

June 19, 2015

JETRO Bangkok

## Results of Survey “Trend Survey of Japanese Companies in Thailand 2014”

～Activities of 4,567 Japanese Companies Confirmed～

### 1. Purpose of Survey

With regard to business activities of Japanese companies in Thailand, Organization for Small & Medium Enterprises and Regional Innovation, JAPAN performed a survey on the status as of 2008 as “Trend Survey on Japanese Companies in Thailand 2008”(hereinafter referred to as the “Previous Survey<sup>1</sup>”). Thereafter, changes have been seen in the activities of Japanese companies in Thailand due to changes in investment environment inside and outside of the country. Also, more and more Japanese companies have withdrawn from Thailand due to intensifying competitive environment. Taking these changes in environment into account, JETRO have decided to perform a survey on Japanese companies in Thailand again after 6 years.

### 2. Summary of Results of Survey

- Business activity of 4,567 Japanese companies is confirmed. The number of companies which started operation in Thailand has been increased by 683 in the past 6 years (from the Previous Survey).
- These are the tendencies of the recent activities of the companies.
  - Companies in the service sector have increased more than in the manufacturing sector.
  - SMEs have increased more than large enterprises.

### 3. Method of Survey

- (1) Scope of Survey : 8,890 Japanese companies<sup>2</sup> registered as of November 2014 in the enterprise database managed by Department of Business Development, Ministry of Commerce in Thailand
- (2) Method of Survey : Sending out questionnaires and telephone interview (period of survey: January 6, 2015 – March 30, 2015)

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<sup>1</sup> Performed by Organization for Small & Medium Enterprises and Regional Innovation, JAPAN

(1) Scope of survey: 6,773 Japanese companies registered as of October 2008 in the enterprise data base managed by Department of Business Development, Ministry of Commerce in Thailand

(2) Method of survey: sending out questionnaires and telephone interview (period of survey: February 4, 2009 – March 20, 2009)

<sup>2</sup> Thai companies of which investment ratio of Japanese companies or Japanese individuals is 10% or more

## 4. Results of Survey

### (1) Number of Japanese Companies by Sector (See Table 1)

The number of Japanese companies of which business activities are confirmed in this survey was 4,567, which has increased by 683 from 3,884 in the Previous Survey 6 years ago. Composition by sector shows that “manufacturing sector” comprises 47.0% and “service sector” comprises 49.5% of the total companies. Breakdown of companies in “service sector” shows that 1,082 companies are engaged in “wholesale and retail business” followed by 196 companies engaged in “professional service business”.

Table 1 Japanese Companies by Sector (comparison with the Previous Survey)

|  |   | Previous Survey (2008) |            | This Time (2014) |            |
|--|---|------------------------|------------|------------------|------------|
|  |   | No. of Companies       | Percentage | No. of Companies | Percentage |
| Agriculture, forestry, fishery, mining   |   | 9                      | 0.2%       | 14               | 0.3%       |
| Construction   |   | 137                    | 3.5%       | 136              | 3.0%       |
| Manufacturing  |   | 1,879                  | 48.4%      | 2,147            | 47.0%      |
| Service <sup>3</sup>   | Telecommunications                          | 118                    | 3.0%       | 148              | 3.2%       |
|  | Transport, postal                           | 144                    | 3.7%       | 176              | 3.9%       |
|  | Wholesale, retail                           | 942                    | 24.3%      | 1,082            | 23.7%      |
|  | Finance, insurance                          | 56                     | 1.4%       | 80               | 1.8%       |
|  | Real estate, goods rental and leasing       | 63                     | 1.6%       | 64               | 1.4%       |
|  | Advertising                                 | 25                     | 0.6%       | 25               | 0.6%       |
|  | Restaurant                                  | 59                     | 1.5%       | 99               | 2.2%       |
|  | Education, learning support                 | 20                     | 0.5%       | 35               | 0.8%       |
|  | Medical, welfare                            | 3                      | 0.1%       | 10               | 0.2%       |
|  | Massage, spa, aesthetic                     | 14                     | 0.4%       | 16               | 0.4%       |
|  | Travel, tourism, accommodations             | 71                     | 1.8%       | 80               | 1.8%       |
|  | Professional service Note)                  | 93                     | 2.4%       | 196              | 4.3%       |
|  | Electric utility, gas, heat supply, water   |                        |            | 15               | 0.3%       |
|  | Academic research                           |                        |            | 10               | 0.2%       |
|  | Laundry, haircutting, beauty, bath services |                        |            | 11               | 0.2%       |
|  | Technical service                           |                        |            | 113              | 2.5%       |
|  | Other services Note)                        | 190                    | 4.9%       | 101              | 2.2%       |
|  | Subtotal                                    | 1,798                  | 46.3%      | 2,261            | 49.5%      |
| Sectors not elsewhere classified   |   | 61                     | 1.6%       | 9                | 0.2%       |
| Total  |   | 3,884                  | 100%       | 4,567            | 100%       |
| (ref) Number of companies registered in the enterprise data base of Ministry of Commerce |   | 6,773                  |            | 8,890            |            |

