



FCIJ

Foreign Chambers  
in Japan



*Rays of Optimism – Rebounding from the Disaster*

# FCIJ Business Confidence Survey



Spring 2011

**FINNAIR**

Including survey on the effects of the Japan Disaster

Survey idea and technical implementation by the Finnish Chamber of Commerce in Japan



## *FCIJ Business Confidence Survey – Spring 2011*

### Executive Summary

The Foreign Chambers in Japan (FCIJ) has been conducting Business Confidence surveys online twice a year since 2002 among foreign-affiliated companies in Japan. This, the nineteenth, survey was conducted between April 12 and 22, 2011, and received 437 valid responses, an increase of 52% from the previous survey in October 2010.

Inevitably, the 3/11 disaster had a significant influence on the results of this survey, especially regarding the outlook for the economy and the companies' business performance in a shorter term (6 months). Compared to the previous survey (Fall 2010), this survey shows an uncertainty about the economic situation in Japan, especially in the short term.

The Japanese economy for the next 6 months is expected to decline, the index (on a scale from +2 to -2) was now -0.93 (compared to -0.04 in fall 2010), but looking 12 months ahead, the companies see a turn for the better and the index turned into positive territory - now +0.08, only slightly lower than the +0.17 in the previous survey.

The reported sales performance in the past six months was almost unchanged from the previous, +0.61 compared to +0.64 the fall survey. Similarly, the profitability had also improved, +0.59 now compared to +0.63. But the sales forecast inevitably plummeted because of the disaster, the index for the coming six months was -0.14 (previous survey +0.88) and that for profitability also -0.14 (+0.60).

Despite the current uncertainties, the strategies of the foreign-affiliated companies in Japan continue to be rather bullish. 65% (69% in the Fall 2010 survey) are looking for further growth and 29% (28% in Fall 2010) expecting to sustain their current level. 5% (2% in Fall 2010) are planning to downsize, but only 1% (four companies out of the surveyed 437) are considering withdrawing from the market.

In the section relating to the disaster, this survey shows, that reports in media regarding a mass-exodus of foreign companies and executives from Tokyo was grossly exaggerated. Only 1% of the companies relocated abroad, 5% elsewhere in Japan, 61% of the executives remained in office, 21% worked remotely and only 7% moved abroad (8% to other parts of Japan). Currently 96% of the companies operated normally (or close to). The main current problems the respondents reported were concerns for the ongoing nuclear accident (28%), economic downturn (20%), shortage of electricity (18%) and overreaction in foreign media (17%).

Regarding the influence on business, 43% expects some negative impact, 18% see no impact, 17% some positive impact, 11% a strong negative impact and 1% strong positive impact.

The next survey will be conducted in October 2011.

## *FCIJ Business Confidence Survey – Spring 2011*

### About the Foreign Chambers in Japan (FCIJ)

The Foreign Chambers in Japan (FCIJ) is an informal organization comprised of foreign chambers of commerce and business groups in Japan mainly for the purpose of information exchange and enhancement of the activities of the component organizations.

The group started out as the Foreign Chambers Information Group (FCIG) and it was set up in the mid-1980's. The original goal was to help the smaller chambers by meeting with the larger more experienced ones. In 2004 the name was changed to Foreign Chambers in Japan (FCIJ).

The FCIJ conducted its first Business Confidence survey in April 2002, based on a format developed by the Finnish Chamber of Commerce in Japan (FCCJ). This survey, conducted twice a year, has become an important barometer of foreign business in Japan.

The survey is run and processed on behalf of all the chambers by the FCCJ.

## *FCIJ Business Confidence Survey – Spring 2011*

### About the Survey

#### *Purpose of the survey*

1. Provide chambers with significant trend information on the foreign and foreign-affiliated business community's business outlook and outlook on the current state of the Japanese economy, noting challenges and the context of current market trends;
2. Reveal how foreign companies view the Japanese market;
3. Enable comparisons between the sentiments of participating chambers and between North American and European companies; and
4. Obtain reliable data on how foreign and foreign-affiliated businesses perform in Japan to dispel misconceptions about Japan in the home countries of the chamber members.

*Survey period*      *April 12 – 22, 2011*

*Survey method*     *online only*

*Survey population* *about 2,000 companies*

*Survey questions*   *2 questions on economy*  
*4 on company performance*  
*1 on strategies in Japan*  
*5 questions related to the disaster*  
*Company profile*  
*Contact information*

#### *Notes*

One main objective of the survey is to be simple to understand and easy to complete.

Providing contact information is optional to encourage as many individuals as possible to submit the form without privacy concerns. However, 70% gave contact information in the latest survey.

Although all questions were marked compulsory in the survey, we did not apply any error checking in the online form so as not to discourage respondents with messages like "You forgot to fill in question 2, please go back to the form." Because of this, each question does not have the same number of responses.

## FCIJ Business Confidence Survey – Spring 2011

### Participating Organizations



The American Chamber of  
Commerce in Japan



The Australia-New Zealand Chamber  
of Commerce in Japan



The Austrian Business  
Council



The Brazilian Chamber of  
Commerce in Japan



The British Chamber of  
Commerce in Japan



The Belgium-Luxembourg  
Chamber of Commerce in Japan



The Canadian Chamber of  
Commerce in Japan



The Danish Chamber of  
Commerce in Japan



The Finnish Chamber of  
Commerce in Japan



The French Chamber of  
Commerce and Industry in Japan



The German Chamber of  
Commerce and Industry in Japan



The Ireland Japan  
Chamber of Commerce



The Italian Chamber of  
Commerce in Japan



The Netherlands Chamber of  
Commerce in Japan



The Norwegian Chamber of  
Commerce in Japan



The South Africa Chamber of  
Commerce in Japan



The Swedish Chamber of Commerce  
and Industry in Japan



The Swiss Chamber of Commerce  
and Industry in Japan

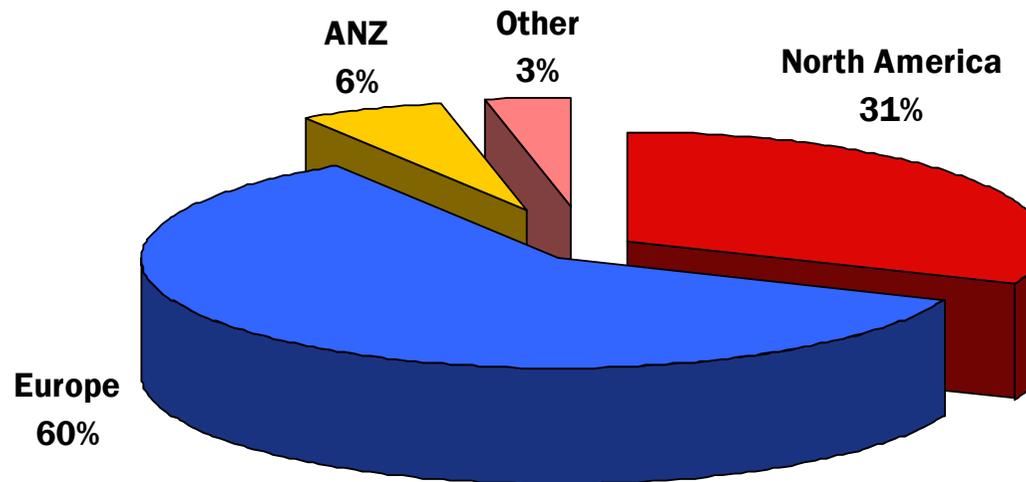
## FCIJ Business Confidence Survey – Spring 2011

### Survey Responses

Total number of responses: 437

Response rate: ca 22%

#### Shares of total responses - by area



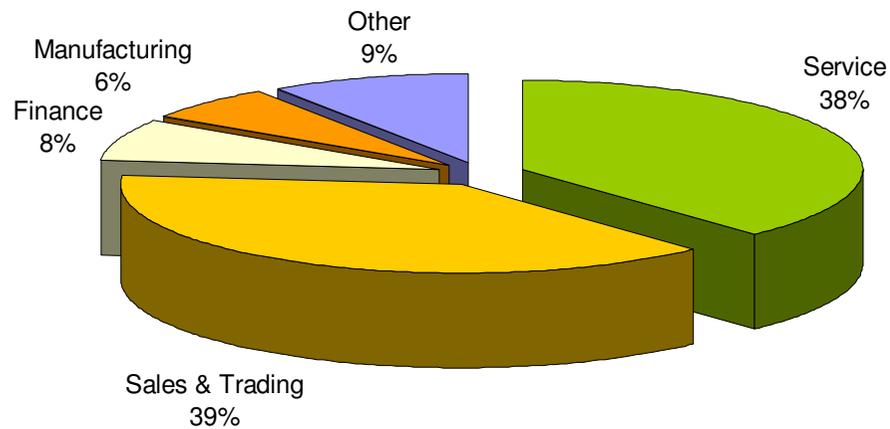
#### Responses by chamber

American Chamber	113	Belgian-Luxembourg Chamber	23
German Chamber	57	Swedish Chamber	23
British Chamber	44	Canadian Chamber	22
French Chamber	32	Austrian Business Council	15
Australia & NZ Chamber	25	Danish Chamber	15
Finnish Chamber	23	Others	44

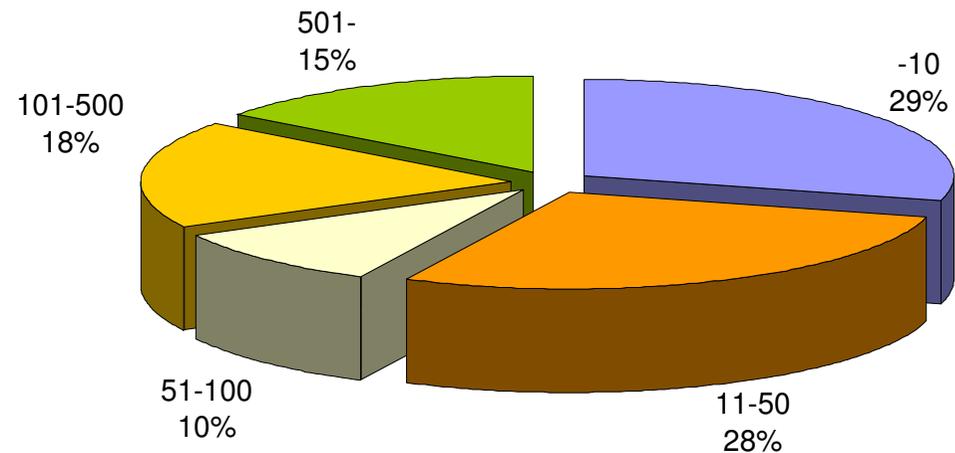
## FCIJ Business Confidence Survey – Spring 2011

### Respondent Company Demographics

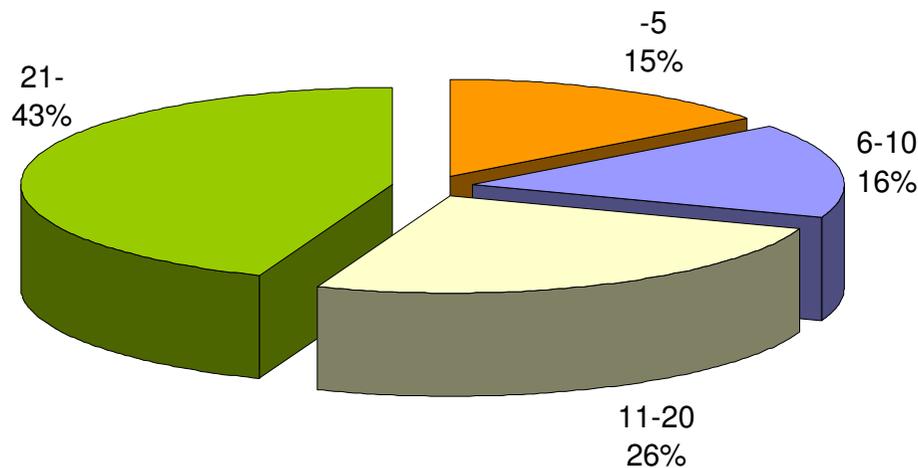
#### Type of business



#### Number of employees



#### Years in Japan



#### ***A typical respondent company***

has been in Japan for over 19 years, has 65 employees and is involved in service or sales and trading industry.

## FCIJ Business Confidence Survey – Spring 2011

### Survey Analysis Methods

#### Questions

- 1.1. Japan's economic situation next **6** months
- 1.2. Japan's economic situation next **12** months
- 2.1. Sales during the **past** 6 months
- 2.2. Sales forecast for the **next** 6 months
- 3.1. Profitability during the **past** 6 months
- 3.2. Profitability forecast for the **next** 6 months

#### Legend

- A. Strong improvement = +2 
- B. Some improvement = +1 
- C. No change = 0 
- D. Some decline = -1 
- E. Strong decline = -2 

$$\text{INDEX} = (A_n * 2 + B_n * 1 + D_n * -1 + E_n * -2) / \text{TOTAL}$$

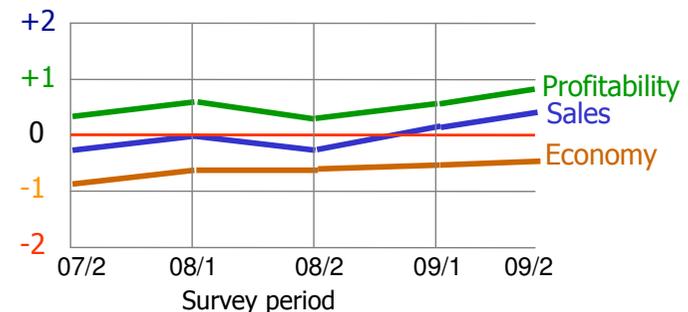
#### 4. Strategies in Japan

#### Questions about the disaster

- 1. Company reaction weeks after disaster
- 2. Personal reaction weeks after disaster
- 3. Current status of operations
- 4. Problems experience and expected
- 5. Long term impact of disaster

The index makes it possible to compare results from consecutive surveys and to create graphs on how the sentiments change over time.

