

Filipino Business Competitiveness in Comparison to Asian Countries

February 2013

Japan External Trade Organization (JETRO)

Manila

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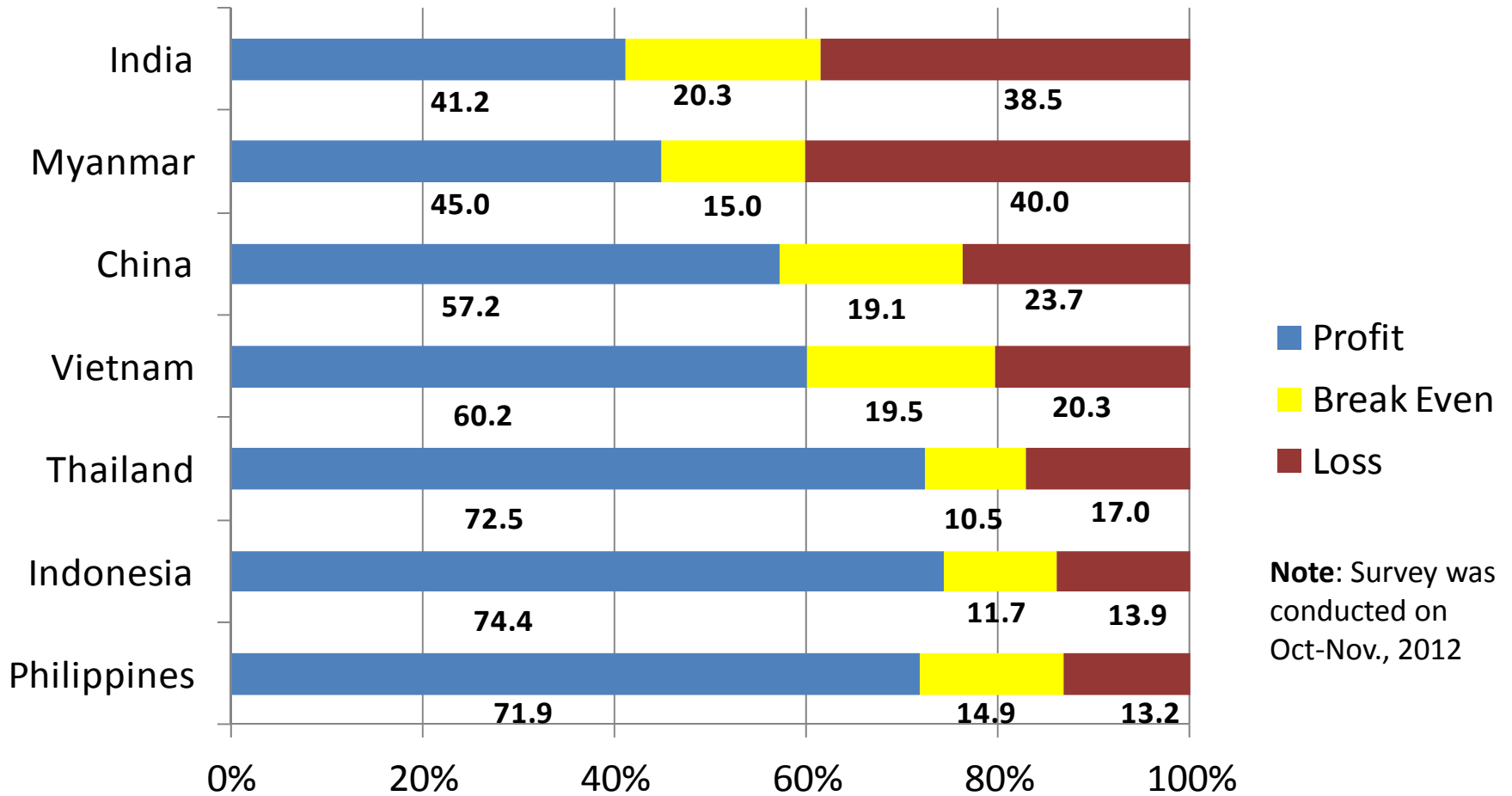
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5.1 Business Challenges in Asia

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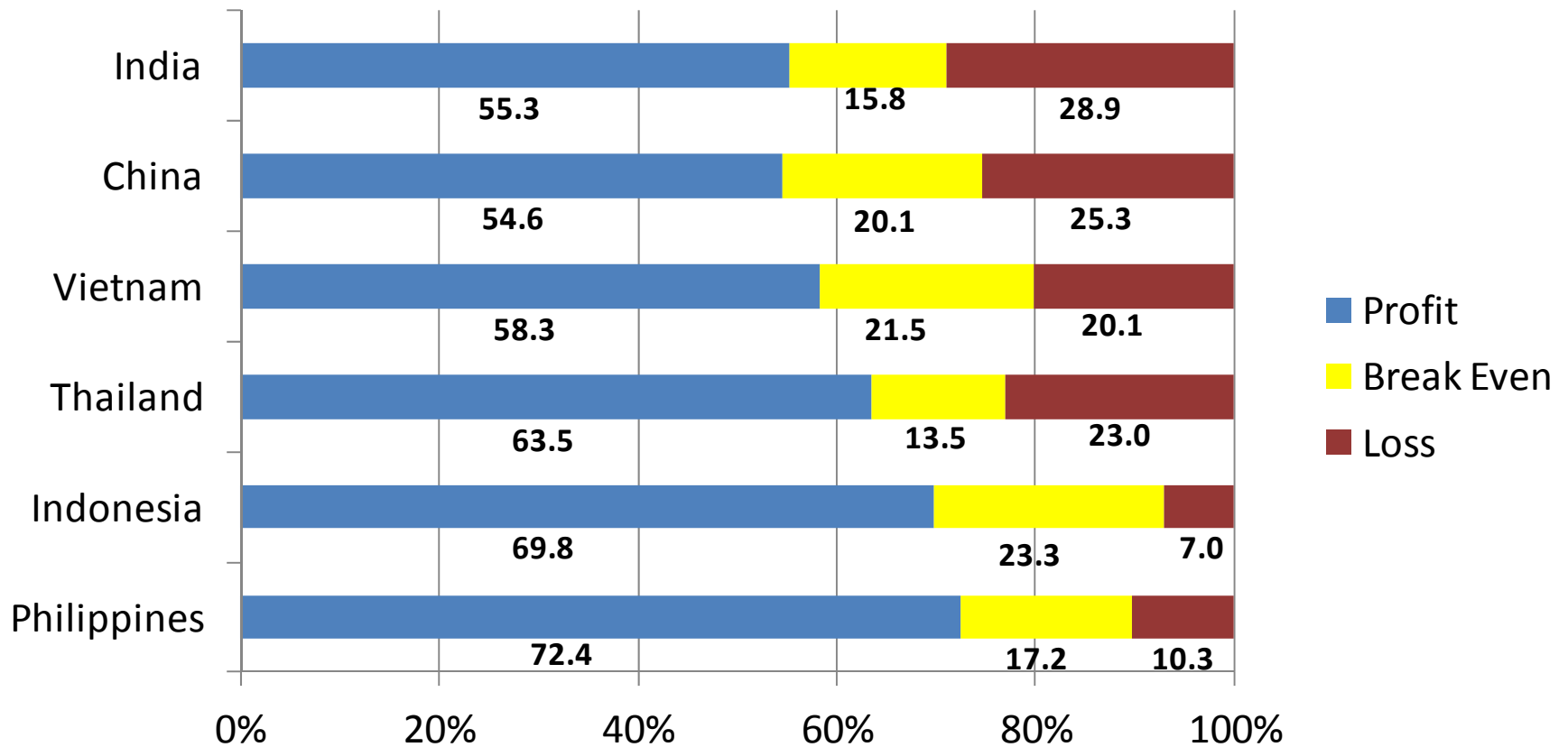
1. Profit Center

