

Trends in Overseas Subsidiaries

(Quarterly Survey of Overseas Subsidiaries)

Survey from July to September 2006(Actual result/DI)

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Enterprise Statistics Office

Research and Statistics Department

Ministry of Economy, Trade and Industry

I. Quarterly Survey of Overseas Subsidiaries

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 for the overseas business activities of Japanese companies, as well as to understand trends in overseas activities and the degree of globalization of Japanese enterprises. A further purpose is to contribute to the development of flexible industrial and trade policies.

(2) Legal basis of the survey

These are officially authorized statistics compiled in accordance with Article 4 of the Statistical Reports Coordination Law.

(3) Date of the survey

The survey was based on the period ending on the last day of September 2006.

(The deadline for submitting survey responses for this quarter was November 15, 2006.)

(4) Survey targets

The survey covers companies that met all the following criteria as of the end of March 2006:

- ① All industries except finance, insurance, and real estate
- ② Companies with 100 million yen or more in capital
- ③ Companies with 50 or more employees
- ④ Companies with overseas subsidiaries

This survey also targets overseas subsidiaries of the above Japanese parent companies (including overseas subsidiaries that were established during the term of the survey) that meet all of the following criteria as of the end of the surveyed quarter:

- ① Manufacturing companies
- ② Companies with 50 or more employees
- ③ Companies with 50% or more of their capital coming from parent companies, including both direct and indirect funds (such as funds provided via local subsidiaries).

(5) Survey method

The survey was conducted via mail, using self-declarations submitted by parent companies.

(6) Survey content

The survey covers actual figures and DI (business confidence) in the three areas of: Sales, the acquisition price of tangible fixed assets, and the number of employees. Starting with the April – June 2004 survey, the DI survey period was revised to three months (please see Page 26-27 for details).

(7) Response rate

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

Number of companies covered by the survey (overseas subsidiaries)	Number of companies that responded	Response rate
3,847	2,953	76.8%

2. Usage notes

(1) Regarding 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 the US dollar, please see Page 25.)

(2) Adjustments to deal with gaps in reported values

Previously omitted parts were added, starting with the April – June quarter of 2004, resulting in a gap between results for that quarter and those for previous quarters. Therefore, comparisons between the current quarter and the corresponding quarter of the previous year are calculated and estimated by totaling the figures only for overseas subsidiaries continuously subject to the survey since the corresponding quarter of the previous year.

(3) Method for determining numerical values

① Quarterly numerical values

Numerical values for the current quarter are finalized in the succeeding quarter.

② Numerical values for the previous year (quarterly values, fiscal year totals)

Previous-year figures are finalized in the quarter immediately following the last quarter of the fiscal year (i.e., the April – June quarter) with inter-fiscal year adjustments. Therefore, final figures for FY 2004 (April 2004 – March 2005) will differ from cumulative totals seen in the January – March quarter of 2005.

(4) Annotations in the statistical tables

- : Indicates no results.

p : Indicates preliminary estimated values. Numerical values for this quarter are preliminary estimates, and may be revised in the succeeding quarter.

x : Indicates that data is not being disclosed because there are only one or two overseas subsidiaries involved. Data may also be undisclosed when there are three or more companies, in order to avoid the risk of enabling the calculation of “x” from the data provided.

r : Indicates changes from released figures (other than preliminary estimates) for the previous quarter. However, this mark is not attached when a change occurs due to compensation between fiscal years.

(5) Tabulation method

Data for all companies covered by the survey is tabulated after estimating the results for companies that did not submit responses, based on the following formula in each region and industry (the number of employees given in the previous quarter is 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 ×

Total values for this quarter for companies that submitted data both this quarter and
in the same quarter of the previous year

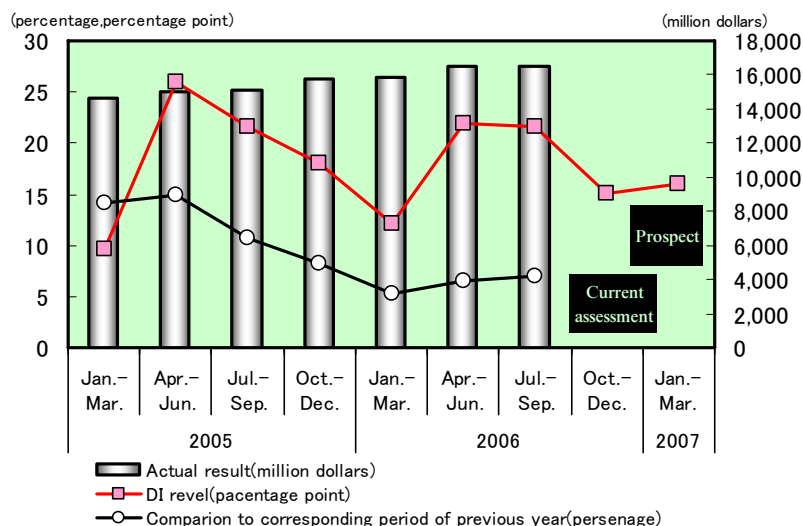
Total values for same quarter of the previous year for companies that submitted data both this quarter and
in the same quarter of the previous year

II. Survey Results

1. Trends in sales

- The Sales Current Assessment DI (for the October-December quarter of 2006) worsened in all regions except Europe. The Sales Prospects DI (for the January-March quarter of 2007) improved slightly, with all regions remaining positive and in the double-digits, except for NIEs3. As such, a robust business sentiment has been maintained.
 - The Current Assessment DI worsened for all regions except Europe.
 - The Prospects DI worsened for NIEs3, China and Europe, but improved somewhat for North America and ASEAN4.
- Actual sales rose 7.0% compared to the same quarter in the previous year, marking the fourth straight quarter of single-digit growth and the second straight quarter in which the growth rate improved. Sales in Asia continued to grow thanks to big sales increases in the transportation equipment and chemicals sectors in China. ASEAN4 saw a third straight quarter of single-digit growth as transportation equipment and some other sectors grew strongly, but the electrical machinery sector experienced only very modest growth. NIE3 saw a slight decrease in sales for the second straight quarter, due mainly to a big drop in sales of transportation equipment. North America had only moderate sales growth as sales in the electrical machinery sector increased, but there was a decrease in sales for the transportation equipment sector. Europe saw a third straight quarter of single-digit growth as sales of electrical machinery and general machinery increased, but there was a slight decrease in the sales of transportation equipment (Chart 1)

Chart 1 Sales DI and Actual result



(1) DI

The Sales Current Assessment DI (for the October-December quarter of 2006) came to 15.1 percentage points, a decrease of 6.5 percentage points compared to the Sales Current Assessment DI of the previous quarter (July-September quarter of 2006). The Sales Prospects DI (for the January-March quarter of 2007) was 16.0 percentage points, a slight improvement of 0.9 percentage points, over the Current Assessment DI for the current quarter (October-December of 2006). (Table 1)

Table 1 Sales DI (according to area/industrial classifications)

According to area	DI			Comparison to the previous quarter	
	Survey of previous term	Survey of present term		Current assessment [②-①]	Prospect [③-②]
	① Current assessment (2006.Jul.-Sep.)	② Current assessment (2006.Oct.-Dec.)	③ Prospect (2007.Jan.-Mar.)		
Total (All areas)	21.6	→ 15.1	→ 16.0	(-6.5)	0.9
North america	8.4	→ 7.7	→ 19.4	(-0.7)	11.7
Asia	29.2	→ 17.7	→ 16.2	(-11.5)	-1.5
ASEAN4	24.8	→ 11.9	→ 15.9	(-12.9)	4.0
NIEs3	15.9	→ 14.8	→ 7.3	(-1.1)	-7.5
China(including Hong Kong)	36.5	→ 22.9	→ 18.2	(-13.6)	-4.7
Europe	-5.7	→ 18.0	→ 11.5	(23.7)	-6.5

Industrial classification	DI			Comparison to the previous quarter	
	Survey of previous term	Survey of present term		Current assessment [②-①]	Prospect [③-②]
	① Current assessment (2006.Jul.-Sep.)	② Current assessment (2006.Oct.-Dec.)	③ Prospect (2007.Jan.-Mar.)		
Total (All manufacturing industry)	21.6	→ 15.1	→ 16.0	(-6.5)	0.9
Transportation equipment	15.7	→ 19.9	→ 26.3	(4.2)	6.4
Electrical machinery	19.1	→ 7.3	→ 4.0	(-11.8)	-3.3
Industrial machinery	20.1	→ 25.2	→ 20.7	(5.1)	-4.5
Chemicals	24.6	→ 16.7	→ 25.6	(-7.9)	8.9
Iron and steel	14.1	→ 8.4	→ 5.4	(-5.7)	-3.0

(Unit : percentage point)

Even though the Sales Current Assessment DI^{*1} improved sharply in Europe and remained in the double-digits for Asia, it worsened overall for all regions, but with only a slight deterioration for North America. The Sales Prospects DI improved for North America and ASEAN4^{*2} and double-digit growth was seen for all regions except NIEs3^{*3}.

The Sales Prospects DI improved slightly, up 0.9 percentage points compared to the previous quarter. There were improvements across all of the major sectors in North America. In the Asian region, ASEAN4 saw an improvement as increases for the transportation equipment and chemicals sectors offset decreases for the electrical machinery and industrial machinery sectors. The Sales Prospects DI in China^{*4} worsened as improvements for the general machinery sector could not compensate for decreases in the electrical machinery and transportation machinery sectors. The DI in NIEs3 worsened due to the deterioration for all main sectors other than iron and steel. The DI also worsened in Europe where gains for the chemicals sector was more than offset by a big drop for the electrical machinery sector and worsening situations for the transportation equipment and industrial machinery sectors. (Table 2)

Table2 Sales DI for main industries classified by area

North america

Sales	Survey of previos term (Apr.-Jun.2006)	Survey of the present term(Jul.-Sep.2006)			
	Current assessment (Jul.-Sep.2006)	Current assessment (Oct.-Dec.2006)	comparison to the previous quarter	Prospect (Jan.-Mar.2007)	comparison to the previous quarter
All manufacturing industry	8.4	7.7	-0.7	19.4	11.7
Transportation equipment	-5.6	20.6	26.2	29.5	8.9
Electrical machinery	-6.9	-5.5	1.4	-2.8	2.7
Industrial machinery	24.0	16.3	-7.7	17.1	0.8
Chemicals	22.8	-3.8	-26.6	26.4	30.2
Iron and steel	22.2	-38.5	-60.7	-33.4	5.1

Asia

(Unit : percentage point)

Sales	Survey of previos term (Apr.-Jun.2006)	Survey of the present term(Jul.-Sep.2006)			
	Current assessment (Jul.-Sep.2006)	Current assessment (Oct.-Dec.2006)	comparison to the previous quarter	Prospect (Jan.-Mar.2007)	comparison to the previous quarter
All manufacturing industry	29.2	17.7	-11.5	16.2	-1.5
Transportation equipment	35.6	22.7	-12.9	28.6	5.9
Electrical machinery	25.0	7.7	-17.3	5.5	-2.2
Industrial machinery	21.2	25.7	4.5	19.7	-6.0
Chemicals	30.7	25.6	-5.1	28.5	2.9
Iron and steel	12.5	15.9	3.4	17.1	1.2

ASEAN4

Sales	Survey of previos term (Apr.-Jun.2006)	Survey of the present term(Jul.-Sep.2006)			
	Current assessment (Jul.-Sep.2006)	Current assessment (Oct.-Dec.2006)	comparison to the previous quarter	Prospect (Jan.-Mar.2007)	comparison to the previous quarter
All manufacturing industry	24.8	11.9	-12.9	15.9	4.0
Transportation equipment	29.7	10.9	-18.8	24.1	13.2
Electrical machinery	23.9	6.1	-17.8	4.8	-1.3
Industrial machinery	23.9	40.5	16.6	19.5	-21.0
Chemicals	19.5	0.0	-19.5	18.3	18.3
Iron and steel	0.0	13.7	13.7	15.0	1.3

NIEs3

Sales	Survey of previos term (Apr.-Jun.2006)	Survey of the present term(Jul.-Sep.2006)			
	Current assessment (Jul.-Sep.2006)	Current assessment (Oct.-Dec.2006)	comparison to the previous quarter	Prospect (Jan.-Mar.2007)	comparison to the previous quarter
All manufacturing industry	15.9	14.8	-1.1	7.3	-7.5
Transportation equipment	0.0	6.7	6.7	3.8	-2.9
Electrical machinery	14.3	2.5	-11.8	0.0	-2.5
Industrial machinery	13.1	11.1	-2.0	-3.9	-15.0
Chemicals	6.4	36.0	29.6	24.5	-11.5
Iron and steel	40.0	0.0	-40.0	25.0	25.0

China

Sales	Survey of previos term (Apr.-Jun.2006)	Survey of the present term(Jul.-Sep.2006)			
	Current assessment (Jul.-Sep.2006)	Current assessment (Oct.-Dec.2006)	comparison to the previous quarter	Prospect (Jan.-Mar.2007)	comparison to the previous quarter
All manufacturing industry	36.5	22.9	-13.6	18.2	-4.7
Transportation equipment	51.6	45.7	-5.9	41.1	-4.6
Electrical machinery	29.0	11.3	-17.7	7.0	-4.3
Industrial machinery	21.5	23.1	1.6	31.8	8.7
Chemicals	57.6	42.1	-15.5	40.5	-1.6
Iron and steel	29.4	25.0	-4.4	18.8	-6.2

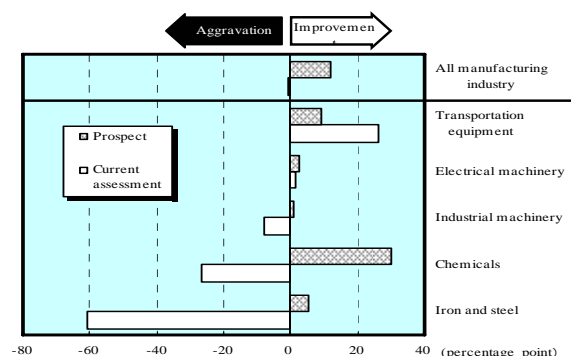
Europe

Sales	Survey of previos term (Apr.-Jun.2006)	Survey of the present term(Jul.-Sep.2006)			
	Current assessment (Jul.-Sep.2006)	Current assessment (Oct.-Dec.2006)	comparison to the previous quarter	Prospect (Jan.-Mar.2007)	comparison to the previous quarter
All manufacturing industry	-5.7	18.0	23.7	11.5	-6.5
Transportation equipment	-27.6	17.7	45.3	10.1	-7.6
Electrical machinery	-4.9	23.5	28.4	-3.2	-26.7
Industrial machinery	6.8	40.0	33.2	26.7	-13.3
Chemicals	-2.3	2.2	4.5	17.4	15.2
Iron and steel	-100.0	0.0	100.0	0.0	0.0

North America

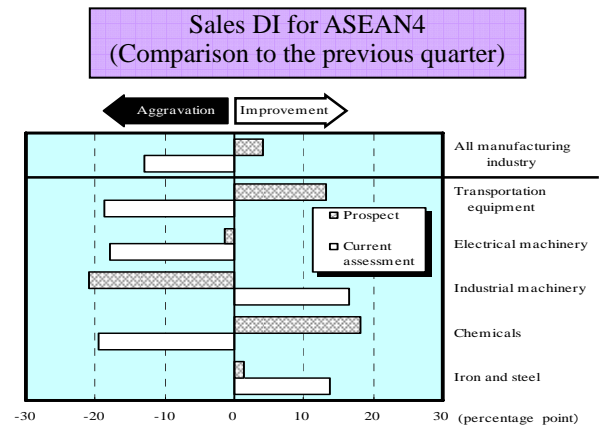
The overall Prospects DI (19.4 percentage points)^{*5} was 11.7 points higher than the overall Current Assessment ID. The Prospects DI for the chemicals sector (26.4 percentage points) improved by a big 30.2 points and for the transportation equipment sector (29.5 percentage points) there was an improvement of 8.9 points over the previous quarter. The Prospects DI improved 5.1 points for iron and steel sector (minus 33.4 percentage points) and 2.7 points for the electrical machinery (minus 2.8 percentage points) sector, but these two sectors still remained in minus territory. The Prospects DI for the industrial machinery sector (17.1 percentage points) improved by a marginal 0.8 (id.)

**Sales DI for North America
(Comparison to the previous quarter)**



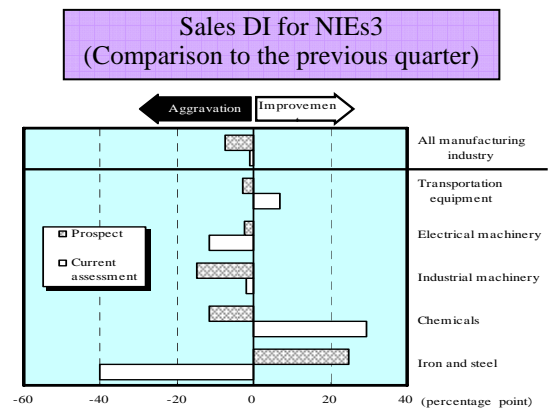
ASEAN4

The overall Prospects DI (15.9 percentage points) improved by 4.0 points compared to the overall Current Assessment DI. The Prospects DI for the chemicals sector (18.3 percentage points) enjoyed a big improvement of 18.3 points and the transportation equipment sector (24.1 percentage points) improved by 13.2 points. The Prospects DI for the iron and steel sector (15.0 percentage points) improved by a modest 1.3 points. However, the industrial machinery sector (19.5 percentage points) worsened sharply by 21.0 points and the electrical machinery sector (4.8 percentage points) worsened slightly by 1.3 points..



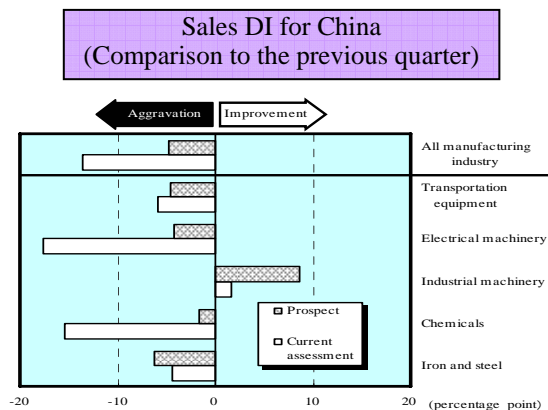
NIEs3

The overall Prospects DI (7.3 percentage points) worsened by 7.5 points from the overall Current Assessment DI. The DI for the industrial machinery sector (minus 3.9 percentage points) worsened significantly by 15.0 points to turn negative. The DI for the chemicals sector (24.5 percentage points) fell 11.5 points, the DI for the transportation equipment sector (3.7 percentage points) slipped 3.0 points and for the electrical machinery sector (0.0 percentage points) worsened by 2.5 points. In contrast, the DI for the iron and steel sector (25.0 percentage points) enjoyed a big gain of 25.0 points..



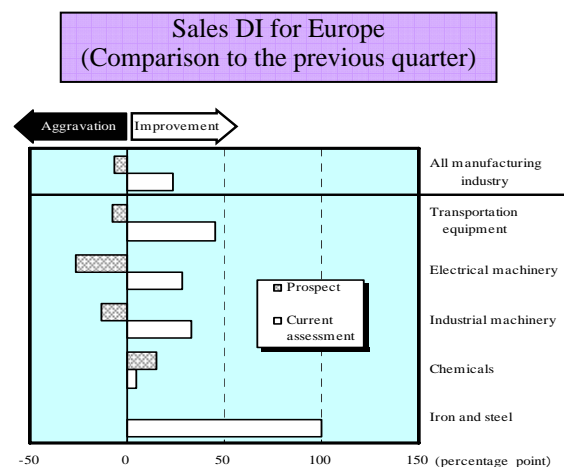
China

The overall Prospects DI (18.2 percentage points) deteriorated by 4.7 points compared to the overall Current Assessment DI for the current quarter. The Prospects DI for the iron and steel sector (18.8 percentage points) fell back 6.2 points (id.). The DI for the transportation equipment sector (41.1 percentage points) worsened by 4.6 points (id.), but still remains at a very high level. The DI for the electrical machinery sector (7.0 percentage points) fell 4.3 points (id.) and the DI for the chemicals sector (40.5 percentage points) retreated a modest 1.6 points (id.). The DI for industrial machinery (31.8 percentage points), on the other hand, improved 8.7 points (id.).



