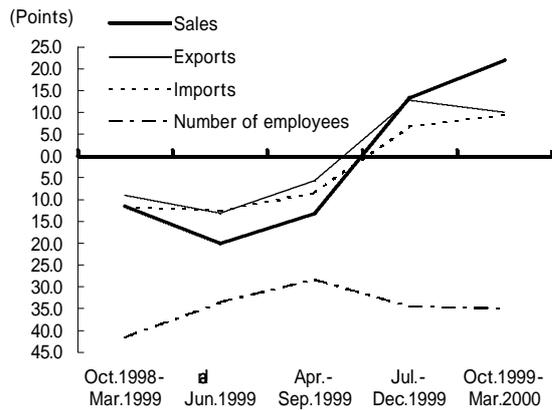


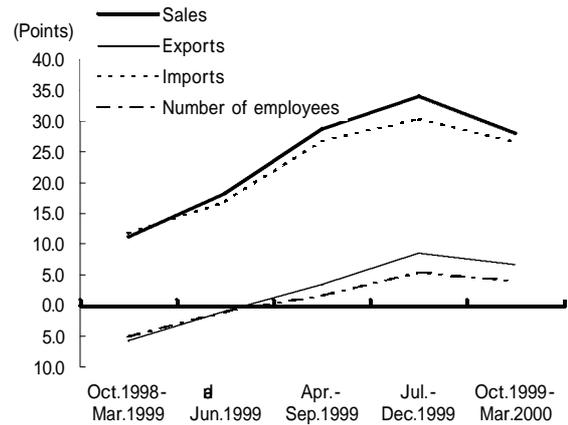
Quarterly Survey of Japanese Business Activities (July - September 1999)

21 January, 2000
Enterprise Statistics Division,
Research and Statistics Department,
Ministry of International Trade and Industry

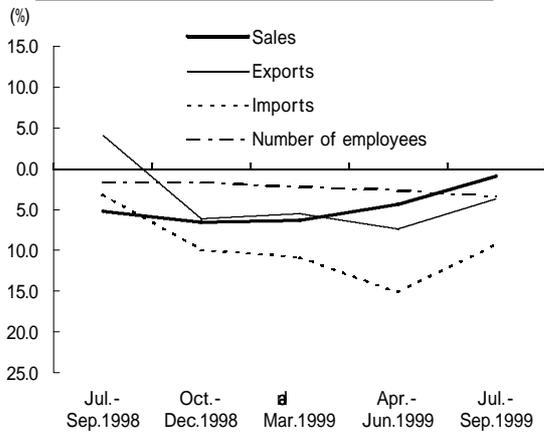
Prospects of Sales, etc for Domestic Parent Companies
(Diffusion Index)



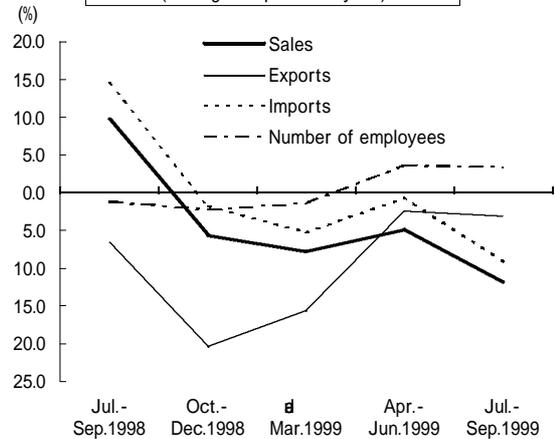
Prospects of Sales, etc for Overseas subsidiaries
(Diffusion Index)



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.

From the April-June quarter of 1999, the base of the estimating method was changed from the growth rate from the preceding quarter to the growth rate from a year before.

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 year survey / Previously provided data consolidated with the data from the companies that provided data both in the current survey and in the previous year 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,

Quarterly Survey of Japanese Business Activities

Nepal, Pakistan, Bangladesh, Brunei, Myanmar, Laos, People's Republic of China (including Hong Kong)

Europe

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. Foreign direct investment

Foreign direct 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). (Year-to-year compensation)

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

9. Handling of consistency coefficients

As a result of inclusion of certain enterprises which had been left out from fiscal 1998 (from the April - June quarter of 1998), consistency coefficients are employed in order to ensure continuity of the current data with those of the periods before fiscal 1987 (up to the January - March quarter of 1998).

(1) Periods to be connected

The quarters of fiscal 1997 (April - June quarter of 1997 to January - March quarter of 1998) and before and the quarters of fiscal 1998 (April - June quarter of 1998 to January - March quarter of 1999) shall be connected together for consistency.

(2) Consistency coefficients

Coefficient = Actual results of enterprises left out during fiscal 1998 plus those of enterprises included in the statistics / Actual results of enterprises included in the statistics

(3) Scope of adjustment by the coefficients

All the cells of Area x Industry x Item of the form for publication.

(4) Treatment of the published figures

1) "Actual results" --> The figures listed are the actual results before treatment by the coefficients. For reference, the "consistency coefficients" for connection are listed in a separate sheet. Therefore, when using the actual results of fiscal 1997 and before in conjunction with those for later business years, you are kindly requested to multiply the actual results of fiscal 1997 by the coefficients before use, to ensure consistency.

2) "Year-on-year comparison" --> Listed figures are those calculated from the actual results after adjustment by the coefficients. For reference, the figures of acquisition of tangible fixed assets and the figures of outward direct investment have not been processed for smoothing gaps, as the increase/decrease of figures are too large to generate meaningful consistency coefficients.

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 July-September 1999
(outlook for the period from October 1999 to March 2000)

The previous DI: DI in April-Jun 1999 (outlook for the period from July to December 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 exchange rate of the yen to the U.S. dollar for this quarter was 113.61 yen, an appreciation of 26.38 yen compared with the same quarter a year earlier (139.99 yen) and an appreciation of 7.33yen compared with the previous quarter (120.94 yen).

The responses to the questionnaire survey are summarized below.

