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The site that can help you explore business opportunities with Japanese businessmen
and learn about Japanese economy and business practices

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

1. Invest Japan Symposium



From left to right

- Khun Pornsilp Patcharintanakul, Deputy Secretary-General, Board of Trade of Thailand
- Khun Visit Limprana, Vice President, The Federation of Thai Industries
- H.E. Dr. Vachara Panchet, Thai Trade Representative
- Mr. Yasuo Hayashi, Chairman & CEO, JETRO
- H.E. Khun Porntiva Nakasai, Commerce Minister
- Mr. Yamada, JETRO Bangkok President
- Mr. Yuthasak Supasorn, Director General of OSMEP
- Mr. Nagashima Tadayuki, Director General of Invest Japan Department, JETRO

JETRO Bangkok, together with Japanese and Thai governmental agencies hosted Invest Japan Symposium recently. The main purpose of Invest Japan Symposium is encouraging more Thai investment in Japan for further Thai economic growth.



2. PM Abhisit joins Japanese alumni reunion reception hosted by JETRO Bangkok



From left to right

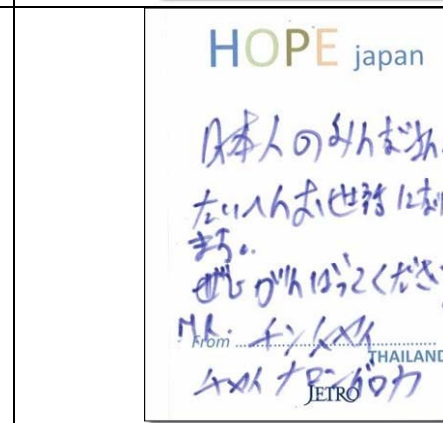
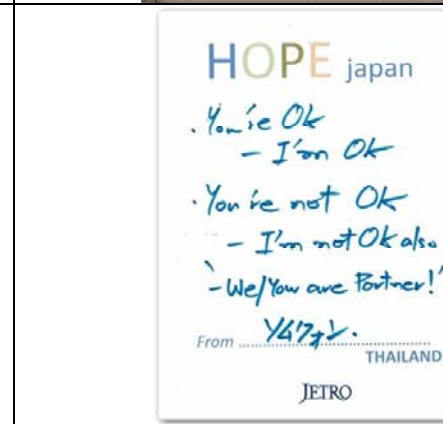
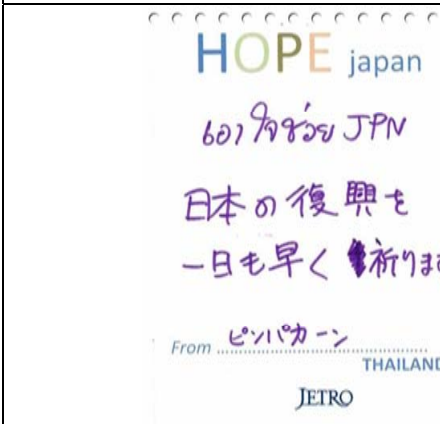
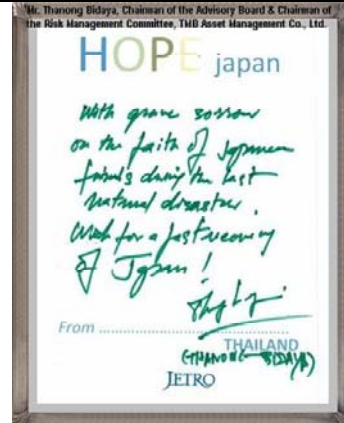
- Prof. Dr. Wiwut Tanthapanichakoon, President of Technology Promotion Association (Thailand-Japan)
- Mr. Lers Mahasuverachai, President of Japan Old Students' Association, Thailand (Under The Patronage of His Majesty The King)
- Mr. Yasuo Hayashi, Chairman and CEO of JETRO
- H.E. Prime Minister Abhisit Vejjajiva
- Mr. Seiji Kojima, Ambassador of Japan to Thailand
- Mr. Munenori Yamada, JETRO Bangkok President
- Dr. Thanong Bidaya, Chairman of the Advisory Board, TMB Asset Management Co., Ltd.

H.E. Prime Minister Abhisit Vejjajiva was present at Japanese Alumni Reunion Reception hosted by JETRO Bangkok recently. The purposes of the reunion event were to celebrate the upcoming 84th anniversary of His Majesty King Bhumibol Adulyadej, to tighten the relationship between Thailand and Japan as well as alumni network. Also at this event, guests have conveyed a message of encouragement to the Japanese going through the effects of the recent earthquake.

3. Condolence Messages from Thailand to those affected by Great East Japan Earthquake Catastrophe during Invest Japan Symposium and Japanese Alumni Reunion Reception organized by JETRO

As seen below, H.E. Prime Minister Abhisit Vejjajiva and H.E. Khun Porntiva Nakasai, Commerce Minister including distinguished guests and participants of Invest Japan Symposium and Japanese Alumni Reunion Reception joined in conveying condolence and encouragement messages to those affected by great catastrophe in North Eastern of Japan.





3. JETRO's support on Logistics Qualification System Program: LQSP (Certified Logistics Professional)

Thai National Shippers Council (TNSC), in collaboration with Japan Institute of Logistics System (JILS) and JETRO have set up the Logistics Qualification System Program (LQSP) by using the content and the qualification system of Japan (物流技術管理士:Certified Logistics Master Course) as a model with minor adaptation to suit the industrial environment in Thailand.

The program, which will be organized during July to October, every year, will be "The Training Course for Middle Management" or Certified Logistics Professional. The course mainly focuses on "the development of competitiveness in policy planning and optimization of logistics management" by providing training and group activities to enhance capability in problem solving and logistics activities planning. The application period is from May-July 2011.

Feedback from LQSP Alumni Class 1 and 2

"The course helps enhance my logistics management knowledge and it provides opportunities to meet new friends from different business, but most importantly, I have learnt to look at a problem from various aspects" **Mr. Bandith Suthisoontarin , Assistant Manager of Export & Import Forwarding Group , NYK Logistics (Thailand) Co., Ltd. LQSP Alumni Class 1.**

"The course teaches me how to work with others. The knowledge gain from this course can be used as reference to improve my work for the benefit of my organization by focusing on teamwork" **Mr. Boonsin Pornpunyalert, Warehouse & Transportation Manager, Bangkok Glass Co., Ltd. LQSP Alumni Class 1.**

"The course provides a comprehensive theory and intensive experiences of all lecturers. The group work in various exercises helps us to meet new friends from different business" **Mr. Watis Plengjindarueng, Business Support Team Manager, NYK Logistics (Thailand) Co., Ltd. LQSP Alumni Class 2.**

"The knowledge gain from all lecturers is highly beneficial to improve our work. The workshop session provides a good opportunity to do things that we have never done before, it is really a great experience and it helped create better understanding. Moreover, I meet with new friends who worked in logistics field and they can give me valuable advice. It is like building up a small network, I am very impressive of friendship and kindness from lecturers and friends and everybody concerned in organizing this course. Thank you so much for such an excellent course." **Ms. Kornkaew Lumlertlucksanachai, Logistics Manager, Neomed Supply Co., Ltd. LQSP Alumni Class 2.**

LQSP was initiated in 2008. Until now, almost 150 middle managers attended the course.