1.1 Estimated Operating Profit in 2012



(Source): Survey of Japanese-Affiliated Companies in Asia and Oceania (FY 2012 Survey) ,Dec. 2012/JETRO

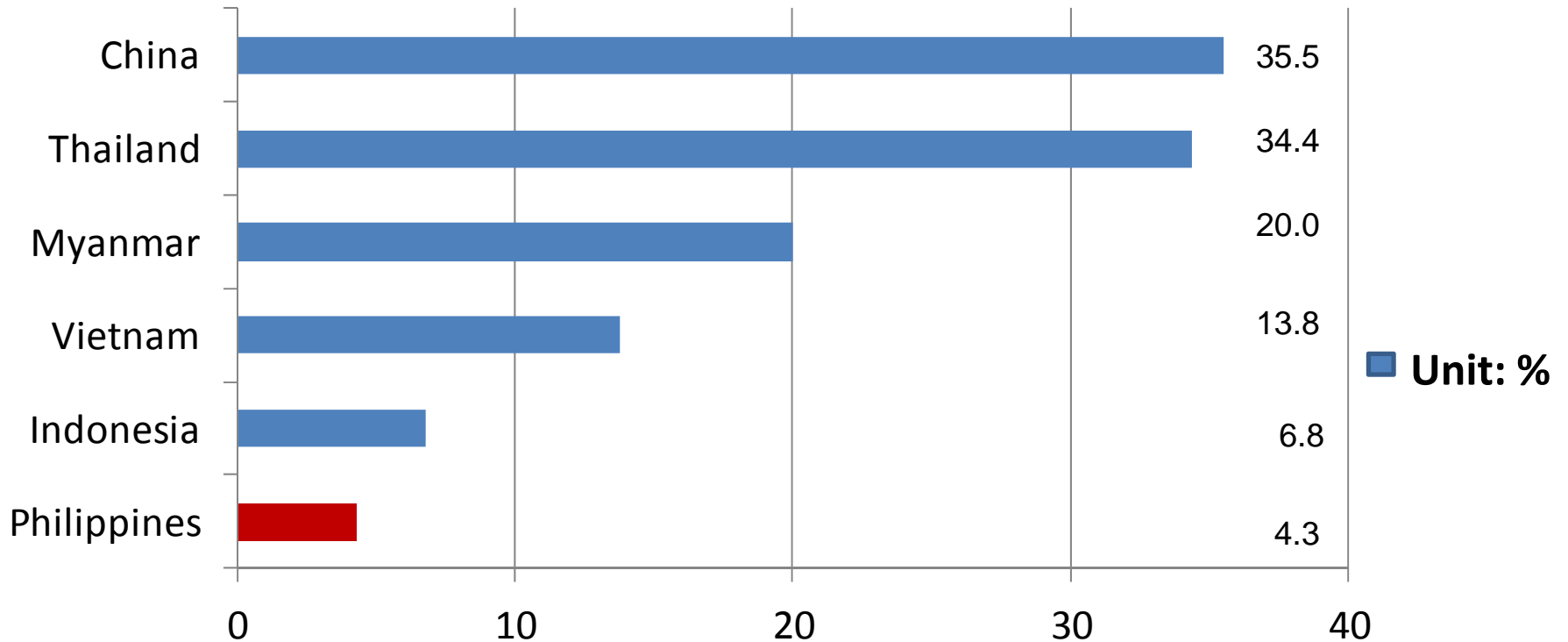
1.2 Estimated Operating Profit in 2012 (More than 50% of Business is from Export Account)



(Source): Survey of Japanese-Affiliated Companies in Asia and Oceania (FY 2012 Survey) ,Dec. 2012/JETRO

2. Good Management

2.1 Difficulty in Recruiting General Staff



(Source): Survey of Japanese-Affiliated Companies in Asia and Oceania (FY 2012 Survey) ,Dec. 2012/JETRO

