



**FY 2020**

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

**March, 2021**

**Overseas Research Department**

**Japan External Trade Organization (JETRO)**

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# About this survey

## 1. Target

The FY2020 survey reached a total of 13,503 firms headquartered in Japan with interest in overseas business. They include 3,433 JETRO member firms and 10,070 firms that have used JETRO's services.

*\*This survey has been conducted annually since FY2002, and it marks the 19th year for the survey. The survey had been initially conducted only for JETRO member firms, but its coverage was expanded in FY2011 to include non-JETRO member firms.*

## 2. Topics

- I. Profile
- II. International trade
- III. Overseas expansion
- IV. Global risks and business in China
- V. Review of overseas business
- VI. Utilization and issues of digital technology

## 3. Survey method

JETRO asked target firms to answer this survey on the website by letter (and email in some cases) .

## 4. Period

October 30, 2020 to December 6, 2020

## 5. Response

Valid responses: 2,722 firms (of which 928 are JETRO member firms)

Rate of valid response: 20.2%

## Definitions of large-scale firms, SMEs, etc. (based on amount of capital / No. of employees)

	Manufacturing and other	Wholesale	Retail	Service
Large-scale firms	Firms other than SMEs	Firms other than SMEs	Firms other than SMEs	Firms other than SMEs
Large-scale firms (excluding leading medium-sized firms)	Large-scale firms other than leading medium-sized firms	Large-scale firms other than leading medium-sized firms	Large-scale firms other than leading medium-sized firms	Large-scale firms other than leading medium-sized firms
Leading medium-sized firms	More than 300 million but 1 billion yen or less, or more than 300 but 3000 or fewer employees	More than 100 million but 300 million yen or less, or more than 100 but 1000 or fewer employees	More than 50 million but 300 million yen or less, or more than 50 but 1000 or fewer employees	More than 50 million but 300 million yen or less, or more than 100 but 1000 or fewer employees
Small and medium-sized enterprises (SMEs)	300 million yen or less, or 300 employees or less	100 million yen or less, or 100 employees or less	50 million yen or less, or 50 employees or less	50 million yen or less, or 100 employees or less
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 less, or 20 employees or less	10 million yen or less, or 5 employees or less	10 million yen or less, or 5 employees or less	10 million yen or less, or 5 employees or less

Note: "Large-scale firms" and "SMEs" in the larger categories are based on the Small and Medium-sized Enterprise Basic Act. The others are defined by JETRO.

## Profile of respondent firms

	No. of firms	Share (%)
Total	2,722	100.0
Manufacturing	1,429	52.5
Food & beverages	380	14.0
Textiles/clothing	88	3.2
Wood & wood products/furniture & building materials/paper & pulp	49	1.8
Chemicals	59	2.2
Medical products & cosmetics	47	1.7
Coal & petroleum products/plastics/rubber products	56	2.1
Ceramics/earth & stone	20	0.7
Iron & steel/non-ferrous metals/metal products	161	5.9
General machinery	92	3.4
Electrical equipment	72	2.6
IT equipment/electronic parts & devices	32	1.2
Cars/car parts/other transportation machinery	69	2.5
Precision equipment	65	2.4
Other manufacturing	239	8.8
Non-manufacturing	1,293	47.5
Trade and wholesale	584	21.5
Retail	128	4.7
Construction	78	2.9
Transport	55	2.0
Finance & insurance	62	2.3
Communication, information & software	118	4.3
Professional services	65	2.4
Other non-manufacturing	203	7.5
Large-scale firms	410	15.1
Large-scale firms (excluding leading medium-sized firms)	95	3.5
Leading medium-sized firms	315	11.6
SMEs	2,312	84.9
SMEs (excluding micro-businesses)	841	30.9
Micro-businesses	1,471	54.0
Firms performing exports	1,922	70.6
Firms performing imports	1,383	50.8
Firms with overseas bases	966	35.5
Domestic firms	304	11.2
Hokkaido	52	1.9
Tohoku	137	5.0
Kanto/Koshinetsu	1,224	45.0
Chubu	252	9.3
Hokuriku	85	3.1
Kansai	518	19.0
Chugoku	157	5.8
Shikoku	102	3.7
Kyushu/Okinawa	195	7.2

Note: "Domestic firms" are firms that do not conduct overseas business.

# List of industry name used in this report

## [Manufacturing]

Original	Abbreviated
Food & beverages	Food & beverages
Textiles	Textiles/clothing
Clothing	
Wood & wood products (excluding furniture)	Wood & wood products/furniture & building materials/paper & pulp
Furniture & building materials	
Paper & pulp	
Chemicals	Chemicals
Medical products & cosmetics	Medical products & cosmetics
Coal & petroleum products	Coal & petroleum products/plastics/rubber products
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

Original	Abbreviated
IT equipment	IT equipment/electronic parts & devices
Electronic parts & devices	
Cars	Cars/car parts/other transportation machinery
Car parts	
Other transportation machinery	
Precision equipment (including medical devices)	Precision equipment
Other manufacturing	Other manufacturing

## [Non-manufacturing]

Original	Abbreviated
Trade and wholesale	Trade and 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	Other non-manufacturing
Utilities	
Agriculture/forestry/fishery	
Printing & related industry	
Real estate	
Dining/lodging facilities	
Medical/welfare	
Other services (Travel/amusement etc.)	
Other non-manufacturing	

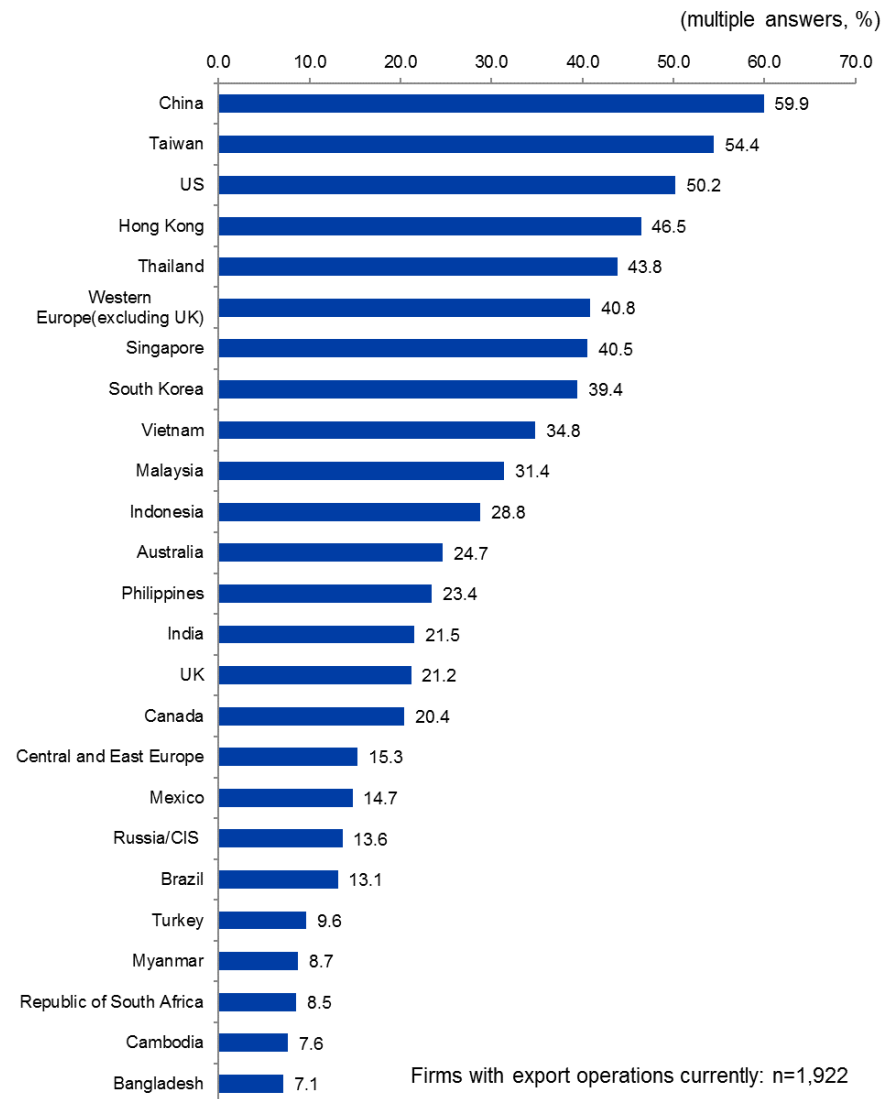
# Export operation and its destination

## Firms with export operation (total, by industry, by firm size)

	Currently exporting		Not currently exporting	Currently importing	
		Only exporting			Only importing
Total (n=2,722)	70.6	28.4	29.4	50.8	8.6
Manufacturing (n=1,429)	85.1	34.4	14.9	56.3	5.6
Food & beverages (n=380)	90.0	61.3	10.0	32.1	3.4
Textiles/clothing (n=88)	77.3	28.4	22.7	60.2	11.4
Wood & wood products/furniture & building materials/paper & pulp (n=49)	81.6	26.5	18.4	63.3	8.2
Chemicals (n=59)	96.6	23.7	3.4	74.6	1.7
Medical products & cosmetics (n=47)	93.6	44.7	6.4	53.2	4.3
Coal & petroleum products/plastics/rubber products (n=56)	83.9	12.5	16.1	80.4	8.9
Ceramics/earth & stone (n=20)	85.0	30.0	15.0	60.0	5.0
Iron & steel/non-ferrous metals/metal products (n=161)	75.8	24.8	24.2	62.1	11.2
General machinery (n=92)	93.5	31.5	6.5	65.2	3.3
Electrical equipment (n=72)	84.7	20.8	15.3	70.8	6.9
IT equipment/electronic parts & devices (n=32)	87.5	15.6	12.5	78.1	6.3
Cars/car parts/other transportation machinery (n=69)	78.3	14.5	21.7	66.7	2.9
Precision equipment (n=65)	87.7	26.2	12.3	66.2	4.6
Other manufacturing (n=239)	80.8	23.8	19.2	61.5	4.6
Non-manufacturing (n=1,293)	54.6	21.7	45.4	44.8	11.8
Trade and wholesale (n=584)	76.9	22.1	23.1	70.5	15.8
Retail (n=128)	60.2	37.5	39.8	43.0	20.3
Construction (n=78)	25.6	10.3	74.4	24.4	9.0
Transport (n=55)	29.1	12.7	70.9	20.0	3.6
Finance & insurance (n=62)	0.0	0.0	100.0	0.0	0.0
Communication, information & software (n=118)	35.6	23.7	64.4	18.6	6.8
Professional services (n=65)	32.3	21.5	67.7	16.9	6.2
Other non-manufacturing (n=203)	39.9	22.7	60.1	24.1	6.9
Large-scale firms (n=410)	58.5	10.0	41.5	53.4	4.9
Large-scale firms (excluding leading medium-sized firms) (n=95)	60.0	5.3	40.0	57.9	3.2
Leading medium-sized firms (n=315)	58.1	11.4	41.9	52.1	5.4
SMEs (n=2,312)	72.8	31.6	27.2	50.3	9.2
SMEs (excluding micro-businesses) (n=841)	70.9	21.0	29.1	59.2	9.4
Micro-businesses (n=1,471)	73.8	37.7	26.2	45.3	9.1

Notes: 1) n=the total number of respondent firms. 2) Including indirect exporting/importing through other firms. 3) "Exports only" means the number calculated by excluding firms with import operations currently from firms with export operations. 4) "Not currently exporting" means the number of firms other than firms with export operations and firms with no answer. 5) "Imports only" means the number calculated by excluding firms currently with export operations from firms with import operations.

## Export destination



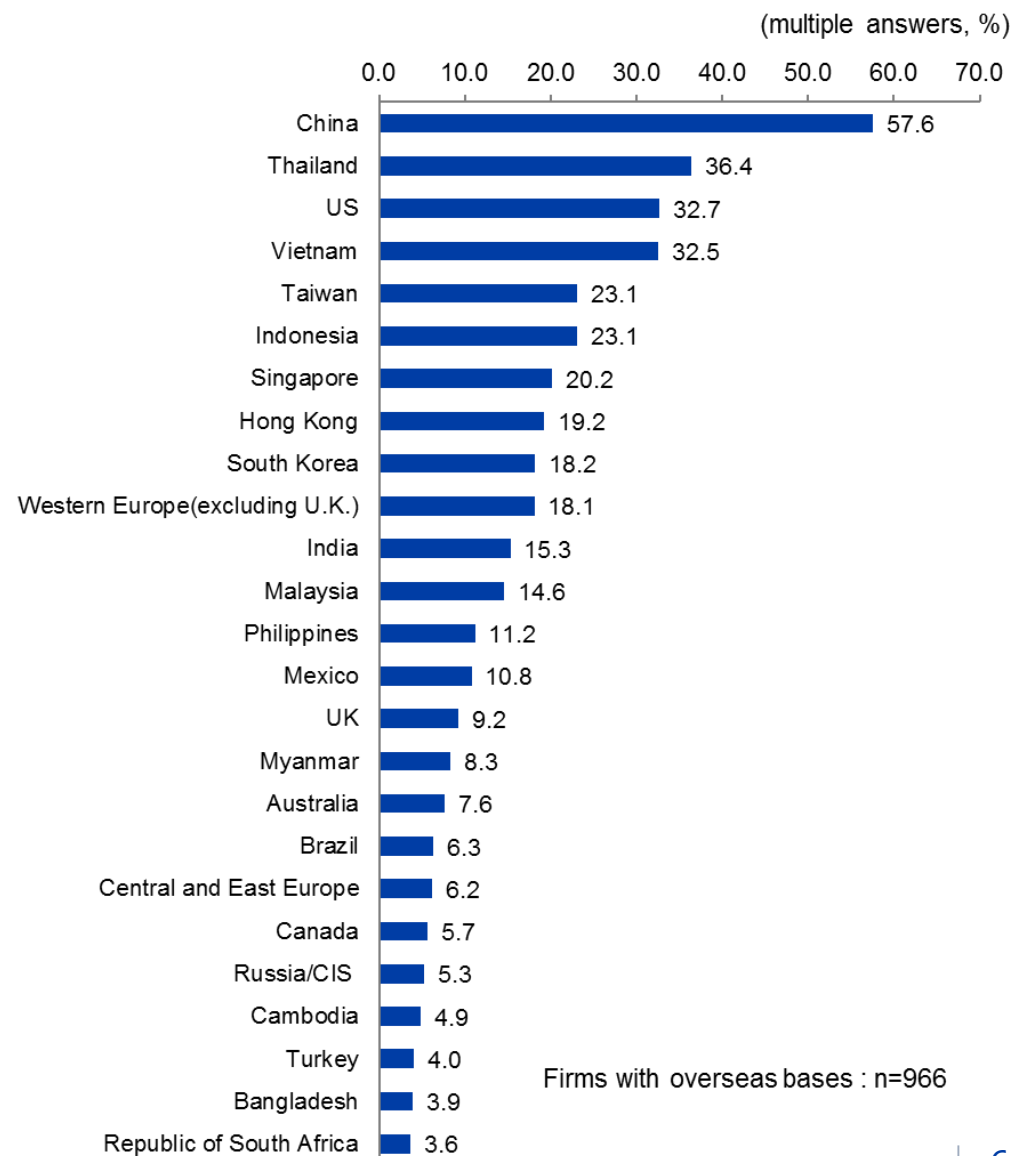
# Overseas expansion

Firms with overseas bases (total, by industry, by firm size)  
(%)

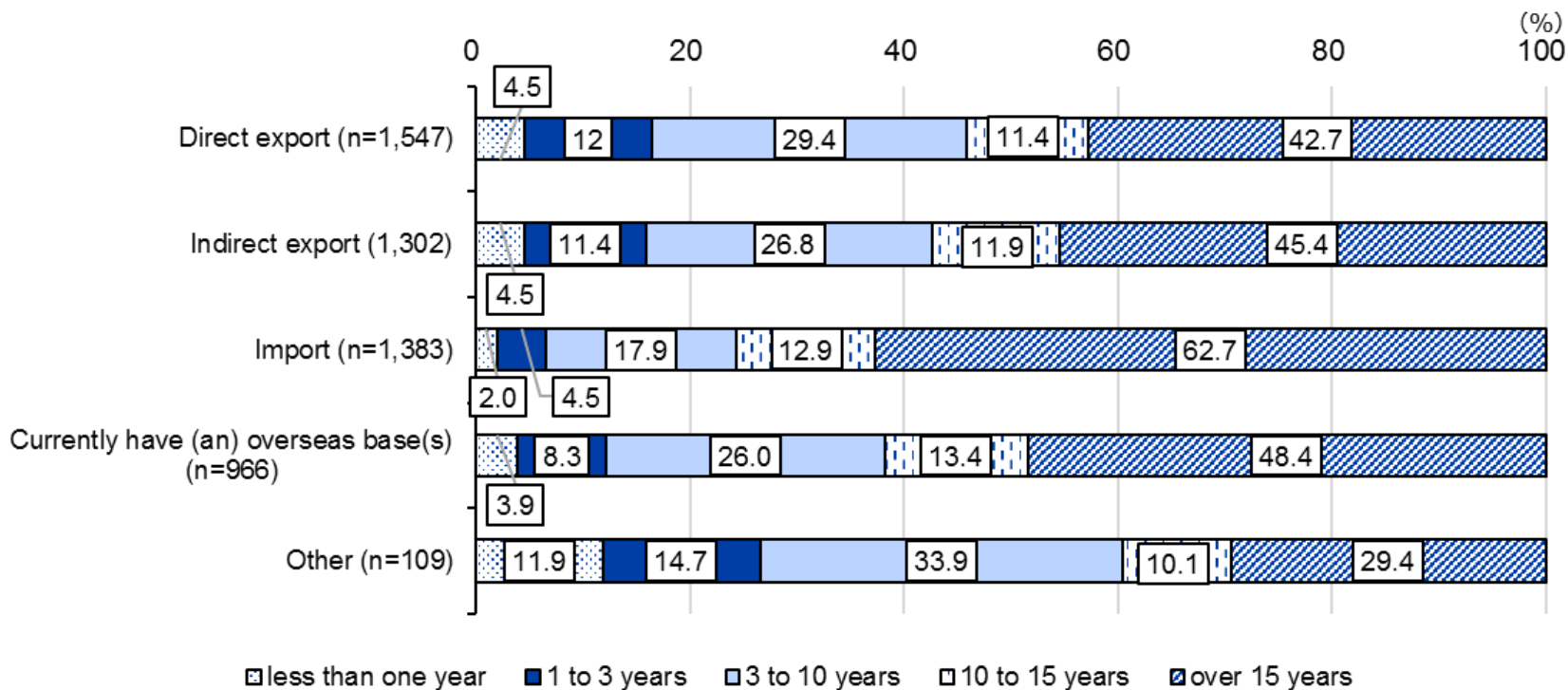
	With overseas bases	None
Total (n=2,722)	35.5	64.5
Manufacturing (n=1,429)	36.5	63.5
Food & beverages (n=380)	16.8	83.2
Textiles/clothing (n=88)	27.3	72.7
Wood & wood products/furniture & building materials/paper & pulp(n=49)	36.7	63.3
Chemicals (n=59)	59.3	40.7
Medical products & cosmetics (n=47)	40.4	59.6
Coal & petroleum products/plastics/rubber products (n=56)	60.7	39.3
Ceramics/earth & stone (n=20)	45.0	55.0
Iron & steel/non-ferrous metals/metal products (n=161)	41.6	58.4
General machinery (n=92)	50.0	50.0
Electrical equipment (n=72)	62.5	37.5
IT equipment/electronic parts & devices (n=32)	62.5	37.5
Cars/car parts/other transportation machinery (n=69)	72.5	27.5
Precision equipment (n=65)	33.8	66.2
Other manufacturing (n=239)	28.5	71.5
Non-manufacturing (n=1,293)	34.4	65.6
Trade and wholesale (n=584)	34.1	65.9
Retail (n=128)	18.0	82.0
Construction (n=78)	51.3	48.7
Transport (n=55)	56.4	43.6
Finance & insurance (n=62)	45.2	54.8
Communication, information & software (n=118)	33.9	66.1
Professional services (n=65)	36.9	63.1
Other non-manufacturing (n=203)	29.6	70.4
Large-scale firms (n=410)	75.6	24.4
Large-scale firms (excluding leading medium-sized firms) (n=95)	93.7	6.3
Leading medium-sized firms (n=315)	70.2	29.8
SMEs (n=2,312)	28.4	71.6
SMEs (excluding micro-businesses) (n=841)	41.5	58.5
Micro-businesses (n=1,471)	20.9	79.1

Notes: 1) n=the total number of respondent firms. 2) Agencies are not included in overseas bases.

Country and region of overseas bases



# Ref: Period of overseas business experience



Note: n=the total number of respondent firms.

# Averaged ratio of overseas sales slightly decreased

- Among firms with export operation and/or with overseas bases, the averaged ratio of overseas sales **decreased by 0.3 points** to 18.6%, relative to the previous year. By industry, the ratio increased in coal & petroleum products/plastics/rubber products (up 9.5 % points), electrical equipment (up 5.5 % points), and communication, information & software (up 10.4 % points). In contrast, the ratio decreased in professional services (down 5.7 % points). By region, the overseas sales ratio decreased in Asia Pacific (down 0.4 % points) and Middle East/Africa (down 0.2 % points).

**Ratio of domestic/overseas sales for FY2019**  
(average, total, by industry, by firm size) (%)

	Domestic sales	Overseas sales	Region					
			Asia Pacific		North America/Central and South America		Europe/Russia	Middle East/Africa
			China			U.S.		
Total (n=2,029)	81.4	18.6	11.9	4.1	3.5	2.3	2.3	0.9
Entire manufacturing (n=1,199)	83.0	17.0	10.4	3.8	3.7	2.5	2.3	0.7
Food & beverages (n=334)	92.2	7.8	4.2	1.2	2.3	1.7	1.1	0.1
Textiles/clothing (n=70)	86.7	13.3	7.9	3.8	2.6	1.9	2.6	0.3
Wood & wood products/furniture & building materials/paper & pulp (n=40)	87.8	12.3	6.8	2.6	3.1	2.7	2.1	0.3
Chemicals (n=53)	75.9	24.1	17.5	6.5	3.6	2.6	2.8	0.2
Medical products & cosmetics (n=41)	76.7	23.3	18.2	11.4	2.6	2.0	2.2	0.3
Coal & petroleum products/plastics/rubber products (n=47)	77.4	22.6	14.7	6.0	5.0	3.8	2.5	0.5
Ceramics/earth & stone (n=18)	81.0	19.0	11.8	4.0	3.7	2.5	2.8	0.7
Iron & steel/non-ferrous metals/metal products (n=130)	81.5	18.5	10.8	2.7	3.6	2.8	2.6	1.4
General machinery (n=78)	75.0	25.0	14.4	4.9	5.3	3.1	3.5	1.8
Electrical equipment (n=61)	74.7	25.3	17.1	6.2	5.1	2.5	2.6	0.6
IT equipment/electronic parts & devices (n=25)	68.3	31.7	20.8	6.4	6.9	3.9	3.4	0.5
Cars/car parts/other transportation machinery (n=58)	71.7	28.3	17.6	7.3	8.1	5.7	2.4	0.2
Precision equipment (n=57)	74.2	25.8	14.5	6.7	5.1	2.7	4.4	1.8
Other manufacturing (n=187)	84.2	15.8	9.2	2.7	3.1	2.0	2.5	0.9
Entire non-manufacturing (n=830)	79.1	20.9	14.0	4.7	3.3	2.0	2.4	1.1
Trade and wholesale (n=444)	72.6	27.4	18.1	6.5	4.2	2.3	3.4	1.7
Retail (n=81)	84.5	15.5	10.2	2.8	2.9	2.4	1.7	0.8
Construction (n=46)	92.9	7.1	5.8	1.0	0.6	0.4	0.5	0.2
Transport (n=35)	83.0	17.0	12.0	5.4	3.0	2.4	2.0	0.0
Finance & insurance (n=18)	95.2	4.8	2.2	0.3	2.3	1.9	0.0	0.3
Communication, information & software (n=60)	85.1	14.9	10.6	2.1	3.3	1.5	1.0	0.0
Professional services (n=37)	81.8	18.2	11.2	2.7	4.0	2.8	0.9	2.1
Other non-manufacturing (n=109)	87.9	12.1	9.2	3.1	1.4	1.2	1.3	0.3
Large-scale firms (n=291)	78.4	21.6	12.2	4.6	5.5	3.6	3.2	0.7
SMEs (n=1,738)	81.9	18.1	11.8	4.1	3.2	2.1	2.2	0.9

Notes: 1) n=the number of firms performing exports and/or expanding overseas. 2) As a general rule, sales related to exports are classified as overseas sales. 3) Highlighted cells indicate industries for which the ratio accounted for 20% or more.

**Ratio of domestic/overseas sales for FY2019**  
(change from the previous year) (Point)

	Change in proportion of overseas sales				
	Total	Asia Pacific	North America/Central and South America	Europe/Russia	Middle East/Africa
Total (n=2,029)	-0.3	-0.4	0.2	0.1	-0.2
Entire manufacturing (n=1,199)	-0.4	-0.7	0.2	0.0	0.1
Food & beverages (n=334)	-1.1	-1.2	0.2	-0.1	-0.1
Textiles/clothing (n=70)	-0.1	1.7	-0.7	-1.2	0.1
Wood & wood products/furniture & building materials/paper & pulp (n=40)	-0.7	0.1	0.2	-1.2	0.1
Chemicals (n=53)	2.8	1.8	0.7	0.5	-0.2
Medical products & cosmetics (n=41)	3.3	4.2	-0.3	-0.7	0.0
Coal & petroleum products/plastics/rubber products (n=47)	9.5	6.4	1.5	1.3	0.4
Ceramics/earth & stone (n=18)	1.9	-1.4	1.9	1.2	0.2
Iron & steel/non-ferrous metals/metal products (n=130)	1.9	-0.5	0.3	0.8	1.2
General machinery (n=78)	-0.7	-2.4	0.6	0.5	0.6
Electrical equipment (n=61)	5.5	4.6	0.9	0.5	-0.5
IT equipment/electronic parts & devices (n=25)	4.1	0.3	2.4	1.1	0.3
Cars/car parts/other transportation machinery (n=58)	-1.0	0.0	0.6	0.0	-1.6
Precision equipment (n=57)	-1.8	-2.9	0.2	-0.1	0.9
Other manufacturing (n=187)	-4.5	-3.5	-0.3	-0.7	0.0
Entire non-manufacturing (n=830)	-0.2	0.0	0.3	0.2	-0.7
Trade and wholesale (n=444)	0.0	-0.1	0.0	0.8	-0.7
Retail (n=81)	-0.9	-1.1	0.7	-0.9	0.4
Construction (n=46)	1.2	1.6	0.1	0.3	-0.8
Transport (n=35)	-1.7	2.5	-0.3	-0.8	-3.1
Finance & insurance (n=18)	1.1	-1.5	2.3	0.0	0.3
Communication, information & software (n=60)	10.4	7.1	2.7	0.8	-0.1
Professional services (n=37)	-5.7	-2.6	0.8	-2.6	-1.3
Other non-manufacturing (n=109)	2.5	2.0	0.5	0.0	0.0
Large-scale firms (n=291)	0.0	-0.4	0.3	0.2	-0.2
SMEs (n=1,738)	-0.3	-0.4	0.3	0.1	-0.2

Notes: 1) n=the number of firms performing exports and/or expanding overseas. 2) Cells highlighted with red indicate that industries reporting an increase by 2 % points or more from FY2019, while blue cells indicate that industries reporting a decrease by 2 % points or more.



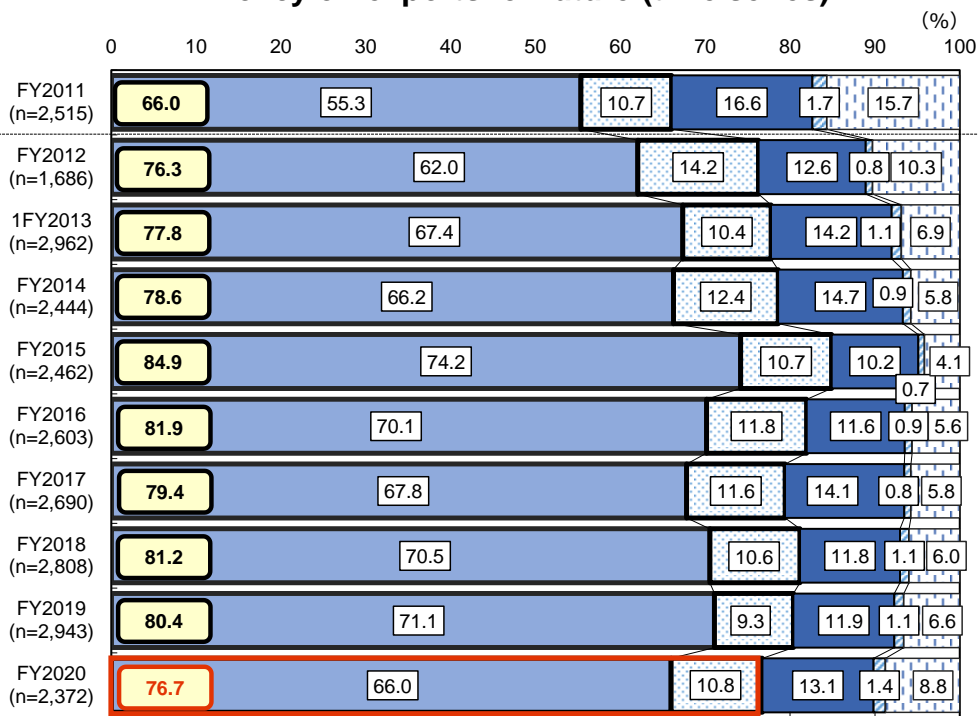
## 2. International Trade

- Motivation to expand exports decreased for the first time in 3 years.  
Dispersion of export destinations has progressed -

# Less willing to expand, but expecting to resume

- Regarding export policies over the next three years or so, 76.7% of firms answered that “they would expand exports”. **The ratio has fallen below 80% for the first time in three years.** Especially, the ratio of large-scale firms decreased about 10 percentage points from the last survey.
- While the willingness to expand exports has diminished due to COVID-19 pandemic, the percentage of **“considering downscaling or ceasing”** remained at the same level and the percentage of **“intend to begin exports”** increased for the first time in four years. Some firms commented they’d like to resume or expand exports as soon as things settle down.

### Policy on exports for future (time series)

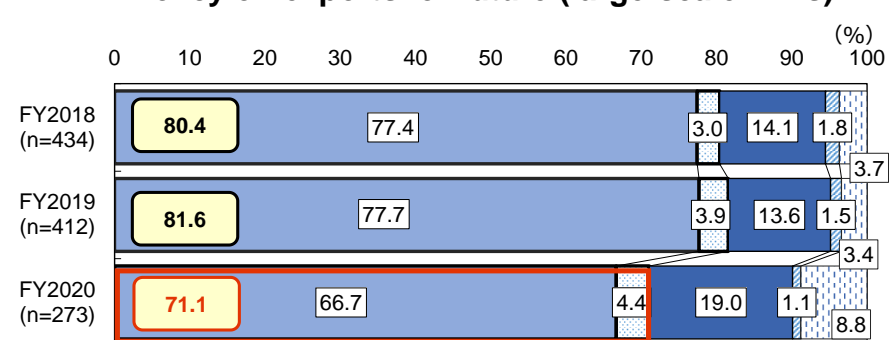


Expand exports

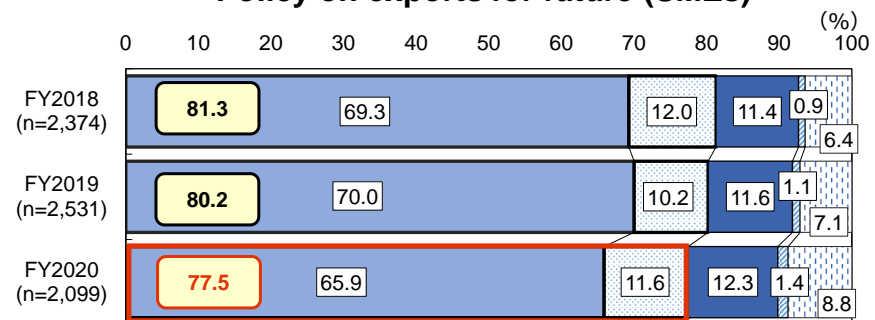
- Further expand operations
- Intend to begin exports
- Maintain the current scale
- Considering downscaling or ceasing
- No plan to export in the future

Note: n=total number of respondent firms, excluding “no international trade for the operations” (item created in FY 2012) and “no answer”.

### Policy on exports for future (large-scale firms)



### Policy on exports for future (SMEs)



# High ratio in chemicals and medical products/cosmetics

- The ratio of firms planning to expand exports is high in medical products/cosmetics (89.4%), food/beverages (87.4%), and chemicals (86.2%) etc.
- Many firms reported they would focus on **mid-and-long-term export expansion to seek growing demand in emerging markets** including Asia. While there are many firms whose export is sluggish due to COVID-19, for some firms, the pandemic contributed to the increase of demand for some products or successfully led to the not-face-to-face business.

## Policy on exports for the future (by industry)

	No. of firms (n)	Expand exports	Conducting export operations now and intending to expand them (%)		Conducting export operations now and maintaining the current scale	Conducting export operations now, but considering downscaling or ceasing	Neither conducting export operations now nor intending to export in the future
			Conducting export operations now and intending to expand them	Not conducting export operations now, but intending to begin exports			
Total	2,372	76.7	66.0	10.8	13.1	1.4	8.8
Manufacturing	1,386	78.9	72.0	6.9	14.7	0.6	5.7
Food & beverages	374	87.4	81.6	5.9	9.1	0.5	2.9
Textiles/clothing	83	80.7	71.1	9.6	10.8	0.0	8.4
Wood & wood products/furniture & building materials/paper & pulp	48	77.1	70.8	6.3	10.4	0.0	12.5
Chemicals	58	86.2	84.5	1.7	12.1	0.0	1.7
Medical products & cosmetics	47	89.4	83.0	6.4	10.6	0.0	0.0
Petroleum products/plastics/rubber products	52	69.2	67.3	1.9	23.1	0.0	7.7
Ceramics/earth & stone	19	84.2	78.9	5.3	10.5	0.0	5.3
Iron & steel/non-ferrous metals/metal products	153	71.2	60.8	10.5	17.0	1.3	10.5
General machinery	91	85.7	83.5	2.2	11.0	0.0	3.3
Electrical equipment	71	66.2	60.6	5.6	23.9	1.4	8.5
IT equipment/electronic parts & devices	31	71.0	64.5	6.5	22.6	3.2	3.2
Cars/car parts/other transportation machinery	66	51.5	42.4	9.1	39.4	0.0	9.1
Precision equipment	65	76.9	69.2	7.7	18.5	0.0	4.6
Other manufacturing	228	78.5	68.9	9.6	14.0	1.3	6.1
Non-manufacturing	986	73.6	57.5	16.1	10.9	2.4	13.1
Trade and wholesale	556	77.5	68.0	9.5	10.6	1.4	10.4
Retail	109	72.5	52.3	20.2	13.8	3.7	10.1
Construction	43	65.1	32.6	32.6	11.6	2.3	20.9
Transport	24	58.3	41.7	16.7	25.0	0.0	16.7
Communication, information & software	83	68.7	38.6	30.1	4.8	3.6	22.9
Professional services	33	60.6	36.4	24.2	18.2	9.1	12.1
Other non-manufacturing	137	70.8	46.7	24.1	8.8	3.6	16.8

Notes: 1) n=total number of respondent firms, excluding “no international trade for the operations” (item created in FY 2012) and “no answer”. 2) The table only shows the industries where the number of respondent firms is 10 or more. 3) Shaded cells indicate the industries ranked in the top five for higher percentages (concerning the question on “Expand exports” only).

