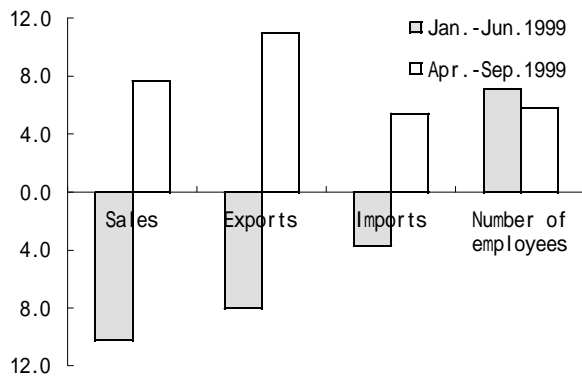


Quarterly Survey of Japanese Business Activities (January - March 1999)

16 July, 1999
Enterprise Statistics Division,
Research and Statistics Department,
Ministry of International Trade and Industry

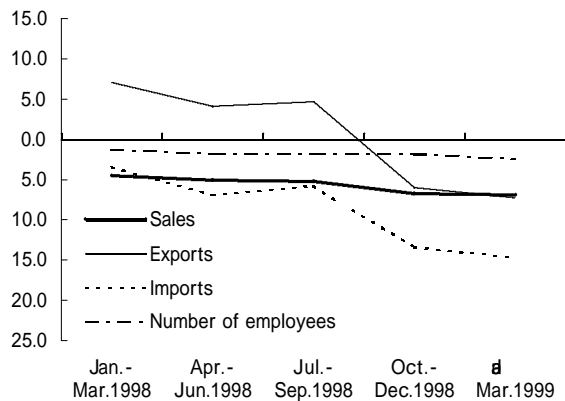
Prospects of Sales, etc for Domestic Parent Companies
(Change in diffusion index on previous)



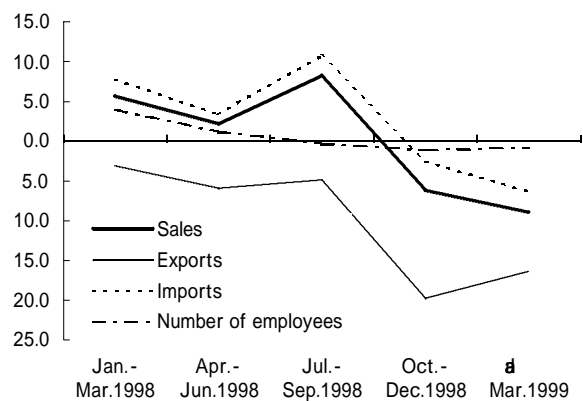
Prospects of Sales, etc for Overseas subsidiaries
(Change in diffusion index on previous)



Growth of Sales, etc of Domestic Parent Companies
(Change on previous year)



Growth of Sales, etc of Overseas Affiliated (Change on previous year)



Outline of the survey

1. Objectives of the Survey

The objectives of the survey were to dynamically grasp the business performances of Japanese incorporated enterprises engaged extensively in the business operations domestically and overseas, and to obtain the materials and data useful for the government to formulate its industrial policies and trade policies.

2. Legal foundations for the survey

This survey was legally endorsed and authenticated by the Article 4 of the Statistical Report Adjustment Law.

Prior to the commencement of this survey, a pilot or test survey was consecutively conducted in the fourth quarter of 1996 and in the first quarter of 1997. The findings obtained from those pilot surveys will also be published together with this survey findings after approval from the Management and Coordination Agency.

3. Timing of the survey

The survey was conducted at the end of the survey quarter.

4. Coverage of the survey

(1) Parent companies

This survey covered Japanese manufacturing companies with 50 or more employees and capitalization of more than 30 million yen as of the end of March 1998 which have reported or supplied notification of foreign currency denominated securities as specified by the Foreign Exchange and Foreign Trade Control Law and which own affiliated companies operating overseas.

(2) Overseas subsidiaries

This survey covered manufacturing companies with 50 employees or more owned by Japanese parent companies as specified in item (1) and operating overseas, where investment by the parent companies, both direct and indirect, exceeds 50% of total invested funds (also including those overseas subsidiaries established during the term of the survey).

5. Method of the survey

A survey by mail was employed as survey method. Based on a self-administered questionnaire filled out by parent companies chosen as respondent.

6. Method of tabulating data

Data for parent companies and overseas subsidiaries were compiled separately. Data that were not provided at the time of tabulation were estimated using the following formula.

Current estimated data for companies that failed to provide relevant data = Previously provided data of the companies * Currently provided data consolidated with the data from the companies that provided data both in the current survey and in the previous survey / Previously provided data consolidated with the data from the companies that provided data both in the current survey and in the previous survey

What were included into data estimation were as follows:

Parent companies:

sales, exports, exports to overseas subsidiaries, purchases, imports, imports from overseas subsidiaries, number of employees

Overseas subsidiaries:

sales, sales to Japan, local sales, number of employees

7. Classification of business category

In principle, according to the Japan Standard Industrial Classification, the business category that has the largest share of the sales was recognized as the major business of each parent company and each subsidiary.

8. Country Classifications (Regions)

Classification of overseas subsidiaries by region based on country of residence was carried out as follows. (Countries arranged in alphabetical order.)

North America

America, Canada

Asia

Asean 4

Indonesia, Thailand, Philippines, Malaysia

NIES 3

Singapore, Taiwan, Republic of Korea

China and other Asian countries

India, Viet Nam, Cambodia, Sri Lanka, Nepal, Pakistan, Bangladesh, Brunei, Myanmar, Laos, People's Republic of China (including Hong Kong)

Europe

Quarterly Survey of Japanese Business Activities

Iceland, Ireland, Azerbaijan, Armenia, United Kingdom, Italy, Ukraine, Uzbekistan, Estonia, Austria, Netherlands, Kazakhstan, Greece, Kyrgyzstan, Georgia (Gruziya), Cyprus, Switzerland, Spain, Tadzyhikstan, Denmark, Germany, Turkmenistan, Turkey, Norway, Hungary, Finland, France, Belarus, Belgium, Poland, Portugal, Malta, Mordavia, Latvia, Lithuania, Rumania, Luxembourg, Russia

Other

Argentina, Australia, Brazil, Chile, Colombia, Costa Rica, Egypt, El Salvador, Guatemala, Ivory Coast, Mexico, New Zealand, Nicaragua, Papua New Guinea, Peru, Puerto Rico, South Africa, Swaziland, Tanzania, United Arab Emirate, Venezuela

Notes on the survey

1. Fixation of samples within the fiscal year

Based on the survey results as of the year end, the companies targeted for this survey were fixed as a total sample during the following year.

As for overseas subsidiaries, however, newly-established companies as well as retreated companies during the current survey period were also included into the data tabulation in each period.

2. Currency conversion

Local currencies if used for entry of figures into the columns for amounts in the questionnaire were converted into Japanese currency at the mid-term mean exchange rate in the survey period published by IMF.

3. Exports and Imports

The amounts of exports and imports that completed the customs clearance under the company's own name were identified as the authentic exports and imports to be explored.

4. Acquisition of tangible fixed assets

(1) Until the January-March period in 1998

In regard to tangible fixed assets, the survey was conducted based on the amount of tangible fixed assets acquired in the relevant period except land.

(2) From the April-September period in 1998

In regard to tangible fixed assets, the survey was conducted based on the amount of tangible fixed assets acquired in the relevant period (including construction in

progress) except land.

