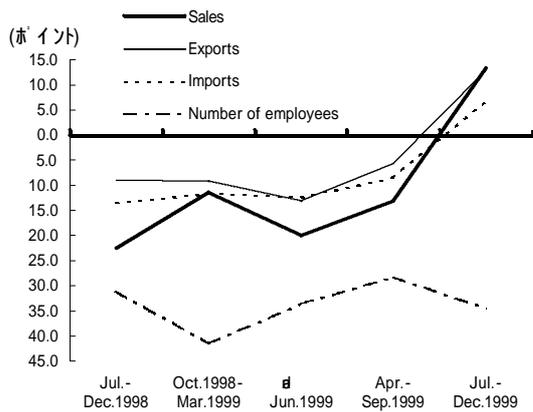


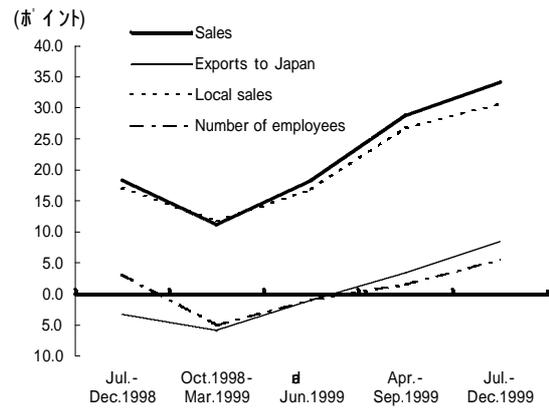
Quarterly Survey of Japanese Business Activities (April - June 1999)

19 October, 1999
Enterprise Statistics Division,
Research and Statistics Department,
Ministry of International Trade and Industry

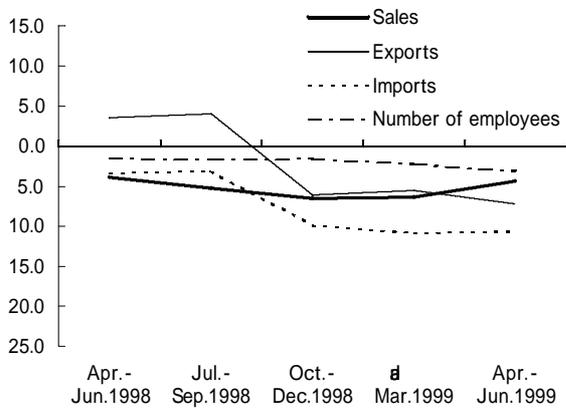
Prospects of Sales, etc for Domestic Parent Companies
(Diffusion Index)



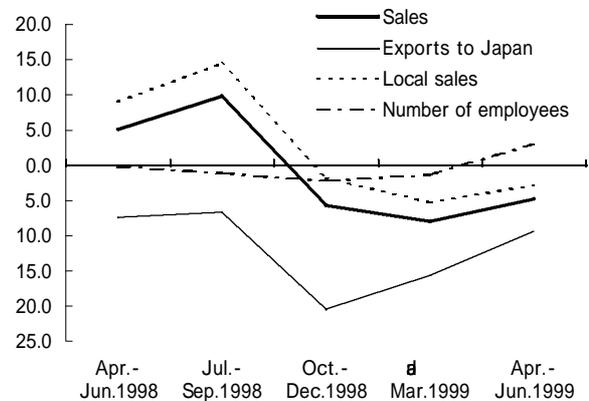
Prospects of Sales, etc for Overseas subsidiaries
(Diffusion index)



Growth of Sales, etc of Domestic Parent Companies
(Change on previous year)



Growth of Sales, etc of Overseas Affiliated
(Change on previous year)



Outline of the survey

1. Objectives of the Survey

The objectives of the survey were to dynamically grasp the business performances of Japanese incorporated enterprises engaged extensively in the business operations domestically and overseas, and to obtain the materials and data useful for the government to formulate its industrial policies and trade policies.

2. Legal foundations for the survey

This survey was legally endorsed and authenticated by the Article 4 of the Statistical Report Adjustment Law.

Prior to the commencement of this survey, a pilot or test survey was consecutively conducted in the fourth quarter of 1996 and in the first quarter of 1997. The findings obtained from those pilot surveys will also be published together with this survey findings after approval from the Management and Coordination Agency.

3. Timing of the survey

The survey was conducted at the end of the survey quarter.

4. Coverage of the survey

(1) Parent companies

This survey covered Japanese manufacturing companies with 50 or more employees and capitalization of more than 30 million yen as of the end of March 1998 which have reported or supplied notification of foreign currency denominated securities as specified by the Foreign Exchange and Foreign Trade Control Law and which own affiliated companies operating overseas.

(2) Overseas subsidiaries

This survey covered manufacturing companies with 50 employees or more owned by Japanese parent companies as specified in item (1) and operating overseas, where investment by the parent companies, both direct and indirect, exceeds 50% of total invested funds (also including those overseas subsidiaries established during the term of the survey).

5. Method of the survey

A survey by mail was employed as survey method. Based on a self-administered questionnaire filled out by parent companies chosen as respondent.

6. Method of tabulating data

Data for parent companies and overseas subsidiaries were compiled separately. Data that were not provided at the time of tabulation were estimated using the following formula.

Current estimated data for companies that failed to provide relevant data = Previously provided data of the companies * Currently provided data consolidated with the data from the companies that provided data both in the current survey and in the previous year survey / Previously provided data consolidated with the data from the companies that provided data both in the current survey and in the previous year survey

What were included into data estimation were as follows:

Parent companies:

sales, exports, exports to overseas subsidiaries, purchases, imports, imports from overseas subsidiaries, number of employees

Overseas subsidiaries:

sales, sales to Japan, local sales, number of employees

7. Classification of business category

In principle, according to the Japan Standard Industrial Classification, the business category that has the largest share of the sales was recognized as the major business of each parent company and each subsidiary.

8. Country Classifications (Regions)

Classification of overseas subsidiaries by region based on country of residence was carried out as follows. (Countries arranged in alphabetical order.)

North America

America, Canada

Asia

Asean 4

Indonesia, Thailand, Philippines, Malaysia

NIES 3

Singapore, Taiwan, Republic of Korea

China and other Asian countries

India, Viet Nam, Cambodia, Sri Lanka, Nepal, Pakistan, Bangladesh, Brunei, Myanmar, Laos, People's Republic of China (including Hong Kong)

Europe

Iceland, Ireland, Azerbaijan, Armenia, United Kingdom, Italy, Ukraine, Uzbekistan, Estonia, Austria, Netherlands, Kazakhstan, Greece, Kyrgyzstan, Georgia (Gruziya), Cyprus, Switzerland, Spain, Tadzyhikstan, Denmark, Germany, Turkmenistan, Turkey, Norway, Hungary, Finland, France, Belarus, Belgium, Poland, Portugal, Malta, Mordavia, Latvia, Lithuania, Rumania, Luxembourg, Russia

Other

Argentina, Australia, Brazil, Chile, Colombia, Costa Rica, Egypt, El Salvador, Guatemala, Ivory Coast, Mexico, New Zealand, Nicaragua, Papua New Guinea, Peru, Puerto Rico, South Africa, Swaziland, Tanzania, United Arab Emirate, Venezuela

relevant period (including construction in progress) except land.

