

# **Trends in Overseas Subsidiaries**

(Quarterly Survey of Overseas Subsidiaries)

**Results for January – March 2004**

**Prospects for April 2004 – September 2004**

June 29, 2004

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 future overseas economic trends 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 circumstances of economic globalization. An additional goal is to contribute to the drafting of flexible industrial and trade policies.

#### **(2) Legal basis of the survey**

These are official 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 March 2004.

(The deadline for submitting survey responses for this quarter was May 14, 2004.)

#### **(4) Subject of the survey**

Companies that met all of the following conditions as of the end of March 2003 were subject to the survey:

All industries except finance, insurance, and real estate

Companies capitalized at more than 100 million yen

Companies with more than 50 employees

Companies with overseas subsidiaries

With regard to overseas subsidiaries owned by the above Japanese parent companies, this survey targets overseas subsidiaries that meet all of the following criteria (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 (including both direct 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
3555	2559	72.0%

#### **(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 listed 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 engaged 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 page28)

### (2) Adjustment to deal with the gap in published values

There is a gap between the results of this quarter and those of previous quarters, due to 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

Numerical values for this quarter will be finalized in the following quarter.

Numerical values for the previous year (quarter and fiscal year totals)

These are 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 of 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 the 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

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

## II. Findings of the survey

### 1. Sales trends

#### [Results]

Sales by overseas subsidiaries in the January – March quarter of 2004 totaled 124.76369 billion dollars (13.3784 trillion yen), a 17.3% increase compared to the same quarter of the previous year, and up for the eighth consecutive quarter. Conditions were favorable in major industries such as transportation equipment, general machinery, and electrical machinery, increasing by double digits for the seventh, third, and second consecutive quarters, respectively. Sales increased in all regions: China maintained a high level; Europe registered an increase for the eighth consecutive quarter; and the North American economic recovery contributed, as well.

- By industry, sales figures increased in 12 out of 13 industries. In particular, general machinery (up by 21.6% compared to the same quarter of the previous year) and transportation equipment (up 20.7%) have increased for the eighth consecutive quarters. In addition, electrical machinery (up 13.9%) increased by double digits for the second consecutive quarter due to a recovery in demand for personal computers and an expansion of digital household appliances.

- By region (country), Asia increased by 27.6% compared to the same quarter of the previous year, maintaining favorable conditions. In particular, China (including Hong Kong) (up 38.9%) increased in the 30% range, reflecting active business in IT-related industries. Europe (up 19.9%) maintained favorable conditions in transportation equipment and electrical machinery. In addition, in North America (up 9.2%) transportation equipment (up 12.6%) continued to increase its momentum, growing by double digits for the second consecutive quarter, while stagnant electrical machinery (down 0.6%) declined at a lower rate.

#### [Prospects (for April – September 2004)]

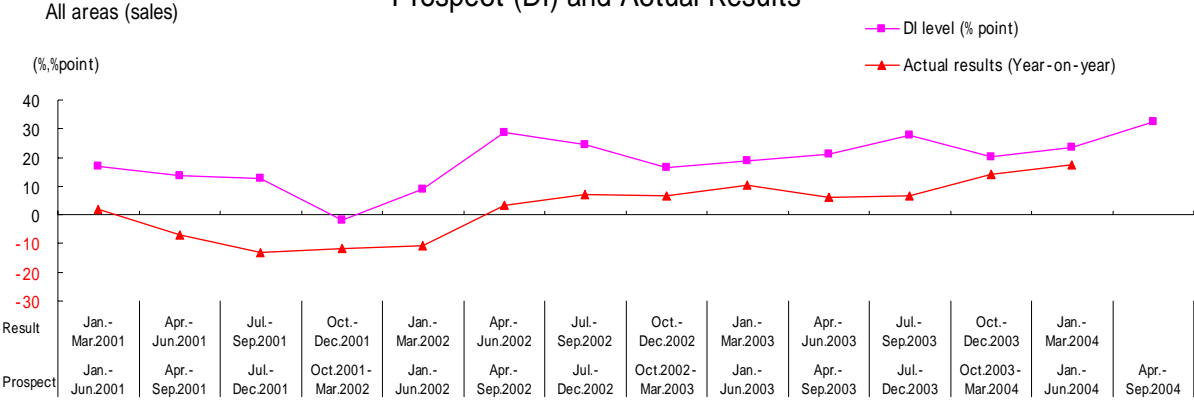
The indicator of overseas subsidiaries' prospects (or "DI," defined as the percentage of companies expecting an increase minus the percentage of companies expecting a decrease) for this quarter stood at 32.3 points, remaining positive for the 10th consecutive quarter. Compared to the previous quarter (current DI minus previous-quarter DI), there was an improvement of 8.9 points, reflecting the recovery in the world economy, as well as improvement in all regions for the second consecutive quarter.

- By industry, the DI was positive in all 13 industries such as transportation equipment (33.2 points), and electrical machinery (32.1 points). Compared to the previous quarter, improvements were notable in electrical machinery (up by 10.4 points), transportation equipment (up by 7.2 points), and general machinery (up by 5.2 points).

- By region (country), the DI was in positive double digits in all regions. In Asia (37.4 points), China (including Hong Kong) remained particularly high, at 46.4 points, with 6 industries recording DIs of more than 50 points. Compared to the previous quarter, improvements in North America (up by 5.4 points) and in Asia (up by 11.2 points) were notable. There were improvements in all regions (countries), and NIES3 in particular (up by 15.7 points) improved markedly.

- Compared to the previous quarter, NIES3 improved in 8 industries due to an improvement in general machinery (up by 35.0 points) and electrical machinery (up by 15.4 points).

### Prospect (DI) and Actual Results



## **(1) Trends in primary industries**

### **Transportation equipment (sales share 41.5%)**

#### **[Results]**

Sales in transportation equipment for this quarter amounted to 51.81966 billion dollars (5.5566 trillion yen), an increase of 20.7% compared to the same quarter of the previous year.

· By region (country), transportation equipment sales in North America, which accounted for 60% of sales in all regions, amounted to 29.35596 billion dollars (3.1478 trillion yen) reflecting a recovery in business. Sales here were up by 12.6% compared to the same quarter of the previous year, enjoying a double-digit increase for the second consecutive quarter. Sales in Europe, where Japanese automobiles have been increasing market share, registered 7.42578 billion dollars (796.3 billion yen), up by 25.4%, a double-digit increase for the eighth consecutive quarter. Sales in ASEAN4 amounted to 5.59741 billion dollars (600.2 billion yen) due to favorable conditions in Thailand and Indonesia, up by 27.3%. China (including Hong Kong) registered 1.78301 billion dollars (191.2 billion yen) due to positive domestic demand, up by 76.9%. Furthermore, NIES3 registered 1.00001 billion dollars (107.2 billion yen), up by 20.0%.

#### **[Prospects (for April – September 2004)]**

The DI was 33.2 points, remaining at a double-digit level for the 10th consecutive quarter. Compared to the previous quarter, it improved by 7.2 points (26.0 33.2).

· By region (country), the DI was in positive double digits in all regions (countries). Compared to the previous quarter, North America (up by 9.7 points) and Asia (up by 7.2 points) improved greatly, and an improvement in ASEAN4 was also notable.

### **Electrical machinery (sales share 31.0%)**

#### **[Results]**

Sales in electrical machinery for this quarter amounted to 38.71902 billion dollars (4.1518 trillion yen), an increase of 13.9% compared to the same quarter of the previous year. It increased by double digits for the second consecutive quarter due to a recovery in demand for personal computers and expansion in digital household appliances.

· By region (country), electrical machinery sales in Europe amounted to 9.61596 billion dollars (1.0311 trillion yen), up by 20.7% compared to the same quarter of the previous year, while sales in Asia amounted to 18.54614 billion dollars (1.9887 trillion yen), up by 21.5%. In particular, China (including Hong Kong) registered 6.52685 billion dollars (699.9 billion yen) due to positive domestic and foreign demand—a sharp rise of 39.7%. In contrast, sales in North America amounted to 9.94469 billion dollars (1.0664 trillion yen), a decline of 0.6%, but the drop was cushioned by a recovery in personal consumption.

#### **[Prospects (for April – September 2004)]**

The DI stood at 32.1 points, maintaining its double-digit level for the fifth consecutive quarter. Compared to the previous quarter, it improved by 10.4 points (21.7 32.1).

· By region (country), the DI has remained positive in all regions (countries) for the fourth consecutive quarters. Compared to the previous quarter, Asia improved by 14.1 points, and improvements in China (including Hong Kong; up by 16.1 points), and NIES3 (up by 15.4 points) were particularly notable. On the other hand, the DI declined in Europe (down by 1.3 points), worsening for the third consecutive quarter.

## **General machinery (sales share 6.5%)**

### **[Results]**

Sales in general machinery for this quarter amounted to 8.13740 billion dollars (872.6 billion yen), an increase of 21.6% compared to the same quarter of the previous year.

· By region (country), general machinery sales showed double digit increases in all regions. Sales in Asia amounted to 2.70053 billion dollars (289.6 billion yen), up by 28.9%, due to favorable conditions in office machinery. In particular, China (including Hong Kong) increased by 32.1%, a double digit rise for the fifth consecutive quarter. Furthermore, North America registered 3.30127 billion dollars (354.0 billion yen), up by 19.8%, and Europe registered 2.01202 billion dollars (215.7 billion yen), up by 15.7%.

### **[Prospects (for April – September 2004)]**

The DI was 34.0 points, maintaining double-digit growth for the fifth consecutive quarter. Compared to the previous quarter, it improved by 5.2 points (28.8 → 34.0), up for the fifth consecutive quarter.

· By region (country), the DI showed positive double-digit growth in all regions (countries) including Asia (39.2 points), Europe (26.3 points), and North America (20.9 points). Compared to the previous quarter, North America (up by 5.0 points) and Asia (up by 5.6 points) recovered from a declining trend that had continued for two consecutive quarters.

## **Chemicals (sales share 6.4%)**

### **[Results]**

Sales of chemicals for this quarter amounted to 7.92704 billion dollars (850.0 billion yen), an increase of 14.8% compared to the same quarter of the previous year, rising for the fifth consecutive quarter.

· Chemicals sales increased in all regions except North America. Sales in Asia amounted to 2.92594 billion dollars (313.7 billion yen), up by 33.7%, and those in Europe amounted to 2.58120 billion dollars (276.0 billion yen), up by 17.3%.

### **[Prospects (for April – September 2004)]**

The DI has been in positive double digits for the 10th consecutive quarters. Compared to the previous quarter, it improved by 12.3 points (25.0 → 37.3).

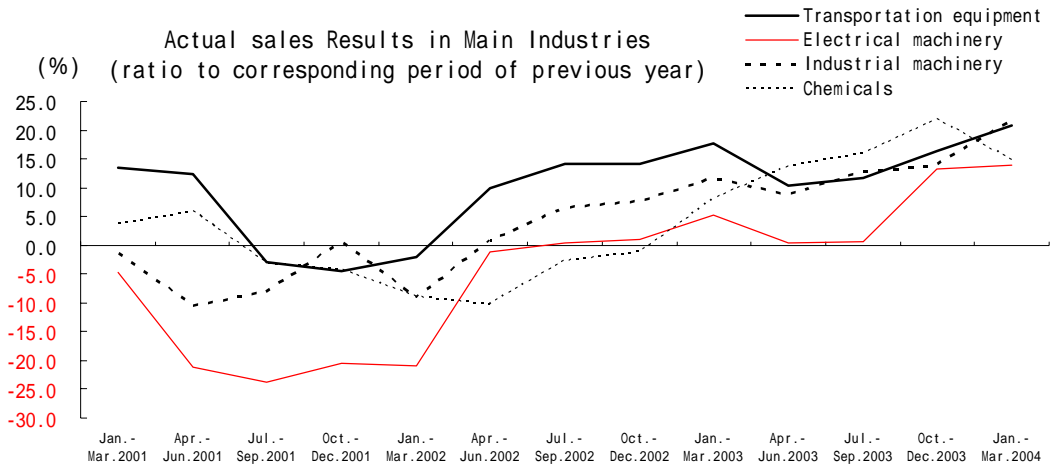
· The DI was positive in all regions. Compared to the previous quarter, Asia (up by 17.4 points) showed a double digit increase for the first time in the third consecutive quarters, and both North America (up by 8.0 points) and Europe (up by 3.7 points) showed improvements.