## Main reasons for expanding exports (additional comments)

- Expectations for foreign demand expansion/overseas market growth**
  - The recognition “selling own products to the Asian economic region” is needed for firms.
  - The domestic market peaked out and shrank due to COVID-19 etc..
- Brand strength of “Japan” products**
  - Promoting reputations such as safety, security and palatability.
  - The expectation of a feeling of trust for Japanese products and advanced products.
  - Continuity and expanding of Japanese food boom.
- Converting COVID-19 into business opportunities**
  - Increasing demand due to “Stay-home” and boom of outdoor activities are good opportunities.
  - The demands for some medical-related products increased.
  - The firms seek sales channels because recovery of inbound-tourism cannot be expected.
- Utilization of cross-border e-commerce**
  - The firms started the not-face-to-face business.
  - The firms will deploy remote access while using the online demonstration.

# Ref : Future export policy (by industry)

## Policy on future export and difference with the last survey (by industry)

(%)

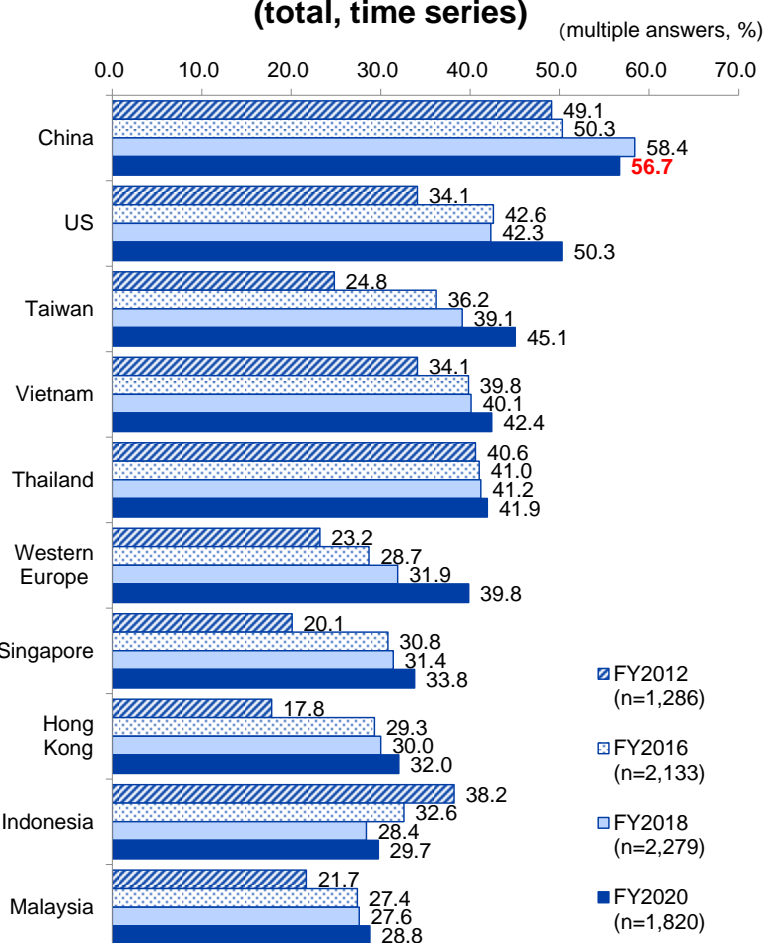
	No. of firms (n)	Expand exports		Conducting export operations now and intending to expand them		Not conducting export operations now, but intending to begin exports		Conducting export operations now and maintaining the current scale		Conducting export operations now, but considering downscaling or ceasing		Neither conducting export operations now nor t intending to export in the future	
		FY2019→ FY2020		FY2019→ FY2020		FY2019→ FY2020		FY2019→ FY2020		FY2019→ FY2020		FY2019→ FY2020	
Total	2,372	76.7	-3.7	66.0	-5.1	10.8	+ 1.4	13.1	+ 1.2	1.4	+ 0.3	8.8	+ 2.2
Manufacturing	1,386	78.9	-3.3	72.0	-3.3	6.9	+ 0.0	14.7	+ 3.2	0.6	-0.3	5.7	+ 0.4
Food & beverages	374	87.4	-2.2	81.6	+ 0.3	5.9	-2.5	9.1	+ 3.5	0.5	-0.1	2.9	-1.2
Textiles/clothing	83	80.7	-3.1	71.1	+ 1.7	9.6	-4.8	10.8	+ 3.6	0.0	-0.9	8.4	+ 0.3
Wood & wood products/furniture & building materials/paper & pulp	48	77.1	-6.3	70.8	+ 5.8	6.3	-12.1	10.4	+ 7.1	0.0	-1.7	12.5	+ 0.8
Chemicals	58	86.2	+ 4.6	84.5	+ 5.2	1.7	-0.6	12.1	-4.0	0.0	+ 0.0	1.7	-0.6
Medical products & cosmetics	47	89.4	-3.3	83.0	-9.7	6.4	+ 6.4	10.6	+ 4.8	0.0	+ 0.0	0.0	-1.5
Petroleum products/plastics/rubber products	52	69.2	-5.2	67.3	+ 2.7	1.9	-7.8	23.1	+ 4.8	0.0	-1.2	7.7	+ 1.6
Ceramics/earth & stone	19	84.2	+ 2.7	78.9	-2.5	5.3	+ 5.3	10.5	-4.3	0.0	+ 0.0	5.3	+ 1.6
Iron & steel/non-ferrous metals/metal products	153	71.2	-0.4	60.8	-3.9	10.5	+ 3.5	17.0	+ 1.0	1.3	-0.8	10.5	+ 0.3
General machinery	91	85.7	+ 1.2	83.5	+ 0.3	2.2	+ 1.0	11.0	-1.4	0.0	-0.6	3.3	+ 0.8
Electrical equipment	71	66.2	-21.4	60.6	-21.5	5.6	+ 0.0	23.9	+ 12.7	1.4	+ 1.4	8.5	+ 7.3
IT equipment/electronic parts & devices	31	71.0	+ 0.8	64.5	+ 1.4	6.5	-0.6	22.6	+ 1.5	3.2	+ 3.2	3.2	-5.5
Cars/car parts/other transportation machinery	66	51.5	-14.8	42.4	-18.8	9.1	+ 4.0	39.4	+ 15.9	0.0	-3.1	9.1	+ 1.9
Precision equipment	65	76.9	-7.7	69.2	-11.5	7.7	+ 3.8	18.5	+ 5.6	0.0	-1.3	4.6	+ 3.3
Other manufacturing	228	78.5	-0.6	68.9	-3.3	9.6	+ 2.7	14.0	+ 0.6	1.3	+ 0.4	6.1	-0.4
Non-manufacturing	986	73.6	-3.7	57.5	-6.5	16.1	+ 2.8	10.9	-1.7	2.4	+ 1.0	13.1	+ 4.4
Trade and wholesale	556	77.5	-3.0	68.0	-3.6	9.5	+ 0.5	10.6	-1.5	1.4	+ 0.9	10.4	+ 3.7
Retail	109	72.5	-0.1	52.3	-3.7	20.2	+ 3.5	13.8	-0.5	3.7	+ 0.1	10.1	+ 0.6
Construction	43	65.1	+ 0.1	32.6	-7.4	32.6	+ 7.6	11.6	-3.4	2.3	-2.7	20.9	+ 5.9
Transport	24	58.3	-4.6	41.7	-13.9	16.7	+ 9.3	25.0	+ 2.8	0.0	+ 0.0	16.7	+ 1.9
Communication, information & software	83	68.7	-0.8	38.6	-8.9	30.1	+ 8.1	4.8	-5.4	3.6	+ 3.6	22.9	+ 2.6
Professional services	33	60.6	-8.6	36.4	-17.5	24.2	+ 8.9	18.2	+ 6.6	9.1	-2.4	12.1	+ 4.4
Other non-manufacturing	137	70.8	-7.3	46.7	-5.8	24.1	-1.5	8.8	-3.6	3.6	+ 1.5	16.8	+ 9.5

Notes: 1) n=the number of firms, excluding firms that answered "no international trade for the operations" and "no answer". 2) The table only shows the industries where the number of respondent firms is 10 or more. 3) Shaded cells indicate the industries ranked in the top five for higher percentages.

# Top target is China, with the trend of diversification

- **China (56.7%) has been the most chosen target country** by firms planning to expand exports in the future. Although the figure remains at about 60%, it has declined from the last survey, and its gap with the US, the 2nd highest (50.3%), has narrowed. The percentages of countries/regions other than the US have increased as well.
- Countries/regions with a significant increase in the percentage were **the US and Western Europe** for the manufacturing industry and **Taiwan** for the non-manufacturing industry.

Future target export countries/regions  
(total, time series)



Future target export countries/regions  
(by industry)

(multiple answers, %)

Total (n=1,820)				Manufacturing (n=1,094)				Non-manufacturing (n=726)			
Rank	Country/region	Share		Rank	Country/region	Share		Rank	Country/region	Share	
		FY2018	FY2020			FY2018	FY2020			FY2018	FY2020
1	China	56.7	-1.7	1	China	59.3	-1.1	1	China	52.8	-2.1
2	U.S.	50.3	+7.9	2	U.S.	57.4	+9.2	2	Taiwan	43.3	+7.1
3	Taiwan	45.1	+5.9	3	Taiwan	46.3	+5.3	3	Vietnam	42.3	+0.1
4	Vietnam	42.4	+2.4	4	Western Europe	45.9	+9.1	4	Thailand	39.9	+0.2
5	Thailand	41.9	+0.7	5	Thailand	43.2	+1.1	5	U.S.	39.5	+6.9
6	Western Europe	39.8	+7.9	6	Vietnam	42.5	+3.7	6	Singapore	33.7	+3.4
7	Singapore	33.8	+2.4	7	Singapore	33.8	+1.8	7	Hong Kong	31.0	+0.5
8	Hong Kong	32.0	+2.1	8	Hong Kong	32.7	+3.1	8	Western Europe	30.7	+6.9
9	Indonesia	29.7	+1.3	9	Indonesia	30.7	+1.9	9	Malaysia	28.7	+0.4
10	Malaysia	28.8	+1.2	10	Malaysia	28.9	+1.7	10	Indonesia	28.2	+0.5

Notes: 1) n=the number of firms that answered “planning to further expand exports” and “intend to begin exports” regarding export policies for the future. 2) The charts only show countries/regions ranked in the top ten for future target export countries/regions in FY2020 survey. 3) Highlighted cells indicate countries/regions with an increase of 3% or more from FY2018.

# Putting more focus on export to the US for Textiles etc.

- The ratio of respondents that target the US market surged significantly, especially for Textiles/clothing, Iron & steel/non-ferrous metals/metal products. On the contrary, Japanese firms show the decreasing appetite in export to China in IT equipment/electronic parts & devices, and precision equipment.

## Top 5 countries/regions of export destination, compared with the previous survey (by industry)

(multiple answers, %)

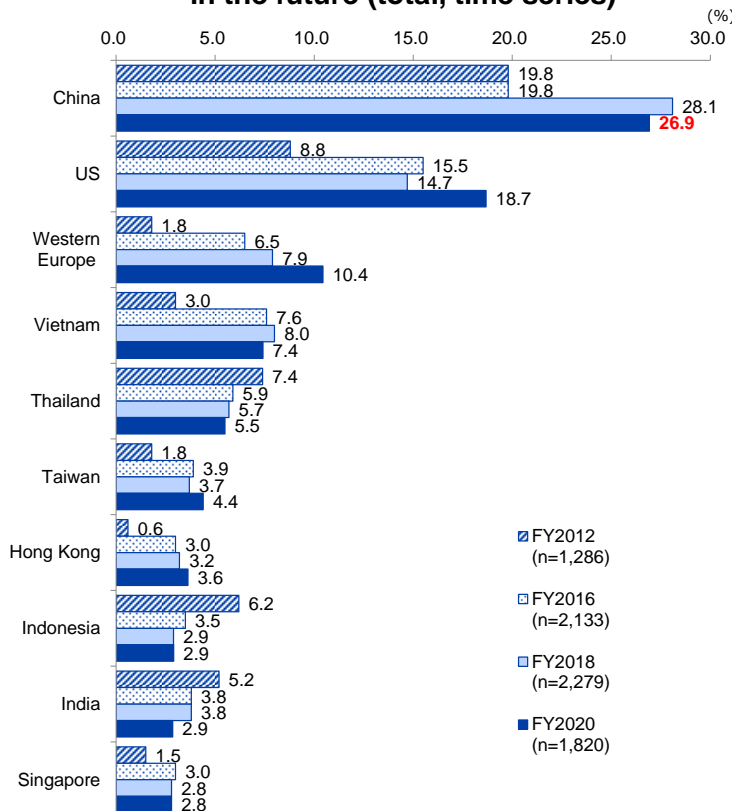
	No. of firms (n)	China (Rank 1)		US (Rank 2)		Taiwan (Rank 3)		Vietnam (Rank 4)		Thailand (Rank 5)	
			FY2018→ FY2020		FY2018→ FY2020		FY2018→ FY2020		FY2018→ FY2020		FY2018→ FY2020
Total	1,820	56.7	-1.7	50.3	+ 7.9	45.1	+ 5.9	42.4	+ 2.4	41.9	+ 0.7
Manufacturing	1,094	59.3	-1.1	57.4	+ 9.2	46.3	+ 5.3	42.5	+ 3.7	43.2	+ 1.1
Food & beverages	327	56.0	+ 0.9	61.5	+ 6.9	57.8	+ 7.0	41.3	+ 3.8	46.2	+ 5.5
Textiles/clothing	67	62.7	+ 4.4	68.7	+ 21.4	40.3	+ 5.6	17.9	+ 2.6	16.4	-3.0
Wood & wood products/furniture & building materials/paper & pulp	37	59.5	-3.8	59.5	+ 10.5	51.4	+ 10.5	18.9	+ 4.6	29.7	+ 5.2
Chemicals	50	76.0	+ 1.4	42.0	-3.1	42.0	+ 4.0	54.0	+ 0.5	54.0	+ 4.7
Medical products & cosmetics	42	71.4	-1.3	40.5	-0.4	45.2	-9.3	54.8	+ 3.2	52.4	+ 10.0
Petroleum products/plastics/rubber products	36	69.4	+ 8.9	55.6	+ 8.2	44.4	+ 12.9	66.7	+ 27.2	50.0	+ 2.6
Ceramics/earth & stone	16	81.3	+ 2.3	68.8	+ 16.1	68.8	+ 5.6	62.5	+ 20.4	43.8	-3.6
Iron & steel/non-ferrous metals/metal products	109	52.3	-6.5	61.5	+ 18.8	32.1	-1.0	40.4	+ 2.1	36.7	-9.6
General machinery	78	59.0	-0.6	56.4	+ 13.8	46.2	+ 13.1	62.8	+ 12.1	64.1	+ 12.6
Electrical equipment	47	59.6	-1.8	42.6	-0.1	42.6	-0.1	48.9	+ 3.6	48.9	+ 2.3
IT equipment/electronic parts & devices	22	54.5	-13.9	50.0	+ 0.0	22.7	-14.1	13.6	-10.0	22.7	-8.9
Cars/car parts/other transportation machinery	34	44.1	-6.8	52.9	+ 3.8	17.6	+ 1.9	29.4	-5.7	44.1	-8.5
Precision equipment	50	58.0	-13.2	62.0	-2.4	44.0	+ 6.7	40.0	+ 6.1	38.0	+ 5.8
Other manufacturing	179	60.9	+ 1.1	55.3	+ 12.7	44.7	+ 3.9	43.6	+ 2.2	41.3	-2.4
Non-manufacturing	726	52.8	-2.1	39.5	+ 6.9	43.3	+ 7.1	42.3	+ 0.1	39.9	+ 0.2
Trade and wholesale	431	57.3	-4.2	39.0	+ 4.9	45.7	+ 4.4	45.0	+ 0.2	41.3	-1.8
Retail	79	50.6	-4.6	54.4	+ 8.4	48.1	+ 9.9	31.6	+ 1.4	27.8	-7.7
Construction	28	46.4	+ 15.0	17.9	+ 3.6	21.4	+ 10.0	39.3	-6.4	46.4	+ 17.9
Transport	14	78.6	+ 25.9	35.7	+ 19.9	35.7	+ 25.2	50.0	+ 13.2	50.0	+ 18.4
Communication, information & software	57	35.1	-0.5	43.9	+ 8.3	29.8	+ 7.6	42.1	+ 4.3	40.4	+ 11.5
Professional services	20	40.0	-10.0	30.0	+ 13.3	35.0	+ 10.0	35.0	-31.7	25.0	-16.7
Other non-manufacturing	97	45.4	+ 6.6	36.1	+ 10.2	45.4	+ 16.9	40.2	+ 3.1	43.3	+ 8.0

Notes: 1) n=the number of firms that answered "planning to further expand exports" and "intend to begin exports" regarding export policies for the future. 2) Only answers for which 10 or more firms responded have been listed for FY 2018 and 2020. 3) Highlighted cells indicate an increase by 10 percentage points or more from FY2018 while shaded cells indicate a decrease by 10 percentage points or more.

# More firms focusing on developed countries/regions

- As for the most important export destination, 26.9% of firms planning to expand exports chose China. The percentage of firms that put top priority on the US (18.7%) and Western Europe (10.4%) has increased. **China, the US, and Western Europe alone account for 60% of the total.**
- As for products exported to these highest priority export destinations, various comments (foods, machines etc.) were obtained from 1,654 firms. Product names with high specificity that the firms often cited were cosmetics-related and Japanese sake.

**The most important export destination in the future (total, time series)**



Notes: 1) n=the number of firms that answered "planning to further expand exports" and "intend to begin exports" regarding export policies for the future. 2) Only shows top 10 countries/regions for "export destinations most focused on" (FY2020).

**Name of products exported to the most important export destination (Words that frequently appeared in comments)**

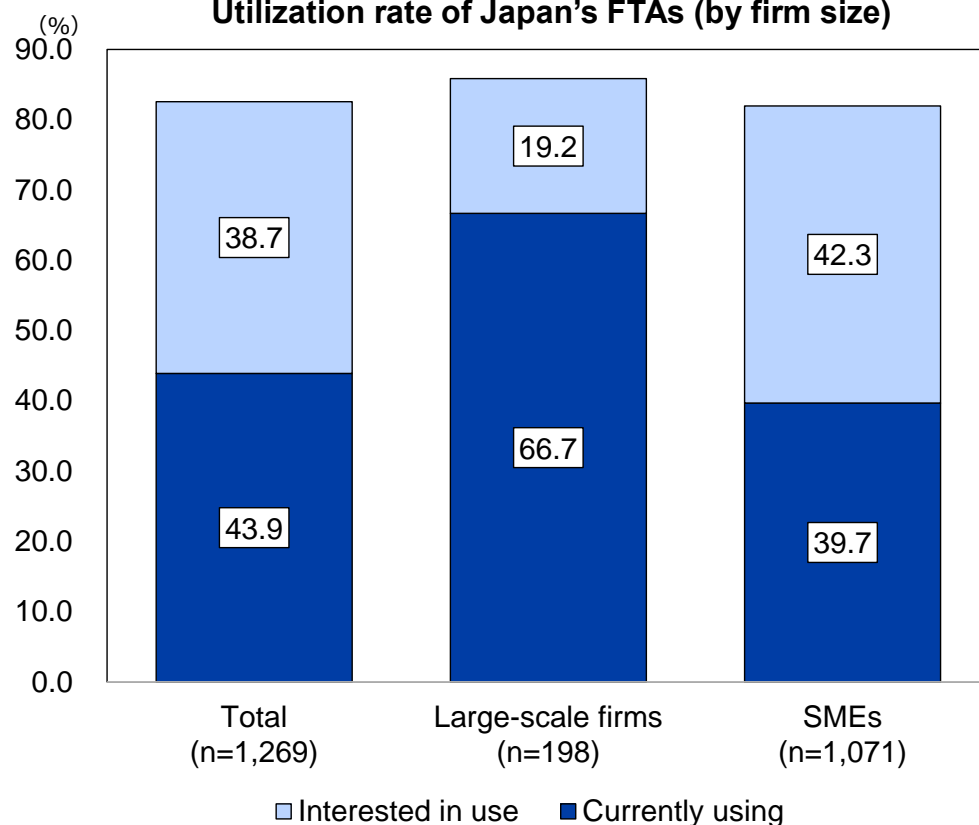
Rank	Words	Specific product names (examples)	No. of respondents
1	Cosmetics	Cosmetics, cosmetic ingredients, cosmetic mirrors, cosmetic brushes	55
2	Sake	Japanese sake	47
3	Cars	Cars, car parts, used cars	40
4	Goods (Zakka)	Household goods, interior goods, fashion goods	34
5	Health	Health foods, health equipment	30
6	Confectionary/snacks	Japanese confectionery, baby snacks, Western confectionery	19
7	Rice	Polished rice, organic rice, sprouted brown rice noodles, rice flour, rice oil, rice snacks, Junmai Daiginjo sake, packaged cooked rice	18
8	Frozen/Freezing	Frozen foods (agricultural, forestry, and fishery products, cooked/processed foods), industrial freezers	17
9	Refined sake	Refined sake	16
10	Medical	Medical devices (catheters, needles, etc.), medical equipment parts, medical cleaning agents, medical underwear	15

Note: Shows only words with specificity among answers from 1,654 firms regarding products that they would (would like to) export to their highest priority target export destinations in the future.

# Over 40% of firms use FTAs when exporting

- Among firms based in Japan that export to Japan's FTA-partner countries, the survey shows that **43.9% are using FTAs when exporting to one or more of those countries/regions.**
- By industry, FTAs are widely used in export of cars/car parts/other transportation machinery, and chemicals etc.

### Utilization rate of Japan's FTAs (by firm size)



Note: n=the number of firms that export to one or more of Japan's FTA (already effective as of survey date)-partner countries/regions (Thailand, Malaysia, Indonesia, Philippines, Vietnam, Brunei, Singapore, other ASEAN, India, Mexico, Chile, Peru, Switzerland, Australia, Mongolia, Canada, New Zealand, EU), excluding firms that are required to "bear no general tariffs or using tariff exemption systems other than FTAs".

### Utilization rate of Japan's FTAs (by industry)

	No. of firms	Currently using (%)	Interested in use (%)	No plan to use (%)
Total	1,269	43.9	38.7	17.4
Manufacturing	844	45.7	37.6	16.7
Food & beverages	233	38.2	41.2	20.6
Textiles/clothing	40	50.0	45.0	5.0
Wood & wood products/furniture & building materials/paper & pulp	23	26.1	56.5	17.4
Chemicals	43	65.1	25.6	9.3
Medical products & cosmetics	28	50.0	39.3	10.7
Petroleum products/plastics/rubber products	34	52.9	35.3	11.8
Ceramics/earth & stone	11	72.7	18.2	9.1
Iron & steel/non-ferrous metals/metal products	84	50.0	35.7	14.3
General machinery	76	53.9	31.6	14.5
Electrical equipment	39	41.0	41.0	17.9
IT equipment/electronic parts & devices	15	26.7	46.7	26.7
Cars/car parts/other transportation machinery	45	73.3	15.6	11.1
Precision equipment	43	27.9	46.5	25.6
Other manufacturing	130	42.3	38.5	19.2
Non-manufacturing	425	40.2	40.9	18.8
Trade and wholesale	296	47.6	36.5	15.9
Retail	35	31.4	48.6	20.0
Construction	16	25.0	43.8	31.3
Transport	12	33.3	41.7	25.0
Communication, information & software	14	7.1	71.4	21.4
Other non-manufacturing	43	20.9	51.2	27.9

Notes: 1) Highlighted cells indicate the industries ranked in the top five for rates of "currently using". 2) The industry in which the number of firms is less than 10 is not displayed.

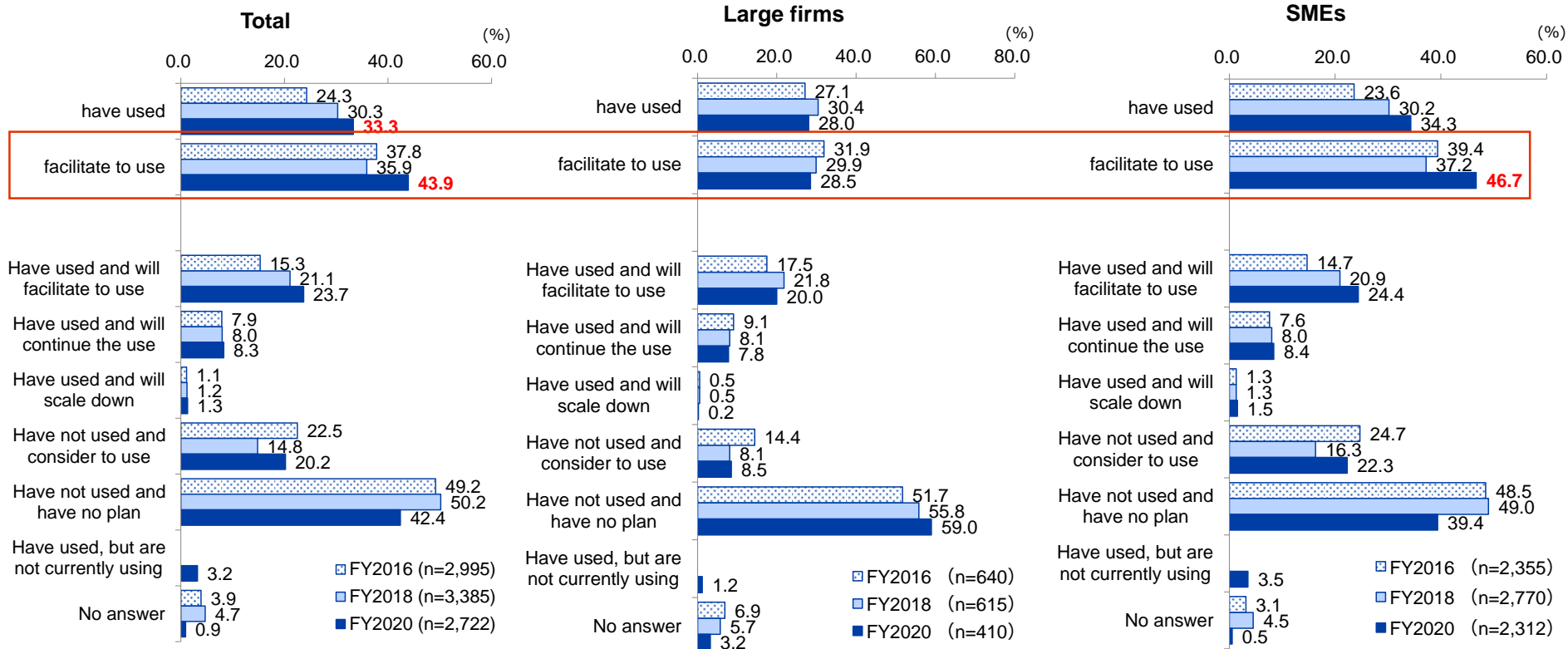


# SMEs increase motivations to utilize EC

- **Firms that responded that they have used EC (E-Commerce)\* in domestic and overseas sale accounted for 33.3% of all respondent firms.** For SME, its percentage was 34.3% and has increased from the last survey (30.2%).
- **43.9% of the respondents says that they would further use EC\* in the future.** By size of firm, 28.5% of large-scale firms answers so while the ratio is much higher among SMEs (46.7%). **SMEs demonstrate strong motivations to take advantage of EC.**

\* For definition, see the notes 3) and 4) below.

Utilization of EC (time series)



Notes: 1) n=the number of all respondent firms. 2) "Have used, but are not currently using" was created in FY2020. 3) The figure of "Have used" was calculated by excluding firms that answered "are not currently using" from firms that have used EC. Because "Have used, but are not currently using" was created in FY2020, the figure in FY2020 cannot compare with that of FY2016 and FY2018 precisely. 4) "facilitate to use" is the sum of "have used it and plan to facilitate use of EC in the future" and "have never used it, but are considering using it in the future."

# Over 50% of EC utilization rate in textiles/clothing and medical products & cosmetics etc.

- By industry, the EC utilization rate was 50% or more in textiles/clothing, retail, medical products & cosmetics, wood & wood products/furniture & building materials/paper & pulp, and food & beverages.

### Utilization of EC (by industry)

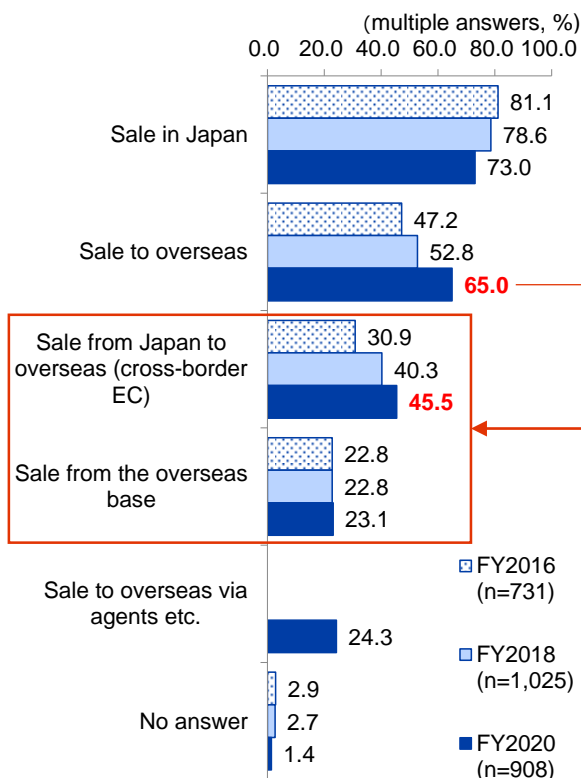
	No. of firms	Have used				Have not used and consider to use	Have not used and have no plan	Have used, but are not currently using	No answer
		Have used	Have used and will facilitate to use	Have used and will maintain the use	Have used and will scale down				
Total	2,722	33.3	23.7	8.3	1.3	20.2	42.4	3.2	0.9
Manufacturing	1,429	38.8	28.1	9.4	1.3	20.1	37.1	3.1	1.0
Food & beverages	380	52.3	41.6	8.9	1.8	25.0	19.2	3.2	0.3
Textiles/clothing	88	56.8	46.6	9.1	1.1	19.3	17.0	5.7	1.1
Wood & wood products/furniture & building materials/paper & pulp	49	55.0	36.7	16.3	2.0	8.2	28.6	2.0	6.1
Chemicals	59	22.1	11.9	10.2	-	15.3	57.6	3.4	1.7
Medical products & cosmetics	47	55.3	48.9	6.4	-	29.8	12.8	-	2.1
Coal & petroleum products/plastics/rubber products	56	42.9	30.4	12.5	-	16.1	39.3	1.8	-
Ceramics/earth & stone	20	40.0	30.0	10.0	-	20.0	40.0	-	-
Iron & steel/non-ferrous metals/metal products	161	23.0	17.4	5.0	0.6	19.9	53.4	3.1	0.6
General machinery	92	23.9	17.4	6.5	-	18.5	52.2	3.3	2.2
Electrical equipment	72	29.2	13.9	12.5	2.8	11.1	56.9	2.8	-
IT equipment/electronic parts & devices	32	21.9	-	21.9	-	6.3	53.1	18.8	-
Cars/car parts/other transportation machinery	69	11.5	5.8	4.3	1.4	17.4	66.7	4.3	-
Precision equipment	65	32.3	16.9	12.3	3.1	20.0	44.6	1.5	1.5
Other manufacturing	239	38.2	26.4	10.5	1.3	21.3	38.1	1.3	1.3
Non-manufacturing	1,293	27.4	18.8	7.2	1.4	20.4	48.2	3.2	0.8
Trade and wholesale	584	31.3	22.4	7.4	1.5	23.8	40.2	4.1	0.5
Retail	128	56.2	39.8	15.6	0.8	17.2	22.7	3.1	0.8
Construction	78	1.3	1.3	-	-	23.1	73.1	2.6	-
Transport	55	10.8	3.6	3.6	3.6	5.5	78.2	-	5.5
Finance & insurance	62	6.4	3.2	3.2	-	4.8	85.5	-	3.2
Communication, information & software	118	27.1	16.1	9.3	1.7	17.8	50.8	4.2	-
Professional services	65	13.9	7.7	3.1	3.1	21.5	63.1	1.5	-
Other non-manufacturing	203	23.2	15.8	6.4	1.0	21.7	51.7	3.0	0.5

Notes: 1) n=the number of all respondent firms. 2) Highlighted cells indicate industries where percentages of their firms which answered "have used EC, but not using it currently" are over 50%.

# 65% of EC user firms use EC for overseas sale

- Of the firms using EC, **45.5%** answers that they are utilizing cross-border EC from Japan to overseas. In addition, **65.0%** of firms says that they have used EC in overseas sale.
- The utilization rate of cross-border EC was **10 percentage points higher in SMEs (47.0%)** than in large firms (34.8%).

## Use of EC (total, time series)



Notes: 1) n=the number calculated by excluding firms that answered "not using EC currently" from firms that answered "have used EC". 2) The option "sale from the overseas base to a third country" was set in FY2018, "sale to overseas via agents etc." was set in FY2020.

## Use of EC (by size, by industry)

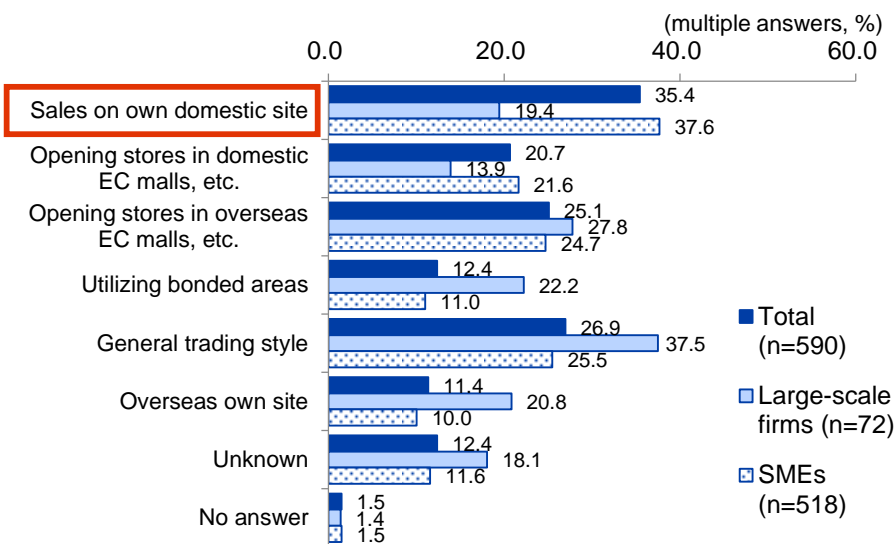
	No. of firms (n)	Sale in Japan	Sale to overseas	Sale from overseas				Sale to overseas via agents etc.	No answer
				Sale from Japan to overseas (cross-border EC)	Sale from the overseas base	Sale in overseas base	Sale from the overseas base to a third country		
Total	908	73.0	65.0	45.5	23.1	21.5	6.7	24.3	1.4
Large-scale firms	115	79.1	62.6	34.8	39.1	36.5	11.3	24.3	1.7
SMEs	793	72.1	65.3	47.0	20.8	19.3	6.1	24.3	1.4
Manufacturing	554	73.5	66.1	44.4	24.5	22.6	7.0	27.1	1.4
Food & beverages	199	77.4	59.3	35.7	17.6	17.1	3.0	25.6	1.0
Textiles/clothing	50	86.0	56.0	48.0	20.0	16.0	10.0	14.0	-
Wood & wood products/furniture & building materials/paper & pulp	27	85.2	63.0	55.6	11.1	11.1	3.7	29.6	3.7
Chemicals	13	61.5	84.6	53.8	46.2	38.5	23.1	30.8	-
Medical products & cosmetics	26	69.2	84.6	61.5	38.5	38.5	7.7	34.6	-
Coal & petroleum products/plastics/rubber products	24	91.7	66.7	37.5	20.8	20.8	-	25.0	-
Iron & steel/non-ferrous metals/metal products	37	78.4	73.0	45.9	21.6	18.9	5.4	32.4	5.4
General machinery	22	45.5	81.8	63.6	40.9	36.4	22.7	40.9	-
Electrical equipment	21	66.7	57.1	28.6	38.1	33.3	14.3	19.0	-
Precision equipment	21	42.9	76.2	52.4	19.0	19.0	-	28.6	4.8
Other manufacturing	91	68.1	71.4	50.5	31.9	28.6	11.0	31.9	2.2
Non-manufacturing	354	72.3	63.3	47.2	20.9	19.8	6.2	20.1	1.4
Trade and wholesale	183	73.2	62.8	46.4	20.8	19.7	5.5	19.1	0.5
Retail	72	76.4	70.8	58.3	16.7	16.7	1.4	23.6	-
Communication, information & software	32	62.5	68.8	50.0	37.5	37.5	15.6	18.8	-
Other non-manufacturing	47	76.6	59.6	38.3	19.1	14.9	12.8	27.7	2.1

Notes: 1) n=the number calculated by excluding firms that answered "not using EC currently" from firms that answered "have used EC". 2) Only answers for which 10 or more firms responded are listed. 3) Highlighted cells indicate industries where percentages of their overseas sales are over 60%.

