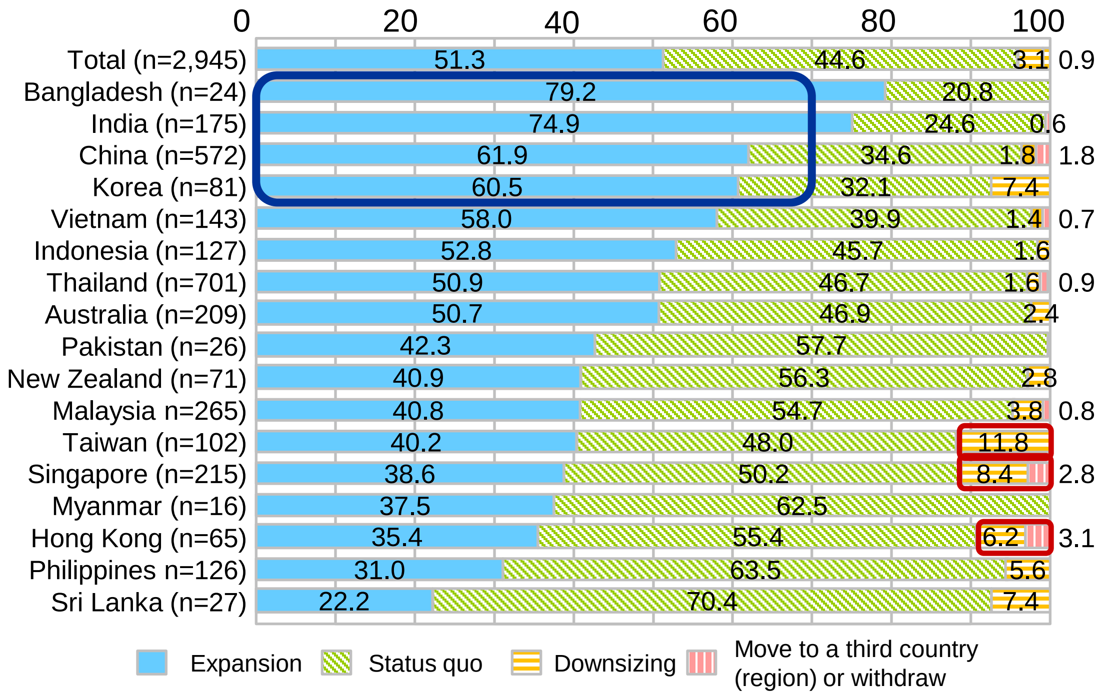
5. Future Business Development (1)

Business development plans in the next 1-2 years



Change in percentage of firms planning business expansion (2008 survey vs 2009 survey)

	2008 (n=2,472)	2009 (n=2,945)	Difference
Total	57.2	51.3	-5.9
China	60.2	61.9	1.7
Taiwan	39.6	40.2	0.6
Korea	58.1	60.5	2.4
Hong Kong	42.9	35.4	-7.5
Thailand	65.5	50.9	-14.6
Malaysia	49.4	40.8	-8.6
Singapore	47.4	38.6	-8.8
Vietnam	80.0	58.0	-22.0
Philippines	40.7	31.0	-9.7
Indonesia	53.7	52.8	-0.9
Myanmar	35.0	37.5	2.5
India	81.5	74.9	-6.6
Sri Lanka	46.4	22.2	-24.2
Pakistan	45.2	42.3	-2.9
Bangladesh	78.8	79.2	0.4
Australia	52.5	50.7	-1.8
New Zealand	48.4	40.9	-7.5

- **Asked about business development plans in the next 1-2 years, more than half of respondents (51.3%) foresee expansion. Figures were especially high (over 60%) in the developing economies of Bangladesh, India and China , as well as in Korea, where both domestic demand and exports have made an early recovery.**
- **The percentage of firms in more fully developed markets such as Taiwan, Singapore and Hong Kong planning to downsize or relocate to a third country average almost 9%.**
- **Although the percentage of firms planning business expansion fell in 2009, due to the global recession, the drop was only 5.9 points (to 51.3%). The percentage actually climbed in all countries/regions in Northeast Asia, with the exception of Hong Kong.**

