Trends in Overseas Subsidiaries (Summary)

Quarterly Survey of Overseas Subsidiaries (April–June 2009)

~Surveyed in August 2009~

September 28, 2009

Enterprise Statistics Office, Research and Statistics Department

★Sales for the April–June quarter show a slowdown in the pace of falls; Forecasts for the July–September and October-December quarters see improvements★

☆Forecasts (Current DI : July–September 2009, Next DI: October–December 2009)

1. The Sales DI(*1) remained at a positive level.
   The Current DI and the Next DI recorded positive figures at 26.1 and 21.4, up 11.4 points and 7.2 points from the same quarter of the previous year, respectively, showing improvements from the previous survey.
   All regions recorded positive figures for their Current DIs and Next DIs.

2. The Capital Investment DI recovered to a positive level.
   The Current DI and the Next DI recorded positive figures of 9.2 and 4.5, down 6.5 points and 5.3 points from the same quarter of the previous year, easing the pace of falls from the previous survey. The Next DIs for North America and Europe came in negative, while the Next DIs for the other regions posted positive figures.

3. The Number of Employees DIs posted a positive figure, with a year-on-year fall easing the pace of fall from the previous survey.

☆Actual results (April–June 2009, year-on-year growth rate)

1. Sales (in US dollars) fell 30.5% from the same quarter of the previous year, easing the pace of fall from a 33.5% fall in the previous survey. Europe (down 40.1% year-on-year), North America (down 33.0% year-on-year), and Asia (down 23.4% year-on-year) saw a slowdown in the pace of falls.

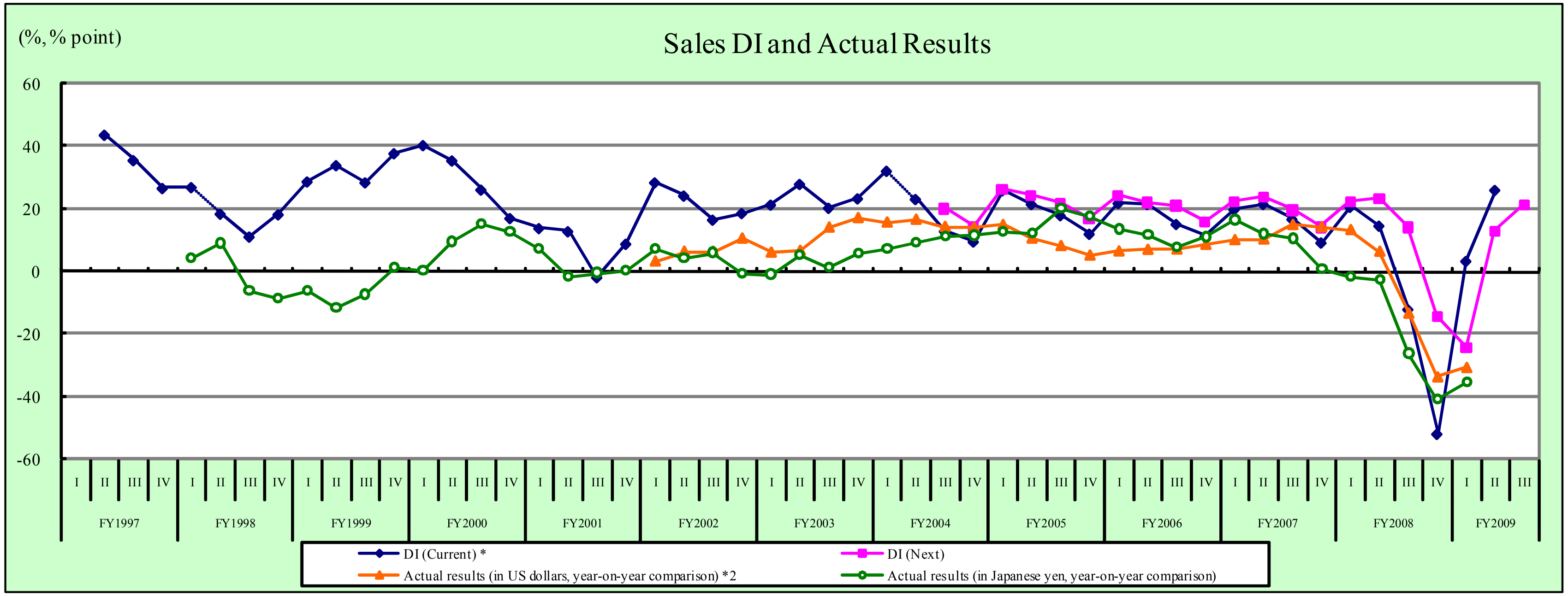
2. Capital investment (in US dollars) registered a record fall (*2) of 45.9% from the same quarter of the previous year. North America (down 52.2% year-on-year), Europe (down 50.9% year-on-year) and Asia (42.5% year-on-year) recorded falls.

