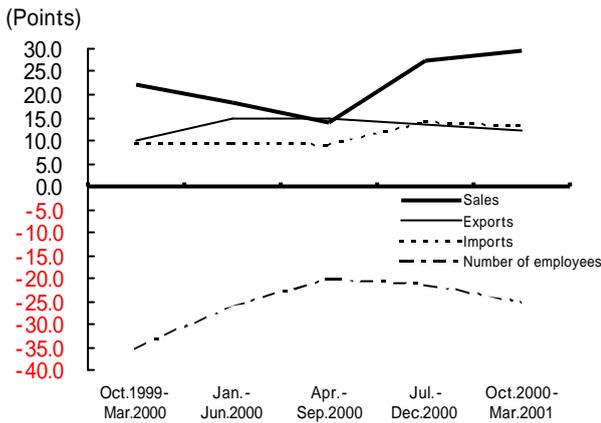


Quarterly Survey of Japanese Business Activities (July - September 2000)

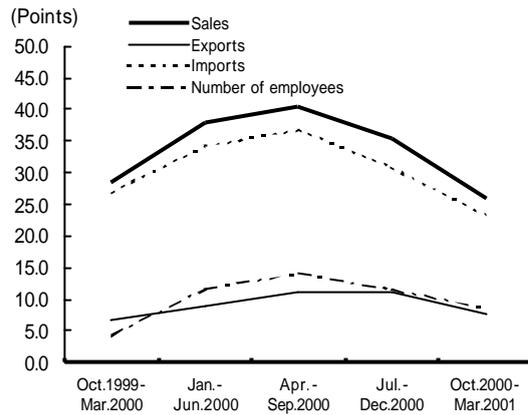
12 January, 2001

Enterprise Statistics Office,
Research and Statistics Department,
Ministry of Economy, Trade and Industry

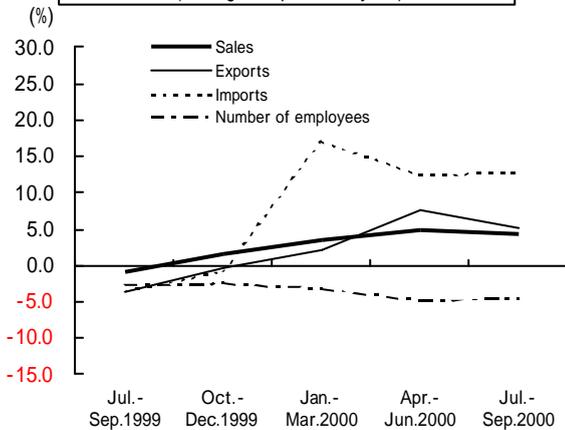
Prospects of Sales, etc for Domestic Parent Companies
(Diffusion Index)



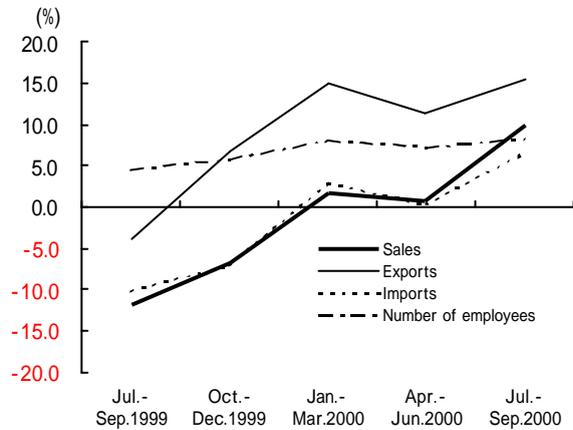
Prospects of Sales, etc for Overseas subsidiaries
(Diffusion Index)



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, Vietnam, Sri Lanka, Pakistan, 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 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.

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 July-September 2000 (outlook for the period from October 2000 to March 2001)

The previous DI: DI in April-June 2000 (outlook for the period from July to December 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

Response rate and yen/dollar exchange rate

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.

The average exchange rate of the yen to the U.S. dollar for this quarter was 107.57 yen, an appreciation of 6.04 yen compared with the same quarter a year earlier (113.61 yen) and a depreciation of 0.96 yen compared with the previous quarter (106.61 yen).

The responses to the questionnaire survey are summarized below.

Classification	Number of target company	Number of answered company	Response rate
Parent company	1,338	894	66.8%
Overseas subsidiaries	2,912	1,945	66.8%

1. Domestic and overseas sales, domestic sales and local sales

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

(Unit: 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)	
	Jul. - Sept. 1999	Apr. - Jun. 2000	Jul. - Sept. 2000	Jul. - Sept. 2000	Jul. - Sept. 2000	Jul. - Dec. 2000	Oct. 2000 - Mar 2001
Parent Companies	41,376,423	40,557,153	p 43,114,441	p 4.2	p 6.3	13.3	p 2.1
Domestic sales	31,648,073	31,069,228	p 32,892,078	p 3.9	p 5.9		
Overseas Subsidiaries	r 8,772,445	9,128,037	p 9,640,642	p 9.9	p 5.6	-4.9	p -9.5
Local Sales	5,228,481	5,508,377	p 5,572,901	p 6.6	p 1.2	-6.0	p -7.5
Overseas production ratio	21.2	22.5	p 22.4				

Table 2: Trends in Sales of Overseas subsidiaries by region

(Unit: 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)	
	Jul. - Sept. 1999	Apr. - Jun. 2000	Jul. - Sept. 2000	Jul. - Sept. 2000	Jul. - Sept. 2000	Jul. - Dec. 2000	Oct. 2000 - Mar 2001
Total	r 8,772,445	9,128,037	p 9,640,642	p 9.9	p 5.6	-4.9	p -9.5
North America	4,147,549	4,188,079	p 4,478,231	p 8.0	p 6.9	-6.8	p -1.8
Asia	2,470,619	2,631,247	p 2,846,540	p 15.2	p 8.2	-3.6	p -13.1
Asean4	1,076,210	1,133,380	p 1,260,842	p 17.2	p 11.2	-3.0	p -15.1
Nies3	783,062	854,192	p 881,885	p 12.6	p 3.2	-4.9	p -18.0
China and other	611,347	643,675	p 703,813	p 15.1	p 9.3	-3.4	p -7.6
Europe	1,675,867	1,806,872	p 1,761,695	p 5.1	p -2.5	-9.3	p -4.1
Other	r 478,410	501,839	p 554,176	p 15.8	p 10.4	-2.7	p -12.9

• Domestic parent companies' sales was 43,114.4 billion yen, up 4.2% from a year ago for the fourth consecutive quarter. They increased in 10 out of 13 industries. Especially the electrical machinery increased by 9.9% from a year ago, accounting for 61.8% of the total sales increase from 28.6% for the previous quarter.

