

# Economic Survey of Environmental Industries

## December 2010

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The Ministry of the Environment conducted its first official “Economic Survey of Environmental Industries” in December 2010, following the trial survey in February in 2010. The purpose of this survey is to promote better understandings and broader acknowledgement of the environmental businesses which are expected to lead the future growth of our economy. The main findings of the survey are as follows;

- (1) Regarding environmental industries as a whole<sup>1</sup>, many companies had positive views on the development in the next 10 years and they saw the potentials particularly in the fields of Environment-Friendly Cars, Solar Power Generation Systems and Energy Saving and/or Energy Management.

**Table 1 Prospective Environmental Businesses**

Present		%	in 6 months		%	in 10 years		%
1	Environment-Friendly Cars	20.7	1	Environment-Friendly Cars	24.3	1	Environment-Friendly Cars	21.2
2	Energy-Saving Home Appliances (eligible for the "eco-points" subsidy)	14.3	2	Energy Saving and /or Energy Management	14.1	2	Solar Power Generation Systems	10.4
3	Protection from air pollutions (Device manufacturing)	11.8	3	Solar Power Generation Systems	9.7	3	Energy Saving and /or Energy Management	8.5
4	Waste disposal/Recycling (Providing services)	11.3	4	Waste disposal•Recycling (Providing services)	8.6	4	Renewable Energy Facilities	7.5
5	Waste disposal (Device manufacturing)	10.0	5	Waste disposal (Device manufacturing)	8.0	5	Protection from air pollutions (Device manufacturing)	6.2

% of Responses from Total 3,014 Companies

<sup>1</sup> The scope of environmental industries is based on the OECD Environmental Industries Classification and it is comprised of three categories; “Pollution Management” including such as protection devices from environmental pollutions, “Cleaner Technologies and Products” including Environment-Friendly Cars, and “Resource Management” which covers recycling and house repairing.

- (2) 36% of respondent companies were currently conducting environmental businesses and 30% of them were aspiring to explore the new fields of environmental businesses.
- (3) D.I. (= (% of responses "Good" - (% of responses "Bad")) of business confidence in December 2010 on environmental industries was +3, which was well above the D.I. -10 of the entire industries, showing healthier conditions in environmental businesses.

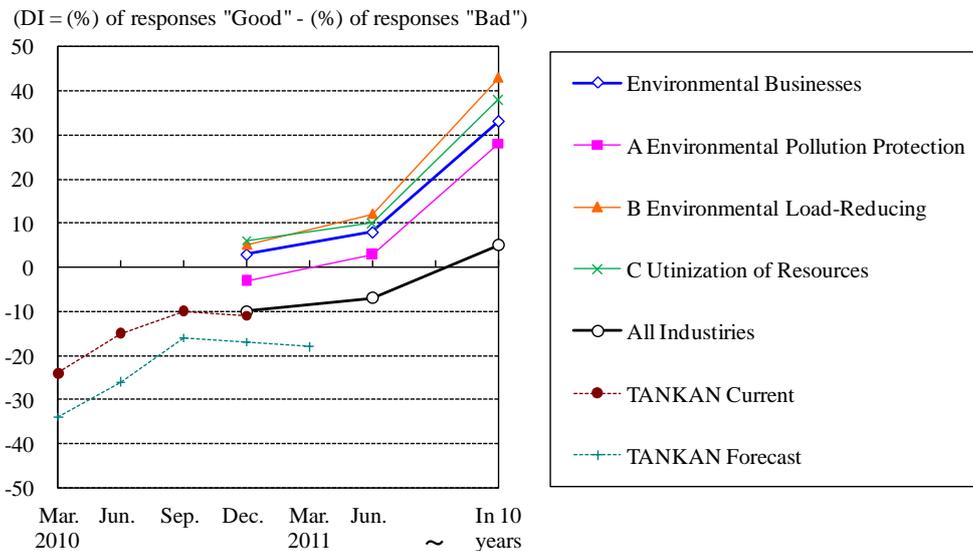
**Table 2 Business Confidence D.I.**

(DI = (% of responses "Good" - (% of responses "Bad"))

