Results of an Emergency Survey on the Actual Status of Industries after the Great East Japan Earthquake

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Survey period : April 8-15, 2011
Subject to the survey : 80 companies
(55 in the manufacturing industry, 25 in the retailing and service industry)

April 2011
Ministry of Economy, Trade and Industry
1. Present status and prospects of restoration of production bases in the affected areas

- More than 60% of affected bases of respondents have already finished restoration.

- Meanwhile, other production bases are on the way to resumption, and about less than 30% are expected to be restored by summer.

(Reference) The ratio of the number of establishments located in the municipalities in 7 prefectures (Aomori, Iwate, Miyagi, Fukushima, Ibaraki, Tochigi, and Chiba) covered by the Disaster Relief Act in the total number of the manufacturing establishments all over the country, is about 7%. (The figure was calculated based on Census of Manufactures 2008, as of March 27)
2. Status of understanding the impact on the supply chains

○ Ratio of the companies that are able to gauge the impact on their supply chains (e.g. damage situation of suppliers, possibilities of procurement of parts and materials) within one week were more than 60% in the materials industry, and 40% in the processing industry.

The number of days taken to confirm the impacts on the supply chains

※ Include duplicate responses because the situations are different by product item
3. Background to the difficulties in procurement of raw materials, components and parts

- Causes of impediments to the procurement of raw materials, components and parts:
  The main causes are “Damage to suppliers” and “Damage to suppliers of suppliers”
  (Damage to suppliers: 90% of companies in the materials industry, and 80% in the processing industry)
  (Damage to suppliers of suppliers: 90% of companies in the processing industry)

- The impact of rolling blackouts is not small. (50% of companies in the processing industry)

* The position of rolling blackouts has already shifted to “are not implemented in principle”. Utmost efforts from both the supply and demand sides have been taken to maintain the situation.

Reasons for difficulties to procure raw materials, components and parts

<table>
<thead>
<tr>
<th>Reason</th>
<th>Materials Industry (26)</th>
<th>Processing Industry (22)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suppliers affected</td>
<td>88%</td>
<td>82%</td>
</tr>
<tr>
<td>Suppliers' suppliers are affected</td>
<td>42%</td>
<td>42%</td>
</tr>
<tr>
<td>Damage to distribution network</td>
<td>27%</td>
<td>18%</td>
</tr>
<tr>
<td>Affected by rolling blackouts</td>
<td>35%</td>
<td>50%</td>
</tr>
<tr>
<td>Others</td>
<td>12%</td>
<td>23%</td>
</tr>
</tbody>
</table>

(Includes duplicate responses)
4. Regarding difficulties to procure from alternative suppliers of raw materials, components and parts

- 80% of the processing industry and more than 60% of the materials industry have almost secured alternative suppliers of raw materials, components and parts.
- 50% of the processing industry and 10% of the materials industry use raw materials, components and parts have not found any alternative suppliers.

* Specific items: raw materials for cosmetics (whitening ingredients), rubber-related items, semiconductors and electronics components

Availability of Alternative Suppliers

<table>
<thead>
<tr>
<th></th>
<th>Materials Industry (26)</th>
<th>Processing Industry (21)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Almost secured supplier</td>
<td>65%</td>
<td>76%</td>
</tr>
<tr>
<td>No alternative supplier for some raw materials and components</td>
<td>12%</td>
<td>48%</td>
</tr>
</tbody>
</table>

Alternative Suppliers

Out of surveyed 55 companies (Materials industry:33 and Processing industry:22), 15 of materials industry and 17 of processing industry have alternative suppliers in Japan.

Out of surveyed 55 companies, 12 of materials industry and 7 of processing industry have alternative suppliers overseas. (Includes duplicate responses for country and region)

Locations of Domestic suppliers

<table>
<thead>
<tr>
<th>Locations of Domestic suppliers</th>
<th>Materials Industry (15)</th>
<th>Processing Industry (17)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hokkaido and Tohoku</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Kanto</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Hokuriku</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Chubu</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Kinki</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Chugoku</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Shikoku</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Kyushu</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>

(Produce from several prefectures in)

*Includes duplicate responses, because some companies use plural kinds of materials, and component and parts.
5. The expected timing to settle procurement shortages of raw materials, components and parts

Time expected to secure sufficient amounts are:
- The materials industry: 8% have already secured sufficient amounts, a total of 54% expect to do so by July, and a total of 85% expect to do so by October.
- The processing industry: 6% have already secured sufficient amounts, a total of 29% expect to do so by July, and a total of 71% expect to do so by October.

※ Because some companies replied that expected timing are different by item, total of percentages exceeds 100.
6. Clear contrast in business condition by industry and business after the earthquake

- Positive for companies dealing with food, commodities, and emergency supplies for disaster
- Negative for consumption except for the abovementioned

<Actual sales in March (compared with the same month of the previous year), all stores basis>

Consumption related to food, commodities, and emergency supplies for disaster: increased by around 10%

- Convenience store A: +9.3%, Convenience store B: +12.2%
- Home center (DIY store) A: +11.0%
- Drug and toiletry store A: +13.4%
- Chain restaurant industry B (Beef bowl chain): +12.6%

Consumption except for the above mentioned: decreased by around 10～20%

- Department store A: -11.0%, Department store B: -16.8%
- Supermarket A: -5.9%
- Travel Agent A: -23.4%
- Hotel A: -26.0%, Bridal ceremony hall A: -5.7%
- Fitness club A: -10.5%, Fitness club B: -7.4%
- Golf course A: -24.3%
- Sporting goods store A: -11.4%
- Chain restaurant industry A (Izakaya: Japanese style pub chain): -17.9%
7. Current situation of voluntary self-restraint, or *jishuku* in economic activities

- More than 80% of companies stated that major cause of the decrease in sales and the number of customers is widespread self-restraint, or *jishuku* among consumers.
- 70% of companies voluntarily suspended holding events, etc.

### Background of the Recent Decrease in sales and the number of customers (Retail / Service Industry (25))

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difficult to secure some items due to damage to suppliers</td>
<td>12%</td>
</tr>
<tr>
<td>Reduce in business hours affected by Rolling Backouts</td>
<td>48%</td>
</tr>
<tr>
<td>Widespread self-restraint among consumers</td>
<td>84%</td>
</tr>
<tr>
<td>Decrease of foreign customers</td>
<td>24%</td>
</tr>
<tr>
<td>Others</td>
<td>44%</td>
</tr>
</tbody>
</table>

### Status of restraint of holding events after the earthquake

- Voluntarily restrained: 72%
- Not restrained: 28%