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# JETRO BANGKOK Update

## 1. JETRO proposes mutual aid for natural disaster recovery within Asia at Asian Trade Promotion Forum



From April 19 to 20, Mr. Hiroyuki Ishige, the chairman of the Japan External Trade Organization (JETRO) attended to the 25th Asian Trade Promotion Forum (ATPF) CEOs meeting held in Bangkok. In the meeting, the chairman called for reinforced partnership and further cooperation between each organization saying that through the Great East Japan Disaster and Thai Floods, he recognized again how Asian countries are in close relation economically.

More concretely, he proposed the following 3 ideas which were adopted. These are challenges to be tackled by ATPF, which support SMEs overseas business development.

- 1. Cooperation in SMEs global human resource cultivation
- 2. Cooperation in business-matching between local industries
- 3. Creation of cooperation frameworks toward recovery from natural disaster, economic crisis

ATPF; Asian Trade Promotion Forum (ATPF) is a gathering of Trade Promotion Organizations (TPOs) in the Asian Region. It was established in 1987, and currently has 23 members. The objective of ATPF is to enhance trade in the region through information exchange, implementation of cooperative projects and strengthening networks among ATPF members.



CEO meetings and Working Level Meetings are held once a year. Capacity Building Initiative Program, Joint Exhibition, and various cooperative projects are also actively carried out by members.





2. Japan Pavilion at THAIFEX 2012 - World of Food Asia

JETRO introduced Japanese premium products at Japan Pavilion in THAIFEX 2012 from May 23-25 at Impact Exhibition Center.

Exhibited premium items included



**BEEF**

DAIKICHI SHOUTEN CO.,LTD., SHIGA Prefecture



**SEASONING**

FUKI FOOD INSTITUTE CO.,LTD., OSAKA Prefecture



**MISO**

HIKARI MISO CO.,LTD., NAGANO Prefecture



**CONFECTIONERY**

HOKURIKU CONFECTIONERY, LTD., ISHIKAWA Prefecture



**DRIED FISH**

KOMATSU SUISAN CO.,LTD.,IBARAKI Prefecture



**OYSTER**

KUNIHIRO INC., HIROSHIMA Prefecture

	
<p><b>BEEF</b> MEAT-COMPANION CO.,LTD., TOKYO Prefecture</p>	<p><b>FLAVOR</b> MIYAKO-NIOS LTD. ,YOKOHAMA Prefecture</p>
	
<p><b>VINAGAR</b> SENNARI CO.,LTD,HIROSHIMA Prefecture</p>	<p><b>CONFECTIONERY</b> SHIBATA TRADING CO., LTD.,AICHI Prefecture</p>
	
<p><b>SEASONING</b> TI-DA SQUARE CO., LTD. , OKINAWA Prefecture</p>	<p><b>OSAKE</b> UMENYADO BREWERY CO., LTD. ,NARA Prefecture</p>
	
<p><b>OSAKE</b> YACHIYODEN DISTRILLING INC., KAGOSHIMA Prefecture</p>	<p><b>BEEF</b> YAMAGATAKEN SHOKUNIKUKOUSHI CO., LTD. ,YAMAGATA Prefecture</p>



**SEASONING**

**YAMATO SOYSAUCE&MISO CO., LTD. , ISHIKAWA Prefecture**



**3. JETRO Bangkok welcomes new Japanese staff**

<b>Department</b>	<b>Successor</b>	<b>Predecessor</b>
Trade Promotion	Mr. UKI Toshiharu	Mr. INOUE Tomofumi





## Events in Japan

### **ASEAN Road Show: JETRO organizes cooperative events including the Investment Forum**

From Wednesday, April 25 to Saturday, April 28, 2012, economic ministers from member countries of ASEAN\* and the Secretary-General of the ASEAN Secretariat visited Japan to participate in the ASEAN Road Show.

JETRO was involved in the event as follows.

