



Japan External Trade Organization

FY 2009 Survey on the International Operations of Japanese Firms

March 18, 2010

Japan External Trade Organization (JETRO)

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1. Survey Outline and Profile of Respondent Firms

1. Survey topics and targets

(1) Survey topics

- a. Domestic and overseas business operations
- b. Business development in China
- c. Utilization of Free Trade Agreements (FTAs)
- d. Business environment in Asia

(2) Survey targets

A total of 3,110 JETRO member firms

2. Period

Distribution of questionnaires: November 27, 2009

Deadline: December 25, 2009

3. Response

Number of firms sent questionnaires: 3,110

Number of responses: 935

Response ratio: 30.1%

-Due to rounding, the percentages stated in the figures in this document do not necessarily add up to 100%.

-Triangles (Δ) denote negative numbers.

Figure 1-1: Profile of respondent firms by industry (Unit: %)

	No. of firms	%
All respondents	935	100.0
Manufacturing total	525	56.1
Firms with overseas production bases	310	33.2
Firms with domestic production bases	215	23.0
Food & beverages	53	5.7
Textiles/clothing	21	2.2
Wood & wood products/furniture & building materials/paper & pulp	16	1.7
Chemicals	53	5.7
Medical products & cosmetics	20	2.1
Coal & petroleum products/plastics/rubber products	35	3.7
Ceramics/earth & stones	17	1.8
Iron & steel/non-ferrous metals/metal products	47	5.0
General machinery	67	7.2
Electrical equipment	46	4.9
IT equipment/electronic parts & devices	21	2.2
Cars/car parts/other transportation machinery	52	5.6
Precision equipment	33	3.5
Other manufacturing	44	4.7
Trade & wholesale/retail total	216	23.1
Trade & wholesale	196	21.0
Retail	20	2.1
Non-manufacturing (exclusive of trade & wholesale/retail total) total	194	20.7
Construction	16	1.7
Transport	27	2.9
Finance & insurance	48	5.1
Professional services	25	2.7
Electricity, gas and water	7	0.7
Telecommunications services	11	1.2
Other non-manufacturing	60	6.4
(For reference) Non-manufacturing (inclusive of trade & wholesale/retail total) totals	410	43.9
Large-scale companies	370	39.6
Small and medium-sized enterprises (SMEs)	565	60.4

Note: SMEs are classified as such based on the definition given in the Small and Medium-Sized Enterprise Basic Act of Japan.

1. Survey Outline and Profile of Respondent Firms

Increasing numbers of sales bases in China

Profile of respondent firms (status of overseas bases)

Of the 935 respondent firms, 62.1% (581 firms) have overseas bases. China was listed highest as the location for these bases, with 74.9% (435 firms) of the firms having bases there, followed by the U.S. (44.8%, 260 firms) and Thailand (38.0%, 221 firms).

By function, China led in the production base category (at 46.8% of respondents) and sales bases (49.2%, a 2.7-point increase over last year's 46.5%).

Figure 1-2: Firms with overseas operations

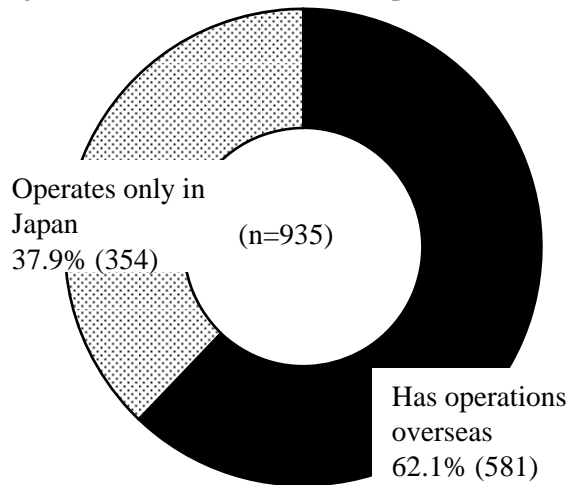
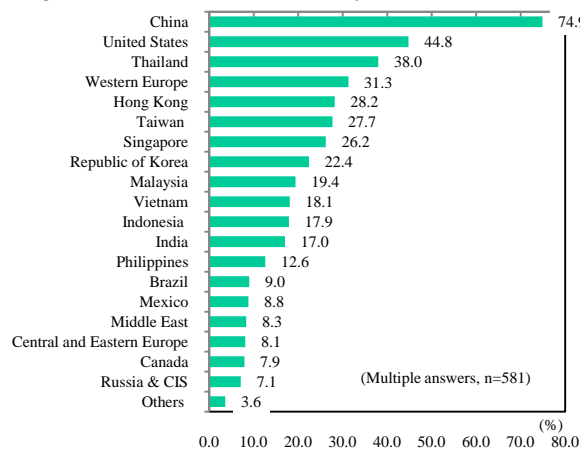
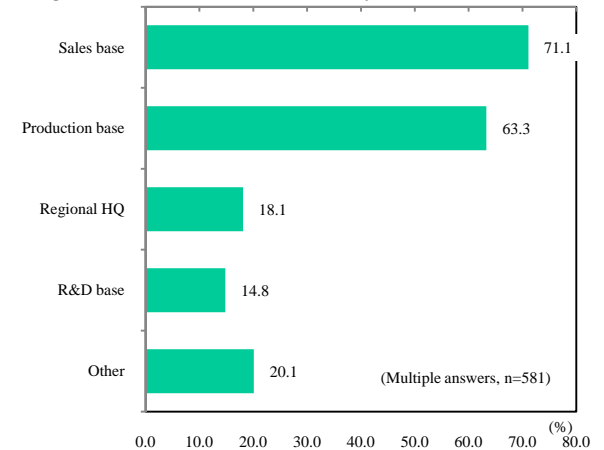


Figure 1-3: Overseas bases by location



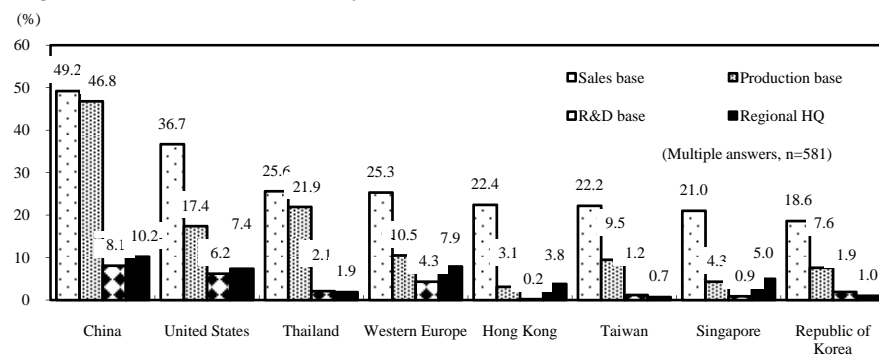
Note: Percentage of firms with overseas bases.

Figure 1-4: Overseas bases by function



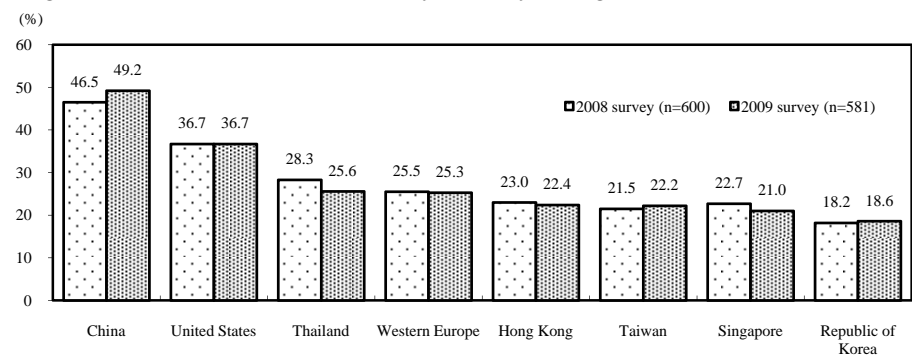
Note: Same as Figure 1-3.

Figure 1-5: Overseas bases by location and function (multiple answers)



Note: Same as Figure 1-3.

Figure 1-6: Overseas sales bases by country or region (multiple answers)



Note: Same as Figure 1-3.

2. Domestic and Overseas Business Operations

(1) Upturns in plans to expand domestic and overseas operations

Domestic and overseas business plans for the next three years or so

● More than half aim to expand overseas operations.

In terms of plans to expand operations (through new investment or by expanding existing bases) in the next three years or so, those planning to expand operations increased from 50.3% in the previous survey to 56.0% in the current survey for overseas operations, and from 35.5% to 38.8% for domestic operations.

As for industries for which long-term chronological comparisons are possible (e.g., manufacturing, trade & wholesale/retail industries), the percentage of firms planning expansion rose for both domestic and overseas operations, while those planning to maintain current scale declined. The portion of respondents planning to expand business, however, failed to reach levels seen in survey of two years ago.

Figure 2-1: Overseas business plans (all industries)

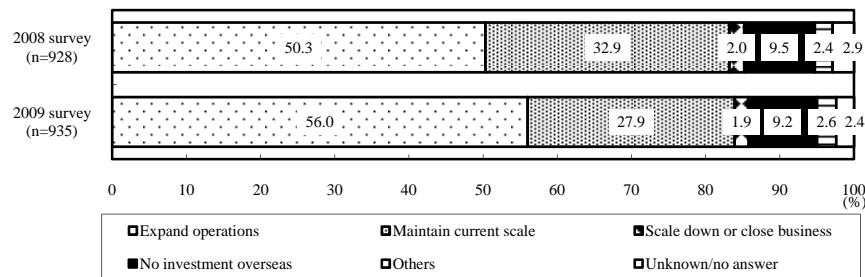


Figure 2-2: Domestic business plans (all industries)

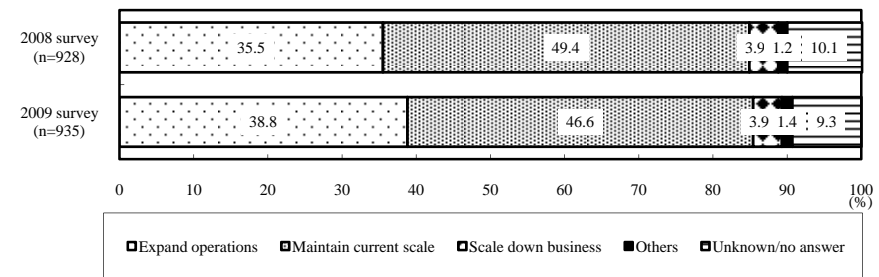


Figure 2-3: Overseas business plans (manufacturing, trade & wholesale/retail)

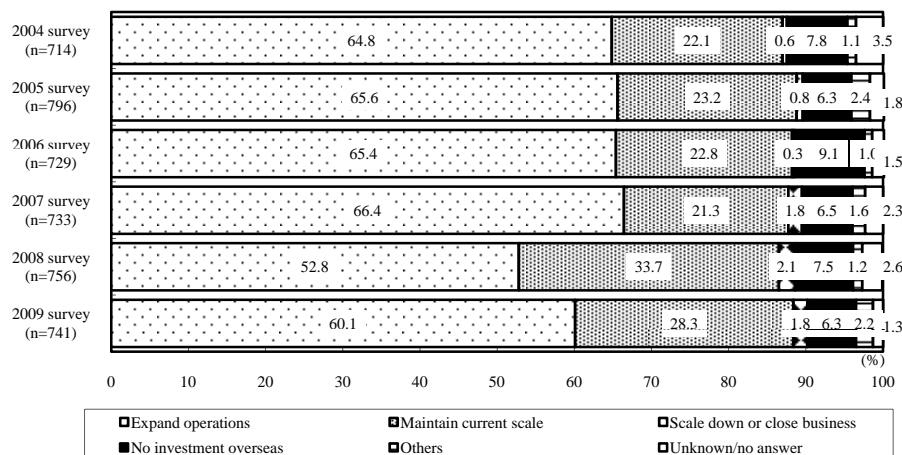
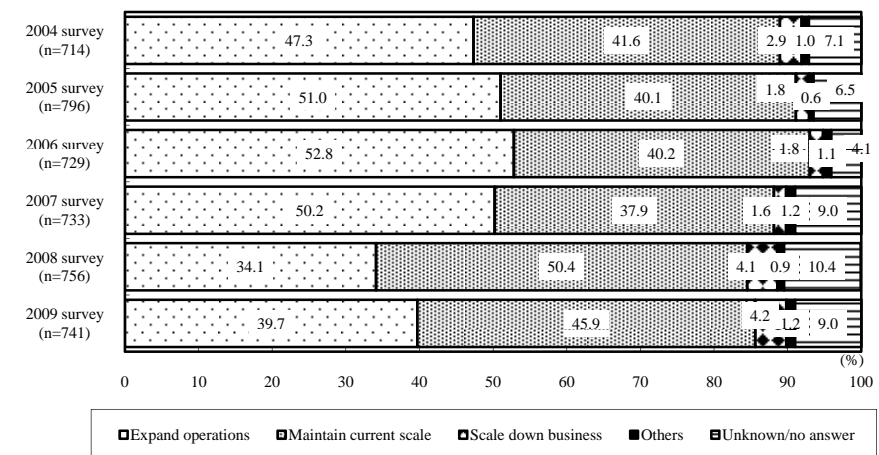


Figure 2-4: Domestic business plans (manufacturing, trade & wholesale/retail)



2. Domestic and Overseas Business Operations

(2) Continued expansion trends in overseas sales and production

Business plans by function for the next three years or so

- **Strong interest remains in expanding overseas business in the manufacturing industry.**

Focusing on domestic and overseas business plans by function for the next three years or so, firms were strongly inclined to expand production (of high-end products) and R&D (primary research, new product development) functions domestically, as seen in the previous survey. They intended to expand sales, production (mid- to low-end products), and R&D (localization) functions overseas. By industry, the majority of firms in medical products & cosmetics and food & beverages plan to expand overseas business operations.

Figure 2-5: Functions to be expanded in Japan and overseas (all industries)

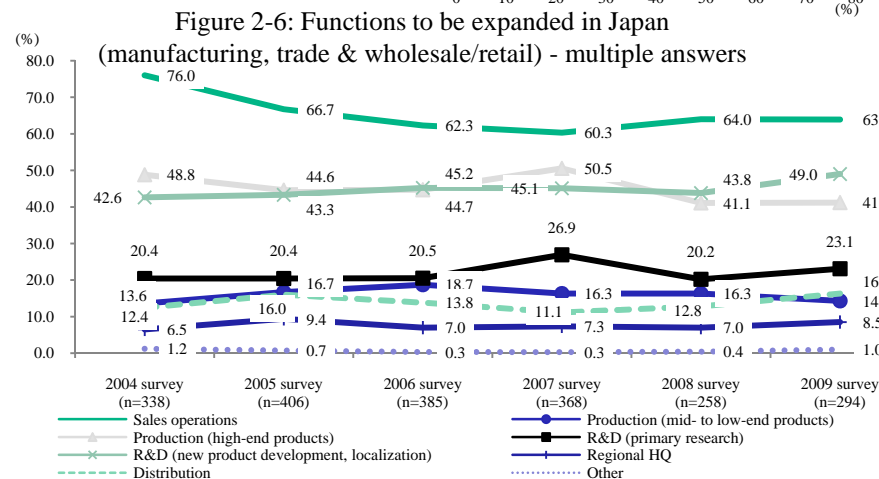
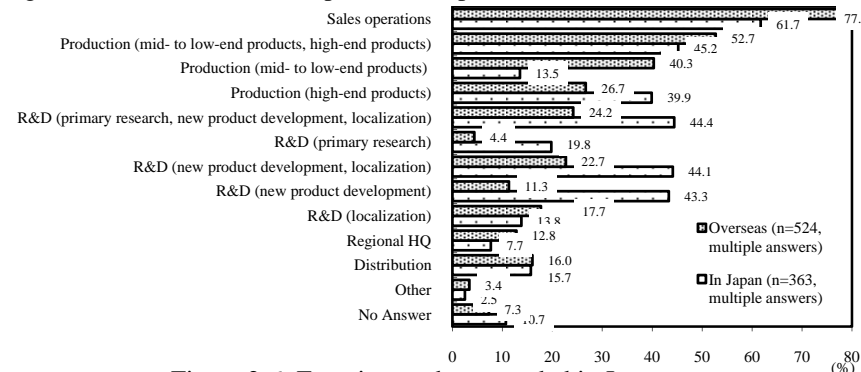
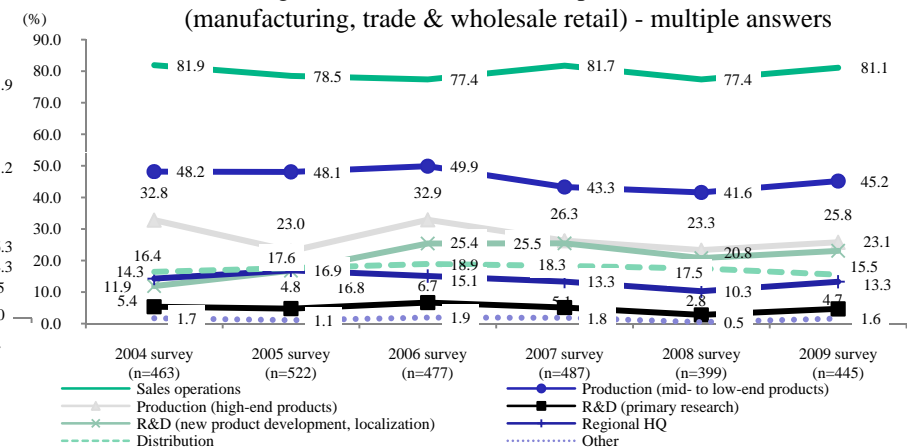


Figure 2-8: Major industries expanding business in Japan and overseas

Industry	Expand in Japan		Expand overseas	
	No. of responding firms (n)	Firms expanding (%)	No. of responding firms (n)	Firms expanding (%)
All respondents	935	38.8	935	56.0
1 Food & beverages	53	71.7	53	81.1
2 Medical products & cosmetics	20	60.0	20	85.0
3 Professional services	25	48.0	25	76.2
4 Textiles/clothing	21	47.6	21	71.4
5 Telecommunications services	11	45.5	11	69.8

Figure 2-7: Functions to be expanded overseas (manufacturing, trade & wholesale retail) - multiple answers



2. Domestic and Overseas Business Operations

(3) Overall rising interest in expanding business in China

Countries or regions and functions in which firms plan to expand

● **Clear trend seen for expanding sales functions in Asia's emerging countries/regions.**

Focusing on functions (sales, production, R&D, etc.) and countries or regions where firms are planning to expand through new investment or by building up existing bases, China ranked highest across all functions, revealing firms' positive attitude towards business expansion in the country. Compared to the previous survey, the percentage of firms planning to expand sales functions in Russia/CIS and Central & Eastern Europe has fallen more than two points. Among emerging countries other than China, interest in expansion generally rose substantially in Asian countries /regions, such as the Asian newly industrialized economies (NIEs), including Hong Kong and Korea, as well as in Indonesia and Vietnam.

