Medium-term Outlook for Japanese Industry

Supply and demand trends and required business strategies for the next five years (2025-2029)

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Taking a Forward-Looking Approach to the Continuously Evolving External Environment and Enhancing International Competitiveness by Using the Resolution of Domestic Issues as Stepping Stones

I. Business Environment

[Short Term]

- The manufacturing industry is being weighted down by declining exports due to the economic slowdowns in China and Europe, while the robust US economy and growing demand in emerging countries such as ASEAN are factors driving growth. Non-manufacturing industries are expected to have strong growth due to firm inbound tourism demand and rising demand in the healthcare field due to the aging population.

[Medium Term]

- From 2026 onwards, changes in the external environment are expected to manifest in the form of shrinking domestic demand due to population decline and supply constraints caused by labor shortages. In addition to accelerating decarbonization efforts in order to achieve carbon neutrality (CN) by 2050, Japan will also face the risk of supply chain disruptions due to the intensifying US-China conflict.
- Core industries such as materials and automobiles will face shrinking domestic demand and intensifying competitive environments in overseas markets, along with changes in products and manufacturing processes required to achieve CN. The electronics and IT industries are expected to grow thanks to strong desire for digital transformation (DX) investment, but risk of supply chain disruptions due to unstable international conditions is a concern. The energy industry, in addition to optimizing production capacity in anticipation of shrinking domestic demand, will also need to expand clean energy supplies in order to achieve CN. The lifestyle and social infrastructure industries, in addition to sluggish domestic demand, will face increasingly severe labor shortages, highlighted in particular by the "2024 problem" of stricter regulations on overtime work for truck drivers, etc. The healthcare industry is projected to steadily expand, driven by advancements in medical care against the backdrop of an aging population and labor shortages, but it will face constraints on labor supply.

II. Risks and Opportunities

- The risks and opportunities arising from four key external factors ((1) shrinking domestic demand, (2) labor shortages, (3) the trend toward CN, and (4) unstable international conditions) are summarized as follows:

[Risks]

- (1) Shrinking domestic markets due to population decline and intensified competition within industries; (2) Missing out on demand due to supply constraints, declining quality of products and services, and increasing difficulty in maintaining social infrastructure; (3) Potential loss of Japan's status as a trade-oriented nation if it significantly lags behind other countries in the trend toward CN; (4) Supply chain disruptions and obstacles to global business expansion.

[Opportunities]

- (1) Capturing global markets, particularly in high value-added sectors; (2) Achieving greater operational efficiency and increased productivity through the use of digital technologies; (3) Capturing market share in the decarbonization sector; (4) Seizing new demand as supply chains are restructured in various countries

III. Medium-Term Strategy

- From a medium- to long-term perspective, it is essential to address "resolving domestic challenges," "expanding global presence in growth sectors," and "strengthening and rebuilding supply chains."

[Resolving Domestic Challenges]

- First, cooperation and collaboration between industries and businesses to decarbonize production facilities and optimize supply capacity through industrial restructuring.
- Second, optimization and sophistication of operations through digitalization to address labor shortages and strengthen competitiveness.

[Expanding Global Presence in Growth Sectors]

- First, maintaining and expanding existing markets in areas where Japan has strengths, such as parts and materials and inbound tourism.
- Second, in addition to entering emerging markets with growing economies, creating and acquiring new markets in light of the trends of decarbonization and digitalization.

[Strengthening and Rebuilding Supply Chains]

- In addition to diversifying procurement sources and optimizing manufacturing bases, further increase presence in overseas markets by capturing the trend of supply chain reconstruction.

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd.

Changes in Four Key External Factors Present Both Risks and Opportunities for Japanese Industries

■ Structural domestic challenges and global trend shifts can serve as constraints on economic growth while also providing opportunities to capture new markets.

Changes in the business environment brought about by the external environment, and their risks and opportunities

Key Growth Areas Anticipated in the Future

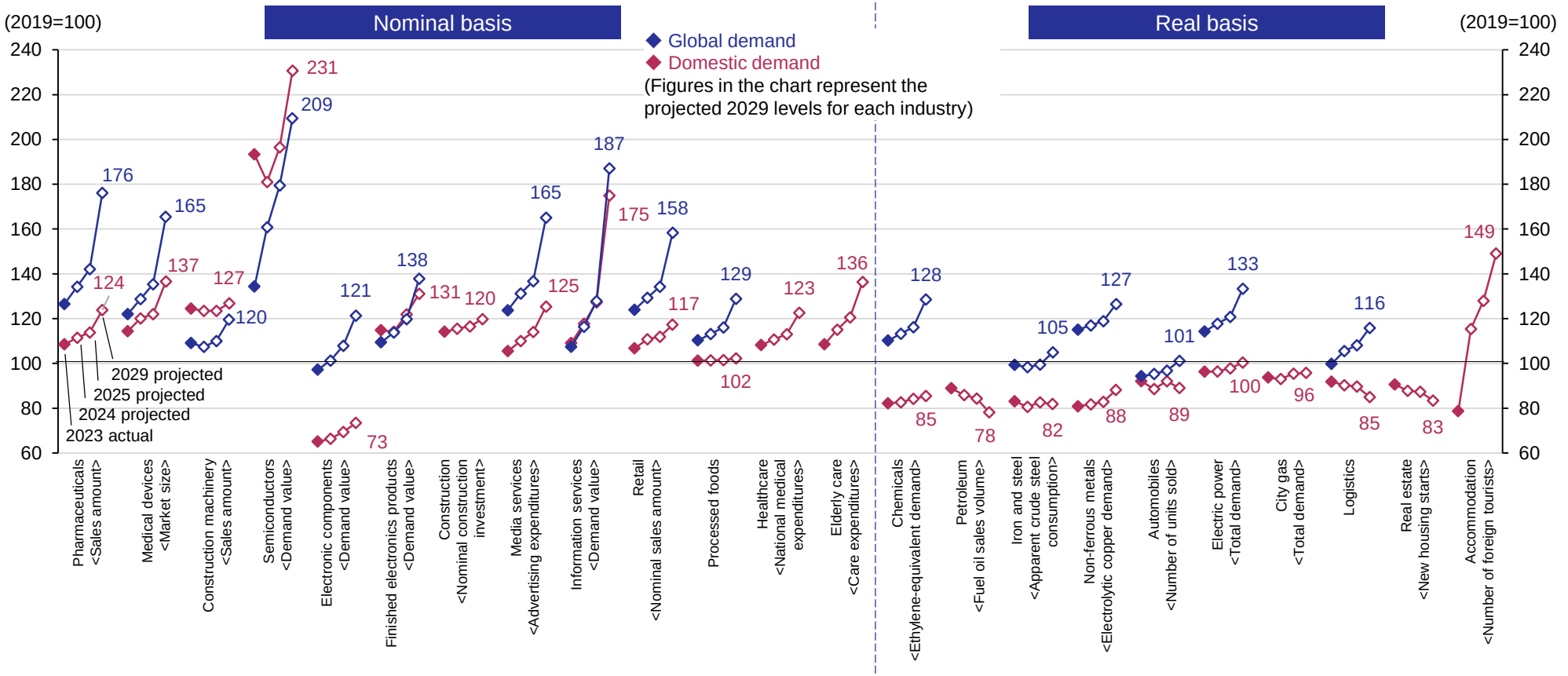
Key External Environment	Changes in the Business Environment (Supply and Demand Trends, Competitive Environment)	Risk	Opportunity
Shrinking domestic demand Structural decline in domestic demand due to population decrease	✓ In addition to shrinking domestic demand, there is also intensifying competition in overseas markets, particularly for general-purpose products. However, global demand is expected to grow in the medium term, driven by emerging markets such as ASEAN and India. **Materials and automobiles** ✓ In addition to demographic changes, overall demand is declining due to factors such as improved fuel efficiency. **Energy** ✓ For industries heavily reliant on the domestic market, shrinking domestic demand is a hurdle. **Lifestyle and Social Infrastructure**	✓ Amidst shrinking domestic markets due to population decline, there are concerns about intensified competition within industries.	✓ The potential to redirect management resources overseas and capture global markets, particularly in high value-added sectors. High-performance materials Inbound tourism
Labor shortages Severe labor supply constraints caused by a decline in the working-age population	✓ Labor shortages, especially in logistics and construction, will become even more serious due to the 2024 problem. **Lifestyle and Social Infrastructure** ✓ While the domestic market is on a growth trajectory due to aging demographics and advancements in healthcare, labor shortages are becoming more acute as the working-age population declines. **Healthcare**	✓ There are concerns over missed demand opportunities, declines in the quality of products and services, and increasing difficulty in maintaining social infrastructure.	✓ The potential to achieve greater operational efficiency and increased productivity through the utilization of digital technologies. IT consulting
Trend towards CN Progress in global decarbonization efforts	✓ Although the current BEV market is currently growing, even if it becomes more focused/streamlined, the long-term trend toward a shift to BEVs remains unaffected within the CN trend. Capturing overseas markets will be essential. **Materials and automobiles** ✓ Expanding clean energy supply will be necessary to achieve CN. **Energy**	✓ In the context of the CN movement, falling significantly behind other countries could result in Japan losing its position as a trade-oriented nation.	✓ The potential to capture new markets as demand for decarbonized products increases amid the transition progressing in various countries. Decarbonized products
Unstable international conditions Increased tensions in international relations, including the intensifying US–China conflict	✓ In developed countries, particularly in the US under the Trump administration, efforts to restrain China are gaining momentum. **Materials and automobiles** ✓ Supply chain disruptions are leading to inefficiencies in procurement, manufacturing, and logistics. **Electronics and IT**	✓ In addition to supply chain disruptions, impediments to global business expansion are causes for concern.	✓ The potential to seize new demand opportunities as supply chain restructuring advances in various countries. Advanced semiconductors

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd.

Global Demand is Expected to Remain Robust, while Domestic Demand will Face Increasing Downward Pressure in the Medium Term due to Structural Factors

- Global demand, particularly in the electronics and IT sectors, is projected to continue growing.
- On the other hand, domestic demand is expected to experience intensified downward pressure through 2029, driven by structural factors such as a declining domestic population and reduced exports from core industries due to heightened overseas competition.

Medium-term outlook for global and domestic demand levels by industry (2024–2029)



Notes: (1)Actual and forecast values for 2023–2029 are plotted. The figures in the chart represent the 2029 forecast values. (2) Electronics finished goods are calculated with 2020 = 100, and information services with 2022 = 100. (3) For processed foods, global figures represent sales value, while domestic figures represent food expenditures. For logistics, global figures represent maritime container cargo volume, while domestic figures represent truck transport volume. (4) Forecast values for retail and processed foods are calculated based on real growth rates without considering inflation. (5) Construction, medical care, nursing care, and domestic logistics are based on fiscal year values, not calendar year values. (6) Refer to each chapter for detailed sources of each indicator by industry. (7) Refer to the "Forecast Table" for the names of the indicators for each industry.

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd. based on various materials

Focusing on Resolving Domestic Challenges, Expanding Global Presence, and Strengthening Supply Chains to Achieve these Goals

- Based on the risks and opportunities, Japanese industries must work toward resolving domestic challenges, expanding their global presence in growth sectors, and reinforcing and rebuilding supply chains.

Strategies required for Japanese industries, taking into account the risks and opportunities

External environment	Mid-term response direction based on risks and opportunities
Shrinking domestic demand	■ Optimize supply capacity throughout the industry ■ Aim to capture the global market, focusing on areas where Japan has strengths
Labor shortages	■ Avoid supply disruptions for products and services by advancing measures to improve operational efficiency and increase productivity through the use of digital technologies. ■ Leverage the data obtained in this process to enhance and expand products.
Trend Towards CN	■ Promote the decarbonization of supply chains across industries to achieve CN domestically. ■ Capture global markets by accelerating the development of technologies that contribute to CN.
Unstable international conditions	■ Avoid supply chain disruptions by diversifying raw material procurement sources and reassessing production bases. ■ Seize new demand opportunities by capitalizing on the global trend of supply chain restructuring.

Required medium-term strategies

Resolving domestic challenges

- Collaboration and coordination among industries and businesses
- Optimize and enhance operations through the use of digital technologies

Expanding Global Presence in Growth Sectors

- Maintaining and expanding existing markets
- Creating and acquiring new markets

Strengthening and Rebuilding Supply Chains

- Diversifying procurement sources and optimizing production bases

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd.

[Resolving Domestic Challenges] Collaboration and Coordination Among Industries and Businesses, as well as Optimizing and Enhancing Operations through the use of Digital Technologies, will be Essential

- The first medium-term strategy required for Japanese industries is to address domestic challenges, such as shrinking domestic demand, labor shortages, and achieving CN.
  - For challenges that the entire Japanese industrial sector must tackle, collaboration and coordination among industries and businesses will be necessary, as will leveraging digital technologies to improve productivity and further enhance competitiveness.
  - To maintain profitability while achieving CN amidst the trend of shrinking domestic demand, it will be necessary to optimize supply capacity and promote supply chain decarbonization. However, there are limits to what can be done by individual businesses alone. Collaboration and coordination among industries and businesses are required to secure economies of scale and distribute costs.
  - To address labor shortages, existing workflows will need to be broken down to identify inefficient tasks, and productivity must be improved through the use of digital technologies. Furthermore, leveraging data obtained during this process to improve and expand products may also enhance competitiveness.

Collaboration and Coordination Among Industries and Businesses

Industry	Medium-Term Initiatives
Retail	Collaboration with raw material suppliers and food manufacturers ■ Collaboration with raw material suppliers and food manufacturers will be essential as a measure to implement sustainable discount strategies that address consumers' frugal spending tendencies while also avoiding the exhaustion of the entire supply chain.
Logistics	Securing shippers and strengthening transportation networks through collaboration and coordination ■ Triggered by the labor shortages that are becoming apparent due to the 2024 Problem, collaboration and coordination both within and across industries – such as through M&A and capital and business alliances – will be necessary to secure shippers and strengthen transportation networks.
Electric power	Attracting data centers near power sources in coordination with data center operators and local governments ■ Meeting the power supply needs of data center operators and promoting the development of industries like data centers near power sources through local government initiatives will help control the output of renewable energy, reduce transmission losses, and maximize the use of renewable energy sources.

Optimizing and enhancing operations through the use of digital technologies

Industry	Medium-Term Initiatives
Healthcare	Optimizing patient flows and workflows for reconstructing the medical care system ■ As patient categories become more segmented through the functional differentiation of hospital beds, it will become crucial to efficiently manage patient flow from admission to transfer and discharge. This will help maximize the utilization of beds, diagnostic equipment, operating rooms, and other resources through advanced management of patient flows and workflows.
Medical devices	Accelerating product development by using data obtained by providing devices ■ Based on the understanding of workflows in specific medical departments that is obtained by providing devices, it will be necessary to accumulate data that is difficult for companies in other industries to access and to use this data to improve and expand products.
Elderly care	Leveraging LIFE data and promoting DX in on-site workflows ■ To address labor shortages, it will be essential for elderly care providers to utilize LIFE (Long-term care Information system For Evidence) data and promote DX in on-site workflows as a key to success.

