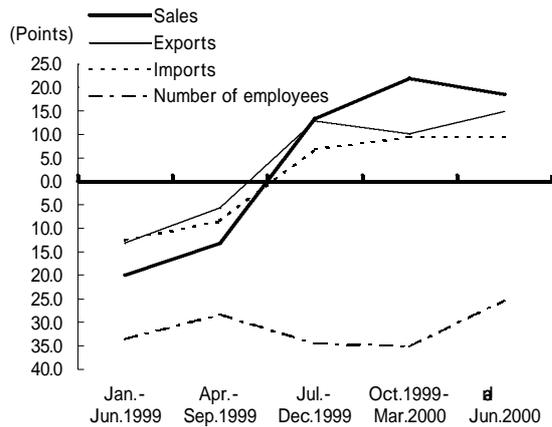


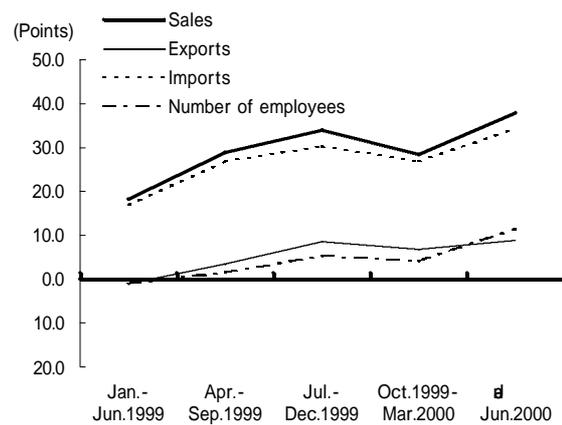
# Quarterly Survey of Japanese Business Activities ( October - December 1999 )

17 April, 2000  
Enterprise Statistics Division,  
Research and Statistics Department,  
Ministry of International Trade and Industry

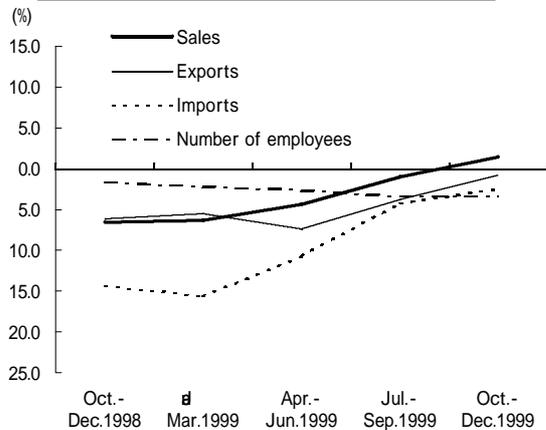
Prospects of Sales, etc for Domestic Parent Companies  
(Diffusion Index)



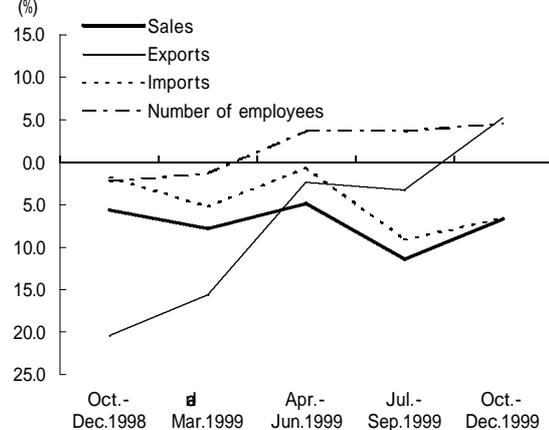
Prospects of Sales, etc for Overseas subsidiaries  
(Diffusion Index)



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.

From the April-June quarter of 1999, the base of the estimating method was changed from the growth rate from the preceding quarter to the growth rate from a year before.

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,

Quarterly Survey of Japanese Business Activities

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

### 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 relevant period (including construction in progress) except land.

#### 5. Foreign direct investment

Foreign direct 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 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 October-December 1999 (outlook for the period from January to June 2000)

The previous DI: DI in July-September 1999 (outlook for the period from October 1999 to March 2000)

**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 104.54 yen, an appreciation of 15.29 yen compared with the same quarter a year earlier (119.83 yen) and an appreciation of 9.07yen compared with the previous quarter (113.61 yen).

The responses to the questionnaire survey are summarized below.

Classification	Number of target company	Number of answered company	Response rate
Parent company	1,347	894	66.4%
Overseas subsidiaries	2,917	1,824	62.5%

## 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)	
	Oct. - Dec. 1998	Jul. - Sept. 1999	Oct. - Dec. 1999	Oct. - Dec. 1999	Oct. - Dec. 1999	Oct. 1999 - Mar. 2000	Jan. - Jun. 2000
Parent Companies	40,543,896	41,296,714	p 41,160,483	p 1.5	p -0.3	8.6	p -3.5
Domestic sales	31,402,229	31,577,877	p 32,096,153	p 2.2	p 1.6		
Overseas Subsidiaries	9,207,898	8,912,365	p 8,593,144	p -6.7	p -3.6	-5.5	p 9.4
Local Sales	5,424,446	5,290,027	p 5,070,045	p -6.5	p -4.2	-3.5	p 7.5
Overseas production ratio	22.7	21.6	p 20.9				

