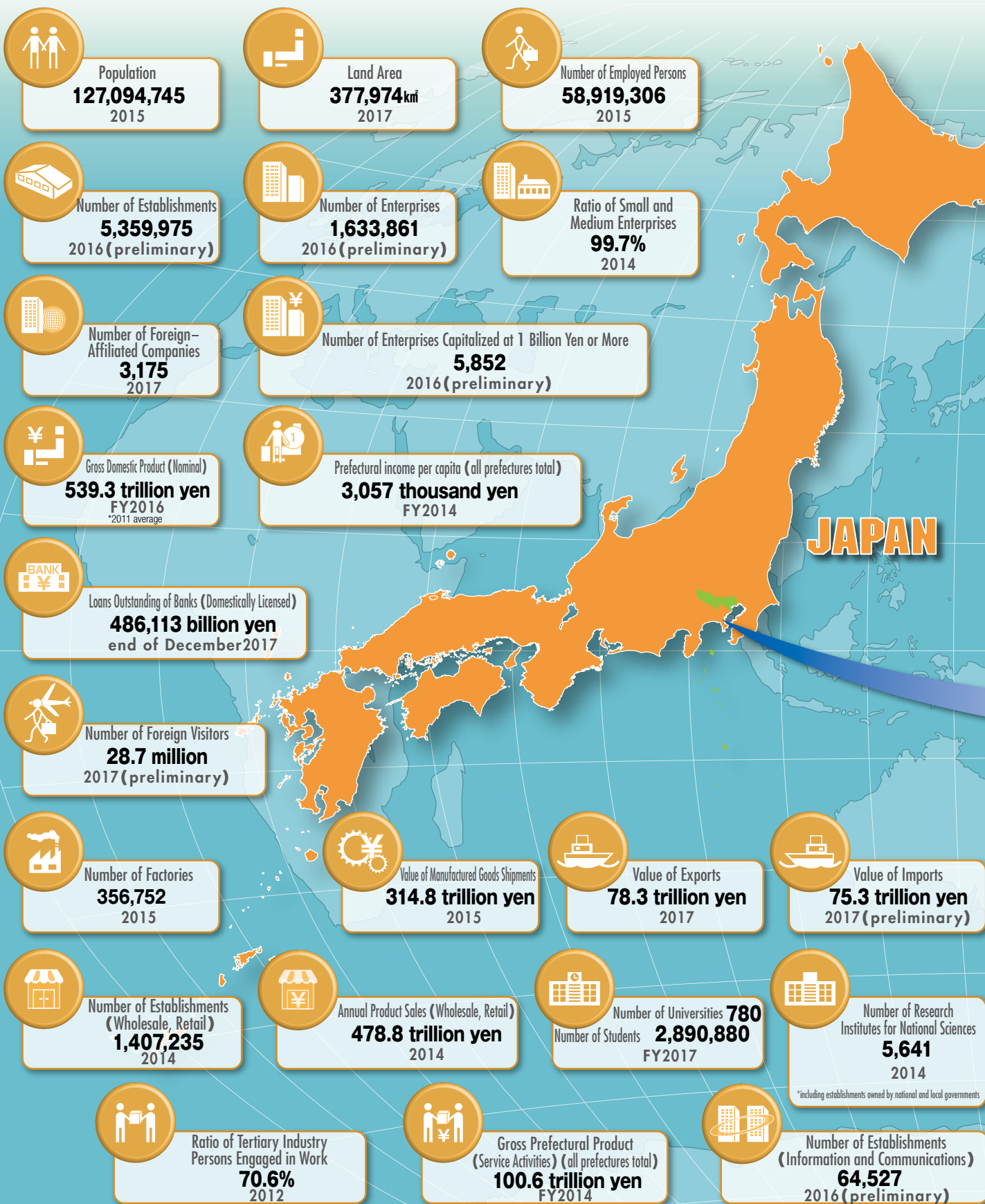


# Tokyo is the Hub of Japan's Economic Activity



**JAPAN**

\*including establishments owned by national and local governments

[Sources]

- MIC "Population Census"
- Geographical Survey Institute, MLIT "Land Survey of Prefectures, Shi, Ku, Machi and Mura"
- MIC "Economic Census for Business Frame"
- MIC / METI "Economic Census for Business Activity"
- Small and Medium Enterprise Agency "White Paper on Small and Medium Enterprises in Japan"
- Toyo Keizai, Inc. "Foreign Affiliated Companies in Japan: A Comprehensive Directory"
- CAO "Annual Report on National Accounts"
- CAO "Annual Report on Prefectural Accounts"
- BOJ "Deposits and Loans Market"
- JNTO materials
- MIC / METI "Economic Census for Business Activity: Tabulation of individual industries (Manufacturing Industry)"
- MOF "Trade Statistics of Japan"
- METI "Census of Commerce"
- MEXT "School Basic Survey"
- MIC "Employment Status Survey"

# TOKYO



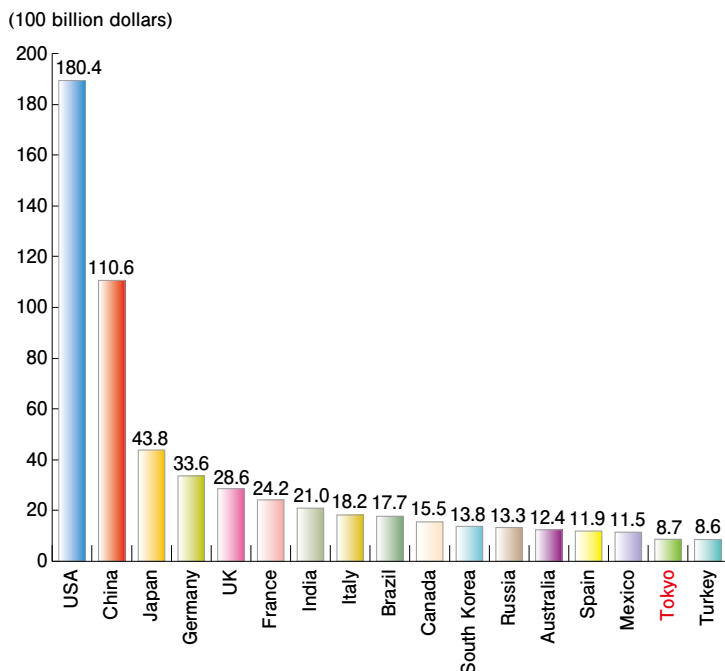
Percentage in parentheses represents the proportion to the national total. Number of factories means the number of establishments in manufacturing industry where manufacturing activities are actually conducted.

- [Sources]
- MIC "Population Census"
  - Geographical Survey Institute, MLIT "Land Survey of Prefectures, Shi, Ku, Machi and Mura"
  - MIC "Economic Census for Business Frame"
  - MIC / METI "Economic Census for Business Activity"
  - TMG Bureau of Industrial and Labor Affairs research
  - Toyo Keizai, Inc. "Foreign Affiliated Companies in Japan: A Comprehensive Directory"
  - TMG "Annual Report on Prefectural Accounts, preliminary and estimated"
  - CAO "Annual Report on Prefectural Accounts"
  - BOJ "Deposits and Loans Market"
  - TMG Bureau of Industrial and Labor Affairs materials
  - MIC / METI "Economic Census for Business Activity: Tabulation of individual industries (Manufacturing Industry)"
  - Tokyo Customs materials
  - METI "Census of Commerce"
  - MEXT "School Basic Survey"
  - MIC "Employment Status Survey"

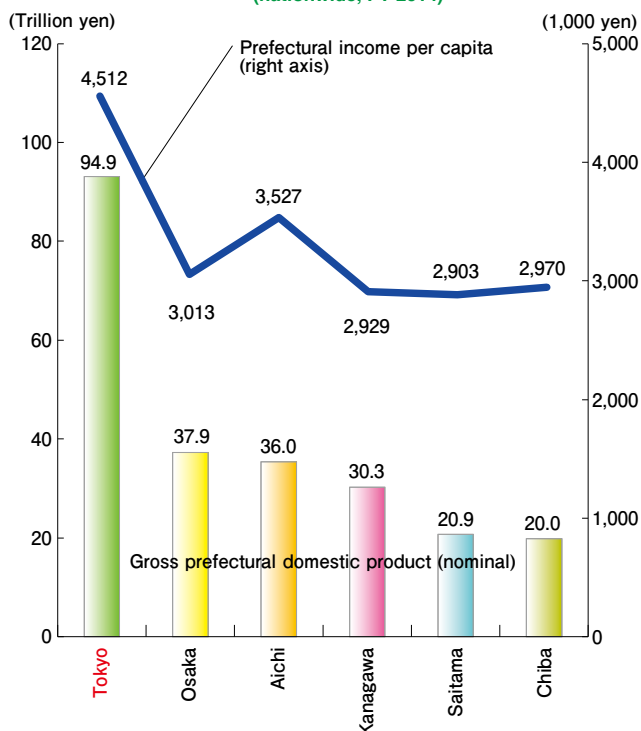
# While Forming Huge Economic Base, Tokyo Faces

## 1 Tokyo's Economy is Comparable to a Country's Economy

Gross domestic product (nominal) by country (worldwide, 2015)



Gross prefectural domestic product (nominal), prefectural income per capita by prefecture (nationwide, FY 2014)



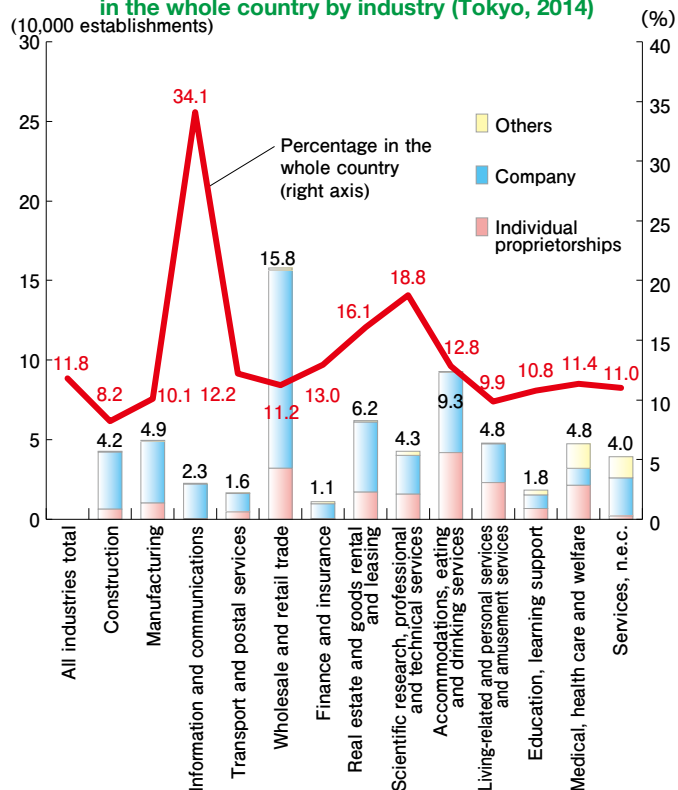
Note: The above comparison is made for 2015 (calendar year), except Tokyo (from April 1st, 2015 to March 31st, 2016) and Australia (from July 1st, 2015 to June 30th, 2016). The gross prefectural product in Tokyo is converted to US dollars by using the exchange rate (1 US dollar = 120.13 yen) calculated from the Annual Report on National Accounts for FY2015 (CAO ESRI).

