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## J E T R O   U p d a t e

### 1. Courtesy call on H.E. Ms. Yingluck Shinawatra, Prime Minister of the Kingdom of Thailand by Hiroyuki Ishige, Chairman of JETRO



On Wednesday, March 7, 2012, Hiroyuki Ishige, JETRO's Chairman and CEO, made a courtesy call on H.E. Ms. Yingluck Shinawatra, Prime Minister of the Kingdom of Thailand. The Prime Minister was on a visit to Japan to attend various events including the Thai flood recovery seminar entitled "Unbeatable Thailand, Unparalleled Opportunities" in Tokyo co-organized by JETRO alongside the Royal Thai Embassy Tokyo, the Board of Investment, Thailand and the ASEAN-Japan Centre.

During the courtesy call, Chairman Ishige briefed Prime Minister Yingluck on the status of JETRO's support activities towards the recovery of Thailand (e.g. establishment of the special consultation desk for the great floods in Thailand and holding nationwide seminars to support Thailand's restoration process), and the current status of operations of Japanese companies in Thailand.

In response, Prime Minister Yingluck expressed her gratitude for JETRO's various support in the wake of the floods. The Premier stated that she expected information provided through the seminars, such as that regarding Thailand's future flood control measures, new investment plans and economic revitalization programs, to be of some help in rebuilding the trust of Japanese investors.

In addition, Chairman Ishige requested the government of Thailand to promptly implement countermeasures against future floods in a visible manner. The request particularly emphasized: 1. flood control measures, 2. early provision of flood information in English, and 3. establishment of effective insurance systems, in particular those covering valid reinsurance provisions.

In response, the Prime Minister stated that the government of Thailand planned to take flood control actions which include: 1. construction of river banks to protect industrial parks for Japanese companies before the rainy season starts (as a contingency plan), and 2. establishment of reinsurance policies and creation of a flood protection hand book in English and its immediate distribution to Japanese companies in Thailand (as a long-term measure).



## 2. Over 10,000 jobs on offer to flood-related laid-off workers at Japanese Job Fair



Labour Minister Phadornchai Sasomsap (center); The Japanese Chamber of Commerce, Bangkok (JCCB), Vice President Minoru Furusawa (4th from right); and Japan External Trade Organization (JETRO), Bangkok, President Setsuo Iuchi (4th from left): presided over the opening ceremony of the Job Fair entitled “Thai-Yipun Kao

Pai Duay Kan (ไทย-ญี่ปุ่นก้าวไปด้วยกัน)” that featured 100 leading Japanese companies such as Toyota, Panasonic, Canon Hi-Tech, and more, looking to recruit over 10,000 workers to facilitate their investment expansion in Thailand, at Ayudhaya Park Mall recently

The JCCB and JETRO in cooperation with the Ministry of Labour held a Job Fair entitled “Thai-Yipun Kao Pai Duay Kan (ไทย-ญี่ปุ่นก้าวไปด้วยกัน)” on February 16, 2012 between 8:30-16:00 hrs. at the parking lot of Ayudhaya Park Mall, Ayudhaya Province. The event functioned as a job matching activity between Japanese enterprises and flood-hit workers and the unemployed.

This event featured wide range of large to small 100 leading Japanese companies in automotive, electrical and related supporting industries, as well as service providers that need more work-force to facilitate their business expansion in Thailand.

Mr. Kyoichi Tanada, President of JCCB, said “Most Japanese companies have expressed their strong commitment to further invest in Thailand and would require more manpower to facilitate the investment plans. Most job vacancies are engineer, skilled-labor and unskilled labor. Types of business range from automobile and parts, electrical and electronics, metal working, service industries and others. With a wide range of jobs and company locations on offer, workers can choose to return to the same fields of practice or to work close to their hometowns.”

Mr. Setsuo Iuchi, President of JETRO Bangkok, said “The job-matching event Thai-Yipun Kao Pai Duay Kan aims to help workers, who were laid off by flood-hit businesses, get back to their jobs in a timely manner. While some companies cannot yet resume their operations, there is an increasing demand for labor in the central, eastern and southeastern regions. Through this event, suitable matching between workers in affected areas and Japanese affiliated companies in various areas of Thailand is expected to increase. JETRO expects that this event will contribute to the early recovery of Thai economy.”