Overseas subsidiaries' sales was 9,640.6 billion yen, up 9.9% from a year ago, an increase for 3 consecutive quarters. They increased in all areas, especially at a high rate in Asian regions.

Studying the changes of exchange rates of major currencies (see Figure 6) in the areas where the surveyed subsidiaries are located, many local currencies fell against yen. (The US dollar fell 5.3% and the Euro 18.3%.)

Domestic parent companies' DI (see Note 1) of sales prospects for October 2000-March 2001 improved 2.1 points from the previous quarter, but the increase rate slowed significantly when compared with the previous quarter. The DI level remained positive for the sixth consecutive quarter (July-December 1999 13.4 22.0 18.2 13.9 27.2 October 2000-March 2001 29.3).

Overseas subsidiaries' DI dropped 9.5 points (35.5 26.0) for 2 consecutive quarters.

They decreased in all areas, especially in ASEAN4 and NIES3. The DI level that had remained relatively high

showed signs of change.

• Overseas subsidiaries' local sales (see Note 2) was 5,572.9 billion yen. Like total sales, they increased 6.6% from a year ago for the third consecutive quarter, in all areas.

Overseas subsidiaries' DI of local sales prospects for October 2000-March 2001 dropped 7.5 points (30.8 23.3) from the previous quarter for the second consecutive quarter.

• The ratio of overseas production (see Note 3) was 22.4%, up 1.2 points from a year ago.

Fig. 1: Growth in Sales among Parent Companies and overseas subsidiaries
(Ratio Over Same quarter of last year)

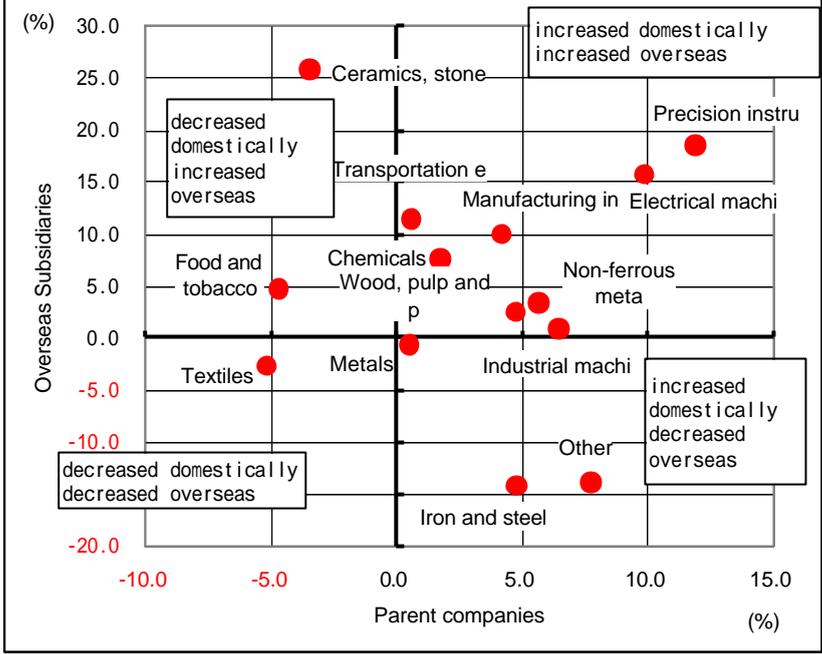
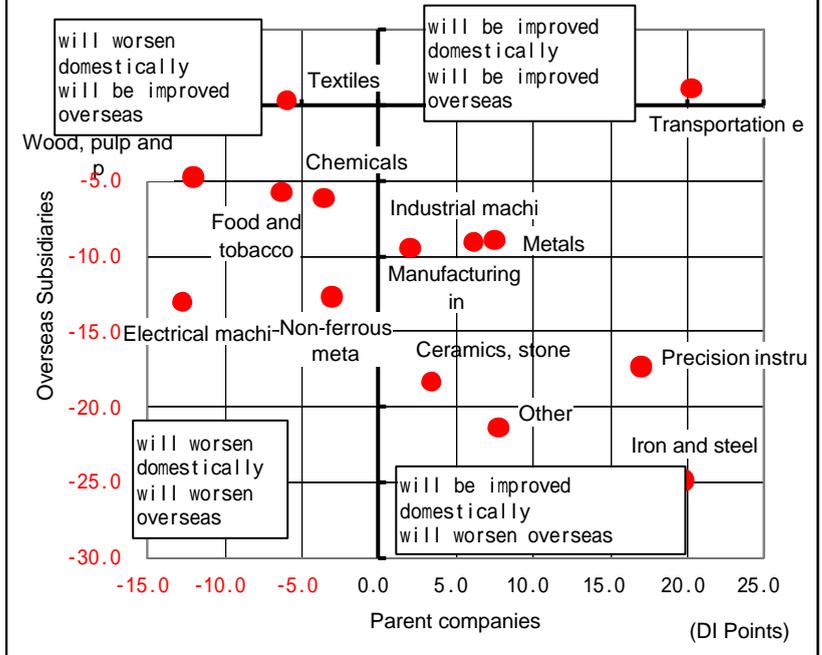


Fig. 2: Outlook for Sales in the Oct.2000 - Mar. 2001
(DI increase/decrease ratios compared to the previous term)



2. Domestic and overseas capital investment

Table 3: Trends in the Amount of Acquired Tangible Fixed Assets by Parent Companies and Overseas Subsidiaries
(Unit: 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
	Apr. - Sept. 1999	Oct.1999 - Mar. 2000	Apr. - Sept. 2000	Apr. - Sept. 2000	Apr. - Sept. 2000	Oct.2000 - Mar. 2001
Parent Companies	4,810,121	2,848,401	2,629,574	-45.3	-7.7	
domestic investment	2,144,984	2,213,348	2,140,490	-0.2	-3.3	21.7
direct overseas investment	2,665,137	635,053	489,084	-81.6	-23.0	1.9
Overseas Subsidiaries	518,427	552,728	573,902	10.7	3.8	-2.8

Table 4: Trends in the Amount of Acquired Tangible Fixed Assets by Overseas subsidiaries by region
(Unit: 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
	Apr. - Sept. 1999	Oct.1999 - Mar. 2000	Apr. - Sept. 2000	Apr. - Sept. 2000	Apr. - Sept. 2000	Oct.2000 - Mar. 2001
Total	518,427	552,728	573,902	10.7	3.8	-2.8
North America	170,641	211,411	267,552	56.8	26.6	1.1
Asia	152,999	175,376	201,370	31.6	14.8	-3.7
Asean4	72,828	99,099	117,580	61.4	18.6	-8.2
Nies3	57,866	37,037	42,614	-26.4	15.1	-3.3
China and other	22,305	39,240	41,176	84.6	4.9	1.9
Europe	173,575	140,087	86,881	-49.9	-38.0	-5.2
Other	21,212	25,854	18,099	-14.7	-30.0	-5.2

• Domestic parent companies' capital investment for April-September 2000 (the amount of acquired property, plant and equipment, except land) was 2,140.5 billion yen, down 0.2% from a year ago. By industry, they increased in electrical machinery (25.0%) but dropped in 7 other industries including transportation equipment.

