

Discover Business Operations of Foreign-Affiliated Companies in Japan

Japan External Trade Organization (JETRO)
Innovation Department

Explore Japan's Business Conditions Through a Survey of 1,427 Japan-Based Foreign Companies

Summary

50%

of Companies Report Sales Growth (Year-on-Year)

P3

60%

of Companies Achieve Business Progress as Expected

P4

54%

of Companies to Strengthen and Expand Operations in Japan

P5

Market Size and Growth Potential
Make Japan's Business Environment Most Attractive

P6

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Companies that Engage in Collaboration Achieve **Higher Sales**

P7

Universities
are Major Collaborators and Partners for Manufacturers

P8

Methods for Discovering Business Partners are **Diversifying**

P9

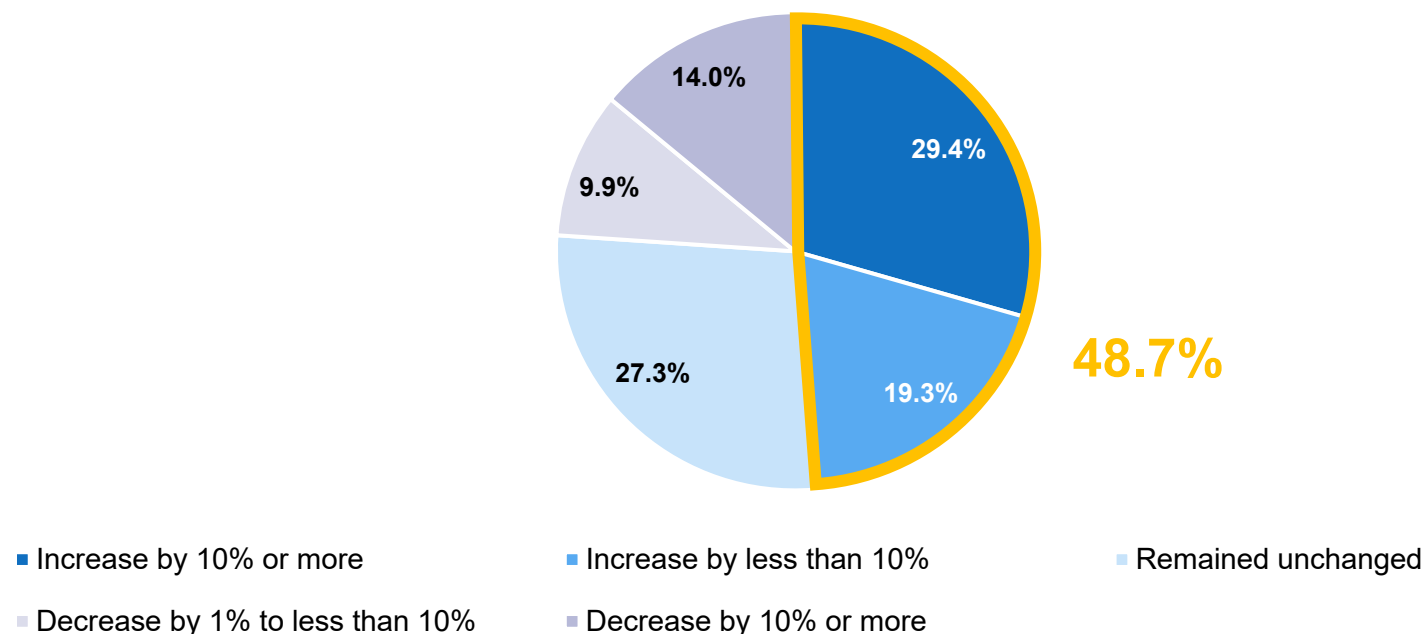
Japan's Stability
is Highly Valued

P10

Around 50% of Companies' Sales Grew, Twice as Many of Those Whose Sales Declined

- Sales change in the most recent fiscal year ^(Note1) showed that 48.7% of companies increased 1% or more in sales.
- The number of companies whose sales grew was approximately twice of those whose sales decreased by 1% or more (24.0%)^(Note 2).

