Overview

1. Business Outlook

(1) Approximately 65% of the Japanese-affiliated companies in both the manufacturing and non-manufacturing industries expect to post an operating profit for 2008

In regards to estimated operating balance in 2008, 65.2% of the Japanese-affiliated companies in the manufacturing industry operating in the ASEAN, Southwest Asia and Oceania regions replied that they expected to post an operating profit (Diagram 1-1).

Among the manufacturers in the ASEAN region, 67.1% expected to post a profit. Compared to the previous survey (November 2007), the percentage of manufacturers expecting a positive result dropped by a substantial 29.6 points in Vietnam and 18.1 points in Singapore, while manufacturers predicting an operating profit increased, albeit marginally, in Indonesia and Thailand, by 4.4 points and 3.2 points, respectively.

The percentage of manufacturing companies in Southwest Asia expecting to post an operating profit stood at 53.3%, lower than that of the ASEAN and Oceania regions. The percentage of manufacturers expecting an operating profit in Bangladesh was particularly low at only 38.9%. In India, the percentage dropped by 20.6 points.

The percentage expecting an operating profit in Oceania was comparable to that of the ASEAN region at 62.0%.

(Unit %)

					(81111 /8)
			Surplus	Balance	Deficit
Total		(n=935)	65.2	17.5	17.2
ASEAN Total		(n=780)	67.1	16.4	16.5
	Indonesia	(n=110)	76.4	11.8	11.8
	Malaysia	(n=108)	62.0	22.2	15.7
	Myanmar	(n=6)	33.3	16.7	50.0
	Philippines	(n=115)	53.9	27.0	19.1
	Singapore	(n=47)	70.2	14.9	14.9
	Thailand	(n=313)	75.4	12.1	12.5
	Vietnam	(n=81)	48.2	17.3	34.6
Southwest Asia	Total	(n=105)	53.3	24.8	21.9
	Bangladesh	(n=18)	38.9	38.9	22.2
	India	(n=60)	60.0	15.0	25.0
	Pakistan	(n=12)	50.0	50.0	-
	Sri Lanka	(n=15)	46.7	26.7	26.7
Oceania Total		(n=50)	62.0	20.0	18.0
	Australia	(n=34)	61.8	17.7	20.6
	New Zealand	(n=16)	62.5	25.0	12.5

Diagram1-1: Estimated operating profit for 2008 (January to December) (manufacturing industry)

(Note 1) Each question was tabulated using the number of valid responses (n) as parameters.

(Note 2) Since the figures are rounded off, the percentages do not necessarily add up to 100.

The percentage of Japanese-affiliated companies in the non-manufacturing industry as a whole expecting an operating profit was 66.2% (Diagram 1-2).

Among the non-manufacturing companies in the ASEAN region, 67.5% replied that they expected to post an

operating profit. Non-manufacturing companies in Singapore represented the highest percentage at 76.4%. Compared to the previous survey, the percentage in Vietnam and Thailand increased by 16.5 points and 9.9 points, respectively, while that of Indonesia decreased by 12.3 points.

The percentage of non-manufacturing companies in Southwest Asia expecting to post an operating profit, 45.4%, was lower than that in the ASEAN and Oceania regions. The percentage in India expecting an operating profit was 42.1%, which represented a decrease of 26.3 points compared to the previous survey.

The percentage expecting to post an operating profit in Oceania was 74.5%, which was higher than that in the ASEAN nations and Southwest Asia. In particular, the percentage in Australia reached 77.9%, the highest among the 13 nations covered by this survey. Among the companies that replied that they expected an operating profit, the "Mining" industry scored an overwhelming 92.9%, indicating the presence of a resources boom.

In terms of the breakdown of operating profit in the non-manufacturing industry, respondents selected the level of operating profit they earn in the local market, Japan, ASEAN and other markets. They then stated the intermediate value of each range and the average operating profit rate was calculated, after which each percentage was weighted, in order that they would total 100%.

In the non-manufacturing industry as a whole, the "Local market" had a substantial share, accounting for 56.1% of operating profit (Diagram 1-3). In the ASEAN region overall, 63.4% of companies replied that the local market had the largest share of their operating profit, while in Indonesia, Malaysia and Thailand, the local markets had a particularly high share at 81.9%, 76.2%, and 73.5%, respectively. A relatively large percentage of companies in Southwest Asia and Oceania also replied that local markets had the most substantial share, at 55.2% and 59.2%, respectively.

					(Unit: %)
			Surplus	Balance	Deficit
Total		(n=884)	66.2	19.8	14.0
ASEAN Total	_	(n=557)	67.5	19.2	13.3
	Indonesia	(n=54)	55.6	38.9	5.6
	Malaysia	(n=72)	69.4	22.2	8.3
	Myanmar	(n=14)	42.9	14.3	42.9
	Philippines	(n=57)	59.7	17.5	22.8
	Singapore	(n=140)	76.4	20.0	3.6
	Thailand	(n=174)	73.6	12.6	13.8
	Vietnam	(n=46)	45.7	17.4	37.0
Southwest Asia T	otal	(n=119)	45.4	25.2	29.4
	Bangladesh	(n=15)	66.7	26.7	6.7
	India	(n=76)	42.1	22.4	35.5
	Pakistan	(n=14)	50.0	35.7	14.3
	Sri Lanka	(n=14)	35.7	28.6	35.7
Oceania Total		(n=208)	74.5	18.3	7.2
	Australia	(n=163)	77.9	17.2	4.9
	New Zealand	(n=45)	62.2	22.2	15.6

	Diagram1-2: Estimated	operating profit for	2008 (January to I	December) (non-manufae	cturing industry)
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Note 1: Each question was tabulated using the number of valid responses (n) to each question as a parameter.

Note 2: Since the figures are rounded off, the percentages do not necessarily add up to 100.



Diagram 1-3: Breakdown of operating profit (average, non-manufacturing industry)

(2) Estimated operating profit for 2008, in terms of DI values, declined across the board compared to the previous survey (manufacturing industry)

The percentage of companies in the manufacturing industry that replied that their estimated operating profit for 2008 would "Improve" (41.2%) exceeded the percentage that replied that it would "Worsen" (33.7%) (Diagram 2). As for the reason for such improvement, an "Increase in local market sales" (48.0%) was cited by the largest number of companies (Diagram 3).

On the other hand, an "Increase in procurement costs" (67.4%) was cited the most as a reason for decline, followed by an "Increase in fuel costs and utilities (electricity, gas, etc.)" (49.0%) (Diagram 4).

The estimated operating profit for 2008, in terms of the Diffusion Index (DI), which is derived by subtracting the percentage of companies that replied "Worsen" from the percentage that replied "Improve," was 7.6 points for the manufacturing industry as a whole (Diagram 5).

The DI for the ASEAN region came out to 10.4 points. When compared to the results of the previous survey (November 2007), excluding Myanmar, which has only been included in the survey from 2008, the DI declined across the board, with the exception of Indonesia. In particular, substantial declines in the DI were recorded for Singapore and Malaysia, with decreases of 39.5 points and 32.4 points, respectively.

The DI for Southwest Asia turned negative by 9.7 points. India's DI fell to -11.7 points, which marked the first time India has recorded a decline since 1997, when the survey first inquired about profit outlook. Compared to the time of the previous survey, India's DI has deteriorated drastically with a 50.6-point drop. Among the reasons for the decline in estimated operating profit, many cited an "Increase in procurement costs"

(68.0%) and an "Increase in fuel costs and utilities (electricity, gas, etc.)" (52.0%), which reflect the impact of the surge in crude oil prices. A large percentage also cited an "Insufficient price transfer" (52.0%), indicating their inability to pass the rising costs onto sales prices, due to the tendency of consumers in the Indian market to seek lower-priced products.

In Oceania, both Australia and New Zealand recorded a DI of "0" in 2008, as a result of the percentages of replies for both "Improve" and "Worsen" being equal.

Diagram 2: Esti	mated operating profit	(over the previous	year) for 2008 and	d 2009 (January to
December) (mai	ufacturing industry)			

			(Upper rov	w: 2008, Lower ro	w: 2009, Unit: %)
			Improve	Show no change	Worsen
	Total	(n=924)	41.2	25.1	33.7
	Total	(n=925)	33.3	35.4	31.4
ASEAN	Tota	(n=771)	42.3	25.8	31.9
ASEAN	10ta	(n=772)	31.7	36.8	31.5
	Indonesia	(n=110)	60.0	20.0	20.0
	indonesia	(n=110)	32.7	29.1	38.2
	Molovojo	(n=108)	30.6	34.3	35.2
	Ivialaysia	(n=108)	27.8	38.9	33.3
	Muonmor	(n=6)	16.7	83.3	-
	Wiyammai	(n=5)	-	80.0	20.0
	Dhilippines	(n=115)	41.7	28.7	29.6
	Timppines	(n=115)	29.6	40.9	29.6
	Singapora	(n=47)	29.8	21.3	48.9
	Singapore	(n=44)	36.4	38.6	25.0
	Thailand	(n=306)	41.8	24.2	34.0
	Thananu	(n=309)	30.1	36.9	33.0
	Vietnam	(n=79)	45.6	22.8	31.7
	v ietilalii	(n=81)	44.4	34.6	21.0
Southwest	Asia Tota	(n=103)	35.0	20.4	44.7
Southwest	Asia 10ta	(n=104)	40.4	30.8	28.9
	Bangladash	(n=17)	47.1	17.7	35.3
	Daligiadesh	(n=17)	35.3	29.4	35.3
	India	(n=60)	31.7	25.0	43.3
	India	(n=60)	48.3	26.7	25.0
	Pakistan	(n=13)	23.1	7.7	69.2
	1 akistali	(n=13)	30.8	23.1	46.2
	Sri Lanks	(n=13)	46.2	15.4	38.5
		(n=14)	21.4	57.1	21.4
Oceania	Tota	(n=50)	38.0	24.0	38.0
Occania	101a	(n=49)	42.9	22.5	34.7
	Australia	(n=34)	35.3	29.4	35.3
	Ausualia	(n=33)	45.5	21.2	33.3
	New Zealand	(n=16)	43.8	12.5	43.8
		(n=16)	37.5	25.0	37.5

									(Upper r	ow: 2008, Lo	ower row: 20	09, Unit: %)
			Increase in sales due to export expansion	Increase in local market sales	Increase in sales due to higher prices	Reduction in procurement costs	Reduction in personnel expenses	Reduction in other costs	Improved production efficiency	Initiation/expan sion of production of high value- added products	Increase in sales due to exchange rate fluctuation	Other
Total		(n=381)	36.5	48.0	29.4	12.1	10.0	20.2	31.0	16.3	11.3	6.0
		(n=305)	39.7	45.3	19.0	22.3	10.2	16.4	40.0	27.2	4.3	6.9
ASEA	N Total	(n=326)	38.0	46.3	29.5	13.2	10.1	21.8	31.6	16.6	11.4	5.5
		(n=242)	43.0	41.7	18.6	23.1	10.7	16.9	38.8	31.0	4.1	5.0
	Indonesia	(n=66)	24.2	59.1	50.0	9.1	10.6	9.1	24.2	13.6	1.5	3.0
		(n=36)	36.1	38.9	25.0	13.9	16.7	11.1	44.4	22.2	-	2.8
	Malaysia	(n=33)	30.3	36.4	24.2	30.3	21.2	39.4	48.5	12.1	27.3	-
		(n=30)	46.7	36.7	16.7	30.0	20.0	26.7	43.3	30.0	10.0	-
	Myanmar	(n=1)	-	-	-	-	-	-	100.0	100.0	-	-
		(n=0)	-	-	-	-	-	-	-	-	-	-
	Philippines	(n=48)	37.5	25.0	29.2	10.4	18.8	35.4	41.7	18.8	16.7	8.3
		(n=33)	39.4	21.2	9.1	18.2	21.2	30.3	48.5	30.3	6.1	9.1
	Singapore	(n=14)	57.1	35.7	28.6	14.3	14.3	14.3	-	28.6	-	7.1
		(n=16)	62.5	31.3	18.8	31.3	-	25.0	31.3	25.0	6.3	6.3
	Thailand	(n=128)	44.5	53.1	24.2	12.5	5.5	22.7	29.7	18.8	13.3	3.1
		(n=91)	35.2	52.8	24.2	27.5	6.6	12.1	29.7	35.2	3.3	4.4
	Vietnam	(n=36)	41.7	41.7	16.7	11.1	2.8	11.1	33.3	8.3	5.6	19.4
		(n=36)	61.1	44.4	8.3	16.7	2.8	11.1	47.2	33.3	2.8	8.3
South	west Asia Total	(n=36)	30.6	58.3	25.0	5.6	2.8	8.3	30.6	16.7	8.3	8.3
		(n=42)	26.2	71.4	16.7	19.1	2.4	14.3	50.0	9.5	2.4	11.9
	Bangladesh	(n=8)	50.0	37.5	25.0	-	-	-	37.5	12.5	12.5	-
		(n=6)	66.7	33.3	-	-	-	-	50.0	-	-	-
	India	(n=19)	15.8	73.7	26.3	10.5	-	10.5	26.3	15.8	10.5	10.5
		(n=29)	13.8	75.9	20.7	13.8	3.5	13.8	41.4	6.9	3.5	10.3
	Pakistan	(n=3)	-	100.0	33.3	-	33.3	-	33.3	66.7	-	-
		(n=4)	25.0	100.0	-	75.0	-	-	75.0	50.0	-	50.0
	Sri Lanka	(n=6)	66.7	16.7	16.7	-	-	16.7	33.3	-	-	16.7
		(n=3)	66.7	66.7	33.3	33.3	-	66.7	100.0	-	-	-
Ocean	ia Total	(n=19)	21.1	57.9	36.8	5.3	21.1	15.8	21.1	10.5	15.8	10.5
		(n=21)	28.6	33.3	28.6	19.1	19.1	14.3	33.3	19.1	9.5	19.1
	Australia	(n=12)	16.7	66.7	33.3	8.3	16.7	8.3	25.0	16.7	8.3	8.3
		(n=15)	33.3	40.0	26.7	26.7	20.0	6.7	40.0	20.0	-	13.3
	New Zealand	(n=7)	28.6	42.9	42.9	-	28.6	28.6	14.3	-	28.6	14.3
		(n=6)	16.7	16.7	33.3	-	16.7	33.3	16.7	16.7	33.3	33.3

Diagram 3: Reasons for expecting an improvement in profit (manufacturing industry)

Diagram 4: Reasons for expecting a decline in profit (manufacturing industry)

									(Upper r	ow: 2008, Lo	ower row: 20	09, Unit: %)
			Decrease in sales due to sluggish exports	Decrease in local market sales	Reduction in sales due to higher prices	Increase in procurement costs	Reduction in sales due to exchange rate fluctuations	Increase in personnel expenses	Hike in interest rates	Insufficient price transfer	Increase in fuel costs and utilities (electricity, gas, etc.)	Other
Total		(n=310)	33.2	34.5	11.3	67.4	18.1	32.6	4.5	34.5	49.0	14.8
		(n=289)	43.9	48.1	13.2	52.3	15.9	32.2	3.5	31.8	27.3	12.5
ASEA	N Total	(n=246)	35.4	32.9	9.4	66.7	13.8	32.1	0.8	35.0	48.8	14.6
		(n=243)	47.7	49.0	11.1	53.1	14.0	31.7	2.5	32.9	24.7	12.8
	Indonesia	(n=22)	36.4	13.6	-	68.2	4.6	36.4	-	45.5	59.1	13.6
		(n=42)	35.7	38.1	16.7	50.0	11.9	35.7	9.5	38.1	33.3	14.3
	Malaysia	(n=38)	47.4	26.3	10.5	68.4	18.4	23.7	-	26.3	63.2	13.2
		(n=36)	69.4	47.2	5.6	52.8	13.9	25.0	-	25.0	36.1	11.1
	Myanmar	(n=0)	-	-	-	-	-	-	-	-	-	-
		(n=1)	-	100.0	-	-	-	-	-	100.0	-	-
	Philippines	(n=34)	41.2	35.3	8.8	47.1	23.5	41.2	-	29.4	32.4	20.6
		(n=34)	55.9	29.4	11.8	38.2	23.5	20.6	2.9	20.6	32.4	11.8
	Singapore	(n=23)	26.1	21.7	4.4	52.2	30.4	26.1	-	39.1	73.9	17.4
		(n=11)	54.6	45.5	18.2	54.6	-	18.2	-	36.4	9.1	18.2
	Thailand	(n=104)	31.7	47.1	12.5	73.1	10.6	25.0	-	36.5	42.3	11.5
		(n=102)	45.1	63.7	8.8	58.8	13.7	31.4	-	36.3	15.7	10.8
	Vietnam	(n=25)	32.0	8.0	8.0	76.0	-	64.0	8.0	36.0	44.0	20.0
		(n=17)	29.4	29.4	17.7	58.8	11.8	70.6	5.9	35.3	29.4	23.5
South	west Asia Total	(n=45)	24.4	40.0	22.2	71.1	40.0	33.3	26.7	42.2	55.6	15.6
		(n=29)	27.6	34.5	34.5	48.3	31.0	31.0	13.8	27.6	41.4	17.2
	Bangladesh	(n=6)	66.7	33.3	16.7	50.0	16.7	50.0	16.7	33.3	66.7	-
	-	(n=6)	66.7	16.7	16.7	50.0	-	33.3	16.7	33.3	16.7	16.7
	India	(n=25)	12.0	36.0	4.0	68.0	28.0	36.0	24.0	52.0	52.0	20.0
		(n=14)	7.1	35.7	28.6	42.9	21.4	28.6	7.1	21.4	35.7	21.4
	Pakistan	(n=9)	11.1	77.8	88.9	88.9	88.9	-	44.4	33.3	44.4	11.1
		(n=6)	-	66.7	83.3	83.3	83.3	16.7	33.3	33.3	66.7	16.7
	Sri Lanka	(n=5)	60.0	-	-	80.0	40.0	60.0	20.0	20.0	80.0	20.0
		(n=3)	100.0	-	-	-	33.3	66.7	-	33.3	66.7	-
Ocean	ia Total	(n=19)	26.3	42.1	10.5	68.4	21.1	36.8	-	10.5	36.8	15.8
		(n=17)	17.7	58.8	5.9	47.1	17.7	41.2	-	23.5	41.2	-
	Australia	(n=12)	25.0	58.3	16.7	66.7	25.0	33.3	-	8.3	25.0	25.0
		(n=11)	18.2	81.8	9.1	54.6	18.2	54.6	-	27.3	27.3	-
	New Zealand	(n=7)	28.6	14.3	-	71.4	14.3	42.9	-	14.3	57.1	-
I		(n=6)	16.7	16.7	-	33.3	16.7	16.7	-	16.7	66.7	-

Diagram 5: Estimated operating profit in terms of DI values (manufacturing industry; compared to November 2007)

(Unit: percentage point)



 $-60.0 \ -50.0 \ -40.0 \ -30.0 \ -20.0 \ -10.0 \ \ 0.0 \ \ 10.0 \ \ 20.0 \ \ 30.0 \ \ 40.0 \ \ 50.0$

(Note 1) The Diffusion Index (DI) refers to the difference that is derived by subtracting the percentage of companies replying profit would "Worsen" from the percentage replying profit would "Improve." This is an indicator of the direction in which the profit outlook is heading.

(Note 2) Myanmar, Bangladesh, Pakistan, Sri Lanka, Australia and New Zealand have been included in the survey from 2008.

The percentage of companies in the non-manufacturing industry that replied that their estimated operating profit for 2008 would "Improve" (38.9%) exceeded the percentage that replied that it would "Worsen" (29.9%) (Diagram 6). As the reason for this improvement, an "Increase in local market sales" (71.2%) was cited by the largest number of companies (Diagram 7).

On the other hand, a "Decrease in local market sales" (47.9%) was cited the most as a reason for decline, followed by an "Increase in personnel expenses" (34.2%) and an "Increase in fuel costs and utilities (electricity, gas, etc.)" (30.4%) (Diagram 8).

The estimated operating profit for 2008, in terms of the DI, was 9.0 points for the non-manufacturing industry as a whole (Diagram 9).

The DI for the ASEAN region came out to 6.5 points. When compared to the previous survey, excluding Myanmar, which has only been included in the survey from 2008, the DI declined across the board for all six ASEAN nations. In particular, a substantial decline in the DI was recorded for Vietnam, with a decrease of 67.2 points.

The DI for Southwest Asia came out to 25.9 points. India's DI came to 29.6 points, which represented a drop of 17.8 points compared to the time of the previous survey. As the reason for the decline in estimated operating profit, an "Increase in other expenses" (54.6%), including increases in office rent, was cited by the largest number of companies, followed by an "Increase in personnel expenses" (45.5%).

The DI for Oceania was 6.3 points. Australia's DI was 8.6 points, while New Zealand's was -2.2 points. As for reasons given for the decline by companies operating in New Zealand, a "Decrease in local market sales" (56.3%), a "Reduction in sales due to higher prices" (43.8%) and a "Decrease in sales due to sluggish exports" (37.5%) ranked as the top three. On the other hand, companies in Australia, similar to their New Zealand counterparts, also cited a "Decrease in local market sales" (50.0%) and a "Reduction in sales due to higher prices" (34.0%) as the top two reasons for decline. However, unlike their New Zealand counterparts, only 4.0% cited a "Reduction in sales due to sluggish exports." This clearly indicates that the difference in the two countries' profit outlook was the result of their export performances.

Diagram 6: Estimated operating profit (over the previous year) for 2008 and 2009 (January to

December) (non-manufacturing industry)

			(Upper row: 2008, Lower row: 2009, 1						
			Improve	Show no change	Worsen				
Total		(n=876)	38.9	31.2	29.9				
		(n=867)	36.9	40.0	23.1				
ASEAN Tot	al	(n=552)	37.7	31.2	31.2				
		(n=543)	33.0	40.5	26.5				
	Indonesia	(n=54)	40.7	35.2	24.1				
		(n=52)	36.5	40.4	23.1				
	Malaysia	(n=71)	33.8	38.0	28.2				
	_	(n=70)	21.4	48.6	30.0				
	Myanmar	(n=14)	35.7	35.7	28.6				
	-	(n=12)	41.7	41.7	16.7				
	Philippines	(n=57)	35.1	29.8	35.1				
		(n=57)	22.8	50.9	26.3				
	Singapore	(n=141)	34.8	27.7	37.6				
		(n=138)	21.7	47.1	31.2				
	Thailand	(n=170)	41.2	30.0	28.8				
		(n=170)	42.4	31.2	26.5				
	Vietnam	(n=45)	40.0	31.1	28.9				
		(n=44)	56.8	29.6	13.6				
Southwest A	sia Total	(n=116)	45.7	34.5	19.8				
		(n=120)	50.0	34.2	15.8				
	Bangladesh	(n=15)	73.3	13.3	13.3				
		(n=15)	80.0	20.0	-				
	India	(n=71)	45.1		15.5				
		(n=75)	52.0	36.0	12.0				
	Pakistan	(n=16)	37.5	25.0	37.5				
		(n=16)	25.0	43.8	31.3				
	Sri Lanka	(n=14)	28.6	42.9	28.6				
		(n=14)	35.7	28.6	35.7				
Oceania Tota	al	(n=208)	38.5	29.3	32.2				
		(n=204)	39.7	42.2	18.1				
	Australia	(n=163)	39.9	28.8	31.3				
		(n=159)	40.9	42.8	16.4				
	New Zealand	(n=45)	33.3	31.1	35.6				
		(n=45)	35.6	40.0	24.4				

Diagram 7: Reasons for expecting an improvement in profit (non-manufacturing industry)

		(Upper row: 2008, Lower row: 2009, U							09, Unit: %)			
			Increase in local market sales of your company	Increase in sales due to higher prices	Increase in sales due to export expansion	Reduction in personnel expenses	Improved sales (service) efficiency	Reduction in other costs (improved cost competitiveness)	Increase in sales due to exchange rate fluctuation	Improved collection of accounts receivable	Development of new products and services	Other
Total		(n=340)	71.2	24.7	16.2	5.9	17.9	11.2	6.5	3.8	22.7	7.7
		(n=320)	69.1	11.6	17.2	7.2	28.4	19.1	4.1	6.6	40.3	6.9
ASEA	N Total	(n=208)	74.0	19.7	18.8	4.3	16.4	11.5	5.8	3.9	19.7	6.3
		(n=179)	71.5	7.8	17.9	5.6	26.8	20.1	2.8	3.9	44.7	6.7
	Indonesia	(n=22)	90.9	9.1	13.6	9.1	13.6	9.1	-	4.6	27.3	-
		(n=19)	89.5	-	-	-	36.8	10.5	-	-	47.4	5.3
	Malaysia	(n=24)	83.3	8.3	16.7	-	12.5	12.5	-	4.2	16.7	4.2
		(n=15)	93.3	13.3	13.3	6.7	53.3	33.3	6.7	6.7	40.0	-
	Myanmar	(n=5)	100.0	-	-	-	20.0	-	-	-	20.0	-
	-	(n=5)	40.0	20.0	-	-	20.0	20.0	-	-	40.0	60.0
	Philippines	(n=20)	40.0	25.0	15.0	15.0	10.0	20.0	35.0	-	20.0	10.0
		(n=13)	61.5	7.7	7.7	30.8	23.1	30.8	-	15.4	46.2	-
	Singapore	(n=49)	65.3	24.5	34.7	2.0	8.2	14.3	6.1	10.2	18.4	2.0
		(n=30)	73.3	10.0	33.3	3.3	6.7	26.7	-	3.3	26.7	3.3
	Thailand	(n=70)	81.4	22.9	14.3	4.3	24.3	11.4	2.9	1.4	20.0	8.6
		(n=72)	69.4	4.2	16.7	5.6	26.4	18.1	4.2	4.2	50.0	6.9
	Vietnam	(n=18)	66.7	22.2	11.1	-	22.2	-	-	-	16.7	16.7
		(n=25)	60.0	16.0	28.0	-	32.0	12.0	4.0	-	52.0	8.0
South	west Asia Total	(n=53)	77.4	18.9	11.3	3.8	20.8	7.6	5.7	3.8	28.3	13.2
		(n=60)	76.7	11.7	15.0	6.7	23.3	11.7	-	13.3	30.0	8.3
	Bangladesh	(n=11)	90.9	36.4	27.3	-	54.6	9.1	-	-	54.6	-
		(n=12)	75.0	16.7	41.7	-	33.3	16.7	-	8.3	41.7	8.3
	India	(n=32)	78.1	9.4	6.3	6.3	15.6	6.3	-	6.3	21.9	18.8
		(n=39)	82.1	7.7	7.7	10.3	25.6	7.7	-	15.4	30.8	10.3
	Pakistan	(n=6)	83.3	16.7	-	-	-	-	16.7	-	33.3	16.7
		(n=4)	75.0	-	25.0	-	-	50.0	-	-	25.0	-
	Sri Lanka	(n=4)	25.0	50.0	25.0	-	-	25.0	50.0	-	-	-
		(n=5)	40.0	40.0	-	-	-	-	-	20.0	-	-
Ocean	ia Total	(n=79)	59.5	41.8	12.7	11.4	20.3	12.7	8.9	3.8	26.6	7.6
		(n=81)	58.0	19.8	17.3	11.1	35.8	22.2	9.9	7.4	38.3	6.2
	Australia	(n=64)	60.9	46.9	10.9	12.5	15.6	12.5	7.8	1.6	17.2	6.3
		(n=65)	58.5	20.0	12.3	10.8	36.9	21.5	9.2	9.2	35.4	3.1
	New Zealand	(n=15)	53.3	20.0	20.0	6.7	40.0	13.3	13.3	13.3	66.7	13.3
		(n=16)	56.3	18.8	37.5	12.5	31.3	25.0	12.5	-	50.0	18.8

									(Upper r	ow: 2008, Lo	ower row: 20	09, Unit: %)
			Decrease in local market sales of your company	Reduction in sales due to higher prices	Decrease in sales due to sluggish exports	Increase in personnel expenses	Reduction in sales due to exchange rate fluctuations	Increase in other expenditures	Lack of progress in formation of sales and service networks	Hike in interest rates	Increase in fuel costs and utilities (electricity, gas, etc.)	Other
Total		(n=257)	47.9	21.4	13.2	34.2	13.6	30.7	5.1	3.1	30.4	21.8
		(n=199)	52.8	28.1	19.1	24.6	20.1	17.1	3.5	2.5	22.1	23.1
ASEA	N Total	(n=168)	47.6	17.3	13.7	32.1	10.1	28.0	4.8	1.2	33.3	22.6
		(n=143)	57.3	25.9	21.7	25.2	18.2	14.7	3.5	2.8	21.7	19.6
	Indonesia	(n=13)	69.2	23.1	7.7	38.5	-	30.8	-	-	38.5	7.7
		(n=12)	83.3	50.0	8.3	25.0	-	-	-	16.7	25.0	8.3
	Malaysia	(n=20)	60.0	10.0	-	40.0	20.0	35.0	5.0	-	50.0	30.0
		(n=21)	61.9	28.6	14.3	28.6	28.6	19.1	4.8	-	33.3	14.3
	Myanmar	(n=4)	25.0	25.0	-	-	-	-	-	-	-	50.0
		(n=2)	50.0	50.0	-	-	-	-	-	-	-	-
	Philippines	(n=18)	38.9	27.8	11.1	33.3	11.1	22.2	5.6	-	27.8	16.7
		(n=14)	64.3	42.9	21.4	28.6	14.3	21.4	-	-	28.6	7.1
	Singapore	(n=53)	41.5	18.9	20.8	30.2	9.4	32.1	1.9	1.9	18.9	20.8
		(n=43)	46.5	25.6	34.9	18.6	18.6	16.3	2.3	-	16.3	18.6
	Thailand	(n=48)	47.9	16.7	16.7	31.3	12.5	25.0	10.4	-	45.8	22.9
		(n=45)	60.0	13.3	17.8	28.9	20.0	11.1	6.7	2.2	13.3	28.9
	Vietnam	(n=12)	50.0	-	8.3	33.3	-	25.0	-	8.3	33.3	33.3
		(n=6)	33.3	16.7	16.7	33.3	16.7	33.3	-	16.7	66.7	33.3
South	west Asia Total	(n=23)	39.1	8.7	13.0	47.8	17.4	34.8	4.4	8.7	8.7	30.4
		(n=19)	47.4	21.1	21.1	15.8	21.1	10.5	5.3	5.3	15.8	42.1
	Bangladesh	(n=2)	50.0	-	50.0	100.0	50.0	50.0	-	-	-	-
		(n=0)	-	-	-	-	-	-	-	-	-	-
	India	(n=11)	27.3	-	18.2	45.5	18.2	54.6	9.1	9.1	-	27.3
		(n=9)	33.3	11.1	33.3	22.2	22.2	11.1	11.1	11.1	11.1	55.6
	Pakistan	(n=6)	66.7	16.7	-	33.3	16.7	16.7	-	-	16.7	33.3
		(n=5)	80.0	20.0	20.0	-	20.0	-	-	-	-	20.0
	Sri Lanka	(n=4)	25.0	25.0	-	50.0	-	-	-	25.0	25.0	50.0
		(n=5)	40.0	40.0	-	20.0	20.0	20.0	-	-	40.0	40.0
Ocean	ia Total	(n=66)	51.5	36.4	12.1	34.9	21.2	36.4	6.1	6.1	30.3	16.7
		(n=37)	37.8	40.5	8.1	27.0	27.0	29.7	2.7	-	27.0	27.0
	Australia	(n=50)	50.0	34.0	4.0	42.0	18.0	42.0	6.0	6.0	32.0	20.0
		(n=26)	30.8	34.6	3.9	30.8	23.1	34.6	-	-	15.4	30.8
	New Zealand	(n=16)	56.3	43.8	37.5	12.5	31.3	18.8	6.3	6.3	25.0	6.3
I		(n=11)	54.6	54.6	18.2	18.2	36.4	18.2	9.1	-	54.6	18.2

Diagram 8: Reasons for expecting a decline in profit (non-manufacturing industry)

Diagram 9: Estimated operating profit, in terms of DI values (non-manufacturing industry, compared to November 2007)

(Unit: point)



(Note) Same as Diagram 5.

(3) Operating profit forecasts for 2009, in terms of DI value: Non-manufacturing industry expects improvement

The percentage of companies in the manufacturing industry predicting that their operating profits for 2009 would "Improve" (33.3%) exceeded the percentage predicting they would "Worsen" (31.4%).

The operating profit forecast for 2009 in countries in the ASEAN, Southwest Asia and Oceania regions in terms of the Diffusion Index (DI) was 2.0 points for the manufacturing industry as a whole (Diagram 10).

The DI for the ASEAN region came out to 0.3 point. A comparison of the DI values of the estimated operating profit for 2008 with that of the operating profit forecast for 2009 shows that the results vary widely by country, as seen in the 30.6-point improvement predicted for Singapore and the 45.5-point decline predicted for Indonesia. As the reason for predicting an improvement in Singapore, an "Increase in sales due to export expansion" was cited by the largest number of companies (62.5%), indicating that the impact of the financial crisis, which originated in the U.S., had not been felt strongly at the time of the survey. As reasons for predicting a decline in Indonesia, more companies cited an "Increase in procurement costs" (50.0%) than a "Decrease in local market sales" (38.1%) or a "Decrease in sales due to sluggish exports" (35.7%), which is an indication of the fact that at the time of the survey rising costs were being perceived as more of a problem than the effects of the financial crisis.

The DI for Southwest Asia came out to 11.5 points. A comparison of the DI values of the estimated operating profit for 2008 with that of the operating profit forecast for 2009 shows a substantial 35.0-point improvement by India. As the reason for the improvement, an "Increase in local market sales" (75.9%) pulled ahead of the second most prevalent reason, "Improved production efficiency" (41.4%), by a wide margin.

The DI for Oceania came out to 8.2 points. A comparison of the DI values of the estimated operating profit for 2008 with that of the operating profit forecast for 2009 shows a 12.1-point improvement in Australia. In New Zealand, "Improvement" and "Decline" were the same at 37.5 points, resulting in a DI of "0." As reasons for the forecast of improved operating profit in Australia for 2009, most cited an "Increase in local market sales" and "Improved production efficiency" (40.0%, respectively), followed by an "Increase in sales due to export expansion" (33.3%).

In the non-manufacturing industry, the percentage of companies predicting their operating profits for 2009 would "Improve" was 36.9%, while the percentage predicting they would "Worsen" was 23.1%, resulting in a DI of 13.8 points for the non-manufacturing industry as a whole (Diagram 11).

The DI for the ASEAN region came out to 6.5 points. A comparison of the DI values of the estimated operating profit for 2008 with that of the operating profit forecast for 2009 shows a substantial 32.1-point improvement by Vietnam. As reasons for the improvement in the operating profit forecast for Vietnam, the majority cited an "Increase in local market sales of your company" (60.0%) and "Development of new products and services" (52.0%). On the other hand, a 14.2-point decline was predicted for Malaysia. As reasons for the operating profit forecast declining in Malaysia, most cited a "Decrease in local market sales of your company" (61.9%), while in terms of industry, the majority of companies citing this reason were in the construction/plants business.

The DI for Southwest Asia came out to 34.2 points. A comparison of the DI values of the estimated operating profit for 2008 with that of the operating profit forecast for 2009 shows a marked 20.0-point improvement by Bangladesh. As reasons for the improvement, an "Increase in local market sales of your company" was cited by the largest number of companies (75.0%), while in terms of industry, the majority of companies citing this reason were trading companies (80.0%).

The DI for Oceania came out to 21.6 points. A comparison of the DI values of the estimated operating profit for 2008 with that of the operating profit forecast for 2009 shows that substantial improvements were recorded by both Australia and New Zealand, at 15.9 points and 13.3 points, respectively. As reasons for the

operating profit forecast for 2009 improving in Australia, most cited an "Increase in local market sales of your company" (58.5%), while in terms of industry, many of the companies citing this reason were sales companies (83.3%) or companies in the hotel/travel/restaurant industry (71.4%). Additionally, as reasons for the operating profit forecast for 2009 improving in New Zealand, many cited an "Increase in local market sales of your company" (56.3%), which was the most prevalent reason among trading companies.



(Unit: point)



(Note) Same as Diagram 5.

Diagram 11: Operating profit forecast in terms of DI values (non-manufacturing industry)

(Unit: point)



Note) Same as Diagram 5.

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2. Status of Exports/Imports

(1) Percentage of export-oriented companies (by country/region)

Japanese-affiliated manufacturers operating in Asia may, according to a given set of conditions, be including the size of their local markets and local wages, classified into domestic market-oriented companies, export-oriented companies or companies equipped with both domestic market-oriented and export-oriented functions. It is also a fact that, particularly among Japanese-affiliated companies in Asia, there are large numbers of manufacturers that began operations as bases for export to third countries during times when the yen's value was high. For the purpose of this section, "export-oriented companies" is defined as companies whose export sales account for 70% or more of their total sales and observed the status thereof in each country (Diagram 12).