Europe

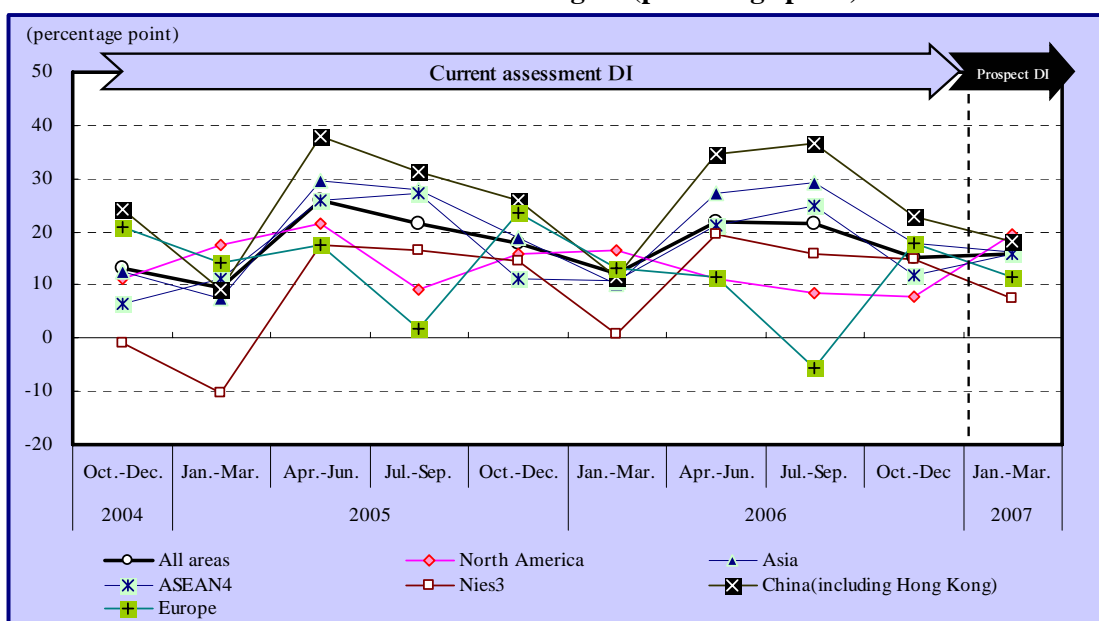
The overall Prospects DI (11.5 percentage points) worsened by 6.5 points compared to the Current Assessment DI. The Prospects DI for the electrical machinery sector (minus 3.2 percentage points) fell sharply by 26.7 points (id.) to drop into negative territory. The DI for the industrial machinery sector (26.7 percentage points) fell 13.3 points (id.) and the DI for the transportation equipment sector (10.1 percentage points) worsened by 7.6 points (id.). The DI for the chemicals sector (17.4 percentage points), on the other hand, enjoyed a big improvement of 15.2 points (id.), while it was flat at 0.0 points (id) for the iron and steel sector (0.0 percentage points).



Notes:

- *1: DI = (Percentage of companies responding they expected an increase) – (Percentage of companies responding they expected a decrease)
 Quarterly Changes in Current Assessment DI = (Current Assessment DI for the current quarter) – (Current Assessment DI for the previous quarter)
 Quarterly Changes in Prospects DI = (Prospects DI for the current quarter) – (Current Assessment DI for the current quarter)
 The Current Assessment DI for the previous quarter is based on current assessment figures for the period from July to September 2006 collected in the survey from April to June 2006.
 The Current Assessment DI for the current quarter is based on current assessment figures from the period from October to December 2006 collected in the survey from July to September 2006.
 The Prospects DI for the current quarter is based on prospects figures for the period from January to March 2007 collected in the survey from July to September 2006.
- *2: ASEAN4: Indonesia, Thailand, the Philippines and Malaysia
- *3: NIEs3: Singapore, Taiwan and the Republic of Korea
- *4: China including Hong Kong
- *5: Percentage points in parentheses represent levels.

Chart 1-1 Sales DI for region (percentage point)



(2) Actual Results

Total sales came to US\$164,759,320,000, an increase of 7.0% as compared to the same quarter of the previous year, marking an improvement in the rate of growth for a second straight quarter, but the fourth straight quarter that the growth rate has remained in single digits. The rate of growth improved for all sectors except for transportation equipment. Sales in the electrical machinery sector rose 6.7% (id.) to mark the eighth straight quarter of single-digit growth. Sales in the industrial machinery sector climbed 14.7% (id.) to mark a third straight quarter of double-digit growth. Sales in the chemicals sector moved up 8.8% (id.) for a fifth straight quarter of single-digit gains, while sales in the iron and steel sector gained 7.1% (id.) to increase for the second straight quarter. Sales in the transportation equipment sector gained 4.9% (id.). This sector continues to see gains, but the rate of growth is shrinking. **(Table 3)**

Table 3 Actual result of sales

Industrial classification	Actual result (comparison to corresponding period of previous year : percentage)				
	2005		2006		
	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.
Total (All areas)	10.7	8.3	5.3	6.6	7.0
North america	8.1	7.6	4.2	4.6	1.8
Asia	13.5	12.5	5.4	8.0	10.4
ASEAN4	14.7	10.3	2.6	2.4	8.9
NIEs3	4.5	6.4	-4.7	-0.7	-0.5
China(including Hong Kong)	14.8	18.7	13.8	19.9	16.4
Europe	6.8	-0.1	3.4	5.9	6.8

Industrial classification	Actual result (comparison to corresponding period of previous year : percentage)				
	2005		2006		
	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.
Total (All manufacturing industry)	10.7	8.3	5.3	6.6	7.0
Transportation equipment	20.1	13.5	6.2	7.7	4.9
Electrical machinery	1.4	4.5	2.7	4.7	6.7
Industrial machinery	8.5	9.9	11.7	13.4	14.7
Chemicals	5.8	6.8	4.3	2.5	8.8
Iron and steel	-6.1	-9.4	-10.4	2.8	7.1

(Unit : percentage)

By region, sales in Asia climbed 10.4% (id.) to mark the first double-digit growth in three quarters. The transportation equipment sector continues to do well and sales for the electrical machinery sector turned back up after a decline in the previous quarter. Sales in China improved sharply for a second straight quarter. Sales for the electrical machinery sector saw a third straight quarter in which growth was only in the single digits. However, sales in the transportation equipment sector improved significantly and sales in the industrial machinery and chemicals sectors also enjoyed big improvements. ASEAN4 enjoyed a high level of sales growth. The electrical machinery sector saw only a modest increase in sales, but the chemicals sector enjoyed its second straight month of double-digit growth and the transportation equipment and industrial machinery sectors both saw double-digit growth for the first time in three quarters. Sales in NIEs3 suffered a decline for the third straight quarter as a huge drop in sales for the transportation equipment sector could not be offset by gains in sales for the electrical equipment and chemicals sectors and double-digit growth in sales for the industrial machinery sector. North America could only muster a sales growth of around 1%. Sales in the electrical machinery and iron and steel sectors increased, but sales growth for the transportation equipment sector turned negative. Europe enjoyed sales growth for a third straight quarter. There was a slight drop in sales growth for the transportation equipment sector, but this was offset by sales growth for the industrial machinery and electrical machinery sectors along with the first sales growth for the chemicals sector in four quarters. (Table 4)

Table 4 Sales actual result for main industries

North america

Sales	Actual resaut (comparison to corresponding period of previous year : percentage)				
	2006		2007		
	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.
All manufacturing industry	8.1	7.6	4.2	4.6	1.8
Transportation equipment	12.9	10.4	2.8	2.8	-2.5
Electrical machinery	-2.1	3.4	3.4	6.9	9.1
Industrial machinery	2.3	7.7	8.5	12.8	4.5
Chemicals	6.2	12.3	12.5	7.0	6.9
Iron and steel	-24.6	-16.4	-19.3	8.3	12.7

Asia

Sales	Actual resaut (comparison to corresponding period of previous year : percentage)				
	2006		2007		
	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.
All manufacturing industry	13.5	12.5	5.4	8.0	10.4
Transportation equipment	40.1	25.9	10.1	18.6	15.6
Electrical machinery	3.7	7.4	2.3	-1.3	3.9
Industrial machinery	12.9	16.0	14.8	18.1	22.0
Chemicals	9.0	9.6	3.9	10.4	12.4
Iron and steel	5.1	-9.1	-6.4	-1.3	4.9

ASEAN4

Sales	Actual resaut (comparison to corresponding period of previous year : percentage)				
	2006		2007		
	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.
All manufacturing industry	14.7	10.3	2.6	2.4	8.9
Transportation equipment	45.6	24.9	2.2	5.7	10.7
Electrical machinery	1.4	4.6	-0.3	-8.1	1.1
Industrial machinery	3.2	12.0	1.3	8.3	11.8
Chemicals	-5.1	5.0	4.1	11.0	14.3
Iron and steel	2.6	-19.3	-15.5	-10.0	0.7

NIEs3

Sales	Actual resaut (comparison to corresponding period of previous year : percentage)				
	2006		2007		
	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.
All manufacturing industry	4.5	6.4	-4.7	-0.7	-0.5
Transportation equipment	29.1	11.2	-8.3	-13.0	-28.3
Electrical machinery	-7.1	1.3	-1.9	2.6	5.4
Industrial machinery	5.6	3.7	-1.5	5.6	13.2
Chemicals	24.2	9.6	1.5	5.1	5.0
Iron and steel	-	-	-	-	-

China(including Hong Kong)

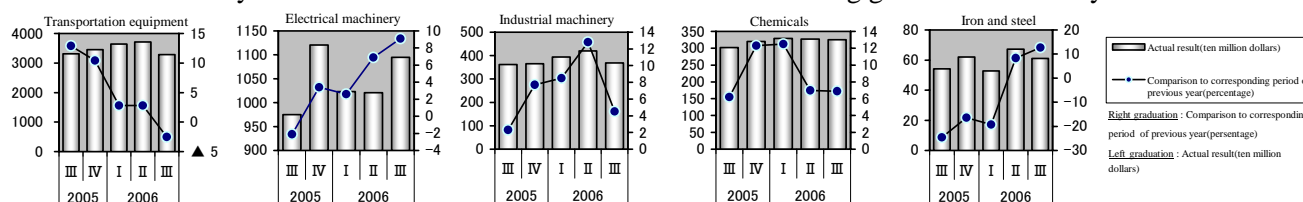
Sales	Actual resaut (comparison to corresponding period of previous year : percentage)				
	2006		2007		
	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.
All manufacturing industry	14.8	18.7	13.8	19.9	16.4
Transportation equipment	36.3	44.9	39.0	92.9	42.0
Electrical machinery	11.8	13.6	7.2	4.1	5.8
Industrial machinery	15.3	16.0	19.9	19.1	23.7
Chemicals	18.2	23.9	18.4	27.9	30.0
Iron and steel	22.3	3.0	19.0	19.4	9.5

Europe

Sales	Actual resaut (comparison to corresponding period of previous year : percentage)				
	2006		2007		
	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.
All manufacturing industry	6.8	-0.1	3.4	5.9	6.8
Transportation equipment	15.9	0.2	3.2	3.6	-0.5
Electrical machinery	-0.7	0.4	3.0	16.4	11.3
Industrial machinery	10.4	2.4	9.4	6.7	17.5
Chemicals	1.5	-1.5	-2.3	-10.3	6.2
Iron and steel	-	-	-	-	-

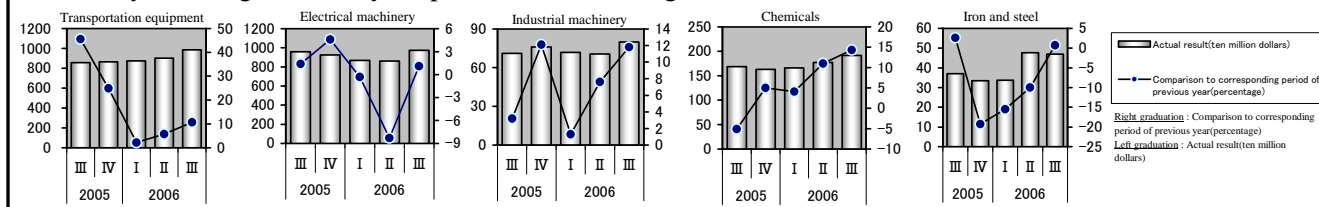
North America

Total sales came to US\$59,362,060,000 (occupying 36.0% of total sales for all regions), up by 1.8% compared to the same quarter of the previous year, meaning that growth has remained weak in the 1%-2% range. Sales in the electrical machinery sector rose 9.1% (id.) for a fourth straight quarter of gains, thanks to solid sales of audiovisual equipment such as plasma and liquid crystal TVs. Sales in the chemicals sector saw single-digit growth for a second straight quarter, gaining 6.9% (id.). Sales in the industrial machinery sector rose 4.5% (id.), but its rate of growth has fallen off sharply. Sales in the iron and steel sector rose 12.7% (id.), continuing the high level of growth seen in the previous quarter. The transportation equipment sector, however, turned negative with a 2.5% (id.) drop in sales. This was largely due to a big drop in sales of large vehicles as the big increase in gasoline prices on the back of higher crude prices caused a major shift in demand toward hybrids and other small and mid-size vehicles offering good fuel efficiency.



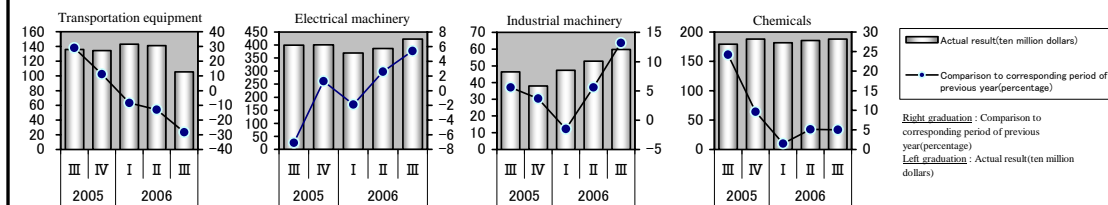
ASEAN4

Total sales came to US\$27,182,240,000 (16.5% of total sales in all regions), up 8.9% compared to the same quarter of the previous year, marking a third straight quarter of single-digit growth. Sales in the transportation equipment sector rose 10.7% (id.) to mark its first double-digit rate of growth in three quarters. There continued to be a drop in sales in Indonesia, but there was a noticeable increase in sales for automobile-related businesses in Thailand. Sales in the industrial machinery sector jumped 11.8% (id.) for the first double-digit growth in three quarters. Sales in the chemicals sector climbed 14.3% (id.) for a second straight month of double-digit growth. Sales in the iron and steel sector inched up a mere 0.7% (id.) for the first gain in four quarters, while sales in the electrical machinery sector gained a modest 1.1% (id.) for the first rise in three quarters. A good contribution was made by the gains in sales of audiovisual devices and other such equipment in Malaysia brought about by corporate business reorganization.



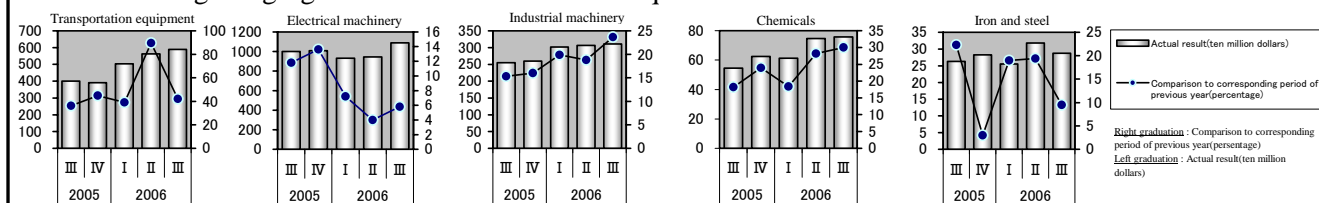
NIEs3

Total sales amounted to US\$9,512,940,000 (5.8% of total sales in all regions), down 0.5% compared to the same quarter of the previous year, marking the third straight quarter of declines. Sales in the electrical machinery sector moved up 5.4% (id.), recording single-digit growth for a second straight quarter and sales in the industrial machinery sector climbed 13.2% (id.) to gain ground for a second straight quarter. Sales in the chemicals sector were also up, gaining 5.0% (id.) to mark single-digit growth for a fourth straight quarter. However, sales in the transportation equipment sector fell a big 28.3% (id.) to register a third straight quarter of declines. In Taiwan there was a noticeable decrease in automobile-related sales.



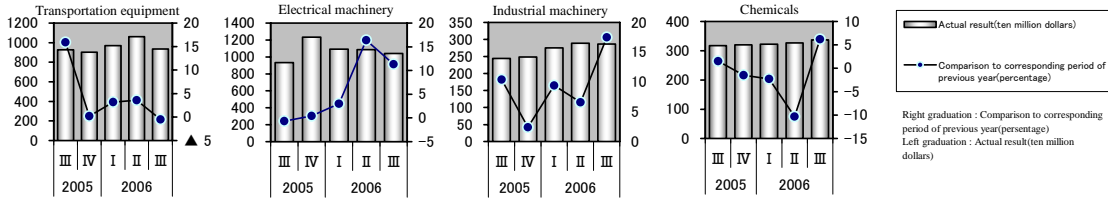
China

Total sales in China came to US\$24,378,730,000 (14.8% of total sales in all regions), up 16.4% as compared to the same quarter in the previous year, as strong, double-digit growth continues. Sales in the transportation equipment sector remain very brisk, rising a big 42.0% (id.). Sales in the electrical machinery sector rose 5.8% (id.) for the third straight quarter of single-digit growth. There continued to be a big impact from the emergence of low-priced products and falling prices for liquid crystal TVs, DVD players and other digital home electronics. Sales in the industrial machinery sector remain brisk, gaining 23.7% (id.) for a 15th straight quarter of double-digit growth. Likewise, sales in the chemicals sector jumped a big 30.0% (id.) for the 11th straight quarter of double-digit gains. Sales in the iron and steel sector gained 9.5% (id.) to register the first single-digit growth in this sector in three quarters.

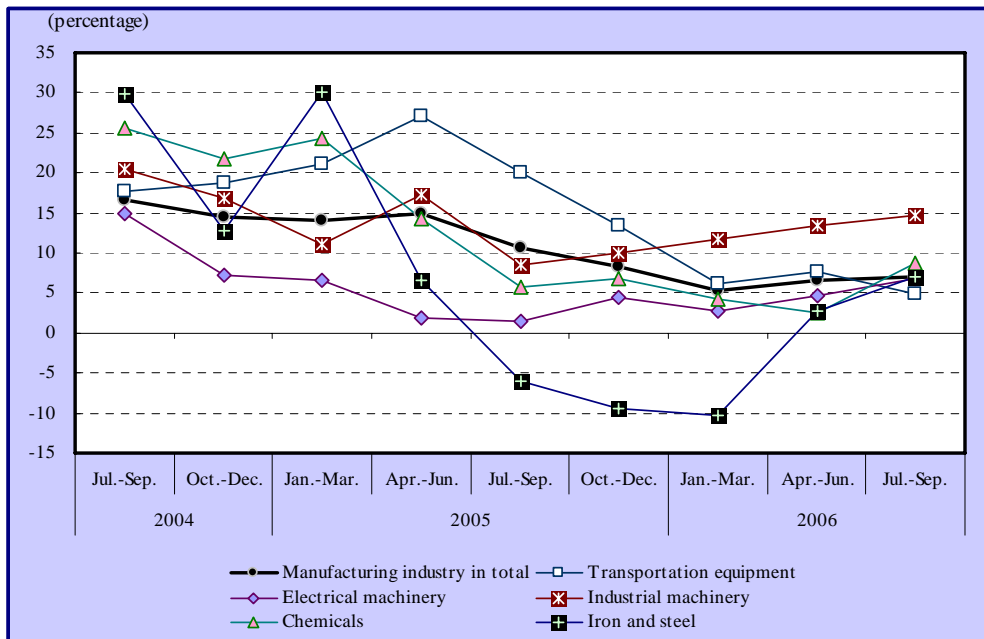


Europe

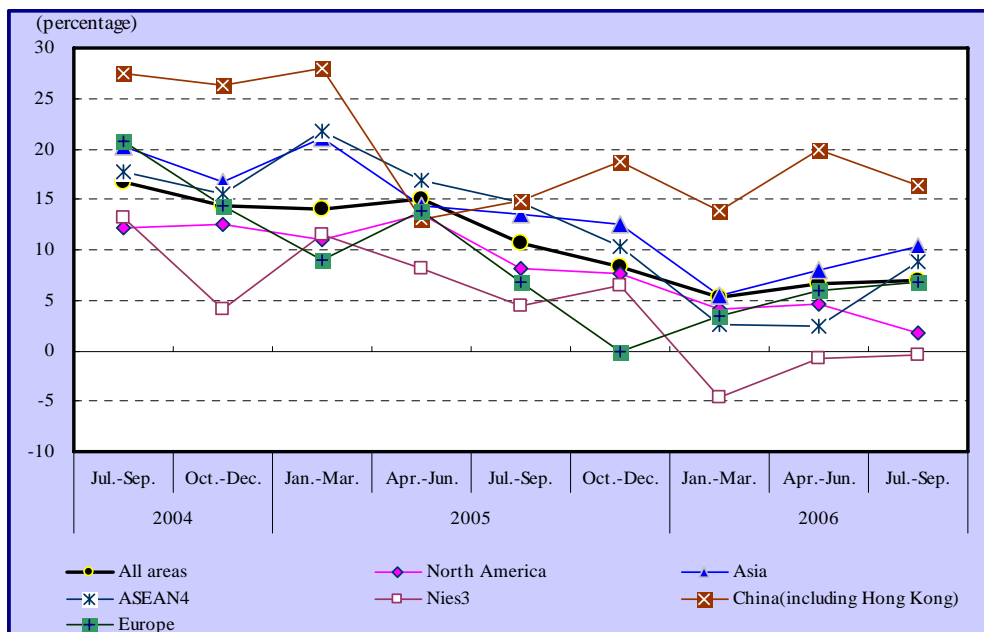
Total sales for Europe amounted to US\$29,152,670,000 (17.7% of total sales for all regions), up 6.8% compared to the same quarter in the previous year, with the growth rate increasing slightly for a third straight quarter. Sales in the electrical machinery sector moved up 11.3% (id.) for a second straight quarter of double-digit growth and sales for the industrial machinery sector gained 17.5% (id.) to mark double-digit growth for the first time in four quarters. Sales in the chemicals sector gained 6.2% (id.) for the first growth in four quarters. However, sales for the transportation equipment sector slipped 0.5% (id.), which was the first setback since the January-March quarter of 2001..