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)	
	Oct. - Dec. 1998	Jul. - Sept. 1999	Oct. - Dec. 1999	Oct. - Dec. 1999	Oct. - Dec. 1999	Oct. 1999 - Mar. 2000	Jan. - Jun. 2000
Total	9,207,898	8,912,365	p 8,593,144	p -6.7	p -3.6	-5.5	p 9.4
North America	4,271,720	4,176,111	p 3,888,751	p -9.0	p -6.9	-2.9	p 10.1
Asia	2,235,190	2,478,291	p 2,373,470	p 6.2	p -4.2	-8.0	p 11.0
Asean4	955,193	1,070,930	p 1,034,723	p 8.3	p -3.4	-9.9	p 5.7
Nies3	754,194	792,488	p 777,202	p 3.1	p -1.9	-13.0	p 24.7
China and other	525,803	614,873	p 561,545	p 6.8	p -8.7	-1.9	p 7.8
Europe	2,187,534	1,829,157	p 1,860,508	p -14.9	p 1.7	3.5	p 0.7
Other	513,454	428,806	p 470,415	p -8.4	p 9.7	-10.1	p 12.1

• Domestic parent companies' sales increased a year-on-year 1.5% to 41,160.5 billion yen. This is the first increase since the October-December quarter of 1997, when the year-on-year comparison became available. The sales increased in the electrical machinery industry and four other industries, while they decreased in the transportation equipment industry, where the percentage of domestic parent companies' sales is high.

Overseas affiliated companies' sales decreased a year-on-year 6.7% to 8,593.1 billion yen, the fifth consecutive quarter of downtrend. In Asian areas, however, affiliated companies' sales increased markedly.

Note that some local currencies fell against the Japanese yen from the same quarter of the previous year (US dollars declined by 12.8%). (See Figure 6.)

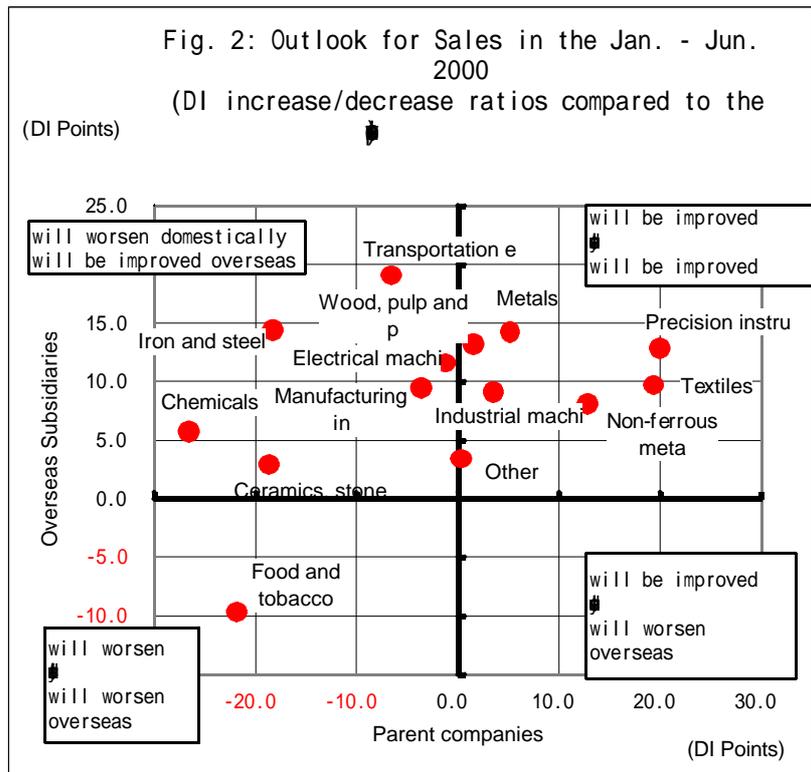
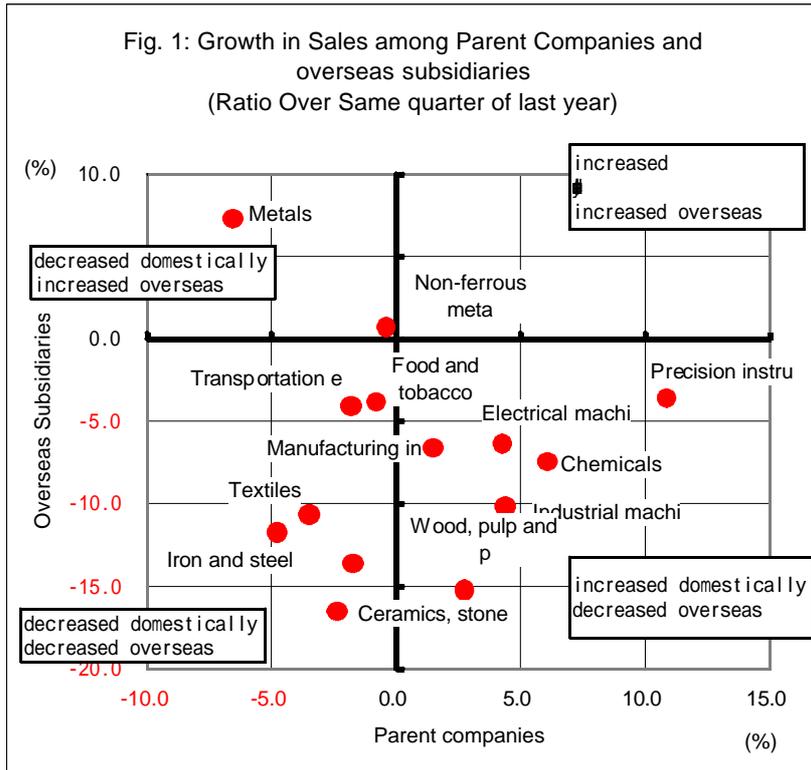
The outlook for the period from January to June 2000 has been improving. Although domestic parent companies' sales DI decreased 3.5 points from the previous quarter, it has been positive for three consecutive quarters (13.4, 22.0, and 18.5) after being negative for six consecutive quarters. Overseas affiliated companies' sales DI increased 9.4 points (28.5 to 37.9).