Among the companies operating in the ASEAN region, the percentage of export-oriented companies was 41.4%, which is lower than the percentage in the previous survey (49.8%). This percentage of export-oriented companies has been declining with each successive survey JETRO has taken, dropping by 17.3 points compared to the 58.7% registered in the 2002 survey. Among the ASEAN nations, Myanmar (although there were only a limited number of respondents) has the highest percentage of export-oriented companies at over 80% (83.3%), followed by Vietnam (67.9%) and the Philippines (66.1%). As these countries, compared to others in the ASEAN region, have relatively low wages as well as limited domestic markets, they have become home to large numbers of export bases of Japanese-affiliated companies targeting third countries, which operate in specially designated areas, such as export processing zones. In Vietnam, in particular, almost half of the respondent companies are 100% export companies.



Diagram 12: Percentage of Japanese-affiliated manufacturers citing an export ratio of 70% or above (by country/region)

(Note) Myanmar, Bangladesh, Pakistan, Sri Lanka, Australia and New Zealand have been included in the survey from 2008.

Thailand, on the other hand, at a mere 24.8%, has the lowest percentage of export-oriented companies in the ASEAN region, as was the case in the previous year. Thailand is followed by Indonesia at 30.0%. Among countries in the ASEAN region, both of these countries have sizable economies with numerous companies that are engaged in sales in the domestic market as well as export sales. For this reason, Thailand and Indonesia, unlike Vietnam, have only small percentages of 100% export companies at 5.7% and 8.2%, respectively. In the past, many companies considered the ASEAN region merely as an export base for third countries. However, encouraged by the recent strong economic growth of the ASEAN nations and taking a hint from the past, in which companies largely dependent on domestic demand, as epitomized by Thailand's automobile industry, were severely damaged by the Asian monetary crisis of 1997, awareness has been growing for the need to balance domestic and foreign demand.

Vietnam seems to be the only exception to the rule amid this trend toward diminishing percentages of export-oriented companies among ASEAN countries. In the previous survey, the percentage of export-oriented companies in Vietnam was 51.9%, which increased by 16 points to 67.9% in the current survey. It is possible that the dramatic increase in the number of respondents, i.e., from 27 companies to 82 companies, is partly responsible for the upward swing in the percentages. However, to a certain degree, the changes in the business environment brought about by the execution of the clauses required as a result of WTO membership are also considered one of the major factors. Since 2008, the Vietnamese government has been granting trading rights to foreign companies and successively opening up the wholesale market. Consequently, companies that had supplied products primarily to Vietnam's domestic markets are on the verge of being subject to intense competition from products made in other ASEAN countries. These companies are beginning to re-examine the positioning of their Vietnamese bases and are making efforts to put more focus on their exports. This is apparent from the fact that in the previous survey, export-oriented companies and domestic market-oriented companies were more or less equally divided, with 51.9% of companies replying that their export ratios were 70% or above and 44.4% replying that their export ratios were 0% to 30%; while in the current survey, companies citing export ratios of 0% to 30% were down to 27.2%, whereas the percentage of export-oriented companies has risen to 67.9%.

With the exception of India, the nations of Southwest Asia were not included in the previous survey. Southwest Asia is basically divided into two groups: India and Pakistan on the one hand and Bangladesh and Sri Lanka on the other. Japanese-affiliated companies operating in India and Pakistan primarily target the domestic markets. Companies with export ratios of 30% or less in India account for 80% of the total, while in Pakistan they account for 91.7%. Sri Lanka and Bangladesh, on the other hand, are considered export bases, and the percentages of export-oriented companies in those two countries are 100% and 64.7%, respectively.

The survey results of the companies operating in Oceania reflect the characteristics of the industry in which they operate. In New Zealand, the percentage of companies engaged in the foods, processed agricultural or marine products industry and the lumber and wood products industry is high. The companies tend to export their products from New Zealand. For this reason, the percentage of export-oriented companies was high at 81.3%. Australia, on the other hand, while playing host to companies in similar sectors as New Zealand, is also the home of numerous manufacturers of general machinery intended for the domestic market, resulting in a percentage of export-oriented companies of 40.0%.

(2) Trends by industry

The sectors with the largest number of companies having export ratios of 70% or above are the lumber and wood products industry and the furniture and interior goods industry. All the companies in those industries are export-oriented companies with export ratios of 70% or above. They are followed by the apparel and textile products industry (85.7%), suggesting that export-oriented manufacturers favor light industry products. On the other hand, sectors with large numbers of companies that are manufacturing products for the domestic market (an export ratio of 30% or less) include pharmaceuticals (100%), motor vehicles and motorcycles (82.4%), paper and pulp (66.7%) and iron and steel (64.3%), suggesting a tendency for specializing in their local markets.

(3) Average ratio of exports to total sales

In the survey, ranges of export ratio to sales were indicated and the respondents selected the appropriate range. Then, the intermediate value of each range was taken to calculate the average export ratio to the total sales of each country. The average export ratio to total sales for the ASEAN region overall was 49.9%. Among the ASEAN nations, Myanmar (although there were only a limited number of respondents) had the highest average ratio with 82.5%, followed by Vietnam (70.2%), the Philippines (67.3%) and Singapore (65.6%). Among the countries in this region, Thailand had the lowest average ratio of exports to total sales at 36.7%, followed by Indonesia (41.2%). This is believed to be due to the fact that in addition to having the major assembly operations of final products taking place locally, these countries have relatively large domestic demand compared to the other ASEAN countries.

In Southwest Asia, on the other hand, there is a clear distinction between the domestic market-oriented group of India and Pakistan and the export-oriented group of Bangladesh and Sri Lanka (Diagram 13).



Diagram 13: Average export ratio to total sales (by country/region)

Furthermore, the export ratio to total sales of each ASEAN country by destination country/region to total exports was calculated using the average value of the export ratio by region. Consequently, the totals did not necessarily add up to 100. For the ASEAN region as a whole, Japan is the largest export destination, accounting for about one third (32.3%) of total exports, followed by exports within the ASEAN region (22.9%) and Europe (18.0%). Despite the recent increase in exports to China, it still accounts only for 5.4% of total exports, indicating that among Japanese-affiliated companies, the division of labor between the ASEAN countries and China, in terms of products and manufacturing processes, has taken place only on a limited scale (Diagram 14).

Among the ASEAN nations, Vietnam (47.0%) and the Philippines (39.1%) have large percentages of exports intended for Japan. These companies are bringing the products produced in the ASEAN nations to Japan. They are, in effect, compartmentalizing their production by practicing a division of labor between Japan and ASEAN for their products and manufacturing processes.

In terms of exports within the ASEAN region, the original members of ASEAN have, in an effort to reduce or eliminate tariffs on intra-regional trade, achieved tariff eliminations on 80% of all items in 2008. Among the ASEAN nations, Singapore has a particularly high percentage of exports to other ASEAN nations, accounting for approximately 40% of total export sales. Malaysia and Thailand also have high percentages of exports intended for the ASEAN region, at 28.1% and 23.9%, respectively. The survey methods differed from the previous survey, and thus, technically speaking, such comparisons are not completely accurate. However, a comparison with the previous survey shows that the share of exports intended for Japan and the ASEAN nations has decreased, while the share of exports to the EU has increased. In the previous survey, the percentage of exports to the EU from the ASEAN region as a whole was 6.1%, and the percentages of the individual countries (with the exception of Indonesia at 2.4%) were in the 6% range. However, in this survey, the percentage of exports from the ASEAN region as a whole to the EU dramatically rose to 18.0%.



Diagram 14: Export ratios of major ASEAN nations by destination (country/region)

3. Status of FTA/EPA Usage

FTAs/EPAs are used by companies in either of two situations: as exporters or as importers. When using FTAs/EPAs, as an exporter, the manufacturer/exporter must obtain a Certificate of Origin (COO) to prove the origin of the product concerned, which involves meticulous preparation of documents required by the screening authorities. Consequently, this process entails procedural costs, such as personnel expenses in addition to the costs involved in the issuance of said certificate. Manufacturers/exporters can enjoy a tariff exemption at the export destination only after such procedures have been completed. Importers, on the other hand, may utilize FTAs/EPAs by merely presenting Certificates of Origin (COO), which have been obtained from the exporters. Moreover, those benefiting the most from FTAs/EPAs are the importers who had previously been required to pay tariffs. There is very little direct benefit to be enjoyed by the exporters or manufacturers of components used to produce the export items, despite having to bear various costs involved in the system.

Many of the Japanese export-oriented companies operating in the ASEAN region do not pay tariffs, as a result of investment benefit schemes implemented by each government. On the other hand, some companies that manufacture and export parts are also similarly exempted from tariffs at export destinations, while some companies are not required to obtain COOs. However, in terms of opening up the markets of Indonesia, which has a low percentage of export-oriented companies yet which has one of the biggest economies in the ASEAN region, and of opening up the markets of Thailand as well, FTAs have played a major role as a means to reduce tariffs.

This survey investigated the status of FTA/EPA usage by both exporters and importers (valid responses: 670 exporters, 635 importers). A company will determine whether it uses an FTA in export activities by considering such factors as: (1) the extent to which the FTA will lower tariffs; (2) whether the export item in question is already treated as a duty-free item at the export destination through investment benefit schemes; (3) whether export volume will be commensurate with the procedural costs; and (4) whether said item satisfies the rules of origin.

(1) FTA/EPA usage in export activities

Twenty-three percent of Japanese-affiliated manufacturers operating in the ASEAN region use FTAs/EPAs in their export activities. The ASEAN nation with the highest percentage of FTA usage is Singapore (utilization rate: 43.2%), followed by Indonesia (utilization rate: 35.9%) and Thailand (utilization rate: 22.5%). In the Philippines and Vietnam, which are considered to be export/processing bases by many Japanese companies, the utilization rate has remained at around 10%. The FTA utilization rates for Southwest Asia and Oceania are 18.0% and 20.5%, respectively (Diagram 15).

On the other hand, nearly one-quarter of the Japanese companies operating in the ASEAN region (23.3%), or the equivalent of the number of companies with FTAs/EPAs currently in use, are considering using FTAs/EPAs. By country, Thailand has the highest percentage of Japanese companies that are considering using FTAs/EPAs (27.1%), followed by Vietnam (26.6%) and the Philippines (24.5%), suggesting high expectations thereof. Consequently, if the companies with FTAs/EPAs "Currently in use" and the companies "Considering using FTAs/EPAs" were classified as companies interested in FTAs/EPAs, nearly half (46.3%) of the companies

operating in the ASEAN region would fall into this category. Among the countries mentioned here, the countries with the highest level of company interest in FTAs/EPAs are Singapore (59.1%), followed by Indonesia (55.4%) and Thailand (49.6%).



Diagram 15: Trends in the utilization rates of FTAs/EPAs and the rates of companies considering using FTAs/EPAs in their export activities

(Note) ASEAN includes Myanmar. Southwest Asia includes Bangladesh, Pakistan and Sri Lanka. Oceania denotes Australia and New Zealand. These countries have been included in the survey from 2008.

The FTA/EPA utilization rates in export activities were examined by considering the individual FTAs/EPAs concluded between each of the countries. Since a small number of respondents could limit the parameter and thus inadvertently raise the utilization rate, FTAs that (1) were cited by 20 or more companies (valid responses) and (2) had utilization rates of 5% or above were extracted (Diagram 16). The FTA most utilized in the Asia-Pacific region is Singapore's AFTA, which is used by 31.8% of Japanese-affiliated manufacturers in Singapore. This is followed by Indonesia's EPA with Japan (JIEPA), with a utilization rate of 21.7%. Although the JIEPA had only been in force since July 2008, just four months prior to the survey, it was already being utilized by one out of every five companies. The main sectors in which the Japanese-affiliated companies utilized the JIEPA include textiles, apparel and textile products, lumber and wood products, and plastic products. The third most utilized FTA in the ASEAN region is Singapore's ASEAN-China FTA (ACFTA) with 18.2%. The ACFTA is being used primarily in the sectors of foods, processed agricultural or marine products, chemicals, and electric and electronic parts and components. The percentage of exports intended for China among Japanese-affiliated manufacturers in Singapore is higher than that intended for other neighboring countries, at an average of 11.4%.

The recent three-year trend of the FTA/EPA utilization rate and the rate of companies considering using FTAs/EPAs in export activities shows that utilization rates have increased in Indonesia, Singapore, Thailand and India. In particular, the utilization rate in Indonesia has been boosted by the conclusion of an EPA with Japan in July 2008. The utilization rate in Thailand has also been boosted by the FTA which came into effect in November 2007. However, the survey did not indicate a rise in the utilization rate of the AJCEP, as it went into force on December 1, 2008, after this survey was taken. Classifying FTA/EPA utilization rates and the rate of considering using FTAs/EPAs as a "percentage of interest in FTAs/EPAs shown by companies," it is

evident that this percentage has been steadily declining in the ASEAN region the past three years. Furthermore, the number of companies with no interest in using FTAs/EPAs shows moderate but steady growth. This is thought to be because the companies are already enjoying exemptions from import duties or it is due to the absence of FTAs with major export destinations, such as the U.S. and Europe.

Among the 16 most utilized FTAs/EPAs, which have been classified according to the country of location, five of the FTAs, or nearly one-third, are those utilized by Japanese-affiliated companies in Singapore. Since the conclusion of a bilateral FTA with New Zealand in 2001, Singapore has concluded FTAs with countries in the Asia-Pacific region, including Japan (2002), Australia (2003), India (2005) and South Korea (2006). As a result, Singapore has come into possession of the most extensive FTA network in Asia, and the benefits of such a network are being enjoyed by the Japanese-affiliated companies through the utilization of FTAs and other agreements.

From the perspective of FTA counterparties, the FTAs/EPAs commonly utilized by Japanese-affiliated companies in the Asia-Pacific region are the ASEAN FTA (AFTA) (six FTAs) and the four EPAs with Japan.

Rank	Country of location	Country/region of the FTA counterpart	Valid responses	Utilizatio n rate by FTA	(Reference) Share of companies utilizing the FTAs of the country of location
1	Singapore	ASEAN	44	31.8	43.2
2	Indonesia	Japan	92	21.7	35.9
3	Singapore	China	44	18.2	43.2
4	Australia	New Zealand	24	16.7	20.8
5	Malaysia	ASEAN	101	14.9	23.8
6	Thailand	ASEAN	262	13.7	22.5
7	Malaysia	Japan	101	12.9	23.8
8	Thailand	Japan	262	11.5	22.5
9	Singapore	Japan	44	11.4	43.2
10	Singapore	South Korea	44	9.1	43.2
11	Singapore	Australia	44	9.1	43.2
12	Philippines	ASEAN	102	8.8	11.8
13	Vietnam	ASEAN	64	7.8	9.4
14	Indonesia	ASEAN	92	6.5	35.9
15	India	Thailand	31	6.5	9.7
16	Malaysia	China	101	5.0	23.8

Diagram 16: Sixteen most utilized FTAs in export activities

(Note) FTAs/EPAs cited by 20 or more valid responses and with utilization rates of 5% or above

Although the AFTA came into effect in 1993, it has been the center of increasing interest recently as the deadline for tariff elimination approaches. According to materials provided by the ASEAN Secretariat, as of August 2008, the interim goal of eliminating tariffs on 80% of the items has been achieved by the ASEAN-6, with Singapore, having eliminated tariffs on all items, in the lead, followed by Brunei (rate of tariff elimination: 85.4%), the Philippines (82.9%), Malaysia (82.6%), Thailand (80.0%) and Indonesia (80.0%). Consequently, as of 2008, the average tariff among the ASEAN-10 is 1.95%, and among the ASEAN-6, it is less than 1.0%, at 0.97%. ASEAN has entered the final phase before the complete elimination of tariffs set for 2010. Furthermore, in August 2008, changes were made to the terms of use, in order to further encourage AFTA usage. Previously, ASEAN had ruled that the decision on rules of origin, which was a prerequisite to AFTA usage,

would be based on the "40% Regional Value Content (RVC)." From August 2008, ASEAN has adopted another criterion of "Change in Tariff Classification (CTC)" in the rules of origin. As a result of this change, hope is mounting that the products that until now have not been qualified for AFTA usage would become eligible for tax benefits under the AFTA, which has the lowest levels of tariffs in Asia.

Many of the EPAs concluded with Japan, on the other hand, with the exception of the EPA with Singapore, have come into effect in or after 2006, and the full extent of their tariff reduction has not taken effect. However, Indonesia's EPA, with a utilization rate of 21.7%, ranks among the top 16 FTAs/EPAs utilized in export activities, followed by the EPAs of Malaysia, Thailand and Singapore. Japan's tariff on non-agricultural products, such as industrial products, has always been one of the lowest in the world. According to the World Tariff Profiles 2008 (WTO), Japan's tariff on non-agricultural products is 2.6% (simple average), which is lower than that of the U.S. (3.2%) and the EU (3.8%). However, Japan levies tariffs of 21.8% on agricultural products. Among this product group, tariffs levied on dairy products (154.7%) and cereals and cereal products (64.3%) are particularly high. As of February 2009, Japan grants Generalized System of Preferences (GSP) treatment, which levies lower rates than that of the normal tariffs, on 337 agricultural and fishery products and 5,980 industrial products from developing countries. Japan's EPA stipulates that as long as the GSP rate is lower than the preferential rate under the EPA for any given product covered by the GSP, the product may continue to use the GSP rate. However, for most items the EPA rates are lower than the GSP rates, and thus, they are no longer covered by the GSP. Therefore, in the current survey, many of the companies claiming EPA utilization had switched from the GSP to the EPA.

One example is the EPA that came into effect between Thailand and Japan in November 2007. After the EPA with Japan went into force, export sales utilizing the GSP declined drastically. According to the Department of Foreign Trade of Thailand's Ministry of Commerce, exports intended for Japan utilizing the GSP during the period from January to November 2008 amounted to USD 127.08 million. This represents an 88.8% drop from the same period of the previous year (USD 1,134.52 million) and is a clear indication that exporters who had previously utilized the GSP had switched over to the EPA.

(2) FTA/EPA usage in import activities

Among Japanese-affiliated companies operating in the ASEAN region, 19.7% use FTAs/EPAs for their import activities, which represents a smaller percentage than those for export activities (23.0%). What is most distinctive is the high rate of FTA/EPA utilization in the Oceania region (33.3%). In particular, 42.1% of the companies operating in Australia replied that they use FTAs/EPAs, making Australia the country with the highest FTA/EPA utilization rate for import activities. Australia is followed by Indonesia (28.7%), Thailand (25.3%) and Malaysia (20.0%). In the past three surveys, the utilization rates for Indonesia, Thailand and Malaysia have increased. As mentioned in the section on exports, the growth in the FTA/EPA utilization rates of Indonesia and Thailand in 2008 is thought to be attributable to the EPAs with Japan coming into effect. As indicated by the 27 companies utilizing FTAs/EPAs in Indonesia, the Japan-Indonesia EPA (JIEPA) has the highest utilization rate. Among the 16, the most numerous were companies in the iron and steel sector and the fabricated metal products sector with three companies each, followed by the motor vehicle and motorcycle parts sector with two companies.

Moreover, 24.4% of the companies operating in the ASEAN region replied that they were considering using FTAs/EPAs. The percentage of companies interested in FTAs/EPAs, combining the companies with FTAs/EPAs currently in use and the companies considering using FTAs/EPAs, has not changed significantly in the past three years, at around 45% for the ASEAN region as a whole. The same level is maintained in the Oceania region, which has been included in this survey from 2008, and India. Although the degree of interest varied from country to country, the percentage of companies that are interested in FTAs/EPAs tends to be relatively high in Indonesia and Thailand (Diagram 17).



Diagram 17: Utilization rates of FTAs/EPAs in import activities

(Note 1) ASEAN includes Myanmar. Southwest Asia includes Bangladesh, Pakistan and Sri Lanka. Oceania denotes Australia and New Zealand. These countries have been included in the survey from 2008.

(Note 2) Singapore has been omitted from this chart since tariffs have been eliminated on all items except for six alcoholic beverage items, including beer.

Utilization rates for each FTA in the import activities for each country were calculated and, as was the case with exports, FTAs that (1) were cited by 20 or more companies (valid responses) and (2) had utilization rates of 5% or above were extracted. The finding showed that the FTA/EPA with the highest utilization rate was Indonesia's EPA with Japan (JIEPA) at 17%. This was followed by the Japan-Malaysia EPA and the Japan-Thailand EPA, demonstrating that the three most utilized FTAs/EPAs for import activities are those with Japan. The AFTA rounded out the rest of the list, with the exception of the Early Harvest (EH) scheme (early reduction in customs tariffs on specified items) under the India-Thailand FTA (TIFTA), which came in fifth place (Diagram 18).

Rank	Country of	Country/region of	Valid	Utilization	(Reference) Share of
	location	the FTA	responses	rate by FTA	companies utilizing
		counterpart			the FTAs of the
					country of location
1	Indonesia	Japan	94	17.0	28.7
2	Malaysia	Japan	95	12.6	20.0
3	Thailand	Japan	253	12.3	25.3
4	Thailand	ASEAN	253	10.3	25.3
5	India	Thailand	49	10.2	16.3
6	Malaysia	ASEAN	95	9.5	20.0
7	Vietnam	ASEAN	64	9.4	12.5
8	Philippines	ASEAN	88	8.0	8.0
9	Indonesia	ASEAN	94	7.4	28.7

Diagram 18: Nine most utilized FTAs/EPAs in import activities

(Note) FTAs/EPAs cited by 20 or more valid responses and with utilization rates of 5% or above

In Oceania, the Thailand-Australia FTA (TAFTA) came into effect in January 2005. Major Japanese-affiliated companies have been utilizing this FTA to import automobiles and electrical appliances from Thailand. This FTA has not been included in Diagram 18 as only 19 valid responses were received from companies operating in Australia. However, the TAFTA, with its utilization rate of 31.6%, was the most utilized FTA in Australia. In terms of Australian passenger automobile imports, Thailand is the third largest trading partner behind Japan and Germany. Moreover, in terms of commercial automobile imports, Thailand is Australia's greatest trading partner, ahead of Japan and the U.S.

(3) Reasons for not using FTAs/EPAs

Since the beginning of this decade, FTAs/EPAs have been rapidly gaining recognition in Asia. However, more than half of the companies "have no plan to use FTAs/EPAs," although the number of the companies varies widely by country. As reasons for not using FTAs/EPAs in export activities in the ASEAN region, "No advantages to an FTA since export destinations are exempt from payment of import duty" was cited by the largest number of companies in the ASEAN region (123 companies: 37.6%), followed by "No FTA or EPA exists with the export destinations" (75 companies: 22.9%). Some companies also cited "No advantages to an FTA since the general duty on the export destinations is low" (65 companies: 19.9%). The results of this survey prove that when bringing products manufactured overseas back to Japan, there is no compelling need to use an FTA/EPA, since Japanese tariffs have already been eliminated or are at extremely low levels. As reasons for not using FTAs/EPAS in Southwest Asia and the Oceania region, "No FTA or EPA exists with the export destinations" was cited by approximately 40% of the respondent companies (Diagram 19).

Diagram 19: Reasons for not using FTAs/EPAs (exports)

[Export] (Unit: % of the number of companies)											
	No advantages to an FTA since the general duty on the export destinations is low	No advantages to an FTA since the export destinations are exempt from payment of import duty	Rules of Origin create too many obstacles	Cost incurred in screening and issuance of certificates of origin	Complicated procedures involved in obtaining certificates of origin	Obtaining the necessary documents is impossible since our parts-supplying companies are not aware of FTA/EPAs	Complexity arising because existing FTA/EPA regulations vary in different countries of origin	No FTA or EPA exists with the export destinations	Other		
ASEAN Total (n=327)	19.9	37.6	4.0	2.5	4.6	1.5	4.6	22.9	22.6		
Indonesia (n=34)	17.7	38.2	2.9	8.8	5.9	2.9	5.9	26.5	35.3		
Malaysia (n=55)	23.6	52.7	-	-	1.8	-	1.8	14.6	14.6		
Myanmar (n=4)	-	75.0	25.0	-	-	-	-	25.0	-		
Philippines (n=61)	9.8	32.8	4.9	-	3.3	1.6	9.8	21.3	27.9		
Singapore (n=15)	6.7	40.0	-	13.3	13.3	6.7	6.7	20.0	26.7		
Thailand (n=122)	26.2	32.8	6.6	2.5	6.6	1.6	4.1	22.1	22.1		
Vietnam (n=36)	19.4	33.3	-	-	-	-	-	38.9	16.7		
Southwest Asia Total (n=37)	16.2	18.9	-	-	-	2.7	2.7	37.8	29.7		
India (n=19)	10.5	5.3	-	-	-	5.3	-	42.1	42.1		
Oceania Total (n=24)	12.5	29.2	-	-	-	-	-	41.7	25.0		

An overwhelming number of companies in the ASEAN region that replied they had "no plan to use" FTAs/EPAs cited "Already enjoy exemption from tariffs through investment benefit scheme" (157 companies out of 321: 48.9%) as the reason for non-utilization. This was followed by "Insignificance of domestic sales on which tariffs are charged" (13.4%) and "No FTA or EPA exists with the import origins" (13.1%). In Oceania and Southwest Asia, the overwhelming reason was "No FTA or EPA exists with the import origins" for both regions, at 50.0% and 42.6%, respectively (Diagram 20).

Diagram 20: Reasons for not using FTAs/EPAs (imports)

[Import]

		Already enjoy exemption from tariffs through investment benefit schemes	Insignificanc e of domestic sales on which tariffs are charged	Our parts- supplying companies are not aware of FTA/EPAs	Application of an FTA is not allowed in intermediate trade	No advantages to an FTA since general duty is low	No advantages to an FTA since the FTA duty is progressively lowered, minimizing the difference between it and the general duty	No FTA or EPA exists with the import origins	Other
ASE	AN Total (n=321)	48.9	13.4	2.2	0.3	12.8	4.1	13.1	15.9
	Indonesia (n=35)	34.3	14.3	-	-	11.4	5.7	17.1	31.4
	Malaysia (n=55)	45.5	20.0	-	1.8	14.6	3.6	12.7	10.9
	Myanmar (n=5)	20.0	60.0	20.0	-	-	-	40.0	-
	Philippines (n=60)	61.7	8.3	3.3	-	5.0	-	8.3	16.7
	Singapore (n=18)	-	22.2	5.6	-	22.2	-	16.7	38.9
	Thailand (n=113)	51.3	10.6	2.7	-	15.9	8.0	12.4	14.2
	Vietnam (n=35)	68.6	8.6	-	-	11.4	-	14.3	2.9
South	west Asia Total (n=47)	29.8	4.3	4.3	-	2.1	4.3	42.6	14.9
	India (n=23)	4.4	-	8.7	-	4.4	8.7	47.8	30.4
Ocea	nia Total (n=14)	-		-	-	14.3	7.1	50.0	28.6

Needless to say, utilization of an FTA or EPA would be impossible unless such an arrangement exists at the export destination or import origin. Therefore, the utilization rate of FTAs/EPAs was once again calculated, but this time, the number of companies that replied "No FTA or EPA exists with the export destinations (import

origins)" was subtracted from the number of valid responses (parameter), and once again, that number was divided by the number of companies with FTAs/EPAs currently in use, calculating the actual utilization rate. This time, the utilization rate for export activities rose from 23.0% to 25.9%, and the rate for import activities rose from 20.6% to 21.1%. The actual utilization rate in Oceania is particularly high, with the utilization rate in export activities rising 7.1 percentage points to 27.6% and in import activities rising 11.7 percentage points to 45.0% (Diagram 21).



Diagram 21: Utilization rate and actual utilization rate of FTAs/EPAs

(Note) Actual utilization rate is calculated as follows: Number of companies with FTAs/EPAs currently in use divided by the number of valid responses the number of companies that cited "No FTA or EPA exists" with the counterparty)

(4) Prerequisite for the use of FTAs/EPAs in export activities: Margin of preference

As mentioned earlier, when using FTAs/EPAs in export activities, the exporter must complete procedures to obtain a COO, and such procedures entail costs. Only when the margin of preference exceeds the costs of obtaining COOs will the use of FTAs/EPAs be considered. This survey investigated what percentage difference in using the MFN duty and the FTA duty (tariff advantages) it would take to decide in favor of using FTAs/EPAs among companies with FTAs/EPAs currently in use or companies considering using FTAs/EPAs. Among the 390 Japanese-affiliated companies in Asia and Oceania, the largest number of companies (28.2%) replied "3% to less than 5%," which was followed by "5% to less than 7%" (27.9%). On the other hand, 15.6% of the companies replied that they would not consider using an FTA unless the difference exceeded "10% or more." It is believed that the companies replying "10% or more" require a margin of preference of 10% or more for obtaining a Certificate of Origin (COO) since the volume of export sales itself is marginal.

The average margin of preference required by Japanese-affiliated companies to decide in favor of using FTAs/EPAs, which was calculated using the intermediate value of each response range, is 5.3%. The required percentage difference is the lowest in the ASEAN region at 5.2%, followed by Oceania and Southwest Asia at 5.9% and 6.2%, respectively. In the ASEAN region, companies tend to be more familiar with the procedures involved in obtaining Certificates of Origin (COO), and for this reason it is believed that the average value is lower than that of Southwest Asia and Oceania. For example, in Indonesia, screening to determine the origin

of products can be completed on the same day or within three days at the most, and COOs are issued on the day of application. Thus, Indonesia is one of the most user-friendly nations in the ASEAN region, as far as FTAs are concerned from a procedural standpoint. Since the EPA between Japan and Indonesia came into effect in July 2008, many Japanese-affiliated companies have commented that obtaining COOs in Indonesia is easy and that they have no problem obtaining them because it usually only takes one day. In this survey also, the average margin of preference is the lowest for Indonesia at 4.3%, which is a whole 1% lower than the average. The complexity of the documentation and the procedural costs required for obtaining a COO varies by country, and it is thought that greater complexity in the procedures involved will result in a higher margin of preference. Therefore, in general, companies will decide to use an FTA if a 5% to 6% margin of preference can be enjoyed by using FTA duties on the products that are subject to general duties at the export destination (Diagram 22).

									Unit: %
	Asia and	ASEAN							Ossenia
	Oceania Total	ASEAN	Thailand	Indonesia	Malaysia	Philippines	Vietnam	Asia	Oceania
Valid responses	390.0	339.0	152.0	66.0	39.0	36.0	26.0	34.0	17.0
1% or less	6.7	6.8	7.2	10.6	5.1	2.8	0.0	5.9	5.9
1% to less than 3%	14.4	14.7	17.1	15.2	12.8	13.9	11.5	8.8	17.6
3% to less than 5%	28.2	28.9	23.7	40.9	25.6	38.9	23.1	23.5	23.5
5% to less than 7%	27.9	28.6	28.9	22.7	43.6	16.7	34.6	26.5	17.6
7% to less than 9%	2.6	2.7	3.9	4.5	0.0	0.0	0.0	2.9	0.0
9% to less than 10%	4.6	4.7	6.6	1.5	2.6	5.6	7.7	5.9	0.0
10% or above	15.6	13.6	13.2	4.5	10.3	22.2	23.1	26.5	35.3
Average	5.3	5.2	5.3	4.3	5.2	5.6	6.3	6.2	5.9

Diagram 22: Margin of preference required to consider the use of FTA

(5) Prerequisite for use of FTAs/EPAs in import activities: "Management costs of investment benefit schemes"

As mentioned earlier, nearly half, or 48.9%, of companies in the ASEAN region that do not use FTAs/EPAs cited "Already enjoy exemption from tariffs through investment benefit scheme" as a reason for non-utilization. In many of the ASEAN countries, raw materials and parts for products intended for export, for example, have already been exempted from import duties through investment benefit schemes. Therefore, in such cases, there is no compelling need to use FTAs or EPAs. Although the procedures vary by country, prospective users of these investment benefit schemes are required—assuming that the investment itself has been approved by the government—to file applications and receive approval prior to importing products, make regular reports to the authorities concerned, and manage imported raw materials and parts that are intended for products to be sold on the domestic market separately from the imported raw materials and parts that are intended for products for export, among others.

In order for companies that are already using investment benefit schemes to switch to FTAs/EPAs, the preferential tariff rates of the FTAs/EPAs must fall below the management costs required for enjoying the benefits of the schemes. Concerning the management costs involved in using investment benefit schemes, the most prevalent reply throughout Asia, from nearly half of all respondent companies (valid responses: 159 companies), was "1% or less" of the import value of the raw materials and parts. This was followed by "1% to less than 3%" (33.3%). Based on the intermediate value of each response range, the average value of the management cost of an investment benefit scheme was calculated as a percentage of the import value of the raw

materials and parts. For the whole of Asia, as well as the entire ASEAN region, the average management cost came to 1.9%, while it was 2.3% for Southwest Asia. The country requiring the highest management cost was Thailand at an average 2.2%, followed by Vietnam (2.1%) and Malaysia (1.7%). The country with the lowest management cost was Indonesia at 1.3% (Diagram 23).

Currently, the FTA/EPA with the most progressive form of tariff exemptions is the AFTA. Among the ASEAN-6, the average AFTA tariff rate was 0.97% in 2008. Therefore, in the case of the AFTA, tariff rates have fallen below management costs and the prerequisites for usage have been satisfied. However, in terms of procurement by the Japanese-affiliated companies, the percentage of procurement from the ASEAN region is limited. In the previous survey, procurement from the ASEAN region amounted to a mere 11.5% of the total, including local procurement, and it was evident that Japanese-affiliated companies were still largely dependent on Japan (37.8% of total procurement) as a source of procurement (while local procurement amounted to 40.0%). Consequently, Japanese-affiliated companies will need to wait until the substantial tariff exemptions under the bilateral EPAs between Japan and the individual nations of ASEAN or the ASEAN-Japan Comprehensive Economic Partnership (AJCEP) takes effect. The EPAs between Japan and ASEAN (excluding Singapore) came into effect beginning in July 2006 with Malaysia, in 2007 with Thailand and in 2008 with Indonesia and ASEAN, as a whole. The EPAs entered into by Japan require a maximum of 10 years for the complete elimination of tariffs. For this reason, companies that mainly procure raw materials and parts from Japan are expected to continue using investment benefit schemes for the time being.

Diagram 23: Management	costs of investme	ent benefi	t schemes a	as percentages	of import	value o	f raw
materials and parts							

								(Unit: %)
	Asia Total	ASEAN	Thailand	Indonesia	Malaysia	Philippines	Vietnam	Southwest Asia
Valid responses	159	146	55	12	21	34	23	13
1% or less	49.1	50.0	36.4	58.3	66.7	64.7	43.5	38.5
1% to less than 3%	33.3	32.9	43.6	33.3	19.0	23.5	34.8	38.5
3% to less than 5%	8.2	8.2	10.9	8.3	4.8	5.9	4.3	7.7
5% to less than 7%	5.0	4.8	3.6	0.0	4.8	0.0	17.4	7.7
7% to less than 9%	1.3	0.7	1.8	0.0	0.0	0.0	0.0	7.7
9% to less than 10%	1.3	1.4	1.8	0.0	0.0	2.9	0.0	0.0
10% or above	1.9	2.1	1.8	0.0	4.8	2.9	0.0	0.0
Average	1.9	1.9	2.2	1.3	1.7	1.6	2.1	2.3

4. Procurement of Raw Materials and Parts

(1) 40% of the companies said "Materials costs account for more than 70% of manufacturing costs"

In terms of the ratio of materials costs, including the cost of raw materials and parts to the manufacturing costs* of major products (on a monetary base: 100=estimated manufacturing cost ratio for 2008), 43.6% of the companies in the Asia-Pacific region as a whole replied "70% or above," 38.9% replied "50% to less than 70%" and 17.5% replied "less than 50%" (valid responses: 909 companies).

In the ASEAN region, 43.4% replied "70% or above." By country, half of the companies in Indonesia replied "70% or above." Singapore had a higher percentage of companies replying "less than 50%" than other countries at 35.6%, suggesting that higher volumes of higher-value-added items are being produced and personnel costs are higher compared to the other countries.

In Southwest Asia, 49.0% of the companies replied "70% or above." By country, the majority of the companies in Pakistan (61.5%) and Bangladesh (55.6%) replied "70% or above."

In the Oceania region, the most prevalent reply was "50% to less than 70%," which was given by 44.7% of the companies.

*Manufacturing cost" here refers to the total cost of manufacturing products and includes the cost of raw materials, labor costs and other costs incurred at the manufacturing site.

Country/region	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Total(n=909))	17.5			38.9		3	I	43.6	I	
ASEAN Total (n=760))	16.7			39.9		N		43.4		
Indonesia n=107)	13.1		36.5				50).5		
Malaysia(n=104)	14.4			46.2				39.4		
Myanmar (n=6))	16.7		33.	3////			50	0.0		
Philippines(n=111))	18.9			38.7				42.4		
Singapore⊾(n=45)		35.6			22.2			42.2		
Thailand n=307)	14.3			43.3				42.3		
Vietnam(n=80))	20.0			35.0				45.0		
Southwest Asia Total (n=102		21.6	\cdots		29.4			4	9.0		
Bangladesh(n=18))	16.7		27.8				55.6			
India(n=56		21.4			32.1	\cdots			46.4		
Pakistan (n=13)	15.4	M	23.1				61.5			
Sri Lanka(n=15)		33 3		/////	267	\sim		40.0		
Oceania Total(n=47))	21.3			44	7	7777		34.0		
Australia'(n=32))	18.8			50.	0	1111		31	.3	
New Zealand(n=15))	26.	7	1111	33.3	3////			40.0		
	Г	ΠL	ess than 50%		50% to less t	han 70%	□70% (or above			

Diagram 24: Ratio of materials costs to manufacturing costs (by country/region)

(2) Raw materials and parts are procured locally and from Japan

As for the breakdown of procurement sources, the respondents selected the appropriate range for their procurement ratio. The intermediate value of each response range was taken and the average procurement rate calculated by procurement source. Then, in order to facilitate country-by-country comparison, each percentage was weighted so that they would total 100 (Diagram 25). In the ASEAN region, Thailand had the highest ratio of local procurement at 52.4%, followed by Malaysia (45.8%) and Indonesia (45.1%), suggesting the advanced state of agglomeration in the supporting industries of these countries compared to the other countries. The Philippines and Vietnam had high ratios of procurement from Japan (47.6% and 40.6%, respectively).