5. Direct foreign investment

Direct foreign investment portfolio reported or notified to the Bank of Japan (Ministry of Finance) during the current survey period were identified and targeted for exploration.

6. Number of employees

Paid officials, executives and directors were included into the number of employees.

7. Symbols in the statistical tables

[-] denotes the areas not applied nor explored.

[p] indicates a provisional figure that may or may not change in the following period.

[x] shows that the figures are hidden for the purpose of protecting the confidentiality of the individual reporters because the number of parent companies that owns the overseas subsidiary in question related to the hidden figures was either 1 or 2.

[r] figure from previous publication has been subject to revision (not including provisional figures)

8. Method of determining figures

(1) Determining the quarterly data

Figures for a given quarter will be determined in the following quarter.

(2) Determining the figures for the previous financial year (quarterly, financial year aggregate)

Figures will be determined in the quarter following the end of the financial year (April-June quarter) (Year-to-year compensation)

Financial year aggregates will be published in the January-March quarter with a "p" symbol.

9. Handling of consistency coefficients

As a result of inclusion of certain enterprises which had been left out from fiscal 1998 (from the April - June quarter of 1998), consistency coefficients are employed in order to ensure continuity of the current data with those of the periods before fiscal 1987 (up to the January - March quarter of 1998).

(1) Periods to be connected

The quarters of fiscal 1997 (April - June quarter of 1997 to January - March quarter of 1998) and before and the quarters of fiscal 1998 (April - June quarter of 1998 to

Notes on the survey

1. Fixation of samples within the fiscal year

Based on the survey results as of the year end, the companies targeted for this survey were fixed as a total sample during the following year.

As for overseas subsidiaries, however, newly-established companies as well as retreated companies during the current survey period were also included into the data tabulation in each period.

2. Currency conversion

Local currencies if used for entry of figures into the columns for amounts in the questionnaire were converted into Japanese currency at the mid-term mean exchange rate in the survey period published by IMF.

3. Exports and Imports

The amounts of exports and imports that completed the customs clearance under the company's own name were identified as the authentic exports and imports to be explored.

4. Acquisition of tangible fixed assets

(1) Until the January-March period in 1998

In regard to tangible fixed assets, the survey was conducted based on the amount of tangible fixed assets acquired in the relevant period except land.

(2) From the April-September period in 1998

In regard to tangible fixed assets, the survey was conducted based on the amount of tangible fixed assets acquired in the

April - June 1999 Quarterly Survey of Japanese Business Activities

January - March quarter of 1999) shall be connected together for consistency.

(2) Consistency coefficients

Coefficient = Actual results of enterprises left out during fiscal 1998 plus those of enterprises included in the statistics / Actual results of enterprises included in the statistics

(3) Scope of adjustment by the coefficients

All the cells of Area x Industry x Item of the form for publication.

(4) Treatment of the published figures

1) "Actual results" --> The figures listed are the actual results before treatment by the coefficients. For reference, the "consistency coefficients" for connection are listed in a separate sheet. Therefore, when using the actual results of fiscal 1997 and before in conjunction with those for later business years, you are kindly requested to multiply the actual results of fiscal 1997 by the coefficients before use, to ensure consistency.

2) "Year-on-year comparison" --> Listed figures are those calculated from the actual results after adjustment by the coefficients. For reference, the figures of acquisition of tangible fixed assets and the figures of outward direct investment have not been processed for smoothing gaps, as the increase/decrease of figures are too large to generate meaningful consistency coefficients.

Notes on the report

Note 1: DI = Percentage of the companies expecting increase - Percentage of the companies expecting decrease

Comparison of DI with the previous period =
The current DI - The previous DI

The current DI: DI in April-June 1999 (outlook for the period from July to December 1999)

The previous DI: DI in January-March 1999 (outlook for the period from April to September 1999)

Note 2: Local sales signify the sales made by locally-based overseas subsidiaries in their respective locations or countries.

Note 3: Overseas production ratio = Sales of overseas subsidiaries / Sales of domestic parent companies * 100

Changes to the content of the survey

1. Concerning parent companies

The realized and forecast values of "acquisition of tangible fixed assets (excluding land)" and "direct foreign investment" use the results of every second survey (the July-September and the January-March surveys) rather than the quarterly surveys.

The July-September survey concerns results for the April-September term and expectations for the October-March term, while the January-March survey pertains to results for the October-March term and expectations for the April-September term.

Of the data surveyed, the "acquisition of tangible fixed assets (excluding land)" item is extracted and then calculated from those Report on Current Situation of the Plant Investments of Private Sector that pertain to the parent companies targeted by this survey.

Therefore, no comparison will be made between surveys of the current period and periods before January-March 1998.

2. Concerning overseas subsidiaries

The realized and forecast values of "acquisition of tangible fixed assets (excluding land)" use the results of every second survey (the July-September and the January-March surveys) rather than the quarterly surveys.

The July-September survey concerns results for the April-September term and expectations for the October-March term, while the January-March survey pertains to results for the October-March term and expectations for the April-September term.

Response rate and yen/dollar exchange rate

The average exchange rate of the yen to the U.S. dollar for this quarter was 120.94 yen, an appreciation of 14.8 yen compared with the same quarter a year earlier (135.74 yen) and a depreciation of 4.4 yen compared with the previous quarter (116.54 yen).

The responses to the questionnaire survey are summarized below.