# Many SMEs use their own websites for EC sale

- As for shipping methods when using EC in overseas sale, “**sale on own domestic websites**” (35.4%) is **generally the most popular option**. By size of respondents, SMEs show the same trend while “general trading style” is the most chosen method among large-scale firms with 37.5% of them answering so.

### Shipping methods when using EC for overseas sale (by size)



Note: n=the number of firms that answered they have used EC for overseas sale

### Definition and abbreviation of shipping methods

Abbreviations	Definitions
Sales on own domestic site	Orders are accepted on own domestic site, and after orders are received, products are directly shipped from Japan to overseas
Opening stores in domestic EC malls, etc.	EC stores are opened (and products are sold) in domestic EC malls and directly shipped products from Japan to overseas after receiving orders
Opening stores in overseas EC malls, etc.	EC stores are opened (and products are sold) in overseas EC malls and directly shipped products from Japan to overseas after receiving orders
Utilizing bonded areas	EC stores are opened (and products are sold) in overseas EC malls. Products are exported in advance to warehouses in designated bonded area, and delivered from the warehouses after orders are received.
General trading style	EC stores are opened (and products are sold) in overseas EC malls. Trade procedures with overseas importers are conducted and the products are transported in advance. After receiving the order, the product is shipped from an overseas importer.
Overseas own site	Using own EC site built overseas. Products are exported to overseas general warehouses in advance, and shipped from the warehouses after orders are received.
Unknown	Unknown

### Shipping methods when using EC for overseas sale (by industry)

(multiple answers, %)

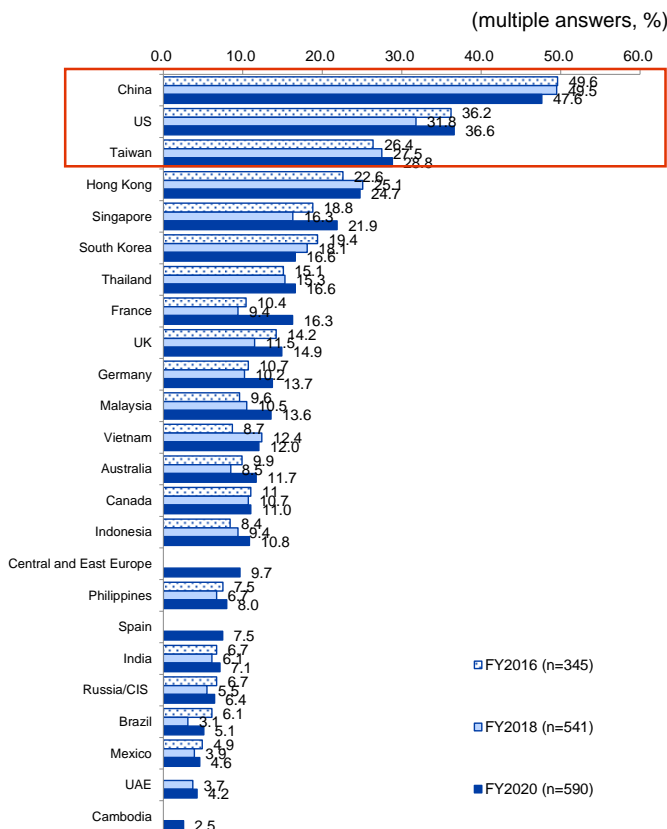
	No. of firms (n)	Sales on own domestic site	Opening stores in domestic EC malls, etc.	Opening stores in overseas EC malls, etc.	Utilizing bonded areas	General trading style	Overseas own site	Unknown	No answer
Total	590	35.4	20.7	25.1	12.4	26.9	11.4	12.4	1.5
Manufacturing	366	32.5	20.5	25.1	12.3	29.5	10.1	13.7	1.9
Food & beverages	118	23.7	19.5	15.3	11.0	39.8	6.8	14.4	1.7
Textiles/clothing	28	46.4	32.1	35.7	14.3	10.7	10.7	3.6	-
Wood & wood products/furniture & building materials/paper & pulp	17	47.1	17.6	23.5	11.8	17.6	-	23.5	-
Chemicals	11	27.3	9.1	27.3	18.2	27.3	9.1	18.2	9.1
Medical products & cosmetics	22	27.3	9.1	18.2	36.4	31.8	18.2	9.1	4.5
Coal & petroleum products/plastics/rubber products	16	25.0	43.8	43.8	18.8	37.5	18.8	-	-
Iron & steel/non-ferrous metals/metal products	27	37.0	29.6	29.6	3.7	29.6	-	18.5	-
General machinery	18	38.9	16.7	27.8	5.6	16.7	5.6	22.2	5.6
Electrical equipment	12	41.7	25.0	16.7	8.3	8.3	33.3	8.3	8.3
Precision equipment	16	43.8	-	25.0	6.3	12.5	6.3	25.0	-
Other manufacturing	65	36.9	16.9	33.8	12.3	32.3	16.9	9.2	1.5
Non-manufacturing	224	40.2	21.0	25.0	12.5	22.8	13.4	10.3	0.9
Trade and wholesale	115	41.7	21.7	25.2	12.2	27.8	13.0	9.6	0.9
Retail	51	45.1	19.6	25.5	9.8	15.7	9.8	11.8	-
Communication, information & software	22	27.3	18.2	13.6	9.1	9.1	18.2	13.6	4.5
Other non-manufacturing	28	35.7	28.6	28.6	14.3	25.0	14.3	10.7	-

Notes: 1) n=the number of firms that answered they have used EC for overseas sale 2) The industries where their n is less than 10 are hid. 3) Highlighted cells indicate shipping method of product where percentages of response from each industry are highest (excluding “unknown” and no answer.) Copyright © 2021 JETRO. All rights reserved.

# China remains the top destination for EC sale while US/Taiwan increase their presence

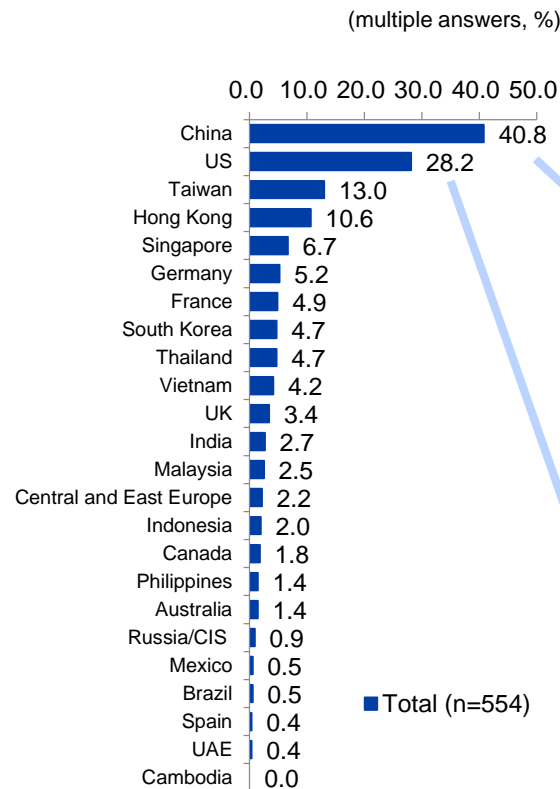
- As for EC sale destinations, China (47.6%) is the most popular country. The US (36.6%) and Taiwan (28.8%), the 2nd and 3rd highest, see higher response ratios than the previous survey. As for the most important export destinations, China again ranks first.

EC sale destination



Notes: 1) n=the number of firms that answered they have used EC for overseas sale 2) The option United Arab Emirates (UAE) was inserted FY2018. Central and Eastern Europe, Spain, Cambodia were inserted in FY2020.

The most important destination for EC sale



Note: n=the number of firms that answered they have used EC for overseas sale and their EC sale destination.

Examples for main EC sites and products (from comments)

## China

- **Main EC sites**  
Own website, Alibaba, Tmall, Taobao, JD.com etc.
- **Main products**  
Food/beverages (alcohol, confectionary etc.), cosmetics, clothing, goods, machine/instrument, baby goods, health foods, hair-care

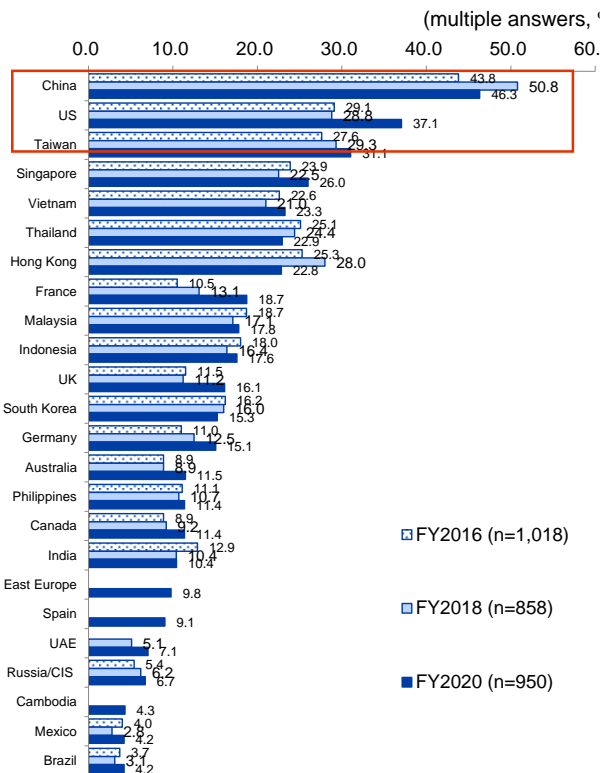
## US

- **Main EC sites**  
Own website, Amazon etc.
- **Main products**  
Food/beverages (tea, rice product etc.), cosmetics, clothing, goods, machine/instrument etc.

# China chosen as the most important future EC market

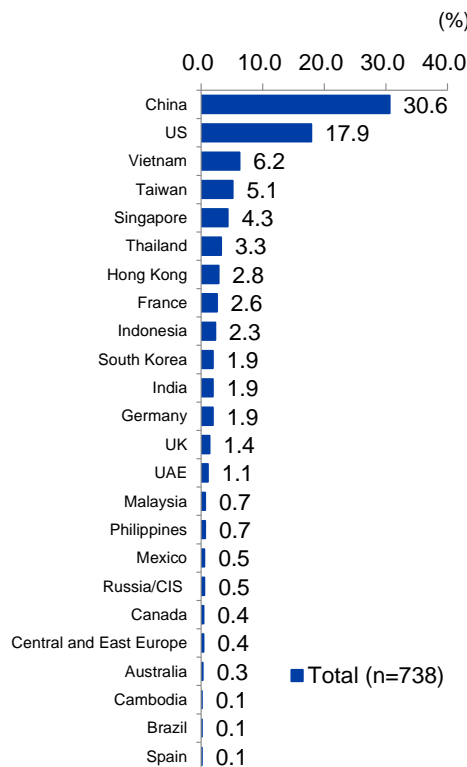
- Many firms consider **China (46.3%)**, the **US (37.1%)**, and **Taiwan (31.1%)** as future EC markets. Moreover, the respondents have chosen China (30.6%) and the US (17.9%) as the most important EC market in the future. Both scale and growth of their markets are pointed out as the critical reasons for such choices.

**Future EC sales destination (total, time series)**



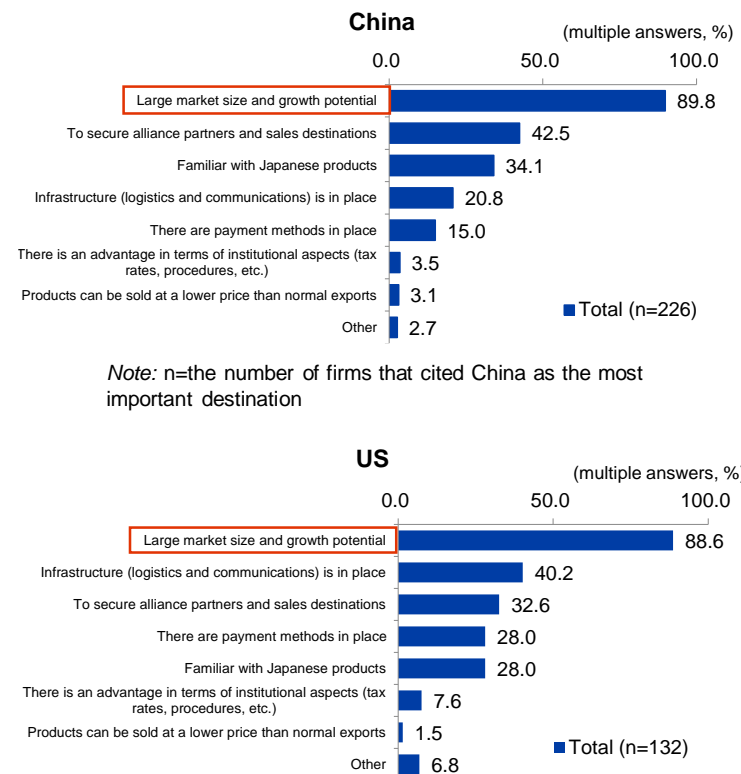
Notes: 1) n=the number of firms that have used EC for overseas sales or are planning to use EC. (But firms that answered "we are planning" included the firm that considered the use of EC for only domestic sales in FY2016. 2) The option United Arab Emirates (UAE) was created FY2018. Central and Eastern Europe, Spain, Cambodia were created in FY2020.

**The most important country/region among future EC sales destination**



Note: n=the number of firms that answered their EC sales destination which they put top priority on of the firms that have used EC for overseas sales or are planning to use EC (950 firms).

**Reasons that firms focused on such countries/regions**

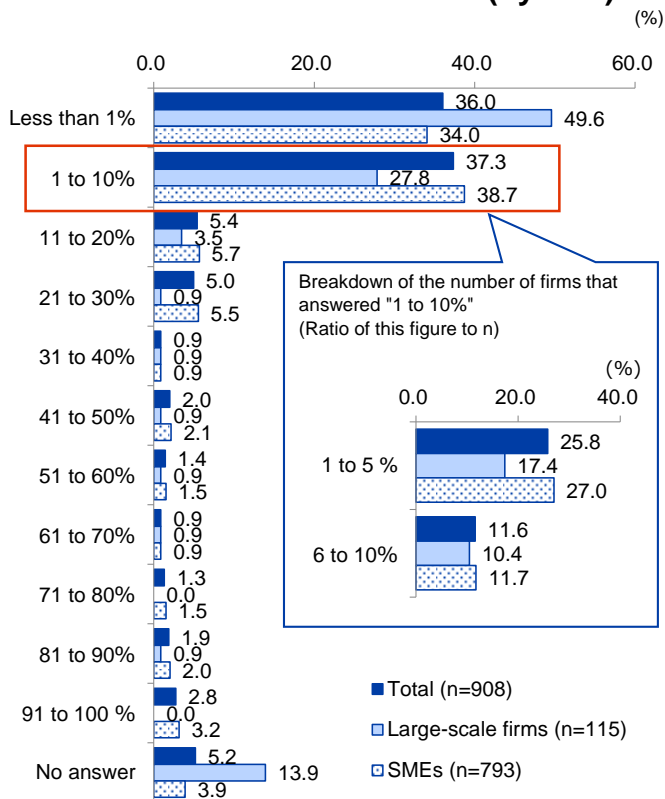


# 70% of firms using EC say EC sale account for less than 10% of the total

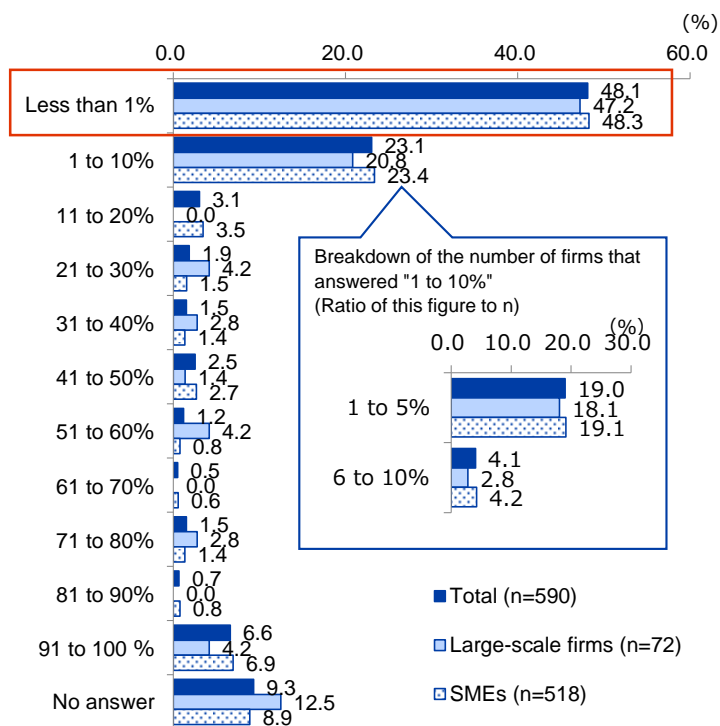
- Regarding a ratio of EC sale to total sales\*1, **70% of firms using overseas EC chose ranges such as “1 to 10%” (37.3%) and “less than 1%” (36.0%)**. By size, for large-scale firms and SMEs, “less than 1%” (49.6%) and “1 to 10%” (38.7%) were ranked first, respectively.
- As for a ratio of overseas EC sale to total EC sale\*2, less than 1% (48.1%) ranked first same as the previous survey.

(\*1) EC sale / total sales. (\*2) overseas EC sale/EC sale

Ratio of EC sale to total sales (by size)



Ratio of overseas EC sale to total EC sale (by size)



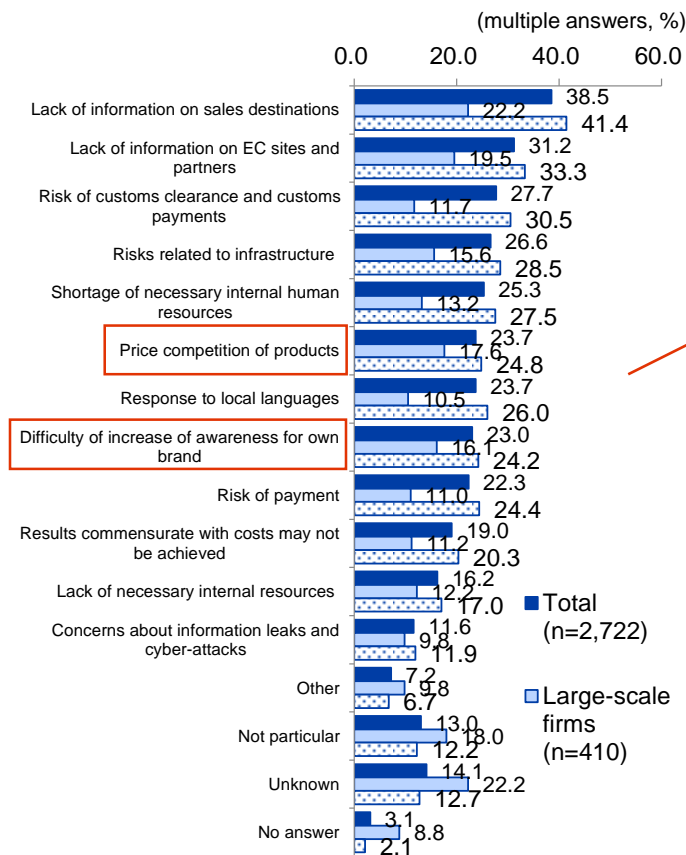
Notes: 1) n=the number was calculated by excluding firms that answered “are not currently using” from firms that “have used EC”. 2) This is based on sales in FY2019.

Notes: 1) n=the number of firms that answered they are using EC for overseas sales. 2) This is based on sale in FY2019.

# Increasing brand awareness on EC platforms seen as a challenge

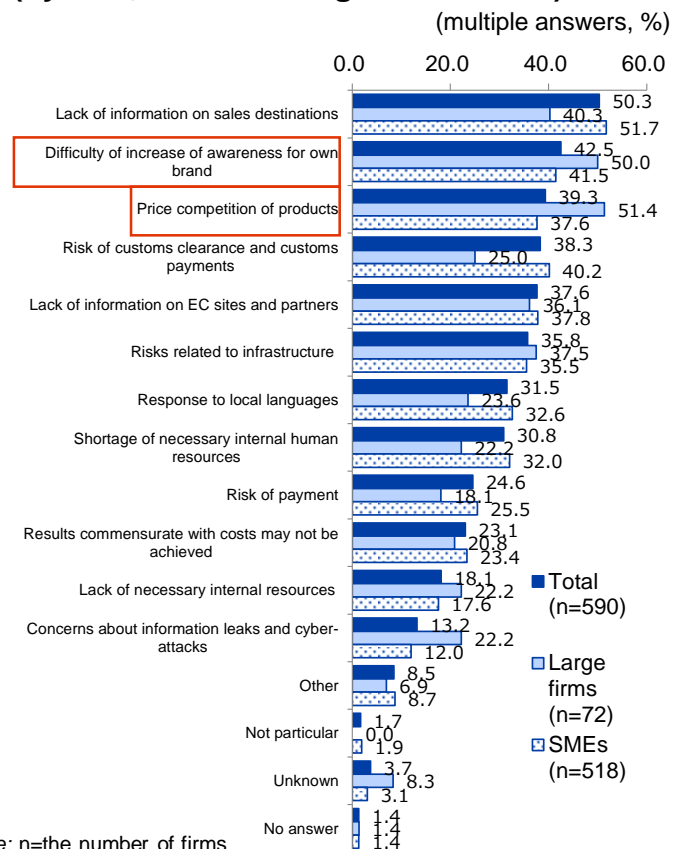
- As for challenges in EC utilization, many point out a **lack of information on sale destinations (38.5%)** as well as on **EC sites and partners (31.2%)**. Among firms that use EC for overseas sale, the majority chose challenges such as a lack of information on sale destinations (50.3%) , a **difficulty in increasing brand awareness (42.5%)**, and **price competition of products (39.3%)**. This suggests the importance of promotion and severe price competition in EC utilization.

Challenges in EC utilization (by size)



Note: n=the total number of respondent firms.

Challenges in EC utilization (by size, for firm using overseas EC)



Note: n=the number of firms that answered they are using EC for overseas sale.



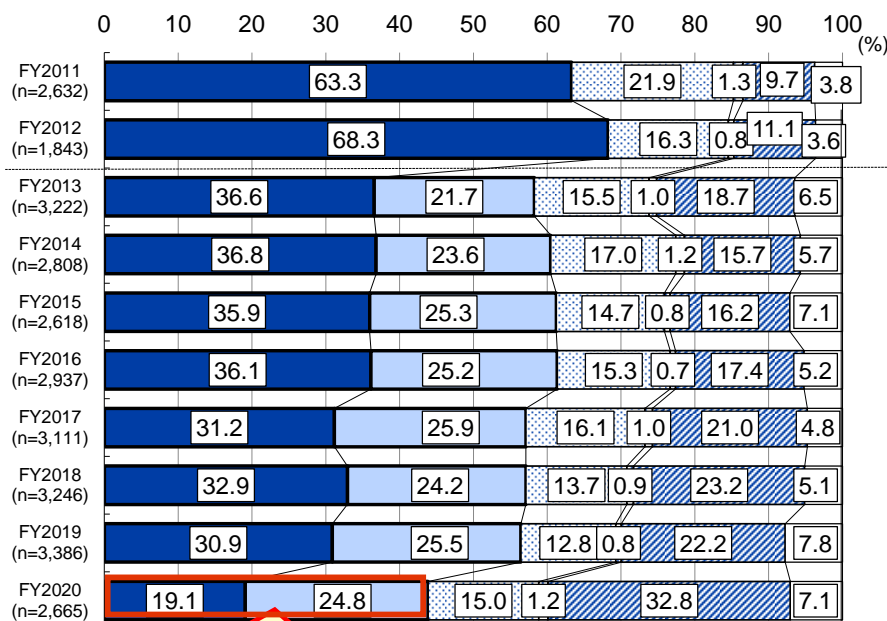
## 3. Overseas Expansion

- The motivation to expand operations at existing bases records the lowest, but the motivation to newly expand operations remains unchanged. -

# Lowest motivation for further expansion, motivation for launching new bases remains unchanged

- Regarding overseas expansion policies over the next three years or so, the ratio of firms answering that they would expand overseas operation records the lowest in this survey. Especially, the percentage of firms that would expand the operations at existing bases is 19.1%, decreasing significantly from previous year (30.9%).
- Although the percentage of firms that “intend to begin overseas business” has slightly decreased, the willingness of expansion remains almost the same level.

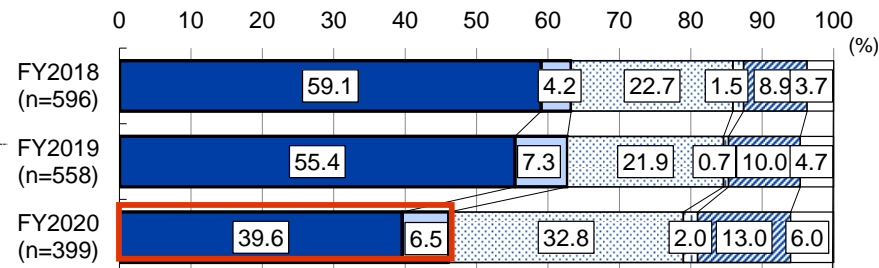
Future overseas expansion policy (time series)



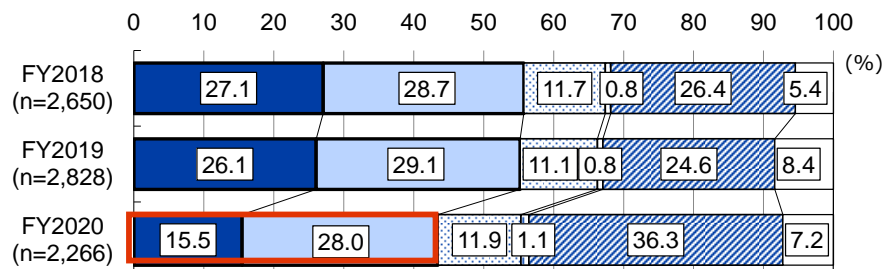
Planning to expand overseas business

- Further expand overseas business
- Intend to begin overseas business
- Maintain the status quo
- Downscaling or ceasing operations is needed
- ▨ Will not develop business
- Other

Future overseas expansion policy (large-scale firms)



Future overseas expansion policy (SMEs)



- Further expand overseas business
- Intend to begin overseas business
- Maintain the status quo
- Downscaling or ceasing operations is needed
- ▨ Will not develop business
- Other

Notes: 1) n = the number of firms excluding the firms that did not answer. 2) The figures of “further expand overseas business” in FY2011 and FY2012 are the percentage of firms that answered “new investment or expansion of the existing overseas business”.

# Large fall of motivation to expand in manufacturing

- The percentages of firms that intend to expand existing overseas operation in manufacturing decreased significantly. There are industries whose percentage decreased by more than 10 percentage points relative to the previous year.
- As for the policies of overseas expansion, there are many concerns regarding COVID-19 pandemic such as “unclear outlook due to COVID-19 crisis”. On the other hand, there are some positive comments on outlook after the end of COVID-19. Such comments include “Accelerate overseas expansion after COVID-19 will calm down”.

## Future overseas expansion policy (by industry)

	No. of firms (n)	Further expand overseas business			Currently have overseas bases and maintain the status quo	currently have overseas bases and consider downscaling or ceasing operations	Currently have no overseas bases and will not develop business in the future	Other
		Currently have overseas bases and will further expand overseas business	Currently have no overseas bases but intend to begin overseas business					
Total	2,665	43.9	19.1	24.8	15.0	1.2	32.8	7.1
Manufacturing	1,396	42.9	19.3	23.6	16.0	1.1	32.8	7.2
Food & beverages	375	36.0	10.4	25.6	5.9	0.8	51.5	5.9
Textiles/clothing	85	41.2	12.9	28.2	11.8	1.2	37.6	8.2
Wood & wood products/furniture & building materials/paper & pulp	46	45.7	21.7	23.9	17.4	0.0	30.4	6.5
Chemicals	58	44.8	29.3	15.5	27.6	0.0	19.0	8.6
Medical products & cosmetics	46	65.2	32.6	32.6	8.7	0.0	19.6	6.5
Coal & petroleum products/plastics/rubber products	55	32.7	20.0	12.7	40.0	1.8	23.6	1.8
Ceramics/earth & stone	19	52.6	26.3	26.3	21.1	0.0	26.3	0.0
Iron & steel/non-ferrous metals/metal products	156	37.8	20.5	17.3	19.2	1.3	35.3	6.4
General machinery	91	52.7	30.8	22.0	16.5	1.1	19.8	9.9
Electrical equipment	71	47.9	31.0	16.9	26.8	2.8	16.9	5.6
IT equipment/electronic parts & devices	32	37.5	28.1	9.4	31.3	3.1	25.0	3.1
Cars/car parts/other transportation machinery	67	44.8	31.3	13.4	37.3	4.5	13.4	0.0
Precision equipment	63	54.0	20.6	33.3	12.7	0.0	22.2	11.1
Other manufacturing	232	46.1	15.5	30.6	12.9	0.4	28.0	12.5
Non-manufacturing	1,269	44.9	18.9	26.0	13.9	1.4	32.9	6.9
Trade and wholesale	573	45.5	19.2	26.4	13.6	1.4	34.0	5.4
Retail	128	39.8	7.8	32.0	7.8	0.8	46.1	5.5
Construction	78	47.4	21.8	25.6	28.2	0.0	17.9	6.4
Transport	54	46.3	35.2	11.1	20.4	1.9	27.8	3.7
Finance & insurance	59	13.6	13.6	0.0	27.1	1.7	44.1	13.6
Communication, information & software	117	53.0	20.5	32.5	11.1	2.6	24.8	8.5
Professional services	65	44.6	18.5	26.2	15.4	3.1	27.7	9.2
Other non-manufacturing	195	49.7	20.5	29.2	8.7	1.0	31.3	9.2

(%)

## Comments on future overseas expansion policy

### [Firms intending to expand operations]

- Entering overseas markets is essential in anticipation for end of COVID-19 (trade and wholesale etc.)
- Diversification of risk by having markets in multiple regions (food and beverage)
- Real-time sales support (general machinery)
- Continue after-sales service for existing sales destinations (trade and wholesale)

### [Firms maintaining the current scale]

- At present, we look at the situation. Firstly, solidify the foundations (electric machinery, etc.)
- Maintaining the status quo is emphasized due to limited resources (chemicals)
- Achieving profitability at each base is a priority (trade and wholesale)

### [Firms that will not develop business in the future]

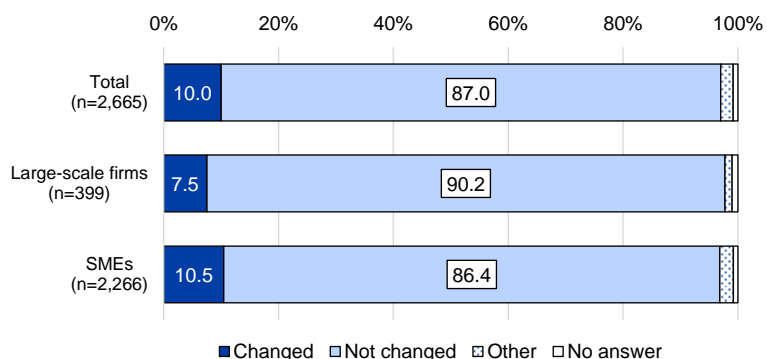
- Overseas business development cannot be anticipated due to COVID-19 pandemic (food & beverages)
- Online system, such as cross-border EC, will be utilized. Overseas bases are not indispensable (metal products, etc.)
- Exports can be handled if our current business scale is available (trade and wholesale)

Notes: 1) n = the number of firms excluding the firms that did not answer. 2) Highlighted cells indicate industries reporting an increase by 10 percentage points or more from FY2019, and shaded cells indicate those reporting a decrease by 10 percentage points or more.

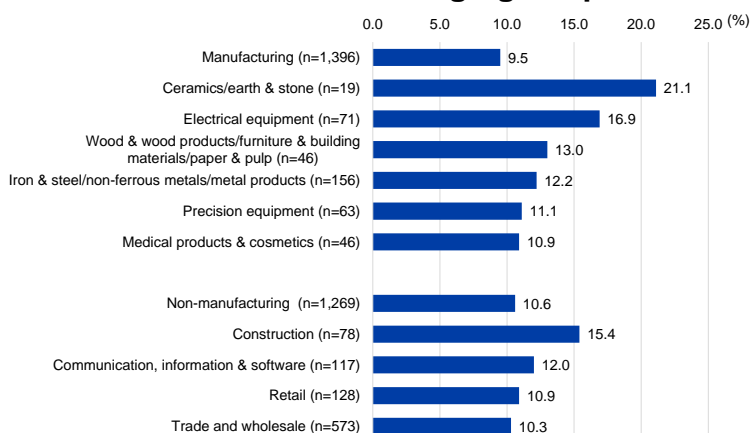
# 10.0% of firms changed own policy in the past year

- 10.0% of firms changed their policy of overseas operations in the past year. Those changes are seen especially in industries such as ceramics/earth & stone (21.1%), electrical equipment (16.9%), and construction (15.4%).
- 55.1% of the firms that have changed their policy say they shifted to expansion of their overseas operations. Notably, more SMEs (57.4%) answered so in comparison to large-scale firms (36.7%).

## Did you change the overseas policies in the past year?

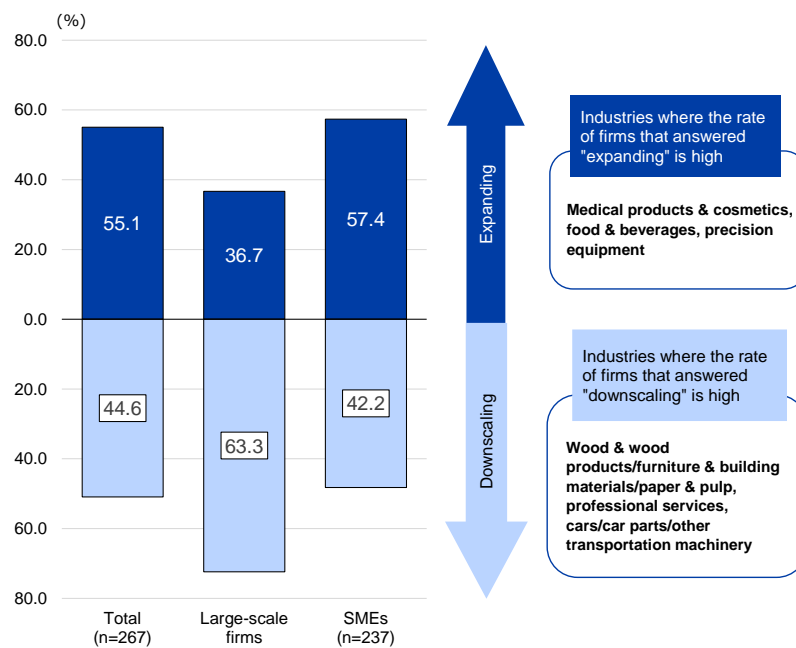


## Industries whose ratio of changing the policies is high



Notes: 1) n = the number of firms that answered about "future overseas expansion policy". 2) Graph below indicates industries where percentages of their firms which answered "changed" are over 10%. But excluding other manufacturing and other non-manufacturing.

