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JETRO BANGKOK Update

Good design products on display at JAPAN PAVILION at BIG&BIH 2012

Design buffs are encouraged to come experience first-hand how Japanese lifestyle products with excellent function and design help enrich life with function-oriented convenience, and aesthetic style, at JAPAN PAVILION, October 16-21, 2012 at BIG&BIH event at BITEC.



The products on display are, for example, coffee makers, cookware, health and beauty products, and home decorative items that won world-class design award competitions such as the G-Mark Award. The exhibition is hosted by the Japan External Trade Organization (JETRO Bangkok) and the Japan Institute of Design Promotion (JDP), to promote presence of good design products and to support business expansion between Japan and Thailand. Business-matching is on Oct 16-17.

For more information, visit the website:
<http://www.jetro.go.jp/thailand/lifestyle/home.html>



Events in Japan

JETRO focuses on Africa more

The Fifth Tokyo International Conference on African Development (TICAD V) was held in Yokohama from June 1 to June 3, 2013. JETRO has also worked on its African business to a greater extent than before.

Previously, JETRO used to focus on "Commoditization of African made products and supporting access to the Japanese market" and "Collecting and distributing information on the investment environment in Africa". Taking TICAD V opportunity, JETRO will focus more on business activities for the purpose of "Cultivating the expanding African market" and "Marketing support for infrastructure/environment related products/technologies/services".

In a similar manner as we did in the last TICAD IV, JETRO will hold "African Fair" and "Africa Symposium" during the conference period, exhibiting products of African made products and inviting key persons from Africa, in order to evoke interest in African businesses. In addition, a booth that introduces Japanese BOP related products/environment related products, technologies and services was set up, in order to appeal to African leaders the superiority of Japanese products and technologies.

While the economic growth remains on a plateau in developed countries, the African economy has been showing steady growth at 3.4% p.a. (by real GDP growth rate) in 2011. Expansion in investment in Africa mainly in mining industry area, increase in export in this industry accompanied by rising resource prices, expansion of purchasing powers, and expansion of individual consumption accompanied by inflow of low price products are pulling the African Economy along. For example, the world investment in Africa increased by about 5 times comparing the last two decades, growing from the average USD 6.6 billion p.a. in 1990 through 1999 to the average USD 36 billion in 2000 through 2011. The world trade with Africa rose by 4 times from USD 250 billion in 2001 to USD 1 trillion in 2011.

In order for Japanese economy to achieve a sustained growth, it is imperative to take in the economic growth of emerging markets such as Africa. On the other hand, Asian countries such as China and Korea are also placing more focus on African businesses, and the competitions between countries have been getting harder and harder. Chinese exports to Africa surged by 12.8 times from USD 5.1 billion in 2001 to USD 65 billion in 2011, and Korean exports to Africa rose from 3,978 million yen 2001 to USD 18,083 million (4.5 times in 10 years), while Japanese export to Africa rose by about 3 times only from USD 3.8 billion in 2001 to USD 11.8 billion in 2011. The difference is getting larger between Japan and China/Korea.

In order for Japan to win such competition and continue to grow with Africa, JETRO plans to launch the following "Project Africa":

【Strengthening the Network】

JETRO Abidjan office will restart having staff directly assigned from Japan Headquarters. Due to the domestic turmoil took place locally in 2003, staff assigned from Japan Headquarters was temporarily withdrawn and the Abidjan office has been managed by local staff only since then. In late October this year, JETRO Japan Headquarters will restart dispatching staff again. By strengthening the capacity of the office, we will focus more on collecting and distributing wide variety of information in political, economic, industrial areas from Western Africa centering on Ivory Coast and French speaking countries in Central Africa, as well as promoting sales of Japanese brands from this office as a base.