	2010				2011			In 10 years
	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	~	
<b>Environmental Businesses</b>				<b>3</b>		8		33
A Environmental Pollution Protection				-3		3		28
B Environmental Load-Reducing				5		12		43
C Utinization of Resources				6		10		38
<b>All Industries</b>				<b>-10</b>		-7		5
TANKAN Current	-24	-15	-10	-11				
TANKAN Forecast	-34	-26	-16	-17	-18			

The source of "TANKAN" (Short-Term Economic Survey of Enterprises in Japan) is Bank of Japan

**Figure 1 Business Confidence D.I.**



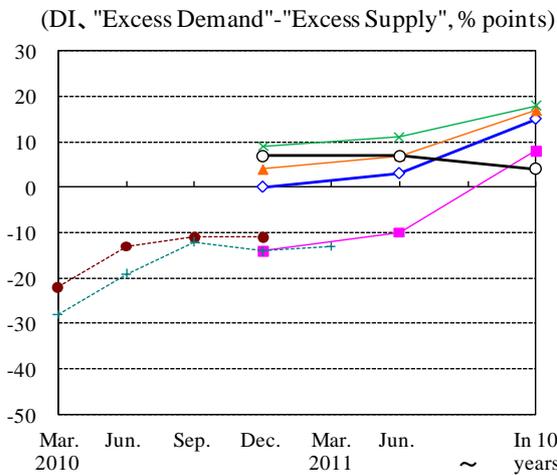
- (4) Environmental businesses held good conditions in "Domestic Supply-Demand," "Domestic Output price," "R&D spending" and "Scale of Equipments and/or Workforce."
- (5) There were less interests among environmental industries to expand their businesses overseas although they see the situation improves much in 10 years; D.I. of "Overseas Supply-Demand Conditions" was lower than that of the entire industries including their business prospect of 6 months ahead.

**Table 3 Domestic Demand and Other D.I.s**

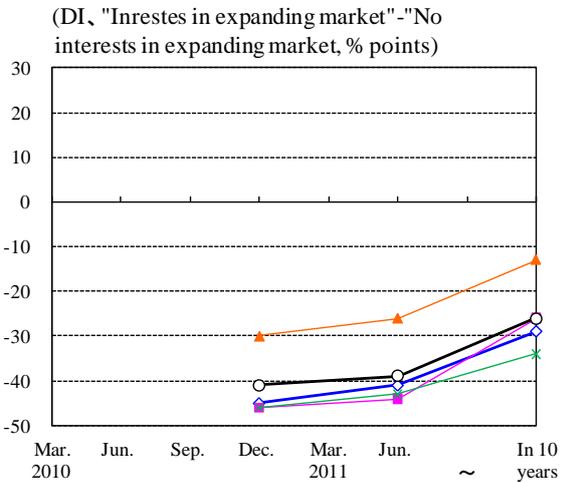
	(DI, % points)				
	Domestic Demand "Good"- "Bad"	Output price "Rise"- "Fall"	R&D "Increase"- "Decrease"	Scale of Equipment "Expansion"- "Reduction"	Scale of Workforce "Expansion"- "Reduction"
Environmental Businesses	-9	-18	-7	-5	-7
A:Environmental Pollution Protection	-17	-25	-14	-9	-14
B:Environmental Load-Reducing	-6	-14	-3	0	-3
C:Utinization of Resources	-6	-15	-5	-3	-5
All Industries	-32	-33	-16	-12	-16
TANKAN Current	-33	-23	—	—	—
TANKAN Forecast	-37	-26			

“Overseas Supply-Demand Conditions” were seen to improve in 10 years although its D.I. was lower than that of all industries at present and in 6 months. “Interests to expand Environmental Businesses Overseas” were also expected to be higher in coming 10 years, but there was no significant difference from the entire industries.

**Figure 2 Overseas Supply-Demand Conditions Overseas**



**Figure 3 Expand Businesses Overseas**



The survey is scheduled to be conducted every 6 months and its regular report is to be announced accordingly to clarify the relationship between the trends of environmental industries and overall economic conditions.