Source: Both figures compiled by Industry Research Department, Mizuho Bank, Ltd. based on various publicly available information

[Expanding Global Presence in Growth Sectors] Capturing Market Share in Areas Where Japan has Competitive Strengths will be Essential

- The second medium-term strategy required for Japanese industries involves expanding global presence, particularly in high value-added fields such as materials and inbound tourism, where Japan holds potential strengths.
  - In addition to maintaining and expanding existing markets where Japan already has already gained a certain share by exercising its strengths, creating and acquiring new markets will also be critical.
  - From the perspective of maintaining and expanding existing markets, increasing production capacity for processed copper products, which are in high demand in the parts and materials sector, is anticipated, while in the hospitality industry, further development of inbound demand through the development of tourism resources and marketing promotions is anticipated.
  - From the perspective of creating and acquiring new markets, in addition to entering new emerging markets such as India, it is anticipated that Japanese industry will create and acquire new markets by capturing the trends of decarbonization and digitalization, such as creating markets for synthetic fuels and capturing markets for on-device AI.*

Maintaining and expanding existing markets

Industry	Medium-Term Initiatives
Non-ferrous metals	Expanding production capacity to meet growing demand for decarbonization, such as via EVs and electricity ■ Bearing in mind the progress of EV adoption and increasing electricity demand, investments in facilities for processed copper products, such as electric wires and brass products, will be made to expand production capacity.
Accommodation	Capturing additional inbound demand through area management ■ Many tourism resources in regional areas are believed to have significant potential to expand demand for visits for tourism and leisure purposes. Going forward, the development of these resources and the promotion of tourism through area management are expected to increase new visits and accommodation demand.

Creating and acquiring new markets

Industry	Medium-Term Initiatives
Construction machinery	Entering the Indian market, with its remarkable economic growth and room for the arrival of Japanese companies ■ In India, demand for construction machinery is expected to increase due to government-led infrastructure investment, and a certain level of demand is expected for high-value-added products from Japanese manufacturers. It will be necessary to develop differentiated products that take into account customer needs and regulations, and to strengthen profitability through detailed after-sales service.
Petroleum	Creating a market for synthetic fuels ■ While synthetic fuels are expected to contribute to decarbonization, there are significant challenges, such as reducing costs and improving production efficiency. Beyond private sector initiatives, it will be necessary to continue developing technologies and leveraging regulations and subsidies to stimulate demand, reduce costs, and improve production efficiency.
Electronics	Capturing the emerging on-device AI market as a new business opportunity ■ Capturing the on-device AI market is expected to offer significant growth opportunities. To capitalize on this, semiconductor and electronic component companies will need to proactively propose solutions aligned with market needs, aiming to build an on-device AI ecosystem.

Note: On-device AI is technology that performs AI-related processing and calculations directly on local devices, rather than on the cloud (server).
Source: Both figures compiled by Industry Research Department, Mizuho Bank, Ltd.

[Strengthening and Rebuilding Supply Chains] Diversifying Procurement Sources and Optimizing Production Bases will be Essential

- The third medium-term strategy required for Japanese industries involves initiatives to strengthen and rebuild supply chains in response to unstable international conditions.
  - With the inauguration of the Trump administration in the US, efforts to decouple supply chains from China are expected to intensify, particularly in the US. In response, there are concerns that China may accelerate its "self-reliance and self-strengthening" strategy and move to tighten export restrictions.
  - Moreover, if the US introduces uniform tariffs on countries other than China, the global trend toward localized production and consumption may accelerate further.
  - As a result, it is anticipated that supply chain restructuring will progress globally. Japanese industries will need to diversify their procurement sources and optimize their manufacturing bases, as well as seize this movement to further increase their presence in the global market.

Diversifying procurement sources and optimizing manufacturing bases

Industry	Medium-Term Initiatives
Automobiles	Reconstructing supply chains in response to proposed US connected car regulations. ■ In September 2024, the US announced proposed regulations on connected cars, citing national security concerns. This effectively restricts Chinese-affiliated OEMs from selling vehicles in the US, and there is a possibility that similar regulations will spread to Canada, Europe, and other countries. ■ Because Japanese OEMs have a high sales ratio in the US, if their connected cars or related devices are found to involve Chinese entities, then importing and selling these vehicles in the US could become challenging, posing significant risks to their business performance. Immediate action to scrutinize supply chains and consider alternative procurement sources is crucial. ■ On the other hand, for Japanese suppliers, this could present an opportunity to enhance their presence in the connected device market affected by these regulations.
Electronics	Optimizing manufacturing bases and expanding share by capturing the restructuring of overseas supply chains ■ In the finished products sector, improving Japanese companies' presence will require taking a proactive approach by optimizing manufacturing bases and establishing robust manufacturing platforms. In the semiconductor sector as well, overseas companies and governments are approaching Japan for new technology development and semiconductor production, and accepting these overtures will be critical for the maintenance and growth of Japan's semiconductor industry.
Critical minerals*	Diversifying procurement sources for mineral resources, and maintaining or enhancing the presence of Japanese companies in US supply chains ■ If a future Trump administration adopts a tougher stance on China compared to the Democratic Party, China's "self-reliance and self-strengthening" strategy is likely to accelerate, raising the probability of a scenario in which China strengthens its export restrictions on critical minerals. ■ Japan will need to diversify procurement sources for critical minerals and promote recycling to advance domestic resource procurement. At the same time, measures will be required to maintain and strengthen the presence of Japanese companies in US supply chains, as well as to enhance sales in markets outside the US.

Note: For more details, refer to MIZUHO Research & Analysis No. 31, dated November 28, 2024: "Impact of the US Presidential Election on the Economy and Industry (Revised Edition) – What Are the Consequences of America First Driven by Increasing National Insularity?"
Source: Compiled by Industry Research Department, Mizuho Bank, Ltd.

Amidst a Continuing Tight Supply and Demand Market Both at Home and Abroad, Difficult Decisions will be Required on the Specifics of Domestic Industrial Complexes

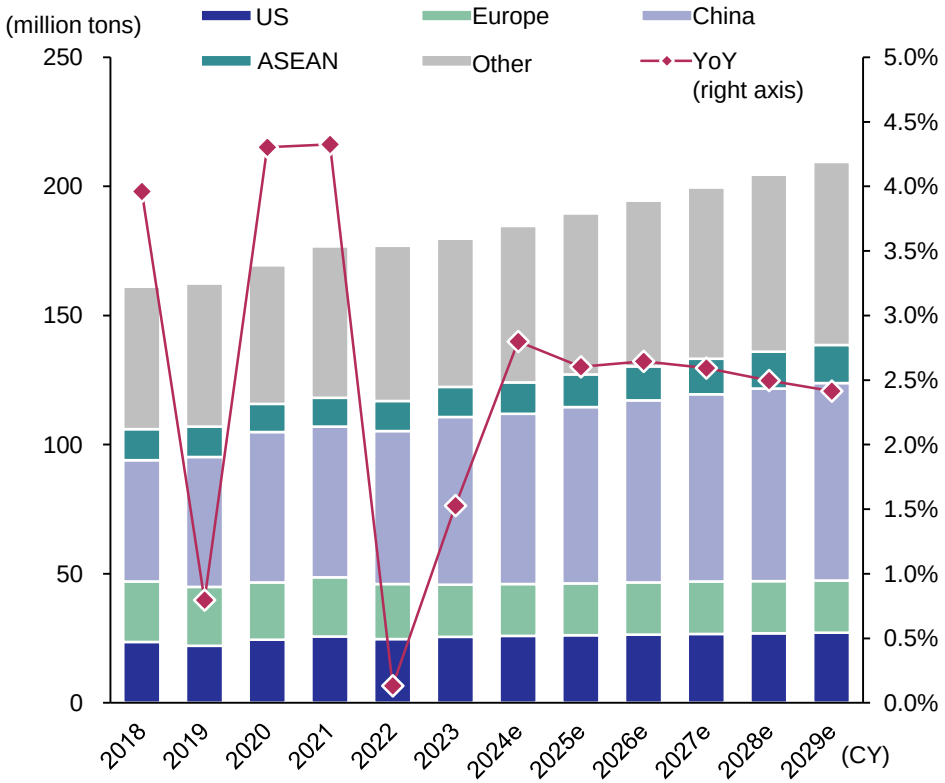
I. Supply and Demand Trends		[Short Term] ■ Global: Demand is expected to grow by +2.8% YoY in 2024 and by +2.6% in 2025. While China, a major demand region, is not projected to experience negative growth YoY, its growth is likely to remain weak, which is expected to weigh on the overall global growth rate. ■ Domestic: Recovery from the decline in 2023 is expected to be limited, with demand in 2024 being mostly flat, increasing by only 0.6% year-on-year, remaining nearly flat. Factors such as delayed recovery in the automotive and semiconductor sectors, a decline in private consumption due to price increases for daily necessities, and progress in reducing plastic usage will have an impact. In 2025, a gradual recovery in the automotive and semiconductor sectors is anticipated, with demand expected to grow by +1.9% YoY, showing slight improvement. [Medium Term] ■ Global: Annual growth is expected to remain around +2.5% YoY through 2029. While China's growth rate is showing signs of sluggishness, growth in emerging markets such as ASEAN will drive growth. On the other hand, the US is projected to grow at approximately +1% YoY, with other developed countries are expected to remain flat. ■ Domestic: From 2027 onward, domestic demand is expected to remain flat, with demand in 2029 projected to be around 4 million tons of ethylene-equivalent demand. In addition to slower growth rates in demand-driven industries due to population decline, structural factors such as progress in reducing plastic usage will contribute to a continued slump in domestic demand.
II. Topics	**Competitive Environment**	■ Global ethylene production capacity is expected to remain in a state of oversupply beyond 2025, leading to continued tight supply-demand conditions. Large-scale investments are expected to continue, particularly in China with its significant new capacity expansions, as well as in regions like the Middle East. ■ Domestically, China's progress in self-sufficiency is expected to make it increasingly difficult to export general-purpose products and ethylene itself. Meanwhile, even amidst sluggish domestic demand, imports of cost-competitive general-purpose products are likely to be maintained, resulting in a decline in domestic production and a continued challenging business environment.
	Risks and Opportunities	[Risks] ■ The greening of the petrochemical industry involves measures such as transitioning to alternative fuels and feedstocks, but Japan faces relatively challenging conditions, making the hurdles higher. Meanwhile, in China, alongside cost-competitive petroleum-derived products, there is growing momentum to expand the use of bio-based and recycled materials. If Japan fails to quickly advance its domestic transition, then it may face threats from imported products, including green products. [Opportunities] ■ Policy support measures, such as GX transition bonds, emphasize not only reducing GHG emissions and optimizing supply and demand but also strengthening industrial competitiveness. Companies that pursue bold restructuring aimed at enhancing competitiveness alongside greening efforts are expected to receive substantial support.
	Analyst Insights	[Low operating rates of ethylene plants and reconstruction including greening efforts] ■ The operating rate of domestic ethylene plants has remained below 90%, the benchmark for economic health, for over two consecutive years, marking the longest such period on record. Concrete discussions on optimizing ethylene plants have already been publicly announced, and specific measures are now required to achieve overall optimization of industrial complexes and the domestic industry as a whole. ■ In order to optimize production capacity, it will be necessary to consider not only the outlook for domestic demand but also the prospects for ethylene supply through feedstock transitions that do not rely on existing facilities. Feedstock transitions are not only a key factor in optimizing production capacity but also a critical measure for advancing the greening of Japanese industries. The chemical industry should contribute to the realization of environmental value in demand-driven industries through the supply of green products.

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd.

Although Global Demand Is Expected to Grow at an Annual Rate of Approximately +2.5%, No Significant Recovery Is Forecasted for Domestic Demand

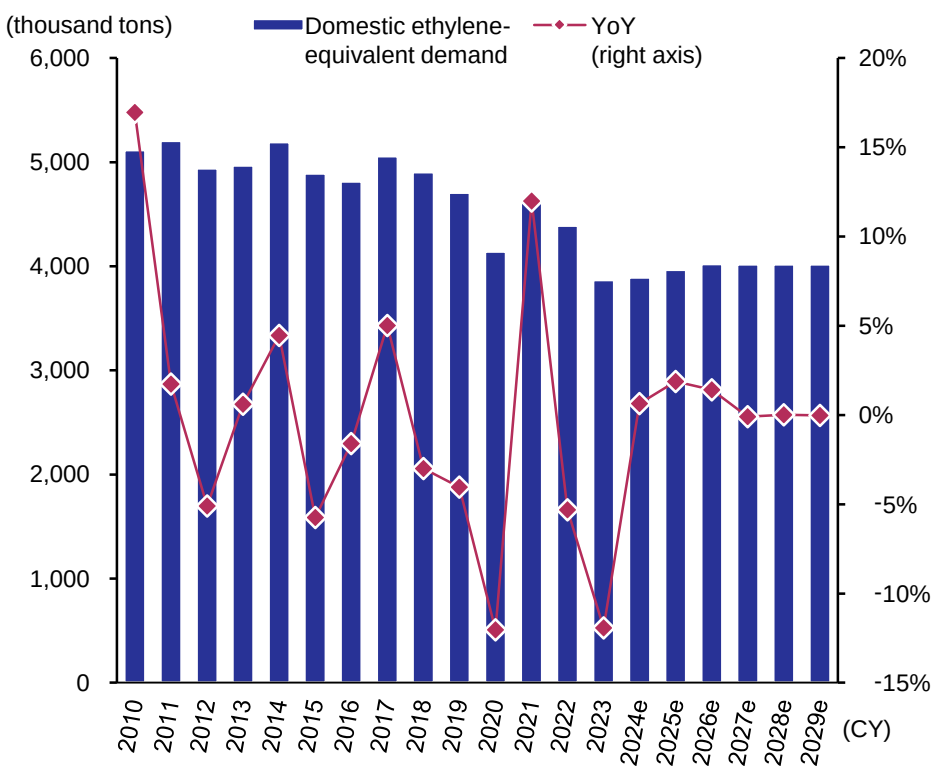
- Global ethylene-equivalent demand is projected to reach 185 million tons in 2024 (+2.8% YoY) and 189 million tons in 2025 (+2.6% YoY). In the medium term, demand is expected to grow at an annual rate of approximately +2.5%, with global demand forecasted to reach about 209 million tons by 2029.
- Domestic ethylene-equivalent demand shows no signs of recovery from the significant decline in 2023. It is expected to remain nearly flat in 2024 at 3,892 thousand tons (+0.6% YoY). While a slight recovery to 3,965 thousand tons (+1.9% YoY) is anticipated in 2025, demand is expected to remain mostly flat through 2029, with domestic demand levels forecasted to stay around 4,000 thousand tons.

