

Japan's Overseas Business Still Expanding

Amid growing trade friction with Japan, the United States seems no longer open-handedly willing to welcome investment from Japan or Japanese companies' expansion into the U.S.

Yet the global business slowdown, fund shortages and increasing unemployment have kept intact the thirst for Japanese investment and Japanese companies' expansion almost everywhere else in the world. For their part, Japanese companies, particularly manufacturing companies, have remained intent on investing and expanding abroad, due mainly to domestic labor shortages and soaring wages.

A survey on Japanese companies' overseas operations, released by the Ministry of International Trade and Industry last December, testified to this situation. The survey showed that Japanese manufacturing companies registered overseas as of the end of March 1991 totaled 3,408, of which 1,088 or fully 32% were registered in 1988 or after. More than a third of those operating in North America, Asia and Europe were registered during the last three years. Those expanding into these three regions accounted for 95.5% of the all Japanese companies expanding overseas during this period (Fig. 1).

Japanese companies' operations overseas have contributed greatly to the creation of jobs locally. The number of workers employed by Japanese companies overseas at the end of March 1991 totaled 1,550,000. Exports to Japan by these companies are steadily on the rise (Fig. 2).

The local content ratio of Japanese manufacturing companies overseas has remained as high as in companies of other industries such as chemicals or general machinery (Fig. 3).



Fig. 1 Number of Japanese Manufacturing Companies Overseas

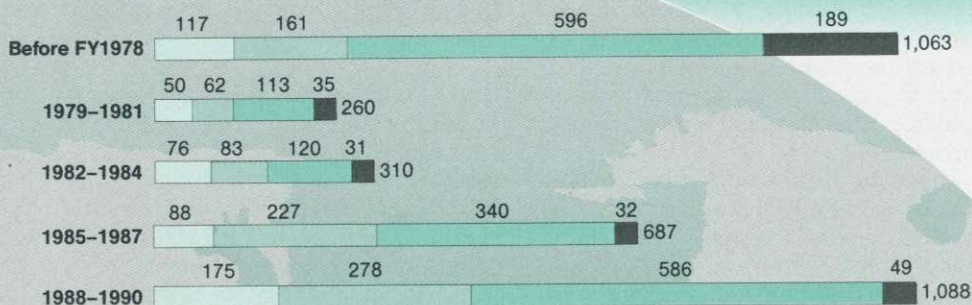


Fig. 2 Exports to Japan by Japanese Manufacturing Companies Overseas

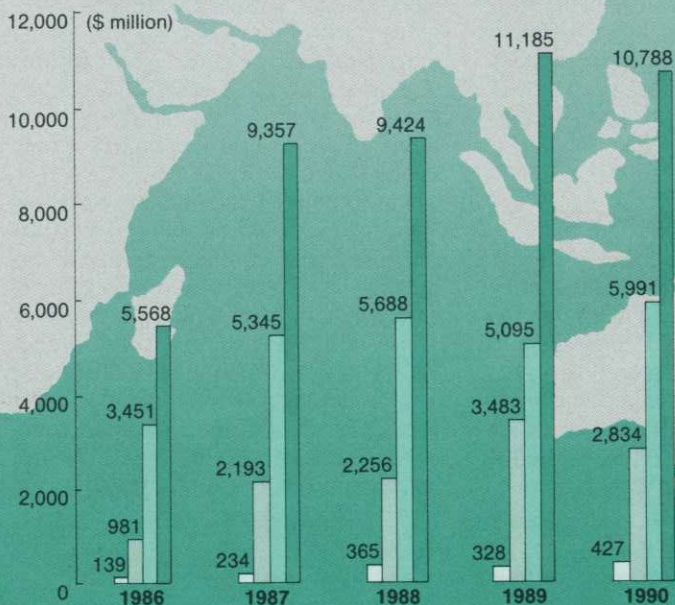


Fig. 3 Local Content Ratio of Overseas Japanese Companies