In Southwest Asia, India had the highest ratio of local procurement (47.5%). In the Oceania region, Australia and New Zealand had higher ratios of local procurement than of procurement from abroad.

Japanese-affiliated companies have a particularly large presence in the motor vehicle and motorcycle industry and the electric and electronic parts and components industry. In terms of the motor vehicle and motorcycle industry, the local procurement ratios of Thailand and Indonesia were high at 70.0% and 68.3%, respectively, while the average local procurement ratio for the entire Asia-Pacific region was 43.4%. Furthermore, in the electric and electronic parts and components industry, while the average local procurement ratio for the entire Asia-Pacific region was 29.3%, the local procurement ratios of India and Thailand were high at 61.7% and 42.3%, respectively, suggesting the advanced state of agglomeration in the supporting industries of these countries compared to the other countries (ratios are unweighted averages).





(Note) "Other" includes "Other Asian countries," "Oceania," "U.S.," "Europe," "Middle East" and "Others."

(3) Local procurement: Procurement from Japanese-affiliated companies in ASEAN and local companies in Southwest Asia and Oceania (average)

In terms of local procurement sources, the respondents, similarly to the preceding section, selected the appropriate range of the procurement ratio for each of the following: Japanese affiliated-companies, local companies and other foreign-affiliated companies. The intermediate value of each response range was taken to calculate the average procurement rate, after which each percentage was weighted in order that they would total 100%. In the ASEAN region as a whole, the procurement ratio from Japanese-affiliated companies was the highest (49.8%), followed by procurement from local companies (42.1%). In Southwest Asia as a whole, local companies dominated as procurement sources with a procurement ratio of 82.3%, indicating the scarcity of foreign companies, including Japanese companies, operating in the area. Additionally, in the Oceania region, the ratio of procurement from local companies was the highest (80.5%).

In the ASEAN region, the ratio of local procurement from Japanese-affiliated companies was high in Thailand (59.1%) and the Philippines (57.3%). In both countries, there is a high agglomeration of Japanese-affiliated companies, in addition to a well-developed industrial infrastructure, mainly in the motor vehicle and motorcycle industry and the electric machinery and electronic equipment industry, which has resulted in a high ratio of procurement from Japanese companies operating in these countries.

As mentioned in the preceding section, a large percentage of companies operating in India procure materials locally, and their procurement sources are mostly local companies (85.5%) rather than Japanese-affiliated companies operating in the area (9.1%).



Diagram 26: Average local procurement ratios

(4) Future plans for procurement of raw materials and parts: Local procurement

In terms of plans for procuring raw materials and parts in the future, "Increase ratio of local procurement" was cited by the largest number of companies in the ASEAN region, as well as Southwest Asia (60.8% and 56.4%, respectively), while in the Oceania region, "Maintain current ratios of local procurement" was the most prevalent reply at 64.7% (multiple answers allowed; valid responses: 844 companies).

In the ASEAN region, "Increase ratio of local procurement" was cited by a large number of companies in Vietnam (73.7%), Thailand (69.5%) and Indonesia (65.4%). Vietnam had the smallest number of companies in Asia planning to "Maintain current ratios of local procurement" (15.8%). In Thailand and Indonesia, where industrial agglomeration is taking place as part of regional specialization, movements seem to be underway to further increase the ratio of local procurement in the motor vehicle and motorcycle industry and the electric machinery and electronic equipment industry.

In Southwest Asia, "Increase ratio of local procurement" was cited by a large number of companies in India (66.7%). In terms of industry, many of the companies giving this reply were in the electric machinery and electronic equipment and their parts and components industries, as well as the motor vehicle and motorcycle and their parts and components industries, suggesting that agglomeration is taking place in the supporting industries.

Diagram 27: Future procurement sources for raw materials and parts (by country/region, multiple answers allowed)

(N=844 companies)

		•
Total		
ASEAN Total		□ Local
Indonesia		I ASEAN
Malaysia		🗳 China
Myanmar		🗖 Japan
Philippines		□ Maintain
Singapore		current ratios
Thailand		
Vietnam		
outhwest Asia Total		
Bangladesh		
India		
Pakistan		
Sri Lanka		
Oceania Total		
Australia		
New Zealand		
(20 40 60	

(5) The main factor in increasing local procurement ratios: Quality improvement by local suppliers

In regard to what factor was necessary to increase local procurement ratios of raw materials and parts, "Quality improvement by local suppliers" was cited the most (78.7%), followed by "Cost reduction by local suppliers" (56.8%) and "Strict observance of delivery dates by local suppliers" (39.0%) in the ASEAN region as a whole (multiple answers allowed; valid responses: 888 companies).

Vietnam seems to harbor expectations and has the need for increasing local procurement, as evidenced by its higher percentage—compared to the other ASEAN nations—of companies seeking "Expansion of affiliated suppliers into the local area" (35.4%) and its overwhelming percentage of companies planning to "Increase ratio of local procurement" (73.7%) of raw materials and parts in the future.

In Southwest Asia, as was the case in the ASEAN region, "Quality improvement by local suppliers" was cited the most (82.2%), followed by "Cost reduction by local suppliers" (56.4%) and "Strict observance of delivery dates by local suppliers" (49.5%). Moreover, compared to the ASEAN region, there were a higher percentage of companies citing "Improvement in the local logistical and transportation infrastructure."

In the Oceania region, "Cost reduction by local suppliers" was cited the most (75.6%), followed by "Quality improvement by local suppliers" (53.7%) and "Strict observance of delivery dates by local suppliers" (26.8%).

Diagram 28: Factors necessary to increase local procurement ratios of raw materials and parts (by country/region; multiple answers allowed)



n=888 companies

(6) Percentage of the total amount of imported raw materials and parts not subject to tariffs

Concerning the percentage of the total amount of imported raw materials and parts that were not subject to tariffs, 25.9% of the companies in the ASEAN region, 25.8% in Southwest Asia and 14.3% in the Oceania region replied "100% (= all imported raw materials and parts were tariff-free)" (valid responses: 859 companies).

In the ASEAN region, the countries with high percentages of companies reporting "All imports were tariff-free," were the Philippines (51.8%), Vietnam (47.4%) and Singapore (46.5%). By industry, sectors with the majority of companies reporting "All imports were tariff-free" were the electric and electronic parts and components industry (77.8%) and the fabricated metal products industry (70.0%) in the Philippines, the electric machinery and electronic equipment industry (77.8%) and the apparel and textile products industry (75.0%) in Vietnam, and the petroleum products industry (66.7%) and the plastic products industry (66.7%) in Singapore. It is safe to assume that in the Philippines and Vietnam, investment incentives, including the exemption of import duties on raw materials in export processing zones, are being used with greater frequency when producing products intended for export. In Singapore, it is thought that in addition to the traditional low levels of general duties, the utilization of the AFTA is further expanding the scope of tariff-free items. On the other hand, the largest percentage of companies in Thailand (24.9%) replied "0% (= no tariff-free treatment)." By industry, many of the companies in the fabricated metal products industry (39.1%) and the motor vehicle and motorcycle parts and accessories industry (35.9%) replied that they did not enjoy any tariff-free treatment whatsoever. Thailand has the highest simple average tariff rates (2006) among the ASEAN-6, with the simple average tariff rates on apparel and motor vehicles and motorcycles set particularly high. The Japan-Thailand EPA came into effect in November 2007, and as a result, import duties on all industrial products imported from Japan, with the exception of automobiles, are scheduled to be eliminated in seven to 10 years from the EPA's effective date.

In Southwest Asia, the country with the highest percentage of companies reporting "all imports were tariff-free" was Bangladesh (56.3%). India, on the other hand, in an effort to fortify the competitiveness of its domestic manufacturing industry, has been slow to implement tariff exemption schemes on raw materials for exporting companies, and the percentage of companies replying that they did not enjoy any tariff-free treatment whatsoever was the highest in the whole of Asia at 53.9%. Therefore, expectations are high for the early signing and enforcement of the ASEAN-India FTA, of which negotiations concluded in August 2008, and the conclusion of the Japan-India EPA, which targets the elimination of tariffs on 90% of items and of which negotiations have been ongoing since January 2007.

In the Oceania region, 12.0% of the companies in Australia and 20.0% of the companies in New Zealand replied "All imports were tariff-free."

All in tariff treatm	nports were subject to (No tariff-free ent)		All imports were tariff-fre
Total (n=859)	19.9 13.7 \$*8.4 * 5.4 \$\$2 9.8 12.2		25.4
ASEAN Total(n=731)	17.913.8	2	25.9
Indonesia (n=100)	16.0 24.0 5.0 5.0 5.0 6.0	12.0	20.0
Malaysia (n=101)	6.9 8.9 × 8,9 × 4.0 6.9 10.9 19.8	33.7	
Myanmar (n=6)	16.7 16.7 16.7 16.7	33.3	
Philippines (n=110)		51.8	
Singapore (n=43)	23.3	46.5	
Thailand (n=293)	24.9 19,5 \$\$ \$ \$ \$ \$ \$ \$ \$ 8.9 68	12.0	9.9 6.5
Vietnam (n=78)	7.7	47.4	
Southwest Asia Total (n=93)	36.6 8.6 5.4 3.2 6.5 11.8	2	25.8
Bangladesh (n=16)	18.8 6.3 6.3 12.5	56.3	
India (n=52)	53.9	7.7	17.3
Pakistan (n=11)	18.2 18.2 5× 5× 48.2 × 5× 19.1 9.1 9.1	18.2	9.1
Sri Lanka (n=14)	7.1 22.9	35.7	
Oceania Total (n=35)	17.1 25.7 5.7 5.7 17.1	8.6	14.3
Australia (n=25)	12.0 28.0 8.0 8.0 1	16.0 8.0	12.0
New Zealand (n=10)	30.0	10.0	20.0
0	% 20% 40% 60%	80%	100%
$\square_0\%$ $\square_1\%$ to less than 10% \square_1	0% to less than 30% \square 30% to less than 50% \square 50% to less than 70% \square 70% to less than 90	0% 90% to less	than 100% □ 100%

Diagram 29: Percentage of the total amount of imported raw materials and parts not subject to tariffs (by country/region; 100 = total amount procured from other countries) n = 859 companies

(7) 60% reported that manufacturing costs were "higher than in China"

In terms of the manufacturing costs of the main products manufactured locally—assuming the manufacturing cost for the same product by an affiliated company in China to be 100 (valid responses: 438 companies)—in the entire region covering ASEAN, Southwest Asia and Oceania, 63.1% of the companies replied that manufacturing costs were "100% or above (local manufacturing costs were higher than the manufacturing costs in China)," while 36.9% replied "Less than 100% (local manufacturing costs were lower than the manufacturing costs in China)." By industry, many of the companies in the rubber products, the nonferrous metals and products, and the apparel and textile products industries replied "Less than 100%."

In the ASEAN region, 62.5% of the companies replied "100% or above." By country, Singapore had the highest percentage with 90.5%, followed by Malaysia (68.1%) and the Philippines (68.0%). The percentage of companies replying "Less than 100%" was high in Myanmar (100%) and Vietnam (52.3%), indicating that manufacturing costs in these countries remained less expensive than those in China.

In Southwest Asia, the percentage of firms replying "100% or above" was 63.6%, which was nearly equivalent to that of the ASEAN region. By country, the percentage was the highest in Pakistan (83.3%). The percentage replying "Less than 100%," on the other hand, was high in Sri Lanka (50.0%) and Bangladesh (42.9%). In India, a high percentage of companies in the textiles, pharmaceuticals, and motor vehicles and motorcycles industries replied "Less than 100%."

In the Oceania region, the percentage of companies replying "100% or above" reached 80.0%. However, in Australia, certain replies pointed toward manufacturing costs that were less expensive than in China, with one company in the rubber products industry replying "Less than 80%" and one company in the nonferrous metals and products industry replying "80% to less than 90%."

Diagram 30: Local manufacturing costs (compared to manufacturing costs in China, by country/region)


5. Business Problems

(1) Problems in sales or other business activities

In terms of what problem Japanese-affiliated manufacturers operating in the ASEAN region, Southwest Asia and the Oceania region had encountered in sales or other business activities—as was the case in the previous survey—the most frequently cited reply was "Major clients requesting lower prices" (46.3%) (Diagram 31-1). This was followed by "Sluggishness in major sales markets" (44.4%), which moved into second place from the fifth-place spot in the previous survey. In contrast, the second most frequently cited reply in the previous survey, "Competitors' growing market shares" (25.4%), dropped to fifth place in this survey, suggesting that the recession is perceived as more of a problem than the emergence of any competitor.

In the ASEAN region, "Major clients requesting lower prices" (48.0%) was the most frequently cited reply, as was the case in the previous survey, followed by "Sluggishness in major sales markets" (45.8%), which jumped to second place from its previous fifth-place spot. "Sluggishness of major sales markets" was cited as a business problem by many export-oriented manufacturers, including 69.2% of them in the electric machinery and electronic equipment industry in Malaysia and 55.6% in the electric and electronic parts and components industry in the Philippines.

In Southwest Asia, "Major clients requesting lower prices" (41.2%) was the most frequently cited reply, followed by "Sluggishness in major sales markets" (35.3%), which was closely followed by "Competitor's growing market shares" (33.3%), indicating the increased pressure on manufacturers to cut back costs, fueled by demands for lower prices by clients and the emergence of competitors.

In the Oceania region, "Sluggishness in major sales markets" (43.1%) was the most frequently cited reply. In New Zealand, this percentage climbed to 68.8%. Concerning the export destinations of manufacturers in New Zealand, the overwhelming majority (14) of the 16 respondent companies cited "Japan." By industry, many of these companies were in the lumber and wood products industry and the foods, processed agricultural or marine products industry, which shows that exports to Japan in these industries had been in a slump.

In non-manufacturing industries, as a whole, the most frequently cited reply, as was the case in the previous survey, was "Competitors' growing market shares (cost-wise competition)" (45.1%) (Diagram 31-2). This was followed by "Sluggishness in major sales markets" (42.4%), which jumped to second place from its previous fourth-place spot, suggesting that the impact of sluggish sales on these industries had been far-reaching.

In the ASEAN region, "Competitors' growing market shares (cost-wise competition)" (49.5%) was the most frequently cited reply followed by "Sluggishness in major sales markets" (42.2%). Companies citing "Competitors' growing market shares (cost-wise competition)" were most numerous in Thailand (58.1%), while in terms of industry, this reply was given most frequently by firms in the transport/warehousing industry (80.8%). Companies citing "Sluggishness in major sales markets" were most numerous in Singapore (49.3%), while in terms of industry, this reply was given most frequently by sales companies (63.8%).

In Southwest Asia, "Competitors' growing market shares (cost-wise competition)" was the most frequently cited reply (42.6%), while some companies also cited "Lack of progress in local deregulation" and "Accounts receivable in arrears."

In the Oceania region, the two most frequently cited replies were "Sluggishness in major sales markets" (48.1%) and "Competitors' growing market shares" (35.1%). By industry, companies in the hotel/travel/restaurant industry both in Australia and New Zealand overwhelmingly cited the former as a major business problem, with 92.3% in Australia and 85.7% in New Zealand doing so, while 49.0% of the sales companies in Australia and 57.1% of the hotel/travel restaurant industry in New Zealand cited the latter.

							(Mul	Iultiple answers allowed, unit:			Valid respo	nses: 919)
	Valid responses		1		2	3			4			5
Total	918	Major clien	ts requesting	lower prices	Sluggishness in major sales markets	Decrease in major of	orders from clients	No increas	e in new client	s or markets	Competito marke	rs' growing t shares
	100.0		46.3		44.4	34.	3		27.6		25	i.4
ASEAN Total	765	Major clien	ts requesting	lower prices	Sluggishness in major sales markets	Decrease in major of	orders from clients	No increas	e in new client	s or markets	Competito marke	rs' growing t shares
	100.0		48.0		45.8	36.	6		27.7		24	.8
Indonesia	108	Major clien	ts requesting	lower prices	Sluggishness in major sales markets	No increase in marl	new clients or cets	Decrease in	n orders from r	najor clients	Inflow of ch goods into l	eap imported ocal markets
	100.0		41.7		35.2	28.	7		24.1		24	.1
Malaysia	106	Sluggishne	ess in major sa	ıles markets	Major clients requesting lower prices	Decrease in major o	orders from clients	Competito	ors' growing m	arket shares	Decrease in production orders from headquarters	No increase in new clients or markets
	100.0		50.9		49.1	37.	7		27.4		24	.5
Myanmar	6	Sluggishne	ess in major sa	des markets	Decrease in sales prices due to global oversupply	Major clients requesting lower prices	No increase in new clients or markets	Decrease in production orders from headquarters	Inflow of cheap imported goods into local markets	Competitors' growing market shares		
	100.0		83.3		50.0	33.	3		16.7			
Philippines	113	Sluggishne	ess in major sa	iles markets	Major clients requesting lower prices	Decrease in major of	orders from clients	No increas	e in new client	s or markets	Decrease in orders from	n production headquarters
	100.0		47.8		42.5	40.	7		31.0		23	1.9
Singapore	47	Sluggishne	ess in major sa	iles markets	Major clients requesting lower prices	Decrease in major of	orders from clients	No increase in new clients or markets	Inflow of ch goods into 1	eap imported ocal markets	Competito marke	rs' growing t shares
	100.0		46.8		44.7	34.	0		27.7		25	5.5
Thailand	309	Major clien	ts requesting	lower prices	Sluggishness in major sales markets	Decrease in major of	orders from clients	No increas	e in new client	s or markets	Competito marke	rs' growing t shares
	100.0		52.1		48.5	41.	8		27.8		26	i.9
Vietnam	76	Major clien	ts requesting	lower prices	Sluggishness in major sales markets	Decrease in major of	orders from clients	Decrease	in production of headquarters	orders from	No increase in mai	new clients or kets
	100.0		50.0		35.5	30.	3		29.0		25	5.0
Southwest Asia Total	102	Major clien	ts requesting	lower prices	Sluggishness in major sales markets	Competitor market	s' growing shares	Inflow of che	ap imported ge markets	oods into local	No increase ir mai	new clients or kets
1000	100.0		41.2		35.3	33.	3	28.4		26	5.5	
Bangladesh	17	Major clien	ts requesting	lower prices	Decrease in orders from major clients	Sluggishness i marl	n major sales kets	Decrease in production orders from headquarters	No increase in ma	n new clients or rkets	Decrease in sales prices due to global oversupply	Competitors' growing market shares
	100.0		58.8		47.1	41.	2		29.4		23	5.5
India	58	Major clien	ts requesting	lower prices	Competitors' growing market shares	Inflow of che goods into lo	ap imported cal markets	Sluggishn	ess in major sa	les markets	No increase in mai	new clients of kets
	100.0		39.7		36.2	29.	3		25.9		24	.1
Pakistan	13	Major clients requesting lower prices	Sluggishness in major sales markets	Inflow of cheap imported goods into local markets	Competitors' growing market shares	No increase in marl	new clients or cets	Decrease in	n orders from r	najor clients	Decrease in sales prices due to global oversupply	Accounts receivable in arrears
	100.0		38.5		30.8	23.	1		15.4		7.	.7
Sri Lanka	14	Sluggishne	ess in major sa	lles markets	Decrease in production orders from headquarters	Decrease in major of	orders from clients	No increase in new clients or markets	Inflow of ch goods into I	eap imported ocal markets	Competito marke	rs' growing t shares
	100.0		64.3		50.0	42.	9		35.7		35	5.7
Oceania Total	51	Sluggishne	ess in major sa	iles markets	Major clients requesting lower prices	Inflow of che goods into lo	ap imported cal markets	No increas	e in new client	s or markets	Decrease in major	orders from clients
	100.0		43.1		31.4	29.	4		27.5		23	.5
Australia	35	Inflow of c	heap imported local markets	d goods into s	Major clients requesting lower prices	Sluggishness i marl	n major sales kets	No increase in new clients or markets	Competito marke	ors' growing t shares	Decrease in production orders from headquarters	Decrease in orders from major clients
	100.0		40.0		34.3	31.	4		20.0		17	.1
New Zealnad	16	Sluggishne	ess in major sa	iles markets	No increase in new clients or markets	Decrease in major of	orders from clients	Major clie	nts requesting	lower prices	Decrease in orders from	n production headquarters
	100.0		68.8		43.8	37.	5		25.0		18	3.8

Diagram 31-1: Problems in sales or business activities (top five) (manufacturing industry)

Diagram 31-2: Problems in sales or other business activities (top five) (non-manufacturing industry)

										(Multip	ne answers anow	cu, unit. 70, vand	i Tesponses. 878)
	Valid responses		1			2		3			4		5
Total	878	Competi	tors' growin shares	g market	Sluggis	hness in ma markets	ijor sales	No increa clients or	se in new markets	Major cl	ients requesting lower prices	Decrease in	sales prices
Total	100.0		45.1			42.4		33.	.0		29.5	23	3.5
ASEAN Total	548	Competi	tors' growin shares	ig market	Sluggis	hness in ma markets	ijor sales	No increa clients or	se in new markets	Major cl	ients requesting lower prices	Decrease in	sales prices
ADE/IIV TOUT	100.0		49.5			42.2		37.	.2		31.8	24	1.3
Indonesia	54	Major cli	ents request	ing lower	Sluggis	hness in ma	ijor sales	Competitor	s' growing	No incr	ease in new clients or	Decrease in	a sales prices
Indonesia	100.0		35.2			33.3		29	6		27.8	18	2.5
	71	Competi	tors' growin	ig market	Sluggis	hness in ma	ijor sales	No increa	se in new	Major cl	ients requesting lower	Decrease in	1 sales prices
Malaysia	100.0		snares			45.1		chents or	markets		25 2	21) 5
	100.0		40.5			45.1		+0.	.9		55.2		
Myanmar	14	No incre	ease in new o markets	clients or	Lack	of progress deregulatio	in local n	Major clients requesting lower prices	Competitors' growing market shares	Competi	tors' growing market shares	Decrease in Sluggishness orders from in major sales headquarters markets	Decrease in sales prices Accounts receivable in arrears
	100.0		57.1			50.0		28	.6		14.3	7.	.1
Philippines	57	No increase in new clients or markets	Competitor market	rs' growing t shares	Sluggis	hness in ma markets	ijor sales	Major client lower	s requesting prices	Decre	ease in sales prices	Decrease in orders	s from headquarters
	100.0		45.6			42.1		26	3		21.1	19	93
	100.0	Competi	tors' growin	g market	Sluggis	hness in ma	ijor sales	No increa	se in new	Major cl	ients requesting lower		
Singapore	136		shares		~~~00~~	markets	J	clients or	markets		prices	Decrease in	a sales prices
	100.0		50.0			49.3		38.	.2		35.3	34	1.6
	172	Competi	tors' growin	ig market	Sluggis	hness in ma	ijor sales	No increa	se in new	Major cl	ients requesting lower	Decrease in	sales prices
Thailand	100.0		shares			markets		clients or	markets		prices		
	100.0	Compati	58.1	a markat	No inor	44.8	alianta an	Jack of m	.l	Chucai	32.0	25	5.0
Vietnam	44	Compeu	shares	ig market	INO IIICIE	markets	chefits of	local dere	egulation	Sluggis	markets	Competitors' grov	wing market shares
viculali	100.0		54.6			38.6		31	.8		27.3	25	5.0
	100	Competi	tors' growin	g market	Sluggis	hness in ma	ijor sales	Major client	s requesting	Lack	of progress in local	No increase in nor	r alianta ar markata
Southwest Asia Total	122		shares	-		markets		lower	prices		deregulation	No increase in nev	v clients or markets
	100.0		42.6			33.6		28	.7		23.0	22	2.1
Bangladesh	15	Competi	tors' growin shares	ig market	Major clients requesting lower prices	Sluggishn sales	ess in major markets	Decrease in sales prices	Lack of progress in local deregulation	Competitors' growing market shares	Accounts receivable in arrears	No increase in nev	v clients or markets
	100.0		46.7			40.0		33.	.3		26.7	13	3.3
India	76	Competi	tors' growin shares	ig market	Major cli	ients reques prices	ting lower	Sluggishness in major sales markets	Lack of progress in local deregulation	No incre	ease in new clients or markets	Decrease in sales prices	Competitors' growing market shares
	100.0		54.0			32.9		27.	.6		22.4	21	.1
Pakistan	18	Sluggis	hness in maj markets	jor sales	No incre	ease in new markets	clients or	Major client lower	s requesting prices	Decrease in orders from headquarters	Competitors' growing market shares	Lack of progress in local deregulation	Accounts receivable in arrears
	100.0		55.6			22.2		16	7		11.1	5	.6
Sri Lanka	13	Sluggishness in major sales markets	No increase in new clients or markets	Accounts receivable in arrears	Decrease in orders from headquarters	Decrease in sales prices	Competitors' growing market shares	Major clients requesting lower prices	Lack of progress in local deregulation				
	100.0		30.8			15.4		7.	7				
Oceania Total	208	Sluggis	hness in maj markets	jor sales	Competi	tors' growin shares	ng market	No increa clients or	se in new markets	Major clients requesting lower prices	Decrease in sales prices	Competitors' grov	ving market shares
	100.0		48.1			35.1		28	.4		24.0	13	3.5
	163	Sluggis	hness in maj	jor sales	Competi	tors' growi	ng market	No increa	se in new	Decre	ease in sales prices	Major clients requ	lesting lower prices
Australia	100.0		markets			shares		clients or	markets		24.5		5
	100.0		42.9			33.1		27.	.U No :		24.3	21	
New Zealand	45	Sluggis	hness in maj markets	jor sales	Competi	tors' growin shares	ng market	Major clients requesting lower prices	in new clients or markets	Decre	ease in sales prices	Decrease in orders	s from headquarters
	100.0		66.7			40.0		33.	.3		22.2	17	7.8

(Multiple answers allowed, unit: %, Valid responses: 878)

(2) Problems in production (manufacturers only)

In terms of production, the most frequently cited reply was an "Increase in procurement costs" (71.1%) (Diagram 32). This was followed by "Limited cost-cutting measures available" (38.8%) and "Difficulty in local procurement of parts and raw materials" (38.1%). It should also be noted that an "Increase in procurement costs" was the reason most frequently cited by manufacturers (67.4%) for the estimated decline in operating profit in 2008. This is indicative of the fact that despite rising procurement costs, manufacturers have nearly exhausted all cost-cutting measures at their disposal.

Similarly in the ASEAN region, an "Increase in procurement costs" was the most frequently cited reply (71.6%). A breakdown by country and industry of the respondents citing this problem indicates that manufacturers of motor vehicles and motorcycle parts and accessories in Thailand were the most numerous at 90.6%. While procurement costs continue to rise, manufacturers also cited "Major clients requesting lower prices" as the number one problem in sales. This is indicative of the harsh business environment in which manufacturers of parts and accessories are finding themselves having to contend with rising costs on the one hand and demands for lower prices on the other.

Additionally, in Southwest Asia, an "Increase in procurement costs" was the most frequently cited reply (62.4%). By contrast, however, manufacturers in Southwest Asia have cited "Electric power shortage" (43.6%) as their fourth largest production problem, which differentiates them from their counterparts in the ASEAN and Oceania regions. The magnitude of this problem may be surmised from the fact that it was the most frequently cited production problem among manufacturers in Bangladesh (70.6%) and Pakistan (69.2%).

Furthermore, in the Oceania region, an "Increase in procurement costs" (81.6%) was also the most frequently cited reply. It is also characteristic for this region that "Stricter environmental regulations" (24.5%) came in third place. This is a reflection of the strict environmental impact assessment requirement in place in Australia, which requires foreign-affiliated companies to submit environmental impact statements upon entry into the Australian market.

Diagram 32: Problems in production (top five) (manufacturing industry)

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	Valid responses	1		2		:	3		4	:	5
Total	914	Increase in procurement costs	Limited cos	t-cutting measu	res available	Difficulty in loca parts and ra	al procurement of w materials	Difficulty in o	quality control	Insufficient pro due to lack	duction capacity of facilities
	100.0	71.1		38.8		38	.1	37	.6	20	.1
ASEAN Total	764	Increase in procurement costs	Limited cos	t-cutting measu	res available	Difficulty in o	quality control	Difficulty in loca parts and ra	al procurement of w materials	Insufficient pro due to lack	duction capacity of facilities
	100.0	71.6		40.8		38	.2	37	.8	22	.0
Indonesia	109	Increase in procurement costs	Limited cos	t-cutting measu	res available	Difficulty in local procurement of parts and raw materials	Electric power shortage	Insufficient pro due to lack	duction capacity of facilities	Difficulty in a	quality control
	100.0	73.4		43.1		38	.5	37	.6	33	.9
Malaysia	103	Increase in procurement costs	Limited cos	t-cutting measu	res available	Difficulty in a	quality control	Difficulty in local procurement of parts and raw materials		Insufficient pro due to lack	duction capacity of facilities
	100.0	74.8		51.5	-	42	.7	31	.1	22	3
Myanmar	6	Electric power shortage	Insufficient production capacity due to lack of facilities	Difficulty in changeover of production items within a short timeframe	Difficulty in quality control	Increase in procurement costs	Difficulty in local procurement of parts and raw materials	Limited c measures	ost-cutting available		
	100.0	83.3		50.0		33	.3	16	.7		
Philippines	112	Increase in procurement costs	Difficulty in l	ocal procureme raw materials	nt of parts and	Limited c measures	ost-cutting available	Difficulty in a	quality control	Insufficient pro due to lack	duction capacity of facilities
	100.0	60.7		46.4		42	.0	36	.6	14	.3
Singapore	46	Increase in procurement costs	Limited cos	t-cutting measu	res available	Difficulty in a	quality control	Difficulty in loca parts and ra	al procurement of w materials	Insufficient pro due to lack	duction capacity of facilities
	100.0	73.9		50.0		21	.7	19	.6	17	.4
Thailand	309	Increase in procurement costs	Diffic	ulty in quality o	control	Limited c measures	ost-cutting available	Difficulty in loca parts and ra	al procurement of w materials	Insufficient pro due to lack	duction capacity of facilities
	100.0	75.1		39.2		38	.2	31	.4	21	.4
Vietnam	79	Difficulty in local procurement of parts and raw materials	Increas	se in procureme	nt costs	Difficulty in a	quality control	Electric pov	wer shortage	Limited c measures	ost-cutting available
	100.0	69.6		68.4		45	.6	34	.2	29	.1
Southwest Asia Total	101	Increase in procurement costs	Difficulty in l	ocal procureme raw materials	nt of parts and	Difficulty in o	quality control	Electric pov	wer shortage	Limited c measures	ost-cutting available
	100.0	62.4		47.5		45	.5	43	.6	25	.7
Bangladesh	17	Electric power shortage	Increase in procurement costs	Difficulty in o	quality control	Difficulty in loca parts and ra	al procurement of w materials	Limited c measures	ost-cutting available	Insufficient pro due to lack	duction capacity of facilities
	100.0	70.6		52.9		47	.1	29.4		23	.5
India	56	Increase in procurement costs	Difficulty in l	ocal procureme raw materials	nt of parts and	Difficulty in a	quality control	Electric pov	wer shortage	Limited c measures	ost-cutting available
	100.0	66.1		51.8		48	.2	37	.5	23	.2
Pakistan	13	Electric power shortage	Increas	se in procureme	nt costs	Difficulty in o	quality control	procurement o mate	y in local f parts and raw erials	High customs du capital goods and	uties on imported intermediary goods
	100.0	69.2		53.9		38	.5	30	.8	23	.1
Sri Lanka	15	Increase in procurement costs	Difficulty in l	ocal procureme raw materials	nt of parts and	Limited c measures	ost-cutting available	Insufficient production capacity due to leak of facilitie Control		Difficulty in production iten time	changeover of ns within a short frame
	100.0	66.7		46.7		40	.0	33	.3	26	.7
Oceania Total	49	Increase in procurement costs	Limited cos	t-cutting measu	res available	Stricter env regul	vironmental ations	Difficult procurement o mate	y in local f parts and raw erials	Difficulty in a	quality control
	100.0	81.6		34.7		24	.5	22	.5	12	.2
Australia	33	Increase in procurement costs	Limited cos	t-cutting measu	res available	Difficulty in loca parts and ra	al procurement of w materials	Stricter en regul	vironmental ations	Difficulty in a	quality control
	100.0	78.8		30.3		27	.3	24	.2	15	.2
New Zealand	16	Increase in procurement costs	Limited cos	t-cutting measu	res available	Stricter env regul	vironmental ations	Difficulty in local procurement of parts and raw materials	Electric power shortage	Difficulty in changeover of production items within a short timeframe	Difficulty in quality control
	100.0	87.5		43.8		25	.0	12	5	6.	3

(Multiple answers allowed, unit: %, Valid responses: 914)

(3) Problems in financial affairs, financing or foreign exchange

The top two problems in financial affairs, financing, or foreign exchange cited by the manufacturing industry as a whole were "Volatility of local currency's exchange rate against the US dollar" (58.1%) and "Volatility of local currency's exchange rate against the Japanese yen" (43.0%) (Diagram 33-1).

In the ASEAN region, also, "Volatility of local currency's exchange rate against the US dollar" (57.2%) and "Volatility of local currency's exchange rate against the Japanese yen" (42.5%) took the top two spots.

Similarly in Southwest Asia, "Volatility of local currency's exchange rate against the US dollar" (58.0%) was the most frequently cited problem. In particular, the percentage in Pakistan was the highest among the nations of Southwest Asia with 83.3%. This is thought to be a reflection of the drastic depreciation of the Pakistan rupee since June 2008. In Bangladesh and Sri Lanka, on the other hand, a relatively large percentage of manufacturers have cited "Shortage of cash flow necessary for capital investment."

Additionally, in the Oceania region, "Volatility of local currency's exchange rate against the US dollar" (71.4%) and "Volatility of local currency's exchange rate against the Japanese yen" (53.1%) were the two most cited replies.

The top two problems in financial affairs, financing or foreign exchange cited by the non-manufacturing industry as whole were "Volatility of local currency's exchange rate against the US dollar" (43.3%) and "Volatility of local currency's exchange rate against the Japanese yen" (38.6%) (Diagram 33-2).

Furthermore, in the ASEAN region, "Volatility of local currency's exchange rate against the US dollar" (42.0%) and "Volatility of local currency's exchange rate against the Japanese yen" (36.7%) took the top two spots.

In Southwest Asia, on the other hand, "Tax burdens" ranked the highest at 50.4%. This seems to be a major problem in India where 62.5% of the manufacturers cited this problem, which is an indication of the complexity of the national tax system for companies engaging in manufacturing and sales activities in India.

In the Oceania region, "Volatility of local currency's exchange rate against the Japanese yen" (51.7%) and "Volatility of local currency's exchange rate against the US dollar" (49.3%) were the two most cited replies.

