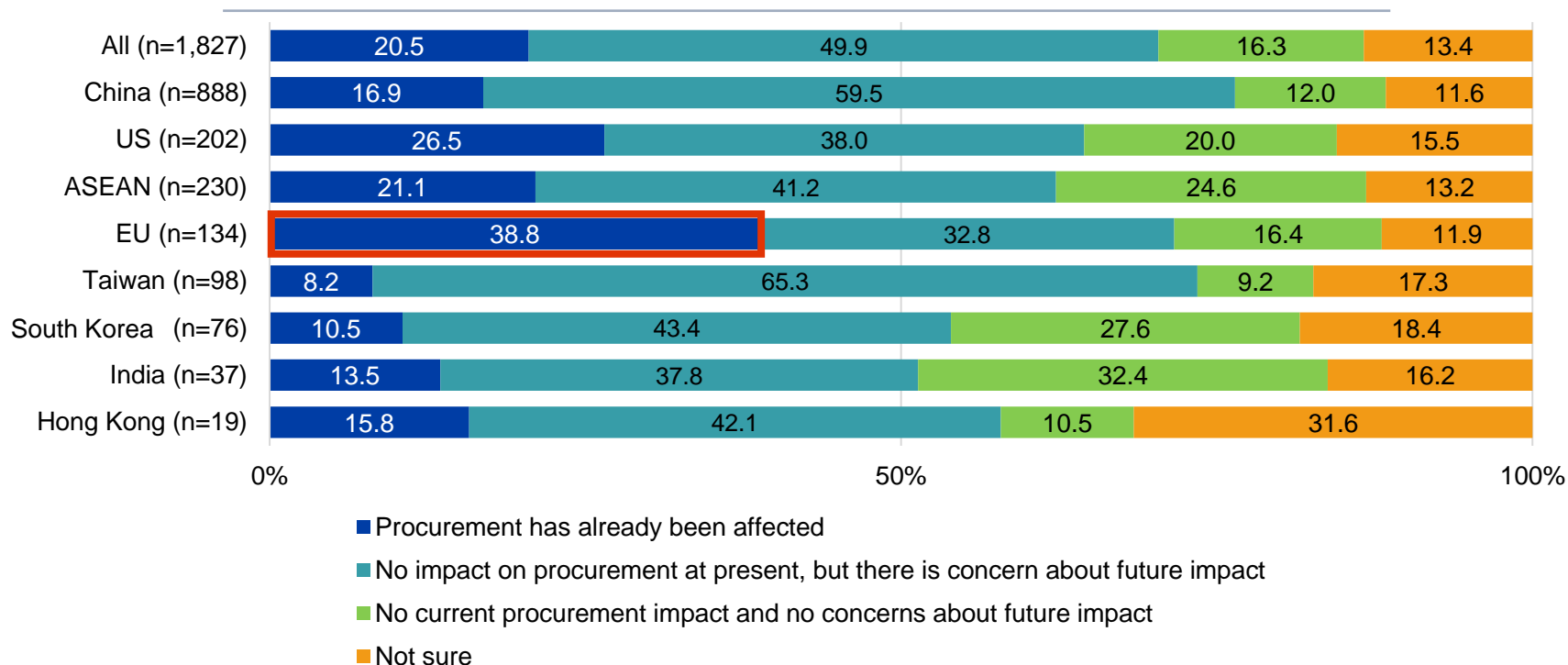
Note: “n” excludes non-responses. Firms that responded they procure major raw materials and parts essential for their main products and services from overseas and firms that only procure from overseas. “Exporting firms” above refers to firms that export but have no overseas bases. “Importing firms” are firms that import only (neither exporting firms nor firms with overseas bases). “Domestic firms” are firms that neither export or import and have no overseas bases.



3 | Sourcing Trends from EU and the U.S. Are Heavily Influenced by Geopolitical Risks

- Regarding overseas procurement of major raw materials and parts, 38.8% of firms answering they procure the most from the EU (in terms of value), indicated their procurement has already been affected. The percentage of affected firms that responded they procure from the U.S. was 26.5%, which is higher than the overall level.
- Some expressed concern about prolonged delivery delays due to restrictions on passage through the Suez Canal when procuring from the EU, and about supply disruptions caused by the "America first" policy under the new Trump administration when procuring from the U.S.

Impact of Increased Geopolitical Risk on Procurement from Largest Foreign Sources, by Sources

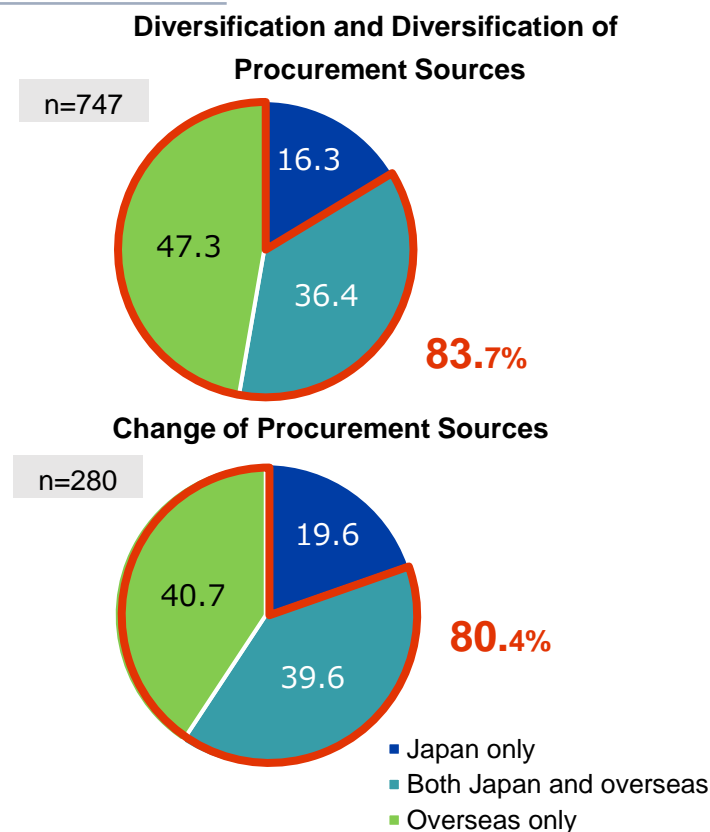
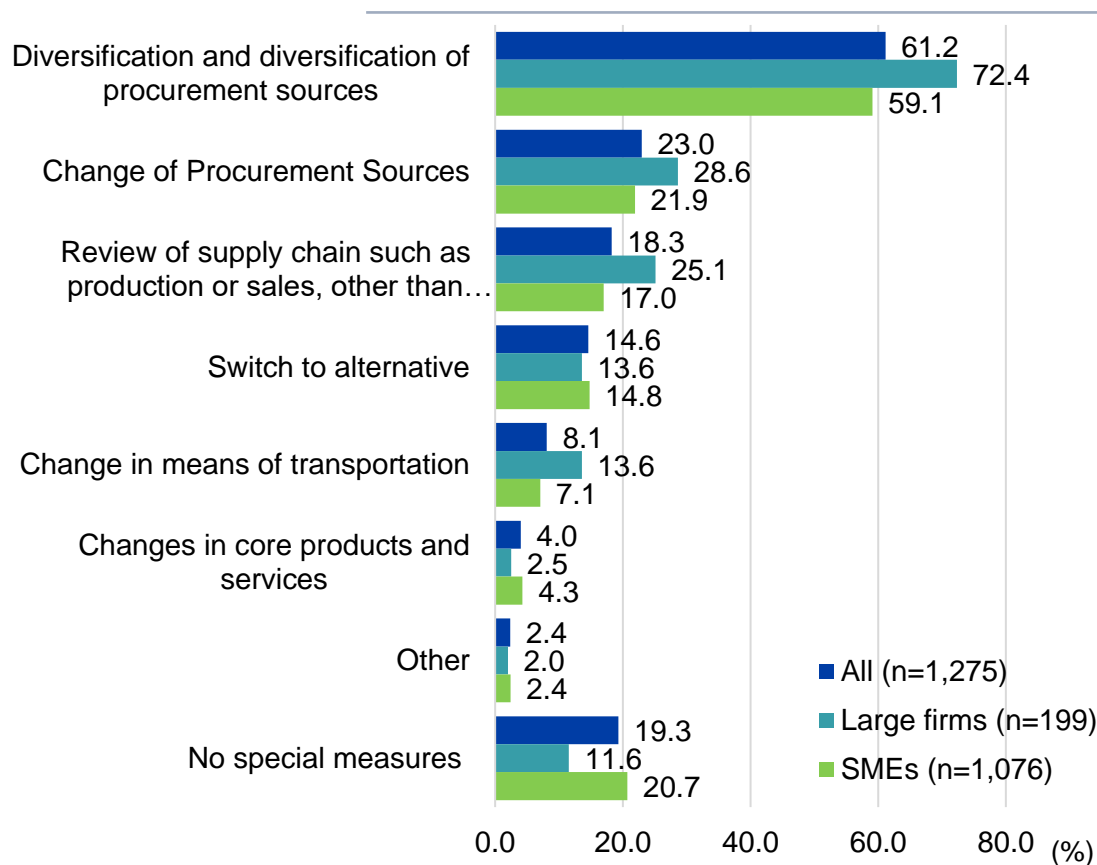


Note: 1) "n" excludes non-responses. 2) The largest overseas suppliers (in terms of value) of major raw materials and parts essential for main products and services (only firms that procure from overseas). 3) The top 10 overseas suppliers exclude "Other Americas" and "Other Asia/Oceania."

4 | Diversifying Businesses and Procurement Sources to Tackle Geological Risks

- Of the firms that answered “procurement of major raw materials and parts has already been affected” or “procurement is not currently affected, but there is concern about the impact in the future,” about 80% have implemented some measures (or are consideration doing so) to avoid impacts.
- The percentage of firms that “diversify (businesses) and diversify procurement sources” was the highest at 61.2%, with 83.7% selecting “overseas” as the source of business and procurement diversification.

Measures Already Taken or Considering to Avoid Impact of Geopolitical Risks on Procurement (Multiple responses)



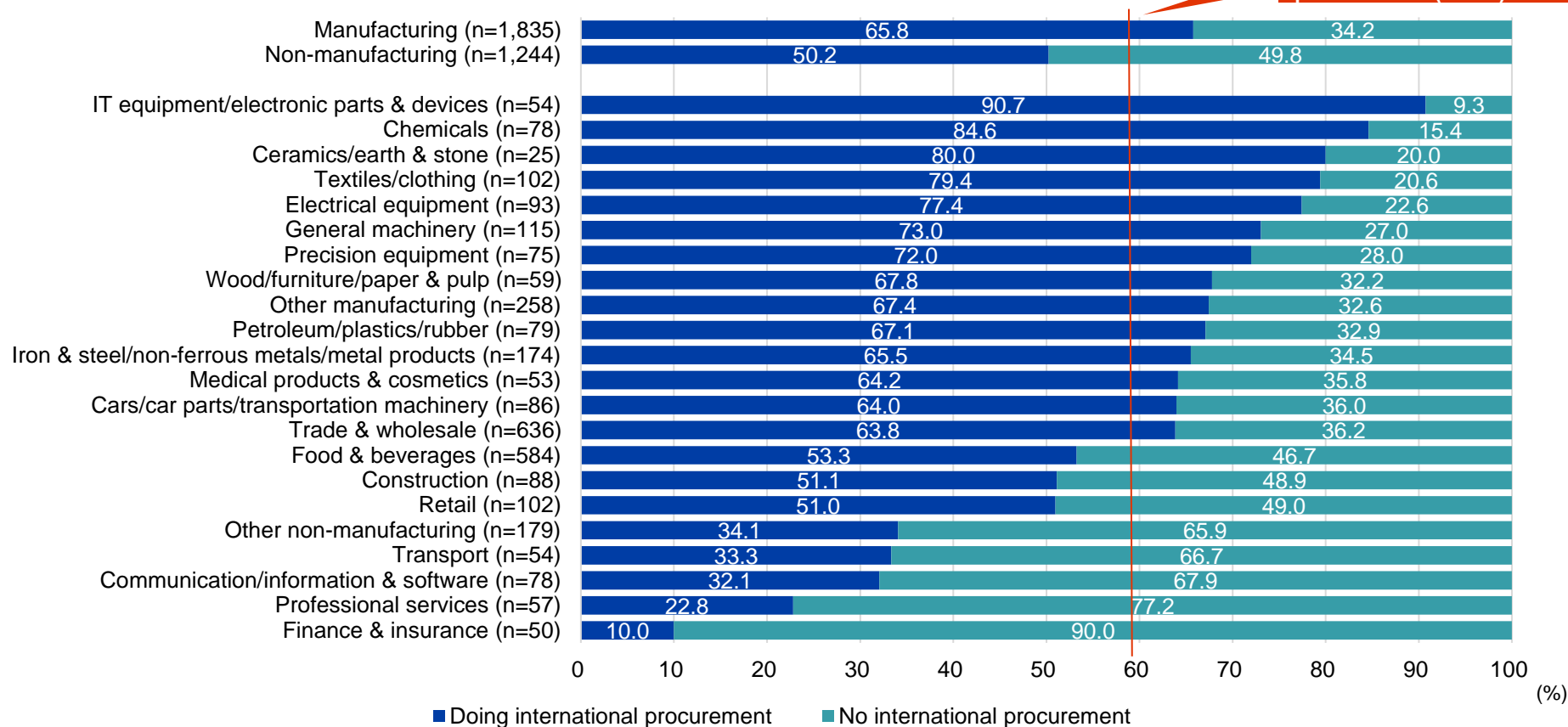
(Note) 1) "n" excludes non-responses. (Of the firms that are engaged in overseas procurement, only those firms that responded "Procurement is already affected" or "Procurement is not affected now, but there is concern about the impact in the future" were included. (Of the companies that procure from overseas, only those that responded "have already had an impact on procurement" or "currently have no impact on procurement but have concerns about future impact.")

5 | International Procurement of Major Raw Materials and Parts, Approx. 70% in Manufacturing

- Regarding the procurement of key raw materials and parts essential for their main products and services, 65.8% of manufacturing and 50.2% of non-manufacturing industries indicated that they procure from overseas. In each of the manufacturing industries, the percentage exceeded 60%, with the exception of food & beverages.
- Of these, IT equipment/electronic parts & devices had the highest percentage of "international procurement" among all industries at 90.7%.