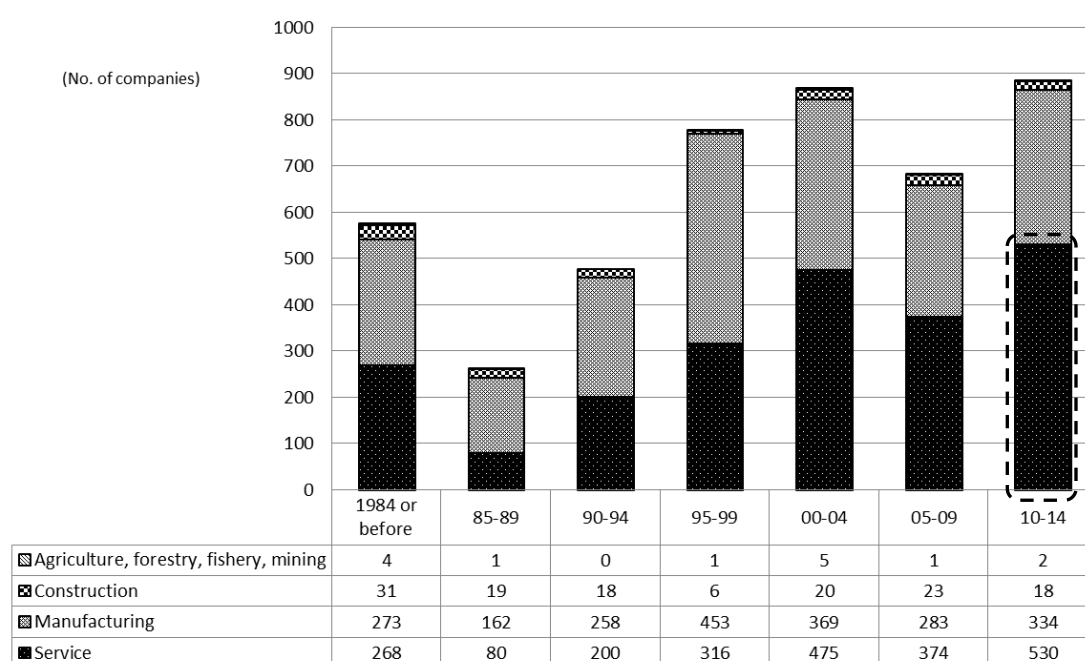
Note) “Professional service” and “Other services” cannot be simply compared as the classification is different from that of the Previous Survey. “Electric utility, gas, heat supply and water”, “Academic research”, “Laundry, haircutting, beauty, bath services” and “Technical service” are newly created categories in this survey.

<sup>3</sup> In this Survey, the scope of “Service Sector” is considered as the business types corresponding to those from Large Category F – Electricity, gas, heat supply and water to R- Services (N.E.C.) in Japan Standard Industry Classification (revised in October, 2013).

