



FY2025 Survey on Business Conditions of Japanese Companies Operating Overseas (Asia and Oceania)

- Performance Improves in China and Remains Solid in India;
Limited Impact of U.S. Tariffs on the Region -

Japan External Trade Organization (JETRO)

Research & Analysis Department

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Key findings

1. Profitable companies increase in China for the first time in four Years; Expansion intentions rise in India

- ❖ 66.5% of companies anticipate “profits” for their 2025 operating profit forecast, virtually unchanged from the FY2024 survey (65.8%). By country and region, China recorded an increase for the first time in 4 years, reflecting not only rising demand but also improvements in production efficiency and reductions in labor costs.
- ❖ Regarding future business development intentions, the percentage of “expansion” answers rose by 1.2 percentage points year on year. In India, the trend toward a stronger appetite for expansion continues, with companies citing growing local demand as the main reason. In China, the extent of the decrease is narrowing, although the percentage itself continues to fall.

2. U.S. Tariffs have a limited overall impact, but downward pressure on profits persists for some U.S.-exporting companies

- ❖ Less than 30% of companies export to the United States. Exporting companies expect their operating profits to deteriorate due to factors such as weaker U.S. market demand, and are seeking to absorb or pass on the resulting cost burden through measures such as in-house cost reductions and price negotiations with business partners.

3. Efforts toward decarbonization initiative increase, reaching a record high overall

- ❖ 43% of companies across all regions are “already making efforts” to implement decarbonization initiatives, marking a record high, up 12.1 percentage points from the FY2021 survey, when the survey began. Reasons include “company-wide decarbonization goals,” accounting for roughly 60–70% of responses.

4. Digital technology utilization in ASEAN remains at the halfway point

- ❖ In ASEAN, 52.1% of companies utilize digital technologies for business optimization, lower than in Australia, South Korea, and India, where rates exceed 60%. Challenges cited when pursuing such initiatives include “responding to differing regulations by country and region” and “difficulty in reconciling headquarters-driven initiatives with responses in local subsidiaries.”

Survey Summary (1)

(Company, %)

Purpose of the survey

- To understand the current business activities of Japanese-affiliated companies operating in Asia and Oceania and to disseminate these findings widely.

Survey countries/regions

- Japanese-affiliated companies (with direct and indirect Japanese investment of 10% or greater, and the branch offices and representative offices of Japanese companies) operating in a total of 20 countries/regions in Northeast Asia(5) and ASEAN(9), Southwest Asia(4), and Oceania(2).

Survey period

- August 19 - September 17, 2025

Response rate

- Of a total of 12,900 surveys sent out, we received valid responses from 5,109 companies (39.6%). The breakdown of respondents by country and region is shown in the table on the right.

Notes

- The survey has been conducted since 1987 and this year is 39th version.
- Since 2007, the survey has included non-manufacturing sectors.
- Companies that responded to at least one question were considered valid responses.
- The numbers in parentheses in each slide indicate the number of the companies with valid responses.
- Numbers in tables are rounded up, so they are not necessarily added up to 100%.
- Surveys in Taiwan were conducted with the assistance of Japan-Taiwan Exchange Association.

	Companies surveyed	Companies responding		Breakdown		Valid response
		Number	(%)	Manufacturing	Non-manufacturing	
Total	12,900	5,109	100	2,196	2,913	39.6
Northeast Asia	2,543	1,252	24.5	535	717	49.2
China	1,479	791	15.5	406	385	53.5
Taiwan	496	196	3.8	60	136	39.5
Hong Kong and Macau	417	171	3.3	27	144	41.0
South Korea	151	94	1.8	42	52	62.3
ASEAN	8,656	3,172	62.1	1,374	1,798	36.6
Vietnam	2,008	906	17.7	409	497	45.1
Thailand	1,812	646	12.6	333	313	35.7
Indonesia	1,642	379	7.4	215	164	23.1
Singapore	1,184	477	9.3	93	384	40.3
Malaysia	776	367	7.2	173	194	47.3
Philippines	516	170	3.3	84	86	32.9
Cambodia	275	123	2.4	35	88	44.7
Myanmar	348	67	1.3	14	53	19.3
Laos	95	37	0.7	18	19	38.9
Southwest Asia	1,226	516	10.1	250	266	42.1
India	930	385	7.5	198	187	41.4
Bangladesh	172	59	1.2	21	38	34.3
Pakistan	58	41	0.8	20	21	70.7
Sri Lanka	66	31	0.6	11	20	47.0
Oceania	475	169	3.3	37	132	35.6
Australia	317	130	2.5	24	106	41.0
New Zealand	158	39	0.8	13	26	24.7

Survey Summary (2)

By industry (Manufacturing)

	(Company, %)	
	Valid response	(%)
Manufacturing Total	2,196	43.0
Transport equipment parts	310	6.1
Iron/Nonferrous metals/Metals	261	5.1
Chemicals/Medicine	218	4.3
Electrical machinery parts/Electronic device parts	206	4.0
General machinery	187	3.7
Electrical machinery/Electronic equipment	148	2.9
Food	137	2.7
Plastic products	124	2.4
Textiles/Textiles apparel	116	2.3
Rubber/Ceramic/Stone and clay product	90	1.8
Paper/Wood products/Printing	90	1.8
Precision machinery/Medical equipment	77	1.5
Transport equipment	72	1.4
Other manufacturing	160	3.1

By industry (Non-manufacturing)

	(Company, %)	
	Valid response	(%)
Non-manufacturing Total	2,913	57.0
Trading/Wholesale	589	11.5
Sales companies	397	7.8
Transport/Warehouse	300	5.9
Information and communications	272	5.3
Business services	270	5.3
Construction	218	4.3
Finance/ Insurance	171	3.3
Real estate agencies/ Real estate lessors	111	2.2
Travel/ Amusement	57	1.1
Retail	53	1.0
Mining/Energy	49	1.0
Education/ Medical	42	0.8
Restaurant	28	0.5
Agriculture, forestry and fisheries	11	0.2
Other non-manufacturing	345	6.8

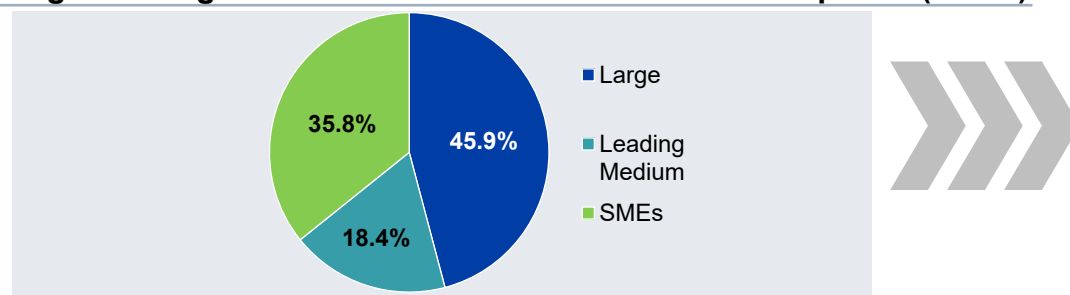
By country/region

	(Company)		
	Large	Leading medium	SMEs
Total	2,344	938	1,827
Northeast Asia	633	242	377
China	366	151	274
Taiwan	115	44	37
Hong Kong and Macau	88	29	54
South Korea	64	18	12
ASEAN	1,306	565	1,301
Vietnam	351	166	389
Thailand	155	120	371
Indonesia	178	70	131
Singapore	239	94	144
Malaysia	195	55	117
Philippines	89	25	56
Cambodia	47	18	58
Myanmar	36	12	19
Laos	16	5	16
Southwest Asia	294	106	116
India	224	89	72
Bangladesh	23	12	24
Pakistan	33	1	7
Sri Lanka	14	4	13
Oceania	111	25	33
Australia	87	21	22
New Zealand	24	4	11

(Note 1) Breakdown of industry categories is shown on the next page.

(Note 2) Representative offices are included in "Other non-manufacturing".

Large/Leading Medium/Small and Medium-sized Enterprises (SMEs)



(Note 1) Company size refers to the size of the Japanese headquarters (parent company).

(Note 2) The definition of each company size here is based on the provisions of Japanese Small and Medium-sized Enterprise Basic Act.

Survey Summary (3)

Number	Major group	Group
1	Food	Food/processed food, agricultural or fishery products
2	Textiles/Textile apparel	Textiles (Spun fabrics/Woven fabrics/Chemical fibers) Textile apparel/Textile products (including footwear, gloves, leather products, sewn products)
3	Paper/Wood products/Printing	Lumber/Wood products, Furniture/Interior/Fixtures, Paper/Pulp, Printing/Publishing
4	Chemicals/Medicine	Chemicals/Petroleum products, Medicines
5	Plastic products	Plastic products
6	Rubber/Ceramic/Stone and clay products	Rubber products Ceramic/Stone and clay products
7	Iron/Nonferrous metals/Metals	Iron and steel (including cast and wrought products) Nonferrous metals Fabricated metal products (including plated products)
8	General machinery	General-purpose machinery (including machines for general use, for production, machine tools/agricultural machinery and construction machinery/molds and machine tools)
9	Electrical machinery/Electronic devices	Electrical machinery/Electronic devices Information and communication electronics equipment/Office machines
10	Electrical machinery parts/ Electronic device parts	Electrical machinery parts/Electronic device parts
11	Precision machinery/Medical equipment	Precision instruments (Analytical instruments/Optical instruments and apparatus, etc.) Medical equipment
12	Transport equipment	Transportation equipment (Motor vehicles/motorcycles) Transportation equipment (Railroad vehicles/ships/aircraft/industrial trucks)
13	Transport equipment parts	Transportation equipment parts (Motor vehicles/motorcycles) Transportation equipment parts (Railroad vehicles/ships/aircraft/transportation vehicles)
14	Other manufacturing	Daily necessities/stationery/sundries Miscellaneous manufacturing industries
15	Agriculture, forestry and fisheries	Agriculture, forestry and fisheries

Number	Major group	Group
16	Mining/Energy	Mining Electricity/gas/heat supply/water supply
17	Construction	Construction/plant/engineering
18	Transport/Warehouse	Transport/warehousing
19	Information and communications	Communications/IT/software/information systems/digital service BPO (Business Process Outsourcing) Media/mass media/content Advertising/marketing/research
20	Trading/Wholesale	Trading companies, Wholesale
21	Retail	Retail
22	Sales companies	Sales companies
23	Finance/Insurance	Banks Non-banks (Insurance/securities brokerage/credit card/leasing, etc.)
24	Real estate agencies/Real estate lessors	Real estate, Building and facility management/air conditioning/security/cleaning, Rental
25	Business services	Consulting Professional services such as legal, accounting, and tax affairs Holding/managing company Design/architectonics Repair/maintenance/inspection and analysis Recruiting/temporary staffing
26	Travel/Amusement	Hotel/travel Amusement/living-related and personal services (including events, sports facilities and hair-dressing/beauty salons)
27	Restaurant	Restaurants
28	Education/Medical	Education/research institutions Medical/welfare/health care
29	Other non-manufacturing	Other

I . Operating Profit Forecast

1 | Operating profit forecast (Summary)

China's performance improves, while India maintains a high share of profitable companies

China's share of profitable companies rises for the first time in 4 years

P8

The percentage of companies that answered "profit" for their operating profit forecast for 2025 was 66.5%, up 0.7 percentage points from the FY2024 survey (65.8%).

By country and region, **China** stood at 63.2%, up 4.8 percentage points from the FY2024 survey, marking its **first increase in 4 years**.

India declined from the FY2024 survey but maintains a high level

P12

The percentage of companies that answered that their operating profit forecast (year-on-year) would "increase" was 36.6%. This was down 0.8 percentage points from the FY2024 survey. By country and region, although **India** saw the share of companies reporting an increase decline year on year (by 6.8 percentage points), **it continued to maintain a high level within the Asia and Oceania region**.

India maintains profitability due to increased local demand

P14

In India, nearly 80% of companies cited "**increasing demand in the local market**" as the reason for improving operating profit. In China, in addition to "increasing demand in local market," many companies pointed to factors such as "increasing demand in export markets," "improvement in production efficiency, sales efficiency, and the operating rate," and "reduction of labor costs."

2

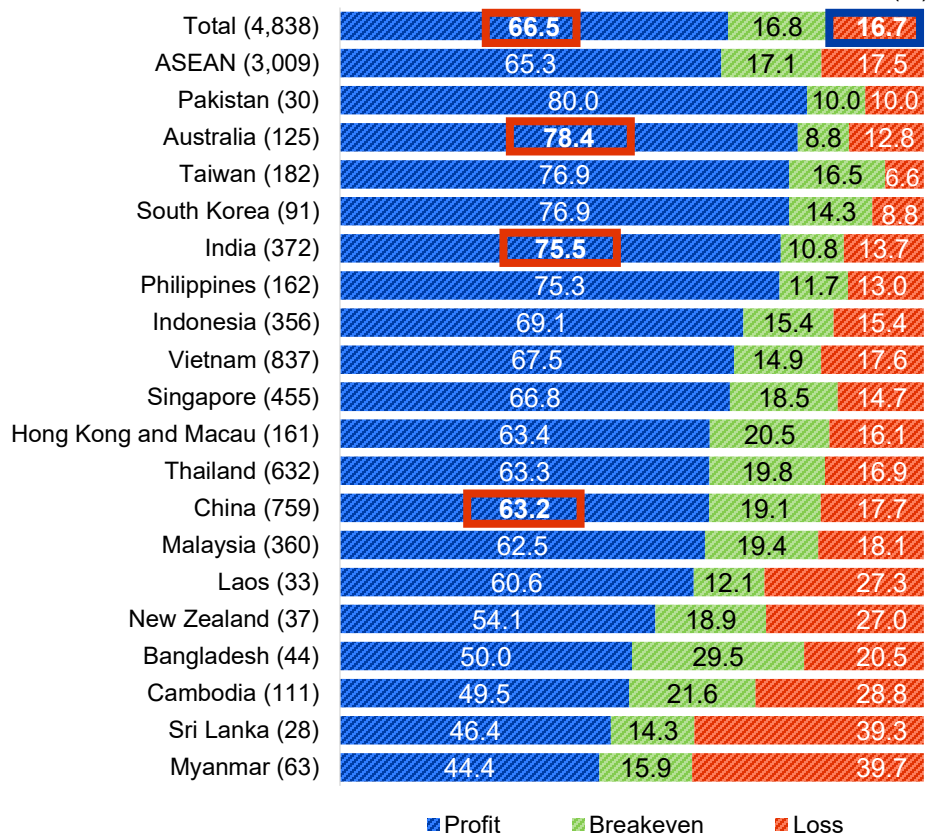
Operating profit forecast for 2025:

In China, the share of profitable companies to rise for the first time in 4 years, while India is maintaining a high level

- The percentage of companies that answered “profit” for their operating profit forecast for 2025 was 66.5%, up 0.7 percentage points from the FY2024 survey (65.8%). The percentage answering “loss” was 16.7%, unchanged from the FY2024 survey (16.7%).
- Looking at the percentage of profitable companies by country and region, China stood at 63.2%, up 4.8 percentage points from the FY2024 survey, marking its first increase in 4 years. India was 75.5%, the second-highest level on record, but down 2.2 percentage points from the FY2024 survey. Australia has consistently maintained a high level.

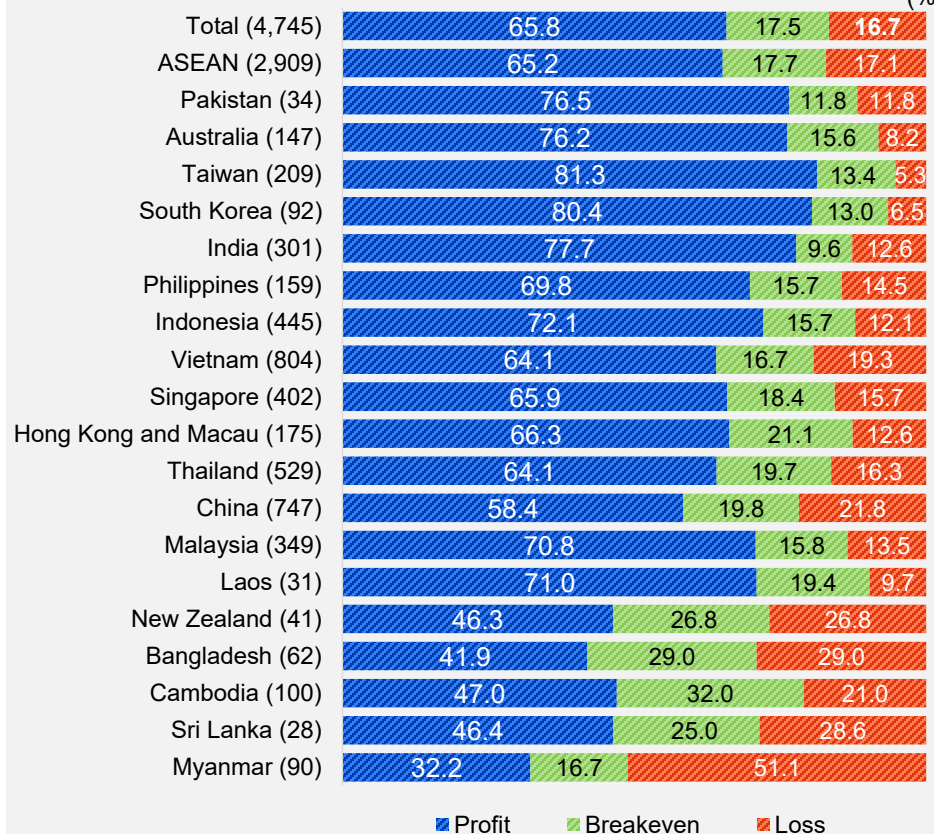
Operating profit forecast for 2025 (by country/region)

(%)



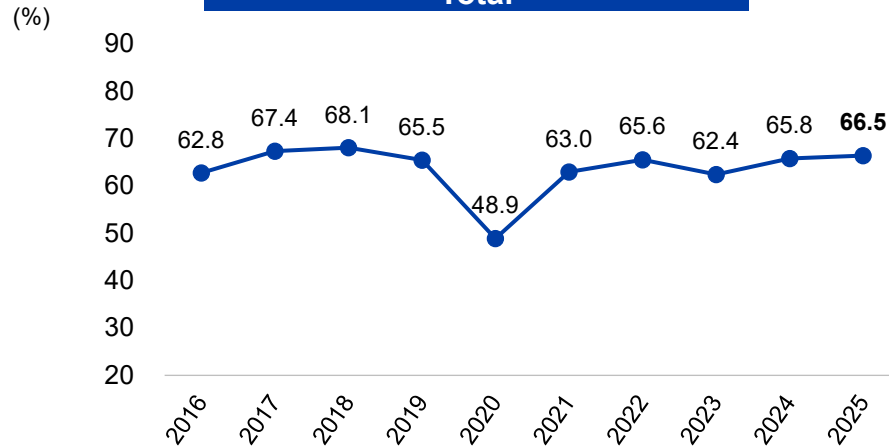
(Reference) Operating profit forecast for 2024 (by country/region)

(%)

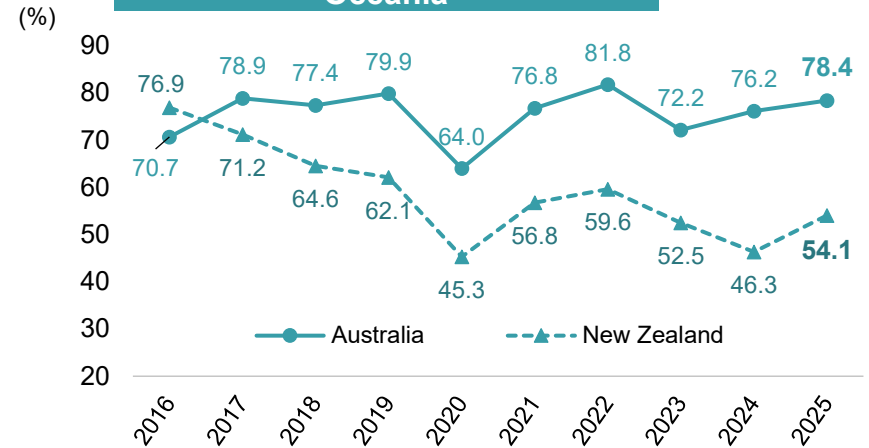


3 Time-series data of profitable companies① (by country/region)

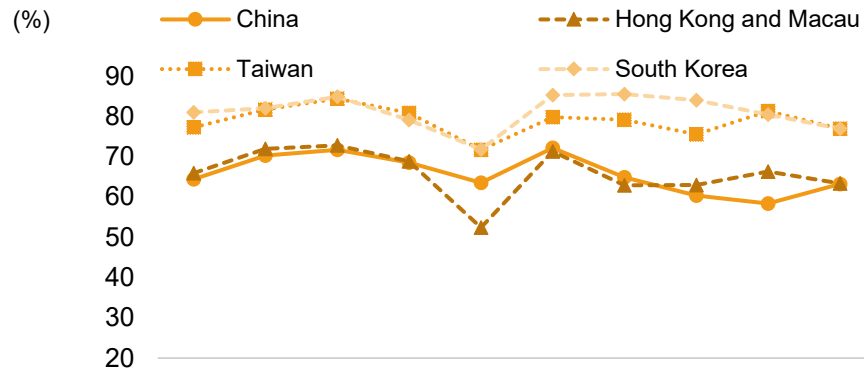
Total



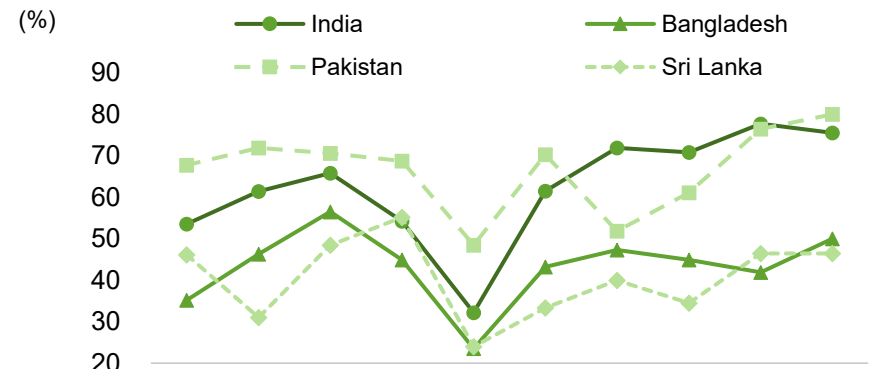
Oceania



Northeast Asia



Southwest Asia

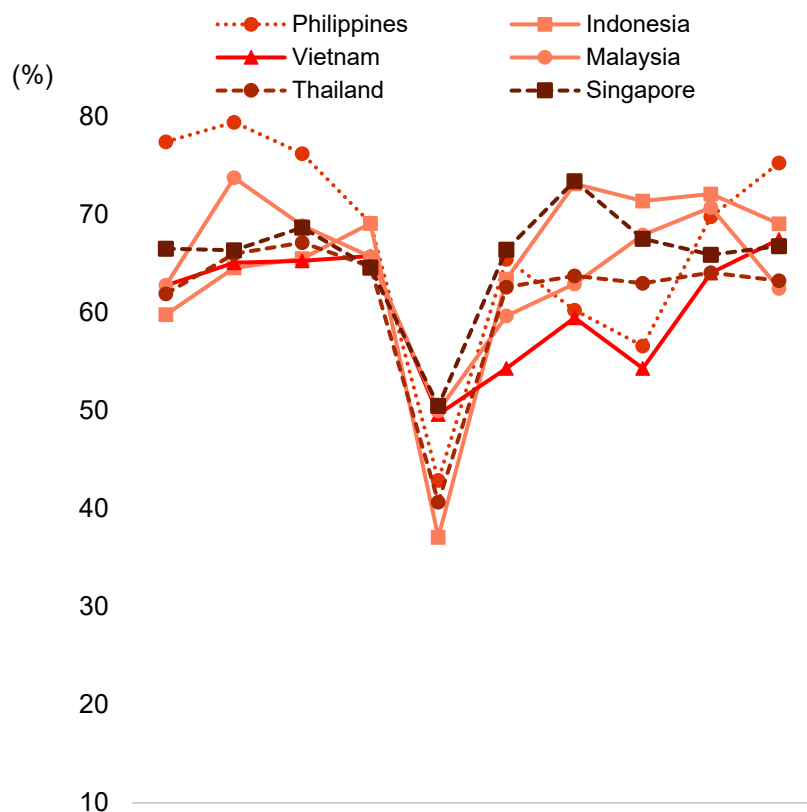


	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Taiwan	77.3	81.7	84.4	80.9	71.7	79.8	79.2	75.5	81.3	76.9
South Korea	81.0	82.1	84.9	79.1	71.8	85.3	85.5	84.0	80.4	76.9
Hong Kong and Macau	65.9	72.0	72.8	68.9	52.4	71.3	62.9	63.0	66.3	63.4
China	64.4	70.3	71.7	68.5	63.5	72.2	64.9	60.3	58.4	63.2

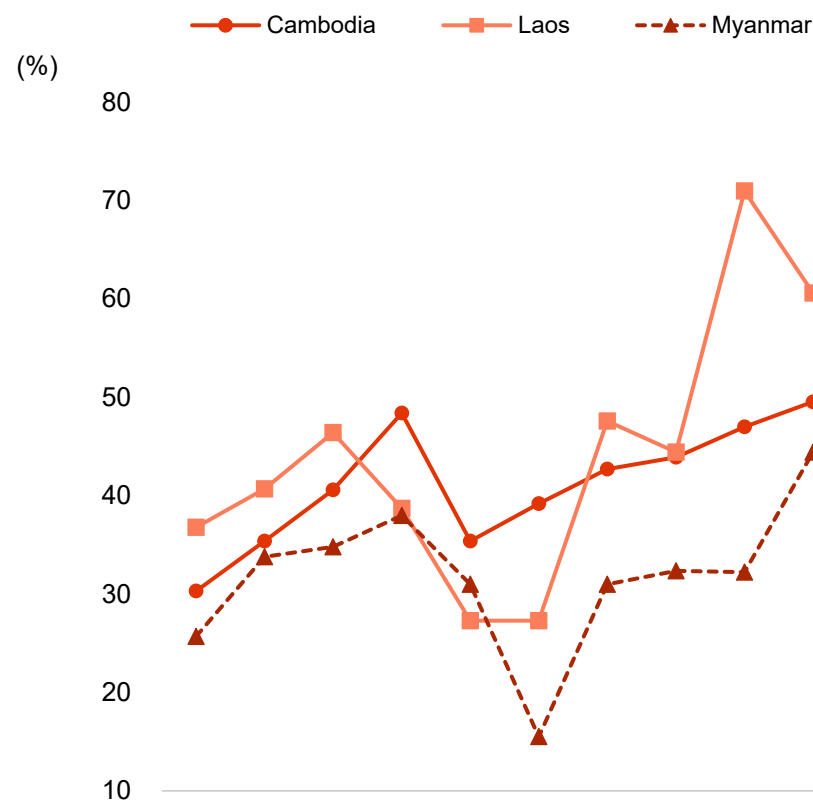
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Pakistan	67.7	71.9	70.6	68.8	48.5	70.3	51.9	61.1	76.5	80.0
India	53.6	61.4	65.8	54.3	32.2	61.5	71.9	70.9	77.7	75.5
Bangladesh	35.2	46.3	56.5	44.9	23.5	43.2	47.3	44.9	41.9	50.0
Sri Lanka	46.2	31.0	48.5	55.2	24.0	33.3	40.0	34.5	46.4	46.4

4 | Time-series data of profitable companies② (by country/region)

ASEAN6



ASEAN (CLM)



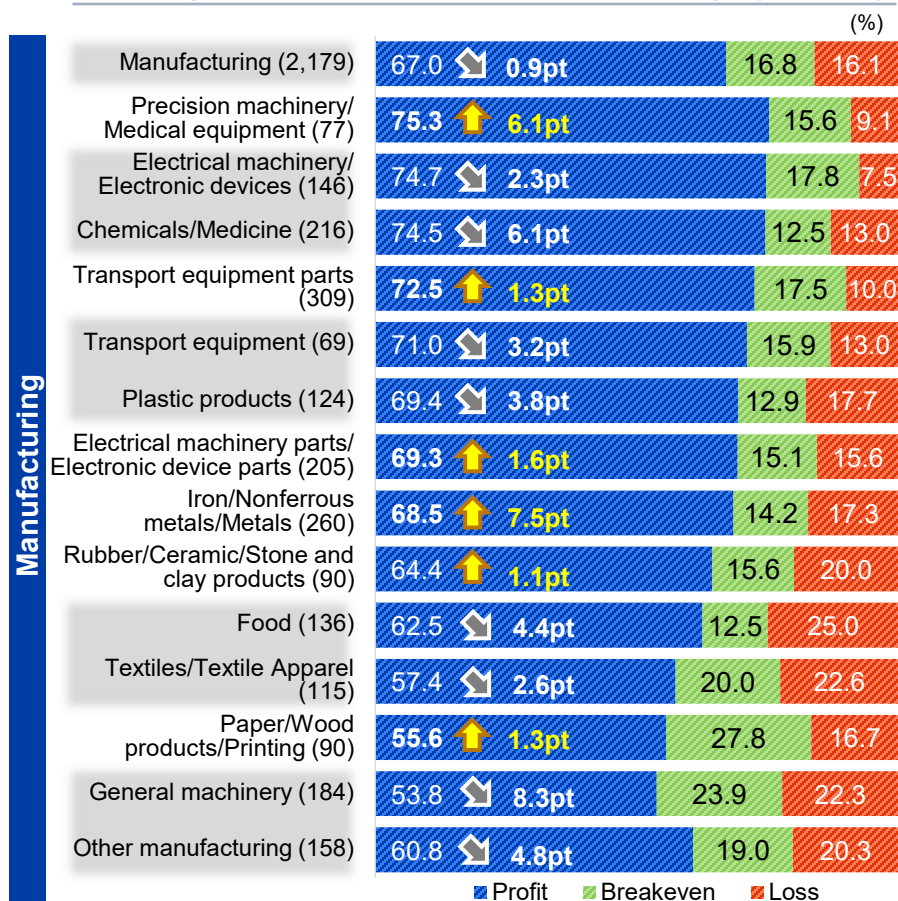
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Laos	36.8	40.7	46.4	38.7	27.3	27.3	47.6	44.4	71.0	60.6
Cambodia	30.3	35.4	40.6	48.4	35.4	39.2	42.7	43.9	47.0	49.5
Myanmar	25.7	33.8	34.8	38.0	31.0	15.5	31.0	32.4	32.2	44.4

5

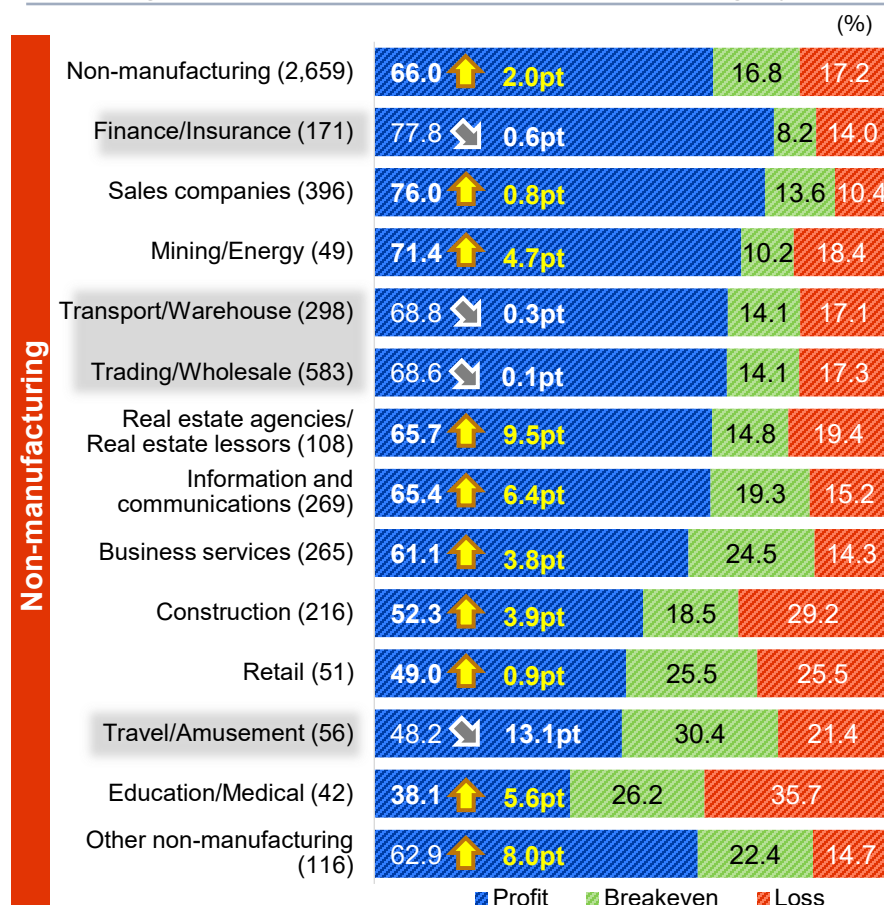
Operating profit forecast for 2025 (by industry): Share of profitable companies to decline in Manufacturing, but rise in Non-manufacturing

- Looking at the operating profit forecast for 2025 by industry, the percentage of profitable companies in Manufacturing was 67.0%, down 0.9 percentage points from the FY2024 survey (67.9%), while in Non-manufacturing, the percentage was 66.0%, up 2.0 percentage points from FY2024 (64.0%).
- While the share of profitable companies declined in many Manufacturing industries, it increased in sectors such as Iron/Nonferrous metals/Metals (up 7.5 percentage points) and Precision machinery/Medical equipment (up 6.1 percentage points).

Operating profit forecast for 2025 (Manufacturing, by industry)



Operating profit forecast for 2025 (Non-manufacturing, by industry)

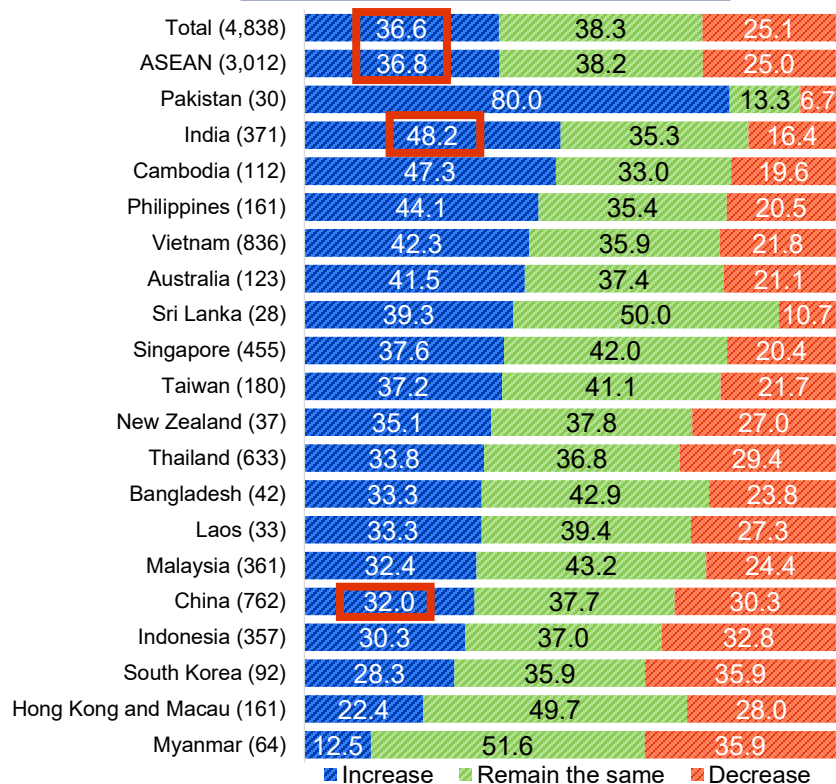


(Note) Industries with at least 35 valid responses.