3. The number of employees fell 11.3% from the same quarter of the previous year, representing its third straight quarter of falls. North America (down 13.9% year-on-year), Asia (down 10.9% year-on-year) and Europe (down 9.2% year-on-year) recorded falls.

Notes:

(*1) Forecasted changes (“increase”, “stability” and “falls”) for the quarter that includes the time of the survey (current) and the next quarter (next), compared with their preceding quarters.
DI = [Percentage share of companies that responded that they expected an increase] –
[Percentage share of companies that responded they expected a fall] (percentage points)
Starting from the 2008 April–June quarter survey, DI is compared to that of the same quarter of the previous year. (The Current DI and the Next DI are compared to the respective Current DI and the Next DI for the same quarter of the previous year.) In this report, DI figures are only numerically described (e.g. minus 5.5), and “points” is placed after the number in the context of the comparison to the same quarter of the previous year (e.g. down 5.5 points).

(*2) Since the U.S. dollar-based quarterly year-on-year changes were first published, starting with the April–June quarter of 2002.



*: DI survey period for FY1997 was a quarter including the time of survey. DI surveys from FY1998 to FY2003 were conducted on a half year basis (the quarter including the time of survey and the next quarter).

Starting from the FY2004 survey, the half-year survey period that had been used up to the previous year was divided into the current survey period (the quarter including the time of survey) and the next survey period (the next quarter).

*2: Actual results in US dollars are available starting from FY2001 data.

Forecasts

1. Sales

[All regions]

○The Current DI (July–September quarter 2009) remained at a positive level, marking 26.1. This was an increase of 11.4 points from the same quarter of the previous year (compared with the Current DI for the July–September quarter 2008), marking an improvement from a 17.3 point fall in the previous survey. All industries in the manufacturing sector, including the four major industry groups, and all regions marked positive figures.

○The Next DI (October–December quarter 2009) increased 7.2 points year-on-year (compared with the Next DI for the October–December quarter 2008) to remain at a double-digit positive level of 21.4, marking an improvement from a 10.2 point fall in the previous survey. All industries in the manufacturing sector, including the four major industry groups, and all regions marked positive figures, as general-purpose, production and business oriented machinery (hereinafter referred to as "general-purpose machinery") took an upward turn, posting a positive figure.

[North America]

○The Current DI recovered to a double-digit positive figure of 17.1, up 23.2 points from the same quarter of the previous year, marking an improvement from the previous survey. All the four major industry groups recorded positive figures.

○The Next DI maintained a positive figure of 16.8, up 20.3 points year-on-year, marking an improvement from the previous survey. All the four major industry groups recorded positive figures, with all except electrical machinery showing improvements in their year-on-year changes compared with the previous survey.

