

# Trends in Overseas Subsidiaries

(Quarterly Survey of Overseas Subsidiaries)

Survey from October to December 2006 (Actual result/DI)

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Enterprise Statistics Office

Research and Statistics Department

Ministry of Economy, Trade and Industry

# I. Quarterly Survey of Overseas Subsidiaries

## 1. Outline of the survey

### (1) Purpose of the survey

The purpose of this survey is to identify overseas economic trends in advance by surveying the results and prospects for the overseas business activities of Japanese companies, as well as to understand trends in overseas activities and the degree of globalization of Japanese enterprises. A further purpose is to contribute to the development of flexible industrial and trade policies.

### (2) Legal basis of the survey

These are officially authorized statistics compiled in accordance with Article 4 of the Statistical Reports Coordination Law.

### (3) Date of the survey

The survey was based on the period ending on the last day of December 2006.  
(The deadline for submitting survey responses for this quarter was February 15, 2007.)

### (4) Survey targets

The survey covers companies that met all the following criteria as of the end of March 2006:

- ① All industries except finance, insurance, and real estate
- ② Companies with 100 million yen or more in capital
- ③ Companies with 50 or more employees
- ④ Companies with overseas subsidiaries

This survey also targets overseas subsidiaries of the above Japanese parent companies (including overseas subsidiaries that were established during the term of the survey) that meet all of the following criteria as of the end of the surveyed quarter:

- ① Manufacturing companies
- ② Companies with 50 or more employees
- ③ Companies with 50% or more of their capital coming from parent companies, including both direct and indirect funds (such as funds provided via local subsidiaries).

### (5) Survey method

The survey was conducted via mail, using self-declarations submitted by parent companies.

### (6) Survey content

The survey covers actual figures and DI (business confidence) in the three areas of: Sales, the acquisition price of tangible fixed assets, and the number of employees. Starting with the April – June 2004 survey, the DI survey period was revised to three months (please see Page 26-27 for details).

### (7) Response rate

The responses to the survey for this quarter are summarized below:

Number of companies covered by the survey (overseas subsidiaries)	Number of companies that responded	Response rate
3,833	2,966	77.4%

## 2. Usage notes

### (1) Regarding listed currencies

This “Quarterly Survey of Overseas Subsidiaries”, which consists of the former “Trend Survey of Japanese Companies” (excluding the “Survey of Parent Companies”), has been conducted since the April – June quarter of 2003, and focuses on overseas subsidiaries engaged in manufacturing overseas. Accordingly, amounts relating to overseas subsidiaries listed in local currencies are analyzed by converting them into US dollars at the average exchange rate for the quarter announced by the IMF.

(For exchange rates of major currencies relative to the US dollar, please see Page 25.)

### (2) Adjustments to deal with gaps in reported values

Previously omitted parts were added, starting with the April – June quarter of 2004, resulting in a gap between results for that quarter and those for previous quarters. Therefore, comparisons between the current quarter and the corresponding quarter of the previous year are calculated and estimated by totaling the figures only for overseas subsidiaries continuously subject to the survey since the corresponding quarter of the previous year.

### (3) Method for determining numerical values

#### ① Quarterly numerical values

Numerical values for the current quarter are finalized in the succeeding quarter.

#### ② Numerical values for the previous year (quarterly values, fiscal year totals)

Previous-year figures are finalized in the quarter immediately following the last quarter of the fiscal year (i.e., the April – June quarter) with inter-fiscal year adjustments. Therefore, final figures for FY 2004 (April 2004 – March 2005) will differ from cumulative totals seen in the January – March quarter of 2005.

### (4) Annotations in the statistical tables

- : Indicates no results.

p : Indicates preliminary estimated values. Numerical values for this quarter are preliminary estimates, and may be revised in the succeeding quarter.

x : Indicates that data is not being disclosed because there are only one or two overseas subsidiaries involved. Data may also be undisclosed when there are three or more companies, in order to avoid the risk of enabling the calculation of “x” from the data provided.

r : Indicates changes from released figures (other than preliminary estimates) for the previous quarter. However, this mark is not attached when a change occurs due to compensation between fiscal years.

### (5) Tabulation method

Data for all companies covered by the survey is tabulated after estimating the results for companies that did not submit responses, based on the following formula in each region and industry (the number of employees given in the previous quarter is used in the case of employees). All items are estimated except the “amount of acquired tangible fixed assets.”

Estimated values for this quarter for companies not submitting data =

Value for corresponding quarter in previous year for relevant companies ×

Total values for this quarter for companies that submitted data both this quarter and  
in the same quarter of the previous year

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Total values for same quarter of the previous year for companies that submitted data both this quarter and  
in the same quarter of the previous year

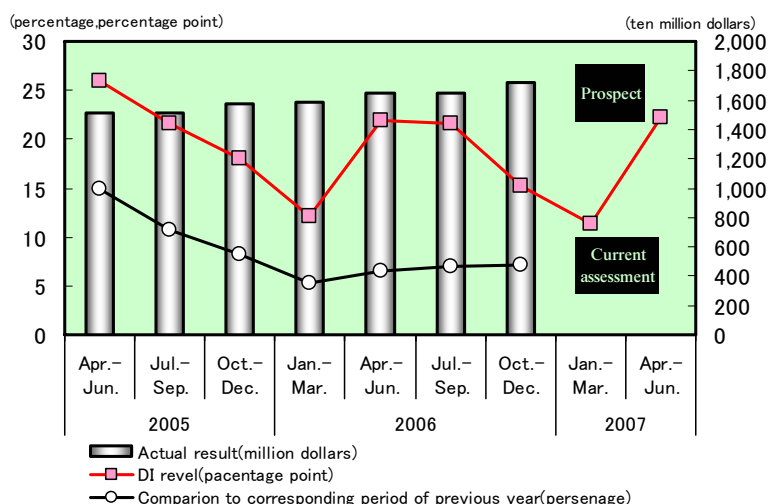
## II. Survey Results

### 1. Trends in sales

- The Sales Current Assessment DI (January – March, 2007) deteriorated by 3.9 percentage points, compared with the previous quarter. The Sales Prospects DI (April – June, 2007) improved by 10.9 percentage points (id.).
- The Sales Current Assessment DI deteriorated in all regions except North America and Europe.
- The Sales Prospects DI deteriorated in Europe, but improved significantly in Asia. It marked a positive double-digit level in all regions, with high business confidence maintained
- Actual sales increased by 7.2% compared to the same quarter of the previous year, with moderate recovery in the growth rate for the third consecutive quarter. In Asia, China saw a double-digit increase, but the growth rate diminished for the second consecutive quarter. This was because the electrical machinery sector registered only a single-digit increase, although there was a continued increase in the transport equipment sector. In ASEAN4, although the transport equipment sector registered a significant increase and the chemical sector, etc. also showed increases, the growth in actual sales was only at a single-digit level for the fourth consecutive quarter, due to a slight decrease in the electrical machinery sector. NIEs3 saw a decrease for the fourth consecutive quarter, but the rate of decrease diminished, because the electrical machinery sector saw a continued flat trend and the industrial machinery sector, etc. an increase, although there was a decrease in the transport equipment sector. In North America, the chemicals sector, etc. showed an increase and the transport equipment sector also a slight increase. However, due to a decrease in the electrical machinery sector, etc., actual sales only showed an increase of less than 2% for the second consecutive quarter. Europe saw a double-digit increase for the first time in six quarters, due to increases in all major industries

(Chart 1)

Chart 1 Sales DI and Actual result



#### (1) DI

The Sales Current Assessment DI (January – March, 2007) stood at 11.3 percentage points, 3.9 points lower than that for the October-December quarter of 2006. The Prospects DI (April – June, 2007) stood at 22.2 percentage points, 10.9 points higher than that for the January-March quarter of 2007. (Table 1)

Table 1 Sales DI (according to area/industrial classifications)

According to area	DI			Comparison to the previous quarter	
	Survey of previous term	Survey of present term		Current assessment [②-①]	Prospect [③-②]
	① Current assessment (2006.Oct.-Dec.)	② Current assessment (2007.Jan.-Mar.)	③ Prospect (2007.Apr.-Jun.)		
Total (All areas)	15.2 →	11.3 →	22.2	( -3.9 )	10.9
North america	7.9 →	19.1 →	21.2	( 11.2 )	2.1
Asia	17.7 →	8.1 →	24.1	( -9.6 )	16.0
ASEAN4	11.0 →	7.6 →	19.6	( -3.4 )	12.0
NIEs3	15.3 →	-3.3 →	18.0	( -18.6 )	21.3
China(including Hong Kong)	23.2 →	9.3 →	28.1	( -13.9 )	18.8
Europe	18.6 →	18.9 →	10.8	( 0.3 )	-8.1

Industrial classification	DI			Comparison to the previous quarter	
	Survey of previous term	Survey of present term		Current assessment [②-①]	Prospect [③-②]
	① Current assessment (2006.Oct.-Dec.)	② Current assessment (2007.Jan.-Mar.)	③ Prospect (2007.Apr.-Jun.)		
Total (All manufacturing industry)	15.2 →	11.3 →	22.2	( -3.9 )	10.9
Transportation equipment	20.1 →	29.1 →	24.4	( 9.0 )	-4.7
Electrical machinery	7.0 →	-3.1 →	11.0	( -10.1 )	14.1
Industrial machinery	25.4 →	14.3 →	20.1	( -11.1 )	5.8
Chemicals	16.4 →	17.5 →	30.5	( 1.1 )	13.0
Iron and steel	8.4 →	12.9 →	20.3	( 4.5 )	7.4

(Unit : percentage point)

The Sales Current Assessment DI<sup>\*1</sup> improved in North America and Europe, while it deteriorated in all regions in Asia. That for ASEAN4<sup>\*2</sup> and China<sup>\*3</sup> was at a single-digit level, and that for NIEs3<sup>\*4</sup> declined sharply to a negative level. The Prospects DI deteriorated in Europe, but improved significantly in Asia, marking positive double-digit levels in all regions.

The overall Prospects DI from the previous quarter improved by 10.9 percentage points. In Asia, it improved significantly by 16.0% (id.). In China, the transport equipment sector showed a slight deterioration, although maintaining a high level. The electrical machinery sector and the chemicals sector improved significantly and the industrial machinery sector also showed improvement. As a result, the Prospects DI for China improved significantly. Although the transport equipment sector showed deterioration, ASEAN4 saw improvement due to significant improvement in the electrical machinery sector and the chemicals sector along with a rise in the industrial machinery sector and the iron and steel sector. In spite of deterioration in the transport equipment sector and the industrial machinery sector, North America saw improvement due to significant improvement in the iron and steel sector and the electrical machinery sector, as well as improvement in the chemicals sector. The Prospects DI deteriorated in Europe due to significant deterioration in the electrical machinery sector and a decline in the transport equipment sector, the industrial machinery sector and the chemicals sector. (Table 2)

**Table2 Sales DI for main industries classified by area**

North america						Asia					
Sales	Survey of previos term (Jul.-Sep.2006)	Survey of the present term(Oct.-Dec.2006)				Survey of previos term (Jul.-Sep.2006)	Survey of the present term(Oct.-Dec.2006)				
	Current assessment (Oct.-Dec.2006)	Current assessment (Jan.-Mar.2007)	comparison to the previous quarter	Prospect (Apr.-Jun.2007)	comparison to the previous quarter		Current assessment (Oct.-Dec.2006)	Current assessment (Jan.-Mar.2007)	comparison to the previous quarter	Prospect (Apr.-Jun.2007)	comparison to the previous quarter
All manufacturing industry	7.9	19.1	11.2	21.2	2.1	All manufacturing industry	17.7	8.1	-9.6	24.1	16.0
Transportation equipment	21.1	31.4	10.3	22.3	-9.1	Transportation equipment	22.9	29.4	6.5	27.5	-1.9
Electrical machinery	-5.5	-2.9	2.6	15.0	17.9	Electrical machinery	7.4	-4.9	-12.3	13.4	18.3
Industrial machinery	17.3	10.6	-6.7	2.2	-8.4	Industrial machinery	25.7	12.4	-13.3	28.0	15.6
Chemicals	-3.8	28.6	32.4	40.0	11.4	Chemicals	25.1	14.3	-10.8	33.2	18.9
Iron and steel	-38.5	-38.5	0.0	-8.3	30.2	Iron and steel	15.9	20.0	4.1	22.8	2.8

ASEAN4						NIEs3					
Sales	Survey of previos term (Jul.-Sep.2006)	Survey of the present term(Oct.-Dec.2006)				Survey of previos term (Jul.-Sep.2006)	Survey of the present term(Oct.-Dec.2006)				
	Current assessment (Oct.-Dec.2006)	Current assessment (Jan.-Mar.2007)	comparison to the previous quarter	Prospect (Apr.-Jun.2007)	comparison to the previous quarter		Current assessment (Oct.-Dec.2006)	Current assessment (Jan.-Mar.2007)	comparison to the previous quarter	Prospect (Apr.-Jun.2007)	comparison to the previous quarter
All manufacturing industry	11.0	7.6	-3.4	19.6	12.0	All manufacturing industry	15.3	-3.3	-18.6	18.0	21.3
Transportation equipment	10.9	22.5	11.6	15.1	-7.4	Transportation equipment	6.7	6.9	0.2	33.3	26.4
Electrical machinery	6.1	-4.4	-10.5	12.9	17.3	Electrical machinery	2.5	-14.1	-16.6	1.3	15.4
Industrial machinery	30.5	4.6	-25.9	14.3	9.7	Industrial machinery	13.8	-12.5	-26.3	30.5	43.0
Chemicals	0.0	8.8	8.8	25.0	16.2	Chemicals	34.6	11.3	-23.3	20.9	9.6
Iron and steel	13.7	9.1	-4.6	23.8	14.7	Iron and steel	0.0	25.0	25.0	25.0	0.0

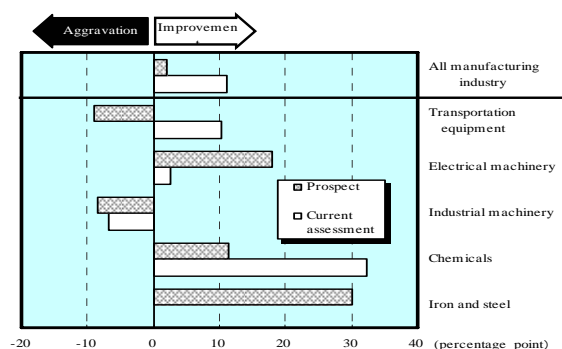
  

China						Europe					
Sales	Survey of previos term (Jul.-Sep.2006)	Survey of the present term(Oct.-Dec.2006)				Survey of previos term (Jul.-Sep.2006)	Survey of the present term(Oct.-Dec.2006)				
	Current assessment (Oct.-Dec.2006)	Current assessment (Jan.-Mar.2007)	comparison to the previous quarter	Prospect (Apr.-Jun.2007)	comparison to the previous quarter		Current assessment (Oct.-Dec.2006)	Current assessment (Jan.-Mar.2007)	comparison to the previous quarter	Prospect (Apr.-Jun.2007)	comparison to the previous quarter
All manufacturing industry	23.2	9.3	-13.9	28.1	18.8	All manufacturing industry	18.6	18.9	0.3	10.8	-8.1
Transportation equipment	46.2	37.5	-8.7	37.2	-0.3	Transportation equipment	17.7	22.5	4.8	15.9	-6.6
Electrical machinery	10.5	-4.1	-14.6	16.4	20.5	Electrical machinery	23.5	14.6	-8.9	-13.2	-27.8
Industrial machinery	28.6	25.4	-3.2	35.4	10.0	Industrial machinery	42.5	20.0	-22.5	13.9	-6.1
Chemicals	41.5	21.1	-20.4	47.9	26.8	Chemicals	2.2	20.9	18.7	13.9	-7.0
Iron and steel	25.0	23.5	-1.5	23.5	0.0	Iron and steel	0.0	100.0	100.0	100.0	0.0

**North America**

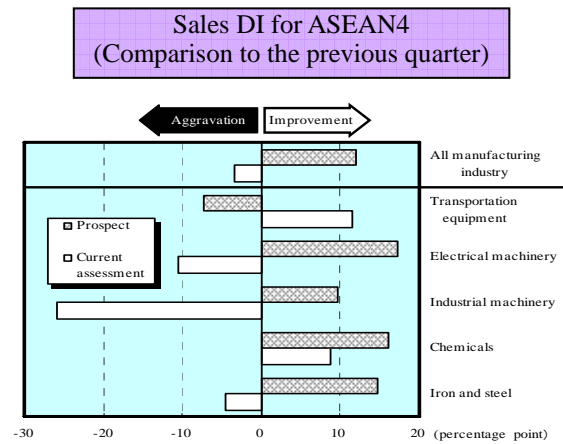
The overall Prospects DI (21.2 percentage points)<sup>\*5</sup> was 2.1 points higher than the overall Current Assessment DI. The Prospects DI for the iron and steel sector (down by 8.3 percentage points) improved considerably by 30.2 points (id.) and that for the electrical machinery sector (15.0 percentage points) also improved significantly by 17.9 points (id.). The Prospects DI for the chemicals sector (40.0 percentage points) improved by 11.4 points (id.). In contrast, the Prospects DI for the transportation equipment sector (22.3 percentage points) worsened by 9.1 points (id.), and that for the industrial machinery sector(2.2 percentage points) declined by 8.4 points (id.)

**Sales DI for North America  
(Comparison to the previous quarter)**



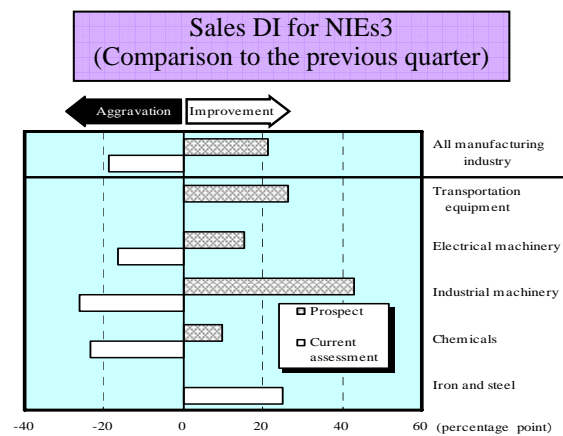
## ASEAN4

The overall Prospects DI (19.6 percentage points) showed an improvement, up by 12.0 points from the overall Current Assessment DI. The Prospects DI for the electrical machinery sector (12.9 percentage points) improved significantly by 17.3 points (id.), and that for the chemicals sector (25.0 percentage points) improved significantly by 16.2 points (id.) respectively. The DI for the iron and steel sector (23.8 percentage points) improved by 14.7 points (id.), The Prospects DI for the industrial machinery sector (14.3 percentage points) also improved by 9.7 points (id.). In contrast, that for the transport equipment sector (15.1 percentage points) declined by 7.4 points (id.).



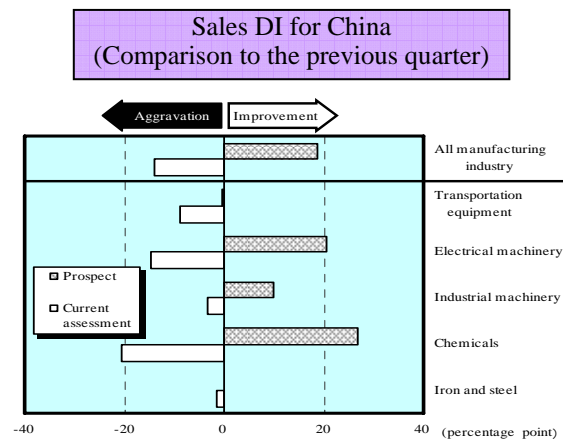
## NIEs3

The overall Prospects DI (18.0 percentage points) shifted to the positive, showing a remarkable improvement of 21.3 points from the minus level in the Current Assessment DI.. The DI for the industrial machinery sector (30.5 percentage points) improved significantly by 43.0 points (id.). The DI for the transportation equipment sector (33.3 percentage points) improved significantly by 26.4 points (id.). The DI for the electrical machinery sector (1.3 percentage points) also improved significantly by 15.4 points (id.). The DI for the chemicals sector (20.9 percentage points) improved by 9.6 points (id.). The DI for the iron and steel sector (0.0 percentage points) remained flat at 0.0 points.