Note: Top 6 prefectures by gross prefectural domestic product  
Source: CAO "Annual Report on Prefectural Accounts"

Source: TMG "Annual Report on Prefectural Accounts of Tokyo"

## 4 Establishments of Information and Communications are Concentrated in Tokyo

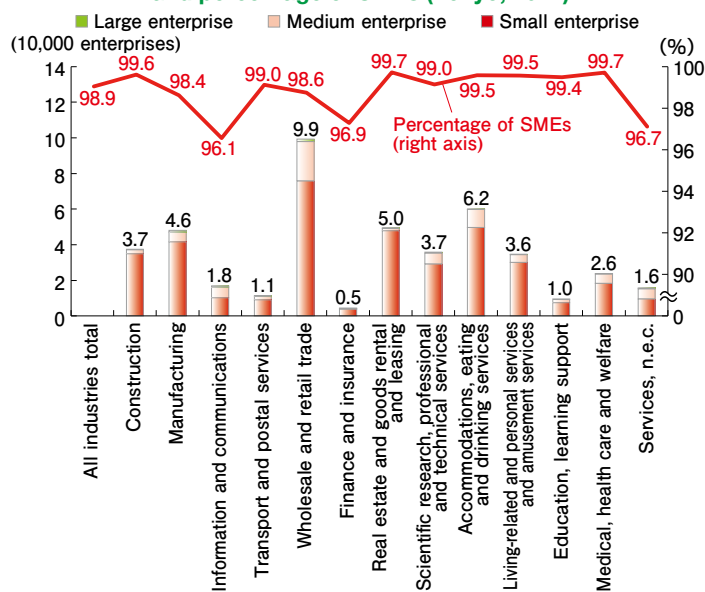
Number of establishments and percentage in the whole country by industry (Tokyo, 2014)



Note: Industrial divisions with establishments of 10,000 or more are listed.  
Source: MIC "Economic Census for Business Frame"

## 5 Number of Small and Medium Enterprises (SMEs) Accounts for 98.9% of All Enterprises

Numbers of enterprises by industry and enterprise size, and percentage of SMEs (Tokyo, 2014)

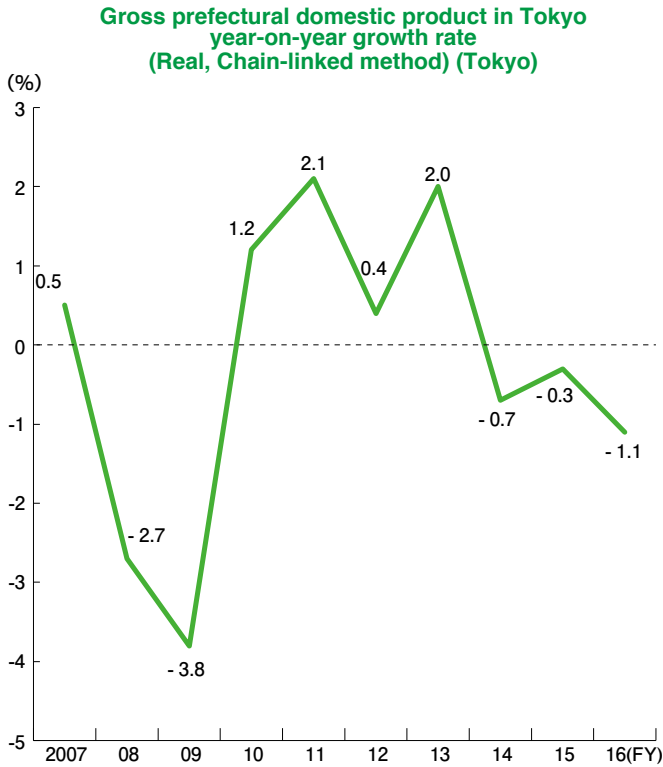


Note: Industrial divisions with small and medium enterprises of 1,000 or more are listed. SMEs and small enterprises are defined in accordance with the definitions in the Small and Medium-size Enterprise Basic Act. Establishments unable to classify to whether the business establishments of SMEs or large enterprises because either industrial classifications, number of regular employees or capital size is unknown are excluded. The number of medium enterprises is the number obtained by deducting the number of small enterprises from the number of SMEs. The percentage of SMEs = number of SMEs/number of all enterprises × 100.

Source: MIC "Economic Census for Business Frame" reorganized by TMG Bureau of Industrial and Labor Affairs

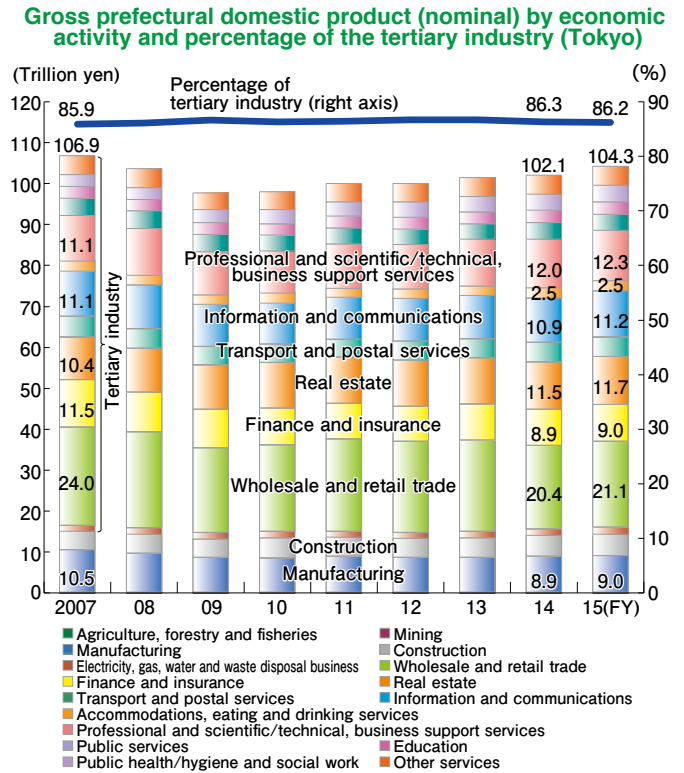
# Acceleration of Demographic Aging

## 2 Growth of Gross Prefectural Domestic Product in Tokyo is Expected to be Negative for Three Consecutive Years



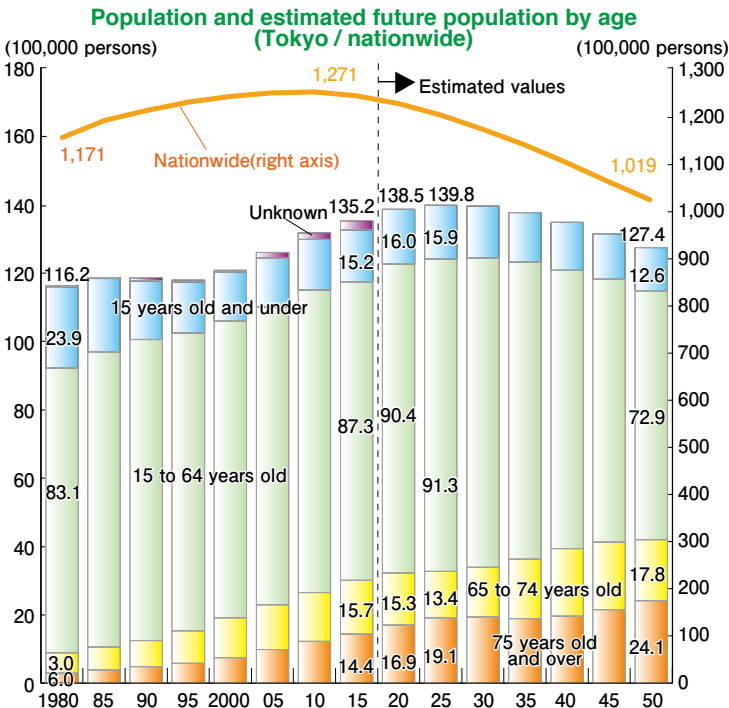
Note: Figures for FY2015 are preliminary and figures for FY 2016 are estimates.  
 Source: TMG "Annual Report on Prefectural Accounts of Tokyo", "Annual Report on Prefectural Accounts of Tokyo, preliminary and estimated"

## 3 Tertiary Industry Accounts for About 90% of Gross Prefectural Domestic Product in Tokyo



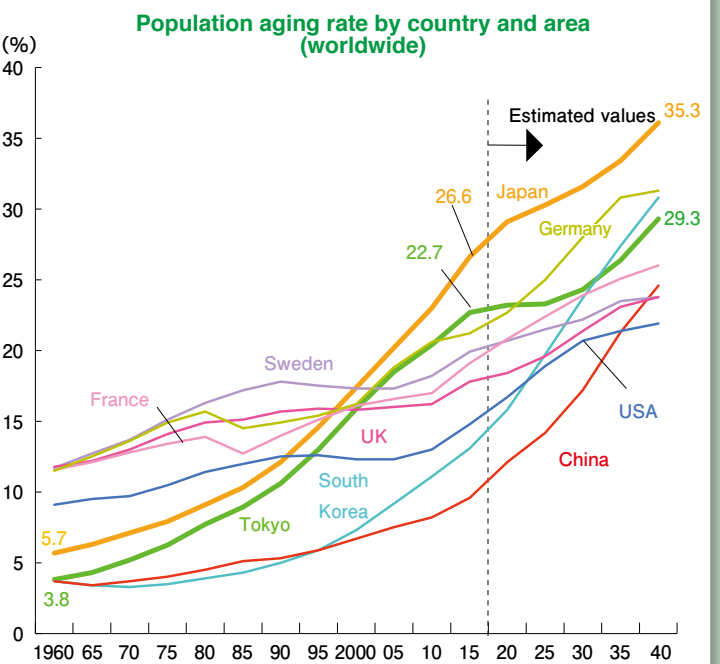
Note: Taxes and duties on imports, and deduction of consumption taxes for gross capital formation are excluded.  
 Source: TMG "Annual Report on Prefectural Accounts of Tokyo"

