

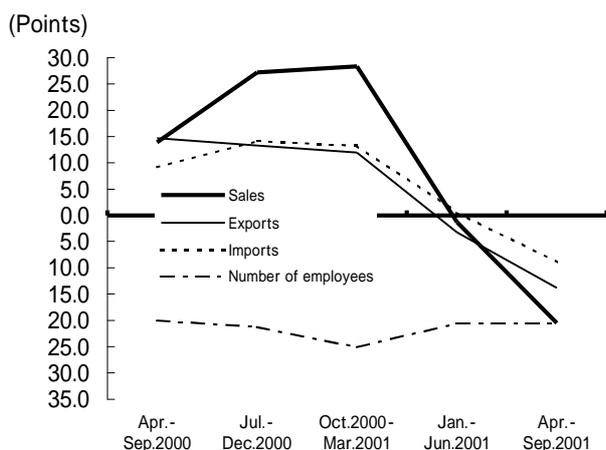
Quarterly Survey of Japanese Business Activities

(January - March 2001)

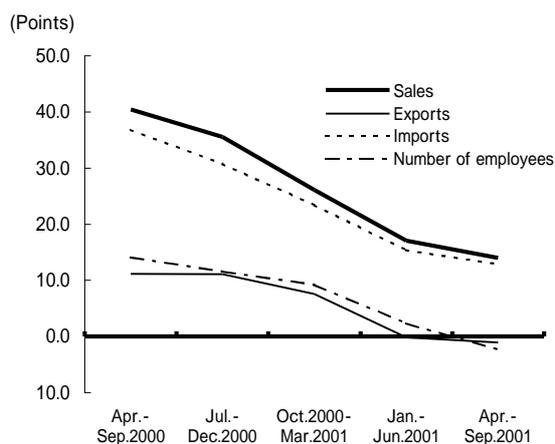
July 6, 2001

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

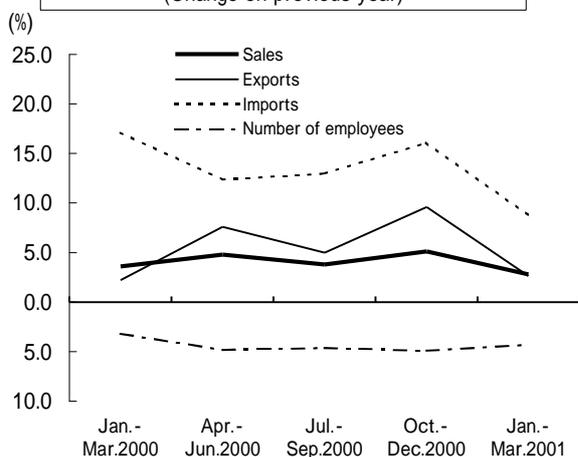
Prospects of Sales, etc for Domestic Parent Companies
(Diffusion Index)



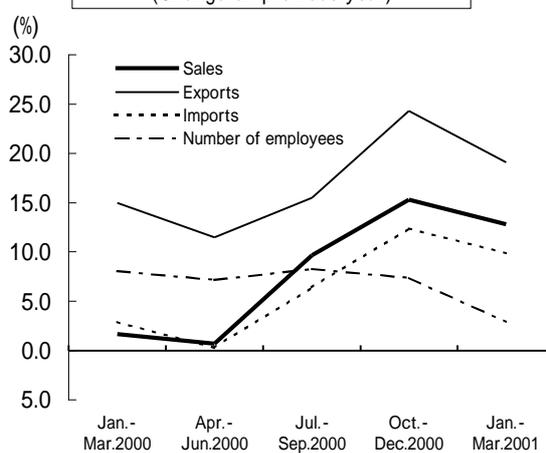
Prospects of Sales, etc for Overseas subsidiaries
(Diffusion Index)



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 forth 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 January-March 2001 (outlook for the period from April to September 2001)

The previous DI: DI in October-December 2000 (outlook for the period from January to June 2001)

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 118.09 yen, a depreciation of 11.03 yen compared with the same quarter a year earlier (107.06 yen) and a depreciation of 8.27 yen compared with the previous quarter (109.82 yen).

The responses to the questionnaire survey are summarized below.

Classification	Number of target company	Number of answered company	Response rate
Parent company	1,325	834	62.9%
Overseas subsidiaries	2,866	1,804	62.9%

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)	
	Jan. - Mar. 2000	Oct. - Dec. 2000	Jan. - Mar. 2001	Jan. - Mar. 2001	Jan. - Mar. 2001	Jan. - Jun. 2001	Apr. - Sept. 2001
Parent Companies	43,754,721	43,333,654	p 44,977,408	p 2.8	p 3.8	-29.7	p -19.2
Domestic sales	33,995,635	33,352,148	p 34,959,892	p 2.8	p 4.8		
Overseas Subsidiaries	8,997,812	9,694,682	p 10,149,710	p 12.8	p 4.7	-9.0	p -3.1
Local Sales	5,492,487	5,663,753	p 6,036,673	p 9.9	p 6.6	-8.0	p -2.5
Overseas production ratio	20.6	22.4	p 22.6				

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)	
	Jan. - Mar. 2000	Oct. - Dec. 2000	Jan. - Mar. 2001	Jan. - Mar. 2001	Jan. - Mar. 2001	Jan. - Jun. 2001	Apr. - Sept. 2001
Total	8,997,812	9,694,682	p 10,149,710	p 12.8	p 4.7	-9.0	p -3.1
North America	4,155,635	4,554,790	p 4,840,811	p 16.5	p 6.3	-11.1	p -9.2
Asia	2,429,260	2,753,119	p 2,711,326	p 11.6	p -1.5	-13.7	p 0.5
Asean4	1,077,255	1,247,916	p 1,260,430	p 17.0	p 1.0	-17.1	p -5.6
Nies3	780,755	839,141	p 797,791	p 2.2	p -4.9	-22.3	p 1.7
China and other	571,250	666,062	p 653,105	p 14.3	p -1.9	-4.3	p 8.1
Europe	1,944,018	1,814,521	p 1,992,397	p 2.5	p 9.8	6.6	p -8.9
Other	468,899	572,252	p 605,176	p 29.1	p 5.8	8.5	p -3.2

