

Trends in Overseas Subsidiaries

(Quarterly Survey of Overseas Subsidiaries)

Results for July September 2003

Prospects for October 2003 March 2004

December 25, 2003

Enterprise Statistics Office

Research and Statistics Department

Ministry of Economy, Trade and Industry

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I. Quarterly Survey of Overseas Subsidiaries (formerly “Trend Survey of Japanese Companies”)

1. Outline of the survey

(1) Purpose of the survey

The purpose of this survey is to identify overseas economic trends in advance by surveying the results and prospects of overseas business activities of Japanese companies, and to understand the economic trends of Japanese companies overseas and actual conditions of economic globalization. An additional purpose is to contribute to drafting flexible industrial and trade policy.

(2) Legal basis of the survey

This is authorized statistics based on Article 4 of the Statistics Report Adjustment Law.

(3) Date of the survey

The survey was based on the period ending the last day of September 2003.

(The deadline for submitting the survey for this quarter was November 15, 2003.)

(4) Subject of the survey

Companies that meet all the following conditions as of the end of March 2003 are subject of the survey:

All industries except finance, insurance and real estate

Companies with more than 100 million yen capital

Companies with more than 50 employees

Companies with overseas subsidiaries

Among overseas subsidiaries that the above Japanese parent companies own, this survey is conducted for overseas subsidiaries that meet all of the following conditions (including overseas subsidiaries that were established during the term of the survey) as of the end of each quarter:

Manufacturing companies

Companies with more than 50 employees

Companies with more than 50% investment rate (adding direct investment and indirect investment) by parent companies.

(5) Response rate

The responses to the survey for this quarter are summarized below:

Number of companies subject to survey (overseas subsidiaries)	Number of companies that responded	Response rate
3598	2430	67.5%

(6) Method of the survey

The survey was conducted via mail, using self-declarations made by parent companies subject to the survey.

2. Usage notes

(1) With regard to publicized currencies

This “Quarterly Survey of Overseas Subsidiaries,” which consists of the former “Trend Survey of Japanese Companies” (excluding the “Survey of Parent Companies”), has been conducted since the April–June quarter of 2003, and focuses on overseas subsidiaries that engage in manufacturing overseas. Accordingly, amounts relating to overseas subsidiaries listed in local currencies are analyzed by converting them into US dollars at the average exchange rate for the quarter announced by the IMF.

(For exchange rates of major currencies relative to US dollars, please refer to page 37.)

(2) Adjustment to deal with gap in published values

There is a gap between the results of this quarter and those of previous quarters, due to the expansion of the scope of the survey (see 1-(4)- above: “investment rate over 50%” was changed to “50% or more”) since the April–June quarter of 2003. Therefore, comparisons between the current quarter and the corresponding quarter of the previous year are calculated and estimated by totaling figures only for overseas subsidiaries continuously subject to the survey since the corresponding quarter of the previous year.

(3) Method for determining numerical values

Quarterly numerical values

The numerical values for this quarter will be finalized in the following quarter.

Numerical values for previous year (quarter; fiscal year total)

Finalized in the quarter following the last quarter of the fiscal year (i.e., the April–June quarter).

[Inter-fiscal year amendment]

Fiscal year totals are indicated by the letter “p” in the January–March quarter.

(4) Annotations in the statistical tables

-: No results.

p: Preliminary estimated values. The numerical values for this quarter are preliminary estimates, and may be changed in the following quarter.

x: Signifies that data is being kept confidential, when there are only one or two parent companies for overseas subsidiaries. This may even be done in cases where there are three or more companies, in order to avoid the risk of enabling the calculation of “x” from the data provided.

r: Shows the change from the publicized value (other than preliminary estimate) for the previous quarter.

(5) Tabulation method

Data for all companies subject to the survey will be tabulated after estimating results for companies that did not submit their responses, based on the following formula in each region and industry (the number of employees given in the previous quarter will be used in the case of employees). All items are estimated except “the amount of acquired tangible fixed assets.”

Estimated values for this quarter for companies not submitting data

= value for corresponding quarter in previous year for relevant companies

× $\frac{\text{total values for this quarter of companies that submitted data both this quarter and the same quarter in previous year}}{\text{total values for same quarter in previous year of the companies that submitted both this quarter and the same quarter in previous year}}$

II. Findings of the survey

1. Sales trends

[Results]

Sales by overseas subsidiaries in the July–September quarter of 2003 totaled 110.28744 billion dollars (12.9665 trillion yen), a 5.7% increase compared to the corresponding quarter of the previous year, and the 6th consecutive quarter of growth. Conditions were especially favorable in transportation equipment and industrial machinery. The increase was led by steady growth in China and other Asian nations, and the maintaining of increases in Europe for 6 consecutive quarters. Sales in North America, however, declined.

- By industry, sales figures improved in 9 of 13 industries. In particular, transportation equipment (up 9.8% on the corresponding quarter of the previous year) and industrial machinery (13.7%) increased for the 6th consecutive quarter. In addition, growth in major industries such as chemicals (12.5%) was notable. On the other hand, iron and steel (-37.9%) declined for the 4th consecutive quarter due to the withdrawal of companies from the sector.
- By region, steady growth of 15.5% (compared to the corresponding quarter of the previous year) was observed in Asia. In particular, due to favorable conditions in IT-related industries, China recorded a 30%-plus increase (32.4%) for the 2nd consecutive quarter. Transportation equipment (48.3%) showed favorable results in ASEAN4 due to new market entrants. Furthermore, Europe also maintained steady growth (4.9%) in transportation equipment. On the other hand, growth in North America remained negative (-1.4%) due to the decline in iron and steel, although the rate of shrinkage did contract.

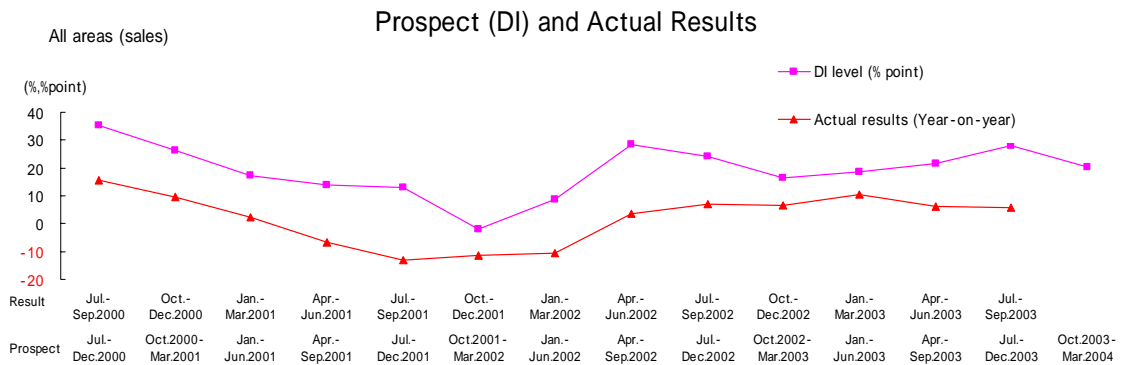
[Prospects (for October 2003–March 2004)]

The indicator of overseas subsidiaries' prospects (or "DI," defined as the percent of companies expecting an increase minus the percent of companies expecting a decrease) for this quarter stood at 20.1 percentage points, a positive figure for the 8th consecutive quarter. Compared with the previous quarter (current DI minus previous-quarter DI), this was a decline of 7.9 percentage points. Declines were observed in all regions except Europe.

- By industry, the DI was positive in 12 industries such as transportation equipment (19.4 percentage points) and electrical machinery (20.3 percentage points). Compared with the previous quarter, a decline was observed in 10 industries such as electrical machinery (-8.5 percentage points), transportation equipment (-7.0 percentage points) and iron and steel (-27.1 percentage points), whereas industrial machinery rose by 2.2 percentage points.
- The DI was in positive double digits in all regions except NIES3. In particular, China (including Hong Kong), which registered 47.7 percentage points the previous period,

maintained a high level of 34.4 percentage points. Though the prospects compared with the previous quarter improved in Europe (11.6 percentage points), it was down in Asia (-11.2 percentage points).

- In Europe, the DI for industrial machinery stood at 20.0 percentage points, shifting into positive territory after 3 consecutive quarters of negative figures.
- Transportation equipment in North America declined by 7.0 percentage points from the previous period, falling for the 3rd consecutive quarter, and the DI was 6.0 percentage points, in single digits for the first time in 4 quarters.



(1) Trends in main industries

Transportation equipment (sales share 39.3%)

[Results]

Transportation equipment sales for this quarter amounted to 43.37657 billion dollars (5.0998 trillion yen), an increase of 9.8% compared to the corresponding quarter of the previous year.

- By region (country), transportation equipment sales in Asia reached 8.69088 billion dollars (1,0218 trillion yen), an increase of 38.3%. In particular, due to the increase in Thailand, sales in ASEAN4 registered 4.79847 billion dollars (564.2 billion yen), representing significant growth of 48.3%. Sales in Europe amounted to 6.0833 billion dollars (715.2 billion yen), an increase of 11.7%. Furthermore, sales in North America, which accounted for 60% of sales in all regions, amounted to 24.18932 billion dollars (2.8439 trillion yen), a slight increase of 1.2%.

[Prospects (October 2003–March 2004)]

Prospects for sales compared to the previous quarter declined by 7.0 percentage points (26.4 19.4).

- By region (country), the DI was -8.0 percentage points in NIES3, but in other regions (countries) it was in relatively high positive figures. The ratio to the previous quarter improved in Europe (6.9 percentage points), but declined in North America (-7.0 percentage points) and Asia (-6.6 percentage points). A sharp decline was also observed in ASEAN4 (-37.7 percentage points).

Electrical machinery (sales share 32.7%)

[Results]

Electrical machinery sales for this quarter amounted to 36.05141 billion dollars (4.2386 trillion yen), a 0.7% increase compared to the corresponding quarter of the previous year.

- By region (country), sales in Asia amounted to 18.57379 billion dollars (2.1837 trillion yen), registering a 7.3% increase, but sales in other regions declined. In particular, due to growing demand in IT-related industries, growth in China (including Hong Kong) was significant, amounting to 6.4513 billion dollars (758.5 billion yen), a sharp increase of 33.2%. On the other hand, sales in North America amounted to 9.61463 billion dollars (1.1304 trillion yen), a decrease of 6.6%, and sales in Europe amounted to 7.40287 billion dollars (870.4 billion yen), a decrease of 0.3%.

[Prospects (October 2003–March 2004)]

The DI was relatively high at 20.3 percentage points. Compared to the previous year, however,

it declined by 8.5 percentage points (28.8 20.3).

- By region (country), the DI registered positive double digits in all regions (countries) except Other Countries. It declined compared to the previous year in all regions. The figures are as follows: North America, -7.7 percentage points; Europe, -1.4 percentage points; and Asia, -9.8 percentage points.

Industrial machinery (sales share 6.5%)

[Results]

Sales in industrial machinery amounted to 7.16941 billion dollars (842.9 billion yen), a 13.7% increase compared to the corresponding quarter of the previous year.

- By region (country), sales increased in all regions. Office machinery showed favorable results in Asia, at 2.56878 billion dollars (302 billion yen), for an increase of 30.1%; Europe registered 1.69269 billion dollars (199 billion yen), an increase of 0.6%. In addition, sales in North America increased by 11.3%, amounting to 2.80415 billion dollars (329.7 billion yen).

[Prospects (October 2003–March 2004)]

The DI increased by 2.2 percentage points compared to the previous quarter (25.8 28.0), rising for the 3rd consecutive quarter.

- The DI for each region was as follows: Asia 36.9 percentage points, North America 22.0 percentage points, and Europe 20.0 percentage points, all maintaining high levels. Though the ratio to the previous term improved in Europe to 41.8 percentage points, it declined in other regions.

Chemicals (sales share 6.5%)

[Results]

Sales of chemicals amounted to 7.19952 billion dollars (846.4 billion yen), a 12.5% increase compared to the corresponding quarter of the previous year, and the 3rd consecutive quarter of increase.

- By region (country), sales increased in all regions for the 2nd consecutive quarter. They totaled 2.44243 billion dollars (287.2 billion yen), up 14.8% in Asia; 2.38051 billion dollars (279.9 billion yen), up 13.0% in Europe; and 2.28497 billion dollars (268.6 billion yen), up 9.7% in North America.

[Prospects (October 2003–March 2004)]

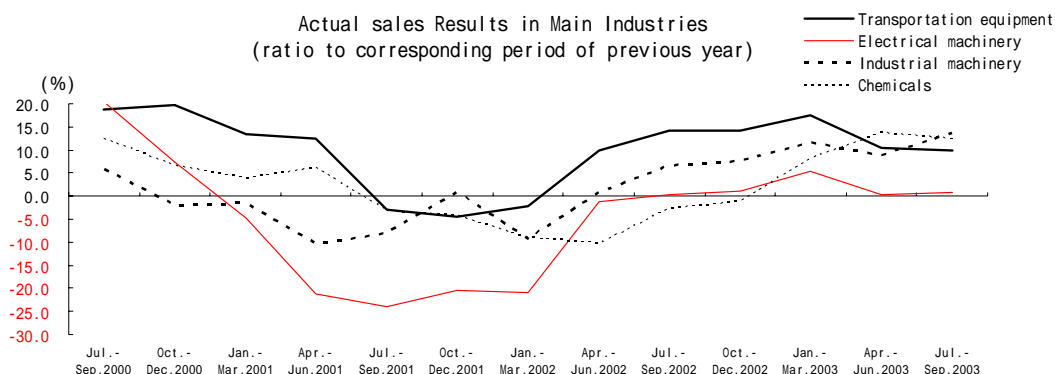
The DI declined 3.6 percentage points (26.8 23.2) compared to the previous quarter. It

remained in positive double digits for the 8th consecutive quarter.