For more information, visit www.tnsc.com



Recent Publications

Magazines:



1. Japan Spotlight, January/February 2011

Publisher's Note	~ 2011: Year for Challenges:(By Noboru HATAKEYAMA (Chairman/CEO, Japan Economic Foundation)) http://www.jef.or.jp/journal/jef_contents_free.asp?c=3864
Topics	~ -APEC to Spur Freer Trade with "Yokohama Vision" ~Japan to Build 2 Nuclear Reactors in Vietnam ~Rate of Job-landing Univ. Students Lowest on Record:(By Hiroshi OKABE (Chief editor, Economic News Section, Kyodo News)) http://www.jef.or.jp/journal/jef_contents_free.asp?c=3865
Cover Story	~ NGOs - Key Players in Fighting Global Environmental Challenges:(http://www.jef.or.jp/journal/jef_contents_free.asp?c=3867 ~ 1 Greetings from Club of Rome Celebrating Launch of Club's Japan Chapter:(By Ian JOHNSON (Secretary general, the Club of Rome)) http://www.jef.or.jp/journal/jef_contents_free.asp?c=3868 ~ 2 High Hopes on Club of Rome's Revived Japan Chapter:(By Shuji KATAYAMA (Executive director, Japan Techno-Economics Society)) http://www.jef.or.jp/journal/jef_contents_free.asp?c=3869 ~ 3 Ecosystem Services for Sustainability Valuable, Vital & Overlooked:(By Pavan SUKHDEV (special adviser and head of UNEP's Green Economy Initiative), Florian EPPINK & Kaavya VARMA (The Economics of Ecosystems Biodiversity (TEEB))) http://www.jef.or.jp/journal/jef_contents_free.asp?c=3870 ~ 4 The Blue Economy:(By Gunter PAULI (Founder, ZERI (Zero Emissions Research and Initiatives))) http://www.jef.or.jp/journal/jef_contents_free.asp?c=3871 ~ 5 International Year of Biodiversity Nagoya Summit & Beyond:(By Ahmed DJOGHLAF (Executive secretary, the Convention on Biological Diversity)) http://www.jef.or.jp/journal/jef_contents_free.asp?c=3872 ~ 6 Reform Food Production to Save Ecosystems & Biodiversity:(By Janet RANGANATHAN (Vice president for science and research, the World Resources Institute (WRI)) & Frances IRWIN (Co-author of the World Resources Institute's publications)) http://www.jef.or.jp/journal/jef_contents_free.asp?c=3873 ~ 7 Can REDD-plus Save Asia's Tropical Rainforests?:(By Henry SCHEYVENS (Director, Natural Resources Management Group, Institute for Global Environmental Strategies)) http://www.jef.or.jp/journal/jef_contents_free.asp?c=3874 ~ 8 Biodiversity Convention & NGOs How to Help Solve Environmental Problems:(By Hidenori KUSAKARI (Secretary to chief executive officer, WWF Japan)) http://www.jef.or.jp/journal/jef_contents_free.asp?c=3875 ~ 9 Role of NGOs for Biodiversity Convention :(By Tetsu HATTORI (Member, Steering Committee, Japan Civil Network for the Convention on Biological Diversity)) http://www.jef.or.jp/journal/jef_contents_free.asp?c=3876
Special Article	~ Egypt-Japan Partnership

	<p>Futuristic Vision:(By Walid Mahmoud ABDELNASSER (Ambassador, the Arab Republic of Egypt to Japan)) http://www.jef.or.jp/journal/jef_contents_free.asp?c=3878 ~ Invest More in Health & Education Swedish Ambassador Advises Japan:(Interviewer: Jillian YORKE (Freelance translator, writer and editor)) http://www.jef.or.jp/journal/jef_contents_free.asp?c=3879 ~ Impact of US 2010 Elections:(By Harald MALMGREN (Former US deputy trade representative and Senate advisor)) http://www.jef.or.jp/journal/jef_contents_free.asp?c=3880 ~ No Stoppgap Measures Effective Accept Foreign Labor for Fiscal Resuscitation, Economic Growth:(By Kazumasa OGURO (Associate professor, Institute of Economic Research, Hitotsubashi University)) http://www.jef.or.jp/journal/jef_contents_free.asp?c=3881</p>
Viewpoint	<p>~ Japan Kaleidoscope:(By Mohan GOPAL (Market-entry consultant with Camel International Group)) http://www.jef.or.jp/journal/jef_contents_free.asp?c=3884</p>
Asian View	<p>~ Environmental Security:(By Mignonne CHAN (Assistant professor at the Graduate Institute of the Americas, Tamkang University, Taiwan)) http://www.jef.or.jp/journal/jef_contents_free.asp?c=3882</p>
Personal Profile	<p>~ Interview with Mitsuhsia Ishikawa, president & CEO, Production I.G, Inc. Japanese Anime Evolving :(Interviewer: Yoshihiro KATAOKA (Writer) http://www.jef.or.jp/journal/jef_contents_free.asp?c=3883</p>
Promenade	<p>~ Art of Iai Offers Clue to Japan's Soul:(By Natsuko TOYODA (JEF)) http://www.jef.or.jp/journal/jef_contents_free.asp?c=3885</p>
Culture	<p>~ 14. Unseen Face of Justice:(By Naofumi KANEKO (Chief editor, Cultural News Section, Kyodo News)) http://www.jef.or.jp/journal/jef_contents_free.asp?c=3877</p>
Keeping up with Times	<p>~ Globally Pioneering Ecologist: Kumagusu Minakata (1867-1941) Thought of Diversity from Buddhist World:(By Isao ADACHI(Commentator, Jiji Press)) http://www.jef.or.jp/journal/jef_contents_free.asp?c=3866</p>