#### EXAMPLE

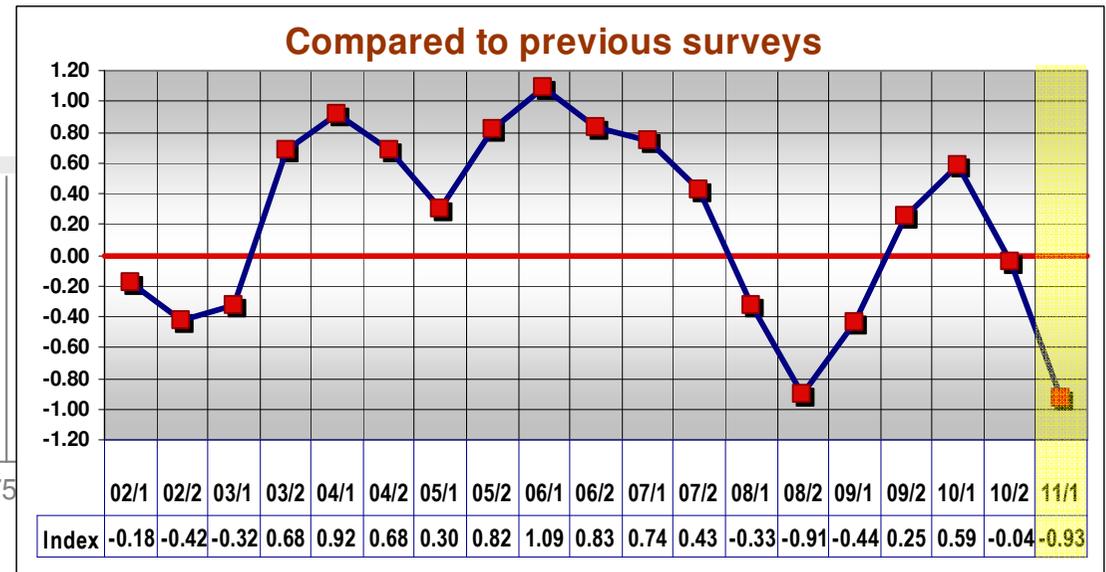
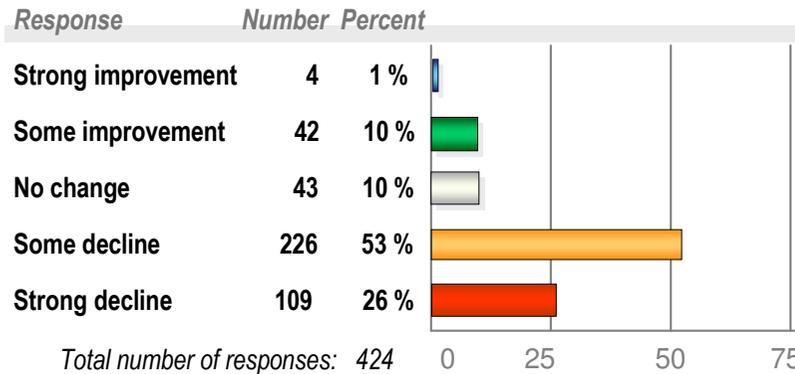


## FCIJ Business Confidence Survey – Spring 2011

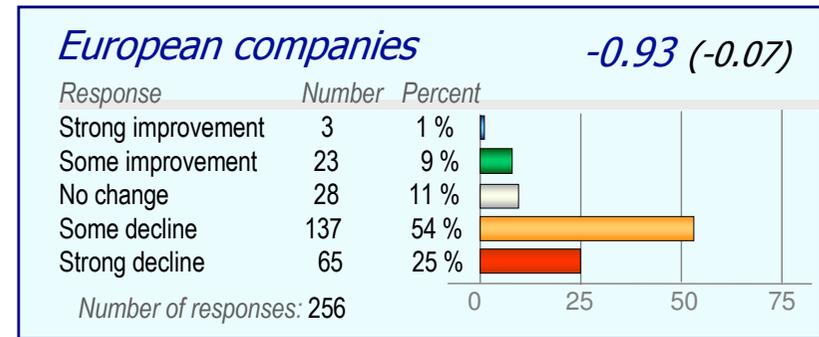
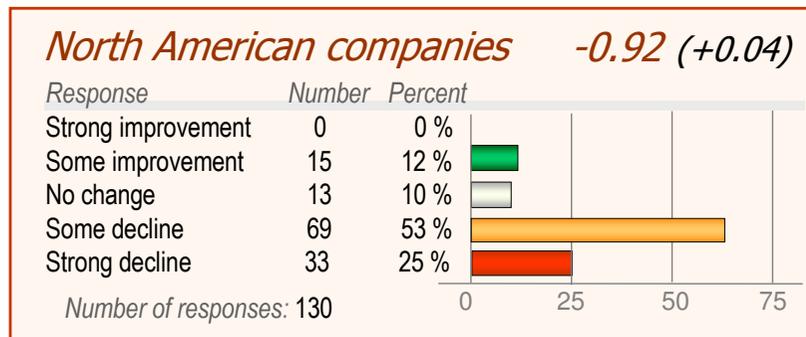
### 1.1. Japan's economic situation for the next 6 months

#### TOTAL FOR THIS SURVEY

**INDEX -0.93** (previous survey -0.04)



#### COMPARISON BY AREA



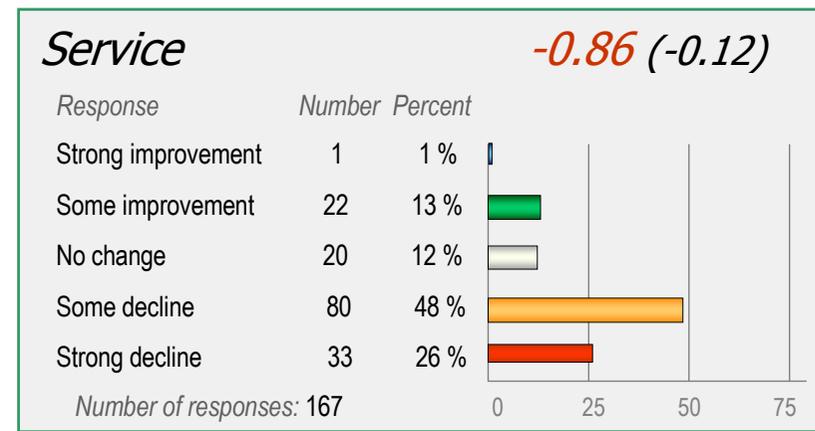
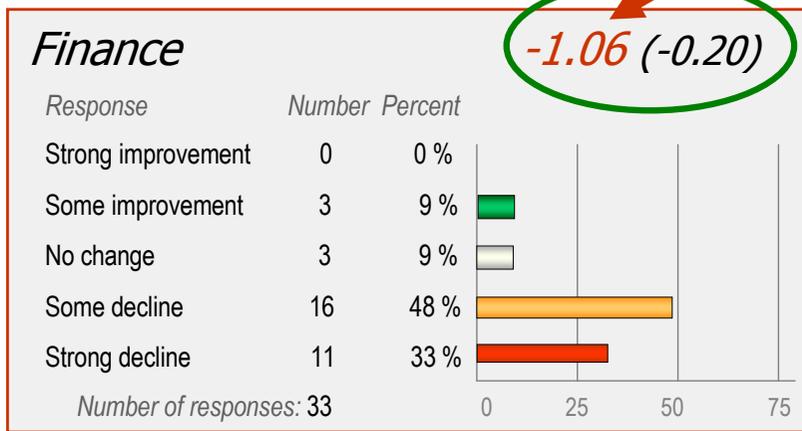
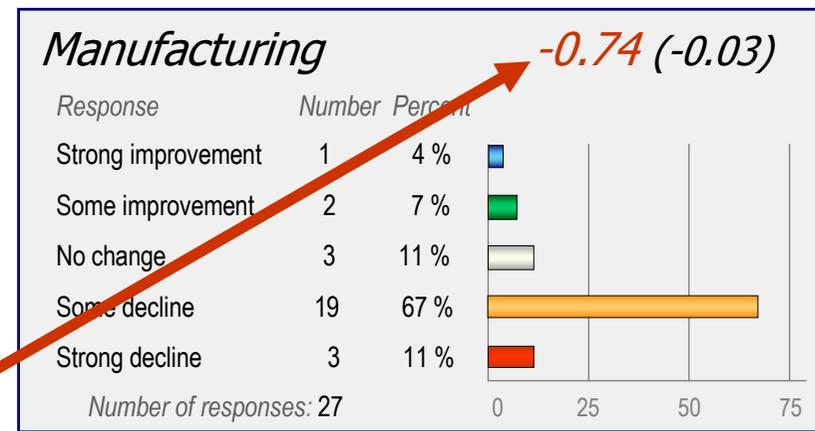
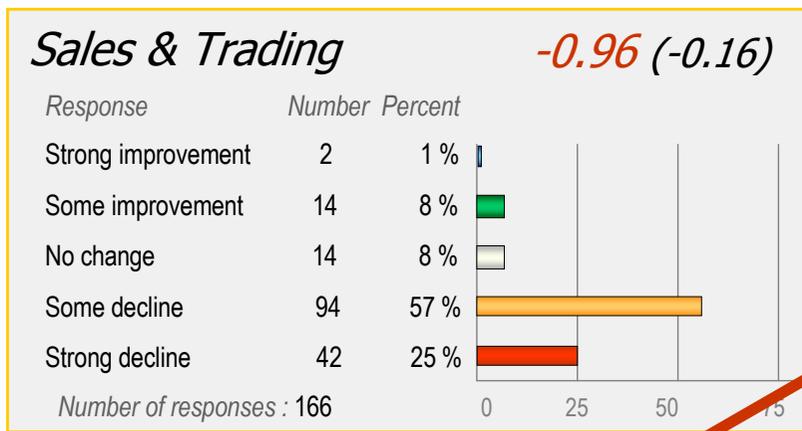
Australia/New Zealand: -1.12 (-0.08)

## FCIJ Business Confidence Survey – Spring 2011

### 1.1. Japan's economic situation for the next 6 months (2)

By type of business

OVERALL INDEX **-0.93**



NOTES:



Notable changes



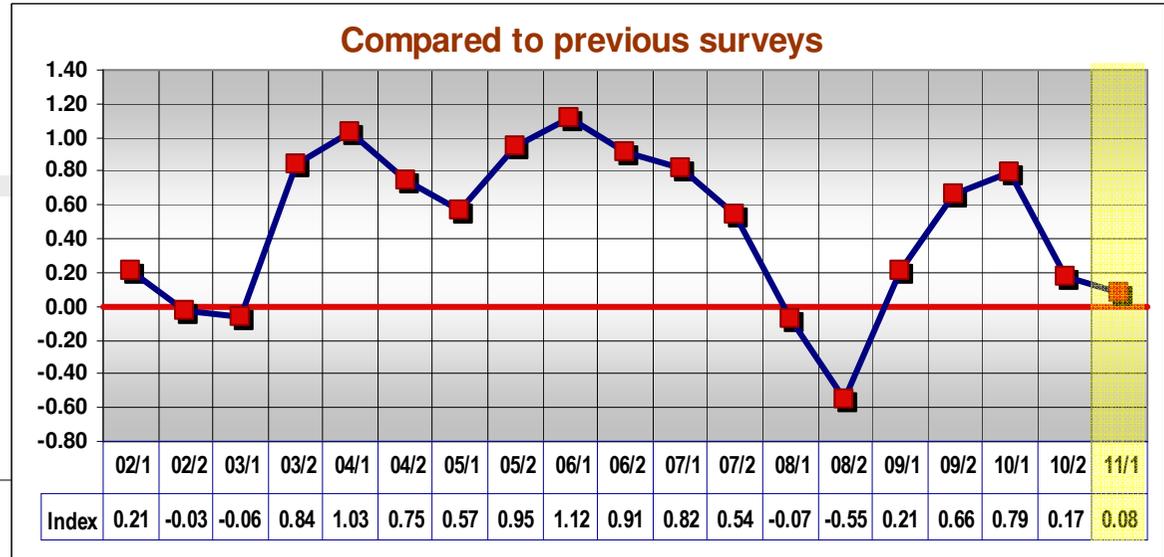
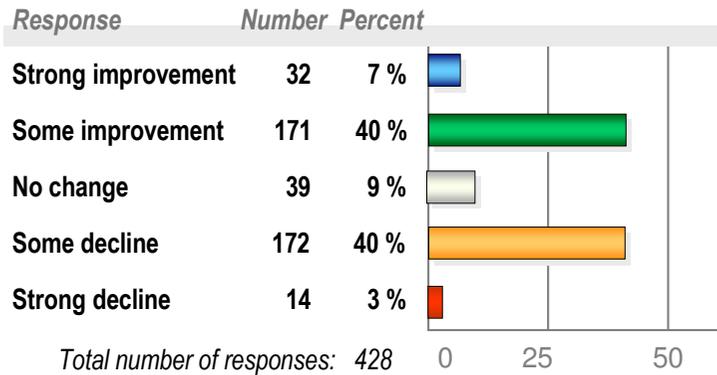
Highest-lowest

## FCIJ Business Confidence Survey – Spring 2011

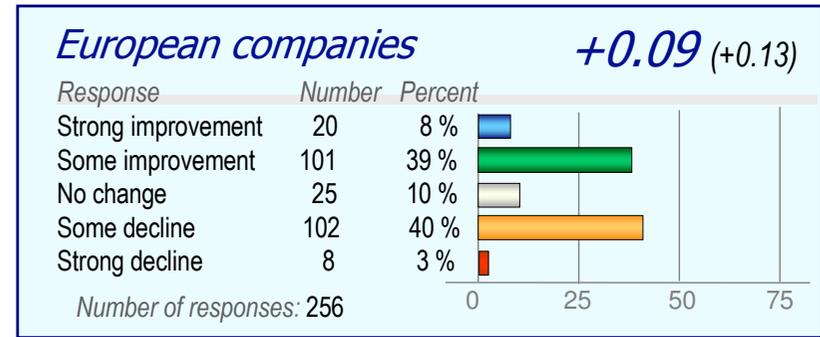
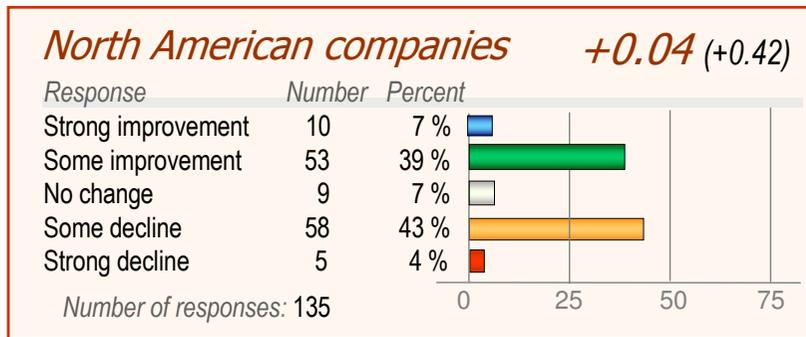
### 1.2. Japan's economic situation for the next 12 months