5. Direct foreign investment

Direct foreign investment portfolio reported or notified to the Bank of Japan (Ministry of Finance) during the current survey period were identified and targeted for exploration.

6. Number of employees

Paid officials, executives and directors were included into the number of employees.

7. Symbols in the statistical tables

[-] denotes the areas not applied nor explored.

[p] indicates a provisional figure that may or may not change in the following period.

[x] shows that the figures are hidden for the purpose of protecting the confidentiality of the individual reporters because the number of parent companies that owns the overseas subsidiary in question related to the hidden figures was either 1 or 2.

[r] figure from previous publication has been subject to revision (not including provisional figures)

8. Method of determining figures

(1) Determining the quarterly data

Figures for a given quarter will be determined in the following quarter.

(2) Determining the figures for the previous financial year (quarterly, financial year aggregate)

Figures will be determined in the quarter following the end of the financial year (April-June quarter).

Financial year aggregates will be published in the January-March quarter with a "p" symbol.

Notes on the report

Note 1: DI = Percentage of the companies expecting increase - Percentage of the companies expecting decrease

Comparison of DI with the previous period =
The current DI - The previous DI

The current DI: DI in January-March 1999
(outlook for the period from April to September 1999)

The previous DI: DI in October-December 1998 (outlook for the period from January to June 1999)

Note 2: Local sales signify the sales made by locally-based overseas subsidiaries in their respective locations or countries.

Note 3: Overseas production ratio = Sales of overseas subsidiaries / Sales of domestic parent companies * 100

Changes to the content of the survey

1. Concerning parent companies

The realized and forecast values of "acquisition of tangible fixed assets (excluding land) " and "direct foreign investment" use the results of every second survey (the July-September and the January-March surveys) rather than the quarterly surveys.

The July-September survey concerns results for the April-September term and expectations for the October-March term, while the January-March survey pertains to results for the October-March term and expectations for the April-September term.

Of the data surveyed, the "acquisition of tangible fixed assets (excluding land) " item is extracted and then calculated from those Report on Current Situation of the Plant Investments of Private Sector that pertain to the parent companies targeted by this survey.

Therefore, no comparison will be made between surveys of the current period and periods before January-March 1998.

2. Concerning overseas subsidiaries

The realized and forecast values of "acquisition of tangible fixed assets (excluding land)" use the results of every second survey (the July-September and the January-March surveys) rather than the quarterly surveys.

The July-September survey concerns results for the April-September term and expectations for the October-March term, while the January-March survey pertains to results for the October-March term and expectations for the April-September term.

Response rate and yen/dollar exchange rate

The average rate for the American dollar was ¥116.54 during this period, the yen appreciating by ¥11.51 compared to the same period in the previous year (¥128.05). This is an appreciation for the yen of ¥3.29 from the previous period (¥119.83).

The response situation for this period is as shown below:

| Classification | Number of target company | Number of answered company | Response rate |
|-----------------------|--------------------------|----------------------------|---------------|
| Parent company | 1,116 | 768 | 68.8% |
| Overseas subsidiaries | 2,284 | 1,614 | 70.7% |

Turnover Inside/Outside Japan and Domestic Sales/Local Sales Overseas

Table 1: Trends in Sales of Parent Companies and Overseas Subsidiaries

(Unit: 100 million yen,%,DI points)

| | Sales | | | Ratio Over Same quarter of last year | Ratio Over Previous Quarter | Next Term Outlook (DI points compared to previous Term) | |
|---------------------------|---------------------|---------------------|---------------------|--|-----------------------------------|---|----------------------|
| | Jan. - Mar. 1998 | Oct. - Dec. 1998 | Jan. - Mar. 1999 | Jan. - Mar. 1999 | Jan. - Mar. 1999 | Jan. - Jun. 1999 | Apr. - Sept. 1999 |
| Parent Companies | 42,383,355 | 38,026,880 | p 39,476,077 | p -6.9 | p 3.8 | -10.2 | p 7.7 |
| Domestic sales | 32,723,307 | 29,281,559 | p 30,524,162 | p -6.7 | p 4.2 | | |
| Overseas Subsidiaries | 9,080,142 | 8,477,052 | p 8,272,875 | p -8.9 | p -2.4 | 5.0 | p 10.6 |
| Local Sales | 5,439,725 | 5,187,030 | p 5,097,548 | p -6.3 | p -1.7 | 2.9 | p 10.3 |
| Overseas production ratio | 21.4 | 22.3 | p 21.0 | | | | |

Table 2: Trends in Sales of Overseas subsidiaries by region

(Unit: 100 million yen,%,DI points)

| | Sales | | | Ratio Over Same quarter of last year | Ratio Over Previous Quarter | Next Term Outlook (DI points compared to previous Term) | |
|-----------------|---------------------|---------------------|---------------------|--|-----------------------------------|---|----------------------|
| | Jan. - Mar. 1998 | Oct. - Dec. 1998 | Jan. - Mar. 1999 | Jan. - Mar. 1999 | Jan. - Mar. 1999 | Jan. - Jun. 1999 | Apr. - Sept. 1999 |
| Total | 9,080,142 | 8,477,052 | p 8,272,875 | p -8.9 | p -2.4 | 5.0 | p 10.6 |
| North America | 4,350,697 | 4,065,864 | p 4,016,759 | p -7.7 | p -1.2 | 6.1 | p 8.9 |
| Asia | 2,172,996 | 1,907,377 | p 1,860,296 | p -14.4 | p -2.5 | 5.7 | p 15.7 |
| Asean4 | 792,440 | 789,976 | p 768,599 | p -3.0 | p -2.7 | 5.0 | p 19.3 |
| Nies3 | 772,669 | 628,949 | p 597,252 | p -22.7 | p -5.0 | 2.5 | p 23.3 |
| China and other | 607,887 | 488,452 | p 494,445 | p -18.7 | p 1.2 | 8.4 | p 5.8 |
| Europe | 2,048,162 | 2,033,531 | p 1,941,163 | p -5.2 | p -4.5 | 1.9 | p -5.9 |
| Other | 508,287 | 470,280 | p 454,657 | p -10.6 | p -3.3 | 4.6 | p 9.5 |

Sales of domestic parent companies, at ¥39.4761 trillion (down 6.9% from the previous year), recorded a year-on-year decline for the sixth consecutive period. The pace of decline has been accelerating. Each of the industries recorded a year-on-year decline, led by electric machinery. Sales of overseas subsidiaries declined for the second consecutive period, amounting to ¥8,272.9 billion (down 8.9% from the previous year). Sales fell in all regions.

It should be noted however that sales did not necessarily decline on a local currency basis, taking into consideration the fact that as compared with the previous year, the yen gained strength against the currencies of the countries in which the overseas subsidiaries are located (see Fig.6).

Prospects for April-September as indicated by diffusion index rose 7.7% from the previous period (from -22.1 to -14.4) as regards sales of domestic parent companies. As for overseas subsidiaries, the index rose for the second consecutive period, up 10.6 points (from 17.1 to 27.7).

Local sales of overseas subsidiaries (see Note 2) amounted to ¥5,097.5 billion, down 6.3% from the previous year. Decline was reported in all regions.

Prospects for April-September as indicated by diffusion index rose 10.3 points from the previous period (from 16.0 to 26.3).