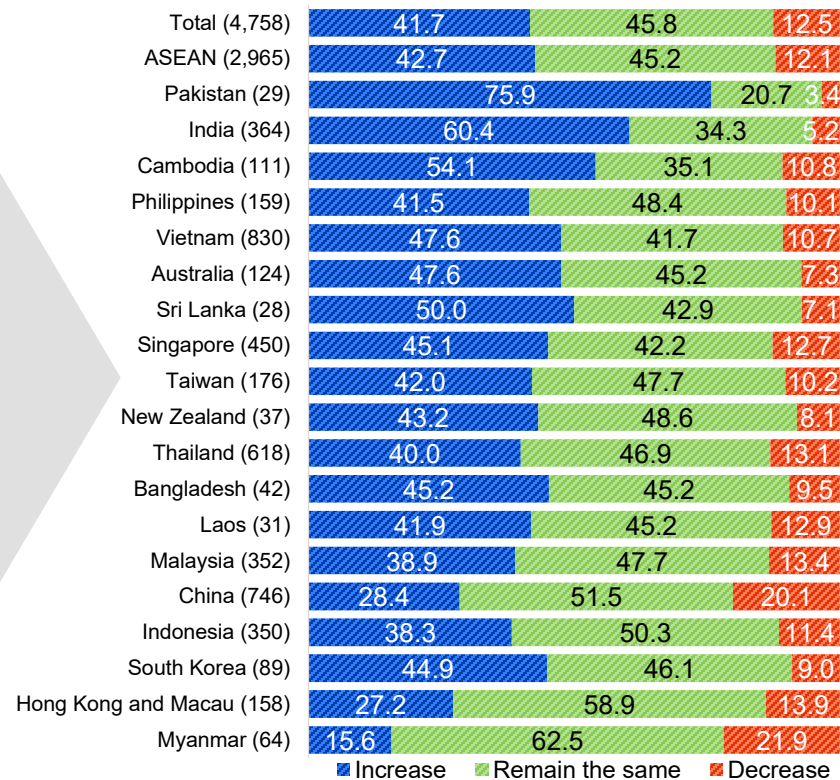
6 | Operating profit forecast (Increase/Decrease): Expectations for increased operating profit in 2025 have decreased slightly

- The percentage of companies that responded that their operating profit forecast for 2025 (compared with 2024) would “increase” was 36.6%, down 0.8 percentage points from the FY2024 survey. The percentage of companies that answered “decrease” was 25.1%, down 1.2 percentage points from FY2024, while the share answering “remain the same” increased by 2.0 percentage points. By country and region, while the share of companies reporting “increase” in China increased (by 7.5 percentage points), it declined in ASEAN (by 2.5 percentage points) and in India (by 6.8 percentage points).
- For the operating profit forecast for 2026, compared to the 2025 forecast, the share of companies expecting “increase” increased by 5.1 percentage points, while the share expecting “decrease” decreased by 12.6 percentage points.

Operating profit forecast for 2025
(by country/region, compared to 2024) (%)

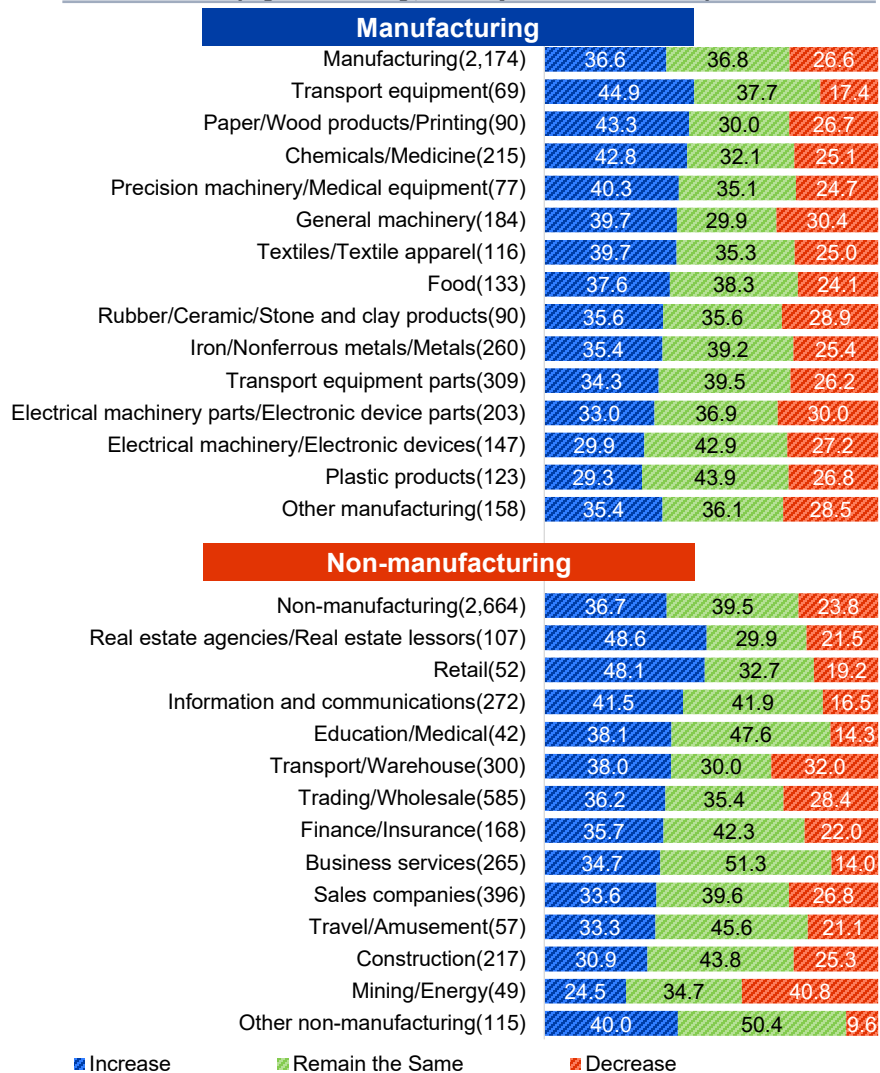


Operating profit forecast for 2026
(by country/region, compared to 2025) (%)



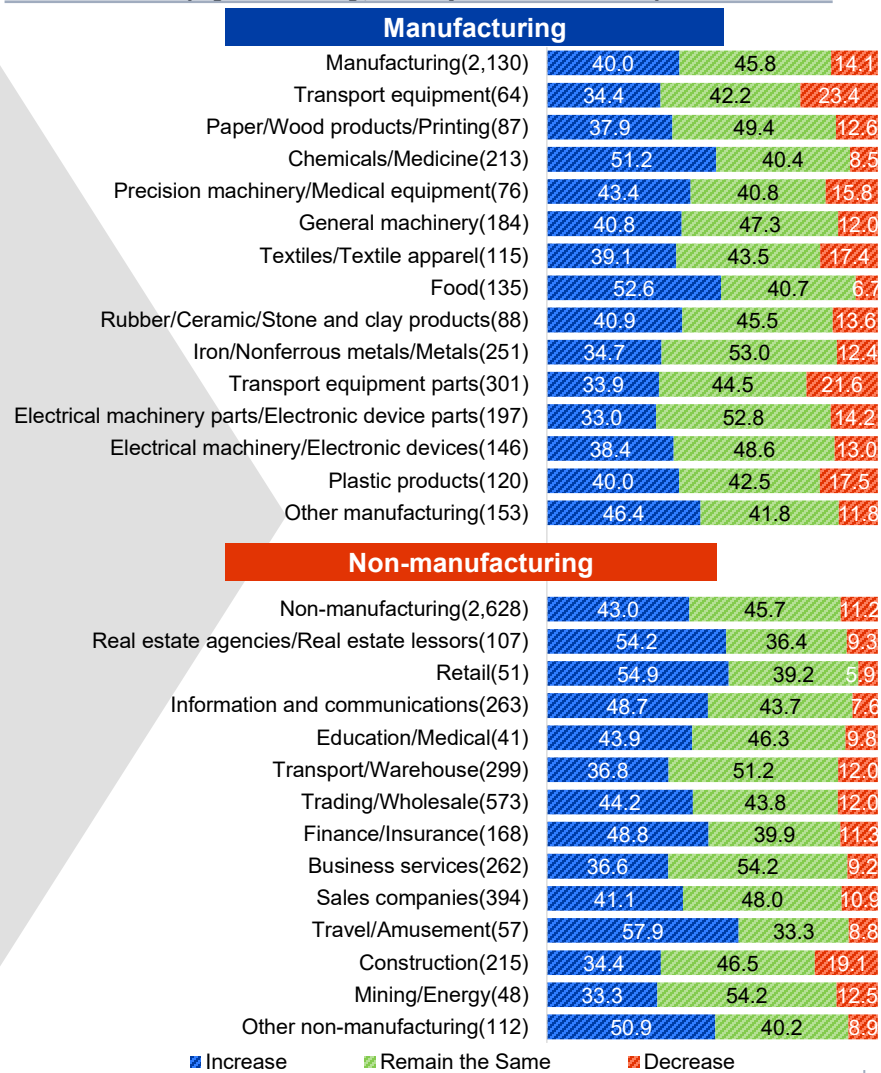
7 Operating profit forecasts for 2025 and 2026 (by industry): Expectations for increased operating profit in 2025 have decreased in manufacturing sector

Operating profit forecast for 2025
(by industry, compared to 2024) (%)



(Note) Industries with at least 30 valid responses.

Operating profit forecast for 2026
(by industry, compared to 2025) (%)



8

Reasons for increase/decrease in operating profit (2025):

In India, roughly 80% cite increased local demand as the reason for increased operating profit

- The most frequently cited reason for increase was “increasing demand in local market.” In particular, in India, nearly 80% of companies cited this as a factor. In China, in addition to “increasing demand in local market,” many companies cited factors such as “increasing demand in export markets,” “improvement in production efficiency, sales efficiency, and the operating rate,” and “reduction of labor costs.”
- The most frequently cited reason for decrease was “decreasing demand in local market.” In China, South Korea, and Indonesia, the share of companies citing this reason exceeded 60%.

Reasons for expected increase/decrease in operating profit in 2025 (multiple responses)



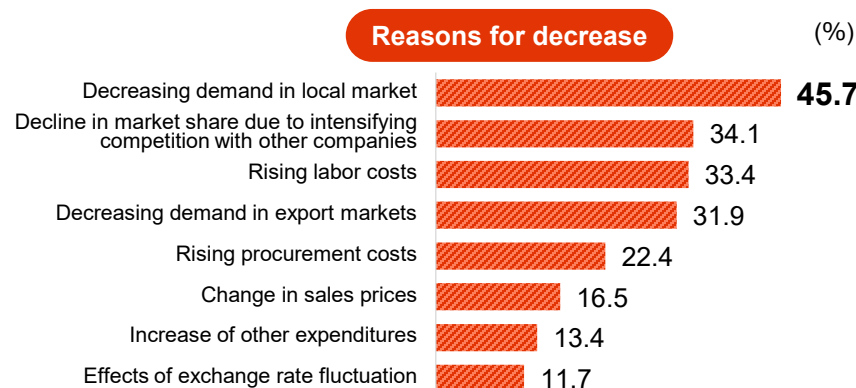
(Note 1) Number of valid responses: 1,759 companies

(Note 2) “Strengthened sales structure” refers to measures such as expanding products/services and personnel.

(Note 3) Only items with response ratios of 10% or more are shown.

China (243)	(%)
Increasing demand in local market	46.5
Increasing demand in export markets	30.0
Improvement in production efficiency, sales efficiency, and the operating rate	28.4
Reduction of labor costs	27.6
Reduction of other expenditures (e.g., administrative costs)	23.0

India (178)	(%)
Increasing demand in local market	78.7
Strengthened sales structure in local market	37.1
Improvement in production efficiency, sales efficiency, and the operating rate	30.3
Increasing demand in export markets	21.3
Reduction of procurement costs	15.2



(Note 1) Number of valid responses: 1,208 companies

(Note 2) Only items with response ratios of 10% or more are shown.

Indonesia (117)	(%)
Decreasing demand in local market	62.4
Rising labor costs	35.9
Decline in market share due to intensifying competition with other companies	24.8
Rising procurement costs	23.1
Decreasing demand in export markets	22.2

South Korea (33)	(%)
Decreasing demand in local market	63.6
Decline in market share due to intensifying competition with other companies	39.4
Decreasing demand in export markets	36.4
Rising labor costs	36.4
Rising procurement costs	18.2

II . Future Business Development

1 | Future business development (Summary)

Expansion intentions continue to rise in India and to decline in China

China hits a record low, but the extent of the decrease is narrowing

P17-18

The percentage of companies that selected “expansion” as their future business direction rose by 1.2 percentage points from the FY2024 survey. While India has continued to see an increase in responses indicating expansion, **China recorded another decline to a new record low (21.3%), although the extent of the decrease has narrowed.**

Around 90% in India cited the local market demand as its expansion reason

P20

As in the FY2024 survey, the most common reason cited for expansion was “**increase of local market demand,**” at 66.6%. The share was particularly high in **India (88.1%)**, Pakistan (75.0%), Myanmar (72.7%), Taiwan (71.3%), and Indonesia (70.9%).

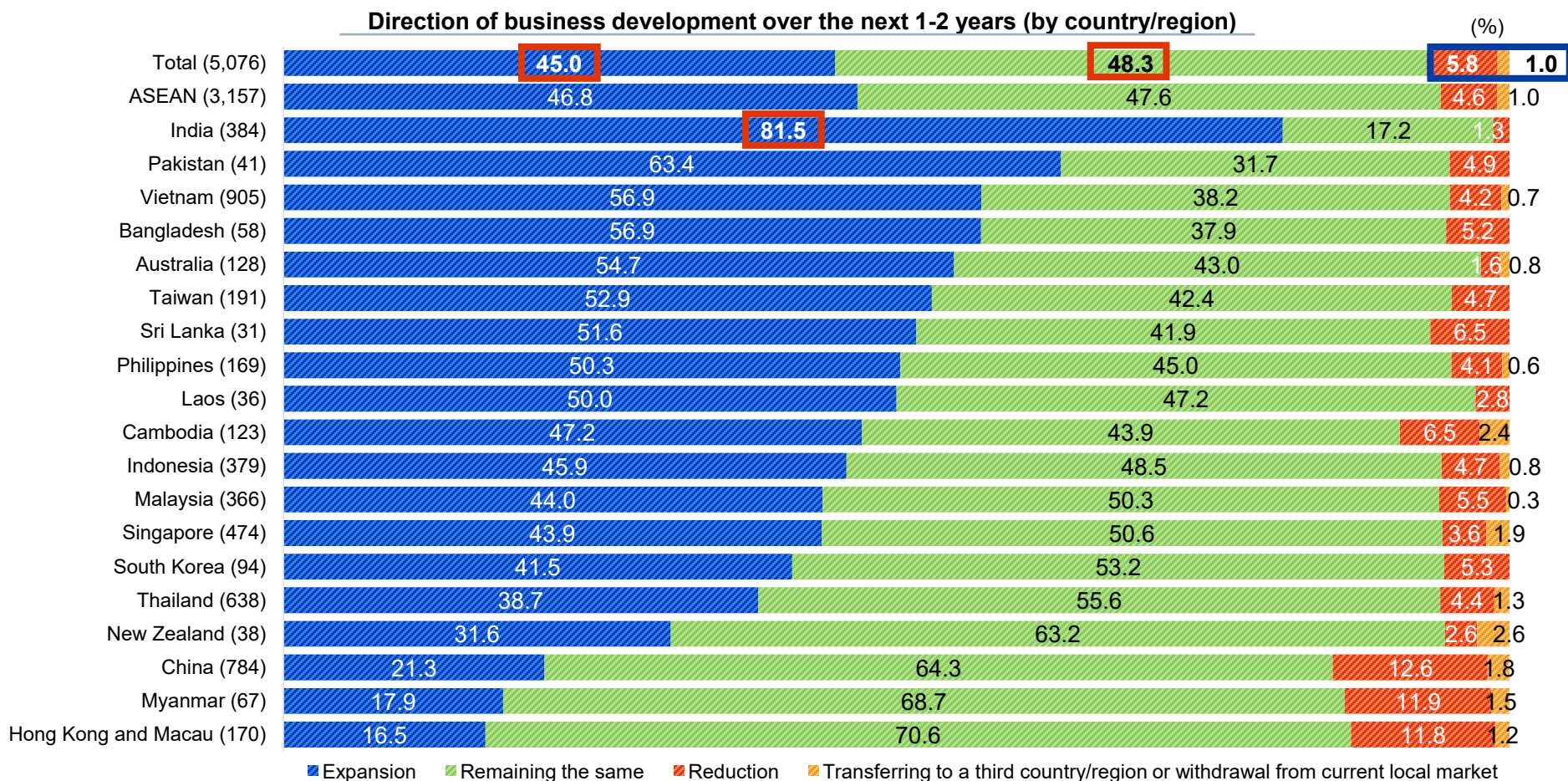
Expansion is centered on sales and production functions

P21-22

Among the functions to be expanded, **sales** was markedly higher than the others at **68.7%**. In Manufacturing, more than 40% of companies answered that they would expand **production of either high value-added products or general-purpose products, or both.** In **India**, where the share of companies expanding production functions is high, some initiatives involve relatively large-scale investments, such as constructing new plants.

2 | Future business development: Expansion intentions have increased slightly

- The share of companies that chose “expansion” as their future business direction was 45.0%, up 1.2 percentage points from the FY2024 survey (43.8%).
The combined share of companies answering “reduction” or “transferring to a third country/region or withdrawal from current local market” was 6.8%, up 0.9 percentage points from the FY2024 survey (5.9%).
- In India, the share of companies indicating “expansion” rose by 1.2 percentage points from the FY2024 survey to 81.5%, remaining the highest among all countries and regions.



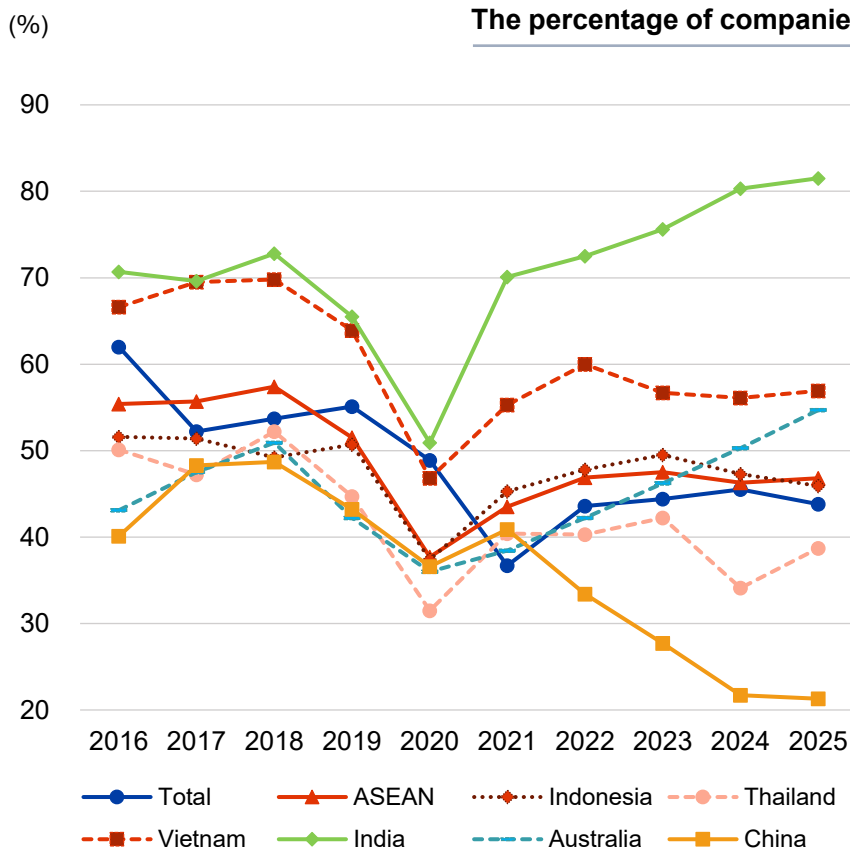
(Note) China's record low refers to the period since the FY2007 survey, when Non-manufacturing was first included.

3

Future business development: Expansion intentions have risen for 5 consecutive years in India and declined for 4 consecutive years in China

- Overall, the share of companies responding “expansion” has remained in the 40% range since the FY2021 survey, and ASEAN shows a similar trend.
- By country, India and Australia have shown an upward trend since the FY2021 survey. In China, the percentage has been on a declining trend since FY2022, hitting a new low of 21.3% in FY2025, although the extent of the decrease narrowed compared to FY2024.

The percentage of companies expecting to expand in the next 1-2 years



(%)

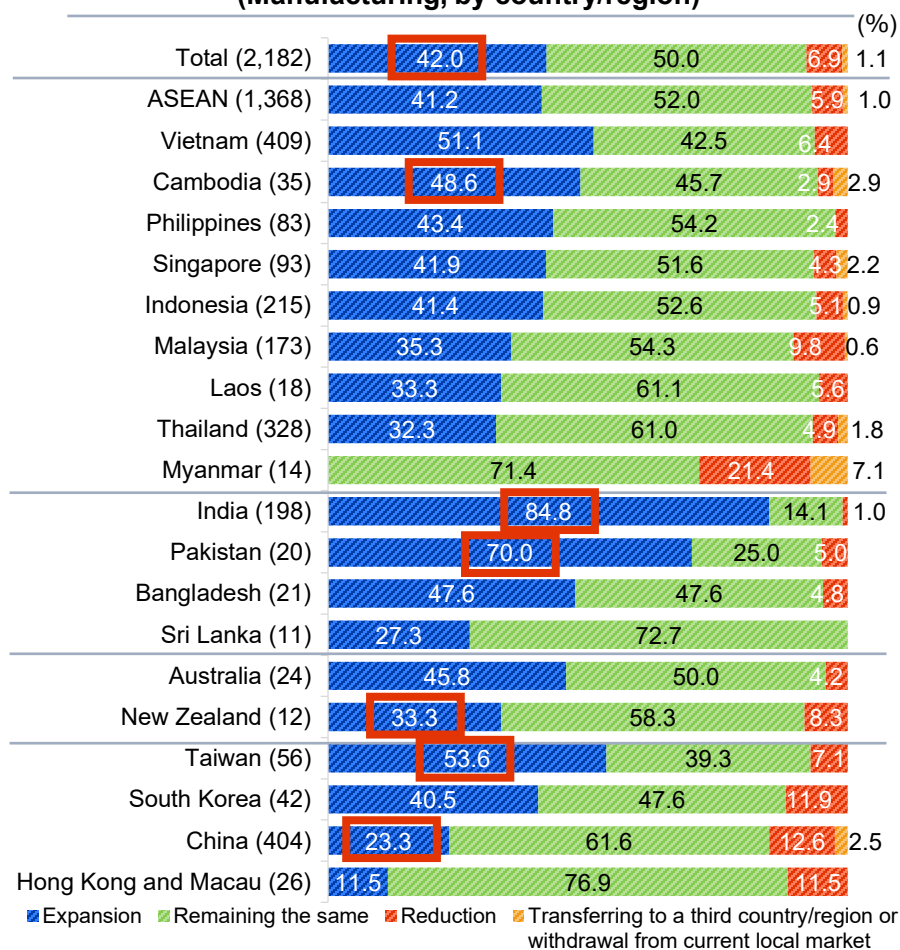
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total	52.2	53.7	55.1	48.9	36.7	43.6	44.4	45.5	43.8	45.0
ASEAN	55.4	55.7	57.4	51.5	37.7	43.5	46.9	47.5	46.3	46.8
Indonesia	51.6	51.4	49.2	50.7	37.4	45.3	47.8	49.5	47.3	45.9
Thailand	50.1	47.2	52.2	44.7	31.5	40.4	40.3	42.2	34.1	38.7
Vietnam	66.6	69.5	69.8	63.9	46.8	55.3	60.0	56.7	56.1	56.9
India	70.7	69.6	72.8	65.5	50.9	70.1	72.5	75.6	80.3	81.5
Australia	43.1	47.5	50.9	42.2	36.0	38.5	42.2	46.2	50.3	54.7
China	40.1	48.3	48.7	43.2	36.6	40.9	33.4	27.7	21.7	21.3

4

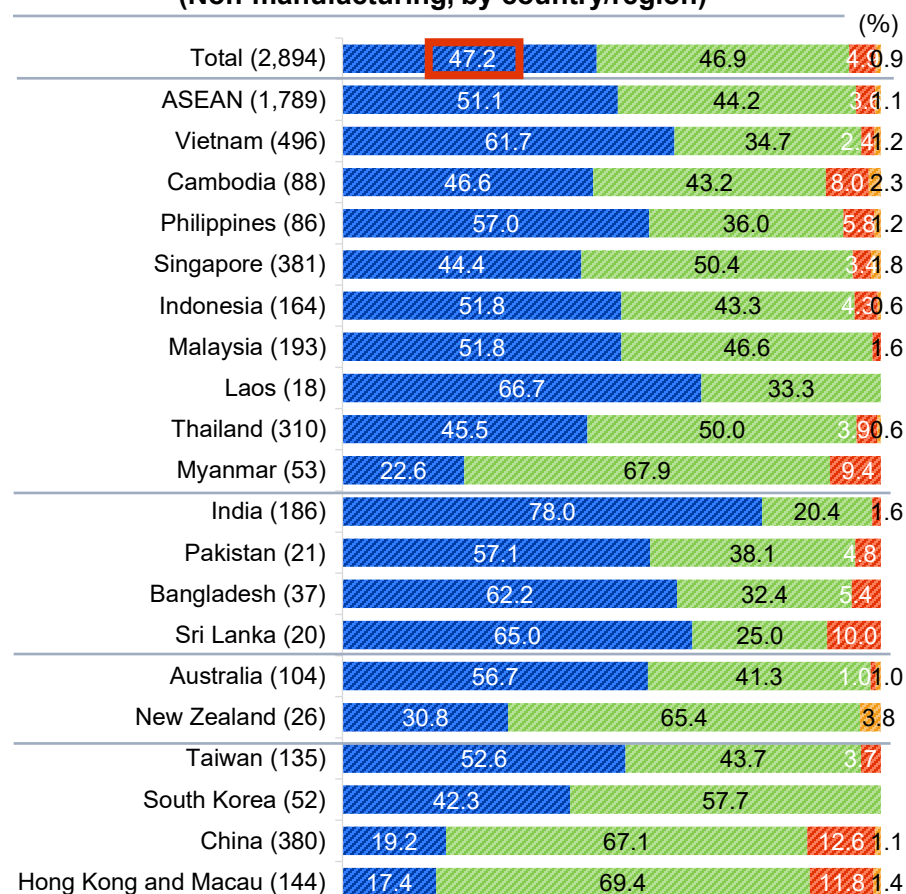
Future business development: Expansion intentions are higher in Non-manufacturing than in Manufacturing

- For business development over the next 1 to 2 years, 42.0% of companies in Manufacturing and 47.2% of companies in Non-manufacturing answered “expansion,” with Non-manufacturing exceeding Manufacturing by 5.2 percentage points.
- In Cambodia, India, Pakistan, New Zealand, Taiwan, and China, however, expansion intentions are higher in Manufacturing than in Non-manufacturing.

**Direction of business development over the next 1-2 years
(Manufacturing, by country/region)**



**Direction of business development over the next 1-2 years
(Non-manufacturing, by country/region)**



5 | Reasons for expanding business: “Increase of local market demand” is the most common reason

- As in the FY2024 survey, the most frequently cited reason for planning to “expand” business over the next 1 to 2 years was “increase of local market demand,” at 66.6%. By country and region, the share exceeded 80% in India and 70% in Pakistan, Myanmar, Taiwan, and Indonesia.

Reasons for planning to “expand” business over the next 1-2 years (by country/region, multiple responses)

(%)

	Increase of local market (country/region of location) demand	Increase of exports	High receptivity for high value-added products/services	Advanced competitiveness over rival companies	High advantage in human resources	Deregulation	Expansion of privilege	Other
Total (2,254)	66.6	30.3	22.1	19.4	7.4	1.2	0.9	9.6
ASEAN (1,461)	62.3	32.7	20.4	18.6	7.5	1.1	0.7	10.1
Vietnam (509)	60.1	39.1	16.3	13.8	10.4	2.0	0.2	9.2
Thailand (245)	60.8	35.9	24.9	23.7	7.8	0.8	2.0	8.6
Singapore (204)	59.3	28.4	18.1	12.7	2.9	0.0	0.5	12.3
Indonesia (172)	70.9	23.3	20.9	27.9	5.8	0.6	0.0	9.3
Malaysia (160)	66.9	28.1	30.0	22.5	5.6	0.6	0.6	11.9
Philippines (85)	60.0	25.9	14.1	17.6	5.9	0.0	2.4	12.9
Cambodia (58)	62.1	27.6	31.0	25.9	10.3	1.7	0.0	8.6
Laos (17)	58.8	41.2	5.9	11.8	0.0	0.0	0.0	5.9
Myanmar (11)	72.7	27.3	18.2	18.2	18.2	9.1	0.0	18.2
India (310)	88.1	23.5	21.3	21.0	6.1	1.3	1.9	7.1
Bangladesh (33)	66.7	30.3	18.2	24.2	15.2	0.0	3.0	12.1
Pakistan (24)	75.0	25.0	12.5	12.5	4.2	4.2	0.0	4.2
Sri Lanka (16)	56.3	18.8	25.0	6.3	6.3	0.0	0.0	6.3
Australia (67)	64.2	20.9	29.9	22.4	7.5	1.5	3.0	13.4
New Zealand (12)	66.7	16.7	16.7	16.7	16.7	0.0	0.0	16.7
China (163)	66.9	33.1	31.3	22.1	6.1	0.6	0.6	8.6
Taiwan (101)	71.3	26.7	34.7	24.8	7.9	1.0	0.0	6.9
South Korea (39)	61.5	12.8	25.6	12.8	2.6	0.0	0.0	12.8
Hong Kong and Macau (28)	50.0	42.9	14.3	17.9	17.9	7.1	0.0	17.9

(Note) Countries/regions where the response ratio is 70% or higher are shown in dark orange, those between 50% and less than 70% in orange, and those between 30% and less than 50% in light orange.

6

Functions to be expanded: “Sales” remain in first place

- Among companies that intend to “expand” their business, the functions to be expanded were led by “sales” at 68.7%, far exceeding the other functions, followed by “new business development,” “production (high value-added products),” and “production (general-purpose products).”
- By country and region, the share for “sales” exceeded 80% in Pakistan and New Zealand, and exceeded 70% in all countries and regions in Northeast Asia.

Functions to be expanded (by country/region, multiple responses)

(%)

	Sales	New business development	Production (high-value-added products)	Production (general-purpose products)	Customer service	Research and development (R&D)	Function of regional headquarters	Others
Total (2,259)	68.7	27.2	25.4	20.4	17.8	8.0	4.3	7.3
ASEAN (1,464)	67.3	26.2	24.6	20.4	16.3	6.0	4.4	7.9
Vietnam (511)	63.2	22.7	27.4	26.4	14.3	5.9	2.0	7.2
Thailand (245)	68.6	26.5	28.2	16.7	16.7	5.7	4.1	4.5
Singapore (206)	75.7	28.6	14.1	2.9	17.5	4.9	12.6	10.7
Indonesia (171)	69.0	26.3	29.8	28.7	16.4	7.6	0.6	6.4
Malaysia (160)	72.5	31.3	25.6	16.3	16.9	6.9	8.1	8.8
Philippines (84)	61.9	21.4	20.2	25.0	21.4	9.5	3.6	13.1
Cambodia (58)	55.2	39.7	22.4	25.9	15.5	1.7	1.7	15.5
Laos (17)	70.6	17.6	0.0	29.4	23.5	5.9	0.0	0.0
Myanmar (12)	66.7	41.7	0.0	0.0	16.7	0.0	0.0	8.3
India (310)	70.3	28.1	31.0	30.6	24.8	11.0	5.8	4.8
Bangladesh (33)	60.6	27.3	30.3	36.4	18.2	3.0	0.0	21.2
Pakistan (25)	84.0	32.0	28.0	24.0	28.0	8.0	4.0	0.0
Sri Lanka (16)	56.3	25.0	31.3	6.3	25.0	12.5	6.3	6.3
Australia (68)	69.1	41.2	13.2	4.4	23.5	7.4	0.0	8.8
New Zealand (12)	83.3	41.7	8.3	8.3	25.0	16.7	0.0	0.0
China (164)	70.7	23.8	36.0	20.7	9.8	17.1	3.7	3.7
Taiwan (100)	75.0	30.0	12.0	6.0	22.0	13.0	5.0	10.0
South Korea (39)	74.4	30.8	25.6	7.7	23.1	10.3	2.6	2.6
Hong Kong and Macau (28)	75.0	28.6	17.9	7.1	10.7	7.1	3.6	14.3

(Note) Countries/regions where the response ratio is 70% or higher are shown in dark orange, those between 50% and less than 70% in orange, and those between 30% and less than 50% in light orange.

7 Functions to be expanded: In Manufacturing, companies plan to expand not only sales functions but also production functions

Manufacturing only

- Among Manufacturing companies, more than 40% answered that they would expand production either of high value-added products or general-purpose products, or both. The share was relatively high for production (general-purpose products) in ASEAN and Southwest Asia, and for production (high-value-added products) in Oceania and Northeast Asia.
- In India, where a high share of companies are expanding production functions, some respondents mentioned relatively large-scale investment projects, such as building new plants.

Functions to be expanded (Manufacturing, by country/region) (%)

	Sales	Production (high value-added products)	Production (general-purpose products)	New business development	R&D	Customer service
Total (909)	65.9	46.1	43.5	17.3	12.4	10.1
ASEAN (557)	63.4	45.6	46.0	15.3	8.6	7.9
Vietnam (207)	57.5	49.8	56.0	10.1	7.7	5.8
Thailand (105)	61.0	48.6	31.4	22.9	8.6	6.7
Indonesia (86)	72.1	47.7	51.2	16.3	10.5	7.0
Malaysia (61)	68.9	50.8	39.3	18.0	11.5	11.5
Singapore (39)	92.3	28.2	2.6	12.8	7.7	20.5
Philippines (36)	55.6	36.1	52.8	25.0	11.1	8.3
Cambodia (17)	47.1	23.5	82.4	5.9	0.0	5.9
Laos (6)	33.3	0.0	83.3	0.0	0.0	0.0
India (167)	65.3	50.3	52.7	19.8	15.6	16.8
Pakistan (14)	100.0	35.7	42.9	14.3	7.1	28.6
Bangladesh (10)	80.0	60.0	60.0	0.0	10.0	20.0
Australia (11)	90.9	45.5	9.1	36.4	27.3	45.5
China (93)	67.7	48.4	29.0	17.2	23.7	1.1
Taiwan (30)	73.3	26.7	16.7	26.7	23.3	20.0
South Korea (17)	70.6	41.2	17.6	47.1	17.6	11.8

(Note 1) Countries and regions with at least 5 valid responses. Only functions with response ratios of 10% or more are shown.

