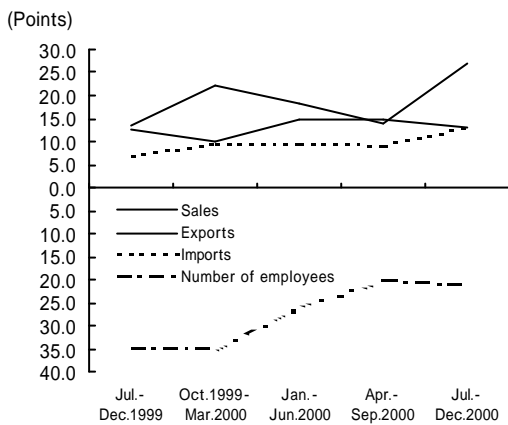


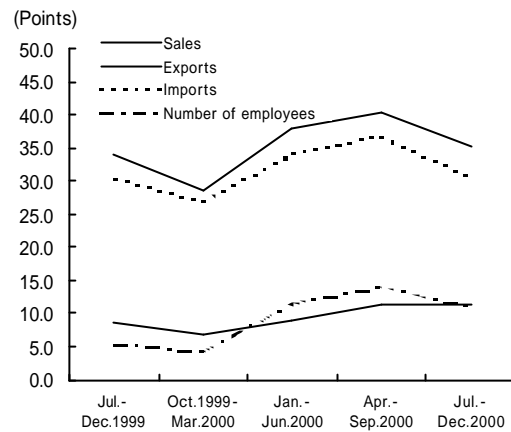
Quarterly Survey of Japanese Business Activities (April - June 2000)

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

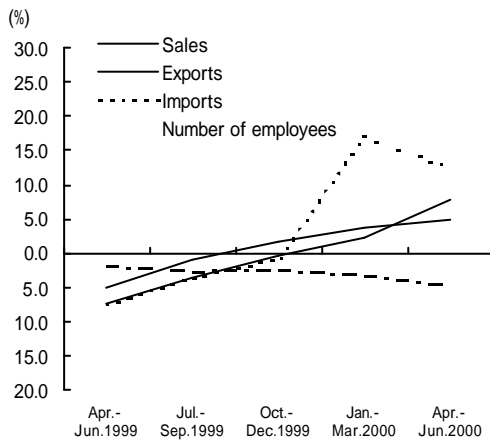
Prospects of Sales, etc for Domestic Parent Companies
(Diffusion Index)



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 subsidiaries
(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, Vietnam, Sri Lanka, Pakistan,

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People's Republic of China (including Hong Kong)

Europe

Ireland, United Kingdom, Italy, Austria, Netherlands, Greece, Switzerland, Sweden, Spain, Denmark, Germany, Turkey, Hungary, Finland, France, Belgium, Poland, Portugal

Other

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

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

April-June 2000 Quarterly Survey of Japanese Business Activities

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 April-June 2000 (outlook for the period from July to December 2000)

The previous DI: DI in January-March 2000 (outlook for the period from April to September 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

Note 4: Ratio of overseas employment = Number of employees of overseas subsidiaries

/ Number of employees of domestic parent companies

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 106.61 yen, an appreciation of 14.33 yen compared with the same quarter a year earlier (120.94 yen) and an appreciation of 0.45 yen compared with the previous quarter (107.06 yen).

The responses to the questionnaire survey are summarized below.

Classification	Number of target company	Number of answered company	Response rate
Parent company	1,340	899	67.1%
Overseas subsidiaries	2,923	1,888	64.6%

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

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

(Unit: million yen, %, DI points)

	Sales			Ratio Over	Ratio Over	Next Term Outlook (DI	
	Apr. - Jun. 1999	Jan. - Mar. 2000	Apr. - Jun. 2000	Same quarter of last year	Previous Quarter	points compared to previous Term)	
				Apr. - Jun. 2000	Apr. - Jun. 2000	Apr. - Sept. 2000	Jul. - Dec. 2000
Parent Companies	38,713,764	43,754,721	p 40,573,890	p 4.8	p -7.3	-4.3	p 12.9
Domestic sales	29,894,693	33,995,635	p 31,059,626	p 3.9	p -8.6		
Overseas Subsidiaries	9,064,495	8,997,812	p 9,140,461	p 0.8	p 1.6	2.6	p -5.1
Local Sales	5,493,473	5,492,487	p 5,502,823	p 0.2	p 0.2	2.6	p -6.2
Overseas production ratio	23.4	20.6	p 22.5				

Table 2: Trends in Sales of Overseas subsidiaries by region

(Unit: million yen, %, DI points)

	Sales			Ratio Over	Ratio Over	Next Term Outlook (DI	
	Apr. - Jun. 1999	Jan. - Mar. 2000	Apr. - Jun. 2000	Same quarter of last year	Previous Quarter	points compared to previous Term)	
				Apr. - Jun. 2000	Apr. - Jun. 2000	Apr. - Sept. 2000	Jul. - Dec. 2000
Total	9,064,495	8,997,812	p 9,140,461	p 0.8	p 1.6	2.6	p -5.1
North America	4,268,657	4,155,635	p 4,206,084	p -1.5	p 1.2	-6.8	p -6.7
Asia	2,408,531	2,429,260	p 2,647,955	p 9.9	p 9.0	7.0	p -3.9
Asean4	1,028,003	1,077,255	p 1,151,947	p 12.1	p 6.9	13.1	p -2.9
Nies3	788,084	780,755	p 852,775	p 8.2	p 9.2	2.5	p -5.0
China and other	592,444	571,250	p 643,233	p 8.6	p 12.6	1.9	p -4.4
Europe	1,891,538	1,944,018	p 1,806,552	p -4.5	p -7.1	1.0	p -9.6
Other	495,769	468,899	p 479,870	p -3.2	p 2.3	-1.0	p -2.4

• Domestic parent companies' sales were 40,573.9 billion yen (up 4.8% from a year earlier), the third consecutive increase, and the number of industries whose sales increased was 10 out of 13 industries. Especially the transportation equipment industry's sales increased 0.8% from a year earlier in the preceding quarter for the first time since October-December 1997, when the comparison with a year earlier began, and they further increased in this quarter, up 6.4% from a year earlier.

