Results of an Emergency Survey on the Actual Status of Industries after the Great East Japan Earthquake (2)

Survey period: June 14 to July 1, 2011
Subject to the survey: 123 companies
(65 in the manufacturing industry and 58 in the retailing and service industries)

August 2011
Ministry of Economy, Trade and Industry
1. Current Status of Supply Chain

(1) Production level at earthquake-affected bases

- According to the respondents, out of 91 production bases directly affected by the earthquake or tsunami, 93% have been restored (90% was estimated to be restored before summer in the April survey this year), and 80% have returned to or exceeded the production levels before the earthquake.

- Among the bases for which they answered that production was below pre-earthquake levels, 70% or more will restore production to pre-earthquake levels by the end of 2011, according to the respondents.

(The emergency survey on the actual status of industries after the Great East Japan Earthquake in April asked about restoration schedules of the production bases in the disaster-affected areas (Aomori, Iwate, Miyagi, Fukushima, Ibaraki, Tochigi and Chiba prefectures), but the current survey asks about the production level at the production bases directly affected by the earthquake or tsunami.)

Production Level at Disaster-affected Bases

<table>
<thead>
<tr>
<th>Industry</th>
<th>Over pre-earthquake level</th>
<th>100% of pre-earthquake level</th>
<th>About 80%</th>
<th>About 50%</th>
<th>About 30%</th>
<th>Production not resumed yet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>13%</td>
<td>67%</td>
<td>7%</td>
<td>4%</td>
<td>2%</td>
<td>7%</td>
</tr>
<tr>
<td>business (91)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Materials business</td>
<td>12%</td>
<td>67%</td>
<td>5%</td>
<td>5%</td>
<td>2%</td>
<td>10%</td>
</tr>
<tr>
<td>(60)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Processing business</td>
<td>16%</td>
<td>68%</td>
<td>10%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>(31)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Note: Survey on production level during the survey period from June 14 to July 1)
(2) Production level at production bases not affected by the earthquake

- Respondents answered that, among 137 production bases that were not directly affected by the earthquake or tsunami, 83% have restored or exceeded pre-earthquake levels.

- Respondents answered that, among the bases for which they answered that the production level was below pre-earthquake levels, 90% would restore production to pre-earthquake levels before the end of 2011.

(Note: Survey on production level during the survey period from June 14 to July 1)

( ) shows the number of bases for which we obtained answers
(3) Production level factors of non-affected production bases

- Many respondents in the materials business mentioned that the factor that had caused a lower production level was decline of domestic demand, and many of them in the processing business answered that it was a lack of parts and components.

- On the other hand, the factor that had restored or increased production levels was demand for reconstruction from the earthquake and production substituting for disaster-affected bases for many companies in the materials business, and supply chain recovery and increase of overseas demand for many in the processing business.

1. Current Status of Supply Chain

Factors of Lower Production Level

Factors that had restored or increased the production level

{} shows the number of companies
(4) Parts and components procurement status

- For procurement status of parts and components, 97% of the manufacturers answered that they have already started procurement from alternative suppliers.

- In comparison with the April survey: The ratio of the companies that answered they were without any alternative supplier for procurement decreased from 12% to 0% in the materials business and from 48% to 18% in the processing business.

*Includes duplicate responses, because some companies use plural kinds of materials, and component and parts.

As of April 2011

Availability of Alternative Suppliers

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

As of June 2011

Availability of Alternative Suppliers (Parts and Components Procurement Status)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Procurement from alternative supplier already started</th>
<th>Ensuring alternative supplier (actual procurement is not conducted)</th>
<th>No alternative supplier for some raw materials and components</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing industry</td>
<td>97%</td>
<td>15%</td>
<td>8%</td>
</tr>
<tr>
<td>Materials business</td>
<td>95%</td>
<td>9%</td>
<td>0%</td>
</tr>
<tr>
<td>Processing business</td>
<td>100%</td>
<td>24%</td>
<td>18%</td>
</tr>
</tbody>
</table>

( ) shows the number of companies
(5) Alternative suppliers

- In Japan, many respondents use alternative suppliers in Chugoku, Kinki and other districts in West Japan.
- Overseas, many respondents use alternative suppliers in China or other Asian regions.