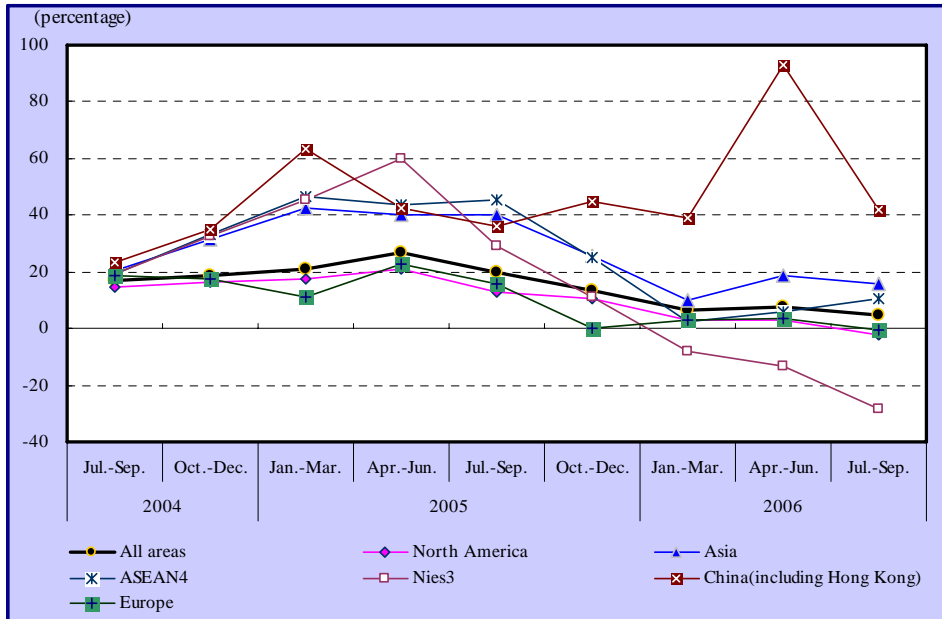
**Chart 1-2 Transition of the actual sales track record according to main industries
(Comparison of the same quarter of the previous year)**



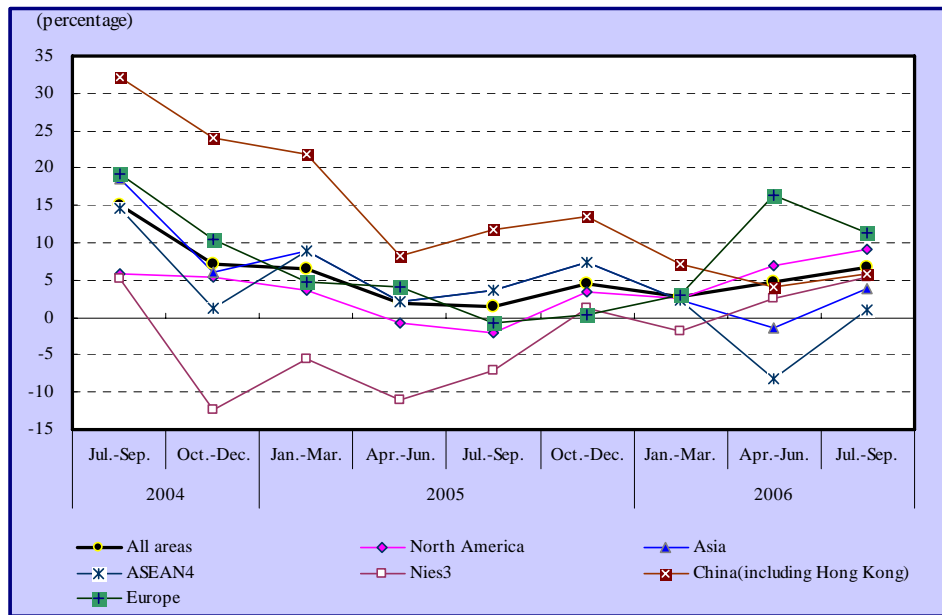
**Chart 1-3 Transition of the actual sales track record according to area
(Comparison of the same quarter of the previous year)**



**Chart 1-4 Actual sales track record according to transportation Machinery
(Comparison of the same quarter of the previous year)**



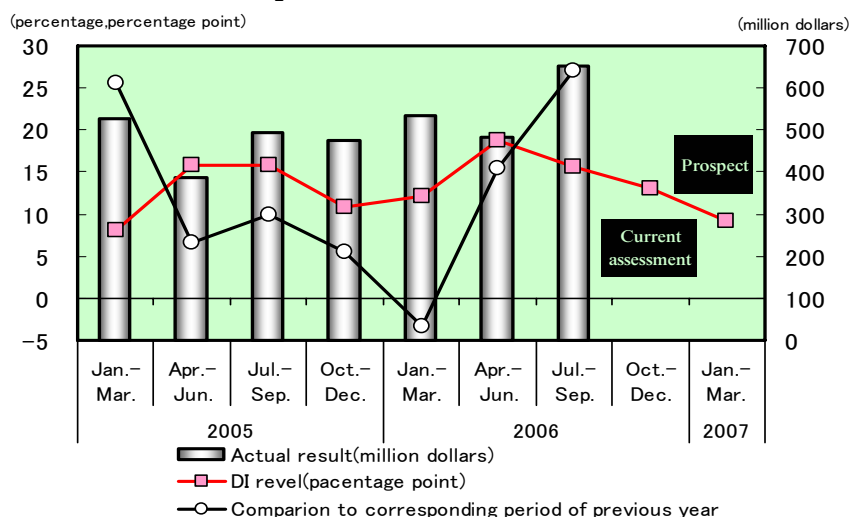
**Chart 1-5 Actual sales track record according to electrical machinery
(Comparison of the same quarter of the previous year)**



2. Trends in capital investment

- The Capital Investment Current Assessment DI (for the October-December quarter of 2006) worsened in all regions except Europe, but still managed to remain at double-digit levels for all regions except ASEAN4. The Capital Investment Prospects DI (for the January-March quarter of 2007) worsened for all regions.
- The Capital Investment Current Assessment DI worsened for all regions other than Europe.
- The Capital Investment Prospects DI worsened in all regions. Other than North America and China, all regions remained positive and in the single-digit range.
- Total capital investment rose by a big 27.1% as compared to the same period for the previous year. In the Asian region, ASEAN4 saw an increase in capital investment thanks to single-digit growth for the transportation equipment sector and big growth for the electrical machinery sector. Capital investment in China saw the first increase in three quarters. There was a big drop off in capital investment for the electrical machinery sector here for a third straight quarter, but this was offset by noticeably big gains for the transportation equipment sector for a second straight quarter along with big gains in the chemicals sector. Capital investment in NIEs3 saw a big recovery as a sizable drop for the transportation equipment sector was more than offset by big gains for the electrical machinery sector. There was a big gain in capital investment in North America as investment in the electrical machinery sector decreased slightly, but investment in the transportation equipment sector recorded big gains. Europe also saw big gains in capital investment with growth seen in all major industries. **(Chart 2)**

Chart 2 Capital Investment DI and Actual Result



(1) DI

The Capital Investment Current Assessment DI (for the October-December quarter of 2006) came to 13.0 percentage points, down by 2.7 points compared to the previous quarter (July-September quarter of 2006). Although there was a worsening for all regions except Europe, the Capital Investment Current Assessment DI remained in the double-digits for all regions except ASEAN4. The Capital Investment Prospects DI (for the January-March quarter of 2007) came to 9.2 percentage points, worsening 3.8 points from the Current Assessment DI for the current quarter (October-December quarter of 2006), and is expected to worsen for all regions. The Prospects DI was in the single-digits for all regions except North America and China, with a particularly noticeable deterioration for Europe. **(Table 5)**

Table 5 Capital Investment DI (according to area/industrial classification)

According to area	DI			Comparison to the previous quarter	
	Survey of previous term	Survey of present term		Comparison to the previous quarter	
	① Current assessment (2006 Jul.-Sep.)	② Current assessment (2006 Oct.-Dec.)	③ Prospect (2007 Jan.-Mar.)	Current assessment [(2)-①]	Prospect [(3)-②]
Total (All areas)	15.7	→ 13.0	→ 9.2	(-2.7)	-3.8
North america	15.5	→ 14.4	→ 11.8	(-1.1)	-2.6
Asia	17.1	→ 12.1	→ 9.8	(-5.0)	-2.3
ASEAN4	14.9	→ 9.1	→ 6.9	(-5.8)	-2.2
NIEs3	14.4	→ 13.1	→ 7.2	(-1.3)	-5.9
China(including Hong Kong)	20.4	→ 14.2	→ 13.1	(-6.2)	-1.1
Europe	12.9	→ 17.3	→ 4.2	(4.4)	-13.1

Industrial classification	DI			Comparison to the previous quarter	
	Survey of previous term	Survey of present term		Comparison to the previous quarter	
	① Current assessment (2006 Jul.-Sep.)	② Current assessment (2006 Oct.-Dec.)	③ Prospect (2007 Jan.-Mar.)	Current assessment [(2)-①]	Prospect [(3)-②]
Total (All manufacturing industry)	15.7	→ 13.0	→ 9.2	(-2.7)	-3.8
Transportation equipment	16.4	→ 12.4	→ 11.8	(-4.0)	-0.6
Electrical machinery	15.5	→ 11.5	→ 2.0	(-4.0)	-9.5
Industrial machinery	15.8	→ 10.0	→ 12.1	(-5.8)	2.1
Chemicals	16.9	→ 8.9	→ 8.7	(-8.0)	-0.2
Iron and steel	16.4	→ 19.2	→ 14.6	(2.8)	-4.6

(Unit : percentage point)

The Capital Investment Prospects DI declined by 3.8 percentage points as compared to the previous quarter, and was lower in all regions. The Prospects DI declined by 2.3 percentage points (id.) for Asia as a whole. In China there was a slight worsening with the Prospects DI at 1.1 percentage points as improvements for the industrial machinery and chemicals sectors could not offset further deterioration in the electrical machinery and transportation equipment sectors. The Prospects DI for ASEAN4 worsened by 2.2 percentage points (id.) as deterioration for the electrical machinery sector offset improvements for the transportation equipment and industrial machinery sectors. NIEs3 suffered a 5.9 percentage point decline (id.) in DI due to big drops in the electrical machinery and transportation equipment sectors, which offset good improvements for the industrial machinery and chemicals sectors. In North America the Prospects DI worsened by 2.6 percentage points (id.) due to big losses for the iron and steel sector and worsening conditions for the electrical machinery and industrial machinery sectors, in spite of improvement in the transportation equipment sector. The DI for Europe fell by 13.1 percentage points (id.) due to deterioration for the transportation equipment and industrial machinery sectors along with a big drop off for the electrical machinery sector (Table 6)

Table 6 Capital investment DI for main industries by area

North america

Capital Investment	Survey of previous term (Apr.-Jun.2006)	Survey of the present term(Apr.-Jun.2006)			
	Current assessment (Jul.-Sep.2006)	Current assessment (Oct.-Dec.2006)	comparison to the previous quarter	Prospect (Jan.-Mar.2007)	comparison to the previous quarter
All manufacturing industry	15.5	14.4	-1.1	11.8	-2.6
Transportation equipment	16.0	7.2	-8.8	14.5	7.3
Electrical machinery	27.1	12.0	-15.1	8.2	-3.8
Industrial machinery	2.5	14.3	11.8	10.0	-4.3
Chemicals	16.3	17.1	0.8	7.3	-9.8
Iron and steel	7.7	37.5	29.8	14.3	-23.2

Asia

(Unit : percentage point)

Capital Investment	Survey of previous term (Apr.-Jun.2006)	Survey of the present term(Apr.-Jun.2006)			
	Current assessment (Jul.-Sep.2006)	Current assessment (Oct.-Dec.2006)	comparison to the previous quarter	Prospect (Jan.-Mar.2007)	comparison to the previous quarter
All manufacturing industry	17.1	12.1	-5.0	9.8	-2.3
Transportation equipment	21.2	15.1	-6.1	12.6	-2.5
Electrical machinery	15.3	11.9	-3.4	2.1	-9.8
Industrial machinery	19.7	5.9	-13.8	15.2	9.3
Chemicals	18.0	6.3	-11.7	12.3	6.0
Iron and steel	13.9	17.0	3.1	15.4	-1.6

ASEAN4

Capital Investment	Survey of previous term (Apr.-Jun.2006)	Survey of the present term(Apr.-Jun.2006)			
	Current assessment (Jul.-Sep.2006)	Current assessment (Oct.-Dec.2006)	comparison to the previous quarter	Prospect (Jan.-Mar.2007)	comparison to the previous quarter
All manufacturing industry	14.9	9.1	-5.8	6.9	-2.2
Transportation equipment	16.1	6.4	-9.7	11.8	5.4
Electrical machinery	16.4	7.2	-9.2	-7.2	-14.4
Industrial machinery	23.6	12.5	-11.1	15.4	2.9
Chemicals	20.6	2.7	-17.9	2.8	0.1
Iron and steel	10.0	19.0	9.0	21.0	2.0

NIEs3

Capital Investment	Survey of previous term (Apr.-Jun.2006)	Survey of the present term(Apr.-Jun.2006)			
	Current assessment (Jul.-Sep.2006)	Current assessment (Oct.-Dec.2006)	comparison to the previous quarter	Prospect (Jan.-Mar.2007)	comparison to the previous quarter
All manufacturing industry	14.4	13.1	-1.3	7.2	-5.9
Transportation equipment	10.4	15.4	5.0	0.0	-15.4
Electrical machinery	19.4	11.5	-7.9	-7.2	-18.7
Industrial machinery	29.4	5.0	-24.4	22.8	17.8
Chemicals	13.8	2.4	-11.4	17.9	15.5
Iron and steel	25.0	0.0	-25.0	33.3	33.3

China

Capital Investment	Survey of previous term (Apr.-Jun.2006)	Survey of the present term(Apr.-Jun.2006)			
	Current assessment (Jul.-Sep.2006)	Current assessment (Oct.-Dec.2006)	comparison to the previous quarter	Prospect (Jan.-Mar.2007)	comparison to the previous quarter
All manufacturing industry	20.4	14.2	-6.2	13.1	1.1
Transportation equipment	29.4	24.1	-5.3	19.5	-4.6
Electrical machinery	15.2	13.4	-1.8	11.9	-1.5
Industrial machinery	14.6	1.7	-12.9	12.5	10.8
Chemicals	15.1	13.2	-1.9	17.6	4.4
Iron and steel	13.3	18.8	5.5	6.3	-12.5

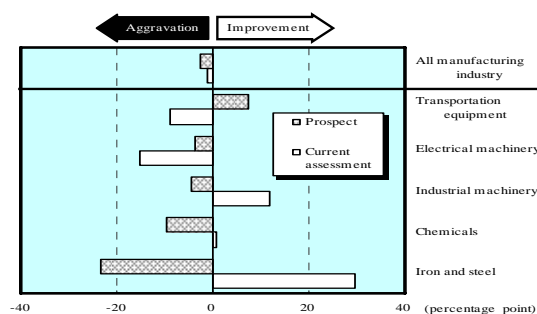
Europe

Capital Investment	Survey of previous term (Apr.-Jun.2006)	Survey of the present term(Apr.-Jun.2006)			
	Current assessment (Jul.-Sep.2006)	Current assessment (Oct.-Dec.2006)	comparison to the previous quarter	Prospect (Jan.-Mar.2007)	comparison to the previous quarter
All manufacturing industry	12.9	17.3	4.4	4.2	-13.1
Transportation equipment	7.7	12.7	5.0	5.9	-6.8
Electrical machinery	12.2	15.4	3.2	0.0	-15.4
Industrial machinery	13.2	17.1	3.9	4.9	-12.2
Chemicals	18.5	13.5	-5.0	0.0	-13.5
Iron and steel	50.0	0.0	-50.0	0.0	0.0

North America

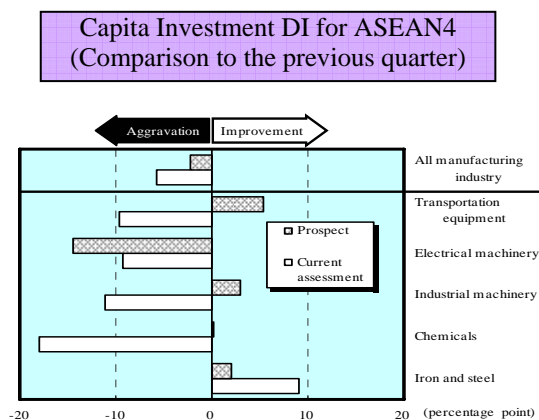
The overall Prospects DI (11.8 percentage points) was 2.6 points lower than the Current Assessment DI for the current quarter. The Prospects DI for the iron and steel sector (14.3 percentage points) worsened sharply by 23.2 points (id.), while dropping 9.8 points (id.) for the chemicals sector (7.3 percentage points). The Prospects DI for the industrial machinery sector (10.0 percentage points) deteriorated 4.3 points (id.), while losing 3.8 points (id.) for the electrical machinery sector (8.2 percentage points). In contrast, the DI for the transportation equipment sector (14.5 percentage points) improved 7.3 points (id.)

Capita Investment DI for North America (Comparison to the previous quarter)



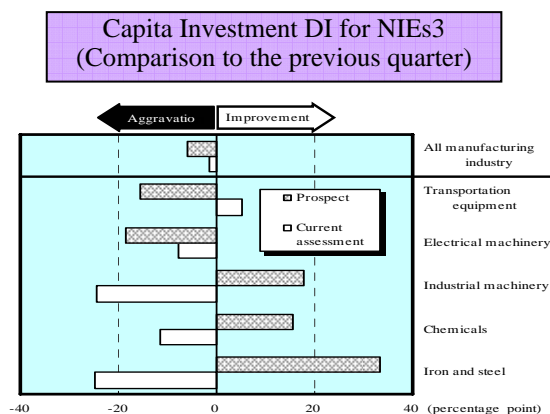
ASEAN4

The overall Prospects DI (6.9 percentage points) worsened by 2.2 points compared to the overall Current Assessment DI for the current quarter. The Prospects DI for the electrical machinery sector (minus 7.2 percentage points) worsened by 14.4 points (id.) to drop into negative territory. The Prospects DI for the transportation equipment sector (11.8 percentage points), on the other hand, improved by 5.4 points (id.). The DI for the industrial machinery sector (15.4 percentage points) improved 2.9 points (id.) and for the iron and steel sector (21.0 percentage points) it improved by 2.0 points (id.). The DI for the chemicals sector (2.8 percentage points) marked only a modest 0.1 point improvement (id.).