#### TOTAL FOR THIS SURVEY

**INDEX +0.08** (+0.17)



#### COMPARISON BY AREA



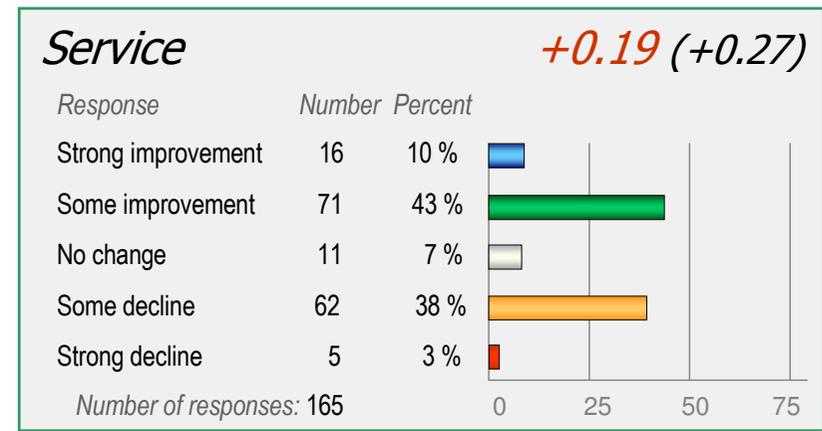
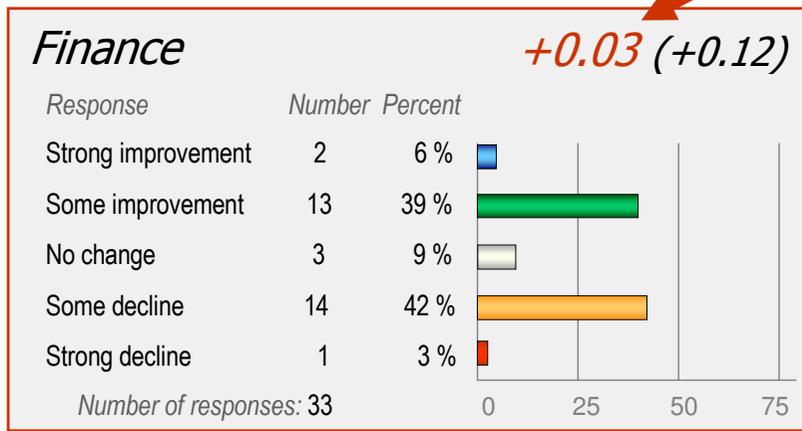
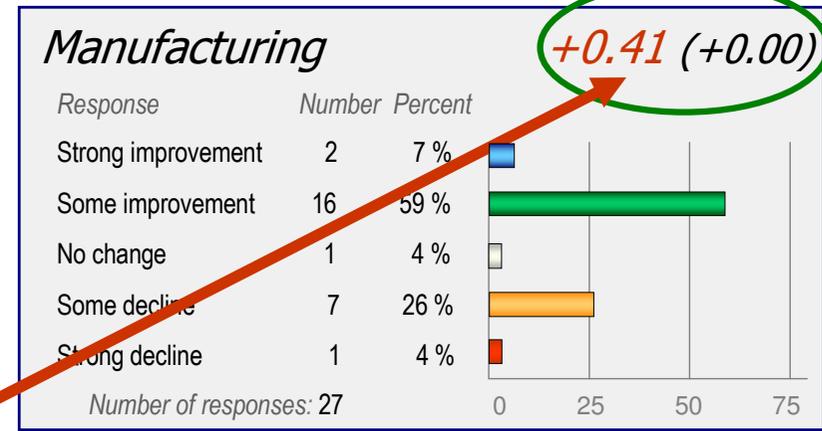
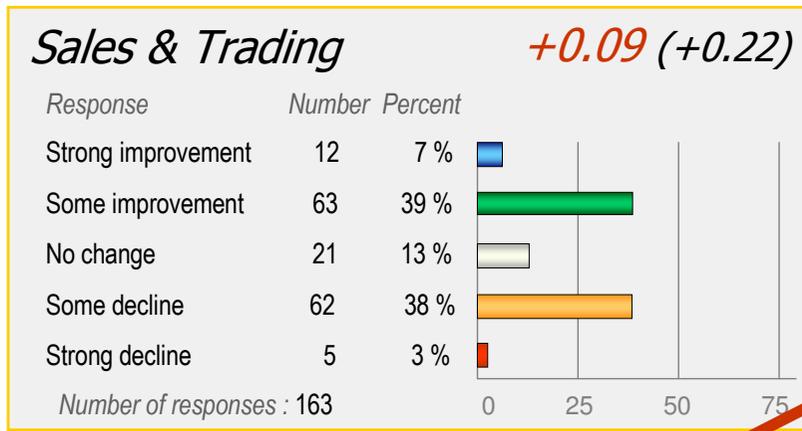
Australia/New Zealand: -0.04 (-0.17)

## FCIJ Business Confidence Survey – Spring 2011

### 1.2. Japan's economic situation for the next 12 months (2)

By type of business

OVERALL INDEX **+0.08**



NOTES:



Notable changes



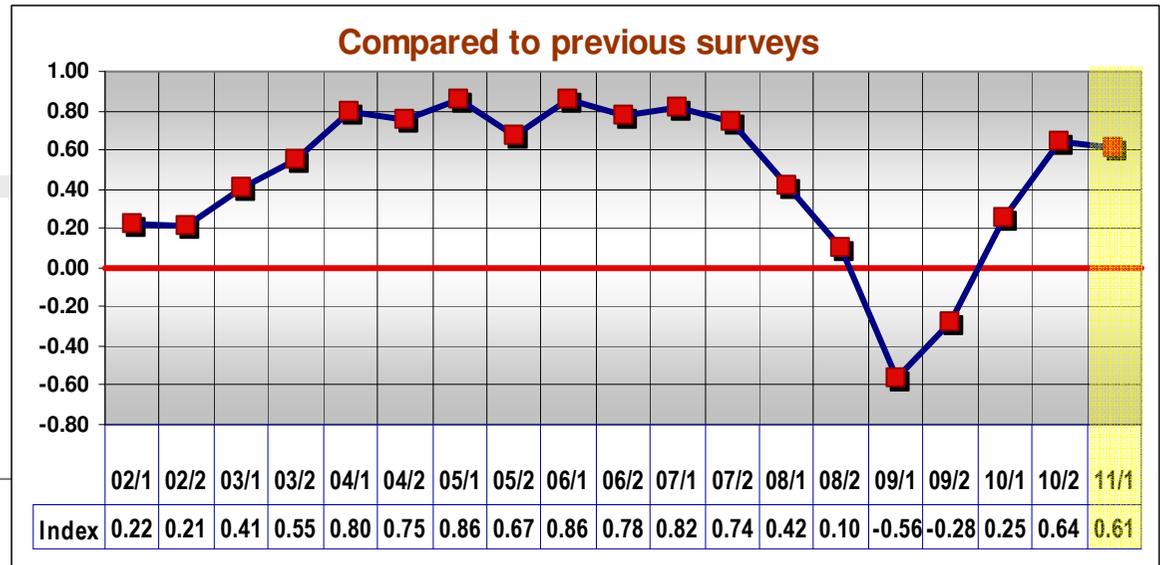
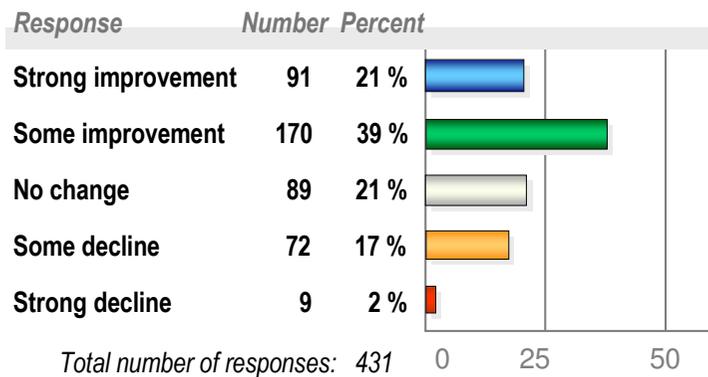
Highest-lowest

## FCIJ Business Confidence Survey – Spring 2011

### 2.1. Sales performance during the **past** 6 months

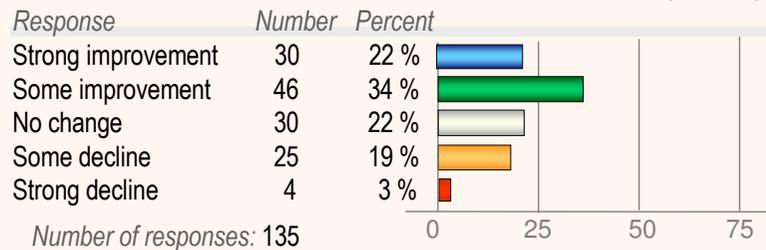
#### TOTAL FOR THIS SURVEY

**INDEX +0.61** (+0.64)

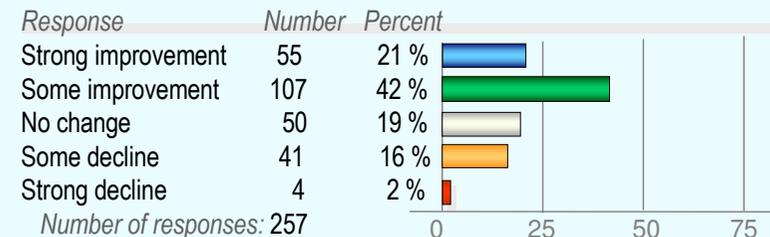


#### COMPARISON BY AREA

**North American companies +0.54** (+0.41)



**European companies +0.65** (+0.74)



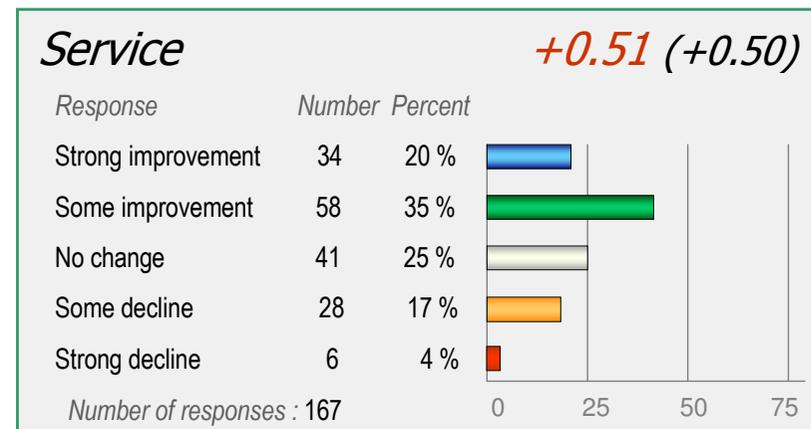
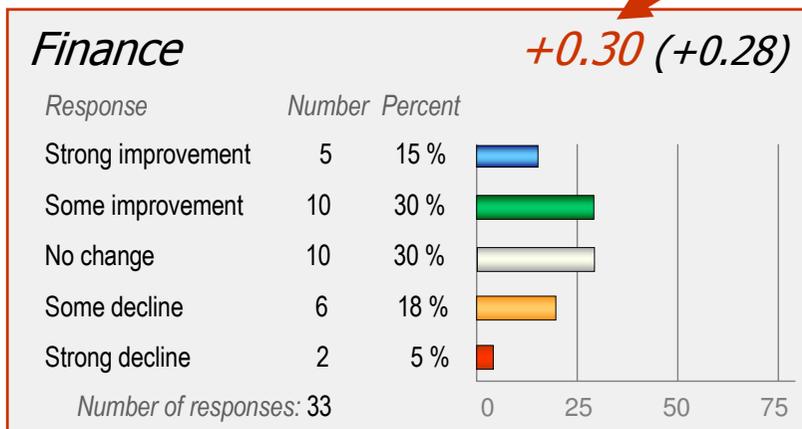
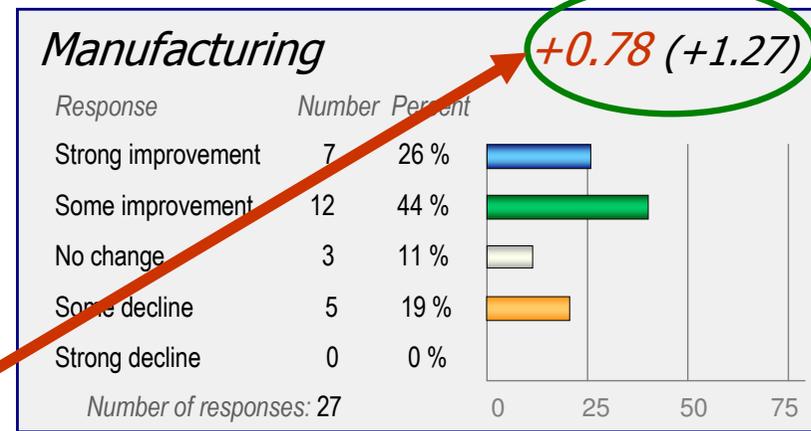
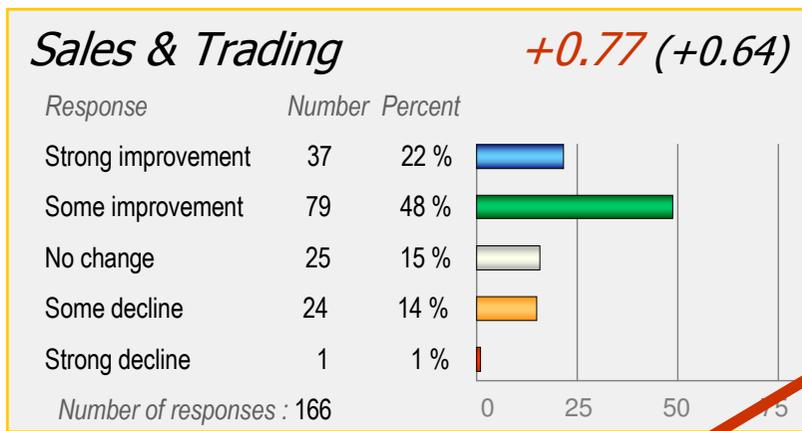
Australia/New Zealand: +0.56 (+0.48)

