

## Commentary: Statistics on Japan's Outward Foreign Direct Investment in FY2003 (Report Basis)

Mayumi Suzuki\*

### Abstract

The Ministry of Finance released the statistics on Japan's outward and inward foreign direct investment in FY 2003 in June 2004. These statistics show that outward foreign direct investment from Japan in FY 2003 amounted to Yen 4,079 billion and decreased by 9.2% from the previous year, turning to negative growth. The investment of the manufacturing industry increased by 2.5%, and the manufacturing industry such as "Chemicals" and "Electrical equipment and electronics" played a major role in the growth.

The Ministry of Finance released the *Statistics on Japan's Outward and Inward Foreign Direct Investment in FY 2003* (report basis, all industries) in June 2004.<sup>1</sup> This article presents an overview of the Statistics<sup>2</sup> and of their trends by industry, country and region, based on various press materials.<sup>3</sup>

### Chapter 1: Introduction

According to *the Statistics on Japan's Outward and Inward Foreign Direct Investment in FY 2003* (report basis, all industries), the amount of Japan's outward foreign direct investment in FY 2003 was 4,079.5 billion yen, down 9.2% from the previous fiscal year (4,493 billion yen). In FY 2002, the previous fiscal year, the amount increased on a year-on-year basis for

the first time in three years before dropping again (see Table 1. and Figure 1.).

The following shows the trends of the statistics on Japan's outward foreign direct investment in FY 2003:

- (i) The result of outward foreign direct investment by industry (see Attached Table 2.) shows that the manufacturing industries, which covered 45% of the total investment amount (up 5% points on a year-on-year basis), slightly increased by 2.5% from the previous fiscal year to 1,836.3 billion yen, chiefly due to increases in the chemical and electrical sectors counterbalancing a decrease in transport machinery. The investment amount of the chemical sector increased significantly in North America and Europe, and in other countries overall. In the electrical sector, the investment to North America and Asia, which were the major investment destinations, decreased, while that to Europe increased considerably. It is notable that the amount of investment to China increased steadily among those of other Asian countries on the decrease. Although the investment amount of the transport machinery sector decreased for North America and Europe, the major investment destinations, Asia was the only region in which the investment amount grew. This was driven by huge growth in China.

The non-manufacturing industries, which

\* Direct Investment Research Division, JBIC Institute

1 See the website of the Ministry of Finance (<http://www.mof.go.jp/english/e1c008.htm>)

2 The direct investment amount here is a gross amount of the figures reported to the Ministry of Finance. An outward direct investment under the Foreign Exchange and Foreign Trade Control Law consists of participation in the overseas business activities of a foreign corporate entity by a resident, through purchase of stocks issued by the entity, offering of loans to the entity or establishment of branches or factories, leading to a long-lasting economic relationship with the said entity. It is distinguished from portfolio investment merely for the purpose of asset management (the Ministry of Finance, 2003).

3 The Ministry of Finance releases the statistics only and does not disclose any information of each company. For an understanding of the trend of the outward foreign direct investment in FY 2003, this writing comments on some relevant assumed cases chosen from various press materials.

covered 55% of the total investment amount, decreased to 2,215.3 billion yen by 16.9% from the previous fiscal year, as a result of increases in the mining, trade and transportation sectors, but decreases in the finance and insurance industries. Affected by the decrease in the non-manufacturing industries, the outward foreign direct investment in FY 2003 ended up with an overall decline on a year-on-year basis.

- (ii) The results by region (see Appendix 1. and Appendix 3.) show that investment to North America increased by 17.2% on a year-on-year basis (1,207.2 billion yen) owing to dramatic increases in the chemical, real estate and service industries. For Europe, although there were increases in the electrical, chemical and trade sectors, the total investment amount decreased by 24.1% (1,426.8 billion yen) on a year-on-year basis, due to decreases in both manufacturing and non-manufacturing industries influenced by a sharp drop in the transport machinery sector caused by investment in a large project in the previous fiscal year. In Latin America, while the investment for mining increased, the trend was toward an overall decline upon the previous

fiscal year to end up with a decrease of 15.1% (594.8 billion yen) on a year-on-year basis.

The amount of investment to Asia in the manufacturing industries was broadly equal to that of the previous fiscal year. The total amount increased by 4.7% (723.3 billion yen) on a year-on-year basis, affected by an increase of 16.1% (227.0 billion yen) in the previous fiscal year in the non-manufacturing industries, including the commerce and service industries.

- (iii) The number of investment transactions<sup>4</sup> (see Attached Table 1.) increased by 11.4% (2,411) on a year-on-year basis. In comparison with the previous fiscal year, new transactions in FY 2003 increased consecutively for Europe (FY 2002: 1,167 → FY 2003: 1,370), for Asia (FY 2002: 538 → FY 2003: 607) and for Oceania (FY 2002: 23 → FY 2003: 40). Due to an increase in the number of transactions in finance and insurance, in Europe (FY 2002: 1,005 → FY 2003: 1,243), the proportion of investment transactions for non-manufacturing industries grew to about 96% of the total for all industries.
- (iv) The result by investment pattern shows that “acquisition of stocks/shares”, which accounts

**Table 1 Trend of Outward Foreign Direct Investment Amounts**

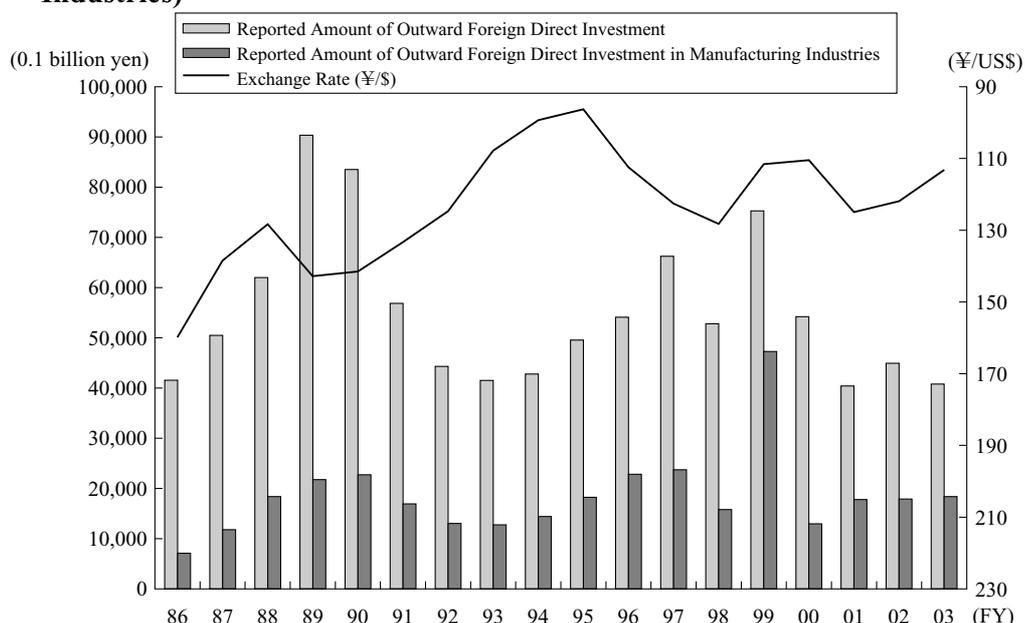
(0.1 billion yen, number of transactions, %)

Fiscal Year		1994	1995	1996	1997	1998
Outward Foreign Direct Investment Amount (All Industries)	Amount	42,808	49,568	54,095	66,236	52,780
	Variance vs. Previous Fiscal Year	3.1	15.8	9.1	22.4	△20.3
	Number of Transactions	2,478	2,863	2,501	2,495	1,637
Manufacturing	Amount	14,426	18,236	22,821	23,731	15,779
	Variance vs. Previous Fiscal Year	13.0	26.4	25.1	4.0	△33.5
	Number of Transactions	1,233	1,589	1,229	1,079	596
Yen's Exchange Rate Against the U.S. Dollar		99.30	96.30	112.46	122.59	128.25

1999	2000	2001	2002	2003
75,292	54,193	40,413	44,930	40,795
42.7	△28.0	△25.4	11.2	△ 9.2
1,744	1,717	1,786	2,164	2,411
47,286	12,976	17,790	17,906	18,363
199.7	△72.6	37.1	0.7	2.5
619	536	536	641	603
111.56	110.45	124.96	121.93	113.15

Note) The “yen's exchange rate against the U.S. Dollar” is the annual average of the inter-bank spot exchange rates against the U.S. Dollar. Source: JBIC compiled the data from “*Outward and Inward Foreign Direct Investment*” produced by the Ministry of Finance.

4 This statistical numbers for the Ministry of Finance includes the numbers of acquisitions of stocks or equities only when a local company is newly established or there is a new capital participation, of money lending only for new transactions (including acquisitions of corporate bonds), and of establishment or expansion of branches only for new transactions (Umeda & Utsunomiya, 2003).

**Figure 1 Trend: Outward Foreign Direct Investment Amount (All Industries, Manufacturing Industries)**

Source: JBIC compiled the data from "Outward and Inward Foreign Direct Investment" and "Monthly Statistical Report of Finance" produced by the Ministry of Finance.

**Table 2 Trend: Results of Outward Foreign Direct Investment**

(Number of transactions, 0.1 billion yen)

	Acquisition of Stocks/Shares		Money Lending		Establishment or Expansion of Branches		Total	
	Number of Transactions	Amount	Number of Transactions	Amount	Number of Transactions	Amount	Number of Transactions	Amount
FY 1994	1,203	29,694	1,236	12,710	39	404	2,478	42,808
FY 1995	1,498	33,749	1,332	14,881	33	938	2,863	49,568
FY 1996	1,228	40,517	1,254	12,430	19	1,149	2,501	54,095
FY 1997	1,032	50,348	1,452	15,183	11	705	2,495	66,236
FY 1998	523	33,004	1,108	19,319	6	457	1,637	52,780
FY 1999	617	63,600	1,121	11,463	6	229	1,744	75,292
FY 2000	646	46,347	1,068	7,569	3	277	1,717	54,193
FY 2001	633	30,712	1,147	9,346	6	355	1,786	40,413
FY 2002	710	35,919	1,447	8,634	7	377	2,164	44,930
FY 2003	705	31,189	1,700	9,326	6	280	2,411	40,795

Notes) 1. The above figures are the results on a report basis

2. The above numbers of transactions include the numbers of "acquisitions of stocks or shares" only when a local company is newly established or there is a new capital participation, of "money lending" only for new transactions (including acquisitions of corporate bonds), and of establishment or expansion of branches only for new transactions.

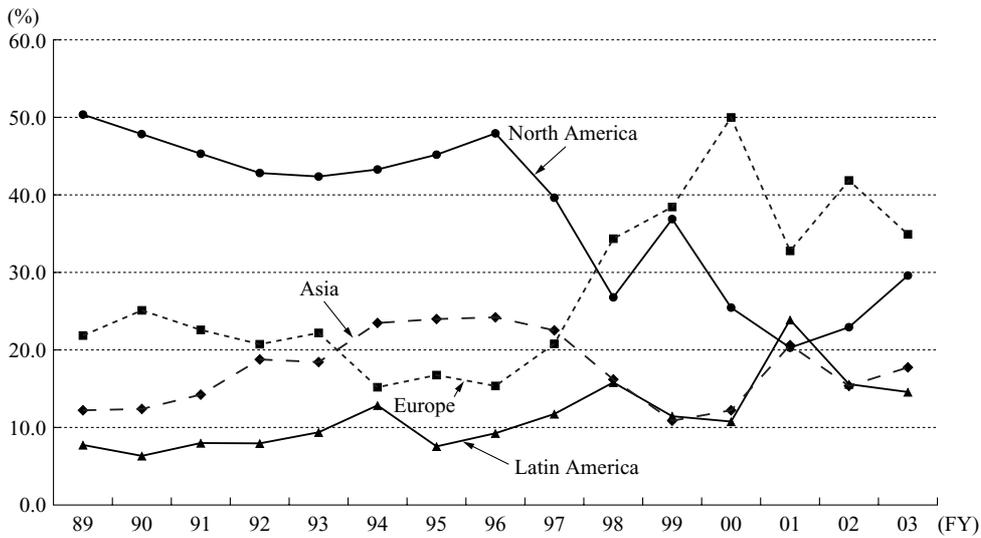
3. The amounts are rounded to the nearest whole number.