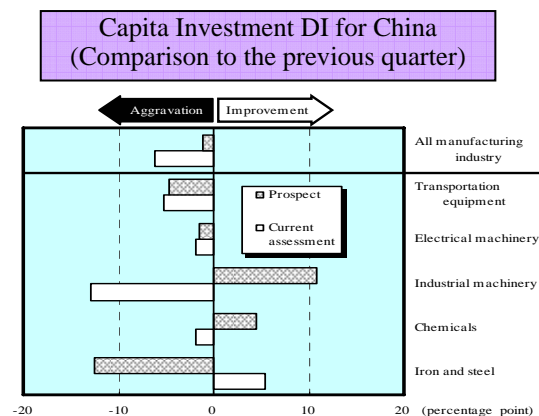
NIEs3

The overall Prospects DI (7.2 percentage points) compared to the overall Current Assessment DI for the current quarter was down by 5.9 points. The Prospects DI for the electrical machinery sector (minus 7.2 percentage points) fell by a big 18.7 points (id.) to land in negative territory. The Prospects DI for the transportation equipment sector (0.0 percentage points) worsened by 15.4 points (id.), but improved sharply for the iron and steel sector (33.3 percentage points) by a big 33.3 points (id.). The DI for the industrial machinery sector (22.8 percentage points) improved by 17.8 points (id.) and that for the chemicals sector (17.9 percentage points) improved by 15.5 points (id.).



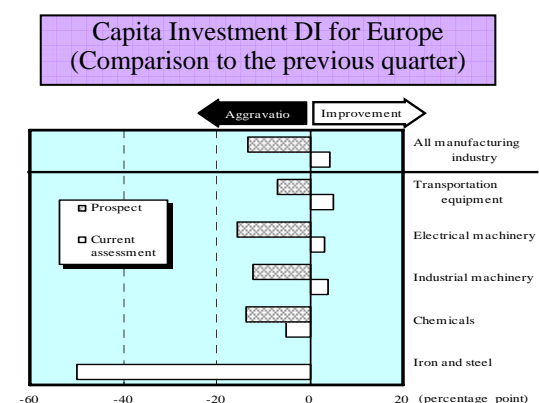
China

The overall Prospects DI (13.1 percentage points) worsened slightly by 1.1 points (id.). For the iron and steel sector (6.3 percentage points) the Prospects DI deteriorated by 12.5 points (id.) and for the transportation equipment sector (19.5 percentage points) there was a fall off of 4.6 points (id.). Likewise, the DI for the electrical machinery sector (11.9 percentage points) worsened by 1.5 points (id.). In contrast, the DI for the industrial machinery sector (12.5 percentage points) improved by 10.8 points (id.) and that for the chemicals sector (17.6 percentage points) improved by 4.4 points (id.).



Europe

The overall Prospects DI (4.2 percentage points) worsened by 13.1 points as compared to the overall Current Assessment DI for the current quarter. The Prospects DI for the electrical machinery sector (0.0 percentage points) deteriorated by a big 15.4 points (id.). For the chemicals sector (0.0 percentage point) the Prospects DI worsened by a 13.5 points (id.). The DI for the industrial machinery sector (4.9 percentage points) retreated by 12.2 points (id.), while that for the transportation equipment sector (5.9 percentage points) worsened by 6.8 points (id.). The DI for the iron and steel sector (0.0 percentage points) did not change.



(2) Actual Results

Total capital investment (acquisition costs of fixed assets except land) came to USD6,513,560,000, an increase of 27.1% compared with the same quarter in the previous year, marking a big gain for the second straight quarter. Looking at each sector, capital investment in the transportation equipment sector jumped 36.0% (id.), marking a huge gain for the second straight quarter. Capital investment climbed 19.8% (id.) for the electrical machinery sector, the first gain in six quarters. In the chemicals sector, capital investment rose by a huge 93.4% (id.), while in the industrial machinery sector it rose 5.6% (id.) for the first gain in three quarters. However, in the iron and steel sector capital investment dropped 30.5% (id.) for the first decline in two quarters (Table 7)

Table 7 Actual result of Capital investment

Industrial classification	Actual result (comparison to corresponding period of previous year : percentage)				
	2005		2006		
	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.
Total (All areas)	9.9	5.5	-3.3	15.4	27.1
North america	-16.9	-5.2	-22.4	11.5	39.4
Asia	25.9	12.4	9.6	23.9	28.9
ASEAN4	43.9	6.7	15.9	47.5	11.5
NIEs3	15.0	54.9	49.2	-1.2	57.1
China(including Hong Kong)	10.5	7.6	-14.1	-6.2	14.1
Europe	28.9	4.9	-21.3	-4.7	21.4

Industrial classification	Actual result (comparison to corresponding period of previous year : percentage)				
	2005		2006		
	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.
Total (All manufacturing industry)	9.9	5.5	-3.3	15.4	27.1
Transportation equipment	17.7	22.1	9.0	33.3	36.0
Electrical machinery	-24.1	-29.1	-23.1	-2.6	19.8
Industrial machinery	16.7	2.5	-13.0	-22.6	5.6
Chemicals	-4.6	3.1	-16.2	8.8	93.4
Iron and steel	63.4	-12.3	28.0	5.4	-30.5

(Unit : percentage)

Looking at the various regions, capital investment in the Asian region rose 28.9% compared with the same quarter of the previous year to mark a big improvement for the second straight year. NIEs3 saw its first big jump in two quarters, rising 57.1% (id.), as big gains for the electrical machinery and chemicals sectors offset big drops for the transportation equipment and industrial machinery sectors. In China capital investment increased 14.1% to record its first increase in three quarters. Even though capital investment has fallen sharply for the electrical machinery and iron and steel sectors for three straight quarters, there has been a noticeable increase in capital investment in the transportation equipment sector for two straight quarters and the chemicals sector has recorded its first big gain in three quarters. The growth rate for capital investment in ASEAN4 has been falling, even though it has remained in double digits for three straight quarters. Capital investment here increased 11.5% as three straight quarters of big gains for the electrical machinery sector and the first gain for the chemicals sector in five quarters helped to offset a big drop for the transportation equipment sector. In North America capital investment rose by a brisk 39.4% as drops in investment for the electrical machinery and iron and steel sectors were more than compensated for by big gains in the transportation equipment and chemicals sectors. In Europe capital investment saw a big increase for the first time in four quarters, 21.4% because the electrical machinery, industrial machinery and chemicals sectors all saw big gains, while the transportation equipment sector rose for the first time in four quarters. (Table 8)

Table 8 Actual result of capital investment for main industries by area

North america

Capital investment	Actual resaut (comparison to corresponding period of previous year : percentage)				
	2006		2007		
	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.
All manufacturing industry	-16.9	-5.2	-22.4	11.5	39.4
Transportation equipment	-9.0	32.4	-4.0	15.4	49.6
Electrical machinery	-70.8	-77.1	-72.0	-15.5	-3.0
Industrial machinery	16.9	1.1	-13.2	83.2	15.6
Chemicals	7.4	-6.5	2.1	48.3	80.2
Iron and steel	5.0	27.0	33.9	175.6	-18.8

Asia

Capital investment	Actual resaut (comparison to corresponding period of previous year : percentage)				
	2006		2007		
	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.
All manufacturing industry	25.9	12.4	9.6	23.9	28.9
Transportation equipment	66.3	26.1	33.5	91.4	50.0
Electrical machinery	-4.1	5.0	7.5	-3.3	23.0
Industrial machinery	32.2	7.3	-4.6	-2.7	-14.1
Chemicals	-15.4	1.6	-42.8	-34.0	122.1
Iron and steel	108.1	-23.7	17.9	-32.5	-47.5

ASEAN4

Capital investment	Actual resaut (comparison to corresponding period of previous year : percentage)				
	2006		2007		
	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.
All manufacturing industry	43.9	6.7	15.9	47.5	11.5
Transportation equipment	73.9	13.7	22.0	97.3	3.6
Electrical machinery	0.8	7.8	40.0	31.0	49.8
Industrial machinery	35.9	-6.9	-34.7	22.7	-20.3
Chemicals	-20.4	-43.7	-63.1	-47.3	12.4
Iron and steel	97.7	-33.1	38.3	26.6	-31.6

NIEs3

Capital investment	Actual resaut (comparison to corresponding period of previous year : percentage)				
	2006		2007		
	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.
All manufacturing industry	15.0	54.9	49.2	-1.2	57.1
Transportation equipment	144.8	196.0	159.9	-10.8	-28.2
Electrical machinery	-25.3	16.9	28.1	0.6	81.1
Industrial machinery	16.1	61.3	124.9	10.2	-24.3
Chemicals	-10.5	66.1	56.8	-6.5	332.3
Iron and steel	-	-	-	-	-

China(including Hong Kong)

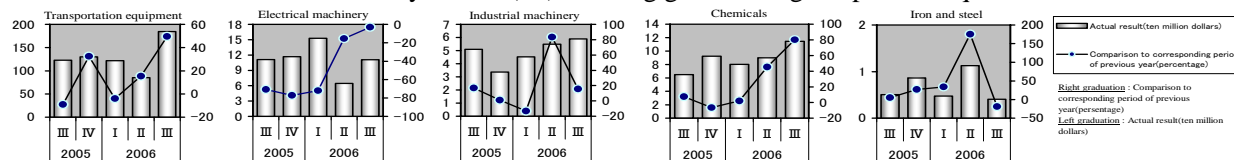
Capital investment	Actual resaut (comparison to corresponding period of previous year : percentage)				
	2006		2007		
	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.
All manufacturing industry	10.5	7.6	-14.1	-6.2	14.1
Transportation equipment	130.5	54.7	79.7	123.1	117.0
Electrical machinery	-2.1	-3.1	-26.9	-36.9	-19.7
Industrial machinery	45.2	2.1	3.3	-20.3	-4.8
Chemicals	-10.6	179.2	-34.2	-28.4	75.7
Iron and steel	31.6	1.9	-78.3	-79.9	-58.9

Europe

Capital investment	Actual resaut (comparison to corresponding period of previous year : percentage)				
	2006		2007		
	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.
All manufacturing industry	28.9	4.9	-21.3	-4.7	21.4
Transportation equipment	42.3	-6.3	-30.8	-18.7	3.9
Electrical machinery	3.4	9.4	-20.1	24.4	17.5
Industrial machinery	-14.1	-7.1	-20.6	-72.5	70.3
Chemicals	-1.6	13.7	10.6	61.9	73.7
Iron and steel	-	-	-	-	-

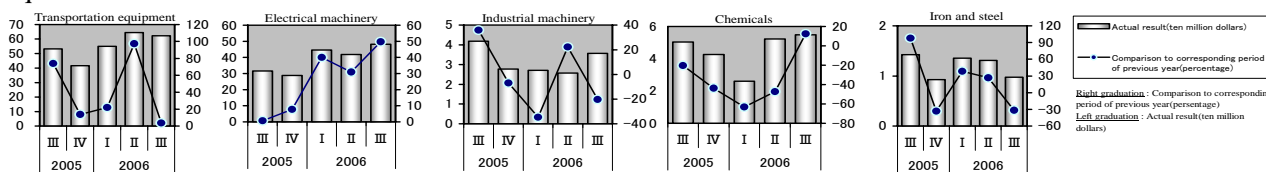
North America

Total capital investment came to US\$2,238,830,000 (34.4% of total capital investment in all regions), a big increase of 39.4% compared with the same quarter of the previous year. Capital investment in the transportation equipment sector grew at a very robust 49.6% (id.). The industrial machinery sector saw a capital investment increase of 15.6% (id.), but the rate of growth has fallen back a bit in response to the big gains seen in the previous quarter. Capital investment in the chemicals sector surged 80.2% (id.) for a second straight quarter of huge gains. Capital investment in the electrical machinery sector was down 3.0% (id.) for a sixth straight quarter of declines, but the rate of decline has been getting smaller, shrinking to the single digits. Capital investment for the iron and steel sector was down by 18.8% (id.) after big gains during the previous quarter..



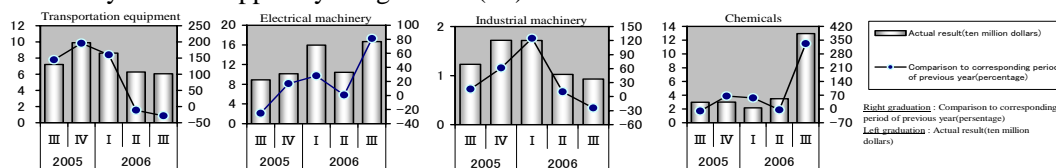
ASEAN4

Total capital investment amounted to US\$1,409,570,000 (21.6% of total capital investment in all regions). This was an 11.5% gain compared to the same quarter of the previous year, but the rate of growth was smaller in response to the gains seen during the previous quarter. Capital investment in the electrical machinery sector surged 49.8% (id.) for a third straight quarter of big gains. In the transportation equipment sector there was a 3.6% increase (id.) as the rate of growth stalls in the single-digit range. Automobile makers have increased capital investment in Indonesia, but their reduction in such investment in Thailand had an impact. Capital investment in the chemicals sector climbed 12.4% (id.) for the first improvement in five quarters. Investment in the industrial machinery sector fell by a big 20.3% (id.) in response to the nice gains seen in the previous quarter. Capital investment in the iron and steel sector was also down, dropping 31.6% (id.) for the first big setback in three quarters.



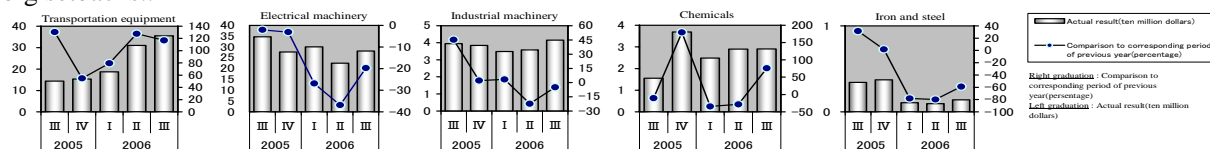
NIEs3

Total capital investment came to US\$397,650,000 (6.1% of total capital investment in all regions), a gain of 57.1% to mark a big turnaround for this region. Capital investment in the electrical machinery sector grew by a very noticeable 81.1% (id.). The increase in investment in equipment was particularly pronounced in Singapore. There was a striking 4.3-fold gain (id.) for the chemicals sector and IT-related investment was also up. However, capital investment in the transportation equipment sector fell by 28.2% (id.), declining for a second straight quarter. The drop in equipment investment in Taiwan had a big impact. Capital investment in the industrial machinery sector dropped by a big 24.3% (id.).



China

Total capital investment came to US\$846,460,000 (13.0% of total capital investment in all regions), gaining 14.1% compared to the same quarter in the previous and marking its first rise in three quarters. Capital investment in the transportation equipment sector soared a remarkable 117.0% (id.), more than doubling for a second straight quarter. Capital investment in the chemicals sector saw its first big gain in three quarters, rising 75.7% (id.). On the other hand, investment in the electrical machinery sector fell 19.7% (id.) for a fifth straight quarter of losses, while investment in the industrial machinery sector slipped 4.8% (id.), recording a modest fall for the second straight quarter. Capital investment in the iron and steel sector tumbled 58.9% (id.) for its third straight quarter of big setbacks..



Europe

Total capital investment amounted to US\$912,050,000 (14.0% of total capital investment in all regions), a gain of 21.4% compared to the same quarter in the previous year and the first big gain in four quarters. Capital investment in the electrical machinery sector rose 17.5% (id.) for a second straight quarter of brisk gains. There was a big improvement in spending on audiovisual equipment, particularly liquid crystal technology-related equipment. The transportation equipment sector saw an increase of 3.9% (id.), which was only a single-digit gain, but the first rise in four quarters. The industrial equipment sector surged 70.3% (id.) to mark its first big gain in five quarters. Investment in the chemicals sector increased by a brisk 73.7% (id.) to mark a second straight quarter of big gains.

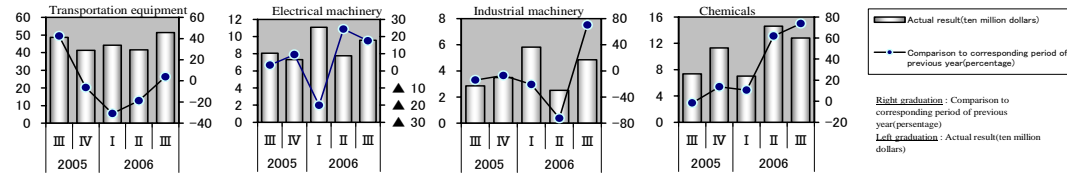


Chart 2-1 Capital investment DI according to area (percentage points)

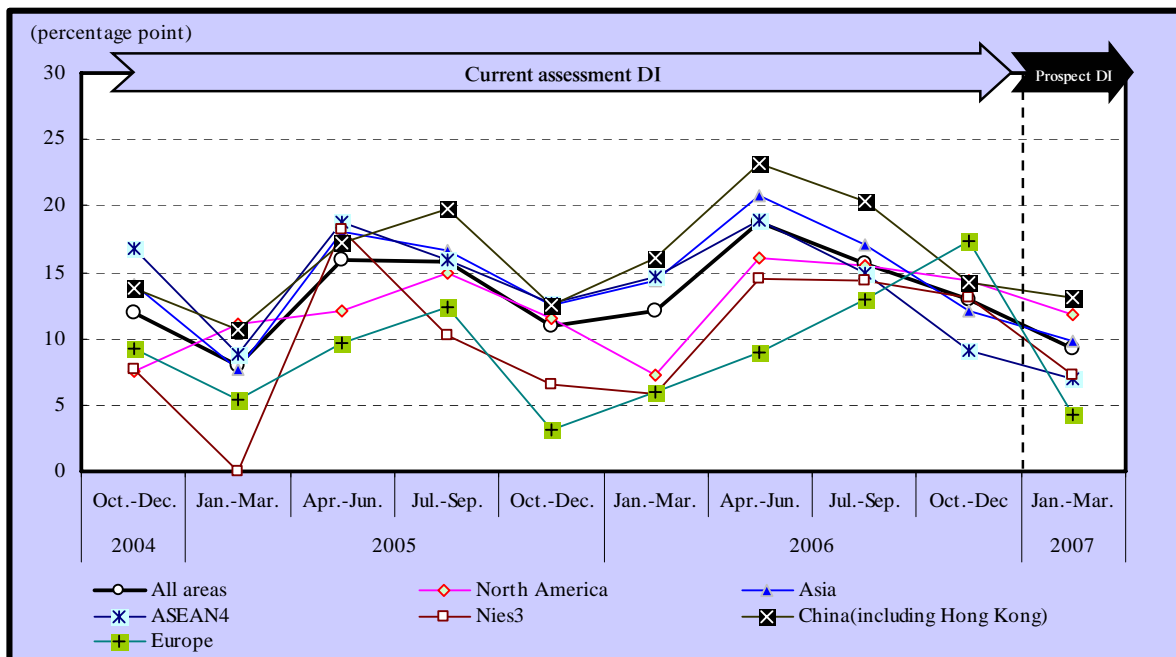
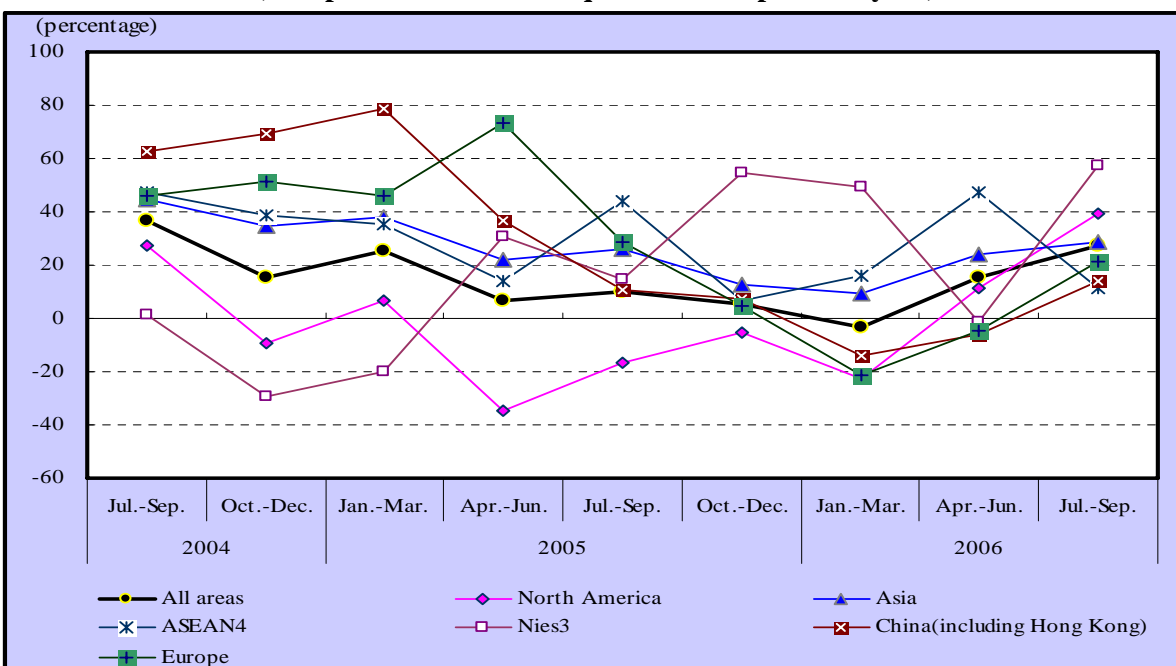