Overseas subsidiaries' sales were 9,140.5 billion yen (up 0.8% from a year earlier), the second consecutive increase. Especially in Asian regions, sales continued to increase markedly.

It should also be noted that, compared with the same quarter of a year earlier (see Figure 6), many local currencies of countries where overseas subsidiaries are located fell against the yen, and the US dollar fell 11.8% and the Euro 22.1%.

In respect of the outlook for July-December 2000, domestic parent companies' DI (see Note 1) of sales considerably improved, up 12.9 points from the preceding quarter. The level remained positive for the fifth consecutive quarter (13.4 for July-December 1999 22.0 18.2 13.9 26.8 for July-December April - June 2000

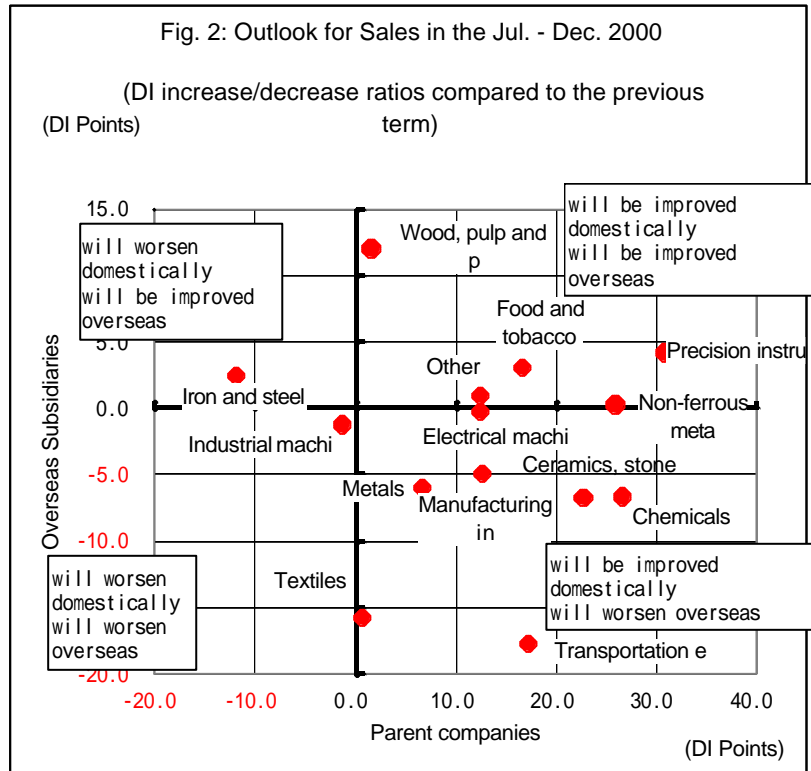
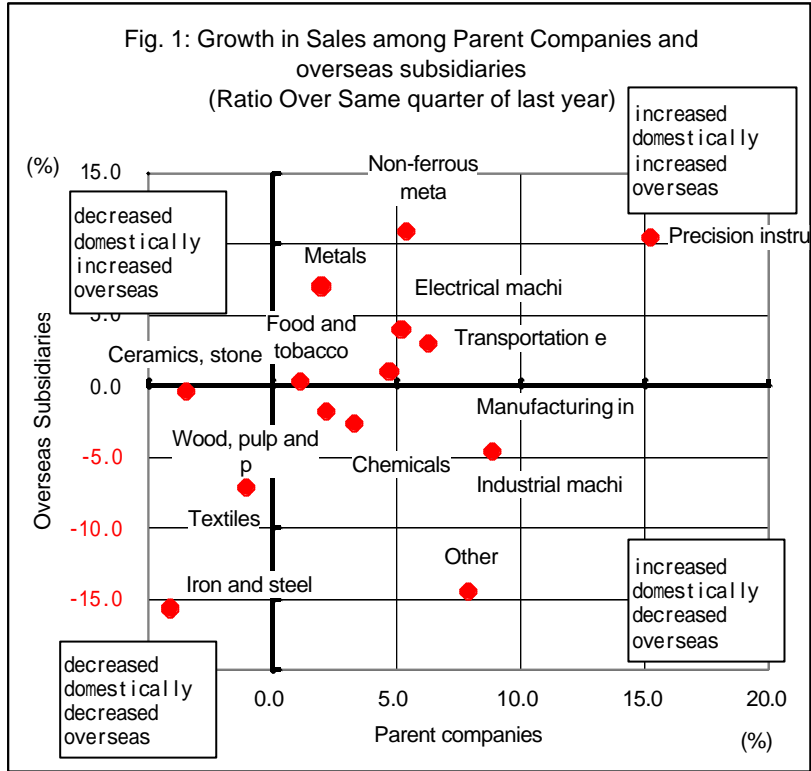
2000).

On the other hand, overseas subsidiaries' DI of sales fell 5.1 points (40.4 35.3) from a year earlier. The DI declined in all regions, and especially in Europe, it markedly fell, down 9.6 points from a year earlier. The DI level remained generally high in all regions except Europe.

• Overseas subsidiaries' local sales (see Note 2) were 5,502.8 billion yen, slightly up 0.2% from a year earlier. In each Asian region, they increased continuously from the preceding quarter, but fell in North America, Europe and other regions.

In respect of the outlook for July-December 2000, overseas subsidiaries' DI of local sales fell 6.2 points (36.8 30.6) for the first time in three quarters. The DI level remained relatively high (30.4 for July-December 1999 26.9 34.2 36.8 30.6 for July-December 2000).