Overseas subsidiaries' capital investment was 573.9 billion yen, up 10.7% for the first time since the survey on capital investments turned half-yearly. By areas, they increased in North America, ASEAN4 and China and other Asian nations.

• Domestic parent companies' DI of prospects of capital investments for October 2000-March 2001 improved 21.7 points (-49.1 -27.4), for the third consecutive quarter, though on a negative level. By industry, they increased in 10 industries, including transportation equipment.

On the other hand, overseas subsidiaries' capital investment dropped 2.8 points (19.9 -17.1) for the first time in 4 quarters. They dropped in all areas except North America and China and other Asian nations.

ment was 489.1 billion yen, down by 81.6% from a year earlier, due to large investments on food and tobacco and electrical machinery in the same term a year ago. They decreased in 9 industries, including electrical machinery.

The DI of the prospects for October 2000-March 2001 improved 1.9 points (-4.0 -2.1). It remained on a slightly negative level for the third consecutive quarter.

• Domestic parent companies' direct foreign invest-

3. Trade Transactions

Table 5: Trends in Trade Transactions by Parent Companies

(Unit: 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)	
	Jul. - Sept. 1999	Apr. - Jun. 2000	Jul. - Sept. 2000	Jul. - Sept. 2000	Jul. - Sept. 2000	Jul. - Dec. 2000	Oct. 2000 - Mar 2001
Exports	9,728,350	9,487,925	10,222,363	p 5.1	p 7.7	-1.4	p -1.0
Imports	2,135,881	2,220,510	2,409,217	p 12.8	p 8.5	4.9	p -0.9
Exports - Imports	7,592,469	7,267,415	7,813,146	p 2.9	p 7.5		
Exports to overseas subsidiaries	5,021,679	4,936,922	5,307,124	p 5.7	p 7.5		
Imports from overseas subsidiaries	741,282	747,469	843,371	p 13.8	p 12.8		
Exports - Imports	4,280,397	4,189,453	4,463,753	p 4.3	p 6.5		
Proportion of exports to overseas subsidiaries	51.6	52.0	51.9				
Proportion of imports from overseas subsidiaries	34.7	33.7	35.0				

1) Exports and imports

- Domestic parent companies' exports was 10,222.4 billion yen (up 5.1% from a year earlier), for the third consecutive quarter. The industry that contributed mainly was electrical machinery, and there was an increase in 7 industries.

- Domestic parent companies' imports was 2,409.2 billion yen, up 12.8% from a year ago, for the third consecutive quarter. By industry, they increased in 7 industries, including petroleum and others and electrical machinery.

- The DI of exports prospects for October 2000-March 2001 showed a slight down of 1.0 point (13.3 → 12.3). It dropped in 8 industries including electrical machinery, but the DI of electrical machinery remained on a higher level than in other industries.

The DI of imports prospects dropped 0.9 points (14.1 → 13.2), but the DI level is on an overall upward trend.

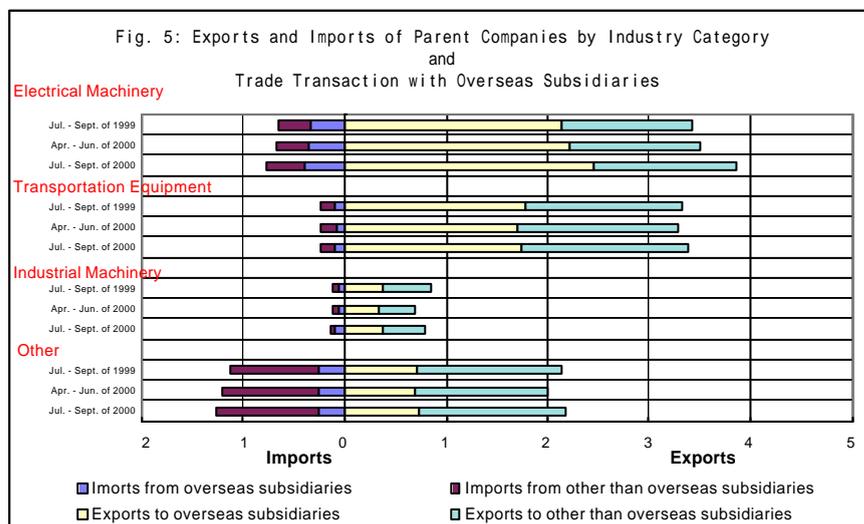
It dropped in 7 industries including electrical machinery, but improved in transportation equipment for the second consecutive quarter.

(2) Intra-company transactions between domestic

- Domestic parent companies' exports to their overseas subsidiaries was 5,307.1 billion yen, up 5.7% from a year ago, accounting for 51.9% of their total exports, up 0.3 percentage points from a year ago.

- Imports from overseas subsidiaries was 843.4 billion yen, an increase of 13.8% from a year ago. They increased in 9 industries, mainly in electrical machinery and other. Such imports accounted for 35.0% of their total imports, up 0.3% from a year ago.

- Trade balance with overseas subsidiaries was favorable, and the surplus was 4,463.8 billion yen, an increase of 4.3% from a year ago.



4. Domestic and Overseas Employment

Table 6: 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)	
	Jul. - Sept. 1999	Apr. - Jun. 2000	Jul. - Sept. 2000	Jul. - Sept. 2000	Jul. - Sept. 2000	Jul. - Dec. 2000	Oct. 2000 - Mar 2001
Parent Companies	2,650,451	2,568,743	2,527,799	-4.6	-1.6	-1.2	-3.9
Overseas Subsidiaries	1,615,114	1,714,882	1,748,752	8.3	2.0	-2.5	-3.0

Table 7: 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)	
	Jul. - Sept. 1999	Apr. - Jun. 2000	Jul. - Sept. 2000	Jul. - Sept. 2000	Jul. - Sept. 2000	Jul. - Dec. 2000	Oct. 2000 - Mar 2001
Total	1,615,114	1,714,882	1,748,752	8.3	2.0	-2.5	-3.0
North America	401,877	406,078	407,155	1.3	0.3	-0.1	-3.9
Asia	927,354	1,006,758	1,042,299	12.4	3.5	-3.1	-2.4
Asean4	503,778	547,382	569,628	13.1	4.1	-2.5	-2.8
Nies3	116,628	120,334	122,117	4.7	1.5	-2.2	-0.9
China and other	306,948	339,042	350,554	14.2	3.4	-4.3	-2.8
Europe	180,208	192,793	189,031	4.9	-2.0	-5.6	-0.7
Other	105,675	109,253	110,267	4.3	0.9	-2.5	-7.3

• The number of employees of domestic parent companies was 2,528,000, 4.6% down from a year ago. The decrease rate dropped slightly from the previous quarter, but as some of the employees were not included in this survey because of divestiture or transfer to other companies in the process of restructure, it continues to be on a downward trend. (July-September 1999 -2.7% -2.5% -3.2% -4.8% -4.6% for this quarter).