## 6 Acceleration of Declining Birth Rate/Aging Population Advances and Demographic Structure Drastically Changes



Note: Figures in 2015 and before are actual based on "Population Census". Figures for nationwide in 2020 or after are estimates by the National Institute of Population and Social Security Research. Figure for Tokyo in 2020 and after are estimates by TMG Office of the Governor for Policy Planning.  
 Source: MIC "Population Census", TMG "Action Plan for 2020", National Institute of Population and Social Security Research "Estimated Future Population in Japan"

## 7 Compared with Other Countries in the World, Population Aging Rate is High

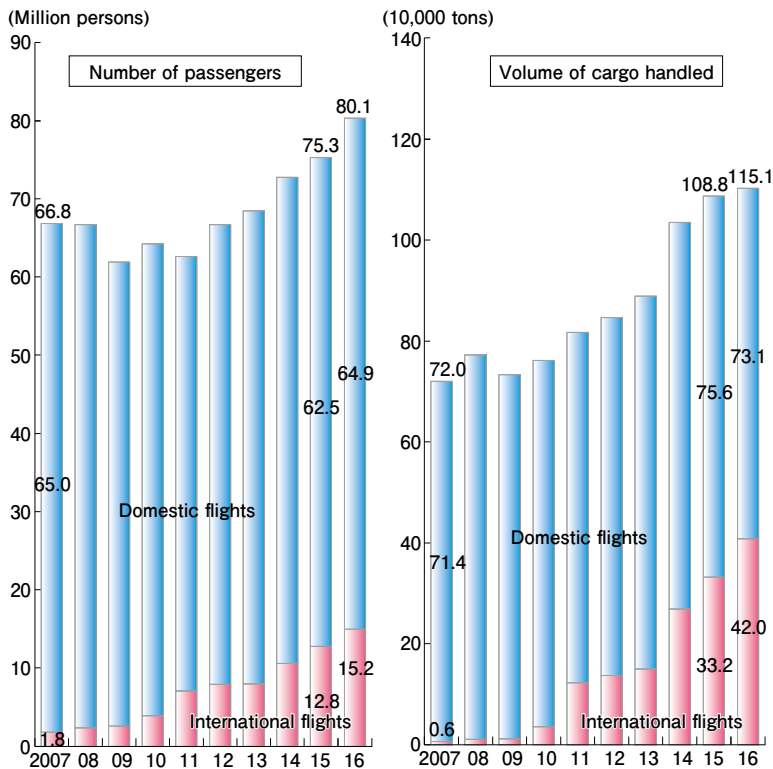


Note: Population aging rate is the percentage of the population aged 65 and over in the total population. Figures for Japan and Tokyo in 2015 and before are actual values based on the "Population Census". Figures for Tokyo in 2020 and after are estimates by the TMG Office of the Governor for Policy Planning. Figures for Japan in 2020 and after are estimates by using the results of "Population Census 2010" as the standard population and do not link to the figures in 2015. All figures of the other countries are estimates.  
 Source: MIC "Population Census", National Institute of Population and Social Security Research "Estimated Future Population in Japan", TMG "Action Plan for 2020", UN "World Population Prospects"

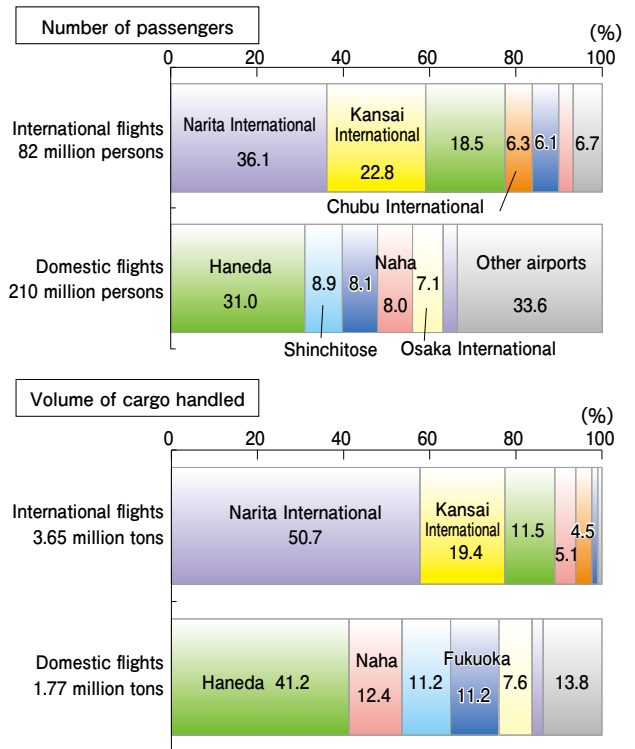
# Both People and Products Come and Go, and

## 1 At Haneda Airport, Number of International Flight Passengers and Volume of Air Cargo Handled are Increasing Every Year

Number of passengers and volume of cargo handled (Haneda Airport)



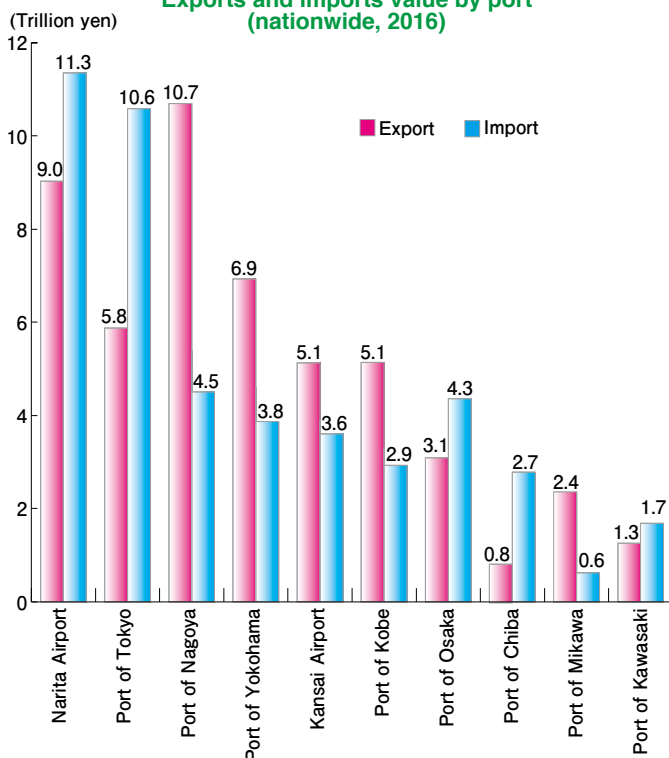
Composition ratio of number of passengers and volume of cargo handled by airport (nationwide, 2016)



Note: As for composition ratio, top 6 airports are listed.  
Source: MLIT "Airport management Report"

## 2 Total Exports and Imports Value at Port of Tokyo is the Second Largest in Japan

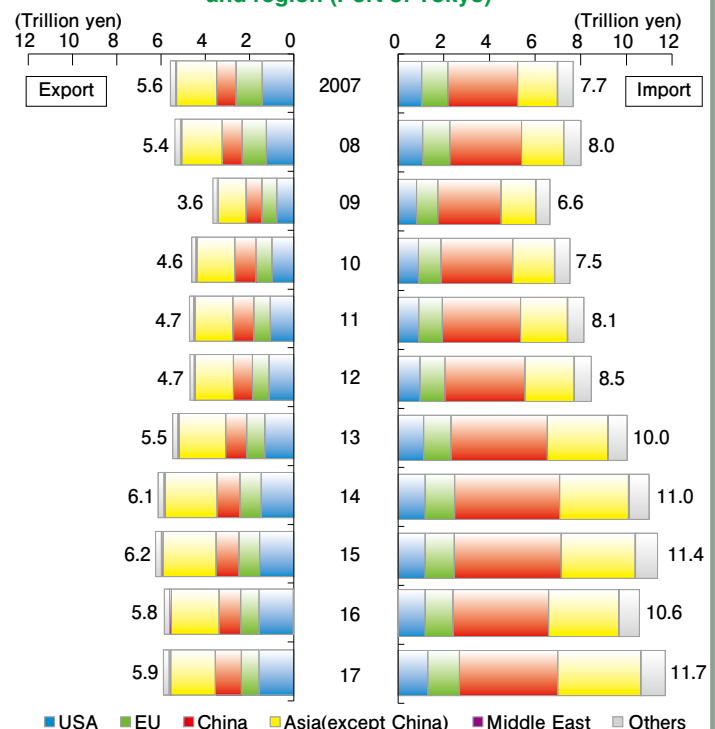
Exports and imports value by port (nationwide, 2016)



Note: Top 10 ports by exports and imports value are listed.  
Source: MOF "Trade Statistics of Japan"

## 3 Exports and Imports Value at Port of Tokyo Turns to Increase

Exports and imports values by country and region (Port of Tokyo)

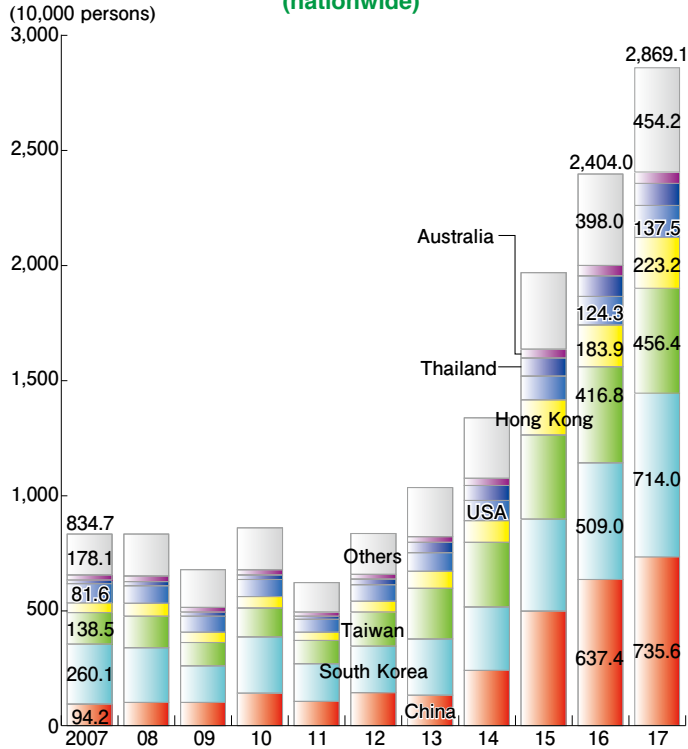


Note: Figures for 2017 are preliminary. Hong Kong and Macao are not included in China.  
Source: MOF "Trade Statistics of Japan"

