

# **2015 JETRO Survey on Business Conditions of Japanese Companies in Asia and Oceania**

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China and North Asia Division  
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Japan External Trade Organization (JETRO)

# Contents

## Summary of Surveys in Current Fiscal Year

### 1. Operating Profit Forecast

- (1) Operating profit forecast for 2015 (by country/region and company size)
- (2) Proportion of profitable firms - 2008 to 2015 (by country/region)
- (3) Operating profit forecast for 2015 (by industry)
- (4) Operating profit forecast for 2015 (by country/region, domestic sales-oriented/export-oriented)
- (5) Operating profit forecast for 2015 (by year of establishment)
- (6) Operating profit forecast for 2015 and 2016 (comparison with the previous year, by country/region)
- (7) 2015 and 2016 DI (by country/region)
- (8) Operating profit forecast for 2015 and 2016 (comparison with the previous year, by industry)
- (9)-(10) Reasons for increased/decreased operating profit forecast for 2015

### 2. Future Business Plan

- (1) Approach to future business challenges in the next 1 to 2 years (by country/region)
- (2) Proportions of firms expecting to expand in the next 1 to 2 years (2008 to 2015, by country/region)
- (3) Proportions of firms expecting to expand in the next 1 to 2 years (2008 to 2015, China and other major countries in Asia)
- (4) Approach to future business challenges in the next 1 to 2 years (by industry and company size)
- (5) Approach to future business challenges in the next 1 to 2 years (by major industry and country/region)
- (6) Reasons for expected business expansion in the next 1 to 2 years
- (7) Functions to expand (multiple answers)
- (8) Functions to be expanded (by country) (2012 to 2015)
- (9) Reasons for the future reduction, transfer or withdrawal
- (10) Approach to future business challenges of Japanese-affiliated firms in China in the next 1 to 2 years
- (11)-(12) Changes in the number of employees (changes in a year-on-year comparison and future plans)
- (13) Localization of corporate management
- (14) Alternative system to produce/supply goods domestically or abroad

### 3. Management Matters

- (1) Problems common to all regions (top 10)
- (2)-(3) Problems common to all regions (top 10, response rate for each country/region)
- (4)-(6) Problems by country/region (top 5)
- (7) Comparison between China and other major countries in Asia (manufacturing)

### 4. Rising Costs of Production and Services

- (1) Negative impact of soaring costs of production and services on business activities (by country/region)

- (2) Negative impact of soaring costs of production and services on business activities (by industry)
- (3) Specific type(s) of inflation countermeasures
- (4)-(5) Specific type(s) of inflation countermeasures (by country/region)

### 5. Procurement of Raw Materials and Parts

- (1) Ratio of labor/material costs to production costs
- (2) Local production cost in comparison with production cost in Japan, which is taken as 100
- (3) Procurement sources for raw materials and parts (by country/region)
- (4) Procurement sources of major countries (comparison with the 2010 survey and 2015 survey)
- (5) Procurement sources for raw materials and parts (by industry)
- (6) Local procurement sources for raw materials and parts (by country/region)
- (7) Raw materials/parts that can be purchased only in Japan
- (8) Reasons for difficulty in procuring the raw materials/parts from countries other than Japan
- (9) Future raw materials/parts procurement policy
- (10) Reasons for raising future procurement rate for raw materials/parts

### 6. Exports/Imports

- (1) Proportion of export sales to the total sales (by country/region)
- (2) Breakdown of export destinations (by country/region)
- (3) Currencies for import/export settlement
- (4) Most promising export market for business/products over the next 1 to 3 years (by country/region)
- (5) Utilization of FTAs/EPAs (total, by industry, by company size, and by country/region), proportions of firms utilizing FTAs/EPAs in 2014 and 2015 (by export/import), and trends in FTA/EPA utilization by Japanese-affiliated firms in ASEAN
- (6)-(7) FTA/EPA utilization (by country/region)

### 7. Expectations for Economic Integration

- (1)-(2) Expectations for the ASEAN Economic Community (AEC)
- (3)-(5) Expectations for RCEP negotiations
- (6)-(7) Expectations for TPP negotiations
- (8) Consideration of TPP use in business with non-FTA/EPA partner countries

### 8. Wages

- (1) Year-on-year wage increase rate (by country/region)
- (2) Year-on-year wage increase rate (China and major countries)
- (3) Base salary (monthly) (by job type and country/region)
- (4) Annual salary (by job type and country/region)
- (5) Bonuses (by job type and country/region)

# Survey Summary (1)

## Purpose of Survey

To understand the current business activities of Japanese-affiliated companies operating in Asia and Oceania and to disseminate those findings widely.

## Surveyed Countries/Regions

Japanese-affiliated companies (with direct and indirect Japanese investment of 10% or greater) operating in a total of 20 countries/regions in northeast Asia (5), ASEAN countries (9), southwest Asia (4), and Oceania (2).

## Survey Period

October 8 to November 13, 2015

## Response Rate

Of a total of 9,590 surveys sent out, we received valid responses from 4,635 firms (48.3%). The breakdown of respondents by country and region is provided in the table to the right.

## Notes

- The survey has been conducted since 1987, making this year the 29<sup>th</sup> version.
- Since 2007, the survey has included non-manufacturing sectors.
- Numbers in tables are rounded, so they do not necessarily total 100%.
- Surveys in Taiwan were conducted with the assistance of the Interchange Association, Japan (IAJ).

(Firms, %)

	Firms surveyed	Firms responding		Category		Valid responses
		Valid	(%)	Manufacturing	Non-manufacturing	
Total	9,590	4,635	100.0	2,448	2,187	48.3
Northeast Asia	2,540	1,478	31.9	769	709	58.2
China	1,438	874	18.9	559	315	60.8
Hong Kong/Macau	333	236	5.1	51	185	70.9
South Korea	246	205	4.4	100	105	83.3
Taiwan	523	163	3.5	59	104	31.2
ASEAN	5,545	2,313	49.9	1,307	1,006	41.7
Thailand	1,618	563	12.1	360	203	34.8
Vietnam	1,027	557	12.0	364	193	54.2
Indonesia	946	397	8.6	232	165	42.0
Malaysia	940	300	6.5	172	128	31.9
Singapore	421	228	4.9	48	180	54.2
Philippines	239	119	2.6	78	41	49.8
Cambodia	188	97	2.1	39	58	51.6
Myanmar	123	34	0.7	2	32	27.6
Laos	43	18	0.4	12	6	41.9
Southwest Asia	1,015	565	12.2	278	287	55.7
India	749	446	9.6	215	231	59.5
Bangladesh	149	51	1.1	34	17	34.2
Sri Lanka	76	38	0.8	11	27	50.0
Pakistan	41	30	0.6	18	12	73.2
Oceania	490	279	6.0	94	185	56.9
Australia	339	201	4.3	61	140	59.3
New Zealand	151	78	1.7	33	45	51.7

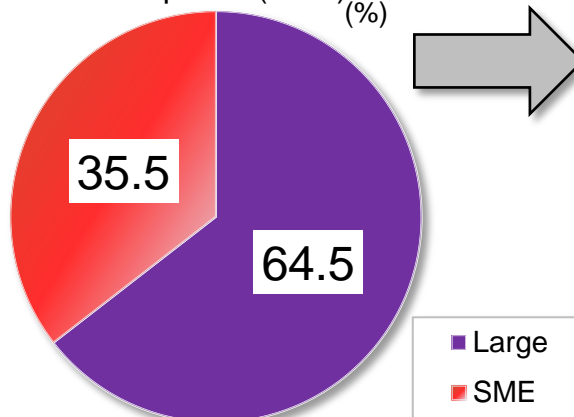
# Survey Summary (2)

## By industry category (Firms, %)

	Valid	(%)
<b>Manufacturing</b>	<b>Total</b>	<b>2,448 52.8</b>
Motor vehicles/Motorcycles	435	9.4
Electric machinery	420	9.1
Iron/Nonferrous metals/Metals	325	7.0
Chemical/Pharmaceutical	323	7.0
Food	172	3.7
General machinery	171	3.7
Textiles	110	2.4
Precision machinery	81	1.8
Rubber/Leather	65	1.4
Wood/Pulp	44	1.0
Other manufacturing industries	302	6.5
<b>Non-manufacturing</b>	<b>Total</b>	<b>2,187 47.2</b>
Wholesale/Retail	950	20.5
Transport	252	5.4
Construction	168	3.6
Finance/Insurance	114	2.5
Communications/Software	106	2.3
Other non-manufacturing industries	597	12.9

Note: Wholesale/Retail includes the sales bases of manufacturing firms.

## Large vs. Small and Medium-sized Enterprises (SME) (%)



Note: The definition of "small and medium-sized enterprises" here is based on the definition provided in Japan's Small and Medium-sized Enterprise Basic Act.

Note: Industry category details are as follows:

- Food:** Foods, processed agricultural or marine products
- Textiles:** Textiles (yarn, cloth, synthetic fabrics), apparel, textile products
- Wood/Pulp:** Lumber and wood products, paper and pulp
- Chemical/Pharmaceutical:** Chemicals and petroleum products, pharmaceuticals, plastic products
- Iron/Nonferrous metals/Metals:** Iron and steel (including cast and forged products), nonferrous metals and products, fabricated metal products (including plated products)
- General machinery:** General machinery (including metal molds and machine tools)
- Electric machinery:** Electric machinery and electronic equipment, electric and electronic parts and components
- Motor vehicles/Motorcycles:** Motor vehicles and motorcycles, motor vehicle and motorcycle parts and accessories
- Precision machinery:** Precision instruments, medical devices
- Wholesale/Retail:** Trading, logistics, and sales companies
- Finance/Insurance:** Banks, insurance companies, and securities brokers

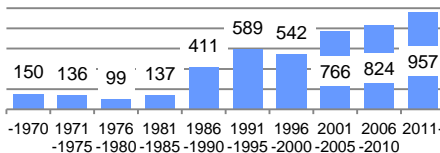
## Firms by Country/Region (Firms)

	Large	SME
<b>Total</b>	<b>2,990</b>	<b>1,645</b>
<b>Northeast Asia</b>	<b>1,047</b>	<b>431</b>
China	572	302
Hong Kong/Macau	175	61
South Korea	170	35
Taiwan	130	33
<b>ASEAN</b>	<b>1,313</b>	<b>1,000</b>
Thailand	270	293
Vietnam	267	290
Indonesia	257	140
Malaysia	194	106
Singapore	170	58
Philippines	71	48
Cambodia	53	44
Myanmar	21	13
Laos	10	8
<b>Southwest Asia</b>	<b>409</b>	<b>156</b>
India	347	99
Bangladesh	14	37
Sri Lanka	21	17
Pakistan	27	3
<b>Oceania</b>	<b>221</b>	<b>58</b>
Australia	170	31
New Zealand	51	27

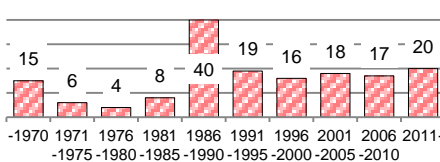
# Survey Summary (3)

## Year of establishment of responding firms (by country/region)

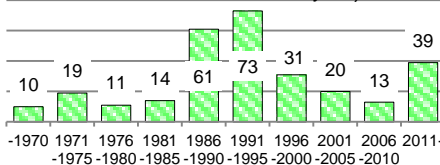
Total (n=4,635 including 24 firms uncertain about establishment year)



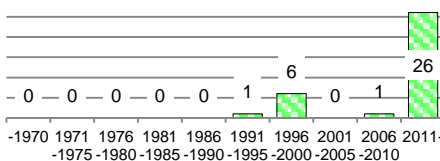
Taiwan (n=163)



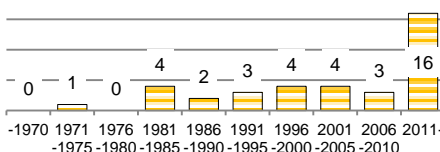
Malaysia (n=300 including 9 firms uncertain about establishment year)



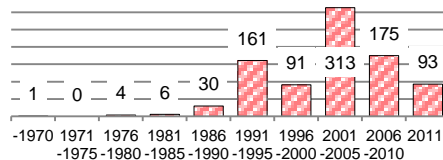
Myanmar (n=34)



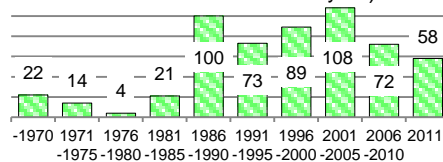
Sri Lanka (n=38 including 1 firm uncertain about establishment year)



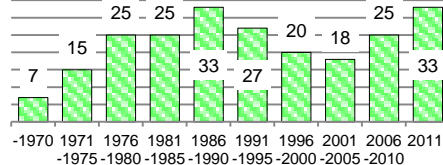
China (n=874)



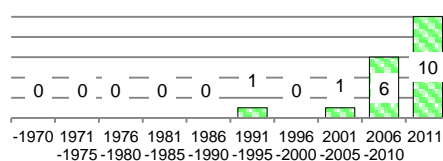
Thailand (n=563 including 2 firms uncertain about establishment year)



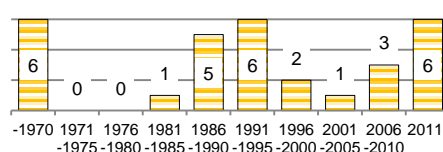
Singapore (n=228)



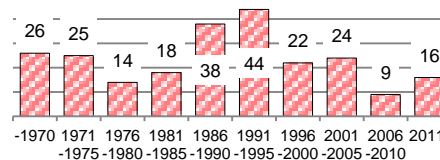
Laos (n=18)



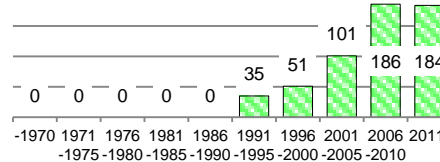
Pakistan (n=30)



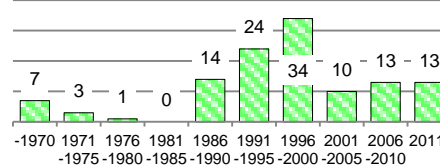
Hong Kong/Macau (n=236)



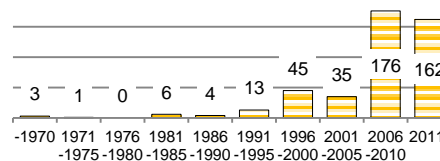
Vietnam (n=557)



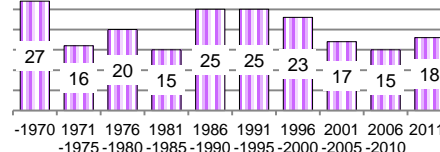
Philippines (n=119)



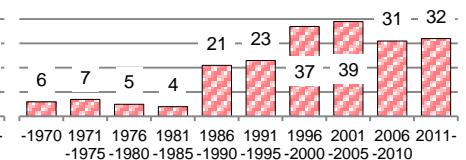
India (n=446 including 1 firm uncertain about establishment year)



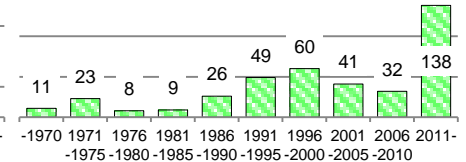
Australia (n=201)



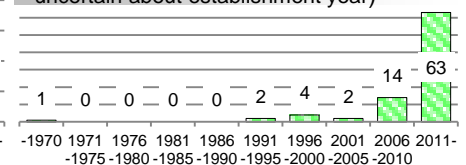
South Korea (n=205)



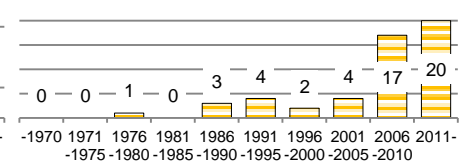
Indonesia (n=397)



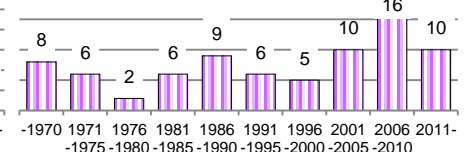
Cambodia (n=97 including 11 firms uncertain about establishment year)



Bangladesh (n=51)



New Zealand (n=78)



# Key Points (1)

Results of the “2015 JETRO Survey on Business Conditions of Japanese Companies in Asia and Oceania”

## “A lull in motivation for business expansion”

### **1. Companies with intention to expand business in China drop below 40% (Refer to pages 18, 19, and 20.)**

Among respondents, 51.2% expect to expand business in the next one or two years, a 5.1-point decrease from the 56.3% marked in the 2014 survey. Looking at the results by country and region, companies in China answering with “expansion” was 38.1% (down 8.4 points). The rate dropped below 40% for the first time since the survey began in 1998. Meanwhile, those indicating that business will remain at the same level came to a slim majority with 51.3%. In ASEAN, the response rate for “expansion” declined to 54.2% (down 6.1 points) as a whole. By country, Indonesia, Cambodia and Thailand saw a double-digit decline to 51.9% (down 15.4 points), 66.7% (down 12.8 points) and 49% (down 11.9 points), respectively. In contrast, strong intentions of expanding business were seen in Pakistan (76.7%), Myanmar (75.8%), India (74.7%), Sri Lanka (73%) and elsewhere.

### **2. Biggest managerial issue: Increased wages (Refer to pages 32, 33, 69, and 70.)**

Among managerial issues, increased wages was the most commonly cited at 69%. In China and Indonesia in particular, the figures exceeded 80%. Regarding the average year-on-year rate of increase in wages for 2015, a double-digit growth was recorded in the following seven countries: Cambodia, Indonesia, Myanmar, Laos, Pakistan, India and Vietnam. Among these countries, Myanmar, Indonesia and Pakistan are expected to continue to mark a double-digit increase for 2016. Although the rate of China was increasing by double digits since the survey began in 2010, the growth has been slowing down by a single digit since 2013 and is predicted to decline to 6.7% in 2016.

### **3. Procurement rate from China increases in ASEAN (Refer to pages 44, 46, 47, and 52.)**

When asked about how they planned to reduce material costs, which generally account for 60% of production costs, 74.1% of companies answered with “cost-cutting by increasing local procurement rate.” China’s local procurement rate is the highest in the targeted countries and regions at 64.7%, compared to its level of 58.3% in 2010. Meanwhile, ASEAN 5 (Indonesia, Thailand, the Philippines, Vietnam and Malaysia) saw a decrease in local procurement rates compared to that of 2010, with the exception of Vietnam. In those five countries, procurement rate from China has been increasing.

# Key Points (2)

## **4. As inflation countermeasures, “automation and power-saving” initiatives encouraged at over 40% companies in industries of “transportation machinery and tools” and “electrical machinery, equipment and supplies” (Refer to pages 41 and 43.)**

As countermeasures toward increasing costs, “cost-cutting (e.g., administration cost and indirect cost)” (54.2%), “reconsidering suppliers of raw materials and procurement content” (41.1%) and “raising prices of products and services” (27.4%) were selected. Encouraging “automation and power-saving (e.g., introducing industrial robots)” marked approximately 30% in Malaysia and China and exceeded 40% in the sectors of transportation machinery and electrical machinery, equipment and supplies.

## **5. Percentage of companies expecting surplus remains at same level, while varying by country and region (Refer to page 8.)**

Companies expecting operating profits for 2015 to be a surplus accounted for 62.2%, which was almost at the same level as the 2014 survey (63.9%). Looking at the results by country and region, the rates for Korea (77.2%) and Taiwan (74.7%) marked the highest, closely followed by Pakistan, Australia, the Philippines and Thailand with over 70%. Meanwhile, the rate was below 40% in countries including Myanmar (17.7%), Bangladesh (35.4%) and Cambodia (35.8%), where many companies have shorter operation histories than in other countries. In terms of business scale, 68.1% of large-scale companies expected a surplus, which exceeds the rate of SMEs (51.6%) by 16.5 points. A gap of 20 or more points was seen in Vietnam and China, while the rate of SMEs surpassed that of large-scale companies in Korea.

## **6. Business confidence to improve in 2016 (Refer to pages 13, 14, and 17.)**

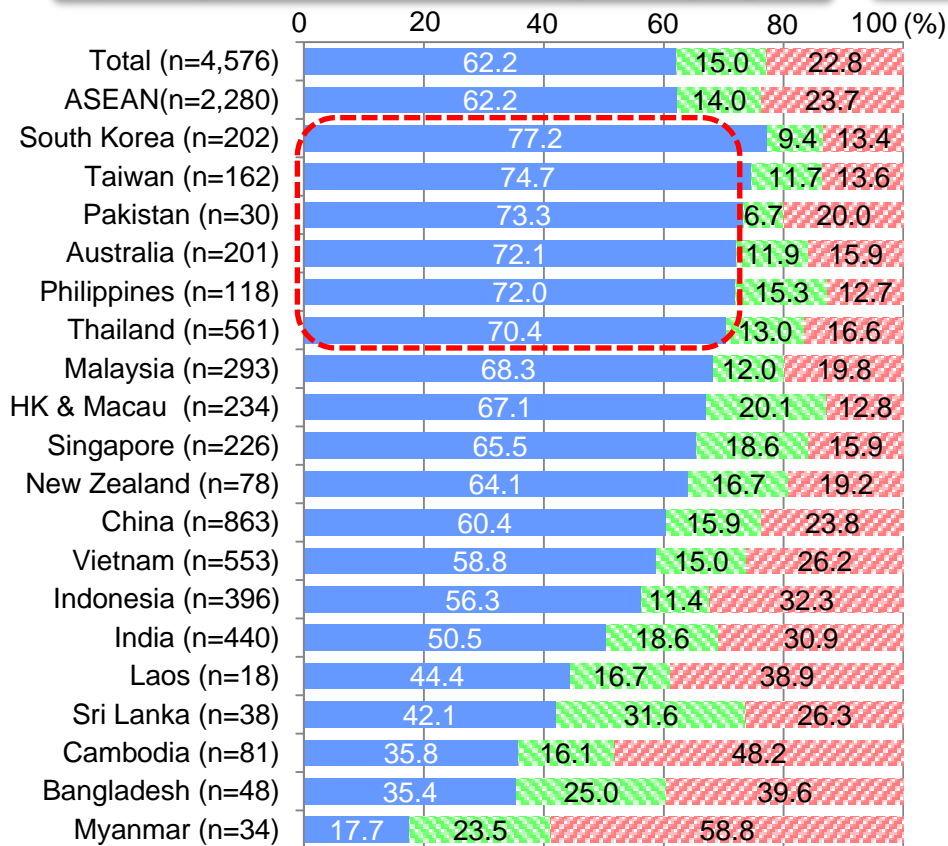
Regarding the business forecast for 2016, 44.8% of companies expect operating profits to increase, while those predicting a downturn decreased from the outlook for 2015, down to 13.3%. The diffusion index (DI) – the proportion of businesses reporting increased operating profits minus those reporting decreased operating profits compared to the previous year – marked 31.5 points, a 19-point increase. Among reasons for improvement, “sales increase in local markets” ranked first. In emerging countries such as Bangladesh, Cambodia and India, the DI exceeded 60 points, representing a significant improvement of business confidence.

## **7. “Facilitation of trade and customs authorities” and “access to the goods market” are the expected issues for TPP (Refer to pages 61, 63, and 66.)**

Among expectations for the Trans-Pacific Partnership (TPP) Agreement cited by companies operating in the member countries of Singapore, Malaysia, Vietnam, Australia and New Zealand, “facilitation of trade and customs authorities” marked the highest at 59%, followed by “access to the goods market.” Meanwhile, regarding the ASEAN Economic Community (AEC) projected to launch at the end of 2015 and the Regional Comprehensive Economic Partnership (RCEP) under negotiation, almost all categories showed a decline in expectations, compared to the 2014 survey.

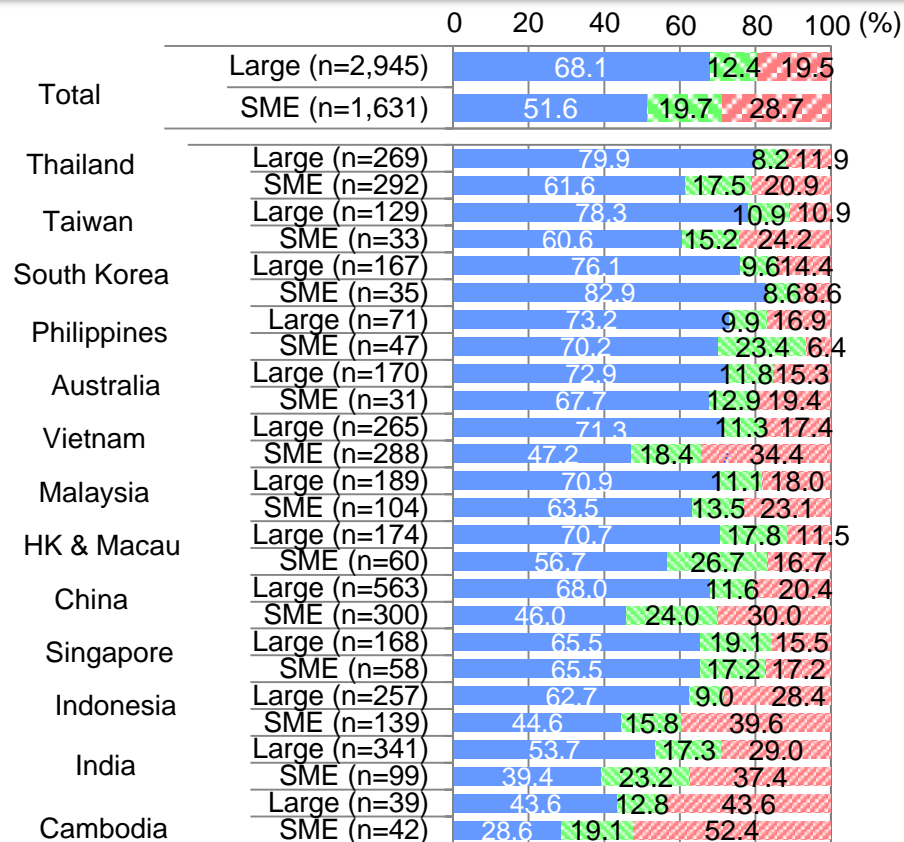
# 1. Operating Profit Forecast (1)

Operating profit forecast for 2015 (by country/region)



■ Profit ■ Breakeven ■ Loss Note: Countries/regions for which n for Large/SME ≥ 30

Operating profit forecast for 2015 (by country/region and company size)



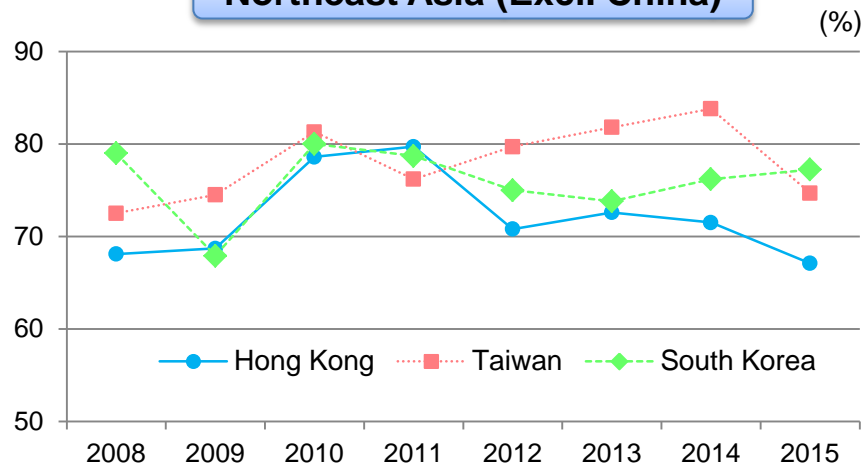
■ Profit ■ Breakeven ■ Loss

- A total of 62.2% of the firms expect operating "Profit" for 2015, down 1.7 percentage points (pp) from 63.9% (n = 4,711) in 2014; in contrast, 22.8% of the firms expect operating "Loss," up 1.4 pp from 21.4% in 2014.
- By country/region, the proportion of firms expecting operating profit was highest in South Korea at 77.2%, followed by Taiwan, Pakistan, Australia, the Philippines, and Thailand at over 70%, respectively.
- A total of 68.1% of the large enterprises expect operating profit, which was higher than 51.6% of the SMEs by 16.5 pp. The proportion of positive forecasts was higher among large enterprises than SMEs in 11 of the 13 countries/regions, with valid responses from more than 30 companies, excluding South Korea and Singapore. In particular, the proportion of profitable firms was higher among large enterprises than SMEs by over 20 pp in Vietnam and China. In contrast, the proportion was higher among SMEs than large enterprises in South Korea.

# 1. Operating Profit Forecast (2)

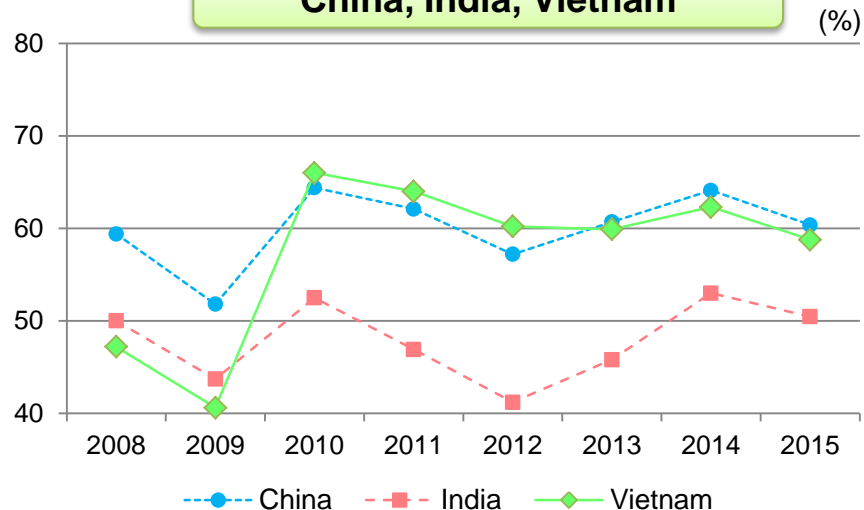
Proportion of profitable firms - 2008 to 2015 (by country/region)

## Northeast Asia (Excl. China)

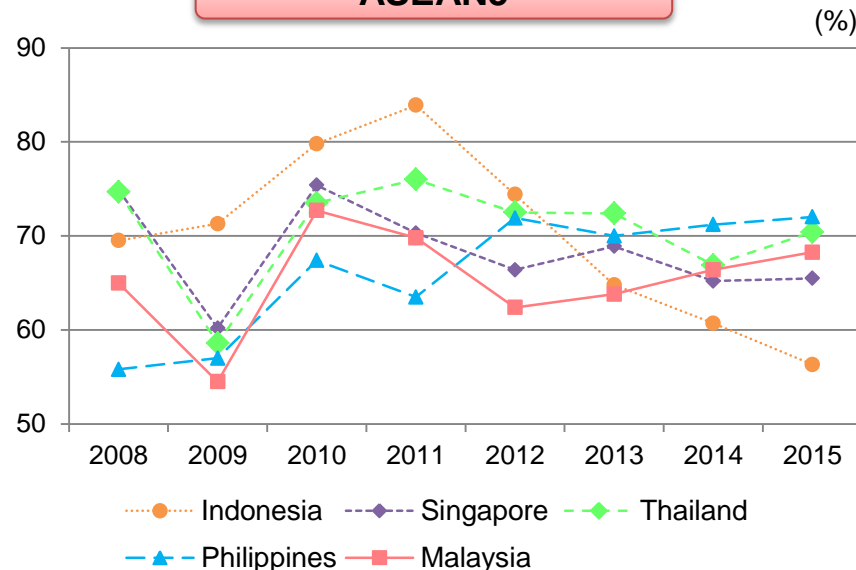


Note: Hong Kong includes Macao from 2011

## China, India, Vietnam



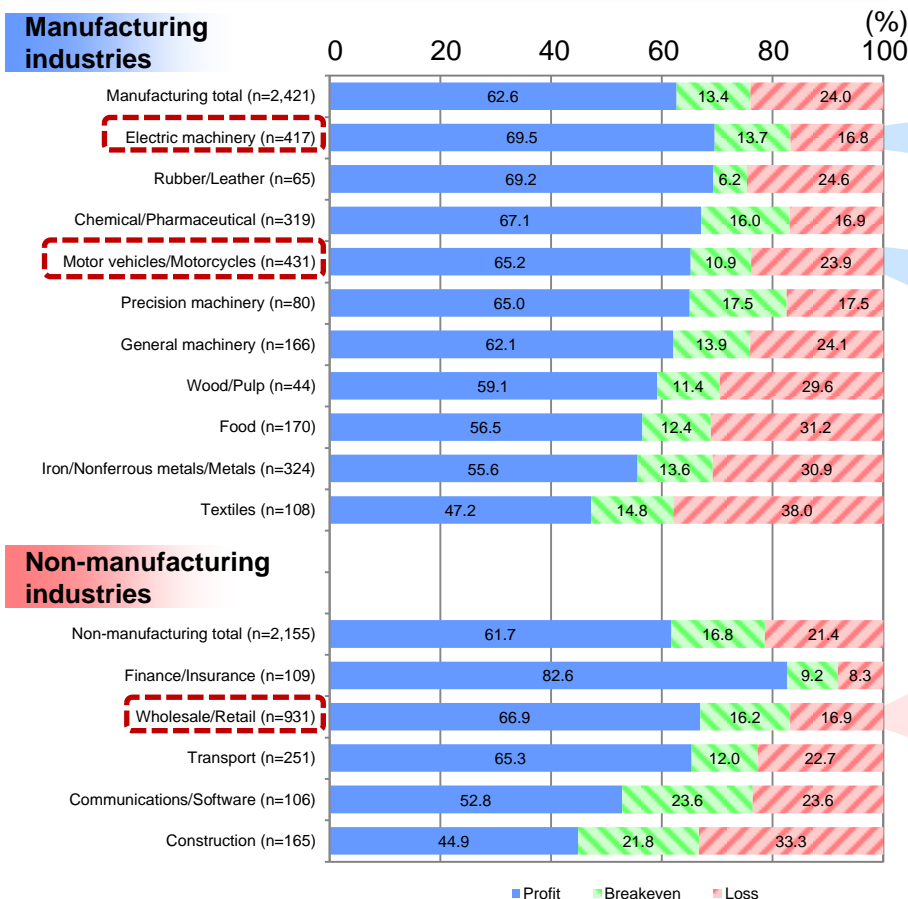
## ASEAN5



- In Northeast Asia (excluding China), the proportion of profitable firms increased in South Korea, although the proportion decreased from 2014 in Hong Kong/Macao and Taiwan.
- In ASEAN5, the proportion of profitable firms increased in four countries excluding Indonesia. In Indonesia, the proportion decreased by 4.4 pp from 2014, showing a four-straight-year decrease from 2012. The proportion of profitable firms exceeded 70% in Thailand and the Philippines.
- The proportion of profitable firms decreased from 2014 in China (60.4%, down 3.7 pp), India (50.5%, down 2.5 pp), and Vietnam (58.8%, down 3.5 pp).

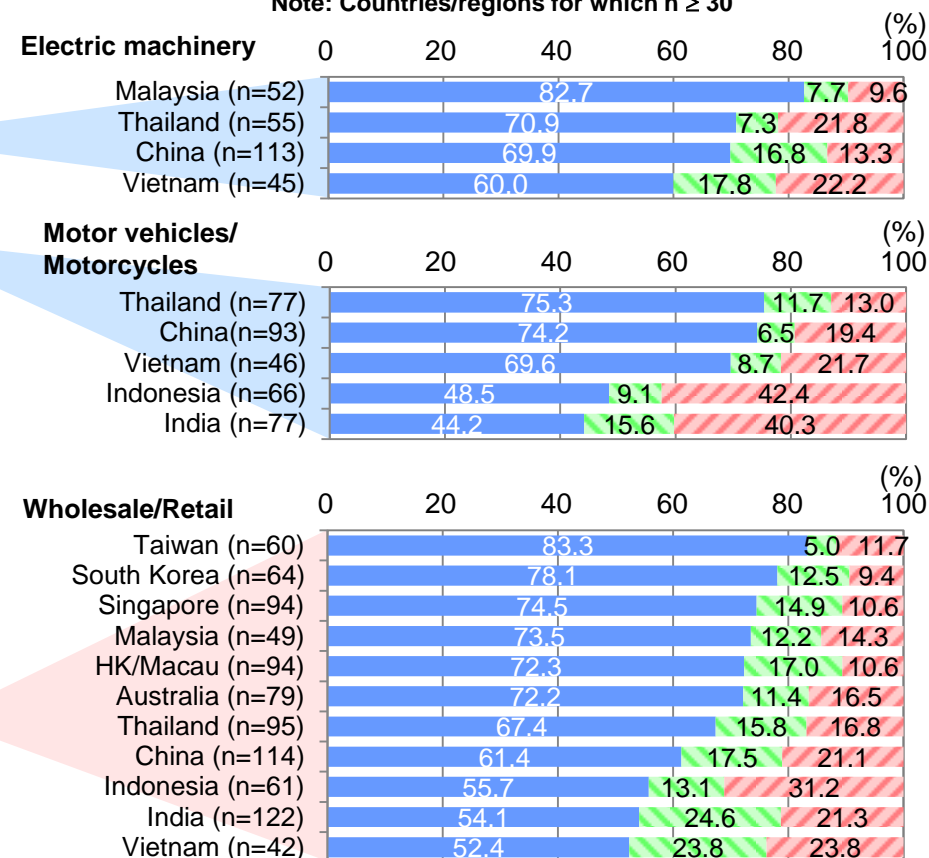
# 1. Operating Profit Forecast (3)

## Operating profit forecast for 2015 (by industry)



## Major industry categories by country and region

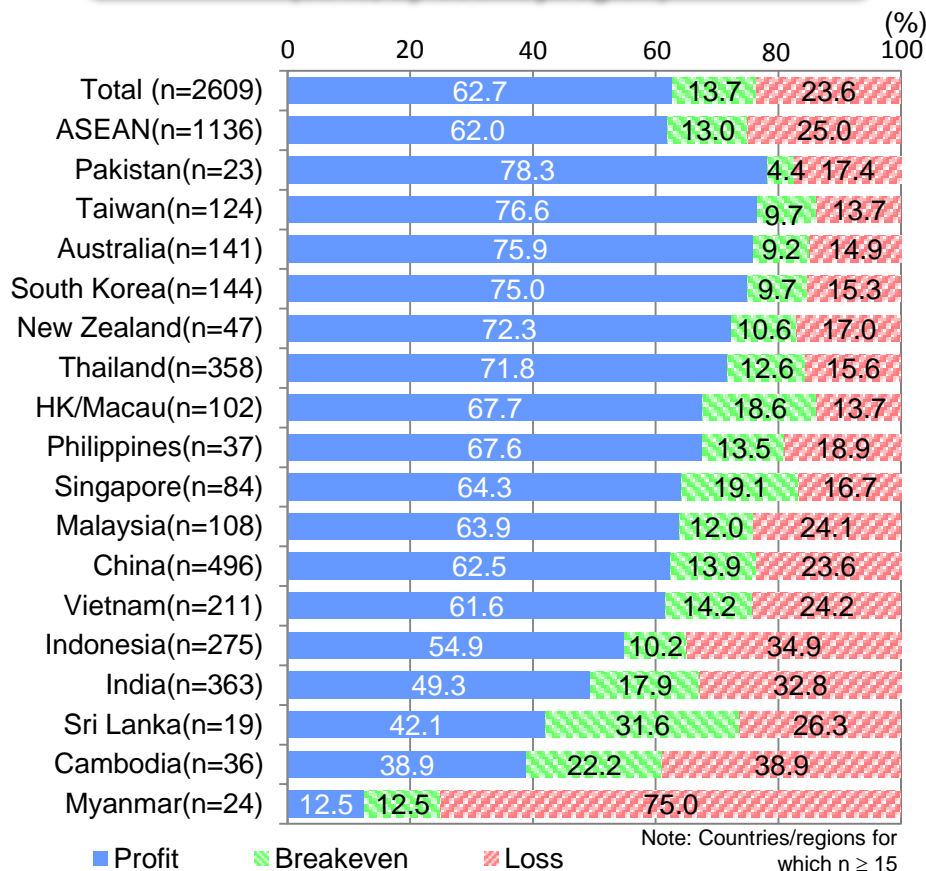
Note: Countries/regions for which n ≥ 30



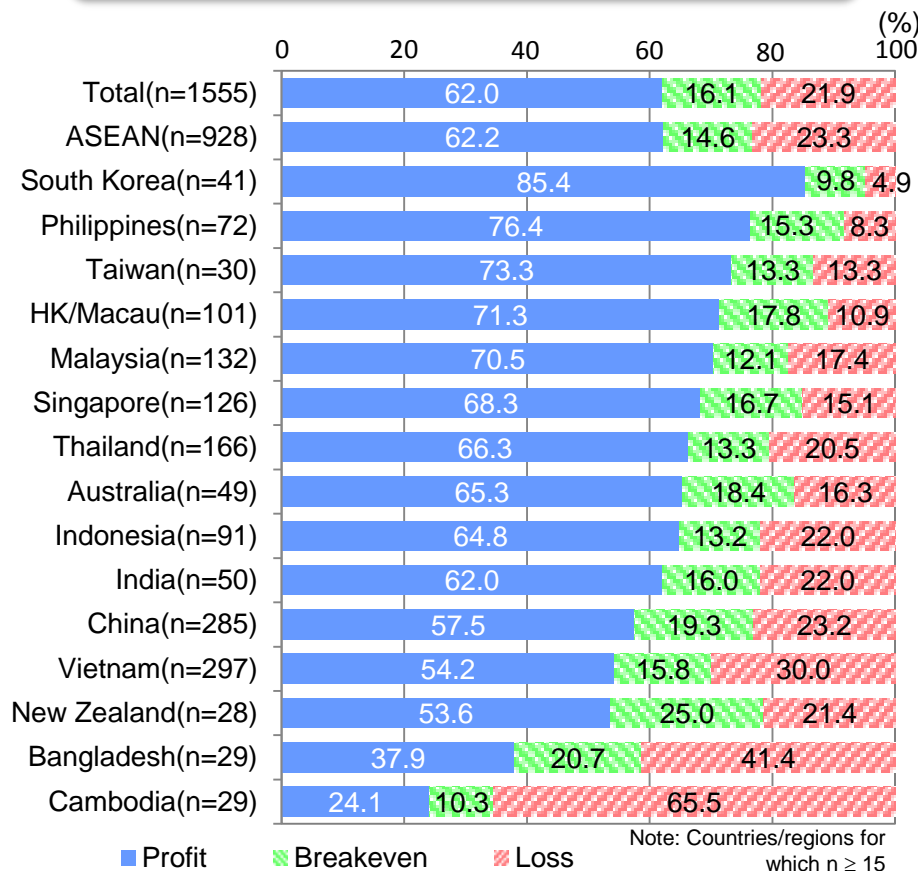
- The proportion of firms expecting operating profit for 2015 was higher in the manufacturing sector (62.6%) than the non-manufacturing sector (61.7%). In comparison with the 2014 survey (manufacturing: 63.6 %/non-manufacturing: 64.2%), the proportion decreased by 1.0 pp in the manufacturing sector and by 2.5 points in the non-manufacturing sector.
- In the non-manufacturing sector, the proportion of profitable firms was particularly high in the finance/insurance industry (82.6%) .
- The trends by country/region of the three industries with the largest number of valid responses are as follows. In the Electric machinery industry, operating profit is expected by 82.7% of the firms in Malaysia and by 70.9% of the firms in Thailand. In the Motor vehicle/Motorcycle industry, operating profit is expected by 75.3% of the firms in Thailand and by 74.2% of the firms in China. In wholesale/retail, the proportion of profitable firms is the highest in Taiwan at 83.3%, followed by South Korea, Singapore, Malaysia, Hong Kong/Macau, and Australia at over 70%, respectively.