- The DI was positive in all regions and exceeded that of the previous year in all regions except Europe. Compared to the previous period it declined in all regions except Other Regions: -8.3 percentage points in North America, -2.5 percentage points in Asia, and -7.4 percentage points in Europe.

Sales Trends in Main Industries Unit-Results : US \$ 10,000, year-on-year change : %

	Quarterly Performance					Year-on-year change				
	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003
Manufacturing industry in total	9,257,797	9,280,767	9,452,815	11,015,809	P 11,028,744	6.5	6.5	10.6	6.0	P 5.7
Transportation equipment	3,538,555	3,594,580	3,875,026	4,553,490	P 4,337,657	14.2	14.1	17.6	10.3	P 9.8
Electrical machinery	3,005,754	3,036,382	2,892,500	3,425,217	P 3,605,141	0.3	1.0	5.3	0.3	P 0.7
Industrial machinery	588,957	605,892	635,174	681,175	P 716,941	6.5	7.6	11.6	8.9	P 13.7
Chemicals	579,927	583,963	588,470	726,795	P 719,952	-2.8	-1.2	8.2	13.6	P 12.5



(2) Trends by destination

Classifying sales by destination, local sales (sales in the countries where overseas subsidiaries are located) accounted for 70.8% of total sales; exports to Japan (exporting products directly to Japan) for 9.7%; and exports to countries other than Japan (exporting products to countries other than Japan or the country of operation) for 19.5%.

Local sales (70.8% of total sales)

[Results]

Local sales amounted to 78.06954 billion dollars (9.1786 trillion yen), increasing by 3.6% compared to the corresponding quarter of the previous year.

- By industry, local sales increased in transportation equipment (9.3%) and industrial machinery (11.5%), and declined in electrical machinery (-5.8%).
- Local sales increased in all regions except North America (-1.5%). In particular, sales jumped in Asia (17.7%), China (including Hong Kong) (25.0%), and ASEAN4 (23.4%). Sales also increased in Europe (1.1%).

[Prospects (October 2003–March 2004)]

The DI was positive for the 8th consecutive quarter. It declined by 5.7 percentage points compared to the previous period (22.9 → 17.2).

- By industry, prospects declined in 11 industries including transportation equipment (-8.8 percentage points compared to the previous period), and electrical machinery (-6.6 percentage points). Meanwhile, the prospects for industrial machinery (19.5 percentage points) improved.
- Prospects declined in all regions except Europe (9.3 percentage points). In particular, the figure for China (including Hong Kong) declined by 12.7 percentage points, but the DI of 32.0 percentage points was still higher than that of the corresponding quarter of the previous year.

Export sales to Japan (9.7% of total sales)

[Results]

Export sales to Japan amounted to 10.71595 billion dollars (1.2599 trillion yen), a 20.2% increase compared to the corresponding quarter of the previous year.

- By industry, increases were observed in 11 industries, including electrical machinery (24.9%), and industrial machinery (14.9%).
- By region, exports from Asia – approximately 90% of which are exports to Japan – increased significantly (20.1%).

[Prospects (October 2003–March 2004)]

Though the DI was positive, it remained at a low level. Compared to the previous quarter it fell 2.3 percentage points (8.2 → 5.9), the first decline in 3 quarters.

- By industry, DI figures declined in 5 industries including electrical machinery (-6.2 percentage points), general machinery (-3.1 percentage points), and precision instruments (-1.7 percentage points). On the other hand, iron and steel improved by 28.3 percentage points, and transportation equipment by 1.5 percentage points.
- By region, the DI was negative in NIES3 (-5.3 percentage points) and in Europe (-2.9 percentage points). The ratio to the previous quarter declined in Asia (-5.4 percentage points), ASEAN4 (-3.9 percentage points), NIES3 (-7.9 percentage points), and in China (including Hong Kong) (-5.9 percentage points).

Export sales to countries other than Japan (19.5% of total sales)

[Results]

Export sales to countries other than Japan amounted to 21.50195 billion dollars (2.528 trillion yen), a 7.2% increase compared to the corresponding quarter of the previous year. This was the 5th consecutive quarter of growth.

- By industry, transportation equipment (17.0%) and industrial machinery (18.4%) registered increases from the previous quarter. Electrical machinery, which represents 50% of export sales to countries other than Japan, also increased slightly.
- By region, among Asian nations (9.0% increase), the growth in China (including Hong Kong) (44.9%) was outstanding. On the other hand, a decline was observed in NIES3 (-14.1%). Conditions in Europe (12.1%) were relatively favorable.

[Prospects (October 2003–March 2004)]

Overall prospects declined by 2.3 percentage points (8.2 → 5.9) compared to the previous quarter, after 3 consecutive quarters of increase.

- By industry, prospects declined in 9 industries including transportation equipment (-4.8 percentage points compared to the previous quarter), and electrical machinery (-0.9 percentage points) On the other hand, the prospects for industrial machinery improved (5.4 percentage points).
- By region, the figures declined in North America (-0.5 percentage points), and Asia (-5.3 percentage points). The figures declined even more in NIES3 (-8.3 percentage points) and ASEAN4 (-6.8 percentage points); only Europe (15.3 percentage points) registered an increase.

1 . Results by destination

Units (results : US \$ 10,000; number of employees:persons) year-on-year change : %

	Quarterly Performance					Year-on-year change				
	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003
Sales	9,257,797	9,280,767	9,452,815	11,015,809	P 11,028,744	6.5	6.5	10.6	6.0	P 5.7
Local sales	6,794,819	6,771,931	7,010,661	8,054,517	P 7,806,954	6.8	5.4	9.7	4.1	P 3.6
Exports to Japan	798,147	812,195	762,336	970,808	P 1,071,595	4.2	10.7	13.6	17.3	P 20.2
Exports to countries other than Japan	1,665,109	1,696,641	1,679,818	1,962,534	P 2,150,195	6.6	9.3	13.0	8.6	P 7.2
(Parent-subsidiary deals)										
Export to the parent company in Japan	539,736	540,321	528,044	633,172	P 640,606	8.4	16.6	25.7	19.2	P 8.2
Import from the parent company in Japan	1,184,266	1,149,316	1,131,127	1,229,426	P 1,278,863	10.3	13.0	22.3	0.8	P 0.2
Acquisition of tangible fixed assets	230,438	243,757	306,113	312,379	P 302,356	-24.7	-0.7	11.7	14.1	P 6.4
Number of employees	1,975,355	1,973,486	1,976,297	2,261,572	P 2,316,760	2.4	3.9	3.9	2.5	P 2.7

2 . Outlook by destination(DI)

(Unit:%points)

	D I					Ratio to previous quarter				
	Oct.2002 -Mar.2003	Jan. - Jun. 2003	Apr. - Sep. 2003	Jul. - Dec. 2003	Oct.2003 -Mar.2004	Oct.2002 -Mar.2003	Jan. - Jun. 2003	Apr. - Sep. 2003	Jul. - Dec. 2003	Oct.2003 -Mar.2004
Sales	16.6	18.7	21.4	28.0	P 20.1	-7.7	2.1	2.7	6.6	P -7.9
Local sales	14.1	17.3	18.0	22.9	P 17.2	-7.8	3.2	0.7	4.9	P -5.7
Exports to Japan	1.5	2.2	3.8	8.2	P 5.9	-2.7	0.7	1.6	4.4	P -2.3
Exports to countries other than Japan	4.6	7.2	11.7	13.0	P 10.7	-5.9	2.6	4.5	1.3	P -2.3
(Parent-subsidiary deals)										
Export to the parent company in Japan	1.2	3.1	3.8	8.2	P 6.2	-1.4	1.9	0.7	4.4	P -2.0
Import from the parent company in Japan	2.1	6.1	9.5	8.7	P 5.6	-5.9	4.0	3.4	-0.8	P -3.1
Acquisition of tangible fixed assets	12.1	11.9	12.7	17.4	P 12.5	-0.8	-0.2	0.8	4.7	P -4.9
Number of employees	0.7	3.9	1.0	4.2	P 2.0	1.0	3.2	-2.9	3.2	P -2.2

2. Equipment investment trends

[Results]

Equipment investment (the amount of acquired tangible fixed assets, excluding land) totaled 3.02356 billion dollars (355.5 billion yen), an increase of 6.4% compared to the corresponding quarter of the previous year. Equipment investment increased for the 3rd consecutive quarter.

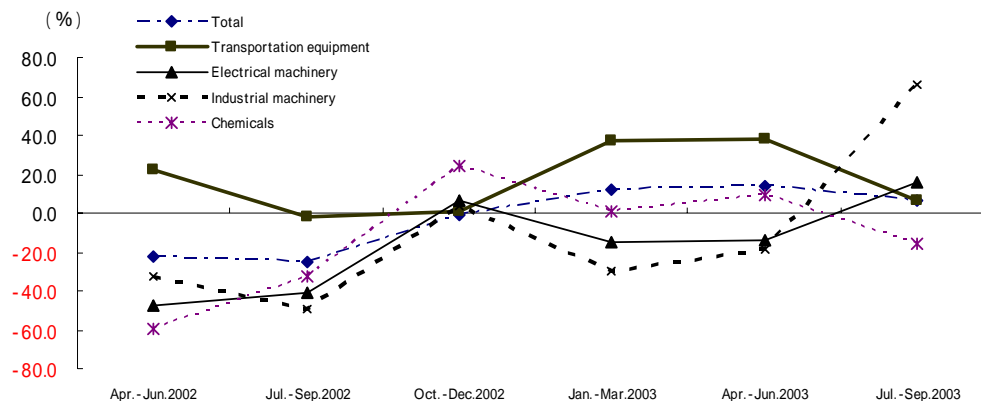
- By industry, equipment investment in transportation equipment totaled 1.70353 billion dollars (200.3 billion yen), an increase of 6.2%, and electrical machinery also increased (16.1%) after 2 consecutive quarters of decrease.
- By region, increases were observed in North America (18.8%) and Asia (23.9%). China (including Hong Kong) also registered significant growth for the 4th consecutive quarter (41.7%). On the other hand, equipment investment in Europe declined (-35.4%) for the 2nd consecutive quarter.
- Equipment investment in transportation equipment increased in North America (22.1%) and ASEAN4 (45.4%). Equipment investment in electrical machinery also showed significant growth in China (including Hong Kong) of 41.4%.

1. Changes in equipment investments by major industry

Unit-Results:US \$ 10,000, year-on-year change: %

	Quarterly Performance					Year-on-year change				
	Jul.-Sep.2002	Oct.-Dec.2002	Jan.-Mar.2003	Apr.-Jun.2003	Jul.-Sep.2003	Jul.-Sep.2002	Oct.-Dec.2002	Jan.-Mar.2003	Apr.-Jun.2003	Jul.-Sep.2003
Total	230,438	243,757	306,113	312,379	P 302,356	-24.7	-0.7	11.7	14.1	P 6.4
Transportation equipment	129,862	136,947	206,286	182,562	P 170,353	-2.3	0.7	36.9	37.8	P 6.2
Electrical machinery	45,227	45,517	55,861	68,580	P 66,444	-41.4	6.6	-14.6	-14.1	P 16.1
Industrial machinery	7,512	6,661	7,307	6,894	P 12,730	-49.7	3.9	-29.5	-18.6	P 65.6
Chemicals	16,591	17,622	10,909	22,825	P 20,344	-32.7	24.6	1.1	9.0	P -15.8

Actual results of equipment investment by major industry
(ratio to corresponding period of previous year)



[Prospects (October 2003–March 2004)]

The DI for the current quarter was 12.5 percentage points, remaining in positive double digits for the 7th consecutive quarter. Relative to the previous quarter, however, it declined by 4.9 percentage points (17.4 → 12.5).