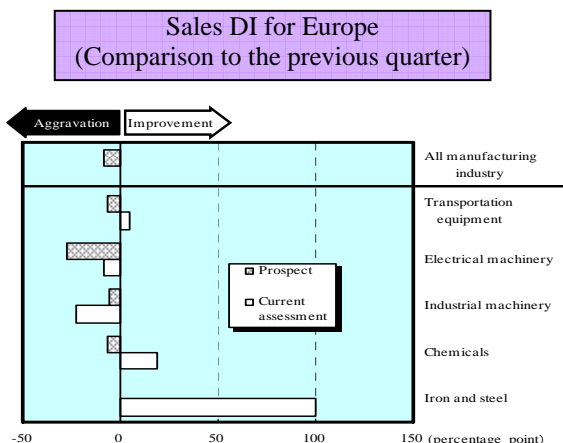
## China

The overall Prospects DI (28.1 percentage points) improved significantly by 18.8 points (id.).The DI for the chemicals sector (47.9 percentage points) improved significantly by 26.8 points (id.). The Prospects DI for the electrical machinery sector (16.4 percentage points) improved significantly by 20.5 points (id.). The DI for the industrial machinery sector (35.4 percentage points) improved by 10.0 points (id.). The Prospects DI for the iron and steel sector (23.5 percentage points) remained flat at 0.0 points. (id.). The DI for the transportation equipment sector (37.2 percentage points) remained strong though it declined by 0.3 points



## Europe

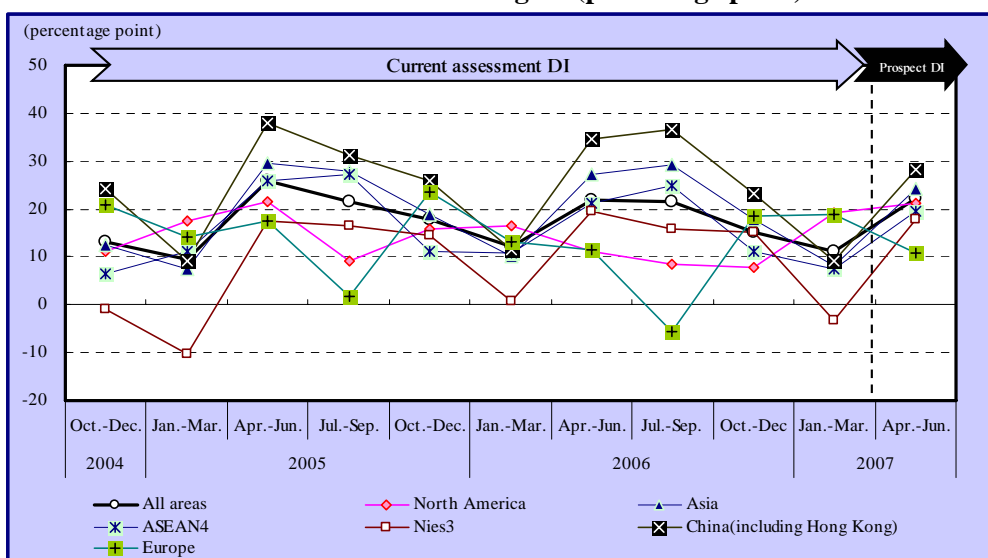
The overall Prospects DI (10.8 percentage points) worsened by 8.1 points compared to the Current Assessment DI. The Prospects DI for the electrical machinery sector (minus 13.2 percentage points) fell sharply by 27.8 points (id.) to drop into negative territory. The DI for the transportation equipment sector (15.9 percentage points) fell 6.6 points (id.). The DI for the chemicals sector (13.9 percentage points) fell 7.0 points (id) ,and the DI for the industrial machinery sector (13.9 percentage points) worsened by 6.1 points (id.). The DI for the iron and steel sector (100.0 percentage points) remained flat at 0.0 points.



Notes:

- \*1: DI = (Percentage of companies responding they expected an increase) – (Percentage of companies responding they expected a decrease)
- Quarterly Changes in Current Assessment DI = (Current Assessment DI for the current quarter) – (Current Assessment DI for the previous quarter)
- Quarterly Changes in Prospects DI = (Prospects DI for the current quarter) – (Current Assessment DI for the current quarter)
- The Current Assessment DI for the previous quarter is based on current assessment figures for the period from October to December 2006 collected in the survey from July to September 2006.
- The Current Assessment DI for the current quarter is based on current assessment figures from the period from January to March 2007 collected in the survey from October to December 2006.
- The Prospects DI for the current quarter is based on prospects figures for the period from April to June 2007 collected in the survey from October to December 2006.
- \*2: ASEAN4: Indonesia, Thailand, the Philippines and Malaysia
- \*3: NIEs3: Singapore, Taiwan and the Republic of Korea
- \*4: China including Hong Kong
- \*5: Percentage points in parentheses represent levels.

**Chart 1-1 Sales DI for region (percentage point)**



**(2) Actual Results**

Total sales amounted to US\$171,955,240,000, up by 7.2% compared to the same quarter of the previous year, and a moderate recovery in the growth rate for the third consecutive quarter. By industry, the growth rate expanded in the transport equipment sector, but diminished in other major industries. The transport equipment sector showed an increase of 9.8% (id.), expanding its growth rate, although at a single-digit level. The industrial machinery sector showed a steady increase of 12.0% (id.), although the growth rate declined. The chemicals sector registered a single-digit increase for the sixth consecutive quarter, up by 7.1% (id.). Sales in the iron and steel sector increased by 3.4% (id.), up for the third consecutive quarter, and those in the electrical machinery sector continued to show a single-digit increase, up by 2.8% (id.). **(Table 3)**

**Table 3 Actual result of sales**

Industrial classification	Actual result (comparison to corresponding period of previous year : percentage)				
	2005		2006		
	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.
<b>Total (All areas)</b>	8.3	5.3	6.6	7.0	7.2
North america	7.6	4.2	4.6	1.7	1.5
Asia	12.5	5.4	8.0	10.6	9.2
ASEAN4	10.3	2.6	2.4	9.2	7.9
NIEs3	6.4	-4.7	-0.7	-0.5	-0.1
China(including Hong Kong)	18.7	13.8	19.9	16.4	13.0
Europe	-0.1	3.4	5.9	6.8	10.3

Industrial classification	Actual result (comparison to corresponding period of previous year : percentage)				
	2005		2006		
	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.
<b>Total (All manufacturing industry)</b>	8.3	5.3	6.6	7.0	7.2
Transportation equipment	13.5	6.2	7.7	4.9	9.8
Electrical machinery	4.5	2.7	4.7	6.7	2.8
Industrial machinery	9.9	11.7	13.4	14.9	12.0
Chemicals	6.8	4.3	2.5	8.6	7.1
Iron and steel	-9.4	-10.4	2.8	7.1	3.4

(Unit : percentage)

By Region, sales in Asia registered the first single-digit growth in two quarters, up by 9.2% compared to the same quarter of the previous year. The transport equipment sector maintained favorable conditions, and the electrical machinery sector registered a slight increase. Sales in China continued to show a double-digit increase, but the growth slowed. The transport equipment sector continued to see a significant increase, and the industrial machinery sector and the chemicals sector registered a double-digit increase, but increases in sales in the electrical machinery sector and the iron and steel sector remained at a single-digit level. In ASEAN4, the transport equipment sector registered a significant increase, and the chemicals sector and the industrial machinery sector also showed increases. However, due to a slight decline in the electrical machinery sector, an increase in sales in ASEAN4 remained at a single-digit level for the fourth consecutive quarter. NIEs3 saw a decrease for the fourth consecutive quarter, but the decline became smaller. The transport equipment sector registered a decrease for the fourth consecutive quarter, but the industrial machinery sector increased and the chemicals sector also showed a slight increase. In other Asian countries, sales increased significantly in India and Vietnam. In North America, the chemicals sector showed an increase and the transport equipment sector, which saw a downturn in the previous quarter, also increased slightly. However, due to decreases in the iron and steel industry and the electrical machinery sector for the first time in three quarters and five quarters, respectively, an increase in sales in North America remained poor at below 2% for the second consecutive quarter. Europe saw a double-digit increase for the first time in six quarters due to increases in all major industries, including the industrial machinery sector, which increased significantly, and the transport equipment sector, which registered a double-digit increase from a decline in the previous quarter. (Table 4)

**Table 4 Sales actual result for main industries**

**North america**

Sales	Actual resaut (comparison to corresponding period of previous year : percentage)				
	2005		2006		
	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.
All manufacturing industry	7.6	4.2	4.6	1.7	1.5
Transportation equipment	10.4	2.8	2.8	-2.5	1.1
Electrical machinery	3.4	2.6	6.9	9.1	-0.5
Industrial machinery	7.7	8.5	12.8	4.5	0.8
Chemicals	12.3	12.5	7.0	6.8	7.2
Iron and steel	-16.4	-19.3	8.3	12.7	-13.2

**Asia**

Sales	Actual resaut (comparison to corresponding period of previous year : percentage)				
	2005		2006		
	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.
All manufacturing industry	12.5	5.4	8.0	10.6	9.2
Transportation equipment	25.9	10.1	18.6	15.6	20.8
Electrical machinery	7.4	2.3	-1.3	3.9	1.6
Industrial machinery	16.0	14.8	18.1	22.4	14.9
Chemicals	9.6	3.9	10.4	11.8	7.4
Iron and steel	-9.1	-6.4	-1.3	4.9	14.0

**ASEAN4**

Sales	Actual resaut (comparison to corresponding period of previous year : percentage)				
	2005		2006		
	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.
All manufacturing industry	10.3	2.6	2.4	9.2	7.9
Transportation equipment	24.9	2.2	5.7	10.7	15.9
Electrical machinery	4.6	-0.3	-8.1	1.1	-1.1
Industrial machinery	12.1	1.3	8.3	12.4	10.5
Chemicals	5.0	4.1	11.0	14.3	12.5
Iron and steel	-19.3	-15.5	-10.0	0.7	5.6

**NIEs3**

Sales	Actual resaut (comparison to corresponding period of previous year : percentage)				
	2005		2006		
	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.
All manufacturing industry	6.4	-4.7	-0.7	-0.5	-0.1
Transportation equipment	11.2	-8.3	-13.0	-28.3	-14.4
Electrical machinery	1.3	-1.9	2.6	5.4	0.0
Industrial machinery	3.7	-1.5	5.6	13.4	8.9
Chemicals	9.6	1.5	5.1	5.0	1.1
Iron and steel	-	-	-	-	-

**China(including Hong Kong)**

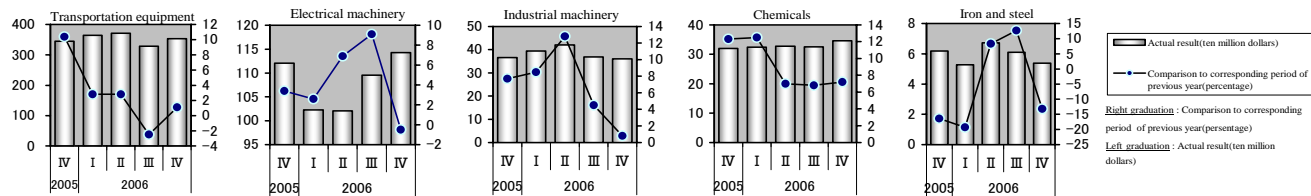
Sales	Actual resaut (comparison to corresponding period of previous year : percentage)				
	2005		2006		
	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.
All manufacturing industry	18.7	13.8	19.9	16.4	13.0
Transportation equipment	44.9	39.0	92.9	42.0	41.4
Electrical machinery	13.6	7.2	4.1	5.8	4.5
Industrial machinery	16.0	19.9	19.1	24.1	14.4
Chemicals	23.9	18.4	27.9	29.4	16.2
Iron and steel	3.0	19.0	19.4	9.5	9.3

**Europe**

Sales	Actual resaut (comparison to corresponding period of previous year : percentage)				
	2005		2006		
	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.
All manufacturing industry	-0.1	3.4	5.9	6.8	10.3
Transportation equipment	0.2	3.2	3.6	-0.5	11.1
Electrical machinery	0.4	3.0	16.4	11.3	7.8
Industrial machinery	2.4	9.4	6.7	17.5	22.1
Chemicals	-1.5	-2.3	-10.3	6.2	6.8
Iron and steel	-	-	-	-	-

**North America**

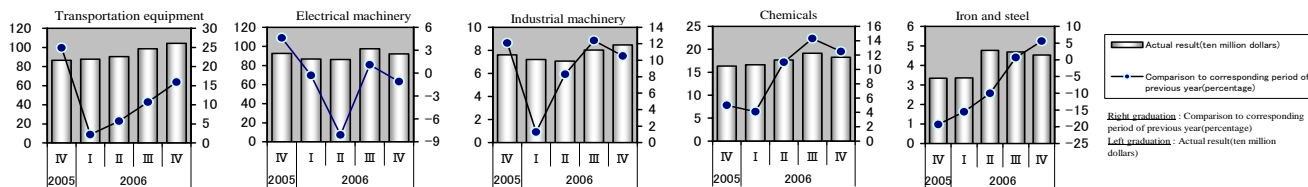
Total sales amounted to US\$62,065,930,000 (36.1% of total sales in all regions), up by 1.5% from the same quarter of the previous year, but the growth remained rather low in a 1% range for the second consecutive quarter. Sales in the chemicals sector registered a single-digit increase for the third consecutive quarter, up by 7.2% (id.), and those in the transport equipment sector saw an upturn, increasing by 1.1% (id.). This was due to a decline in gasoline prices caused by falling crude oil prices and an increase in supply of fuel-efficient cars. Sales in the industrial machinery sector increased slightly, down by 0.8% (id.). In contrast, those in the iron and steel sector registered a double-digit decrease for the first time in three quarters, down by 13.2%, and those in the electrical machinery sector decreased slightly, down by 0.5% (id.).





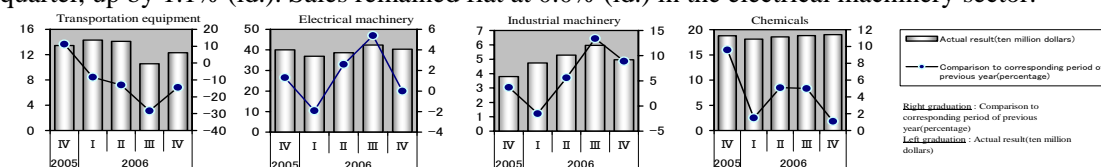
## ASEAN4

Total sales amounted to US\$26,425,850,000 (15.4% of total sales in all regions), up by 7.9% compared to the same quarter of the previous year, marking single-digit growth for the fourth consecutive quarter. Sales in the transport equipment sector registered a double-digit increase for the second consecutive quarter, up by 15.9% (id.). Sales in Indonesia continued to decrease, but it is notable that the automobile business has been favorable in Thailand with active demand mainly for exports. Sales in the chemicals sector registered a double-digit increase for the third consecutive quarter, up by 12.5% (id.), and those in the industrial machinery sector also registered a double-digit increase for the second consecutive quarter, up by 10.5% (id.). Sales in the iron and steel sector increased for the second consecutive quarter, up by 5.6% (id.), but those in the electrical machinery sector decreased by 1.1% (id.), down for the first time in two quarters.



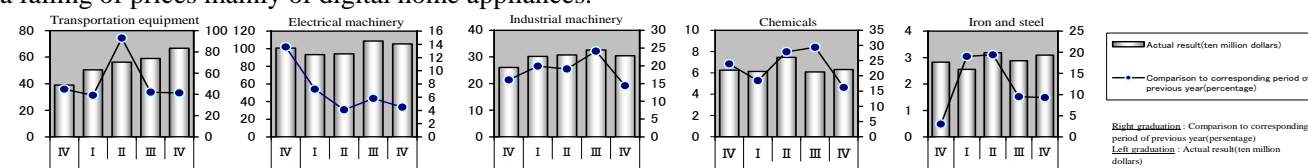
## NIEs3

Total sales amounted to US\$9,738,170,000 (5.7% of total sales in all regions), down by 0.1% from the same quarter of the previous year, registering a decrease for the fourth consecutive quarter, but the decline was rather small. Sales in the transport equipment sector showed a decrease of 14.4% (id.), down for the third consecutive quarter. In Taiwan, decreases were notable in sales of automobiles and automobile-related items, due to sluggish demand in the domestic market. Sales in the industrial machinery sector increased by 8.9% (id.), up for the third consecutive quarter, and those in the chemicals sector showed a single-digit increase for the fifth consecutive quarter, up by 1.1% (id.). Sales remained flat at 0.0% (id.) in the electrical machinery sector.



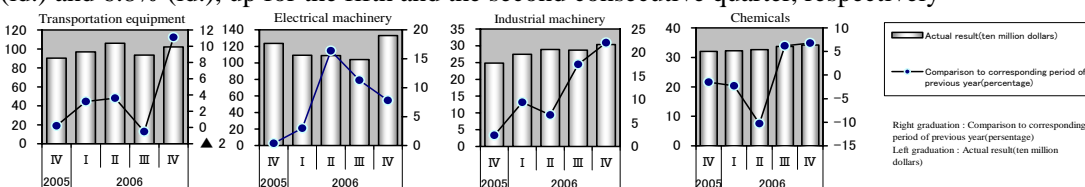
## China

Total sales amounted to US\$24,510,660,000 (14.3% of total sales in all regions), up by 13.0% compared to the same quarter of the previous year, marking double-digit growth, but the growth rate declined for the second consecutive quarter. Sales in the transport equipment sector continued to be favorable, registering a significant increase of 41.4% (id.). Sales in the chemicals sector remained active, registering a double-digit increase for the 12th consecutive quarter, up by 16.2% (id.). Sales in the industrial machinery sector also continued to register a double-digit increase, up by 14.4% (id.). The iron and steel sector showed a single-digit increase for the second consecutive quarter, up by 9.3% (id.). The electrical machinery sector also showed only a single-digit increase for the fourth consecutive quarter, up by 4.5% (id.), significantly influenced by emergence of low-priced products and a falling of prices mainly of digital home appliances.