The DI rose in all areas and kept the level high (34.0, 28.5, and 37.9 in the recent three quarters).

• Overseas affiliated companies' local sales (see Note 2) decreased from the same quarter of the previous year by 6.5% to 5.07 trillion yen.

With respect to the outlook for the period from January to June 2000, the local sales DI rose 7.5 points (26.9 to 34.4) and kept the level high (34.0, 26.9, and 34.4 in the recent three quarters).

• The overseas production ratio (see Note 3) decreased from the same quarter of the previous year by 1.8 points to 20.9%.



## 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)	
	Oct. - Dec. 1998	Jul. - Sept. 1999	Oct. - Dec. 1999	Oct. - Dec. 1999	Oct. - Dec. 1999	Oct. 1999 - Mar. 2000	Jan. - Jun. 2000
Parent Companies	2,709,053	2,630,621	p 2,617,205	p -3.4	p -0.5	-0.5	p 9.8
Overseas Subsidiaries	1,563,849	1,629,697	p 1,636,442	p 4.6	p 0.4	-1.2	p 7.4

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)	
	Oct. - Dec. 1998	Jul. - Sept. 1999	Oct. - Dec. 1999	Oct. - Dec. 1999	Oct. - Dec. 1999	Oct. 1999 - Mar. 2000	Jan. - Jun. 2000
Total	1,563,849	1,629,697	p 1,636,442	p 4.6	p 0.4	-1.2	p 7.4
North America	407,004	400,288	p 392,820	p -3.5	p -1.9	-2.6	p 4.1
Asia	860,808	917,986	p 944,034	p 9.7	p 2.8	-0.3	p 7.4
Asean4	463,613	500,971	p 517,128	p 11.5	p 3.2	-1.8	p 8.4
Nies3	120,056	117,228	p 116,940	p -2.6	p -0.2	0.7	p 6.7
China and other	277,139	299,787	p 309,966	p 11.8	p 3.4	1.4	p 6.1
Europe	191,965	205,748	p 191,092	p -0.5	p -7.1	0.6	p 5.5
Other	104,072	105,675	p 108,496	p 4.3	p 2.7	-6.1	p 23.2

- Domestic parent companies' number of regular workers was 2,617,000, down 3.4% on a year-on-year basis. The decreasing rate is the same as in the previous quarter, the highest after the survey began. As well, the number of regular workers reduced in all industries.

- Foreign affiliated companies' number of regular workers increased 4.6% to 1,636,000, an uptrend for three consecutive quarters. The number grew especially in ASEAN 4 and in China and other Asian countries.

- With respect to the outlook for the period from January to June 2000, domestic parent companies' DI increased from the previous quarter by 9.8 points (-35.0 to -25.2). The DI improved in 12 industries, including the electrical machinery industry.

Overseas affiliated companies' DI increased 7.4 points (4.2 to 11.6). It improved in 11 industries, such as the electrical machinery industry.

Fig. 3: Growth Rates in the Number of Employment Employed by Domestically-based Parent Companies and overseas subsidiaries (Ratio Over Same quarter of last year)