2. Japan Spotlight, March/April 2011

Publisher's Note	~ China's Rise in GDP Ranking http://www.jef.or.jp/journal/jef_contents_free.asp?c=3891
Topics	~ ODA Policy Geared to "Growth Strategy"/Fewer Japanese Students Abroad/India No. 1 Investment Destination http://www.jef.or.jp/journal/jef_contents_free.asp?c=3892
Cover Story	~ 1 Aging Society: Turning Challenge into Opportunity http://www.jef.or.jp/journal/jef_contents_free.asp?c=3897 ~ 2 Targeting "Elderly Market" for Growth Strategy via Regulatory Reform http://www.jef.or.jp/journal/jef_contents_free.asp?c=3898 ~ 3 Aging & Pensions in EU http://www.jef.or.jp/journal/jef_contents_free.asp?c=3899 ~ 4 Interview with Paul Segas, founder & co-owner, Highlands Winery Secret to Long & Vibrant Life Love of Wine & Passion for Innovation http://www.jef.or.jp/journal/jef_contents_free.asp?c=3900 ~ 5 "Healthy Management" to Bring Happiness to Employees & Employers http://www.jef.or.jp/journal/jef_contents_free.asp?c=3901 ~ 6 Fast-Aging East Asia: Lessons from Japan? High Hopes for Closer Regional Cooperation http://www.jef.or.jp/journal/jef_contents_free.asp?c=3902 ~ 7 Demographic Trends Cloud China's Long-Term Economic Outlook http://www.jef.or.jp/journal/jef_contents_free.asp?c=3903 ~ 8 "Cast me if you can" Romantic Comedy Bridging Generations http://www.jef.or.jp/journal/jef_contents_free.asp?c=3904
Special Article	~ 1 Club of Rome Conference on Concerted Strategies for International Development http://www.jef.or.jp/journal/jef_contents_free.asp?c=3905 ~ 2 How Best to Build Japan's Future Path in Asia http://www.jef.or.jp/journal/jef_contents_free.asp?c=3906 ~ 3 Japan's Outreach at Crossroads Trilateral All-Japan Strategy Needed http://www.jef.or.jp/journal/jef_contents_free.asp?c=3908 ~ 4 APEC in Yokohama: A US View http://www.jef.or.jp/journal/jef_contents_free.asp?c=3907
Viewpoint	~ 1 View from Ambassador of Chile to Japan San Jose Mine: Japan Was There, All the Time http://www.jef.or.jp/journal/jef_contents_free.asp?c=3909 ~ 2 Interview with Yog Kapoor, President, Samrat Restaurant Chain Indian Pioneer in Japan Forging Bilateral Links http://www.jef.or.jp/journal/jef_contents_free.asp?c=3910 ~ 3 Japan-India Connections Through Ages http://www.jef.or.jp/journal/jef_contents_free.asp?c=3911
Information	~ Institute de Recherche@Maison Franco-Japonaise http://www.jef.or.jp/journal/jef_contents_free.asp?c=3895
Asian View	~ Improving Japan's Image in Southeast Asia http://www.jef.or.jp/journal/jef_contents_free.asp?c=3912
Keeping up with Times	~ Information Leaks & Age of Personal Media http://www.jef.or.jp/journal/jef_contents_free.asp?c=3894
Promenade	~ International Organizations & Japanese http://www.jef.or.jp/journal/jef_contents_free.asp?c=3913
Culture	~ Air of Divided Society http://www.jef.or.jp/journal/jef_contents_free.asp?c=3893

Events in Japan

1. Establishment of "Business Hotline" for business emergency due to the Tohoku Pacific Earthquake in 2011

We, at JETRO, would like to offer our deepest condolences to the persons affected by the Tohoku Pacific Earthquake, on March 11th, 2011.

JETRO has established an emergency hotline for foreign companies in Japan who have business concerns/difficulties due to the Tohoku Pacific Earthquake. The consultation is limited to international business issues and items related to company operations in Japan (e.g. tax accounting issues, human resources, etc.).

Please contact:
JETRO Invest Japan Department
(TEL:03-3582-5410,
Email: BizHotline@jetro.go.jp)



2. JETRO Signs MOU with the Economic Research Institute for ASEAN and East Asia (ERIA), Pledging Increased Support of the International Organization

On February 17th, JETRO signed a memorandum of understanding (MOU) with the Economic Research Institute for ASEAN and East Asia (ERIA), an international organization focused on policy research and formulation centered on advancing East Asian economic integration. Under the MOU, JETRO will strengthen its support of ERIA's activities such as policy recommendations and boost its collaboration in other areas.

JETRO's objectives in signing the MOU include:

~ Strengthening networks in ASEAN and East Asia by promoting collaboration with ERIA and enhancing JETRO's involvement in the region,

which is increasingly playing a vital role in the world economy.

~ Advancing the level of policy research activities of the Institute of Developing Economies, Japan External Trade Organization (IDE-JETRO) through synergy effects of combining research efforts. (The first joint project under the MOU in 2011 will include IDE-JETRO, ERIA and the United Nations Industrial Development Organization (UNIDO) and focus on "Green Economy and Innovation.")

~ Helping to raise East Asia's business-friendly level—and thereby promoting economic integration—by encouraging ERIA to research business issues faced by Japanese companies as policy-related themes common to firms in ASEAN and East Asia. JETRO will collect voices of Japanese companies operating in the region, utilizing its extensive network in East Asia.

~ Promoting ERIA's plan for an advanced library, a potential research infrastructure in the East Asian region. The plan is to build a digitalized library with an electronic archive system (institutional repository). The system would archive and exhibit ERIA's past research achievements. For its part, JETRO will promote collaboration between the ERIA library and the region's research libraries, including the IDE-JETRO library.

In addition to supporting ERIA in its foundation and operations, JETRO has supported ERIA on various research projects, such as the "Comprehensive Asia Development Plan." Under the MOU, JETRO will deepen such support, in particular in the policy research field, with the aim of enhancing its contribution to the region's economic integration.



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 now available on the JETRO website.

Japan Earthquake Information

For the full report, visit:

<http://www.jetro.go.jp/en/earthquake/>

Downloading Invest Japan Symposium Presentation Handouts

For the full report, visit:

<http://www.jetro.go.jp/thailand/topics/20110321903-topics>

Exploring Japan

Highlights of Results of JETRO's Latest Survey on International Operations of Japanese Firms released on March 8, 2011

The survey, conducted between November and December 2010, received valid replies from 1,002 firms, or 32.5% of 3,080 JETRO member firms* sent questionnaires. Firms were polled on their trade operations and relevant issues, utilization of free trade agreements (FTAs), domestic and overseas business operations and views on business development in China and Asia's business environment.

1. Expanding business overseas, especially in Asia

- **China and other East Asian countries are important business partners, especially for SMEs.**
 - ~ 66.2% of respondent firms have overseas bases, while 82.5% engage in export business either directly or indirectly. More SMEs (84.3%) engage in exports than large-scale companies, contrary to the case of deploying overseas bases, where only 55.7% of SMEs have overseas bases and 81.3% of large-scale firms have at least one base.
 - ~ Asian economies are main destinations for exported goods and services as well as locations for overseas bases. Operations of SMEs, in particular, show high concentrations in China and other East Asian economies.

2. Sales bases in China continue to increase

- **Production bases in Southeast Asia have also expanded.**
 - ~ Many countries are showing an upward trend in the number of sales bases. In China alone, 363 firms have sales bases, a 5.6-point increase over last year. This means that more than half of those with overseas bases, or over 30% of total respondent firms, have sales bases in China.
 - ~ In the case of production bases, the proportion of firms producing in China decreased slightly from the previous year, while the proportion in ASEAN countries, such as Thailand, Indonesia, and Vietnam increased over last year.