**Status of International Procurement of Major Raw Materials and Parts
(By Industry)**

Average percentage of
"Doing international
procurement" (59.5%)

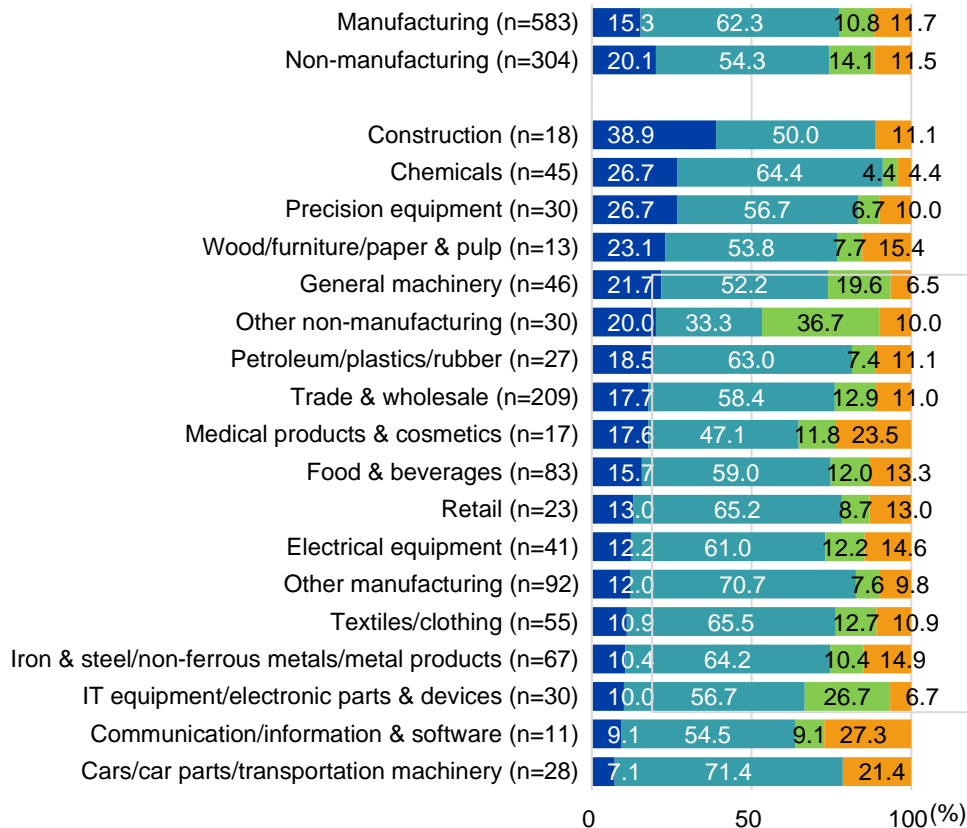


Note: 1) "n" excludes non-responses. 2) "Doing international procurement" is the total of firms that responded procuring from overseas suppliers the main raw materials and parts essential for their main products and services.

6 | Impact of Geopolitical Risks on Suppliers (By Supplier and Industry)

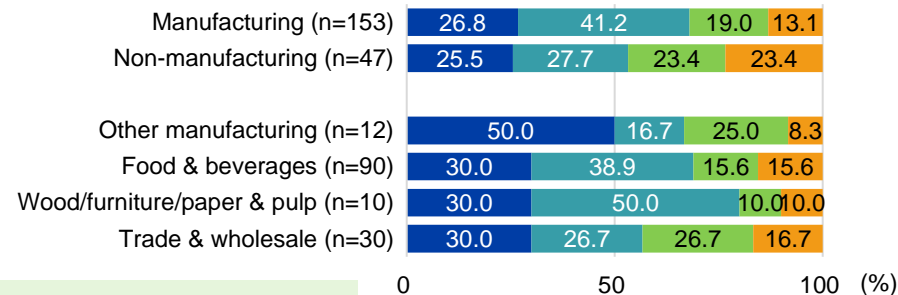
Impact of Geopolitical Risks on Procurement (Top 4 Largest Sourcing Countries/Regions, by Industry)

Sourced from China

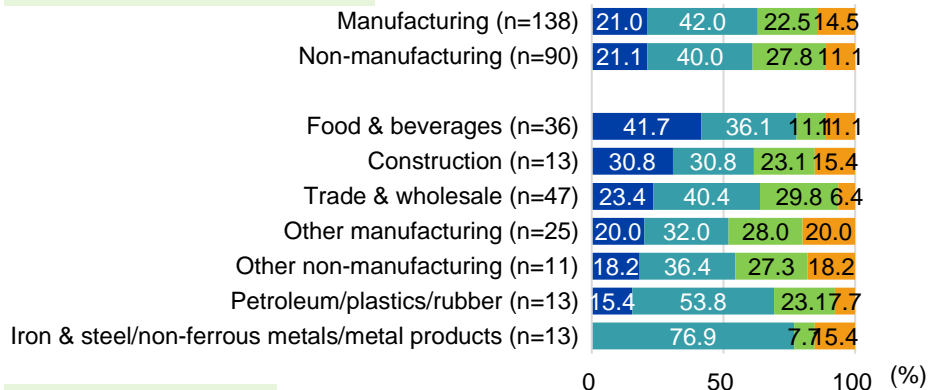


- Procurement has already been affected
- No impact on procurement at present, but there is concern about future impact
- No current procurement impact and no concerns about future impact
- Not sure

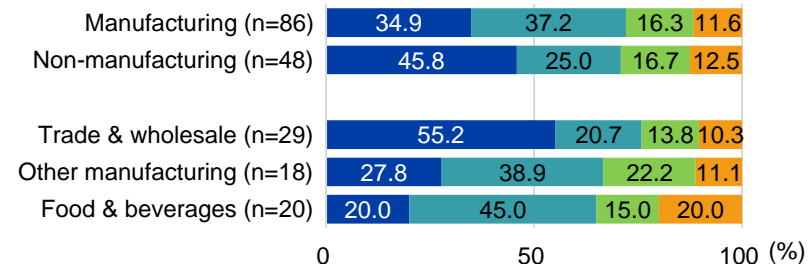
Sourced from US



Procurement from ASEAN



Sourced from EU



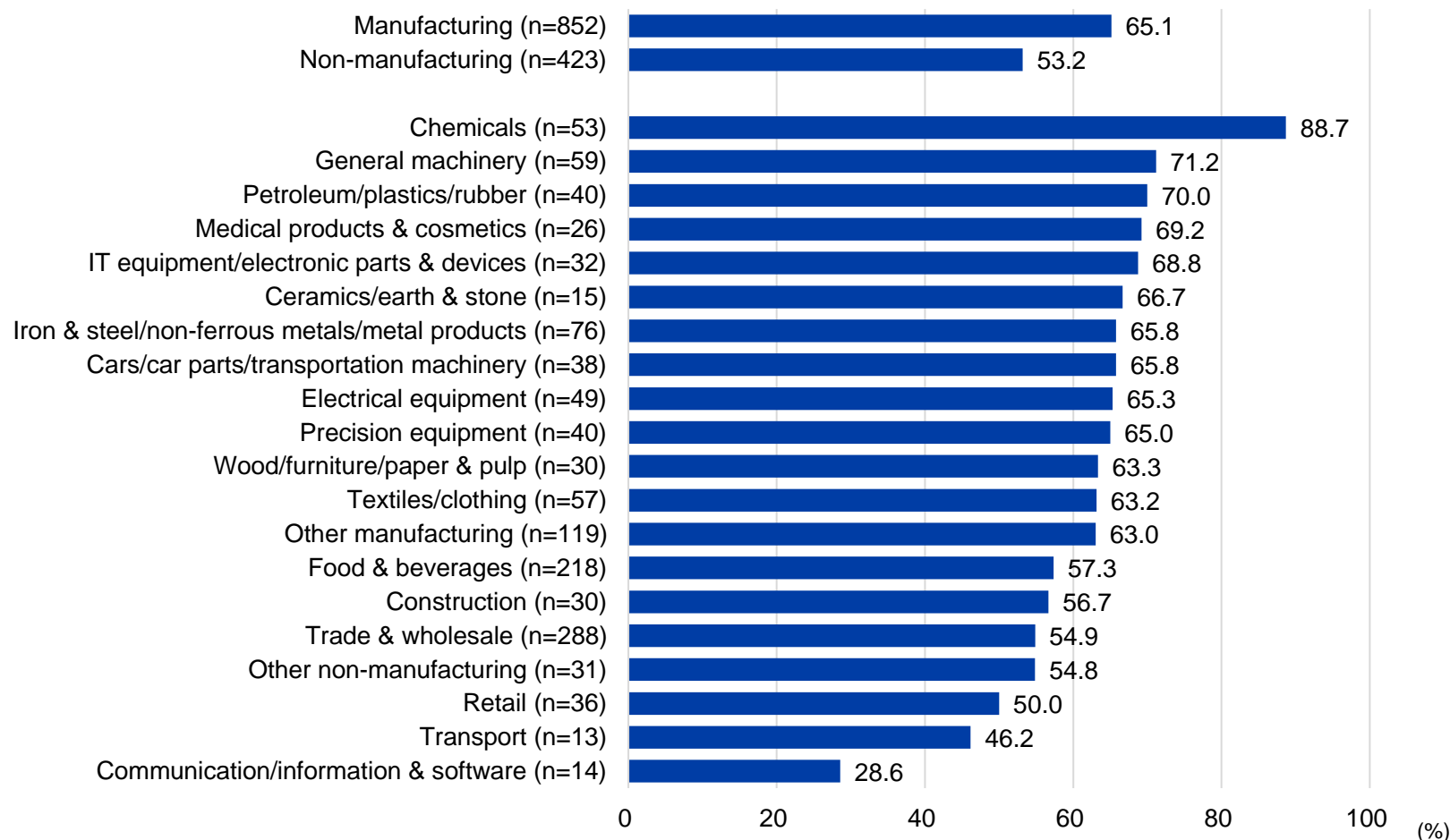
Note: 1) In descending order of the percentage of respondents who answered that "procurement has already been affected". 2) Only industries with n=10 or more.

7-1

Procurement-Related Measures (Top 3 Items, by Industry) 1 of 2

Measures Already Taken or Considering to Avoid Impact of Geopolitical Risks on Procurement
(Top Item by Industry)

Business Diversification and Diversification of Procurement Sources



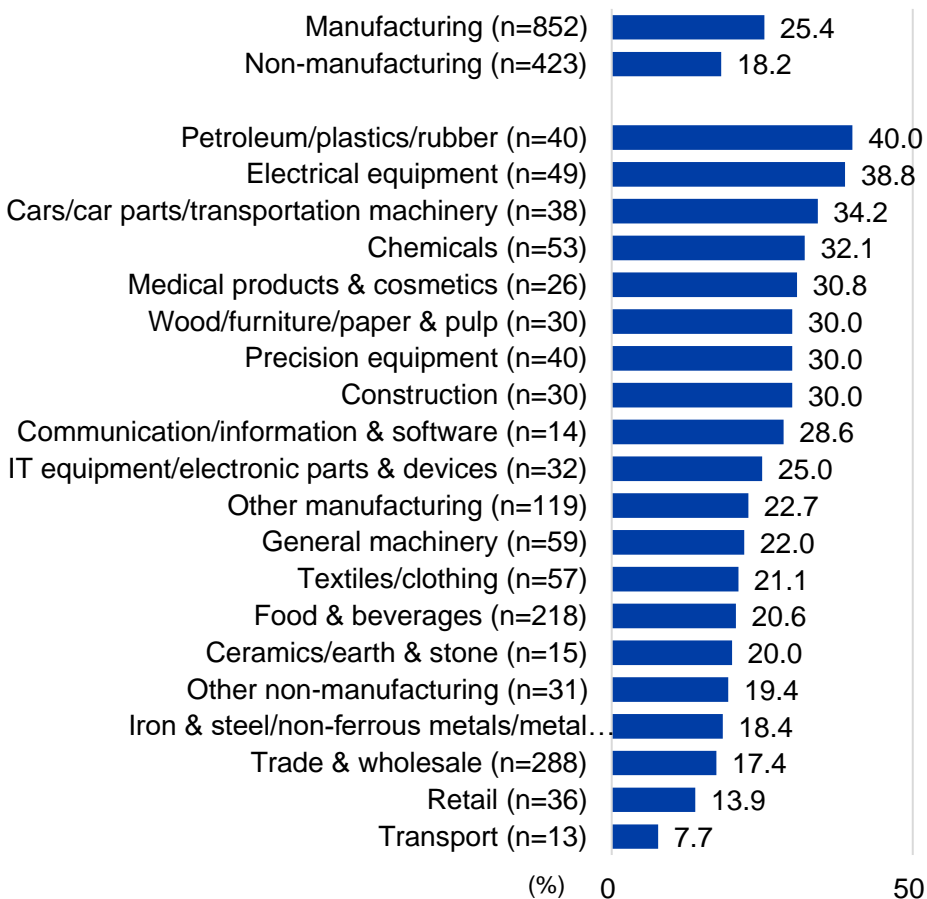
Note: 1) In descending order of the percentage of respondents who answered "yes" to each item. 2) Only industries with n=10 or more.