【Results】

- Sales of domestic parent companies reached ¥44.9774 trillion, up 2.8% from a year ago, which was an increase for the sixth straight period. However, the growth rate diminished (5.1% for the previous period 2.8% for this period). By industry, sales increased in 7 industries including electrical machinery out of 13 industries.
Sales of overseas subsidiaries totaled ¥10.1497 trillion, up 12.8% from a year ago, which was an increase for the fifth straight period. By region, they increased in all regions again following the previous period.
When comparing local currency rates against the yen of each country, where overseas subsidiaries belonging to this survey are located, with those in the same period of the previous year (Figure 7), the US dollar has risen (yen's depreciation) since the previous period, up 10.3% for this term. The Euro also rose 3.2%.
- Local sales of overseas subsidiaries (Note 2) reached ¥6.367 trillion, up 9.9% from a year before, which was an increase for the fifth consecutive period as well as the said sales. By region, they increased in all regions.
- The overseas production ratio (Note 3) was 22.6 %, up 2.0% points from the same period of

the previous year.

【Prospects】

- With regard to the forecast for April-September 2001, when observing DI (Note 1) points compared to the previous term, sales of domestic parent companies declined sharply by 19.2 points for the second consecutive period (-1.3 -20.5). The level of DI has fallen to minus digits since the previous period and the degree of decline widened rapidly in this term (13.9 for April-September 2000 27.2 28.4 -1.3 -20.5 for April-September 2001). Furthermore, sales of overseas subsidiaries decreased by 3.1 points from the previous term for the fourth consecutive period. By region, sales deteriorated in all regions except for China and other Asian countries and NIES3. Although the levels of DI in all regions showed plus digits, they were low for the first time in ten periods.
- Local sales of overseas subsidiaries fell 2.5 points (15.4 12.9) from the previous period for the fourth consecutive period.

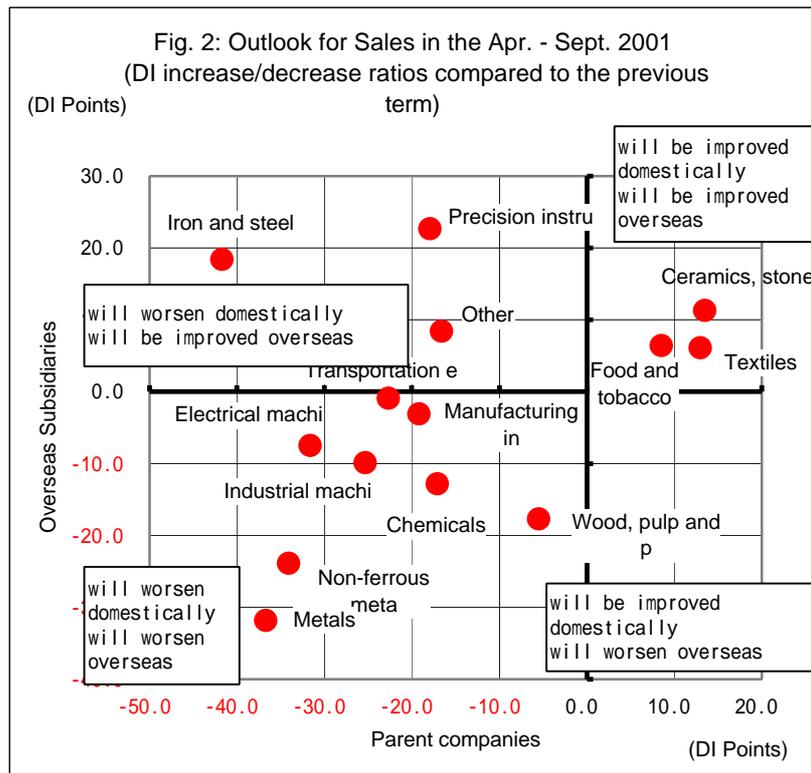
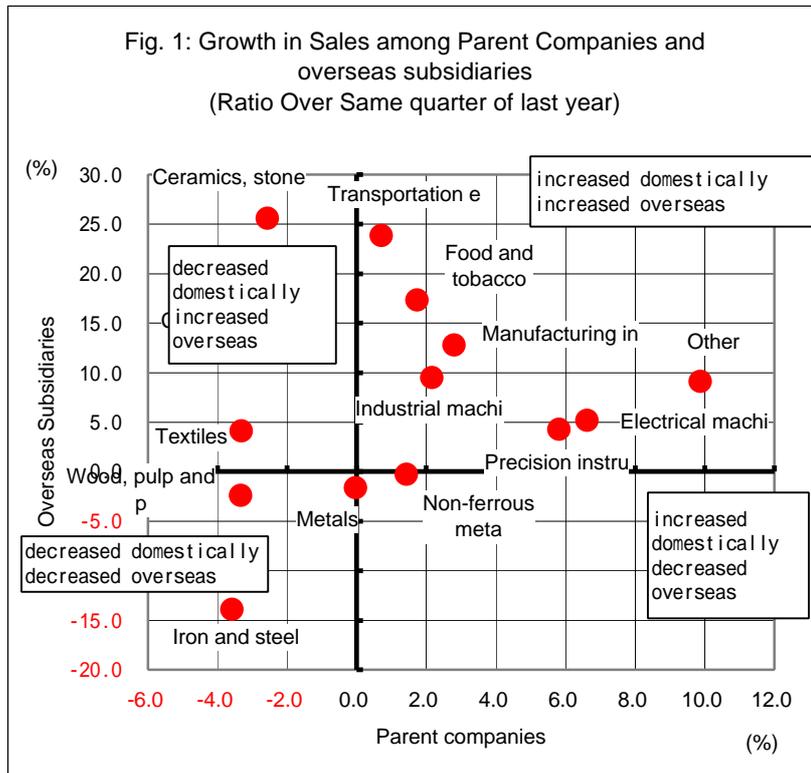


Table 3: Trends in the Amount of Acquired Tangible Fixed Assets by Parent Companies and Overseas Subsidiaries
(Unit: million yen, %, DI points)