January - March 1999 Quarterly Survey of Japanese Business Activities

Overseas production ratio (see Note 3), fell 0.4 points from the previous year to 21.0%.

Fig. 1: Growth in Sales among Parent Companies and overseas subsidiaries
(Ratio Over Same quarter of last year)

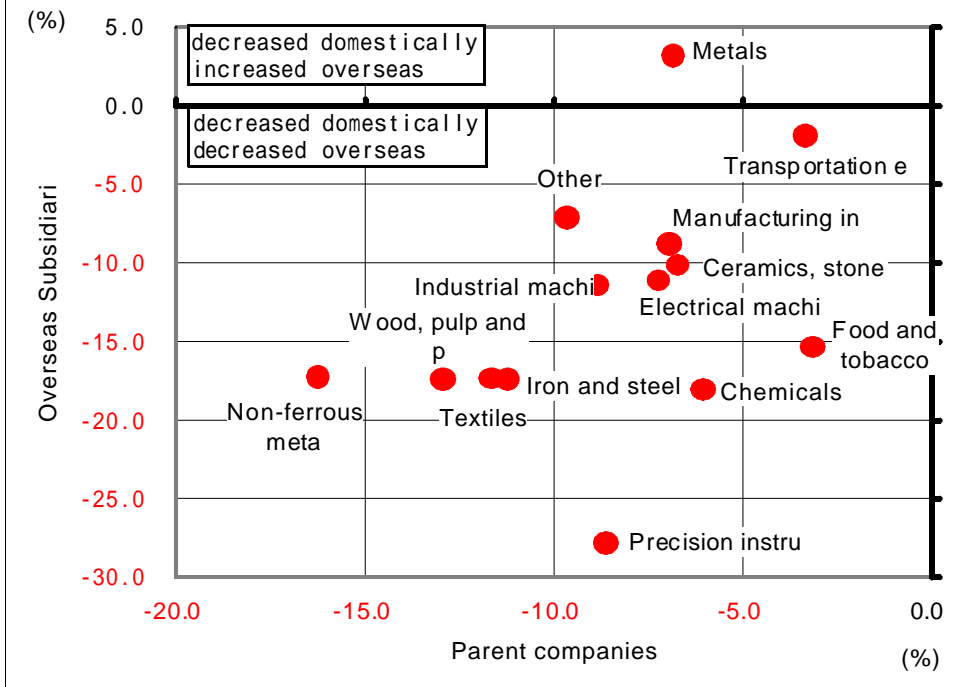
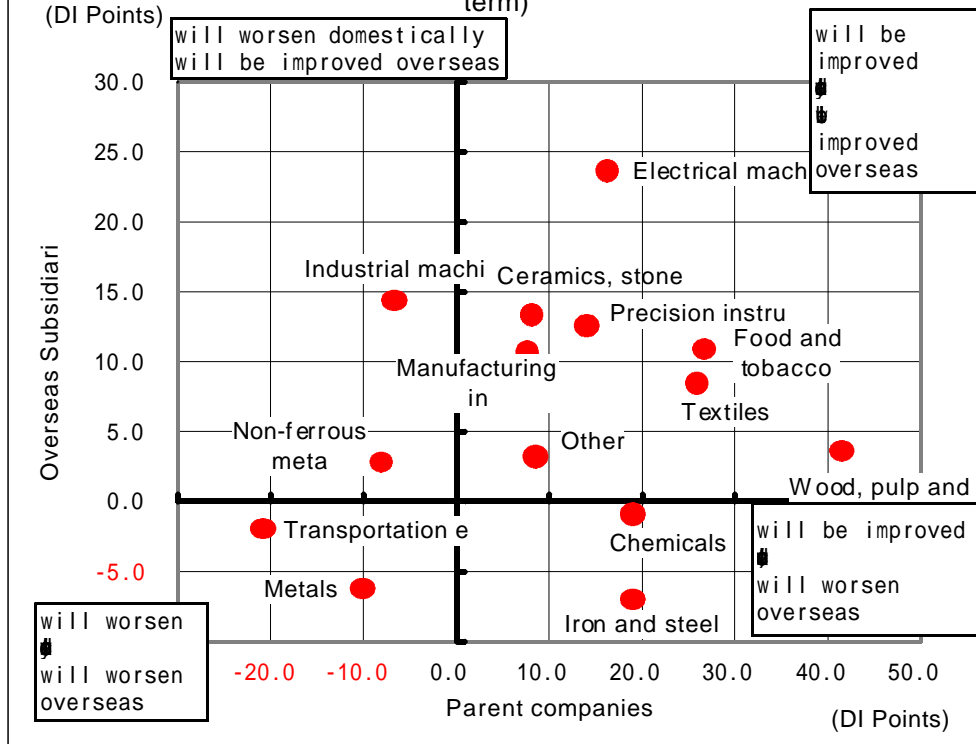


Fig. 2: Outlook for Sales in the Jan. - Jun. 1999
(DI increase/decrease ratios compared to the previous term)



Equipment Investments

Plant and equipment investment (i.e. acquisition of tangible fixed assets other than land) by domestic parent companies amounted to ¥1,791.7 billion in the November 1998-March 1999 period. Plant and equipment investment by overseas subsidiaries fell 40.8% from the previous year to ¥486.9 billion. Investment declined in all regions.

by domestic parent companies for April-September as indicated by diffusion index fell 21.2 points (-53.7 to -74.9), with deterioration reported in all industries but ceramics/sand & stone. As regards overseas subsidiaries, the index rose 2.0 points (from 5.2 to 7.2), with improvement recorded in nine industries including transport equipment.

Prospects of plant and equipment investment

Table 3: Trends in the Amount of Acquired Tangible Fixed Assets by Parent Companies and Overseas Subsidiaries
(Unit: 100 million yen, %, DI points)

| | Acquisition of tangible fixed assets (excluding land) | | | Ratio Over Same quarter of last year | Ratio Over Previous Quarter | Next Term Outlook (DI points compared to previous |
|----------------------------|--|----------------------|-------------------------|--|-----------------------------------|---|
| | Oct.1997 - Mar.1998 | Apr. - Sept. 1998 | Oct.1998 - Mar. 1999 | Oct.1998 - Mar. 1999 | Oct.1998 - Mar. 1999 | Apr. - Sept. 1999 |
| Parent Companies | 4,194,334 | 3,005,795 | p 2,385,776 | | p -20.6 | |
| domestic investment | 3,596,037 | 2,433,317 | p 1,791,746 | | p -26.4 | p -21.2 |
| direct overseas investment | 598,297 | 572,478 | p 594,030 | p -0.7 | p 3.8 | p -3.8 |
| Overseas Subsidiaries | 822,883 | 434,456 | p 486,867 | p -40.8 | p 12.1 | p 2.0 |