# Globalization is Expanding in Tokyo

## 4 In Recent Years, Number of Foreign Visitors to Japan is Drastically Increasing

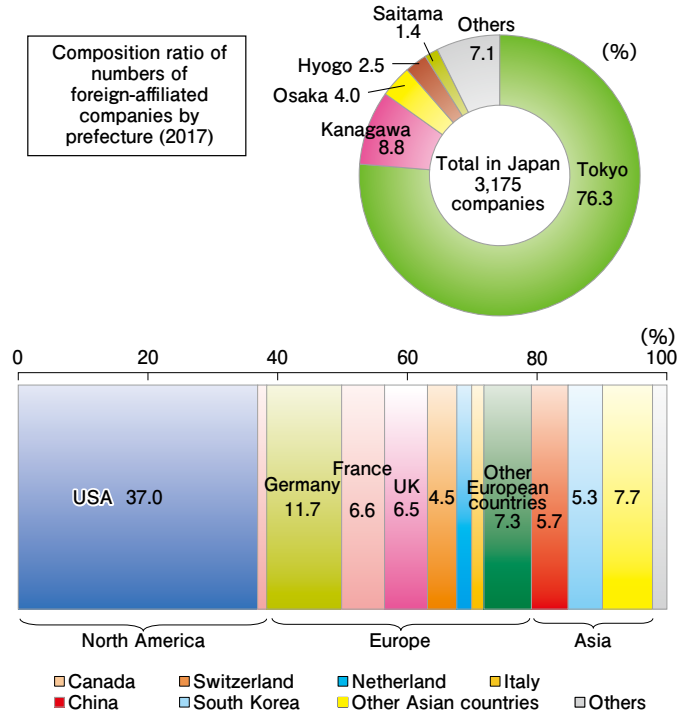
Number of foreign visitors to Japan by country and region (nationwide)



Note: Top 7 countries and regions in 2017 are listed. Figures for 2017 are estimates.  
Source: JNTO materials

## 5 Tokyo Attracts Many Foreign-Affiliated Companies

Number of foreign-affiliated companies by nationality of its parent company (nationwide, 2017)

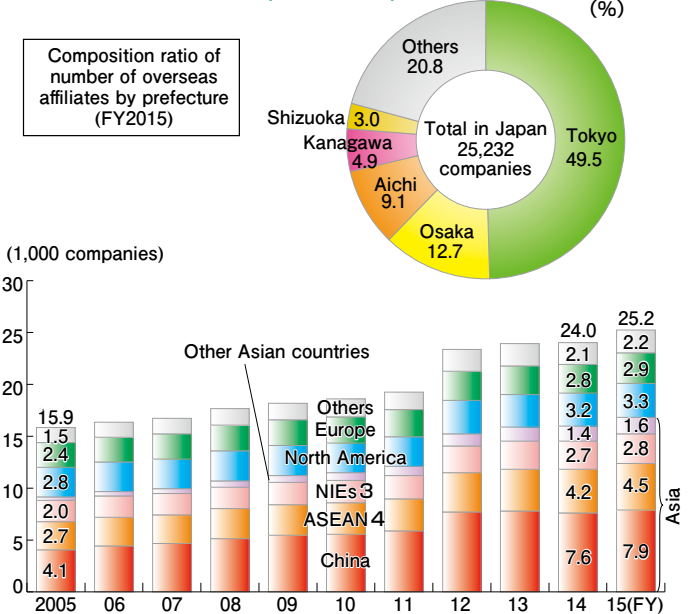


Note: Figures as of March. In case a company has multiple parent companies, they are counted in duplicate. As for number of foreign-affiliated companies, top 5 prefectures are listed.

Source: Toyo Keizai Inc. "Foreign affiliated companies in Japan, a comprehensive directory"

## 6 Companies in Tokyo are Actively Expanding Overseas

Number of overseas affiliates by located region (nationwide)

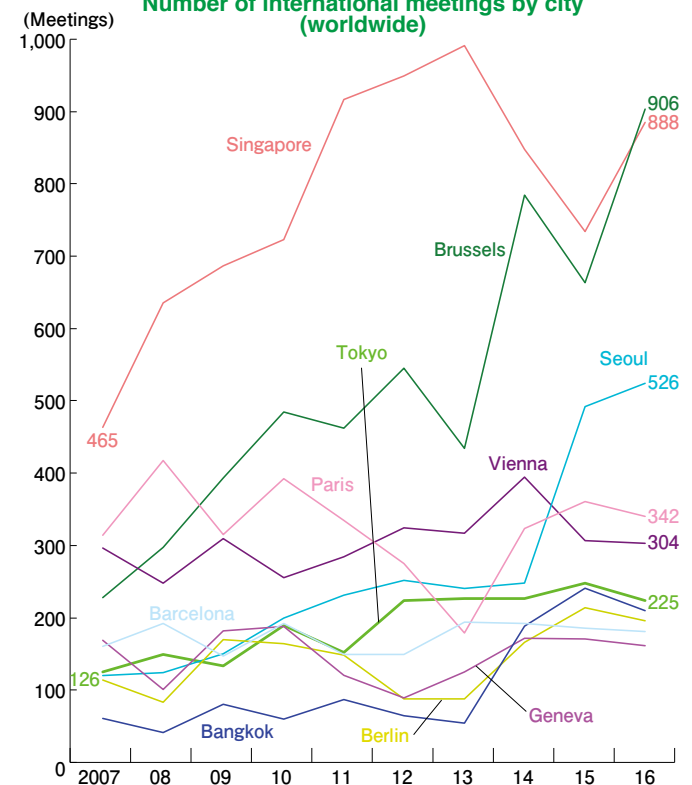


Note: Figures as of the end of each fiscal year. ASEAN4: Malaysia, Thailand, Indonesia, Philippines. NIEs3: Singapore, Taiwan, South Korea. "Overseas affiliate" is the collective term of an overseas subsidiary (a foreign company with at least 10% investment from the Japanese investors) and an overseas sub-subsidiary (a foreign company with over 50% investment from overseas subsidiaries with over 50% investment from the Japanese investors).

Source: METI "Basic Survey on Overseas Business Activities", Prepared by TMG Bureau of Industrial and Labor Affairs based on RESAS (Original data: Reorganizing and processing METI "Basic Survey on Overseas Business Activities")

## 7 Tokyo Hosted 6th Highest Number of International Meetings in the World

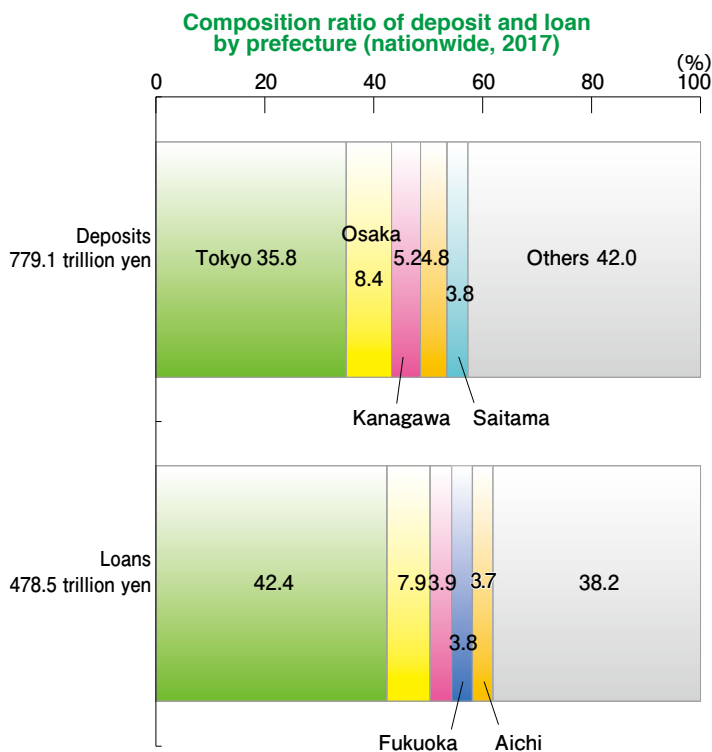
Number of international meetings by city (worldwide)



Note: Top 10 cities by number of international meetings held in 2016 are listed.  
Source: JNTO materials

# As Finance and R&D Functions are Accumulated, Tokyo

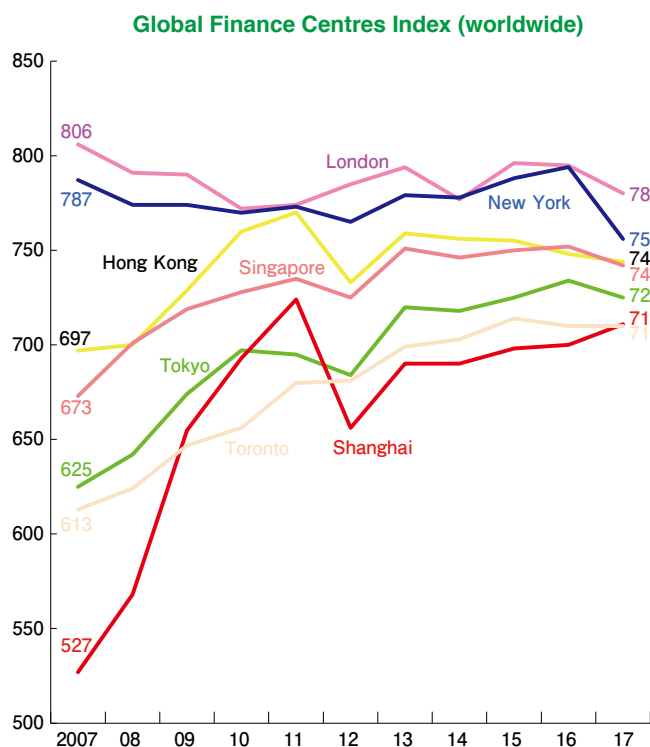
## 1 Deposits and Loans are Accumulated in Tokyo



Note: Figures for deposits and loans are as of end of March (in domestic banking books). Resolution and Collection Corporation and Japan Post Bank are excluded. Offshore accounts are not included. Deposits include negotiable certificates of deposit. Top 5 prefectures are listed.

