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Newsletter

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 - 2005 ASEAN-Japan Statistical Pocketbook by ASEAN-Japan Centre
 - 2005 WTO Report on the WTO Inconsistency of Trade Policies by Major Trading Partners by METI
 - July's Japanese Business Sentiment in East Asia Remained Unchanged
 - August's Japanese Business Sentiment in East Asia Declined
 - September's Japanese Business Sentiment in East Asia Mixed
 - JETRO's 2005 White Paper on International Trade and Foreign Direct Investment
 - Japan's Exports to China Slowed in the First Half of 2005



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- JETRO to Promote Universal Design Japanese Crafts Overseas
- Bio Partnering Forum 2005 in Osaka & Global Venture Forum 05 BIO
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- Facts and Issues in the Tariff and Clearance Systems in ASEAN countries in English and Thai Versions

★ EXPLORING JAPAN PAGE 14

- The Article of "Beyond the e-Japan Strategy: Vision for Information-based Economy and Industries" by Mr. Murakami Teruyasu, Chief Counselor at the Nomura Research Institute, released in the Japan Spotlight of September/October 2005
- The Article of "Asia Broadband Program-Regional Telecom Platform Linking 8 Nations and 1 Territory" by Mr. Kitamoto Ichiro, Reporter for the Economic News Section, Kyodo News, released in the Japan Spotlight of September/October 2005
- Summary of "Survey of Business Circumstances on Japanese Corporation in Thailand (Spring 2005) conducted by JCC in Bangkok

J E T R O B a n g k o k U p d a t e

1. New Japanese Staff of Institute of Developing Economies (IDE) Research Dept. joins JETRO Bangkok

JETRO Bangkok welcomed Mr. Takao **TSUNEISHI** to its office in August. Mr. Tsuneishi, replacing Mr. Okamoto, serves as a researcher at the Institute of Developing Economies (IDE)'s Research Dept., JETRO Bangkok. His main task is to conduct Thai regional cooperation toward the Cambodia, Laos, Myanmar and Vietnam (CLMV).



2. Upcoming 12th JETRO Business Japanese Proficiency Test in Bangkok on November 20

The listening and reading comprehension portion of the 12th JETRO Business Japanese Proficiency Test (JLRT) will be held on November 20th, 2005 in Bangkok.

Applications for the test has been accepted from August 10 -September 28, 2005 at Technology Promotion Association (TPA).

The JETRO Business Japanese Proficiency Test measures and evaluates the Japanese communication ability of non-native speakers in a variety of business settings. As with the TOEFL and TOEIC tests, JETRO Business Japanese Proficiency Test examinees take a single unified test and are given a numeric grade.



For detailed information, please visit
<http://www.jetro.go.jp/thailand/e/data/jetrotest.htm>

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3. JETRO's Logistics Project for FY2005

For Fiscal Year 2005 (April 2005-March 2006), JETRO Bangkok has conducted following 3 main projects:

1) Feasibility Study for the Establishment of "Logistics Clinic" Project in Thailand

"Logistics Clinic" is the cooperation project between JETRO and Thai National Shippers Council (TNSC) to optimize the companies' logistics efficiency and to strengthen national competitiveness from Japanese practice and experience. The main objectives are 1) To serve Thai government's policy to upgrade logistics competitiveness to international level; 2) To create awareness of the importance of human resource development (HRD) in logistics area for within/outside companies; 3) To introduce logistics clinic system from Japanese experts' experience as a model for development in Thailand

Under the Logistics Clinic Project, JETRO has dispatched two Japanese experts as "doctors" for 2 Thai recipient companies. Six Thai Shindan (Diagnosticians) also join the "diagnosis" activity and will transfer diagnosis know-how. Each Japanese doctor and three Shindan will take care of one company from Food industry and Auto parts industry in order to maximize their logistics efficiency.

On August 4, 2005, Mr. Atsuo Kuroda, President of JETRO Bangkok, Khun Suchart Chandtaranakararch, Chairman of TNSC and Mr. Chaisith Peereeratanasomporn, Managing Director of Transmut Foods Co., Ltd., M.L. Samornmas Posirisuk, General Manager of Sourcing &



Logistics, Sammitr Motor Manufacturing Co., Ltd. jointly signed MOU of Logistics Clinic Project. The Pilot Project will last 10 months from the end of August 2005 to January 2006.

2) JETRO ASEAN Seminar: "ASEAN wide Efficient Logistics Initiatives"

JETRO ASEAN offices have hosted seminars on introducing business tips on logistics strategy for enterprises, which have business operations all over ASEAN in Singapore, Bangkok, Jakarta, Hanoi and Ho Chi Min City.

On Tuesday, September 13, JETRO has held the seminar entitled "ASEAN-wide Efficient Logistics Initiative" in Bangkok. In the seminar, 3 presentations on "Introduction of JFront supported by METI, Japan by JETRO Head Office, "Utilization of Returnable Containers in ASEAN by Denso Co., Ltd., Japan" and "Potential of Land Transportation Routes in Mekong Region by Sumitomo Co., Ltd., Japan" have been made.



Mr. Atsuo KURODA,
President of
JETRO Bangkok
delivered the
welcome speech



Mr. Haruhiko OZASA, JETRO
Head Office,
presented
"Introduction of
JFront supported
by METI, Japan



Mr. Hiroyuki KONDO, Denso
Co., Ltd., Japan,
presented
"Utilization of
Returnable
Containers in
ASEAN"



Mr. Kazuo SUZUKI, Sumitomo
Co., Ltd., Japan, presented
"Potential of Land
Transportation Routes in
Mekong Region"

3) Provincial seminars on logistics management

JETRO will dispatch Japanese experts on logistics management to provincial areas.