Classification	Number of target company	Number of answered company	Response rate
Parent company	1,351	945	69.9%
Overseas subsidiaries	2,950	1,863	63.2%

Turnover Inside/Outside Japan and Domestic Sales/Local Sales Overseas

Table 1: Trends in Sales of Parent Companies and Overseas Subsidiaries

(Unit: 100 million yen,%,DI points)

	Sales			Ratio Over Same quarter of last year	Ratio Over Previous Quarter	Next Term Outlook (DI points compared to previous Term)	
	Apr. - Jun. 1998	Jan. - Mar. 1999	Apr. - Jun. 1999	Apr. - Jun. 1999	Apr. - Jun. 1999	Apr. - Sept. 1999	Jul. - Dec. 1999
Parent Companies	40,702,667	42,249,187	p 38,941,070	p -4.3	p -7.8	6.9	p 26.5
Domestic sales	31,188,113	32,702,216	p 30,113,439	p -3.4	p -7.9		
Overseas Subsidiaries	9,807,598	9,010,755	p 9,332,407	p -4.8	p 3.6	10.5	p 5.4
Local Sales	5,721,368	5,334,881	p 5,566,381	p -2.7	p 4.3	10.0	p 3.8
Overseas production ratio	24.1	21.3	p 24.0				

Table 2: Trends in Sales of Overseas subsidiaries by region

(Unit: 100 million yen,%,DI points)

	Sales			Ratio Over Same quarter of last year	Ratio Over Previous Quarter	Next Term Outlook (DI points compared to previous Term)	
	Apr. - Jun. 1998	Jan. - Mar. 1999	Apr. - Jun. 1999	Apr. - Jun. 1999	Apr. - Jun. 1999	Apr. - Sept. 1999	Jul. - Dec. 1999
Total	9,807,598	9,010,755	p 9,332,407	p -4.8	p 3.6	10.5	p 5.4
North America	4,568,347	4,236,362	p 4,339,350	p -5.0	p 2.4	7.0	p -0.8
Asia	2,483,655	2,175,905	p 2,411,063	p -2.9	p 10.8	16.3	p 9.5
Asean4	1,029,188	944,059	p 1,016,127	p -1.3	p 7.6	20.2	p 14.0
Nies3	868,484	725,620	p 789,502	p -9.1	p 8.8	26.1	p 5.6
China and other	585,983	506,226	p 605,434	p 3.3	p 19.6	4.9	p 4.7
Europe	2,155,105	2,103,960	p 2,047,965	p -5.0	p -2.7	-7.8	p 2.7
Other	600,491	494,528	p 534,029	p -11.1	p 8.0	10.9	p -4.4

• Sales of the domestic parent companies continued to fall short of the level of the same quarter a year earlier with 38,941.1 billion yen (a decline of 4.3% compared with the same quarter a year earlier), though the degree of fall was lower. By industry, all industries registered a decline compared with the same quarter a year earlier, and the influence of the transportation machine industry was particularly large.

Sales of the overseas subsidiaries also showed a decline for the third consecutive quarter with 9,332.4 billion yen (a decline of 4.8%) but the degree of decline was lower. By region, the sales declined in all the regions except China/others Asian regions.

However, it should be noted that, as the yen appreciated against many of the currencies of the countries where the overseas subsidiaries covered by this survey are located (Fig. 6), the sales did not decline in local currency terms in all cases.

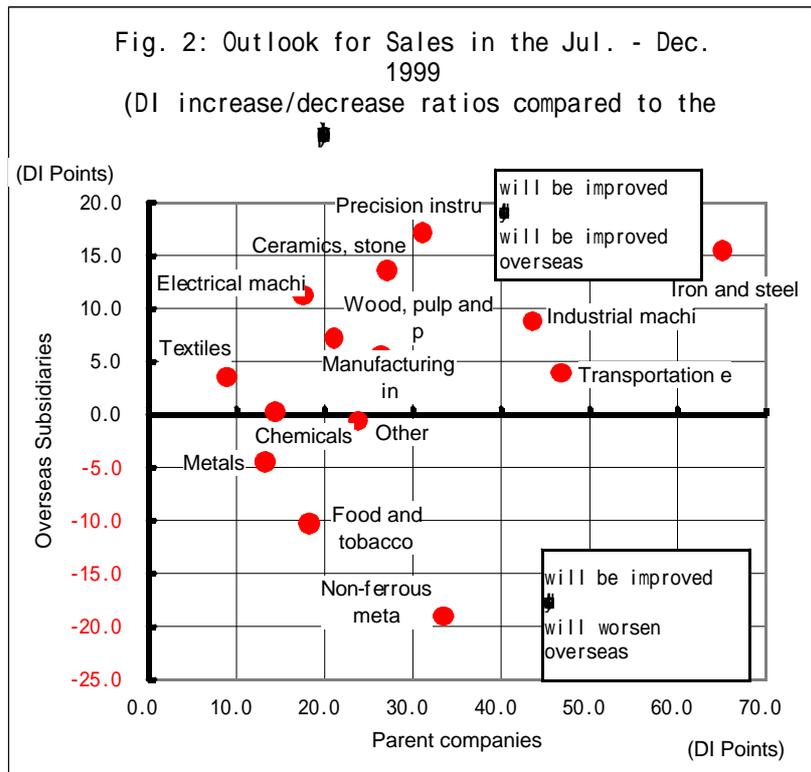
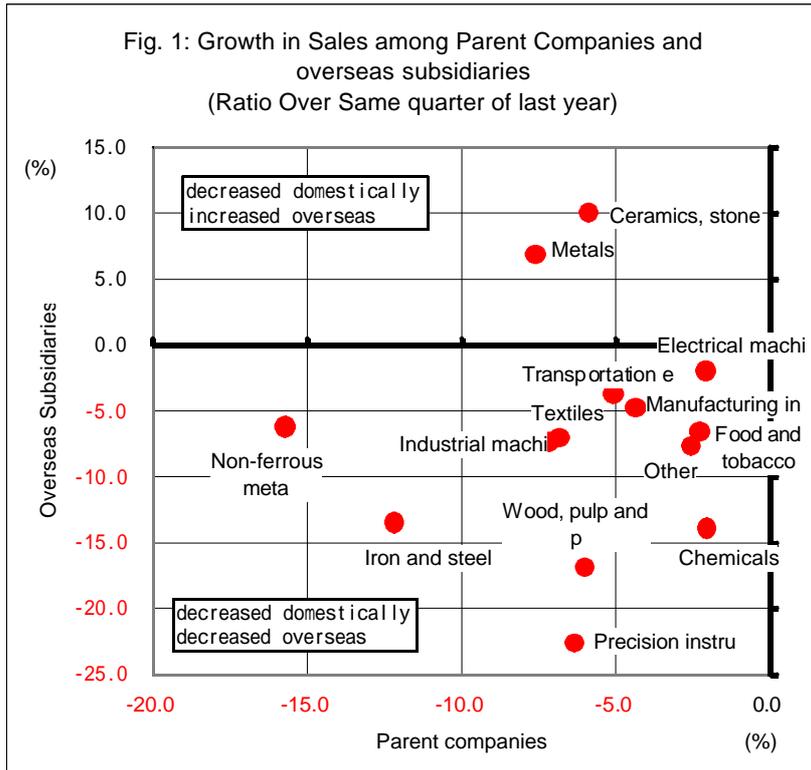
The forecast for the July - December period in terms of the period-to-period comparison of DI suggested a substantial improvement in sales of the domestic parent companies of 26.5 percent (from -13.1% to 13.4%). Similarly, the overseas subsidiaries improved for the third consecutive period by 5.4 percent (from 28.8% to 34.2%).