Source: BOJ "Deposits and Loans Market"

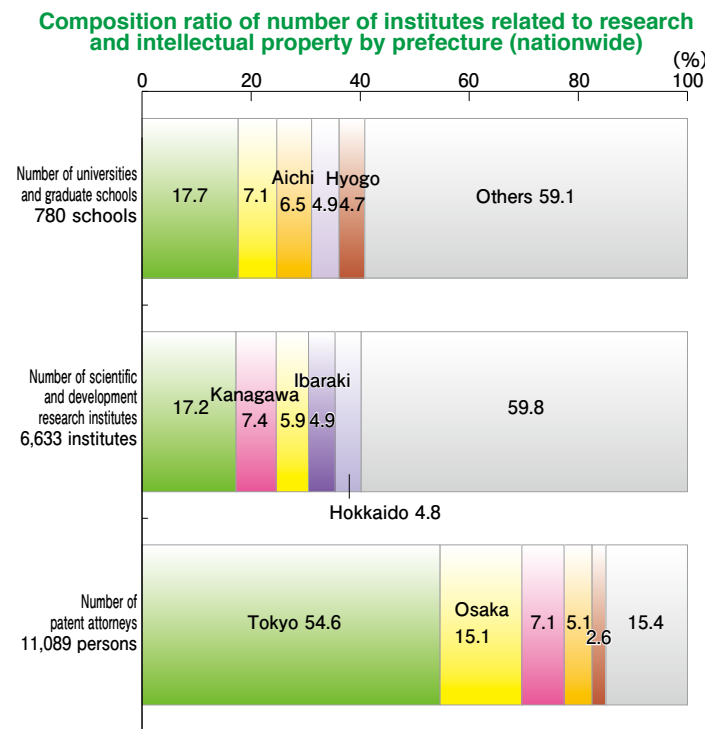
## 2 Tokyo is Ranked No. 5 in the World as Global Finance Centre



Note: Figures as of September in each year. Top 7 cities as of September 2017 are listed. This is an index taking the related data and the results of hearing investigation to financial market participants into account, with regard to the five fields: "Business environment", "Development level of financial industry", "Infrastructure", "Human capital" and "Reputation".

Source: Z/Yen Group "Global Financial Centres Index"

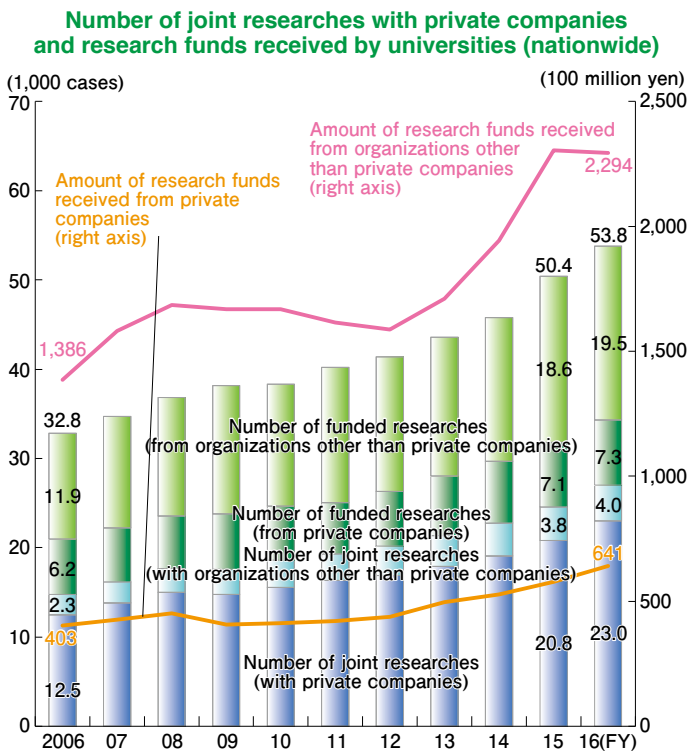
## 3 Universities and Research Institutes are Accumulated in Tokyo



Note: Number of universities and graduate schools is as of May 1, 2017. Number of scientific and development research institutes is as of 2014 (including establishments owned by national and local governments). Number of patent attorneys is as of end of 2016.

Source: MEXT "School Basic Survey", MIC "Economic Census for Business Frame", Japan Patent Office "Annual Report"

## 4 Number of Joint Researches between Universities and Private Companies is Increasing Every Year



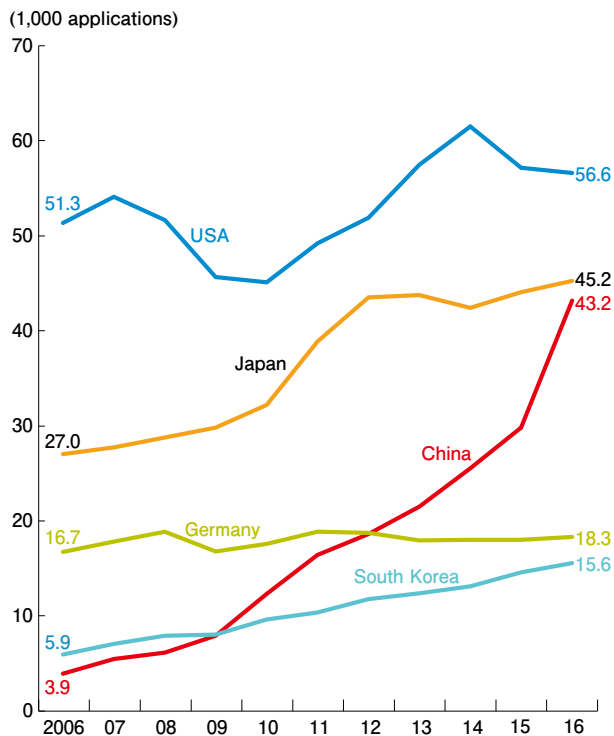
Note: "Organization other than private companies" includes government, independent administrative agencies, local governments, foreign government agencies, foreign companies and others (universities, etc.). Amount of research funds received is the total of joint researches and funded researches.

Source: MEXT materials

# can be Expected to Collaborate with Growing Sectors

## 5 Japan is Ranked No.2 in the World in Terms of Number of International Patent Applications by Residents

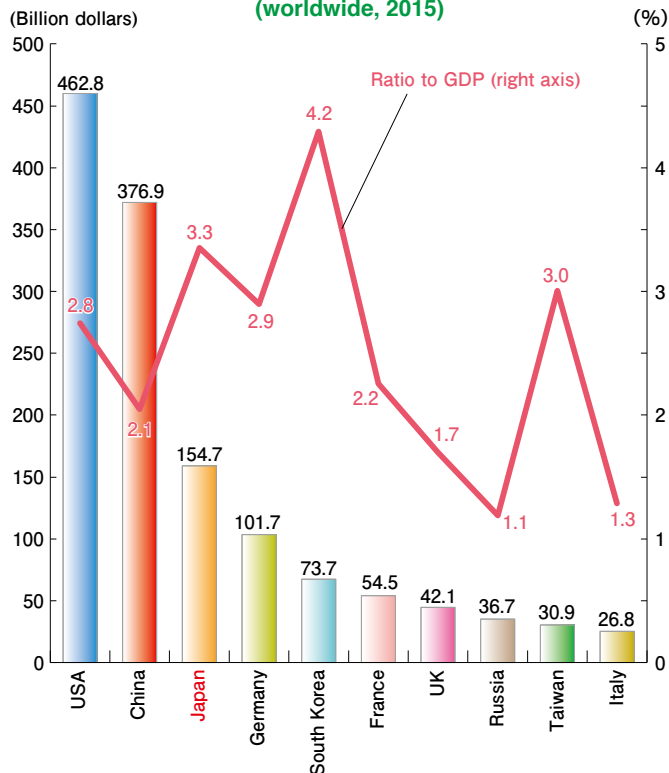
Number of PCT international patent applications by applicants' country of residence (worldwide)



Note: Top 5 countries in 2016 are listed. Figures for 2016 are estimates.  
Source: WIPO "Patent Cooperation Treaty Yearly Review"

## 6 R&D Expenditures of Japan is No.3 in the World

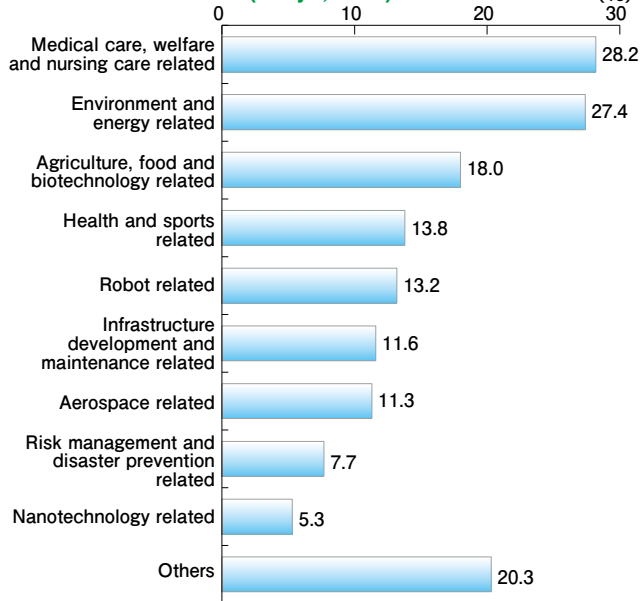
Gross domestic spending on R&D and ratio to GDP (worldwide, 2015)



Note: Top 10 countries by gross domestic spending on R&D are listed.  
Source: OECD "Gross domestic spending on R&D"

## 7 Small and Medium-sized Manufacturers (SMM) are Expected to Expand Their Businesses to Fields of Medical Care, Welfare and Nursing Care, Environment and Energy

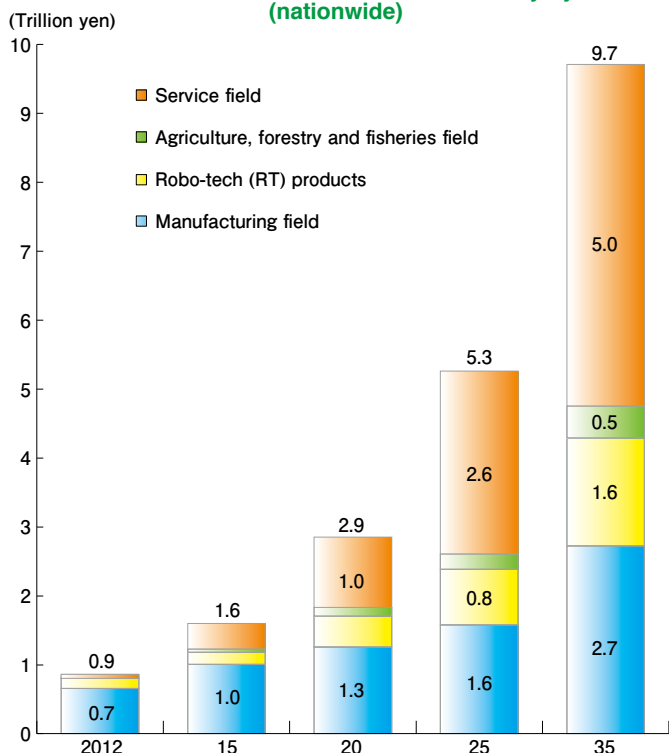
Business fields where SMMs desire to enhance or expand their businesses (Tokyo, 2015)