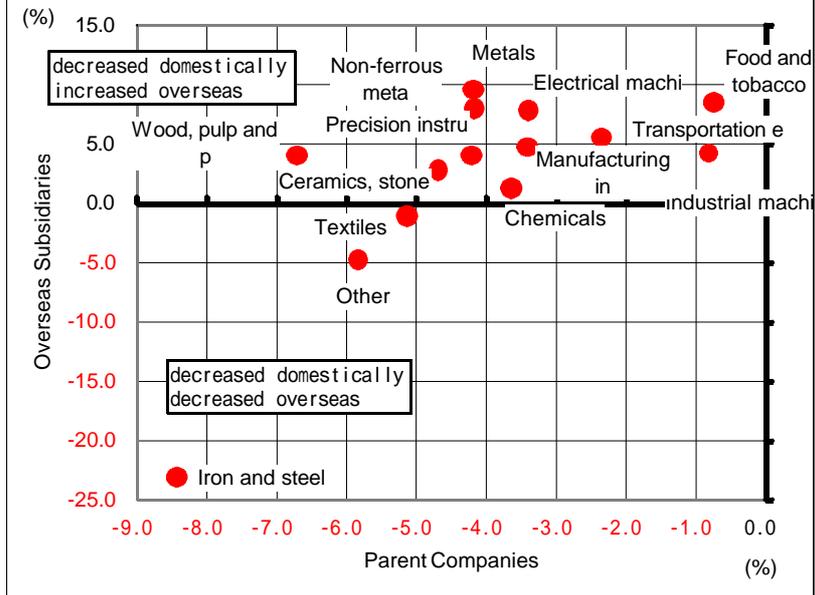
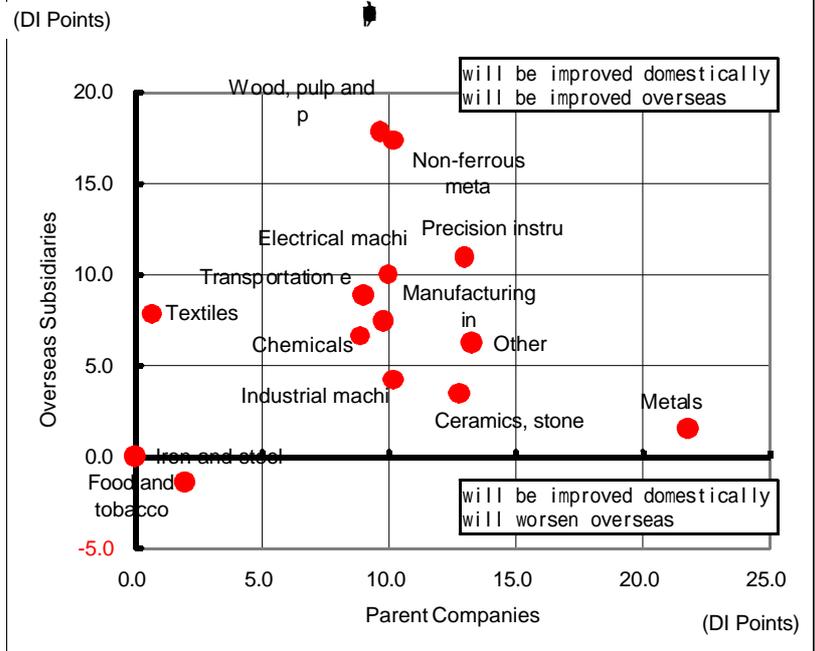


Fig. 4: Outlook for the Number of Employees in the Jan. - Jun. 2000 (DI increase/decrease ratios compared to the



## 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)	
	Oct. - Dec. 1998	Jul. - Sept. 1999	Oct. - Dec. 1999	Oct. - Dec. 1999	Oct. - Dec. 1999	Oct. 1999 - Mar. 2000	Jan. - Jun. 2000
Exports	9,141,667	9,718,837	p 9,064,330	p -0.8	p -6.7	-2.7	p 4.7
Imports	r 2,158,531	2,122,501	p 2,106,065	p -2.4	p -0.8	2.6	p -0.1
Exports - Imports	r 6,983,136	7,596,336	p 6,958,265	p -0.4	p -8.4		
Exports to overseas subsidiaries	4,516,156	4,992,566	p 4,781,302	p 5.9	p -4.2		
Imports from overseas subsidiaries	728,971	735,828	p 714,557	p -2.0	p -2.9		
Exports - Imports	3,787,185	4,256,738	p 4,066,745	p 7.4	p -4.5		
Proportion of exports to overseas subsidiaries	49.4	51.4	p 52.7				
Proportion of imports from overseas subsidiaries	r 33.8	34.7	p 33.9				

### (1) Export and Import

- Domestic parent companies' exports continued to decrease to 9,064.3 billion yen (a year-on-year 0.8% decrease), but the decreasing rate reduced. Their exports fell in seven industries, including the transportation machinery industry. The electrical machinery industry, which accounts for a high percentage of exports, turned upward.

- Domestic parent companies' imports decreased 2.4% on a year-on-year basis to 2,106.1 billion yen, a downtrend for eight consecutive quarters. Their imports reduced in nine industries, including the nonferrous metal industry.

- With respect to the outlook for the period from January to June 2000, the export DI rose 4.7 points from the previous quarter (10.1 to 14.8). It improved in eight industries, such as the electrical machinery industry. In the transportation equipment industry, however, the DI fell to 0.0 points.

The import DI declined 0.1 points (9.5 to 9.4) for the first time in four quarters. It fell

in the transportation equipment industry and five other industries, but improved in the electrical machinery industry.