(Note 2) Items with response ratios of 70% or higher are shown in dark orange, those between 50% and less than 70% in orange, and those between 30% and less than 50% in light orange.

Details of business expansion (Manufacturing, open-ended comments)

Vietnam

- Expansion of production of seasonal products (Textiles/Textile apparel)
- Expansion of sales to local companies (Chemicals/Medicine)
- Expansion of product lineups (Iron/Nonferrous metals/Metals)
- Expansion of domestic sales channels (Food)

Thailand

- Expansion of orders from new customers (General machinery)
- Expansion of orders for products bound for India (Transportation equipment parts)

Indonesia

- Increase in production volume (Food)
- Expansion of newly handled items (Transportation equipment parts)

India

- Launch of new plants and expansion of product lineups (General machinery)
- Expansion of sales to local automobile-related companies (Chemicals/Medicine)
- Expansion of production and sales through in-house manufacturing (Transportation equipment parts)

China

- Development and rollout of products tailored to local needs (Food)
- Expansion of in-vehicle product lineups (Electrical machinery parts/Electronic device parts)
- Expansion of sales to local manufacturers (Transportation equipment parts)

(Note 3) Open-ended comments have been supplemented and edited, as necessary, to clarify the intent of the respondents without alteration.

III. Impact of Additional U.S. Tariffs

(Note) For questions in this section regarding the “impact on the operating profit forecast,” it was assumed that tariff increases imposed by the second Donald Trump administration in the U.S., as well as countermeasures taken by the host country/region and by third countries/regions, had been implemented by August 15, 2025.

1 | Impact of additional U.S. tariffs (Summary)

1 Whether companies are transacting with the United States

Direct exports to the United States account for **just over 10%**, and even including indirect exports, the figure remains below 30%. In South Korea, direct exports account for **roughly 60%**, a notably high level.
In Manufacturing, the share of companies “exporting to the United States” exceeds 40%, more than double the share in Non-manufacturing.

P25-26

3 Reasons for negative impact on operating profit

[Companies **exporting** to the United States] **A decrease in demand in the U.S. market** was cited the most frequently (57.2%).
[Companies **not** exporting to the United States] **Decrease in demand in the local market** was cited the most frequently (36.6%).

P28-29

2 Impact on operating profit

[Companies **exporting** to the United States]
Uncertain at this time: 37.6%
Significant negative impact: **36.5%**
[Companies **not** exporting to the United States]
Uncertain at this time: 41.6%
Significant negative impact: **12.4%**

P27

4 Response measures to tariff increases

[Companies **exporting** to the United States] **Reducing costs within the company** was cited the most frequently (57.1%).
[Companies **not** exporting to the United States] **“None” (no particular measures)** was cited the most frequently (45.7%).

P30-31

Companies exporting to the United States (1,240 companies)

- U.S. tariffs increases are putting downward pressure on operating profit due to factors such as **decreased demand in the U.S. market and a decline in cost competitiveness**.
- As response measures, most companies seek to **maintain exports to the United States while absorbing the impact of U.S. tariffs through cost reductions and price negotiations with business partners**.
- Some also aim to adjust existing supply chains and diversify sales channels to markets other than the United States.

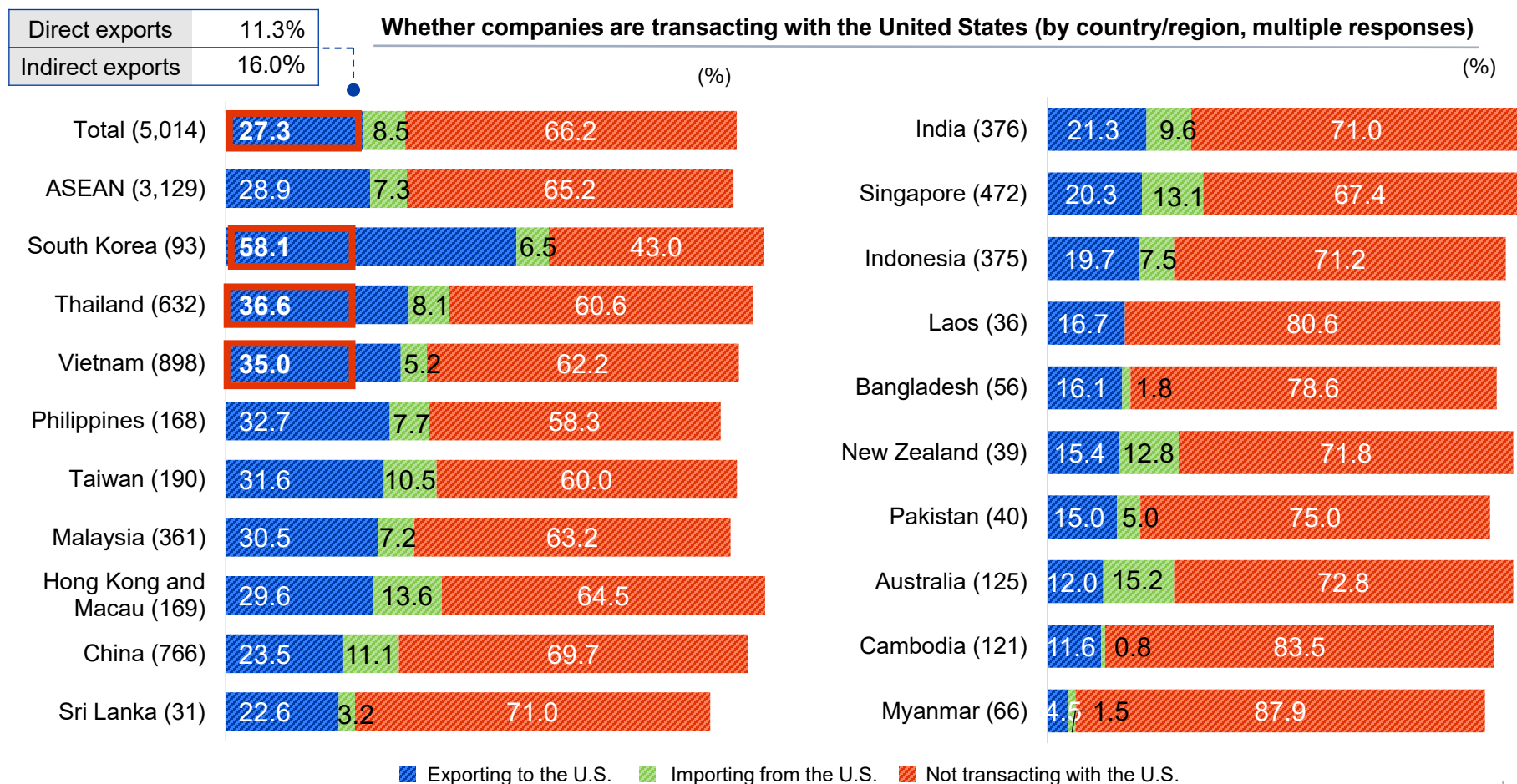
Companies not exporting to the United States (3,737 companies)

- The most common response was that U.S. tariffs had no impact. **Only just over 10% reported a significant negative impact**.
- Negative factors mainly reflected the indirect effects of U.S. tariffs increases, such as **decreased demand in the local market** where the company is located and **lower sales due to a global economic downturn**.
- While **“None” (no particular measures)** was the most common response regarding countermeasures, some companies indicated efforts to reduce costs or expand sales in the local market.

2

Whether companies are transacting with the United States (by country/region): Exports to the United States from Asia are limited overall, but vary by country/region

- Overall, 27.3% of companies reported “exports to the United States”; of these, direct exports accounted for 11.3%, and indirect exports (via third countries/regions, etc.) accounted for 16.0%.
- By country/region, South Korea was notably higher than other countries at 58.1%, followed by Thailand (36.6%) and Vietnam (35.0%).



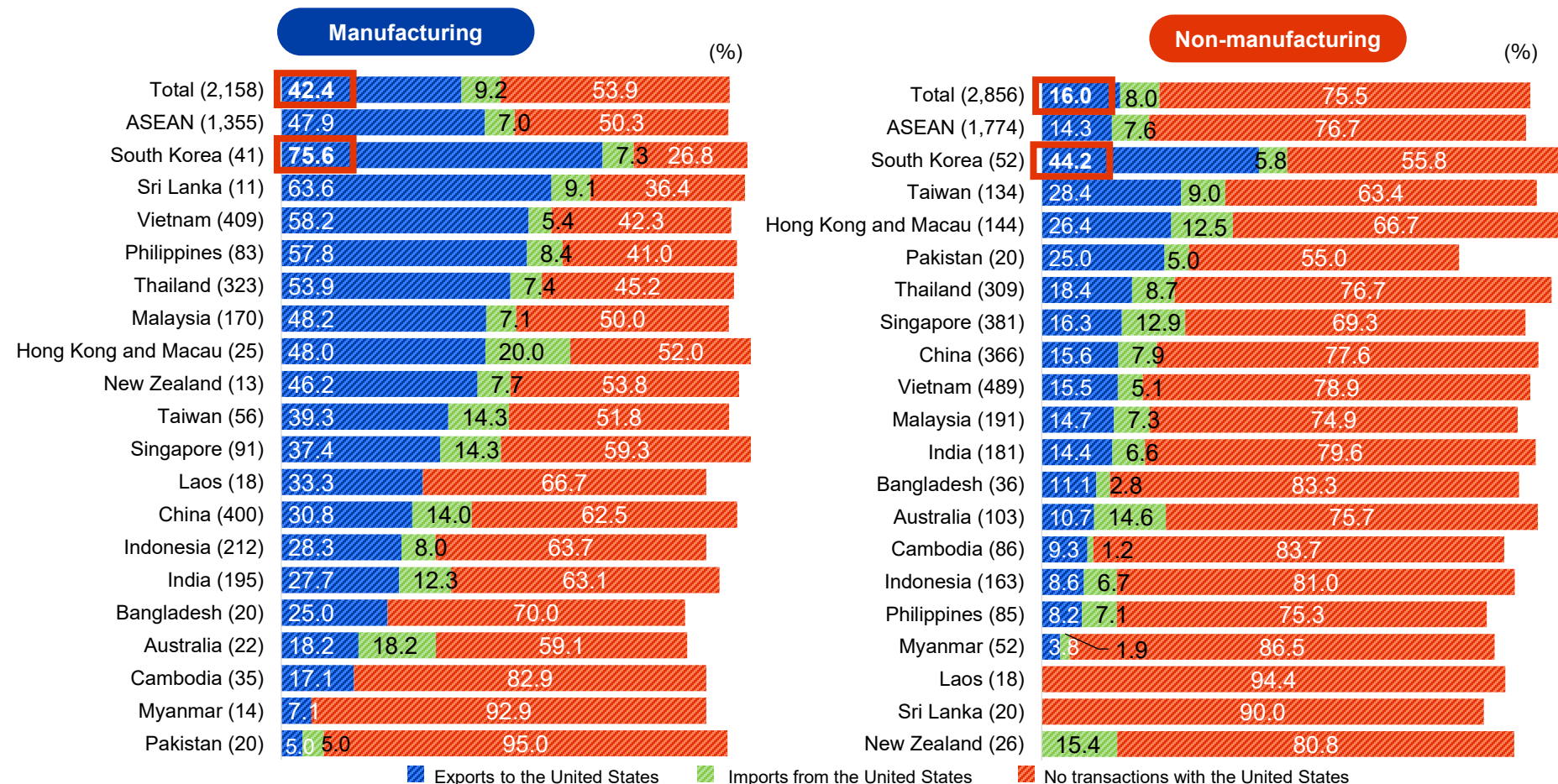
(Note) “Exports to (imports from) the United States” include exports (imports) conducted directly or via third countries/regions and business partners.

3

Impact of additional U.S. tariffs (by industry): In Manufacturing, companies “exporting to the United States” account for over 40%, more than double the share in Non-manufacturing

- Comparing Manufacturing and Non-manufacturing, the share of companies that answered they are “exporting to the United States” was 42.4% in Manufacturing and 16.0% in Non-manufacturing, meaning that the share in Manufacturing was more than double. In South Korea, both Manufacturing (75.6%) and Non-manufacturing (44.2%) marked record-high shares.

Whether companies are transacting with the United States (by country/region, multiple responses)



(Note 1) “Exports to (imports from) the United States” include exports (imports) conducted directly or via third countries/regions and business partners. Copyright © 2026 JETRO. All rights reserved.
(Note 2) The response ratios do not total 100% because “Other” has been excluded.

4 Impact on operating profit forecasts: Among companies exporting to the United States, more than 30% reported a negative impact

- For both companies “exporting” and “not exporting” to the United States, around 40% answered that the impact is “uncertain at this time.”
- Regarding negative impacts, the share was higher among companies exporting to the United States than among those that do not. Among companies exporting to the United States, the impact was particularly large in Northeast Asia, with China exceeding 50% (53.4%), followed by South Korea (43.5%), Hong Kong and Macau (41.9%), and Taiwan (41.8%).

Impact of U.S. tariffs increase measures, etc. on operating profit forecasts (January–December 2025), by country/region

Companies exporting to the United States

(%)

	Significant positive impact	Significant negative impact	Negative and positive impacts will be equal	No impact	Uncertain at this point
Total (1,240)	2.6	36.5	4.4	18.9	37.6
ASEAN (821)	3.4	32.2	4.8	17.4	42.3
Cambodia (14)	0.0	28.6	14.3	21.4	35.7
Indonesia (73)	0.0	26.0	4.1	24.7	45.2
Malaysia (100)	2.0	32.0	8.0	18.0	40.0
Philippines (47)	6.4	34.0	2.1	19.1	38.3
Singapore (90)	2.2	24.4	6.7	15.6	51.1
Thailand (210)	1.9	36.2	2.4	14.8	44.8
Vietnam (278)	5.8	33.8	5.0	17.3	38.1
India (74)	1.4	41.9	1.4	23.0	32.4
Australia (12)	8.3	25.0	0.0	25.0	41.7
China (163)	0.0	53.4	4.3	22.1	20.2
Hong Kong and Macau (43)	2.3	41.9	4.7	16.3	34.9
Taiwan (55)	0.0	41.8	3.6	27.3	27.3
South Korea (46)	0.0	43.5	2.2	17.4	37.0

Companies not exporting to the United States

(%)

	Significant positive impact	Significant negative impact	Negative and positive impacts will be equal	No impact	Uncertain at this point
Total (3,737)	0.8	12.4	2.0	43.2	41.6
ASEAN (2,290)	0.7	12.2	2.1	40.7	44.2
Cambodia (107)	0.0	11.2	2.8	45.8	40.2
Indonesia (302)	0.7	14.2	1.7	41.4	42.1
Laos (30)	0.0	6.7	0.0	60.0	33.3
Malaysia (259)	0.4	15.1	2.3	35.9	46.3
Myanmar (62)	0.0	6.5	0.0	45.2	48.4
Philippines (119)	0.0	12.6	0.8	44.5	42.0
Singapore (379)	0.8	13.2	2.9	41.4	41.7
Thailand (421)	1.4	11.2	2.1	39.2	46.1
Vietnam (611)	0.8	11.0	2.3	39.9	46.0
Bangladesh (47)	4.3	4.3	0.0	40.4	51.1
India (300)	0.7	9.0	2.0	48.7	39.7
Pakistan (34)	0.0	5.9	5.9	67.6	20.6
Sri Lanka (24)	0.0	12.5	0.0	50.0	37.5
Australia (112)	1.8	14.3	4.5	43.8	35.7
New Zealand (34)	0.0	5.9	0.0	64.7	29.4
China (589)	0.7	12.6	0.8	50.1	35.8
Hong Kong and Macau (126)	0.0	20.6	1.6	43.7	34.1
Taiwan (135)	0.7	17.8	3.7	36.3	41.5
South Korea (46)	2.2	21.7	0.0	30.4	45.7

(Note 1) Countries and regions with at least 10 valid responses.

(Note 2) Values that are at least 5 percentage points higher than the overall total are shown in light orange, and those at least 10 percentage points higher are shown in orange.

5

Reasons for negative impacts (companies exporting to the United States): About 60% of companies exporting to the United States are seeing lower profits due to decreased demand in the U.S. market

- Among companies that answered both “exporting to the United States” and “negative impact,” the main factors cited were “**decreasing demand in the U.S. market**” (57.2%) and “**decreasing cost competitiveness**” (33.2%). As for indirect effects, more than 20% cited “**decreasing demand in the local market**” (22.4%) as a factor.

Reasons cited for negative impacts (by country/region, multiple responses)

Companies exporting to the U.S.

Direct impact (decrease in operating profit in the U.S.) (%)

	<U.S. market>		
	Decreasing demand	Decreasing cost competitiveness	Intensifying competition
Total (500)	57.2	33.2	9.8
ASEAN (297)	60.9	33.0	12.1
Indonesia (22)	54.5	59.1	4.5
Malaysia (39)	51.3	28.2	15.4
Philippines (16)	56.3	25.0	12.5
Singapore (27)	48.1	29.6	11.1
Thailand (81)	64.2	33.3	11.1
Vietnam (106)	67.9	30.2	14.2
India (32)	50.0	34.4	0.0
China (92)	54.3	33.7	6.5
Hong Kong and Macau (20)	55.0	20.0	5.0
Taiwan (25)	48.0	36.0	12.0
South Korea (21)	47.6	52.4	14.3

Indirect impact (decrease in operating profit outside the U.S.) (%)

<Local market>			<Markets outside the U.S. and the local market>			<Other>	
Decreasing demand	Decreasing cost competitiveness	Intensifying competition	Decreasing demand	Decreasing cost competitiveness	Intensifying competition	Decrease in sales due to an economic downturn	Increasing procurement costs
22.4	9.2	8.8	8.8	2.0	3.8	19.0	13.2
22.6	9.1	9.1	9.8	2.4	4.0	19.2	11.8
13.6	0.0	4.5	9.1	0.0	0.0	40.9	9.1
33.3	15.4	10.3	12.8	7.7	7.7	25.6	15.4
18.8	6.3	6.3	18.8	0.0	0.0	25.0	31.3
18.5	3.7	11.1	18.5	3.7	11.1	25.9	11.1
25.9	7.4	11.1	6.2	0.0	3.7	14.8	9.9
18.9	10.4	8.5	7.5	2.8	2.8	12.3	10.4
18.8	6.3	3.1	0.0	0.0	6.3	6.3	12.5
21.7	5.4	7.6	6.5	1.1	1.1	17.4	19.6
20.0	15.0	5.0	10.0	0.0	0.0	20.0	25.0
36.0	12.0	16.0	8.0	4.0	8.0	32.0	4.0
9.5	14.3	14.3	14.3	4.8	4.8	19.0	9.5

(Note 1) Countries and regions with at least 10 valid responses.

(Note 2) Values that are at least 5 percentage points higher than the overall total are shown in light orange, and those at least 10 percentage points higher are shown in orange.

6

Reasons for negative impacts (companies not exporting to the United States): Just over 30% of companies without exports to the United States report lower profits due to indirect factors

- Among companies that answered both “not exporting to the United States” and “negative impact,” the main factors cited were indirect effects such as “decreasing demand in the local market” (36.6%) and “decline in sales due to an economic downturn” (33.0%).

Reasons cited for negative impacts (by country/region, multiple responses)

Companies not exporting to the U.S.

Indirect impact (decrease in operating profit in the U.S. and in markets outside the U.S.)

(%)

	<U.S. market>			<Local market>			<Markets outside the U.S. and the local market>			<Other>	
	Decreasing demand	Decreasing cost competitive-ness	Intensifying competition	Decreasing demand	Decreasing cost competitive-ness	Intensifying competition	Decreasing demand	Decreasing cost competitive-ness	Intensifying competition	Decrease in sales due to economic downturn	Increasing procurement costs
Total (530)	16.0	4.9	2.1	36.6	7.7	13.2	6.2	1.9	4.0	33.0	23.0
ASEAN (321)	15.0	5.0	1.2	40.8	6.2	16.2	5.9	1.6	3.4	34.9	21.8
Cambodia (15)	20.0	6.7	0.0	40.0	6.7	20.0	6.7	6.7	6.7	60.0	26.7
Indonesia (48)	16.7	2.1	2.1	29.2	10.4	10.4	4.2	0.0	2.1	41.7	25.0
Malaysia (43)	16.3	2.3	0.0	41.9	7.0	16.3	11.6	0.0	4.7	46.5	20.9
Philippines (16)	31.3	0.0	0.0	18.8	6.3	25.0	12.5	0.0	0.0	50.0	50.0
Singapore (59)	10.2	3.4	0.0	50.8	10.2	16.9	5.1	3.4	5.1	28.8	20.3
Thailand (54)	13.0	7.4	3.7	42.6	5.6	16.7	5.6	3.7	3.7	25.9	14.8
Vietnam (80)	12.5	7.5	1.3	45.0	1.3	17.5	2.5	0.0	2.5	30.0	20.0
India (32)	9.4	6.3	3.1	46.9	12.5	6.3	0.0	0.0	6.3	28.1	6.3
Australia (21)	14.3	9.5	4.8	19.0	0.0	4.8	23.8	4.8	19.0	38.1	28.6
China (78)	23.1	0.0	1.3	26.9	9.0	9.0	7.7	2.6	3.8	25.6	35.9
Hong Kong and Macau (28)	17.9	7.1	3.6	35.7	14.3	7.1	7.1	7.1	3.6	39.3	32.1
Taiwan (29)	10.3	10.3	10.3	31.0	13.8	20.7	0.0	0.0	0.0	34.5	6.9
South Korea (10)	10.0	10.0	0.0	20.0	20.0	0.0	10.0	0.0	0.0	10.0	30.0

(Note 1) Countries and regions with at least 10 valid responses.

(Note 2) Values that are at least 5 percentage points higher than the overall total are shown in light orange, and those at least 10 percentage points higher are shown in orange.

7 | Response measures to U.S. tariffs increases, etc. (companies exporting to the United States): Most companies exporting to the United States respond by absorbing the costs internally

- As response measures to U.S. tariffs increases, etc., many companies exporting to the United States **seek to maintain their exports to the U.S.** by absorbing the impact of tariffs through measures such as **reducing their own costs and negotiating prices with business partners.**
- There are also signs that companies are seeking to adjust their supply chains and diversify their sales markets outside the United States.

Response measures to tariff increases in the U.S. and other countries/regions (including future plans) (by country/region, multiple responses)

Companies exporting to the U.S.

(%)

	Maintaining exports to the U.S. (via price adjustments)			Maintaining exports to the U.S. (via adjustment of existing SCs)			Diversifying sales markets		Other	
	Reducing costs within the company	Price negotiations with suppliers	Passing on the costs of tariff increases to prices	Diversifying procurement sources	Changing raw materials and parts	Diversifying production sites	Increasing local sales	Developing sales in markets outside the U.S.	Transfer of production to the U.S.	None
Total (1,229)	57.1	35.3	19.3	29.5	19.4	17.3	28.6	22.3	2.0	16.1
ASEAN (813)	58.1	35.2	20.2	28.8	20.7	16.5	27.2	20.4	1.8	16.9
Cambodia (14)	42.9	50.0	7.1	7.1	21.4	35.7	14.3	28.6	0.0	28.6
Indonesia (72)	56.9	31.9	16.7	30.6	11.1	9.7	22.2	19.4	0.0	25.0
Malaysia (96)	62.5	39.6	14.6	29.2	20.8	24.0	26.0	17.7	1.0	16.7
Philippines (47)	68.1	40.4	25.5	19.1	25.5	21.3	25.5	14.9	2.1	17.0
Singapore (88)	52.3	30.7	34.1	35.2	10.2	21.6	23.9	23.9	5.7	13.6
Thailand (210)	60.0	34.8	22.4	24.8	22.4	12.4	28.1	20.0	2.4	16.7
Vietnam (277)	56.3	33.9	16.6	31.0	23.8	14.8	30.3	20.9	1.1	15.9
India (75)	54.7	36.0	14.7	30.7	16.0	13.3	38.7	18.7	2.7	20.0
Australia (12)	58.3	50.0	8.3	50.0	8.3	8.3	50.0	33.3	0.0	8.3
China (161)	61.5	30.4	16.1	26.1	22.4	20.5	34.2	20.5	1.9	10.6
Hong Kong and Macau (42)	59.5	33.3	23.8	42.9	16.7	28.6	28.6	33.3	2.4	16.7
Taiwan (55)	52.7	43.6	16.4	25.5	9.1	21.8	23.6	34.5	3.6	16.4
South Korea (45)	33.3	42.2	24.4	31.1	8.9	13.3	20.0	33.3	2.2	17.8

(Note 1) Countries and regions with at least 10 valid responses. (Note 2) "SC" refers to the supply chain.

(Note 3) Values that are at least 5 percentage points higher than the overall total are shown in light orange, and those at least 10 percentage points higher are shown in orange.

8

Response measures to U.S. tariffs increases, etc. (companies not exporting to the United States): Companies not exporting to the United States are also mindful of cost reductions and expanding sales in local markets

- Among companies not exporting to the United States, the most common response was “no particular measures” at 45.7%.
- Some companies answered that they would seek to reduce costs (33.7%) or expand sales in the local market (22.7%).

Response measures to tariff increases in the U.S. and other countries/regions (including future plans) (by country/region, multiple responses)

Companies not exporting to the U.S. (%)										
	Adjusting prices			Adjusting existing SCs			Diversifying sales markets		Other	
	Reducing costs within the company	Price negotiations with suppliers	Passing on the costs of tariff increases to prices	Diversifying procurement sources	Changing raw materials and parts	Diversifying production sites	Increasing local sales	Developing sales in markets outside the U.S.	Transfer of production to the U.S.	None
Total (3,629)	33.7	21.6	7.3	18.9	10.7	8.6	22.7	5.8	0.3	45.7
ASEAN (2,220)	35.0	23.6	7.2	19.1	10.9	7.9	23.5	5.8	0.3	44.7
Cambodia (106)	33.0	18.9	4.7	15.1	10.4	5.7	20.8	3.8	0.0	52.8
Indonesia (296)	43.2	28.7	9.5	21.3	12.2	5.7	30.4	5.4	0.7	37.5
Laos (30)	26.7	16.7	3.3	16.7	13.3	10.0	13.3	10.0	0.0	50.0
Malaysia (252)	36.5	23.0	9.1	19.8	11.1	9.1	20.6	7.5	0.4	42.5
Myanmar (59)	23.7	11.9	6.8	15.3	3.4	3.4	5.1	6.8	0.0	61.0
Philippines (117)	47.9	32.5	12.0	23.1	13.7	6.8	21.4	4.3	0.0	34.2
Singapore (363)	30.0	22.0	9.1	21.5	6.6	11.3	22.0	5.5	0.6	45.7
Thailand (406)	34.7	24.9	5.4	15.5	12.1	6.4	25.9	5.2	0.0	44.8
Vietnam (591)	32.8	22.0	5.1	19.3	12.0	8.5	23.9	6.1	0.2	47.4
Bangladesh (46)	21.7	26.1	6.5	23.9	15.2	19.6	8.7	6.5	0.0	52.2
India (289)	29.4	19.0	6.9	23.5	11.1	7.6	33.9	5.9	0.7	43.3
Pakistan (33)	24.2	12.1	6.1	9.1	3.0	12.1	12.1	3.0	0.0	63.6
Sri Lanka (23)	21.7	13.0	8.7	13.0	4.3	0.0	17.4	4.3	0.0	56.5
Australia (108)	33.3	22.2	6.5	12.0	1.9	6.5	19.4	5.6	0.0	45.4
New Zealand (34)	17.6	17.6	8.8	14.7	8.8	2.9	14.7	5.9	0.0	58.8
China (577)	36.2	18.7	7.1	17.7	13.7	9.2	18.4	5.2	0.3	47.1
Hong Kong and Macau (118)	26.3	15.3	8.5	22.0	9.3	21.2	16.1	7.6	0.8	46.6
Taiwan (135)	31.9	19.3	11.1	19.3	5.9	8.1	23.0	7.4	0.0	49.6
South Korea (46)	30.4	10.9	6.5	10.9	6.5	8.7	19.6	6.5	2.2	41.3

(Note 1) Countries and regions with at least 10 valid responses. (Note 2) “SC” refers to the supply chain.

(Note 3) Values that are at least 5 percentage points higher than the overall total are shown in light orange, and those at least 10 percentage points higher are shown in orange.

IV. Labor Shortages and Wages

1 | Labor shortages and wages (Summary)

More than 30% report that “recruitment is becoming difficult”

The difficulty of recruitment continues to rise in each country and region

P34

8.0% of companies answered that, over the past 2 years, “recruitment is becoming easier,” while 34.3% answered that “recruitment is becoming difficult.” By country and region, the trend is **unchanged from similar FY2023 survey**. Laos and Myanmar ranked high in terms of increased difficulty in recruitment, while China and Indonesia ranked low.

The main competitors are local companies; in ASEAN, Chinese companies are also major competitors

P35-36

As reasons why “recruitment is becoming difficult,” around 70% cited rising demands for wages and around 40% cited intensifying competition with other companies. Although local companies are the main competitors in the competition for human resources, **in half of the countries in ASEAN, Chinese companies surpassed Japanese-affiliated firms.**

To improve human resource retention, measures include reviewing salary levels

P37

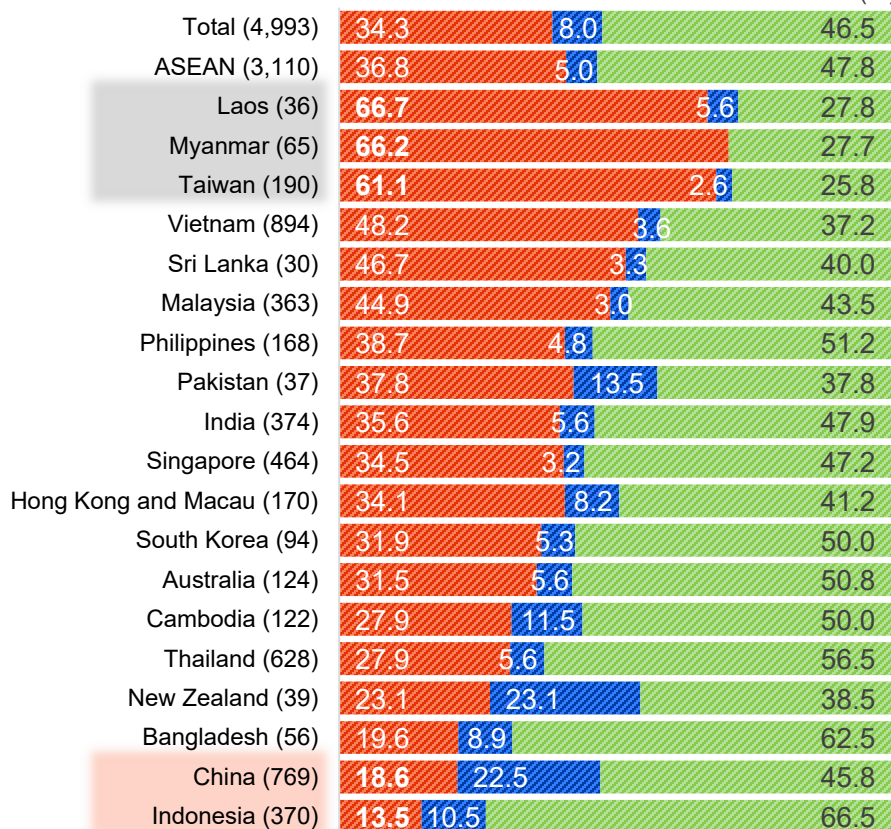
As for efforts to recruit and retain human resources, examples on the recruitment side included **using social media and conducting recruitment activities in partnership with universities**. On the retention side, many companies mentioned measures such as **reviewing salary levels in light of trends at other companies** and **providing Japanese-language training**.

2 | Changes in the employment environment over the past 2 years: In Laos, Myanmar, and Taiwan, more than 60% report that recruitment has become more difficult

- In terms of changes in the employment environment over the past 2 years, the share of companies answering that “recruitment is becoming difficult” was high in Laos (66.7%), Myanmar (66.2%), and Taiwan (61.1%), with little change from the results of a similar survey in FY2023 (no survey was conducted in FY2024).
- The share was low in Indonesia (13.5%) and China (18.6%), and even in countries where the share was low, there were no major changes in the overall trend.

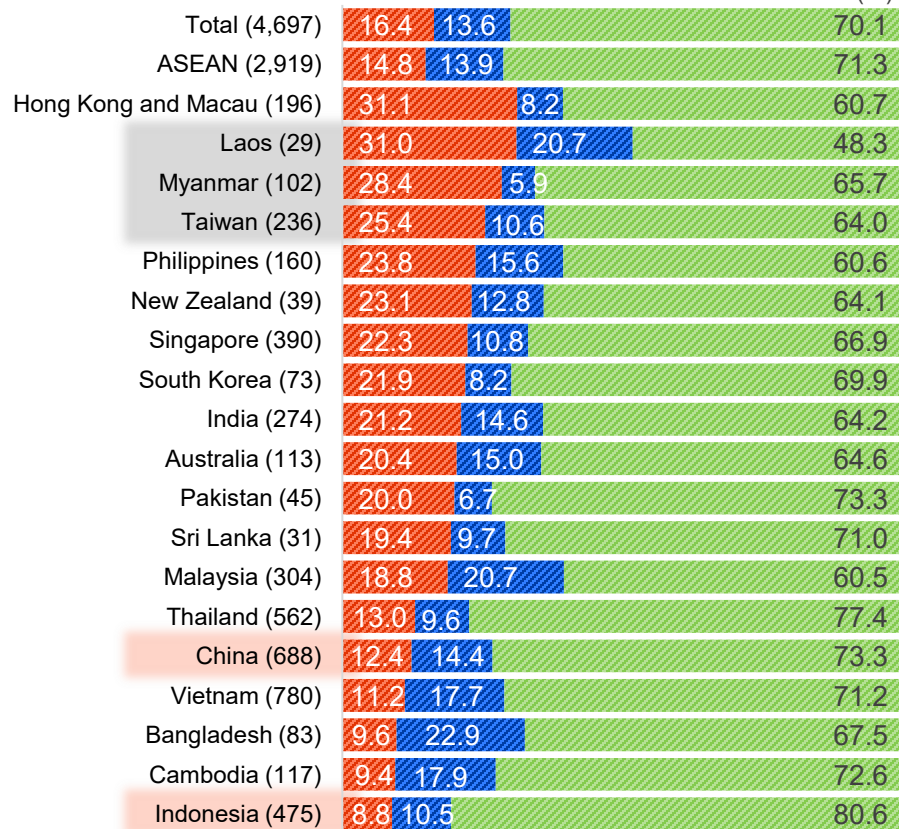
The situation regarding securing human resources
Changes in the employment environment over
the past 2 years (by country/region)

(%)



(Reference) Results of the FY2023 survey
Changes in the employment situation in each
country/region (compared to 2022)

(%)



■ Recruitment is becoming difficult ■ Recruitment is becoming easier ■ No change

(Note 1) The response ratios do not total 100% because “do not know” has been excluded.

(Note 2) The response ratios do not total 100% because “no change” has been excluded. Copyright © 2026 JETRO. All rights reserved.