Global ethylene-equivalent demand trends by region



Note: From 2024 onward, values are based on forecasts by the Industry Research Department, Mizuho Bank, Ltd.
Source: Compiled by Industry Research Department, Mizuho Bank, Ltd. based on various publicly available information

Medium-term outlook for domestic ethylene-equivalent demand

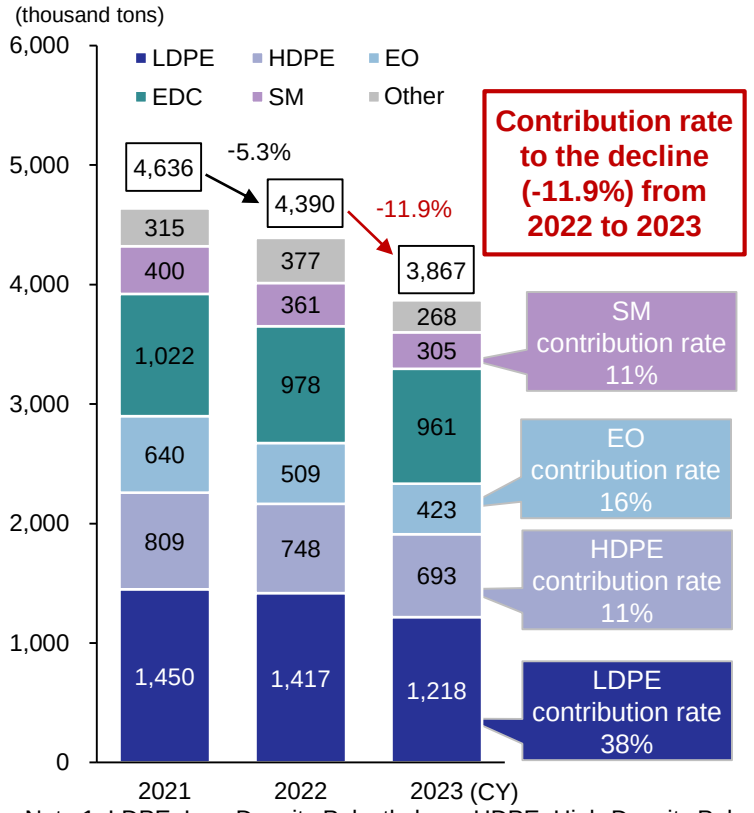


Note: From 2024 onward, values are based on forecasts by the Industry Research Department, Mizuho Bank, Ltd.
Source: Compiled by Industry Research Department, Mizuho Bank, Ltd. based on The Heavy & Chemical Industries News Agency and other sources

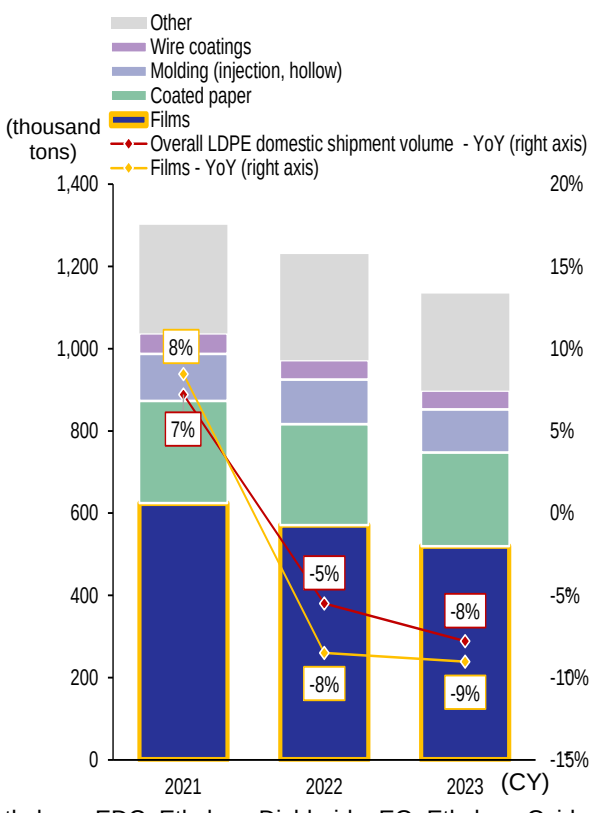
Factors Behind the Slump in Domestic Ethylene-Equivalent Demand: Significant Impact from LDPE, and Affected by Declining Private Consumption

- The sharp decline in domestic ethylene-equivalent demand in 2023 was primarily driven by contributions from LDPE, followed by EO, HDPE, and SM.
- Domestic shipments of LDPE have been declining across all applications, with a particularly large drop in film applications, which account for approximately 50% of total LDPE usage.
  - Most films are used for industrial purposes, and it is believed that the decline in personal consumption and progress in reducing plastic usage are having a certain impact on food and beverage container packaging, which accounts for a large portion.

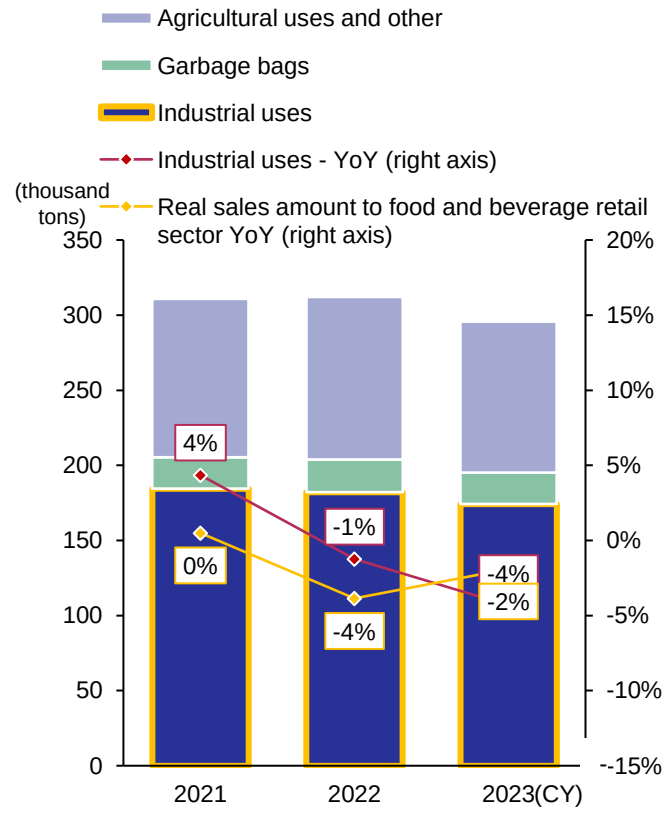
Domestic ethylene-equivalent demand trends (by major derivatives)



Domestic shipment trends of LDPE (by application)



Domestic shipment trends of LDPE films

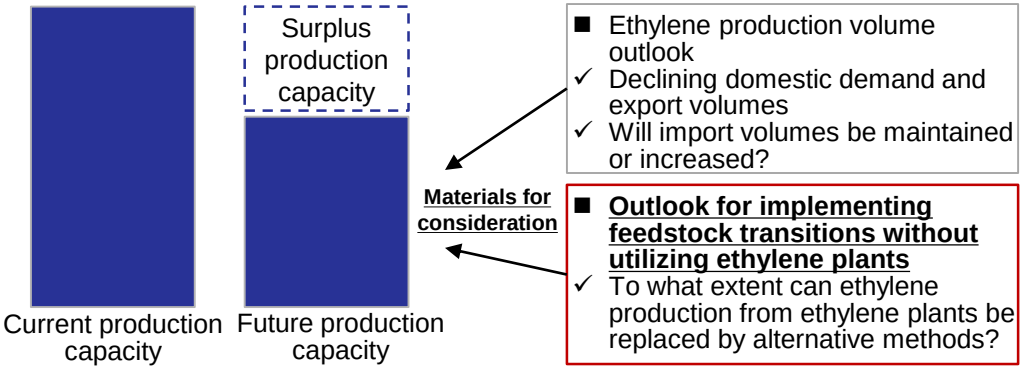


Note 1: LDPE: Low-Density Polyethylene, HDPE: High-Density Polyethylene, EDC: Ethylene Dichloride, EO: Ethylene Oxide, SM: Styrene Monomer
Note 2: The left chart shows domestic ethylene-equivalent demand for LDPE (production + imports - exports), while the central chart shows domestic shipment volume of LDPE (production - exports). Therefore, the quantities do not match.
Note 3: The total domestic shipment volume of LDPE film in the right chart does not match the film application quantity in the central chart, as the right chart aggregates data only from members of the Japan Polyolefin Film Industry Trade Association.
Source: The left and central charts are based on data from The Heavy & Chemical Industries News Agency, while the right chart is based on materials from the Japan Polyolefin Film Industry Trade Association, all of which have been by Industry Research Department, Mizuho Bank, Ltd.

The Domestic Chemical Industry Faces a Challenging Phase, Where It Must Consider Optimizing Production Capacity While Also Contributing to Greening Efforts

- Domestic ethylene plants have seen their operating rates fall below 90%, the benchmark for economic health, for the longest period on record, highlighting the need for moves toward optimizing production capacity.
- When considering production capacity optimizations, it is necessary to account for the outlook for not only domestic demand, exports, and imports, but also the supply prospects for ethylene produced through alternative methods that do not rely on existing facilities. Depending on advancements in technologies for feedstock transitions utilizing recycled or bio-based materials, ethylene plants may become unnecessary.
- Furthermore, the chemical industry should actively pursue feedstock transitions through multifaceted technological development and corporate collaboration, and quickly establish supply systems for green products.

Primary methods for optimizing ethylene plant production capacity and feedstock transition

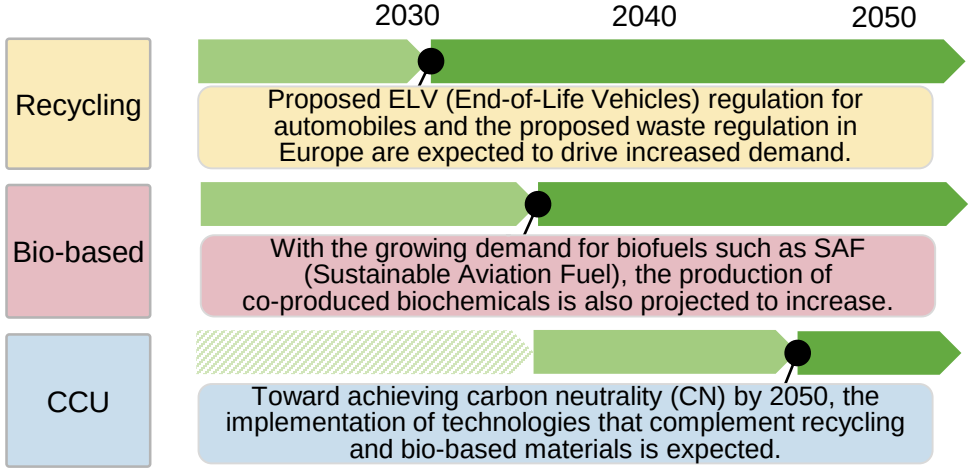


<Primary feedstock transition methods: From the perspective of ethylene plant utilization>

	Utilizing ethylene plants	Not utilizing ethylene plants
Recycling	Thermal cracking (pyrolysis for oil conversion)	**Material recycling, thermal cracking (direct olefin production), depolymerization**
Bio-based	Bio-naphtha	**Chemical production via bioethanol or smart cells**
CCU	Synthetic naphtha	**Chemical production from CO_2-derived alcohols and other sources**

Note: ELV is an abbreviation for End-of-Life-Vehicle
Source: Both figures compiled by Industry Research Department, Mizuho Bank, Ltd. based on various publicly available information

Timeline for feedstock transitions and necessary actions for Japanese chemical companies



Multifaceted technology and product development with a medium- to long-term perspective

While prioritizing recycling-related efforts with regulation-driven early demand, medium-term solutions involving bio-based materials and long-term solutions such as CCU (Carbon Capture and Utilization) will add value.

Accelerating feedstock transitions through corporate collaboration

There is a limit to how much CAPEX individual companies can bear for the transition, so collaboration within the chemical industry and with other sectors in areas such as technology development, production, and sales will be essential.

The chemical industry must establish a supply system for green products early on, and contribute to realizing environmental value in Japan's strength of functional chemicals and in demand-driven industries

Power Supply Must Meet the Needs and Characteristics of End Users Amid Growing Data Center Demand

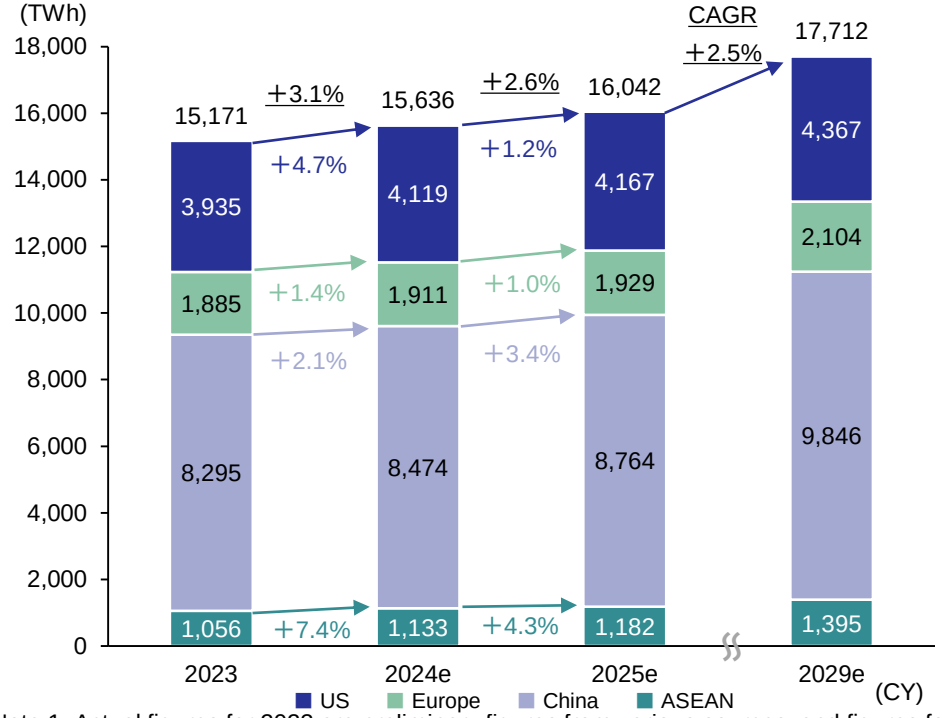
I. Supply and Demand Trends		[Short Term] ■ Global electricity demand is projected to grow, driven by economic growth in the US, China, and ASEAN, as well as by increasing demand from data centers. Demand is forecasted to reach 15,636 TWh in 2024 (+3.1% YoY) and 16,042 TWh in 2025 (+2.6% YoY). ■ Domestic electricity demand is projected to reach 922 TWh in 2024 (+0.2% YoY), as reduced production in manufacturing sectors such as steel and chemicals is expected, although increased cooling demand during the summer will offset the decline. For 2025, demand is projected to rise to 935 TWh (+1.4% YoY), driven by a gradual recovery in economic activity and growing demand from data centers. On the supply side, renewable energy adoption is expected to make progress, and multiple nuclear power plants are scheduled to restart operations from the end of 2024 onward. Consequently, the share of non-fossil energy sources is expected to increase. [Medium Term] ■ Global electricity demand is expected to continue increasing due to expanding electrification, growing demand from data centers, and economic growth in China and ASEAN, with a forecast of 17,712 TWh by 2029. On the supply side, although the degree of progress varies by region, the share of renewable energy is generally expected to continue rising. ■ Domestic electricity demand is projected to remain flat for household use, but industrial demand is expected to grow due to progress in electrification and increased data center demand. As a result, total demand is forecasted to reach 961 TWh by 2029 (an annual growth rate of +0.7%). On the supply side, the expansion of renewable energy and the restart of nuclear power plants are expected to increase the share of non-fossil energy sources.
II. Topics	**Competitive Environment**	[Short Term] ■ As electricity demand expands due to new and additional installations of data centers and similar facilities, competition to secure end-users in the retail sector is expected to intensify. In the power generation sector, the competition to acquire and develop renewable energy sources will continue, driven by the need to meet the non-fossil power procurement requirements of certain end-users. [Medium Term] ■ Given the high load factors expected for data center electricity demand, current power supply methods relying solely on variable energy sources such as solar and wind, paired with storage batteries, may not be sufficient. As a result, power supply solutions that incorporate nuclear-generated electricity and thermal power, along with non-fossil certificates, will increasingly be required.
	Risks and Opportunities	[Risks] ■ If power providers fail to adequately meet the renewable energy procurement needs of certain end-users, then there is a risk that they will miss out on the growing demand for renewable energy. [Opportunities] ■ Securing renewable energy-focused end-users and selling through long-term PPAs can provide stable revenue streams. Additionally, integrating supply-demand adjustments by using storage batteries and other technologies may create monetization opportunities across the entire power value chain.
	Analyst Insights	[Developing Power Sources in Collaboration with Data Center Operators and Local Governments] ■ By supplying power tailored to the procurement needs of data center operators and encouraging the establishment of data centers and other industries near power sources through local government initiatives, it will become possible to control renewable energy output, reduce transmission losses, and maximize the utilization of renewable and other power sources.