• Sales of the overseas subsidiaries (Note 2) declined by 2.7 percent to 5,566.4 billion yen.

By region, ASEAN4 countries, China/other Asian regions registered increase, while the degree of decline fell in the NIES3 countries and North America.

The forecast for July - December period in terms of the period-to-period comparison of DI improved for the third consecutive period by 3.8 percent (from 26.9% to 30.7%).

• The ratio of overseas production (Note 3) was 24.0 percent, or a decline of 0.1 percent compared with the same quarter a year earlier.



Domestic and Overseas Employment

Table 3: Trends in the Number of Employees Employed by Parent Companies and Overseas Subsidiaries

(Unit: persons,%,DI points)

	Number of employees			Ratio Over Same quarter of last year	Ratio Over Previous Quarter	Next Term Outlook (DI points compared to previous Term)	
	Apr. - Jun. 1998	Jan. - Mar. 1999	Apr. - Jun. 1999	Apr. - Jun. 1999	Apr. - Jun. 1999	Apr. - Sept. 1999	Jul. - Dec. 1999
Parent Companies	2,747,584	2,664,341	p 2,663,142	p -3.1	p -0.0	5.2	p -6.2
Overseas Subsidiaries	1,558,006	1,580,587	p 1,606,627	p 3.1	p 1.6	2.5	p 4.0

Table 4: Trends in the Number of Employees Employed by Overseas Subsidiaries by region

(Unit: persons,%,DI points)

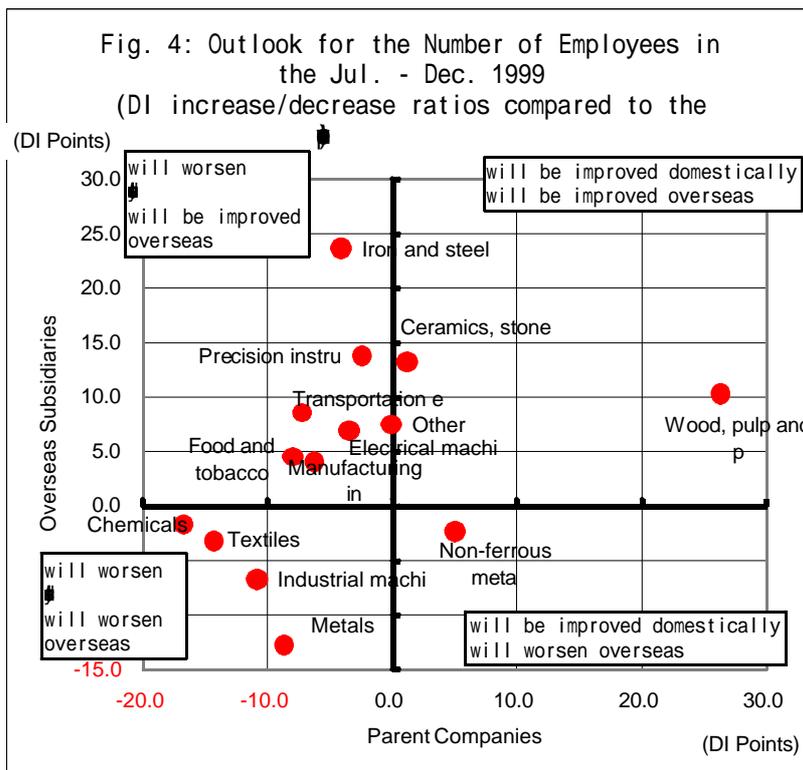
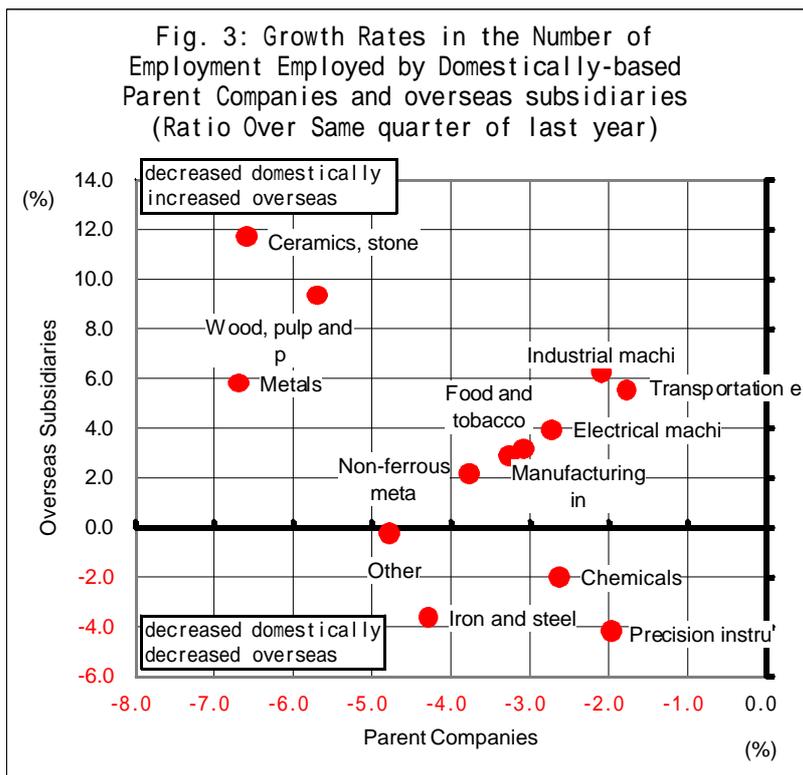
	Number of employees			Ratio Over Same quarter of last year	Ratio Over Previous Quarter	Next Term Outlook (DI points compared to previous Term)	
	Apr. - Jun. 1998	Jan. - Mar. 1999	Apr. - Jun. 1999	Apr. - Jun. 1999	Apr. - Jun. 1999	Apr. - Sept. 1999	Jul. - Dec. 1999
Total	1,558,006	1,580,587	p 1,606,627	p 3.1	p 1.6	2.5	p 4.0
North America	406,031	404,495	p 407,322	p 0.3	p 0.7	-3.5	p 8.1
Asia	856,150	875,873	p 886,296	p 3.5	p 1.2	5.2	p 4.6
Asean4	455,970	476,863	p 487,175	p 6.8	p 2.2	10.0	p 5.0
Nies3	127,268	119,146	p 119,252	p -6.3	p 0.1	7.0	p 4.3
China and other	272,912	279,864	p 279,869	p 2.5	p 0.0	-1.6	p 2.7
Europe	190,079	195,819	p 206,674	p 8.7	p 5.5	-2.5	p -0.1
Other	105,746	104,400	p 106,335	p 0.6	p 1.9	14.2	p -11.4

- The number of regular employees of the domestic parent companies was 2,663 thousand, remaining below that of the same quarter a year earlier by 3.1 percent. A decline was seen in all industries.