Figure 2-9: Overseas business expansion plans by function and by country or region (in the next three years or so)

	FY 2009 survey (All industries)										Change from FY 2008 (All industries)										FY 2009 survey (Manufacturing, trade & wholesale, retail)										Change from FY 2008 (Manufacturing, trade & wholesale, retail)														
	Production					R&D					Production					R&D					Production					R&D					Production					R&D									
	Sales operations	(Mid- to low-end products)	(High-end products)	(Primary research)	(New product development, localization)	(New product development)	(Localization)	Regional HQ	Distribution	Sales operations	(Mid- to low-end products)	(High-end products)	(Primary research)	(New product development, localization)	(New product development)	(Localization)	Regional HQ	Distribution	Sales operations	(Mid- to low-end products)	(High-end products)	(Primary research)	(New product development, localization)	(New product development)	(Localization)	Regional HQ	Distribution	Sales operations	(Mid- to low-end products)	(High-end products)	(Primary research)	(New product development, localization)	(New product development)	(Localization)	Regional HQ	Distribution									
China	55.3	36.1	26.5	17.7	14.9	2.9	14.3	6.7	11.1	4.8	10.3	5.6	4.6	1.7	5.1	3.6	1.6	3.4	2.2	2.3	0.9	1.7	57.8	38.4	29.7	17.5	15.1	2.9	14.4	6.5	11.0	4.7	9.9	7.2	3.6	1.9	3.7	3.3	1.4	3.1	1.5	2.0	0.9	1.6	
Hong Kong	9.0	1.5	0.8	1.1	1.1	0.4	1.0	0.8	0.8	2.1	1.9	2.8	Δ 0.2	Δ 0.1	Δ 0.2	0.2	0.4	0.1	0.2	0.2	1.0	Δ 0.9	9.7	1.3	0.7	1.1	0.9	0.4	0.7	0.4	0.4	2.2	1.8	3.7	Δ 0.5	Δ 0.3	Δ 0.2	0.1	0.4	Δ 0.1	Δ 0.4	Δ 0.1	0.9	Δ 1.2	
Taiwan	12.2	3.2	2.1	1.5	2.1	0.2	2.1	1.7	1.3	0.4	1.1	1.9	0.4	0.2	0.6	1.0	0.2	1.0	1.3	0.4	Δ 0.2	0.0	13.7	3.6	2.5	1.6	2.0	0.2	2.0	1.6	1.1	0.4	1.1	2.9	0.3	0.2	0.6	0.7	0.2	0.7	1.1	0.1	Δ 0.4	0.1	
Republic of Korea	13.5	3.1	1.9	1.3	1.9	0.6	1.5	0.4	1.5	0.2	0.2	2.6	Δ 0.3	Δ 0.2	Δ 0.6	0.0	0.6	Δ 0.4	Δ 1.1	0.6	Δ 0.2	Δ 0.7	16.0	3.6	2.2	1.6	2.2	0.7	1.8	0.4	1.8	0.2	0.2	4.5	Δ 0.4	Δ 0.3	Δ 0.7	0.2	0.7	Δ 0.2	Δ 1.1	0.8	Δ 0.1	Δ 0.6	
Singapore	10.3	1.9	1.5	0.6	1.5	0.2	1.3	0.4	1.3	1.9	1.5	2.2	0.6	0.9	Δ 0.3	0.9	0.2	0.7	0.2	0.9	0.0	0.0	10.8	1.8	1.8	0.2	1.6	0.2	1.3	0.2	1.3	1.6	1.8	2.8	0.8	1.0	Δ 0.3	0.8	0.2	0.5	Δ 0.1	0.8	Δ 0.4	0.3	
Thailand	17.6	10.1	7.8	4.8	4.0	0.2	4.0	2.3	3.4	1.7	2.3	Δ 1.2	Δ 2.3	Δ 1.4	Δ 0.8	Δ 0.7	0.2	Δ 0.7	0.6	Δ 0.5	0.2	0.2	18.2	11.0	9.0	4.7	4.3	0.2	4.3	2.2	3.6	1.6	2.2	Δ 0.8	Δ 2.5	Δ 1.5	Δ 1.1	Δ 0.7	0.2	Δ 0.7	0.2	Δ 0.4	Δ 0.2	0.2	
Malaysia	7.1	2.7	2.7	0.6	1.0	0.2	1.0	0.6	0.6	0.0	0.4	0.0	Δ 1.6	Δ 0.1	Δ 1.5	Δ 0.3	0.2	Δ 0.3	Δ 0.3	0.0	Δ 0.2	Δ 1.1	7.6	2.9	2.9	0.7	1.1	0.2	1.1	0.7	0.7	0.0	0.2	0.6	Δ 1.9	Δ 0.1	Δ 1.8	Δ 0.4	0.2	Δ 0.4	Δ 0.3	Δ 0.1	Δ 0.3	Δ 1.3	
Indonesia	9.7	3.6	3.1	1.1	1.7	0.2	1.5	0.6	1.1	0.2	1.0	3.7	0.2	0.1	0.0	1.5	0.2	1.3	0.4	0.9	0.2	0.4	10.6	4.3	3.6	1.3	1.8	0.2	1.6	0.7	1.1	0.2	0.7	4.8	0.8	0.6	0.0	1.5	0.2	1.3	0.4	0.8	0.2	Δ 0.1	
Philippines	1.3	1.3	1.1	0.4	0.6	0.0	0.6	0.2	0.4	0.0	0.0	0.7	0.7	0.7	0.0	0.6	0.0	0.6	0.2	0.4	Δ 0.2	Δ 0.2	1.6	1.6	1.3	0.4	0.7	0.0	0.2	0.4	0.0	0.0	1.1	1.1	1.0	0.1	0.7	0.0	0.7	0.2	0.4	0.0	0.0		
Vietnam	14.5	8.0	6.3	2.9	2.9	0.6	2.7	1.0	1.9	0.4	1.9	2.5	Δ 1.6	Δ 0.8	Δ 0.3	1.4	0.6	1.2	0.4	0.8	0.2	0.6	14.8	7.6	7.0	2.0	2.7	0.7	2.5	1.1	1.6	0.4	1.1	3.3	Δ 2.2	Δ 0.5	Δ 0.8	0.9	0.7	0.7	0.3	0.3	0.1	0.3	
India	18.3	6.7	5.5	2.1	2.5	0.2	2.3	0.6	1.7	1.1	1.9	Δ 1.0	1.1	1.6	Δ 0.3	0.6	0.2	0.4	Δ 0.3	0.4	0.0	0.4	18.7	7.2	6.3	2.0	2.2	0.2	2.0	0.4	1.6	1.3	1.8	Δ 0.3	1.7	2.5	Δ 0.5	Δ 0.1	0.2	Δ 0.3	Δ 0.6	0.1	0.0	1.0	
United States	21.2	5.2	1.9	3.8	4.8	0.6	4.4	2.5	3.2	2.5	2.3	0.9	Δ 1.7	Δ 2.0	Δ 0.5	Δ 0.3	0.0	Δ 0.7	Δ 0.3	Δ 0.2	Δ 0.7	Δ 0.7	22.9	5.4	2.0	3.8	4.9	0.7	4.5	2.2	3.1	2.7	2.5	1.8	Δ 1.6	Δ 2.3	Δ 0.5	Δ 0.4	Δ 0.1	Δ 0.8	Δ 0.8	Δ 0.4	Δ 1.1	Δ 0.5	
Canada	2.9	1.1	0.2	1.0	0.6	0.0	0.6	0.4	0.2	0.0	0.4	1.0	0.5	Δ 0.2	1.0	0.6	0.0	0.6	0.4	0.2	Δ 0.2	0.4	3.4	1.3	0.2	1.1	0.7	0.0	0.7	0.4	0.2	0.0	0.4	1.6	0.8	Δ 0.1	1.1	0.7	0.0	0.7	0.4	0.2	Δ 0.3	0.4	
Mexico	1.5	0.4	0.4	0.0	0.2	0.0	0.2	0.2	0.2	0.0	0.4	Δ 0.6	Δ 1.3	Δ 0.2	Δ 1.3	Δ 0.2	0.0	Δ 0.2	0.2	0.0	0.0	1.6	0.4	0.4	0.0	0.2	0.0	0.2	0.2	0.0	0.2	0.0	0.2	0.0	Δ 0.9	Δ 1.6	Δ 0.4	Δ 1.5	Δ 0.3	0.0	Δ 0.3	0.2	Δ 0.3	0.0	Δ 0.3
Brazil	7.3	1.5	1.5	0.0	1.0	0.0	1.0	0.8	0.4	0.4	2.5	Δ 0.2	Δ 0.2	0.4	Δ 0.9	0.1	0.0	0.1	0.2	Δ 0.2	Δ 0.2	2.3	7.9	1.6	1.6	0.0	1.1	0.0	1.1	0.9	0.4	0.4	2.7	Δ 0.6	Δ 0.4	0.3	Δ 1.0	0.1	0.0	0.1	0.1	Δ 0.4	Δ 0.4	2.4	
Other Central & South America	2.5	0.4	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.2	0.0	-	-	-	-	-	-	-	-	-	-	2.5	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	-	-	-	-	-	-	-	-	-	-	-		
Western Europe	17.2	3.6	1.9	1.9	3.8	0.8	3.4	2.3	2.3	2.9	2.5	Δ 0.6	Δ 1.1	0.2	Δ 2.2	Δ 0.5	Δ 0.1	Δ 0.7	0.2	Δ 0.3	Δ 1.1	18.9	4.3	2.2	2.2	4.5	0.9	4.0	2.7	2.7	3.1	2.7	Δ 0.6	Δ 0.5	0.2	Δ 1.8	0.2	Δ 0.1	0.0	0.4	0.2	Δ 0.9	Δ 1.3		
Central & Eastern Europe	5.9	2.1	1.3	1.5	0.6	0.0	0.6	0.4	0.6	0.6	0.8	Δ 2.0	Δ 0.7	Δ 0.8	0.2	0.0	Δ 0.2	0.0	0.2	0.2	Δ 1.1	6.7	2.2	1.3	1.6	0.4	0.4	0.2	0.4	0.7	0.4	1.8	Δ 1.1	Δ 1.2	0.1	Δ 0.4	Δ 0.3	Δ 0.4	Δ 0.3	0.0	Δ 0.3	0.0	Δ 1.1		
Russia & CIS	6.5	0.8	0.8	0.2	0.6	0.2	0.6	0.4	0.4	0.4	0.6	Δ 6.3	Δ 0.7	Δ 0.1	Δ 0.7	0.2	0.2	0.0	0.0	0.0	0.2	Δ 0.7	7.0	0.9	0.9	0.2	0.4	0.0	0.4	0.2	0.2	0.4	0.7	Δ 6.3	Δ 0.4	0.1	Δ 0.6	Δ 0.1	0.0	Δ 0.1	Δ 0.3	Δ 0.3	0.1	0.2	
Middle East	6.7	1.3	0.8	1.0	0.6	0.0	0.6	0.2	0.6	0.2	0.4	Δ 1.7	Δ 0.2	Δ 0.1	0.4	0.0	Δ 0.2	0.0	0.2	0.0	0.2	6.7	1.1	0.9	0.7	0.7	0.0	0.7	0.2	0.7	0.2	0.4	Δ 1.8	Δ 0.4	Δ 0.1	0.2	0.2	Δ 0.3	0.2	Δ 0.1	0.4	Δ 0.1	0.4		
Africa	2.7	0.2	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.2	0.0	-	-	-	-	-	-	-	-	-	-	2.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	-	-	-	-	-	-	-	-	-	-	-			
Other	1.3	1.5	1.1	0.4	0.4	0.0	0.4	0.2	0.4	0.2	0.2	Δ 2.3	0.6	0.2	0.4	0.0	0.0	0.0	0.4	0.2	Δ 0.2	1.3	1.6	1.3	0.2	0.0	0.0	0.0	0.0	0.2	0.2	Δ 2.0	0.6	0.3	0.2	Δ 0.5	0.0	Δ 0.5	Δ 0.3	0.0	0.2	Δ 0.1			

Note 1: The shaded figures in the FY2009 columns indicate countries/regions ranked in the top three, while shaded figures in the change from FY2008 indicate changes of two percentage points or more.

Note 2: (n) in FY 2009 was 524 for all industries and 445 for the manufacturing, trade & wholesale, and retail industries. In FY 2008 (n) was 467 for all industries and 399 for the manufacturing, trade & wholesale, and retail industries. (n) refers to the number of respondents planning to expand their overseas businesses in the future.

Note 3: Other Central & South America and Africa were added beginning from the FY 2009 Survey. Therefore there are no figures indicating changes from the FY 2008 survey.

2. Domestic and Overseas Business Operations

(4) Expansion plans (for the next three years or so) – By country/region and function (1)

Planned expansion rankings on each function by country/region (all industries)

Figure 2-10: Country /region rankings by function on expansion planned in the next three years or so (all industries)

(Multiple answers, %)

Sales operations				Production (mid- to low-end products, high-end products)												R&D (primary research, new product development, localization)											
				Production (mid- to low-end products)						Production (high-end products)						R&D (primary research)											
Rank	Country or Region	FY 2008 rank	FY 2009 survey	Change from FY 2008	Rank	Country or Region	FY 2008 rank	FY 2009 survey	Change from FY 2008	Rank	Country or Region	FY 2008 rank	FY 2009 survey	Change from FY 2008	Rank	Country or Region	FY 2008 rank	FY 2009 survey	Change from FY 2008	Rank	Country or Region	FY 2008 rank	FY 2009 survey	Change from FY 2008			
1	China	(1)	55.3	5.6	1	China	(1)	36.1	4.6	1	China	(1)	26.5	1.7	1	China	(1)	14.9	3.6	1	China	(1)	2.9	1.6			
2	United States	(2)	21.2	0.9	2	Thailand	(2)	10.1	Δ 2.3	2	Thailand	(2)	7.8	Δ 1.4	2	United States	(2)	4.8	Δ 0.3	2	Western Europe	(2)	0.8	Δ 0.1			
3	India	(3)	18.3	Δ 1.0	3	Vietnam	(3)	8.0	Δ 1.6	3	Vietnam	(3)	6.3	Δ 0.8	3	United States	(3)	3.8	Δ 0.5	3	Thailand	(3)	4.0	Δ 0.7			
4	Thailand	(4)	17.6	Δ 1.2	4	India	(4)	6.7	1.1	4	India	(4)	5.5	1.6	4	Vietnam	(5)	2.9	Δ 0.3	4	Western Europe	(4)	3.8	Δ 0.5			
5	Western Europe	(5)	17.2	Δ 0.6	5	United States	(4)	5.2	Δ 1.7	5	Indonesia	(6)	3.1	0.1	5	Vietnam	(6)	2.1	Δ 0.3	5	Vietnam	(7)	2.9	1.4			
6	Vietnam	(7)	14.5	2.5	6	Indonesia	(8)	3.6	0.2	6	Malaysia	(7)	2.7	Δ 0.1	6	Western Europe	(4)	1.9	Δ 2.2	6	India	(5)	2.5	0.6			
7	Republic of Korea	(8)	13.5	2.6	7	Western Europe	(6)	3.6	Δ 1.1	7	Taiwan	(10)	2.1	0.2	7	Taiwan	(13)	1.5	0.6	7	Taiwan	(9)	2.1	1.0			
8	Taiwan	(9)	12.2	1.9	8	Taiwan	(10)	3.2	0.4	8	Republic of Korea	(8)	1.9	Δ 0.2	8	Central & Eastern Europe	(9)	1.5	0.2	8	Republic of Korea	(5)	1.9	0.0			
9	Singapore	(11)	10.3	2.2	9	Republic of Korea	(8)	3.1	Δ 0.3	9	United States	(4)	1.9	Δ 2.0	9	Republic of Korea	(8)	1.3	Δ 0.6	9	Indonesia	(17)	1.7	1.5			
10	Indonesia	(16)	9.7	3.7	10	Malaysia	(7)	2.7	Δ 1.6	10	Western Europe	(11)	1.9	0.2	10	Hong Kong	(9)	1.1	Δ 0.2	10	Singapore	(12)	1.5	0.9			
11	Hong Kong	(15)	9.0	2.8	11	Central & Eastern Europe	(10)	2.1	Δ 0.7	11	Singapore	(16)	1.5	0.9	11	Indonesia	(12)	1.1	0.0	11	Hong Kong	(10)	1.1	0.2			
12	Brazil	(13)	7.3	Δ 0.2	12	Singapore	(17)	1.9	0.6	12	Brazil	(12)	1.5	0.4	12	Canada	(19)	1.0	1.0	12	Malaysia	(8)	1.0	Δ 0.3			
13	Malaysia	(14)	7.1	0.0	13	Hong Kong	(12)	1.5	Δ 0.2	13	Central & Eastern Europe	(8)	1.3	Δ 0.8	13	Malaysia	(17)	1.0	0.4	13	Brazil	(10)	1.0	0.1			
14	Middle East	(10)	6.7	Δ 1.7	13	Brazil	(12)	1.5	Δ 0.2	14	Philippines	(18)	1.1	0.7	14	Singapore	(13)	0.6	Δ 0.3	14	Philippines	(18)	0.6	0.6			
15	Russia & CIS	(6)	6.5	Δ 6.3	15	Philippines	(18)	1.3	0.7	15	Hong Kong	(13)	0.8	Δ 0.1	15	Malaysia	(17)	0.6	Δ 1.5	15	Canada	(18)	0.6	0.6			
16	Central & Eastern Europe	(12)	5.9	Δ 2.0	15	Middle East	(15)	1.3	Δ 0.2	16	Russia & CIS	(13)	0.8	Δ 0.1	16	Philippines	(18)	0.4	0.0	16	Central & Eastern Europe	(12)	0.6	0.0			
17	Canada	(18)	2.9	1.0	17	Canada	(18)	1.1	0.5	17	Middle East	(13)	0.8	Δ 0.1	17	Other Central & South America	-	0.2	-	17	Russia & CIS	(15)	0.6	0.2			
18	Africa	-	2.7	-	18	Russia & CIS	(15)	0.8	Δ 0.7	18	Mexico	(16)	0.4	Δ 0.2	18	Russia & CIS	(13)	0.2	Δ 0.7	18	Middle East	(12)	0.6	0.0			
19	Other Central & South America	-	2.5	-	19	Mexico	(12)	0.4	Δ 1.3	19	Canada	(18)	0.2	Δ 0.2	19	Africa	-	0.2	-	19	Mexico	(15)	0.2	Δ 0.2			
20	Mexico	(17)	1.5	Δ 0.6	19	Other Central & South America	-	0.4	-	20	Other Central & South America	-	0.2	-	20	Mexico	(9)	0.0	Δ 1.3	20	Other Central & South America	-	0.0	-			
21	Philippines	(19)	1.3	0.7	21	Africa	-	0.2	-	21	Africa	-	0.0	-	21	Brazil	(13)	0.0	Δ 0.9	21	Africa	-	0.0	-			