[Asia]

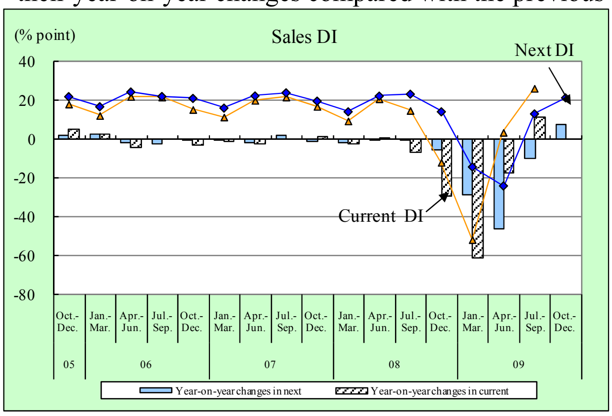
○The Current DI posted a double-digit positive figure of 31.3, up 9.6 points from the same quarter of the previous year, marking an improvement from the previous survey. All the four major industry groups marked positive figures. ASEAN4 (*2) (32.5), China (*3) (31.5), and NIEs3 (*4) (24.6) recorded positive figures, with all showing improvements in their year-on-year changes compared with the previous survey.

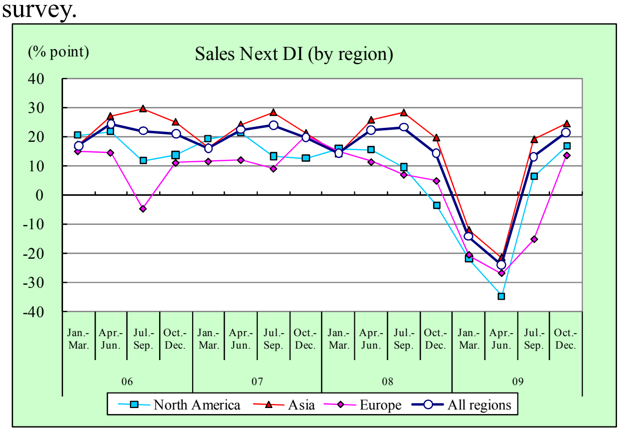
○The Next DI posted a double-digit positive figure of 24.4, up 4.8 points from the same quarter of the previous year, marking an improvement from the previous survey. All the four major industry groups marked positive figures. NIEs3 (26.4), China (24.1), and ASEAN4 (21.9) recorded positive figures, with all showing improvements in their year-on-year changes compared with the previous survey.

[Europe]

○The Current DI recovered to a positive figure of 2.5, up 10.7 points from the same quarter of the previous year, marking an improvement from the previous survey. All the four major industry groups except transportation equipment recorded positive figures.

○The Next DI a double-digit positive figure of 13.6, up 8.8 points year-on-year, marking an improvement from the previous survey. All the four major industry groups recorded positive figures, with all showing improvements in their year-on-year changes compared with the previous survey.





(*1) The four major industry groups out of the 12 industries are: chemicals, general-purpose machinery (general-purpose, production and business oriented machinery), electrical machinery, and transportation equipment.
Starting from the April-June survey of 2009, the survey uses a new industrial classification which has been revised in accordance with the 12th revision made to the Japan Standard Industrial Classification.
(*2) ASEAN4: Indonesia, Thailand, the Philippines, and Malaysia
(*3) NIEs3: Singapore, Republic of Korea, and Taiwan
(*4) China: including Hong Kong
(Reference)
For details of DI, see the report, "Trends in Overseas Subsidiaries" pages 4–15 or "Statistics" pages 21–41.

Forecasts

2. Capital Investment (current acquisition price of tangible fixed assets [excluding land])

[All regions]

○The Current DI (July–September quarter 2009) posted a positive figure of 9.2, down 6.5 points from the same quarter of the previous year (compared with the Current DI for the July–September quarter 2008), easing the pace of fall from a 21.3 point fall in the previous survey. All industries in the manufacturing sector, including the four major industry groups, recorded positive figures.

○The Next DI (October–December quarter 2009) posted a positive figure of 4.5, down 5.3 points year-on-year (compared with the Next DI for the October–December quarter 2008), easing the pace of fall from a 17.9 point fall in the previous survey. All the four major industry groups except transportation equipment marked positive figures.