## FCIJ Business Confidence Survey – Spring 2011

### 2.1. Sales performance during the **past** 6 months (2)

By type of business

OVERALL INDEX **+0.61**



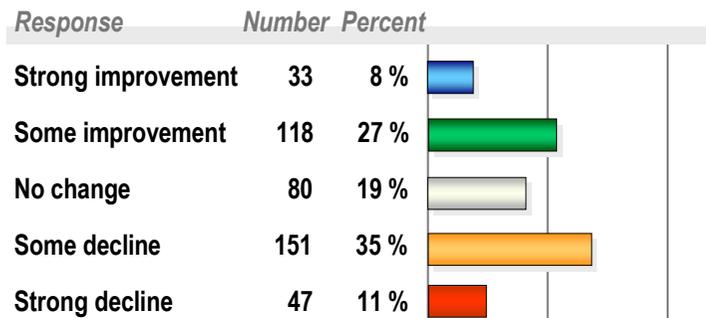
NOTES:  Notable changes  Highest-lowest

## FCIJ Business Confidence Survey – Spring 2011

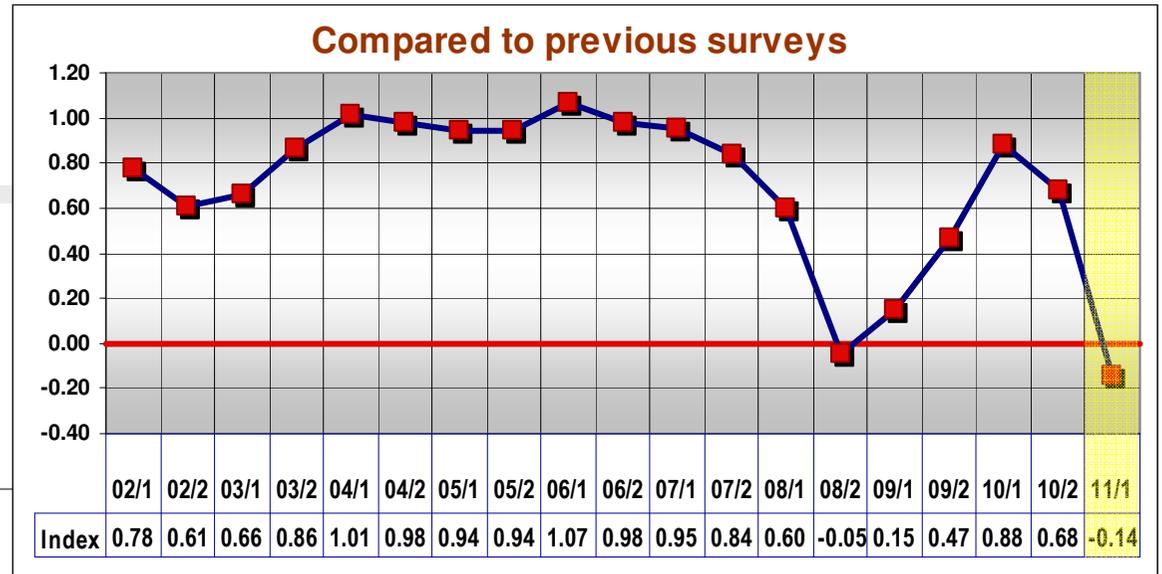
### 2.2. Sales forecast for the **next** 6 months

#### TOTAL FOR THIS SURVEY

**INDEX -0.14** (+0.68)

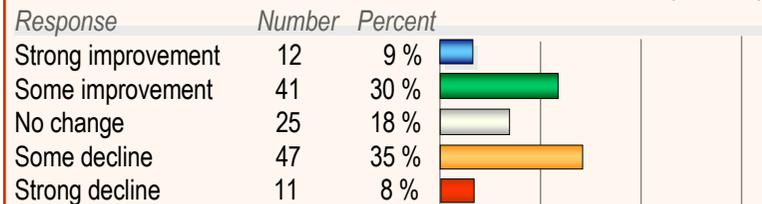


Total number of responses: 429



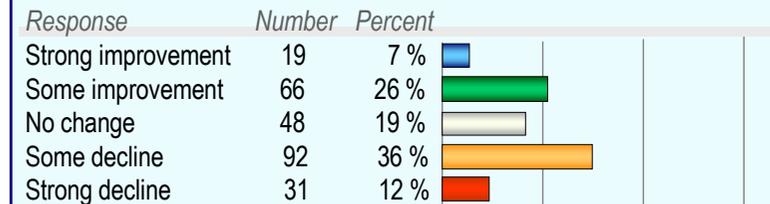
#### COMPARISON BY AREA

**North American companies** **-0.03** (+0.79)



Number of responses: 136

**European companies** **-0.20** (+0.68)



Number of responses: 256

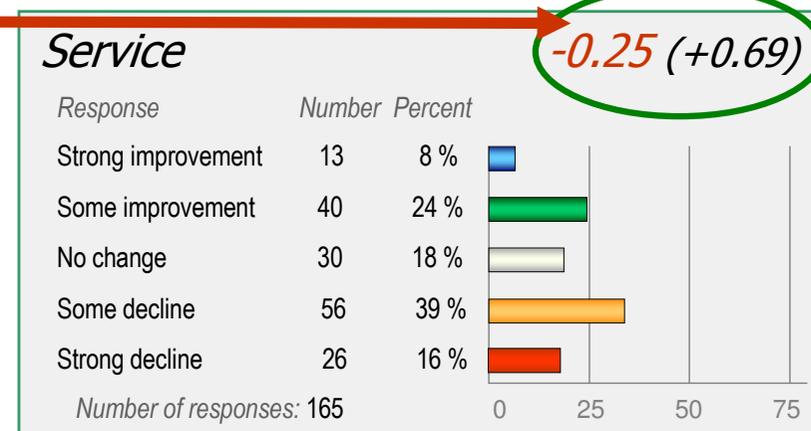
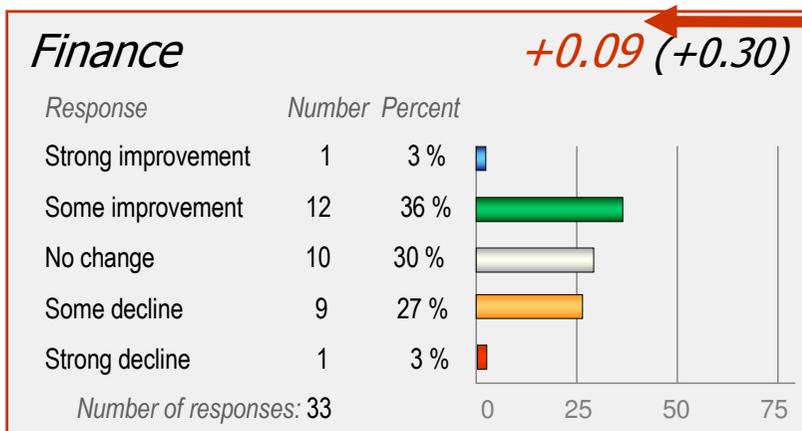
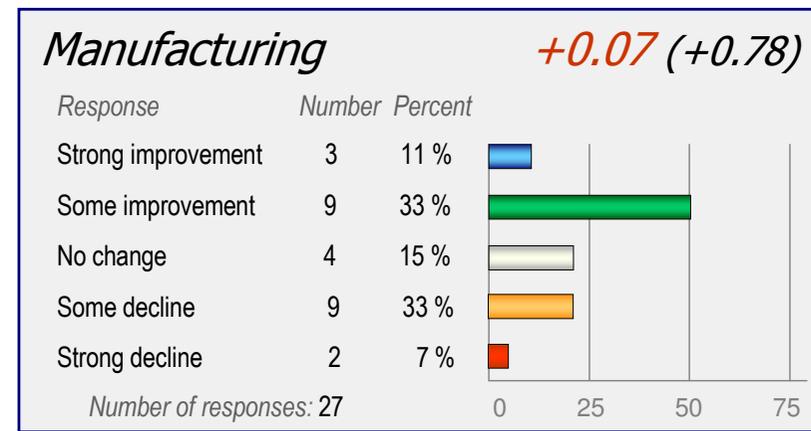
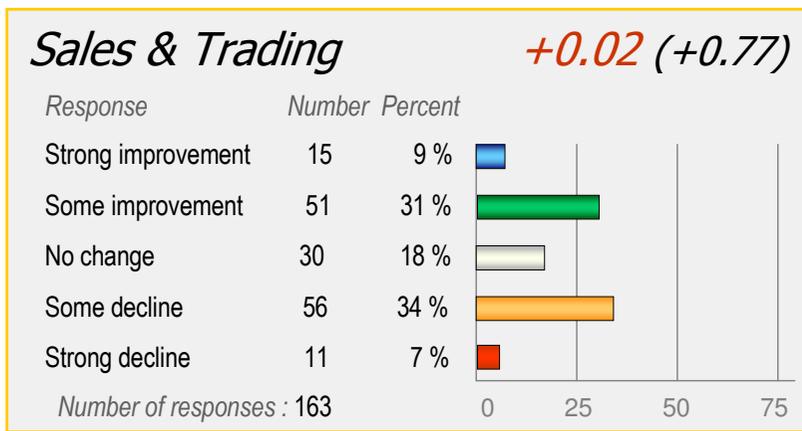
Australia/New Zealand: -0.32 (+0.30)

## FCIJ Business Confidence Survey – Spring 2011

### 2.2. Sales forecast for the **next** 6 months (2)

By type of business

OVERALL INDEX **-0.14**



NOTES:



Notable changes



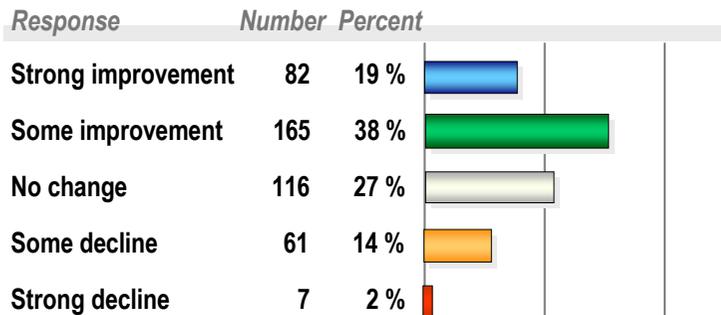
Highest-lowest

## FCIJ Business Confidence Survey – Spring 2011

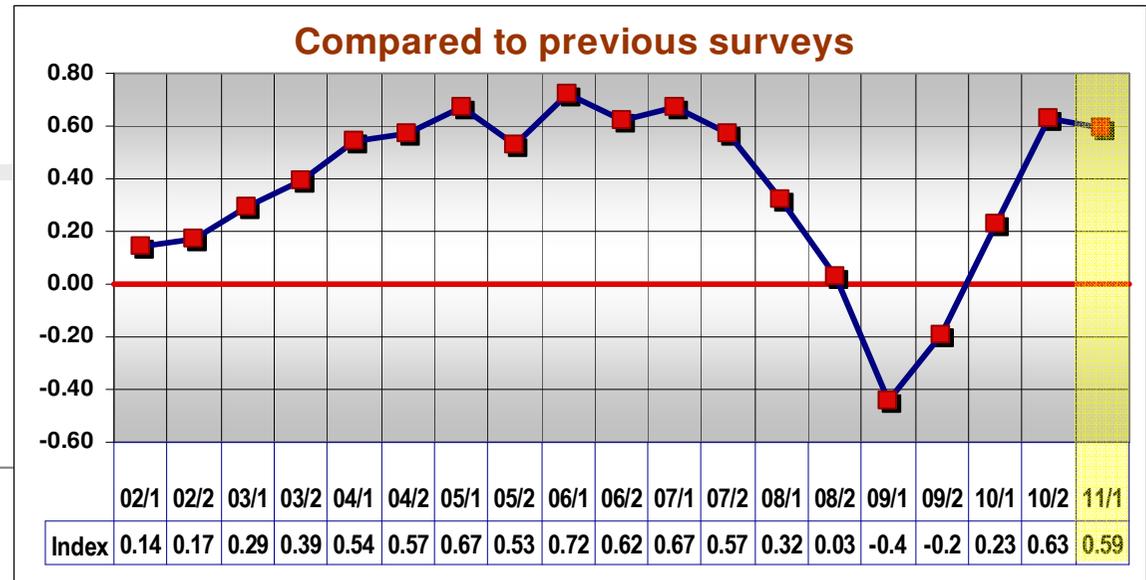
### 3.1. Profitability performance during the **past** 6 months