R&D (new product development, localization)												Regional HQ			Distribution									
R&D (new product development)												R&D (localization)												
Rank	Country or Region	FY 2008 rank	FY 2009 survey	Change from FY 2008	Rank	Country or Region	FY 2008 rank	FY 2009 survey	Change from FY 2008	Rank	Country or Region	FY 2008 rank	FY 2009 survey	Change from FY 2008	Rank	Country or Region	FY 2008 rank	FY 2009 survey	Change from FY 2008					
1	China	(1)	14.3	3.4	1	China	(1)	6.7	2.2	1	China	(1)	11.1	2.3	1	China	(1)	10.3	1.7					
2	United States	(2)	4.4	Δ 0.7	2	United States	(2)	2.5	Δ 0.3	2	Thailand	(2)	3.4	Δ 0.5	2	Western Europe	(2)	2.9	Δ 0.5	2	Brazil	(16)	2.5	2.3
3	Thailand	(3)	4.0	Δ 0.7	3	Thailand	(4)	2.3	0.6	3	United States	(3)	3.2	Δ 0.2	3	United States	(3)	2.5	Δ 0.7	3	Western Europe	(2)	2.5	Δ 1.1
4	Western Europe	(4)	3.4	Δ 0.7	4	Western Europe	(3)	2.3	0.2	4	Hong Kong	(4)	2.3	Δ 0.3	4	Hong Kong	(6)	2.1	1.0	4	Thailand	(5)	2.3	0.2
5	Vietnam	(7)	2.7	1.2	5	Taiwan	(11)	1.7	1.3	5	Vietnam	(6)	1.9	0.8	5	Singapore	(4)	1.9	0.0	5	United States	(3)	2.3	Δ 0.7
6	India	(5)	2.3	0.4	6	Vietnam	(8)	1.0	0.4	6	India	(5)	1.7	0.4	6	Thailand	(5)	1.7	0.2	6	Hong Kong	(4)	1.9	Δ 0.9
7	Taiwan	(9)	2.1	1.0	7	Hong Kong	(8)	0.8	0.2	7	Republic of Korea	(7)	1.5	0.6	7	India	(6)	1.1	0.0	7	Vietnam	(10)	1.9	0.6
8	Republic of Korea	(5)	1.5	Δ 0.4	8	Brazil	(8)	0.8	0.2	8	Taiwan	(7)	1.3	0.4	8	Central & Eastern Europe	(10)	0.6	0.2	8	India	(7)	1.9	0.4
9	Indonesia	(17)	1.5	1.3	9	Malaysia	(6)	0.6	Δ 0.3	9	Singapore	(12)	1.3	0.9	9	Taiwan	(8)	0.4	Δ 0.2	9	Singapore	(7)	1.5	0.0
10	Singapore	(12)	1.3	0.7	9	Indonesia	(14)	0.6	0.4	10	Indonesia	(17)	1.1	0.9	10	Vietnam	(12)	0.4	0.2	10	Taiwan	(12)	1.1	0.0
11	Hong Kong	(10)	1.0	0.1	10	India	(6)	0.6	Δ 0.3	11	Hong Kong	(9)	0.8	0.2	11	Indonesia	(8)	0.4	Δ 0.2	11	Indonesia	(14)	1.0	0.4
12	Malaysia	(8)	1.0	Δ 0.3	12	Republic of Korea	(5)	0.4	Δ 1.1	12	Malaysia	(9)	0.6	0.0	12	Russia & CIS	(12)	0.4	0.2	12	Central & Eastern Europe	(6)	0.8	Δ 1.1
13	Brazil	(10)	1.0	0.1	12	Singapore	(14)	0.4	0.2	13	Central & Eastern Europe	(12)	0.6	0.2	13	Republic of Korea	(10)	0.2	Δ 0.2	13	Russia & CIS	(10)	0.6	Δ 0.7
14	Philippines	(18)	0.6	0.6	12	Canada	(17)	0.4	0.4	14	Middle East	(12)	0.6	0.2	14	Indonesia	(18)	0.2	0.2	14	Malaysia	(7)	0.4	Δ 1.1
15	Canada	(18)	0.6	0.6	12	Central & Eastern Europe	(11)	0.4	0.0	15	Philippines	(18)	0.4	0.4	15	Other Central & South America	-	0.2	-	15	Canada	(19)	0.4	0.4
16	Central & Eastern Europe	(12)	0.6	0.0	12	Russia & CIS	(11)	0.4	0.0	16	Brazil	(9)	0.4	Δ 0.2	16	Middle East	(12)	0.2	0.0	16	Mexico	(15)	0.4	0.0
17	Russia & CIS	(15)	0.6	0.2	17	Philippines	(17)	0.2	0.2	17	Russia & CIS	(12)	0.4	0.0	17	Africa	-	0.2	-	17	Middle East	(16)	0.4	0.2
18	Middle East	(12)	0.6	0.0	17	Mexico	(17)	0.2	0.2	18	Canada	(18)	0.2	0.2	18	Malaysia	(12)	0.0	Δ 0.2	18	Republic of Korea	(13)	0.2	Δ 0.7
19	Mexico	(15)	0.2	Δ 0.2	17	Middle East	(14)	0.2	0.0	19	Mexico	(12)	0.2	Δ 0.2	19	Philippines	(12)	0.0	Δ 0.2	19	Philippines	(16)	0.0	Δ 0.2
20	Other Central & South America	-	0.0	-	20	Other Central & South America	-	0.0	-	20	Other Central & South America	-	0.0	-	20	Canada	(12)	0.0	Δ 0.2	20	Other Central & South America	-	0.0	-
21	Africa	-	0.0	-	20	Africa	-	0.0	-	21	Africa	-	0.0	-	21	Mexico	(18)	0.0	0.0	21	Africa	-	0.0	-

Note 1: The number of respondents (n) planning to expand their overseas businesses in the future was 524 in the FY2009 survey and 467 in the FY2008 survey.

Note 2: Other Central & South America and Africa were added beginning from the FY 2009 Survey. Therefore, there are no rankings for FY 2008 or figures indicating changes from the FY 2008 Survey.

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2. Domestic and Overseas Business Operations

(4) Expansion plans (for the next three years or so) – By country/region and function (2)

Planned expansion rankings of each function by country/region (manufacturing, trade & wholesale/retail)

Figure 2-11: Country/region rankings by function on expansion planned in the next three years or so (manufacturing, trade & wholesale/retail)

(Multiple answers, %)

Sales operations				Production (mid- to low-end products, high-end products)												R&D (primary research, new product development, localization)								
				Production (mid- to low-end products)						Production (high-end products)						R&D (primary research)								
Rank	Country or Region	FY 2008 rank	FY 2009 survey	Change from FY 2008	Rank	Country or Region	FY 2008 rank	FY 2009 survey	Change from FY 2008	Rank	Country or Region	FY 2008 rank	FY 2009 survey	Change from FY 2008	Rank	Country or Region	FY 2008 rank	FY 2009 survey	Change from FY 2008	Rank	Country or Region	FY 2008 rank	FY 2009 survey	Change from FY 2008
1	China	(1)	57.8	7.2	1	China	(1)	38.4	3.6	1	China	(1)	29.7	1.9	1	China	(1)	15.1	3.3	1	China	(1)	2.9	1.4
2	United States	(2)	22.9	1.8	2	Thailand	(2)	11.0	Δ 1.5	2	Thailand	(2)	9.0	Δ 1.1	2	United States	(2)	4.9	Δ 0.4	2	Western Europe	(2)	0.9	Δ 0.1
3	Western Europe	(3)	18.9	Δ 0.6	3	Vietnam	(3)	7.6	Δ 2.2	3	Vietnam	(3)	7.0	Δ 0.5	3	United States	(3)	3.8	Δ 0.5	3	Western Europe	(4)	4.5	0.2
4	India	(4)	18.7	Δ 0.3	4	India	(5)	7.2	1.7	4	India	(5)	6.3	2.5	4	Western Europe	(4)	2.2	Δ 1.8	4	Thailand	(3)	4.3	Δ 0.7
5	Thailand	(4)	18.2	Δ 0.8	5	United States	(4)	5.4	Δ 1.6	5	Indonesia	(6)	3.6	0.6	5	Vietnam	(5)	2.0	Δ 0.8	5	Vietnam	(7)	2.7	0.9
6	Republic of Korea	(7)	16.0	4.5	6	Indonesia	(9)	4.3	0.8	6	Malaysia	(6)	2.9	Δ 0.1	6	India	(6)	2.0	Δ 0.5	6	Republic of Korea	(6)	2.2	0.2
7	Vietnam	(7)	14.8	3.3	6	Western Europe	(6)	4.3	Δ 0.5	7	Taiwan	(10)	2.5	0.2	7	Taiwan	(13)	1.6	0.6	7	India	(5)	2.2	Δ 0.1
8	Taiwan	(9)	13.7	2.9	8	Taiwan	(10)	3.6	0.3	8	Republic of Korea	(8)	2.2	Δ 0.3	7	Republic of Korea	(8)	1.6	Δ 0.7	8	Taiwan	(9)	2.0	0.7
9	Singapore	(13)	10.8	2.8	8	Republic of Korea	(8)	3.6	Δ 0.4	8	Western Europe	(11)	2.2	0.2	7	Central & Eastern Europe	(9)	1.6	0.1	9	Indonesia	(17)	1.8	1.5
10	Indonesia	(16)	10.6	4.8	10	Malaysia	(6)	2.9	Δ 1.9	10	Indonesia	(4)	2.0	Δ 2.3	10	Singapore	(11)	1.3	0.0	10	Singapore	(11)	1.6	0.8
11	Hong Kong	(15)	9.7	3.7	11	Central & Eastern Europe	(10)	2.2	Δ 1.1	11	Singapore	(15)	1.8	1.0	11	Hong Kong	(11)	1.1	Δ 0.2	11	Malaysia	(8)	1.1	Δ 0.4
12	Brazil	(10)	7.9	Δ 0.6	12	Singapore	(17)	1.8	0.8	12	Brazil	(12)	1.6	0.3	11	Canada	(19)	1.1	1.1	11	Brazil	(10)	1.1	0.1
13	Malaysia	(14)	7.6	0.6	13	Philippines	(18)	1.6	1.1	13	Philippines	(18)	1.3	1.0	13	Malaysia	(6)	0.7	Δ 1.8	13	Hong Kong	(11)	0.9	0.1
14	Russia & CIS	(6)	7.0	Δ 6.3	13	Brazil	(12)	1.6	Δ 0.4	13	Central & Eastern Europe	(8)	1.3	Δ 1.2	13	Middle East	(16)	0.7	0.2	14	Philippines	(18)	0.7	0.7
15	Hong Kong	(10)	6.7	Δ 1.8	15	Hong Kong	(14)	1.3	Δ 0.5	15	Russia & CIS	(15)	0.9	0.1	15	Philippines	(18)	0.4	0.1	14	Canada	(18)	0.7	0.7
15	Middle East	(10)	6.7	Δ 1.8	15	Canada	(18)	1.3	0.8	15	Middle East	(13)	0.9	Δ 0.1	16	Singapore	(16)	0.2	Δ 0.3	14	Middle East	(14)	0.7	0.2
17	Canada	(18)	3.4	1.6	17	Middle East	(15)	1.1	Δ 0.4	16	Hong Kong	(13)	0.7	Δ 0.3	16	Russia & CIS	(15)	0.2	Δ 0.6	17	Central & Eastern Europe	(11)	0.4	Δ 0.4
18	Africa	-	2.9	-	18	Russia & CIS	(16)	0.9	Δ 0.4	18	Mexico	(15)	0.4	Δ 0.4	18	Mexico	(9)	0.0	Δ 1.5	17	Russia & CIS	(14)	0.4	Δ 0.1
19	Other Central & South America	-	2.5	-	19	Mexico	(12)	0.4	Δ 1.6	19	Canada	(18)	0.2	Δ 0.1	18	Brazil	(13)	0.0	Δ 1.0	19	Mexico	(14)	0.2	Δ 0.3
20	Philippines	(19)	1.6	1.1	20	Other Central & South America	-	0.2	-	19	Other Central & South America	-	0.2	-	18	Other Central & South America	-	0.0	-	20	Other Central & South America	-	0.0	-
21	Mexico	(17)	1.6	Δ 0.9	21	Africa	-	0.0	-	21	Africa	-	0.0	-	18	Africa	-	0.0	-	20	Africa	-	0.0	-

R&D (new product development, localization)												Regional HQ			Distribution									
R&D (new product development)												R&D (localization)												
Rank	Country or Region	FY 2008 rank	FY 2009 survey	Change from FY 2008	Rank	Country or Region	FY 2008 rank	FY 2009 survey	Change from FY 2008	Rank	Country or Region	FY 2008 rank	FY 2009 survey	Change from FY 2008	Rank	Country or Region	FY 2008 rank	FY 2009 survey	Change from FY 2008					
1	China	(1)	14.4	3.1	1	China	(1)	6.5	1.5	1	China	(1)	11.0	2.0	1	China	(1)	9.9	1.6					
2	United States	(2)	4.5	Δ 0.8	2	Western Europe	(3)	2.7	0.4	2	Thailand	(2)	3.6	Δ 0.4	2	Western Europe	(1)	3.1	Δ 0.9	2	Brazil	(16)	2.7	2.4
3	Thailand	(3)	4.3	Δ 0.7	3	Thailand	(4)	2.2	0.2	3	United States	(3)	3.1	Δ 0.4	3	United States	(2)	2.7	Δ 1.1	2	Western Europe	(2)	2.7	Δ 1.3
4	Western Europe	(4)	4.0	0.0	4	United States	(2)	2.2	Δ 0.8	4	Western Europe	(4)	2.7	0.2	4	Hong Kong	(6)	2.2	0.9	4	United States	(3)	2.5	Δ 0.5
5	Vietnam	(7)	2.5	0.7	5	Taiwan	(11)	1.6	1.1	5	Republic of Korea	(7)	1.8	0.8	5	Singapore	(4)	1.6	Δ 0.4	5	Thailand	(5)	2.2	0.2
6	Taiwan	(9)	2.0	0.7	6	Vietnam	(8)	1.1	0.3	6	Vietnam	(6)	1.6	0.3	6	Thailand	(5)	1.6	Δ 0.2	6	Hong Kong	(3)	1.8	Δ 1.2
6	India	(5)	2.0	Δ 0.3	7	Brazil	(8)	0.9	0.1	6	India	(5)	1.6	0.1	7	India	(6)	1.3	0.0	6	Singapore	(6)	1.8	0.3
8	Republic of Korea	(6)	1.8	Δ 0.2	8	Malaysia	(6)	0.7	Δ 0.3	8	Singapore	(11)	1.3	0.8	8	Central & Eastern Europe	(10)	0.7	0.2	6	India	(10)	1.8	1.0
9	Indonesia	(17)	1.6	1.3	9	Indonesia	(14)	0.7	0.4	9	Taiwan	(7)	1.1	0.1	9	Taiwan	(8)	0.4	Δ 0.4	9	Taiwan	(9)	1.1	0.1
10	Singapore	(11)	1.3	0.5	10	Hong Kong	(8)	0.4	Δ 0.4	9	Indonesia	(16)	1.1	0.8	9	Vietnam	(11)	0.4	0.1	9	Vietnam	(10)	1.1	0.3
11	Malaysia	(8)	1.1	Δ 0.4	10	Republic of Korea	(5)	0.4	Δ 1.1	11	Malaysia	(9)	0.7	Δ 0.1	11	Brazil	(8)	0.4	Δ 0.4	11	Indonesia	(10)	0.7	Δ 0.1
11	Brazil	(10)	1.1	0.1	10	India	(6)	0.4	Δ 0.6	11	Middle East	(16)	0.7	0.4	9	Russia & CIS	(11)	0.4	0.1	11	Russia & CIS	(14)	0.7	0.2
13	Hong Kong	(11)	0.7	Δ 0.1	14	Canada	(17)	0.4	0.4	13	Hong Kong	(11)	0.4	Δ 0.1	13	Republic of Korea	(11)	0.2	Δ 0.1	13	Canada	(17)	0.4	0.4
13	Philippines	(18)	0.7	0.1	14	Singapore	(14)	0.2	Δ 0.1	13	Philippines	(18)	0.4	0.2	13	Central & Eastern Europe	(17)	0.2	0.2	13	Central & Eastern Europe	(6)	0.4	Δ 1.1
13	Canada	(18)	0.7	0.7	14	Philippines	(17)	0.2	0.2	13	Brazil	(9)	0.4	Δ 0.4	13	Other Central & South America	-	0.2	-	13	Middle East	(17)	0.4	0.4
13	Middle East	(14)	0.7	0.2	14	Mexico	(17)	0.2	0.2	13	Central & Eastern Europe	(11)	0.4	Δ 0.1	13	Middle East	(11)	0.2	Δ 0.1	16	Republic of Korea	(10)	0.2	Δ 0.6
17	Central & Eastern Europe	(11)	0.4	Δ 0.4	14	Central & Eastern Europe	(11)	0.2	Δ 0.3	17	Canada	(18)	0.2	0.2	13	Africa	-	0.2	-	16	Malaysia	(6)	0.2	Δ 1.3
17	Russia & CIS	(14)	0.4	Δ 0.1	14	Russia & CIS	(11)	0.2	Δ 0.3	17	Mexico	(11)	0.2	Δ 0.3	18	Malaysia	(11)	0.0	Δ 0.3	16	Mexico	(14)	0.2	Δ 0.3
19	Mexico	(14)	0.2	Δ 0.3	14	Middle East	(14)	0.2	Δ 0.1	17	Russia & CIS	(11)	0.2	Δ 0.3	18	Philippines	(17)	0.0	0.0	19	Philippines	(17)	0.0	0.0
20	Other Central & South America	-	0.0	-	20	Other Central & South America	-	0.0	-	20	Other Central & South America	-	0.0	-	18	Canada	(11)	0.0	Δ 0.3	19	Other Central & South America	-	0.0	-
21	Africa	-	0.0	-	20	Africa	-	0.0	-	20	Africa	-	0.0	-	18	Mexico	(17)	0.0	0.0	19	Africa	-	0.0	-

Note 1: The number of respondents (n) planning to expand their overseas businesses in the future was 445 in the FY2009 survey and 399 in the FY2008 survey.