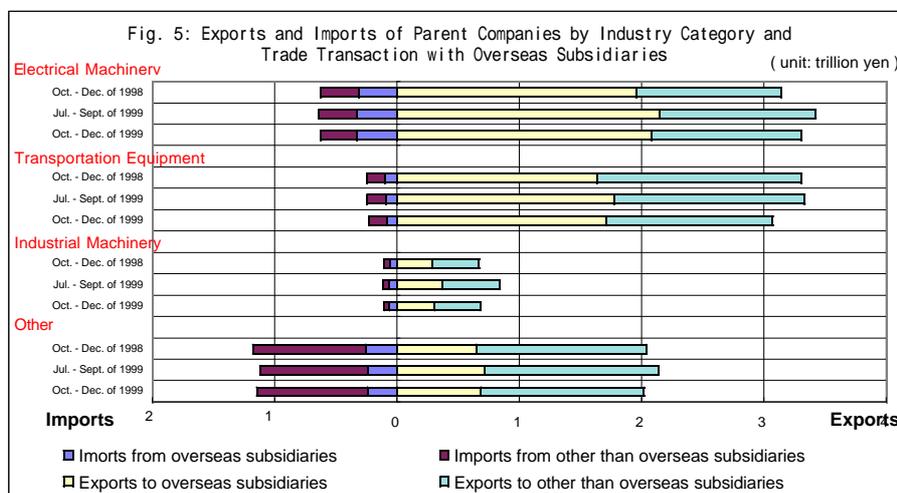
### (2) In-house Trade with Overseas Affiliated Companies

- Domestic parent companies' exports to overseas affiliated companies increased a year-on-year 5.9% to 4,781.3 billion yen. The percentage of exports to overseas affiliated companies in their total exports increased from the same quarter of the previous year by 3.3 points to 52.7%.

- Domestic parent companies' imports from overseas affiliated companies continued to decrease from the same quarter of the previous year by 2.0% to 714.6 billion yen.

The imports accounted for 33.9% of their total imports, up 0.1 points from the same quarter of the previous year.

- The trade balance with overseas affiliated companies showed a surplus of 4,066.7 billion yen, up 7.4% from the same quarter of the previous year.



## Status of Overseas Subsidiaries by region

• Overseas affiliated companies' sales decreased a year-on-year 6.7% to 8,593.1 billion yen. Because local currencies fell against the Japanese yen (the US dollars fell by 12.8% on a year-on-year basis), the sales decreased for five consecutive quarters. Their local sales also decreased a year-on-year 6.5% to 5.07 trillion yen, a downtrend for five consecutive quarters.

In Asia, overseas affiliated companies' sales rose a year-on-year 6.2%, the first increase since the survey began. This clearly shows an upward trend in their sales. Because demand for electrical machinery and transportation equipment is rising, overseas affiliated companies' sales increased 8.3% in ASEAN 4, 3.1% in NIES 3, and 6.8% in China and other Asian countries.

Their sales continued to decrease in North America (by 9.0% on a year-on-year basis) and Europe (by 14.9% on a year-on-year basis) partly due to the withdrawal of companies covered by the survey.

With respect to the outlook for the period from January to June 2000, the sales DI improved in all areas and increased 9.4 points from the previous quarter. The level was kept high (34.0, 28.5, and 37.9 in the recent three quarters). The local sales DI improved in all areas except Europe and increased 7.5 points from the previous quarter. The level was kept high (30.4, 26.9, and 34.4 in the recent three quarters).

• Overseas affiliated companies' exports to Japan (reimports) rose the same quarter of the previous year by 5.2% to 633.2 billion yen, the first increase in eight quarters. The exports increased 8.3% in Asia: 2.2% in ASEAN 4; 16.1% in NIES 3; and 13.0% in China and other Asian countries.

With respect to the outlook for the period from January to June 2000, the DI of the exports to Japan rose 2.1 points from the previous quarter. In Asia the DI increased 4.1 points and became double digits (13.5).

• The number of employees increased a year-on-year 4.6% to 1,636,000, the third consecutive quarter of uptrend. It remarkably increased in ASEAN 4 (by 11.5%) and in China and other Asian countries (by 11.8%).

With respect to the outlook for the period from January to June 2000, the export DI rose 7.4 points.

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)	
	Oct. - Dec. 1998	Jul. - Sept. 1999	Oct. - Dec. 1999	Oct. - Dec. 1999	Oct. - Dec. 1999	Oct. 1999 - Mar. 2000	Jan. - Jun. 2000
Sales	9,207,898	8,912,365	p 8,593,144	p -6.7	p -3.6	-5.5	p 9.4
Exports to Japan	602,097	672,667	p 633,224	p 5.2	p -5.9	-1.8	p 2.1
Local sales	5,424,446	5,290,027	p 5,070,045	p -6.5	p -4.2	-3.5	p 7.5
Number of employees	1,563,849	1,629,697	p 1,636,442	p 4.6	p 0.4	-1.2	p 7.4
Proportion of local sales to all sales	58.9	59.4	p 59.0				

## 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)	
	Oct. - Dec. 1998	Jul. - Sept. 1999	Oct. - Dec. 1999	Oct. - Dec. 1999	Oct. - Dec. 1999	Oct. 1999 - Mar. 2000	Jan. - Jun. 2000
Sales	4,271,720	4,176,111	p 3,888,751	p -9.0	p -6.9	-2.9	p 10.1
Exports to Japan	70,459	76,331	p 67,077	p -4.8	p -12.1	0.1	p 0.6
Local sales	3,028,573	2,935,129	p 2,804,326	p -7.4	p -4.5	-5.6	p 13.2
Number of employees	407,004	400,288	p 392,820	p -3.5	p -1.9	-2.6	p 4.1
Proportion of local sales to all sales	70.9	70.3	p 72.1				

### Sales and Local Sales

Because of a decline of local currencies against the Japanese yen and withdrawal of companies covered by the survey, sales decreased a year-on-year 0.9% to 3,888.8 billion yen, the fifth consecutive quarter of downtrend. Sales fell in all industries except the transportation equipment industry, the nonferrous metal industry, and the food and tobacco industry.