• The number of employees of overseas subsidiaries was 1,749,000, an increase of 8.3% from a year ago for the sixth consecutive quarter, and it increased in all areas.

Especially in China and other Asian nations and ASEAN4, the increase rate of the number of employees continues to be in double figures.

• Domestic parent companies' DI of prospects for October 2000-March 2001 fell 3.9 points (-21.2 - 25.1) from the previous quarter and remained on a negative level. By industry, 9 of them, including transportation equipment dropped from the previous quarter.

Overseas subsidiaries' DI fell 3.0 points (11.6 - 8.6) from the previous quarter in all areas for the second consecutive quarter.

• The ratio of overseas employment was 69.2%, up 8.3 percentage points from a year ago, due to the decrease of domestic employment and the increase of overseas employment.



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)

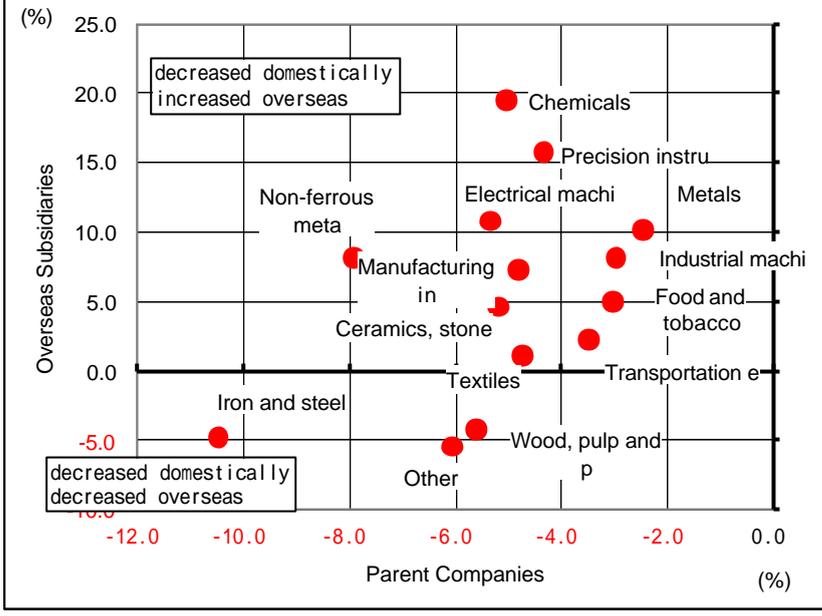
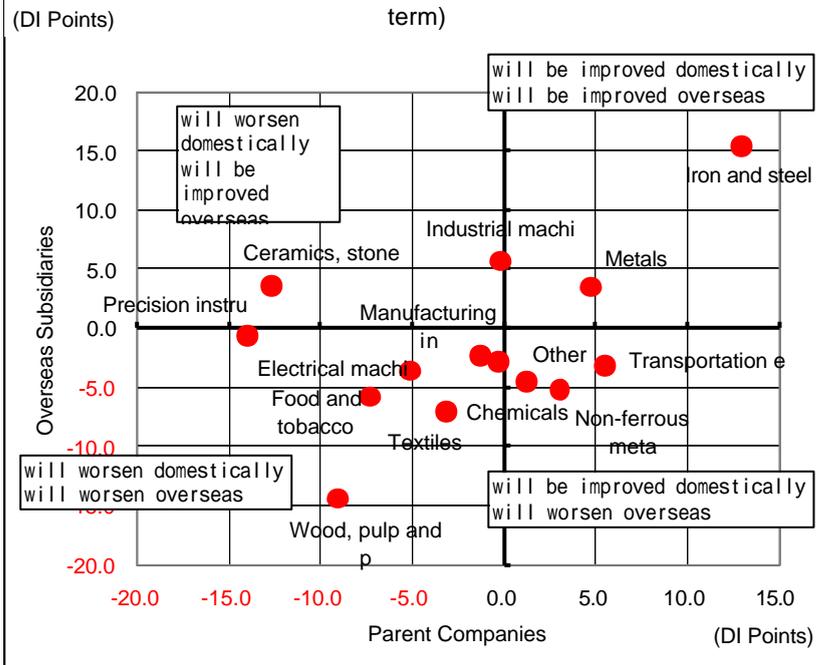


Fig. 4: Outlook for the Number of Employees in the Oct.2000 - Mar. 2001 (DI increase/decrease ratios compared to the previous term)



5. Overseas subsidiaries by area

【Prospects】

Overseas subsidiaries' DI of sales prospects for October 2000-March 2001 dropped 9.5 points (35.5 → 26.0) from the previous quarter for two consecutive quarters. They fell in all areas and the DI that had kept a relatively high level showed signs of change.

Studying in detail by area, there was a large decrease in ASEAN4 (-15.1, 48.5 → 33.4) and NIES3 (-18.0, 29.0 → 11.0). The decrease rate in ASEAN4 rose from -3.0 points for the previous quarter to -15.1 points this quarter. By industry, the DI level fell substantially in many industries, though remaining on a positive level. It dropped in 10 out of 13 industries. The DI level in NIES3 also fell from -4.9 points for the previous quarter to -18.0 points for this quarter. This is because the DI level of precision machinery and others turned negative and that of electrical machinery also decreased largely.

In other areas, it fell 1.8 points (28.0 → 26.2) in North America, due to the decrease in iron and steel and other industries, and 4.1 points (19.3 → 15.2) in Europe, due to the decrease of electrical machinery and general machinery. In China and other Asian nations, the DI level in precision machinery turned negative.

【Results】

Total sales was 9,640.4 billion yen (up 9.9% from a year ago) and local sales was 5,572.9 billion yen (up 6.6% from a year ago), both an increase for the third consecutive quarter in all areas, though local currencies were falling against the yen (the US dollar fell 5.3% and the Euro 18.3% from a year ago), due to the increase of demand in IT-related industries.