## 3. Results of 2012 survey; Thai flooding impact on Japanese affiliated firms released by JETRO

On February 3, JETRO Bangkok released the results of its survey on flood-affected Japanese firms in Thailand. JETRO received valid responses from 50 directly-affected firms (40 manufacturers, 8 non-manufacturers and 2 others), as well as 45 indirectly-affected ones (33 manufacturers, 11 non-manufacturers and 1 other). The summary points and survey results are as follows.

### Directly-affected Japanese firms

- Business outlook:



According to the survey, 31 companies, or 52% of the 50 respondent firms stated they would maintain their scale of operation at pre-floods level. While 19 firms (38%) intend to downsize their business scale to 60% on average.

- **Impact on employment:**

22 manufacturers, or 55% of 40 manufacturers responded they would continue to employ/maintain current employment. 14 firms (35%) of the all respondents stated they would proceed with restructuring or solicit voluntary retirement. There are also firms whose continual payment of wages are affecting severely on its cash flows.

- **Time to resume business operations:**

11 firms of respondents or 22% of the 50 firms have already resumed. Regarding timing, 28 firms (56%) are planning "before the end of March", while 14 firms (28%) forecasted "during the second quarter." 10% of respondent manufacturers have not yet in sight at all for that. However, there were no companies abandoned resumption of its operations.

- **Business location:**

39 firms, or 78% of respondents will continue manufacturing from their current bases, the survey shows. The figure includes many poor-resourced firms who are facing difficulty in relocating its bases. While the other 8 firms (16%) will relocate their factories elsewhere within Thailand, no companies selected "business withdrawal from Thailand." As about 80% of respondent firms will continue to manufacturing, the Thai government should promptly take flood-prevention measures in cooperation with agencies operating industrial complexes.

- **Flood insurance:**

35 manufacturers, or 87.5% of the 40 manufacturing respondents have insurance to cover all the equipments. Among the 35, 24 firms (about 70%) have replacement value insurance, while 7 firms (17.5%) are insured at actual cash value, and 2 firms (5%) are underinsured. Only 11 firms (27.5%) have accident insurance for damages due to suspension of operations.

#### Indirectly-affected Japanese firms

- **Business outlook:**

29 firms, or 64.4% of the 45 indirectly-affected ones responded they would maintain their scale of operation at pre-floods level. While 10 firms (22.2%) intend to downsize their businesses, 5 firms are aiming its scale expansion.

- **Impact on employment:**

40 firms, or 88.9% of the 45 respondents stated they would continue to employ/maintain current employment. The rest of the firms are aiming expansion of employment. There are no companies planning restructure or solicit voluntary retirement.

#### Request for the Thai government

The respondents have requests mainly on future flood prevention measures and insurance. Regarding preventive measures against flooding, many companies call for early establishment of drastic actions and clarification of support plans for flood-hit industrial complexes. Also, there are many firms who stated that the government should take a clear stance on possible future flooding, by setting up insurance fund after carefully examining whether it can fully cover flood damage.



#### 4. Task force established for agricultural, forestry, marine product, and food export promotion

On December 14, 2011, the JETRO set up a special task force for agricultural, forestry, and marine product and food export promotion in its headquarters and 36 local branches across Japan. Although JETRO has mainly supported processed food producers, in the future it will expand support for exports of vegetables and fruits. In a strategy thought out by experts last November to restore exports hurt by the strong yen and nuclear disaster, it was pointed out that Japan needed an approach which makes full use of JETRO's networks and know-how. The task force has been set up to meet these expectations.

Its roles are as follows:

- Organizing information gathered by JETRO's overseas offices in 55 countries on regulations, quarantines related to products of primary industries, processed foods, and local demand trends
- Discovering subject companies suitable for our export support schemes: local branches will conduct searches in cooperation with local municipalities and producer groups.
- Doubling the number of Japanese companies to which JETRO will provide support for participating in overseas trade fairs and domestic business-matching events

Contact:

Ms. Hanada or Mr. Eguchi,  
Agriculture, Forestry, Fisheries and Food Planning Division  
Tel: +81-3-3582-4966



#### 5. Subsidy for foreign companies to expand in Japan

The Ministry of Economy, Trade and Industry and JETRO have been supporting foreign companies in establishing high value-added business sites in Japan, such as R&D facilities, by giving subsidies of up to one billion yen.

The subsidy program is intended for high value-added companies from overseas and to contribute to sustainable growth of the Japanese economy. Firms such as Sanofi-Aventis S.A. (France) and 3M Health Care Ltd. (US) have set up their R&D sites in Japan taking advantage of this subsidy.