• The ratio of overseas production (see Note 3) was 22.5%, down 0.9 points from a year earlier.



Domestic and Overseas Employment

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

	Number of employees			Ratio Over	Ratio Over	Next Term Outlook (DI	
	Apr. - Jun. 1999	Jan. - Mar. 2000	Apr. - Jun. 2000	Same quarter of last year	Previous Quarter	points compared to previous Term)	
				Apr. - Jun. 2000	Apr. - Jun. 2000	Apr. - Sept. 2000	Jul. - Dec. 2000
Parent Companies	2,697,496	2,579,936	2,569,095	p -4.8	p -0.4	5.9	p -1.2
Overseas Subsidiaries	1,599,234	1,681,296	1,716,730	p 7.3	p 2.1	2.4	p -3.1

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

	Number of employees			Ratio Over	Ratio Over	Next Term Outlook (DI	
	Apr. - Jun. 1999	Jan. - Mar. 2000	Apr. - Jun. 2000	Same quarter of last year	Previous Quarter	points compared to previous Term)	
				Apr. - Jun. 2000	Apr. - Jun. 2000	Apr. - Sept. 2000	Jul. - Dec. 2000
Total	1,599,234	1,681,296	1,716,730	p 7.3	p 2.1	2.4	p -3.1
North America	409,670	399,673	406,396	p -0.8	p 1.7	0.5	p -0.7
Asia	902,483	985,041	1,008,651	p 11.8	p 2.4	4.8	p -3.7
Asean4	494,195	530,977	548,287	p 10.9	p 3.3	5.9	p -3.1
Nies3	117,869	119,337	120,120	p 1.9	p 0.7	4.5	p -2.6
China and other	290,419	334,727	340,244	p 17.2	p 1.6	2.9	p -5.1
Europe	181,500	187,782	192,803	p 6.2	p 2.7	-0.8	p -6.2
Other	105,581	108,800	108,880	p 3.1	p 0.1	-6.0	p -2.5

• The number of regular employees of domestic parent companies was 2,569,000, down 4.8% from a year earlier. This is the highest decrease since the survey began, and the pace of decrease has been becoming faster (-1.8% for April-June 1999 -2.7% -2.5% -3.2% -4.8%). Such decrease was due in part to spin-off, transfers, etc., that have not been covered by this survey.

• The number of employees of overseas subsidiaries was 1,717,000, up 7.3% from a year earlier, the fifth consecutive increase. The number increased in all regions except North America (down 0.8%). Especially the number considerably rose in China and other Asian countries (up 17.2%).

• In respect of the outlook for July-December 2000, domestic parent companies' DI fell 1.2 points from the previous quarter (-20.0 -21.2). The DI also remained at a low level. By industry, the DI declined in seven industries, including electrical machinery, compared with that in the preceding quarter.

Overseas subsidiaries' DI fell 3.1 points (14.1 11.0) for the first time in three quarters, and declined in all regions.

Due to the recent decrease in domestic employment and the recent increase in overseas employment, the ratio of overseas employment (see Note 4) for this quarter was 66.8%, up 7.5 points from the preceding year.

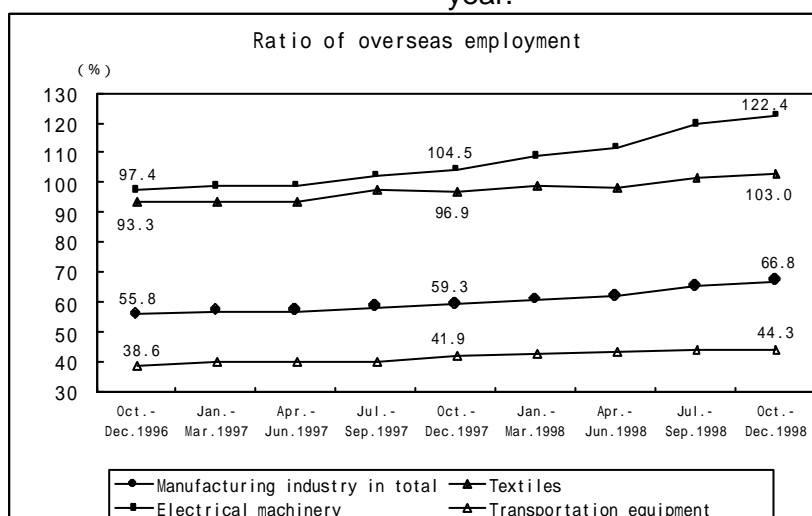


Fig. 3: Growth Rates in the Number of Employment Employed by Domestically-based Parent Companies and overseas subsidiaries (Ratio Over Same quarter of last year)