[North America]

○The Current DI posted a positive figure of 4.7, up 3.2 points from the same quarter of the previous year, marking an improvement from the previous survey. All the four major industry groups recorded positive figures.

○The Next DI posted a negative figure of minus 3.0, down 2.3 points year-on-year, easing the pace of fall from the previous survey. Of the four major industry groups, only transportation equipment recorded a negative figure.

[Asia]

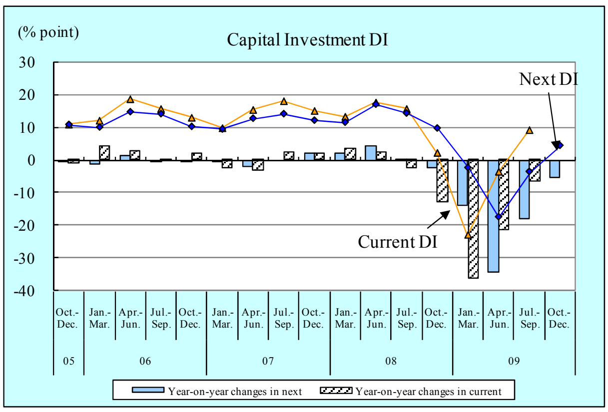
○The Current DI posted a positive figure of 10.9, down 8.6 points from the same quarter of the previous year, easing the pace of fall from the previous survey. All the four major industry groups marked positive figures. China (11.0), ASEAN4 (9.9), and NIEs3 (7.0) recorded positive figures.

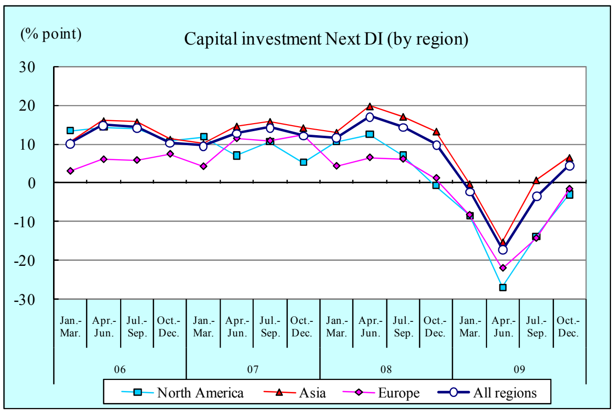
○The Next DI posted a positive figure of 6.5, down 6.8 points year-on-year, easing the pace of fall from the previous survey. All the four major industry groups except electrical machinery marked positive figures. ASEAN4 (5.8) and NIEs3 (3.5) recovered to positive figures, and China (6.3) remained at a positive level, with all seeing a slowdown in the pace of year-on-year falls from the previous survey.

[Europe]

○The Current DI posted a positive figure of 1.9, down 6.9 points from the same quarter of the previous year, easing the pace of fall from the previous survey. Of the four major industry groups, chemicals and electrical machinery marked positive figures.

○The Next DI posted a negative figure of minus 1.6, down 2.8 points year-on-year, easing the pace of fall from the previous survey. Of the four major industry groups, transportation equipment and general-purpose machinery recorded negative figures.





Forecasts

3. Number of Employees

[All regions]

○The Current DI (July–September quarter 2009) posted a positive figure of 3.2, down 3.1 points from the same quarter of the previous year (compared with the Current DI for the July–September quarter 2008), easing the pace of fall from a 22.8 point fall in the previous survey. All the four major industry groups except general-purpose machinery marked positive figures.

○The Next DI (October–December quarter 2009) posted a positive figure of 1.9, down 2.8 points year-on-year (compared with the Next DI for the October–December quarter 2008), easing the pace of fall from a 15.3 point fall in the previous survey. All the four major industry groups except general-purpose machinery posted positive figures.