Source: JBIC compiled the data from "Outward and Inward Foreign Direct Investment" produced by the Ministry of Finance.

for a major part of direct investment, decreased by 13.2% on a year-on-year basis (3,118.9 billion yen) (see Table 2.). "Money Lending" grew both in transaction number (up 17.5% on a year-on-year basis; 1,700) and in amount (up 8.0% on a year-on-year basis; 932.6 billion yen). Above all, the number of "money lending" transactions

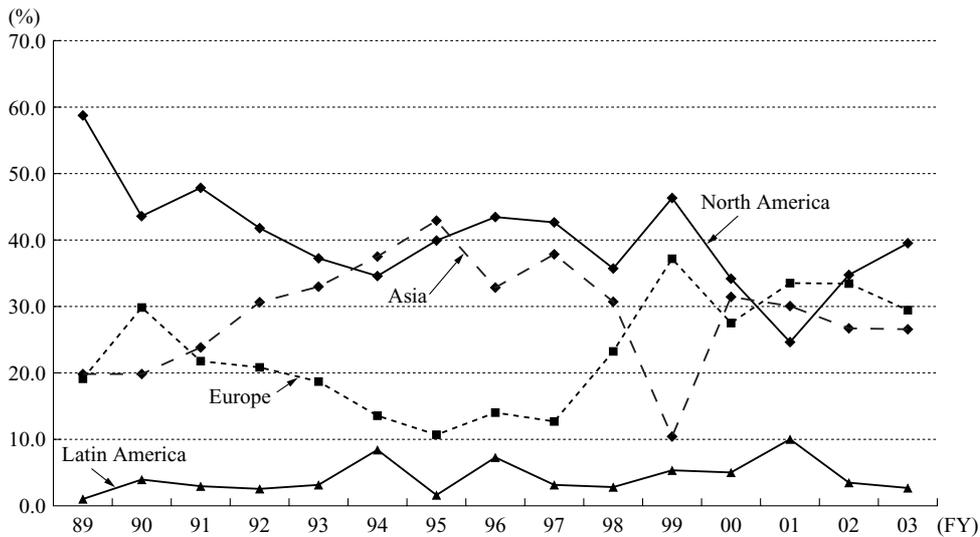
reached its highest level in the past decade.

**Figure 2 Trend: Shares by Region (All Industries)**



Source: JBIC compiled the data from "Outward and Inward Foreign Direct Investment" produced by the Ministry of Finance.

**Figure 3 Trend: Shares by Region (Manufacturing Industries)**



Source: JBIC compiled the data from "Outward and Inward Foreign Direct Investment" produced by the Ministry of Finance.

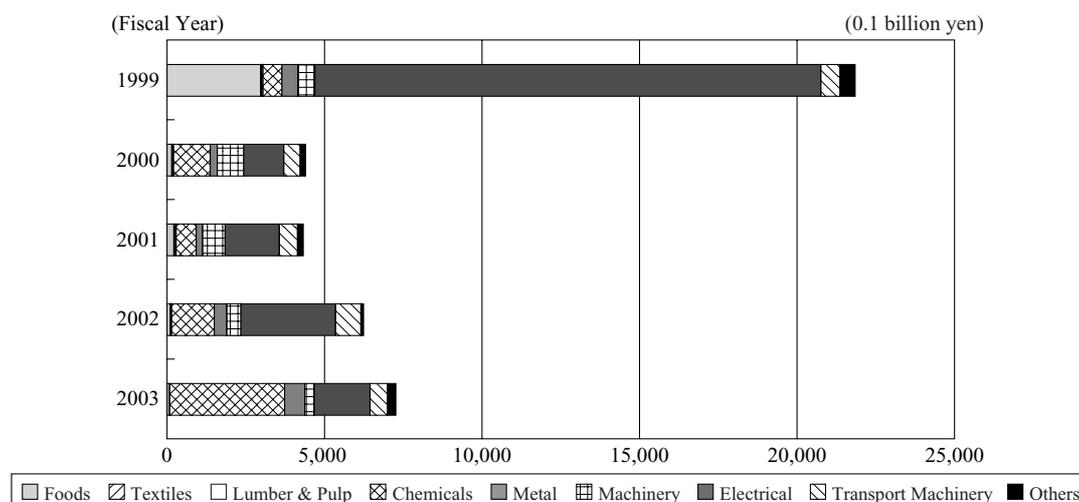
**Chapter 2: Trend by Country and by Region**

Comparing the outward foreign direct investment amounts by region (all industries) (see Figure 2. and Figure 3.), we find that the investment to North America consecutively increased (up 17.2% on a year-on-year basis) while that to Europe declined (down 24.1% on a year-on-year basis) despite the fact that both regions showed an increase on a year-on-year basis in FY 2002. Meanwhile, the investment to

Asia (up 4.7% on a year-on-year basis) slightly increased from the previous fiscal year, but that to Latin America (down 15.1% on a year-on-year basis) consecutively decreased, though both regions were on a downward trend in FY 2002. The following are the findings from the results of each region.

**(1) Investment in North America**

Investment to North America steadily increased in FY 2003 (up 17.2% on a year-on-year basis; 1,207.2 billion yen). The investment amount for the manufacturing industries was 726.6 billion yen (up

**Figure 4 Investment to North America for Manufacturing Industries (by Industry)**

16.4% on a year-on-year basis), which accounts for about 60% of the total investment amount in the region. In the non-manufacturing industries, the investment scale exceeded that of the previous fiscal year.

In the breakdown by industry, the investment in manufacturing industries largely increased in the chemical sector (up 168.4% on a year-on-year basis; 365.2 billion yen) and the metal sector (up 63.6% on a year-on-year basis; 63.9 billion yen) (see Figure 4.). The specific project released was that a Japanese pharmaceutical manufacturing company<sup>5</sup> increased the capital of its holding company on a large scale to reinforce its business in the U.S. For the electrical sector, the investment amount decreased by 41.1% (176.7 billion yen) on a year-on-year basis on a rebound from the large investment project<sup>6</sup> in FY

2002. However, there was a large investment project by a Japanese semiconductor manufacturer<sup>7</sup> for a merger of flash memory business with a U.S. manufacturing company. Although the investment in the transport machinery industry decreased by 35.4% (51.6 billion yen) from FY 2002, it does not mean that the business of Japan's automobile-related manufacturers in North America is diminishing.<sup>8</sup> This is because the North American market occupies an important place in the strategies of Japan's auto manufacturers, who have all launched production reinforcement plans targeting the U.S. market in particular.

Investment in North America by the non-manufacturing industries grew by 18.5% (480.1 billion yen) on a year-on-year basis, led by increases in the real estate and service industries.

5 Takeda Pharmaceutical Co. Ltd. increased the capital of its wholly owned subsidiary company in the U.S. by about 300 billion yen in order to reinforce its strategies for the U.S. market, based on the expectation that a shift of funds to the U.S. market leads to improvement in investment results. (Takeda's News Release on July 29, 2003).

6 In FY 2002, there was a large M&A (the total investment amount was US\$2.05 billion) by the HDD division of IBM (U.S.) by Hitachi Ltd.

7 It was a merger of flash memory production business with AMD (U.S.) of Fujitsu Ltd. (Nikkei Sangyo Shimbun on June 24, 2003).

8 In the case of Toyota Motor Corporation, the amount of investment by Toyota Group to its U.S. subsidiary companies in FY 2003 was roughly 76.6 billion yen, exceeding the amount of investment to the U.S. transport machinery industry (51.6 billion yen) based on the statistical data for foreign direct investment (Toyota's Financial Report of FY 2003). The share breakdown of the operating incomes (the forecast as of January 2004) of the major five auto manufacturers by regional segment in FY 2003 was: (1) Japan about 59%; (2) North America 35%; (3) Europe 1%; and (4) Asia and Others 5%. However, this breakdown was not by place of destination but by exporter. If the profit from export to the U.S. is transferred from Japan to North America and recalculated on a breakdown by place of destination, the share of North America will be about 80% of the total income (Koji Endo, 2004).

**(2) Investment in Europe**

Europe, which was the largest investment destination of all industries in the previous fiscal year, ended up with a decrease of 24.1% (142.68 billion yen) on a year-on-year basis in its investment amount. The investment in the Netherlands (up 93.3% on a year-on-year basis; 326.1 billion yen) increased on the back of substantial growth in the finance and insurance and electrical sectors. Investment in Poland rapidly increased (up 956.2% on a year-on-year basis; 20.8 billion yen) and also in Hungary (up 122.1% on a year-on-year basis; 12.9 billion yen) in Central and Eastern Europe, although the proportion of the investments is still relatively small for the region.

Investment in the manufacturing industries of Europe decreased by 10.7% on a year-on-year basis to 538.0 billion yen.

In the breakdown by industry, the number of investment transactions for the electrical industry decreased from the previous fiscal year (FY 2002: 22 → FY 2003: 9), but rapidly increased by 463.7% (277.4 billion yen) on a year-on-year basis. The investment for the transport machinery industry sharply decreased by 73.2% (95.8 billion yen) from FY 2002 when there was a large investment project<sup>9</sup> for a French auto manufacturer.

The results of investment in Europe by country show that the largest investment destination in FY 2003 was the Netherlands (776.4 billion yen), overtaking the U.K. (201.8 billion yen). While investment in France (176.5 billion yen) decreased (down 59.5% on a year-on-year basis), the proportion of the top three countries, U.K., France and the

Netherlands, of the total investment amount for Europe was 81% (1,154.7 billion yen).

Investment in Central and Eastern Europe steadily increased, chiefly in the transport machinery sector.<sup>10</sup> In Hungary, an investment project was launched by a Japanese auto manufacturer for reinforcement of local production capacity,<sup>11</sup> while there was an investment project by an auto components manufacturer for local production of electric cables for wiring harnesses.<sup>12</sup> It is remarkable that Japanese auto manufacturers have been expanding their production in Central and Eastern Europe and that auto components manufacturers have been investing in local supply for such auto manufacturers. In Poland, development of an environment for inducing investment is behind that of Hungary. Therefore the amount of investment from Japan was still small. However, the number of Japanese companies approaching the market, which were primarily Japanese auto components companies, has been increasing. Some of the specific projects were: (1) construction of a production plant for diesel engines<sup>13</sup> by a Japanese auto manufacturer, which is scheduled to start in 2005; and (2) expansion of production of tires for passenger cars<sup>14</sup> by a Japanese tire manufacturer.

In May 2004, Japanese auto manufacturers plan to expand their local production capacity on the back of the accession to the European Union of 10 countries, mainly in Central and Eastern Europe. Consequently, as the local demand for auto components manufacturers will increase,<sup>15</sup> investment to Central and Eastern Europe is expected to grow.

9 In FY 2002, there was a large investment project for stock acquisition (217.5 billion yen) in Renault for reinforcement of the alliance with Renault by Nissan Motor Co. Ltd.

10 As of the end of 2003, the number of Japanese companies (manufacturing companies) that expanded into the market of Eastern Europe was 137, doubled from three years ago. Automobile-related companies accounted for nearly half of the number (Nihon Keizai Shimbun on May 1, 2004).

11 Suzuki Motor Corporation plans to nearly double the local production capacity of its plant in Hungary to 200,000 units by the investment of 30 billion yen by the end of 2004 (Nikkei Sangyo Shimbun on May 27, 2003).