**Sales Trends in Main Industries**

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

	Quarterly Performance					Year-on-year change				
	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003	Oct. - Dec. 2003	Jan. - Mar. 2004	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003	Oct. - Dec. 2003	Jan. - Mar. 2004
Manufacturing industry in total	9,452,815	11,015,809	11,130,733	12,064,840	P 12,476,369	10.6	6.0	6.6	14.2	P 17.3
Transportation equipment	3,875,026	4,553,490	4,425,171	4,680,408	P 5,181,966	17.6	10.3	11.8	16.3	P 20.7
Electrical machinery	2,892,500	3,425,217	3,604,475	4,162,279	P 3,871,902	5.3	0.3	0.7	13.3	P 13.9
Industrial machinery	635,174	681,175	711,571	731,306	P 813,740	11.6	8.9	12.8	13.9	P 21.6
Chemicals	588,470	726,795	740,438	789,863	P 792,704	8.2	13.6	16.0	21.9	P 14.8



## **(2) Trends by destination**

Classifying sales by destination, local sales (sales in the countries where overseas subsidiaries are located) accounted for 71.9%, up by 0.9% compared to the previous quarter; exports to Japan (exporting products directly to Japan) were 9.0%, down by 0.7% compared to the previous quarter; and exports to countries other than Japan (exporting products to countries other than Japan or the country of operation) were 19.1%.

### **Local sales (sales share 71.9%)**

#### **[Results]**

Local sales amounted to 89.75515 billion dollars (9.6244 trillion yen), an increase of 15.6% compared to the same quarter of the previous year.

- By industry, local sales increased in 9 industries including transportation equipment (up by 20.0%, general machinery (up by 21.6% ), and electrical machinery (up by 10.8% ).
- By region (country), local sales increased in all regions: Asia (up by 37.9% ), China (including Hong Kong) (up by 50.2% ), NIES3 (up by 23.2%), ASEAN4 (up by 25.8% ), Europe (up by 12.3% ) and North America (up by 9.1% ).

#### **[Prospects (for April – September 2004)]**

The DI has been positive for the 10th consecutive quarters. Compared to the previous quarter, it improved by 9.8 points (19.1 → 28.9).

- By industry, the DI increased in 10 industries including electrical machinery (up by 9.5 points ) and transportation equipment (up by 9.0 points).
- By region, the DI was positive in all regions including Asia (up by 11.2 points ), North America (up by 8.4 points ), and Europe (up by 2.4 points ).

### **Export sales to Japan (sales share 9.0%)**

#### **[Results]**

Export sales to Japan amounted to 11.22753 billion dollars (1.2039 trillion yen), an increase of 30.3% compared to the same quarter of the previous year, rising for the seventh consecutive quarter.

- By industry, export sales to Japan increased in all industries, including electrical machinery (up by 38.3% ) and general machinery (up by 29.7% ).
- By region, exports from Asia, 85% of which are exports to Japan, increased significantly (up by 27.3% ).

#### **[Prospects (for April – September 2004)]**

The DI was positive, and improved by 6.3 points compared to the previous quarter (7.0 → 13.3).

- By industry, the DI increased in 11 industries including electrical machinery (up by 12.9 points ), transportation equipment (up by 3.0 points), and general machinery ( 2.7 points ).
- By region, the DI was positive in Asia (19.1 points) and was particularly high in China (including Hong Kong) (28.6 points ). Compared to the previous quarter, improvement was seen in Asia (up by 8.3 points ), Europe (up by 1.8 points ), and North America (up by 0.3 points ).

## Export sales to countries other than Japan (sales share 19.1%)

### [Results]

Export sales to countries other than Japan amounted to 23.78101 billion dollars (2.5500 trillion yen), representing an increase of 18.6% compared to the same quarter of the previous year and a rise for the seventh consecutive quarter.

- By industry, the increases in transportation equipment (up by 32.8%) and general machinery (up by 17.9%) were outstanding. Electrical machinery (up by 8.1%), which represents 50% of export sales to countries other than Japan, also increased.

- By region (country), export sales to countries other than Japan increased in all regions. Europe (up by 37.8%) increased sharply due to favorable conditions in electrical machinery. Among Asian nations (up by 14.1%), outstanding growth was seen in China (including Hong Kong) (up by 35.4%).

Furthermore, North America (up by 4.0%) also showed an increase.

### [Prospects (for April – September 2004)]

The DI has been in positive double digits for the fifth consecutive quarters. Compared to the previous quarter, it improved by 6.0 points (11.3 → 17.3).

- By industry, the DI improved in 10 industries including electrical machinery (up by 8.8 points), rising for the first time in the third consecutive quarters, and transportation equipment (up by 4.6 points), rising for the second consecutive quarter. In contrast, general machinery declined by 1.3 points.

- By region, the DI improved in Asia (8.7 points), Europe (5.8 points), and North America (up by 0.1 points).

### 1 . Results by destination

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

	Quarterly Performance					Year-on-year change				
	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003	Oct. - Dec. 2003	Jan. - Mar. 2004	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003	Oct. - Dec. 2003	Jan. - Mar. 2004
Sales	9,452,815	11,015,809	11,130,733	12,064,840	P 12,476,369	10.6	6.0	6.6	14.2	P 17.3
Local sales	7,010,661	8,054,517	7,909,430	8,568,685	P 8,975,515	9.7	4.1	4.8	13.3	P 15.6
Exports to Japan	762,336	970,808	1,070,754	1,168,492	P 1,122,753	13.6	17.3	20.0	27.1	P 30.3
Exports to countries other than Japan	1,679,818	1,962,534	2,150,549	2,327,663	P 2,378,101	13.0	8.6	7.2	11.3	P 18.6
(Parent-subsidiary deals)										
Export to the parent company in Japan	528,044	633,172	640,406	677,612	P 689,480	25.7	19.2	8.0	13.5	P 19.1
Import from the parent company in Japan	1,131,127	1,229,426	1,269,626	1,422,514	P 1,433,437	22.3	0.8	-0.6	14.5	P 17.5
Acquisition of tangible fixed assets	r 315,970	312,379	304,720	349,247	P 396,135	r 15.3	14.1	7.2	12.2	P 1.1
Number of employees	1,976,297	2,261,572	2,316,947	2,331,489	P 2,346,034	3.9	2.5	2.8	3.2	P 3.2

### 2 . Outlook by destination(DI)

(Unit:%points)

	D I					Ratio to previous quarter				
	Apr. - Sep. 2003	Jul. - Dec. 2003	Oct.2003 -Mar.2004	Jan. - Jun. 2004	Apr. - Sep. 2004	Apr. - Sep. 2003	Jul. - Dec. 2003	Oct.2003 -Mar.2004	Jan. - Jun. 2004	Apr. - Sep. 2004
Sales	21.4	28.0	20.3	23.4	P 32.3	2.7	6.6	-7.7	3.1	P 8.9
Local sales	18.0	22.9	17.7	19.1	P 28.9	0.7	4.9	-5.2	1.4	P 9.8
Exports to Japan	3.8	8.2	5.9	7.0	P 13.3	1.6	4.4	-2.3	1.1	P 6.3
Exports to countries other than Japan	11.7	13.0	10.8	11.3	P 17.3	4.5	1.3	-2.2	0.5	P 6.0
(Parent-subsidiary deals)										
Export to the parent company in Japan	3.8	8.2	6.2	7.4	P 12.8	0.7	4.4	-2.0	1.2	P 5.4
Import from the parent company in Japan	9.5	8.7	6.0	7.6	P 12.6	3.4	-0.8	-2.7	1.6	P 5.0
Acquisition of tangible fixed assets	12.7	17.4	12.8	17.0	P 20.5	0.8	4.7	-4.6	4.2	P 3.5
Number of employees	1.0	4.2	2.3	6.5	P 8.7	-2.9	3.2	-1.9	4.2	P 2.2

## 2. Equipment investment trends

[Results]

Equipment investment (the amount of acquired tangible fixed assets, excluding land) totaled 3.96135 billion dollars (424.8 billion yen), an increase of 1.1% compared to the same quarter of the previous year, up for the fifth consecutive quarter.

- By industry, equipment investment in electrical machinery totaled 1.10566 billion dollars (118.6 billion yen) (up by 32.7%), rising for the third consecutive quarter. On the other hand, investment in transportation equipment totaled just 2.10855 billion dollars (226.1 billion yen), a decrease of 20.0%. This decline was a reaction to large amounts of investment the previous year.

- By region, the increase in Asia (up by 21.2%) was notable, especially in ASEAN4 (up by 37.2%). China (including Hong Kong) (up by 9.9%) also registered significant growth for the fifth consecutive quarter. In contrast, equipment investment in Europe (down by 7.9%) decreased for the fifth consecutive quarter.

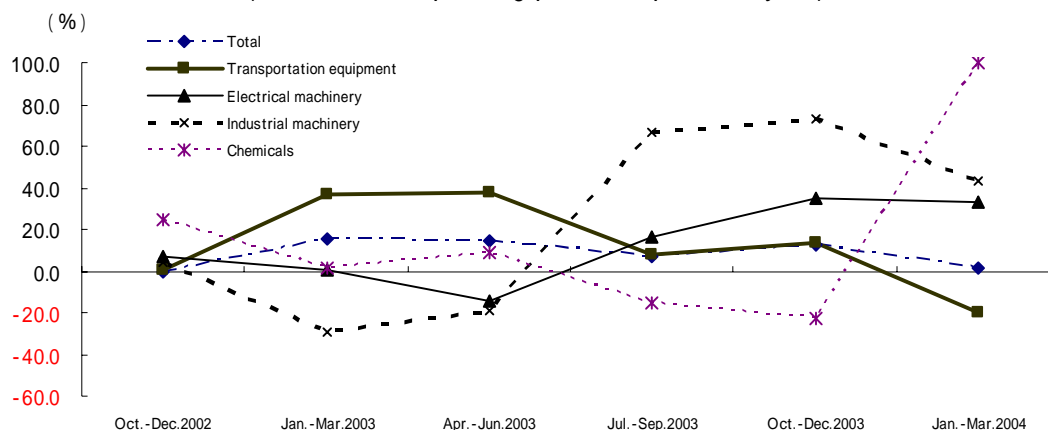
- Investment in transportation equipment increased notably in ASEAN4 (up by 59.3%), and investment in electrical machinery showed significant growth in North America (up by 50.0%).

1. Changes in equipment investments by major industry

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

	Quarterly Performance					Year-on-year change				
	Jan.-Mar. 2003	Apr.-Jun. 2003	Jul.-Sep. 2003	Oct.-Dec. 2003	Jan.-Mar. 2004	Jan.-Mar. 2003	Apr.-Jun. 2003	Jul.-Sep. 2003	Oct.-Dec. 2003	Jan.-Mar. 2004
Total	r 315,970	312,379	304,720	349,247	P 396,135	r 15.3	14.1	7.2	12.2	P 1.1
Transportation equipment	206,286	182,562	173,039	205,848	P 210,855	36.9	37.8	8.0	13.8	P -20.0
Electrical machinery	r 65,718	68,580	66,653	79,128	P 110,566	r 0.5	-14.1	16.5	35.2	P 32.7
Industrial machinery	7,307	6,894	12,811	11,924	P 10,934	-29.5	-18.6	66.7	72.9	P 43.1
Chemicals	10,909	22,825	20,413	15,697	P 24,473	1.1	9.0	-15.6	-22.8	P 100.4

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



[Prospects (for April – September 2004)]

The DI remained in positive double digits for the ninth consecutive quarter. Compared to the previous quarter, it improved by 3.5 points (17.0 → 20.5).

- By industry, the DI improved in 6 industries including electrical machinery (up by 9.1 points ).

However, transportation equipment declined by 5.8 points.