3. SMEs show a positive stance toward exports

- **Three quarters of SMEs plan to expand or start exports.**
 - ~ The majority of firms are trying to expand their export businesses, in particular SMEs. According to the survey, 67.7 % of SMEs will try to expand their exports and 6.7 % show a willingness to engage in export business. In total, 74.6% of SMEs are positive on export business, which outnumbered large-scale firms. By industry, textiles/clothing, medical products & cosmetics were among those sectors showing a strong will to increase or begin their export business.
 - ~ To promote their export business, most firms recognized that they need to gather information on market needs and local trade regulations, and to expand their sales and distribution networks. SMEs feel the need to find new buyers for their goods more than large-scale firms.

4. Tariffs and multiple regulations seen as obstacles

- **Tariffs and numerous rules and regulations in BRICs and other economies are cited as obstacles for exports.**
 - ~ When asked to point out obstacles for export business, such as tariff and non-tariff barriers, 246 firms cited 395 inhibiting factors. China, India, Brazil and many other names were cited. It can be said that, compared to the proportion of export destination, BRIC economies, Russia, tend to be mentioned frequently for which such factors exist.
 - ~ As for the types of obstacles recognized by respondents, the most frequent issues are those related to tariffs. In addition to China, many identified Brazil and India as countries with high tariff rates. Some mentioned their expectations for the EPA with India to come into force as soon as possible.
 - ~ In addition to the tariffs, many firms voiced their concerns over the many types of rules and regulation in the BRICs and other economies.

5. Steady progress seen in utilization of Japan's FTAs

- **37.9% of firms are utilizing/considering the utilization of FTA preferential tariff rates.**
 - ~ Focusing on the utilization of Japan's major free trade agreements (FTAs) in effect, namely with Mexico, Malaysia, Chile, Thailand, Indonesia, the Philippines, Vietnam, 31.4% of the 580 firms in manufacturing and trade & wholesale/retail industries (182 firms), which have export business with any of the above FTA

partner countries, and 33.0% of the 306 firms which have import business with any of the economies are utilizing preferential tariff rates under the FTAs. Among all respondents, including those not engaged in trade, 37.9% are either utilizing or considering utilizing the FTAs, and trend that has been increasing in past five years.

~ By industry, a large portion of firms are utilizing preferential tariffs in industries such as ceramics/earth & stones (47.1%), cars/car parts/other transportation machinery (44.2%) and chemicals (38.8%).

6. Utilization of FTAs takes root in trade of Japanese companies

- **The Japan-Thailand FTA is continuously used by the greatest number of firms.**

~ Examining the utilization status of each FTA (imports from/exports to partner country/region), the utilization rate of FTAs by exporting firms with highest for the Japan-Chile FTA (firms was highest for the Japan-Chile 36 out of 102 firms or 35.3%). By number of firms the Japan-Thailand FTA was the largest, with 137 out of 470 firms (29.1% in percentage) citing usage. As for the FTA utilization rate for importing firms, the Japan-Thailand FTA lead both for the number of firms (60 out of 219 firms) and utilization rate (27.4%), followed by the Japan-Vietnam FTA, with 37 out of 138 firms or 26.8%.

- **The most common reason for firms not utilizing FTAs was that tariffs on exporting goods were already non-existent.**

~ Focusing on the reason for not utilizing FTAs in exports from Japan, "no need to use FTA since the applied tariff rate at the destination country is already zero" was the most common reason with 75 out of 331 firms, or 22.7%. "Not aware of the FTAs/EPAs system" came in second with 20.5% (68 firms), which was particularly marked among SMEs (51 out of 183 firms, 27.9%).

7. Variety of industries utilize FTAs in exports

- **Industries such as cars/car parts/other transportation machinery and ceramics/earth & stones are the leading users.**

~ Looking at the utilization rates of each FTA by exporters, manufacturers such as cars/car parts/other transportation machinery, ceramics/earth & stones, coal & petroleum products/plastics/rubber products and iron & steel/non-ferrous metals/metal products stood out most in the below rankings.

~ For imports, industries such as food & beverages, trade & wholesale, retail and textile/clothing are the main users of the FTAs. Compared to exports, importing industries utilizing FTAs are narrow in variety.

8. High expectations for conclusion of FTAs with major trading partners

- **Consideration of utilizing ASEAN-India FTA stands out among third country/region FTAs.**

~ Among third-party FTAs in effect in the Asia/Pacific region, the ASEAN Free Trade Area (AFTA) is the most frequently used FTA with 64 out of 198 or 32.3% of the firms engaged in trade within the region, followed by the Thailand-Australia FTA, with 19 out of 70 firms (27.1%), and the ASEAN-India FTA, with 22 out of 103 firms (21.4%). Over 50% of the firms are either utilizing or considering utilization of the ASEAN-India FTA which has just came into effect in January 2010.

- **Conclusion of the TPP and the Japan-China FTA are highly expected from the business community.**

~ Focusing on potential FTAs which would have positive impact on business if concluded, nearly half of respondents answered in favor of the Trans-pacific Partnership Agreement (TPP), with 48.4%, and the Japan-China FTA, with 47.6%. A trade deal with the EU came in third at 32.5%. This shows high expectation for the conclusion of FTAs with Japan's major trading partners. "Others" include Brazil and India (the Japan-India FTA was signed in February 2011).

9. Plans to expand overseas operations surge

- **Around 70% respondents 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, firms planning to expand overseas operations surged from 56.0% in the previous survey to 69.0%. By scale of firms, large-scale companies increased by 10.8 percent points from 62.4% to 73.2%, and SMEs by 14.1 points from 51.9% to 66.0%. Meanwhile, plans to expand domestic operations slightly increased from 38.8% to 40.7%.

~ As for industries for which long-term chronological comparisons are possible (e.g., manufacturing, trade & wholesale/retail industries), the percentage of firms planning to expand overseas operations was the highest since the survey.

10. Manufacturers proactive in expanding overseas operations

- **All of the top 10 industries with a high ratio of overseas business expansion are manufacturers.**

~ Focusing on domestic and overseas business plans by industry, 79.2% of manufacturing companies are planning to expand overseas business operation, which was overwhelmingly higher than non-manufacturers (53.9%). More than half of the manufacturers (261 out of 472, 55.3%) answered that they plan to expand overseas operation only, while over 60% of non-manufacturers (133 out of 219, 60.7%) answered that they will expand business both overseas and in Japan.

~ By industry, while the top 10 industries with a high rate of plans to expand overseas operation were exclusively covered by manufacturers, half of the top 10 industries with high rates of plans to expand overseas non-manufacturers.