Table 4: Trends in the Amount of Acquired Tangible Fixed Assets by Overseas subsidiaries by region
(Unit: 100 million yen, %, DI points)

| | Acquisition of tangible fixed assets (excluding land) | | | Ratio Over Same quarter of last year | Ratio Over Previous Quarter | Next Term Outlook (DI points compared to previous |
|-----------------|--|----------------------|-------------------------|--|-----------------------------------|---|
| | Oct.1997 - Mar.1998 | Apr. - Sept. 1998 | Oct.1998 - Mar. 1999 | Oct.1998 - Mar. 1999 | Oct.1998 - Mar. 1999 | Apr. - Sept. 1999 |
| Total | 822,883 | 434,456 | p 486,867 | p -40.8 | p 12.1 | p 2.0 |
| North America | 425,189 | 234,256 | p 222,150 | p -47.8 | p -5.2 | p -1.2 |
| Asia | 178,943 | 97,140 | p 127,984 | p -28.5 | p 31.8 | p 7.1 |
| Asean4 | 87,434 | 50,221 | p 58,829 | p -32.7 | p 17.1 | p 17.2 |
| Nies3 | 47,888 | 27,065 | p 35,555 | p -25.8 | p 31.4 | p -2.2 |
| China and other | 43,621 | 19,854 | p 33,600 | p -23.0 | p 69.2 | p 1.2 |
| Europe | 151,219 | 88,833 | p 116,328 | p -23.1 | p 31.0 | p -6.6 |
| Other | 67,532 | 14,227 | p 20,405 | p -69.8 | p 43.4 | p -9.9 |

Trade Transactions

Table 5: Trends in Trade Transactions by Parent Companies

(Unit: 100 million yen, %, DI points)

| | Exports | | | Ratio Over Same quarter of last year | Ratio Over Previous Quarter | Next Term Outlook (DI points compared to previous Term) | |
|--|------------------|------------------|------------------|--------------------------------------|-----------------------------|---|-------------------|
| | Jan. - Mar. 1998 | Oct. - Dec. 1998 | Jan. - Mar. 1999 | Jan. - Mar. 1999 | Jan. - Mar. 1999 | Jan. - Jun. 1999 | Apr. - Sept. 1999 |
| Exports | 9,660,048 | 8,745,321 | p 8,951,915 | p -7.3 | p 2.4 | -8.0 | p 11.1 |
| Imports | 2,167,539 | 2,028,354 | p 1,849,411 | p -14.7 | p -8.8 | -3.7 | p 5.4 |
| Exports - Imports | 7,492,509 | 6,716,967 | p 7,102,504 | p -5.2 | p 5.7 | | |
| Exports to overseas subsidiaries | 4,390,763 | 4,048,379 | p 4,183,066 | p -4.7 | p 3.3 | | |
| Imports from overseas subsidiaries | 719,157 | 693,262 | p 698,830 | p -2.8 | p 0.8 | | |
| Exports - Imports | 3,671,606 | 3,355,117 | p 3,484,236 | p -5.1 | p 3.8 | | |
| Proportion of exports to overseas subsidiaries | 45.5 | 46.3 | p 46.7 | | | | |
| Proportion of imports from overseas subsidiaries | 33.2 | 34.2 | p 37.8 | | | | |

(1) Exports and imports

Exports of domestic parent companies amounted to ¥8,951.9 billion (down 7.3% from the previous year), recording a decline for the second consecutive period. Exports fell in 10 industries including electric machinery.

Imports of domestic parent companies stood at ¥1,849.4 billion, down 14.7% from the previous year. Imports declined in 12 industries including electric machinery.

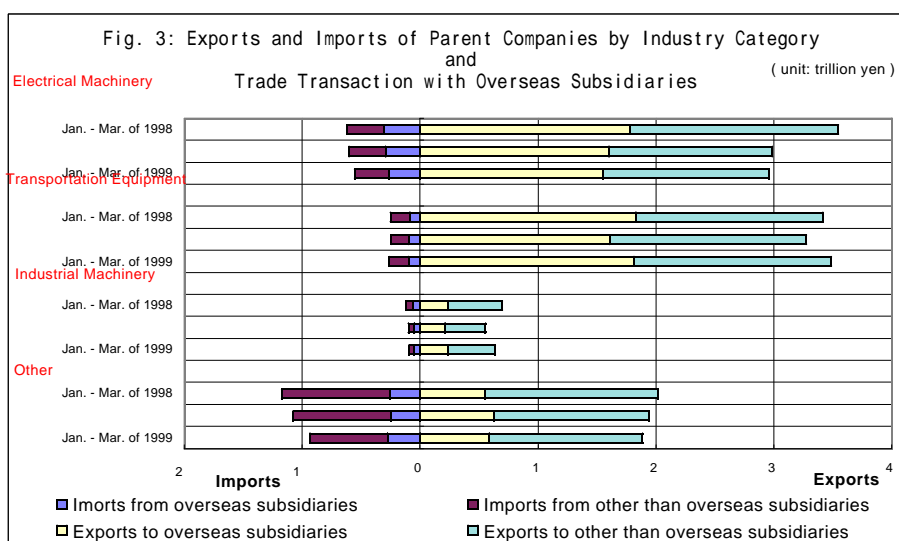
Prospects for April-September as indicated by diffusion index show an improvement from the previous period of 11.1 points (from -16.7 to -5.6) for exports and 5.4 points (from -14.3 to -8.9) for imports. Improvement was recorded in nine industries for exports and eight industries for imports, both including electric machinery.

(2) Intra-company trade with overseas subsidiaries

Exports of domestic parent companies to their overseas subsidiaries declined for the second consecutive period to ¥4,183.1 billion (down 4.7% from the previous year). The share of intra-company trade in total exports of domestic parent companies rose 1.2 points from the previous year to 46.7%.

Imports from overseas subsidiaries fell 2.8% from the previous year to ¥698.8 billion. Their share in total imports of domestic parent companies has been on the rise, gaining 4.6 points on the previous year to reach 37.8%.

Trade surplus with overseas subsidiaries dropped 5.1% from the previous year to ¥3,484.2 billion.



Domestic and Overseas Employment

Table 6: Trends in the Number of Employees Employed by Parent Companies and Overseas Subsidiaries

(Unit: persons,%,DI points)

| | Number of employees | | | Ratio Over Same quarter of last year | Ratio Over Previous Quarter | Next Term Outlook (DI points compared to previous Term) | |
|-----------------------|---------------------|---------------------|---------------------|--|-----------------------------------|---|----------------------|
| | Jan. - Mar. 1998 | Oct. - Dec. 1998 | Jan. - Mar. 1999 | Jan. - Mar. 1999 | Jan. - Mar. 1999 | Jan. - Jun. 1999 | Apr. - Sept. 1999 |
| Parent Companies | 2,507,853 | 2,490,415 | p 2,448,636 | p -2.4 | p -1.7 | 7.1 | p 5.8 |
| Overseas Subsidiaries | 1,368,600 | 1,350,117 | p 1,357,333 | p -0.8 | p 0.5 | 2.3 | p 2.3 |

Table 7: Trends in the Number of Employees Employed by Overseas Subsidiaries by region

