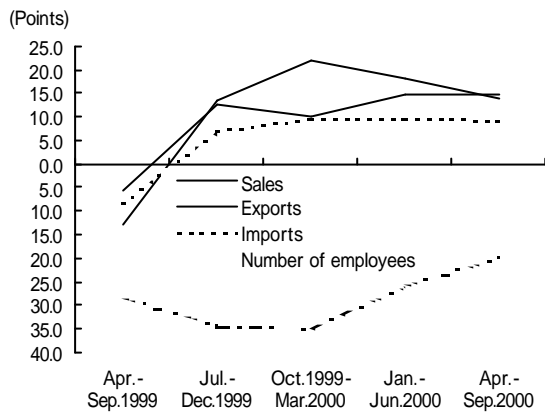


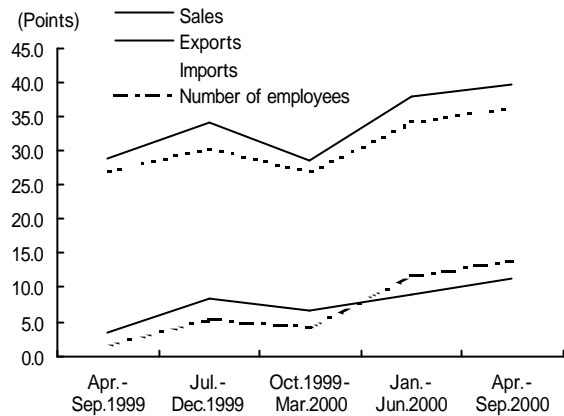
Quarterly Survey of Japanese Business Activities (January - March 2000)

10 July, 2000
Enterprise Statistics Division,
Research and Statistics Department,
Ministry of International Trade and Industry

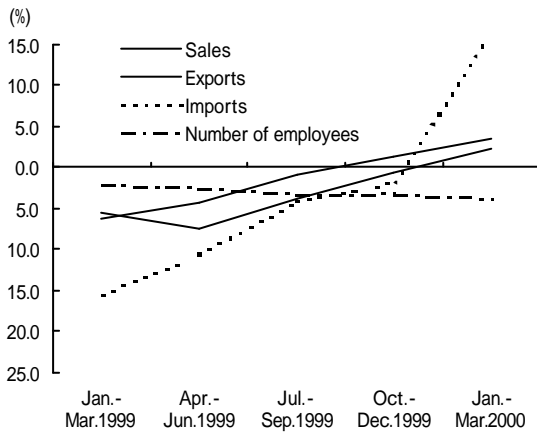
Prospects of Sales, etc for Domestic Parent Companies
(Diffusion Index)



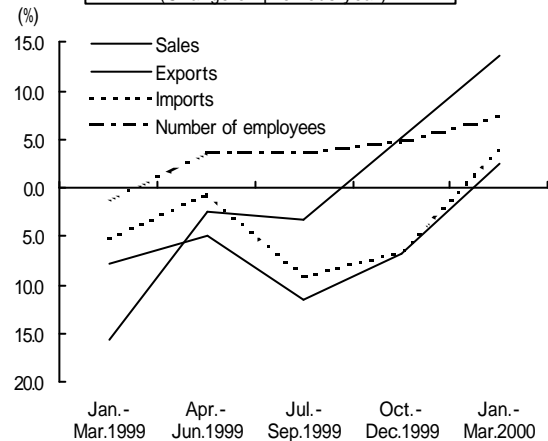
Prospects of Sales, etc for Overseas subsidiaries
(Diffusion Index)



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 years survey / Previously provided data consolidated with the data from the companies that provided data both in the current survey and in the previous years 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

NIES3

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 $Area \times Industry \times Item$ 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 January-March 2000
(outlook for the period from April to September 2000)

The previous DI: DI in October-December 1999
(outlook for the period from January to June 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 107.06 yen, an appreciation of 9.48 yen compared with the same quarter a year earlier (116.54 yen) and an appreciation of 2.52yen compared with the previous quarter (104.54 yen).

The responses to the questionnaire survey are summarized below.

Classification	Number of target company	Number of answered company	Response rate
Parent company	1,345	918	68.3%
Overseas subsidiaries	2,904	1,906	65.6%

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)	
	Jan. - Mar. 1999	Oct. - Dec. 1999	Jan. - Mar. 2000	Jan. - Mar. 2000	Jan. - Mar. 2000	Jan. - Jun. 2000	Apr. - Sept. 2000
Parent Companies	42,249,187	41,108,239	p 43,704,407	p 3.4	p 6.3	-3.8	p -4.4
Domestic sales	32,702,216	32,021,010	p 33,945,299	p 3.8	p 6.0		
Overseas Subsidiaries	9,016,074	8,590,331	p 9,249,173	p 2.6	p 7.7	9.3	p 1.9
Local Sales	5,335,806	5,069,806	p 5,541,281	p 3.9	p 9.3	7.3	p 2.1
Overseas production ratio	21.3	20.9	p 21.2				

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)	
	Jan. - Mar. 1999	Oct. - Dec. 1999	Jan. - Mar. 2000	Jan. - Mar. 2000	Jan. - Mar. 2000	Jan. - Jun. 2000	Apr. - Sept. 2000
Total	9,016,074	8,590,331	p 9,249,173	p 2.6	p 7.7	9.3	p 1.9
North America	4,236,362	3,890,109	p 4,190,890	p -1.1	p 7.7	9.3	p -7.1
Asia	2,178,197	2,372,317	p 2,431,264	p 11.6	p 2.5	10.9	p 6.3
Asean4	945,203	1,036,541	p 1,078,105	p 14.1	p 4.0	5.4	p 12.1
Nies3	725,620	774,921	p 784,075	p 8.1	p 1.2	24.9	p 2.7
China and other	507,374	560,855	p 569,084	p 12.2	p 1.5	8.0	p 1.0
Europe	2,103,960	1,857,490	p 2,155,801	p 2.5	p 16.1	1.4	p 0.6
Other	497,555	470,415	p 471,218	p -5.3	p 0.2	12.1	p -2.3

• Domestic parent companies' sales rose 3.4% from a year earlier to 43,704.4 billion, the second consecutive quarter of uptrend. The number of industries whose sales were above the year-earlier level was 11 compared with 5 in the preceding quarter. The transportation equipment industry's sales grew from a year earlier for the first time since October-December 1997, when the comparison with a year earlier began.

