

Quarterly Survey of Japanese Business Activities(Overseas subsidiary Edition)
Results for April-June 2001 and Prospects for July-December 2001

1. Sales

- The DI of total sales (the prospect for the July-December half of 2001) has deteriorated for the fifth consecutive term.
- On a yen basis, sales have increased by 7.1 % from the same period last year. The increase rate of total sales, however, has slowed for the second consecutive term.
- Total exports to Japan (total reimports) have increased by 7.3% from the same period last year.

- (1) The DI (note 1) of total sales by Overseas subsidiaries has deteriorated by 1.0 percentage point from the previous term (14.0 to 13.0), registering a drop for the fifth straight term.
- Seen by the type of industry, eight out of thirteen industries saw drops in the DIs, such as transport equipment, general machinery. Although electrical machinery saw an increase in the DI, the DI level was low.
 - Seen by region, the DIs of total sales by Overseas subsidiaries have decreased in China & other Asia and North America. In China & other Asia, nine industries such as general machinery saw drops in the DIs, but the DI levels remained high.
- (2) Partly because of the yen's fall against local currencies, on a yen basis, total sales by Overseas subsidiaries (note 2) have increased 7.1% from the same period last year. However, the increase rate has slowed for two consecutive terms.
- Seen by the type of industry, nine out of thirteen industries have increased sales such as transport equipment and chemical. Above all, transport equipment made a large contribution to total sales increase due to the influence of industrial mergers in North America. In contrast, electrical machinery saw a drop in sales.
 - Seen by region, Overseas subsidiaries have increased sales in North America, and China & other Asia while companies in NIES3 and Europe have decreased sales. In North America, transport equipment has increased sales along with other industries. In China & other Asia, most of industries have increased sales.
- (3) Total exports to Japan (total reimports) have increased by 7.3% from the same period last year. However, the increase rate has slowed (24.3% to 19.1%, and to 7.3%).
- Seen by the type of industry, transport equipment and general machinery increased exports to Japan.
 - Seen by region, exports to Japan have increased in China & other Asia and ASEAN4. In China & other Asia, general machinery saw a large increase in exports, and ten industries including electrical machinery increased exports. In ASEAN4, electrical machinery and general machinery have increased exports, but the increase rates have slowed.

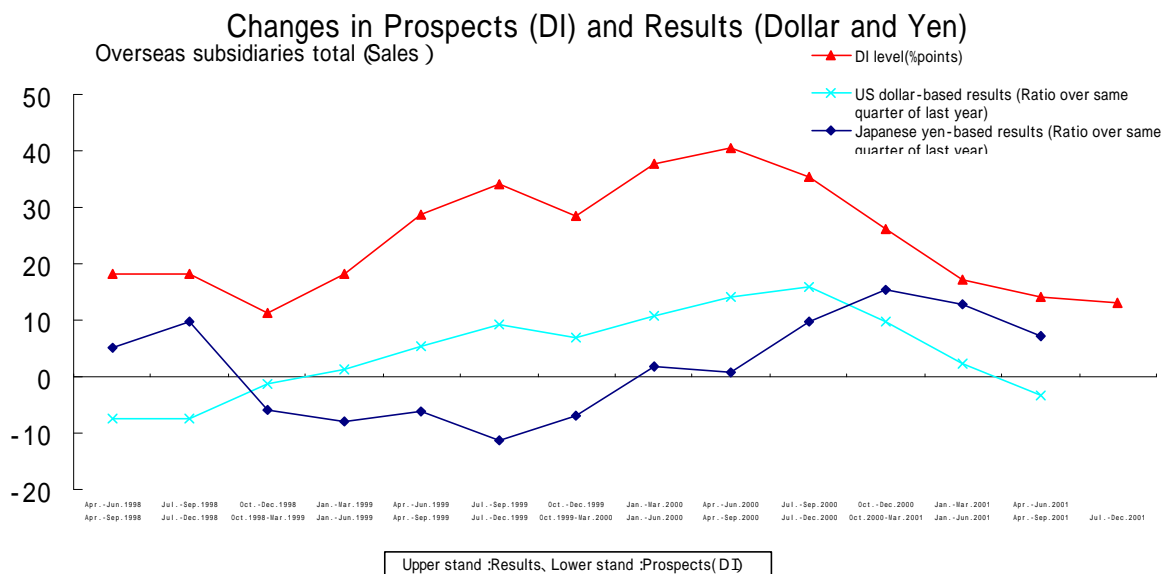
Results for April-June 2001 and Prospects for July-December 2001