#### TOTAL FOR THIS SURVEY

**INDEX +0.59** (+0.63)

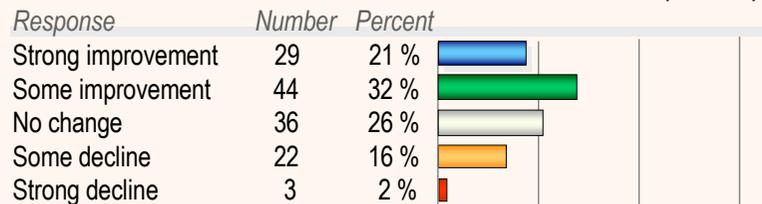


Total number of responses: 431



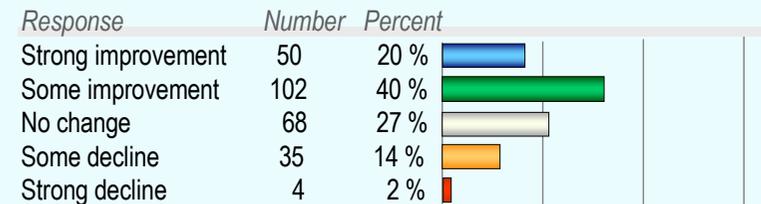
#### COMPARISON BY AREA

##### North American companies **+0.55** (+0.56)



Number of responses: 134

##### European companies **+0.61** (+0.68)



Number of responses: 259

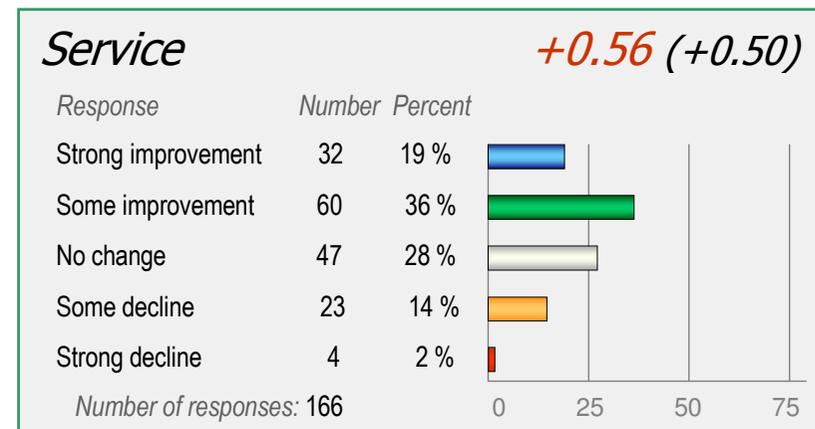
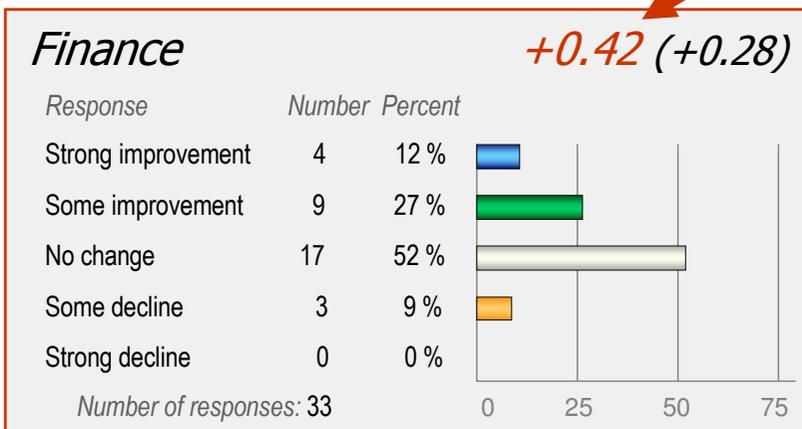
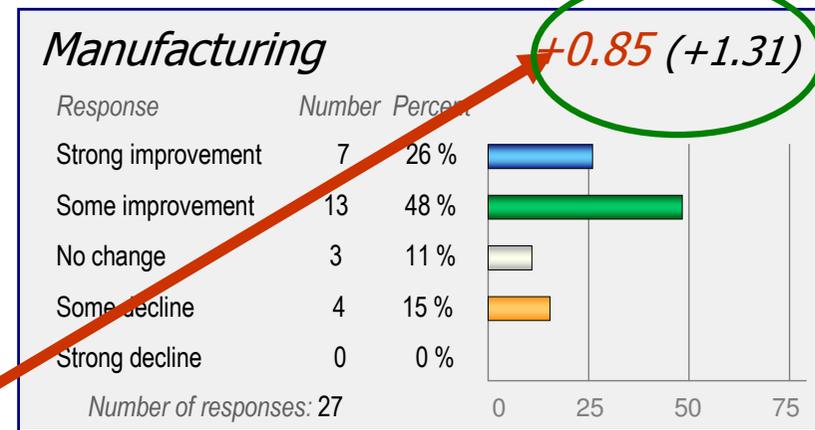
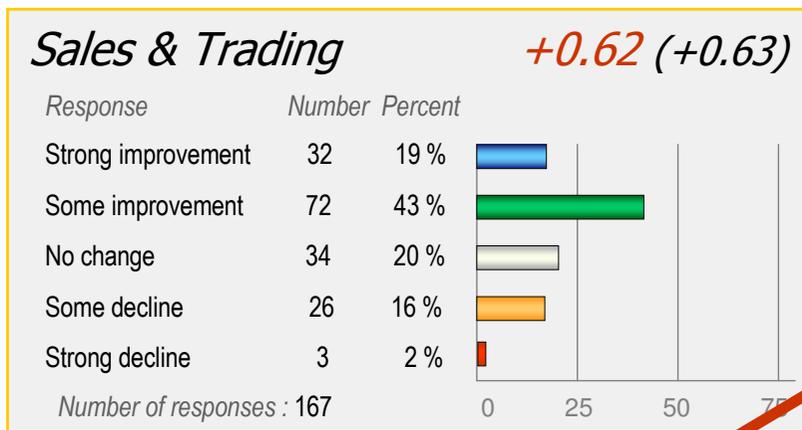
Australia/New Zealand: +0.64 (+0.40)

## FCIJ Business Confidence Survey – Spring 2011

### 3.1. Profitability performance during the **past** 6 months (2)

By type of business

OVERALL INDEX **+0.59**



NOTES:



Notable changes



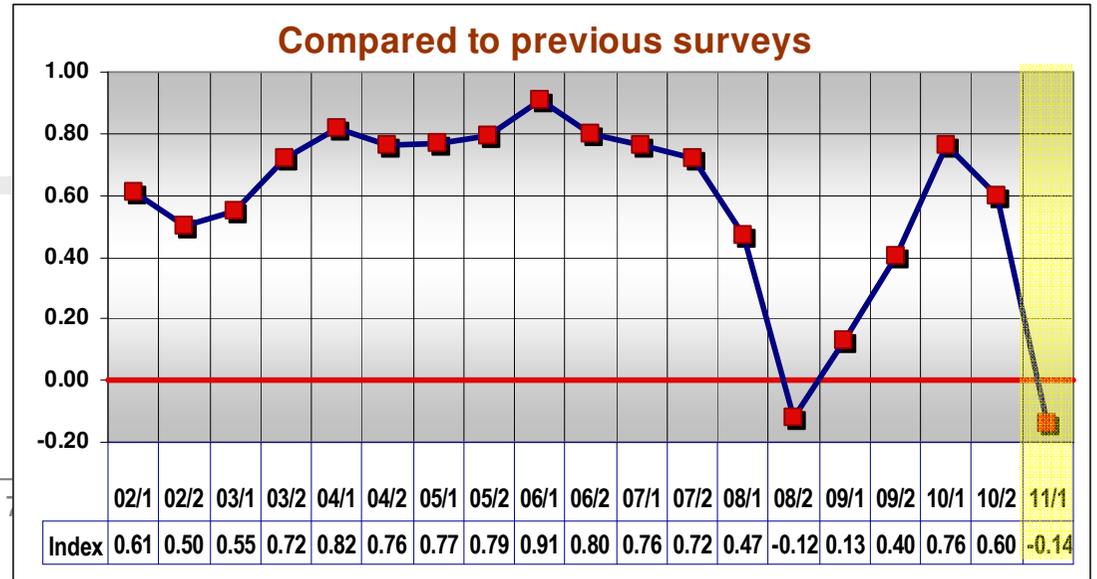
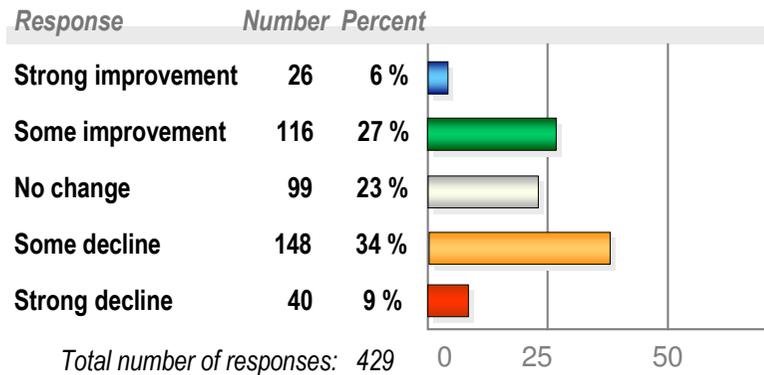
Highest-lowest

## FCIJ Business Confidence Survey – Spring 2011

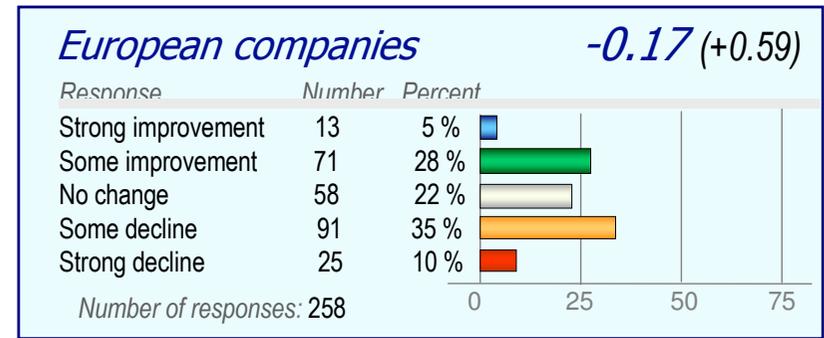
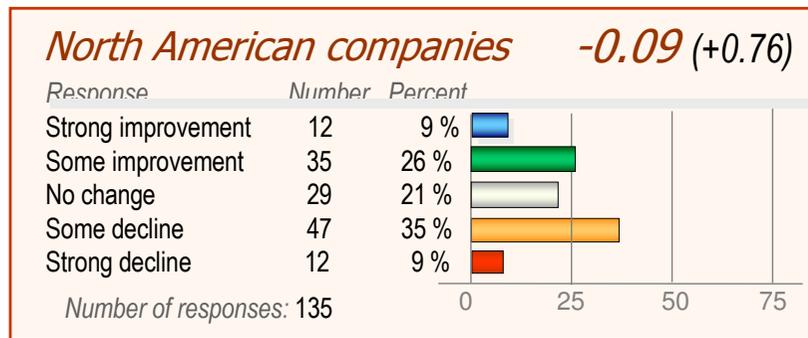
### 3.2. Profitability forecast for the **next** 6 months

#### TOTAL FOR THIS SURVEY

**INDEX -0.14** (+0.60)



#### COMPARISON BY AREA



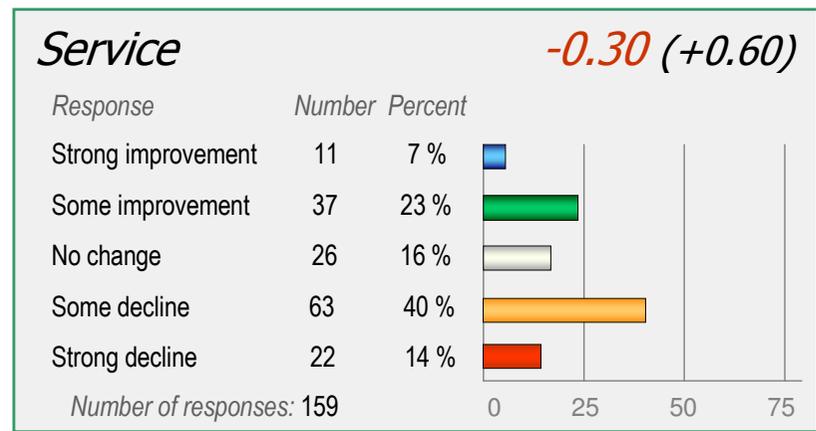
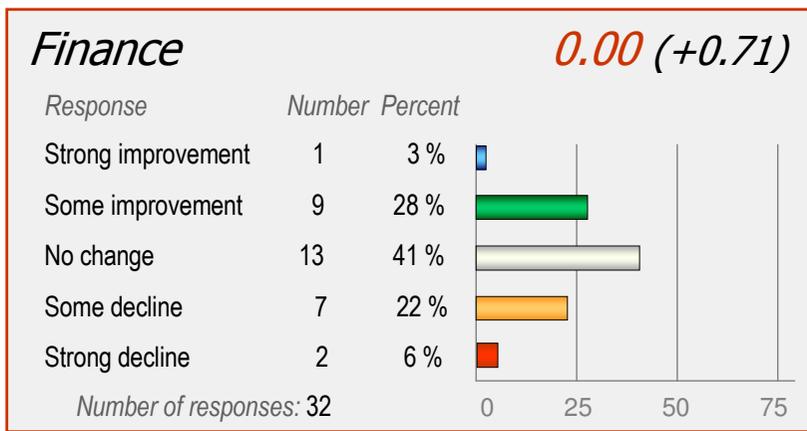
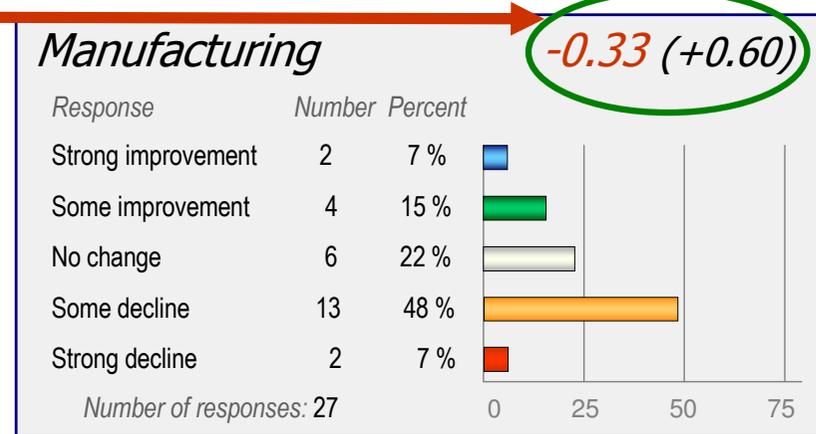
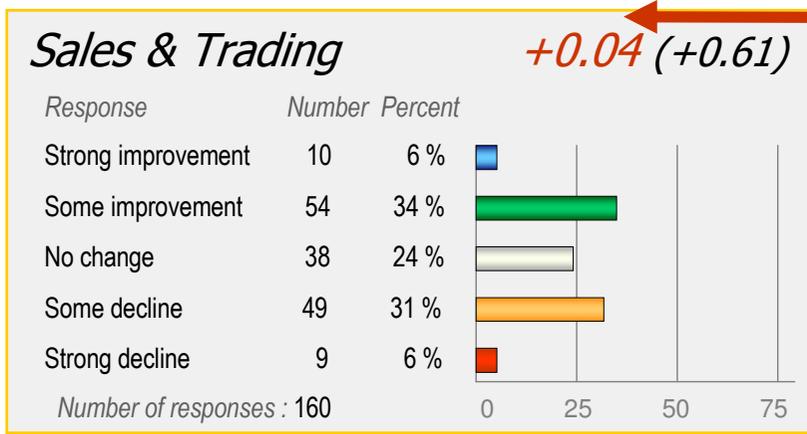
Australia/New Zealand: -0.20 (+0.17)

## FCIJ Business Confidence Survey – Spring 2011

### 3.2. Profitability forecast for the **next** 6 months (2)

By type of business

OVERALL INDEX **-0.14**



NOTES:



Notable changes

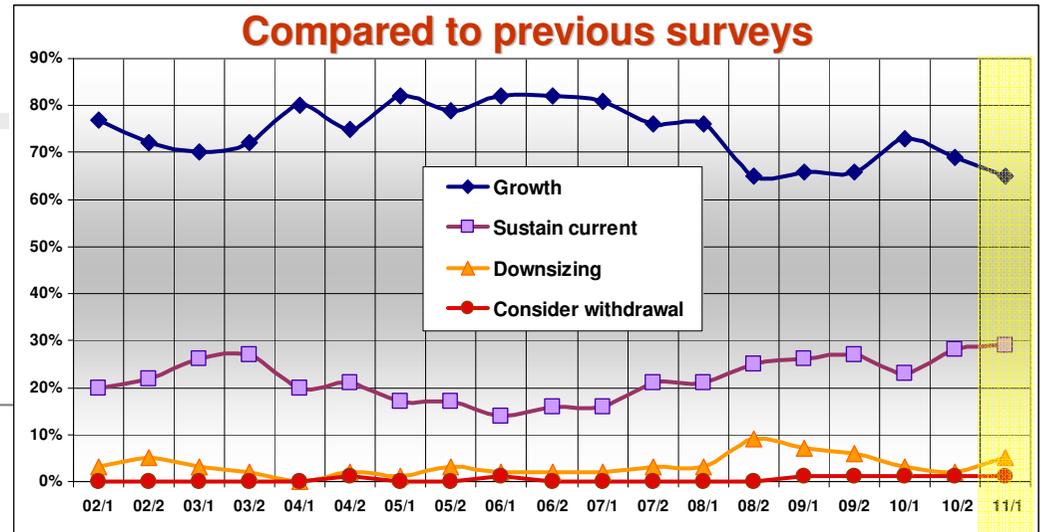
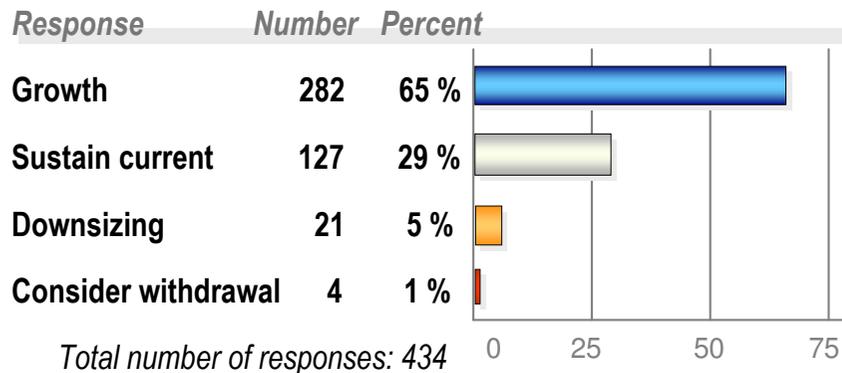


Highest-lowest

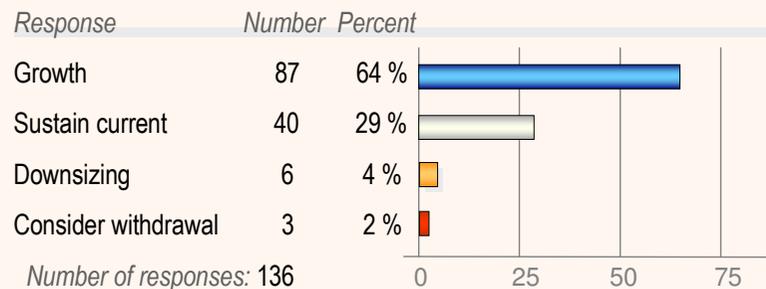
## FCIJ Business Confidence Survey – Spring 2011

### 4. Strategies in Japan

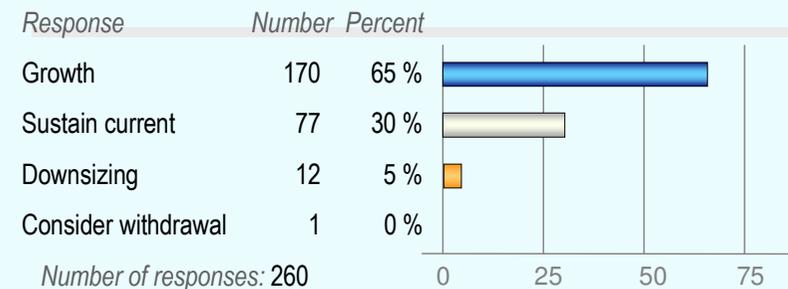
#### TOTAL FOR SURVEY



#### North American companies



#### European companies



**Australia/New Zealand:** Growth: 68%, Sustain current: 20%, Downsizing: 12%, Consider withdrawal: 0%

## *FCIJ Business Confidence Survey – Spring 2011*

### 5. Strategies in Japan - Comments

(All comments are available on the website)

*Japan is strategically important for our company, since many Japanese customers are important global players. Volume may decline in Japan but it is important to keep a good contact with our Japanese customers because of their global importance.*

*Emphasize our ongoing, continuous commitment to Japan and specifically to the Kanto area. We are here to stay and want to grow!*

*Necessary to assist alternative energy arrangement to power companies in Tokyo and Tohoku where we can give our expertise and network.*

*Increase market share from current 2% to 4 in 3 years 2. Grow by approx. 20% annually. Market itself is growing fast especially regenerative energy section.*

*Have recently completed a new acquisition in Japan and so need to integrate operations to achieve efficiencies and set the stage to further develop and grow the business.*

*Due to low direct inquiries from our customers we have to enforce our visits to get new projects, resp. understand their current demands.*

*We cater to a niche market and have a near monopoly. It is therefore difficult to grow faster than the industry itself, and we are content to sustain current level while keep quality and cost in check.*

*Promotion of high performance materials and chemicals fitting with future trends (energy, green, water treatment, light materials, batteries) where Japanese companies have been able to take leadership worldwide position*

*Japan has great fundamentals and the recent tragedy just highlights Japans need to open up M/A.if this does not happen this fiscal then we will likely re visit a move outside of Japan.*

*It is not possible to sustain current level after the disaster. Clients had damage in plants, logistics etc. so they will not have too much budget for anything.*

*FCIJ Business Confidence Survey – Spring 2011*



**Questions related to the  
Earthquake, Tsunami  
and Nuclear Emergency**



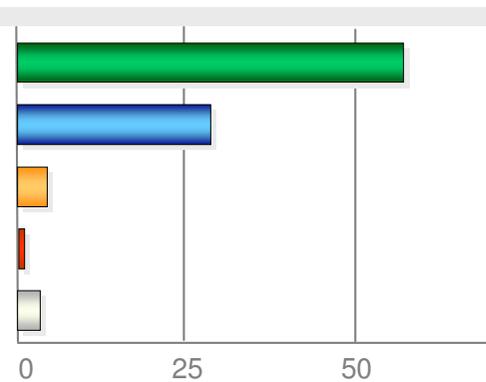
## FCIJ Business Confidence Survey – Spring 2011

### 1. Your **company's** reaction in the weeks after the disaster?

#### TOTAL FOR SURVEY

Response	Number	Percent
Maintained normal operations	225	60 %
Office temporarily closed and staff worked remotely	113	30 %
Office relocated temporarily to other parts of Japan	18	5 %
Office relocated temporarily abroad	2	1 %
Other	15	4 %

Total number of responses: 373



#### BY NATIONALITY

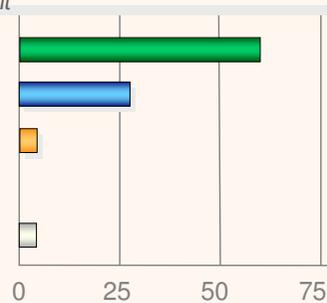
	Foreigners	Japanese
Maintained normal operations	53 %	76 %
Office temporarily closed and staff worked remotely	32 %	20 %
Office relocated temporarily to other parts of Japan	6 %	0 %
Office relocated temporarily abroad	0 %	0 %
Other	4 %	4 %

Of the total population 81% were foreigners, 19% Japanese

#### North American companies

Response	Number	Percent
Maintained normal operations	81	60 %
Office closed and staff worked remotely	37	28 %
Office relocated to other parts of Japan	8	6 %
Office relocated temporarily abroad	0	0 %
Other	8	6 %

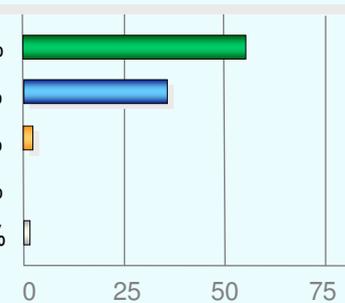
Number of responses: 134



#### European companies

Response	Number	Percent
Maintained normal operations	117	57 %
Office closed and staff worked remotely	74	36 %
Office relocated to other parts of Japan	7	3 %
Office relocated temporarily abroad	1	0 %
Other	5	2 %

Number of responses: 204



## *FCIJ Business Confidence Survey – Spring 2011*

### 1. Your **company's** reaction in the weeks after the disaster? (2)

Other reaction, what:

*Business as normal, but all staffs worked from home or at another location in Japan*

*Closed till March 18 and then back to normal*

*Combination of remote and BAU*

*Implemented crisis management strategy*

*Office stayed open but some staff worked remotely or voluntarily relocated*

*Open, but some staff (mostly foreign) worked remotely*

*Part of our office relocated temporarily to other part of Japan*

*Partially relocated abroad to prepare for unexpected situation*

*Readied for relocation abroad but did not, some but not all staff left the region*

*Reduced operating hours and closed certain business activities.*

*Remained open, but on reduced hours.*

*Some worked in the office, some remotely*

## *FCIJ Business Confidence Survey – Spring 2011*

### 1. Your **company's** reaction in the weeks after the disaster? (3)

#### Comments

(All comments are available on the website)

*Based on our corporate office's recommendation, we tried to stay at home and work at home as much as possible. We came office twice a week. We did not relocated office temporarily though corporate office recommended us to do.*

*Closed Tokyo office 1st week after disaster, encouraged staff to move to Hiroshima office but most stayed and worked remotely. Opened Tokyo office from 2nd week*

*Immediately after the disaster, we formed the special committee chaired by the CEO to give the accurate information about the disaster to the employees and give a guidance for emergency actions to be taken by the employees on timely manner.*

*Initially, we maintained close to normal operations (similar to our domestic clients). Many of our international clients took more drastic measures. After the first week, we extended the 3 day weekend to a 6 days with a temporary closure.*

*Many of our expat staff (around 5% of total) left the country*

*Most staff were allowed to stay at home for 1 week but top management stayed at office.*

*Natural disaster is just a momentary impact on the Japanese economy but the Japanese Government financial situation will create devastating effects on its economy as a whole.*

*None of our full-time staff left Tokyo. We are committed to Japan and to Tokyo.*

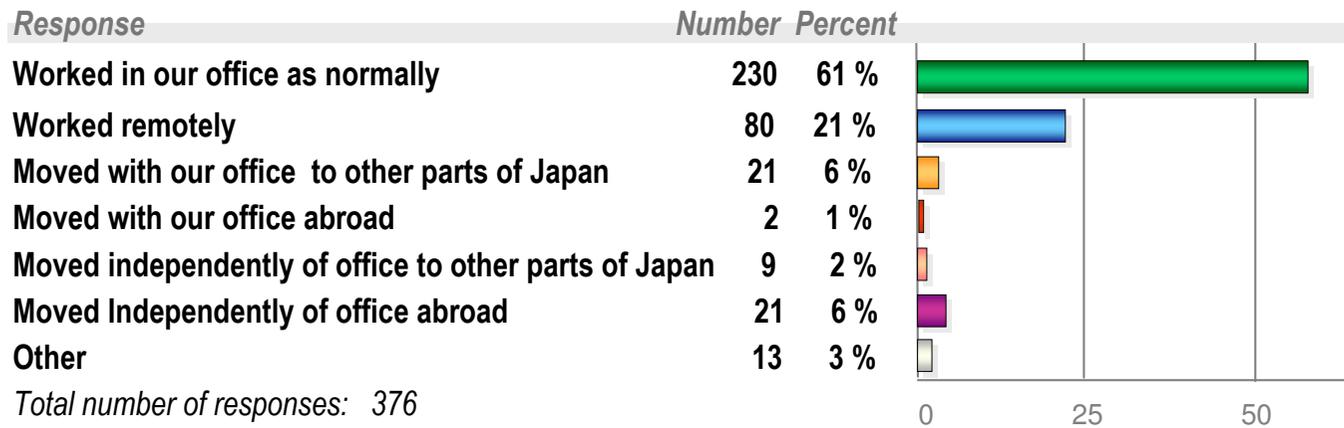
*Offsite access was granted to all staff but some functions were unable to work. Some staff moved to West Japan office briefly and we supported all people's personal choice. One week temporary closing due to unstable public transportation.*

*We closed our office for 3 days and all staff worked remotely. Mainly due to disrupted train lines and blackouts affecting staff living outside central Tokyo.*

## FCIJ Business Confidence Survey – Spring 2011

### 2. Your **personal** reaction in the weeks after the disaster?

#### TOTAL FOR SURVEY

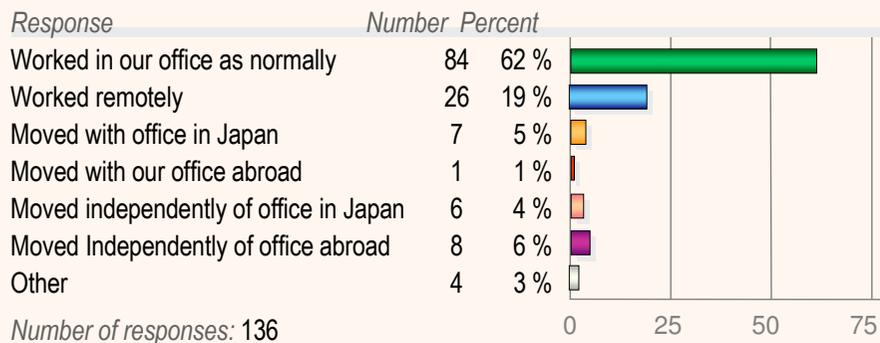


#### BY NATIONALITY

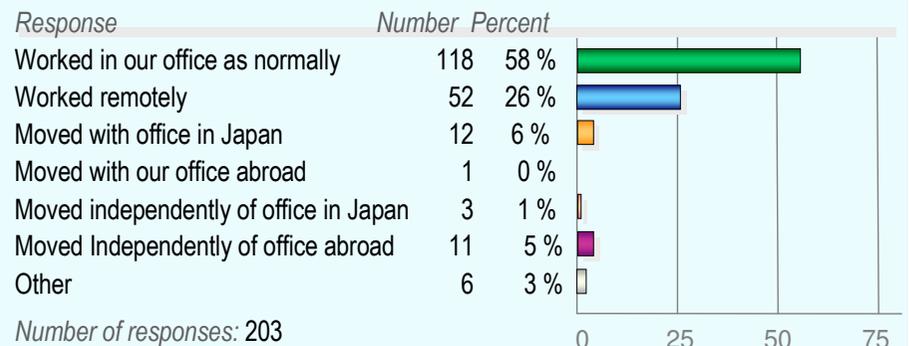
	Foreigners	Japanese
Worked in our office as normally	59 %	77 %
Worked remotely	21 %	20%
Moved with our office to other parts of Japan	6 %	1 %
Moved with our office abroad	1 %	0 %
Moved independently of office to other parts of Japan	3 %	1 %
Moved Independently of office abroad	7 %	0 %
Other	4 %	1 %