# 1. Operating Profit Forecast (4)

**Operating profit forecast (domestic sales-oriented firms with export ratio < 50%) (2015, by country/region)**



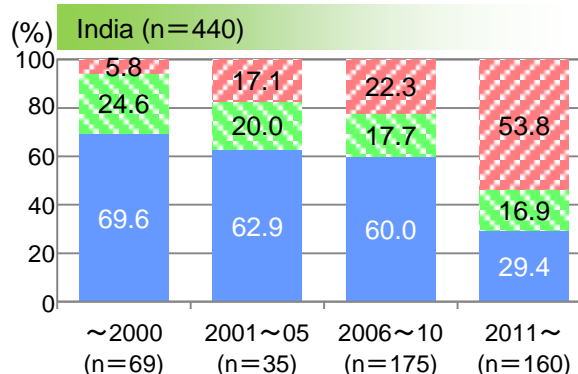
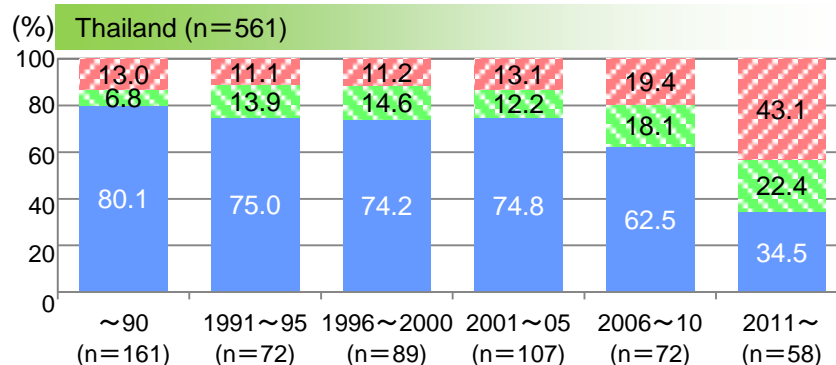
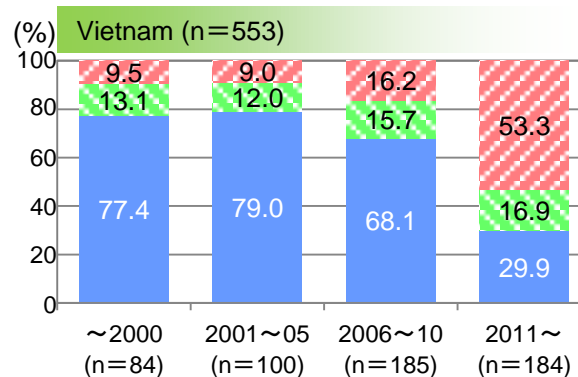
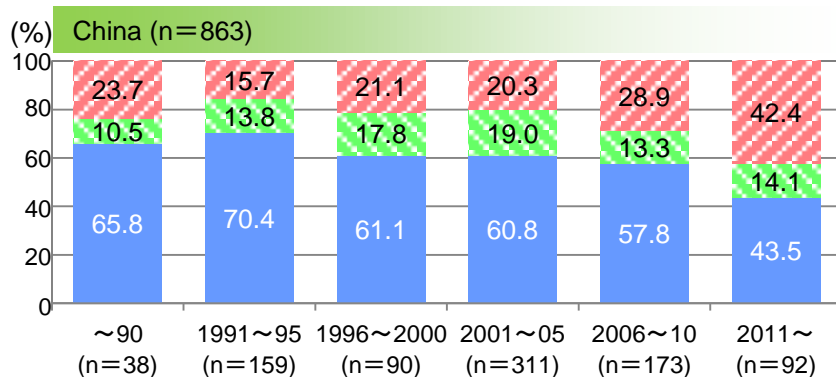
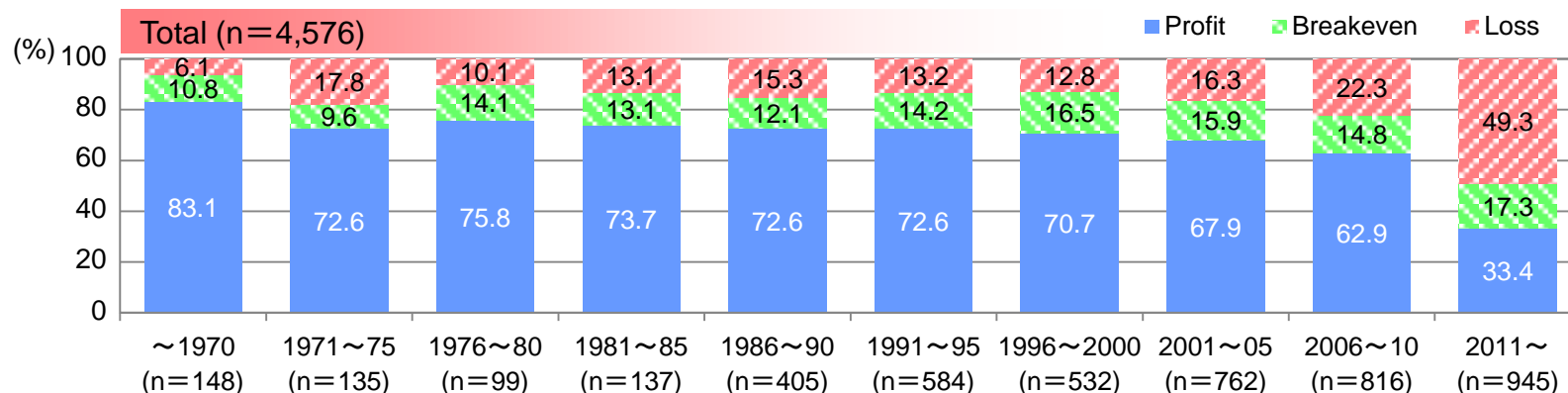
**Operating profit forecast (export-oriented firms with export ratio ≥ 50%) (2015, by country/region)**



- The proportion of positive operating profit (forecast) was 62.7% among domestic sales-oriented firms (less than a 50% export ratio in the operating country/region), while the proportion was 62.0% among export-oriented firms (50% or larger export ratio in the operating country/region). The proportion of profitable firms decreased from 2014 in both types of firms.
- In Taiwan and South Korea, the proportion exceeds 70% among both domestic sales-oriented firms and export-oriented firms.
- In Australia, New Zealand, and Cambodia, the proportion was higher among domestic sales-oriented firms than export-oriented firms by over 10 pp. In South Korea and India, the proportion of profitable firms was higher among export-oriented firms than domestic sales-oriented firms by over 10 pp.

# 1. Operating Profit Forecast (5)

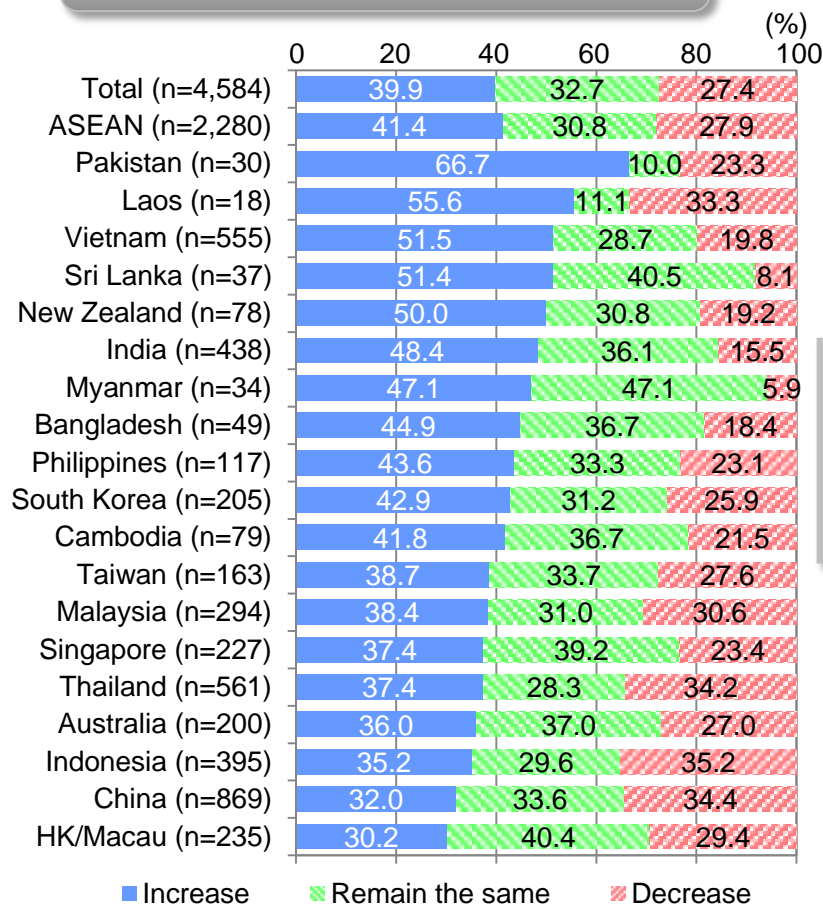
## Operating profit forecast for 2015 (by year of establishment)



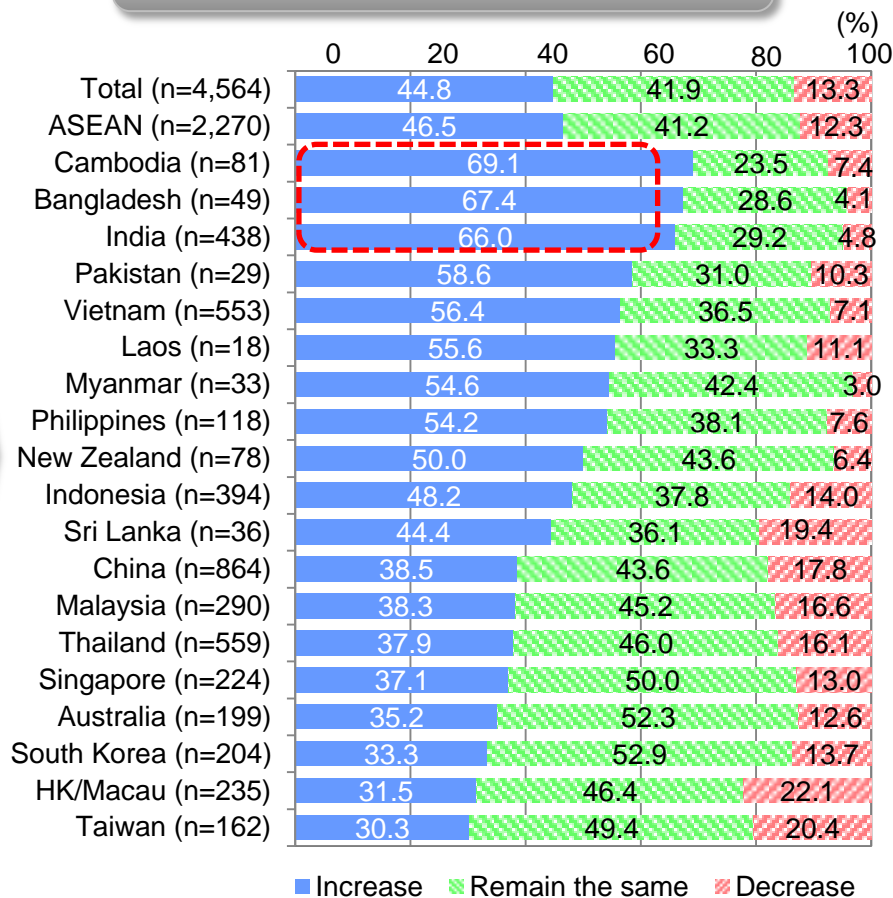
- By year of establishment, firms established in an earlier year are more likely to expect operating profit for 2015.
- A total of 49.3% of the firms established in 2011 or later expect operating loss.

# 1. Operating Profit Forecast (6)

**Operating profit forecast for 2015  
(by county/region, comparison with 2014)**



**Operating profit forecast for 2016  
(by county/region, comparison with 2015)**

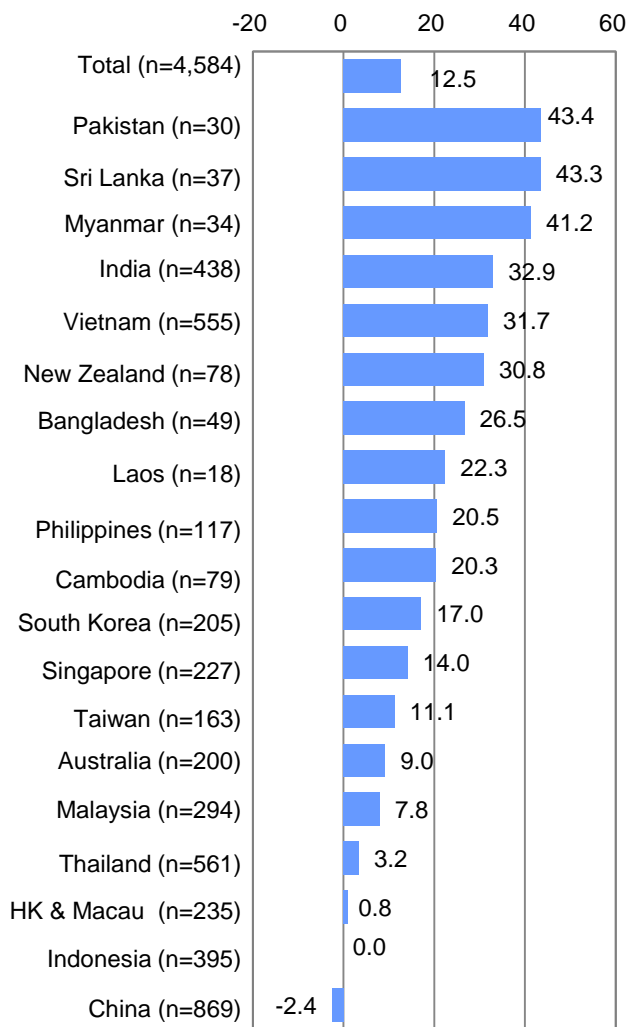


- A total of 39.9% of the firms expect an operating profit "Increase" for 2015 (from 2014), down 1.9 pp from 41.8% in the 2014 survey (n = 4,705); the proportion of firms expecting an operating profit "Decrease" was 27.4%, up 1.7 pp from the 2014 survey (25.7%).
- A total of 44.8% of the firms expect an "Increase" for 2016, down 4.3 pp from 49.1 % in 2015 forecast in the 2014 survey. Meanwhile, the proportion of firms expecting an operating profit "Decrease" was 13.3%, up 1.6 pp from the 2015 forecast (11.7%) in the 2014 survey.
- The proportion of firms expecting an "increase" in 2016 forecast exceeded 60% in Cambodia, Bangladesh, and India.

# 1. Operating Profit Forecast (7)

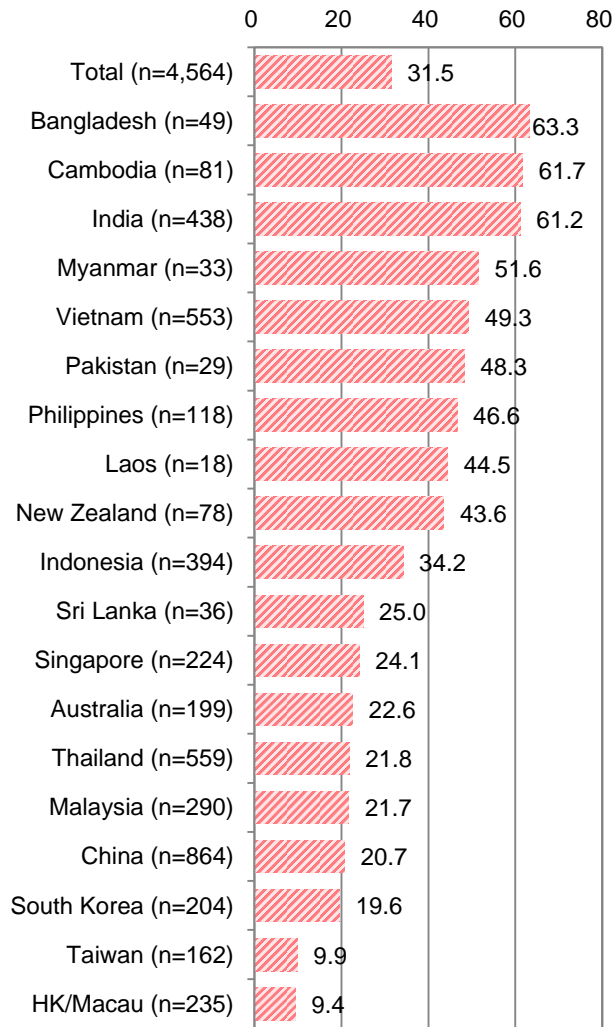
2015 DI (by country/region)

(points)



2016 DI (by country/region)

(points)



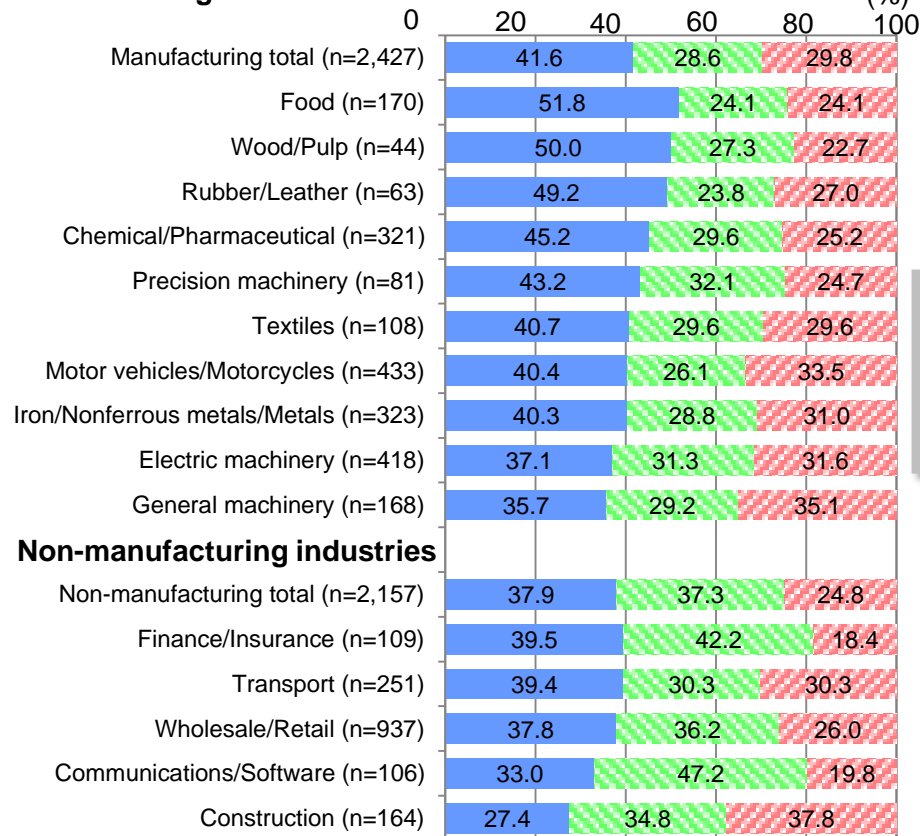
- The DI (see Note), indicating business confidence for 2015 operating profit, was 12.5 points, down 3.6 points from 16.1 points in the 2014 survey (n=4,705). By country/region, the DI was higher in Pakistan, Sri Lanka, and Myanmar.
- The 2016 DI (31.5 points) decreased by 5.9 points from the 2014 survey (37.4 points, n=4,701). The DI exceeded 60 points in Bangladesh, Cambodia, and India.

Note: DI is an abbreviation for Diffusion Index, the proportion of firms expecting improvement minus the proportion of firms expecting worsening. This figure reflects changes in business confidence.

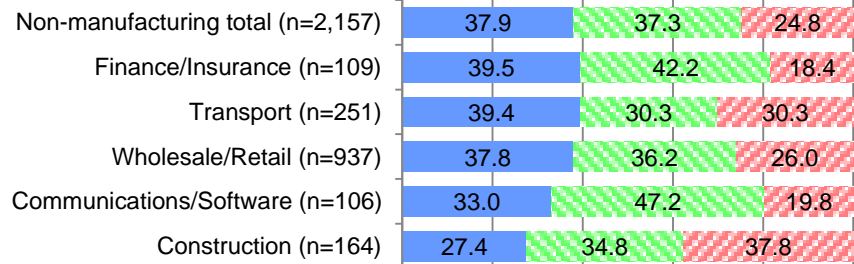
# 1. Operating Profit Forecast (8)

**Operating profit forecast for 2015**  
(comparison with 2014, by industry)

## Manufacturing industries



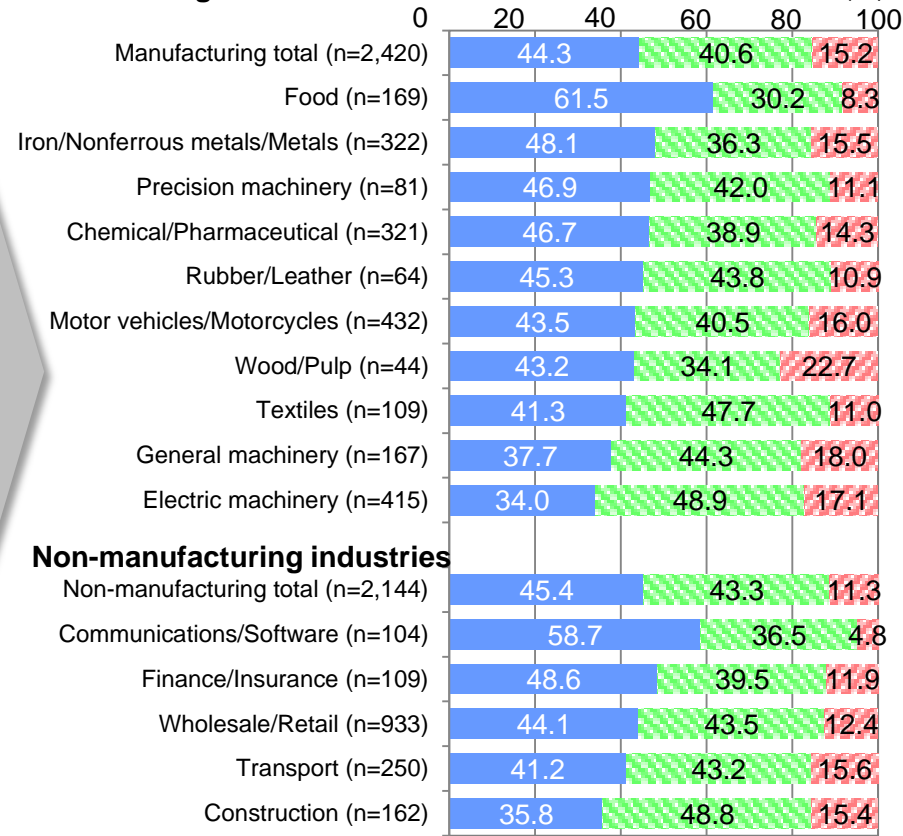
## Non-manufacturing industries



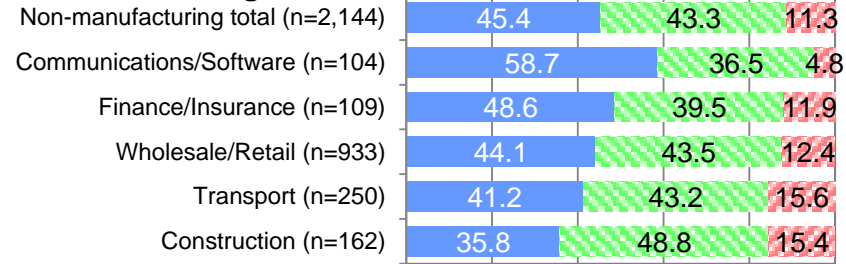
■ Increase ■ Remain the same ■ Decrease

**Operating profit forecast for 2016**  
(comparison with 2015, by industry)

## Manufacturing industries



## Non-manufacturing industries

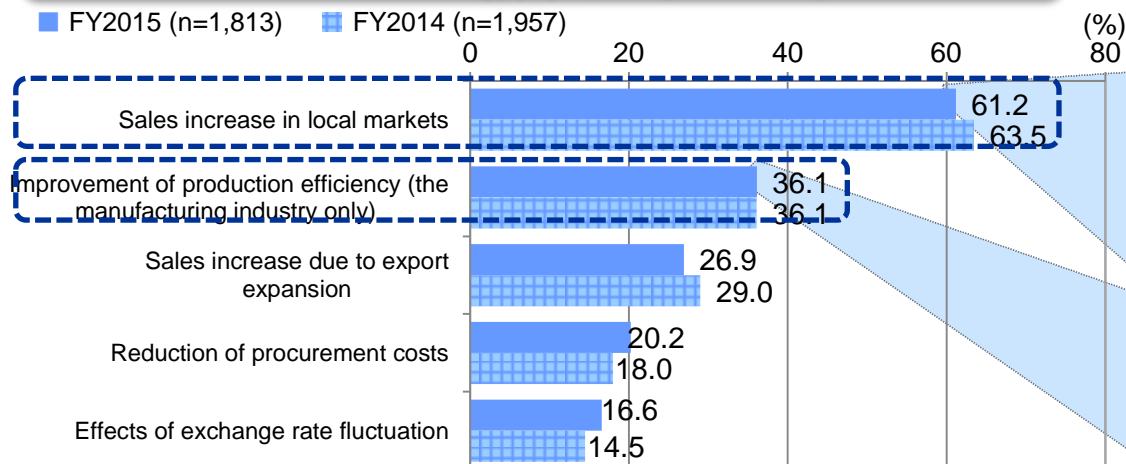


■ Increase ■ Remain the same ■ Decrease

- Compared with the 2014 survey (manufacturing: n = 2,494/non-manufacturing: n = 2,211), the proportion of firms expecting an operating profit "Increase" for 2015 decreased by 1.3 pp in the manufacturing sector (42.9%  $\Rightarrow$  41.6%) and 2.7 pp in the non-manufacturing sector (40.6%  $\Rightarrow$  37.9%).
- The proportion of firms expecting an operating profit "Increase" for 2016 decreased from the 2015 "Increase" forecast by 5.0 pp in the manufacturing sector (49.3%  $\Rightarrow$  44.3%) and by 3.5 pp in the non-manufacturing sector (48.9%  $\Rightarrow$  45.4%).

# 1. Operating Profit Forecast (9)

## Reasons for increased operating profits forecast for 2015 (comparison with the reasons for the increase forecast for 2014 cited in the 2014 survey) (top 5, multiple answers)



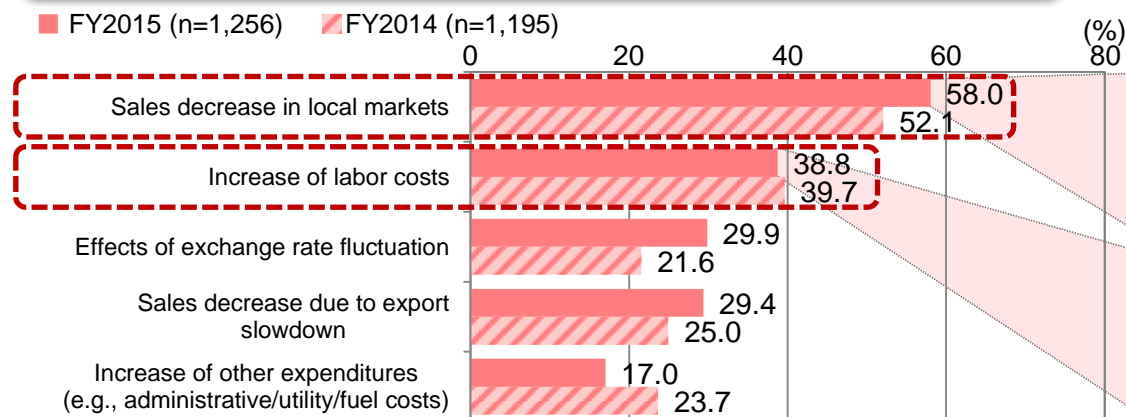
Note: "Improvement of production efficiency" here includes improvement of manufacturing procedures (e.g., introduction of a cell production system) and computerized production management.

## Response rate by country/region and industry (top 5)

Country/region	Industry category
India (88.1%) Taiwan (76.2%) Pakistan (75.0%) South Korea (71.6%) Australia (69.0%) HK/Macau (69.0%)	Finance/Insurance (76.7%) Wholesale/Retail (76.2%) Food (69.3%) Construction (68.9%) Transport (63.3%)
China (47.4%) Vietnam (39.5%) Indonesia (35.4%) Thailand (34.9%) Malaysia (31.9%)	Textiles (52.3%) Motor vehicles/Motorcycles (46.8%) Rubber/Leather (45.2%) Electric machinery (42.9%) Iron/Nonferrous metals/Metals (36.4%)

Note: Countries/regions and industry categories for which n≥30

## Reasons for decreased operating profits forecast for 2015 (comparison with the reasons for the decrease forecast for 2014 cited in the 2014 survey) (top 5, multiple answers)

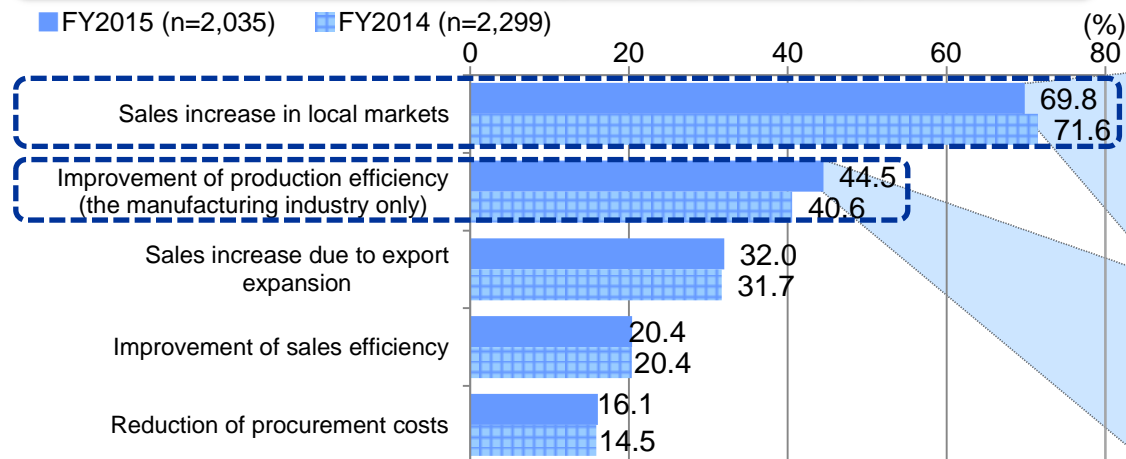


Country/region	Industry category
Taiwan (75.6%) Thailand (72.9%) Indonesia (68.4%) South Korea (67.9%) India (66.2%)	Construction (82.3%) General machinery (72.9%) Wholesale/Retail (72.5%) Motor vehicles/Motorcycles (69.7%) Electric machinery (55.3%)
Cambodia (58.8%) China (57.5%) Indonesia (51.1%) Vietnam (40.9%) India (36.8%)	Textiles (62.5%) Motor vehicles/Motorcycles (56.6%) Rubber/Leather (52.9%) Transport (51.3%) Iron/Nonferrous metals/Metals (51.0%)

Note: Countries/regions and industry categories for which n≥10

# 1. Operating Profit Forecast (10)

## Reasons for increased operating profits forecast for 2016 (comparison with the reasons for increase forecast for 2015 cited in the 2014 survey) (top 5, multiple answers)

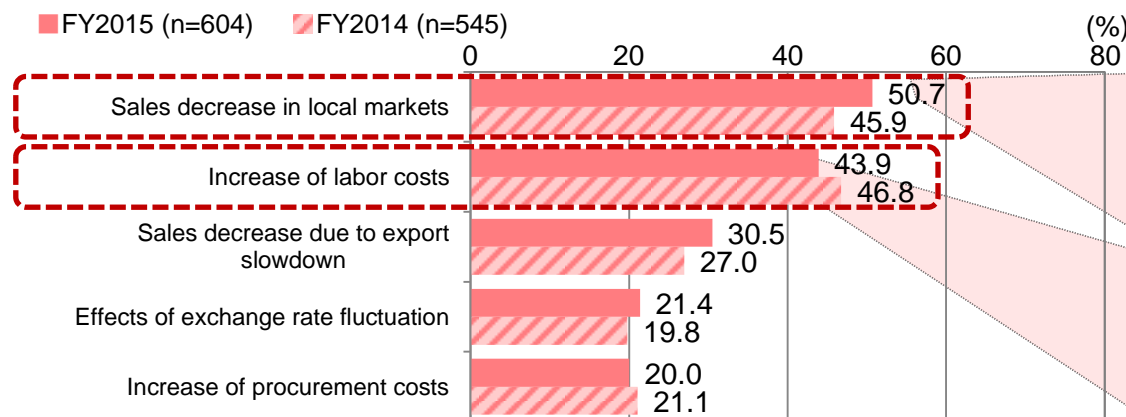


## Response rate by country/region and industry (top 5)

Country/region	Industry category
India (92.3%) Taiwan (81.3%) Indonesia (77.1%) China (75.0%) Australia (72.9%)	Wholesale/Retail (83.7%) Construction (82.8%) General machinery (82.5%) Finance/Insurance (80.4%) Motor vehicles/Motorcycles (77.0%)
China (48.2%) Thailand (47.4%) Indonesia (46.8%) Malaysia (46.7%) Vietnam (44.6%)	Electric machinery (52.5%) Textiles (51.1%) Motor vehicles/Motorcycles (47.1%) Iron/Nonferrous metals/Metals (46.1%) Food (42.3%)

Note: Countries/regions and industry categories for which  $n \geq 30$

## Reasons for decreased operating profits forecast for 2016 (comparison with the reasons for decrease forecast for 2015 cited in the 2014 survey) (top 5, multiple answers)

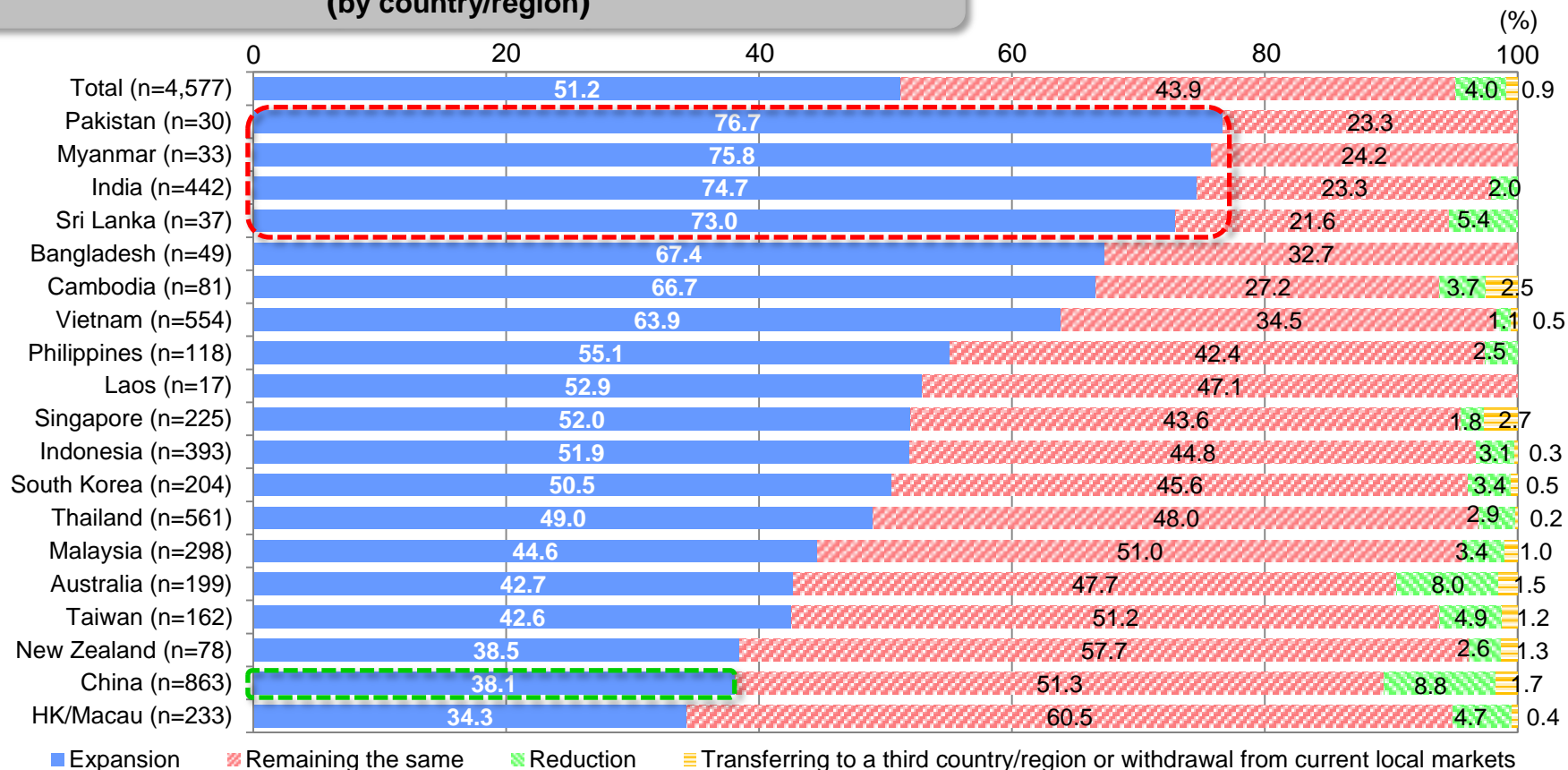


Country/region	Industry category
South Korea (75.0%) Thailand (68.5%) Taiwan (66.7%) Singapore (55.2%) India (52.4%)	General machinery (76.7%) Construction (73.9%) Wholesale/Retail (58.6%) Chemical/Pharmaceutical (56.5%) Electric machinery (56.3%)
Indonesia (70.9%) China (60.1%) Malaysia (45.8%) Vietnam (44.7%) India (42.9%)	Wood/Pulp (70.0%) Motor vehicles/Motorcycles (58.0%) Transport (56.4%) Textiles (50.0%) Electric machinery (46.5%)

Note: Countries/regions and industry categories for which  $n \geq 10$

## 2. Future Business Plan (1)

### Approach to future business challenges in the next 1 to 2 years (by country/region)

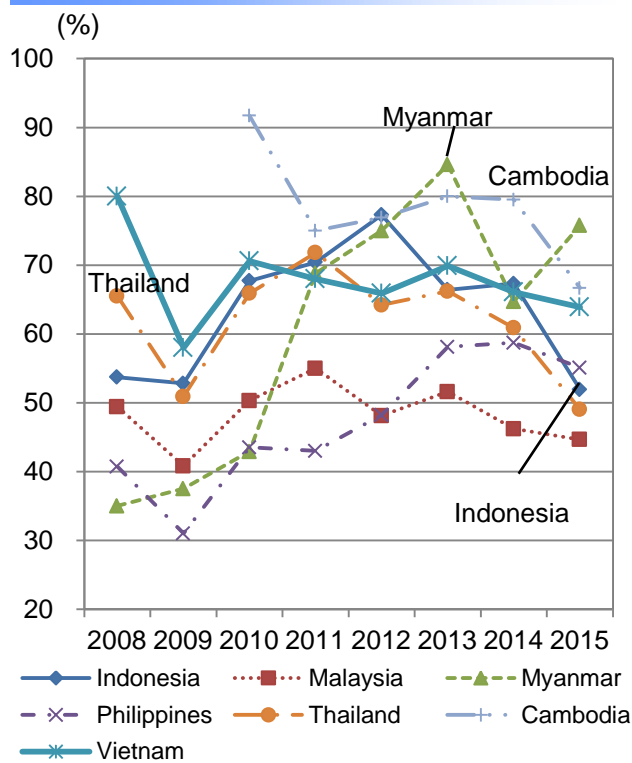


- A total of 51.2% of the firms selected “Expansion” as their approach to future business challenges in the next one or two years, marking a decrease of 5.1 pp from 56.3% in the 2014 survey (n = 4,731). In contrast, 4.9% of the firms selected “Reduction” or “Transferring to a third country/region or withdrawal from current local markets,” up 0.4 pp from 4.5% in the 2014 survey.
- By country/region, Pakistan marked the highest proportion of “Expansion” at 76.7%, followed by Myanmar, India, and Sri Lanka at over 70%, respectively.
- In China, 38.1% of the firms selected “Expansion,” down 8.4 pp from the 2014 survey. The proportion fell below 40% for the first time after 1998.