Overseas subsidiaries' sales were 9,249.2 billion yen, up 2.6% from a year earlier. This is the first increase in six quarters. In Asia, the growth rate was higher than that in the preceding quarter, when the sales had increased remarkably.

Compared with the same quarter a year ago, many local currencies fell against the yen. The US dollar fell 8.1% and the Euro 19.3%. See Figure 6.

With respect to the outlook for April-September 2000, domestic parent companies' DI of sales fell 4.4 points from the preceding quarter. The level, however, have remained positive for four consecutive quarters (13.4 for July-December 1999 22.0 18.2 13.8).

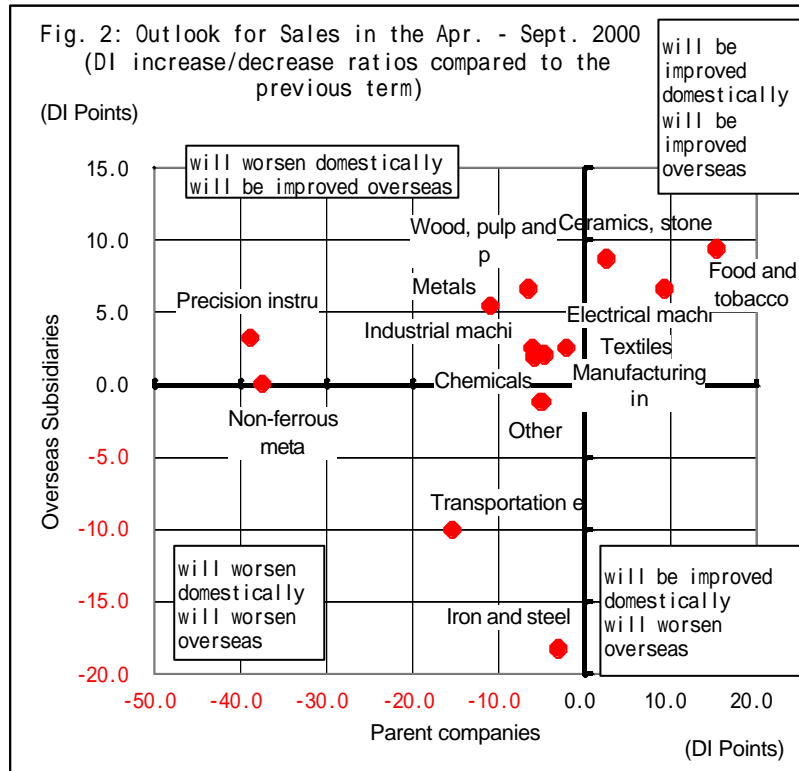
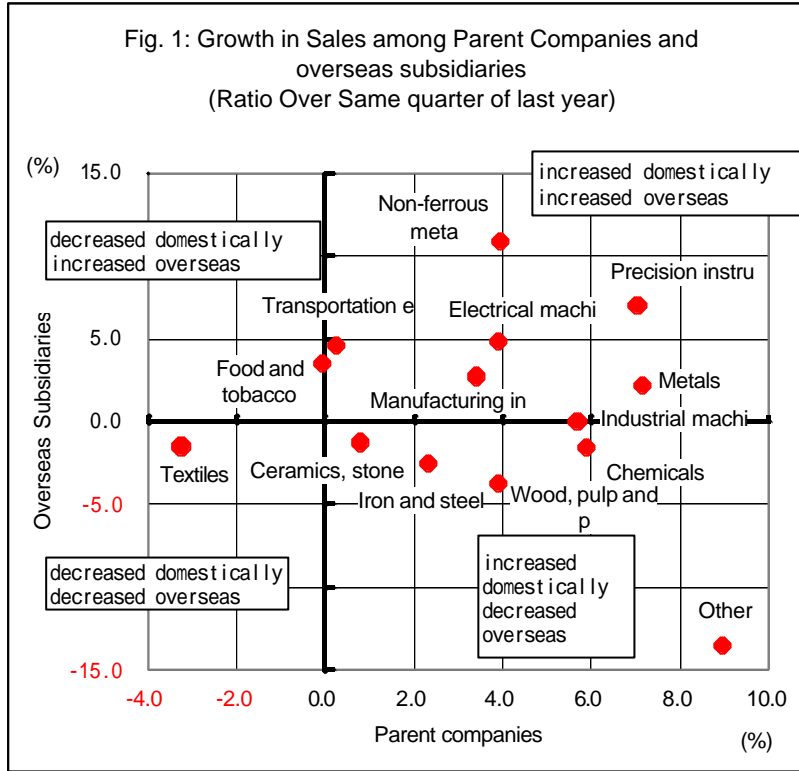
Overseas subsidiaries' DI of sales rose 1.9

points (39.7 to 37.8), although it fell in North America and in Other Areas. Generally, the level of the DI remained high in all areas.

• Overseas subsidiaries' local sales (see Note 2) were 5,541.3 billion yen, up 3.9% from a year earlier. They exceeded the year-earlier level for the first time in six quarters largely because of an increase in each Asian region.

With respect to the outlook for April-September 2000, overseas subsidiaries' DI of local sales rose 2.1 points from the preceding quarter (36.3 to 34.2). The level of the DI remained high (30.4 for July-December 1999 26.9 34.2 36.3).

• The overseas production ratio (see Note 3) was 21.2%, down 0.1 percentage point from a year earlier.