Increase/decrease in sales compared to the previous year



(n=1,340)

Some companies did not respond to this question.
(Same applies below)

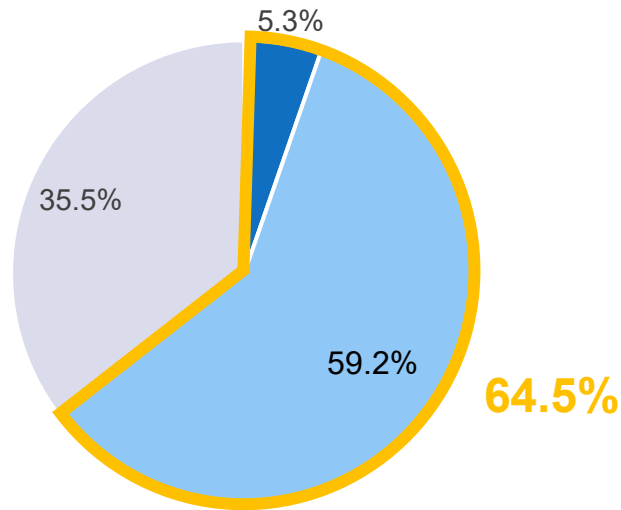
(Note 1) Fiscal year that ended between September 2023 and August 2024.

(Note 2) The total value mentioned in the subheading includes digits up to the second decimal place. In the graph, digits up to the second decimal place have been truncated,

About 60% of Companies Report Business Progress as Expected

- 59.2% of companies reported business plans progressing as expected. When including the number of companies performing better than expected (5.3%), the total exceeds 60%.
- Several companies cited maintaining and strengthening good relationships with clients and partners as key factors contributing to smooth business progress.

Business plan progress



- Progressing better than expected
- Progressing as expected (n=1,387)
- Progressing worse than expected

Factors cited by companies whose business plans are progressing better than expected or as expected (Free entry response)



Good customer relationships. [material trade]

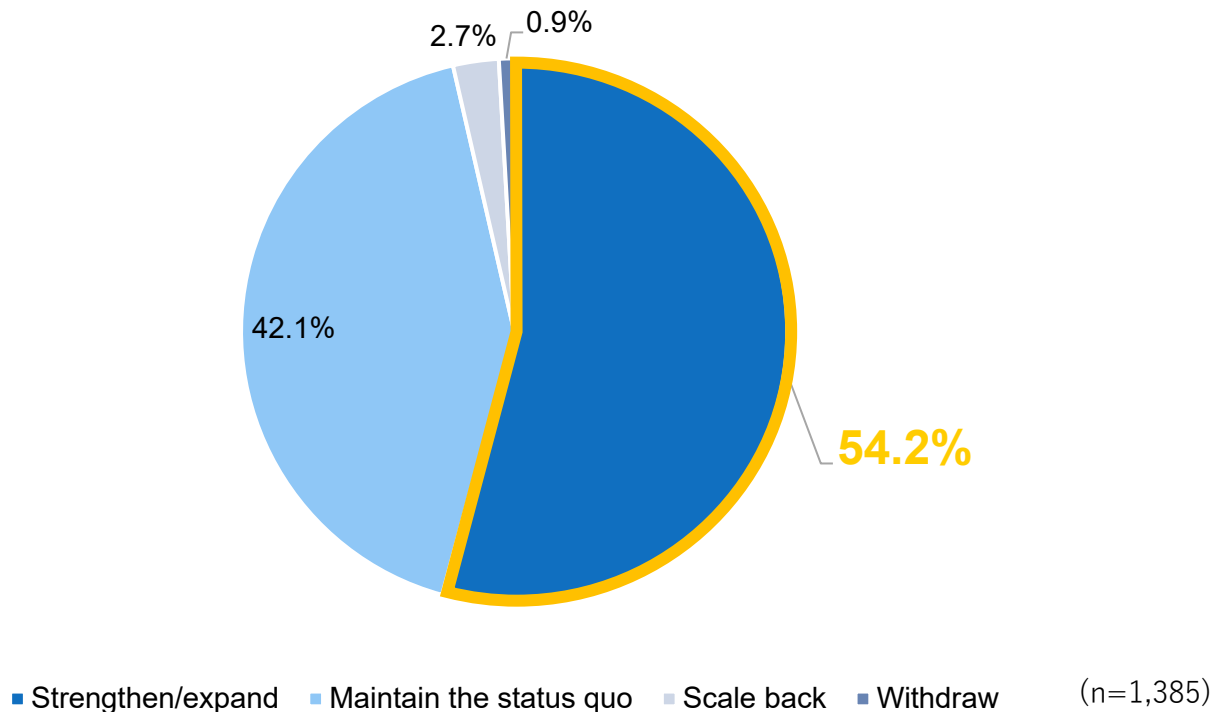
We understand that demand is increasing from a future perspective because we provide innovative products. [transportation machinery trade]