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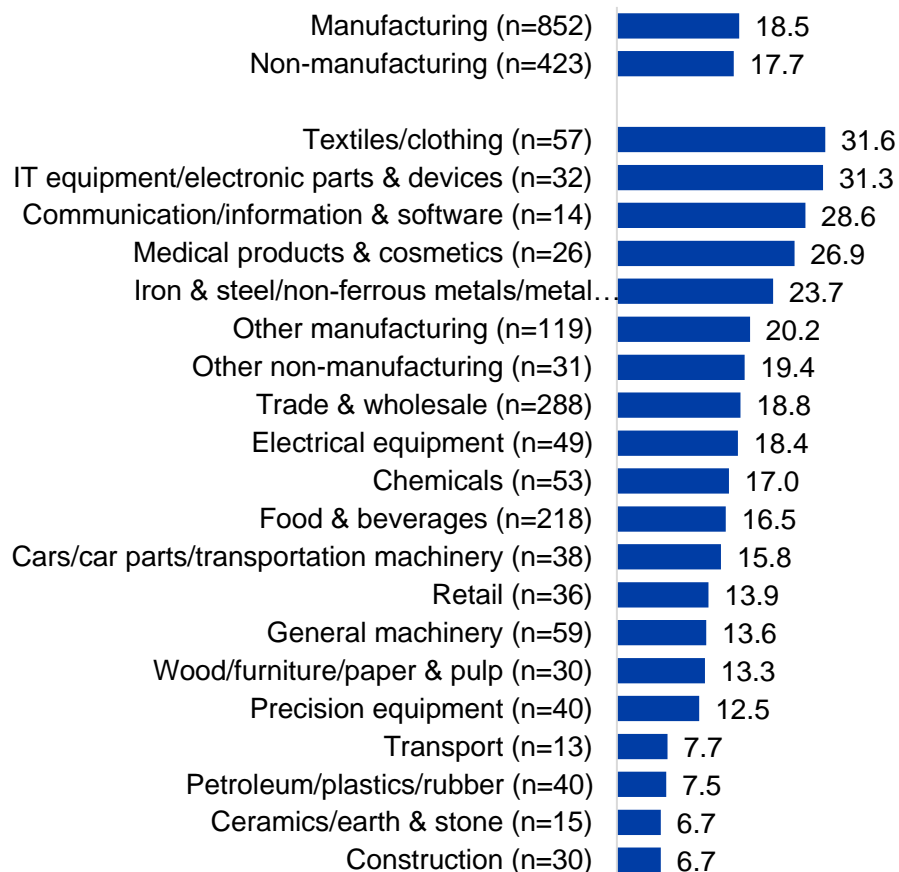
7-2 | Procurement-Related Measures (Top 3 Items, by Industry) 2 of 2

Measures Already Taken or Considering to Avoid Impact of Geopolitical Risks on Procurement
(Top 2nd and 3rd Items, by Industry)

Change of Procurement Sources



Review of Supply Chain Such as Production or Sales, Other than Procurement



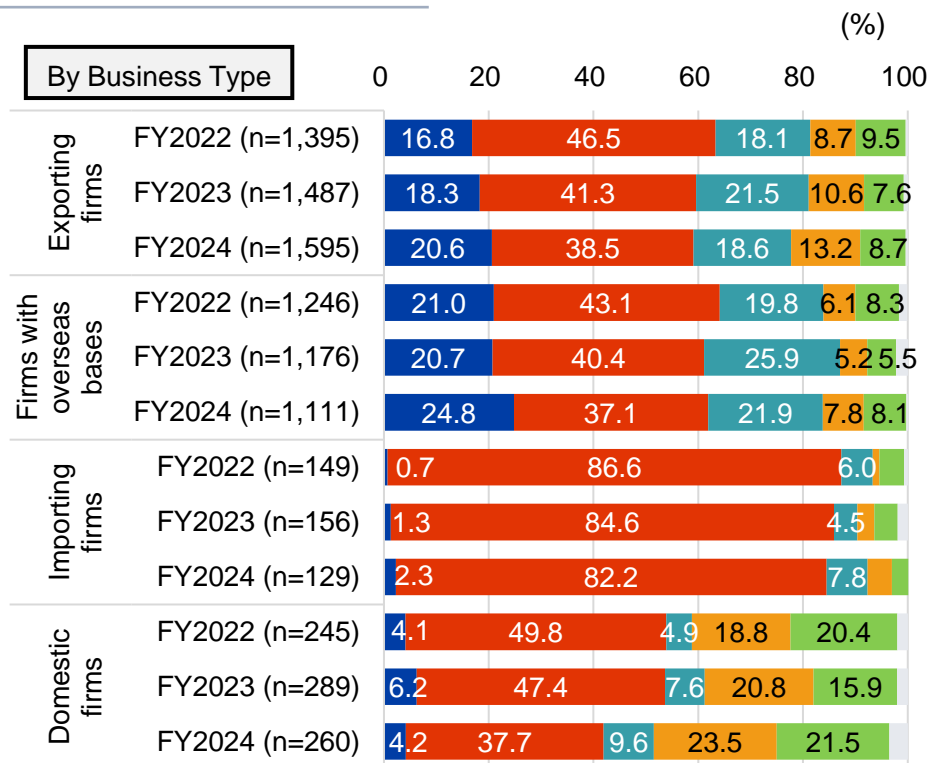
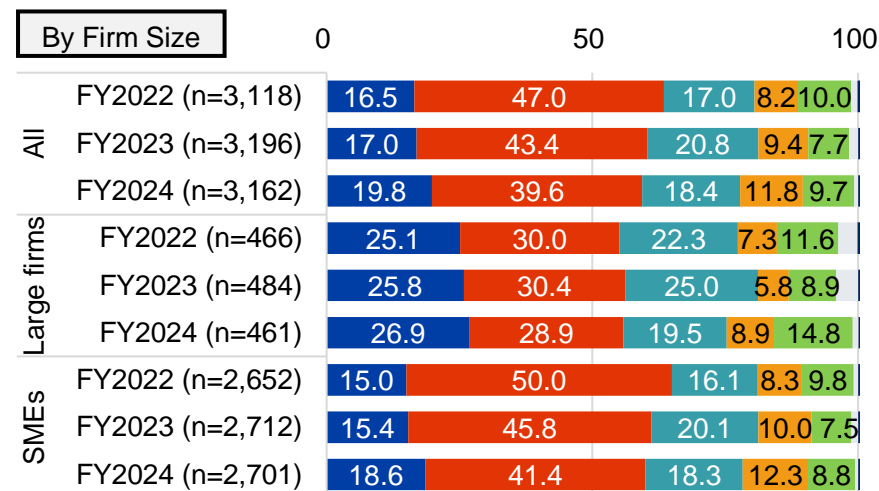
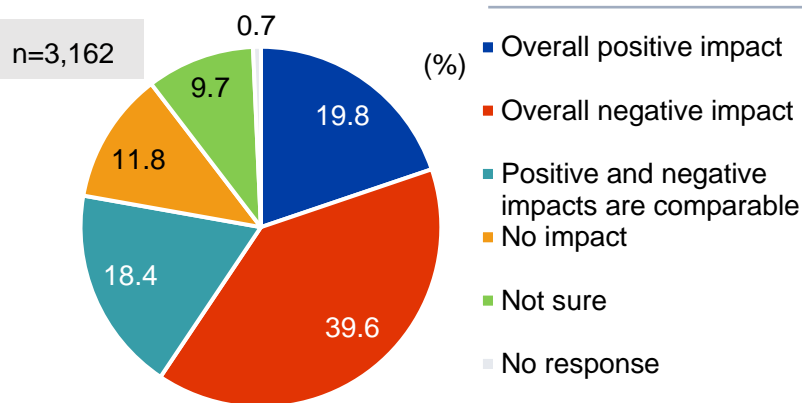
Note: 1) In descending order of the percentage of respondents who answered "yes" to each item. 2) Only industries with n=10 or more.

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8 | Negative Impact of Yen Depreciation on Business Performance Continues to Ease

- Regarding the impact of the yen's depreciation on business performance in FY2024, 39.6% of firms responded an "overall negative impact," down 3.8 points from previous year. The percentage of firms that answered an "overall positive impact," increased 2.8 percentage points. Exporting firms and firms with overseas bases were positively affected, up 2.3 and 4.1 points, respectively, from previous year.

Impact of the Yen's Depreciation on FY2024 Performance

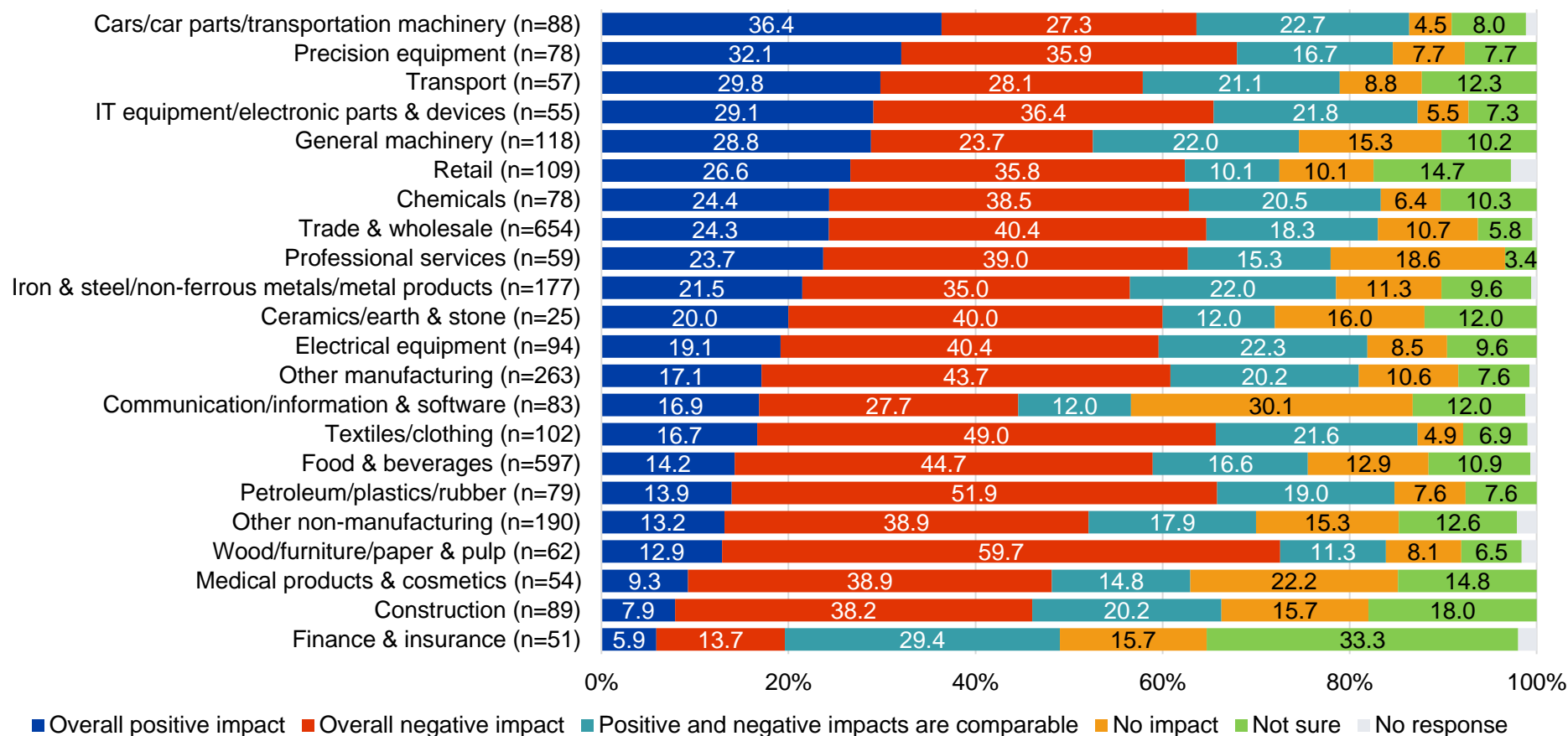


Note: "Exporting firms" above are firms that are exporting but not firms with overseas bases. "Importing firms" are firms that import only (no exporting firms or firms with overseas bases). "Domestic firms" are firms that neither export or import and have no overseas bases.

9 | Positive Impact of Yen Depreciation Increased in Cars, Precision Equipment, Etc.

- By industry, firms that answered that the yen's depreciation would have an "overall positive impact" on FY2024 performance showed that cars/car parts/transportation machinery accounted for the highest percentage at 36.4%, followed by precision equipment, a 10.5-point and 5.0-point increase, respectively, from previous year. Non-manufacturing, transport, retail, and professional services showed a significant increase of more than 10 points from the previous survey.

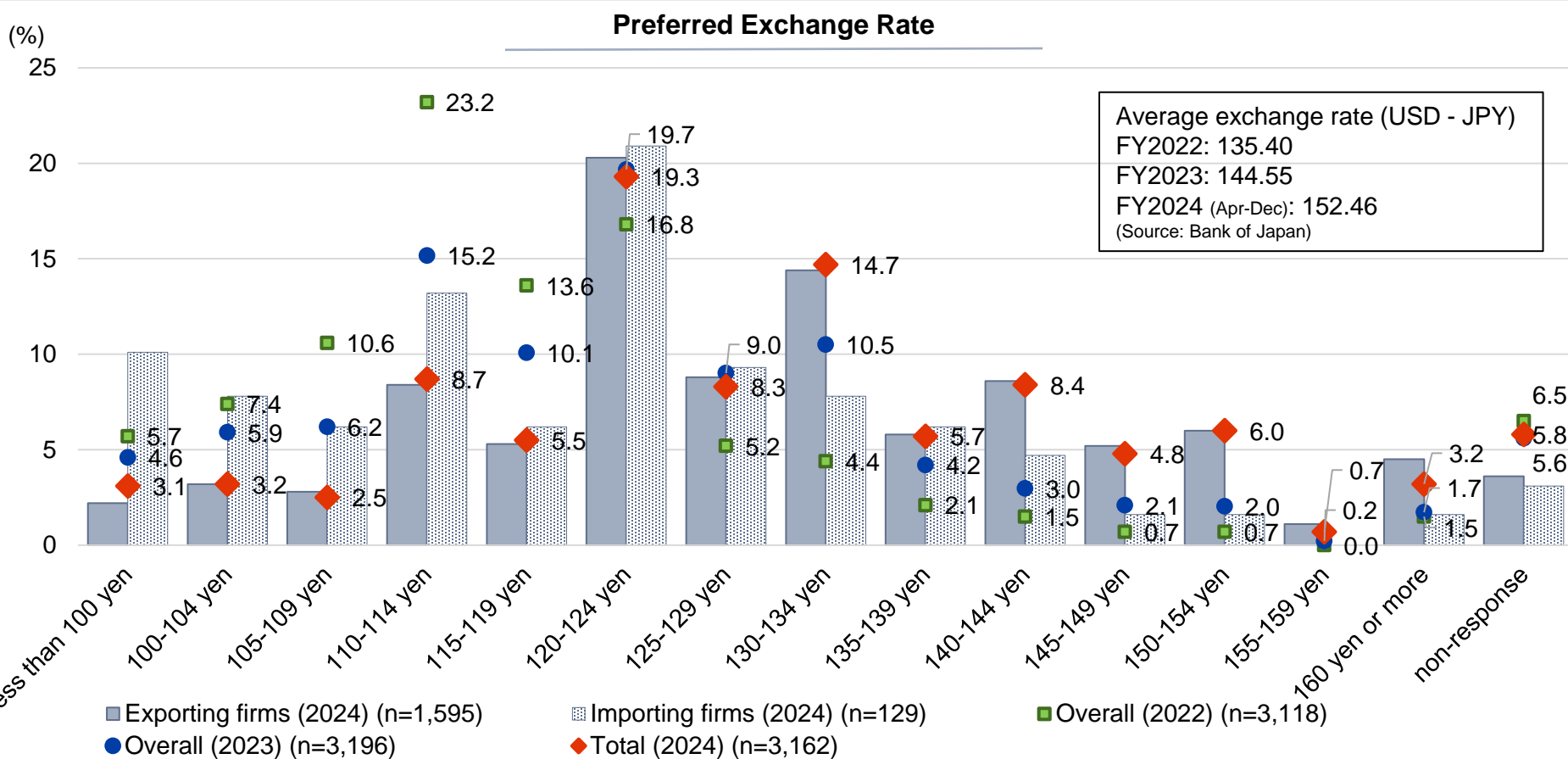
Impact of the Yen's Depreciation on Business Performance (By Industry)



Note: In descending order of the percentage of respondents who answered "overall positive impact".