For the seminar in Mukdahan province from 13-14 Oct, JETRO will invite Mr. Takao KAWASHIMA, Senior Advisor, Ajinomoto General Foods, INC, to make the presentation on "Supply Chain Management (SCM): Strategy and Superior Competitiveness". The main contents of the presentation is about What CSF(Critical Success Factor) of Japan SCM is and What Thailand can learn from Japanese Success Cases. Another provincial seminar will be organized in Chiang Mai from 17-18 November 2005

For more information, please contact

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http://www.jetrobkk.or.th/html/board/board_logistoc.html (Thai Version)

<http://www.jetro.go.jp/thailand/e/data/logistics.htm> (English Version)



Recent Publications

Magazines:

1. Japan Spotlight, July/August 2005

Publisher's Note	~ The Changing Economic and Political Role of China in Asia:(by Hatakeyama Noboru) http://www.jef.or.jp/journal/jef_contents_free.asp?c=1236
Topics	~ Japan's ODA Policy Reaching Turing Point - Both in Quality & Quantity -:(http://www.jef.or.jp/journal/jef_contents_free.asp?c=1233 ~ "Horiemon Shock" Hits Corporate Japan - Japanese Businesses Souring Over Anti-TOB Steps -:(http://www.jef.or.jp/journal/jef_contents_free.asp?c=1234 ~ Quantitative Credit-Easing Policy at Turning Point - Financial Stability Makes It Hard to Achieve Liquidity Target -:(http://www.jef.or.jp/journal/jef_contents_free.asp?c=1235
Cover Story	~ White Paper on International Economy and Trade 2005 http://www.jef.or.jp/journal/jef_contents_free.asp?c=1218 ~ Japan Viewed from Other Asian Countries -Khon Yipun in the Land of Smiles-:(by Tanaka Hiroko) http://www.jef.or.jp/journal/jef_contents_free.asp?c=1219 ~ "Patriotic Education" Is Not the Sole Reason:(by Iwase Akira) http://www.jef.or.jp/journal/jef_contents_free.asp?c=1220 ~ Breaking Away from an Overemphasis on Economic Ties:(by Kamimura Jun) http://www.jef.or.jp/journal/jef_contents_free.asp?c=1221 ~ Japan and the Creation of an Asia-Pacific Future:(by Monte Cassim) http://www.jef.or.jp/journal/jef_contents_free.asp?c=1222
Business Profile	~ Overseas Operations, M&A -Interview with Tamatsuka Genichi, President & COO, Fast Retailing Co., Ltd.-(Interviewer: Okabe Hiroshi) http://www.jef.or.jp/journal/jef_contents_free.asp?c=1240
Japanese Identity	~ Watch Modernizing Japan rather than Noh or Kabuki:(by Iokibe Makoto) http://www.jef.or.jp/journal/jef_contents_free.asp?c=122
Viewpoints	~ The Anti-Japan Protests in China and an Uncertain Future:(by Sasaki Takeshi) http://www.jef.or.jp/journal/jef_contents_free.asp?c=1224
Views from Asia	~ Japan-China Relationships:(by Shiraishi Takashi) http://www.jef.or.jp/journal/jef_contents_free.asp?c=1225



Feature	~ Chinese Nationalism: One Japanese Perspective:(by Inoguchi Takashi) http://www.jef.or.jp/journal/jef_contents_free.asp?c=1226
Expo 2005 Aichi Japan	~ EXPO 2005 Foreign Pavilions:(by Tashiro Kiyohisa) http://www.jef.or.jp/journal/jef_contents_free.asp?c=1227
Special Article	~ Japanese Civilization (Part 21) http://www.jef.or.jp/journal/jef_contents_free.asp?c=1239
Finance	~ "Japan's 21st Century Vision" Reflects the Country's Deadlock http://www.jef.or.jp/journal/jef_contents_free.asp?c=1228
Culture	~ Nihonga (Japanese Painting): How Can It Be Defined? http://www.jef.or.jp/journal/jef_contents_free.asp?c=1229
Keeping up with the Times	~ Mission: Protecting Children and Schools:(by Matsunaga Tsutomu) http://www.jef.or.jp/journal/jef_contents_free.asp?c=1230
Gallery	~ The Japanese Traditional Craft and My Life:(by Ochiai Naoko) http://www.jef.or.jp/journal/jef_contents_free.asp?c=1231
Japan in Person	~ Welcome to Japan http://www.jef.or.jp/journal/jef_contents_free.asp?c=1232





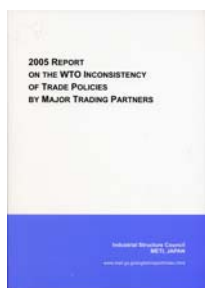
2. Japan Spotlight, September/October 2005

Publisher's Note	<p>~ How Should the Issue of ODA for Africa Be Addressed? http://www.jef.or.jp/journal/jef_contents_free.asp?c=1267</p>
Topics	<p>~ No Signs of a Halt to Population Decline - Japan's Birthrate Falls for 4th Straight Year - http://www.jef.or.jp/journal/jef_contents_free.asp?c=1264</p> <p>~ Hot Debate Underway on 'Cool Biz' Campaign - Doubt Cast on Effect on Global Warming - http://www.jef.or.jp/journal/jef_contents_free.asp?c=1265</p> <p>~ Foreign Buying of Japanese Businesses Hits Record High - Eclipses Japanese Buying of Foreign Firms for First Time - http://www.jef.or.jp/journal/jef_contents_free.asp?c=1266</p>
Cover Story	<p>~ Beyond the e-Japan Strategy: Vision for Information-based Economy and Industries http://www.jef.or.jp/journal/jef_contents_free.asp?c=1241</p> <p>~ The Next Stage of the e-Japan Strategy http://www.jef.or.jp/journal/jef_contents_free.asp?c=1242</p> <p>~ The Impact of IT on Our Lives http://www.jef.or.jp/journal/jef_contents_free.asp?c=1243</p> <p>~ iSeePet: A System for Communicating with Your Pet from Anywhere, at Anytime http://www.jef.or.jp/journal/jef_contents_free.asp?c=1244</p> <p>~ Communication by Electric Pot Mimamori Hotline http://www.jef.or.jp/journal/jef_contents_free.asp?c=1245</p> <p>~ Electronic Medical Charts Spreading Fast - Remote Diagnosis via Broadband Communication - http://www.jef.or.jp/journal/jef_contents_free.asp?c=1246</p> <p>~ Participatory Journalism in Japan http://www.jef.or.jp/journal/jef_contents_free.asp?c=1247</p> <p>~ Mobile Phones Becoming e-Wallets - Interview with Nakamura Masao, President and CEO, NTT DoCoMo, Inc.- http://www.jef.or.jp/journal/jef_contents_free.asp?c=1248</p> <p>~ "The Marriage" of Broadcasts & Mobile Phones -Interview with Ochiai Masami, Chairman, Index Corp.- http://www.jef.or.jp/journal/jef_contents_free.asp?c=1249</p> <p>~ The "Advanced IT Prefecture" - IT Strategies for Regional Initiatives in Okayama - http://www.jef.or.jp/journal/jef_contents_free.asp?c=1250</p> <p>~ Asia Broadband Program - Regional Telecom Platform Linking 8 Nations and 1 Territory - http://www.jef.or.jp/journal/jef_contents_free.asp?c=1251</p> <p>~ Trends of the IT Society http://www.jef.or.jp/journal/jef_contents_free.asp?c=1252</p>
Japanese Identity	<p>~ Man and Nature: To Protect or to Be Protected? - Japanese Traditions and Their Modern Implications - http://www.jef.or.jp/journal/jef_contents_free.asp?c=1253</p>
Viewpoints	<p>~ Reforming Japan's Bureaucracy http://www.jef.or.jp/journal/jef_contents_free.asp?c=1270</p>
Feature	<p>~ The Triangle of Japan, South Korea and the United States in Northeast Asia: A Japanese Quasi-Constructivist Perspective http://www.jef.or.jp/journal/jef_contents_free.asp?c=1254</p>
Views from Asia	<p>~ Transborder Traffic in Southeast Asia http://www.jef.or.jp/journal/jef_contents_free.asp?c=1255</p>