## How did you change the policies?

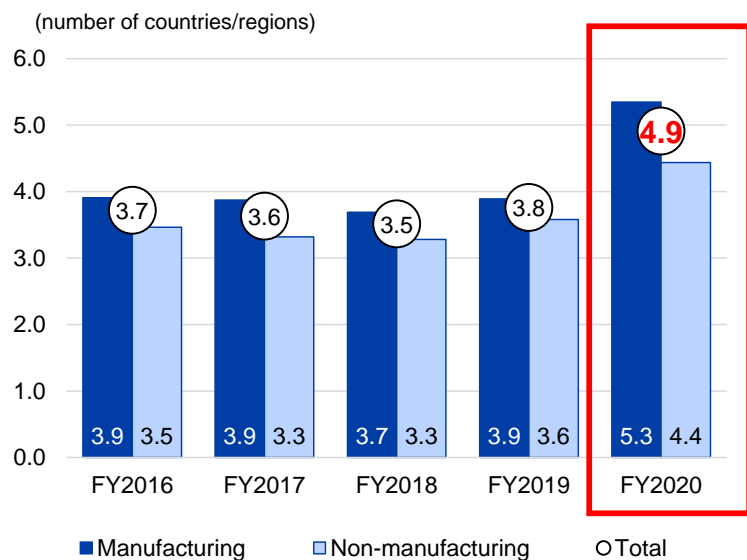


Notes: 1) n = the number of firms that answered "future overseas expansion policy". 2) Of the industries that have 5 or more firms and answered "their overseas business were expanded or downscaled", main industries indicates the industries ranked in the top three for higher ratio.

# Overseas expansion further diversified

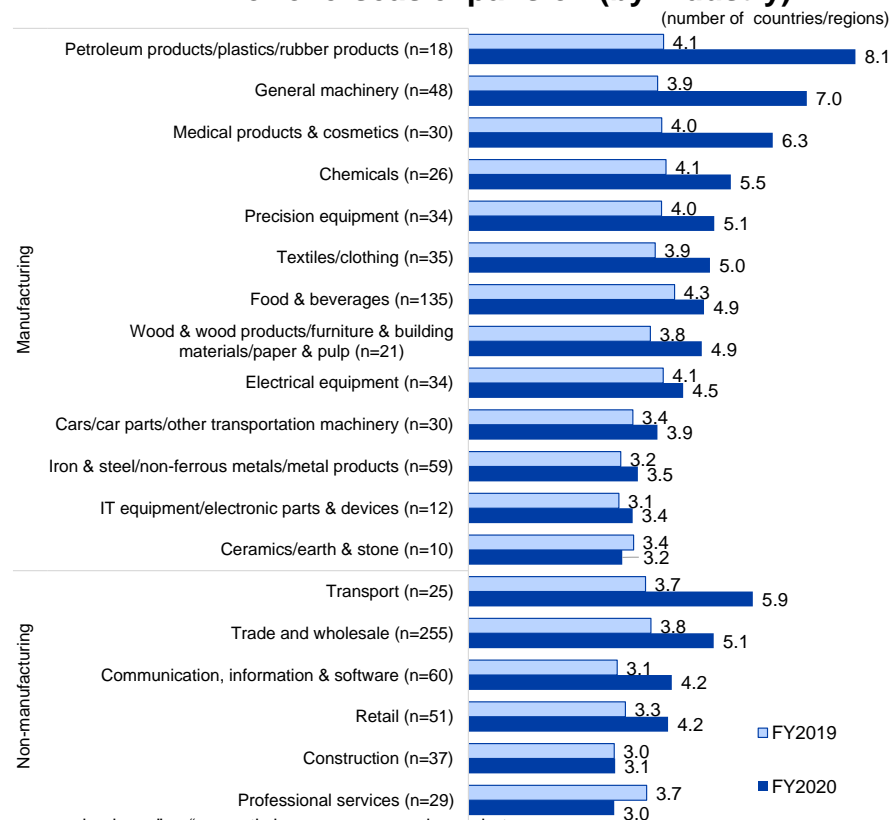
- When counting number of candidate countries and regions for overseas expansion, the number per firm increased from the previous year (3.8) to 4.9. **Increasing awareness of risk diversification led to the increase.** In particular, the manufacturing industry records a substantial increase from 3.9 in the previous year to 5.3.
- By industry, petroleum products/plastics/rubber products ranked top (8.1), followed by general machinery (7.0) and medical products & cosmetics (6.3). Among non-manufacturing, transport (5.9) marked the highest.

### The average number of candidate countries/regions for overseas expansion



n	FY2016	FY2017	FY2018	FY2019	FY2020
Total	1,654	1,703	1,800	1,871	1,156
Manufacturing	938	954	1,022	1,079	598
Non-manufacturing	716	749	778	792	558

### The average number of candidate countries/regions for overseas expansion (by industry)



Notes: 1) n = the number of firms that answered "currently have overseas bases and will further expand overseas business" or "currently have no overseas bases but intend to begin overseas business" and answered about expansion functions. 2) Still counted as one firm even when expanding multiple functions in one country. 3) It was calculated by dividing the total number of respondent countries/regions by n. 4) (Right figure) the parenthesized numbers are n in FY2020. Only industries whose n is over 10 are listed.

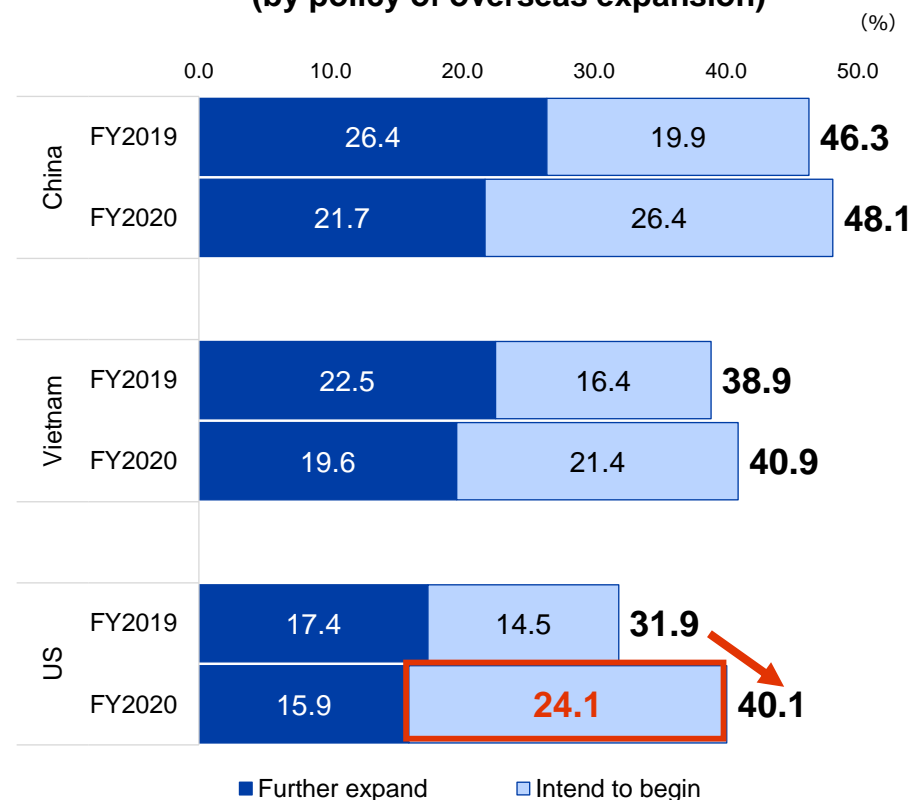
# China ranked top, and the US moved up to the third

- As for countries and regions for overseas expansion in the future, 48.1% of firms choose China, which holds its top ranking. Vietnam (2nd, 40.9%) and the US (3rd, 40.1%) has increased their ratios from FY2019, both exceeding 40% for the first time.
- In particular, the ratio of firms that answered “intend to expand new overseas business“ in the US, has increased by nearly 10 percentage points, from 14.5% in the previous year to 24.1%.

Candidate countries/regions for overseas expansion (Top 15)

Country/ region	FY2020 (n=1,156)		FY2019 (n=1,871)	FY2018 (n=1,800)
	Rank			
China	48.1	(1)	46.3	49.9
Vietnam	40.9	(2)	38.9	34.0
US	40.1	(3)	31.9	30.2
Thailand	36.7	(4)	32.7	31.8
Taiwan	33.3	(5)	26.8	24.7
W.Europe	30.4	(6)	25.3	21.4
Indonesia	25.8	(7)	22.3	20.8
Singapore	25.1	(8)	20.0	18.2
Malaysia	23.1	(9)	15.3	14.2
Hong Kong	20.2	(10)	17.2	17.1
Philippines	17.8	(11)	12.0	9.9
India	17.5	(12)	15.7	16.1
S.Korea	15.5	(13)	10.7	12.9
Canada	12.5	(14)	5.1	3.2
Myanmar	11.1	(15)	10.0	8.1
ASEAN6	65.4		69.4	65.7

Business expansion in China, Vietnam, and US  
(by policy of overseas expansion)



Notes: 1) n = the number of firms that answered “currently have overseas bases and will further expand overseas business” or “currently have no overseas bases but intend to begin overseas business” and answered about expansion functions. 2) ASEAN6 indicates the firms selecting any one of Singapore, Thailand, Malaysia, Indonesia, Philippines, and Vietnam.

Western Europe indicates the firms selecting UK and/or Western Europe(excluding UK). 3) The ratio of firms that expand one or more functions in each country/region. Still counted as one firm even when expanding multiple functions in one country.

# Ref : Countries/regions for overseas expansion

## Countries/regions for overseas business expansion (Time series)

(multiple answers, %)

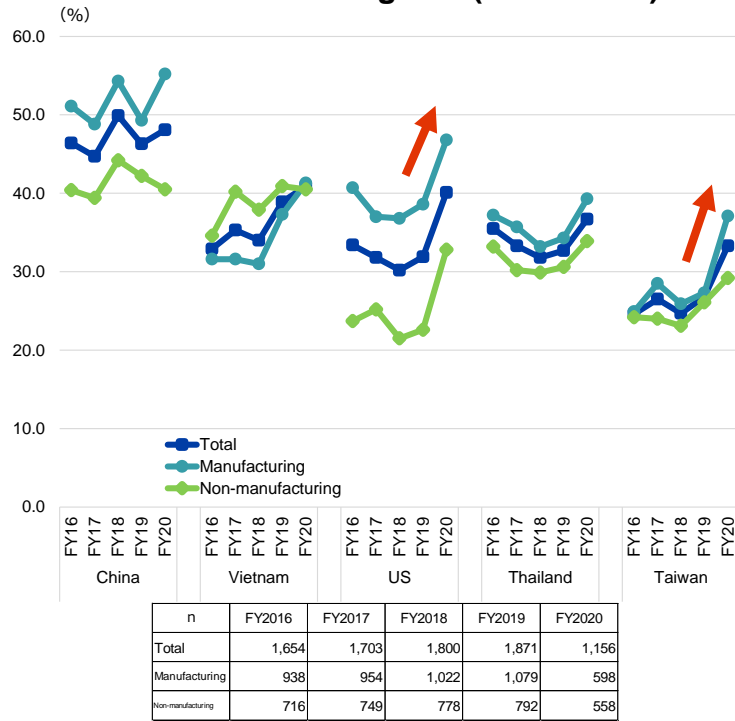
countries/regions	FY2020		FY2019		FY2018		FY2017		FY2016	
	(n=1,156)	Rank	(n=1,871)	Rank	(n=1,800)	Rank	(n=1,703)	Rank	(n=1,654)	Rank
China	48.1	(1)	46.3	(1)	49.9	(1)	44.7	(1)	46.4	(1)
Vietnam	40.9	(2)	38.9	(2)	34.0	(2)	35.3	(2)	32.9	(4)
US	40.1	(3)	31.9	(4)	30.2	(4)	31.8	(4)	33.4	(3)
Thailand	36.7	(4)	32.7	(3)	31.8	(3)	33.3	(3)	35.5	(2)
Taiwan	33.3	(5)	26.8	(5)	24.7	(5)	26.5	(5)	24.6	(5)
Western Europe	30.4	(6)	25.3	(6)	21.4	(6)	22.5	(6)	20.4	(8)
Indonesia	25.8	(7)	22.3	(7)	20.8	(7)	21.4	(7)	24.5	(6)
Singapore	25.1	(8)	20.0	(8)	18.2	(8)	20.3	(8)	21.4	(7)
Malaysia	23.1	(9)	15.3	(11)	14.2	(11)	15.3	(10)	15.0	(10)
Hong Kong	20.2	(10)	17.2	(9)	17.1	(9)	19.6	(9)	19.5	(9)
Philippines	17.8	(11)	12.0	(12)	9.9	(13)	11.0	(13)	11.8	(13)
India	17.5	(12)	15.7	(10)	16.1	(10)	14.0	(11)	14.4	(11)
South Korea	15.5	(13)	10.7	(13)	12.9	(12)	13.0	(12)	14.4	(11)
Canada	12.5	(14)	5.1	(18)	3.2	(19)	3.8	(20)	4.4	(17)
Myanmar	11.1	(15)	10.0	(14)	8.1	(14)	8.5	(14)	10.4	(14)
Australia	10.7	(16)	5.9	(15)	5.1	(15)	4.3	(16)	4.4	(17)
Central/Eastern Europe	9.3	(17)	5.4	(17)	4.3	(17)	5.9	(15)	6.1	(15)
Cambodia	8.9	(18)	5.8	(16)	4.4	(16)	4.3	(16)	4.2	(19)
Russia/CIS	8.1	(19)	5.1	(18)	3.6	(18)	4.3	(16)	4.2	(19)
Mexico	7.4	(20)	3.7	(20)	2.9	(20)	4.2	(19)	5.9	(16)
ASEAN6	65.4		69.4		65.7		67.4		69.1	
(Ref.)										
UK	16.8	-	7.3	-	6.3	-	6.6	-	-	-
Western Europe (excluding UK)	28.2	-	23.5	-	19.4	-	20.5	-	-	-

Notes: 1) n = the number of firms that answered "currently have overseas bases and will further expand overseas business" or "currently have no overseas bases but intend to begin overseas business" and answered about expansion functions. 2) ASEAN6 indicates the firms selecting any one of Singapore, Thailand, Malaysia, Indonesia, Philippines, and Vietnam. There is no detail options in Western Europe, Russia/CIS, and Central/Eastern Europe. Western Europe since FY2017 indicates the firms selecting UK and/or Western European(excluding UK). 3) The ratio of firms that expand one or more functions in each country/region. Still counted as one firm even when expanding multiple functions in one country.

# More willing to expand in retail/general machinery in US

- In the top 5 countries and regions where firms aim to expand overseas business, the response ratio for manufacturing increased. Especially in the US, it significantly increased for both manufacturing and non-manufacturing. The ratio increased for many industries, with that of retail, general machinery, IT equipment/electronic parts & devices increased 20% points or more heading the list. Also in Taiwan, it increased 20% points or more for general machinery and chemicals.

**Business expansion in the top 5 countries/regions (time series)**



**Business expansion in the top 5 countries/regions (by industry)**

(Multiple answers, %)

	No. of firms (n)	China (Rank 1)		Vietnam (Rank 2)		US (Rank 3)		Thailand (Rank 4)		Taiwan (Rank 5)	
		FY2019→FY2020	FY2019→FY2020	FY2019→FY2020	FY2019→FY2020	FY2019→FY2020	FY2019→FY2020	FY2019→FY2020	FY2019→FY2020		
<b>Total</b>	1,156	48.1	+1.8	40.9	+2.0	40.1	+8.2	36.7	+4.0	33.3	+6.5
<b>Manufacturing</b>	598	55.2	+5.9	41.3	+4.0	46.8	+8.2	39.3	+5.0	37.1	+9.8
Food & beverages	135	51.1	+6.6	34.8	+4.6	48.9	+1.7	36.3	+3.8	40.0	-4.2
Textiles/clothing	35	68.6	+10.3	25.7	+3.5	51.4	-5.5	22.9	+10.4	48.6	+16.7
Wood & wood products/furniture & building materials/paper & pulp	21	47.6	-7.2	38.1	+4.8	52.4	+9.5	33.3	+14.3	38.1	+0.0
Chemicals	26	69.2	+12.6	30.8	-16.4	50.0	+8.5	38.5	-10.6	42.3	+27.2
Medical products & cosmetics	30	76.7	+0.0	53.3	+9.1	43.3	+6.1	50.0	+26.7	53.3	+20.7
Coal & petroleum products/plastics/rubber products	18	61.1	+8.0	72.2	+11.0	38.9	+0.1	50.0	+15.3	27.8	+7.4
Ceramics/earth & stone	10	40.0	-16.3	40.0	+2.5	20.0	-11.3	20.0	+1.2	20.0	-5.0
Iron & steel/non-ferrous metals/metal products	59	44.1	+3.4	35.6	-7.6	37.3	+10.2	30.5	-4.2	22.0	+11.8
General machinery	48	56.3	+17.5	70.8	+18.8	54.2	+23.6	62.5	+14.5	41.7	+28.4
Electrical equipment	34	44.1	+1.5	47.1	+11.9	32.4	-12.0	41.2	+2.3	23.5	-2.4
IT equipment/electronic parts & devices	12	41.7	-28.3	16.7	-13.3	50.0	+20.0	8.3	-18.4	25.0	-1.7
Cars/car parts/other transportation machinery	30	53.3	+9.4	33.3	+1.5	36.7	+4.9	53.3	+10.9	10.0	-3.6
Precision equipment	34	52.9	-0.3	41.2	+7.2	47.1	+8.8	32.4	-5.9	38.2	+12.7
Other manufacturing	106	60.4	+7.2	42.5	+6.0	54.7	+25.3	42.5	+4.4	46.2	+18.4
<b>Non-manufacturing</b>	558	40.5	-1.7	40.5	-0.4	32.8	+10.2	33.9	+3.3	29.2	+3.1
Trade and wholesale	255	52.9	+3.5	43.9	+4.9	35.7	+10.2	36.1	+3.6	33.7	+3.3
Retail	51	37.3	-1.2	33.3	+12.1	49.0	+25.9	21.6	+0.4	43.1	+12.3
Construction	37	24.3	-5.7	43.2	-0.1	13.5	-1.5	29.7	-0.3	16.2	+6.2
Transport	25	40.0	+2.5	52.0	-10.5	28.0	+6.1	56.0	+6.0	24.0	+11.5
Communication, information & software	60	26.7	-8.6	38.3	-8.8	38.3	+18.7	28.3	+0.8	15.0	-6.6
Professional services	29	10.3	-22.0	37.9	-4.0	24.1	-1.7	27.6	+11.5	10.3	-12.3
Other non-manufacturing	93	32.3	-1.5	34.4	-11.4	26.9	+9.3	35.5	+6.6	32.3	+7.7

Notes: 1) n = the number of firms that answered "currently have overseas bases and will further expand overseas business" or "currently have no overseas bases but intend to begin overseas business" and answered about expansion functions. Ratio is the ratio of firms that responded that they would expand their business in the relevant country/region, relative to the parameter of each industry. 2) Only answers for which 10 or more firms responded have been listed for FY 2019 and 2020. 3) Still counted as one firm even when expanding multiple functions in one country. 4) Highlighted cells indicate industries reporting an increase by 10% points or more from FY2019, bold digits indicate those reporting an increase by 20% points or more, and shaded cells indicate those reporting a decrease by 10% points or more.



# Ref: Countries/regions for overseas expansion (by industry)

## Countries/regions for overseas expansion (by industry, top 3 countries/regions)

(Multiple answers, %)

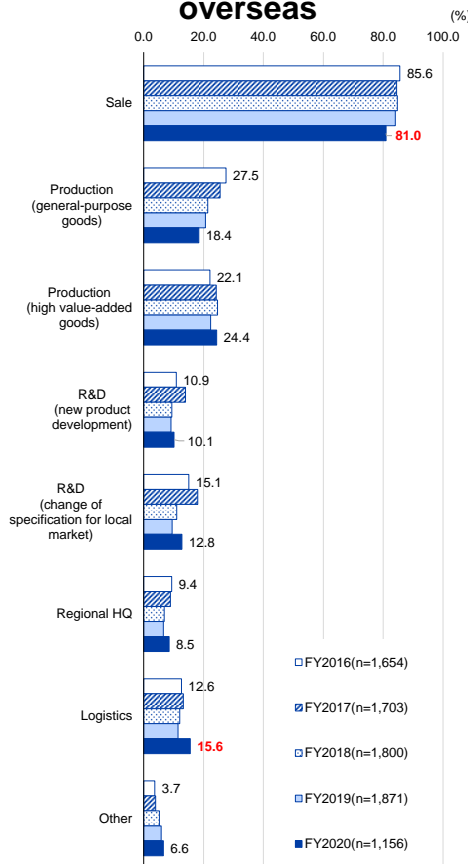
	No. of firms (n)	Rank 1		Rank 2		Rank 3	
Total	1,156	China	48.1	Vietnam	40.9	US	40.1
Manufacturing	598	China	55.2	US	46.8	Vietnam	41.3
Food & beverages	135	China	51.1	US	48.9	Taiwan	40.0
Textiles/clothing	35	China	68.6	Western Europe (excl. UK)	60.0	US	51.4
Wood & wood products/furniture & building materials/paper & pulp	21	US	52.4	China	47.6	Taiwan/Vietnam	38.1
Chemicals	26	China	69.2	US	50.0	India	46.2
Medical products & cosmetics	30	China	76.7	Taiwan/Vietnam			53.3
Coal & petroleum products/plastics/rubber products	18	Vietnam	72.2	China	61.1	Thailand/Indonesia/India	50.0
Ceramics/earth & stone	10	China/Vietnam/Malaysia					40.0
Iron & steel/non-ferrous metals/metal products	59	China	44.1	US	37.3	Vietnam	35.6
General machinery	48	Vietnam	70.8	Thailand	62.5	China	56.3
Electrical equipment	34	Vietnam	47.1	China	44.1	Thailand	41.2
IT equipment/electronic parts & devices	12	Western Europe (excl. UK)	58.3	US	50.0	China	41.7
Cars/car parts/other transportation machinery	30	China/Thailand			53.3	US	36.7
Precision equipment	34	China	52.9	US	47.1	Vietnam	41.2
Other manufacturing	106	China	60.4	US	54.7	Western Europe (excl. UK)	49.1
Non-manufacturing	558	China/Vietnam			40.5	Thailand	33.9
Trade and wholesale	255	China	52.9	Vietnam	43.9	Thailand	36.1
Retail	51	US	49.0	Taiwan	43.1	China	37.3
Construction	37	Vietnam	43.2	Thailand	29.7	China	24.3
Transport	25	Thailand	56.0	Vietnam	52.0	China	40.0
Communication, information & software	60	Vietnam/US			38.3	Thailand	28.3
Professional services	29	Vietnam	37.9	Indonesia	34.5	Thailand	27.6
Other non-manufacturing	93	Thailand	35.5	Vietnam	34.4	China/Taiwan	32.3

Notes: 1) n = the number of firms that answered "currently have overseas bases and will further expand overseas business" or "currently have no overseas bases but intend to begin overseas business" and answered about expansion functions. Ratio is the ratio of firms that responded that they would expand their business in the relevant country/region, relative to the parameter of each industry. 2) Only answers for which 10 or more firms responded have been listed. 3) Still counted as one firm even when expanding multiple functions in one country.

# About 80% expand sale and enhance logistics

- In terms of functions to be expanded overseas, 81.0% of firms has chosen sale functions, with the ratio remaining high. Also, the percentage of firms that has chosen logistics functions is 15.6%, the highest in the last 5 years.
- Firms that cited the US as a destination for business expansion has increased for many functions, and the US's ranking has gone up from 2<sup>nd</sup> in the previous year to top in regional HQ. Also it has gone up in sale functions (from 3<sup>rd</sup> to 2<sup>nd</sup>) and production of general-purpose goods (from 8<sup>th</sup> to 5<sup>th</sup>).

## Functions to be expanded overseas



## Functions to be expanded overseas country/region ranking by function (FY2020)

(Multiple answers, %)

Sale (n=936)			Production				R&D				Regional HQ (n=98)		Logistics (n=180)				
			general-purpose goods (n=213)		high value-added goods (n=282)		new product development (n=117)		change of specification for local market (n=148)								
Rank	Country/region	%	Rank	Country/region	%	Rank	Country/region	%	Rank	Country/region	%	Rank	Country/region	%			
1	China	52.0	1	Vietnam	43.2	1	China	37.6	1	China	41.9	1	US	34.7	1	China	38.3
2	US	44.3	2	China	39.0	2	Vietnam	32.3	2	Vietnam	33.3	2	US	31.8	2	China	31.6
3	Vietnam	40.8	3	Thailand	28.6	3	Thailand	20.9	3	US	31.6	3	Vietnam	27.7	2	Thailand	31.6
4	Thailand	38.1	4	Indonesia	15.5	4	US	20.2	4	Taiwan	19.7	4	Thailand	27.0	2	Singapore	31.6
5	Taiwan	37.8	5	US	13.6	5	Indonesia	14.2	4	Western Europe (excl. UK)	19.7	5	Western Europe (excl. UK)	19.6	5	Western Europe (excl. UK)	30.6
6	Western Europe (excl. UK)	31.1	6	India	12.2	5	Taiwan	14.2	6	Thailand	18.8	6	Taiwan	18.2	6	Indonesia	18.4
7	Singapore	27.5	7	Malaysia	10.8	5	Western Europe (excl. UK)	14.2	7	Indonesia	11.1	7	Singapore	14.2	7	Vietnam	17.3
8	Indonesia	26.7	8	Taiwan	9.4	8	India	9.9	8	Singapore	10.3	8	Indonesia	13.5	8	Hong Kong	15.3
9	Malaysia	23.9	9	Western Europe (excl. UK)	5.6	9	Singapore	8.2	8	UK	10.3	9	Malaysia	12.2	9	Taiwan	13.3
10	Hong Kong	22.8	9	Philippines	5.6	10	Malaysia	7.8	10	India	8.5	10	Malaysia	9.5	10	Malaysia	12.2
11	Philippines	18.8	11	Myanmar	4.7	10	Myanmar	7.8	7.8	Malaysia	8.5	8.5	India	9.5	9.5	UK	12.2
11	India	18.8	12	Central-Eastern Europe	4.2	12	UK	7.1	12	Hong Kong	6.8	12	Philippines	8.8	10	Philippines	12.2
13	UK	18.3	12	Mexico	4.2	13	Philippines	6.7	13	South Korea	6.0	13	South Korea	8.1	13	India	10.2
14	South Korea	17.5	12	Bangladesh	4.2	14	Hong Kong	6.4	14	Philippines	5.1	14	Hong Kong	7.4	14	South Korea	9.2
15	Canada	14.3	15	South Korea	3.8	15	South Korea	6.0	14	Russia & CIS	5.1	14	Myanmar	7.4	15	Myanmar	6.1
												15	Central-Eastern Europe	6.1			

Notes: n = the number of firms that answered "currently have overseas bases and will further expand overseas business" or "currently have no overseas bases but intend to begin overseas business" and answered about expansion functions. 2) (For the table on the right) n =the number of respondent firms by function (FY2020 only). 3) (For the table on the right) There are no answer options for the breakdown of Western Europe (excluding UK), Russia & CIS, Central and South Eastern Europe. 4) (For the table on the right) Highlighted cells indicate countries/regions reporting an increase by 5% points or more from FY2019.

# Ref: Functions to be expanded overseas (by industry)

## Functions to be expanded overseas (by industry)

(Multiple answers, %)

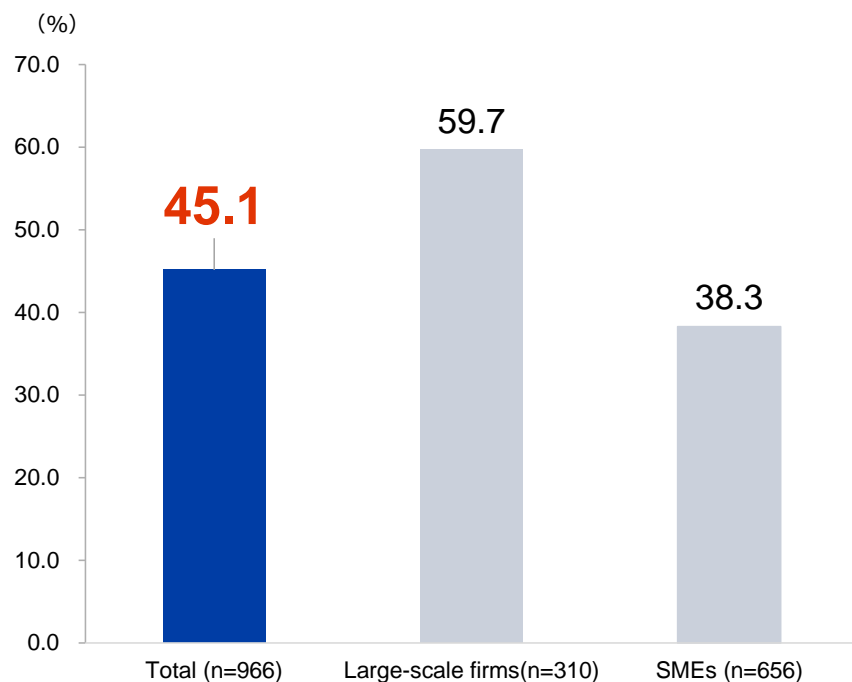
	No. of firms (n)	Sale		Production (general-purpose goods)		Production (high value-added goods)		R&D (new product development/new technology development)		R&D (change of specification for local market)		Regional HQ		Logistics	
			FY2019→FY2020		FY2019→FY2020		FY2019→FY2020		FY2019→FY2020		FY2019→FY2020		FY2019→FY2020		FY2019→FY2020
Total	1,156	81.0	-3.1	18.4	-2.2	24.4	+2.1	10.1	+1.0	12.8	+3.3	8.5	+1.9	15.6	+4.1
Manufacturing	598	84.9	-4.8	26.6	-0.0	32.3	+5.2	11.5	+2.4	15.6	+4.4	6.9	+1.0	12.0	+4.1
Food & beverages	135	87.4	-7.7	20.0	+3.8	26.7	+6.7	6.7	-0.1	12.6	+1.6	3.7	-0.1	15.6	+7.6
Textiles/clothing	35	85.7	-8.7	14.3	-9.3	34.3	+21.8	17.1	+8.8	11.4	+7.3	0.0	+0.0	5.7	+0.2
Wood & wood products/furniture & building materials/paper & pulp	21	71.4	-19.0	38.1	+16.7	23.8	-7.1	9.5	+7.1	9.5	+4.8	4.8	+0.0	23.8	+16.7
Chemicals	26	92.3	+1.7	26.9	-5.2	46.2	+0.9	15.4	+2.2	38.5	+15.8	19.2	+6.0	19.2	-3.4
Medical products & cosmetics	30	93.3	+2.6	13.3	+1.7	23.3	-2.2	13.3	+1.7	13.3	-2.9	3.3	-8.3	6.7	-11.9
Coal & petroleum products/plastics/rubber products	18	77.8	-18.1	55.6	+10.7	44.4	+15.9	5.6	-6.7	11.1	+2.9	16.7	+12.6	16.7	+4.4
Ceramics/earth & stone	10	90.0	-10.0	50.0	+25.0	60.0	+3.8	10.0	-8.8	20.0	-5.0	10.0	-8.8	10.0	-2.5
Iron & steel/non-ferrous metals/metal products	59	76.3	-1.7	32.2	+0.8	35.6	-2.5	10.2	+4.2	16.9	+11.9	6.8	+3.4	8.5	+4.2
General machinery	48	91.7	+1.9	39.6	+6.9	31.3	+5.7	6.3	-0.9	12.5	+7.4	8.3	+5.3	6.3	+1.1
Electrical equipment	34	82.4	-10.2	20.6	-14.6	32.4	+8.3	8.8	-9.7	8.8	-9.7	8.8	-6.0	8.8	+3.3
IT equipment/electronic parts & devices	12	66.7	-16.7	33.3	-6.7	25.0	-15.0	25.0	+8.3	25.0	+11.7	25.0	+15.0	16.7	+16.7
Cars/car parts/other transportation machinery	30	66.7	-7.6	43.3	+0.9	63.3	+19.4	23.3	+17.3	26.7	+8.5	3.3	-5.8	6.7	+0.6
Precision equipment	34	85.3	-6.2	26.5	+3.1	26.5	+9.4	20.6	+16.3	14.7	+10.5	5.9	-4.8	11.8	+5.4
Other manufacturing	106	90.6	+0.9	20.8	-3.8	27.4	+5.9	12.3	-2.0	16.0	+0.2	7.5	+3.6	13.2	+5.3
Non-manufacturing	558	76.7	+0.3	9.7	-2.8	15.9	+0.0	8.6	-0.5	9.9	+2.5	10.2	+2.6	19.4	+3.1
Trade and wholesale	255	91.4	+1.3	14.5	-1.4	19.2	+0.4	6.7	-1.0	6.3	-0.5	11.0	+3.8	20.8	+4.4
Retail	51	96.1	+9.5	2.0	-3.8	13.7	+0.3	2.0	-1.9	3.9	+2.0	2.0	-1.9	15.7	+4.1
Construction	37	59.5	-0.5	10.8	-9.2	18.9	+8.9	13.5	+8.5	16.2	+9.5	8.1	-1.9	2.7	-0.6
Transport	25	20.0	+1.3	4.0	+4.0	0.0	+0.0	4.0	+4.0	0.0	+0.0	20.0	+16.9	84.0	-3.5
Communication, information & software	60	66.7	-5.9	5.0	-4.8	20.0	+2.4	26.7	-10.6	26.7	+7.1	13.3	+3.5	8.3	+0.5
Professional services	29	44.8	-10.0	6.9	+3.7	6.9	+0.4	13.8	-5.6	10.3	-2.6	10.3	-12.2	13.8	+7.3
Other non-manufacturing	93	65.6	+5.0	6.5	-2.0	12.9	-3.3	4.3	-2.0	12.9	+5.9	9.7	+3.3	17.2	+5.2

Notes: 1) n = the number of firms that answered "currently have overseas bases and will further expand overseas business" or "currently have no overseas bases but intend to begin overseas business" and answered about expansion functions. Ratio is the ratio of firms that responded that they would expand the relevant function, relative to the parameter of each industry. 2) Only answers for which 10 or more firms responded have been listed. 3) Highlighted cells indicate industries reporting an increase by 5% points or more from FY2019.

# 45.1% of firms with overseas bases recognize IIAs

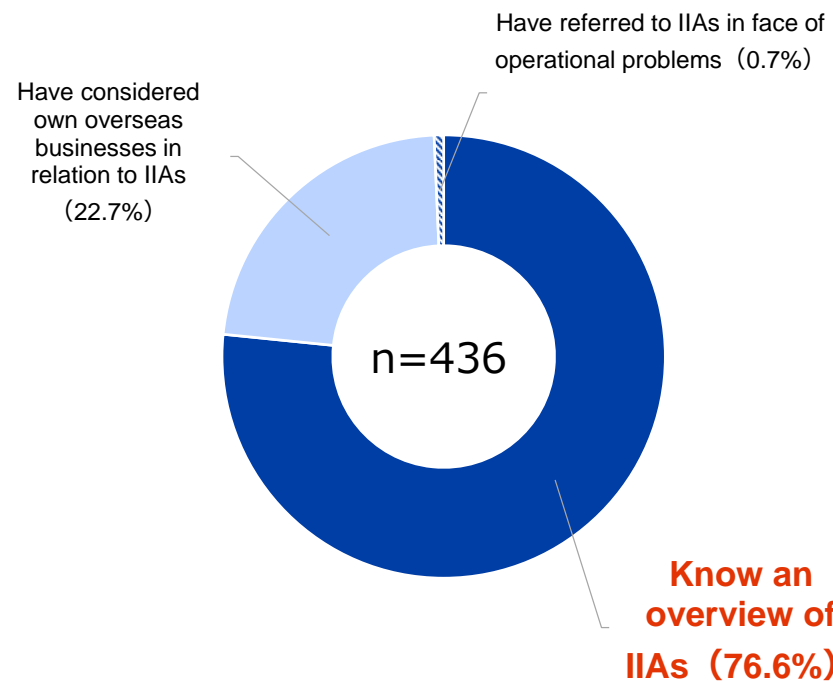
- Among 996 firms with overseas bases, 45.1% say that they know International Investment Agreements (“IIAs”). Almost 60% of large-scale firms has answered so while SMEs show lower recognition rate.
- Among *respondents who are aware of IIAs*, 76.6% say that they simply know an overview of IIAs, and 22.7% say that they have considered own overseas businesses in the context of IIAs.