	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
	Oct.1999 - Mar. 2000	Apr. - Sept. 2000	Oct.2000 - Mar. 2001	Oct.2000 - Mar. 2001	Oct.2000 - Mar. 2001	Apr. - Sept. 2001
Parent Companies	2,848,401	2,651,047	p 2,941,530	p 3.3	p 11.0	
domestic investment	2,213,348	2,140,490	p 2,258,301	p 2.0	p 5.5	p -5.4
direct overseas investment	635,053	510,557	p 683,229	p 7.6	p 33.8	p -2.7
Overseas Subsidiaries	552,728	577,284	p 603,496	p 9.2	p 4.5	p -9.5

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
	Oct.1999 - Mar. 2000	Apr. - Sept. 2000	Oct.2000 - Mar. 2001	Oct.2000 - Mar. 2001	Oct.2000 - Mar. 2001	Apr. - Sept. 2001
Total	552,728	577,284	p 603,496	p 9.2	p 4.5	p -9.5
North America	211,411	268,036	p 255,801	p 21.0	p -4.6	p -2.1
Asia	175,376	203,738	p 220,976	p 26.0	p 8.5	p -14.9
Asean4	99,099	119,718	p 134,733	p 36.0	p 12.5	p -14.6
Nies3	37,037	42,787	p 50,264	p 35.7	p 17.5	p -19.9
China and other	39,240	41,233	p 35,979	p -8.3	p -12.7	p -12.4
Europe	140,087	87,315	p 100,841	p -28.0	p 15.5	p -7.0
Other	25,854	18,195	p 25,878	p 0.1	p 42.2	p 8.9

2. Domestic and overseas capital investment

【Results】

- Capital investment (acquisitions of tangible fixed assets excluding lands, hereinafter same as this) of domestic parent companies for the period from October 2000 to March 2001 totaled ¥2.2583 trillion, which was a year-on-year increase of 2.0%. By industry, it increased in six industries including transportation machinery. Although the growth rate of general machinery picked up (up 21.5% from a year ago), that of other machinery enjoyed only a single-digit growth. Moreover, capital investment of overseas subsidiaries was ¥603.5 billion, up 9.2% from a year ago. That was an increase for the second straight period, for the first time since the period from April to September 1998, when the semiannual survey began for capital investment. By region, capital investment increased in North America, ASEAN4, NIES3 and other regions.
- Domestic parent companies' direct investment abroad for the period from October 2000 to March 2001 reached ¥683.2 billion, up 7.6% over the same period of the

preceding year. By industry, it showed an increase in 4 industries including transportation machinery out of 13.

【Prospects】

- With regard to prospects for April-September 2001 of domestic parent companies, when observing DI points compared to the previous term, capital investment deteriorated, down 5.4 points (-27.4 - 32.8), after an improvement over three consecutive periods. By industry, it deteriorated in 8 industries including transportation machinery. Furthermore, capital investment of overseas subsidiaries declined by 9.5 points (17.4 7.9) from the previous period for the second consecutive period. By region, it deteriorated in all regions except for others.
- Domestic parent companies' direct investment abroad decreased by 2.7 points (-1.5 -4.2) from the previous period. The level of DI has been running at a slightly minus level for these four periods.

3. Trade Transactions

Table 5: Trends in Trade Transactions by Parent Companies

	Exports			Ratio Over	Ratio Over	Next Term Outlook (DI	
	Jan. - Mar.	Oct. - Dec.	Jan. - Mar.	Same quarter	Previous	points compared to previous	
	2000	2000	2001	of last year	Quarter	Term)	
	Jan. - Mar.	Oct. - Dec.	Jan. - Mar.	Jan. - Mar.	Jan. - Mar.	Jan. - Jun.	Apr. - Sept.
	2000	2000	2001	2001	2001	2001	2001
Exports	9,759,086	9,981,506	10,017,516	2.6	0.4	-15.3	-10.5
Imports	2,298,383	2,486,639	2,498,621	8.7	0.5	-12.7	-9.5
Exports - Imports	7,460,703	7,494,867	7,518,895	0.8	0.3		
Exports to overseas subsidiaries	4,946,947	5,349,194	5,276,536	6.7	-1.4		
Imports from overseas subsidiaries	769,654	812,250	802,297	4.2	-1.2		
Exports - Imports	4,177,293	4,536,944	4,474,239	7.1	-1.4		
Proportion of exports to overseas subsidiaries	50.7	53.6	52.7				
Proportion of imports from overseas subsidiaries	33.5	32.7	32.1				

1) Exports and imports

【Results】

- Exports of domestic parent companies totaled ¥10.175 trillion, up 2.6% from a year ago, which was an increase for the fifth consecutive period. By industry, transportation machinery and electrical machinery contributed greatly to the increase. As a result exports grew in 8 industries.
- Imports of domestic parent companies totaled ¥2.4986 trillion, up 8.7% from a year ago, which was an increase for the fifth consecutive period. By industry, imports increased in 12 industries excluding foods and tobacco.

【Prospects】

- With regard to prospects for April-September 2001, when observing DI points compared to the previous term, exports of domestic parent companies fell 10.5 points (-3.3 -13.8). The level of DI fell to double minus digits after a lapse of nine periods. By industry, exports deteriorated in 10 industries including electrical machinery from the previous period.
- Imports of domestic parent companies fell 9.5 points (0.6 -8.9) from the previous term. Although the level of DI had been taking an expansionary trend, the growth rate has greatly narrowed

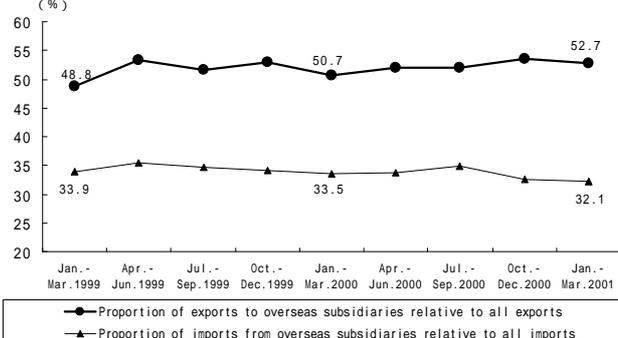
since the previous period and it declined to -8.9 points for April-September 2001. Compared with the previous term by industry, imports deteriorated in 7 industries including precision machinery and electrical machinery.