12 Sumitomo Electric Industries Ltd. established a local manufacturing company in June 2003, for the purpose of developing a consistent system for producing environment-friendly wire harnesses in Europe intended for local supply to Japanese auto manufacturers. The new company is scheduled to start quantity production in October 2004. (Nihon Keizai Shimbun on May 20, 2003).

13 Toyota Motor Corporation and Toyota Industries Corporation decided to establish a production plant for diesel engines by investing 170 million euro (about 20 billion yen), by way of a response to the expected future growth of the European diesel engine market. The new production plant is scheduled to open in 2005. They also announced plans to increase production of transmissions and start production of gasoline engines (Toyota's Press Release on October 16, 2002).

14 By 2006, Bridgestone Corporation will expand its annual production capacity of tires for passenger cars in Poland by 4.5 million units (Nihon Keizai Shimbun on December 3, 2003).

### (3) Investment in Asia

Investment to Asia (all industries) increased to 723.3 billion yen by 4.7% from the previous fiscal year. In the four major regions (North America, Europe, Latin America and Asia), Asia was third in total investment amount, exceeding Latin America in FY 2003 (see Figure 2.). For investment in the manufacturing industries of Asia, the machinery and transport machinery sectors showed increases of 79.1% (52.1 billion yen) and 37.1% (165.1 billion yen)

respectively, on a year-on-year basis. The total investment amount was at the same level as the previous fiscal year (up 1.4% on a year-on-year basis; 485.2 billion yen), (see Figure 3.). In the four major regions, Asia ranked highest in numbers of investment transaction, though it was the third in total investment amount.

The results of investment to Asia by region show (see Table 3.) that investment in China significantly increased by 65.0% (355.3 billion yen) on a year-on-

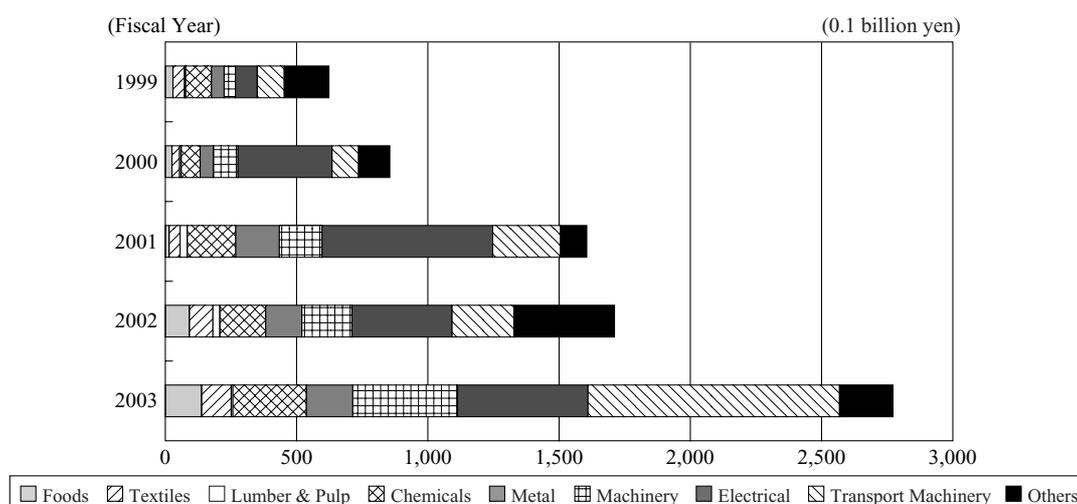
**Table 3 Trend: Direct Investment to Asia (Transaction Number & Amount)**

(Number of transactions, 0.1 billion yen)

Region or Country	FY 1999		FY 2000		FY 2001		FY 2002		FY 2003	
	Number of Transactions	Amount								
Asia	538	8,196	464	6,638	511	8,307	538	6,910	607	7,233
ASEAN4	207	3,302	155	2,264	156	3,201	127	1,857	139	2,188
Indonesia	57	1,070	26	464	61	785	44	644	47	732
Thailand	73	934	62	1,030	51	1,106	52	614	65	711
Malaysia	44	588	23	256	18	321	11	98	6	523
Philippines	33	711	44	514	26	989	20	500	21	222
NIEs	216	3,660	184	3,017	147	2,977	134	2,390	116	1,304
Korea	62	1,094	53	902	47	704	44	763	39	321
Taiwan	26	320	51	564	31	402	24	457	18	172
Hong Kong	76	1,088	55	1,045	38	436	32	253	36	447
Singapore	52	1,158	25	505	31	1,435	34	917	23	364
China	79	858	106	1,114	189	1,819	263	2,157	332	3,553
India	12	232	10	185	6	181	7	378	7	99
Vietnam	17	110	5	24	9	97	6	73	11	79
Total of All Regions	1,744	75,292	1,717	54,193	1,786	40,413	2,164	44,930	2,411	40,795

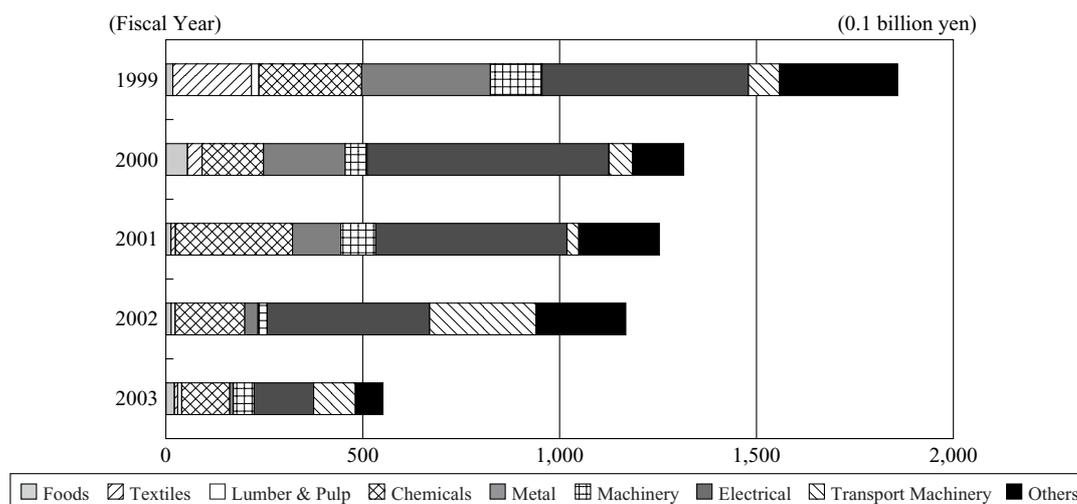
Source: JBIC compiled the data from "Outward and Inward Foreign Direct Investment" produced by the Ministry of Finance.

**Figure 5 Investment in the Manufacturing Industries of China (by Industry)**



Source: JBIC compiled the data from "Outward and Inward Foreign Direct Investment" produced by the Ministry of Finance.

15 Toyota Motor Corporation plans to raise its rate of procurement from Central and Eastern European auto components manufacturers, from 6% in 2002 to 17% in 2006 (Nikkei Sangyo Shimibun on May 19, 2004).

**Figure 6 Investment in the Manufacturing Industries of NIES (All Industries)**

year basis for the fourth consecutive year. Meanwhile, the investment to NIES<sup>16</sup> decreased by 45.4% (130.4 billion yen) on a year-on-year basis for the fourth consecutive year. The investment to ASEAN<sup>17</sup> slightly increased by 17.9% (218.8 billion yen) on a year-on-year basis in FY 2003. The share of China in the total investment to Asia, which had been on an upward trend, showed a further increase in FY 2003 (FY 2002: 31.8% → FY 2003: 49.1%).

Investment to China had been increasing since 1999 and showed a dramatic increase of 65.0% (355.3 billion yen) on a year-on-year basis in FY 2003. The investment in manufacturing industries increased by 62.0% (277.3 billion yen) on a year-on-year basis (see Figure 5.). The results of investment by industry show that investments in the transport machinery and machinery sectors increased

significantly by 305.5% (95.8 billion yen), and 109.3% (39.9 billion yen) respectively, on a year-on-year basis. Both the investment amount and the investment transaction numbers grew overall from the previous fiscal year.

In the transport machinery sector, many joint ventures have been established by Japanese auto manufacturers with local companies, with the aim of sales in the Chinese market.<sup>18</sup> Along with numerous approaches to the local market by auto components manufacturers, this led to an increase in the investment amount. In the machinery sector, there were investment projects such as expansion of production of copying machines by Japanese machine manufacturers.<sup>19</sup> In the chemical sector, there was the establishment of a new polycarbonate company by a Japanese chemical manufacturer<sup>20</sup> and the

16 The total investment in Korea, Hong Kong, Taiwan and Singapore.

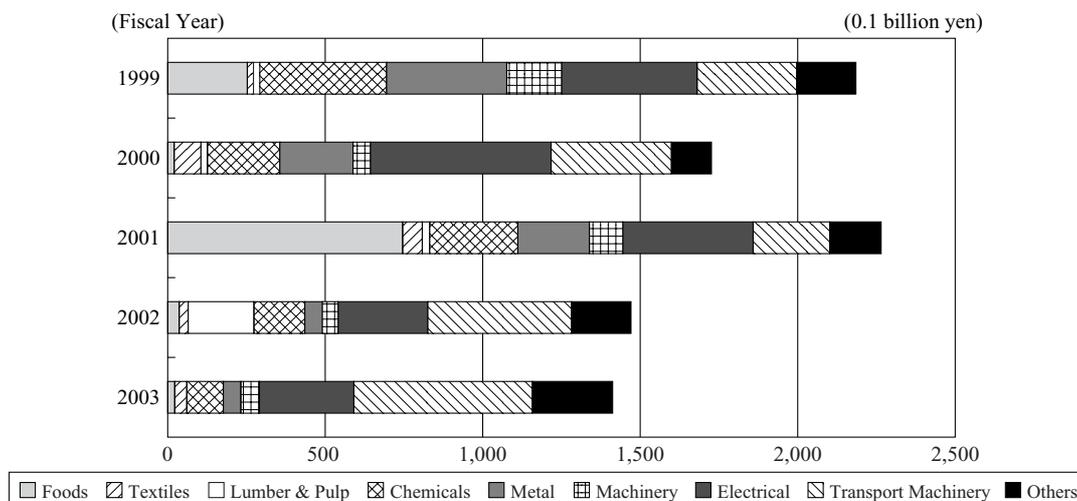
17 The total investment in Thailand, Malaysia, Indonesia and the Philippines.

18 Nissan Motor Co. Ltd. newly established a joint venture with Dongfeng Motors. By 2006, it plans to start local production of 6 types of passenger cars (Nihon Keizai Shimbun on November 25, 2003). Toyota Motor Corporation started construction of an engine plant with Guangzhou Motors (Nihon Keizai Shimbun on February 26, 2004).

19 Fuji Xerox Co. Ltd. plans to transfer about 80% of its production base, primarily of medium and low speed digital copying machines, in the coming few years, with the aim of increasing the production capacity of its Chinese plant where production cost is low (Nihon Keizai Shimbun on October 7, 2003).

20 Teijin Ltd. announced that it would establish a new company producing polycarbonate resin (a general-purpose engineering plastic material, which is highly transparent, heat resistant and impact resistant, widely used for electric or electronic components, CDs, DVDs, precision equipment, auto components and building materials) in response to expansion of demand in the Chinese market and enhancement of global competitiveness. The total investment amount will be 14 billion yen (Teijin's Press Release on December 2, 2002).

21 Nippon Sanso Corporation will sell liquid nitrogen gas to Japanese semiconductor or chemical manufacturers which are extending their business in China (Nihon Keizai Shimbun on October 8, 2003).

**Figure 7 Investment for the Manufacturing Industries of ASEAN4 (by Industries)**

construction of a new industrial gas plant.<sup>21</sup> In the electrical sector, there was a joint venture business for the production and sales of liquid crystal panels by a Japanese electrical manufacturer.<sup>22</sup> Major Japanese electronic components manufacturers increased capital investment and reinforced production in China to respond to the local demands of finished products manufacturers.<sup>23</sup>

The investment by Japanese companies in entering the Chinese market is expected to further increase.