JETRO has been the secretariat for the program since last year, and adopted 10 new projects this fiscal year. The program will be continued next fiscal year as well.

For more details including adopted companies, please go to the URL below.

<http://www.jetro.go.jp/en/invest/newsroom/announcements/2011/20111202251.html>

Contact:

~ Mr. Yamada, Ms. Kashiwaya or Ms. Isono, Secretariat for Subsidy Program for Projects Promoting Asian Site Location in Japan, Invest Japan Department Tel: +81-3-3582-5234 Fax: +81-3-3505-1990 E-mail: invest-japan@jetro.go.jp

~ More information about foreign companies that made it into the Japanese market under the subsidy program of JETRO can be found on the following webpage:

~ JETRO Investment News

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



#### 6. Incentives for foreign companies aimed at disaster recovery

On March 23, JETRO, Japan's Cabinet Office, Reconstruction Agency, Ministry of Foreign Affairs and the Ministry of Economy, Trade and Industry hosted a special briefing on the system of the Special Zone for Reconstruction, FDI promotion programs by the government and various other measures taken to attract foreign companies into the areas affected by

the Great East Japan Earthquake. The meeting was attended by diplomatic corps, foreign chambers of commerce and representatives of foreign-affiliated companies in Japan. Senior Vice Minister for Reconstruction, Yoshinori Suematsu, gave the opening speech and a presentation on the Special Zone for Reconstruction.

Please see the website below for specifics and relevant information.

<http://www.jetro.go.jp/en/invest/newsroom/announcements/2012/20120326100.html>



## 7. JETRO Business Support Center opens in Chennai, India

JETRO has opened a Business Support Center in Chennai to provide services for Japanese companies who wish to start business in India.

The center was formally inaugurated on January 11th by Mr. Yukio Edano, Minister of Economy, Trade and Industry of Japan, and Mr. S.P. Velumani, Minister for Industries of the Government of Tamil Nadu.

In the last few years, there has been a surge in the number of Japanese companies looking to set up business in the country.



## 8. In Myanmar, JETRO promotes Japanese firms' investing and their human resource development

In Myanmar on January 13, on the sidelines of Japan's Economy, Trade and Industry Minister Edano's visit to the country, he attended Ministerial Dialogue on Japan-Myanmar Economic and Industrial with Mr. Tin Naing Thein, Minister for National Planning and Economic Development of Myanmar and Mr. Ishige, Chairman of JETRO.

In the talk, the Japanese side launched JETRO's cooperation package, Mr. Ishige signed a memorandum with Myanmar's Directorate of Investment and Company Administration (DICA). The package will be put into practice, and its details are as follows.

### - Setting up a New business support center (BSC)

For Japanese firms seeking to expand their operations into Myanmar, JETRO is planning to establish a new BSC which offers free temporary office space and expert consultation on their preparatory stage.

### - Investment seminars and an investment promotion mission

In cooperation with the Myanmar government, JETRO will be organizing investment seminars in major cities in Japan and ASEAN member countries. On March 2012, JETRO will dispatch an investment promotion mission to Myanmar.

### - Promoting development of industrial zones

In Myanmar, due to a lack of industrial zones with enough infrastructures for foreign companies expanding their operations in the area, JETRO will closely work with the Myanmar government to develop industrial zones in Special Economic Zone (SEZ) such as Dawei and Tylawa.

### - Dispatch of human resource development experts

In partnership with Ministry of National Planning and Economic Development, private industrial associations, JETRO is sending human resources specialists for both sawing and processed food industries in Myanmar. To realize food safety and security, JETRO will also dispatch its experts to local processed food industry organizations in the fiscal year 2012, aimed at providing guidance to establish voluntary standards for foods.



**9. First-ever “Japan Festival” in Myanmar to promote Japanese products**

In the midst of a trend of Western countries loosening or lifting economic sanctions against the Myanmar government and its growing willingness to reform its economy and attract foreign investment, JETRO organized the first-ever “Japan Festival” in Yangon from March 9 to 11.

The aim of the event was to promote various Japanese products including cosmetics, food, home appliances, electronic products, generators and industrial machines and to find potential customers. We received 10,675 visitors in three days, which showed there is a great interest in Japanese brands in Myanmar.

The 45 participating Japanese firms, which are accelerating their market development in Myanmar in both trade and investment, were largely satisfied, stating that the exhibition was a good opportunity to gauge potential in the Myanmar market and find new customers and agencies.