(2) Intra-company transactions between domestic

【Results】

- Exports to overseas affiliated companies owned by domestic parent companies totaled ¥5.2765 trillion, which was a year-to-year increase of 6.7%. They accounted for 52.7% of exports of domestic parent companies, up 2.0% points over the corresponding period of the previous year.
- Imports from overseas subsidiaries totaled ¥802.3 billion, up 4.2% from a year ago. By industry, they increased in 10 industries, with general machinery having a great influence. They accounted for 32.1% of imports of domestic parent companies, down 1.4% points from the same period of the previous year.
- With regard to the balance of exports and imports between domestic parent companies and overseas subsidiaries, there was an excess of exports of ¥4.4742 trillion, up 7.1% from the same period of the previous year.

Fig.3 Trends in Trade Transactions by Parent Companies (%)



2. 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)	
	Jan. - Mar. 2000	Oct. - Dec. 2000	Jan. - Mar. 2001	Jan. - Mar. 2001	Jan. - Mar. 2001	Jan. - Jun. 2001	Apr. - Sept. 2001
Parent Companies	2,579,936	2,510,754	2,469,868	p -4.3	p -1.6	4.6	p 0.0
Overseas Subsidiaries	1,681,296	1,747,818	1,730,649	p 2.9	p -1.0	-6.8	p -4.7

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)	
	Jan. - Mar. 2000	Oct. - Dec. 2000	Jan. - Mar. 2001	Jan. - Mar. 2001	Jan. - Mar. 2001	Jan. - Jun. 2001	Apr. - Sept. 2001
Total	1,681,296	1,747,818	1,730,649	p 2.9	p -1.0	-6.8	p -4.7
North America	399,673	403,830	400,030	p 0.1	p -0.9	-7.1	p -7.6
Asia	985,041	1,050,673	1,037,805	p 5.4	p -1.2	-9.7	p -4.0
Asean4	530,977	568,437	559,031	p 5.3	p -1.7	-14.8	p -6.7
Nies3	119,337	122,041	118,710	p -0.5	p -2.7	-11.5	p -5.9
China and other	334,727	360,195	360,064	p 7.6	p -0.0	-2.4	p 0.9
Europe	187,782	182,750	184,384	p -1.8	p 0.9	0.3	p -3.2
Other	108,800	110,565	108,430	p -0.3	p -1.9	7.7	p -4.7

【Results】

- The number of regular employees of domestic parent companies totaled 2.47 million persons, which was a year-to-year decline of 4.3%. The rate of decrease diminished compared to the previous period, when the widest rate was recorded (a year-to-year decline of 4.9%) after the survey began (-3.2% for January-March 2000 -4.8% -4.6% -4.9% -4.3% for this term).
- On the other hand, the number of employees of overseas subsidiaries reached 1.731 million persons, up 2.9% from a year ago, which was an increase for the eighth consecutive period. However, the growth rate narrowed considerably (8.1% for January- March 2000 7.2% 8.3% 7.4% 2.9% for this term). By region, although the number of employees increased in China and other Asian countries and ASEAN4, it remained unchanged in North America and decreased in the rest of the regions.
- The overseas employment rate (Note 4) for this period was 70.1%, up 4.9% points from a year ago, due to a decrease in domestic employment and an increase in overseas employment of these days.

【Prospects】

- With regard to prospects for April-September 2001, when observing DI points compared to the previous term, the DI of domestic parent companies remained flat (-20.5 -20.5). However, the DI has been running at a minus level by a wide margin. Compared with the previous period, it improved in 7 out of 13 industries.
- The DI of overseas subsidiaries fell 4.7 points (2.4 -2.3) from the previous period for the fourth consecutive period. By region, it deteriorated in all regions except for China and other Asian countries. The level of DI also fell to minus digits in all regions for the first time in nine periods.



Fig. 5: Growth Rates in the Number of Employment Employed by Domestically-based Parent Companies and overseas subsidiaries (Ratio Over Same quarter of last year)

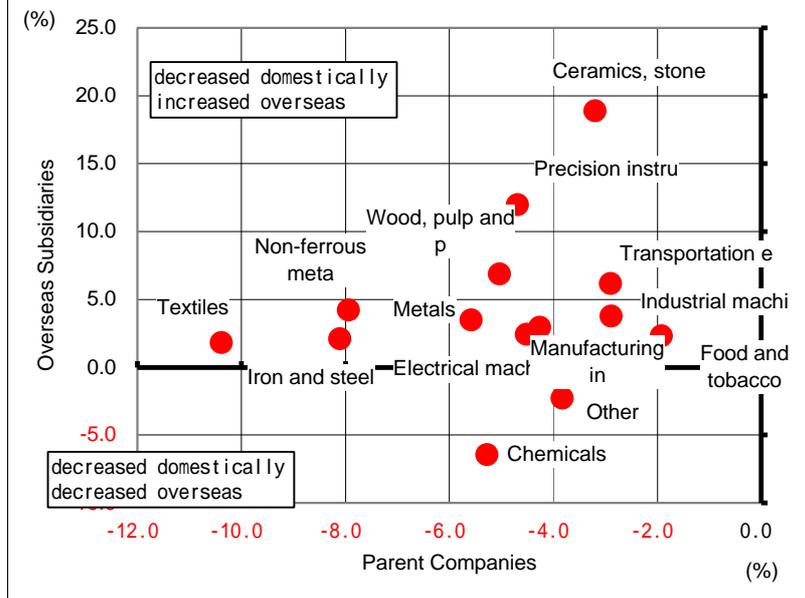
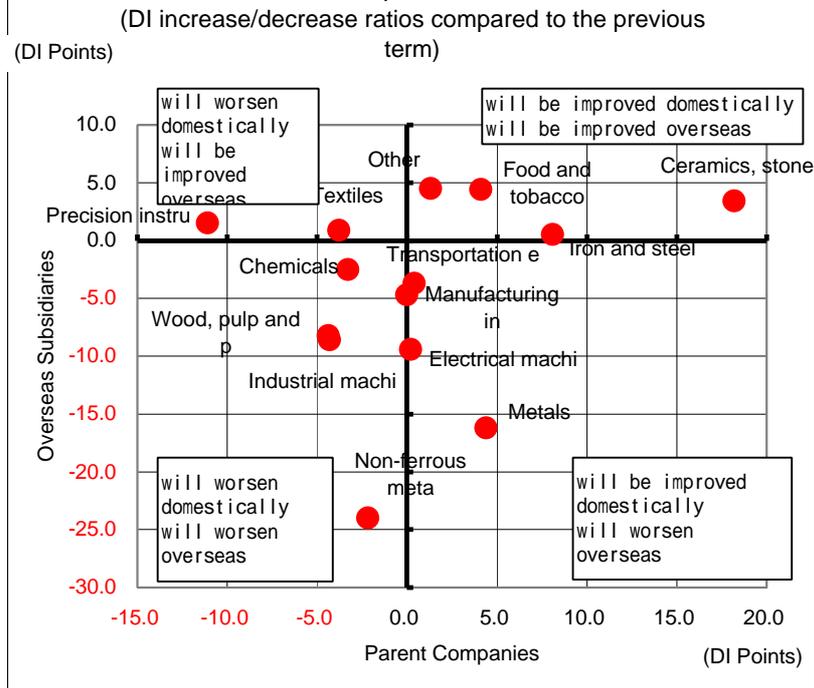