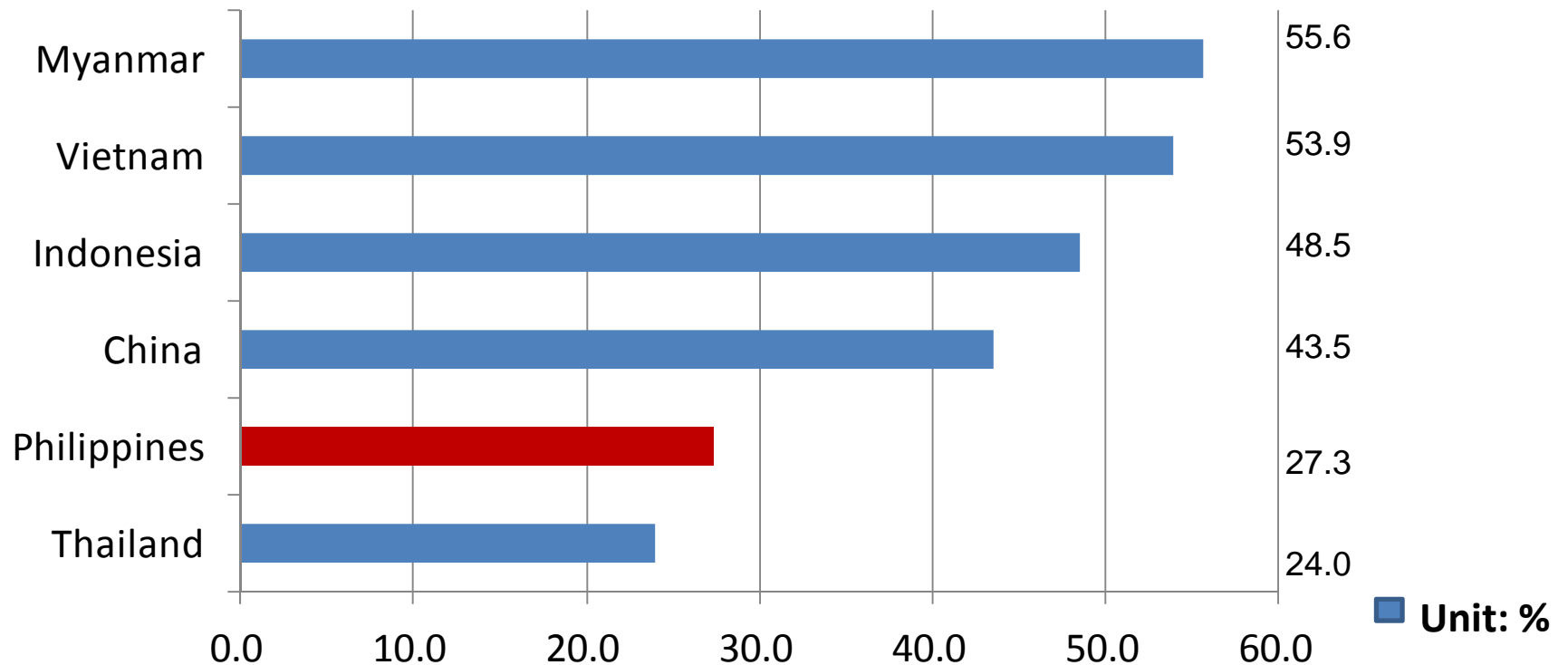
2.2 Number of Strikes/Lockouts

(Unit: Number)

	2008	2009	2010	2011
Philippines	5	4	8	2
Thailand	7	5	3	14
Vietnam	720	218	422	857
India	421	345	382	389

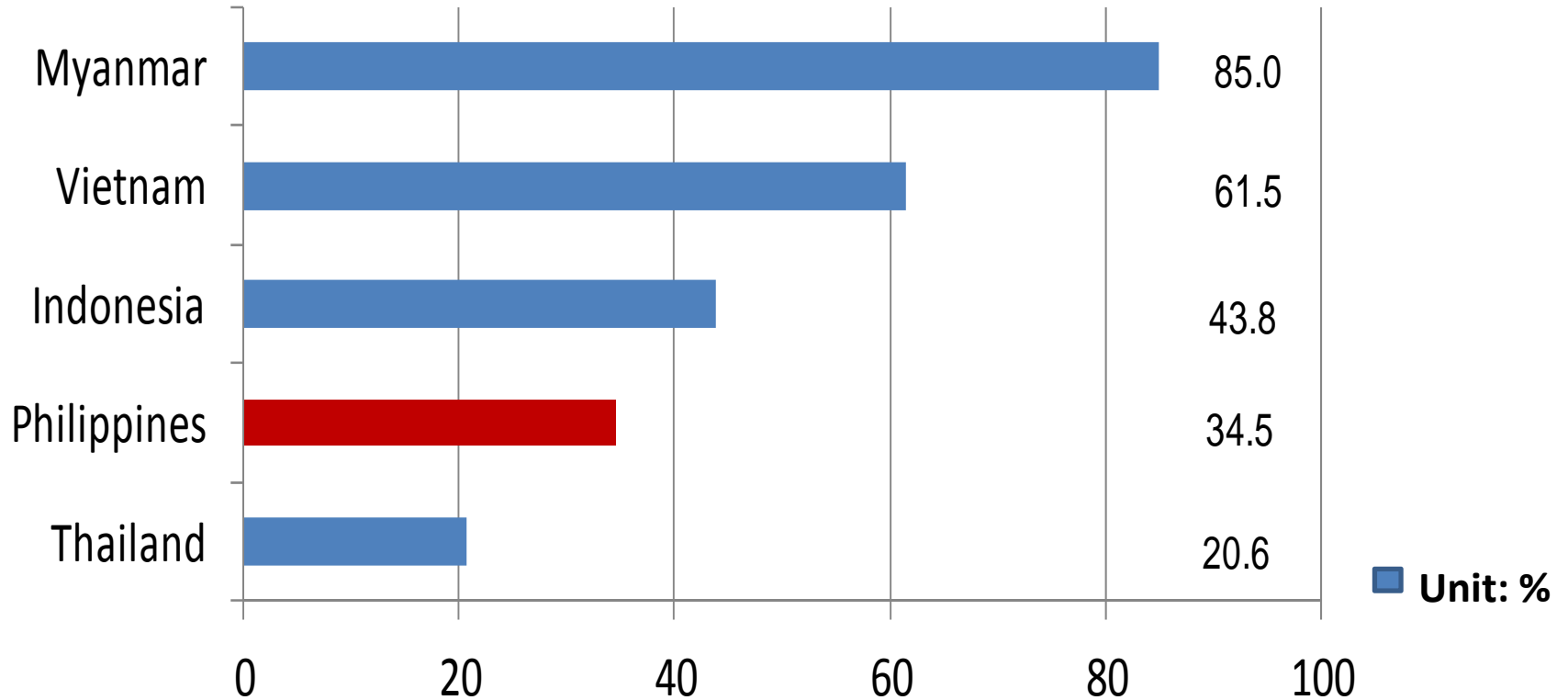
(Source) Philippines: National Conciliation and Mediation Board
Thailand: Department of Labour Protection and Welfare
Vietnam: Ministry of Labor, War Invalids & Social Affairs
India: Ministry of Labour & Employment, Labour Bureau