Especially in Asia, industries like electrical machinery, transportation equipment and general machinery were on an upward trend and sales increased 15.2% for the fourth consecutive quarter, showing a distinct upward trend. They advanced in double figures in each Asian region and also increased 8.0% in North America and 5.1% in Europe.

Capital investments (actual amount of acquired property, plant and equipment, except land) was 573.9 billion yen, up 10.7% from a year ago, for the first time since April-September 1998 quarter, when the survey on capital investments turned half-yearly. By industry, there was a significant increase in electrical machinery and others. By area, they increased distinctively in North America (56.8%), ASEAN4 (61.4%) and China and other Asian countries (84.6%).

Table 8: 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)	
	Jul. - Sept. 1999	Apr. - Jun. 2000	Jul. - Sept. 2000	Jul. - Sept. 2000	Jul. - Sept. 2000	Jul. - Dec. 2000	Oct. 2000 - Mar. 2001
Sales	r 8,772,445	9,128,037	p 9,640,642	p 9.9	p 5.6	-4.9	p -9.5
Exports to Japan	668,362	727,026	p 771,542	p 15.4	p 6.1	-0.1	p -3.3
Local sales	5,228,481	5,508,377	p 5,572,901	p 6.6	p 1.2	-6.0	p -7.5
Number of employees	1,615,114	1,714,882	p 1,748,752	p 8.3	p 2.0	-2.5	p -3.0
Proportion of local sales to all sales	59.6	60.3	p 57.8				
	Apr. - Sept. 1999	Oct. 1999 - Mar. 2000	Apr. - Sept. 2000	Apr. - Sept. 2000	Apr. - Sept. 2000	Apr. - Sept. 2000	Oct. 2000 - Mar. 2001
Acquisition of tangible fixed assets	518,427	552,728	p 573,902	p 10.7	p 3.8	8.6	p -2.8

(1) North America

Table 9: 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)	
	Jul. - Sept. 1999	Apr. - Jun. 2000	Jul. - Sept. 2000	Jul. - Sept. 2000	Jul. - Sept. 2000	Jul. - Dec. 2000	Oct. 2000 - Mar. 2001
Sales	4,147,549	4,188,079	p 4,478,231	p 8.0	p 6.9	-6.8	p -1.8
Exports to Japan	71,907	79,625	p 81,691	p 13.6	p 2.6	1.2	p -3.0
Local sales	2,908,074	3,008,674	p 2,979,415	p 2.5	p -1.0	-7.9	p -1.3
Number of employees	401,877	406,078	p 407,155	p 1.3	p 0.3	-0.1	p -3.9
Proportion of local sales to all sales	70.1	71.8	p 66.5				
	Apr. - Sept. 1999	Oct. 1999 - Mar. 2000	Apr. - Sept. 2000	Apr. - Sept. 2000	Apr. - Sept. 2000	Apr. - Sept. 2000	Oct. 2000 - Mar. 2001
Acquisition of tangible fixed assets	170,641	211,411	p 267,552	p 56.8	p 26.6	0.5	p 1.1

Total sales, local sales, etc.

Total sales was 4,478.2 billion yen, an increase of 8.0% for the first time in 8 quarters, despite the weakness of the local currency against the yen. Studying by industry, transportation equipment showed a large increase of 17.0% from a year earlier due to their vigorous demand, and the rate of increase rose for the third consecutive quarter, and electrical machinery increased for the first time in 7 quarters due to the increase in demand. Other industries, including iron and steel decreased.

Local sales was 2,979.4 billion yen, up 2.5% because of the increase in electrical machinery and transportation equipment like in total sales.

The DI of prospects of total sales for October 2000-March 2001 fell 1.8 points (28.0 26.2) from the previous quarter. By industry, they decreased in 8 industries including iron and steel and others, while there was an improvement in transportation equipment by 11.6 points (14.6 26.2).

The DI of prospects of local sales, as well as of total sales, fell 1.3 points (27.5 26.2).

Capital investments

Capital investments was 267.6 billion yen, up 56.8% from a year earlier. Studying by industry, transportation equipment grew 1.3 times due to strong demand, and there was an increase in 8 industries including electrical machinery and chemicals.

The DI of prospects for October 2000-March 2001 increased 1.1 points (13.1 14.2) from the previous quarter.

Employment

The number of employees was 407,000, 1.3% increase from a year ago for the first time in 5 consecutive

quarters. By industry, it increased 6.1% in transportation equipment for the 12th consecutive quarter since the survey started. Electrical machinery turned to increase, and precision machinery increased for the third consecutive quarter.

The DI of prospects for October 2000-March 2001 fell 3.9 points (10.3 6.4) from the previous quarter for the second consecutive quarter. By industry, the DI level fell distinctively in electrical machinery, chemicals and transportation equipment.

Exports to Japan

Exports to Japan (reimports) was 81.7 billion yen, up 13.6% from a year ago, due to the increase in electrical machinery and general machinery.

The DI of prospects for October 2000-March 2001 fell 3.0 points from the previous quarter (4.6 1.6).

(2) ASEAN4

Table 10: 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)	
	Jul. - Sept. 1999	Apr. - Jun. 2000	Jul. - Sept. 2000	Jul. - Sept. 2000	Jul. - Sept. 2000	Jul. - Dec. 2000	Oct. 2000 - Mar. 2001
Sales	1,076,210	1,133,380	p 1,260,842	p 17.2	p 11.2	-3.0	p -15.1
Exports to Japan	274,959	288,417	p 310,434	p 12.9	p 7.6	-2.5	p -2.3
Local sales	395,976	431,181	p 477,767	p 20.7	p 10.8	-6.6	p -9.3
Number of employees	503,778	547,382	p 569,628	p 13.1	p 4.1	-2.5	p -2.8
Proportion of local sales to all sales	36.8	38.0	p 37.9				
	Apr. - Sept. 1999	Oct.1999 - Mar. 2000	Apr. - Sept. 2000	Apr. - Sept. 2000	Apr. - Sept. 2000	Apr. - Sept. 2000	Oct.2000 - Mar. 2001
Acquisition of tangible fixed assets	72,828	99,099	p 117,580	p 61.4	p 18.6	15.1	p -8.2

Total sales, local sales, etc.

Total sales was 1,260.8 billion yen, an increase of 17.2% from a year ago for the fourth consecutive quarter, despite the weakness of the local currency against the yen. Studying by industry, electrical machinery showed a large increase due to the vigorous demand, and there was an increase in 11 industries such as general machinery, transportation equipment, and ceramics, clay and stone products. Especially electrical machinery increased 19.8% due to the vigorous demand for IT-related products and contributed largely to the growth of total sales. General machinery also increased 38.0% for the sixth consecutive quarter. Local sales was 477.8 billion yen, up 20.7% for the sixth consecutive quarter. They increased in all industries, but mainly in electrical machinery and transportation equipment like in total sales.