3

Job categories and reasons why “recruitment is becoming difficult”: “Rising demands for wages” and “intensifying competition” are frequently cited

- Looking at the share of companies by region that report “recruitment is becoming difficult” by job category, the share for staff/workers was high in Oceania (85.4%), while for specialty occupations and management, it was high in Southwest Asia (78.9% for specialty occupations and 70.5% for management).
- As for the main reasons, in all regions and for all job categories, a large share cited “rising demands for wages, etc.” and “intensifying competition with other companies,” while in Northeast Asia, reasons such as “population decline due to aging” were also cited.

Job categories for which “recruitment is becoming difficult”
(by region, multiple responses) (%)

	Region	Number of responding companies	Percentage answering “difficult”
Staff/workers	Total	1,697	81.9
	ASEAN	1,138	82.5
	Southwest Asia	166	75.9
	Oceania	48	85.4
	Northeast Asia	345	82.0
Specialty occupations	Total	Same as above	61.8
	ASEAN		61.1
	Southwest Asia		78.9
	Oceania		68.8
	Northeast Asia		54.8
Management	Total	Same as above	48.9
	ASEAN		48.2
	Southwest Asia		70.5
	Oceania		52.1
	Northeast Asia		40.6

Reasons why “recruitment is becoming difficult”
(multiple responses) (%)

Number of responding companies	Population decline due to aging	Intensifying competition with other companies	Gap between supply and demand	Rising demands for wages, etc.	Mismatch between required and available skills	Changes in values	Changes in social conditions
1,369	10.3	48.0	25.3	76.8	29.9	24.4	11.2
927	6.7	49.7	24.7	76.7	27.3	23.4	11.2
125	0.0	52.8	28.8	80.8	40.8	17.6	9.6
40	5.0	42.5	37.5	85.0	32.5	22.5	7.5
277	27.8	40.8	23.8	74.0	33.2	31.0	12.6
1,038	5.3	45.3	24.2	77.0	37.6	16.0	8.6
691	3.8	45.3	22.9	78.7	37.2	16.1	7.2
131	0.0	51.9	23.7	80.9	37.4	9.2	9.9
31	3.2	38.7	35.5	71.0	41.9	19.4	12.9
185	15.1	41.6	27.6	68.6	38.4	20.0	11.9
824	5.0	39.9	20.9	74.4	42.4	15.8	8.5
546	4.0	39.4	18.9	75.3	44.3	15.2	6.4
116	1.7	50.0	22.4	76.7	38.8	7.8	12.9
25	4.0	36.0	32.0	80.0	32.0	28.0	0.0
137	11.7	34.3	25.5	67.9	39.4	22.6	14.6

(Note) Items with a high share of “difficult” responses are enclosed in red, and within certain items, regions with a high share are shown in dark orange.

4

Countries/regions of competing companies in securing local human resources: Local and Japanese-affiliated companies are the main competitors, with Chinese companies also prominent in ASEAN

- Regarding the countries/regions of competing companies with which competition is intensifying, in all countries and regions, the share of responses citing local companies was high.
- In ASEAN, in addition to local companies, the shares for Japanese-affiliated companies and Chinese companies were also high, and in particular, the share for Chinese companies exceeded that for Japanese-affiliated companies. In India, where the number of bases of Japanese-affiliated companies has increased in recent years, the share for Japanese-affiliated companies was 37.4%, the second highest after Taiwan (41.2%).

Countries/regions of capital of competing companies with which competition is particularly intensifying (by country/region, multiple responses)

	Local	Japanese-affiliated	Chinese	Taiwanese	American	European	South Korean	Indian	No intensification
Total (4,909)	40.6	26.5	20.6	6.3	7.1	8.3	9.1	0.6	33.3
ASEAN (3,062)	34.3	27.7	29.8	9.3	7.9	9.8	12.9	0.7	32.1
Cambodia (120)	28.3	16.7	40.8	4.2	0.8	5.0	9.2	0.0	37.5
Indonesia (368)	28.0	27.2	25.3	2.4	3.8	5.4	9.5	1.1	44.6
Laos (36)	38.9	13.9	69.4	8.3	2.8	16.7	19.4	0.0	8.3
Malaysia (354)	45.5	22.3	31.4	4.8	15.5	18.1	4.0	0.6	27.4
Myanmar (64)	25.0	26.6	12.5	3.1	1.6	1.6	9.4	1.6	48.4
Philippines (168)	45.8	26.2	17.3	7.1	25.0	22.0	8.3	1.2	21.4
Singapore (449)	42.3	23.4	18.7	3.1	12.2	13.6	4.2	1.1	34.3
Thailand (627)	32.1	29.3	34.3	4.1	2.7	4.3	3.3	0.5	34.9
Vietnam (876)	29.0	33.7	33.9	22.4	6.4	8.8	30.7	0.6	26.6
Bangladesh (56)	44.6	16.1	21.4	0.0	0.0	8.9	3.6	5.4	35.7
India (369)	54.5	37.4	4.3	3.8	10.3	13.0	10.3	0.0	23.8
Pakistan (36)	36.1	5.6	19.4	0.0	2.8	0.0	2.8	2.8	47.2
Sri Lanka (30)	50.0	0.0	0.0	0.0	3.3	3.3	0.0	3.3	46.7
Australia (121)	43.8	18.2	5.8	0.0	5.0	4.1	0.0	0.8	41.3
New Zealand (39)	48.7	7.7	0.0	0.0	0.0	0.0	0.0	2.6	46.2
China (750)	50.4	15.7	0.0	1.1	2.8	3.5	0.5	0.1	43.2
Hong Kong and Macau (167)	34.1	33.5	24.0	2.4	8.4	6.6	1.8	0.6	38.9
Taiwan (187)	69.5	41.2	5.9	0.0	8.0	2.7	2.1	0.0	16.6
South Korea (92)	55.4	28.3	5.4	0.0	12.0	9.8	0.0	0.0	28.3

(Note) Countries in which the response ratios for "Japanese-affiliated" and "Chinese" are 20% or higher are shown in orange.

5 Initiatives regarding recruitment and retention of human resources: More than 50% report improvements to benefits and salary levels

- Looking at initiatives for recruitment and retention, the shares of responses citing initiatives related to “retention” were high, such as “revision of welfare benefits” (55.7%) and “improvement in salary” (55.5%).
- Specific initiatives related to “retention” included **reviewing salary levels** and **providing Japanese-language training**. As initiatives related to “recruitment,” examples included **utilizing social media in recruitment** and **conducting recruitment activities in partnership with local universities**.

Content of initiatives regarding recruitment and retention of human resources (all regions)

	Initiative content	Percentage of responses (4,700)
Retention	Revision of employee benefits	55.7 %
	Improvement in salary	55.5 %
	Review of personnel evaluation system	32.3 %
	Expansion of training programs for employees	29.7 %
Recruitment	Diversification of recruitment methods	25.0 %
	Expansion of event opportunities	23.7 %
	Review of recruitment criteria	22.5 %
	Strengthening external communications	11.9 %

Specific initiatives related to “retention” (open-ended comments)

Review of salary levels in light of trends at other companies
(Vietnam, Paper/Wood products/printing)

Introduction of telework and a flextime system
(South Korea, Sales companies)

Improvement of the office environment and installation of additional air purifiers
(Malaysia, Sales companies)

Provision of Japanese-language training
(Singapore, Finance/Insurance)

Specific initiatives related to “recruitment” (open-ended comments)

Recruitment of human resources using social media
(India, Finance/Insurance)

Conducting recruitment interviews by the person in charge
(Singapore, Transport/Warehouse)

Recruitment activities conducted in partnership with local universities
(India, Finance/Insurance)

Referral system for family members and acquaintances to introduce candidates
(Vietnam, Textiles/Textile apparel)

(Note 1) For initiatives regarding recruitment and retention of human resources, the table shows the top 4 items in terms of response ratios for both “recruitment” and “retention.”

(Note 2) Open-ended comments have been supplemented and edited, as necessary, to clarify the intent of the respondents without alteration.

V. Human Rights Initiatives

1 | Initiatives for respecting human rights (Summary)

HRDD implementation is at 27.1%, with challenges including understanding the actual situations of business partners

The implementation share is rising; there are gaps by company size and industry

P40

The overall implementation share of human rights due diligence (HRDD) was **27.1%, up from the FY2023 survey**. Differences were observed by company size and industry: large enterprises at 36.6%, leading medium enterprises at 26.9%, and SMEs at 15.1%. By industry, Manufacturing was 31.3% and Non-manufacturing was 24.0%. Within Manufacturing, the share exceeded 40% in industries such as Transportation equipment, Textiles/Textile apparel, and Electrical machinery parts/Electronic device parts.

Head office policies and sustainability strategies are drivers of implementation

P40

Among the reasons for implementing, considering, or collecting information on HRDD, the most common was **“head office policy”** (71.2%), followed by **“sustainability strategies”** (40.4%) and **“requests and audits from customers”** (24.7%). The share citing “requests and audits from customers” was more than 10 percentage points higher than the overall average among SMEs and Manufacturing.

Understanding the actual situation of business partners and other issues are common challenges

P43-44

As challenges in implementing HRDD, respondents commonly cited the difficulty of **understanding the actual situations of business partners** and **the difficulties of promoting and spreading understanding of HRDD**. Regardless of company size and industry, approximately 90% answered that the scope of HRDD implementation covers their own employees and those of group companies. On the other hand, the share for indirect business partners (Tier 2 and below) was low.

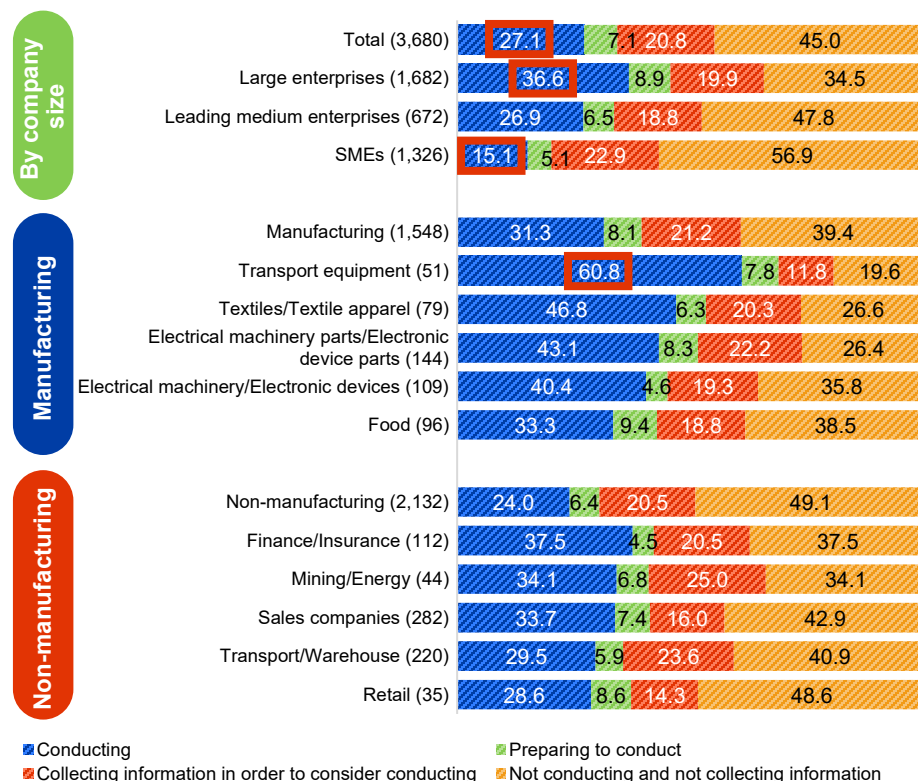
2

Status of implementation of human rights due diligence (HRDD): Overall, 27.1% have implemented HRDD, with “head office policy” the main reason

- The share of companies that answered they “conduct” HRDD was 27.1% overall, up 2.4 percentage points from the FY2023 survey. By company size, the share for large enterprises was 36.6% (up 5.2 percentage points), while for SMEs, it was 15.1% (unchanged from FY2023) (there was no category for leading medium enterprises in FY2023). By industry, the share was highest in Transportation equipment at 60.8%, up a substantial 27.5 percentage points from FY2023.
- The most common reason cited for implementing, considering, or collecting information on HRDD was “head office policy” at 71.2%.

**Status of HRDD implementation
(by company size and industry)**

(%)



**Reasons for implementing, considering, or collecting
information on HRDD (multiple responses)**

(%)

	Head office policy	Sustainability strategies/ Corporate social responsibility	Requests from customers	Compliance with laws and regulations
Total (2,003)	71.2	40.4	24.7	10.2
Large enterprises (1,092)	83.9	41.3	18.8	10.0
Leading medium enterprises (349)	71.3	40.7	24.6	9.7
SMEs (562)	46.4	38.6	36.3	10.9
Manufacturing (929)	67.0	38.6	35.4	10.1
Transport equipment (41)	85.4	41.5	14.6	19.5
Textiles/Textiles apparel (56)	60.7	39.3	55.4	14.3
Electrical machinery parts/Electronic device parts (106)	67.0	33.0	48.1	10.4
Electrical machinery/Electronic devices (70)	74.3	47.1	27.1	4.3
Food (58)	75.9	36.2	29.3	5.2
Non-manufacturing (1,074)	74.9	42.0	15.5	10.2
Finance/Insurance (69)	81.2	44.9	4.3	2.9
Mining/Energy (29)	58.6	44.8	20.7	31.0
Sales companies (160)	83.8	39.4	19.4	11.3
Transport/Warehouse (130)	75.4	41.5	13.1	5.4
Retail (17)	82.4	47.1	17.6	5.9

(Note 3) The table shows responses from companies that are implementing, considering, or gathering information on HRDD.

(Note 1) China and Hong Kong and Macau were not covered by the survey. The table extracts the top 5 industries in terms of the share of companies that answered they already conduct HRDD.

(Note 2) In the table on the right, figures that are at least 5 percentage points higher than the overall total are shown in light orange, and those at least 10 percentage points higher are shown in orange.

3

Effects of conducting HRDD:

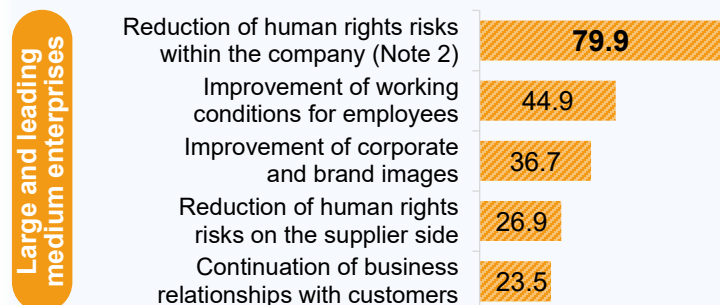
Regardless of company size and industry, “reduction of human rights risks within the company” ranks first

- As for the effects of conducting HRDD, regardless of company size and industry, the most common was “reduction of human rights risks within the company,” cited by around 70-80%.
- Looking at “reduction of human rights risks within the company” by industry, in Manufacturing, the top industries included Transport equipment parts (88.7%) and Plastic products (85.7%), while in Non-manufacturing, the top industries were Transport/Warehouse (90.2%) and Trading/Wholesale (82.4%).

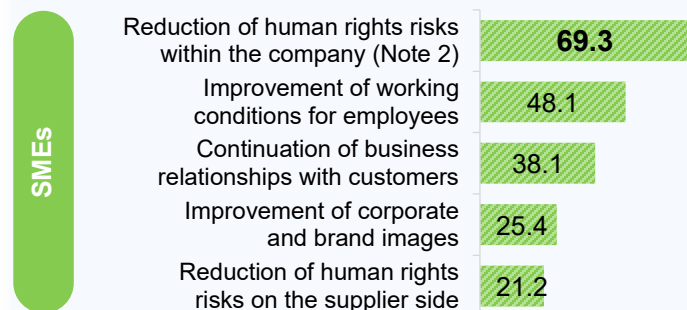
Specific effects of undertaking HRDD (multiple responses)

(%)

By company size

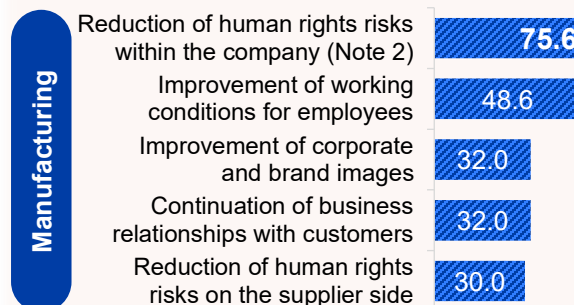


(Valid responses: 735 companies)



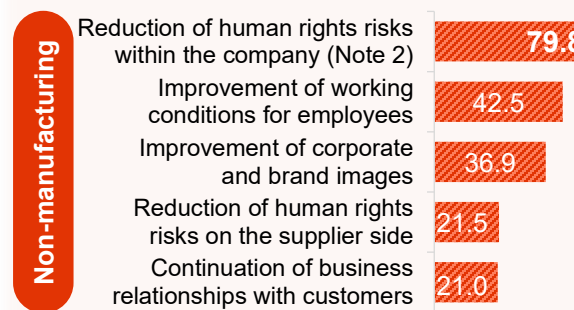
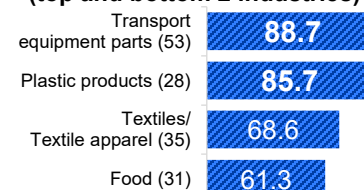
(Valid responses: 189 companies)

By industry



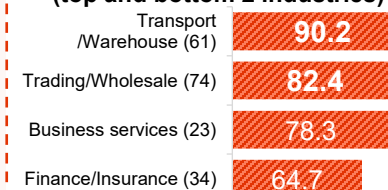
(Valid responses: 463 companies)

Manufacturing (top and bottom 2 industries)



(Valid responses: 461 companies)

Non-manufacturing (top and bottom 2 industries)



(Note 1) China and Hong Kong and Macau were not covered by the survey.

(Note 2) “Reduction of human rights risks within the company” includes preventing harassment and improving occupational safety and health.

(Note 3) Responses from companies that have already implemented HRDD. Includes secondary effects. The table extracts the top 5 items in terms of share of responses. Industries with at least 20 valid responses.

4

Reasons for not implementing HRDD: “Not being requested by customers” was the most common reason

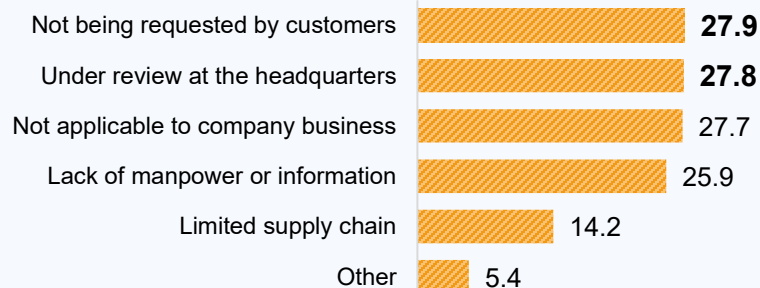
- Regarding reasons for not implementing HRDD, by company size, both large and leading medium enterprises and SMEs most frequently cited “**not being requested by customers**,” and among large enterprises, many responses stated that “under view at the headquarters.”
- By industry, in Manufacturing the most common reason was “**not being requested by customers**” at 40.1%, while in Non-manufacturing, the most common reason was “**not applicable to company business**” at 36.1%.

Reasons for not implementing HRDD (by company size and industry, multiple responses)

(%)

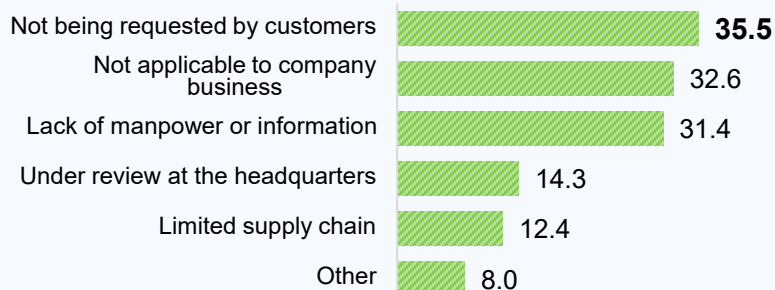
By company size

Large and leading medium enterprises



(Valid responses: 875 companies)

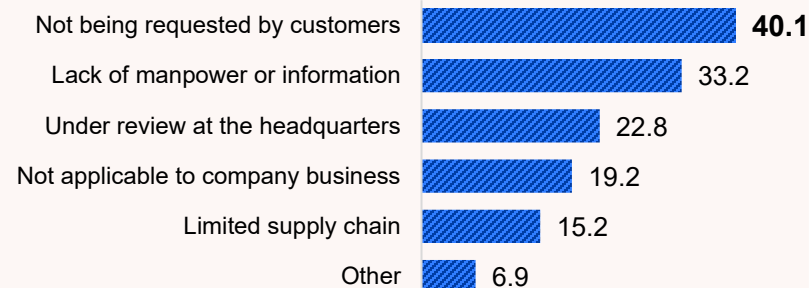
SMEs



(Valid responses: 740 companies)

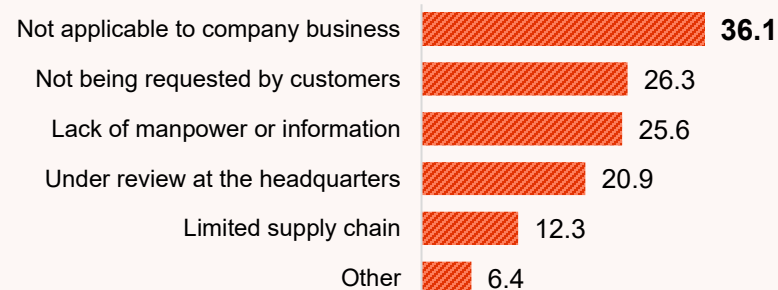
By industry

Manufacturing



(Valid responses: 593 companies)

Non-manufacturing



(Valid responses: 1,022 companies)

(Note 1) China and Hong Kong and Macau were not covered by the survey.

(Note 2) Responses from companies that have not implemented HRDD.

5

Challenges in implementing HRDD:

Common challenges include understanding the actual situations of business partners and the difficulty of promoting and spreading understanding of HRDD

Challenges in implementing HRDD (open-ended comments)

Common to all companies

Difficulties in understanding the actual situations of business partners

- **Insufficient disclosure of information by suppliers** (Electrical machinery parts/Electronic device parts)
- **Differences in the level of information disclosure among business partners** (Electrical machinery/Electronic devices)
- **Because the supply chain is wide-ranging, it is difficult to understand the actual situations, including those of subcontractors and sub-subcontractors** (Textiles/Textile apparel).

Difficulties in promoting and spreading understanding of HRDD

- **Because commonly accepted practices in Japan differ from those in the local area, it is necessary to carefully explain the background and objectives** (Information and communications)
- **Due to the local culture and customs, it is difficult to gain understanding from business partners (locally managed companies)** (Transport equipment)

Large and leading medium enterprises

Insufficient alignment with local laws and regulations

- **Although Japanese and local laws differ, we must comply with Japanese standards** (Retail)
- **There are many cases in which Japanese-style approaches are imposed despite discrepancies with local legal systems** (Other non-manufacturing)

Establishing methods of evaluation

- **Establishing effective methods for accurately understanding the actual situation** (Trading/Wholesale)
- **Difficulties in understanding the actual situation, and challenges in risk assessment and prioritization, including suppliers** (Precision machinery/Medical equipment)

SMEs

Insufficient internal systems and structures

- **Challenges in establishing specific organizations and creating internal systems** (Iron/Nonferrous metals/Metals)
- **Under headquarters leadership, local companies are unable to proactively move into implementation** (Chemicals/Medicine)

Relationship with clients

- **Uncertainty as to how much cooperation can be obtained from supplier companies** (Restaurant)
- **Responding to unreasonable demands from clients** (Iron/Nonferrous metals/Metals)

(Note 1) China and Hong Kong and Macau were not covered by the survey.

(Note 2) Responses from companies that have already implemented HRDD, are preparing for implementation, or are collecting information for consideration.

(Note 3) Open-ended comments have been supplemented and edited, as necessary, to clarify the intent of the respondents without alteration.

6

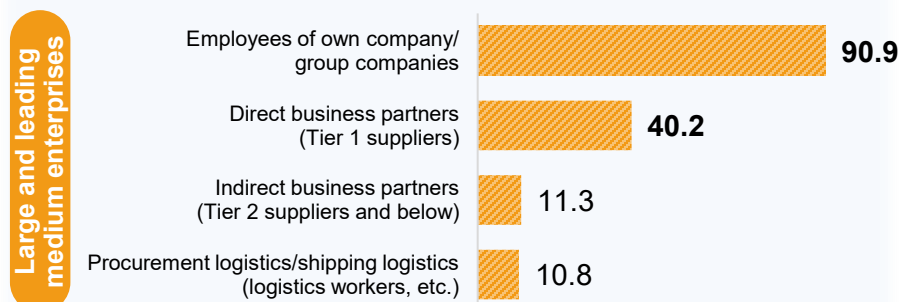
Scope of HRDD implementation in the supply chain: Around 90% cover their own employees and those of group companies, while the coverage of Tier 2 and below remains low

- Regardless of company size and industry, most companies answered that the scope of HRDD implementation covers “employees of own company/group companies.” The share of companies whose implementation extends to “direct business partners (Tier 1 suppliers)” was 40.2% among large and leading medium enterprises, and 32.0% among SMEs, and by industry, it was higher in Manufacturing at 44.4% than in Non-manufacturing at 32.9%.
- Some respondents commented that “it is difficult to manage the status of implementation for Tier 1 and Tier 2 suppliers and below.”

Scope of HRDD implementation (by company size and industry, multiple responses)

(%)

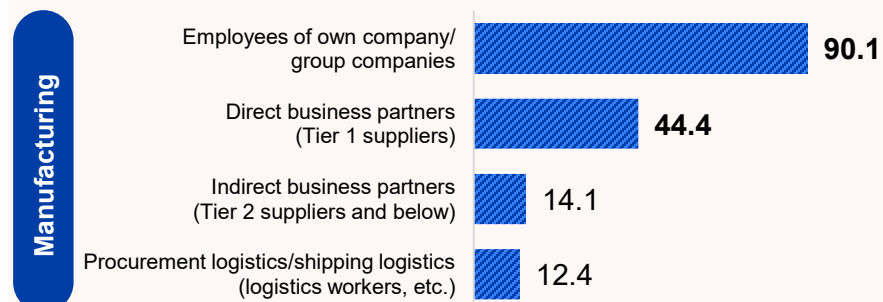
By company size



(Valid responses: 776 companies)

(%)

By industry



(Valid responses: 475 companies)

(%)

(Valid responses: 495 companies)

(Note 1) China and Hong Kong and Macau were not covered by the survey.

(Note 2) Responses from companies that have already implemented HRDD. Tier 1 suppliers refer to factory workers and similar, while Tier 2 suppliers refer to those engaged in producing raw materials and parts and other producers.

7 | Human rights issues in the supply chain and corporate initiatives: Concerns about child labor, forced labor, and other issues in the supply chain

- Human rights issues of concern in the supply chain were broadly grouped into “child labor,” “forced labor and exploitation of foreign workers,” “occupational safety and health,” and “discrimination and harassment.” In India, challenges specific to the country/region, such as “discrimination based on the caste system,” were also cited.

Human rights issues of concern in the supply chain in implementing HRDD (open-ended comments)

Child labor	<ul style="list-style-type: none"> Child labor is a concern in rural areas. (Transport equipment) Labor exploitation and child labor at small-scale raw material plantations and similar locations (Food) Low wages, child labor, and the working environment in mineral resource extraction in developing countries (Sales companies)
Forced labor and exploitation of foreign workers	<ul style="list-style-type: none"> Forced labor at wages below the legal minimum (Construction) Labor exploitation of foreign workers (Precision machinery/Medical equipment) Forced labor, long working hours, discrimination, and harassment of employees, including migrant workers (Plastic products)
Occupational safety and health	<ul style="list-style-type: none"> Some overseas suppliers lack appropriate personal protective equipment (PPE) and a safe working environment, which poses risks to employee health and a risk of accidents (Chemicals/Medicine)
Discrimination and harassment	<ul style="list-style-type: none"> Although it is not readily visible on the surface, care must be taken to prevent caste-based discrimination. (Transport/Warehouse) There have also been reported cases of discrimination based on gender, religion, or ethnicity and of workplace harassment. (Textiles/Textile apparel)

Specific HRDD initiatives

Since there are concerns about the working environment of workers and the environmental impacts on nearby residents at raw material procurement locations (such as those in Thailand and Indonesia), three key human rights themes were identified. For people who may be affected (rights-holders), the existence and extent of actual negative impacts on human rights are investigated and evaluated through impact assessments. The company’s policy is to implement necessary remedial and preventive measures.

(Rubber/Ceramic/Stone and clay products)



- Communication of human rights policies to suppliers and checking of the compliance status
- Regular audits and on-site inspections
- Establishment of grievance mechanisms
- Implementation of education and awareness-raising activities (Transport/Warehouse)



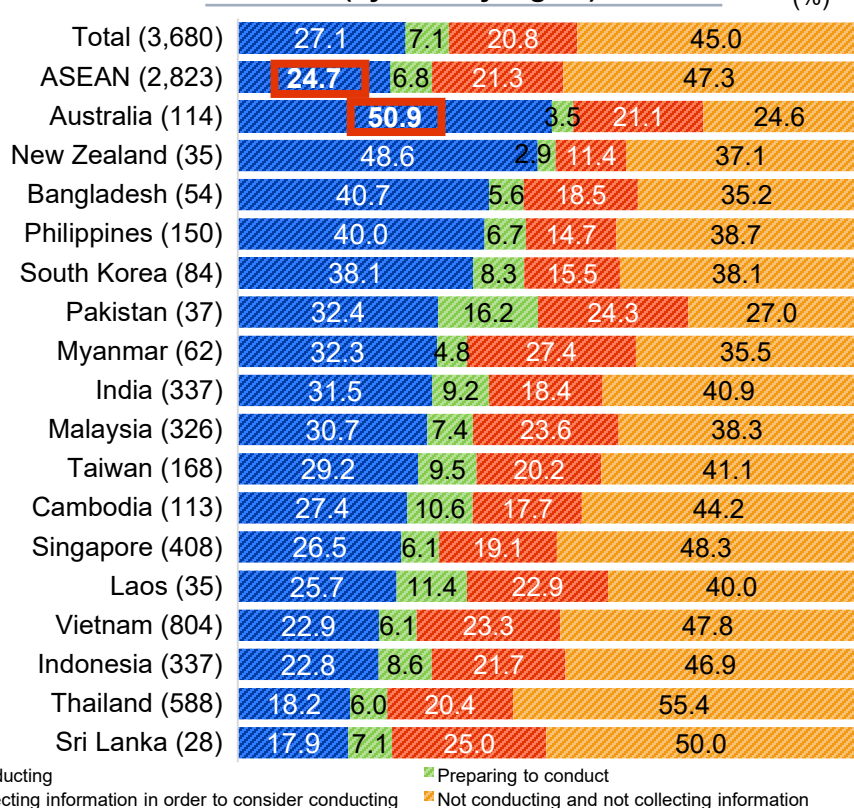
(Note 1) China and Hong Kong and Macau were not covered by the survey.

(Note 2) Open-ended comments have been supplemented and edited, as necessary, to clarify the intent of the respondents without alteration.

ref | Status of HRDD implementation (by country/region): In Australia, more than half of companies are already implementing HRDD, with compliance with laws and regulations as a key driver

- In Australia, 50.9% of companies answered that they are conducting HRDD. The country's Modern Slavery Act 2018 has been in force since 2019, and 29.4% of companies selected "compliance with laws and regulations," far exceeding the overall average of 10.2% for this item.
- In ASEAN, the share of companies that answered they are conducting HRDD was 24.7%, up 2.4 percentage points from the previous survey.

**Status of HRDD implementation
(by country/region)**



■ Conducting ■ Preparing to conduct
■ Collecting information in order to consider conducting ■ Not conducting and not collecting information

(Note 1) China and Hong Kong and Macau were not covered by the survey.

(Note 2) In the table on the right, figures that are at least 5 percentage points higher than the overall total are shown in light orange, and those at least 10 percentage points higher are shown in orange.

**Reasons for implementing, considering, or collecting information
on HRDD (by country/region, multiple responses)**

	Head office policy	Sustainability strategies/Corporate social responsibility	Requests from customers	Compliance with laws and regulations (%)
Total (2,003)	71.2	40.4	24.7	10.2
ASEAN (1,475)	69.9	40.1	27.6	9.0
Australia (85)	64.7	45.9	23.5	29.4
New Zealand (22)	81.8	36.4	13.6	9.1
Bangladesh (35)	74.3	60.0	17.1	17.1
Philippines (92)	72.8	44.6	25	18.5
South Korea (52)	82.7	30.8	23.1	3.8
Pakistan (25)	68.0	44.0	4.0	16.0
Myanmar (39)	71.8	51.3	7.7	15.4
India (197)	75.6	39.6	14.2	11.7
Malaysia (198)	76.8	41.9	27.3	9.1
Taiwan (99)	79.8	38.4	14.1	7.1
Cambodia (62)	69.4	46.8	22.6	3.2
Singapore (207)	78.3	44.0	17.9	5.8
Laos (21)	57.1	57.1	47.6	9.5
Vietnam (419)	68.7	36.0	31.5	10.0
Indonesia (179)	72.1	39.1	24.6	11.2
Thailand (258)	58.1	36.8	34.9	5.4
Sri Lanka (13)	61.5	53.8	30.8	15.4

(Note 3) The table shows responses from companies that are implementing, considering, or collecting information on HRDD.

VI. Procurement and Exports

1 | Procurement and exports (Summary)

Local procurement rate at 47.9%, with Japan and India seen as promising export markets

Procurement from China is increasing in all countries and regions

P49

Among procurement sources, “local” accounted for the largest share at 47.9%, virtually unchanged from the previous year with a 0.6 percentage point increase. By country and region, as in the FY2024 year, China and Thailand both exceeded 50%. The share procured from “China” increased by 1.4 percentage points overall and **rose in all countries and regions**.

Procurement from local companies is expanding in China

P50

Looking at the breakdown of local procurement, local companies accounted for 59.1%, up 2.5 percentage points from the FY2024 survey. **In China, the share procured from local companies rose by 5.2 percentage points from the FY2024 survey.** While local companies accounted for a majority in many countries and regions, in Thailand and the Philippines, Japanese-affiliated companies located locally exceeded local companies.

Japan is currently the most important export destination, with India seen as promising

P53-54

At present, the export destination most focused on is Japan at 55.5%. With regard to promising export destinations in the future, many companies in ASEAN countries cited India. The share of companies that viewed the U.S. market as promising was high in the Philippines, Vietnam, and South Korea.