2.3. Trouble of Time-consuming Customs Procedures



(Source): Survey of Japanese-Affiliated Companies in Asia and Oceania (FY 2012 Survey), Dec. 2012/JETRO

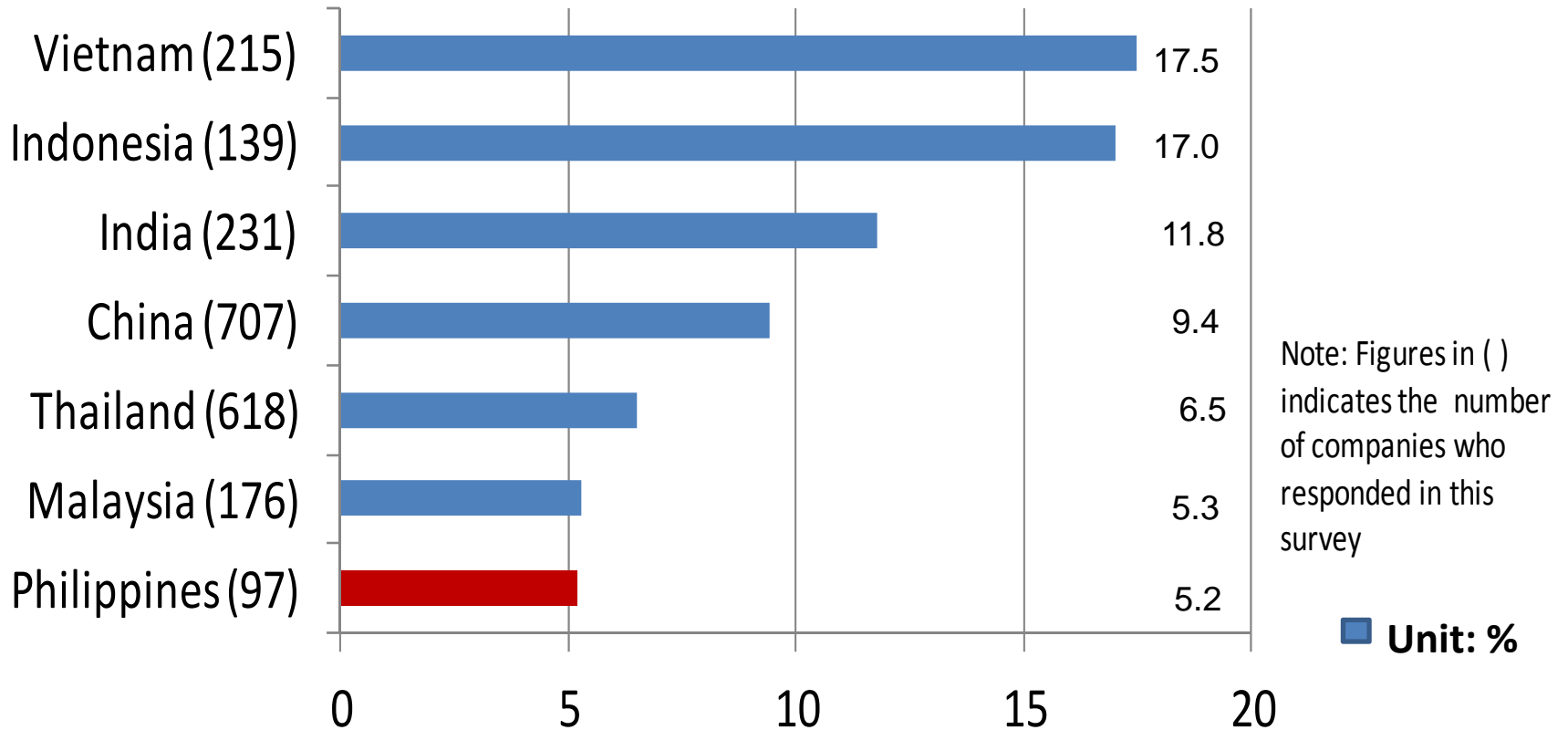
2.4 Trouble of Time-consuming Administrative Procedures



(Source): Survey of Japanese-Affiliated Companies in Asia and Oceania (FY 2012 Survey), Dec. 2012/JETRO