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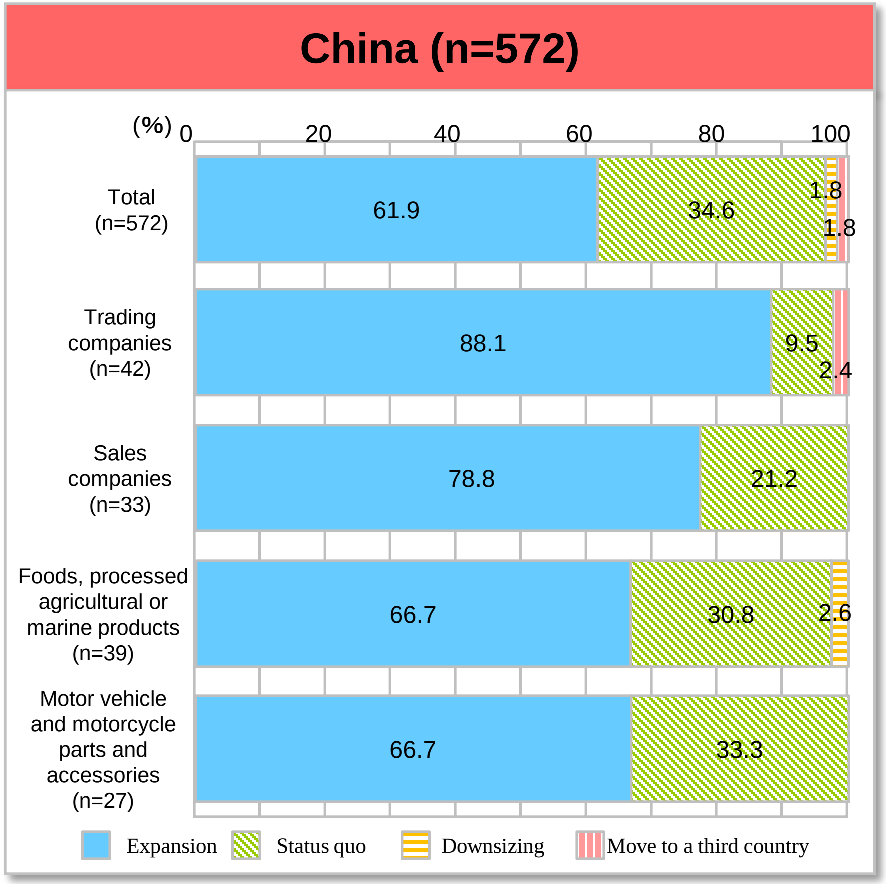
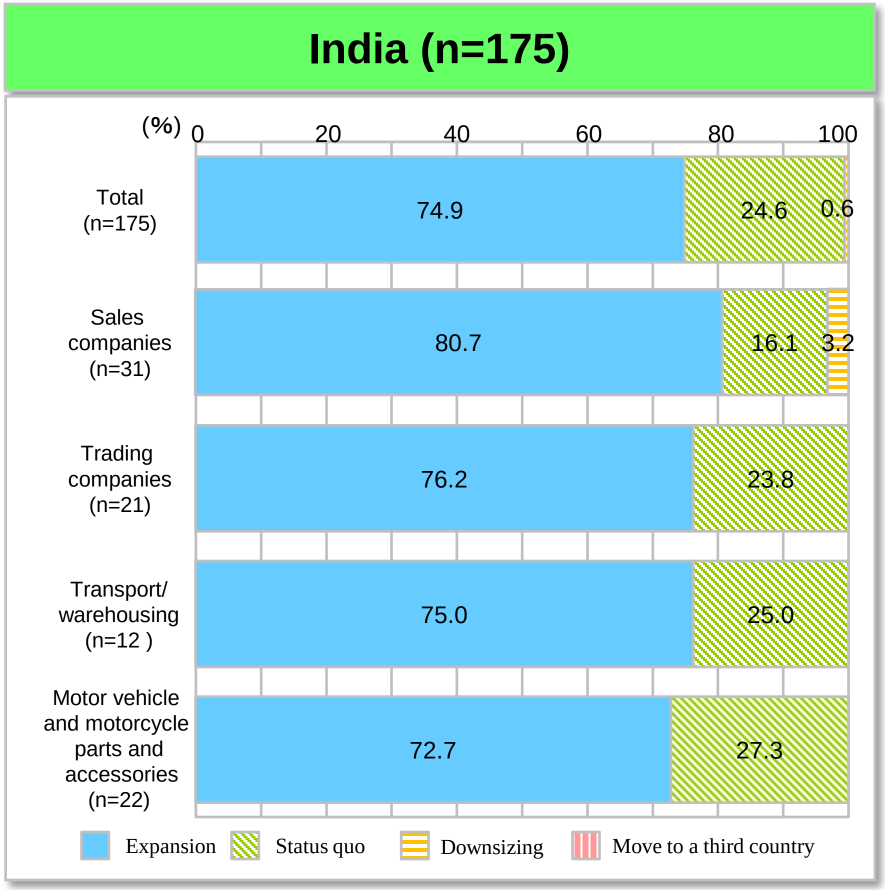
5. Future Business Development (2)

Industries expecting an expansion in the next 1-2 years (China, India)





**Top four industries in which 10 or more respondents replied “Expand” business.*

A high percentage of respondents in sales and trading in China and India plan business expansion, reflecting firms’ hope for growth in domestic consumption. In addition, firms in the motor vehicle and motorcycle parts and accessories sector were optimistic about expansion, reflecting increased motorization and local procurement among auto makers in these countries.