Classification	Number of target company	Number of answered company	Response rate
Parent company	1,350	939	69.6%
Overseas subsidiaries	2,936	1,919	65.4%

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)	
	Jul. - Sept. 1998	Apr. - Jun. 1999	Jul. - Sept. 1999	Jul. - Sept. 1999	Jul. - Sept. 1999	Jul. - Dec. 1999	Oct. 1999 - Mar. 2000
Parent Companies	41,731,358	38,970,359	p 41,370,731	p -0.9	p 6.2	26.5	p 8.5
Domestic sales	31,631,222	30,161,164	p 31,645,684	p 0.0	p 4.9		
Overseas Subsidiaries	10,056,521	9,333,032	p 8,865,870	p -11.8	p -5.0	5.2	p -6.0
Local Sales	5,822,788	5,687,670	p 5,291,758	p -9.1	p -7.0	3.5	p -3.8
Overseas production ratio	24.1	23.9	p 21.4				

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)	
	Jul. - Sept. 1998	Apr. - Jun. 1999	Jul. - Sept. 1999	Jul. - Sept. 1999	Jul. - Sept. 1999	Jul. - Dec. 1999	Oct. 1999 - Mar. 2000
Total	10,056,521	9,333,032	p 8,865,870	p -11.8	p -5.0	5.2	p -6.0
North America	4,687,596	4,327,275	p 4,129,783	p -11.9	p -4.6	-0.8	p -4.1
Asia	2,616,111	2,423,897	p 2,477,101	p -5.3	p 2.2	9.2	p -8.1
Asean4	1,096,627	1,027,129	p 1,069,284	p -2.5	p 4.1	14.0	p -9.6
Nies3	909,913	800,555	p 790,890	p -13.1	p -1.2	5.6	p -13.6
China and other	609,571	596,213	p 616,927	p 1.2	p 3.5	3.9	p -2.2
Europe	2,172,946	2,049,742	p 1,830,249	p -15.8	p -10.7	2.7	p 3.2
Other	579,868	532,118	p 428,737	p -26.1	p -19.4	-5.8	p -10.7

• Domestic parent companies' sales decreased by 0.9% from the same quarter of the previous year to 41,370.7 billion yen. The decreasing rate lessened compared with the same quarter of the previous year. A decrease was seen in seven industries, including the transportation equipment industry and the iron and steel industry. Some industries, including the food and tobacco industry and the chemical industry, turned their sales upward.

Overseas subsidiaries' sales decreased by 11.8% to 8,865.9 billion yen, a decrease for four consecutive quarters. A decrease in sales was seen in all areas except China and Other Asian Countries.

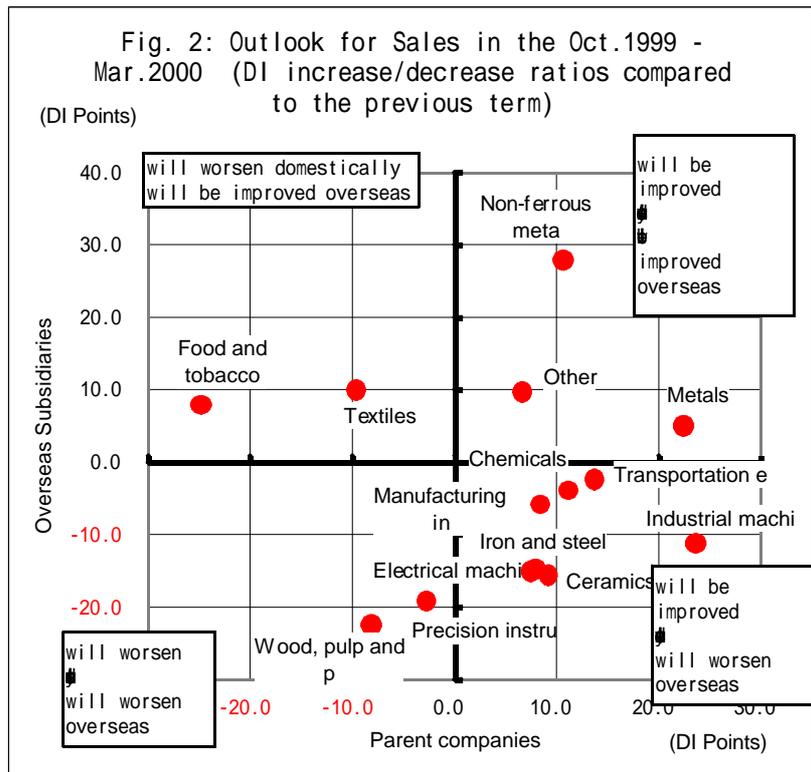
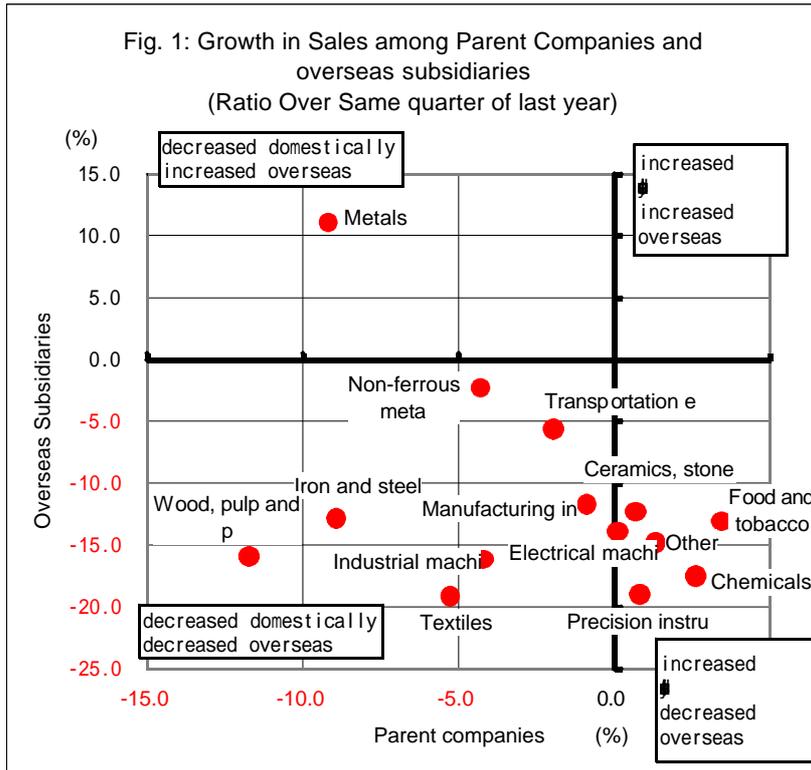
In terms of each country's currency, however, overseas affiliated companies' sales did not necessarily decrease. Foreign currencies fell against the Japanese yen from the same quarter of the previous year (see Figure 6). The US dollar especially dropped by 18.8%.

With respect to prospects for the period from October 1999 to March 2000, the domestic parent companies' DI of sales rose by 8.5 points from the previous quarter, and the level of the DI continuously improved (the DI changed as follows: -20.0 -13.1 13.4 current quarter 21.9) . Overseas

subsidiaries' DI of sales decreased by 6.0 points (34.0 to 28.0), the first decrease in four quarters. The level of the DI, however, remained high.