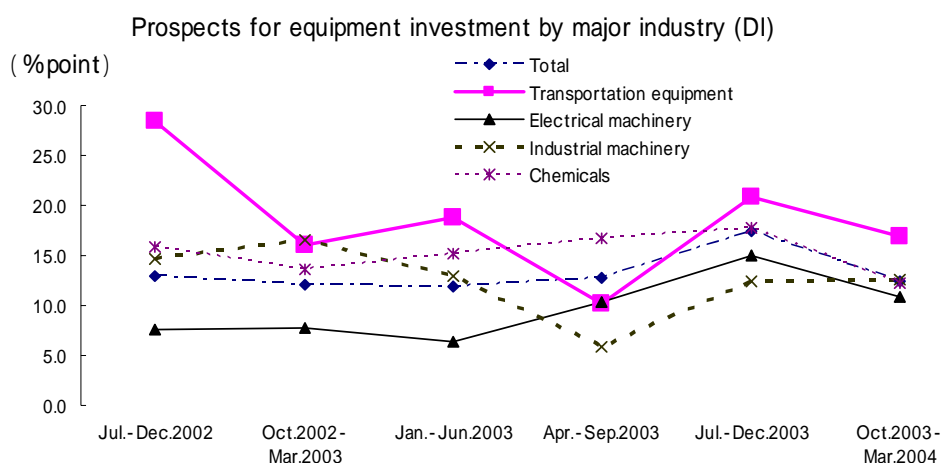
- By industry, prospects declined in 9 industries including electrical machinery (-4.2 percentage points) and transportation equipment (-3.9 percentage points).
- Though the DI was positive in all regions, actual figures declined in all regions including North America (-9.8 percentage points), Asia (-3.0 percentage points), and Europe (-2.4 percentage points).

With regard to the four goals of increased equipment investment (multiple answers possible), 61.6% of companies answered “to boost production capacity” (67.9% in the previous quarter), and by industry, precision instruments accounted for the highest percentage with 90.0% of companies giving this response. This goal was followed by “renewal and repair,” at 35.7%, and “rationalization and streamlining,” at 19.7%.

- Looking at the companies that expected “to boost production capacity” by region, those in Asia registered 64.9%; in particular, those in China (including Hong Kong) registered 86.6%, the highest level since the April–June 2001 quarter, when this survey was first conducted on a quarterly basis. North America and Europe recorded 47.9% and 61.0%, respectively.

2 . Prospects for equipment investment by major industry (DI) (%point)

	D I					Ratio to Previous Quarter				
	Oct.2002- Mar.2003	Jan.- Jun.2003	Apr.- Sep.2003	Jul.-Dec.2003	Oct.2003- Mar.2004	Oct.2002- Mar.2003	Jan.- Jun.2003	Apr.- Sep.2003	Jul.-Dec.2003	Oct.2003- Mar.2004
Total	12.1	11.9	12.7	17.4	P 12.5	-0.8	-0.2	0.8	4.7	P -4.9
Transportation equipment	16.0	18.8	10.1	20.8	P 16.9	-12.4	2.8	-8.7	10.7	P -3.9
Electrical machinery	7.8	6.3	10.4	15.0	P 10.8	0.2	-1.5	4.1	4.6	P -4.2
Industrial machinery	16.6	13.0	5.9	12.4	P 12.6	2.0	-3.6	-7.1	6.5	P 0.2
Chemicals	13.6	15.1	16.7	17.7	P 12.2	-2.3	1.5	1.6	1.0	P -5.5



3. Employment trends (number of employees)

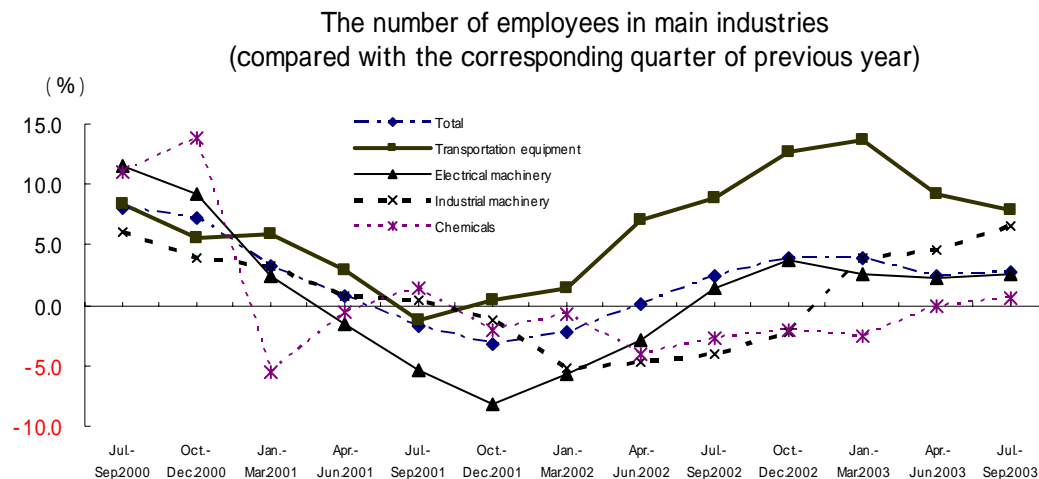
[Results]

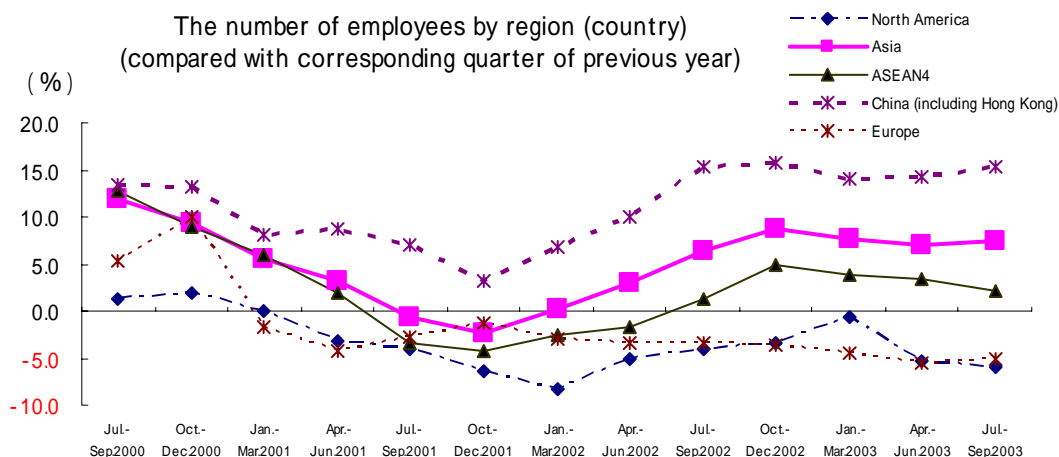
The number of employees stood at 2.32 million persons, a 2.7% increase compared to the corresponding quarter of the previous year. Employment increased for the 6th consecutive quarter.

- By industry, employment in 8 out of 13 industries increased. In particular, increases were significant in transportation equipment (510,000 persons, up 7.8%), electrical machinery (1.01 million persons, up 2.6%), and industrial machinery (130,000 persons, up 6.5%).
- By region, the number of employees increased in Asia to 1.55 million persons, an increase of 7.5%. In particular, the number of employees in China (including Hong Kong) increased to 630,000 persons, a 15.3% increase. At the same time, the number of employees decreased in both North America (420,000, -5.9%) and Europe (210,000, -5.1%).
- Electrical machinery (370,000, up 19.2%) in China (including Hong Kong) showed a double-digit increase for the 6th consecutive quarter.

1. The number of employees in main industries

	Quarterly Performance (No. of employees)					Year-on-year change (%)				
	Jul.-Sep.2002	Oct.-Dec.2002	Jan.-Mar.2003	Apr.-Jun.2003	Jul.-Sep.2003	Jul.-Sep.2002	Oct.-Dec.2002	Jan.-Mar.2003	Apr.-Jun.2003	Jul.-Sep.2003
Total	1,975,355	1,973,486	1,976,297	2,261,572	P 2,316,760	2.4	3.9	3.9	2.5	P 2.7
Transportation equipment	401,539	415,904	424,230	498,407	P 505,590	8.9	12.6	13.7	9.2	P 7.8
Electrical machinery	837,120	831,604	823,676	967,932	P 1,006,234	1.5	3.8	2.6	2.3	P 2.6
Industrial machinery	114,654	114,072	119,602	129,295	P 131,525	-4.0	-2.3	3.9	4.5	P 6.5
Chemicals	100,755	101,243	99,321	117,460	P 117,305	-2.7	-2.1	-2.6	0.0	P 0.6





[Prospects (October 2003–March 2004)]

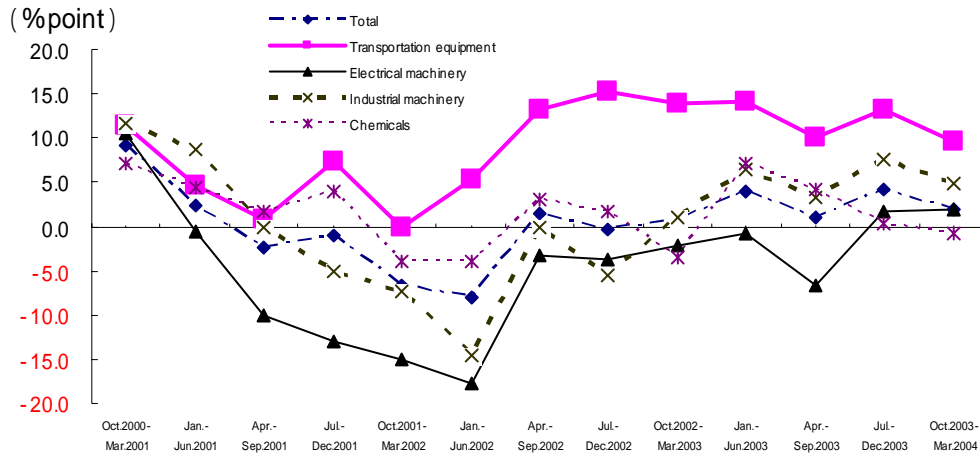
Prospects declined by 2.2 percentage points compared to the previous quarter (4.2 → 2.0).

- By industry, the overall DI stood at 2.0 percentage points, of which 7 industries, including transportation equipment (9.7 percentage points) and electrical machinery (1.9 percentage points), were positive. Relative to the previous quarter, DI figures declined in 7 industries, including transportation equipment (-3.5 percentage points) and industrial machinery (-2.8 percentage points).
- By region, the Asia DI was high, at 7.8 percentage points. Of particular note, the DI in China (including Hong Kong) (15.5 percentage points) was the only indicator to remain in double digits. In North America, on the other hand, a decline was observed for the 12th consecutive quarter. Compared with the previous quarter, North America (-7.1 percentage points) and Europe (-4.2 percentage points) declined for the 2nd consecutive quarter.

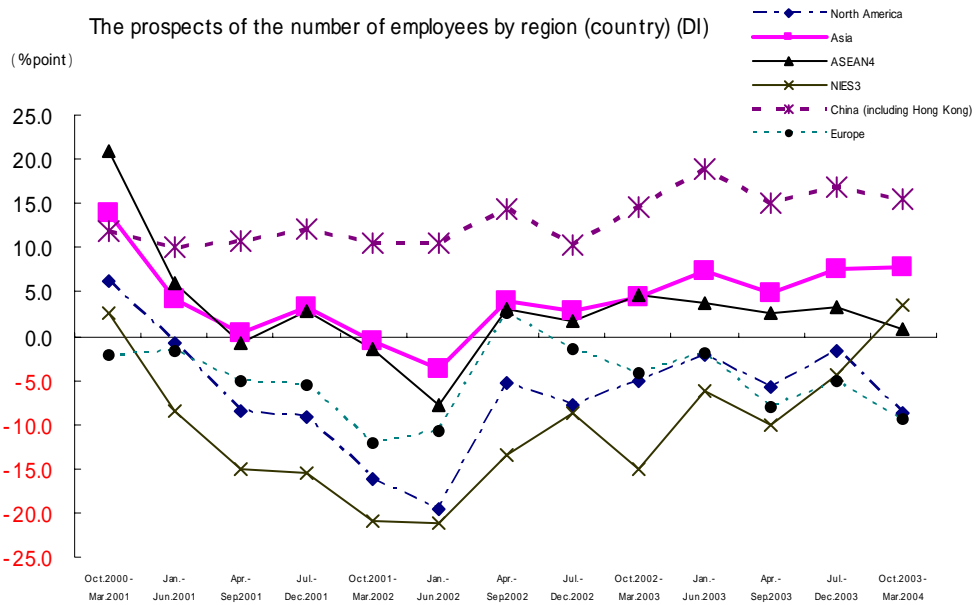
2 . The prospects of the number of employees in main industries (%point)

	D I					Ratio to Previous Quarter				
	Oct 2002- Mar 2003	Jan.-Jun.2003	Apr.-Sep.2003	Jul.-Dec.2003	Oct 2003- Mar.2004	Oct 2002- Mar.2003	Jan.- Jun.2003	Apr.- Sep.2003	Jul.-Dec.2003	Oct 2003- Mar.2004
Total	0.7	3.9	1.0	4.2	P 2.0	1.0	3.2	-2.9	3.2	P -2.2
Transportation equipment	13.8	14.2	10.0	13.2	P 9.7	-1.4	0.4	-4.2	3.2	P -3.5
Electrical machinery	-2.2	-0.8	-6.7	1.8	P 1.9	1.5	1.4	-5.9	8.5	P 0.1
Industrial machinery	1.0	6.5	3.2	7.6	P 4.8	6.5	5.5	-3.3	4.4	P -2.8
Chemicals	-3.6	7.2	4.1	0.4	P -0.7	-5.3	10.8	-3.1	-3.7	P -1.1

The prospects of the number of employees in main industries (DI)



The prospects of the number of employees by region (country) (DI)



4. Intra-company transaction trends

(1) Exports to parent companies in Japan

[Results]

Exports to parent companies in Japan amounted to 6.40606 billion dollars (753.2 billion yen), an increase of 8.2% compared to the corresponding quarter of the previous year.