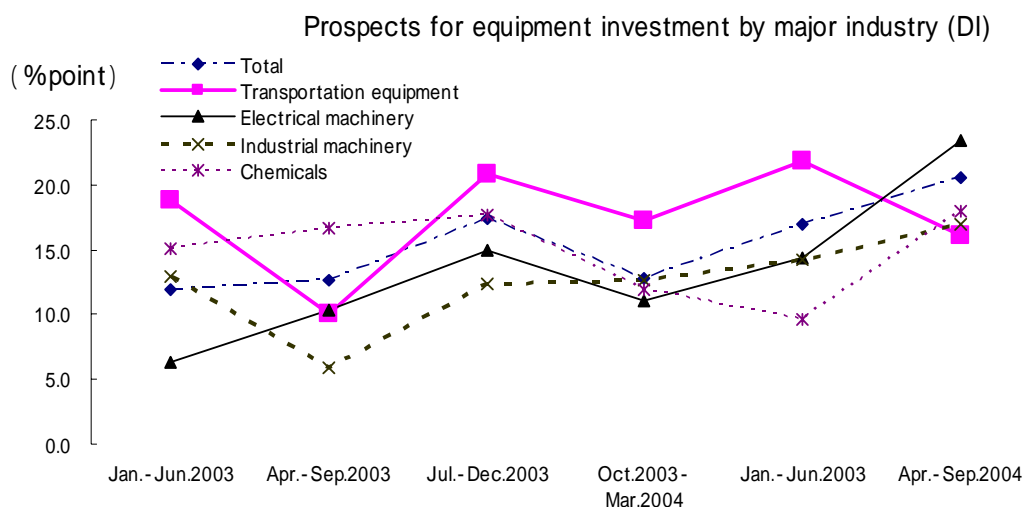
- The DI improved in all regions. Compared to the previous quarter, Asia (up by 5.4 points ), North America (up by 2.3 points), and Europe (up by 0.6 points ) registered increases. In particular, NIES3 (up by 14.3 points ) improved after the second consecutive quarters of decrease.

- With regard to the four goals of increased equipment investment (multiple answers possible), 62.8% of companies answered “to boost production capacity” (61.7% in the previous quarter). This goal was followed by “renewal and repair,” at 33.3%. “Rationalization and streamlining,” reflecting introduction of new equipment to cut costs, was cited by 25.5% of companies, up by 5.7% from the previous quarter, with a notable increase in electrical machinery.

- Looking at the companies that expected to “boost production capacity” by region (country), those in Asia registered 63.6%; in particular, those in China (including Hong Kong) registered 74.3%. North America and Europe recorded 55.6% and 72.1%, respectively.

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

	D I					Ratio to Previous Quarter				
	Apr.-Sep. 2003	Jul.-Dec. 2003	Oct.2003-Mar.2004	Jan.-Jun. 2004	Apr.-Sep. 2004	Apr.-Sep. 2003	Jul.-Dec. 2003	Oct.2003-Mar.2004	Jan.-Jun. 2004	Apr.-Sep. 2004
Total	12.7	17.4	12.8	17.0	P 20.5	0.8	4.7	-4.6	4.2	P 3.5
Transportation equipment	10.1	20.8	17.2	21.9	P 16.1	-8.7	10.7	-3.6	4.7	P -5.8
Electrical machinery	10.4	15.0	11.1	14.3	P 23.4	4.1	4.6	-3.9	3.2	P 9.1
Industrial machinery	5.9	12.4	12.7	14.2	P 17.0	-7.1	6.5	0.3	1.5	P 2.8
Chemicals	16.7	17.7	11.9	9.6	P 17.9	1.6	1.0	-5.8	-2.3	P 8.3



### 3. Employment trends (number of employees)

[Results]

The number of employees stood at 2.35 million persons, a 3.2% increase compared to the same quarter of the previous year. Employment increased for the eighth consecutive quarter due to a sharp increase in China (including Hong Kong).

- By industry, employment increased in 6 out of 13 industries. In particular, increases were significant in transportation equipment (530,000 persons, up by 5.2%) and electrical machinery (1.02 million persons, up by 5.7%).

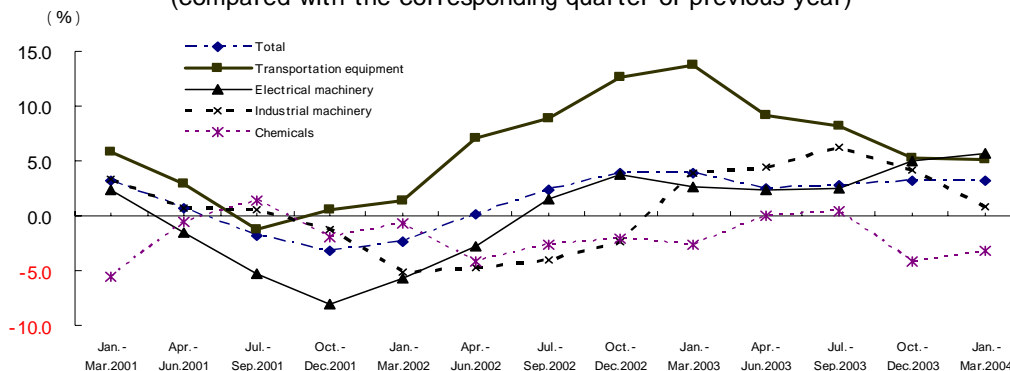
- By region, an increase was observed only in Asia (1.57 million persons, up by 6.7%), where approximately 70 % of all employees are located. In particular, the number of employees in China (including Hong Kong) increased by 15.0% to 640,000 persons. In contrast, the number of employees decreased both in North America (410,000 persons, down by 4.4%) and Europe (230,000 persons, down by 1.2%).

- In China (including Hong Kong), the number of employees increased in all industries except "Others," and in particular, electrical machinery (370,000 persons, up by 20.3%) showed a double-digit increase, rising for the eighth consecutive quarter.

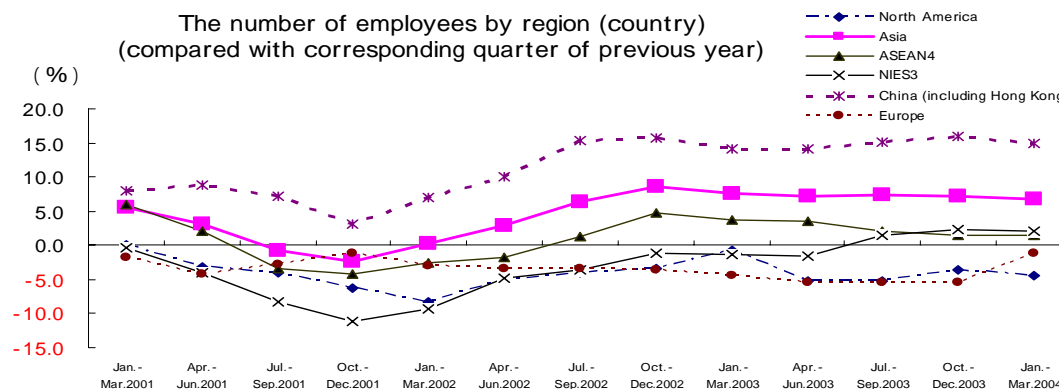
1. The number of employees in main industries

	Quarterly Performance (No. of employees)					Year-on-year change (%)				
	Jan.-Mar. 2003	Apr.-Jun. 2003	Jul.-Sep. 2003	Oct.-Dec. 2003		Jan.-Mar. 2004	Jan.-Mar. 2003	Apr.-Jun. 2003	Jul.-Sep. 2003	Oct.-Dec. 2003
Total	1,976,297	2,261,572	2,316,947	2,331,489	P 2,346,034	3.9	2.5	2.8	3.2	P 3.2
Transportation equipment	424,230	498,407	506,688	512,146	P 531,435	13.7	9.2	8.2	5.3	P 5.2
Electrical machinery	823,676	967,932	1,005,628	1,024,259	P 1,018,152	2.6	2.3	2.5	5.0	P 5.7
Industrial machinery	119,602	129,295	131,336	127,434	P 130,180	3.9	4.5	6.3	4.1	P 0.9
Chemicals	99,321	117,460	117,136	113,032	P 115,465	-2.6	0.0	0.4	-4.1	P -3.2

The number of employees in main industries (compared with the corresponding quarter of previous year)



The number of employees by region (country) (compared with corresponding quarter of previous year)



[Prospects (for April – September 2004)]

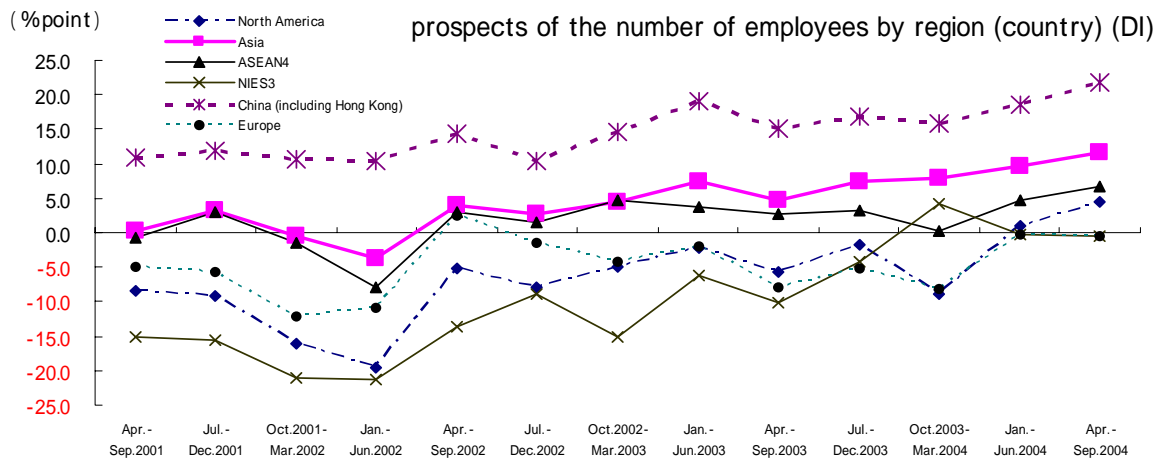
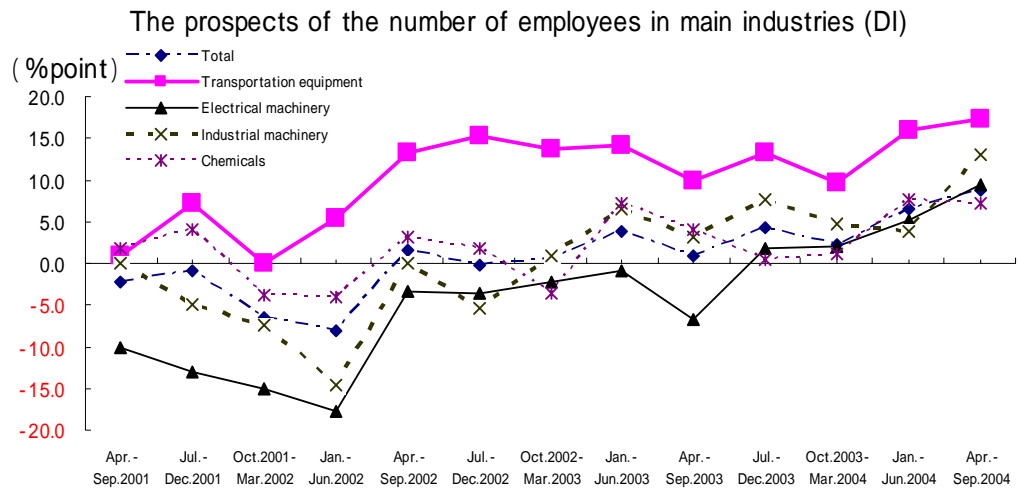
The DI remained positive for the seventh consecutive quarter. Compared to the previous quarter, it improved by 2.2 points (6.5 – 8.7).

- By industry, the DI improved in 10 industries including transportation equipment (17.2 points) and electrical machinery (9.5 points). Compared to the previous quarter, improvements were significant in general machinery (up by 9.2 points), electrical machinery (up by 4.3 points), and transportation equipment (up by 1.3 points).

- By region, the DI was high in Asia (11.7 points). China (including Hong Kong) was notable as the only country at the high double-digit level (21.7 points). North America also remained in positive territory (3.5 points), with notable improvement compared to the previous quarter.

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

	D I					Ratio to Previous Quarter				
	Apr.-Sep. 2003	Jul.-Dec. 2003	Oct.2003-Mar.2004	Jan.-Jun. 2004	Apr.-Sep. 2004	Apr.-Sep. 2003	Jul.-Dec. 2003	Oct.2003-Mar.2004	Jan.-Jun. 2004	Apr.-Sep. 2004
Total	1.0	4.2	2.3	6.5	P 8.7	-2.9	3.2	-1.9	4.2	P 2.2
Transportation equipment	10.0	13.2	9.6	15.9	P 17.2	-4.2	3.2	-3.6	6.3	P 1.3
Electrical machinery	-6.7	1.8	2.0	5.2	P 9.5	-5.9	8.5	0.2	3.2	P 4.3
Industrial machinery	3.2	7.6	4.8	3.8	P 13.0	-3.3	4.4	-2.8	-1.0	P 9.2
Chemicals	4.1	0.4	1.1	7.6	P 7.2	-3.1	-3.7	0.7	6.5	P -0.4



## **4. Intra-company transaction trends**

### **(1) Exports to parent companies in Japan**

[Results]

Exports to parent companies in Japan amounted to 6.89480 billion dollars (739.3 billion yen), an increase of 19.1% compared to the same quarter of the previous year.