## (2) Trend in Number of Japanese Companies by Sector (See Graph 2)

Looking at the trend of the number of Japanese companies by sector divided into groups according to their year of incorporation, the number of companies whose year of incorporation is between 1995 and 1999 or earlier in manufacturing sector exceeds that in service sector. However, as for the companies incorporated from 2000 to 2004 and thereafter, the number of companies in service sector exceeds that in manufacturing sector. Especially for those incorporated in the recent years from 2010 to 2014, the number of companies in service sector is 530 while that in manufacturing sector is 334, which shows clearly that companies in service sector are becoming more active.

Graph2 Trend in Number of Japanese Companies by Sector (n=4,524)

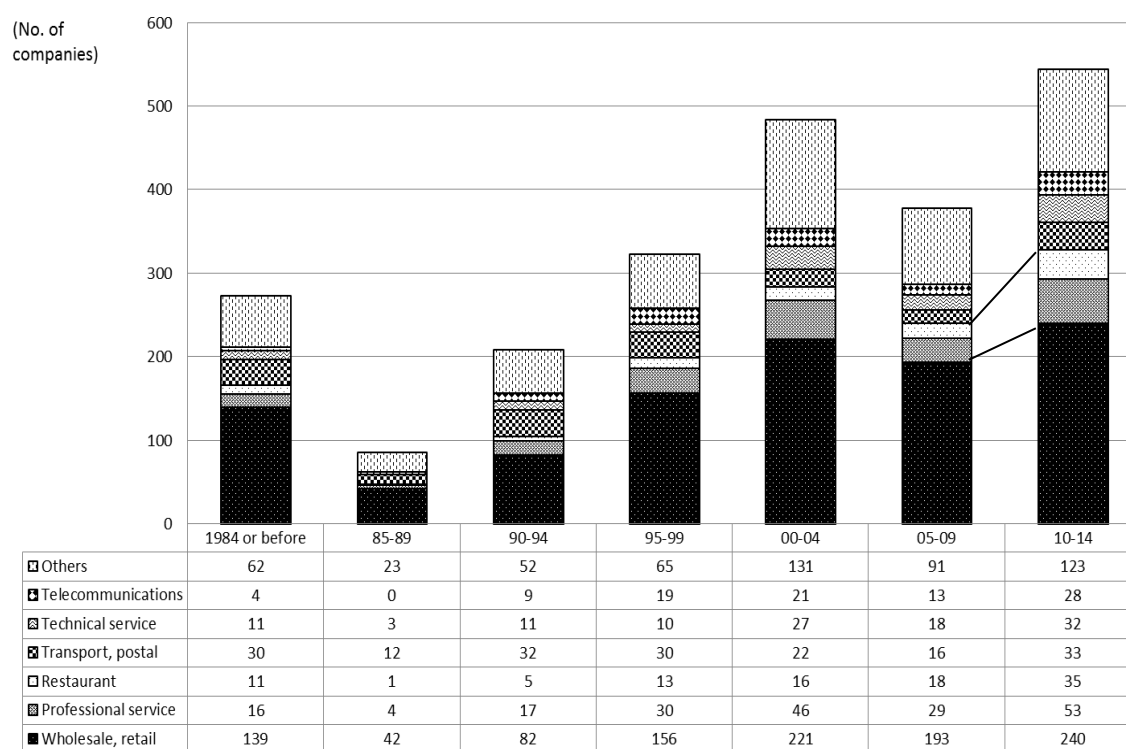


Note) Among the Japanese companies whose business activities are confirmed as of November 2014, summary of 4,524 companies of which types of business and years of incorporation are known

( 3 ) Trend in Number of Japanese Companies in Service Sector by Type of Business (See Graph 3)

Looking at the composition of companies in service sector, throughout the period “wholesale and retail business” is the most. In the recent years from 2010 to 2014, “Professional service” (53 companies, consulting, accounting/law firms, employment placement, etc.) and “Restaurants” (35 companies) have increased.