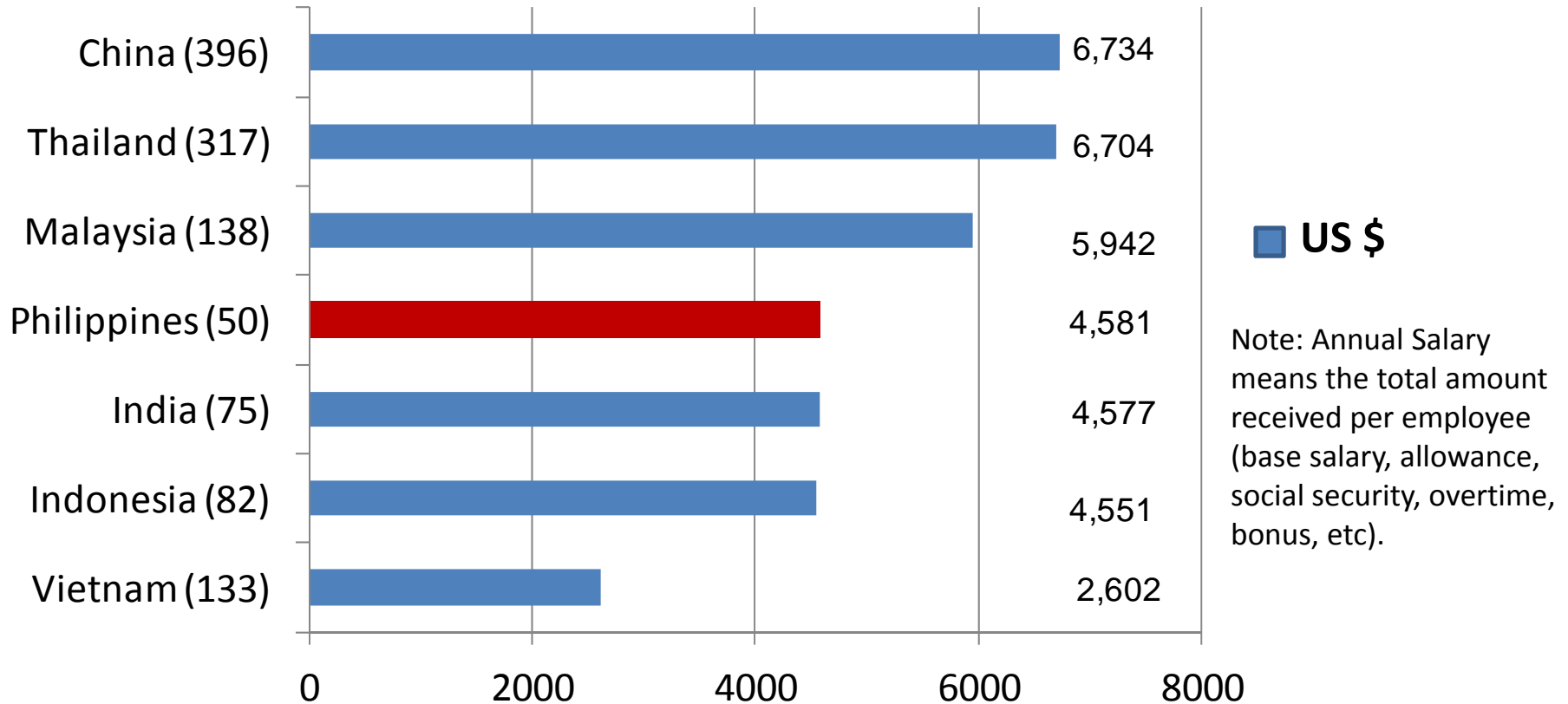
3. Reasonable Salary

3.1 Salary Base up Rate (2012-2013) Against Previous Year



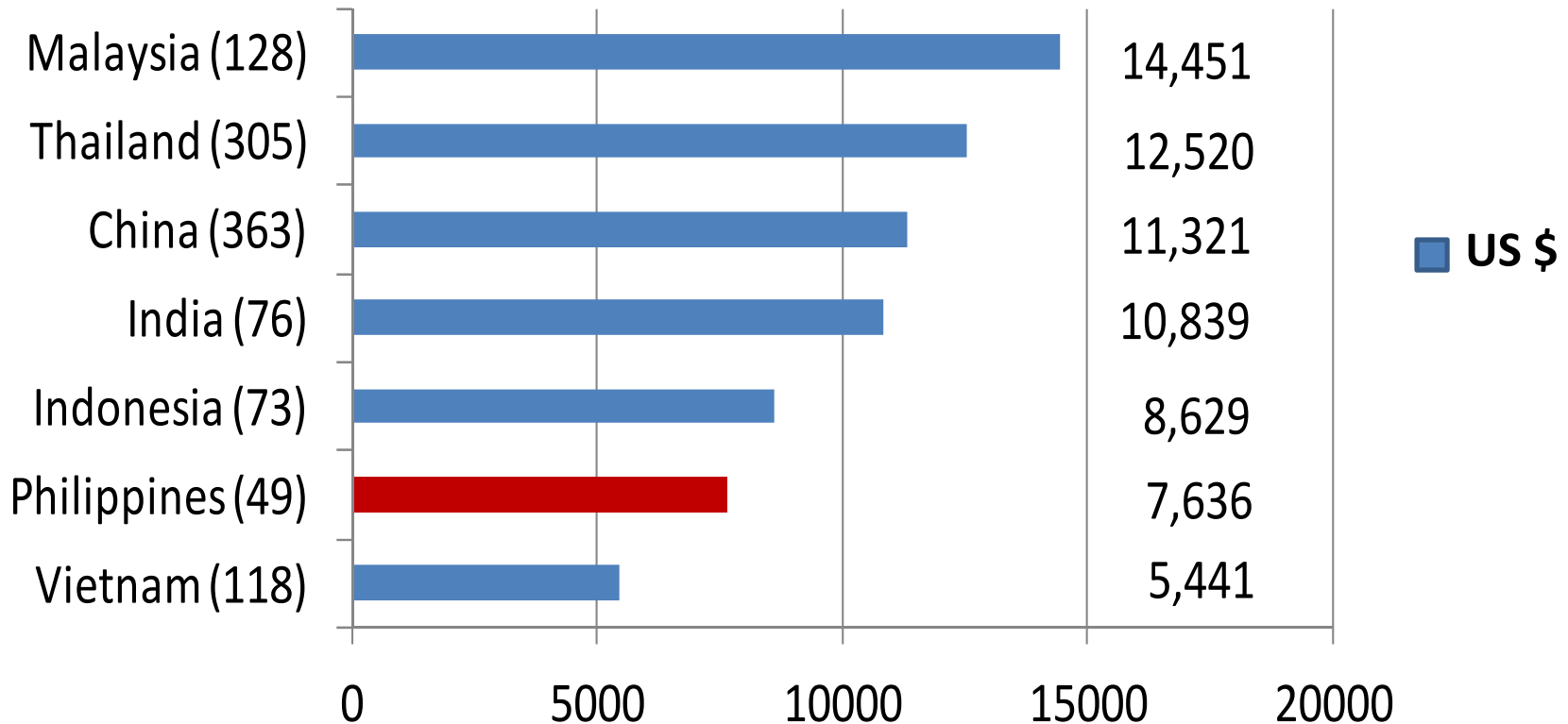
(Source): Survey of Japanese-Affiliated Companies in Asia and Oceania (FY 2012 Survey) ,Dec. 2012/JETRO