Equipment Investments

Table 3: Trends in the Amount of Acquired Tangible Fixed Assets by Parent Companies and Overseas Subsidiaries
(Unit: 100 million yen,%,DI points)

	Acquisition of tangible fixed assets (excluding land)			Ratio Over Same quarter of last year	Ratio Over Previous Quarter	Next Term Outlook (DI points compared to previous
	Oct.1998 - Mar.1999	Apr. - Sept. 1999	Oct.1999 - Mar. 2000	Oct.1999 - Mar. 2000	Oct.1999 - Mar. 2000	Apr. - Sept. 2000
Parent Companies	2,811,423	4,810,121	p 2,828,000	p 0.6	p -41.2	
domestic investment	r 2,189,658	2,144,984	p 2,213,348	p 1.1	p 3.2	p 9.7
direct overseas investment	r 621,765	2,665,137	p 614,652	p -1.1	p -76.9	p -0.9
Overseas Subsidiaries	r 605,738	518,427	p 548,093	p -9.5	p 5.7	p 8.3

Table 4: Trends in the Amount of Acquired Tangible Fixed Assets by Overseas subsidiaries by region
(Unit: 100 million yen,%,DI points)

	Acquisition of tangible fixed assets (excluding land)			Ratio Over Same quarter of last year	Ratio Over Previous Quarter	Next Term Outlook (DI points compared to previous
	Oct.1998 - Mar.1999	Apr. - Sept. 1999	Oct.1999 - Mar. 2000	Oct.1999 - Mar. 2000	Oct.1999 - Mar. 2000	Apr. - Sept. 2000
Total	r 605,738	518,427	p 548,093	p -9.5	p 5.7	p 8.3
North America	r 258,044	170,641	p 207,262	p -19.7	p 21.5	p 0.8
Asia	r 205,532	152,999	p 176,416	p -14.2	p 15.3	p 12.7
Asean4	r 100,935	72,828	p 100,671	p -0.3	p 38.2	p 14.5
Nies3	r 48,793	57,866	p 36,896	p -24.4	p -36.2	p 13.3
China and other	r 55,804	22,305	p 38,849	p -30.4	p 74.2	p 9.3
Europe	r 120,372	173,575	p 138,656	p 15.2	p -20.1	p 4.5
Other	r 21,790	21,212	p 25,759	p 18.2	p 21.4	p 5.8

• Domestic parent companies' capital investment (investments in tangible fixed assets except land) in October 1999-March 2000 was 2,213.3 billion yen. Compared with the same period a year earlier, they rose 1.1% after a decrease of 15.7% in the preceding period. An increase took place in nine industries, including electrical machinery.

Overseas subsidiaries' capital investment was 548.1 billion yen, down 9.5% from a year earlier. They fell in North America and in Asia.

• With respect to the outlook for April-September 2000, domestic parent companies' DI of capital investment rose 9.7 points from the preceding period (-58.8 to -49.1). Although the level remained negative, the DI increased for the second period in a row.

Overseas subsidiaries' DI of capital investment rose 8.3 points (11.3 to 19.6), the third

straight period of uptrend. It improved in all areas.

• Domestic parent companies' direct foreign investment in October 1999-March 2000 was 614.7 billion yen, down 1.1% compared with a year earlier. They fell in five industries, such as electrical machinery, while they rose in the other eight industries.

With respect to the outlook for April-September 2000, the DI decreased by a slight 0.9 point (-3.2 to -4.1). Generally, the DI has been improving (-11.5 for April-September 1998 -13.1 -3.2 -4.1).

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)	
	Jan. - Mar. 1999	Oct. - Dec. 1999	Jan. - Mar. 2000	Jan. - Mar. 2000	Jan. - Mar. 2000	Jan. - Jun. 2000	Apr. - Sept. 2000
Exports	9,546,971	9,087,229	p 9,759,108	p 2.2	p 7.4	4.7	p -0.1
Imports	1,963,420	2,116,843	p 2,289,683	p 16.6	p 8.2	-0.1	p -0.2
Exports - Imports	7,583,551	6,970,386	p 7,469,425	p -1.5	p 7.2		
Exports to overseas subsidiaries	4,656,983	4,791,580	p 4,958,861	p 6.5	p 3.5		
Imports from overseas subsidiaries	665,777	718,885	p 762,269	p 14.5	p 6.0		
Exports - Imports	3,991,206	4,072,695	p 4,196,592	p 5.1	p 3.0		
Proportion of exports to overseas subsidiaries	48.8	52.7	p 50.8				
Proportion of imports from overseas subsidiaries	33.9	34.0	p 33.3				

(1) Exports and imports

- Domestic parent companies' exports were 9,759.1 billion yen, up 2.2% from a year earlier. This is the first increase in six quarters. Exports rose in nine industries, such as electrical machinery, while they fell 5.9% in the transportation equipment industry, which accounts for a high percentage of the total exports.

- Domestic parent companies' imports rose 16.6% from a year earlier to 2,289.7 billion yen, the first increase in nine quarters. Imports grew in seven industries, including other industries (including the oil industry) and the electrical machinery industry.

- With respect to the outlook for April-September 2000, the DI of exports slightly fell to 14.7 from 14.8 in the preceding quarter. While the DI declined in seven industries, such as transportation equipment, it improved in the electrical machinery industry.

The DI of imports also slightly fell to 9.2 from 9.4 in the preceding quarter. The DI fell in seven industries, such as transportation

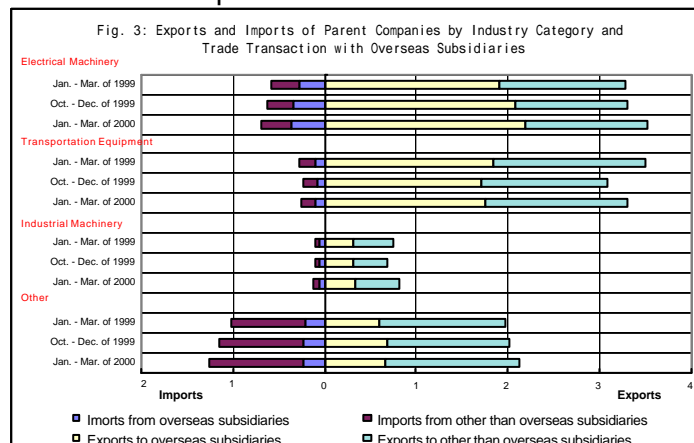
equipment, while it continued to rise in the electrical machinery industry.

(2) Intra-company trade with overseas subsidiaries

- Domestic parent companies' exports to overseas subsidiaries rose 6.5% from a year earlier to 4,958.9 billion yen. Exports to overseas subsidiaries accounted for 50.8% of their total exports, up 2.0 percentage points from a year earlier.