Local sales decreased a year-on-year 7.4% to 2,804.3 billion yen because they fell in nine industries except the transportation equipment industry.

With respect to the outlook for the period from January to June 2000, the sales DI increased from the previous quarter by 10.1 points (32.3 to 42.4) because it improved in nine industries, including the general machinery industry. The local sales DI also increased 13.2 points (29.4 to 42.6).

### Employment

The number of employees decreased a year-on-year 3.5% to 393,000. It fell in eight industries, including the electrical machinery industry.

With respect to the outlook for the period from January to June 2000, the DI increased from the previous quarter by 4.1 points (5.5 to 9.6) because it improved in eight industries, including the transportation equipment industry.

### Exports to Japan

Exports to Japan (known as reimports) decreased a year-on-year 4.8% to 67.1 billion yen, but it accounted for a slight 1.7% of the total sales.

With respect to the outlook for the period from January to June 2000, the DI increased from the previous quarter by a slight 0.6 points (3.9 to 4.5).

## 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)	
	Oct. - Dec. 1998	Jul. - Sept. 1999	Oct. - Dec. 1999	Oct. - Dec. 1999	Oct. - Dec. 1999	Oct. 1999 - Mar. 2000	Jan. - Jun. 2000
Sales	955,193	1,070,930	p 1,034,723	p 8.3	p -3.4	-9.9	p 5.7
Exports to Japan	248,669	273,563	p 254,109	p 2.2	p -7.1	-3.8	p 0.1
Local sales	307,354	395,523	p 405,616	p 32.0	p 2.6	-5.9	p 3.0
Number of employees	463,613	500,971	p 517,128	p 11.5	p 3.2	-1.8	p 8.4
Proportion of local sales to all sales	32.2	36.9	p 39.2				

### Sales and Local Sales

Despite a decline of local currencies against the Japanese yen, sales rose a year-on-year 8.3% to 1,034.7 billion yen, the first increase in three quarters. An increase in sales took place in seven industries, including the transportation equipment industry and the electrical machinery industry. In the transportation equipment industry, sales greatly increased for four consecutive quarters (by 19.3%, 19.9%, 21.2%, and 49.4%), contributing to an increase in the total sales by the overseas affiliated companies in this area.

Local sales increased a year-on-year 32.0% to 405.6 billion yen because they rose in seven industries, such as the transportation equipment industry and the electrical machinery industry. The increasing rate went up for the last three consecutive quarters (13.3%, 16.5%, and 32.0%).

With respect to the outlook for the period from January to June 2000, the sales DI increased from the previous quarter by 5.7 points (33.0 to 38.7), and the local sales DI increased 3.0 points (27.0 to 30.0). The sales DI improved in seven industries, such as the transportation equipment industry and the electrical machinery industry.

### Employment

The number of employees increased a year-on-year 11.5% to 517,000 because it rose in the electrical machinery industry and eight other industries. The number rose for three consecutive quarters.

With respect to the outlook for the period from January to June 2000, the DI increased from the previous quarter by 8.4 points (10.0 to 18.4). It improved in nine industries, including the transportation equipment industry and the electrical machinery industry.

### Exports to Japan

Exports to Japan (known as reimports) increased a year-on-year 2.2% to 254.1 billion yen because they rose in seven industries, including the electrical machinery industry, which accounted for as much as 67.9% of the total reimports.

With respect to the outlook for the period from January to June 2000, the DI increased from the previous quarter by a slight 0.1 points (13.6 to 13.7). It rose in seven industries, including the electrical machinery industry.

## 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)	
	Oct. - Dec. 1998	Jul. - Sept. 1999	Oct. - Dec. 1999	Oct. - Dec. 1999	Oct. - Dec. 1999	Oct. 1999 - Mar. 2000	Jan. - Jun. 2000
Sales	754,194	792,488	p 777,202	p 3.1	p -1.9	-13.0	p 24.7
Exports to Japan	112,499	124,226	p 130,574	p 16.1	p 5.1	-2.1	p 10.6
Local sales	337,925	376,417	p 362,892	p 7.4	p -3.6	-8.4	p 17.1
Number of employees	120,056	117,228	p 116,940	p -2.6	p -0.2	0.7	p 6.7
Proportion of local sales to all sales	44.8	47.5	p 46.7				

### Sales and Local Sales

Although local currencies declined against the Japanese yen, sales increased a year-on-year 3.1% to 777.2 billion yen, the first increase in eight quarters. This is because sales rose in the electrical machinery industry and three other industries.

Local sales also increased a year-on-year 7.4% to 362.9 billion yen because they rose in six industries, such as the electrical machinery industry.

With respect to the outlook for the period from January to June 2000, the sales DI increased from the previous quarter by 24.7 points (6.5 to 31.2), and the local sales DI rose 17.1 points (13.7 to 30.8). The sales DI improved in ten industries, including the electrical machinery industry.