- By industry, exports to parent companies in Japan increased in 11 industries including electrical machinery (up by 25.1%), which accounts for 60% of this category of exports.
- By region, exports from North America (up by 33.0%), Asia (up by 16.3%), and Europe (up by 87.9%) all increased.

[Prospects (for April – September 2004)]

The DI remained positive for the ninth consecutive quarter. Compared to the previous quarter, it improved by 5.4 points (7.4 – 12.8).

- By industry, the DI was positive in all industries including electrical machinery (19.7 points) and general machinery (11.8 points). Compared to the previous quarter, increases were observed in 11 industries. Decreases were seen in electrical machinery (down by 1.1 points) and fabricated metals (down by 21.4 points).
- By region, the DI was high in Asia (19.0 points), especially in China (including Hong Kong) which registered 26.7 points. Compared to the previous quarter, improvements were observed in Asia (up by 7.5 points), North America (up by 1.8 points), and Europe (up by 0.1 points).

### **(2) Imports from parent companies in Japan**

[Results]

Imports from parent companies in Japan amounted to 14.33437 billion dollars (1.5371 trillion yen), an increase of 17.5% compared to the same quarter of the previous year.

- By industry, there were increases in 11 industries, including electrical machinery (up by 20.5%), which accounts for 39% of these imports, transportation equipment (up by 6.6%), which accounts for 37% of these imports, precision instruments (up by 1.0%) and general machinery (up by 56.6%).
- By region, growth in Asia (up by 25.7%) for imports from parent companies in Japan was significant. In particular, China (including Hong Kong) increased notably (up by 52.7%). Increases were also seen in Europe (up by 33.7%) and North America (up by 7.0%).

[Prospects (for April – September 2004)]

The DI remained positive for the ninth consecutive quarter. Compared to the previous quarter, it improved by 5.0 points (7.6 – 12.6).

- By industry, the DI improved in 11 industries including transportation equipment (up by 10.1 points) and general machinery (up by 1.9 points).
- By region, the DI increased in Asia (up by 8.5 points) and Europe (up by 4.4 points). However, it declined in North America (down by 5.1 points).



### **(3) Intra-company trade balances**

With regard to intra-company trade balances (imports and exports from and to parent companies in Japan), imports from parent companies in Japan exceeded exports by 7.43957 billion dollars (797.8 billion yen), up by 23.4% compared to the same quarter of the previous year.

- By industry, transportation equipment accounted for approximately 70% of total excess imports, up by 4.6%. Electrical machinery accounted for 20% of total excess imports, down by 9.7%.

- By region, excess imports to North America, accounting for 71.7% of total excess imports, amounted to 5.33420 billion dollars (572.0 billion yen), up by 7.4%. Excess exports from Asia amounted to 1.12433 billion dollars (120.6 billion yen), down by 12.5 %.

## 5. Trends by region

### (1) North America (sales share 41.7%)

#### [Results]

Sales in North America amounted to 52.01600 billion dollars (5.5777 trillion yen), an increase of 9.2% compared to the same quarter of the previous year.

- By industry, sales of electrical machinery declined (down by 0.6%). Meanwhile, increases were seen in the heavily-weighted category of transportation equipment (up by 12.6%) and in general machinery (up by 19.8%).

- By destination, total local sales amounted to 47.64874 billion dollars (5.1086 trillion yen), an increase of 9.1%. This accounted for 91.6% of sales in North America.

Equipment investment (the amount of acquired tangible fixed assets excluding land) amounted to 1.82373 billion dollars (195.6 billion yen), a decrease of 8.6%.

- By industry, investment decreased in 4 industries including transportation equipment (down by 27.6%). In contrast, investment in electrical machinery increased significantly (up by 50.0%).

Employment (the number of employees) decreased again to 410,000 persons, a decline of 4.4%.

- By industry, employment decreased in 11 industries including electrical machinery (down by 14.9%) and general machinery (down by 5.5%), whereas it increased in transportation equipment (up by 6.5%).

#### [Prospects (for April – September 2004)]

The sales DI was positive in all industries except precision instruments (down by 33.3 points). It increased 5.4 points compared to the previous quarter

- By industry, the sales DI improved in 6 out of 13 industries. Transportation equipment increased by 9.7 points, continuing to improve from the previous quarter.

The equipment investment DI (the amount of acquired tangible fixed assets excluding land) was 14.0 points, rising for the 10th consecutive quarter. Compared to the previous quarter, it improved by 2.3 points.

- By industry, the equipment investment DI improved in 7 industries including transportation equipment and electrical machinery.

The employment DI was 4.4 points, rising for the second consecutive quarter. Compared to the previous quarter, it improved by 3.5 points.

- By industry, the employment DI was positive in 8 industries including transportation equipment, whereas electrical machinery declined for the 14th consecutive quarter. Compared to the previous quarter, the employment DI improved in 7 industries including transportation equipment and general machinery

**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				
	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003	Oct. - Dec. 2003	Jan. - Mar. 2004	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003	Oct. - Dec. 2003	Jan. - Mar. 2004
Sales	4,459,608	4,781,144	4,662,939	4,866,641	P 5,201,600	5.4	-1.6	1.0	7.9	P 9.2
Local sales	4,109,130	4,398,880	4,268,508	4,463,673	P 4,764,874	5.2	-2.1	1.0	8.7	P 9.1
Exports to Japan	65,772	71,021	80,742	83,166	P 100,290	12.5	-0.8	17.3	28.3	P 42.0
Exports to countries other than Japan	284,706	303,755	313,689	319,802	P 336,437	8.1	4.9	-2.6	-6.2	P 4.0
Acquisition of tangible fixed assets	r 172,129	156,405	147,166	177,263	P 182,373	r 14.9	36.3	19.4	22.8	P -8.6
Number of employees	401,771	420,980	425,724	422,166	P 412,981	-0.7	-5.3	-5.3	-3.6	P -4.4

**Trends in main industry sales**

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

	Quarterly Performance					Year-on-year change				
	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003	Oct. - Dec. 2003	Jan. - Mar. 2004	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003	Oct. - Dec. 2003	Jan. - Mar. 2004
Manufacturing industry in total	4,459,608	4,781,144	4,662,939	4,866,641	P 5,201,600	5.4	-1.6	1.0	7.9	P 9.2
Transportation equipment	2,434,228	2,702,235	2,514,037	2,627,107	P 2,935,596	11.1	2.1	5.5	12.7	P 12.6
Electrical machinery	943,677	906,653	961,463	1,048,526	P 994,469	0.9	-8.5	-6.6	-1.2	P -0.6
Industrial machinery	262,835	255,167	274,958	282,722	P 330,127	7.8	-1.7	9.0	9.9	P 19.8
Chemicals	207,191	239,079	244,084	247,194	P 231,301	11.0	11.1	17.6	18.3	P -3.2

**2. Outlook for North America**

(Unit:%points)

	D I					Ratio to previous quarter				
	Apr. - Sep. 2003	Jul. - Dec. 2003	Oct.2003 -Mar.2004	Jan. - Jun. 2004	Apr. - Sep. 2004	Apr. - Sep. 2003	Jul. - Dec. 2003	Oct.2003 -Mar.2004	Jan. - Jun. 2004	Apr. - Sep. 2004
Sales	19.7	21.6	12.5	19.0	P 24.4	3.8	1.9	-9.1	6.5	P 5.4
Local sales	21.9	21.4	12.8	19.9	P 28.3	6.7	-0.5	-8.6	7.1	P 8.4
Exports to Japan	-2.9	-5.5	0.7	-0.7	P -0.4	2.2	-2.6	6.2	-1.4	P 0.3
Exports to countries other than Japan	7.2	7.1	6.5	9.2	P 9.3	2.1	-0.1	-0.6	2.7	P 0.1
Acquisition of tangible fixed assets	13.1	18.8	8.8	11.7	P 14.0	7.5	5.7	-10.0	2.9	P 2.3
Number of employees	-5.7	-1.7	-9.0	0.9	P 4.4	-3.5	4.0	-7.3	9.9	P 3.5

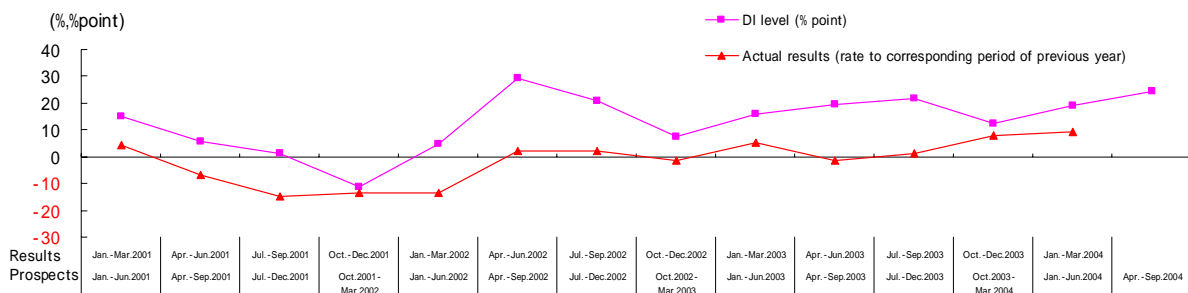
**Trends in main industry outlook**

(Unit:%points)

	D I					Ratio to previous quarter				
	Apr. - Sep. 2003	Jul. - Dec. 2003	Oct.2003 -Mar.2004	Jan. - Jun. 2004	Apr. - Sep. 2004	Apr. - Sep. 2003	Jul. - Dec. 2003	Oct.2003 -Mar.2004	Jan. - Jun. 2004	Apr. - Sep. 2004
Manufacturing industry in total	19.7	21.6	12.5	19.0	P 24.4	3.8	1.9	-9.1	6.5	P 5.4
Transportation equipment	26.0	13.0	5.1	14.1	P 23.8	-4.7	-13.0	-7.9	9.0	P 9.7
Electrical machinery	5.7	28.3	20.6	13.7	P 13.7	7.1	22.6	-7.7	-6.9	P 0.0
Industrial machinery	2.8	25.0	19.3	15.9	P 20.9	2.8	22.2	-5.7	-3.4	P 5.0
Chemicals	13.6	15.4	7.1	17.0	P 25.0	1.4	1.8	-8.3	9.9	P 8.0

**Prospects (DI) and Actual Results**

**North America(sales)**



## **(2) ASEAN4 (sales share 14.4%)**

### **[Results]**

Sales in ASEAN4 amounted to 18.01786 billion dollars (1.9321 trillion yen), an increase of 18.1% compared to the same quarter of the previous year.

- By industry, sales of transportation equipment (up by 27.3%) increased sharply in Thailand and Indonesia, while sales of general machinery also increased (up by 11.9%).

- By destination, sales increased for all destinations. Total local sales, which accounts for 40% of total sales, amounted to 7.88181 billion dollars (844.9 billion yen), an increase of 25.8%. Export sales to countries other than Japan amounted to 6.00921 billion dollars (644.4 billion yen), up by 6.5%, and export sales to Japan amounted to 4.12684 billion dollars (442.5 billion yen), up by 21.5%.

Equipment investment amounted to 663.19 million dollars (71.1 billion yen), an increase of 37.2%.

- By industry, transportation equipment increased by 59.3%, rising sharply for the eighth consecutive quarter. Electrical machinery also increased by 37.0%.

Employment (the number of employees) increased by 1.5% to 730,000 persons, rising for the seventh consecutive quarter.

- By industry, employment increased in 5 industries including electrical machinery (up by 4.6%) and transportation equipment (up by 1.7%).

### **[Prospects (for April – September 2004)]**

The sales DI was 34.4 points, an increase of 8.6 points compared to the previous quarter.

- By industry, the sales DI was positive in all industries. Compared to the previous quarter, it improved in 8 industries including transportation equipment and electrical machinery, whereas it declined in general machinery.

The equipment investment DI improved by 5.0 points.

- By industry, the equipment investment DI improved in 6 industries including general machinery and electrical machinery.

The employment DI improved by 2.1 points.