Investment to NIES decreased by 45.4% (130.4 billion yen) from the previous fiscal year. Although the investment amount had exceeded that of China before FY 2002, China outpaced NIES when the amount became 2.7 times as much as that of NIES in FY 2003. The investment in manufacturing industries decreased by nearly half (down 52.5% on a year-on-year basis; 55.2 billion yen) from the previous fiscal year (see Figure 6.). The results of investment by country or region show that Hong Kong was the only country in NIES for which the investment amount increased, and that the increase was 76.7% on a year-on-year basis due to a substantial increase in the

service industries. However, Korea, Singapore and Taiwan showed all-round decreases (by around 60% on a year-on-year basis), both in the manufacturing industries and the non-manufacturing industries.

The amount of investment to ASEAN4 increased by 17.9% (218.8 billion yen) on a year-on-year basis in FY 2003. However, compared with the amount for China (355.3 billion yen), which grew rapidly, the amount for ASEAN4 remained below that of China as in the previous fiscal year, and the difference widened (see Table 3.). In the manufacturing industries (see Figure 7.), the amounts for the lumber and pulp, foods, and chemical sectors significantly decreased, while those of the machinery, electrical and transport machinery sectors increased. Consequently, the investment amount decreased by 4.0% (141.3 billion yen), on a year-on-year basis and fell below that of China (277.3 billion yen) for a second year.

The results for investment by country show that the investment amount for the electrical sector of Malaysia, which experienced a serious drop in the previous fiscal year, rapidly grew by 436.3% (52.3 billion yen) on a year-on-year basis owing to a large

22 NEC Corporation will, jointly with a company in Shanghai, establish a company for production and sales of liquid crystal panels for thin-model TVs and laptop computers, and will start quantity production in October 2004 (Nikkei Sangyo Shimbun on November 11, 2003).

23 Nihon Keizai Shimbun on March 23, 2004.

24 This was a new investment in the production of plasma display panel appliances and TVs (the total investment amount: 565.67 million ringgit, about 16.4 billion yen). (Trade & Commerce Report on February 25, 2004).

investment project in the PDP manufacturing business.<sup>24</sup> On the other hand, investment to the Philippines remained stagnant in FY 2003 and the amount decreased by 55.7% (22.2 billion yen) on a year-on-year basis, seriously affected by a decrease in investment in the electrical sector. The investment transaction numbers for Malaysia and the Philippines decreased from the previous fiscal year.

The results of investment in the manufacturing industries of ASEAN4 show that the amount for the chemical sector drastically decreased in Thailand, but that the total level was mostly the same as the previous fiscal year owing to growth in the electrical sector in addition to favorable results in the transport machinery sector. In Indonesia, although investment in the lumber and pulp industry, which accounted for about 40% of the total investment in FY 2002, decreased overall in FY 2003, investment for manufacturing industries maintained a decrease of 9.2% on a year-on-year basis. This was because of a recovery in the electrical sector, of which performance in FY 2002 had been very poor, and of favorable results in the transport machinery sector. The total investment for the transport machinery sector of ASEAN4 steadily increased by 24.1% on a year-on-year basis.

#### (4) Investment in Other Asian Countries and Oceania

The results of investment to other Asian countries

and Oceania show that the amount of investment to India decreased to 9.9 billion yen (down 73.9% on a year-on-year basis) as a result of a large investment project in the transport machinery sector in FY 2002. The amount of investment to Australia decreased by 32.4% on a year-on-year basis to 104.8 billion yen, although investment in the manufacturing industries sharply increased by 174.5% (25.8 billion yen) on a year-on-year basis. The results of investment by industry show that investments for the mining sector (up 573.0% on a year-on-year basis; 40.8 billion yen) and the metal sector (up 178.3% on a year-on-year basis; 18.7 billion yen) greatly increased.

#### (5) Investment in Latin America

The amount of investment to Latin America (all industries) decreased by 15.1% on a year-on-year basis to 594.8 billion yen. The results of investment by country show that investments to Argentina (up 133.2% on a year-on-year basis; 10.3 billion yen) and to Brazil (up 254.1% on a year-on-year basis; 175.3 billion yen) increased. However, the result for investment in the manufacturing industries shows that investment to the above two countries decreased from the previous fiscal year and the total investment amount showed a decrease of 15.7% (52.3 billion yen). The results of investment by industry show that the amounts for the metal and chemical sectors exceeded the level of the previous fiscal year, and that the mining and real estate sectors produced an

**Table 4 Ten Major Investment Destinations (All Industries)**

(0.1 billion yen, %)

Fiscal Year	2001			2002			2003		
	Country	Amount	Share	Country	Amount	Share	Country	Amount	Share
1	U.S.A	8,085	20.0	U.S.A	10,014	22.3	U.S.A	11,955	29.3
2	Cayman Islands	6,252	15.5	U.K.	5,378	12.0	Netherlands	7,764	19.0
3	Netherlands	5,657	14.0	Cayman Islands	4,919	10.9	China	3,553	8.7
4	U.K.	4,966	12.3	France	4,356	9.7	Cayman Islands	2,399	5.9
5	China	1,819	4.5	Netherlands	4,016	8.9	U.K.	2,018	4.9
6	Brazil	1,718	4.3	China	2,152	4.8	France	1,765	4.3
7	Singapore	1,435	3.6	Belgium	1,888	4.2	Brazil	1,753	4.3
8	Panama	1,241	3.1	Australia	1,552	3.5	Panama	1,375	3.4
9	Thailand	1,106	2.7	Ireland	1,429	3.2	Australia	1,048	2.6
10	Philippines	989	2.4	Panama	1,075	2.4	Germany	784	1.9

Source: JBIC compiled the data from "Outward and Inward Foreign Direct Investment" produced by the Ministry of Finance.

**Table 5 Ten Major Investment Destinations (Manufacturing Industries)**

(0.1 billion yen, %)

Fiscal Year	2001			2002			2003		
	Country	Amount	Share	Country	Amount	Share	Country	Amount	Share
1	U.S.A	4,313	24.2	U.S.A	6,004	33.5	U.S.A	7,200	39.2
2	Netherlands	2,736	15.4	France	2,719	15.2	Netherlands	3,261	17.8
3	U.K.	1,692	9.5	China	1,712	9.6	China	2,773	15.1
4	China	1,606	9.0	Belgium	1,201	6.7	Thailand	564	3.1
5	Brazil	1,555	8.7	U.K.	830	4.6	Indonesia	495	2.7
6	Philippines	922	5.2	Indonesia	545	3.0	Germany	366	2.0
7	Thailand	803	4.5	Thailand	535	3.0	Belgium	361	2.0
8	Singapore	690	3.9	Brazil	378	2.1	Brazil	351	1.9
9	Belgium	418	2.3	Taiwan	373	2.1	France	268	1.5
10	Indonesia	323	1.8	India	372	2.1	Australia	258	1.4

Source: JBIC compiled the data from "Outward and Inward Foreign Direct Investment" produced by the Ministry of Finance.

increase in the non-manufacturing industries.

### (6) Ten Major Investment Destinations

The results of investment to ten major investment destinations (all industries, investment amount) show that the amount of investment to the U.S. was the largest and that its share of the total increased to 29.3% (see Table 4.). The investment in the electrical industry of the Netherlands as well as in finance and insurance, which were its major fields of investment, rapidly increased so that the Netherlands moved up to second place in the rankings, while China was ranked third as the investment amount increased overall in all industries. Meanwhile, the U.K., France, Brazil and Belgium moved down in the rankings from the previous fiscal year. China was the only Asian country that retained its top 10 ranking from the previous fiscal year. The rankings of ASEAN and NIES countries were still on a downward trend.

The ranking of major investment destinations based on manufacturing industries shows that the U.S. was again first as in the previous fiscal year, followed by the Netherlands and China. The top three countries were the same as those of the ranking by all industries (see Table 5.). While investment in China continues to grow steadily, investment to ASEAN4 decreased by 4.0% (141.3 billion yen) on a year-on-year basis.

### Chapter 3: Trend by Industry

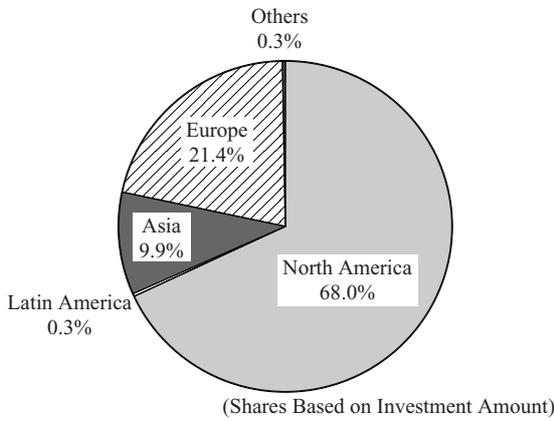
The amount of investment for manufacturing industries in FY 2003 increased by 2.5% on a year-on-year basis to 1,836.3 billion yen, while that for non-manufacturing industries decreased by 16.9% on a year-on-year basis to 2,215.3 billion yen. Thereby, the proportion of the manufacturing industries within the total investment amount increased from 39.9% in FY 2002 to 45.0%.

The results of investment by industry show that decreases in the lumber and pulp and transport machinery sectors were notable, although there had previously been several large investment projects. The results for the chemical sector were favorable in succession to the previous fiscal year, while an increase in the metal sector contributed to an overall increase in the manufacturing industries in FY 2003. On the other hand, the investment transaction numbers decreased (FY 2002: 641 → FY 2003: 603).

The amount of investment in the chemical sector increased by 129.8% (536.8 billion yen), on a year-on-year basis. The regional share taken by the U.S. (68.0%) was outstanding, due to large capital increase projects, followed by Europe (21.4%) and Asia (9.9%), (see Figure 8-1. and Figure 8-2.).

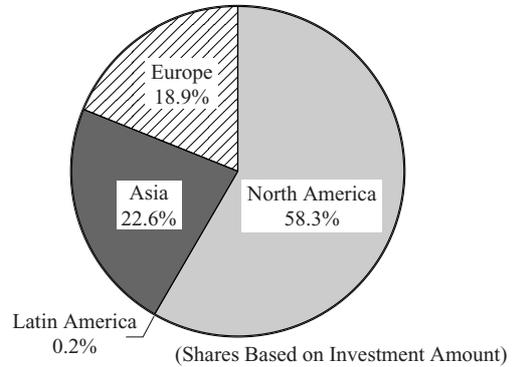
The electrical industry, in which the investment amount was the largest in FY 2003, increased by 18.4% (565.7 billion yen) on a year-on-year basis. The regional share of Europe became about 50%,

**Figure 8-1 Investment by Region (Chemicals): FY 2003**



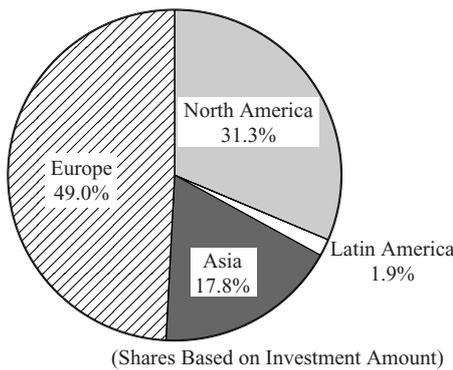
Source: JBIC compiled the data from "Outward and Inward Foreign Direct Investment" produced by the Ministry of Finance.