10 | Accelerating Trend of Yen Depreciation in Desirable Exchange Rate

- The preferred exchange rate of 120-124 yen was selected by 19.3% of all respondents, unchanged from previous year's survey. On the other hand, the percentage of firms choosing 130 yen or more increased from previous year, with 140-144 yen being the most popular, up 5.4 points from previous year.
- Compared to previous year's survey, the desired exchange rate has shifted toward a weaker yen. This can be assumed to be a response to the prolonged depreciation of the yen.

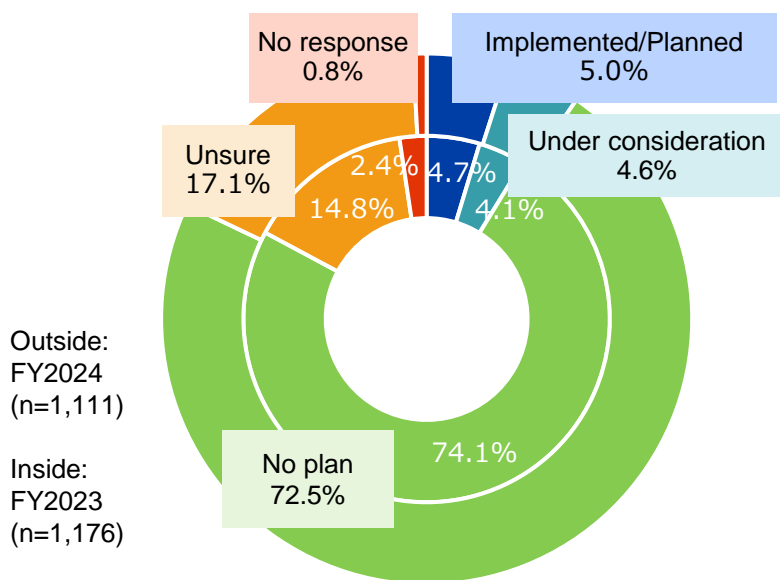


Note: Above "Exporting firms" are firms that export but have no overseas bases, and "Importing firms" are firms that import only (no exports, no overseas bases).

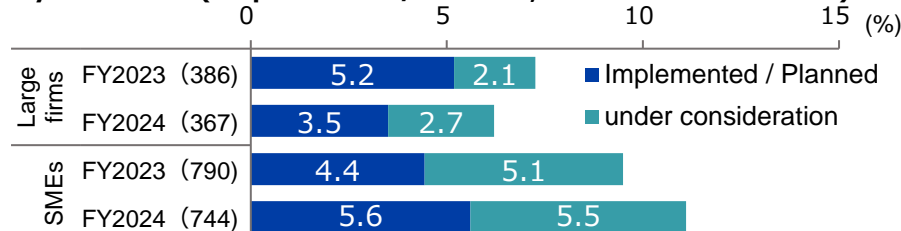
11 | 5% of Firms Implement or Plan Reshoring Their Overseas Business

- 5.0% of firms (55 firms) have “already implemented or planned” reshoring their overseas operations (including some), which is on par with previous year (4.7%).
- The highest ratio of firms that have already implemented/planned or are considering to do so were for petroleum/plastics/rubber (20.6%), followed by textiles/clothing and communication/information & software (17.9% each).

Reshoring their Overseas Operations



By Firm Size (Implemented/Planned, Under Consideration)



Note: In all cases, "n" (* in parentheses in the chart below) is the number of firms that currently have overseas offices.

Reshoring their Overseas Operations (by Industry)

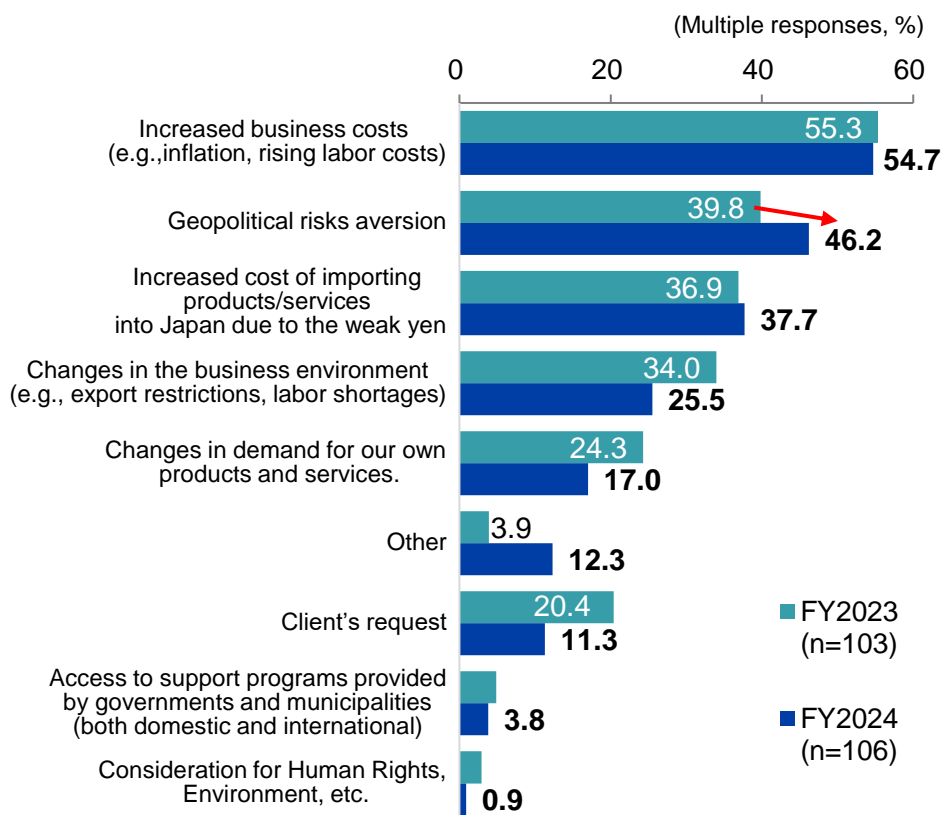
| | No of firms | Reshoring overseas operations (%) | | |
|---|-------------|-----------------------------------|-----------------------|---------------------|
| | | | Implemented / Planned | Under consideration |
| Total | 1,111 | 9.5 | 5.0 | 4.6 |
| Manufacturing | 667 | 11.8 | 5.5 | 6.3 |
| Food & beverages | 86 | 10.5 | 5.8 | 4.7 |
| Textiles/clothing | 28 | 17.9 | 10.7 | 7.1 |
| Petroleum/plastics/rubber | 34 | 20.6 | 8.8 | 11.8 |
| Iron & steel/non-ferrous metals* | 93 | 11.8 | 4.3 | 7.5 |
| General machinery | 72 | 8.3 | 5.6 | 2.8 |
| Electrical equipment | 47 | 8.5 | 6.4 | 2.1 |
| IT equipment/electronic parts & devices | 28 | 14.3 | 7.1 | 7.1 |
| Cars/car parts/transportation machinery | 65 | 12.3 | 9.2 | 3.1 |
| Precision equipment | 34 | 11.8 | 5.9 | 5.9 |
| Other manufacturing | 91 | 16.5 | 5.5 | 11.0 |
| Non-manufacturing | 444 | 6.1 | 4.1 | 2.0 |
| Trade & wholesale | 220 | 5.5 | 5.0 | 0.5 |
| Construction | 42 | 11.9 | 9.5 | 2.4 |
| Transport | 30 | 6.7 | 0.0 | 6.7 |
| Communication/information & software | 28 | 17.9 | 3.6 | 14.3 |

Notes: 1) "n" is the number of firms that currently have overseas offices, excluding those with less than 20 firms. 2) Only for industries in which the ratio of "Reshoring overseas operations" is 5% or more. Shading indicates 10% or more.

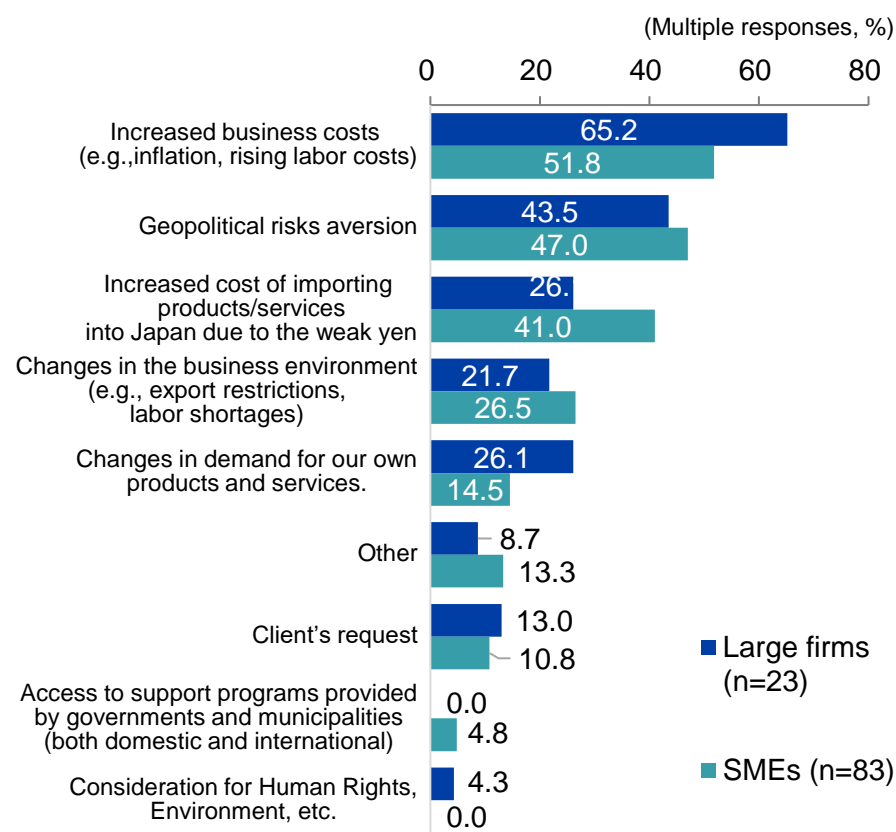
12 | Increased Awareness of Avoidance of Geopolitical Risks for Reshoring

- The largest reason for reshoring was "Increased business costs in the destination country" (54.7%). The share of "Geopolitical risks aversion" increased to 46.2%.
- Among SMEs, more than 40% of firms responded "Increased costs of importing products/services into Japan due to the weak yen," which was also attributed to exchange rate fluctuations.

Main Reason for Reshoring



Main Reason for Reshoring (by Firm Size)



Notes: (both left and right) "n" is the number of firms that answered "Implemented/Planned" or "Under consideration".

IV. Promoting Diversity and Sustainability

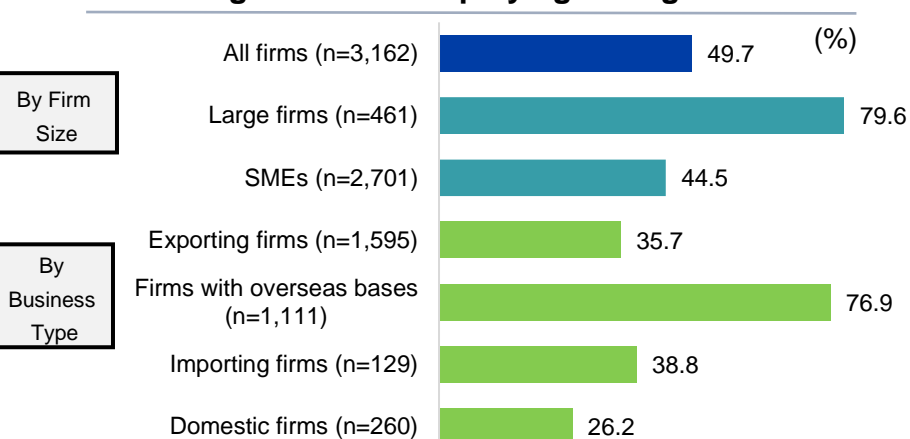
(1) Employment of Foreign Personnel

- Half of the respondents are hiring foreign personnel, and highly-skilled foreign professionals are contributing to overseas expansion -

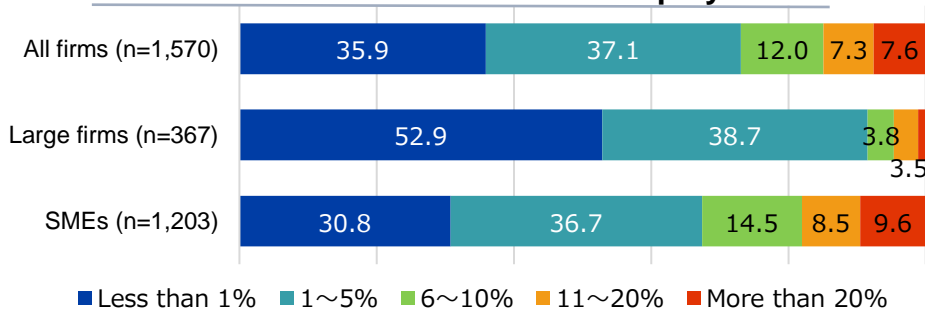
1 | Half of the Respondents Employ Foreign Personnel

- **The percentage of firms employing foreign personnel was 49.7%.** By industry, more than 70% of firms in the "Cars / Car parts / Transportation Machinery," "IT Equipment / Electronic Parts & Devices," "Transport," and "General Machinery" industries employ foreign workers.
- Overall, in 73.0% of companies, the percentage of foreign personnel employed as full-time employees was 5% or less. Compared to large firms, SMEs have a higher percentage of foreign employees.