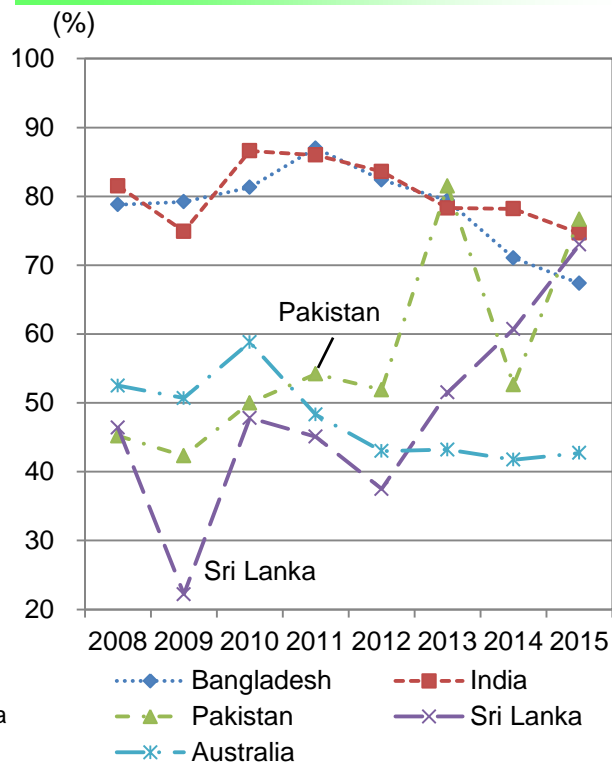
# 2. Future Business Plan (2)

Proportions of firms expecting to expand in the next 1 to 2 years  
(2008 to 2015)

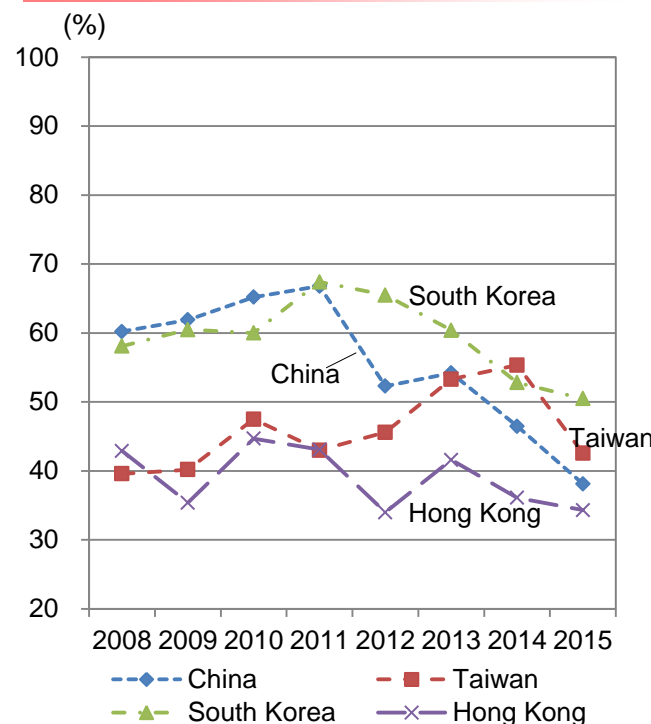
## ASEAN



## Southwest Asia/Oceania



## Northeast Asia

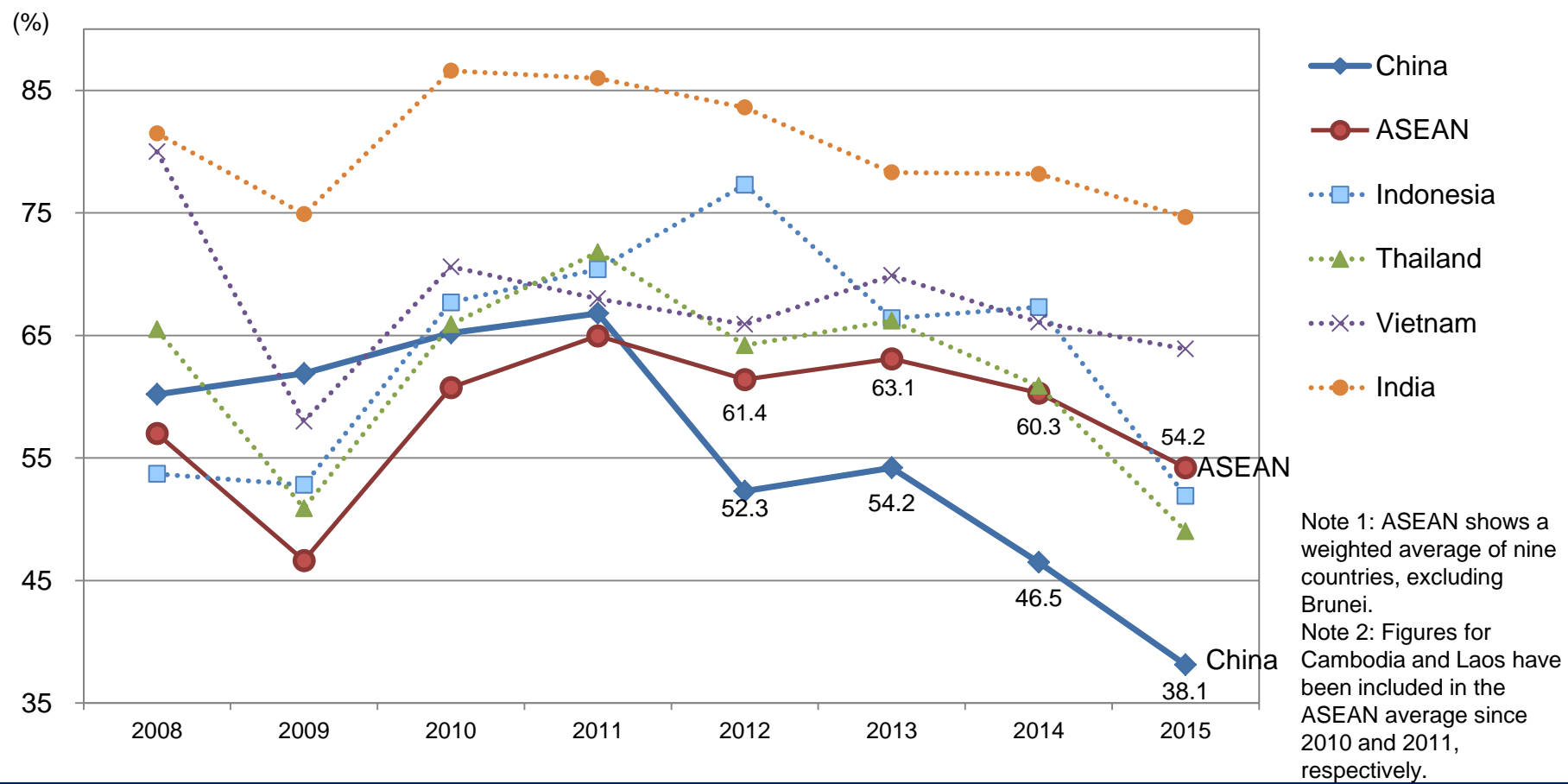


- Reviewing the survey results by country/region from 2008, the proportion of firms that selected “Expansion” as their approach to future business challenges in the next one or two years increased significantly in 2010 when the global economy recovered from the downturn following the Lehman crisis. The proportion of “Expansion” remained generally the same from 2011 to 2013, excluding several countries/regions. In 2014 and 2015, the proportion decreased from 2013 in many countries/regions.
- In the 2015 survey, the proportion of firms that selected “Expansion” decreased from 2014 by over 10 pp in Indonesia (-15.4 pp), Cambodia (-12.8 pp), Taiwan (-12.8 pp), Thailand (-11.9 pp). On the other hand, the proportion increased from 2014 by over 10 pp in Pakistan (24.0 pp), Sri Lanka (12.3 pp), and Myanmar (11.1 pp).



# 2. Future Business Plan (3)

Proportions of firms expecting to expand in the next 1 to 2 years  
(2008 to 2015, China and other major countries in Asia)

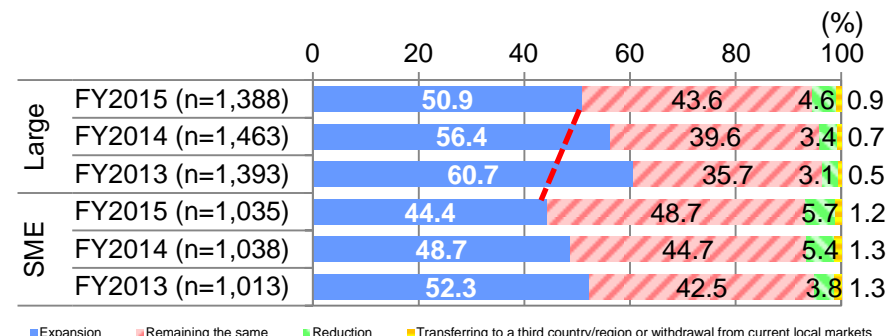
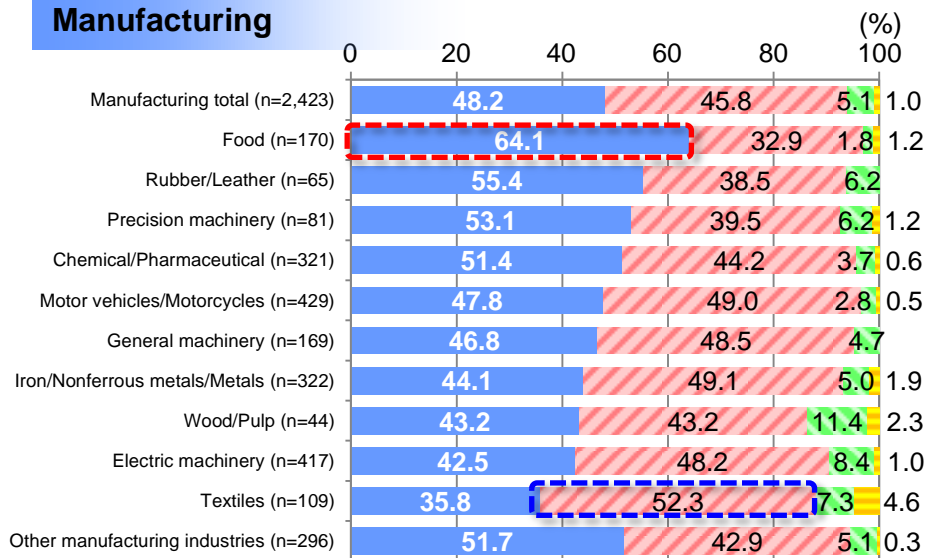


● Comparing China with ASEAN, the proportion of firms that selected “Expansion” as their approach to future business challenges in the next one or two years was higher in China from 2008 to 2011. In 2012, however, ASEAN (61.4%) overtook China (52.3%). ASEAN has been higher than China by around 10 pp since 2012. In the 2015 survey, the difference increased to 16.1 pp.

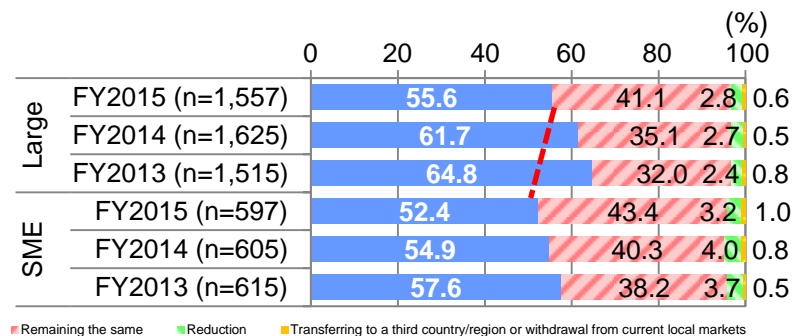
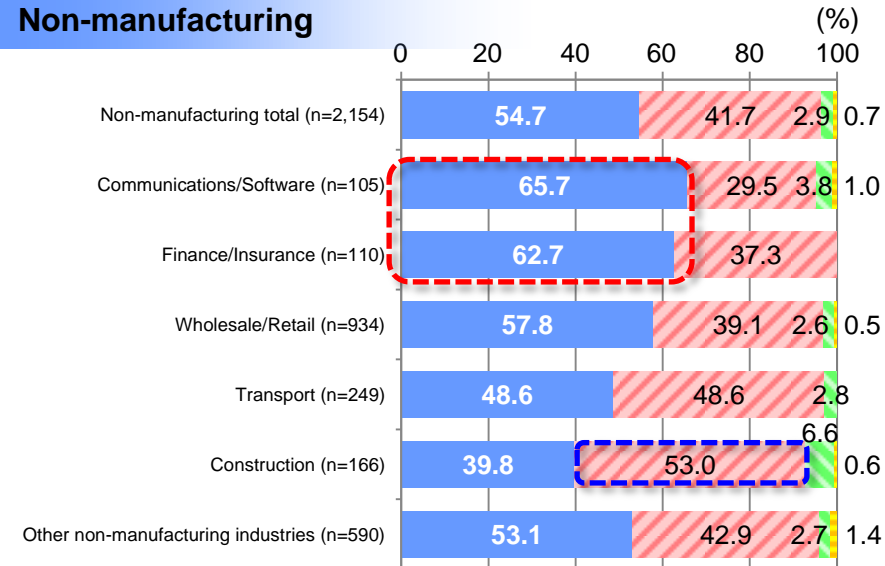
# 2. Future Business Plan (4)

## Approach to future business challenges in the next 1 to 2 years (by industry and company size)

### Manufacturing



### Non-manufacturing



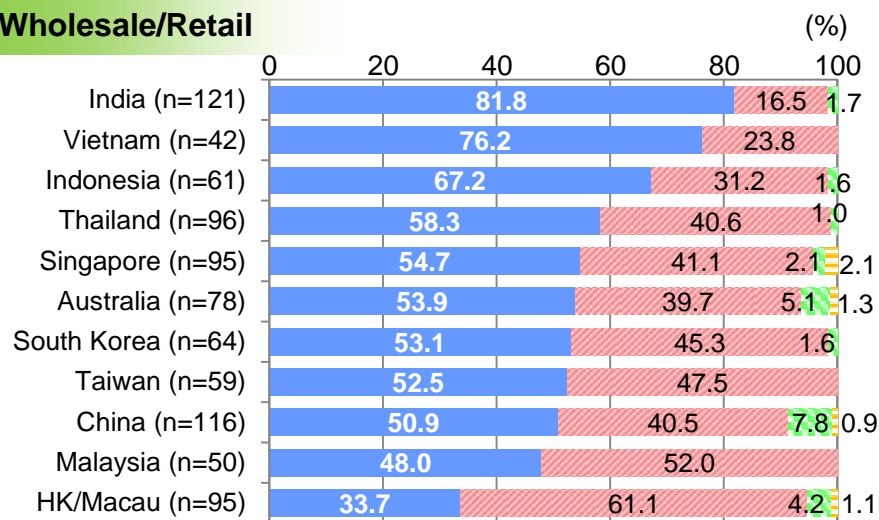
- By industry, the proportion of firms that selected "Expansion" as their approach to future business challenges in the next one or two years was higher in the non-manufacturing (54.7%) than the manufacturing sector (48.2%).
- The proportion of firms that selected "Expansion" was especially high in Food (64.1%) in the manufacturing sector, with Communications/Software (65.7%) and Finance/Insurance (62.7%) in the non-manufacturing sector. In Textiles and Construction, on the other hand, the proportion of firms that selected "Expansion" was relatively low, and over 50% of the firms selected "Remaining the same."
- By company size, large enterprises are more likely to expand their businesses than SMEs in both manufacturing and non-manufacturing sectors. However, the proportion of firms selecting "Expansion" has decreased in both large enterprises and SMEs for three consecutive years.

# 2. Future Business Plan (5)

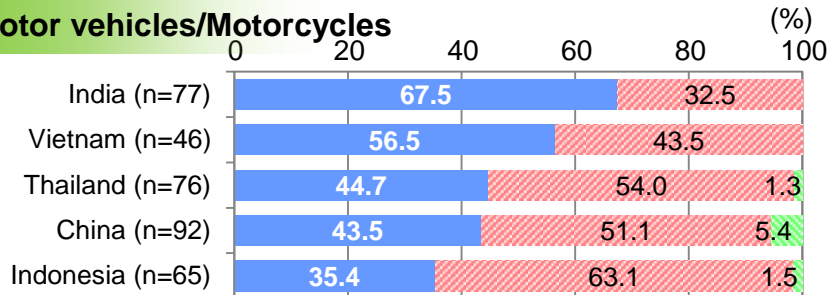
## Approach to future business challenges in the next 1 to 2 years (by major industry and country/region)

Note: Country/region by industry categories for which n ≥ 30

### Wholesale/Retail

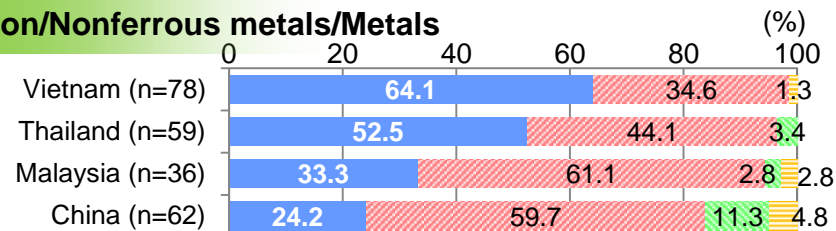


### Motor vehicles/Motorcycles

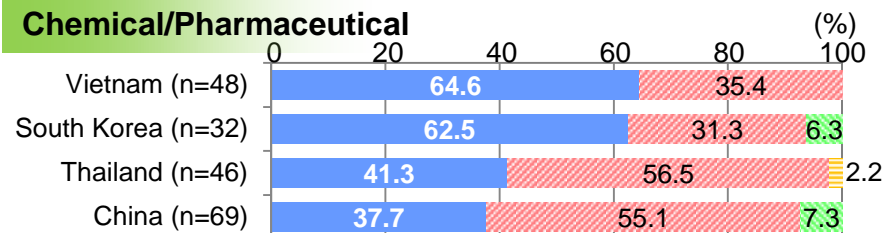


■ Expansion ■ Remaining the same ■ Reduction ■ Transferring to a third country/region or withdrawal from current local markets

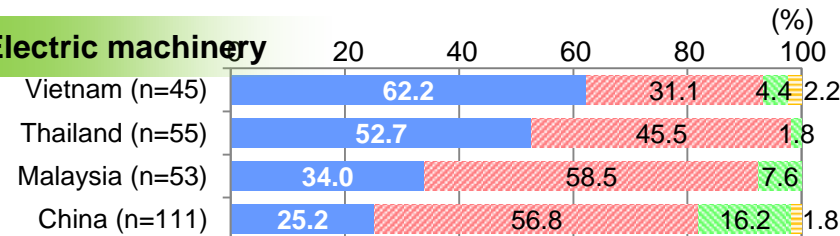
### Iron/Nonferrous metals/Metals



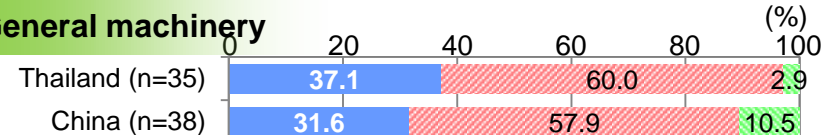
### Chemical/Pharmaceutical



### Electric machinery



### General machinery



- Comparing major industries in countries/regions with valid responses from more than 30 companies, the proportion of firms that selected “Expansion” as their approach to future business challenges in the next one or two years was high in Wholesale/Retail in India (81.8%) and in Vietnam (76.2%). On the other hand, “Remaining the same” exceeded 50% in Malaysia and Hong Kong/Macau.
- In the Motor vehicles/Motorcycles industry, the proportion of “Expansion” was high in India (67.5%) and Vietnam (56.5%). In Indonesia, the proportion of “Expansion” significantly decreased to 35.4% from the 2014 survey (75.0%), and the proportion of “Remaining the same” increased.
- In Iron/Nonferrous metals/Metals, Chemical/Pharmaceutical, and Electric machinery industries, the proportion of “Expansion” was high in Vietnam.



# 2. Future Business Plan (6)

## Reasons for expected business expansion in the next 1 to 2 years (multiple answers)

Note: Country/region for which n ≥ 30 (%)

Sales increase		High growth potential		Relationship with clients		High receptivity for high-value added products		Reviewing production and distribution networks		Reduction of costs (e.g., procurement/ labor costs)		Deregulations		Easy to secure labor force	
Total (n=2,333)	82.9	Total	47.0	Total	20.5	Total	19.1	Total	16.1	Total	8.1	Total	3.2	Total	2.4
South Korea (n=102)	88.2	India	62.8	Philippines	27.7	Taiwan	40.6	Bangladesh	24.2	New Zealand	16.7	Vietnam	6.6	Philippines	13.9
India (n=328)	86.9	Indonesia	62.3	Australia	27.1	South Korea	32.4	Australia	22.4	Bangladesh	15.2	Taiwan	4.4	Bangladesh	12.1
Philippines (n=65)	86.2	Bangladesh	60.6	Thailand	24.1	HK & Macau	25.0	Singapore	22.2	Thailand	12.8	China	4.3	Cambodia	9.3
Taiwan (n=69)	85.5	China	49.7	China	22.1	China	24.9	HK & Macau	21.3	South Korea	11.8	Bangladesh	3.0	Vietnam	5.4
Vietnam (n=351)	84.6	Cambodia	48.2	Taiwan	21.7	Thailand	22.6	China	19.3	Taiwan	11.6	India	2.7	Indonesia	2.0
Cambodia (n=54)	83.3	Vietnam	45.9	South Korea	21.6	Australia	21.2	Taiwan	17.4	Australia	9.4	Singapore	2.6	Taiwan	1.5
New Zealand (n=30)	83.3	Singapore	45.3	Singapore	21.4	Malaysia	19.6	New Zealand	16.7	India	9.2	HK & Macau	2.5	HK & Macau	1.3
Thailand (n=274)	82.9	Taiwan	43.5	India	19.5	Singapore	17.1	India	16.5	Singapore	7.7	Australia	2.4	Thailand	1.1
Australia (n=85)	82.4	HK & Macau	41.3	Indonesia	19.1	Indonesia	15.7	Indonesia	15.7	China	7.4	Thailand	2.2	South Korea	1.0
Indonesia (n=204)	81.4	Australia	37.7	Vietnam	19.1	Vietnam	15.4	Vietnam	15.1	Vietnam	7.1	Philippines	1.5	China	0.9
China (n=326)	81.3	Philippines	36.9	Bangladesh	18.2	India	14.3	Cambodia	14.8	Malaysia	6.0	Indonesia	1.5	India	0.9
Singapore (n=117)	80.3	South Korea	34.3	HK & Macau	15.0	Philippines	13.9	Thailand	14.6	Cambodia	5.6	South Korea	1.0	Malaysia	0.0
Malaysia (n=133)	78.2	Thailand	33.6	Cambodia	14.8	New Zealand	13.3	Philippines	10.8	Philippines	4.6	Malaysia	0.8	New Zealand	0.0
HK & Macau (n=80)	76.3	Malaysia	32.3	New Zealand	13.3	Bangladesh	9.1	Malaysia	10.5	Indonesia	2.9	New Zealand	0.0	Singapore	0.0
Bangladesh (n=33)	75.8	New Zealand	30.0	Malaysia	12.0	Cambodia	7.4	South Korea	9.8	HK & Macau	2.5	Cambodia	0.0	Australia	0.0

- The most commonly cited reason for business “Expansion” was “Sales increase” at 82.9%, followed by “High growth potential” (47.0%). “Sales increase” was selected by over 80% of the firms in many countries/regions, including South Korea (88.2%), India (86.9%), and the Philippines (86.2%).
- “High growth potential” exceeded 60% in India (62.8%), Indonesia (62.3%), and Bangladesh (60.6%).
- “High receptivity for high-value added products” was relatively high in Taiwan and South Korea, while “Easy to secure labor force” was relatively high in the Philippines and Bangladesh.

## 2. Future Business Plan (7)

### Functions to expand (multiple answers)

Note: Country/region for which  $n \geq 30$  (%)

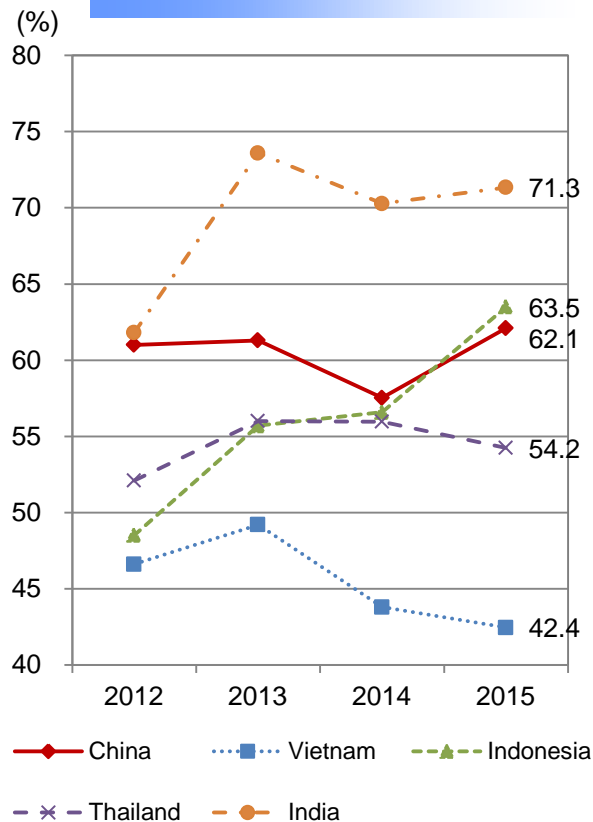
Sales function		Production (high-value added products)		Production (ubiquitous products)		Logistics function		R&D		Administrative functions in providing services (e.g., shared services center, call center)		Function of regional headquarters	
<b>Total (n=2,300)</b>	<b>62.4</b>	<b>Total</b>	<b>31.9</b>	<b>Total</b>	<b>24.5</b>	<b>Total</b>	<b>11.7</b>	<b>Total</b>	<b>10.0</b>	<b>Total</b>	<b>7.7</b>	<b>Total</b>	<b>6.7</b>
New Zealand (n=30)	86.7	Thailand	40.2	Bangladesh	45.5	India	16.2	South Korea	23.5	New Zealand	13.3	Singapore	23.5
Australia (n=84)	82.1	China	39.1	Vietnam	42.4	Indonesia	15.5	China	16.2	Cambodia	12.2	HK & Macau	14.1
HK & Macau (n=78)	82.1	Malaysia	36.4	Thailand	28.8	Philippines	15.4	Thailand	11.4	Australia	11.9	China	10.6
Singapore (n=115)	81.7	South Korea	34.3	Cambodia	28.6	Bangladesh	15.2	India	11.0	Taiwan	10.1	India	8.5
South Korea (n=102)	79.4	Vietnam	33.7	Malaysia	27.1	Cambodia	14.3	Taiwan	10.1	India	8.8	Cambodia	8.2
Taiwan (n=69)	73.9	Taiwan	31.9	Indonesia	25.5	Australia	14.3	Malaysia	10.1	Singapore	8.7	New Zealand	6.7
India (n=328)	71.3	Indonesia	31.0	India	25.3	Taiwan	13.0	New Zealand	10.0	China	7.8	Malaysia	6.2
Indonesia (n=200)	63.5	Philippines	30.8	Philippines	23.1	Singapore	13.0	Vietnam	7.6	HK & Macau	7.7	Australia	6.0
China (n=322)	62.1	India	29.0	China	22.1	HK & Macau	10.3	Indonesia	7.0	South Korea	6.9	Thailand	5.2
Malaysia (129)	57.4	New Zealand	26.7	New Zealand	16.7	Vietnam	9.9	Singapore	7.0	Indonesia	6.5	Taiwan	4.4
Thailand (n=271)	54.2	Cambodia	24.5	Australia	13.1	Thailand	9.6	HK & Macau	6.4	Thailand	6.3	South Korea	3.9
Cambodia (n=49)	53.1	HK & Macau	24.4	South Korea	10.8	China	8.7	Philippines	6.2	Philippines	6.2	Bangladesh	3.0
Bangladesh (n=33)	51.5	Bangladesh	24.2	Taiwan	10.1	South Korea	7.8	Australia	3.6	Bangladesh	6.1	Indonesia	3.0
Philippines (n=65)	47.7	Australia	22.6	HK & Macau	5.1	New Zealand	6.7	Bangladesh	3.0	Vietnam	5.5	Vietnam	2.0
Vietnam (n=344)	42.4	Singapore	16.5	Singapore	2.6	Malaysia	6.2	Cambodia	2.0	Malaysia	4.7	Philippines	0.0

- In a multiple-choice question on specific functions to be expanded as asked to firms expecting business expansion, “Sales function” (62.4%) was most frequently cited, followed by “Production (high-value added products)” (31.9%) and “Production (ubiquitous products)” (24.5%).
- “R&D” was more commonly cited in South Korea (23.5%) than other countries/regions, followed by China (16.2%).
- “Function of regional headquarters” was the highest in Singapore (23.5%), followed by Hong Kong/Macau and China.

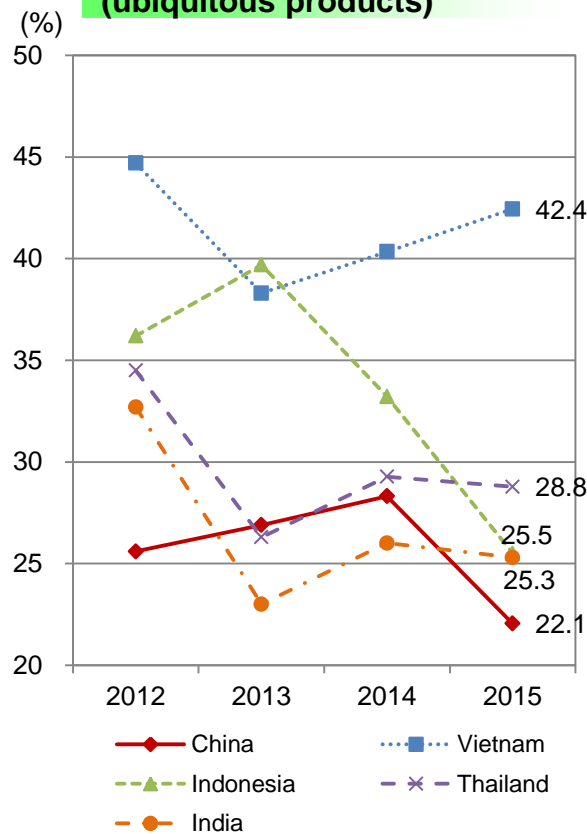
## 2. Future Business Plan (8)

### Functions to be expanded (by country, 2012 to 2015)

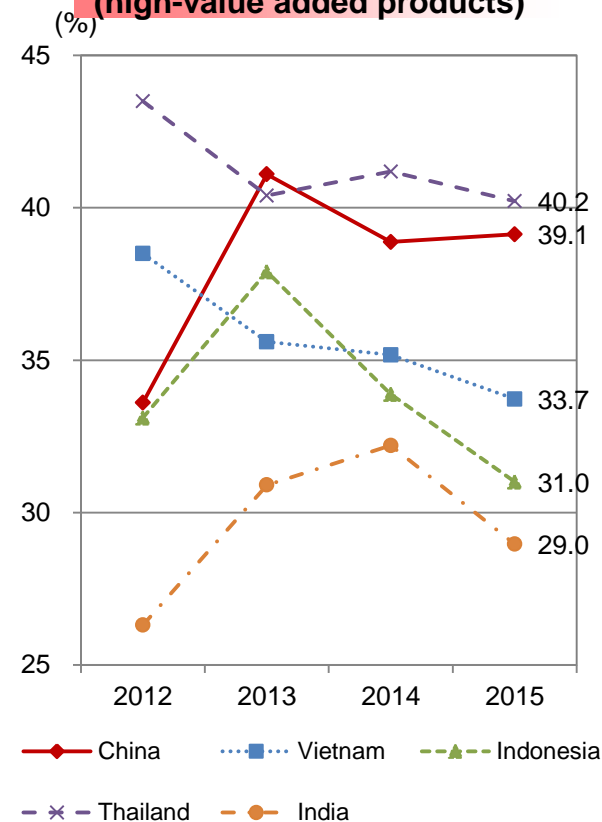
#### Sales function



#### Production (ubiquitous products)



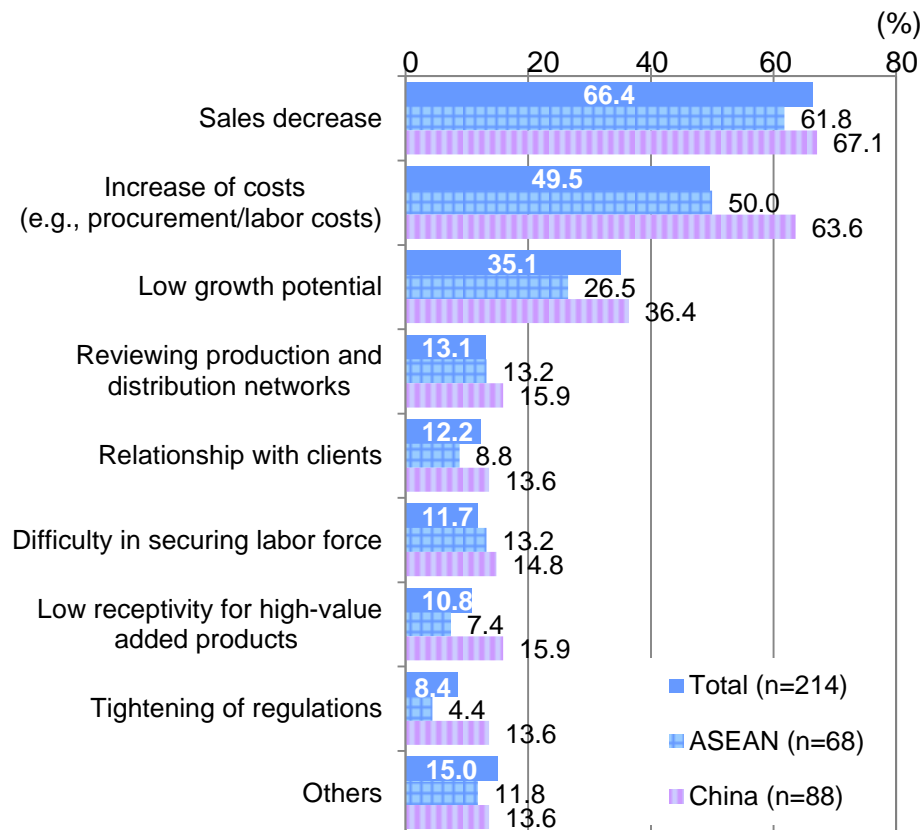
#### Production (high-value added products)



- The proportion of firms intending to expand “Sales function” remains at a high level in India (71.3%). The proportion increased from the 2014 survey by 6.9 pp in Indonesia and by 4.6 pp in China.
- The proportion of firms intending to expand “Production (ubiquitous products)” is increasing in Vietnam, but the proportion decreased in Indonesia, China, Thailand, and India.
- The proportion of firms intending to expand “Production (high-value added products)” remains at around 40% in Thailand and China. On the other hand, the proportion decreased from the 2014 survey in Vietnam, Indonesia, and India.

## 2. Future Business Plan (9)

### Reasons for the future reduction, transfer or withdrawal (multiple answers)

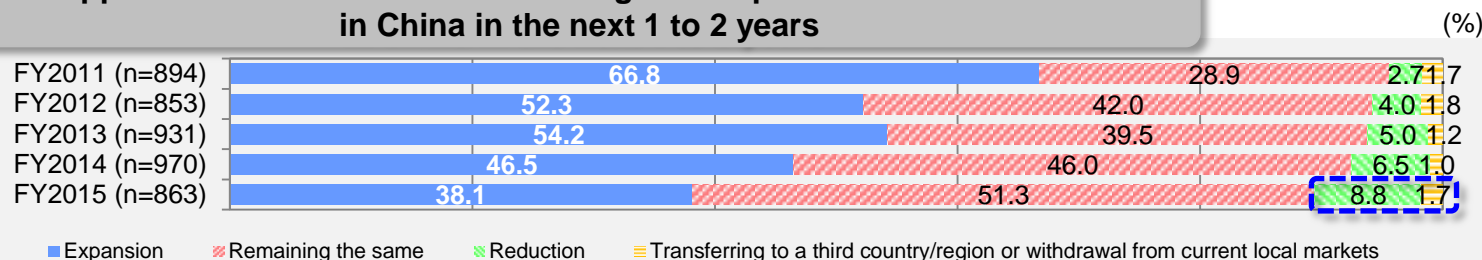


	By industry		By company size	
	Manufacturing	Non-manufacturing	Large	SME
Sales decrease	67.1	64.9	67.8	64.5
Increase of costs (e.g., procurement/labor costs)	55.0	39.2	47.1	52.7
Low growth potential	32.9	39.2	38.0	31.2
Reviewing production and distribution networks	15.7	8.1	14.1	11.8
Relationship with clients	12.1	12.2	9.1	16.1
Difficulty in securing labor force	10.7	13.5	9.9	14.0
Low receptivity for high-value added products	12.9	6.8	10.7	10.8
Tightening of regulations	7.9	9.5	7.4	9.7
Others	12.9	18.9	18.2	10.8

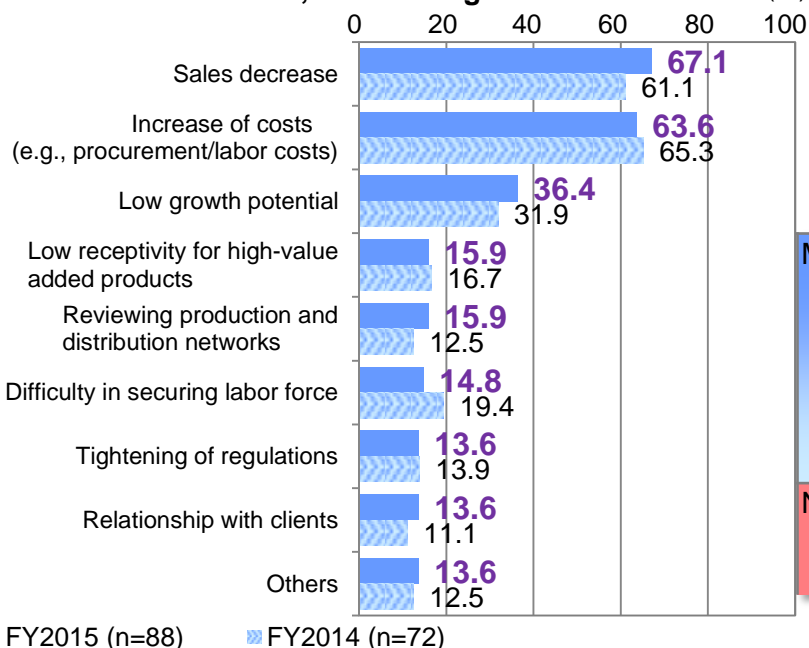
- In a multiple-choice question on the reason for business “Reduction” or “Transferring or withdrawal,” “Sales decrease” (66.4%) was most commonly cited, followed by “Increase of costs” (49.5%).
- In comparison between ASEAN and China, the proportion of firms was higher in China than ASEAN in all items. In particular, the proportion of firms that cited “Increase of costs” was higher in China than ASEAN by 13.6 pp.
- By industry, the proportion of manufacturing industries that cited “Increase of costs,” “Reviewing production and distribution networks,” and “Low receptivity for high-value added products” was higher than the proportion of non-manufacturing industries by 15.8 pp, 7.6 pp, and 6.1 pp, respectively.
- By company size, SMEs cited “Relationship with clients” more frequently than large enterprises, with a difference of 7.0 pp. On the other hand, large enterprises cited “Low growth potential” more frequently than SMEs, with a difference of 6.8 pp.

# 2. Future Business Plan (10)

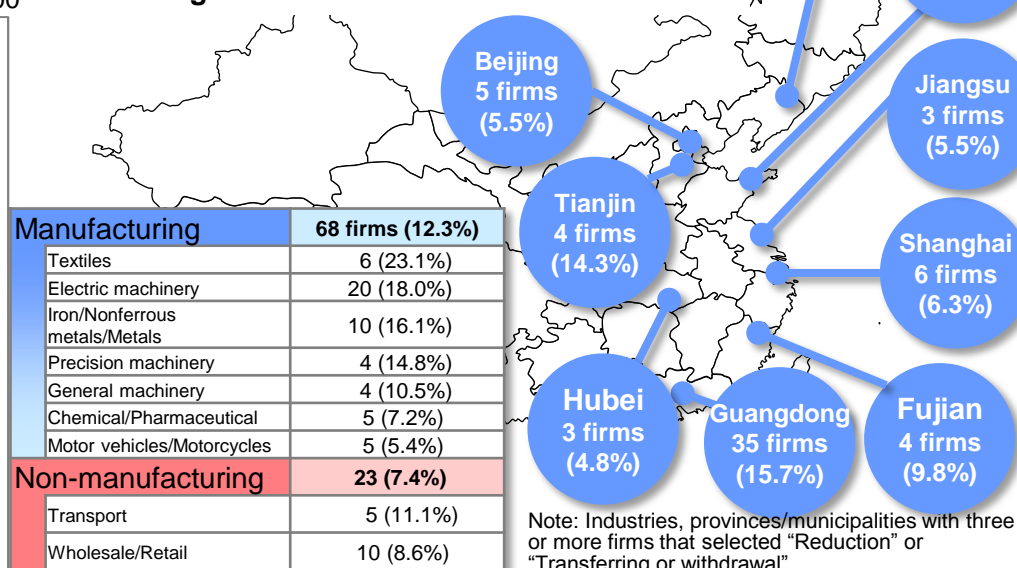
## Approach to future business challenges of Japanese-affiliated firms in China in the next 1 to 2 years



### Reasons for reduction, transferring or withdrawal (%)



### Breakdown of firms that responded reduction, transferring or withdrawal



Note 2: The percentages in the parentheses indicate the proportion of firms which selected "Reduction" or "Transferring or withdrawal" to the number of responding firms in respective industries or provinces/municipalities.

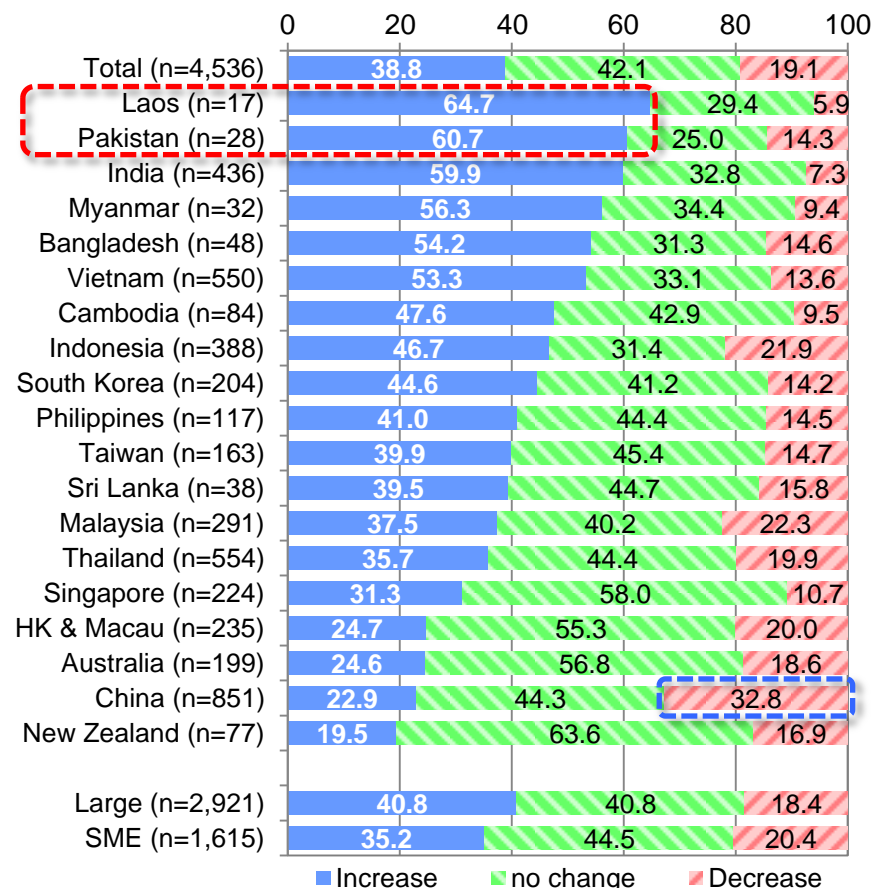
- As the approach to future business challenges in the next one or two years, 91 firms in China (10.5%) selected "Reduction" (8.8%) or "Transferring to a third country/region or withdrawal from current local markets" (1.7%), marking a slight increase of 3.0 pp from 2014. Meanwhile, "Expansion" decreased by 8.4 pp to 38.1%.
- In a multiple-choice question asking the reason for business "Reduction" or "Transferring or withdrawal," "Sales decrease" (67.1%) increased by 6.0 pp from 61.1% in the 2014 survey. This is followed by "Increase of costs" (63.6%) and "Low growth potential" (36.4%).
- By industry category, the manufacturing sector (12.3%) selected "Reduction" or "Transferring to a third country/region or withdrawal from current local markets" more commonly than the non-manufacturing sector (7.4%). In particular, the proportion was high in Textiles (23.1%) and Electric machinery (18.0%).