**Figure 8-2 Investment by Region (Chemicals): FY 2002**



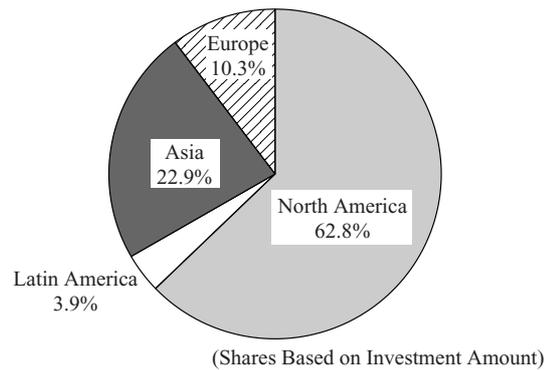
Source: JBIC compiled the data from "Outward and Inward Foreign Direct Investment" produced by the Ministry of Finance.

**Figure 9-1 Investment by Region (Electrical): FY 2003**



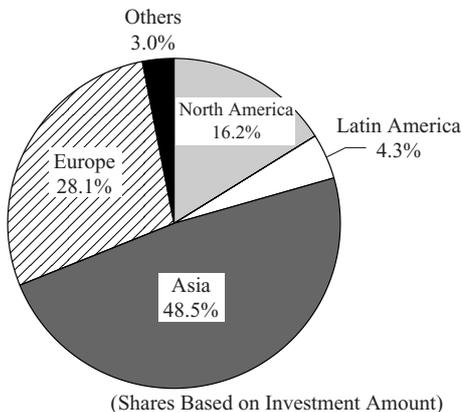
Source: JBIC compiled the data from "Outward and Inward Foreign Direct Investment" produced by the Ministry of Finance.

**Figure 9-2 Investment by Region (Electrical): FY 2002**



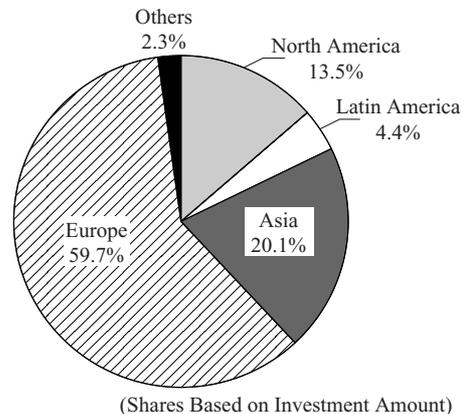
Source: JBIC compiled the data from "Outward and Inward Foreign Direct Investment" produced by the Ministry of Finance.

**Figure 10-1 Investment by Region (Transport Machinery): FY 2003**



Source: JBIC compiled the data from "Outward and Inward Foreign Direct Investment" produced by the Ministry of Finance.

**Figure 10-2 Investment by Region (Transport Machinery): FY 2002**



Source: JBIC compiled the data from "Outward and Inward Foreign Direct Investment" produced by the Ministry of Finance.

while that of North America decreased by half (31.3%), (see Figure 9-1. and Figure 9-2.).

Although it was the largest in the manufacturing industries in and after FY 2000, the amount of investment for the transport machinery sector drastically decreased in FY 2003 by 43.2% (340.6 billion yen) on a year-on-year basis, following that of the electrical and chemical sectors. This was chiefly caused by a significant decrease (down 73.2% on a year-on-year basis; 95.8 billion yen) in Europe, of which the regional share was the biggest in the previous fiscal year due to large investment projects in France. However, the amounts of investment to North America and Latin America also decreased. Only Asian countries, mainly China, showed an increase among the four major regions (up 37.1% on a year-on-year basis; 165.1 billion yen), (see Figure 10-1. and Figure 10-2.).

Investment in the machinery sector decreased by 31.1% (108.1 billion yen) in FY 2003 on a year-on-year basis, caused by decreases in Europe and North America.

In investment to the non-manufacturing industries, the mining, trade, and transportation sectors showed an increase from the previous fiscal year. However, the total investment amount ended in a decrease of 16.9% (2,215.3 billion yen) on a year-on-

year basis, influenced by drastic decreases in finance and insurance. The share of the finance and insurance industries among the non-manufacturing industries decreased by about 20% from FY 2002 (FY 2002: 59.9% → FY 2003: 38.9%).

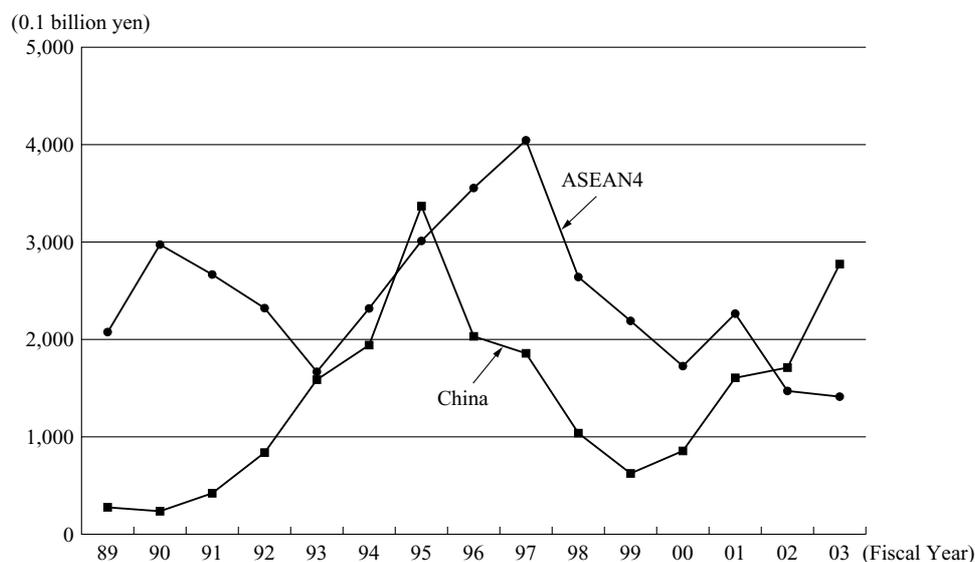
### [Appendix] Trend of Investment in the Manufacturing Industries of China and ASEAN4

This Appendix is an analysis of the trend of investment in the manufacturing industries of China and ASEAN4 from FY 1989 through FY 2003.

#### 1. Analysis of Investment Amount and Breakdown by Industry for Each Year

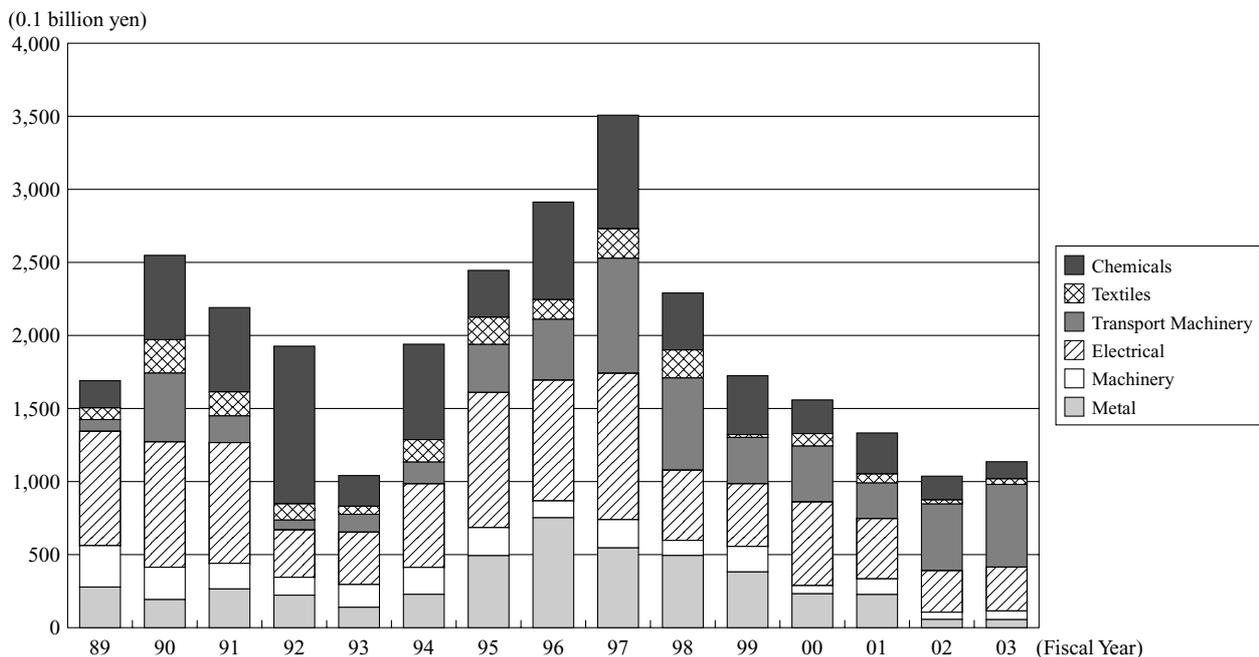
The total amount of investment to ASEAN4 was on an overall upward trend in the first half of the 1990s, and recorded 404.4 billion yen in FY 1997. Just after that, however, it took a downward turn due to the Asian currency crisis. The trend of investment to China is mainly divided into three phases. In the first half of the 1990s, investment rapidly increased to a record 336.8 billion yen in FY 1995. In the second half of the 1990s, it started to decline but took an upward turn again after FY 2000 (see Supplementary Exhibit 1.).

**Figure A-1 Trend of Foreign Direct Investment Amount (Manufacturing Industries): China and ASEAN4**



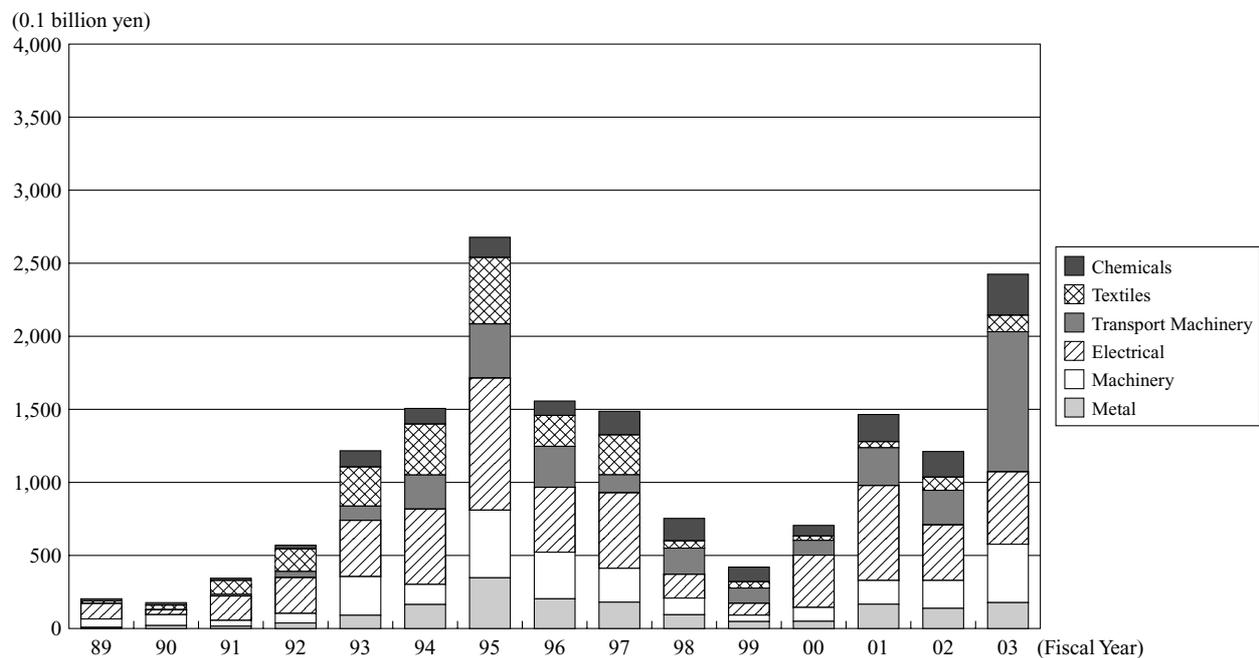
Source: JBIC compiled the data from "Outward and Inward Foreign Direct Investment" produced by the Ministry of Finance.