### Have alternative supplier in Japan

- **31%** Have alternative supplier in Japan
- **69%** Do not Have alternative supply in Japan

### Have alternative supplier overseas

- **44%** Have alternative supplier overseas
- **56%** Do not Have alternative supply overseas

### Alternative supplier in Japan (multiple answers; top 3 regions)

<table>
<thead>
<tr>
<th>Region</th>
<th>Number of Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chugoku district</td>
<td>10 companies</td>
</tr>
<tr>
<td>Kinki district</td>
<td>8 companies</td>
</tr>
<tr>
<td>Shikoku and Kyushu districts</td>
<td>7 companies</td>
</tr>
</tbody>
</table>

### Overseas alternative supplier (multiple answers; top 3 regions)

<table>
<thead>
<tr>
<th>Region</th>
<th>Number of Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>14 companies</td>
</tr>
<tr>
<td>Asia (excl.China)</td>
<td>7 companies</td>
</tr>
<tr>
<td>North America</td>
<td>4 companies</td>
</tr>
</tbody>
</table>
- Among all respondents in the manufacturing industry, 83% answered that they would use the original suppliers in Japan after their restoration.

- On the other hand, among all respondents in the manufacturing industry, 58% answered that they would procure from the current alternative suppliers in Japan even after restoration of original suppliers, and 42% answered that they would procure from the current alternative suppliers overseas even after restoration of original suppliers.

### Return to the pre-Earthquake Supplier after Its Restoration

- **Return from alternative supplier (in Japan or overseas) to original supplier (in Japan)**: 83%
- **Continued procurement from alternative supplier in Japan**: 58%
- **Continued procurement from alternative supplier overseas**: 42%

( ) shows the number of companies (Includes duplicate responses)
(7) Impact on overseas trade

- Among all respondents in the manufacturing industry, 30% answered that they experienced a decline in trade with overseas customers, requests for termination of agreements or other impact on overseas trade resulting from the earthquake.

- As the reason of this, they mentioned that they could not ensure sufficient supply, or that overseas customers overreacted to the nuclear power plant accident.

![Impact on Overseas Trade](image.png)

**Countries and Regions where earthquake impacted on Overseas Trade (multiple answers; top 3 regions)**

<table>
<thead>
<tr>
<th>Region</th>
<th>Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>6</td>
</tr>
<tr>
<td>China</td>
<td>4</td>
</tr>
<tr>
<td>North America</td>
<td>3</td>
</tr>
</tbody>
</table>
2. Investment in Plant and Equipment (FY 2011)

- FY 2011 Plan for investment in facilities and equipment was decided in FY 2010, but we asked for any changes in and after April. Most companies (both those in the manufacturing industry and those not in the manufacturing industry) answered “almost the same”, and have not changed the plan for investment in facilities and equipment.

- In addition, many companies in the manufacturing industry planned to increase the amount of investment in plant and equipment during FY 2011 compared with that of FY 2010. Many investments are made for “rationalization and labor saving”, “new product or advanced product development” and “maintenance and repair” in Japan, and many are made for “Capacity enhancement” in overseas countries. Many companies not in the manufacturing industry invest in plant and equipment for “maintenance and repair”.

<table>
<thead>
<tr>
<th>Change in FY 2011 Plan for Investment in Facilities and Equipment in and after April</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Manufacturing Industry(58)</strong></td>
</tr>
<tr>
<td>Increase/upward adjustment: 12%</td>
</tr>
<tr>
<td>Substantially the same: 81%</td>
</tr>
<tr>
<td>Decrease/downward adjustment: 7%</td>
</tr>
<tr>
<td><strong>Non-manufacturing Industry(45)</strong></td>
</tr>
<tr>
<td>Increase/upward adjustment: 80%</td>
</tr>
<tr>
<td>Substantially the same: 20%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY 2011 Plan for Investment in Facilities and Equipment (Comparison with FY 2010)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Manufacturing Industry(59)</strong></td>
</tr>
<tr>
<td>Largely increased (5% or more): 66%</td>
</tr>
<tr>
<td>Substantially the same: 8%</td>
</tr>
<tr>
<td>Slightly increased (below 5%): 8%</td>
</tr>
<tr>
<td>Slightly decreased (below 5%): 3%</td>
</tr>
<tr>
<td>Largely decreased (5% or more): 15%</td>
</tr>
<tr>
<td><strong>Non-manufacturing Industry(41)</strong></td>
</tr>
<tr>
<td>Largely increased (5% or more): 17%</td>
</tr>
<tr>
<td>Substantially the same: 15%</td>
</tr>
<tr>
<td>Decrease/downward adjustment: 37%</td>
</tr>
<tr>
<td>Slightly increased (below 5%): 9%</td>
</tr>
<tr>
<td>Slightly decreased (below 5%): 22%</td>
</tr>
</tbody>
</table>
2. Investment in Plant and Equipment

