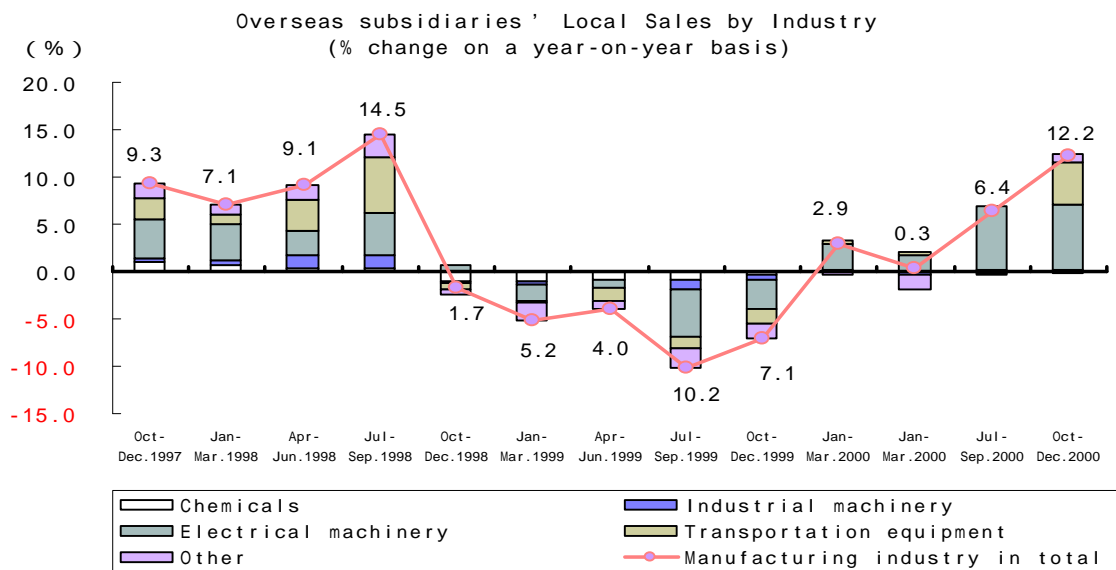
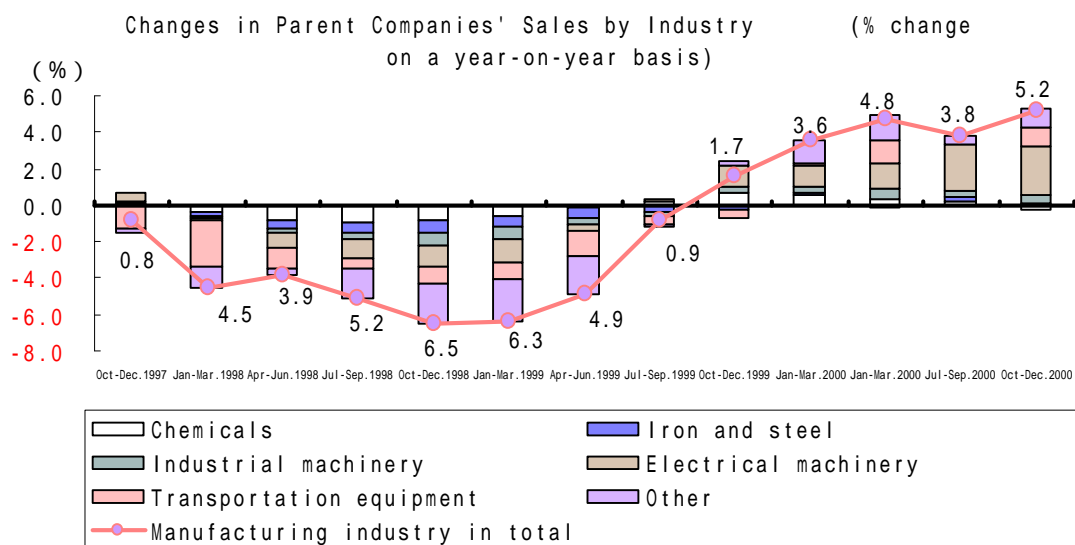


- Local sales (Note 3) of overseas subsidiaries increased in all regions. Consequently, sales increased for four consecutive periods.