- Domestic parent companies' imports from overseas subsidiaries rose 14.5% from a year earlier to 762.3 billion yen, the first increase in six quarters. Imports from overseas subsidiaries expanded in nine industries, especially electrical machinery and other. Imports from overseas subsidiaries accounted for 33.3% of the total imports, down 0.6 percentage point from a year earlier.

- In the balance of trade with overseas subsidiaries, exports exceeded imports by 4,196.6 billion yen, up 5.1% from a year earlier.



Domestic and Overseas Employment

Table 6: Trends in the Number of Employees Employed by Parent Companies and Overseas Subsidiaries

	Number of employees			Ratio Over	Ratio Over	Next Term Outlook (DI	
	Jan. - Mar. 1999	Oct. - Dec. 1999	Jan. - Mar. 2000	Same quarter of last year	Previous Quarter	points compared to previous Term)	
				Jan. - Mar. 2000	Jan. - Mar. 2000	Jan. - Jun. 2000	Apr. - Sept. 2000
Parent Companies	2,664,341	2,618,764	p 2,559,655	p -3.9	p -2.3	9.1	p 6.2
Overseas Subsidiaries	1,581,183	1,638,184	p 1,698,706	p 7.4	p 3.7	7.5	p 2.3

Table 7: Trends in the Number of Employees Employed by Overseas Subsidiaries by region

	Number of employees			Ratio Over	Ratio Over	Next Term Outlook (DI	
	Jan. - Mar. 1999	Oct. - Dec. 1999	Jan. - Mar. 2000	Same quarter of last year	Previous Quarter	points compared to previous Term)	
				Jan. - Mar. 2000	Jan. - Mar. 2000	Jan. - Jun. 2000	Apr. - Sept. 2000
Total	1,581,183	1,638,184	p 1,698,706	p 7.4	p 3.7	7.5	p 2.3
North America	404,495	393,846	p 397,091	p -1.8	p 0.8	4.4	p 0.4
Asia	876,145	944,833	p 974,377	p 11.2	p 3.1	7.5	p 4.8
Asean4	477,081	516,661	p 528,117	p 10.7	p 2.2	8.7	p 6.1
Nies3	119,200	117,367	p 119,758	p 0.5	p 2.0	6.6	p 4.7
China and other	279,864	310,805	p 326,502	p 16.7	p 5.1	6.3	p 2.5
Europe	195,819	191,009	p 218,079	p 11.4	p 14.2	5.4	p -0.7
Other	104,724	108,496	p 109,159	p 4.2	p 0.6	23.2	p -6.7

- The number of regular employees of domestic parent companies was 2.56 million, down 3.9% from a year earlier. This is the highest decrease since the survey began. The number dropped in all industries as in the preceding quarter.

- The number of employees of overseas subsidiaries was 1,699,000, up 7.4% from a year earlier. This is the fourth consecutive increase and the highest rise since the survey began. The number increased in all areas except North America (a 1.8% decrease).

- With respect to the outlook for April-September 2000, domestic parent companies' DI rose 6.2 points from the preceding quarter (-25.9 to -19.7), although the level remained negative. The DI improved in ten industries, such as electrical machinery.

Overseas subsidiaries' DI rose 2.3 points (11.7 to 14.0). It increased in all areas except Europe (a decrease of 0.7 point) and the Other Areas (a decrease of 6.7 points).

Fig. 4: Growth Rates in the Number of Employment Employed by Domestically-based Parent Companies and overseas subsidiaries (Ratio Over Same quarter of last year)

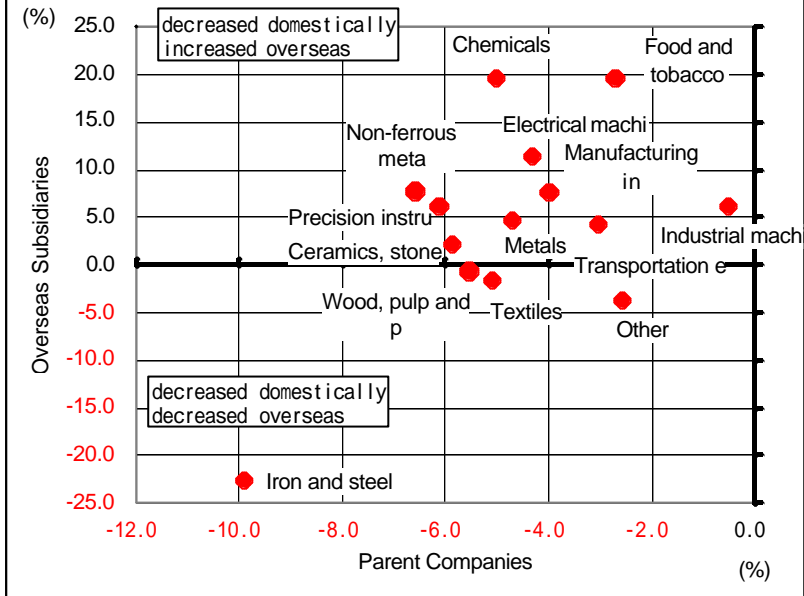
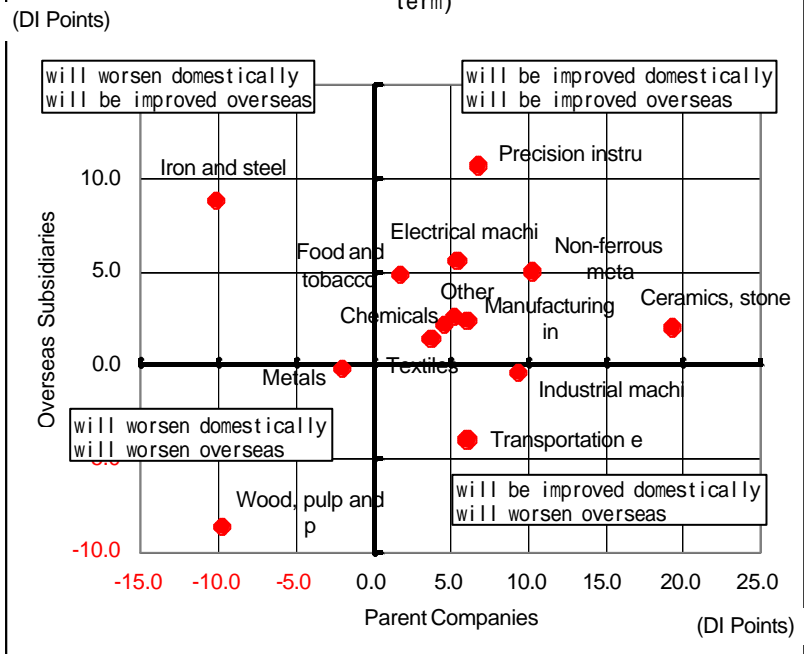


