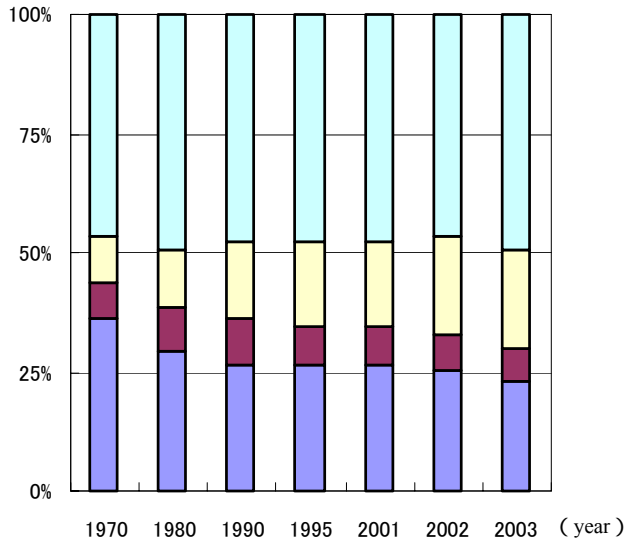


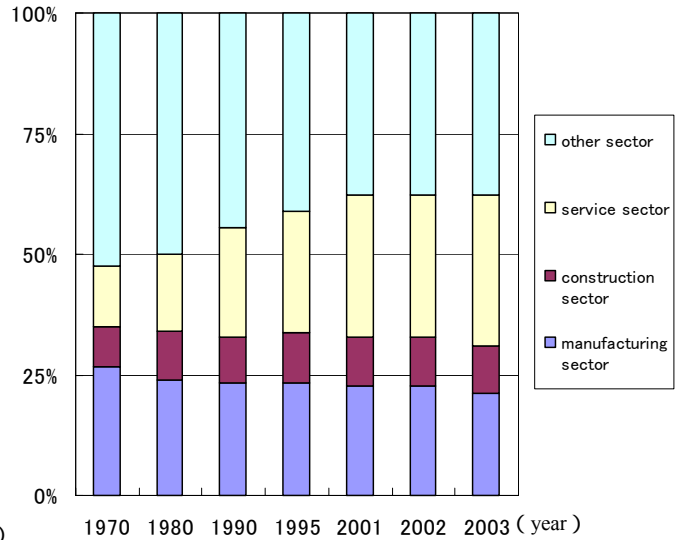
GDP (by industry)

GDP and Employment data shows that the share of the service sector has increased in recent years. The share of manufacturing and construction sector has decreased in term of GDP, and been flat in term of employment number.

GDP (by industry)



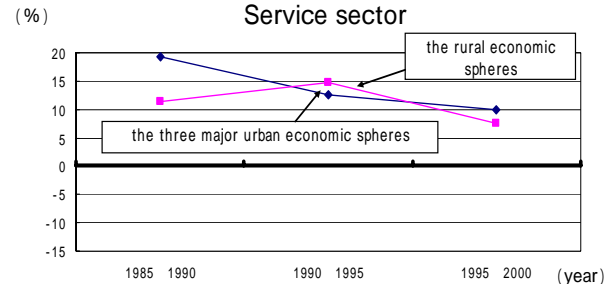
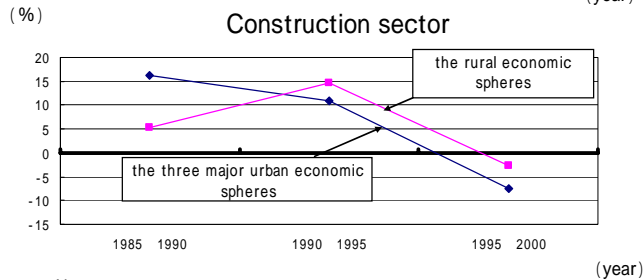
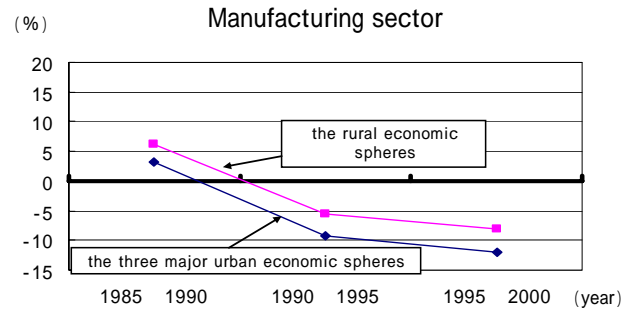
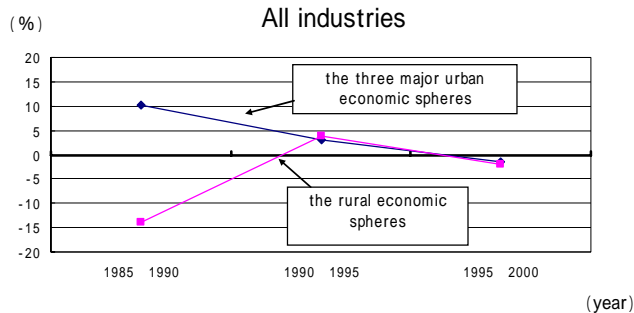
Employment (by industry)