### Employment

The number of employees decreased a year-on-year 2.6% to 117,000 mainly because of withdrawal of companies covered by the survey. The number fell for nine consecutive quarters. A decrease in the number was seen in six industries, including the electrical machinery industry.

With respect to the outlook for the period from January to June 2000, the DI increased from the previous quarter by 6.7 points (-6.2 to 0.5). It improved in seven industries, such as the electrical machinery industry and the transportation equipment industry.

### Exports to Japan

Exports to Japan (known as reimports) increased a year-on-year 16.1% to 130.6 billion yen. They rose in the electrical machinery industry and other three industries.

The electrical machinery industry accounted for as much as 74.6% of the total reimports.

With respect to the outlook for the period from January to June 2000, the DI increased

from the previous quarter by 10.6 points (-5.5 to 5.1). The level of the DI turned positive for the first time in eight quarters. The DI improved in ten industries, such as the electrical machinery industry and the precision instruments industry.

## 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)	
	Oct. - Dec. 1998	Jul. - Sept. 1999	Oct. - Dec. 1999	Oct. - Dec. 1999	Oct. - Dec. 1999	Oct. 1999 - Mar. 2000	Jan. - Jun. 2000
Sales	525,803	614,873	p 561,545	p 6.8	p -8.7	-1.9	p 7.8
Exports to Japan	137,373	165,271	p 155,268	p 13.0	p -6.1	-2.6	p 4.4
Local sales	216,772	234,047	p 201,614	p -7.0	p -13.9	0.2	p 6.8
Number of employees	277,139	299,787	p 309,966	p 11.8	p 3.4	1.4	p 6.1
Proportion of local sales to all sales	41.2	38.1	p 35.9				

### Sales and Local Sales

Despite a decline of local currencies against the Japanese yen, sales increased a year-on-year 6.8% to 561.5 billion yen, the third consecutive quarter of uptrend. This is mainly because sales increased 17.8% in the electrical machinery industry (the third consecutive increase).

Local sales fell a year-on-year 7.0% to 201.6 billion yen, a decrease for five consecutive quarters. This is because local sales declined in seven industries, including the precision instruments industry.

With respect to the outlook for the period from January to June 2000, the sales DI increased from the previous quarter by 7.8 points (36.4 to 44.2) and kept the level high.

The DI improved in eight industries, including the electrical machinery industry and the general machinery industry. The local sales DI also increased 6.8 points (33.0 to 39.8).

It improved in the electrical machinery industry and eight other industries.

### Employment

The number of employees grew a year-on-year 11.8% to 310,000, the ninth consecutive quarter of uptrend. It rose in nine industries, such as the electrical machinery industry.

With respect to the outlook for the period from January to June 2000, the DI increased from the previous quarter by 6.1 points (10.6 to 16.7). It improved in six industries, including the electrical machinery industry.

### Exports to Japan

Exports to Japan (known as reimports) went up a year-on-year 13.0% to 155.3 billion yen, an increase for two consecutive quarters.

A rise in exports to Japan was seen in the electrical machinery industry and four other 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)	
	Oct. - Dec. 1998	Jul. - Sept. 1999	Oct. - Dec. 1999	Oct. - Dec. 1999	Oct. - Dec. 1999	Oct. 1999 - Mar. 2000	Jan. - Jun. 2000
Sales	2,187,534	1,829,157	p 1,860,508	p -14.9	p 1.7	3.5	p 0.7
Exports to Japan	25,420	24,309	p 18,434	p -27.5	p -24.2	1.8	p -4.0
Local sales	1,239,481	1,092,854	p 1,048,092	p -15.4	p -4.1	6.4	p -3.1
Number of employees	191,965	205,748	p 191,092	p -0.5	p -7.1	0.6	p 5.5
Proportion of local sales to all sales	56.7	59.7	p 56.3				

### Sales and Local Sales

Because of a decline of local currencies against the Japanese yen and withdrawal of companies covered by the survey ( a decrease in the investment ratio), sales decreased a year-on-year 14.9% to 1,860.5 billion yen, the fourth consecutive quarter of downtrend. Sales fell in six industries, such as the transportation equipment industry and the electrical machinery industry. Local sales decreased a year-on-year 15.4% to 1,048.1 billion yen, a decline for three consecutive quarters. There was a decrease in local sales of the electrical machinery industry and seven other industries.

With respect to the outlook for the period from January to June 2000, the sales DI increased from the previous quarter by 0.7 points (26.2 to 26.9), the third consecutive increase. This is because it improved in four industries, such as the transportation equipment industry. The local sales decreased 3.1 points (28.5 to 25.4) because the local sales in six industries such as the electrical machinery industry went down, but the DI level was kept high.

### Employment

The number of employees decreased a year-on-year 0.5% to 191,000. The number fell mainly in the unclassified industries, while it continued to rise in the chemical industry and the transportation equipment industry.

With respect to the outlook for the period from January to June 2000, the DI increased from the previous quarter by 5.5 points (-0.4 to 5.1). It improved in seven industries, such as the transportation equipment industry and the chemical industry.

