

## Preface

From January 2005 to the first half of 2006, Japan's machine and information industries were driven by favorable performance in the automobile and auto parts sectors, and manufacturers in the machine tool and other industrial machinery sectors reported favorable financial results. Aggressive, large-scale capital investments in the Japanese industries indicated that the nation's manufacturing sector made further progress toward recovery. Additionally, companies that took aggressive measures to expand their sales and manufacturing operations overseas also reported favorable performance. At the same time, however, a series of accidents attributed to Japanese-made products dealt a serious blow to the reputation of the nation's manufacturing sector, which has always prided itself on its seemingly infallible safety record. Consequently, CSR efforts became increasingly important from a manufacturer perspective.

This year's edition of "The Machine Industry in Japan 2006" reports on trends in the nation's machine industry and is based on this theme: "Major advances in manufacturing based on strategic globalization of production and sales operations." In the interest of providing the most detailed coverage possible of the machine industry, this report discusses trends in supply and demand, imports and exports, business conditions, and industry trends in the following industrial sectors. Industrial machinery: machine tools, construction equipment, device (semiconductor and FPD panel) manufacturing equipment, agricultural machinery. Electrical machinery: household electrical machinery, household electronics (including cameras), medical electronics. Transport equipment: automobiles, auto parts, aircraft. Precision instruments: electrical measuring instruments, industrial measuring instruments, analytical instruments, and electrical controllers. Machine elements: bearings.

We would like to express our gratitude to all the corporations and organizations that contributed to the compilation of this report.

We hope that this report will be of assistance in some way to those involved in research and industrial policies relating to the machine and information industries in Japan.

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