Key Field of FY 2011 Investment in Facilities and Equipment
(Manufacturing Industry)
Number of Companies: 61

- Capacity enhancement: 57% Overseas, 36% In Japan
- New product/advanced product development: 28% Overseas, 48% In Japan
- Rationalization labor saving (for energy saving and resources saving): 28% Overseas, 56% In Japan
- Maintenance and Repair: 11% Overseas, 41% In Japan
- Environmental field: 10% Overseas, 16% In Japan
- Others: 7% Overseas, 7% In Japan
- No Change: 10% Overseas, 10% In Japan
(Includes duplicate responses)

Key Field of FY 2011 Investment in Facilities and Equipment
(Non-manufacturing Industry)
Number of Companies: 45

- Capacity enhancement: 32% Overseas, 15% In Japan
- New product/advanced product development: 15% Overseas, 47% In Japan
- Rationalization labor saving (for energy saving and resources saving): 53% Overseas, 17% In Japan
- Maintenance and Repair: 4% Overseas, 15% In Japan
- Environmental field: 7% Overseas, 7% In Japan
- Others: 10% Overseas, 10% In Japan
- No Change: 10% Overseas, 10% In Japan
(Includes duplicate responses)
3. Reconstruction Demand

- 50% of the respondents in all industries and 60% or more of those in the manufacturing industry answered that they had prospects for sales increases resulting from reconstruction business. However, 90% or more of the respondents who answered so estimated the sales increase to be below 20%.

- Out of the manufacturers which answered that they had sales from reconstruction, 70% or more answered that they had already started production for reconstruction.

### Prospect of Increased Sales and Orders Resulting from Reconstruction Demand

- **All Industries (122):**
  - Prospects: 51% Yes, 49% No

- **Manufacturing Industry (65):**
  - Prospects: 65% Yes, 35% No

- **Non-manufacturing Industry (57):**
  - Prospects: 35% Yes, 65% No

### Production Start Schedule for Reconstruction Demand

- **All Industries (59):**
  - Production Start Schedule:
    - July to September 2011: 64%
    - October to December 2011: 10%
    - January 2012 and later: 12%

- **Manufacturing Industry (40):**
  - Production Start Schedule:
    - July to September 2011: 73%
    - October to December 2011: 10%
    - January 2012 and later: 10%

- **Non-manufacturing Industry (19):**
  - Production Start Schedule:
    - July to September 2011: 47%
    - October to December 2011: 10%
    - January 2012 and later: 16%

### Prospect of Sales Increase Ratio in the Latter Half of 2011 Resulting from Reconstruction Demand

- **All Industries (52):**
  - Sales Increase Ratio:
    - Below 20%: 96%
    - About 20% to 40%: 3%
    - About 40% to 60%: 3%
    - 60% or more: 2%

- **Manufacturing Industry (35):**
  - Sales Increase Ratio:
    - Below 20%: 94%
    - About 20% to 40%: 3%
    - About 40% to 60%: 3%
    - 60% or more: 2%

- **Non-manufacturing Industry (17):**
  - Sales Increase Ratio:
    - Below 20%: 100%
4. Impact of Voluntary Self-restraint (*Jishuku*) in Economic Activities

- Nearly 60% of respondents in the retailing and service industry answered that the current sales are lower than before the earthquake.
- 80% or more respondents in retail and service industries mentioned that the sales decrease was still caused by the impact of “jishuku”. However, 90% of companies who answered so considered that the impact of “jishuku” was decreasing.

- When compared with the April survey, (1) Impact of insufficient supply has decreased from 12% to 0%, i.e. supply issue has been corrected; (2) Impact of decreased foreign customers has increased from 24% to 46%.

In this survey

### Background of the Recent Decrease in Sales and the Number of Customers after the Earthquake

<i>Results of this survey (June 2011)</i>

- Difficult to secure some items due to damage to suppliers: 85%
- Reduction in business hours affected by electricity conservation: 31%
- Widespread self-restraint among consumers: 46%
- Decrease of foreign customers: 23%
- Others: 0%

Number of companies: 13 (Includes duplicate responses)

### Impact of Voluntary Self-Restraint, or Jishuku after the Earthquake

Number of companies: 11

- Impact of jishuku continues to be large: 91%
- Impact of jishuku is decreasing: 9%

Results of an Emergency Survey on the Actual Status of Industries after the Great East Japan Earthquake (April 2011)