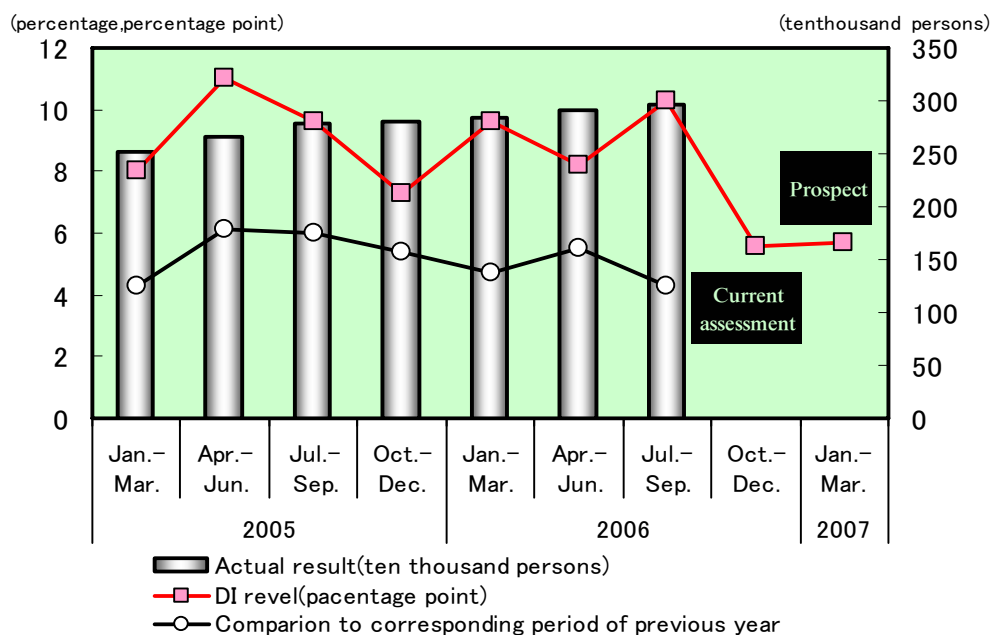
Chart 2-2 Actual result of capital investment according to area (Comparison of the same quarter of the previous year)



3. Trends in employment (the number of employees)

- The Employment Current Assessment DI (for the October-December quarter of 2006) worsened in all regions except Europe. The Employment Prospects DI (for the January-March quarter of 2007) worsened for all regions other than Europe and China.
 - The Employment Current Assessment DI deteriorated for all regions except Europe.
 - The Employment Prospects DI improved slightly with China continuing to remain in the double-digit territory.
- The actual number of employees as of the end of September 2006 continued to increase, gaining 4.3% as compared to the same period in the previous year. The number of employees has continued to decrease in North America. However, the number of employees has continued to grow for all of the regions in Asia and Europe saw gains for a second straight quarter. **(Chart 3)**

Chart 3 Number of employee DI and actual result



(1) DI

The Employment Current Assessment DI (for the October-December quarter of 2006) was positive at 5.6 points, but compared to the Employment Current Assessment DI (for July-September quarter of 2006) it was down 4.7 points with the figures deteriorating for all regions except Europe. The Employment Prospects DI (for the January-March quarter of 2007) stood at 5.7 points, up a very modest 0.1 points compared with the Employment Current Assessment DI (for the October-December quarter of 2006). **(Table 9)**

Table 9 Number of employee DI (according to area /industrial classification)

According to area	DI				
	Survey of present term			Comparison to the previous quarter	
	① Current assessment (2006.Jul.-Sep.)	② Current assessment (2006.Oct.-Dec.)	③ Prospect (2007.Jan.-Mar.)	Current assessment [(2)-①]	Prospect [(3)-②]
Total (All areas)	10.3	→ 5.6	→ 5.7	(-4.7)	0.1
North america	8.5	→ 5.6	→ 7.0	(-2.9)	1.4
Asia	13.4	→ 6.8	→ 6.5	(-6.6)	-0.3
ASEAN4	9.9	→ 3.3	→ 3.5	(-6.6)	0.2
NIEs3	6.2	→ 0.8	→ 0.8	(-5.4)	0.0
China(including Hong Kong)	19.3	→ 12.4	→ 10.4	(-6.9)	-2.0
Europe	-3.9	→ 1.1	→ 0.0	(5.0)	-1.1

Industrial classification	DI				
	Survey of present term			Comparison to the previous quarter	
	① Current assessment (2006.Jul.-Sep.)	② Current assessment (2006.Oct.-Dec.)	③ Prospect (2007.Jan.-Mar.)	Current assessment [(2)-①]	Prospect [(3)-②]
Total (All manufacturing industry)	10.3	→ 5.6	→ 5.7	(-4.7)	0.1
Transportation equipment	12.4	→ 10.1	→ 10.1	(-2.3)	0.0
Electrical machinery	8.2	→ 3.2	→ 3.2	(-5.0)	0.0
Industrial machinery	13.4	→ 8.9	→ 7.1	(-4.5)	-1.8
Chemicals	11.6	→ 3.1	→ 6.3	(-8.5)	3.2
Iron and steel	0.0	→ 3.4	→ 7.7	(3.4)	4.3

(Unit : percentage point)

The overall Prospects DI improved slightly from the previous quarter, but there were slight deteriorations in China and Europe. In Asia, which decreased by 0.3 points (id.), the DI in China fell by 2.0 points (id.) as improvements in the transportation equipment and chemicals sectors could not offset setbacks in the electrical equipment and industrial equipment sectors. ASEAN4 saw a very modest improvement of 0.2 points (id.) as improvements for the iron and steel sector and modest improvements for the electrical machinery and industrial machinery sectors were enough to offset deterioration for the transportation equipment sector. The Prospects DI for NIEs3 was flat as there was a deterioration for the transportation equipment and electrical machinery sectors, but improvements for the industrial machinery and chemicals sectors. The DI for North America improved slightly by 1.4 points (id.) with a slight worsening for the transportation equipment and industrial machinery sectors, but improvements for other sectors such as electrical machinery and the chemical sectors. Europe saw a slight worsening of its DI by 1.1 points (id.). The electrical machinery sector improved and the transportation equipment sector was flat, while the industrial equipment and chemicals sectors lost ground. (Table 10)

Table 10 Number of employee DI for main industries by area

North america

Number of employee	Survey of previous term (Apr.-Jun.2006)	Survey of the present term (Jul.-Sep.2006)			
	Current assessment (Jul.-Sep.2006)	Current assessment (Oct.-Dec.2006)	comparison to the previous quarter	Prospect (Jan.-Mar.2007)	comparison to the previous quarter
All manufacturing industry	8.5	5.6	-2.9	7.0	1.4
Transportation equipment	8.0	8.8	0.8	7.9	-0.9
Electrical machinery	7.3	5.8	-1.5	11.8	6.0
Industrial machinery	0.0	-2.2	-2.2	-2.3	-0.1
Chemicals	13.3	1.9	-11.4	6.0	4.1
Iron and steel	-5.6	0.0	5.6	9.1	9.1

Asia

(Unit : percentage point)

Number of employee	Survey of previous term (Apr.-Jun.2006)	Survey of the present term (Jul.-Sep.2006)			
	Current assessment (Jul.-Sep.2006)	Current assessment (Oct.-Dec.2006)	comparison to the previous quarter	Prospect (Jan.-Mar.2007)	comparison to the previous quarter
All manufacturing industry	13.4	6.8	-6.6	6.5	-0.3
Transportation equipment	21.3	14.4	-6.9	13.4	-1.0
Electrical machinery	9.9	4.0	-5.9	3.1	-0.9
Industrial machinery	22.2	14.6	-7.6	11.3	-3.3
Chemicals	13.2	4.2	-9.0	8.6	4.4
Iron and steel	0.0	2.3	2.3	7.6	5.3

ASEAN4

Number of employee	Survey of previous term (Apr.-Jun.2006)	Survey of the present term (Jul.-Sep.2006)			
	Current assessment (Jul.-Sep.2006)	Current assessment (Oct.-Dec.2006)	comparison to the previous quarter	Prospect (Jan.-Mar.2007)	comparison to the previous quarter
All manufacturing industry	9.9	3.3	-6.6	3.5	0.2
Transportation equipment	16.5	12.5	-4.0	8.3	-4.2
Electrical machinery	8.4	0.0	-8.4	1.0	1.0
Industrial machinery	22.2	18.6	-3.6	19.6	1.0
Chemicals	2.4	-1.3	-3.7	0.0	1.3
Iron and steel	0.0	-9.1	-9.1	0.0	9.1

NIEs3

Number of employee	Survey of previous term (Apr.-Jun.2006)	Survey of the present term (Jul.-Sep.2006)			
	Current assessment (Jul.-Sep.2006)	Current assessment (Oct.-Dec.2006)	comparison to the previous quarter	Prospect (Jan.-Mar.2007)	comparison to the previous quarter
All manufacturing industry	6.2	0.8	-5.4	0.8	0.0
Transportation equipment	3.1	3.2	0.1	-3.6	-6.8
Electrical machinery	2.5	0.0	-2.5	-1.3	-1.3
Industrial machinery	13.0	-3.7	-16.7	0.0	3.7
Chemicals	10.6	4.1	-6.5	6.2	2.1
Iron and steel	-25.0	0.0	25.0	0.0	0.0

China

Number of employee	Survey of previous term (Apr.-Jun.2006)	Survey of the present term (Jul.-Sep.2006)			
	Current assessment (Jul.-Sep.2006)	Current assessment (Oct.-Dec.2006)	comparison to the previous quarter	Prospect (Jan.-Mar.2007)	comparison to the previous quarter
All manufacturing industry	19.3	12.4	-6.9	10.4	-2.0
Transportation equipment	33.7	22.8	-10.9	24.2	1.4
Electrical machinery	14.6	8.7	-5.9	6.3	-2.4
Industrial machinery	26.5	20.0	-6.5	11.1	-8.9
Chemicals	24.6	11.0	-13.6	19.4	8.4
Iron and steel	5.8	18.8	13.0	18.8	0.0

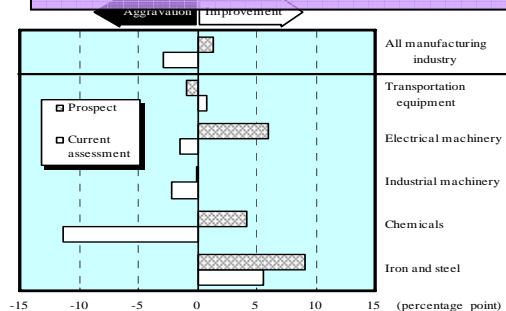
Europe

Number of employee	Survey of previous term (Apr.-Jun.2006)	Survey of the present term (Jul.-Sep.2006)			
	Current assessment (Jul.-Sep.2006)	Current assessment (Oct.-Dec.2006)	comparison to the previous quarter	Prospect (Jan.-Mar.2007)	comparison to the previous quarter
All manufacturing industry	-3.9	1.1	5.0	0.0	-1.1
Transportation equipment	-12.9	0.0	12.9	0.0	0.0
Electrical machinery	-1.8	-3.3	-1.5	-1.7	1.6
Industrial machinery	2.3	4.5	2.2	2.3	-2.2
Chemicals	6.7	0.0	-6.7	-2.3	-2.3
Iron and steel	-50.0	0.0	50.0	0.0	0.0

North America

The overall Employment Prospects DI (7.0 points) was 1.4 points higher than the overall Current Assessment DI for the current quarter. The Prospects DI for the iron and steel sector (9.1 percentage points) increased by 9.1 points (id.), for the electrical machinery sector (11.8 percentage points) it increased 6.0 points (id.) and for the chemicals sector (6.0 percentage points) it increased 4.1 points (id.). However, the Prospects DI for the transportation equipment sector (7.9 percentage points) worsened by 0.9 points. The DI for the industrial machinery sector (minus 2.3 percentage points) worsened by 0.1 point to remain in negative territory.

Number of employee DI for North America (Comparison to the previous quarter)



ASEAN4

The overall Prospects DI (3.5 percentage points) increased by a mere 0.2 points as compared to the overall Current Assessment DI for the current quarter. The Prospects DI for the iron and steel sector (0.0 percentage points) improved by 9.1 points (id.) and for the chemicals sector (0.0 percentage points) it improved 1.3 points (id.). The DI for the electrical machinery sector (1.0 percentage points) gained 1.0 points (id.) and for the industrial machinery sector (19.6 percentage points) it also gained 1.0 point (id.). However, the DI for the transportation equipment sector (8.3 percentage points) deteriorated by 4.2 points.

NIEs3

The overall Prospects DI (0.8 percentage points) was flat compared to the overall Current Assessment DI for the current quarter. The Prospects DI for the industrial machinery sector (0.0 percentage points) improved by 3.7 points (id.) and it improved 2.1 points (id.) for the chemicals sector. However, the transportation equipment sector (minus 3.6 percentage points) worsened by 6.8 points (id.) and for the electrical machinery sector (minus 1.3 percentage points) it fell 1.3 points (id.). For the iron and steel sector (0.0 percentage points) the DI was flat (id.).

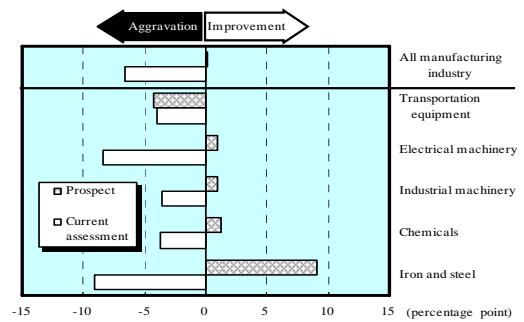
China

The overall Prospects DI (10.4 percentage points) decreased by 2.0 points compared to the overall Current Assessment DI for the current quarter. The Prospects DI for the industrial machinery sector (11.1 percentage points) fell 8.9 points (id.) and for the electrical machinery sector (6.3 percentage points) it decreased by 2.4 points (id.). However, the DI for the chemicals sector (19.4 percentage points) improved by 8.4 points (id.) and for the transportation equipment sector (24.2 percentage points) it improved by 1.4 points (id.). For the iron and steel sector (18.8 percentage points) the DI was flat (id.).

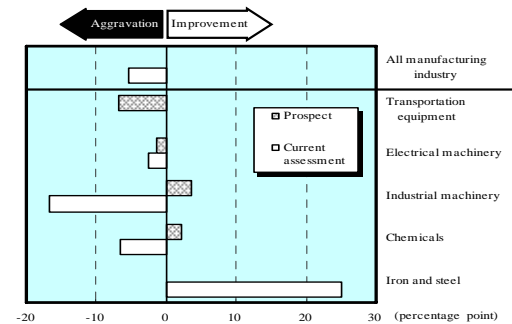
Europe

The overall Prospects DI (0.0 percentage points) worsened by 1.1 points from the overall Current Assessment DI for the current quarter. The Prospects DI for the chemicals sector (minus 2.3 percentage points) fell by 2.3 points (id.) and for the industrial machinery sector (2.3 points) it decreased by 2.2 points (id.). However, there was a slight improvement of 1.6 points (id.) for the DI in the electrical machinery sector (minus 1.7 points), which remained in minus territory. The DI for both the transportation equipment sector (0.0 percentage points) and iron and steel sector (0.0 percentage points) sectors remained flat (id.).

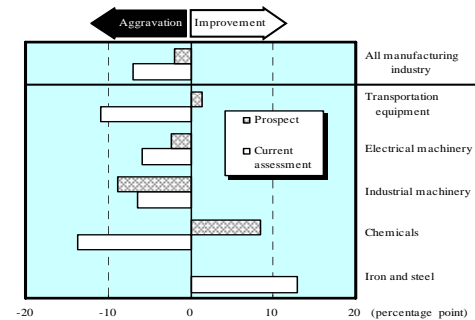
Number of employee DI for ASEAN4
(Comparison to the previous quarter)



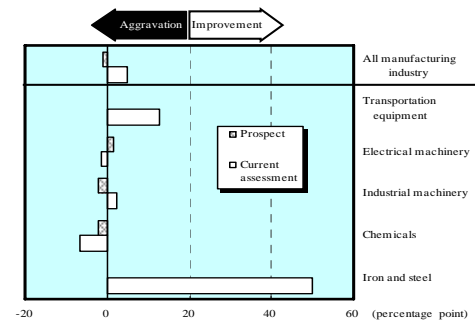
Number of employee DI for NIEs3
(Comparison to the previous quarter)



Number of employee DI for China
(Comparison to the previous quarter)



Number of employee DI for Europe
(Comparison to the previous quarter)



(2) Actual Results

The overall number of employees stood at 2.97 million, marking a continued increase, up 4.3% compared to the same quarter of the previous year. By industry, the number of employees increased for nine out of 13 sectors. The number of employees in the transportation equipment sector stood at 790,000; up by 7.4% (id.), the third straight quarter of single-digit growth. Employment in the electrical machinery sector continues to grow, rising 4.3% (id.) to 1,260,000 workers. In the chemicals sector the number of employees increased 3.4% (id.) to 130,000, marking the first gain in three quarters. The number of workers in the iron and steel sector came to 20,000, a 3.4% increase (id.) and the second straight quarter of gains (Table 11)

Table 11 Actual result of Number of employee (according to area /industrial classification)

Industrial classification	Actual result (comparison to corresponding period of previous year : percentage)				
	2005		2006		
	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.
Total (All areas)	6.0	5.4	4.7	5.5	4.3
North america	-0.9	-0.8	-1.2	0.0	-1.9
Asia	8.6	7.7	6.5	6.9	5.4
ASEAN4	6.0	5.2	2.8	3.1	2.8
NIEs3	1.1	1.9	1.2	0.6	2.9
China(including Hong Kong)	11.5	10.3	9.6	10.1	6.9
Europe	2.7	2.2	-0.1	2.4	1.8

Industrial classification	Actual result (comparison to corresponding period of previous year : percentage)				
	2005		2006		
	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.
Total (All manufacturing industry)	6.0	5.4	4.7	5.5	4.3
Transportation equipment	12.2	11.1	7.3	8.4	7.4
Electrical machinery	5.1	3.3	4.2	5.8	4.3
Industrial machinery	6.3	10.1	11.6	11.6	4.6
Chemicals	-0.7	1.5	-1.0	-0.8	3.4
Iron and steel	0.8	-1.3	-1.9	4.6	3.4

(Unit : percentage)

The overall number of employees in Asia continues to rise, up 5.4% compared to the same quarter of the previous year. In China (an increase of 6.9% (id.)) there continued to be big employment gains in the transportation equipment sector, up 15.9% (id.), with gains also reported for the electrical machinery, industrial machinery and chemicals sectors. The number of employees in ASEAN4 (an increase of 2.8%) (id.) continued to grow despite drops in the chemicals and iron and steel sectors as the transportation equipment and electrical machinery sectors added more workers. In NIEs3 (increase of 2.9% (id.)) the number of employees increased as gains in electrical machinery, chemical and other sectors offset a decline in the transportation equipment sector. In Europe (an increase of 1.8% (id.)) the overall number of employees increased for a second straight quarter because gains in the transportation equipment and electrical machinery sectors helped to offset a fifth straight quarter of declining employment in the chemicals sector. In North America (a decrease of 1.9% (id.)) there was a slight drop in the number of employees. The transportation equipment sector saw slight gains and employment was also up in the chemical and iron and steel sectors, but there were declines in the electrical machinery and industrial machinery sectors (Table 12)