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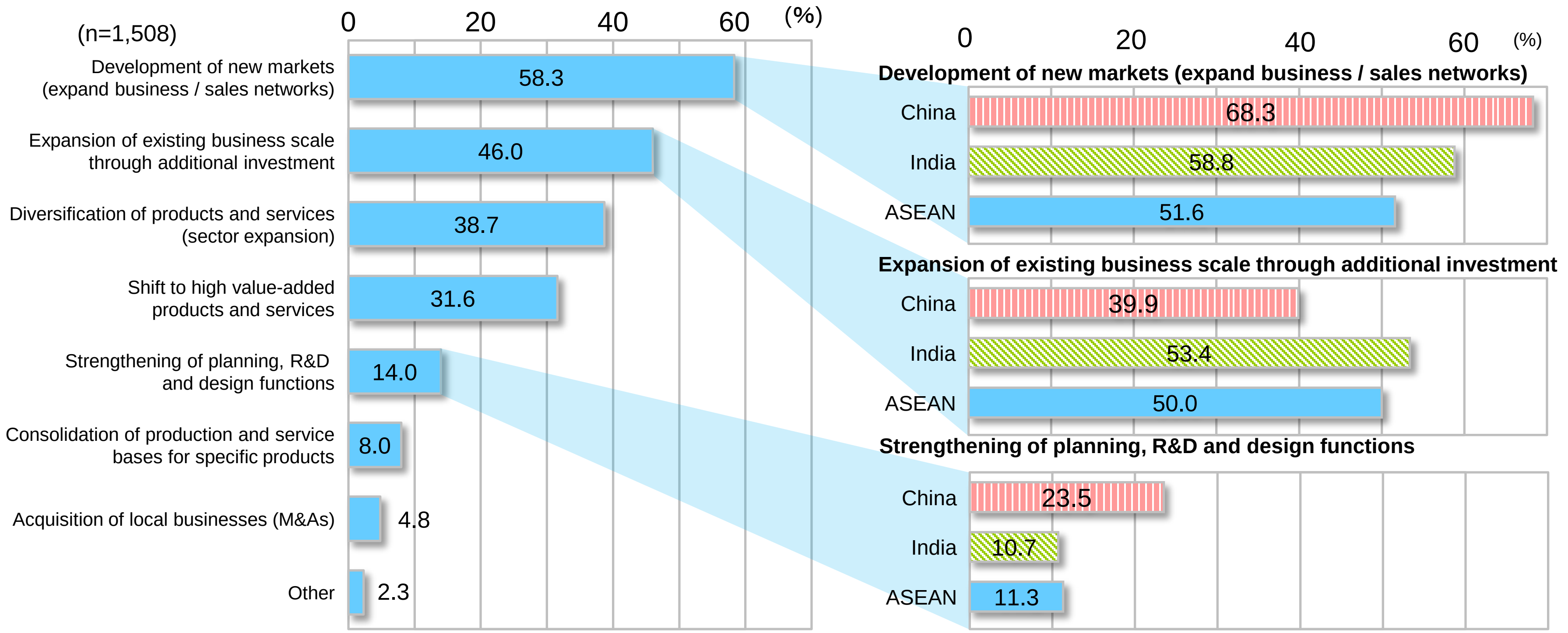
5. Future Business Development (3)

Future Directions for Business Expansion
(multiple answers allowed)

Comparison of replies from China, India and ASEAN
(China: n=353 India: n=131 ASEAN: n=742)



- **Topping the list of future directions for business expansion were: "development of new markets", "expansion of existing business scale through additional investment" and "diversification of products and services (sector expansion)."**

- **Comparing responses from firms in India, China and ASEAN, different tendencies emerged: respondents in China favor "development of new markets" and "strengthening of planning, R&D and design functions," firms in India favor "development of new markets" and "expansion of existing business scale through additional investment"—a choice that was also relatively popular among firms in ASEAN.**

- **While respondents in China aim to develop new markets and add new products, firms in India and ASEAN are striving to expand on top of existing businesses.**

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5. Future Business Development (4)

Specific policy for "Downsizing" or "Move to a third country (region) or withdraw," and the possible countries for relocation

Country	Policy (multiple answers allowed): Valid answers	Integrate the bases within the local country (region)	Move the production base to a third country (region)	Transfer the production of certain items to an affiliate in a third country (region)	Possible countries for relocation (multiple answers allowed): Valid answers	Destination for relocation
Malaysia	11	6 54.6 %	- -	5 45.5%	4	Indonesia (1), Thailand (1), Vietnam (2), Japan (1), China (1), Singapore(1)
Philippines	6	3 50.0%	1 16.7%	3 50.0%	4	Indonesia (1), Malaysia (2), Singapore (1), Thailand (2), Vietnam (1), Japan (1)
Singapore	23	12 52.2%	5 21.7%	9 39.1%	11	Indonesia (2), Malaysia (5), Philippines (1), Thailand(5), Vietnam(1), Other ASEAN countries (1), India(3), China(2), Other (1)
Thailand	15	7 46.7%	3 20.0%	5 33.3%	8	Malaysia(1), Vietnam(5), India(2), China(1), Other(1)
China*	14	3 21.4%	6 42.9%	5 35.7%	11	Vietnam(3), Japan(2), China(7), Korea(1), Other(1)

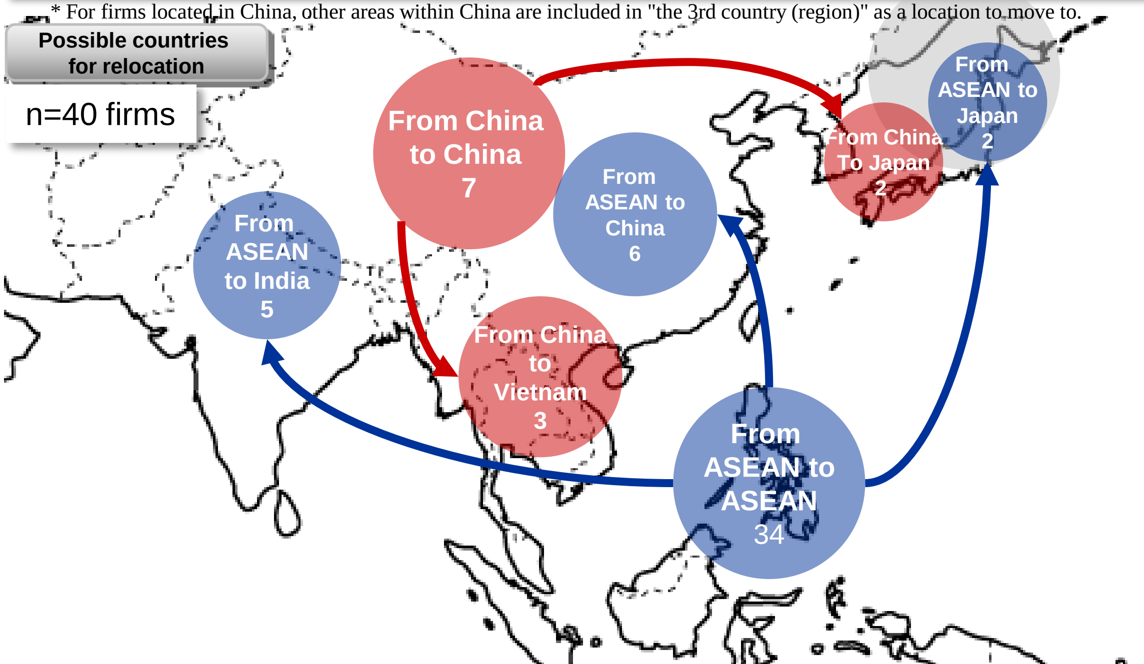
* For firms located in China, other areas within China are included in "the 3rd country (region)" as a location to move to.