- By industry, it improved in 7 industries including transportation equipment and electrical machinery.

## 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				
	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003	Oct. - Dec. 2003	Jan. - Mar. 2004	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003	Oct. - Dec. 2003	Jan. - Mar. 2004
Sales	1,345,854	1,617,792	1,717,203	1,780,533	P 1,801,786	21.7	13.6	12.5	13.9	P 18.1
Local sales	578,022	716,671	694,243	710,500	P 788,181	37.7	22.3	23.7	16.3	P 25.8
Exports to Japan	296,770	367,730	406,775	448,271	P 412,684	8.6	8.2	10.1	15.9	P 21.5
Exports to countries other than Japan	471,062	526,941	616,184	621,761	P 600,921	14.0	7.6	1.9	9.2	P 6.5
Acquisition of tangible fixed assets	38,365	42,051	51,895	57,011	P 66,319	-4.5	-11.5	12.2	8.3	P 37.2
Number of employees	638,265	711,117	716,249	725,824	P 729,169	3.8	3.5	2.1	1.5	P 1.5

## Trends in main industry sales

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

	Quarterly Performance					Year-on-year change				
	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003	Oct. - Dec. 2003	Jan. - Mar. 2004	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003	Oct. - Dec. 2003	Jan. - Mar. 2004
Manufacturing industry in total	1,345,854	1,617,792	1,717,203	1,780,533	P 1,801,786	21.7	13.6	12.5	13.9	P 18.1
Transportation equipment	397,033	452,514	482,126	495,746	P 559,741	83.0	48.7	48.3	24.8	P 27.3
Electrical machinery	607,555	767,046	788,323	838,406	P 788,066	4.8	4.5	-1.4	9.1	P 11.9
Industrial machinery	44,030	42,882	57,408	57,294	P 58,788	-8.6	-27.4	6.8	-0.3	P 24.7
Chemicals	80,136	95,881	109,582	104,385	P 115,296	27.2	13.8	19.9	19.3	P 29.0

## 2 . Outlook for ASEAN4

(Unit:%points)

	D I					Ratio to previous quarter				
	Apr. - Sep. 2003	Jul. - Dec. 2003	Oct.2003 -Mar.2004	Jan. - Jun. 2004	Apr. - Sep. 2004	Apr. - Sep. 2003	Jul. - Dec. 2003	Oct.2003 -Mar.2004	Jan. - Jun. 2004	Apr. - Sep. 2004
Sales	28.0	32.3	18.8	25.8	P 34.4	8.6	4.3	-13.5	7.0	P 8.6
Local sales	18.6	19.6	15.8	18.5	P 27.4	1.1	1.0	-3.8	2.7	P 8.9
Exports to Japan	7.3	12.1	7.8	5.9	P 14.4	2.5	4.8	-4.3	-1.9	P 8.5
Exports to countries other than Japan	21.9	21.0	14.5	14.8	P 21.7	11.4	-0.9	-6.5	0.3	P 6.9
Acquisition of tangible fixed assets	14.1	17.2	14.2	20.3	P 25.3	1.3	3.1	-3.0	6.1	P 5.0
Number of employees	2.7	3.2	0.3	4.7	P 6.8	-1.1	0.5	-2.9	4.4	P 2.1

## Trends in main industry outlook

(Unit:%points)

	D I					Ratio to previous quarter				
	Apr. - Sep. 2003	Jul. - Dec. 2003	Oct.2003 -Mar.2004	Jan. - Jun. 2004	Apr. - Sep. 2004	Apr. - Sep. 2003	Jul. - Dec. 2003	Oct.2003 -Mar.2004	Jan. - Jun. 2004	Apr. - Sep. 2004
Manufacturing industry in total	28.0	32.3	18.8	25.8	P 34.4	8.6	4.3	-13.5	7.0	P 8.6
Transportation equipment	45.0	38.2	24.5	28.4	P 47.7	11.6	-6.8	-13.7	3.9	P 19.3
Electrical machinery	23.4	26.4	14.5	20.1	P 28.5	21.1	3.0	-11.9	5.6	P 8.4
Industrial machinery	44.0	57.2	40.0	41.6	P 28.9	-0.5	13.2	-17.2	1.6	P -12.7
Chemicals	25.0	30.1	28.6	33.3	P 46.2	-21.5	5.1	-1.5	4.7	P 12.9

## ASEAN4(sales)

(%,%point)

## Prospects (DI) and Actual Results



### **(3) NIES3 (sales share 6.4%)**

#### **[Results]**

Sales in NIES3 amounted to 8.03489 billion dollars (861.6 billion yen), an increase of 18.7% compared to the same quarter of the previous year. This represented a rise for the third consecutive quarter.

- By industry, sales of transportation equipment were brisk, rising by 20.0%. Sales increased in 12 industries including electrical machinery (up by 16.3%), which accounts for approximately 50% of total sales. This category increased by double digits for the second consecutive quarter.

Equipment investment amounted to 241.05 million dollars (26.1 billion yen), a decrease of 10.9%.

- By industry, decreases were observed in industries including electrical machinery (down by 19.0%) and transportation equipment (down by 0.8%).

Employment (the number of employees) increased by 2.0% to 120,000 persons, rising for the third consecutive quarter.

- By industry, increases were significant in electrical machinery (up by 7.0%) and transportation equipment (up by 3.2%).

#### **[Prospects (for April – September 2004)]**

The sales DI improved by 15.7 points compared to the previous quarter.

- By industry, the sales DI for the heavily-weighted category of electrical machinery improved by 15.4 points after the second consecutive quarters of decline. Transportation equipment also improved by 10.0 points, rising for the third consecutive quarter.

- By destination, the prospects for sales improved in all three of the following classifications: local sales, exports to Japan, and exports to countries other than Japan.

The equipment investment DI improved by 14.3 points, rising after the second consecutive quarters of decline.

- By industry, the equipment investment DI improved in 8 industries including electrical machinery and transportation equipment.

The employment DI decreased to - 0.4 points. Compared to the previous quarter, it declined by 0.1 points, falling for the second consecutive quarter.

- By industry, the employment DI declined in 8 industries including electrical machinery and transportation equipment.

## 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				
	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003	Oct. - Dec. 2003	Jan. - Mar. 2004	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003	Oct. - Dec. 2003	Jan. - Mar. 2004
Sales	570,189	693,428	760,714	822,038	P 803,489	-0.7	-8.3	1.5	14.6	P 18.7
Local sales	301,466	383,528	392,547	421,390	P 438,356	-0.0	-5.9	1.9	16.2	P 23.2
Exports to Japan	94,787	149,386	158,227	170,998	P 149,665	6.6	29.1	31.7	42.6	P 34.2
Exports to countries other than Japan	173,935	159,759	209,940	229,649	P 215,468	-5.4	-29.3	-14.2	-2.4	P 2.3
Acquisition of tangible fixed assets	20,121	15,767	19,720	23,920	P 24,105	91.2	-10.3	13.5	57.0	P -10.9
Number of employees	107,767	124,151	125,248	125,050	P 123,669	-1.4	-1.5	1.5	2.2	P 2.0

## Trends in main industry sales

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

	Quarterly Performance					Year-on-year change				
	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003	Oct. - Dec. 2003	Jan. - Mar. 2004	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003	Oct. - Dec. 2003	Jan. - Mar. 2004
Manufacturing industry in total	570,189	693,428	760,714	822,038	P 803,489	-0.7	-8.3	1.5	14.6	P 18.7
Transportation equipment	76,837	93,019	86,431	89,814	P 100,001	25.2	8.5	5.7	-3.7	P 20.0
Electrical machinery	284,701	347,726	407,610	449,162	P 397,664	-12.8	-19.1	-5.6	21.7	P 16.3
Industrial machinery	33,669	35,279	39,635	38,309	P 42,629	13.9	12.3	21.4	8.2	P 25.2
Chemicals	55,368	85,588	86,031	110,651	P 124,571	0.7	7.5	17.6	35.1	P 47.3

## 2 . Outlook for NIES3

(Unit:%points)

	D I					Ratio to previous quarter				
	Apr. - Sep. 2003	Jul. - Dec. 2003	Oct.2003 -Mar.2004	Jan. - Jun. 2004	Apr. - Sep. 2004	Apr. - Sep. 2003	Jul. - Dec. 2003	Oct.2003 -Mar.2004	Jan. - Jun. 2004	Apr. - Sep. 2004
Sales	8.4	11.7	8.5	12.4	P 28.1	7.6	3.3	-3.2	3.9	P 15.7
Local sales	3.8	6.3	4.5	7.0	P 23.4	7.0	2.5	-1.8	2.5	P 16.4
Exports to Japan	-4.9	2.6	-4.6	1.0	P 12.5	4.6	7.5	-7.2	5.6	P 11.5
Exports to countries other than Japan	6.2	10.9	3.0	4.4	P 11.7	17.5	4.7	-7.9	1.4	P 7.3
Acquisition of tangible fixed assets	8.7	11.9	9.6	4.0	P 18.3	5.8	3.2	-2.3	-5.6	P 14.3
Number of employees	-10.1	-4.3	4.3	-0.3	P -0.4	-3.9	5.8	8.6	-4.6	P -0.1

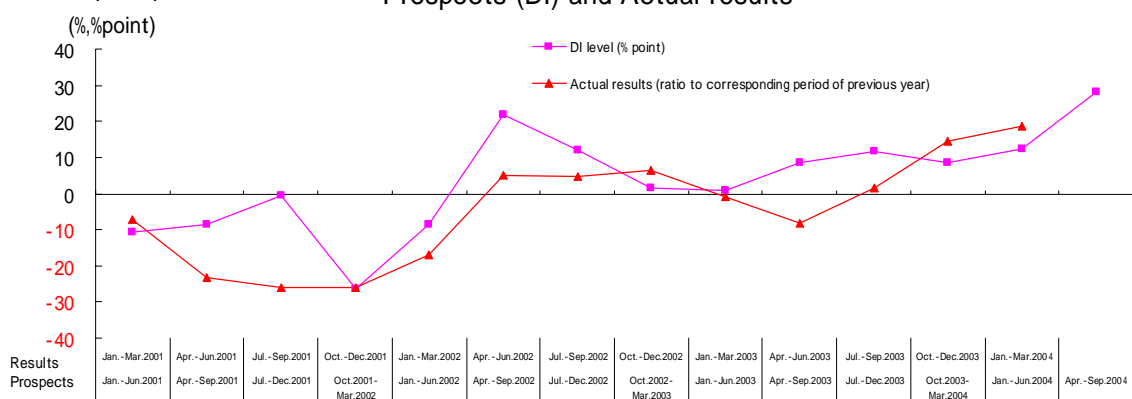
## Trends in main industry outlook

(Unit:%points)

	D I					Ratio to previous quarter				
	Apr. - Sep. 2003	Jul. - Dec. 2003	Oct.2003 -Mar.2004	Jan. - Jun. 2004	Apr. - Sep. 2004	Apr. - Sep. 2003	Jul. - Dec. 2003	Oct.2003 -Mar.2004	Jan. - Jun. 2004	Apr. - Sep. 2004
Manufacturing industry in total	8.4	11.7	8.5	12.4	P 28.1	7.6	3.3	-3.2	3.9	P 15.7
Transportation equipment	20.8	-20.0	-8.0	20.0	P 30.0	-17.3	-40.8	12.0	28.0	P 10.0
Electrical machinery	12.8	15.1	13.7	13.2	P 28.6	28.0	2.3	-1.4	-0.5	P 15.4
Industrial machinery	20.9	31.3	16.1	11.5	P 46.5	40.2	10.4	-15.2	-4.6	P 35.0
Chemicals	5.5	18.7	20.4	16.3	P 36.0	-25.3	13.2	1.7	-4.1	P 19.7

## NIES3(sales)

## Prospects (DI) and Actual results



#### **(4) China (including Hong Kong) (sales share 10.4%)**

##### **[Results]**

Sales in China (including Hong Kong) amounted to 12.93224 billion dollars (1.3867 trillion yen), an increase of 38.9% compared to the same quarter of the previous year. This is the fourth consecutive quarter that sales in China have risen by 30% or more.

- By industry, sales increased by double digits in 10 industries. In particular, electrical machinery, which accounts for more than 50% of total sales, increased by 39.7%, rising sharply and consistently in the 30% range for the third consecutive quarter. Significant increases were observed in transportation equipment (up by 76.9%), with favorable demand, and general machinery (up by 32.1%).

