

Overseas Production Ratio

Japan's direct overseas investment in the 1960s was mainly aimed at establishing sales outlets or securing resources. Since the 1970s, such investment has been mostly for manufacturing products.

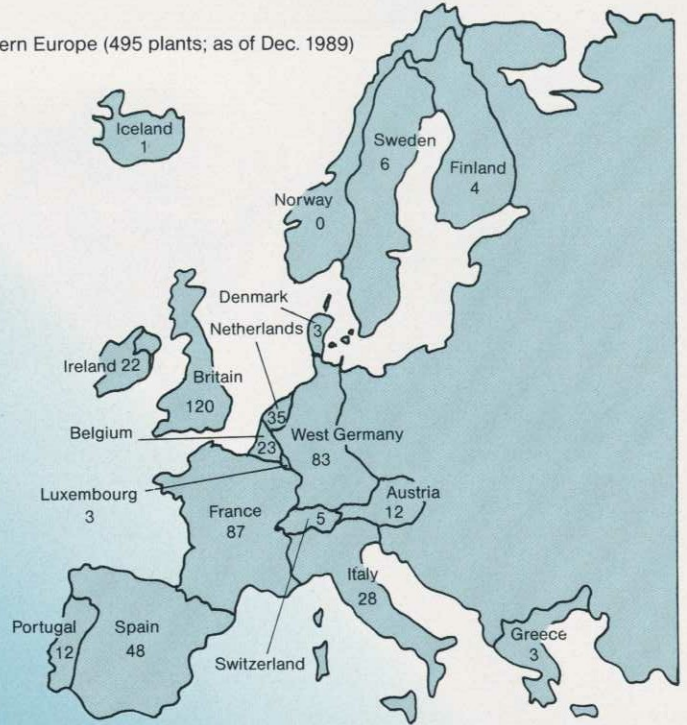
Investment in the West was designed to build plants for producing consumer goods mainly to ease trade frictions, while that in Asia was motivated by labor shortages or soaring wages in Japan.

The ratio of overseas production by Japanese companies has been steadily increasing and reached an estimated 4.8% in fiscal 1988. The uptrend is expected to continue and a projection by the Industrial Structure Council of the Ministry of International Trade and Industry put the fiscal 1995 ratio at 8%.

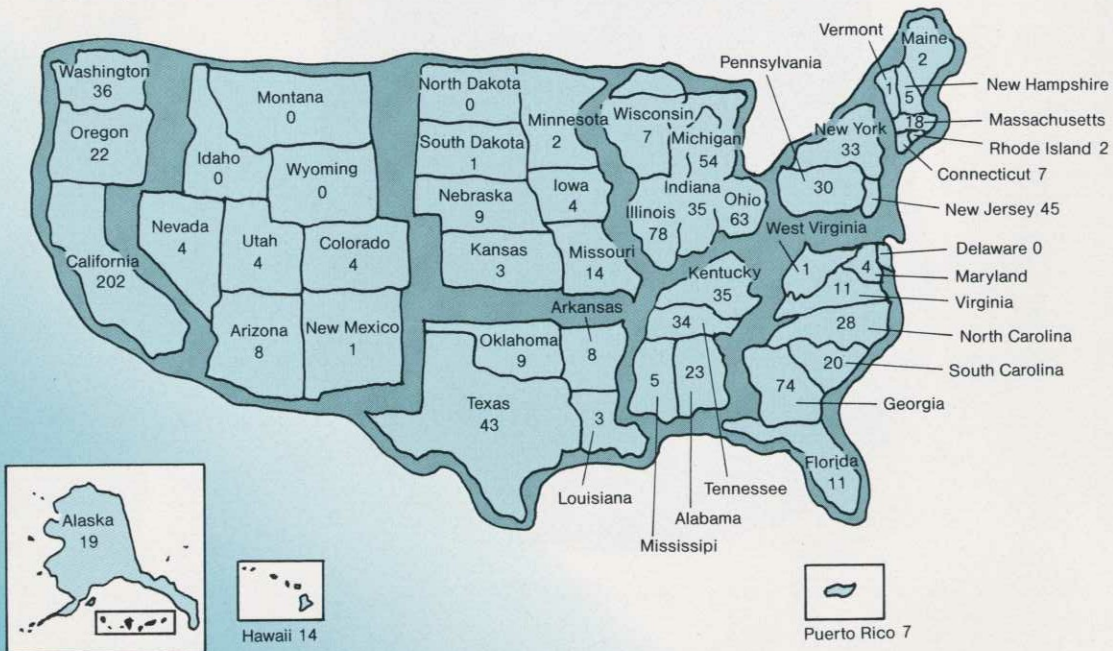
As shown in the charts, there were 1,043 Japanese-owned plants already operating or in the planning stage as of September 1989 in the United States and 495 as of December 1989 in Western Europe.

Overseas Production Bases of Japanese Manufacturing Companies

Western Europe (495 plants; as of Dec. 1989)



U.S. (1,043 plants; as of Sept. 1989)



Note: Figures denote number of companies which are owned 10% or more by Japanese companies.
 Source: Japan External Trade Organization