Fig. 6: Outlook for the Number of Employees in the Apr. - Sept. 2001 (DI increase/decrease ratios compared to the previous term)



4. Overseas subsidiaries by region

【Prospects】

- Sales of overseas subsidiaries (prospects for April-September 2001 (DI)) dropped 3.1 points (17.1 → 14.0) from the previous period for the fourth consecutive period. By region, the DI deteriorated in North America, ASEAN4 and Europe. The DI level showed plus digits in all regions except for NIES3, whereas it fell to minus digits only in NIES3 for the second consecutive period. By industry, the DI in electrical machinery deteriorated remarkably especially in the said regions.
Although the DI fell in most regions, it improved in China and other Asian countries. By industry, it improved in general machinery, precision machinery and textiles etc.
- Capital investment (acquisitions of tangible fixed assets, hereinafter same as this) dropped by 9.5 points (17.4 → 7.9) from the preceding period for the second straight period. By region, it deteriorated in all regions except for other regions. The rate of deterioration remarkably expanded particularly in Asian regions. By industry, the level of DI in electrical machinery turned to minus digits. As a result it deteriorated in most industries (11 industries).

【Results】

- Sales totaled ¥10.1497 trillion, which was a year-to-year increase of 12.8% for the fifth consecutive period, partly because the local currencies rose against the yen in general (the US dollar 10.3%, the Euro 3.2% against the yen compared to the same period of the previous year). By region, sales in all regions showed an increase. When observing main industries, sales in transportation machinery jumped in North America and other regions, being partly influenced by company mergers. Sales in general machinery increased mainly in China and other Asian countries and ASEAN4. On the other hand, those in electrical machinery reduced in Europe and NIES3, causing the rate of increase to diminish.
- Exports (re-imports) to Japan totaled ¥817.1 billion, up 19.1% from the same period of the previous year, which was an increase for the sixth consecutive period. Compared with the growth rate of local sales (9.9% from a year ago), that of exports continued to show a sharp rise. By region, exports in all regions increased. They continued to grow particularly in Asian regions. By industry, they showed a rise in electrical machinery and general machinery.
- Although employment (the number of employees) totaled 1.731 million persons, up 2.9% from a year earlier, the growth rate diminished (7.4% for the previous term → 2.9% for this term). By region and industry, a shrinkage and a decrease of the growth rate in electrical machinery was seen remarkably, especially in Asian regions and Europe.

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

	Quarterly Performances			Ratio Over	Ratio Over	Next Term Outlook (DI	
	Jan. - Mar.	Oct. - Dec.	Jan. - Mar.	Same quarter	Previous	points compared to previous	
	2000	2000	2001	of last year	Quarter	Term)	Term)
	Jan. - Mar.	Oct. - Dec.	Jan. - Mar.	Jan. - Mar.	Jan. - Mar.	Jan. - Jun.	Apr. - Sept.
	2000	2000	2001	2001	2001	2001	2001
Sales	8,997,812	9,694,682	p 10,149,710	p 12.8	p 4.7	-9.0	p -3.1
Exports to Japan	686,261	800,375	p 817,062	p 19.1	p 2.1	-7.7	p -1.0
Local sales	5,492,487	5,663,753	p 6,036,673	p 9.9	p 6.6	-8.0	p -2.5
Number of employees	1,681,296	1,747,818	p 1,730,649	p 2.9	p -1.0	-6.8	p -4.7
Proportion of local sales to all sales	61.0	58.4	p 59.5				
	Oct.1999 - Mar. 2000	Apr. - Sept. 2000	Oct.2000 - Mar. 2001	Apr. - Sept. 2001			
Acquisition of tangible fixed assets	552,728	577,284	p 603,496	p 9.2	p 4.5	-2.5	p -9.5

(1) North America

Table 9: Business Trends among Overseas Subsidiaries in All Business Categories in North America

	Quarterly Performances			Ratio Over	Ratio Over	Next Term Outlook (DI	
	Jan. - Mar.	Oct. - Dec.	Jan. - Mar.	Same quarter	Previous	points compared to previous	
	2000	2000	2001	of last year	Quarter	Term)	Term)
	Jan. - Mar.	Oct. - Dec.	Jan. - Mar.	Jan. - Mar.	Jan. - Mar.	Jan. - Jun.	Apr. - Sept.
	2000	2000	2001	2001	2001	2001	2001
Sales	4,155,635	4,554,790	p 4,840,811	p 16.5	p 6.3	-11.1	p -9.2
Exports to Japan	77,834	78,452	p 85,782	p 10.2	p 9.3	-3.2	p -4.3
Local sales	2,998,723	3,030,856	p 3,306,842	p 10.3	p 9.1	-11.3	p -10.3
Number of employees	399,673	403,830	p 400,030	p 0.1	p -0.9	-7.1	p -7.6
Proportion of local sales to all sales	72.2	66.5	p 68.3				
	Oct.1999 - Mar. 2000	Apr. - Sept. 2000	Oct.2000 - Mar. 2001	Apr. - Sept. 2001			
Acquisition of tangible fixed assets	211,411	268,036	p 255,801	p 21.0	p -4.6	1.4	p -2.1

(Unit: million yen,%,DI points)

【Results】

- Sales totaled ¥4.8408 trillion, up 16.5% from a year earlier, which was an increase for the third consecutive period, partly because the local currency rose against the yen. When observing some main industries, sales in transportation machinery climbed sharply by 31.6% from a year ago, partly due to company mergers, which was an increase for the fifth consecutive period. In addition, they showed a rise in electrical machinery (4.3%) and chemicals (17.0%).
- Local sales reached ¥3.3068 trillion. They increased by 10.3% from a year ago mainly in transportation machinery as was the case with the said sales.
- Capital investment (acquisitions of tangible fixed assets except for lands, hereinafter same as this) totaled ¥255.8 billion, which was a year-to-year increase of 21.0%. By industry, it jumped mainly in transportation machinery (46.9% from a year ago).
- The number of employees was 0.4 million persons, up 0.1% from a year ago, which changed little. When observing some main industries, that in transportation machinery has increased by 5.8% for fourteen straight periods since the survey began. On the other hand, it fell 4.3% in general machinery for the second consecutive period and also fell 0.9% in electrical machinery. Consequently, it showed a decline in 10 industries.