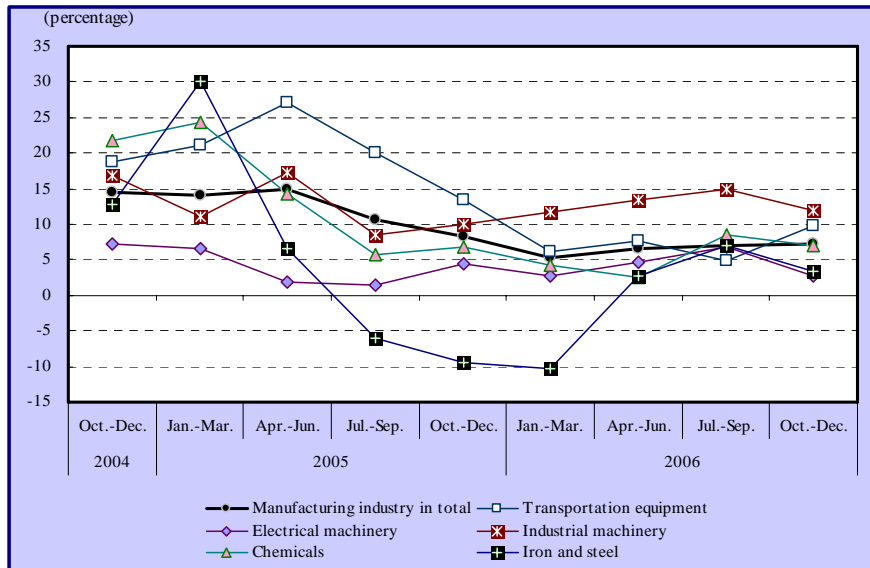


## Europe

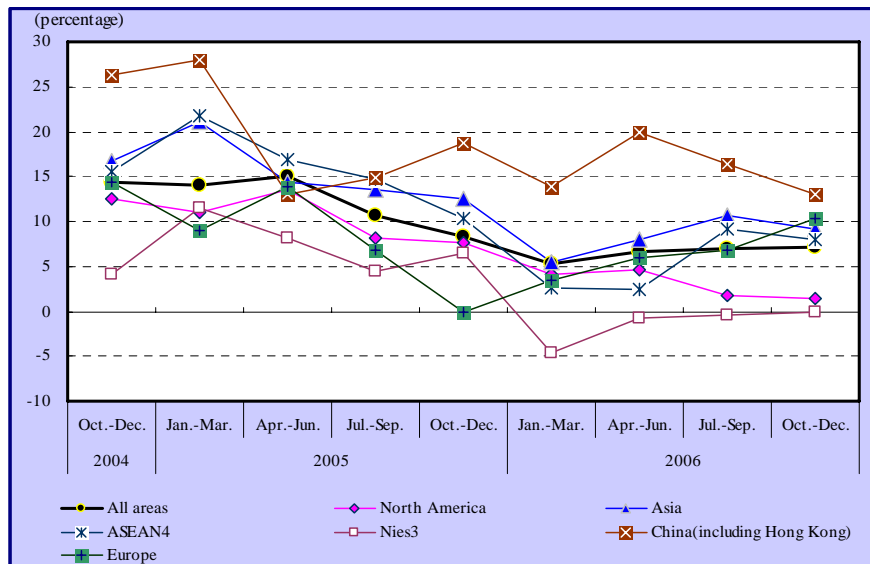
Total sales amounted to US\$33,215,610,000 (19.3% of total sales in all regions), up by 10.3% from the same quarter of the previous year, registering a double-digit increase for the first time in six quarters. Sales in the industrial machinery sector showed a double-digit increase for the second consecutive quarter, up by 22.1% (id.). Sales in the transport equipment sector increased by 11.1% (id.), showing a double-digit increase after a decline in the previous quarter. Sales in the electrical machinery sector and the chemicals sector showed increases of 7.8% (id.) and 6.8% (id.), up for the fifth and the second consecutive quarter, respectively.



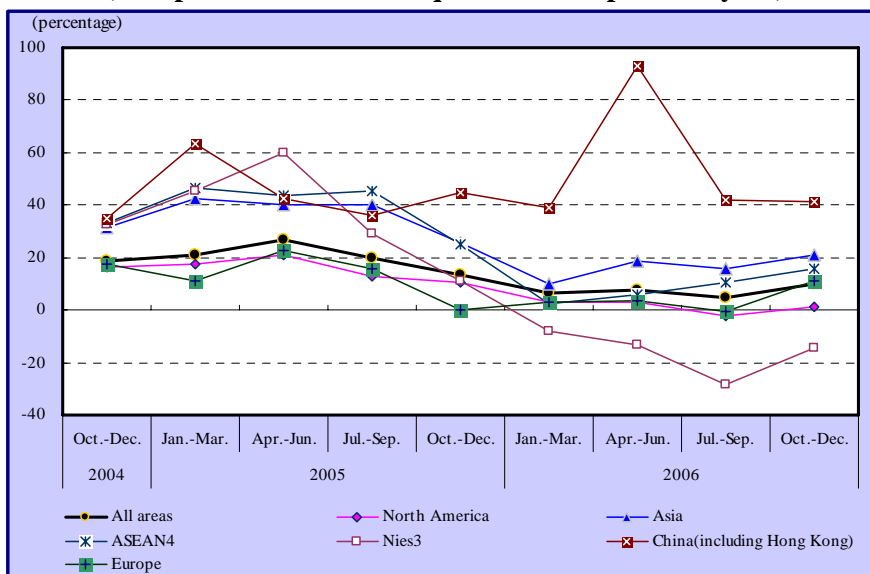
**Chart 1-2 Transition of the actual sales track record according to main industries  
(Comparison of the same quarter of the previous year)**



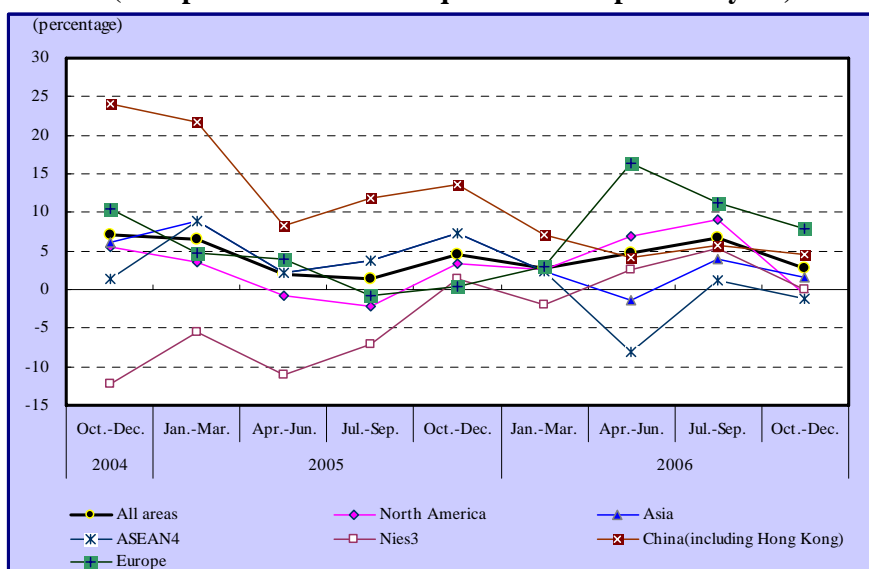
**Chart 1-3 Transition of the actual sales track record according to area  
(Comparison of the same quarter of the previous year)**



**Chart 1-4 Actual sales track record according to transportation machinery  
(Comparison of the same quarter of the previous year)**



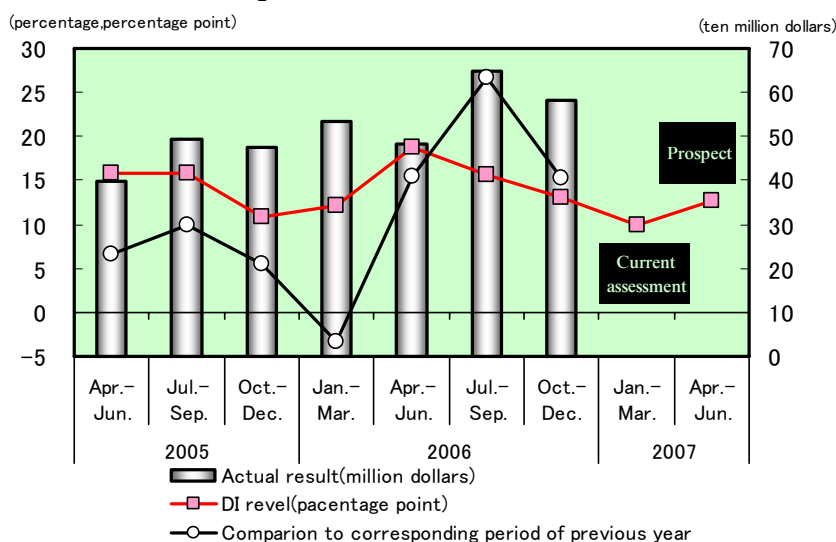
**Chart 1-5 Actual sales track record according to electrical machinery  
(Comparison of the same quarter of the previous year)**



## 2. Trends in capital investment

- The Current Capital Investment Assessment DI (January – March, 2007) deteriorated by 3.1 percentage points from the previous quarter. The Capital Investment Prospects DI (April – June, 2007) improved by 2.8 percentage points (id.).
  - The Current Assessment DI deteriorated in all regions except ASEAN4.
  - The Prospects DI improved in all regions except NIEs3, marking double-digit positive levels in all regions except North America and NIEs3
- Actual capital investment increased by 15.3% from the same quarter a year earlier, registering a sharp increase for the third consecutive quarter. In Asia, capital investment increased significantly for the first time in two quarters in ASEAN4, because the electrical machinery sector increased significantly for the fourth consecutive quarter and there were also significant increases in the general machinery sector, etc. In spite of sharp declines in the transport equipment sector, etc., NIEs3 saw a significant increase for the second consecutive quarter, due to significant increases in the chemicals sector and the electrical machinery sector. In spite of sharp declines in the industrial machinery sector, etc., China saw a double-digit increase for the second consecutive quarter, due to a significant increase in the transport equipment sector and an increase in the electrical machinery sector. In spite of a sharp decline in the chemicals sector, Europe saw a significant increase for the second consecutive quarter, due to a significant increase in the industrial machinery sector and increases in the transport equipment sector and the electrical machinery sector. In spite of a significant increase in the chemicals sector, North America registered a decrease for first time in three quarters, due to a sharp decline in the transport equipment sector and declines in the electrical machinery sector, etc. (Chart 2)

**Chart 2 Capital Investment DI and Actual Result**



## (1) DI

The Capital Investment Current Assessment DI (January – March, 2007) deteriorated to 9.9 percentage points, registering a decrease of 3.1 points compared to that for the previous quarter (October – December, 2006). It deteriorated in all regions except ASEAN4, and North America, China, and Europe registered a single-digit level. The Capital Investment Prospects DI (April – June, 2007) stood at 12.7 percentage points, which was 2.8 points higher than the Capital Investment Current Assessment DI for the current quarter (January – March, 2007). The Prospects DI improved in all regions except NIEs3, marking double-digit levels in all regions except North America and NIEs3. (Table 5)

**Table 5 Capital Investment DI (according to area/industrial classification)**

According to area	DI					Comparison to the previous quarter
	Survey of previous term		Survey of present term		Prospect	
	① Current assessment (2006.Oct.-Dec.)	② Current assessment (2007.Jan.-Mar.)	③ Prospect (2007.Apr.-Jun.)	Current assessment [②-①]		
<b>Total (All areas)</b>	13.0	→ 9.9	→ 12.7	( -3.1 )	<b>2.8</b>	
North america	14.3	→ 6.3	→ 7.3	( -8.0 )	<b>1.0</b>	
Asia	12.1	→ 11.3	→ 14.6	( -0.8 )	<b>3.3</b>	
ASEAN4	9.2	→ 12.6	→ 14.4	( 3.4 )	<b>1.8</b>	
NIEs3	12.9	→ 10.2	→ 8.9	( -2.7 )	<b>-1.3</b>	
China(including Hong Kong)	14.3	→ 9.6	→ 15.8	( -4.7 )	<b>6.2</b>	
Europe	17.3	→ 5.5	→ 11.2	( -11.8 )	<b>5.7</b>	

Industrial classification	DI					Comparison to the previous quarter
	Survey of previous term		Survey of present term		Prospect	
	① Current assessment (2006.Oct.-Dec.)	② Current assessment (2007.Jan.-Mar.)	③ Prospect (2007.Apr.-Jun.)	Current assessment [②-①]		
<b>Total (All manufacturing industry)</b>	13.0	→ 9.9	→ 12.7	( -3.1 )	<b>2.8</b>	
Transportation equipment	12.4	→ 12.8	→ 15.0	( 0.4 )	<b>2.2</b>	
Electrical machinery	11.5	→ 5.8	→ 9.4	( -5.7 )	<b>3.6</b>	
Industrial machinery	9.8	→ 16.7	→ 10.1	( 6.9 )	<b>-6.6</b>	
Chemicals	8.9	→ 9.0	→ 11.3	( 0.1 )	<b>2.3</b>	
Iron and steel	19.2	→ 20.0	→ 11.6	( 0.8 )	<b>-8.4</b>	

(Unit : percentage point)

The Prospects DI showed improvement from the previous quarter in all regions except NIEs3, standing at 2.8 percentage points. In Asia (up by 3.3 percentage from the previous quarter), China saw an improvement of 6.2 percentage points (id.) due to a significant improvement in the chemicals sector, although the industrial machinery sector showed a sharp deterioration. ASEAN4 showed a slight improvement of 1.8 percentage points (id.), due to improvement in the electrical machinery sector and the chemicals industry, although the transport equipment sector and the industrial machinery sector saw deterioration. NIEs3 saw a slight deterioration of 1.3 percentage points (id.), due to a decline in the electrical machinery sector, although the industrial machinery sector showed a significant improvement and the transport equipment sector and the chemicals sector also showed improvement. North America saw a slight improvement of 1.0 percentage points (id.), due to improvement in the transport equipment sector and the electrical machinery sector, although the industrial machinery sector and the chemicals sector showed deterioration. Europe saw an improvement of 5.7 percentage points, due to improvement in the transport equipment sector and the electrical machinery sector, although the industrial machinery sector and the chemicals sector showed a deterioration. (Table 6)

**Table 6 Capital investment DI for main industries by area**

### North america

Capital Investment	Survey of previous term (Jul.-Sep.2006)	Survey of the present term(Oct.-Dec.2006)			
	Current assessment (Oct.-Dec.2006)	Current assessment (Jan.-Mar.2007)	comparison to the previous quarter	Prospect (Apr.-Jun.2007)	comparison to the previous quarter
All manufacturing industry	14.3	6.3	-8.0	7.3	1.0
Transportation equipment	7.1	5.6	-1.5	9.7	4.1
Electrical machinery	12.0	-6.8	-18.8	6.8	13.6
Industrial machinery	14.3	11.7	-2.6	-2.5	-14.2
Chemicals	17.1	6.5	-10.6	-4.5	-11.0
Iron and steel	37.5	11.1	-26.4	0.0	-11.1

### Asia

(Unit : percentage point)

Capital Investment	Survey of previous term (Jul.-Sep.2006)	Survey of the present term(Oct.-Dec.2006)			
	Current assessment (Oct.-Dec.2006)	Current assessment (Jan.-Mar.2007)	comparison to the previous quarter	Prospect (Apr.-Jun.2007)	comparison to the previous quarter
All manufacturing industry	12.1	11.3	-0.8	14.6	3.3
Transportation equipment	15.4	18.7	3.3	18.9	0.2
Electrical machinery	11.9	8.8	-3.1	10.8	2.0
Industrial machinery	5.7	20.3	14.6	13.3	-7.0
Chemicals	6.1	8.6	2.5	15.8	7.2
Iron and steel	17.0	23.8	6.8	14.6	-9.2

### ASEAN4

Capital Investment	Survey of previous term (Jul.-Sep.2006)	Survey of the present term(Oct.-Dec.2006)			
	Current assessment (Oct.-Dec.2006)	Current assessment (Jan.-Mar.2007)	comparison to the previous quarter	Prospect (Apr.-Jun.2007)	comparison to the previous quarter
All manufacturing industry	9.2	12.6	3.4	14.4	1.8
Transportation equipment	6.4	17.1	10.7	12.0	-5.1
Electrical machinery	7.2	7.4	0.2	15.3	7.9
Industrial machinery	12.2	25.7	13.5	18.4	-7.3
Chemicals	2.7	12.1	9.4	12.3	0.2
Iron and steel	19.0	14.3	-4.7	-5.0	-19.3

### NIEs3

Capital Investment	Survey of previous term (Jul.-Sep.2006)	Survey of the present term(Oct.-Dec.2006)			
	Current assessment (Oct.-Dec.2006)	Current assessment (Jan.-Mar.2007)	comparison to the previous quarter	Prospect (Apr.-Jun.2007)	comparison to the previous quarter
All manufacturing industry	12.9	10.2	-2.7	8.9	-1.3
Transportation equipment	15.4	8.0	-7.4	12.5	4.5
Electrical machinery	11.5	14.9	3.4	2.9	-12.0
Industrial machinery	5.0	0.0	-5.0	20.0	20.0
Chemicals	2.4	2.8	0.4	3.0	0.2
Iron and steel	0.0	0.0	0.0	0.0	0.0

### China

Capital Investment	Survey of previous term (Jul.-Sep.2006)	Survey of the present term(Oct.-Dec.2006)			
	Current assessment (Oct.-Dec.2006)	Current assessment (Jan.-Mar.2007)	comparison to the previous quarter	Prospect (Apr.-Jun.2007)	comparison to the previous quarter
All manufacturing industry	14.3	9.6	-4.7	15.8	6.2
Transportation equipment	25.0	19.2	-5.8	25.8	6.6
Electrical machinery	13.4	7.0	-6.4	10.8	3.8
Industrial machinery	1.7	24.2	22.5	8.3	-15.9
Chemicals	13.1	8.9	-4.2	25.8	16.9
Iron and steel	18.8	43.8	25.0	43.8	0.0

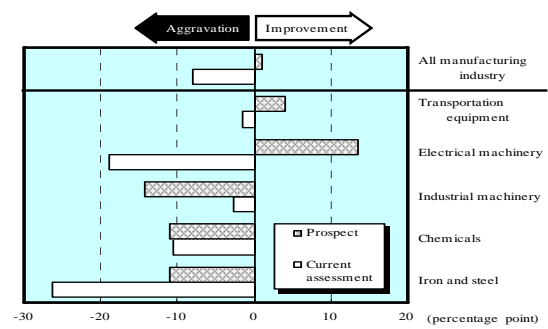
### Europe

Capital Investment	Survey of previous term (Jul.-Sep.2006)	Survey of the present term(Oct.-Dec.2006)			
	Current assessment (Oct.-Dec.2006)	Current assessment (Jan.-Mar.2007)	comparison to the previous quarter	Prospect (Apr.-Jun.2007)	comparison to the previous quarter
All manufacturing industry	17.3	5.5	-11.8	11.2	5.7
Transportation equipment	12.7	-1.6	-14.3	10.0	11.6
Electrical machinery	15.4	-9.1	-24.5	4.5	13.6
Industrial machinery	17.1	17.1	0.0	12.5	-4.6
Chemicals	13.5	10.8	-2.7	8.4	-2.4
Iron and steel	0.0	0.0	0.0	0.0	0.0

## North America

The overall Prospects DI (7.3 percentage points) was 1.0 points higher than the overall Current Assessment DI for the current quarter. The Prospects DI for the electrical machinery sector (6.8 percentage points) improved by 13.6 points (id.), and that for the transportation equipment sector (9.7 percentage points) also improved by 4.1 points (id.). In the meantime, the Prospects DI deteriorated for the industrial machinery sector (-2.5 percentage points) by 14.2 points (id.), for the iron and steel sector (0.0 percentage points) by 11.1 points (id.), and for the chemicals sector (-4.5 percentage points) by 11.0 points (id.)

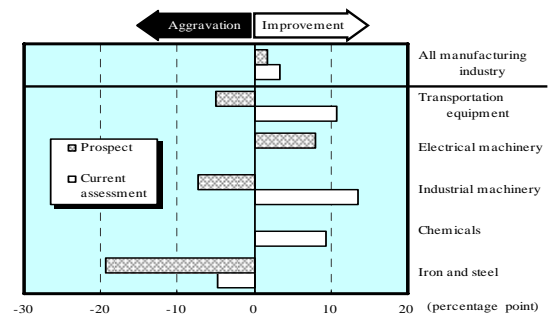
Capita Investment DI for North America  
(Comparison to the previous quarter)



## ASEAN4

The overall Prospects DI (14.4 percentage points) was 1.8 points higher than the overall Current Assessment DI for the current quarter. The Prospects DI for the electrical machinery sector (15.3 percentage points) improved by 7.9 points (id.), and that for the chemical sector (12.3 percentage points) slightly improved by 0.2 points (id.). The Prospects DI for the iron and steel sector (-5.0 percentage points) deteriorated significantly, down by 19.3 points (id.), and that for the industrial machinery sector (18.4 percentage points) and for the transport equipment sector (12.0 percentage points) also deteriorated by 7.3 points (id.) and by 5.1 points (id.), respectively.