Note: PPA is an abbreviation for Power Purchase Agreement
Source: Compiled by Industry Research Department, Mizuho Bank, Ltd.

[Global Supply and Demand] Electricity Demand is on an Upward Trend due to Economic Growth in China and ASEAN, as well as Expanding Demand from Data Centers

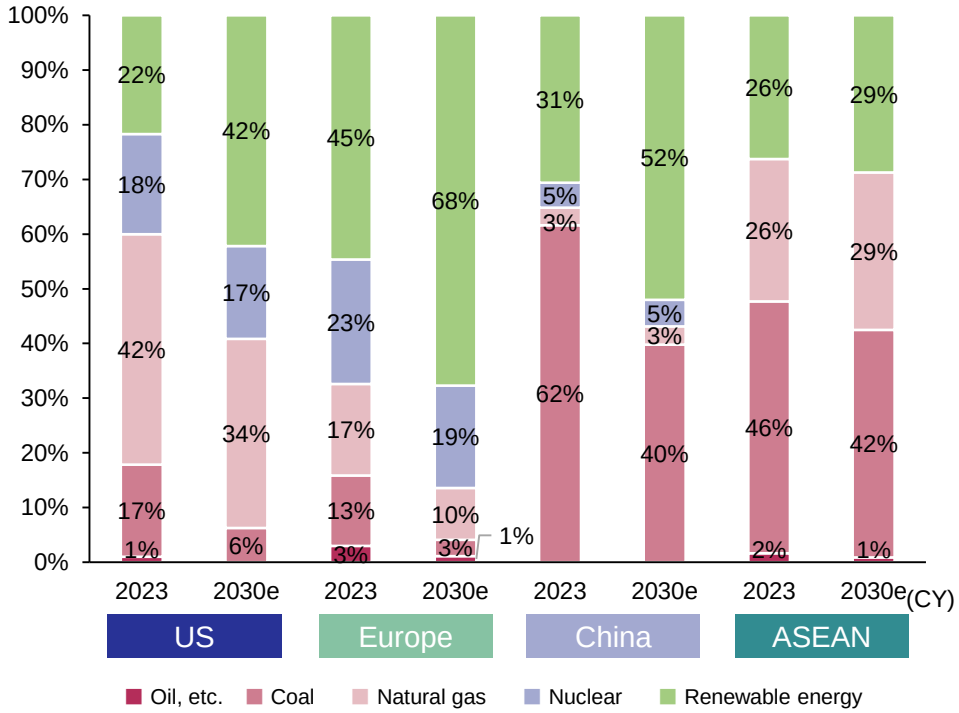
- Global electricity demand in 2024 is expected to grow by +3.1% YoY, driven by expanding data center demand in the US and economic growth in China and ASEAN. In 2025, economic growth in China and ASEAN is also anticipated, along with an increase in data center demand across various regions, for a growth forecast of +2.6% YoY.
  - Electricity demand is forecasted to increase at an annual rate of +2.6% through 2029, driven by economic growth, continued electrification, and expanding data center demand in various regions.
- According to the IEA, the share of coal- and natural gas-based thermal power generation in the energy mix of various countries and regions is expected to decrease by 2030, while the share of renewable energy, particularly solar and wind power, is projected to increase.
  - In ASEAN, the energy mix is expected to remain centered around thermal power in the near term to address growing electricity demand.

Main factors behind increases/decreases in electricity demand across various countries and regions



Note 1: Actual figures for 2023 are preliminary figures from various sources, and figures for 2024 and beyond are forecasts by Industry Research Department, Mizuho Bank, Ltd.
Note 2: European figures are the total demand for the 20 eurozone countries. ASEAN figures are the total demand for Indonesia, Malaysia, Thailand, the Philippines, and Vietnam.
Source: Compiled by Industry Research Department, Mizuho Bank, Ltd. based on the *World Energy Outlook 2024* by the IEA

Medium-term outlook for the energy mix in various countries and regions (IEA Stated Policies Scenario)

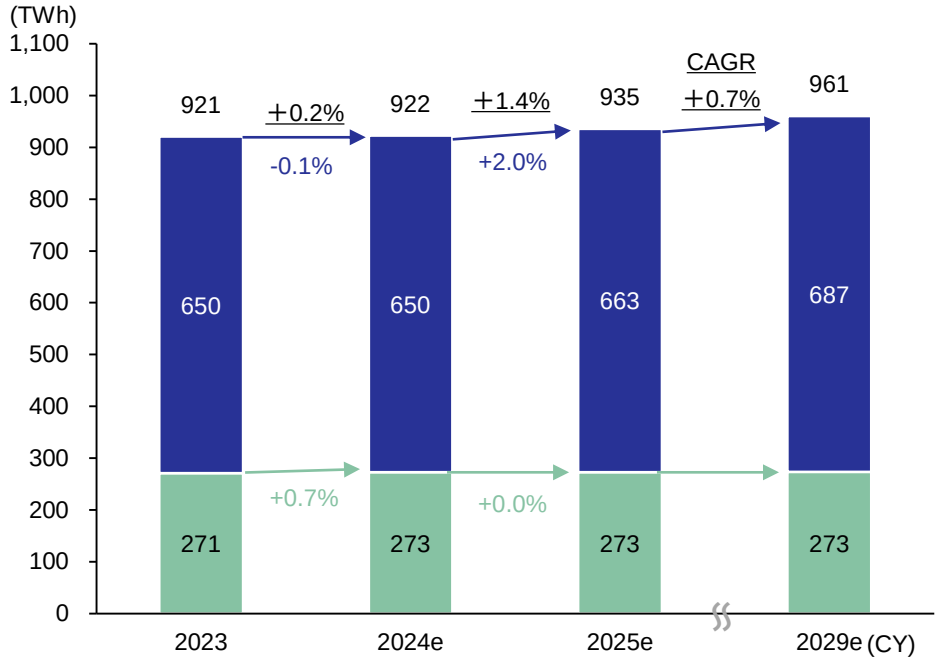


Note: Figures for Europe are calculated based on the 27 EU member states. Figures for ASEAN are calculated based on the 10 member states.
Source: Compiled by Industry Research Department, Mizuho Bank, Ltd. based on the *World Energy Outlook* 2024 by the IEA

[Domestic Supply and Demand] Electricity Demand is Expected to Increase due to Expanding Electrification and Data Center Demand.

- Domestic electricity demand in 2024 is forecasted to grow by +0.2% YoY, as a decline in manufacturing output, particularly in the steel and chemical industries, is offset by increased cooling demand during the summer. In 2025, a modest recovery in economic activity and further expansion in data center demand are expected to drive YoY growth of +1.4%.
  - By 2029, electricity demand is expected to grow at an annual rate of +0.7%, driven by the progress of electrification and expanding demand from data centers.
- In 2024, the share of non-fossil energy in the domestic power mix is projected to remain at 33%. However, by 2029, the share of non-fossil energy is expected to increase, driven by the start of offshore wind power operations and the sequential restart of nuclear power plants with approved installation modifications.

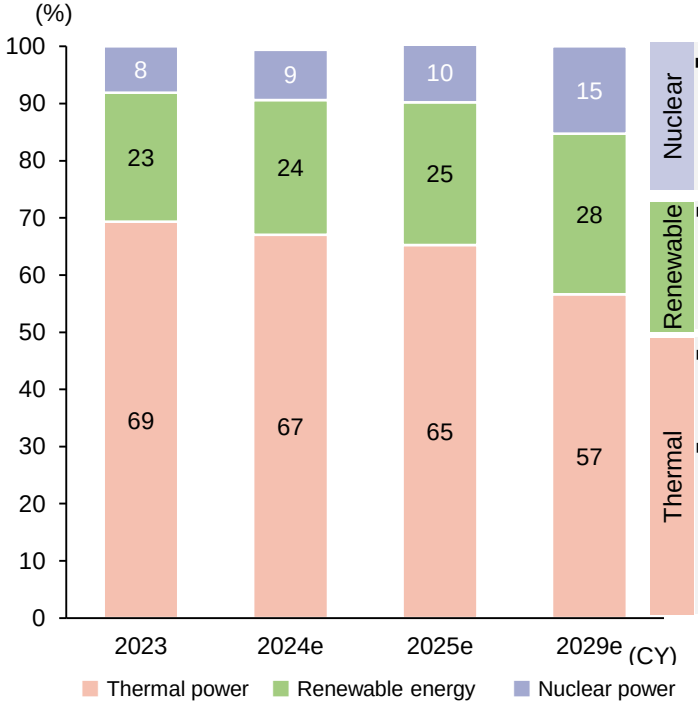
Key factors influencing domestic electricity demand



Note: The 2023 actual figures are estimated values calculated by the Industry Research Department, Mizuho Bank, Ltd. These include the electricity sales volume by electric power companies, specific supply and self-consumption electricity volumes of electric power companies from the Electricity Survey Statistics, as well as self-consumption electricity from private power plants with a total generation capacity of 1,000 kW or more, and estimated self-consumption from residential solar power generation. From 2024 onward, figures are based on forecasts by the Industry Research Department, Mizuho Bank, Ltd.

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd. based on the *Electricity Survey Statistics* from the Agency for Natural Resources and Energy and other sources.

Medium-term outlook for domestic power mix (based on generated electricity)



Nuclear
- It is expected that nuclear power plants with approved installation modifications will sequentially restart, contingent on local consent.

Renewable
- By 2029, the adoption of offshore wind power is anticipated to move forward not only in port areas but also in general sea areas.

Thermal
- Decommissioning and suspension of aging facilities are expected to progress.
- Taking into account the operation of power plants currently under construction or replacement, these facilities will continue to serve as key sources of supply.

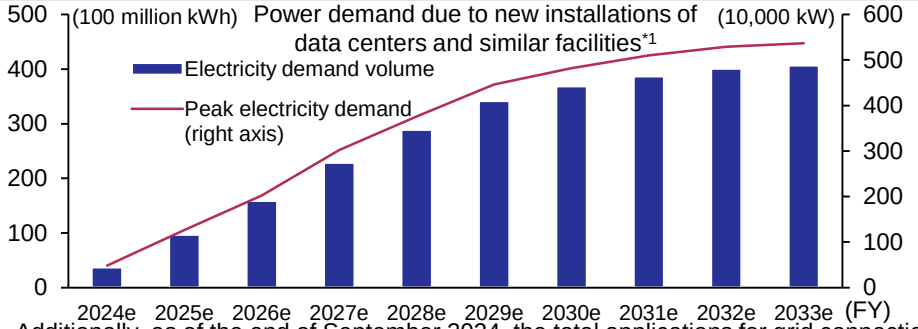
Note: The 2023 actual figures are estimated values calculated by the Industry Research Department, Mizuho Bank, Ltd., and from 2024 onward, figures are based on forecasts by the Industry Research Department, Mizuho Bank, Ltd.

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd. based on the *Electricity Survey Statistics* from the Agency for Natural Resources and Energy and other sources.

Power Providers' Strategies for Addressing Growing Electricity Demand from Data Centers

- In order for power provides to secure the expected increase in electricity demand from data centers and similar facilities, it will be crucial for them to offer optimal power supply solutions that take into account the characteristics of the electricity demand, the lead time differences for constructing power sources, and the varying types of power sources required by different data center operators.
- By working in collaboration with local governments to guide data center locations closer to power sources, it will be possible to reduce transmission losses and to control output fluctuations from renewable energy, which will enable the maximum utilization of renewable and other energy sources.

Projected growth in electricity demand for data centers and similar facilities, and approaches to power supply



Additionally, as of the end of September 2024, the total applications for grid connection and supply of extra-high voltage projects submitted to general transmission and distribution operators are expected to reach approximately 15 million kW by FY2030.

The growing electricity demand from data centers and similar facilities is generally expected to have a high annual load factor,*2 necessitating power supplies that considers the characteristics of the energy sources.