【Prospects】

- Sales (prospects for April-September 2001 (DI)) fell 9.2 points (14.9 → 5.7) from the preceding period for the fifth consecutive period. By industry, sales in electrical machinery fell 11.5 points (-2.8

-14.3) from the preceding period for the third consecutive period, and those in transportation machinery also dropped by 9.0 points (9.0 → 0.0) for the second consecutive period. In addition, sales in general machinery plummeted by 33.6 points (35.9 → 2.3). Moreover, local sales deteriorated along with the said sales by 10.3 points (14.7 → 4.4) for the fifth consecutive period.

- The DI of capital investment deteriorated by 2.1 points (14.5 → 12.4) from the previous period. By industry, the DI in electrical machinery dropped 22.3 points (8.0 → -14.3). Moreover, the level of DI fell to minus digits.

- The DI of the number of employees deteriorated by 7.6 points (-0.8 → -8.4) from the previous period for the fourth consecutive period and the rate of decline expanded. By industry, the DI in transportation machinery fell 11.8 points (0.0 → -11.8) from the previous term for the fifth consecutive period, causing the level of DI to fall to negative digits. In addition, the DI in general machinery plummeted by 29.8 points (18.4 → -11.4).

(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)	
	Jan. - Mar. 2000	Oct. - Dec. 2000	Jan. - Mar. 2001	Jan. - Mar. 2001	Jan. - Mar. 2001	Jan. - Jun. 2001	Apr. - Sept. 2001
Sales	1,077,255	1,247,916	p 1,260,430	p 17.0	p 1.0	-17.1	p -5.6
Exports to Japan	279,901	328,247	p 343,258	p 22.6	p 4.6	-17.8	p 0.4
Local sales	412,871	500,993	p 477,077	p 15.6	p -4.8	-13.2	p -2.4
Number of employees	530,977	568,437	p 559,031	p 5.3	p -1.7	-14.8	p -6.7
Proportion of local sales to all sales	38.3	40.1	p 37.9				
	Oct.1999 - Mar. 2000	Apr. - Sept. 2000	Oct.2000 - Mar. 2001	Oct.2000 - Mar. 2001	Oct.2000 - Mar. 2001	Oct.2000 - Mar. 2001	Apr. - Sept. 2001
Acquisition of tangible fixed assets	99,099	119,718	p 134,733	p 36.0	p 12.5	-7.8	p -14.6

【Results】

- Sales totaled ¥1.2604 trillion, up 17.0% from a year earlier, although the local currencies fell against the yen in general. By industry, sales in electrical machinery rose 18.9% from the same period of the preceding year for the sixth consecutive period. Those in general machinery also rose 43.9% from a year ago.

Local sales were ¥477.1 billion, up 15.6% from a year earlier, mainly in electrical machinery just like the said sales.

- Exports (re-imports) to Japan totaled ¥343.3 billion, which was a year-on-year increase of 22.6% for the sixth consecutive period. By industry, they increased by 15.5% from a year ago in electrical machinery and by 49.9% in general machinery.

- Capital investment reached ¥134.7 billion, up 36.0% from the corresponding period of the previous year, for the second consecutive period. By industry, the increase can be seen mainly in electrical machinery (49.3% from a year earlier).

- Although the number of employees totaled 0.559 million persons, up 5.3% from the same period of the previous year, the growth rate diminished. By industry, although the number of employees in electrical machinery increased by 4.0% from a year earlier, the growth rate narrowed.

【Prospects】

- Sales (prospects for April-September (DI)) and local sales deteriorated by 5.6 points (16.9 11.3) and by 2.4 points (12.5 10.1) respectively from the previous period for the fourth consecutive

period. By industry, sales in electrical machinery dropped 14.4 points (1.3 -13.1) from the preceding period and the level of DI fell to minus digits.

- Exports (re-imports) to Japan improved slightly by 0.4 points (-0.2 0.2) from the previous term. By industry, exports in general machinery and chemicals rose 21.0 points (-25.0 -4.0) and 9.2 points (2.6 11.8) respectively. On the other hand, exports in electrical machinery fell 5.4 points (-6.5 -11.9) from the preceding term for the second consecutive period.

- Capital investment deteriorated by 14.6 points (21.8 7.2) from the previous period for the second consecutive period. By industry, it fell 23.9 points (22.0 -1.9) in electrical machinery and 26.1 points (13.6 -12.5) in general machinery. The level of DI fell to negative digits.

- The number of employees dropped by 6.7 points (6.0 -0.7) from the preceding term and the DI level turned to minus digits slightly. By industry, the number of employees dropped by 13.8 points (0.6 -13.2) in electrical machinery and by 12.8 points (4.8 -8.0) in general machinery, so that the level of DI also fell to minus digits.