## 2. Future Business Plan (11)

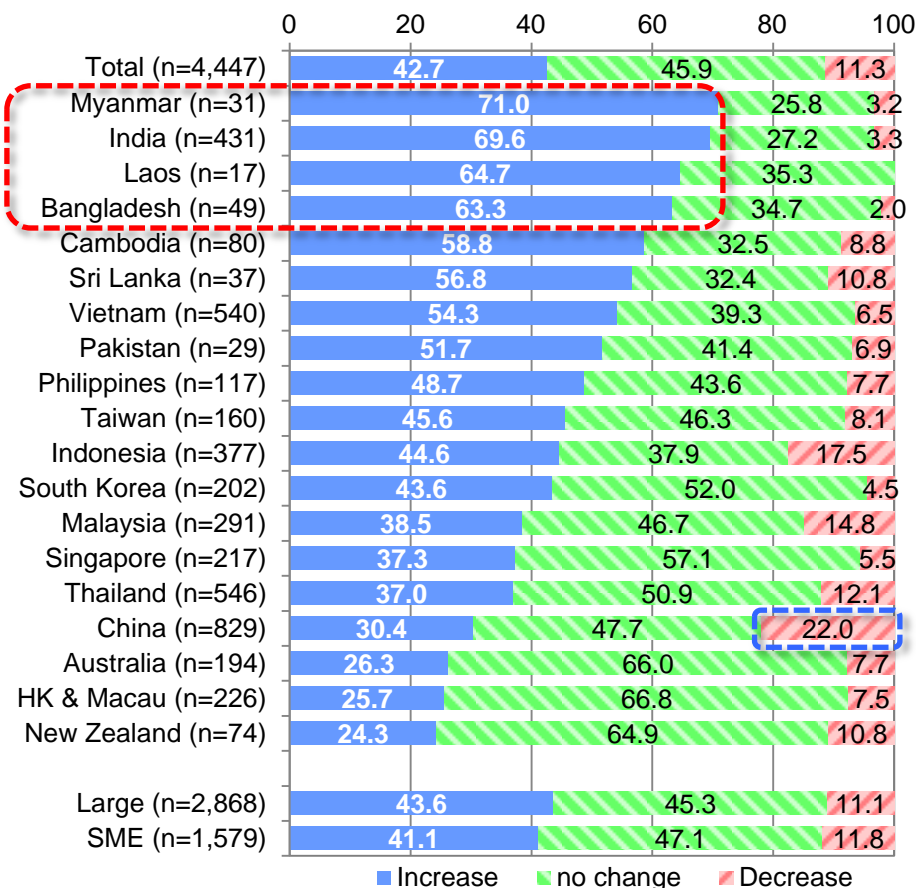
Changes in the number of employees  
(Changes in a year-on-year comparison, future plans, by country/region)

### Local employees

### Year-on-year (%)



### Plans for the next one year (%)



- Regarding year-on-year changes in the number of local employees by country/region, over 60% of the firms selected "Increase" in Laos and Pakistan.
- The proportion of firms planning to "Increase" the number of local employees in the next one year was highest in Myanmar (71.0%), followed by India, Laos, and Bangladesh, at over 60%, respectively.
- In China, over 30% of the firms selected "Decrease" in a year-on-year comparison. The proportion of firms planning to "Decrease" local employees in the next one year was relatively high at 20%.

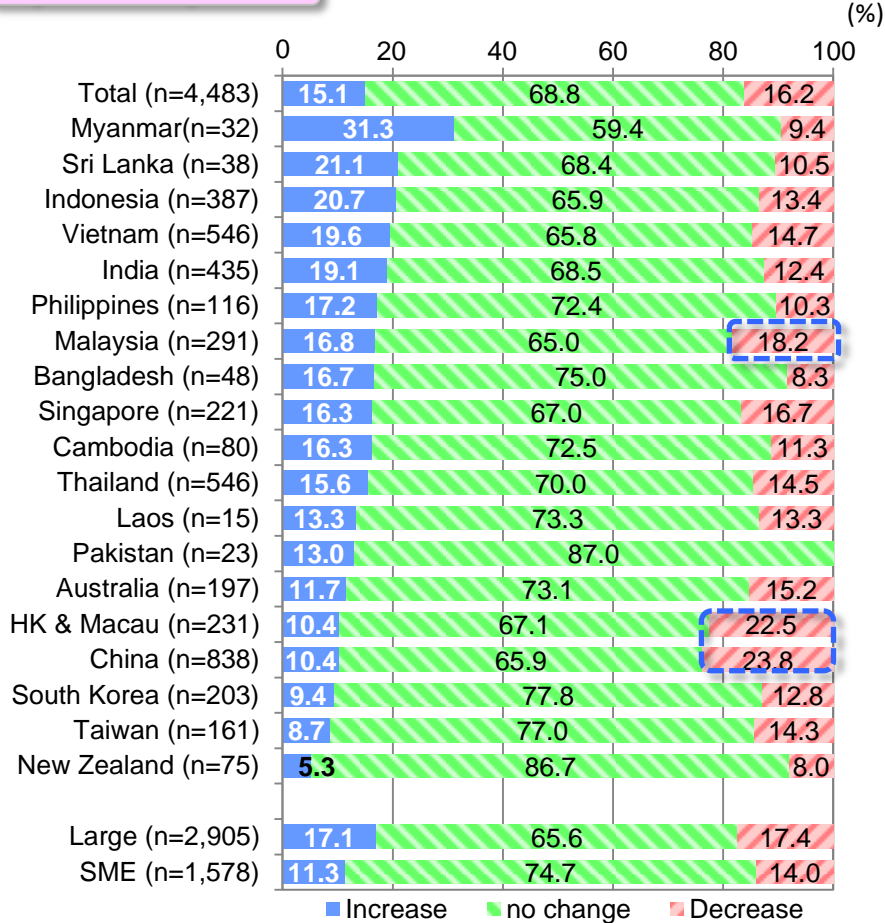


# 2. Future Business Plan (12)

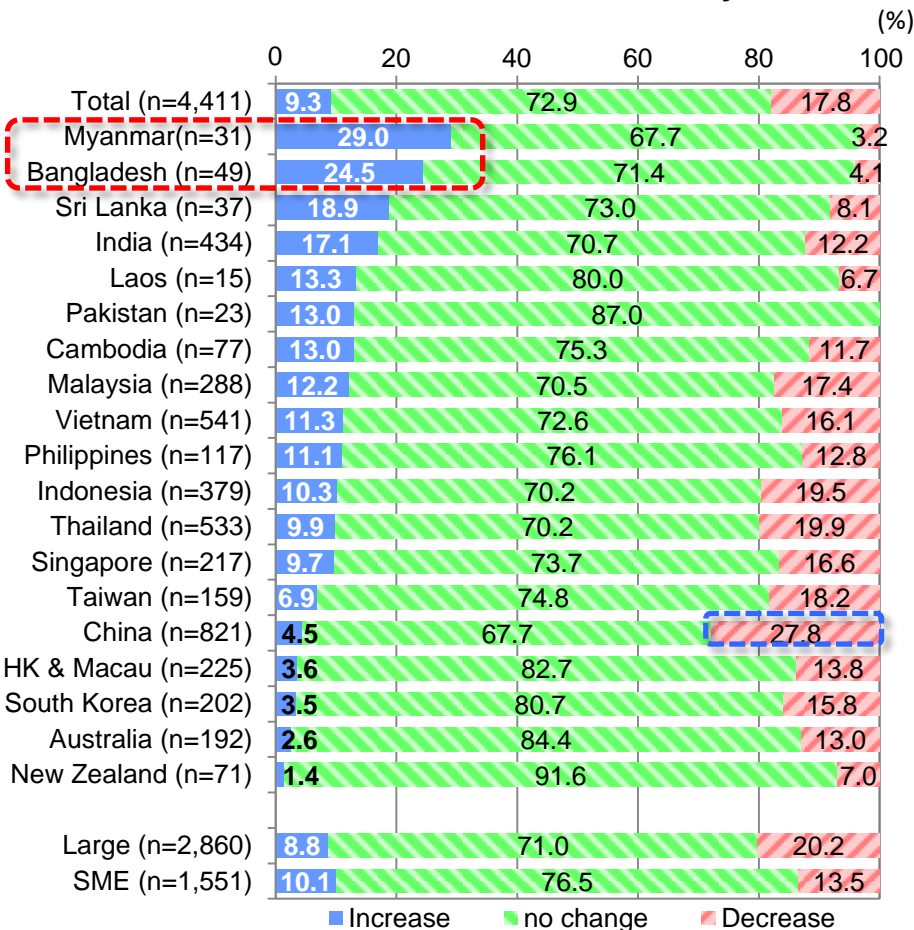
Changes in the number of employees  
(Changes in a year-on-year comparison, future plans, by country/region)

## Japanese expatriates

### Year-on-year



### Plans for the next one year



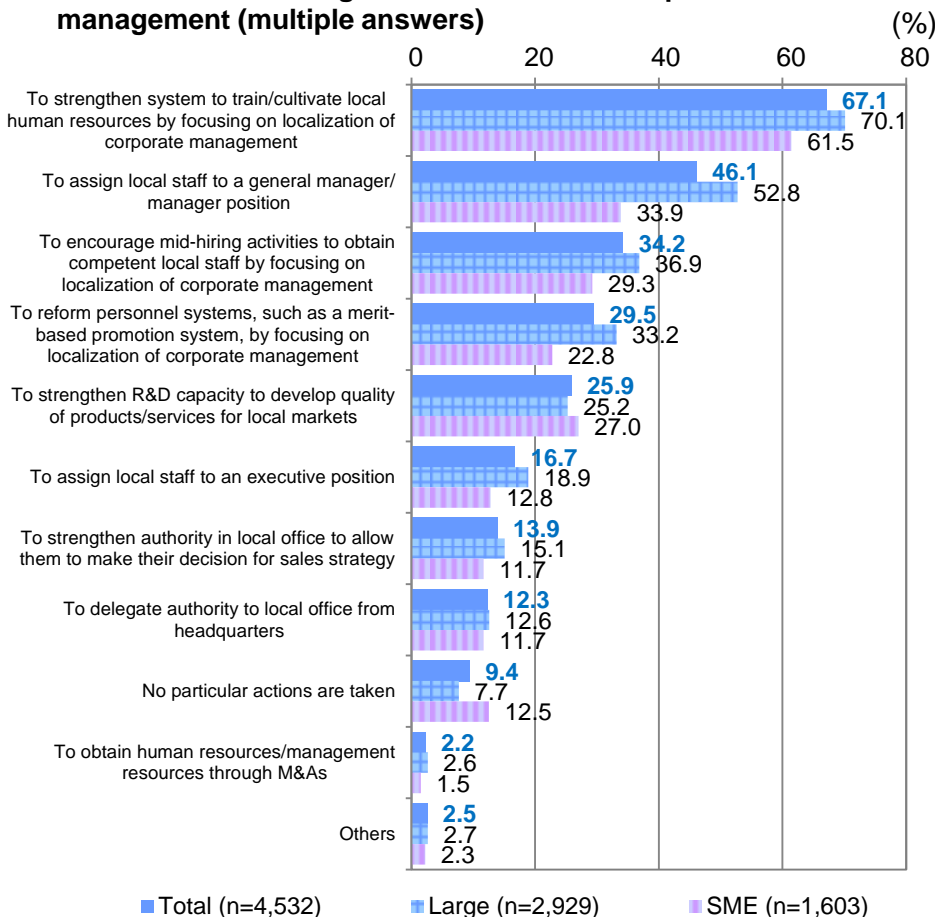
- Regarding changes in the number of Japanese expatriates by country/region, “No change” was most frequently selected in all countries/regions in both year-on-year comparison and in plans for the next one year.
- In a year-on-year comparison, approximately 20% of the firms selected “Decrease” in China, Hong Kong/Macau, and Malaysia.
- As for plans for the next one year, over 20% of the firms selected “Increase” in Myanmar and Bangladesh. On the other hand, “Decrease” accounted for 27.8% in China.



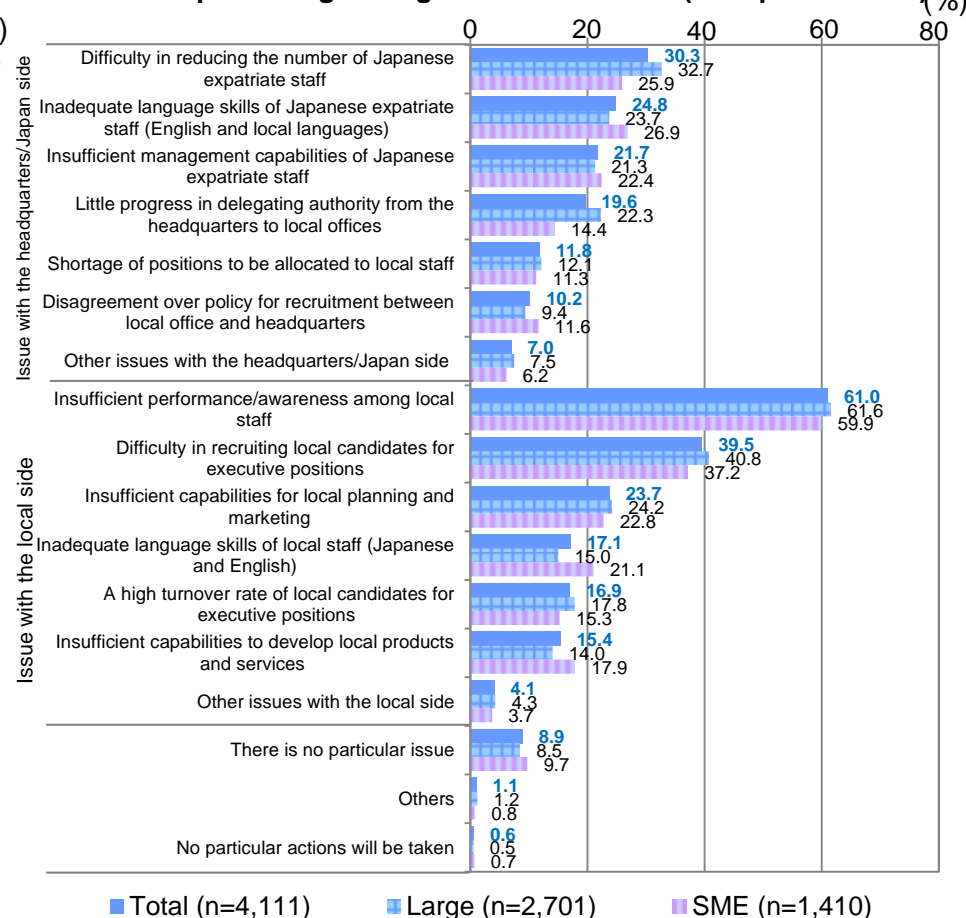
# 2. Future Business Plan (13)

## Localization of corporate management

### Measures to encourage the localization of corporate management (multiple answers)



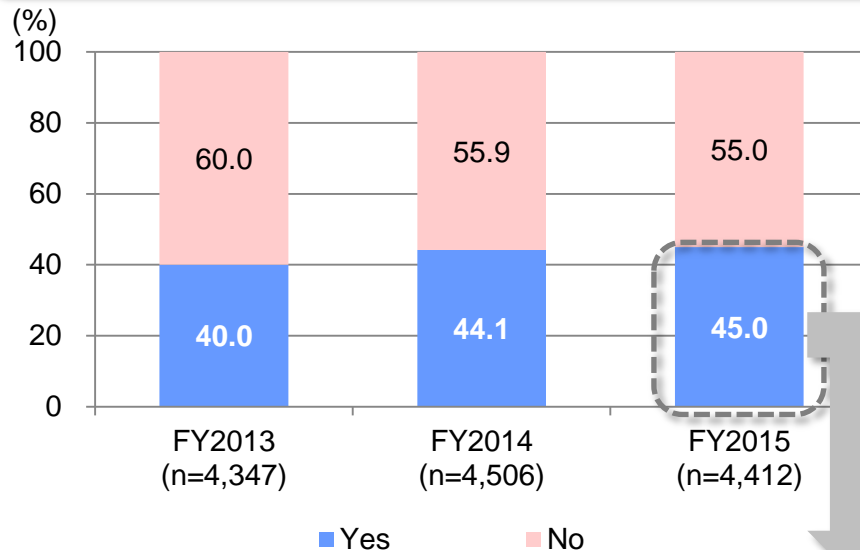
### Problems in promoting management localization (multiple answers)(%)



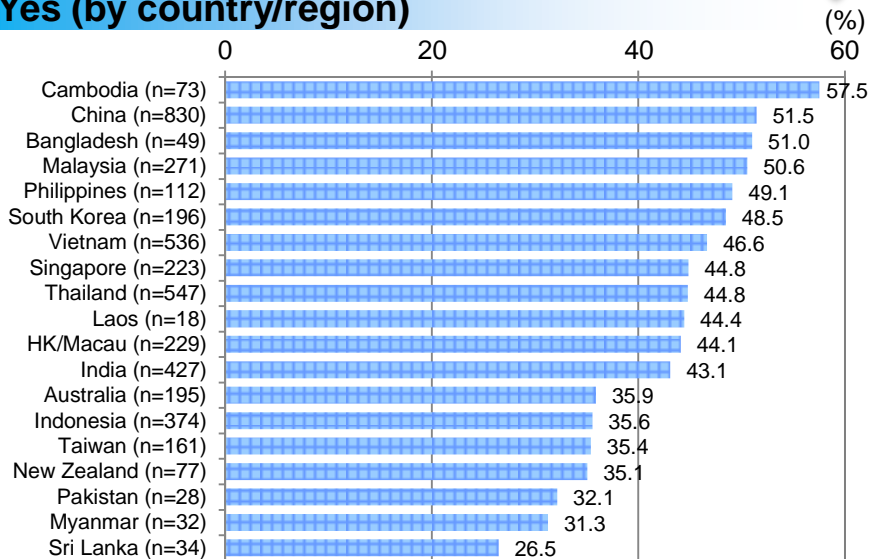
- As measures to encourage the localization of corporate management, "to strengthen system to train/cultivate local human resources by focusing on localization of corporate management" (67.1%) and "to assign local staff to a general manager/manager position" (46.1%) was cited most commonly. By company size, large enterprises cited "to assign local staff to a general manager/manager position" more frequently than SMEs, with a difference of 18.9 pp. "To reform personnel systems, such as a merit-based promotion system, by focusing on localization of corporate management" and "to strengthen system to train/cultivate local human resources by focusing on localization of corporate management" were also cited by large enterprises more frequently than SMEs, with a difference of nearly 10 pp.
- As "problems in promoting management localization," a large proportion of firms cited local-side problems such as "Insufficient performance/awareness among local staff."

## 2. Future Business Plan (14)

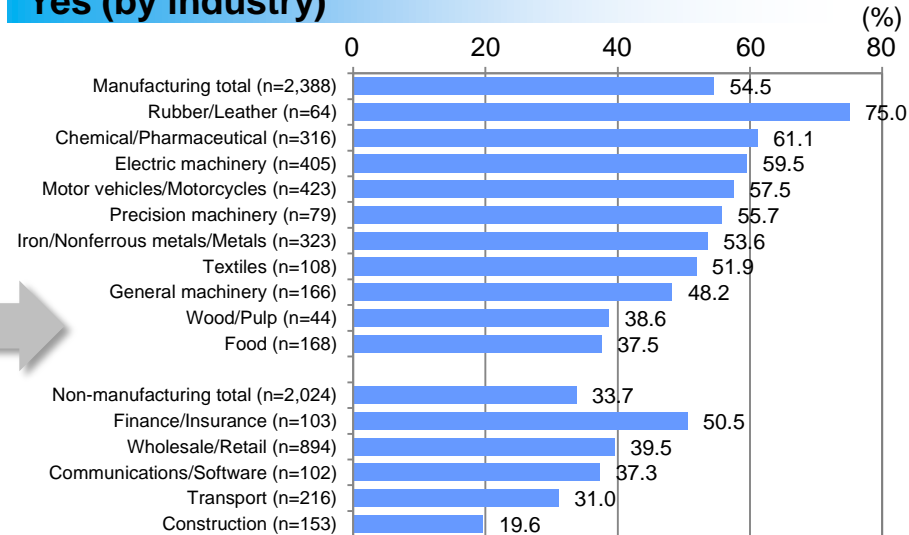
Alternative system to produce/supply goods domestically or abroad



### Yes (by country/region)



### Yes (by industry)



Note: Excluded "other manufacturing" and "other non-manufacturing"

### Alternative country to produce/supply goods (multiple answers) (%)

	Alternative country		
	Japan	China	Thailand
Total (n=4,412)	30.9	12.7	12.4
China (n=830)	38.0	3.5	13.4
Thailand (n=547)	35.1	14.1	0.7
Vietnam (n=536)	32.1	14.9	14.4
India (n=427)	29.7	15.0	21.3
Indonesia (n=374)	25.9	11.8	16.0

Note: Countries for which n ≥ 300; "China" selected as China's alternative country and "Thailand" selected as Thailand's alternative country show the percentage of firms that selected "Operating country and/or within its regions," respectively.

- A total of 45.0% of the firms have set up an alternative system to produce/supply goods domestically or abroad.
- By industry, the proportion of firms having an alternative system was the highest in Rubber/Leather at 75.0%.
- Japan (30.9%) was most frequently cited as an alternative country, followed by China (12.7%) and Thailand (12.4%).

# 3. Management Matters (1)

## Problems common to all regions (top 10, multiple answers)

(%)

Answers		2015 (%)	2014 (%)	Change (points)	By industry		By company size	
					Manufacturing	Non-manufacturing	Large	SME
1	Wage increase	69.0	72.2	- 3.2	75.4	61.7	69.2	68.5
2	Difficulty in quality control	52.9	46.0	6.9	52.9	-	50.1	56.7
3	Quality of employees	48.6	48.4	0.2	51.8	45.1	47.6	50.5
4	Competitors' market shares are growing (cost-wise competition)	48.1	51.4	- 3.3	48.1	48.0	52.7	39.8
5	Difficulty in local procurement of raw materials and parts	43.5	44.6	- 1.1	43.5	-	41.3	46.4
6	Difficulty in developing in new clients on market	38.0	37.8	0.2	35.4	41.0	36.2	41.3
7	No more room for cost-cutting	37.9	38.9	- 1.0	37.9	-	39.2	36.3
8	Major clients requesting lower prices	37.5	38.9	- 1.4	43.7	30.6	37.7	37.1
9	Sluggishness in major sales markets (consumption downturn)	37.0	29.0	8.0	39.5	34.2	39.1	33.2
10	Complicated customs clearance procedures	34.9	35.4	- 0.5	41.8	27.0	35.0	34.7

- “Wage increase” (69.0%) was most frequently cited as a management matter, followed by “Difficulty in quality control” (52.9%). In particular, over 70% of the firms cited “Wage increase” in China (84.3%), Indonesia (80.5%), Vietnam (77.9%), and India (70.3%).
- By industry category, manufacturing industries cited “Wage increase,” “Major clients requesting lower prices,” and “Complicated customs clearance procedures” more commonly than non-manufacturing industries, with a difference of over 10 pp.
- By company size, large enterprises cited “Competitors’ market shares are growing (cost-wise competition)” more frequently than SMEs, with a difference of 12.9 pp, while SMEs cited “Difficulty in quality control” and “Difficulty in local procurement of raw materials and parts” more commonly than large enterprises, with a difference of over 5 pp.

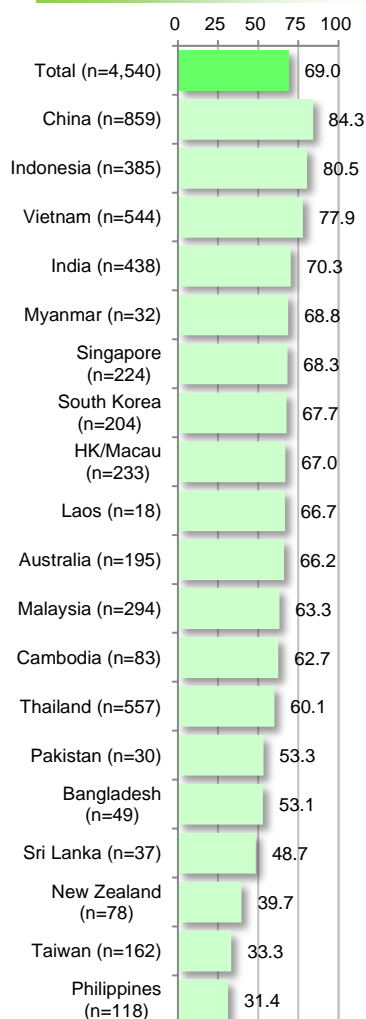
# 3. Management Matters (2)

Note: Countries/regions for which n ≥ 10

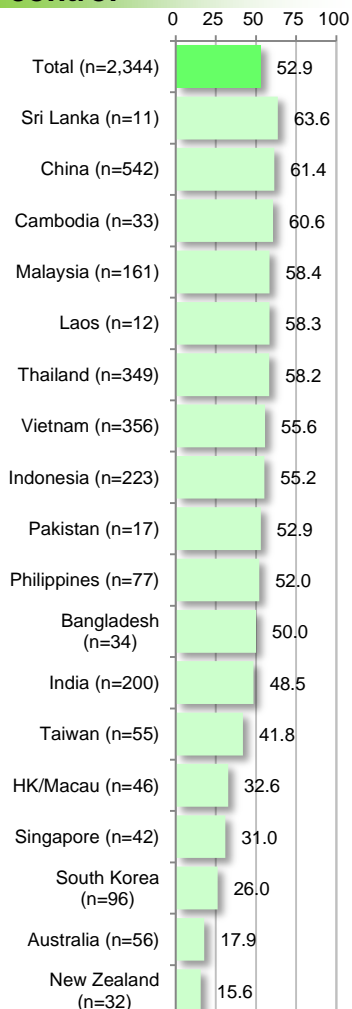
Problems common to all regions (top 10, multiple answers, response rate for each country/region)

(%)

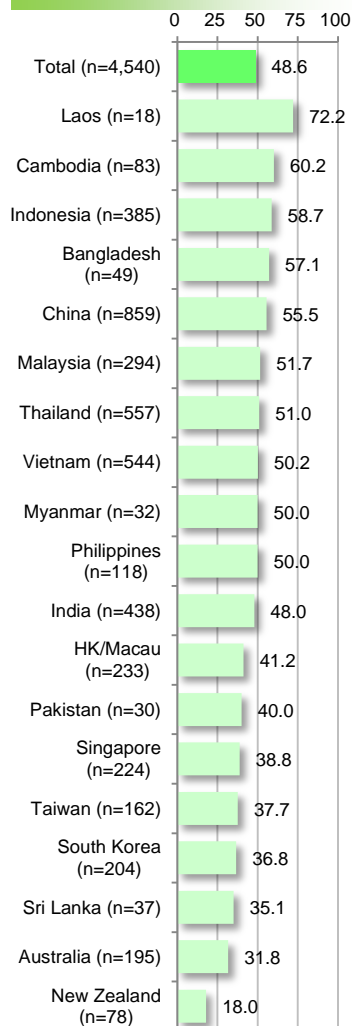
## Wage increase



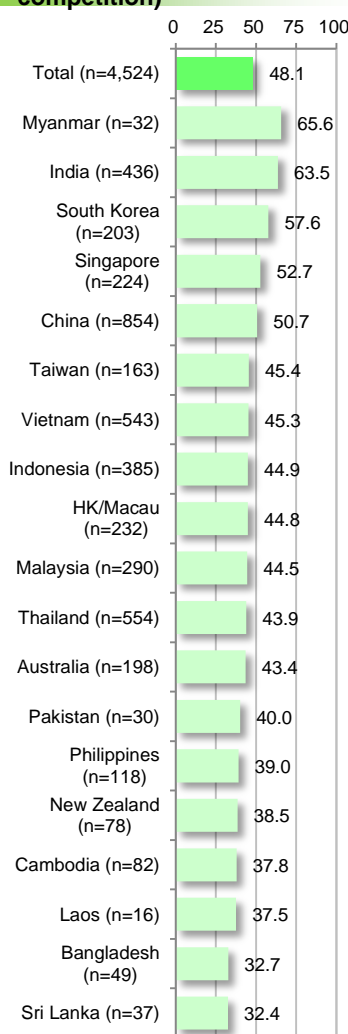
## Difficulty in quality control



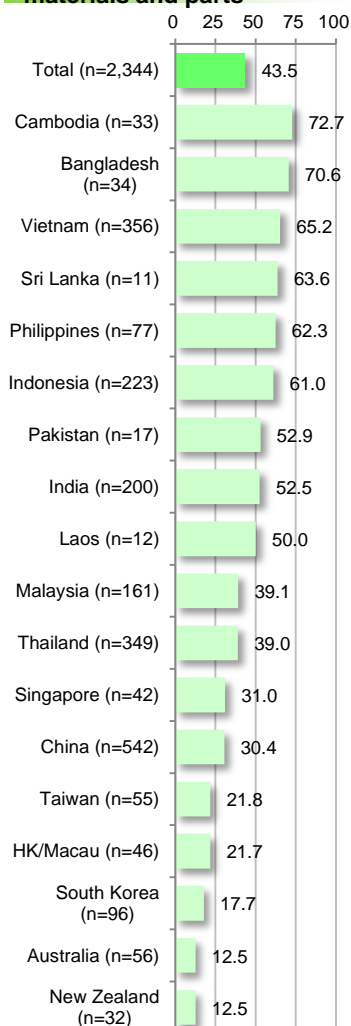
## Quality of employees



## Competitors' market shares are growing (cost-wise competition)



## Difficulty in local procurement of raw materials and parts

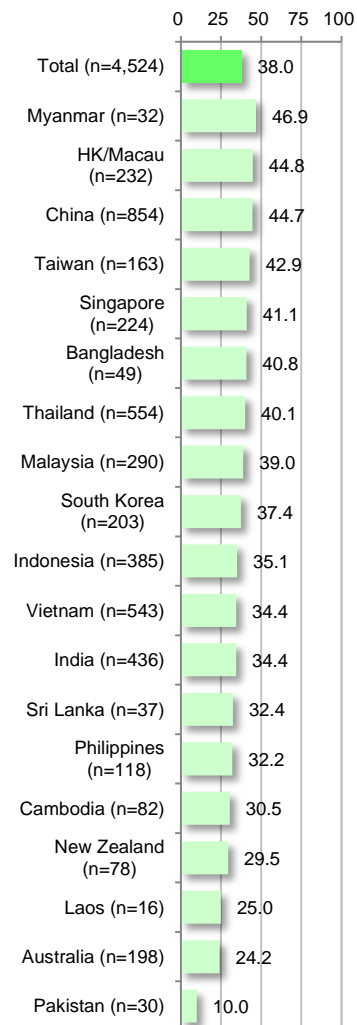


# 3. Management Matters (3)

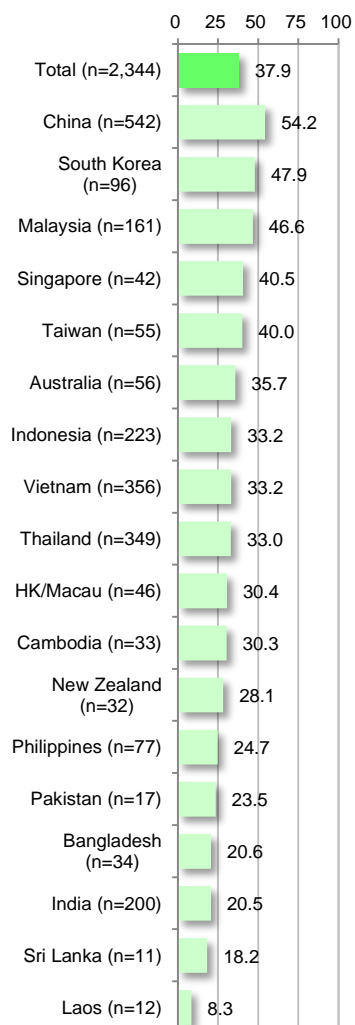
Note: Countries/regions for which n ≥ 10

Problems common to all regions (top 10, multiple answers, response rate for each country/region) (%)

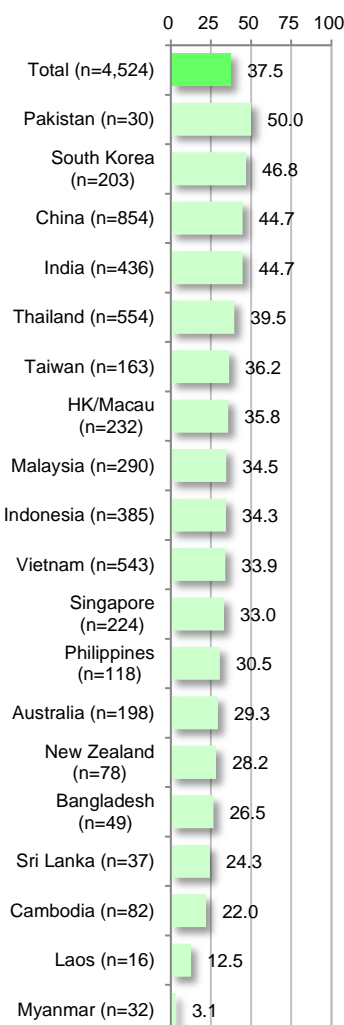
## Difficulty in developing in new clients on market



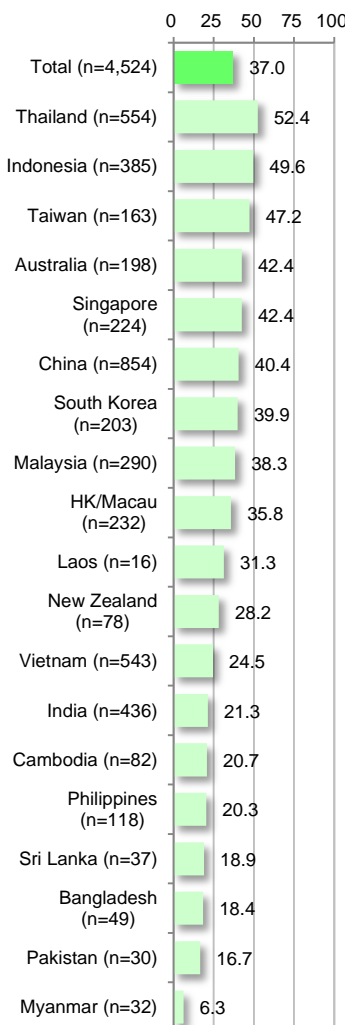
## No more room for cost-cutting



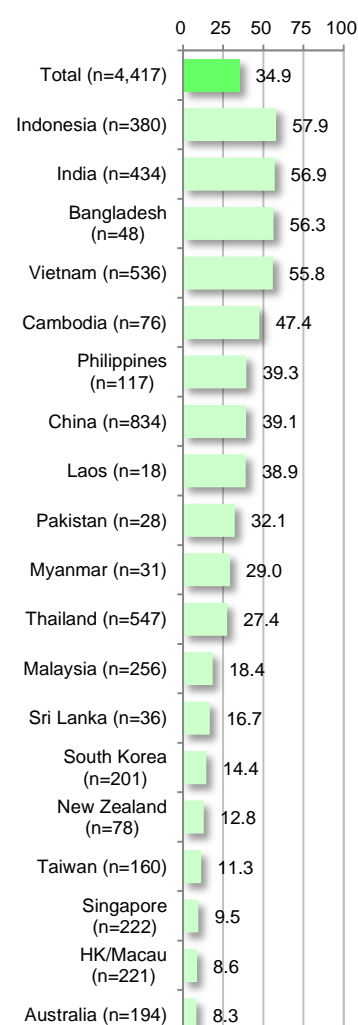
## Major clients requesting lower prices



## Sluggishness in major sales markets (consumption downturn)



## Complicated customs clearance procedures



# 3. Management Matters (4)

## Problems by country/region (top 5, multiple answers)

Singapore		2015 survey (%)	2014 survey (%)
1	Wage increase (n=224)	68.3	72.9
2	Competitors' market shares are growing (cost-wise competition) (n=224)	52.7	54.5
3	Increase in financing costs (n=42)	42.9	35.6
4	Sluggishness in major sales markets (consumption downturn) (n=224)	42.4	26.9
5	Personnel costs of Japanese (expatriate) officers and staff (n=224)	42.0	36.3

Malaysia		2015 survey (%)	2014 survey (%)
1	Wage increase (n=294)	63.3	68.9
2	Volatility of the local currency's exchange rate against the US dollar (n=292)	62.3	33.7
3	Difficulty in quality control (n=161)	58.4	44.4
4	Quality of employees (n=294)	51.7	50.5
5	No more room for cost-cutting (n=161)	46.6	55.6

Thailand		2015 survey (%)	2014 survey (%)
1	Wage increase (n=557)	60.1	70.2
2	Difficulty in quality control (n=349)	58.2	52.0
3	Sluggishness in major sales markets (consumption downturn) (n=554)	52.4	42.5
4	Quality of employees (n=557)	51.0	50.4
5	Competitors' market shares are growing (cost-wise competition) (n=554)	43.9	47.8

Indonesia		2015 survey (%)	2014 survey (%)
1	Wage increase (n=385)	80.5	83.8
2	Volatility of the local currency's exchange rate against the US dollar (n=384)	70.8	63.3
3	Difficulty in local procurement of raw materials and parts (n=223)	61.0	61.1
4	Quality of employees (n=385)	58.7	56.3
5	Time-consuming customs procedures (n=380)	58.7	62.7

Vietnam		2015 survey (%)	2014 survey (%)
1	Wage increase (n=544)	77.9	74.4
2	Difficulty in local procurement of raw materials and parts (n=356)	65.2	70.3
3	Complicated customs clearance procedures (n=536)	55.8	61.1
4	Difficulty in quality control (n=356)	55.6	50.2
5	Quality of employees (n=544)	50.2	49.0

Philippines		2015 survey (%)	2014 survey (%)
1	Difficulty in local procurement of raw materials and parts (n=77)	62.3	58.2
2	Difficulty in quality control (n=77)	52.0	36.3
3	Quality of employees (n=118)	50.0	49.3
4	Complicated customs clearance procedures (n=117)	39.3	31.9
5	Competitors' market shares are growing (cost-wise competition) (n=118)	39.0	40.3

Note1: Top 5 responses are listed above, except for "no particular problem."

Note2: Orange-highlighted items are not included in the top 10 common problems in "3. Management Matters (1)." Red-highlighted items increased by 10 pp or more from 2014. Blue-highlighted items decreased by 10 pp or more from 2014.

# 3. Management Matters (5)

## Problems by country/region (top 5, multiple answers)

India		2015 survey (%)	2014 survey (%)
1	Wage increase (n=438)	70.3	71.7
2	Competitors' market shares are growing (cost-wise competition) (n=436)	63.5	64.3
3	Tax burdens (i.e. corporate taxes and transfer pricing taxes) (n=436)	57.1	54.9
4	Complicated customs clearance procedures (n=434)	56.9	60.8
5	Difficulty in local procurement of raw materials and parts(n=200)	52.5	56.7

Pakistan		2015 survey (%)	2014 survey (%)
1	Power shortage or blackout (n=17)	64.7	50.0
2	Wage increase (n=30)	53.3	42.1
3	Difficulty in quality control (n=17)	52.9	33.3
3	Difficulty in local procurement of raw materials and parts (n=17)	52.9	50.0
5	Major clients requesting lower prices (n=30)	50.0	27.8

Sri Lanka		2015 survey (%)	2014 survey (%)
1	Difficulty in quality control (n=11)	63.6	46.2
1	Difficulty in local procurement of raw materials and parts(n=11)	63.6	61.5
3	Wage increase (n=37)	48.7	44.4
4	Volatility of the local currency's exchange rate against the US dollar (n=36)	38.9	14.8
5	Employee retention rate (n=37)	37.8	25.9

Bangladesh		2015 survey (%)	2014 survey (%)
1	Difficulty in local procurement of raw materials and parts (n=34)	70.6	40.0
2	Quality of employees (n=49)	57.1	68.4
3	Complicated customs clearance procedures (n=48)	56.3	55.3
4	Wage increase (n=49)	53.1	60.5
5	Difficulty in quality control (n=34)	50.0	48.0
5	Time-consuming customs procedures (n=48)	50.0	57.9

Cambodia		2015 survey (%)	2014 survey (%)
1	Difficulty in local procurement of raw materials and parts (n=33)	72.7	79.0
2	Wage increase (n=83)	62.7	80.0
3	Difficulty in quality control (n=33)	60.6	36.8
4	Quality of employees (n=83)	60.2	60.0
5	Difficulty in recruiting middle management staff (n=83)	54.2	45.0

Laos		2015 survey (%)	2014 survey (%)
1	Quality of employees (n=18)	72.2	46.2
2	Wage increase (n=18)	66.7	61.5
3	Employee retention rate (n=18)	61.1	38.5
4	Difficulty in quality control (n=12)	58.3	66.7
5	Difficulty in local procurement of raw materials and parts(n=12)	50.0	50.0

Myanmar		2015 survey (%)	2014 survey (%)
1	Difficulty in quality control (n=2)	100.0	22.2
1	Difficulty in local procurement of raw materials and parts (n=2)	100.0	55.6
3	Wage increase (n=32)	68.8	68.0
4	Competitors' market shares are growing (cost-wise competition) (n=32)	65.6	42.0
5	Restrictions on foreign remittance (n=32)	56.3	62.0

Note1: Top 5 responses are listed above, except for "no particular problem."

Note2: Orange-highlighted items are not included in the top 10 common problems in "3.

Management Matters (1)." Red-highlighted items increased by 10 pp or more from 2014. Blue-highlighted items decreased by 10 pp or more from 2014.

# 3. Management matters (6)

## Problems by country/region (top 5, multiple answer)

China		2015 survey (%)	2014 survey (%)
1	Wage increase (n=859)	84.3	83.9
2	Difficulty in quality control (n=542)	61.4	53.7
3	Quality of employees (n=859)	55.5	55.6
4	No more room for cost-cutting (n=542)	54.2	47.5
5	Competitors' market shares are growing (cost-wise competition) (n=854)	50.7	53.7

HK & Macau		2015 survey (%)	2014 survey (%)
1	Wage increase (n=233)	67.0	66.0
2	Competitors' market shares are growing (cost-wise competition) (n=232)	44.8	46.4
2	Difficulty in developing in new clients on market (n=232)	44.8	40.5
4	Quality of employees (n=233)	41.2	38.2
5	Major clients requesting lower prices (n=232)	35.8	32.9

Taiwan		2015 survey (%)	2014 survey (%)
1	Sluggishness in major sales markets (consumption downturn) (n=163)	47.2	32.0
2	Competitors' market shares are growing (cost-wise competition) (n=163)	45.4	51.0
3	Difficulty in developing in new clients on market (n=163)	42.9	27.0
4	Difficulty in quality control (n=55)	41.8	33.3
5	No more room for cost-cutting (n=55)	40.0	37.3

Note1: Top 5 responses are listed above, except for "no particular problem."

Note2: Orange-highlighted items are not included in the top 10 common problems in "3. Management Matters (1)." Red-highlighted items increased by 10 pp or more from 2014. Blue-highlighted items decreased by 10 pp or more from 2014.