- By industry, exports to parent companies in Japan increased in 9 industries, including transportation equipment (up 12.8%) and electrical machinery (up 5.8%), which account for approximately half of this category of exports.
- By region, exports from Asia to parent companies in Japan increased by 9.0%. In ASEAN4, which accounts for approximately 40% of these exports, an increase of 5.6% was recorded. China (including Hong Kong), which accounts for approximately 30% of these exports, also increased by 19.5%, whereas exports from North America declined by 2.2%.

[Prospects (October 2003–March 2004)]

The DI for exports to parent companies in Japan was 6.2 percentage points, a positive figure for the 7th consecutive quarter. The ratio to the previous quarter declined by 2.0 percentage points (8.2 → 6.2).

- By industry, the DI was positive in 12 industries including electrical machinery (4.3 percentage points) and transportation equipment (4.3 percentage points). In relation to the previous quarter it declined in 5 industries, including electrical machinery (-4.5 percentage points).
- By region, the DI remained positive in Asia (9.3 percentage points) and in North America (1.1 percentage points). The ratio to the previous quarter declined in both Asia (-4.9 percentage points) and Europe (-1.2 percentage points). On the other hand, a slight improvement is expected in North America (7.4 percentage points).

(2) Imports from parent companies in Japan

[Results]

Imports from parent companies in Japan amounted to 12.78863 billion dollars (1.5036 trillion yen), an increase of 0.2% compared to the corresponding quarter of the previous year.

- By industry, there was an increase in 7 industries, including precision instruments (20.2%) and industrial machinery (17.0%), whereas electrical machinery (-4.4%) and transportation equipment (-2.4%), which account for approximately 80% of these imports, both declined.
- By region, the growth in Asia (7.2%) for imports from parent companies in Japan was significant. China (including Hong Kong) (24.8%) contributed significantly to this growth.

On the other hand, imports from parent companies in Japan declined for the 2nd consecutive quarter in North America (-5.8%) and in Europe (-1.2%).

[Prospects (October 2003–March 2004)]

The DI for imports from parent companies in Japan remained positive for the 7th consecutive quarter. Compared to the previous quarter, it fell by 3.1 percentage points (8.7 → 5.6), for the 2nd consecutive quarter of decline.

- By industry, imports from parent companies in Japan declined in 8 industries, including electrical machinery. There are, however, signs of recovery in transportation equipment, which rose 2.5 percentage points (4.8 → 7.3).
- Imports from parent companies in Japan declined in all regions (countries) except Europe. In particular, imports to NIES3 decreased by 5.1 percentage points (0.5 → -4.6), shifting the DI into negative territory.

(3) Intra-company trade balances

With regard to intra-company trade balances, imports from the parent company in Japan exceeded exports by 6.02779 billion dollars (708.7 billion yen), down 7.7% compared to the corresponding quarter of the previous year.

- By industry, transportation equipment accounted for 60% of total excess imports, down 3.8%. Similarly, the ratio for electrical machinery, accounting for approximately 30% of total excess imports, declined by 20.3%.
- By region, excess imports to North America amounted to 5.13582 billion dollars (603.9 billion yen), a decline of 6.0%. The amount of excess imports to North America accounted for 85.2% of total excess imports. The amount of excess imports to Asia amounted to 1.50034 billion dollars (176.4 billion yen), an increase of 13.9%.

5. Trends by region

(1) North America (41.3% of total sales)

[Results]

Sales in North America amounted to 45.58018 billion dollars (5.3589 trillion yen), a 1.4% decrease compared to the corresponding quarter of the previous year.

- By industry, sales of transportation equipment, which accounts for a major part of total sales, increased by 1.2%, whereas sales of iron and steel declined sharply (-60.8%) due to the withdrawal of overseas subsidiaries. Electrical machinery sales also declined (-6.6%).
- By destination, total local sales amounted to 41.6871 billion dollars (4.9012 trillion yen), a decrease of 1.5%. This accounts for 91.5% of sales in North America.

With regard to intra-company transactions (trade between an overseas subsidiary and its parent company in Japan), exports to parent companies amounted to 486.2 million dollars (48 billion yen), a decrease of 2.2% and the first fall in 4 quarters. Imports from parent companies amounted to 5.74845 billion dollars (675.8 billion yen), down 5.8%, a decrease for the 2nd consecutive quarter.

- By industry, exports to parent companies decreased for the 6th consecutive quarter, down 23.5%, for example, in industrial machinery. Imports from parent companies decreased in industries such as transportation equipment (-12.6%) and electrical machinery (-7.0%).

Equipment investment (the amount of acquired tangible fixed assets excluding land) amounted to 1.46586 billion dollars (172.3 billion yen), an increase of 18.8%.

- By industry, capital investment increased in 7 industries, such as transportation equipment (22.1%).

Employment (number of employees) was 420,000 persons, down 5.9%, and the 10th consecutive quarter of decrease.

- By industry, employment decreased in 10 industries including electrical machinery (-14.4%) and iron and steel (-60.9%).

[Prospects (October 2003–March 2004)]

The sales DI declined for the first time in 4 quarters, down 8.7 percentage points compared to the previous quarter.

- By industry, sales declined in 9 of 13 industries. In particular, transportation equipment declined by 7.0 percentage points, falling for the 3rd consecutive quarter. The DI was positive in all industries except precision instruments (-11.1 percentage points)

With regard to intra-company sales (trade between an overseas subsidiary and its parent company in Japan), exports to parent companies rose by 7.4 percentage points. The DI was

1.1 percentage points, a positive figure for the first time in 10 quarters. Imports from parent companies decreased by 1.8 percentage points, and the DI was 4.7 percentage points, a positive figure for the 4th consecutive quarter.

- By industry, exports to parent companies increased in 11 industries, whereas imports from parent companies decreased in 7 industries, including electrical machinery.

Equipment investment (the amount of acquired tangible fixed assets excluding land) declined for the first time in 4 quarters, by 9.8 percentage points.

- By industry, transportation equipment declined by 18.6 percentage points. The DI was 7.4 percentage points, a positive figure for the 8th consecutive quarter.

Employment (number of employees) declined by 7.1 percentage points and the DI was negative for the 12th consecutive quarter.

- By industry, employment declined in 8 industries. Transportation equipment, though showing signs of improvement in the previous quarter, declined 4.9 percentage points. The DI was negative in 8 industries. In particular, the DI for electrical machinery remained negative for the 12th consecutive quarter.

1 . Trends among overseas subsidiaries in North America Units (results : US \$ 10,000; number of employees:persons) year-on-year change : %

	Quarterly performance					Year-on-year change				
	Jul. - Sep.	Oct. - Dec.	Jan. - Mar.	Apr. - Jun.	Jul. - Sep.	Jul. - Sep.	Oct. - Dec.	Jan. - Mar.	Apr. - Jun.	Jul. - Sep.
	2002	2002	2003	2003	2003	2002	2002	2003	2003	2003
Sales	4,343,501	4,238,321	4,459,608	4,781,144	P 4,558,018	2.3	-1.5	5.4	-1.6	P -1.4
Local sales	3,988,911	3,876,704	4,109,130	4,398,880	P 4,168,710	2.7	-1.6	5.2	-2.1	P -1.5
Exports to Japan	62,510	59,535	65,772	71,021	P 79,868	-17.7	-14.0	12.5	-0.8	P 15.9
Exports to countries other than Japan	292,080	302,082	284,706	303,755	P 309,440	1.8	2.7	8.1	4.9	P -4.0
(Parent-subsidiary deals)										
Export to the parent company in Japan	34,270	32,133	36,368	43,380	P 40,862	-6.8	6.3	46.9	19.8	P -2.2
Import from the parent company in Japan	580,695	545,890	532,819	558,108	P 574,845	8.9	7.7	19.1	-3.3	P -5.8
Acquisition of tangible fixed assets	103,582	112,269	162,272	156,405	P 146,586	-28.0	-10.9	8.3	36.3	P 18.8
Number of employees	413,358	402,394	401,771	420,980	P 423,194	-4.0	-3.5	-0.7	-5.3	P -5.9

Trends in main industry sales

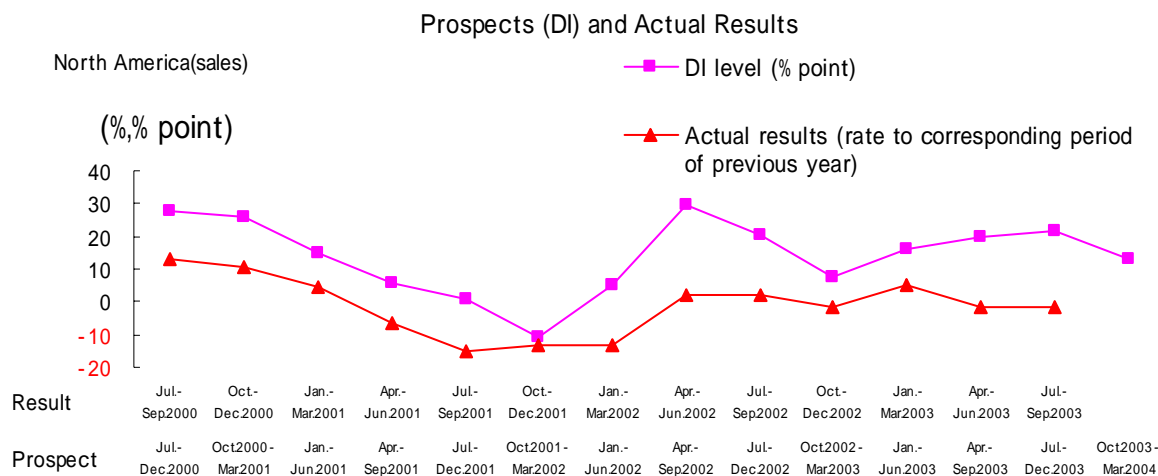
Units (results : US \$ 10,000;) Year-on-year change : %

	Quarterly Performance					Year-on-year change				
	Jul. - Sep.	Oct. - Dec.	Jan. - Mar.	Apr. - Jun.	Jul. - Sep.	Jul. - Sep.	Oct. - Dec.	Jan. - Mar.	Apr. - Jun.	Jul. - Sep.
	2002	2002	2003	2003	2003	2002	2002	2003	2003	2003
Manufacturing industry in total	4,343,501	4,238,321	4,459,608	4,781,144	P 4,558,018	2.3	-1.5	5.4	-1.6	P -1.4
Transportation equipment	2,213,540	2,162,923	2,434,228	2,702,235	P 2,418,932	9.4	4.3	11.1	2.1	P 1.2
Electrical machinery	990,616	1,021,899	943,677	906,653	P 961,463	-7.6	-6.5	0.9	-8.5	P -6.6
Industrial machinery	237,260	243,430	262,835	255,167	P 280,415	8.0	4.2	7.8	-1.7	P 11.3
Chemicals	195,482	195,667	207,191	239,079	P 228,497	-21.0	-13.8	11.0	11.1	P 9.7

2 . Outlook for North America

(Unit:%points)

	D I					Ratio to previous quarter				
	Oct.2002	Jan. - Jun.	Apr. - Sep.	Jul. - Dec.	Oct.2003	Oct.2002	Jan. - Jun.	Apr. - Sep.	Jul. - Dec.	Oct.2003
	-Mar.2003	2003	2003	2003	-Mar.2004	-Mar.2003	2003	2003	2003	-Mar.2004
Sales	7.4	15.9	19.7	21.6	P 12.9	-13.3	8.5	3.8	1.9	P -8.7
Local sales	6.3	15.2	21.9	21.4	P 12.7	-15.9	8.9	6.7	-0.5	P -8.7
Exports to Japan	-9.7	-5.1	-2.9	-5.5	P 0.8	-8.5	4.6	2.2	-2.6	P 6.3
Exports to countries other than Japan	-1.2	5.1	7.2	7.1	P 6.6	-8.5	6.3	2.1	-0.1	P -0.5
(Parent-subsidiary deals)										
Export to the parent company in Japan	-7.5	-5.8	-1.3	-6.3	P 1.1	-6.6	1.7	4.5	-5.0	P 7.4
Import from the parent company in Japan	-1.4	9.6	4.4	6.5	P 4.7	-11.1	11.0	-5.2	2.1	P -1.8
Acquisition of tangible fixed assets	3.9	5.6	13.1	18.8	P 9.0	-4.0	1.7	7.5	5.7	P -9.8
Number of employees	-5.0	-2.2	-5.7	-1.7	P -8.8	2.8	2.8	-3.5	4.0	P -7.1



(2) ASEAN4 (15.5% of total sales)

[Results]

Sales in ASEAN4 amounted to 17.11224 billion dollars (2.0119 trillion yen), an increase of 12.2% compared to the corresponding quarter of the previous year.

- By industry, transportation equipment increased by 48.3%, due to the increase in sales from newly established companies.
- By destination, sales increased for all destinations. In particular, local sales, which account for more than 40% of total sales, amounted to 6.90246 billion dollars (811.5 billion yen), an increase of 23.4%.