Employment growth rate (by industry)

The number of employed persons throughout all industries has continued to decline since 1995 in both the rural and the three metropolitan areas. In particular, the number of persons employed by the manufacturing sector in both the rural and the three metropolitan areas has been decreasing since 1990s and the number of persons employed by the construction sector in both the rural and the three metropolitan areas has been decreasing since 1995. In contrast, although its growth has been dulled recently, the service sector has continued to hire since 1995 in both the rural and the three metropolitan areas.

Number of employed persons in both the rural and the three metropolitan areas



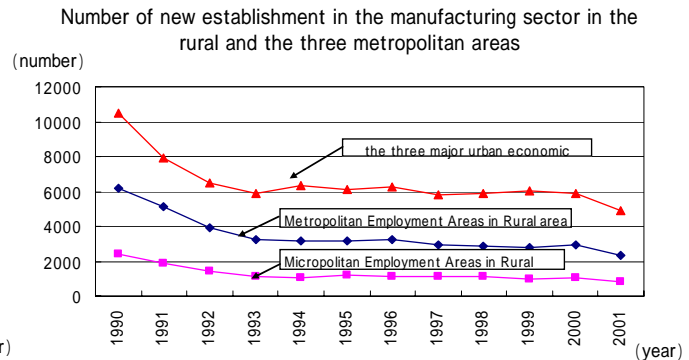
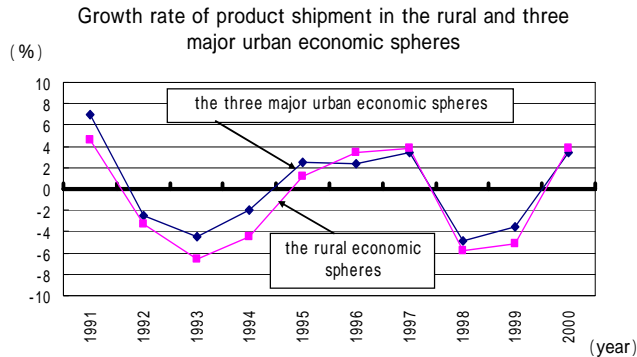
Note:

The term three major urban economic spheres refers to the Tokyo (Saitama Prefecture, Chiba Prefecture, Tokyo Metropolis, and Kanagawa Prefecture), Nagoya (Gifu Prefecture, Aichi Prefecture, and Mie Prefecture), and the Kansai (Kyoto Prefecture, Osaka Prefecture, Hyogo Prefecture, and Nara Prefecture).

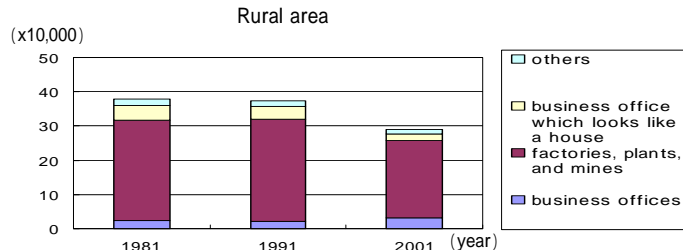
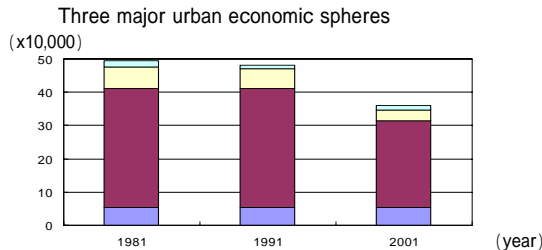
The term rural refers to any prefecture outside the three metropolitan areas.