- **Expansion of sales operations, production of mid- to low-end products and regional headquarters functions keeps upward trends.**

~ Focusing on domestic and overseas business plans by function, the majority of firms are strongly expanding sales operation both overseas and in Japan. In overseas bases firms expanding production of mid-to-low-end products, R&D (for localization of products) regional headquarters and logistics functions. In Japan, the ratio of production of high-end products and R&D in general remain high.

11. Diversification is the keyword in overseas business strategies

Figure 4-12: Country/region rankings by function on expansion planned (in the next three years or so)

Sales operations					Production (mid- to low-end products, high-end products)					Production (mid- to low-end products)					Production (high-end products)					R&D (primary research, new product development, localization)					R&D (secondary research)				
Rank	Country or Region	FT2009 rank	FT2010 survey	Change from FT2009	Rank	Country or Region	FT2009 rank	FT2010 survey	Change from FT2009	Rank	Country or Region	FT2009 rank	FT2010 survey	Change from FT2009	Rank	Country or Region	FT2009 rank	FT2010 survey	Change from FT2009	Rank	Country or Region	FT2009 rank	FT2010 survey	Change from FT2009	Rank	Country or Region	FT2009 rank	FT2010 survey	Change from FT2009
1	China	(1)	61.1	1.4	1	China	(1)	37.8	-1.0	1	China	(1)	31.7	3.1	1	China	(1)	16.5	-2.6	1	China	(1)	15.4	-0.6	1	China	(1)	3.0	-0.1
2	Thailand	(4)	24.9	6.0	2	Thailand	(2)	15.6	4.7	2	Thailand	(2)	12.1	3.6	2	Thailand	(2)	8.5	3.3	2	United States	(2)	5.7	0.6	2	Thailand	(2)	1.5	1.3
3	India	(3)	21.8	2.0	3	Vietnam	(3)	8.5	-0.2	3	Vietnam	(3)	7.8	1.0	3	Taiwan	(7)	3.6	1.9	3	Thailand	(3)	5.5	1.2	3	United States	(3)	1.5	0.9
4	United States	(2)	19.9	-3.0	4	India	(4)	7.8	0.6	4	Indonesia	(5)	5.9	2.6	4	United States	(3)	3.6	-0.5	4	Western Europe	(4)	5.3	1.2	4	Singapore	(7)	0.8	0.6
5	Vietnam	(6)	19.2	3.6	5	Indonesia	(6)	7.0	3.1	5	India	(4)	5.9	0.0	5	Western Europe	(6)	3.2	1.1	5	Republic of Korea	(8)	3.8	1.7	5	Western Europe	(2)	0.8	0.0
6	Republic of Korea	(7)	18.8	4.2	6	Taiwan	(8)	6.3	2.8	6	Republic of Korea	(6)	4.4	2.4	6	Republic of Korea	(9)	2.5	1.1	6	Taiwan	(7)	3.6	1.3	6	Taiwan	(7)	0.6	0.4
7	Western Europe	(5)	16.5	-2.0	7	United States	(5)	6.3	0.8	7	United States	(8)	4.2	2.2	7	Singapore	(14)	2.3	1.9	7	India	(6)	3.0	0.3	7	Republic of Korea	(3)	0.4	-0.2
8	Indonesia	(10)	16.3	5.8	8	Republic of Korea	(9)	6.1	2.8	8	Taiwan	(7)	4.0	1.8	8	Vietnam	(8)	2.5	-0.5	8	Singapore	(10)	2.7	1.1	8	Hong Kong	(6)	0.2	-0.2
9	Taiwan	(8)	15.6	2.5	9	Malaysia	(10)	4.4	1.6	9	Malaysia	(9)	3.4	0.5	9	India	(9)	2.5	0.3	9	Vietnam	(5)	2.1	-1.0	9	Vietnam	(2)	0.2	0.0
10	Singapore	(9)	11.6	0.5	10	Western Europe	(6)	4.2	0.3	10	Western Europe	(8)	2.1	0.1	10	Malaysia	(14)	2.1	1.5	10	Hong Kong	(11)	1.9	0.7	10	Hong Kong	(11)	1.9	0.7
11	Malaysia	(13)	11.0	3.4	11	Singapore	(12)	3.0	0.9	11	Brazil	(11)	1.9	0.3	11	Indonesia	(10)	2.1	0.9	11	Indonesia	(9)	1.5	-0.4	11	Indonesia	(3)	0.2	-0.4
12	Brazil	(12)	10.4	2.5	12	Hong Kong	(13)	2.3	0.7	12	Hong Kong	(15)	1.7	0.9	12	Hong Kong	(10)	1.5	0.2	12	Russia & CIS	(14)	1.3	0.7	12	India	(7)	0.2	0.0
13	Hong Kong	(11)	8.9	-0.8	13	Brazil	(13)	2.1	0.5	13	Singapore	(11)	1.3	-0.4	13	Russia & CIS	(17)	0.6	0.4	13	Malaysia	(12)	1.1	0.0	13	Brazil	(14)	0.2	0.2
14	Russia & CIS	(15)	8.2	1.2	14	Philippines	(15)	1.7	0.3	14	Philippines	(14)	1.3	0.0	14	Philippines	(16)	0.4	0.0	14	Canada	(14)	1.1	0.4	14	Central & Eastern Europe	(14)	0.2	0.2
15	Middle East	(14)	7.2	0.0	15	Russia & CIS	(18)	1.5	0.7	15	Russia & CIS	(15)	0.8	0.0	15	Canada	(12)	0.4	-0.6	15	Brazil	(12)	1.1	0.0	15	Russia & CIS	(7)	0.2	0.0
16	Central & Eastern Europe	(16)	5.5	-0.9	16	Canada	(17)	1.1	-0.2	16	Canada	(19)	0.6	0.4	16	Brazil	(20)	0.4	0.4	16	Central & Eastern Europe	(14)	0.8	0.2	16	Malaysia	(7)	0.0	-0.2
17	Other Central & South America	(19)	3.8	1.1	17	Middle East	(15)	1.1	-0.4	17	Central & Eastern Europe	(13)	0.6	-0.8	17	Middle East	(12)	0.4	-0.6	17	Middle East	(14)	0.8	0.2	17	Canada	(14)	0.0	0.0
18	Philippines	(21)	3.6	-2.2	18	Central & Eastern Europe	(11)	0.8	-1.4	18	Middle East	(15)	0.6	-0.2	18	Mexico	(20)	0.2	0.2	18	Philippines	(14)	0.4	-0.2	18	Mexico	(14)	0.0	0.0
19	Africa	(18)	3.6	0.7	19	Other Central & South America	(19)	0.6	0.2	19	Other Central & South America	(19)	0.4	0.2	19	Other Central & South America	(17)	0.2	0.0	19	Mexico	(19)	0.4	0.2	19	Other Central & South America	(14)	0.0	0.0
20	Mexico	(20)	2.7	1.1	20	Africa	(21)	0.4	0.2	20	Africa	(21)	0.4	0.4	20	Central & Eastern Europe	(7)	0.2	-1.4	20	Other Central & South America	(20)	0.2	0.2	20	Middle East	(14)	0.0	0.0
21	Canada	(17)	1.9	-1.2	21	Mexico	(19)	0.2	-0.2	21	Mexico	(18)	0.0	-0.4	21	Africa	(17)	0.0	-0.2	21	Africa	(20)	0.0	0.0	21	Africa	(14)	0.0	0.0