## Awareness of IIAs (by firm size)



Note: 1) “n” represents the total number of respondent firms with overseas bases excluding agencies. 2) Each percentage shows a total rate of respondent choosing one of the following options: “We know an overview of IIAs”, “We have considered own overseas businesses in the context of IIAs”, or “We have referred to IIAs in face of operational problems”.

## Degree of awareness of IIAs

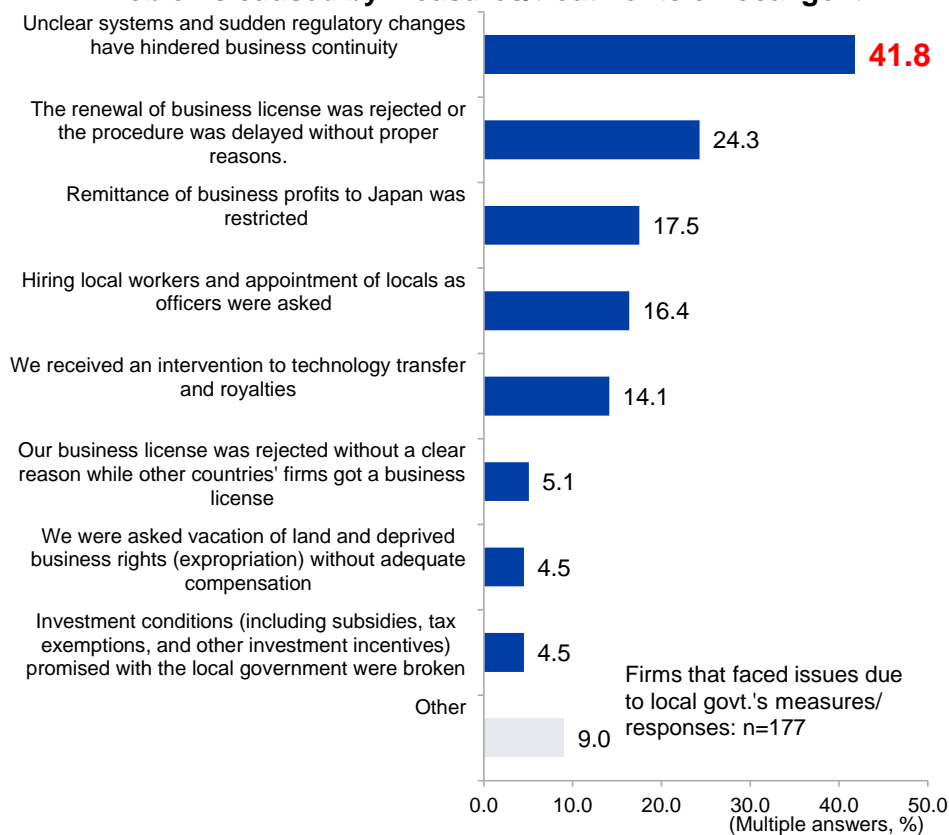


Note: “n” represents 436 respondent which chose one of the following options: “We know an overview of IIAs”, “We have considered own overseas businesses in the context of IIAs”, or “We have referred to IIAs in face of operational problems”.

# More facing unclear system/sudden regulatory changes

- International Investment Agreements could help firms resolve operational problems attributed to measures/treatment by local governments.
- Among firms who have encountered such problems, about 40% specified that they faced unclear systems or sudden regulatory changes. 24.3% also answered that they were rejected their business license or the application procedure was delayed without proper reasons.
- Some pointed out as issues policy changes by local government in the context of COVID-19 pandemic.

## Problems caused by measures/treatments of local govt.



Notes: 1) "Other" represents 16 firms that pointed out system operations or measures for individual firms by the local government as an issue among 64 firms that answered with only free description. 2) All issues including "other" listed as answer options are those that can be resolved by utilizing investment agreements.

## Comments from respondents

### Examples of unclear system

- Interpretation of foreign capital regulations varies depending on governing agencies. (Utilities, large-scale firm)
- Despite the lack of clarity in local laws, we have been accused by the local government for non-compliance. (Trade and wholesale, SME)

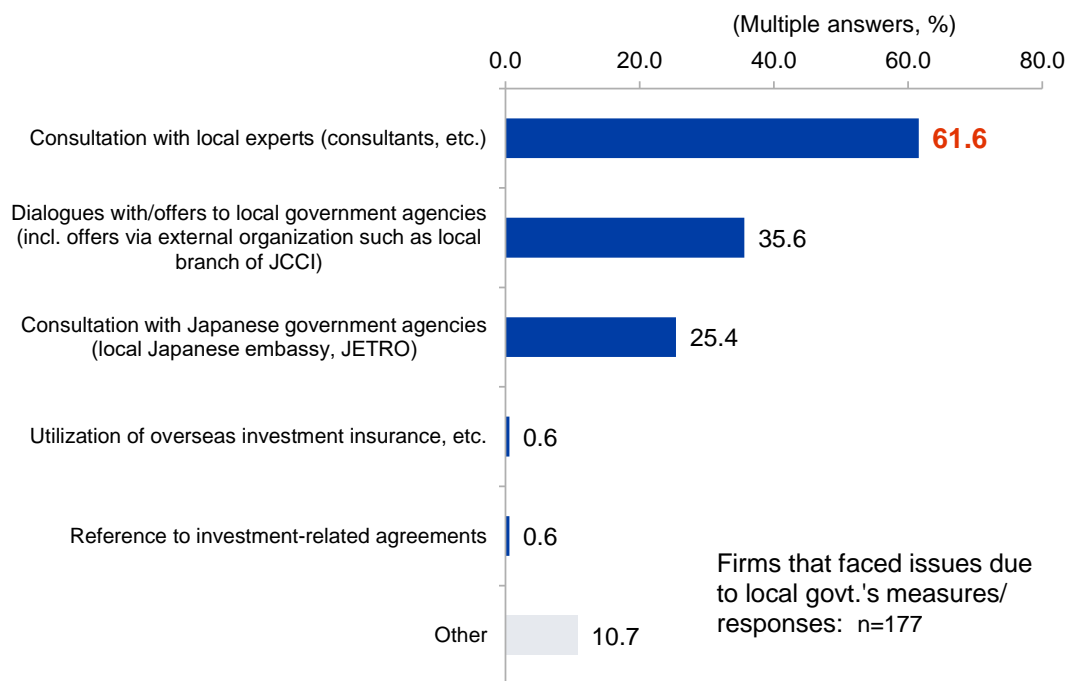
### Examples of sudden policy/regulatory change

- We were forced to relocate our factory by local government. (Chemicals, large-scale firm)
- Subsidies from the local government were reduced due to the effects of the COVID-19 crisis. (Medical/welfare, large-scale firm)
- Rules or systems were suddenly changed, and we were suddenly notified of non-compliance without knowing details of those changes. (Metal products, SME)
- Due to a reshuffle in key government officials, all the administrative staff were replaced, and business approval procedures had to be redone from the beginning. (Information & software, SME)

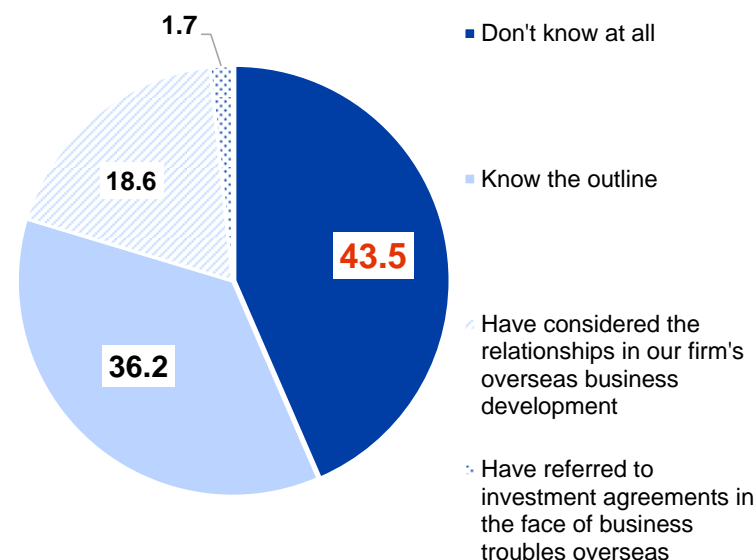
## Further enlightenment of IIAs is needed

- When asking firms about how to deal with operational problems attributed to measures/treatment by local governments, **61.6% said that they consult with local experts**. It is followed by dialogues with/offers to local government agencies (35.4%) and consultation with Japanese government agencies (25.7%). On the other hand, **only 0.6% of firms that answered that they actually referred to investment agreements**.
- Among firms who have encountered IIA-related problems, **43.5% answered that they did not know IIAs at all**.

### How to deal with issues



### Awareness of IIAs (firms with IIA-related problems)



Note: n (=177) represents the number of firms that answered they faced issues due to measures/responses of local governments.

## 4. Global risks and business in China

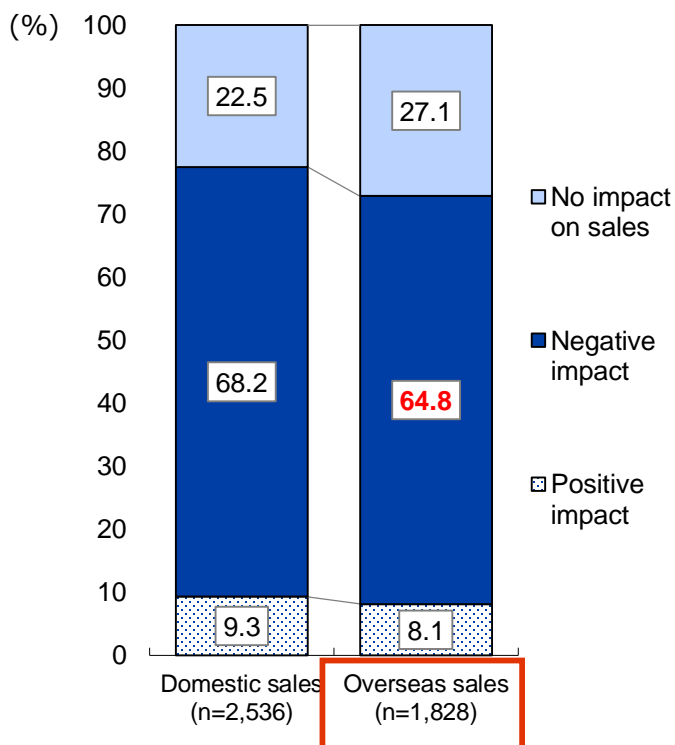
- Strong impact of COVID-19 on overseas sales, increasing uncertainty in trade protectionism -

# Negative impact of COVID-19 on 60%+ of FY2020 sales

- Regarding the impact on sales under the COVID-19 pandemic, **64.8%** of firms conducting business overseas answered that **“(there was) a negative impact“** on overseas sales.
- Regarding the impact on overseas sales, by industry, a high percentage of firms were negatively affected by the slump in the markets of major countries in the area of cars/car parts/other transportation machinery. A relatively high percentage of firms (13.9%) answered that they saw a positive impact on “food & beverages,” which have been in steady demand even during the pandemic.

## Impact of COVID-19 on FY2020 sales

### Impact on domestic/overseas sales (total)



### Impact on overseas sales (by size, by industry) (%)

	No. of firms	Positive impact	Negative impact	No impact on sales
Large-scale firms	297	5.1	73.7	21.2
SMEs	1,531	8.7	63.0	28.3
Manufacturing	1,084	7.8	65.9	26.3
Food & beverages	287	13.9	58.9	27.2
Textiles/clothing	56	7.1	69.6	23.2
Wood & wood products/furniture & building materials/paper & pulp	35	14.3	57.1	28.6
Chemicals	55	5.5	67.3	27.3
Medical products & cosmetics	36	2.8	69.4	27.8
Coal & petroleum products/plastics/rubber products	40	7.5	70.0	22.5
Ceramics/earth & stone	16	6.3	75.0	18.8
Iron & steel/non-ferrous metals/metal products	111	9.0	68.5	22.5
General machinery	78	2.6	75.6	21.8
Electrical equipment	59	0.0	61.0	39.0
IT equipment/electronic parts & devices	26	0.0	57.7	42.3
Cars/car parts/other transportation machinery	56	1.8	85.7	12.5
Precision equipment	52	5.8	69.2	25.0
Other manufacturing	177	6.8	64.4	28.8
Non-manufacturing	744	8.5	63.2	28.4
Trade and wholesale	404	10.4	62.4	27.2
Retail	64	7.8	60.9	31.3
Construction	39	0.0	66.7	33.3
Transport	33	9.1	75.8	15.2
Finance & insurance	14	0.0	42.9	57.1
Communication, information & software	58	5.2	62.1	32.8
Professional services	33	3.0	72.7	24.2
Other non-manufacturing	99	9.1	62.6	28.3
Dining/lodging facilities	13	0.0	84.6	15.4

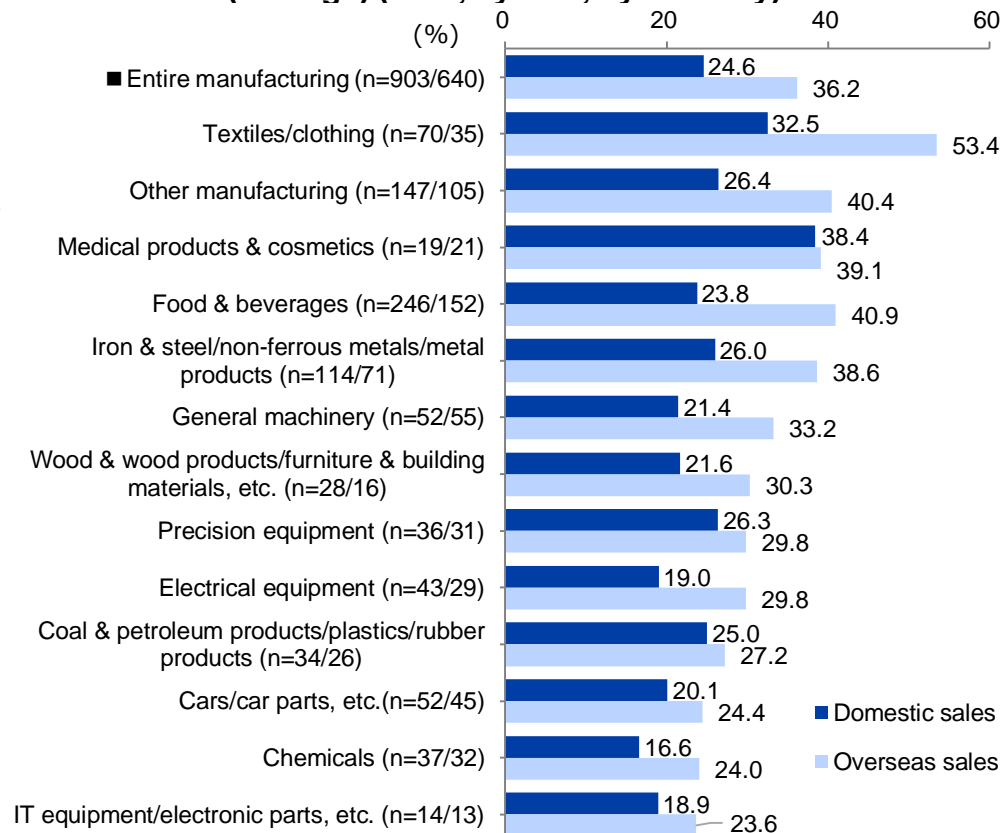
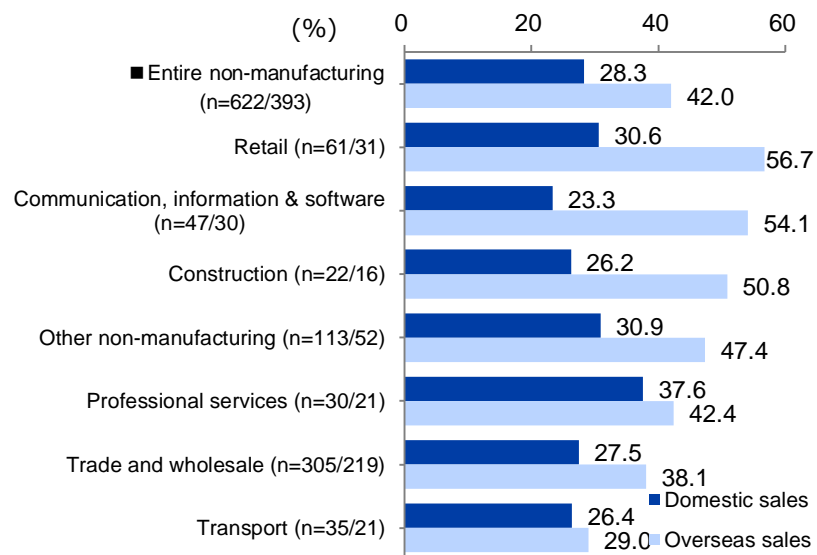
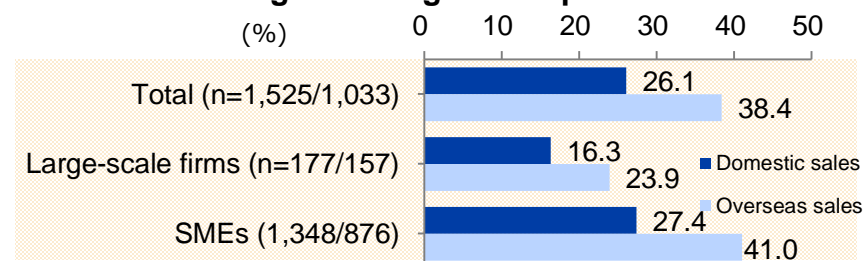
Note: n for domestic sales=the total number of firms responding to this survey, excluding the number of firms answering “no answer.” n for overseas sales=the total number of responses from “firms performing exports (narrow sense)” (among firms that export, those have not expanded overseas) and “firms that have expanded overseas” (firms with overseas bases (not including agents)), excluding the number of firms answering “no answer.”



# Higher decrease rate in overseas sales than domestic

- The decrease in overseas sales in FY2020 due to COVID-19 reached 38.4% (on average). This is more than 10 percentage points higher than the decrease in domestic sales (26.1%). Also by industry, the decrease in overseas sales is higher than that in domestic sales in all industries.
- Both in domestic/overseas sales, the decrease in sales of non-manufacturing is high. Looking at the decrease in overseas sales by industry, the decrease is higher for textiles/clothing (decrease of 53.4%) in the manufacturing and retail (decrease of 56.7%) in the non-manufacturing.

**Degree of negative impact of COVID-19 on FY2020 sales (average) (total, by size, by industry)**

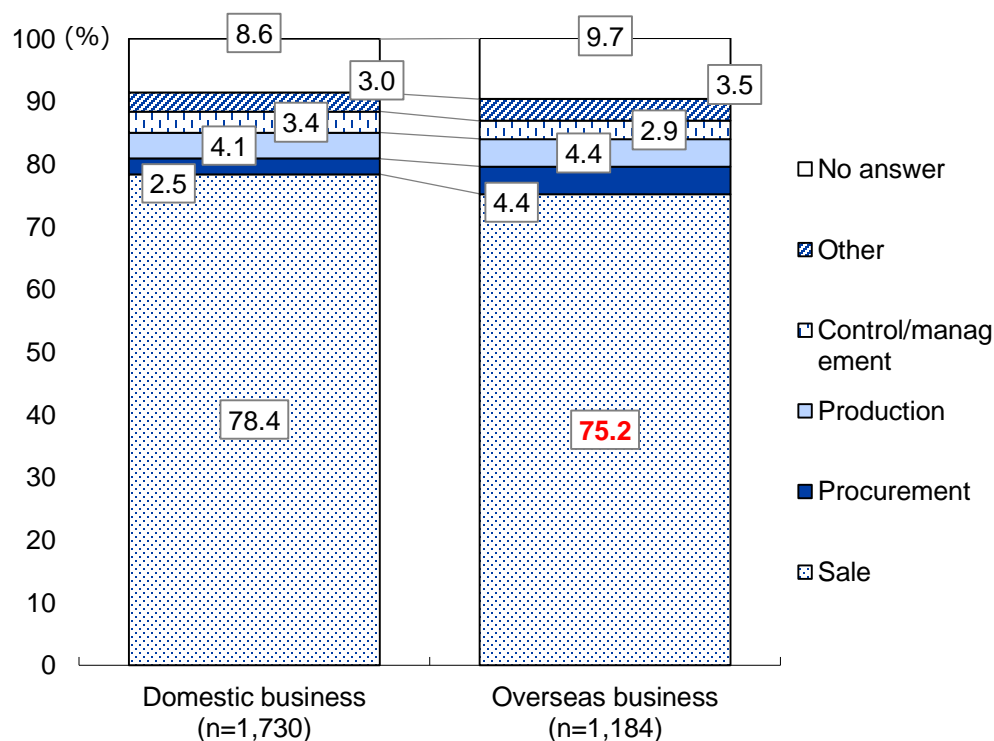


Notes: 1) n (=domestic/overseas sales) represents, among firms answered that there were a "negative impact" of COVID-19 on domestic/overseas sales in FY2020, the number of firms answered about the decrease rate. Of these, n for overseas sales is the number of responses from "firms performing exports (narrow sense)" (among firms that export, those have not expanded overseas) and "firms that have expanded overseas" (firms with overseas bases (not including agents)). Both in domestic and overseas sales, "No answer" is excluded. 2) Only industries where n for both domestic and overseas sales is 10 or more have been listed. 3) Among the industry names in the chart on the right, wood & wood products/furniture & building materials, etc., cars/car parts, etc. and IT equipment/electronic parts, etc. are abbreviations for "wood & wood products/furniture & building materials/paper & pulp," "cars/car parts/other transportation machinery" and "IT equipment/electronic parts & devices," respectively. Copyright © 2021 JETRO. All rights reserved.

# “Sale” most negatively affected by COVID-19

- More than 70% firms cited “sale” as an area most negatively affected in FY2020 in both domestic and overseas business.
- Many firms cited “lockdown” as a specific comment on “sale” overseas. There were comments such as “closure due to lockdown” (printing & printing-related), “interrupted business negotiation” (plastic products) and “store closure” (trade and wholesale).

Area most negatively affected by COVID-19 in FY2020 (total)



Keywords in impact of COVID-19 on FY2020 “sale” (noun)

Rank	Domestic business (n=978)		Rank	Overseas business (n=630)	
	Words extracted	No. of respondents		Words extracted	No. of respondents
1	Decrease (減少)	242	1	Decrease (減少)	111
2	Sales (売上)	186	2	Sales (売上)	100
3	Sale (販売)	104	3	Sale (販売)	63
4	Order receipt (受注)	96	4	Demand (需要)	48
5	Demand (需要)	77	5	Order receipt (受注)	42
6	Sales & marketing (営業)	56	6	Lockdown (ロックダウン)	31
7	Customer (顧客)	42	6	Sales & marketing (営業)	31
8	Food & beverages (飲食)	33	7	Activity (活動)	31
9	Activity (活動)	32	9	Travel (渡航)	25
10	Slump (低迷)	28	10	Customer (顧客)	24

Note: 1) n=among firms answered that there were a “negative impact” of COVID-19 on domestic/overseas sales in FY2020, the number of firms that cited “sale” as an area most negatively affected and answered the open-response question. Of these, n for overseas business is the number of responses from “firms performing exports (narrow sense)” (among firms that export, those have not expanded overseas) and “firms that have expanded overseas” (firms with overseas bases (not including agents)). 2) Words written “売り上げ” and “売上げ” in Japanese are counted as “Sales (売上).”

Note: n (=domestic/overseas business) represents the number of firms answered that there were a “negative impact” of COVID-19 on domestic/overseas sales in FY2020. Of these, n for overseas business is the number of responses from “firms performing exports (narrow sense)” (among firms that export, those have not expanded overseas) and “firms that have expanded overseas” (firms with overseas bases (not including agents)).

# Ref: Area most negatively affected by COVID-19

## Area most negatively affected by COVID-19 overseas in FY2020 (by size, by industry)

(%)

	No. of firms (n)	Sale	Procurement	Production	Control/management	Other
Large-scale firms	196	71.4	4.6	9.7	4.1	10.2
SMEs	873	85.9	4.9	3.8	3.0	2.4
Manufacturing	650	86.5	3.4	5.4	2.5	2.3
Food & beverages	152	92.8	2.0	1.3	2.0	2.0
Textiles/clothing	34	82.4	2.9	8.8	5.9	0.0
Wood & wood products/furniture & building materials/paper & pulp	19	78.9	15.8	0.0	0.0	5.3
Chemicals	33	84.8	9.1	0.0	6.1	0.0
Medical products & cosmetics	23	87.0	8.7	0.0	0.0	4.3
Coal & petroleum products/plastics/rubber products	25	76.0	4.0	4.0	12.0	4.0
Ceramics/earth & stone	7					
Iron & steel/non-ferrous metals/metal products	70	85.7	1.4	11.4	0.0	1.4
General machinery	55	94.5	0.0	3.6	1.8	0.0
Electrical equipment	35	85.7	2.9	5.7	0.0	5.7
IT equipment/electronic parts & devices	15	100.0	0.0	0.0	0.0	0.0
Cars/car parts/other transportation machinery	42	76.2	4.8	14.3	4.8	0.0
Precision equipment	32	78.1	6.3	9.4	3.1	3.1
Other manufacturing	108	85.2	2.8	6.5	0.9	4.6
Non-manufacturing	419	78.3	7.2	4.1	4.3	6.2
Trade and wholesale	227	83.7	10.6	2.6	2.2	0.9
Retail	36	91.7	5.6	2.8	0.0	0.0
Construction	22	50.0	0.0	27.3	4.5	18.2
Transport	20	55.0	5.0	0.0	5.0	35.0
Finance & insurance	10	40.0	0.0	0.0	0.0	20.0
Communication, information & software	33	72.7	6.1	3.0	12.1	6.1
Professional services	22	63.6	4.5	9.1	0.0	22.7
Other non-manufacturing	53	77.4	0.0	1.9	13.2	7.5
Dining/lodging facilities	10	100.0	0.0	0.0	0.0	0.0

Notes: 1) n=the number of "firms performing exports (narrow sense)" (among firms that export, those have not expanded overseas) and "firms that have expanded overseas" (firms with overseas bases (not including agents)) that answered that there were a "negative impact" of COVID-19 on overseas sales in FY2020. "No answer" is excluded.

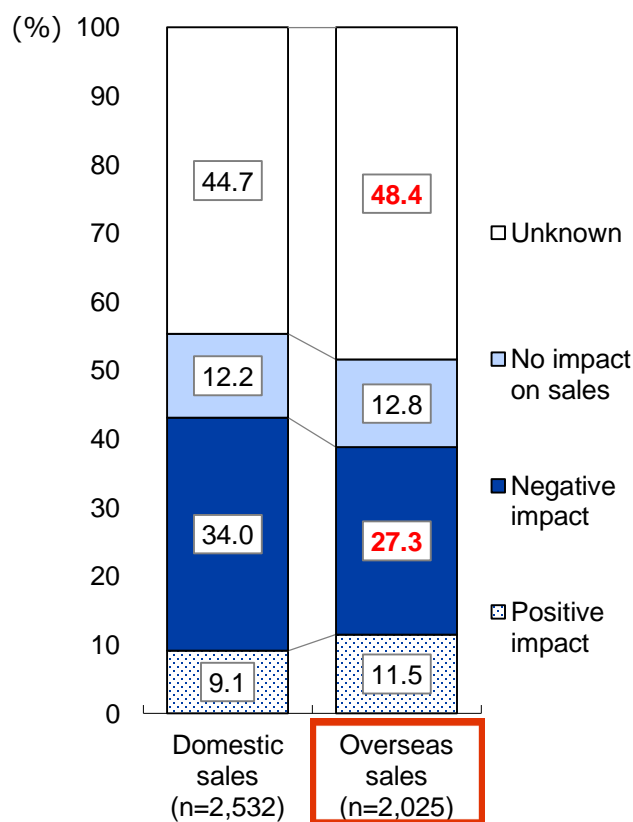
2) Industries whose the number of firms (n) is fewer than 10 are not provided (diagonal line).

# Strong uncertainty in FY2021 sales outlook

- For FY2021, due to the COVID-19 pandemic, the percentage of firms that expected a “negative impact” on overseas sales is 27.3%, a decrease from FY2020.
- Meanwhile, regarding the degree of impact, the response ratio of "unknown" accounts for nearly half (48.4%), indicating strong uncertainty in the overseas sales outlook.

## Impact of COVID-19 on FY2021 sales

### Impact on domestic/overseas sales (total)



### Impact on overseas sales (by size, by industry)

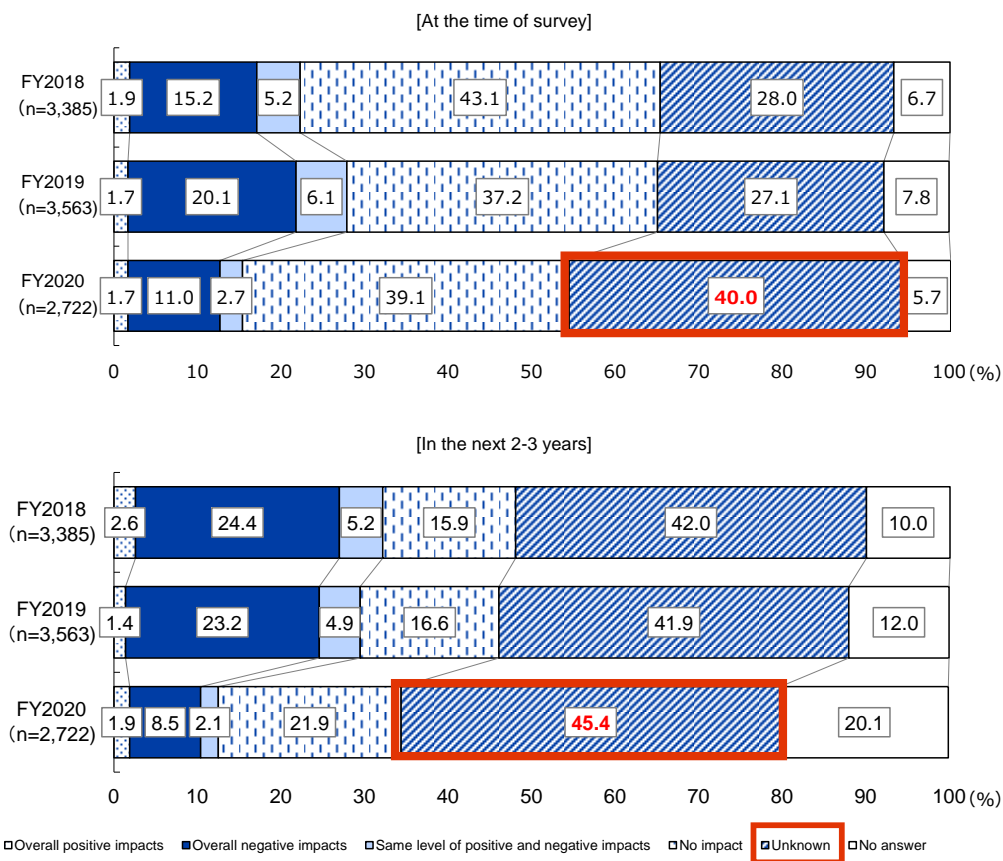
	No. of firms	Positive impact (%)	Negative impact (%)	No impact on sales (%)	Unknown (%)
Large-scale firms	315	6.0	29.2	13.0	51.7
SMEs	1,710	12.5	26.9	12.7	47.8
Manufacturing	1,156	12.5	27.4	11.9	48.2
Food & beverages	305	21.3	25.6	11.5	41.6
Textiles/clothing	63	9.5	36.5	9.5	44.4
Wood & wood products/furniture & building materials/paper & pulp	41	12.2	24.4	22.0	41.5
Chemicals	56	3.6	28.6	14.3	53.6
Medical products & cosmetics	39	5.1	25.6	12.8	56.4
Coal & petroleum products/plastics/rubber products	40	10.0	30.0	10.0	50.0
Ceramics/earth & stone	16	6.3	50.0	6.3	37.5
Iron & steel/non-ferrous metals/metal products	122	12.3	25.4	12.3	50.0
General machinery	80	18.8	30.0	10.0	41.3
Electrical equipment	59	0.0	27.1	13.6	50.8
IT equipment/electronic parts & devices	28	0.0	10.7	10.7	71.4
Cars/car parts/other transportation machinery	58	10.3	32.8	6.9	50.0
Precision equipment	58	6.9	27.6	12.1	53.4
Other manufacturing	191	6.8	26.7	12.6	53.9
Non-manufacturing	869	10.1	27.0	14.0	48.8
Trade and wholesale	430	11.9	29.8	10.2	48.1
Retail	75	14.7	20.0	10.7	54.7
Construction	53	0.0	24.5	18.9	50.9
Transport	39	10.3	30.8	7.7	51.3
Finance & insurance	22	0.0	27.3	22.7	50.0
Communication, information & software	78	6.4	21.8	25.6	46.2
Professional services	45	8.9	31.1	22.2	37.8
Other non-manufacturing	127	7.9	23.6	17.3	51.2
Dining/lodging facilities	17	5.9	35.3	11.8	47.1

Note: n=the total number of respondent firms, excluding firms answering “no answer.”

# Impact of protectionism, more answering “unknown”

- Regarding the impact of trade protectionism at the time of survey, the response rate for “no impact” and “unknown” increased from the previous year’s survey, both reaching around 40%. Also for the impact expected in the next 2 to 3 years, the response rate for “unknown” increased.
- Among firms that say there were “overall negative impacts,” some have commented on Export Administration Regulations (EAR). In addition, some firms that answered that impact in the next 2 to 3 years is “unknown” were concerned about the future of the US-China relations.

## Impact of trade protectionism on own business (total)



Note: n=total number of respondent firms.

## Main comments (point of time, impact)

### [At the time of survey] overall negative impacts

- “Products of firms listed on Entity List (EL) (note) under Export Administration Regulations (EAR) could no longer be handled.” (information & software, micro-businesses)

### [In next 2-3 years] overall negative impacts

- “Some of our business partners are regulated by the US.” (electronic parts & devices, large-scale firm)
- “EAR judgement” (electrical equipment, SME)
- “Attack through listing specific industries on EL under EAR, accordingly increasing transaction difficulty” (other manufacturing, leading medium-sized firm)

### [In next 2-3 years] unknown

- “The future US-China relations are uncertain.” (other manufacturing, SME)
- “It is unclear what the US-China issues will be in the future.” (ceramics/earth & stone, micro-businesses)

Note: EL lists organizations and individuals that the US administration deems to have "acted contrary to the national security or foreign policy interests of the US," and export, re-export, and/or transfer (in-country) of the US items (commodities, software, and technologies) to them requires prior approval.