- The number of employees of the overseas subsidiaries was 1,607 thousand or an increase of 3.1 percent compared with the same quarter a year earlier for the first time in 5 periods. By region, the increase in the ASEAN4 countries was remarkable.

- According to the forecast for the July - December period in terms of the period-to-period comparison of DI, the domestic parent companies dropped by 6.2 percent (-28.3% to -34.5%) with 9 industries including the transportation machinery industry, etc. expecting further worsening. The forecast of the overseas subsidiaries improved by 4.0 percent (from 1.6% to 5.6%), with an improvement seen in 8 industries including electrical machinery industry, etc.

- Whereas the forecast of the domestic parent companies remained grim, there were signs of improvement with the overseas subsidiaries.



Trade Transactions

Table 5: Trends in Trade Transactions by Parent Companies

(Unit: 100 million yen, %, DI points)

	Exports			Ratio Over Same quarter of last year	Ratio Over Previous Quarter	Next Term Outlook (DI points compared to previous Term)	
	Apr. - Jun. 1998	Jan. - Mar. 1999	Apr. - Jun. 1999	Apr. - Jun. 1999	Apr. - Jun. 1999	Apr. - Sept. 1999	Jul. - Dec. 1999
Exports	9,514,554	9,546,971	p 8,827,631	p -7.2	p -7.5	7.4	p 18.5
Imports	2,248,312	2,074,844	p 2,008,583	p -10.7	p -3.2	4.0	p 15.3
Exports - Imports	7,266,242	7,472,127	p 6,819,048	p -6.2	p -8.7		
Exports to overseas subsidiaries	4,806,799	4,656,983	p 4,513,894	p -6.1	p -3.1		
Imports from overseas subsidiaries	687,596	665,777	p 628,023	p -8.7	p -5.7		
Exports - Imports	4,119,203	3,991,206	p 3,885,871	p -5.7	p -2.6		
Proportion of exports to overseas subsidiaries	50.5	48.8	p 51.1				
Proportion of imports from overseas subsidiaries	30.6	32.1	p 31.3				

(1) Exports and imports

- Exports of the domestic parent companies totaled 8,827.6 billion yen (a decline of 7.2% compared with the same quarter a year earlier), a decrease for the third consecutive period. A decline was seen in all industries including the electrical machinery industry.

- Imports of the domestic parent companies totaled 2,008.6 billion yen or a decline for the sixth consecutive period of 10.7 percent. A decline was seen in 12 industries including the electrical machinery industry, etc.

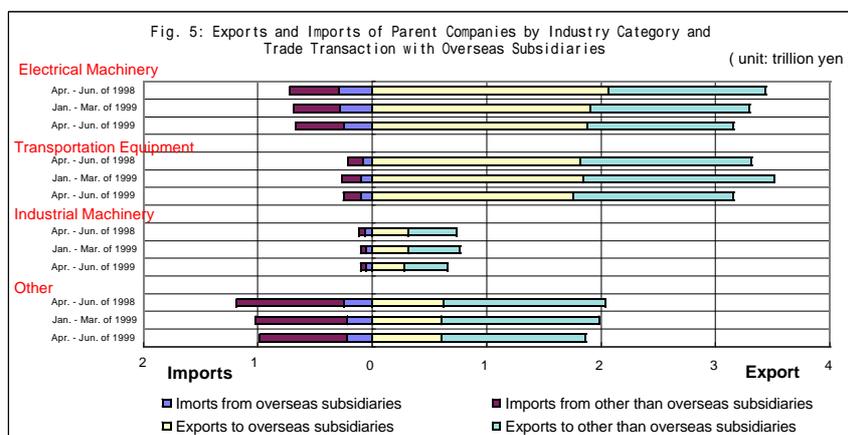
- According to the forecast for the July - December period in terms of the period-to-period comparison of DI, exports improved by 18.5 percent (from -5.7% to 12.8%) and imports by 15.3 percent (from -8.4% to 6.9%). An improvement was seen in 12 industries for exports including the electrical machinery industry, etc. and in 12 industries as well for imports including the electrical machinery industry, etc.

- Exports to the overseas subsidiaries from the domestic parent companies totaled 4,513.9 billion yen (a decline of 6.1% compared with the same quarter a year earlier), marking the first decline since the start of the survey. On the other hand, the ratio of exports to the overseas subsidiaries in the total exports of the domestic parent companies increased, reaching 51.1 percent or a rise of 0.6 percent for this quarter compared with the same quarter a year earlier.

- Imports from the overseas subsidiaries totaled 628 billion yen or a decline of 8.7 percent compared with the same quarter a year earlier. The ratio of imports from the overseas subsidiaries in the total imports of the domestic parent companies rose by 0.7 percent compared with the same quarter a year earlier.

- The trade balance with the overseas subsidiaries showed an excess of exports of 3,885.9 billion yen, registering a decline of 5.7 percent compared with the same quarter a year earlier.

(2) Intra-company trade with overseas subsidiaries



Status of Overseas Subsidiaries by region

• Sales of the overseas subsidiaries declined for the third consecutive quarter to 9,332.4 billion yen (a 4.8% decline compared with the same quarter a year earlier) due partly to the influence of conversion of the depreciating local currencies into the yen (the dollar value against the yen dropped by 10.9% year-on-year), though the degree of decline showed signs of leveling off.

According to the forecast for the July - December period in terms of the period-to-period comparison of DI, the entire region as a whole improved by 5.4 percent (from 28.8% to 34.2%) though the degree of improvement was smaller than that of the previous period (10.5%). The improvement was particularly remarkable in the ASEAN4 countries with 14.0 percent (from 28.9% to 42.9%) while Europe also registered improvement following deterioration in the previous period.

With the 3 regions in Asia showing improvement for the third consecutive period, the future forecast in the wake of improving sales recently should be watched with great attention.

• Local sales of the overseas subsidiaries were 5,566.4 billion yen resulting in a decline for the third consecutive quarter for the entire region as a whole, but the degree of decline narrowed compared with the previous quarter. In particular, a year-on-year comparison in Asia switched to a rise for the first time since the start of the survey.

The year-on-year comparison turned to a rise of 7.3 percent and 1.7 percent in the ASEAN4 countries and China/others Asian regions respectively, while a decline was registered in the NIES3 countries, albeit a much smaller one than that of the quarter a year earlier (from -23.2% to -6.4%).

According to the forecast for the July - December period in terms of the period-to-period comparison of DI, the entire region as a whole continued to improve by 3.8 percent (from 26.9% to 30.7%), where the ASEAN4 countries showed a remarkable improvement of 11.2 percent (from 21.6% to 32.8%). Whereas Europe improved by 2.8 percent (from 19.3% to 21.1%), North America fell marginally by 0.3 percent (from 35.3% to 35.0%).