Interest rate increases, new business, additional business obtained from existing clients. [finance/insurance]

Over 50% of Companies Still Intend to Strengthen/Expand Their Japan Operations

- Regarding future business plans in Japan, a majority of companies (54.2%) expressed their intention to strengthen and expand their businesses.
- The total percentage of companies planning to downsize or withdraw from Japan is 3.6%, falling below 5%.

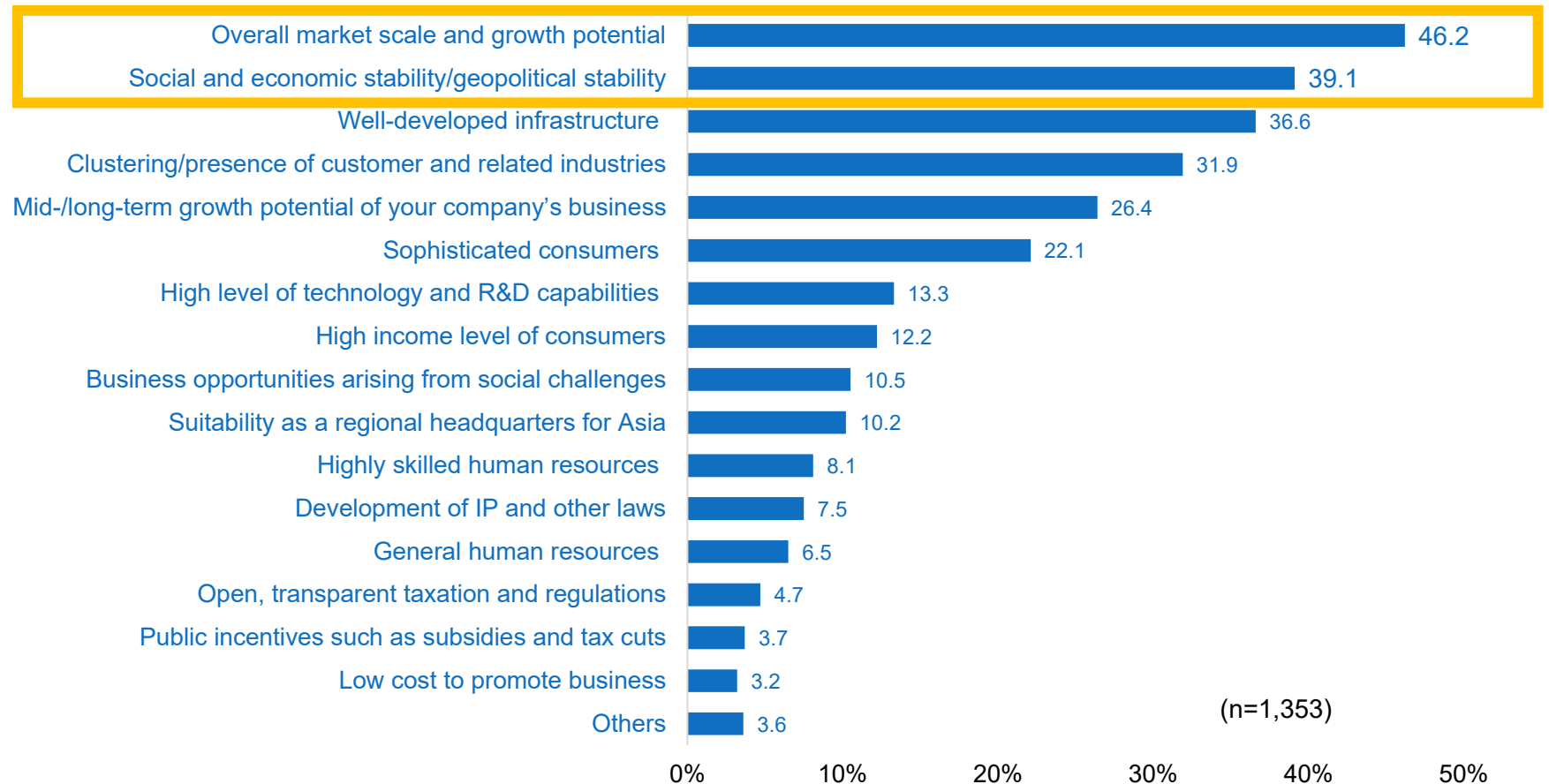
Future business plan in Japan



Market Size, Growth Potential, and Social and Economic Stability are the Strengths of Japan's Business Environment