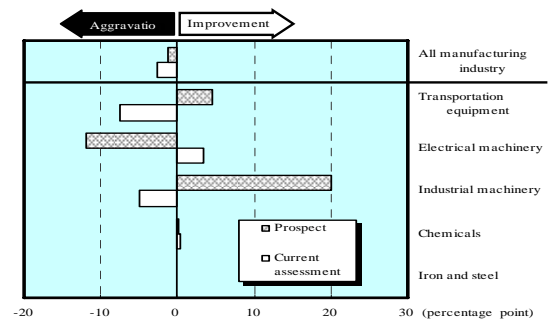
Capita Investment DI for ASEAN4  
(Comparison to the previous quarter)



## NIEs3

The overall Prospects DI (8.9 percentage points) was 1.3 points lower than the overall Current Assessment DI for the current quarter. The Prospects DI for the electrical machinery sector (2.9 percentage points) worsened by 12.0 points (id.). In contrast, the Prospects DI for the industrial machinery sector (20.0 percentage points) improved significantly by 20.0 points (id.), and that for the transport equipment sector (12.5 percentage points) improved by 4.5 points (id.). The Prospects DI for the chemicals sector (3.0 percentage points) also improved slightly by 0.2 points (id.) and that for the iron and steel sector (0.0 percentage points) remained flat at 0.0 points.

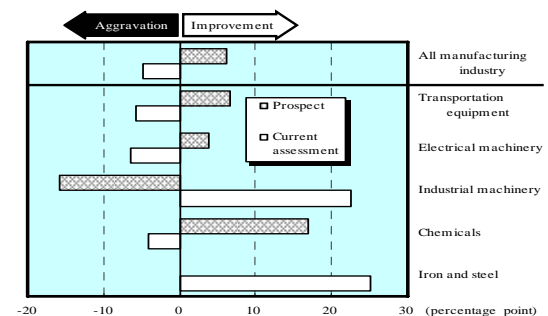
Capita Investment DI for NIEs3  
(Comparison to the previous quarter)



## China

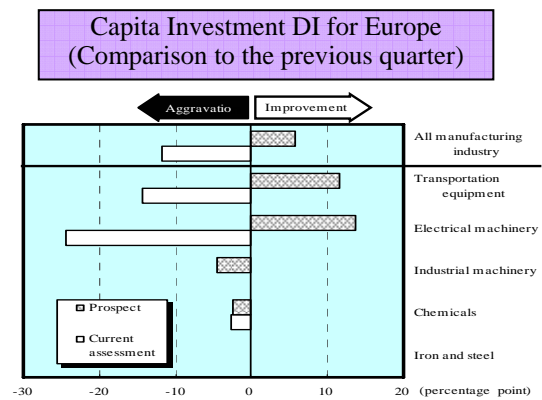
The overall Prospects DI (15.8 percentage points) was 6.2 points higher than the overall Current Assessment DI for the current quarter. The Prospects DI for the chemicals sector (25.8 percentage points) improved significantly by 16.9 points (id.). Improvements were observed also in the transport equipment sector (25.8 percentage points), up by 6.6 points (id.), and in the electrical machinery sector (10.8 percentage points), up by 3.8 points (id.). The Prospects DI for the iron and steel sector (43.8 percentage points) remained flat at 0.0 points (id.) and that for the industrial machinery sector (8.3 percentage points) decreased significantly by 15.9 points (id.).

Capita Investment DI for China  
(Comparison to the previous quarter)

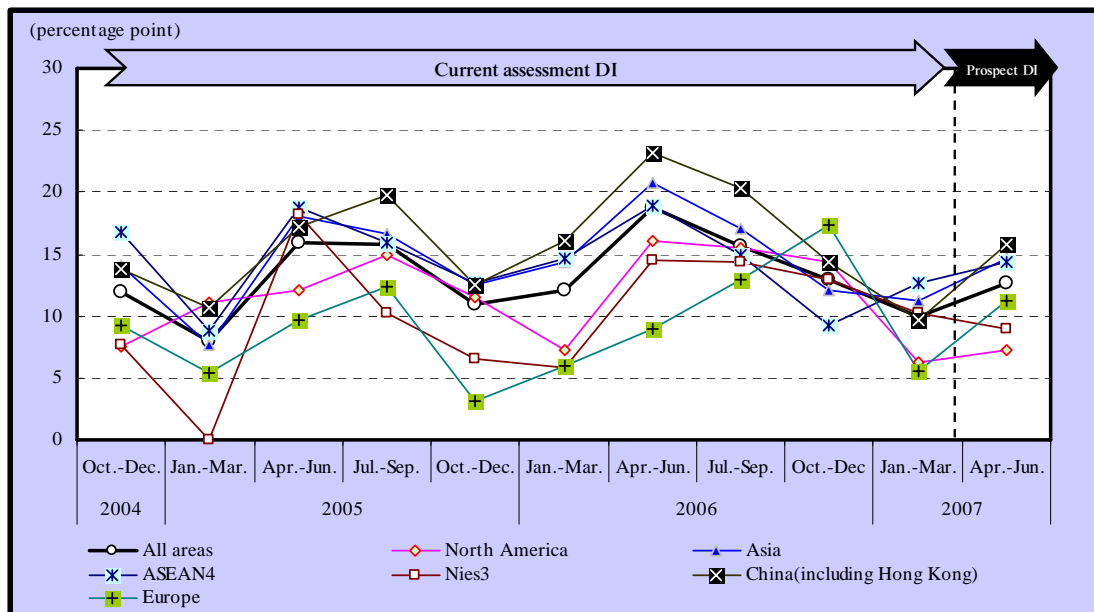


## Europe

The overall Prospects DI (11.2 percentage points) was 5.7 points higher than the overall Current Assessment DI for the current quarter. The Prospects DI for the electrical machinery sector (4.5 percentage points) and the transport equipment sector (10.0 percentage points) improved by 13.6 points (id.) and by 11.6 points (id.), respectively. The Prospects DI for the iron and steel sector (0.0 percentage points) remained flat at 0.0 points (id.). In the meantime, the Prospects DI for the industrial machinery sector (12.5 percentage points) and the chemicals sector (8.4 percentage points) worsened by 4.6 points (id.) and by 2.4 points, respectively..



**Chart 2-1 Capital investment DI according to area (percentage points)**



## (2)Actual Results

Total capital investment (acquisition costs of fixed asset except land) amounted to US\$5,664,070,000, up by 15.3% compared to the same quarter of the previous year, registering a significant increase for the third consecutive quarter. By industry, capital investment in the electrical machinery sector increased significantly by 41.2% (id.), registering the second consecutive quarter of significant increase. Capital investment in the iron and steel sector saw an upturn, rising significantly by 27.2% (id.), and that in the industrial machinery sector also increased largely by 26.3% (id.). Capital investment in the chemical sector registered a significant increase for the second consecutive quarter, up by 16.5%, but the growth rate deteriorated. Capital investment in the transport equipment sector registered a single-digit increase for the first time in three quarters, up by 9.4% (id.).

(Table 7)

**Table 7 Actual result of Capital investment**

Capital investment	Actual result (comparison to corresponding period of previous year : percentage)				
	2005	2006			
	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.
Total (All areas)	5.5	-3.3	15.4	26.7	15.3
North america	-5.2	-22.4	11.5	39.4	-12.5
Asia	12.4	9.6	23.9	27.9	41.2
ASEAN4	6.7	15.9	47.5	9.6	39.8
NIEs3	54.9	49.2	-1.2	57.3	26.5
China(including Hong Kong)	7.6	-14.1	-6.2	14.2	13.0
Europe	4.9	-21.3	-4.7	21.4	16.0

Industrial classification	Actual result (comparison to corresponding period of previous year : percentage)				
	2005	2006			
	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.
Total (All manufacturing industry)	5.5	-3.3	15.4	26.7	15.3
Transportation equipment	22.1	9.0	33.3	35.3	9.4
Electrical machinery	-29.1	-23.1	-2.6	19.6	41.2
Industrial machinery	2.5	-13.0	-22.6	5.7	26.3
Chemicals	3.1	-16.2	8.8	93.7	16.5
Iron and steel	-12.3	28.0	5.4	-30.5	27.2

(Unit : percentage)

By Region, capital investment increased in Asia significantly for the third consecutive quarter, up by 41.2% from the same quarter of the previous year. ASEAN4 (up by 39.8% (id.)) saw a significant increase for the first time in two quarters, because there was a significant increase in the electrical machinery sector for the fourth consecutive quarter and the industrial machinery sector and the transport equipment sector saw an upturn after a decrease in the previous quarter. NIEs3 (up by 26.5% (id.)) also saw a sharp increase for the second consecutive quarter. The chemicals sector and the electrical machinery sector showed a significant increase for the second consecutive quarter, although capital investment declined sharply in the transport equipment sector and the industrial machinery sector for the second consecutive quarter. China (up by 13.0% (id.)) registered a double-digit increase for the second consecutive quarter due to an increase in the electrical machinery sector for the first time in six quarters, although there were sharp declines in the industrial machinery sector and the iron and steel sector and a decrease for the first time in two quarters in the chemicals sector. In other Asian countries (up by 227.2% (id.)), India saw a significant increase mainly in the transport equipment sector. In spite of a sharp decline in the chemicals sector, Europe (up by 16.0% (id.)) registered a significant increase for the second consecutive quarter, due to a significant increase for the second consecutive quarter in the industrial machinery sector and increases in the transport equipment sector and the electrical machinery sector. In spite of a significant increase for the third consecutive quarter in the chemicals sector, North America saw a decrease for the first time in three quarters, down by 12.5% (id.), due to sharp declines in the iron and steel sector and the transport equipment sector, as well as decreases in the industrial machinery sector and the electrical machinery sector. (Table 8)

**Table 8 Actual result of capital investment for main industries by area**

**North america**

Capital investment	Actual resaut (comparison to corresponding period of previous year : percentage)				
	2005		2006		
	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.
All manufacturing industry	-5.2	-22.4	11.5	39.4	-12.5
Transportation equipment	32.4	-4.0	15.4	49.6	-19.0
Electrical machinery	-77.1	-72.0	-15.5	-3.0	-0.2
Industrial machinery	1.1	-13.2	83.2	15.6	-5.8
Chemicals	-6.5	2.1	48.3	80.3	53.0
Iron and steel	27.0	33.9	175.6	-18.8	-22.1

**Asia**

Capital investment	Actual resaut (comparison to corresponding period of previous year : percentage)				
	2005		2006		
	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.
All manufacturing industry	12.4	9.6	23.9	27.9	41.2
Transportation equipment	26.1	33.5	91.4	47.5	53.6
Electrical machinery	5.0	7.5	-3.3	22.8	52.2
Industrial machinery	7.3	-4.6	-2.7	-14.0	17.1
Chemicals	1.6	-42.8	-34.0	122.9	31.8
Iron and steel	-23.7	17.9	-32.5	-47.5	46.5

**ASEAN4**

Capital investment	Actual resaut (comparison to corresponding period of previous year : percentage)				
	2005		2006		
	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.
All manufacturing industry	6.7	15.9	47.5	9.6	39.8
Transportation equipment	13.7	22.0	97.3	-0.3	15.7
Electrical machinery	7.8	40.0	31.0	49.1	77.3
Industrial machinery	-6.9	-34.7	22.7	-20.1	59.7
Chemicals	-43.7	-63.1	-47.3	12.7	0.9
Iron and steel	-33.1	38.3	26.6	-31.6	53.1

**NIEs3**

Capital investment	Actual resaut (comparison to corresponding period of previous year : percentage)				
	2005		2006		
	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.
All manufacturing industry	54.9	49.2	-1.2	57.3	26.5
Transportation equipment	196.0	159.9	-10.8	-28.2	-38.4
Electrical machinery	16.9	28.1	0.6	81.1	97.7
Industrial machinery	61.3	124.9	10.2	-24.3	-32.7
Chemicals	66.1	56.8	-6.5	334.0	104.2
Iron and steel	-	-	-	-	-

**China(including Hong Kong)**

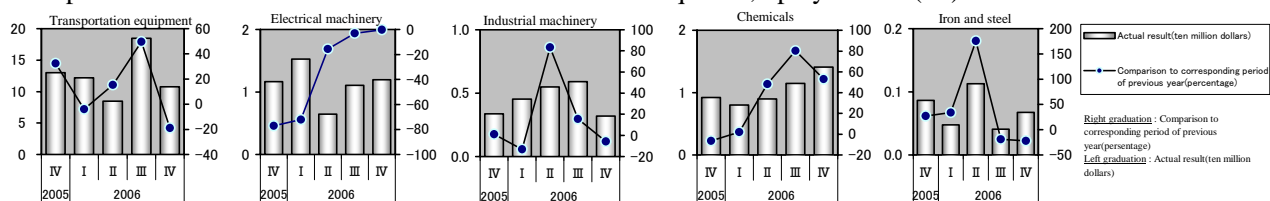
Capital investment	Actual resaut (comparison to corresponding period of previous year : percentage)				
	2005		2006		
	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.
All manufacturing industry	7.6	-14.1	-6.2	14.2	13.0
Transportation equipment	54.7	79.7	123.1	117.3	72.6
Electrical machinery	-3.1	-26.9	-36.9	-19.7	6.6
Industrial machinery	2.1	3.3	-20.3	-4.8	-21.2
Chemicals	179.2	-34.2	-28.4	75.9	-3.0
Iron and steel	1.9	-78.3	-79.9	-58.9	-53.1

**Europe**

Capital investment	Actual resaut (comparison to corresponding period of previous year : percentage)				
	2005		2006		
	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.
All manufacturing industry	4.9	-21.3	-4.7	21.4	16.0
Transportation equipment	-6.3	-30.8	-18.7	3.9	23.0
Electrical machinery	9.4	-20.1	24.4	17.5	11.1
Industrial machinery	-7.1	-20.6	-72.5	70.3	82.2
Chemicals	13.7	10.6	61.9	73.7	-28.4
Iron and steel	-	-	-	-	-

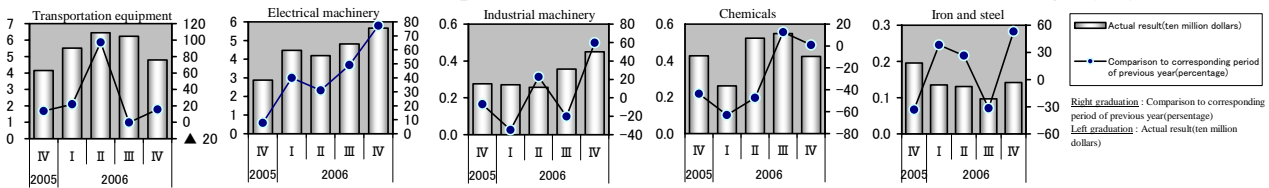
**North America**

Total capital investment amounted to US\$1,472,170,000 (26.0% of total capital investment in all regions), declining by 12.5% from the same quarter of the previous year, registering its first decrease in three quarters. Capital investment in the iron and steel sector declined sharply by 22.1% (id.), marking the second consecutive substantial decline. Capital investment in the transport equipment industry also decreased sharply by 19.0% (id.), that in the industrial machinery sector decreased by 5.8% (id.), down for the first time in three quarters, and that in the electrical machinery sector decreased slightly by 0.2% (id.). Meanwhile, capital investment in the chemicals sector posted a substantial increase for the third consecutive quarter, up by 53.0% (id.)



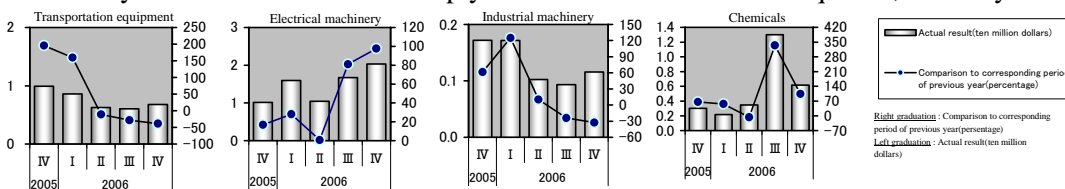
## ASEAN4

Total capital investment amounted to US\$1,313,510,000 (23.2% of total capital investment in all regions), up by 39.8% from the same quarter of the previous year, registering significant growth. Capital investment in the electrical machinery sector increased significantly for the fourth consecutive quarter, up by 77.3% (id.), and that in the industrial machinery sector and the iron and steel sector increased sharply for the first time in two quarters, up by 59.7% (id.) and by 53.1% (id.), respectively. Capital investment in the transport equipment sector also increased for the first time in two quarters, up by 15.7%. Automobile-related capital investment increased in Indonesia but decreased in Thailand. Capital investment in the chemicals sector increased slightly by 0.9% (id.).



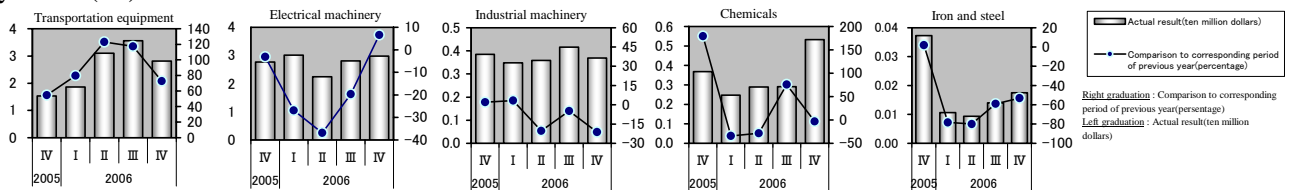
## NIEs3

Total capital investment amounted to US\$398,280,000 (7.0% of total capital investment in all regions), up by 26.5% from the same quarter of the previous year, registering significant growth for the second consecutive quarter. Capital investment in the electrical machinery sector increased by 97.7% (id.), registering significant growth for the second consecutive quarter, with a notable increase continuing in Singapore. Capital investment in the chemicals sector registered a significant increase for the second consecutive quarter, up by 104.2% (id.), due to favorable conditions in IT-related capital investment. In the meantime, capital investment in the transport equipment sector decreased for the third consecutive quarter, down by 38.4% (id.), continuously affected by a decrease in Taiwan. Capital investment in the industrial machinery sector also decreased sharply for the second consecutive quarter, down by 32.7% (id.).



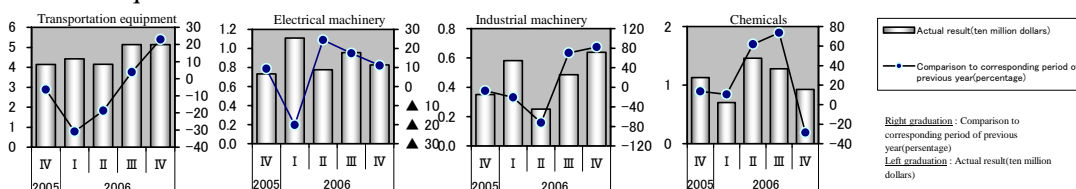
## China

Total capital investment amounted to US\$846,780,000 (15.0% of total capital investment in all regions), up by 13.0% from the same quarter of the previous year, marking an increase for the second consecutive quarter. Capital investment in the transport equipment sector continued to increase significantly, up by 72.6% (id.), and that in the electrical machinery sector showed the first increase in six quarters, up by 6.6% (id.). In contrast, capital investment in the iron and steel sector decreased significantly for the fourth consecutive quarter, down by 53.1% (id.), and that in the industrial machinery sector registered a decrease for the third consecutive quarter, down by 21.2% (id.). Capital investment in the chemicals sector saw a downturn, falling by 3.0% (id.).