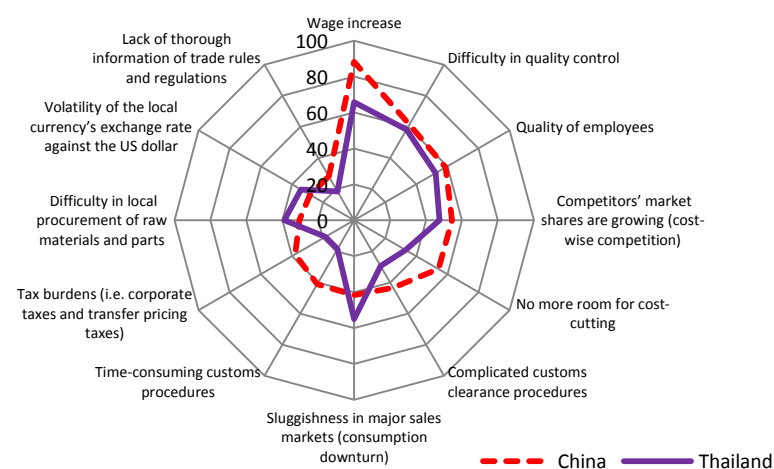
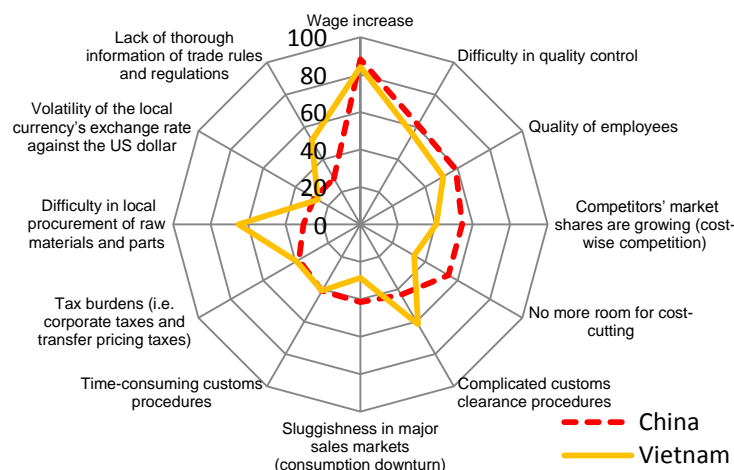
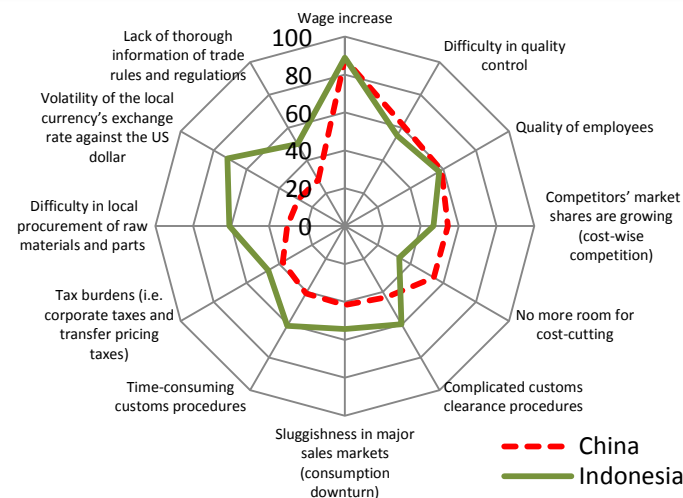
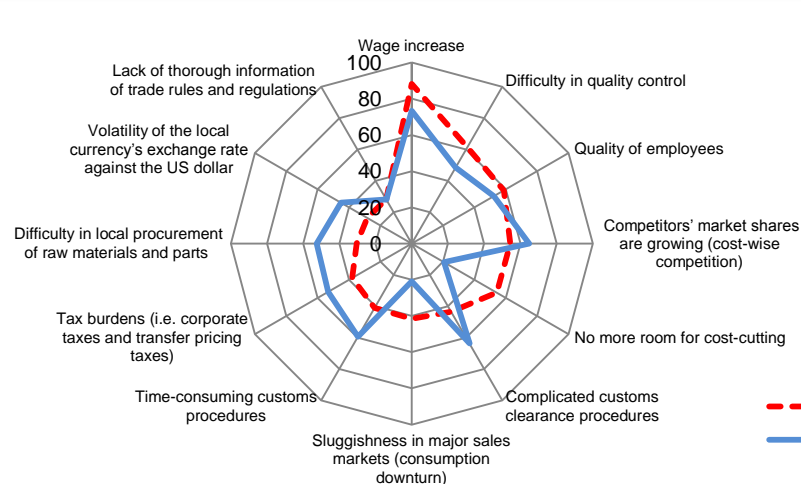
South Korea		2015 survey (%)	2014 survey (%)
1	Wage increase (n=204)	67.7	67.4
2	Competitors' market shares are growing (cost-wise competition) (n=203)	57.6	56.8
3	No more room for cost-cutting (n=96)	47.9	42.4
4	Major clients requesting lower prices (n=203)	46.8	48.9
5	Volatility of the local currency's exchange rate against the Japanese yen (n=204)	41.2	47.8

Australia		2015 survey (%)	2014 survey (%)
1	Wage increase (n=195)	66.2	71.1
2	Volatility of the local currency's exchange rate against the US dollar (n=197)	48.2	35.4
3	Competitors' market shares are growing (cost-wise competition) (n=198)	43.4	45.1
4	Sluggishness in major sales markets (consumption downturn) (n=198)	42.4	35.2
5	No more room for cost-cutting (n=56)	35.7	48.2

New Zealand		2015 survey (%)	2014 survey (%)
1	Wage increase (n=78)	39.7	32.9
1	Volatility of the local currency's exchange rate against the Japanese yen (n=78)	39.7	33.3
3	Competitors' market shares are growing (cost-wise competition) (n=78)	38.5	38.7
4	Volatility of the local currency's exchange rate against the US dollar (n=78)	33.3	31.9
5	Difficulty in developing in new clients on market (n=78)	29.5	20.0

# 3. Management Matters (7)

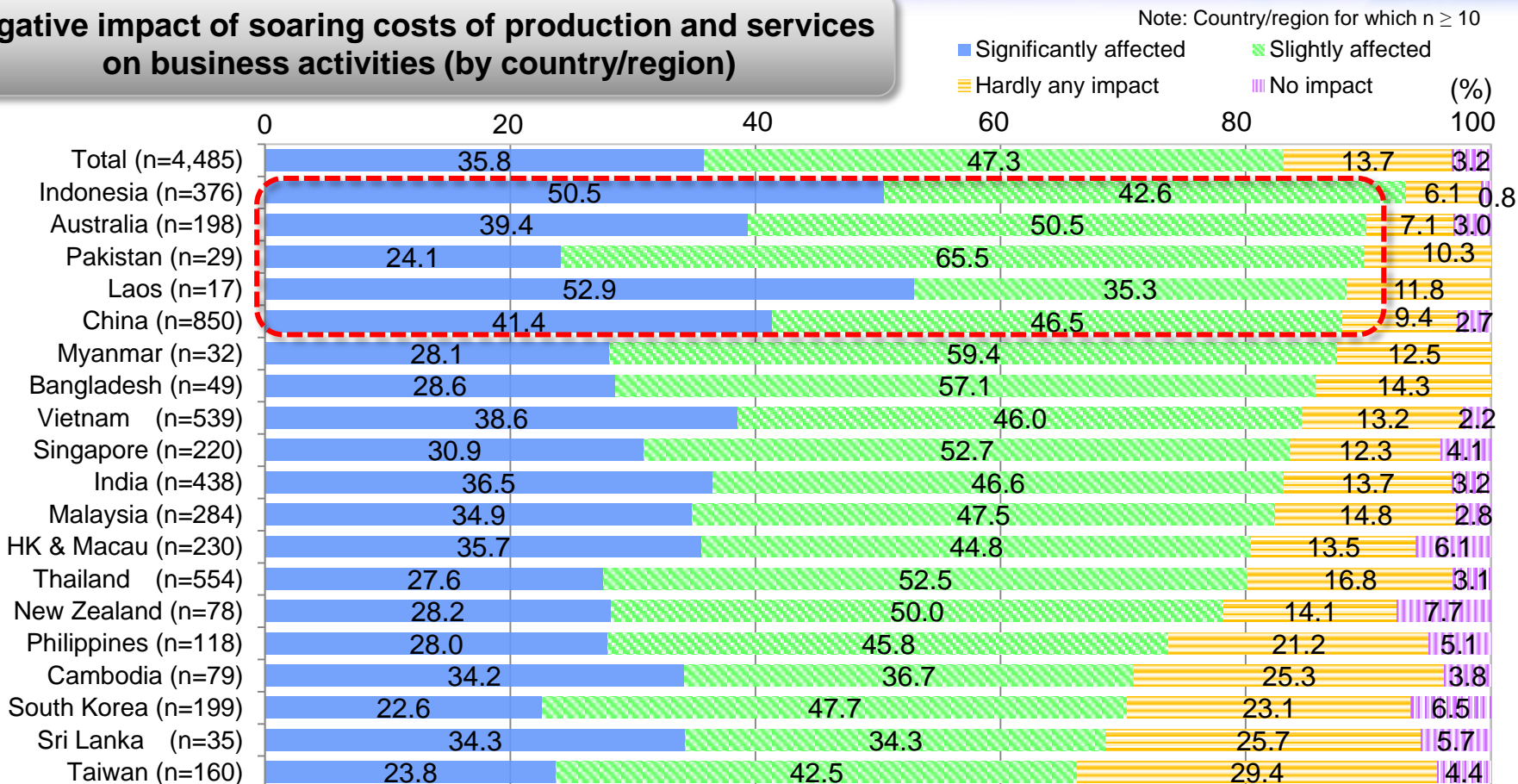
## Comparison between China and other major countries in Asia (manufacturing, multiple answers)



- “Difficulty in local procurement of raw materials and parts” was cited more commonly in Vietnam and Indonesia than in China, with a difference of over 30 pp.
- “Wage increase” was cited more commonly in China (88.2%) than in Thailand (65.8%), with a difference of over 30%.
- “No more room for cost-cutting” was cited more commonly in China than other four countries, with a difference of over 20 pp.
- “Complicated customs clearance procedures” was cited more frequently in Vietnam, Indonesia, and India than in China.

# 4. Rising Costs of Production and Services (1)

## Negative impact of soaring costs of production and services on business activities (by country/region)

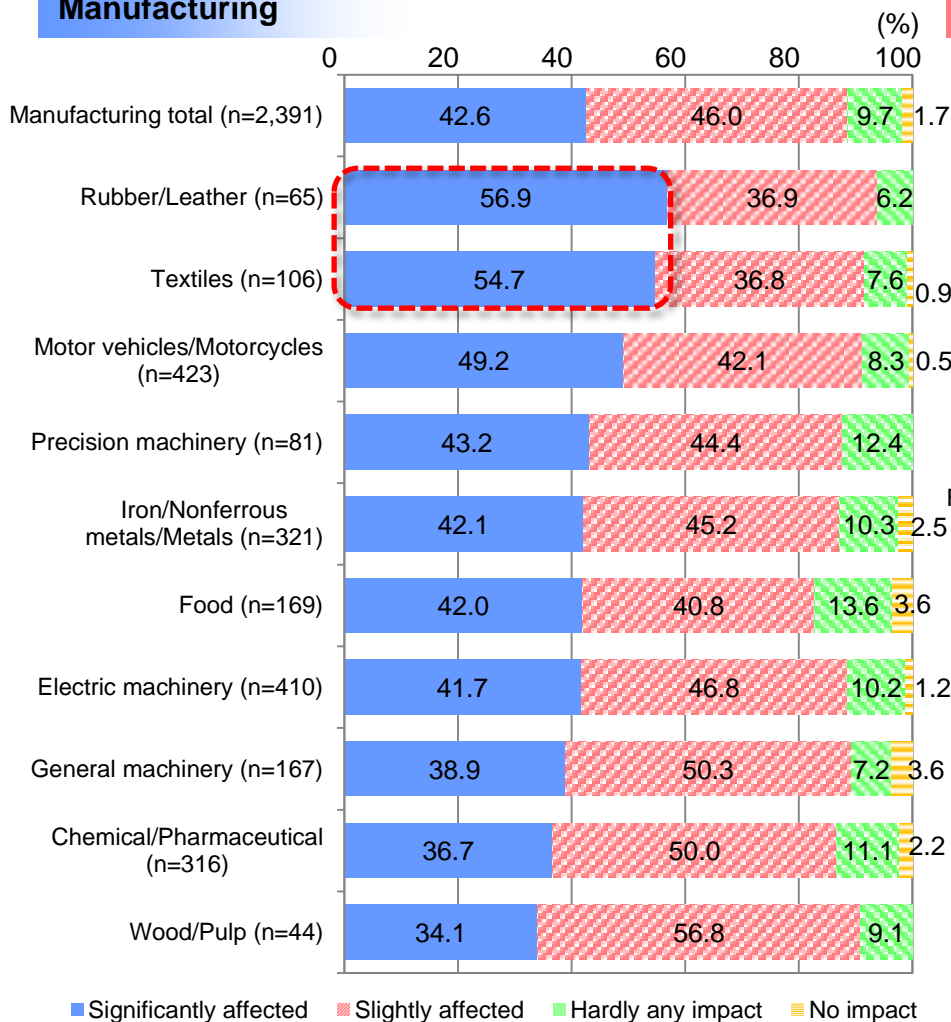


- A combined 83.1% of the firms responded that their business activities are "Significantly affected" or "Slightly affected" by the negative impact of the rising costs of production and services resulting from soaring prices of payroll, energy, and raw materials. More than 80% of the firms in Asia and Oceania are affected negatively.
- The proportion of firms sustaining negative impact was the highest in Indonesia at 93.1%, followed by Australia, Pakistan, Laos, and China.
- By industry in Indonesia, the impact was most serious in Textiles, General machinery, Electric machinery, and Motor vehicles/Motorcycles. A combined 100% of the firms responded that their business activities are "Significantly affected" or "Slightly affected" by negative impact. The proportion of firms that selected "Significantly affected" was the highest in Motor vehicles/Motorcycles (75.8%).
- By industry in China, over 50% of the firms selected "Significantly affected" in Textiles (68.0%), Motor vehicles/Motorcycles (50.6%), Electric machinery (50.0%), and Rubber/Leather(50.0%).

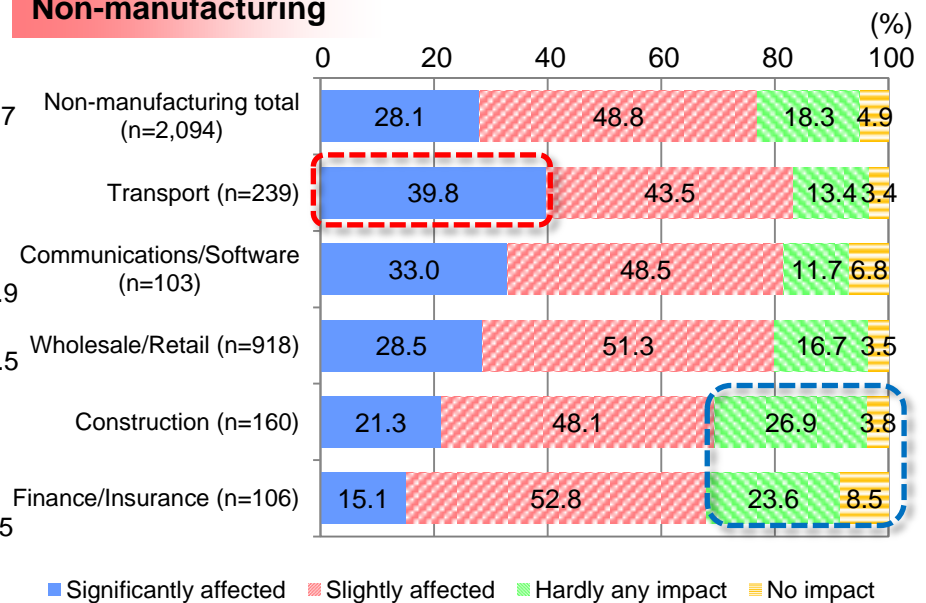
# 4. Rising Costs of Production and Services (2)

## Negative impact of soaring costs of production and services on business activities (by industry)

### Manufacturing



### Non-manufacturing



■ Significantly affected ■ Slightly affected ■ Hardly any impact ■ No impact

- A total of 88.6% of the manufacturing firms and 76.9% of the non-manufacturing firms responded that they are “Significantly affected” or “Slightly affected” by the negative impact of rising costs. Manufacturing firms are affected more seriously than non-manufacturing firms.
- In the manufacturing sector, “Significantly affected” firms exceeded 50% in Rubber/Leather and Textiles.
- In the non-manufacturing sector, the Transport industry is affected more negatively than other industries.
- The combined proportion of “Hardly any impact” and “No impact” is the highest in Finance/Insurance and Construction of all industries, exceeding 30%.

# 4. Rising Costs of Production and Services (3)

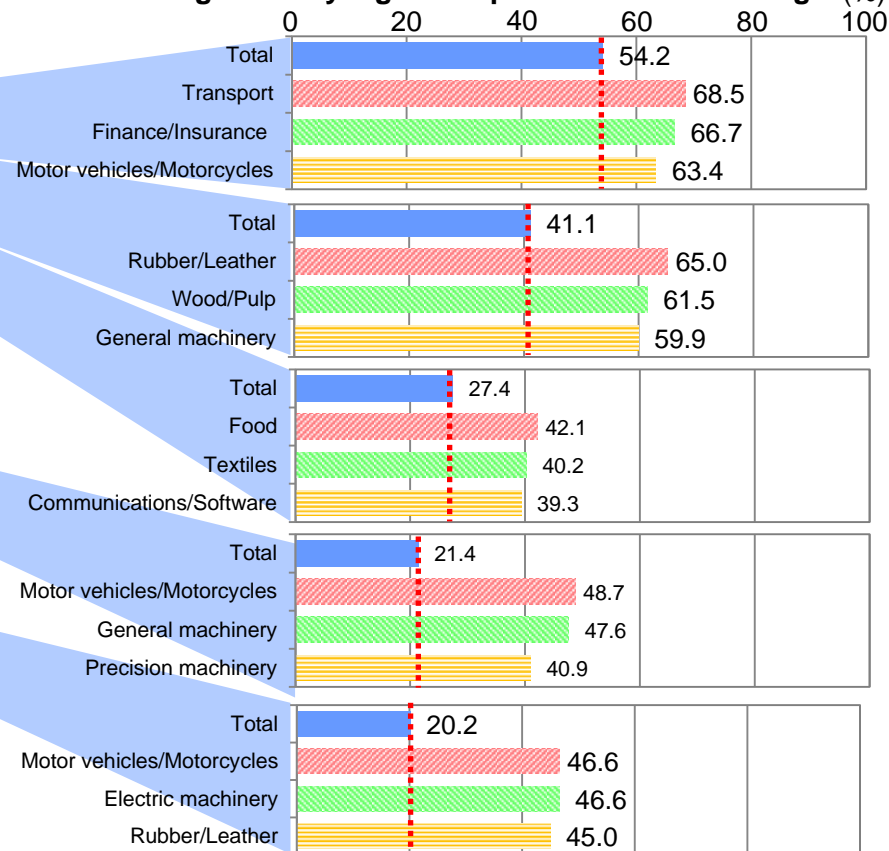
## Specific type(s) of inflation countermeasures (multiple answers)

Total (n = 3,715)

Note: China includes a shift of production/service capabilities to other areas in the mainland.

### Industries with a significantly higher response rate than average (%)

	Answers	Response rate
1	Cost-cutting (e.g., administration cost, indirect cost)	54.2
2	Complicated/Reconsidered suppliers of raw materials and procurement content	41.1
3	Raised the prices of products (services)	27.4
4	Encouraged recruitment of local staff, reduced payroll cost	24.2
5	Complicated/Reconsidered productions (Consolidation of lineup, improvement, adding of value)	23.8
6	Cost-cutting by increasing local procurement rate	21.4
7	Cost-cutting by mass production and volume sales	20.5
8	Encouraged automation and power-saving (e.g., introduced industrial robots)	20.2
9	No particular measures	5.1
10	Shifted production/service capabilities to the third country/areas(*)	3.4



- The most common inflation countermeasure was “Cost-cutting (e.g., administration cost, indirect cost)” at 54.2%. In particular, this countermeasure is taken (considered) more commonly by non-manufacturing industries, such as Transport and Finance/Insurance.
- The Food and Textiles industries are more likely to raise product (service) prices.
- In the Motor vehicles/Motorcycles industry, 48.7% of the firms implement (consider) “Cost-cutting by increasing local procurement rate,” while 46.6% of the firms implement “Encouraged automation and power-saving.”

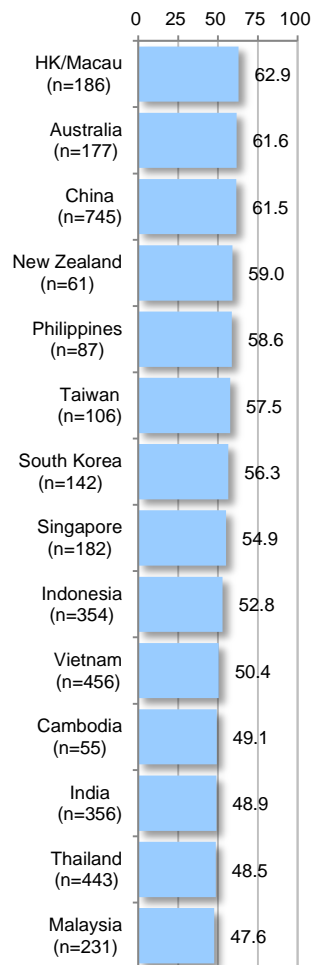
# 4. Rising Costs of Production and Services (4)

## Specific type(s) of inflation countermeasures (by country/region) (multiple answers) (1/2)

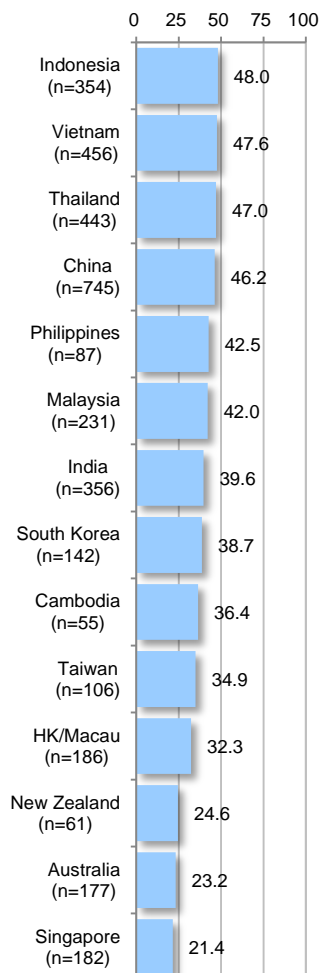
Note: Countries/regions for which n ≥ 50

(%)

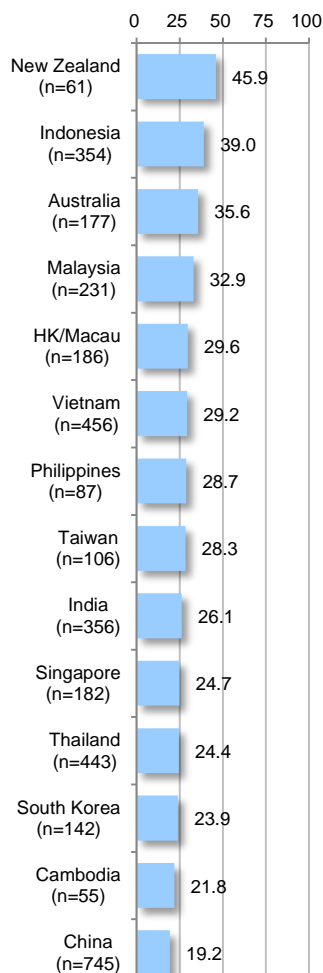
### Cost-cutting (e.g., administration cost, indirect cost)



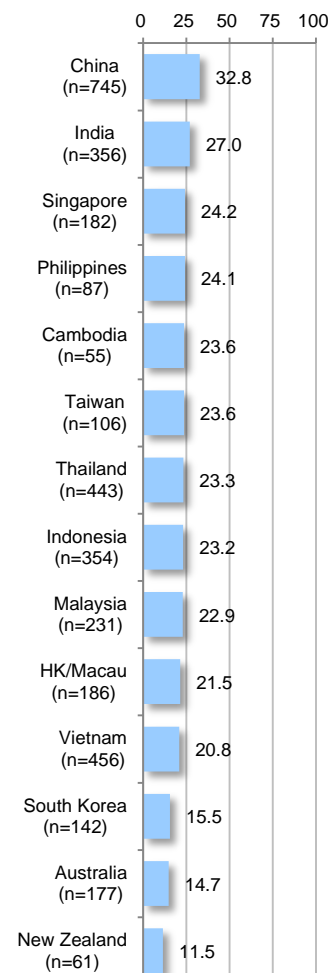
### Complicated/Reconsidered suppliers of raw materials and procurement content



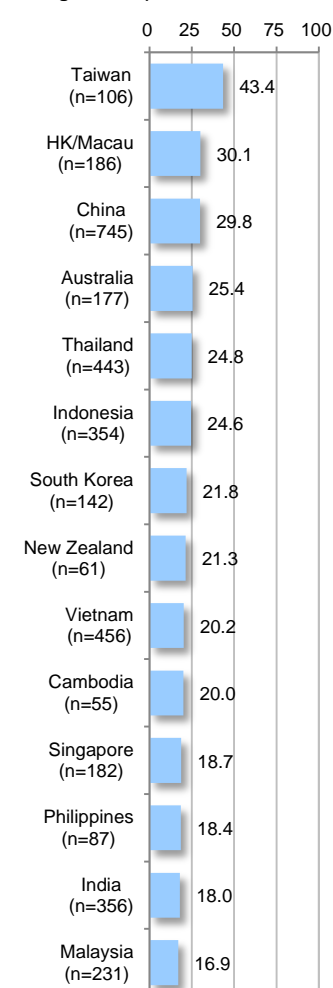
### Raised the prices of products (services)



### Encouraged recruitment of local staff, reduced payroll cost



### Complicated/Reconsidered productions (Consolidation of lineup, improvement, adding of value)



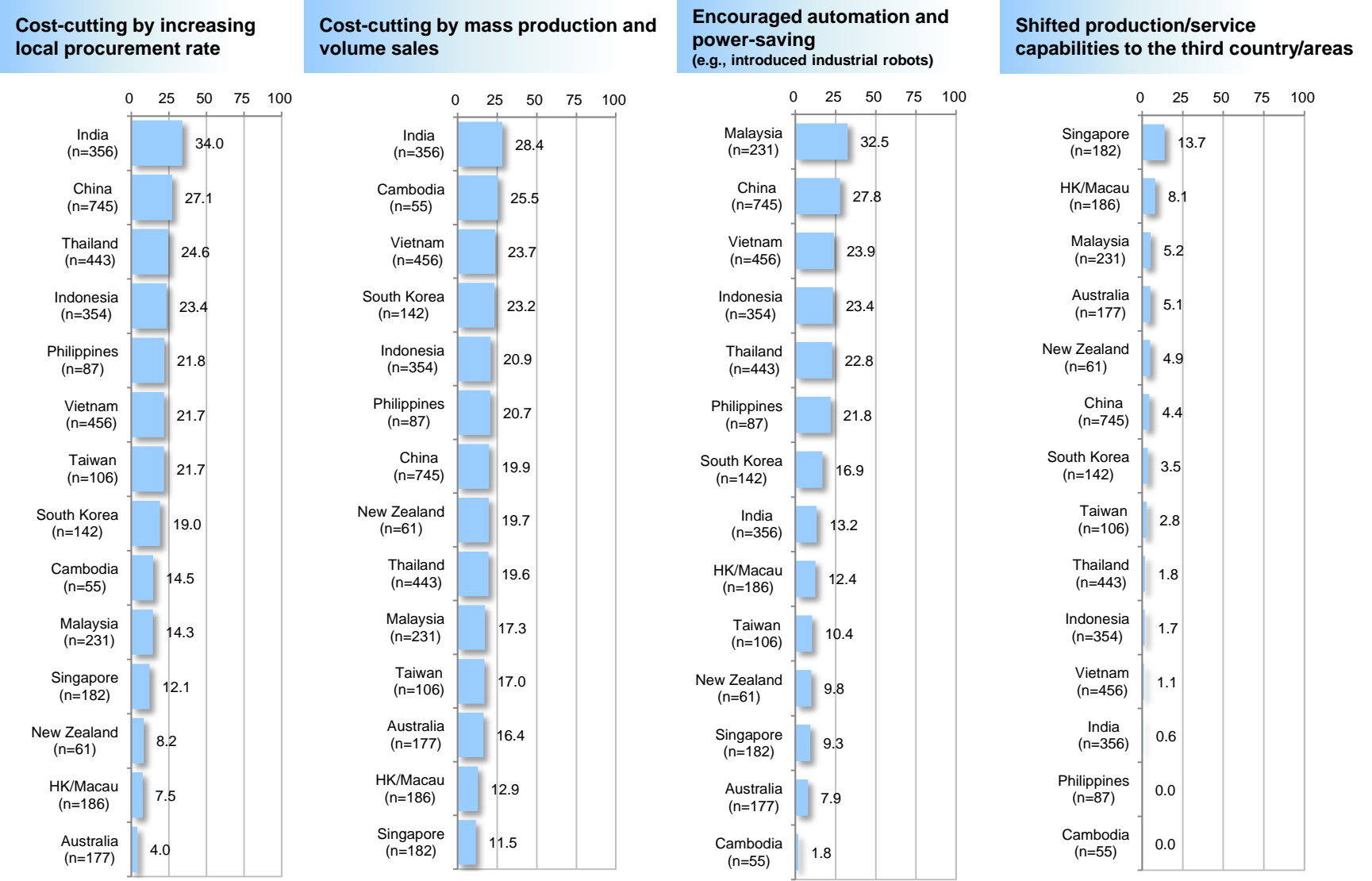


# 4. Rising Costs of Production and Services (5)

## Specific type(s) of inflation countermeasures (by country/region) (multiple answers) (2/2)

Note 1: Countries/regions for which n ≥ 50  
 Note 2: China includes a shift of production/service capabilities to other areas in the mainland.

(%)

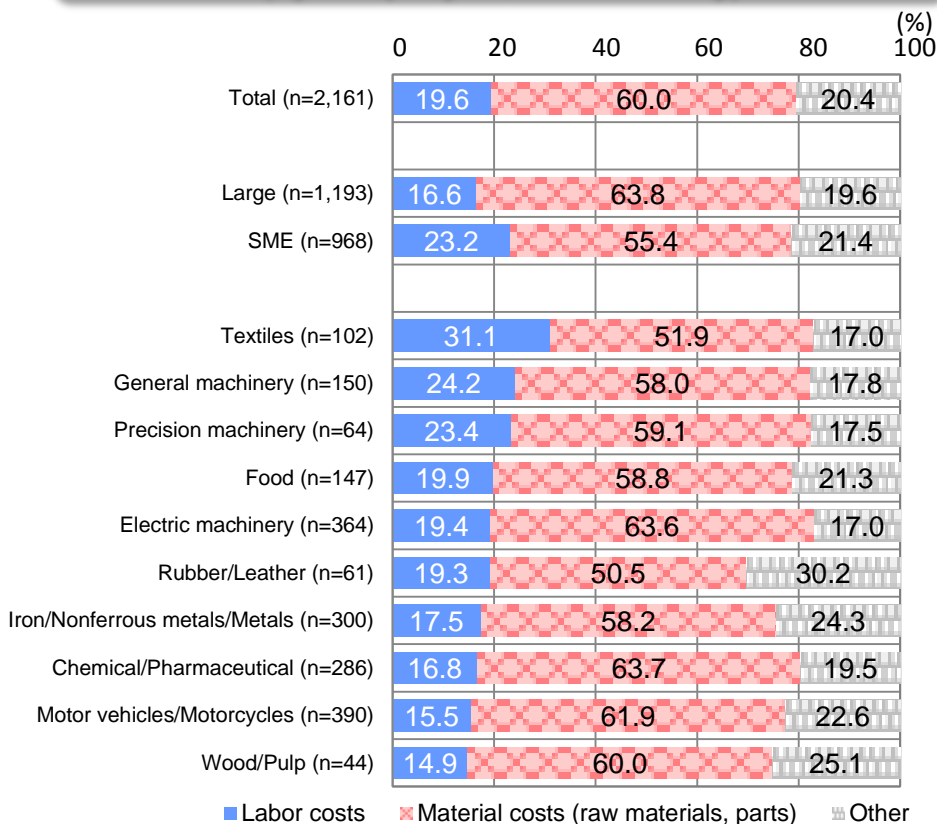


# 5. Procurement of Raw Materials and Parts (1)

Manufacturing sectors only

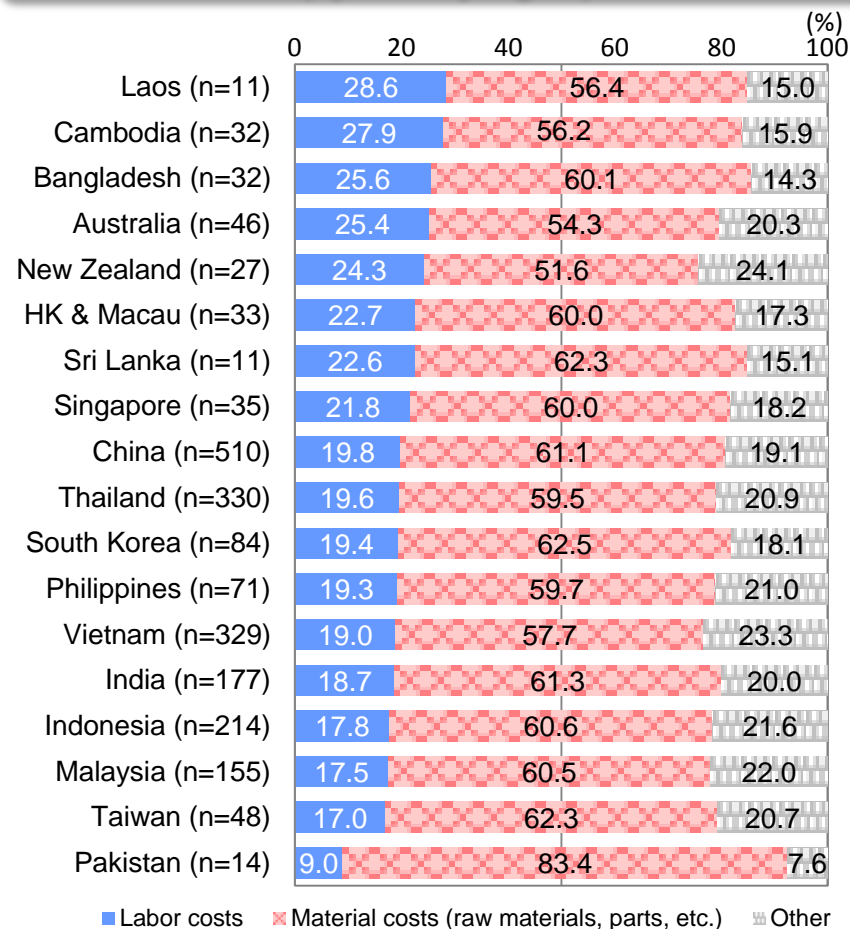
Note: Country/region for which n ≥ 10

**Ratio of labor/material costs to production costs (by company size and industry)**



Note: "Production cost" includes the costs of all resources consumed in producing an item, such as materials, labor, and others.

**Ratio of labor/material costs to production costs (by country/region)**



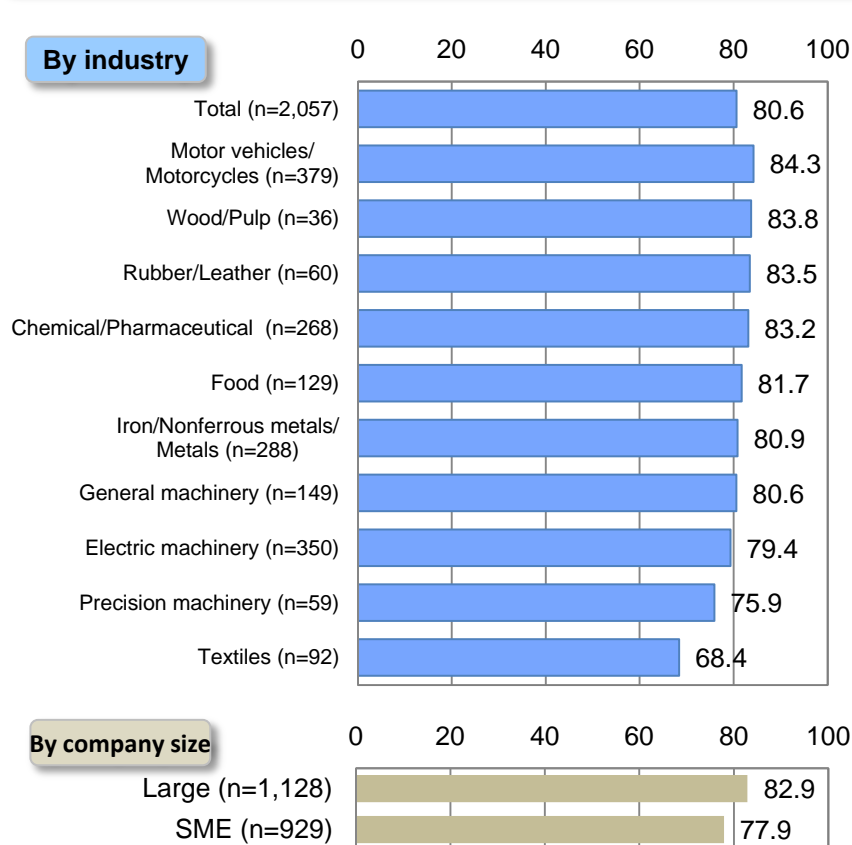
- The ratio of labor costs to local production costs of Japanese-affiliated firms averaged 19.6%, while the ratio of material costs averaged 60.0%. Thus, the material costs constitute a majority of local production costs. In comparison with the 2014 survey, labor costs increased by 1.1 pp, while material costs decreased by 0.2 pp.
- By country/region, the ratio of labor costs is relatively high in Bangladesh and Cambodia, where there are many textiles firms. On the other hand, the ratio of material costs is high in Pakistan (83.4%), where Motor vehicles/Motorcycles is the major industry.

# 5. Procurement of Raw Materials and Parts (2)

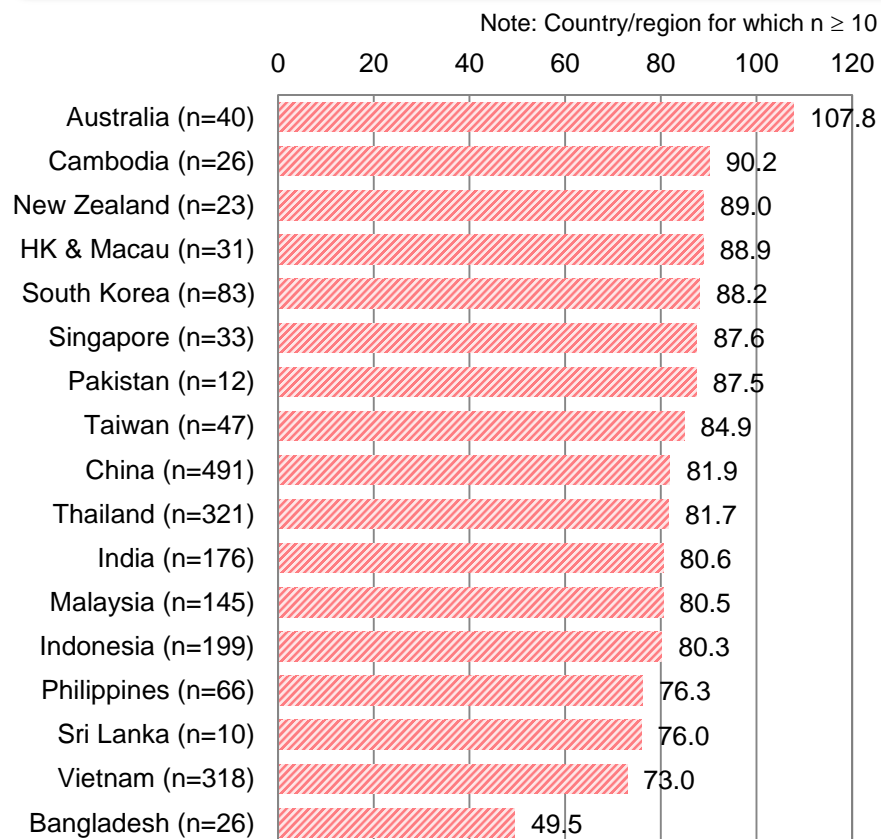
Manufacturing sectors only

Local production cost in comparison with production cost in Japan, which is taken as 100 (by company size and industry)

Local production cost in comparison with production cost in Japan, which is taken as 100 (by country/region)



Note: "Production cost" includes the costs of all resources consumed in producing goods, such as materials, labor, and others.



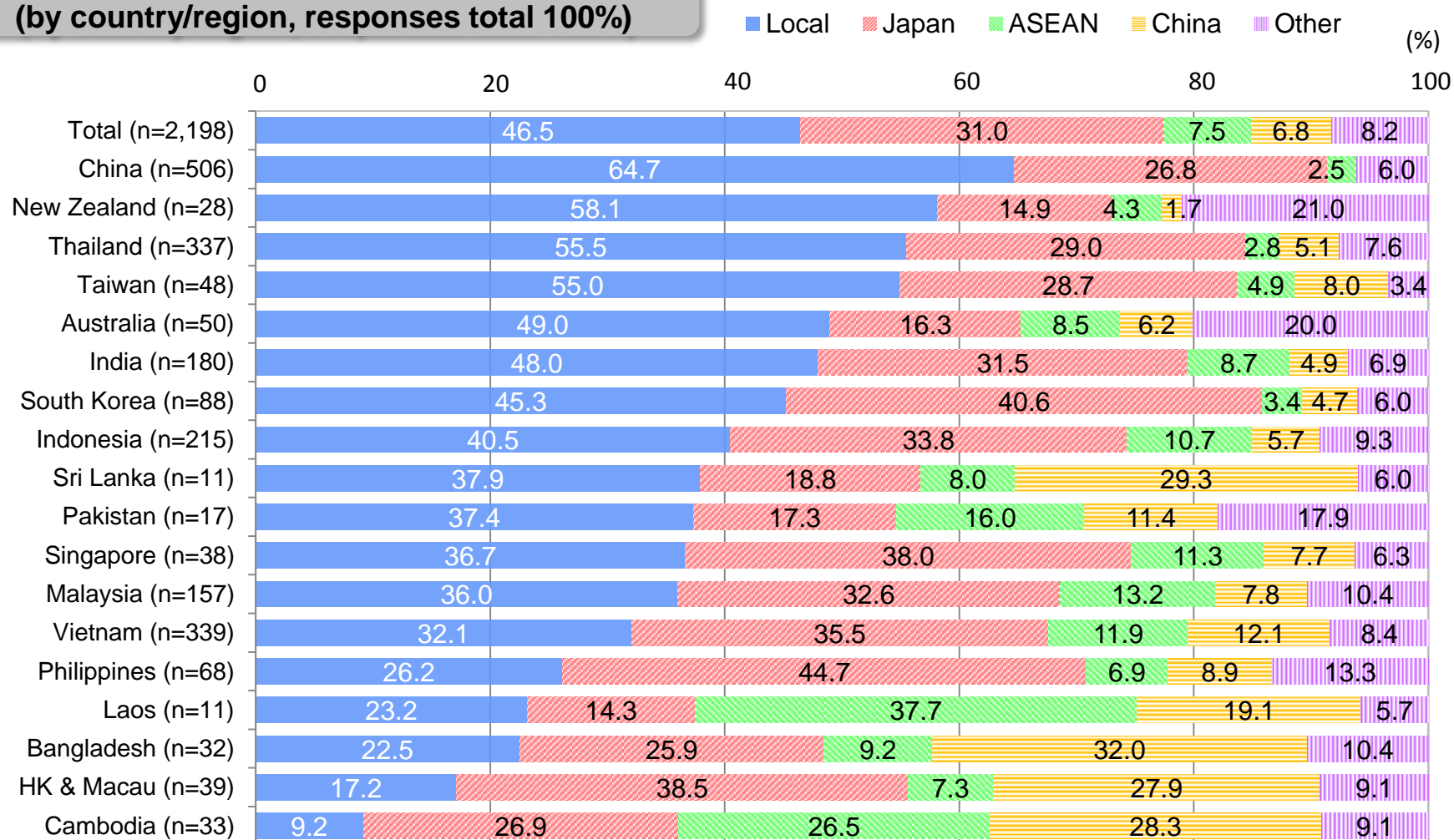
- Compared with the production cost in Japan, which is taken as 100, the average local production cost increased to 80.6 from 78.6 in the 2014 survey.
- By industry, production costs are relatively high in Motor vehicles/Motorcycles, Wood/Pulp, Rubber/Leather, and Chemical/Pharmaceutical, while the cost is lower in Textiles, at 68.4.
- By company size, the costs of SMEs (77.9) were lower than those of large enterprises (82.9) by 5.0 pp. The difference decreased by 0.6 pp from the 2014 survey (with a difference of 5.6 pp).
- By country/region, Australia (107.8) surpassed Japan in production costs, while the costs are lower in Bangladesh (49.5). In Cambodia, the costs (90.2) significantly increased from 2014 (61.8).