Note 2: Other Central & South America and Africa were added beginning from the FY 2009 Survey. Therefore, there are no rankings for FY 2008 or figures indicating changes from the FY 2008 Survey.

2. Domestic and Overseas Business Operations

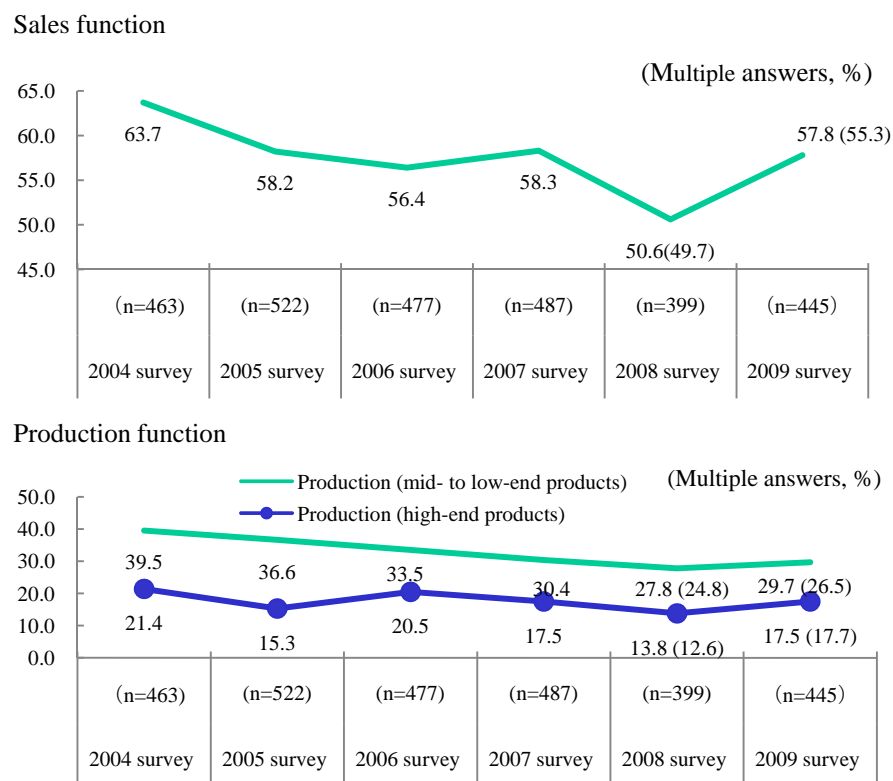
(5) Increasing interest in Chinese business expansion

Functions for which firms plan expansion in China

● Growing interest in expanding sales functions

For China, the downward trend for expansion in terms of sales and production functions, which had prevailed previously, seems to have ceased. Particularly in sales functions, nearly 60% of the firms, mainly in the precision equipment and the IT equipment/electronic parts & devices industries, plan expansion, an overwhelmingly high percentage compared to the other countries and regions.

Figure 2-12: Percentage of firms planning to expand sales and production functions in China (manufacturing, trade & wholesale/retail)



Note 1: Percentage of all firms planning to expand functions overseas

Note 2: Figures in parentheses in the FY2008 and FY2009 surveys indicate figures for all industries, including non-manufacturing. (n) was 467 for FY 2008 and 524 for FY 2009.

Figure 2-13: Industries planning to expand sales and production functions in China

Sales			
Rank	Industry	No. of responding firms (n)	Percentage (%)
1	Precision equipment	19	89.5
2	IT equipment/electronic parts & devices	13	84.6
3	Iron & steel/non-ferrous metals/metal products	17	82.4
4	Medical products & cosmetics	16	81.3
5	Other non-manufacturing	24	79.2
Total		405	71.6
Manufacturing total		264	71.2
Trade & wholesale/retail		97	71.1
Non-manufacturing (excluding trade& wholesale, retail) total		44	75.0

Production (mid- to low-end products)			
Rank	Industry	No. of responding firms (n)	Percentage (%)
1	Precision equipment	15	93.3
2	IT equipment/electronic parts & devices	7	85.7
3	Trade & wholesale	23	78.3
4	Food & beverages	17	70.6
4	Iron & steel/non-ferrous metals/metal products	17	70.6
Total		211	65.9
Manufacturing total		175	64.6
Trade & wholesale/retail		26	73.1
Non-manufacturing (excluding trade& wholesale, retail) total		10	70.0

Production (high-end products)			
Rank	Industry	No. of responding firms (n)	Percentage (%)
1	IT equipment/electronic parts & devices	8	87.5
2	Electrical equipment	12	83.3
3	Chemicals	16	81.3
4	Trade & wholesale	15	73.3
5	Food & beverages	10	70.0
Total		140	66.4
Manufacturing total		99	66.7
Trade & wholesale/retail		16	75.0
Non-manufacturing (excluding trade& wholesale, retail) total		25	60.0

Note 1: Percentage of firms that responded they would expand sales and production functions overseas

Note 2: The top five industries with five or more responding firms

2. Domestic and Overseas Business Operations

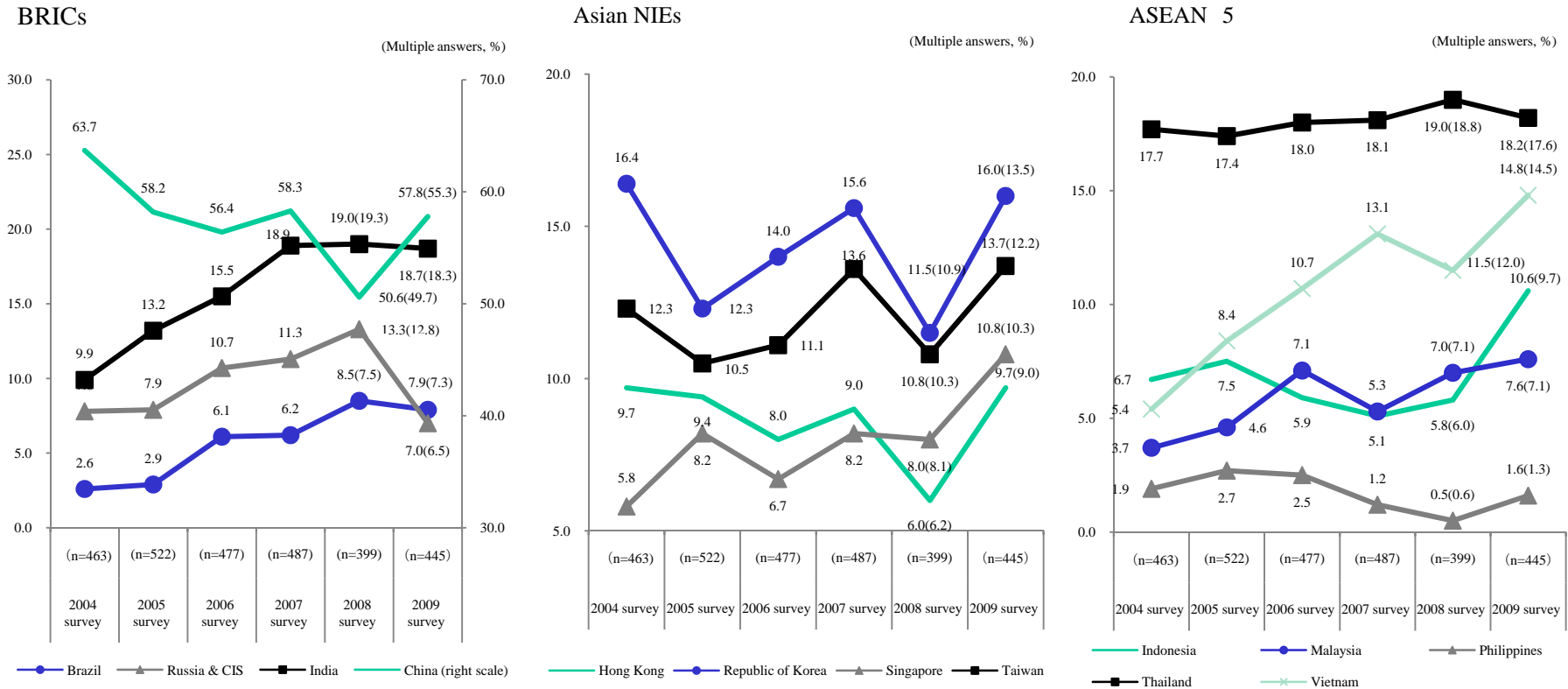
(6) Asia becoming the main sales target

Countries or regions in which sales functions will be expanded

● Increasing interest in expanding sales in China, Asian NIEs and the ASEAN nations

Focusing on countries/regions in which sales functions will be expanded, interest in Brazil and Russia & CIS, which had been steadily growing, seems to have leveled off, while among the other BRICs, interest in China has increased. Interest in all Asian NIEs has regained FY2007 levels, while interest has also been growing in Indonesia and Vietnam, indicating that Japanese firms are now focusing on countries and regions in Asia as their sales target.

Figure 2-14: Countries/regions in which sales functions will be expanded (manufacturing, trade & wholesale/retail)



Note 1: Percentage of all firms planning to expand functions overseas

Note 2: Figures in parentheses in the FY2008 and FY2009 surveys indicate figures for all industries, including non-manufacturing. (n) was 467 for FY 2008 and 524 for FY 2009.

2. Domestic and Overseas Business Operations

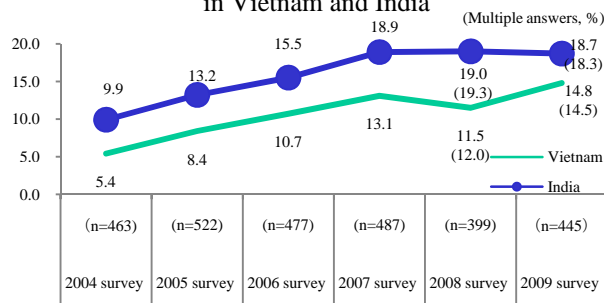
(7) Interest in expanding sales in Vietnam and India taking root

Functions for which firms plan expansion in Vietnam and India

● Increasing interest for expanding production of mid- to low-end products in India

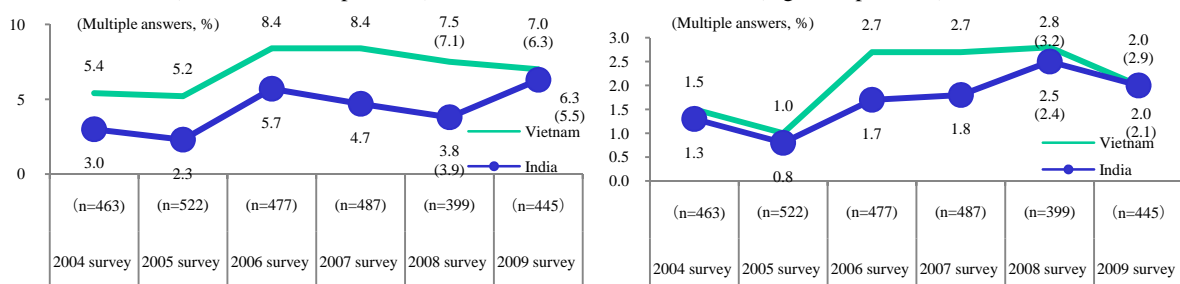
Interest in expanding sales functions in Vietnam is growing. Additionally, nearly 20% are planning to expand sales functions in India, ranking the country third behind China and the U.S., as in the previous survey. By industry, the percentage of firms planning to expand sales in Vietnam were high in professional services and also the precision equipment industry; for India, the highest percentages were in general machinery and electrical equipment, followed by precision equipment industry. Firms planning to expand production of mid- to low-end products in India, which had been on a decline, increased. By industry, firms in the general machinery and cars/car parts/other transport equipment industries have exhibited strong interest in expanding their production.

Figure 2-15: Firms planning to expand sales functions in Vietnam and India



Note: Same as Figure 2-14

Figure 2-16: Firms planning to expand production functions in Vietnam and India



Note: Same as Figure 2-14

Figure 2-17: Major industries planning to expand sales functions in Vietnam and India

Vietnam			
Rank	Industry	No. of responding firms (n)	Percentage (%)
1	Professional services	5	40.0
2	Precision equipment	19	26.3
3	Chemicals	28	25.0
4	Coal & petroleum products/plastics/rubber products	17	23.5
5	IT equipment/electronic parts & devices	13	23.1
Total		405	18.8
Manufacturing total		264	18.9
Trade & wholesale/retail		97	16.5
Non-manufacturing (excluding trade & wholesale, retail) total		44	22.7

Note 1: Percentage of firms that responded they would expand sales functions overseas

India			
Rank	Industry	No. of responding firms (n)	Percentage (%)
1	Precision equipment	19	47.4
2	General machinery	23	43.5
2	Electrical equipment	23	43.5
4	Cars/car parts/other transportation machinery	19	42.1
5	Other non-manufacturing	24	41.7
Total		405	23.7
Manufacturing total		264	24.6
Trade & wholesale/retail		97	18.6
Non-manufacturing (excluding trade & wholesale, retail) total		44	29.5

Note 2: The top five industries with five or more responding firms

Figure 2-18: Major industries planning to expand production functions (mid- to low-end products, high-end products) in Vietnam and India

Production (mid- to low-end products)			
Vietnam			
Rank	Industry	No. of responding firms (n)	Percentage (%)
1	Iron & steel/non-ferrous metals/metal products	17	47.1
2	Other manufacturing	8	25.0
3	Textiles/clothing	9	22.2
4	Trade & wholesale	18	22.2
5	Precision equipment	15	20.0
Total		211	15.6
Manufacturing total		175	15.4
Trade & wholesale/retail		26	15.4
Non-manufacturing (excluding trade & wholesale, retail) total		10	20.0

Production (high-end products)			
Vietnam			
Rank	Industry	No. of responding firms (n)	Percentage (%)
1	Construction	5	40.0
2	Cars/car parts/other transportation machinery	16	18.8
3	Other non-manufacturing	13	15.4
4	Trade & wholesale	15	13.3
5	Coal & petroleum products/plastics/rubber products	8	12.5
5	IT equipment/electronic parts & devices	8	12.5
Total		140	10.7
Manufacturing total		99	7.1
Trade & wholesale/retail		16	12.5
Non-manufacturing (excluding trade & wholesale, retail) total		25	24.0

Production (mid- to low-end products)			
India			
Rank	Industry	No. of responding firms (n)	Percentage (%)
1	General machinery	15	33.3
2	Cars/car parts/other transportation machinery	22	31.8
3	Chemicals	18	22.2
4	Precision equipment	15	20.0
5	Other non-manufacturing	7	14.3
Total		211	13.7
Manufacturing total		175	13.7
Trade & wholesale/retail		26	15.4
Non-manufacturing (excluding trade & wholesale, retail) total		10	10.0

Production (high-end products)			
India			
Rank	Industry	No. of responding firms (n)	Percentage (%)
1	Chemicals	16	25.0
2	Construction	5	20.0
3	Cars/car parts/other transportation machinery	16	12.5
4	Electrical equipment	12	8.3
5	Other non-manufacturing	13	7.7
Total		140	7.9
Manufacturing total		99	8.1
Trade & wholesale/retail		16	6.3
Non-manufacturing (excluding trade & wholesale, retail) total		25	8.0

Note 1: Percentage of firms that responded they would expand production functions (Each type of function) overseas

Note 2: The top five industries with five or more responding firms

2. Domestic and Overseas Business Operations

(8) Plans to expand sales to local firms in the future

Customers targeted in the developing countries

● Notable drive to boost sales to local firms

A question asking firms planning to expand overseas sales functions about their current and futures sales targets in the emerging and developing countries, in terms of both corporate customers and consumers, revealed a marked drive to boost sales to local firms. In terms of consumer sales, the tendency to focus on the new-rich and middle-class remained strong, but an increase in the percentage of firms looking toward low-income consumers was also noted.