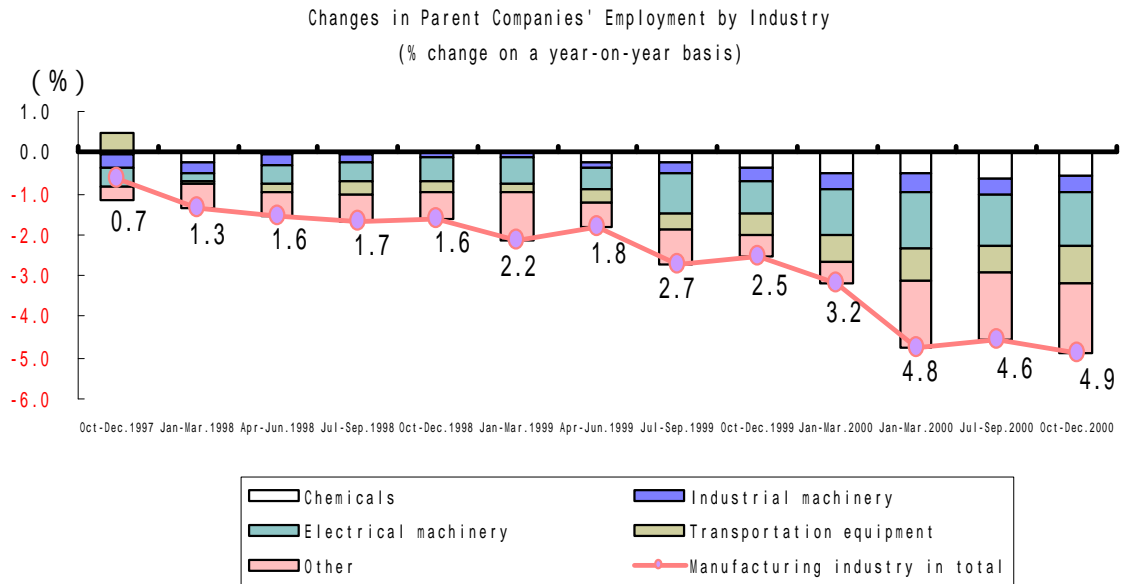
- Regarding Japanese (domestic) parent companies' sales, since 9 (mainly electrical machinery) out of 13 industries increased, sales increased for five consecutive periods.



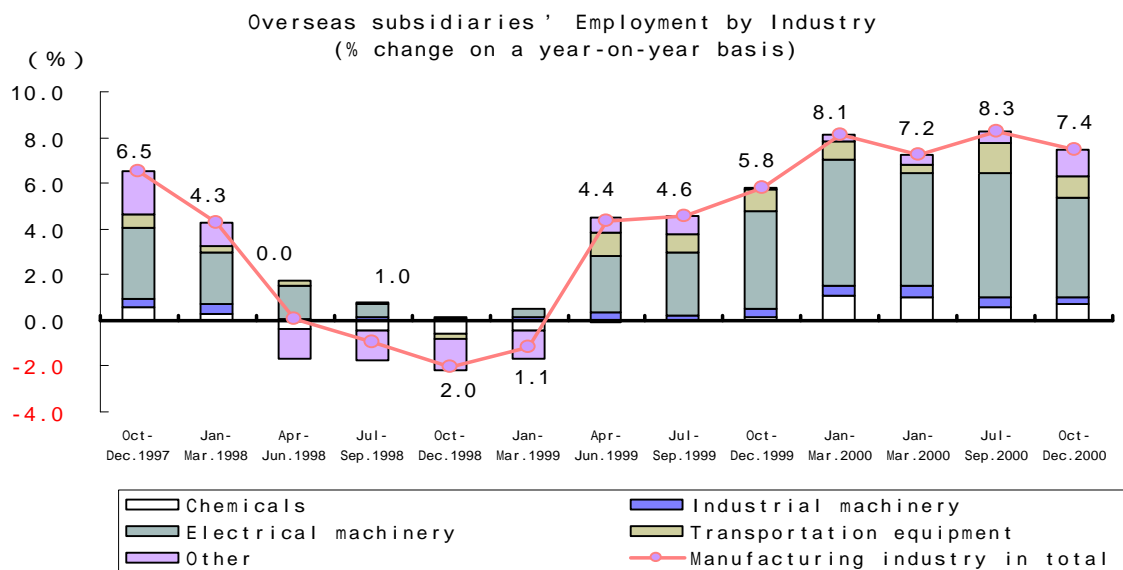
2. Employment

- Since the number of regular employees at domestic parent companies has expanded from a slight decrease in the previous period, the decreasing trend continues.
- Although the number of employees of overseas subsidiaries has increased compared with the same period of the previous year for seven consecutive periods, the trend in expansion which continued for seven consecutive periods compared with the previous period has ended.
- The DI of employees at overseas subsidiaries compared with the previous period has declined for three consecutive periods.