The country of location and the type of industry of the firms considering moving to Japan

China	Accessories manufacturer (1) Electric machinery and electronic equipment(1)
Korea	Transport/warehousing (1)
Malaysia	Electric machinery and electronic equipment(1)
Philippines	Electric machinery and electronic equipment(1)
Sri Lanka	Construction/plants(1)

Possible countries for relocation

n=40 firms



- Most firms in ASEAN chose ASEAN countries for relocation, showing that they tend to consider business integration/relocation inside the region.
- On the other hand, out of all firms located in China, seven firms chose areas within China, three firms cited Vietnam and two firms Japan as candidates for the relocation.
- The survey result showed that only seven firms in Asia as a whole chose Japan as a relocation destination. Three of them were in electric machinery and electronic equipment industry.

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5. Future Business Development (5)

Promising markets for future operation/products in the next one to three years (main industries only)

Ranking	Total (1,870)				Manufacturing industries(1,016)				Non-manufacturing industries((854)			
	Country	Points	Firms	Ratio(%)	Country	Points	Firms	Ratio(%)	Country	Points	Firms	Ratio(%)
1st	India	1,635	766	41.0	Thailand	839	358	35.3	India	816	386	45.2
2nd	China	1,466	631	33.7	India	819	380	37.5	China	682	292	34.2
3rd	Thailand	1,407	614	32.8	China	784	339	33.4	Vietnam	644	319	37.4
4th	Vietnam	1,145	580	31.0	Indonesia	520	238	23.5	Thailand	568	256	30.0
5th	Indonesia	901	440	23.5	Japan	517	236	23.2	Indonesia	381	202	23.7

Ranking	Motor vehicle and motorcycle parts and accessories(143)				Electric and electronic parts and components(89)				Electric machinery and electronic equipment(80)			
	Country	Points	Firms	Ratio(%)	Country	Points	Firms	Ratio(%)	Country	Points	Firms	Ratio(%)
1st	India	187	81	56.6	China	128	51	57.3	India	71	33	41.3
2nd	Thailand	149	61	42.7	India	69	32	36.0	China	68	33	41.3
3rd	Indonesia	120	58	40.6	Thailand	53	25	28.1	Thailand	48	21	26.3
4th	China	103	50	35.0	Japan	50	25	28.1	Vietnam	47	21	26.3
5th	Vietnam	52	29	20.3	Vietnam	39	18	20.2	Japan	36	17	21.3

Ranking	Fabricated metal products (including plated products)(79)				Chemicals and petroleum products(72)				Foods, processed agricultural or marine products(70)			
	Country	Points	Firms	Ratio(%)	Country	Points	Firms	Ratio(%)	Country	Points	Firms	Ratio(%)
1st	Thailand	96	37	46.8	India	85	38	52.8	China	54	24	34.3
2nd	China	69	30	38.0	China	67	26	36.1	Japan	49	21	30.0
3rd	Vietnam	54	30	38.0	Thailand	63	30	41.7	Europe	37	15	21.4
4th	Indonesia	45	19	24.1	Indonesia	38	18	25.0	Thailand	28	13	18.6
5th	India	38	22	27.9	Vietnam	33	19	26.4	Oceania	27	14	20.0

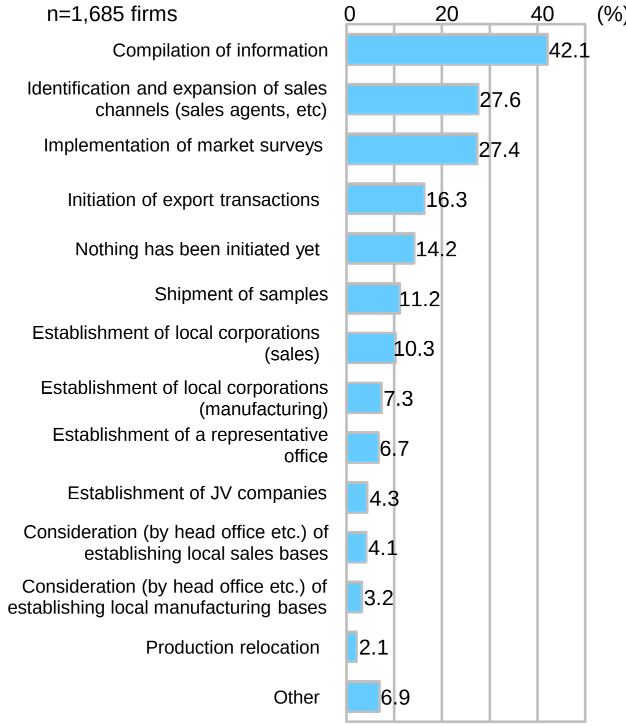
Ranking	Sales firms(211)				Trading firms(194)				Transport/warehousing(88)			
	Country	Points	Firms	Ratio(%)	Country	Points	Firms	Ratio(%)	Country	Points	Firms	Ratio(%)
1st	India	232	101	47.9	India	208	104	53.6	China	103	44	50.0
2nd	China	148	62	29.4	China	173	74	38.1	India	95	45	51.1
3rd	Vietnam	128	68	32.2	Vietnam	168	87	44.9	Vietnam	79	38	43.2
4th	Thailand	124	56	26.5	Thailand	155	65	33.5	Thailand	59	26	29.6
5th	Indonesia	99	52	24.6	Indonesia	101	54	27.8	Japan	44	22	25.0