**Figure A-2 Amount of Direct Investment to ASEAN4 (Major Industries): 1989-2003**



Source: JBIC compiled the data from "Outward and Inward Foreign Direct Investment" produced by the Ministry of Finance.

**Figure A-3 Amount of Direct Investment to China (Major Industries): 1989-2003**



Source: JBIC compiled the data from "Outward and Inward Foreign Direct Investment" produced by the Ministry of Finance.

The breakdown by industry shows that investment in ASEAN4 was broadly balanced among the electrical, transport machinery, chemical, textiles, and metal sectors (see Figure A-2.). Meanwhile, investment to China was mainly for textiles and the electrical sector during the 1990s. However, investment in the electrical sector sharply increased

after FY 2000 in the hope of improvement of the investment environment and domestic market expansion owing to China's accession to the WTO. Additionally, Japan's auto manufacturers reinforced their strategies for the Chinese market,<sup>25</sup> which stimulated investment by auto components manufacturers.<sup>26</sup> China is entering a radical increase

phase again as investment in raw materials such as chemical products, metal has been further growing (see Figure A-3.).

In the second half of the 1990s, although both ASEAN4 and China were on a downward trend in investment, the total amount of investment to China in this period was generally half as much as that of ASEAN4. This evened out after FY 2000, and China (171.2 billion yen) overtook ASEAN4 (147.1 billion yen) in FY 2002. In FY 2003, while China (277.3 billion yen) grew to the highest level since that of FY 1995, ASEAN4 (141.3 billion yen) recorded the lowest since FY 1989.

## 2. Analysis of the Investment Transaction Numbers in Each Year

ASEAN4 far exceeded China in the number of investment transactions in the first half of the 1990s, almost twice as high as China's. Although the difference between the two was not so wide in the second half of the 1990s, China surpassed ASEAN4 in and after FY 2001 (see Figure A-4.). It is considered that the increase in China's number of

investment transactions was caused by there having been medium and small investment projects in textiles and electronic components in the first half of the 1990s, and by it also being necessary to set transactions by product or by business according to China's regulations.

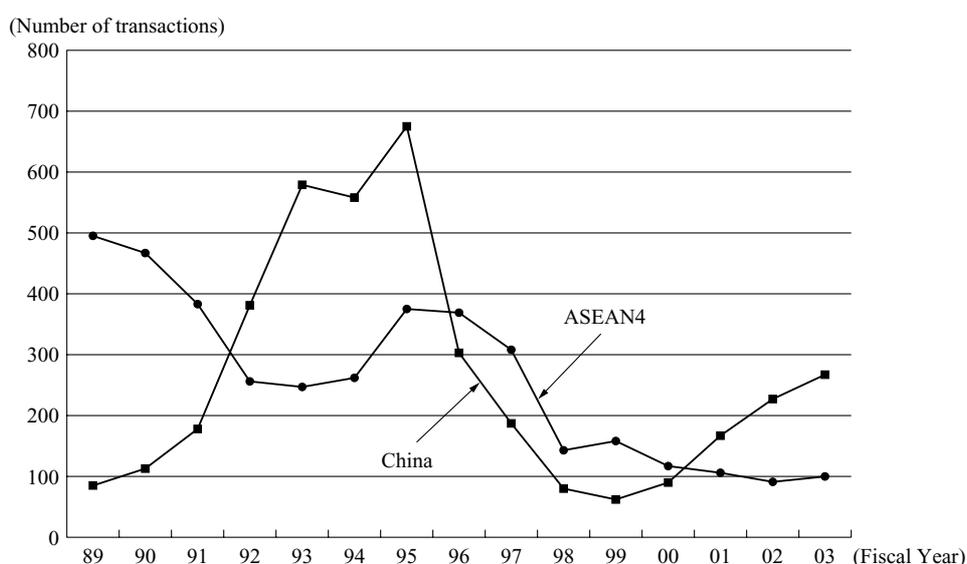
## 3. Analysis of Cumulative Amounts and Cumulative Transaction Numbers

Total investment amounts and investment transaction numbers have been compared so far. As far as the results show, China seems to surpass ASEAN4 both in investment amount and in investment transaction numbers in recent years. However, we now compare the investment amounts and the investment transaction numbers on a cumulative basis.

First of all, the analysis of the cumulative investment amounts from FY 1989 shows that ASEAN4 largely surpasses China. During the second half of the 1990s, ASEAN4 maintained a level twice as high as that of China (see Figure A-5.).

The analysis of the cumulative investment transaction numbers indicates that ASEAN4 showed

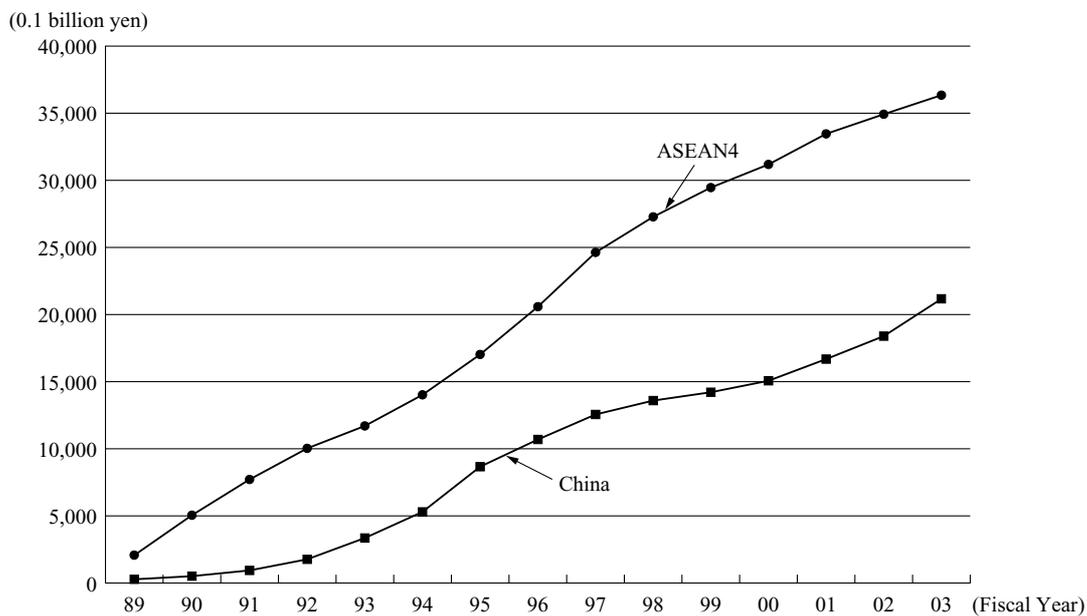
**Figure A-4 Trend: Transaction Numbers of Direct Investment in China and ASEAN4 (Manufacturing Industries)**



Source: JBIC compiled the data from "Outward and Inward Foreign Direct Investment" produced by the Ministry of Finance.

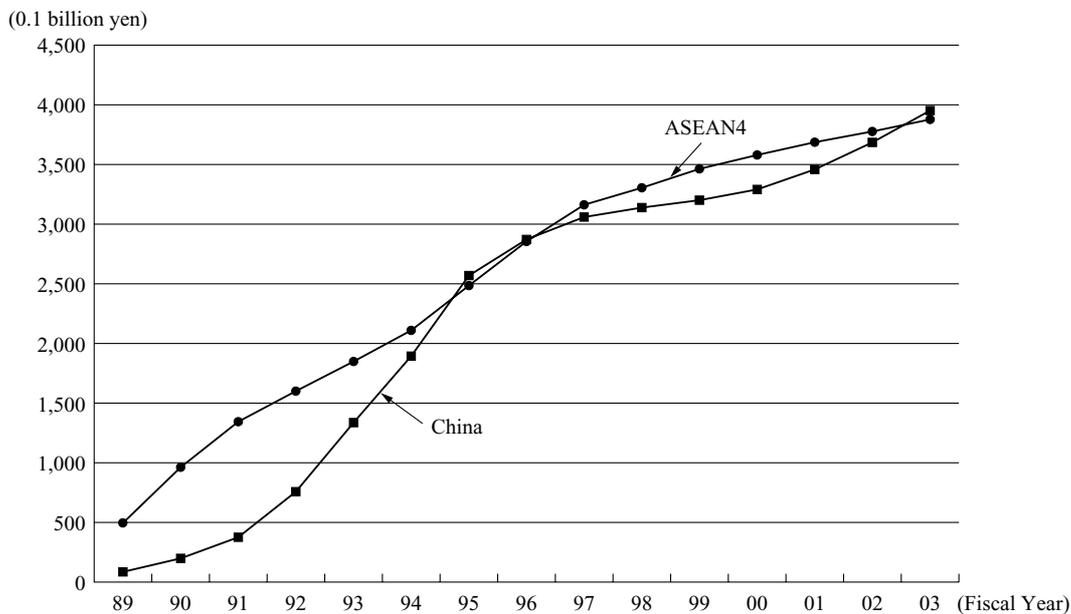
- 25 The amount of direct investment for the transport machinery sector of China rapidly increased from 23.6 billion yen in FY 2002 to 95.8 billion yen in FY 2003, as joint ventures with local companies were established by Japanese auto manufacturers for the purpose of sales in the Chinese market, and auto-related components manufacturers also moved into the market.
- 26 The raw manufacturers of textiles, chemicals, metal, in addition to transport machinery, are expanding their investment in China to provide materials for auto components and materials.

**Figure A-5 Trend: Cumulative Amounts of Direct Investment in China and ASEAN4 (Manufacturing Industries)**



Source: JBIC compiled the data from "Outward and Inward Foreign Direct Investment" produced by the Ministry of Finance.

**Figure A-6 Trend: Cumulative Transaction Numbers of Investment in China and ASEAN4 (Manufacturing Industries)**



Source: JBIC compiled the data from "Outward and Inward Foreign Direct Investment" produced by the Ministry of Finance.

a trend toward increase and then slight increase, while China showed a wave of increase, slight increase and further increase. After drawing level, China exceeded ASEAN4 in FY 2003 (see Supplementary Figure A-6.). These results show that the investment scale per transaction of ASEAN4 was on average larger than that of China, and that China's number of transactions was more than that of ASEAN4.

Based on the above findings, ASEAN4 is considered to remain important for Japanese companies, as it far exceeded China in respect of foreign asset value (stock), although interest in China has grown in recent years from the perspective of investment (flow). In investment to ASEAN4, the maintenance or expansion of existing transactions, rather than new large investment projects, will be a priority, while the Chinese market is presumed to be still susceptible to new investment on the back of a full-scale expansion of the auto and material industries.