Note 1: Of the respondents which plan to expand overseas/domestic businesses, those which have not specified the functions to expand are excluded from the number of respondents (n). (FT2009: n=436, FT2010: n=472)

- **Upward trend of Emerging Asian countries stand out.**

~ Focusing on countries/regions where firms are planning to expand business and their functions, China ranked highest across all functions for third straight year. However, in China, growth of the expansion rate lessened compared to previous survey in some functions such as production and R&D. Many firms are expanding sales operations, especially in ASEAN countries, South Korea, Brazil and India. It may be said that target countries to expand overseas operations are diversifying as a general trend.

- **More cases of transfer of production base were reported for ASEAN than to China.**

~ 16.9 % of respondent firms, or 169 firms, have conducted or plan to conduct realignments of production bases and related functions in the past or coming two to three years. Compared with the FY 2006 survey, the total number of realignment cases decreased but a more diversified pattern of overseas bases deployment is reported. Out of 232 reported cases, the percentage of transfers from Japan decreased its proportion, from 67.9% in FY 2006 to 50.9% in FY 2010, while transfers from China or ASEAN increased. As for the destination of the transfers, the transfer cases destined for China decreased from 49.4 % to 32.8% and was outnumbered by the cases for ASEAN, which increased from 30.0% to 33.6%.

~ Individual cases also showed diversified trends where the transfer cases from Japan to China decreased from 37.4% to 22.0% and those from Japan or China to Viet Nam increased. Toward ASEAN countries, 44 cases from Japan and 19 cases from China were reported, in which production function of mid- to low-end products are mainly transferred.

- **Diversified overseas base strategy including “China plus one.”**

~ As for industries, many realignment cases were reported in electrical equipment, textiles/clothing, cars/car parts/other transportation machinery. In textiles/clothing, cases from China to ASEAN and other Asian economies are noticeable compared to other sectors. In the case cars/car parts/other transportation sector, there were several cases of transferring production bases from Japan to ASEAN countries, but no case was reported from China to other countries.

~ Out of total 232 cases, the cases to transfer production function of mid- to low-end products consisted of about 70%, which is more common among transfers from Japan. In the case of the transfers from China, the production function of high-end products tend to be transferred.

~ As for reasons for realignment, increasing production costs ranked at the top. It consisted of half of the reasons for transfer from China, but “concentration risks” was also cited by many firms (28.9%). On the other hand, 17.8% of those transferring their bases from Japan cited “concentration merit” as the reason for their move. These answers imply that, while there is a move towards “China +1,” the momentum does not dominate the trend. Rather, it appears that Japanese firms apply diversified strategies in deploying their overseas business.

12. Growing awareness of the need of M&A

- **Establishment of new overseas bases is the most frequently used form of overseas business development and reorganization.**

~ Focusing on the methods for development and reorganization of overseas business operations, “establishment of new overseas bases” was used among the respondents, at 48.1%, followed by “additional investment to the existing overseas bases” with 36.6%. Large-scale companies showed a more positive attitude towards the use of mergers and acquisitions (M&As) than did SMEs.

- **Expansion of overseas market is the main purpose of using M&As.**

~ As for the purpose of utilizing outward M&As, the majority of respondents cited the expansion of overseas markets as the main objective. These answers include expansion of overseas market in the target company’s location” (78.2%) and expansion of overseas market using target company’s sales channel in third countries” (31.5%). More than 40% of respondent firms answered that utilization of outward M&As is a strategy necessary for overseas business development. This trend was more prominent among large-scale companies.

13. Firms plan to expand local market sales share

- **Bipolarization observed in the share of local market sales in overall overseas sales.**

~ Focusing on sales targets in overseas markets, among the 685 respondents with overseas sales in FY2009, 35.0% answered that their share of sales to firms other than local Japanese affiliates (hereinafter referred to as local market sales) fall in the highest range of 75-100%, followed by the lowest range of 0-25%, indicating a bipolarization trend in the local market sales share. In terms of plans for the next three years or so, 62.5% (428 firms) indicated they would increase the share of local market sales.

14. Continued high interest in expanding business in China

- **Firms planning to expand existing operations or start new business continued to increase.**

~ 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 4.5 points over the previous year to 65.1%, showing a high interest in China business for the second straight year. With regard to business risk in China over the past year, 52.7% of respondent companies believe that risks have “increased.” However, of the companies that answered “increased,” those who are “considering expansion of existing business or exploration of new business” account for most.

- **Large firms establish or expand sales offices, SMEs plan to increase exports.**

~ As details of China business expansion percentage of firms to increase exports rose by 5.0 to 58.6%, continuing to expand. The percentage planning to expand/start sales bases increased to 40.5%. By company size, the percentage of large firms planning to expand/start sales bases hit the highest level, at 52.8% while 67.8% of SMEs plan to increase exports, pulled away significantly from those planning to expand/start sales bases (29.9%).

15. Growing concern about rising labor costs

- **The percentage of those who replied “Labor costs are high or rising” increased.**

~ In a question asking about risk and issues for doing business in major Asian countries (China, India, Indonesia, Malaysia, Philippines, Singapore, and Vietnam), those who replied “costs are high or rising” rose Thailand Labor rising in China sharply to 46.2%, an increase of 17.0 points compared to the previous survey; a rise was also seen in Singapore and Thailand. In addition, nearly all of the countries, (China was the exception) saw a significantly lower percentage of respondents citing “High FOREX risk.”

• **Issues in infrastructure remain in India and Vietnam.**

~ In China, issues relating to legal and other systems, including “problems with protection of intellectual property rights” and “underdeveloped legal system/problems with legal operation,” remain persistent. In India, Viet Nam, Indonesia and Philippines, concerns about “inadequate infrastructure” are ranked as the highest concern. Particularly in India and Vietnam, this issue has been ranked at the top for five consecutive years by manufacturing, trade & wholesale/retail industries.