Business Profiles	~ Combination of Original Technologies and Customers' Requests -Interview with Miida Takashi, President & CEO, Max Co.,- http://www.jef.or.jp/journal/jef_contents_free.asp?c=1256
Japanese Identity	~ In Search of Japan's Position in Asia http://www.jef.or.jp/journal/jef_contents_free.asp?c=1257
Special Article	~ Japanese Civilization (Part 22) -The Old World Cottons- http://www.jef.or.jp/journal/jef_contents_free.asp?c=1258
Finance	~ Basic Policies 2005 Highlights Half-Complete Structural Reform http://www.jef.or.jp/journal/jef_contents_free.asp?c=1259
Culture	~ The Rebirth of the Japanese Movie Industry - Moviegoers Total 170 Million in 2004 - http://www.jef.or.jp/journal/jef_contents_free.asp?c=1260
Keeping up with the Times	~ A Sanctuary for Female Commuters http://www.jef.or.jp/journal/jef_contents_free.asp?c=1261
Expo 2005 Aichi Japan	~ The First 21st Century World EXPO Finally Brings Down Its Curtain on Sept. 25 http://www.jef.or.jp/journal/jef_contents_free.asp?c=1262
Gallery	~ Japanese Traditional Festivals - Hinamatsuri and Tango no Sekku - http://www.jef.or.jp/journal/jef_contents_free.asp?c=1263

Publications:**Books:****1. 2005****ASEAN-Japan
Statistical
Pocketbook by
ASEAN-Japan
Centre**

This is an annual publication consisting of statistical figures of ASEAN member countries and Japan in the fields of trade, investment and tourism which comprise the three main scopes of activities of the ASEAN-Japan Centre as well as those regarding the basic economy of member countries.

**2. 2005 Report on the WTO
Inconsistency of Trade
Policies by Major Trading
Partners by Industrial
Structure Council, METI,
Japan**

The Report examines trade policies and measures implemented by Japan's major trading partners that are inconsistent with the WTO agreements and other international rules.

The Report comprises 2 Parts

Part I: Problems of Trade Policies and Measures in Individual Countries and Regions including United States, China, EU, ASEAN, Republic of Korea, Chinese Taipei, Hong Kong, Australia, Canada, India.

Part II: WTO rules and Major Cases including Most-Favored-Nation Treatment Principle, National Treatment Principle, Quantitative Restrictions, Tariffs, Anti-Dumping Measures, Subsidies and Countervailing Measures, Safeguards, Trade-Related Investment Measures and Rules of Origin, Standard and Conformity Assessment Systems, Trade in Services, Protection of Intellectual Property, Government Procurement, Unilateral Measures and Regional Integration

*The above-mentioned publication is also
available at JETRO Business Library*

**Reports:****1. July's Japanese Business Sentiment in
East Asia remained unchanged**

JETRO's July survey of Japanese companies and affiliates operating in 12 countries/regions of

East Asia revealed that the overall business sentiment in the region was almost unchanged over the previous month. Overall sentiment in the ASEAN region and North Asia (including China) peaked in the latter half of 2004 before starting to decline each month until April 2005, when sentiments began to level out.

Over the last several months, indices for Malaysia, the Philippines, Singapore and Taiwan have often crept into negative territory, revealing a clear disparity in business confidence by location in the region.

For further information, visit

<http://www.jetro.go.jp/en/news/releases/20050721934>
-news

**2. August's Japanese Business Sentiment in
East Asia declined**

The August survey revealed that overall business sentiment declined in the ASEAN and North Asia (including China) regions, on the back of rising crude oil and raw material prices. After a brief spell in positive territory (July survey), the index for ASEAN returned to negative territory in August.

Japanese business sentiment in the ASEAN and North Asia regions has been depressed since earlier this year, specifically in Malaysia, the Philippines, Singapore and Taiwan. Even in Indonesia and Thailand, where favorable sentiment has been recorded in recent months, business sentiment in August revealed that firms there are starting to worry about future business prospects in their operating region.

For further information, visit

<http://www.jetro.go.jp/en/news/releases/20050822303>
-news

**3. September's Japanese Business
Sentiment in East Asia mixed**

The September survey showed that overall current business sentiment for the five ASEAN countries included in the survey improved by 0.5 points, although the index for the area remained in negative territory for the second straight month. Current sentiment improved over the previous month in Malaysia, the Philippines and Singapore, on the back of a recovery in demand for electronics equipment. The index for Singapore returned to positive territory for the first time in eight months, while indices for Malaysia and the Philippines remained in negative territory for the ninth and fifth straight months, respectively, in September. Notably, sentiments in Indonesia and Thailand, where favorable sentiments had been reported in

Forward business sentiment was down in Indonesia, Singapore and Thailand, and indices for all surveyed ASEAN countries fell into negative territory in the September survey. The index for Indonesia, where rising fuel prices have severely affected local business and industries, recorded a substantial drop in September, forcing the index for the country into negative territory for the first time since December 2003.