[North America]

○The Current DI posted a negative figure of minus 7.1, up 1.1 points from the same quarter of the previous year, marking an improvement from the previous survey. Although all the four major industry groups except chemicals recorded negative figures, all showed improvements in their year-on-year changes compared with the previous survey.

○The Next DI posted a negative figure of minus 6.8, up 3.2 points year-on-year, marking an improvement from the previous survey. Of the four major industry groups, transportation equipment, chemicals and general-purpose machinery posted positive figures.

[Asia]

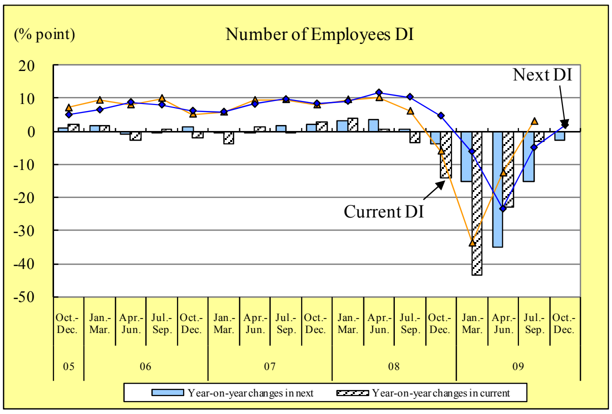
○The Current DI posted a positive figure of 7.8, down 2.7 points from the same quarter of the previous year, easing the pace of fall from the previous survey. All the four major industry groups except general-purpose machinery marked positive figures. NIEs3 (minus 1.6) posted a negative figure, whereas China (11.7) and ASEAN4 (2.9) marked positive figures.

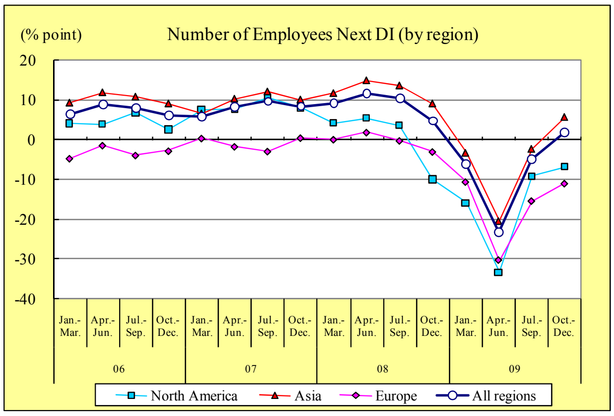
○The Next DI posted a positive figure of 5.7, down 3.4 points year-on-year, easing the pace of fall from the previous survey. All the four major industry groups except general-purpose machinery marked positive figures. NIEs3 (minus 0.4) posted a negative figure, whereas China (8.8) and ASEAN4 (0.2) marked positive figures.

[Europe]

○The Current DI posted a negative figure of minus 11.2, down 9.5 points from the same quarter of the previous year, easing the pace of fall from the previous survey. All the four major industry groups remained at negative levels.

○The Next DI posted a negative figure of minus 11.1, down 8.0 points year-on-year, easing the pace of fall from the previous survey. All the four major industry groups remained at negative levels.





Actual Results

1. Sales

[All regions]

○Sales (April–June quarter 2009, in U.S. dollars) fell 30.5% from the same quarter of the previous year, marking its third straight quarter of falls but showing a slowdown in the pace of fall. All the four major industry groups recorded falls for the third straight quarter, with a year-on-year fall of 37.2% registered by transportation equipment, 28.0% by general-purpose machinery, 26.9% by electrical machinery, and 16.3% by chemicals, but all saw a slowdown in the pace of falls. Europe, North America, and Asia saw a slowdown in the pace of falls.

○Sales (April–June quarter 2009, in Japanese yen) fell 35.3% year-on-year, marking its fifth straight quarter of falls but showing a slowdown in the pace of falls.