In terms of the manufacturing and trade & wholesale/retail industries, for which comparisons with the FY2007 survey were possible, a higher percentage of firms indicated their intention to focus on sales to local firms in terms of corporate customers, and on sales to the low-income classes, in terms of consumers, as future sales targets.

Figure 2-19: Sales targets in emerging and developing countries, corporate and consumer segments - all industries (multiple answers)

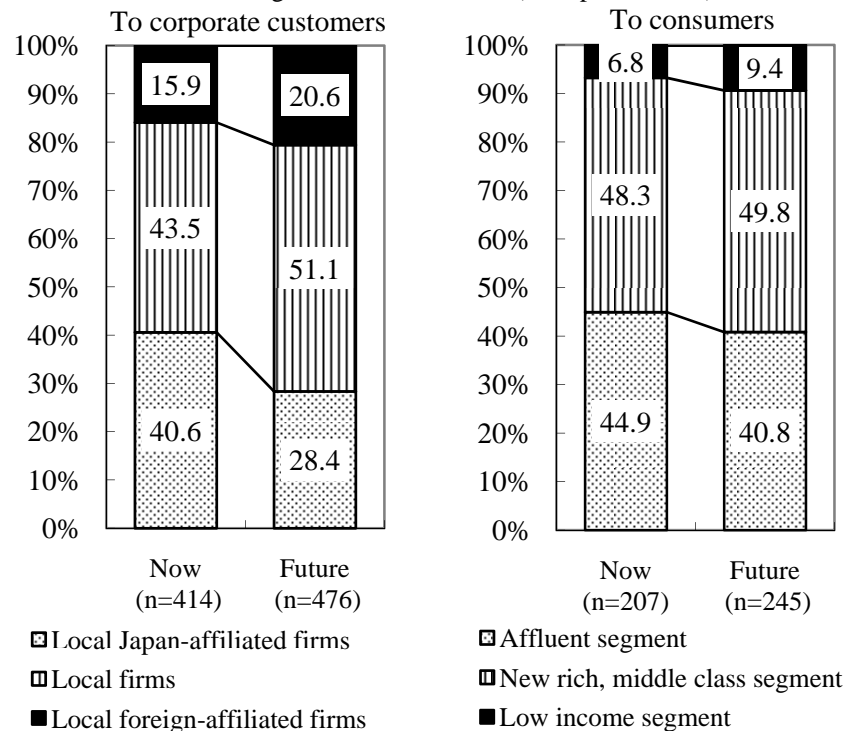
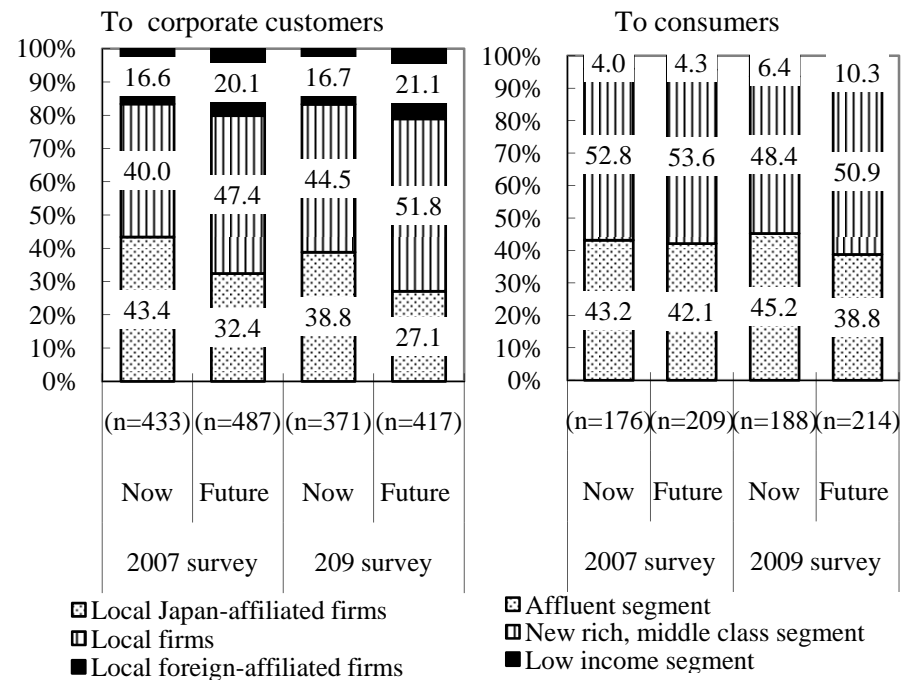


Figure 2-20: Sales targets in emerging and developing countries, corporate and consumer segments - manufacturing, trade & wholesale, retail (multiple answers) Comparison of the FY 2007 and FY 2009 Surveys



Note: Based on total number of responses (excluding "unknown" and "no answer")

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Note 1: Based on total number of responses (excluding "unknown" and "no answer")

Note 2: The FY 2007 Survey includes a maximum of 3 other non-manufacturing firms.

2. Domestic and Overseas Business Operations

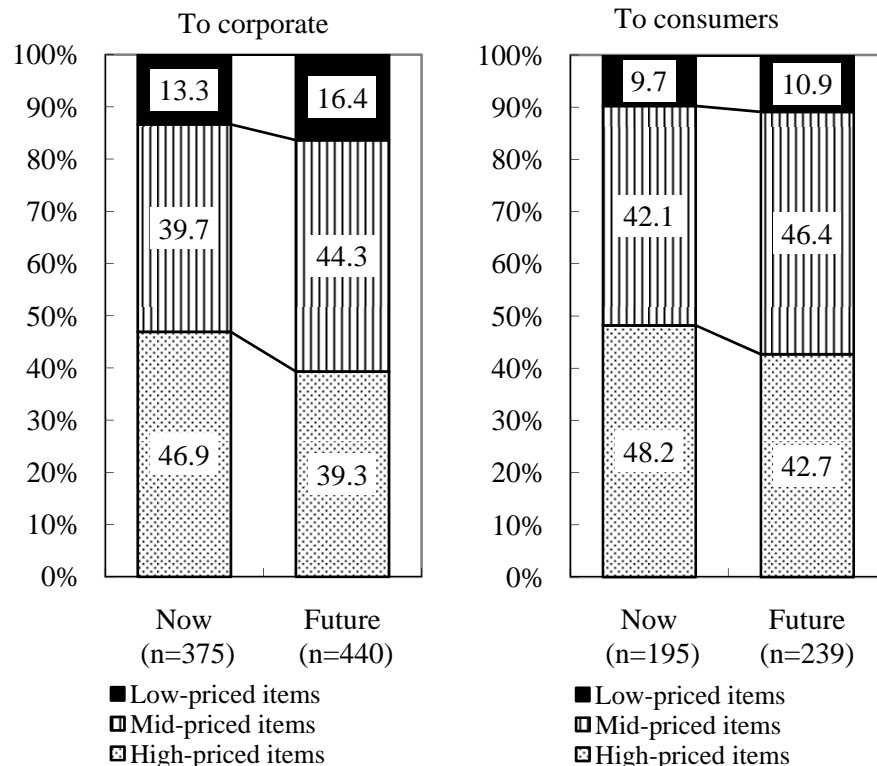
(9) Low- to medium-price range increasingly targeted

The targeted price range in the developing countries

● **Increasing numbers of firms are targeting the low- to medium-price range.**

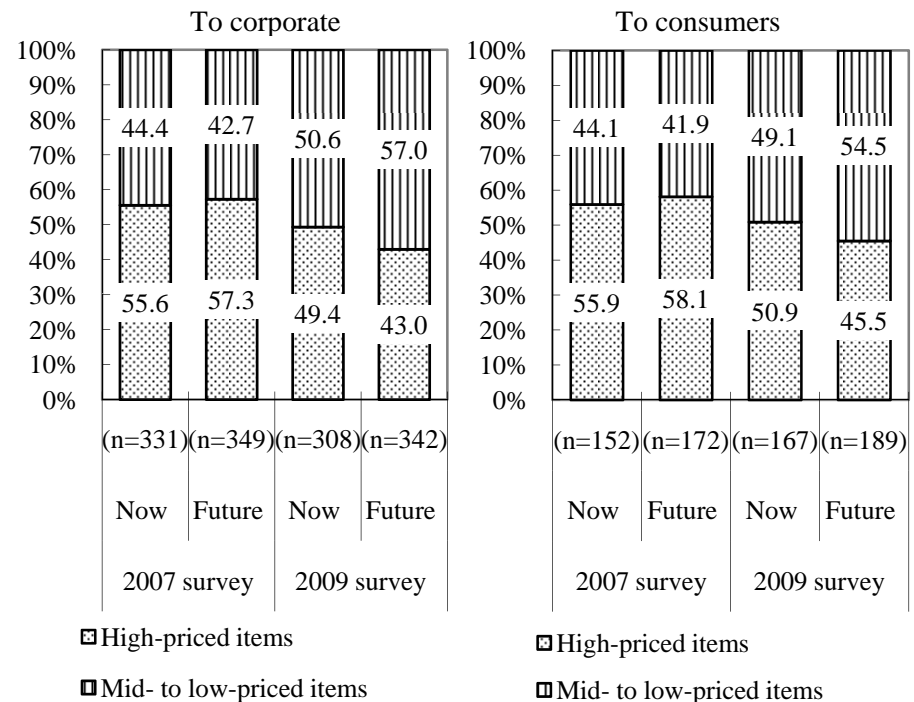
When firms planning to expand overseas sales functions were asked about their status and policies regarding their targeted products and price range in the emerging and developing countries, the majority of the firms responded that they would continue to target low- to medium-priced items. In terms of the manufacturing, trade & wholesale/retail industries, for which comparisons with the FY2007 survey were possible, whereas the majority of firms indicated that they would be targeting high-priced items in the FY2007 survey, in the current survey, those indicating that they would be targeting low- to medium-priced items in the future outnumbered those targeting high-priced items.

Figure 2-21: Sales targets in emerging and developing countries and price ranges - all industries (multiple answers)



Note: Based on total number of responses (excluding "unknown" and "no answer")

Figure 2-22: Sales targets in emerging and developing countries and price ranges - manufacturing, trade & wholesale, retail (multiple answers) Comparison of the FY 2007 and FY 2009 Surveys



Note 1: Based on total number of responses (excluding "unknown" and "no answer")

Note 2: The FY 2007 Survey includes at least three "other non-manufacturing" firms.

2. Domestic and Overseas Business Operations

(10) Greatest rivals are Chinese firms

Competitors and issues encountered in sales to developing countries

● Issues encountered in pricing and supply chains.

In a question to firms currently targeting low- to medium-priced items or planning to do so in the future (288 firms) asked who their greatest rivals were, those citing Chinese firms (46.5%, 134 firms) outnumbered those citing local firms (43.8%, 126 firms). Asked about issues currently being encountered or expected to be encountered in the future (multiple answers allowed), the highest percentage of firms cited extremely tough price competition in the low- to medium-price range (49.0%, 141 firms). Numerous firms also cited human resource- and supply chain-related issues in addition to issues with pricing, including lack of personnel with detailed knowledge of the local markets (37.8%, 109 firms) and difficulty in building a production/supply chain for low-cost products/services (37.5%, 108 firms).

Figure 2-23: Greatest rivals at the current time: all industries

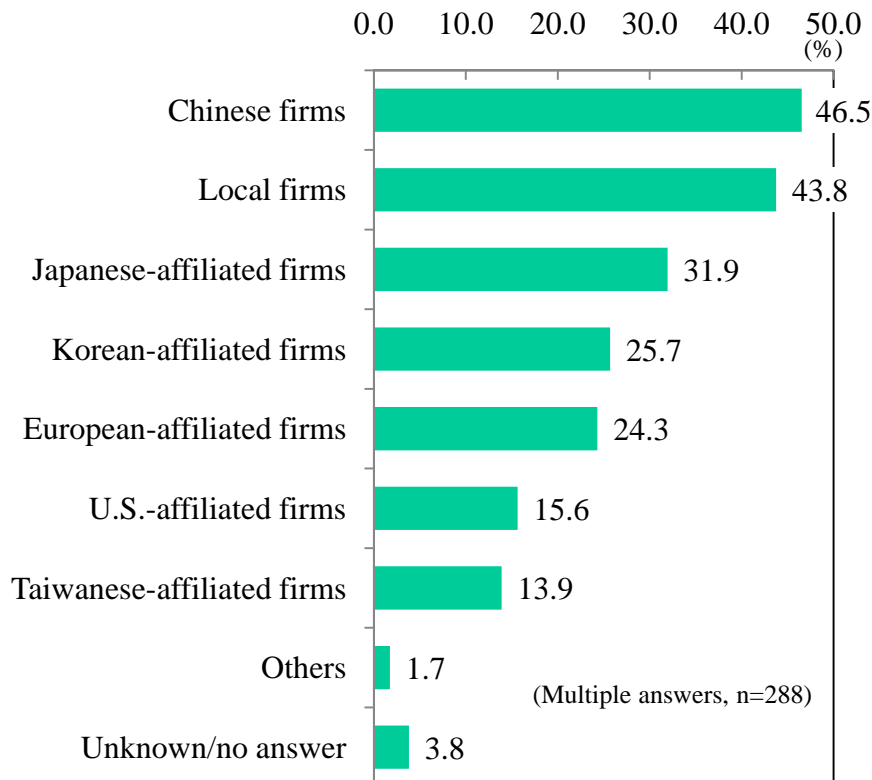
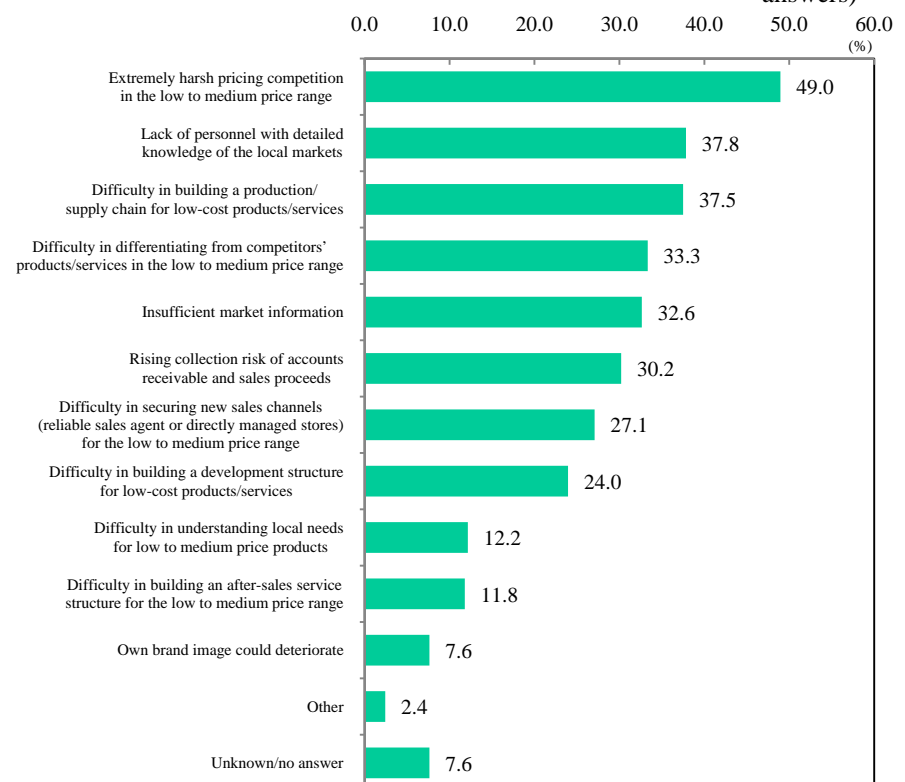


Figure 2-24: Issues encountered or expected in the future: all industries (multiple answers)



3. Business Development in China

Growing interest in expanding business in China

Plans for future business development in China and details

● **Firms planning to expand existing operations or start new businesses increased after a series of decreases.**

In a question about business development plans (e.g., trade, direct investment, outsourcing, and technical tie-ups) for China over the next three years or so, the percentage of firms planning to expand existing operations or start new businesses increased by 13.4 points over the previous year to 60.6%. For industries for which long-term chronological comparisons are possible (manufacturing and trade & wholesale retail industries,) those planning to expand existing operations or start new businesses increased by 16.3 points over the previous year to 66.4%, returning to levels seen in the FY2007 survey.

● **Firms planning to increase exports rises significantly.**

Among firms planning to expand/start new businesses in China, the percentage of those planning to increase exports rose by 13.9 points to 53.6%, while the percentage planning to expand/start sales bases increased by 8.7 points to 41.3% from the previous survey. All response options saw an increase from the previous survey, indicating across the board growth in firms' interest to expand business in China.