Diagram 33-1: Problems in financial affairs, financing or foreign exchange (top five)

(manufacturing industry)

		1			(,,		
	Valid responses	1	2	3			4			5
Total	895	Volatility of local currency's exchange rate against the US dollar	Volatility of local currency's exchange rate against the Japanese yen	Tax burdens		Shortage of ca	ash flow necess investment	ary for capital	Volatility of yen against	the Japanese the US dollar
	100.0	58.1	43.0	26.6			20.6		19).9
ASEAN Total	746	Volatility of local currency's exchange rate against the US	Volatility of local currency's exchange rate against the Japanese	Tax burdens		Shortage of ca	ash flow necess investment	ary for capital	Volatility of yen against	the Japanese the US dollar
	100.0	57.2	42.5	26.1			21.3		19	9.6
Indonesia	106	Volatility of local currency's exchange rate against the US	Tax burdens	Volatility of local currency' against the Japane	s exchange rate se ven	Shortage of ca	ash flow necess investment	ary for capital	Rising in	terest rates
indonesiu	100.0	50.9	47.2	32.1	,		27.4		24	.5
Malaysia	103	Volatility of local currency's exchange rate against the US	Volatility of local currency's exchange rate against the Japanese	Shortage of cash flow neces investment	sary for capital	Volatility of	the Japanese y US dollar	en against the	Tax b	urdens
,~	100.0	66.0	43.7	21.4			20.4		17	1.5
Myanmar	6	Volatility of local currency's exchange rate against the US dollar	Restrictions on fund procurement and settlements	Shortage of cash flow neces investment	sary for capital	Difficulty in procuring funds from local financial institutions	Volatility of yen against	the Japanese the US dollar		
	100.0	83.3	50.0	33.3			16.7			
Philippines	112	Volatility of local currency's exchange rate against the US dollar	Volatility of local currency's exchange rate against the Japanese yen	Volatility of the Japanese y US dollar	en against the		Tax burdens		Shortage of cash capital in	flow necessary for restment
	100.0	64.3	46.4	33.9			25.9		24	.1
Singapore	44	Volatility of local currency's exchange rate against the US dollar	Volatility of local currency's exchange rate against the Japanese yen	Volatility of the Japanese y US dollar	en against the	Shortage of ca	ish flow necess investment	ary for capital	Rising in	terest rates
	100.0	77.3	36.4	27.3			15.9		6	.8
Thailand	299	Volatility of local currency's exchange rate against the Japanese yen	Volatility of local currency's exchange rate against the US dollar	Tax burdens		Shortage of ca	ish flow necess investment	ary for capital	Rising in	terest rates
	100.0	54.9	53.9	24.8			16.4		15	5.1
Vietnam	76	Volatility of local currency's exchange rate against the US dollar	Shortage of cash flow necessary for capital investment	Japanese yen against the US dollar	ourdens	Restrictions	s on fund procu settlements	rement and	Difficulty in p from loca instit	rocuring funds Il financial utions
	100.0	43.4	30.3	27.6			25.0		14	1.5
Southwest Asia Total	100	Volatility of local currency's exchange rate against the US dollar	Volatility of local currency's exchange rate against the Japanese yen	Rising interest r	ites		Tax burdens		Shortage of cash flow necessary for capital investment	Volatility of the Japanese yen against the US dollar
	100.0	58.0	42.0	34.0			30.0		21	.0
Bangladesh	16	Shortage of cash flow necessary for capital investment	Difficulty in procuring funds from local financial institutions	Restrictions on fund proc settlements	urement and	Volatility of local currency's exchange rate against the US dollar	Volatility of the Japanese yen against the US dollar	Tax burdens	Rising in	terest rates
	100.0	43.8	31.3	25.0			18.8		12	2.5
India	58	Volatility of local currency's exchange rate against the US dollar	Volatility of local currency's exchange rate against the Japanese yen	Tax burdens		Ri	sing interest ra	tes	Volatility of yen against	the Japanese the US dollar
	100.0	65.5	51.7	39.7			37.9		20).7
Pakistan	12	Volatility of local currency's exchange rate against the US dollar	Volatility of local currency's exchange rate against the Japanese yen	Shortage of cash procuring funds flow necessary for from local capital investment financial institutions	Volatility of the Japanese yen against the US dollar					
	100.0	85.3 Volatility of local	00./ Volatility of	8.3						
Sri Lanka	14	currency's exchange rate against the US dollar	Shortage of cash flow necessary for capital investment the US dollar	Tax burdens		Volatility of lo again	ocal currency's nst the Japanes	exchange rate e yen	Rising in	terest rates
	100.0	50.0	35.7	28.6			21.4		14	1.3
Oceania Total	49	Volatility of local currency's exchange rate against the US dollar	Volatility of local currency's exchange rate against the Japanese ven	Tax burdens		Volatility of	the Japanese yo US dollar	en against the	Rising in	terest rates
	100.0	71.4	53.1	26.5			22.5		16	5.3
Australia	35	Volatility of local currency's exchange rate against the US dollar	Volatility of local currency's exchange rate against the Japanese yen	Tax burdens		Volatility of	the Japanese yo US dollar	en against the	Rising in	terest rates
	100.0	65.7	51.4	31.4			22.9		17	.1
New Zealand	14	Volatility of local currency's exchange rate against the US dollar	Volatility of local currency's exchange rate against the Japanese yen	Volatility of the Japanese y US dollar	en against the	Tax burdens	Rising in	erest rates	Shortage of cash flow necessary for capital investment	Restrictions on fund procurement and settlements
	100.0	85.7	57.1	21.4			14.3		7	.1

(Multiple answers allowed, unit: %, Valid responses: 895)

Diagram 33-2: Problems in financial affairs, financing or foreign exchange (top five) (non-manufacturing industry)

	Valid responses	1	2	3	4	5
Total	824	Volatility of local currency's exchange rate against the US dollar	Volatility of local currency's exchange rate against the Japanese yen	Tax burdens	Shortage of cash flow necessary for expansion of sales	Volatility of the Japanese yen against the US dollar
ASEAN Total	100.0 510	43.3 Volatility of local currency's exchange rate against the US dollar	38.6 Volatility of local currency's exchange rate against the Japanese yen	26.6 Tax burdens	17.0 Shortage of cash flow necessary for expansion of sales	16.0 Volatility of the Japanese yen against the US dollar
	100.0 50	42.0 Volatility of local currency's exchange rate against the US	36.7 Tax burdens	25.1 Volatility of local currency's exchange rate	18.2 Volatility of the Japanese	17.1 Shortage of cash flow necessary
Indonesia	100.0	dollar 60.0 Volatility of local currency's	46.0	against the Japanese yen 28.0	yen against the US dollar 22.0	20.0
Malaysia	64 100.0	exchange rate against the US dollar 48 4	Japanese yen 45.3	Tax burdens	Shortage of cash flow necessary for expansion of sales 21.9	yen against the US dollar
Myanmar	14	Volatility of local currency's exchange rate against the US dollar	Restrictions on fund procurement Tax burdens and settlements	Shortage of cash flow necessary for expansion of sales dollar	Difficulty in procuring funds from local financial institutions	
Philippines	100.0 57	42.9 Volatility of local currency's exchange rate against the US	35.7 Tax burdens	14.3 Volatility of local currency's exchange rate against the Japanese yen	7.1 Shortage of cash flow necessary for expansion of sales	Volatility of the Japanese yen against the US dollar
11	100.0	47.4	35.1	33.3	26.3	14.0
Singapore	125	Volatility of local currency's exchange rate against the US dollar	Volatility of local currency's exchange rate against the Japanese yen	Volatility of the Japanese yen against the US dollar	Shortage of cash flow necessary for expansion of sales	Rising interest rates
	100.0	44.0 Volatility of local currency's	39.2	32.8	9.6	7.2
Thailand	160	exchange rate against the Japanese ven	dollar	Shortage of cash flow necessary for expansion of sales	from local financial institutions	
	100.0	41.9 Volatility of local currency's	28.8	21.3 Volatility of local currency's	9.4	
Vietnam	40	exchange rate against the US dollar	Tax burdens	exchange rate against the Japanese ven	Rising interest rates	
	100.0	47.5	35.0	22.5	20.0	
Southwest Asia Total	113	Tax burdens	Volatility of local currency's exchange rate against the US dollar	Shortage of cash flow necessary for expansion of sales Shortage of cash flow necessary for exchange rate against the Japanese ven	s Rising interest rates	Restrictions on fund procurement and settlements
	100.0	50.4	Volatility of local urrency's lind procurement Volatility of local urrency's lind procurement Restrictions on find procurement		21.2	
Bangladesh	100.0	50.4 Difficulty in procuring funds from local financial institutions	38.9 Volatility of local Volatility of the Japanese against the US Restrictions on fund procurement and settlements Tax burdens	23.9 Shortage of cash flow necessary for expansion of sales Japanese yen	23.0 S Rising interest rates	21.2
Bangladesh	100.0 12 100.0	50.4 Difficulty in procuring funds from local financial institutions 41.7	38.9 Volatility of local Volatility of the Japanese yen against dollar Restrictions on fund procurement and settlements Tax burdens 33.3	23.9 Shortage of cash flow necessary for expansion of sales 25.0	23.0 Rising interest rates	21.2
Bangladesh India	100.0 12 100.0 72	50.4 Difficulty in procuring funds from local financial institutions 41.7 Tax burdens	38.9 Volatility of local currency's exchange rate against the US dollar Volatility of the Japanese yen against the US dollar Restrictions on fund procurement and settlements Tax burdens 33.3 Volatility of local currency's exchange rate against the US dollar	23.9 Shortage of cash, flow necessary for expansion of sales 25.0 Rising interest rates	23.0 Rising interest rates 16.7 Shortage of cash flow necessary for expansion of sales	21.2 Volatility of local currency's exchange rate against the Japanese yen
Bangladesh India	100.0 12 100.0 72 100.0	50.4 Difficulty in procuring funds from local financial institutions 41.7 Tax burdens 62.5	38.9 Volatility of local volatility of local Volatility of the Japanese yen against dollar Restrictions on fund procurement and settlements Tax burdens 33.3 Volatility of local currency's exchange rate against the US dollar 38.9	23.9 Shortage of cash flow necessary for expansion of sales 25.0 Rising interest rates 29.2	23.0 Rising interest rates 16.7 Shortage of cash flow necessary for expansion of sales 23.6	21.2 Volatility of local currency's exchange rate Japanese yen 22.2
Bangladesh India Pakistan	100.0 12 100.0 72 100.0 16	50.4 Difficulty in procuring funds from local financial institutions 41.7 Tax burdens 62.5 Volatility of local currency's exchange rate against the US dollar	38.9 Volatility of local currency's exchange rate against the US Volatility of the Japanese yen against dolar Restrictions on fund procurement and settlements Tax burdens 33.3 Volatility of local currency's exchange rate against the US dollar 38.9 Volatility of local currency's exchange rate against the Japanese yen	23.9 Shortage of cash flow necessary for expansion of sales Volatility of local currency's exchange rate against the Japanese yen 25.0 25.0 Rising interest rates 29.2 Difficulty in procuring funds from local financial institutions	23.0 Rising interest rates 16.7 Shortage of cash flow necessary for expansion of sales 23.6 Shortage of cash flow necessary for flund procurement expansion of sales All and the sales Restrictions on flund procurements and settlements	Volatility of local currency's exchange rate against the Japanese yen 22.2 Volatility of the Japanese yen against the US dollar
Bangladesh India Pakistan	100.0 12 100.0 72 100.0 16 100.0	50.4 Difficulty in procuring funds from local financial institutions 41.7 Tax burdens 62.5 Volatility of local currency's exchange rate against the US dollar 62.5	38.9 Volatility of local volatility of beam of the Japanese yen against the US dollar Tax burdens advise of the Japanese yen against the US dollar Tax burdens dolar Tax burdens advise of the US dollar Volatility of local currency's exchange rate against the US dollar Second colspan="2">Second colspan="2">Colatility of local currency's exchange rate against the US dollar Volatility of local currency's exchange rate against the Japanese yen 31.3	23.9 Shortage of cash Volatility of local currency's exchange rate against the Japanese yen 25.0 Rising interest rates 29.2 Difficulty in procuring funds from local financial institutions 25.0	23.0 Rising interest rates 16.7 Shortage of cash flow necessary for expansion of sales 23.6 Shortage of cash flow necessary for fund procurement expansion of sales and settements 18.8	21.2 Volatility of local currency's exchange rate lapanese yen 22.2 Volatility of the Japanese yen against the US dollar 12.5
Bangladesh India Pakistan Sri Lanka	100.0 12 100.0 72 100.0 16 100.0 13	50.4 Difficulty in procuring funds from local financial institutions 41.7 Tax burdens 62.5 Volatility of local currency's exchange rate against the US dollar 62.5 Tax burdens	38.9 Volatility of local volatility of the Japanese gen gainst against huis dollar dollar Tax burdens adate the US dollar Volatility of local currency's exchange rate against the US dollar Volatility of local currency's exchange rate against the US dollar Volatility of local currency's exchange rate against the Japanese yen 31.3 Shortage of cash flow necessary for expansion of sales	23.9 Shortage of cash flow necessary for exchange rate against the Japanese yen 25.0 Rising interest rates 29.2 Difficulty in procuring funds from local financial institutions 25.0 Difficulty in procuring funds from local financial institutions 25.0 Unificulty in procuring funds from local financial institutions	23.0 Rising interest rates 16.7 Shortage of cash flow necessary for expansion of sales 23.6 Shortage of cash flow necessary for fund procurement expansion of sales 18.8 Volatility of local currency's exchange rate against the US dollar Rising interest rates	21.2 Volatility of local currency's exchange rate against the Japanese yen Restrictions on fund procurement and settlements 22.2 Volatility of the Japanese yen against the US dollar Tax burdens taburdens 12.5 Restrictions on fund procurement and settlements
Bangladesh India Pakistan Sri Lanka	100.0 12 100.0 72 100.0 16 100.0 13 100.0	50.4 Difficulty in procuring funds from local financial institutions 41.7 Tax burdens 62.5 Volatility of local currency's exchange rate against the US dollar 62.5 Tax burdens 46.2	38.9 Volatility of tocal currency's exchange rate against the US dollar Restrictions on fund procurement and sectements dollar 33.3 Volatility of local currency's exchange rate against the US dollar Volatility of local currency's exchange rate against the US dollar Volatility of local currency's exchange rate against the Japanese yen 31.3 Shortage of cash flow necessary for expansion of sales 30.8	23.9 Shortage of cash flow necessary for expansion of sales 25.0 Rissing interest rates 29.2 Difficulty in procuring funds from local financial institutions 25.0 Difficulty in procuring funds from local financial institutions 25.0 Difficulty in procuring funds from local financial institutions 25.0 Difficulty in procuring funds from local financial institutions 23.1 Volatility of local volatility of volatility of local volatility of volatility o	23.0 Rising interest rates 16.7 Shortage of cash flow necessary for expansion of sales 23.6 Shortage of cash flow necessary for flow necessary for fund procurement expansion of sales 18.8 Volatility of local currency's exchange rate against the US dollar 15.4	21.2 Volatility of local currency's exchange rate against the Japanese yen Restrictions on fund procurement and settlements 22.2 Volatility of the Japanese yen against the US dollar Tax burdens 12.5 Restrictions on fund procurement and settlements 7.7
Bangladesh India Pakistan Sri Lanka Oceania Total	100.0 12 100.0 72 100.0 16 100.0 13 100.0 201	50.4 Difficulty in procuring funds from local financial institutions 41.7 Tax burdens 62.5 Volatility of local currency's exchange rate against the US dollar 62.5 Tax burdens 46.2 Volatility of local currency's exchange rate against the Japanese yen	38.9 Volatility of local currency's exchange rate against bu's dollar Restrictions on fund procurement and settlements Tax burdens Volatility of local currency's exchange rate against the US dollar Volatility of local currency's exchange rate against the US dollar Volatility of local currency's exchange rate against the Japanese yen 31.3 Shortage of cash flow necessary for expansion of sales 30.8 Volatility of local currency's exchange rate against the US dollar	23.9 Shortage of cash flow necessary for expansion of sales Volatility of local currency's exchange rate against the Japanese yen 25.0 Difficulty in procuring funds from local financial institutions 25.0 Difficulty in procuring funds from local financial institutions Difficulty in procuring funds from local financial institutions Use of the second sec	23.0 Rising interest rates 16.7 Shortage of cash flow necessary for expansion of sales 23.6 Shortage of cash flow necessary for expansion of flow necessary for fund procurement and settlements 18.8 Volatility of local currency's exchange rate against the US dollar Volatility of local currency's exchange rate against the US Volatility of the Japanese yen against the US dollar	21.2 Volatility of local currency's exchange rate against the Japanese yen Restrictions on fund procurement and settlements 22.2 Volatility of the Japanese yen against the US dollar Tax burdens tax burdens 12.5 Restrictions on fund procurement and settlements 7.7 Shortage of cash flow necessary for expansion of sales
Bangladesh India Pakistan Sri Lanka Oceania Total	100.0 12 100.0 72 100.0 16 100.0 13 100.0 201 100.0	50.4 Difficulty in procuring funds from local financial institutions 41.7 Tax burdens 62.5 Volatility of local currency's exchange rate against the US dollar 62.5 Tax burdens 46.2 Volatility of local currency's exchange rate against the Japanese yen 51.7	38.9 Volatility of local currency's exchange rate against bu's dolar Volatility of the Japanese yen against the US dollar Restrictions on fund procurement and settlements Tax burdens Volatility of local currency's exchange rate against the US dollar Volatility of local currency's exchange rate against the US dollar Volatility of local currency's exchange rate against the Japanese yen 31.3 Shortage of cash flow necessary for expansion of sales 30.8 Volatility of local currency's exchange rate against the US dollar 30.8 Volatility of local currency's exchange rate against the US dollar 30.8 Volatility of local currency's exchange rate against the US dollar	23.9 Shortage of cash fow necessary for expansion of sales 25.0 Rissing interest rates 29.2 Difficulty in procuring funds from local financial institutions 25.0 Difficulty in Volatility of local grocuring funds from local financial institutions 23.1 Tax burdens 16.9	23.0 Rising interest rates Interest rates Interest rates Shortage of cash flow necessary for expansion of sales 23.6 Shortage of cash flow necessary for expansion of sales Colspan="2">Restrictions on flow necessary for fund procurement and settlements Volatility of local currency's exchange rate against the US dollar Volatility of the Japanese yen against the US dollar Volatility of the Japanese yen against the US dollar	21.2 Volatility of local exchange rate against the Japanese yen Restrictions on fund procurement and settlements 22.2 Volatility of the Japanese yen against the US dollar Tax burdens the US dollar 12.5 Restrictions on fund procurement and settlements 7.7 Shortage of cash flow necessary for expansion of sales Rising interest rates 10.0
Bangladesh India Pakistan Sri Lanka Oceania Total Australia	100.0 12 100.0 72 100.0 16 100.0 13 100.0 13 100.0 13 100.0 13 100.0 13 100.0 158	50.4 Difficulty in procuring funds from local financial institutions 41.7 Tax burdens 62.5 Volatility of local currency's exchange rate against the US dollar 62.5 Tax burdens 62.5 Volatility of local currency's exchange rate against the US dollar 46.2 Volatility of local currency's exchange rate against the Japanese yen 51.7 Volatility of local currency's exchange rate against the Japanese yen 51.7 Volatility of local currency's exchange rate against the US dollar	38.9 Volatility of lecal Volatility of the Japanese yen against the US dollar Restrictions on find procurement ad settlements Tax burdens Volatility of local currency's exchange rate against the US dollar Volatility of local currency's exchange rate against the US dollar Volatility of local currency's exchange rate against the US dollar Shortage of cash flow necessary for expansion of sales 30.8 Volatility of local currency's exchange rate against the US dollar 30.8 Volatility of local currency's exchange rate against the US dollar 30.8 Volatility of local currency's exchange rate against the US dollar 30.8 Volatility of local currency's exchange rate against the US dollar 49.3 Volatility of local currency's exchange rate against the US dollar	23.9 Shortage of cash flow necessary for expansion of sales Volatility of local currency's exchange rate against the Japanese yen 25.0 Rising interest rates 29.2 Difficulty in procuring funds from local financial institutions 25.0 Difficulty in procuring funds from local financial institutions 25.0 Difficulty in procuring funds from local financial institutions 25.0 Volatility of local generation of against the Japanese yen 25.0 Difficulty in procuring funds from local financial Japanese yen Tax burdens 16.9 Tax burdens	23.0 Rising interest rates 16.7 Shortage of cash flow necessary for expansion of sales 23.6 Shortage of cash flow necessary for expansion of sales 23.6 Shortage of cash flow necessary for fund procurement expansion of sales 18.8 Volatility of local currency's exchange rate against the US dollar 15.4 Volatility of the Japanese yen against the US dollar 12.9 Volatility of the Japanese yen against the US dollar	21.2 Volatility of local currency's exchange rate Japanese yen Restrictions on fund procurement and settlements 22.2 Volatility of the Japanese yen against the US dollar Tax burdens 12.5 Restrictions on fund procurement and settlements 7.7 Shortage of cash flow necessary for expansion of sales Rising interest rates 10.0 Shortage of cash flow necessary for expansion of sales Rising interest rates
Bangladesh India Pakistan Sri Lanka Oceania Total Australia	100.0 12 100.0 72 100.0 16 100.0 13 100.0 13 100.0 13 100.0 13 100.0 13 100.0 158 100.0	50.4 Difficulty in procuring funds from local financial institutions 41.7 Tax burdens 62.5 Volatility of local currency's exchange rate against the US dollar 62.5 Tax burdens 62.5 Volatility of local currency's exchange rate against the US dollar 46.2 Volatility of local currency's exchange rate against the Japanese yen 51.7 Volatility of local currency's exchange rate against the US dollar stilty of local currency's exchange rate against the US dollar S1.3	38.9 Volatility of local Volatility of the Japanese ven gainst the US dollar Restrictions on fund procurement and settlements Tax burdens against the US dollar dolar Tax burdens Volatility of local currency's exchange rate against the US dollar Volatility of local currency's exchange rate against the US dollar Volatility of local currency's exchange rate against the Japanese yen 31.3 Shortage of cash flow necessary for expansion of sales Qolatility of local currency's exchange rate against the US dollar Volatility of local currency's exchange rate against the US dollar Volatility of local currency's exchange rate against the US dollar Volatility of local currency's exchange rate against the US dollar Volatility of local currency's exchange rate against the US dollar Volatility of local currency's exchange rate against the US dollar Volatility of local currency's exchange rate against the US dollar Volatility of local currency's exchange rate against the US dollar So.6	23.9 Shortage of cash flow necessary for expansion of sales Volatility of local currency's exchange rate against the Japanese yen 25.0 Rising interest rates 29.2 Difficulty in procuring funds from local financial institutions Colspan="2">Volatility of local financial institutions Colspan="2">Volatility of the Japanese yen against the Japanese yen 25.0 Difficulty in procuring funds from local financial institutions Tax burdens 16.9 Tax burdens 17.7	23.0 Rising interest rates 16.7 Shortage of cash flow necessary for expansion of sales 23.6 Shortage of cash flow necessary for expansion of sales 23.6 Shortage of cash flow necessary for fund procurement expansion of sales 18.8 Volatility of local currency's exchange rate against the US dollar 15.4 Volatility of the Japanese yen against the US dollar 12.9 Volatility of the Japanese yen against the US dollar 12.9 Volatility of the Japanese yen against the US dollar 11.4	21.2 Volatility of local currency's expansitute against the Japanese yen Restrictions on fund procurement and settlements 22.2 Volatility of the Japanese yen against the US dollar Tax burdens 12.5 Restrictions on fund procurement and settlements 7.7 Shortage of cash flow necessary for expansion of sales Rising interest rates 10.0 Shortage of cash flow necessary for expansion of sales Rising interest rates
Bangladesh India Pakistan Sri Lanka Oceania Total Australia New Zealand	100.0 12 100.0 72 100.0 16 100.0 13 100.0 13 100.0 13 100.0 13 100.0 43	50.4 Difficulty in procuring funds from local financial institutions 41.7 Tax burdens 62.5 Volatility of local currency's exchange rate against the US dollar 62.5 Tax burdens 62.5 Volatility of local currency's exchange rate against the US dollar 46.2 Volatility of local currency's exchange rate against the Japanese yen 51.7 Volatility of local currency's exchange rate against the US dollar currency's exchange rate against the US dollar S1.3 Volatility of local currency's exchange rate against the US dollar	38.9 Volatility of local vertice of the Japanese yen against the US dollar Tax burdens for and settlements against the US dollar Tax burdens A settictions on find procumement dollar Tax burdens 33.3 Volatility of local currency's exchange rate against the US dollar 38.9 Volatility of local currency's exchange rate against the US dollar 38.9 Volatility of local currency's exchange rate against the Japanese yen 31.3 Shortage of cash flow necessary for expansion of sales 30.8 Volatility of local currency's exchange rate against the US dollar 49.3 Volatility of local currency's exchange rate against the US dollar 49.3 Volatility of local currency's exchange rate against the US dollar 49.3 Volatility of local currency's exchange rate against the US dollar So.6 Volatility of local currency's exchange rate against the US dollar	23.9 Shortage of cash flow necessary for expansion of sales 25.0 Rising interest rates 29.2 Difficulty in procuring funds from local financial institutions Difficulty in procuring funds from local financial institutions 25.0 Difficulty in procuring funds from local financial institutions 23.1 Tax burdens 16.9 16.9 Volatility of the Japanese yen against the US dollar Volatility of the Japanese yen against the US dollar	23.0 Rising interest rates 16.7 Shortage of cash flow necessary for expansion of sales 23.6 Shortage of cash flow necessary for expansion of sales 23.6 Shortage of cash flow necessary for expansion of sales 18.8 Volatility of float and settements 15.4 Volatility of the Japanese yen against the US dollar 12.9 Volatility of the Japanese yen against the US dollar 11.4 Tax burdens	21.2 Volatility of local currency's exchange rate against the Japanese yen Restrictions on fund procurement and settlements 22.2 Volatility of the Japanese yen against the US dollar Tax burdens 12.5 Restrictions on fund procurement and settlements 7.7 Shortage of cash flow necessary for expansion of sales Rising interest rates 10.0 Shortage of cash flow necessary for expansion of sales Rising interest rates 10.1 Shortage of cash flow necessary for expansion of sales Rising interest rates

(Multiple answers allowed, unit: %, Valid responses: 824)

(4) Problems with labor or employment

Among manufacturers in the ASEAN region, Southwest Asia and the Oceania region, an "Increase in employee wages" was the most frequently cited problem in terms of labor or employment (Diagram 34-1).

In the ASEAN region, the rankings in labor and employment problems have not changed since the previous survey, with an "Increase in employee wages" (70.5%) coming in first, followed by "Difficulty in recruiting engineer staff" (42.8%) and "Difficulty in recruiting middle management staff" (39.4%). The percentage of manufacturers citing an "Increase in employee wages" was particularly high in Indonesia (85.7%) and Vietnam (85.2%), where increases in their minimum wages have taken place.

In Southwest Asia, an "Increase in employee wages" was the most frequently cited reply (75.0%). This was followed by a "Low rate of worker retention" (46.2%). In India, as was the case in the previous survey, an "Increase in employee wages" (78.3%) and a "Low rate of worker retention" (51.7%) took the top two spots, indicating that these problems continued to pose major problems for manufacturers operating in India.

Additionally, in the Oceania region, an "Increase in employee wages" (81.6%) was the most frequently cited reply. The percentage of manufacturers citing an "Increase in employee wages" (94.1%) was particularly high in Australia. This is thought to be due to the pressure to raise wages in the tight labor market that has emerged as a result of the resources boom in Australia during the first half of the previous year and the ensuing strong economy.

An "Increase in employee wages" (65.7%) was also the most frequently cited reply among companies in the non-manufacturing industry in the ASEAN region, Southwest Asia and the Oceania region (Diagram 34-2).

In the ASEAN region, "Personnel costs of Japanese (expatriate) officers and staff" (33.5%) jumped to second place from its previous fifth-place spot and became the second biggest labor or employment problem behind an "Increase in employee wages" (63.6%). By country, Singapore had the highest percentage citing this problem at 45.4% and it was cited most frequently by trading companies (57.1%). This is thought to be due to the effects of growing inflation and the resulting rise in personnel and housing expenses.

In Southwest Asia, an "Increase in employee wages" was the most frequently cited reply (67.2%). In India, the rankings have not changed since the previous survey, with an "Increase in employee wages" (70.1%) coming in first, followed by the "Personnel costs of Japanese (expatriate) officers and staff" (48.1%) and a "Low rate of worker retention" (40.3%).

In the Oceania region, "Difficulty in recruiting general staff" (37.6%) and a "Low rate of worker retention" (33.0%) ranked in the top three behind an "Increase in employee wages" (70.6%).

Diagram 34-1: Problems with labor or employment (top five) (manufacturing industry)