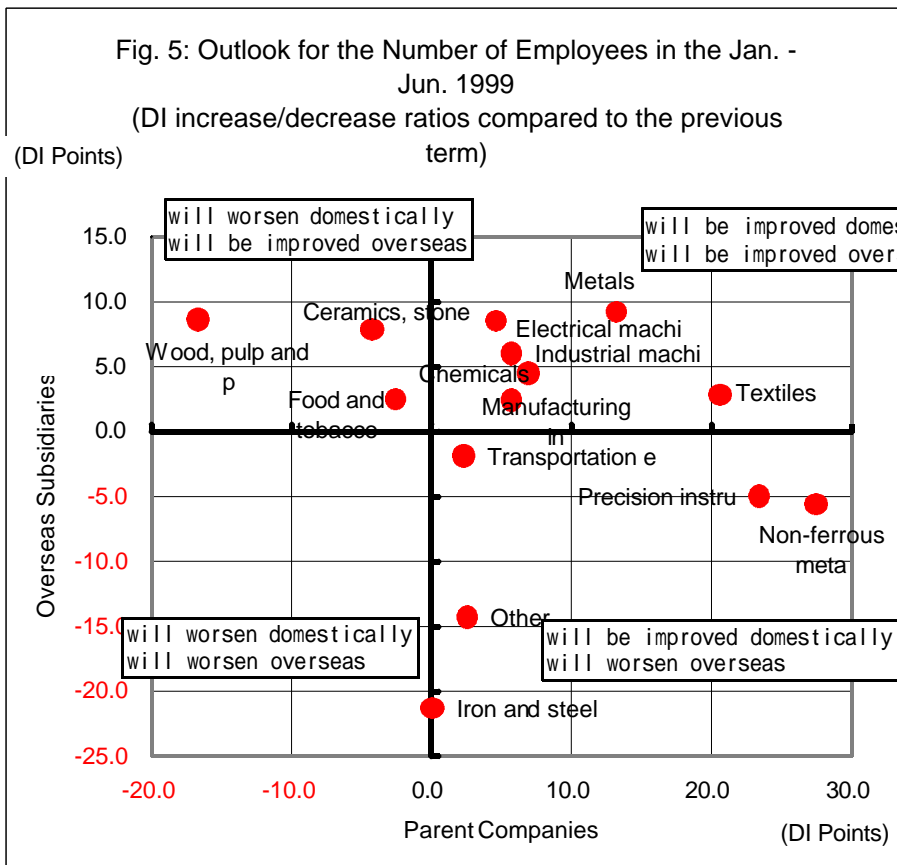
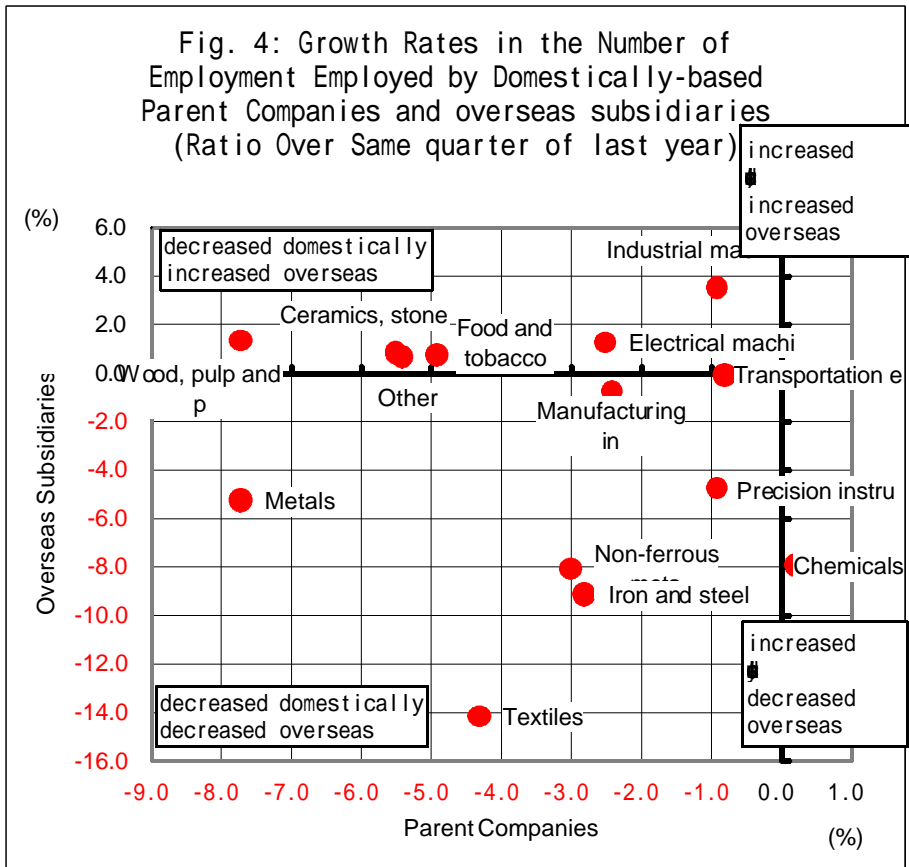
(Unit: persons,%,DI points)

| | Number of employees | | | Ratio Over Same quarter of last year | Ratio Over Previous Quarter | Next Term Outlook (DI points compared to previous Term) | |
|-----------------|---------------------|---------------------|---------------------|--|-----------------------------------|---|----------------------|
| | Jan. - Mar. 1998 | Oct. - Dec. 1998 | Jan. - Mar. 1999 | Jan. - Mar. 1999 | Jan. - Mar. 1999 | Jan. - Jun. 1999 | Apr. - Sept. 1999 |
| Total | 1,368,600 | 1,350,117 | p 1,357,333 | p -0.8 | p 0.5 | 2.3 | p 2.3 |
| North America | 358,785 | 359,663 | p 355,994 | p -0.8 | p -1.0 | 1.5 | p -2.3 |
| Asia | 740,209 | 729,293 | p 736,294 | p -0.5 | p 1.0 | 3.4 | p 4.2 |
| Asean4 | 409,203 | 402,369 | p 408,827 | p -0.1 | p 1.6 | 6.4 | p 9.5 |
| Nies3 | 116,790 | 104,868 | p 103,416 | p -11.5 | p -1.4 | -0.1 | p 4.2 |
| China and other | 214,216 | 222,056 | p 224,051 | p 4.6 | p 0.9 | 1.9 | p -1.9 |
| Europe | 181,404 | 177,098 | p 180,378 | p -0.6 | p 1.9 | 3.0 | p -2.0 |
| Other | 88,202 | 84,063 | p 84,667 | p -4.0 | p 0.7 | -5.2 | p 12.7 |

The number of full-time employees in domestic parent companies (2.449 million workers) recorded the largest year-on-year decline of 2.4% since the beginning of this survey. Full-time employees decreased in all industries except chemicals.

The number of employees in overseas subsidiaries declined for the third consecutive period to 1.357 million workers, down 0.8% from the previous year. It fell in all regions except China and other Asian countries.

Prospects for April-September as indicated by diffusion index show an improvement of 5.8 points from the previous year (from -33.7 to -27.9) for domestic parent companies. Improvement was reported in 10 industries including electric machinery. The index rose 2.3 points (from -1.7 to 0.6) for overseas subsidiaries, with improvement recorded in eight industries including electric machinery.



Status of Overseas Subsidiaries by region

At ¥8,272.9 billion, sales of overseas subsidiaries declined in all regions (down 8.9% from the previous year). Prospects of sales for April-September as indicated by diffusion index show an improvement of 10.6 points on the previous period (from 17.1 to 27.7). The index rose in all regions except Europe. Significant improvement was recorded in NIES3 and ASEAN4.

Exports to Japan (reverse exports) decreased for the fifth consecutive period to ¥523.7 billion (down 16.4% from the previous year), with every region experiencing a decline.

Plant and equipment investment (i.e. acquisition of tangible fixed assets other than land) amounted to ¥486.9 billion (down 40.8% from the previous year) with decline recorded in all regions.

Prospects of plant and equipment investment for April-September as indicated by diffusion index shows a slight recovery from the previous period, with a significant improvement of 17.2 points (from -8.0 to 9.2) recorded in ASEAN4.