- By destination, local sales amounted to 5.84832 billion dollars (616.5 billion yen), an increase of 50.2%. In particular, the growth in transportation equipment (up by 84.8%) was outstanding. Exports to Japan (up by 30.9%) and exports to countries other than Japan (up by 35.4%) also continued to increase sharply.

Equipment investment amounted to 333.40 million dollars (30.4 billion yen), an increase of 9.9%, rising for the sixth consecutive quarter.

- By industry, there were decreases in 9 industries including transportation equipment (down by 37.2%), whereas electrical machinery (up by 55.3%) increased significantly.

Employment (the number of employees) increased by 15.0% to 640,000 persons, continuing a rising trend. It has increased by double digits since April – June 2002.

- By industry, electrical machinery (up by 20.3%), which accounts for more than 50% of total employment, and transportation equipment (up by 16.6%) increased by double digits.

##### **[Prospects (for April – September 2004)]**

The sales DI was 46.4 points, maintaining a high level. Compared to the previous quarter, it improved by 11.6 points.

- By industry, the sales DI was in positive double digits in all industries. Compared to the previous quarter, transportation equipment declined, while electrical machinery improved.

- By destination, the prospects for sales improved in all three of the following classifications: local sales, exports to Japan, and exports to countries other than Japan. The DI showed positive double digits in exports to Japan and exports to countries other than Japan. In particular, local sales were at a high level of 42.1 points.

The equipment investment DI remained in positive double digits, rising for the 12th consecutive quarter. Compared to the previous quarter, it improved by 1.2 points.

- By industry, the equipment investment DI showed positive double digits in 11 industries. Compared to the previous quarter, it improved in 6 industries.

The employment DI remained in positive double digits for the 19th consecutive quarter. Compared to the previous quarter, it improved by 3.2 points.

- By industry, the employment DI was outstanding in transportation equipment at 43.2 points, however, it declined in 5 industries compared to the previous quarter.



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					
	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003	Oct. - Dec. 2003	Jan. - Mar. 2004	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003	Oct. - Dec. 2003	Jan. - Mar. 2004
Sales	742,614	1,093,508	1,245,484	1,271,616	P 1,293,224	27.2	30.5	31.7	31.7	P 38.9
Local sales	252,197	474,570	546,016	565,803	P 584,832	25.4	24.9	24.9	31.8	P 50.2
Exports to Japan	254,374	322,388	354,614	375,048	P 369,565	23.6	29.8	27.4	30.5	P 30.9
Exports to countries other than Japan	236,044	292,687	344,853	330,765	P 338,827	33.4	38.0	44.9	33.0	P 35.4
Acquisition of tangible fixed assets	25,390	41,460	30,389	28,903	P 33,340	51.5	26.4	43.5	8.3	P 9.9
Number of employees	456,198	584,772	627,611	633,825	P 640,396	14.0	14.2	15.2	16.0	P 15.0

Trends in main industry sales

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

	Quarterly Performance				Year-on-year change					
	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003	Oct. - Dec. 2003	Jan. - Mar. 2004	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003	Oct. - Dec. 2003	Jan. - Mar. 2004
Manufacturing industry in total	742,614	1,093,508	1,245,484	1,271,616	P 1,293,224	27.2	30.5	31.7	31.7	P 38.9
Transportation equipment	22,177	112,937	177,937	192,624	P 178,301	54.8	49.6	73.3	62.7	P 76.9
Electrical machinery	413,186	594,992	640,732	662,118	P 652,685	29.0	27.3	32.0	36.0	P 39.7
Industrial machinery	111,330	149,005	153,105	142,871	P 162,993	21.3	54.8	43.5	26.7	P 32.1
Chemicals	28,974	35,581	36,664	39,118	P 37,108	25.2	30.9	3.0	4.8	P 19.5

2. Outlook for China (including Hong Kong)

(Unit:%points)

	D I					Ratio to previous quarter				
	Apr. - Sep. 2003	Jul. - Dec. 2003	Oct.2003 -Mar.2004	Jan. - Jun. 2004	Apr. - Sep. 2004	Apr. - Sep. 2003	Jul. - Dec. 2003	Oct.2003 -Mar.2004	Jan. - Jun. 2004	Apr. - Sep. 2004
Sales	25.5	47.7	34.5	34.8	P 46.4	-6.6	22.2	-13.2	0.3	P 11.6
Local sales	24.8	44.7	32.5	30.3	P 42.1	-11.1	19.9	-12.2	-2.2	P 11.8
Exports to Japan	14.6	21.6	15.7	22.0	P 28.6	1.0	7.0	-5.9	6.3	P 6.6
Exports to countries other than Japan	8.4	17.8	15.9	11.6	P 25.6	-11.3	9.4	-1.9	-4.3	P 14.0
Acquisition of tangible fixed assets	20.7	22.9	19.8	26.5	P 27.7	-4.0	2.2	-3.1	6.7	P 1.2
Number of employees	15.1	16.9	15.9	18.5	P 21.7	-3.9	1.8	-1.0	2.6	P 3.2

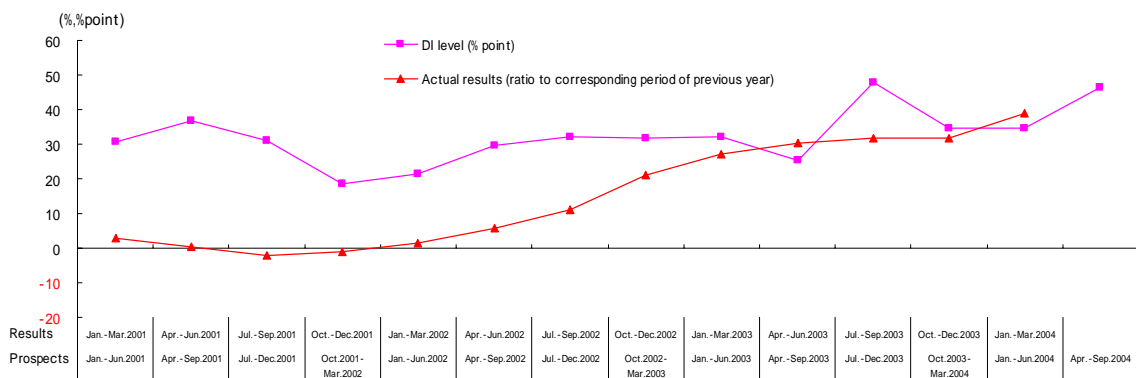
Trends in main industry outlook

(Unit:%points)

	D I					Ratio to previous quarter				
	Apr. - Sep. 2003	Jul. - Dec. 2003	Oct.2003 -Mar.2004	Jan. - Jun. 2004	Apr. - Sep. 2004	Apr. - Sep. 2003	Jul. - Dec. 2003	Oct.2003 -Mar.2004	Jan. - Jun. 2004	Apr. - Sep. 2004
Manufacturing industry in total	25.5	47.7	34.5	34.8	P 46.4	-6.6	22.2	-13.2	0.3	P 11.6
Transportation equipment	66.7	68.2	57.1	61.8	P 54.8	6.7	1.5	-11.1	4.7	P -7.0
Electrical machinery	23.0	45.8	33.7	38.0	P 54.1	-7.9	22.8	-12.1	4.3	P 16.1
Industrial machinery	31.3	50.0	46.7	41.3	P 41.3	9.7	18.7	-3.3	-5.4	P 0.0
Chemicals	34.2	46.2	45.1	32.1	P 50.0	-17.4	12.0	-1.1	-13.0	P 17.9

China (including Hong Kong) (sales)

Prospects (DI) and Actual results



## **(5) Europe (sales share 19.8%)**

### **[Results]**

Sales in Europe amounted to 24.64174 billion dollars (2.6423 trillion yen), an increase of 19.9% compared to the same quarter of the previous year.

- By industry, significant growth continued in transportation equipment (up by 25.4%). In addition, increases were also seen in electrical machinery (up by 20.7%), which accounts for more than 40% of total sales, chemicals (up by 17.3%) and general machinery (up by 15.7%).

- By destination, sales improved in all three of the following classifications: local sales, exports to Japan, and exports to countries other than Japan.

Equipment investment amounted to 620.26 million dollars (66.5 billion yen), a decrease of 7.9%.

- By industry, transportation equipment (down by 39.0%) showed a big drop, while electrical machinery (up by 56.4%) increased.

Employment (the number of employees) declined by 1.2% to 230,000 persons, continuing a downward trend.

- By industry, electrical machinery decreased by 7.0%, while transportation equipment increased by 4.9%.

### **[Prospects (for April – September 2004)]**

The sales DI was 19.7 points, maintaining a high level from the previous quarter and improving by 1.1 points.

- By industry, the sales DI was positive in 9 industries. Compared to the previous quarter, it improved in 6 industries including precision instruments, whereas electrical machinery and transport machinery declined.

- By destination, the prospects for sales improved in all three of the following classifications: local sales (up by 2.4 points), exports to Japan (up by 1.8 points), and exports to countries other than Japan (up by 5.8 points)

The equipment investment DI improved by 0.6 points compared to the previous quarter.

- By industry, the DI improved in 5 industries including electrical machinery.

The employment DI decreased for the eighth consecutive quarter. Compared to the previous quarter, it declined by 0.1 points.

- By industry, the DI declined in 6 industries including electrical machinery and general machinery. Transportation equipment improved for the second consecutive quarter.

## 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				
	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003	Oct. - Dec. 2003	Jan. - Mar. 2004	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003	Oct. - Dec. 2003	Jan. - Mar. 2004
Sales	1,745,574	2,072,665	1,971,386	2,448,397	P 2,464,174	16.2	15.6	4.8	19.2	P 19.9
Local sales	1,288,065	1,456,254	1,365,241	1,677,429	P 1,640,734	16.1	13.7	1.1	15.8	P 12.3
Exports to Japan	20,590	23,000	33,765	53,538	P 49,423	15.4	21.8	107.6	156.0	P 119.4
Exports to countries other than Japan	436,919	589,396	572,381	717,430	P 774,018	16.5	20.1	12.0	22.6	P 37.8
Acquisition of tangible fixed assets	41,380	39,900	35,944	42,006	P 62,026	11.8	-8.7	-35.4	-22.0	P -7.9
Number of employees	191,296	211,798	210,768	210,601	P 225,690	-4.5	-5.5	-5.4	-5.4	P -1.2

## Trends in main industry sales

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

	Quarterly Performance					Year-on-year change				
	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003	Oct. - Dec. 2003	Jan. - Mar. 2004	Jan. - Mar. 2003	Apr. - Jun. 2003	Jul. - Sep. 2003	Oct. - Dec. 2003	Jan. - Mar. 2004
Manufacturing industry in total	1,745,574	2,072,665	1,971,386	2,448,397	P 2,464,174	16.2	15.6	4.8	19.2	P 19.9
Transportation equipment	528,276	642,834	604,705	675,585	P 742,578	25.5	22.4	10.9	20.5	P 25.4
Electrical machinery	594,475	744,821	740,287	1,060,483	P 961,596	12.2	6.9	-0.3	23.5	P 20.7
Industrial machinery	171,693	179,535	169,468	193,748	P 201,202	19.5	11.6	0.8	16.4	P 15.7
Chemicals	206,384	247,932	240,812	262,600	P 258,120	-0.3	15.4	14.2	24.6	P 17.3

## 2 . Outlook for Europe

(Unit:%points)

	D I					Ratio to previous quarter				
	Apr. - Sep. 2003	Jul. - Dec. 2003	Oct.2003 -Mar.2004	Jan. - Jun. 2004	Apr. - Sep. 2004	Apr. - Sep. 2003	Jul. - Dec. 2003	Oct.2003 -Mar.2004	Jan. - Jun. 2004	Apr. - Sep. 2004
Sales	14.7	4.6	17.1	18.6	P 19.7	2.6	-10.1	12.5	1.5	P 1.1
Local sales	11.0	6.0	15.7	12.6	P 15.0	2.9	-5.0	9.7	-3.1	P 2.4
Exports to Japan	-0.8	-1.6	-2.3	0.5	P 2.3	-0.8	-0.8	-0.7	2.8	P 1.8
Exports to countries other than Japan	10.7	-1.0	14.3	12.4	P 18.2	4.9	-11.7	15.3	-1.9	P 5.8
(Parent-subsidiary deals)										
Export to the parent company in Japan	1.5	0.0	-0.6	0.5	P 0.6	-1.1	-1.5	-0.6	1.1	P 0.1
Import from the parent company in Japan	5.7	1.0	8.3	7.3	P 11.7	6.3	-4.7	7.3	-1.0	P 4.4
Acquisition of tangible fixed assets	3.7	9.4	7.4	11.4	P 12.0	-5.0	5.7	-2.0	4.0	P 0.6
Number of employees	-8.0	-5.2	-8.1	-0.3	P -0.4	-6.1	2.8	-2.9	7.8	P -0.1