										(Mult	iple answe	ers allowed	, unit: %, V	Valid respons	es: 922)
	Valid responses	1		:	2		:	3			4			5	
Total	922	Increase in employ	yee wages	Difficulty i engine	n recruiting er staff	Difficulty	in recruiting r	niddle manage	ment staff	Low ra	te of worker re	tention	Difficulty in	localizing manage supervisors	rs and site
	100.0	71.6		41	.3		39	9.1			35.9			29.6	
ASEAN Total	769	Increase in employ	yee wages	Difficulty i engine	n recruiting er staff	Difficulty	in recruiting r	niddle manage	ment staff	Low ra	te of worker re	tention	Difficulty in	localizing manage supervisors	rs and site
	100.0	70.5		42	8		39	9.4			34.6			32.3	
Indonesia	105	Increase in employ	yee wages	Restrictio dismissal ar	ns on staff nd reduction	Difficulty	in recruiting r	niddle manage	ment staff	Personnel co	sts of Japanese officers and stat	e (expatriate) ff	Difficulty in recruiting engineer staff	Difficulty in lo managers ar superviso	ocalizing nd site ors
	100.0	85.7		47	.6		33	1.3			31.4			30.5	
Malaysia	107	Increase in employ	yee wages	Difficulty i engine	n recruiting er staff		Low rate of w	orker retention	l	Difficulty in re	ecruiting middl staff	e management	Restrictio	ons on staff dismiss reduction	sal and
	100.0	59.8		49	.5		43	1.9			37.4			36.5	
Myanmar	6	Increase in Lo employee wages n	ow rate of worker retention	Difficulty i engine	n recruiting er staff	Difficulty in recruiting general staff	Difficulty in recruiting middle management staff	Personnel costs of Japanese (expatriate) officers and staff	Difficulty in localizing managers and site supervisors	Restrictio	ns on staff disr reduction	nissal and			
	100.0	66.7		50	.0		33	1.3			16.7		•		
Philippines	114	Increase in employ	yee wages	Difficulty i engine	n recruiting er staff	Difficulty	in recruiting r	niddle manage	ment staff	Low ra	te of worker re	tention	Difficulty in	localizing manage supervisors	ers and site
	100.0	66.7		49	.1		40).4			36.0			30.7	
Singapore	48	Increase in employ	yee wages	Difficulty in recruiting general staff	Difficulty in recruiting engineer staff	Difficulty i middle mana	n recruiting agement staff	Low rate of w	orker retention	Personnel co	sts of Japanese fficers and stat	e (expatriate) ff	Restrictions o	n employing foreiş	gn workers
	100.0	75.0		33	.3		31	.3			29.2			18.8	
Thailand	308	Increase in employ	yee wages	Difficulty i engine	n recruiting er staff	Difficulty	in recruiting r	niddle manage	ment staff	Difficulty in	localizing man supervisors	agers and site	Low ra	ate of worker reten	tion
	100.0	65.9		42	9		39	0.3			38.0			35.7	
Vietnam	81	Increase in employ	yee wages	Difficulty i middle mana	n recruiting agement staff		Low rate of w	orker retention	I	Difficulty i	n recruiting en	gineer staff	Difficulty in	localizing manage supervisors	rs and site
	100.0	95.2													
	100.0	63.2		54	.3		50).6			45.7			33.3	
Southwest Asia Total	100.0	Increase in employ	vyee wages	54 Low rate of w	.3 orker retention	Difficulty	50 / in recruiting r).6 niddle manage	ment staff	Difficulty i	45.7 n recruiting en	gineer staff	Personnel co	33.3 osts of Japanese (er officers and staff	xpatriate)
Southwest Asia Total	100.0 104 100.0	Increase in employ 75.0	vyee wages	54 Low rate of w	.3 orker retention	Difficulty	50 / in recruiting r 36	0.6 middle manage 5.5	ment staff	Difficulty i	45.7 n recruiting en 34.6	gineer staff	Personnel co	33.3 osts of Japanese (er officers and staff 27.9	xpatriate)
Southwest Asia Total Bangladesh	100.0 104 100.0	Increase in employ 75.0	vyee wages	54 Low rate of w 46 Difficulty in recruiting middle management staff	.3 orker retention .2 Difficulty in recruiting engineer staff	Difficulty	50 y in recruiting r 36 Low rate of w	0.6 niddle manage 5.5 orker retention	ment staff	Difficulty i Difficulty	45.7 n recruiting en 34.6 in recruiting ge	gineer staff eneral staff	Personnel costs of Japanese (expatriate) officers and staff	33.3 posts of Japanese (er officers and staff 27.9 Restrictions on staff dismissal and reduction situ	xpatriate) Difficulty in localizing nanagers and e supervisors
Southwest Asia Total Bangladesh	100.0 104 100.0 16 100.0	Increase in employ 75.0 Increase in employ 75.0	wee wages	54 Low rate of w 46 Difficulty in recruiting middle management staff 37	.3 orker retention .2 Difficulty in recruiting engineer staff .5	Difficulty	50 / in recruiting r 36 Low rate of w 31	0.6 niddle manage 5.5 orker retention .3	ment staff	Difficulty i Difficulty	45.7 n recruiting en 34.6 in recruiting ge 18.8	gineer staff eneral staff	Personnel costs of Japanese (expatriate) officers and staff	33.3 posts of Japanese (et officers and staff 27.9 Restrictions on staff dismissal and reduction 12.5	xpatriate) Difficulty in localizing nanagers and e supervisors
Southwest Asia Total Bangladesh India	100.0 104 100.0 16 100.0 60	Increase in employ 75.0 Increase in employ 75.0 Increase in employ	yee wages yee wages yee wages	54 Low rate of we 46 Difficulty in recruiting middle management staff 37 Low rate of we	.3 orker retention .2 Difficulty in recruiting engineer staff .5 orker retention	Difficulty Difficulty i middle mana	50 y in recruiting r 36 Low rate of w 31 n recruiting agement staff	0.6 middle manage 5.5 orker retention .3 Difficulty i engine	in recruiting	Difficulty i Difficulty Personnel co	45.7 n recruiting en 34.6 in recruiting ge 18.8 sts of Japanese fficers and stat	gineer staff eneral staff e (expatriate) ff	Personnel costs of Japanese (expatriate) officers and staff Difficulty	33.3 bots of Japanese (ex fficers and staff 27.9 Restrictions on staff dismissal and m reduction site 12.5 in recruiting generation	xpatriate) Difficulty in localizing nanagers and e supervisors ral staff
Southwest Asia Total Bangladesh India	100.0 104 100.0 16 100.0 60 100.0	Increase in employ 75.0 Increase in employ 75.0 Increase in employ 78.3	iyee wages iyee wages iyee wages	54 Low rate of w 46 Difficulty in recruiting middle management staff 37 Low rate of w 51	.3 orker retention .2 Difficulty in recruiting engineer staff .5 orker retention .7	Difficulty Difficulty i middle mana	50 y in recruiting r 36 Low rate of w 31 n recruiting igement staff 38	1.6 middle manage 5.5 orker retention .3 Difficulty i engine	in recruiting ver staff	Difficulty i Difficulty Personnel co	45.7 n recruiting en 34.6 in recruiting ge 18.8 sts of Japanese fficers and stat 33.3	gineer staff eneral staff e (expatriate) ff	Personnel costs of Japanese (expatriate) officers and staff Difficulty	33.3 posts of Japanese (et officers and staff 27.9 Restrictions on staff dismissal and reduction 12.5 in recruiting gener 21.7	xpatriate) Difficulty in localizing nanagers and e supervisors ral staff
Southwest Asia Total Bangladesh India Pakistan	100.0 104 100.0 16 100.0 60 100.0 13	10.75.0 Increase in employ 75.0 Increase in employ 75.0 Increase in employ 78.3 Low rate of worke	vyee wages vyee wages vyee wages er retention	34 Low rate of w 46 Difficulty in recruiting middle management staff 37 Low rate of w 51 Increase in en	.3 .2 Difficulty in recruiting engineer staff .5 orker retention .7	Difficulty Difficulty i middle mana Difficulty in recruiting middle management staff	50 v in recruiting r 36 Low rate of w <u>31</u> n recruiting gement staff 0ifficulty in recruiting engineer staff	1.6 niddle manage 5.5 orker retention .3 Difficulty i engine .3 Personnel co (expatriate) of	in recruiting is staff sts of Japanese	Difficulty i Difficulty Difficulty Personnel co c Difficulty in l	45.7 n recruiting en 34.6 in recruiting ge 18.8 sts of Japanese fficers and stat 33.3	gineer staff eneral staff (expatriate) ff agers and site	Personnel costs of Japanese (expatriate) officers and staff Difficulty Difficulty in recruiting general staff	33.3 bits of Japanese (ei fficers and staff 27.9 Restrictions on staff dismissal and m situ 12.5 in recruiting gener 21.7 Restrictions of dismissal and r	xpatriate) Difficulty in localizing nanagers and e supervisors ral staff on staff reduction
Southwest Asia Total Bangladesh India Pakistan	100.0 104 100.0 16 100.0 60 100.0 13 100.0	Increase in employ 75.0 Increase in employ 75.0 Increase in employ 78.3 Low rate of worke 53.9	vyee wages vyee wages vyee wages er retention	34 Low rate of w 46 Difficulty in recruiting middle management staff 37 Low rate of w 51 Increase in en 46	.3 orker retention .2 Difficulty in recruiting engineer staff .5 orker retention .7 .2	Difficulty Difficulty i middle mana middle management staff	50 v in recruiting r 36 Low rate of w 31 n recruiting gement staff 38 Difficulty in recruiting engineer staff 23	niddle manage niddle manage 5.5 orker retention .3 Difficulty i engine .3 Personnel cor (expatriate) of .1	in recruiting reer staff sts of Japanese fficers and staff	Difficulty i Difficulty Personnel co c Difficulty	45.7 n recruiting en 34.6 in recruiting ge 18.8 sts of Japanese fficers and stat 33.3 localizing man supervisors 15.4	gineer staff eneral staff : (expatriate) ff agers and site	Personnel costs of Japanse (expatriate) officers and staff Difficulty Difficulty in recruiting general staff	33.3 bits of Japanese (ei officers and staff 27.9 Restrictions on staff dismissal and m situ 12.5 in recruiting gener 21.7 Restrictions of dismissal and r 7.7	xpatriate) Difficulty in localizing nanagers and e supervisors ral staff on staff reduction
Southwest Asia Total Bangladesh India Pakistan Sri Lanka	100.0 104 100.0 16 100.0 60 100.0 13 100.0 15	Increase in employ 75.0 Increase in employ 75.0 Increase in employ 78.3 Low rate of worke 53.9 Increase in employ	vyee wages vyee wages er retention vyee wages	24 Low rate of w 46 Difficulty in recruiting middle management staff 37 Low rate of w 51 Increase in en 46 Difficulty in recruiting middle management staff	.3 orker retention .2 Difficulty in recruiting engineer staff .5 orker retention .7 .2 Restrictions on staff dismissal and reduction	Difficulty Difficulty in middle mana Difficulty in recruiting middle management staff Low rate of w	50 / in recruiting r 36 Low rate of w 31 n recruiting ugement staff 38 Difficulty in recruiting engineer staff 23 orker retention	1.6 middle manage 5.5 orker retention 3 Difficulty i engine 3 3 Personnel coo (expatriate) of 1.1 Difficulty i managet super	ment staff in recruiting ser staff is of Japanese fificers and staff in localizing rs and site rvisors	Difficulty i Difficulty Personnel cc c Difficulty in l Difficulty in l Difficulty is l	45.7 n recruiting en 34.6 in recruiting ge 18.8 sts of Japanese fficers and stat 33.3 localizing man supervisors 15.4 Difficulty in recruiting engineer staff	gineer staff eneral staff (expatriate) f agers and site Personnel costs of Japanese (expatriate) officers and staff	Personnel co	33.3 posts of Japanese (etc) officers and staff 27.9 Restrictions on staff dismissal and m reduction 12.5 in recruiting gener 21.7 Restrictions of dismissal and r 7.7	xpatriate) Difficulty in localizing anagers and e supervisors ral staff on staff reduction
Southwest Asia Total Bangladesh India Pakistan Sri Lanka	100.0 104 100.0 16 100.0 60 100.0 13 100.0 15 100.0	Increase in employ 75.0 Increase in employ 75.0 Increase in employ 78.3 Low rate of worke 53.9 Increase in employ 86.7	vyee wages vyee wages er retention vyee wages	34 Low rate of w 46 Difficulty in recruiting middle management staff 37 Low rate of w 51 Increase in en 46 Difficulty in recruiting middle management staff	.3 orker retention .2 Difficulty in recruiting engineer staff .5 orker retention .7 .2 Restrictions on staff dismissal and reduction .0	Difficulty Difficulty in middle mana Difficulty in recruiting middle management staff Low rate of w	50 y in recruiting r 36 Low rate of w 31 n recruiting ngement staff 38 Difficulty in recruiting engineer staff 23 orker retention 33	1.6 middle manage 5.5 orker retention .3 Difficulty i engine .3 Personnel cor (expatriate) of .1 Difficulty i manage super .3	ment staff	Difficulty i Difficulty Personnel cc c Difficulty in l Difficulty in l Difficulty in l	45.7 n recruiting en 34.6 in recruiting ge 18.8 sts of Japanese fficers and stat 33.3 localizing man supervisors 15.4 Difficulty in recruiting engineer staff 26.7	gineer staff eneral staff (expatriate) f agers and site Personnel costs of Japanese (expatriate) officers and staff	Personnel co	33.3 posts of Japanese (etc) officers and staff 27.9 Restrictions on staff dismissal and m reduction 12.5 in recruiting gener 21.7 Restrictions of dismissal and r 7.7	xpatriate) Difficulty in localizing anagers and e supervisors ral staff on staff reduction
Southwest Asia Total Bangladesh India Pakistan Sri Lanka Oceania Total	104 104 100.0 16 100.0 60 100.0 13 100.0 15 100.0 49	Increase in employ 75.0 Increase in employ 75.0 Increase in employ 78.3 Low rate of worke 53.9 Increase in employ 86.7 Increase in employ	yyee wages yyee wages er retention yyee wages yyee wages	24 Low rate of w 46 Difficulty in recruiting middle management staff 10w rate of w 51 Increase in en 46 Difficulty in recruiting middle management staff 40 Difficulty i	.3 orker retention .2 Difficulty in recruiting engineer staff .5 orker retention .7 .2 Restrictions on staff dismissal and reduction .0 n recruiting egement staff	Difficulty Difficulty in middle mana Difficulty in recruiting middle management staff Low rate of w	50 y in recruiting tr 36 Low rate of w 311 n recruiting ngement staff 23 Difficulty in recruiting engineer staff 23 orker retention 33 Low rate of w	1.6 middle manage 5.5 orker retention 3 Difficulty i engine 3.3 Personnel co: (expatriate) of 1.1 Difficulty i managet super 3.3 orker retention	ment staff i i i i i i i i i i i i i i i i i i	Difficulty i Difficulty in Dif	45.7 n recruiting en 34.6 in recruiting ge 18.8 stst of Japanese fficers and stal 33.3 localizing man supervisors 15.4 Difficulty in recruiting engineer staff 26.7 n recruiting en	gineer staff eneral staff (expatriate) f agers and site Personnel costs of Japanese (expatriate) officers and staff gineer staff	Personnel co of Japanese (expatriate) officers and staff Difficulty in recruiting general staff	33.3 xsts of Japanese (etc) officers and staff 27.9 Restrictions on staff dismissal and reduction 12.5 in recruiting gener 21.7 Restrictions of dismissal and r 7.7 in recruiting gener	xpatriate) Difficulty in localizing anagers and e supervisors ral staff on staff reduction ral staff
Southwest Asia Total Bangladesh India Pakistan Sri Lanka Oceania Total	104 104 100.0 16 100.0 60 100.0 13 100.0 15 100.0 49 100.0	Increase in employ 75.0 Increase in employ 75.0 Increase in employ 78.3 Low rate of worke 53.9 Increase in employ 86.7 Increase in employ 81.6	yyee wages yyee wages er retention yyee wages	Low rate of w 46 Difficulty in recruiting middle management staff 37 Low rate of w 51 Increase in en 46 Difficulty in recruiting management staff 40 Difficulty in recruiting middle management staff 40	.3 orker retention .2 Difficulty in recruiting engineer staff .5 orker retention .7 .7 .2 Restrictions on staff dismissal and reduction .0 n recruiting agement staff .8	Difficulty Difficulty in middle mana Difficulty in recruiting middle management staff Low rate of w	50 y in recruiting tr 36 Low rate of w 31 n recruiting ngement staff 23 Difficulty in recruiting engineer staff 23 orker retention 33 Low rate of w 34	1.6 middle manage 5.5 orker retention .3 Difficulty i engine .3 Personnel co. (expatriate) of .1 Difficulty i manage super .3 orker retention .3	ment staff in recruiting eer staff is to Japanese fitcers and staff in localizing rs and site is localizing is loc	Difficulty i Difficulty in Dif	45.7 n recruiting en 34.6 in recruiting ge 18.8 sts of Japanese fficers and stal 33.3 localizing man supervisors 15.4 Difficulty in recruiting engineer staff 26.7 n recruiting en 32.7	gineer staff eneral staff (expatriate) f agers and site Personnel costs of Japanese (expatriate) officers and staff gineer staff	Personnel co Personnel costs of Japanese (expatriate) officers and staff Difficulty precruiting general staff Difficulty Difficulty	33.3 xsts of Japanese (etc) officers and staff 27.9 Restrictions or reduction 12.5 in recruiting gener 21.7 Restrictions of dismissal and r 7.7 in recruiting gener 20.4	xpatriate) Difficulty in localizing anagers and e supervisors ral staff on staff reduction ral staff
Southwest Asia Total Bangladesh India Pakistan Sri Lanka Oceania Total Australia	104. 100.0 16 100.0 60 100.0 60 100.0 13 100.0 15 100.0 49 100.0 34	Increase in employ 75.0 Increase in employ 75.0 Increase in employ 78.3 Low rate of worke 53.9 Increase in employ 86.7 Increase in employ 81.6 Increase in employ	yyee wages yyee wages er retention yyee wages yyee wages	Low rate of w 46 Difficulty in recruiting middle management staff Low rate of w 51 Increase in en 46 Difficulty in recruiting middle management staff 40 Difficulty in middleulty i middleulty i middleulty i middleulty i middleulty i middleulty i middleulty i middleulty i middleuty i	.3 orker retention .2 Difficulty in recruiting engineer staff .5 orker retention .7 aployee wages .2 Restrictions on staff dismissal and reduction .0 n recruiting agement staff .8 Difficulty in recruiting engineer staff	Difficulty Difficulty i middle mana middle management staff Low rate of w	50 v in recruiting r 36 Low rate of w 31 n recruiting recruiting engineer staff 23 Difficulty in recruiting engineer staff 23 orker retention 33 Low rate of w 34	1.6 middle manage 5.5 orker retention 3 Difficulty i engine 3.3 Personnel co: (expatriate) of (expatriate) of 1.1 Difficulty i managet super 3.3 orker retention 1.7 orker retention	ment staff	Difficulty i Difficulty Personnel co c Difficulty in l Personnel co c c c c c c c c c c c c c c c c c c	45.7 n recruiting en 34.6 in recruiting en 18.8 sts of Japanese fficers and stat 33.3 localizing man supervisors 15.4 Difficulty in recruiting engineer staff 26.7 n recruiting en 32.7 sts of Japanese fficers and stat	gineer staff eneral staff (expatriate) f agers and site Personnel costs of Japanese (expatriate) officers and staff gineer staff costs and staff	Personnel co Personnel costs of Japanese (expatriate) officers and staff Difficulty Difficulty in recruiting general staff Difficulty in recruiting general staff	33.3 posts of Japanese (et officers and staff 27.9 Restrictions reduction 12.5 in recruiting gener 21.7 Restrictions of dismissal and r 7.7 in recruiting gener 20.4 Restrictions of dismissal and r	xpatriate) Difficulty in localizing lanagers and e supervisors ral staff on staff ral staff on staff con staff con staff
Southwest Asia Total Bangladesh India Pakistan Sri Lanka Oceania Total Australia	104. 100.0 16 100.0 60 100.0 13 100.0 15 100.0 49 100.0 34 100.0	Increase in employ 75.0 Increase in employ 75.0 Increase in employ 78.3 Low rate of worke 53.9 Increase in employ 86.7 Increase in employ 81.6 Increase in employ 94.1	yyee wages yyee wages er retention yyee wages yyee wages yyee wages yyee wages	Low rate of w 460 Difficulty in recruiting middle management staff Low rate of w 511 Increase in en 460 Difficulty in recruiting middle management staff 40 Difficulty in middleulty in middleulty in recruiting middle management staff 380	.3 orker retention .2 Difficulty in recruiting engineer staff .5 orker retention .7 aployee wages .2 Restrictions on staff dismissal and reduction .0 n recruiting agement staff .8 Difficulty in recruiting engineer staff .2	Difficulty Difficulty i middle mana middle management staff Low rate of w	50 v in recruiting tr 36 Low rate of w 31 n recruiting recruiting engineer staff 23 Difficulty in recruiting engineer staff 23 corker retention 33 Low rate of w 34 Low rate of w	1.6 middle manage 5.5 orker retention 3 Difficulty i engine 3.3 Personnel co: (expatriate) of (expatriate) of 1.1 Difficulty i managet super 3.3 orker retention 1.7 orker retention	ment staff in recruiting sts of Japanese fficers and staff in localizing rs and site visors i	Difficulty i Difficulty Personnel co c Difficulty in I Personnel co c C	45.7 n recruiting en 34.6 in recruiting en 18.8 sts of Japanese fficers and stat 33.3 localizing man supervisors 15.4 Difficulty in recruiting engineer staff 26.7 n recruiting en 32.7 sts of Japanese fficers and stat 20.6	gineer staff eneral staff (expatriate) f gers and site Personnel costs of Japanese (expatriate) officers and staff gineer staff f f	Personnel co Personnel costs of Japanese (expatriate) officers and staff Difficulty Difficulty in recruiting general staff Difficulty in recruiting general staff	33.3 posts of Japanese (et officers and staff 27.9 Restrictions reduction 12.5 in recruiting gener 21.7 Restrictions of dismissal and r 7.7 in recruiting gener 20.4 Restrictions of dismissal and r	xpatriate) Difficulty in localizing lanagers and e supervisors ral staff on staff ral staff on staff con staff reduction
Southwest Asia Total Bangladesh India Pakistan Sri Lanka Oceania Total Australia New Zealand	104. 104. 100.0 16 100.0 60 100.0 60 100.0 13 100.0 13 100.0 15 100.0 34 100.0 15	Increase in employ 75.0 Increase in employ 75.0 Increase in employ 78.3 Low rate of worke 53.9 Increase in employ 86.7 Increase in employ 81.6 Increase in employ 94.1 Increase in employ	yyee wages yyee wages er retention yyee wages yyee wages yyee wages yyee wages yyee wages	Low rate of w 46 Difficulty in recruiting middle management staff 37 Low rate of w 51 Increase in en 46 Difficulty in recruiting middle management staff 40 Difficulty in recruiting middle management staff 38 Difficulty in recruiting middle management staff 38 Difficulty in recruiting middle management staff 38 Difficulty in recruiting middle management staff 38 Difficulty in recruiting middle management staff 38 Difficulty in	.3 orker retention 2 Difficulty in recruiting engineer staff 5 orker retention 7 nployee wages 2 Restrictions on staff dismissal and reduction 1.0 n recruiting engineer staff 2.2 Difficulty in recruiting engineer staff 2.2 n recruiting agement staff	Difficulty Difficulty in middle mana middle management staff Low rate of w	50 y in recruiting r 36 Low rate of w 31 n recruiting ugement staff 23 Difficulty in recruiting engineer staff 23 orker retention 33 Low rate of w 34 Low rate of w 35 Low rate of w	1.6 middle manage 5.5 orker retention .3 Difficulty i engine .3 Personnel co (expatriate) of .1 Difficulty i managet super .3 orker retention .7 orker retention	ment staff in recruiting ser staff is of Japanese ficers and staff in localizing rs and site visors is	Difficulty i Difficulty Personnel cc C Difficulty in Difficulty in Difficulty in Personnel cc C Difficulty i Difficulty i	45.7 n recruiting en 34.6 in recruiting gu 18.8 sts of Japanese fficers and stat 33.3 localizing man supervisors 15.4 Difficulty in recruiting engineer staff 26.7 n recruiting en 32.7 sts of Japanese fficers and stat 20.6 in recruiting gu	gineer staff eneral staff eneral staff e(expatriate) f agers and site costs of Japanese (expatriate) officers and staff gineer staff e (expatriate) f eneral staff eneral staf	Personnel co Personnel costs of Japanese (expatriate) officers and staff Difficulty in recruiting general staff Difficulty in recruiting general staff Difficulty in recruiting general staff	33.3 parts of Japanese (et officers and staff 27.9 Restrictions in recruiting gener 21.7 Restrictions of dismissal and r 7.7 in recruiting gener 20.4 Restrictions of dismissal and r 7.7	xpatriate) Difficulty in localizing anagers and e supervisors ral staff on staff ral staff on staff ral staff on staff eduction eer staff

Diagram 34-2: Problems with labor or employment (top five) (non-manufacturing industry)

	Valid responses	1		2		3	3		4	Ļ		5	
m : 1	865	Increase in	Difficulty i	n recruiting		Low rate of w	orker retention		Personnel cos	ts of Japanese	Difficulty i	in recruiting engi	neer staff
Total	100.0	employee wages 65.7	genera 33	.2		29	.9		(expaniate) on 28	.9		26.0	
	549	Increase in	Personnel cos	ts of Japanese	Di	fficulty in recru	iiting general s	taff	Low rate of wo	orker retention	Difficulty i	in recruiting engi	neer staff
ASEAN Total	100.0	63.6	(expaniac) of	.5		31	.0		28	.8		26.1	
Indonesia	54	Increase in employee wages	Difficulty i manager super	n localizing s and site visors	Restric	tions on staff d	ismissal and re	duction	Difficulty in recruiting engineer staff	Personnel costs of Japanese (expatriate) officers and staff	Restrictions o	n employing fore	ign workers
	100.0	68.5	35	.2		27	.8		22	.2		18.5	
Malaysia	67	Increase in employee wages	Difficulty in recruiting general staff	Low rate of worker retention	Dit	ficulty in recru	iting engineer s	taff	Personnel costs of Japanese (expatriate) officers and staff	Restrictions on staff dismissal and reduction	Difficulty in	localizing manag supervisors	ers and site
	100.0	55.2	40	.3		28	.4		16	.4		14.9	
Myanmar	12	Difficulty in recruiting general staff	Low rate of w	orker retention	Increase in employee wages	Difficulty in recruiting engineer staff	Personnel costs of Japanese (expatriate) officers and staff	Difficulty in localizing managers and site supervisors	Restrictions of foreign	on employing workers			
	100.0	41.7	33	.3		25	.0		16	.7			
Philippines	56	Increase in employee wages	Low rate of w	orker retention	Personnel co	sts of Japanese	(expatriate) off	icers and staff	Difficulty in recruiting general staff	Difficulty in recruiting engineer staff	Difficulty in localizing managers and site supervisors		ers and site
	100.0	57.1	44	.6		32	.1		30	.4		23.2	
Singapore	141	Increase in employee wages	Personnel cos (expatriate) of	ts of Japanese ficers and staff	Di	fficulty in recru	iiting general s	taff	Difficulty in recruiting engineer staff	Low rate of worker retention	Difficulty in	localizing manag supervisors	ers and site
	100.0	77.3	45	.4		31	.9		25	.5		12.1	
Thailand	173	Increase in employee wages	Personnel cos (expatriate) of	ts of Japanese ficers and staff	Difficulty i gener	n recruiting al staff	Difficulty in loc and site s	alizing managers upervisors	Low rate of we	orker retention	Difficulty i	in recruiting engi	neer staff
T Manuala	100.0	55.5	34	.7	Ū	28	.9	-	27	.8		21.4	
	46	Increase in	Difficulty i	n recruiting	Di	fficulty in recru	iiting general s	taff	Personnel cos	ts of Japanese	Low ra	ate of worker rete	ntion
Vietnam	100.0	employee wages 76.1	engine 41	er staff		39	.1		(expatriate) of 34	ficers and staff		30.4	
	122	Increase in	Difficulty i	n recruiting	Personnel co	ts of Iananasa i	(avpatriata) off	icors and staff	Low rate of w	orker retention	Difficulty in	localizing manag	ers and site
Southwest Asia Total	100.0	employee wages	gener	al staff	T ersonner eo.	24	4	leers and starr	20	2		supervisors	
	100.0	67.2	46			54	.4		50		tion Difficulty in localizing ma supervisors 22.1 Restrictions Restrictions		
Bangladesh	14	67.2 Increase in employee wages	Difficulty in recruiting general staff	Difficulty in localizing managers and site supervisors	Dit	ficulty in recru	iting engineer s	staff	Low rate of wo	orker retention	Restrictions on staff dismissal and reduction	22.1 Restrictions on L employing (foreign workers p	abor problems strikes, union problems, etc.)
Bangladesh	14 100.0	67.2 Increase in employee wages 50.0	Difficulty in recruiting general staff 42	Difficulty in localizing managers and site supervisors .9	Dif	ficulty in recru	iting engineer s	staff	Low rate of we	orker retention	Restrictions on staff dismissal and reduction	22.1 Restrictions on L employing (foreign workers p 7.1	abor problems (strikes, union problems, etc.)
Bangladesh	14 100.0 77	67.2 Increase in employee wages 50.0 Increase in employee wages	Difficulty in recruiting general staff 42 Personnel cos (expatriate) of	.1 Difficulty in localizing managers and site supervisors .9 ts of Japanese ficers and staff	Dii	ficulty in recru 28 Low rate of w	iting engineer s .6 orker retention	staff	Low rate of we 14 Difficulty in genera	orker retention .3 n recruiting ıl staff	Restrictions on staff dismissal and reduction Difficulty i	22.1 Restrictions on L employing foreign workers p 7.1 in recruiting engin	abor problems (strikes, union roblems, etc.) neer staff
Bangladesh India	14 100.0 77 100.0	67.2 Increase in employee wages 50.0 Increase in employee wages 70.1	Difficulty in recruiting general staff 42 Personnel cos (expatriate) of 48	.1 Difficulty in localizing managers and site supervisors .9 ts of Japanese ficers and staff .1	Di	ficulty in recru 28 Low rate of w 40	.6 .6 orker retention .3	taff	Low rate of we 14 Difficulty in genera 37	orker retention 3 n recruiting 1 staff 7	Restrictions on staff dismissal and reduction Difficulty i	22.1 Restrictions on L employing foreign workers 7.1 in recruiting engin 16.9	abor problems (strikes, union roblems, etc.) neer staff
Bangladesh India Pakistan	14 100.0 77 100.0 18	67.2 Increase in employee wages 50.0 Increase in employee wages 70.1 Increase in employee wages	Difficulty in recruiting general staff 42 Personnel cos (expatriate) of 48 Difficulty in recruiting general staff	Difficulty in localizing managers and site supervisors 9 ts of Japanese ficers and staff .1 Difficulty in localizing managers and site supervisors	Dif	ficulty in recru 28 Low rate of we 40 ficulty in recru	.6 .6 .7 .3 .3 .3	taff	Low rate of we 14 Difficulty in genera 37 Personnel cos (expatriate) of	3 n recruiting d staff .7 ts of Japanese ficers and staff	Restrictions on staff dismissal and reduction Difficulty i Low ra	22.1 Restrictions on L employing (foreign workers p 7.1 in recruiting engin 16.9 ate of worker reter	abor problems strikes, union roblems, etc.) neer staff
Bangladesh India Pakistan	14 100.0 77 100.0 18 100.0	67.2 Increase in employee wages 50.0 Increase in employee wages 70.1 Increase in employee wages 44.4	Difficulty in recruiting general staff 42 Personnel co- (expatriate) of 48 Difficulty in recruiting general staff 33	Difficulty in localizing managers and site supervisors 9 ts of Japanese ficers and staff .1 Difficulty in localizing managers and site supervisors .3	Dil	ficulty in recru 28 Low rate of we 40 ficulty in recru 27	.6 .6 orker retention .3 iting engineer s .8	taff	Low rate of we 14 Difficulty in genera 37 Personnel cos (expatriate) of 22	orker retention .3 n recruiting 1 staff .7 ts of Japanese ficers and staff .2	Restrictions on staff dismissal and reduction Difficulty i Low ra	22.1 Restrictions on L employing (foreign workers p 7.1 in recruiting engin 16.9 the of worker reter 11.1	abor problems strikes, union roblems, etc.) neer staff
Bangladesh India Pakistan Sri Lanka	14 100.0 77 100.0 18 100.0 13	67.2 Increase in employee wages 50.0 Increase in employee wages 70.1 Increase in employee wages 44.4	Difficulty in recruiting general staff 42 Personnel cos (expatriate) of 48 Difficulty in recruiting general staff 333 Difficulty i engine	Difficulty in localizing managers and site supervisors .9 ts of Japanese ficers and staff .1 Difficulty in localizing managers and site supervisors .3 n recruiting er staff	Dif Dif Difficulty i gener	ficulty in recru 28 Low rate of w 40 ficulty in recru 27 n recruiting al staff	.6 .6 .7 .7 .8 .8 Difficulty i manager super	taff taff n localizing s and site visors	Low rate of wo 14 Difficulty in genera 37 Personnel cos (expatriate) off 22 Low rate of worker retention	an recruiting a recruiting al staff 7 2 Labor problems (strikes, union problems, etc.)	Restrictions on staff dismissal and reduction Difficulty i Low ra Personnel costs of Japanese (expatriate) officers and staff	22.1 Restrictions on L employing foreign workers 7.1 in recruiting engin 16.9 te of worker reter 11.1 Restrictions dismissal and	abor problems strikes, union roblems, etc.) neer staff ntion on staff reduction
Bangladesh India Pakistan Sri Lanka	14 100.0 77 100.0 18 100.0 13	67.2 Increase in employee wages 50.0 Increase in employee wages 70.1 Increase in employee wages 44.4 Increase in employee wages 100.0	Difficulty in recruiting general staff 42 Personnel cos (expatriate) of 48 Difficulty in recruiting general staff 33 Difficulty i engine	Difficulty in localizing managers and site supervisors .9 ts of Japanese ficers and staff .1 Difficulty in localizing managers and site supervisors .3 n recruiting er staff .8	Dit Dit Difficulty i gener	ficulty in recruiting 28 Low rate of we do ficulty in recruiting al staff 23	.6 .6 .7 .7 .8 .8 Difficulty i manager super .1	taff taff n localizing s and site visors	Low rate of wo 14 Difficulty in genera 37 Personnel cos (expatriate) off 22 Low rate of worker retention 15	arker retention 3 n recruiting 4 staff 7 ts of Japanese ficers and staff 2 Labor problems (strikes, union problems, etc.) 4	Restrictions on staff dismissal and reduction Difficulty i Low ra Personnel costs of Japanese (expatriate) officers and staff	22.1 Restrictions on L employing foreign workers p 7.1 in recruiting engin 16.9 ate of worker reter 11.1 Restrictions dismissal and 7.7	abor problems strikes, union roblems, etc.) neer staff ntion
Bangladesh India Pakistan Sri Lanka Oceania Total	14 100.0 77 100.0 18 100.0 13 100.0 194	67.2 Increase in employee wages 50.0 Increase in employee wages 70.1 Increase in employee wages 44.4 Increase in employee wages 100.0 Increase in employee wages	Difficulty in recruiting general staff 42 Personnel cos (expatriate) of 48 Difficulty in recruiting general staff 333 Difficulty in engine 300 Difficulty i	Difficulty in localizing managers and site supervisors 9 ts of Japanese ficers and staff .1 Difficulty in localizing managers and site supervisors .3 n recruiting er staff .8 n recruiting al staff	Dit Dif Difficulty i gener	ficulty in recru 28 Low rate of we 40 ficulty in recru 27 n recruiting al staff 23 Low rate of we	.6 .6 orker retention .3 .8 Difficulty manager super .1 orker retention	taff taff n localizing s and site visors	Low rate of we 14 Difficulty in genera 37 Personnel cos (expatriate) of 22 Low rate of worker retention 15 Difficulty in engine	orker retention 3 n recruiting 4 staff 7 ts of Japanese ficers and staff 2 Labor problems (strikes, union problems, etc.) 4 n recruiting er staff	Restrictions on staff dismissal and reduction Difficulty i Low ra Low ra Personnel costs of Japanese (expatriate) officers and staff	22.1 Restrictions on L employing foreign workers 7.1 in recruiting engi 16.9 the of worker reter 11.1 Restrictions dismissal and 7.7 ms on staff dismis reduction	abor problems strikes, union roblems, etc.) neer staff ntion on staff reduction
Bangladesh India Pakistan Sri Lanka Oceania Total	14 100.0 77 100.0 18 100.0 13 100.0 194 100.0	67.2 Increase in employee wages 50.0 Increase in employee wages 70.1 Increase in employee wages 44.4 Increase in employee wages 100.0 Increase in employee wages 70.6	Difficulty in recruiting general staff 42 Personnel cose (expatriate) of 48 Difficulty in recruiting general staff 33 Difficulty i engine 30 Difficulty i general staff 33 33	Difficulty in localizing managers and site supervisors 9 ts of Japanese ficers and staff .1 Difficulty in localizing managers and site supervisors .3 n recruiting er staff .8 n recruiting al staff .6	Dif Difficulty i gener	ficulty in recru 28 Low rate of we 40 ficulty in recru 27 n recruiting al staff 23 Low rate of we 33	.6 .6 orker retention .3 .8 Difficulty i manager super .1 orker retention .0	taff taff n localizing s and site visors	Low rate of we 14 Difficulty in genera 37 Personnel cos (expatriate) ofi 22 Low rate of worker retention 15 Difficulty in enginee 28	a recruiting a recruiting a staff 7 7 ts of Japanese ficers and staff 2 Labor problems (strikes, union problems, etc.) 4 n recruiting er staff 9	Restrictions on staff dismissal and reduction Difficulty i Low ra Personnel costs of Japanese (expatriate) officers and staff Restrictio	22.1 Restrictions on L employing foreign workers 7.1 in recruiting engin 16.9 te of worker reter 11.1 Restrictions dismissal and 7.7 ons on staff dismis reduction 17.0	abor problems strikes, union roblems, etc.) neer staff ntion on staff reduction ssal and
Bangladesh India Pakistan Sri Lanka Oceania Total	14 100.0 77 100.0 18 100.0 13 100.0 194 100.0 156	67.2 Increase in employee wages 50.0 Increase in employee wages 70.1 Increase in employee wages 44.4 Increase in employee wages 100.0 Increase in employee wages 70.6 Increase in	Difficulty in recruiting general staff 42 Personnel cos (expatriate) of 48 Difficulty in recruiting general staff 33 Difficulty in engine 30 Difficulty in general 37 Difficulty in general	Difficulty in localizing managers and site supervisors .9 ts of Japanese ficers and staff .1 Difficulty in localizing managers and site supervisors .3 .3 n recruiting er staff .8 n recruiting al staff .6 n recruiting	Di Di Difficulty i gener	ficulty in recruiting al staff 23 Low rate of we 40 Ficulty in recruiting 27 n recruiting 23 Low rate of we 33 Low rate of we 33	.6 .6 .7 .7 .7 .8 .8 .8 .8 .8 .8 .7 .0 .0 .0 .0 .0 .0 .0 .0 .0 .0 .0 .0 .0	taff taff n localizing s and site visors	Low rate of we 14 Difficulty in genera 37 Personnel cos (expatriate) off 22 Low rate of worker retention 15 Difficulty in engine 28 Difficulty in	arker retention 3 n recruiting 1 staff 7 ts of Japanese ficers and staff 2 Labor problems (strikes, union problems, etc.) 4 n recruiting 9 n recruiting	Restrictions on staff dismissal and reduction Difficulty i Low ra Dersonnel costs of Japanese (expatriate) officers and staff Restriction	22.1 Restrictions on L employing foreign workers p 7.1 in recruiting engin 16.9 ate of worker reter 11.1 Restrictions dismissal and 7.7 ons on staff dismis reduction 17.0 ons on staff dismis	abor problems strikes, union roblems, etc.) neer staff ntion on staff reduction ssal and
Bangladesh India Pakistan Sri Lanka Oceania Total Australia	14 100.0 77 100.0 18 100.0 13 100.0 194 100.0 156	67.2 Increase in employee wages 50.0 Increase in employee wages 70.1 Increase in employee wages 100.0 Increase in employee wages 70.6 Increase in employee wages 70.6	Difficulty in recruiting general staff 42 Personnel cos (expatriate) of 48 Difficulty in recruiting general staff 33 Difficulty in general 30 Difficulty in general 37 Difficulty in general 37 Difficulty in general 37	Difficulty in localizing managers and site supervisors .9 ts of Japanese ficers and staff .1 Difficulty in localizing managers and site supervisors .3 n recruiting er staff .8 n recruiting al staff .6 n recruiting al staff	Dif Difficulty gener	ficulty in recru 28 Low rate of we 40 ficulty in recru 27 n recruiting al staff 23 Low rate of we 33 Low rate of we	.6 .6 .7 .7 .7 .7 .7 .7 .7 .7 .7 .7 .7 .7 .7	taff taff n localizing s and site visors	Low rate of wo 14 Difficulty in genera 37 Personnel cos (expatriate) off 22 Low rate of worker retention 15 Difficulty in engine 28 Difficulty in engine	Arker retention 3 n recruiting 4 staff 7 ts of Japanese ficers and staff 2 Labor problems (strikes, union problems, etc.) 4 n recruiting 9 n recruiting 2 2	Restrictions on staff dismissal and reduction Difficulty i Low ra Officulty i Low ra of Japanese (expatriate) officers and staff Restrictio	22.1 Restrictions on L employing foreign workers [7.1 in recruiting engli 16.9 ate of worker reter 11.1 Restrictions dismissal and 7.7 ms on staff dismis reduction 17.0 ms on staff dismis reduction 17.2	abor problems strikes, union roblems, etc.) neer staff ntion • on staff reduction ssal and
Bangladesh India Pakistan Sri Lanka Oceania Total Australia	14 100.0 77 100.0 18 100.0 13 100.0 194 100.0 156 100.0	67.2 Increase in employee wages 50.0 Increase in employee wages 70.1 Increase in employee wages 44.4 Increase in employee wages 100.0 Increase in employee wages 70.6 Increase in employee wages 73.1	Difficulty in recruiting general staff 42 Personnel cos (expatriate) of 48 Difficulty in recruiting general staff 33 Difficulty in engine 36 Difficulty in general 37 Difficulty in general 37 Difficulty in general 38	Difficulty in localizing managers and site supervisors .9 ts of Japanese ficers and staff .1 Difficulty in localizing managers and site supervisors .3 n recruiting er staff .8 n recruiting al staff .6 n recruiting al staff .5	Difficulty	ficulty in recruies 28 28 20 20 20 20 20 20 20 20 20 20 20 20 20	.1 .0 .0 .3 .3 .3 .3 .3 .3 .3 .3 .3 .3 .3 .3 .3	taff taff n localizing s and site visors	Low rate of we 14 Difficulty in genera 37 Personnel cos (expatriate) off 22 Low rate of worker retention 15 Difficulty in engine 28 Difficulty in engine 28 Low rate of 28 Difficulty in engine	arker retention 3 n recruiting 4 staff 7 ts of Japanese ficers and staff 2 Labor problems, (strikes, union problems, etc.) 4 n recruiting er staff 9 n recruiting er staff 2 2 Poneiriel 2 Pone	Restrictions on staff dismissal and reduction Difficulty i Low ra Dersonnel costs of Japanese (expatriate) officers and staff Restrictio	22.1 Restrictions on L employing foreign workers [16.9 11.1 Restrictions dismissal and 7.7 ms on staff dismis reduction 17.0 17.3	abor problems strikes, union roblems, etc.) neer staff ntion • on staff reduction ssal and ssal and
Bangladesh India Pakistan Sri Lanka Oceania Total Australia New Zealand	14 100.0 77 100.0 18 100.0 13 100.0 194 100.0 156 100.0 38	67.2 Increase in employee wages 50.0 Increase in employee wages 70.1 Increase in employee wages 100.0 Increase in employee wages 70.6 Increase in employee wages 73.1 Increase in employee wages	Difficulty in recruiting general staff 42 Personnel cos (expariate) of 48 Difficulty in recruiting general staff 33 Difficulty i engine 30 Difficulty i general 37 Difficulty i general 37 Difficulty i general 38 Difficulty i	Difficulty in localizing managers and site supervisors .9 ts of Japanese ficers and staff .1 Difficulty in localizing managers and site supervisors .3 n recruiting er staff .8 n recruiting al staff .5 n recruiting al staff	Difficulty i generi	ficulty in recrui 28 Low rate of we 40 ficulty in recru 27 n recruiting al staff 23 Low rate of we 33 Low rate of we 37 ficulty in recru	iting engineer s	ttaff ttaff n localizing s and site visors ttaff ttaff	Low rate of we 14 Difficulty in genera 37 Personnel cos (expatriate) of 22 Low rate of worker retention 15 Difficulty in engine 28 Difficulty in engine 28 Low rate of worker retention	orker retention a recruiting a taff 7 ts of Japanese ficers and staff 2 Labor problems (strikes, union problems, etc.) 4 n recruiting er staff 9 r staff 2 Restrictions on staff dismissal and reduction	Restrictions on staff dismissal and reduction Difficulty i Low ra Low ra Personnel costs of Japanese (expatriate) officers and staff Restrictio Restrictio	22.1 Restrictions on L mploying foreign workers 7.1 in recruiting engi 16.9 tte of worker reter 11.1 Restrictions dismissal and 7.7 ons on staff dismis reduction 17.0 ons on staff dismis reduction 17.3 osts of Japanese (o fficers and staff	abor problems strikes, union roblems, etc.) neer staff ntion on staff reduction ssal and ssal and expatriate)

(Multiple answers allowed, unit: %, Valid responses: 865)

(5) Problems in the investment environment

Among the problems in the investment environment, "Unstable or insecure political or social conditions" (42.4%) jumped to first place from its previous fourth-place spot for the manufacturing industry as a whole (Diagram 35-1).

Additionally, in the ASEAN region, "Unstable or insecure political or social conditions" (44.5%) jumped to first place from the previous fourth-place spot. This was due to the fact that "Unstable or insecure political or social conditions" (60.0%) became the most frequently cited problem among manufacturers in Thailand. Thailand had been plagued with internal strife, beginning with the occupation of the prime minister's office by anti-Thaksin protestors at the end of August 2008, followed by the state of emergency declared in Bangkok as a result of the pro- and anti-Thaksin forces battling each other on the streets in September and culminating in the sacking of Prime Minister Samack on grounds of violating conflict of interest rules in the constitution.

In Southwest Asia, "Underdeveloped infrastructure" (76.0%) was the most frequently cited reply, but, with the exception of India, "Unstable or insecure political or social conditions" (43.0%) also ranked among the top problems in the investment environment, illustrating the underlying quest by manufacturers for political stability in the area. In India, "Underdeveloped infrastructure (electric power, transportation, communications, etc.)" (79.0%) was once again the most frequently cited reply, suggesting that India's infrastructure remained a major problem in the investment environment.

As the countries in the Oceania region are industrialized, there were very few matters of concern regarding the investment environment compared to the ASEAN nations and the countries of Southwest Asia, and even the most frequently cited problem of "Complicated administrative procedures" was only mentioned by 23.7% of the respondents.