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Attached Table 1 Outward Direct Investment by Industry and by Region (FY 2002-FY 2003)

(Number of transactions, Upper Table; Cases, % Lower Table; 100 million yen, %)

Industry	Region	North America		Latin America		Asia		Middle and Near East		Europe		Africa		Oceania		Total	
		FY 2002	FY 2003	FY 2002	FY 2003	FY 2002	FY 2003	FY 2002	FY 2003	FY 2002	FY 2003	FY 2002	FY 2003	FY 2002	FY 2003	FY 2002	FY 2003
Manufacturing	Food	9	5	-44.4	1	1	0.0	23	0.0	—	—	—	—	—	—	—	—
		109	78	-28.4	6	112	1,797.8	144	181	25.8	—	—	—	—	—	—	—
	Textile	7	—	n/a	1	1	0.0	23	15	-34.8	—	—	—	—	—	—	—
		18	6	-69.8	75	3	-95.7	129	161	24.7	—	—	—	—	—	—	—
	Lumber & Pulp	1	1	0.0	1	—	n/a	8	3	-62.5	—	—	—	—	—	—	—
		15	2	-87.7	14	—	n/a	244	17	-93.2	—	—	—	—	—	—	—
	Chemical	16	5	-68.8	1	—	n/a	46	59	28.3	—	—	—	—	—	—	—
		1,361	3,652	168.4	4	17	371.9	528	533	1.0	—	—	—	—	—	—	—
	Metal	8	8	0.0	2	2	0.0	35	40	14.3	—	—	—	—	—	—	—
		391	639	63.6	33	124	279.1	244	249	2.1	—	—	—	—	—	—	—
Machinery	16	7	-56.3	4	—	n/a	38	52	36.8	—	—	—	—	—	—	—	
	456	301	-33.9	19	9	-53.0	291	521	79.1	—	—	—	—	—	—	—	
Electrical	19	22	15.8	3	—	n/a	74	92	24.3	—	—	—	—	—	—	—	
	3,001	1,769	-41.0	187	108	-42.0	1,096	1,005	-8.3	—	—	—	—	—	—	—	
Transport	33	32	-3.0	11	1	-90.9	70	95	35.7	—	—	—	—	—	—	—	
	808	551	-31.8	264	146	-44.8	1,204	1,651	37.1	—	—	—	—	—	—	—	
Others	7	8	14.3	1	3	200.0	70	63	-10.0	—	—	—	—	—	—	—	
	86	268	210.5	20	5	-75.6	902	532	-40.9	—	—	—	—	—	—	—	
Subtotal	116	88	-24.1	25	8	-68.0	387	442	14.2	—	—	—	—	—	—	—	
	6,244	7,266	16.4	621	523	-15.7	4,783	4,852	1.4	—	—	—	—	—	—	—	
Non-Manufacturing	Farming & Forestry	—	—	—	—	—	—	1	2	100.0	—	—	—	—	—	—	
		—	—	—	—	—	—	3	118	3,668.8	—	—	—	—	—	—	
	Fishery	22	3	-87.8	39	—	n/a	5	0	-94.6	—	—	—	—	—	—	—
		2	3	50.0	1	1	0.0	1	2	100.0	—	—	—	—	—	—	—
	Mining	199	27	-86.5	13	1,153	9,010.9	8	5	-29.7	—	—	—	—	—	—	—
		2	1	-50.0	—	—	—	11	12	9.1	—	—	—	—	—	—	—
	Construction	4	50	1,223.6	—	—	—	131	230	75.1	—	—	—	—	—	—	—
		46	28	-39.1	7	2	-71.4	47	57	21.3	—	—	—	—	—	—	—
	Trade	1,234	809	-34.4	208	321	53.9	467	834	78.6	—	—	—	—	—	—	—
		17	36	111.8	47	31	-34.0	27	18	-33.3	—	—	—	—	—	—	—
Finance & Insurance	1,455	1,074	-26.2	5,146	2,321	-54.9	709	310	-56.3	—	—	—	—	—	—	—	
	35	28	-20.0	14	15	7.1	29	36	24.1	—	—	—	—	—	—	—	
Service	412	1,046	153.8	114	214	87.9	313	604	93.3	—	—	—	—	—	—	—	
	3	5	66.7	91	121	33.0	17	27	58.8	—	—	—	—	—	—	—	
Transportation	458	222	-51.5	859	1,286	49.8	255	138	-46.1	—	—	—	—	—	—	—	
	11	16	45.5	—	1	n/a	8	6	-25.0	—	—	—	—	—	—	—	
Real Estate	236	1,569	564.6	5	47	837.0	63	30	-52.4	—	—	—	—	—	—	—	
	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Others	31	—	n/a	1	—	n/a	1	—	n/a	—	—	—	—	—	—	—	
	116	118	1.7	162	171	5.6	145	161	11.0	—	—	—	—	—	—	—	
Subtotal	4,051	4,801	18.5	6,384	5,341	-16.3	1,955	2,270	16.1	—	—	—	—	—	—	—	
	1	—	n/a	—	—	—	6	4	-33.3	—	—	—	—	—	—	—	
Branches	4	5	28	—	83	n/a	172	111	-35.5	—	—	—	—	—	—	—	
	233	206	-11.6	187	179	-4.3	538	607	12.8	—	—	—	—	—	—	—	
Total	10,299	12,072	17.2	7,005	5,948	-15.1	6,910	7,233	4.7	—	—	—	—	—	—	—	
	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	

Source: "Outward and Inward Foreign Direct Investment" by the Ministry of Finance

**Attached Table 2 Outward Direct Investment by Industry (FY 2001-FY 2003)**

(Cases, 100 million yen, %)

Industry	Fiscal Year	2001			2002			2003			
		Cases	Value	Share	Cases	Value	Share	Cases	Value	Share	Changes
Manufacturing	Food	29	1,032	2.6	36	271	0.6	32	484	1.2	78.5
	Textile	24	270	0.7	33	244	0.5	18	201	0.5	-17.4
	Lumber & Pulp	10	916	2.3	16	293	0.7	5	32	0.1	-89.1
	Chemical	59	1,891	4.7	75	2,336	5.2	72	5,368	13.2	129.8
	Metal	60	823	2.0	50	772	1.7	58	1,219	3.0	57.8
	Machinery	60	1,525	3.8	73	1,570	3.5	68	1,081	2.7	-31.1
	Electrical	147	4,836	12.0	118	4,778	10.6	123	5,657	13.9	18.4
	Transport	85	5,433	13.4	147	5,992	13.3	147	3,406	8.3	-43.2
	Others	62	1,064	2.6	93	1,651	3.7	80	915	2.2	-44.6
	Subtotal	536	17,790	44.0	641	17,906	39.9	603	18,363	45.0	2.5
Non-Manufacturing	Farming & Forestry	7	46	0.1	3	9	0.0	9	178	0.4	1,972.1
	Fishery	4	34	0.1	5	68	0.2	5	5	0.0	-93.1
	Mining	9	620	1.5	7	447	1.0	9	2,164	5.3	384.6
	Construction	7	81	0.2	13	147	0.3	14	292	0.7	98.2
	Trade	140	3,379	8.4	128	4,503	10.0	133	4,877	12.0	8.3
	Finance & Insurance	791	13,455	33.3	1,097	15,604	34.7	1,329	8,634	21.2	-44.7
	Service	135	2,018	5.0	117	2,238	5.0	115	2,192	5.4	-2.0
	Transportation	119	1,736	4.3	121	1,832	4.1	163	2,121	5.2	15.7
	Real Estate	31	866	2.1	23	1,766	3.9	25	1,689	4.1	-4.3
	Others	1	33	0.1	2	33	0.1	—	—	—	n/a
Subtotal	1,244	22,268	55.1	1,516	26,647	59.3	1,802	22,153	54.3	-16.9	
Branches	6	355	0.9	7	377	0.8	6	280	0.7	-25.8	
Total	1,786	40,413	100.0	2,164	44,930	100.0	2,411	40,795	100.0	-9.2	

Source: "Outward and Inward Foreign Direct Investment" by the Ministry of Finance

Attached Table 3 Foreign Direct Investment Amount by Region and by Country (FY 2001-FY 2003)

(Number of transactions, 100 million yen, %)

Region or Country	2001											2002											2003										
	(Manufacturing Industries)				(Manufacturing Industries)				(Manufacturing Industries)				(Manufacturing Industries)				(Manufacturing Industries)				(Manufacturing Industries)				(Manufacturing Industries)								
	Number of Transactions	Amount	Share	Year-on-Year Basis	Number of Transactions	Amount	Share	Year-on-Year Basis	Number of Transactions	Amount	Share	Year-on-Year Basis	Number of Transactions	Amount	Share	Year-on-Year Basis	Number of Transactions	Amount	Share	Year-on-Year Basis	Number of Transactions	Amount	Share	Year-on-Year Basis	Number of Transactions	Amount	Share	Year-on-Year Basis					
North America	209	8,196	20.3	△40.6	102	4,330	24.3	△1.7	233	10,299	22.9	25.7	116	6,244	34.9	44.2	206	12,072	29.6	17.2	88	7,266	39.6	16.4									
U.S.A.	207	8,085	20.0	△40.8	100	4,313	24.2	△1.6	224	10,014	22.3	23.9	113	6,004	33.5	39.2	198	11,955	29.3	19.4	84	7,200	39.2	19.9									
Latin America	158	9,654	23.9	65.4	6	1,823	10.2	171.7	187	7,005	15.6	△27.4	25	621	3.5	△65.9	179	5,948	14.6	△15.1	8	523	2.8	△15.7									
Argentina	1	21	0.1	△52.9	—	—	—	—	1	44	0.1	107.6	—	—	—	△100.0	—	103	0.3	133.2	—	20	0.1	n/a									
Brazil	7	1,718	4.3	59.6	3	1,555	8.7	1,894.0	11	495	1.1	△71.2	10	738	2.1	△75.7	10	1,753	4.3	254.1	3	351	1.9	△7.1									
Mexico	4	58	0.1	△74.9	1	28	0.2	△87.7	8	103	0.2	78.3	7	373	0.4	158.3	2	158	0.4	53.8	1	130	0.7	77.8									
Panama	105	1,241	3.1	△15.3	—	—	—	—	107	1,075	2.4	△13.4	2	35	0.2	n/a	136	1,375	3.4	27.9	—	—	—	△100.0									
Cayman Islands	33	6,252	15.5	106.7	—	—	—	—	48	4,919	10.9	△21.3	2	21	0.1	n/a	25	2,399	5.9	△51.2	—	—	—	△55.9									
Asia	511	8,307	20.6	25.1	337	5,356	30.1	31.5	538	6,910	15.4	△16.8	387	4,783	26.7	△10.7	607	7,233	17.7	4.7	442	4,852	26.4	1.4									
NIES	147	2,977	7.4	△1.3	51	1,254	7.0	△4.2	134	2,390	5.3	△19.7	57	1,162	6.5	△7.3	116	1,304	3.2	△45.4	60	552	3.0	△52.5									
Korea	47	704	1.7	△22.0	11	249	1.4	△52.7	44	763	1.7	8.4	25	364	2.0	46.3	39	321	0.8	△57.9	31	203	1.1	△44.4									
Taiwan	31	402	1.0	△28.8	13	233	1.3	△46.8	24	457	1.0	13.8	14	373	2.1	60.3	18	172	0.4	△62.3	11	116	0.6	△68.8									
Hong Kong	38	436	1.1	△58.3	14	82	0.5	△25.0	32	253	0.6	△42.0	10	57	0.3	△30.1	36	447	1.1	76.7	12	65	0.4	13.2									
Singapore	31	1,435	3.6	184.3	13	690	3.9	192.5	34	917	2.0	△36.1	8	367	2.1	△46.8	23	364	0.9	△60.3	6	168	0.9	△54.3									
ASEAN4	156	3,201	7.9	41.4	106	2,265	12.7	31.2	127	1,857	4.1	△42.0	91	1,471	8.2	△35.0	139	2,188	5.4	17.9	100	1,413	7.7	△4.0									
Indonesia	61	785	1.9	69.1	32	323	1.8	△24.6	44	644	1.4	△17.9	27	545	3.0	68.5	47	732	1.8	13.7	33	495	2.7	△9.2									
Thailand	51	1,106	2.7	7.4	41	803	4.5	22.5	52	614	1.4	△44.5	43	535	3.0	△33.4	65	711	1.7	15.7	51	564	3.1	5.5									
Malaysia	18	321	0.8	25.3	13	216	1.2	△4.1	11	98	0.2	△69.6	6	70	0.4	△67.6	6	523	1.3	436.3	2	221	1.2	215.2									
Philippines	26	989	2.4	92.4	20	922	5.2	121.5	20	500	1.1	△49.4	15	321	1.8	△65.2	21	222	0.5	△55.7	14	133	0.7	△58.6									
China	189	1,819	4.5	63.2	167	1,606	9.0	87.7	263	2,152	4.8	18.4	227	1,712	9.6	6.6	332	3,553	8.7	65.0	267	2,773	15.1	62.0									
India	6	181	0.4	△2.1	4	136	0.8	△4.9	7	378	0.8	108.5	6	372	2.1	173.9	7	99	0.2	△73.9	5	59	0.3	△84.3									
Vietnam	9	97	0.2	312.2	6	69	0.4	205.4	6	73	0.2	△24.8	5	44	0.2	△36.2	11	79	0.2	7.3	10	56	0.3	26.7									
Middle and Near East	3	25	0.1	21.7	1	8	0.0	44.9	3	45	0.1	80.3	—	—	—	△100.0	2	20	0.0	△57.1	—	—	—	—									
Europe	861	13,263	32.8	△51.0	81	5,997	33.7	67.5	1,167	18,807	41.9	41.8	100	6,025	33.6	0.5	1,370	14,268	35.0	△24.1	50	5,380	29.3	△10.7									
France	12	386	1.0	5.7	10	270	1.5	8.7	17	4,356	9.7	1,027.3	13	2,719	15.2	907.5	16	1,765	4.3	△59.5	9	268	1.5	△90.1									
Germany	33	528	1.3	49.4	8	320	1.8	41.7	30	465	1.0	△11.9	10	281	1.6	△12.2	30	784	1.9	68.6	6	366	2.0	30.1									
Italy	6	31	0.1	△51.8	4	18	0.1	△67.6	7	249	0.6	707.2	7	249	1.4	1,253.4	3	152	0.4	△38.9	2	147	0.8	△40.9									
Netherlands	630	5,657	14.0	85.2	7	2,736	15.4	843.9	887	4,016	8.9	△29.0	3	292	1.6	△89.3	1,162	7,764	19.0	93.3	—	3,261	17.8	1,018.0									
Spain	9	53	0.1	44.5	3	34	0.2	3.7	1	141	0.3	167.5	1	37	0.2	8.9	5	144	0.4	2.1	1	51	0.3	38.6									
U.K.	49	4,966	12.3	△76.6	18	1,692	9.5	53.4	31	5,378	12.0	8.3	14	830	4.6	△50.9	25	2,018	4.9	△62.5	6	224	1.2	△73.0									
Czech Republic	10	105	0.3	83.6	10	105	0.6	83.6	14	166	0.4	58.4	13	160	0.9	52.9	9	185	0.5	111.2	8	171	0.9	6.5									
Hungary	4	47	0.1	△81.7	3	46	0.3	△82.1	7	58	0.1	23.0	6	56	0.3	21.0	6	129	0.3	122.1	5	115	0.6	105.4									
Poland	2	17	0.0	△42.0	1	13	0.1	△35.1	4	20	0.0	15.9	4	20	0.1	48.2	5	208	0.5	956.2	3	198	1.1	904.4									
Russia	2	4	0.0	92.2	1	3	0.0	n/a	2	27	0.1	516.4	1	2	0.0	△37.6	3	8	0.0	△70.2	—	—	—	△100.0									
Africa	16	273	0.7	337.9	3	85	0.5	532.2	13	237	0.5	△13.3	7	134	0.7	56.9	7	119	0.3	△49.9	1	78	0.4	△42.0									
Oceania	28	694	1.7	△10.7	6	191	1.1	△15.5	23	1,628	3.6	134.6	6	99	0.6	△48.4	40	1,137	2.8	△30.1	14	264	1.4	167.4									
Total	1,786	40,413	100.0	△25.4	536	17,790	100.0	37.1	2,164	44,930	100.0	11.2	641	17,906	100.0	0.7	2,411	40,795	100.0	△9.2	603	18,363	100.0	2.5									