JETRO has assigned BOP business coordinators in Lagos, Accra and Nairobi since 2012. We will have an additional expert in Johannesburg office who will be in charge of individual investment consultations including M&A, to facilitate Japanese businesses approaching to Africa. Furthermore, we will assign a coordinator specializing in infrastructure and plant business in South Africa region, in order to quickly catch the infrastructure demand

accompanying large resource development and introduce them to Japanese businesses.

Cultivating the expanding African market

In order to cultivate the expanding African market, JETRO will bring back the “Exhibition and publicity campaign tour in Africa” (“Africa Caravan” campaign) conducted in 1960’s. 1960’s was the time when African countries became independent, made plans to develop own economies and aimed to be industrialized or modernize the agriculture/mining industries, and Japan faced the necessity to cultivate new markets for its heavy and chemical industry products, etc. as the result of the rapid economic growth. Under such backgrounds, in 1965, over 150 Japanese leading manufacturers, trading houses and other companies participated in exhibition and publicity campaign in Africa, and they visited 16 cities in 5 countries in East Africa (Southern Rhodesia (present Zimbabwe), Zambia, Tanzania, Uganda and Kenya) by 27 cars (including 18 exhibition cars), introducing Japanese products from plastic modeling machines and air compressors to home electrical appliance, sewing machines and textiles. It was a project covering about 10,000 km ways and taking about 100 days. In the next year in 1966, this caravan visited 13 cities in 5 countries in North Africa (United Arab Republic (present Egypt), Libya, Tunisia, Algeria and Morocco), covering about 7,000 km ways and taking about 90 days.

JETRO will bring back this “Africa Caravan” by a new approach. Specifically, JETRO will host the “Japan Festival” at “The 46th Cairo International Fair” to be held in March 2013 in Egypt, to appeal quality and design of Japanese products centering on general consumer products to local consumers in order to evoke their demand. In the fiscal year 2013, this “Japan Festival” will be held in South Africa Republic (Johannesburg). JETRO will support marketing of Japanese products targeting relatively wealthy class by visiting African countries in a sequence.

Meanwhile, in order to explore BOP business opportunities targeting low income class, JETRO will dispatch a BOP business mission to Nigeria and Ghana in November 2012 again, as we did to Kenya and Tanzania in December last year. Also, through “BOP/Volume Zone Business Support Desk” opened in April this year, JETRO will continue to support African BOP business individually for Japanese companies.

In order to help Japanese companies to penetrate in African market, JETRO will provide information on FTAs, customs alliances and regional integration within Africa region, as well as holding seminars which help cross-border business development by Japanese 4 companies operating in Africa and dispatching business missions to Africa.

Marketing support for infrastructure and environment related businesses

To promote exporting infrastructure to Africa, we will update our infrastructure project map of Sub-Saharan Africa countries prepared in 2011, and share the output by holding seminars in Japan. Also, in order to promote railway business in South Africa Republic, we will plan to invite key persons to Japan as well as holding local seminars. Then, we will dispatch an environment/energy saving business mission to South Africa Republic, in order to support marketing of environment related products/technologies/services of Japanese companies.



JETRO invites buyers of women’s fashion and beauty products, looking to the Middle-Eastern Islamic Market

For most Japanese companies, the market for Islamic women in the Middle East is uncharted territory largely veiled in mystery. In reality, Middle-Eastern women are very conscious of, for example, the latest Western fashion trends, and many Western brands have already made inroads into the market. Hoping to capitalize on these facts, JETRO invited buyers of women’s products from Middle-Eastern countries to Japan from September 10 through 13, and provided Japanese companies with opportunities to have business meetings with them. Additionally, as part of the Japan-Saudi Arabia Industrial Cooperation Framework,

JETRO held a seminar on the Middle-Eastern women's market and introduced information on local market conditions.

【Women buyers from three countries in the Middle East】

JETRO had been conducting market research on women's products in the Middle East until last year, focusing on the areas of fashion and beauty. Buyers from six companies (three companies each from the areas of fashion and beauty) in the Middle East were invited to Tokyo, based partly on the results of the survey. The target countries were Saudi Arabia, Turkey and the UAE, and all of the buyers were women.