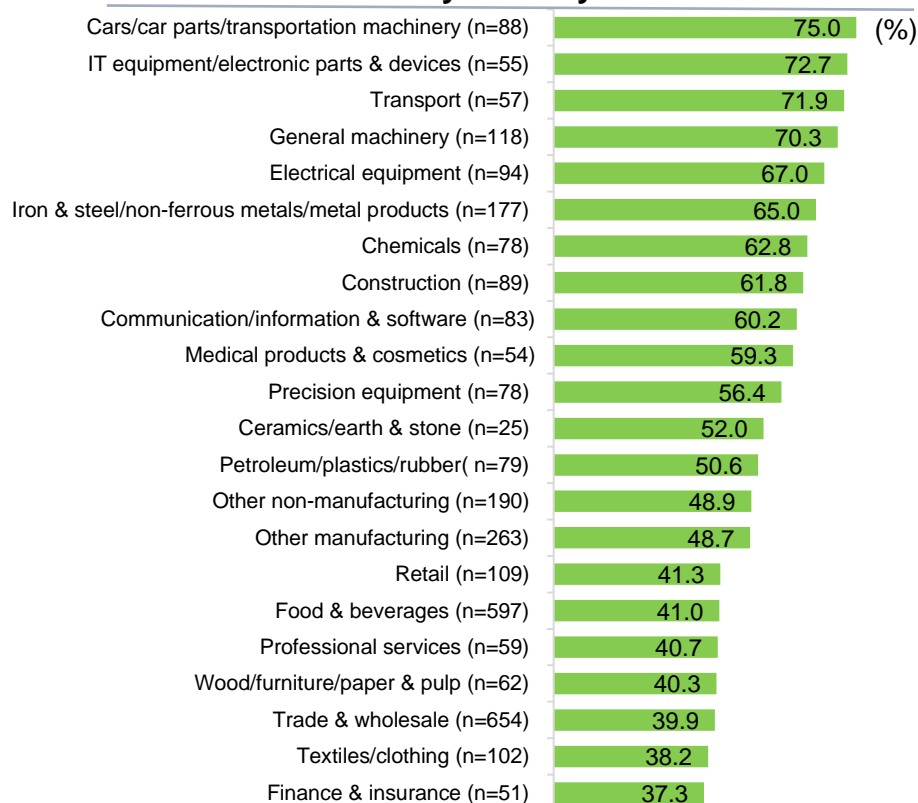
Percentage of Firms Employing Foreign Personnel



Percentage of Foreign Personnel in the Number of Permanent Employees (%)



Percentage of Firms Employing Foreign Personnel by Industry

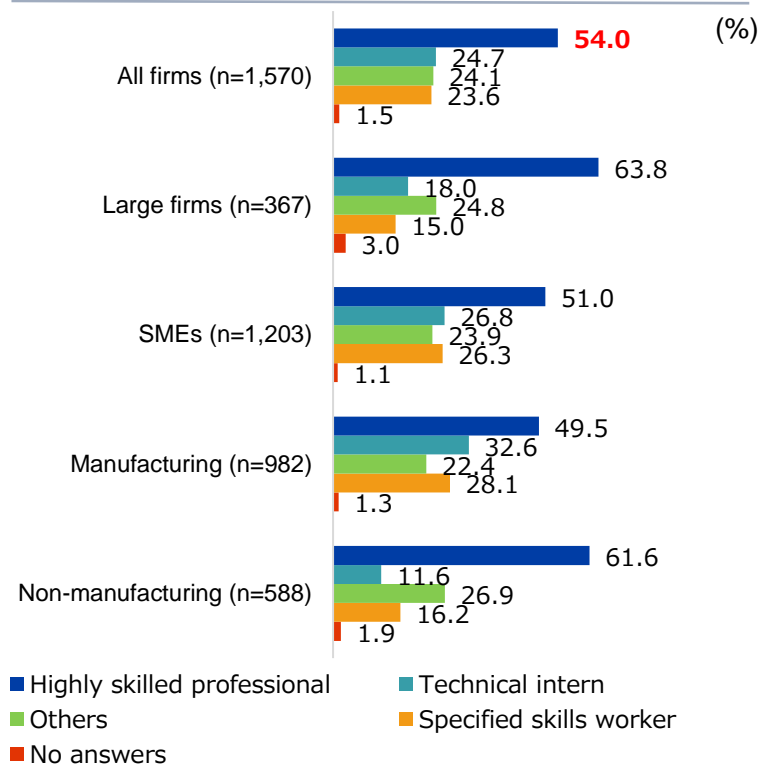


Note: "n" in the graph for "Percentage of foreign employees" is the number of firms sharing the percentage of foreign full-time employees out of all full-time employees, excluding firms that "do not employ" or with "non-responses". "Exporting firms" are firms that export but have no firms with overseas bases, and "Importing firms" are firms that import only (no exports, no overseas bases). "Domestic firms" are firms that neither export or import and have no overseas bases.

2 | Many Highly Skilled Professionals in Status of Residence Contribute to Overseas Expansion

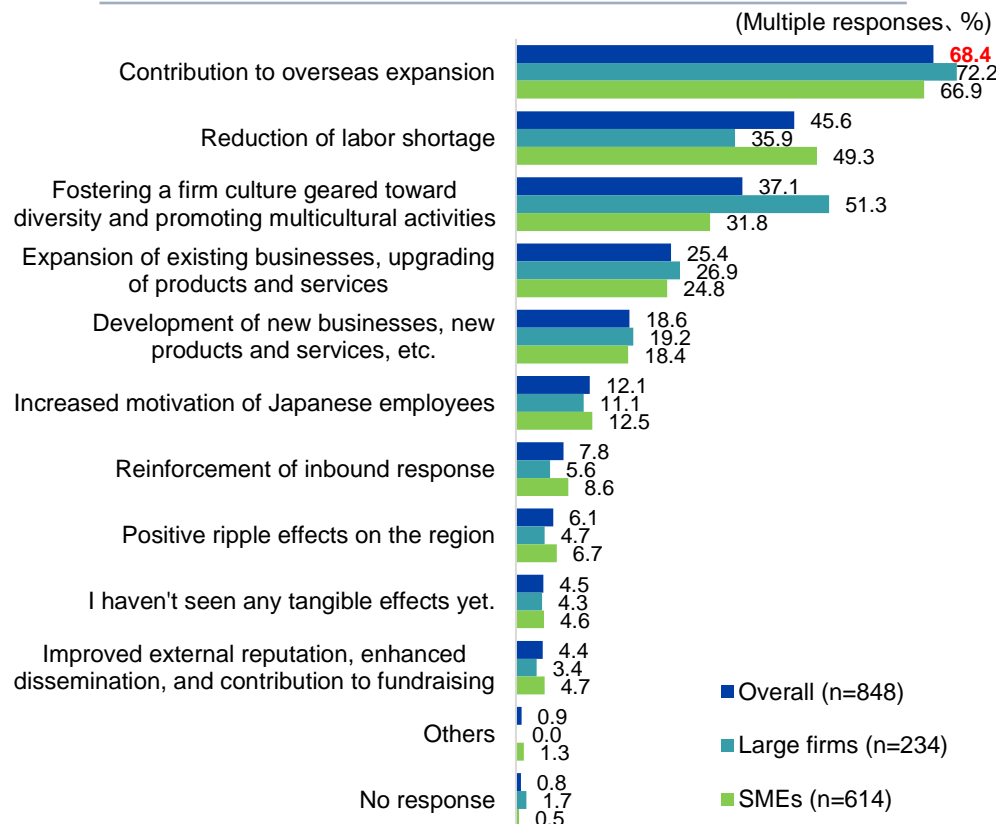
- In terms of foreign human resources residence status, **54.0%** of **firms employ "highly skilled professionals,"** far exceeding the percentage of firms that employ technical interns, specified skilled workers, and other statuses. In particular, more than 60% of large firms employ highly skilled professionals.
- Nearly 70% of the firms cited "contribution to overseas expansion"** as an outcome of their employment of highly skilled foreign professionals. More than 50% of large firms cited "fostering a corporate culture geared toward diversity and promoting multicultural coexistence" as an outcome.

Residence Status of Foreign Workers



Note: 1) "n" is the number of firms excluding those that "do not employ" and those that did not respond from the total number of firms regarding the ratio of foreign human resources to the number of full-time employees. 2) "Highly skilled professional" are engineers, specialists in humanities, and international services. "Others" includes permanent residents, designated activities (Notification No. 46), intra-firm transferees, etc.

Outcome of Hiring Highly Skilled Foreign Professionals



Note: 1) "n" is the number of firms employing "Highly skilled professional". 2) Contribution to overseas expansion includes strengthening of the sales force, localization and cooperation with firms with overseas bases and institutions.

3 Recruitment and Employment of Foreign Personnel Is Challenging Due to a Lack of Foreign Language Skills, Know-How, and Knowledge

- **Nearly 60% of firms cited "difficulty in speaking foreign languages" and "lack of know-how/knowledge required for recruitment" as challenges in hiring and recruiting foreign personnel.**
- Among these, more than 50% of firms that employ highly skilled foreign professionals cited the need for “clarification of career plans and the establishment of human resource development systems” and the “development of internal systems and personnel systems to accept foreign employees.”

Challenges in Recruiting and Hiring Foreign Employees

(Multiple responses, %)

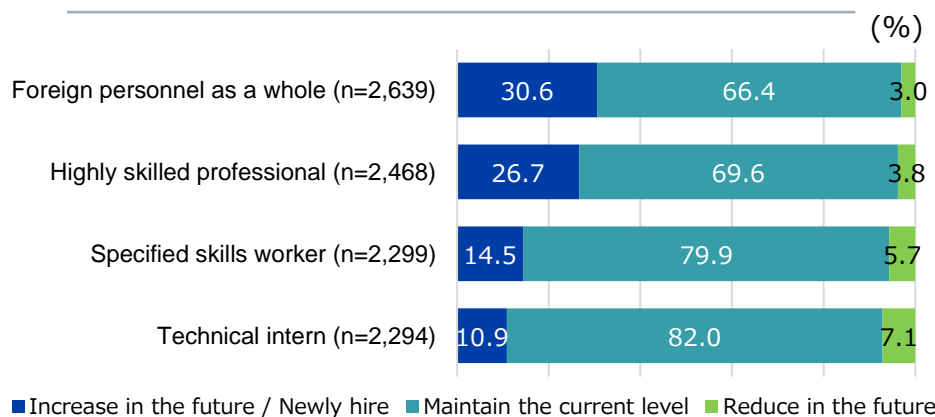
| Issue | | All firms | Highly Skilled Professionals | Specific Skilled Workers | Technical Interns |
|-------------------------|---|-----------|------------------------------|--------------------------|-------------------|
| Recruitment Strategy | Lack of knowledge and the need to develop a recruitment system | 54.4 | 40.5 | 42.7 | 46.4 |
| | Unsure what kind of people to hire to achieve results and effectiveness | 42.0 | 42.8 | 32.0 | 35.8 |
| | Difficulty in gaining internal sharing and understanding of the organization's vision, including the need to hire foreign nationals | 30.2 | 34.7 | 39.9 | 35.2 |
| | Not knowing how to treat foreign personnel or how to manage human resources | 25.1 | 20.5 | 20.8 | 20.7 |
| Recruiting Activities | Lack of know-how and knowledge required for recruitment activities | 57.4 | 47.6 | 47.6 | 47.7 |
| | Failure to effectively disseminate recruitment information | 37.7 | 39.9 | 35.3 | 35.5 |
| | Need to establish recruitment channels and build relationships with educational and support institutions | 33.6 | 41.8 | 44.1 | 41.9 |
| | Job offers declined | 6.1 | 11.1 | 9.4 | 8.1 |
| Receiving (Visas, etc.) | Difficulty in providing foreign language support | 59.4 | 48.8 | 60.4 | 62.3 |
| | Development of internal systems, personnel systems, etc. to accommodate foreign employees | 52.5 | 51.2 | 39.6 | 46.5 |
| | Development of living environment, including company housing, means of commuting, dietary and religious considerations, etc. | 38.6 | 31.1 | 38.2 | 34.6 |
| | Responding to applications for status of residence required for employment | 37.7 | 30.1 | 30.9 | 25.4 |
| Training and Retention | Need to clearly define career plans suited to foreign workers and develop human resource development systems | 46.6 | 53.6 | 42.0 | 43.2 |
| | Mismatch of Japanese language ability, improvement of Japanese language ability | 42.9 | 43.0 | 48.3 | 53.8 |
| | Differences in culture and customs prevent smooth communication | 40.0 | 27.9 | 29.7 | 32.5 |
| | High turnover within a few years (move to another company, return to their own country, etc.) | 25.0 | 29.7 | 33.2 | 30.1 |
| | Improvement of compensation structure, benefits, and other aspects of treatment | 22.5 | 20.3 | 20.3 | 20.9 |

Note: 1) "n" excludes non-responses. 2) "n" for "All firms": recruitment strategy (n=1,913), recruiting activities (n=1,456), receiving (n=1,801), and training and retention (n=2,016). 3) "n" for Highly Skilled Professionals: recruitment strategy (n=435), recruiting activities (n=378), receiving (n=428), and training and retention (n=616). 4) "n" for Specific Skilled Workers: recruitment strategy (n=178), recruiting activities (n=170), receiving (n=217), and training and retention (n=286). 5) "n" for Technical Interns: recruitment strategy (n=179), recruiting activities (n=172), receiving (n=228), and training and retention (n=292). 6) Shading indicates 50% or more.

4 | 30% of Firms Plan to Hire New Foreign Personnel in the Future

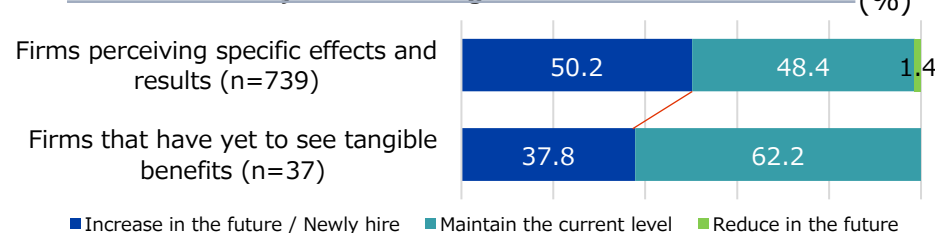
- As for the employment policy of foreign workers over the next two to three years, **30.6% of firms indicated that they will "increase/newly hire" them**, a 1.0 percentage point increase from FY2023.
- By status of residence, the percentage of firms expecting to expand employment of highly skilled professionals is the highest. Among firms that have observed concrete effects and results from employing highly skilled professionals, **half stated that they will "increase/newly hire"** in the future.