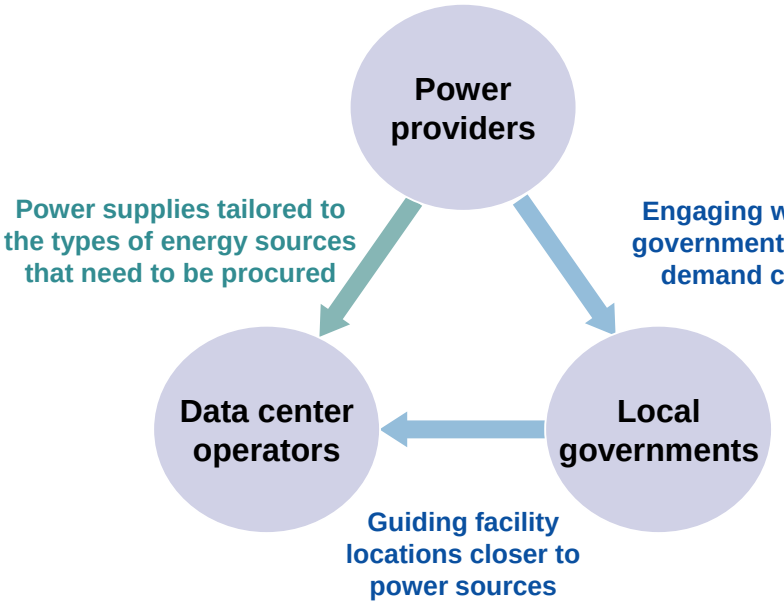
Non-fossil power procurement needs

Non-fossil power (renewable energy + storage batteries, nuclear power)	Non-fossil certificates
■ For data center operators seeking renewable energy supplies, a combination of variable renewable energy and storage batteries will be provided. ■ Power supply from nuclear power generation, a non-fossil baseload energy source, will also be offered.	■ For operators who are not particular about renewable energy sources, a combination of power from thermal generation and non-fossil certificates will be used.

It will be important for power providers to offer optimal power supplies based on construction lead times, local conditions, and data center operators' power procurement needs

Note 1: Electricity demand driven by new and expanded data centers and semiconductor plants. More than half of the peak power demand (kW) is attributed to data center demand.
Note 2: Annual electricity consumption / (Annual peak power demand × 24 hours × 365 days)
Source: Compiled by Industry Research Department, Mizuho Bank, Ltd. based on materials from the Organization for Cross-regional Coordination of Transmission Operators, Japan (OCCTO) and the Agency for Natural Resources and Energy.

Initiatives required from power providers



Strategies for power providers

- ■ Supplying electricity to data center operators by acquiring and developing energy sources tailored to their needs.
- ■ Engaging with local governments to attract data centers near power sources, thereby reducing transmission losses, mitigating renewable energy output control and grid congestion, and enabling the maximum utilization of renewable and other energy sources.

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd.

The Domestic Advertising Market Continues to be Driven by Internet Advertising, which Remains the Primary Growth Driver

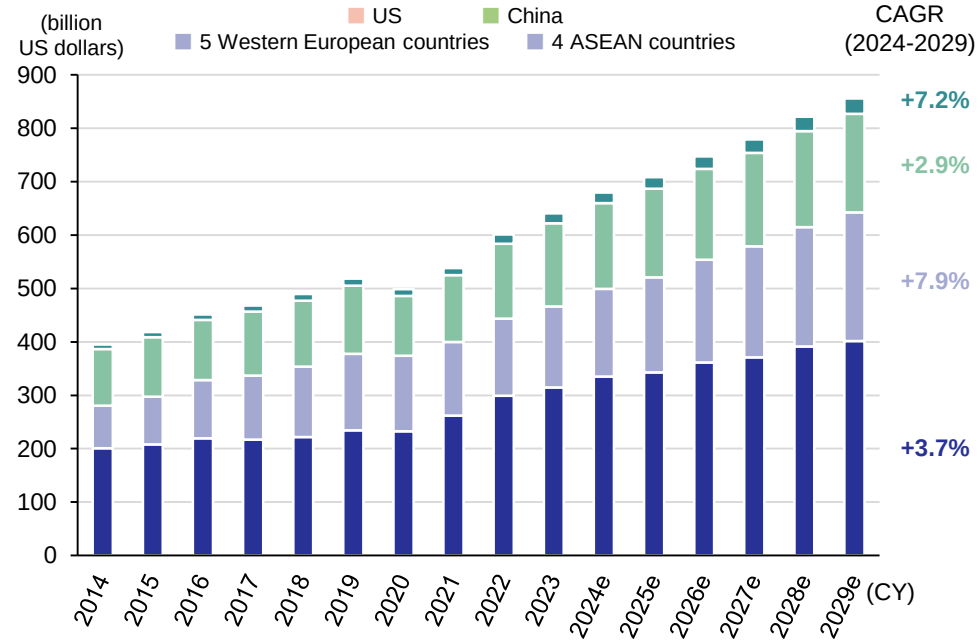
I. Supply and Demand Trends		[Short Term] ■ The domestic advertising market is expected to maintain steady growth, supported by the expansion of internet advertising. Major events, such as the Osaka-Kansai Expo, are being held in 2025, and the market is expected to reach 7,634.2 billion yen in 2024 (+4.3% YoY) and 7,911.9 billion yen in 2025 (+3.6% YoY). [Medium Term] ■ Corporate demand for internet advertising continues to expand, partly at the expense of demand for advertising in other media. While the growth of internet advertising is expected to slow in the medium term, it will remain the primary growth driver for the market. From 2024 to 2029, the domestic advertising market is projected to grow at an annual rate of +2.6%, with the market size forecasted to reach approximately 8,696.9 billion yen in 2029.
II. Topics	**Competitive Environment**	■ As internet advertising expenditures continue to grow, the significant presence of global platforms such as Google and Meta in the internet advertising market remains unchanged. Domestic media companies are aiming to capture a larger share of internet advertising expenditures, which will lead to intensified competition with global platforms. ■ Furthermore, while overall media engagement time among consumers has plateaued, time spent on smartphones and tablets continues to increase. Media companies are expanding efforts to capture consumers' engagement time and time spent on smartphones and tablets. ■ Currently, demand for social media advertising is also increasing. Additionally, there is growing attention toward short dramas designed for brief viewing on smartphones, a trend stemming from video-sharing services.
	Risks and Opportunities	[Risks] ■ Internet advertising expenditures continue to concentrate on global platforms, particularly Google, which raises the possibility that domestic media companies may not benefit from the growth in internet advertising. Additionally, as advertising budgets increasingly flow to global platforms, domestic media companies face the risk of declining revenues and losing their competitiveness in the medium- to long-term, potentially leading to a significant loss of market share in the domestic advertising market. [Opportunities] ■ Demand for video advertisements, which are particularly effective at capturing consumer attention, continues to grow within the internet advertising sector. As demand for social media ads and vertical video ads designed for smartphones expands, there is also increasing demand for advertisements and content in short dramas, which feature a hybrid business model of advertising and pay-per-view. ■ Furthermore, the digitization of media, particularly in outdoor advertising, is progressing. This will lead to an expansion in locations for displaying video advertisements and video content.
	Analyst Insights	[Expected initiatives by domestic media companies to further capture internet advertising demand] ■ With increased consumer engagement time on smartphones, companies are expanding their digital marketing efforts. Domestic media companies are expected to reinforce their unique strengths and features by offering optimized digital ads and content tailored to individual consumers. These efforts are anticipated to contribute to corporate digital marketing and help capture growing internet advertising demand.

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd.

The Global Advertising Market, Particularly in North America, is Expected to Steadily Expand

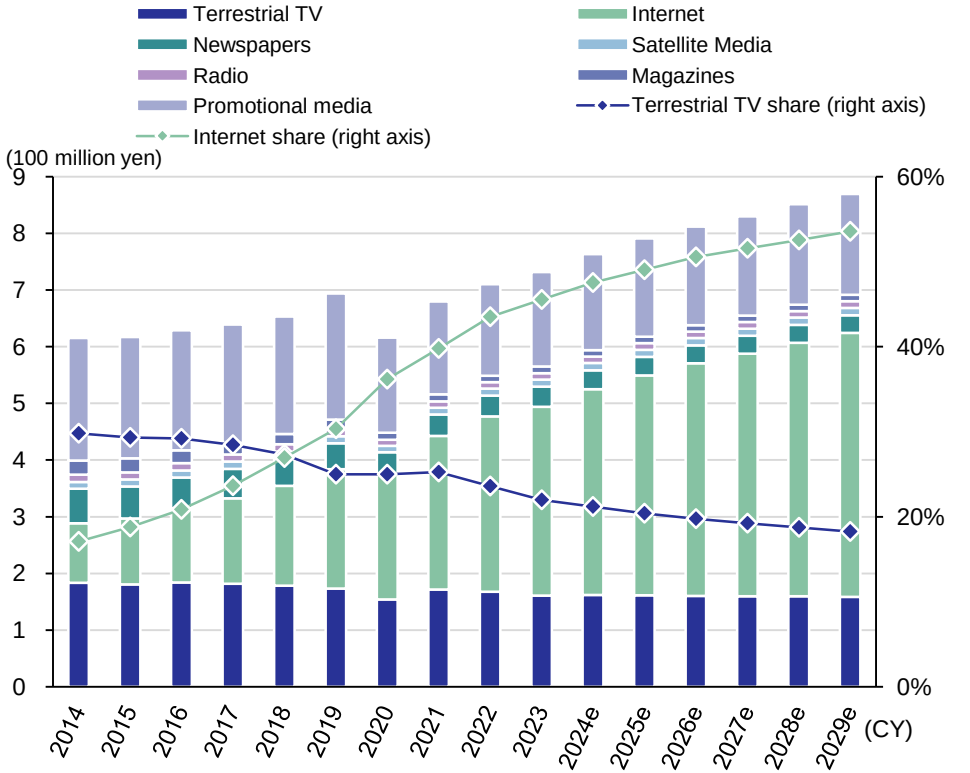
- In 2024, global advertising expenditures are projected to grow by +6.1% YoY, driven by major events such as the Paris Olympics and the US presidential election. Over the medium term, supported by moderate economic growth, the market is expected to grow at an annual rate of +4.7% from 2024 to 2029.
- Domestic advertising expenditures are expected to continue growing, driven by the expansion of internet advertising and supported by increased consumer engagement with smartphones. While television advertising expenditures will remain stable, their share of total domestic advertising expenditures is projected to decline. Based on these trends, domestic advertising expenditures are forecasted to grow by +4.3% YoY in 2024 and +3.6% YoY in 2025. Over the medium term, although the digitalization trend will persist, the growth of internet advertising is expected to slow. From 2024 to 2029, domestic advertising expenditures are projected to grow at an annual rate of +2.6%.

Medium-term outlook for global advertising expenditures



Note 1: From 2024 onward, figures are based on forecasts by the Industry Research Department, Mizuho Bank, Ltd. The USD conversion rate uniformly uses the average exchange rate for 2023.
Note 2: The 5 Western European countries refer to Germany, the United Kingdom, France, Italy, and Spain. The 4 ASEAN countries refer to Indonesia, Thailand, the Philippines, and Malaysia.
Note 3: There may be discrepancies from the previous forecast (December 2023) due to changes in data sources.
Source: Compiled by Industry Research Department, Mizuho Bank, Ltd. based on data from Euromonitor.

Medium-term outlook for domestic advertising expenditures

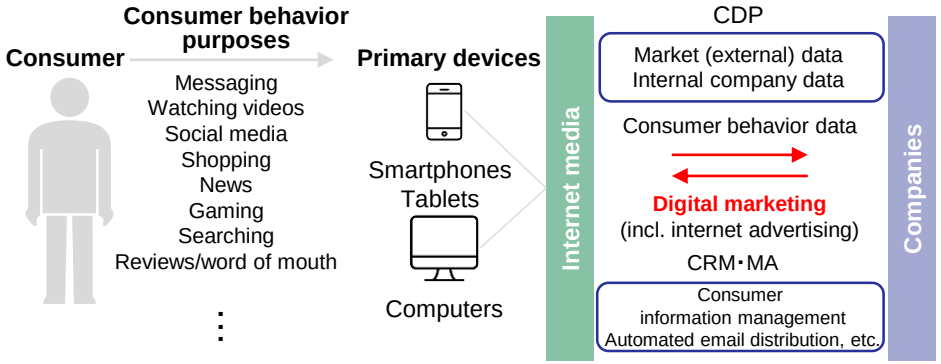


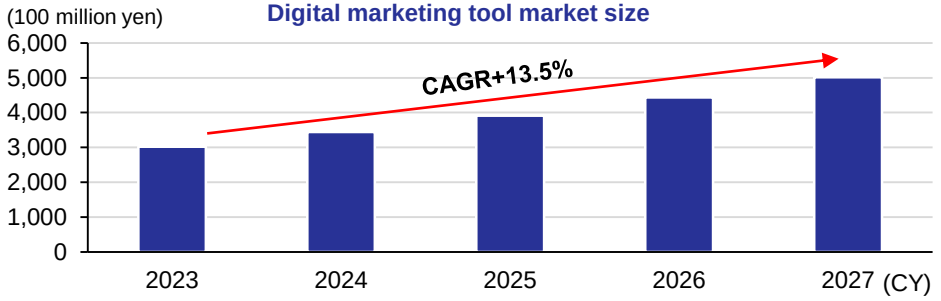
Note 1: From 2024 onward, figures are based on forecasts by the Industry Research Department, Mizuho Bank, Ltd.
Source: Compiled by Industry Research Department, Mizuho Bank, Ltd. based on based on *Advertising Expenditures in Japan 2023* by Dentsu.

Expectations for Domestic Media Companies to Further Capture Internet Advertising Demand

- Companies are using digital marketing, including internet advertising, through internet media to reach consumers. Additionally, the market for digital marketing tools, such as Customer Data Platforms (CDP) used to analyze consumer behavior data, is also expanding.
- While corporate demand for internet advertising continues to grow, there is concern that the strengths and unique characteristics of individual media may be diminishing, particularly in video advertising and content.
- Domestic media companies are expected to differentiate themselves by offering optimized digital ads and content tailored to individual consumers, thereby capturing internet advertising demand.

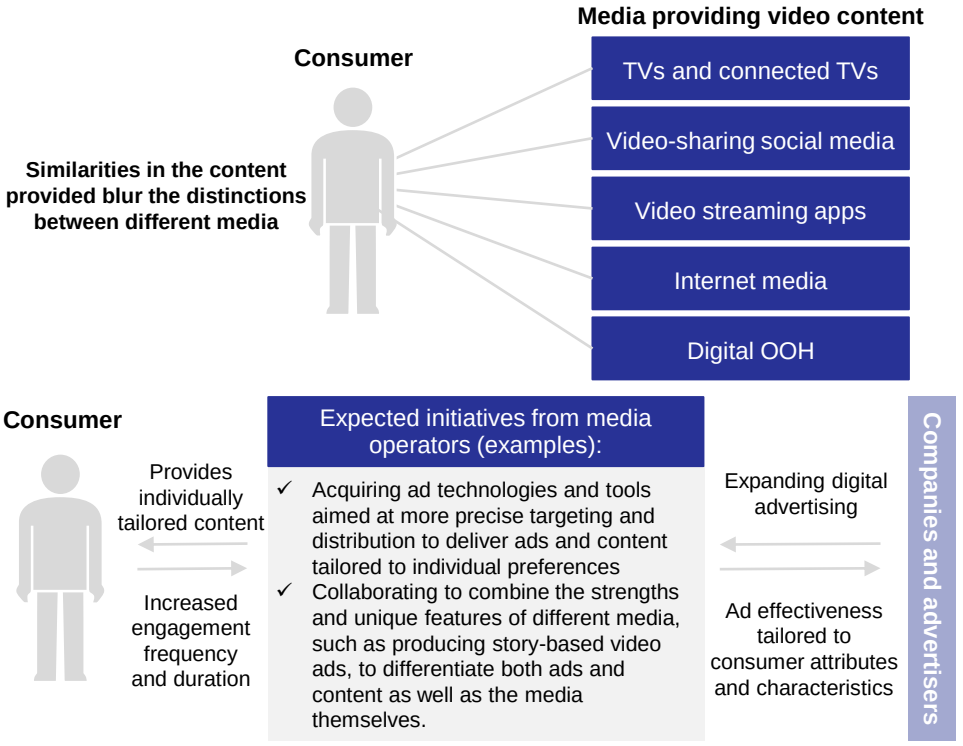
Digital marketing for companies





Note 1: Based on company sales revenue.
Note 2: Figures for 2024 are estimates, while figures from 2025 onward are forecasts.
Note 3: Market size includes MA (Marketing Automation), CRM (including SFA), and CDP (Customer Data Platform).
Source: Compiled by Industry Research Department, Mizuho Bank, Ltd. based on *Survey on the Digital Marketing Market (2024)* by Yano Research Institute.