[North America: 28.5% of total sales in all regions]

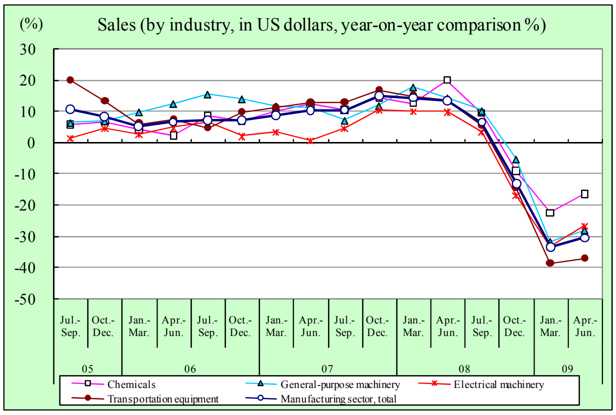
○Sales (in U.S. dollars) fell 33.0% from the same quarter of the previous year, showing a slowdown in the pace of fall. Among the four major industry groups, transportation equipment, general-purpose machinery, and chemicals posted year-on-year falls of 41.8%, 25.5%, and 8.9%, respectively, showing a slowdown in the pace of falls. Conversely, electrical machinery accelerated the pace of fall, marking a year-on-year fall of 26.7%.

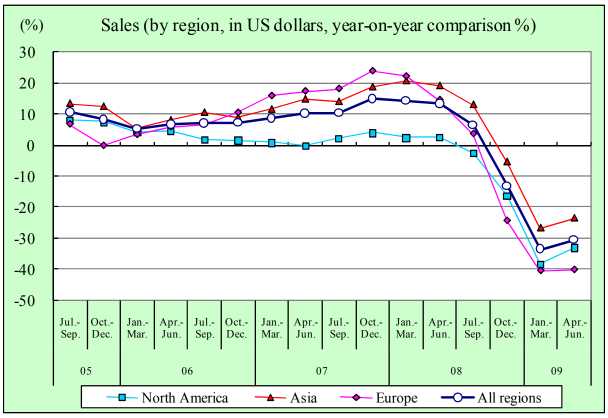
[Asia: 49.0% of total sales in all regions]

○Sales (in U.S. dollars) fell 23.4% from the same quarter of the previous year, showing a slowdown in the pace of falls. Among the four major industry groups, electrical machinery, general-purpose machinery, and chemicals posted year-on-year falls of 24.0%, 22.9%, and 18.2%, respectively, showing a slowdown in the pace of falls. Conversely, transportation equipment accelerated the pace of fall, marking a year-on-year fall of 24.6%. ASEAN4 (down 29.3% year-on-year) and NIEs3 (down 24.7% year-on-year) fell for the third straight quarter, while China (down 20.5% year-on-year) continued to experience falls.

[Europe 15.9% of total sales in all regions]

○Sales (in U.S. dollars) fell 40.1% from the same quarter of the previous year, down for the third straight quarter. All the four major industry groups suffered falls for the third quarter running, led by sharp year-on-year falls of 51.7 registered by transportation equipment and 40.0% by general-purpose machinery.





(Reference)

For details of actual results, see the report, “Trends in Overseas Subsidiaries” pages 16–27 or “Statistics” pages 1–20.

Actual Results

2. Capital Investment (current acquisition price of tangible fixed assets [excluding land])

[All regions]

○Capital investment (April–June quarter 2009, in U.S. dollars) fell 45.9% from the same quarter of the previous year, accelerating the pace of fall. This was the biggest fall (*1) on record. Of the four major industry groups, chemicals marked a year-on-year increase of 5.8%. Conversely, general-purpose machinery took a downward turn, posting a year-on-year fall of 31.3%. Transportation equipment fell 51.6% year-on-year. Electrical machinery fell 47.3%, accelerating the pace of fall. North America, Europe and Asia saw acceleration in the pace of fall.

○Capital investment (April–June quarter 2009, in Japanese yen) fell 49.7% year-on-year, down for the third straight quarter, making the biggest fall since the survey began.