## E v e n t s   i n   J a p a n

### 1. Thai Flood Recovery Seminar held across Japan -Japanese manufacturers optimistic-

A number of Japanese companies have been affected by the floods which occurred in Thailand in mid-October 2011. The flooding has had a serious impact on economic activities causing supply chain disruptions in automotive, home appliance and other industries.

JETRO has held seminars in Tokyo, Osaka, Nagoya and Kitakyushu in order to provide updates on the current status of flood-hit Thailand and prospect of its future, aid measures to be taken by the Thai government, and relief benefits that flood-affected Japanese companies will be eligible to receive. An overwhelming number of applications have been made for the seminar, which shows the continued interest Japanese companies have in Thailand.

#### Seminar outline

##### Topic Part 1:

“Current flood situation and the Thai government’s response - mid and long-term measures for economic recovery and a way to restore investor confidence”

##### Speaker:

Royal Thai Embassy, Tokyo

##### Topic Part2:

“The Thai floods - current status and challenges to tackle for early reconstruction”

##### Speaker:

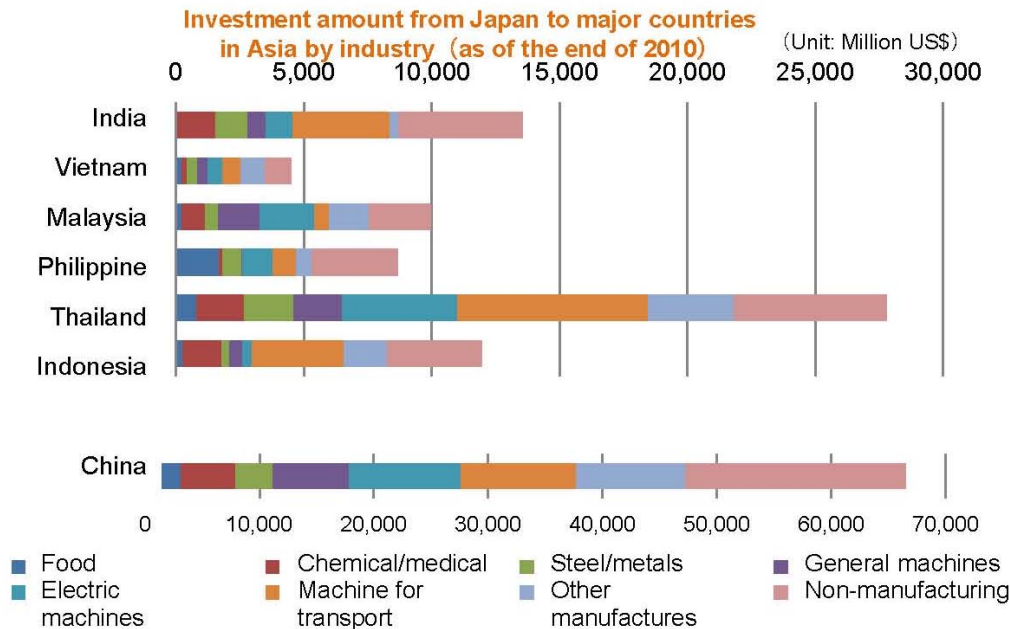
Mr. Setsuo Iuchi, President, JETRO Bangkok

Mr. Seiya Sukegawa, Vice President, JETRO Bangkok

#### Summary points:

### 1. Thailand is a significant overseas production base for Japan

Thailand tops foreign investment from Japan among ASEAN member countries.



- In Thailand, India and Indonesia, the amount invested in machines for transport such as automobiles and their parts is significant, occupying 34% of the total amount in Thailand, and 43% in both India and Indonesia.

- In Malaysia, the ratio of electric machines and general machines are high, while in the Philippines the food industry makes up a large portion.



- In China, the ratio of machines for transport, electric machines and general machines is high. Japanese companies are accumulating in a wide range of industries.

## 2. The Thai government has given maximum support to flood-affected Japanese companies

Details (as of December 2011)

- Alternate production methods and imports of machines and raw materials for companies promoted by the Board of Investment of Thailand (BOI)
- Easing acquisition process for visa/work permission for companies promoted by the BOI
- Wage subsidies for periods of temporary shutdown
- Other financial assistance

## 3. According to a survey conducted by JETRO Bangkok, most Japanese companies in Thailand will not be relocating their production base to other countries.