• The employment (the number of employees) swung to an increase for the first time in the last five periods with 1,607 thousand (a year-on-year increase of 3.1%), with all the regions showing an increase except the NIES3 countries, which showed a fall of 6.3 percent.

According to the forecast for the July - December period in terms of the period-to-period comparison of DI, the entire region as a whole improved by 4.0 percent (from 1.6% to 5.6%), where North America registered an improvement of 8.1 percent (from 0.0% to 8.1%) and Asia 4.6 percent (from 2.3% to 6.9%).

Table 6: Business Trends among Overseas Subsidiaries in All Business Categories

(Unit: 100 million yen, %, DI points)

	Quarterly Performances			Ratio Over Same quarter of last year	Ratio Over Previous Quarter	Next Term Outlook (DI points compared to previous Term)	
	Apr. - Jun. 1998	Jan. - Mar. 1999	Apr. - Jun. 1999	Apr. - Jun. 1999	Apr. - Jun. 1999	Apr. - Sept. 1999	Jul. - Dec. 1999
Sales	9,807,598	9,010,755	p 9,332,407	p -4.8	p 3.6	10.5	p 5.4
Exports to Japan	668,457	596,394	p 605,328	p -9.4	p 1.5	4.4	p 5.1
Local sales	5,721,368	5,334,881	p 5,566,381	p -2.7	p 4.3	10.0	p 3.8
Number of employees	1,558,006	1,580,587	p 1,606,627	p 3.1	p 1.6	2.5	p 4.0
Proportion of local sales to all sales	58.3	59.2	p 59.6				

North America

Table 7: Business Trends among Overseas Subsidiaries in All Business Categories in North America

(Unit: 100 million yen, %, DI points)

	Quarterly Performances			Ratio Over Same quarter of last year	Ratio Over Previous Quarter	Next Term Outlook (DI points compared to previous Term)	
	Apr. - Jun. 1998	Jan. - Mar. 1999	Apr. - Jun. 1999	Apr. - Jun. 1999	Apr. - Jun. 1999	Apr. - Sept. 1999	Jul. - Dec. 1999
Sales	4,568,347	4,236,362	p 4,339,350	p -5.0	p 2.4	7.0	p -0.8
Exports to Japan	78,622	72,494	p 70,530	p -10.3	p -2.7	3.4	p 1.3
Local sales	3,146,097	2,983,242	p 3,086,862	p -1.9	p 3.5	6.4	p -0.3
Number of employees	406,031	404,495	p 407,322	p 0.3	p 0.7	-3.5	p 8.1
Proportion of local sales to all sales	68.9	70.4	p 71.1				

1) Status of sales/local sales, etc.

Sales were down for the third consecutive quarter by 5.0 percent compared with the same quarter a year earlier (-3.6% in the quarter before last and -8.3% in the previous quarter) with 4,399.4 billion due to a negative growth in sales in all industries except the ceramics/stone products industry and electrical machinery industry.

On the other hand, local sales were 3,086.9 billion, a decline of 1.9 percent as a whole due to a fall in sales in all industries except the electrical machinery industry, ceramics and stone products industry and precision machinery industry. Sales of the transportation industry also dropped by 1.1 percent, though the influence of the yen appreciation must be taken into consideration.

According to the forecast for the July - December period in terms of the period-to-period comparison of DI, both total sales and local sales dropped marginally by 0.8 percent (from 36.0% to 35.2%) and by 0.3 percent (from 35.3% to 35.0%) respectively. Sales were down in 6 industries including the metal industry, etc.

2) Status of employment

The number of employees was 407 thousand, an increase of 0.3 percent compared with the same quarter a year earlier, the first swing to an increase from the decrease seen in the previous period, registering improvement in 8 industries.

The forecast for the June - December period in terms of the period-to-period comparison of DI indicated an improvement of 8.1 percent (from 0.0% to 8.1%) as a result of improvement in 8 industries including the wood/pulp/paper/paper products industry, etc.

3) Status of reimports

Exports to Japan or so-called reimports to Japan remained at 70.5 billion yen (a decline of 10.3% compared with the same quarter a year earlier) due to a decline in exports in 8

industries including the electrical machinery industry, etc., but their ratio of total sales was just 1.6%.

The forecast for the June - December period in terms of the period-to-period comparison of DI indicated an improvement of 1.3 percent (from 2.5% to 3.8%) with 6 industries improving including the precision machinery industry, etc.

ASEAN4

Table 8: Business Trends among Overseas Subsidiaries in All Business Categories in Asean4

(Unit: 100 million yen, %, DI points)

	Quarterly Performances			Ratio Over Same quarter of last year	Ratio Over Previous Quarter	Next Term Outlook (DI points compared to previous Term)	
	Apr. - Jun. 1998	Jan. - Mar. 1999	Apr. - Jun. 1999	Apr. - Jun. 1999	Apr. - Jun. 1999	Apr. - Sept. 1999	Jul. - Dec. 1999
Sales	1,029,188	944,059	p 1,016,127	p -1.3	p 7.6	20.2	p 14.0
Exports to Japan	259,656	239,040	p 245,207	p -5.6	p 2.6	7.2	p 8.8
Local sales	318,529	298,626	p 341,827	p 7.3	p 14.5	18.7	p 11.2
Number of employees	455,970	476,863	p 487,175	p 6.8	p 2.2	10.0	p 5.0
Proportion of local sales to all sales	30.9	31.6	p 33.6				

1) Status of sales/local sales, etc.

Sales fell by 1.3 percent compared with the same quarter a year earlier to 1,016.1 billion yen as a result of a decrease in sales in 7 industries including the electrical machinery industry, etc., with the rate of fall diminishing.

Sales of the transportation machinery industry registered a substantial increase over the same quarter of the previous year for the second consecutive quarter, contributing greatly to the recovery of sales.

Local sales increased by 7.3 percent to 341.8 billion yen with 5 industries showing positive growth including the transportation machinery industry, switching to an increase for the first time following decreases for six consecutive periods.

According to the forecast for the July - December period in terms of the period-on-period comparison of DI, total sales and local sales improved for the third consecutive period by 14.0 percent (from 28.9% to 42.9%) and by 11.2 percent (from 21.6% to 32.8%) respectively, though the margin of improvement was smaller this period.

2) Status of employment

The number of employees was 487 thousand or a 6.8 percent improvement compared with the same quarter a year earlier, marking the first swing to positive growth following decreases for four consecutive quarters. Growth was seen in 8 industries including the metal industry, transportation machinery industry, electrical machinery industry, etc.

According to the forecast for the June - December period in terms of the period-to-period comparison of DI, total sales improved for the third consecutive period by 5.0 percent (from 7.1% to 12.1%), with 9 industries showing improvement.