**Of the total population 81% were foreigners, 19% Japanese**

#### North American companies



#### European companies



## *FCIJ Business Confidence Survey – Spring 2011*

### 2. Your **personal** reaction in the weeks after the disaster? (2)

#### Comments

(All comments are available on the website)

*It is important that expats who receive good working terms and remuneration lead by example. Many did not and that sits sorely with the Japanese.*

*I went to the office every day but only for a few hours per day the week of March 14. I received a good support from my Japanese wife to stay in Tokyo, but the pressure from family and friends abroad to leave at least to West Japan, was nearly unbearable.*

*First moved to Osaka for a few days, then went overseas for 2 weeks. Continued to work remotely throughout the entire time.*

*All foreign staff of our Company stayed throughout the period. Our President of International Division visited to give his support and share his concern for everyone.*

*As I am locally hired I did not see any reason to why I should do anything different from the others.*

*Due to irregular operations of the public transports, we took flexible work time system without interruption of the normal works.*

*Had the radio station do a donation event that began the following Monday (14th) to the next Sunday (20th) after the quake, and actually took 2000 liters of kerosene to the area with friend.*

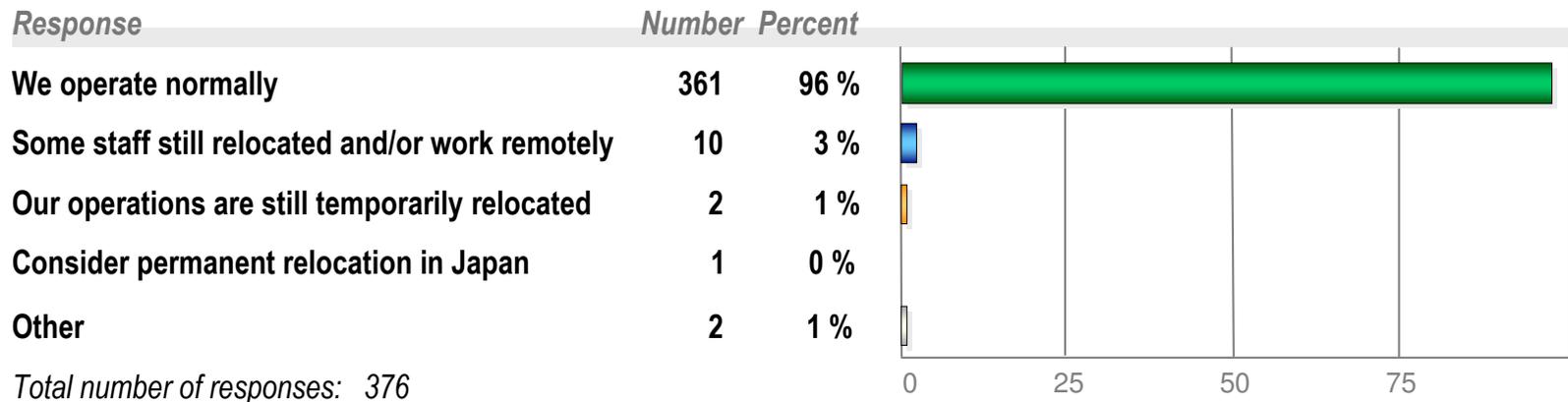
*In my sense, the Captain should remain on the boat. From the staff point of view, the feeling of having received attention, care and been given a choice has boosted team spirit and is invaluable for people recognition / motivation.*

*Remained here, and would have remained here, until FCO advice needed to change - then UK HQ asked me to move.*

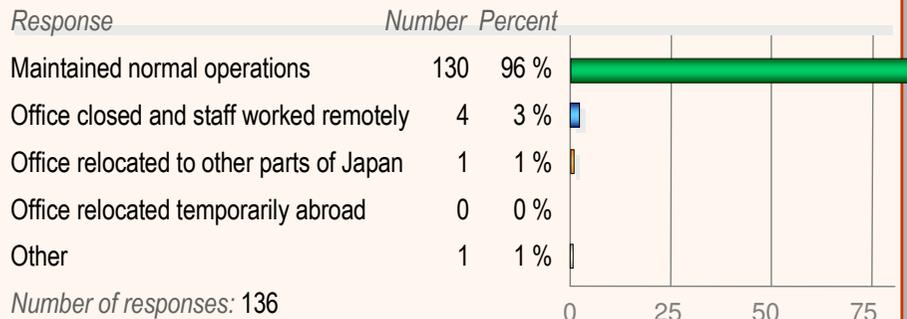
## FCIJ Business Confidence Survey – Spring 2011

### 3. Current status of your operations?

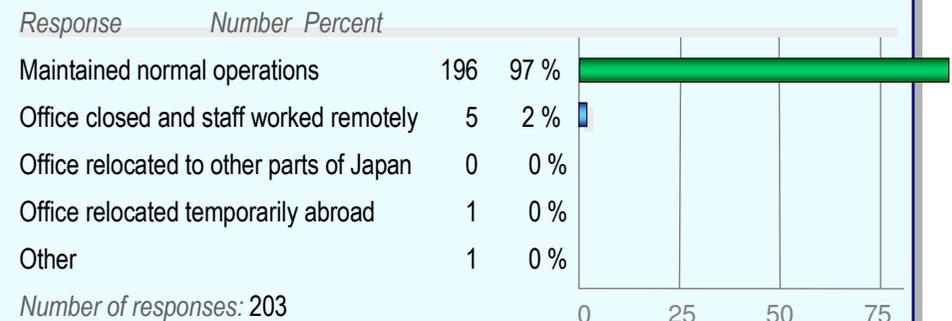
#### TOTAL FOR SURVEY



#### North American companies



#### European companies



## *FCIJ Business Confidence Survey – Spring 2011*

### 3. Current status of your operations?

#### Comments

(All comments are available on the website)

*All Japanese and local non-Japanese working normally, German expats still not returned.*

*All operations have been recovered and normal operations from order taking to fulfillment have resumed.*

*Busier than usual with inquiries for and actual moves of foreign expatriates out of Japan. Expat population is decreasing further in Japan after already 2yrs of decline with the financial crisis.*

*Even our staff in Northeast Japan work "normally" despite location being half devastated.*

*Radiation exposure in Tokyo is not big issue at present and in future even if the plant will be explode. More issue for us is potential risk having big earthquake which nobody can predict.*

*Reduced hours same location*

*Responsibility as company in Japan to increase our activities to cover the decreased sales in the near future in Japan, expand the market within Japan and Asia.*

*We are currently operating normally however are evaluating moving to other parts of Japan.*

*We close the office sharp 6 pm!*

*We developed contingency plans to move to Osaka if things got any worse.*

*We operate normally with fear.*

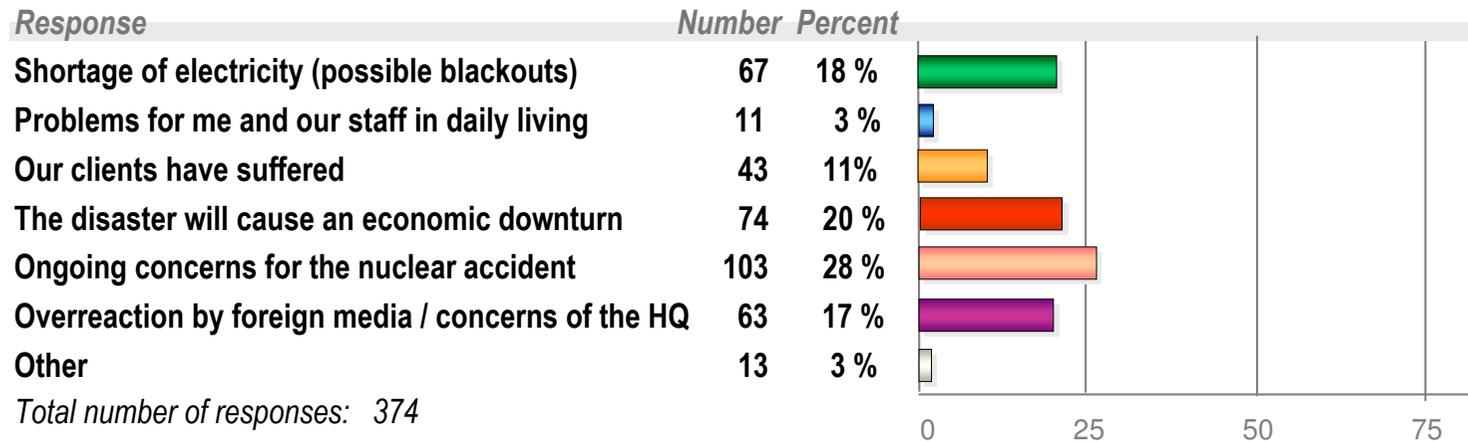
*While we are now operating normal office hours, business activity levels are down, which is a worry going forward.*

*Why shouldn't we?*

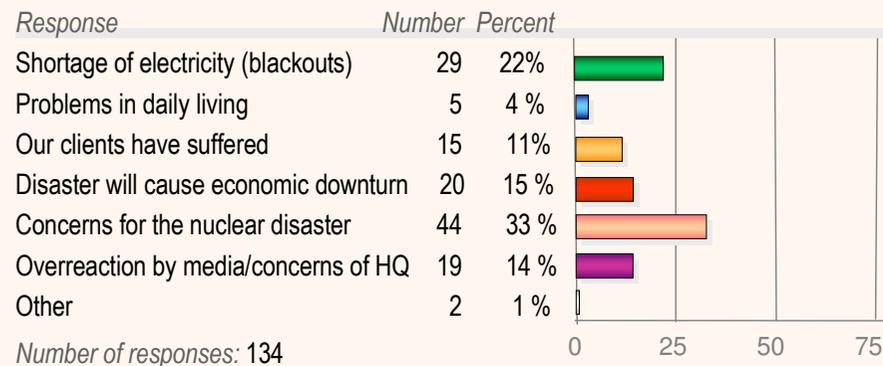
## FCIJ Business Confidence Survey – Spring 2011

### 4. Problems caused by the disaster?

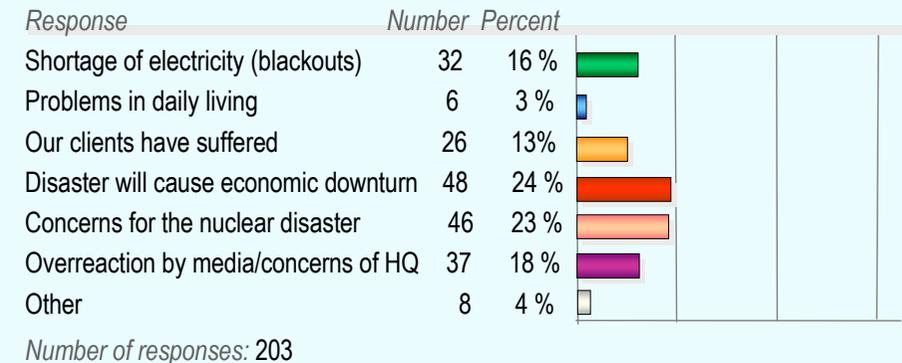
#### TOTAL FOR SURVEY



#### North American companies



#### European companies



## *FCIJ Business Confidence Survey – Spring 2011*

### 4. Problems caused by the disaster? (2)

Other problems, what:

*All of the above!*

*Customers' damaged facilities in quake and tsunami hit areas.*

*Japanese consumers will stop spending in the short / medium term*

*Question #8 does not match the responses; it asks which would "best describe" the "problems", but allows the respondent to select only one. In my experience, all of the foregoing are ongoing concerns; some potential risks, some ongoing risks, but all pressing. If the intended question was as to which is the "most" pressing problem, I believe your survey response will be misleading.*

*Severe shock over loss of life and scale of impact*

*short term supply issues in Japan, short / medium term challenge to attract talent from abroad to Japan*

*Strong decline in demand for our services*

*Too much radiation technical information without interpretation for practical understanding leading to staff and headquarter*

*All of the above, except the last point; I do not believe there has been an overreaction, at least by print media.*

## *FCIJ Business Confidence Survey – Spring 2011*

### 4. Problems caused by the disaster? (3)

#### Comments

(All comments are available on the website)

*Biggest problem will be electricity shortages and the effect of that on customers operations and also its affect on their ability to ramp up after the damage they have suffered. Of course points 3/4/6 are clearly issues. Daily living is not a real problem unless you believe foreign media rather than reality. Point 5 is only a concern in a very limited area - again concerns exacerbated by foreign media although Govt/TEPCO incompetence also highlighted - which on the other hand may be a good thing as it could lead to improvements going forward.*

*Consumer confidence has taken a massive hit.. We are currently observing an 80% drop in showroom traffic and order income at an unprecedentedly low level across Japan, including the southern islands.*

*Have to couple with this the overreaction by foreign media. Economic downturn should only be temporary. Blackouts possible in summer however, August is hottest month and least busy (holiday time). Winter blackout effect unknown at present.*

*It will clearly cause a slow-down in business generally; the unknown for each of us is how much rebuilding our customers will do vs. how much business will be lost permanently.*

*Many of the above applicable, however, the net downside risk is economic damage. The electrical shortages would appear to have the greatest long term potential for damaging the economy. Overall, we are expecting a recovery in the economy towards year end --subject to the electrical issue.*

*Shortage in supplies and components for assembly, and the cancellation of festivities due to the 'let's not get too excited and openly show joy' atmosphere is also damning*

*Travel advisory recommending everyone to leave Tokyo affected business as could not get HQ people to come here.*

*While this constitutes a business opportunity, it is heartbreaking.*

## FCIJ Business Confidence Survey – Spring 2011

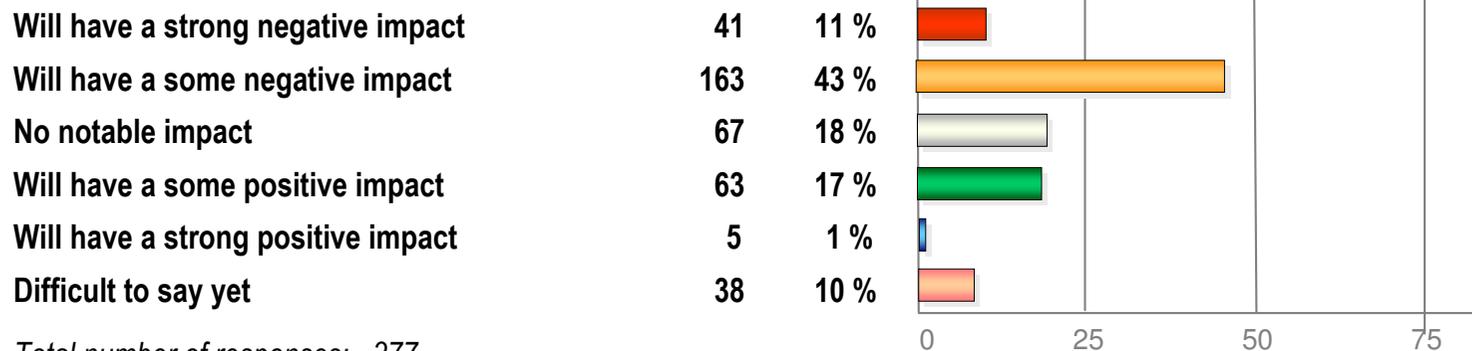
### 5. How will the disaster affect your business in the longer term?