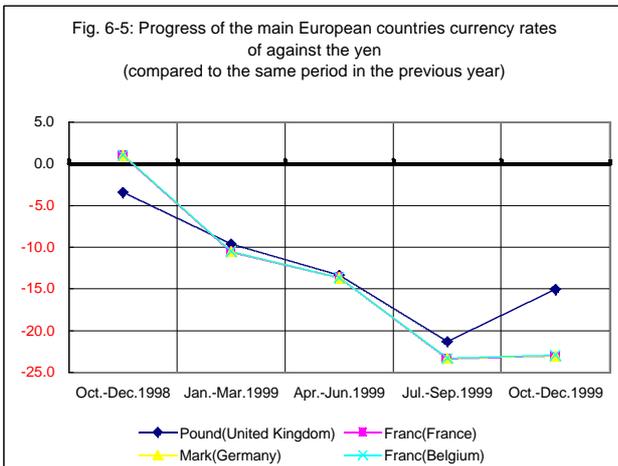
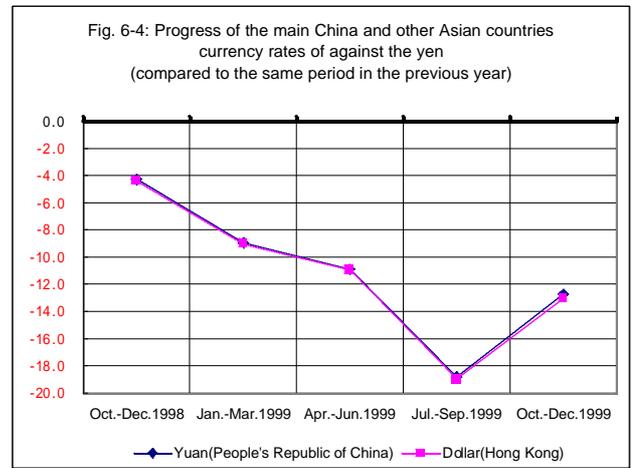
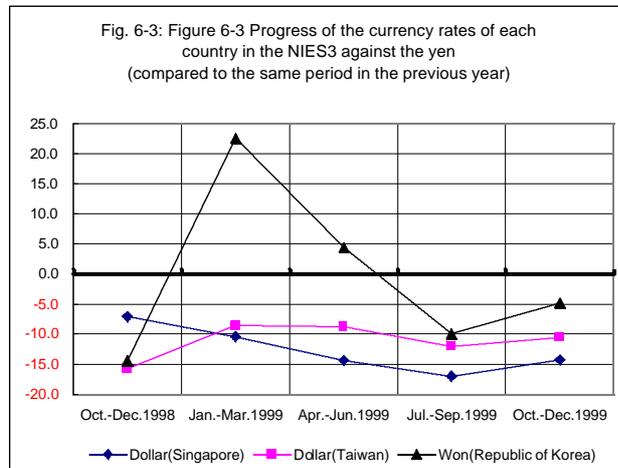
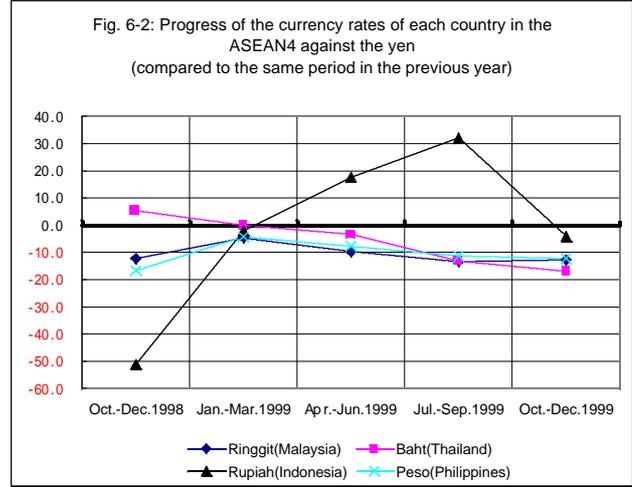
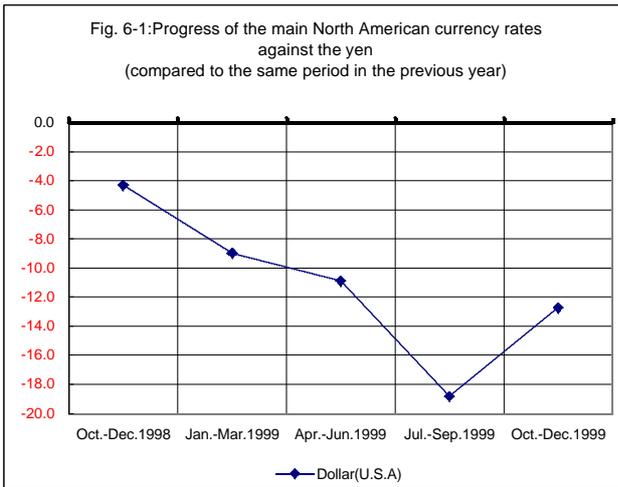
### Exports to Japan

Exports to Japan (known as reimports) fell a year-on-year 27.5% to 18.4 billion yen, the

fifth consecutive quarter of downtrend. They accounted for a slight 1.0% of the total sales.

With respect to the outlook for the period from January to June 2000, the DI decreased from the previous quarter by 4.0 points (4.5 to 0.5). It fell in the electrical machinery industry and three other industries.

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



International Financial Statistics (International Monetary Fund)