- Compared to other markets worldwide, the most attractive aspect of Japan's business environment is its 'market size and growth potential,' cited by 46.2% of respondents
- 'Social and economic stability' followed at second (39.1%), continuing an upward trend from the previous survey and an increasingly prominent strength of Japan.

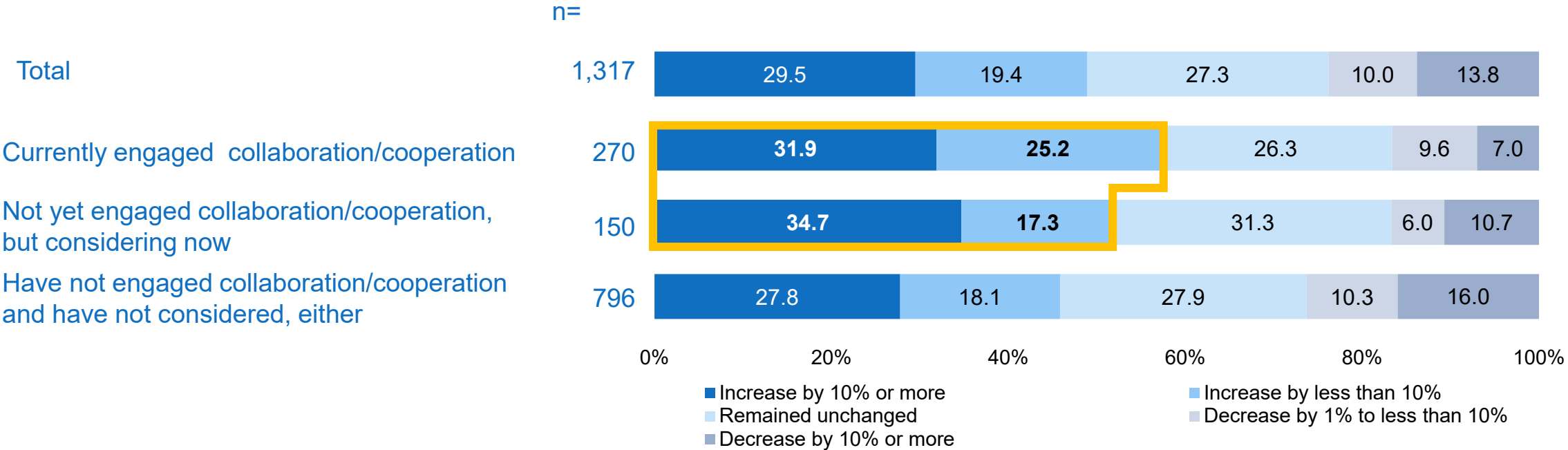
Attractions of Japan's
business environment
(Multiple responses
allowed)



Companies that Plan or Engage in Collaboration Tend to Achieve Higher Sales

- When exploring the relationship between collaboration activities* and changes in corporate sales, companies that engaged in or considered partnerships tended to experience sales growth.
- Effective utilization of resources in Japan through collaboration and partnerships may be a factor in increasing the sales of foreign-affiliated companies in Japan.