Future (2-3 Years) Plans for Hiring Foreign Personnel



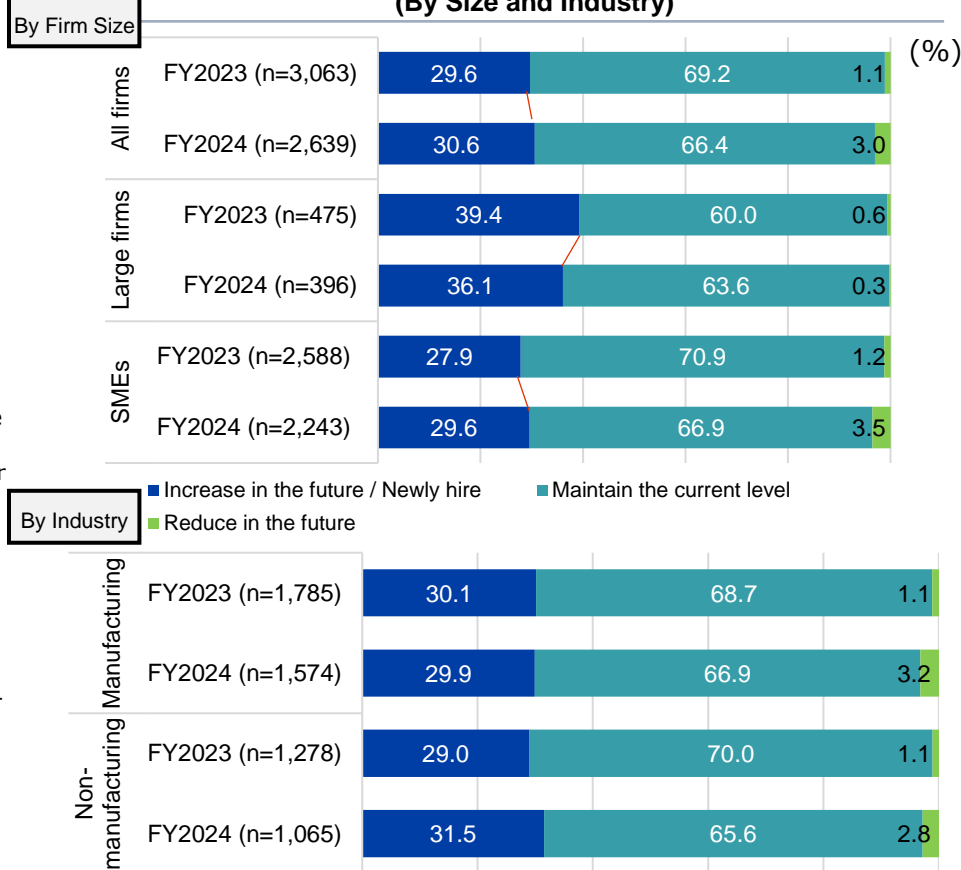
Notes: 1) "n" excludes firms that did not respond to the question about their plans for hiring foreign personnel. 2) "Highly skilled professional" are engineers, specialists in humanities, and international services.

Future (2-3 years) plans for hiring highly skilled professionals by firms realizing the benefits



Notes: 1) "n" excludes non-responses. 2) "Highly skilled professionals" are engineers, specialists in humanities, and international services.

Future Policy on Employment of Foreign Personnel (By Size and Industry)



Note: "n" excludes non-responses.

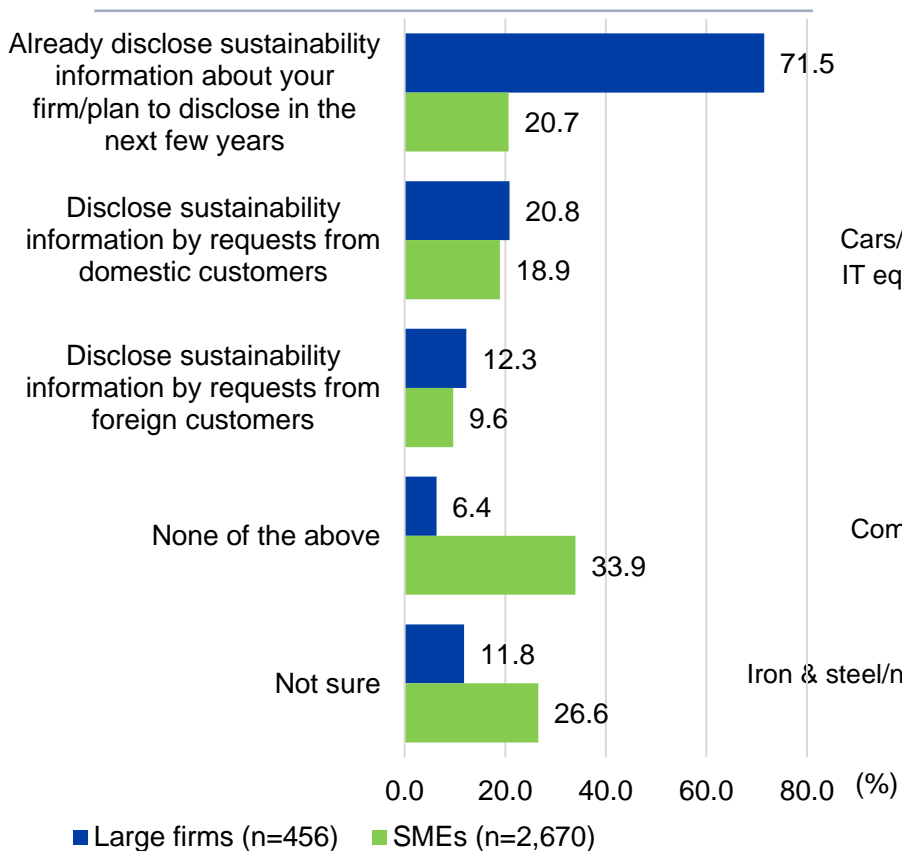
IV- (2) Efforts to Promote Sustainability

- Major progress in respecting human rights -

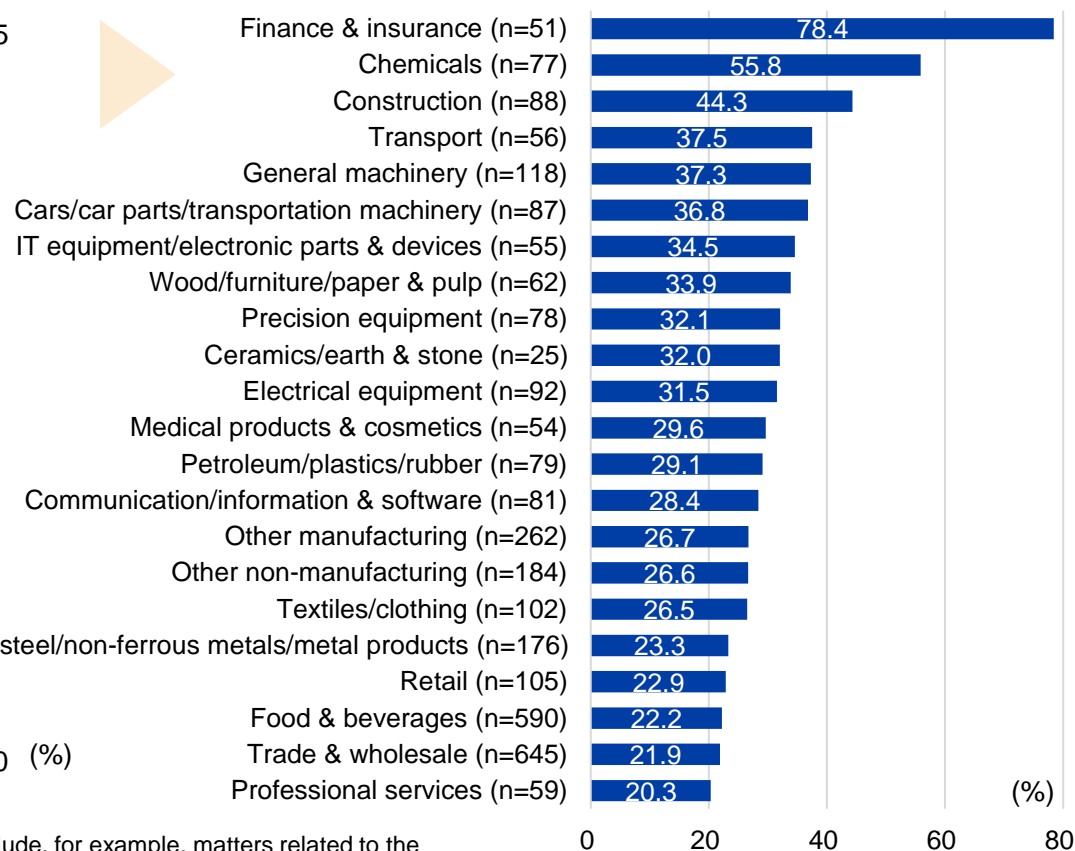
1 | 70% of Large Firms Disclose Sustainability Information

- Regarding information related to sustainability, including respect for the environment and human rights, 71.5% of large firms answered that they “already disclose/plan to disclose within a few years.” In contrast, only 20.7% of SMEs do so, a noticeable gap.
- By industry, about 80% of firms in finance & insurance and about half in chemicals disclosed it, which was relatively high.

Status of Sustainability-Related Disclosure Initiatives



Sustainability-Related Information Disclosed by Industry

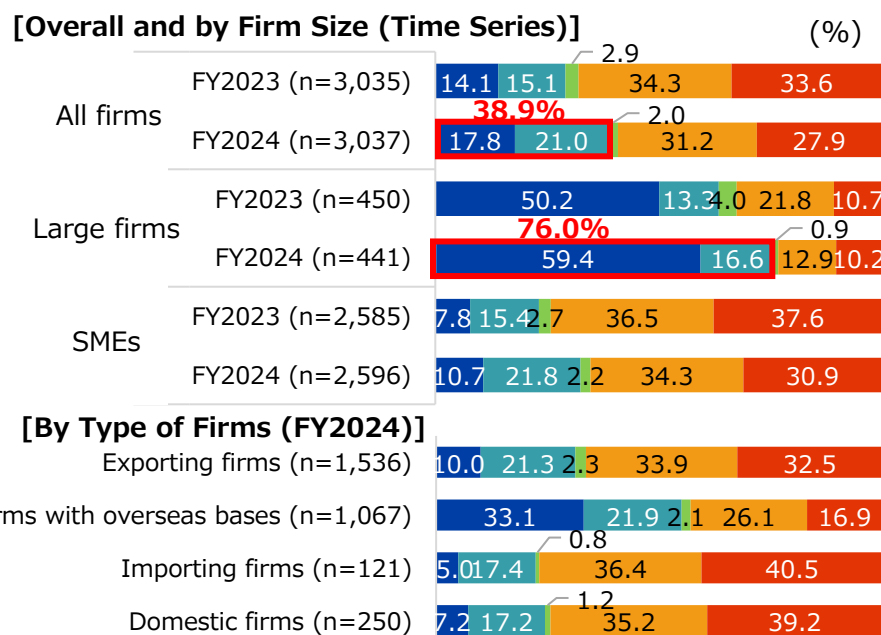


Note: 1) "n" excludes non-responses. 2) Sustainability information could include, for example, matters related to the environment, society, employees, respect of human rights, anti-corruption, anti-bribery, governance, cyber security, and data security (from FSA data).

2 | More than Half of Firms Are Implementing HRDD (Including Planned or Considering to Do So)

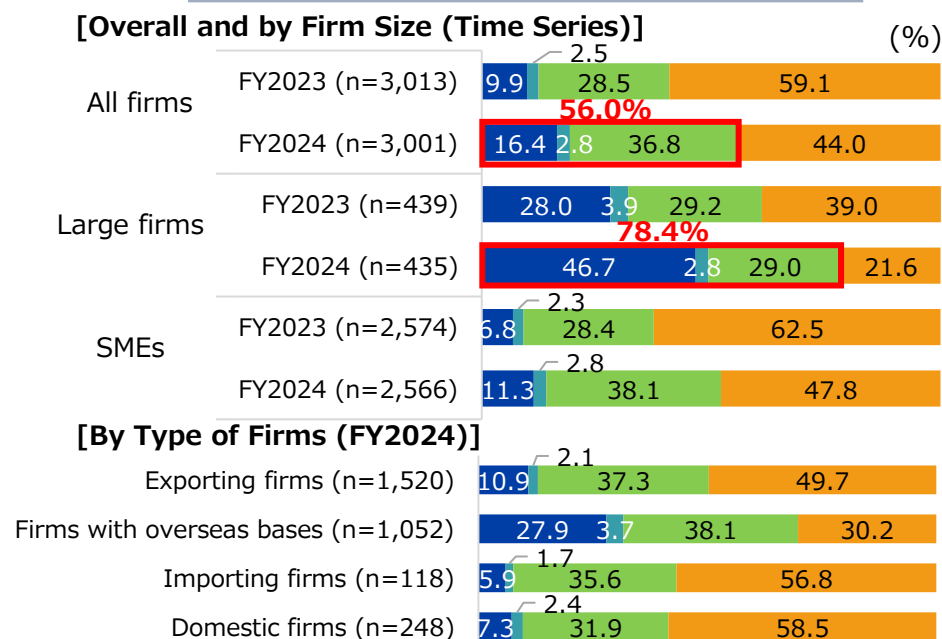
- The percentage of firms that have developed policies to respect human rights **is 38.9%, up 9.7 points from previous year**. About 80% (76.0%) of large firms have developed one.
- The percentage of firms implementing human rights due diligence (HRDD) was 16.4%. When adding firms planning and considering HRDD, the total is 56.0%** (up 15.1 points from previous year).