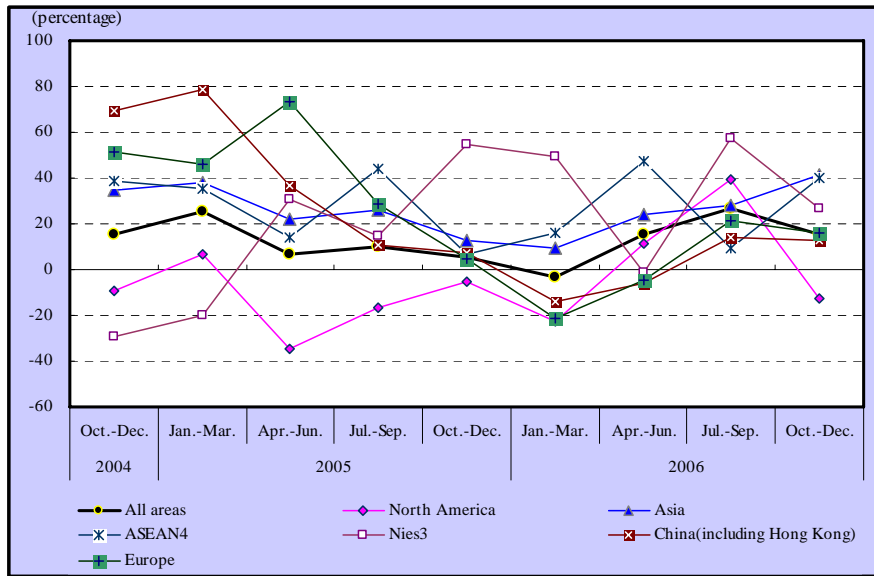
## Europe

Total capital investment amounted to US\$875,240,000 (15.5% of total capital investment in all regions), up by 16.0% from the same quarter of the previous year, registering a significant increase for the second consecutive quarter. Capital investment in the industrial machinery sector increased significantly for the second consecutive quarter, up by 82.2% (id.), due to increases mainly in construction machinery, etc. There was also a significant increase in the transport equipment sector, up by 23.0% (id.), and that in the electrical machinery sector increased by 11.1% (id.), with continued increases in visual equipment, especially in liquid crystal equipment. Capital investment in the chemicals sector decreased by 28.4% (id.), down for the first time in five quarters.





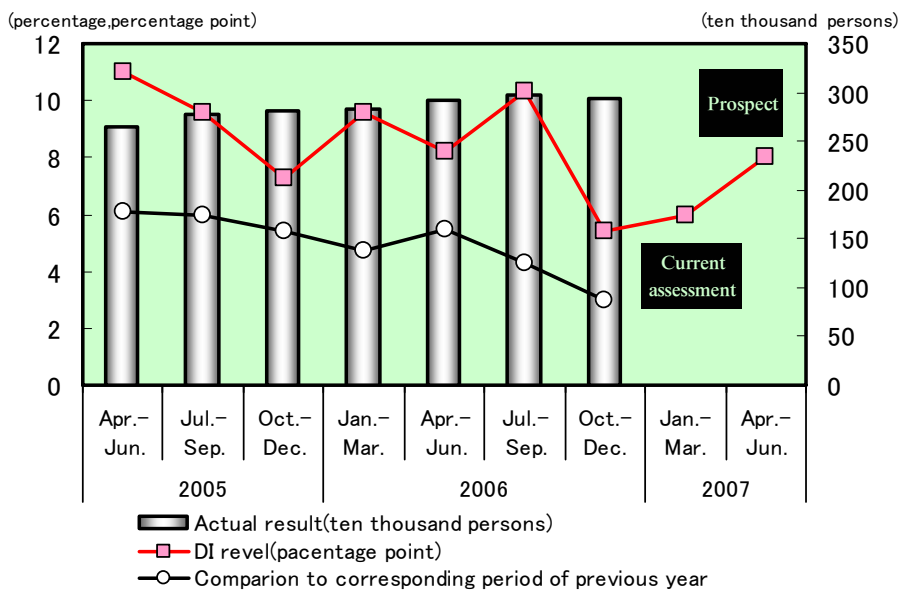
**Chart 2-2 Actual result of capital investment according to area  
(Comparison of the same quarter of the previous year)**



**3. Trends in employment (the number of employees)**

- The Employment Current Assessment DI (January – March, 2007) improved slightly by 0.6 percentage points compared to the previous quarter. The Prospects DI (April – June, 2007) improved by 2.0 percentage points (id.).
- The Employment Current Assessment DI improved slightly in all regions except North America and NIEs3.
- The overall Prospects DI improved, but it turned negative in Europe. China continued to maintain a double-digit level.
- The actual number of employees (as of the end of 2006) continued to increase, up by 3.0% from the same quarter of the previous year. The number of employees continued to decrease in North America. In Asia, it decreased slightly in NIEs3, but continued to increase in China and ASEAN4. Employment in Europe registered an increase for the third consecutive quarter. **(Chart 3)**

**Chart 3 Number of employee DI and actual result**



## (1) DI

The Employment Current Assessment DI (January – March, 2007) stood at 6.0 percentage points, improving slightly by 0.6 points from that for the October-December quarter of 2006. The Prospects DI (April – June, 2007) stood at 8.0 percentage points, 2.0 points higher than that for the January-March quarter of 2007..

(Table 9)

**Table 9 Number of employee DI (according to area /industrial classification)**

According to area	DI			Comparison to the previous quarter	
	Survey of previous term	Survey of present term		Current assessment [②-①]	Prospect [③-②]
	① Current assessment (2006.Oct.-Dec.)	② Current assessment (2007.Jan.-Mar.)	③ Prospect (2007.Apr.-Jun.)		
<b>Total (All areas)</b>	5.4	→ 6.0	→ 8.0	( 0.6 )	<b>2.0</b>
North america	5.6	→ 4.2	→ 6.9	( -1.4 )	<b>2.7</b>
Asia	6.7	→ 7.5	→ 10.2	( 0.8 )	<b>2.7</b>
ASEAN4	3.1	→ 3.4	→ 5.7	( 0.3 )	<b>2.3</b>
NIEs3	1.2	→ 0.8	→ 0.4	( -0.4 )	<b>-0.4</b>
China(including Hong Kong)	12.5	→ 13.4	→ 15.8	( 0.9 )	<b>2.4</b>
Europe	1.1	→ 1.9	→ -1.9	( 0.8 )	<b>-3.8</b>

Industrial classification	DI			Comparison to the previous quarter	
	Survey of previous term	Survey of present term		Current assessment [②-①]	Prospect [③-②]
	① Current assessment (2006.Oct.-Dec.)	② Current assessment (2007.Jan.-Mar.)	③ Prospect (2007.Apr.-Jun.)		
<b>Total (All manufacturing industry)</b>	5.4	→ 6.0	→ 8.0	( 0.6 )	<b>2.0</b>
Transportation equipment	10.1	→ 8.5	→ 11.2	( -1.6 )	<b>2.7</b>
Electrical machinery	3.3	→ 4.2	→ 4.2	( 0.9 )	<b>0.0</b>
Industrial machinery	9.6	→ 12.4	→ 8.7	( 2.8 )	<b>-3.7</b>
Chemicals	3.1	→ 6.1	→ 10.2	( 3.0 )	<b>4.1</b>
Iron and steel	3.4	→ 10.6	→ 14.8	( 7.2 )	<b>4.2</b>

(Unit : percentage point)

The Prospects DI improved, standing at 2.0 percentage points, but deterioration was observed in NIEs3 and Europe. In Asia (2.7 percentage points compared to the previous quarter), the Prospects DI for China (2.4 percentage points (id.)) improved due to improvement in the electrical machinery sector and the chemicals sector, although the transport equipment sector and the industrial machinery sector showed deterioration. In spite of deterioration in the chemicals sector, ASEAN4 (2.3 percentage points (id.)) saw improvement due to improvement in the transport equipment sector, the electrical machinery sector and the industrial machinery sector. The Prospects DI for NIEs3 (-0.4 percentage points (id.)) worsened slightly due to deterioration in the electrical machinery sector, although the chemicals sector showed improvement. The Prospects DI for North America (2.7 percentage points (id.)) improved due to improvement in the transport equipment sector and the chemicals sector, while deterioration was observed in the electrical machinery industry and the general machinery industry. In spite of improvement in the chemicals sector, the Prospects DI for Europe (-3.8 percentage points (id.)) worsened due to deterioration in the electrical machinery sector, the transport equipment sector, and the general machinery sector.

(Table 10)

**Table 10 Number of employee DI for main industries by area**

### North america

Number of employee	Survey of previous term (Jul.-Sep.2006)	Survey of the present term(Oct.-Dec.2006)			
	Current assessment (Oct.-Dec.2006)	Current assessment Jan.-Mar.2007	comparison to the previous quarter	Prospect (Apr.-Jun.2007)	comparison to the previous quarter
All manufacturing industry	5.6	4.2	-1.4	6.9	2.7
Transportation equipment	8.8	2.4	-6.4	7.6	5.2
Electrical machinery	5.8	15.3	9.5	8.4	-6.9
Industrial machinery	0.0	8.5	8.5	2.2	-6.3
Chemicals	1.9	7.7	5.8	13.7	6.0
Iron and steel	0.0	-7.7	-7.7	-8.3	-0.6

### Asia

(Unit : percentage point)

Number of employee	Survey of previous term (Jul.-Sep.2006)	Survey of the present term(Oct.-Dec.2006)			
	Current assessment (Oct.-Dec.2006)	Current assessment Jan.-Mar.2007	comparison to the previous quarter	Prospect (Apr.-Jun.2007)	comparison to the previous quarter
All manufacturing industry	6.7	7.5	0.8	10.2	2.7
Transportation equipment	14.4	13.7	-0.7	17.9	4.2
Electrical machinery	4.2	2.8	-1.4	5.4	2.6
Industrial machinery	14.7	16.8	2.1	14.2	-2.6
Chemicals	4.2	7.8	3.6	11.2	3.4
Iron and steel	2.3	14.6	12.3	22.5	7.9

### ASEAN4

Number of employee	Survey of previous term (Jul.-Sep.2006)	Survey of the present term(Oct.-Dec.2006)			
	Current assessment (Oct.-Dec.2006)	Current assessment Jan.-Mar.2007	comparison to the previous quarter	Prospect (Apr.-Jun.2007)	comparison to the previous quarter
All manufacturing industry	3.1	3.4	0.3	5.7	2.3
Transportation equipment	12.5	6.4	-6.1	12.4	6.0
Electrical machinery	0.0	0.0	0.0	2.5	2.5
Industrial machinery	17.0	16.3	-0.7	21.5	5.2
Chemicals	-1.2	4.9	6.1	2.5	-2.4
Iron and steel	-9.1	0.0	9.1	5.3	5.3

### NIEs3

Number of employee	Survey of previous term (Jul.-Sep.2006)	Survey of the present term(Oct.-Dec.2006)			
	Current assessment (Oct.-Dec.2006)	Current assessment Jan.-Mar.2007	comparison to the previous quarter	Prospect (Apr.-Jun.2007)	comparison to the previous quarter
All manufacturing industry	1.2	0.8	-0.4	0.4	-0.4
Transportation equipment	3.2	0.0	-3.2	0.0	0.0
Electrical machinery	0.0	0.0	0.0	-2.6	-2.6
Industrial machinery	0.0	0.0	0.0	0.0	0.0
Chemicals	3.9	0.0	-3.9	4.7	4.7
Iron and steel	0.0	0.0	0.0	0.0	0.0

### China

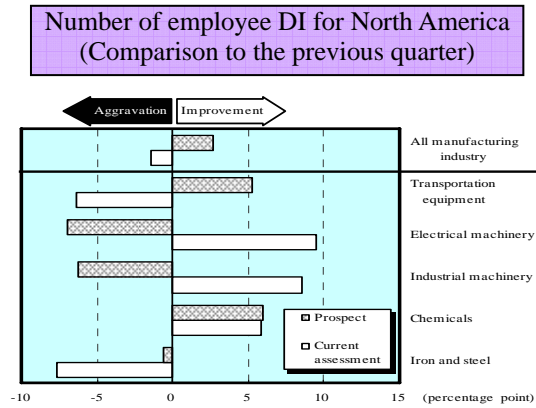
Number of employee	Survey of previous term (Jul.-Sep.2006)	Survey of the present term(Oct.-Dec.2006)			
	Current assessment (Oct.-Dec.2006)	Current assessment Jan.-Mar.2007	comparison to the previous quarter	Prospect (Apr.-Jun.2007)	comparison to the previous quarter
All manufacturing industry	12.5	13.4	0.9	15.8	2.4
Transportation equipment	22.8	27.1	4.3	25.7	-1.4
Electrical machinery	9.1	5.1	-4.0	10.0	4.9
Industrial machinery	20.0	23.9	3.9	13.8	-10.1
Chemicals	10.8	16.6	5.8	24.2	7.6
Iron and steel	18.8	37.6	18.8	50.0	12.4

### Europe

Number of employee	Survey of previous term (Jul.-Sep.2006)	Survey of the present term(Oct.-Dec.2006)			
	Current assessment (Oct.-Dec.2006)	Current assessment Jan.-Mar.2007	comparison to the previous quarter	Prospect (Apr.-Jun.2007)	comparison to the previous quarter
All manufacturing industry	1.1	1.9	0.8	-1.9	-3.8
Transportation equipment	0.0	1.4	1.4	-4.4	-5.8
Electrical machinery	-3.3	7.7	11.0	-7.7	-15.4
Industrial machinery	4.3	2.5	-1.8	-2.4	-4.9
Chemicals	0.0	-2.2	-2.2	2.2	4.4
Iron and steel	0.0	0.0	0.0	0.0	0.0

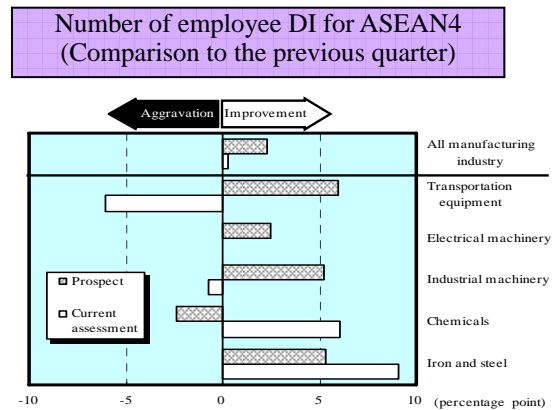
## North America

The overall Prospects DI (6.9 percentage points) was 2.7 points higher than the overall Current Assessment DI for the current quarter. The Prospects DI for the chemicals sector (13.7 percentage points) improved by 6.0 points (id.), and that for the transport equipment sector (7.6 percentage points) also increased by 5.2 points (id.). The Prospects DI for the electrical machinery sector (8.4 percentage points) and the industrial machinery sector (2.2 percentage points) worsened, by 6.9 points (id.) and 6.3 points (id.), respectively. The Prospects DI for the iron and steel sector (-8.3 percentage points) decreased slightly by 0.6 points (id.).



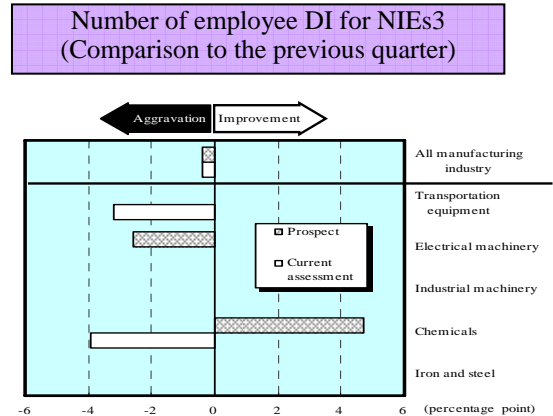
## ASEAN4

The overall Prospects DI (5.7 percentage points) was 2.3 points higher than the overall Current Assessment DI for the current quarter. Increases were observed in the Prospects DI for the transport equipment sector (12.4 percentage points) by 6.0 points (id.), for the iron and steel sector (5.3 percentage points) by 5.3 points (id.), for the industrial machinery sector (21.5 percentage points) by 5.2 points (id.), and for the electrical machinery sector (2.5 percentage points) by 2.5 points (id.). The Prospects DI for the chemicals sector (2.5 percentage points) worsened by 2.4 points (id.).



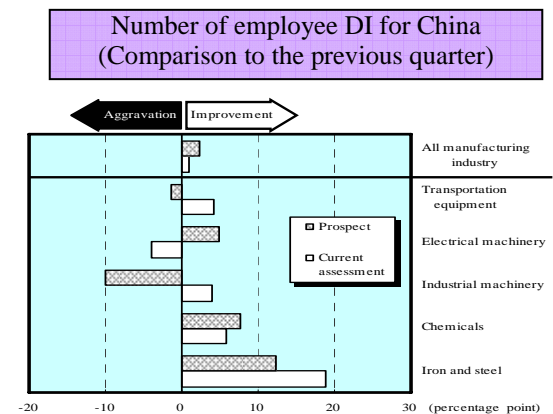
## NIEs3

The overall Prospects DI (0.4 percentage points) worsened slightly by 0.4 points compared to the overall Current Assessment DI for the current quarter. The Prospects DI for the electrical machinery sector (-2.6 percentage points) worsened by 2.6 points (id.). The Prospects DI for the chemicals sector (4.7 percentage points) improved by 4.7 points (id.), and that for the transport equipment sector (0.0 percentage points), the industrial machinery sector (0.0 percentage points), and the iron and steel sector (0.0 percentage points) remained flat at 0.0 points (id.).



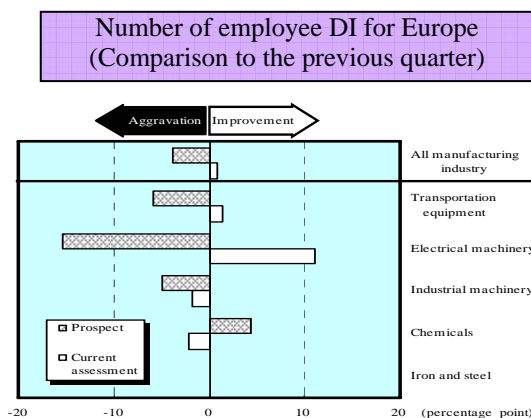
## China

The overall Prospects DI (15.8 percentage points) improved by 2.4 points compared to the overall Current Assessment DI for the current quarter. The Prospects DI for the iron and steel industry (50.0 percentage points), for the chemicals sector (24.2 percentage points), and the electrical machinery sector (10.0 percentage points) improved by 12.4 points (id.), 7.6 points (id.), and 4.9 points (id.), respectively. The Prospects DI for the industrial machinery sector (13.8 percentage points) showed a decrease of 10.1 points (id.), and that for the transport equipment sector (25.7 percentage points) also decreased slightly by 1.4 points (id.).