Table 8: Business Trends among Overseas Subsidiaries in All Business Categories

(Unit: 100 million yen, %, DI points)

| | Quarterly Performances | | | Ratio Over | Ratio Over | Next Term Outlook (DI | |
|---|------------------------|----------------------|-------------------------|------------------------------|-------------------------|--------------------------------------|----------------------|
| | Jan. - Mar. 1998 | Oct. - Dec. 1998 | Jan. - Mar. 1999 | Same quarter of last year | Previous Quarter | points compared to previous Term) | |
| | | | | Jan. - Mar. 1999 | Jan. - Mar. 1999 | Jan. - Jun. 1999 | Apr. - Sept. 1999 |
| Sales | 9,080,142 | 8,477,052 | p 8,272,875 | p -8.9 | p -2.4 | 5.0 | p 10.6 |
| Exports to Japan | 626,401 | 537,100 | p 523,664 | p -16.4 | p -2.5 | 4.0 | p 4.3 |
| Local sales | 5,439,725 | 5,187,030 | p 5,097,548 | p -6.3 | p -1.7 | 2.9 | p 10.3 |
| Number of employees | 1,368,600 | 1,350,117 | p 1,357,333 | p -0.8 | p 0.5 | 2.3 | p 2.3 |
| Proportion of local sales to all sales | 59.9 | 61.2 | p 61.6 | | | | |
| | Oct.1997 - Mar.1998 | Apr. - Sept. 1998 | Oct.1998 - Mar. 1999 | Oct.1998 - Mar. 1999 | Oct.1998 - Mar. 1999 | Oct.1998 - Mar. 1999 | Apr. - Sept. 1999 |
| Acquisition of tangible fixed assets | 822,883 | 434,456 | p 486,867 | p -40.8 | p 12.1 | -9.9 | p 2.0 |

North America

Table 9: Business Trends among Overseas Subsidiaries in All Business Categories in North America

(Unit: 100 million yen, %, DI points)

| | Quarterly Performances | | | Ratio Over Same quarter of last year | Ratio Over Previous Quarter | Next Term Outlook (DI points compared to previous Term) | |
|---|------------------------|----------------------|-------------------------|--|-----------------------------------|---|----------------------|
| | Jan. - Mar. 1998 | Oct. - Dec. 1998 | Jan. - Mar. 1999 | Jan. - Mar. 1999 | Jan. - Mar. 1999 | Jan. - Jun. 1999 | Apr. - Sept. 1999 |
| Sales | 4,350,697 | 4,065,864 | p 4,016,759 | p -7.7 | p -1.2 | 6.1 | p 8.9 |
| Exports to Japan | 84,095 | 63,615 | p 65,214 | p -22.5 | p 2.5 | 2.9 | p 3.7 |
| Local sales | 3,143,771 | 3,013,058 | p 2,951,612 | p -6.1 | p -2.0 | 5.8 | p 8.4 |
| Number of employees | 358,785 | 359,663 | p 355,994 | p -0.8 | p -1.0 | 1.5 | p -2.3 |
| Proportion of local sales to all sales | 72.3 | 74.1 | p 73.5 | | | | |
| | Oct.1997 - Mar.1998 | Apr. - Sept. 1998 | Oct.1998 - Mar. 1999 | Oct.1998 - Mar. 1999 | Oct.1998 - Mar. 1999 | Oct.1998 - Mar. 1999 | Apr. - Sept. 1999 |
| Acquisition of tangible fixed assets | 425,189 | 234,256 | p 222,150 | p -47.8 | p -5.2 | -10.8 | p -1.2 |

(i) Total sales and local sales

Total sales fell 7.7% from the previous year to ¥4.0168 trillion, with decline recorded in all industries except metals.

Local sales decreased 6.1% to ¥2.9516 trillion, as all industries reported decline except wood/pulp/paper/paper processing and metals.

Prospects for April-September as indicated by diffusion index show an improvement for the third consecutive period, rising 8.9 points from the previous period (from 29.8 to 38.7) for total sales and 8.4 points (from 28.8 to 37.2) for local sales.

(ii) Plant and equipment investment

Plant and equipment investment amounted to ¥222.2 billion (down 47.8% from the previous year) as decline was recorded in nine industries including electric machinery and transport equipment.

Prospects for April-September as indicated by diffusion index show a deterioration of 1.2 points on the previous period (from 11.0 to 9.8).

(iii) Employment

At 356,000 workers, the number of employees recorded the first decline since the survey was started, down 0.8% from the previous year.

Prospects for April-September as indicated by diffusion index show a deterioration of 2.3 points on the previous period (from 2.9 to 0.6).

(iv) Reverse exports

Exports to Japan (reverse exports) amounted to ¥65.2 billion (down 22.5% from the previous year) as nine industries reported decline

including electric machinery.

Prospects for April-September as indicated by diffusion index show an improvement of 3.7 points on the previous period (from 0.3 to 4.0).

ASEAN4

Table 10: Business Trends among Overseas Subsidiaries in All Business Categories in Asean4

(Unit: 100 million yen, %, DI points)

| | Quarterly Performances | | | Ratio Over Same quarter of last year | Ratio Over Previous Quarter | Next Term Outlook (DI points compared to previous Term) | |
|---|------------------------|----------------------|-------------------------|--|-----------------------------------|---|----------------------|
| | Jan. - Mar. 1998 | Oct. - Dec. 1998 | Jan. - Mar. 1999 | Jan. - Mar. 1999 | Jan. - Mar. 1999 | Jan. - Jun. 1999 | Apr. - Sept. 1999 |
| Sales | 792,440 | 789,976 | p 768,599 | p -3.0 | p -2.7 | 5.0 | p 19.3 |
| Exports to Japan | 212,967 | 219,416 | p 205,142 | p -3.7 | p -6.5 | 4.6 | p 5.7 |
| Local sales | 265,227 | 255,191 | p 253,451 | p -4.4 | p -0.7 | 3.5 | p 17.5 |
| Number of employees | 409,203 | 402,369 | p 408,827 | p -0.1 | p 1.6 | 6.4 | p 9.5 |
| Proportion of local sales to all sales | 33.5 | 32.3 | p 33.0 | | | | |
| | Oct.1997 - Mar.1998 | Apr. - Sept. 1998 | Oct.1998 - Mar. 1999 | Oct.1998 - Mar. 1999 | Oct.1998 - Mar. 1999 | Oct.1998 - Mar. 1999 | Apr. - Sept. 1999 |
| Acquisition of tangible fixed assets | 87,434 | 50,221 | p 58,829 | p -32.7 | p 17.1 | -16.5 | p 17.2 |

(i) Total sales and local sales

At ¥768.6 billion, total sales declined for the sixth consecutive period, down 3.0% from the previous year, as eight industries reported decline including electric machinery.

Local sales fell for the sixth consecutive period to ¥253.5 billion, down 4.4% from the previous year, with five industries reporting decline including electric machinery.

Prospects for April-September as indicated by diffusion index show a substantial improvement on the previous period of 19.3 points for total sales (from 6.2 to 25.5) and 17.5 points for local sales (from 1.3 to 18.8).

(ii) Plant and equipment investment

Plant and equipment investment amounted to ¥58.8 billion (down 32.7% from the previous year), with decline recorded in seven industries including chemicals.

Prospects for April-September as indicated by diffusion index show a substantial improvement of 17.2 points on the previous period (from -8.0 to 9.2).

(iii) Employment

Employment decreased for the fourth consecutive period to 409,000 workers, down 0.1% from the previous year.