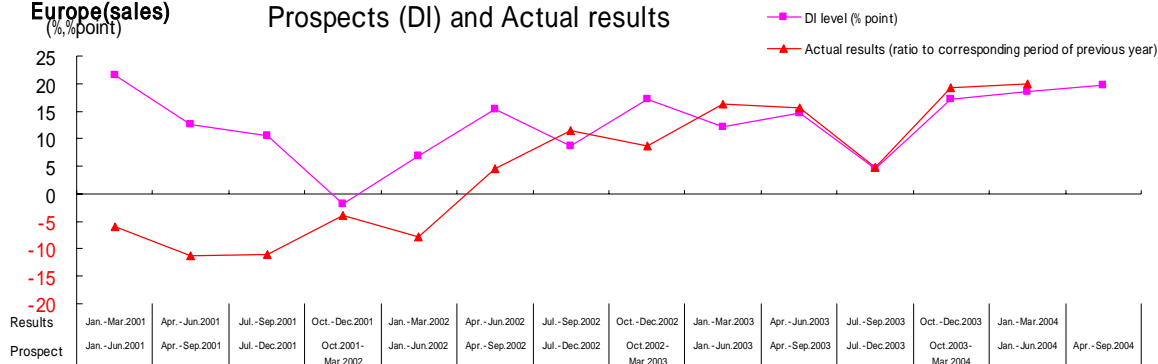
## Trends in main industry outlook

(Unit:%points)

	D I					Ratio to previous quarter				
	Apr. - Sep. 2003	Jul. - Dec. 2003	Oct.2003 -Mar.2004	Jan. - Jun. 2004	Apr. - Sep. 2004	Apr. - Sep. 2003	Jul. - Dec. 2003	Oct.2003 -Mar.2004	Jan. - Jun. 2004	Apr. - Sep. 2004
Manufacturing industry in total	14.7	4.6	17.1	18.6	P 19.7	2.6	-10.1	12.5	1.5	P 1.1
Transportation equipment	45.2	10.2	17.1	19.2	P 17.9	15.6	-35.0	6.9	2.1	P -1.3
Electrical machinery	-2.1	16.4	15.0	6.5	P 5.2	5.7	18.5	-1.4	-8.5	P -1.3
Industrial machinery	-9.3	-21.8	20.9	37.2	P 26.3	-6.5	-12.5	42.7	16.3	P -10.9
Chemicals	17.2	16.3	12.8	25.5	P 29.2	-11.8	-0.9	-3.5	12.7	P 3.7

## Europe(sales) (%point)

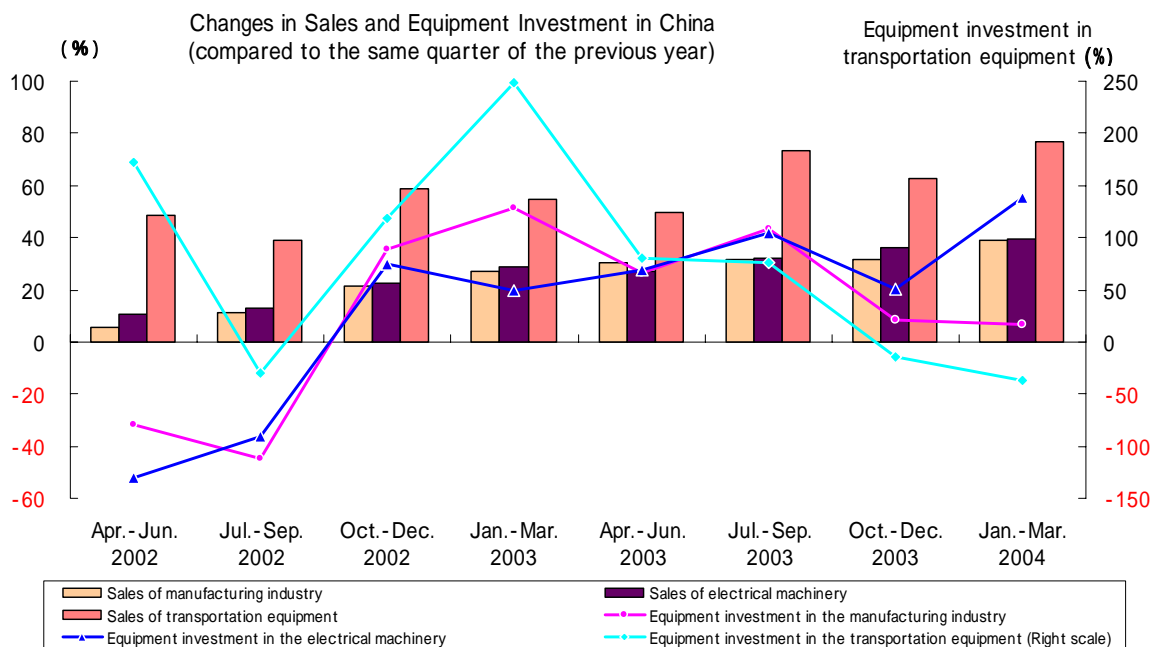
## Prospects (DI) and Actual results



## 【 Topics 】

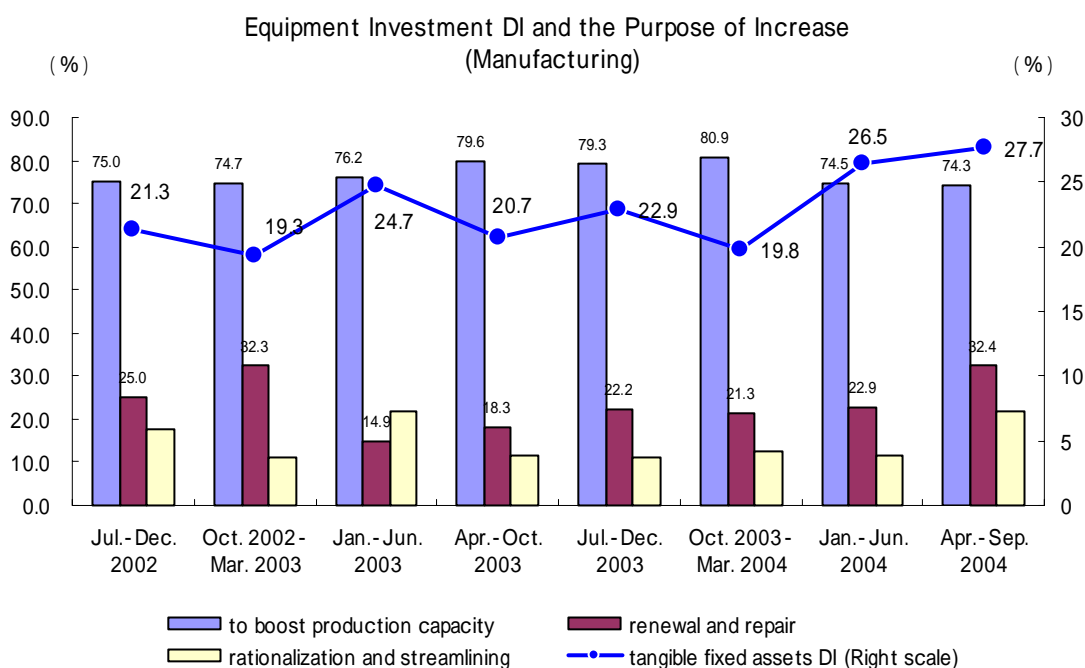
Equipment investment in China (including Hong Kong) increased for the 6th consecutive quarter, reflecting favorable sales.

Electrical machinery continued to increase significantly both in sales and in equipment investment. Transport equipment increased in sales, but decreased in equipment investment, down for 2 consecutive quarters.

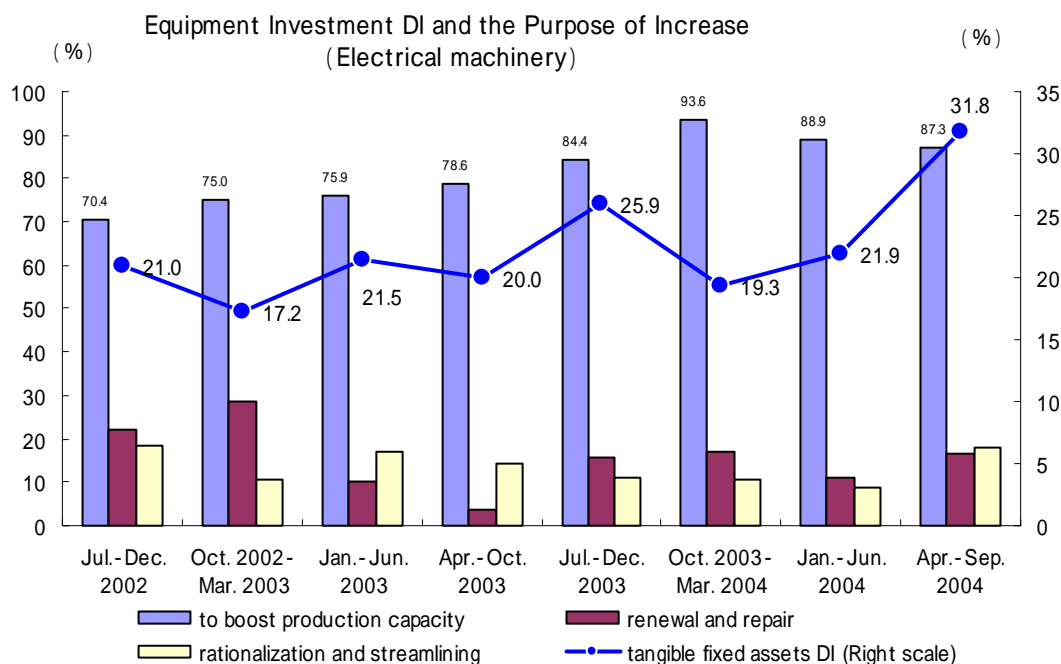


Equipment investment DI maintained a high level.

The rate of “to boost production capacity” decreased to the 70% range from the 80% range of the quarter before last. The rate of “renewal and repair” and “rationalization and streamlining” increased again.

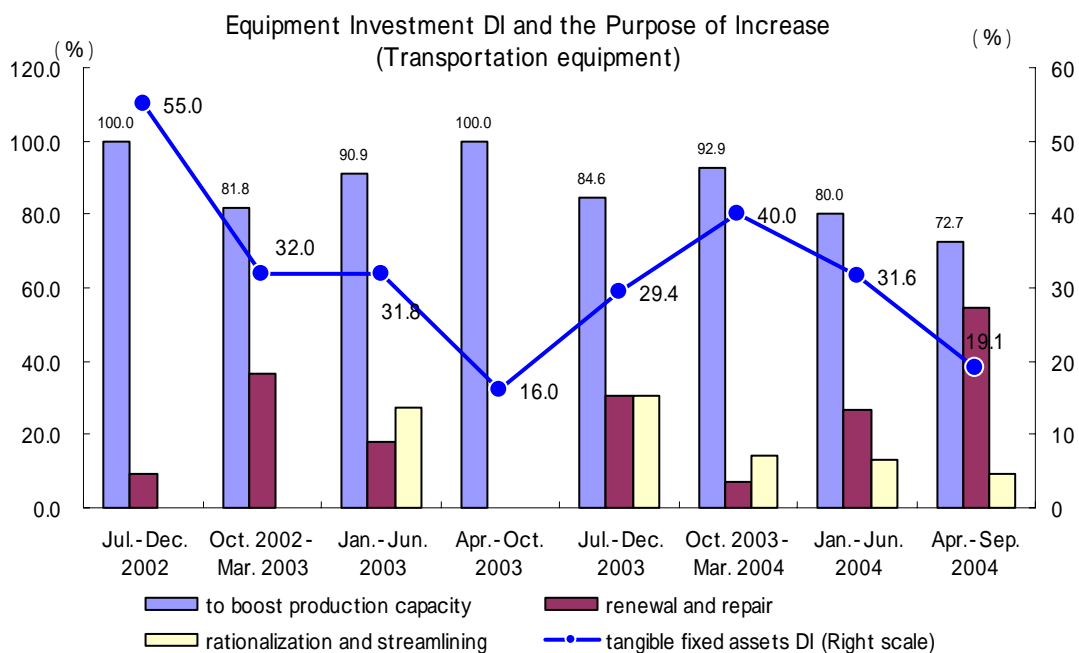


Equipment Investment DI in electrical machinery was at a higher level of 31.8 percentage points.  
The rate of “to boost production capacity” maintained a high level.