Note: Multiple answers allowed. Only answers from companies who intended to enhance their businesses or extend those to new business fields in the future were aggregated.  
Source: TMG "Current Status of SMEs in Tokyo (Manufacturing Industry Edition)"

## 8 Market Size of Robot Industry Continues to Expand

Prediction of the market size of robot industry by field (nationwide)

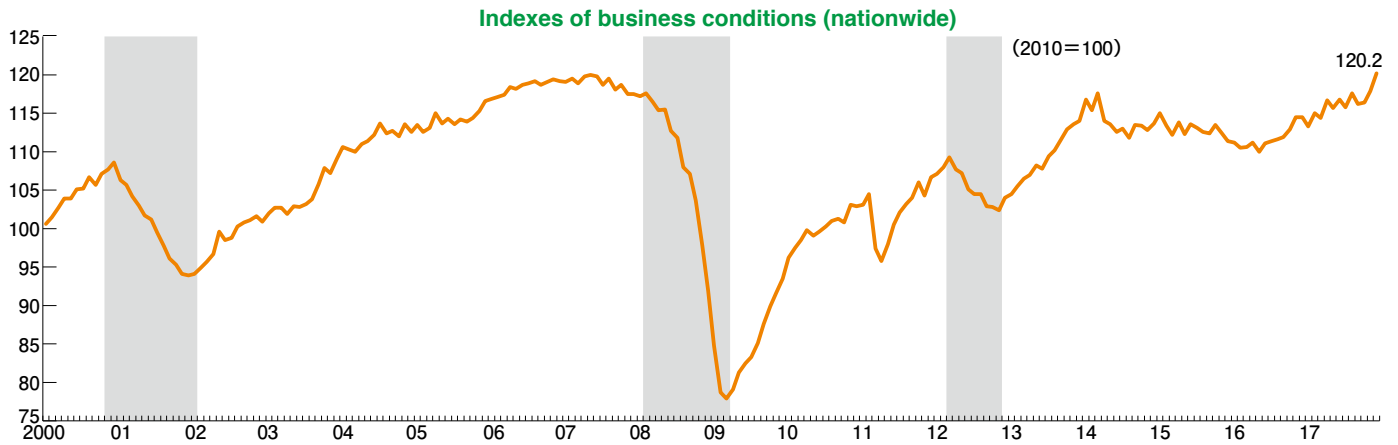


Note: Estimates of the market prediction in April 2010. Rob-tech products means the products utilizing robot technology.  
Source: METI materials



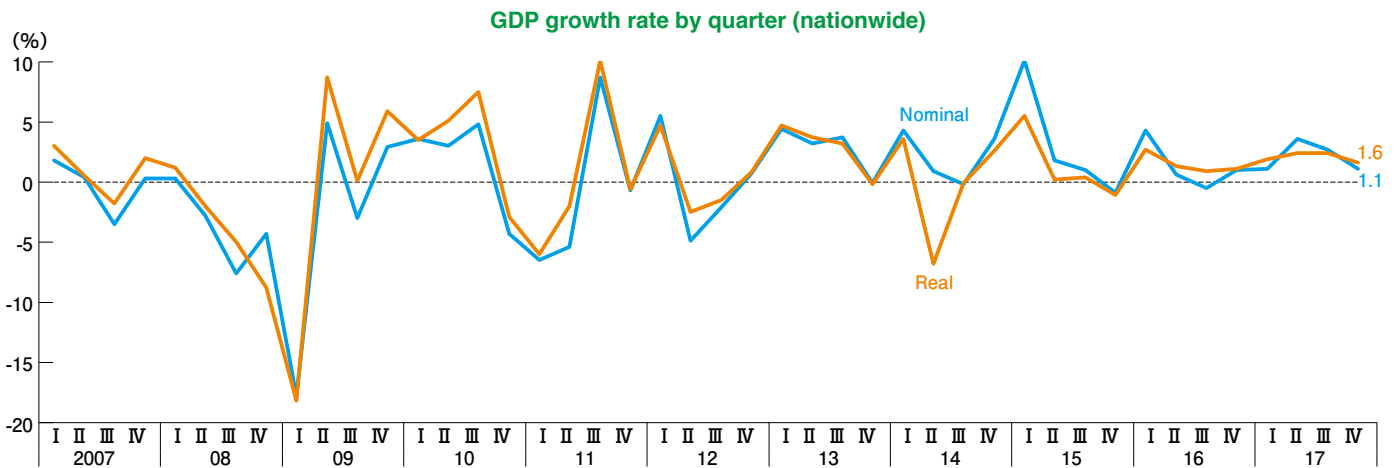
# Economy of Japan and Tokyo During 2017 as Seen

## 1 Indexes of Business Conditions Has Been Improving Since October 2016



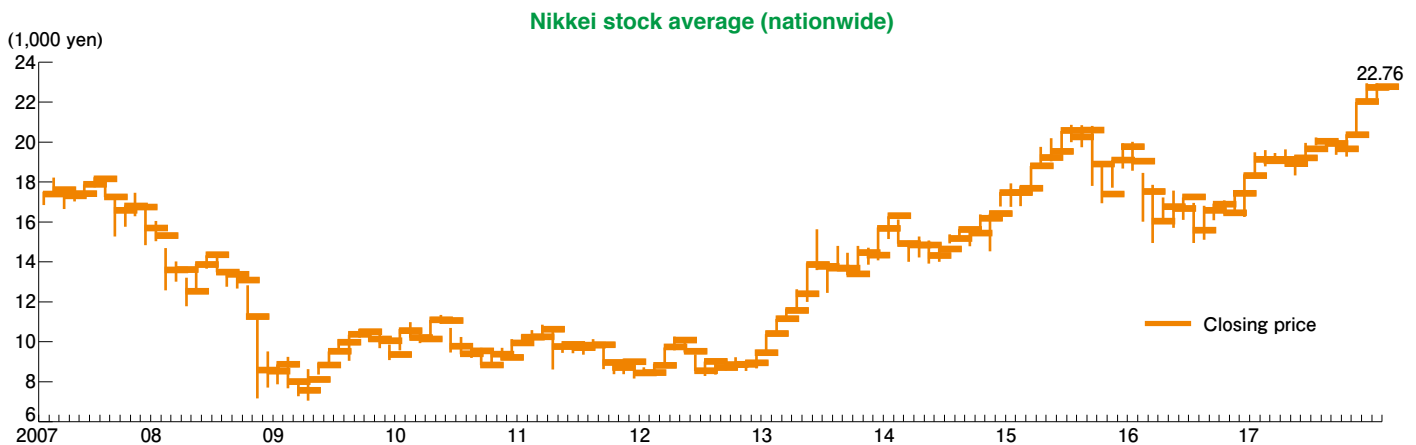
Note: CI: Coincident index. The shadow areas indicate recessions. December 2017 revised release.  
Source: CAO "Indexes of Business Conditions"

## 2 Real GDP Growth Rate Has been Showing Positive



Note: Quarterly Estimates of GDP for Oct. - Dec. 2017 (The 2nd preliminary). Figures are seasonally adjusted annual rates. Changes from the previous quarter.  
Source: CAO "SNA (National Accounts of Japan)"

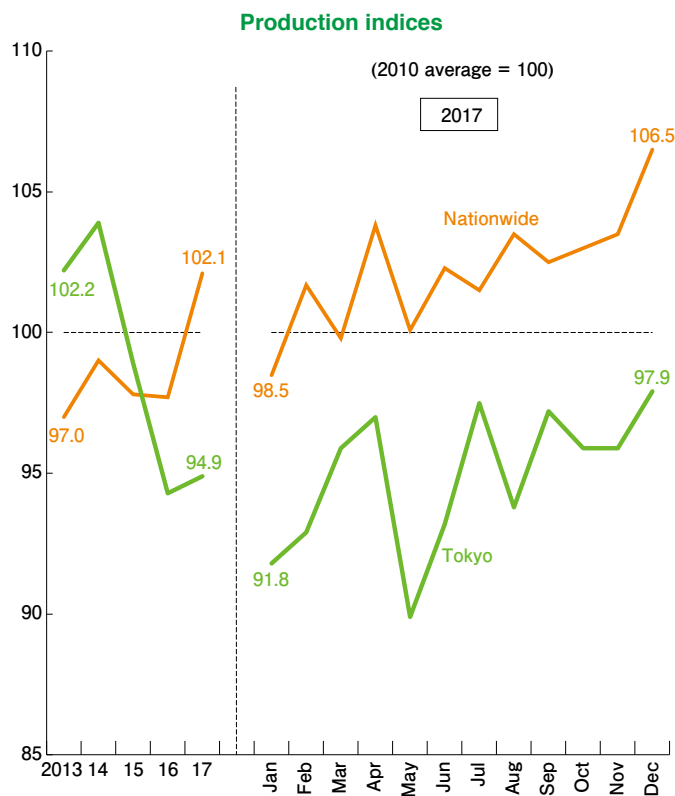
## 3 Closing Price of Nikkei Stock Average at End of Year Reached the Highest in the Last 26 Years



Note: Figures from Jan. 2007 to Dec. 2017 are listed. Daily closing price basis.  
Source: © Nikkei Inc.