The relationship between consumers and the media, and the expectations of domestic media companies



Source: Compiled by Industry Research Department, Mizuho Bank, Ltd.

Capturing Inbound Travel Demand and Implementing Area Management will be Key Strategies for Accommodation Providers

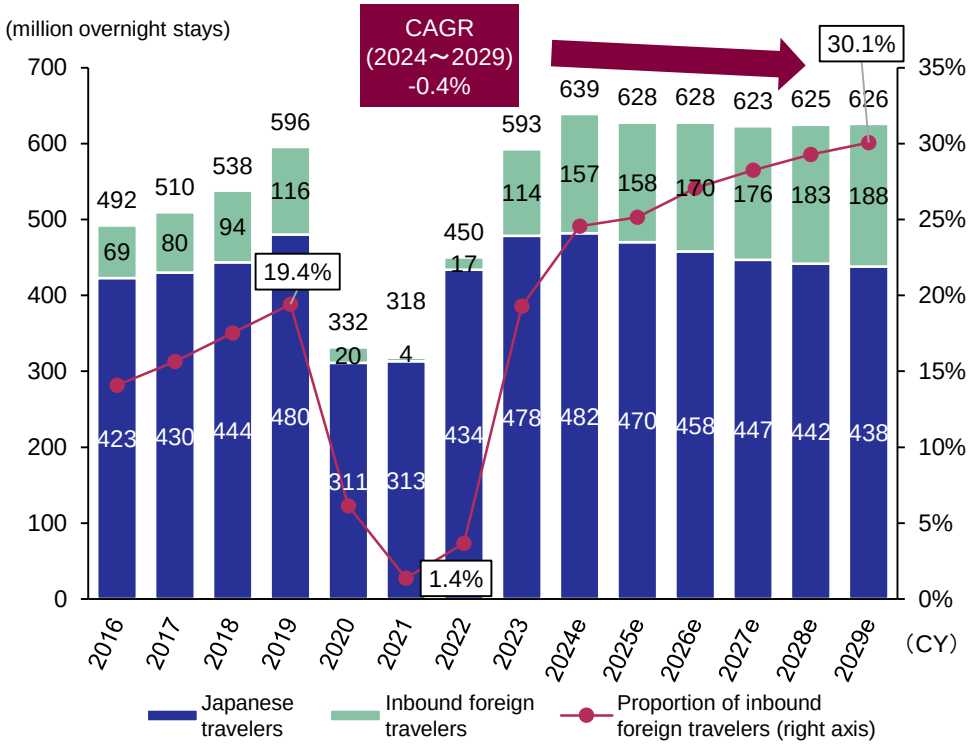
I. Supply and Demand Trends		[Short Term] ■ The total number of overnight stays is projected to reach 639 million in 2024 (+7.8% YoY) and 628 million in 2025 (-1.7% YoY). ■ The total number of overnight stays by Japanese travelers is expected to surpass 2018 levels. This is primarily due to strong domestic leisure demand, driven by the substitution of some overseas travel with domestic travel amid the weak yen, which offsets the decline in business travel demand caused by the widespread adoption of web conferencing.* ■ The number of inbound travelers to Japan is expected to surpass 2019 levels, reaching 36.78 million in 2024 (+15.4% compared to 2019) and 40.79 million in 2025 (+28.0% compared to 2019). Consequently, the total number of overnight stays by inbound travelers is also projected to steadily grow. [Medium Term] ■ The total number of overnight stays is expected to decline to 626 million by 2029 (an annual rate of -0.4%). ■ The total number of overnight stays by Japanese travelers is expected to continue a slight decline due to a decrease in the temporary domestic travel boom caused by the substitution of overseas trips amid the current weak yen, a reduction in travelers due to population decline, and the dampening of business travel demand as web conferencing becomes more established. On the other hand, the total number of overnight stays by inbound travelers is expected to continue increasing, with the number of inbound travelers expected to reach 47.49 million by 2029 (an annual rate of +5.2%). ■ The number of inbound travelers to Japan is expected to steadily increase, driven by population growth and GDP expansion in the surrounding Asian region, reaching 47.49 million in 2029 (+49.0% compared to 2019). However, under the current supply system, there is a risk of capacity constraints, particularly at metropolitan airports, which may limit the ability to accommodate this growth.
II. Topics	**Competitive Environment**	■ The entry of foreign operators is accelerating across all categories, from budget to luxury categories, which is leading to intensified competition with Japanese operators. From the perspective of capturing growing inbound demand, Japanese operators are lagging behind foreign operators, who benefit from a large global customer base, in their ability to attract inbound customers ■ Budget type accommodations face potential oversupply in certain regions, and, due to the difficulty of differentiation in this business model, there is a risk of intensified competition among operators. ■ Additionally, rising costs of land and construction are expected to increase expenses for new openings, while labor shortages are likely to drive up operational costs.
	Risks and Opportunities	[Risks] ■ Risk of missing out on the growing demand, particularly from inbound travelers, due to labor shortages and weaker inbound customer acquisition capabilities. [Opportunities] ■ Potential to develop tourism resources in regional areas and expand efforts to attract visitors to these regions.
	Analyst Insights	[Enhancing Added Value and Improving Competitiveness through Restructuring and Partnerships] ■ Partnerships or restructuring among operators aimed at workforce development and improving the efficiency of supply systems can be effective. ■ From the perspective of capturing inbound demand, it is anticipated that companies will strengthen their competitiveness through partnerships with foreign companies, including accommodation providers. [Active Participation in Area Management] ■ Accommodation providers are expected to take an active role or even lead in area management initiatives, particularly when it comes to expanding efforts to attract visitors to regional areas

Note: Due to the irregular surge in demand in 2019 caused by an extended holiday period for the Emperor's enthronement, 2018 is used as the pre-COVID benchmark.
Source: Compiled by Industry Research Department, Mizuho Bank, Ltd.

In the Medium Term, the Total Number of Overnight Stays by Japanese Travelers Is Expected to Decline, While the Proportion of Overnight Stays by Inbound Travelers will Increase

- The number of overnight stays is projected to decrease, to 639 million in 2024, to 628 million in 2025, and to 626 million in 2029.
  - Currently, the number of overnight stays by Japanese travelers is strong, as a portion of the demand for overseas leisure travel has shifted to domestic leisure travel due to the weak yen. However, in the medium- to long-term, a slight decline is expected to continue due to population decline and reduced business travel demand caused by the widespread adoption of web conferencing.
  - On the other hand, the number of overnight stays by inbound travelers is expected to increase in line with the growth in the number of inbound travelers.
- The number of inbound foreign travelers is projected to reach 36.78 million in 2024, 40.79 million in 2025, and 47.49 million in 2029.
  - Inbound travelers from Asian countries, which serve as a regional market for Japan, are expected to increase in line with their economic growth.

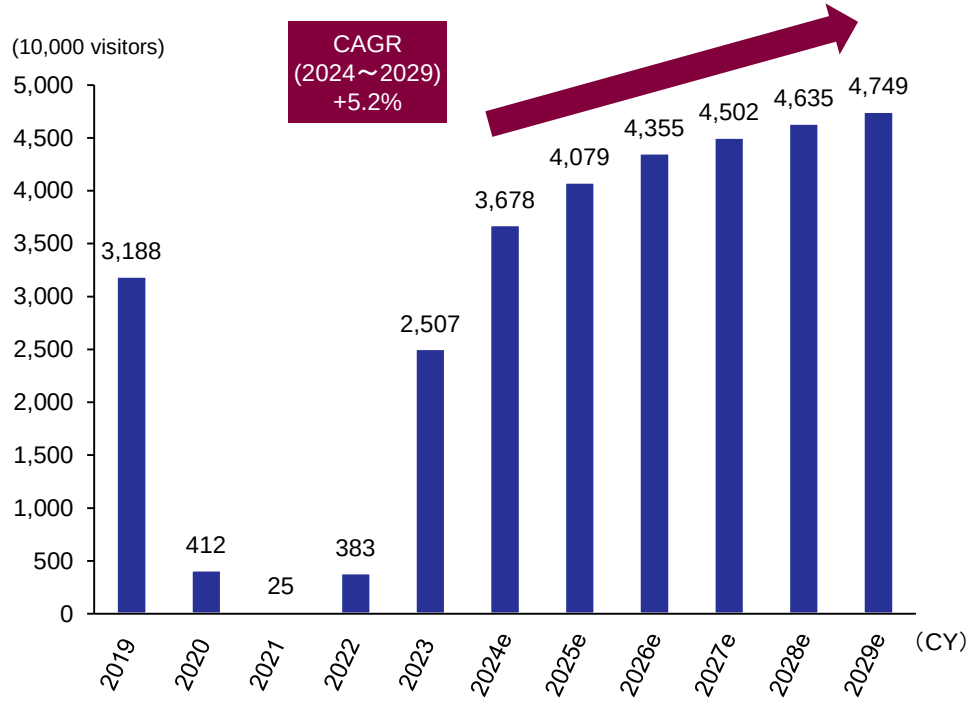
Medium-term outlook for domestic accommodation demand



Note: From 2024 onward, figures are based on forecasts by the Industry Research Department, Mizuho Bank, Ltd.

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd. based on the *Accommodation Travel Statistics* by the Japan Tourism Agency.

Medium-term outlook for the number of inbound travelers to Japan



Note: From 2024 onward, figures are based on forecasts by the Industry Research Department, Mizuho Bank, Ltd.

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd. based on the *Statistics on Inbound Visitors* by JNTO (Japan National Tourism Organization).

Partnerships and Restructuring to Address Supply Constraints and Capture Inbound Demand

- Amid anticipated worsening labor shortages and continued cost increases, in order to resolve or prevent further supply constraints it may be necessary to have partnerships and restructuring among operators to improve operational efficiency and reduce costs.
- Additionally, given the medium-term decline in domestic accommodation demand and the increase in inbound accommodation demand, strengthening inbound customer acquisition capabilities through partnerships with foreign operators could be effective.
  - Particularly in regional areas where demand growth is anticipated, leveraging the inbound customer acquisition capabilities and expertise of foreign operators may enable a rapid increase in regional recognition, which would typically require significant time.

Areas for potential partnerships among Japanese operators

Potential partnerships (Mizuho hypothesis): High → Low

Joint procurement	Joint procurement of food ingredients, supplies, amenities, novelties, and subscription contracts to achieve scale and enhance price negotiation power
BCP*	Collaboration to ensure business continuity during emergencies such as natural disasters, including sharing supplies and accommodating customers
System development (DX)	Joint development of systems to streamline and optimize processes, such as accommodation reservations and unmanned check-in systems
Mutual guest referrals	Mutual guest referrals leveraging each operator's customer base (ideally targeting different customer segments to maximize effectiveness)
Membership organizations and reservation systems	Establishment of a low-fee reservation platform and membership organization with the aim of reducing fees to OTAs
Securing workforce	Addressing labor shortages by sharing staff among operators within the same region
Hotel linens	Tackling rising linen costs through joint procurement or in-house production to reduce expenses

Note: BCP is an abbreviation for Business Continuity Plan, which refers to a plan designed to ensure that critical operations can continue during crises such as terrorism, natural disasters, or system failures, enabling the organization to survive and recover.

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd.

Partnership options with foreign operators

Business alliances	[Advantages] • Strengthen inbound customer acquisition capabilities through mutual guest referrals • Share operational know-how under an equal partnership, which can be expected to lead to mutual improvements in operations [Disadvantages] • Partnership effects may be limited, with the risk of not leading to significant operational enhancements
Franchise contracts (dual branding, joining a collection)	[Advantages] • Strengthened inbound customer acquisition by leveraging a large membership network • Potential to utilize the operational expertise of foreign operators [Disadvantages] • Capital expenditures required to comply with brand guidelines of foreign operators, both in hardware and software • The need to evaluate the cost-effectiveness of fees
Rebranding under a foreign operator	[Advantages] • Potential for owners to gain upside through the appropriate selection of operators and brands • Strengthened inbound customer acquisition by leveraging a large membership network [Disadvantages] • Reduction in the portfolio of self-owned brands • Possible capital expenditures required to comply with brand guidelines

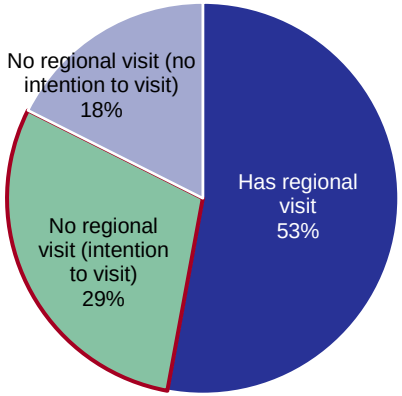
Source: Compiled by Industry Research Department, Mizuho Bank, Ltd.

Creating New Tourism and Accommodation Demand via Active Participation in Area Management

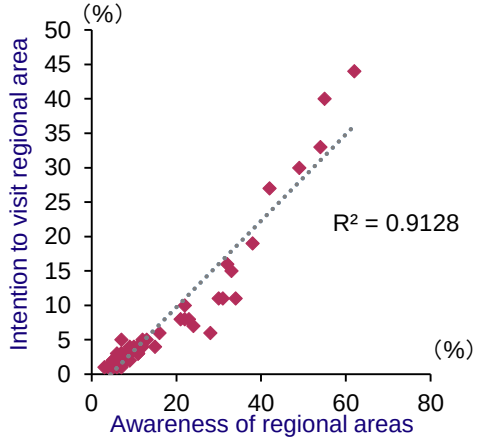
- Regional areas are believed to have numerous tourism resources with the potential to expand visitation demand for tourism, and, moving forward, the development of tourism resources and the promotion of them through area management are expected to lead to an increase in new visits and accommodation demand.
  - Amongst inbound travelers, repeat visitors from Asia have a higher rate of visiting regional areas compared to first-time visitors. Additionally, the number of repeat visitors has been steadily increasin, so the number of visitors to regional areas is expected to further grow in the future.
  - Inbound travelers from Europe, the US, and other regions tend to take longer trips, including for their first visit to Japan, during which they explore various regions, including regional areas. Strengthening tourism resource development and promotional efforts is expected to further increase the rate of regional visits among these travelers.