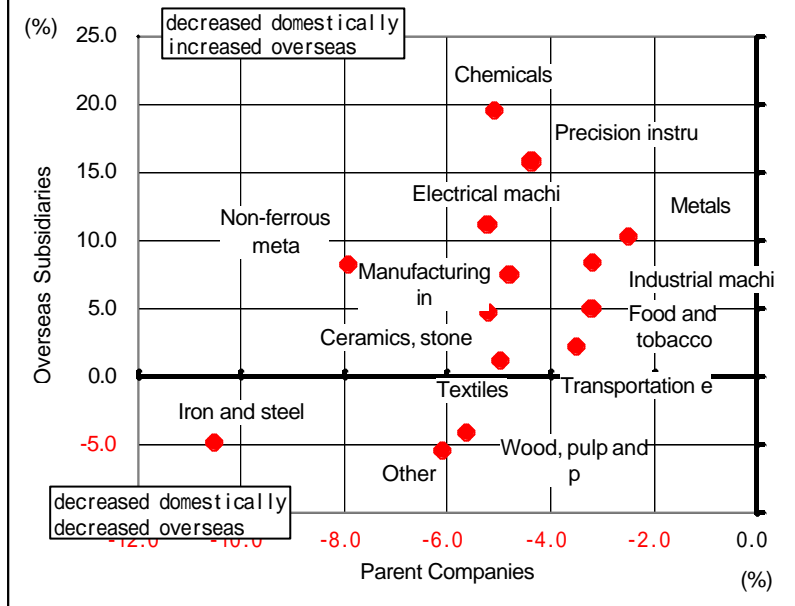
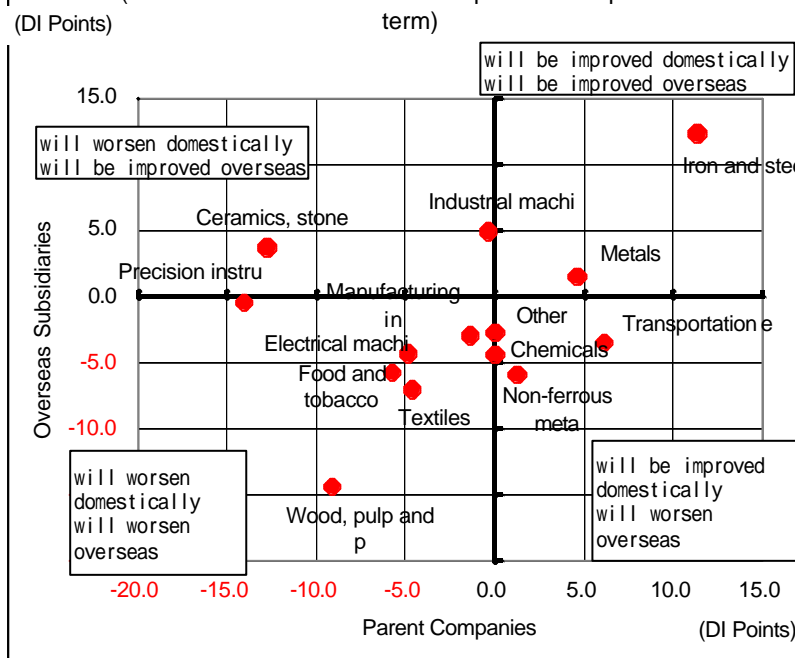


Fig. 4: Outlook for the Number of Employees in the Jul. - Dec. 2000 (DI increase/decrease ratios compared to the previous term)



Trade Transactions

Table 5: Trends in Trade Transactions by Parent Companies

(Unit: million yen, %, DI points)

	Exports			Ratio Over	Ratio Over	Next Term Outlook (DI	
	Apr. - Jun. 1999	Jan. - Mar. 2000	Apr. - Jun. 2000	Same quarter of last year	Previous Quarter	points compared to previous Term)	Jul. - Dec. 2000
Exports	8,819,071	9,759,086	p 9,514,264	p 7.9	p -2.5	-0.1	p -1.7
Imports	1,975,478	2,298,383	p 2,219,652	p 12.4	p -3.4	-0.2	p 4.0
Exports - Imports	6,843,593	7,460,703	p 7,294,612	p 6.6	p -2.2		
Exports to overseas subsidiaries	4,699,674	4,946,947	p 4,937,290	p 5.1	p -0.2		
Imports from overseas subsidiaries	701,578	769,654	p 747,797	p 6.6	p -2.8		
Exports - Imports	3,998,096	4,177,293	p 4,189,493	p 4.8	p 0.3		
Proportion of exports to overseas subsidiaries	53.3	50.7	p 51.9				
Proportion of imports from overseas subsidiaries	35.5	33.5	p 33.7				

(1) Exports and imports

- Domestic parent companies' exports were 9,514.3 billion yen, up 7.9% from a year earlier, the second consecutive increase, partly because of a 5.1% increase from a year earlier in the transportation equipment industry, of which exports had been decreasing for the fourth consecutive quarter.

Exports rose in nine industries, including electrical machinery.

- Domestic parent companies' imports were 2,219.7 billion yen, up 12.4% from a year earlier, for the second consecutive quarter. Imports rose in 11 industries, including other industries (including petroleum) and electrical machinery.

- In respect of the outlook for July-December 2000, the DI of exports slightly declined, down 1.7 points (14.7 13.0) from the preceding quarter. Although exports fell in eight industries, including electrical machinery, the DI level remained high in electrical machinery. Meanwhile, the DI of imports improved 4.0 points (9.2 13.2). The DI improved in ten industries, including transportation equipment and electrical machinery. The DI improved in

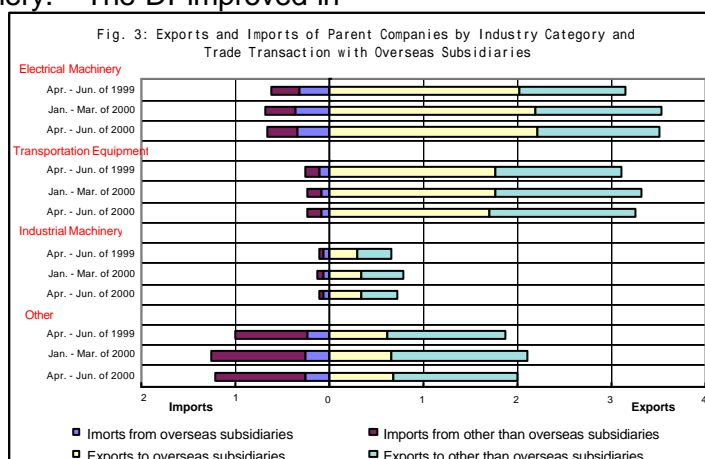
transportation equipment for the first time in four quarters.

(2) Intra-company trade with overseas subsidiaries

- Domestic parent companies' exports to their overseas subsidiaries were 4,937.3 billion yen, up 5.1% from a year earlier. Exports to overseas subsidiaries accounted for 51.9% of the total exports of domestic parent companies, down 1.4 points from a year earlier.