3.2 Annual Salary for Manufacturing Staff



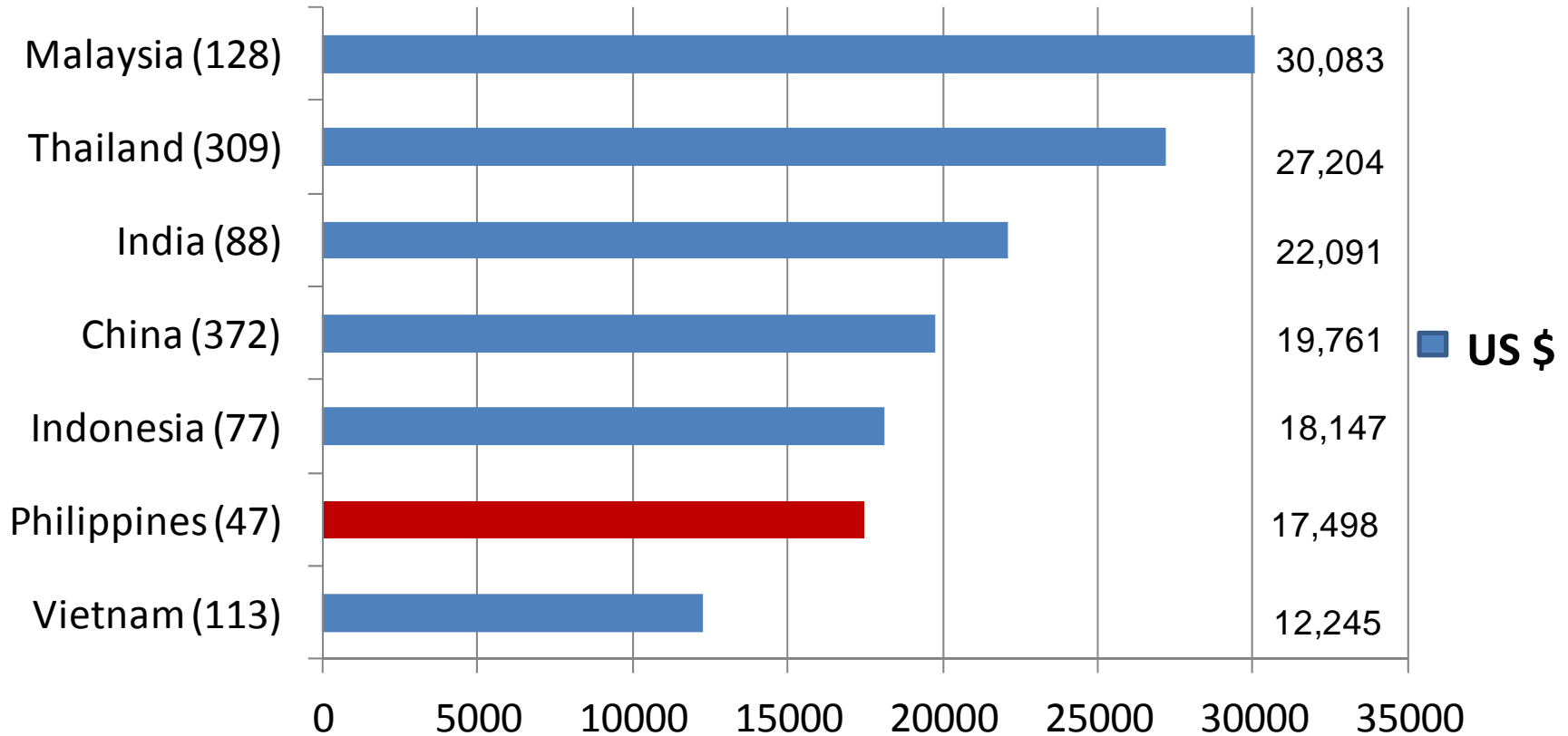
(Source): Survey of Japanese-Affiliated Companies in Asia and Oceania (FY 2012 Survey) ,Dec. 2012/JETRO

3.3 Annual Salary for Manufacturing Engineer



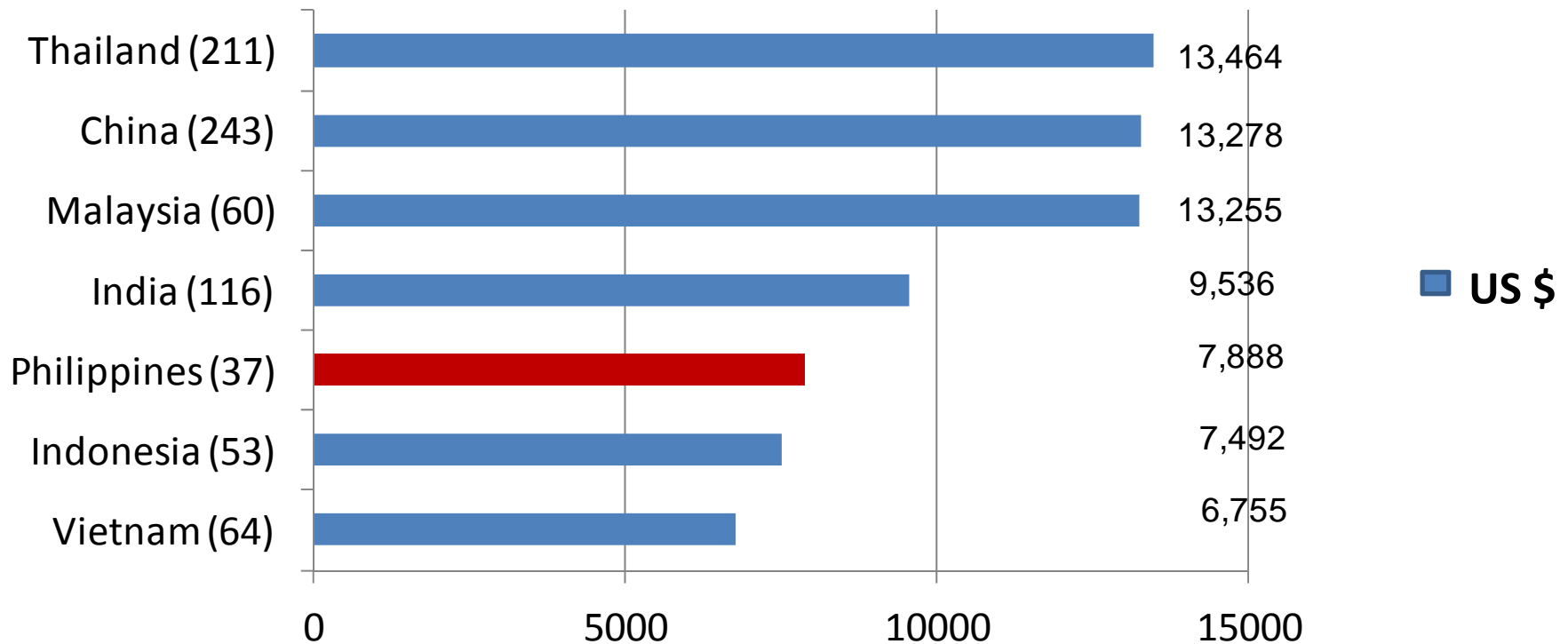
(Source): Survey of Japanese-Affiliated Companies in Asia and Oceania (FY 2012 Survey) ,Dec. 2012/JETRO