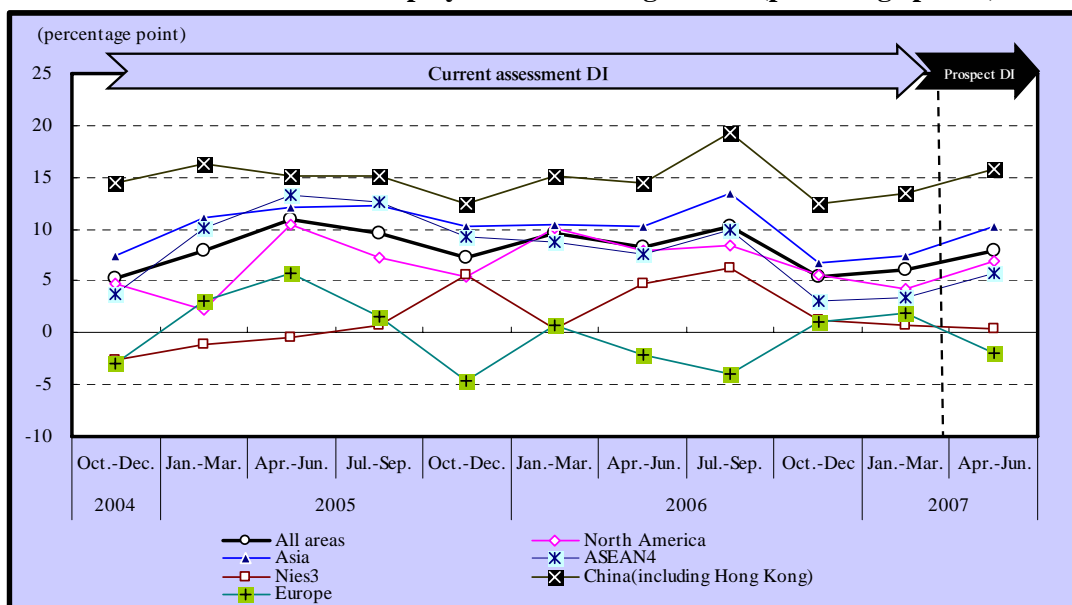


## Europe

The overall Prospects DI (-1.9 percentage points) worsened by 3.8 points compared to the overall Current Assessment DI for the current quarter. The Prospects DI for the electrical machinery sector (-7.7 percentage points) declined sharply by 15.4 points (id.), and that for the transport equipment sector (-4.4 percentage points) and for the industrial machinery sector (-2.4 percentage points) also decreased by 5.8 points (id.) and 4.9 points (id.), respectively. The Prospects DI for the chemicals sector (2.2 percentage points) improved by 4.4 points (id.), and that for the iron and steel sector (0.0 percentage points) remained flat at 0.0 points (id.).



**Chart 3-1 Number of employee DI according to area (percentage points)**



## (2) Actual Results

The overall number of employees stood at 2.95 million, registering a continued increase of 3.0% from the same quarter of the previous year. By industry, the number of employees increased in nine out of 13 industries. The number of employees in the transport equipment sector stood at 810,000, up by 7.9% (id.), registering an increase for the fourth consecutive quarter. The number of employees in the electrical machinery sector continued to increase, rising by 2.1% (id.) to 1,220,000. Increases were also observed in the industrial machinery sector (rising by 1.5% (id.) to 170,000) and the chemicals sector (rising by 1.2% (id.) to 120,000). Employment in the iron and steel sector also showed an increase of 14.0% (id.) to 20,000, up for the third consecutive quarter

(Table 11)

**Table 11 Actual result of Number of employee (according to area /industrial classification)**

Number of employee	Actual result (comparison to corresponding period of previous year : percentage)				
	2005		2006		
	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.
<b>Total (All areas)</b>	5.4	4.7	5.5	4.3	3.0
North america	-0.8	-1.2	0.0	-1.9	-3.3
Asia	7.7	6.5	6.9	5.4	4.4
ASEAN4	5.2	2.8	3.1	2.8	0.3
NIEs3	1.9	1.2	0.6	2.9	-0.3
China(including Hong Kong)	10.3	9.6	10.1	6.9	7.1
Europe	2.2	-0.1	2.4	1.8	0.1

Industrial classification	Actual result (comparison to corresponding period of previous year : percentage)				
	2005		2006		
	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.
<b>Total (All manufacturing industry)</b>	5.4	4.7	5.5	4.3	3.0
Transportation equipment	11.1	7.3	8.4	7.4	7.9
Electrical machinery	3.3	4.2	5.8	4.3	2.1
Industrial machinery	10.1	11.6	11.6	5.2	1.5
Chemicals	1.5	-1.0	-0.8	2.7	1.2
Iron and steel	-1.3	-1.9	4.6	3.4	14.0

(Unit : percentage)

In Asia, the number of employees continued to increase, up by 4.4% from the same quarter of the previous year. The number of employees in China continued to increase, up by 7.1% (id.), because the number continued to increase significantly in the transport equipment sector, up by 23.6% (id.), and increases were also observed in the electrical machinery sector, the industrial machinery sector, and the chemicals sector. The number of employees in ASEAN4 only increased slightly by 0.3% (id.), because the increases were limited in the chemicals sector and the iron and steel sector and the electrical machinery sector showed a decrease for the first time in eight quarters, in spite of continued increases in the transport equipment sector and the industrial machinery sector. In spite of increases in the electrical machinery sector and the chemicals sector, employment in NIEs3 decreased slightly by 0.3% (id.), down for the first time in six quarters, due to a decrease in the transport equipment sector for the third consecutive quarter. In spite of a continued increase in the transport equipment sector, employment in Europe only showed a slight increase of 0.1% (id.), because the chemicals sector registered a decrease for the sixth consecutive quarter, and the industrial machinery sector and the electrical machinery sector also showed decreases. In North America, employment decreased by 3.3% (id.), down for the second consecutive quarter, due to decreases in the electrical machinery sector and the industrial machinery sector, although the transport equipment sector registered a slight increase and the chemicals sector and the iron and steel industry also showed increases. (Table 12)

**Table 12 Actual result of number of employee for main industries by area**

**North America**

Number of employee	Actual result (comparison to corresponding period of previous year : percentage)				
	2005		2006		
	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.
All manufacturing industry	-0.8	-1.2	0.0	-1.9	-3.3
Transportation equipment	2.3	2.5	2.4	0.7	0.7
Electrical machinery	-9.2	-8.0	-1.7	-5.0	-6.1
Industrial machinery	1.9	3.3	4.0	-7.9	-9.4
Chemicals	-1.7	-1.7	-1.0	5.0	1.7
Iron and steel	-10.8	-13.4	1.2	1.7	36.8

**Asia**

Number of employee	Actual result (comparison to corresponding period of previous year : percentage)				
	2005		2006		
	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.
All manufacturing industry	7.7	6.5	6.9	5.4	4.4
Transportation equipment	16.4	10.3	12.7	10.9	11.1
Electrical machinery	5.7	5.5	6.0	4.4	2.9
Industrial machinery	14.0	16.7	15.8	8.5	7.2
Chemicals	5.9	1.5	2.0	5.0	2.7
Iron and steel	1.7	1.8	5.4	3.6	7.1

**ASEAN4**

Number of employee	Actual result (comparison to corresponding period of previous year : percentage)				
	2005		2006		
	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.
All manufacturing industry	5.2	2.8	3.1	2.8	0.3
Transportation equipment	14.9	3.4	6.9	7.9	4.5
Electrical machinery	1.4	1.3	0.8	0.8	-2.7
Industrial machinery	13.9	8.5	4.4	5.0	4.5
Chemicals	-0.3	-0.7	-0.1	-0.5	0.4
Iron and steel	4.6	1.3	0.4	-2.1	0.8

**NIEs3**

Number of employee	Actual result (comparison to corresponding period of previous year : percentage)				
	2005		2006		
	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.
All manufacturing industry	1.9	1.2	0.6	2.9	-0.3
Transportation equipment	17.1	7.4	-0.1	-8.6	-9.7
Electrical machinery	-2.9	0.6	1.1	4.9	1.5
Industrial machinery	-0.5	0.3	0.6	2.9	0.8
Chemicals	13.7	10.1	14.6	16.1	4.0
Iron and steel	-	-	-	-	-

**China(including Hong Kong)**

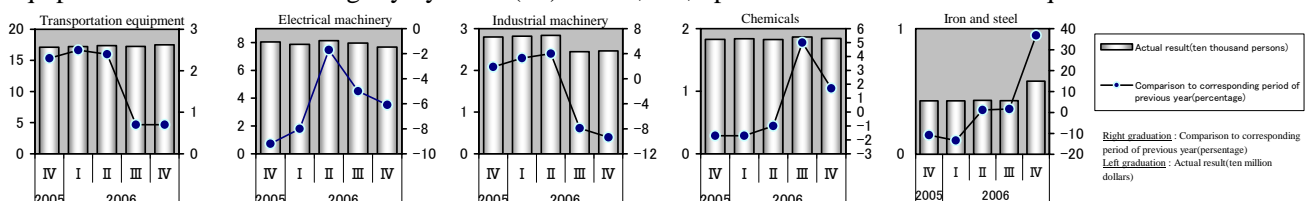
Number of employee	Actual result (comparison to corresponding period of previous year : percentage)				
	2005		2006		
	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.
All manufacturing industry	10.3	9.6	10.1	6.9	7.1
Transportation equipment	18.9	18.8	24.2	15.9	23.6
Electrical machinery	10.6	9.1	10.6	6.8	7.1
Industrial machinery	17.4	25.1	24.6	9.2	5.4
Chemicals	10.1	1.5	0.4	9.5	4.8
Iron and steel	0.5	5.6	0.9	-0.3	3.6

**Europe**

Number of employee	Actual result (comparison to corresponding period of previous year : percentage)				
	2005		2006		
	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.
All manufacturing industry	2.2	-0.1	2.4	1.8	0.1
Transportation equipment	13.1	5.4	4.7	5.1	6.2
Electrical machinery	-10.5	-7.6	3.3	1.2	-1.1
Industrial machinery	6.4	3.7	5.4	5.8	-10.7
Chemicals	-6.6	-6.7	-7.2	-3.7	-2.6
Iron and steel	-	-	-	-	-

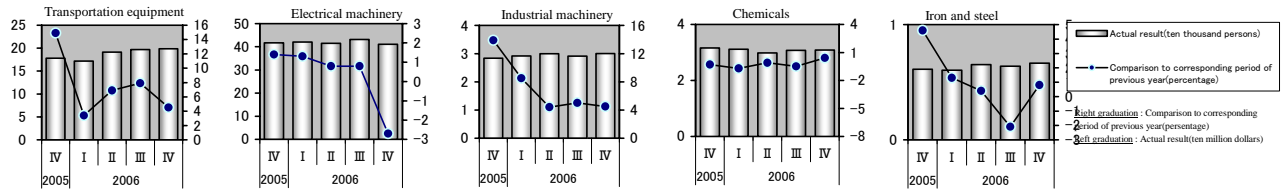
**North America**

The overall number of employees was 410,000 (14.0% of the total number of employees in all regions), showing a decline of 3.3% from the same quarter of the previous year, and down for the second consecutive quarter. The number of employees in the industrial machinery sector decreased by 9.4% (id.) to 20,000, down for the second consecutive quarter, and that for the electrical machinery sector also continued to decrease, falling by 6.1% (id.) to 80,000. The number of employees in the iron and steel sector increased significantly by 36.8% (id.) to 6,000. Employment in the chemicals sector increased by 1.7% (id.) to 20,000, and that in the transport equipment sector increased slightly by 0.7% (id.) to 170,000, up for the second consecutive quarter.



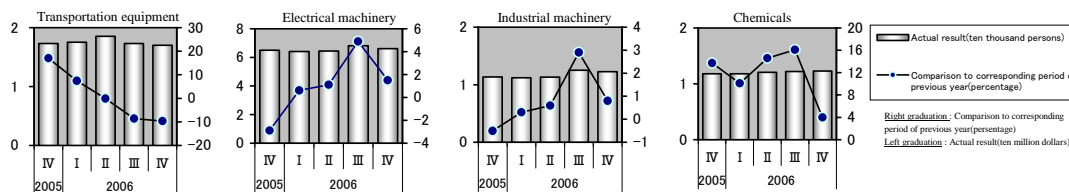
## ASEAN4

The overall number of employees continued to increase to 860,000 (29.2% of the total number of employees in all regions), up by 0.3% compared to the same quarter of the previous year. The number of employees in the transport equipment sector continued to increase, up by 4.5% (id.) to 200,000. Employment in the industrial machinery sector stood at 30,000, showing an increase of 4.5% (id.), up for the eighth consecutive quarter. Slight increases were observed in employment in the iron and steel sector (up by 0.8% (id.) to 7,000) and the chemicals sector (up by 0.4% (id.) to 30,000). The number of employees in the electrical machinery sector decreased to 410,000 (down by 2.7% (id.)), registering a decrease for the first time in eight quarters..



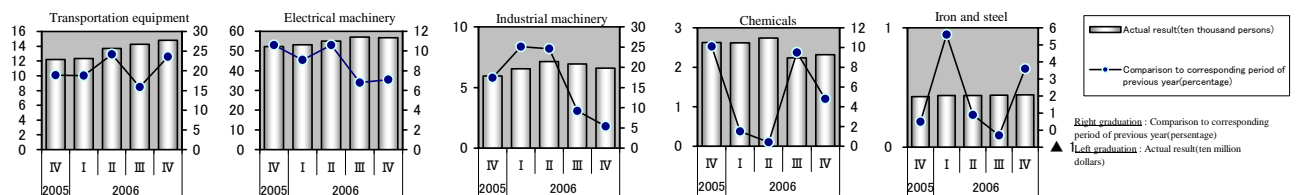
## NIEs3

The overall number of employees was 140,000 (4.6% of the total number of employees in all regions), down slightly by 0.3% from the same quarter of the previous year. This was a decrease for the first time in six quarters. The number of employees in the transport equipment sector stood at 20,000, down by 9.7% (id.), marking the third consecutive quarter of decline. A decrease was notable in Taiwan. Employment in the chemicals sector stood at 10,000, up by 4.0% (id.), showing a continued increase. Employment in the electrical machinery sector stood at 70,000, up by 1.5% (id.), and that in the industrial machinery sector at 10,000, up by 0.8% (id.), both showing increases for the fourth consecutive quarter..



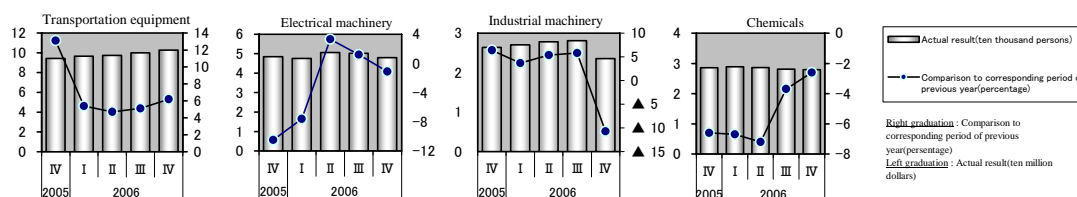
## China

The overall number of employees was 990,000 (33.6% of the total number of employees in all regions), a continued increase of 7.1% from the same quarter of the previous year. There were continued increases in the number of employees in the transport equipment sector (up by 23.6% (id.) to 150,000), the electrical machinery sector (up by 7.1% (id.) to 570,000), the industrial machinery sector (up by 5.4% (id.) to 70,000) and the chemicals sector (up by 4.8% (id.) to 20,000). Employment in the iron and steel sector saw an upturn, increasing by 3.6% (id.) to 4,000

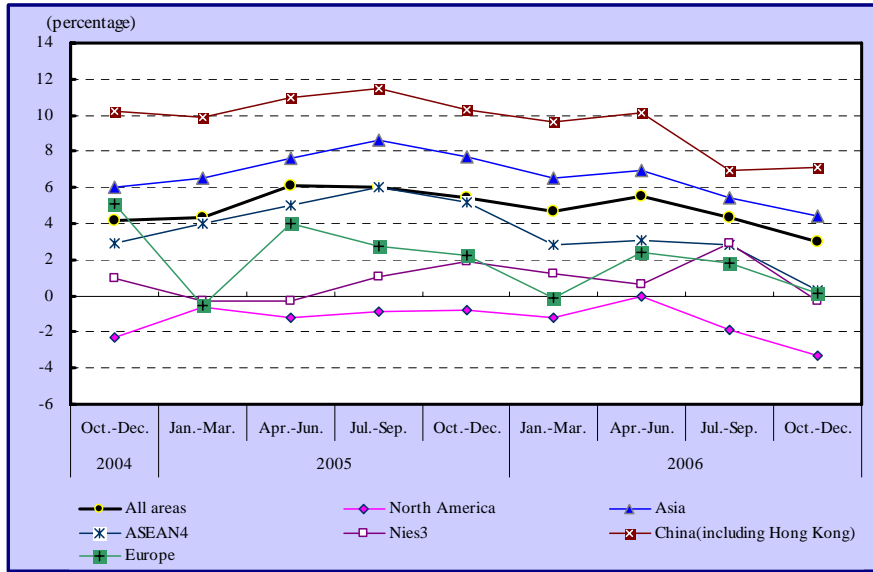


## Europe

The overall number of employees was 250,000 (8.6% of the total number of employees in all regions), up by 0.1% from the same quarter of the previous year, marking the third straight increase. The number of employees in the transport equipment sector was 100,000, up by 6.2% (id.), marking 12th consecutive quarters of growth. The number of employees in the industrial machinery sector stood at 20,000, down by 10.7% (id.), a decrease for the first time in 12 quarters. Employment in the chemicals sector was 30,000, down by 2.6% (id.), marking the sixth consecutive decline. A decline was notable in Netherlands. There was also a decrease in employment in the electrical machinery sector, down by 1.1% (id.) to 50,000, which was a decrease for the first time in three quarters



**Chart 3-2 Actual result of the number of employee according to area  
(Comparison of the same quarter of the previous year)**



# [Topics] Japanese Manufacturing Companies in China Dominating Those in ASEAN4 in Terms of the Value of Exports to Japan

According to trade statistics, Japan's total trade value\* with China (including Hong Kong) exceeded that with North America (the United States and Canada) in 2005, and China has become the largest trade partner for Japan. (Chart 1)

\*The total of export value and import value.

We will examine the trends in the value of exports to Japan by Japanese manufacturing companies based on this survey.

First of all, the value of exports to Japan by Japanese manufacturing companies has continued increasing even after 2002, but the growth has been slowing. The rate of the value of exports to Japan by Japanese manufacturing companies out of the total import value in trade statistics has maintained the level of a little over 10%. (Chart 2)

With regard to the value of exports to Japan, the share was 8.1% for Japanese manufacturing companies in North America, 41.0% for those in ASEAN4, 12.9% for those in NIEs3, and 31.7% for those in China in 2002. Japanese manufacturing companies in ASEAN4 held the largest share.

However in 2005, the share of those in China (40.0%) exceeded the share of those in ASEAN4 (35.2%). Also in 2006, Japanese manufacturing companies in China held the largest share at 40.9%. (Chart 3)

Furthermore the share of Japanese companies in other Asian countries (Vietnam, India, etc.) has increased, while the shares of those in ASEAN4, NIEs3, and North America declined.