16. Risks and issues of major Asian countries (all industries)

Figure 6-2: Risks and issues for doing business in major Asian countries (all industries)

China				Thailand				Indonesia						
Rank		FY2010	FY2009	FY2008	Rank		FY2010	FY2009	FY2008	Rank		FY2010	FY2009	FY2008
1	(1) Problems with protection of intellectual property rights	60.0	57.4	55.7	1	(2) Labor costs are high or rising	19.8	16.0	18.8	1	(1) Inadequate infrastructure	34.0	27.7	29.9
2	(2) Underdeveloped legal system, problems with legal operation	56.1	53.1	55.7	2	(1) High forex risk	19.1	20.4	23.1	2	(3) Underdeveloped legal system, problems with legal operation	24.4	19.9	22.6
3	(4) Labor costs are high or rising	46.2	29.2	42.4	3	(3) Labor issues	15.2	10.8	7.9	3	(2) High forex risk	21.0	26.2	32.6
4	(3) Labor issues	41.8	29.7	32.6	4	(5) Inadequate infrastructure	11.6	9.4	10.3	4	(6) Lack of clustering or development of related industries	15.0	7.8	10.6
5	(5) Tax-related risks or issues	29.3	28.0	30.6	5	(2) Underdeveloped legal system, problems with legal operation	8.5	10.8	10.1	5	(5) Labor issues	14.7	9.7	12.0
6	(6) High forex risk	24.9	18.8	16.6	6	(8) Lack of clustering or development of related industries	7.3	5.3	7.7	6	(4) Tax-related risks or issues	10.5	10.3	11.3
7	(7) Inadequate infrastructure	13.6	15.7	16.8	7	(6) Tax-related risks or issues	6.0	7.1	7.5	7	(7) Problems with protection of intellectual property rights	5.7	7.2	6.6
8	(8) Lack of clustering or development of related industries	5.9	5.4	4.0	8	(7) Problems with protection of intellectual property rights	4.6	6.2	6.5	8	(8) Labor costs are high or rising	4.5	4.4	8.6
Malaysia				Philippines				Singapore						
Rank		FY2010	FY2009	FY2008	Rank		FY2010	FY2009	FY2008	Rank		FY2010	FY2009	FY2008
1	(1) High forex risk	14.0	14.7	13.4	1	(1) Inadequate infrastructure	29.7	26.8	28.0	1	(1) Labor costs are high or rising	35.9	30.4	35.0
2	(2) Labor costs are high or rising	11.9	11.4	14.1	2	(5) Lack of clustering or development of related industries	16.7	11.0	17.1	2	(2) High forex risk	11.0	12.2	9.2
3	(3) Inadequate infrastructure	8.2	8.7	5.6	3	(3) Underdeveloped legal system, problems with legal operation	15.5	16.3	15.2	3	(4) Labor issues	4.1	2.2	3.3
4	(6) Lack of clustering or development of related industries	7.6	5.0	8.1	4	(2) High forex risk	13.4	18.2	12.3	4	(3) Lack of clustering or development of related industries	3.8	2.5	3.0
5	(4) Underdeveloped legal system, problems with legal operation	5.8	7.0	8.5	5	(4) Labor issues	10.5	12.0	7.6	5	(7) Underdeveloped legal system, problems with legal operation	1.7	0.9	1.3
6	(5) Labor issues	5.8	6.0	8.1	6	(8) Tax-related risks or issues	6.3	3.8	8.5	6	(5) Inadequate infrastructure	1.4	1.9	2.3
7	(7) Tax-related risks or issues	4.3	4.0	5.6	7	(6) Problems with protection of intellectual property rights	5.0	7.2	7.6	7	(6) Tax-related risks or issues	0.9	1.3	1.7
8	(8) Problems with protection of intellectual property rights	2.1	3.0	6.0	8	(7) Labor costs are high or rising	3.3	4.3	4.3	7	(7) Problems with protection of intellectual property rights	0.9	0.9	1.3
Vietnam				India										
Rank		FY2010	FY2009	FY2008	Rank		FY2010	FY2009	FY2008					
1	(1) Inadequate infrastructure	54.2	41.8	55.7	1	(1) Inadequate infrastructure	64.3	56.7	58.7					
2	(3) Lack of clustering or development of related industries	28.6	20.0	24.3	2	(2) Underdeveloped legal system, problems with legal operation	31.6	28.2	30.6					
3	(2) Underdeveloped legal system, problems with legal operation	26.7	30.8	33.8	3	(3) Tax-related risks or issues	23.2	21.8	21.0					
4	(3) High forex risk	18.3	20.0	21.3	4	(4) Labor issues	19.7	20.5	19.2					
5	(6) Labor issues	12.7	9.8	15.9	5	(6) Lack of clustering or development of related industries	28.6	14.7	15.7					
6	(5) Problems with protection of intellectual property rights	11.3	10.2	10.8	6	(5) High forex risk	18.3	19.6	18.5					
7	(6) Labor costs are high or rising	10.5	9.8	17.2	7	(7) Problems with protection of intellectual property rights	11.3	13.1	14.9					
8	(8) Tax-related risks or issues	10.5	8.9	11.5	8	(8) Labor costs are high or rising	10.5	8.0	10.7					

(n) in FY2008 China 680, Thailand 416, Indonesia 301, Malaysia 284, Philippines 211, Singapore 303, Vietnam 296, India 281
 (n) in FY2009 China 718, Thailand 437, Indonesia 321, Malaysia 299, Philippines 209, Singapore 319, Vietnam 325, India 312
 (n) in FY2010 China 792, Thailand 481, Indonesia 353, Malaysia 329, Philippines 239, Singapore 345, Vietnam 371, India 345
 Note 1 (n) indicates firms with business relationships or those considering new businesses.
 Note 2 Numbers in parentheses indicate rank in FY 2009.

17. Risks and issues of major Asian countries (manufacturing and non-manufacturing)

Figure 6-3: Risks and issues for doing business in major Asian countries (manufacturing/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					
	mfg	non-mfg		mfg	non-mfg		mfg	non-mfg		mfg	non-mfg				
1 (1)	China	25.4	23.9	1 (1)	India	63.4	66.4	1 (1)	China	53.7	60.4	1 (1)	Vietnam	28.7	28.4
2 (2)	Indonesia	23.0	16.7	2 (2)	Vietnam	53.6	55.2	2 (2)	India	30.7	33.6	2 (4)	Philippines	19.7	11.1
3 (3)	Thailand	21.6	13.7	3 (3)	Indonesia	31.8	38.6	3 (3)	Vietnam	23.6	32.1	3 (3)	India	18.9	15.9
4 (3)	Vietnam	19.8	15.7	4 (4)	Philippines	30.5	27.8	4 (4)	Indonesia	22.6	28.1	4 (2)	Indonesia	13.4	18.4
5 (4)	India	16.0	15.0	5 (6)	China	13.3	14.3	5 (5)	Philippines	13.2	20.8	5 (7)	Malaysia	8.2	6.3
6 (6)	Malaysia	15.5	10.4	6 (5)	Thailand	10.4	14.4	6 (6)	Thailand	7.3	11.1	6 (5)	Thailand	5.8	10.5
7 (7)	Philippines	13.8	12.5	7 (7)	Malaysia	9.4	5.2	7 (7)	Malaysia	5.6	6.3	7 (6)	China	5.3	7.1
8 (8)	Singapore	10.2	17.8	8 (8)	Singapore	7.1	0.0	8 (8)	Singapore	2.1	0.9	8 (8)	Singapore	4.2	7.8