*TOTAL FOR SURVEY*

**INDEX -0.51**

*Response*

*Number Percent*

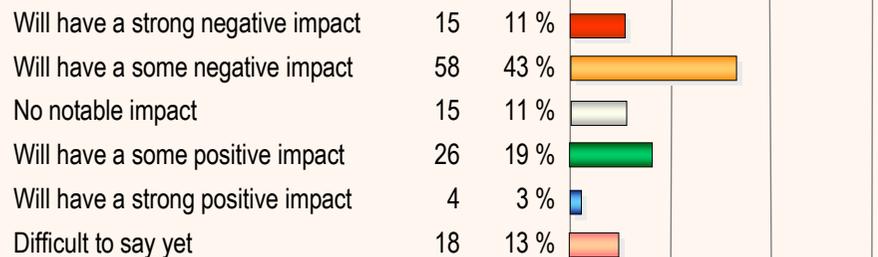


Total number of responses: 377

#### North American companies

*Response*

*Number Percent*

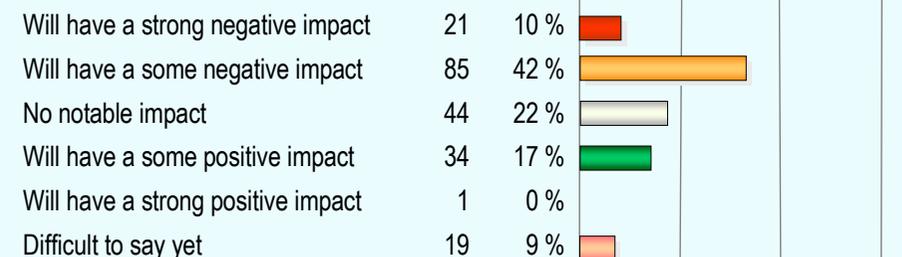


Number of responses: 136

#### European companies

*Response*

*Number Percent*



Number of responses: 204

## *FCIJ Business Confidence Survey – Spring 2011*

### 5. How will the disaster affect your business in the longer term? (2)

#### Comments

(All comments are available on the website)

*Advertising business will be most difficult.*

*As an insurer we will pay out a large amount of claims, so a strong negative impact for the full business year. Beyond that, subsequent business terms should be improved.*

*As the down trend of Japanese economy will continue at least one year, this will surely impact to our business in Japan. Largely dependent on how fast the Fukushima plant is stabilized, would expect that continuing uncertainty will negatively affect inbound business/investment. Even if resolved, may have caused permanent damage to Japan's image, but too soon to tell.*

*Not sure yet if it will be positive or negative impact as there is still too much uncertainty.... nuclear situation, electric shortage expected during summer, continued aftershocks (over 100 in the past 24 hours.... so pace and size is going wrong direction), etc.*

*Of course some negative impact due to the decline order placement from the customer. On the other hand, competitor is also damaged due to the earthquake, some of business is inquired from new customers. This is positive side of the disaster.*

*Our businesses are varied. Some will have a negative impact, some will be positive.*

*We will absolutely remain in Japan and continue with our business. The longer term impact on our business will result from the combination of the economic result, investor sentiment and a variety of other factors such as demographic movement. Presently too many variables to have a clear view.*

*Without the disaster, we were already foreseeing the downturn in our business from 2013 onwards. I really don't know at this point in time how the future business will be.*

## *FCIJ Business Confidence Survey – Spring 2011*

### General Comments

(All comments are available on the website)

*Business improvement due to special orders and strong export business. Strong adverse effects of crisis on regular domestic retail business for premium consumer durables.*

*Current our problem is that it will take too long time for us to apply and get export permission of semiconductor such as IC chips and microprocessors., etc. It will take about 5 months totally from the preparation till getting permission. Is there any better way to shorten / speed up this procedures such as 2-3 weeks. This export permission is for avoiding the use of exported parts for weapon.*

*Exports of precision instruments too time consuming because of export permission procedures. Even equipment temporarily sent to other countries for service tasks require detailed machine specific "parameter sheets". This leads to service centers being moved to other Asian countries.*

*Growing perception of radiation exposure and safety risks needs a standard unified response with clear guidance / standards for manufactured goods produced or shipped from the affected areas.*

*High barriers on obtaining approval for certain medical equipment.*

*I found the updates on the nuclear situation released by the BCCJ very useful and objective.*

*I'd like to see the Chamber (and the USG) tell the US Business Community (outside Japan) that business in Japan is still as before, with some temporary disruption; that investment in Japan remains a good choice, etc. All the nattering nabobs in the mainstream media have done harm (hopefully not irreparable) to the perception of the situation here, which differs from reality.*

*We expect inbound clients to postpone or cancel their moves to Japan. This on top of the exodus of last 2 years and the extreme exodus over last month and next few months - total foreign expat population in Japan is severely decreasing. Very bad for Japan / Tokyo and especially for any business related to foreign clients like ours.*

## *FCIJ Business Confidence Survey – Spring 2011*

### General Comments (2)

(All comments are available on the website)

*Information on new opportunities created by the likely stronger focus on renewable energy and energy saving technology in Japan should be one of the focus areas to help German supplier of such technologies, products and services.*

*It would be helpful to get some evaluation about the prospects of the business ordered by branches such as automotive, wind power, etc.*

*Japan has to evolve a less protectionist view of the role of the Gov't (METI in particular) in industry development.*

*On the whole we have been surprised at how small the negative effect has been on demand for English courses.*

*Our concern is; Due to seismic events and on-going nuclear PP incident, Yen will become weaker to Euro in a long run. It will throw a wet blanket over our planned sales for the next few years and worsen our company's profitability.*

*Please encourage foreign embassies to rely more on the ground reality rather than home media, headquarters and other drama-seekers.*

*Tell everyone that biz in Japan is going on. Some things will increase*

*The bad, partly irresponsible media coverage in Germany of the Japan catastrophe is hurting our business.*

*The difficulty in getting APEC cards renewed for businesses with revenue under 2 million is annoying*

*The problems of regulatory issues and non-tariff trade barriers should be actively pursued.*

*We could prove that many emergency simulation in the nuclear power plant or even in other industries in Japan is just for "Tatema".*

*Please do share the results with me. Thank you very much in advance **(we will do so!)***

## *FCIJ Business Confidence Survey – Spring 2011*

### Summary

#### **Economy in the next 6 months: a steep decline expected**

- ❑ As expected, the forecast on the Japanese economy for the next six months declined steeply. The index went now deep into negative territory and shows now -0.93, compared to -0.04 in the Fall 2010 survey. This time only 11% expect some improvement while 89 % of the respondents some or strong decline.
- ❑ The North Americans and Europeans had an even view, while Australia/New Zealand were even more negative (-1.12).
- ❑ By type of business, the Finance sector is most negative (-1.06) while the Manufacturing was least pessimistic (-0.74) .

#### **Economy in the next 12 months: small growth in sight**

- ❑ In the longer term (12 months) the respondents see a turn for the better, now +0.04 (compared to +0.17 in Spring 2010), now 47% expect strong or some growth, while 43% see a decline.
- ❑ By area the Europeans where most positive (+0.09), closely followed by the Americans (+0.04) whilst the Australia/New Zealand still expect a continued negative development with -0.04.
- ❑ By type of business, Manufacturing sector is now most optimistic (+0.41) while the Finance sector also see the next 12 months least favorably with an almost flat development (+0.03).

## *FCIJ Business Confidence Survey – Spring 2011*

### Summary (2)

#### **Sales Performance continued to improve but bump ahead**

##### Past 6 months...

- ❑ The improvement 2010 in sales performance further improved in this survey with an index of +0.61 (+0.64 in previous survey). 60% reported some or strong improvement while only 19% had some or strong decline.
- ❑ The European affiliates reported slightly better sales performance (+0.65) than the American (+0.54) and ANZ (+0.56) affiliates.
- ❑ By sector, the Manufacturing reported the most positive (+0.78) with Finance least positive, +0.30, a rather significant difference.

##### Next 6 months...

- ❑ Looking ahead, in line with the bleak views on the economy in the shorter term, respondents forecast the sales to dip, now the index was -0.14 (previous survey) +0.68. Only 35% expect sales increase while 46% see a decline.
- ❑ American affiliates see the future more brighter, -0.03 compared to -0.20 for Europeans and even lower, +0.32, for the ANZ companies.
- ❑ By sector, Finance expects a positive development, +0.09, while the Service sector is the most negative at -0.25.

## *FCIJ Business Confidence Survey – Spring 2011*

### Summary (3)

#### **Profitability, the past 6 month – improvement in line with sales performance**

- ❑ As with the sales performance, also profitability continued to grow in line with the previous survey. The index stood now at +0.59 when it was +0.63 in October 2010. 57% of the respondents saw a strong or some improvement, only 16% a decline.
- ❑ European affiliates reported slightly higher figures than the Americans (+0.61 and +0.55), while ANZ affiliates reported the highest, +0.64.
- ❑ By sector, Manufacturing (as in sales) reported the by far best performance (+0.85), ahead of Finance (+0.42), Service (+0.56) and Sales & Trading (+0.62) sectors.

#### **Tougher coming six months**

- ❑ As in sales, the profitability forecast predicts a decline in the coming months. The index was now -0.14 compared to +0.60; now only 33% of the respondents forecast strong or some improvement in profitability; 43% a decline.
- ❑ American affiliates were less negative (-0.09) while Europeans a bit more so, -0.17 and ANZ further down at -0.20.
- ❑ By sector, the Manufacturing and Service sectors were rather deep in the red, -0.33 and -0.33 respectively, while the other sectors saw a rather flat development, Sales & Trading at +0.04 and Finance at a flat 0.00.

## *FCIJ Business Confidence Survey – Spring 2011*

### Summary (4)

#### Strategies in Japan

- ❑ Despite the current uncertainties, the strategies of the foreign-affiliated companies in Japan continue to be rather bullish. 65% (69% in the Fall 2010 survey) are looking for further growth and 29% (28% in Fall 2010) expecting to sustain their current level. 5% (2% in Fall 2010) are planning to downsize, but only 1% (four companies out of the surveyed 437) are considering withdrawing from the market.
- ❑ Differences between areas were rather small. The ANZ affiliates had the highest percentage (68%) of companies striving for further growth (Europeans and Americans 65 and 64% respectively), but on the other hand they had the highest number of companies planning to downsize, 12%, compared to 5% for the Europeans and 4% for the Americans.

## *FCIJ Business Confidence Survey – Spring 2011*

### Summary of the questions regarding the disaster

#### Reaction in the weeks after the disaster – Companies

- ❑ This survey shows that media reports regarding a mass-exodus of foreign companies and executives from Tokyo was grossly exaggerated.
- ❑ Only 1% of the **companies** relocated abroad, 5% elsewhere in Japan, 30% worked remotely but 60% maintained normal, or close to normal operations. A difference between areas was that Europeans worked more remotely (36%) than the Americans (28%). Of the ANZ affiliates, only 4% worked remotely, 79% maintained (almost) normal operations.
- ❑ When comparing Japanese and non-Japanese respondents, the differences were significant, of the Japanese 76% reported that their company operated normally but only 53% of the companies reported by foreigners. 32% of the companies reported by Japanese worked remotely, 20% of the companies represented by foreigners did so. 6% of the foreigners' companies relocated, 1% of those reported by a Japanese.

Note: The German Chamber member companies (13% of all respondents) did not participate in the survey questions regarding the disaster. If they had, the percentages of companies and individuals relocating would probably have been somewhat higher.

## *FCIJ Business Confidence Survey – Spring 2011*

### Summary of the questions regarding the disaster (2)

#### Reaction in the weeks after the disaster - Individuals

- ❑ The pattern for individual decisions were similar to those of companies, 61% of the **executives** remained in office, 21% worked remotely and only 7% moved abroad and 8% to other parts of Japan, 61% remained in office. The differences for the reaction of executives between areas were similar to that of the companies, Europeans had more people working remotely while of the ANZ companies most (92%) worked in office.
- ❑ When comparing Japanese and non-Japanese respondents the differences were again significant. Of the Japanese 77% worked in office, 58% of foreigners, about the same percentage (21% and 20% respectively) worked remotely, but only 2% of Japanese moved to other parts of Japan, while 9% of the foreigners did so. And none of the Japanese moved abroad while 8% of foreigners did.
- ❑ However, it should be noted that this survey covered executives. If all foreign employees are counted, the numbers for those relocated or working remotely would have been much higher.

## *FCIJ Business Confidence Survey – Spring 2011*

### Summary of the questions regarding the disaster (3)

#### **Current status of operations**

- ❑ Currently 96% of the companies operates normally (or close to). 3% of the companies still have some staff relocated and in the case of 2 companies, they are still relocated. Differences between areas were insignificant and within margin of error for this survey.

#### **Main problem caused by disaster**

- ❑ The main current problems the respondents reported were concerns for the ongoing nuclear accident (28%), economic downturn (20%), shortage of electricity (18%) and overreaction in foreign media (17%).

Several respondents commented that several of the problems applied to them (*now they could select only the one they felt was the most important*). *Read the comments on web site for more details*

#### **Influence on business in the longer term**

- ❑ Regarding the influence on business, 43% expects some negative impact, 18% see no impact, 17% some positive impact, 11% a strong negative impact and 1% strong positive impact. The index, if calculated in same manner as for the standard survey questions, would be -0.51 on the scale from +2 to -2.

## *FCIJ Business Confidence Survey – Spring 2011*

The Survey Report and additional comments from respondents  
are available in pdf format at:

<http://www.fcc.or.jp/fcij/bcs.html>

The next survey will be conducted in October 2011.

*This survey has been supported by:*



[www.asiantigers-japan.com](http://www.asiantigers-japan.com)

[www.finnair.com](http://www.finnair.com)