# Ref: Impact of protectionism (by size, by industry, etc.)

Impact of protectionism (by size, by industry): At the time of survey

	No. of firms	Overall positive impacts		Overall negative impacts		Some level of positive and negative impacts		No impact		Unknown		No answer	
		Difference	%	Difference	%	Difference	%	Difference	%	Difference	%	Difference	%
Large-scale firms	410	1.2	-0.2	15.4	-8.4	5.4	-0.3	32.4	-3.7	36.8	11.5	8.8	1.1
SMEs	2,312	1.7	-0.3	10.2	-3.0	2.2	-2.8	40.2	-4.4	40.5	11.9	5.1	-1.4
Manufacturing	1,429	1.7	-0.4	11.8	-5.4	3.1	-1.7	36.9	-4.5	41.1	12.3	5.4	-0.3
Food & beverages	380	1.8	0.8	5.8	-3.2	1.1	-2.9	41.3	-1.7	45.8	9.3	4.2	-2.3
Textiles/clothing	88	0.0	-1.0	5.7	-10.2	5.7	4.7	43.2	-2.4	40.9	12.2	4.5	-3.4
Wood & wood products/furniture & building materials/paper & pulp	49	0.0	-1.5	12.2	-1.0	8.2	2.3	36.7	-8.9	36.7	10.3	6.1	-1.2
Chemicals	59	0.0	0.0	10.2	-10.3	10.2	8.0	35.6	-12.8	39.0	15.3	5.1	-0.3
Medical products & cosmetics	47	4.3	-0.1	8.5	-1.6	0.0	-4.3	46.8	-2.5	27.7	3.0	12.8	5.5
Coal & petroleum products/plastics/rubber products	56	1.8	-2.8	12.5	-8.8	3.6	-2.0	33.9	-5.0	39.3	12.4	8.9	6.2
Ceramics/earth & stone	20	15.0	15.0	0.0	-10.0	5.0	-1.7	30.0	-10.0	40.0	3.3	10.0	3.3
Iron & steel/non-ferrous metals/metal products	161	1.2	-3.1	21.1	-0.6	3.7	-3.5	27.3	-11.8	41.0	17.3	5.6	1.7
General machinery	92	1.1	-1.4	13.0	-4.0	3.3	-4.1	38.0	-1.0	38.0	10.6	6.5	-0.2
Electrical equipment	72	4.2	4.2	16.7	-12.5	6.9	1.7	29.2	-6.3	40.3	13.2	2.8	-0.3
IT equipment/electronic parts & devices	32	3.1	-0.5	25.0	-2.3	6.3	2.6	34.4	-2.0	21.9	-5.4	9.4	7.6
Cars/car parts/other transportation machinery	69	0.0	-1.0	29.0	-9.4	1.4	-1.6	30.4	-3.9	31.9	11.7	7.2	4.2
Precision equipment	65	0.0	-2.6	16.9	-1.0	1.5	-7.4	30.8	0.0	43.1	9.7	7.7	1.3
Other manufacturing	239	1.7	-1.1	8.8	-6.0	2.1	-2.1	39.7	-5.9	44.4	19.0	3.3	-4.0
Non-manufacturing	1,293	1.6	-0.1	10.1	-2.6	2.2	-3.4	41.4	-3.7	38.7	11.7	6.0	-1.9
Trade and wholesale	584	1.5	-0.8	12.5	-2.8	1.7	-4.6	44.2	-0.2	36.1	12.0	3.9	-3.6
Retail	128	0.8	-0.1	6.3	-2.5	0.0	-3.5	32.0	-16.2	54.7	24.0	6.3	-1.6
Construction	78	1.3	1.3	6.4	-5.5	2.6	-4.4	34.6	-10.9	47.4	19.7	7.7	-0.2
Transport	55	1.8	1.8	21.8	1.8	7.3	-3.8	23.6	-8.6	41.8	10.7	3.6	-1.9
Finance & insurance	62	0.0	0.0	9.7	-1.4	4.8	1.1	30.6	6.0	37.1	-13.5	17.7	7.9
Communication, information & software	118	2.5	0.5	5.9	2.8	3.4	0.3	61.9	3.1	22.0	-0.6	4.2	-6.1
Professional services	65	4.6	2.9	7.7	-5.6	1.5	1.5	44.6	-10.4	29.2	9.2	12.3	2.3
Other non-manufacturing	203	1.5	-0.5	7.4	-1.1	2.0	-2.9	36.9	-12.2	45.3	17.5	6.9	-0.8

Impact of protectionism (by size, by industry): In the next 2-3 years

	No. of firms	Overall positive impacts		Overall negative impacts		Some level of positive and negative impacts		No impact		Unknown		No answer	
		Difference	%	Difference	%	Difference	%	Difference	%	Difference	%	Difference	%
Large-scale firms	410	0.7	-0.7	12.4	-22.0	3.4	-2.6	17.8	6.7	49.5	11.1	16.1	7.5
SMEs	2,312	2.1	-0.8	7.8	-14.3	1.9	-3.1	22.6	5.7	44.7	1.9	20.8	10.6
Manufacturing	1,429	1.8	-0.4	8.7	-17.4	2.0	-3.0	21.3	7.2	47.9	5.1	18.3	8.4
Food & beverages	380	2.4	0.3	4.5	-11.6	1.3	-4.3	24.5	5.5	47.9	2.4	19.5	7.8
Textiles/clothing	88	2.3	2.3	5.7	-11.1	2.3	1.3	26.1	3.4	40.9	-5.6	22.7	9.9
Wood & wood products/furniture & building materials/paper & pulp	49	0.0	-1.5	10.2	-14.8	6.1	1.7	14.3	2.5	44.9	0.8	24.5	11.3
Chemicals	59	0.0	-1.1	8.5	-23.8	3.4	2.3	20.3	3.1	52.5	9.5	15.3	9.9
Medical products & cosmetics	47	0.0	-7.2	10.6	-6.8	0.0	-5.8	25.5	9.6	42.6	0.5	21.3	9.7
Coal & petroleum products/plastics/rubber products	56	3.6	1.7	12.5	-15.3	1.8	-7.5	19.6	6.7	46.4	6.6	16.1	7.7
Ceramics/earth & stone	20	15.0	11.7	0.0	-26.7	5.0	-1.7	25.0	8.3	45.0	5.0	10.0	3.3
Iron & steel/non-ferrous metals/metal products	161	1.9	-1.0	11.8	-2.0	2.5	-2.8	13.0	4.8	53.4	10.9	17.4	8.2
General machinery	92	1.1	-1.4	7.6	-25.9	2.2	-5.1	25.0	16.5	47.8	7.6	16.3	8.4
Electrical equipment	72	2.8	-0.3	15.3	-23.3	4.2	0.0	11.1	-0.3	47.2	14.9	19.4	9.0
IT equipment/electronic parts & devices	32	0.0	-3.6	25.0	-4.1	3.1	1.3	21.9	12.8	31.3	-19.7	18.8	13.3
Cars/car parts/other transportation machinery	69	0.0	-1.0	18.8	-23.6	1.4	-2.6	17.4	7.3	42.0	3.6	20.3	16.2
Precision equipment	65	0.0	-1.3	10.8	-22.6	1.5	-3.6	21.5	15.1	49.2	6.9	16.9	5.4
Other manufacturing	239	1.7	-0.2	6.3	-18.1	1.3	-3.4	23.8	8.6	51.5	8.1	15.5	4.9
Non-manufacturing	1,293	1.9	-1.2	8.4	-13.9	2.2	-3.1	22.5	4.5	42.8	1.7	22.2	12.0
Trade and wholesale	584	1.7	-1.0	8.7	-18.8	1.4	-4.4	21.7	7.8	45.2	4.9	21.2	11.5
Retail	128	0.0	-4.4	4.7	-12.9	0.8	-1.9	19.5	-5.9	44.5	3.3	30.5	21.7
Construction	78	0.0	-2.0	6.4	-8.4	3.8	-5.1	20.5	2.7	47.4	1.9	21.8	10.9
Transport	55	1.8	-4.8	21.8	-14.8	10.9	2.0	10.9	5.4	40.0	3.3	14.5	9.0
Finance & insurance	62	0.0	-1.2	11.3	-7.2	1.6	-0.9	22.6	6.5	38.7	-13.1	25.8	15.9
Communication, information & software	118	4.2	-0.9	6.8	-1.5	3.4	-0.7	34.7	7.9	29.7	-10.5	21.2	5.7
Professional services	65	7.7	6.0	7.7	-10.6	1.5	-3.5	27.7	-2.3	33.8	0.5	21.5	9.9
Other non-manufacturing	203	2.0	-0.9	6.9	-7.6	2.5	-1.6	21.7	-3.7	45.3	3.4	21.7	10.4

Notes: 1) n=the total number of respondent firms of this survey.  
 2) Difference is the value obtained by subtracting FY2019 survey result from FY2020 survey result.

Impact of protectionism (by overseas business status): At the time of survey

	No. of firms	Overall positive impacts		Overall negative impacts		Some level of positive and negative impacts		No impact		Unknown		No answer	
		Difference	%	Difference	%	Difference	%	Difference	%	Difference	%	Difference	%
Total	2,722	1.7	-0.0	11.0	-9.1	2.7	-3.4	39.1	1.9	40.0	12.9	5.7	-2.1
Business type													
Firms doing business overseas	2,336	1.8	0.0	11.4	-9.6	2.9	-3.7	39.0	1.5	39.7	13.1	5.1	-1.3
Firms that have expanded overseas	966	1.6	-0.6	16.1	-9.6	3.7	-4.4	37.3	2.6	35.8	12.2	5.5	-0.2
Firms performing exports (narrow sense)	1,193	2.3	1.0	8.1	-9.0	2.3	-3.0	39.7	0.4	42.3	12.2	5.1	-1.9
Firms performing imports (narrow sense)	177	0.0	-2.6	7.9	-3.0	2.3	-0.8	44.1	-3.6	42.9	16.0	2.8	-6.0
Domestic firms	304	0.3	-0.8	8.2	-5.2	1.3	-0.6	40.8	4.9	41.1	9.9	8.2	-8.2
Unclassifiable firms	82	1.2	0.0	8.5	-3.1	1.2	-6.9	32.9	0.3	43.9	17.2	12.2	-7.6
Ratio of overseas sales													
Total (Firms performing exports that have expanded overseas)	2,159	1.5	-0.3	8.7	-12.9	2.2	-4.6	28.8	-8.2	29.4	2.8	3.9	-2.3
Less than 1%	235	0.6	-1.4	6.6	-7.2	0.8	-5.0	24.3	-13.8	29.0	-5.8	3.6	-1.9
1 to 20%	1,250	1.7	0.0	8.5	-9.7	2.1	-4.8	33.0	-8.6	34.7	8.6	2.9	-2.7
21 to 60%	370	2.1	0.4	14.6	-20.6	3.3	-4.2	28.1	-3.8	26.7	6.7	2.3	-1.5
61 to 100%	174	1.3	-1.3	7.3	-27.9	3.4	-2.6	33.5	3.9	23.6	2.1	5.6	0.4
No answer	130	0.6	-0.9	4.4	-12.0	1.6	-5.4	11.1	-15.5	12.7	-20.6	10.8	-4.4

Impact of protectionism (by overseas business status): In the next 2-3 years

	No. of firms	Overall positive impacts		Overall negative impacts		Some level of positive and negative impacts		No impact		Unknown		No answer	
		Difference	%	Difference	%	Difference	%	Difference	%	Difference	%	Difference	%
Total	2,722	1.9	0.5	8.5	-14.7	2.1	-2.8	21.9	5.3	45.4	3.5	20.1	8.1
Business type													
Firms doing business overseas	2,336	2.0	0.6	9.0	-15.2	2.3	-2.8	21.9	5.8	46.8	4.9	18.0	6.8
Firms that have expanded overseas	966	1.7	0.1	12.0	-15.7	2.8	-3.3	21.3	6.3	48.4	8.9	13.8	3.7
Firms performing exports (narrow sense)	1,193	2.5	1.5	6.7	-14.2	2.1	-2.2	22.6	5.5	46.8	2.1	19.3	7.2
Firms performing imports (narrow sense)	177	0.0	-2.6	7.9	-9.7	0.6	-2.0	20.3	0.6	38.4	-5.1	32.8	18.8
Domestic firms	304	0.7	-0.4	4.9	-10.4	1.0	-2.6	23.0	3.3	36.2	-6.8	34.2	16.9
Unclassifiable firms	82	3.7	2.5	8.5	-10.1	2.4	-2.3	17.1	-3.8	40.2	4.2	28.0	9.4
Ratio of overseas sales													
Total (Firms performing exports that have expanded overseas)	2,159	1.6	0.2	6.7	-17.9	1.8	-3.4	16.3	0.4	35.2	-6.7	12.4	1.4
Less than 1%	98	1.3	0.0										

# Strong concern over US and China export control/strengthening regulations

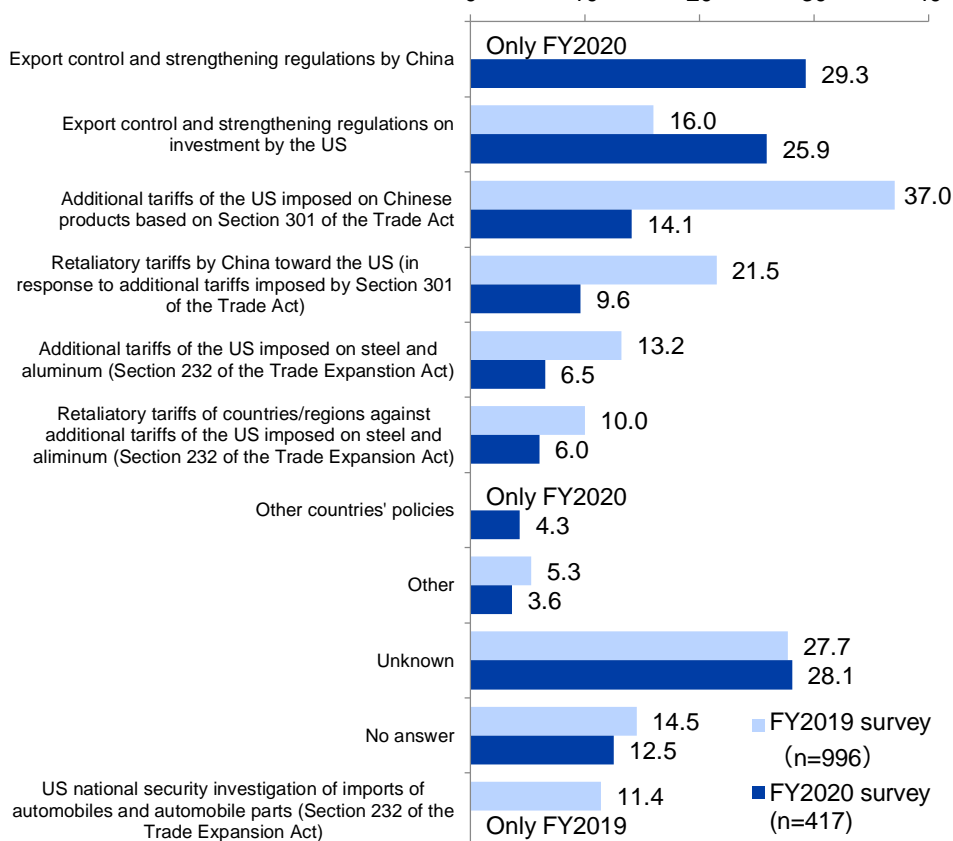
- At the time of the survey, “export control and strengthening regulations by China” has the highest response rate (29.3%) as specific trade policies continue to affect business. This is followed by “unknown” (28.1%) and “export control and strengthening regulations on investment by the US” (25.9%).
- Also in the outlook for next 2-3 years, the response rate for “export control and strengthening regulations by China” (36.4%) ranked highest, followed by “export control and strengthening regulations on investment by the US” (32.6%) and “unknown” (24.0%).

## Protectionist policies affecting business (total)

(At the time of survey)

(multiple answers, %)

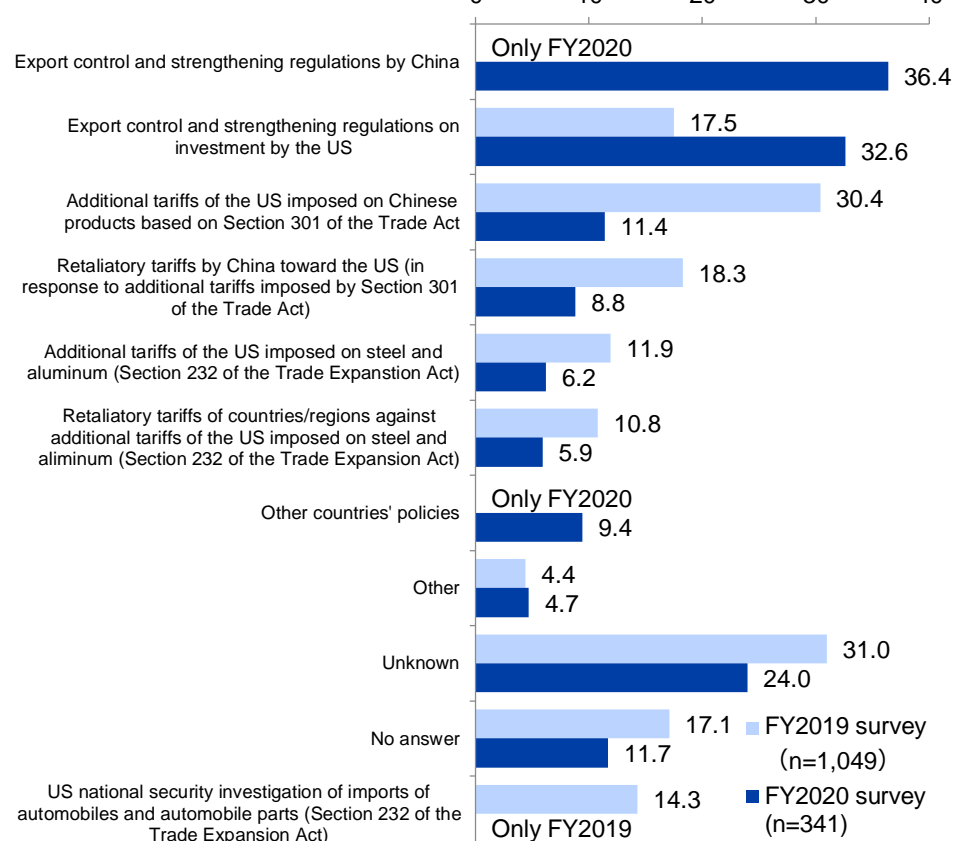
0 10 20 30 40



(In the next 2-3 years)

(multiple answers, %)

0 10 20 30 40



Note: n=the number of firms answered that trade protectionism had “overall positive impacts,” “overall negative impacts,” or “same level of positive and negative impacts” at each time.

# Ref: Protectionist policies affecting business (by size, by industry)

## Protectionist policies affecting business (by size, by industry): at the time of survey

(Multiple answers, %, % point)

	No. of firms	Export control and strengthening regulations by China	Export control and strengthening regulations on investment by the US		Additional tariffs of the US imposed on Chinese products based on Section 301 of the Trade Act		Retaliatory tariffs by China toward the US (in response to additional tariffs imposed by Section 301 of the Trade Act)		Additional tariffs of the US imposed on steel and aluminum (Section 232 of the Trade Expansion Act)		Retaliatory tariffs of countries/regions against additional tariffs of the US imposed on steel and aluminum (Section 232 of the Trade Expansion Act)		Other countries' policies	Other	Unknown		No answer	
			Difference	Difference	Difference	Difference	Difference	Difference	Difference	Difference	Difference	Difference			Difference	Difference	Difference	Difference
Large-scale firms	90	30.0	34.4	14.0	26.7	-24.0	13.3	-16.9	6.7	-9.1	6.7	-4.0	5.6	3.3	14.4	-7.4	12.2	3.4
SMEs	327	29.1	23.5	8.8	10.7	-22.6	8.6	-10.5	6.4	-6.0	5.8	-4.0	4.0	3.7	31.8	2.5	12.5	-3.5
Manufacturing	237	31.6	28.7	13.3	16.5	-23.6	8.9	-13.2	8.4	-5.2	7.2	-2.6	2.1	2.1	27.8	1.8	10.1	-4.7
Food & beverages	33	30.3	12.1	-6.6	6.1	-14.8	12.1	-5.0	0.0	-6.6	3.0	-2.5	3.0	0.0	42.4	10.6	12.1	-16.5
Textiles/clothing	10	10.0	0.0	-4.3	10.0	-20.4	0.0	-26.1	0.0	0.0	0.0	0.0	0.0	0.0	50.0	15.2	30.0	8.3
Wood & wood products/furniture & building materials/paper & pulp	10	50.0	20.0	11.3	10.0	-29.1	0.0	-21.7	10.0	-3.0	20.0	11.3	0.0	10.0	20.0	-6.1	10.0	-16.1
Chemicals	12	41.7	41.7	33.1	33.3	-29.5	25.0	-12.1	8.3	5.5	8.3	5.5	8.3	0.0	16.7	-11.9	16.7	11.0
Medical products & cosmetics	6																	
Coal & petroleum products/plastics/rubber products	10	30.0	40.0	21.5	40.0	-4.4	20.0	-2.2	0.0	-7.4	0.0	-3.7	0.0	0.0	0.0	-18.5	20.0	5.2
Ceramics/earth & stone	4																	
Iron & steel/non-ferrous metals/metal products	42	35.7	35.7	16.4	14.3	-31.5	11.9	-14.6	11.9	-15.8	14.3	-5.0	2.4	4.8	28.6	2.1	2.4	-2.4
General machinery	16	31.3	43.8	26.6	12.5	-29.7	6.3	-7.8	6.3	-9.4	6.3	0.0	0.0	0.0	25.0	-1.6	6.3	-3.1
Electrical equipment	20	30.0	55.0	36.3	15.0	-41.3	5.0	-35.6	5.0	-10.6	5.0	-10.6	0.0	5.0	25.0	6.3	20.0	7.5
IT equipment/electronic parts & devices	11	36.4	36.4	10.0	45.5	-12.4	18.2	-8.1	9.1	3.8	0.0	-5.3	0.0	0.0	9.1	-17.2	9.1	9.1
Cars/car parts/other transportation machinery	21	23.8	23.8	12.3	28.6	-8.0	9.5	-11.6	19.0	-2.1	4.8	-12.5	0.0	0.0	23.8	-1.2	4.8	-2.9
Precision equipment	12	41.7	33.3	20.0	0.0	-26.7	0.0	-10.0	33.3	23.3	16.7	10.0	16.7	0.0	16.7	-10.0	0.0	-33.3
Other manufacturing	30	30.0	16.7	4.3	10.0	-32.5	3.3	-15.8	6.7	-9.8	6.7	-5.7	0.0	3.3	33.3	14.2	10.0	-5.1
Non-manufacturing	180	26.1	22.2	5.5	11.1	-21.9	10.6	-10.2	3.9	-8.6	4.4	-5.9	7.2	5.6	28.3	-1.6	15.6	1.6
Trade and wholesale	92	28.3	25.0	9.7	13.0	-21.9	9.8	-11.8	6.5	-7.2	8.7	-1.9	6.5	6.5	27.2	2.1	12.0	-4.5
Retail	9																	
Construction	8																	
Transport	17	23.5	23.5	2.3	17.6	-21.7	23.5	-6.8	0.0	-24.2	0.0	-21.2	0.0	5.9	35.3	2.0	17.6	8.6
Finance & insurance	9																	
Communication, information & software	14	7.1	28.6	13.2	0.0	-30.8	0.0	-23.1	0.0	0.0	0.0	0.0	14.3	0.0	28.6	-17.6	35.7	28.0
Professional services	9																	
Other non-manufacturing	22	31.8	13.6	-4.1	9.1	-17.6	13.6	-1.9	0.0	-8.9	0.0	-8.9	9.1	4.5	18.2	-21.8	18.2	11.5

## Protectionist policies affecting business (by size, by industry): in the next 2-3 years

(Multiple answers, %, % point)

	No. of firms	Export control and strengthening regulations by China	Export control and strengthening regulations on investment by the US		Additional tariffs of the US imposed on Chinese products based on Section 301 of the Trade Act		Retaliatory tariffs by China toward the US (in response to additional tariffs imposed by Section 301 of the Trade Act)		Additional tariffs of the US imposed on steel and aluminum (Section 232 of the Trade Expansion Act)		Retaliatory tariffs of countries/regions against additional tariffs of the US imposed on steel and aluminum (Section 232 of the Trade Expansion Act)		Other countries' policies	Other	Unknown		No answer	
			Difference	Difference	Difference	Difference	Difference	Difference	Difference	Difference	Difference	Difference			Difference	Difference	Difference	
Large-scale firms	68	42.6	38.2	13.9	22.1	-16.5	13.2	-9.6	5.9	-7.0	5.9	-6.0	11.8	2.9	11.8	-12.0	13.2	-2.5
SMEs	273	34.8	31.1	15.3	8.8	-19.6	7.7	-9.5	6.2	-5.5	5.9	-4.6	8.8	5.1	27.1	-5.7	11.4	-6.0
Manufacturing	179	38.5	33.5	15.2	14.0	-18.1	8.9	-10.4	7.3	-5.5	7.3	-4.6	4.5	2.8	24.6	-5.6	11.2	-4.6
Food & beverages	31	41.9	19.4	5.8	9.7	-8.0	12.9	-1.7	0.0	-4.2	3.2	-0.9	3.2	3.2	32.3	-13.6	16.1	-5.7
Textiles/clothing	9																	
Wood & wood products/furniture & building materials/paper & pulp	8																	
Chemicals	7																	
Medical products & cosmetics	5																	
Coal & petroleum products/plastics/rubber products	10	30.0	40.0	16.9	30.0	-0.8	0.0	-23.1	0.0	-15.4	0.0	-11.5	10.0	0.0	10.0	-1.5	20.0	0.8
Ceramics/earth & stone	4																	
Iron & steel/non-ferrous metals/metal products	26	46.2	34.6	9.3	7.7	-26.5	3.8	-21.5	11.5	-16.3	11.5	-13.8	0.0	0.0	34.6	9.3	7.7	-3.7
General machinery	10	50.0	60.0	39.7	10.0	-29.1	0.0	-11.6	10.0	-3.0	10.0	-0.1	10.0	0.0	20.0	-7.5	0.0	-11.6
Electrical equipment	16	12.5	37.5	11.2	6.3	-33.2	6.3	-22.7	6.3	-6.9	0.0	-15.8	6.3	6.3	25.0	-6.6	25.0	17.1
IT equipment/electronic parts & devices	9																	
Cars/car parts/other transportation machinery	14	50.0	57.1	43.7	42.9	15.9	7.1	-10.2	14.3	-6.9	14.3	-6.9	14.3	0.0	14.3	-4.9	0.0	-9.6
Precision equipment	8																	
Other manufacturing	22	27.3	13.6	-4.8	9.1	-22.5	4.5	-12.6	9.1	-4.1	9.1	-5.4	4.5	0.0	36.4	8.7	9.1	-8.0
Non-manufacturing	162	34.0	31.5	15.0	8.6	-19.6	8.6	-8.3	4.9	-5.9	4.3	-5.0	14.8	6.8	23.5	-8.5	12.3	-6.3
Trade and wholesale	69	34.8	29.0	13.2	11.6	-19.3	5.8	-11.6	7.2	-5.5	7.2	-3.2	11.6	5.8	21.7	-5.7	11.6	-10.0
Retail	7																	
Construction	8																	
Transport	19	42.1	52.6	33.2	10.5	-36.7	21.1	-12.3	0.0	-19.4	0.0	-19.4	5.3	5.3	21.1	-3.9	10.5	-0.6
Finance & insurance	8																	
Communication, information & software	17	35.3	41.2	14.9	0.0	-21.1	5.9	-4.6	0.0	0.0	0.0	0.0	23.5	0.0	29.4	-7.4	17.6	7.1
Professional services	11	9.1	36.4	24.6	9.1	-2.7	0.0	-5.9	9.1	9.1	9.1	9.1	45.5	18.2	18.2	-17.1	9.1	-14.4
Other non-manufacturing	23	26.1	17.4	2.9	4.3	-13.4	13.0	3.4	0.0	-6.5	0.0	-6.5	4.3	8.7	30.4	-16.3	17.4	2.9

Notes: 1) n=the number of firms answered that trade protectionist had "overall positive impacts," "overall negative impacts," or "same level of positive and negative impacts" at each time.

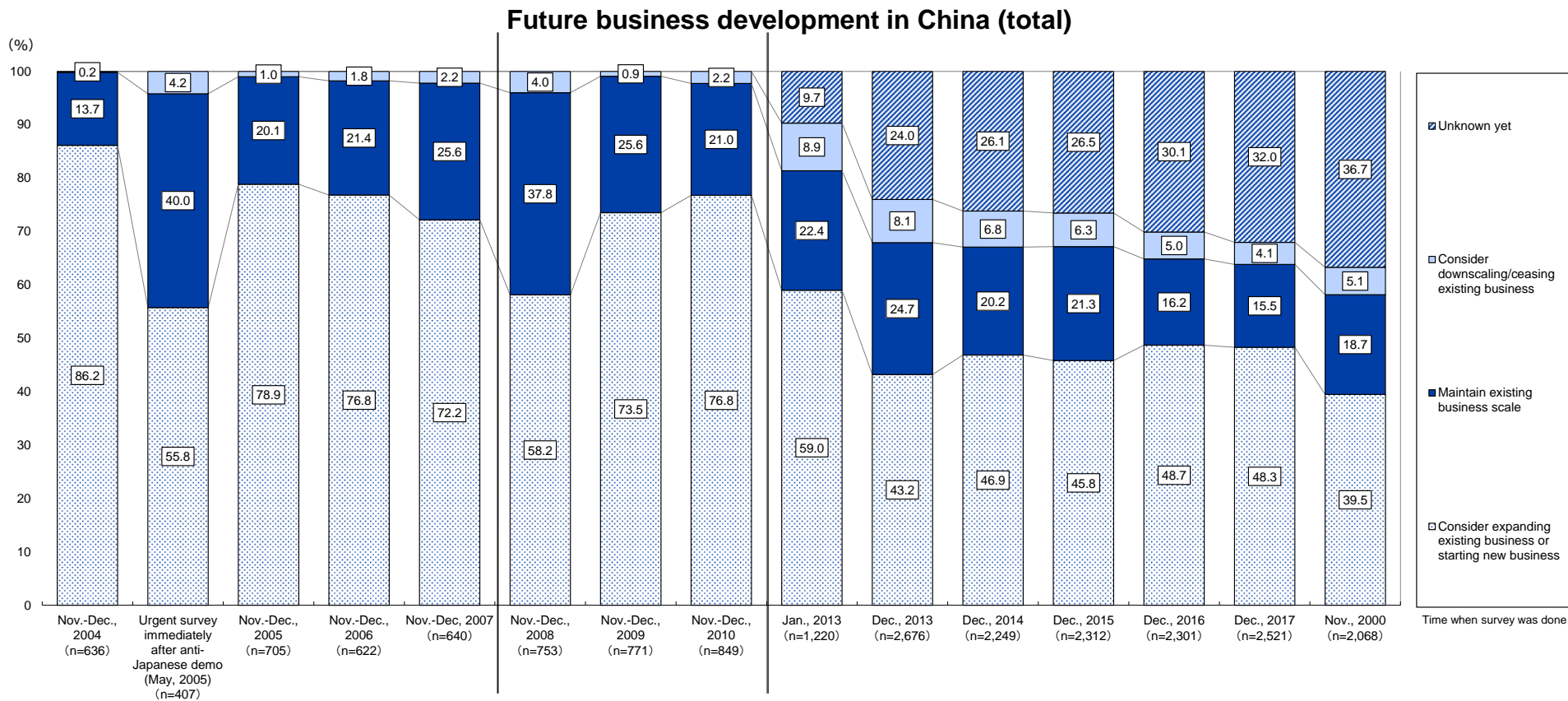
2) Difference is the value obtained by subtracting FY2019 survey result from FY2020 survey result.

3) Response ratio where the number of firms is fewer than 10 are not provided (diagonal line).



# Future business in China, increasing “unknown yet”

- As for the policy for business in China in general, the percentage of firms answering “consider expanding existing business or starting new business” is 39.5%, a decrease from the previous survey level of FY2017 (48.3%).
- “Unknown yet” has increased 4.7% points from the previous survey to 36.7%, and “maintain existing business scale” has increased 3.2% points to 18.7%.



Notes: 1) n=the total number of respondent firms, excluding “will not develop business from now on” and no answer. Answer for 2010 or before limited to those from JETRO members. 2) Before the November-December 2007 survey, industries were limited on manufacturing, trade and wholesale, and retail. 3) Since the January 2013 survey, “consider expanding existing business or starting new business” and “consider expanding existing business or starting new business, scaling/slowing down” were aggregated into “consider expanding existing business or starting new business” to count, and “consider downscaling business in China and transferring to other countries” and “consider ceasing business in China and expanding to other countries” were aggregated into “consider downscaling/ceasing existing business” to count. 4) This question was not asked in FY2011, FY2018, FY2019.

# Ref: future business in China (by size, by industry)

## Future business development in China (by size, by industry)

(% , % point)

	No. of firms	Consider expanding existing business or starting new business		Consider expanding existing business or starting new business, scaling/slowing down		Maintain existing business scale		Consider downscaling business in China and transferring to other countries		Consider ceasing business in China and expanding to other countries		Unknown yet		Will not develop business from now on		No answer	
			Difference		Difference		Difference		Difference		Difference		Difference		Difference		Difference
Large-scale firms	410	32.0	-15.9	8.0	2.1	16.6	1.2	2.2	1.4	0.7	0.2	18.8	3.2	18.0	6.5	3.7	1.3
SMEs	2,312	23.6	-7.0	4.6	0.7	13.8	2.2	3.4	0.9	0.6	-0.5	29.5	2.0	23.4	3.1	1.1	-1.4
Manufacturing	1,429	27.6	-10.3	6.0	1.2	15.9	2.4	3.6	1.2	0.6	-0.2	28.3	4.0	16.7	2.1	1.3	-0.5
Food & beverages	380	27.9	-2.8	4.5	2.2	10.5	2.5	2.1	1.0	0.3	-1.1	39.7	0.9	13.9	-0.9	1.1	-1.9
Textiles/clothing	88	25.0	-13.1	12.5	5.8	15.9	5.4	6.8	4.0	0.0	0.0	22.7	1.8	14.8	-5.2	2.3	1.3
Wood & wood products/furniture & building materials/paper & pulp	49	28.6	7.5	8.2	-0.6	16.3	12.8	4.1	0.6	2.0	0.3	22.4	-14.4	12.2	-10.6	6.1	4.4
Chemicals	59	42.4	-7.1	13.6	0.9	15.3	3.7	0.0	-4.2	0.0	0.0	23.7	15.3	5.1	-6.5	0.0	-2.1
Medical products & cosmetics	47	48.9	-12.5	2.1	0.7	10.6	0.6	4.3	1.4	0.0	-1.4	29.8	12.6	2.1	-3.6	2.1	2.1
Coal & petroleum products/plastics/rubber products	56	21.4	-21.6	3.6	-2.9	26.8	13.9	3.6	-1.8	1.8	1.8	21.4	5.3	16.1	5.3	5.4	-0.0
Ceramics/earth & stone	20	45.0	2.1	10.0	-1.4	10.0	-1.4	0.0	-2.9	0.0	0.0	30.0	10.0	5.0	-3.6	0.0	-2.9
Iron & steel/non-ferrous metals/metal products	161	17.4	-13.3	5.0	2.1	18.6	-1.8	6.8	2.9	0.0	0.0	21.1	-1.0	30.4	11.7	0.6	-0.5
General machinery	92	22.8	-15.8	5.4	0.4	28.3	4.2	3.3	2.0	2.2	0.9	21.7	7.2	14.1	-1.1	2.2	2.2
Electrical equipment	72	26.4	-10.7	9.7	3.0	19.4	2.6	2.8	-1.7	1.4	0.3	25.0	4.8	15.3	1.8	0.0	0.0
IT equipment/electronic parts & devices	32	25.0	-27.4	3.1	-6.4	25.0	21.8	6.3	6.3	0.0	-3.2	34.4	15.3	6.3	-4.9	0.0	-1.6
Cars/car parts/other transportation machinery	69	21.7	-15.0	13.0	7.9	17.4	-2.0	4.3	3.3	1.4	0.4	17.4	-7.1	24.6	14.4	0.0	-2.0
Precision equipment	65	33.8	-3.9	3.1	-1.8	15.4	-10.8	4.6	3.0	0.0	0.0	30.8	17.7	10.8	-4.0	1.5	-0.1
Other manufacturing	239	29.7	-14.4	3.8	0.8	14.2	1.4	2.9	0.5	0.8	0.8	25.5	4.7	22.6	6.8	0.4	-0.6
Non-manufacturing	1,293	21.8	-7.1	4.2	0.5	12.3	1.4	2.9	0.9	0.7	-0.7	27.5	1.0	29.0	5.4	1.7	-1.5
Trade and wholesale	584	28.1	-10.1	5.1	-0.0	16.4	2.9	3.8	1.1	0.7	-0.8	27.2	4.3	17.3	3.2	1.4	-0.7
Retail	128	21.1	-5.7	5.5	1.4	10.9	3.6	2.3	-0.1	0.8	-0.8	28.1	0.5	30.5	6.1	0.8	-4.9
Construction	78	9.0	-0.1	2.6	2.6	6.4	-5.4	1.3	-0.5	0.0	-0.9	21.8	-5.5	59.0	10.8	0.0	-0.9
Transport	55	34.5	6.9	9.1	6.5	16.4	4.5	3.6	3.6	0.0	-1.3	12.7	-14.9	23.6	-1.4	0.0	-3.9
Finance & insurance	62	6.5	-7.4	1.6	1.6	16.1	-3.3	1.6	1.6	1.6	1.6	25.8	6.4	33.9	-3.6	12.9	3.2
Communication, information & software	118	16.1	-6.6	2.5	1.5	2.5	-4.7	0.8	-0.2	0.8	-1.2	29.7	-4.4	46.6	16.7	0.8	-1.2
Professional services	65	16.9	-4.1	0.0	-3.7	7.7	2.8	3.1	1.8	1.5	-0.9	26.2	1.5	41.5	5.7	3.1	-3.1
Other non-manufacturing	203	15.3	-6.5	3.0	-0.4	8.4	4.0	2.5	1.0	0.5	-0.5	33.5	-2.7	36.0	7.9	1.0	-2.9

Notes: 1) n=the total number of respondent firms.