In the non-manufacturing industry, as a whole, "Lack of office space and rising rent" (39.9%) was the most frequently cited reply, as was the case in the previous survey (Diagram 35-2).

In the ASEAN region, "Unstable or insecure political or social conditions" (36.9%) jumped to first place from the previous fifth-place spot. This is mainly attributable to the fact that "Unstable or insecure political or social conditions" (63.9%) became the most frequently cited problem among companies operating in Thailand.

In Southwest Asia, "Underdeveloped infrastructure" (67.7%) was the most frequently cited reply. Many of the trading companies in Bangladesh (85.7%) and many of the sales companies (83.3%), transport and warehousing companies (75.0%), and trading companies (73.9%) in India, in particular, cited this problem. This was followed by "Complicated tax procedures" (49.2%) in second place. The percentage of companies citing "Complicated tax procedures" was particularly high in India (62.8%), suggesting that complicated domestic regulations and tax procedures were becoming obstacles to investment.

In the Oceania region, a large percentage of companies cited "Lack of office space and rising rent" (48.6%). However, other than this problem, there were very few matters of concern for companies in Oceania, unlike their counterparts in the ASEAN region and Southwest Asia.

Diagram 35-1: Problems in the investment environment (top five) (manufacturing industry)

					(Multiple answers allowed, unit: %, V	Valid responses: 832)
	Valid responses	1	2	3	4	5
Total	832	Unstable or insecure political or social conditions	Underdeveloped infrastructure	Unclear policy management by the local government	Complicated administrative procedures	Complicated tax procedures
Total	100.0	42.4	41.7	39.8	36.2	25.0
ACEAN T-t-1	694	Unstable or insecure political or social conditions	Unclear policy management by the local government	Underdeveloped infrastructure	Complicated administrative procedures	Complicated tax procedures
ASEAN IOU	100.0	44.5	41.1	38.3	36.0	24.1
Indonesia	108	Underdeveloped infrastructure	Unclear policy management by the local government	Complicated administrative procedures	Complicated tax procedures	Undeveloped economic and legal systems, and arbitrary application of the legal system
	100.0	68.5	52.8	43.5	40.7	36.1
Malaysia	80	Complicated administrative procedures	Underdeveloped infrastructure	Unclear policy management by the local government	Unstable or insecure political or social conditions	Restrictions on foreign investment including restrictions on foreign capital ratio
	100.0	31.3	28.8	26.3	18.8	15.0
Myanmar	6	Underdevelo ped infrastructure 100.0	Unstable or inscure political or social conditions X 83.3	Complicated tax procedures including tax procedures are the second secon		
No. 11. 1	110	Underdeveloped	Unstable or insecure political or social conditions	Unclear policy management by the	Complicated administrative procedures	Complicated tax procedures
Philippines	100.0	65.5	60.0	54.6	31.8	27.3
Singapore	22	Complicated administrative procedures	Unstable or insecure political or social conditions	Unclear Undeveloped policy economic and legal systems, custom by the local application of the government legal system		
	100.0	13.6	9.1	4.6		
Thailand	290	Unstable or insecure political or social conditions	Unclear policy management by the local government	Complicated administrative procedures	Complicated tax procedures	Undeveloped economic and legal systems, and arbitrary application of the legal system
	100.0	60.0	33.5	31.7	20.3	18.3
Vietnam	78	Underdeveloped infrastructure	Unclear policy management by the local government	Undeveloped economic and legal systems, and arbitrary application of the legal system	Complicated tax procedures	Unstable or insecure political or social conditions
	100.0	/4.4 Underdeveloped	55.1	43.6	30.8	14.1 Unclear policy management by
Southwest Asia Total	100	infrastructure	Unstable or insecure political or social conditions	Complicated administrative procedures	Complicated tax procedures	the local government
	100.0	Underdeveloped	43.0 Unstable or incours political or social conditions	42.0 Unclear policy management by the	40.0 Complicated administrative procedures	39.0 Complicated for procedures
Bangladesh	1/	infrastructure		local government		41.2
	57	Underdeveloped	Complicated Complicated tax	Unclear policy management by the	Undeveloped economic and legal systems, and	Lack of protection of
India	100.0	infrastructure 79.0	administrative procedures procedures 47.4	local government 22.8	arbitrary application of the legal system 19.3	intellectual property rights 17.5
Pakistan	13	Unstable or insecure political or social conditions	Underdeveloped infrastructure	Unclear policy management by the local government	Lack of protection of intellectual property rights	Complicated tax procedures Undeveloped conomic and legal systems, and arbitrary application of the legal system
	100.0	92.3	61.5	38.5	23.1	15.4
Sri Lanka	13	Unstable or insecure political or social conditions	Unclear policy management by the local government	Underdeveloped infrastructure	Complicated administrative procedures	Complicated tax procedures economic and legal systems, and arbitrary application of the legal system
	100.0	84.6	69.2	61.5	38.5 Undevelope	30.8
Oceania Total	38	Complicated administrative procedures	Unclear policy management by the local government	Underdevelo ped Lowering of custom tariff infrastructur levels e	Unstable or insecure political or social conditions con	
	100.0	23.7	18.4	13.2	2.6	
Australia	25	Complicated administrative procedures	Lowering of custom tariff levels	Unstable or inscure political or social conditions ure ure underdev legal systems, and arbitrary application of the legal system		
	100.0	28.0	16.0	8.0	4.0	
New Zealand	13	Unclear policy management by the local government	Underdeveloped infrastructure	Complicated administrative procedures	Complicate and the services of	
	100.0	38.5	30.8	15.4	7.7	1

Diagram 35-2: Problems in the investment environment (top five) (non-manufacturing industry)

	Valid						(1	iunipie un		ea, ant. 70,	vana respe	11303. 015)
	responses	1		2			3			4		5
Total	815	Lack of office sp	bace and rising	Unstable or insect	are political or ditions	Complicated	l administrative	e procedures	Underdevelop	ed infrastructure	Unclear policy	y management
Totai	100.0	39.9	ə	29.9	utions		29.2		2	6.0	24	.4
ASEAN Total	512	Unstable or insect social con	ure political or aditions	Lack of office sp ren	ace and rising	Complicated	l administrative	e procedures	Unclear policy the local	y management by government	Restriction: investmen restrictions on ra	s on foreign t including foreign capital tio
	100.0	36.9)	36.5			29.7		2	8.3	24	.2
Indonesia	54	Unclear policy m the local go	nanagement by wernment	Complicated ta:	x procedures	Underde	eveloped infrast	tructure	Unstable or insecure political or social conditions	Complicated administrative procedures	Undeveloped eco systems, and arbit the lega	onomic and legal rary application of l system
	100.0	50.0)	46.3			40.7		3	7.0	29	.6
Malaysia	54	Restrictions on fore including restricti capital 1	eign investment ions on foreign ratio	Complicated ac proced	lministrative ures	Lack of of	fice space and	rising rent	Unstable or insecure political or social conditions	Underdeveloped infrastructure	Unclear policy management by the local government	Complicated tax procedures
	100.0	46.3	3	25.9			18.5		1	4.8	9.	3
Myanmar	14	Underdeveloped infrastructure Underdeveloped infrastructure Underdeveloped y the local government 71.4 Unstable or insecure political or social conditions		Unstable or insecure political or social conditions	Undeveloped economic and legal systems, and arbitrary application of the legal system	d Complicated administrative procedures			Complicated	tax procedures	Lack of office space and rising rent	Lack of protection for intellectual property rights
	100.0	71.4	1	64.3			57.1		4	2.9	7.	1
Philippines	57	Unstable or insect social con	ure political or iditions	Complicated ac proced	ministrative ures	Underde	eveloped infrast	tructure	Complicated	tax procedures	Unclear policy by the local	y management government
	100.0	61.4	4	43.9			42.1		3	8.6	36	.8
Singapore	120	61.4 Lack of office space and rising rent		Unstable or insect social con	ure political or ditions	Complicated administrative procedures	Lack of pr intellectual p	rotection for property rights	Unclear policy management by the local government	Complicated tax procedures	Undeveloped economic and legal systems, and arbitrary application of the legal system	Restrictions on foreign investment including restrictions on foreign capital ratio
	100.0	86.7	7	6.7			4.2		1	3.3	1.	7
Thellow I	166	Unstable or insect	ure political or	Restrictions on fore including restrictions	eign investment on foreign capital	Unclear polic	cy management	t by the local	Complicated	l administrative	Undeveloped eco systems, and arbit	onomic and legal rary application of
I natiand	100.0	63.9)	41.0	1		34.3		2	8.9	the lega 19	.9
	47	Complicated ad	dministrative	Lack of office sp	ace and rising	Underde	eveloped infrast	tructure	Unclear policy	management by	Undeveloped eco systems, and arbit	onomic and legal rary application of
Vietnam	100.0	proced	ures 1	ren 57 5			51.1		the local	government 4 7	systems, and arbitrary application o the legal system	
	124	Underdeveloped	infractructura	Complicated to:	r procedures	Complicated	ladministrative	procedures	Lack of office	space and rising	Unstable or ins	secure political
Southwest Asia Total	124	Cilderdeveloped	7		x procedures	Complicated	47.6	e procedures	1	rent	or social	conditions
Bangladesh	15	Underdeveloped	infrastructure	Unstable or insect social con	are political or ditions	47.6 Unclear policy management by the local government Docal government		Undeveloped economic and legal systems, and arbitrary application of the legal system		Lack of pro intellectual p	otection for roperty rights	
	100.0	93.3	3	66.7			53.3		3	3.3	26	.7
India	78	Underdeveloped	infrastructure	Complicated ta:	x procedures	Lack of of	fice space and	rising rent	Complicated	l administrative	Unclear policy	y management
muia	100.0	66.7	7	62.8			56.4		5	5.1	16	.7
Pakistan	17	Unstable or insect social con	ure political or aditions	Underdeveloped	infrastructure	Unclear polic	cy management government	t by the local	Complicated tax procedures	Undeveloped economic and legal systems, and arbitrary application of the legal system	Complicated a	administrative dures
	100.0	94.1	1	64.7			58.8		2	9.4	23	.5
Sri Lanka	14	Unstable or insect social con	ure political or nditions	Underdeveloped infrastructure	Unclear policy management by the local government	Complicated administrative procedures	Complicated	tax procedures	Lack of office space and rising rent	Undeveloped economic and legal systems, and arbitrary application of the legal system	Lack of pro intellectual p	otection for roperty rights
	100.0	100.0	0	50.0			28.6		1	4.3	7.	1
Oceania Total	179	Lack of office sp ren	ace and rising	Underdeveloped	infrastructure	Complicated	l administrative	e procedures	Complicated	tax procedures	Unclear policy by the local	y management government
	100.0	48.6	5	15.6			15.1		1	1.7	8.	9
Australia	147	Lack of office sp ren	bace and rising	Complicated ac proced	ministrative ures	Underde	eveloped infras	tructure	Complicated	tax procedures	Unclear policy by the local	y management government
, subualla	100.0	51.7	7	17.0			15.0		1	2.2	8.	8
New Zealand	32	Lack of office sp ren	pace and rising t	Underdeveloped	infrastructure	Unclear policy management by the local government	Complicated tax procedures	Undeveloped economic and legal systems, and arbitrary application of the legal system	Unstable or insecure political or social conditions	Complicated administrative procedures	Restriction: investmen restrictions on ra	s on foreign t including foreign capital tio
	100.0	34.4	4	18.8			9.4		(5.3	3.	1

(Multiple answers allowed, unit: %, Valid responses: 815)

(6) Problems in the foreign trade system

Among the problems in the foreign trade system, "Complicated customs clearance procedures" (44.0%) was the most frequently cited reply by the manufacturing industry as a whole, as was the case in the previous survey (Diagram 36-1).

Additionally, in the ASEAN region, "Complicated customs clearance procedures" (45.0%) was the most frequently cited reply, as was the case in the previous survey. The percentage of manufacturers in Vietnam citing this problem was particularly high at 75.3%. This was followed by "Lack of thorough publicizing of trade rules and regulations" (37.5%) and "Time-consuming customs procedures" (36.1%). It is evident that these three problems, which had also scored in the top three in the previous survey, continue to pose problems to manufacturers operating in this area.

In Southwest Asia, "Time-consuming customs procedures" (56.3%), "Complicated customs clearance procedures" (48.3%) and "Lack of thorough publicizing of trade rules and regulations" (32.2%) took the top three spots.

In the Oceania region, "Strict quarantine system" (17.2%) was the most frequently cited reply. The percentage of manufacturers in the foods, processed agricultural or marine products industry in Australia citing this problem was particularly high at 33.3%. Compared to the ASEAN region and Southwest Asia, there were relatively few manufacturers citing "Complicated customs clearance procedures" and "Time-consuming customer procedures," at 10.3% each. In general, there were few matters of concern about the foreign trade system in the Oceania region.

As was the case with the manufacturing industry, "Complicated customs clearance procedures" (30.9 %) was the most frequently cited reply by the non-manufacturing industry. (Diagram 36-2).

In the ASEAN region, "Lack of thorough publicizing of trade rules and regulations" (35.7%) jumped to first place from the previous third place. This problem was cited by numerous companies in Indonesia (51.2%) and Vietnam (50.0%). This was followed by "Complicated customs clearance procedures" (35.1%), which dropped to second place from the previous first-place spot.

In Southwest Asia, "Time-consuming customs procedures" (58.6%) and "Complicated customs clearance procedures" (57.6%) took the top two spots.

As was the case with the manufacturing industry, "Strict quarantine system" (22.7%) was the most frequently cited reply by Oceania's non-manufacturing industry. This is thought to be due to the strict quarantine system imposed by the relevant authorities on imports of foods and agricultural products in the Oceania region. In particular, the percentage of companies replying "Strict quarantine system" in New Zealand climbed to 52.2%, while in terms of industry, the majority of companies citing this reply were trading companies (57.1%).

Diagram 36-1: Problems in the foreign trade system (top five) (manufacturing industry)

(Multiple answers allowed, unit: %, Valid responses: 700)

	Valid responses	1				2					3			4		5
Total	700	Complicated cus clearance procee	stoms dures		Time-c	onsuming cu	istoms proc	edures		Lack of th trade ru	orough pu iles and reg	blicizing of gulations	Method of dt	f assessment uties is uncl	of customs ear	Criteria for determinin classification for custor duties are observed
	100.0	44.0				37.	6				35.6	, 		24.6		19.9
	584	Complicated cus	stoms	Lack of	thorough	publicizing	of trade rule	es and regu	ilations	Time-c	onsuming	customs	Method of	f assessment	of customs	Criteria for determinin classification for custor
ASEAN Total	100.0	clearance proced 45.0	dures			37.	5	-			grocedure 36.1	8	d	26.9	ear	duties are obscure 21.6
	100.0	Complicated cus	stoms		T					Lack of th	orough pu	blicizing of	Method of	f assessment	of customs	Unclear inspectio
Indonesia	96	clearance procee	dures		Time-c	onsuming cu	istoms proc	edures		trade ru	iles and reg	gulations	d	uties is uncl	ear	system
	100.0	56.3				53.	1				42.7			28.1		17.7
Malaysia	69	Time-consuming c procedures	customs s		Complicat	ted customs	clearance p	rocedures		Lack of th trade ru	orough pu iles and reg	blicizing of gulations	Criteria for for cust	determining oms duties an	classification e obscure	Method of assessmen customs duties is uncl
	100.0	43.5				30.	4				24.6			21.7		18.8
Myanmar	6	Lack of thorou publicizing of trad and regulation	ugh de rules ons		Complica	ted customs	clearance p	rocedures		Time-c	onsuming procedure	customs s	Method of assessment of customs duties is unclear	Criteria for determining classification for customs duties are obscure	Unclear inspection system	
	100.0	83.3				66.	7				50.0			33.3		
Philippines	79	Lack of thorough publi trade rules and regu	licizing of ilations		Complication	ted customs	clearance p	rocedures		Time-c	onsuming procedure	customs s	Method of	t assessment uties is uncle	of customs ear	Unclear inspectio system
r imppines	100.0	41.8				40.	5				35.4	-	u	17.7		16.5
Singapore	16	Method of assessn customs duties is u	ment of unclear	Complicate d customs clearance procedures	Time- consuming customs procedures	Lack of thorough publicizing of trade rules and regulations	Criteria for determining classification for customs duties are obscure	Unclear inspection system	Strict quarantin e system							
	245	Complicated cus	stoms	Look of	thorough	mbliaiaina	of trade mil	o and man	lations	Method of	assessmen	t of customs	Criteria for	determining	Time-consuming	
Thailand	245	clearance procee	dures	Lack Of	ulorougn	publicizing		es and regu	nations	du	ties is uncl	ear	for cust	oms duties an	customs procedure	
	100.0	39.2				35.	5				35.1			30.2	26.1	
Vietnam	73	Complicated cus clearance procee	stoms dures	Lack of	thorough	publicizing	of trade rule	es and regu	ilations	Time-c	onsuming procedure	customs s	Unclea	Method of assessment customs duties is uncl		
	100.0	75.3				48.	0				46.6			20.6		17.8
	87	Time-consuming c	customs		Complicat	ted customs	clearance p	rocedures		Lack of th	orough pu	blicizing of	Method of	f assessment	of customs	Criteria for determinin classification for custor
outhwest Asia Tot	100.0	procedures 56.3	8			48	3			trade ru	iles and reg	gulations	a	uties is uncl	ear	duties are obscure 14 9
	100.0	Complicated cus	stoms	Time-co	onsuming o	customs	Lack of th	orough pu	blicizing of	Useles			Method of	fassessment	of customs	1.1.2
Bangladesh	15	clearance procee	dures	I	procedures		trade ru	les and reg	gulations	Unciea	r inspectioi	ii system	d	uties is uncl	ear	
	100.0	66.7				60.	0				20.0			6.7		Criteria for Laterniaia
India	50	Time-consuming c procedures	customs s		Complicat	ted customs	clearance p	rocedures		Lack of th trade ru	orough pu iles and reg	blicizing of gulations	Method of d	f assessment uties is uncl	of customs ear	classification for custor duties are obscure
	100.0	60.0				50.	0				20.0			18.0		16.0
Pakistan	11	Time- consuming class customs for procedures du	riteria for termining ssification r customs uties are obscure	Complicated clearance pr	d customs rocedures	Method of of custom unc	assessment s duties is lear	Unclear sy	inspection stem	Lack of th trade ru	orough pu iles and reg	blicizing of gulations				
	100.0	36.4				27.	3				18.2					
Sri Lanka	11	Lack of thorou publicizing of trad and regulation	ugh de rules ons		Time-c	onsuming cu	istoms proc	edures		Complica	ted custom procedure:	s clearance s	Method of assessment of customs duties is unclear	Crite detern classific customs obs	ria for mining cation for duties are acure	
	100.0	63.6				54.	6				36.4			9.1		
Oceania Total	29	Strict quarantine s	system	Complicate I	ed customs procedures	clearance	Time-c	onsuming procedure	customs s	Lack of th trade ru	orough pui iles and reg	blicizing of gulations	Method of assessment of customs duties is unabor	High n bar	on-tariff riers	
	100.0	17.2				10.	3				6.9		unciedi	3.5		
Australia	21	Strict quarantine s	system		Time-c	onsuming cu	istoms proc	edures		6.9 3.5 Complicate d customs clearance procedures 0.5 Complicate d customs duties is unclear 0.5 Method of d ustoms tariff barriers 0.5 0.5 0.5 0.5 0.5 0.5 0.5 0.5						
	100.0	23.8				9.5	5				4.8		l			
New Zealand	8	Complicated L customs th clearance procedures reg	Lack of horough elicizing of e rules and gulations		Time-c	onsuming cu	ustoms proc	edures								
	100.0	25.0				12.	5									

Diagram 36-2: Problems in the foreign trade system (top five) (non-manufacturing industry)

(Multiple answers allowed, unit: %, Valid responses: 598)

	Valid responses	1	2	3	4	5	
Total	598	Complicated customs clearance procedures	Time-consuming customs procedures	Lack of thorough publicizing of trade rules and regulations	Method of assessment of customs duties is unclear	Criteria for determining classification for customs duties are obscure	
	100.0	30.9	29.9	27.3	23.2	18.4	
ASEAN Total	345	Lack of thorough publicizing o trade rules and regulations	f Complicated customs clearance procedures	Time-consuming customs procedures	Method of assessment of customs duties is unclear	Criteria for determining classification for customs duties are obscure	
	100.0	35.7	35.1	30.7	29.6	22.0	
Indonesia	41	Complicated Time- customs consuming clearance customs procedures procedures	Lack of thorough publicizing of trade rules and regulations	Unclear inspection system	Method of assessment of customs duties is unclear Criteria for determining classification for customs duties are obscure	High non-tariff barriers	
	100.0	56.1	51.2	29.3	24.4	7.3	
Malaysia	39	Time-consuming customs procedures	Complicated customs clearance procedures	Lack of thorough publicizing of trade rules and regulations	Criteria for determining classification for customs duties are obscure	Method of assessment of customs duties is unclear	
	100.0	38.5	35.9	25.6	23.1	20.5	
Myanmar	10	Method of assessment of customs duties is unclear	Complicated customs clearance procedures	Time-consuming customs procedures	Lack of thorough publicizing of trade rules and regulations Criteria for determining classification for customs duties are obscure	Unclear inspection system	
	100.0	80.0	70.0	50.0	30.0	10.0	
Philippines	40	Lack of thorough publicizing of trade rules and regulations	Complicated customs clearance procedures Time-consuming customs procedures	Method of assessment of customs duties is unclear	Criteria for determining classification for customs duties are obscure	Unclear inspection system	
	100.0	37.5	35.0	27.5	22.5	20.0	
Singapore	50	Complicated customs clearance procedures	Lack of thorough publicizing of trade rules and regulations	Time-consuming customs procedures	Method of assessment of customs duties is unclear determining classification for customs duties is unclear customs duties is customs dutie	High non- tariff barriers Strict quarantine system	
	100.0	18.0	12.0	10.0	4.0	2.0	
	131	Method of assessment of	Lack of thorough publicizing of trade rules	Criteria for determining classification for customs duties	Complicated customs clearance procedures	Time-consuming customs	
Thailand	151	customs duties is unclear	and regulations	are obscure	compleated customs clear ance procedures	procedures	
	100.0	39.7 Countline to d	38.9	29.0	28.2	22.9	
Vietnam	34	customs Lack of thoroug customs publicizing of clearance trade rules and procedures regulations	h Time-consuming customs procedures	Method of assessment of customs duties is unclear	Unclear inspection system	Criteria for determining classification for customs duties are obscure	
	100.0	50.0	41.2	32.4	20.6	14.7	
Southwest Asia Total	99	Time-consuming customs procedures	Complicated customs clearance procedures	Method of assessment of customs duties is unclear	Lack of thorough publicizing of trade rules and regulations	Criteria for determining classification for customs duties are obscure	
	100.0	58.6	57.6	33.3	32.3	21.2	
Bangladesh	15	Time-consuming customs procedures	Complicated customs clearance procedures	Method of assessment of customs duties is unclear	Lack of thorough Criteria for publicizing of trade rules and regulations customs duties are obscure system	High non- tariff barriers Strict quarantine system	
	100.0	73.3	60.0	33.3	26.7	13.3	
India	62	Complicated Time- customs consuming clearance customs procedures procedures	Lack of thorough publicizing of trade rules and regulations Method of assessment of customs duties is unclear	Criteria for determining classification for customs duties are obscure	Unclear inspection High non-tariff barriers system	Strict quarantine system	
	100.0	56.5	37.1	19.4	11.3	3.2	
Dakistan	11	Complicated customs	Lack of thorough publicizing of trade rules	Time-consuming customs Method of assessment of	Criteria for determining classification for	Unclear inspection system	
Pakistan	100.0	54.6	45.5	36.4	27.3	18.2	
Sri Lanka	11	Time-consuming customs procedures	Complicated customs clearance procedures	Criteria for determining classification for customs duties are obscure	Method of assessment of customs duties is unclear		
	100.0	72.7	63.6	18.2	9.1		
Oceania Total	154	Strict quarantine system	Time-consuming customs procedures	Criteria for determining classification for customs duties are obscure	Lack of thorough publicizing of trade rules and regulations	Complicated customs clearance procedures Unclear inspection system	
	100.0	22.7	9.7	8.4	5.2	4.6	
Australia	131	Strict quarantine system	Time-consuming customs procedures	Criteria for determining classification for customs duties are obscure	Lack of thorough publicizing of trade rules and regulations	Complicated customs clearance procedures	
	100.0	17.6	10.7	9.2	4.6	3.8	
New Zealand	23	Strict quarantine system	Complicated customs clearance procedures customs clearance clearance clearance customs clearance customs clearance customs clearance customs clearance customs clearance customs customs clearance customs custo customs customs customs customs custo custo custo custo custo custo custo custo custo custo custo custo customs custo custo custo custo custo custo custo cu	Time- consuming customs procedures triffbarier triff			
	100.0	52.2	8.7	4.4]		

6. Source of Competition

(1) Chinese companies and local companies are biggest competitors in selling products and services

In terms of which country or region companies currently see as their main source of competitors in selling products in their local market (the nationality of the company) (Diagram 37-1), the respondents excluded Japanese-affiliated companies that are operating in the same category of business (valid responses: 785 from the manufacturing industry, 837 from the non-manufacturing industry).

Among companies in the manufacturing industry in the ASEAN region, only in Indonesia were there more companies citing "Local companies (Indonesia)" (34.7%) than companies citing "China" (26.7%). In Thailand, the percentage of companies citing "Local companies" (30.4%) and "China" (30.8%) were about the same. A breakdown by industry revealed that in Indonesia, a high percentage of companies in the nonferrous metals and products, the iron and steel, and the apparel and textile products industries cited "Local companies;" while in Thailand, a lot of companies in the foods, processed agricultural or marine products and the motor vehicle and motorcycle parts and accessories industries cited "Local companies." These results attest to the competitiveness of the local products. In Vietnam and the Philippines, on the other hand, extremely large numbers of companies cited "China" over "Local companies," which indicate the large presence of Chinese products in the local markets. A breakdown by industry revealed that in Vietnam, there were a lot of companies in the apparel and textile products, the electric and electronic parts and components, and the plastic products industries that replied "China." In the Philippines, a number of companies in the plastic products, the rubber products and the motor vehicle and motorcycle parts and accessories and accessories industries replied that "China" was their most formidable competitor.

In Southwest Asia, large percentages of companies in Sri Lanka (63.6%) and Bangladesh (58.3%) cited "China" over "Local companies." A breakdown by industry revealed that in Sri Lanka, there were many companies in the electric machinery and electronic equipment, the motor vehicle and motorcycle, and the textiles industries that cited "China," while in Bangladesh, a large number of companies in the electric and electronic parts and components and the motor vehicle and motorcycle parts and accessories industries cited "China."

In the Oceania region, the percentage citing "China" was the highest (26.1%), while in New Zealand the percentage of companies citing "Local companies" was the highest (41.7%).

As for the non-manufacturing industry (Diagram 37-2), in the ASEAN region, there were overwhelming percentages of companies in Indonesia and Malaysia citing "Local companies"(42.3% and 33.9%, respectively), indicating the high levels of protection afforded to the service industries in these countries. In Singapore, on the other hand, where the service industries are widely opened to foreign companies, the percentage of companies citing "China" (24.5%) was the highest.

In Southwest Asia, large percentages of companies in Pakistan and Sri Lanka (55.6% and 42.9%, respectively) cited "China" over "Local companies." A breakdown by industry revealed that in Pakistan, there were more companies in the construction/plant industry and trading companies that cited "China," while in Sri Lanka more companies in the communications and software and the construction/plant industries cited "China."

In the Oceania region, the percentage citing "Local companies" was the highest (28.1%) in Australia, especially in the insurance and sales industries, while in New Zealand, the percentage of companies citing "China" was the highest (24.4%).





Diagram 37-2: Main source of competitors currently selling products and services on the local market (non-manufacturing industry) (unit: %; valid responses: 837 companies)

		1	1						
Indonesia (n=52)		42.3			///.	`~`l\$.4`~`	<u>~</u> * 8,9 3.	9 5.8	11.5
Malaysia (n=65)	33.9			િટ્ટ્રે	8्.5्र्े्	12.3	1.9 ·····	5.4	10.8
Myanmar (n=13)	7.7		< <u>[234[<[</u>		7		8		15.4
Philippines (n=52)	19.2		59///		<u>`</u> <21,2:,<	,<,<, 7.7	3.9	7.7	13.5
Singapore (n=139)	19.4	3.6 * . * . * .	\$,24:55	\$ \$ 9 9	7.9	14.4	1.9	22.3	5.0
Thailand (n=163)	29.5		1881	>>>>>	45555	5.5	4.31	2.3	12.3
Vietnam (n=38)	31.6		/////		>]>]>]29.	0;>;>;>;>;>	5.3	10.	5
Bangladesh (n=16)	11188111	2222	ું હું કરૂં કરૂં છે.	2222		25.0	2.0	2.0	3.8
India (n=76)	22.4	195	1222	2,12,22,22,22,22,22,22,22,22,22,22,22,22	<u>>> 7 9 </u>	6.6			10.5
Pakistan (n=18)	11.1	2222	22.55					<u>)</u> 1	6.7
Sri Lanka (n=14)	14.3	<u>acce</u>		42.9			28.6		7.1
Australia (n=146)	28.1	4	2 ((15	(<< 5	5 13.	0	24.0		10.3
New Zealand (n=45)	13.3	\$\$\$\$	24.4	;; , ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	17.8	15	.6	22.3	2
■ Loca	0 10 2 I ∎ASEAN ⊡0	20 3 China 🗖	80 4 . India 🔳	0 5 South Korea	0 6 I US [0 7 Other ;	0 80 □ No C) 9 ompetitor	0 100 rs

(2) Price, quality and marketing are reasons for competitiveness of competitors

The main reason(s) causing strong competition (valid responses: 773 from the manufacturing industry, 791 from the non-manufacturing industry, multiple answers allowed) (Diagram 38-1) was also specified by the companies concerned.

In the manufacturing industry, "Price" (88.0%) was the most cited reply by an overwhelming margin of 70.9 points over "Quality" (17.1%), the second most cited reply in the Asia-Pacific region as a whole. The top two replies were followed by "Marketing" (14.9%), "Branding" (11.4%) and "Aggressive capital investment" (11.0%). As seen earlier in the problems with sales or other business activities, Japanese-affiliated manufacturers have been under pressure from major clients to lower prices, while the problems with production revealed that rising procurement prices are becoming a major problem, both of which point to the harsh price competition Japanese-affiliated manufacturers are encountering in the local markets.

In the ASEAN region, "Price" (88.4%) was the most cited reply, followed by "Quality" (17.7%) and "Marketing" (13.9%). A breakdown by country revealed that the percentages of companies citing "Price" were highest in Indonesia and Vietnam (both 93.6%) for the whole region. In the preceding question, companies in Indonesia had cited "Local companies" as their biggest competitors, while companies in Vietnam had cited "China" as their biggest competitors. These results point out the intense price competition with the local companies or Chinese companies facing the Japanese-affiliated companies in this region.

In Southwest Asia, the most cited replies were "Price" (86.1%), followed by "Marketing" (23.3%) and "Branding" (15.1%). In Pakistan, all respondent companies cited "Price" (100.0%). This was followed by a "Large range of products" (33.3%), "R&D capabilities" and a "Strong network of companies/individuals in the country" (22.2%).

In the Oceania region, the most cited replies were "Price" (84.2%), "Branding" (15.8%), "Quality," a "Large range of products" and "Marketing" (13.2% each).

Additionally, in the non-manufacturing industry (Diagram 38-2), "Price" (70.0%) was the most cited reply by an overwhelming margin of 47.6 points over "Marketing" (22.4%)—the second most cited reply in the Asia-Pacific region as a whole. The top two replies were followed by "Branding" (18.8%), "Quality" (18.3%) and a "Strong network of companies/individuals in the country" (16.2%). A breakdown by industry revealed that, with the exception of the banking and real estate industries, all sectors considered "Price" to be the competitor's main source of competitiveness. In the banking industry, the largest percentage of companies cited "Excellent human resources" (35.3%), while in the real estate industry, a "Strong network of companies."

	Valid responses	1	2		3		4		5		
Total	773	Price	Qua	ılity		Mark	eting	Brai	nding	Aggi	essive capital
Total	100.0	88.0	17	.1		14	.9	11	.4		11.0
ASEAN Total	649	Price	Qua	ılity		Mark	eting	Aggressive cap	oital investment		Branding
ASEAN Iotai	100.0	88.4	17	.7		13	.9	11	.1		10.6
Indonesia	94	Price	Qua	ality		Marketing		Branding	Strong network of companies/individ uals in the country	Aggi	essive capital ivestment
	100.0	93.6	21	.3		14.9		11.7			10.6
Malaysia	89	Price	Quality	Branding	Aggres	Aggressive capital investment		Excellent human resources R&D capabilities		n	Aarketing
	100.0	83.2	14.6			11	.2	10	.1		5.6
Myanmar	2	Price Quality Aggressive capital investment 50.0									
Philippines	81	Price	Qua	ality	Market	ting	Strong network of companies/indivi uals in the countr	Aggressive capital investment		:	Branding
	100.0	80.3	23	.5		14	.8	9	9		7.4
Singapore	43	Price	Quality	Marketing	Brandi	ing	R&D capabilitie	Aggressive capital investment	Strong network of companies/individ uals in the country	Excellent human resources	Large range of products
	100.0	83.7	20	.9		16	.3	11	.6		4.7
Thailand	278	Price	Mark	eting		Qua	ality	Branding	Aggressive capital investment	Stroi companie	ng network of /individuals in the country
	100.0	90.7	15	.5		14	.4	9.4		7.6	
Vietnam	62	Price	Qua	ality	Aggres	Aggressive capital investment		Marl	teting		Branding
	100.0	93.6	21	.0		19.4		11	.3		9.7
Southwest Asia Total	86	Price	Marketing			Branding		Quality	Strong network of companies/individ uals in the country	R&I	O capabilities
	100.0	86.1	23	.3		15	.1	14	.0		12.8
Bangladesh	10	Price	Aggressive cap	oital investment	Quality ca	R&D apabilit ies	Marketi ng /individu s in the country	Excellent human resources	Large range of products		
	100.0	80.0	40	.0		20	.0	10	.0		
India	56	Price	Mark	teting		Branding		Quality		R&D capabilit ies	Strong network of companies/individ uals in the country
	100.0	83.9	26	.8		23.2		14.3			10.7
Pakistan	9	Price	Large range	of products	R&D capa	bilities	Strong network of companies/indivi uals in the countr	f d Quality y Aggressive capital investment	Marketing		
	100.0	100.0	33	.3		22	.2	11	.1	l	
Sri Lanka	11	Price	Aggressi ve Large capital range of investme products nt	Marketing companie /individua s in the country	s Quality I re	Excellent human esources	R&D capabilitie	5			
	100.0	90.9	18	.2		9.	1	1	1		
Oceania Total	38	Price	Bran	ding	Quality ra	Large ange of roducts	Marketing	Aggressive capital investment	Strong network of companies/individ uals in the country	R&I	O capabilities
	100.0	84.2	15	.8		13	.2	7.	9		5.3
Australia	25	Price	Quality	Branding	Larg	ge range	of products	Aggressive capital investment	Strong network of companies/individ uals in the country	Excellent human resources	K&D capabilit ies Marketi
	100.0	88.0	16	.0		12	.0	8	0 Strong		4.0
New Zealand	13	Price	Mark	eeting	Brandi	ing	Large range of products	Quality Aggressi ve capital investme nt	R&D of capabilit companies ies /individual s in the country		
	100.0	76.9	30	.8		15	.4	7.	7	ľ	

Diagram 38-1: Reasons for strong competition (top five) (manufacturing industry) (multiple answers allowed; unit: %; valid responses: 773 companies)

(Note) "Others" have been omitted.