Unit(Results Ratio over same quarter of last year:%、Prospects Ratio over previous term:%points)

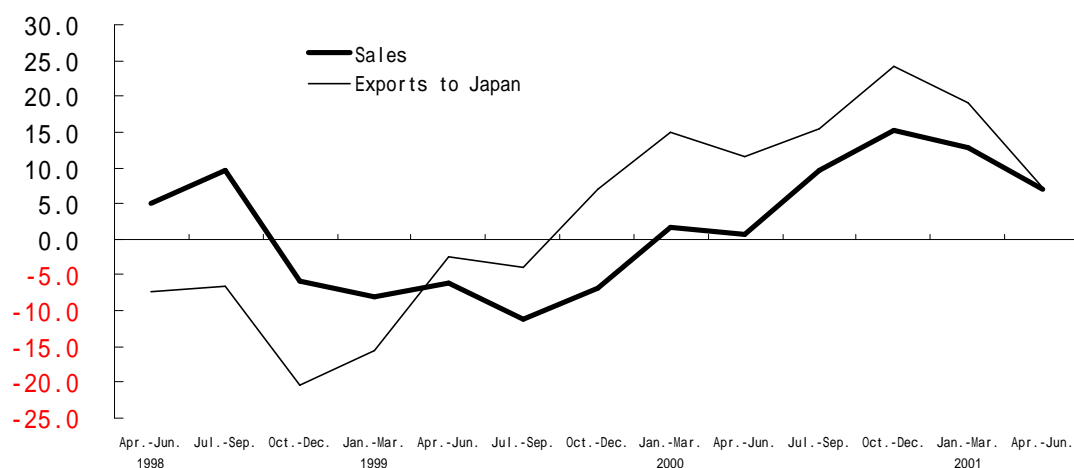
	Total	North America	Asia	Asean4	Nies3	China and other	Europe
Sales							
Results	7.1	11.9	3.9	8.2	-10.7	16.1	-6.8
Prospects	-1.0	-4.0	1.5	3.2	9.1	-7.8	-1.7
Exports to Japan							
Results	7.3	-0.1	9.5	5.9	-3.4	25.3	-23.0
Prospects	2.2	-6.3	5.5	3.9	4.3	6.7	-2.6
Number of employees							
Results	-0.3	-4.1	1.7	0.7	-4.5	5.7	-3.1
Prospects	1.4	-0.4	2.8	3.5	-0.2	1.6	-0.4

Results for April-June 2001 and Prospects for July-December 2001 by the type of industry
 Unit(Results Ratio over same quarter of last year:%、Prospects Ratio over previous term:%points)

	Total	Chemicals	Industrial machinery	Electrical machinery	Transportation equipment
Sales					
Results	7.1	17.9	2.0	-7.2	24.5
Prospects	-1.0	-1.7	-12.4	8.3	-4.6
Exports to Japan					
Results	7.3	1.5	25.3	1.8	26.0
Prospects	2.2	-1.7	-5.6	0.0	11.8
Number of employees					
Results	-0.3	-4.2	1.5	-2.5	6.3
Prospects	1.4	1.0	-4.5	-2.7	6.8



Sales and Exports to Japan(Ratio over same quarter of last year)



2. Total investments in plant and equipment (the total amount of money for the acquisition of fixed assets excluding land)

- The DI of total investments in plant and equipment (prospects for the July-December half of 2001) has risen slightly.
- Twenty-seven point six percent of companies have answered that they intended to increase investments in plant and equipment. Below 70 % of these companies planned to increase investment in order to boost productivity.