JETRO released a summary of its 2005 White Paper on International Trade and Foreign Direct Investment (FDI).

Driven by buoyant domestic demand in the US and continued strong fixed investment in China, the global economy in 2004 enjoyed its highest growth rate since 1976, soaring 5.1% year-on-year and registering accelerated annual growth for the third straight year.

To improve competitiveness in global markets, Japanese companies have to focus on a number of growth strategies.

East Asia is moving closer towards the establishment of an "East Asian free economic zone", as governments in the region work to conclude free trade and economic partnership agreements. And to ensure the "quality" of this regional integration, Japan is expected to play a leadership role in harmonizing inconsistent and overlapping rules set by such agreements. In this respect, Japan will be required to support, with both financial and technical assistance, other East Asian countries in their efforts to upgrade infrastructure and develop human resources. Japan will also need to further open its own markets to foreign companies.

After recording a 36% year-on-year surge in the first half of 2004, Japan's exports to China rose by just 6% to US\$37.3 billion in the same period this year, according to JETRO. Japan's overall trade with China (including imports and exports), however, set a new record for the sixth straight year (half-year basis), increasing 14.7% to US\$90.3 billion in the first half of 2005, led by a 21.4 % surge in imports from China.

The most notable cause for Japan's slowed exports to China in the first half of 2005 were weaker demand for items that had registered rapid growth in recent years, such as auto parts and electronics & electrical parts. Excess stock in the Chinese markets (of electronics & electrical parts in particular) and increased local procurement by Japanese manufacturers in China were chief factors behind drops in these export categories. Exports of industrial machinery also slipped in the first half of 2005, on the back of efforts by the Chinese government to cool investment in the country.

Japan's imports from China, which totaled US\$53.1 billion in the first half of 2005, saw steady growth in nearly every product category. Steel imports doubled, while imports of machinery and equipment, such as audio-visual devices and computers, registered solid growth of 20-30% in most product categories. Textiles and foodstuff imports also increased steadily.

Japan's trade with China (including Hong Kong), accounted for 20.0% of Japan's total external trade amount in the first half of 2005, while that with the U.S. was 18.1%. Although Japan's exports to China are expected to grow at slower pace than last year, Japan's overall trade with China is likely to set a new record for the eighth straight year in 2005, fueled by solid growth in imports from China.

JETRO, together with the Science Council of Japan, have organized an international symposium in Tokyo, entitled "Boosting Science and Technology through Industrial Collaboration 2005" on September 14 at the ANA Hotel Tokyo after the "Science and Technology in Society Forum" being held in Kyoto from September 11th to the 13th. A number of key participants in the Kyoto forum, across government, industry and academia, took part in the symposium in Tokyo.

JETRO will host a business-matching event for ICT firms interested in partnering with international firms at CEATEC JAPAN 2005, Asia's largest ICT and electronics industry trade fair, which will be held this October 4th to 6th at Makuhari Messe in Chiba. The JETRO event, called "JETRO BIZMATCH @ CEATEC JAPAN 2005" will provide Japanese businesses an opportunity to hold one-on-one business talks with prospective international sales

CEATAC, which stands for "Combined Exhibition of Advanced Technologies", and whose mission is "advancing ubiquitous society", focuses on sectors that, in Japan, are projected to grow to some US\$557 billion by the end of this year. All the major players from Japan will be showcasing their latest technologies and products at CEATEC JAPAN 2005, an unbeatable international networking and information-gathering event.

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1. ◆◆INVEST JAPAN No.9, Summer 2005◆◆



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- Special Feature: Japan's Digital Content Industry is Commanding Global Attention
 - Message to Our Readers: Tim Lester, Chairman, Australian & New Zealand Chamber of Commerce in Japan
 - Investment Update: Insider's View on Japanese Market Transitions
 - People in Action: Friedrich N. Schwarz, President & CEO, Rhode & Schwarz GmbH & Co., KG
 - Japanese Market Close-up: Solar Power Generation
 - Regional News: Osaka Incubates Biomedical Clusters through the Cooperation of Industry, Academia and Government.
 - Tales of the Pioneering Days: DuPont

Full articles (in PDF format) are posted at:

<http://www.jetro.go.jp/en/invest/newsroom/newsletter.h>

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2. Report of “Facts and Issues in the Tariff and Clearance Systems in ASEAN Countries” in English and Thai Versions

The report comprises

- 1) Issues of Tariff and clearance System in Thailand (cases of Japanese companies)
- 2) Recommendation for Thai government
- 3) Recommendation for More Competitive ASEAN

For more information, visit

In English,

http://www.jetro.go.jp/thailand/e/data/tariff_clearance_enq.pdf

English
In Thai,

http://www.jetro.go.jp/thailand/e/data/tariff_clearance_t ha.pdf

Exploring Japan

1) The following is the article of “Beyond the e-Japan Strategy: Vision for Information-based Economy and Industries” by Mr. Murakami Teruyasu released in the Japan Spotlight of September/October 2005

Entering the 2nd Stage of IT Enhancement

The e-Japan strategy is an IT infrastructure development policy that began after the collapse of the IT bubble, responding to the rapid development of broadband networks in South Korea and the United States. It is based upon the concept that Japan must catch up with these countries in the area of information technology.

Japan quickly achieved its goal and its development of broadband networks for high-speed Internet connections has been remarkable. Given such progress in infrastructure-building, the updated e-Japan strategy II, announced in 2003, greatly shifted the strategic targets to promote the enhanced use of IT.

Nevertheless, when we look at each category of IT utilization today, there are still various issues that need to be resolved before we can achieve real satisfaction.

IT usage in corporation has always been the driving force behind IT adoption in Japan. Yet IT was limitedly used for optimizing certain domestic operations, such as improving the efficiency of individual business departments and industrial plants by using computers with narrowband networks. It is still difficult to say whether IT has led to increased competitiveness, innovation and the resolution of problems for companies. Meanwhile, some negative aspects of the network society have now emerged, in the form of growing unease over information security and privacy.