Equipment Investment DI in transportation equipment decreased to 19.1 percentage points,  
down for 2 consecutive quarters.

The rate of “to boost production capacity” decreased.



\*”The ratio by purpose of increase” is the ratio of enterprises which answered “increase” for DI and marked either of the questionnaires of “to boost production capacity,” “renewal and repair,” “rationalization and streamlining,” and “others” (multiple answers).

(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				
		2003				2004	2003				2004
		Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.
All areas	Sales	10.6	6.0	6.6	14.2	P 17.3	-0.8	-1.2	5.2	1.2	P 5.9
	Local sales	9.7	4.1	4.8	13.3	P 15.6	-1.6	-2.9	3.4	0.4	P 4.3
	Exports to Japan	13.6	17.3	20.0	27.1	P 30.3	1.9	9.3	18.4	12.7	P 17.6
North America	Sales	5.4	-1.6	1.0	7.9	P 9.2	-5.4	-8.2	-0.3	-4.4	P -1.4
	Local sales	5.2	-2.1	1.0	8.7	P 9.1	-5.7	-8.7	-0.3	-3.7	P -1.6
	Exports to Japan	12.5	-0.8	17.3	28.3	P 42.0	0.9	-7.5	15.8	13.7	P 28.2
Asia	Sales	17.4	12.9	15.5	19.9	P 27.6	5.4	5.2	13.9	6.3	P 15.2
	Local sales	22.4	14.4	17.8	21.4	P 37.9	9.8	6.6	16.3	7.6	P 24.5
	Exports to Japan	13.9	19.3	19.8	25.2	P 27.3	2.1	11.2	18.2	10.9	P 14.9
ASEAN4	Sales	21.7	13.6	12.5	13.9	P 18.1	9.1	5.9	11.0	0.9	P 6.5
	Local sales	37.7	22.3	23.7	16.3	P 25.8	23.5	14.0	22.1	3.0	P 13.5
	Exports to Japan	8.6	8.2	10.1	15.9	P 21.5	-2.6	0.8	8.6	2.7	P 9.6
NIES3	Sales	-0.7	-8.3	1.5	14.6	P 18.7	-10.9	-14.5	0.1	1.6	P 7.1
	Local sales	0.0	-5.9	1.9	16.2	P 23.2	-10.3	-12.3	0.6	2.9	P 11.2
	Exports to Japan	6.6	29.1	31.7	42.6	P 34.2	-4.4	20.4	30.0	26.4	P 21.1
China (Hong Kong is included)	Sales	27.2	30.5	31.7	31.7	P 38.9	14.1	21.7	30.0	16.7	P 25.4
	Local sales	25.4	24.9	24.9	31.8	P 50.2	12.4	16.5	23.3	16.8	P 35.6
	Exports to Japan	23.6	29.8	27.4	30.5	P 30.9	10.9	21.0	25.7	15.6	P 18.1
Europe	Sales	16.2	15.6	4.8	19.2	P 19.9	4.3	7.8	3.5	5.6	P 8.2
	Local sales	16.1	13.7	1.1	15.8	P 12.3	4.2	6.0	-0.3	2.6	P 1.3
	Exports to Japan	15.4	21.8	107.6	156.0	P 119.4	3.5	13.6	104.8	126.8	P 98.0
Other	Sales	4.8	8.1	10.0	17.9	P 23.9	-6.0	0.8	8.6	4.5	P 11.8
	Local sales	5.3	10.6	13.7	25.4	P 26.5	-5.6	3.1	12.2	11.1	P 14.2
	Exports to Japan	7.1	6.3	-27.7	-26.5	P -2.1	-4.0	-0.9	-28.7	-34.9	P -11.6

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

	Jan.-Mar. 2003	Apr.-Jun. 2003	Jul.-Sep. 2003	Oct.-Dec. 2003	Jan.-Mar. 2004
Yen	118.82	118.44	117.57	108.9	107.23
ASEAN4					
Rupiah (Indonesia)	8905.5	8479.3	8441.3	8482.5	8469.6
Ringgit (Malaysia)	3.8	3.8	3.8	3.8	3.8
Peso (Philippines)	54.076	52.904	54.576	55.256	55.966
Baht (Thailand)	42.756	42.18	41.29	39.733	39.166
NIES3					
Won (Republic of Korea)	1202.33	1207.88	1174.32	1181.92	1171.58
Dollar (Singapore)	1.7446	1.7521	1.7516	1.7243	1.6948
Dollar (Taiwan)	34.7057	34.721	34.0757	34.00133	33.4067
People's Republic of China (Hong Kong is included)					
Yuan (People's Republic of China)	8.2771	8.277	8.2771	8.2769	8.2771
Dollar (Hong Kong)	7.799	7.798	7.8	7.756	7.777
Europe					
Pound (United Kingdom)	1.603	1.6193	1.61	1.7052	1.839
Euro (Euro Area)	0.9318	0.8814	0.8897	0.8413	0.7998

INTERNATIONAL FINANCIAL STATISTICS (IMF)

3 . Results by major country and area

	Item	Results(US\$10,000, persons)					Ratio Over Same quarter of last year(%)				
		2003				2004	2003				2004
		Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.
United States of America	Sales	4,048,219	4,333,116	4,267,064	4,428,455	P 4,726,839	3.7	-2.2	0.8	7.8	P 9.8
	Local sales	3,731,759	4,005,902	3,917,950	4,077,168	P 4,346,836	3.4	-2.8	0.5	8.2	P 9.3
	Exports to Japan	61,733	64,975	75,205	78,612	P 96,321	11.2	-2.2	18.7	32.4	P 47.9
	Number of employees	383,332	400,465	404,642	402,233	P 393,144	-1.1	-5.4	-5.3	-3.2	P -4.0
Indonesia	Sales	243,717	311,472	322,188	332,869	P 320,831	27.8	23.2	18.9	17.9	P 17.5
	Local sales	118,985	147,324	154,179	156,785	P 171,038	51.6	49.5	44.1	21.1	P 27.1
	Exports to Japan	40,914	69,791	66,803	75,615	P 71,906	12.9	15.3	6.7	22.1	P 49.9
	Number of employees	179,815	196,685	194,757	197,799	P 201,751	8.1	7.2	4.6	1.2	P 2.6
Malaysia	Sales	289,932	413,534	460,180	461,946	P 413,855	-5.8	-5.1	2.1	7.8	P 12.2
	Local sales	78,740	140,013	87,259	84,448	P 89,234	-5.1	-19.0	-11.3	-2.6	P 5.6
	Exports to Japan	71,375	101,874	103,621	119,734	P 109,562	8.2	10.0	15.7	23.9	P 23.5
	Number of employees	143,360	162,982	167,203	165,136	P 163,406	-7.5	-7.4	-4.2	-4.9	P -3.8
Philippines	Sales	232,442	241,248	232,246	240,289	P 245,800	17.6	15.1	1.8	-1.6	P 3.2
	Local sales	41,714	44,567	43,031	38,515	P 41,126	16.3	6.7	3.2	-13.3	P -6.3
	Exports to Japan	77,818	80,170	95,095	98,694	P 76,625	-0.9	5.9	9.1	-1.4	P -2.5
	Number of employees	114,585	121,054	116,622	120,164	P 115,368	5.6	5.8	-0.1	0.4	P -3.0
Thailand	Sales	554,429	651,537	702,588	745,429	P 821,300	35.1	21.8	21.1	22.1	P 33.0
	Local sales	327,989	384,768	409,775	430,752	P 486,783	47.4	29.2	31.0	23.1	P 38.3
	Exports to Japan	103,008	115,897	141,256	154,228	P 154,591	11.4	5.3	8.6	23.4	P 31.3
	Number of employees	197,209	230,396	237,667	242,725	P 248,644	6.6	7.8	5.9	7.1	P 8.7
Republic of Korea	Sales	98,093	156,092	181,495	190,693	P 185,678	20.9	7.4	11.1	12.6	P 19.2
	Local sales	61,756	92,883	92,335	94,655	P 99,094	22.8	12.2	14.3	18.9	P 23.9
	Exports to Japan	24,147	45,379	49,156	54,993	P 49,703	32.0	14.7	10.9	13.4	P 16.5
	Number of employees	20,058	27,042	26,781	25,959	P 25,706	1.3	-3.0	-4.4	-5.2	P -6.2
Singapore	Sales	231,589	241,269	270,987	307,431	P 304,880	-13.3	-21.5	-10.9	14.2	P 21.4
	Local sales	99,606	112,525	116,285	126,125	P 135,315	-21.5	-24.4	-11.5	14.6	P 22.3
	Exports to Japan	40,130	37,796	42,007	51,107	P 49,081	-6.5	-18.8	-14.2	20.6	P 22.1
	Number of employees	44,903	47,238	48,977	49,821	P 49,035	-0.4	-1.8	4.3	7.4	P 8.2
Taiwan	Sales	240,307	296,067	308,232	323,914	P 312,930	6.3	0.9	12.9	15.9	P 15.9
	Local sales	139,955	178,120	183,928	200,611	P 203,947	12.5	4.4	8.6	16.2	P 23.7
	Exports to Japan	30,327	66,211	67,064	64,899	P 50,880	9.4	116.0	124.7	93.0	P 65.1
	Number of employees	42,781	49,871	49,490	49,270	P 48,928	-3.7	-0.5	1.3	0.2	P -0.6
People's Republic of China (Hong Kong is included)	Sales	742,614	1,093,508	1,245,484	1,271,616	P 1,293,224	27.2	30.5	31.7	31.7	P 38.9
	Local sales	252,197	474,570	546,016	565,803	P 584,832	25.4	24.9	24.9	31.8	P 50.2
	Exports to Japan	254,374	322,388	354,614	375,048	P 369,565	23.6	29.8	27.4	30.5	P 30.9
	Number of employees	456,198	584,772	627,611	633,825	P 640,396	14.0	14.2	15.2	16.0	P 15.0
United Kingdom	Sales	612,301	715,107	720,318	935,529	P 949,354	13.8	16.5	3.1	20.2	P 31.6
	Local sales	467,468	513,963	513,136	658,317	P 696,142	14.0	12.4	-1.7	14.9	P 30.2
	Exports to Japan	9,140	7,085	17,724	32,853	P 26,790	-4.9	13.0	192.0	258.1	P 183.2
	Number of employees	56,091	61,762	61,405	57,832	P 71,987	-3.8	-4.5	-5.5	-11.8	P -3.8
France	Sales	205,890	234,985	202,912	274,017	P 284,583	29.6	14.9	6.8	23.0	P 13.9
	Local sales	136,501	130,976	112,126	163,108	P 162,896	25.4	20.4	14.3	30.4	P 19.2
	Exports to Japan	2,437	3,295	3,030	3,444	P 3,866	-0.4	18.7	28.0	47.6	P 57.9
	Number of employees	17,505	19,567	18,694	19,962	P 20,529	4.2	-3.0	-11.2	-0.6	P 1.6
Germany	Sales	248,123	307,914	284,981	333,925	P 337,514	20.0	15.5	0.5	13.7	P 11.3
	Local sales	177,343	224,531	196,548	233,268	P 232,358	20.2	10.7	-5.8	11.0	P 3.9
	Exports to Japan	3,484	3,722	7,432	7,994	P 10,017	82.1	-0.7	167.5	88.0	P 148.2
	Number of employees	21,458	26,573	27,357	27,269	P 25,121	-4.7	-3.8	-0.9	-1.3	P -7.2
Netherlands	Sales	269,261	320,130	321,710	385,723	P 330,064	5.1	8.6	7.4	22.3	P 4.8
	Local sales	228,636	273,811	264,103	308,315	P 184,975	8.8	9.1	3.2	17.7	P -33.2
	Exports to Japan	438	465	388	1,949	P 2,068	73.6	97.7	-20.9	105.4	P 111.8
	Number of employees	26,481	30,173	30,679	31,397	P 29,885	-13.0	-6.5	-3.0	-3.7	P -1.0

## 『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.

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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.