**Increase/decrease in sales compared to the previous year
(By collaboration/cooperation implementation)**

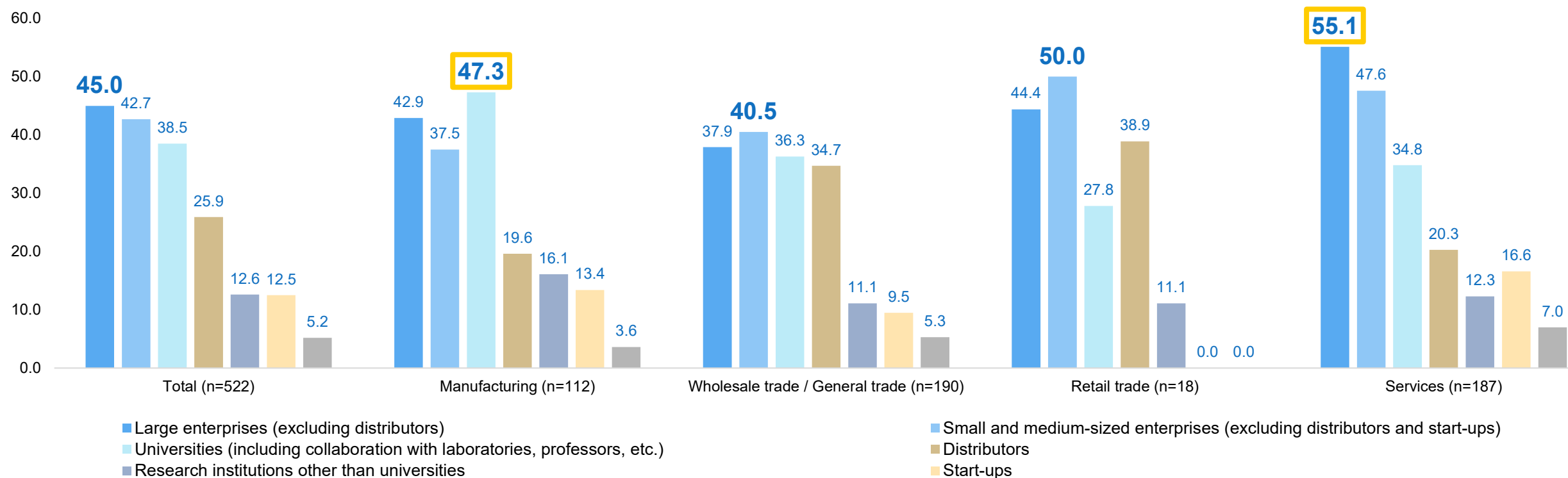


(Note) Collaboration/cooperation indicates that foreign companies build relationships with domestic companies, universities or research centers and make a business or capital alliances to expand their business in Japan.

Manufacturers Often Collaborate and Partner with Universities, Whereas Service Companies Do So with Large Enterprises

- Overall, Japan-based foreign businesses most commonly collaborate or partner with large enterprises (45.0%), followed by SMEs (42.7%), and universities (38.5%).
- By industry, services has a high proportion of partnerships with large enterprises (55.1%), while collaboration with start-ups (16.6%) is also 4.1% above the overall average. In manufacturing, universities (47.3%) represent the largest share and serve as crucial partners.

Collaboration/cooperation partners (By industry, multiple responses)