Table 12 Actual result of number of employee for main industries by area

North america

Number of employee	Actual result (comparison to corresponding period of previous year : percentage)				
	2006		2007		
	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.
All manufacturing industry	-0.9	-0.8	-1.2	0.0	-1.9
Transportation equipment	3.6	2.3	2.5	2.4	0.7
Electrical machinery	-6.7	-9.2	-8.0	-1.7	-5.0
Industrial machinery	-6.7	1.9	3.3	4.0	-7.9
Chemicals	-3.4	-1.7	-1.7	-1.0	5.0
Iron and steel	-10.4	-10.8	-13.4	1.2	1.7

Asia

Number of employee	Actual result (comparison to corresponding period of previous year : percentage)				
	2006		2007		
	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.
All manufacturing industry	8.6	7.7	6.5	6.9	5.4
Transportation equipment	18.8	16.4	10.3	12.7	10.9
Electrical machinery	7.4	5.7	5.5	6.0	4.4
Industrial machinery	12.1	14.0	16.7	15.8	7.7
Chemicals	1.8	5.9	1.5	2.0	6.2
Iron and steel	3.5	1.7	1.8	5.4	3.6

ASEAN4

Number of employee	Actual result (comparison to corresponding period of previous year : percentage)				
	2006		2007		
	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.
All manufacturing industry	6.0	5.2	2.8	3.1	2.8
Transportation equipment	17.4	14.9	3.4	6.9	7.9
Electrical machinery	2.2	1.4	1.3	0.8	0.8
Industrial machinery	10.6	13.9	8.5	4.4	4.9
Chemicals	-2.2	-0.3	-0.7	-0.1	-0.6
Iron and steel	3.1	4.6	1.3	0.4	-2.1

NIEs3

Number of employee	Actual result (comparison to corresponding period of previous year : percentage)				
	2006		2007		
	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.
All manufacturing industry	1.1	1.9	1.2	0.6	2.9
Transportation equipment	20.0	17.1	7.4	-0.1	-8.6
Electrical machinery	-3.1	-2.9	0.6	1.1	4.9
Industrial machinery	-0.7	-0.5	0.3	0.6	2.6
Chemicals	1.7	13.7	10.1	14.6	16.1
Iron and steel	-	-	-	-	-

China(including Hong Kong)

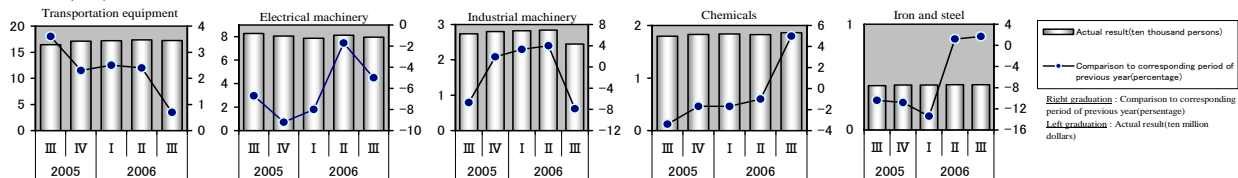
Number of employee	Actual result (comparison to corresponding period of previous year : percentage)				
	2006		2007		
	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.
All manufacturing industry	11.5	10.3	9.6	10.1	6.9
Transportation equipment	19.7	18.9	18.8	24.2	15.9
Electrical machinery	13.3	10.6	9.1	10.6	6.8
Industrial machinery	15.6	17.4	25.1	24.6	7.9
Chemicals	6.9	10.1	1.5	0.4	12.0
Iron and steel	7.5	0.5	5.6	0.9	-0.3

Europe

Number of employee	Actual result (comparison to corresponding period of previous year : percentage)				
	2006		2007		
	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.
All manufacturing industry	2.7	2.2	-0.1	2.4	1.8
Transportation equipment	13.2	13.1	5.4	4.7	5.1
Electrical machinery	-9.0	-10.5	-7.6	3.3	1.2
Industrial machinery	1.9	6.4	3.7	5.4	5.8
Chemicals	-4.7	-6.6	-6.7	-7.2	-3.7
Iron and steel	-	-	-	-	-

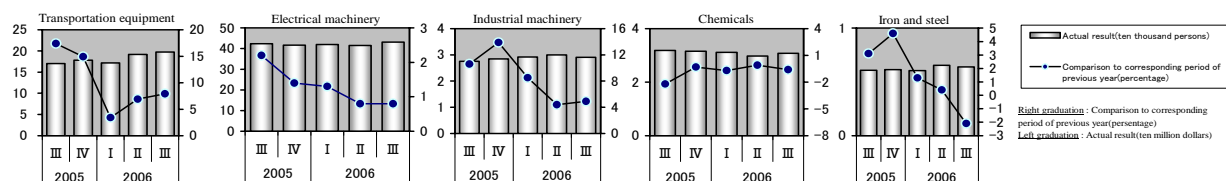
North America

The overall number of employees came to 420,000 (its share against all other regions was 14.0%), which was a 1.9% decline compared to the same quarter in the previous year. The number of employees in the electrical machinery sector came to 80,000, continuing to decline, down 5.0% (id.). In the industrial machinery sector the number of employees came to 20,000, a drop of 7.9% (id.) and the first setback in four quarters. The number of employees in the transportation equipment sector was 170,000, marking a modest increase of 0.7% (id.). The number of employees in the chemicals sector came to 20,000, a 5.0% (id.) increase and the first gain in five quarters. In the iron and steel sector the number of employees increased for the second straight quarter, gaining 1.7% (id.) to 4,000 workers.



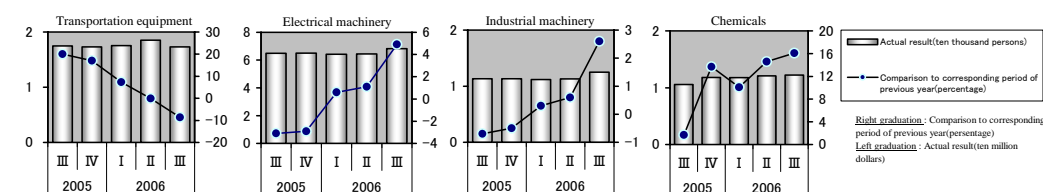
ASEAN4

The overall number of employees was 880,000 (its share against all other regions was 30.0%), continuing to rise with a 2.8% gain as compared to the same quarter in the previous year. The number of employees in the electrical machinery sector increased 0.8% (id.) to 430,000, while in the transportation equipment sector there continued to be gains in employment as there was a 7.9% increase (id.) in the number of workers to 200,000. The number of employees in the industrial machinery sector rose for the seventh straight quarter, gaining 4.9% (id.) to 30,000. In the chemicals sector there was a slight 0.6% (id.) drop in the number of employees to 30,000 and in the iron and steel sector the number of employees fell back 2.1% (id.) to 6,000.



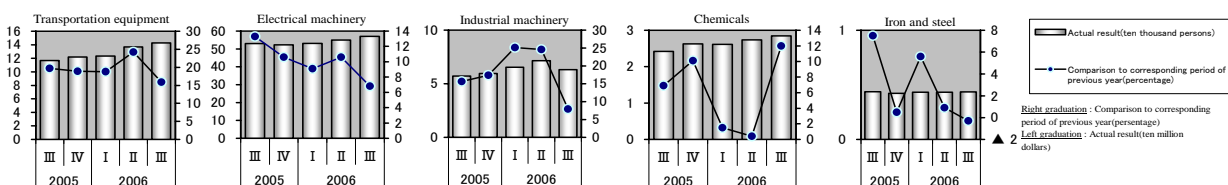
NIEs3

The overall number of employees increased 2.9% compared to the same quarter during the previous year to 140,000 (4.7% against the total number in all regions). The number of employees in the electrical machinery sector increased for a third straight quarter, gaining 4.9% (id.) to 70,000. The number of employees also increased for a third straight quarter in the industrial machinery sector, rising 2.6% (id.) to 10,000. In the chemicals sector the number of employees jumped 16.1% (id.) to 10,000, a fourth straight quarter of gains. However, there were fewer employees in the transportation equipment sector, where the number of workers fell 8.6% (id.) to 20,000.



China

The overall number of employees continued to rise, moving up 6.9% from the same quarter last year to 980,000 (33.1% against the total number in all regions). The number of employees in the electrical machinery sector continued to rise, gaining 6.8% (id.) to 570,000. In the transportation equipment sector the number of employees increased a brisk 15.9% (id.) to 140,000 and the industrial equipment sector continued to see employment gains with the number of workers rising 7.9% (id.) to 60,000. The chemicals sector saw its number of employees increase 12.0% (id.) to 30,000, marking the first double-digit increase in three quarters. The number of workers in the iron and steel sector fell 0.3% (id.) to 4,000.



Europe

The overall number of employees rose for the second straight quarter, gaining 1.8% (id.) to 260,000 (8.6% against the total number for all regions). The number of employees in the transportation equipment sector increased 5.1% (id.) to 100,000 for an 11th straight quarter of gains. In the electrical machinery sector the number of employees increased 1.2% (id.) to 50,000, marking a second straight quarter of gains. The industrial machinery sector saw an increase in employment for an 11th straight quarter with the number of employees gaining 5.8% (id.) to reach 30,000 workers. However, the number of employees in the chemicals sector fell for a fifth straight quarter, dropping 3.7% (id.) to 30,000.

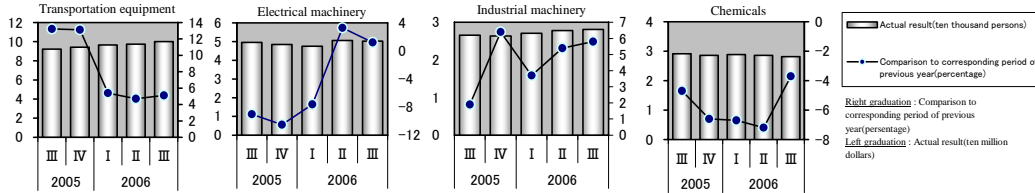


Chart 3-1 Number of employee DI according to area (percentage points)

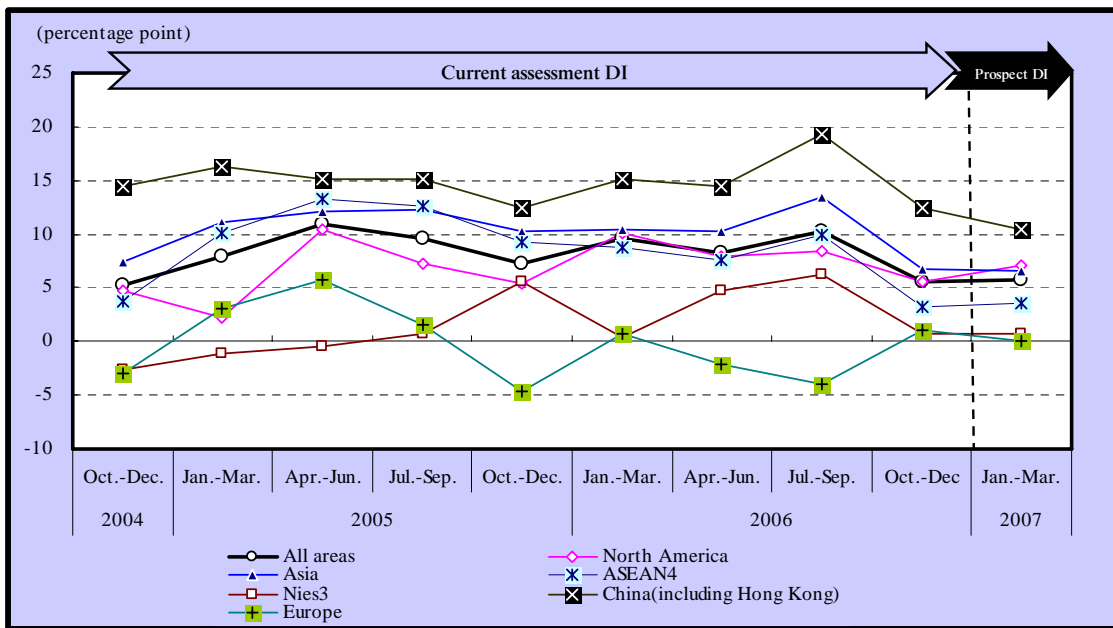
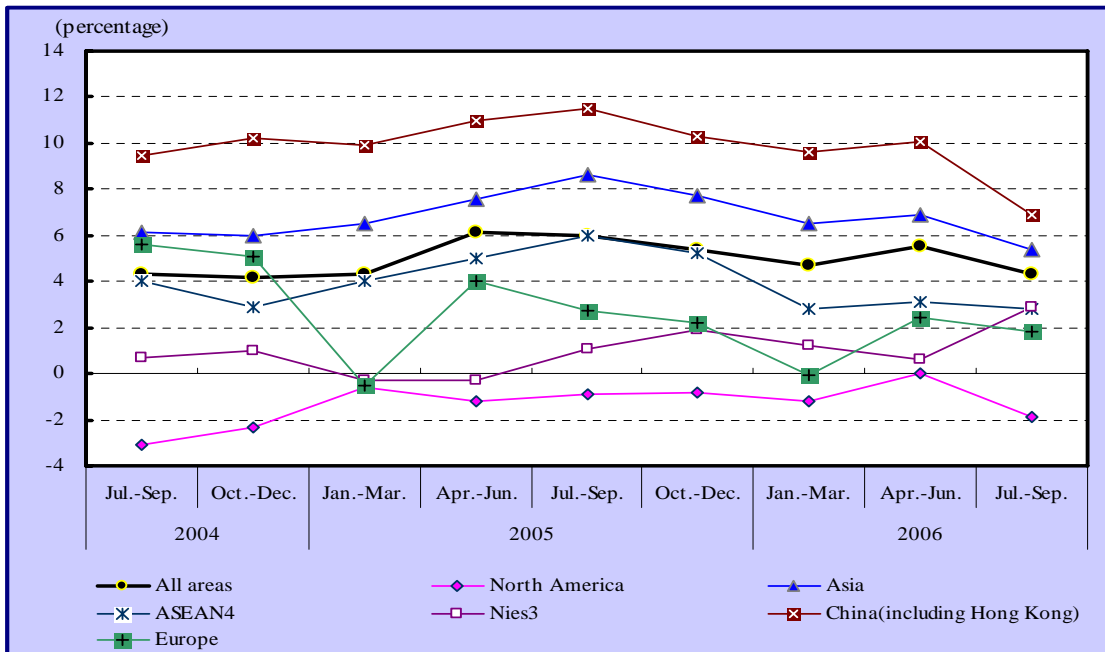


Chart 3-2 Actual result of the number of employee according to area (Comparison of the same quarter of the previous year)

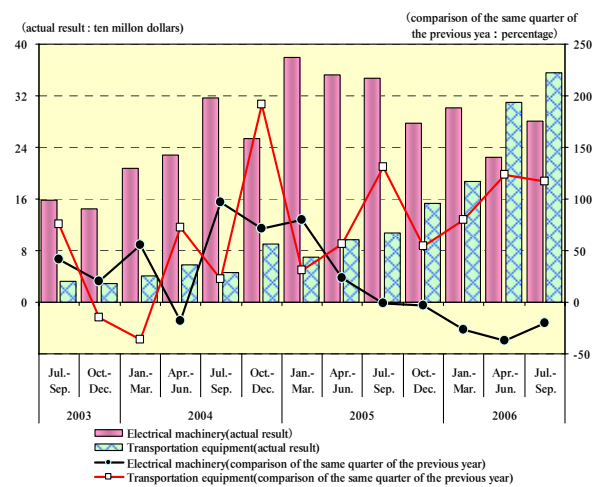
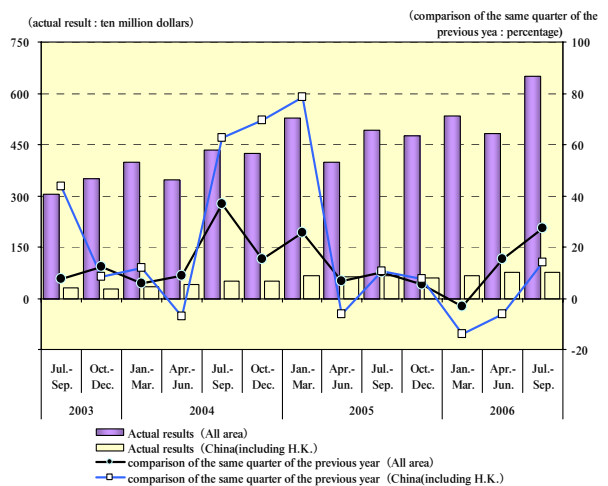


【Topics】 Capital Investment Trends for Japanese-affiliated Manufacturing Firms in China

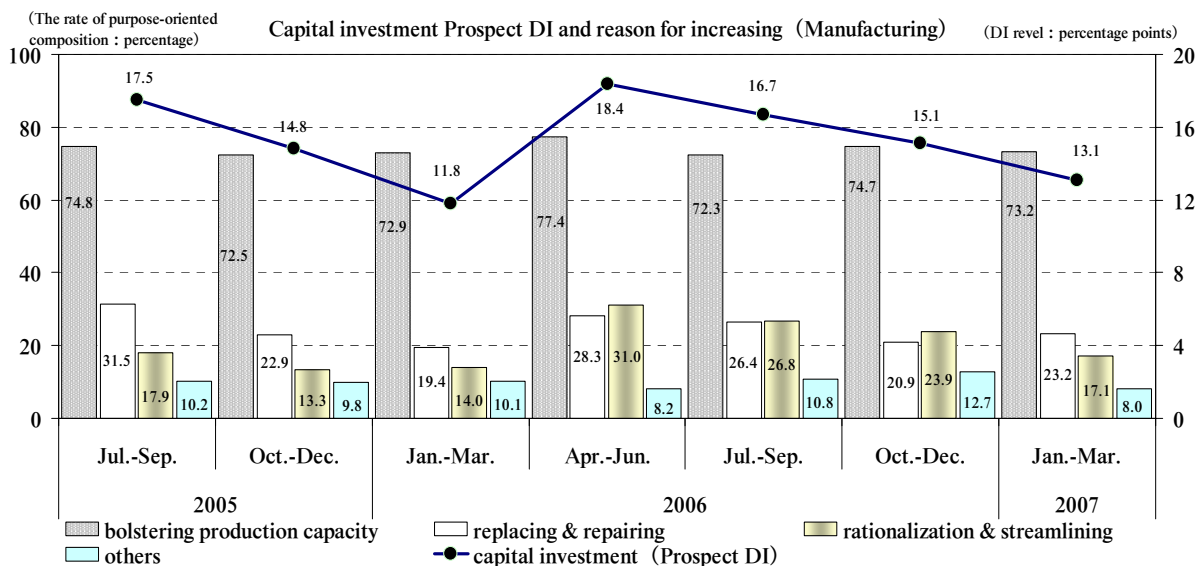
China has been experiencing rapid economic growth ever since it obtained WTO membership. However, the Chinese government has been tightening credit and taking other steps since the summer of 2003 to help restrain excessive investment.

Looking at the capital investment trends among the local units of Japanese-affiliated manufacturing companies, there were three straight quarters of big gains in the capital investment amounts for the manufacturing sector following the 2004 Olympics, specifically for the three quarters from the July-September quarter of 2004, followed by a drop-off in the April-June quarter of 2005. This was followed by slow growth with another retreat for the first two quarters of 2006. However, for the period covered by this survey, there was a big recovery of 14.1%, the first double-digit growth rate in four quarters.

Looking at the main industries, the growth rate for electrical machinery has continued to drop after peaking at 96.4% during the July-September quarter of 2004 and has fallen for five straight quarters starting with the July-September quarter of 2005. On the other hand, the rate of growth for the transportation equipment sector has remained solid since the July-September quarter of 2004 and has seen its growth rate more than double for two straight quarters. Furthermore, in terms of the actual investment amounts, the transportation equipment sector topped the electrical machinery sector since last quarter, resulting in a reshuffling of the top share position among the 13 main industries.