Growth rate of product shipment and number of establishments for manufacturing sector

Product shipment data shows that both the rural and three major urban economic spheres indicate the same trend. Number of business offices in the manufacturing sector indicates that the number has declined in the three metropolitan areas and other urban employment areas. When it comes to the number of business offices by type of facility, the number of “factories, plants, and mines” has declined sharply in the rural and three metropolitan and rural areas since 1990s.



Number of establishment in the manufacturing sector by type of facility



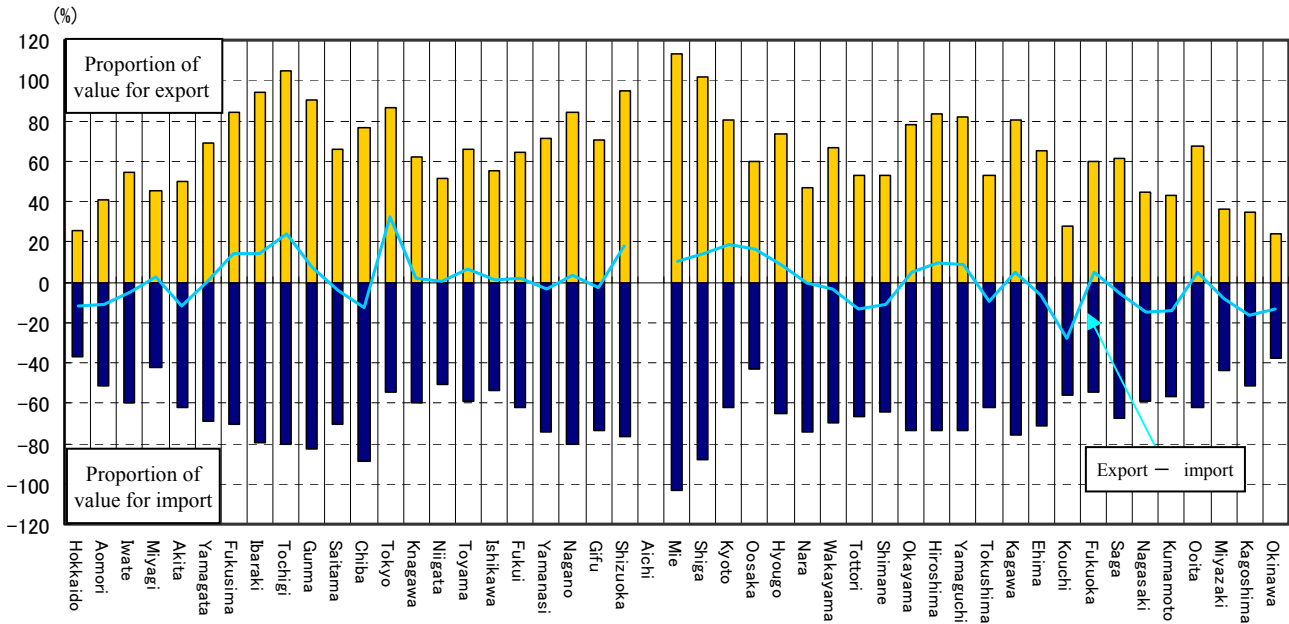
Note:

The term “urban employment area” is based in the definition of Kanemoto and Tokuoka’s “Metropolitan Area Definitions in Japan”. For this study, the term “Metropolitan Employment Areas” defines the DID population of the core is at least 50,000. The term “Micropolitan Employment Areas” defines the DID population of the core is at least 10,000 and less than 50,000.

Proportion of value for import and export to for gross product by prefecture.

With the exception of Chiba and Saitama, net exports of the three metropolitan areas are positive, especially in Tokyo. Net export of the rural area is negative, which implies dependence on other region's product and service.