1. Hosting the "Investment Forum" and "FTA Symposium" and organizing the JETRO Booth at the closing reception
2. Participation by the Chairman and CEO, Hiroyuki Ishige, in the "Japan-ASEAN Public-Private Dialogue" and the closing reception.

It is expected that these events will facilitate cooperation between both public and private sectors towards enhancement and promotion of trade and investment in East Asia and strategic economic relations between Japan and ASEAN.

### **Investment Forum (April 27): Strengths of ASEAN as an investment destination**

At the forum attended by 249 participants, ASEAN commerce ministers introduced the potential of the ASEAN market, which has been increasing along with progress in regional economic integration.

### **FTA Symposium (April 27): Participants discuss effectiveness of FTAs**

Following the Investment Forum, IDE-JETRO organized another event to convey benefits of the Regional Comprehensive Economic Partnership (RCEP) to the public audience. At the panel discussion moderated by the President of IDE-JETRO (the Institute of Developing Economies) Takashi Shiraishi, participants actively exchanged opinions on the TPP from an ASEAN perspective and the mutual connectivity between ASEAN countries.

### **Japan-ASEAN Public-Private Dialogue towards the "Roadmap for Japan-ASEAN 10-year Strategic Economic Cooperation" (April 28)**

At the dialogue, representatives from governments and private sectors\* exchanged views on the road map which is scheduled to be laid out by the Japan-ASEAN Economic Ministers Meeting in August 2012. The road map consists of three pillars:

1. Connectivity between the economies of Japan and ASEAN,
2. Improvement of the industries of ASEAN as well as enhancement of partnerships with industries of Japan, and
3. Improvement of quality of life and economic growth of ASEAN

Chairman Ishige introduced JETRO's efforts under the three pillars, which included:

1. Individual support for overseas business development of Japanese companies through the JETRO Business Support Centers (BSCs),
2. Improvement of the business and investment environment in ASEAN through facilitating dialogues, and
3. Establishment of the South East Asia Intellectual Property Network

\*Participant organizations: Keidanren, the JCCI (the Japan Chamber of Commerce and Industry), JICA (the Japan International Cooperation Agency), NEDO (the New Energy Development Organization), NEXI (the Nippon Export and Investment Insurance) and JETRO

### **Closing reception (April 28): Japanese technological advancement introduced at the JETRO Booth**

Representatives from Japan and ASEAN, who had joined the Public-Private Dialogue and other programs, exchanged views at the reception including a lunch meeting. ASEAN Economic Ministers also visited the JETRO Booth, which was located next to the meeting venue and

exhibited environment and energy equipment from four small- and medium-sized Japanese companies.

List of exhibited products:

1. Demonstration machine for thermal barrier coatings (Fumin Co., Ltd, Fukushima Prefecture)
2. Small- and medium- sized wind turbines (Riam Wind Corp., Fukuoka Prefecture)
3. Film removal machine for abolished electric wires (Assk Co., Ltd, Osaka Prefecture)
4. LED spotlight (Shibazaki Inc., Saitama Prefecture)



# W h a t ' s n e w o n t h e n e t ?

## New Reports from JETRO

Below are some recently published reports and events now available on the JETRO website.

### SURVEY:

**Results of JETRO's Survey on Business Conditions of Japan's Small and Medium-sized Parts Suppliers and Their Status and Challenges for Asian Expansion**

<http://www.jetro.go.jp/en/news/releases/20120601009-news>





## Exploring Japan

### Introduction of the 22nd Survey of Investment Related Costs in Asia and Oceania (FY 2011 survey)

JETRO conducted a comparative survey of investment-related costs in major cities and regions of Asia and Oceania in the period December 2011 and January 2012.

With growing uncertainty about the future of the economy, more Japanese companies are keen to expand into Asia with the appreciation of the yen and disperse the risk. However, they are also concerned about rising costs in the host countries and regions.

Wages continued to exhibit an upward trend in almost all of cities and regions. Minimum wages were raised again in 2011 as in 2010. The trend is also expected to continue in 2012.