Graph 3 Trend in Number of Japanese Companies in Service Sector by Type of Business (n=2,243)



Note) Among the Japanese companies whose business activity is confirmed as of November 2014, summary of 2,243 companies in service sector of which years of incorporation are known

(4) Number of Japanese Companies by Size of Investors (See Table 4)

With regard to the investors in Japanese companies, breakdown by size of investors<sup>4</sup> shows 1,884 companies are invested by large enterprises (comprises 50.5% of the total), 1,427 companies by SMEs<sup>5</sup> (comprises 38.2% of the same) and 420 companies by individuals (comprises 11.3% of the same).

Table 4 Japanese Companies by Sector and Size of Investors (n=3,731 companies)

| Sector                                 | Large enterprise |            | SME              |            | Individual       |            |
|--|------------------|------------|------------------|------------|------------------|------------|
|  | No. of companies | Percentage | No. of companies | Percentage | No. of companies | Percentage |
| Agriculture, forestry, fishery, mining | 7                | 0.4%       | 2                | 0.1%       | 0                | 0.0%       |
| Construction                           | 69               | 3.7%       | 20               | 1.4%       | 21               | 5.0%       |
| Manufacturing                          | 949              | 50.4%      | 878              | 61.5%      | 90               | 21.4%      |
| Service                                | 857              | 45.5%      | 524              | 36.7%      | 309              | 73.6%      |
| Sectors not elsewhere classified       | 2                | 0.1%       | 3                | 0.2%       | 0                | 0.00%      |
| Total                                  | 1,884            | 100%       | 1,427            | 100%       | 420              | 100%       |
| Percentage in the total                | 50.5%            |            | 38.2%            |            | 11.3%            |            |

Note) Among the Japanese companies whose business activities are confirmed as of November 2014, summary of 3,731 companies whose investors are identified

<sup>4</sup> The summary by size of investors is based on the following classification:

• Large Enterprise: : cases where the Japanese investors are large enterprises only or comprised of large enterprises and individuals

• Small and Medium sized Enterprise (SME): Cases where any of the Japanese investors is a SME

• Individual: Cases where the Japanese investors are comprised of individuals only and does not contain any corporate body

<sup>5</sup> In accordance with the definitions under Article 2 of Small and Medium-sized Enterprise Basic Act (Type of Business: number of employees, amount of capital)

• Manufacturing business, other business: not exceeding 300 employees or not exceeding 300 million yen

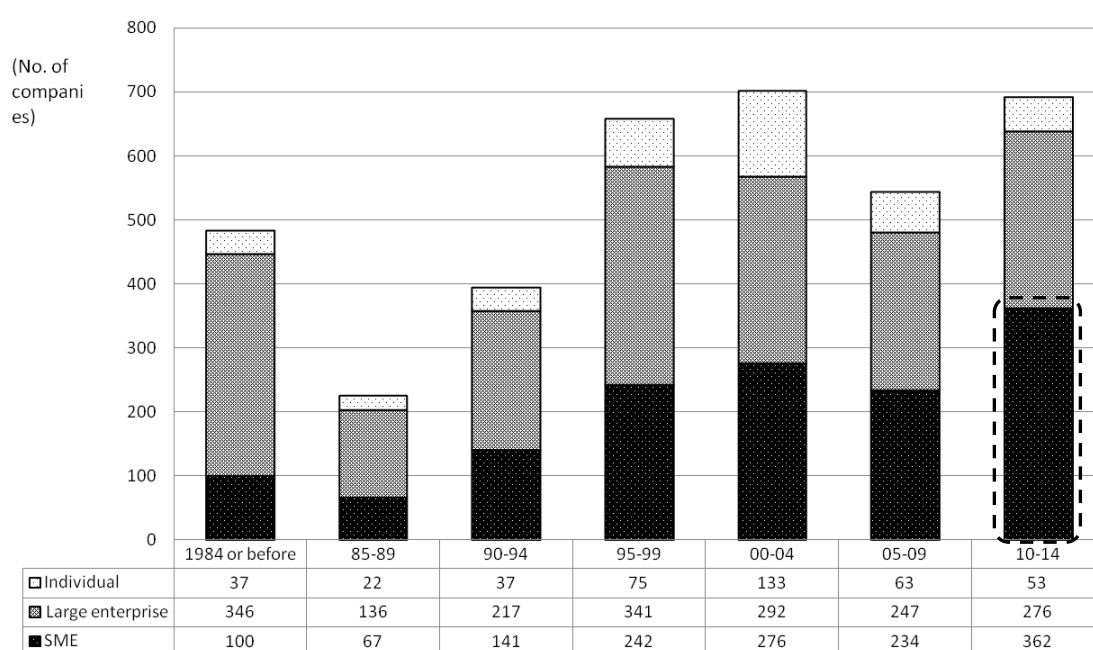
• Wholesale business: not exceeding 100 employees or not exceeding 1 million yen, retail business: not exceeding 50 employees or not exceeding 50 million yen