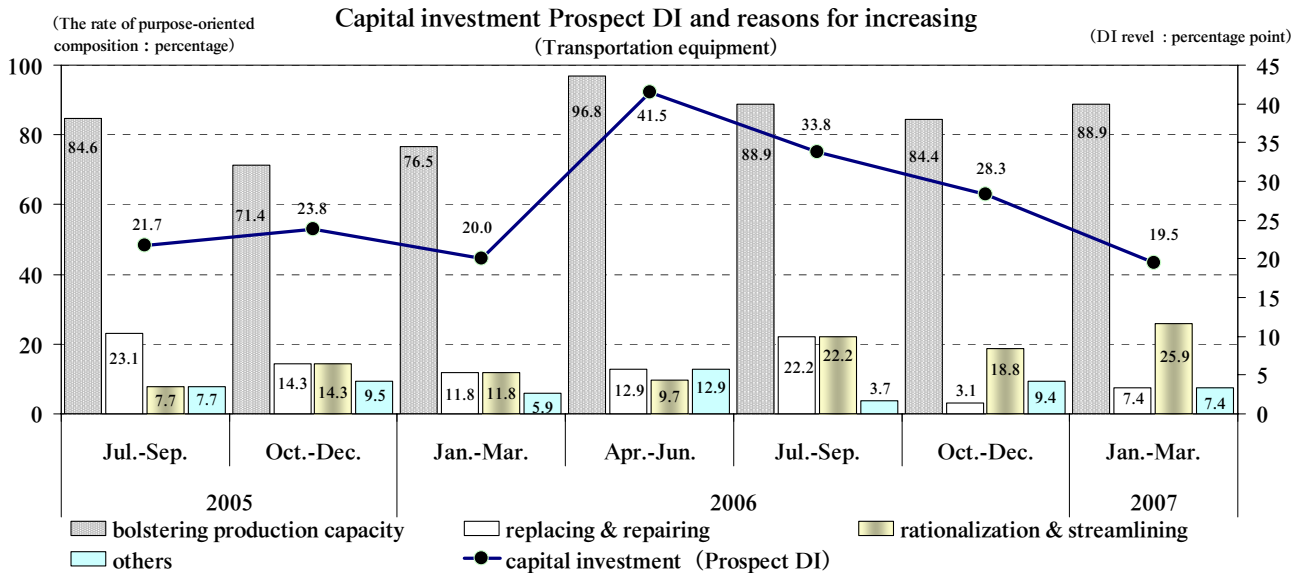
The Capital Investment Prospects DI has worsened for three straight quarters, but has remained at a high, double-digit level. Looking at the reasons for increasing capital investment, “bolster production capacity” continued to be the top response at more than 70%, but “replace & repair” and “rationalization & streamlining” also had high ratios of around 20% each.



Note: The “Increase Purpose Ratio” refers to the percentages of corporations, among those that said they plan to increase their capital investments, selecting “bolster production capacity”, “replace & repair”, “rationalization & streamlining” or “other” as the purpose for their intended capital investment increase (multiple answers allowed).

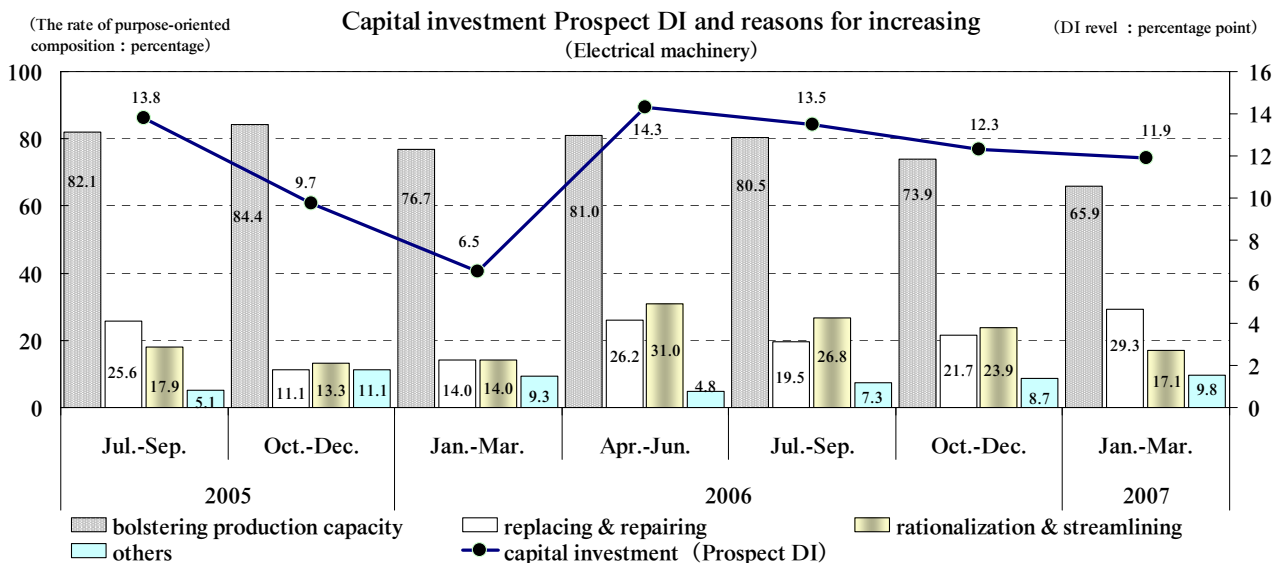
● Transportation Equipment

- The Prospects DI was 19.5 percentage points, a decrease for the third straight quarter, but still remained at a high level.
- The percentage responding “bolster production capacity” remained very high at 89%.
- The percentage of those responding “replace & repair” decreased, while the percentage of those responding “rationalization & streamlining” increased.



● Electrical Machinery

- The Prospects DI was 11.9 percentage points, a decrease for the third straight quarter
- The percentage responding “bolster production capacity” fell sharply to 66%
- The percentage of those responding “replace & repair” increased, while the percentage of those responding “rationalization & streamlining” decreased.



(Reference)

1. Classification of countries (regions)

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

• North America: Canada and USA

• Asia

ASEAN4: Indonesia, Malaysia, the Philippines, Thailand

NIEs3: Singapore, Taiwan, Republic of Korea

China (including Hong Kong): the People's Republic of China

(including Hong Kong Special Administrative District)

Other Asia: (including Bangladesh, India, Myanmar, Pakistan, Sri Lanka and Vietnam)

• 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. Changes in the exchange rates of major currencies against the US dollar, by region

(Average term rates published by IMF)

	Apr.-Jun. 2005	Jul.-Sep. 2005	Oct.-Dec. 2005	Jan.-Mar. 2006	Apr.-Jun. 2006	Jul.-Sep. 2006
Yen	107.63	111.24	117.29	116.88	114.42	116.19
ASEAN4						
Rupiah (Indonesia)	9550.5	9994.5	9999.6	9274.9	9115	9122.5
Ringgit (Malaysia)	3.8	3.7735	3.7768	3.7275	3.6627	3.6681
Peso (Philippines)	54.671	56.038	54.627	51.884	52.215	51.387
Baht (Thailand)	40.040	41.287	40.987	39.288	38.071	37.643
NIEs3						
Won (Republic of Korea)	1008.11	1029.51	1036.63	976.35	949.77	954.98
Dollar (Singapore)	1.6587	1.6751	1.881	1.6280	1.5897	1.5793
Dollar (Taiwan)	31.3990	32.319	33.457	32.3223	32.1843	32.7763
People's Republic of China (Hong Kong is including)						
Yuan (People's Republic of China)	8.2765	8.1412	8.0831	8.0503	8.0123	7.9668
Dollar (Hong Kong)	7.788	7.769	7.754	7.757	7.758	7.776
Europe						
Pound (United Kingdom)	1.8570	1.7841	1.7481	1.7526	1.8266	1.8745
Euro (Euro Area)	0.7943	0.8201	0.8415	0.8320	0.7963	0.7849

INTERNATIONAL FINANCIAL STATISTICS (IMF)

3. 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 defined on Page 1: "Outline of the survey" (4)-(iii)③, from "over 50% of a controlling share" to "50% or more of a controlling share") beginning with the April-June quarter of 2003, differences between results for this quarter and those of previous quarters 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 were continuously included in the survey from the previous fiscal year to the current quarter.

○ **The April – June quarter of FY 2004**

- From the survey for the April – June quarter of 2004, the period of the DI survey was changed. The former six-month survey period was divided into: “estimation of the present assessment of the current situation” and “future prospects,” and both were surveyed for three months respectively.
- Due to the review of companies covered by the survey from the April – June quarter of 2004, there is a gap between the results of that quarter and those of previous quarters. Comparisons between the current quarter and the corresponding quarter of the previous year are calculated by totaling figures only for overseas subsidiaries continuously covered by the survey since the corresponding quarter of the previous year.
- The coefficient of connection was calculated and used for data before FY2002 (the January – March quarter of 2003) to maintain consistency with past data, because companies included in the survey were reviewed and the scope of the survey was expanded.
- Classification of regions and countries was changed, and the category of “other Asian countries,” which used to be included under the totals for “Asia”, was extracted and listed separately.

○ **The April – June quarter of FY2005**

- The coefficient of connection was calculated and used for data before FY2003 (the January – March quarter of 2004) to maintain consistency with past data, because companies included in the survey were reviewed.

4. Calculation of the coefficient of connection

There is a gap between the results of the April - June quarter of 2005 and the totals before the January - March quarter of 2005, due to the expansion of the scope of the survey since the April - June quarter of 2005.

Therefore, comparisons between the current quarter and the corresponding quarter of the previous year since the April - June quarter of 2005 are calculated by totaling the figures only for overseas subsidiaries continuously covered by the survey from FY2004 to the April - June quarter of 2005.

On publication of the survey results of FY2006, to retain continuity with the past results, the coefficient of connection was calculated based on the scope of the FY2005 survey.

(1) Period of connection

Pre-FY2004 figures (October - December quarter of 1996 to January - March quarter of 2005) are connected to FY2005 figures (April - June quarter of 2005 to January - March quarter of 2006).

(2) Coefficient of connection

When comparing the period up to FY2004 with FY2005, the coefficient of connection used for the former period is calculated by multiplying the following two factors.

- Factors that were newly included in the survey in FY2005 and should be considered to be an increase
----- (A)
- Factors that were outside the scope of the survey in FY2005 and should be considered to be a decrease
----- (B)

Coefficient of connection

(A)

$$= \left[\frac{\text{Results of FY2005 (companies covered continuously + Newly covered companies)}}{\text{Results of FY2005 companies covered continuously}} \right] \times \left[\frac{\text{Results of FY2004 companies covered continuously}}{\text{Results of FY2004}} \right]$$

*Companies covered continuously are those covered by the survey continuously through FY2004 and FY2005

(3) Scope of coefficient processing

All cells for regions × industries × items, which are the officially published form.

Among the survey items, the coefficient of connection is not calculated with regard to the purchase value of tangible fixed assets (other than land).

(4) Processing of official value

- “Actual figure” → The actual figure without coefficient processing is given.

“Coefficient of connection” is given separately for connection.

Therefore, when the actual figure is used in connection, the actual figure before FY2004 should be multiplied with the coefficient of connection, which is given separately.

- “Ratio compared to same quarter of previous year”

→ The published ratio compared to the same quarter of the previous

year was calculated by totaling figures only for overseas subsidiaries continuously covered by the survey from FY2004 to the April - June quarter of FY2005.

*Coefficient of connection table is on p.46 and p.47 of Statistical Tables.

	Statistics (US\$10. Statistics (US\$10.000)												comparison to the same quarter of the previous year													
	FY 2004			FY 2005			2005			2006			FY 2004			FY 2005			2005			2006				
	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Jul.-Sep.	
China(including Hong Kong)																										
Total value of electrical machinery	3,347,678	3,818,912	998,696	1,007,521	931,960	943,540	P	1,087,823	27.5	10.2	11.8	13.6	7.2	4.1	15.3	5.8										
Electrical machines and apparatuses	1,152,182	1,253,702	324,141	305,053	314,029	312,549	P	386,884	36.0	4.6	4.8	0.3	4.8	-0.3	15.3	3.2										
Information and communications machines and equipment	1,169,057	1,282,703	344,992	330,282	302,698	299,719	P	357,133	18.8	14.9	14.7	21.5	10.0	-2.4	3.2											
Electronic parts and devices	1,026,440	1,229,507	329,562	372,185	315,234	331,273	P	343,805	28.7	12.3	16.8	21.6	7.0	16.8	0.8											
Total value of transportation equipment	946,137	1,529,841	399,919	390,179	504,262	562,679	P	589,145	40.7	40.6	36.3	44.9	39.0	92.9	42.0											
Transportation machines and equipment	248,143	661,318	189,915	138,545	260,700	275,446	P	298,774	39.8	94.7	96.1	116.3	95.4	154.1	57.3											
Parts and accessories for transportation machinery	697,994	868,522	210,004	251,634	243,563	287,233	P	290,371	41.1	21.3	19.4	22.1	13.9	65.9	28.1											
Other Asia																										
Total value of electrical machinery	89,148	101,696	26,193	24,107	26,206	26,055	P	27,937	30.2	14.1	20.2	6.1	3.7	3.4	6.7											
Electrical machines and apparatuses	16,682	21,580	5,319	4,857	5,803	5,730	P	5,366	9.9	29.4	33.7	8.3	34.7	2.3	0.9											
Information and communications machines and equipment	60,294	65,712	17,491	15,601	16,134	15,863	P	17,737	32.2	9.0	16.9	3.8	-7.0	-3.8	1.4											
Electronic parts and devices	12,172	14,404	3,383	3,649	4,269	4,463	P	4,833	64.9	18.3	18.6	13.8	17.6	43.8	42.9											
Total value of transportation equipment	666,356	788,244	201,384	184,260	208,667	210,394	P	230,724	20.0	18.3	31.9	10.7	15.4	8.2	14.0											
Transportation machines and equipment	577,891	678,192	174,362	156,911	178,861	180,364	P	200,076	18.4	17.4	31.6	8.8	16.0	6.9	14.1											
Parts and accessories for transportation machinery	88,465	110,052	27,023	27,349	29,806	30,031	P	30,648	32.7	24.4	34.2	23.6	12.1	16.1	13.4											
Europe																										
Total value of electrical machinery	4,089,553	4,191,135	934,428	1,234,595	1,092,425	1,087,909	P	1,041,683	11.8	1.6	-0.7	0.4	3.0	16.4	11.3											
Electrical machines and apparatuses	454,141	404,828	95,651	113,150	100,966	88,564	P	87,115	3.5	-14.3	-11.6	-17.3	-13.7	-8.0	-11.0											
Information and communications machines and equipment	2,343,846	2,400,013	523,417	699,863	651,702	605,682	P	587,728	16.6	2.3	0.2	0.9	2.9	15.1	11.9											
Electronic parts and devices	1,291,566	1,386,294	315,360	421,582	339,757	393,663	P	366,840	6.2	5.8	1.6	5.7	9.3	26.1	17.1											
Total value of transportation equipment	3,417,843	3,811,171	927,511	901,726	969,213	1,059,703	P	935,246	17.0	10.0	15.9	0.2	3.2	3.6	0.5											
Transportation machines and equipment	2,521,248	2,823,454	683,126	692,395	723,014	778,805	P	689,614	14.0	12.0	13.8	4.5	6.6	7.4	0.9											
Parts and accessories for transportation machinery	896,595	987,716	244,385	209,332	246,199	280,898	P	245,631	26.8	4.6	22.7	-12.7	-5.8	-6.2	-4.4											
Other																										
Total value of electrical machinery	269,074	287,129	64,612	96,267	67,467	66,280	P	69,458	11.5	5.9	4.6	8.8	10.4	12.8	7.5											
Electrical machines and apparatuses	32,075	36,066	7,495	12,234	9,463	8,225	P	8,260	15.2	5.5	1.9	1.6	22.3	19.6	10.2											
Information and communications machines and equipment	128,726	141,620	30,048	42,079	38,116	33,711	P	37,943	-4.3	10.0	11.8	8.9	15.9	7.4	26.3											
Electronic parts and devices	108,273	109,444	27,069	41,954	19,889	24,345	P	23,255	36.8	1.1	-1.9	10.9	-2.7	18.6	14.1											
Total value of transportation equipment	2,350,627	2,999,208	739,700	763,787	799,977	857,213	P	920,006	13.1	26.6	24.9	23.1	19.2	17.0	21.8											
Transportation machines and equipment	2,119,564	2,710,496	675,673	686,745	723,217	770,484	P	828,891	11.8	27.9	25.3	24.3	21.2	17.7	21.6											
Parts and accessories for transportation machinery	231,063	288,711	64,026	77,042	76,760	86,729	P	91,115	24.0	14.7	21.1	12.0	1.5	10.8	8.9											

<Appendix table 2> Prospect for sale(DI)
(Unit:Percentage point)

All area	D I											
	Jul-Sep. 2005 period investigation		Oct-Dec. 2005 period investigation		Jan-Mar. 2006 period investigation		Apr-Jun. 2006 period investigation		Jul-Sep. 2006 period investigation		Jul-Sep. 2006 period investigation	
	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment
Total value of electrical machinery	15.6	9.4	2.9	16.9	15.5	19.5	19.1	15.7	7.3	11.8	4.0	-3.3
Electrical machines and apparatuses	14.0	14.5	3.9	20.2	18.6	12.1	11.8	16.5	4.2	-7.6	10.0	5.8
Information and communications machines and equipment	17.0	6.2	-3.1	8.8	13.2	18.3	26.6	18.0	6.9	-19.7	-0.5	-7.4
Electronic parts and devices	15.7	7.7	6.3	20.0	14.6	19.7	13.4	10.2	10.2	-9.5	2.2	-8.0
Total value of transportation equipment	24.8	33.4	26.6	26.4	14.9	10.4	15.7	19.4	19.9	4.2	26.3	6.4
Transportation machines and equipment	16.7	25.7	17.1	13.0	27.7	10.1	27.9	5.6	16.3	-11.6	30.6	14.3
Parts and accessories for transportation machinery	26.1	34.4	28.6	28.3	12.5	10.6	13.4	21.3	20.4	7.0	25.5	5.1

Asia	D I											
	Jul-Sep. 2005 period investigation		Oct-Dec. 2005 period investigation		Jan-Mar. 2006 period investigation		Apr-Jun. 2006 period investigation		Jul-Sep. 2006 period investigation		Jul-Sep. 2006 period investigation	
	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment
Total value of electrical machinery	15.3	11.2	3.4	19.9	20.1	23.8	25.0	17.4	7.7	-17.3	5.5	-2.2
Electrical machines and apparatuses	8.7	11.6	3.9	20.9	24.4	16.7	18.2	17.7	7.6	-10.6	12.8	5.2
Information and communications machines and equipment	17.2	13.4	-0.7	12.1	15.5	22.3	33.6	18.9	3.5	-30.1	2.1	-1.4
Electronic parts and devices	18.5	9.5	5.3	23.8	19.8	29.7	24.8	16.4	10.3	-14.5	2.5	-7.8
Total value of transportation equipment	29.9	39.0	30.8	33.6	21.8	24.5	35.6	30.8	22.7	-12.9	28.6	5.9
Transportation machines and equipment	14.6	27.9	12.8	7.1	25.5	14.3	40.4	12.2	14.6	-25.8	30.2	15.6
Parts and accessories for transportation machinery	32.8	40.8	35.0	38.6	21.2	25.9	34.5	33.7	24.1	-10.4	28.1	4.0

NIES3	D I											
	Jul-Sep. 2005 period investigation		Oct-Dec. 2005 period investigation		Jan-Mar. 2006 period investigation		Apr-Jun. 2006 period investigation		Jul-Sep. 2006 period investigation		Jul-Sep. 2006 period investigation	
	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment
Total value of electrical machinery	8.5	-1.3	-8.5	1.2	14.1	15.5	14.3	11.1	2.5	-11.8	0.0	-2.5
Electrical machines and apparatuses	0.0	9.1	4.5	13.6	8.7	13.0	16.7	16.7	8.3	-8.4	25.0	16.7
Information and communications machines and equipment	-5.6	-5.6	-31.3	-18.8	-16.7	-5.6	6.3	-6.3	-13.3	-19.6	-6.7	6.6
Electronic parts and devices	19.0	-4.8	-6.8	2.3	29.5	25.6	15.9	14.6	4.8	-11.1	-12.2	-17.0
Total value of transportation equipment	18.1	23.3	18.7	13.3	3.4	-28.5	0.0	19.4	6.7	6.7	3.7	-3.0
Transportation machines and equipment	-33.3	0.0	66.7	-50.0	-33.3	-100.0	0.0	-50.0	-33.3	-33.3	0.0	33.3
Parts and accessories for transportation machinery	23.3	25.0	13.8	17.9	7.4	-23.1	0.0	24.1	11.1	11.1	4.0	-7.1