• The local sales by overseas subsidiaries (see Note 2) decreased by 9.1% from the same quarter of the previous year to 5,291.8 billion yen. With respect to prospects for the period from October 1999 to March 2000, the DI fell from the preceding quarter by 3.8 points (30.4 to 26.6), the first decrease in four quarters.

• Overseas production ratio (see Note 3) decreased by 2.7 points from the same quarter of the previous year to 21.4%.



Equipment Investments

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
	Apr. - Sept. 1998	Oct.1998 - Mar. 1999	Apr. - Sept. 1999	Apr. - Sept. 1999	Apr. - Sept. 1999	Oct. 1999 - Mar. 2000
Parent Companies	3,156,169	2,502,129	p 4,809,814	p 52.4	p 92.2	
Domestic investment	2,544,364	1,880,364	p 2,144,984	p -15.7	p 14.1	p 13.8
Foreign direct investment	611,805	621,765	p 2,664,830	p 335.6	p 328.6	p 10.0
Overseas Subsidiaries	577,907	624,654	p 510,431	p -11.7	p -18.3	p 4.7

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
	Apr. - Sept. 1998	Oct.1998 - Mar. 1999	Apr. - Sept. 1999	Apr. - Sept. 1999	Apr. - Sept. 1999	Oct. 1999 - Mar. 2000
Total	577,907	624,654	p 510,431	p -11.7	p -18.3	p 4.7
North America	267,469	258,044	p 165,887	p -38.0	p -35.7	p 4.0
Asia	193,600	213,033	p 149,816	p -22.6	p -29.7	p 6.1
Asean4	91,654	100,935	p 71,961	p -21.5	p -28.7	p 4.7
Nies3	51,733	48,793	p 55,959	p 8.2	p 14.7	p 7.6
China and other	50,213	63,305	p 21,896	p -56.4	p -65.4	p 5.7
Europe	100,603	131,787	p 173,444	p 72.4	p 31.6	p 1.8
Other	16,235	21,790	p 21,284	p 31.1	p -2.3	p 1.1

• Domestic parent companies' investment in plant and equipment (amount of acquired tangible fixed assets except land) from April to September 1999 decreased by 15.7% from the same quarter of the previous year to 2,145 billion yen.

Overseas subsidiaries' investment in plant and equipment fell by 11.7% to 510.4 billion yen. A decrease was seen in North America and China and Other Asian Countries.

• With respect to domestic parent companies' prospects for the period from October 1999 to March 2000, the DI of investment in plant and equipment improved from the preceding quarter by 13.8 points (-72.6 to -58.8). Although a rise in the DI was seen in eight industries, such as the electrical machinery industry, the level remained low.

On the other hand, overseas subsidiaries' DI showed an increase of 4.7 points (7.5 to

12.2) from the previous quarter. The DI improved in all areas.

• Domestic parent companies' direct foreign investment from April to September 1999 increased by 335.6% from the same quarter of the previous year to 2,664.8 billion yen partly because of large-scale investment.

With respect to prospects for the period from October 1999 to March 2000, the DI greatly improved by 10.0 points (-13.1 to -3.1). The DI for the period from October 1998 to March 1999 was -2.8 points, and the DI for the period from April to September 1999 was -1.6 points.

Trade Transactions

Table 5: Trends in Trade Transactions by Parent Companies

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

				Ratio Over	Ratio Over	Next Term Outlook (DI	
	Jul. - Sept.	Apr. - Jun.	Jul. - Sept.	Same quarter	Previous	points compared to previous	
	1998	1999	1999	of last year	Quarter	Jul. - Dec.	Oct. 1999 -
				Jul. - Sept.	Jul. - Sept.	1999	Mar. 2000
				1999	1999		
Exports	10,100,136	8,809,195	p 9,725,047	p -3.7	p 10.4	18.5	p -2.9
Imports	2,327,563	1,907,707	p 2,112,609	p -9.2	p 10.7	15.3	p 2.6
Exports - Imports	7,772,573	6,901,488	p 7,612,438	p -2.1	p 10.3		
Exports to overseas subsidiaries	4,914,152	4,527,497	p 4,984,964	p 1.4	p 10.1		
Imports from overseas subsidiaries	767,901	634,245	p 727,291	p -5.3	p 14.7		
Exports - Imports	4,146,251	3,893,252	p 4,257,673	p 2.7	p 9.4		
Proportion of exports to overseas subsidiaries	48.7	51.4	p 51.3				
Proportion of imports from overseas subsidiaries	33.0	33.2	p 34.4				

(1) Exports and imports

- Exports by domestic parent companies continuously decreased to 9,725 billion yen (a 3.7% decrease from the same quarter of the previous year), but the decreasing rate was reduced. A decrease in exports was seen in nine industries, including the electrical machinery industry.

- Imports by domestic parent companies decreased by 9.2% from the same quarter of the previous year to 2,112.6 billion yen, a decrease for seven consecutive quarters. A decrease in imports was seen in 10 industries, such as the electrical machinery industry.

- With respect to prospects for the period from October 1999 to March 2000, the DI of exports fell by 2.9 points from the preceding quarter (12.8 to 9.9). A decrease in the DI was seen in ten industries, including the electrical machinery industry. On the other hand, the DI of imports continuously rose by 2.6 points (6.9 to 9.5). An improvement in the DI was seen in six industries, including the electrical machinery industry.

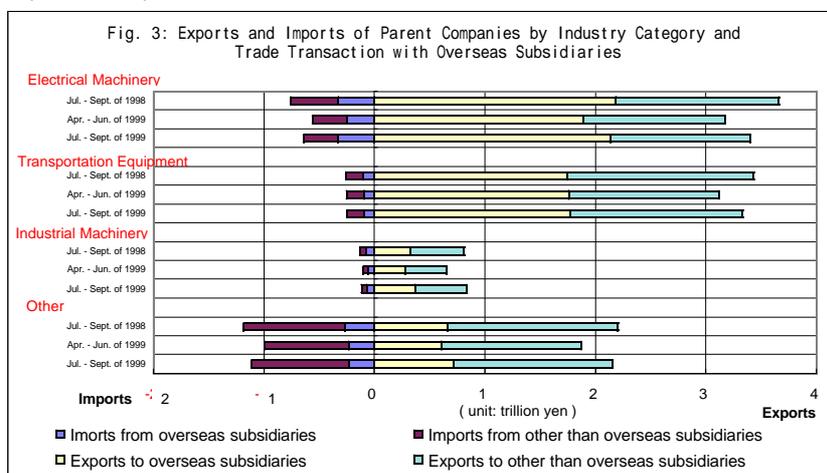
(2) Intra-company trade with overseas subsidiaries

- Exports to overseas subsidiaries turned up. They increased from the same quarter of the previous year by 1.4% to 4,985 billion yen.