• Service business: not exceeding 100 employees or not exceeding 50 million yen

( 5 ) Trend in Number of Japanese Companies by Size of Investors (See Graph 5)

Looking at the trend in the number of Japanese companies by size of investor divided into groups according to their years of incorporation, in the period from 1995 to 1999 and before, companies invested by large enterprises comprise more than half of the total. However, in the recent years from 2010 to 2014, the number of companies invested by SMEs (362 companies) exceeds the number of those invested by large enterprises (276 companies).

Graph 5 Trend in Number of Japanese Companies by Size of Investors ( n =3,697 companies)

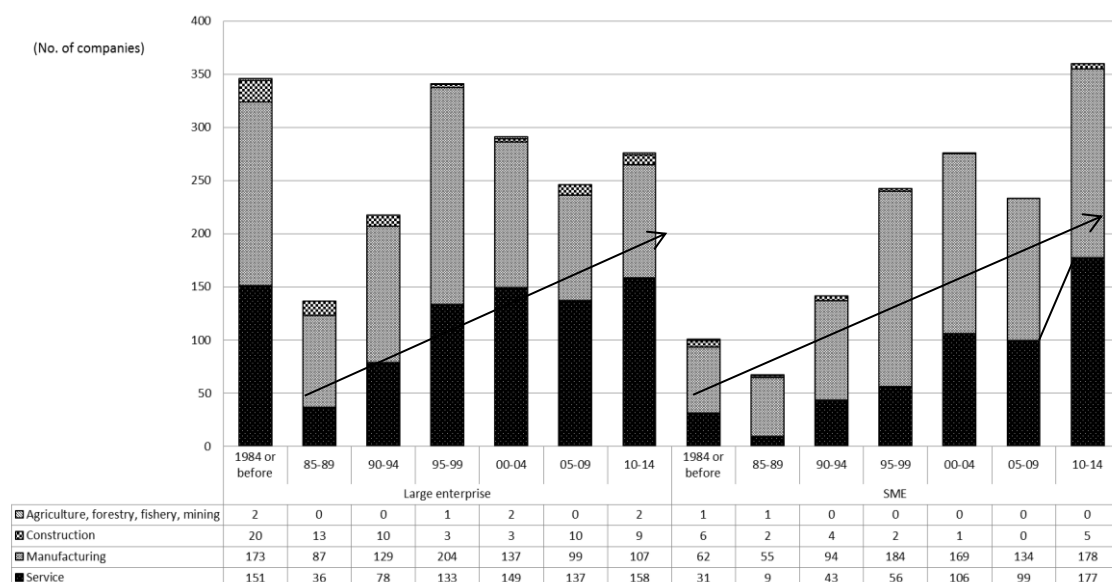


Note) Among the Japanese companies whose business activities are confirmed as of November 2014, summary of 3,697 companies of which investors and years of incorporation are identified