Fig. 5: Outlook for the Number of Employees in the Apr. - Sept. 2000 (DI increase/decrease ratios compared to the previous term)



Status of Overseas Subsidiaries by region

• Overseas subsidiaries' sales was 9,249.2 billion yen, up 2.6% from a year earlier. Their local sales rose 3.9% to 5,541.3 billion yen. Although local currencies fell against the yen (the US dollars fell 8.1%, and Euro 19.3%), both their sales and their local sales exceeded the year-ago levels for the first time in six quarters.

In Asia, overseas subsidiaries' sales rose from a year earlier by 11.6%, a growth rate higher than 6.1% in the preceding quarter. In detail, they rose 14.1% in ASEAN4, 8.1% in NIEs3, and 12.2% in China and Other Asian Countries. In Europe, they grew 2.5% from a year earlier, the first increase in five quarters. Although overseas subsidiaries' sales in North America are on a downward trend, the rate of decrease from a year earlier shrank to 1.1%.

With respect to the outlook for April-September 2000, the DI of sales rose 1.9 points from the preceding quarter and the level remained high (28.5 for October 1999-March 2000 37.8 39.7). The DI of local sales also rose and the level kept high (26.9 for October 1999-March 2000 34.2 36.3). The DI of local sales continued to improve in each Asian region.

• Exports to Japan (reimports) were 678.1 billion yen, up 13.6% from a year earlier. This is the second straight quarter that reimports have been above their year-ago level. They increased 16.1% in Asia: 15.8% in ASEAN4, 10.8% in NIEs3, and 21.1% in China and Other Asian Countries.

• Capital investment during October 1999-March 2000 was 548.1 billion yen, down 9.5% from a year earlier. However, the pace of decrease has been slowing (26.4% in October 1998-March 1999 10.3% 9.5%).

With respect to the outlook for April-September 2000, the DI rose 8.3 points from the preceding period (11.3 to 19.6), the third consecutive increase. The DI improved in all areas.

• The number of employees was 1,699,000, up 7.4% from a year earlier. This is the increase for the fourth straight quarter and the highest rise since the survey began. The number markedly rose 10.7% in ASEAN4 and 16.7% in China and Other Asian Countries.

With respect to the outlook for April-September 2000, the DI rose 2.3 points from the preceding quarter.

Table 8: 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)	
	Jan. - Mar. 1999	Oct. - Dec. 1999	Jan. - Mar. 2000	Jan. - Mar. 2000	Jan. - Mar. 2000	Jan. - Jun. 2000	Apr. - Sept. 2000
Sales	9,016,074	8,590,331	p 9,249,173	p 2.6	p 7.7	9.3	p 1.9
Exports to Japan	596,865	633,349	p 678,069	p 13.6	p 7.1	2.2	p 2.4
Local sales	5,335,806	5,069,806	p 5,541,281	p 3.9	p 9.3	7.3	p 2.1
Number of employees	1,581,183	1,638,184	p 1,698,706	p 7.4	p 3.7	7.5	p 2.3
Proportion of local sales to all sales	59.2	59.0	p 59.9				
	Oct.1998 - Mar.1999	Apr. - Sept. 1999	Oct.1999 - Mar. 2000	Oct.1999 - Mar. 2000	Oct.1999 - Mar. 2000	Oct.1999 - Mar. 2000	Apr. - Sept. 2000
Acquisition of tangible fixed assets	605,738	518,427	p 548,093	p -9.5	p 5.7	3.8	p 8.3

North America

Table 9: 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)	
	Jan. - Mar. 1999	Oct. - Dec. 1999	Jan. - Mar. 2000	Jan. - Mar. 2000	Jan. - Mar. 2000	Jan. - Jun. 2000	Apr. - Sept. 2000
Sales	4,236,362	3,890,109	p 4,190,890	p -1.1	p 7.7	9.3	p -7.1
Exports to Japan	72,494	66,986	p 77,862	p 7.4	p 16.2	0.5	p -0.2
Local sales	2,982,444	2,804,859	p 3,031,844	p 1.7	p 8.1	12.8	p -7.0
Number of employees	404,495	393,846	p 397,091	p -1.8	p 0.8	4.4	p 0.4
Proportion of local sales to all sales	70.4	72.1	p 72.3				
	Oct.1998 - Mar.1999	Apr. - Sept. 1999	Oct.1999 - Mar. 2000	Oct.1999 - Mar. 2000	Oct.1999 - Mar. 2000	Oct.1999 - Mar. 2000	Apr. - Sept. 2000
Acquisition of tangible fixed assets	258,044	170,641	p 207,262	p -19.7	p 21.5	2.9	p 0.8

Sales and Local Sales

Sales were 4,190.9 billion yen, down 1.1% from a year earlier due to weak local currencies against the yen. However, the rate of decrease shrank. Sales fell in eight industries, such as electrical machinery and chemical. The electrical machinery industry's sales continued to decrease because some subsidiaries covered by the survey withdrew from overseas. On the other hand, sales increased for the third straight quarter in the transportation equipment industry, which accounts for a high percentage of overseas subsidiaries' totalsales.

Local sales rose 1.7% from a year earlier to 3,031.8 billion yen because they increased in five industries, such as transportation equipment.

With respect to the outlook for April-September 2000, the DI of sales fell 7.1 points from the preceding quarter (41.6 to 34.5), but the level remained high. It dropped in seven industries, such as transportation equipment, electrical machinery, and general machinery. The DI of local sales also decreased from the preceding quarter, by 7.0 points (42.2 to 35.2).