Ranking	Construction/plants(67)				Communications/software(45)				Hotel/travel/restaurant(27)			
	Country	Points	Firms	Ratio(%)	Country	Points	Firms	Ratio(%)	Country	Points	Firms	Ratio(%)
1st	Vietnam	66	30	44.8	Vietnam	37	18	40.0	Japan	28	11	40.7
2nd	Thailand	51	23	34.3	Thailand	37	17	37.8	China	18	8	29.6
3rd	India	39	19	28.4	Japan	36	14	31.1	Oceania	17	8	29.6
4th	Singapore	35	14	20.9	India	29	13	28.9	Thailand	15	6	22.2
5th	Indonesia	30	20	29.9	China	21	11	24.4	Vietnam	12	5	18.5
	Malaysia	30	14	20.9					India	12	8	29.6

※ Oceania stands for Australia and New Zealand here.

Approaches currently taken for the market of primary importance after the market of the country of current location (multiple answers allowed)

※Firms named top three countries including the country of current location. Then points were summed up as follows: Rank 1st=3 points, 2nd=2 points, 3rd=1 point.



- Question asking to name three countries with most promising markets for the next one to three years received the following results as total scores: India is the 1st, China is the 2nd and Thailand is the 3rd (1870 firms with valid replies).
- India ranked first or second in the top three manufacturing industries (the motor vehicle and motorcycle parts and accessories industry, electric and electronic parts and components, electric machinery and electronic equipment) as well as in the top three non- manufacturing industries (sales firms, trading firms, transport and warehousing). This reveals the fact that Japanese firms operating in Asia are aiming at Indian market.

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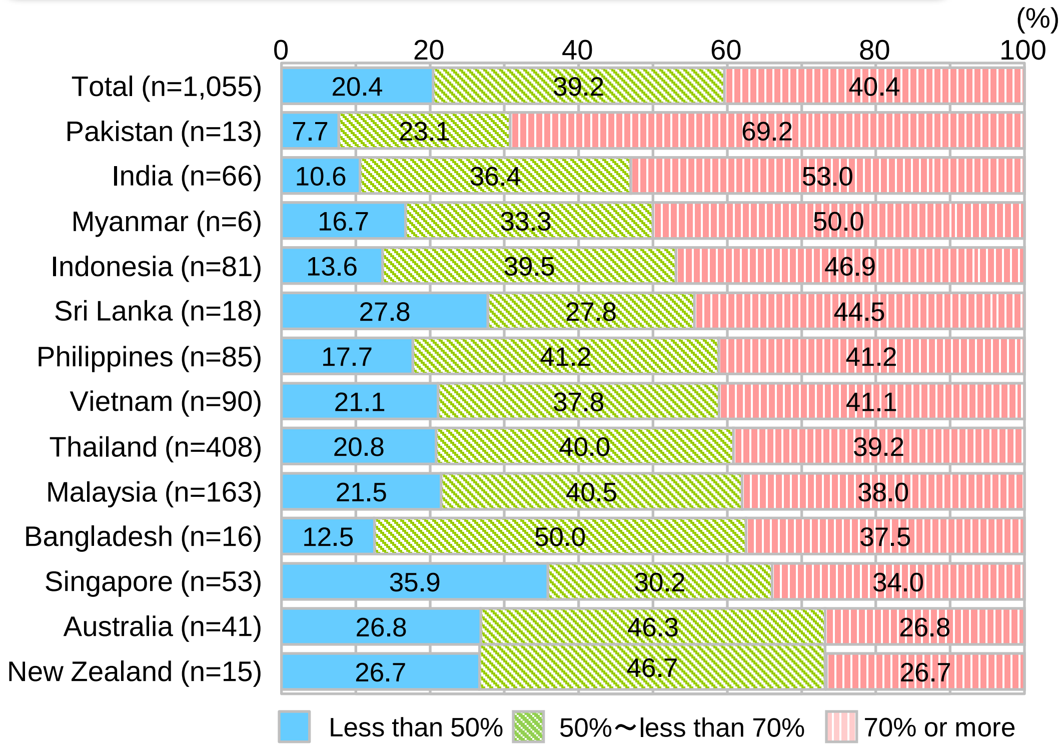
6. Procurement of Raw Materials and Parts (1) *Manufacturing only

The ratio of the cost for raw materials and parts to the production cost (100%= Total production cost in 2009)

(Comment) The four countries/regions of Northeast Asia are not included in the summary of questionnaires in P27- 31.