(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)	
	Jan. - Mar. 2000	Oct. - Dec. 2000	Jan. - Mar. 2001	Jan. - Mar. 2001	Jan. - Mar. 2001	Jan. - Jun. 2001	Apr. - Sept. 2001
Sales	780,755	839,141	p 797,791	p 2.2	p -4.9	-22.3	p 1.7
Exports to Japan	131,618	162,186	p 146,022	p 10.9	p -10.0	-4.7	p -6.7
Local sales	357,207	389,522	p 385,299	p 7.9	p -1.1	-27.5	p 4.0
Number of employees	119,337	122,041	p 118,710	p -0.5	p -2.7	-11.5	p -5.9
Proportion of local sales to all sales	45.8	46.4	p 48.3				
	Oct.1999 - Mar. 2000	Apr. - Sept. 2000	Oct.2000 - Mar. 2001	Oct.2000 - Mar. 2001	Oct.2000 - Mar. 2001	Oct.2000 - Mar. 2001	Apr. - Sept. 2001
Acquisition of tangible fixed assets	37,037	42,787	p 50,264	p 35.7	p 17.5	-2.8	p -19.9

【Results】

- Sales totaled ¥797.8 billion, up 2.2% from the same period of the previous year, partly because the local currencies rose against the yen. However, the growth rate narrowed. By industry, sales in transportation machinery increased by 17.2% from a year ago for the fourth consecutive period. On the other hand, sales in electrical machinery, which was regarded as important in sales, fell 1.4% from a year ago after a lapse of six periods. Local sales totaled ¥385.3 billion, up 7.9% from the same period of the previous year, partly due to an increase of transportation machinery just like the said sales.
- Exports (re-imports) to Japan were ¥146.0 billion, which was a year-to-year increase of 10.9% for the sixth consecutive period. By industry, exports in electrical machinery rose 15.5% from a year ago for the sixth consecutive period.
- Capital investment was ¥50.3 billion, up 35.7% from the same period of the previous year. By industry, it increased mainly in electrical machinery (up 41.7% from a year ago).
- The number of employees totaled 119,000 persons, slightly down 0.5% from a year earlier after a lapse of five periods. By industry, the employment in electrical machinery and precision machinery decreased by 0.9% and by 3.8% respectively.

【Prospects】

- Although Sales (Prospects for April-September 2001 (DI)) improved by 1.7 points (-10.8 -9.1) from the previous period, the level of DI continued to remain in minus digits. By industry, sales in transportation machinery and chemicals rose 10.8 points (5.9 16.7) and 12.8 points (-3.1 9.7) respectively from

the previous term. On the other hand, those in general machinery fell 29.4 points (15.8 -13.6).

- Exports (re-imports) to Japan deteriorated by 6.7 points (-7.9 -14.6) from the preceding period for the third consecutive period. By industry, exports in electrical machinery fell 14.0 points (-7.3 -21.3) for the third consecutive period and the rate of deterioration also expanded. In addition, exports in general machinery fell 31.7 points (16.7 -15.0) and the level of DI fell to minus digits.
- Capital investment dropped by 19.9 points (12.8 -7.1) from the previous period. By industry, that in electrical machinery and transportation machinery deteriorated by 36.5 points (18.6 -17.9) and by 24.6 points (19.0 -5.6) respectively, so that the level of DI fell to negative digits.
- The number of employees deteriorated by 5.9 points (-8.5 -14.4) from the previous period for the second consecutive period. By industry, the employment in electrical machinery dropped by 8.3 points (-15.5 -23.8) for the fourth consecutive period and also that in chemicals dropped by 6.7 points (0.0 -6.7).

(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)	
	Jan. - Mar. 2000	Oct. - Dec. 2000	Jan. - Mar. 2001	Jan. - Mar. 2001	Jan. - Mar. 2001	Jan. - Jun. 2001	Apr. - Sept. 2001
Sales	571,250	666,062	p 653,105	p 14.3	p -1.9	-4.3	p 8.1
Exports to Japan	166,595	202,244	p 206,992	p 24.2	p 2.3	-5.5	p 2.7
Local sales	205,512	245,594	p 253,945	p 23.6	p 3.4	1.6	p 6.4
Number of employees	334,727	360,195	p 360,064	p 7.6	p -0.0	-2.4	p 0.9
Proportion of local sales to all sales	36.0	36.9	p 38.9				
	Oct.1999 - Mar. 2000	Apr. - Sept. 2000	Oct.2000 - Mar. 2001	Oct.2000 - Mar. 2001	Oct.2000 - Mar. 2001	Oct.2000 - Mar. 2001	Apr. - Sept. 2001
Acquisition of tangible fixed assets	39,240	41,233	p 35,979	p -8.3	p -12.7	2.3	p -12.4

【Results】

- Sales totaled ¥653.1 billion, up 14.3% from a year before, which was an increase for the eighth consecutive period, partly because the local currencies rose against the Japanese yen. By industry, sales in general machinery skyrocketed by 37.6% and also those in precision machinery increased by 26.4% from a year ago. Although those in electrical machinery increased by 3.6%, the rate of increase diminished.

Local sales totaled ¥253.9 billion, up 23.6% from a year earlier, for the fifth consecutive period.

- Exports (re-imports) to Japan were ¥207.0 billion, which was a year-to-year increase of 24.2% for the seventh consecutive period. By industry, those in general machinery and precision machinery jumped 51.6% and 55.8% respectively from the same period of the preceding year. Although those in electrical machinery increased by 4.2%, the growth rate diminished.

- Capital investment was ¥36.0 billion, down 8.3% from the corresponding period of the previous year. By industry, it slid 83.0% in transportation machinery and also 55.9% in textiles from a year earlier.

- The number of employees reached 360,000 persons, up 7.6% from a year before. That was an increase for the fourteenth consecutive period after the quarter from October to December 1997, when the comparison with the same period of the previous year became available. By industry, employment in general machinery and precision machinery rose 18.1% and 21.0% respectively from a year earlier. Although employment rose 5.3% from a year ago in electrical machinery, which had a big portion in

employment, the growth rate narrowed.

【Prospects】

- Sales (Prospects for April-September 2001 (DI)) improved by 8.1 points (30.8 → 38.9) from the previous period after a lapse of four periods. By industry, those in general machinery grew 12.5 points (56.3 → 68.8) from the previous period and the level of DI reached high. In addition, those in textiles rose 11.9 points (33.3 → 45.2).

- Exports (re-imports) to Japan improved by 2.7 points (9.2 → 11.9) from the preceding term. By industry, those in general machinery and textiles grew 9.4 points (28.1 → 37.5) and 19.7 points (6.1 → 25.8) respectively from the previous term.

- Capital investment deteriorated by 12.4 points (25.7 → 13.3) from the previous period. When observing main industries, that in electrical machinery slid 18.4 points (18.4 → 0.0) from the previous term.