With regard to intra-company sales, exports to parent companies in Japan amounted to 2.68121 billion dollars (315.2 billion yen), an increase of 5.6%. Imports from parent companies amounted to 1.7462 billion dollars (205.3 billion yen), an increase of 6.5%.

- By industry, exports to parent companies significantly increased in chemicals (48.0%) and industrial machinery (45.8%). Imports from parent companies also increased in industries such as transportation equipment (16.2%) and electrical machinery (8.0%).

Equipment investment amounted to 528.6 million dollars (62.1 billion yen), increasing by 14.9%.

- By industry, transportation equipment increased by 45.4%, rising for the 6th consecutive quarter. Electrical machinery rebounded for an increase of 9.2%.

Employment (number of employees) increased by 2.1% and amounted to 720,000 persons, rising for the 5th consecutive quarter.

- By industry, transportation equipment rose by 19.7% due to newly surveyed companies.

[Prospects (October 2003–March 2004)]

Sales prospects in ASEAN4 declined by 13.0 percentage points compared to the previous quarter, the first decline in 4 quarters. The DI was 19.3 percentage points.

- By industry, sales figures declined in 12 industries. The DI remained positive in 12 industries.

With regard to intra-company trade, exports to parent companies declined by 6.2 percentage points, falling for the first time in 4 quarters. Imports from parent companies also decreased by 4.6 percentage points, declining for the 2nd consecutive quarter.

Equipment investment (the amount of acquired tangible fixed assets excluding land) decreased by 3.4 percentage points, falling for the first time in 3 quarters.

- By industry, equipment investment declined in 9 industries, such as electrical machinery, which declined by 6.5 percentage points, the first decline in 3 quarters. Transportation equipment rose by 1.2 percentage points, for the 2nd consecutive quarter of improvement.

Employment (number of employees) declined by 2.3 percentage points.

- By industry, the number of employees declined in 8 industries, including transportation equipment, whereas the figures rose in electrical machinery by 6.5 percentage points, the first increase in 4 quarters.

1 .Trends among overseas subsidiaries in ASEAN4

Units (results : US \$ 10,000; number of employees:persons) year-on-year change : %

	Quarterly performance					Year-on-year change				
	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003
Sales	1,330,736	1,347,146	1,345,854	1,617,792	P 1,711,224	14.9	21.9	21.7	13.6	P 12.2
Local sales	522,304	566,802	578,022	716,671	P 690,246	23.4	40.5	37.7	22.3	P 23.4
Exports to Japan	333,588	333,670	296,770	367,730	P 404,342	5.1	12.2	8.6	8.2	P 9.4
Exports to countries other than Japan	474,844	446,673	471,062	526,941	P 616,636	13.9	10.5	14.0	7.6	P 2.0
(Parent-subsidiary deals)										
Export to the parent company in Japan	227,158	226,098	210,570	267,734	P 268,121	7.2	15.8	17.7	21.6	P 5.6
Import from the parent company in Japan	148,144	145,362	145,631	158,394	P 174,620	19.0	24.6	26.2	3.6	P 6.5
Acquisition of tangible fixed assets	36,163	39,252	38,365	42,051	P 52,860	-36.4	-7.6	-4.5	-11.5	P 14.9
Number of employees	625,970	638,709	638,265	711,117	P 716,230	1.3	4.8	3.8	3.5	P 2.1

Trends in main industry sales

Units (results : US \$ 10,000;) Year-on-year change : %

	Quarterly performance					Year-on-year change				
	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003
Manufacturing industry in total	1,330,736	1,347,146	1,345,854	1,617,792	P 1,711,224	14.9	21.9	21.7	13.6	P 12.2
Transportation equipment	293,065	357,619	397,033	452,514	P 479,847	34.6	72.5	83.0	48.7	P 48.3
Electrical machinery	673,881	634,469	607,555	767,046	P 786,193	8.2	7.9	4.8	4.5	P -1.7
Industrial machinery	47,206	53,585	44,030	42,882	P 57,254	1.7	8.5	-8.6	-27.4	P 6.5
Chemicals	84,319	78,949	80,136	95,881	P 108,153	25.1	32.0	27.2	13.8	P 18.2

2 .Outlook for ASEAN4

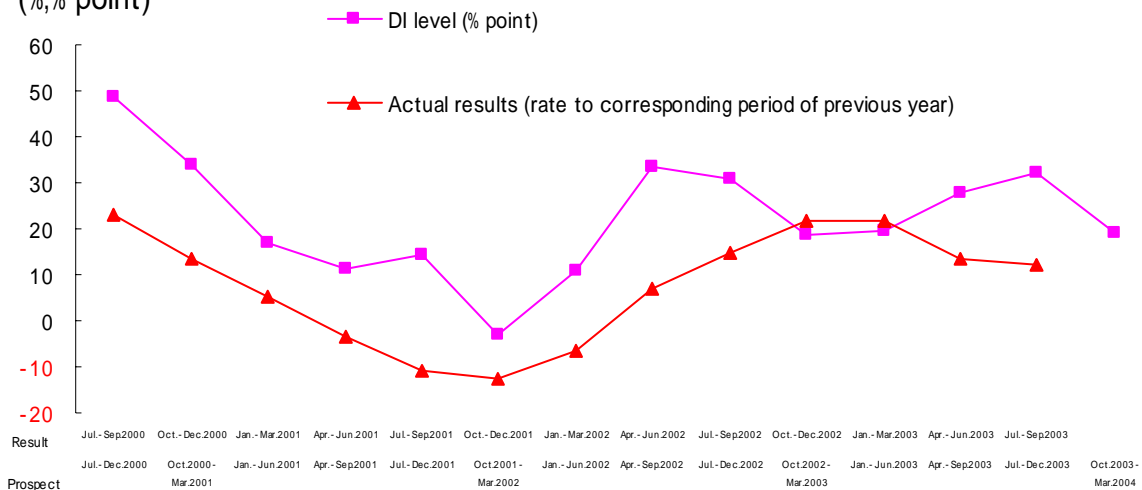
(Unit:%points)

	D I					Ratio to previous quarter				
	Oct.2002 -Mar.2003	Jan. - Jun. 2003	Apr. - Sep. 2003	Jul. - Dec. 2003	Oct.2003 -Mar.2004	Oct.2002 -Mar.2003	Jan. - Jun. 2003	Apr. - Sep. 2003	Jul. - Dec. 2003	Oct.2003 -Mar.2004
Sales	18.6	19.4	28.0	32.3	P 19.3	-12.2	0.8	8.6	4.3	P -13.0
Local sales	15.8	17.5	18.6	19.6	P 15.5	-8.3	1.7	1.1	1.0	P -4.1
Exports to Japan	3.6	4.8	7.3	12.1	P 8.2	-4.6	1.2	2.5	4.8	P -3.9
Exports to countries other than Japan	9.5	10.5	21.9	21.0	P 14.2	-6.0	1.0	11.4	-0.9	P -6.8
(Parent-subsidiary deals)										
Export to the parent company in Japan	2.4	6.4	8.8	13.7	P 7.5	-3.1	4.0	2.4	4.9	P -6.2
Import from the parent company in Japan	2.7	4.4	17.4	11.6	P 7.0	-11.4	1.7	13.0	-5.8	P -4.6
Acquisition of tangible fixed assets	18.5	12.8	14.1	17.2	P 13.8	4.2	-5.7	1.3	3.1	P -3.4
Number of employees	4.7	3.8	2.7	3.2	P 0.9	3.1	-0.9	-1.1	0.5	P -2.3

ASEAN4(sales)

Prospects (DI) and Actual Results

(%,% point)



(3) NIES3 (6.9% of total sales)

[Results]

Sales in NIES3 amounted to 7.60352 billion dollars (893.9 billion yen), rising by 1.4% compared to the corresponding quarter of the previous year, and the first increase in 3 quarters.

- By industry, sales in electrical machinery, which account for approximately 50% of total sales, decreased by 5.6%. However, sales increased in industrial machinery (20.9%), chemicals (17.1%) and transportation equipment (5.7%).

With regard to intra-company sales, exports to parent companies decreased by 6.7%, and amounted to 778.34 million dollars (91.5 billion yen). Imports from parent companies also declined by 20.9%, amounting to 868 million dollars (102 billion yen).

- By industry, the decline in industrial machinery (-43.4% compared to the corresponding quarter of the previous year) had a significant effect in limiting exports to parent companies. For imports from parent companies, the decrease in electrical machinery (-24.6%) was significant.

Equipment investment (the amount of acquired tangible assets excluding land) amounted to 196.84 million dollars (23.1 billion yen), an increase of 13.2%.

- By industry, the increase in equipment investment in electrical machinery (14.9%) was significant.

Employment (number of employees) increased by 1.6% to 130,000 persons, for the first increase in 11 quarters.

- Viewed by industry, although employment decreased in 7 industries, the increase in electrical machinery (7.1%) had a positive effect.

[Prospects (October 2003–March 2004)]

Sales prospects decreased by 4.6 percentage points compared to the previous quarter.

- By industry, electrical machinery declined by 1.4 percentage points after 3 quarters of increases, whereas transportation equipment rose by 12.0 percentage points, the first increase in 3 quarters.
- By destination, the prospects for sales declined in all three of the following classifications: local sales, exports to Japan, and exports to countries other than Japan.

With regard to intra-company trade, exports to parent companies declined in 8 industries, falling 6.8 percentage points. The DI was also negative. Imports from parent companies declined by 5.1 percentage points, and the DI was negative for the first time in 3 quarters.

Equipment investment declined by 2.6 percentage points, falling for the first time in 3 quarters.

- By industry, 5 industries—including electrical machinery—showed increases, while another 5 industries—including transportation equipment—registered decreases.

Employment (number of employees) rose 7.9 percentage points, an increase for the 2nd consecutive quarter. The DI was 3.6 percentage points, the first positive figure in 12 quarters.

- By industry, a recovery was seen in 11 industries. The DI for industrial machinery increased significantly (9.4 → 36.6).

1 . Trends among overseas subsidiaries in NIES3 Units (results : US\$ 10,000; number of employees:persons) year-on-year change : %

	Quarterly performance					Year-on-year change				
	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003
Sales	647,873	613,470	570,189	693,428	P 760,352	4.6	6.3	-0.7	-8.3	P 1.4
Local sales	340,120	318,007	301,466	383,528	P 392,092	3.4	3.1	-0.0	-5.9	P 1.8
Exports to Japan	101,582	100,745	94,787	149,386	P 158,230	-3.6	5.3	6.6	29.1	P 31.7
Exports to countries other than Japan	206,171	194,719	173,935	159,759	P 210,030	11.4	12.6	-5.4	-29.3	P -14.1
(Parent-subsidiary deals)										
Export to the parent company in Japan	80,966	74,242	69,939	77,295	P 77,834	3.9	3.4	8.3	-2.0	P -6.7
Import from the parent company in Japan	93,122	86,581	84,341	91,511	P 86,800	15.2	13.1	6.5	-25.6	P -20.9
Acquisition of tangible fixed assets	10,815	11,299	20,121	15,767	P 19,684	-7.0	41.4	91.2	-10.3	P 13.2
Number of employees	109,624	108,928	107,767	124,151	P 125,299	-3.6	-1.1	-1.4	-1.5	P 1.6

Trends in main industry sales Units (results : US\$ 10,000;) Year-on-year change : %

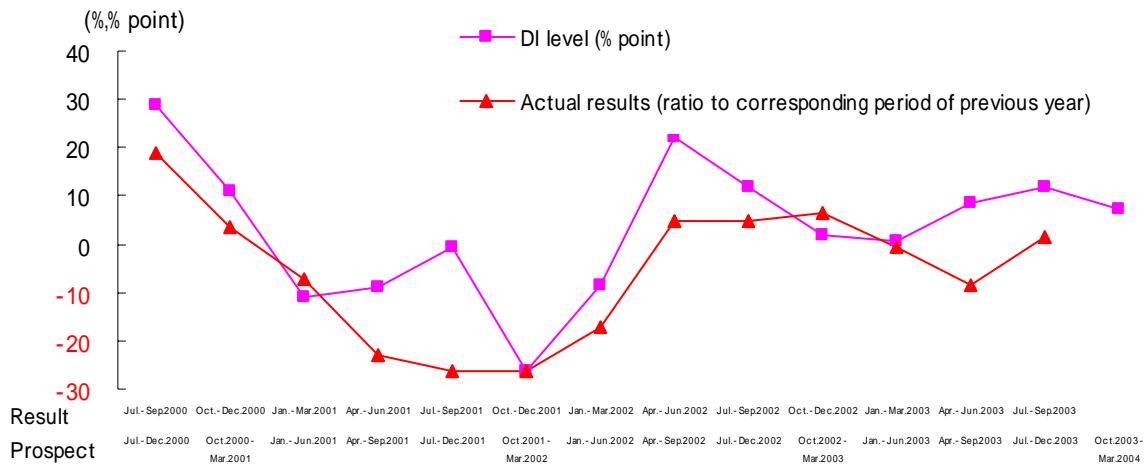
	Quarterly performance					Year-on-year change				
	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003
Manufacturing industry in total	647,873	613,470	570,189	693,428	P 760,352	4.6	6.3	-0.7	-8.3	P 1.4
Transportation equipment	76,822	85,700	76,837	93,019	P 86,431	16.0	32.7	25.2	8.5	P 5.7
Electrical machinery	353,334	306,514	284,701	347,726	P 407,610	0.1	-5.9	-12.8	-19.1	P -5.6
Industrial machinery	32,081	34,729	33,669	35,279	P 39,468	-2.1	7.7	13.9	12.3	P 20.9
Chemicals	59,692	62,025	55,368	85,588	P 85,738	9.2	16.7	0.7	7.5	P 17.1