2) Difference is the value obtained by subtracting FY2017 survey result from FY2020 survey result.

## Future business development in China (firms affected by US-China trade friction)

(%)

	Consider expanding existing business or starting new business			Maintain existing business scale	Consider downscaling/ceasing existing business			Unknown yet	
		Consider expanding existing business or starting new business	Consider expanding existing business or starting new business, scaling/slowing down			Consider downscaling business in China and transferring to other countries	Consider ceasing business in China and expanding to other countries		
Total (n=2,068)		39.5	32.7	6.8	18.7	5.1	4.3	0.9	36.7
Firms affected by US-China trade friction (n=246)		53.3	39.8	13.4	19.9	8.5	7.7	0.8	18.3

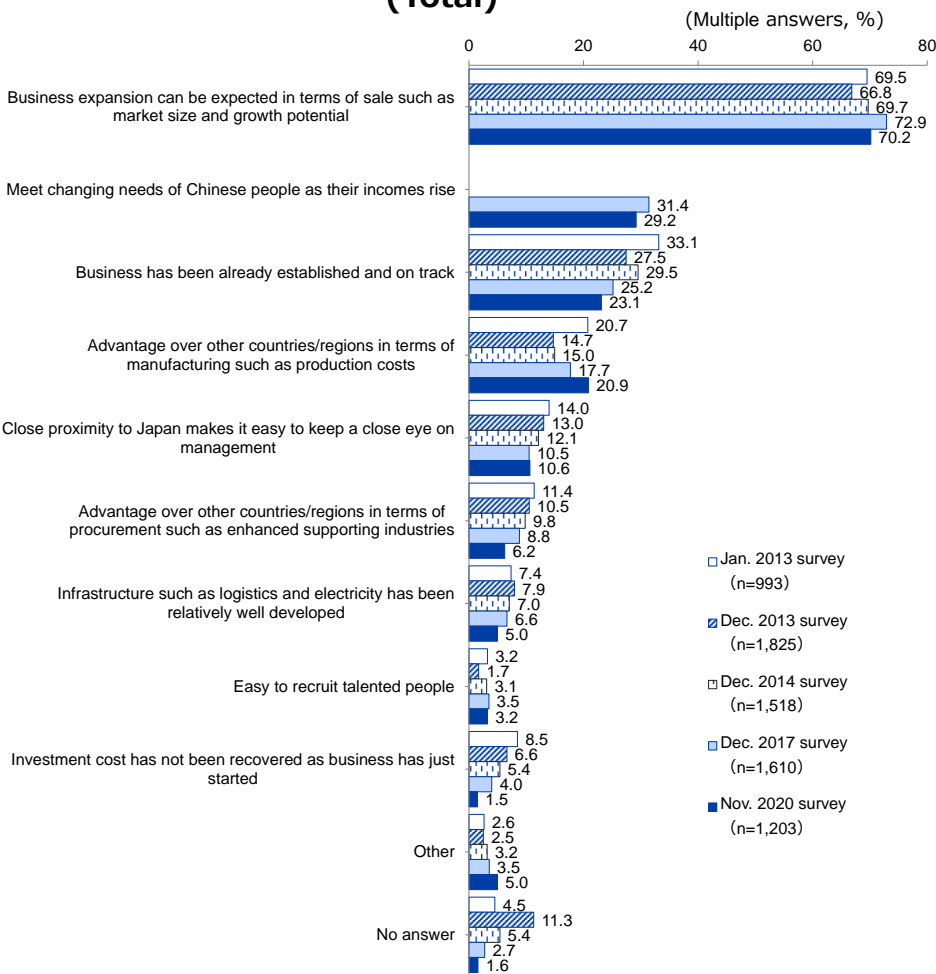
Notes: 1) n excludes "will not develop business from now on" and no answer.

2) "Firms affected by US-China trade friction" are firms that cited any one of "export control and strengthening regulations on investment by the US," "export control and strengthening regulations by China," "additional tariffs by the US toward China based on Section 301 of the Trade Act," and "retaliatory tariffs by China toward the US (in response to additional tariffs imposed by Section 301 of the Trade Act)" as policies affecting business at each time.

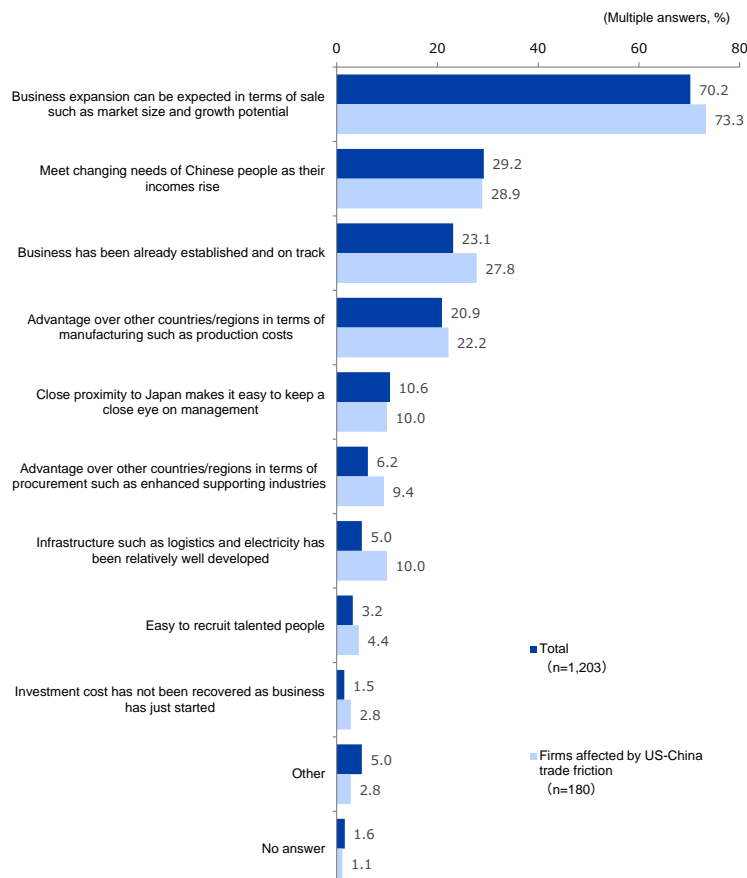
# Ref: reasons to expand/maintain business in China

## Reasons to expand/maintain business in China

(Total)



(Firms affected by US-China trade friction)



Notes: 1) n=the number of firms that answered "consider expanding existing business or starting new business" or "maintain existing business scale."  
 2) "Firms affected by US-China trade friction" are firms that cited any one of "export control and strengthening regulations on investment by the US," "export control and strengthening regulations by China," "additional tariffs by the US toward China based on Section 301 of the Trade Act," and "retaliatory tariffs by China toward the US (in response to additional tariffs imposed by Section 301 of the Trade Act)" as policies affecting business at each time.

Notes: 1) n=the number of firms that answered "consider expanding existing business or starting new business" or "maintain existing business scale."  
 2) Figures for "meet changing needs of Chinese people as their incomes rise" were obtained from the FY2017 survey.

# Ref: reasons to expand/maintain business in China (by size, by industry)

## Reasons to expand/maintain business in China (by size, by industry)

(Multiple answers, %, % point)

	No. of firms	Advantage over other countries/regions in terms of manufacturing such as production costs		Business expansion can be expected in terms of sale such as market size and growth potential		Meet changing needs of Chinese people as their incomes rise		Advantage over other countries/regions in terms of procurement such as enhanced supporting industries		Infrastructure such as logistics and electricity has been relatively well developed		Easy to recruit talented people		Close proximity to Japan makes it easy to keep a close eye on management		Business has been already established and on track		Investment cost has not been recovered as business has just started		Other		No answer	
			Difference		Difference		Difference		Difference		Difference		Difference		Difference		Difference		Difference		Difference		Difference
Large-scale firms	232	19.0	3.9	78.4	-3.8	24.1	-8.9	5.6	-4.2	3.4	-1.3	4.3	0.0	8.2	0.5	31.9	-2.1	1.3	-2.1	2.6	-0.8	0.9	-1.5
SMEs	971	21.3	2.7	68.2	-1.5	30.4	-0.5	6.4	-2.1	5.4	-1.9	3.0	-0.2	11.2	-0.3	21.0	-1.1	1.5	-2.6	5.6	2.0	1.8	-1.1
Manufacturing	708	20.2	3.4	73.3	-2.5	28.1	-3.0	6.2	-1.4	4.8	-1.3	2.8	0.4	9.0	-0.7	23.2	-0.7	1.3	-2.5	4.9	2.2	1.3	-2.0
Food & beverages	163	6.7	-0.4	82.2	4.1	47.2	2.4	1.2	-1.5	1.8	-2.5	1.2	0.1	8.0	0.3	17.2	1.9	0.6	-3.2	4.9	1.1	0.6	-4.3
Textiles/clothing	47	29.8	3.9	57.4	4.0	29.8	-15.0	8.5	-8.7	4.3	-7.8	0.0	-3.4	25.5	4.8	12.8	-7.9	0.0	-1.7	2.1	-3.0	0.0	-1.7
Wood & wood products/furniture & building materials/paper & pulp	26	30.8	9.7	69.2	-9.7	42.3	10.7	15.4	4.9	7.7	2.4	7.7	7.7	19.2	-1.8	15.4	-21.5	0.0	-5.3	0.0	0.0	0.0	0.0
Chemicals	42	14.3	-1.4	83.3	-3.8	21.4	-8.6	7.1	1.4	4.8	-1.0	2.4	-4.8	4.8	-1.0	40.5	-1.0	2.4	-3.3	2.4	1.0	2.4	1.0
Medical products & cosmetics	29	10.3	4.5	82.8	-9.4	34.5	-20.4	0.0	-5.9	0.0	-3.9	0.0	0.0	6.9	1.0	17.2	-12.2	0.0	-5.9	3.4	3.4	0.0	0.0
Coal & petroleum products/plastics/rubber products	29	17.2	-10.3	55.2	-12.1	24.1	-3.4	3.4	-10.3	3.4	-1.7	0.0	-3.4	13.8	-1.7	37.9	10.3	3.4	-3.4	6.9	1.7	0.0	0.0
Ceramics/earth & stone	13	23.1	14.4	76.9	-1.3	15.4	-6.4	0.0	-4.3	0.0	-4.3	0.0	4.3	7.7	-9.7	15.4	6.7	0.0	0.0	7.7	-1.0	7.7	7.7
Iron & steel/non-ferrous metals/metal products	66	36.4	16.4	62.1	-3.1	16.7	-16.0	10.6	2.2	10.6	3.2	7.6	4.4	6.1	-3.4	27.3	4.1	0.0	-5.3	4.5	2.4	3.0	-6.4
General machinery	52	21.2	1.5	65.4	-12.2	15.4	-3.3	9.6	5.9	1.9	-2.7	3.8	2.0	9.6	2.1	30.8	6.5	3.8	2.0	7.7	6.8	3.8	0.1
Electrical equipment	40	25.0	13.9	72.5	-1.6	12.5	-13.4	15.0	5.7	15.0	11.3	5.0	1.3	10.0	-3.0	25.0	4.6	0.0	0.0	2.5	-1.2	2.5	-4.9
IT equipment/electronic parts & devices	17	23.5	8.9	64.7	-15.8	5.9	-8.8	11.8	-0.4	11.8	2.0	0.0	0.0	5.9	-3.9	23.5	-8.2	0.0	-4.9	0.0	-2.4	0.0	-2.4
Cars/car parts/other transportation machinery	36	22.2	8.9	80.6	-2.8	22.2	5.6	5.6	-4.4	5.6	2.2	2.8	1.1	2.8	-5.6	41.7	10.0	0.0	-6.7	2.8	-0.6	0.0	-3.3
Precision equipment	34	17.6	-6.2	79.4	8.0	11.8	-7.3	8.8	-3.1	2.9	-9.0	5.9	3.5	11.8	2.2	23.5	-0.3	5.9	3.5	5.9	5.9	0.0	0.0
Other manufacturing	114	26.3	0.7	73.7	-2.3	28.1	1.6	4.4	-3.1	4.4	-3.1	2.6	0.2	5.3	-2.2	17.5	-2.3	1.8	-0.7	8.8	6.3	0.9	0.1
Non-manufacturing	495	21.8	2.7	65.7	-2.8	30.7	-1.3	6.3	-4.4	5.3	-2.2	3.8	-1.3	12.9	1.3	23.0	-4.2	1.8	-2.5	5.1	0.3	2.0	0.1
Trade and wholesale	290	26.6	1.7	64.8	-3.9	31.4	-3.0	6.9	-4.5	5.2	-3.6	2.8	-0.9	12.1	-1.1	24.1	-4.0	1.7	-1.9	5.2	2.6	2.4	0.6
Retail	48	16.7	-4.6	70.8	-5.8	37.5	1.3	4.2	-10.7	8.3	4.1	2.1	-0.0	16.7	6.0	16.7	-6.7	0.0	-6.4	4.2	-4.3	0.0	-2.1
Construction	14	21.4	4.0	71.4	10.6	21.4	21.4	14.3	1.2	0.0	0.0	7.1	-1.6	7.1	2.8	28.6	-10.6	0.0	-4.3	7.1	-1.6	7.1	2.8
Transport	33	12.1	9.0	57.6	-14.3	24.2	2.4	6.1	6.1	18.2	5.7	0.0	-9.4	18.2	8.8	36.4	-10.5	0.0	-9.4	3.0	-3.2	0.0	0.0
Finance & insurance	15	6.7	2.5	66.7	12.5	13.3	-15.8	6.7	-5.8	0.0	-4.2	6.7	2.5	6.7	2.5	26.7	-6.7	0.0	0.0	6.7	-14.2	6.7	6.7
Communication, information & software	25	20.0	10.0	76.0	6.0	36.0	2.7	4.0	-12.7	4.0	-9.3	20.0	-6.7	8.0	-12.0	20.0	3.3	0.0	-10.0	8.0	4.7	0.0	-3.3
Professional services	16	6.3	6.3	62.5	-8.3	31.3	6.3	6.3	-2.1	0.0	-4.2	12.5	0.0	18.8	18.8	12.5	-8.3	12.5	8.3	6.3	-6.3	6.3	6.3
Other non-manufacturing	54	16.7	8.5	64.8	-0.8	29.6	-4.8	3.7	-1.2	0.0	-1.6	1.9	1.9	14.8	5.0	16.7	1.9	3.7	0.4	3.7	-1.2	0.0	-3.3

Notes: 1) n=the number of firms that answered "consider expanding existing business or starting new business" or "maintain existing business (FY2020)."  
2) Difference is the value obtained by subtracting FY2017 survey result from FY2020 survey result.

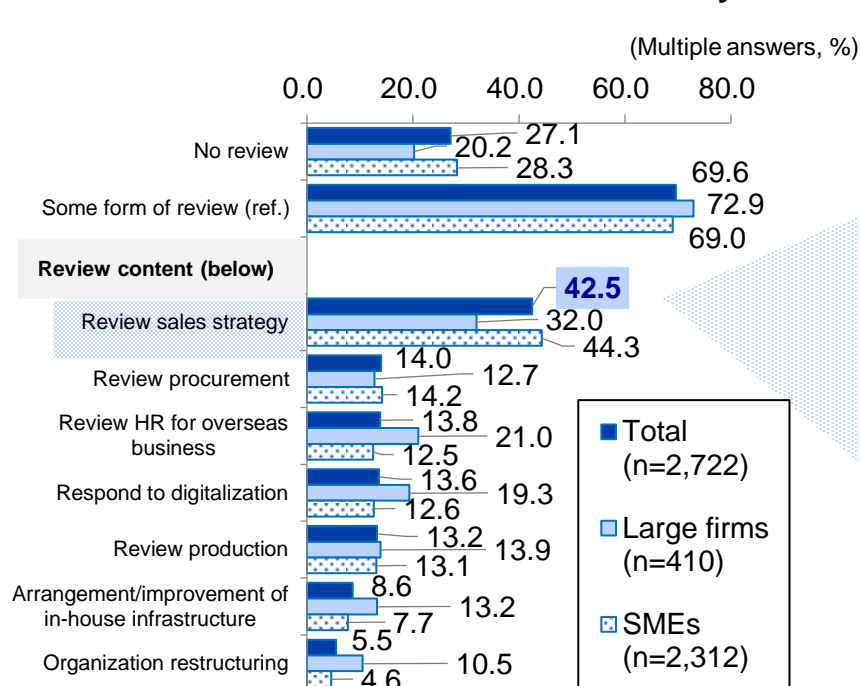
## 5. Review of Overseas Business

- Review of sales destinations ranked top followed by utilization of digital technology such as virtual exhibitions -

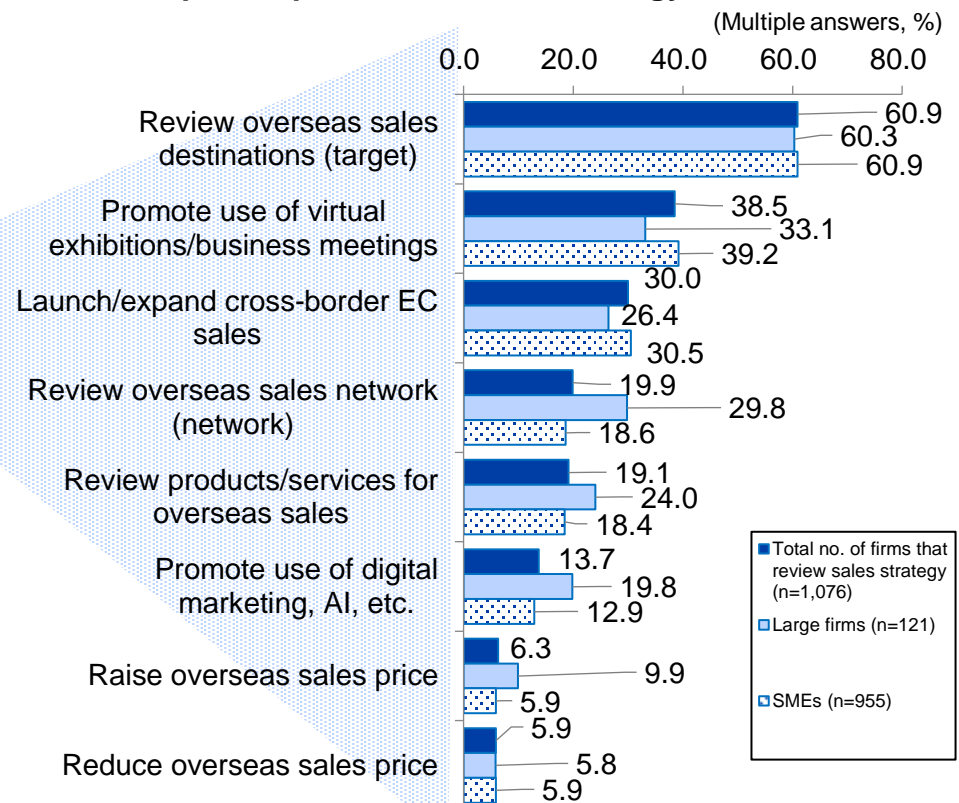
# 70% of firms review overseas business; review sales strategy and so on

- With overseas business risks have emerged, about 70% of firms review (reviewed) overseas business strategy and organizational structures. Looking at the review policy, the percentage of respondents who answered "review of sales strategy" was the highest at 42.5% (multiple answers). By company size, the percentage of SMEs was particularly large (44.3%).
- Regarding the specific content of sales strategy reviews, "review of sales destinations" exceeded 60%. In addition, it became clear that **a high percentage of firms are working to develop sales channels through digital utilization**, such as "virtual exhibitions" (38.5%) and "cross-border EC" (30.0%).

## Policies/content of overseas business review: By firm size



## Specific policies for sales strategy review

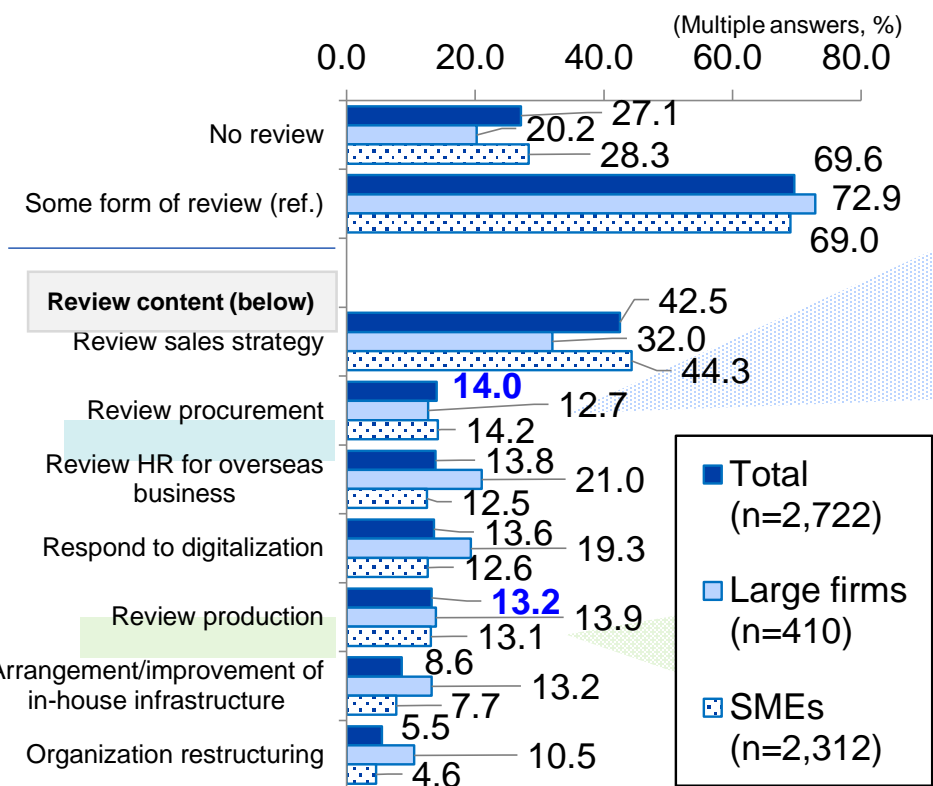


Note: n=the number of firms that selected specific review for the review among those who answered "review sales strategy" regarding review policy.

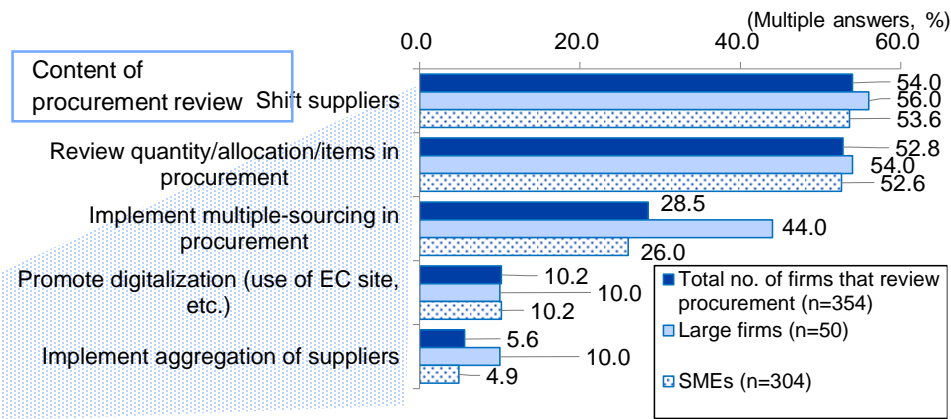
# Some firms review procurement/production

- In terms of review policies for overseas business, **less than 20% of firms answered that they review “procurement” (14.0%) and/or “production” (13.2%).**
- Shifting suppliers and reviewing procurement details (quantity/items) exceeded 50% in the content of “procurement” review. Reviewing quantity/items was the highest in the content of production review. Reviewing “areas of production” was about 30%. **The ratio of firms that enhance new/capital investments (27.5%) exceeded those who cancel/suspend (19.8%).**

Policies/content of overseas business review: By firm size



Specific policies for procurement/production review



Note: n=the number of firms that answered specific policies for the review among those who answered “review procurement” in terms of review policies.

Notes: 1) n=the total number of respondent firms. 2) The response rate for “some form of review”=100%-“no review”+“no answer”. 3) The original expression of the answer option “review HR for overseas business” is “review HR for overseas business (secure/develop HR (Japanese, foreigner), employment conditions)”.

Note: n=the number of firms that answered specific policies for the review among those who answered “review production” in terms of review policies.

# Ref: Review policies for overseas business (by industry)

	No. of firms	Review sales strategy	Review procurement	Review HR for overseas business	Respond to digitalization	Review production	Arrangement/improvement of in-house	Organization restructuring	Develop Business Continuity Plan (BCP)	Treasury/finance	Other	No review	No answer	Some form of review (ref)
Total	2,722	<b>42.5</b>	14.0	13.8	13.6	13.2	8.6	5.5	4.6	4.0	4.3	27.1	3.3	69.6
Manufacturing	1,429	<b>47.2</b>	16.8	13.1	14.2	19.0	8.9	6.4	5.2	3.7	4.4	24.2	2.3	73.5
Food & beverages	380	<b>51.1</b>	12.4	11.8	10.5	14.7	8.7	4.7	3.4	3.4	5.3	25.8	2.1	72.1
Textiles/clothing	88	<b>58.0</b>	10.2	15.9	18.2	23.9	5.7	5.7	2.3	3.4	2.3	23.9	0.0	76.1
Wood & wood products/furniture & building materials/paper & pulp	49	<b>42.9</b>	14.3	10.2	16.3	14.3	14.3	6.1	8.2	4.1	8.2	26.5	8.2	65.3
Chemicals	59	<b>44.1</b>	25.4	8.5	23.7	16.9	6.8	6.8	13.6	1.7	6.8	18.6	5.1	76.3
Medical products & cosmetics	47	<b>51.1</b>	14.9	14.9	12.8	12.8	8.5	2.1	6.4	6.4	2.1	27.7	6.4	66.0
Coal & petroleum products/plastics/rubber products	56	<b>37.5</b>	23.2	10.7	10.7	30.4	10.7	16.1	12.5	3.6	3.6	17.9	5.4	76.8
Ceramics/earth & stone	20	<b>45.0</b>	20.0	5.0	25.0	30.0	25.0	10.0	10.0	5.0	10.0	25.0	0.0	75.0
Iron & steel/non-ferrous metals/metal products	161	<b>42.9</b>	16.1	13.0	12.4	23.0	9.3	6.2	3.1	2.5	2.5	28.6	3.7	67.7
General machinery	92	<b>42.4</b>	13.0	20.7	19.6	17.4	8.7	8.7	6.5	3.3	4.3	20.7	2.2	77.2
Electrical equipment	72	<b>55.6</b>	22.2	19.4	16.7	13.9	12.5	12.5	8.3	4.2	2.8	19.4	1.4	79.2
IT equipment/electronic parts & devices	32	<b>31.3</b>	18.8	15.6	12.5	15.6	6.3	3.1	3.1	0.0	6.3	<b>31.3</b>	3.1	65.6
cars/car parts/other transportation machinery	69	31.9	23.2	18.8	26.1	<b>39.1</b>	11.6	10.1	11.6	8.7	0.0	20.3	0.0	79.7
Precision equipment	65	<b>47.7</b>	21.5	9.2	10.8	18.5	9.2	4.6	4.6	3.1	7.7	18.5	1.5	80.0
Other manufacturing	239	<b>49.4</b>	20.1	10.9	12.1	17.6	6.3	4.6	2.5	4.2	4.6	25.1	0.4	74.5
Non-manufacturing	1,293	<b>37.2</b>	10.8	14.6	12.9	6.8	8.2	4.6	4.0	4.4	4.3	30.2	4.4	65.4
Trade and wholesale	584	<b>41.8</b>	16.4	12.0	11.3	8.9	7.7	3.9	4.5	4.3	2.7	28.8	3.9	67.3
Retail	128	<b>47.7</b>	11.7	10.2	13.3	5.5	3.9	3.1	1.6	4.7	3.1	31.3	1.6	67.2
Construction	78	23.1	10.3	19.2	14.1	3.8	11.5	6.4	6.4	2.6	2.6	<b>33.3</b>	2.6	64.1
Transport	55	18.2	5.5	<b>21.8</b>	16.4	0.0	14.5	14.5	5.5	3.6	7.3	18.2	7.3	74.5
Finance & insurance	62	8.1	0.0	12.9	12.9	0.0	6.5	4.8	4.8	0.0	8.1	<b>43.5</b>	12.9	43.5
Communication, information & software	118	<b>39.0</b>	6.8	23.7	15.3	4.2	14.4	5.1	5.1	5.9	3.4	31.4	2.5	66.1
Professional services	65	<b>38.5</b>	0.0	20.0	16.9	7.7	7.7	1.5	4.6	4.6	9.2	29.2	1.5	69.2
Other non-manufacturing	203	<b>35.5</b>	4.9	14.8	13.3	7.9	6.4	4.4	2.0	5.9	6.9	31.5	6.9	61.6

Notes: 1) Highlighted cells indicate the top 5 industries that gained higher response rates in answer options "sales strategy", "procurement", and "production". Shaded cells indicate the top 5 industries that gained higher response rates in answer options "HR", "digitalization", and "no review". Bold digits show the items with the highest response rate for each industry (excluding "some form of review"). 2) The response rate for "some form of review"=100%-"no review"+"no answer". Copyright © 2021 JETRO. All rights reserved.

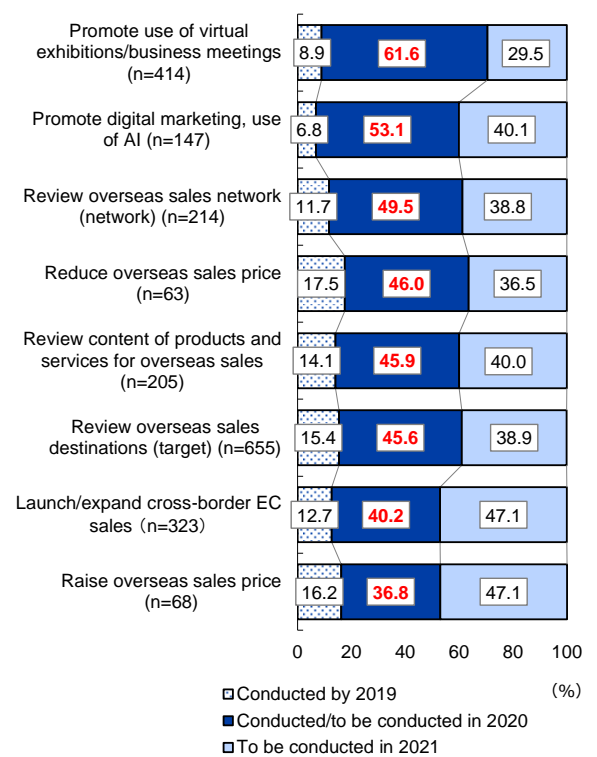


# Virtual exhibitions in 2020, cross-border EC in 2021

■ For the content of reviews conducted in 2020, **"virtual exhibition"** in sales strategy (61.6%); **"quantity/items"** in procurement (55.6%); **"cancel new investments"** (62.7%) and **"quantity/items"** (62.2%) in production accounted for about 60% in each answer option. It shows that firms preferentially handled items they were able to conduct due to impact of COVID-19. For **"cross-border EC"** in sales (47.1%) and **"areas of production"** in production (42.5%) among highly ranked items in review content, over 40% of firms plan to conduct review in 2021, showing that they have decided policies but can not conduct yet.

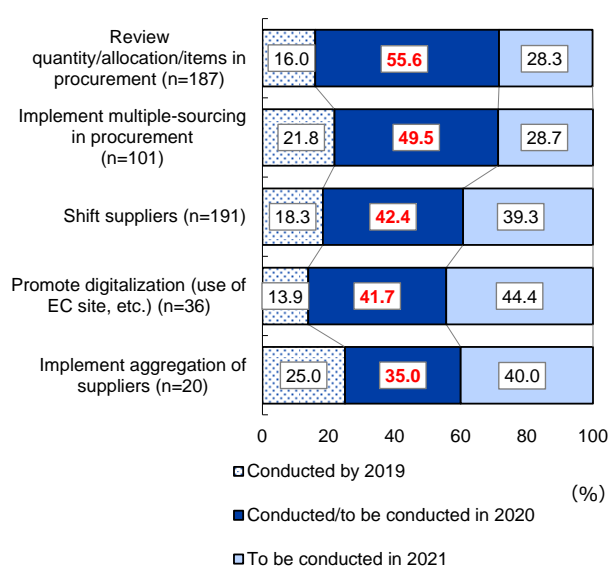
**Timing for overseas business review (surveyed firms that chose "sales strategy", "procurement", and "production" review, and its timing in terms of review policies for overseas business)**

### (Review sales strategy)



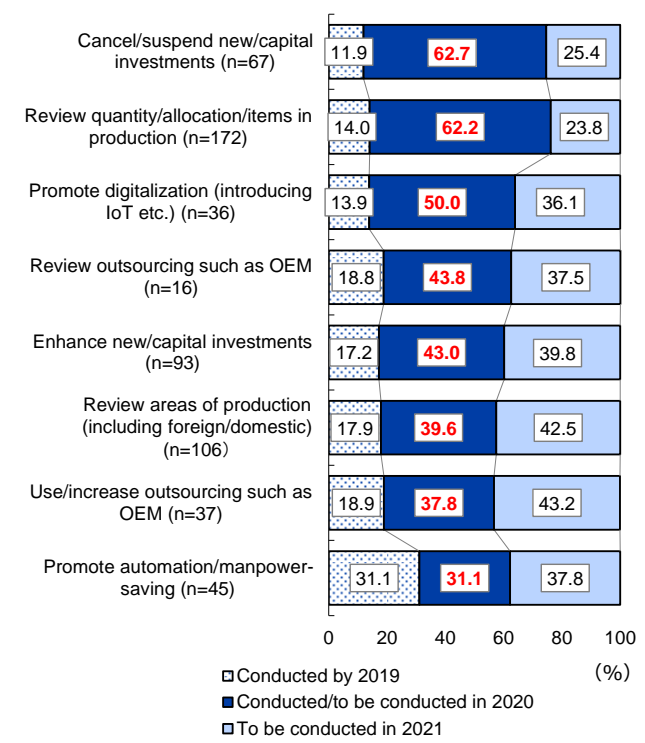
Notes: 1) n=the number of firms in each item. 2) Surveyed firms that answered timing for the review among those who chose "review sales strategy" in terms of review policies.