# 5. Procurement of Raw Materials and Parts (3)

Manufacturing sectors only

## Procurement sources for raw materials and parts (by country/region, responses total 100%)

Note: Country/region for which n ≥ 10

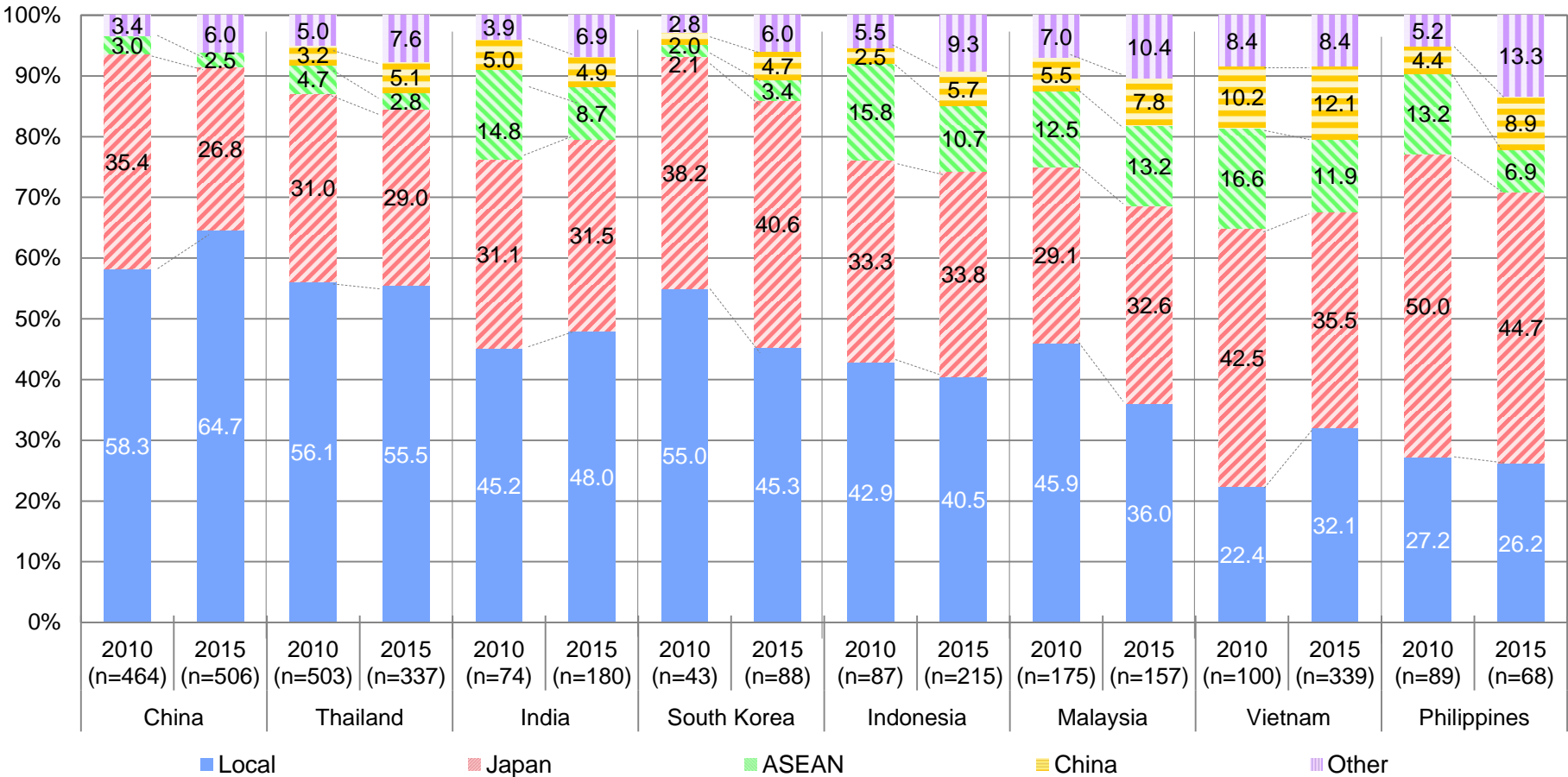


- The largest procurement source for raw materials and parts in the local production activities of Japanese-affiliated firms was "Local" (46.5%), followed by "Japan" (31.0%) and "ASEAN" (7.5%). The local procurement (dependency) rate decreased by 2.2 pp from the 2014 survey (48.7%). The procurement rates from Japan, ASEAN, and China increased slightly.
- By country/region, the local procurement rate is high in China, but the rate decreased by 1.5 pp from the 2014 survey (66.2%).
- The rate of procurement from Japan is relatively high in the Philippines (44.7%), South Korea (40.6%), and Hong Kong/Macau (38.5%).

# 5. Procurement of Raw Materials and Parts (4)

Manufacturing sectors only

Procurement sources of major countries  
(comparison with the 2010 survey and 2015 survey)



- Comparing the procurement sources for raw materials and parts in eight major countries in the 2010 survey with those in the 2015 survey, local procurement rates increased in China, India, and Vietnam. In Vietnam, the rate increased by approx. 10 pp in the five years shown.
- The procurement rate from Japan is increasing in India, South Korea, Indonesia, and Malaysia.
- The procurement rate from China increased in all six countries, excluding India. The rate is particularly high in Vietnam at 12.1%.

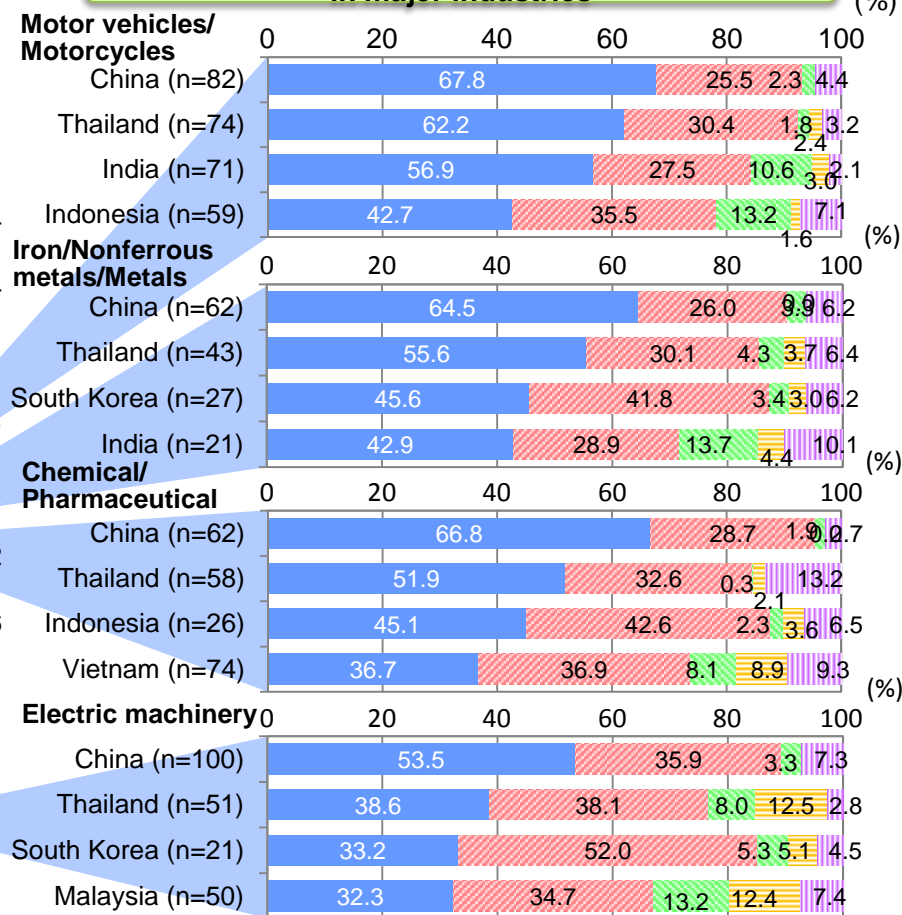
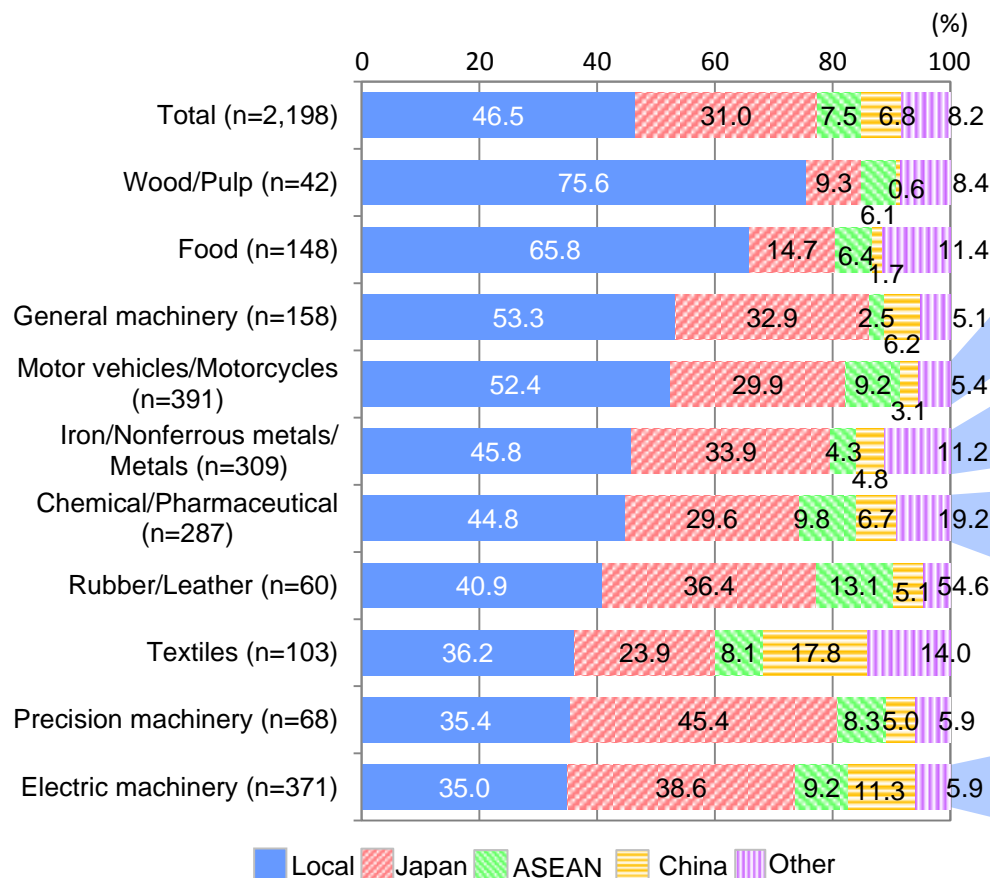
# 5. Procurement of Raw Materials and Parts (5)

Manufacturing sectors only

Note: Countries/regions for which n>15. "n" indicates the numbers of valid responses for each industry by country/region.

## Procurement sources for raw materials and parts (by industry, responses total 100%)

## Top 4 countries regarding the local procurement rate in major industries



- By industry, the local procurement rate of raw materials and parts is high in Wood/Pulp and Food at 75.6% and 65.8%, respectively. Meanwhile, the procurement rate from Japan is relatively high (over 40%) in Precision machinery.
- In the Electric machinery industry, the local procurement rate decreased to 35.0% by 3.1 pp from the 2014 survey (38.1%), but the rate of procurement from Japan increased by 2.8 pp.
- In all four industries with valid responses from more than 200 companies, the local procurement rate exceeded 50% in China. In the Motor vehicles/Motorcycles industry, the rate in China increased to 67.8% by 2.9 pp from 64.9% in 2014.

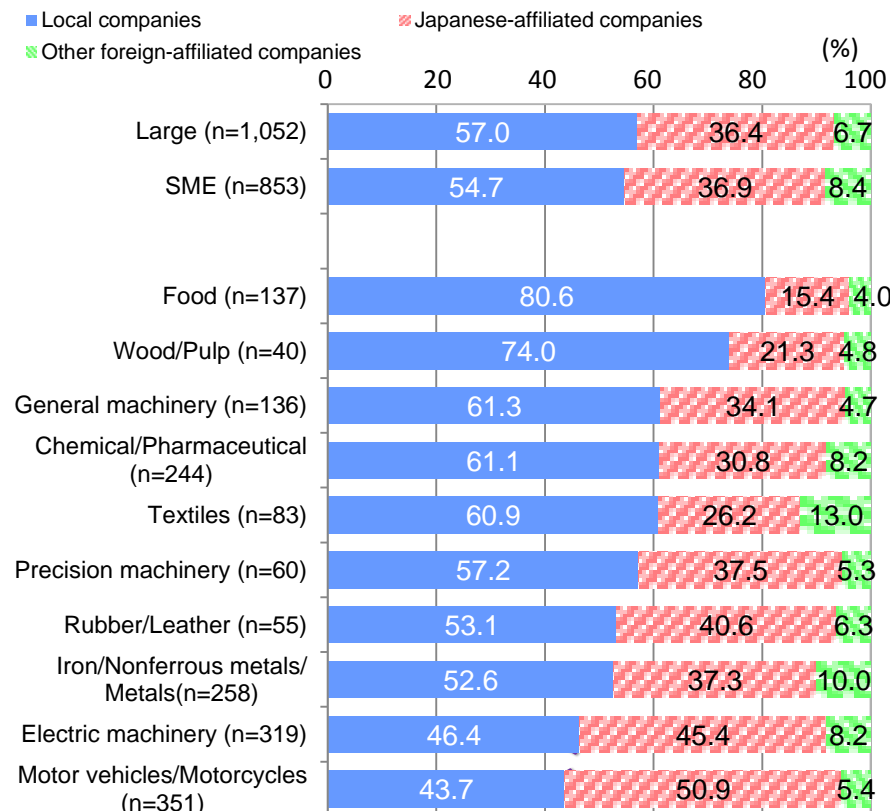
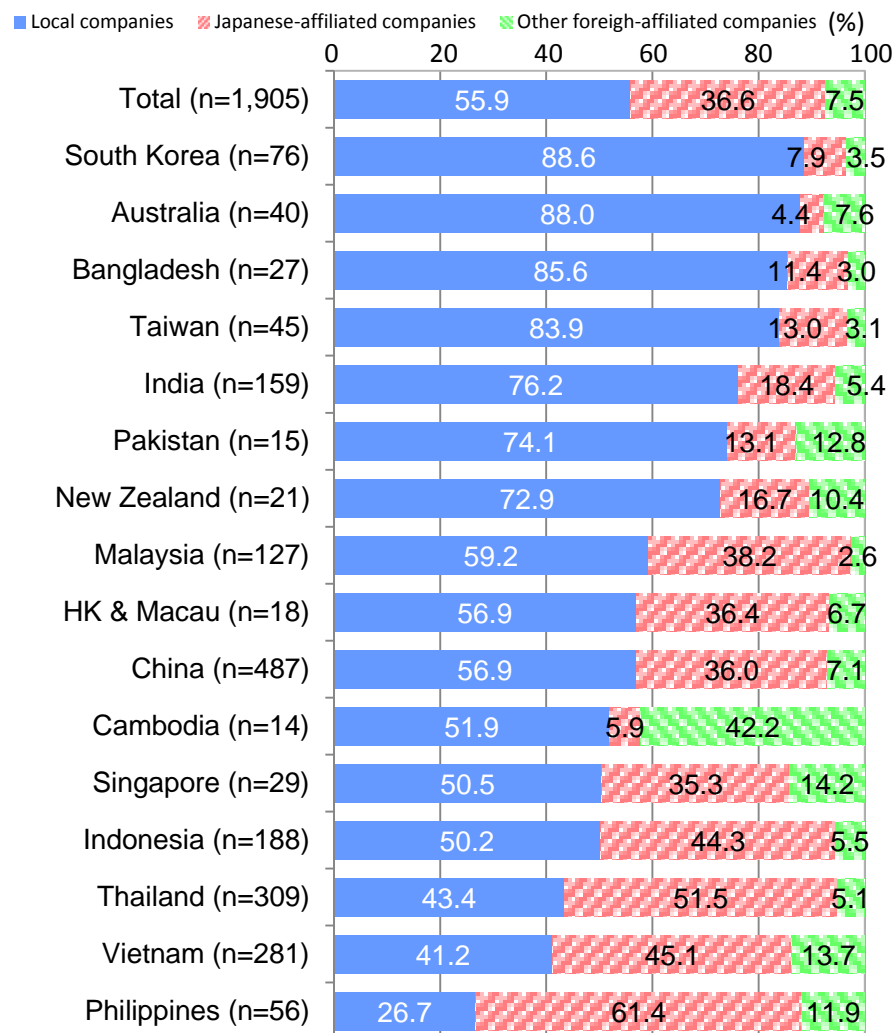
# 5. Procurement of Raw Materials and Parts (6)

Manufacturing sectors only

**Local procurement sources for raw materials and parts (by country/region, responses total 100%)**

**Local procurement sources for raw materials and parts (by company size and industry, responses total 100%)**

Note: Countries/regions for which n ≥ 10

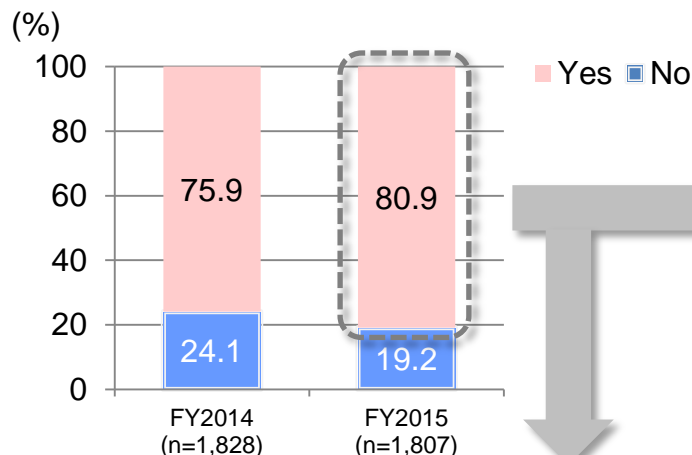


- “Local companies” was the largest local procurement source, at 55.9%, followed by “Japanese-affiliated companies” (36.6%) and “Other foreign-affiliated companies” (7.5%).
- In the Philippines and Thailand, “Japanese-affiliated companies” accounts for over 50% as a procurement source.
- By industry, “Local companies” exceeded 80% in Food.

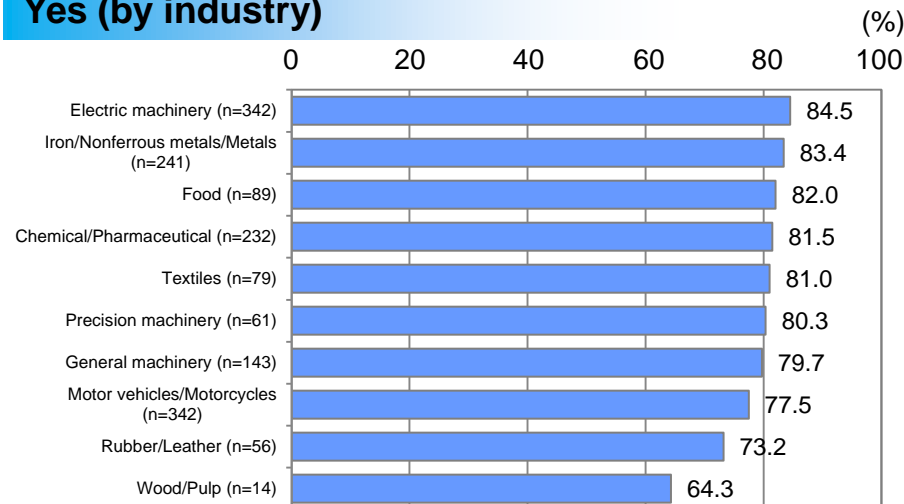
# 5. Procurement of Raw Materials and Parts (7)

Manufacturing sectors  
Only

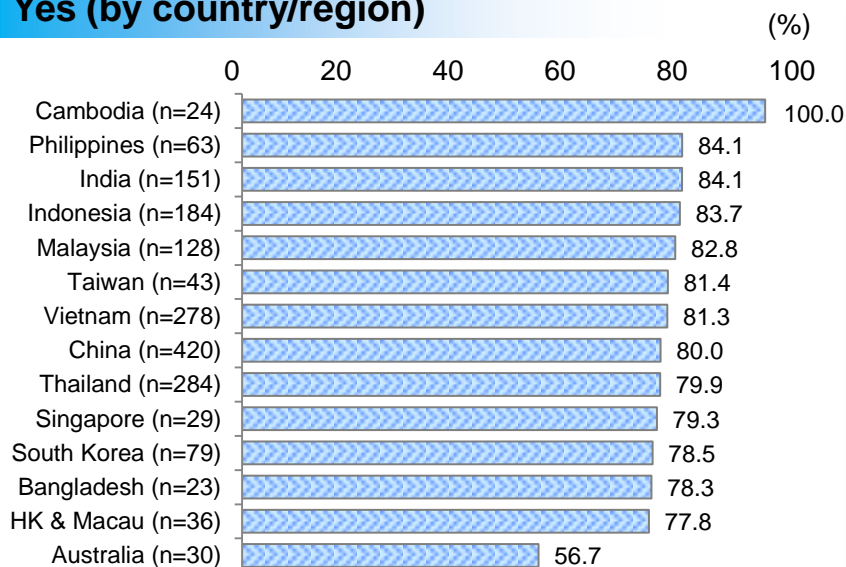
Raw materials/parts that can be purchased  
only in Japan



Yes (by industry)



Yes (by country/region)



Note: Countries/regions for which n ≥ 15

- Firms that procure raw materials and parts from Japan were asked if there are any raw materials/parts that can be procured only from Japan. As a result, 80.9% of the firms answered "Yes" to this question. The percentage increased by 5.0 pp from the 2014 survey (75.9%).
- By industry, over 70% of the firms in all industries excluding Wood/Pulp responded "Yes."
- Major raw materials and parts included in the responses are as follows:

Electric machinery: Semiconductors, special resin materials, electronic parts, and special metal products

Iron/Nonferrous metals/Metals: Special steel products, special metal products, and steel products

Food: Ingredients, food additives, seasoning, fragrances, packaging materials, and machine parts

Chemical/Pharmaceutical: Special resin materials, special plastic raw materials, coating materials, additives, and pigments

Textiles: Chemicals, special cloth, special thread, and high-grade materials

Precision machinery: Electronic circuit parts, special materials, and high-precision parts

General machinery: Steel products, engines, and special processed products

Motor vehicles/Motorcycles: Steel products, electronic parts, forged parts, engine parts, and metal fittings

Rubber/Leather: Chemicals, special chemical products, synthetic rubber, and rubber raw materials

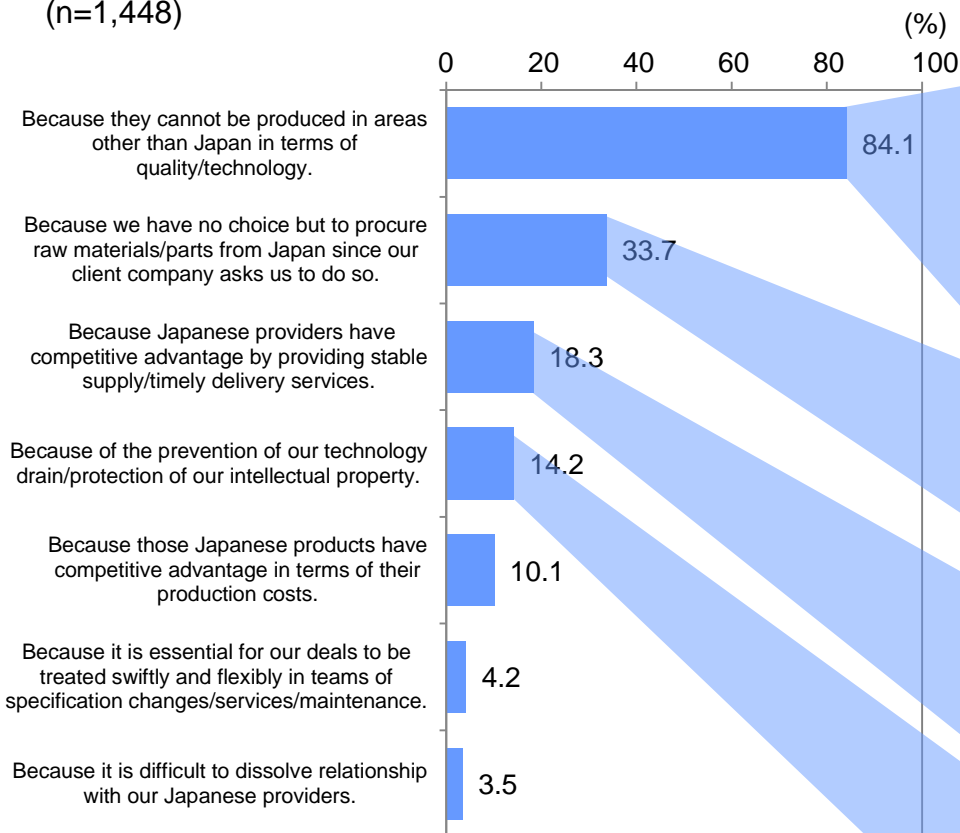
Wood/Pulp: Raw materials, base cardboard papers, packaging materials, and equipment parts.

# 5. Procurement of Raw Materials and Parts (8)

Manufacturing sectors only

## Reasons for difficulty in procuring the raw materials/parts from countries other than Japan

(n=1,448)



- As to the reason why it is difficult to procure the raw materials/parts from countries other than Japan, 84.1% of the firms mentioned "quality/technology," followed by "materials/parts designated by the client company" (33.7%).
- Precision machinery firms cited many reasons at a high percentage, including "quality/technology," "stable supply/timely delivery," and "prevention of technology drain/protection of intellectual property."

## Response rate by country/region and industry category (rank order)

### By country/region

	%
Philippines (n=53)	88.7
India (n=125)	87.2
South Korea (n=61)	86.9
Thailand (n=226)	85.8
Indonesia (n=154)	85.7
Taiwan (n=35)	85.7

	%
Vietnam (n=224)	41.1
China (n=334)	38.6
Indonesia (n=154)	38.3

	%
Malaysia (n=103)	28.2
Taiwan (n=35)	25.7
Philippines (n=53)	24.5

	%
Taiwan (n=35)	28.6
South Korea (n=61)	27.9
China (n=334)	19.8

### By industry category

	%
General machinery (n=113)	89.4
Textiles (n=64)	89.1
Precision machinery (n=49)	87.8
Electric machinery (n=286)	85.0
Food (n=73)	84.9

	%
Rubber/Leather (n=41)	43.9
Motor vehicles/Motorcycles (n=263)	41.4
Iron/Nonferrous metals/Metals(n=196)	40.8

	%
Precision machinery(n=49)	26.5
Iron/Nonferrous metals/Metals (n=196)	26.0
Motor vehicles/Motorcycles (n=263)	21.7

	%
Rubber/Leather (n=41)	24.4
Precision machinery (n=49)	20.4
General machinery (n=113)	17.7

Note: Country/region and industry category for which n ≥ 30

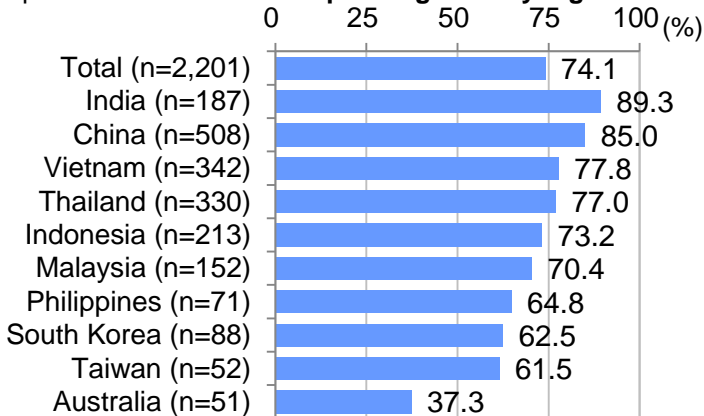
# 5. Procurement of Raw Materials and Parts (9)

Manufacturing sectors only

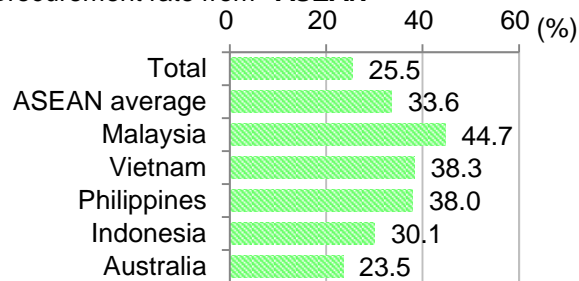
## Future raw materials/parts procurement policy (by country/region, multiple answers)

Note: Countries/regions for which n ≥ 50.

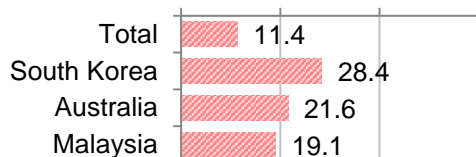
Ratio of firms that responded that they would raise the local procurement rate **in the operating country/region**



Ratio of firms that responded that they would raise the procurement rate from **"ASEAN"**



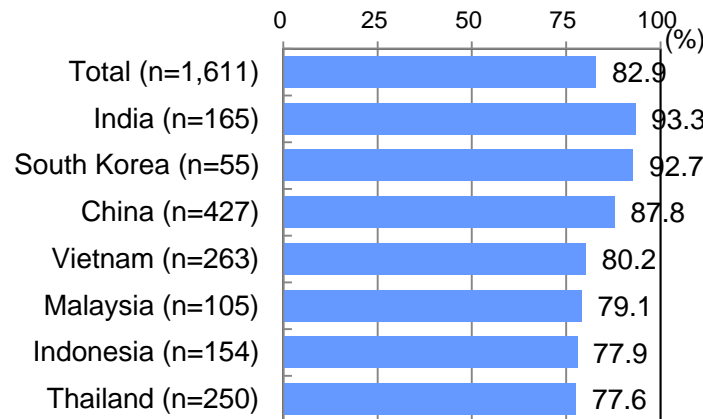
Ratio of firms that responded they would raise the procurement rate from **"China"**



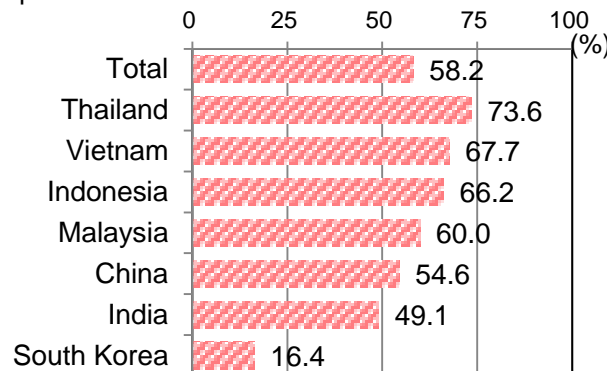
## Important local procurement sources to raise the local procurement rate (by country/region, multiple answers)

Note: Countries/regions for which n ≥ 50.

Ratio of firms that responded that **local companies** are important for raising the local procurement rate



Ratio of firms that responded that **Japanese-affiliated companies** are important for raising the local procurement rate



- As a raw material/part procurement policy in the future, the largest proportion of firms at 74.1% responded that they would raise the local procurement rate in the operating country/region.

- In ASEAN countries, especially in Malaysia, Vietnam, and the Philippines, a relatively high proportion of firms responded that they would raise the procurement rate from ASEAN.

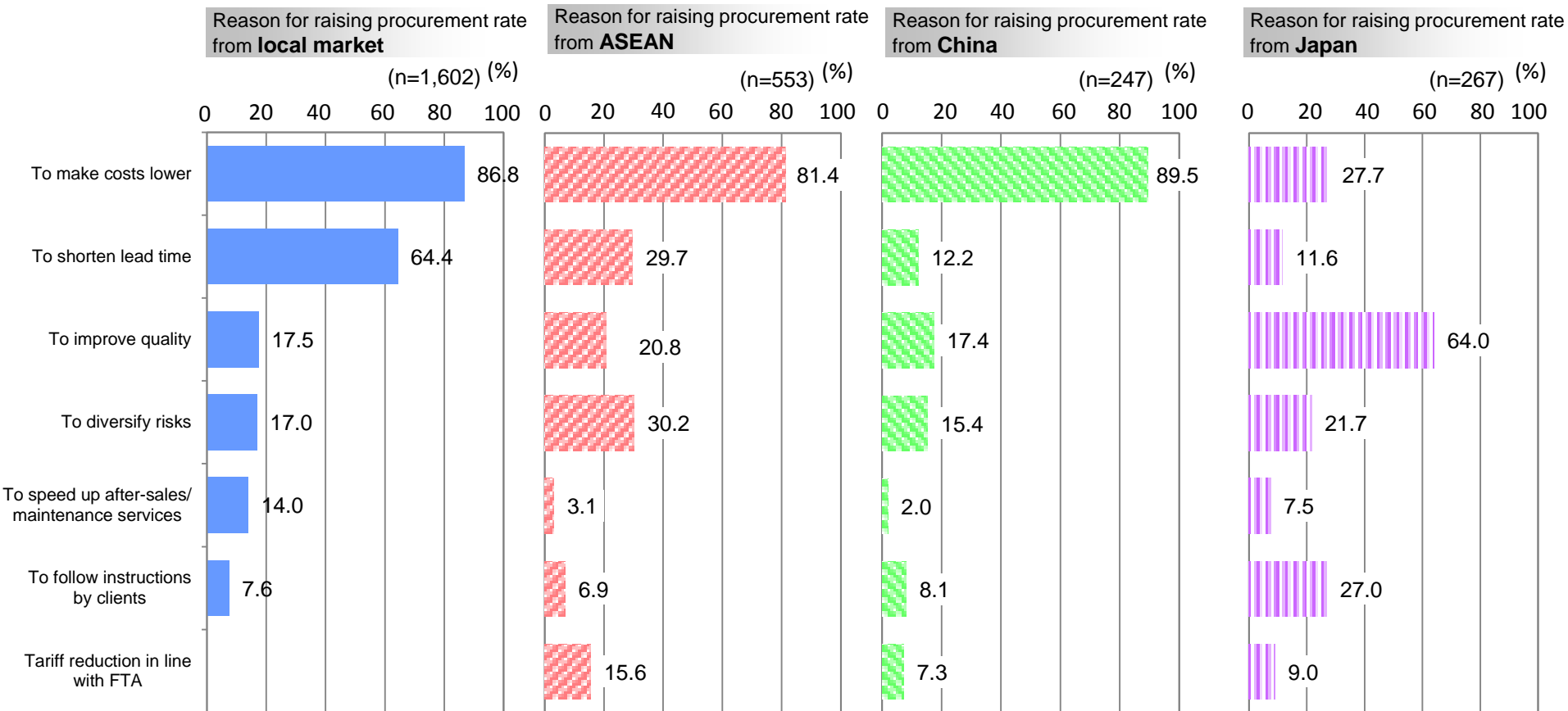
- As local procurement sources that will become important in the future for raising the local procurement rate, "Local companies" were cited by 82.9% of the firms, while "Japanese-affiliated firms" was cited by 58.2%.

- "Local companies" were selected as an important local procurement source in all countries/regions, while the proportion of firms that attached importance to "Japanese-affiliated firms" varied greatly by country/region.

# 5. Procurement of Raw Materials and Parts (10)

Manufacturing sectors only

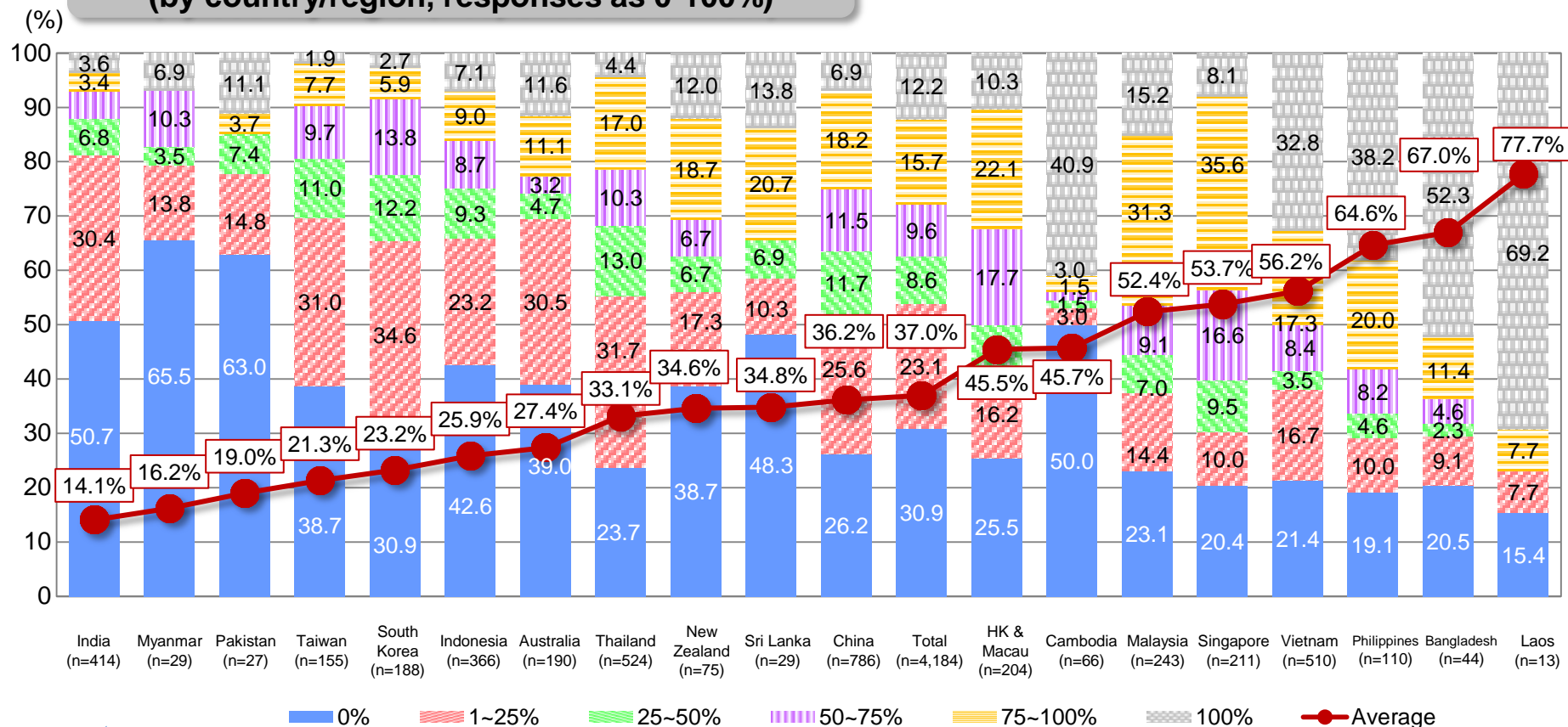
## Reasons for raising future procurement rate for raw materials/parts (multiple answers)



- For firms that responded that they would raise the procurement rate from the local market, ASEAN, and China, the biggest reason was "to make costs lower."
- The major reasons for raising the local procurement rate were "to make costs lower" (86.8%) and "to shorten lead time" (64.4%).
- The major reasons for raising the procurement rate from ASEAN were "to make costs lower" (81.4%), "to diversify risks" (30.2%), "to shorten lead time" (29.7%), and "to improve quality" (20.8%).
- The largest reasons for raising the rate of procurement from Japan were "to improve quality" (64.0%). The proportion of firms that selected "to make costs lower" increased by 8.8 pp to 27.7% from the 2014 survey.

# 6. Exports/Imports (1)

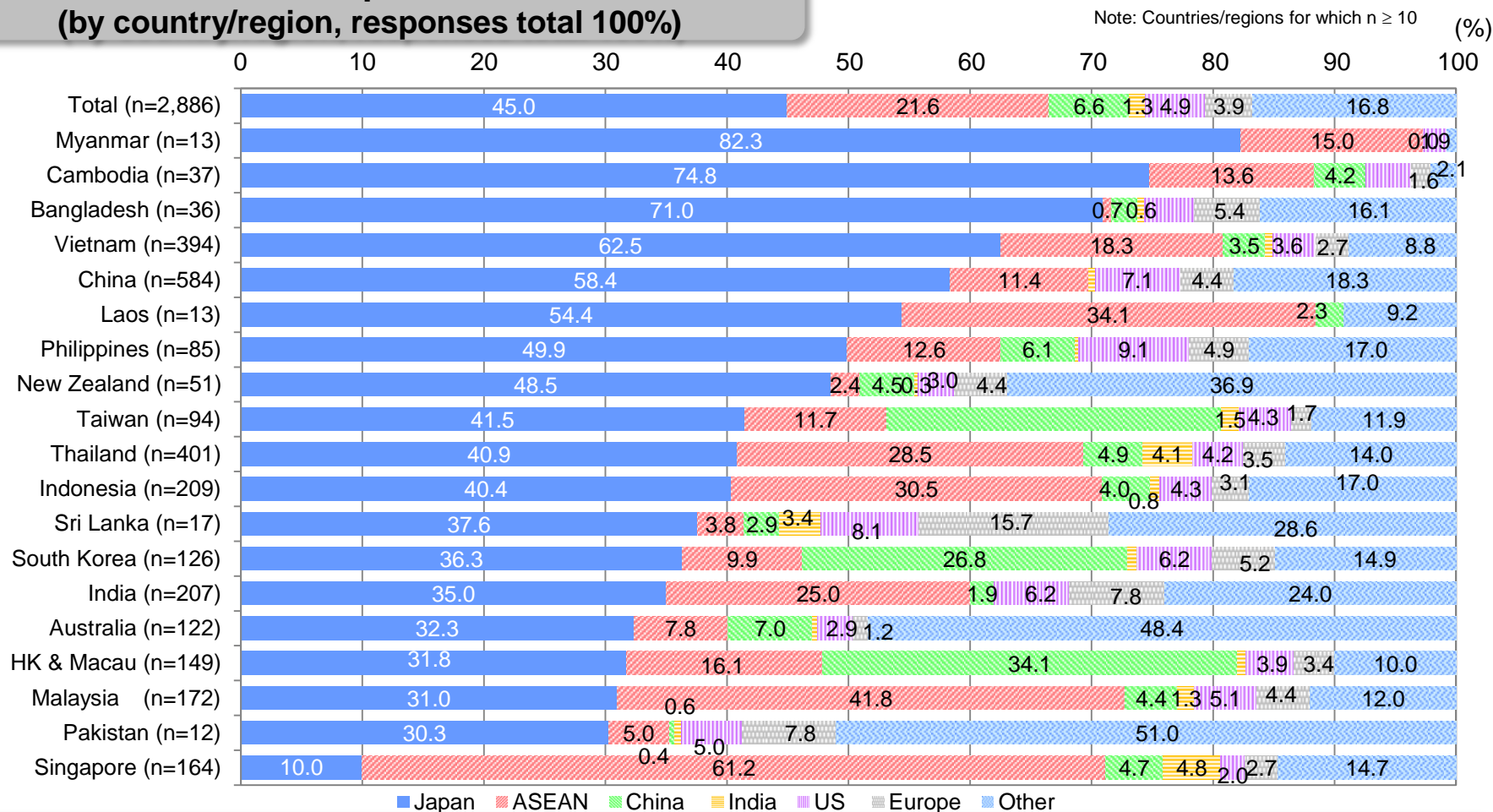
Proportion of export sales to the total sales  
(by country/region, responses as 0-100%)



- The average export-to-local sales ratio of Japanese-affiliated firms exceeded 50% in Laos (77.7%), Bangladesh (67.0%), the Philippines (64.6%), Vietnam (56.2%), Singapore (53.7%), and Malaysia (52.4%). On the other hand, India (14.1%), Myanmar (16.2%), and Pakistan (19.0%), with an export ratio below 20%, had a high proportion of domestic sales.
- The proportion of totally export-oriented firms (export ratio: 100%) was high in Laos (69.2%), Bangladesh (52.3%), Cambodia (40.9%), the Philippines (38.2%), and Vietnam (32.8%). Meanwhile, completely domestic sales-oriented firms (export ratio: 0%) exceeded 50% in Myanmar (65.5%), Pakistan (63.0%), and India (50.7%).