Looking at the shares by industry among the total export value to Japan by Japanese manufacturing companies in China, it is notable that the share of the electrical machinery sector exceeded 50% in 2004 and has increased to as much as 54.1% in 2006. After China joined the WTO and restrictions on foreign investment were eased, Japanese manufacturing companies expanded their businesses in China. They mass-produce electrical appliances, taking advantage of the cheap labor in China, and export such products back to Japan. (Chart 4)

Among the total numbers of Japanese overseas subsidiaries newly established in China or those withdrawn from China in the last two years, the electrical machinery sector held the largest share in the number of withdrawn companies, although the number of newly established ones was also large. This indicates that companies' restructuring has become active in China. (Chart 5)

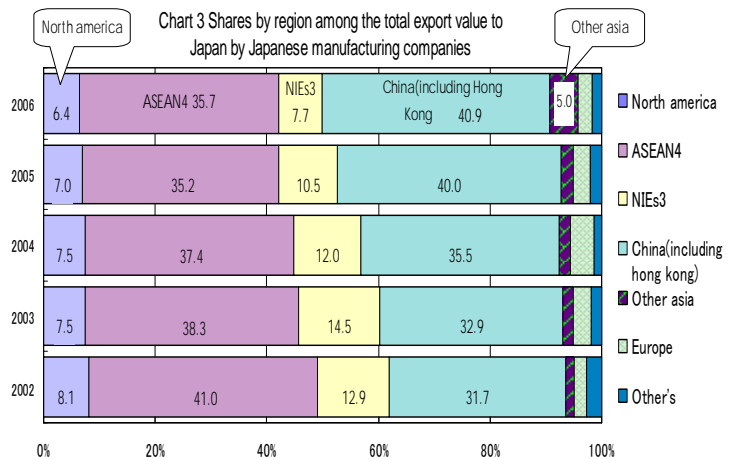
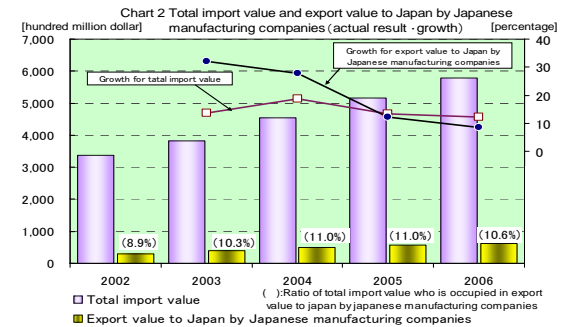
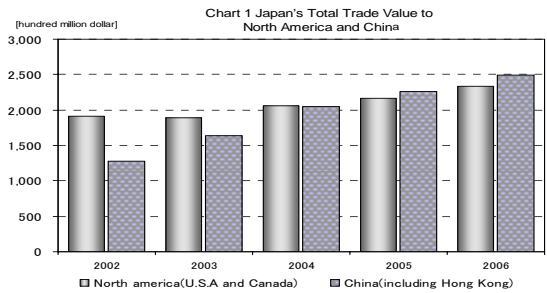


Chart 4 Shares by industry among total export value to Japan by Japanese manufacturing companies in China

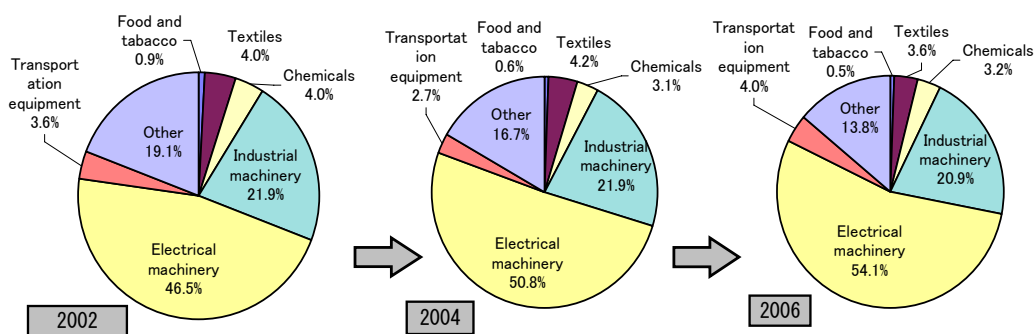
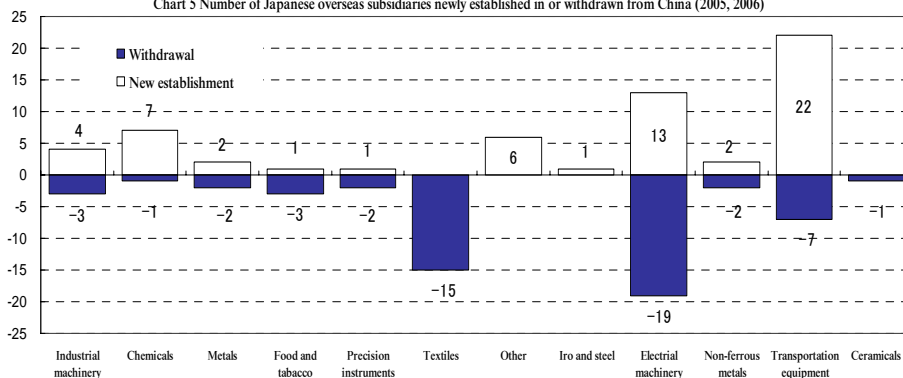


Chart 5 Number of Japanese overseas subsidiaries newly established in or withdrawn from China (2005, 2006)



(Reference)  
Trade statistics here are created by converting figures in the Ministry of Finance's Trade Statistics (on a yen basis) into US dollars at the average rate of the IMF. Values of exports to Japan by Japanese manufacturing companies are created based on the results of the Quarterly Survey of Overseas Subsidiaries



## (Reference)

### 1. Classification of countries (regions)

The countries (regions) in which overseas subsidiaries were located were classified as follows (in alphabetical order):

• North America: Canada and USA

• Asia

ASEAN4: Indonesia, Malaysia, the Philippines, Thailand

NIEs3: Singapore, Taiwan, Republic of Korea

China (including Hong Kong): the People's Republic of China

(including Hong Kong Special Administrative District)

Other Asia: (including Bangladesh, India, Myanmar, Pakistan, Sri Lanka and Vietnam )

• Europe: Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Netherlands, Poland, Portugal, Romania, Russia, Slovakia, Spain, Sweden, Switzerland, Turkey, UK

• Others: Argentina, Australia, Brazil, Chile, Colombia, Costa Rica, Egypt, El Salvador, Guatemala, the Republic of Ivory Coast, Mexico, New Zealand, Nicaragua, Papua New Guinea, Peru, Puerto Rico (USA), South Africa, Swaziland, Tanzania, UAE, Venezuela

### 2. Changes in the exchange rates of major currencies against the US dollar, by region

(Average term rates published by IMF)

	Jul.-Sep. 2005	Oct.-Dec. 2005	Jan.-Mar. 2006	Apr.-Jun. 2006	Jul.-Sep. 2006	Oct.-Dec. 2006
Yen	111.24	117.29	116.88	114.42	116.19	117.71
ASEAN4						
Rupiah (Indonesia)	9994.5	9999.6	9274.9	9,115.0	9,122.5	9,124.9
Ringgit (Malaysia)	3.7735	3.7768	3.7275	3.6627	3.6681	3.6252
Peso (Philippines)	56.038	54.627	51.884	52.215	51.387	49.771
Baht (Thailand)	41.287	40.987	39.288	38.071	37.643	36.526
NIEs3						
Won (Republic of Korea)	1029.51	1036.63	976.35	949.77	954.98	938.48
Dollar (Singapore)	1.6751	1.881	1.6280	1.5897	1.5793	1.5588
Dollar (Taiwan)	32.3190	33.4570	32.3223	32.1843	32.7763	32.8510
People's Republic of China (Hong Kong is including)						
Yuan (People's Republic of China)	8.1412	8.0831	8.0503	8.0123	7.9668	7.8644
Dollar (Hong Kong)	7.769	7.754	7.757	7.758	7.776	7.780
Europe						
Pound (United Kingdom)	1.7841	1.7481	1.7526	1.8266	1.8745	1.9168
Euro (Euro Area)	0.8201	0.8415	0.8320	0.7963	0.7849	0.7754

INTERNATIONAL FINANCIAL STATISTICS (IMF)

3. Record of changes in the content of the survey (For details, refer to materials published for each term.)

○ **The October-December quarter of 1996, and January-March quarter of 1997**

A test survey was conducted, and findings were published under the approval of the Management and Coordination Agency.

○ **From the April-June quarter of FY 1998**

- Survey periods for "the amount of acquired tangible fixed assets excluding land" (with regard to parent companies, together with "overseas direct investment") were excluded from quarterly surveys, and researched every other quarter, such as July-September, and January-March. Accordingly, the results and prospects of surveys are conducted semi-annually instead of quarterly. The content of the surveys was also changed from "tangible fixed assets completed or acquired except land during the term" to "tangible fixed assets acquired (including temporary construction accounts) except land during the term." With regard to parent companies, findings of the "Ministry of International Trade and Industry Survey on Investment in Plant and Equipment" were used.
- Quarterly prospects were also changed to semi-annual prospects.

○ **From the April-June quarter of FY 1999**

- A coefficient of connection was created and used for data before fiscal 1997 (the January-March quarter of 1998) to maintain consistency with past data, because dropped companies were added to the survey from fiscal 1998 (the April-June quarter of 1998).
- Because of a change in estimating methods, results were decided not by the rate of increase compared with the previous term, but by the rate of increase compared with the same period of the previous year.

○ **From the April-June quarter of FY 2001**

- "Company Trends Survey" was renewed by combining the "Industry Economic Trends Survey" with the "Company Trends Survey," both of which had been under the control of the Ministry of Economy, Trade and Industry. In addition, the "Overseas Affiliated Company Edition" was published separately from the "Parent Company Edition."

○ **From the April-June quarter of FY 2002**

- A coefficient of connection was created and used for data before fiscal 2000 (the January-March quarter of 2001) to maintain consistency with past data, because companies included in the survey, questions to be asked, and other items surveyed were reviewed in order to reorganize and consolidate the surveys (the April-June quarter of 2001 and later).
- Region/country classifications were revised to separate "China (including Hong Kong)" from "China and other Asian countries," and create another independent category.

○ **The April-June quarter of FY 2003**

- The "Parent Company Survey" in the former "Company Trend Survey" was discontinued, and from the April-June quarter of 2003 the survey was conducted as the "Quarterly Survey of Overseas Subsidiaries," which was focused on overseas subsidiaries conducting manufacturing abroad.  
Since companies included in the survey were reviewed and the scope of the survey was expanded (as defined on Page 1: "Outline of the survey" (4)-(iii)③, from "over 50% of a controlling share" to "50% or more of a controlling share") beginning with the April-June quarter of 2003, differences between results for this quarter and those of previous quarters have become apparent. The ratio to the same period of the previous year is estimated only on the basis of the total figures of companies which were continuously included in the survey from the previous fiscal year to the current quarter.

#### ○ **The April – June quarter of FY 2004**

- From the survey for the April – June quarter of 2004, the period of the DI survey was changed. The former six-month survey period was divided into: “estimation of the present assessment of the current situation” and “future prospects,” and both were surveyed for three months respectively.
- Due to the review of companies covered by the survey from the April – June quarter of 2004, there is a gap between the results of that quarter and those of previous quarters. Comparisons between the current quarter and the corresponding quarter of the previous year are calculated by totaling figures only for overseas subsidiaries continuously covered by the survey since the corresponding quarter of the previous year.
- The coefficient of connection was calculated and used for data before FY2002 (the January – March quarter of 2003) to maintain consistency with past data, because companies included in the survey were reviewed and the scope of the survey was expanded.
- Classification of regions and countries was changed, and the category of “other Asian countries,” which used to be included under the totals for “Asia”, was extracted and listed separately.

#### ○ **The April – June quarter of FY2005**

- The coefficient of connection was calculated and used for data before FY2003 (the January – March quarter of 2004) to maintain consistency with past data, because companies included in the survey were reviewed.

#### ○ **The April – June quarter of FY2006**

- The coefficient of connection was calculated and used for data before FY2004 (the January – March quarter of 2005) to maintain consistency with past data, because companies included in the survey were reviewed.

#### 4. Calculation of the coefficient of connection

There is a gap between the results of the April - June quarter of 2005 and the totals before the January - March quarter of 2005, due to the expansion of the scope of the survey since the April - June quarter of 2005.

Therefore, comparisons between the current quarter and the corresponding quarter of the previous year since the April - June quarter of 2005 are calculated by totaling the figures only for overseas subsidiaries continuously covered by the survey from FY2004 to the April - June quarter of 2005.

On publication of the survey results of FY2006, to retain continuity with the past results, the coefficient of connection was calculated based on the scope of the FY2005 survey.

##### (1) Period of connection

Pre-FY2004 figures (October - December quarter of 1996 to January - March quarter of 2005) are connected to FY2005 figures (April - June quarter of 2005 to January - March quarter of 2006).

##### (2) Coefficient of connection

When comparing the period up to FY2004 with FY2005, the coefficient of connection used for the former period is calculated by multiplying the following two factors.

- Factors that were newly included in the survey in FY2005 and should be considered to be an increase  
----- (A)
- Factors that were outside the scope of the survey in FY2005 and should be considered to be a decrease  
----- (B)

Coefficient of connection

(A)

$$= \left[ \frac{\text{Results of FY2005 (companies covered continuously + Newly covered companies)}}{\text{Results of FY2005 companies covered continuously}} \right] \times \left[ \frac{\text{Results of FY2004 companies covered continuously}}{\text{Results of FY2004}} \right]$$

(B)

\*Companies covered continuously are those covered by the survey continuously through FY2004 and FY2005

##### (3) Scope of coefficient processing

All cells for regions × industries × items, which are the officially published form.

Among the survey items, the coefficient of connection is not calculated with regard to the purchase value of tangible fixed assets (other than land).

##### (4) Processing of official value

- “Actual figure” → The actual figure without coefficient processing is given.  
“Coefficient of connection” is given separately for connection.  
Therefore, when the actual figure is used in connection, the actual figure before FY2004 should be multiplied with the coefficient of connection, which is given separately.
- “Ratio compared to same quarter of previous year”  
→ The published ratio compared to the same quarter of the previous year was calculated by totaling figures only for overseas subsidiaries continuously covered by the survey from FY2004 to the April - June quarter of FY2005.

\*Coefficient of connection table is on p.46 and p.47 of Statistical Tables.

< **Appendix table 1 > Sales result**

Units (results : US\$10,000 : number of employees; persons, comparison to the same quarter of the previous year : percentage)

All areas	Statistics (US\$10,000)										comparison to the same quarter of the previous year														
	2004					2005					2006					2005					2006				
	FY 2004	FY 2005	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.		
Total value of electrical machinery	16 918,401	17 673,322	4 809,485	4 378,960	4 392,575	4 720,440	4 981,869	10.9	2.7	4.5	2.7	4.5	2.7	4.7	6.7	6.7	2.8								
Electrical machines and apparatuses	3 571,264	3 688,915	903,974	960,312	922,617	999,255	960,029	6.6	0.1	-3.3	3.5	-0.4	6.7	6.7	8.8	6.7	2.8								
Information and communications machines and equipment	8 325,870	8 456,472	2 365,578	2 083,007	2 049,368	2 268,994	2 459,466	12.8	1.9	3.7	0.4	3.8	8.8	8.8	6.7	8.8	2.3								
Electronic parts and devices	5 021,266	5 527,934	1 539,933	1 335,641	1 420,590	1 452,191	1 562,374	11.2	5.7	11.3	5.9	9.8	3.5	2.4											
Total value of transportation equipment	22 936,420	27 074,730	6 688,855	7 145,774	7 445,595	7 051,785	7 571,122	17.7	16.0	13.5	6.2	7.7	4.9	9.8											
Transportation machines and equipment	16 779,616	20 134,713	4 949,715	5 297,248	5 465,867	5 148,885	5 506,619	17.2	18.7	16.6	8.5	7.0	4.2	8.7											
Parts and accessories for transportation machinery	6 156,804	6 940,017	1 739,140	1 848,527	1 979,738	1 902,900	2 070,503	19.3	8.8	5.1	-0.3	9.9	6.9	12.9											

North America	Statistics (US\$10,000)										comparison to the same quarter of the previous year												
	2005					2006					2005					2006							
	FY 2004	FY 2005	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.
Total value of electrical machinery	3 960,904	4 042,533	1 120,520	1 022,962	1 020,879	1 142,510	1 095,157	5.0	0.8	3.4	2.6	6.9	9.1	-0.5									
Electrical machines and apparatuses	658,272	747,415	178,229	203,937	193,937	196,785	190,685	12.5	8.1	2.4	13.5	3.3	1.7	4.5									
Information and communications machines and equipment	2 764,310	2 701,960	789,718	663,024	664,372	738,947	739,866	1.7	-2.3	1.8	-3.4	5.0	11.8	6.7									
Electronic parts and devices	538,322	593,158	152,573	156,002	162,570	159,425	151,960	14.7	7.9	13.8	20.1	20.5	6.5	-0.4									
Total value of transportation equipment	12 394,142	13 959,693	3 450,423	3 644,670	3 711,725	3 286,022	3 531,235	14.4	11.3	10.4	2.8	2.8	2.8	-2.5	1.1								
Transportation machines and equipment	9 382,431	10 593,824	2 609,111	2 733,937	2 785,534	2 413,592	2 608,793	15.8	12.5	11.9	2.6	2.0	-4.2	0.0									
Parts and accessories for transportation machinery	3 011,712	3 365,869	841,312	910,732	926,191	872,430	922,442	10.1	7.9	5.8	3.4	5.6	2.7	4.8									

Asia	Statistics (US\$10,000)										comparison to the same quarter of the previous year												
	2005					2006					2005					2006							
	FY 2004	FY 2005	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.
Total value of electrical machinery	8 598,871	9 152,524	2 358,103	2 196,105	2 217,507	2 514,142	2 406,844	13.5	3.9	7.4	2.3	-1.3	3.9	1.6									
Electrical machines and apparatuses	2 426,777	2 500,607	600,361	645,947	631,890	707,094	650,431	5.6	0.5	-1.9	3.6	-0.5	10.8	5.1									
Information and communications machines and equipment	3 088,989	3 212,879	833,918	730,165	745,604	904,376	876,242	23.0	5.1	8.3	1.1	-4.8	4.1	4.8									
Electronic parts and devices	3 083,106	3 439,039	923,824	819,993	840,012	902,671	880,171	11.8	5.5	13.8	2.3	1.5	-1.2	-3.7									
Total value of transportation equipment	4 773,807	6 304,659	1 572,918	1 731,915	1 816,954	1 910,511	2 064,488	30.9	27.2	25.9	10.1	18.6	15.6	20.8									
Transportation machines and equipment	2 756,373	4 006,938	961,465	1 117,079	1 131,034	1 216,787	1 311,047	29.9	38.8	37.7	19.3	14.7	15.5	24.0									
Parts and accessories for transportation machinery	2 017,434	2 297,720	611,454	614,836	685,920	693,724	753,441	32.4	11.3	10.5	-3.0	25.4	15.8	15.7									

ASEAN4	Statistics (US\$10,000)										comparison to the same quarter of the previous year												
	2005					2006					2005					2006							
	FY 2004	FY 2005	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.
Total value of electrical machinery	3 542,802	3 687,151	925,922	868,588	861,078	974,749	919,630	8.2	2.2	4.6	-0.3	-8.1	1.1	-1.1									
Electrical machines and apparatuses	990,542	994,197	235,612	267,590	252,035	296,028	247,055	-15.3	-0.4	-0.7	4.0	-1.4	6.2	4.9									
Information and communications machines and equipment	1 412,378	1 413,243	368,569	301,319	310,041	396,062	366,610	38.7	-0.3	1.9	-6.4	-13.5	2.9	-0.5									
Electronic parts and devices	1 139,882	1 219,712	321,742	299,679	299,002	328,659	305,965	6.3	7.4	12.7	2.7	-7.5	-4.4	-6.0									
Total value of transportation equipment	2 683,864	3 421,257	863,977	875,841	902,758	985,272	1 041,109	31.8	26.2	24.9	2.2	5.7	10.7	15.9									
Transportation machines and equipment	1 640,128	2 329,566	588,438	594,615	602,912	670,976	702,679	33.8	41.9	41.5	12.5	5.4	10.8	15.0									
Parts and accessories for transportation machinery	1 043,736	1 091,692	275,539	281,226	299,846	314,296	338,429	28.5	1.6	-1.0	-14.9	6.3	10.3	17.9									

NIEs3	Statistics (US\$10,000)										comparison to the same quarter of the previous year												
	2005					2006					2005					2006							
	FY 2004	FY 2005	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.
Total value of electrical machinery	1 619,242	1 544,764	400,553	369,351	386,834	423,456	403,368	1.1	-4.9	1.3	-1.9	2.6	5.4	0.0									
Electrical machines and apparatuses	267,372	231,128	54,838	58,526	61,578	64,637	58,772	0.6	-15.0	-16.9	-5.8	2.2	5.1	2.2									
Information and communications machines and equipment	447,259	451,221	119,467	110,015	119,981	133,444	127,184	-2.5	0.9	3.6	4.7	18.2	11.0	6.5									
Electronic parts and devices	904,612	862,415	226,248	200,811	205,275	225,374	217,412	3.1	-4.8	5.6	-4.1	-4.7	2.5	-3.9									
Total value of transportation equipment	477,450	565,317	134,502	143,144	141,123	105,336	123,194	24.7	18.4	11.2	-8.3	-13.0	-28.3	6.7									
Transportation machines and equipment	290,211	337,862	77,570	82,903	72,313	46,962	55,711	25.4	16.4	5.1	-10.9	-23.1	-43.6	6.7									
Parts and accessories for transportation machinery	187,239	227,455	56,932	60,241	68,811	58,374	67,483	23.4	21.5	20.7	-4.6	3.6	-4.1	4.4									