The number of regular employees of domestic parent companies decreased by -4.9% from the same period of the previous year. Compared with the previous period, it decreased slightly, so the decreasing trend continues.



Since the number of employees of overseas subsidiaries increased in all regions, it increased by 7.4% from the same period of the previous year for seven consecutive periods. As a result, the overseas employment rate (Note 4) increased by 8.0 points to 69.6%. However, the rate of the previous period fell to negative digits in most regions except for China, other Asian regions and the NIES3. So it remains the same level in all regions. The trend of expansion for seven consecutive periods appears to be slowing.



When comparing the DI with the previous period, despite an improvement of 4.3 points at domestic parent companies (-25.1 -20.8), the level still continues to fall sharply. Furthermore, the DI of overseas subsidiaries which has fallen in Europe and other regions except for a few which declined by -6.6 points for three consecutive periods (11.6 9.2 2.6).

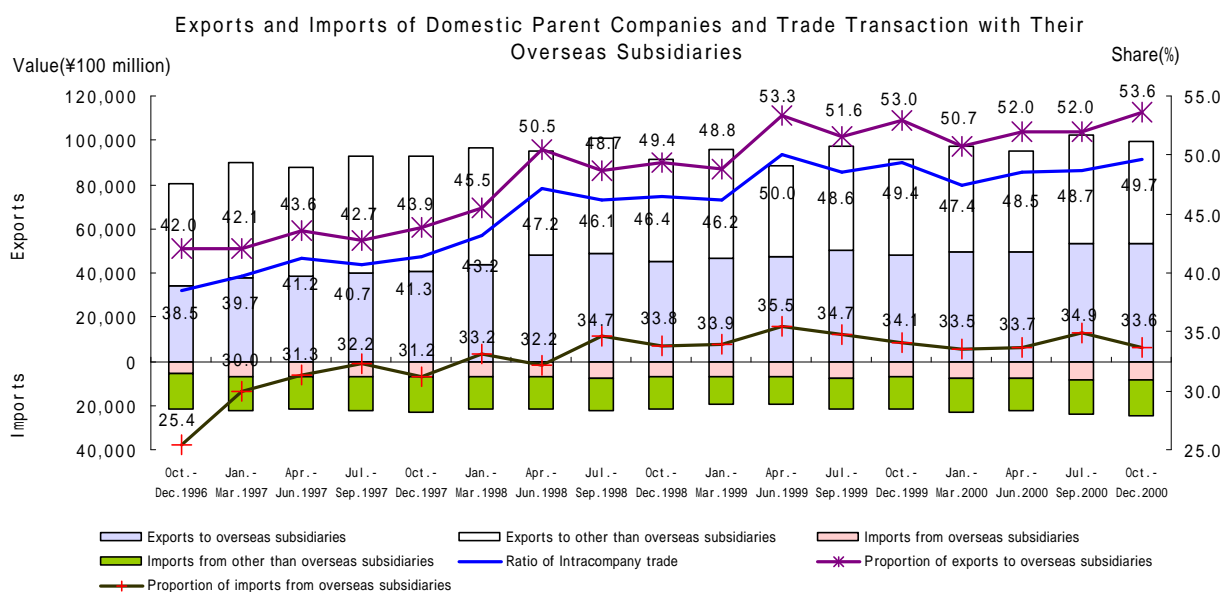
3. Transactions within companies

- The ratio of transactions (exports and imports) between domestic parent companies and overseas subsidiaries increased slightly compared with the same period of the previous year.

When observing transactions within companies between domestic parent companies and overseas subsidiaries, since exports toward overseas affiliated companies increased by 10.9% from the same period of the previous year, the ratio (53.6%) in total exports of domestic parent companies increased by 0.6 points. On the other hand, imports from overseas affiliated companies increased by 11.7% mainly in electrical machinery and general machinery. However, the rate (33.6%) in total exports of domestic parent companies contributed to lower growth of total imports (increase of 13.4% from the same period of the previous year), which declined by -0.5% points.