Prospects for April-September as indicated by diffusion index show an improvement of 9.5 points on the previous year (from -4.8 to 4.7).

(iv) Reverse exports

Exports to Japan (reverse exports) amounted to ¥205.1 billion, down 3.7% from the previous year as six industries reported decline January - March 1999

including general machinery.

Prospects for April-September as indicated by diffusion index show an improvement of 5.7 points on the previous period (from -0.6 to 5.1).

NIES3

Table 11: Business Trends among Overseas Subsidiaries in All Business Categories in Nies3

(Unit: 100 million yen, %, DI points)

| | Quarterly Performances | | | Ratio Over Same quarter of last year | Ratio Over Previous Quarter | Next Term Outlook (DI points compared to previous Term) | |
|--|------------------------|-------------------|----------------------|--------------------------------------|-----------------------------|---|-------------------|
| | Jan. - Mar. 1998 | Oct. - Dec. 1998 | Jan. - Mar. 1999 | Jan. - Mar. 1999 | Jan. - Mar. 1999 | Jan. - Jun. 1999 | Apr. - Sept. 1999 |
| Sales | 772,669 | 628,949 | p 597,252 | p -22.7 | p -5.0 | 2.5 | p 23.3 |
| Exports to Japan | 132,377 | 100,512 | p 102,665 | p -22.4 | p 2.1 | 3.5 | p 11.4 |
| Local sales | 352,167 | 284,915 | p 269,569 | p -23.5 | p -5.4 | 3.4 | p 21.1 |
| Number of employees | 116,790 | 104,868 | p 103,416 | p -11.5 | p -1.4 | -0.1 | p 4.2 |
| Proportion of local sales to all sales | 45.6 | 45.3 | p 45.1 | | | | |
| | Oct.1997 - Mar.1998 | Apr. - Sept. 1998 | Oct.1998 - Mar. 1999 | Oct.1998 - Mar. 1999 | Oct.1998 - Mar. 1999 | Oct.1998 - Mar. 1999 | Apr. - Sept. 1999 |
| Acquisition of tangible fixed assets | 47,888 | 27,065 | p 35,555 | p -25.8 | p 31.4 | -11.3 | p -2.2 |

(i) Total sales and local sales

Total sales fell for the fifth consecutive period to ¥597.3 billion (down 22.7% from the previous year). The drop in sales has become steeper as nine industries reported decline including electric machinery.

Local sales fell for the sixth consecutive period to ¥269.6 billion (down 23.5% from the previous year). The drop in sales has been accelerating as nine industries reported decline including electric machinery.

Prospects for April-September as indicated by diffusion index show a substantial improvement on the previous period of 23.3 points (from -12.3 to 11.0) for total sales and of 21.1 points (from -6.3 to 14.8) for local sales.

(ii) Plant and equipment investment

Plant and equipment investment amounted to ¥35.6 billion (down 25.8% from the previous year), with six industries reporting decline including electric machinery.

Prospects for April-September as indicated by diffusion index show a deterioration of 2.2 points on the previous period (from -2.7 to -4.9).

(iii) Employment

The number of employees plummeted to 103,000 workers, down 11.5% from the previous year.

Prospects for April-September as indicated by diffusion index improved for the first time in four quarters, up 4.2 points from the previous period (from -18.2 to -14.0).

(iv) Reverse exports

Exports to Japan (reverse exports) fell for the fifth consecutive period to ¥102.7 billion, down 22.4% from the previous year as nine industries reported decline including electric machinery.

Prospects for April-September as indicated by diffusion index show an improvement of 11.4 points on the previous year (from -19.1 to -7.7).

China and other Asian countries

Table 12: Business Trends among Overseas Subsidiaries in All Business Categories in China and Other Asian Countries

(Unit: 100 million yen, %, DI points)

| | Quarterly Performances | | | Ratio Over Same quarter of last year | Ratio Over Previous Quarter | Next Term Outlook (DI points compared to previous Term) | |
|---|------------------------|----------------------|-------------------------|--|-----------------------------------|---|----------------------|
| | Jan. - Mar. 1998 | Oct. - Dec. 1998 | Jan. - Mar. 1999 | Jan. - Mar. 1999 | Jan. - Mar. 1999 | Jan. - Jun. 1999 | Apr. - Sept. 1999 |
| Sales | 607,887 | 488,452 | p 494,445 | p -18.7 | p 1.2 | 8.4 | p 5.8 |
| Exports to Japan | 166,808 | 128,428 | p 124,604 | p -25.3 | p -3.0 | 0.9 | p 5.2 |
| Local sales | 216,489 | 202,660 | p 200,265 | p -7.5 | p -1.2 | 6.5 | p 2.3 |
| Number of employees | 214,216 | 222,056 | p 224,051 | p 4.6 | p 0.9 | 1.9 | p -1.9 |
| Proportion of local sales to all sales | 35.6 | 41.5 | p 40.5 | | | | |
| | Oct.1997 - Mar.1998 | Apr. - Sept. 1998 | Oct.1998 - Mar. 1999 | Oct.1998 - Mar. 1999 | Oct.1998 - Mar. 1999 | Oct.1998 - Mar. 1999 | Apr. - Sept. 1999 |
| Acquisition of tangible fixed assets | 43,621 | 19,854 | p 33,600 | p -23.0 | p 69.2 | -4.9 | p 1.2 |

(i) Total sales and local sales

Total sales plummeted for the second consecutive period to ¥494.4 billion, down 18.7 points from the previous year as eight industries reported decline including electric machinery.

Local sales fell for the second consecutive period to ¥200.3 billion, down 7.5% from the previous year with six industries reporting decline including precision machinery.

Prospects for April-September as indicated by diffusion index show an improvement on the previous period of 5.8 points (from 26.2 to 32.0) for total sales and of 2.3 points (from 30.5 to 32.8) for local sales.

(ii) Plant and equipment investment

Plant and equipment investment amounted to ¥33.6 billion (down 23.0% from the previous year) as seven industries reported decline including ceramics/sand & stone.

Prospects for April-September as indicated by diffusion index show an improvement of 1.2 points on the previous period (from 7.7 to 8.9).

(iii) Employment

The number of employees amounted to 224,000 workers (up 4.6% from the previous year).

Prospects for April-September as indicated by diffusion index show a deterioration of 1.9 points on the previous period (from 8.0 to 6.1).

(iv) Reverse exports

Exports to Japan (reverse exports) plummeted for the second consecutive period to ¥124.6 billion, down 25.3% from the January - March 1999

previous year as eight industries reported decline including general machinery and electric machinery.

Prospects for April-September as indicated by diffusion index show an improvement of 5.2 points on the previous period (from 1.3 to 6.5).