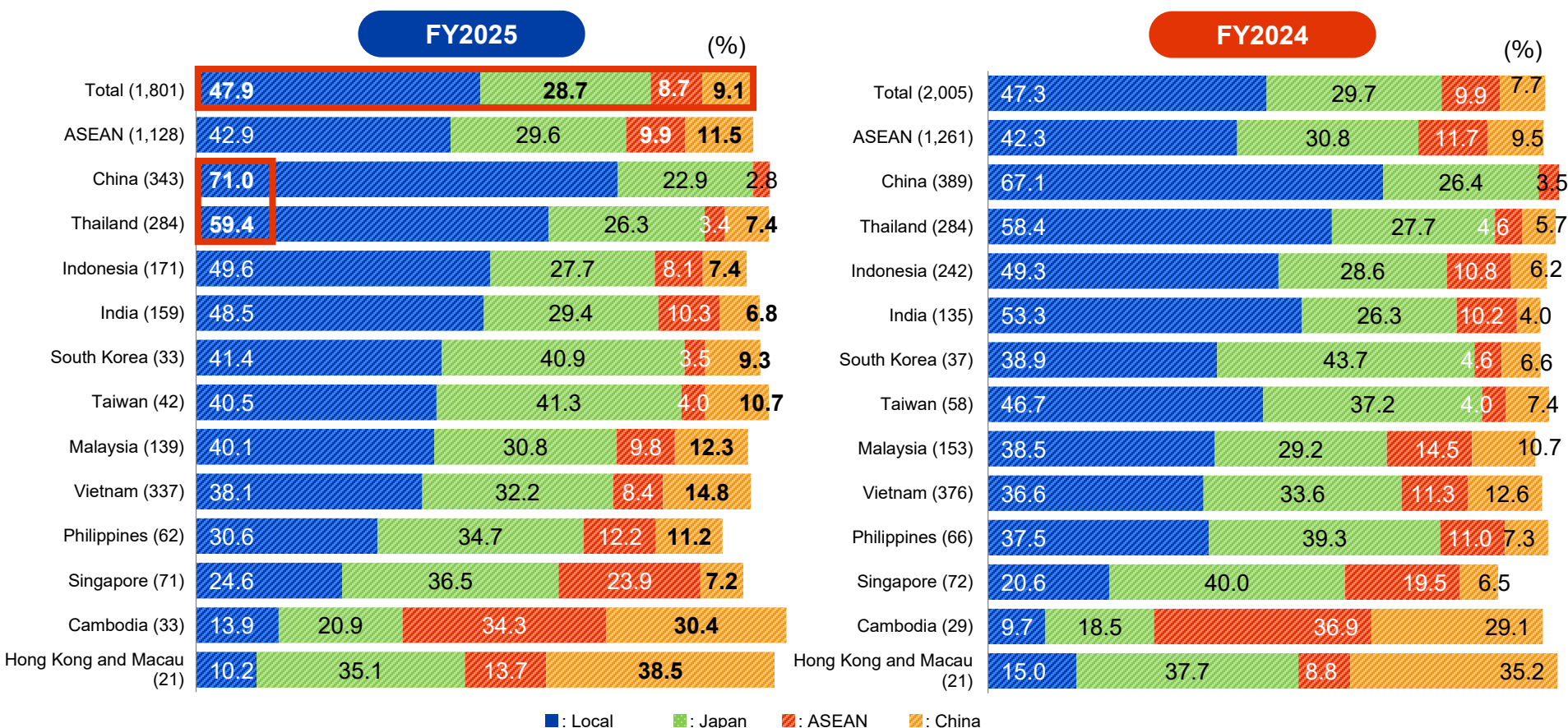
2

Breakdown of procurement sources:

The local procurement rate remains virtually unchanged, while the share procured from China rose in all countries and regions

- Among procurement sources, “local procurement” accounted for the largest share, at 47.9%, up 0.6 percentage points from the FY2024 survey. By country and region, as in FY2024, China (up 3.9 percentage points) and Thailand (up 1.0 percentage point) both exceeded 50%.
- The share procured from “Japan” and from “ASEAN” were 28.7% and 8.7%, down 1.0 and 1.2 percentage points, respectively, from the FY2024 survey. In addition, the share procured from “China” increased by 1.4 percentage points overall, rising in all countries and regions.

Breakdown of procurement sources of parts and raw materials (by country/region)



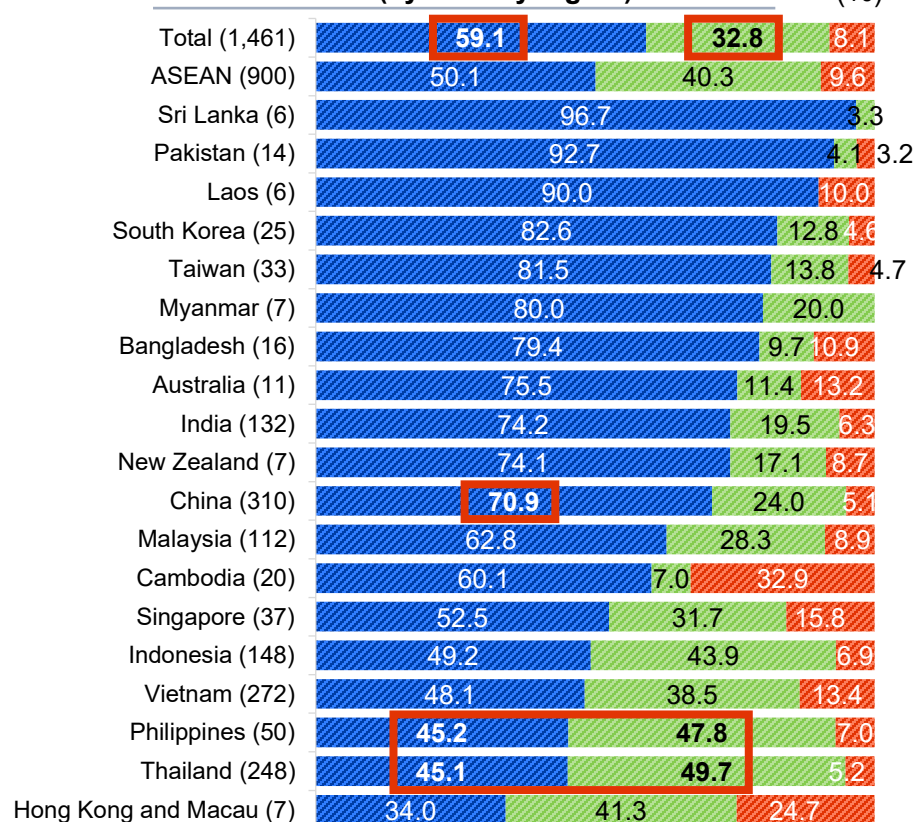
(Note 1) Countries and regions with at least 20 valid responses.

(Note 2) The response ratios do not total 100% because “Other” has been excluded.

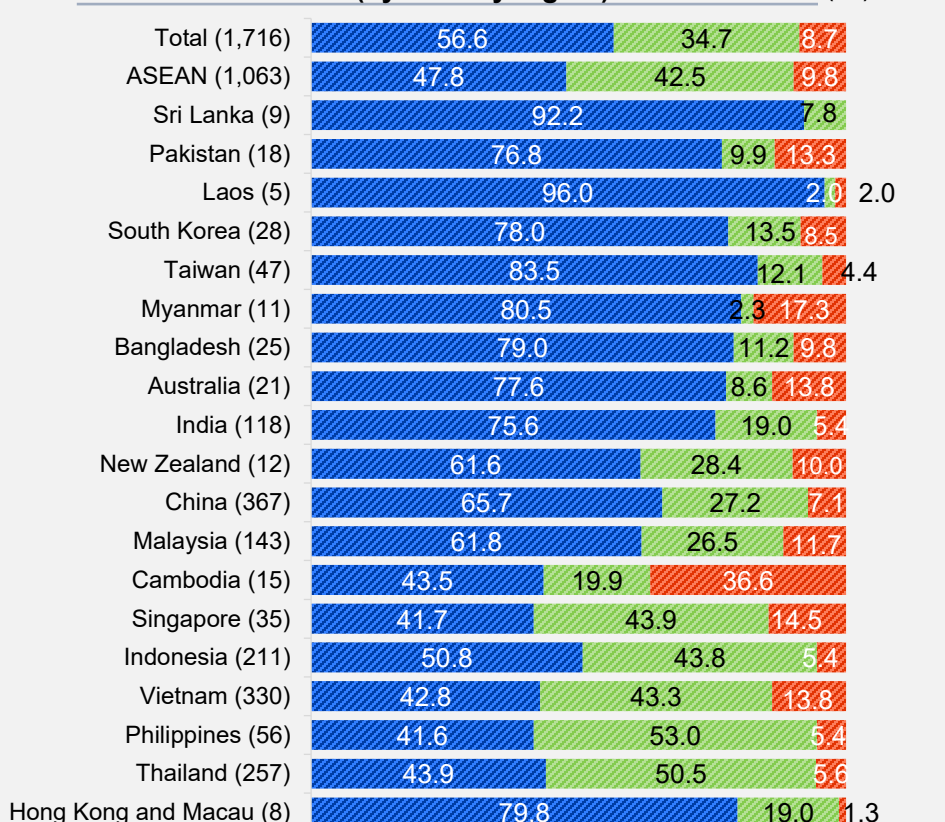
3 Breakdown of local procurement sources: Local companies accounted for about 60%, while Japanese-affiliated companies located locally declined slightly

- Looking at the breakdown of local procurement sources, local companies accounted for 59.1%, up 2.5 percentage points from the FY2024 survey. The share for Japanese-affiliated companies located locally was 32.8%, down 1.9 percentage points. In China, the share procured from local companies increased by 5.2 percentage points from FY2024.
- Although local companies accounted for more than half in many countries and regions, in Thailand, the Philippines, and some other countries, Japanese-affiliated companies located locally exceeded local companies.

Breakdown of local procurement sources in 2025 (by country/region)



(Reference) Breakdown of local procurement sources in 2024 (by country/region)



Local companies
Japanese-affiliated companies located locally
Other foreign-affiliated companies

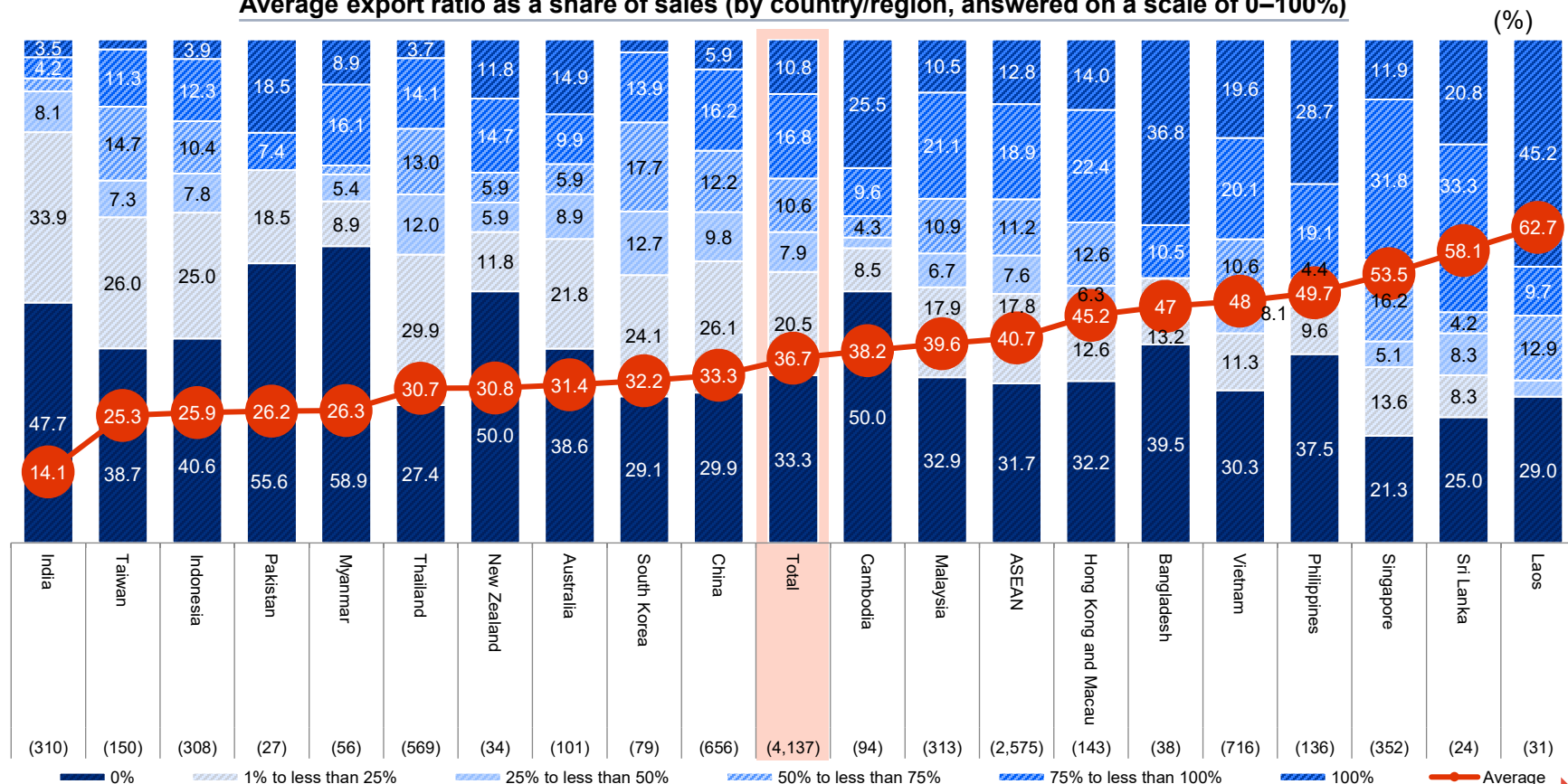
Local companies
Japanese-affiliated companies located locally
Other foreign-affiliated companies

(Note) Countries and regions with at least 5 valid responses.

4 | Average export ratio: The average export ratio as a share of sales declined slightly

- The average export ratio as a share of total sales was 36.7%, down 0.1 percentage points from the FY2024 survey.
- By country and region, the ratio rose by 1.3 percentage points in China, 6.7 percentage points in Pakistan, and 5.2 percentage points in South Korea compared to the FY2024 survey. By contrast, it declined by 4.8 percentage points in India and by 6.5 percentage points in New Zealand.

Average export ratio as a share of sales (by country/region, answered on a scale of 0–100%)



Domestically oriented (export ratio of less than 50%)

Export-oriented (50% or more)

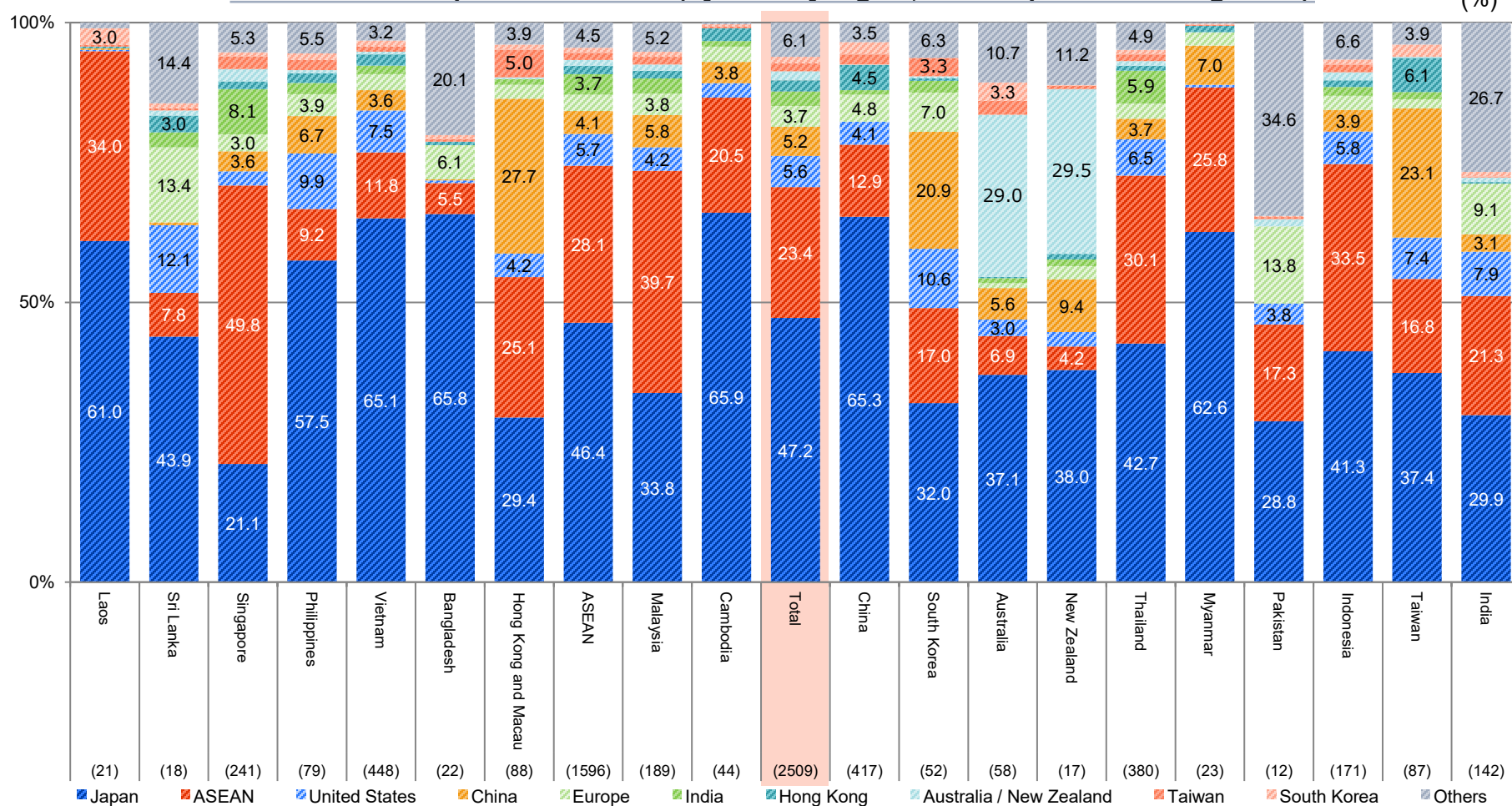
(Note) Only figures of 3.5% or higher are shown.

5

Breakdown of export destinations: Exports to Japan account for the largest share, with exports to ASEAN also prominent

- On average, the breakdown of export destinations for Japanese-affiliated companies in the FY2024 survey showed that Japan accounted for the largest share at 47.2%. This was followed by ASEAN at 23.4%, the United States at 5.6%, China at 5.2%, and Europe at 3.7%.

Breakdown of export destinations (by country/region, with responses totaling 100%)



(Note) Only figures of 3.0% or higher are shown.

6

Export destinations currently focused on: Japan is the most frequently focused on, followed by Thailand and Vietnam

- The export destination currently focused on the most was Japan at 55.5%. The share of companies citing Thailand (20.9%) and Vietnam (20.8%) exceeded 20%, making them the next most frequently cited after Japan.
- In South Korea, the share of companies focusing on the U.S. was the highest. The U.S. is also focused on in the Philippines, Vietnam, and other countries.

Export destinations currently focused on (by country/region, multiple responses)

(%)

	Japan	China	Taiwan	Thailand	Vietnam	Indonesia	Malaysia	Philippines	Singapore	India	United States	Europe	Australia and New Zealand
Total (2,592)	55.5	12.1	6.0	20.9	20.8	16.9	13.1	10.1	7.9	17.9	19.0	15.8	5.4
ASEAN (1,661)	53.6	11.5	5.7	20.5	19.1	18.9	15.4	12.5	8.5	21.3	20.4	14.3	4.7
Vietnam (479)	76.4	11.5	6.3	21.7		10.0	8.6	8.8	6.9	10.2	28.4	18.8	3.5
Thailand (390)	42.6	7.2	3.1		29.5	22.1	18.7	9.7	5.1	33.6	20.0	12.6	3.3
Singapore (262)	22.1	9.5	6.5	32.8	34.4	43.9	37.0	23.3		37.0	8.8	7.6	10.7
Malaysia (195)	44.6	17.4	7.2	31.3	25.6	26.2		17.9	31.3	22.1	20.5	18.5	4.1
Indonesia (172)	55.8	11.0	5.8	27.9	22.1		19.2	16.9	9.3	11.6	15.7	8.1	5.2
Philippines (76)	68.4	17.1	9.2	18.4	9.2	9.2	5.3		6.6	14.5	31.6	15.8	2.6
Cambodia (45)	77.8	15.6	4.4	24.4	17.8	11.1	8.9	2.2	6.7	2.2	13.3	15.6	0.0
Laos (21)	52.4	19.0	4.8	47.6	33.3	4.8	4.8	4.8	0.0	4.8	14.3	14.3	0.0
Myanmar (21)	90.5	28.6	9.5	33.3	9.5	4.8	14.3	0.0	19.0	4.8	9.5	33.3	4.8
India (146)	37.0	6.2	4.1	15.8	15.1	13.7	4.8	4.1	3.4		19.9	21.9	4.1
Bangladesh (21)	66.7	0.0	0.0	9.5	9.5	4.8	4.8	14.3	4.8	9.5	9.5	9.5	9.5
Sri Lanka (18)	72.2	22.2	5.6	11.1	5.6	5.6	5.6	0.0	11.1	50.0	44.4	44.4	16.7
Pakistan (10)	50.0	20.0	10.0	0.0	10.0	10.0	0.0	0.0	0.0	0.0	30.0	20.0	10.0
Australia (56)	50.0	12.5	5.4	12.5	12.5	8.9	3.6	0.0	8.9	10.7	10.7	5.4	42.9
New Zealand (17)	58.8	41.2	23.5	11.8	23.5	17.6	17.6	11.8	5.9	17.6	17.6	23.5	52.9
China (428)	75.2		6.3	22.9	21.5	14.7	8.6	3.7	5.6	10.0	10.3	18.9	1.4
Hong Kong and Macau (94)	35.1	50.0	14.9	23.4	46.8	5.3	17.0	16.0	12.8	19.1	16.0	17.0	5.3
Taiwan (88)	55.7	33.0		40.9	38.6	17.0	15.9	12.5	12.5	20.5	23.9	17.0	4.5
South Korea (53)	39.6	34.0	9.4	15.1	28.3	20.8	5.7	1.9	3.8	18.9	41.5	17.0	1.9

(Note) Export destinations for which at least 5% of companies responded in total have been extracted. In each row, the destination with the highest share of responses is shown in dark orange, the second highest in orange, and the third highest in light orange.

7 | Promising export destinations in the future: Many ASEAN countries view India as promising

- With regard to promising export destinations in the future, Japan still ranks first at 34.8%, while India exceeded 30%, at 31.6%.
- Within ASEAN, countries such as Thailand, Singapore, and Malaysia view India as promising. The U.S. is regarded as promising in the Philippines, Vietnam, South Korea, and other countries.

Promising export markets in the future (by country/region, multiple responses)

	Japan	China	Vietnam	Indonesia	Thailand	Malaysia	Philippines	Singapore	India	United States	Europe	Australia and New Zealand
												(%)
Total (2,506)	34.8	9.3	24.4	19.7	16.7	12.2	9.9	6.3	31.6	17.9	16.8	6.0
ASEAN (1,605)	31.7	9.3	22.9	21.7	14.1	13.0	12.1	6.1	37.7	20.1	15.4	6.2
Vietnam (453)	47.2	11.9		13.7	16.1	9.5	11.5	7.5	29.4	29.8	20.1	6.0
Thailand (378)	27.0	4.2	34.9	25.9		12.7	11.1	5.3	51.3	16.4	12.7	3.7
Singapore (261)	11.1	6.9	35.6	40.6	20.7	29.5	17.6		47.9	6.1	7.7	6.5
Malaysia (189)	21.7	11.1	30.2	31.2	21.7		13.8	13.2	34.4	20.6	14.3	7.9
Indonesia (163)	30.7	8.0	25.8		16.6	16.6	14.1	5.5	30.7	19.6	16.6	9.2
Philippines (74)	41.9	14.9	18.9	12.2	14.9	5.4		4.1	31.1	29.7	18.9	6.8
Cambodia (46)	52.2	23.9	28.3	15.2	23.9	8.7	4.3	10.9	19.6	19.6	26.1	8.7
Laos (21)	28.6	9.5	38.1	19.0	19.0	14.3	9.5	4.8	9.5	14.3	19.0	0.0
Myanmar (20)	55.0	20.0	40.0	15.0	25.0	15.0	5.0	5.0	20.0	20.0	20.0	10.0
India (134)	26.1	5.2	14.9	12.7	11.2	7.5	5.2	1.5		23.9	26.9	4.5
Bangladesh (20)	60.0	5.0	15.0	5.0	5.0	15.0	15.0	10.0	15.0	10.0	15.0	10.0
Sri Lanka (18)	50.0	16.7	16.7	0.0	16.7	11.1	0.0	5.6	55.6	27.8	27.8	11.1
Pakistan (10)	30.0	20.0	10.0	0.0	0.0	0.0	0.0	0.0	0.0	40.0	40.0	20.0
Australia (56)	30.4	12.5	16.1	17.9	10.7	7.1	3.6	10.7	19.6	10.7	8.9	28.6
New Zealand (17)	41.2	29.4	5.9	17.6	5.9	5.9	5.9	5.9	11.8	5.9	23.5	41.2
China (416)	53.4		26.0	18.0	27.2	11.1	5.0	7.0	20.2	8.9	20.9	1.7
Hong Kong and Macau (92)	19.6	31.5	54.3	12.0	25.0	13.0	9.8	8.7	32.6	12.0	13.0	4.3
Taiwan (85)	30.6	18.8	43.5	24.7	30.6	20.0	12.9	10.6	38.8	16.5	10.6	4.7
South Korea (53)	26.4	26.4	24.5	13.2	7.5	3.8	1.9	3.8	28.3	28.3	15.1	1.9

(Note) Export destinations for which at least 5% of companies responded in total have been extracted. In each row, the destination with the highest share of responses is shown in dark orange, the second highest in orange, and the third highest in light orange.

VII. Changes in the Competitive Environment

1 | Changes in the competitive environment (Summary)

Intensifying competition with Chinese companies, strengthening cost competitiveness

The biggest competitors for Japanese-affiliated companies in Asia are Chinese companies

P57-59

The largest competitors for Japanese-affiliated companies in Asia are Chinese companies. Japanese-affiliated companies compete the most with Chinese companies in China and some ASEAN countries. Within ASEAN, Chinese companies are the biggest competitors in Thailand, Cambodia, and Laos.

Differentiation through diversification and development tailored to market needs

P60-61

In competition with their biggest competitors, companies are focusing the most on diversification of products and services, followed by development of products and services that meet the market needs of destination countries. In competition with Chinese companies, many companies are working to strengthen their competitiveness in terms of costs through measures such as price reductions and cost reductions.

2 Competitor companies: Chinese companies are the biggest competitors

- Chinese companies were most frequently cited as the biggest competitors, followed by local companies and Japanese-affiliated companies in each country and region.
- Japanese-affiliated companies compete the most with Chinese companies in China and in some ASEAN countries. Within ASEAN, Chinese companies are the biggest competitors in Thailand, Cambodia, and Laos.

Competitors with which they compete the most (by country/region)

	Chinese companies	Local companies	Japanese-affiliated companies	European companies	Indian companies	U.S. companies	Taiwanese companies	South Korean companies
Total (4,438)	31.2	21.4	20.9	4.2	3.9	3.2	2.9	2.8
ASEAN (2,728)	25.5	29.6	23.7	3.7	0.4	2.7	1.4	2.6
Vietnam (737)	19.9	29.7	24.4	3.3	0.0	1.8	2.8	6.2
Thailand (585)	30.8	28.0	29.9	1.7	1.0	1.2	0.3	0.7
Singapore (391)	24.6	26.9	20.5	7.2	0.3	7.4	1.0	1.3
Indonesia (333)	25.8	34.8	26.4	4.8	0.3	0.9	0.6	0.6
Malaysia (323)	27.9	37.5	15.5	4.6	0.6	3.1	1.2	0.9
Philippines (147)	21.8	22.4	23.8	2.7	0.0	8.2	3.4	3.4
Cambodia (114)	28.9	25.4	19.3	4.4	0.0	0.0	0.9	2.6
Myanmar (62)	19.4	21.0	27.4	0.0	3.2	0.0	0.0	1.6
Laos (36)	55.6	22.2	0.0	0.0	0.0	0.0	0.0	2.8
India (335)	10.1	-	16.7	11.9	46.0	5.4	1.2	3.0
Bangladesh (51)	19.6	29.4	21.6	5.9	2.0	2.0	2.0	0.0
Pakistan (35)	22.9	25.7	14.3	5.7	2.9	2.9	0.0	0.0
Sri Lanka (29)	13.8	41.4	10.3	6.9	10.3	0.0	0.0	0.0
Australia (111)	9.9	42.3	24.3	3.6	0.0	9.9	0.0	0.9
New Zealand (36)	5.6	41.7	16.7	2.8	2.8	0.0	0.0	2.8
China (695)	74.5	-	13.5	2.4	0.0	1.3	0.6	0.3
Taiwan (174)	16.7	-	24.1	1.1	0.6	8.0	45.4	0.6
Hong Kong and Macau (159)	35.2	27.7	17.6	4.4	0.0	5.7	0.0	0.0
South Korea (85)	18.8	-	11.8	8.2	0.0	7.1	1.2	45.9

(%)

(Note 1) Competitors are classified by the country/region of capital of the companies registered locally. They are not classified by the country/region of origin of the products or services provided.

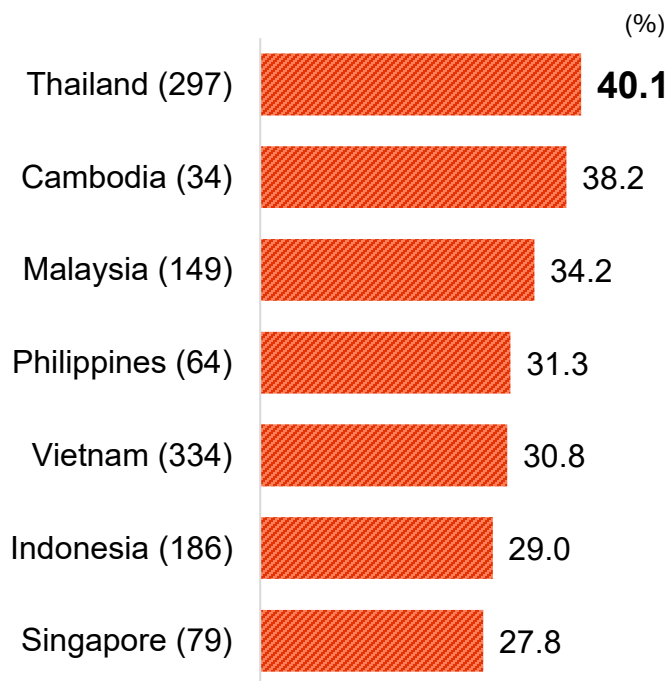
(Note 2) Values that are at least 5 percentage points higher than the overall total are shown in light orange, and those at least 10 percentage points higher are shown in orange.

(Note 3) For local companies: Japanese companies in China select "Chinese companies"; Japanese companies in Taiwan select "Taiwanese companies"; Japanese companies in South Korea select "South Korean companies"; and Japanese companies in India select "Indian companies."

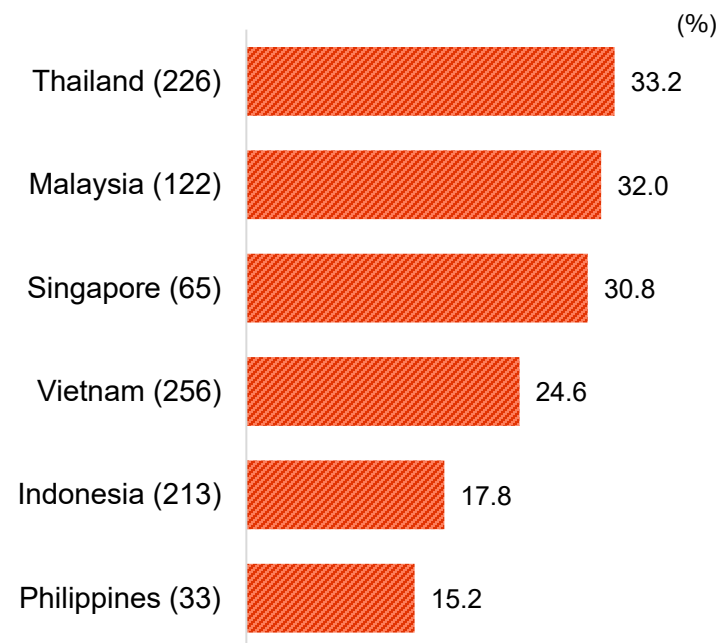
3 Competitors in ASEAN (1): In Thailand, 40% regard Chinese companies as their biggest competitors

- Among manufacturing companies in ASEAN, Chinese companies (33.9%) were the most frequently cited as the competitors considered to be the most competitive, followed by local companies (21.8%) and Japanese companies (21.7%).
- By country, in Thailand, the share of responses citing Chinese companies exceeded 40%.

Share of companies that cited Chinese companies as the competitor considered most competitive (Manufacturing, by ASEAN country)



(Reference) Share of companies that cited Chinese companies as the competitor considered most competitive in FY2024 (Manufacturing, by ASEAN country)



(Note) Countries with at least 30 valid responses.

4 Competitors in ASEAN (2): Mainly competing with Chinese players in Electrical machinery parts/Electronic device parts

Manufacturing only

- In Thailand and Vietnam, many companies cited Chinese companies as the competitors considered to be the most competitive in Electrical machinery parts/Electronic device parts; in Malaysia, in Electric machinery/Electronic devices; and in Indonesia, in General machinery.
- In Transportation equipment parts, the percentage of companies that cited Chinese companies as the competitors considered to be the most competitive was 45.5% in Thailand, 27.3% in Vietnam, and 21.2% in Indonesia.

Share of companies that cited Chinese companies as the competitor considered the most competitive (Manufacturing, by industry)

(%)

Thailand		Vietnam		Malaysia		Indonesia	
Electrical machinery parts/Electronic device parts (26)	50.0	Electrical machinery parts/Electronic device parts (33)	45.5	Electrical machinery/Electronic devices (17)	47.1	General machinery (15)	46.7
Transport equipment parts (55)	45.5	Textiles/Textile Apparel (25)	40.0	Chemicals/Medicine (24)	41.7	Transport equipment parts (33)	21.2
General machinery (40)	45.0	Plastic products (25)	40.0	Electrical machinery parts/Electronic device parts (27)	37.0	Iron/Nonferrous metals/Metals (25)	12.0
Iron/Nonferrous metals/Metals (47)	40.4	Chemicals/Medicine (19)	36.8	Iron/Nonferrous metals/Metals (15)	20.0		
Chemicals/ Medicine (25)	40.0	General machinery (22)	36.4				
Plastic products (25)	28.0	Rubber/Ceramic/Stone and clay products (17)	35.3				
		Electrical machinery/Electronic devices (19)	31.6				
		Iron/Nonferrous metals/Metals (57)	28.1				
		Transport equipment parts (33)	27.3				
		Paper/Wood products/Printing (17)	23.5				
		Food (24)	8.3				

(Note) Industries with at least 15 valid responses among major ASEAN countries.

5

Measures companies are taking with particular emphasis to compete in the market: Emphasis on diversification of products and services as well as development that meets market needs

- In competition with their biggest competitors, companies are focusing the most on diversification of products and services, followed by development of products and services that meet the market needs of destination countries. On the other hand, in China, price reductions and cost reductions are emphasized more; in Thailand, price reductions; and in Indonesia, cost reductions.