[North America: 24.5% of total capital investment in all regions]

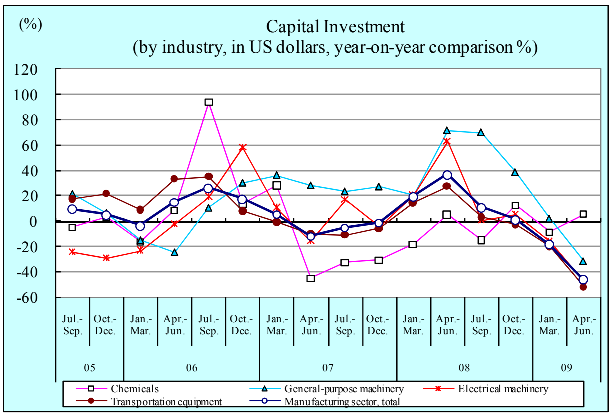
○Capital investment (in U.S. dollars) fell 52.5% from the same quarter of the previous year, accelerating the pace of fall. This was the biggest fall (*1) on record. Chemicals saw a year-on-year increase of 30.2%. Conversely, electrical machinery took a downward turn, posting a year-on-year fall of 69.9%. Transportation recorded a sharp year-on-year fall of 55.8%. General-purpose machinery fell 0.7 year-on-year, down for the second straight quarter.

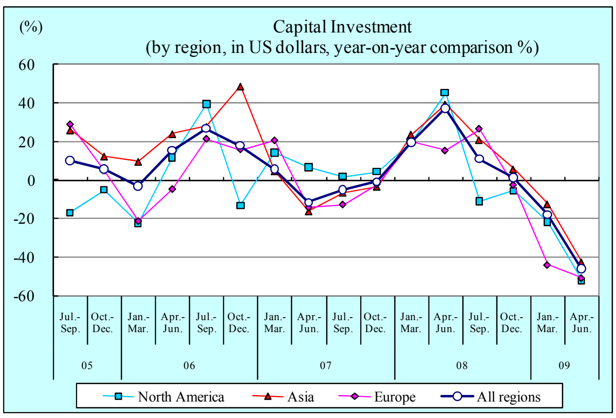
[Asia: 55.0% of total capital investment in all regions]

○Capital investment (in U.S. dollars) fell 42.5% from the same quarter of the previous year, making the biggest fall (*1) on record. Transportation equipment and electrical machinery reported year-on-year falls of 50.7% and 45.6%, respectively. General-purpose machinery took a downward turn, posting a year-on-year fall of 32.6%. NIEs3 reported a fall (down 52.2% year-on-year). China (down 28.8%) posted its first fall in six quarters, while ASEAN4 (down 46.5%) fell for the third quarter running.

[Europe: 12.2% of total capital investment in all regions]

○Capital investment (in U.S. dollars) fell 50.9% from the same quarter of the previous year, accelerating the pace of fall and hitting a record fall surpassing the level of fall registered in the previous survey. Chemicals maintained growth and posted a year-on-year increase of 6.5%. Conversely, electrical machinery, transportation equipment and general-purpose machinery reported sharp year-on-year falls of 55.7%, 52.8%, and 42.8%, respectively.





(*1) Year-on-year figures in U.S. dollars are available starting from the April-June Survey of 2002.

3. Number of Employees

[All regions]

○The number of employees (as of the end of June 2009) fell 11.3% from the same quarter of the previous year, down for the third straight quarter. Of the four major industry groups, electrical machinery fell 18.2% year-on-year, marking its third straight quarter of double-digit falls. Transportation machinery and general-purpose machinery posted year-on-year falls of 11.7% and 4.2%, respectively. Conversely, chemicals showed a year-on-year increase of 10.4%. North America, Asia, and Europe reported falls.

