

## **Division F – MANUFACTURING**

### **Overview of the Division**

This Division comprises establishments engaged in manufacture and wholesale of new products by rendering physical and/or chemical changes to organic or inorganic substances.

### **MANUFACTURING**

“MANUFACTURING” refers to the establishments primarily engaged in the following operations.

- (1) Establishments should be engaged in manufacturing or processing new products.

Hence, establishments simply engaged in work such as product selection or packing are not included in “MANUFACTURING.”

Establishments solely engaged in assembling finished components (assembling work) are classified in “MANUFACTURING.”

However, assembling structures to be fixed to the ground is not considered to be “MANUFACTURING.” Of activities that are called “repairs,” some are deemed to be “manufacturing” activities, and establishments involved in such activities are classified in “MANUFACTURING.”

Namely, these establishments include those engaged in ship repairs, the repairs or remodeling of the rolling stock (excluding those for own use in the railways industry), and the overhaul of aircraft and its engines, as well as in manufacturing, processing and repairing various types of machinery and parts by installing metal machine tools or metal-working machinery.

- (2) Establishments should be primarily engaged in wholesaling new products.

“Wholesaling” refers to the following operations.

- (a) Sales to wholesalers or retailers.
- (b) Sales of products in bulk or in large amounts to industrial users (factories, mining stations, construction contractors, agriculture-forestry-fisheries corporate bodies, various types of corporations, government and public agencies, schools, hospitals, hotels, etc.)
- (c) Sales of goods intended primarily for business purposes - office machines and furniture, equipment and facilities for hospitals, beauty salons, restaurants and hotels, as well as machines for industrial use (excluding agricultural machines and implements), and construction materials (lumber, cement, sheet glasses, roofing tiles, etc.).
- (d) Transfer or delivery of products to other establishments belonging to the same enterprise (other factories, sales offices, etc. of the same enterprise).

Establishments meeting the conditions of items (1) and (2) are to be classified in

“MANUFACTURING.”

“Manufacturing-retail trade” are therefore not to be classified in “MANUFACTURING.”

### **Establishments**

Establishments in “MANUFACTURING” are those generally called factories, workshops, and the like. In so-called home industries, their own residences are often used as workshops. If manufacturing or processing is primarily conducted in these workshops, this will be included in this Division, and the residence of the proprietor of the business be deemed an establishment for classification.

The classification of head offices or main offices primarily engaged in management affairs are governed by the major economic activities that are common across all establishments under the management. If such activities are those of “MANUFACTURING,” these non-production sites are also classified under “MANUFACTURING” while the establishments located elsewhere for selling own products are classified in the Division J – WHOLESALE AND RETAIL TRADE.

### **Relationship between “MANUFACTURING” and other industries**

#### **(1) Relationship with “AGRICULTURE, FORESTRY AND FISHERIES”**

(a) In cases where a farm household or a fishery household is conducting manufacturing activities in the same compound (or on the same premises as their residence), using raw materials primarily cultivated or acquired by such household itself, this will be classified in the Division A – AGRICULTURE or C – FISHERIES.

If, however, a factory or workshop, or the like, exists in the same compound with a full-time regular employee(s) engaged in a manufacturing activity, this will be classified in “MANUFACTURING.”

(b) Manufacturing or processing activities conducted onboard fishing boats are not deemed to be “MANUFACTURING,” but are classified in the division C – FISHERIES.

(c) The production of charcoal, the production of lumber from living trees, sawing at the site of logging, and the production of crude camphor at the site of extracting, are not deemed to be “MANUFACTURING,” but will be classified in the Division B – FORESTRY.

#### **(2) Relationship with “INFORMATION AND COMMUNICATIONS”**

(a) Establishments that belong to newspaper publishing companies or publishing companies and are engaged only in printing are classified in “MANUFACTURING.”

However, in cases where the newspaper publishing companies or publishing companies themselves are engaged in printing, if their primary activity is issuing and publishing, they are not deemed “MANUFACTURING.”

- (b) In cases where a large volume of reproduction or production of recorded information is conducted, this will be deemed “MANUFACTURING.”

However, producing the master discs such as master tapes is not deemed “MANUFACTURING.”

(3) Relationship with “Wholesale trade” and “Retail trade”

- (a) Activities such as sorting, adjusting, washing and packing for the shipment of the products of agriculture, forestry and fisheries are not deemed “MANUFACTURING.”

However, wholesaling raw, pasteurized and bottled milk is classified in “MANUFACTURING.”

- (b) Manufacturing and processing intended primarily for direct sales to household consumers (manufacturing-retail trade) is not deemed “MANUFACTURING” but classified in the Division J – WHOLESALE AND RETAIL TRADE.

- (c) Manufacturing-wholesale trade where the establishment does not manufacture, but furnishes a subcontracted factory or the like with materials that it owns, has the products manufactured by the factory and sells them in its own name is not deemed “MANUFACTURING,” but classified in the Division J – WHOLESALE AND RETAIL TRADE.

(4) Relationship with “SERVICES N.E.C. (=Not Elsewhere Classified)”

- (a) Repair services

Establishments engaged solely in repairs are not deemed “MANUFACTURING,” but classified in “Repair services.” In cases where the same establishment fabricates mending materials to be used for repairs, this will be classified in “Repair services” as well.

However, establishments engaged in ship repairs, the repair or remodeling of the rolling stock (excluding those for railways’ own use), and the overhaul of aircraft and its engines are classified in “MANUFACTURING” even if they have not been engaged in any manufacturing activity during the past year.

In cases where machinery repair factories are fitted with machine tools or metal working machinery and conduct manufacturing, processing and repairing of various types of machinery and components, these will be classified in “MANUFACTURING.”

They are classified in “MANUFACTURING” as an exception because, in view of the facilities present at the factories, these activities are not feasible in the absence of a manufacturing capability.

- (b) Piecework business

Paid piecework providing processing treatment to the materials owned by another business party is classified in “MANUFACTURING” as well.

However, the piecework businesses directly entrusted by individual household consumers are not deemed “MANUFACTURING.”

(c) Slaughterhouses

Slaughterhouses are classified in the Division Q – SERVICES, N.E.C. [9321].

However, slaughtering in an integrated work for producing meat products is deemed “MANUFACTURING.”