On the other hand, from the IT infrastructure development viewpoint, Japan has gone beyond the mere popularization of broadband. There are now initiatives to lead the world in the creation of the ubiquitous network, the next-generation IT usage environment which will connect anyone, in any place, at any time, by linking not just people, but also people to things and things to things.

In other words, while companies and the government are just starting to utilize IT, we are now entering the next stage of IT infrastructure development. The Japanese information economy is steadily approaching the second stage and we have arrived at a point when the public and private sectors must share a new industrial vision, based upon a new IT paradigm, in order to determine the future direction. To help bring about this new era, the Ministry of Economy, Trade and Industry (METI) set out its Vision for Information-based Economy and Industries in this April.

This Vision for the second stage has the basic objective of transforming the Information-based Economy and Industries in four directions:

- (1) moving from computers to ubiquitous information technologies such as mobile phones Internet, home network, electronic tags, digital TVs and car navigation systems;
- (2) shifting the focus from the Silicon Valley IT cluster to an East Asian cluster;
- (3) moving from IT infrastructure development and popularization (convenience) to reform and solutions through IT (realizing strength);
- (4) moving from partial optimization of IT usage to optimal IT usage for the entire social system.

Table 1 The 1st and the 2nd Stages of IT

	The 1 st stage of IT	The 2 nd Stage of IT
Apparatus	Mainly computers	Ubiquitous IT (mobile phones Internet, home network, electronic tags, digital TVs and car navigation systems)
IT clusters	the Silicon Valley IT cluster	East Asian cluster
Goals	IT infrastructure development and popularization (convenience)	Reform and solutions through IT (realizing strength)
Effects	Partial optimization of IT usage	Optimal IT usage for the entire social system

Source: Information Economy Committee, Industrial Structural Council, METI

Platform Strategy and Solutions Development

Meanwhile, the Japanese IT industry must grow and survive competition from the United States, the defending champion of the global economy, and the steadily expanding EU, as well as various Asian countries such as China, which has a huge economy with remarkable price competitiveness and business promotion ability, and South Korea, which has the ability to make rapid decisions and implemented strategies. That is why there are not so many choices for industrial restructuring to be carried out by Japanese industry.

The Vision suggests how Japan can create new industries using various platforms, and the highly efficient provision of solutions that precisely meet consumer needs.

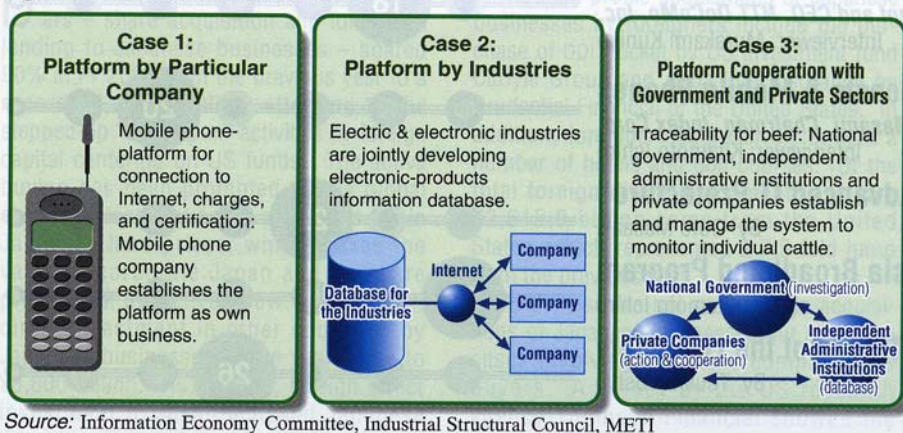
The Japanese industry of the future needs to continually create unique products and services, while being tested by its sophisticated consumers. The source for the creation of original products and services lies not in individual products or services, but rather in the method of value provision, namely solutions, that have their appeal through the combination of many different products, devices, systems and services to better meet customer needs.

A platform is an integrated foundation for IT business that can serve as steady springboard for new enterprises, by gathering together and winning the trust of a large number of players, which makes these business solution models possible.

For example, in Japan, through the development of a content platform for the mobile phone network, a new mobile content solutions market worth 300 billion yen was created offering *Chaku-Melo* (melody ringtones) and *Chaku-Uta* (song ringtones), fortune-telling services and games, which did not exist at all five years ago. This platform has played an enormous role in turning the Japanese mobile phone industry into a 7-trillion-yen market in a short period of time. The reasons for this success were the mechanism for the easy processing of copyright and the share platform on which content bill is charged automatically added in calling charge.

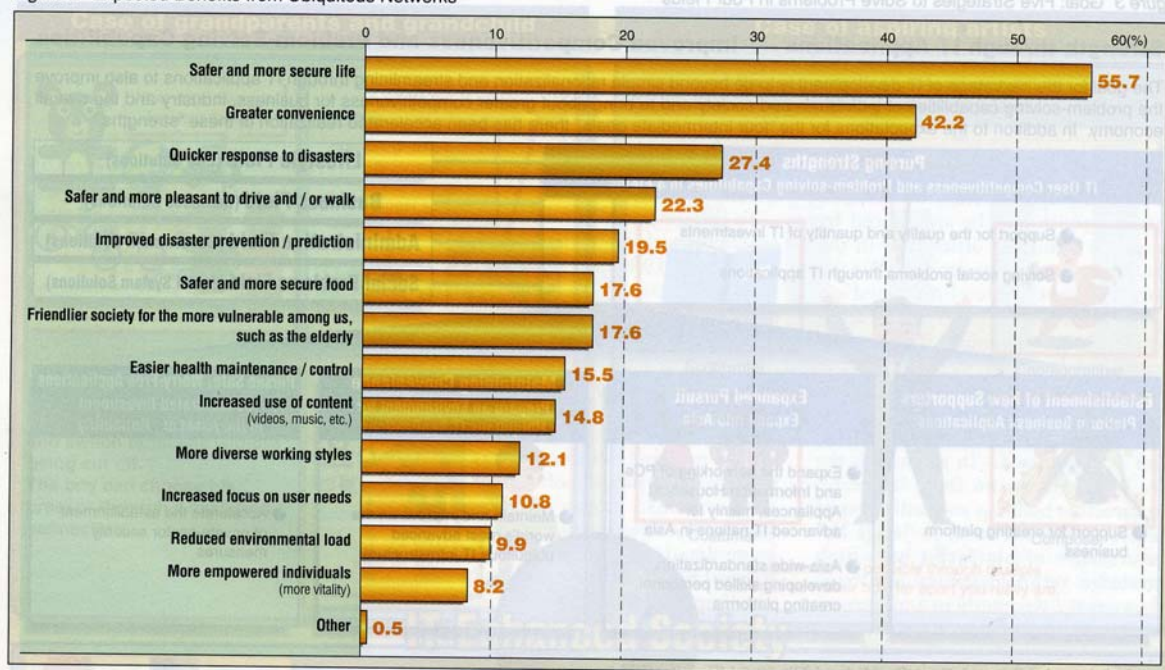
The key to the Vision for the Information-based Economy and Industries is an industry that will grow by continually creating various solutions not just in the field of entertainment, but also in the sectors of daily life, industry, government and social systems, and by building a wealth of platforms throughout industry that bring together these kinds of IT and services.