A JETRO survey taken in November 2011 on conditions of flood-affected Japanese companies received valid replies from 161 firms (an 83.9% response rate) out of 192. Among the respondents, 106 firms are in manufacturing, while 49 are in non-manufacturing, and six are in other industries. The survey showed 55 Japanese firms (a 34.2% share) have been directly affected by the floods, including 45 manufacturers (a 42.5% share) and 10 non-manufacturers (a 20.4% share). We asked the 55 firms the following question:

Q. Will you resume same-site operations after the floodwaters have receded from your affected factory or office? (Multiple answers are allowed.)

	Manufacturer		Non-manufacturer		Others		Total	
		Ratio		Ratio		Ratio		Ratio
<b>1. Will resume same-site operations</b>	33	73.3%	6	60.0%	0	-	<b>39</b>	<b>70.9%</b>
<b>2. Will resume operations at other sites</b>	12	26.7%	3	30.0%	0	-	15	27.3%
<b>2-1. In Thailand</b>	5	11.1%	1	10.0%	0	-	6	10.9%
<b>2-2. Outside Thailand</b>	0	0.0%	0	0.0%	0	-	0	0.0%
<b>2-3. Not specified</b>	7	15.6%	2	20.0%	0	-	9	16.4%
<b>3. Not yet determined</b>	7	15.6%	2	20.0%	0	-	9	16.4%
<b>No answer</b>	0	0.0%	0		0	-	0	0.0%
<b>Valid replies</b>	45		10		0		55	

### Analysis of the survey

- 73.3% of manufacturers and 60.0% of non-manufacturers responded they will resume same-site operations. For this to happen, the Thai government needs to create and implement flood prevention measures in cooperation with municipalities, companies running industrial estates and Japanese firms in Thailand before the rainy season starts, six months from now in affected areas.

- 10% of Japanese companies are considering to relocate their operation sites to other areas in Thailand where there is no risk of floods.

- No companies responded that they would relocate operation sites outside of Thailand. However, 16.4% of the respondents stated that they have not yet decided where they will resume work. These firms may possibly relocate their operations to another country depending on the status of flood prevention measures.

## 2. Laos Investment Seminar featuring Laos's Prime Minister Thammavong

On March 16, to coincide with the arrival of Prime Minister Thongsing Thammavong and economic officials of Lao People's Democratic Republic, JETRO held a seminar on investment and the business environment in Laos for Japanese firms considering expanding operations to the country, which has been attracting ever greater attention in recent years.

In addition to explanations about the status of foreign investment and its system by the Prime Minister and Minister of Planning and Investment, Japanese firms in Laos also described their local business situations.

There were over 100 guests, and many said the seminar was very helpful as they got in-depth information they would have otherwise never received on what was happening in Laos.

JETRO is dedicated to continue providing seminars on investment conditions of foreign countries.



# What's new on the net?

## New Reports and Events from JETRO

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

### SURVEY:

**Business Circumstance on Japanese Corporation in Thailand by Japanese Chamber of Commerce in Bangkok, Thailand, (Autumn/2nd Half of 2011)**

[http://www.jetro.go.jp/thailand/e\\_survey/pdf/jccaut11eng.pdf](http://www.jetro.go.jp/thailand/e_survey/pdf/jccaut11eng.pdf)

**FY 2011 Survey on the International Operations of Japanese Firms**

**Interest in overseas expansion at a record high**

<http://www.jetro.go.jp/en/news/releases/20120301540-news/material.pdf>

**Analysis of Japan-China Trade in 2011 and Outlook for 2012**

**-Total trade sets a new record, while export growth falls because of China's economic slowdown and influence from the earthquake**

<http://www.jetro.go.jp/en/news/releases/20120223142-news>



## Exploring Japan

Presentation on “Cool Japan Strategy”, released on January 2012 available at Ministry of Economy, Trade and Industry (METI) website (<http://www.meti.go.jp>)

Highlighted Points:

### The Japanese economy—status and issues:

#### Population decline and decreased growth potential

- Japan's nominal GDP decreased by **55 trillion yen** over the three years from 2008 to 2011.
- Japan's real economic growth rate fell to **1% and below** during the 2000s. In the future, the declining population of productive age is expected to **lower growth** potential.

#### Negative employment impacts from hollowing out

- With the rapid rise of the yen causing a sudden acceleration of the shift to overseas production, new businesses and industries in Japan may not be able to mature fast enough to keep up.
- If the domestic automobile industry is hollowed out, service industries may not be able to absorb displaced employment. This could result in the loss of 600,000 jobs.