	Statistics (US\$10 Statistics (US\$10,000))												comparison to the same quarter of the previous year																																																																																			
	FY 2004				FY 2005				2005				2006				FY 2004				FY 2005				2005				2006																																																																			
China(including Hong Kong)	3,347,678	3,818,912	1,007,521	931,960	1,088,001	1,056,032	27.5	10.2	13.6	7.2	4.1	5.8	4.5	1,152,182	1,253,702	305,053	314,029	387,063	339,466	36.0	4.6	0.3	4.8	-0.3	15.4	5.8	1,106,440	1,282,703	330,282	302,698	299,719	357,133	364,817	18.8	14.9	21.5	10.0	-2.4	3.2	2.2	1,026,507	1,234,507	372,185	315,234	331,273	343,805	351,749	28.7	12.3	21.6	7.0	16.8	-0.8	1.7	946,137	1,529,841	390,179	504,262	589,179	589,179	666,779	40.7	40.6	44.9	39.0	92.9	42.0	41.4	248,143	661,318	138,545	260,700	298,774	298,774	353,353	39.8	94.7	116.3	95.4	154.1	57.3	89.1	697,994	868,522	251,634	243,563	287,233	290,405	313,426	41.1	21.3	22.1	13.9	65.9	28.1	14.8

	Statistics (US\$10 Statistics (US\$10,000))												comparison to the same quarter of the previous year																																																																																			
	FY 2004				FY 2005				2005				2006				FY 2004				FY 2005				2005				2006																																																																			
Other Asia	89,148	101,696	24,107	26,206	27,937	27,814	30.2	14.1	6.1	3.7	3.4	6.7	15.0	16,682	21,580	4,857	5,803	5,366	5,138	9.9	29.4	8.3	34.7	2.3	0.9	5.8	60,294	65,712	15,601	16,134	17,737	17,631	17,631	32.2	9.0	3.8	-7.0	-3.8	1.4	13.0	12,172	14,404	3,649	4,269	4,833	4,833	5,045	64.9	18.3	13.8	17.6	43.8	42.9	35.5	666,356	788,244	184,260	208,667	210,394	230,724	233,406	20.0	18.3	10.7	15.4	8.2	14.0	26.0	577,891	678,192	156,911	178,861	200,076	200,076	199,303	18.4	17.4	8.8	16.0	6.9	14.1	26.3	88,465	110,052	27,349	29,806	30,031	30,648	34,102	32.7	24.4	23.6	12.1	16.1	13.4	24.7

	Statistics (US\$10 Statistics (US\$10,000))												comparison to the same quarter of the previous year																																																																																			
	FY 2004				FY 2005				2005				2006				FY 2004				FY 2005				2005				2006																																																																			
Europe	4,089,553	4,191,135	1,234,595	1,092,425	1,041,683	1,330,790	11.8	1.6	0.4	3.0	16.4	11.3	7.8	454,141	404,828	113,150	100,966	87,115	105,896	3.5	-14.3	-17.3	-13.7	-8.0	-11.0	-8.3	2,343,846	2,400,013	699,863	651,702	605,682	587,728	733,786	16.6	2.3	0.9	2.9	15.1	11.9	4.6	1,291,566	1,386,294	421,582	339,757	393,663	366,840	491,109	6.2	5.8	5.7	9.3	26.1	17.1	17.4	3,417,843	3,811,171	901,726	969,213	1,059,703	935,246	1,020,223	17.0	10.0	0.2	3.2	3.6	-0.5	11.1	2,521,248	2,823,454	692,395	723,014	778,805	689,614	732,506	14.0	12.0	4.5	6.6	7.4	0.9	5.8	896,595	987,716	209,332	246,199	280,888	245,631	287,716	26.8	4.6	-12.7	-5.8	-6.2	-4.4	28.8

	Statistics (US\$10 Statistics (US\$10,000))												comparison to the same quarter of the previous year																																																																																			
	FY 2004				FY 2005				2005				2006				FY 2004				FY 2005				2005				2006																																																																			
Other	269,074	287,129	96,267	67,467	69,458	101,725	11.5	5.9	8.8	10.4	12.8	7.5	5.7	32,075	36,066	12,234	9,463	8,260	13,018	15.2	5.5	1.6	22.3	19.6	10.2	6.4	128,726	141,620	42,079	38,116	37,943	49,573	49,573	-4.3	10.0	8.9	15.9	7.4	26.3	17.8	108,273	109,444	41,954	19,889	24,345	23,255	39,134	36.8	1.1	10.9	-2.7	18.6	-14.1	-6.7	2,350,627	2,999,208	763,787	799,977	857,213	920,006	961,176	13.1	26.6	23.1	19.2	17.0	21.8	24.6	2,119,564	2,710,496	686,745	723,217	770,484	828,891	854,272	11.8	27.9	24.3	21.2	17.7	21.6	23.6	231,063	288,711	77,042	76,760	86,729	91,115	106,903	24.0	14.7	12.0	1.5	10.8	23.9	34.1

(Unit:Percentage point)

<Appendix table 2> Prospect for sale(DI)

North America	D I											
	Oct-Dec. 2005 period investigation		Jan-Mar. 2006 period investigation		Apr-Jun. 2006 period investigation		Jul-Sep. 2006 period investigation		Oct-Dec. 2006 period investigation		Comparison to previous quarter	
	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Comparison to previous quarter	Prospect assessment
Total value of electrical machinery	2.9	16.9	15.5	19.5	19.1	15.7	7.0	4.2	-3.1	-10.1	11.0	14.1
Electrical machines and apparatuses	3.9	20.2	18.6	12.1	11.8	16.5	3.3	10.5	4.4	1.1	13.0	8.6
Information and communications machines and equipment	-3.1	8.8	13.2	18.3	26.6	18.0	6.8	-0.5	-2.1	-8.9	12.9	15.0
Electronic parts and devices	6.3	20.0	14.6	26.4	19.7	13.4	10.2	2.2	-10.1	-20.3	8.1	18.2
Total value of transportation equipment	26.6	26.4	14.9	10.4	15.7	19.4	20.1	26.6	29.1	9.0	24.4	-4.7
Transportation machines and equipment	17.1	13.0	27.7	10.1	27.9	5.6	16.3	30.6	31.8	15.5	19.4	-12.4
Parts and accessories for transportation machinery	28.6	28.3	12.5	10.6	13.4	21.3	20.7	25.8	28.6	7.9	25.1	-3.5

All area	D I											
	Oct-Dec. 2005 period investigation		Jan-Mar. 2006 period investigation		Apr-Jun. 2006 period investigation		Jul-Sep. 2006 period investigation		Oct-Dec. 2006 period investigation		Comparison to previous quarter	
	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Comparison to previous quarter	Prospect assessment
Total value of electrical machinery	3.4	19.9	20.1	23.8	25.0	17.4	7.4	5.6	-4.9	-12.3	13.4	18.3
Electrical machines and apparatuses	3.9	20.9	24.4	16.7	18.2	17.7	6.5	12.6	-1.2	-7.7	12.2	13.4
Information and communications machines and equipment	-0.7	12.1	15.5	22.3	33.6	18.9	3.5	2.1	2.2	-1.3	16.7	14.5
Electronic parts and devices	5.3	23.8	19.8	29.7	24.8	16.4	10.3	2.5	-11.7	-22.0	12.4	24.1
Total value of transportation equipment	30.8	33.6	21.8	24.5	35.6	30.8	22.9	28.9	29.4	6.5	27.5	-1.9
Transportation machines and equipment	12.8	7.1	25.5	14.3	40.4	12.2	14.6	30.2	27.7	13.1	9.5	-18.2
Parts and accessories for transportation machinery	35.0	38.6	21.2	26.9	34.5	33.7	24.4	28.4	29.6	5.2	30.3	0.7

North America	D I											
	Oct-Dec. 2005 period investigation		Jan-Mar. 2006 period investigation		Apr-Jun. 2006 period investigation		Jul-Sep. 2006 period investigation		Oct-Dec. 2006 period investigation		Comparison to previous quarter	
	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Comparison to previous quarter	Prospect assessment
Total value of electrical machinery	0.9	21.1	16.6	22.3	23.9	6.8	6.1	4.8	-4.4	-10.5	12.9	17.3
Electrical machines and apparatuses	6.2	22.6	17.5	11.1	13.3	3.3	5.1	11.9	0.0	-5.1	1.9	1.9
Information and communications machines and equipment	1.7	16.7	25.0	28.3	37.3	15.3	13.2	1.9	2.0	-11.2	28.6	26.6
Electronic parts and devices	-3.2	23.1	11.1	25.8	22.3	4.0	3.0	2.0	-10.4	-13.4	10.9	21.3
Total value of transportation equipment	23.0	33.4	8.9	20.8	29.7	23.7	10.9	24.1	22.5	11.6	15.1	-7.4
Transportation machines and equipment	-12.0	13.0	8.0	17.4	32.0	8.7	3.8	20.8	19.4	15.4	12.5	-6.7
Parts and accessories for transportation machinery	33.0	38.4	9.3	21.9	29.5	27.0	12.6	25.0	23.5	10.9	15.8	-7.7

ASEAN4	D I											
	Oct-Dec. 2005 period investigation		Jan-Mar. 2006 period investigation		Apr-Jun. 2006 period investigation		Jul-Sep. 2006 period investigation		Oct-Dec. 2006 period investigation		Comparison to previous quarter	
	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Comparison to previous quarter	Prospect assessment
Total value of electrical machinery	9.1	26.3	25.6	28.1	29.0	27.3	10.5	7.4	-4.1	-14.6	16.4	20.5
Electrical machines and apparatuses	8.2	28.0	35.6	23.0	22.0	28.6	7.4	10.6	-3.5	-10.9	22.0	25.5
Information and communications machines and equipment	1.8	14.0	16.1	22.6	34.8	26.2	0.0	2.9	1.6	1.6	7.9	6.3
Electronic parts and devices	14.1	32.0	22.8	36.0	31.4	27.0	21.3	7.5	-8.5	-29.8	17.2	25.7
Total value of transportation equipment	42.3	44.2	44.4	47.9	51.6	41.9	46.2	41.8	37.5	-6.7	37.2	-0.3
Transportation machines and equipment	33.3	-12.5	55.6	25.0	62.5	16.7	50.0	28.6	25.9	25.0	-14.3	-39.3
Parts and accessories for transportation machinery	42.6	50.0	43.5	51.6	50.0	43.0	45.2	42.2	37.9	-7.3	40.4	2.5

China (including Hong Kong)	D I											
	Oct-Dec. 2005 period investigation		Jan-Mar. 2006 period investigation		Apr-Jun. 2006 period investigation		Jul-Sep. 2006 period investigation		Oct-Dec. 2006 period investigation		Comparison to previous quarter	
	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Comparison to previous quarter	Prospect assessment
Total value of electrical machinery	9.1	26.3	25.6	28.1	29.0	27.3	10.5	7.4	-4.1	-14.6	16.4	20.5
Electrical machines and apparatuses	8.2	28.0	35.6	23.0	22.0	28.6	7.4	10.6	-3.5	-10.9	22.0	25.5
Information and communications machines and equipment	1.8	14.0	16.1	22.6	34.8	26.2	0.0	2.9	1.6	1.6	7.9	6.3
Electronic parts and devices	14.1	32.0	22.8	36.0	31.4	27.0	21.3	7.5	-8.5	-29.8	17.2	25.7
Total value of transportation equipment	42.3	44.2	44.4	47.9	51.6	41.9	46.2	41.8	37.5	-6.7	37.2	-0.3
Transportation machines and equipment	33.3	-12.5	55.6	25.0	62.5	16.7	50.0	28.6	25.9	25.0	-14.3	-39.3
Parts and accessories for transportation machinery	42.6	50.0	43.5	51.6	50.0	43.0	45.2	42.2	37.9	-7.3	40.4	2.5

Asia	D I											
	Oct-Dec. 2005 period investigation		Jan-Mar. 2006 period investigation		Apr-Jun. 2006 period investigation		Jul-Sep. 2006 period investigation		Oct-Dec. 2006 period investigation		Comparison to previous quarter	
	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Comparison to previous quarter	Prospect assessment
Total value of electrical machinery	-8.5	1.2	14.1	15.5	14.3	11.1	2.5	0.0	-14.1	-16.6	1.3	15.4
Electrical machines and apparatuses	4.5	13.6	8.7	13.0	16.7	16.7	8.3	25.0	4.2	-4.1	4.3	0.1
Information and communications machines and equipment	-31.3	-18.8	-16.7	-5.6	6.3	-6.3	-13.3	-6.7	0.0	13.3	-8.3	-8.3
Electronic parts and devices	-6.8	2.3	29.5	25.6	15.9	14.6	4.8	-12.2	-28.6	-33.4	2.4	31.0
Total value of transportation equipment	18.7	13.3	3.4	-28.5	0.0	19.4	6.7	3.7	6.9	0.2	33.3	26.4
Transportation machines and equipment	66.7	-50.0	-33.3	-100.0	0.0	-50.0	-33.3	0.0	50.0	83.3	0.0	-50.0
Parts and accessories for transportation machinery	13.8	17.9	7.4	-23.1	0.0	24.1	11.1	4.0	3.7	-7.4	34.6	30.9

NIES3	D I											
	Oct-Dec. 2005 period investigation		Jan-Mar. 2006 period investigation		Apr-Jun. 2006 period investigation		Jul-Sep. 2006 period investigation		Oct-Dec. 2006 period investigation		Comparison to previous quarter	
	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Current assessment	Prospect assessment	Comparison to previous quarter	Prospect assessment
Total value of electrical machinery	-8.5	1.2	14.1	15.5	14.3	11.1	2.5	0.0	-14.1	-16.6	1.3	15.4
Electrical machines and apparatuses	4.5	13.6	8.7	13.0	16.7	16.7	8.3	25.0	4.2	-4.1	4.3	0.1
Information and communications machines and equipment	-31.3	-18.8	-16.7	-5.6	6.3	-6.3	-13.3	-6.7	0.0	13.3	-8.3	-8.3
Electronic parts and devices	-6.8	2.3	29.5	25.6	15.9	14.6	4.8	-12.2	-28.6	-33.4	2.4	31.0
Total value of transportation equipment	18.7	13.3	3.4	-28.5	0.0	19.4	6.7	3.7	6.9	0.2	33.3	26.4
Transportation machines and equipment	66.7	-50.0	-33.3	-100.0	0.0	-50.0	-33.3	0.0	50.0	83.3	0.0	-50.0
Parts and accessories for transportation machinery	13.8	17.9	7.4	-23.1	0.0	24.1	11.1	4.0	3.7	-7.4	34.6	30.9

Other Asia	D I											
	Oct-Dec. 2005 period investigation		Jan-Mar. 2006 period investigation		Apr-Jun. 2006 period investigation		Jul-Sep. 2006 period investigation		Oct-Dec. 2006 period investigation		Comparison to previous quarter	
	Current assessment	Prospect	Current assessment	Prospect	Current assessment	Prospect	Current assessment	Prospect	Current assessment	Prospect	Current assessment	Prospect
Total value of electrical machinery	8.3	8.7	16.7	20.9	30.4	30.5	0.0	14.3	13.6	13.6	30.0	16.4
Electrical machines and apparatuses	-71.4	-66.7	0.0	0.0	16.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Information and communications machines and equipment	25.0	25.0	12.5	37.5	50.0	37.5	0.0	12.5	12.5	12.5	50.0	37.5
Electronic parts and devices	55.6	44.4	33.3	22.2	22.2	44.4	0.0	28.6	25.0	25.0	28.6	3.6
Total value of transportation equipment	46.7	27.6	40.7	34.7	51.6	40.0	22.2	34.6	54.9	32.7	46.7	-8.2
Transportation machines and equipment	40.0	22.2	60.0	22.2	54.5	30.0	27.3	60.0	45.5	18.2	20.0	-25.5
Parts and accessories for transportation machinery	50.0	30.0	29.4	41.2	50.0	45.0	18.8	18.8	60.0	41.2	60.0	0.0

Others	D I											
	Oct-Dec. 2005 period investigation		Jan-Mar. 2006 period investigation		Apr-Jun. 2006 period investigation		Jul-Sep. 2006 period investigation		Oct-Dec. 2006 period investigation		Comparison to previous quarter	
	Current assessment	Prospect	Current assessment	Prospect	Current assessment	Prospect	Current assessment	Prospect	Current assessment	Prospect	Current assessment	Prospect
Total value of electrical machinery	4.6	9.1	0.0	0.0	13.0	4.3	-8.7	8.7	-4.4	4.3	0.0	4.4
Electrical machines and apparatuses	12.5	12.5	-12.5	-12.5	37.5	12.5	0.0	25.0	14.3	14.3	0.0	-14.3
Information and communications machines and equipment	-10.0	10.0	20.0	0.0	9.1	-9.1	-25.0	0.0	-25.0	0.0	0.0	25.0
Electronic parts and devices	25.0	0.0	-33.3	33.3	-25.0	25.0	33.3	0.0	25.0	-8.3	0.0	-25.0
Total value of transportation equipment	36.6	28.2	12.1	6.4	25.5	13.4	0.0	21.6	29.2	29.2	24.4	-4.8
Transportation machines and equipment	50.0	25.0	30.0	12.5	50.0	10.0	9.1	44.4	27.3	18.2	33.3	6.0
Parts and accessories for transportation machinery	32.3	29.0	4.3	4.3	17.1	14.3	-3.4	14.3	29.7	33.1	22.2	-7.5

Europe	D I											
	Oct-Dec. 2005 period investigation		Jan-Mar. 2006 period investigation		Apr-Jun. 2006 period investigation		Jul-Sep. 2006 period investigation		Oct-Dec. 2006 period investigation		Comparison to previous quarter	
	Current assessment	Prospect	Current assessment	Prospect	Current assessment	Prospect	Current assessment	Prospect	Current assessment	Prospect	Current assessment	Prospect
Total value of electrical machinery	3.4	-5.3	4.8	-1.6	-4.9	23.3	23.5	-3.2	14.4	-8.9	-13.2	-27.8
Electrical machines and apparatuses	-5.0	-5.0	19.0	9.5	-9.5	23.8	22.7	9.1	55.0	32.3	-5.3	-60.3
Information and communications machines and equipment	-13.6	0.0	17.4	0.0	8.3	39.1	33.3	-13.0	-19.0	-52.3	0.0	19.0
Electronic parts and devices	35.3	-13.3	-26.3	-16.7	-18.8	0.0	11.1	-6.3	7.1	-4.0	-42.9	-50.0
Total value of transportation equipment	16.7	15.6	13.8	-25.0	-27.6	-13.2	17.7	10.1	22.9	4.8	15.9	-6.6
Transportation machines and equipment	12.5	0.0	44.4	-28.6	-11.1	-28.6	11.1	0.0	55.4	44.5	14.3	-41.3
Parts and accessories for transportation machinery	17.3	17.3	8.2	-24.5	-30.0	-11.5	18.9	11.5	17.7	-1.2	16.1	-1.6





## Inquiries

〒100-8902

1-3-1, Kasumigaseki, Chiyoda-ku, Tokyo

Enterprise Statistics Office

Research and Statistics Department

Ministry of Economy, Trade and Industry

Tel. : 03-3501-1831

Fax. : 03-3580-6320

E-Mail : [qqcebh@meti.go.jp](mailto:qqcebh@meti.go.jp)

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\* Time series tables for past data are available on the website at the above address.