To first get an overall feel for Japanese stores and products, they toured a series of department stores, specialty stores and drugstores. They then visited exhibition fairs in their respective fields. In the area of fashion products, buyers had business meetings with 45 apparel and accessory companies, mainly among exhibition participants, while buyers of beauty products had talks with 26 companies at the exhibition fair site and JETRO's Nagoya office.

【Seminar to introduce voices from the region】

JETRO also held a seminar with the buyers as guest speakers, in order to attract greater interest from Japanese firms in this largely unexplored market and provide useful information for them to build marketing channels. Over 120 participants came to this seminar, indicating a keen interest within the Japanese business community in learning more about this area. Feedback from the Japanese participants was very positive, with comments such as "The seminar was useful for getting an overview of the Middle East/North Africa markets, which are untouched areas for us. The information provided was very practical," and "I was made aware that the presence of Japanese products is still very low in the Middle East. We should work on improving the situation." Conversely, the Middle-Eastern buyers pointed out the importance of the pricing and information in English for Japanese products to succeed in the region.

【Toward market penetration】

Most of the buyers were visiting Japan for the first time. They expressed an interest in a wide variety of products, as while they largely had a positive image of Japanese companies and products, the number of brands that they were familiar with was still limited. They were particularly attracted to the sophisticated international designs and contrasting cute accessories of Japanese fashion products, as well as the high performance of hair care products and cosmetics made of unique Japanese ingredients.

Meanwhile, prices still seem likely to be a major issue. JETRO will continue to closely follow up on this area in order to create success stories for Japanese companies, overcoming language and distance barriers.



Welcoming Agricultural Business Delegation from Myanmar / Holding Myanmar Agricultural Business Seminar

In order to support marketing of Japanese agricultural material and equipment to Myanmar market and enhancing agricultural productivity in Myanmar, JETRO welcomed a delegation consisting of government officials and business leaders that came to Japan from October 9 through 15, and arranged networking opportunities for the Myanmar delegation to meet with Japanese businesses.

In Myanmar, agriculture is a very important industrial sector which accounts for approximately 30% of GDP. Government of Myanmar is now working on modernization of agriculture targeting development of rural areas and reduction of poverty as the country's policies. Agricultural material and equipment market in Myanmar is expected to grow, and can be a prospective market for Japanese agricultural material and equipment manufacturers.

JETRO invited the delegation from Myanmar that included the Director General of Agricultural Mechanization Department of Ministry of Agriculture and Irrigation and 9 leading companies in agriculture area, and provided business matching opportunities between

Myanmar companies and Japanese companies, by arranging visits to Japanese agricultural material and equipment manufactures and exhibitions, holding seminars and business networking receptions. In addition, JETRO held a seminar for Japanese corporations in Tokyo where delegation members talked about status of Myanmar's agriculture and facility modernization and local demands for agricultural machines and materials.

This project approaches two important business issues simultaneously; meeting Myanmar's needs for development support while exploiting a new emerging market for Japanese agriculture business. It will also contribute to build the partnering relationship which benefits both countries.



What's new on the net?

New Reports from JETRO

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

Results of JETRO's 2012 Survey on Business Conditions of Japanese-Affiliated Firms in Asia and Oceania

http://www.jetro.go.jp/en/reports/survey/pdf/2013_01_01_biz.pdf



Exploring Japan

JETRO Surveys on Business Needs and Strategies in Mekong Sub-region

During March to July this year, JETRO visited a total of about 200 companies, mainly Japanese and local companies operating in Mekong sub-region as well as regional headquarters of Japanese companies operating in Singapore, and conducted interview survey to search latest needs and business strategies of these businesses in Mekong sub-region. JETRO conducted a similar survey on business needs in 2009. In three years, environment surrounding Mekong sub-region drastically changed, such as elevated labor cost in China, development of democratization in Myanmar, development of hard infrastructure in ASEAN region and flood in Thailand and neighboring countries. Establishment of borderless production network in Mekong sub-region has also been in progress. For these reasons, the survey in 2012 focused on the “changes” from 2009, as a follow-up to the 2009 survey. Following is a summary of the 2012 survey:

【Hard Infrastructure】

Trade volume between Japan and Mekong sub-region increased by 1.6 times and direct investment from Japan increased by 3.7 times in three years. Substantial changes in business environment have been observed in the last three years. Also, there have been major industrial movements along East-West Economic Corridor and Southern Economic Corridor, in automobile, electrics and electronics parts industries.

Business needs for infrastructure substantially changed in hard infrastructure area. Along East-West Economic Corridor, which is the route covering from Da-nang to Mawlamyaing, several areas of improvement have been pointed out such as improvement of road conditions of National Route #9 which passes through Laos, and early development of Thilawa SEZ in the neighborhood of Yangon area of Myanmar which is close to the gateway to Indian Ocean. Along Southern Economic Corridor, the status of road construction is somewhat more advanced than that along East-West Economic Corridor. Still, many companies recognize the need for further development; such as development of Neak Loeung Bridge, the last missing link, to cross the Mekong river in Cambodia (its construction already started), construction of Cai Mep-Chi Vai Port in the neighborhood of Ho Chi Minh City, and early development of Dawei Deep Seaport and SEZ as the base point for Myanmar side. The survey result indicates particularly high expectations for the development of Dawei Deep Seaport as the export route to India, Middle East or Europe for Japanese companies operating in Thailand. A significant difference between the 2012 survey from the 2009 survey is that many companies pointed out the necessity of the improvement of access to Myanmar both along East-West Economic Corridor and Southern Economic Corridor.

【Soft Infrastructure (Trade and Logistics Facilitation)】

A large number of improvement requests are shown in the soft infrastructure area as well. Regarding the simplification of customs procedures, 39 companies replied that procedures have been improved in the last three years, whereas 55 companies found no particular improvement. This indicates there are still many issues remaining in the area of soft infrastructure. Specifically, companies requested reduction of documentation required at the customs (such that hard copy of documents are requested at the “electric” customs), stable operation of electronic customs, 24-hours operation of customs clearance, etc. Regarding Cross-Border Transport Agreement (CBTA), currently, custom clearance checks are conducted at both sides of the border (before and after crossing the border). Companies strongly requested to make it a one-stop procedure. Regarding FTA utilization, companies asked for simplified issuance procedures of certificate of origin, harmonization of rules of origin, and merging of FTAs across the region. For example, in Cambodia, it is said that “it takes 5 days to obtain Form D (certificate of origin to apply preferential customs duty under AFTA)”. Prompt improvement is requested by businesses.

【Prospective Industries, Service Industries, etc.】

Lastly, textile, agriculture, machinery parts and tourism industries are regarded as prospective industries from the viewpoint of business needs in Mekong sub-region.

Logistics, retail, finance, communications, restaurant and education industries also showed keen interest in businesses development in Mekong sub-region. "Middle class" in Asian region is growing, and Japanese-style service has been highly appreciated and popular among people. However, these industries are facing obstacles such as troublesome licensing procedures, foreign capital ratio, and regulations on the size of stores. These bottlenecks should be cleared one by one. JETRO will continue to work on promoting investments from Japanese companies, human resource development in logistics sectors, development of supporting industries, export industrialization, etc.

Result of the 2012 survey specifically addressed the problem areas based on the corporate needs, as many industries have been better established locally in three years from the previous survey. The result of survey indicates that businesses are keenly waiting for prompt development of infrastructures. Businesses are closely watching the development of Myanmar, and expecting the linkage to Myanmar, the gateways of Indian Ocean side of Southern Economic Corridor and East-West Economic Corridor.

Further information, visit
http://www.jetro.go.jp/en/jetro/topics/1208_topics2.html

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