3.4 Annual Salary for Manufacturing Manager



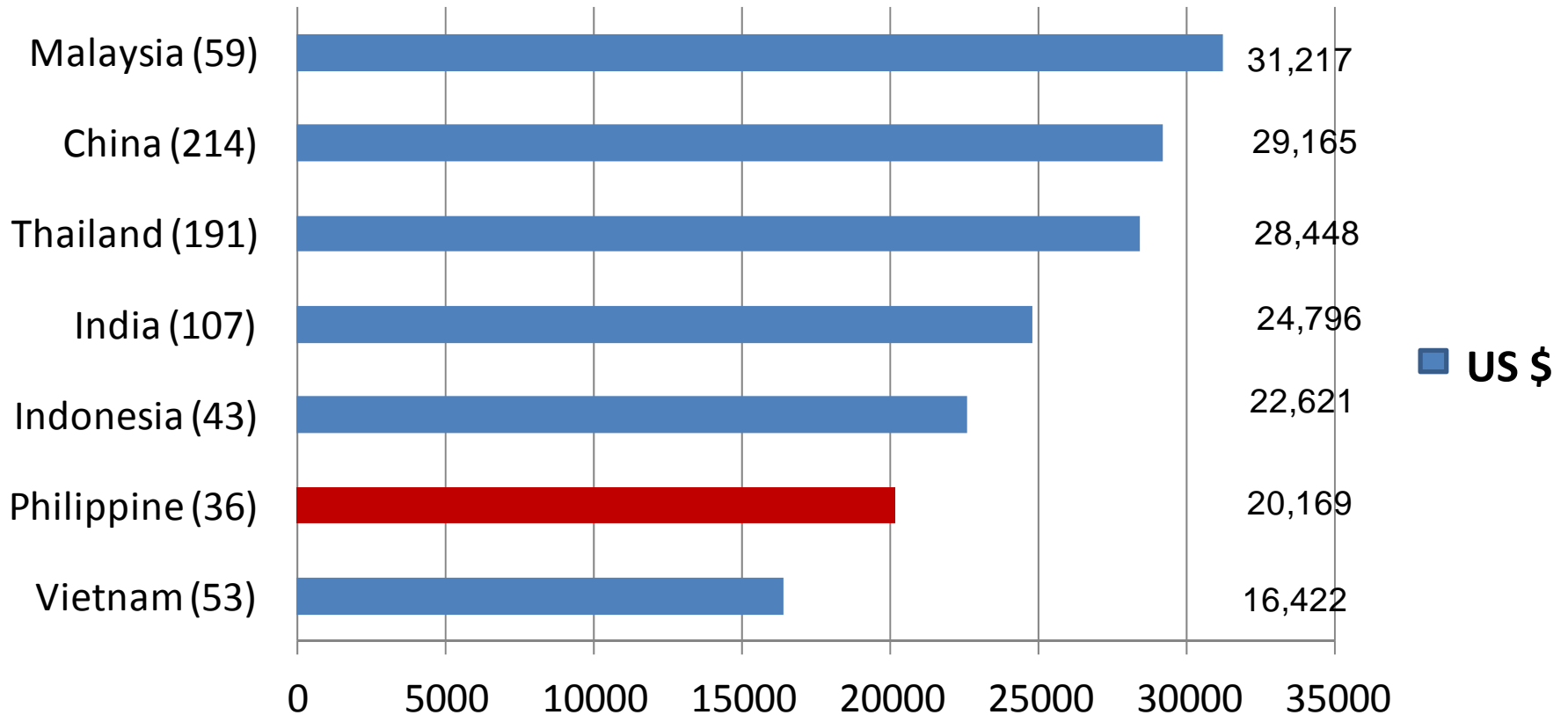
(Source): Survey of Japanese-Affiliated Companies in Asia and Oceania (FY 2012 Survey), Dec. 2012/JETRO

3.5 Annual Salary for Non-Manufacturing Staff



(Source): Survey of Japanese-Affiliated Companies in Asia and Oceania (FY 2012 Survey), Dec. 2012/JETRO

3.6 Annual Salary for Non-Manufacturing Manager



(Source): Survey of Japanese-Affiliated Companies in Asia and Oceania (FY 2012 Survey), Dec. 2012/JETRO

4. Incentives

Reason for Embarkation to each City

		Jakarta	Manila	Bangkok	Hanoi
Incentives	1990's	3.1%	26.9%	21.4%	21.1%
	2000's	2.8%	26.1%	8.1%	14.5%
Free Trade Policy	1990's	0.0%	3.0%	3.6%	0.0%
	2000's	2.8%	2.9%	5.4%	3.6%
Well-maintained Traffic Infrastructure	1990's	25.0%	12.7%	5.4%	7.9%
	2000's	22.2%	4.3%	2.7%	5.5%
Market Volume	1990's	9.4%	16.8%	26.8%	15.8%
	2000's	11.1%	27.5%	21.6%	18.2%
Request from Assembler	1990's	9.4%	2.5%	8.9%	15.8%
	2000's	5.6%	1.4%	5.4%	10.9%
Cheap Labor Cost	1900's	0.0%	5.1%	1.8%	5.3%
	2000's	0.0%	7.2%	5.4%	1.8%