Source: JBIC compiled the data from "Outward and Inward Foreign Direct Investment" produced by the Ministry of Finance.

**Attached Table 4 Outward Direct Investment by Country & Region (FY 2001-FY 2003)**

(Cases, 100 million yen, %)

Industry	Fiscal Year	2001			2002			2003			
		Cases	Value	Share	Cases	Value	Share	Cases	Value	Share	Changes
U.S.A.		207	8,085	20.0	224	10,014	22.3	198	11,955	29.3	19.4
Canada		2	111	0.3	9	285	0.6	8	117	0.3	-59.1
North America		209	8,196	20.3	233	10,299	22.9	206	12,072	29.6	17.2
Cayman Islands		33	6,252	15.5	48	4,919	10.9	25	2,399	5.9	-51.2
Brazil		7	1,718	4.3	11	495	1.1	10	1,753	4.3	254.1
Panama		105	1,241	3.1	107	1,075	2.4	136	1,375	3.4	27.9
Mexico		4	58	0.1	8	103	0.2	2	158	0.4	53.8
Argentina		1	21	0.1	1	44	0.1	—	103	0.3	133.2
Bermuda		4	281	0.7	1	87	0.2	1	86	0.2	-1.4
Bahamas		1	5	0.0	2	107	0.2	1	47	0.1	-55.7
British Virgin Islands		—	—	—	7	128	0.3	3	12	0.0	-90.5
Barbados		—	—	—	—	—	—	1	11	0.0	n/a
Chile		2	65	0.2	2	7	0.0	—	4	0.0	-41.5
Paraguay		—	—	—	—	25	0.1	—	—	—	n/a
Colombia		—	—	—	—	11	0.0	—	—	—	n/a
Others		1	13	0.0	—	4	0.0	—	—	—	n/a
Latin America		158	9,654	23.9	187	7,005	15.6	179	5,948	14.6	-15.1
China		189	1,819	4.5	263	2,152	4.8	332	3,553	8.7	65.0
Indonesia		61	785	1.9	44	644	1.4	47	732	1.8	13.7
Thailand		51	1,106	2.7	52	614	1.4	65	711	1.7	15.7
Malaysia		18	321	0.8	11	98	0.2	6	523	1.3	436.3
Hong Kong		38	436	1.1	32	253	0.6	36	447	1.1	76.7
Singapore		31	1,435	3.6	34	917	2.0	23	364	0.9	-60.3
Korea		47	704	1.7	44	763	1.7	39	321	0.8	-57.9
Philippines		26	989	2.4	20	500	1.1	21	222	0.5	-55.7
Taiwan		31	402	1.0	24	457	1.0	18	172	0.4	-62.3
India		6	181	0.4	7	378	0.8	7	99	0.2	-73.9
Vietnam		9	97	0.2	6	73	0.2	11	79	0.2	7.3
Mongolia		—	—	—	—	—	—	2	11	0.0	n/a
Sri Lanka		1	16	0.0	—	29	0.1	—	—	—	n/a
Macau		2	11	0.0	1	22	0.0	—	—	—	n/a
Others		1	6	0.0	—	9	0.0	—	—	—	n/a
Asia		511	8,307	20.6	538	6,910	15.4	607	7,233	17.7	4.7
Saudi Arabia		—	—	—	—	—	—	1	18	0.0	n/a
UAE		1	10	0.0	2	37	0.1	1	2	0.0	-94.7
Bahrain		—	—	—	—	7	0.0	—	—	—	n/a
Israel		2	15	0.0	1	2	0.0	—	—	—	n/a
Middle and Near East		3	25	0.1	3	45	0.1	2	20	0.0	-57.1
Netherlands		630	5,657	14.0	887	4,016	8.9	1,162	7,764	19.0	93.3
U.K.		49	4,966	12.3	31	5,378	12.0	25	2,018	4.9	-62.5
France		12	386	1.0	17	4,356	9.7	16	1,765	4.3	-59.5
Germany		33	528	1.3	30	465	1.0	30	784	1.9	68.6
Belgium		10	645	1.6	8	1,888	4.2	6	500	1.2	-73.5
Luxembourg		81	200	0.5	118	330	0.7	83	215	0.5	-34.8
Poland		2	17	0.0	4	20	0.0	5	208	0.5	956.2
Czech Republic		10	105	0.3	14	166	0.4	9	185	0.5	11.2
Italy		6	31	0.1	7	249	0.6	3	152	0.4	-38.9
Spain		9	53	0.1	1	141	0.3	5	144	0.4	2.1
Hungary		4	47	0.1	7	58	0.1	6	129	0.3	122.1
Sweden		1	2	0.0	5	18	0.0	3	114	0.3	550.6
Switzerland		3	83	0.2	8	136	0.3	4	83	0.2	-39.1
Ireland		1	154	0.4	15	1,429	3.2	1	62	0.2	-95.7
Austria		—	35	0.1	—	1	0.0	—	48	0.1	3,361.4
Finland		4	175	0.4	7	49	0.1	2	34	0.1	-29.6
Norway		—	4	0.0	—	—	—	1	17	0.0	n/a
Ukraine		—	—	—	—	—	—	2	16	0.0	n/a
Turkey		—	143	0.4	2	29	0.1	1	9	0.0	-71.1
Russia		2	4	0.0	2	27	0.1	3	8	0.0	-70.2
Others		4	28	0.1	4	50	0.1	3	13	0.0	-74.3
Europe		861	13,263	32.8	1,167	18,807	41.9	1,370	14,268	35.0	-24.1
South African Republic		2	83	0.2	5	129	0.3	1	79	0.2	-39.1
Liberia		12	180	0.4	6	103	0.2	3	27	0.1	-73.4
Morocco		—	—	—	—	—	—	1	11	0.0	n/a
Others		2	9	0.0	2	5	0.0	2	2	0.0	-63.9
Africa		16	273	0.7	13	237	0.5	7	119	0.3	-49.9
Australia		24	652	1.6	19	1,552	3.5	34	1,048	2.6	-32.4
Northern Mariana Islands		—	—	—	1	66	0.1	—	60	0.1	-9.2
Vanuatu		—	—	—	—	—	—	1	15	0.0	n/a
New Zealand		4	37	0.1	3	9	0.0	2	8	0.0	-7.2
Others		—	5	0.0	—	1	0.0	3	6	0.0	360.5
Oceania		28	694	1.7	23	1,628	3.6	40	1,137	2.8	-30.1
Grand Total		1,786	40,413	100.0	2,164	44,930	100.0	2,411	40,795	100.0	-9.2

Source: "Outward and Inward Foreign Direct Investment" by the Ministry of Finance

**Attached Table 5 Ten Major Investment Destination Countries (Amount Base, FY 2003)**

(0.1 billion yen)

Ranking	1	2	3	4	5	6	7	8	9	10	
Country	U.S.A.	Netherlands	China	Cayman Islands	U.K.	France	Brazil	Panama	Australia	Germany	
Manufacturing	Foods	75	—	138	—	—	81	6	—	32	—
	Textiles	6	—	114	—	2	29	3	—	—	—
	Lumber & Pulp	—	—	6	—	—	—	—	—	—	5
	Chemicals	3,652	664	280	—	54	96	17	—	15	133
	Metal	615	—	177	—	2	—	115	—	187	—
	Machinery	301	69	399	—	4	21	—	—	—	33
	Electrical	1,767	2,483	497	9	34	12	99	—	—	180
	Transport Machinery	516	44	958	—	66	28	111	—	23	14
	Others	268	—	204	—	62	—	—	—	2	—
	Subtotal	7,200	3,261	2,773	9	224	268	351	—	258	366
Non-Manufacturing	Farming & Forestry	—	—	—	—	—	21	—	—	39	—
	Fishery	—	—	—	—	—	—	—	—	0	—
	Mining	25	517	—	147	—	—	1,005	—	408	—
	Construction	50	—	162	—	—	—	—	—	11	—
	Trade	807	118	249	—	623	1,466	277	35	30	337
	Finance & Insurance	1,056	3,820	175	2,192	738	—	41	54	64	20
	Service	1,021	11	82	—	43	10	—	110	116	55
	Transportation	222	37	23	4	390	—	78	1,177	—	7
	Real Estate	1,569	—	15	47	—	—	—	—	43	—
	Others	—	—	—	—	—	—	—	—	—	—
Subtotal	4,751	4,503	706	2,390	1,794	1,497	1,401	1,375	712	418	
Branches	5	—	74	—	—	—	—	—	79	—	
Total	11,955	7,764	3,553	2,399	2,018	1,765	1,753	1,375	1,048	784	

Source: JBIC compiled the data from "Outward and Inward Foreign Direct Investment" produced by the Ministry of Finance.