( 6 ) Trend in Number of Japanese Companies by Sector (Divided into companies invested by large enterprises or by SMEs) (See Graph 6)

Looking at the trend of the number of Japanese companies by sector dividing them into companies invested by large enterprises or those invested by SMEs and into groups according to their years of incorporation, both companies invested by large enterprises and those invested by SMEs show an increasing trend in the service sector. Especially, in the period of recent years from 2010 to 2014, companies invested by SMEs have increased radically in the service sector, by 177 companies, which is an increase of 78.8% compared to the previous period from 2005 to 2009.

Graph 6 Trend in Number of Japanese Companies by Sector (divided into companies invested by large enterprises or by SMEs) (n=3,272 companies)



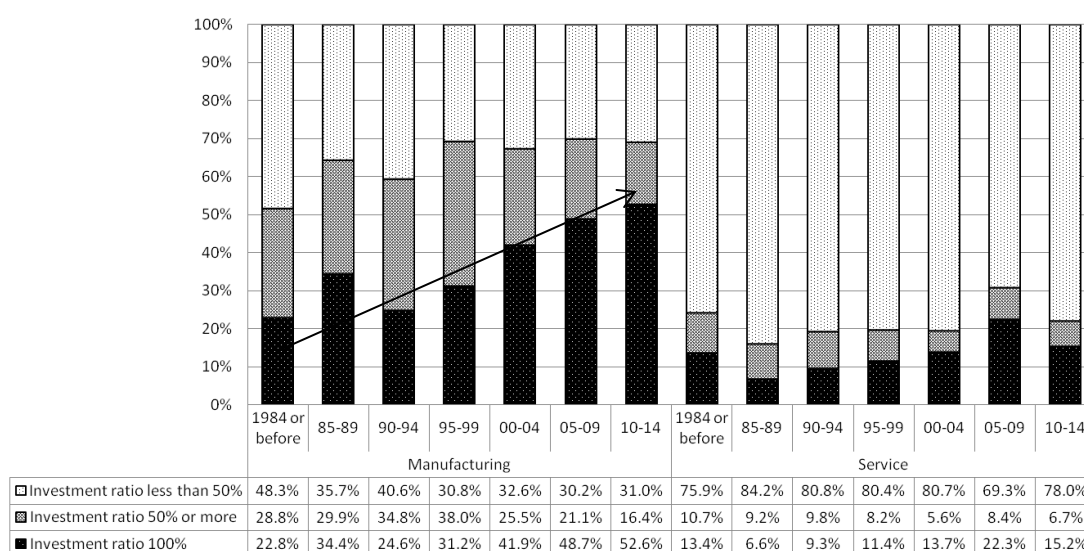
Note) Among the Japanese companies whose business activities are confirmed as of November 2014, summary of 3,272 companies of which investors are large enterprises or SMEs and years of incorporation are known

( 7 ) Trend in Composition of Japanese Companies by Investment Ratio of Japanese Investors (Manufacturing and Service Sectors) (See Graph 7)

Looking at the composition of Japanese companies in manufacturing and service sectors by investment ratio of Japanese investors, dividing them into groups according to their year of incorporation, in manufacturing sector, companies invested 100% by Japanese investors are increasing. On the other hand, in service sector, joint venture companies in which Japanese investors' investment ratio is less than 50% comprise almost 80% of the total.

Graph 7 Trend in Composition of Japanese Companies by Investment Ratio of Japanese Investors (Manufacturing and Service Sectors)

( n =4,273)



Note) Among the Japanese companies whose business activities are confirmed as of November 2014, summary of 4,273 companies in manufacturing or service sectors of which year of incorporation and investment ratio of Japanese investors are known

For more details, contact:  
JETRO Bangkok Office  
Phone : +66-(0)2-253-6441  
Persons in charge: Mr. Takiguchi (Ext.143)  
Mr. Wakamatsu (Ext.108)