For the 2011 survey, Wuhan (China), Ahmadabad (India), and Vientiane (Laos) were added. The survey was also conducted in three Japanese cities, Chiba, Yokohama, and Nagoya, to make comparisons between Japanese and foreign cities.

#### 1. Worker wages continued to rise.

In the questionnaire survey JETRO conducted in August and September 2011 to study the activities of Japanese companies operating in China, the largest percentage of the respondents pointed out the issue of the "rise in wages for employees" as a problem in their conduct of business in this country. In China, the manufacturing and non-manufacturing sectors saw the basic wage rate rise between 2010 and 2011 by 14.4% and 9.9%, respectively. Inflationary pressures and growing awareness among workers of their rights were the main causes of the continuing rise in wages in cities around China. Comparisons between cities show that Beijing and Shanghai, municipalities directly under the central government and markets where foreign companies are conducting fierce competition among them, as well as Canton, a city where three major Japanese automakers had already been in operation, occupied the three highest positions in the ranking of the total monthly salary for all jobs, mainly due to the shortage of workers in the coastal region.

Among the major countries in ASEAN, a rise in the basic wage rate was observed, in descending order, in Vietnam (16.8%), Indonesia (9.6%), the Philippines (5.6%), Thailand (5.3%), and Malaysia (4.7%). Vietnam saw a continuing rise in wages. In 2011, the country experienced an inflation rate of as high as 18.6%, a great strain on the livelihood of workers. Some Japanese companies said they were considering the need for further pay increases to prevent strikes. But even after such a rapid rise in pay, the monthly wage of workers in Hanoi was a mere 123 USD, less than half that in Bangkok (286 USD). In Jakarta, the monthly wage of workers was 209 USD, roughly 70% of the wage in Bangkok. But wages were on the rise in the region as the demand for workers has been growing among the many auto parts makers and other companies that started operation there in 2011.

In the three countries of particular interest to textile companies, Bangladesh, Myanmar, and Cambodia, wages also rose, as the basic wage rate was raised 14.8%, 9.9%, and 7.8%, respectively, but still stayed at a low level. However, even in Bangladesh, where businesses had little fear of labor shortages, they found it difficult to hire workers based on pay at the minimum wage level. The questionnaire survey mentioned above also revealed that the average monthly salary for workers employed by Japanese companies there was 78 USD, significantly higher than the minimum wage of 39 USD. Engineers, who saw a seller's market for their skills, earned an average monthly salary of 251 USD, almost double the level in Yangon (176 USD). In Phnom Penh, in contrast, workers earned a monthly wage of 82 USD on average, seemingly higher than in Dhaka and Myanmar. However, in its Special Economic Zone (SEZ), new employees usually start at the minimum wage, a monthly salary of 61 USD, under a gentlemen's agreement.

India saw a rapid increase in wages in the service industry (non-manufacturing sector), with a rise of 13.6% in the basic wage rate between 2010 and 2011. In Mumbai, staff in the non-manufacturing sector earned a monthly salary of 727 USD, virtually the same level as in

Canton, China (739 USD). Non-manufacturing sector staff in other major cities—New Delhi, Chennai, and Bangalore—earned between 605 USD and 648 USD, almost the same as wages in Bangkok, Thailand (617 USD).

## **2. In China, legal minimum wages were raised across the board**

In many cities in China, local governments raised legal minimum wages again in 2011 as in 2010 in part with a view to offsetting the impacts of rising prices. Shenzhen and Canton, two cities in Guangdong that recently experienced many labor disputes with workers demanding a pay increase, raised the minimum wage above the 200 USD level to 237 USD and 207 USD, respectively, much higher than in cities in ASEAN countries.

In 2011, China's consumer price index registered an annual rise of 5.4%, much higher than the initial target of the central government of around 4.0%. In February 2012, the State Council announced its first "Employment Promotion Plan (2011-2015)," declaring an average annual increase of 13% or more in the national minimum wage during the period as a major initiative. The minimum wage is expected to continue rising at a certain pace throughout the country.