3) Status of reimports

Exports to Japan or so-called reimports to Japan declined by 5.6 percent compared with April - June 1999

the same period a year earlier to 245.2 billion. The ratio of the electrical machinery industry in the total reimports for this period was 66.8 percent.

The forecast for the June - December period in terms of the period-to-period comparison of DI improved for the third consecutive period by 8.8 percent (from 8.7% to 17.5%) just the same with sales. Whereas 10 industries improved during this period, the transportation machinery industry deteriorated.

NIES3

Table 9: Business Trends among Overseas Subsidiaries in All Business Categories in Nies3

(Unit: 100 million yen, %, DI points)

	Quarterly Performances			Ratio Over Same quarter of last year	Ratio Over Previous Quarter	Next Term Outlook (DI points compared to previous Term)	
	Apr. - Jun. 1998	Jan. - Mar. 1999	Apr. - Jun. 1999	Apr. - Jun. 1999	Apr. - Jun. 1999	Apr. - Sept. 1999	Jul. - Dec. 1999
Sales	868,484	725,620	p 789,502	p -9.1	p 8.8	26.1	p 5.6
Exports to Japan	139,260	115,064	p 118,723	p -14.7	p 3.2	10.8	p 4.3
Local sales	383,561	322,002	p 359,081	p -6.4	p 11.5	23.7	p 5.2
Number of employees	127,268	119,146	p 119,252	p -6.3	p 0.1	7.0	p 4.3
Proportion of local sales to all sales	44.2	44.4	p 45.5				

1) Status of sales/local sales, etc.

Sales declined for the sixth consecutive quarter to 789.5 billion yen (a decline of 9.1% compared with the same quarter of the previous year) due to a fall in sales in 8 industries including the electrical machinery industry, etc., although the degree of fall narrowed substantially in this quarter.

Local sales fell for the seventh consecutive quarter to 359.1 billion yen (a decline of 6.4%) due to a fall in local sales in 6 industries including the electrical machinery industry, etc., though the degree of fall was significantly smaller, showing the same trend as that of total sales.

According to the forecast for the July - December period in terms of the period-to-period comparison of DI, total sales and local sales improved for the third consecutive period by 5.6 percent (from 13.9% to 19.5%) and by 5.2 percent (from 16.9% to 22.1%) respectively.

2) Status of employment

The number of employees fell by 6.3 percent compared with the same quarter a year earlier to 119 thousand, resulting in a decline for the seventh consecutive quarter. A decline was seen only in this region for this period.

The forecast for the July - December period in terms of the period-to-period comparison of DI indicated an improvement of 4.3 percent (from -11.2% to -6.9%).

3) Status of reimports

Exports to Japan or so-called reimports to Japan declined by 14.7 percent compared with the same quarter of the previous year due to a fall in exports in 6 industries including the electrical machinery industry, etc., resulting in a decline for the sixth consecutive period. The degree of decline was still quite large though there were signs of improvement. The ratio of reimports of the electrical machinery in the total reimports was 68.8 percent.

The forecast for the July - December period

in terms of the period-to-period comparison of DI indicated an improvement for the third consecutive period of 4.3 percent (from -7.7% to -3.4%), but the level of DI was still negative.

China and other Asian countries

Table 10: Business Trends among Overseas Subsidiaries in All Business Categories in China and Other Asian Countries

(Unit: 100 million yen, %, DI points)

	Quarterly Performances			Ratio Over Same quarter of last year	Ratio Over Previous Quarter	Next Term Outlook (DI points compared to previous Term)	
	Apr. - Jun. 1998	Jan. - Mar. 1999	Apr. - Jun. 1999	Apr. - Jun. 1999	Apr. - Jun. 1999	Apr. - Sept. 1999	Jul. - Dec. 1999
Sales	585,983	506,226	p 605,434	p 3.3	p 19.6	4.9	p 4.7
Exports to Japan	154,837	136,209	p 143,534	p -7.3	p 5.4	4.6	p 8.4
Local sales	254,942	203,480	p 259,218	p 1.7	p 27.4	1.2	p -0.1
Number of employees	272,912	279,864	p 279,869	p 2.5	p 0.0	-1.6	p 2.7
Proportion of local sales to all sales	43.5	40.2	p 42.8				

1) Status of sales/local sales, etc.

Sales swung to a positive growth of 3.3 percent compared with the same quarter a year earlier to 605.4 billion yen, thanks to a growth registered by 7 industries including the electrical machinery industry, etc. after a substantial fall recorded for two consecutive periods. A growth of 15.6 percent in the electrical machinery industry played a significant role in this.

Local sales also increased to 259.2 billion yen, with a growth of 1.7 percent thanks to a rise in 10 industries including the electrical machinery industry, etc. following negative growth for two consecutive quarters.

According to the forecast for the July - December period in terms of the period-to-period comparison of DI, total sales improved by 4.7 percent (from 34.4% to 39.1%). By industry, on the other hand, whereas the electrical machinery industry which occupied a high ratio in total sales improved for the third consecutive period, as many as 8 industries registered a decline. Local sales fell slightly by 0.1 percent (from 33.7% to 33.6%).

2) Status of employment

The number of employees was 280 thousand (a year-on-year increase of 2.5%), with increases seen in 8 industries including the electrical machinery industry, etc.

The forecast for the July - December period in terms of the period-to-period comparison of DI indicated an improvement of 2.7 percent (from 6.9% to 9.6%) as a result of improvements in 7 industries.

3) Status of reimports

Exports to Japan or so-called reimports to Japan fell by 7.3 percent compared with the same quarter of the previous year to 143.5 billion yen due to a fall in 6 industries including the precision machinery industry, etc., resulting in a decline for the fifth consecutive quarter. However, the degree of fall narrowed in 7 industries.

The forecast for the July - December period in terms of the period-to-period comparison of DI indicated an improvement for the third consecutive period of 8.4 percent (from 8.4% to 16.8%), with improvement seen in 8 industries.

Europe

Table 11: Business Trends among Overseas Subsidiaries in All Business Categories in Europe

(Unit: 100 million yen, %, DI points)

	Quarterly Performances			Ratio Over Same quarter of last year	Ratio Over Previous Quarter	Next Term Outlook (DI points compared to previous Term)	
	Apr. - Jun. 1998	Jan. - Mar. 1999	Apr. - Jun. 1999	Apr. - Jun. 1999	Apr. - Jun. 1999	Apr. - Sept. 1999	Jul. - Dec. 1999
Sales	2,155,105	2,103,960	p 2,047,965	p -5.0	p -2.7	-7.8	p 2.7
Exports to Japan	28,157	26,292	p 22,376	p -20.5	p -14.9	-1.8	p -1.4
Local sales	1,252,852	1,232,724	p 1,207,543	p -3.6	p -2.0	-3.7	p 2.8
Number of employees	190,079	195,819	p 206,674	p 8.7	p 5.5	-2.5	p -0.1
Proportion of local sales to all sales	58.1	58.6	p 59.0				

1) Status of sales/local sales, etc.