Capital Investment

Capital investment during October 1999-March 2000 was 207.3 billion yen, down 19.7% from a year earlier. It fell in nine industries, including transportation equipment and electrical machinery.

With respect to the outlook for April-September 2000, the DI rose from the preceding period by a slight 0.8 point (12.6 to 13.4) because it improved in eight industries, such as chemical and general machinery.

13.4) because it improved in eight industries, such as chemical and general machinery.

Employment

The number of employees was 397,000, down 1.8% from a year earlier. It decreased in seven industries, such as electrical machinery.

With respect to the outlook for April-September 2000, the DI increased from the preceding quarter by a slight 0.4 point (9.9 to 10.3) because it improved in six industries, such as electrical machinery and nonferrous metal.

Exports to Japan

Overseas subsidiaries' exports to Japan, better known as reimports, grew 7.4% from a year earlier to 77.9 billion yen, although reimports accounted for only 1.9% of their total sales.

With respect to the outlook for April-September 2000, the DI fell from the preceding quarter by a slight 0.2 point (4.4 to 4.2).

ASEAN4

Table 10: 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)	
	Jan. - Mar. 1999	Oct. - Dec. 1999	Jan. - Mar. 2000	Jan. - Mar. 2000	Jan. - Mar. 2000	Jan. - Jun. 2000	Apr. - Sept. 2000
Sales	945,203	1,036,541	p 1,078,105	p 14.1	p 4.0	5.4	p 12.1
Exports to Japan	239,511	254,370	p 277,396	p 15.8	p 9.1	0.1	p 10.2
Local sales	300,019	405,220	p 410,522	p 36.8	p 1.3	2.3	p 9.9
Number of employees	477,081	516,661	p 528,117	p 10.7	p 2.2	8.7	p 6.1
Proportion of local sales to all sales	31.7	39.1	p 38.1				
	Oct.1998 - Mar.1999	Apr. - Sept. 1999	Oct.1999 - Mar. 2000	Oct.1999 - Mar. 2000	Oct.1999 - Mar. 2000	Oct.1999 - Mar. 2000	Apr. - Sept. 2000
Acquisition of tangible fixed assets	100,935	72,828	p 100,671	p -0.3	p 38.2	4.2	p 14.5

Sales and Local Sales

In spite of weak local currencies against the yen, sales rose 14.1% from a year earlier to 1,078.1 billion yen, the second consecutive quarter that sales have been above the year-ago level. Sales increased in nine industries: sales of electrical machinery rose 10.8% because of active demand; and sales of transportation equipment jumped 29.3%.

Local sales also rose in nine industries. They increased 36.8% from a year earlier to 410.5 billion yen. The rate of increase from a year earlier has expanded for four straight quarters (13.3% in April-June 1999 16.5% 31.8% 36.8%).

With respect to the outlook for April-September 2000, the DI of sales rose 12.1 points from the preceding year (38.4 to 50.5) and that of local sales 9.9 points (29.3 to 39.2). The DI of sales improved in eight industries, such as electrical machinery, chemical, and textile.

Capital Investment

Capital investment during October 1999-March 2000 was 100.7 billion yen, down 0.3% from a year earlier. It decreased in six industries, including textile and nonferrous metal, while it increased in the electrical machinery industry, which accounts for a high percentage of the total.

With respect to the outlook for April-September 2000, the DI rose 14.5 points from the preceding period (14.5 to 29.0) because it improved in seven industries, such as electrical machinery and steel.

Employment

The number of employment rose 10.7% from a year earlier to 528,000, the fourth consecutive quarter that the number has been above the year-earlier level. It increased in ten industries, especially electrical machinery.

With respect to the outlook for April-September 2000, the DI rose 6.1 points from the preceding quarter (18.7 to 24.8). The DI improved in ten industries, such as electrical machinery and chemical.

Exports to Japan

Local subsidiaries' exports to Japan, better known as reimports, rose 15.8% from a year earlier to 277.4 billion yen because they increased in eight industries, especially electrical machinery. The electrical machinery industry's reimports accounted for a high 70.8% of the total.

With respect to the outlook for April-September 2000, the DI rose 10.2 points from the preceding quarter (13.7 to 23.9). The DI improved in eight industries, such as electrical machinery and textile.

NIES3

Table 11: 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)	
	Jan. - Mar. 1999	Oct. - Dec. 1999	Jan. - Mar. 2000	Jan. - Mar. 2000	Jan. - Mar. 2000	Jan. - Jun. 2000	Apr. - Sept. 2000
Sales	725,620	774,921	p 784,075	p 8.1	p 1.2	24.9	p 2.7
Exports to Japan	115,064	129,435	p 127,470	p 10.8	p -1.5	10.9	p 0.8
Local sales	322,002	362,311	p 363,117	p 12.8	p 0.2	16.9	p 6.0
Number of employees	119,200	117,367	p 119,758	p 0.5	p 2.0	6.6	p 4.7
Proportion of local sales to all sales	44.4	46.8	p 46.3				
	Oct.1998 - Mar.1999	Apr. - Sept. 1999	Oct.1999 - Mar. 2000	Oct.1999 - Mar. 2000	Oct.1999 - Mar. 2000	Oct.1999 - Mar. 2000	Apr. - Sept. 2000
Acquisition of tangible fixed assets	48,793	57,866	p 36,896	p -24.4	p -36.2	6.6	p 13.3

Sales and Local Sales

Sales were 784.1 billion yen, up 8.1% from a year earlier. In spite of weak local currencies against the yen, sales was above the year-earlier level for the second straight quarter because they grew in six industries, such as electrical machinery.

Local sales rose 12.8% from a year earlier to 363.1 billion yen because they increased in seven industries, such as electrical machinery.

With respect to the outlook for April-September 2000, the DI of sales rose 2.7 points from the preceding quarter (31.4 to 34.1), and the DI of local sales rose 6.0 points (30.6 to 36.6). The levels remained high. The DI of sales improved in seven industries, such as electrical machinery, transportation equipment, and general machinery.

Capital Investment

Capital investment during October 1999-March 2000 was 36.9 billion yen, down 24.4% from a year earlier. In the nonferrous metal industry, capital investment greatly declined in reaction to a large increase in the previous year. Capital investment decreased in seven industries, while it increased in the electrical machinery and precision instruments industries.

