

Economic Survey of Environmental Industries June 2013

Friday, August 30, 2013

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Environmental Strategy Division,
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Ministry of the Environment

The Ministry of the Environment (MOE) has been conducting its official survey of Japanese Environmental Industries every 6 months since December 2010, and announced the results of "The Economic Survey of Environmental Industries in June 2013."

According to the result, the Diffusion Index (DI)* of business confidence in Environmental Industries was +15 in June 2013, which was over DI (+9) of the previous survey in December 2012. And it was also over DI (+1) of all industry in June 2013.

For the future perspective of the business condition of Environmental Industries, the DI was expected to be +19 in 6 months and +26 in 10 years.

* Diffusion Index(DI) : percentage of responses "Good" minus percentage of responses "Bad", % points

1. About the Survey

(1) Survey period

June 3, 2013 (Monday) to July 5, 2013 (Friday)

(2) Sample companies

10,935 private companies in Japan capitalized at more than 20 million yen, were chosen by stratified random sampling based on the amount of capital and the classification of industry. The number of companies with valid responses was 4,825 and the valid response rate was 44.1%.

(3) Questions

Q1-1 Business Confidence in Environmental Industries as a Whole
(present, in 6 months and in 10 years)

Q1-2 Promising Environmental Industries (present, in 6 months and in 10 years)

Q2 Business Confidence in All Industries (present, in 6 months and in 10 years)
(i) Business Confidence, (ii) Domestic Supply-Demand Conditions, (iii) Output Prices, (iv) R&D Spending, (v) Scale of Capital Equipment, (vi) Scale of Workforce, (vii) Financial Positions (present status only), (viii) Overseas Supply-Demand Conditions (if selling overseas), and (ix) Interests in Expanding Business Overseas (if not selling overseas yet)

- Q3 Whether they are Currently Operating Environmental Businesses
- Q3-1 Currently Operating Environmental Businesses (up to top 3) and its Business Confidence (present, in 6 months and in 10 years)
(question items are as same in Q2, (i) to (ix))
- Q4 Environmental Businesses they want to operate in the future (up to top 3, and top 3 they want to newly operate or expand in 6 prefectures in the Tohoku region)

2. Summary of the Survey Results

(1) Business confidence in environmental industries

The DI of business confidence in the companies currently operating environmental businesses at present (June 2013) was +15, while the DI of the previous survey (December 2012) was +9, indicating that it maintained healthy conditions. It also surpassed the DI of all industry (+1) and of TANKAN* (-2) in June 2013.

For the future perspective of the business condition, the DI of environmental industries was expected to continuously improve both in 6 months and in 10 years as in the previous survey. The DI of the environmental industries categorized as ‘Countermeasures against Climate Change’ among all 4 major business categories* enhanced the DI of environmental industries as a whole.

* TANKAN: Bank of Japan's quarterly survey of business sentiment

*4 major business categories: A.Pollution Management, B.Countermeasures against Climate Change, C.Waste Management and Efficient Use of Resources, D.Natural Environment Management, categorized by Ministry of the Environment.

Table 1: Business Confidence D.I.

DI: “Good” minus “Bad” in %

	Jun. 2012	Sep. 2013	Dec.	Mar.	Jun. (Current)	Forecast			
						Sep. 2013	Dec. .	-	In 10 years
Environmental Businesses (Forecast before 6 months)	10 (11)		9 (16)		15 (15)		19		26 (28)
A. Pollution Management	8		4		3		11		23
B. Countermeasures against Climate Change	15		18		26		29		34
C. Waste Management and Efficient Use of Resources	3		1		7		8		12
D. Natural Environment Management	-11		-10		11		21		34
All Businesses (Forecast before 6 months)	-8 (-1)		-9 (-2)		1 (-6)		7		11 (6)
Operating Environmental Business	-1		2		10		15		23
Not Operating Environmental Business	-9		-11		-1		5		9
TANKAN (Bank of Japan)									
Totals of All Types in All Industries	-4	-6	-9	-8	-2	0			

(2) Promising environmental industries

Energy-saving vehicles was ranked 1st as promising environmental industries at present. For the future perspective (in 6 months and in 10 years), the top was Energy-saving vehicles in 6 months, Renewable energy (excluding solar power generation) in 10 years, respectively. These indicated that the respondents saw the potentials on their development in the environmental industries categorized as ‘Countermeasures against Climate Change’.

Table 2: Prospective Environmental Businesses in Japan

Present		%	In 6 Months		%	In 10 Years		%
1	Energy-saving vehicles	28.4	1	Energy-saving vehicles	23.6	1	Renewable energy*	36.1
2	Solar power generation system (equipment)	14.3	2	Solar power generation system (equipment)	14.9	2	Energy-saving vehicles	8.7
3	Air pollution control	14.0	3	Renewable energy*	12.8	3	Smart grid	6.6
4	Waste water management	8.8	4	Air pollution control	8.0	4	Air pollution control	4.9
5	Renewable energy*	8.3	5	Solar power generation system (installation / maintenance)	6.8	5	Solar power generation system (equipment)	4.2

* Equipment for Wind, Hydroelectric, Geothermal, Solar Thermal, Bio Gas, and Small-/Medium-sized Hydroelectric Power Generation, and Sales of Power Generated from New Energy

(3) Environmental businesses they want to operate in the future

The businesses categorized as ‘Countermeasures against Climate Change’ dominated the top 5 of environmental businesses they want to operate in the future. Especially, Renewable energy (excluding solar power generation) was ranked 1st in all types and scales of businesses of responded companies.

Table 3: Environmental Businesses for Operating in the Future (by Type)

All Businesses		%	Manufacturers		%	Non-manufacturers		%
1	Renewable energy*	31.9	1	Renewable energy*	30.2	1	Renewable energy*	33.0
2	Solar power generation system (installation, maintenance)	11.7	2	Solar power generation system (equipment)	12.4	2	Solar power generation system (installation, maintenance)	15.5
3	Solar power generation system (equipment)	10.1	3	Energy-saving vehicles	11.3	3	Energy-saving consulting	9.9
4	Smart grid	9.5	4	Smart grid	10.3	4	Smart grid	9.0
5	Energy-saving vehicles	7.7	5	Recycled materials	9.3	5	Solar power generation system (equipment)	8.5

* Equipment for Wind, Hydroelectric, Geothermal, Solar Thermal, Bio Gas, and Small-/Medium-sized Hydroelectric Power Generation, Sales of Power Generated from New Energy and so on.

- (4) Environmental Businesses they want to operate in 6 prefectures in the Tohoku region, the severely affected area by the Great East Japan Earthquake in March 2011

Among environmental businesses they wanted to newly operate or expand in 6 prefectures in the Tohoku region, Renewable energy (excluding solar power generation) was ranked 1st again, Solar power generation system (equipment) was 2nd, and Sustainable agriculture, and forestry, fisheries and greening was 3rd, showing similar trends to the previous survey. On the other hand, Remediation and clean-up of soil and water (including ground water) was ranked down from 2nd of the previous survey.