Although the percentage to the total exports by domestic affiliated companies is tending to increase, it decreased slightly by 0.1 points from the same quarter of the previous year to 51.3%.

- Imports from overseas subsidiaries decreased again by 5.3% from the same quarter of the previous year to 727.3 billion yen. The percentage to the total imports by domestic parent companies increased by 1.2 points from the same quarter of the previous year to 34.4%.

- In the balance of trade with overseas subsidiaries, exports exceeded imports by 4,257.7 billion yen, a 2.7% increase from the same quarter of the previous year.



Domestic and Overseas Employment

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

	Number of employees			Ratio Over Same quarter of last year	Ratio Over Previous Quarter	Next Term Outlook (DI points compared to previous Term)	
	Jul. - Sept. 1998	Apr. - Jun. 1999	Jul. - Sept. 1999	Jul. - Sept. 1999	Jul. - Sept. 1999	Jul. - Dec. 1999	Oct. 1999 - Mar. 2000
Parent Companies	2,724,119	2,675,777	p 2,630,300	p -3.4	p -1.7	-6.2	p -0.4
Overseas Subsidiaries	1,571,397	1,616,736	p 1,626,554	p 3.5	p 0.6	3.8	p -1.4

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

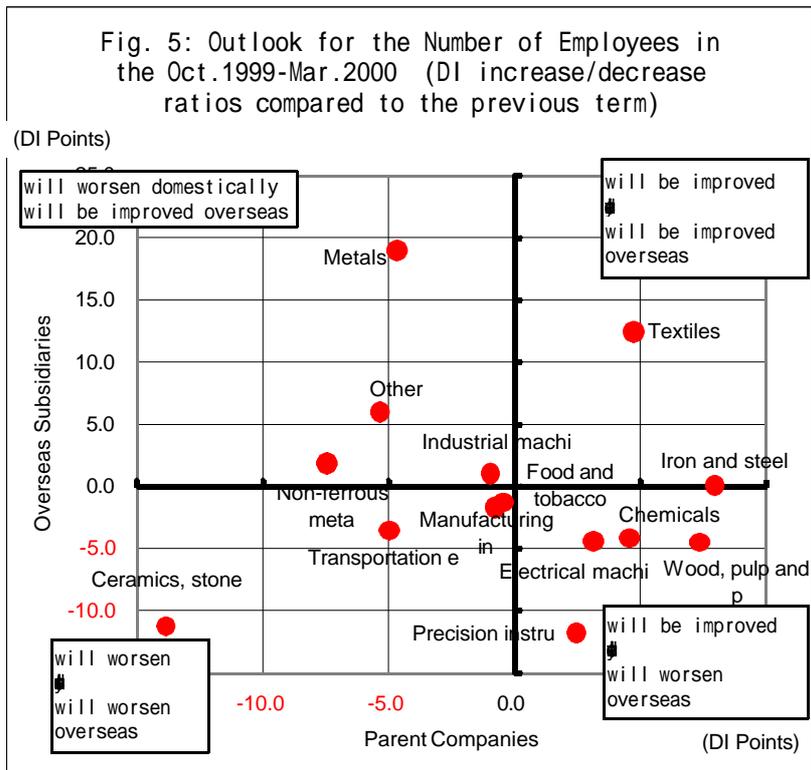
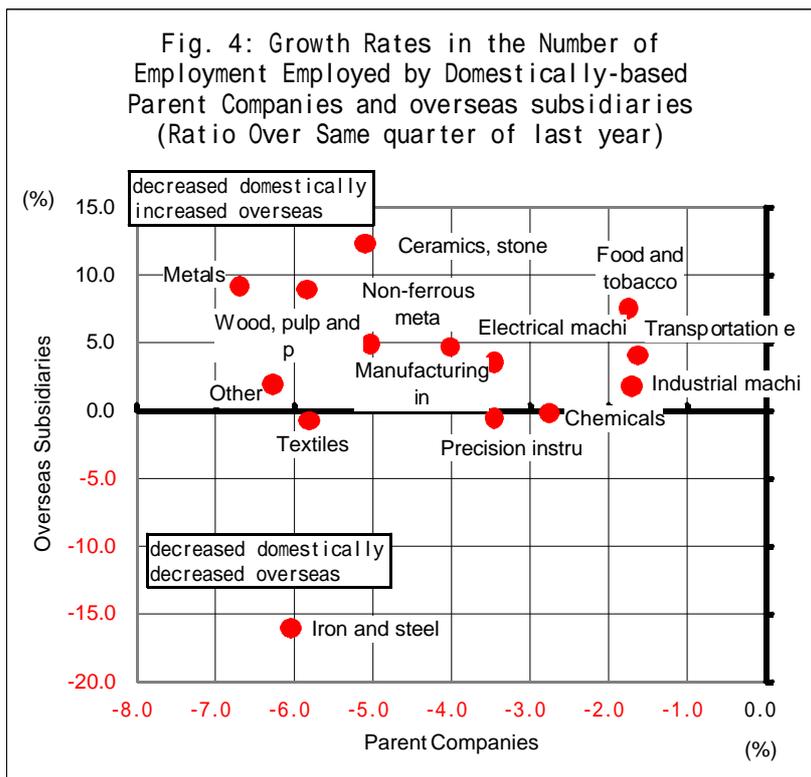
	Number of employees			Ratio Over Same quarter of last year	Ratio Over Previous Quarter	Next Term Outlook (DI points compared to previous Term)	
	Jul. - Sept. 1998	Apr. - Jun. 1999	Jul. - Sept. 1999	Jul. - Sept. 1999	Jul. - Sept. 1999	Jul. - Dec. 1999	Oct. 1999 - Mar. 2000
Total	1,571,397	1,616,736	p 1,626,554	p 3.5	p 0.6	3.8	p -1.4
North America	405,871	408,369	p 399,648	p -1.5	p -2.1	8.1	p -2.2
Asia	863,690	894,812	p 915,567	p 6.0	p 2.3	4.4	p -0.8
Asean4	463,373	492,358	p 501,333	p 8.2	p 1.8	4.7	p -2.4
Nies3	124,580	119,630	p 116,663	p -6.4	p -2.5	4.3	p 0.1
China and other	275,737	282,824	p 297,571	p 7.9	p 5.2	2.3	p 1.0
Europe	196,186	207,189	p 205,616	p 4.8	p -0.8	-0.1	p 0.2
Other	105,650	106,366	p 105,723	p 0.1	p -0.6	-12.4	p -6.4

- The number of regular employees in domestic parent companies is decreasing. It was 2.63 million in the July-September quarter, a 3.4% decrease from the same quarter of the previous year. The decreasing rate exceeded the preceding quarter's rate of 2.6%, which had been the highest rate since the start of the survey. The number of regular workers reduced in all industries.