2 . Outlook for NIES3

	D I					Ratio to previous quarter (Unit:%points)				
	Oct.2002 -Mar.2003	Jan. - Jun. 2003	Apr. - Sep. 2003	Jul. - Dec. 2003	Oct.2003 -Mar.2004	Oct.2002 -Mar.2003	Jan. - Jun. 2003	Apr. - Sep. 2003	Jul. - Dec. 2003	Oct.2003 -Mar.2004
Sales	1.7	0.8	8.4	11.7	P 7.1	-10.2	-0.9	7.6	3.3	P -4.6
Local sales	1.0	-3.2	3.8	6.3	P 3.2	-10.7	-4.2	7.0	2.5	P -3.1
Exports to Japan	-8.9	-9.5	-4.9	2.6	P -5.3	-0.2	-0.6	4.6	7.5	P -7.9
Exports to countries other than Japan	-10.1	-11.3	6.2	10.9	P 2.6	-14.8	-1.2	17.5	4.7	P -8.3
(Parent-subsidiary deals)										
Export to the parent company in Japan	-7.0	-9.1	-3.9	2.3	P -4.5	4.4	-2.1	5.2	6.2	P -6.8
Import from the parent company in Japan	-11.4	-9.1	0.7	0.5	P -4.6	-7.9	2.3	9.8	-0.2	P -5.1
Acquisition of tangible fixed assets	4.0	2.9	8.7	11.9	P 9.3	0.6	-1.1	5.8	3.2	P -2.6
Number of employees	-15.1	-6.2	-10.1	-4.3	P 3.6	-6.3	8.9	-3.9	5.8	P 7.9

NIES3(sales)

Prospects (DI) and Actual Results



(4) China (including Hong Kong) (11.3% of total sales)

[Results]

Sales in China (including Hong Kong) amounted to 12.50185 billion dollars (1.4698 trillion yen), a drastic increase of 32.4% compared to the corresponding quarter of the previous year.

- By industry, increases were observed in all industries, with 9 industries registering double-digit increases. In particular, electrical machinery, which accounts for approximately 50% of total sales, showed a significant increase of 33.2%. Transportation equipment registered a large-scale increase (73.3%) due to favorable demand. Furthermore, industries such as industrial machinery (43.9%) and precision instruments (43.0%) also registered large increases.

- By destination, local sales amounted to 5.46263 billion dollars (642.2 billion yen), an increase of 25.0%. In particular, the growth in transportation equipment (114.0%) was outstanding. Exports to Japan (29.3%) and exports to countries other than Japan (44.9%) also increased.

With regard to intra-company trade, exports to parent companies amounted to 2.15865 billion dollars (253.8 billion yen), an increase of 19.5%. Imports from parent companies amounted to 1.36985 billion dollars (161.1 billion yen), an increase of 24.8%.

- By industry, increases in precision instruments (60.5%) and electrical machinery (16.0%) contributed to the increase in exports to parent companies. Increases in electrical machinery (15.4%), precision instruments (66.6%), and industrial machinery (27.7%) also contributed to the increase in imports from parent companies.

Equipment investment increased by 41.7%, amounting to 301.02 million dollars (35.4 billion yen), for the 4th consecutive quarter of increase.

- By industry, increases were observed in 7 industries. Electrical machinery, and textiles and fibers, contributed to the overall increase.

Employment (number of employees) increased by 15.3%, amounting to 630,000 persons, representing a continuous increase since the survey started in China (including Hong Kong). Since April–June 2002, China (including Hong Kong) has been the only region experiencing double-digit increases in employment.

- By industry, there were increases in 10 industries. In particular, electrical machinery (up 19.2%, and accounting for approximately 50% of total employment) and 6 other industries registered double-digit growth.

[Prospects (October 2003–March 2004)]

Prospects for sales declined by 13.3 percentage points compared to the previous quarter (47.7 – 34.4). However, the DI remained strongly positive at 34.4 percentage points.

- Viewed by industry, sales prospects declined in 11 industries, but the DI was in positive double digits in 11 industries.
- By destination, sales prospects declined in all industries, but the DI remained in positive double digits.

With regard to intra-company trade, exports to parent companies decreased by 2.4 percentage points (20.0 – 17.6), and imports from parent companies also declined by 2.4 percentage points (13.7 – 11.3).

Equipment investment (the amount of acquired tangible fixed assets, except land) declined by 3.4 percentage points (22.9 – 19.5), but the DI remained in positive double digits for the 10th consecutive quarter.

- By industry, prospects for capital investment declined in 8 industries, but the DI remained in positive double digits in 8 industries.

Employment (number of employees) declined by 1.4 percentage points (16.9 – 15.5), but the DI remained in positive double digits for the 17th consecutive quarter. This figure is outstanding compared to other regions.

- By industry, the prospects for employment declined in 5 industries. The DI was positive in all industries except precision instruments.

1. Trends among overseas subsidiaries in China (including Hong Kong) Units (results : US \$ 10,000; number of employees: persons) year-on-year change : %

	Quarterly performance					Year-on-year change				
	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003
Sales	742,422	757,684	742,614	1,093,508	P 1,250,185	11.0	21.2	27.2	30.5	P 32.4
Local sales	269,912	261,203	252,197	474,570	P 546,263	16.1	24.4	25.4	24.9	P 25.0
Exports to Japan	253,381	264,427	254,374	322,388	P 359,045	14.6	16.4	23.6	29.8	P 29.3
Exports to countries other than Japan	219,407	232,055	236,044	292,687	P 344,878	2.0	23.3	33.4	38.0	P 44.9
(Parent-subsidiary deals)										
Export to the parent company in Japan	170,870	172,191	185,634	207,546	P 215,865	14.6	18.4	43.4	26.8	P 19.5
Import from the parent company in Japan	100,567	102,371	105,120	116,891	P 136,985	11.1	19.4	35.7	27.0	P 24.8
Acquisition of tangible fixed assets	16,806	21,822	25,390	41,460	P 30,102	-44.9	35.5	51.5	26.4	P 41.7
Number of employees	446,915	446,285	456,198	584,772	P 628,057	15.4	15.7	14.0	14.2	P 15.3

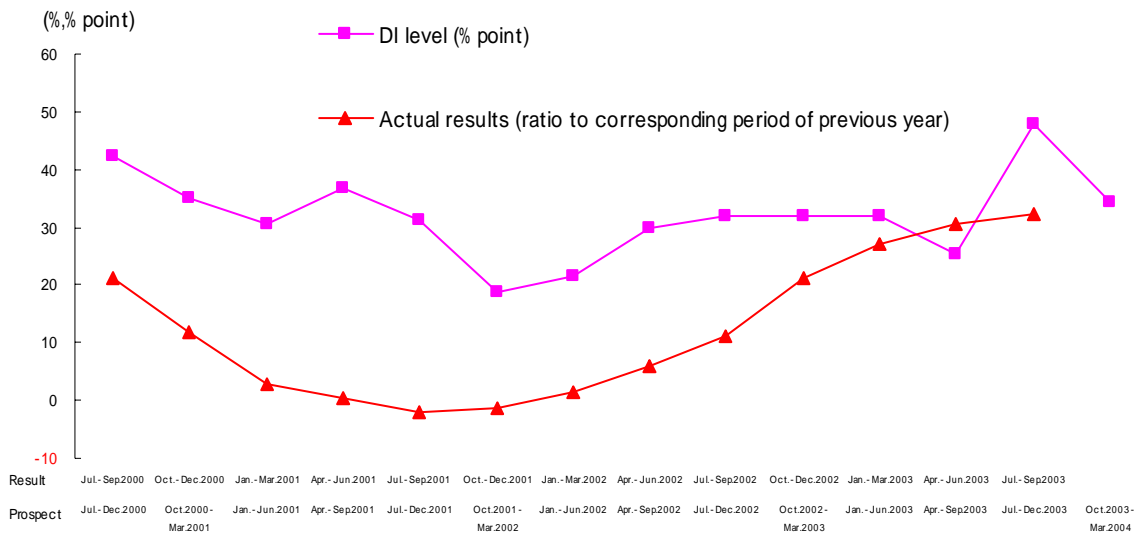
Trends in main industry sales Units (results : US \$ 10,000;) Year-on-year change : %

	Quarterly performance					Year-on-year change				
	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003
Manufacturing industry in total	742,422	757,684	742,614	1,093,508	P 1,250,185	11.0	21.2	27.2	30.5	P 32.4
Transportation equipment	19,503	21,094	22,177	112,937	P 177,937	39.2	58.5	54.8	49.6	P 73.3
Electrical machinery	417,663	424,995	413,186	594,992	P 645,130	13.2	22.7	29.0	27.3	P 33.2
Industrial machinery	94,851	99,797	111,330	149,005	P 153,440	2.1	8.5	21.3	54.8	P 43.9
Chemicals	32,959	35,159	28,974	35,581	P 36,863	28.3	27.0	25.2	30.9	P 3.6

2. Outlook for China (including Hong Kong) (Unit: % points)

	D I					Ratio to previous quarter				
	Oct.2002 -Mar.2003	Jan. - Jun. 2003	Apr. - Sep. 2003	Jul. - Dec. 2003	Oct.2003 -Mar.2004	Oct.2002 -Mar.2003	Jan. - Jun. 2003	Apr. - Sep. 2003	Jul. - Dec. 2003	Oct.2003 -Mar.2004
Sales	31.8	32.1	25.5	47.7	P 34.4	-0.2	0.3	-6.6	22.2	P -13.3
Local sales	31.9	35.9	24.8	44.7	P 32.0	2.2	4.0	-11.1	19.9	P -12.7
Exports to Japan	14.5	13.6	14.6	21.6	P 15.7	0.6	-0.9	1.0	7.0	P -5.9
Exports to countries other than Japan	12.8	19.7	8.4	17.8	P 16.0	-2.9	6.9	-11.3	9.4	P -1.8
(Parent-subsidiary deals)										
Export to the parent company in Japan	10.9	13.1	9.9	20.0	P 17.6	-0.9	2.2	-3.2	10.1	P -2.4
Import from the parent company in Japan	14.0	20.4	10.3	13.7	P 11.3	2.0	6.4	-10.1	3.4	P -2.4
Acquisition of tangible fixed assets	19.3	24.7	20.7	22.9	P 19.5	-2.0	5.4	-4.0	2.2	P -3.4
Number of employees	14.5	19.0	15.1	16.9	P 15.5	4.1	4.5	-3.9	1.8	P -1.4

China (including Hong Kong) (sales) Prospects (DI) and Actual Results



(5) Europe (17.9% of total sales)

[Results]

Sales amounted to 19.72052 billion dollars (2.3185 trillion yen), an increase of 4.9% compared to the corresponding quarter of the previous year.

- By industry, sales increased in 9 industries. In particular, sales continued to expand in transportation equipment (11.7%). Sales of chemicals (13.0%) and precision instruments (17.5%) also increased.
- By destination, sales increased in all three of the following classifications: local sales, exports to parent companies, and exports to nations other than Japan.

With regard to intra-company sales, exports to parent companies increased by 73.0%, rising for the 3rd consecutive quarter; however, the actual amount was relatively small. Imports from parent companies declined by 1.2%, the first decrease in 6 quarters.

- By industry, exports to parent companies increased in electrical machinery (125.9%), though the amount was relatively small. Imports from parent companies decreased in industrial machinery (-13.4%) and transportation equipment (-6.6%)

Equipment investment (the amount of acquired tangible assets except land) amounted to 358.98 million dollars (42.2 billion yen), a 35.4% decrease.

- By industry, the amount of capital investment declined in 8 industries including transportation equipment (-36.9%)

Employment (number of employees) decreased by 5.1%, amounting to 210,000 persons, a decrease for the 11th consecutive quarter.

- By industry, employment declined in 11 industries except ceramics, stones, and clay products.

[Prospects (October 2003–March 2004)]

Prospects for sales recovered by 11.6 percentage points (4.6 16.2) compared to the previous quarter. The DI for sales remained in positive territory.

- By industry, a recovery was indicated in 7 industries including industrial machinery and transportation equipment. The DI for sales was positive in 8 industries, except for fabricated metal products.
- By destination, exports to Japan declined, but both local sales and exports to countries other than Japan improved, by 9.3% and 15.3%, respectively.

With regard to intra-company trade, exports to parent companies decreased by 1.2 percentage points (0.0 -1.2). Imports from parent companies improved by 6.9 percentage points (1.0 7.9). The DI for intra-company trade remained positive for the 3rd consecutive quarter.

Equipment investment (the amount of acquired tangible fixed assets excluding land) declined by 2.4 percentage points (9.4 7.0).