Figure 1 Cases for Platform Business



Source: Information Economy Committee, Industrial Structural Council, METI

Figure 2 Expected Benefits from Ubiquitous Networks



Source: Survey on Trends Concerning a Ubiquitous Network Society (Web survey)

Note: Multiple responses possible

Five Strategies and the Post e-Japan Strategy

There are five development strategies necessary for the realization of this Vision. The first is the early realization of the world's most advanced IT infrastructure, the ubiquitous network. This will involve not just the creation of a fixed-line network infrastructure, but also sufficiently widespread wireless, broadcast, traffic and actual networks such as electronic tags and sensor nets. By promoting sufficiently widespread infrastructure creation to secure interconnection and interoperability among them, this strategy can create a base that will produce new networked digital home appliances, as well as industries for automobile, housing and office devices that are constantly connected to the network.

The second strategy is to promote platforms across Asia for the electronic Kanban System and content distribution, by working on human resource development and standardization. This can be achieved by forming a single IT industry cluster in Asia, while continually securing partnerships with other Asian countries.

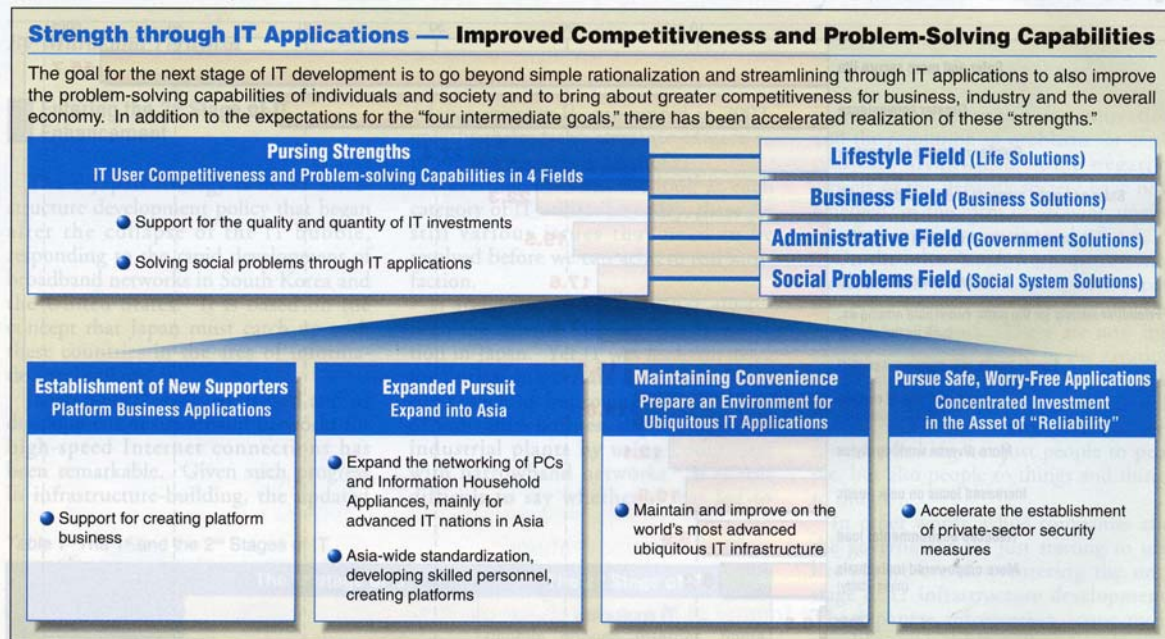
The third strategy is to concentrate investment in the asset of reliability. The prerequisite for the realization of any platform or solution is first to create a sense of confidence between industries and users. In order to achieve this, this is necessary to create the perception that the Japanese network environment is one of the world's most secure and reliable, by carrying out early concentrated investment in security and privacy measures.

The fourth strategy is to establish platform businesses that link IT and services, as a new industry, based on the strategies above. The Vision gives some specific platform development examples, including digital homes, mobile multi-use and digital communities.

The fifth strategy involves achieving the improvement of problem resolution abilities and the strengthening of the competitiveness of users in the four fields of daily life, business, government and societal issues, through the realization of four types of solutions, namely lifestyle, business, government and social system solutions.

With always being aware of developments in other Asian countries, Japan's basic direction for the second stage of IT strategy should be the strategic integration of world-leading infrastructure creation of a reliable ubiquitous network and the promotion of IT utilization that is truly linked to the improvement of personal and social problem resolution, as well as emergent creation of new industries through the construction of platforms.

Figure 3 Goal: Five Strategies to Solve Problems in Four Fields



Source: Information Economy Committee, Industrial Structural Council, METI

Murakami Teruyasu is the chief counselor at the Nomura Research Institute

2) The following is the article of "Asia Broadband Program:- Regional Telecom Platform Linking 8 Nations and 1 Territory" by Mr. Kitamoto Ichiro released in the Japan Spotlight of September/October 2005

Give all people in Asia access to high-speed, high-capacity Internet service by 2010 – such an ambitious project is now being promoted by the Japanese government. The project is called an "Asia Broadband Program," and the name of the game is information technology (IT), one of the most powerful engines moving the 21st century on a global scale. With the help of advanced IT and broadband technology, Japan hopes to invigorate the flow of information in Asia and turn the region into an "information hub of the world." The project set out to help bridge the so-called digital divide, or a gap in the availability of information, which is closely linked to the problem of poverty in Asia. By joining hands with other IT powers such as South Korea, China and India, it would also turn Asia into the world leader in the next-generation IT field. The Japanese government has laid out a set of policies to develop region-wide telecommunications infrastructure through the nation's official development assistance (ODA) program to achieve this goal.