Future potential for inbound travelers visiting regional areas

Potential for growth in number of inbound foreign travelers visiting regional areas



Awareness and intention to visit



- Currently, while intention to visit regional areas is relatively high, there is a gap between this intention and actual visitation rates.
- There appears to be a correlation between regional awareness and visitation intention, suggesting the possible existence of a segment that "doesn't visit because they don't know about it."

First of all, efforts to raise awareness of regional areas are needed

Note: Regional areas refer to all prefectures excluding Tokyo, Osaka, and Kyoto.
Source: Compiled by Industry Research Department, Mizuho Bank, Ltd. based on the *Inbound Consumption Trend Survey* by the Japan Tourism Agency, the *VJ Priority Market Basic Survey (2023)* by the Japan National Tourism Organization (JNTO), and the *Survey on the Intentions of Inbound Travelers from Asia, North America, and Europe – 2024 Edition*" by the Development Bank of Japan (DBJ) and Japan Travel Bureau Foundation.

Expanding visitor attraction through area management initiatives

Key stakeholders in regional tourism

Local governments	DMO	**Accommodation**	Retail
Local residents	Transportation	Food and beverage	Activities

Collaboration among regional stakeholders drives data collection and analysis

Based on the results of data analysis and existing tourism resources, implement targeted marketing

Identify the essential elements needed in the region, and assess any missing/insufficient elements

Execute specific initiatives and measures to address these missing/insufficient elements gaps and expand visitor attraction

Initiative examples	Tourism resource development (Accommodation facilities, content)	Enhancing awareness through promotions	Improving secondary traffic

Note: DMO is an abbreviation for Destination Management Organization, a corporation that serves as the command center for developing tourism regions by involving diverse local stakeholders and incorporating scientific approaches.
Source: Compiled by Industry Research Department, Mizuho Bank, Ltd.

[Reference] Trends in Global Indicators 1/2

Industry	Indicator (unit)	Item	Values				Year-on-Year				Index (2019 = 100)				
			2023 (actual)	2024 (forecast)	2025 (predicted)	2029 (predicted)	2023 (actual)	2024 (forecast)	2025 (predicted)	CAGR 2024-2029	2022 (actual)	2023 (actual)	2024 (forecast)	2025 (predicted)	2029 (predicted)
Chemicals	Ethylene-equivalent demand (thousand tons) [real]	US	25,591	25,938	26,187	27,209	+3.4%	+1.4%	+1.0%	+1.0%	112	116	117	119	123
		Europe	20,170	20,151	20,149	20,172	-5.0%	-0.1%	-0.0%	+0.0%	93	89	88	88	89
		China	64,895	65,810	68,223	76,506	+9.4%	+1.4%	+3.7%	+3.1%	118	129	131	136	152
		ASEAN	11,711	12,179	12,667	14,755	+1.3%	+4.0%	+4.0%	+3.9%	98	99	103	108	125
		World total	179,658	184,686	189,495	209,474	+0.4%	+2.8%	+2.6%	+2.6%	110	110	113	116	128
Pharmaceuticals	Pharmaceutical sales value (billion USD) [nominal]	US	727	786	838	1,061	+12.6%	+8.1%	+6.7%	+6.2%	124	140	151	161	204
		Europe	225	228	240	302	+10.6%	+1.1%	+5.5%	+5.8%	116	129	130	137	172
		China	161	170	177	200	-1.2%	+5.8%	+3.8%	+3.3%	108	107	113	117	133
		ASEAN	30	32	35	47	+5.2%	+7.6%	+8.1%	+7.7%	115	121	130	140	188
		World total	1,600	1,698	1,797	2,227	+8.1%	+6.2%	+5.9%	+5.6%	117	126	134	142	176
Iron and steel	Apparent crude steel consumption (million tons) [real]	US	101	99	101	106	-4.3%	-1.4%	+2.0%	+1.4%	97	93	91	93	98
		Europe	143	141	145	151	-8.7%	-1.5%	+3.5%	+1.4%	97	89	87	90	94
		China	933	905	896	885	-3.2%	-3.0%	-1.0%	-0.4%	102	98	95	94	93
		ASEAN	85	89	91	106	+2.2%	+3.7%	+3.2%	+3.6%	93	95	98	101	117
		World total	1,879	1,862	1,882	1,986	-1.2%	-0.9%	+1.1%	+1.3%	100	99	98	99	105
Non-ferrous metals	Electrolytic copper demand (thousand tons) [real]	US	1,575	1,586	1,594	1,628	-8.3%	+0.7%	+0.5%	+0.5%	94	86	87	87	89
		Europe	3,566	3,571	3,577	3,608	-2.9%	+0.1%	+0.2%	+0.2%	104	101	101	101	102
		China	16,486	16,750	17,034	17,767	+12.3%	+1.6%	+1.7%	+1.2%	115	129	131	133	139
		ASEAN	1,015	1,049	1,105	1,346	-3.9%	+3.4%	+5.3%	+5.1%	99	95	98	103	126
		World total	27,600	28,067	28,518	30,345	+6.9%	+1.7%	+1.6%	+1.6%	108	115	117	119	127
Construction machinery	Construction machinery sales value (key countries/regions) (billion USD) [nominal]	US	50.2	48.7	50.0	55.9	+14.2%	-3.0%	+2.6%	+2.8%	123	140	136	140	156
		Europe	20.1	19.5	19.6	20.0	+10.3%	-3.1%	+0.5%	+0.5%	123	136	131	132	134
		China	12.7	13.2	13.7	15.3	-37.4%	+4.6%	+3.4%	+3.0%	75	47	49	51	57
		India	5.2	5.4	5.8	6.1	+31.3%	+3.7%	+7.4%	+2.4%	94	123	128	137	144
		World total	95.0	93.6	95.8	104.1	+3.0%	-1.5%	+2.4%	+2.2%	106	109	107	110	120
Medical devices	Global market size (billion USD) [nominal]	US	201	211	221	267	+11.9%	+4.8%	+4.7%	+4.8%	109	122	128	134	162
		Europe	99	105	110	132	+5.1%	+5.7%	+5.3%	+4.7%	109	114	121	127	152
		China	43	46	50	66	-0.2%	+6.7%	+7.8%	+7.5%	146	145	155	167	223
		ASEAN	34	36	39	50	+1.7%	+7.0%	+7.2%	+7.0%	119	121	130	139	182
		World total	568	600	631	771	+3.4%	+5.5%	+5.2%	+5.1%	118	122	129	135	165
Semiconductors	Global semiconductor demand (billion USD) [nominal]	World total	567	679	758	884	-8.2%	+19.8%	+11.5%	+5.4%	146	134	161	179	209
Electronic components	Global electronic components demand (billion USD) [nominal]	World total	215	224	238	268	-11.1%	+4.2%	+6.5%	+3.7%	109	97	101	108	121
Electronics (finished goods)	Global demand for major electronics products (billion USD) [nominal]	US	254	266	285	335	-3.3%	+4.7%	+6.9%	+4.7%	118	114	120	128	151
		Europe	195	201	208	233	-4.4%	+2.9%	+3.9%	+3.0%	104	100	103	107	119
		China	239	243	253	289	-1.8%	+1.8%	+3.9%	+3.5%	115	113	115	119	136
		Asia	221	233	248	293	-3.4%	+5.5%	+6.2%	+4.7%	111	108	113	120	142
		World total	1,036	1,078	1,134	1,306	-3.0%	+4.1%	+5.2%	+3.9%	113	109	114	120	138
Automobiles	Automobile sales volume (key countries/regions) (thousand units) [real]	Japan	4,779	4,601	4,782	4,621	+13.8%	-3.7%	+3.9%	+0.1%	81	92	89	92	89
		Europe 5 contries	10,637	10,860	10,978	11,244	+14.2%	+2.1%	+1.1%	+0.7%	71	81	83	84	86
		US	15,994	16,116	16,390	16,720	+12.6%	+0.8%	+1.7%	+0.7%	81	91	92	94	96
		China	24,816	25,015	25,184	25,817	+5.5%	+0.8%	+0.7%	+0.6%	94	99	100	101	103
		ASEAN	3,287	3,039	3,179	3,501	-1.6%	-7.6%	+4.6%	+2.9%	99	98	90	94	104
		World total	86,047	87,027	88,438	92,395	+8.5%	+1.1%	+1.6%	+1.2%	87	94	95	97	101

Note: Based on the calendar year. The index for electronics (finished goods) is calculated with 2020 = 100.
Source: Compiled by Industry Research Department, Mizuho Bank, Ltd. based on various materials

[Reference] Trends in Global Indicators 2/2

Industry	Indicator (unit)	Item	Values				Year-on-Year				Index (2019 = 100)				
			2023 (actual)	2024 (forecast)	2025 (predicted)	2029 (predicted)	2023 (actual)	2024 (forecast)	2025 (predicted)	CAGR 2024-2029	2022 (actual)	2023 (actual)	2024 (forecast)	2025 (predicted)	2029 (predicted)
Electric power	Global electricity demand (TWh) [real]	US	3,935	4,119	4,167	4,367	-.8%	+4.7%	+1.2%	+1.2%	105	103	108	109	114
		Europe	1,885	1,911	1,929	2,104	-4.6%	+1.4%	+1.0%	+2.0%	98	94	95	96	105
		China	8,295	8,474	8,764	9,846	+5.5%	+2.1%	+3.4%	+3.0%	121	127	130	134	151
		ASEAN	1,056	1,133	1,182	1,395	+0.6%	+7.4%	+4.3%	+4.2%	114	115	123	129	152
		World total	15,171	15,636	16,042	17,712	+1.8%	+3.1%	+2.6%	+2.5%	112	114	118	121	133
Media services	Global advertising expenditures (million USD) [nominal]	US	314,828	335,235	343,090	401,847	+5.2%	+6.5%	+2.3%	+3.7%	128	134	143	146	172
		Europe 5 cntry.	155,835	160,165	165,535	184,450	+11.5%	+2.8%	+3.4%	+2.9%	110	122	125	130	145
		China	151,261	164,103	177,970	240,445	+4.8%	+8.5%	+8.5%	+7.9%	101	105	114	124	168
		ASEAN 4 cntry.	18,948	20,338	21,781	28,788	+6.8%	+7.3%	+7.1%	+7.2%	138	147	158	170	224
		World total	640,871	679,841	708,375	855,530	+6.6%	+6.1%	+4.2%	+4.7%	116	124	131	137	165
Information services	Global information services market (billion USD) [Nominal]	US	1,037	1,122	1,231	1,788	+6.9%	+8.2%	+9.7%	+9.8%	100	107	116	127	184
		Europe	585	629	685	971	+6.8%	+7.5%	+8.9%	+9.1%	100	107	115	125	177
		Asia	344	381	426	683	+9.4%	+10.6%	+12.0%	+12.4%	100	109	121	136	217
		World total	2,108	2,285	2,508	3,671	+7.4%	+8.4%	+9.8%	+9.9%	100	107	116	128	187
Logistics	Global maritime container cargo volume (thousand TEU) [real]	NA eastbound	18,333	20,432	20,940	21,899	-12.7%	+11.4%	+2.5%	+1.4%	119	104	116	119	124
		NA westbound	5,980	6,245	6,459	6,627	+4.3%	+4.4%	+3.4%	+1.2%	84	87	91	94	97
		Europe westbound	16,581	17,630	18,070	19,280	+7.8%	+6.3%	+2.5%	+1.8%	92	99	106	108	116
		Europe eastbound	6,466	6,528	6,591	7,047	-3.9%	+0.9%	+1.0%	+1.5%	82	79	80	81	86
		Intra-Asia	45,157	47,096	48,265	52,630	-3.3%	+4.3%	+2.5%	+2.2%	107	104	108	111	121
		Total for target routes	92,517	97,931	100,325	107,482	-3.2%	+5.9%	+2.4%	+1.9%	103	100	106	108	116
Processed foods	Processed foods retail sales value (billion USD) [real]	US	958	977	997	1,081	+2.5%	+2.0%	+2.0%	+2.0%	105	108	110	112	121
		Europe	1,354	1,372	1,391	1,469	+1.6%	+1.4%	+1.4%	+1.4%	104	105	107	108	114
		China	615	618	621	633	+1.3%	+0.5%	+0.5%	+0.5%	107	108	109	110	112
		ASEAN	174	182	191	230	+4.5%	+4.8%	+4.8%	+4.8%	112	117	123	129	155
		World total	4,570	4,690	4,814	5,341	+2.7%	+2.6%	+2.6%	+2.6%	107	110	113	116	129
	Processed foods dining-out sales value (billion USD) [real]	US	758	770	785	849	+2.5%	+1.7%	+2.0%	+2.0%	120	123	125	128	138
		Europe	619	625	632	662	+4.3%	+0.9%	+1.2%	+1.2%	140	146	147	149	156
		China	799	817	810	786	+8.4%	+2.2%	-0.8%	-0.8%	119	129	132	131	127
		ASEAN	125	129	135	163	+9.4%	+3.2%	+4.7%	+4.7%	119	130	134	140	169
		World total	3,014	3,105	3,198	3,599	+5.3%	+3.0%	+3.0%	+3.0%	125	131	135	139	157
Retail	Global retail sales value (billion USD) [real]	US	4,318	4,486	4,670	5,616	+3.7%	+3.9%	+4.1%	+4.6%	128	133	138	143	172
		Europe	4,268	4,360	4,450	5,112	+6.3%	+2.2%	+2.1%	+3.2%	115	122	125	128	147
		China	3,667	3,796	3,917	4,562	+3.7%	+3.5%	+3.2%	+3.7%	114	119	123	127	148
		ASEAN	629	675	722	933	+6.9%	+7.4%	+7.1%	+6.7%	111	118	127	136	176
		World total	18,154	18,955	19,667	23,211	+6.3%	+4.4%	+3.8%	+4.1%	119	126	132	137	162

Note: Based on the calendar year. The index for information services is calculated with 2022 = 100.
Source: Compiled by Industry Research Department, Mizuho Bank, Ltd. based on various materials