The DI of prospects of total sales for October 2000-March 2001 fell 15.1 points (48.5 33.4) and of local sales, 9.3 points (33.9 24.6) from the previous quarter, both for the second consecutive quarter. By industry, the DI of total sales decreased in 10 industries including electrical machinery and transportation equipment.

Capital investments

Capital investments was 117.6 billion yen, up 61.4% from a year earlier. Studying by industry, electrical machinery increased 25.1%, and the increase rate also grew for the fourth consecutive quarter.

The DI of prospects for October 2000-March 2001 decreased 8.2 points (29.6 21.4) from the previous quarter. By industry, it dropped in 7 industries, such as electrical machinery and transportation equipment.

Employment

The number of employees was 570,000, 13.1% increase from a year ago for the sixth consecutive quarter. It increased in all industries, mainly in electrical machinery, that has been very strong.

The DI of prospects for October 2000-March 2001 fell 2.8 points (22.1 19.3) from the previous quarter. By industry, the DI level fell in 7 industries, including electrical machinery.

Exports to Japan

Exports to Japan (reimports) was 310.4 billion yen, up 12.9% from a year ago for the fourth consecutive quarter, due to the increase in 9 industries, such as electrical machinery, general machinery and ceramics, clay and stone products.

The DI of prospects for October 2000-March 2001 fell 2.3 points from the previous quarter (20.8 18.5). By industry, it dropped in 6 industries, including other industries.

(3) NIES3

Table 11: 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)	
	Jul. - Sept. 1999	Apr. - Jun. 2000	Jul. - Sept. 2000	Jul. - Sept. 2000	Jul. - Sept. 2000	Jul. - Dec. 2000	Oct. 2000 - Mar. 2001
Sales	783,062	854,192	p 881,885	p 12.6	p 3.2	-4.9	p -18.0
Exports to Japan	126,624	145,402	p 150,727	p 19.0	p 3.7	2.1	p -10.0
Local sales	363,970	402,935	p 409,180	p 12.4	p 1.5	-9.0	p -10.3
Number of employees	116,628	120,334	p 122,117	p 4.7	p 1.5	-2.2	p -0.9
Proportion of local sales to all sales	46.5	47.2	p 46.4				
	Apr. - Sept. 1999	Oct. 1999 - Mar. 2000	Apr. - Sept. 2000	Apr. - Sept. 2000	Apr. - Sept. 2000	Apr. - Sept. 2000	Oct. 2000 - Mar. 2001
Acquisition of tangible fixed assets	57,866	37,037	p 42,614	p -26.4	p 15.1	13.3	p -3.3

Total sales, local sales, etc.

Total sales was 881.9 billion yen, an increase of 12.6% from a year ago for the fourth consecutive quarter, despite the weakness in the local currency against the yen, mainly in electrical machinery due to the vigorous demand and in other 8 industries, and the increase rate also rose.

Local sales was 409.2 billion yen, up 12.4% for the fourth consecutive quarter. They increased in 9 industries, mainly in electrical machinery and like in total sales.

The DI of prospects of total sales for October 2000-March 2001 fell 18.0 points (29.0 - 11.0) and of local sales, 10.3 points (26.9 - 16.6) from the previous quarter. By industry, the DI of total sales decreased in precision machinery and other industries, and the DI level also dropped in 7 industries, especially in electrical machinery, where the decrease rate was distinctive.

Capital investments

Capital investments was 42.6 billion yen, down 26.4% from a year earlier for the second consecutive quarter. Studying this by industry, they fell largely in chemicals and food and tobacco, as a reaction of the high rate in the quarter a year ago. Meanwhile, electrical machinery increased 83.7% for the second consecutive quarter due to strong demand, and non-ferrous metals also grew.

The DI of prospects for October 2000-March 2001 decreased 3.3 points (15.6 - 12.3) from the previous quarter. By industry, it dropped in 6 industries, such as transportation equipment and chemicals.

Employment

The number of employees was 122,000, 4.7% increase from a year ago for the third consecutive quarter. It

increased distinctively in electrical machinery, that has been very strong.

The DI of prospects for October 2000-March 2001 fell 0.9 points (2.7 - 1.8) from the previous quarter. By industry, the DI level fell in electrical machinery but improved in chemicals and non-ferrous metals.

Exports to Japan

Exports to Japan (reimports) was 150.7 billion yen, a double-figure increase of 19.0% from a year ago for the fourth consecutive quarter. By industry, it increased for the fourth consecutive quarter in electrical machinery, and also in non-ferrous metals and general machinery.

The DI of prospects for October 2000-March 2001 fell 10.0 points from the previous quarter (7.6 - 2.4). By industry, the DI level turned negative in precision machinery, and it also fell distinctively in general machinery.

(4) China and other Asian countries

Table 12: 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)	
	Jul. - Sept. 1999	Apr. - Jun. 2000	Jul. - Sept. 2000	Jul. - Sept. 2000	Jul. - Sept. 2000	Jul. - Dec. 2000	Oct. 2000 - Mar. 2001
Sales	611,347	643,675	p 703,813	p 15.1	p 9.3	-3.4	p -7.6
Exports to Japan	162,984	183,184	p 201,654	p 23.7	p 10.1	0.2	p -4.2
Local sales	223,877	252,356	p 271,017	p 21.1	p 7.4	-5.4	p -10.6
Number of employees	306,948	339,042	p 350,554	p 14.2	p 3.4	-4.3	p -2.8
Proportion of local sales to all sales	36.6	39.2	p 38.5				
	Apr. - Sept. 1999	Oct. 1999 - Mar. 2000	Apr. - Sept. 2000	Apr. - Sept. 2000	Apr. - Sept. 2000	Apr. - Sept. 2000	Oct. 2000 - Mar. 2001
Acquisition of tangible fixed assets	22,305	39,240	p 41,176	p 84.6	p 4.9	10.3	p 1.9

Total sales, local sales, etc.

Total sales was 703.8 billion yen, an increase of 15.1% from a year ago for the sixth consecutive quarter, despite the weakness in the local currency against the yen, due to the increase in all industries except textiles. By industry, electrical machinery grew 17.0% for the sixth consecutive quarter due to strong demand. Other industries also showed high rate of increase, such as precision machinery (20.2%), general machinery (12.3%), ceramics, clay and stone products and non-ferrous metals.

Local sales was 271.0 billion yen, up 21.1% for the third consecutive quarter due to the increase in all industries except textiles and chemicals.