[North America: 12.7% of total employment in all regions]

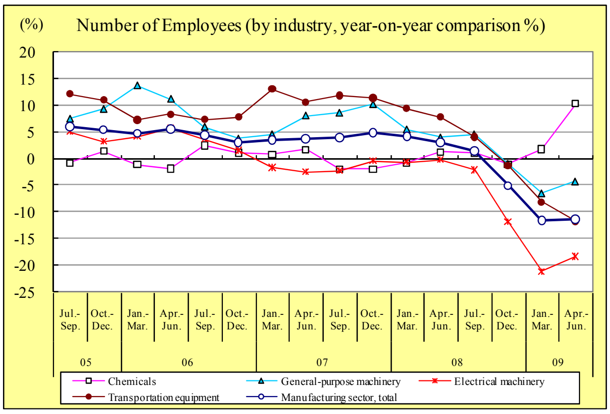
○The number of employees fell 13.9% from the same quarter of the previous year, down for the fourth straight quarter, accelerating the pace of fall. Of the four major industry groups, transportation equipment posted a year-on-year fall of 22.4%. General-purpose machinery fell 8.6% year-on-year, making its fourth straight quarter of falls. Electrical machinery fell 9.9% year-on-year, down for the sixth straight quarter, accelerating the pace of fall.

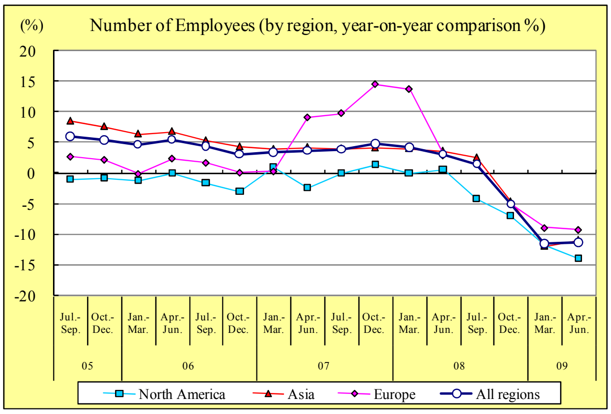
[Asia: 72.9% of total employment in all regions]

○The number of employees fell 10.9% from the same quarter of the previous year, down for the third straight quarter. Of the four major industry groups, electrical machinery fell 19.0% year-on-year, making its fourth straight quarter of falls. Transportation equipment and general-purpose machinery continued to experience falls. Conversely, chemicals marked a double-digit year-on-year increase of 18.0%. China (down 13.6% year-on-year), ASEAN4 (down 11.4% year-on-year) and NIEs (down 3.2% year-on-year) reported falls for the third quarter running, hit by falls particularly in the electrical machinery industry.

[Europe: 9.1% of total employment in all regions]

○The number of employees fell 9.2% from the same quarter of the previous year, down for the third straight quarter, accelerating the pace of fall. All the four major industry groups reported falls. In particular, transportation equipment suffered a year-on-year fall of 14.0%, for the third straight quarter, accelerating the pace of falls.





For reference: Overseas Economies

The global economy is in recession and continues to face serious conditions. However, the economic downturn is bottoming out, as the world is seeing growing signs of improvements, led by Asia. Nevertheless, economic prospects could further deteriorate because of the vicious cycle of the financial crisis and the real economy. The U.S. economy is in recession and continues to face serious conditions, but economic conditions began to stop worsening, helped in part by the effects of policy measures. With regard to prospects in the U.S., there is a high risk of the recession becoming prolonged because of the vicious cycle of the financial crisis and the real economy. In Asia, China is on its way to recovery, and other countries and regions overall are also showing improvements. The Chinese economy is seeing recovery led by domestic demand, helped in part by the effects of economic stimulus measures. European economies are in recession and continue to face serious conditions, but some countries are seeing their economic conditions stop worsening because of the effects of policy measures. With regard to prospects in Europe, there is a high risk of the recession becoming prolonged because of the vicious cycle of the financial crisis and the real economy.

(From the Monthly Economic Report [September 2009], Cabinet Office)