- The number of employees in overseas subsidiaries increased by 3.5% from the same quarter of the previous year to 1,627,000, an increase for two consecutive quarters. A remarkable increase was seen in ASEAN 4 and Europe.

- With respect to prospects for the period from October 1999 to March 2000, domestic parent companies' DI decreased by 0.4 points (-34.5 to -34.9), but the decreasing rate reduced. A decrease in the DI was seen in seven industries, including the transportation equipment industry.

Overseas subsidiaries' DI fell by 1.4 points (5.4 to 4.0), but the level remained positive. The DI decreased in seven industries, such as the electrical machinery industry.



Status of Overseas Subsidiaries by region

• With respect to overseas subsidiaries' prospects for the period from October 1999 to March 2000, the DI of investment in plant and equipment (amount of acquired tangible fixed assets except land) increased by 4.7 points from the preceding quarter, and the level also improved for three consecutive quarters (3.9 for the October 1998-March 1999 period 7.5 12.2). While an improvement was seen in three areas in the preceding quarter (April-September), it was seen in all the six areas in this quarter. The DI rose in ten industries, including the transportation equipment industry.

Overseas subsidiaries' investment in plant and equipment decreased by 11.7% from the same quarter of the previous year to 510.4 billion yen in the April-September period. Investment by affiliated companies in Europe showed a 72.4% increase mainly because of large investment by the transportation equipment industry.

• Although the DI of sales decreased by 6.0 points, the first decrease in four quarters, it remained comparatively high (the quarter before last 28.8 34.0 28.0). The DI of sales fell in all areas except Europe, but the level remained comparatively high in all areas except NIES 3.

Sales decreased by 11.8% from the same quarter of the previous year to 8,865.9 billion yen, a decrease for four consecutive quarters. This is partly because local currencies fell against the Japanese yen. For example, the US dollar fell against the Japanese yen by 18.8% from the same quarter of the previous year. Sales by overseas subsidiaries in North America and Europe showed a remarkable decrease of 11.9% and 15.8% respectively, while sales by those in Asia showed a slight 5.3% decrease.

• Local sales by overseas subsidiaries decreased by 9.1% from the same quarter of the previous year to 5,291.8 billion yen, a decrease for four consecutive quarters. Local sales by affiliated companies in Asia, especially in ASEAN 4, showed an increase for two consecutive quarters, although the increasing rate in each quarter was small (4.2% and 2.3%).

• The number of employees increased by 3.5% from the same quarter of the previous year to 1,627,000. In Asia especially, the number increased for two consecutive quarters (by 4.5% and by 6.0%), because of a large increase in the number in ASEAN 4 and in China and Other Asian Countries.

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

(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)	
	Jul. - Sept. 1998	Apr. - Jun. 1999	Jul. - Sept. 1999	Jul. - Sept. 1999	Jul. - Sept. 1999	Jul. - Dec. 1999	Oct. 1999 - Mar. 2000
Sales	10,056,521	9,333,032	p 8,865,870	p -11.8	p -5.0	5.2	p -6.0
Exports to Japan	695,694	652,682	p 673,780	p -3.1	p 3.2	5.1	p -1.9
Local sales	5,822,788	5,687,670	p 5,291,758	p -9.1	p -7.0	3.5	p -3.8
Number of employees	1,571,397	1,616,736	p 1,626,554	p 3.5	p 0.6	3.8	p -1.4
Proportion of local sales to all sales	57.9	60.9	p 59.7				
	Apr. - Sept. 1998	Oct. 1998 - Mar. 1999	Apr. - Sept. 1999	Apr. - Sept. 1999	Apr. - Sept. 1999	Apr. - Sept. 1999	Oct. 1999 - Mar. 2000
Acquisition of tangible fixed assets	577,907	624,654	p 510,431	p -11.7	p -18.3	3.6	p 4.7

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)	
	Jul. - Sept. 1998	Apr. - Jun. 1999	Jul. - Sept. 1999	Jul. - Sept. 1999	Jul. - Sept. 1999	Jul. - Dec. 1999	Oct. 1999 - Mar. 2000
Sales	4,687,596	4,327,275	p 4,129,783	p -11.9	p -4.6	-0.8	p -4.1
Exports to Japan	82,370	70,985	p 75,913	p -7.8	p 6.9	1.3	p -0.6
Local sales	3,276,322	3,157,857	p 2,934,243	p -10.4	p -7.1	-0.3	p -6.7
Number of employees	405,871	408,369	p 399,648	p -1.5	p -2.1	8.1	p -2.2
Proportion of local sales to all sales	69.9	73.0	p 71.1				
	Apr. - Sept. 1998	Oct. 1998 - Mar. 1999	Apr. - Sept. 1999	Apr. - Sept. 1999	Apr. - Sept. 1999	Apr. - Sept. 1999	Oct. 1999 - Mar. 2000
Acquisition of tangible fixed assets	267,469	258,044	p 165,887	p -38.0	p -35.7	1.0	p 4.0

Sales and Local Sales

Sales decreased by 11.9% from the same quarter of the previous year to 4,129.8 billion yen, a decrease for four consecutive quarters (by 8.3% two quarters ago and by 5.3% a quarter ago). Sales fell in all industries except the non-ferrous metal industry and the transportation equipment industry. The decrease in sales is partly due to stronger yen.

Local sales decreased by 10.4% to 2,934.2 billion yen because they reduced in all industries except the transportation equipment industry, the precision instruments industry and the non-ferrous metal industry.

With respect to prospects for the period from October 1999 to March 2000, the DI of sales fell by 4.1 points from the preceding quarter (35.2 to 31.1) and the DI of local sales reduced by 6.7 points (35.0 to 28.3), but the levels of both DIs remained high. The DI of sales decreased in eight industries, including the transportation equipment industry and the electrical machinery industry.