Europe

Table 13: Business Trends among Overseas Subsidiaries in All Business Categories in Europe

(Unit: 100 million yen, %, DI points)

| | Quarterly Performances | | | Ratio Over Same quarter of last year | Ratio Over Previous Quarter | Next Term Outlook (DI points compared to previous Term) | |
|--|------------------------|-------------------|----------------------|--------------------------------------|-----------------------------|---|-------------------|
| | Jan. - Mar. 1998 | Oct. - Dec. 1998 | Jan. - Mar. 1999 | Jan. - Mar. 1999 | Jan. - Mar. 1999 | Jan. - Jun. 1999 | Apr. - Sept. 1999 |
| Sales | 2,048,162 | 2,033,531 | p 1,941,163 | p -5.2 | p -4.5 | 1.9 | p -5.9 |
| Exports to Japan | 22,737 | 18,587 | p 19,725 | p -13.2 | p 6.1 | 11.4 | p -2.6 |
| Local sales | 1,172,135 | 1,160,165 | p 1,151,505 | p -1.8 | p -0.7 | -6.4 | p -1.1 |
| Number of employees | 181,404 | 177,098 | p 180,378 | p -0.6 | p 1.9 | 3.0 | p -2.0 |
| Proportion of local sales to all sales | 57.2 | 57.1 | p 59.3 | | | | |
| | Oct.1997 - Mar.1998 | Apr. - Sept. 1998 | Oct.1998 - Mar. 1999 | Oct.1998 - Mar. 1999 | Oct.1998 - Mar. 1999 | Oct.1998 - Mar. 1999 | Apr. - Sept. 1999 |
| Acquisition of tangible fixed assets | 151,219 | 88,833 | p 116,328 | p -23.1 | p 31.0 | -3.1 | p -6.6 |

(i) Total sales and local sales

Total sales fell to ¥1,941.2 billion (down 5.2% from the previous year), recording the first decline since the start of this survey. All industries reported decline.

At ¥1,151.5 billion, local sales also recorded the first decline ever, down 1.8% from the previous year. All industries reported decline except electric machinery and metals.

Prospects for April-September as indicated by diffusion index show deterioration on the previous period for both total sales and local sales, down 5.9 points (from 25.8 to 19.9) and 1.1 points (from 20.8 to 19.7) respectively.

(ii) Plant and equipment investment

Plant and equipment investment amounted to ¥116.3 billion (down 23.1% from the previous year) with four industries reporting decline including chemicals.

Prospects for April-September as indicated by diffusion index show a deterioration of 6.6 points on the previous period (from 17.6 to 11.0).

(iii) Employment

The number of employees amounted to 180,000 workers, down 0.6% from the previous year.

Prospects for April-September as indicated by diffusion index show a deterioration of 2.0 points on the previous period (from 1.1 to -0.9).

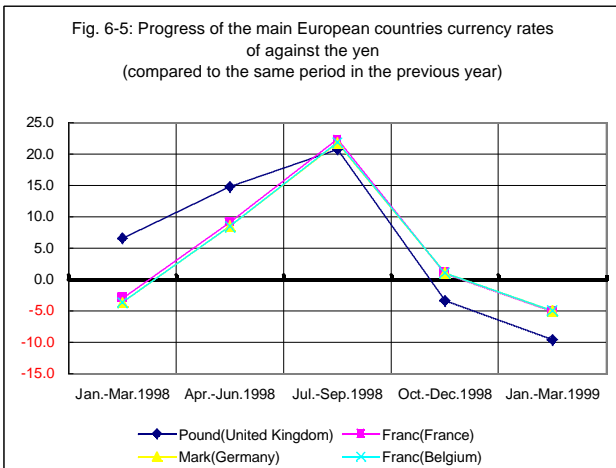
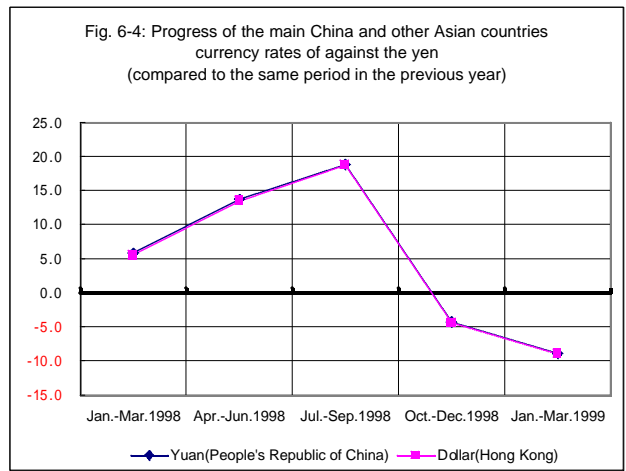
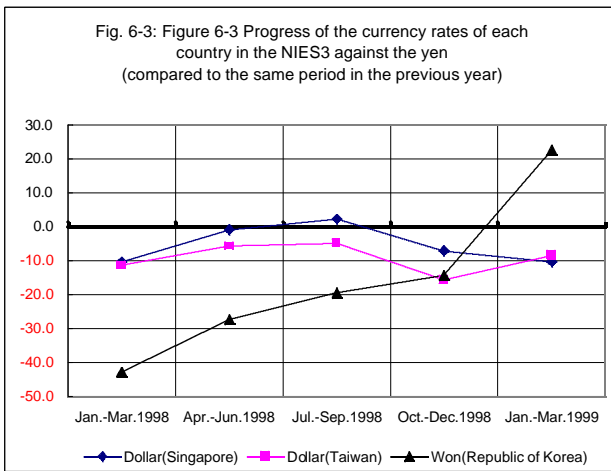
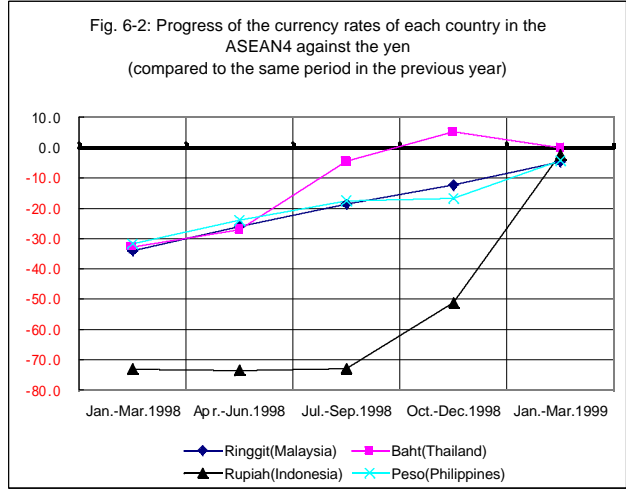
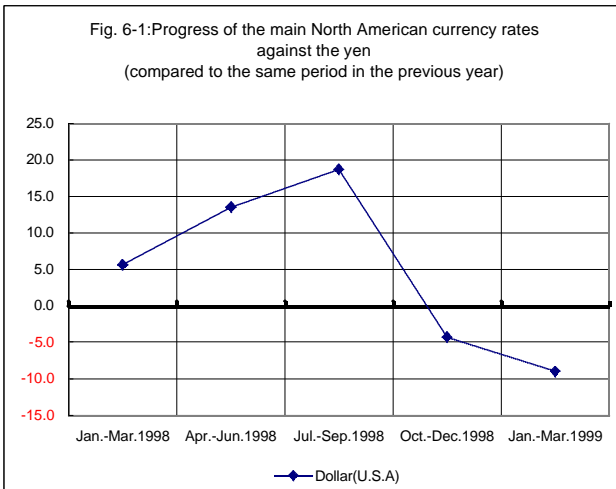
(iv) Reverse exports

Exports to Japan (reverse exports) plummeted for the second consecutive period

to ¥19.7 billion, down 13.2% from the previous year as six industries reported decline including chemicals.

Prospects for April-September as indicated by diffusion index show a deterioration of 2.6 points on the previous period (from 6.3 to 3.7).

Fig. 6: Progress of the currency rates of the main regions against the yen



Taiwan: [Economic Statistics Monthly] (Bank of Jpapan)
 Other: International Financial Statistics (International Monetary Fund)