Figure 3-1: Business plans for China (all industries)

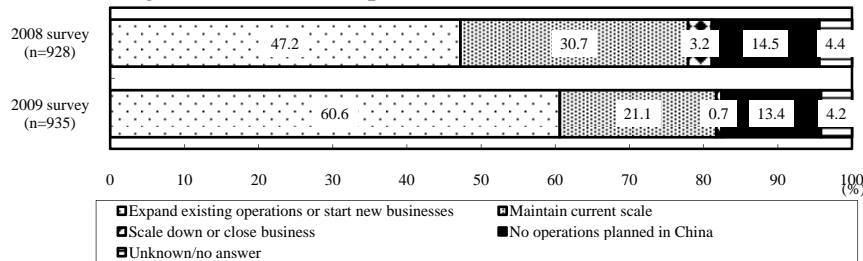


Figure 3-2: Business plans for China (manufacturing, trade & wholesale/ retail)

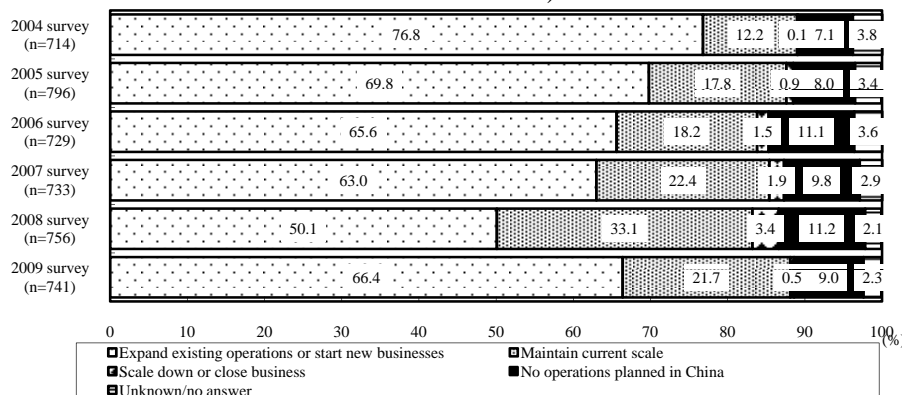


Figure 3-3: Details of business expansion plans for China (all industries)

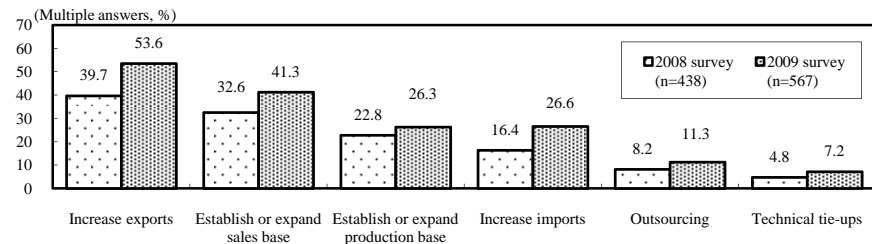


Figure 3-4: Details of business expansion plans for China (manufacturing, trade & wholesale/ retail)



4. Free Trade Agreements (FTAs)

(1) Steady progress being made in utilization of Japanese FTAs

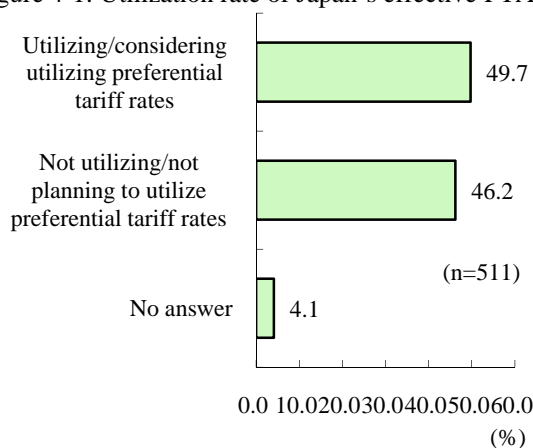
Utilization of preferential tariff schemes under Japan's FTAs

- 49.7% of firms engaged in trade are utilizing/considering the utilization of preferential tariff rates.

Of the 511 firms in manufacturing and trade & wholesale/retail industries engaged in trade with Japan's partners for nine free trade agreements (FTAs) in effect as of November 2009, namely ASEAN, Chile, Indonesia, Malaysia, Mexico, Philippines, Switzerland, Thailand and Vietnam, 49.7% (254 firms) are either utilizing or considering utilizing the preferential tariff schemes under the FTAs. Even among the 751 firms, including those that were not engaged in trade, 33.8% were utilizing or considering utilizing the preferential tariff rates (after excluding duplicate replies): utilizing: 24.6%; considering utilization: 12.8%. In the FY2008 survey (covering the five FTAs in effect with Chile, Indonesia, Malaysia, Mexico and Thailand), the percentage of firms replying that they were utilizing/considering utilizing the preferential tariff rates was 27.5% (utilizing:18.9%; considering utilization: 13.4%), indicating an upward trend in the utilization of the FTAs by Japanese firms.

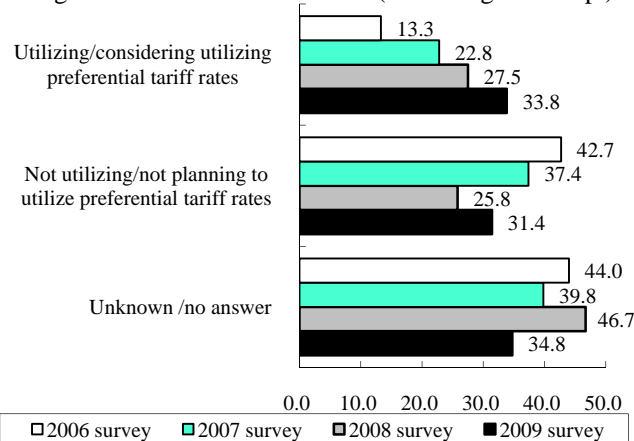
Of the 185 firms replying that they were utilizing the preferential tariff schemes, a large proportion were in the retail (40.0%), chemicals (39.6%), textiles/clothing (38.1%), food & beverages (37.7%) and cars/car parts/other transportation machinery (30.8%) industries.

Figure 4-1: Utilization rate of Japan's effective FTAs



Note : Of Japan's FTAs in effect as of November 2009, the current survey covered the FTAs with the nine countries and regions of Mexico, Malaysia, Chile, Thailand, Indonesia, Philippines, ASEAN, Switzerland, and Vietnam. The FTAs with Singapore and Brunei were omitted since the industries utilizing these FTAs were limited. In "n=511 firms," "n" equals the number of firms that have trade relations with any of the above nine countries/regions.

Figure 4-2: FTA utilization rate (chronological comp.)



Note 1: FY 2006: n=729, FY 2007: n=733, FY 2008: n=756, FY 2009: n=751

Note 2: The FTAs covered by each survey are as follows:

FY 2006 survey: FTAs (covering exports only) in effect in the Asia and Pacific region excluding the Japan-Mexico FTA, the Japan-Chile FTA and the Japan-Thailand FTA.

FY 2007 survey: FTAs in effect in Japan and the Asia-Pacific region.

FY 2008 survey: Japan FTAs in effect with the five countries of Mexico, Malaysia, Chile, Thailand and Indonesia.

FY 2009 survey: Japan's FTAs in effect with the nine countries and regions of Mexico, Malaysia, Chile, Thailand, Indonesia, Philippines, ASEAN, Switzerland and Vietnam.

Note 3: n includes firms not engaged in trade.

Note 4: "Unknown/no answer" includes firms not engaged in trade with the countries concerned, as well as unknown/no answers.

Figure 4-3: Utilization rate by industry

	n	No. of firms	Percentage (%)	(Reference)	
				FY 2008 Percentage (%)	FY 2007 Percentage (%)
Retail	20	8	40.0	23.5	0.0
Chemicals	53	21	39.6	19.6	17.4
Textiles/clothing	21	8	38.1	27.3	12.5
Food & beverages	53	20	37.7	21.4	14.5
Cars/car parts/other transportation machinery	52	16	30.8	21.8	29.1
Precision equipment	33	9	27.3	14.3	3.3
Trade & wholesale	196	48	24.5	16.6	7.2
Ceramics/earth & stones	17	4	23.5	44.4	14.3
Iron & steel/non-ferrous metals/metal products	47	11	23.4	14.0	4.3
Coal & petroleum products/plastics/rubber products	35	8	22.9	20.5	20.8
Electrical equipment	46	9	19.6	17.0	19.6
Wood & wood products/furniture & building materials/paper & pulp	16	3	18.8	26.3	0.0
Other manufacturing	44	8	18.2	21.6	17.1
General machinery	67	10	14.9	17.1	12.3
IT equipment/electronic parts & devices	21	1	4.8	5.6	4.7
Medical products & cosmetics	20	0	0.0	23.1	10.0

Note: The FY 2007 survey covered the 18 FTAs in effect in the Asia-Pacific region. The FY 2008 survey covered Japan's FTAs in effect with five countries: Mexico, Malaysia, Chile, Thailand and Indonesia. The FY 2009 Survey covers Japan's FTAs with nine countries: the Philippines, ASEAN, Switzerland, and Vietnam, in addition to those covered in the FY 2008 Survey.

4. Free Trade Agreements (FTAs)

(2) Increasing FTA utilization in both imports and exports

Status of utilization/consideration of utilization for each FTA

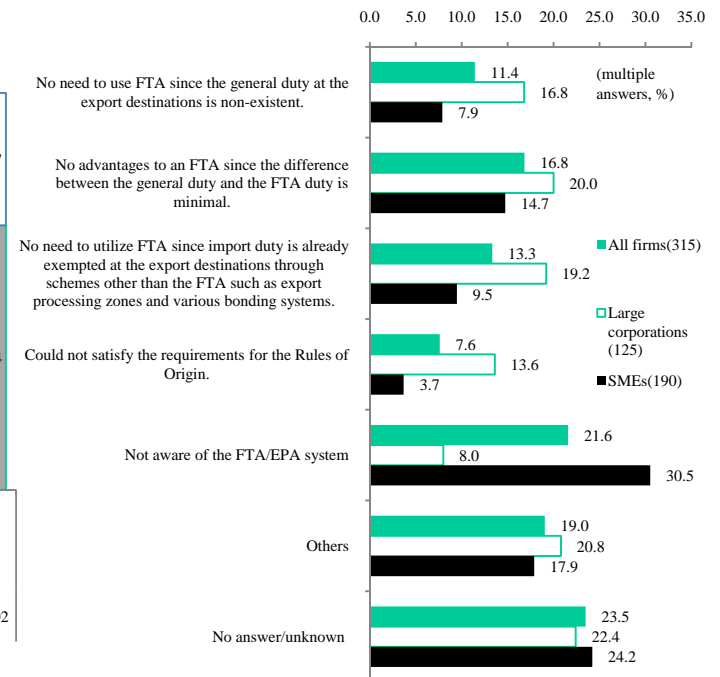
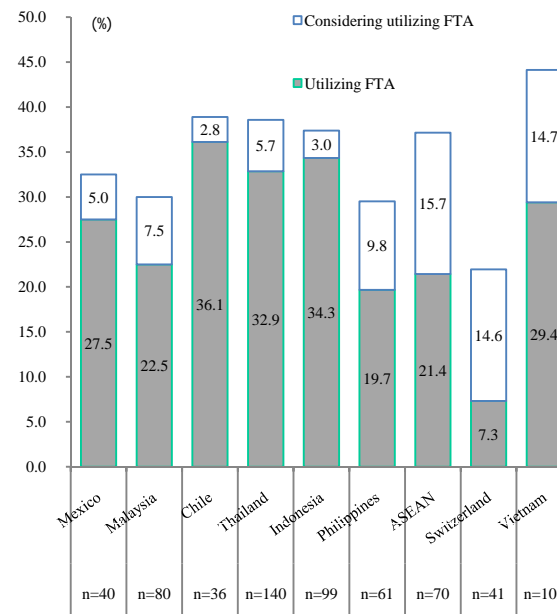
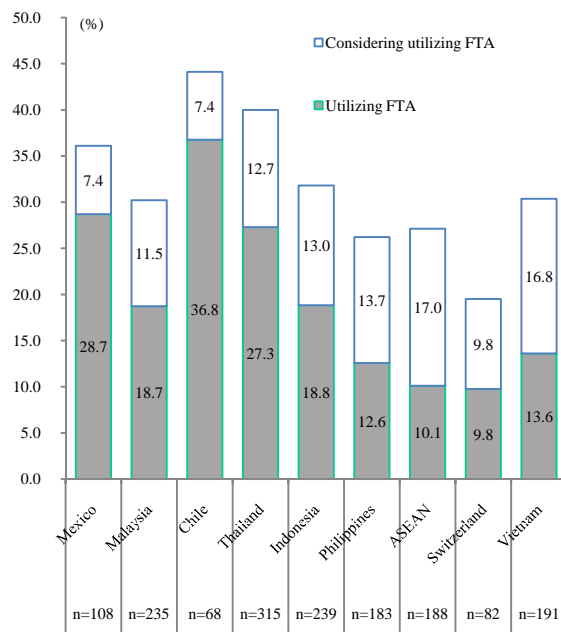
● **The Japan-Thailand FTA is used by the greatest number of firms; the Japan-Chile FTA has the highest utilization rate.**

Examining the utilization status of each FTA (imports from/exports to partner country/region), the utilization rate of FTAs by exporting firms was highest for the Japan-Chile FTA (25 out of 68 firms or 36.8%), followed by the Japan-Mexico FTA (31 out of 108 firms or 28.7%). However, the FTA utilized by the largest number of firms was the one with Thailand, used by 86 out of 315 firms (27.3%). If firms considering the utilization of FTAs were included, nearly half of exporting firms were utilizing or considering utilizing the Japan-Chile FTA, and around 40% were utilizing or considering utilizing the Japan-Thailand and Japan-Mexico FTAs. In terms of the FTA utilization rate for importing firms, the Japan-Chile FTA was the highest at 36.1% (13 out of 36 firms), followed by the Japan-Indonesia FTA (34.3%) and the Japan-Thailand FTA (32.9%). If firms considering the utilization of FTAs were included, the percentage for the Japan-Vietnam FTA rises to 44.1% (45 out of 102 firms), while the figure for the Japan-ASEAN FTA rises to nearly 40% (26 out of 70 firms, 37.1%), indicating the possibility of further increases in utilization rates in the future. For the whole of the nine FTAs covered by the current survey, 43.0% of exporting firms (187 out of 435 firms) and 44.0% of importing firms (114 out of 259 firms) replied that they were utilizing/considering utilizing the FTAs (after excluding duplicate replies).

● **The most common reason for small- and medium-sized enterprises (SMEs) to not utilize FTAs was that they were not aware of them.**

The most common reason for not utilizing FTAs in exports was “not aware of the FTAs/EPAs system” (68 out of 315 firms, 21.6%), which was particularly marked among the SMEs (58 out of 190 firms, 30.5%). By industry, numerous firms in the IT equipment/electronic parts & devices and the precision equipment industries replied, “no need to utilize FTAs since import duties were waived through schemes other than FTAs,” while many firms in the electrical equipment industry replied, “no plans to utilize FTAs since general duties at export destinations were non-existent,” and a relatively large number of firms in the cars/car parts/other transportation machinery industry replied, “could not satisfy the requirements for the Rules of Origin.”

Figure 4-4: FTAs (preferential tariff rates) used by exporters Figure 4-5: FTAs (preferential tariff rates) used by importers Figure 4-6: Reasons for not using FTAs in exports



4. Free Trade Agreements (FTAs)

(3) FTA utilization rates by partner country/region for imports and exports

Figure 4-7: Industries with high FTA utilization rates for imports/exports

	Japan-Mexico (n=108)		Japan-Malaysia (n=235)		Japan-Chile (n=68)	
	Rank	Rate (%)	Rank	Rate (%)	Rank	Rate (%)
Export	1	100.0	1	40.0	1	75.0
	2	50.0	1	40.0	2	57.1
	3	44.4	3	33.3	3	50.0
	4	40.0	3	33.3	3	50.0
	5	36.4	5	31.3	5	40.0
	Japan-Thailand (n=315)		Japan-Indonesia (n=239)		Japan-Philippines (n=183)	
	1	69.2	1	50.0	1	50.0
	2	66.7	1	50.0	2	40.0
	3	60.0	3	36.7	3	22.2
	4	40.9	4	33.3	4	18.8
	5	39.4	5	25.0	5	18.2
	Japan-ASEAN (n=188)		Japan-Switzerland (n=82)		Japan-Vietnam (n=191)	
	1	50.0	1	50.0	1	66.7
	2	40.0	2	42.9	2	50.0
	3	25.0	3	33.3	3	40.0
4	17.6	4	12.5	4	35.3	
5	14.3	4	12.5	5	33.3	
Import	Japan-Mexico (n=40)		Japan-Malaysia (n=80)		Japan-Chile (n=36)	
	1	75.0	1	80.0	1	100.0
	2	50.0	2	40.0	2	50.0
	2	50.0	3	33.3	3	43.8
	4	38.5	4	25.0	4	-
	5	33.3	5	21.4	5	-
	Japan-Thailand (n=140)		Japan-Indonesia (n=99)		Japan-Philippines (n=61)	
	1	80.0	1	100.0	1	66.7
	2	66.7	2	75.0	2	50.0
	3	60.0	3	57.1	3	33.3
	3	60.0	4	50.0	4	25.0
	5	44.4	5	37.5	5	17.6
	Japan-ASEAN (n=70)		Japan-Switzerland (n=41)		Japan-Vietnam (n=102)	
	1	100.0	1	50.0	1	62.5
	2	80.0	2	33.3	2	55.6
3	50.0	3	6.3	3	42.9	
3	50.0	4	-	4	36.4	
5	33.3	5	-	5	33.3	

Note: (n) indicates the number of exporting companies or importing companies. Numbers in parentheses indicate the number of companies within each industry. Cases have been omitted where only one company within the industry concerned is utilizing the FTA, since the company may be identified.

4. Free Trade Agreements (FTAs)

(4) Mounting expectations for utilization of the ASEAN-India FTA

Utilization status of third-party FTAs

- **Nearly half of firms considering utilization of the ASEAN-India FTA.**

Among third-party FTAs currently in effect in the Asia/Pacific region, the ASEAN Free Trade Area (AFTA) boasts the highest utilization rate, with 45 out of 135 respondent firms engaged in trade citing its use (or 33.3%). If firms considering AFTA's utilization are included, the figure would rise to more than 50% (70 firms, 51.9%). In terms of utilization rates, the AFTA is followed by the Thailand-Australia (15 out of 65 firms, 23.1%) and the Thailand-India (17 out of 80 firms, 21.3%) FTAs. By industry, high AFTA utilization rates were noted in the textiles/clothing (four out of five firms, 80.0%) and the cars/car parts/other transportation machinery (seven out of 13 firms, 53.8%) industries, while the food and beverages industry (four out of six firms, 66.7%) marked a high utilization rate for the Thailand-Australia FTA. In a question about FTAs due to go into effect around the time of the survey (November 2009), nearly half, or 46.8%, of firms (37 out of 79 firms) indicated that they were planning to utilize the ASEAN-India FTA (effective January 2010). Positive responses toward the utilization of this FTA were particularly marked in the chemicals (11 out of 13 firms, 84.6%) and the cars/car parts/other transportation machinery (seven out of 10 firms, 70.0%) industries.