Diagram 38-2: Reasons for strong competition (top five) (non-manufacturing industry) (multiple answers
allowed; unit: %; valid responses: 791 companies)

	V-1:4		1								
	responses	1	2	2		3			4	Strong n	5 etwork of
Total	791	Price	Mark	eting		Branding		Qu	ality	companies/i	ndividuals in
	100.0	70.0	22.	.4		18.8		18	3.3	16	5.2
ASEAN Total	492	Price	Quality	Marketing	St companies/	rong network of individuals in the country		Bra	nding	Exceller reso	nt human urces
	100.0	71.5	18.	.3		17.1		15	5.2	14	4.0
Indonesia	46	Price	Strong ne companies/in the co	etwork of adividuals in untry	Excellent human Marketing resources			Qu	ality	Bra	nding
	100.0	76.1	19.	.6		17.4		15.2).9
	62	Price	Qua	lity		Marketing		Excellent hu	man resources	Bra	nding
Malaysia	100.0	72.6	21.	.0		17.7		14	.5	12	2.9
Myanmar	11	Price	Strong ne companies/in the co	twork of dividuals in	Quality	Marketing	Branding	Aggressive capital	Excellent human resources		
	100.0	63.6	27.	.3		18.2		9	.1		
Philippines	47	Price	Qua	lity	Excell	ent human resources	Aggressive capital investment	Marketing	Strong network of companies/individuals in the country	Bra	nding
	100.0	72.3	21.	.3		14.9		10	0.6	6	.4
Singapore	134	Price	Mark	eting		Branding		Qu	ality	Strong n companies/i the c	etwork of ndividuals in ountry
	100.0	70.2	23.	.9		20.9		16	5.4	14.2	
Thailand	153	Price	Quality	Strong network of companies/indivi duals in the	Branding		Marketing			Excellent human resources	
	100.0	74.5	19.	.6		17.0		16	5.3	11	1.8
			Strong ne	twork of							
Vietnam	39	Price	companies/in	ndividuals in	Excellent human resources			Marl	keting	Qu	ality
	100.0	59.0	28.	2		23.1		18	3.0	15	5.4
Southwest Asia Total	118	Price	Mark	eting	St companies/	rong network of individuals in the country	Quality Branding		Exceller	nt human ources	
	100.0	76.3	30.	.5		21.2	20.3		17	7.0	
Bangladesh	16	Price	Aggressiv invest	/e capital		Quality	R&D capabilities	Marketing	Strong network of companies/individuals in the country	Branding	Large range of products
	100.0	68.8	37.	.5		31.3	25.0		18	3.8	
India	73	Price	Mark	eting		Branding	Quality	Excellent human resources	Strong network of companies/individuals in the country	Aggressi inves	ve capital stment
	100.0	76.7	39.	.7		28.8		24	l.7	13	3.7
Pakistan	15	Price	Strong ne companies/in the co	etwork of adividuals in puntry	Aggressive capital investment	Marketing					
	100.0	86.7	13.	.3		6.7					
Sri Lanka	14	Price	Aggressive capital investment	Marketing	Quality	R&D capabilities					
	100.0	71.4	14.	.3		7.1					
Oceania Total	181	Price	Mark	eting		Branding		Qu	ality	Large range	e of products
	100.0	61.9	28.	.2		27.6		17	7.1	15	5.5
Australia	137	Price	Mark	eting		Branding		Qu	ality	Aggressive capital investment	Large range of products
	100.0	56.9	31.	.4		29.9		18	3.3	13	3.1
New Zealand	44	Price	Large range	of products		Branding		Mar	ceting	Strong network of companies/individuals in the country	
100.0 77.3 22.7			20.5		18	3.2	15	5.9			

(3) Competing by enhancing the added value of products

Concerning "countermeasures against competitors" (valid responses: 767 from the manufacturing industry, 787 from the non-manufacturing industry, multiple answers allowed) (Diagram 39-1), in the manufacturing industry, the percentage of companies citing "Enhance added value of products" (59.8%) was the highest for the Asia-Pacific region as a whole, followed by "Bolster sales and marketing capabilities" (35.7%), "Enhance after-sales service" (26.3%) and "Reduce price" (26.1%). This is indicative of the stance of the

Japanese-affiliated companies to keep up with competitors by launching enhanced products and strengthening their marketing and after-sales services.

In the ASEAN region, the top three replies were "Enhance added value of products" (59.9%), "Bolster sales and marketing capabilities" (34.5%), and "Reduce price" (26.9%). A breakdown by country revealed that "Reduce price" was the second most cited reply in the Philippines and Vietnam, which indicates the intense price competition with other companies in these countries.

In Southwest Asia, "Enhance added value of products" (54.7%) was the most cited reply, followed by "Bolster sales and marketing capabilities" (45.4%), "Enhance after-sales service"(34.9%), "Reduce price" (29.1%) and "Launch new products or models" (27.9%). In India, the percentages of companies citing "Bolster sales and marketing capabilities" (51.8%) and "Enhance added value of products" (50.0%) were nearly equal.

In the Oceania region, "Enhance added value of products" (71.1%) was the most cited reply, followed by "Bolster sales and marketing capabilities" (34.2%), "Enhance after-sales service" (31.6%), "Strengthen R&D capabilities" (21.1%), "Improve efficiency of logistics" (21.1%) and "Launch new products or models" (18.4%).

A breakdown by industry revealed that, with the exception of the companies in the lumber and wood products industry and the furniture and interior products industry, the percentage of companies citing "Enhance added value of products" was the highest. In the lumber and wood products industry, "Bolster sales and marketing capabilities" (60.0%) was the most cited reply, while in the furniture and interior products industry "Launch new products or models" (80.0%) was the most cited reply.

In the non-manufacturing industry (Diagram 39-2), as was the case in the manufacturing industry, "Enhance added value of products" (62.6%) was the most cited reply in the Asia-Pacific region. This was followed by "Bolster sales and marketing capabilities" (43.2%), "Enhance after-sales service" (26.8%), "Increase new clients" (24.0%) and "Launch new products or services" (23.5%). In the non-manufacturing industry, only a small percentage cited "Reduce price" (16.3%), indicating that, unlike the manufacturing industry, waging price competition was not a feasible course of action.

	Valid responses	1			2		3			4		5	
Total	767	Enhance added valu products	e of Bols	ter sales and n	narketing capa	abilities	Enhan	ce after-sales	service	Reduc	ce price	Strength capab	en R&D vilities
	100.0	59.8		3:	5.7			26.3		26	5.1	18	.4
ASEAN Total	643	Enhance added valu products	e of Bols	ter sales and n	narketing capa	abilities		Reduce price	•	Enhance ser	after-sales vice	Strength capab	en R&D vilities
	100.0	59.9		34	4.5			26.9		24	1.9	17	.9
Indonesia	93	Enhance added valu products	e of Bols	Bolster sales and marketing capabilities			Reduce price		Enhance ser	after-sales vice	Expand	facilities	
	100.0	54.8		35.5				28.0		24	1.7	19	.4
Malaysia	87	Enhance added valu products	e of Bols	ter sales and n	narketing capa	abilities	Enhan	ce after-sales	service	Strength capat	nen R&D bilities	Reduc	e price
	100.0	62.1		4	0.2			23.0		21	.8	17	.2
Myanmar	2 100.0	Bolster sales and marketing capabilities 50.0	ove ncy stics										
Philippines	80	Enhance added valu products	e of	Reduce price			Enhan	ce after-sales	service	Bolster sales and marketing capabilities	Focus and concentrate on existing products/ operations	Launch new mo	r products or dels
	100.0	63.8		2	3.8			21.3		20	0.0	17	.5
Singapore	44	Enhance added valu products	e of Bols	ter sales and n	narketing capa	abilities	Enhan	ce after-sales	service	Strength capat	nen R&D bilities	Reduc	e price
	100.0	59.1		4	5.5			31.8		27	1.3	18.2	
Thailand	275	Enhance added valu products	e of Bols	Bolster sales and marketing capabilities			Reduce price			Enhance after-sales service		Strengthen R&D capabilities	
	100.0	61.5		36.4			29.5			26.6		19.6	
Vietnam	62	Enhance added valu products	e of	Reduce price			Bolster	r sales and ma capabilities	arketing	Enhance ser	after-sales vice	Expand	facilities
	100.0	54.8		0									
	100.0	54.0		3	8.7			27.4		21	.0	17	.7
Southwest Asia Total	86	Enhance added valu products	e of Bols	ter sales and n	8.7 narketing capa	abilities	Enhan	27.4 ce after-sales	service	21 Reduc	1.0 ce price	17 Launch new mo	.7 7 products or dels
Southwest Asia Total	86 100.0	Enhance added valu products 54.7	e of Bols	ter sales and n	8.7 narketing capa	abilities	Enhan	27.4 ce after-sales 34.9	service	21 Reduc	ce price	17 Launch new mod 27	.7 y products or dels .9
Southwest Asia Total Bangladesh	86 100.0 10	Enhance added valu products 54.7 Enhance added valu products	e of Bols	ter sales and n 4: Reduce price	8.7 narketing capa 5.4 Bolster sales and marketing capabilities	abilities Improve efficiency of logistics	Enhan Expand facilities	27.4 ce after-sales 34.9 Launch new products or models	Focus and concentrate on existing products/ operations	21 Reduc 29 Enhance ser	2.0 ce price 0.1 after-sales vice	17 Launch new mou	.7 y products or dels .9
Southwest Asia Total Bangladesh	100.0 86 100.0 10	Enhance added valu products 54.7 Enhance added valu products 80.0	e of Bols e of Strengthe R&D capabilitie	n Reduce rs 4	 8.7 barketing capa 5.4 Bolster sales and marketing capabilities 0.0 	abilities Improve efficiency of logistics	Enhan Expand facilities	27.4 ce after-sales 34.9 Launch new products or models 30.0	Focus and concentrate on existing products/ operations	21 Reduc 29 Enhance ser 20	2.0 the price D.1 after-sales vice 0.0	17 Launch new mou	.7 7 products or dels .9
Southwest Asia Total Bangladesh India	86 100.0 10 100.0 56	Enhance added valu products 54.7 Enhance added valu products 80.0 Bolster sales an marketing capabili	e of Bols e of Strengthe R&D capabilitie	ter sales and n 4: n Reduce price 44 inhance added	8.7 narketing capa 5.4 Bolster sales and marketing capabilities 0.0 value of prod	Improve efficiency of logistics ucts	Enhan Expand facilities Enhan	27.4 ce after-sales 34.9 Launch new products or models 30.0 ce after-sales	Focus and concentrate on existing products/ operations service	21 Reduc 25 Enhance ser 20 Reduc	a.0 ee price 0.1 after-sales vice 0.0 ee price	17 Launch new mou 27 Launch new mou	.7 7 products or dels .9 7 products or dels
Southwest Asia Total Bangladesh India	100.0 86 100.0 10 10 56 100.0 100.0	Enhance added valu products 54.7 Enhance added valu products 80.0 Bolster sales and marketing capabili 51.8	e of Bols e of Strengthe R&D capabilitie lies F	ter sales and n 4: n Reduce price 44 inhance added 51	8.7 5.4 Bolster sales and marketing capabilities 0.0 value of prod	Improve efficiency of logistics ucts	Enhan Expand facilities Enhan	27.4 ce after-sales 34.9 Launch new products or models 30.0 ce after-sales 33.9	Focus and concentrate on existing products/ operations service	21 Reduc 29 Enhance ser 20 Reduc	.0 e price 0.1 after-sales vice 0.0 .0 .0 .0 .6	17 Launch new mod 27 Launch new mod 25	.7 products or dels .9 y products or dels .0
Southwest Asia Total Bangladesh India Pakistan	100.0 86 100.0 10 100.0 56 100.0 9	Enhance added valu products 54.7 Enhance added valu products 80.0 Bolster sales an marketing capabili 51.8 Enhance added value of products	e of Bols e of Strengthe R&D capabilitie I lies F cee	ter sales and n 4: n Reduce price 44 inhance added 54aunch new pr	8.7 5.4 Bolster sales and marketing capabilities 0.0 value of prod 0.0 oducts or moo	abilities Improve efficiency of logistics ucts lels	Enhan Expand facilities Enhan Bolster sales and marketing capabilities	27.4 ce after-sales 34.9 Launch new products or models 30.0 ce after-sales 33.9 Improve efficiency of logistics	Service Focus and concentrate on products/ operations Service Focus and concentrate on existing products/ operations	21 Reduc 25 Enhance ser 20 Reduc 28 Strength capab	0 ee price 0.1 after-sales vice 0.0 ee price 3.6 een R&D oilities	17 Launch new moo Launch new moo 25 Expand facilities	.7 products or dels .9 products or dels .0 Reduce price
Southwest Asia Total Bangladesh India Pakistan	100.0 86 100.0 10 100.0 56 100.0 9 100.0	Enhance added valu products 54.7 Enhance added valu products 80.0 Bolster sales and marketing capabili 51.8 Enhance added value of products 55.6	e of Bols e of Strengthe R&D capabilitie lies F nce ce 1	ter sales and n 4 n Reduce price 4 inhance added 5 aunch new pr	8.7 5.4 Bolster sales and marketing capabilities 0.0 value of prod 0.0 oducts or mod 4.4	abilities Improve efficiency of logistics ucts fels	Enhan Expand facilities Enhan Bolster sales and marketing capabilities	27.4 ce after-sales 34.9 Launch new products or models 30.0 ce after-sales 33.9 Improve efficiency of logistics 33.3	Service Focus and concentrate on existing products/ operations Service Focus and concentrate on existing products/ operations	21 Reduc 25 Enhance ser 20 Reduc 28 Strength capal 22	0 ee price 2.1 after-sales vice 0.0 ee price 3.6 en R&D solutions 2.2	17 Launch new moo Launch new moo 25 Expand facilities	.7 r products or dels .9 r products or dels .0 Reduce price .1
Southwest Asia Total Bangladesh India Pakistan Sri Lanka	100.0 86 100.0 10 100 56 100.0 9 100.0 11	Enhance added valu products 54.7 Enhance added valu products 80.0 Bolster sales an marketing capabili 51.8 Enhance added value of products 55.6 Enhance added valu products	e of Bols e of Strengthe R&D capabilitie I ties F ales ce of Reduce price	ter sales and n 4: n Reduce price 44 inhance added 50 Launch new pr 4 Launch new pr 4 Launch new pr 4 Launch new pr	8.7 5.4 Bolster sales and marketing capabilities 0.0 value of prod 0.0 0.0 4.4 Focus and c exi products/	abilities Improve efficiency of logistics ucts lels oncentrate on sting 'operations	Enhan Expand facilities Enhan Bolster sales and marketing capabilities Launch new products or models	27.4 ce after-sales 34.9 Launch new products or models 30.0 ce after-sales 33.9 Improve efficiency of logistics 33.3 Bolster marketing	service Focus and concentrate on existing products/ operations service Focus and concentrate on existing products/ operations sales and capabilities	21 Reduc 25 Enhance ser 20 Reduc 28 Strength capat 22 Expand	.0	17 Launch new mou 27 Launch new mou 25 Expand facilities 111 Improve ef logi	.7 products or dels .9 products or dels .0 Reduce price .1 fficiency of stics
Southwest Asia Total Bangladesh India Pakistan Sri Lanka	100.0 86 100.0 10 100 56 100.0 9 100.0 11 100.0 11	Enhance added valu products 54.7 Enhance added valu products 80.0 Bolster sales and marketing capabili 51.8 Enhance added value of products Enhance added valu after-s servi 55.6	e of Bols e of Strengthe R&D capabilitie I lies F ince ales 1 ce e of Reduce price	inhance added aunch new pr Aunch new pr A	8.7 aarketing capa 5.4 Bolster sales and marketing capabilities 0.0 value of prod 0.0 oducts or moo 4.4 Focus and c exi products/ 6.4	abilities Improve efficiency of logistics ucts lels oncentrate on sting operations	Enhan Expand facilities Enhan Bolster sales and marketing capabilities Launch new products or models	27.4 ce after-sales 34.9 Launch new products or models 30.0 ce after-sales 33.9 Improve efficiency of logistics 33.3 Bolster marketing 27.3	service Focus and concentrate on existing products/ operations service Focus and concentrate on existing products/ operations sales and capabilities	21 Reduc 25 Enhance ser 20 Reduc 28 Strength capal 22 Expand	0 ee price 2.1 after-sales vice 0.0 0 0 	17 Launch new mou Launch new mou 25 Expand facilities 111 Improve ef logi	.7 r products or dels .9 r products or dels .0 Reduce price .1 fficiency of stics 1
Southwest Asia Total Bangladesh India Pakistan Sri Lanka Oceania Total	100.0 86 100.0 10 100 100 56 100.0 9 100.0 11 100.0 38 38	Enhance added valu products 54.7 Enhance added valu products 80.0 Bolster sales and marketing capabili 51.8 Enhance added valu of products 55.6 Enhance added valu products 55.6	e of Bols e of Strengthe R&D capabilitie I F ities F I F ities F I F I F I F I F I F I F I F I	ter sales and n 4: n Reduce price 44 inhance added 50 Launch new pr 4 Launch new pr 4 Launch new pr 4 Launch new pr 4 Launch new pr 30 ter sales and n	8.7 5.4 Bolster sales and marketing capabilities 0.0 value of prod 0.0 oducts or moo 4.4 Focus and c exi products/ 6.4	abilities Improve efficiency of logistics ucts dels oncentrate on sting operations abilities	Enhan Expand facilities Enhan Bolster sales and marketing capabilities Launch new products or models Enhan	27.4 ce after-sales 34.9 Launch new products or models 30.0 ce after-sales 33.9 Improve efficiency of logistics 33.3 Bolster marketing 27.3 ce after-sales	service Focus and concentrate on existing products/ operations service Focus and concentrate on existing products/ operations sales and capabilities service	21 Reduc 25 Enhance ser 20 Reduc 28 Strength 22 Expand 18 Strengthen R&D capabilities	.0 ee price 2.1 after-sales vice 2.0 .0 .0 .0 .0 .0 .0 .0 .0 .0	17 Launch new moo Launch new moo 25 Expand facilities 11 Improve ef logi 9, Launch new moo	.7 products or dels .9 products or dels .0 Reduce price .1 fficiency of stics 1 products or dels
Southwest Asia Total Bangladesh India Pakistan Sri Lanka Oceania Total	100.0 86 100.0 10 100 100 56 100.0 9 100.0 11 100.0 38 100.0	Enhance added valu products 54.7 Enhance added valu products 80.0 Bolster sales and marketing capabili 51.8 Enhance added valu of products Enhance added valu products 55.6 Enhance added valu products 54.6	e of Bols e of Strengthe R&D capabilitie lites ce e of Reduce price e of Bols	ter sales and n 4: n Reduce price 44 inhance added 55 Launch new pr 44 Enhance after-sales service 36 ter sales and n 36	8.7 aarketing capa 5.4 Bolster sales and marketing capabilities 0.0 value of prod 0.0 oducts or mod 4.4 Focus and c exi products/ 6.4 arketing capa	abilities Improve efficiency of logistics ucts lels oncentrate on sting operations abilities	Enhan Expand facilities Enhan Bolster sales and marketing capabilities Launch new products or models Enhan	27.4 ce after-sales 34.9 Launch new products or models 30.0 ce after-sales 33.9 Improve efficiency of logistics 33.3 Bolster marketing 27.3 ce after-sales 31.6	service Focus and concentrate on existing products/ operations service Focus and concentrate on existing products/ operations sales and capabilities service	21 Reduc 25 Enhance ser 20 Reduc 28 Strength 22 Expand 18 Strengthen R&D capabilities 21	.0 ee price 2.1 after-sales vice 2.0 .0 .0 .0 .0 .0 .0 .0 .0 .0	17 Launch new moo 227 Launch new moo 25 Expand facilities 111 Improve ef logi 9. Launch new moo 18	.7 r products or dels .9 r products or dels .0 Reduce price .1 fficiency of stics 1 r products or dels .4
Southwest Asia Total Bangladesh India Pakistan Sri Lanka Oceania Total Australia	100.0 86 100.0 10 10 100.0 56 100.0 9 100.0 11 100.0 38 100.0 25 25	Enhance added valu products 54.7 Enhance added valu products 80.0 Bolster sales an marketing capabili 51.8 Enhance added value of products 55.6 Enhance added valu products 54.6 Enhance added valu products 54.6 Enhance added valu products	e of Bols e of Strengthe R&D capabilitie ities ities capabilitie i	ter sales and n 4: n Reduce price 44 inhance added 5: 4: 4: 4: 4: 4: 4: 4: 4: 4: 4	8.7 aarketing capa 5.4 Bolster sales and marketing capabilities 0.0 value of prod 0.0 oducts or mod 4.4 Focus and c exi products/ 6.4 aarketing capa 4.2	abilities Improve efficiency of logistics ucts dels oncentrate on sting operations abilities abilities	Enhan Expand facilities Enhan Bolster sales and marketing capabilities Launch new products or models Enhan	27.4 ce after-sales 34.9 Launch new products or models 30.0 ce after-sales 33.9 Improve efficiency of logistics 33.3 Bolster marketing 27.3 ce after-sales 31.6	service Focus and concentrate on existing products/ operations service Focus and concentrate on existing products/ operations sales and capabilities service focus	21 Reduc 25 Enhance ser 20 Reduc 28 Strength capabilities 21 Expand 22 Expand 22 Expand 22 Expand 22 Expand 23 Expand 24 Expand 24 Expand 25 Expand 26 Expa	0 ee price 2.1 after-sales vice 2.0 0 0 	17 Launch new mou 227 Launch new mou 25 Expand facilities 111 Improve ef logi 9. Launch new mou 18 Strengthen R&D capabilities	.7 products or dels .9 products or dels .0 Reduce price .1 fficiency of stics 1 products or dels .1 fficiency of stics .1 Focus and concentrate or existing products or dels
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Southwest Asia Total Bangladesh India Pakistan Sri Lanka Oceania Total Australia New Zealand	100.0 86 100.0 10 100 10 100.0 56 100.0 9 100.0 11 100.0 38 100.0 25 100.0 13	Enhance added valuproducts 54.7 Enhance added valuproducts 80.0 Bolster sales and marketing capabilit 51.8 Enhance added value of products 55.6 Enhance added valuproducts 51.4 Enhance added valuproducts 71.1 Enhance added valuproducts 71.1 Enhance added valuproducts 71.1 Enhance added valuproducts 71.1	e of Bols e of Strengthe R&D capabilitie ities F ities F iti	ter sales and n 4: n Reduce price 44 inhance added 44 inhance added 44 44 44 44 44 44 44 44 44 4	8.7 arketing capa 5.4 Bolster sales and marketing capabilities 0.0 value of prod 0.0 oducts or moo 0.0 A.4 Focus and c products 5.4 Focus and c products 5.4 Focus and c products 5.4 capabilities 0.0 columnation capabilities 0.0 columnation capabilities 0.0 columnation capabilities 0.0 columnation capabilities 0.0 columnation capabilities 0.0 columnation capabilities 0.0 columnation capabilities 0.0 columnation capabilities 0.0 columnation capabilities 0.0 columnation capabilities 0.0 columnation capabilities 0.0 columnation capabilities 0.0 columnation capabilities 0.0 columnation capabilities 0.0 columnation capabilities capabilities columnation capabilities columnation capabilities columnation column	abilities Improve efficiency of logistics ucts dels dels abilities abilities abilities e	Enhan Expand facilities Enhan Bolster sales and marketing capabilities Launch new products or models Enhan Improve Strengthen R&D capabilities	27.4 ce after-sales 34.9 Launch new products or models 30.0 ce after-sales 33.9 Improve efficiency of logistics 33.3 Bolster marketing 27.3 ce after-sales 31.6 c efficiency of 28.0 Launch new products or models	service Focus and concentrate on existing products/ operations service Focus and concentrate on existing products/ operations sales and capabilities service Bolster sales and marketing capabilities	21 Reduc 25 Enhance ser 20 Reduc 28 Strength capabilities 21 Expand 18 Strengthen R&D capabilities 21 Enhance ser 24 Focus and ci exis products/	0 ee price 2.1 after-sales vice 2.2 facilities 2.2 facilities 3.2 Improve efficiency of logistics 1.1 after-sales vice 4.0 on on on on on on on on on on	17 Launch new moo 27 Launch new moo 25 Expand facilities 111 Improve et logi 9. Launch new moo 18 Strengthen R&D capabilities 16 Improve et logi	.7 r products or dels .9 r products or dels .0 Reduce price .1 fficiency of stics 1 r products or dels .0 .1 fficiency of stics .4 Focus and concentrate on existing products/ operatures .0 .1 fficiency of stics .0 .0 .1 fficiency of stics .1 fficiency of stics .1 .1 .1 .1 .1 .1 .1 .1 .1 .1

Diagram 39-1: Countermeasures against competitors (top five) (manufacturing industry) (multiple answers allowed; unit: %; valid responses: 767 companies)

	Valid responses	1	2	3		4		5			
Total	787	Enhance added value of products/services	Bolster sales and marketing capabilities	Enhance after-sales service	Iı	ncrease new clien	ts	Launch	new products or services		
	100.0	62.6	43.2	26.8		24.0			23.5		
ASEAN Total	490	Enhance added value of products/services	Bolster sales and marketing capabilities	Enhance after-sales service	Iı	ncrease new clien	ts	Launch	new products or services		
	100.0	63.3	42.0	25.5		23.9			20.4		
Indonesia	46	Enhance added value of products/services	Bolster sales and marketing capabilities	Increase new clients	Enha	ance after-sales se	rvice	Focus and concentrate on existing products/services/operations			
	100.0	71.7	37.0	28.3	23.9			21.7			
Malaysia	62	Enhance added value of products/services	Bolster sales and marketing capabilities	Increase new clients	Enhance after-sales service		Launch new products or services				
	100.0	62.9	46.8	32.3		29.0			25.8		
Myanmar	11	Enhance added value of products/services	Increase new clients	Bolster sales and marketing capabilities	Enha	ance after-sales se	rvice	Reduce price	Launch new concentrate on products or existing services products/services/ operations		
	100.0	45.5	36.4	27.3		18.2			9.1		
Philippines	47	Enhance added value of products/services	Bolster sales and marketing capabilities	Enhance after-sales service	Iı	ncrease new clien	ts	Reduce price	Launch new products or services		
	100.0	57.5	31.9	21.3		19.2			14.9		
Singapore	133	Enhance added value of products/services	Bolster sales and marketing capabilities	Enhance after-sales service	Launch	new products or	services		Reduce price		
	100.0	63.9	50.4	27.8		24.1			21.1		
Thailand	154	Enhance added value of products/services	Bolster sales and marketing capabilities	Increase new clients	Enhance after-sales service			Launch new products or services			
	100.0	66.2	41.6	26.0		25.3			22.7		
Vietnam	37	Enhance added value of products/services	Bolster sales and marketing capabilities	Enhance after-sales service	Reduce price			Increase new clients Focus and concentrate on existing products/services/operations			
	100.0	51.4	29.7	21.6		18.9			16.2		
Southwest Asia Total	115	Enhance added value of products/services	Bolster sales and marketing capabilities	Launch new products or services	Enhance after-sales service		rvice	Ir	ncrease new clients		
	100.0	64.4	39.1	32.2	28.7			23.5			
Bangladesh	16	Enhance after-sales service	Launch new products or services Increase new clients	Enhance added value of products/services	Reduce price	Bolster sales a capab	and marketing ilities	Focus and concentrate on existing products/services/operations			
	100.0	56.3	50.0	43.8	31.3		25.0				
India	72	Enhance added value of products/services	Bolster sales and marketing capabilities	Launch new products or services	Enha	ance after-sales se	rvice	Increase new clients			
	100.0	66.7	45.8	31.9		27.8	_		20.8		
Pakistan	15	Enhance added value of products/services	Launch new products or service	Bolster sales and marketing capabilities	Expand facilities	Increase new clients	Focus and concentrate on existing products/services/ operations	Reduce price	Enhance after-sales service		
	100.0	73.3	33.3	20.0		13.3			6.7		
Sri Lanka	12	Enhance added value of products/services	Bolster sales and marketing capabilities	Enhance after-sales service	Expand facilities	Increase new clients	Focus and concentrate on existing products/services/ operations	Reduce price	Launch new products or services		
	100.0	66.7	33.3	25.0		16.7			8.3		
Oceania Total	182	Enhance added value of products/services	Bolster sales and marketing capabilities	Enhance after-sales service	Launch	new products or	services	I	ncrease new clients		
	100.0	59.9	48.9	29.1		26.4			24.7		
Australia	137	Enhance added value of products/services	Bolster sales and marketing capabilities	Launch new products or services	Enha	ance after-sales se	rvice	Increase new clients			
	100.0	58.4	53.3	26.3		24.8			22.6		
New Zealand	45	Enhance added value of products/services	Enhance after-sales service	Bolster sales and marketing capabilities	Iı	ncrease new clien	ts	Launch new products or services	Iew Focus and concentrate on existing products/services/operations		
100.		64.4	42.2	35.6		31.1			26.7		

Diagram 39-2: Countermeasures against competitors (top five) (non-manufacturing industry) (multiple answers allowed; unit: %; valid responses: 787 companies)

7. Future Business Development

(1) In Southwest Asia, expansion of business size cited most by India's manufacturing industry and Bangladesh's non-manufacturing industry

In terms of the direction of Japanese-affiliated companies' business development over the next one to two years (Diagram 40), of those operating in the ASEAN region, Southwest Asia and the Oceania region, "Expansion" accounted for nearly 60% (58.9%) of the replies in the manufacturing industry. In the ASEAN region, "Expansion" accounted for more than half of the replies (57.6%), while "Status quo" increased by 4.3 points over the previous survey. In Southwest Asia, 84.8% of the manufacturers in India replied "Expansion." In the Oceania region, on the other hand, the number of companies that replied "Status quo" exceeded that which replied "Expansion." The countries with the largest number of companies replying "Expansion" were (1) India, (2) Vietnam and (3) Thailand. Moreover, in India and Thailand, there were no companies that replied "Downsizing" or "Move to a third country (region) or withdraw." In Thailand, the increases in the percentages of companies citing "Expansion," among those in the chemicals industry (90.5%), the motor vehicle and motorcycle parts and accessories industry (80.8%) and the electric machinery and electronic equipment industry (72.4%), were noteworthy. However, in all three of these countries, the percentage of companies citing "Expansion" had decreased from the previous survey and the percentage of companies citing "Katus quo" had increased, indicating that the uncertainty in the economic outlook was forcing them to adopt a "wait-and-see" attitude.

In the non-manufacturing industry, as was the case in the manufacturing industry, "Expansion" accounted for nearly 60% (57.2%) of the replies. In particular, the percentages of such replies in (1) Bangladesh, (2) India and (3) Vietnam were high. None of the companies replied "Downsizing" or "Move to a third country (region) or withdraw," suggesting their strength as emerging markets. Trading companies (87.5%) in Bangladesh, transport/warehousing companies (91.7%) and trading companies (81.7%) in India, and communication/software companies (85.7%) and transport/warehousing companies (83.3%) in Vietnam seem to have particularly high hopes for increased domestic demand.

Diagram 40: Direction of business development over next one to two years

(Top: 2006 Valid responses: 821companies)(Middle: 2007 Valid responses: 621 companies)(Bottom: 2008 Valid responses: 905 companies)

		Expansion	Status quo	Downsizing	Move to a third country (region) or withdraw
Total	2006	55.5	39.5	3.9	1.1
	2007	61.2	33.3	4.5	1.0
	2008	58.9	38.1	2.4	0.6
ASEAN Total	2006	54.1	40.7	4.1	1.1
	2007	59.6	34.6	4.8	1.0
	2008	57.6	38.9	2.8	0.7
Indonesia	2006	50.4	45.4	4.3	0.0
	2007	53.1	38.3	7.4	1.2
	2008	56.9	41.3	1.8	0.0
Malaysia	2006	45.0	49.6	5.3	0.0
	2007	52.8	40.3	6.3	0.7
	2008	44.7	47.6	6.8	1.0
Myanmar	2006				
	2007				
	2008	33.3	66.7	0.0	0.0
Philippines	2006	49.1	44.0	5.7	1.3
	2007	59.2	38.4	1.6	0.8
	2008	43.9	50.5	3.7	1.9
Singapore	2006	39.5	44.2	8.1	8.1
	2007	55.0	30.0	11.7	3.3
	2008	40.4	46.8	10.6	2.1
Thailand	2006	63.2	35.8	1.0	0.0
	2007	65.8	30.9	2.6	0.7
N /	2008	65.2	35.4	1.0	0.3
vietnam	2008	82.4	7.4	1.5	0.0
	2007	92.0	7.4	0.0	0.0
Southwest Asia Total	2008	77.0	22.4	0.0	0.0
Bouthwest Hista Fotal	2000				
	2008	74.0	25.0	1.0	0.0
Bangladesh	2006	,	2010	1.0	0.0
	2007				
	2008	64.7	35.3	0.0	0.0
India	2006	88.6	11.4	0.0	0.0
	2007	90.6	9.4	0.0	0.0
	2008	84.8	15.3	0.0	0.0
Pakistan	2006				
	2007				
	2008	61.5	30.8	7.7	0.0
Sri Lanka	2006				
	2007				
	2008	53.3	46.7	0.0	0.0
Oceania Total	2006				
	2007				
	2008	47.1	52.9	0.0	0.0
Australia	2006				
	2007				
	2008	42.9	57.1	0.0	0.0
New Zealand	2006				
	2007				
	2008	56.3	43.8	0.0	0.0

(Note) Myanmar, Bangladesh, Pakistan, Sri Lanka, Australia and New Zealand have been included in the survey from 2008.



Diagram 41: Direction of business development over next one to two years (non-manufacturing industry) (2008 Survey: valid responses: 886 companies)

(2) Specific policies for expansion of business size—manufacturing industry: additional investment; non-manufacturing industry: market development

In terms of specific policies concerning expansion of business size (valid responses: 532 from the manufacturing industry, 506 from the non-manufacturing industry, multiple answers allowed) (Diagram 42-1), in the manufacturing industries of the ASEAN region, Southwest Asia and Oceania, (1) "Expansion of business size through additional investments," (2) "Expansion (diversification) of production items" and (3) "Enhancement of high added-value production items" were cited in that order. Characteristically, in Singapore and in Australia, "Strengthening of design, research, and development functions" garnered 42.1% and 33.3% of the replies, respectively, which was indicative of the companies' focus on strengthening the functions of the ASEAN and Oceania regions as R&D centers.

In the non-manufacturing industry, the percentage of companies replying "Expansion of product/service scope (market development)" was the highest overall. This was followed by "Expansion of product/service content (diversification)" in the ASEAN region and Southwest Asia, and "Expansion of business size through

additional investments" in the Oceania region. Furthermore, "Strengthening of planning, research, and development functions," similarly to the case in the manufacturing industry, garnered a relatively low percentage, even though it placed fourth overall.