North America	D I											
	Jul-Sep. 2005 period investigation		Oct-Dec. 2005 period investigation		Jan-Mar. 2006 period investigation		Apr-Jun. 2006 period investigation		Jul-Sep. 2006 period investigation		Jul-Sep. 2006 period investigation	
	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment
Total value of electrical machinery	10.6	6.6	-1.5	13.7	-10.9	8.0	-6.9	-1.4	-3.5	1.4	-2.8	2.7
Electrical machines and apparatuses	15.4	34.6	8.7	39.1	-18.2	-13.6	-22.2	3.7	-34.6	-12.4	-7.7	26.9
Information and communications machines and equipment	11.5	-15.4	-4.5	-4.5	-8.7	17.4	8.7	4.3	16.0	7.3	-4.0	-20.0
Electronic parts and devices	4.3	0.0	-9.1	4.8	-5.3	22.2	-4.5	-14.3	4.8	9.3	5.3	0.5
Total value of transportation equipment	17.3	29.5	20.8	17.5	4.6	1.4	-5.6	14.3	20.4	26.2	29.5	8.9
Transportation machines and equipment	17.6	41.7	11.8	30.8	23.5	16.7	0.0	0.0	27.9	27.8	38.5	10.7
Parts and accessories for transportation machinery	17.3	28.3	21.9	16.2	2.2	0.0	-6.3	15.6	19.7	26.0	28.7	9.0

ASEAN4	D I											
	Jul-Sep. 2005 period investigation		Oct-Dec. 2005 period investigation		Jan-Mar. 2006 period investigation		Apr-Jun. 2006 period investigation		Jul-Sep. 2006 period investigation		Jul-Sep. 2006 period investigation	
	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment
Total value of electrical machinery	4.1	4.1	8.7	0.9	21.1	16.6	22.3	23.9	6.8	6.1	-17.8	4.8
Electrical machines and apparatuses	-3.3	18.3	6.2	22.6	17.5	11.1	13.3	3.3	3.3	5.1	-8.2	11.9
Information and communications machines and equipment	16.4	11.5	1.7	16.7	25.0	28.3	37.3	15.3	13.5	23.8	2.0	-11.5
Electronic parts and devices	1.0	1.0	-3.2	23.1	11.1	25.8	22.3	4.0	3.0	-19.3	2.0	-1.0
Total value of transportation equipment	26.4	40.0	23.0	33.4	8.9	20.8	29.7	23.7	10.9	-18.8	24.1	13.2
Transportation machines and equipment	11.5	20.8	-12.0	13.0	8.0	17.4	32.0	8.7	3.9	-28.2	20.8	17.0
Parts and accessories for transportation machinery	29.6	44.2	33.0	38.4	9.3	21.9	29.5	27.0	12.6	-16.9	25.0	12.4

China(including Hong Kong)	D I											
	Jul-Sep. 2005 period investigation		Oct-Dec. 2005 period investigation		Jan-Mar. 2006 period investigation		Apr-Jun. 2006 period investigation		Jul-Sep. 2006 period investigation		Jul-Sep. 2006 period investigation	
	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment
Total value of electrical machinery	25.7	16.5	9.1	26.3	25.6	28.1	29.0	27.3	11.3	-17.7	7.0	-4.3
Electrical machines and apparatuses	19.0	8.4	8.2	28.0	35.6	23.0	22.0	28.6	9.5	-12.5	9.6	0.1
Information and communications machines and equipment	23.1	20.6	1.8	14.0	16.1	22.6	34.8	26.2	0.0	-34.8	2.9	2.9
Electronic parts and devices	32.7	20.4	14.1	32.0	22.8	36.0	31.4	27.0	21.3	-10.1	7.5	-13.8
Total value of transportation equipment	42.1	42.6	42.3	44.2	44.4	47.9	51.6	41.9	45.7	-5.9	41.1	-4.6
Transportation machines and equipment	44.4	50.0	33.3	-12.5	55.6	25.0	62.5	16.7	50.0	-12.5	28.6	-21.4
Parts and accessories for transportation machinery	40.7	40.7	42.6	50.0	43.5	51.6	50.0	43.0	44.6	-5.4	41.5	-3.1

	D I												
	Jul-Sep. 2005 period investigation		Oct-Dec. 2005 period investigation		Jan-Mar. 2006 period investigation		Apr-Jun. 2006 period investigation		Jul-Sep. 2006 period investigation		Comparison to previous quarter		
	Current assessment	Prospect	Current assessment	Prospect	Current assessment	Prospect	Current assessment	Prospect	Current assessment	Prospect	Comparison to previous quarter	Comparison to previous quarter	
Total value of electrical machinery	30.5	21.7	8.3	8.7	16.7	20.9	30.4	30.5	0.0	P	-30.4	P	14.3
Electrical machines and apparatuses	14.3	0.0	-71.4	-66.7	0.0	0.0	16.7	0.0	0.0	P	-16.7	P	0.0
Information and communications machines and equipment	28.6	14.3	25.0	25.0	12.5	37.5	50.0	37.5	0.0	P	-50.0	P	12.5
Electronic parts and devices	44.4	44.4	55.6	44.4	33.3	22.2	22.2	44.4	0.0	P	-22.2	P	28.6
Total value of transportation equipment	29.2	43.5	46.7	27.6	40.7	34.7	51.6	40.0	22.2	P	-29.4	P	34.6
Transportation machines and equipment	10.0	33.3	40.0	22.2	60.0	22.2	54.5	30.0	27.3	P	-27.2	P	60.0
Parts and accessories for transportation machinery	42.9	50.0	50.0	30.0	29.4	41.2	50.0	45.0	18.8	P	-31.2	P	18.8

	D I												
	Jul-Sep. 2005 period investigation		Oct-Dec. 2005 period investigation		Jan-Mar. 2006 period investigation		Apr-Jun. 2006 period investigation		Jul-Sep. 2006 period investigation		Comparison to previous quarter		
	Current assessment	Prospect	Current assessment	Prospect	Current assessment	Prospect	Current assessment	Prospect	Current assessment	Prospect	Comparison to previous quarter	Comparison to previous quarter	
Total value of electrical machinery	27.3	-1.5	3.4	-5.3	4.8	-1.6	-4.9	23.3	23.3	P	28.4	P	-3.2
Electrical machines and apparatuses	56.5	13.0	-5.0	-5.0	19.0	9.5	-9.5	23.8	22.7	P	32.2	P	9.1
Information and communications machines and equipment	25.0	-8.7	-13.6	0.0	17.4	0.0	8.3	39.1	33.3	P	25.0	P	-13.0
Electronic parts and devices	-5.3	-10.5	35.3	-13.3	-26.3	-16.7	-18.8	0.0	11.1	P	29.9	P	-6.3
Total value of transportation equipment	19.0	30.4	16.7	15.6	13.8	-25.0	-27.6	-13.2	17.7	P	45.3	P	10.1
Transportation machines and equipment	22.2	28.6	12.5	0.0	44.4	-28.6	-11.1	-28.6	11.1	P	22.2	P	0.0
Parts and accessories for transportation machinery	18.4	30.6	17.3	17.3	8.2	-24.5	-30.0	-11.5	18.9	P	48.9	P	11.5

	D I												
	Jul-Sep. 2005 period investigation		Oct-Dec. 2005 period investigation		Jan-Mar. 2006 period investigation		Apr-Jun. 2006 period investigation		Jul-Sep. 2006 period investigation		Comparison to previous quarter		
	Current assessment	Prospect	Current assessment	Prospect	Current assessment	Prospect	Current assessment	Prospect	Current assessment	Prospect	Comparison to previous quarter	Comparison to previous quarter	
Total value of electrical machinery	4.6	4.6	4.6	9.1	0.0	0.0	13.0	4.3	-8.7	P	-21.7	P	8.7
Electrical machines and apparatuses	0.0	14.3	12.5	12.5	-12.5	-12.5	37.5	12.5	0.0	P	-37.5	P	25.0
Information and communications machines and equipment	9.1	-9.1	-10.0	10.0	20.0	0.0	9.1	-9.1	-25.0	P	-34.1	P	0.0
Electronic parts and devices	0.0	25.0	25.0	0.0	-33.3	33.3	-25.0	25.0	33.3	P	58.3	P	0.0
Total value of transportation equipment	28.6	8.0	36.6	28.2	12.1	6.4	25.5	13.4	0.0	P	-25.5	P	21.6
Transportation machines and equipment	20.0	-12.5	50.0	25.0	30.0	12.5	50.0	10.0	9.1	P	-40.9	P	44.4
Parts and accessories for transportation machinery	33.3	17.6	32.3	29.0	4.3	4.3	17.1	14.3	-3.4	P	-20.5	P	14.3

	D I												
	Jul-Sep. 2005 period investigation		Oct-Dec. 2005 period investigation		Jan-Mar. 2006 period investigation		Apr-Jun. 2006 period investigation		Jul-Sep. 2006 period investigation		Comparison to previous quarter		
	Current assessment	Prospect	Current assessment	Prospect	Current assessment	Prospect	Current assessment	Prospect	Current assessment	Prospect	Comparison to previous quarter	Comparison to previous quarter	
Total value of electrical machinery	4.6	4.6	4.6	9.1	0.0	0.0	13.0	4.3	-8.7	P	-21.7	P	8.7
Electrical machines and apparatuses	0.0	14.3	12.5	12.5	-12.5	-12.5	37.5	12.5	0.0	P	-37.5	P	25.0
Information and communications machines and equipment	9.1	-9.1	-10.0	10.0	20.0	0.0	9.1	-9.1	-25.0	P	-34.1	P	0.0
Electronic parts and devices	0.0	25.0	25.0	0.0	-33.3	33.3	-25.0	25.0	33.3	P	58.3	P	0.0
Total value of transportation equipment	28.6	8.0	36.6	28.2	12.1	6.4	25.5	13.4	0.0	P	-25.5	P	21.6
Transportation machines and equipment	20.0	-12.5	50.0	25.0	30.0	12.5	50.0	10.0	9.1	P	-40.9	P	44.4
Parts and accessories for transportation machinery	33.3	17.6	32.3	29.0	4.3	4.3	17.1	14.3	-3.4	P	-20.5	P	14.3

Result and DI in the main countries (Units : results=US\$10,000 , number of employees=persons , comparison to the same quarter of the previous year=percentage , DI=percentage point)

		Result											DI						
		2005					2006					2006					2006		
		2005		2006			2005		2006			2006		2006		2006		comparison to previous quarter	
		Jul-Sep period	Oct-Dec period	Jan-Mar period	Apr-Jun period	Jul-Sep period	Jul-Sep period	Jul-Sep period	Apr-Jun period	Jul-Sep period	Jul-Sep period	Apr-Jun period	Jul-Sep period	Jul-Sep period	Jul-Sep period	Jul-Sep period	Jul-Sep period		
		comparison to the same quarter of the previous year	comparison to the same quarter of the previous year	comparison to the same quarter of the previous year	comparison to the same quarter of the previous year	comparison to the same quarter of the previous year	comparison to the same quarter of the previous year	comparison to the same quarter of the previous year	comparison to the same quarter of the previous year	Current assessment Oct-Dec.	Prospect assessment Jul-Sep.	Current assessment Jan-Mar.	Prospect assessment Apr-Jun.	Current assessment Jul-Sep.	Prospect assessment Jul-Sep.	Current assessment Oct-Dec.	Prospect assessment Jul-Sep.	Current assessment Jul-Sep.	
	Sales	5,192,343	8.1	5,459,119	7.4	5,541,655	3.7	5,683,679	15.3	20.2	17.5	21.9	12.7	11.3	12.7	9.4	13.1	6.3	19.8
	Acquisition of tangible fixed assets (excluding land)	147,748	-20.3	152,738	-8.6	153,661	-14.4	107,670	10.6	13.3	7.7	14.5	15.1	15.4	15.4	11.5	15.3	15.3	0.1
U. S. A	Number of employees	389,770	-1.4	399,412	-1.1	396,264	-1.6	400,883	4.5	3.7	9.9	3.8	7.1	7.3	7.1	9.4	2.9	6.5	2.9
	Sales	462,894	8.2	420,995	4.4	400,549	-5.6	444,241	-8.9	14.9	7.2	19.3	16.5	27.2	26.9	11.7	11.7	-2.7	20.3
	Acquisition of tangible fixed assets (excluding land)	18,611	70.1	16,766	24.5	17,080	47.4	24,553	14.8	5.4	4.7	12.6	6.7	12.5	9.4	0.6	8.0	0.6	5.6
Indonesia	Number of employees	216,520	0.6	212,653	-2.2	206,271	-4.1	217,061	-1.6	-6.1	-2.2	2.8	-5.6	-0.6	-1.0	-5.8	-4.4	-3.4	0.6
	Sales	523,223	-1.9	497,529	-2.9	460,311	0.4	467,202	3.1	541,378	3.3	4.5	3.8	0.7	17.3	26.1	24.8	10.7	6.3
	Acquisition of tangible fixed assets (excluding land)	15,186	-6.2	15,924	-1.0	20,625	8.2	16,210	19.4	20,042	6.7	5.9	12.2	10.8	8.6	10.6	6.2	7.8	-2.8
Malaysia	Number of employees	154,831	-4.4	154,688	-3.0	155,044	-1.7	151,953	3.3	3.2	5.2	3.9	7.3	4.7	9.3	2.0	-2.8	-12.1	-3.6
	Sales	291,304	18.7	299,433	23.1	261,321	1.5	274,682	14.0	20.4	8.3	18.9	26.7	35.6	31.7	18.8	20.8	10.9	12.6
	Acquisition of tangible fixed assets (excluding land)	13,941	54.0	11,315	50.7	16,091	88.3	18,686	7.8	24.0	27.2	21.8	23.7	23.7	29.9	14.0	11.0	-18.9	7.5
Philippines	Number of employees	135,111	4.4	135,764	1.7	125,734	-6.2	132,953	0.0	137,997	1.9	8.5	13.8	10.9	9.0	1.0	4.3	-4.7	0.0
	Sales	1,167,299	26.1	1,175,632	16.3	1,264,404	6.8	1,285,228	10.3	1,376,662	15.3	28.3	27.0	20.4	26.4	25.8	26.8	22.0	-3.8
	Acquisition of tangible fixed assets (excluding land)	71,320	53.5	49,706	-2.3	63,874	2.3	75,727	73.5	64,259	-15.7	16.3	17.1	18.3	20.9	22.5	19.0	10.7	10.0
Thailand	Number of employees	324,600	16.7	330,143	13.4	342,074	14.1	352,055	20.6	20.5	19.2	22.5	16.4	14.3	18.2	13.5	11.3	11.3	-6.9
	Sales	218,357	20.7	227,033	16.9	201,685	-5.7	244,240	22.8	8.9	17.2	17.2	17.2	10.7	13.4	24.6	25.8	12.4	18.0
	Acquisition of tangible fixed assets (excluding land)	8,643	9.8	10,536	10.1	9,995	4.2	9,157	11.5	3.8	10.0	0.0	17.0	8.9	27.6	17.9	19.2	8.4	8.0
Republic of Korea	Number of employees	26,941	5.0	28,187	11.0	26,285	-4.2	27,445	-3.5	29,273	-0.2	11.7	13.6	6.8	14.3	9.5	1.6	-12.7	0.0
	Sales	352,106	0.2	361,507	3.4	336,543	-2.5	359,374	6.3	391,665	10.4	13.9	3.8	-6.7	18.4	23.3	9.1	-9.3	0.0
	Acquisition of tangible fixed assets (excluding land)	6,223	4.0	6,950	60.5	9,196	26.0	9,260	38.4	16,754	160.6	6.3	7.9	10.2	16.4	8.2	6.1	-10.3	6.3
Singapore	Number of employees	52,751	0.1	53,300	0.8	52,518	1.8	53,187	3.6	57,594	8.6	5.3	12.8	1.3	16.2	1.4	7.8	-8.4	2.8
	Sales	347,389	0.4	345,901	3.4	346,326	-6.2	380,542	-4.8	327,619	-7.5	10.3	6.2	2.2	15.7	15.3	12.8	-2.9	6.1
	Acquisition of tangible fixed assets (excluding land)	9,429	29.3	13,157	12.90	10,981	221.9	7,704	-32.8	6,954	0.0	-6.1	1.0	4.2	5.2	6.3	14.6	9.4	7.4
Taiwan	Number of employees	52,399	0.1	52,155	-1.3	52,419	3.6	53,528	-0.2	52,528	-1.4	4.2	0.0	-0.8	-4.2	-0.9	-4.3	-0.1	0.0
	Sales	2,041,142	14.8	2,065,440	18.7	2,085,986	13.8	2,221,908	19.9	2,437,873	16.4	25.9	18.3	11.6	33.1	34.6	36.8	22.9	18.2
	Acquisition of tangible fixed assets (excluding land)	65,741	10.5	60,767	7.6	67,580	-14.1	74,782	12.4	11.8	16.1	18.4	23.2	16.7	20.4	15.1	14.2	-6.2	13.1
China	Number of employees	901,000	11.5	909,035	10.3	924,863	9.6	963,026	10.1	984,553	6.9	12.8	15.2	15.9	19.3	15.5	12.4	-6.9	10.4
	Sales	163,139	23.6	158,405	6.2	163,074	8.5	175,274	6.7	191,154	16.4	16.1	3.4	25.9	37.5	33.3	14.3	23.2	25.9
	Acquisition of tangible fixed assets (excluding land)	6,891	-18.9	5,035	-31.1	11,851	4.3	5,487	74.4	29,700	324.9	25.0	0.0	20.7	30.0	31.0	40.7	10.7	
India	Number of employees	32,280	15.9	30,673	4.9	31,781	8.0	34,194	8.8	34,296	3.8	-3.4	11.5	24.0	20.0	24.1	11.1	-8.9	15.4
	Sales	89,614	26.0	95,088	28.0	96,802	20.9	105,296	21.6	111,214	23.1	43.8	37.5	23.6	45.5	39.2	41.2	32.0	-5.5
	Acquisition of tangible fixed assets (excluding land)	2,122	-18.4	5,039	98.4	3,595	67.0	5,903	147.7	6,267	193.5	26.2	21.4	23.1	34.1	27.3	5.9	-2.3	8.2
Vietnam	Number of employees	68,681	23.5	72,133	22.9	76,609	28.5	80,781	25.8	87,013	24.1	18.8	20.8	20.0	24.5	14.8	9.3	0.0	10.2
	Sales	778,479	5.3	867,101	-0.7	833,474	4.9	892,131	7.3	929,747	5.8	829,747	15.3	3.5	8.9	-1.1	-10.5	8.2	9.3
	Acquisition of tangible fixed assets (excluding land)	20,799	52.1	22,678	10.4	16,769	-37.0	16,690	18.5	19,488	-8.4	-1.4	-4.2	13.0	7.1	11.4	-4.3	-3.9	
UK	Number of employees	61,512	-0.1	60,079	-2.2	60,196	-4.6	61,129	-2.5	61,701	-1.8	4.9	-4.9	-2.4	-8.4	-7.4	-4.9	-9.6	3.6
	Sales	248,470	-2.7	257,010	-1.9	294,375	0.0	312,428	11.6	299,850	20.7	7.0	4.8	18.4	10.3	23.4	-11.1	11.9	22.9
	Acquisition of tangible fixed assets (excluding land)	8,247	78.8	7,225	43.7	10,174	66.8	5,728	-48.5	7,343	-11.0	6.3	-2.9	10.0	3.2	24.2	0.0	22.6	
France	Number of employees	21,226	4.7	20,926	5.2	20,968	-1.6	21,250	0.9	21,720	2.3	-9.8	-15.4	0.0	-2.2	-2.3	-7.0	-10.9	
	Sales	317,038	-3.8	347,571	-8.2	357,228	-5.9	366,879	3.1	343,941	6.9	21.4	9.5	7.5	2.6	2.3	0.0	-7.1	20.9
	Acquisition of tangible fixed assets (excluding land)	7,102	62.2	6,949	50.8	3,995	-35.9	5,035	1.8	10,538	46.3	-2.4	7.3	10.538	2.6	2.6	7.7	17.9	
Germany	Number of employees	32,280	-5.2	33,090	-6.3	32,962	-6.9	32,370	1.3	32,179	-1.2	0.0	-2.3	-7.0	4.9	-2.4	2.4	-2.5	
	Sales	607,033	7.7	683,076	1.4	558,913	-13.5	524,194	-138.8	535,155	-12.0	42.9	33.3	19.0	30.4	26.1	18.2	27.3	
	Acquisition of tangible fixed assets (excluding land)	8,765	119.3	10,972	123.2	8,800	94.1	18,381	96.1	23,776	171.3	0.0	6.3	7.7	26.7	13.3	35.3	42.1	
Netherlands	Number of employees	35,729	-4.4	34,997	-4.2	33,811	-6.2	37,794	0.2	36,448	1.7	-16.7	-4.5	9.1	0.0	9.1	4.8	4.2	

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URL

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

* Time series tables for past data are available on the website at the above address.