With respect to the outlook for April-September 2000, the DI rose 13.3 points from the preceding period (2.3 to 15.6) because it improved in six industries, such as electrical machinery, transportation equipment, and general machinery.

Employment

The number of employees rose 0.5% from a year earlier to 120,000. The number exceeded the year-ago level for the first time since the survey began. An increase took place in four industries, such as electrical machinery, general machinery, and textile.

With respect to the outlook for April-September 2000, the DI rose 4.7 points from the preceding quarter (0.4 to 5.1). It improved in five industries, such as electrical machinery and transportation equipment.

Exports to Japan

Local subsidiaries' exports to Japan, better known as reimports, were 127.5 billion yen, up 10.8% from a year earlier. Reimports have been above the year-earlier level for two straight quarters. Seven industries, such as electrical machinery, expanded reimports. The electrical machinery industry's reimports accounted for 73.2% of the total.

With respect to the outlook for April-September 2000, the DI rose by a slight 0.8 point from the preceding quarter (5.4 to 6.2). The DI improved in five industries, such as electrical machinery and precision instruments.

China and other Asian countries

Table 12: 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)	
	Jan. - Mar. 1999	Oct. - Dec. 1999	Jan. - Mar. 2000	Jan. - Mar. 2000	Jan. - Mar. 2000	Jan. - Jun. 2000	Apr. - Sept. 2000
Sales	507,374	560,855	p 569,084	p 12.2	p 1.5	8.0	p 1.0
Exports to Japan	136,209	156,362	p 164,926	p 21.1	p 5.5	4.7	p -2.4
Local sales	203,480	202,321	p 204,845	p 0.7	p 1.2	6.4	p 5.1
Number of employees	279,864	310,805	p 326,502	p 16.7	p 5.1	6.3	p 2.5
Proportion of local sales to all sales	40.1	36.1	p 36.0				
	Oct.1998 - Mar.1999	Apr. - Sept. 1999	Oct.1999 - Mar. 2000	Oct.1999 - Mar. 2000	Oct.1999 - Mar. 2000	Oct.1999 - Mar. 2000	Apr. - Sept. 2000
Acquisition of tangible fixed assets	r 55,804	22,305	p 38,849	p -30.4	p 74.2	3.8	p 9.3

Sales and Local Sales

Although local currencies fell against yen, sales rose 12.2% from a year earlier to 569.1 billion yen, the fourth straight quarter that sales have been above the year-earlier level.

This is because sales continued to increase greatly in the electrical machinery industry, which accounts for a high percentage of the total sales.

Local sales rose 0.7% from a year earlier to 204.8 billion yen, the first increase in six quarters. Local sales increased in the ceramics, stone and clay products industry, the chemical industry, and five other industries.

With respect to the outlook for April-September 2000, the DI of sales rose to 45.4 from 44.4 in the preceding quarter and the level remained high. Improvement occurred in six industries, including electrical machinery and general machinery. The DI of local sales rose 5.1 points (39.4 to 44.5). It increased in nine industries, such as electrical machinery and general machinery.

Capital Investment

Capital investment during October 1999-March 2000 was 38.8 billion yen, down 30.4% from a year earlier. It decreased in seven industries, such as electrical machinery and general machinery.

With respect to the outlook for April-September 2000, the DI rose 9.3 points from the preceding period (13.1 to 22.4). It improved in ten industries, such as electrical machinery, general machinery, and precision instruments.

Employment

The number of employees increased 16.7% from a year earlier to 327,000, the tenth consecutive quarter that the number has been above the year-earlier level.

With respect to the outlook for April-September 2000, the DI rose 2.5 points from the preceding quarter (16.9 to 19.4). It improved in seven industries, including general machinery and chemical.

Exports to Japan

Local subsidiaries' exports to Japan, better known as reimports, were 164.9 billion yen, up 21.1% from a year earlier. Reimports were above the year-earlier level for the third straight quarter.

With respect to the outlook for April-September 2000, the DI fell 2.4 points from the preceding quarter (18.8 to 16.4). It declined in seven industries, such as precision instruments.

Europe

Table 13: 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)	
	Jan. - Mar. 1999	Oct. - Dec. 1999	Jan. - Mar. 2000	Jan. - Mar. 2000	Jan. - Mar. 2000	Jan. - Jun. 2000	Apr. - Sept. 2000
Sales	2,103,960	1,857,490	p 2,155,801	p 2.5	p 16.1	1.4	p 0.6
Exports to Japan	26,292	18,434	p 23,164	p -11.9	p 25.7	-4.0	p 0.5
Local sales	1,232,981	1,047,590	p 1,294,108	p 5.0	p 23.5	-2.4	p -2.8
Number of employees	195,819	191,009	p 218,079	p 11.4	p 14.2	5.4	p -0.7
Proportion of local sales to all sales	58.6	56.4	p 60.0				
	Oct.1998 - Mar.1999	Apr. - Sept. 1999	Oct.1999 - Mar. 2000	Oct.1999 - Mar. 2000	Oct.1999 - Mar. 2000	Oct.1999 - Mar. 2000	Apr. - Sept. 2000
Acquisition of tangible fixed assets	r 120,372	173,575	p 138,656	p 15.2	p -20.1	0.7	p 4.5

Sales and Local Sales

In spite of weak local currencies against the yen, sales rose 2.5% from a year earlier to 2,155.8 billion yen, the first increase in five quarters. A sharp increase took place in the electrical machinery industry because of mergers and acquisitions. Sales also increased in the chemical industry. On the other hand, a decrease continued in the transportation equipment industry. Local sales grew 5.0% from a year earlier to 1,294.1 billion yen, the first increase in four quarters. Sales and local sales increased in three industries, such as electrical machinery.

With respect to the outlook for April-September 2000, the DI of sales rose 0.6 point from the preceding quarter (27.6 to 28.2), the fourth straight increase. It improved in five industries, such as electrical machinery, general machinery, and chemical. The DI of local sales fell 2.8 points (26.1 to 23.3), although the level remained high. It decreased in the seven industries, such as transportation equipment and general machinery.

