

Economic Survey of Environmental Industries June 2011

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The Ministry of the Environment announced the results of its second official survey of environmental industry, "Economic Survey of Environmental Industries June 2011." The survey focuses on the trends of environmental businesses, targeting to promote better understandings and broader acknowledgement of the environmental businesses which are expected to lead the future growth of Japanese economy. The main findings of the survey are as follows;

- (1) Regarding environmental industries as a whole, many companies had positive views on the development in the next 10 years. Currently the field of energy-saving vehicles is considered most developed. In next 10 years they saw the potentials in the energy-related industries such as renewable energy, smart grid and rechargeable batteries, possibly reflecting the discussions over renewable energy promotion followed the Great East Japan Earthquake.

Table 1 Prospective Environmental Businesses

Present		%	in 6 months		%	in 10 years		%
1	Energy-saving vehicles	24.7	1	Solar power generation system (equipment)	20.1	1	Renewable energy	33.9
2	Air pollution control	14.0	2	Energy-saving vehicles	17.6	2	Solar power generation system (equipment)	10.7
3	Energy-saving home appliances	11.6	3	Renewable energy	10.3	3	Energy-saving vehicles	9.1
4	Solar power generation system (equipment)	9.6	4	Energy-saving home appliances	8.9	4	Smart grid	7.7
5	Wastewater management	9.1	5	Solar power generation system (installation & maintenance)	5.8	5	Rechargeable batteries	4.7

- (2) The D.I. (Diffusion Index, i.e. percentage of responses “Good” minus percentage of responses “Bad”) of business confidence in June 2011 in environmental businesses was +3, remained flat since the previous December survey in 2010. The DI was successively above that of the all industries (-10 in December 2010 and -11 in June 2011) showing healthier conditions, and DIs were expected to improve in most of environmental businesses towards 10 years ahead.

Business Confidence D.I.

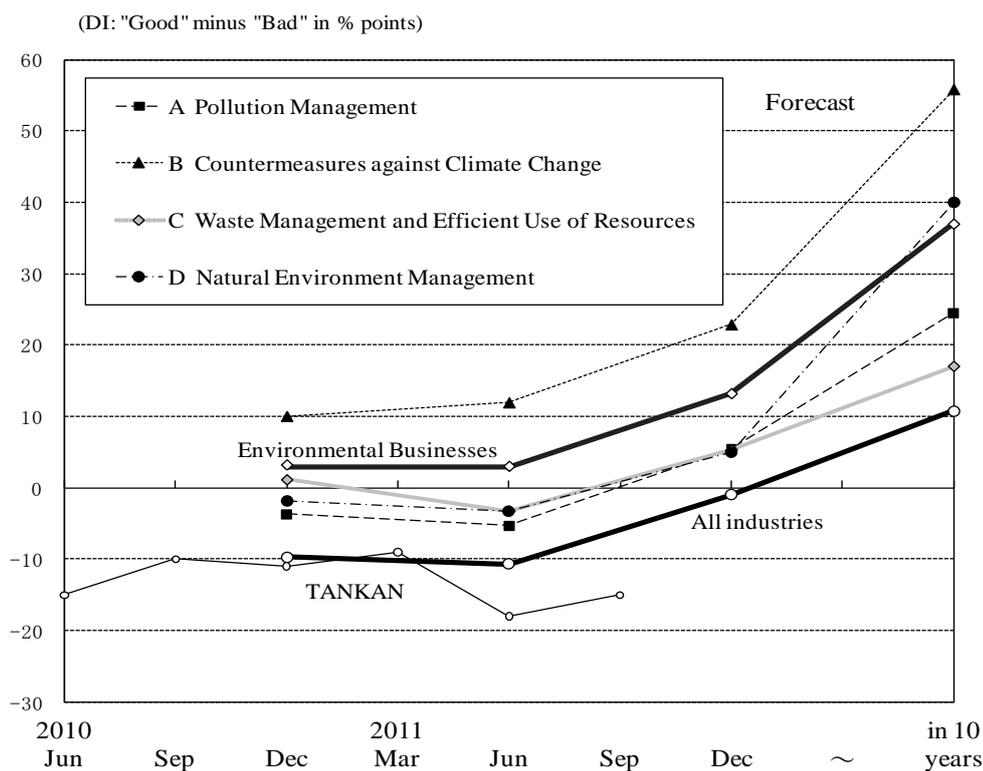


Table 2 Business Confidence D.I.

(DI: "Good" minus "Bad" in % points)

	2010			2011				in 10 years
	Jun	Sep	Dec	Mar	Jun	Sep	Dec	
Environmental Businesses					3		13	37
Previous Prospects			3		8			33
A Pollution Management			-4		-5		6	25
B Countermeasures against Climate Change			10		12		23	56
C Waste Management and Efficient Use of Resources			1		-3		5	17
D Natural Environment Management			-2		-3		5	40
All Businesses					-11		-1	11
Previous Prospects			-10		-7			5
Operating Environmental Businesses			-6		-3		7	25
Not Operating Environmental Businesses			-12		-13		-4	7
TANKAN (Bank of Japan)	-15	-10	-11	-9	-18	-15		-15

- (3) The DI of Environmental Businesses was above the DI of all industries as a whole in terms of “Domestic Supply-Demand,” “Domestic Output Price,” “Overseas Supply-Demand,” “R&D Spending,” “Scale of Equipment” and “Human Resources.” However, there was no significant difference in “Interest in Overseas Expansion” between Environmental Business and all industries.

- (4) In terms of business fields, companies saw potentials in the field of countermeasure against climate change , with expectation of increase in domestic and overseas demand, R&D spending, capital investment and human resources in next 10 years. Also, companies have positive views on the field of natural environment management in the next 10 years, although its current business confidence DI was lowered than that of whole industries.

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.