Sales fell to 2,048 billion yen (a decline of 5.0% compared with the same quarter a year earlier) resulting in a continued decline from the previous period. A decline was seen in 7 industries including the electrical machinery industry, transportation machinery industry, general machinery industry, etc.

Local sales were 1,207.5 billion yen (a decline of 3.6%), the first decline since the start of the survey. A decline was seen in 6 industries including the transportation machinery industry, etc.

According to the forecast for the July - December period in terms of the period-to-period comparison of DI, total sales and local sales improved by 2.7 percent (from 20.0% to 22.7%) and 2.8 percent (from 19.3% to 22.1%) respectively.

2) Status of employment

The number of employees rose by 8.7 percent to 207 thousand compared with the same quarter a year earlier. A rise was seen in 6 industries including the transportation machinery industry, etc.

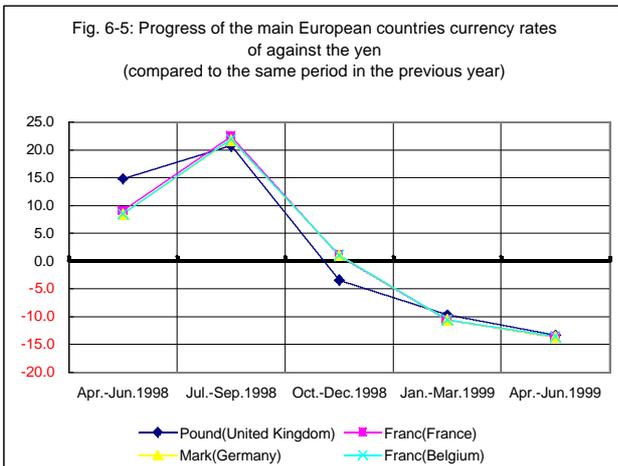
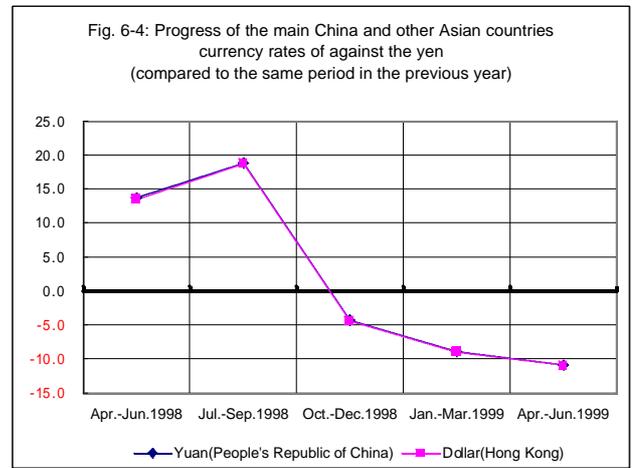
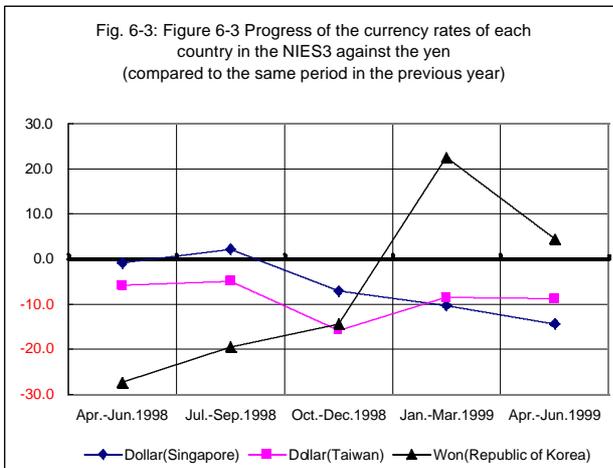
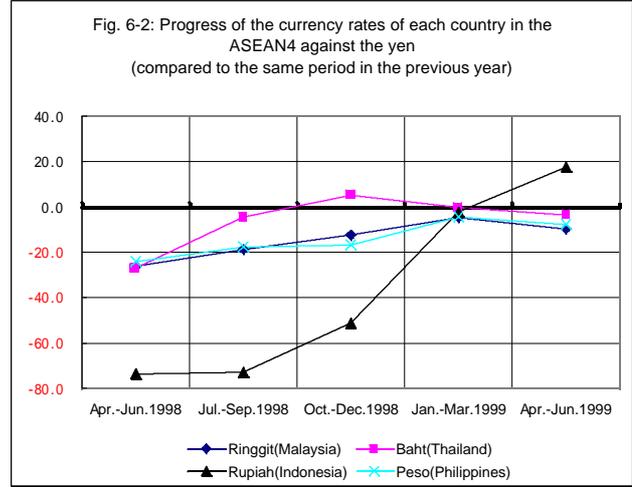
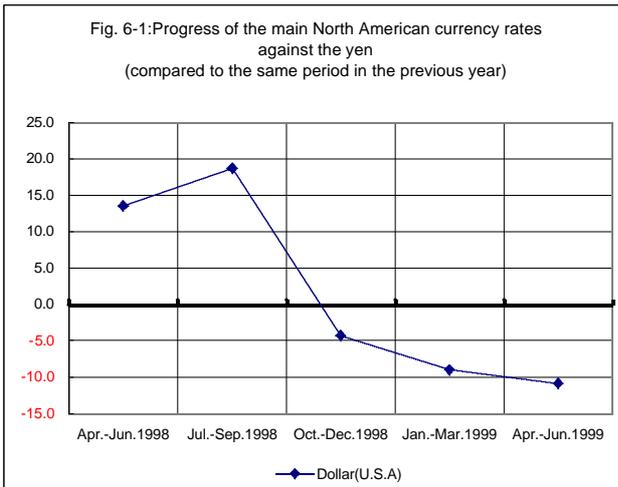
The forecast for the July - December period in terms of the period-to-period comparison of DI indicated a slight fall of 0.1 percent (from -0.9% to -1.0%).

3) Status of reimports

Exports to Japan or so-called reimports to Japan fell by 20.5 percent compared with the same quarter of the previous year to 22.4 billion yen due to a fall in 7 industries including the electrical machinery industry, etc., resulting in a decline for the third consecutive period.

The forecast for the July - December period in terms of the period-to-period comparison of DI indicated a slight fall of 1.4 percent (from 4.1% to 2.7%).

Fig.6: Progress of the currency rates of the main regions against the yen



Taiwan: [Economic Statistics Monthly] (Bank of Jpapan)
 Other: International Financial Statistics (International Monetary Fund)