Status of Human Rights Policy Development and Disclosure



- A policy has been developed and published externally
- A policy has been developed but has not been published externally
- A policy has not been developed, but there are plans for developing one within a year
- A policy has not been developed but is under consideration to be developed within a few years
- No plans to develop a policy in the future

Status of Implementation of HRDD



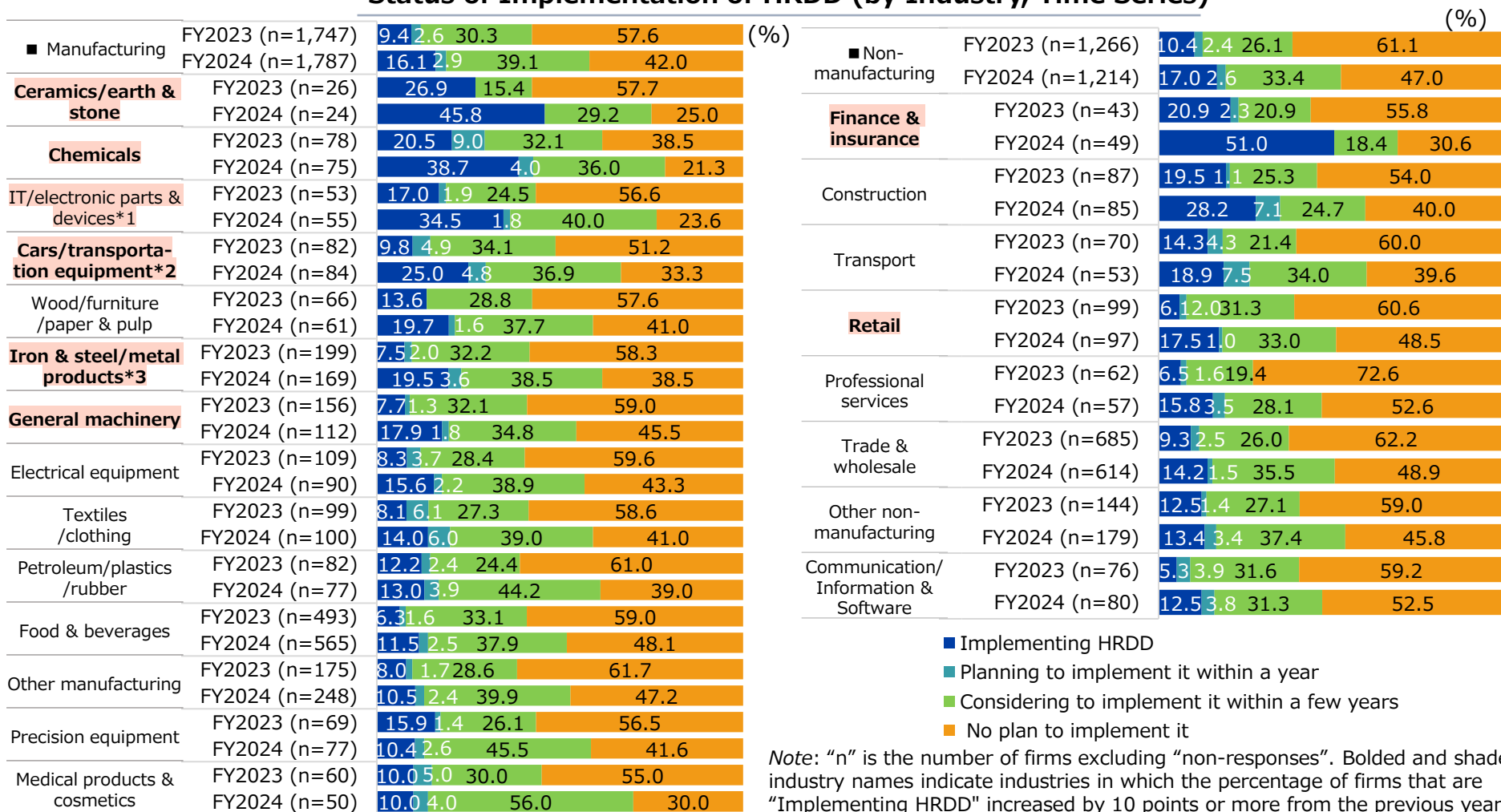
- Implementing HRDD
- Planning to implement it within a year
- Considering to implement it within a few years
- No plan to implement it

Note: "n" is the number of firms excluding "non-responses". "Exporting firms" above are firms that are exporting but with no overseas bases. "Importing firms" are firms that import only (no exporting, no overseas bases). "Domestic firms" are firms that neither export or import and have no overseas bases.

3 | HRDD Implementation Status: Differences Widen by Industry

- The percentage of firms "implementing HRDD" increased more than 10 points from previous year in finance & insurance (up 30.1 points) and eight other industries, while the percentage remained flat or decreased in some industries. **The level of efforts is becoming more varied by industry.**

Status of Implementation of HRDD (by Industry, Time Series)

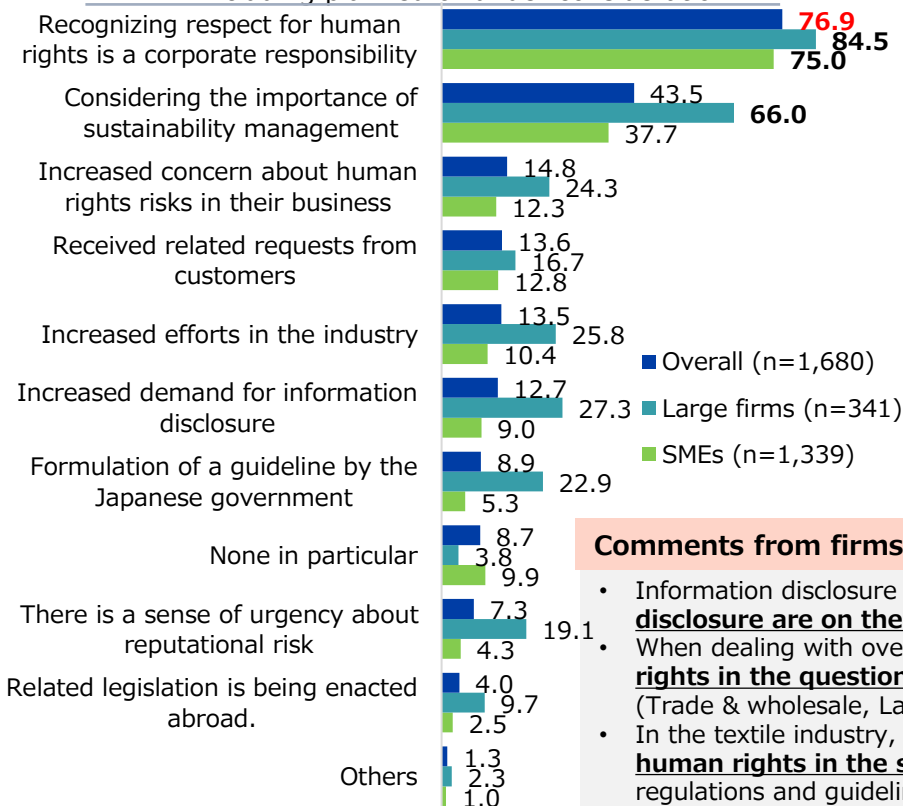


4 | The Top Reason for Implementing HRDD Is the Recognition That Respect for HR Is a Corporate Responsibility

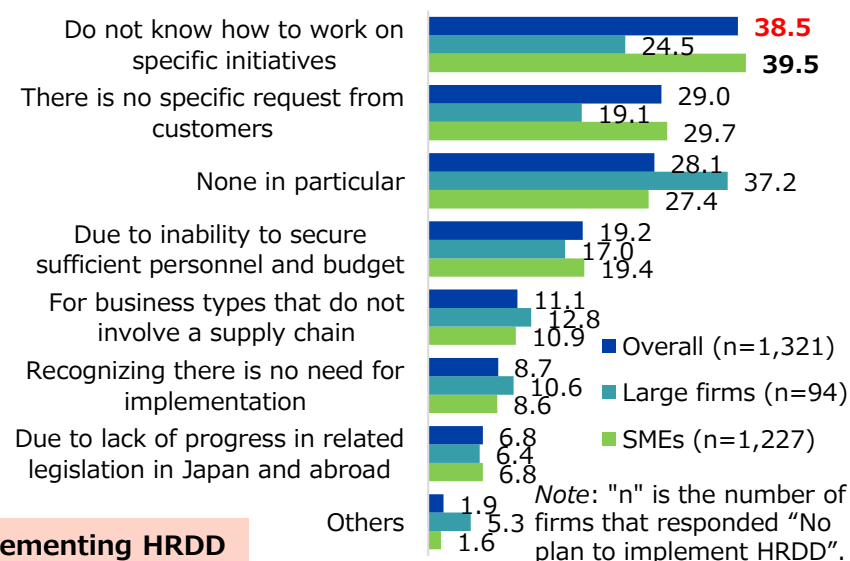
- The **largest share of respondents (76.9%)** cited **"Recognizing that respect for human rights is a corporate responsibility"** as a reason for implementing HRDD.
- The top overall reason for not planning to implement HRDD is **that they do not know how to implement specific measures (38.5%)**, this being the case for 39.5% of SMEs.

Reasons for Implementing HRDD

*Including planned or under consideration (%)



Reasons for Not Planning to Implement HRDD (%)



Note: "n" is the number of firms that responded "No plan to implement HRDD".

Comments from firms implementing HRDD

- Information disclosure is being promoted to all stakeholders via websites, etc. **Requests for disclosure are on the increase** (Chemicals, Large firms)
- When dealing with overseas listed firms, we are forced to be aware of the **inclusion of human rights in the questions asked during vendor registration and in the terms of the contract** (Trade & wholesale, Large firms)
- In the textile industry, there is a trend to **check for low wages, forced labor, and other risks to human rights in the supply chain**. Audits are now being conducted by large firms as international regulations and guidelines have been tightened. **Audits have increased considerably over the past year or two** (Textile/Textile/Clothing, SMEs).
- **Industry associations are sending invitations to seminars and workshops on HRDD**, and vehicle manufacturers, our largest customer base, are becoming more active in this area (Cars/car parts/transportation machinery, SMEs).

Note: "n" is the number of firms that responded "Implementing HRDD," "Planning to implement it within a year" or "Considering to implement it within a few years."

5 | Reasons for Implementing HRDD Varied by Industry

Reasons for Implementing (Including Planned or Considering To) HRDD

(%)

| | No. of firms | Recognizing respect for HR is a corporate responsibility | Considering the importance of sustainability management | Increased concern about HR risks in their own business | Received related requests from customers | Increased efforts in the industry | Increased demand for information disclosure | Formulation of a guideline by the Japanese government | None in particular | There is a sense of urgency about reputational risk | Related legislation is being enacted abroad |
|--|--------------|--|---|--|--|-----------------------------------|---|---|--------------------|---|---|
| Total | 1,680 | 76.9 | 43.5 | 14.8 | 13.6 | 13.5 | 12.7 | 8.9 | 8.7 | 7.3 | 4.0 |
| Manufacturing | 1,037 | 76.2 | 43.1 | 13.8 | 16.2 | 13.1 | 12.0 | 9.2 | 8.3 | 5.7 | 3.8 |
| Food & beverages | 293 | 70.3 | 37.2 | 10.2 | 11.3 | 6.8 | 9.2 | 6.1 | 11.6 | 3.1 | 2.4 |
| Textiles/clothing | 59 | 78.0 | 42.4 | 18.6 | 18.6 | 10.2 | 6.8 | 10.2 | 6.8 | 1.7 | 3.4 |
| Wood/furniture/paper & pulp | 36 | 80.6 | 38.9 | 19.4 | 16.7 | 16.7 | 11.1 | 8.3 | 8.3 | 5.6 | 0.0 |
| Chemicals | 59 | 78.0 | 55.9 | 13.6 | 13.6 | 13.6 | 22.0 | 20.3 | 5.1 | 3.4 | 3.4 |
| Medical products & cosmetics | 35 | 65.7 | 40.0 | 31.4 | 14.3 | 17.1 | 8.6 | 5.7 | 8.6 | 2.9 | 0.0 |
| Petroleum/plastics/rubber | 47 | 85.1 | 40.4 | 10.6 | 25.5 | 10.6 | 21.3 | 6.4 | 2.1 | 2.1 | 2.1 |
| Ceramics/earth & stone | 18 | 83.3 | 44.4 | 5.6 | 11.1 | 5.6 | 11.1 | 16.7 | 5.6 | 11.1 | 0.0 |
| Iron & steel/non-ferrous metals/metal products | 104 | 79.8 | 39.4 | 12.5 | 21.2 | 17.3 | 11.5 | 9.6 | 4.8 | 7.7 | 3.8 |
| General machinery | 61 | 83.6 | 47.5 | 11.5 | 13.1 | 8.2 | 18.0 | 9.8 | 4.9 | 8.2 | 4.9 |
| Electrical equipment | 51 | 82.4 | 52.9 | 15.7 | 19.6 | 19.6 | 13.7 | 11.8 | 2.0 | 9.8 | 7.8 |
| IT equipment/electronic parts & devices | 42 | 78.6 | 45.2 | 16.7 | 21.4 | 14.3 | 9.5 | 9.5 | 2.4 | 9.5 | 9.5 |
| Cars/car parts/transportation machinery | 56 | 80.4 | 53.6 | 21.4 | 37.5 | 42.9 | 12.5 | 16.1 | 3.6 | 10.7 | 5.4 |
| Precision equipment | 45 | 66.7 | 33.3 | 4.4 | 11.1 | 13.3 | 8.9 | 6.7 | 20.0 | 4.4 | 6.7 |
| Other manufacturing | 131 | 77.1 | 48.9 | 16.0 | 12.2 | 11.5 | 12.2 | 7.6 | 12.2 | 8.4 | 4.6 |
| Non-manufacturing | 643 | 78.1 | 44.0 | 16.3 | 9.5 | 14.2 | 14.0 | 8.4 | 9.3 | 10.0 | 4.4 |
| Trade & wholesale | 314 | 75.8 | 41.7 | 14.6 | 11.1 | 13.7 | 13.7 | 5.7 | 11.8 | 8.0 | 4.5 |
| Retail | 50 | 86.0 | 48.0 | 18.0 | 4.0 | 12.0 | 4.0 | 6.0 | 6.0 | 6.0 | 0.0 |
| Construction | 51 | 82.4 | 47.1 | 13.7 | 9.8 | 25.5 | 21.6 | 17.6 | 5.9 | 15.7 | 3.9 |
| Transport | 32 | 78.1 | 53.1 | 25.0 | 9.4 | 12.5 | 21.9 | 9.4 | 6.3 | 12.5 | 12.5 |
| Finance & insurance | 34 | 76.5 | 52.9 | 29.4 | 0.0 | 29.4 | 26.5 | 20.6 | 8.8 | 23.5 | 2.9 |
| Communication/information & software | 38 | 78.9 | 34.2 | 18.4 | 10.5 | 13.2 | 2.6 | 7.9 | 7.9 | 5.3 | 2.6 |
| Professional services | 27 | 77.8 | 40.7 | 22.2 | 11.1 | 7.4 | 11.1 | 0.0 | 7.4 | 7.4 | 3.7 |
| Other non-manufacturing | 97 | 79.4 | 46.4 | 12.4 | 9.3 | 8.2 | 14.4 | 11.3 | 7.2 | 12.4 | 5.2 |