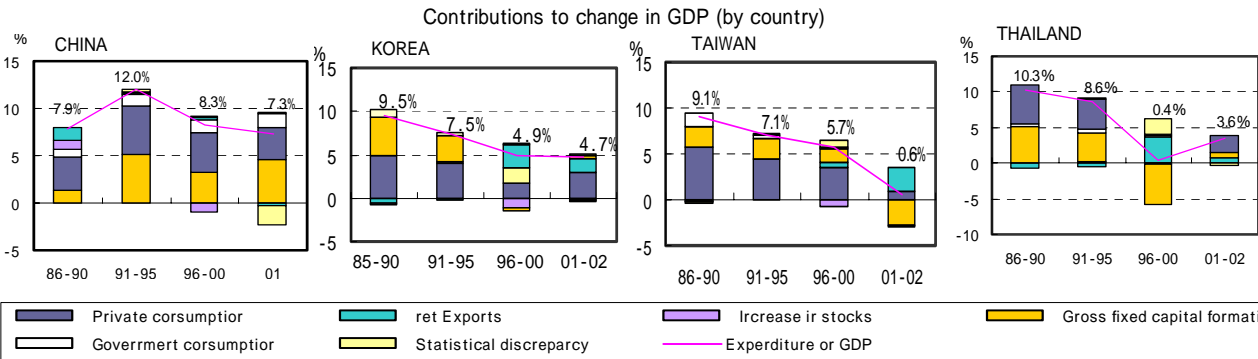
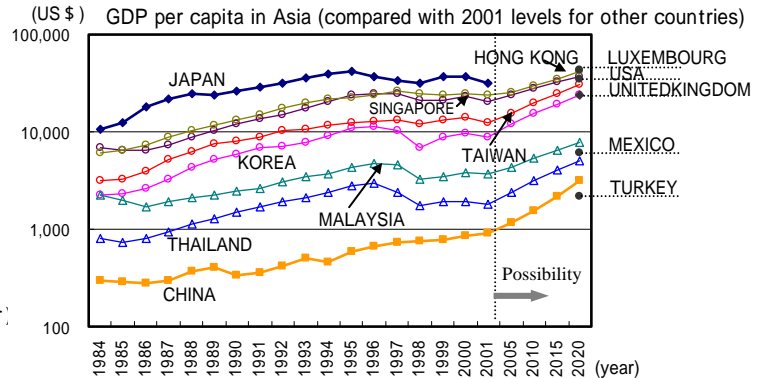
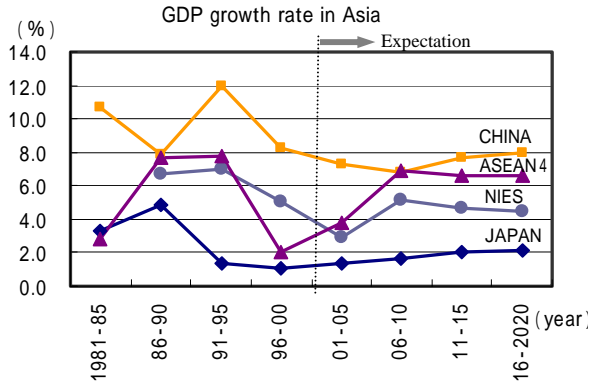
Proportion of value for import and export to for gross product by prefecture (2002)



(Note) The data of Aichi Prefecture is not open to the public.

Growth rate of Asian countries.

After overcoming the economic crisis of 1997, Asian countries continued to expand, with China leading the way in investment, Korea and Taiwan in consumption, and Thailand in export. It is expected that a relatively high level of economic growth will continue until the year 2020. China, in particular, continues to be an attractive consumer market that is likely to exhibit 7 to 8 percent growth, and to achieve GDP per capita approaching the present level of Turkey by 2020.



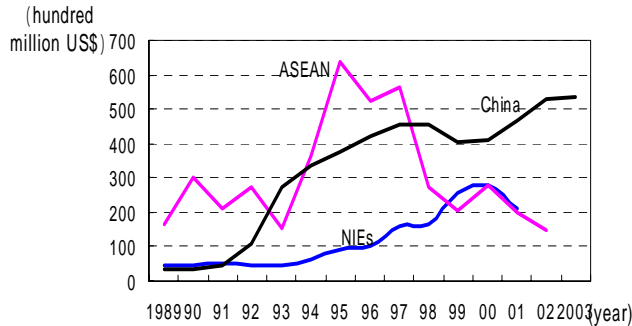
Note:

- GDP growth rate for the NIES and the ASEAN4 were calculated using an exchange rate for the US dollar in the year 2000. (NIES: Korea, Hong Kong, Taiwan, and Singapore; ASEAN4: Indonesia, Malaysia, the Philippines, and Thailand) Predictions are from the Japan Center for Economic Research (except for the years 2001 to 2004) and "Asian Development Outlook 2003" (Asian Development Bank).
- Predictions for GDP per capita are compiled on US dollar figures for GDP and United Nations predictions of population growth.