Investment in Plant and Equipment

The investment in plant and equipment in the April-September period reduced by 38.0% from the same quarter of the previous year to 165.9 billion yen because of a decrease in investment in nine industries, including the transportation equipment industry and the electrical machinery industry.

With respect to prospects for the period from October 1999 to March 2000, the DI improved by 4.0 points (9.7 to 13.7). An improvement in the DI was seen in seven industries, such

as the transportation equipment industry and the electrical machinery industry.

Employment

The number of employees decreased by 1.5% from the same quarter of the previous year to 400,000. A decrease was seen in the electrical machinery industry, the chemical industry and the iron and steel industry.

With respect to prospects for the period from October 1999 to March 2000, the DI of employment decreased by 2.2 points (8.1 to 5.9). A decrease in the DI was seen in eight industries, including the transportation equipment industry.

Reimports

Exports to Japan, or reimports, decreased by 7.8% from the same quarter of the previous year to 75.9 billion yen. Reimports by the electrical machinery industries and other six industries showed a decrease. However, the percentage of reimports of sales was meager 1.8%.

With respect to prospects for the period from October 1999 to March 2000, the DI of reimports decreased from the preceding quarter by 0.6 points (3.8 to 3.2). A decrease in the DI was seen in four industries, including the general machinery industry.

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)	
	Jul. - Sept. 1998	Apr. - Jun. 1999	Jul. - Sept. 1999	Jul. - Sept. 1999	Jul. - Sept. 1999	Jul. - Dec. 1999	Oct. 1999 - Mar. 2000
Sales	1,096,627	1,027,129	p 1,069,284	p -2.5	p 4.1	14.0	p -9.6
Exports to Japan	280,964	279,253	p 272,782	p -2.9	p -2.3	8.7	p -3.5
Local sales	339,418	361,057	p 395,488	p 16.5	p 9.5	11.3	p -5.5
Number of employees	463,373	492,358	p 501,333	p 8.2	p 1.8	4.7	p -2.4
Proportion of local sales to all sales	31.0	35.2	p 37.0				
	Apr. - Sept. 1998	Oct. 1998 - Mar. 1999	Apr. - Sept. 1999	Apr. - Sept. 1999	Apr. - Sept. 1999	Apr. - Sept. 1999	Oct. 1999 - Mar. 2000
Acquisition of tangible fixed assets	91,654	100,935	p 71,961	p -21.5	p -28.7	18.0	p 4.7

Sales and Local Sales

Sales decreased by 2.5% from the same quarter of the previous year to 1,069.3 billion yen, a decrease for two consecutive quarters because of a sales decline in seven industries, including the electrical machinery industry.

This is partly due to a stronger yen. With respect to the transportation equipment industry, a sales increase from the same quarter of the previous year continued for three consecutive years (by 19.3%, 19.9% and 21.2%), contributing to the increase in sales by all industries.

Local sales increased again by 16.5% from the same quarter of the previous year to 395.5 billion yen because of an increase in seven industries, including the transportation equipment industry.

With respect to prospects for the period from October 1999 to March 2000, the DI of sales reduced by 9.6 points (42.9 to 33.3) and the DI of local sales fell by 5.5 points (32.9 to 27.4). Although both declined for the first time in four quarters, they remained comparatively high. Sales worsened in six industries, including the electrical machinery industry, but the transportation equipment industry' DI showed a remarkable increase of 16.7 points (41.5 to 58.2).

Investment in Plant and Equipment

Although investment in plant and equipment increased by 15.7% from the same quarter of the previous year in the period from October 1998 to March 1999, it decreased by 21.5% to 72 billion yen in the April-September period. A decrease was seen in the transportation equipment industry and other six industries.

With respect to prospects for the period from

October 1999 to March 2000, the DI rose by 4.7 points from 10.3 to 15.0. An improvement in the DI was seen in eight industries, including the transportation equipment industry and the electrical machinery industry.

Employment

The number of employees grew by 8.2% from the same quarter of the previous year to 501,000, an increase for two consecutive quarters. It increased in eight industries, including the electrical machinery industry.

With respect to prospects for the period from October 1999 to March 2000, the DI fell from the preceding quarter by 2.4 points (11.8 to 9.4), the first decrease in four quarters. The DI dropped in six industries, such as the electrical machinery, transportation equipment and general machinery industries.

Reimports

Exports to Japan, or reimports, decreased by 2.9% from the same quarter of the previous year to 272.8 billion yen because of a reimport decline in eight industries, including the electrical machinery industry. The ratio of reimports of electrical machinery to the total was 68.9%.

With respect to prospects for the period from October 1999 to March 2000, the DI fell from the preceding quarter by 3.5 points (17.4 to 13.9), the first decrease in four quarters.

While a decrease was seen in six industries, such as the electrical machinery industry, an improvement was seen in the transportation equipment industry.

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)	
	Jul. - Sept. 1998	Apr. - Jun. 1999	Jul. - Sept. 1999	Jul. - Sept. 1999	Jul. - Sept. 1999	Jul. - Dec. 1999	Oct. 1999 - Mar. 2000
Sales	909,913	800,555	p 790,890	p -13.1	p -1.2	5.6	p -13.6
Exports to Japan	137,675	128,582	p 124,198	p -9.8	p -3.4	4.3	p -2.2
Local sales	389,140	384,788	p 378,836	p -2.6	p -1.5	5.2	p -8.4
Number of employees	124,580	119,630	p 116,663	p -6.4	p -2.5	4.3	p 0.1
Proportion of local sales to all sales	42.8	48.1	p 47.9				
	Apr. - Sept. 1998	Oct. 1998 - Mar. 1999	Apr. - Sept. 1999	Apr. - Sept. 1999	Apr. - Sept. 1999	Apr. - Sept. 1999	Oct. 1999 - Mar. 2000
Acquisition of tangible fixed assets	51,733	48,793	p 55,959	p 8.2	p 14.7	-0.5	p 7.6

Sales and Local Sales

Sales decreased by 13.1% from the same quarter of the previous year to 790.9 billion yen, a decrease for seven consecutive quarters. A decrease in sales was seen in nine industries, including the electrical machinery industry. This is partly due to the stronger yen.

Compared with a 0.3% increase in the preceding quarter, local sales decreased by 2.6% to 378.8 billion yen because they reduced in eight industries, including the chemical industry.

With respect to prospects for the period from October 1999 to March 2000, the DI of sales fell from the preceding quarter by 13.6 points (19.5 to 5.9) and the DI of local sales decreased by 8.4 points (22.1 to 13.7). Both fell for the first time in four quarters. A decline in the DI of sales was seen in six industries, including the electrical machinery industry.