- Domestic parent companies' imports from their overseas subsidiaries were 747.8 billion yen, up 6.6% from a year earlier. Imports from overseas subsidiaries increased in eight industries, mainly due to the increase in the electrical machinery industry and other industries. Imports from overseas subsidiaries accounted for 33.7% of the total imports of domestic parent companies, down 1.8 points from a year earlier.

- In the balance of trade with overseas subsidiaries, exports exceeded imports by 4,189.5 billion yen, up 4.8% from a year earlier.



Situation of Overseas Subsidiaries by Region

(Results)

• Overseas subsidiaries' sales were 9,140.5 billion yen, up 0.8% from a year earlier, and their local sales were 5,502.8 billion yen, up 0.2% from a year earlier. Despite local currencies falling against the yen (the US dollar fell 11.8% from a year earlier, and the Euro 22.1%), both their sales and local sales increased for the second consecutive quarter.

In Asia, overseas subsidiaries' sales rose, up 9.9% from a year earlier, the third consecutive increase, due to strong demand for electrical machinery, transportation equipment, etc, and their sales continued to increase distinctly. In particular, they rose 12.1% from a year earlier in ASEAN4, 8.2% in NIES3, and 8.6% in China and other Asian countries. Although overseas sales in North America continued to fall, down 1.5% from a year earlier, the rate of decrease shrank. In Europe, they fell 4.5% from a year earlier, affected by the fall in transportation equipment.

• Exports to Japan (reimports) were 727.9 billion yen, up 11.7% from a year earlier, for the third consecutive quarter. They rose in all regions. Especially in Asia, they rose 11.7% from a year earlier, the third consecutive increase in double figures.

• The number of employees was 1,717,000, up 7.3% from a year earlier, the fifth consecutive increase. It rose in all regions except North America (down 0.8% from a year earlier), and conspicuously increased in China and other Asian countries (up 17.2% from a year earlier).

(Outlook)

In respect of the outlook for July-December 2000, the DI of sales fell in all regions, down 5.1 points (40.4 → 35.3) from a year earlier. Especially in Europe, the DI markedly fell, down 9.6 points (28.6 → 19.0). Although the DI fell in each Asian region and North America, the DI level remained high, and many enterprises are expected to increase.

Local sales also fell, down 6.2 points (36.8 → 30.6) from a year earlier as in sales, but the level remained comparatively high.

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

(Unit: 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. 1999	Jan. - Mar. 2000	Apr. - Jun. 2000	Apr. - Jun. 2000	Apr. - Jun. 2000	Apr. - Sept. 2000	Jul. - Dec. 2000
Sales	9,064,495	8,997,812	p 9,140,461	p 0.8	p 1.6	2.6	p -5.1
Exports to Japan	651,765	686,261	p 727,933	p 11.7	p 6.1	2.3	p 0.1
Local sales	5,493,473	5,492,487	p 5,502,823	p 0.2	p 0.2	2.6	p -6.2
Number of employees	1,599,234	1,681,296	p 1,716,730	p 7.3	p 2.1	2.4	p -3.1
Proportion of local sales to all sales	60.6	61.0	p 60.2				

North America

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

(Unit: 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. 1999	Jan. - Mar. 2000	Apr. - Jun. 2000	Apr. - Jun. 2000	Apr. - Jun. 2000	Apr. - Sept. 2000	Jul. - Dec. 2000
Sales	4,268,657	4,155,635	4,206,084	-1.5	1.2	-6.8	-6.7
Exports to Japan	71,646	77,834	80,145	11.9	3.0	-1.0	1.2
Local sales	3,020,808	2,998,723	3,002,284	-0.6	0.1	-6.8	-8.0
Number of employees	409,670	399,673	406,396	-0.8	1.7	0.5	-0.7
Proportion of local sales to all sales	70.8	72.2	71.4				

1) Sales and local sales

Sales were 4,206.1 billion yen, down 1.5% from a year earlier due to weak local currencies against the yen, but the pace of decrease shrank. Sales in electrical machinery continued to fall due to the withdrawal from overseas of some subsidiaries covered by the survey. They fell in eight industries, including the iron and steel industry and other industries. Meanwhile, sales in transportation equipment in brisk demand increased for the second consecutive quarter.

Local sales were 3,002.3 billion yen, down 0.6% from a year earlier, due to the decrease in eight industries, including electrical machinery as in sales.

In respect of the outlook for July-December 2000, the DI of sales fell 6.7 points (34.8 28.1) from a year earlier, but the level remained high. It fell in eight industries, including transportation equipment and chemicals. Local sales also fell 8.0 points (35.4 27.4) from a year earlier.

2) Employment

The number of employees was 406,000, down 0.8% from a year earlier. It fell in six industries, including electrical machinery, other industries and iron and steel.

In respect of the outlook for July-December 2000, the DI slightly decreased, down 0.7 points (10.4 9.7) from the preceding quarter, due to the decrease in eight industries, including the general machinery industry, of which the level shifted to the negative figure.

3) Exports to Japan

Overseas subsidiaries' exports to Japan, also known as reimports, expanded to 80.1 billion

yen, up 11.9% from a year earlier, because of the increase in general machinery and electrical machinery, though exports to Japan accounted for a small percentage of their total sales (1.9% for this quarter).

In respect of the outlook for July-December 2000, the DI improved 1.2 points (3.4 4.6) from a year earlier.

ASEAN4

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

(Unit: 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. 1999	Jan. - Mar. 2000	Apr. - Jun. 2000	Apr. - Jun. 2000	Apr. - Jun. 2000	Apr. - Sept. 2000	Jul. - Dec. 2000
Sales	1,028,003	1,077,255	1,151,947	p 12.1	p 6.9	13.1	p -2.9
Exports to Japan	268,569	279,901	289,286	p 7.7	p 3.4	9.6	p -1.9
Local sales	368,821	412,871	430,465	p 16.7	p 4.3	11.2	p -6.5
Number of employees	494,195	530,977	548,287	p 10.9	p 3.3	5.9	p -3.1
Proportion of local sales to all sales	35.9	38.3	37.4				

1) Sales and local sales

Sales were 1,151.9 billion yen, up 12.1% from a year earlier, the third consecutive increase, despite weak local currencies against the yen.