Overseeing the Asia Broadband Program is Japan's Ministry of Internal Affairs and Communications (MIC), which is in charge of the nation's telecommunications policy. "There is sort of an Indian boom in Kasumigaseki government quarter" says Uchida Kensuke, who is involved in the Asia Broadband Program as a MIC official in the Telecommunications Bureau's International Affairs Department. Uchida notes that the Japan-India Joint Statement on Information and Communications Technologies (ICT), signed in January this year, is part of the Asia Broadband Program. When Japanese Prime Minister Koizumi Junichiro visited India in April, cooperation in information technology became a focal point in the joint statement issued by the leaders of the two countries.

India is in the global spotlight as a major player in computer software, and a most sought-after IT partner for Japan. MIC has already agreed with India to jointly develop next-generation computer networks and "ubiquitous" computer services that make Internet access possible anytime, anywhere. The public and private sectors of the two countries are already taking concrete moves, such as organizing discussion forums to promote these projects, according to Uchida.

The Asia Broadband Program was contained in the e-Japan Program, a comprehensive IT policy package approved by the government, and detailed blueprints were released in March 2003. Apart from MIC, the program involves six other Japanese government agencies, including the Fair Trade Commission, the Ministry of Foreign Affairs, the Ministry of Education, Culture, Sports, Science and Technology. To promote international cooperation, MIC has eagerly lined up the support of China, Thailand, Cambodia, Malaysia, Indonesia, Vietnam, the Philippines and Hong Kong, and in quick succession, concluded bilateral agreements of cooperation. India was the ninth Asian partner to sign

up.

Apart from bilateral efforts, information and communications ministers from Japan, China and South Korea have been meeting regularly to foster their cooperative ties. Through bilateral and multilateral channels, Japan has thus built a network of cooperation with virtually all other major Asian countries. While these arrangements are meant primarily to compare notes on government IT policies and to promote the e-government project, the dialogues have enabled Japanese officials to find out what other Asian countries want Japan to do and explore possible ODA-based projects.

Asia has a substantial digital divide. MIC has divided the region into three categories in terms of the level of information technology. The first category is represented by advanced IT countries and regions such as Japan, South Korea, Hong Kong and Singapore, all front-runners in global broadband services. The second category of nations typically has relatively advanced IT infrastructure but still has pockets of populations with limited access to the Internet. Among them are Thailand, Malaysia, and other ASEAN nations. In the third category of nations are Mongolia, Vietnam, Nepal and Afghanistan, the countries where the basic IT infrastructure, including telephone linkage, is still very much in the rudimentary stage.

Information technology supposedly has the potential to benefit all the people in the world. At the same time, the digital divide threatens to further widen the socio-economic gap between the people with and without the access to broadband services. The Asia Broadband Program is intended to bridge this divide.

As pointed out by MIC, there is comparatively little information provided from Asia, as compared with Europe and North America. Making broadband services are available throughout Asia, the ministry hopes, would increase the volume of information flow within Asia and boost its roles as an information provider for the rest of the world. This, a MIC official says, "is one way to promote economic growth in Asia."

The Asia Broadband Program has three major parts: (1) improving telecommunications infrastructure, (2) developing state-of-art Internet technologies and adopting the best methods to utilize them, and (3) personnel training.

The first area of infrastructure projects is where Japanese ODA comes into play. Current ODA programs include a 19.5-billion-yen project in Vietnam to get lay an offshore optics cable linking the northern and southern parts of the country, a 3.75-billion-yen project in Cambodia to build a telecommunications turnpike in the Mekong region, and a

10.7-billion-yen project to build telecommunications infrastructure in Iraq as part of international efforts to rebuild the country. All these projects are financed by low-interest Japanese governmental loans.

Since many regions in Asia do not even have a telephone system, some experts believe that the best way to attack the problem is to leapfrog traditional technologies and use the most advanced Internet protocol (IP) technology to build telecommunications infrastructure. For many local communities, for instance, one way to bridge the digital divide is to set up personal computers at public facilities such as post offices to provide public Internet service. This is an area of cooperation Japan plans to offer to Malaysia, Vietnam and other Asian nations.

With regard to research and development of the second part of the Asia Broadband Program, bilateral and trilateral agreements have been reached between Japan and India, and between Japan,

Figure 1 Asia Broadband Network Image



Source: Adjusted from Asia Broadband Program OFFICIAL WEBSITE

China, and South Korea to provide a framework to develop advanced Internet technologies. Under such a framework, telecommunications ministers from Japan, China and South Korea have held three round of talks, and the process has become officially known as the East Asia ICT Summit. The three countries have agreed to cooperate in eight areas of IT, including the next-generation Internet technology known as IPv6 protocol, next-generation mobile telephony, IC tags and digital broadcasting. The three countries are also working together to use the most advanced IT technology in the 2008 Beijing Olympics. Officials of the three countries are meeting regularly at sub-cabinet levels. "We hold talks about once every two months, and I believe our work is becoming more and more solid," say Uchida.

For human resource parts, experts from MIC and other Japanese government agencies have been dispatched to various Asian countries to offer Japanese IT know-how and help them formulate their telecommunications policies. The government has also sponsored exchange programs for researchers and invited trainees to provide technical instruction in Japan. In 2004, the trainee program alone hosted some 800 technicians from around Asia.

The Asia Broadband Program seems to be spreading across Asia and making strides. All things, however, are not so rosy as they appear. For one thing, the pace of support provided under Japan's ODA-based programs in the words of Japanese government official, "remains, regrettably, too slow" to close the digital divide.

At the 2000 G8 summit in Okinawa, billed at the time as an "IT summit," the Japanese government pledged to provide about \$15 billion in economic cooperation over a five-year period to FY2005 to promote IT in the developing world. Coming amidst a budget squeeze in the overall ODA-based programs, this was clearly a bold policy declaration. However, owing presumably to a lack of understanding of IT policy in some quarters of the government, it is doubtful whether Japan has initiated enough aid projects. Some people also feel strongly that more should be done in the development of human resources.