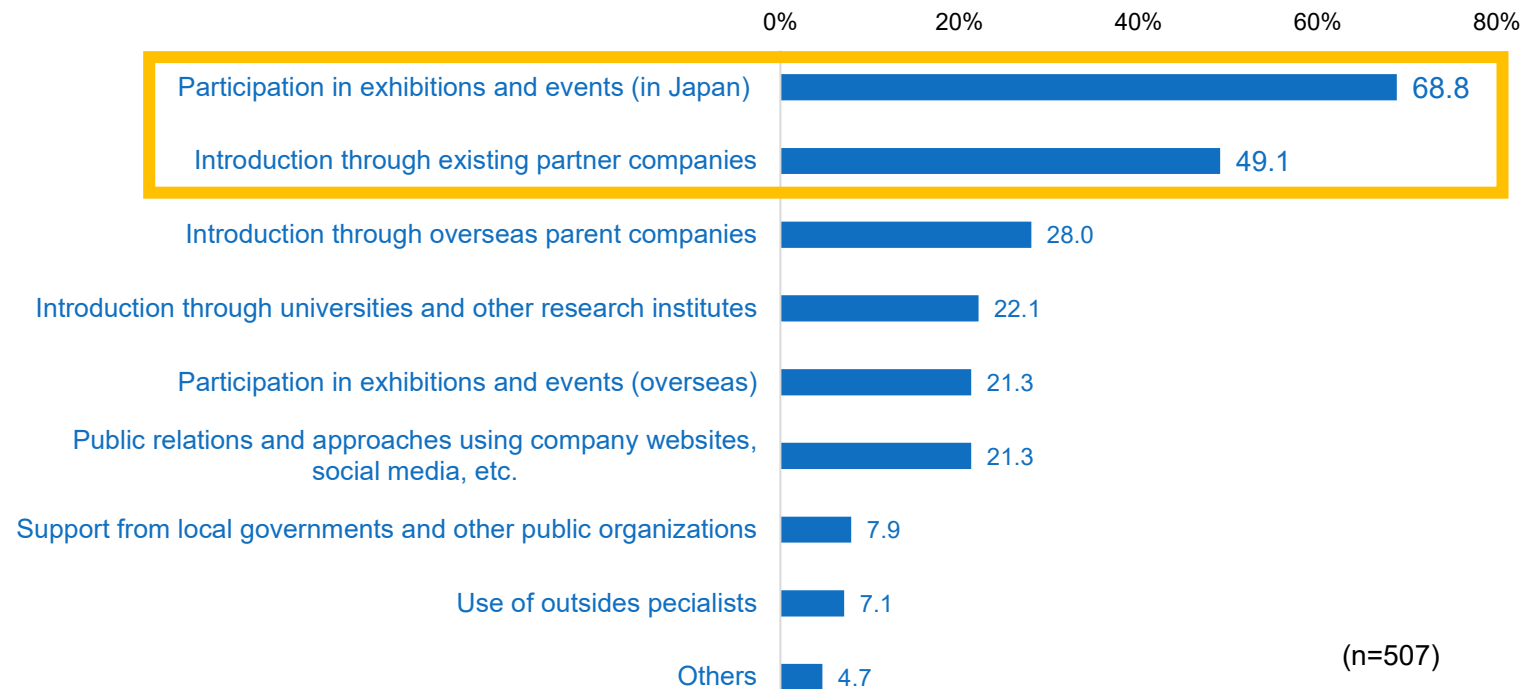


(Note) The 'n' includes "currently engaged," "not yet engaged, but considering now" and "had engaged in the past, but not now."

Methods for Discovering Business Partners are Diversifying: About 70% Participate in Exhibitions and Events in Japan

- The most commonly used channel for discovering collaboration/cooperation partners (including planned partnerships) is exhibitions and events in Japan at 68.8%, followed by introduction through existing partner companies at 49.1%.
- Building relationships of trust, intermediation by key persons, and leveraging personal networks were cited as key factors for successful collaboration/cooperation.

Means that companies have used or plan to use to find collaborative partners
(By industry and year of establishment, multiple responses)



Key Factors for Successful Collaborations and Partnerships
(Free entry response)



Long-term trust relationships. [Energy Wholesale]

Intermediation by key persons and technology development capabilities are crucial factors. Networking opportunities are important. [Electronic Component Manufacturing]

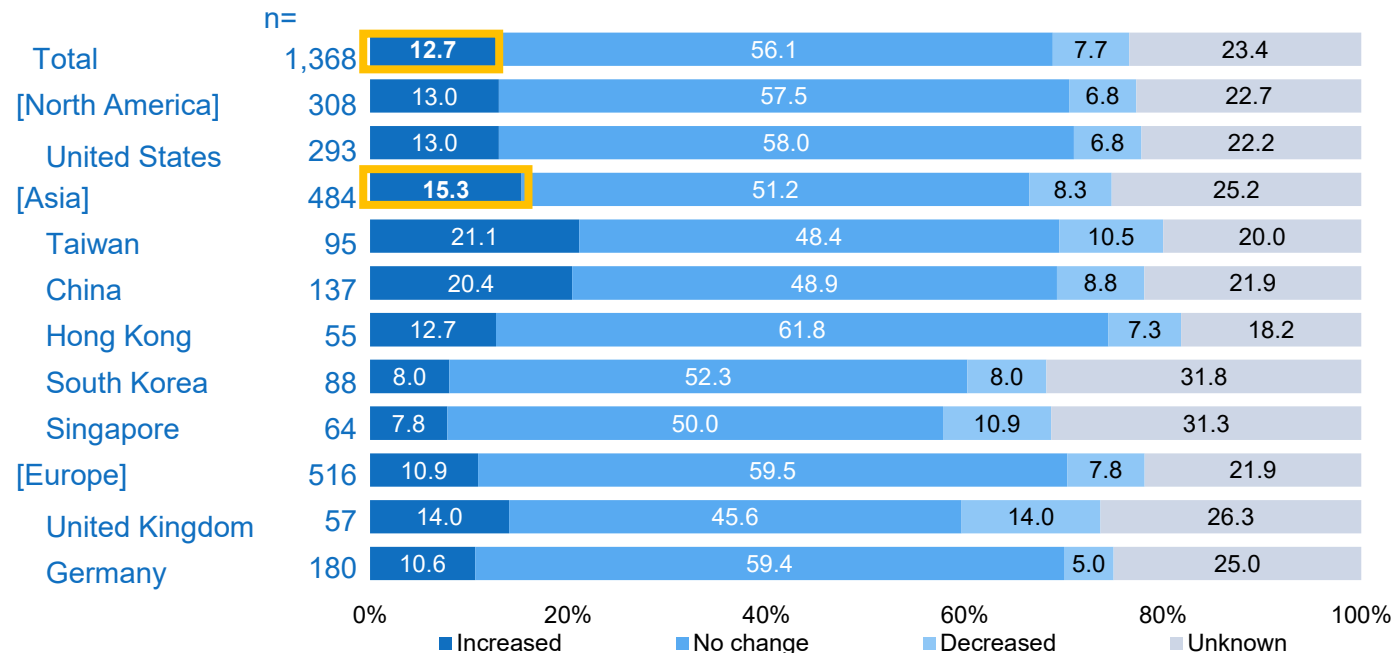
Avoiding excessive assertion of rights toward each other and maintaining transparency. [Pharmaceutical Manufacturing]