Sales rose in eight industries, including transportation equipment and electrical machinery. Especially sales in transportation equipment increased, up 34.1% from a year earlier, for the six consecutive quarter, due to firm demand, and those in electrical machinery also increased, up 7.9% from a year earlier, for the third consecutive quarter, both substantially contributing to expand sales.

Local sales also rose 16.7% from a year earlier to 430.5 billion yen because of the increase in ten industries, mainly in transportation equipment.

In respect of the outlook for July-December 2000, the DI of sales declined 2.9 points (51.5 48.6) from a year earlier, and the DI of local sales fell 6.5 points (40.5 34.0). Although both declined, the level remained high. The DI of sales declined in seven industries, such as electrical machinery, textile and precision instruments.

2) Employment

The number of employees increased 10.9% from the preceding year to 548,000 for the fifth consecutive quarter, due to the increase in eleven industries, centering on electrical machinery.

In respect of the outlook for July-December 2000, the DI fell 3.1 points (24.6 21.5) from the preceding year. It fell in eight industries, including textile.

3) Exports to Japan

Local subsidiaries' exports to Japan, also known as reimports, were 289.3 billion yen, up April-June 2000

7.7% from a year earlier, the third consecutive increase, because they rose in nine industries, centering on electrical machinery. The electrical machinery industry's reimports accounted for 67.2% of the total reimports.

In respect of the outlook for July-December 2000, the DI fell 1.9 points (23.3 21.4) from a year earlier. It declined in six industries, including general machinery.

NIES3

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

(Unit: 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. 1999	Jan. - Mar. 2000	Apr. - Jun. 2000	Apr. - Jun. 2000	Apr. - Jun. 2000	Apr. - Sept. 2000	Jul. - Dec. 2000
Sales	788,084	780,755	852,775	8.2	9.2	2.5	-5.0
Exports to Japan	130,336	131,618	145,742	11.8	10.7	0.1	2.2
Local sales	378,338	357,207	401,107	6.0	12.3	5.3	-9.1
Number of employees	117,869	119,337	120,120	1.9	0.7	4.5	-2.6
Proportion of local sales to all sales	48.0	45.8	47.0				

1) Sales and local sales

Sales were 852.8 billion yen, up 8.2% from a year earlier. Despite weak local currencies against the yen, sales were above the year-earlier level for the third consecutive quarter due to the growth in five industries, especially in electrical machinery.

Local sales were 401.1 billion yen, up 6.0% from a year earlier, because of the increase in six industries, including electrical machinery, as in sales.

In respect of the outlook for July-December 2000, the DI of sales fell 5.0 points (33.9 → 28.9) from a year earlier, and the DI of local sales fell 9.1 points (35.9 → 26.8). Although both declined, the level of the DI remained high. By industry, the DI of sales fell in five industries, including the transportation equipment industry, of which the level became negative. Meantime, it improved in general machinery and precision instruments.

2) Employment

The number of employees increased 1.9% from the preceding year to 120,000, the second consecutive increase. It rose in six industries, such as electrical machinery and general machinery.

In respect of the outlook for July-December 2000, the DI fell 2.6 points (4.9 → 2.3) from the preceding year. The level of the DI fell in seven industries, including transportation equipment and chemicals, of which the level became negative. Meanwhile, it improved in general machinery.

3) Exports to Japan

Local subsidiaries' exports to Japan, also known as reimports, were 145.7 billion yen, up 11.8% from a year earlier, the third

consecutive increase. They rose in four industries, including electrical machinery. The electrical machinery industry's reimports accounted for 75.7% of the total reimports.

In respect of the outlook for July-December 2000, the DI improved 2.2 points (5.5 → 7.7) from a year earlier. It improved in seven industries, such as electrical machinery, general machinery and precision instruments.

China and other Asian countries

Table 10: Business Trends among Overseas Subsidiaries in All Business Categories in China and Other Asian Countries
(Unit: 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. 1999	Jan. - Mar. 2000	Apr. - Jun. 2000	Apr. - Jun. 2000	Apr. - Jun. 2000	Apr. - Sept. 2000	Jul. - Dec. 2000
Sales	592,444	571,250	643,233	8.6	12.6	1.9	-4.4
Exports to Japan	153,855	166,595	182,354	18.5	9.5	-1.0	0.1
Local sales	243,151	205,512	251,520	3.4	22.4	5.8	-6.5
Number of employees	290,419	334,727	340,244	17.2	1.6	2.9	-5.1
Proportion of local sales to all sales	41.0	36.0	39.1				

1) Sales and local sales

Although local currencies were weak against the yen, sales were 643.2 billion yen, up 8.6% from the preceding year, the fifth consecutive increase. This was due to the increase in sales of electrical machinery in strong demand, up 10.9% from a year earlier, for the fifth consecutive quarter, as well as the increase in precision instruments, nonferrous metal, etc.

Local sales were 251.5 billion yen, up 3.4% from a year earlier, the second consecutive increase, because they rose in six industries, such as nonferrous metal, ceramic, stone and clay, and general machinery.

In respect of the outlook for July-December 2000, the DI of sales fell 4.4 points (46.3 41.9) from a year earlier, but the DI level remained high. They declined in six industries, such as chemicals and general machinery, while they improved in electrical machinery and precision instruments. Local sales also fell 6.5 points (45.2 38.7) from a year earlier.

2) Employment

The number of employees was 340,000, a significant increase of 17.2% from a year earlier. This is the eleventh consecutive increase since October-December 1997, when the comparison with a year earlier began. It increased in ten industries, especially in electrical machinery.