- The number of employees improved slightly by 0.9 points (10.1 → 11.0) from the previous period. By industry, employment in transportation machinery rose 29.0 points (7.4 → 36.4) from the preceding period. On the other hand, that in electrical machinery dropped by 8.6 points (12.6 → 4.0) for the fifth consecutive period.

(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)	
	Jan. - Mar. 2000	Oct. - Dec. 2000	Jan. - Mar. 2001	Jan. - Mar. 2001	Jan. - Mar. 2001	Jan. - Jun. 2001	Apr. - Sept. 2001
Sales	1,944,018	1,814,521	p 1,992,397	p 2.5	p 9.8	6.6	p -8.9
Exports to Japan	23,062	17,355	p 23,871	p 3.5	p 37.5	-5.1	p -0.5
Local sales	1,283,250	1,186,873	p 1,326,486	p 3.4	p 11.8	6.4	p -8.7
Number of employees	187,782	182,750	p 184,384	p -1.8	p 0.9	0.3	p -3.2
Proportion of local sales to all sales	66.0	65.4	p 66.6				
	Oct.1999 - Mar. 2000	Apr. - Sept. 2000	Oct.2000 - Mar. 2001	Oct.2000 - Mar. 2001	Oct.2000 - Mar. 2001	Oct.2000 - Mar. 2001	Apr. - Sept. 2001
Acquisition of tangible fixed assets	140,087	87,315	p 100,841	p -28.0	p 15.5	-5.4	p -7.0

【Results】

- Sales totaled ¥1.9924 trillion, up 2.5% from a year earlier, partly because the local currencies rose against the yen in general. When observing some main industries, sales in chemicals rose 14.9% from a year ago for the third consecutive period. Those in transportation machinery showed an increase of 3.1%. On the other hand, those in electrical machinery fell 4.1% from a year ago after a lapse of five periods.

Local sales totaled ¥1.3265 trillion, up 3.4% over the corresponding period of the preceding year.

- Capital investment was ¥100.8 billion, which was a year-to-year decline of 28.0% for the second consecutive period. By industry, that in transportation machinery and chemicals decreased by 38.4% and by 58.3% respectively from a year ago.

- The number of employees was 184,000 persons, down 1.8% from a year earlier, which was a decrease after a lapse of five periods. By industry, employment in chemicals and electrical machinery fell 20.0% and 4.0% respectively from a year ago.

【Prospects】

- Sales (Prospects for April-September 2001(DI)) deteriorated by 8.9 points (21.6 → 12.7) from the previous period. By industry, sales in chemicals plummeted by 41.8 points (35.9 → -5.9) from that period so that the level of DI fell to negative digits. Moreover, sales in electrical machinery decreased by 5.4 points (11.1 → 5.7).

Local sales deteriorated by 8.7 points (20.4 → 11.7) from the previous period along with the said sales.

- Capital investment deteriorated by 7.0 points (11.3 → 4.3) from the preceding term for the second consecutive term. When observing some main in-

dustries, that in electrical machinery plummeted by 24.2 points (14.0 → -10.2).

- The number of employees fell 3.2 points (-1.8 → -5.0) from the previous period. By industry, that in electrical machinery fell 18.8 points (3.7 → -15.1) so that the level of DI fell to minus digits. Moreover, employment in transportation machinery deteriorated by 9.5 points (12.5 → 3.0) from the previous period.

Re-importation from Asia
At a slower rate in IT-related Electrical Machinery

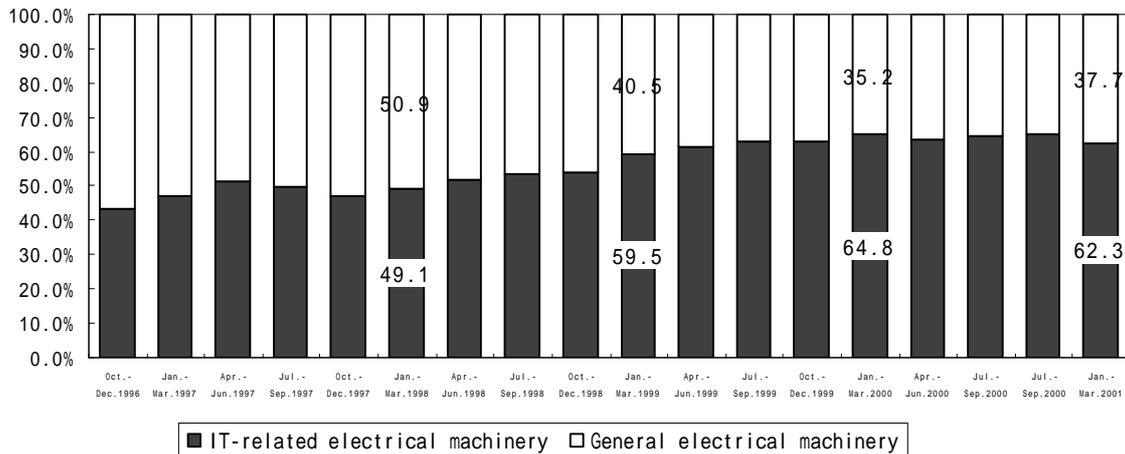
Exports (re-imports) of overseas subsidiaries toward Japan totaled ¥817.1 billion, up 19.1% from a year earlier, which was an increase for the sixth consecutive period. Those in Asia particularly continued to display a sharp increase of 20.4% from a year earlier, being contributed substantially by the increase in electrical machinery, which was regarded as highly important in exports.

When we classify electrical machinery in Asia into IT-related and other general electrical machinery, exports in IT related electrical machinery increased by 8.6% from the same period of the previous year (Table 1), but the growth rate diminished. On the other hand, those in general electrical machinery increased by 21.3%. When observing the progress of the ratios of IT-related electrical machinery in the total electrical machinery (Figure 1), we can see that the ratio of IT-related machinery reduced by 2.5% points from the previous year to 62.3% for this period.

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

		2000				2001
		Jan. - Mar.	Apr. - Jun.	Jul. - Sept.	Oct. - Dec.	Jan. - Mar.
IT-related electrical machinery	results	245,064	246,703	265,984	283,025	266,173
	quarter of last year	32.6	17.0	20.3	29.5	8.6
General electrical machinery	results	132,982	142,005	145,322	151,836	161,268
	quarter of last year	5.5	6.4	11.5	17.8	21.3

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