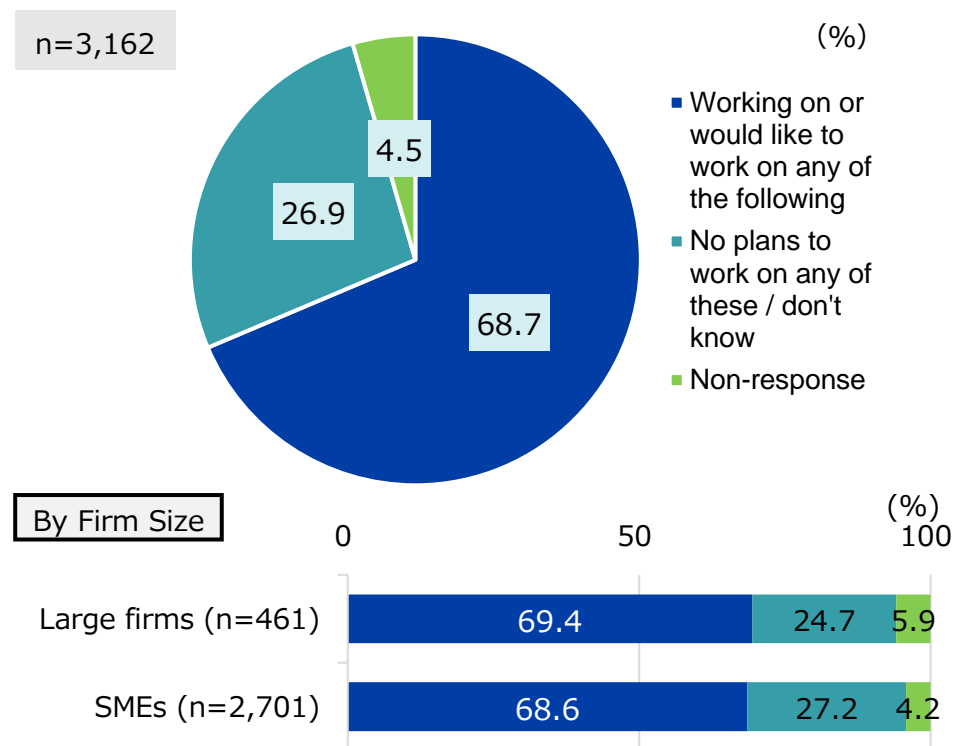
Note: Firms that responded "Implementing HRDD" "Planning to implement it within a year" or "Considering to implement it within a few years" are included. "Others" and "Non-responses" are not listed. Shading indicates the top five industries in each category.

6 | 70% of Firms Are Willing to Work Toward a Circular Economy

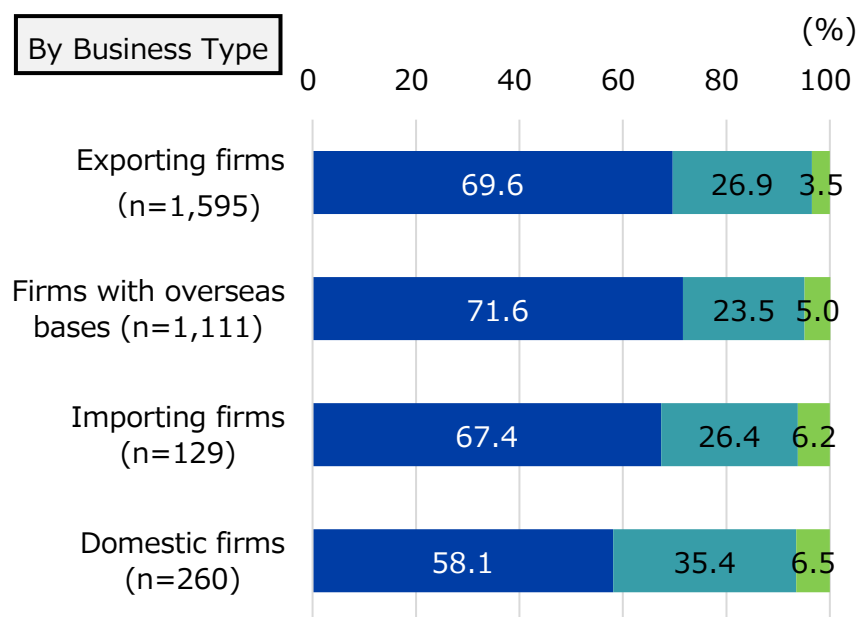
- **The total number of firms that responded that they are "working on," "considering working on within three years," or "want to work on but have no concrete plan yet," on at least one of the five initiatives related to the circular economy, such as "changing product specifications," was about 70% of all respondents.**
- By business type, firms **with overseas bases (71.6%)** scored the highest percentage, followed by **exporting firms (69.6%)**.

Status of Circular Economy-Conscious Efforts

("Change of product specifications", "Change of packaging materials", "Collection and recycling of used products", "Promotion of reuse" and "Change of sales formats")



Note: "Working on or want to work on any of the above" includes the options "working on", "considering working on within 3 years", and "want to work on but no concrete plan yet".



Note: "Exporting firms" above are firms that are exporting but with no overseas bases.

"Importing firms" are firms that import only (not exporting firms nor firms with overseas bases).

"Domestic firms" are firms that neither export or import and have no overseas bases.

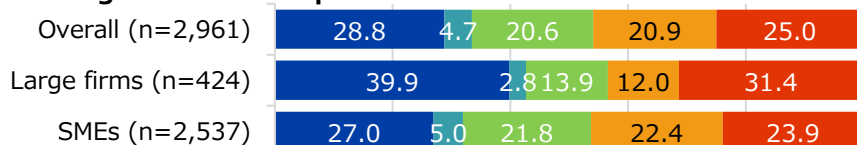
7 | Circular Economy Measures Advancing in the Wood and Chemicals Industries

■ Looking at the five questions about the circular economy by firm size, a **higher percentage of SMEs responded "would like to work on it, but no concrete plan yet" than large firms**, indicating that they are willing to work on it but are still looking for ways to do so.

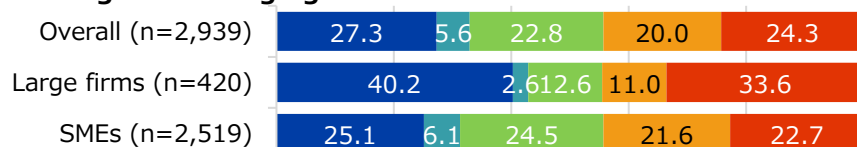
■ By industry, **wood/furniture/paper & pulp and chemicals ranked high in all questions. Iron & steel/non-ferrous metals/metal** products had a high percentage of respondents who are involved in the promotion of recycling and reuse.

Measures for a Circular Economy (By Firm Size)

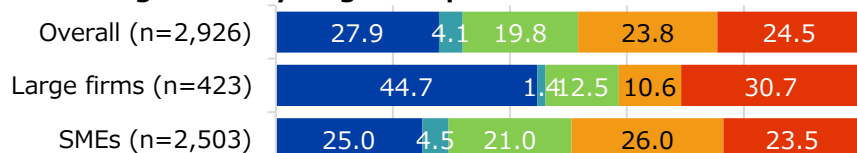
Change of Product Specifications



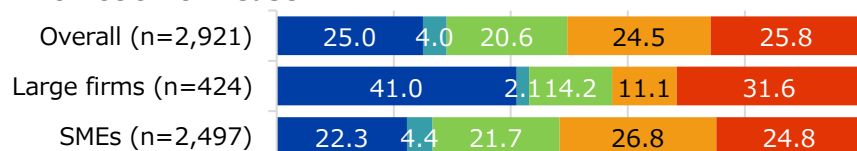
Change of Packaging Materials



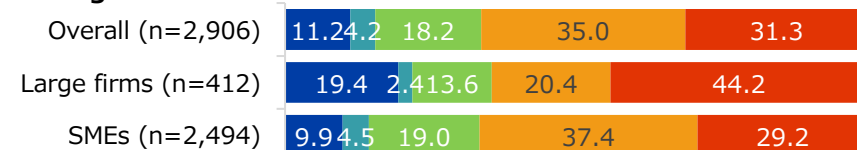
Collecting and Recycling Used products



Promotion of Reuse



Change of Sales Format



Top 5 industries **with the highest total percentage of answering "Working on" and "Considering working on within the next three years"**

[Change of Product Specifications] [Change of Packaging Materials]

| | | | |
|-------------------------------------|------|-------------------------------------|------|
| Wood/furniture/paper & pulp (n=60) | 60.0 | Wood/furniture/paper & pulp (n=60) | 50.0 |
| Chemicals (n=74) | 52.7 | Medical products & cosmetics (n=52) | 50.0 |
| Ceramics/earth & stone (n=23) | 47.8 | Chemicals (n=73) | 47.9 |
| Medical products & cosmetics (n=52) | 46.2 | Electrical equipment (n=90) | 43.3 |
| Textiles/clothing (n=98) | 44.9 | Food & beverages (n=568) | 40.7 |

[Collecting and Recycling Used Products]

| | | | |
|--|------|--|------|
| Iron & steel/non-ferrous metals/metal products (n=163) | 44.2 | Iron & steel/non-ferrous metals/metal products (n=163) | 44.8 |
| Ceramics/earth & stone (n=23) | 43.5 | Ceramics/earth & stone (n=21) | 42.9 |
| Chemicals (n=74) | 43.2 | Cars/car parts/transportation machinery (n=83) | 41.0 |
| Transport (n=52) | 42.3 | Chemicals (n=75) | 40.0 |
| Cars/car parts/transportation machinery (n=83) | 38.6 | Wood/furniture/paper & pulp (n=59) | 39.0 |

[Promotion of Reuse]

[Change of Sales Format]

| | |
|---|------|
| Communication/information & software (n=73) | 28.8 |
| General machinery (n=113) | 28.3 |
| Precision equipment (n=74) | 25.7 |
| Wood/furniture/paper & pulp (n=59) | 22.0 |
| Ceramics/earth & stone (n=23) | 21.7 |

- Working on
- Consider working on within 3 years
- Want to work on, but no concrete plan yet
- No plans to work on
- Not sure

Note: N is the number of firms excluding non-responses.

8-1 | Cost and Human Resources to Comply with Complex Regulations Are Challenges for Human Rights and Environmental Compliance (1 of 2)

What They Are Working On

Supply Chain

- **Common: Conduct risk assessments, evaluate and prioritize environmental** (greenhouse gases, water pollution, waste disposal, etc.) and **social risks** (discrimination, health and safety related issues, etc.) **in the supply chain.** (Construction, Large firms)
- **Common: Information and guidance from major customers** are helping to protect the environment and prevent human rights violations. (Cars/Car Parts/Transportation Machinery, SMEs)
- **Human rights:** When contracting business overseas, the **prohibition of child labor, etc., is included in the contract.** (Other Manufacturing, Large firms)
- **Environment:** China and India are the main overseas suppliers. **Careful selection of suppliers is necessary.** (Trade & Wholesale, SMEs)
- **Environment: Do not import or trade** raw materials, etc. caught in **IUU fishing** (illegal, unreported and unregulated fishing). (Trade & Wholesale, SMEs)

Regulations

- **Human rights: Declaration of the Modern Slavery Act in the UK.** (Chemicals, Large firms)
- **Environment:** Containers **changed from Styrofoam to paper** (Food & Beverages, SMEs)
Change from **plastic bottles to glass bottles** (Trade & Wholesale, SMEs)
Conforming to the EU regulations, switching plastic molded products over **to biodegradable** materials in stages. (Other Manufacturing, SMEs)

Certifications

- **Environment:** ISO 14001 certified (Precision Equipment, Large Firms)

Other

- **Common:** We are members of Sedex, EcoVadis, and CDP, which are international information sharing platforms for sustainability management, and are making efforts to **collect information on overseas regulations and systems** so that we can **take action.** (Chemicals, Large Firms)
- **Environment: 100% recycling of** distillation effluent discharged by the company for use in its own plant. (Food & Beverages, SMEs)

Note: Responses excerpted from the 1,188 companies that responded to the open-ended question.

8-2 | Cost and Human Resources to Comply with Complex Regulations Are Challenges for Human Rights and Environmental Compliance (2 of 2)

Challenges

Regulation

- **Common:** With a series of environmental and human rights laws and regulations such as the European Battery Regulation, the EU's Regulation on Deforestation-free Products (EUDR), and the EU's Corporate Sustainability Due Diligence Directive (CSDDD), **identifying the scope of impact on our company and securing resources to address it are major issues.** (Cars/Car Parts/Transportation Machinery, Large Firms)
- **Common:** It is important to promote environmental responsiveness, optimal pricing to suppliers, etc., but **it leads to higher manufacturing costs. This is not accompanied by a global culture (including Domestic firms) to pass it on to selling prices** (Iron & Steel/Non-ferrous Metals/Metal Products, SMEs).
- **Human rights:** Increasingly, **companies are required to sign a "Code of Conduct" (Code of Conduct Guidelines)** requested by overseas customers **and consent forms** compliant with **CSDDD, etc.**, to promote common understanding and awareness within the company. **More time is needed to formulate and disclose documents, and to actually put them into practice** (IT Equipment/Electronic Parts & Devices, SMEs).
- **Environment:** Compliance with the requirements of the **European REACH regulation** (Precision Equipment, SMEs)

Certification

- **Environment:** We have obtained environmental certifications, etc., but the **financial burden is very high** and we **have to make our customers wait** until we can afford the costs. (Chemicals, SMEs)

Human Resources and Corporate Structure

- **Common:** There is **no specialized department. Difficult to address due to lack of HHRR** (many respondents)
- **Human Rights:** Regarding human rights, **we created a CREDO BOOK (Code of Ethical Conduct)** this year. It will take time to disseminate the contents of the book to all employees, and we are not sure how we should do it. (Food & Beverages, Large Firms)

Other

- **Common:** **Even if a product has sustainable value, it does not lead to purchase.** (Professional Services, SMEs)
- **Environment:** Although we are taking environmental considerations into account, we **are not able to show our efforts outside of our company.** (Professional Services, Large Firms)

After reading the report, kindly fill out the questionnaire below (takes about 1 minute).



<https://www.jetro.go.jp/form5/pub/ora2/20240043>

[Report Version] FY 2024 | Overseas Business Survey
Survey on the International Operation of Japanese firms

**Japan External Trade Organization
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■ Caution

Note: Figures may not sum up to the total due to the fractional units.

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