## 6. Exports/Imports (2)

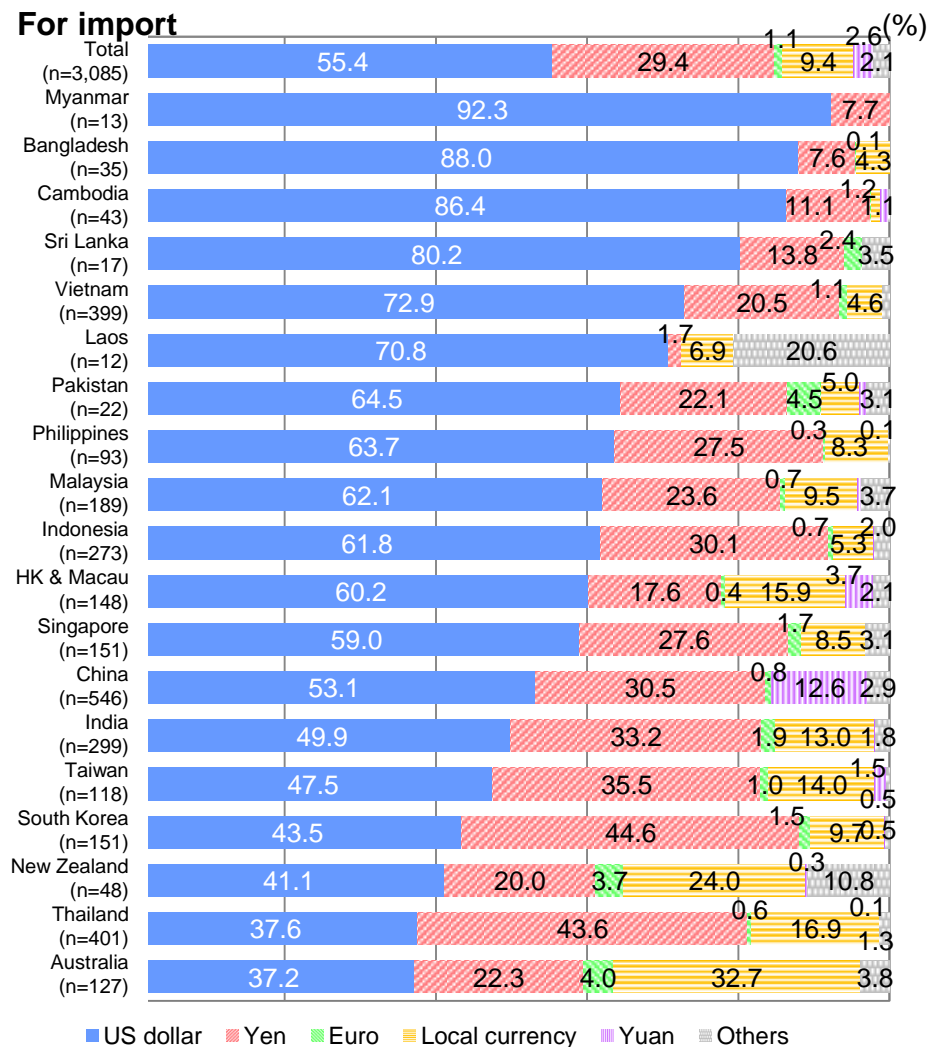
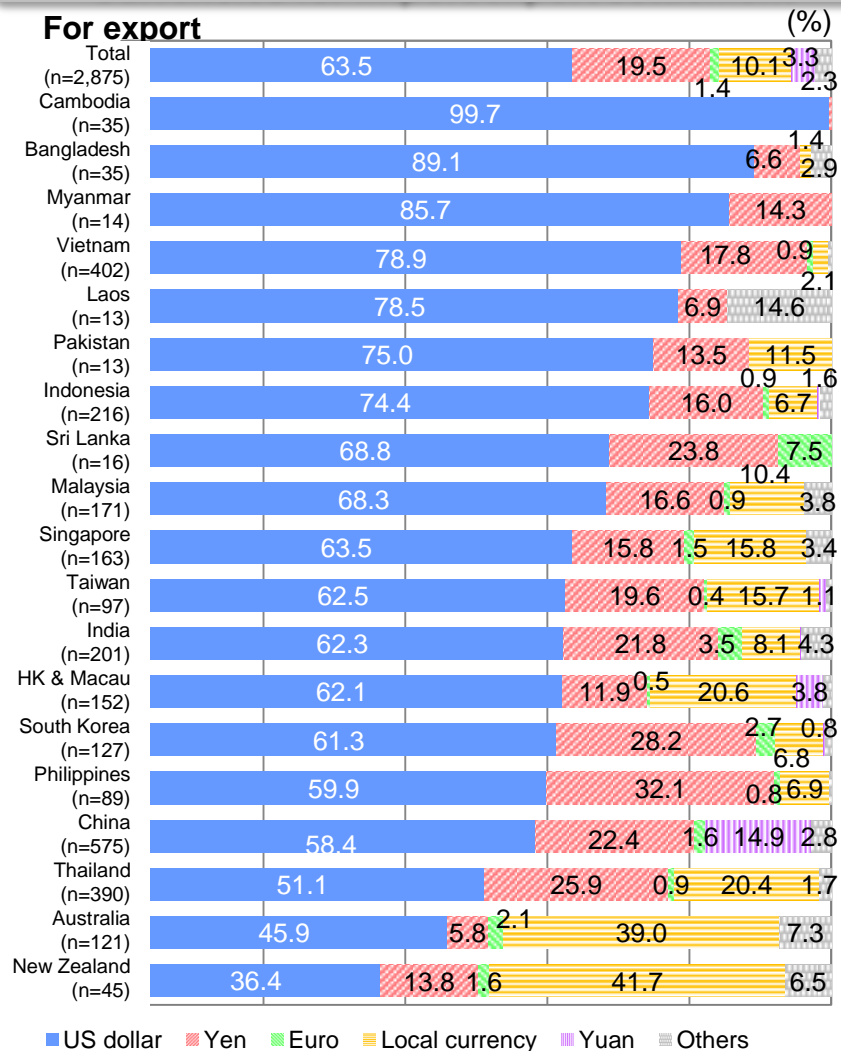
### Breakdown of export destinations (by country/region, responses total 100%)



- Japan was the largest export destination (as a total of all surveyed countries/regions) for Japanese-affiliated firms, at 45.0% on average, followed by ASEAN (21.6%).
- There was little change in the composition of major export destinations from the 2014 survey (n = 2,816). Exports to Japan and China increased by 1.1 pp and 0.4 pp, respectively, while exports to ASEAN decreased by 0.8 pp. Thus, export destinations remained almost the same, with around a 1% change.
- Japan accounted for over 50% in Myanmar, Cambodia, Bangladesh, Vietnam, China, and Laos. Japan is the major export destination for Textiles (93.1%), Transport (92.1%), Communications/software (87.3%), and Rubber/Leather (86.5%).

# 6. Exports/Imports (3)

## Currencies for import/export settlement



Note: Countries/regions for which n ≥ 10

- The primary currency used for export settlement was the U.S. dollar (63.5%), followed by the yen (19.5%), local currency (10.1%), and the yuan (3.3%). The U.S. dollar (55.4%) is also the main currency used for import settlement, followed by the yen (29.4%), local currency (9.4%), and the yuan (2.6%). The U.S. dollar is used more for exports than imports, while the yen is used more for imports than exports. There was no significant difference between imports and exports regarding the use of local currency and the yuan.

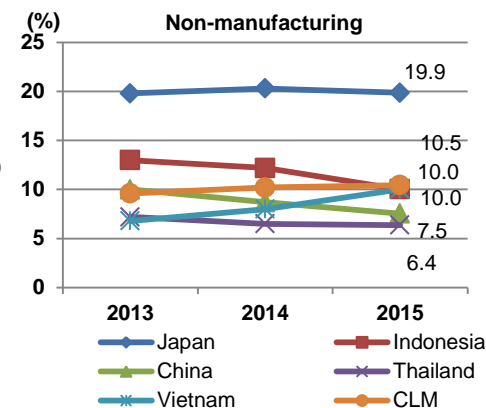
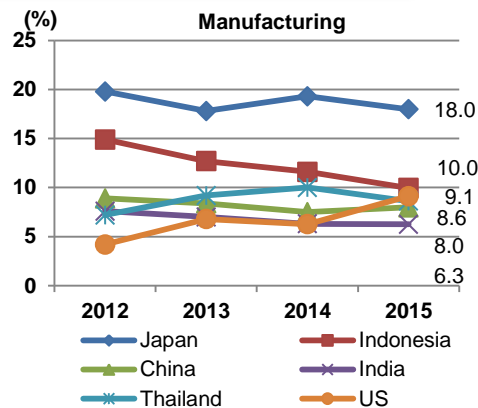
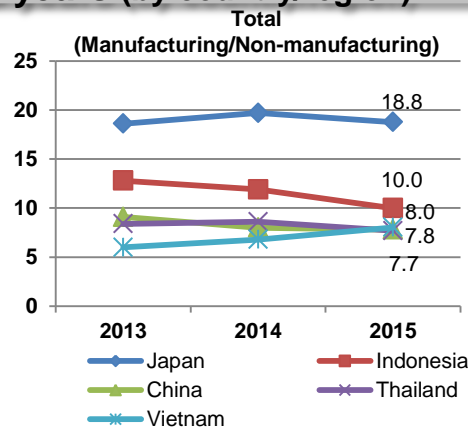
# 6. Exports/Imports (4)

Most promising export market for business/products over the next 1 to 3 years (by country/region)

Note: Countries/regions for which n ≥ 10

## Total (2015)

Total (n=3,474)		
	Country	%
1	Japan	18.8
2	Indonesia	10.0
3	Vietnam	8.0
4	China	7.8
5	Thailand	7.7



## By country

\* CLM: Cambodia, Laos and Myanmar

### Japan:

Most important

Philippines (n=90)		
	Country	%
1	Japan	30.0
2	Thailand	14.4
3	US	13.3

### Indonesia

Is most important

Thailand (n=473)		
	Country	%
1	Indonesia	18.4
2	CLM	16.1
3	Vietnam	14.6

### China

Is most important

HK & Macau (n=186)		
	Country	%
1	China	26.3
2	Vietnam	18.3
3	Japan	7.5

### Middle East

Is most important

India (n=312)		
	Country	%
1	Middle East	13.8
2	Japan	13.1
3	Indonesia	12.2

Pakistan (n=17)		
	Country	%
1	Middle East	17.7
2	Europe	11.8

### Singapore (n=197)

	Country	%
1	Indonesia	23.9
2	India	11.7
2	Vietnam	11.7

### South Korea (n=162)

	Country	%
1	China	34.0
2	Japan	14.8
3	Vietnam	9.3

### Malaysia (n=180)

	Country	%
1	Indonesia	20.0
2	Japan	12.8
3	Thailand	10.0

### Taiwan (n=121)

	Country	%
1	China	32.2
2	Vietnam	10.7
2	Japan	10.7

- The most promising export markets over the next one to three years (as a total of all surveyed countries/regions) were (1) Japan, (2) Indonesia, (3) Vietnam, (4) China, and (5) Thailand, in that order.
- The percentage increased from the 2014 survey in Vietnam (+1.2%), while it decreased in China (-1.1%), Indonesia (-1.9%), Thailand (-0.9%), and Japan (-0.9%).
- Thailand, which was ranked third in the 2014 survey, dropped to fifth place, and Vietnam took third place.

# 6. Exports/Imports (5)

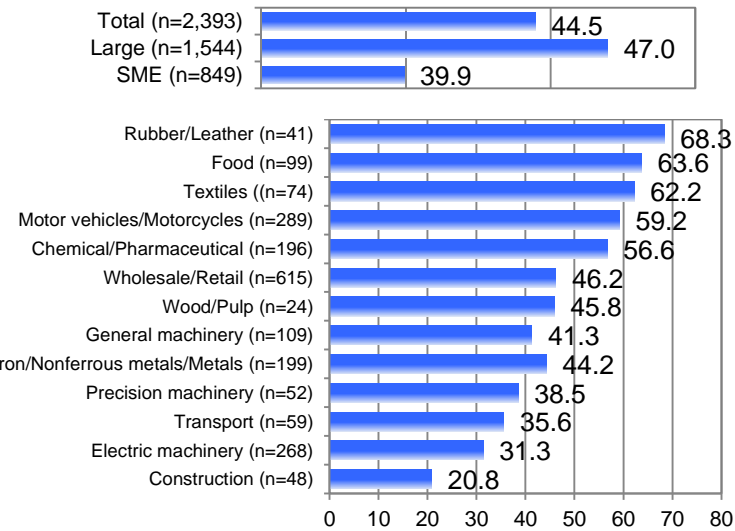
Note 1: The proportions in the two charts on the top are calculated as the ratio of firms that are using at least one FTA or EPA to firms that are involved in either exporting or importing, or both.

Note 2: The proportions in the two charts on the bottom are calculated as the ratio of firms using FTA/EPAs for exporting (or importing) to firms involved in exporting (or importing).

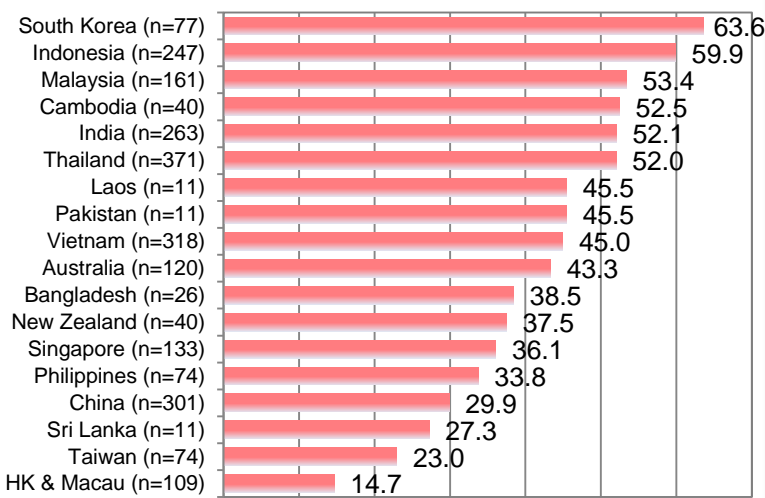
## Utilization of existing (in force) FTAs/EPAs (only companies involved in export/import)

Note: Countries/regions for which n ≥ 10

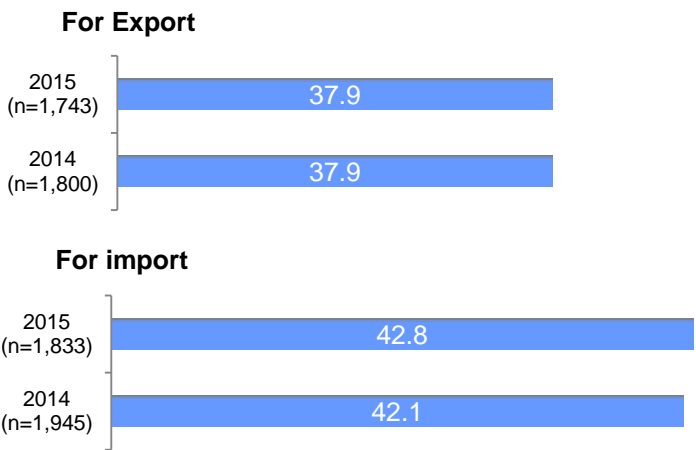
Proportions of firms utilizing FTAs/EPAs (total, by company size and industry)



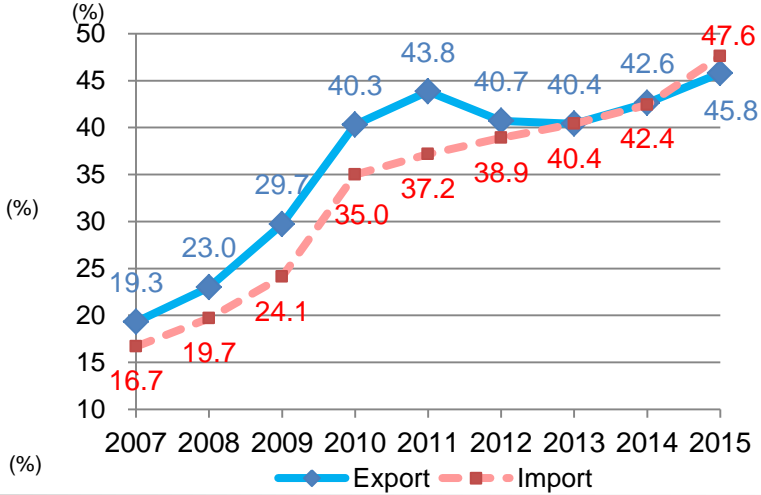
Proportions of firms utilizing FTAs/EPAs (by country/region)



Proportions of firms utilizing FTAs/EPAs in 2014 and 2015 (by export/import)



Trends in FTA/EPA utilization by Japanese-affiliated firms in ASEAN



- A total of 44.5% of all Japanese-affiliated firms engaged in trade in Asia and Oceania are using FTAs/EPAs, up 0.8 pp from the 2014 survey.
- Large enterprises (47.0%) are more likely to be using FTAs/EPAs than SMEs (39.9%).
- By industry, the Rubber/Leather and Food industries use FTAs/EPAs more than other industries.
- By country/region, FTA/EPA use by Japanese-affiliated firms is the highest in South Korea at 63.6%, followed by Indonesia, Malaysia, Cambodia, India, and Thailand, at over 50%, respectively.
- FTA/EPA use remains the same as 2014 both in imports and exports.
- FTA/EPA use by Japanese-affiliated firms in ASEAN increased by over 3 pp from the 2014 survey both in imports and exports.

# 6. Exports/Imports (6)

## FTA/EPA utilization

Note: These figures include firms making use of Early Harvest accelerated tariff reductions for designated products.  
Bilateral FTA/EPAs are included in multi-lateral FTA/EPAs.  
The percentage of firms using FTAs/EPAs is calculated as the ratio of firms making use of FTAs/EPAs to firms involved in importing/exporting.

		Trade partners	Firms involved in import/export	Firms making use of FTAs/EPAs	% of all firms using FTAs/EPAs	Top 3 industries where FTAs/EPAs are used (numbers of firms)						Firms considering use of FTAs/EPAs
						1	2	3				
Thailand	Export	Japan	235	87	37.0	Motor vehicles/Motorcycles	15	Wholesale/Retail	12	Food, Iron/Nonferrous metals/Metals	11 each	18
		ASEAN	174	69	39.7	Motor vehicles/Motorcycles	19	Wholesale/Retail	10	Chemical/Pharmaceutical	9	22
		China	84	36	42.9	Chemical/Pharmaceutical	9	Motor vehicles/Motorcycles	8	Electric machinery	5	8
		India	77	30	39.0	Motor vehicles/Motorcycles	7	General machinery, Electric machinery	5 each	Wholesale/Retail, etc.	3 each	7
		South Korea	30	12	40.0	Iron/Nonferrous metals/Metals	3	Chemical/Pharmaceutical, Electric machinery	2 each	Food, etc.	1 each	1
		Australia	34	16	47.1	Food, etc.	3 each	General machinery, etc.	2 each	Precision machinery	1	0
	Import	Japan	284	109	38.4	Motor vehicles/Motorcycles	24	Wholesale/Retail	20	Iron/Nonferrous metals/Metals	15	38
		China	119	43	36.1	Wholesale/Retail	8	Electric machinery, Motor vehicles/Motorcycles	7 each	Iron/Nonferrous metals/Metals	5	15
		ASEAN	108	48	44.4	Motor vehicles/Motorcycles	16	Wholesale/Retail	6	Chemical/Pharmaceutical	5	15
		South Korea	37	13	35.1	Wholesale/Retail, Iron/Nonferrous metals/Metals	3 each	Motor vehicles/Motorcycles	2	Chemical/Pharmaceutical, etc.	1 each	4
		India	19	6	31.6	Motor vehicles/Motorcycles	4	Chemical/Pharmaceutical, etc.	1 each			1
Malaysia	Export	ASEAN	105	58	55.2	Electric machinery	15	Iron/Nonferrous metals/Metals, Wholesale/Retail	8 each	Chemical/Pharmaceutical	7	5
		Japan	90	30	33.3	Iron/Nonferrous metals/Metals	7	Chemical/Pharmaceutical, Wholesale/Retail	5	Electric machinery	3	5
		China	55	26	47.3	Electric machinery	9	Chemical/Pharmaceutical	5	Iron/Nonferrous metals/Metals, Wholesale/Retail	3	1
		India	28	16	57.1	Electric machinery	8	Chemical/Pharmaceutical, etc.	2 each	Motor vehicles/Motorcycles, etc.	1 each	1
		South Korea	21	12	57.1	Electric machinery	6	Chemical/Pharmaceutical	3	Food, etc.	1 each	2
		Australia	15	5	33.3	Electric machinery	2	Motor vehicles/Motorcycles, Wholesale/Retail	1 each			2
	Import	Japan	127	40	31.5	Wholesale/Retail	13	Motor vehicles/Motorcycles	7	Iron/Nonferrous metals/Metals	6	8
		ASEAN	93	46	49.5	Wholesale/Retail	11	Electric machinery	8	Motor vehicles/Motorcycles	7	5
		China	65	27	41.5	Wholesale/Retail	9	Electric machinery, Motor vehicles/Motorcycles	4 each	Chemical/Pharmaceutical	3	3
		South Korea	25	9	36.0	Electric machinery	3	Food, etc.	1 each			1
Singapore	Export	ASEAN	123	40	32.5	Wholesale/Retail	28	Chemical/Pharmaceutical	6	Food	2	15
		India	51	14	27.5	Wholesale/Retail	7	Chemical/Pharmaceutical	5	Food, etc.	1 each	10
		Japan	52	16	30.8	Wholesale/Retail	8	Chemical/Pharmaceutical	7	Transport	1	5
		China	40	13	32.5	Wholesale/Retail, Chemical/Pharmaceutical	6 each	Transport	1			5
		Australia	37	10	27.0	Wholesale/Retail	4	Chemical/Pharmaceutical	3	Food	2	5
		South Korea	19	5	26.3	Chemical/Pharmaceutical	3	Wholesale/Retail	2			2
Philippines	Export	Japan	59	10	16.9	Motor vehicles/Motorcycles	4	Chemical/Pharmaceutical, etc.	1 each			3
		ASEAN	34	12	35.3	Motor vehicles/Motorcycles	5	Iron/Nonferrous metals/Metals, Electric machinery	2 each	Chemical/Pharmaceutical	1	1
	Import	Japan	67	17	25.4	Wholesale/Retail	5	Motor vehicles/Motorcycles	4	Chemical/Pharmaceutical	2	3
		ASEAN	43	13	30.2	Motor vehicles/Motorcycles	5	Wholesale/Retail	3	Chemical/Pharmaceutical	2	0

- Many firms in Thailand, Malaysia, Singapore, and Indonesia (see next page) are using FTAs/EPAs within ASEAN (AFTA), as well as in business with Japan and China.
- In India (see next page), FTA use increased from the 2014 survey in imports from Japan and ASEAN.
- In China (see next page), FTA use increased by 2.7 pp from the 2014 survey in exports to ASEAN. In South Korea (see next page), FTA use exceeds 50% both in imports from and exports to ASEAN and EU, indicating more prevalent use of FTAs than other countries/regions.

# 6. Exports/Imports (7)

## FTA/EPA utilization

Note: These figures include firms making use of Early Harvest accelerated tariff reductions for designated products.  
Bilateral FTA/EPAs are included in multi-lateral FTA/EPAs.  
The percentage of firms using FTAs/EPAs is calculated as the ratio of firms making use of FTAs/EPAs to firms involved in importing/exporting.

		Trade partners	Firms involved in import/export	Firms making use of FTAs/EPAs	% of all firms using FTAs/EPAs	Top 3 industries where FTAs/EPAs are used (numbers of firms)						Firms considering use of FTAs/EPAs
						1		2		3		
Indonesia	Export	Japan	125	41	32.8	Motor vehicles/Motorcycles	8	Chemical/Pharmaceutical	7	Rubber/Leather	6	14
		ASEAN	103	48	46.6	Motor vehicles/Motorcycles	20	Rubber/Leather	6	Wholesale/Retail, Chemical/Pharmaceutical	5 each	9
		China	39	15	38.5	Motor vehicles/Motorcycles	4	Rubber/Leather	3	Chemical/Pharmaceutical, General machinery	2 each	1
	Import	Japan	226	119	52.7	Motor vehicles/Motorcycles, Wholesale/Retail	30 each	Chemical/Pharmaceutical, etc.	8 each	Rubber/Leather	7	28
		ASEAN	138	77	55.8	Wholesale/Retail	25	Motor vehicles/Motorcycles	23	Chemical/Pharmaceutical, Rubber/Leather	6 each	12
		China	88	38	43.2	Wholesale/Retail	13	Motor vehicles/Motorcycles	7	Rubber/Leather	3	13
Vietnam	Export	Japan	214	68	31.8	Textiles	14	Iron/Nonferrous metals/Metals	13	Motor vehicles/Motorcycles	8	23
		ASEAN	128	60	46.9	Motor vehicles/Motorcycles	13	Chemical/Pharmaceutical	11	Iron/Nonferrous metals/Metals	7	15
		China	58	21	36.2	Motor vehicles/Motorcycles	5	Chemical/Pharmaceutical, etc.	3 each	General machinery	2	4
	Import	Japan	228	59	25.9	Motor vehicles/Motorcycles	11	Iron/Nonferrous metals/Metals, Chemical/Pharmaceutical	9	Food	6	37
		ASEAN	157	61	38.9	Motor vehicles/Motorcycles	15	Wholesale/Retail	11	Chemical/Pharmaceutical	9	17
		China	110	31	28.2	Wholesale/Retail	9	Iron/Nonferrous metals/Metals	6	Motor vehicles/Motorcycles	5	13
China	Export	Hong Kong	148	22	14.9	Electric machinery	7	Iron/Nonferrous metals/Metals	6	Food, etc.	3 each	9
		ASEAN	124	44	35.5	Wholesale/Retail	10	Electric machinery, etc.	5 each	Chemical/Pharmaceutical	4	13
		Taiwan	62	11	17.7	Iron/Nonferrous metals/Metals, etc.	2 each	Textiles, etc.	1 each			1
	Import	Hong Kong	116	13	11.2	Iron/Nonferrous metals/Metals, Electric machinery	4 each	Motor vehicles/Motorcycles	2	Textiles, etc.	1 each	5
		ASEAN	85	35	41.2	Wholesale/Retail	10	Chemical/Pharmaceutical, etc.	4 each	Rubber/Leather, etc.	3 each	8
		Taiwan	59	13	22.0	Iron/Nonferrous metals/Metals, etc.	2 each	Rubber/Leather, etc.	1 each			4
HK & Macau	Export	China	85	12	14.1	Wholesale/Retail	6	Chemical/Pharmaceutical, etc.	2 each	Food, etc.	1 each	12
Taiwan	Export	China	53	13	24.5	Wholesale/Retail, Chemical/Pharmaceutical	5	Electric machinery, etc.	1 each			11
	Import	China	48	8	16.7	Chemical/Pharmaceutical, etc.	2 each					12
South Korea	Export	ASEAN	40	20	50.0	Wholesale/Retail, Chemical/Pharmaceutical	6 each	General machinery	3	Motor vehicles/Motorcycles	2	9
		EU	28	15	53.6	Motor vehicles/Motorcycles, Wholesale/Retail	4 each	Chemical/Pharmaceutical	3	General machinery	2	2
	Import	ASEAN	35	25	71.4	Wholesale/Retail	12	Chemical/Pharmaceutical, etc.	3 each	General machinery	2	2
		EU	14	11	78.6	General machinery, Wholesale/Retail	3 each	Chemical/Pharmaceutical, Motor vehicles/Motorcycles	2 each	Electric machinery	1	0
India	Export	Japan	74	14	18.9	Wholesale/Retail	6	Motor vehicles/Motorcycles	3	Chemical/Pharmaceutical, etc.	1 each	8
		ASEAN	74	31	41.9	Motor vehicles/Motorcycles	10	Wholesale/Retail	8	Chemical/Pharmaceutical, General machinery	3 each	13
	Import	Japan	211	92	43.6	Wholesale/Retail	38	Motor vehicles/Motorcycles	27	Iron/Nonferrous metals/Metals	5	37
		ASEAN	133	83	62.4	Wholesale/Retail	35	Motor vehicles/Motorcycles	24	Chemical/Pharmaceutical	5	16
Australia	Export	New Zealand	38	15	39.5	Wholesale/Retail	4	Food, etc.	1 each			3
	Import	ASEAN	33	15	45.5	Wholesale/Retail	8	Motor vehicles/Motorcycles	3	Textiles, etc.	1 each	6
		US	31	11	35.5	Wholesale/Retail	4	Motor vehicles/Motorcycles	2	Food, etc.	1 each	4
New Zealand	Export	Australia	15	10	66.7	Food	5	Wood/Pulp	2	Wholesale/Retail	1	0

# 7. Expectations for Economic Integration (1)

Only for ASEAN

## Expectations for the ASEAN Economic Community (AEC) (top 10, multiple answers)

Note: Blue-highlighted item shows over 10 pp decrease from the 2014 survey. (%)

	Answer	2015 survey (%)	2014 survey (%)	Change (pp)	Mfg	Non-mfg	Top 3 countries		
1	Simplified customs clearance (Unified customs declaration and introduction of a single window system for import and export)	53.8	63.9	-10.1	59.0	46.8	Laos (70.6)	Cambodia (67.5)	Indonesia (65.5)
2	Mutual duty exemption among CLMV (Cambodia, Laos, Myanmar and Vietnam)	26.9	29.6	-2.7	25.9	28.3	Myanmar (58.6)	Cambodia (47.5)	Thailand (36.9)
3	Avoidance of double taxation and correction of irregular withholding tax rates	25.8	32.0	-6.2	24.8	27.3	Myanmar (55.2)	Philippines (33.3)	Indonesia (32.9)
4	Integration of interpretation and management concerning the rules of origin	25.6	28.2	-2.6	29.2	20.8	Indonesia (32.0)	Cambodia (28.8)	Vietnam (28.5)
5	Free movement of skilled labor	20.9	24.7	-3.8	20.6	21.4	Malaysia (30.0)	Thailand (25.1)	Cambodia (25.0)
5	Infrastructure development in CLMV	20.9	15.9	5.0	17.0	26.1	Myanmar (58.6)	Cambodia (36.3)	Singapore (30.1)
7	Reduction of non-tariff barriers (license requirements and mandatory standards)	18.3	23.3	-5.0	16.6	20.6	Indonesia (29.6)	Vietnam (19.8)	Cambodia (18.8)
8	Relaxation of capital control in the service sector (ASEAN corporations at most 70%)	17.7	16.0	1.7	6.3	33.1	Myanmar (62.1)	Laos (23.5)	Indonesia (21.6)
9	Introduction of standardization, certification and labeling system standards for the ASEAN nations	15.7	20.9	-5.2	15.2	16.4	Laos (23.5)	Singapore (20.7)	Cambodia (20.0)
10	Further deregulation of capital transfers (Financing by cross border, reinforcement of investment system by regional headquarters, etc.)	13.9	17.6	-3.7	10.1	19.1	Myanmar (41.4)	Indonesia (19.3)	Singapore (17.2)

- Among the expectations for the ASEAN Economic Community (AEC), "Simplified customs clearance (Unified customs declaration and introduction of a single window system for import and export)" was high at 53.8%. In particular, this option was selected by approx. 70% of the firms in Laos (70.6%) and Cambodia (67.5%). The degree of expectations generally decreased from the 2014 survey.
- By industry category, "Simplified customs clearance" was more supported by the manufacturing sector (59.0%) than by the non-manufacturing sector (46.8%), with a difference of 12.2 pp.

# 7. Expectations for Economic Integration (2)

Only for ASEAN

## Expectations for the ASEAN Economic Community (AEC) (top 5, multiple answers)

			(%)
	2015 survey	2014 survey	
<b>Singapore (n=203)</b>			
1 Simplified customs clearance	43.4	57.4	
2 Infrastructure development in CLMV (Cambodia, Laos, Myanmar and Vietnam)	30.1	20.1	
3 Mutual duty exemption among CLMV (Cambodia, Laos, Myanmar and Vietnam)	29.1	38.1	
4 Avoidance of double taxation and correction of irregular withholding tax rates	23.7	32.8	
5 Free movement of skilled labor	22.2	23.0	
<b>Malaysia (n=243)</b>			
1 Simplified customs clearance	47.3	57.5	
2 Free movement of skilled labor	30.0	32.9	
3 Integration of interpretation and management concerning the rules of origin	23.5	21.0	
4 Avoidance of double taxation and correction of irregular withholding tax rates	15.2	19.2	
5 Introduction of standardization, certification and labeling system standards for the ASEAN nations	14.8	22.4	
<b>Thailand (n=521)</b>			
1 Simplified customs clearance	49.1	60.0	
2 Mutual duty exemption among CLMV (Cambodia, Laos, Myanmar and Vietnam)	36.9	41.4	
3 Infrastructure development in CLMV (Cambodia, Laos, Myanmar and Vietnam)	27.6	21.8	
4 Free movement of skilled labor	25.1	30.8	
5 Integration of interpretation and management concerning the rules of origin	22.3	28.9	
<b>Laos (n=17)</b>			
1 Simplified customs clearance	70.6	72.7	
2 Mutual duty exemption among CLMV (Cambodia, Laos, Myanmar and Vietnam)	29.4	36.4	
2 Avoidance of double taxation and correction of irregular withholding tax rates	29.4	27.3	
4 Infrastructure development in CLMV (Cambodia, Laos, Myanmar and Vietnam)	23.5	27.3	
4 Integration of interpretation and management concerning the rules of origin	23.5	9.1	
4 Introduction of standardization, certification and labeling system standards for the ASEAN nations	23.5	18.2	
4 Relaxation of capital control in the service sector (ASEAN corporations at most 70%)	23.5	27.3	
<b>Indonesia (n=362)</b>			
1 Simplified customs clearance	65.5	73.4	
2 Avoidance of double taxation and correction of irregular withholding tax rates	32.9	35.9	
3 Integration of interpretation and management concerning the rules of origin	32.0	35.6	
4 Reduction of non-tariff barriers (license requirements and mandatory standards)	29.6	33.0	
5 Relaxation of capital control in the service sector (ASEAN corporations at most 70%)	21.6	15.3	
<b>Vietnam (n=501)</b>			
1 Simplified customs clearance	56.1	69.6	
2 Mutual duty exemption among CLMV (Cambodia, Laos, Myanmar and Vietnam)	31.7	31.0	
3 Integration of interpretation and management concerning the rules of origin	28.5	30.4	
4 Avoidance of double taxation and correction of irregular withholding tax rates	28.3	41.8	
5 Infrastructure development in CLMV (Cambodia, Laos, Myanmar and Vietnam)	27.0	16.4	
<b>Philippines (n=111)</b>			
1 Simplified customs clearance	48.7	63.9	
2 Avoidance of double taxation and correction of irregular withholding tax rates	33.3	39.5	
3 Free movement of skilled labor	23.4	25.2	
4 Integration of interpretation and management concerning the rules of origin	19.8	21.0	
5 Introduction of standardization, certification and labeling system standards for the ASEAN nations	15.3	19.3	
5 Deregulation of investment by ASEAN corporations in manufacturing, mining, agriculture and forestry industries	15.3	12.6	
<b>Myanmar (n=29)</b>			
1 Relaxation of capital control in the service sector (ASEAN corporations at most 70%)	62.1	19.6	
2 Mutual duty exemption among CLMV (Cambodia, Laos, Myanmar and Vietnam)	58.6	41.3	
2 Infrastructure development in CLMV (Cambodia, Laos, Myanmar and Vietnam)	58.6	41.3	
4 Avoidance of double taxation and correction of irregular withholding tax rates	55.2	50.0	
5 Simplified customs clearance	51.7	47.8	
<b>Cambodia (n=80)</b>			
1 Simplified customs clearance	67.5	69.2	
2 Mutual duty exemption among CLMV (Cambodia, Laos, Myanmar and Vietnam)	47.5	69.2	
3 Infrastructure development in CLMV (Cambodia, Laos, Myanmar and Vietnam)	36.3	38.5	
4 Avoidance of double taxation and correction of irregular withholding tax rates	30.0	34.6	
5 Integration of interpretation and management concerning the rules of origin	28.8	30.8	

Note 1: "Simplified customs clearance" includes unified customs declaration and the introduction of a single window system for imports and exports.

Note 2: The orange-highlighted item is not included in the top 10 in "7. Expectations for Economic Integration (1)." The red-highlighted items show an over-10 pp increase from the 2014 survey, while blue-highlighted items show an over-10 pp decrease from the 2014 survey.

# 7. Expectations for Economic Integration (3)

RCEP countries only

Note: The blue-highlighted item shows an over-10 pp decrease from the 2014 survey.  
 \* "Tariff elimination of items that have not been realized in the existing FTA/EPA" was presented as "High rate of liberalization" in the 2014 survey.

## Expectations for RCEP negotiations (top 10, multiple answers)

Answer		2015 survey (%)	2014 survey (%)	Change (pp)	Mfg	Non-mfg	Top 3 countries		
1	Simplified customs-related systems/ procedures	39.8	56.7	-17.1	44.1	34.4	Indonesia (54.8)	Cambodia (53.3)	Myanmar (48.3)
2	Introduction of facilitated rules of origin (Introduction of change in selection-type rules etc. for Tariff Classification Criteria & Value-Added Criteria)	23.9	28.2	-4.3	27.6	19.1	Laos (35.3)	Indonesia (29.5)	Vietnam (26.5)
3	Relaxation of issuance of work visas-related systems/ procedures	21.3	30.9	-9.6	21.0	21.8	Indonesia (39.9)	Vietnam (29.3)	Myanmar (27.6)
4	Participation by all the relevant countries, including ASEAN and Japan, China, South Korea, India, Australia and New Zealand	21.0	27.5	-6.5	20.5	21.6	South Korea (29.7)	New Zealand (29.0)	India (28.4)
5	Relaxation or elimination of non-tariff barriers	18.3	27.7	-9.4	18.3	18.3	Myanmar (27.6)	India (25.1)	Indonesia (23.0)
6	Tariff elimination of items that have not been realized in the existing FTA - EPA*	18.1	22.4	-4.3	19.4	16.5	India (25.4)	South Korea (24.6)	Indonesia (22.5)
7	Establishment of an environment for fair competition in the region	16.5	22.7	-6.2	15.8	17.3	Myanmar (31.0)	Indonesia (21.4)	New Zealand (20.3)
8	Relaxation or elimination of influx of foreign capital	16.3	22.6	-6.3	10.8	23.3	Myanmar (37.9)	Indonesia (31.5)	Philippines (23.6)
9	Relaxation or elimination of service trade barriers	10.0	14.3	-4.3	6.0	15.2	Myanmar (24.1)	Laos (17.7)	Singapore (12.3)
10	Improvement for protection of intellectual property rights	9.5	14.9	-5.4	9.5	9.5	Myanmar (24.1)	China (15.2)	South Korea (12.0)

- Among the matters discussed in the negotiations for the Regional Comprehensive Economic Partnership (RCEP) agreement, the most expected matter was "Simplified customs-related systems/procedures" at 39.8%, followed by "Introduction of facilitated rules of origin" (23.9%). The degree of expectations generally decreased from the 2014 survey.
- By industry category, "Simplified customs-related systems/procedures" was more supported by the manufacturing sector (44.1%) than by the non-manufacturing sector (34.4%), with a difference of 9.7 pp, while "Relaxation or elimination of service trade barriers" was more supported by the non-manufacturing sector (15.2%) than by the manufacturing sector (6.0%), with a difference of 9.2 pp.

# 7. Expectations for Economic Integration (4)

RCEP countries only

## Expectations for RCEP negotiations (top 5, multiple answers)

			(%)				(%)
Singapore (n=203)				Vietnam (n=502)			
	2015 survey	2014 survey			2015 survey	2014 survey	
1 Simplified customs-related systems/ procedures	30.5	52.4		1 Simplified customs-related systems/ procedures	44.0	64.1	
2 Introduction of facilitated rules of origin (Introduction of change in selection-type rules etc. for Tariff Classification Criteria & Value-Added Criteria)	22.2	31.9		2 Relaxation of issuance of work visas-related systems/ procedures	29.3	39.1	
3 Participation by all the relevant countries, including ASEAN and Japan, China, South Korea, India, Australia and New Zealand	20.7	30.4		3 Introduction of facilitated rules of origin (Introduction of change in selection-type rules etc. for Tariff Classification Criteria & Value-Added Criteria)	26.5	30.2	
3 Relaxation or elimination of influx of foreign capital	20.7	33.0		4 Relaxation or elimination of influx of foreign capital	19.3	24.2	
5 Relaxation of issuance of work visas-related systems/ procedures	18.7	33.5		5 Tariff elimination of items that have not been realized in the existing FTA - EPA*	16.7	19.3	
Malaysia (n=235)				Philippines (n=110)			
	2015 survey	2014 survey			2015 survey	2014 survey	
1 Simplified customs-related systems/ procedures	37.5	46.5		1 Simplified customs-related systems/ procedures	34.6	62.7	
2 Relaxation of issuance of work visas-related systems/ procedures	26.0	29.7		2 Introduction of facilitated rules of origin (Introduction of change in selection-type rules etc. for Tariff Classification Criteria & Value-Added Criteria)	24.6	27.1	
3 Introduction of facilitated rules of origin (Introduction of change in selection-type rules etc. for Tariff Classification Criteria & Value-Added Criteria)	25.1	32.2		3 Relaxation or elimination of influx of foreign capital	23.6	28.0	
4 Relaxation or elimination of non-tariff barriers	21.3	20.8		4 Relaxation of issuance of work visas-related systems/ procedures	20.9	39.8	
5 Participation by all the relevant countries, including ASEAN and Japan, China, South Korea, India, Australia and New Zealand	16.6	24.3		5 Establishment of an environment for fair competition in the region	20.0	25.4	
Thailand (n=513)				Myanmar (n=29)			
	2015 survey	2014 survey			2015 survey	2014 survey	
1 Simplified customs-related systems/ procedures	33.5	50.6		1 Simplified customs-related systems/ procedures	48.3	57.1	
2 Introduction of facilitated rules of origin (Introduction of change in selection-type rules etc. for Tariff Classification Criteria & Value-Added Criteria)	25.9	35.5		2 Relaxation or elimination of influx of foreign capital	37.9	42.9	
3 Participation by all the relevant countries, including ASEAN and Japan, China, South Korea, India, Australia and New Zealand	22.2	28.7		3 Establishment of an environment for fair competition in the region	31.0	21.4	
4 Tariff elimination of items that have not been realized in the existing FTA - EPA*	21.3	24.1		4 Relaxation of issuance of work visas-related systems/ procedures	27.6	59.5	
5 Relaxation of issuance of work visas-related systems/ procedures	16.6	28.7		4 Relaxation or elimination of non-tariff barriers	27.6	23.8	
Indonesia (n=356)				Cambodia (n=77)			
	2015 survey	2014 survey			2015 survey	2014 survey	
1 Simplified customs-related systems/ procedures	54.8	68.4		1 Simplified customs-related systems/ procedures	53.3	83.3	
2 Relaxation of issuance of work visas-related systems/ procedures	39.9	42.9		2 Introduction of facilitated rules of origin (Introduction of change in selection-type rules etc. for Tariff Classification Criteria & Value-Added Criteria)	22.1	29.2	
3 Relaxation or elimination of influx of foreign capital	31.5	32.7		3 Participation by all the relevant countries, including ASEAN and Japan, China, South Korea, India, Australia and New Zealand	19.5	4.2	
4 Introduction of facilitated rules of origin (Introduction of change in selection-type rules etc. for Tariff Classification Criteria & Value-Added Criteria)	29.5	31.6		4 Establishment of an environment for fair competition in the region	15.6	20.8	
5 Relaxation or elimination of non-tariff barriers	23.0	27.2		5 Relaxation of issuance of work visas-related systems/ procedures	14.3	25.0	

Note: The red-highlighted items show an over-10 pp increase from the 2014 survey, while blue-highlighted items show an over-10 pp decrease from the 2014 survey.