[Reference] Trends in Domestic Indicators 1/3

Industry	Item	Indicator	Unit	Values				Year-on-Year				Index (2019 = 100)				
				2023 (actual)	2024 (forecast)	2025 (predicted)	2029 (predicted)	2023 (actual)	2024 (forecast)	2025 (predicted)	CAGR 2024-2029	2022 (actual)	2023 (actual)	2024 (forecast)	2025 (predicted)	2029 (predicted)
Chemicals	Domestic demand	Domestic ethylene-equivalent demand	(thousand tons) [real]	3,867	3,892	3,965	4,018	-11.9%	+0.6%	+1.9%	+0.6%	93	82	83	84	85
	Exports	Ethylene-equivalent exports		2,126	1,912	1,996	1,838	+13.5%	-10.1%	+4.4%	-0.8%	75	85	76	79	73
	Imports	Ethylene-equivalent imports		669	751	765	775	-17.8%	+12.2%	+1.9%	+0.6%	102	84	94	96	97
	Domestic production	Ethylene production		5,324	5,053	5,197	5,081	-2.3%	-5.1%	+2.8%	+0.1%	85	83	79	81	79
Pharmaceuticals	Domestic demand	Domestic pharmaceutical shipment value	(billion yen) [nominal]	11,316	11,632	11,869	12,913	+1.9%	+2.8%	+2.0%	+2.1%	106	108	112	114	124
	Exports	Pharmaceutical export value		1,230	1,342	1,390	1,690	+7.7%	+9.0%	+3.6%	+4.7%	156	168	183	190	231
	Imports	Pharmaceutical import value		4,650	4,844	5,037	5,889	-19.3%	+4.2%	+4.0%	+4.0%	186	150	157	163	190
	Domestic production	Domestic production value of medical pharmaceuticals		9,083	9,061	9,282	9,773	+0.2%	-0.2%	+2.4%	+1.5%	105	105	105	107	113
Petroleum	Domestic demand	Fuel oil sales volume	(thousand kl) [real]	146,821	142,049	139,329	129,100	-3.3%	-3.2%	-1.9%	-1.9%	92	89	86	84	78
	Exports	Petroleum product export volume		27,336	25,010	24,511	20,900	-4.4%	-8.5%	-2.0%	-3.5%	84	80	73	72	61
	Imports	Petroleum product import volume		32,532	29,398	28,835	27,235	-0.9%	-9.6%	-1.9%	-1.5%	104	103	93	91	86
	Domestic production	Petroleum product production volume		142,286	137,661	135,025	125,112	-4.3%	-3.2%	-1.9%	-1.9%	87	84	81	79	73
Iron and steel	Domestic demand	Apparent crude steel consumption	(million tons) [real]	58	56	58	57	-3.4%	-3.0%	+2.5%	+0.3%	86	83	81	83	82
	Exports	Crude steel equivalent steel export volume		35	34	33	30	+0.8%	-2.9%	-2.9%	-2.9%	96	97	94	91	81
	Imports	Crude steel equivalent steel import volume		7	7	7	8	+7.3%	+6.7%	+1.5%	+1.4%	83	89	95	97	102
	Domestic production	Crude steel production volume		87	84	84	79	-2.5%	-3.7%	+0.4%	-1.1%	90	88	84	85	80
Non-ferrous metals	Domestic demand	Electrolytic copper demand	(thousand tons) [real]	819	828	839	892	-9.9%	+1.2%	+1.3%	+1.5%	90	81	82	83	88
	Exports	Copper bullion export volume		709	726	698	586	+8.7%	+2.4%	-3.8%	-4.2%	121	132	135	130	109
	Imports	Copper bullion import volume		9	9	9	9	-2.3%	-9.0%	+1.3%	+1.5%	65	64	58	59	63
	Domestic production	Copper bullion production volume		1,504	1,532	1,514	1,456	-3.0%	+1.8%	-1.1%	-1.0%	104	101	102	101	97
Construction machinery	Domestic demand	Construction machinery sales value	(billion USD)	6.8	6.7	6.7	6.9	+16.5%	-0.8%	+0.0%	+0.5%	107	124	123	123	127
	Exports	Construction machinery export value	(billion yen)	1,898	1,720	1,762	1,949	+16.6%	-9.4%	+2.4%	+2.5%	150	175	159	163	180
	Imports	Construction machinery import value		52	43	43	45	+49.4%	-17.6%	-0.6%	+0.9%	101	151	125	124	130
	Domestic production	Domestic construction machinery production volume	(10k units)	28	28	28	29	+0.9%	-0.4%	+1.3%	+0.7%	123	124	123	125	128
Medical devices	Domestic demand	Domestic market size for medical devices	(billion yen) [nominal]	4,441	4,665	4,741	5,306	+6.1%	+5.1%	+1.6%	+2.6%	108	114	120	122	137
	Exports	Medical device export value		1,241	1,374	1,443	1,920	+8.0%	+10.7%	+5.0%	+6.9%	126	136	151	158	211
	Imports	Medical device import value		2,163	2,192	2,309	2,776	+12.1%	+1.3%	+5.4%	+4.8%	116	130	132	139	167
	Domestic production	Domestic production value of medical devices		2,669	2,696	2,753	2,936	+3.3%	+1.0%	+2.1%	+1.7%	104	107	108	110	118

Note: Based on the calendar year. For construction machinery, the units differ depending on the data source for each indicator.

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd. based on various materials

[Reference] Trends in Domestic Indicators 2/3

Industry	Item	Indicator	Unit	Values				Year-on-Year				Index (2019 = 100)				
				2023 (actual)	2024 (forecast)	2025 (predicted)	2029 (predicted)	2023 (actual)	2024 (forecast)	2025 (predicted)	CAGR 2024-2029	2022 (actual)	2023 (actual)	2024 (forecast)	2025 (predicted)	2029 (predicted)
Semi-conductors	Domestic demand	Semiconductor demand value	(billion yen) [nominal]	2,780	2,603	2,826	3,317	-4.4%	-6.4%	+8.6%	+5.0%	202	193	181	196	231
Electronic components	Domestic demand	Electronic components demand value	(billion yen) [nominal]	1,025	1,045	1,093	1,156	-1.8%	+2.0%	+4.6%	+2.0%	66	65	66	69	73
	Exports	Electronic components export value		4,894	5,100	5,431	6,112	-9.3%	+4.2%	+6.5%	+3.7%	134	122	127	135	152
	Imports	Electronic components import value		2,376	2,453	2,592	2,843	-1.5%	+3.2%	+5.7%	+3.0%	124	122	126	133	146
	Domestic production	Electronic components production value		3,543	3,692	3,932	4,425	-12.0%	+4.2%	+6.5%	+3.7%	111	97	101	108	122
Electronics (finished goods)	Domestic demand	Major electronics products demand value	(billion yen) [nominal]	6,256	6,225	6,644	7,144	-0.3%	-0.5%	+6.7%	+2.8%	115	115	114	122	131
	Exports	Major electronics products export value		184	193	205	231	+2.1%	+4.9%	+6.3%	+3.7%	122	124	130	139	156
	Imports	Major electronics products import value		4,657	4,600	4,947	5,365	-0.6%	-1.2%	+7.6%	+3.1%	130	129	127	137	149
	Domestic production	Major electronics products production value		1,783	1,818	1,901	2,010	+0.9%	+2.0%	+4.6%	+2.0%	89	90	91	96	101
Automobiles	Domestic demand	Automobile sales volume	(thousand units) [real]	4,779	4,601	4,782	4,621	+13.8%	-3.7%	+3.9%	+0.1%	81	92	89	92	89
	Exports	Automobile export volume		4,423	4,353	4,359	4,466	+16.0%	-1.6%	+0.1%	+0.5%	79	92	90	90	93
	Imports	Automobile import volume		311	323	297	287	+0.5%	+3.7%	-8.1%	-2.3%	89	89	93	85	82
	Domestic production	Domestic automobile production volume		8,999	8,632	8,844	8,799	+14.8%	-4.1%	+2.5%	+0.4%	81	93	89	91	91
Construction	Construction investment value		(trillion yen) [nominal]	71.1	72.0	72.6	74.7	+3.7%	+1.3%	+0.9%	+0.7%	110	114	116	117	120
	Government			22.6	22.8	22.9	23.1	+0.0%	+0.8%	+0.3%	+0.2%	107	107	108	109	109
	Private residential			16.7	16.8	16.9	16.8	-0.2%	+0.8%	+0.6%	-0.0%	103	102	103	104	103
	Private non-residential			17.1	17.3	17.4	18.0	-2.1%	+1.3%	+0.6%	+0.8%	102	100	102	102	105
	Building repairs			14.7	15.1	15.4	16.9	+25.0%	+2.7%	+2.3%	+2.3%	149	186	191	195	214
Electric power	Total electricity demand		(TWh) [real]	921	922	935	961	-3.5%	+0.2%	+1.4%	+0.8%	100	96	96	98	100
	Industrial/commercial sector			650	650	663	687	-4.3%	-0.1%	+2.0%	+1.1%	99	95	95	97	100
	Household sector			271	273	273	273	-1.6%	+0.7%	+0.0%	+0.0%	101	99	100	100	100
City gas	City gas demand		(100 million m³) [real]	384	381	391	392	-7.3%	-0.6%	+2.5%	+0.5%	101	94	93	95	96
	Household use			90	90	92	85	-7.3%	+0.2%	+2.7%	-1.2%	102	95	95	97	89
	Commercial use			70	71	71	66	-1.2%	+1.4%	+0.5%	-1.4%	97	96	97	98	90
	Industrial use			224	221	227	241	-9.1%	-1.5%	+3.1%	+1.8%	102	93	91	94	100
Media services	Domestic total advertising expenditures		(100 million yen) [nominal]	73,167	76,342	79,119	86,969	+3.0%	+4.3%	+3.6%	+2.6%	102	105	110	114	125
	Terrestrial TV			16,095	16,183	16,138	15,870	-4.0%	+0.5%	-0.3%	-0.4%	97	93	93	93	91
	Internet			33,330	36,303	38,811	46,575	+7.8%	+8.9%	+6.9%	+5.1%	147	158	172	184	221
	Promotion			16,676	16,926	17,348	17,813	+3.4%	+1.5%	+2.5%	+1.0%	73	75	76	78	80
Information services	Information services market		(trillion yen) [nominal]	18.7	20.2	21.9	30.1	+9.0%	+8.0%	+8.1%	+8.2%	100	109	118	127	175

Note: Only construction is based on the fiscal year. The index for information services is calculated with 2022 = 100.

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd. based on various materials

[Reference] Trends in Domestic Indicators 3/3

Industry	Item	Indicator	Unit	Values				Year-on-Year				Index (2019 = 100)				
				2023 (actual)	2024 (forecast)	2025 (predicted)	2029 (predicted)	2023 (actual)	2024 (forecast)	2025 (predicted)	CAGR 2024-2029	2022 (actual)	2023 (actual)	2024 (forecast)	2025 (predicted)	2029 (predicted)
Logistics	**Truck transport volume (B2B)**		(million tons) [real]	3,781	3,717	3,694	3,499	-1.2%	-1.7%	-0.6%	-1.2%	88	87	86	85	81
		Consumption-related		871	871	864	846	+0.5%	-0.0%	-0.8%	-0.6%	65	65	65	65	63
		Production-related		1,201	1,189	1,201	1,184	-0.2%	-1.0%	+1.0%	-0.1%	79	79	79	79	78
		Construction-related		1,709	1,657	1,629	1,468	-2.7%	-3.0%	-1.7%	-2.4%	119	115	112	110	99
	Parcel delivery volume (B2C)		(million parcels) [real]	5,007	5,030	5,079	5,219	+0.0%	+0.5%	+1.0%	+0.7%	116	116	116	117	121
Processed foods	**Food expenditures**		(trillion yen) [nominal]	78.2	78.4	78.5	79.1	+8.1%	+0.2%	+0.2%	+0.2%	94	101	101	102	102
		Home-prepared meals		43.1	43.3	43.4	44.1	+3.1%	+0.4%	+0.4%	+0.4%	103	106	106	107	108
		Ready-to-eat meals		11.0	11.1	11.2	11.6	+4.9%	+0.9%	+0.9%	+0.9%	101	106	107	108	112
		Dining out		24.2	24.0	23.9	23.4	+20.2%	-0.5%	-0.5%	-0.5%	77	92	91	91	89
Retail	**Retail sales value (excl. automotive and fuel retail)**		(billion yen) [nominal]	129,295	134,317	135,748	142,132	+5.2%	+3.9%	+1.1%	+1.1%	101	107	111	112	117
		Excl. inbound shopping expenses		127,864	131,907	132,920	138,810	+4.1%	+3.2%	+0.8%	+1.0%	103	107	110	111	116
		Inbound shopping expenses		1,431	2,410	2,828	3,322	+496.2%	+68.4%	+17.4%	+6.6%	13	80	134	157	185
		Real retail sales value	(billion yen) [real]	116,277	116,967	115,615	113,360	-1.7%	+0.6%	-1.2%	-0.6%	96	95	95	94	92
Real estate	**Office floor space demand**		(thousand m²) [real]	35,042	35,876	36,667	37,244	+2.2%	+2.4%	+2.2%	+0.8%	98	100	103	105	106
	New housing starts		(thousand units) [real]	820	795	791	755	-4.6%	-3.0%	-0.5%	-1.0%	95	91	88	87	83
		Owner-occupied housing		224	214	209	192	-11.4%	-4.8%	-2.0%	-2.1%	88	78	74	72	67
		Rental housing		349	351	349	336	-0.5%	+0.6%	-0.6%	-0.9%	101	100	101	100	96
		Condominiums (shared units)		108	106	105	101	-0.3%	-2.1%	-0.5%	-0.9%	92	92	90	89	85
		Detached condominiums		138	124	128	126	-6.0%	-10.1%	+2.6%	+0.3%	98	92	83	85	84
Accommodation	**Accommodation demand**		(million person-nights) [real]	593	639	628	626	+31.6%	+7.8%	-1.7%	-0.4%	76	99	107	105	105
		Japanese travelers		478	482	470	438	+10.2%	+0.7%	-2.5%	-1.9%	90	100	100	98	91
		Inbound foreign travelers		114	157	158	188	+592.8%	+37.1%	+0.9%	+3.7%	14	99	136	137	163
	Number of inbound foreign travelers		(10k people) [real]	2,507	3,678	4,079	4,749	+554.1%	+46.7%	+10.9%	+5.2%	12	79	115	128	149
Medical care	**National medical expenses**		(trillion yen) [nominal]	48.0	49.1	50.2	54.4	+2.9%	+2.3%	+2.1%	+2.1%	105	108	111	113	123
Elderly care	**Elderly care expenses**		(trillion yen) [nominal]	11.7	12.2	12.6	14.2	+3.1%	+4.2%	+2.8%	+3.1%	96	99	104	107	121
	Elderly population		(10k people) [real]	3,622	3,634	3,640	3,664	-0.0%	+0.3%	+0.2%	+0.2%	101	101	102	102	102
		Of which, late-stage elderly		2,008	2,086	2,143	2,242	+3.7%	+3.9%	+2.7%	+1.5%	105	109	113	116	122
		Number of certified care recipients		708	723	736	799	+2.0%	+2.1%	+1.7%	+2.0%	104	106	108	110	119

Note: Only logistics, medical care, and nursing care are based on the fiscal year.

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd. based on various materials

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