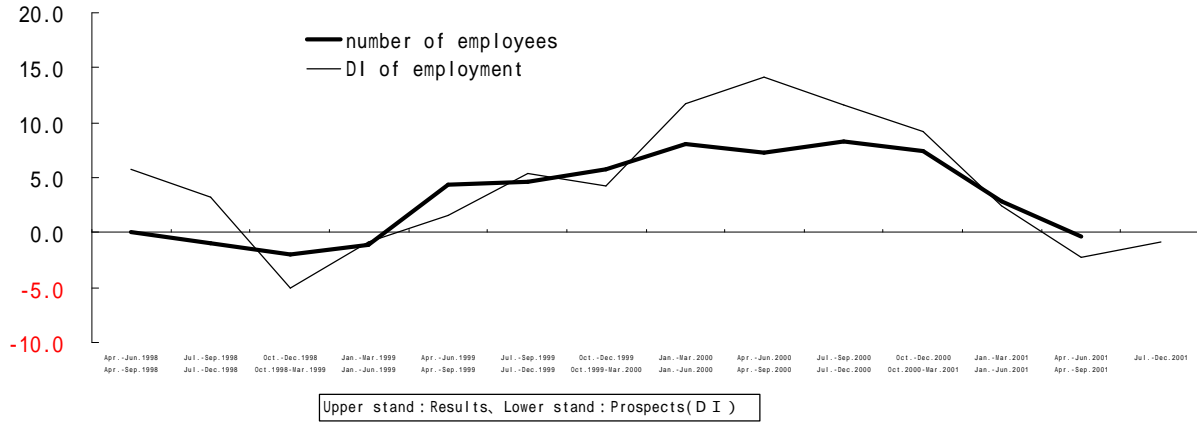
- (1) The DI of total investments in plant and equipment has risen by 4.8 percentage point from the previous term (7.9 to 12.7).
 - Seen by the type of industry, five out of thirteen industries have increased their DIs, such as electrical machinery and transport equipment.
 - Seen by region, although the DI of investments has increased in Asia and North America, the increase rates remained less than 10%.
- (2) Twenty-seven point six percent of companies (439 out of 1,593 companies that responded) have answered that they intended to increase investments in plant and equipment. Seen by the objective of increasing investments (plural answers acceptable), “a boost in productivity” accounts for below 70%, “renewal and repair” below 30%, and “rationalization and streamlining” about 20%.
- (3) With regard to results of this term (the April-June quarter of 2001), seen by the type of industry, electrical machinery’s investments accounts for below 40 % of the total, and transport equipment’s investments about 20%. Seen by region, investments in North America accounts for about 40%, and investments in ASEAN4 about 20%.

3. Employment

- The total number of employees (at the end of the April-June quarter of 2001) was 1,935,000 employees, a 0.3% of decrease from the previous year for the first time in nine quarters.
- The DI of the total number of employees (the prospects for the July-December half of 2001) has increased for the first time in five terms. The DI level was minus for the second consecutive term.

- (1) The total number of employees (at the end of the April-June quarter) was 1,935,000 employees, a 0.3% of decrease from the same period last year. After reaching its peak in the July-September quarter of 2000, the increase rate had slowed, and the number marked a negative figure for the first time in nine quarters.
 - Seen by the type of industry, seven industries such as electrical machinery have decreased the number while transport equipment have increased the number, comprising a large percentage of the total.
 - Seen by region, the numbers of employees have decreased in four regions such as North America and Europe while the numbers have continued to increase in China & other Asia and ASEAN4. In North America the decrease was attributed to a drop in number in electrical machinery. In contrast, in China & other Asia and ASEAN4, the numbers have increased in all industries except transport equipment. Above all, the numbers in electrical machinery have increased continuously.
- (2) The DI of the number of employees has increased by 1.4 percentage point (minus 2.3 to minus 0.9) from the previous term for the first time in five consecutive terms. However, the DI level was minus for two consecutive terms.
 - Seen by the type of industry, the DIs have increased in seven industries including transport equipment and precision machinery while the DIs have decreased in six industries such as electrical machinery and general machinery.
 - Seen by region, the DIs have increased in China & other Asia and ASEAN4.

Changes in employment (Ratio over same quarter of last year) and Prospects (DI)



Note 1:

DI = the ratio of companies that answered yes – the ratio of companies that answered no

DI compared with the previous term = DI for this term—DI for the previous term

DI for this term: DI gained from the survey of the April-July quarter of 2001(prospect for the July-December of 2001)

DI for the previous term: DI gained from the survey of the January-March quarter of 2001(prospect for the April-September of 2001)

Note 2:

Be aware to the appreciation of local currencies (a 15.0% of rise from the same period last year, a 3.9 % of rise from the previous term to the US dollar) when comparing the present exchange rates of local currencies to the yen. With regard to changes in the exchange rates of local currencies to the yen, refer to “Changes in the exchange rates of the major currencies to the yen in each region”.

For your information:

Since this term (the April-June quarter of 2001), Company Trend Survey has been renewed after being combined with “Industry and Economy Trend Survey” under the control of Ministry of Economy, Trade and Industry. In addition, because companies subject to survey and questions to ask were reconsidered, differences have become clear between this term’ findings and the previous term’s. Therefore, this term’s figures compared with the previous term were estimated only on the basis of the total figures of companies subject to survey from the previous fiscal year to this term.

Performance figures for each term were not adjusted.

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