One example is how to tackle the digital divide in rural areas. Even if infrastructure has been built there, the prospect of narrowing the digital divide would be in jeopardy if there is a perennial shortage to Internet technologies. At present, the training program for most foreign trainees in Japan is relatively too short, generally lasting 7 to 10 days. The duration of trainee programs should be extended to one month at the very least. Some point out that a longer, more solid training program is essential because, as a senior MIC official puts it, this will increase the number of Asian IT technicians who have a favorable image of Japan, which may ultimately become Japan's long-term national interests.

Kitamoto Ichiro is a reporter for the Economic News Section, Kyodo News

3) The following is the summary of "Survey of Business Circumstance on Japanese Corporation in Thailand (Spring 2005)" conducted by Japanese Chamber of Commerce in Bangkok

Japanese Chamber of Commerce, Bangkok (JCCB) conducted "Survey of Business Sentiment on Japanese corporations in Thailand for the spring of 2005" on 1,220 JCC member firms (excluding 13 governmental organizations) from 20 May to 10 June 2005, and received the response from 324 (26.6 percent of the) firms. The following shows the summery of the survey report.

1. BUSINESS SENTIMENT

- In the second half of 2004 to the second half of 2005, the target period of this survey, business sentiment continued to improve. However, the improvement seed was lower from the second half of 2004 with still poorer performance in the first half of 2005. In contrast, business sentiment was anticipated to be better again in the second half of 2005.

The Trend of Business Sentiment**Unit: percent**

	Past Surveys										Survey this time		
	Result									Forecast	Result	Forecast	
	00S	01F	01S	02F	02S	03F	03S	04F	04S	05F	04S	05F	05S
Improving	57	43	45	62	59	59	63	70	53	49	64	48	47
No change	22	29	23	19	26	20	23	17	29	33	17	29	37
Deteriorating	21	28	32	19	15	21	14	13	18	17	19	23	16
(Ref) DI	36	15	13	43	44	38	49	57	35	32	45	25	31

(Note)

1. DI = "improving" – "deteriorating"
2. If DI is above the neutral level, it signifies that business performance is improving even though the indicator declined from the previous term.
3. Since the fraction of percentage is rounded off, the totaling may not be equal to 100 percent. This also applies to the tables below.

2. SALES AND NET PROFIT/LOSS

- The number of firms reporting an increase in sale of 82% in 2004 falls to 72% in 2005. The number of firms with increase of sale at 20% or above of 44% in 2004 falls to 23% in 2005.
- The number of firms with before tax profit diminishes from 91% in 2004 to 90% in 2005. In contrast, the firms with increasing profit fall from 63% in 2004 to 41% in 2005. At the same time, the number of firms with diminishing profit rises from 25% in 2004 to 31% in 2005.

3. CAPITAL INVESTMENT (MANUFACTURING SECTOR)

- The amount of planned capital investment in 2005 plan to increase by 24.4% from those in 2004. Among the number of firms with rising capital spending (103), will be increased above those of diminishing capital spending (66).

(Note) This is just the total amount of capital spending by the respondents, not the total amount of the Japanese firms as a whole.

4. THE EXPORT MARKETS

- Regarding forecast for the major export market, the predominant response was "no change (no drastic change in the market trend)" for Japan, the US, and the EU, and "continual expansion (increase)" for ASEAN, but "no idea at this moment" for China.
- Regarding export trends in 2005(the whole year), the firms reporting an "increase" in their export accounted for 58%.
- Regarding the prospective market in the future, the predominant response was "ASEAN (excluding Vietnam, Cambodia, Laos, and Myanmar)" (23%), followed by "Japan" (17%) and "China" (16%).

5. PROBLEMS OF CORPORATE MANAGEMENT

- The predominant response was "hike in material prices" (19%) followed by "fierce competition with competitors" (17%), and "the lack of human resources" (15%).

6. CHANGE IN LOCAL CONTENT (MANUFACTURING SECTOR)

- 52% of the manufacturing firms reported "no change" in their local content from the previous year while 41% reported on "increase" in the local content.

7. EFFECT OR INFLUENCE OF FTA (Including AFTA: ASEAN Free Trade Zone)

- For the most effective or influential FTA (check all that apply), "Thailand-Japan FTA" is the most prominent (57%), next "AFTA" (35%), "ASEAN-Japan FTA" (20%), and "ASEAN-China FTA" (15%).
- Regarding specific effect or influence of FTA (check all that apply), the predominant response for "Thailand-Japan FTA" was "Import parts and material cost reduction from Japan" (66%), for

“ASEAN-Japan FTA” “Import parts and material cost reduction in ASEAN and Japan” (55%), for “ASEAN-China FTA” “Competition with imported commodities from China” (69%), and for “Thailand-India FTA” “Export expansion to India” (77%).

8. POTENTIAL FACTORS AFFECTING ON THE THAI ECONOMY

- The potential factors affecting on the Thai economy in coming 1-2 years (check all that apply) includes “hike in oil price (including oil-related materials)” (67%), followed by “hike in the prices of raw materials and semi-finished goods (excluding oil and oil related materials)” (54%), and “end of favorable conditions in personal spending and real-estate investment” (49%).

9. SITUATION OF THAI MANPOWER DEMAND AND SUPPLY

- Regarding Thai employee demand and supply, 11% of firms reply on “shortage” for general administrative staff, but 60% for manager (management staff), and 71% for engineers (technical staff).
- Regarding Thai employee performance, within 30% of firms reply on “unsatisfied” for general administrative staff, professional employee (financial and accountant), 58% for engineers (technical staff), and 65% for managers (management staff).
- With regard to the prospective Thai manpower supply on intermediate term, only 2% of firms reply on “Further shortage” for general administrative staff, 45% for managers (management staff) and 35% for IT staff.
- For problems from manpower shortage, 61% of firms reply on “Rise in wage”, 49% on “rise in number of job hoppers” and 32% on “Obstacle to daily business activities.”

For downloading the full survey,

In English, http://www.jetrobkk.or.th/files_download/jccspr05_eng.zip

In Thai, http://www.jetrobkk.or.th/files_download/jccspr05_tha.zip

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