In respect of the outlook for July-December 2000, the DI fell 5.1 points (19.8 14.7) from a year earlier. It declined in seven industries, including electrical machinery and general machinery.

3) Exports to Japan

Local subsidiaries' exports, also known as reimports, were 182.4 billion yen, up 18.5% from a year earlier for the fourth consecutive quarter, due to the increase in nine industries, including electrical machinery and precision instruments.

In respect of the outlook for July-December 2000, the DI slightly improved, up 0.1 points (17.8 17.9) from a year earlier. It improved in five industries, such as textile.

Europe

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

(Unit: 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. 1999	Jan. - Mar. 2000	Apr. - Jun. 2000	Apr. - Jun. 2000	Apr. - Jun. 2000	Apr. - Sept. 2000	Jul. - Dec. 2000
Sales	1,891,538	1,944,018	p 1,806,552	p -4.5	p -7.1	1.0	p -9.6
Exports to Japan	20,804	23,062	p 22,852	p 9.8	p -0.9	0.5	p -1.5
Local sales	1,207,886	1,283,250	p 1,159,952	p -4.0	p -9.6	-2.3	p -4.3
Number of employees	181,500	187,782	p 192,803	p 6.2	p 2.7	-0.8	p -6.2
Proportion of local sales to all sales	63.9	66.0	p 64.2				

1) Sales and local sales

Sales were 1,806.6 billion yen, down 4.5% from a year earlier, due to weak local currencies against the yen. Sales continued to considerably decline in transportation equipment, as well as in seven industries, partly due to the decrease in the number of enterprises covered by the survey (decrease in investment). On the other hand, the electrical machinery industry in brisk demand recorded a double-digit increase in sales, for the second consecutive quarter. Local sales declined 4.0% from a year earlier to 1,160.0 billion yen. As in sales, they declined in seven industries, including transportation equipment.

In respect of the outlook for July-December 2000, the DI of sales fell 9.6 points (28.6 -19.0) from the preceding year for the first time in five quarters. Especially sales in transportation equipment sharply fell, down 33.8% from a year earlier, and the level of the DI also was negative (25.0 -8.8), contributing to the decrease in the DI of sales significantly. Meanwhile, it improved in the electrical machinery industry for the second consecutive quarter. The DI of local sales also declined 4.3 points (23.8 -19.5) from a year earlier due to the fall in six industries, such as transportation equipment.

2) Employment

The number of employees was 193,000, up 6.2% from the preceding year. By industry, a sharp increase took place in chemicals due to mergers and acquisitions. It also increased in electrical machinery.

In respect of the outlook for July-December 2000, the DI dropped 6.2 points (4.2 -2.0) from a year earlier. It fell in six industries, including transportation equipment and chemicals, of which the level became

negative.

3) Exports to Japan

Local subsidiaries' exports to Japan, also known as reimports, were 22.9 billion yen, up 9.8% from a year earlier, for the first time in seven quarters, because of the increase in three industries, especially in electrical machinery. Reimports accounted for 1.3% of the total sales for this quarter.

In respect of the outlook for July-December 2000, the DI fell 1.5 points (1.0 -0.5) from the preceding year.

The Increase in Reimports of IT-related electrical machinery from Asian regions is in Sharp Relief

Overseas subsidiaries' exports to Japan (reimports) were 727.9 billion yen, up 11.7% from a year earlier, for the third consecutive quarter. Especially in Asia, they advanced in double figures, up 11.7% from a year earlier, for the third consecutive quarter, substantially contributed by the increased reimports of electrical machinery being in the important position.

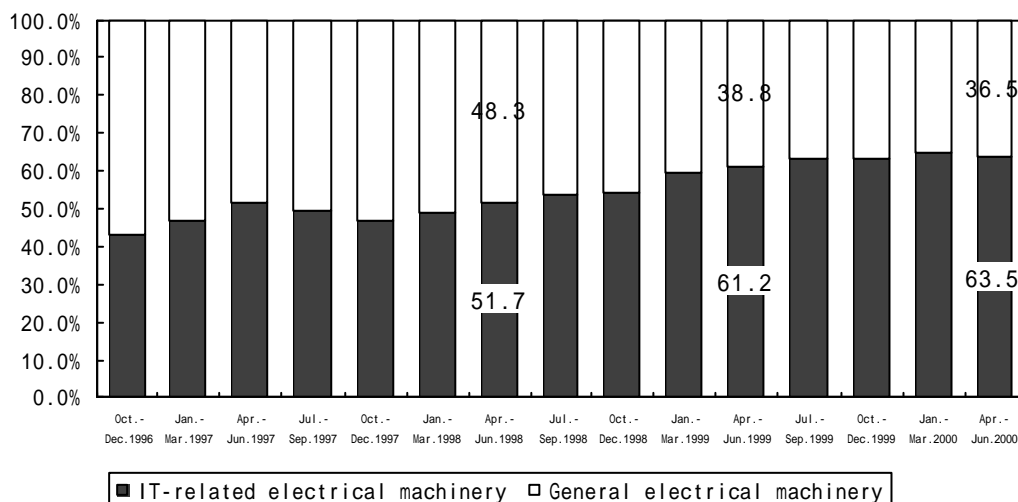
Table 1 Trends of IT-related electrical machinery in the total electrical machinery, exported to Japan from Asia

		1999			2000	
		Apr. - Jun.	Jul. - Sept.	Oct. - Dec.	Jan. - Mar.	Apr. - Jun.
IT-related electrical machinery	results	210,787	221,027	218,576	245,064	246,984
	quarter of last year	22.6	19.7	34.9	32.6	17.2
General electrical machinery	results	133,428	130,284	128,857	132,982	141,776
	quarter of last year	-16.8	-18.9	-6.5	5.5	6.3