\* "Tariff elimination of items that have not been realized in the existing FTA/EPA" was presented as "High rate of liberalization" in the 2014 survey.

# 7. Expectations for Economic Integration (5)

RCEP countries only

## Expectations for RCEP negotiations (top 5, multiple answers)

	2015 survey	2014 survey	(%)
<b>Laos (n=17)</b>			
1 Simplified customs-related systems/ procedures	41.2	62.5	
2 Introduction of facilitated rules of origin (Introduction of change in selection-type rules etc. for Tariff Classification Criteria & Value-Added Criteria)	35.3	12.5	
3 Relaxation or elimination of non-tariff barriers	17.7	25.0	
3 Relaxation or elimination of service trade barriers	17.7	37.5	
5 Establishment of an environment for fair competition in the region	11.8	25.0	
5 Relaxation of issuance of work visas-related systems/ procedures	11.8	50.0	
5 Accumulative effect from the rules of origin	11.8	12.5	
<b>New Zealand (n=69)</b>			
1 Participation by all the relevant countries, including ASEAN and Japan, China, South Korea, India, Australia and New Zealand	29.0	56.5	
2 Tariff elimination of items that have not been realized in the existing FTA - EPA*	21.7	39.1	
3 Simplified customs-related systems/ procedures	20.3	34.8	
3 Relaxation or elimination of non-tariff barriers	20.3	39.1	
3 Establishment of an environment for fair competition in the region	20.3	32.6	
<b>China (n=716)</b>			
1 Simplified customs-related systems/ procedures	42.0	62.3	
2 Participation by all the relevant countries, including ASEAN and Japan, China, South Korea, India, Australia and New Zealand	20.5	24.9	
2 Introduction of facilitated rules of origin (Introduction of change in selection-type rules etc. for Tariff Classification Criteria & Value-Added Criteria)	20.5	21.3	
4 Relaxation of issuance of work visas-related systems/ procedures	19.0	27.8	
5 Establishment of an environment for fair competition in the region	18.6	24.8	
<b>India (n=394)</b>			
1 Simplified customs-related systems/ procedures	45.4	63.4	
2 Participation by all the relevant countries, including ASEAN and Japan, China, South Korea, India, Australia and New Zealand	28.4	31.4	
2 Introduction of facilitated rules of origin (Introduction of change in selection-type rules etc. for Tariff Classification Criteria & Value-Added Criteria)	25.9	34.1	
4 Tariff elimination of items that have not been realized in the existing FTA - EPA*	25.4	26.6	
5 Relaxation or elimination of non-tariff barriers	25.1	31.4	
<b>Australia (n=183)</b>			
1 Participation by all the relevant countries, including ASEAN and Japan, China, South Korea, India, Australia and New Zealand	28.4	42.5	
2 Tariff elimination of items that have not been realized in the existing FTA - EPA*	18.0	26.7	
3 Simplified customs-related systems/ procedures	16.9	21.2	
4 Relaxation or elimination of non-tariff barriers	16.4	22.6	
5 Establishment of an environment for fair competition in the region	14.2	30.1	
6 Introduction of facilitated rules of origin (Introduction of change in selection-type rules etc. for Tariff Classification Criteria & Value-Added Criteria)	14.2	10.3	
<b>South Korea (n=175)</b>			
1 Simplified customs-related systems/ procedures	36.0	43.3	
2 Participation by all the relevant countries, including ASEAN and Japan, China, South Korea, India, Australia and New Zealand	29.7	32.2	
3 Tariff elimination of items that have not been realized in the existing FTA - EPA*	24.6	28.7	
4 Introduction of facilitated rules of origin (Introduction of change in selection-type rules etc. for Tariff Classification Criteria & Value-Added Criteria)	22.9	22.8	
5 Relaxation or elimination of non-tariff barriers	17.1	32.8	

Note: The orange-highlighted item is not included in the top 10 in "7. Expectations for Economic Integration (3)." The red-highlighted items show an over-10 pp increase from the 2014 survey, while blue-highlighted items show an over-10 pp decrease from the 2014 survey.

"Tariff elimination of items that have not been realized in the existing FTA/EPA" was presented as "High rate of liberalization" in the 2014 survey.

# 7. Expectations for Economic Integration (6)

TPP countries only

## Expectations for TPP negotiations (top 10, multiple answers)

(%)

Answer		Total	Mfg	Non-mfg	Top 3 countries		
1	Facilitation of trade and customs authorities	59.0	68.3	49.5	Vietnam (65.8)	Malaysia (60.2)	Singapore (56.6)
2	Market Access for Goods	33.6	34.2	32.8	New Zealand (59.7)	Australia (39.6)	Vietnam (34.5)
3	Rules of origin (Accumulation rules of origin that enable the value and processing to be added among multiple contracted countries, etc.)	25.4	32.1	18.6	Malaysia (28.2)	Vietnam (27.5)	Singapore (25.9)
4	Temporary entry of the business person	18.3	15.3	21.4	Singapore (24.3)	Vietnam (19.3)	New Zealand (16.1)
5	Service (crossing border service, financial service and telecommunication service)	15.7	7.9	23.6	New Zealand (29.0)	Singapore (19.6)	Vietnam (15.8)
6	Investment (indiscriminate principles between investors and resolution of conflict procedures, etc.)	10.1	3.6	16.8	New Zealand (16.1)	Australia (14.0)	Vietnam (9.7)
7	Intellectual property	9.8	8.5	11.1	New Zealand (24.2)	Singapore (11.1)	Australia (10.4)
8	Competition policy and state-owned enterprise	8.1	5.2	11.1	New Zealand (14.5)	Malaysia (11.2)	Australia (7.9)
9	e-commerce	7.3	5.8	8.9	New Zealand (25.8)	Australia (9.8)	Vietnam (6.3)
10	TBT(Technical Barriers Trade)	4.5	4.9	4.1	New Zealand (16.1)	Malaysia (4.9)	Singapore (3.7)

- Among the matters discussed in the negotiations for the Trans-Pacific Partnership (TPP) agreement, which has basically been agreed to, the most expected matter was "Facilitation of trade and customs authorities" at 59.0%, followed by "Market Access for Goods" (33.6%).
- By industry category, "Rules of origin" was more supported by the manufacturing sector (32.1%) than by the non-manufacturing sector (18.6%), with a difference of 13.5 pp, while "Service (crossing border service, financial service and telecommunication service)" was more supported by the non-manufacturing sector (23.6%) than by the manufacturing sector (7.9%), with a difference of 15.7 pp.

# 7. Expectations for Economic Integration (7)

## Expectations for TPP negotiations (top 5, multiple answers)

Singapore (n=189)		(%)
1	Facilitation of trade and customs authorities	56.6
2	Market Access for Goods	32.3
3	Rules of origin (Accumulation rules of origin that enable the value and processing to be added among multiple contracted countries, etc.)	25.9
4	Temporary entry of the business person	24.3
5	Service (crossing border service, financial service and telecommunication service)	19.6

Malaysia (n=206)		(%)
1	Facilitation of trade and customs authorities	60.2
2	Rules of origin (Accumulation rules of origin that enable the value and processing to be added among multiple contracted countries, etc.)	28.2
3	Market Access for Goods	19.9
4	Temporary entry of the business person	13.1
5	Competition policy and state-owned enterprise	11.2

Australia (n=164)		(%)
1	Facilitation of trade and customs authorities	45.1
2	Market Access for Goods	39.6
3	Rules of origin (Accumulation rules of origin that enable the value and processing to be added among multiple contracted countries, etc.)	15.9
3	Temporary entry of the business person	15.9
5	Service (crossing border service, financial service and telecommunication service)	14.0
5	Investment (indiscriminate principles between investors and resolution of conflict procedures, etc.)	14.0

Vietnam (n=476)		(%)
1	Facilitation of trade and customs authorities	65.8
2	Market Access for Goods	34.5
3	Rules of origin (Accumulation rules of origin that enable the value and processing to be added among multiple contracted countries, etc.)	27.5
4	Temporary entry of the business person	19.3
5	Service (crossing border service, financial service and telecommunication service)	15.8

New Zealand (n=62)		(%)
1	Market Access for Goods	59.7
2	Facilitation of trade and customs authorities	46.8
3	Service (crossing border service, financial service and telecommunication service)	29.0
4	e-commerce	25.8
5	Rules of origin (Accumulation rules of origin that enable the value and processing to be added among multiple contracted countries, etc.)	24.2
5	Intellectual property	24.2



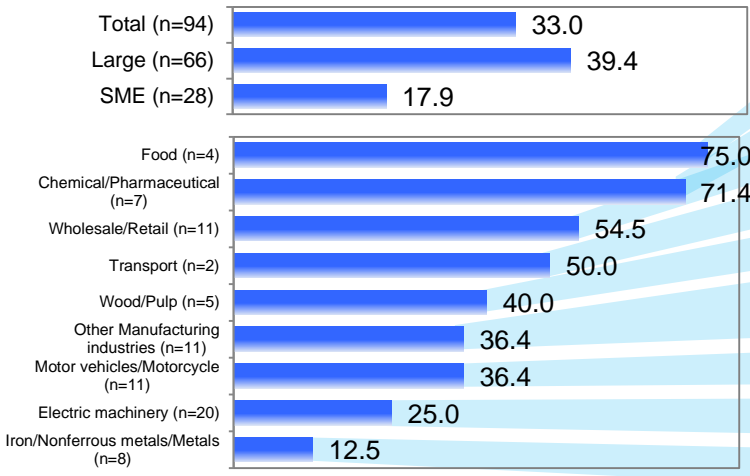
# 7. Expectations for Economic Integration (8)

## Consideration of TPP use in business with non-FTA/EPA partner countries

Note 1: This survey covered firms that are located in any of the five TPP member countries (Singapore, Malaysia, Vietnam, Australia, and New Zealand) in Asia and Oceania and that have import/export relationships with a new partner country. Business with existing FTA/EPA member countries is not included.

Note 2: The proportions of the firms considering TPP were calculated by dividing the number of firms considering TPP use (for business with a non-FTA/EPA partner country that will be a new free-trade partner as a result of TPP participation) by the number of the firms that have an import or export relationship with the country mentioned.

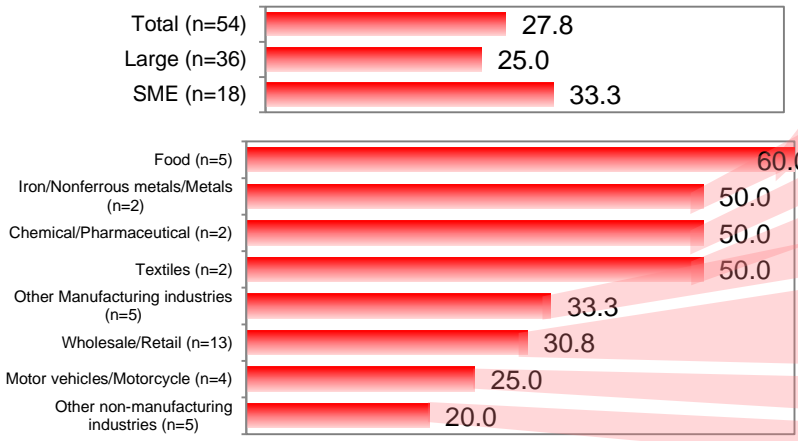
### Firms considering TPP use (export, by company size/industry) (%)



### Exporting country ⇒ Importing country (%)



### Firms considering TPP use (import, by company size/industry) (%)



### Exporting country ⇒ Importing country (%)



- A total of 33.0% of the firms consider TPP use for export, while the proportion for import was 27.8%.
- Large enterprises (39.4%) are more likely to consider TPP use than SMEs (17.9%) for export, while SMEs (33.3%) are more likely to consider TPP use than large enterprises (25.0%) for import.
- By industry, firms in the Food and Chemical/Pharmaceutical industries are more likely to consider TPP use for both import and export. The proportion of firms considering TPP use for export is high in the Wholesale/Retail industry, while the proportion for import is high in the Iron/Nonferrous metals/Metals and Textiles industries.
- By destination/importing country, a high proportion of firms consider TPP use for export from Malaysia, Vietnam, and Singapore to the North American market. Firms also consider TPP use for export from New Zealand to Japan. Regarding import, many firms consider TPP use for import from the U.S. to Malaysia and Vietnam.

# 8. Wages (1) Year-on-year wage increase rate

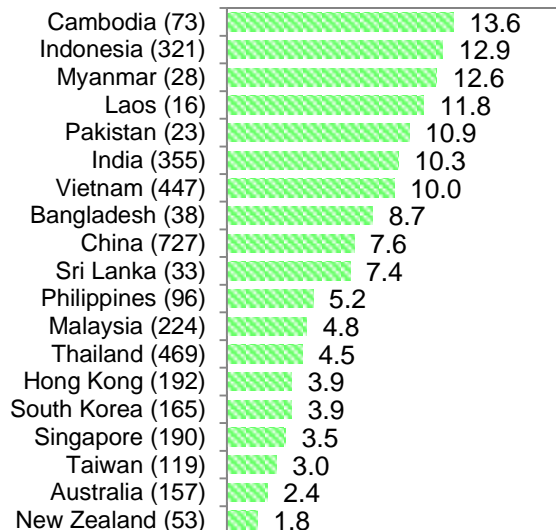
The numbers in parentheses indicate the numbers of firms that responded.

## Total

(%)

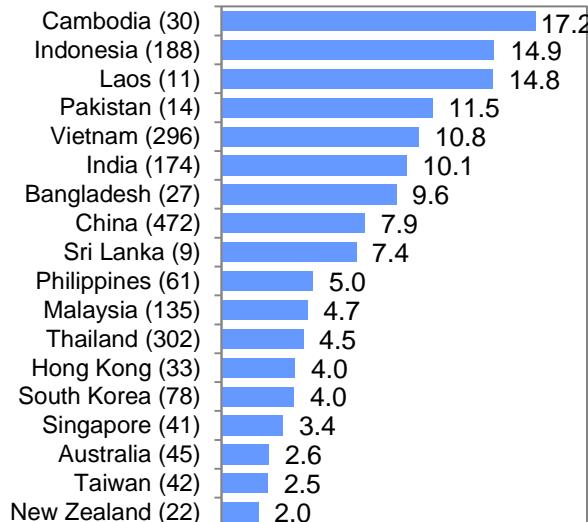
FY2014

FY2015



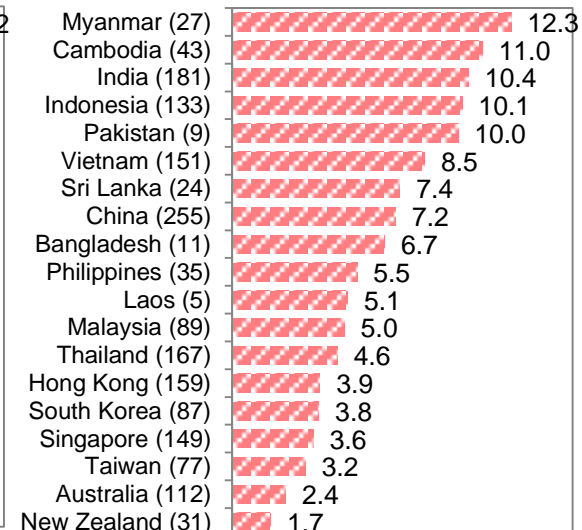
## Manufacturing

(%)



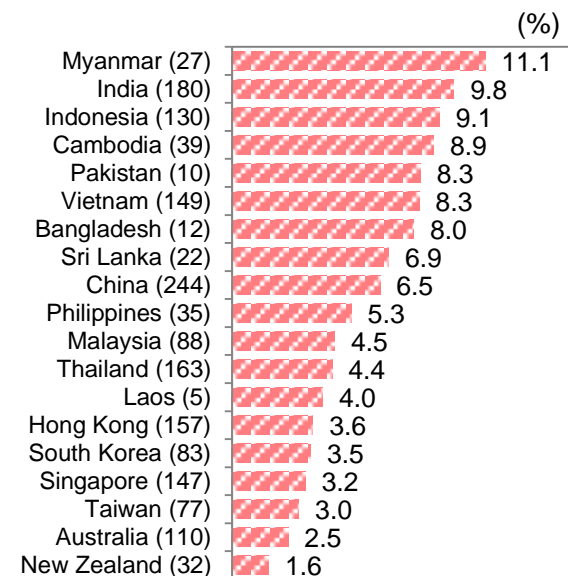
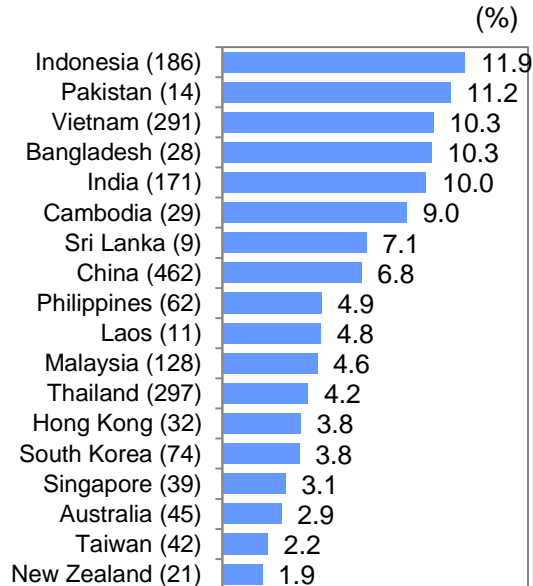
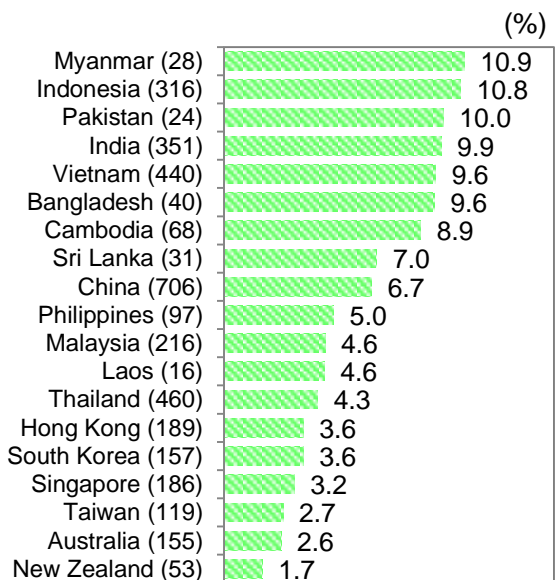
## Non-manufacturing

(%)



FY2016

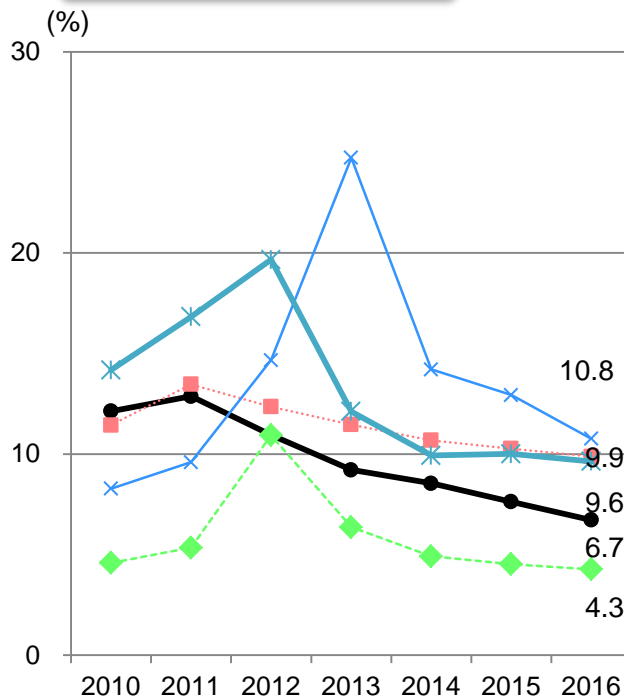
FY2015



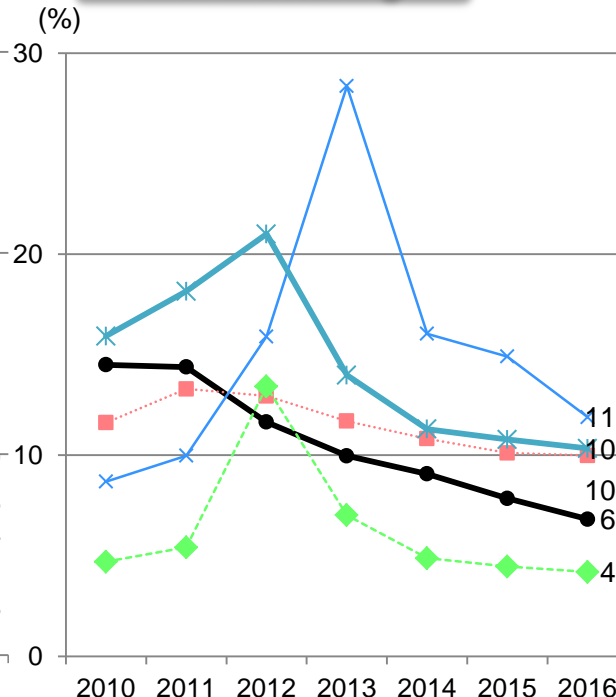
# 8. Wages (2) Year-on-year wage increase rate (China and major countries)



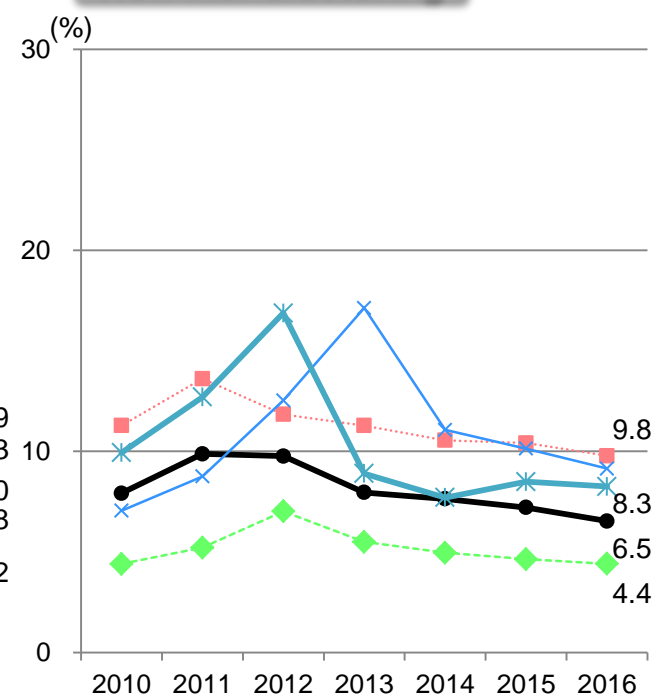
**Total**



**Manufacturing**



**Non-manufacturing**



● China  
 ◆ Thailand  
 ◆ Vietnam  
 ■ India  
 × Indonesia

● China  
 ◆ Thailand  
 ◆ Vietnam  
 ■ India  
 × Indonesia

● China  
 ◆ Thailand  
 ◆ Vietnam  
 ■ India  
 × Indonesia

Note: 2016 rates are forecasts.

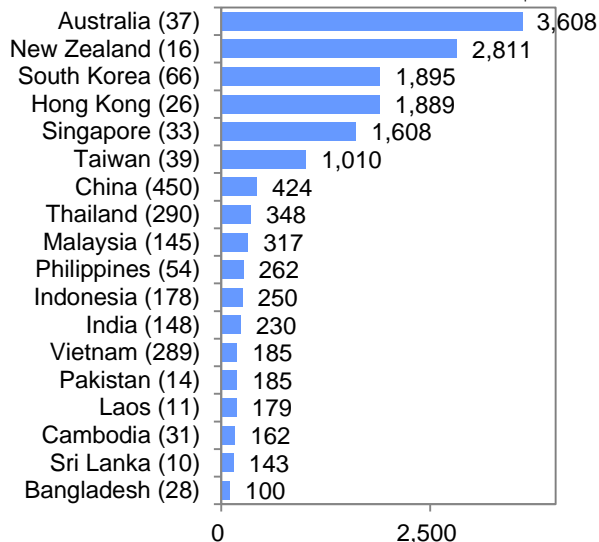
- By industry category, the wage increase rate fluctuates relatively less in the non-manufacturing sector.
- In 2015, the wage increase rate (total; same applies to the following) decreased in China, Thailand, India, Indonesia, and Vietnam.
- In China, the wage increase rate decreased every year after peaking out at 12.9% in 2011. The rate was 7.6% in 2015 and is expected to decrease to 6.7% in 2016 (forecast).
- In Indonesia, the wage increase rate decreased every year after peaking out at 24.7% in 2013. The rate was 12.9% in 2015 and is expected to decrease to 10.8% in 2016 (forecast).
- The wage increase rate is expected to decrease gradually in all countries in 2016 (forecast).

# 8. Wages (3) Base salary (monthly)

Numbers in parentheses indicate numbers of firms responded.

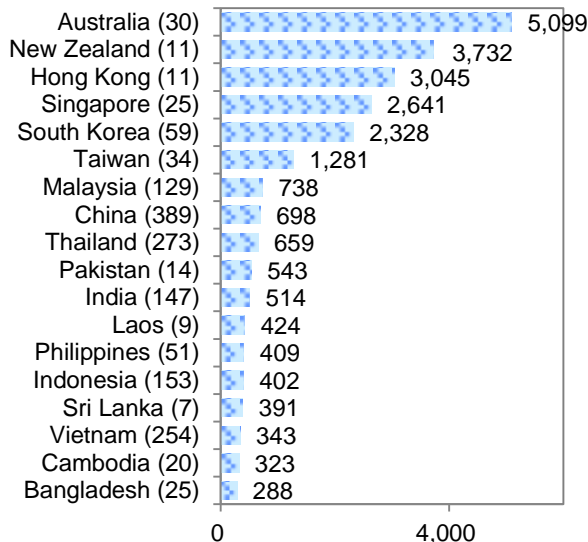
## Manufacturing - Worker

Unit: US\$



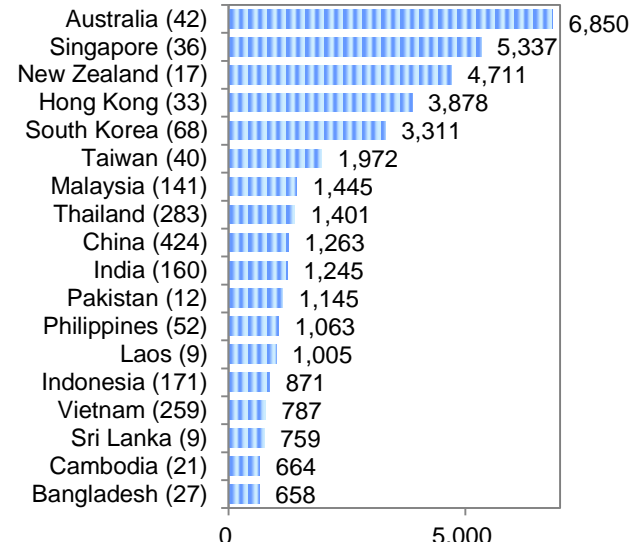
## Manufacturing - Engineer

Unit: US\$



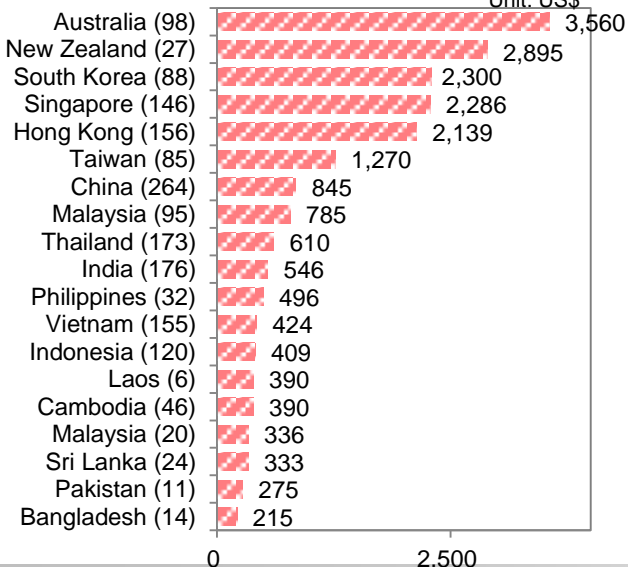
## Manufacturing - Manager

Unit: US\$



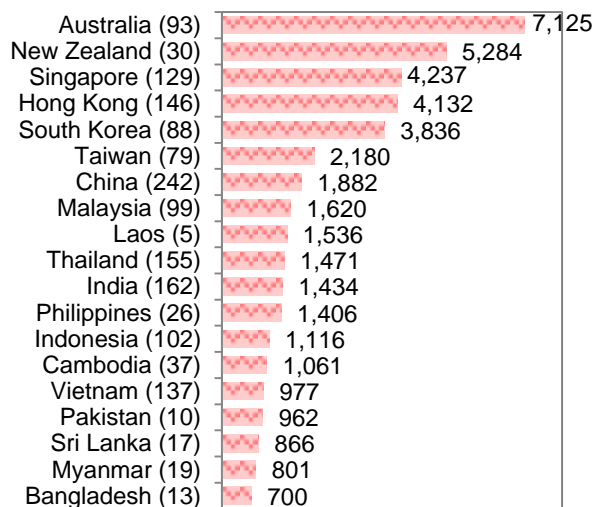
## Non-Manufacturing - Staff

Unit: US\$



## Non-Manufacturing - Manager

Unit: US\$



Base salary: Salary excluding benefits, as of October 2015

Worker: Regular general workers with 3 years of work experience, not including contract-based and probationary workers

Engineer: Regular employees who are core technicians, graduates of a vocational college or university, and have 5 years of experience

Manager (Manufacturing): Regular employees who are section managers in charge of sales, university graduates, and who have 10 years of work experience

Staff: Regular general workers with 3 years of work experience, not including dispatched and probationary workers

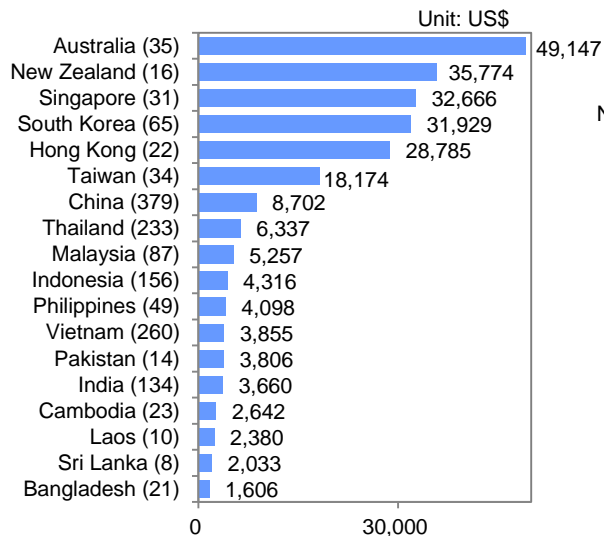
Manager (Non-manufacturing): Regular employees who are section managers in charge of sales, university graduates, and who have 10 years of work experience

Note: Except for Cambodia, base salaries were reported in local currencies. (For Myanmar, salaries were reported selectively either in the local currency or in U.S. dollars.) The average wage for each job type in the local currency was converted to the U.S. dollar, using the average exchange rate of October 2015 (published by the central bank of each country/region, or by the State Administration of Foreign Exchange, for China). For Myanmar, where firms reported base salaries either in the local currency or in U.S. dollars, base salaries reported in the local currency were converted to U.S. dollars to calculate the average.

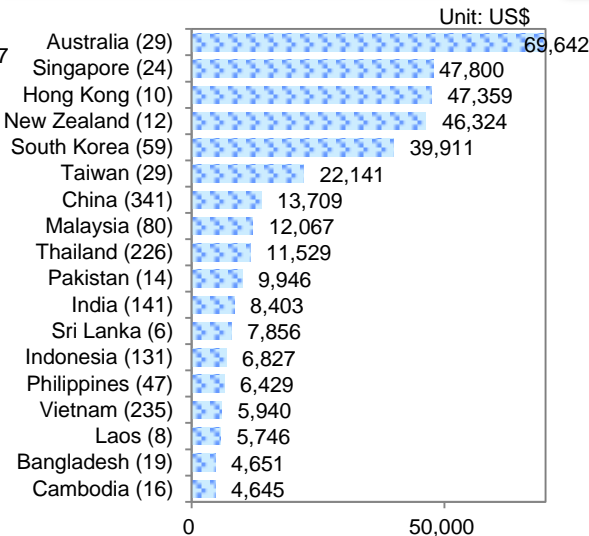
# 8. Wages (4) Annual salary

Numbers in parentheses indicate numbers of firms responded.

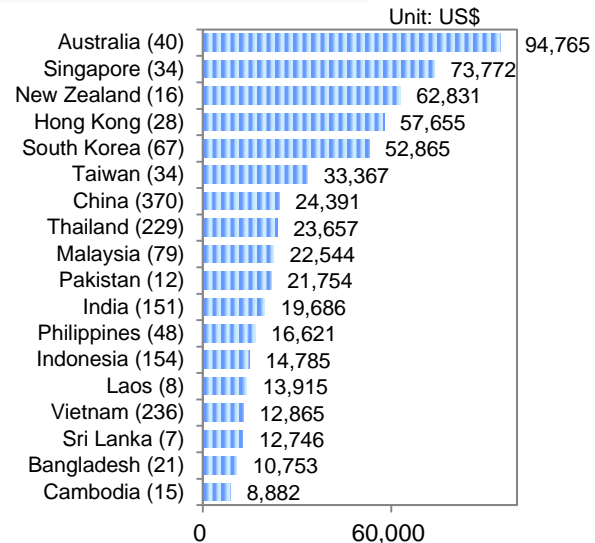
## Manufacturing • Worker



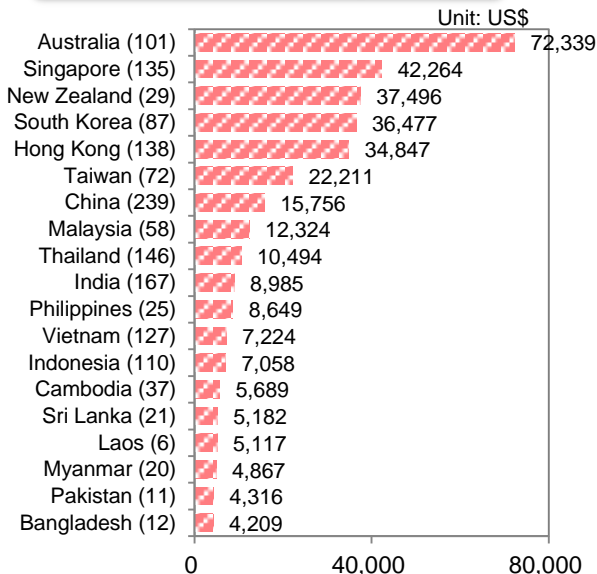
## Manufacturing • Engineer



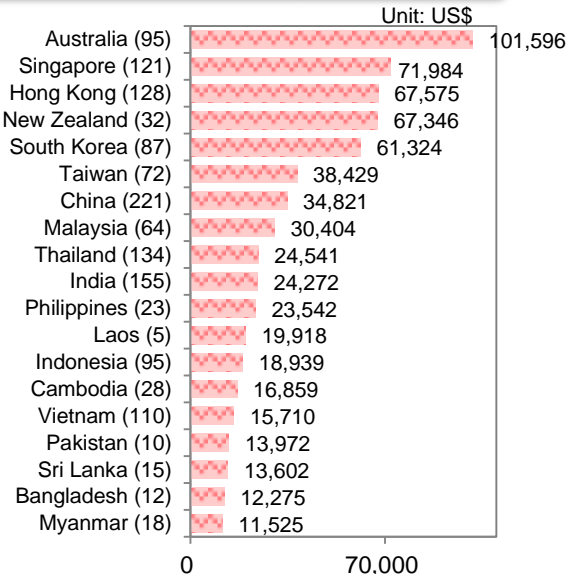
## Manufacturing • Manager



## Non-Manufacturing • Staff



## Non-Manufacturing • Manager



Annual salary (annual amount of real obligation fees):  
Total liability for an employee (the total of annual base salary, benefits, social security, overtime allowances, and bonuses, excluding severance benefits, as of FY2015)

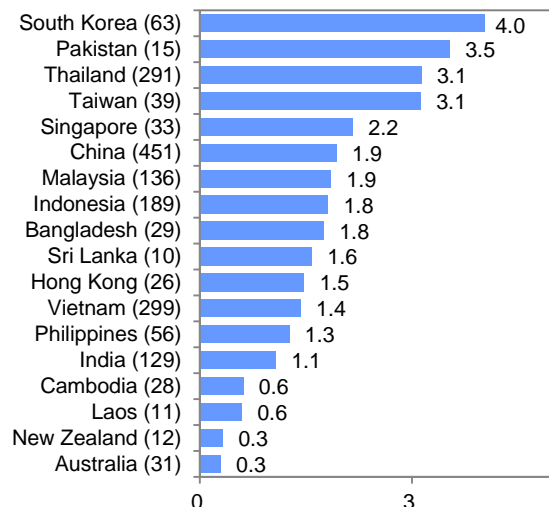
See the previous page for the definitions of worker, engineer, manager (manufacturing), staff, and manager (non-manufacturing).

Note: Except for Cambodia, annual salaries were reported in local currencies. (For Myanmar, salaries were reported selectively either in the local currency or in U.S. dollars.) The annual salary for each job type in the local currency was converted to U.S. dollars, using the average exchange rate of October 2015 (published by the central bank of each country/region, or by the State Administration of Foreign Exchange, for China). For Myanmar, where firms reported annual salaries either in the local currency or in U.S. dollars, annual salaries reported in the local currency were converted to U.S. dollars to calculate the average.

# 8. Wages (5) Bonuses

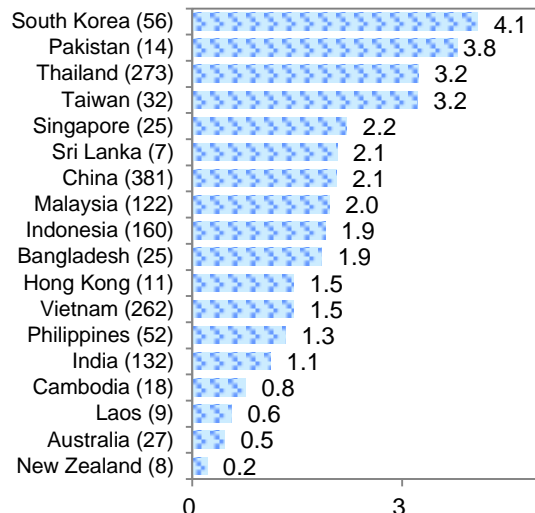
## Manufacturing - Worker

Unit: months



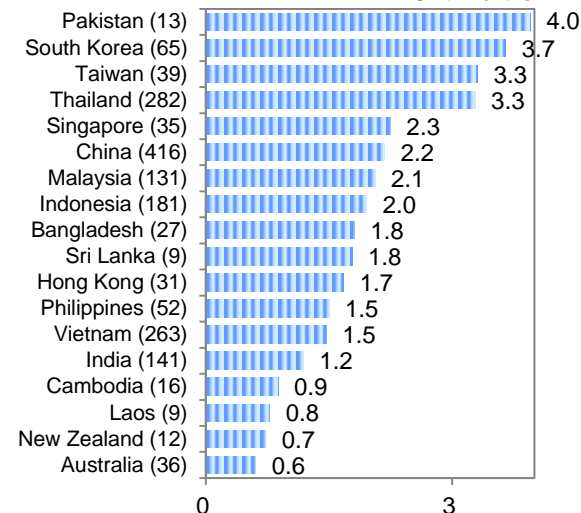
## Manufacturing - Engineer

Unit: months



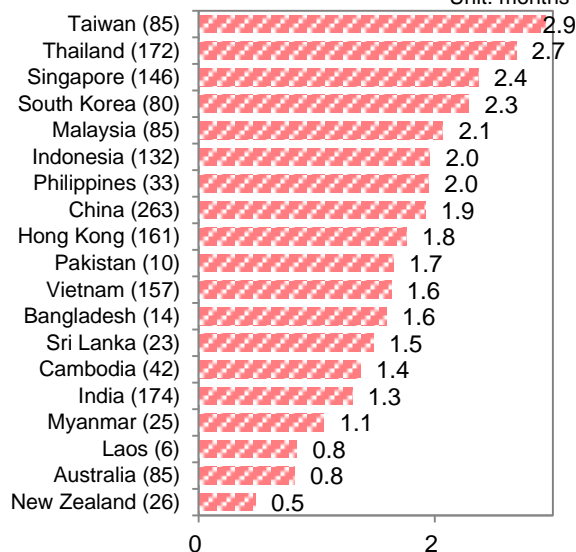
## Manufacturing - Manager

Unit: months



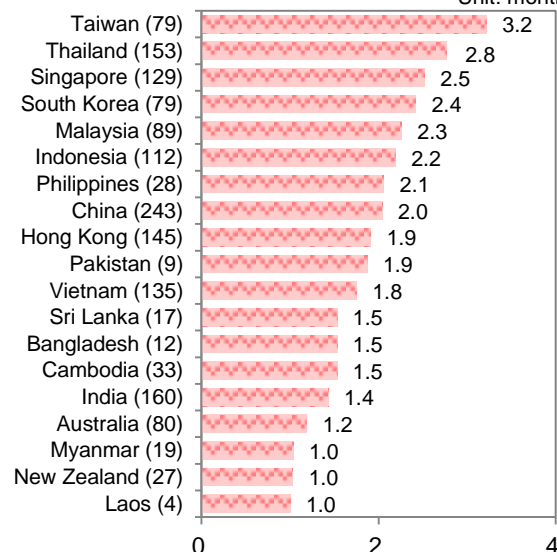
## Non-Manufacturing - Staff

Unit: months



## Non-Manufacturing - Manager

Unit: months



Numbers in parentheses indicate numbers of firms responded.



Contact details for inquiries:  
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