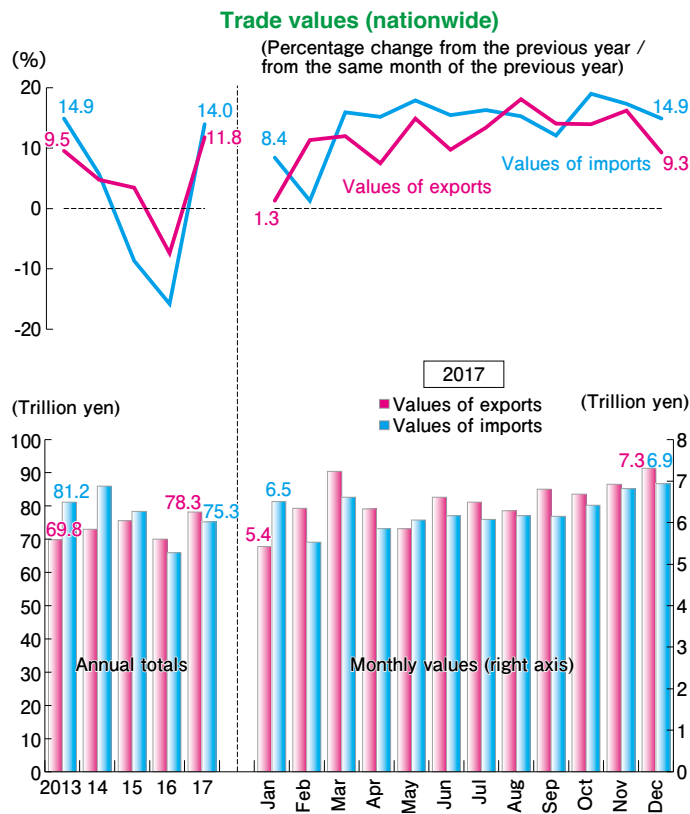
# Through Data

## 4 Production Indices Turned Upward for the First Time in Three Years



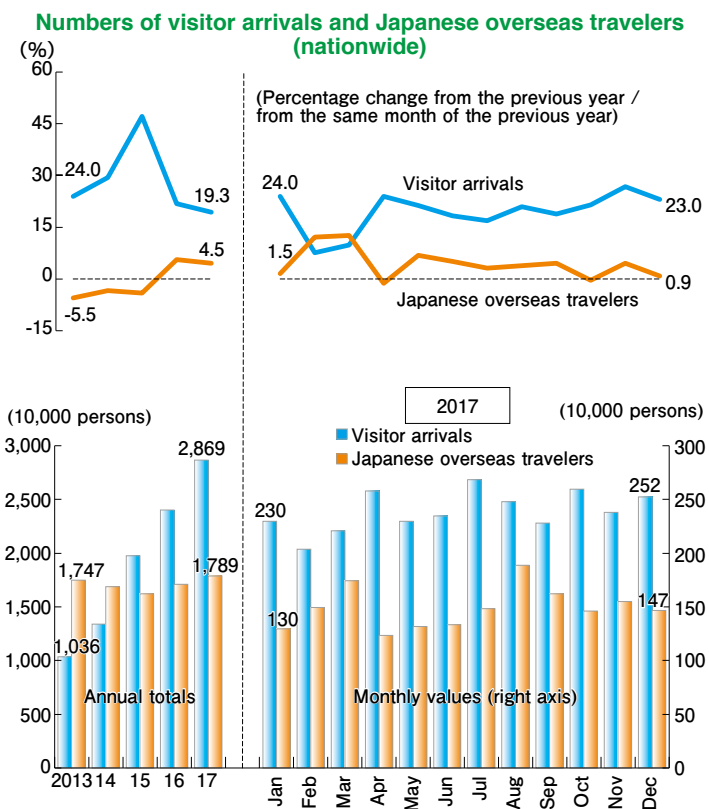
Note: Monthly figures are seasonally adjusted. Figures for Tokyo in December and 2017 are preliminary.  
Source: TMG "Indices of Industrial Production", METI "Indices of Industrial Production"

## 5 Trade Balance Recorded Surplus for Two Consecutive Years



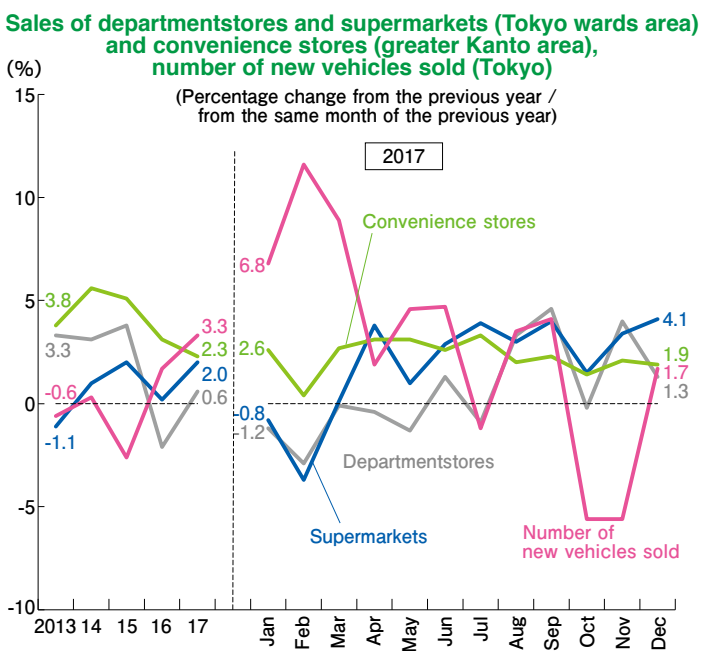
Note: Values of imports for 2017 and December are preliminary.  
Source: MOF "Trade Statistics of Japan"

## 6 Number of Visitor Arrivals Exceeded 28 Million



Note: Figures of visitor arrivals for 2017 and December are estimates.  
Source: JNTO "Visitor Arrivals & Japanese Overseas Travelers"

## 7 Sales of Departmentstores Turned to Upward Trend

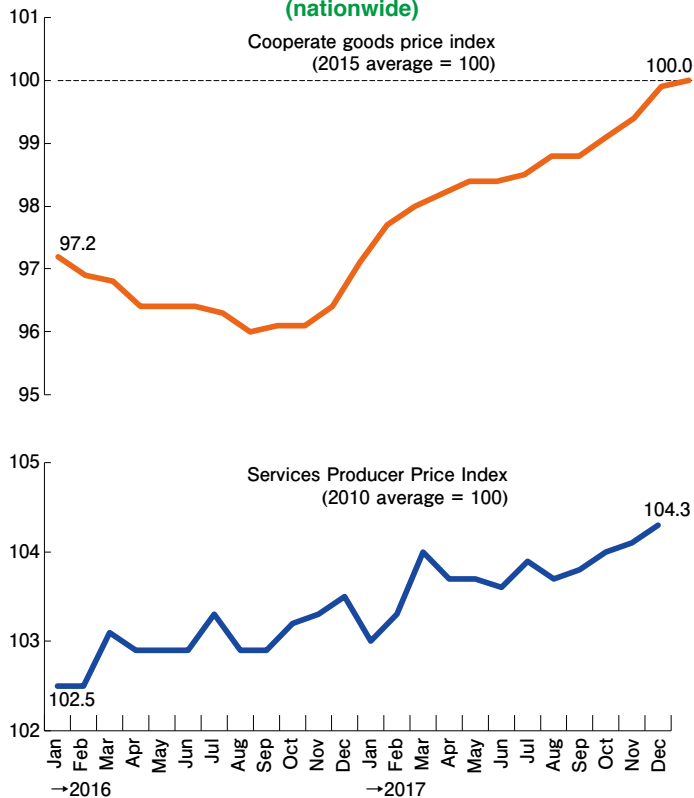


Note: Figures for departmentstores and supermarkets are sales value of existing establishments, figures for convenience stores are of all establishments. The greater Kanto area consists of Tokyo and such prefectures as Ibaraki, Tochigi, Gunma, Saitama, Chiba, Kanagawa, Niigata, Yamanashi, Nagano and Shizuoka. Number of new vehicles sold is the total number of passenger cars, compact cars, medium-duty trucks, small trucks and buses sold, and do not include special vehicles, trailers and others unable to classify.  
Source: METI "Monthly Report on the Current Survey of Commerce", Japan Automobile Dealers Association materials

# Business Environment of Enterprises in Japan and Tokyo During 2017 as Seen Through Data

## 1 Both Cooperate Goods Price Index and Services Producer Price Index are on the Rise

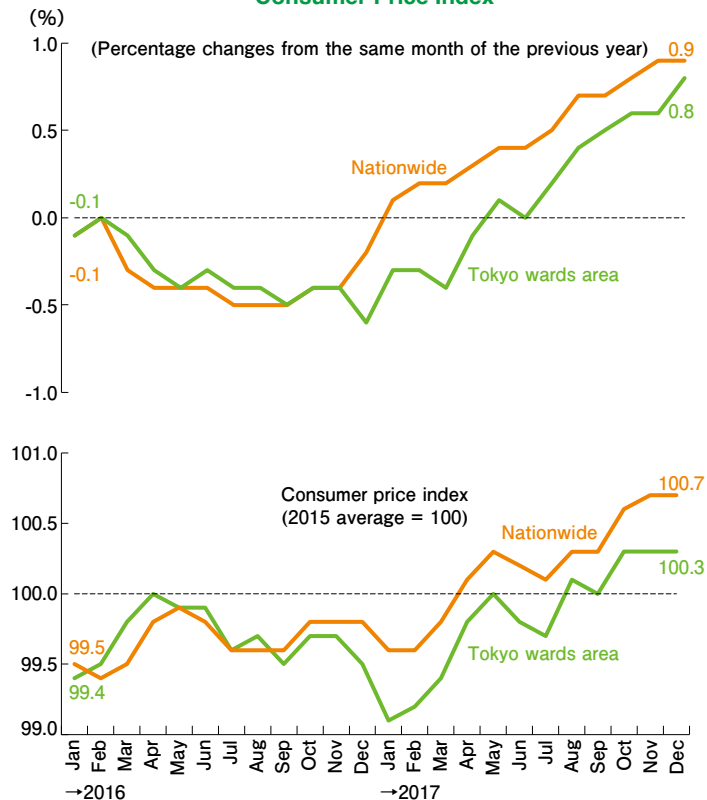
Cooperate goods price index and services producer price index (nationwide)



Source: BOJ "Cooperate goods Price Index", "Services Producer Price Index"

## 2 Consumer Price Index Turned to Increase Compared with the Same Month of the Previous Year

Consumer Price Index

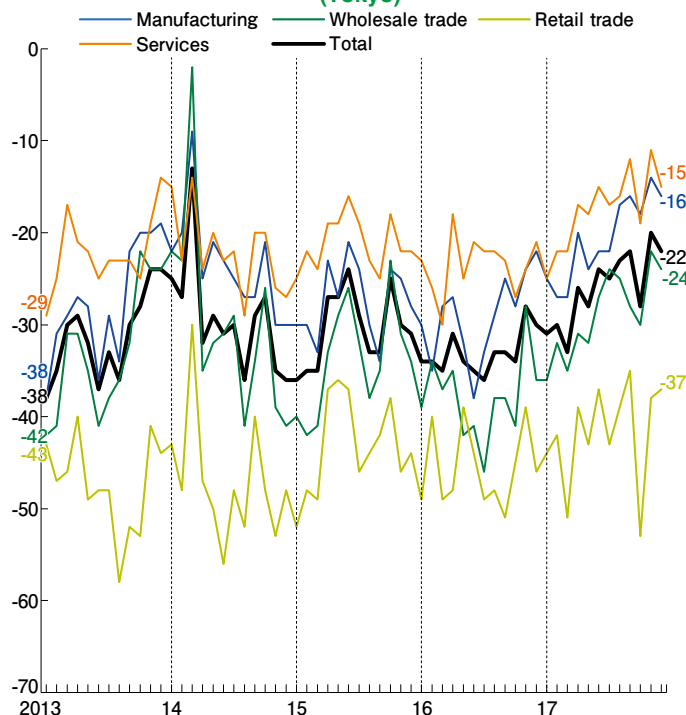


Note: All items, less fresh food.