### (Review procurement)



Notes: 1) n=the number of firms in each item. 2) Surveyed firms that answered timing for the review among those who chose "review procurement" in terms of review policies.

### (Review production)



Notes: 1) n=the number of firms in each item. 2) Surveyed firms that answered timing for the review among those who chose "review production" in terms of review policies.

# Comments on sales strategy review

## (Review sales strategy)

Review overseas sales destinations (target)	Region	<p>"<b>Expand prospective countries</b> for export to <b>diversify risks</b>" (Trade/wholesale)</p> <p>"<b>Set priorities of partner countries</b>" (Other manufacturing)</p> <p>"<b>Narrow down</b> target countries for sales" (Electrical equipment)</p> <p>"Shift from Asia to <b>US and EU</b>" (Wood &amp; wood products (excluding furniture))</p> <p>"<b>Shifted to domestic sales</b>" (Trade and wholesale)</p>	<p>Promote use of <b>virtual sales exhibitions/business meetings</b></p>	<p>"<b>Online meeting with unacquainted</b> prospective agencies" (General machinery)</p> <p>"Plan to hold our <b>own virtual exhibition</b>" (Electrical equipment)</p> <p>"Actively participate in <b>JETRO business meeting</b>" (Food &amp; beverages)</p> <p>"Use <b>matching service</b>" (Real estate)</p> <p>"Advertise products on <b>web catalog for overseas</b>" (Electrical equipment)</p> <p>Create <b>easy-to-understand materials</b>" (Agriculture/forestry/fisheries)</p> <p>"Virtual <b>demonstration</b> using <b>VR</b>" (Precision equipment (including medical device))</p>	
	Industry	<p>"Shift from focusing on eating-out to <b>enhancing retail/EC</b>" (Trade and wholesale)</p> <p>"Shift from car industry to <b>food</b>" (Electrical equipment)</p> <p>"Develop <b>BtoC</b> by our <b>own brand</b> in addition to existing BtoB in <b>China</b>" (Food &amp; beverages)</p>		<p>Launch/expand <b>cross-border EC sales</b></p>	<p>"Establish as <b>a new business</b> in <b>unprofitable</b> department" (Professional services (consulting/legal, etc.))</p> <p>"<b>Expand products for EC sales</b>" (General machinery)</p> <p>"Launch website for <b>BtoB</b>" (Trade and wholesale)</p> <p>"<b>Developing original products</b> (for cross-border EC sales) (Other services (travel, entertainment, etc.))</p> <p>"Cooperate with <b>outside firms</b>" (Textiles)</p> <p>"Advertise on <b>industry website</b>" (Metal products)</p> <p>"<b>Suspend</b> globalization of <b>our own EC website</b> and <b>shift to use of local online malls</b>" (Textiles)</p>
	Customer (demographic)	<p>"Review <b>end user</b>" (Metal products)</p> <p>"Focus on customers whom we can sell <b>without visiting them</b>" (Chemicals)</p> <p>"Conduct <b>credit research</b>" (Food &amp; beverages)</p> <p>"Approach <b>non-Japanese firms</b>" (Electronic parts &amp; devices)</p> <p>"Follow-up <b>sales</b> system by whole group for <b>leads (prospects) relegated</b> from China <b>to Vietnam</b> to avoid mistakes" (Plastic products)</p> <p>"<b>Expand</b> sales to <b>luxury brands</b>" (Textiles)</p>			

# Comments on procurement/production review

## (Review procurement)

Shift <b>suppliers</b>	<p>"<b>Directly</b> secure <b>multiple overseas</b> vendors, not through domestic vendors" (Other manufacturing)</p> <p>"Shift to <b>domestic products</b> with low risks of deadline/performance" (Trade and wholesale)</p> <p>"Shift from <b>China</b> to <b>ASEAN</b> in procurement" (Car parts)</p> <p>"<b>Evaluate</b> suppliers by <b>quality/price</b>" (Other manufacturing)</p>
Review <b>quantity/allocation/items</b> in procurement	<p>"Review in-house <b>basic inventory</b>" (Other transportation machinery)</p> <p>"<b>Prospectively increase</b> buying volume and <b>change buying items</b>" (Trade and wholesale)</p> <p>"<b>Grasp the details of</b> buying <b>volume</b>" (Trade/wholesale)</p> <p>"<b>Expand the number of</b> procurement <b>items</b>" (Ceramics/earth &amp; stone)</p> <p>"<b>Curb</b> material <b>procurement</b> due to sales decline" (Other manufacturing)</p> <p>"<b>Reduce</b> purchase <b>frequency</b>" (Other manufacturing)</p>
Implement <b>multiple-sourcing</b> in procurement	<p>"<b>Multiple-sourcing procurement</b> in/outside of Japan" (Other manufacturing)</p> <p>"Plan to import same products from <b>other countries</b>" (Trade and wholesale)</p> <p>"<b>Research</b> overseas suppliers other than <b>South Korea/China</b>" (Metal products)</p>

## (Review production)

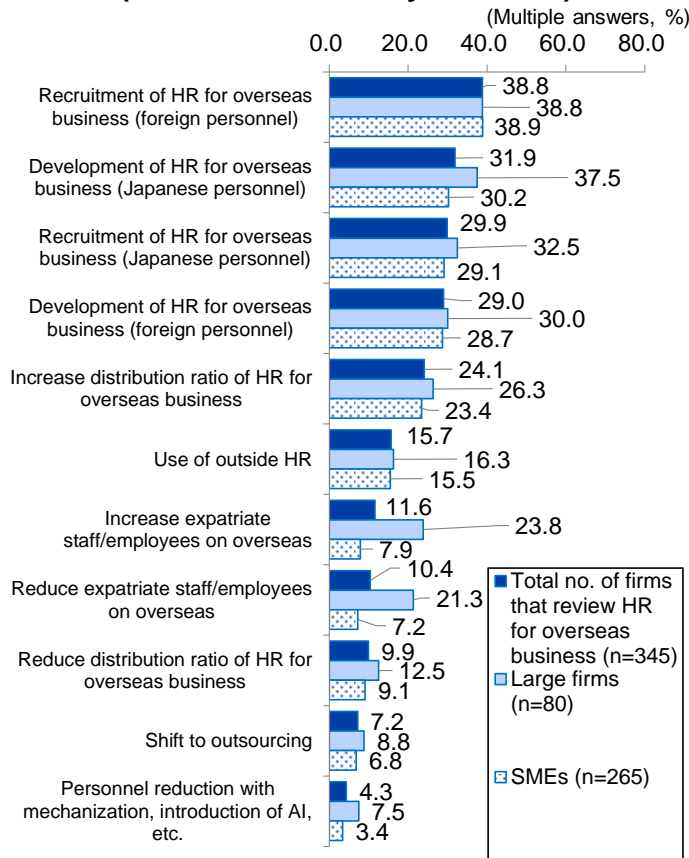
Review <b>quantity/allocation/items</b> in production	<p>"Review mutually <b>complementary system between group bases</b>" (Car parts)</p> <p>"<b>Increase production</b> to meet increased demand" (Other manufacturing)</p> <p>"Produce <b>small-volume products</b>" (Food &amp; beverages)</p> <p>"<b>Control</b> production volume by checking <b>inventory</b>" (Trade and wholesale)</p> <p>"<b>Reduce the number of</b> production <b>items</b>" (Food &amp; beverages)</p> <p>"<b>Diversify destinations</b> of products" (Metal products)</p> <p>"<b>Effective use of</b> (production) <b>subsidiaries</b>" (General machinery)</p> <p>"Develop <b>products to meet</b> overseas <b>needs</b>" (Agriculture/forestry/fisheries)</p>
Review areas of production (including foreign/domestic)	<p>"<b>Partially relegate production function</b> from China to Vietnam" (Other manufacturing)</p> <p>"Shift from producing in various bases to <b>aggregating</b> production <b>by item</b>" (Other manufacturing)</p> <p>"<b>Domestically manufacture a part of</b> overseas products" (Ceramics/earth &amp; stone)</p> <p>"Relegate (areas of production) <b>from domestic to overseas</b>" (Metal products)</p> <p>"Develop <b>new areas of production</b>" (Clothing)</p> <p>"Expand market share in <b>EU</b>" (Clothing)</p> <p>"<b>Review</b> existing (manufacturing) <b>business partners to improve quality</b>" (Textiles)</p> <p>"Increase <b>the in-house ratio</b> (of production)" (Other manufacturing)</p> <p>"<b>Diversify</b> production" (Other manufacturing)</p>
<b>Enhance</b> new/capital investments	<p>"Consider enhancing domestic production facilities <b>expecting a return to domestic production</b>" (Chemicals)</p> <p>"<b>Local procurement</b> of equipment" (Trade/wholesale)</p> <p>"<b>Add</b> production <b>line</b>" (Textiles)</p> <p>"<b>Develop materials in-house</b>" (Trade and wholesale)</p> <p>"Shift to <b>in-house prototyping</b>" (Trade and wholesale)</p> <p>"Implement new capital investments, planned to be carried out in three to five years, <b>ahead of schedule</b> in 2021" (Plastic products)</p> <p>"Production of <b>newly ordered</b> products" (Car parts)</p> <p>"Advance into <b>the medical field</b>" (Other transportation machinery)</p> <p>"Capital investments due to <b>changes in manufacturing process</b>" (Medical products &amp; cosmetics)</p> <p>"<b>Update</b> equipment" (Wood &amp; wood products (excluding furniture))</p> <p>"New capital investments for products cater to <b>new demands</b>" (Food &amp; beverages)</p>
<b>Cancel/suspend</b> new/capital investments	<p>"<b>Suspended new plant construction</b> according to business situations in some areas" (Chemicals)</p> <p>"<b>Suspend</b> capital investments due to <b>a fall in production</b>" (Car parts)</p> <p>"Suspend large-scale capital investments <b>for two years</b>" (Food &amp; beverages)</p>

# Recruitment/development of foreigners/Japanese ranked high

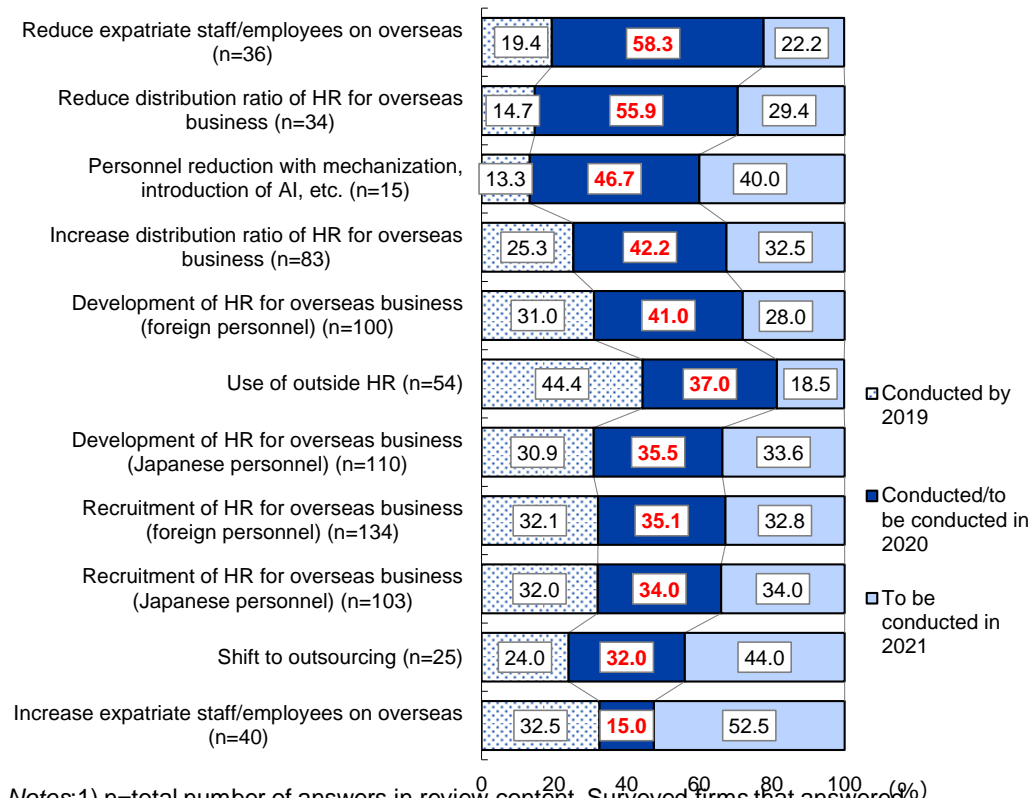
- Among firms that chose “review human resources (HR) for overseas business” in review policies for overseas business, 30 to 40% of firms answered (multiple answers) system development in recruitment/development of HR such as “**recruitment of foreign/Japanese personnel**” (38.8%, 29.9%), “**development of Japanese employee/foreign personnel**” (31.9%, 29.0%) in the review content. For content of review **conducted in 2020**, “**reduce expatriate staff/distribution ratio of HR for overseas business**” (58.3%, 55.9%) were not ranked high in review content but accounted for 60% of the total.

**Review HR for overseas business (surveyed firms that chose “review HR for overseas business” (left) in review policies for overseas business, and timing of the review (right))**

**(Review content: By firm size)**



**(Timing to conduct review)**



Notes: 1) n=total number of answers in review content. Surveyed firms that answered timing for review among those who chose "review HR for overseas business" in review policies. 2) The table only shows the items where the number of respondent firms is 10 or more.

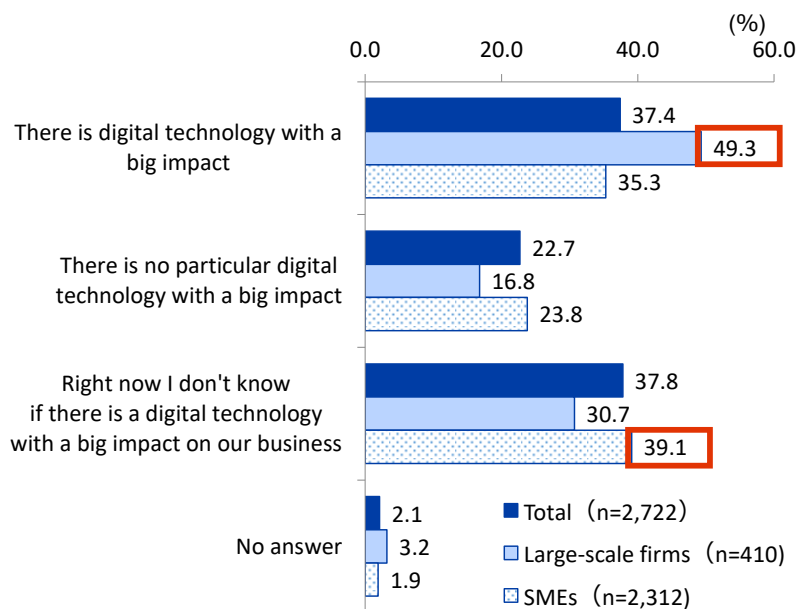
## 6. Utilization and issues of digital technology

- Large-scale firms and SMEs show different perception toward digital technology -

# Majority of large-scale firms recognize the impact

- Regarding views on digital technology, **49.3% of large-scale firms are aware of its impact, while 40% of SMEs are not certain about its potential impact**, showing they have different perception.
- By industry, more than 50% of the firms in “communication, information & software,” “finance & insurance,” and “IT equipment/electronic parts & devices” say “there is digital technology with a big impact.”

### Views on digital technology (by firm size)



Note: n=the total number of respondent firms.

\* “Digital technology” in this survey refers to “new digital technology and business practices using such technology that would change the existing way of doing business,” specifically including e-commerce (EC), robots, 3D printers, IoT (Internet of things), big data, artificial intelligence (AI), and FinTech.

### Views on digital technology (by industry)

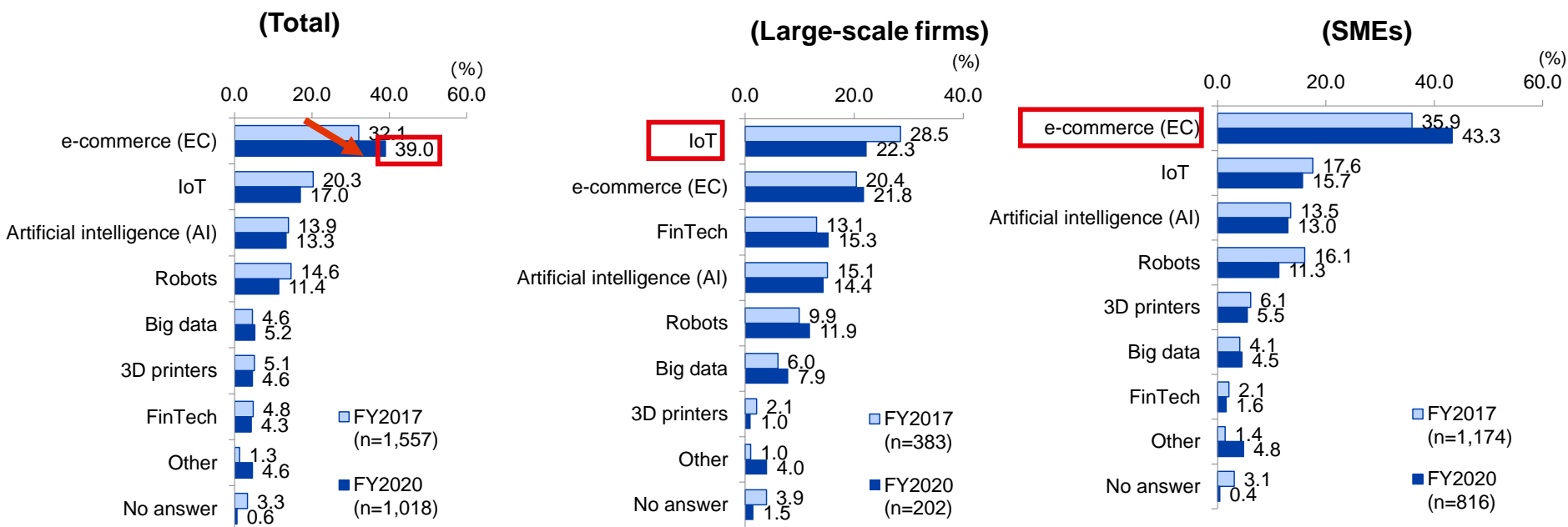
	Number of firms	There is digital technology with a big impact	There is no particular digital technology with a big impact	Right now I don't know if there is a digital technology with a big impact on our business	No answer
Total	2,722	37.4	22.7	<b>37.8</b>	2.1
Manufacturing	1,429	<b>37.4</b>	24.5	35.8	2.2
Food & beverages	380	33.9	22.6	<b>41.8</b>	1.6
Textiles/clothing	88	<b>36.4</b>	<b>30.7</b>	29.5	3.4
Wood & wood products/furniture & building materials/paper & pulp	49	34.7	18.4	<b>44.9</b>	2.0
Chemicals	59	33.9	25.4	<b>40.7</b>	-
Medical products & cosmetics	47	<b>36.2</b>	23.4	29.8	10.6
Coal & petroleum products/plastics/rubber products	56	<b>42.9</b>	<b>28.6</b>	19.6	8.9
Ceramics/earth & stone	20	30.0	<b>35.0</b>	<b>35.0</b>	-
Iron & steel/non-ferrous metals/metal products	161	<b>41.0</b>	19.9	36.0	3.1
General machinery	92	<b>48.9</b>	25.0	25.0	1.1
Electrical equipment	72	<b>41.7</b>	<b>26.4</b>	30.6	1.4
IT equipment/electronic parts & devices	32	<b>56.3</b>	18.8	25.0	-
Cars/car parts/other transportation machinery	69	<b>42.0</b>	23.2	34.8	-
Precision equipment	65	<b>38.5</b>	23.1	35.4	3.1
Other manufacturing	239	<b>32.2</b>	<b>28.5</b>	<b>38.1</b>	1.3
Non-manufacturing	1,293	37.4	20.8	<b>40.0</b>	1.9
Trade and wholesale	584	31.0	22.1	<b>45.7</b>	1.2
Retail	128	<b>39.8</b>	24.2	34.4	1.6
Construction	78	<b>38.5</b>	23.1	<b>38.5</b>	-
Transport	55	<b>36.4</b>	12.7	<b>49.1</b>	1.8
Finance & insurance	62	<b>61.3</b>	14.5	14.5	9.7
Communication, information & software	118	<b>66.1</b>	10.2	22.9	0.8
Professional services	65	<b>41.5</b>	26.2	32.3	-
Other non-manufacturing	203	28.6	22.7	<b>45.3</b>	3.4

Notes: 1) n=the total number of respondent firms. 2) Shaded cells indicate top 5 industries with the highest percentage response for each item. Bold digits indicate items with the highest percentage response for each industry.

# Hoping for utilization of EC

- Firms that answered “EC” as “digital technology with the biggest impact” increased by 7.0 percentage points from FY2017, indicating that utilization of EC has been drawing attention owing to COVID-19 pandemic.
- For digital technology with the biggest impact, the top answer among large-scale firms was “IoT,” showing that they had a different perception from SMEs.

## Digital technology with the biggest impact

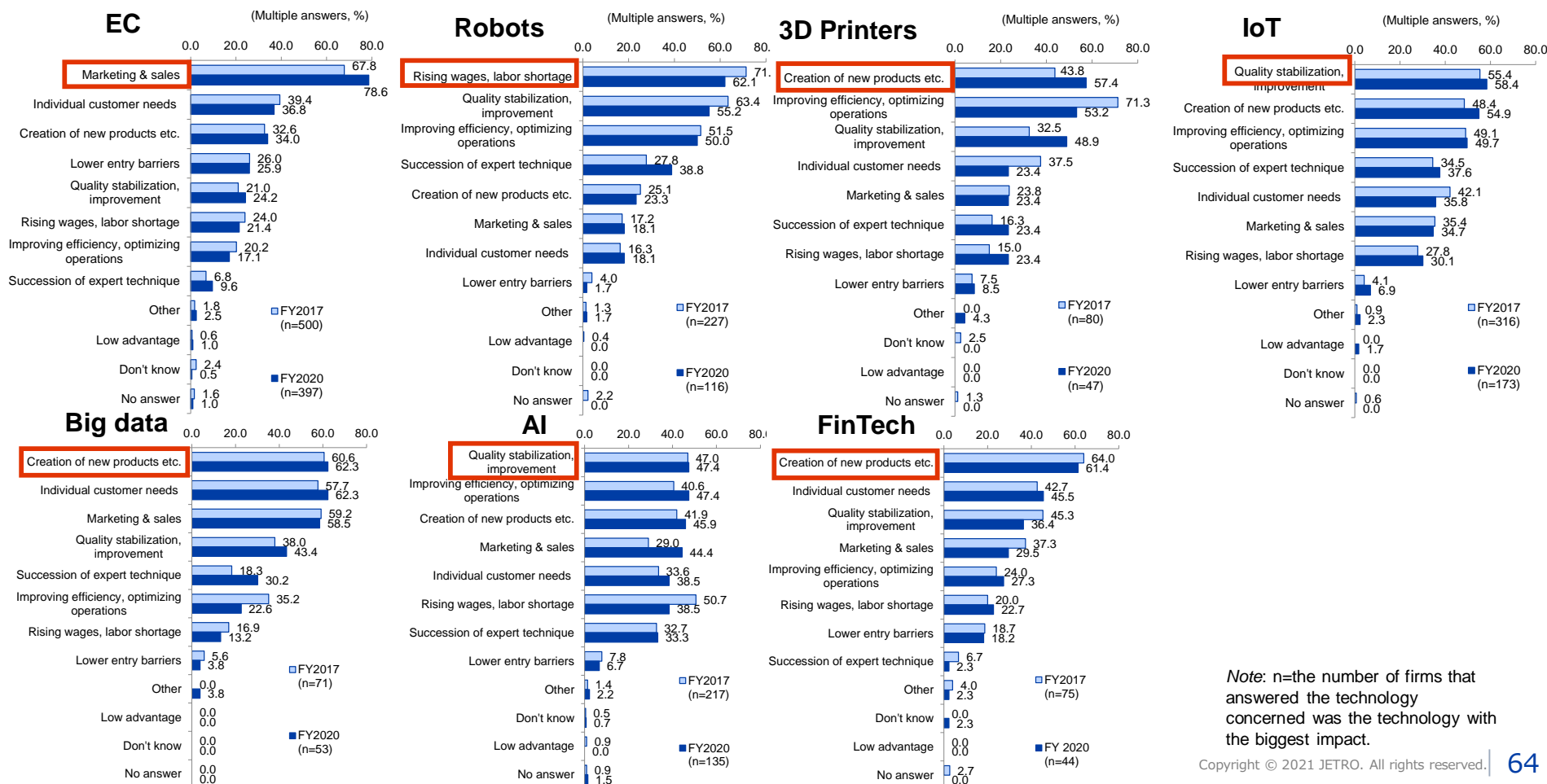


Note: n=the number of firms that answered “there is digital technology with a big impact.”

# Utilization advantages varying by digital technology

- Regarding advantages of utilizing digital technology with the biggest impact, **advantages recognized by firms varied by technology**: top answers were “strengthening of marketing and expansion of customer base” for EC, “stabilization and improvement of product/service quality” for IoT and AI, “creation of new industries” for 3D printers, big data, and FinTech, and “response to rising wages and labor shortage” for robots, respectively.

Advantages of utilizing digital technology (by technology)



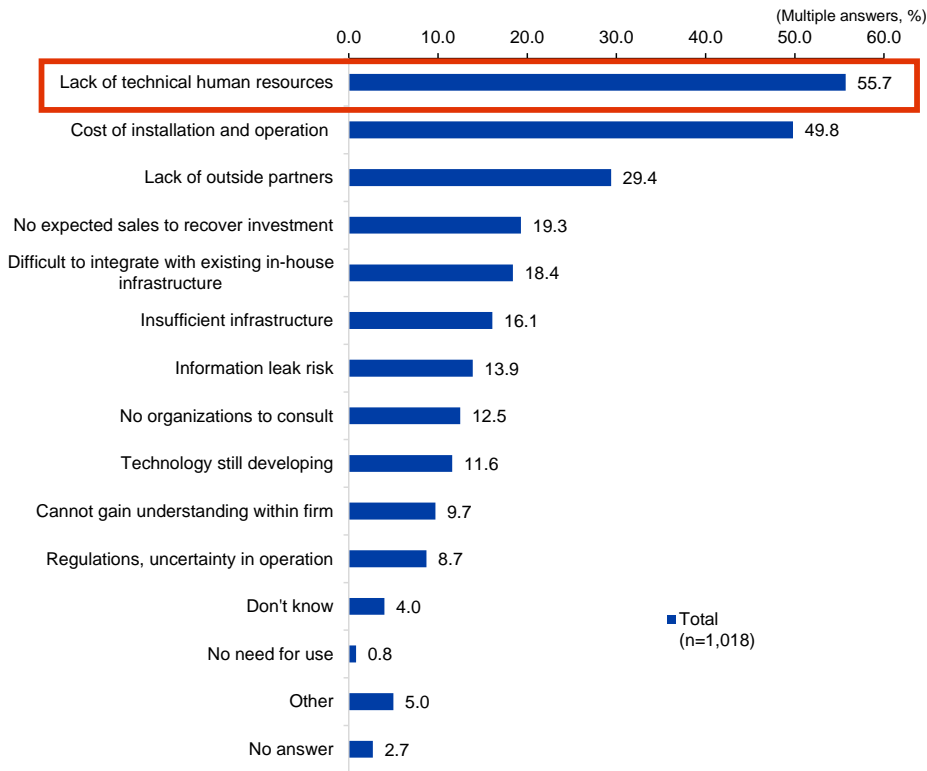
Note: n=the number of firms that answered the technology concerned was the technology with the biggest impact.



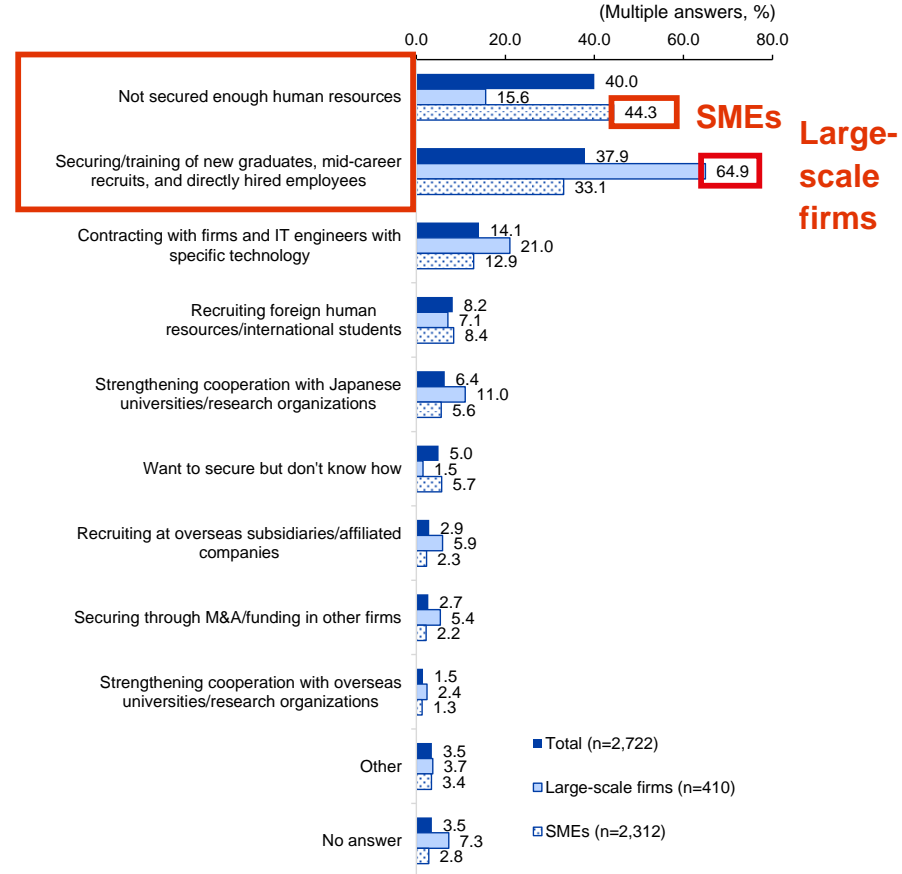
# The issue is a delay in securing IT human resources

- Regarding issues in utilizing digital technology, the top answer was “lack of technical human resources” (55.7%).
- Regarding effort to secure IT human resources, 44.3% of SMEs answered that they have “not secured enough human resources,” showing they had a different perception from large-scale firms (more than 60% answered “securing and training of new graduates and mid-career recruits”).

### Issues in utilizing digital technology



### Effort to secure IT human resources



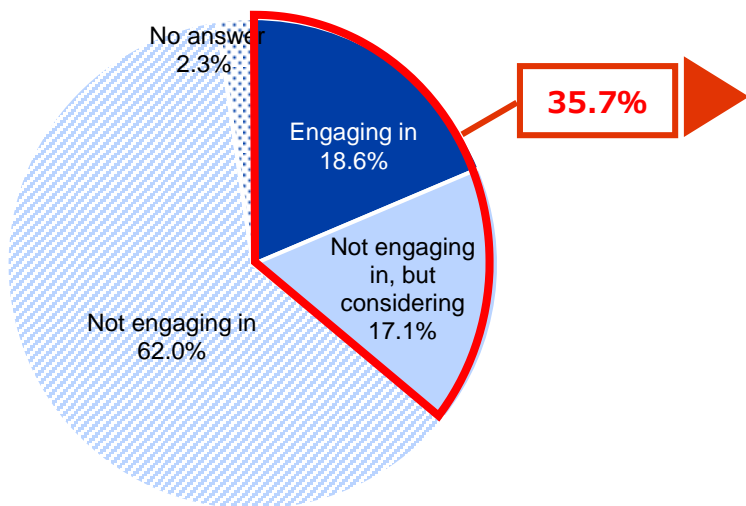
Note: n=the number of firms that answered “there is digital technology with a big impact.”

Note: n=the total number of respondent firms.

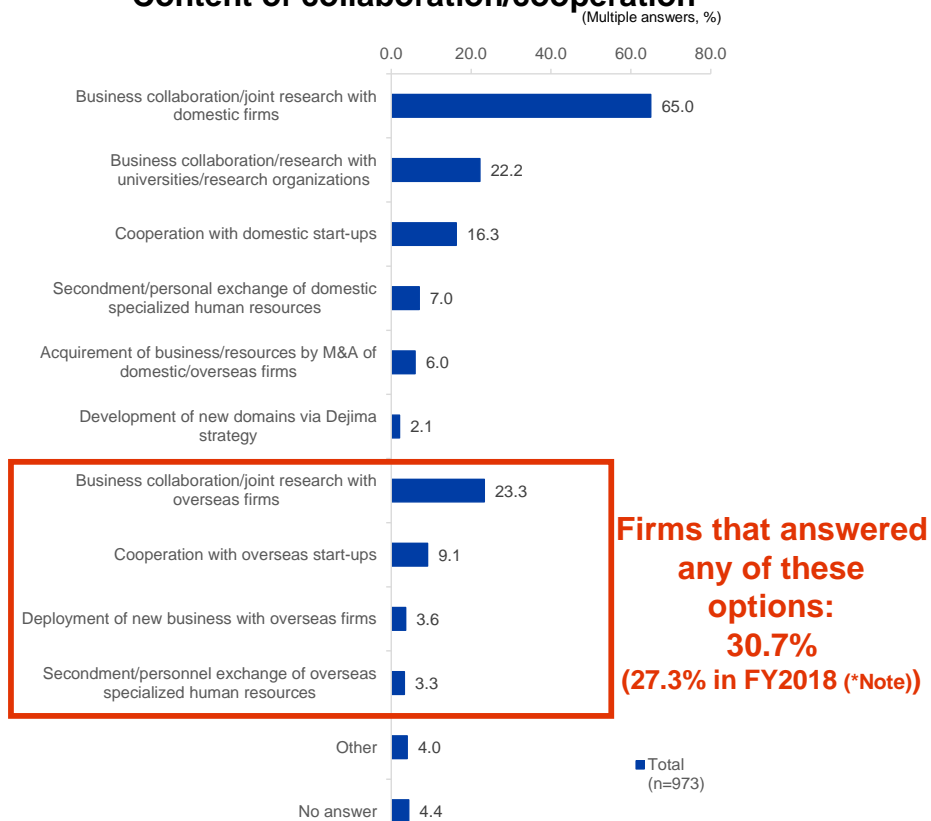
# Collaboration and cooperation looking overseas

- When asked about business collaboration or cooperation with domestic and overseas firms or organizations, 35.7% answered that they were “engaging in” or “considering” doing so.
- In terms of the content, "business collaboration and joint research with domestic firms" was the highest at 65.0%, while **30% of the firms were seeking collaboration with overseas firms/human resources.**

**Collaboration/cooperation with domestic and overseas firms/organizations**



**Content of collaboration/cooperation**



Note: n=the total number of respondent firms.

Note: n=the number of firms that answered “engaging in collaboration/cooperation” or “not engaging in, but considering.”

Answer options in FY2018 were “Cooperation with overseas start-ups,” “cooperation with overseas firms,” and “cooperation with overseas universities/research organizations.”

## FY 2020 Survey on the International Operations of Japanese Firms - JETRO Overseas Business Survey-

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### ■ Notice

*Note:* Figures may not sum up to the total because some are less than one unit.

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