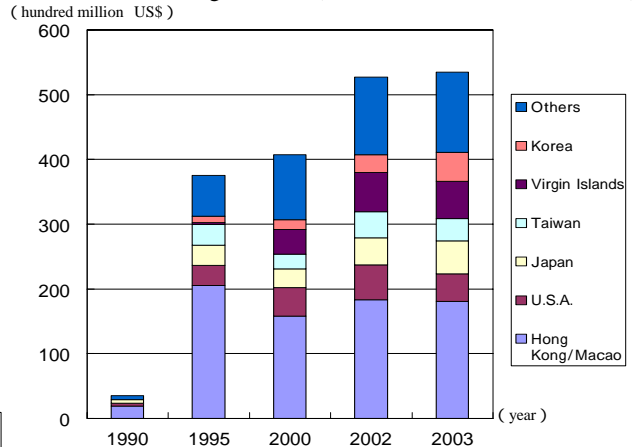
Amount of direct inward investment in Asian countries

Since the end of the 1990s, direct inward investment in China has outstripped that of other Asian countries, with leading investment coming from Hong Kong/Macao, United States, Japan, Taiwan, and the Virgin Islands.

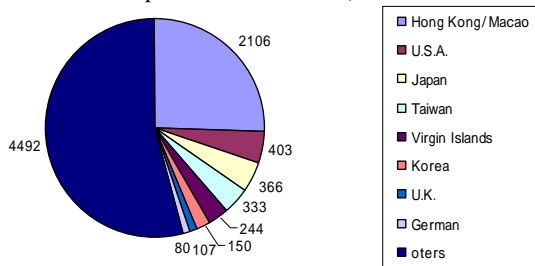
Amount of direct inward investment in Asian countries



Countries investing in China (accumulated from 1979 to 2002)



Major countries investing in China (based on actual implementation '79-'02)



Note:

1. Figures for China given on actual implementation basis. Figures for other countries and regions given on the basis of approved basis.
2. All figures in all denominations have been converted to US\$.
3. Figures for Hong Kong/Macao and China shown separately

Amount of Japanese direct outward investment to Asian countries

Although Japanese direct outward investment to Asia has declined since 1998, investment to China has been increasing. The number of M&A with Japanese-affiliated or Chinese company has also increased rapidly for entering the Chinese market. In recent years, we also begin to see cases where Asian companies acquire or invest in Japanese businesses.