Source: Survey of ERIA, 2007

5. Business Challenges in the Philippines

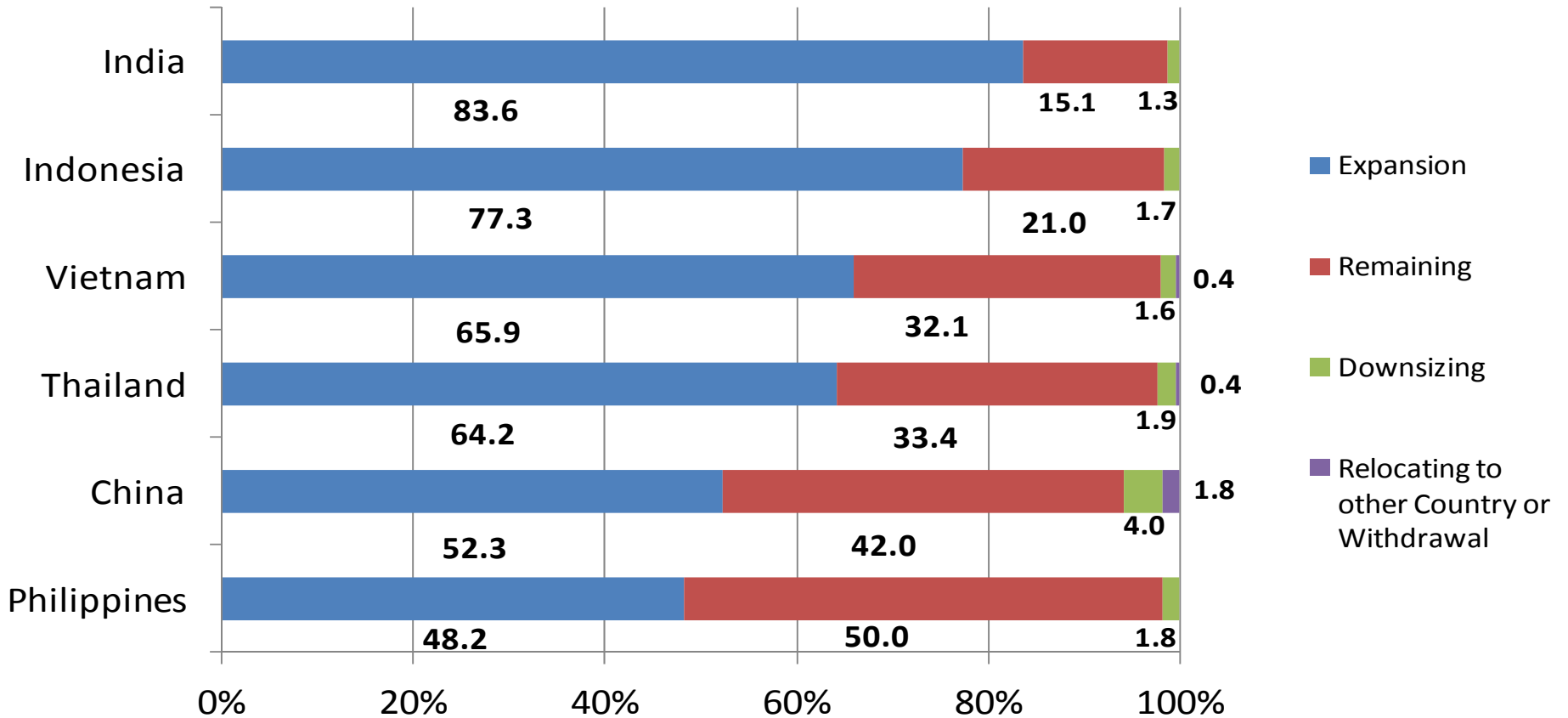
Myanmar		India		Vietnam		Indonesia		Thailand		China		Malaysia		Philippines	
Power shortage or blackout	100.00	Wage increase	71.10	Wage Increase	81.50	Wage increase	82.20	Wage increase	77.90	Wage increase	84.40	Wage increase	70.70	Difficulty in local procurement of raw materials and parts	67.70
Time consuming administrative procedures	85.00	Difficulty in local procurement of raw materials & parts	66.40	Difficulty in local procurement of raw materials and parts	74.50	Competitor's market shares are growing	59.00	Competitor's market shares are growing	57.20	Lack of employee performance/employee awareness for localization	55.50	No more room for cost-cutting	55.80	Lack of employee performance/employee awareness for localization	59.50
Wage increase	80.00	Power shortage or blackout		Time consuming administrative procedures	61.50	Lack of employee performance/employee awareness for localization	55.70	Lack of employee performance/employee awareness for localization	55.00	Competitor's market shares are growing	53.40	Quality of employees	50.40		
Shortages of land/offices, rising land prices/rent	75.00	Competitor's market shares are growing	63.50	Lack of employee performance/employee awareness for localization	60.50	Difficulty in recruiting executive staff	53.40	Difficulty in recruiting executive staff	50.30	No more room for cost-cutting	50.90				
Quality of employees	70.00	Time-consuming tax procedures	60.90	Underdeveloped legal systems and unclear legal system operation	58.70	Underdeveloped legal systems and unclear legal system operation	53.40	Major clients requesting for lower prices	50.10	Quality of employees	50.40				
Lack of employee performance/employee awareness for localization	65.00	Time-consuming administrative procedures	55.90	Time consuming tax procedures	56.30	Difficulty in recruiting middle management staff	51.10								
Difficulty in local procurement of raw materials and parts	60.00	Complicated customs clearance procedures	55.60	Difficulty in recruiting executive staff	54.70	Quality of employees	50.00								
Inadequate logistics infrastructures		Time-consuming customs procedures	52.50	Complicated customs clearance procedures	53.90										
Underdeveloped legal system and unclear legal system operation		Quality of employees	52.20	Difficulty in quality control	51.50										
Competitor's market shares are growing		57.90	Increase in procurement costs	51.60											
Complicated customs clearance procedures	55.60	Lack of employee performance/employee awareness for localization	50.00												
Difficulty in recruiting middle management staff	55.00														
Difficulty in recruiting executive staff															
Time consuming tax procedures															
Restrictions on foreign remittance	50.00														

5.1 Business Challenges in Asia (Rated by Japanese Expatriates in each country)

- Items described herein are considered major and serious issues/challenges by the managers of the Japanese firms in each country.
- Only the items with 50% or higher survey response were included.
- Specific answers are being shown for similar questions with the response rate of 50% or higher.
- The survey was conducted from October 9 to November 15, 2012.

(Source): Survey of Japanese-Affiliated Companies in Asia and Oceania (FY 2012 Survey) Dec. 2012/JETRO

5.2 Business Development Plan in Next 1-2 Years



(Source): Survey of Japanese-Affiliated Companies in Asia and Oceania (FY 2012 Survey) ,Dec. 2012/JETRO