(Note) The sample size 'n' includes the number of respondents who are currently collaborating, have collaborated in the past but are no longer doing so, or are considering it.

Japan's Business Stability is Highly Valued in Light of Geopolitical Risks

- Regarding Japan's significance in light of geopolitical risks, over half of respondents indicated 'no change,' while 12.7% indicated that it had 'increased.'
- By parent company's country and region, the highest percentage of companies responding 'improved' came from Asia (15.3%), surpassing North America (13.0%) and Europe (10.9%).
- In relation to geopolitical risks, responses indicated changes in perspectives toward Japan and a high value given to Japan's business stability.

Japan's Significance Considering Geopolitical Risks (By Parent-Company Country/Region)



Impact of Geopolitical Risks (Free entry response)

My parent company's perspective on the Japanese market has changed. Previously, it invested predominantly in China but now is investing in Japan as well.

[Information and Communication Equipment Manufacturing]

Business in Japan remains stable compared to other regions, leading to high expectations from our headquarters.

[Automobile Wholesale]

Japan's strengthening of its defense capabilities in response to geopolitical risks is leading to the creation of new markets.

[Information and Communication Services]

Survey Overview

Survey period :

October 15, 2024 – November 17, 2024

Survey targets :

7,301 foreign-affiliated companies in Japan
Valid responses: 1,427 companies (valid response rate: 19.5%)
* In this survey, a "foreign-affiliated company based in Japan" refers to a company in which a foreign company/investor has a stake, regardless of the foreign capital ratio.

Industry and product line of respondent companies

Business category/Scale	Number of companies	Distribution ratio (%)
Total	1,427	100
Manufacturing	256	17.9
Wholesale trade/General trade	563	39.5
Retail trade	76	5.3
Services	481	33.7
Large enterprises	53	3.7
Small- and medium-sized enterprises	1,315	92.2

Industry of respondents' parent companies (Overseas)

Business category	Number of companies	Distribution ratio (%)
Total	1,427	100
Manufacturing	753	56.1
Wholesale trade/General trade	126	9.4
Retail trade	34	2.5
Services	381	28.4
Investment fund	49	3.6

Country and region of respondents' parent companies (Overseas)

Country/Region	Number of companies	Distribution ratio (%)
Total	1,427	100
North America	329	23.1
United States	313	21.9
Canada	16	1.1
Asia	494	34.6
China	138	9.7
Taiwan	98	6.9
South Korea	90	6.3
Singapore	67	4.7
Hong Kong	56	3.9
Asia (others)	45	3.2
Europe	537	37.6
Germany	184	12.9
France	65	4.6
United Kingdom	61	4.3
Switzerland	61	4.3
Netherlands	28	2
Europe (others)	138	9.7
Others	54	3.8
Oceania	25	1.8
Middle East	18	1.3
Latin America	10	0.7
Africa	1	0.1

Talk to JETRO First

For more details, please refer to the 'FY 2024 Survey on Business Operations of Foreign-Affiliated Companies in Japan'.

<https://www.jetro.go.jp/en/news/releases/2025/a8a7c17859b15a3e.html>



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