Investment in Plant and Equipment

After a 1.5% increase in the period from October 1998 to March 1999, investment in plant and equipment increased by 8.2% from the same quarter of the previous year to 56 billion yen in the April-September period. Sven industries, such as the chemical industry, increase the investment.

With respect to prospects for the period from October 1999 to March 2000, the DI improved by 7.6 points from a negative 4.3 to a positive 3.3. An improvement in the DI was seen in eight industries, such as the chemical industry and the electrical machinery industry.

Employment

The number of employees decreased by 6.4% from the same quarter of the previous year to 117,000, a decrease for eight consecutive quarters. It fell in five industries, including the electrical machinery industry, which accounted for 74.7% of the reduction in the number of employees.

With respect to prospects for the period from October 1999 to March 2000, the DI increased by 0.1 points from -6.9 to -6.8, but the level remained negative. An improvement in the DI was seen in seven industries, including the general machinery industry.

Reimports

Exports to Japan, or reimports, decreased by 9.8% from the same quarter of the previous year to 124.2 billion yen, a decrease for seven consecutive quarters. Reimports by the precision instruments industries and other five industries showed a decrease. The electrical machinery industry accounted for 72.2% of the total reimports.

With respect to the prospects for the period from October 1999 to March 2000, the DI decreased from the preceding quarter by 2.2 points (-3.4 to -5.6), a decrease after three consecutive quarters. The level of the DI remained negative for seven consecutive quarters. A decrease in DI was seen in five industries, including the general machinery industry.

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)	
	Jul. - Sept. 1998	Apr. - Jun. 1999	Jul. - Sept. 1999	Jul. - Sept. 1999	Jul. - Sept. 1999	Jul. - Dec. 1999	Oct. 1999 - Mar. 2000
Sales	609,571	596,213	p 616,927	p 1.2	p 3.5	3.9	p -2.2
Exports to Japan	156,356	146,497	p 167,571	p 7.2	p 14.4	8.3	p -2.3
Local sales	256,265	252,011	p 233,250	p -9.0	p -7.4	-0.9	p 0.1
Number of employees	275,737	282,824	p 297,571	p 7.9	p 5.2	2.3	p 1.0
Proportion of local sales to all sales	42.0	42.3	p 37.8				
	Apr. - Sept. 1998	Oct. 1998 - Mar. 1999	Apr. - Sept. 1999	Apr. - Sept. 1999	Apr. - Sept. 1999	Apr. - Sept. 1999	Oct. 1999 - Mar. 2000
Acquisition of tangible fixed assets	50,213	63,305	p 21,896	p -56.4	p -65.4	3.6	p 5.7

Sales and Local Sales

In spite of weaker local currencies against the Japanese yen, sales increased by 1.2% from the same quarter of the previous year to 616.9 billion yen. This is due to a sales increase in five industries, especially the electrical machinery industry, where sales increased by 11.0%.

Local sales decreased by 9.0% to 233.3 billion yen, a decrease for four consecutive quarters.

This is because it declined in seven industries, such as the precision instruments industry.

With respect to prospects for the period from October 1999 to March 2000, the DI of sales fell from the preceding quarter by 2.2 points (38.3 to 36.1). It reduced for the first time in four quarters, but the level of the DI remained high. A decrease in the DI was seen in the electrical machinery industry, the general machinery industry and other four industries. The DI of local sales rose slightly by 0.1 points (32.8 to 32.9). It improved in eight industries, but worsened in the electrical machinery industry.

Investment in Plant and Equipment

After an increase for three consecutive quarters, in the April-September period, investment in plant and equipment greatly reduced by 56.4% from the same quarter of the previous year to 21.9 billion yen. Investment reduced in all industries except the non-ferrous metal industry.

With respect to prospects for the period from October 1999 to March 2000, the DI increased by 5.7 points from 9.3 to 15.0. An increase in the DI was seen in eight industries, including the electrical machinery industry. The level of

the DI is rising.

Employment

The number of employees increased by 7.9% from the same quarter of the previous year to 298,000. Seven industries, such as the electrical machinery industry, increased the number of employees.

With respect to prospects for the period from October 1999 to March 2000, the DI rose by 1.0 point from 9.2 to 10.2. A rise in the DI was seen in the electrical machinery industry and other six industries.

Reimports

After a decrease for the five consecutive quarters, exports to Japan, or reimports, increased by 7.2% from the same quarter of the previous year to 167.6 billion yen because of an increase in four industries, including the electrical machinery industry.

With respect to prospects for the period from October 1999 to March 2000, the DI decreased by 2.3 points (16.7 to 14.4) from the preceding quarter. A decrease in the DI was seen in five industries, including the electrical machinery industry and the general machinery industry.

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)	
	Jul. - Sept. 1998	Apr. - Jun. 1999	Jul. - Sept. 1999	Jul. - Sept. 1999	Jul. - Sept. 1999	Jul. - Dec. 1999	Oct. 1999 - Mar. 2000
Sales	2,172,946	2,049,742	p 1,830,249	p -15.8	p -10.7	2.7	p 3.2
Exports to Japan	29,285	22,377	p 24,307	p -17.0	p 8.6	-1.4	p 1.5
Local sales	1,223,027	1,219,572	p 1,092,473	p -10.7	p -10.4	2.8	p 6.2
Number of employees	196,186	207,189	p 205,616	p 4.8	p -0.8	-0.1	p 0.2
Proportion of local sales to all sales	56.3	59.5	p 59.7				
	Apr. - Sept. 1998	Oct. 1998 - Mar. 1999	Apr. - Sept. 1999	Apr. - Sept. 1999	Apr. - Sept. 1999	Apr. - Sept. 1999	Oct. 1999 - Mar. 2000
Acquisition of tangible fixed assets	100,603	131,787	p 173,444	p 72.4	p 31.6	-4.9	p 1.8

Sales and Local Sales

Sales decreased by 15.8% from the same quarter of the previous year to 1,830.2 billion yen, a decrease for three consecutive quarters. The decrease in sales is partly due to a stronger yen. Sales reduced in seven industries, including the transportation equipment industry and the electrical machinery industry.

Local sales decreased by 10.7% to 1,092.5 billion yen, a decrease for two consecutive quarters. A reduction in local sales was seen in eight industries, including the electrical machinery industry and the transportation equipment industry.

With respect to prospects for the period from October 1999 to March 2000, the DI of sales rose from the preceding quarter by 3.2 points (22.7 to 25.9) and the DI of local sales increased by 6.2 points (22.1 to 28.3). Both increased for two consecutive quarters, and the levels remained high.