Measures companies are taking with particular emphasis to compete with their biggest competitors (by country/region, multiple responses)

(%)

	Diversification of products and services	Development of products and services that meet the market needs of destination countries	Price reductions (including adjustment of profit margin)	Cost reduction (e.g., reduction of labor costs and improvement of production efficiency)	Strengthening sales and public relations	Collaboration and cooperation with local companies	Cost reduction (e.g., reduction of raw material costs by switching suppliers, etc.)
Total (4,007)	36.4	34.1	33.0	31.3	27.8	25.8	22.1
ASEAN (2,443)	35.5	30.1	31.8	29.1	28.8	25.6	20.8
Vietnam (647)	35.4	28.7	31.7	25.7	31.1	26.9	20.7
Thailand (539)	32.7	29.3	38.4	32.3	26.9	24.7	23.4
Singapore (349)	33.2	31.5	26.4	16.3	28.4	24.4	11.2
Indonesia (312)	35.9	29.8	32.4	39.4	29.5	23.1	27.2
Malaysia (300)	36.7	31.0	31.3	31.7	27.0	27.7	22.3
Philippines (126)	42.1	27.0	31.7	37.3	30.2	25.4	23.8
Cambodia (94)	44.7	42.6	21.3	23.4	33.0	29.8	13.8
Myanmar (47)	44.7	27.7	27.7	38.3	23.4	21.3	19.1
Laos (29)	31.0	27.6	17.2	27.6	17.2	31.0	17.2
India (317)	39.7	42.3	31.2	32.2	30.3	24.6	27.1
Bangladesh (44)	29.5	29.5	29.5	25.0	18.2	34.1	25.0
Pakistan (24)	33.3	33.3	33.3	45.8	29.2	16.7	25.0
Sri Lanka (24)	58.3	37.5	29.2	29.2	45.8	29.2	20.8
Australia (99)	39.4	38.4	15.2	23.2	34.3	33.3	7.1
New Zealand (29)	31.0	34.5	41.4	20.7	31.0	10.3	17.2
China (639)	35.4	40.4	44.9	44.8	23.2	26.0	31.6
Taiwan (165)	41.2	46.7	20.0	20.6	24.8	34.5	11.5
Hong Kong and Macau (143)	39.9	32.9	32.9	30.1	23.1	15.4	11.2
South Korea (80)	36.3	46.3	31.3	25.0	28.8	28.8	25.0

(Note 1) Values that are at least 5 percentage points higher than the overall total are shown in light orange, and those at least 10 percentage points higher are shown in orange.

(Note 2) Only items with response ratios of 20% or more are shown.

6

Measures companies are taking with particular emphasis to compete in the market: In response to Chinese companies, companies are strengthening cost-related measures such as price reductions

- In competition with Chinese companies, many companies are working to strengthen their competitiveness in terms of costs through measures such as price reductions and cost reductions.
- In competition with Japanese-affiliated companies, many cited strengthening sales and public relations, while in competition with European and U.S. companies, many cited development of products and services that meet the market needs of destination countries.

Measures companies are taking with particular emphasis to compete with their biggest competitors (by competitor type, multiple responses)

(%)

	Diversification of products and services	Development of products and services that meet the market needs of destination countries	Price reductions	Cost reduction (e.g., reduction of labor costs, utility costs, etc., improvement of production efficiency)	Strengthening sales and public relations	Collaboration and cooperation with local companies	Cost reduction (e.g., switching suppliers)	Raising prices (higher added value, branding)	Expansion of sales channels	Narrowing down products and services	Collaboration and cooperation with other foreign companies	Review and restructuring of sales network
Total (4,007)	36.4	34.1	33.0	31.3	27.8	25.8	22.1	19.2	15.9	13.0	12.0	10.5
Chinese companies (1,364)	33.6	33.1	39.2	38.3	21.0	23.9	28.9	19.9	13.0	15.5	12.0	11.5
Local companies (939)	36.4	31.4	31.7	26.1	31.4	29.8	16.8	20.3	18.8	12.5	12.9	11.3
Japanese-affiliated companies (920)	40.5	32.8	28.8	30.2	33.4	25.2	19.7	16.8	15.7	11.4	11.2	8.2
European companies (186)	37.6	46.2	28.5	22.0	31.2	25.3	18.8	10.8	22.0	11.8	7.0	8.1
Indian companies (171)	32.2	38.6	31.0	36.8	23.4	21.6	27.5	28.7	12.9	11.7	12.3	9.9
U.S. companies (140)	40.0	42.9	20.7	15.7	35.0	26.4	8.6	17.1	19.3	9.3	16.4	14.3
Taiwanese companies (126)	38.1	38.9	31.7	31.0	23.8	27.8	19.0	21.4	14.3	14.3	10.3	12.7
South Korean companies (119)	30.3	33.6	25.2	26.9	25.2	22.7	22.7	21.0	20.2	10.1	13.4	8.4
Others (42)	45.2	38.1	47.6	26.2	42.9	31.0	16.7	14.3	19.0	4.8	16.7	9.5

(Note 1) Values that are at least 5 percentage points higher than the overall total are shown in light orange, and those at least 10 percentage points higher are shown in orange.

(Note 2) Only items with response ratios of 10% or more are shown.

VIII. Decarbonization Initiatives

1 | Decarbonization initiatives (Summary)

The highest level since the survey began in FY2021

Percentage of making efforts was 43.0%, a record high

P64-65

The percentage of companies that answered they are “already making efforts” was 43.0% across all regions in Asia and Oceania, **up 12.1 percentage points from the FY2021 survey**, when the survey on decarbonization began, **marking a record high**. By industry, the share was 52.8% in Manufacturing (a record high) and 35.5% in Non-manufacturing (the second-highest level on record).

More than half of companies have set company-wide goals

P67

As reasons for making efforts, more than half of companies cited statements such as “**we have set company-wide decarbonization goals.**” In Oceania, many companies cited “tightening of regulations and institutional development in the country/region where they are located” as a reason, and in particular, Australia had the highest percentage among all countries and regions at 44.4% (with Taiwan in second place at 27.7%).

The main challenges are the cost of introducing renewable energy and insufficient resources

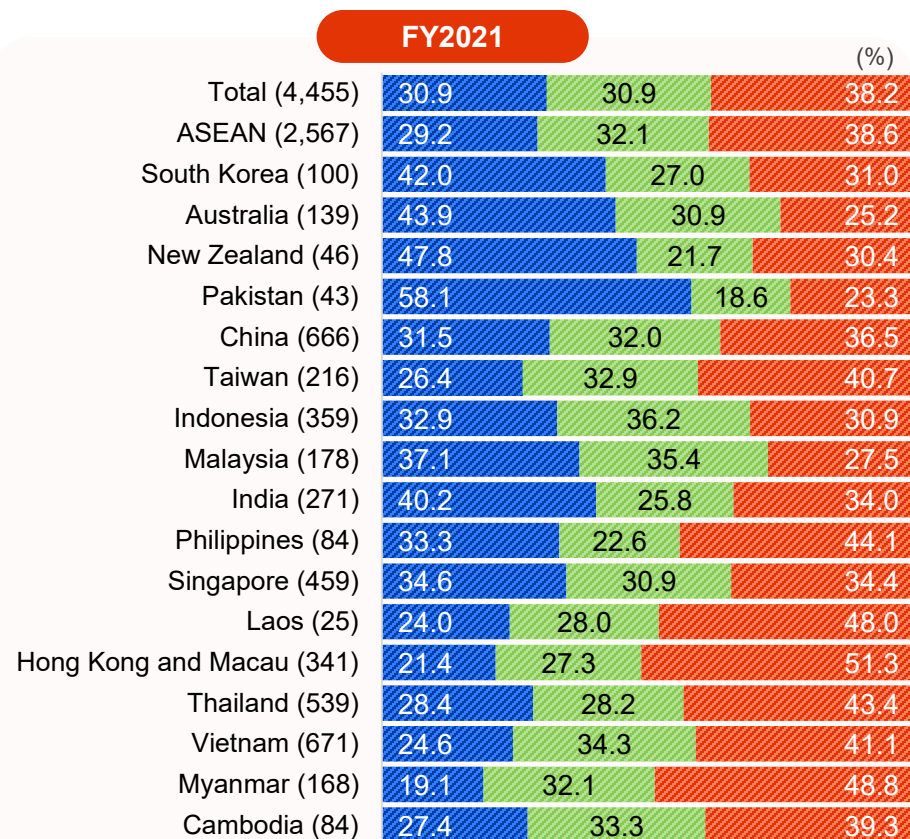
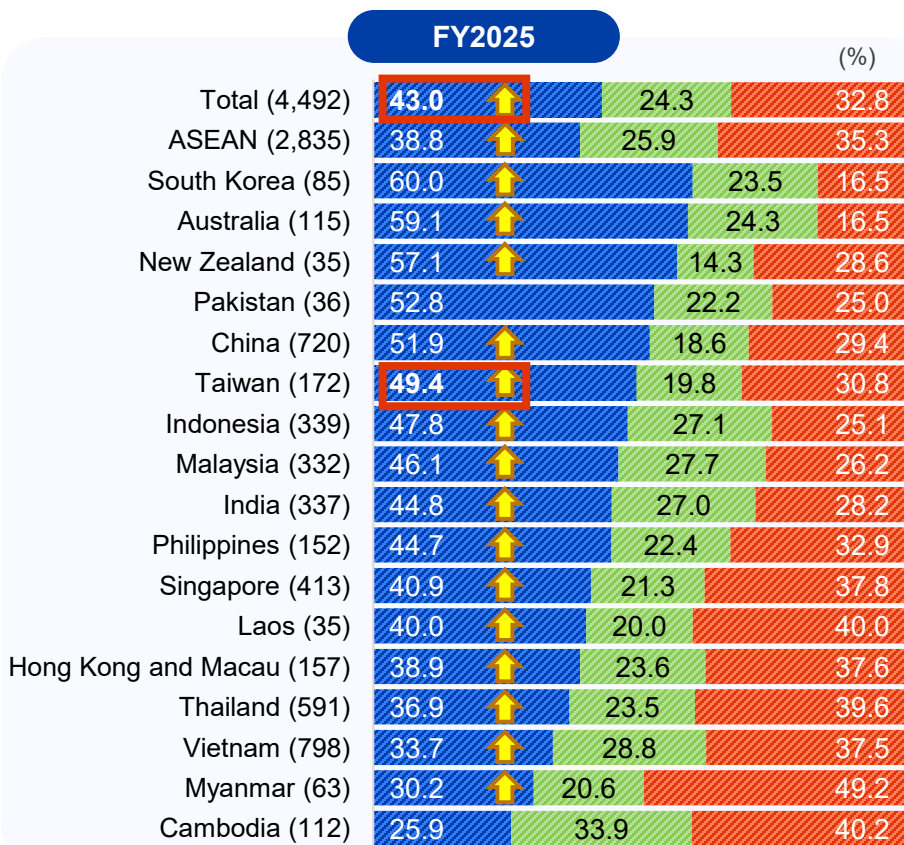
P68

As challenges related to decarbonization, many companies cited the “high cost of introducing renewable energy” and “insufficient resources.” In addition, among companies that are “making efforts,” some cited **existing systems (such as complicated procedures)** as a challenge, while among companies that “have no plan to make any efforts,” some pointed to **immature markets (such as low consumer awareness)** and the **lack of well-developed environmental regulations** as challenges.

2 | Decarbonization initiatives (by country/region): Decarbonization initiatives have progressed significantly, marking a record high

- Overall, 43.0% of companies answered that they are “making efforts,” up 12.1 percentage points from the FY2021 survey (30.9%), when the decarbonization survey began, **marking a record high**.
- By country and region, the percentage increased from the FY2021 survey in all countries and regions except Cambodia and Pakistan. The increase was particularly notable in Northeast Asia, where Taiwan recorded the largest increase at 49.4%, up 23.0 percentage points.

Whether companies are making or planning to make decarbonization efforts in the country/region where they are located (by country/region)



■ Making efforts

■ Planning to make efforts

■ No plan to make any efforts

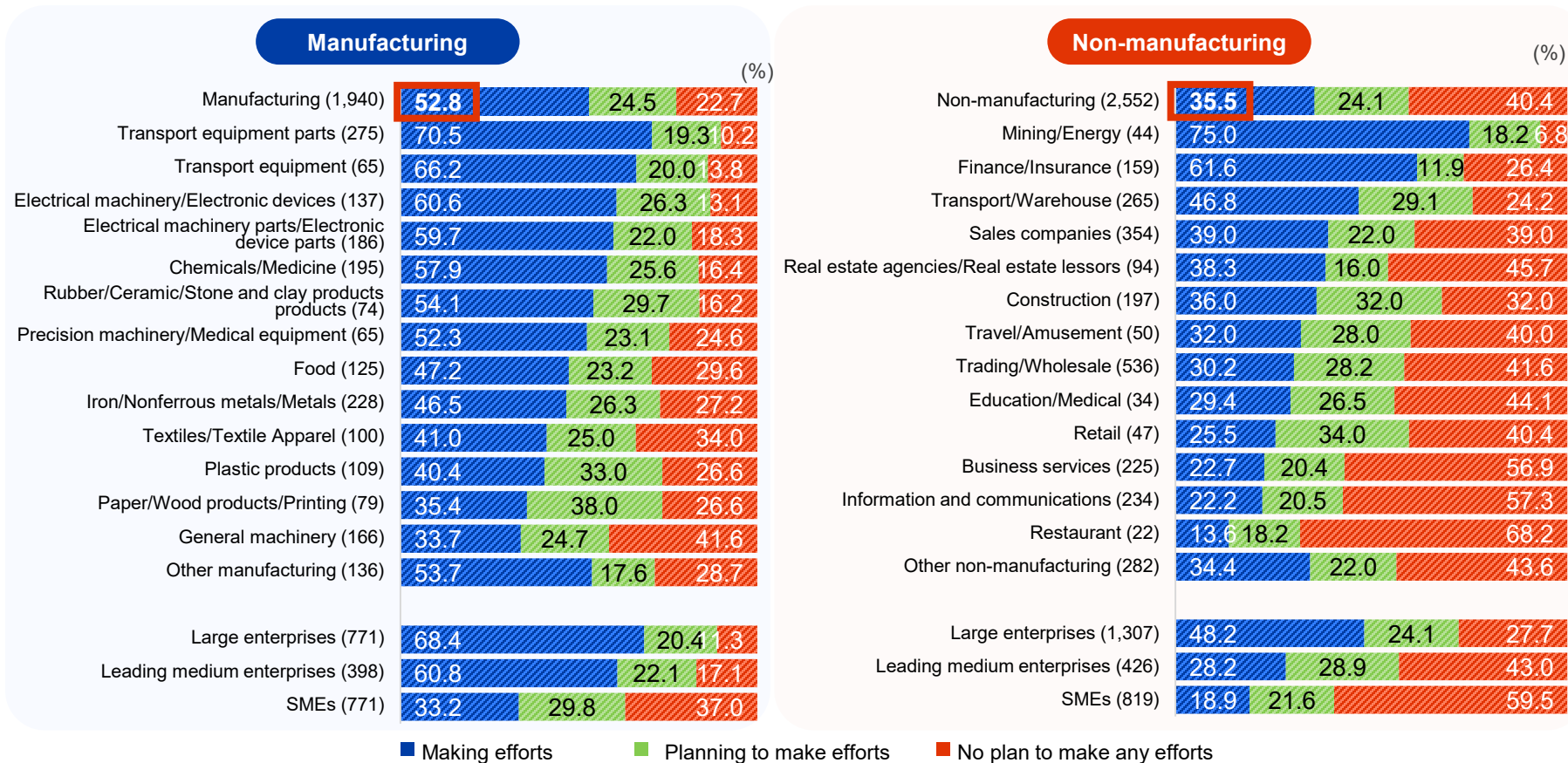
(Note) Countries and regions with at least 20 valid responses. When the share of companies “making efforts” decarbonization initiatives is higher than in FY2021, an upward arrow is shown.

3

Decarbonization initiatives (by industry and company size): More companies are undertaking decarbonization initiatives in both Manufacturing and Non-manufacturing

- By industry, the percentage of companies that answered they are “making efforts” increased from the FY2024 survey in both Manufacturing and Non-manufacturing. In Manufacturing, it reached 52.8%, up 5.0 percentage points, **the highest level** since the survey began in FY2021. In Non-manufacturing, the percentage was 35.5%, up 2.6 percentage points and the second-highest level after FY2023 (36.7%).

Whether companies are making or planning to make decarbonization efforts in the country/region where they are located (by industry)



(Note) Industries with at least 20 valid responses.

4

Decarbonization initiatives:

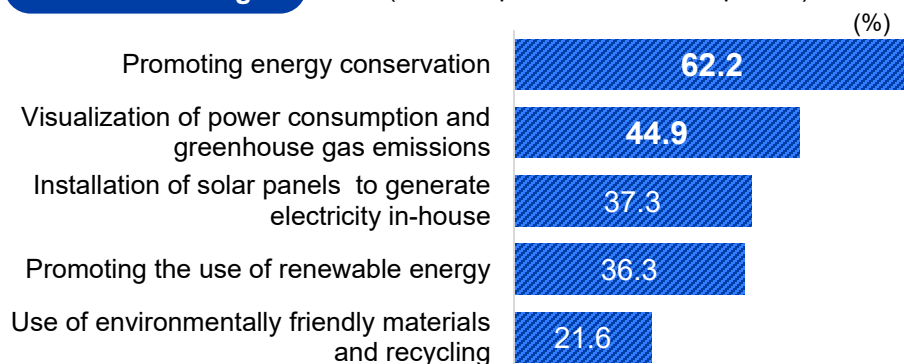
Focus on promoting energy conservation, with some companies also setting CO2 emissions reduction targets

- Regarding the details of decarbonization initiatives, in both Manufacturing and Non-manufacturing, the most frequently cited measure was “promoting energy conservation,” followed by “visualization of power consumption and greenhouse gas emissions.”
- Specific examples of initiatives included “setting company-wide CO2 reduction targets,” “converting to solar power and LED lighting,” and “switching to waste disposal contractors that greatly contribute to recycling,” among others.

Details of decarbonization initiatives (by industry, multiple responses)

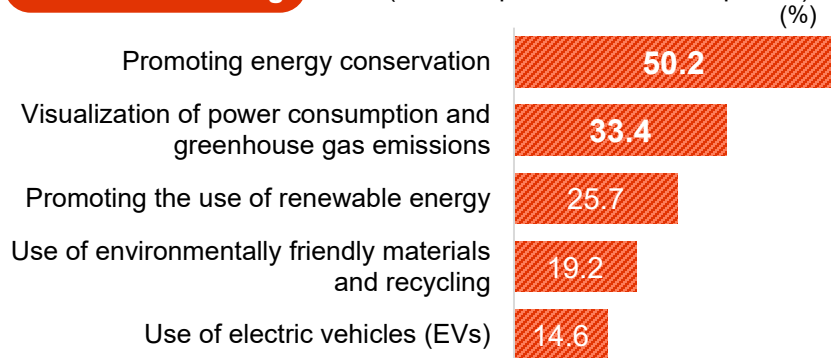
Manufacturing

(Valid responses: 1,475 companies)



Non-manufacturing

(Valid responses: 1,468 companies)



Industry	Main initiatives (partial list)
Transport equipment parts	<ul style="list-style-type: none"> Report CO2 emissions to the headquarters monthly. Set annual and medium-term targets company-wide. Convert outdoor lighting to solar and LED lighting.
Transport equipment	<ul style="list-style-type: none"> Convert boilers from diesel fuel to LPG fuel, use rainwater, and recycle wastewater using reverse osmosis membranes.
Electrical machinery parts/Electronic device parts	<ul style="list-style-type: none"> Conduct energy-related surveys on the SDGs in collaboration with the headquarters. Develop energy-saving products by improving product efficiency.
Mining/Energy	<ul style="list-style-type: none"> Publish a company environmental report in accordance with GRI. Replace the company's lighting and air conditioners with LED and inverter models. Issue environmental certificates (I-REC) by ourselves.
Finance/Insurance	<ul style="list-style-type: none"> Utilize an emissions management system to visualize and analyze power consumption and GHG emissions. Consider purchasing RECs and introducing EVs. Switch waste disposal contractors to suppliers that greatly contribute to recycling.
Transport/Warehouse	<ul style="list-style-type: none"> During maintenance while aircraft are parked, use ground power instead of on-board power to minimize emissions of greenhouse gases and air pollutants from jet fuel combustion.

(Note 2) The table extracts the initiatives of companies in the top 3 industries in Manufacturing and Non-manufacturing where the share of companies that answered they are “making efforts” was highest.

(Note 3) Open-ended comments have been supplemented and edited, as necessary, to clarify the intent of the respondents without alteration.

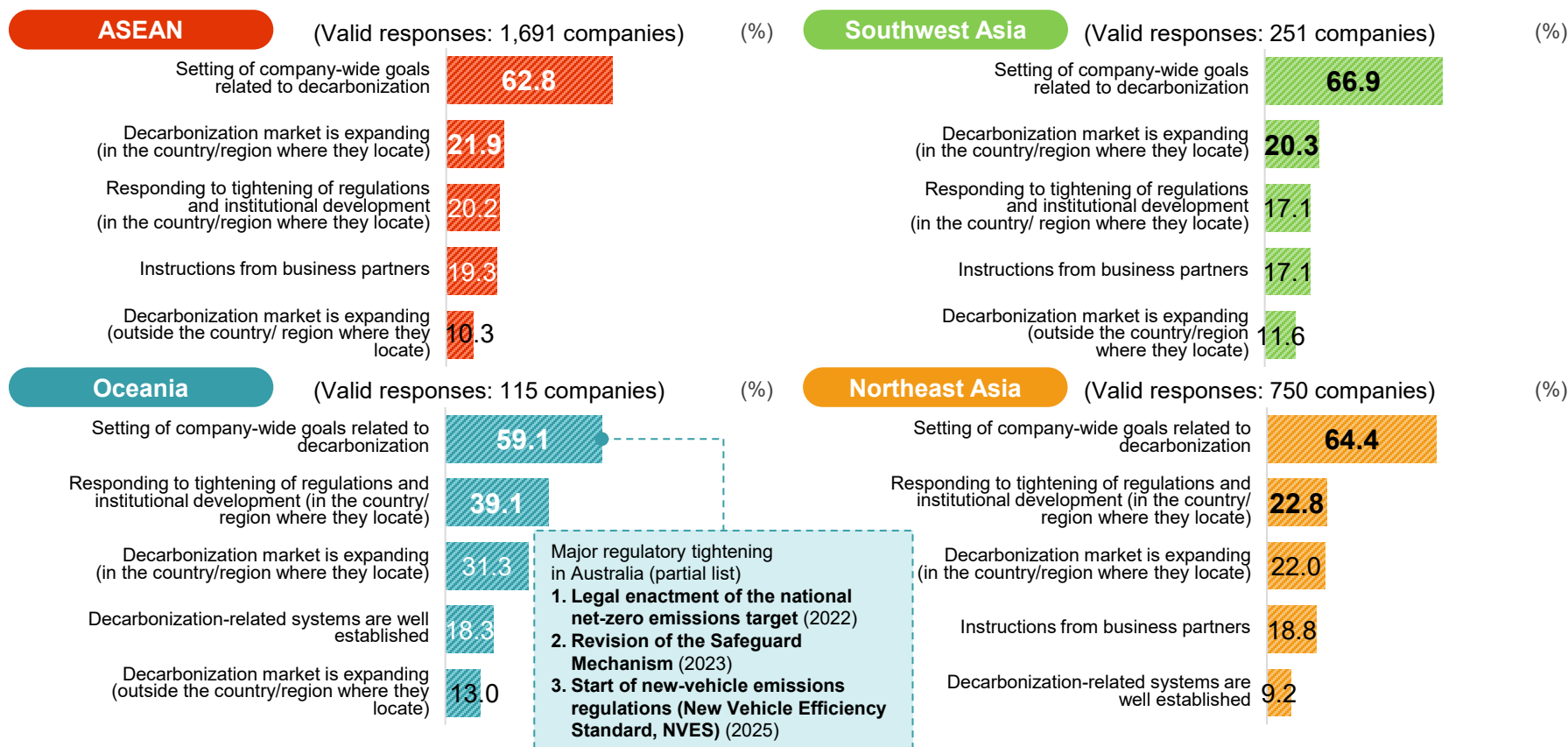
(Note 1) The table lists the top 5 items with the highest response ratios for both Manufacturing and Non-manufacturing.

5

Reasons for undertaking decarbonization initiatives: Promoting as company-wide goals, with responses in Oceania also driven by tighter regulations

- Across all regions in Asia and Oceania, the most common reason cited for promoting decarbonization initiatives - by roughly 60-70% of companies - was that they “have set company-wide goals related to decarbonization.”
- By region, Oceania had the highest percentage of companies citing “responding to tightening of regulations and institutional development in the country/region where they locate” at 39.1%. Within Oceania, Australia stood out at 44.4%, significantly higher than other countries and regions (with Taiwan in second place at 27.7%).

Reasons for promoting decarbonization initiatives (by region)



(Note) Top 5 items in terms of share of responses.

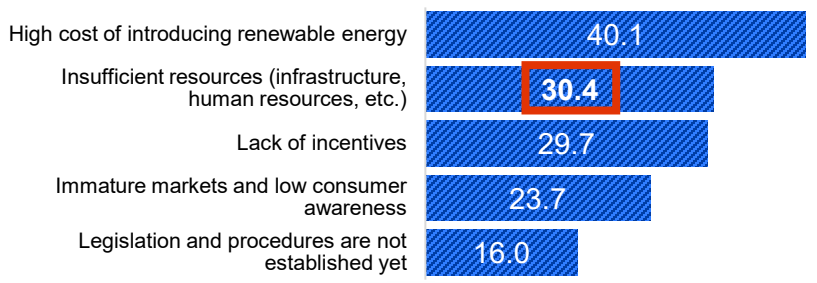
6 Challenges in pursuing decarbonization initiatives: The main challenges are the high cost of introducing renewable energy and insufficient resources

- Among companies that are “making (or planning to make) efforts,” the most frequently cited challenge was that “the high cost of introducing renewable energy.” In addition, “**insufficient resources**” was among the top challenges both for companies that are making (or planning to make) efforts and for those that have no plans to do so.
- Other comments from companies that are “making efforts” pointed to **existing systems**—such as complicated procedures and a lack of support—as challenges, while companies that “have no plan to make any efforts” cited challenges such as **immature markets** (low consumer awareness) and **underdeveloped environmental regulations**.

Challenges when pursuing decarbonization initiatives, or reasons for not (or not being able to) undertake such initiatives (all regions)

Companies that are making (or plan to make) efforts

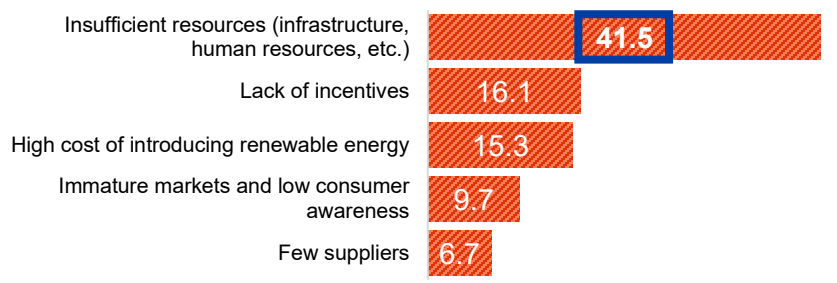
(Valid responses: 2,187 companies)



Companies that have no plan to make any efforts

(%)

(Valid responses: 1,242 companies)



Challenges cited by companies that are making (or plan to make) efforts (open-ended comments)



Challenges cited by companies that have no plan to make any efforts (open-ended comments)



(Note 1) Top 5 items in terms of share of responses, excluding “Other.”
(Note 2) Open-ended comments have been supplemented and edited, as necessary, to clarify the intent of the respondents without alteration.

IX. Utilization of Digital Technologies and Related Challenges

1 | Utilization of digital technologies and related challenges (Summary)

Utilization of digital technology within ASEAN is still at a halfway stage

**Digital technology
utilization in ASEAN is
around 50%**

P71

ASEAN is working to put systems in place ahead of the planned conclusion in 2026 of the cross-regional Digital Economy Framework Agreement (DEFA), but the share of Japanese-affiliated companies in the region that utilize digital technologies is 52.1%, lower than Australia, South Korea, and India, where the share exceeds 60%.

**Utilization is aimed
mainly at improving
operational efficiency**

P73

Overall, 57.8% of companies answered that they plan to “expand” the introduction of digital technologies in the future; the share was highest in South Korea at 72.4%, followed by Australia at 69.5%. Across all countries and regions, the main purpose of expansion was **improving operational efficiency (in both administration and operations)**.

**Challenges include clarifying
the division of responsibilities
between the headquarters and
local operations**

P74-75

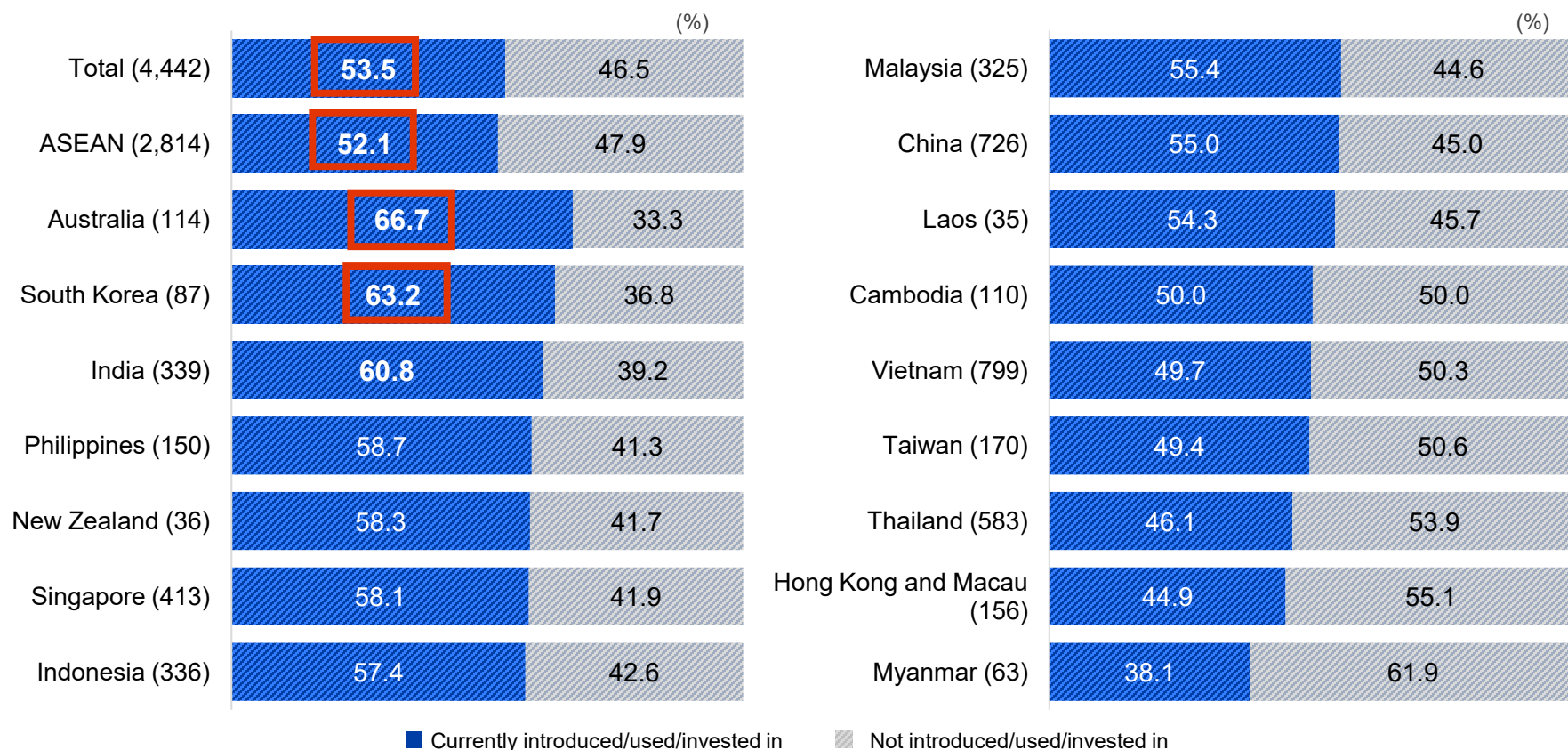
As for challenges in utilizing digital technologies, comments cited cost-related issues and insufficient resources. In addition, interviews individually conducted with Japanese-affiliated companies revealed concerns such as the need to **respond to differing regulations by country and region and the difficulty in reconciling headquarters-driven initiatives with responses in the field**.

2

Status of digital technology utilization (by country/region): Utilization in ASEAN, which aims to conclude DEFA, is still halfway

- The percentage of companies that have introduced/used/invested in the digital field was 53.5%.
- In ASEAN, which is working to put systems in place ahead of the planned conclusion in 2026 of the cross-regional Digital Economy Framework Agreement (DEFA), the percentage was 52.1%, which is lower than in Australia, South Korea, and India, where exceed 60%.

Status of introduction and utilization of digital technologies and of investment in the digital field (by country/region)



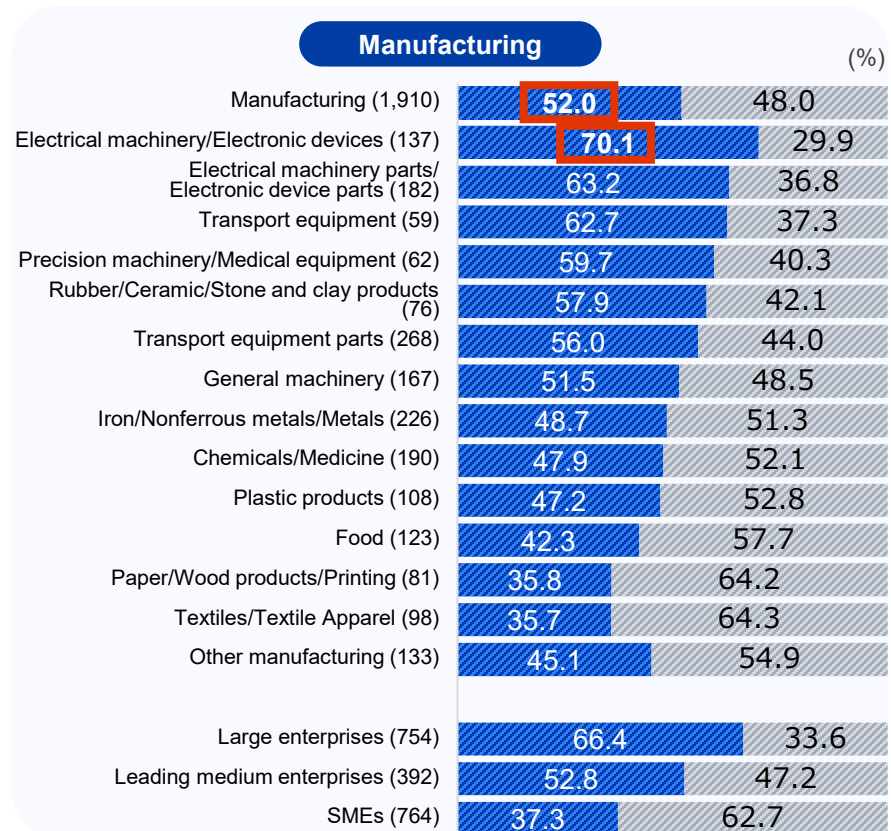
(Note) Bangladesh, Pakistan, and Sri Lanka were not covered by the survey.