Capital Investment

Capital investment during October 1999-March 2000 increased 15.2% from a year earlier to 138.7 billion yen, the second consecutive period that capital investment has been above the year-earlier level. It sharply rose in the chemical and transportation equipment industries.

With respect to the outlook for April-September 2000, the DI improved in seven industries, including chemical, and rose 4.5 points from the preceding period (12.0 to 16.5).

Employment

The number of employees was 218,000, up 11.4% from a year earlier. It increased especially in the chemical and electrical machinery industries.

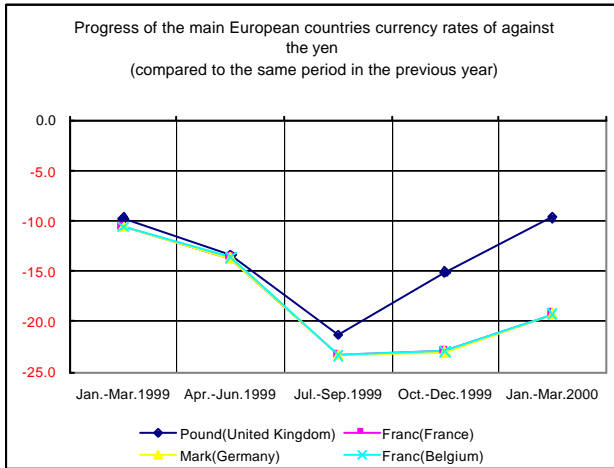
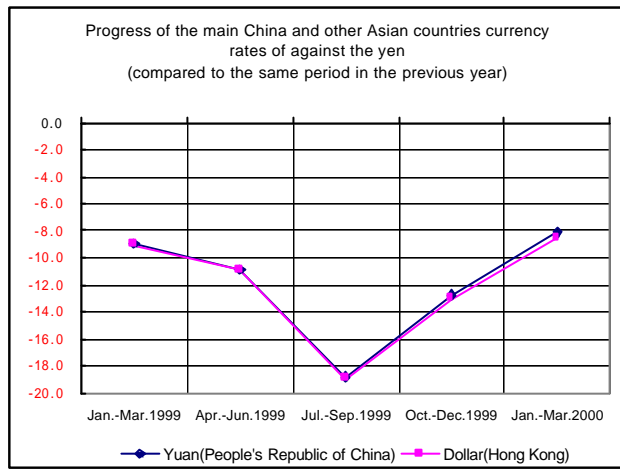
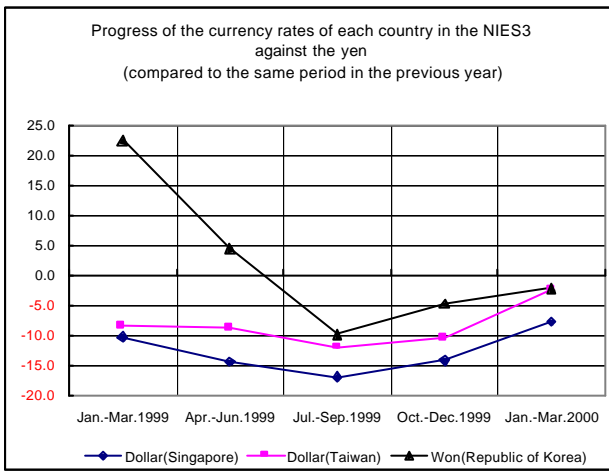
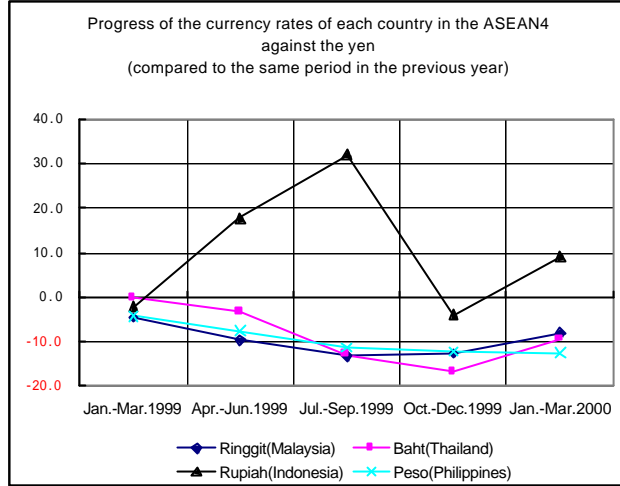
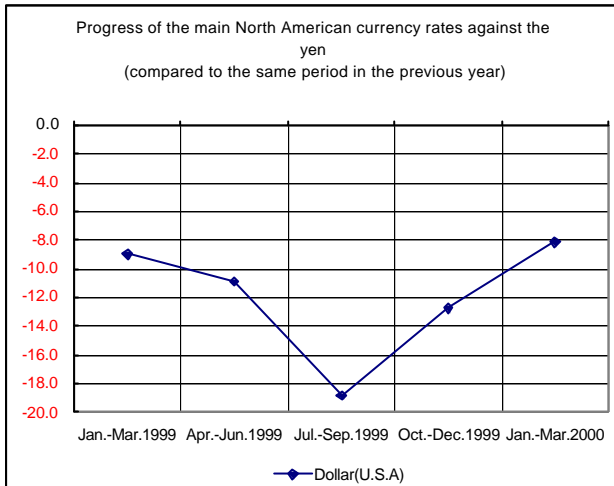
With respect to the outlook for April-September 2000, the DI fell from a preceding quarter by a slight 0.7 point (5.0 to 4.3). It decreased in five industries, such as general machinery and transportation equipment.

Exports to Japan

Local subsidiaries' exports to Japan, better known as reimports, fell 11.9% from a year earlier to 23.1 billion yen. They have been below the year-earlier level for sixth quarters in a row. A decrease took place in five industries, especially electrical machinery. Reimports accounted for a small 1.1% of overseas subsidiaries' total sales.

With respect to the outlook for April-September 2000, the DI slightly rose to 1.0 from 0.5 in the preceding quarter. It improved in four industries, such as electrical machinery.

Progress of the currency rates of the main regions against the yen



International Financial Statistics (International Monetary Fund)