The DI of prospects of total sales for October 2000-March 2001 fell 7.6 points (42.9 35.3) for the second consecutive quarter. By industry, the DI level turned negative in precision machinery for the first time in 4 quarters, and it also fell in 7 industries, like ceramics, clay and stone products and textiles, while there was an improvement in chemicals. The DI level of local sales dropped 10.6 points (39.8 29.2) from the previous quarter for the second consecutive quarter.

Capital investments

Capital investments was 41.2 billion yen, up 84.6% from a year earlier. Studying this by industry, they increased largely in electrical machinery due to strong demand.

The DI of prospects for October 2000-March 2001 improved 1.9 points (23.4 25.3) from the previous quarter. By industry, it increased in 7 industries, such as non-ferrous metals, chemicals and textiles.

Employment

The number of employees was 351,000, 14.2% in-

crease from a year ago for the twelfth consecutive quarter since October-December 1997 quarter, when it became possible to compare with the same term a year earlier. By industry, they increased in 10 industries, mainly in electrical machinery, precision machinery, general machinery, non-ferrous metals and ceramics, stone and clay products.

The DI of prospects for October 2000-March 2001 fell 2.8 points (15.5 12.7) from the previous quarter for the second consecutive quarter. By industry, it worsened in 9 industries, such as food and tobacco and precision machinery, where the DI level turned negative.

Exports to Japan

Exports to Japan (reimports) was 201.7 billion yen, up 23.7% from a year ago for the fifth consecutive quarter, due to the increase in 10 industries such as electrical machinery and general machinery.

The DI of prospects for October 2000-March 2001 fell 4.2 points from the previous quarter (18.0 13.8).

(5) Europe

Table 13: 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)	
	Jul. - Sept. 1999	Apr. - Jun. 2000	Jul. - Sept. 2000	Jul. - Sept. 2000	Jul. - Sept. 2000	Jul. - Dec. 2000	Oct. 2000 - Mar. 2001
Sales	1,675,867	1,806,872	p 1,761,695	p 5.1	p -2.5	-9.3	p -4.1
Exports to Japan	22,921	22,844	p 18,214	p -20.5	p -20.3	-2.0	p 5.1
Local sales	1,080,527	1,162,827	p 1,152,425	p 6.7	p -0.9	-4.2	p -5.4
Number of employees	180,208	192,793	p 189,031	p 4.9	p -2.0	-5.6	p -0.7
Proportion of local sales to all sales	64.5	64.4	p 65.4				
	Apr. - Sept. 1999	Oct.1999 - Mar. 2000	Apr. - Sept. 2000	Apr. - Sept. 2000	Apr. - Sept. 2000	Apr. - Sept. 2000	Oct.2000 - Mar. 2001
Acquisition of tangible fixed assets	173,575	140,087	p 86,881	p -49.9	p -38.0	4.7	p -5.2

Total sales, local sales, etc.

Total sales was 1,761.7 billion yen, an increase of 5.1% from a year ago, despite the weakness in the local currency against the yen. By industry, electrical machinery grew for the third consecutive quarter due to strong demand, and the increase rate also rose. Both chemicals and precision machinery grew in double figures. Meanwhile, transportation equipment kept decreasing distinctively, and other industries also fell, due to the decrease in numbers of surveyed companies (decrease in investments,etc).

Local sales was 1,152.4 billion yen, up 6.7% due to the increase mainly in electrical machinery as well as total sales.

The DI of prospects of total sales for October 2000-March 2001 fell 4.1 points (19.3 15.2) for the second consecutive quarter. By industry, the DI level turned negative in 5 industries, such as electrical machinery and general machinery, while it improved in chemicals and precision machinery. It also improved in transportation equipment, though the DI level was negative.

The DI of prospects of local sales dropped 5.4 points (19.6 14.2), due to the decrease in 7 industries, including electrical machinery and general machinery.

Capital investments

Capital investments was 86.9 billion yen, down 49.9% from a year earlier. Studying this by industry, they decreased 62.5% in transportation equipment being in the important position, due to the high rate in the quarter a year ago, and also fell in chemicals and other industries. Meanwhile they increased 45.2% in electrical machinery.

The DI of prospects for October 2000-March 2001 fell 5.2 points (16.7 11.5) from the previous quarter. By

industry, the DI level turned negative in other industries, and it also decreased in 6 industries like electrical machinery and chemicals.

Employment

The number of employees was 189,000, 4.9% increase from a year ago for the third consecutive quarter. By industry, it increased largely in chemicals, due to the effect of acquisitions, and also increased in transportation equipment, electrical machinery, etc.

The DI of prospects for October 2000-March 2001 fell 0.7 points (1.4 2.1) from the previous quarter. By industry, the DI level was negative in general machinery and electrical machinery, while it turned positive in transportation equipment and chemicals.

Exports to Japan

Exports to Japan (reimports) was 18.2 billion yen, down 20.5% from a year ago, due to the decrease in chemicals and precision machinery.

The DI of prospects for October 2000-March 2001 improved 5.1 points from the previous quarter (1.0 4.1).

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

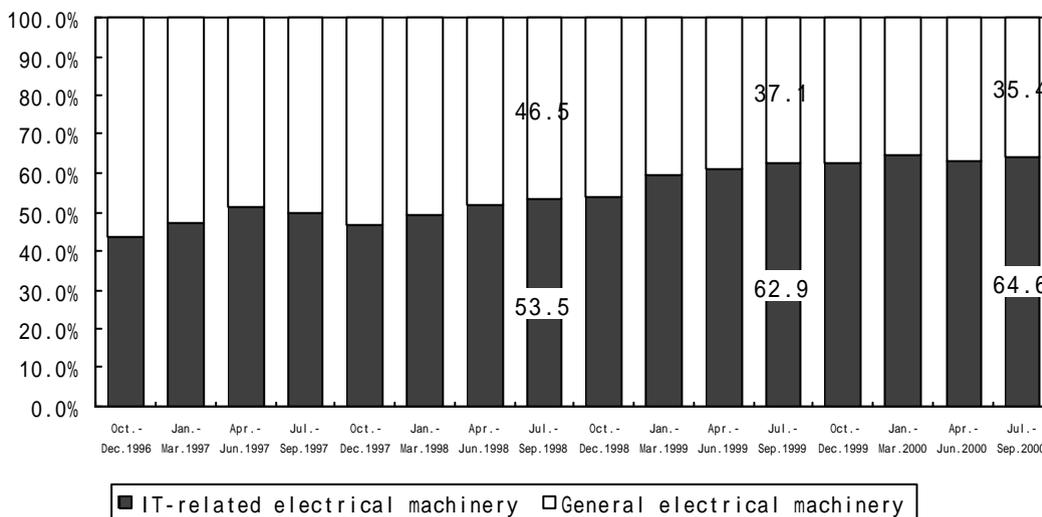
Overseas subsidiaries' exports to Japan (reimports) were 771.5 billion yen, up 15.4% from a year earlier, for the fourth consecutive quarter. Especially in Asia, they advanced in double figures, up 17.4% from a year ago, for the fourth consecutive quarter, substantially contributed by the increased reimports of electrical machinery being in the important position.