Changes in proportion of replies of "The material costs are 70% or more" (2008 to 2009 fiscal year surveys)

	2008 fiscal year (n=909)	2009 fiscal year (n=1,055)	Fluctuation (points)
Total	43.6	40.4	-3.2
Indonesia	50.5	46.9	-3.6
Malaysia	39.4	38.0	-1.4
Myanmar	50.0	50.0	0.0
Philippines	42.4	41.2	-1.2
Singapore	42.2	34.0	-8.2
Thailand	42.3	39.2	-3.1
Vietnam	45.0	41.1	-3.9
Bangladesh	55.6	37.5	-18.1
India	46.4	53.0	6.6
Pakistan	61.5	69.2	7.7
Sri Lanka	40.0	44.5	4.5
Australia	31.3	26.8	-4.5
New Zealand	40.0	26.7	-13.3

- In Asia and Oceania , 20.4% of firms answered that the ratio of the raw materials to the production cost was "less than 50%“, while 79.6% replying "50% or more". These figure indicate that for the overwhelming number of firms the cost of raw materials still accounts for more than half of the production cost.
- New Zealand, Australia and Singapore showed a strong tendency for a low ratio of the cost of raw materials to the production cost. This is due to the fact that the labor costs and management expenditures are quite high in comparison to the rest of countries/regions.
- In Pakistan, India, and Myanmar, more than 50% of the firms answered that the ratio of the material costs exceeded 70%. The ratio was as high as 69.2% in Pakistan, rising substantially from the last survey. It is due to the fact that the exchange rate of Pakistan rupee against the US dollar has fallen and resulted in a surge of the cost of primary materials and parts in the country.

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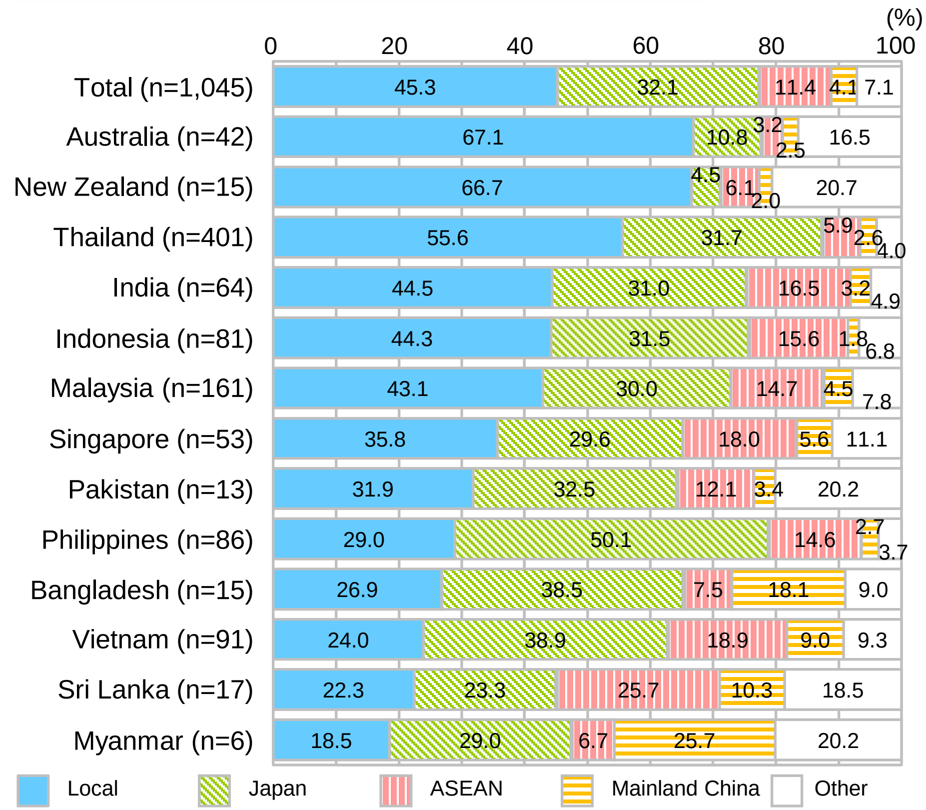
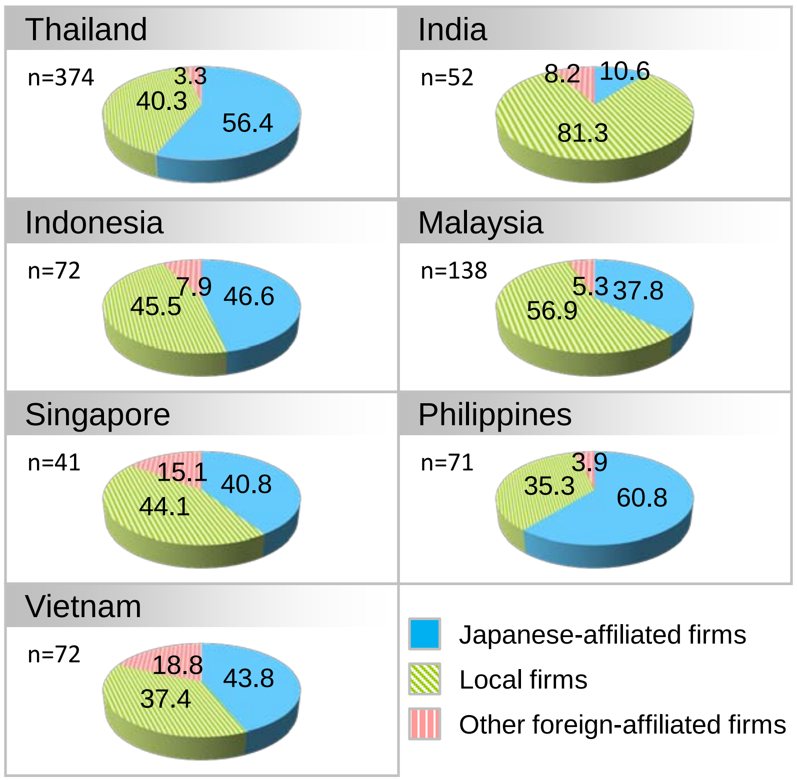
6. Procurement of Raw Materials and Parts (2)