Figure1: Japanese direct outward investment to Asia

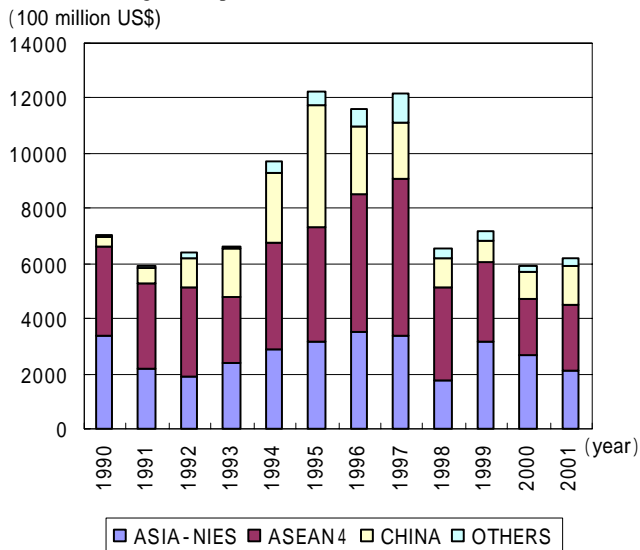


Figure2: Mergers and acquisitions by Japanese businesses in China and Korea

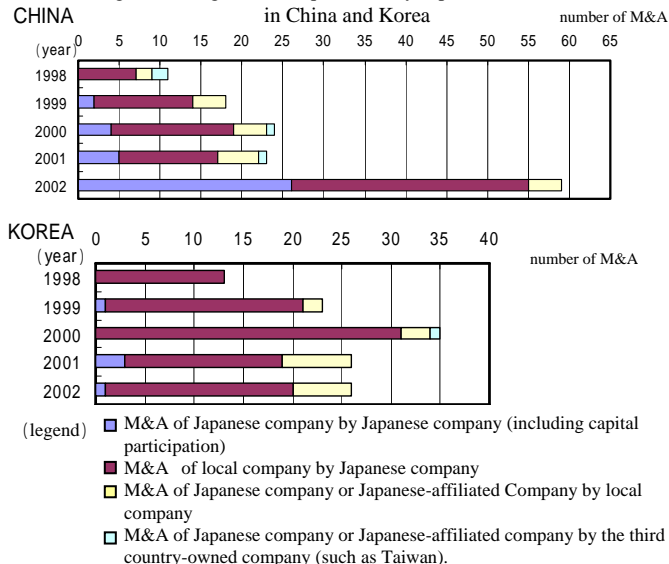


Figure3: M&A activity of Japanese company by sector in China (2002)

company to purchase(55companies)		company to be purchased (30companies)	
(Five higher types of industry)	(Rate%)	(Five higher types of industry)	(Rate%)
Machine	10.3	Electrical machinery	16.7
general trading	8.8	Machine	10.0
Fiber	7.4	Iron and steel	10.0
Electrical machinery	7.4	Food	10.0
Carrier device	7.4	general trading	10.0

Note:

Figure1: Since 1996 official data have been released by yen base, which is converted to dollars using the midterm average Interbank rate from the Bank of Japan.

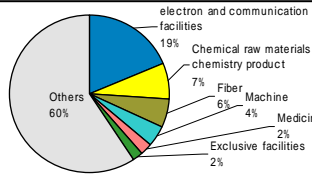
Figure2: Both items (a) and (b) indicate direct investment by Japanese companies seeking to enter the local market.

International Trade in Asian countries

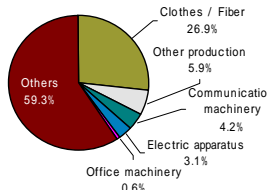
Throughout Asia, increased direct inward investment has led to increases in imports and export as well. In China, increased direct inward investment in electronics and telecommunications facilities has led to an increased proportion of imports and exports of those products. In Korea, increased direct inward investment in electric and electronics as well as in transportation equipment has resulted in increased exports of electrical appliances and automobiles.

China

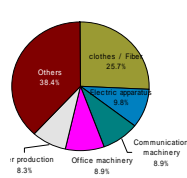
Breakdown of accumulated direct inward investment in the manufacturing sector for 1999 to 2002



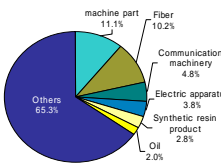
export · 1990



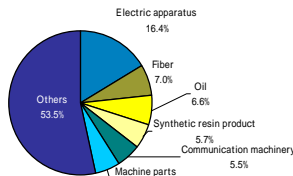
export · 2001



import · 1990

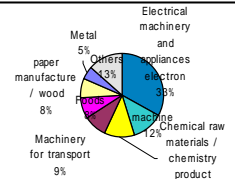


import · 2001

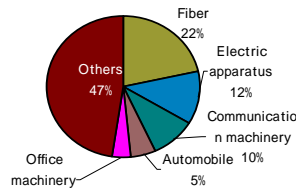


Korea

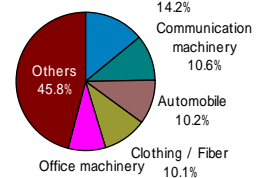
Breakdown of accumulated direct inward investment in the manufacturing sector for 1996 to 2002



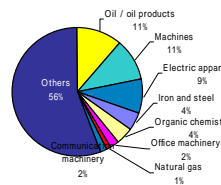
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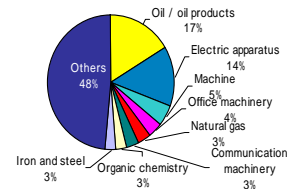
export · 2001



import · 1990



import · 2001



Note:

Breakdown by industrial sector was not disclosed in China for 1998. Figures shown for China are accumulated direct inward investment from 1999 to 2002.