(Unit: million yen,%)

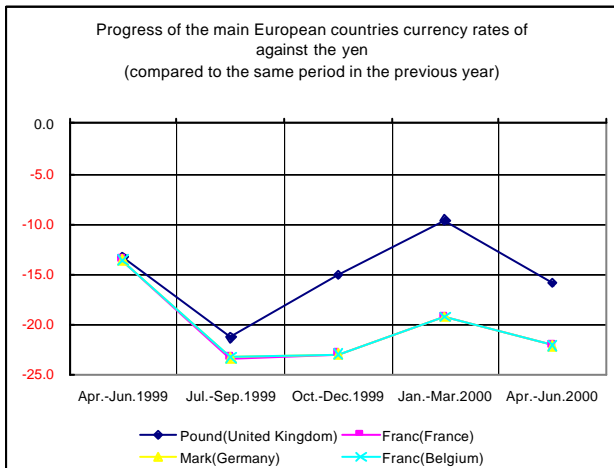
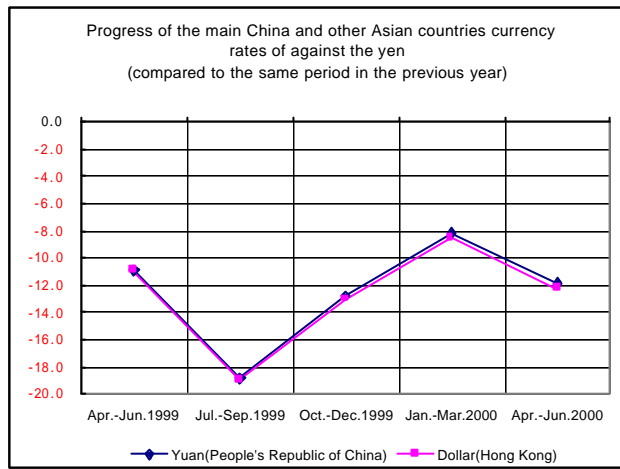
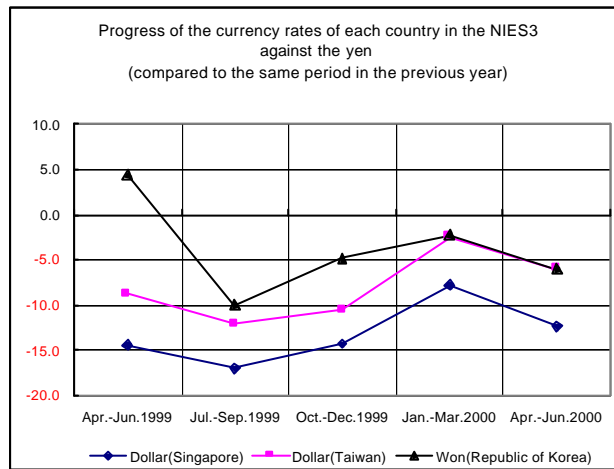
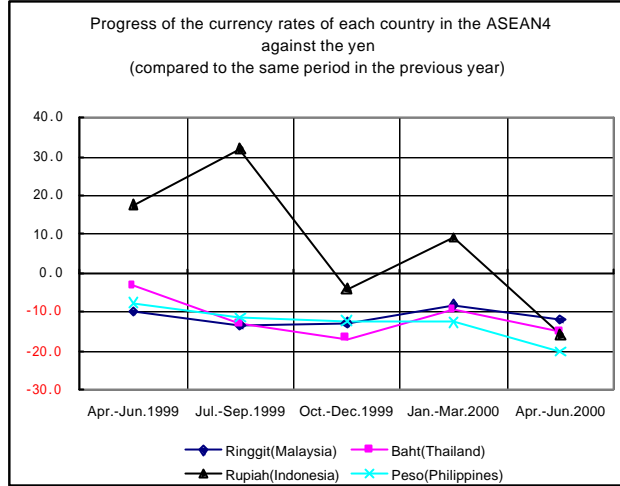
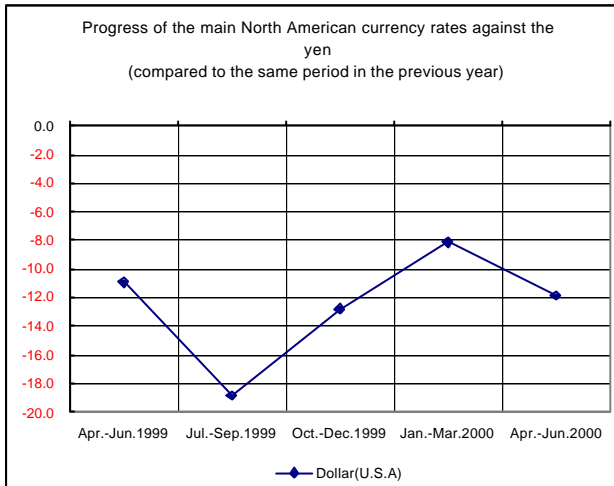
The breakdown of reimports of electrical machinery from Asia into IT-related electrical machinery and other general electrical machinery indicates that the former continued to rise in double figures, a 17.2% increase from a year earlier (see Table 1), while the latter remained at a 6.3% increase from a year earlier. The examination of the change of ratios between IT-related and general electrical machinery (see Figure 1) revealed that the ratios of reimports of IT-related electrical machinery were in an upward trend, showing the increase of 63.5% for this quarter, up 2.3 points from a year earlier.

Figure 1 Ratios of IT-related electrical machinery in the total electrical machinery, exported to Japan from Asia



Note: Of electrical machinery, IT-related electrical machinery represents computers, electrical communications equipment, electronic communications equipment and parts, integrated circuits, etc. General electrical machinery represents household electric equipment, acoustic equipment, heavy electrical equipment, etc., excluding IT-related electrical machinery.

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



International Financial Statistics (International Monetary Fund)