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 at a high rate, a 20.3% increase from a year ago (see Table 1), while the latter remained at a 11.7% 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 upward trend, showing the increase of 64.6% for this term, up 1.7 points from a year earlier.

Table 1 Trends of IT-related electrical machinery in the total electrical machinery, (Unit: million yen,%)

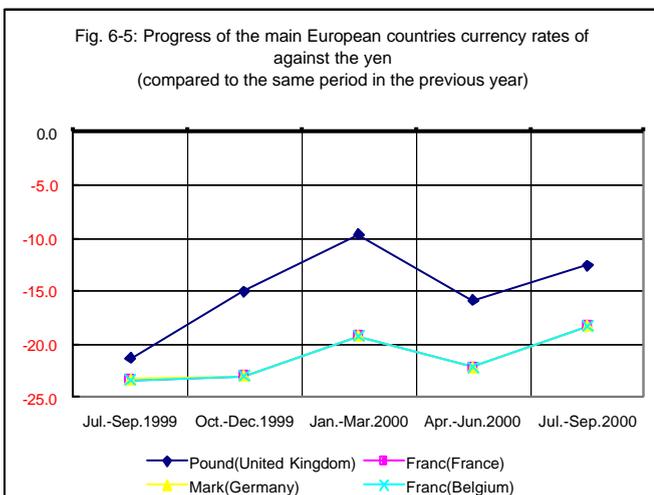
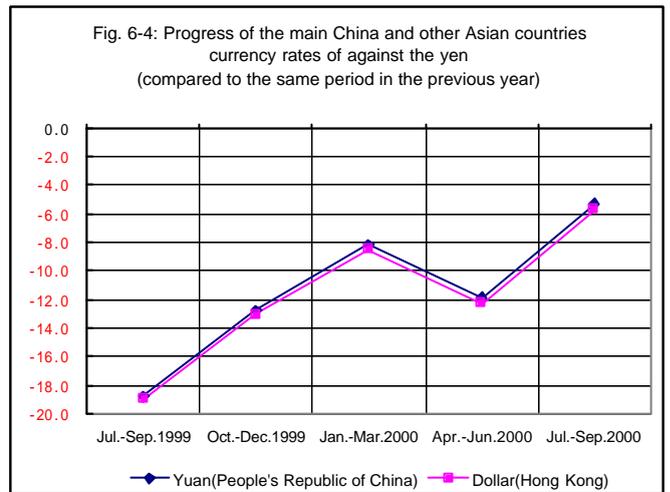
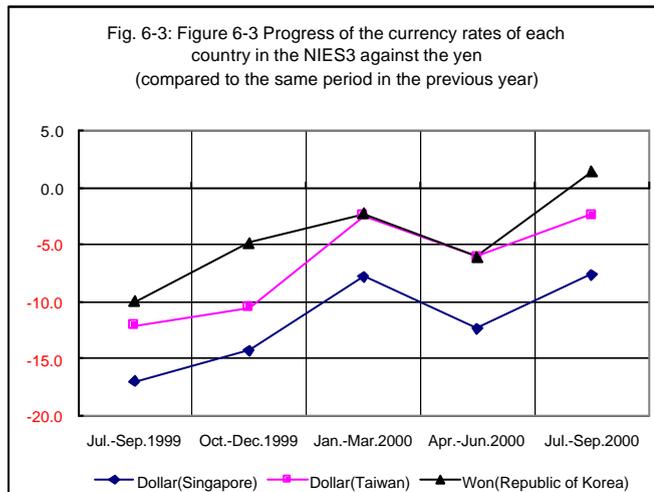
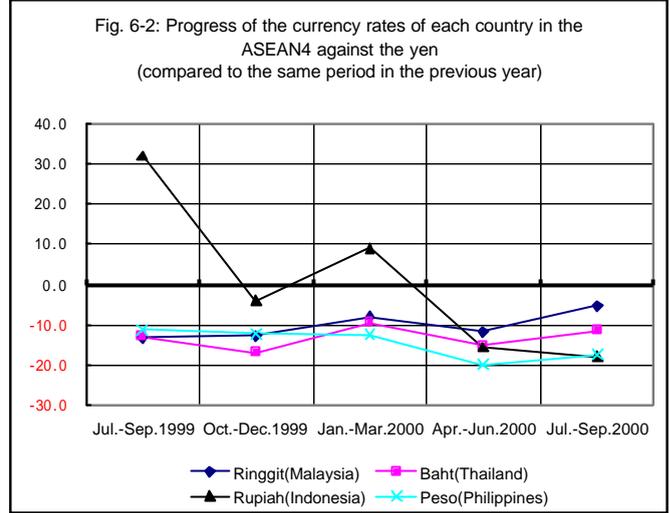
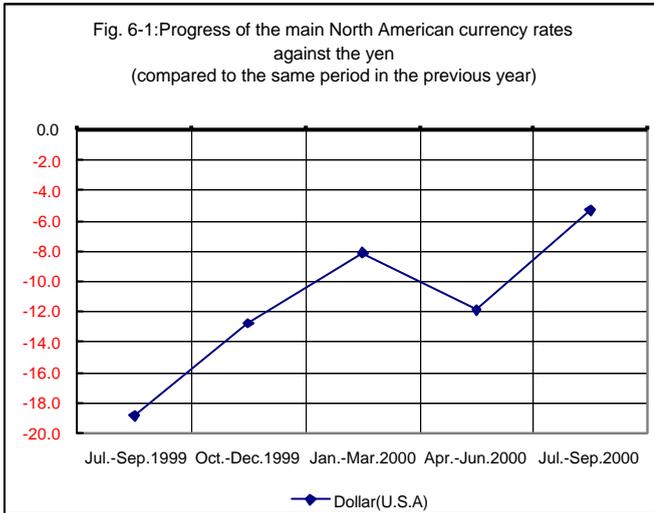
		1999			2000	
		Jul. - Sept.	Oct. - Dec.	Jan. - Mar.	Apr. - Jun.	Jul. - Sept.
IT-related electrical machinery	results	221,027	218,576	245,064	246,703	265,824
	quarter of last year	19.7	34.9	32.6	17.0	20.3
General electrical machinery	results	130,284	128,857	132,982	142,005	145,471
	quarter of last year	-18.9	-6.5	5.5	6.4	11.7

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)