Source: MIC "Consumer Price Index"

## 3 Business Conditions Among SMEs Have Been Alternating between Growth and Decline

Business conditions DI for SMEs by industry (Tokyo)

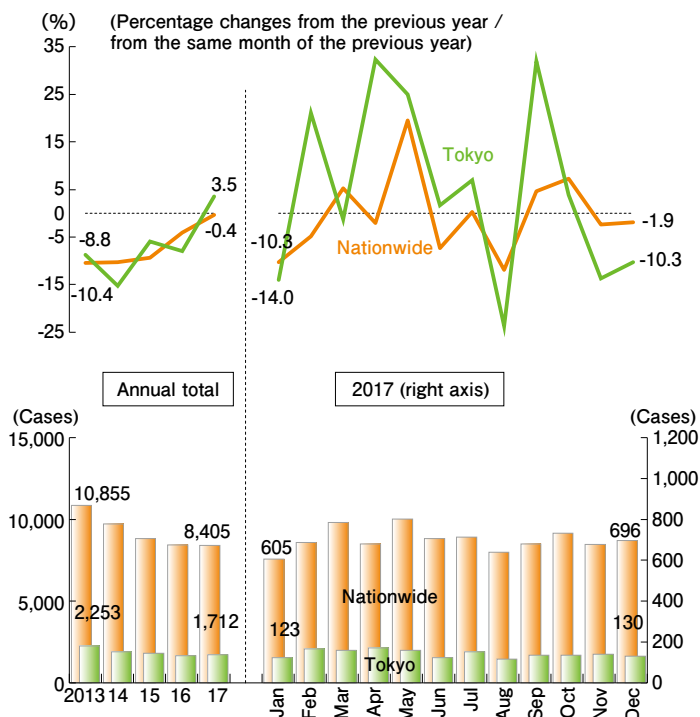


Note: DI = (Percentage of companies who answered "favorable") - (Percentage of companies who answered "unfavorable").

Source: TMG "Business Conditions of Small and Medium Enterprises in Tokyo"

## 4 Number of Corporate Bankruptcies Exceeded Previous Year for the First Time in 8 Years

Number of corporate bankruptcies

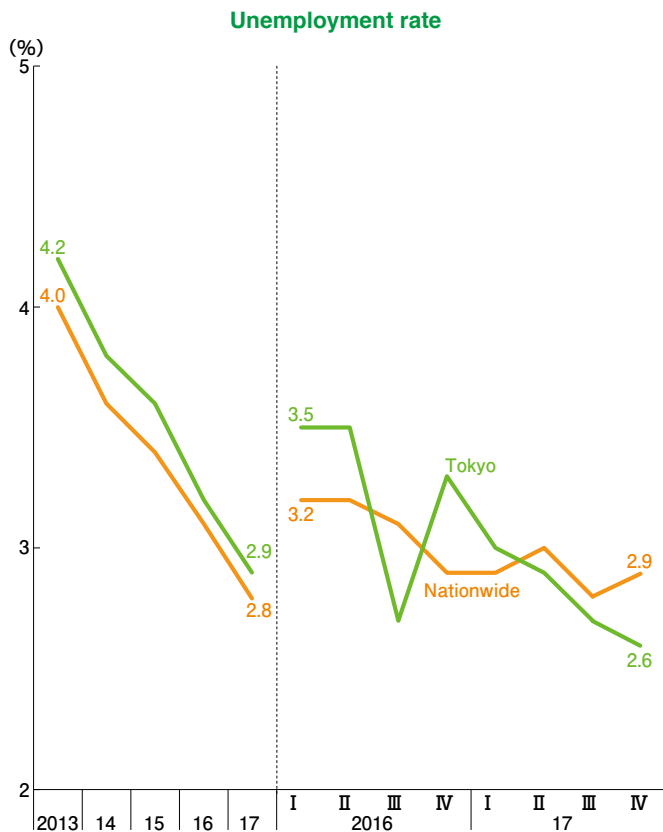


Note: Bankrupt companies with liabilities of 10 million yen or more.

Source: TMG "Enterprise Bankruptcies in Tokyo" (researched by Tokyo Shoko Research, Ltd.)

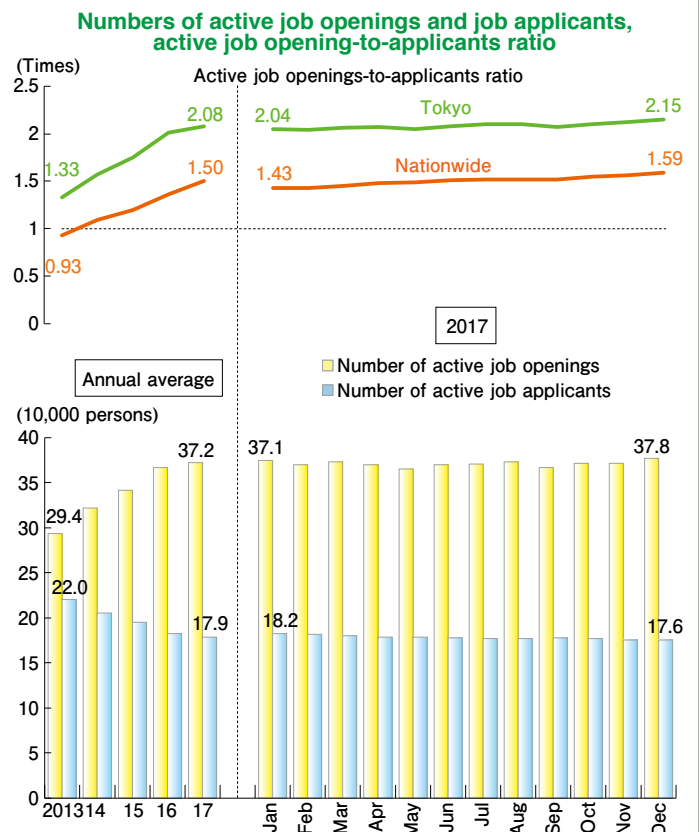
# Employment Environment of Japan and Tokyo During 2017 as Seen Through Data

## 1 Unemployment Rate Continues to Improve



Source: MIC, TMG "Labour Force Survey"

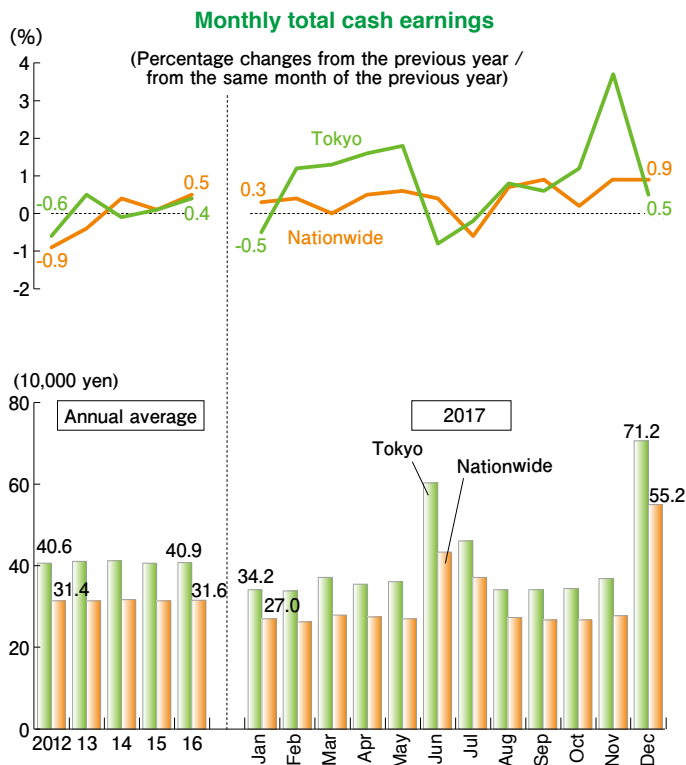
## 2 Active Job Openings-to-Applicants Ratio Continues to Rise



Note: Monthly figures are seasonally adjusted.

Source: Tokyo Labour Bureau, MHLW "Report on Employment Service"

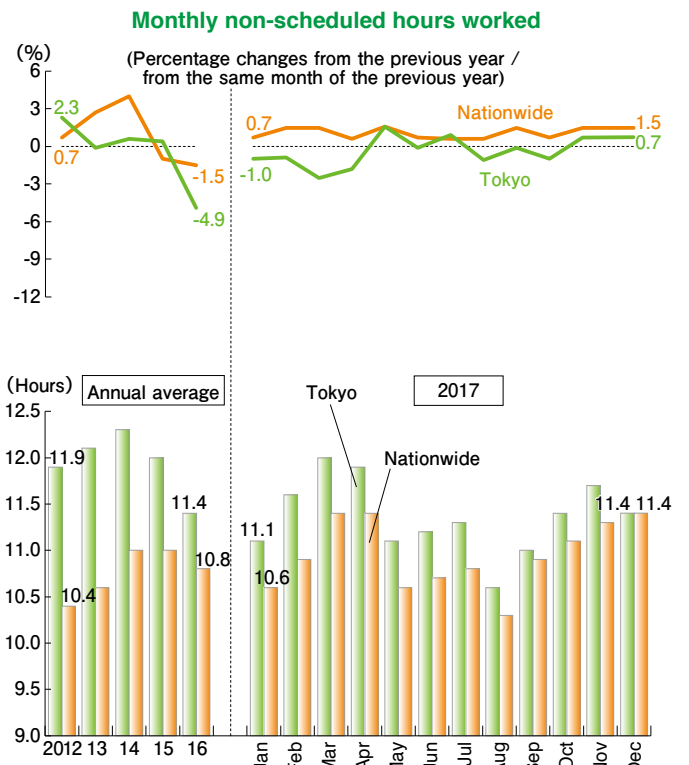
## 3 Total Cash Earnings Tend to Move Mostly Positive from Previous Year



Note: Establishments with 5 employees or more.

Source: MHLW, TMG "Monthly Labour Survey"

## 4 Total of Non-scheduled Hours Worked are Changing Mostly within Negative Scale from Previous Year



Note: Establishments with 5 employees or more.

Source: MHLW, TMG "Monthly Labour Survey"