		1		•		-				-
	Valid responses		1		2	3			4	5
Total	532	Expansion of through addition	f business size onal investments	Expansion (d of produc	iversification) ction items	Enhancement o value produc	f high added- ction items	Strengtheni research, and	ng of design, l development	Consolidation of specific product/service bases in your local company
	100.0	66	5.5	51	.9	37.	6	16	5.5	10.2
ASEAN Total	432	Expansion of through addition	f business size onal investments	Expansion (d of produc	iversification) ction items	Enhancement o value produc	f high added- ction items	Strengtheni research, and fund	ng of design, l development tions	Consolidation of specific product/service bases in your local company
	100.0	67	7.4	53	3.0	38.	2	16	5.7	10.9
Indonesia	62	Expansion of business size through additional investments		Expansion (diversification) of production items		Enhancement of high added- value production items		Strengtheni research, and func	ng of design, l development tions	Consolidation of specific product/service bases in your local company
	100.0	72	72.6		3.2	37.1		11	.3	9.7
Malaysia	46	Expansion of through addition	f business size onal investments	Expansion (d of produc	iversification)	Enhancement o value produc	f high added- ction items	Strengtheni research, and fund	ng of design, l development rtions	Consolidation of specific product/service bases in your local company
	100.0	58	3.7	52	2.2	50.	0	15	5.2	6.5
Myanmar	2	Enhancement of high added- value production	Expansion (diversification) of production items	Expansion of business size through additional investments	Consolidation of specific product/service bases in your local company					
	100.0	10	0.0	50	0.0					
Philippines	47	Expansion of through addition	f business size onal investments	Expansion (d of produc	iversification)	Enhancement o value produc	f high added- ction items	Strengtheni research, and fund	ng of design, l development tions	Consolidation of specific product/service bases in your local company
	100.0	68	3.1	57	7.5	42.	6	14	.9	12.8
Singapore	19	Expansion of through addition	f business size onal investments	Enhancement value prod	of high added- uction items	Strengthening research, and function	g of design, development ions	Expansion (dip product	versification) of ion items	Consolidation of specific product/service bases in your local company
	100.0	79	0.0	47	7.4	42.	1	26	5.3	5.3
Thailand	197	Expansion of through addition	f business size onal investments	Expansion (d of produc	iversification)	Enhancement of high added- value production items		Strengtheni research, and fund	ng of design, l development tions	Consolidation of specific product/service bases in your local company
	100.0	66	5.0	51.8		34.0		17	.3	12.7
Vietnam	59	Expansion of business size through additional investments		Expansion (d of produc	Expansion (diversification) Enhanceme of production items Value pr		f high added- ction items	Strengtheni research, and fund	ng of design, l development rtions	Consolidation of specific product/service bases in your local company
	100.0	69	0.5	61	.0	35.	6	15	5.3	8.5
Southwest Asia Total	76	Expansion of through addition	f business size onal investments	Expansion (d of produc	iversification) ction items	Enhancement o value produc	f high added- ction items	Strengtheni research, and fund	ng of design, I development tions	Consolidation of specific product/service bases in your local company
	100.0	67	7.1	50	0.0	36.	8	13	.2	5.3
Bangladesh	11	Expansion of business size through additional investments	Expansion (diversification) of production items	Enhancement of high added- value production items		Strengthening of design, research, and development functions		Consolidation product/service local c	on of specific e bases in your ompany	
	100.0	54	1.6	45.5		18.2		9	.1	
India	49	Expansion of through addition	f business size onal investments	Expansion (diversification) of production items		Enhancement of high added- value production items		Strengthening of design, research, and development functions		Consolidation of specific product/service bases in your local company
	100.0	71	.4	49	0.0	30.6		12	2	2.0
Pakistan	8	Enhancement value produ	of high added- uction items	Expansion of business size through additional investments	Expansion (diversification) of production items	Strengthening of design, research, and development functions	Consolidation of specific product/service bases in your			
	100.0	50	0.0	37	7.5	12.	5			
Sri Lanka	8	Expansion of through additic	f business size mal investments	Expansion (di product	versification) of ion items	Enhancement o value produc	f high added- ction items	Strengthening of design, research, and development functions	Consolidation of specific product/service bases in your local company	
	100.0	87	7.5	62	2.5	50.	0	12	.5	1
Oceania Total	24	Expansion of bus additional	siness size through investments	Expansion (d of produc	iversification)	Enhancement o value produc	f high added- ction items	Strengtheni research, and fund	ng of design, l development tions	Consolidation of specific product/service bases in your local company
	100.0	50).0	37	7.5	29.	2	25	5.0	12.5
Australia	15	Expansion of through additic	f business size onal investments	Strengtheni research, and func	ng of design, l development ctions	Enhancement of high added-value production items	Expansion (diversification) of production items	Consolidati product/service l con	on of specific bases in your local apany	
	100.0	46	5.7	33	3.3	26.	7	13	.3	J
New Zealand	9	Expansion of business size through additional investments	Expansion (diversification) of production items	Enhancement value prod	of high added- uction items	Strengthening of design, research, and development functions	Consolidation of specific product/service bases in your local company			
	100.0	55	5.6	33	3.3	11.1				

Diagram 42-1: Specific policies for expansion of business (top five response rates) (manufacturing industry) (multiple answers allowed; unit: %; valid responses: 532 companies)

	Valid responses	1	2	3	4	5
Total	506	Expansion of product/servic scope (market development)	e Expansion of product/service content (diversification)	Expansion of business size through additional investments	Strengthening of planning, research, and development functions	Consolidation of specific product/service bases in your local company
	100.0	68.0	48.0	38.7	11.1	4.4
ASEAN Total	309	Expansion of product/service scope (market development)	Expansion of product/service content (diversification)	Expansion of business size through additional investments	Strengthening of planning, research, and development functions	Consolidation of specific product/service bases in your local company
	100.0	70.9	46.3	34.6	9.7	4.5
Indonesia	25	Expansion of product/servic scope (market development)	e Expansion of product/service content (diversification)	Expansion of business size through additional investments	Strengthening of planning, research, and development functions	Consolidation of specific product/service bases in your local company
	100.0	68.0	60.0	28.0	12.0	8.0
Malaysia	39	Expansion of product/servic scope (market development)	Expansion of business size through additional investments	Expansion of product/service content (diversification)	Strengthening of planning, research, and development functions	Consolidation of specific product/service bases in your local company
	100.0	69.2	38.5	35.9	7.7	2.6
Myanmar	5	Expansion of product/servic content (diversification)	Expansion of business size through additional investments Expansion of product/service scope (market development)			
	100.0	80.0	60.0			1
Philippines	19	Expansion of product/service scope (market development)	Expansion of business size through additional investments	Expansion of product/service content (diversification)	Consolidation of specific product/service bases in your local company	
	100.0	63.2	42.1	31.6	5.3	
Singapore	72	Expansion of product/service scope (market development)	Expansion of product/service content (diversification)	Expansion of business size through additional investments	Strengthening of planning, research, and development functions	Consolidation of specific product/service bases in your local company
	100.0	72.2	37.5	26.4	5.6	4.2
Thailand	112	Expansion of product/service scope (market development)	Expansion of product/service content (diversification)	Expansion of business size through additional investments	Strengthening of planning, research, and development functions	Consolidation of specific product/service bases in your local company
	100.0	75.9	54.5	29.5	8.9	4.5
Vietnam	37	Expansion of product/servic scope (market development)	Expansion of business size through additional investments	Expansion of product/service content (diversification)	Strengthening of planning, research, and development functions	Consolidation of specific product/service bases in your local company
	100.0	62.2	59.5	43.2	27.0	5.4
Southwest Asia Total	86	Expansion of product/servic scope (market development)	Expansion of product/service content (diversification)	Expansion of business size through additional investments	Strengthening of planning, research, and development functions	Consolidation of specific product/service bases in your local company
	100.0	67.4	51.2	37.2	17.4	7.0
Bangladesh	15	Expansion of product/service scope (market development)	Expansion of product/service content (diversification)	Strengthening of planning, research, and development functions	Consolidation of specific product/service bases in your local company	Expansion of business size through additional investments
	100.0	80.0	46.7	40.0	20.0	13.3
India	60	Expansion of product/service scope (market development)	Expansion of product/service content (diversification)	Expansion of business size through additional investments	Strengthening of planning, research, and development functions	Consolidation of specific product/service bases in your local company
	100.0	68.3	55.0	41.7	13.3	1.7
Pakistan	6	Expansion of product/service scope (market development)	Expansion of business size through additional investments	Expansion of Strengthening of product/service planning, research, and development (diversification) functions		
	100.0	66.7	33.3	16.7]	
Sri Lanka	5	Expansion of business size through additional investments Expansion of product/service content (diversification	Consolidation of specific product/service bases in your local company	Expansion of product/service scope (market development)		
	100.0	60.0	40.0	20.0		
Oceania Total	111	Expansion of product/servic scope (market development)	Expansion of business size through additional investments	Expansion of product/service content (diversification)	Strengthening of planning, research, and development functions	Consolidation of specific product/service bases in your local company
	100.0	60.4	51.4	50.5	9.9	1.8
Australia	90	Expansion of product/servic scope (market development)	through additional investments	Expansion of product/service content (diversification)	Strengthening of planning, research, and development functions	
	100.0	57.8	55.6	45.6	/.8	1
New Zealand	21	Expansion of Expansion of product/service product/service content scope (market (diversification) development)	Expansion of business size through additional investments	Strengthening of planning, research, and development functions	Consolidation of specific product/service bases in your local company	
	100.0	71.4	33.3	19.1	9.5	

Diagram 42-2: Specific policies for expansion of business (top five response rates) (non-manufacturing industry) (multiple answers allowed; unit: %; valid responses: 506 companies)

(3) Manufacturing industry most likely to relocate to Vietnam or China

In terms of the specific plans that companies that replied "Downsizing" or "Move to a third country (region) or withdraw" and to which third country (region) they intended to relocate to (valid responses: 24 from the manufacturing industry, 24 from the non-manufacturing industry, multiple answers allowed), in the manufacturing industry, responses were received from companies in five ASEAN countries (Diagram 43-1). Among those, 75% replied that they would move production lines/bases to other countries, including "Transfer some products/services to an affiliate in a third country (region)" (41.7%) and "Move the current based to a third country (region)" (33.3%).

As for the destination for relocating their production lines/bases to over the next one to two years, "Vietnam" was cited the most (six companies), followed by "China" (five companies) and "Thailand" and "Japan" (four companies each). Vietnam was selected by a wide spectrum of companies in the plastic products, the fabricated metal products (including plated products), the electric machinery and electronic equipment, and the electric and electronic parts and components industries, etc.

In terms of the reasons for selecting their particular destinations, the most cited replies were "Growth prospects and potential of the market" and "Level of wages" (44.4% each), "Administrative and operation costs" (33.3%) and "Quality of human resources" (22.2%).

Diagram 43-1: Reasons for selecting "Downsizing" or "Move to a third country (region) or withdraw" for future business development and destination for relocation (manufacturing industry)

	_	-	-		-	
		Rea	ison			Relocation destination
	Valid responses	Integrate the bases within the local country (region)	Move the production base to a third country (region)	Transfer the production of certain items to an affiliate in a third country (region)	Valid responses	Relocation destination
Total	24	6 25.0	8 33.3	10 41.7		
ASEAN Total	24	6 25.0	8 33.3	10 41.7		
Indonesia	2	-	-	2 100.0	2	Vietnam (1), China (1)
Malaysia	7	4 57.1	1 14.3	2 28.6	3	Vietnam (2), Japan (2), China (1)
Philippines	5	-	2 40.0	3 60.0	5	Indonesia (1), Thailand (2), Vietnam (1), India (2), China (1)
Singapore	6	1 16.7	4 66.7	1 16.7	5	Malaysia (1), Thailand (2), Vietnam (2), Japan (1), China (1)
Thailand	4	1 25.0	1 25.0	2 50.0	3	Other ASEAN country (1), Japan (1), China (1)

	1	1.1.1 11 11 1	17 I'' O'
[Loner: number of respondent company	es lower: composition ratio (%)	multiple answers allowed	Valid responses: 74companies 1
(Opper. number of respondent company	23, 10 wer. composition ratio (70)	, multiple answers anowed,	vand responses. 2+companies/

(Note) There were no companies replying "Downsizing" or "Relocate/withdraw" in the other countries

In the non-manufacturing industry, "Integrate the bases within the local country (region)" accounted for 50.0% of the replies. Australia, in particular, had a high percentage of companies that replied, "Integrate the bases within the local country (region)."

Companies selecting relocation consisted of sales companies and construction/plants companies (three

companies each) and transport/warehousing companies (two companies). Concerning the reasons for selecting their particular destinations, the most cited replies were: "Administrative and operation costs" (60%), "Growth prospects and potential of the market" (40%), "Competitive strengths of their company in the market" (40%) and "Completeness of logistical infrastructure" (30%), etc.

Diagram 43-2: Reasons for selecting "Downsizing" or "Move to a third country (region) or withdraw" for future business development and destination for relocation (non-manufacturing industry)

		Rea	ason		Relocation destination			
	Valid responses	Integrate the bases within the local country (region)	Move the production base to a third country (region)	Transfer the production of certain items to an affiliate in a third country (region)	Valid responses	Relocation destination		
Total	24	12	4	8				
		50.0	16.7	33.3				
ASEAN	13	5	3	5				
Total	15	38.5	23.1	38.5				
Malaysia	1	-	1	-	1	Singapore (1)		
Walaysia	1	-	100.0	-	1			
Dhilinning	4	2	1	1	2	Theiland (1) Viotnam (2) Other (1)		
Philippines	4	50.0	25.0	25.0		(1), (1) , (2) , (1)		
Singanora	0	3	1	4	5	Malaysia (1), Philippines (1), Thailand (1), India (1), Other		
Singapore	0	37.5	12.5	50.0	5	Southwest Asia (1), Hong Kong (1), Other (2)		
Southwest	1	1	-	-				
Asia Total	1	100.0	-	-				
Delvictor	1	1	-	-				
Fakistali	1	100.0	-	-	-			
Oceania	10	6	1	3				
Total	10	60.0	10.0	30.0				
Australia	6	5	1	-	1	Singapore (1)		
Ausualia	0	83.3	16.7	-	1	Singapore (1)		
New Zealand	4	1	-	3	2	Australia (1) Japan (1)		
New Zealand	4	25.0	-	75.0	2			

(Upper: number of respondent companies, bottom: composition ratio (%), multiple answers allowed, Valid responses: 24companies)

(Note) There were no companies replying "Downsizing" or "Relocate/withdraw" in the other countries

(4) Vietnam and India thought to be optimum third countries for production bases in the medium to long term (manufacturing industry)

Concerning which country (region) would be the optimum location for operations/production bases in the medium to long term (five to 10 years) (valid responses: 856 from the manufacturing industry, only one answer allowed) (Diagram 44), the countries that were thought to be promising were: (1) Thailand (31.1%, 266 companies), (2) Vietnam (15.2%, 130 companies) and (3) India (12%, 102 companies).

When replies that chose the countries in which they were currently operating were omitted from consideration as optimum locations for production bases, the top countries (third countries/regions) chosen

(valid responses: 349 companies) as medium- to long-term production bases were: (1) Vietnam (22.9%, 80 companies), (2) India (20.3%, 71 companies) and (3) Thailand (18.6%, 65 companies). Despite the decrease by 10.8 points from the previous survey, Vietnam still managed to maintain the number one spot. India, on the other hand, increased by 10.6 points from the previous survey and overtook Thailand, which had previously come in second place. The evaluation of China also fell from the 17.5% in the previous survey to 14.0%. This is thought to reflect the rapid changes taking place in China's investment/business environments.





(5) Degree of satisfaction with optimum production bases in medium to long term: Replies were split within ASEAN region (manufacturing industry)

The percentage of replies stating that the countries of current operations were the optimum locations for the companies' operations/production bases in the medium to long term (five to 10 years) (Diagram 45) represented the "degree of satisfaction" companies have with the country of current operations as a production base, from the standpoint of the investment/business environment and the market (growth potential).

In the ASEAN region, the opinions were split on how the companies evaluated the countries in which they were currently operating. On the one hand were the three countries of Vietnam, Thailand and Indonesia, which registered a degree of satisfaction on the 60% to 70% level, while the countries of Malaysia, Myanmar,

the Philippines and Singapore, on the other hand, registered levels of 30% to 40%. Thailand and Vietnam were also evaluated as being promising destinations by Japanese-affiliated companies that are not currently operating in these two countries. Thus, Vietnam and Thailand were regarded to be promising as optimum production bases, as well as countries providing high degrees of satisfaction.

In Southwest Asia, half of the companies operating in Sri Lanka replied that the country in which they were currently operating was the optimum production base. A high degree of satisfaction was indicated by 60% of the companies operating in India and 60% to 70% of those in Pakistan and Bangladesh.





(Note) Myanmar, Bangladesh, Pakistan, Sri Lanka, Australia and New Zealand have been included in the survey from 2008.

(6) Thailand is the optimum location for production bases in the medium to long term, by industry (manufacturing)

Concerning the optimum locations for companies' operations/production bases in the medium to long term (five to 10 years), by industry (Diagram 46), in the top 12 industries from which valid responses were received, Thailand was named number one.

The optimum locations for production bases for the motor vehicle and motorcycle parts and accessories industry was (1) Thailand (37.8%), (2) Indonesia (17.1%) and (3) India (14.4%). Additionally, in the motor vehicle and motorcycle industry, Thailand led the field as the optimum location for production bases, as indicated in the ranking of (1) Thailand (39.3%), (2) India (17.9%) and (3) Indonesia (14.3%). In the future,

the reorganization and consolidation of the motor vehicle and motorcycle industry is expected to center on Thailand and India. Additionally, in the chemicals and the iron and steel industries, Thailand, India and Indonesia took the top three spots.

In contrast, the electric machinery and electronic equipment industry named (1) Thailand, (2) Malaysia and (3) Vietnam, while the electric and electronic parts and components industry named (1) Thailand, (2) Vietnam and (3) China as the optimum locations for production bases. Industries that named Vietnam as the optimum location following Thailand included the fabricated metal products (the same percentage as Thailand), the plastics products and the general machinery industries, attesting to Vietnam's position as a base for the processing and assembly of parts.
Diagram 46: Optimum locations for production in the medium to long term by major industries (Unit: companies; composition ratio: %; number of valid respondent companies: 856)

Total (85	56 companie	es)	Motor vehicle and accessor	and motorcy ies (111comp	ele parts panies)	Electric and e and compone	lectric and electronic parts 1 nd components (91companies)			Fabricated metal products (68 companies)			Chemicals (64 companies			Chemicals (64 companies)			Foods, processed agricultural or marine products (60 companies)		
Thailand	266	31.1	Thailand	42	37.8	Thailand	31	34.1	Thailand	19	27.9	Thailand	14	21.9	Thailand	20	33.3				
Vietnam	130	15.2	Indonesia	19	17.1	Vietnam	22	24.2	Vietnam	14	20.6	India	14	21.9	Australia	9	15.0				
India	102	11.9	India	16	14.4	China	12	13.2	Indonesia	9	13.2	Indonesia	7	10.9	Malaysia	6	10.0				
Indonesia	93	10.9	Vietnam	15	13.5	Malaysia	6	6.6	India	8	11.8	Vietnam	7	10.9	India	6	10.0				
Malaysia	54	6.3	Philippines	7	6.3	Indonesia	5	5.5	Malaysia	5	7.4	China	6	9.4	Vietnam	5	8.3				
China	49	5.7	Other	3	2.7	Philippines	4	4.4	Philippines	4	5.9	Singapore	4	6.3	Indonesia	4	6.7				
Philippines	42	4.9	Malaysia	2	1.8	Singapore	4	4.4	Japan	3	4.4	Malaysia	2	3.1	New Zealand	3	5.0				
Australia	23	2.7	Australia	2	1.8	India	4	4.4	Myanmar	1	1.5	Other Southwest Asian country	2	3.1	China	2	3.3				
Singapore	17	2.0	China	2	1.8	Other ASEAN country	1	1.1	Other ASEAN country	1	1.5	Australia	2	3.1	Myanmar	1	1.7				
Japan	16	1.9	Pakistan	1	0.9	Bangladesh	1	1.1	New Zealand	1	1.5	Japan	2	3.1	Philippines	1	1.7				
Other	13	1.5	Japan	1	0.9	Sri Lanka	1	1.1	China	1	1.5	Philippines	1	1.6	Singapore	1	1.7				
Bangladesh	11	1.3	U.S.	1	0.9				U.S.	1	1.5	Other ASEAN	1	1.6	Sri Lanka	1	1.7				
New Zealand	9	1.1							Other	1	1.5	Bangladesh	1	1.6	Other	1	1.7				
Pakistan	7	0.8										Europe	1	1.6							
Other ASEAN country	6	0.7																			
Sri Lanka	6	0.7	1																		
U.S.	5	0.6																			
Myanmar	3	0.4																			
Other																					
Southwest	3	0.4																			
Asian country																					
Furone	1	0.1																			
Europe	1	0.1										N I - C					1				
Europe Electric mach equipmen	1 ninery and elect t (58 companie	0.1 ronic s)	Plastic produ	ıcts (57 com	panies)	General machi	nery (39 con	npanies)	Iron and stee	el (38 comp	anies)	Nonferrous n (28 c	netals and proof	roducts	Motor motorcycle	vehicles and s (28 compa	l nies)				
Europe Electric mach equipmen Thailand	1 ninery and elect t (58 companie 23	0.1 ronic s) 39.7	Plastic produ Thailand	ucts (57 com 20	panies) 35.1	General machi Thailand	nery (39 con 16	npanies) 41.0	Iron and stee Thailand	el (38 comp 16	anies) 42.1	Nonferrous n (28 c Thailand	netals and proof ompanies) 7	roducts	Motor motorcycle Thailand	vehicles and s (28 compa 11	1 nies) 39.3				
Europe Electric mach equipmen Thailand Malaysia	1 ninery and elect t (58 companie 23 8	0.1 ronic s) 39.7 13.8	Plastic produ Thailand Vietnam	icts (57 com 20 13	panies) 35.1 22.8	General machi Thailand Vietnam	nery (39 con 16 8	41.0 20.5	Iron and stee Thailand Indonesia	el (38 comp 16 5	anies) 42.1 13.2	Nonferrous n (28 c Thailand India	netals and properties of the second s	25.0 17.9	Motor motorcycle Thailand India	vehicles and s (28 compa 11 5	l nies) 39.3 17.9				
Europe Electric mach equipmen Thailand Malaysia Vietnam	1 ninery and elect t (58 companie 23 8 6	0.1 ronic s) 39.7 13.8 10.3	Plastic produ Thailand Vietnam Indonesia	1000 1000 1000 1000 1000 1000 1000 100	panies) 35.1 22.8 7.0	General machi Thailand Vietnam India	nery (39 con 16 8 8	41.0 20.5 20.5	Iron and stee Thailand Indonesia India	el (38 comp 16 5 5	anies) 42.1 13.2 13.2	Nonferrous n (28 c Thailand India Malaysia	netals and prompanies) 7 5 3	25.0 17.9 10.7	Motor motorcycle Thailand India Indonesia	vehicles and s (28 compa 11 5 4	1 nies) 39.3 17.9 14.3				
Europe Electric mach cquipmen Thailand Malaysia Vietnam China	1 ninery and elect t (58 companie 23 8 6 5	0.1 ronic s) 39.7 13.8 10.3 8.6	Plastic produ Thailand Vietnam Indonesia Philippines	20 20 13 4 4	panies) 35.1 22.8 7.0 7.0	General machi Thailand Vietnam India China	nery (39 con 16 8 8 3	41.0 20.5 20.5 7.7	Iron and stee Thailand Indonesia India Vietnam	el (38 comp 16 5 5 3	anies) 42.1 13.2 13.2 7.9	Nonferrous n (28 c Thailand India Malaysia Philippines	netals and prompanies) 7 5 3 3	25.0 17.9 10.7 10.7	Motor motorcycle Thailand India Indonesia Australia	vehicles and s (28 compa 11 5 4 3	1 nies) 39.3 17.9 14.3 10.7				
Europe Electric mach equipmen Thailand Malaysia Vietnam China Indonesia	1 ninery and elect t (58 companie 23 8 6 5 4	0.1 ronic 39.7 13.8 10.3 8.6 6.9	Plastic produ Thailand Vietnam Indonesia Philippines India	20 13 4 4 4	panies) 35.1 22.8 7.0 7.0 7.0	General machi Thailand Vietnam India China Indonesia	nery (39 con 16 8 8 3 2	41.0 20.5 20.5 7.7 5.1	Iron and stee Thailand Indonesia India Vietnam Philippines	el (38 comp 16 5 5 3 2	anies) 42.1 13.2 13.2 7.9 5.3	Nonferrous n (28 c Thailand India Malaysia Philippines Indonesia	netals and prompanies) 7 5 3 3 2	25.0 17.9 10.7 10.7 7.1	Motor motorcycle Thailand India Indonesia Australia Philippines	vehicles and s (28 compa 11 5 4 3 2	1 nies) 39.3 17.9 14.3 10.7 7.1				
Europe Electric mach equipmen Thailand Malaysia Vietnam China Indonesia India	1 ninery and elect t (58 companie 23 8 6 5 4 4 4	0.1 ronic 39.7 13.8 10.3 8.6 6.9 6.9	Plastic produ Thailand Vietnam Indonesia Philippines India China	20 13 4 4 4 4 4 4	panies) 35.1 22.8 7.0 7.0 7.0 7.0 7.0	General machi Thailand Vietnam India China Indonesia Philippines	nery (39 con 16 8 8 3 2 1	41.0 20.5 20.5 7.7 5.1 2.6	Iron and stee Thailand Indonesia India Vietnam Philippines China	el (38 comp 16 5 5 3 2 2	anies) 42.1 13.2 13.2 7.9 5.3 5.3	Nonferrous n (28 c Thailand India Malaysia Philippines Indonesia Vietnam	netals and prompanies) 7 5 3 3 2 2	25.0 17.9 10.7 10.7 7.1 7.1	Motor motorcycle Thailand India Indonesia Australia Philippines Pakistan	vehicles and s (28 compa 11 5 4 3 2 2	1 nies) 39.3 17.9 14.3 10.7 7.1 7.1				
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(7) India named promising market in the medium to long term (manufacturing industry)

In terms of which country showed potential as a market for the companies' operations/products in the medium to long term (five to 10 years) (valid responses: 884 from the manufacturing industry, multiple answers allowed) (Diagram 47), countries cited as promising markets were (1) India, (2) China and (3) Thailand. Among the top 12 industries from which valid responses were received, India placed at the top in nine of the industries—almost all of the industries evaluated India as having potential for further market development. The other three industries named Thailand (foods, processed agricultural or marine products industry and plastic products industry) and China (electric and electronic parts and components industry). In the ASEAN region—in addition to Thailand—Indonesia, which has a tremendously large market, and Vietnam, which has potential as an emerging market, were thought to be promising.

Diagram 47: Countries, regions regarded as promising markets in the medium to long term (five to 10 years)

	Total (884	companies)		Motor vehicle and accessor	le and motorcyc ies (110 compa	le parts nies)	Electric an component	d electronic pa ts (95 compani	Fabricated metal products (71companies)			
		No. of companies	Ratio	No. of companies		Ratio		No. of companies	Ratio		No. of companies	Ratio
1	India	337	38.1	India	54	49.1	China	42	44.2	India	23	32.4
2	China	242	27.4	Thailand	37	33.6	India	31	32.6	Thailand	21	29.6
3	Thailand	239	27.0	Indonesia	31	28.2	Vietnam	30	31.6	China	20	28.2
4	Vietnam	222	25.1	Vietnam	28	25.5	Thailand	29	30.5	Vietnam	19	26.8
5	Japan	163	18.4	China	25	22.7	Europe	27	28.4	Japan	19	26.8
	Foods, pro marine pro	cessed agricul ducts (64 com	tural or panies)	Chemicals	(64 companies	s)	Electric ma equipment	achinery and e (60 companie	Plastic products (56 companies)			
		No. of companies	Ratio		No. of companies	Ratio		No. of companies	Ratio		No. of companies	Ratio
1	Thailand	21	32.8	India	34	53.1	India	26	43.3	Thailand	24	42.9
2	China	18	28.1	China	22	34.4	Europe	18	30.0	China	21	37.5
3	Japan	15	23.4	Vietnam	14	21.9	Vietnam	14	23.3	Vietnam	16	28.6
4	Middle East	12	18.8	Indonesia	13	20.3	U.S.	13	21.7	India	16	28.6
5	India	11	17.2	Thailand	12	18.8	China	10	16.7	Japan	14	25.0
							Middle East	10	16.7			
	Iron and st	eel (40 compa	nies)	General ma	chinery (40 co	mpanies)	Motor veh (31 compa	icles and moto nies)	Nonferrous metals and products (27 companies)			

	Iron and st	eel (40 compa	nies)	General ma	chinery (40 co	mpanies)	(31 compa	nies)	products (27 companies)			
	No. of companies Ratio			No. of companies Rati			No. of companies	Ratio		No. of companies	Ratio	
1	India	19	47.5	India	29	72.5	India	12	38.7	India	12	44.4
2	Thailand	14	35.0	Vietnam	17	42.5	Indonesia	6	19.4	Thailand	9	33.3
3	Vietnam	11	27.5	Indonesia	10	25.0	Vietnam	6	19.4	Vietnam	7	25.9
4	Indonesia	10	25.0	Thailand	10	25.0	Thailand	5	16.1	China	7	25.9
5	China 6 15.0		Middle East	10	25.0	Middle East	5	16.1	Japan	6	22.2	

	Rubber products (26 companies)										
	No. of Ratio										
1	India	11	42.3								
2	Thailand	7	26.9								
3	Vietnam	6	23.1								
4	Japan	6	23.1								
5	China	5	19.2								
5	U.S.	5	19.2								

(8) Thailand regarded as promising sales base in the medium to long term; Vietnam regarded highly as third-country destination (non-manufacturing industry)

In regards to what companies thought was the optimum location for sales bases of operations/ products and services in the medium to long term (five to 10 years), in the non-manufacturing industry (valid responses: 805 from the non-manufacturing industry, only one answer allowed) (Diagram 48), the most cited countries were (1) Thailand (18%, 145 companies), (2) Singapore (15.7%, 126 companies) and (3) Australia (11.7%, 94 companies).

Among the top 12 industries from which valid responses were received, Thailand placed at the top in trading companies and the transport/warehousing, construction/plants and distribution industries, while Singapore placed at the top among sales companies and the banking and insurance industries, which is indicative of the potential held for sales companies and the financial services industry in this country. Moreover, Australia placed at the top among the hotel/travel/restaurant, mining, real estate, and agricultural and forestry products industries, indicating the high regard held for services utilizing Australia's abundant resources that are high in growth potential as optimum locations.

On other hand, when replies that chose the countries in which they were currently operating were omitted from consideration as optimum locations for production bases, the top countries (third countries/regions) chosen (valid responses: 290 companies) as optimum locations for sales bases in the medium to long term were (1) Vietnam (15.2%, 44 companies), (2) Thailand (14.1%, 41 companies) and (3) India (13.4%, 39 companies) (Diagram 49). The evaluation of Vietnam reflects its potential as a sales market and the gradual deregulation taking place there in the logistics field.

Diagram 48: Sales bases of companies' operations/products and services for the medium to long term (five to 10 years)

(multiple answers allowed; unit: %; valid responses: 805 companies)

0.1

2.9

1

1

	Total (856	compar	nies)	Trading (164 c	g compan ompanies	y ;)	Sales (157 c	company companies)	Transport/w com	arehousi: panies)	ng (86	Construction	on/plants panies)	s (83	Communic e (39 c	ations/s ompani	softwar es)
1	Thailand	145	18.0	Thailand	30	18.3	Singapore	42	26.8	Thailand	20	23.3	Thailand	17	20.5	Vietnam	9	23.1
2	Singapore	126	15.7	Singapore	29	17.7	Australia	31	19.8	India	13	15.1	Malaysia	12	14.5	Thailand	6	15.4
3	Australia	94	11.7	India	29	17.7	Thailand	27	17.2	Singapore	8	9.3	Indonesia	10	12.1	India	5	12.8
4	India	88	10.9	Vietnam	15	9.2	India	16	10.2	Vietnam	7	8.1	Vietnam	10	12.1	Japan	5	12.8
5	Vietnam	68	8.5	Australia	10	6.1	New Zealand	8	5.1	Australia	7	8.1	Singapore	8	9.6	Singapore	3	7.7
6	Indonesia	43	5.3	Indonesia	9	5.5	Malaysia	7	4.5	Philippines	6	7.0	Other	7	8.4	Indonesia	2	5.1
7	Malaysia	43	5.3	New Zealand	7	4.3	Vietnam	7	4.5	China	6	7.0	India	5	6.0	New Zealand	2	5.1
8	New Zealand	37	4.6	Japan	6	3.7	Other	5	3.2	Indonesia	3	3.5	Philippines	4	4.8	China	2	5.1
9	Other	33	4.1	China	6	3.7	Japan	4	2.6	Malaysia	3	3.5	Sri Lanka	2	2.4	Other	2	5.1
10	Japan	31	3.9	Bangladesh	5	3.1	Indonesia	3	1.9	New Zealand	3	3.5	Australia	2	2.4	Malaysia	1	2.6
11	Philippines	24	3.0	Malaysia	3	1.8	China	2	1.3	Other	3	3.5	Myanmar	1	1.2	Philippines	1	2.6
12	China	19	2.4	Philippines	3	1.8	Middle East	2	1.3	Myanmar	2	2.3	Other ASEAN Country	1	1.2	Middle East	1	2.6
13	Bangladesh	11	1.4	Middle East	3	1.8	Philippines	1	0.6	Japan	2	2.3	Pakistan	1	1.2			
14	Middle East	11	1.4	Other	3	1.8	Pakistan	1	0.6	Other ASEAN Country	1	1.2	Japan	1	1.2			
15	Myanmar	7	0.9	Myanmar	2	1.2	Europe	1	0.6	Europe	1	1.2	Hong Kong	1	1.2			
16	Europe	7	0.9	Pakistan	2	1.2				Middle East	1	1.2	U.S.	1	1.2]		
17	Pakistan	5	0.6	Hong Kong	1	0.6]									-		
18	Sri Lanka	5	0.6	Taiwan	1	0.6												
19	U.S.	3	0.4				-											
20	Other ASEAN Country	2	0.3															
21	Hong Kong	2	0.3															

	Hotel/travel/restaurant (35 companies)		Banking (21 companies)			Insurance (20 companies)			Distribution (16 companies)			Mining (12 companies)			Real estate (7 companies)			
1	Australia	9	25.7	Singapore	4	19.1	Singapore	4	20.0	Thailand	6	37.5	Australia	7	58.3	Australia	2	28.6
2	Thailand	4	11.4	Thailand	4	19.1	India	4	20.0	New Zealand	5	31.3	Japan	2	16.7	Indonesia	1	14.3
3	New Zealand	4	11.4	Malaysia	3	14.3	Thailand	3	15.0	Malaysia	2	12.5	Indonesia	1	8.3	Philippines	1	14.3
4	India	3	8.6	Vietnam	3	14.3	Indonesia	2	10.0	Myanmar	1	6.3	Vietnam	1	8.3	Sri Lanka	1	14.3
5	Philippines	2	5.7	Other	3	14.3	Australia	2	10.0	Vietnam	1	6.3	Other	1	8.3	China	1	14.3
6	Singapore	2	5.7	Australia	2	9.5	New Zealand	2	10.0	Australia	1	6.3				Other	1	14.3
7	Vietnam	2	5.7	Indonesia	1	4.8	Philippines	1	5.0			-	-					
8	Bangladesh	2	5.7	Japan	1	4.8	Vietnam	1	5.0									
9	Japan	2	5.7				U.S.	1	5.0	1								
10	Indonesia	1	2.9							-								
11	Malaysia	1	2.9															
12	Pakistan	1	2.9															
13	China	1	2.9	1														

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Taiwan

14 Europe

Diagram 49: Sales bases of companies' operations/products and services in the medium to long term (evaluation as third-country destinations)

Selec	Selected Country		M alay sia	Myanmar	Philippines	Singapore	Thailand	Vietnam	Banglades	India	Pakistan	Sri Lanka	Australia	New Zealand	Total	Net Total
	Valid responses	49	64	12	49	139	159	35	14	72	12	12	146	42	805	
np	Indonesia	37	-	-	2	1	1	-	-	-	-	-	2	-	43	6
pro	Malaysia	-	35	1	-	4	1	-	-	-	-	2	-	-	43	8
/su	Myanmar	-	-	5	-	-	2	-	-	-	-	-	-	-	7	2
ution	Philippines	-	-	-	24	-	-	-	-	-	-	-	-	-	24	0
bera	Singapore	2	5	-	6	95	3	2	1	3	-	-	9	-	126	31
f of	Thailand	3	8	2	6	13	104	2	-	4	1	-	2	-	145	41
e so te o	Vietnam	2	7	2	6	3	21	24	-	1	-	1	1	-	68	44
base o lon	Other ASEAN Country	-	1	-	-	-	1	-	-	-	-	-	-	-	2	2
ales m t	Bangladesh	-	-	-	-	-	-	1	10	-	-	-	-	-	11	1
or s; diu	India	2	2	-	-	8	13	1	1	49	1	1	9	1	88	39
n fc me	Pakistan	-	-	-	-	-	-	-	-	1	4	-	-	-	5	1
nun the	Sri Lanka	-	-	-	-	-	-	-	-	1	-	4	-	-	5	1
ptin in 1	Australia	-	-	-	-	-	-	1	-	-	-	-	91	2	94	3
s o] ces	New Zealand	-	-	-	-	-	-	-	-	-	-	-	4	33	37	4
d a rvi	Japan	1	1	-	4	1	3	1	1	3	1	2	8	5	31	31
scte 1 se	China	-	2	-	-	3	6	1	-	1	-	-	6	-	19	19
sele anc	Hong Kong	-	-	-	-	-	-	-	-	1	-	1	-	-	2	2
uo	Taiwan	-	-	-	-	1	-	-	-	-	-	-	-	-	1	1
egi	U.S.	-	1	-	-	-	-	1	-	-	-	-	1	-	3	3
y/r	Europe	1	-	-	-	-	-	-	-	1	-	-	5	-	7	7
Countr	Middle and Near East	-	2	-	-	3	1	-	-	4	1	-	-	-	11	11
0	Other	1	-	2	1	7	3	1	1	3	4	1	8	1	33	33

(Multiple answers allowed, Unit: %, Valid responses 805 companies)

(9) Role as "Sales base for the domestic market" primarily sought for sales bases (non-manufacturing industry)

In regards to the core roles or functions companies sought in ideal sales bases of products and services (valid responses: 758 from the non-manufacturing industry, multiple answers allowed) (Diagram 50), overall, a "Sales base for the domestic market" accounted for 58.7% of the replies, which was followed by a "Sales base for a third country/region" (26.1%), and "Regional Headquarters" (23.1%). Although the roles and functions sought by the majority of the countries was a "Sales base for domestic market," in Singapore, the "Regional Headquarters" function accounted for nearly 50% of the replies.

Diagram 50: Core roles and functions sought in ideal sales bases of products and services (multiple answers allowed)

(Unit: number of companies; composition ratio: %; number of valid respondent companies: 758 companies)

Total	Sales base for the	Sales base for a third	Regional
10tal (008)	domestic market	country/region	headquarters
(908)	58.7%	26.1%	23.1%
Indonesia	Sales base for the		
(45)	domestic market 77.8%		
Malaysia	Sales base for the	Sales base for a third	
(59)	domestic market 61.0%	<u>country/region</u> 23.7%	
Myanmar	Sales base for the	Sales base for a third	
(10)	domestic market 50.0%	country/region 50.0%	
Philippines	Sales base for the		
(48)	domestic market 52.1%		
Singapore	Sales base for a third	Regional	Sales base for the
(132)	country/region	headquarters	domestic market
(152)	50.0%	46.2%	36.6%
Thailand	Sales base for the	Sales base for a third	Regional
(153)	domestic market 67.3%	<u>country/region</u> 32.0%	headquarters 20.3%
Vietnam	Sales base for the	Sales base for a third	
(32)	domestic market 59.4%	<u>country/region</u> 18.8%	
	Sales base for the	Sales base for a third	Headquarters of the
Bangladesh	domestic market	country/region	supply chains in the
(14)			region
	64.3%	28.6%	28.6%
India	Sales base for the		
(69)	75.6%	~	
Pakistan	Sales base for the	Sales base for a third	
(10)	domestic market 30.0%	<u>country/region</u> 30.0%	
Sri Lanka	Sales base for the	Regional	Sales base for a third
(10)	domestic market 60.0%	headquarters 20.0%	<u>country/region</u> 20.0%
Australia	Sales base for the	Regional	
(135)	domestic market 60.0%	headquarters 17.0%	
New Zealand	Sales base for the		-
(41)	domestic market 75.6%		