The breakdown of procurement sources (Averages; the ratios total 100%)



The breakdown of local procurement sources (Averages; the ratios total 100%)



- In Australia and New Zealand, the local procurement ratio reached nearly 70%, higher than those in ASEAN and Southwest Asia. In addition, for these two countries the procurement ratio from Asia was low, suggesting that there is a different supply chain from that in Asia.
- In ASEAN, the local procurement ratio was high in Thailand (55.6%), Indonesia (44.3%) and Malaysia (43.1%), showing the high level of accumulation of the supporting industries. In these three countries, the procurement ratio from ASEAN, including the location country itself, and Japan reached around 90%.
- The local procurement ratio in other ASEAN nations such as Philippines and Vietnam is low as it was in the last survey (29.0% and 24.0% respectively). Both countries have a very high procurement ratio from Japan, especially high in Philippines exceeding 50% .
- India with its highest local procurement ratio after Oceania and Thailand, had an extremely high (81.3%) procurement ratio from local firms.

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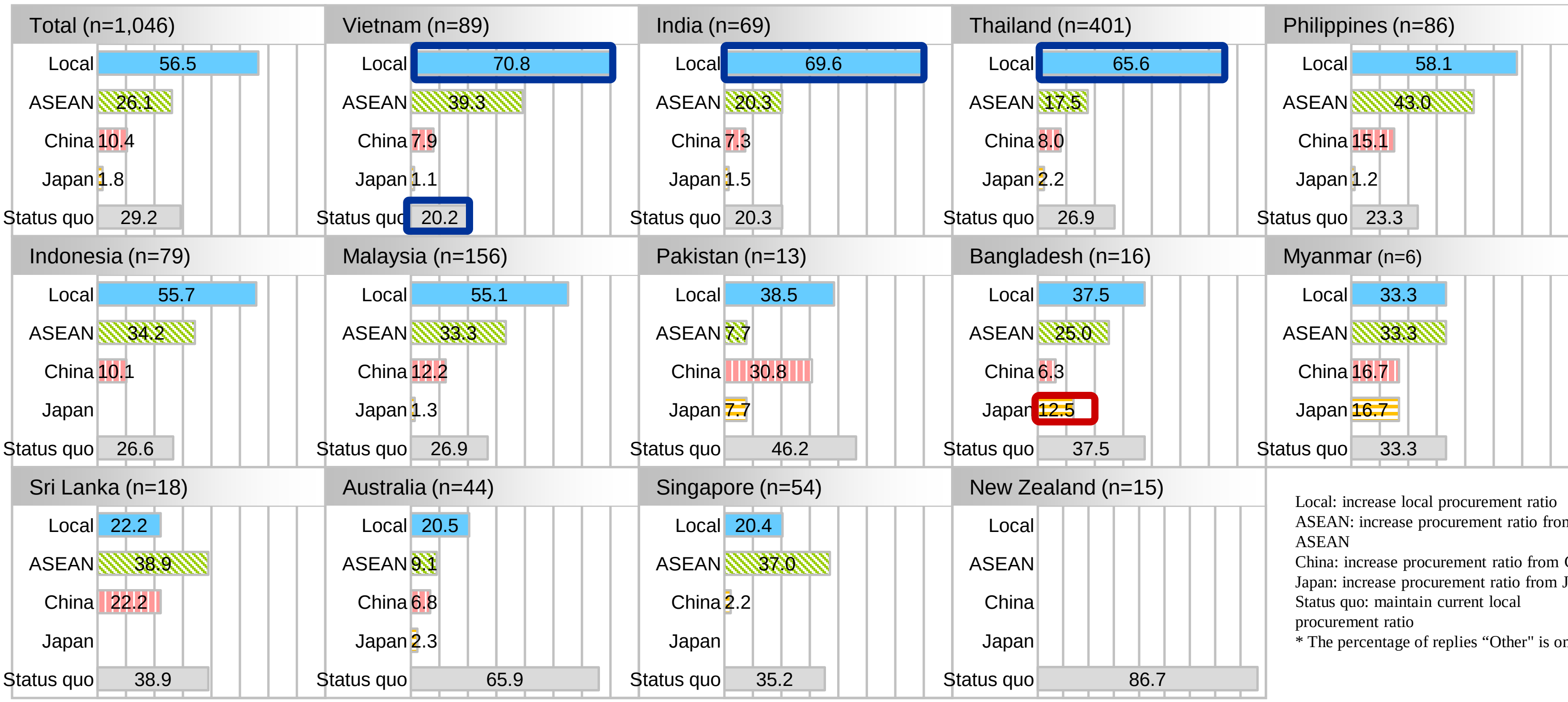
6. Procurement of Raw Materials and Parts (3)

Plans for procuring raw materials and parts in the future (by country, multiple answers allowed)

(%)



Local: increase local procurement ratio
ASEAN: increase procurement ratio from ASEAN
China: increase procurement ratio from China
Japan: increase procurement ratio from Japan
Status quo: maintain current local procurement ratio
* The percentage of replies "Other" is omitted.