- **Many firms prefer to have the choice of using the change in tariff classification (CTC) or regional value content (RVC) criteria.**

When asked what the ideal criteria for the recognition of origin under the FTAs would be, the most common reply, excluding "unknown" and "no answer" (111 firms), was the system where a choice between the CTC and RVC criteria was given (81 out of 287 firms, 28.2%). The percentage of those replying CTC criteria only (13 firms, 4.5%) and RVC criteria only (seven firms, 2.4%) were both in the single digit range.

Figure 4-8: Utilization status of third party FTAs in effect

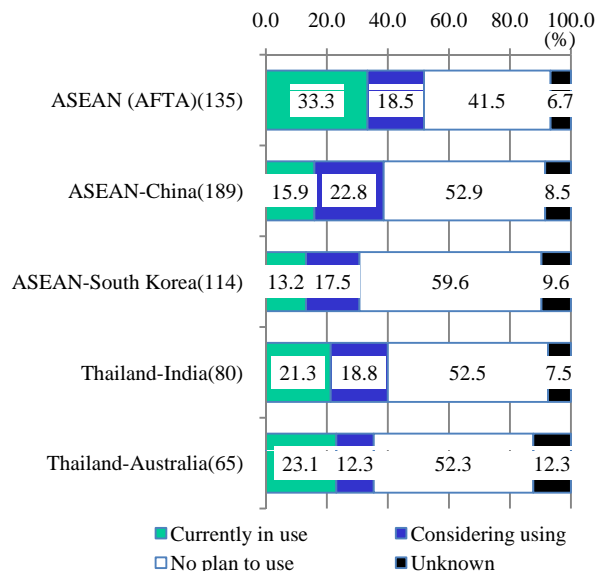


Figure 4-9: Utilization status of FTAs scheduled to take effect (by November 2009)

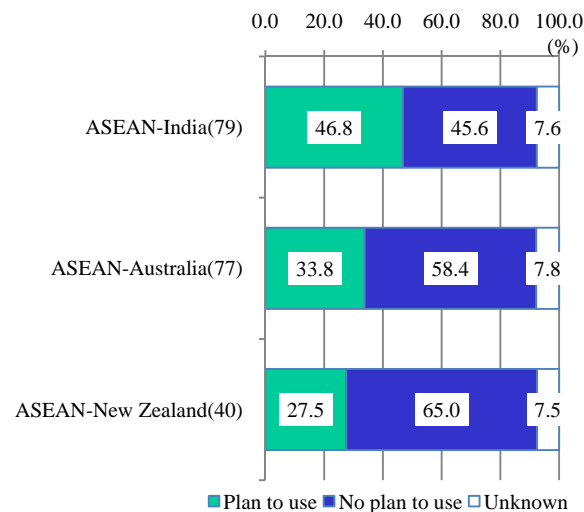
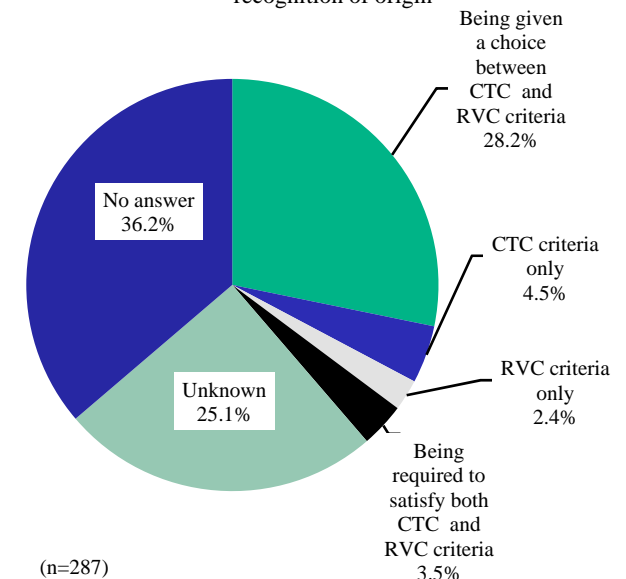


Figure 4-10: Most preferred criteria for recognition of origin



5. Business Environment in Asia

(1) Concerns over rising labor costs eased

The business environment of major Asian countries (by risk)

- **In nearly all countries, the percentage of those who replied “Labor costs are high or rising” has declined.**

In a question asking about risk and issues for doing business in major Asian countries (China, India, Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam), nearly all of the countries saw a significantly lower percentage of respondents citing “labor costs are high or rising,” compared to the previous survey. This suggests an easing of upward pressure on wages as a sense of over-employment prevails in the global recession.

- **Signs of improvement in the development of Vietnam’s infrastructure; issues remain in China’s legal and other systems.**

Focusing on the manufacturing and trade & wholesale/retail industries, for which figures from the last four years are available (Figures 5-3, 4), firms see gradual improvements in China’s “inadequate infrastructure,” while India has ranked at the top of this item for four consecutive years. Vietnam, which has ranked high in the items “inadequate infrastructure” and “lack of clustering or development of related industries,” has made gradual improvements in the past four years. While China is seen as making steady progress in the development of infrastructure, issues relating to legal and other systems, including “underdeveloped legal system/problems with legal operation” and “problems with protection of intellectual property rights,” remain persistent.

Figure 5-1: Risks and issues for doing business in major Asian countries (all industries)

Rank	High forex risk				Rank	Inadequate infrastructure				Rank	Underdeveloped legal system, problems with legal operation				Rank	Lack of clustering or development of related industries			
	FY 2009	FY 2008	Change			FY 2009	FY 2008	Change			FY 2009	FY 2008	Change			FY 2009	FY 2008	Change	
1	(1) Indonesia	26.2	32.6	Δ 6.4	1	(1) India	56.7	58.7	Δ 2.0	1	(1) China	53.1	55.7	Δ 2.6	1	(1) Vietnam	20.0	24.3	Δ 4.3
2	(2) Thailand	20.4	23.1	Δ 2.7	2	(2) Vietnam	41.8	55.7	Δ 13.9	2	(2) Vietnam	30.8	33.8	Δ 3.0	2	(3) India	14.7	15.7	Δ 1.0
3	(3) Vietnam	20.0	21.3	Δ 1.3	3	(3) Indonesia	27.7	29.9	Δ 2.2	3	(3) India	28.2	30.6	Δ 2.4	3	(2) Philippines	11.0	17.1	Δ 6.1
4	(4) India	19.6	18.5	1.1	4	(4) Philippines	26.8	28.0	Δ 1.2	4	(4) Indonesia	19.9	22.6	Δ 2.7	4	(4) Indonesia	7.8	10.6	Δ 2.8
5	(5) China	18.8	16.6	2.2	5	(5) China	15.7	16.8	Δ 1.1	5	(5) Philippines	16.3	15.2	1.1	5	(7) China	5.4	4.0	1.4
6	(7) Philippines	18.2	12.3	5.9	6	(6) Thailand	9.4	10.3	Δ 0.9	6	(6) Thailand	10.8	10.1	0.7	6	(6) Thailand	5.3	7.7	Δ 2.4
7	(6) Malaysia	14.7	13.4	1.3	7	(7) Malaysia	8.7	5.6	3.1	7	(7) Malaysia	7.0	8.5	Δ 1.5	7	(5) Malaysia	5.0	8.1	Δ 3.1
8	(8) Singapore	12.2	9.2	3.0	8	(8) Singapore	1.9	2.3	Δ 0.4	8	(8) Singapore	0.9	1.3	Δ 0.4	8	(8) Singapore	2.5	3.0	Δ 0.5
Rank	Problems with protection of intellectual property rights				Rank	Labor costs are high or rising				Rank	Tax-related risks or issues				Rank	Labor issues			
	FY 2009	FY 2008	Change			FY 2009	FY 2008	Change			FY 2009	FY 2008	Change			FY 2009	FY 2008	Change	
1	(1) China	57.4	55.7	1.7	1	(2) Singapore	30.4	35.0	Δ 4.6	1	(1) China	28.0	30.6	Δ 2.6	1	(1) China	29.7	32.6	Δ 2.9
2	(2) India	13.1	14.9	Δ 1.8	2	(1) China	29.2	42.4	Δ 13.2	2	(2) India	21.8	21.0	0.8	2	(2) India	20.5	19.2	1.3
3	(3) Vietnam	10.2	10.8	Δ 0.6	3	(3) Thailand	16.0	18.8	Δ 2.8	3	(4) Indonesia	10.3	11.3	Δ 1.0	3	(7) Philippines	12.0	7.6	4.4
4	(4) Philippines	7.2	7.6	Δ 0.4	4	(5) Malaysia	11.4	14.1	Δ 2.7	4	(3) Vietnam	8.9	11.5	Δ 2.6	4	(6) Thailand	10.8	7.9	2.9
4	(5) Indonesia	7.2	6.6	0.6	5	(4) Vietnam	9.8	17.2	Δ 7.4	5	(6) Thailand	7.1	7.5	Δ 0.4	5	(3) Vietnam	9.8	15.9	Δ 6.1
6	(6) Thailand	6.2	6.5	Δ 0.3	6	(6) India	8.0	10.7	Δ 2.7	6	(7) Malaysia	4.0	5.6	Δ 1.6	6	(4) Indonesia	9.7	12.0	Δ 2.3
7	(7) Malaysia	3.0	6.0	Δ 3.0	7	(7) Indonesia	4.4	8.6	Δ 4.2	7	(5) Philippines	3.8	8.5	Δ 4.7	7	(5) Malaysia	6.0	8.1	Δ 2.1
8	(8) Singapore	0.9	1.3	Δ 0.4	8	(8) Philippines	4.3	4.3	0.0	8	(8) Singapore	1.3	1.7	Δ 0.4	8	(8) Singapore	2.2	3.3	Δ 1.1

(n) in FY 2008: China 680, Thailand 416, Indonesia 301, Malaysia 284, Philippines 211, Singapore 303, Vietnam 296, India 281.

(n) in FY 2009: China 718, Thailand 437, Indonesia 321, Malaysia 299, Philippines 209, Singapore 319, Vietnam 325, India 312.

Note 1: n indicates firms with business relationships or those considering new businesses.

Note 2: Numbers in parentheses indicate rank in FY 2008.

5. Business Environment in Asia

(2) Risks and issues of major Asian countries (all industries)

Figure 5-2: Ranking of business risks and issues by country (all industries)

Rank	China				Rank	Thailand				Rank	Indonesia			
		FY 2009	FY 2008	Change			FY 2009	FY 2008	Change			FY 2009	FY 2008	Change
1	(1) Problems with protection of intellectual property rights	57.4	55.7	1.7	1	(1) High forex risk	20.4	23.1	Δ 2.7	1	(2) Inadequate infrastructure	27.7	29.9	Δ 2.2
2	(1) Underdeveloped legal system, problems with legal operation	53.1	55.7	Δ 2.6	2	(2) Labor costs are high or rising	16.0	18.8	Δ 2.8	2	(1) High forex risk	26.2	32.6	Δ 6.4
3	(4) Labor issues	29.7	32.6	Δ 2.9	3	(4) Underdeveloped legal system, problems with legal operation	10.8	10.1	0.7	3	(3) Underdeveloped legal system, problems with legal operation	19.9	22.6	Δ 2.7
4	(3) Labor costs are high or rising	29.2	42.4	Δ 13.2	3	(5) Labor issues	10.8	7.9	2.9	4	(5) Tax-related risks or issues	10.3	11.3	Δ 1.0
5	(5) Tax-related risks or issues	28.0	30.6	Δ 2.6	5	(3) Inadequate infrastructure	9.4	10.3	Δ 0.9	5	(4) Labor issues	9.7	12.0	Δ 2.3
6	(7) High forex risk	18.8	16.6	2.2	6	(7) Tax-related risks or issues	7.1	7.5	Δ 0.4	6	(6) Lack of clustering or development of related industries	7.8	10.6	Δ 2.8
7	(6) Inadequate infrastructure	15.7	16.8	Δ 1.1	7	(8) Problems with protection of intellectual property rights	6.2	6.5	Δ 0.3	7	(8) Problems with protection of intellectual property rights	7.2	6.6	0.6
8	(8) Lack of clustering or development of related industries	5.4	4.0	1.4	8	(6) Lack of clustering or development of related industries	5.3	7.7	Δ 2.4	8	(7) Labor costs are high or rising	4.4	8.6	Δ 4.2
Rank	Malaysia				Rank	Philippines				Rank	Singapore			
		FY 2009	FY 2008	Change			FY 2009	FY 2008	Change			FY 2009	FY 2008	Change
1	(2) High forex risk	14.7	13.4	1.3	1	(1) Inadequate infrastructure	26.8	28.0	Δ 1.2	1	(1) Labor costs are high or rising	30.4	35.0	Δ 4.6
2	(1) Labor costs are high or rising	11.4	14.1	Δ 2.7	2	(4) High forex risk	18.2	12.3	5.9	2	(2) High forex risk	12.2	9.2	3.0
3	(7) Inadequate infrastructure	8.7	5.6	3.1	3	(3) Underdeveloped legal system, problems with legal operation	16.3	15.2	1.1	3	(4) Lack of clustering or development of related industries	2.5	3.0	Δ 0.5
4	(3) Underdeveloped legal system, problems with legal operation	7.0	8.5	Δ 1.5	4	(6) Labor issues	12.0	7.6	4.4	4	(3) Labor issues	2.2	3.3	Δ 1.1
5	(4) Labor issues	6.0	8.1	Δ 2.1	5	(2) Lack of clustering or development of related industries	11.0	17.1	Δ 6.1	5	(5) Inadequate infrastructure	1.9	2.3	Δ 0.4
6	(4) Lack of clustering or development of related industries	5.0	8.1	Δ 3.1	6	(6) Problems with protection of intellectual property rights	7.2	7.6	Δ 0.4	6	(6) Tax-related risks or issues	1.3	1.7	Δ 0.4
7	(7) Tax-related risks or issues	4.0	5.6	Δ 1.6	7	(8) Labor costs are high or rising	4.3	4.3	0.0	7	(7) Underdeveloped legal system, problems with legal operation	0.9	1.3	Δ 0.4
8	(6) Problems with protection of intellectual property rights	3.0	6.0	Δ 3.0	8	(5) Tax-related risks or issues	3.8	8.5	Δ 4.7	7	(7) Problems with protection of intellectual property rights	0.9	1.3	Δ 0.4
Rank	Vietnam				Rank	India								
		FY 2009	FY 2008	Change			FY 2009	FY 2008	Change					
1	(1) Inadequate infrastructure	41.8	55.7	Δ 13.9	1	(1) Inadequate infrastructure	56.7	58.7	Δ 2.0					
2	(2) Underdeveloped legal system, problems with legal operation	30.8	33.8	Δ 3.0	2	(2) Underdeveloped legal system, problems with legal operation	28.2	30.6	Δ 2.4					
3	(4) High forex risk	20.0	21.3	Δ 1.3	3	(3) Tax-related risks or issues	21.8	21.0	0.8					
3	(3) Lack of clustering or development of related industries	20.0	24.3	Δ 4.3	4	(4) Labor issues	20.5	19.2	1.3					
5	(8) Problems with protection of intellectual property rights	10.2	10.8	Δ 0.6	5	(5) High forex risk	19.6	18.5	1.1					
6	(5) Labor costs are high or rising	9.8	17.2	Δ 7.4	6	(6) Lack of clustering or development of related industries	14.7	15.7	Δ 1.0					
6	(6) Labor issues	9.8	15.9	Δ 6.1	7	(7) Problems with protection of intellectual property rights	13.1	14.9	Δ 1.8					
8	(7) Tax-related risks or issues	8.9	11.5	Δ 2.6	8	(8) Labor costs are high or rising	8.0	10.7	Δ 2.7					

(n) in FY 2008: China 680, Thailand 416, Indonesia 301, Malaysia 284, Philippines 211, Singapore 303, Vietnam 296, India 281.

(n) in FY 2009: China 718, Thailand 437, Indonesia 321, Malaysia 299, Philippines 209, Singapore 319, Vietnam 325, India 312.

Note 1: (n) indicates firms with business relationships or those considering new businesses.

Note 2: Numbers in parentheses indicate rank in FY 2008.