The DI of sales improved in six industries, such as the chemical industry, and the DI of local sales also rose in seven industries, such as the chemical industry.

Investment in Plant and Equipment

In the April-September period, investment in plant and equipment increased by 72.4% from the same quarter of the previous year to 173.4 billion yen because of an increase in three industries, especially the transportation equipment industry.

With respect to prospects for the period from October 1999 to March 2000, the DI improved by 1.8 points from 11.3 to 13.1. An improvement in the DI was seen in six

industries, such as the general machinery industry.

Employment

The number of employees increased by 4.8% from the same quarter of the previous year to 206,000. An increase was seen in the chemical industry, the ceramic, clay and stone products industry and other four industries.

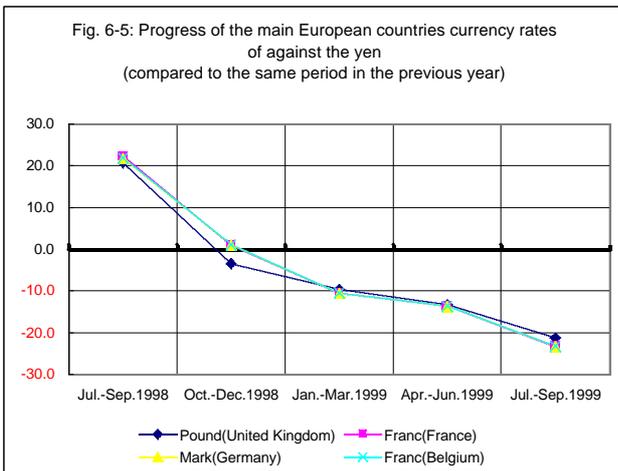
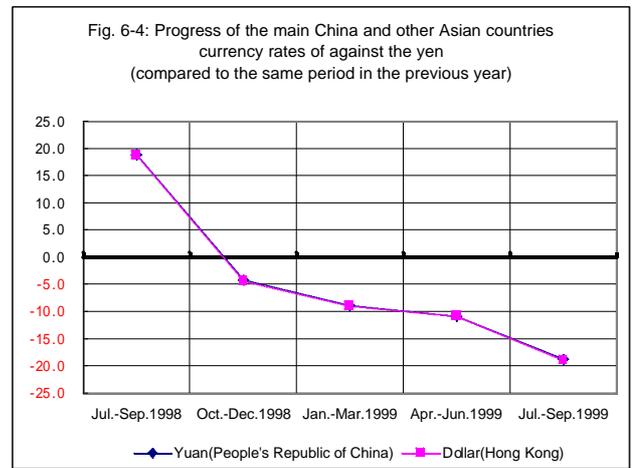
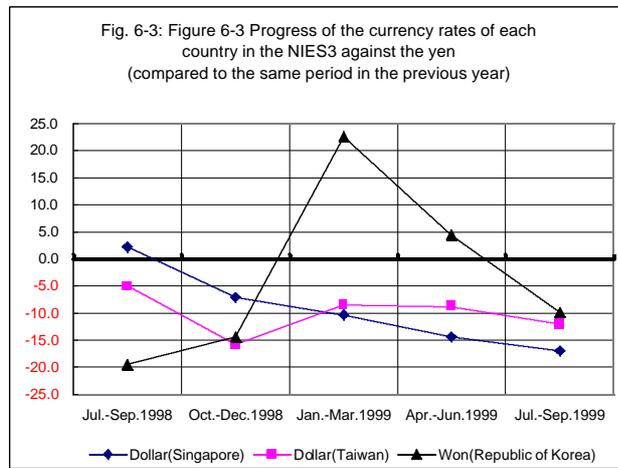
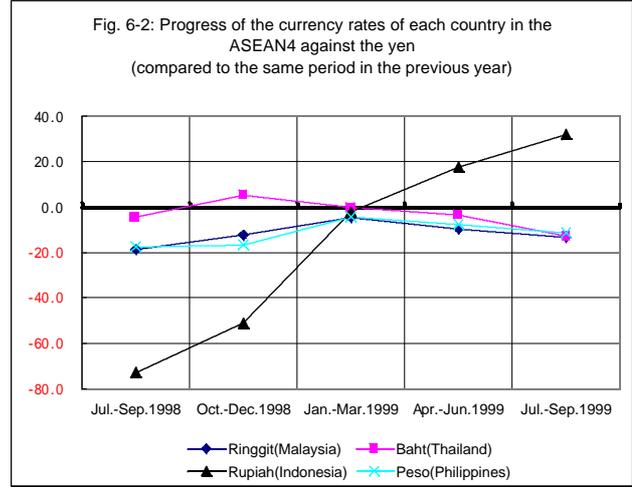
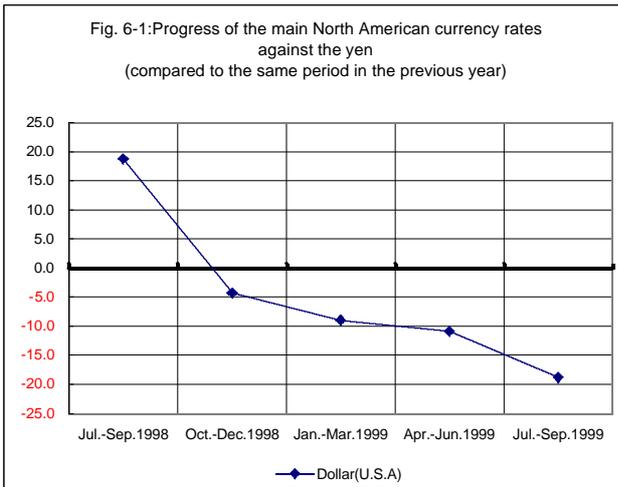
With respect to prospects for the period from October 1999 to March 2000, the DI rose slightly by 0.2 points from -1.0 to -0.8 from the previous period. A rise in the DI was seen in five industries, including the transportation equipment industry.

Reimports

Exports to Japan, or reimports, decreased by 17.0% from the same quarter of the previous year to 24.3 billion yen, a decrease for four consecutive quarters. A decrease was seen in the electrical machinery industry and other four industries. The percentage of reimports to sales was a small 1.3%.

With respect to prospects for the period from October 1999 to March 2000, the DI increased from the preceding quarter by 1.5 points (2.7 to 4.2), but the level remained low. The DI rose in six industries, including the electrical machinery industry.

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



International Financial Statistics (International Monetary Fund)