3

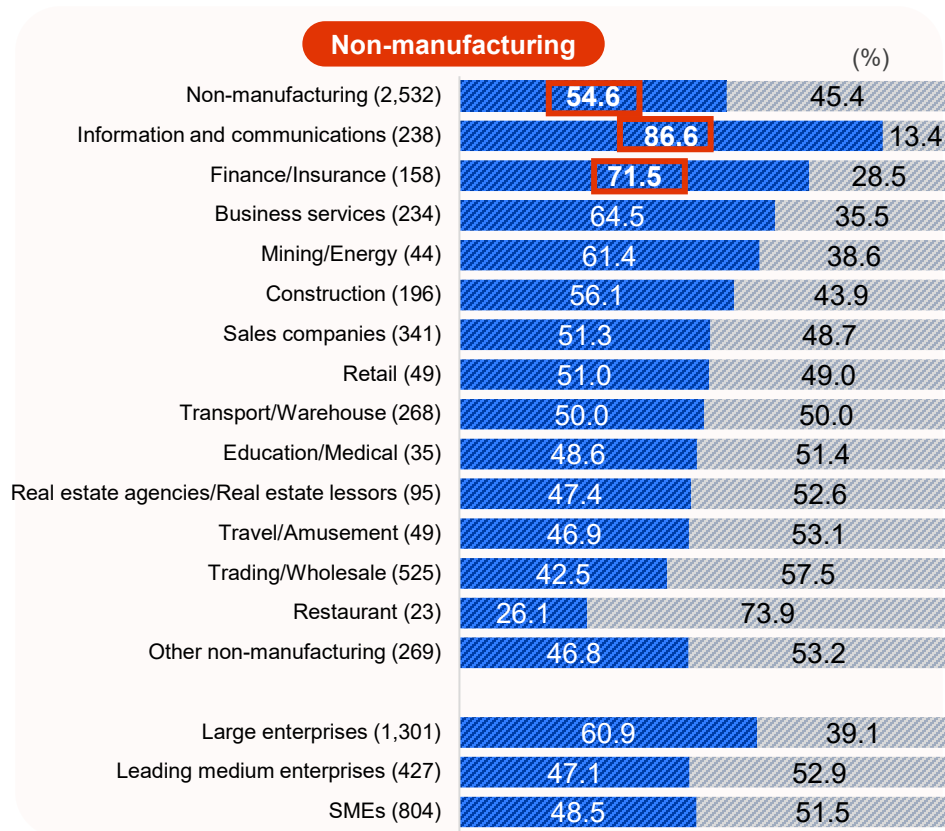
Status of digital technology utilization (by industry): Introduction and utilization of digital technologies is around 50% in both Manufacturing and Non-manufacturing

- By industry, the shares were broadly similar, at 52.0% for Manufacturing and 54.6% for Non-manufacturing.
- Within Manufacturing, the percentage was 70.1% in Electrical machinery/Electronic devices, while within Non-manufacturing, it exceeded 70% in Information and communications (86.6%) and in Finance/Insurance (71.5%).

Status of introduction and utilization of digital technologies and of investment in the digital field (by industry)



■ Currently introduced/used/invested in



■ Not introduced/used/invested in

(Note 1) Bangladesh, Pakistan, and Sri Lanka were not covered by the survey.

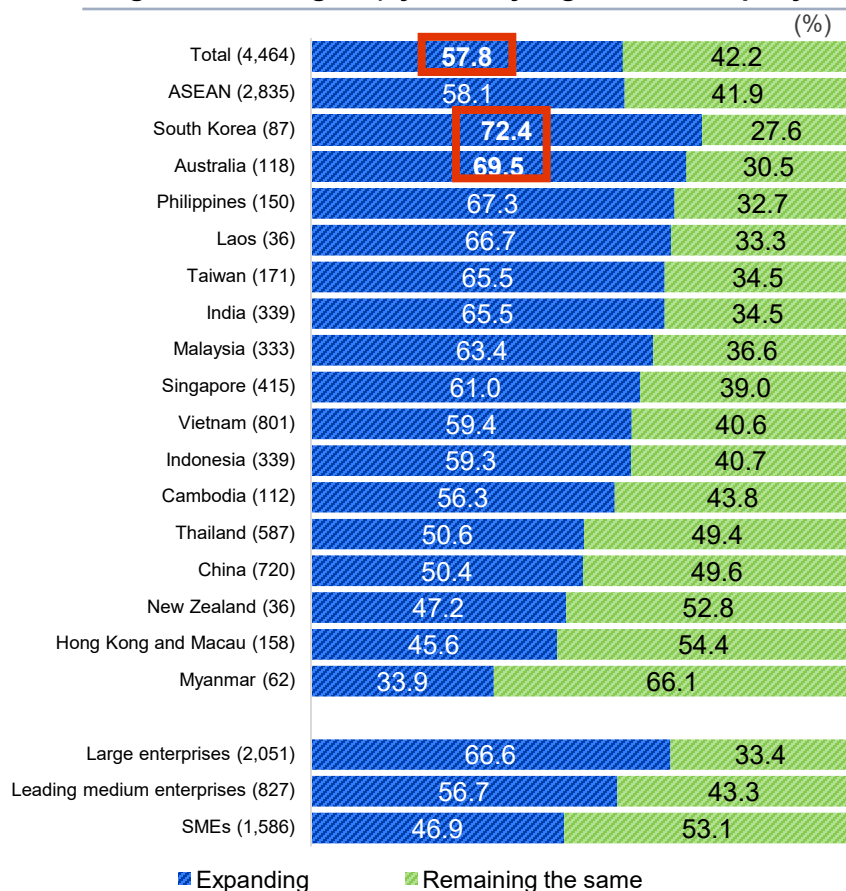
(Note 2) Industries with at least 10 valid responses.

4

Direction and purposes of introducing, utilizing, and investing in digital technologies: Operational efficiency (administration and operations) accounts for the majority

- The percentage of companies that answered they are “expanding” introduction, utilization, and investment in digital technologies was 57.8%. The highest was in South Korea at 72.4%, followed by Australia at 69.5%.
- As for the purposes of expanding introduction and utilization, in all countries and regions, the largest share of responses was for improving efficiency (administration and operations), while “new businesses promotion” using digital technologies was 22.8%.

Future direction of introduction, utilization, and investment in digital technologies (by country/region and company size)



Purposes of expanding introduction, utilization, and investment in digital technologies (by country/region, multiple responses)

(%)

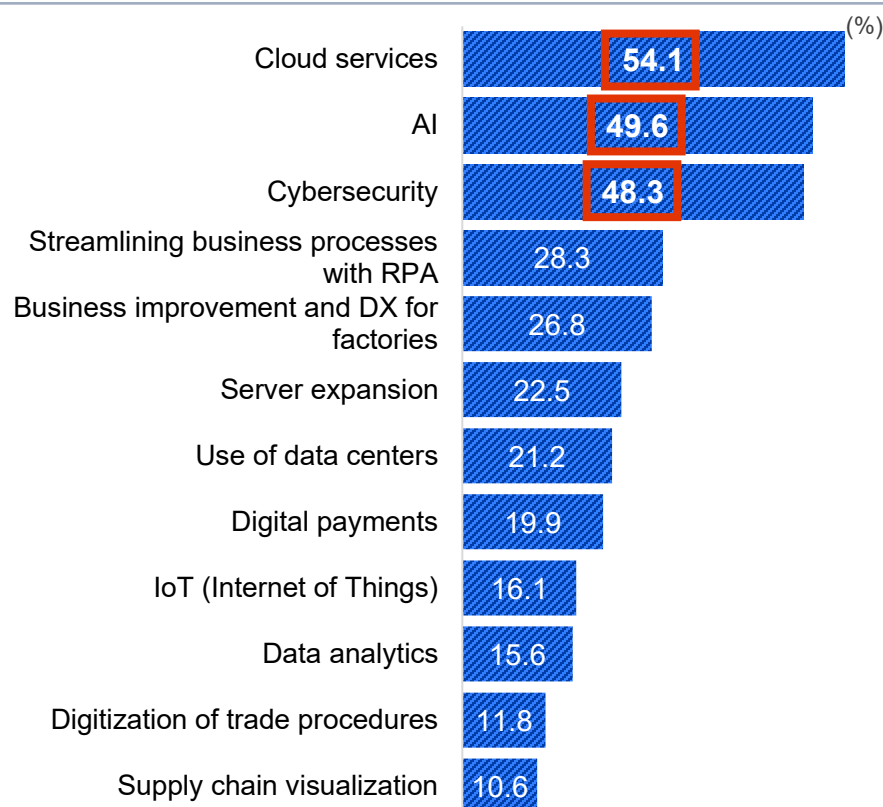
	Efficiency (Administration)	Efficiency (Operations)	New business promotion	R&D	Legal response
Total (2,381)	91.3	71.5	22.8	12.3	16.3
ASEAN (1,529)	91.1	70.8	22.4	11.7	14.3
Cambodia (57)	93.0	77.2	33.3	10.5	15.8
Indonesia (189)	93.7	71.4	20.1	7.9	10.1
Laos (24)	83.3	70.8	20.8	12.5	12.5
Malaysia (194)	86.6	73.7	22.7	11.3	17.5
Myanmar (20)	95.0	80.0	35.0	15.0	15.0
Philippines (96)	94.8	69.8	29.2	18.8	14.6
Singapore (227)	92.5	70.9	22.5	14.5	16.3
Thailand (284)	91.9	68.0	18.7	8.5	13.0
Vietnam (438)	90.0	70.1	22.1	12.6	14.2
India (210)	88.1	77.6	25.2	17.1	22.9
Australia (68)	92.6	70.6	25.0	10.3	19.1
New Zealand (14)	100.0	92.9	14.3	7.1	0.0
China (334)	90.7	71.6	23.7	13.8	22.5
Hong Kong and Macau (65)	92.3	75.4	24.6	7.7	16.9
Taiwan (102)	95.1	68.6	22.5	11.8	13.7
South Korea (59)	98.3	64.4	18.6	10.2	16.9

(Note) Bangladesh, Pakistan, and Sri Lanka were not covered by the survey.

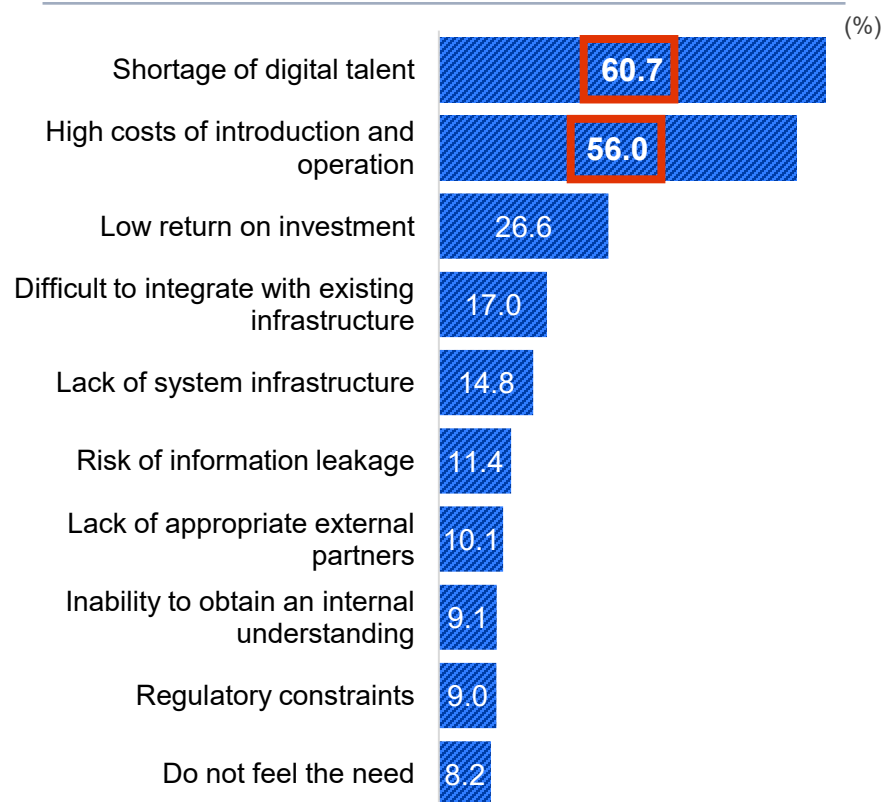
5 | Technologies/fields to be introduced and expanded, as well as related challenges: Using cloud services and AI, with challenges in terms of human resources and costs

- The technologies and fields for which introduction and utilization will be expanded most frequently included cloud services, AI, and cybersecurity. **Results for the expansion purpose of efficiency (administration) are presented as a sample here**, while the other items showed similar patterns.
- As for challenges, more than half of the companies cited “shortage of digital talent” and “high cost of installation and operation.”

(1) **Technologies** for which introduction and utilization will be expanded [efficiency (administration)] (all regions)



(2) **Challenges** when advancing introduction, utilization, and investment (all regions)



(Note 1) For (1), the number of valid responses was 2,173 companies; items with response ratios of 10% or more are shown.

For (2), the number of valid responses was 4,235 companies; responses “not sure about the issue” and “other” are excluded.

(Note 2) Bangladesh, Pakistan, and Sri Lanka were not covered by the survey (applies to both (1) and (2)).

6

Examples of introduction and utilization, and related challenges: Companies also point to challenges related to regulations and systems

- Interviews were conducted with companies operating in ASEAN regarding their introduction and utilization of digital technologies and the challenges involved. In terms of examples of introduction and utilization, responses included **“improving efficiency and strengthening governance through digitalization”** and **“strengthening information management systems.”**
- On the other hand, in terms of challenges, some companies cited **“responding to differing regulations by country and region”** and the **“difficulty of reconciling headquarters-driven initiatives with responses in local subsidiaries.”**

Examples of digital technology introduction and utilization (based on company interviews)

Smoother attendance management

RFID was introduced into the employee authentication system. Attendance management was shifted from individual management with timecards to automatic, centralized, real-time management using IoT.

Information and communications



Improved efficiency and stronger governance

Automatic checking of export items prevents input errors associated with manual work. Only items approved within the company can be exported, preventing roundabout and illegal exports.

Trading/Wholesale



Cross-border information management

The COVID-19 pandemic accelerated company-wide use of cloud services. Real-time information sharing and management systems were strengthened.

Trading/Wholesale



Automation of routine tasks

Introduction of software (RPA) that automates routine tasks on PCs enabled routine work to be automated and productivity to be improved.

Trading/Wholesale



Challenges in introducing and utilizing digital technologies (based on company interviews)

Harmonization of regulations within ASEAN

In using IoT devices, companies face differing regulations in each country. Specifically, unified regulations within ASEAN are needed, such as certification systems under radio laws.

Information and communications



Strict licensing and approval systems

When introducing digital devices, the required licensing and approval procedures are complicated. In Thailand, for example, to introduce devices, companies may be required to bring the devices to the authorities and provide explanations.

Information and communications



Difficulty of reconciling headquarters-driven initiatives with responses in local subsidiaries

While digitalization led by local operations can be adapted to local needs, it is difficult to optimize the company as a whole. Balancing control by the headquarters with the ability of local sites to respond quickly is important.

Trading/Wholesale



Strengthening the presence of Japanese-affiliated companies

When operating alone, there are limits on data access and responses to regulations, making collaboration with strong local partners is essential; however, in negotiations aimed at forming partnerships, companies fall behind competitors in terms of differentiation.

Business services



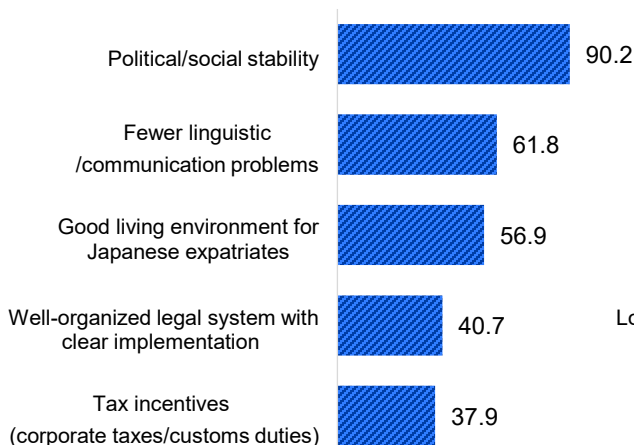
X. Investment Environment

1 | Top 5 advantages: ASEAN (1)

Top 5 advantages of the investment environment (multiple responses)

(%)

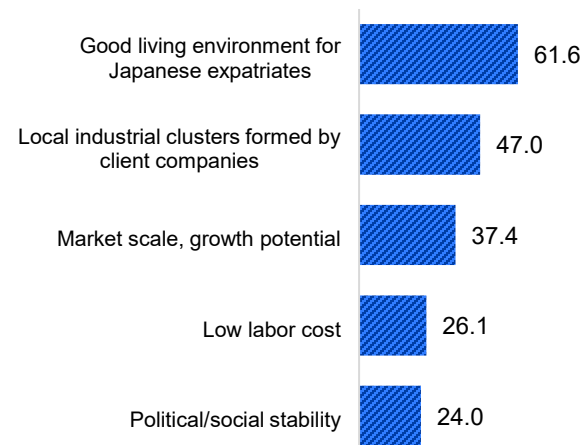
Singapore(427)



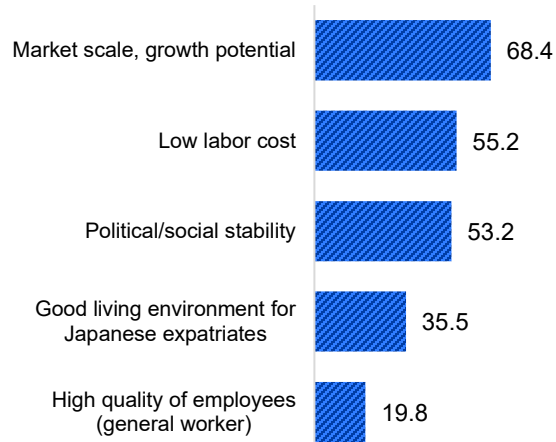
Indonesia(339)



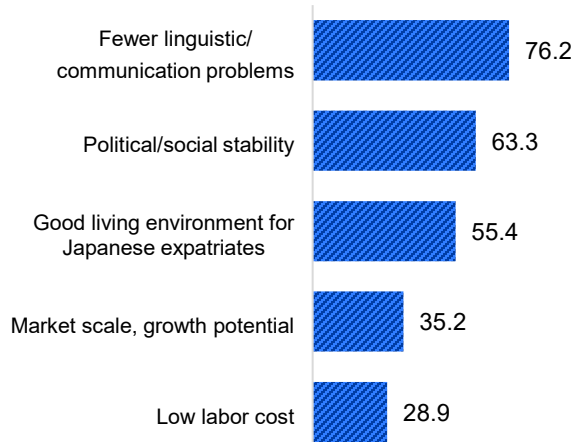
Thailand(583)



Vietnam(814)



Malaysia(332)



Philippines(151)



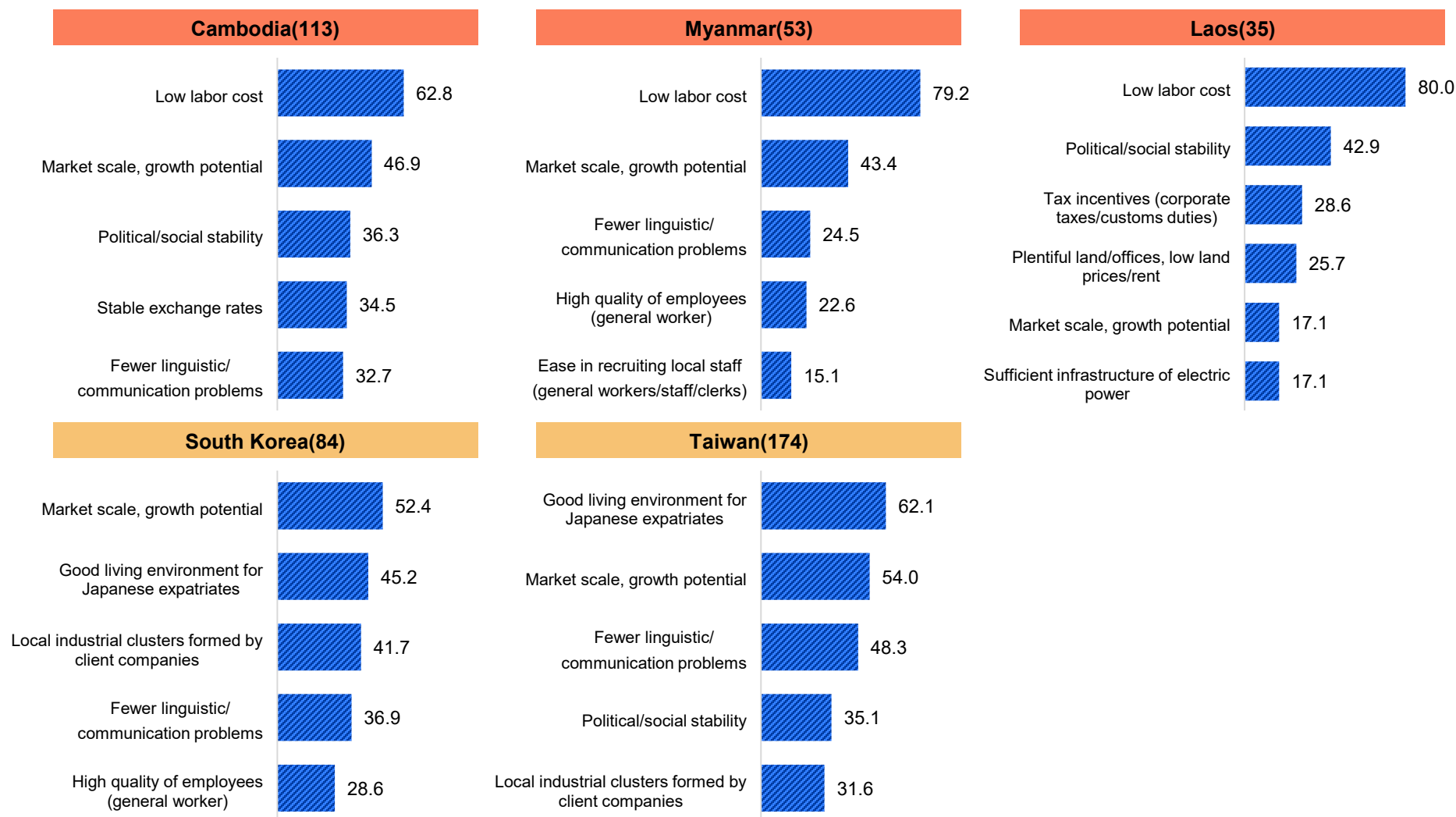
(Note 1) The number of valid responses is shown in parentheses following country/region name.

(Note 2) China and Hong Kong and Macau are not included in the survey.

2 | Top 5 advantages: ASEAN (2), South Korea, Taiwan

Top 5 advantages of the investment environment (multiple responses)

(%)



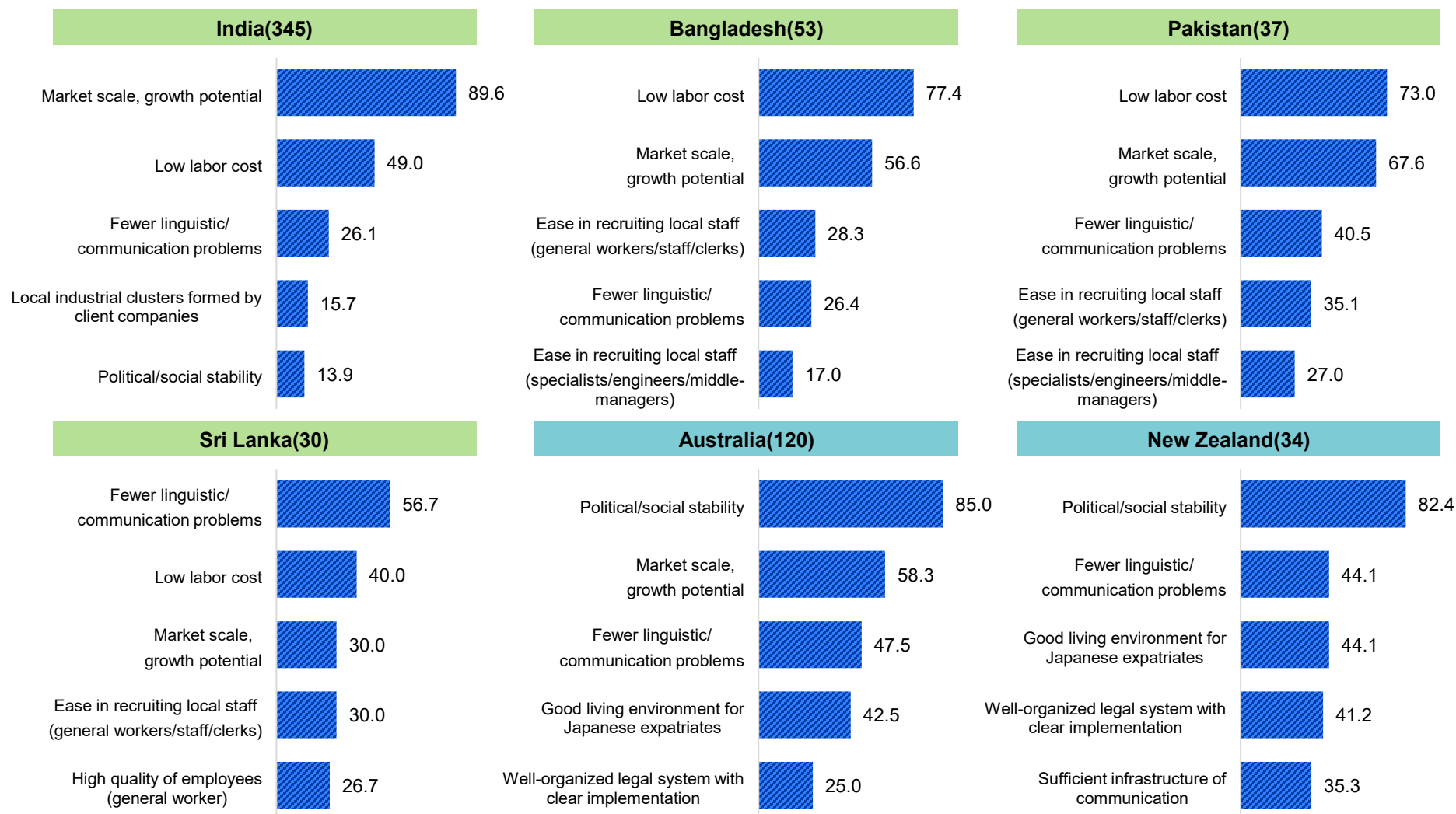
(Note 1) The number of valid responses is shown in parentheses following country/region name.

(Note 2) China and Hong Kong and Macau are not included in the survey.

3 | Top 5 advantages: Southwest Asia & Oceania

Top 5 advantages of the investment environment (multiple responses)

(%)



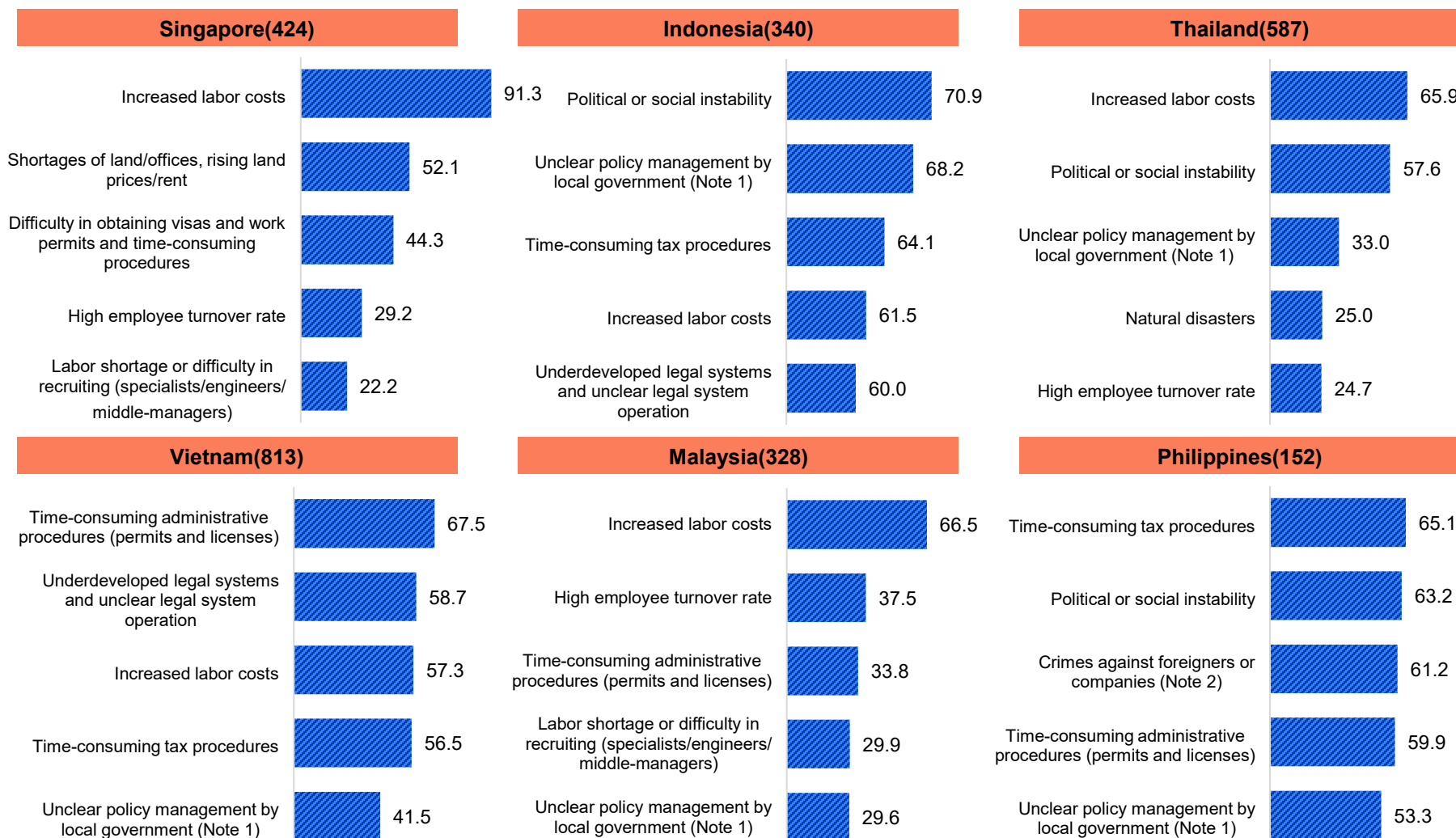
(Note 1) The number of valid responses is shown in parentheses following country/region name.

(Note 2) China and Hong Kong and Macau are not included in the survey.

4 | Top 5 risks: ASEAN (1)

Top 5 risks of the investment environment (multiple responses)

(%)



(Note 1) Policy management refers to industrial policy, energy policy, foreign investment regulations, etc.

(Note 2) Crimes refer to murder and bodily injury, abduction, robbery and theft or fraud, etc.

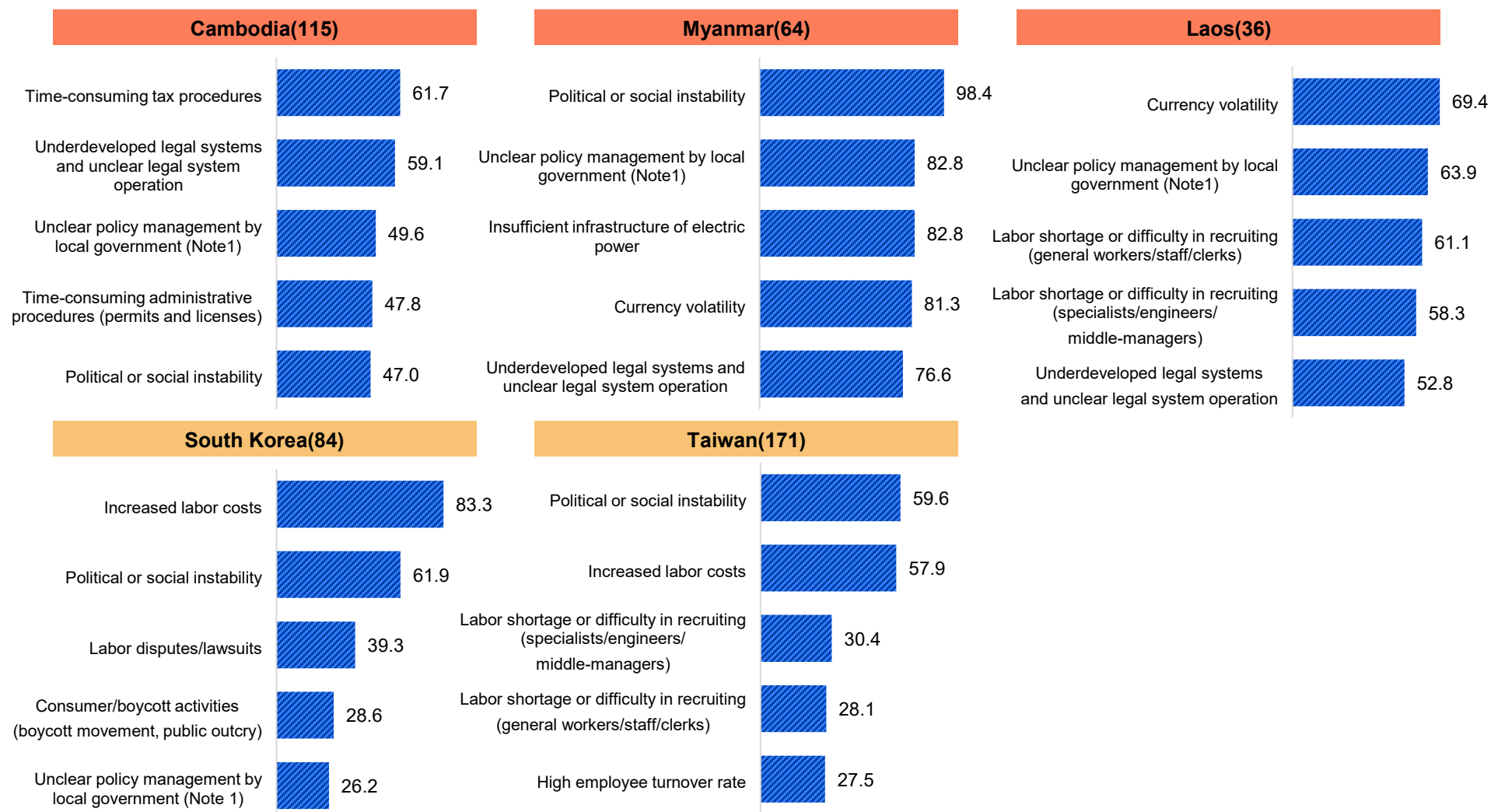
(Note 3) The number of valid responses is shown in parentheses following country/region name.

(Note 4) China and Hong Kong and Macau are not included in the survey.

5 | Top 5 risks: ASEAN (2), South Korea, Taiwan

Top 5 risks of the investment environment (multiple responses)

(%)



(Note 1) Policy management refers to industrial policy, energy policy, foreign investment regulations, etc.