The rate (49.7%) of exports and imports with overseas subsidiaries in total exports and imports of domestic parent companies increased by 0.3 points from the same period of the previous year.

However, DI rates for total exports and imports at domestic parent companies at the beginning of the period deteriorated considerably by -15.5 points (12.0 → -3.5) and by -12.9 points (13.3 → 0.4) respectively.



(Note 1) DI (diffusion index) = rates to which companies replied that their rate increased – rates of companies to which companies replied that their rate decreased

The rate of the previous period for DI = the current period's DI – the previous period's DI

(Note 2) When comparing the Japanese yen conversion rate for foreign currencies where overseas subsidiaries are located subject to this survey from the same period of the previous year, local currency depreciation in the exchange rate of major nations or ASEAN 4 (-12.1% in Euro), attention should be given to local currency appreciation against yen (5.1% from the same period of the previous year in US dollars) in North America, China and other major Asian countries and each nation of NIES3.

Incidentally, regarding the floating Japanese yen rate against foreign currencies, please refer to Page 6, "Transition in Japanese yen rate against major regional currencies".

(Note 3) Local sales indicate sales within countries where overseas subsidiaries are located.

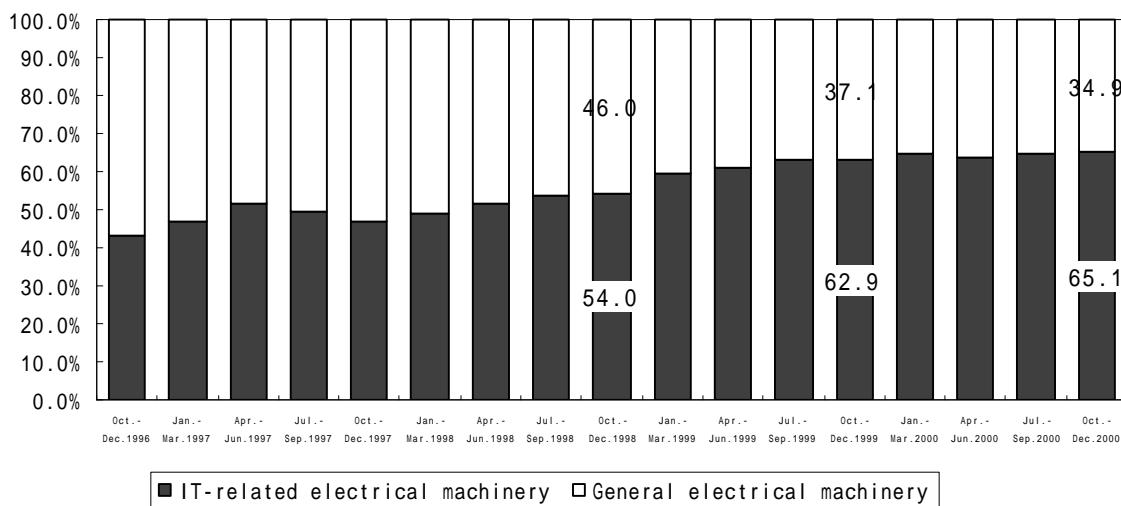
(Note 4) Overseas employment rate = number of employees at overseas subsidiaries/number of regular employees at domestic parent companies

Continuous Expansion of Re-importation from Asia
Primarily in IT-related Electrical Machinery

Exports (re-imports) of overseas subsidiaries toward Japan were ¥798.9 billion (24.1% from the same period of the previous year) have increased for five consecutive periods. In particular, Asia continues to display a sharp increase of 25.6%, particularly in key electrical machinery.

If we classify electrical machinery in Asia into IT-related and other generally related types, the rate of IT related electrical machinery for the current period increased sharply by 29.5% from the same period of the previous year (Table 1); whereas, the rate of generally related electrical machinery increased by 17.9%. When observing the transition in rates of IT-related and general related electronic machinery (Figure 1), we can see that during the current period the rate of IT-related machinery increased by 2.2 % points from the previous year of 65.1%.

Figure 1 Ratios of IT-related electrical machinery in the total electrical machinery, exported to Japan from Asia



Note: Of electrical machinery, IT-related electrical machinery represents computers, electrical communications equipment, electronic communications equipment and parts, integrated circuits, etc. General electrical machinery represents household electric equipment, acoustic equipment, heavy electrical equipment, etc., excluding IT-related electrical machinery.

Progress of the currency rates of the main regions against the yen