Taiwan raised the legal minimum wage for the second year in a row. South Korea also raised the minimum wage in January 2012 as in other years. Hong Kong adopted a legal minimum wage in May 2011.

Among ASEAN countries, Vietnam and Indonesia were conspicuous for substantially raising the minimum wage. Hanoi and Ho Chi Minh, two major cities in Vietnam, raised the minimum wage twice in 2011 to 95.1 USD, up 19.6% from January that year. However, the second increase (October 2011) is only effective until the end of 2012, and another raise is unlikely in the year. Jakarta revised its minimum wage in January 2012 as usual, raising the floor by 17.6% to 167 USD. Upward pressure on the minimum wage is continuing, as exhibited by a demonstration that took place in a district near the capital, Bekasi, where many Japanese companies operate. In Bangkok and its outskirts, the daily minimum wage was 6.8 USD as of the date of the survey. A one-time increase to 9.5 USD (39.7%) is due in April 2012. Strenuous objections still remain among the business community.

## **3. Industrial estate rents have crept up.**

China saw a rise in industrial estate and office rents (both on a monthly basis) in all the cities. Monthly housing rents for local Japanese staff presented a patchy picture. In some regions rents fell after January 2011, when the State Council announced eight policy programs it had adopted to control overheated housing markets in urban areas, including the explicit responsibility of local governments for curbing rises in real estate prices, as local authorities took action accordingly. In December, the Central Economic Work Conference presented a policy of maintaining the programs introduced to control real estate transactions and bring down the price of housing to a reasonable level. This policy is expected to restore a level of stability in house prices that will last.

In Singapore, the sales price of land in industrial estates on a per square meter basis rose in 2011 to a range between 190 USD and 651 USD from one between 144 USD and 494 USD in the previous year. Monthly housing rents for local Japanese staff leveled off at a range of 2,636 USD - 6,977 USD after rising continuously for years. In December 2011, the government of Singapore announced measures it had adopted to control speculative transactions in the residential property market, including an additional tax on the purchase of houses by foreign nationals. A fall in the price of housing is expected. Indonesia saw a rise in the sales price of land in industrial estates to a range between 164 USD and 196 USD per square meter, double the level at the end of 2010. Industrial estates around Jakarta had substantially no vacant lots. The southern part of Vietnam saw strong demand for land among companies again in 2011, and the sales price of land in industrial estates (long-term lease) rose from 85 USD a year before to 105 USD, an increase of 23.5%.

## **4. Emerging Cities: Wuhan, Vientiane, and Ahmedabad**

Wuhan is the capital of Hubei, a province of China. Since 2003, when Nissan, Honda, and other Japanese automakers started operations there, many automobile-related businesses

expanded into the city. Industrial estate rents there are lower than in many cities in China. However, wages Japanese companies pay in this inland city are as high as in the coastal region, as seen in the base salary for workers in the manufacturing sector, 333 USD.

Laos is active in the development of natural resources and infrastructure. Some foreign manufacturing companies have also expanded into the country. In its capital, Vientiane, the minimum wage was set at a low level, of 78 USD. Wages for engineers and managers (manufacturing sector) were also low at 218 USD and 361 USD, respectively. Thanks to the construction of dams, the electric power rate is as low as 0.07 USD per kilowatt-hour, and a sufficient amount of water is also being supplied at a rate of 0.2 USD per cubic meter, the lowest among the cities surveyed.

Ahmedabad is the largest commercial center of the Indian state of Gujarat and is expected to play a pivotal role in the proposed Delhi-Mumbai Industrial Corridor y for workers is between 72 USD and 74 USD, as low as in Dhaka, Bangladesh.

For more information, visit  
[http://www.jetro.go.jp/en/reports/survey/pdf/2012\\_06\\_01\\_biz.pdf](http://www.jetro.go.jp/en/reports/survey/pdf/2012_06_01_biz.pdf)

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