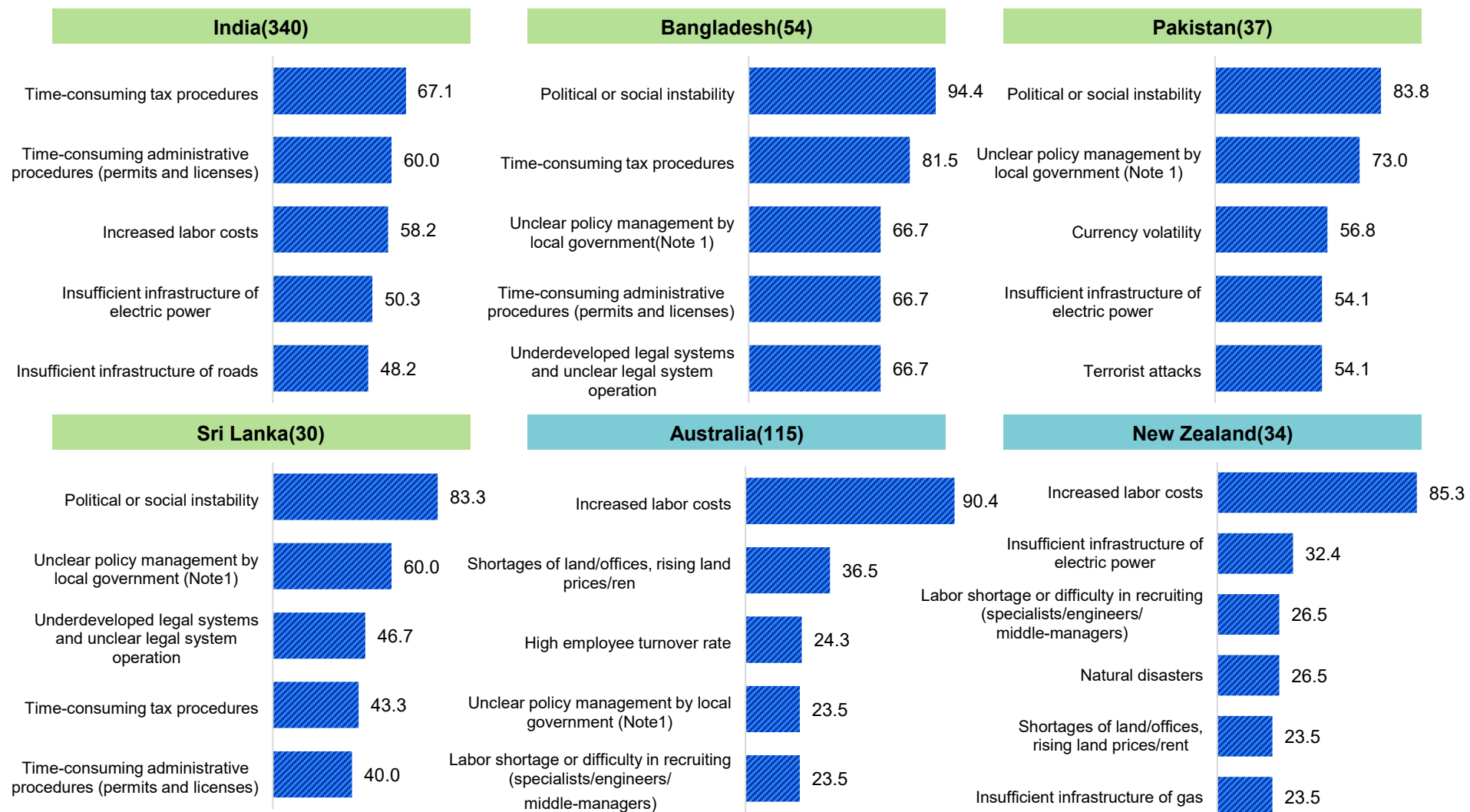
(Note 2) The number of valid responses is shown in parentheses following country/region name.

(Note 3) China and Hong Kong and Macau are not included in the survey.

6 | Top 5 risks: Southwest Asia & Oceania

Top 5 risks of the investment environment (multiple responses)

(%)



(Note 1) Policy management refers to industrial policy, energy policy, foreign investment regulations, etc.

(Note 2) The number of valid responses is shown in parentheses following country/region name.

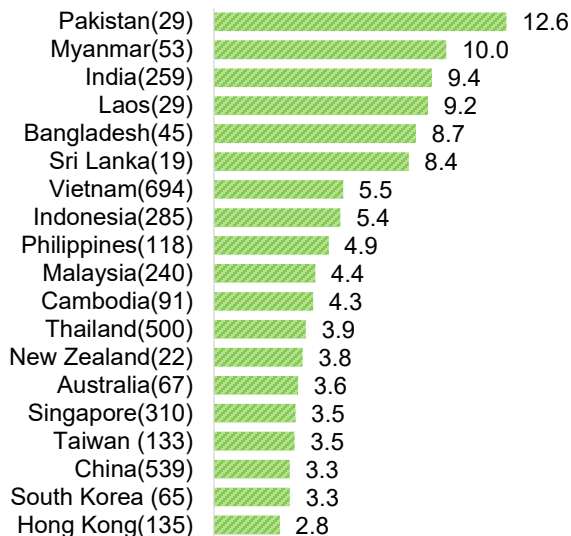
(Note 3) China and Hong Kong and Macau are not included in the survey.

XI. Salary

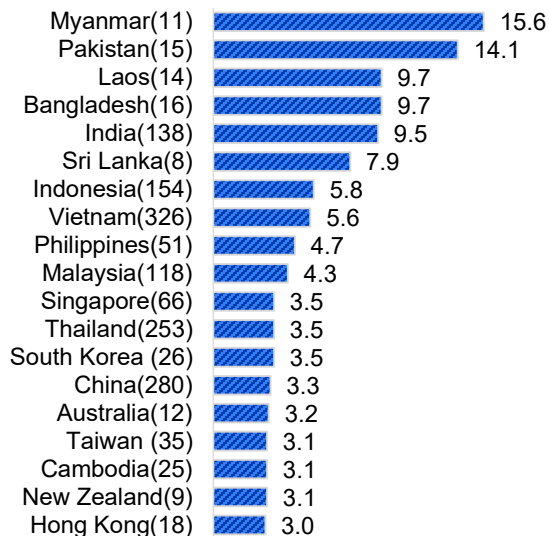
1 | Year-on-Year salary increase rate

(%)

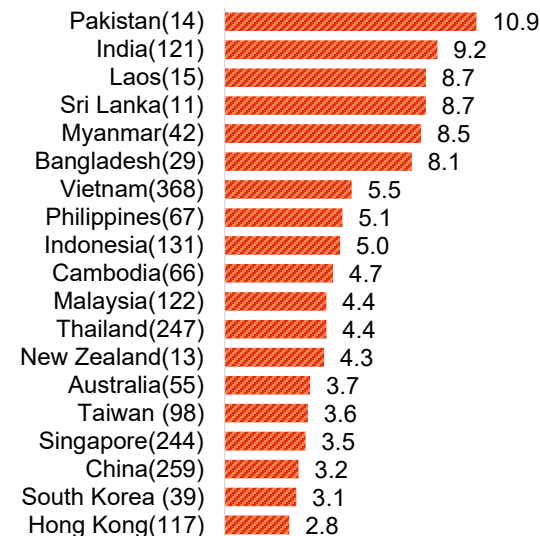
Total



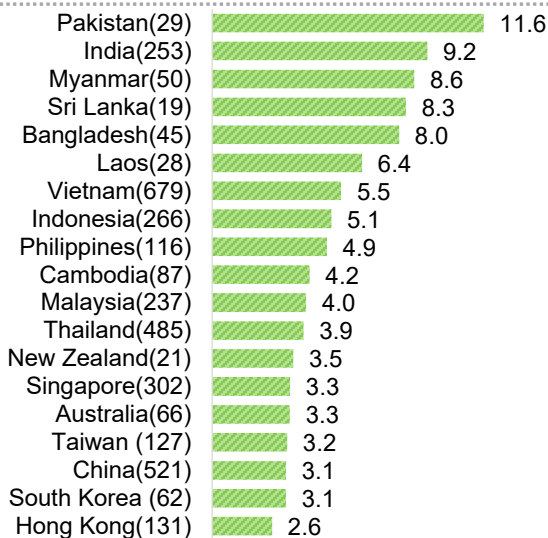
Manufacturing



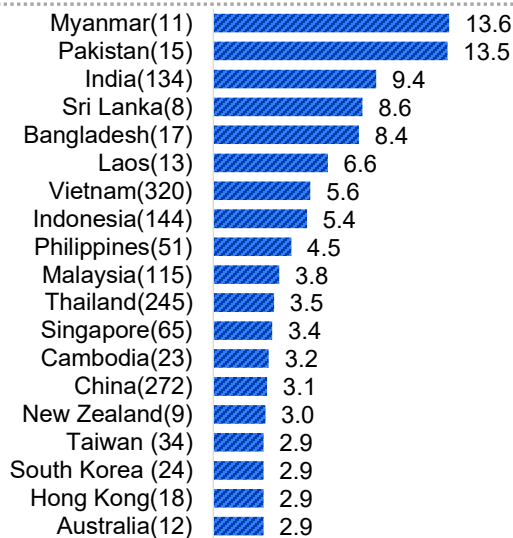
Non-manufacturing



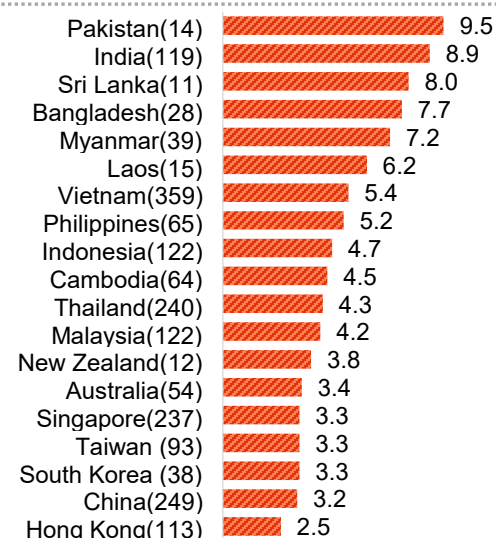
Total



Manufacturing



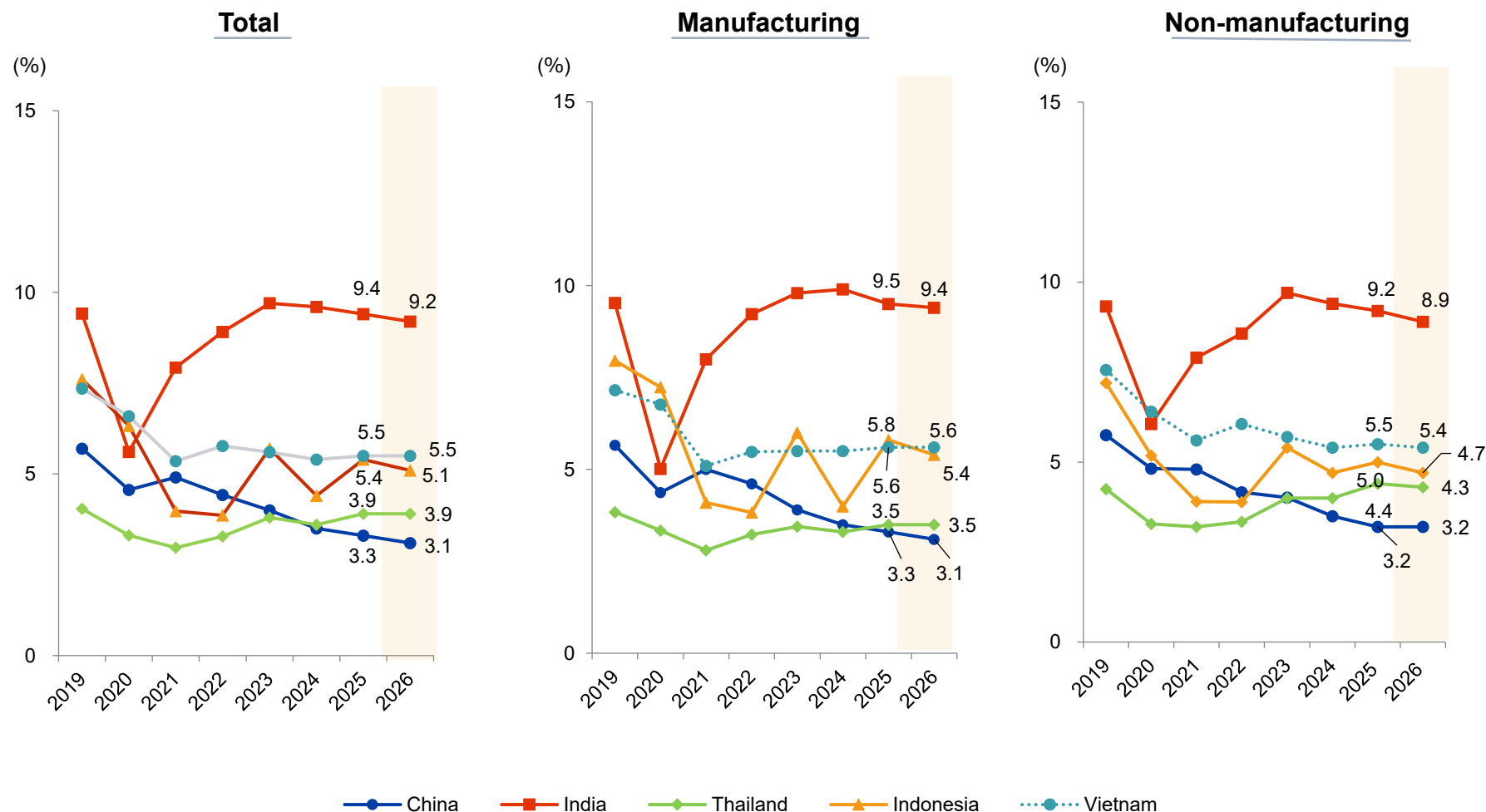
Non-manufacturing



(Note 1) Countries/regions with at least 5 valid responses.

(Note 2) Salary increase rate is the rate of increase in base salary (nominal), excluding salaries that are dependent on individual abilities such as job performance pay and performance pay. Average for all occupations.

2 | Year-on-year salary increases (China and other major countries)

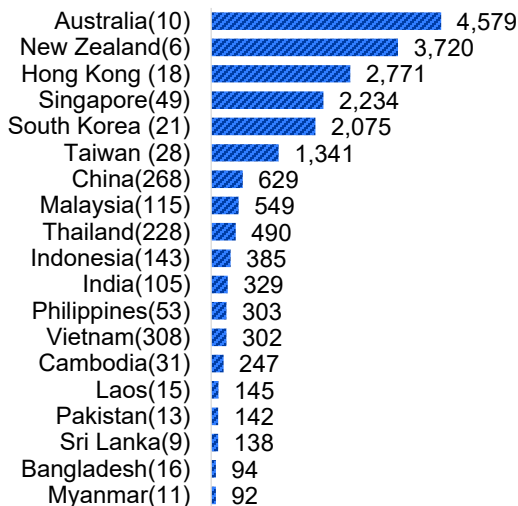


(Note) Figures for 2026 are forecasts.

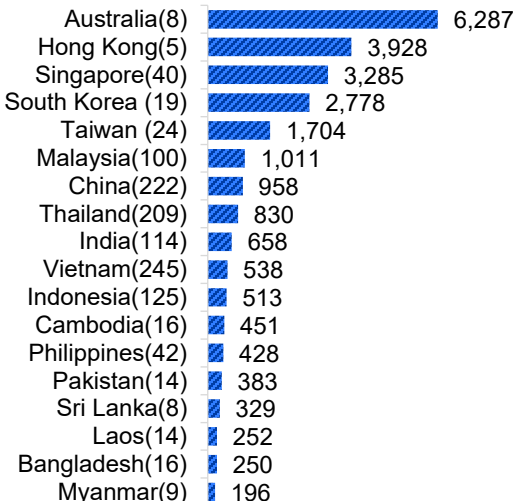
3 Monthly Base salary (mean)

(Unit: USD)

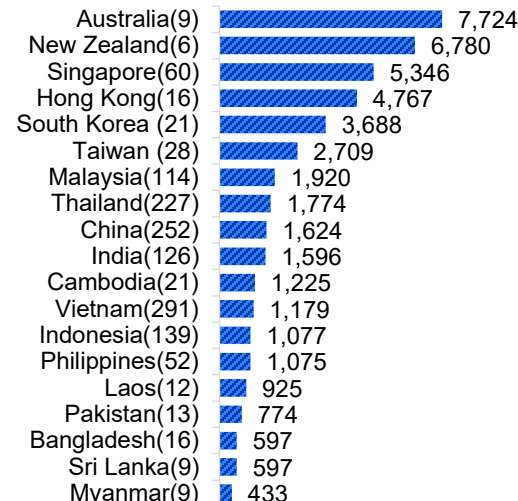
Manufacturing, Worker



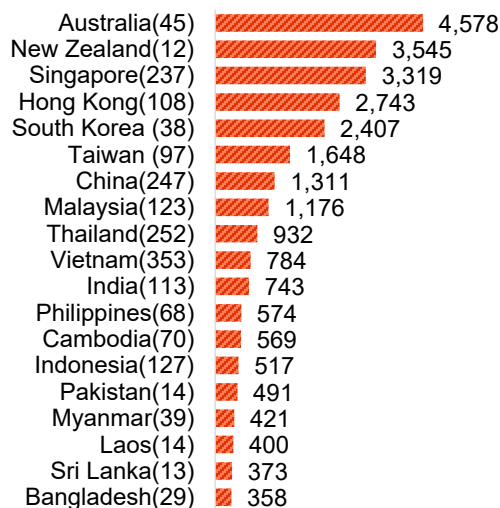
Manufacturing, Engineer



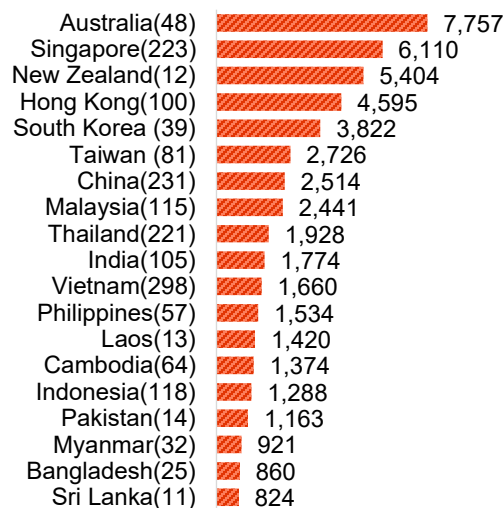
Manufacturing, Manager



Non-manufacturing, Staff member



Non-manufacturing, Manager



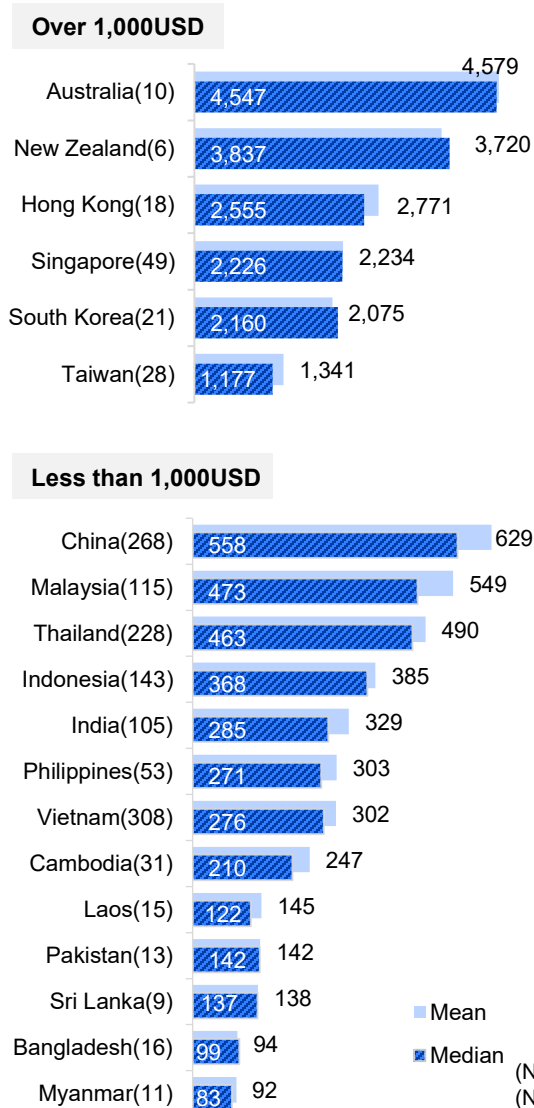
- Base salary: salary excluding benefits, as of August 2025.
- Worker: Regular general workers with 3 years of work experience, not including contract based and probationary workers.
- Engineer: Regular employees who are core technicians, graduates of a vocational college or university, and have 5 years of experience.
- Manager (manufacturing): Regular employees who are section managers in charge of sales, university graduates, and who have 10 years of work experience.
- Staff member: Regular general workers with 3 years of work experience, not including dispatched and probationary workers.
- Manager (non-manufacturing): Regular employees who are section managers in charge of sales, university graduates, and who have 10 years of work experience.

(Note 1) Countries/regions with at least 5 valid responses.
 (Note 2) Cambodia responded in U.S. dollars. In other countries/regions, answers are in local currency. The mean of wages in local currency for each occupation were converted to U.S. dollars at the average exchange rate in August 2025 (as announced by the central bank of each country/region; as announced by the Foreign Exchange Administration of China;), as for Myanmar, at the online trade rate.

(Note) Countries/regions with at least 5 valid responses.

4 Monthly base salary (mean / median) Manufacturing workers

Salary by Country/Region



Salary by city (ascending order in average, up to 40th)

(Unit: USD)

Rank	City (Country or region / City)	No. of valid responses	Mean	Median	Rank	City (Country or region / City)	No. of valid responses	Mean	Median
1	Myanmar / Overall	11	92	83	21	India / Haryana	24	354	285
2	Bangladesh / Overall	16	94	99	22	Vietnam / Ho Chi Minh City	48	379	316
3	Pakistan / Sindh	10	144	142	23	Indonesia / West Java	101	393	370
4	Laos / Overall	15	145	122	24	China / Dongguan	13	408	328
5	Cambodia / Other (Note2)	17	215	208	25	Indonesia / Jakarta	20	416	378
6	Vietnam / Da Nang City	13	233	222	26	India / Karnataka	15	418	354
7	Vietnam / Bac Ninh Province	19	239	238	27	Thailand / Other (Note 2)	100	465	406
8	Vietnam / Hung Yen Province	25	258	238	28	Thailand / EEC	91	481	463
9	Vietnam / Other (Northern)	10	271	252	29	Malaysia / Johor	19	483	450
10	Cambodia / Phnom Penh District (Note 2)	14	273	210	30	China / Wuhan	11	486	488
11	India / Rajasthan	13	276	263	31	Malaysia / Penang	12	507	452
12	India / Gujarat	14	278	280	32	China / Dalian	17	522	558
13	Vietnam / Binh Duong Province	25	292	281	33	Malaysia / Selangor	57	556	473
14	Vietnam / Long An Province	11	295	277	34	Thailand / Bangkok	37	581	555
15	Vietnam / Hai Phong Province	38	299	257	35	China / Qingdao	29	623	558
16	Vietnam / Dong Nai Province	42	307	287	36	China / Suzhou	31	635	627
17	Philippines / Calabarzon	28	312	279	37	China / Shanghai	27	957	837
18	Vietnam / Hanoi City	39	321	279	38	Taiwan / Taipei	13	1,544	1,492
19	Philippines / Metro Manila	13	322	297	39	Singapore / Overall	49	2,234	2,226
20	India / Tamil Nadu	17	341	263	40	Hong Kong / Overall	18	2,771	2,555

(Note 1) Countries/regions and cities with at least 10 valid responses. Countries/regions with no data on cities are shown as "Overall".

(Note 2) Cambodia is divided into "Phnom Penh District (Phnom Penh Metropolitan and surrounding area)" and "Others". Thailand is divided into "Bangkok", "EEC (Chonburi, Rayong and Chachoengsao provinces)" and "Others". Copyright © 2026 JETRO. All rights reserved.

5 Monthly base salary (mean / median) Non-manufacturing, staff members

Salary by Country/Region



Salary by city (ascending order in average)

(Unit: USD)

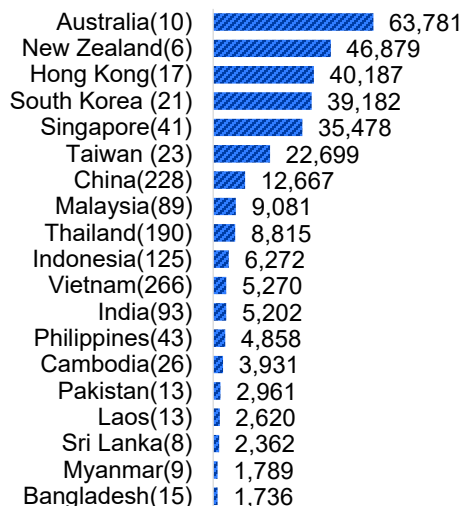
Rank	City (Country or region / City)	No. of valid responses	Mean	Median	Rank	City (Country or region / City)	No. of valid responses	Mean	Median
1	Bangladesh / Overall	29	358	320	19	China / Chengdu	14	846	698
2	Sri Lanka / Overall	13	373	332	20	India / Maharashtra	15	910	783
3	Laos / Overall	14	400	294	21	Thailand / Bangkok	208	959	926
4	Pakistan / Sindh	11	405	354	22	China / Dalian	27	1,000	837
5	Myanmar / Overall	39	421	222	23	China / Qingdao	25	1,018	906
6	Indonesia / West Java	24	436	429	24	Malaysia / Selangor	50	1,042	947
7	Vietnam / Da Nang City	16	472	436	25	China / Guangzhou	16	1,178	1,091
8	Indonesia / Jakarta	99	539	491	26	China / Wuhan	17	1,251	1,087
9	India /Tamil Nadu	13	562	457	27	Malaysia / Kuala Lumpur	67	1,304	1,183
10	Cambodia /Phnom Penh District (Note 2)	66	582	500	28	China / Shenzhen	11	1,496	1,589
11	Philippines / Metro Manila	56	590	524	29	China / Shanghai	11	1,527	1,534
12	Thailand / EEC	18	740	725	30	China / Beijing	41	1,619	1,394
13	India / Haryana	44	752	723	31	Taiwan / Taipei	89	1,662	1,658
14	India / Karnataka	21	754	685	32	South Korea / Seoul	31	2,383	2,304
15	India / Delhi	14	757	768	33	Hong Kong / Overall	108	2,743	2,555
16	Vietnam / Ho Chi Minh City	168	804	733	34	Singapore / Overall	237	3,319	3,114
17	Vietnam / Hanoi City	154	822	732	35	New Zealand / Overall	12	3,545	3,222
18	Thailand / Other (Note 2)	26	842	802	36	Australia / New South Wales	24	4,136	4,222

(Note 1) Countries/regions and cities with at least 10 valid responses. Countries/regions with no data on cities are shown as "Overall".
 (Note 2) Cambodia is divided into "Phnom Penh District (Phnom Penh Metropolitan and surrounding area) " and "Others". Thailand is divided into "Bangkok", "EEC (Chonburi, Rayong and Chachoengsao provinces)" and "Others".

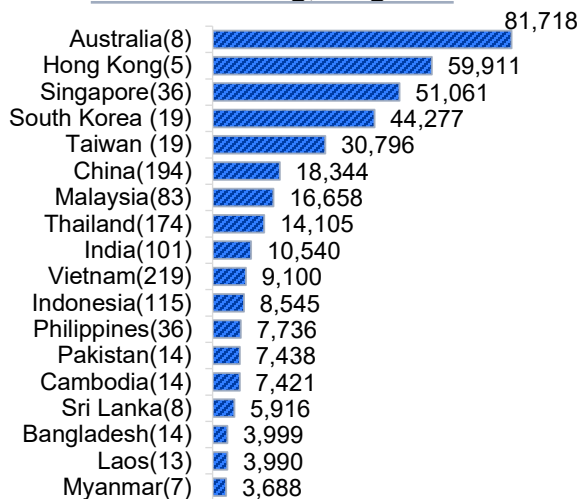
6 | Annual salary (mean)

(Unit: USD)

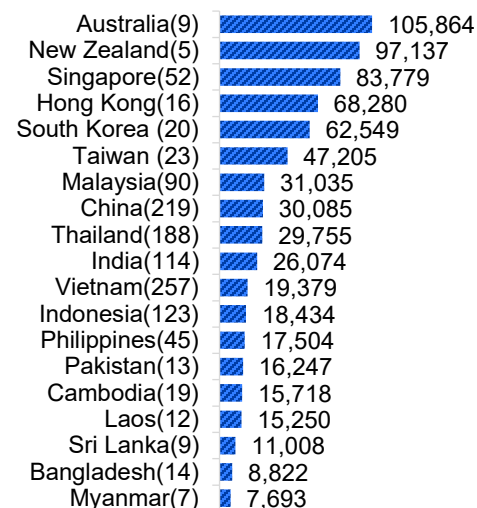
Manufacturing, Worker



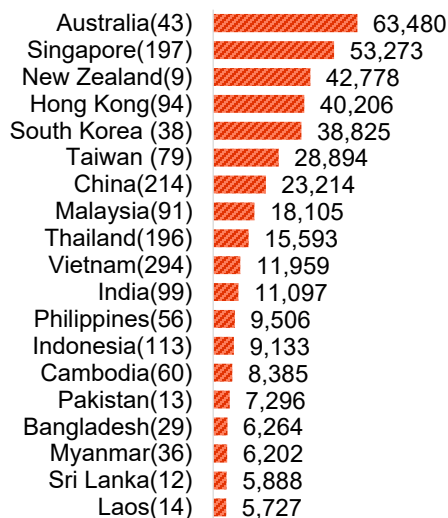
Manufacturing, Engineer



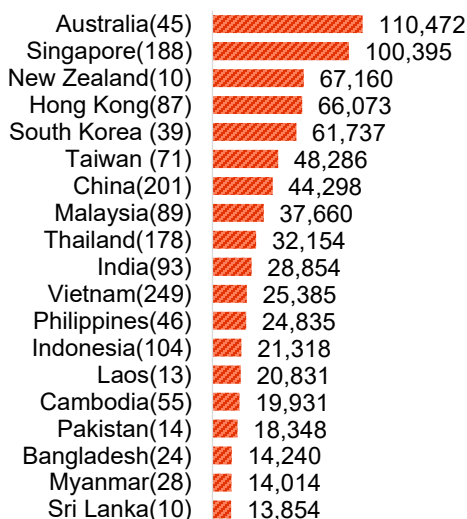
Manufacturing, Manager



Non-manufacturing, Staff member



Non-manufacturing, Manager

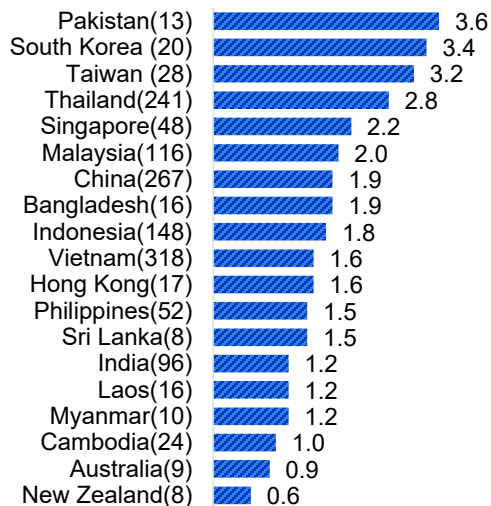


- Annual salary (annual amount of real obligation fees): Total liability for an employee (the total of annual base salary, benefits, social security, overtime allowances, and bonuses, excluding severance benefits, as of FY2025).
- See page 86 for definitions of worker, engineer, manager (manufacturing), staff member and manager (non-manufacturing):
(Note 1) Countries/regions and cities with at least 5 valid responses.
(Note 2) See page 86 for currency units and U.S. dollar conversion rates at the time of response.

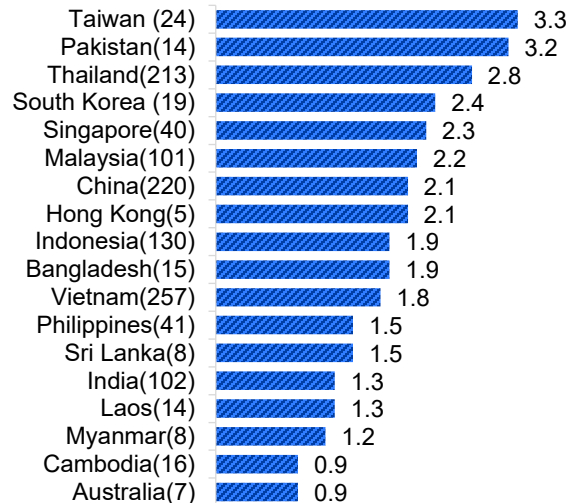
7 | Bonus

(Unit: Months)

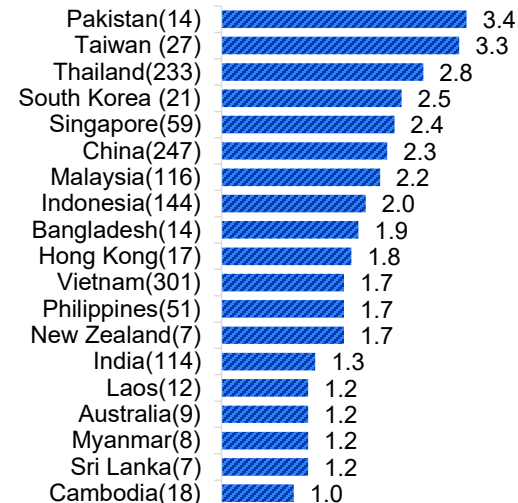
Manufacturing, Worker



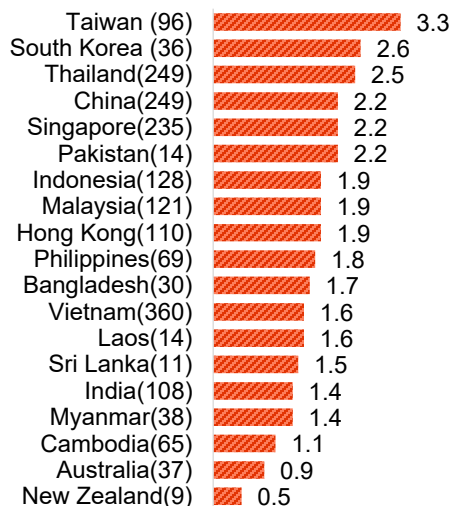
Manufacturing, Engineer



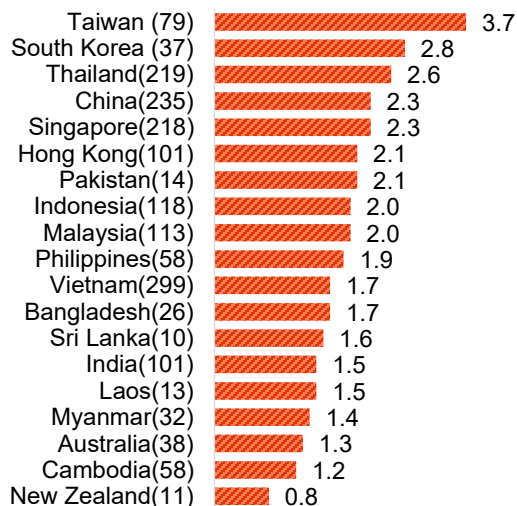
Manufacturing, Manager



Non-manufacturing, Staff member



Non-manufacturing, Manager



(Note 1) Countries/regions with at least 5 valid responses.

(Note 2) Bonus based on base salary (months), paid annually in 2025 (CY/FY).

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