- By industry, equipment investments declined in 6 industries including electrical machinery. Employment (number of employees) declined by 4.2 percentage points (-5.2 -9.4). The DI was negative for 6 consecutive quarters.
- By industry, employment declined in 5 industries including electrical machinery and industrial machinery.

1 . Trends among overseas subsidiaries in Europe Units (results : US\$ 10,000; number of employees:persons) year-on-year change : %

	Quarterly performance					Year-on-year change				
	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003
Sales	1,572,146	1,681,443	1,745,574	2,072,665	P 1,972,052	11.4	8.8	16.2	15.6	P 4.9
Local sales	1,163,718	1,234,542	1,288,065	1,456,254	P 1,365,782	15.0	10.7	16.1	13.7	P 1.1
Exports to Japan	15,172	19,626	20,590	23,000	P 33,354	-23.9	-3.4	15.4	21.8	P 107.7
Exports to countries other than Japan	393,256	427,276	436,919	589,396	P 572,916	3.6	4.3	16.5	20.1	P 12.1
(Parent-subsidiary deals)										
Export to the parent company in Japan	6,846	7,213	9,179	12,539	P 13,139	-27.2	-22.6	24.4	48.6	P 73.0
Import from the parent company in Japan	154,604	157,453	155,077	180,925	P 168,307	9.7	18.2	17.4	7.2	P -1.2
Acquisition of tangible fixed assets	44,222	43,571	41,380	39,900	P 35,898	-11.9	13.1	11.8	-8.7	P -35.4
Number of employees	199,720	196,856	191,296	211,798	P 211,314	-3.3	-3.6	-4.5	-5.5	P -5.1

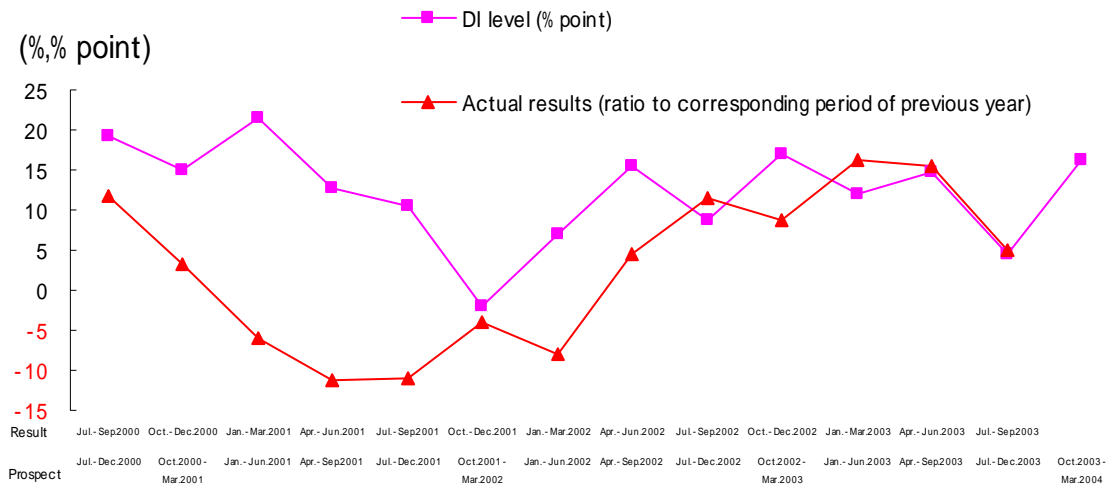
Trends in main industry sales Units (results : US\$ 10,000;) Year-on-year change : %

	Quarterly performance					Year-on-year change				
	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003
Manufacturing industry in total	1,572,146	1,681,443	1,745,574	2,072,665	P 1,972,052	11.4	8.8	16.2	15.6	P 4.9
Transportation equipment	482,433	503,238	528,276	642,834	P 608,330	23.0	19.5	25.5	22.4	P 11.7
Electrical machinery	517,934	586,641	594,475	744,821	P 740,287	5.9	2.3	12.2	6.9	P -0.3
Industrial machinery	165,835	164,295	171,693	179,535	P 169,269	12.8	14.5	19.5	11.6	P 0.6
Chemicals	197,365	200,709	206,384	247,932	P 238,051	2.4	-6.1	-0.3	15.4	P 13.0

2 . Outlook for Europe

	D I					Ratio to previous quarter				
	Oct.2002	Jan. - Jun. 2003	Apr. - Sep. 2003	Jul. - Dec. 2003	Oct.2003	Oct.2002	Jan. - Jun. 2003	Apr. - Sep. 2003	Jul. - Dec. 2003	Oct.2003
	-Mar.2003	2003	2003	2003	-Mar.2004	-Mar.2003	2003	2003	2003	-Mar.2004
Sales	17.1	12.1	14.7	4.6	P 16.2	8.4	-5.0	2.6	-10.1	P 11.6
Local sales	8.5	8.1	11.0	6.0	P 15.3	-1.1	-0.4	2.9	-5.0	P 9.3
Exports to Japan	-1.3	0.0	-0.8	-1.6	P -2.9	3.0	1.3	-0.8	-0.8	P -1.3
Exports to countries other than Japan	5.7	5.8	10.7	-1.0	P 14.3	1.4	0.1	4.9	-11.7	P 15.3
(Parent-subsidiary deals)										
Export to the parent company in Japan	0.0	2.6	1.5	0.0	P -1.2	3.0	2.6	-1.1	-1.5	P -1.2
Import from the parent company in Japan	-1.9	-0.6	5.7	1.0	P 7.9	0.8	1.3	6.3	-4.7	P 6.9
Acquisition of tangible fixed assets	10.6	8.7	3.7	9.4	P 7.0	-1.5	-1.9	-5.0	5.7	P -2.4
Number of employees	-4.2	-1.9	-8.0	-5.2	P -9.4	-2.8	2.3	-6.1	2.8	P -4.2

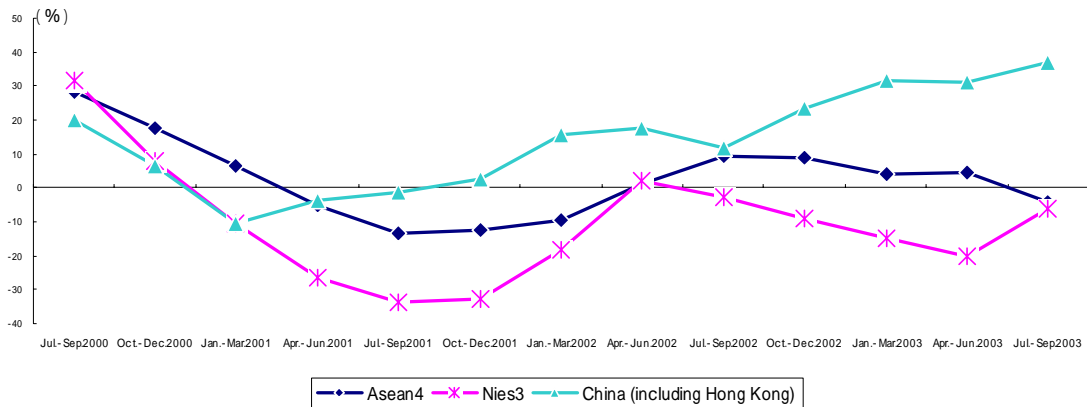
Europe(sales) Prospects (DI) and Actual Results



[Topics]

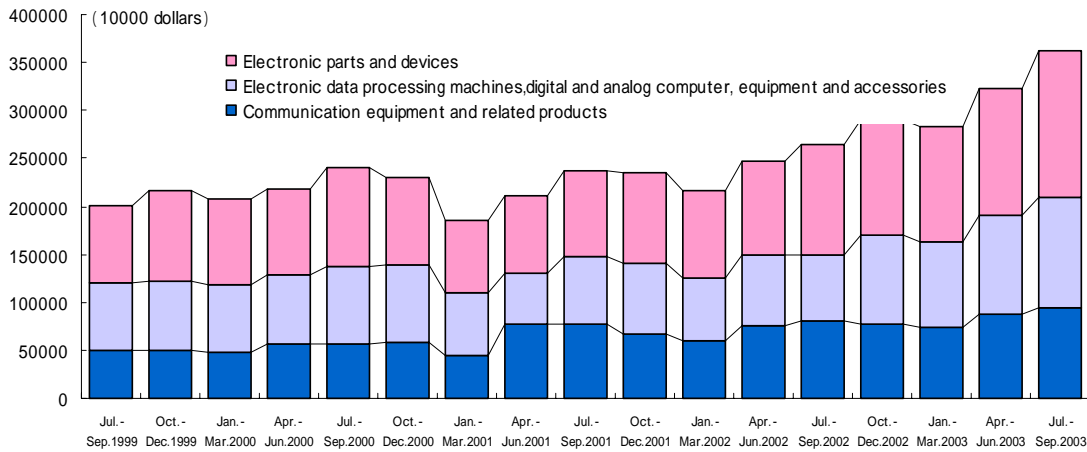
IT-related Electrical Machinery in Asia

Significant growth in China, NIES3 shifting from negative to positive growth



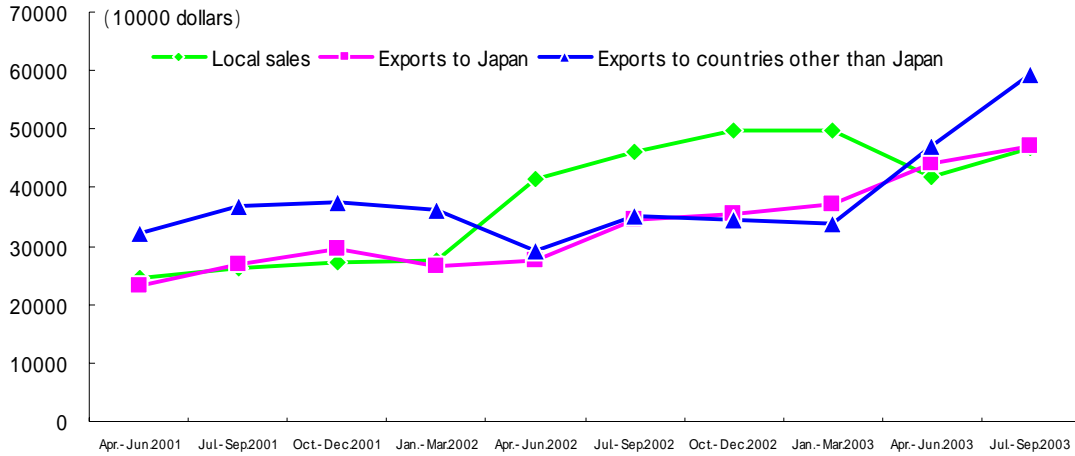
IT Industry Sales in China

“Electronic parts and device manufacturers” of semiconductor elements and integrated circuits account for 40% of overall sales



Destinations for Electronic Parts and Devices Manufactured in China

Growth in goods destined for Japan and third countries is being driven by the economic recovery in the United States and Asia



Note) IT-related electronic machinery includes communication equipment and associated products (telephones, televisions, radios, stereos, etc.), electronic computers and accessories, electronic parts and manufactured devices (semiconductor elements, integrated circuits, etc.).

(Reference)

1 . Comparison of US dollar and Japanese yen exchange rates

(Ratio Over Same quarter of last year : %)

Area	Item	US dollar equivalent					Japanese yen equivalent				
		2002		2003			2002		2003		
		Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
All areas	Sales	6.5	6.5	10.6	6.0	P 5.7	4.3	5.9	-0.8	-1.2	P 4.3
	Local sales	6.8	5.4	9.7	4.1	P 3.6	4.6	4.7	-1.6	-2.9	P 2.2
	Exports to Japan	4.2	10.7	13.6	17.3	P 20.2	1.9	10.0	1.9	9.3	P 18.6
North America	Sales	2.3	-1.5	5.4	-1.6	P -1.4	0.1	-2.1	-5.4	-8.2	P -2.7
	Local sales	2.7	-1.6	5.2	-2.1	P -1.5	0.5	-2.2	-5.7	-8.7	P -2.8
	Exports to Japan	-17.7	-14.0	12.5	-0.8	P 15.9	-19.4	-14.5	0.9	-7.5	P 14.4
Asia	Sales	13.7	20.4	17.4	12.9	P 15.5	11.3	19.6	5.4	5.2	P 14.0
	Local sales	20.2	29.9	22.4	14.4	P 17.7	17.7	29.1	9.8	6.6	P 16.1
	Exports to Japan	7.4	13.3	13.9	19.3	P 20.1	5.1	12.6	2.1	11.2	P 18.5
ASEAN4	Sales	14.9	21.9	21.7	13.6	P 12.2	12.5	21.2	9.1	5.9	P 10.8
	Local sales	23.4	40.5	37.7	22.3	P 23.4	20.8	39.7	23.5	14.0	P 21.8
	Exports to Japan	5.1	12.2	8.6	8.2	P 9.4	2.9	11.6	-2.6	0.8	P 7.9
NIES3	Sales	4.6	6.3	-7.0	-8.3	P 1.4	2.4	5.7	-10.9	-14.5	P 0.1
	Local sales	3.4	3.1	0.0	-5.9	P 1.8	1.2	2.5	-10.3	-12.3	P 0.4
	Exports to Japan	-3.6	5.3	6.6	29.1	P 31.7	-5.7	4.6	-4.4	20.4	P 30.0
China (Hong Kong is included)	Sales	11.0	21.2	27.2	30.5	P 32.4	8.7	20.4	14.1	21.7	P 30.6
	Local sales	16.1	24.4	25.4	24.9	P 25.0	13.6	23.6	12.4	16.5	P 23.4
	Exports to Japan	14.6	16.4	23.6	29.8	P 29.3	12.2	15.7	10.9	21.0	P 27.6
Europe	Sales	11.4	8.8	16.2	15.6	P 4.9	9.0	8.2	4.3	7.8	P 3.5
	Local sales	15.0	10.7	16.1	13.7	p 1.1	12.5	10.1	4.2	6.0	P -0.2
	Exports to Japan	-23.9	-3.4	15.4	21.8	P 107.7	-25.6	-4.0	3.5	13.6	P 104.9
Other	Sales	-5.6	3.6	4.8	8.1	P 13.9	-7.6	2.9	-6.0	0.8	P 12.4
	Local sales	-6.7	0.8	5.3	10.6	P 17.7	-8.7	0.2	-5.6	3.1	P 16.1
	Exports to Japan	9.0	34.9	7.1	6.3	P -27.3	6.7	34.1	-4.0	-0.9	P -28.3

