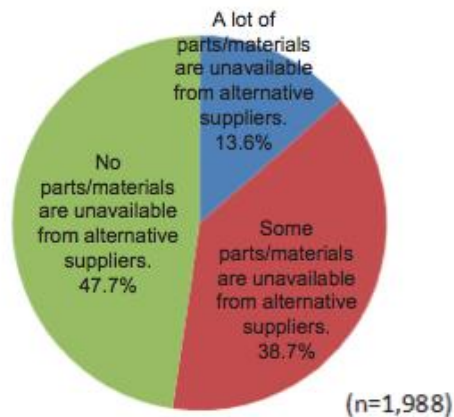


(Strong and weak points in the supply chain (3))

Approximately 50% of respondent firms say some parts/materials that they are procuring are not substitutable. The Great East Japan Earthquake has revealed that the supply chain in the manufacturing industry has a “diamond structure” in which parts/materials supply at tier 2 or deeper in the supply chain is concentrated in a certain supplier.

[Chart 2-47: Do you have any parts/materials unavailable from alternative suppliers than the current suppliers?]

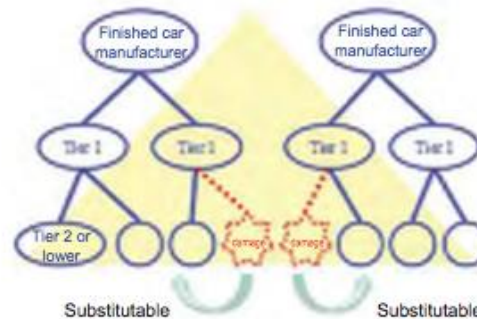


Source: METI data (February 2011)

[Chart 2-48: Diamond structure supply chains]

Pyramid structure

- Each corporate group has a wide base consisting of multiple parts/materials manufacturers.
- Suppliers at each tier level are substitutable.



Source: METI data

Diamond structure

- Production of some parts/materials concentrated in certain suppliers.
- If such a supplier suffers earthquake damage, negative impacts will occur on the entire supply chain.