### Towards the future Japanese economy

- The Japanese economy has fallen into a vicious circle of stagnant domestic demand.
- Incorporation of global demand, regional economic revitalization, and transformation of industrial structure are necessary.
- This eliminates uncertainty by ensuring the employment of young people and the survival of medium and small businesses.

### The world loves Cool Japan

- In Europe, the United States, and Asia, there are many popular Japanese products and services (creative industries). In addition to anime and manga, these include food culture, express delivery services, Japanese-style inns (ryokan), and traditional arts and crafts.  
→ Capitalizing on the popularity of "Cool Japan" can accomplish the following: 1) unearthing of domestic demand, 2) incorporation of foreign demand, and 3) transformation of industrial structure. These accomplishments can secure new income sources and jobs, leading to regional economic revitalization.

### Turning Cool Japan into a revenue source

- Japan's fashion, food, and content are very popular overseas, but they are not necessarily profitable.
- Strategic expansion overseas can turn popularity into added value, making them into revenue sources.

### Cool Japan's potential

- The size of the world market for culture industries (1) will be more than 900 trillion yen (estimate for 2020).
- The aim is to capture 8-11 trillion yen of this.

### Creative industries supporting Cool Japan

- Creative industries support the Cool Japan that the world loves  
Examples of creative industries:  
Advertising, architecture, art and antiques, crafts, design, fashion, movies and videos, video games, music, performing arts, publishing, computer software and services, radio and television, (the above definitions come from the UK) plus furniture, tableware, jewelry, stationery, food products, tourism
- Japan's creative industries account for 7% of all sales and 5% of employees.  
→ Almost identical to the automobile industry's 8% of sales and the consumer electronics industry's 6% of sales.  
→ If food and tourism are included, the base of the creative industries broadens even more.

### Characteristics of creative industries

- Creative industries 1) are demand side rather than supply side industries, 2) consist of two phases, "creation" and "distribution," 3) are integrative industries that transcend industry and occupational categories, and 4) enlarge the size of the "pie" rather than fight over pieces of it.  
\* They differ from conventional "heavy" industries that emphasize the supply side, vertical integration, captive products, and share capture.

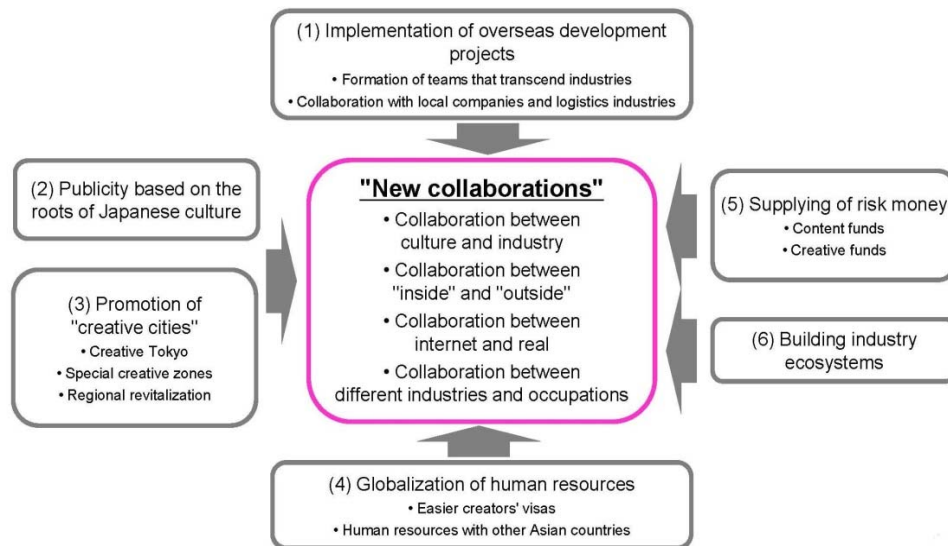
### The shift towards creative industries in developed countries

- Countries such as the UK and South Korea have taken major steps under political leadership towards becoming leading creative industry nations. Their ongoing initiatives are continually producing results.

### Cool Japan Strategy

- Through the Cool Japan Strategy, ensure employment by promoting overseas development by small and medium businesses and young designers, attracting tourists to Japan, and revitalizing local communities.

### Concrete initiatives: Promotion of new collaborations



For more information, visit

[http://www.meti.go.jp/english/policy/mono\\_info\\_service/creative\\_industries/pdf/120116\\_01a.pdf](http://www.meti.go.jp/english/policy/mono_info_service/creative_industries/pdf/120116_01a.pdf)

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