5. Business Environment in Asia

(3) Risks of major Asian countries (manufacturing, trade & wholesale/retail)

Figure 5-3: Country ranking by business risk (manufacturing, trade & wholesale/retail)

Rank	High forex risk					Rank	Inadequate infrastructure					Rank	Underdeveloped legal system, problems with legal operation					Rank	Lack of clustering or development of related industries				
	FY 2009	FY 2008	FY 2007	FY 2006	FY 2009		FY 2008	FY 2007	FY 2006	FY 2009	FY 2008		FY 2007	FY 2006	FY 2009	FY 2008	FY 2007		FY 2006	FY 2009	FY 2008	FY 2007	FY 2006
1	(1) Indonesia	26.6	32.0	15.5	23.5	1	(1) India	56.4	56.4	53.5	57.2	1	(1) China	50.9	55.3	54.0	59.9	1	(1) Vietnam	20.4	26.2	32.5	31.4
2	(2) Thailand	22.3	23.7	19.5	9.1	2	(2) Vietnam	39.6	55.8	50.3	47.9	2	(2) Vietnam	28.4	31.9	27.4	32.2	2	(3) India	13.5	16.4	18.3	18.4
3	(3) Vietnam	21.8	20.4	6.8	8.5	3	(4) Philippines	28.3	26.9	25.3	32.2	3	(3) India	25.8	28.4	19.0	35.3	3	(2) Philippines	10.2	18.1	17.5	20.9
4	(4) India	20.7	19.2	8.4	6.5	4	(3) Indonesia	27.7	28.4	23.9	29.8	4	(4) Indonesia	18.7	20.9	22.7	28.2	4	(4) Indonesia	7.6	11.5	13.3	15.1
5	(5) China	20.6	17.1	22.8	20.5	5	(5) China	15.0	16.6	19.1	21.6	5	(5) Philippines	15.5	14.5	9.8	13.0	5	(6) Thailand	5.2	8.2	7.4	6.2
6	(7) Philippines	18.7	12.4	7.2	7.9	6	(6) Thailand	9.7	9.0	8.4	7.4	6	(6) Thailand	8.6	9.0	9.6	5.9	6	(7) China	4.9	4.2	4.3	4.7
7	(6) Malaysia	15.2	13.3	4.5	5.3	7	(7) Malaysia	8.9	5.7	7.6	7.8	7	(7) Malaysia	7.1	7.2	3.4	6.5	7	(5) Malaysia	4.5	8.3	9.5	12.7
8	(8) Singapore	13.3	8.5	4.5	3.3	8	(8) Singapore	2.2	2.2	1.4	0.0	8	(8) Singapore	1.1	1.5	1.4	0.0	8	(8) Singapore	2.2	3.3	3.5	3.7
Rank	Problems with protection of intellectual property rights					Rank	Labor costs are high or rising					Rank	Tax-related risks or issues					Rank	Labor issues				
	FY 2009	FY 2008	FY 2007	FY 2006	FY 2009		FY 2008	FY 2007	FY 2006	FY 2009	FY 2008		FY 2007	FY 2006	FY 2009	FY 2008	FY 2007		FY 2006	FY 2009	FY 2008	FY 2007	FY 2006
1	(1) China	59.8	56.8	53.9	59.2	1	(2) Singapore	30.9	32.8	33.9	39.3	1	(1) China	28.2	29.4	28.9	33.2	1	(1) China	29.7	32.3	29.9	-
2	(2) India	13.1	14.4	10.3	13.9	2	(1) China	30.5	43.4	41.3	28.4	2	(2) India	21.8	19.6	12.5	17.9	2	(2) India	18.9	18.8	15.8	-
3	(3) Vietnam	10.2	10.0	12.0	11.9	3	(3) Thailand	16.0	18.4	15.7	20.4	3	(3) Indonesia	9.3	10.4	8.0	15.5	3	(6) Philippines	13.4	6.7	5.7	-
4	(4) Philippines	7.5	7.8	9.8	9.0	4	(5) Malaysia	11.5	13.6	14.0	13.9	4	(4) Vietnam	7.6	10.0	8.2	10.2	4	(7) Thailand	10.7	6.6	5.3	-
5	(5) Indonesia	7.3	6.5	8.0	9.2	5	(4) Vietnam	9.1	16.2	8.6	5.1	5	(6) Thailand	6.8	6.4	6.6	7.6	5	(3) Vietnam	9.8	15.8	8.9	-
6	(6) Thailand	5.8	6.4	6.1	6.2	6	(6) India	7.3	10.4	7.3	3.5	6	(7) Malaysia	4.1	5.3	3.4	6.5	6	(4) Indonesia	9.3	11.9	9.1	-
7	(7) Malaysia	3.3	5.7	4.5	4.1	7	(8) Philippines	4.3	4.7	3.6	4.0	7	(5) Philippines	2.7	7.8	1.0	7.3	7	(5) Malaysia	5.6	7.6	4.5	-
8	(8) Singapore	1.1	1.1	1.0	1.6	8	(7) Indonesia	3.8	8.3	6.1	5.5	8	(8) Singapore	1.1	1.8	1.0	2.0	8	(8) Singapore	1.4	3.0	1.4	-

Figure 5-4: Ranking of business risks and issues by country (manufacturing, trade & wholesale, retail)

Rank	China					Rank	Thailand					Rank	Indonesia					Rank	Malaysia				
	FY 2009	FY 2008	FY 2007	FY 2006	FY 2009		FY 2008	FY 2007	FY 2006	FY 2009	FY 2008		FY 2007	FY 2006	FY 2009	FY 2008	FY 2007		FY 2006	FY 2009	FY 2008	FY 2007	FY 2006
1	(1) Problems with protection of intellectual property rights	59.8	56.8	53.9	59.2	1	(1) High forex risk	22.3	23.7	19.5	9.1	1	(2) Inadequate infrastructure	27.7	28.4	23.9	29.8	1	(2) High forex risk	15.2	13.3	4.5	5.3
2	(2) Underdeveloped legal system, problems with legal operation	50.9	55.3	54.0	59.9	2	(2) Labor costs are high or rising	16.0	18.4	15.7	20.4	2	(1) High forex risk	26.6	32.0	15.5	23.5	2	(1) Labor costs are high or rising	11.5	13.6	14.0	13.9
3	(3) Labor costs are high or rising	30.5	43.4	41.3	28.4	3	(6) Labor issues	10.7	6.6	5.3	-	3	(3) Underdeveloped legal system, problems with legal operation	18.7	20.9	22.7	28.2	3	(6) Inadequate infrastructure	8.9	5.7	7.6	7.8
4	(4) Labor issues	29.7	32.3	29.9	-	4	(3) Inadequate infrastructure	9.7	9.0	8.4	7.4	4	(6) Tax-related risks or issues	9.3	10.4	8.0	15.5	4	(5) Underdeveloped legal system, problems with legal operation	7.1	7.2	3.4	6.5
5	(5) Tax-related risks or issues	28.2	29.4	28.9	33.2	5	(3) Underdeveloped legal system, problems with legal operation	8.6	9.0	9.6	5.9	4	(4) Labor issues	9.3	11.9	9.1	-	5	(4) Labor issues	5.6	7.6	4.5	-
6	(6) High forex risk	20.6	17.1	22.8	20.5	6	(7) Tax-related risks or issues	6.8	6.4	6.6	7.6	6	(5) Lack of clustering or development of related industries	7.6	11.5	13.3	15.1	6	(3) Lack of clustering or development of related industries	4.5	8.3	9.5	12.7
7	(7) Inadequate infrastructure	10.2	16.6	19.1	21.6	7	(7) Problems with protection of intellectual property rights	5.8	6.4	6.1	6.2	7	(8) Problems with protection of intellectual property rights	7.3	6.5	8.0	9.2	7	(8) Tax-related risks or issues	4.1	5.3	3.4	6.5
8	(8) Lack of clustering or development of related industries	4.9	4.2	4.3	4.7	8	(5) Lack of clustering or development of related industries	5.2	8.2	7.4	6.2	8	(7) Labor costs are high or rising	3.8	8.3	6.1	5.5	8	(6) Problems with protection of intellectual property rights	3.3	5.7	4.5	4.1
Rank	Philippines					Rank	Singapore					Rank	Vietnam					Rank	India				
	FY 2009	FY 2008	FY 2007	FY 2006	FY 2009		FY 2008	FY 2007	FY 2006	FY 2009	FY 2008		FY 2007	FY 2006	FY 2009	FY 2008	FY 2007		FY 2006	FY 2009	FY 2008	FY 2007	FY 2006
1	(1) Inadequate infrastructure	28.3	26.9	25.3	32.2	1	(1) Labor costs are high or rising	30.9	32.8	33.9	39.3	1	(1) Inadequate infrastructure	39.6	55.8	50.3	47.9	1	(1) Inadequate infrastructure	56.4	56.4	53.5	57.2
2	(4) High forex risk	18.7	12.4	7.2	7.9	2	(2) High forex risk	13.3	8.5	4.5	3.3	2	(2) Underdeveloped legal system, problems with legal operation	28.4	31.9	27.4	32.2	2	(2) Underdeveloped legal system, problems with legal operation	25.8	28.4	19.0	35.3
3	(3) Underdeveloped legal system, problems with legal operation	15.5	14.5	9.8	13.0	3	(5) Inadequate infrastructure	2.2	2.2	1.4	0.0	3	(4) High forex risk	21.8	20.4	6.8	8.5	3	(3) Tax-related risks or issues	21.8	19.6	12.5	17.9
4	(7) Labor issues	13.4	6.7	5.7	-	3	(3) Lack of clustering or development of related industries	2.2	3.3	3.5	3.7	4	(3) Lack of clustering or development of related industries	20.4	26.2	32.5	31.4	4	(4) High forex risk	20.7	19.2	8.4	6.5
5	(2) Lack of clustering or development of related industries	10.2	18.1	17.5	20.9	5	(4) Labor issues	1.4	3.0	1.4	-	5	(7) Problems with protection of intellectual property rights	10.2	10.0	12.0	11.9	5	(5) Labor issues	18.9	18.8	15.8	-
6	(5) Problems with protection of intellectual property rights	7.5	7.8	9.8	9.0	6	(7) Underdeveloped legal system, problems with legal operation	1.1	1.5	1.4	0.0	6	(6) Labor issues	9.8	15.8	8.9	-	6	(6) Lack of clustering or development of related industries	13.5	16.4	18.3	18.4
7	(8) Labor costs are high or rising	4.3	4.7	3.6	4.0	6	(8) Problems with protection of intellectual property rights	1.1	1.1	1.0	1.6	7	(5) Labor costs are high or rising	9.1	16.2	8.6	5.1	7	(7) Problems with protection of intellectual property rights	13.1	14.4	10.3	13.9
8	(5) Tax-related risks or issues	2.7	7.8	1.0	7.3	6	(6) Tax-related risks or issues	1.1	1.8	1.0	2.0	8	(7) Tax-related risks or issues	7.6	10.0	8.2	10.2	8	(8) Labor costs are high or rising	7.3	10.4	7.3	3.5

(n) in FY 2006: China 596, Thailand 353, Indonesia 238, Malaysia 245, Philippines 177, Singapore 244, Vietnam 236, India 201.

(n) in FY 2007: China 622, Thailand 394, Indonesia 264, Malaysia 264, Philippines 194, Singapore 286, Vietnam 292, India 273.

(n) in FY 2008: China 595, Thailand 376, Indonesia 278, Malaysia 264, Philippines 193, Singapore 271, Vietnam 260, India 250.

(n) in FY 2009: China 607, Thailand 382, Indonesia 289, Malaysia 269, Philippines 187, Singapore 278, Vietnam 275, India 275.

Note 1: (n) indicates firms with business relationships or those considering new businesses.

Note 2: "Labor issues" was added as new category in FY 2007.

Note 3: Numbers in parentheses indicate rank in FY 2008.

5. Business Environment in Asia

(4) Risks of major Asian countries (non-manufacturing industries)

Figure 5-5: Country ranking by business risk (non-manufacturing)

Rank	High forex risk		Rank	Inadequate infrastructure		Rank	Underdeveloped legal system, problems with legal operation		Rank	Lack of clustering or development of related industries					
	FY 2009	FY 2008		FY 2009	FY 2008		FY 2009	FY 2008		FY 2009	FY 2008				
1	(1) Indonesia	21.9	39.1	1	(1) India	59.5	77.4	1	(1) China	64.9	58.8	1	(2) India	24.3	9.7
2	(8) Philippines	13.6	11.1	2	(2) Vietnam	54.0	55.6	2	(2) India	45.9	48.4	2	(3) Philippines	18.2	5.6
3	(6) India	10.8	12.9	3	(3) Indonesia	28.1	47.8	3	(3) Vietnam	44.0	47.2	3	(1) Vietnam	18.0	11.1
4	(5) Malaysia	10.0	15.0	4	(6) China	19.8	17.6	4	(4) Indonesia	31.3	43.5	4	(4) Malaysia	10.0	5.0
4	(2) Vietnam	10.0	27.8	5	(4) Philippines	13.6	38.9	5	(7) Thailand	25.5	20.0	5	(7) Indonesia	9.4	0.0
6	(6) China	9.0	12.9	6	(5) Thailand	7.3	22.5	6	(6) Philippines	22.7	22.2	6	(6) China	8.1	2.4
7	(3) Thailand	7.3	17.5	7	(7) Malaysia	6.7	5.0	7	(5) Malaysia	6.7	25.0	7	(5) Thailand	5.5	2.5
8	(4) Singapore	4.9	15.6	8	(8) Singapore	0.0	3.1	8	(8) Singapore	0.0	0.0	8	(7) Singapore	4.9	0.0
Rank	Problems with protection of intellectual property rights		Rank	Labor costs are high or rising		Rank	Tax-related risks or issues		Rank	Labor issues					
	FY 2009	FY 2008		FY 2009	FY 2008		FY 2009	FY 2008		FY 2009	FY 2008				
1	(1) China	44.1	48.2	1	(1) Singapore	26.8	53.1	1	(1) China	27.0	38.8	1	(2) India	32.4	22.6
2	(2) India	13.5	19.4	2	(2) China	22.5	35.3	2	(2) India	21.6	32.3	2	(1) China	29.7	35.3
3	(3) Vietnam	10.0	16.7	3	(4) Thailand	16.4	22.5	3	(4) Indonesia	18.8	21.7	3	(7) Indonesia	12.5	13.0
4	(6) Thailand	9.1	7.5	4	(3) Vietnam	14.0	25.0	4	(3) Vietnam	16.0	22.2	4	(3) Thailand	10.9	20.0
5	(5) Indonesia	6.3	8.7	5	(7) India	13.5	12.9	5	(6) Philippines	13.6	16.7	5	(6) Malaysia	10.0	15.0
6	(7) Philippines	4.5	5.6	6	(5) Malaysia	10.0	20.0	6	(5) Thailand	9.1	17.5	5	(4) Vietnam	10.0	16.7
7	(4) Malaysia	0.0	10.0	7	(6) Indonesia	9.4	13.0	7	(7) Malaysia	3.3	10.0	7	(8) Singapore	7.3	6.3
7	(8) Singapore	0.0	3.1	8	(8) Philippines	4.5	0.0	8	(8) Singapore	2.4	0.0	8	(4) Philippines	0.0	16.7

Figure 5-6: Ranking of business risks and issues by country (non-manufacturing)

Rank	China		Rank	Thailand		Rank	Indonesia		Rank	Malaysia					
	FY 2009	FY 2008		FY 2009	FY 2008		FY 2009	FY 2008		FY 2009	FY 2008				
1	(1) Underdeveloped legal system, problems with legal operation	64.9	58.8	1	(3) Underdeveloped legal system, problems with legal operation	25.5	20.0	1	(2) Underdeveloped legal system, problems with legal operation	31.3	43.5	1	(3) High forex risk	10.0	15.0
2	(2) Problems with protection of intellectual property rights	44.1	48.2	2	(1) Labor costs are high or rising	16.4	22.5	2	(1) Inadequate infrastructure	28.1	47.8	1	(7) Lack of clustering or development of related industries	10.0	5.0
3	(4) Labor issues	29.7	35.3	3	(3) Labor issues	10.9	20.0	3	(3) High forex risk	21.9	39.1	1	(2) Labor costs are high or rising	10.0	20.0
4	(3) Tax-related risks or issues	27.0	38.8	4	(7) Problems with protection of intellectual property rights	9.1	7.5	4	(4) Tax-related risks or issues	18.8	21.7	1	(3) Labor issues	10.0	15.0
5	(4) Labor costs are high or rising	22.5	35.3	4	(5) Tax-related risks or issues	9.1	17.5	5	(5) Labor issues	12.5	13.0	5	(7) Inadequate infrastructure	6.7	5.0
6	(6) Inadequate infrastructure	19.8	17.6	6	(5) High forex risk	7.3	17.5	6	(8) Lack of clustering or development of related industries	9.4	0.0	5	(1) Underdeveloped legal system, problems with legal operation	6.7	25.0
7	(7) High forex risk	9.0	12.9	6	(1) Inadequate infrastructure	7.3	22.5	6	(5) Labor costs are high or rising	9.4	13.0	7	(5) Tax-related risks or issues	3.3	10.0
8	(8) Lack of clustering or development of related industries	8.1	2.4	8	(8) Lack of clustering or development of related industries	5.5	2.5	8	(7) Problems with protection of intellectual property rights	6.3	8.7	8	(5) Problems with protection of intellectual property rights	0.0	10.0
Rank	Philippines		Rank	Singapore		Rank	Vietnam		Rank	India					
	FY 2009	FY 2008		FY 2009	FY 2008		FY 2009	FY 2008		FY 2009	FY 2008				
1	(2) Underdeveloped legal system, problems with legal operation	22.7	22.2	1	(1) Labor costs are high or rising	26.8	53.1	1	(1) Inadequate infrastructure	54.0	55.6	1	(1) Inadequate infrastructure	59.5	77.4
2	(6) Lack of clustering or development of related industries	18.2	5.6	2	(3) Labor issues	7.3	6.3	2	(2) Underdeveloped legal system, problems with legal operation	44.0	47.2	2	(2) Underdeveloped legal system, problems with legal operation	45.9	48.4
3	(5) High forex risk	13.6	11.1	3	(2) High forex risk	4.9	15.6	3	(8) Lack of clustering or development of related industries	18.0	11.1	3	(4) Labor issues	32.4	22.6
3	(1) Inadequate infrastructure	13.6	38.9	3	(6) Lack of clustering or development of related industries	4.9	0.0	4	(5) Tax-related risks or issues	16.0	22.2	4	(8) Lack of clustering or development of related industries	24.3	9.7
3	(3) Tax-related risks or issues	13.6	16.7	5	(6) Tax-related risks or issues	2.4	0.0	5	(4) Labor costs are high or rising	14.0	25.0	5	(3) Tax-related risks or issues	21.6	32.3
6	(6) Problems with protection of intellectual property rights	4.5	5.6	6	(4) Inadequate infrastructure	0.0	3.1	6	(3) High forex risk	10.0	27.8	6	(5) Problems with protection of intellectual property rights	13.5	19.4
6	(8) Labor costs are high or rising	4.5	0.0	6	(6) Underdeveloped legal system, problems with legal operation	0.0	0.0	6	(6) Problems with protection of intellectual property rights	10.0	16.7	6	(6) Labor costs are high or rising	13.5	12.9
8	(3) Labor issues	0.0	16.7	6	(4) Problems with protection of intellectual property rights	0.0	3.1	6	(6) Labor issues	10.0	16.7	8	(6) High forex risk	10.8	12.9

(n) in FY 2008: China 85, Thailand 40, Indonesia 23, Malaysia 20, Philippines 18, Singapore 32, Vietnam 36, India 31.

(n) in FY 2009: China 111, Thailand 55, Indonesia 32, Malaysia 30, Philippines 22, Singapore 41, Vietnam 50, India 37.

Note 1: (n) indicates firms with business relationships or those considering new businesses.

Note 2: Numbers in parentheses indicate rank in FY 2008.