2. Changes in the exchange rates of the major currencies against the US dollar by region (average term rates published by IMF)

	Jul. - Sep. 2002	Oct. - Dec. 2002	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003
Yen	119.15	122.9	118.82	118.44	117.57
ASEAN4					
Rupiah (Indonesia)	8955.7	9054.7	8905.5	8479.3	8441.3
Ringgit (Malaysia)	3.8	3.8	3.8	3.8	3.8
Peso (Philippines)	51.848	53.234	54.076	52.904	54.576
Baht (Thailand)	42.018	43.37	42.756	42.18	41.29
NIES3					
Won (Republic of Korea)	1197.65	1219.83	1202.33	1207.88	1174.32
Dollar (Singapore)	1.7575	1.7679	1.7446	1.7521	1.7516
Dollar (Taiwan)	33.991	34.8364	34.7057	34.721	34.0757
People's Republic of China (Hong Kong is included)					
Yuan (People's Republic of China)	8.2768	8.2771	8.2771	8.277	8.2771
Dollar (Hong Kong)	7.799	7.799	7.799	7.798	7.8
Europe					
Pound (United Kingdom)	1.5481	1.5684	1.603	1.6193	1.61
Euro (Euro Area)	1.01677	1.00336	0.9318	0.8814	0.8897

INTERNATIONAL FINANCIAL STATISTICS (IMF)

(Reference)

3. Results by major country and area

	Item	Results(US\$10,000, persons)					Ratio Over Same quarter of last year(%)					
		2002		2003			2002		2003			
		Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	
United States of America	Sales	3,998,241	3,880,418	4,048,219	4,333,116	4,162,604	1.3	-2.6	3.7	-2.2	P	-1.8
	Local sales	3,676,661	3,552,294	3,731,759	4,005,902	3,818,553	1.7	-2.7	3.4	-2.8	P	-2.2
	Exports to Japan	59,323	55,804	61,733	64,975	74,333	-16.5	-13.2	11.2	-2.2	P	17.2
	Number of employees	395,525	384,564	383,332	400,465	402,112	-4.0	-3.7	-1.1	-5.4	P	-6.0
Indonesia	Sales	240,847	248,511	243,717	311,472	319,561	13.8	31.3	27.8	23.2	P	18.8
	Local sales	97,888	117,745	118,985	147,324	151,491	15.7	58.2	51.6	49.5	P	43.7
	Exports to Japan	51,842	50,574	40,914	69,791	64,806	9.1	17.3	12.9	15.3	P	2.8
	Number of employees	170,500	179,617	179,815	196,685	194,492	1.7	7.9	8.1	7.2	P	4.7
Malaysia	Sales	347,454	312,598	289,932	413,534	460,099	3.0	-0.8	-5.8	-5.1	P	2.1
	Local sales	93,293	81,629	78,740	140,013	87,207	4.7	-2.0	-5.1	-19.0	P	-11.3
	Exports to Japan	78,102	71,950	71,375	101,874	103,617	-8.3	-5.1	8.2	10.0	P	15.7
	Number of employees	148,535	146,988	143,360	162,982	167,203	-9.5	-7.3	-7.5	-7.4	P	-4.2
Philippines	Sales	222,760	238,621	232,442	241,248	230,351	13.8	23.2	17.6	15.1	P	1.0
	Local sales	39,999	42,199	41,714	44,567	41,007	14.7	21.8	16.3	6.7	P	-1.9
	Exports to Japan	86,642	99,506	77,818	80,170	95,127	6.5	23.6	-0.9	5.9	P	9.2
	Number of employees	112,278	115,308	114,585	121,054	116,808	7.3	12.7	5.6	5.8	P	0.1
Thailand	Sales	519,676	547,799	554,429	651,537	701,213	25.9	34.7	35.1	21.8	P	20.8
	Local sales	291,123	325,246	327,989	384,768	410,541	35.7	54.2	47.4	29.2	P	31.2
	Exports to Japan	117,002	111,617	103,008	115,897	140,792	13.3	14.1	11.4	5.3	P	8.2
	Number of employees	194,657	196,801	197,209	230,396	237,727	7.0	8.2	6.6	7.8	P	5.9
Republic of Korea	Sales	100,065	100,581	98,093	156,092	181,519	3.2	16.7	20.9	7.4	P	11.1
	Local sales	64,638	60,854	61,756	92,883	92,453	14.0	15.5	22.8	12.2	P	14.4
	Exports to Japan	23,193	25,457	24,147	45,379	49,206	-8.4	22.1	32.0	14.7	P	11.1
	Number of employees	19,985	19,721	20,058	27,042	26,814	-3.5	-1.3	1.3	-3.0	P	-4.3
Singapore	Sales	303,484	261,192	231,589	241,269	270,771	0.1	-5.1	-13.3	-21.5	P	-11.0
	Local sales	131,307	109,688	99,606	112,525	116,161	-5.1	-17.5	-21.5	-24.4	P	-11.6
	Exports to Japan	48,984	42,134	40,130	37,796	42,018	-1.2	-5.6	-6.5	-18.8	P	-14.2
	Number of employees	46,699	45,980	44,903	47,238	48,984	-0.3	2.3	-0.4	-1.8	P	4.3
Taiwan	Sales	244,324	251,697	240,307	296,067	308,062	11.4	16.8	6.3	0.9	P	12.8
	Local sales	144,175	147,464	139,955	178,120	183,479	7.7	20.1	12.5	4.4	P	8.3
	Exports to Japan	29,405	33,153	30,327	66,211	67,007	-3.7	9.8	9.4	116.0	P	124.5
	Number of employees	42,940	43,227	42,781	49,871	49,501	-7.0	-4.4	-3.7	-0.5	P	1.3
People's Republic of China (Hong Kong is included)	Sales	742,422	757,684	743,200	1,093,508	1,250,185	11.0	21.2	27.3	30.5	P	32.4
	Local sales	269,912	274,847	263,912	474,570	546,263	16.1	30.9	31.2	24.9	P	25.0
	Exports to Japan	253,381	264,427	254,249	322,388	359,045	14.6	16.4	23.6	29.8	P	29.3
	Number of employees	446,915	446,285	456,123	584,772	628,057	15.4	15.7	14.0	14.2	P	15.3
United Kingdom	Sales	577,021	619,527	612,301	715,107	730,649	18.6	11.3	13.8	16.5	P	4.9
	Local sales	443,977	475,461	467,468	513,963	519,206	21.4	13.5	14.0	12.4	P	-0.4
	Exports to Japan	5,922	9,045	9,140	7,085	17,745	-34.3	-2.8	-4.9	13.0	P	192.3
	Number of employees	58,488	57,528	56,091	61,762	61,953	-5.8	-5.5	-3.8	-4.5	P	-4.5
France	Sales	155,108	190,670	205,890	234,985	202,944	6.1	10.6	29.6	14.9	P	6.9
	Local sales	97,820	124,760	136,501	130,976	112,141	5.9	11.9	25.4	20.4	P	14.3
	Exports to Japan	2,352	2,325	2,437	3,295	3,030	-28.4	-31.2	-0.4	18.7	P	28.0
	Number of employees	18,016	17,359	17,505	19,567	18,694	4.5	1.7	4.2	-3.0	P	-11.2
Germany	Sales	231,375	236,366	248,123	307,914	284,966	15.6	15.0	20.0	15.5	P	0.5
	Local sales	164,706	162,146	177,343	224,531	196,537	21.1	16.9	20.2	10.7	P	-5.8
	Exports to Japan	2,326	3,545	3,484	3,722	7,432	-21.1	-2.1	82.1	-0.7	P	167.5
	Number of employees	22,478	22,269	21,458	26,573	27,357	3.0	2.4	-4.7	-3.8	P	-0.9
Netherlands	Sales	260,253	263,433	269,261	320,130	321,709	7.6	1.7	5.1	8.6	P	7.4
	Local sales	220,235	222,107	228,636	273,811	264,102	15.4	4.8	8.8	9.1	P	3.2
	Exports to Japan	490	466	438	465	388	-12.8	114.3	73.6	97.7	P	-20.9
	Number of employees	28,574	28,658	26,481	30,173	30,679	-7.1	-6.1	-13.0	-6.5	P	-3.0

References

1. Classification of countries (regions)

The countries (regions) in which overseas subsidiaries were located were classified as follows (in alphabetical order):

<Classification>

- North America: Canada and USA
- Asia (In addition to the three regions listed below, Bangladesh, India, Myanmar, Pakistan, Sri Lanka, and Vietnam are included.)
 - ASEAN4: Indonesia, Malaysia, the Philippines, Thailand
 - NIES3: Singapore, South Korea, Taiwan
 - China (including Hong Kong): the People's Republic of China (including Hong Kong Special Administrative District)
- Europe: Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Netherlands, Poland, Portugal, Romania, Russia, Slovakia, Spain, Sweden, Switzerland, Turkey, UK
- Others: Argentina, Australia, Brazil, Chile, Colombia, Costa Rica, Egypt, El Salvador, Guatemala, the Republic of Ivory Coast, Mexico, New Zealand, Nicaragua, Papua New Guinea, Peru, Puerto Rico (USA), South Africa, Swaziland, Tanzania, UAE, Venezuela

2. Record of changes in the content of the survey

(For details, refer to materials published for each term.)

The October-December quarter of 1996, and January-March quarter of 1997

- A test survey was conducted, and findings were published under the approval of the Management and Coordination Agency.

From the April-June quarter of FY 1998

- Survey periods for "the amount of acquired tangible fixed assets excluding land" (with regard to parent companies, together with "overseas direct investment") were excluded from quarterly surveys, and researched every other quarter, such as July-September, and January-March. Accordingly, the results and prospects of surveys are conducted semi-annually instead of quarterly. The content of the surveys was also changed from "tangible fixed assets completed or acquired except land during the term" to "tangible fixed assets acquired (including temporary construction accounts) except land during the term." With regard to parent companies, findings of the "Ministry of International Trade and Industry Survey on Investment in Plant and

Equipment” were used.

- Quarterly prospects were also changed to semi-annual prospects.

From the April-June quarter of FY 1999

- A coefficient of connection was created and used for data before fiscal 1997 (the January-March quarter of 1998) to maintain consistency with past data, because dropped companies were added to the survey from fiscal 1998 (the April-June quarter of 1998).
- Because of a change in estimating methods, results were decided not by the rate of increase compared with the previous term, but by the rate of increase compared with the same period of the previous year.

From the April-June quarter of FY 2001

- “Company Trends Survey” was renewed by combining the “Industry Economic Trends Survey” with the “Company Trends Survey,” both of which had been under the control of the Ministry of Economy, Trade and Industry. In addition, the “Overseas Affiliated Company Edition” was published separately from the “Parent Company Edition.”

From the April-June quarter of FY 2002

- A coefficient of connection was created and used for data before fiscal 2000 (the January-March quarter of 2001) to maintain consistency with past data, because companies included in the survey, questions to be asked, and other items surveyed were reviewed in order to reorganize and consolidate the surveys (the April-June quarter of 2001 and later).
- Region/country classifications were revised to separate "China (including Hong Kong)" from "China and other Asian countries," and create another independent category.

The April-June quarter of FY 2003

- The “Parent Company Survey” in the former “Company Trend Survey” was discontinued, and from the April-June quarter of 2003 the survey was conducted as the “Quarterly Survey of Overseas Subsidiaries,” which was focused on overseas subsidiaries conducting manufacturing abroad.

Since companies included in the survey were reviewed and the scope of the survey was expanded (as noted in (4)-(), from “over 50% of a controlling share” to “50% or more” of that) from the April-June quarter of 2003, differences between results in this quarter and those in the previous quarter or earlier have become apparent. The ratio to the same period of the previous year is estimated only on the basis of the total figures of companies which continued to be included in the survey from the previous fiscal year to the current quarter.

Data reference

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<http://www.meti.go.jp/statistics/index.html>

* Time series tables for past data are on the web page at the above-mentioned address.