Rank	Problems with protection of intellectual property rights		Rank	Labor costs are high or rising		Rank	Tax-related risks or issues		Rank	Labor issues					
	mfg	non-mfg		mfg	non-mfg		mfg	non-mfg		mfg	non-mfg				
1 (1)	China	67.6	46.1	1 (1)	China	46.5	45.7	1 (1)	China	28.7	30.4	1 (1)	China	40.6	43.9
2 (3)	Vietnam	13.5	7.5	2 (2)	Singapore	34.3	39.4	2 (2)	India	23.5	22.4	2 (2)	India	18.9	21.5
3 (2)	India	10.5	8.4	3 (3)	Thailand	20.4	18.3	3 (4)	Indonesia	9.6	12.3	3 (3)	Thailand	14.6	16.3
4 (6)	Philippines	6.0	2.8	4 (4)	Malaysia	10.3	15.6	4 (3)	Vietnam	8.0	14.9	4 (4)	Indonesia	14.2	15.8
5 (4)	Indonesia	5.9	5.3	5 (5)	Vietnam	9.3	12.7	5 (6)	Thailand	5.8	6.5	5 (5)	Vietnam	11.0	15.7
6 (5)	Thailand	4.9	3.9	6 (6)	India	7.6	4.7	6 (5)	Philippines	5.4	8.3	6 (6)	Philippines	9.0	13.9
7 (7)	Malaysia	3.0	0.0	7 (7)	Indonesia	4.6	4.4	7 (7)	Malaysia	3.9	5.2	7 (8)	Malaysia	6.0	5.2
8 (7)	Singapore	1.3	0.0	8 (8)	Philippines	3.6	2.8	8 (8)	Singapore	1.3	0.0	8 (7)	Singapore	3.0	6.4

Figure 6-4: Risks and issues for doing business in major Asian countries (manufacturing/non-manufacturing)

Rank	China		Rank	Thailand		Rank	Indonesia		Rank	Malaysia					
	mfg	non-mfg		mfg	non-mfg		mfg	non-mfg		mfg	non-mfg				
1 (2)	Problems with protection of intellectual property rights	67.6	46.1	1 (4)	High forex risk	21.6	13.7	1 (1)	Inadequate infrastructure	31.8	38.6	1 (2)	High forex risk	15.5	10.4
2 (1)	Underdeveloped legal system, problems with legal operation	53.7	60.4	2 (1)	Labor costs are high or rising	20.4	18.3	2 (4)	High forex risk	23.0	16.7	2 (1)	Labor costs are high or rising	10.3	15.6
3 (2)	Labor costs are high or rising	46.5	45.7	3 (2)	Labor issues	14.6	16.3	3 (2)	Underdeveloped legal system, problems with legal operation	22.6	28.1	3 (5)	Inadequate infrastructure	9.4	5.2
4 (4)	Labor issues	40.6	43.9	4 (3)	Inadequate infrastructure	10.4	14.4	4 (5)	Labor issues	14.2	15.8	4 (3)	Lack of clustering or development of related industries	8.2	6.3
5 (5)	Tax-related risks or issues	28.7	30.4	5 (5)	Underdeveloped legal system, problems with legal operation	7.3	11.1	5 (3)	Lack of clustering or development of related industries	13.4	18.4	5 (5)	Labor issues	6.0	5.2
6 (6)	High forex risk	25.4	23.9	6 (7)	Tax-related risks or issues	5.8	6.5	6 (6)	Tax-related risks or issues	8.6	12.3	6 (3)	Underdeveloped legal system, problems with legal operation	5.6	6.3
7 (7)	Inadequate infrastructure	13.3	14.3	6 (6)	Lack of clustering or development of related industries	5.8	10.5	7 (7)	Problems with protection of intellectual property rights	5.9	5.3	7 (5)	Tax-related risks or issues	3.9	5.2
8 (3)	Lack of clustering or development of related industries	8.5	7.1	8 (8)	Problems with protection of intellectual property rights	4.9	3.9	8 (8)	Labor costs are high or rising	4.6	4.4	8 (8)	Problems with protection of intellectual property rights	3.0	0.0

Rank	Philippines		Rank	Singapore		Rank	Vietnam		Rank	India					
	mfg	non-mfg		mfg	non-mfg		mfg	non-mfg		mfg	non-mfg				
1 (1)	Inadequate infrastructure	30.5	27.8	1 (1)	Labor costs are high or rising	34.3	39.4	1 (1)	Inadequate infrastructure	53.6	55.2	1 (1)	Inadequate infrastructure	63.4	66.4
2 (5)	Lack of clustering or development of related industries	19.2	11.1	2 (2)	High forex risk	10.2	12.8	2 (3)	Lack of clustering or development of related industries	28.7	28.4	2 (2)	Underdeveloped legal system, problems with legal operation	30.7	33.6
3 (16)	High forex risk	13.8	12.5	3 (4)	Lack of clustering or development of related industries	4.2	2.8	3 (2)	Underdeveloped legal system, problems with legal operation	23.6	32.1	3 (3)	Tax-related risks or issues	23.5	22.4
4 (12)	Underdeveloped legal system, problems with legal operation	13.2	20.8	4 (3)	Labor issues	3.0	6.4	4 (4)	High forex risk	19.8	15.7	4 (5)	Lack of clustering or development of related industries	18.9	15.9
5 (3)	Labor issues	8.0	13.9	5 (6)	Inadequate infrastructure	2.1	0.0	5 (8)	Problems with protection of intellectual property rights	13.5	7.5	4 (4)	Labor issues	18.9	21.5
6 (7)	Problems with protection of intellectual property rights	6.0	2.8	5 (5)	Underdeveloped legal system, problems with legal operation	2.1	0.9	6 (4)	Labor issues	11.0	15.7	6 (6)	High forex risk	16.0	15.0
7 (6)	Tax-related risks or issues	5.4	8.3	7 (6)	Problems with protection of intellectual property rights	1.3	0.0	7 (7)	Labor costs are high or rising	9.3	12.7	7 (7)	Problems with protection of intellectual property rights	10.5	8.4
8 (7)	Labor costs are high or rising	3.6	2.8	7 (6)	Tax-related risks or issues	1.3	0.0	8 (6)	Tax-related risks or issues	8.0	14.9	8 (8)	Labor costs are high or rising	7.6	4.7

(6) in manufacturing: China 51.4, Thailand 33.8, Indonesia 239, Malaysia 233, Philippines 167, Singapore 236, Vietnam 237, India 238
 (6) in non-manufacturing: China 280, Thailand 153, Indonesia 114, Malaysia 94, Philippines 72, Singapore 109, Vietnam 134, India 107
 Note 1 (6) indicates firms with business relationships or those considering new businesses. Note 2: Numbers in parentheses indicate rank in non-manufacturing.

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