- In terms of plans for procuring raw materials and parts in the future, the answer "increase local procurement ratio" was top at 59.6% in ASEAN and at 54.3% in Southwest Asia. On the other hand, in Oceania, which has already achieved a high local procurement ratio, the reply "maintain current ratios of local procurement" was top at 71.2%.
- In Vietnam the percentage of firms which answered "increase local procurement ratio" was the highest among the countries surveyed at 70.8%, while the percentage of answer "maintain current local procurement ratio" was the lowest in Asia at 20.2%. These figures show that achieving cost reduction by increasing the local procurement ratio is an urgent problem in Vietnam.
- After Vietnam, the countries with the highest percentage of replies "increase local procurement ratio" were India at 69.6% and Thailand at 65.6%. Although these two countries have already achieved a comparatively high local procurement ratio as the figures show, they intend to raise local procurement ratio higher.
- The percentage of firms which answered "increase procurement ratio from Japan" was relatively high in Bangladesh at 12.5%.

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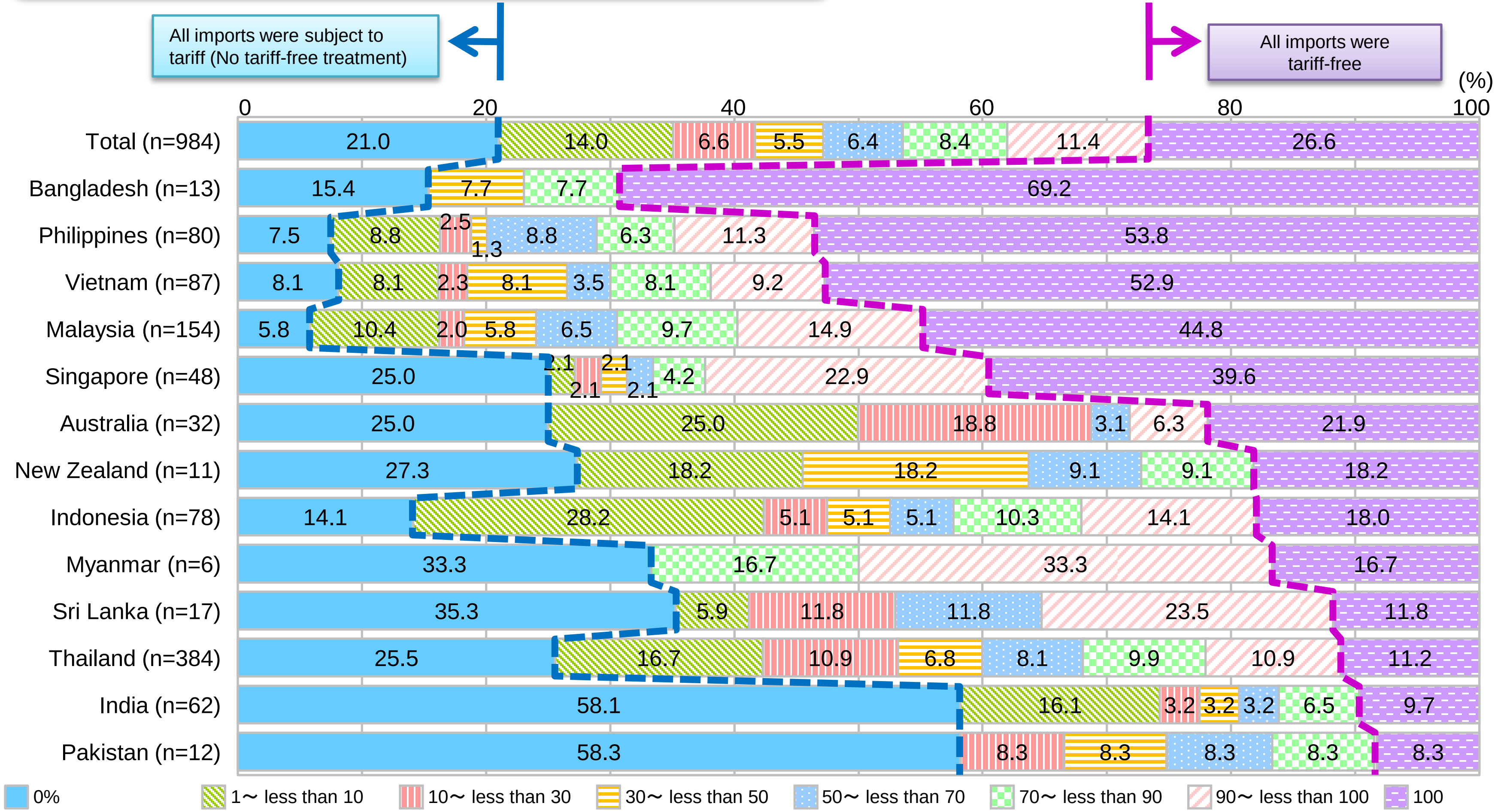
6. Procurement of Raw Materials and Parts (4)

Percentage of the total amount of imported raw materials and parts not subject to tariffs (100 =Total import amount)



- Bangladesh (69.2%), Philippines (53.8%) and Vietnam (52.9%) had a high percentage of firms replying that all imports were tariff-free.
- Nearly 60% of the firms in India and Pakistan answered that all imports were subject to tariff.

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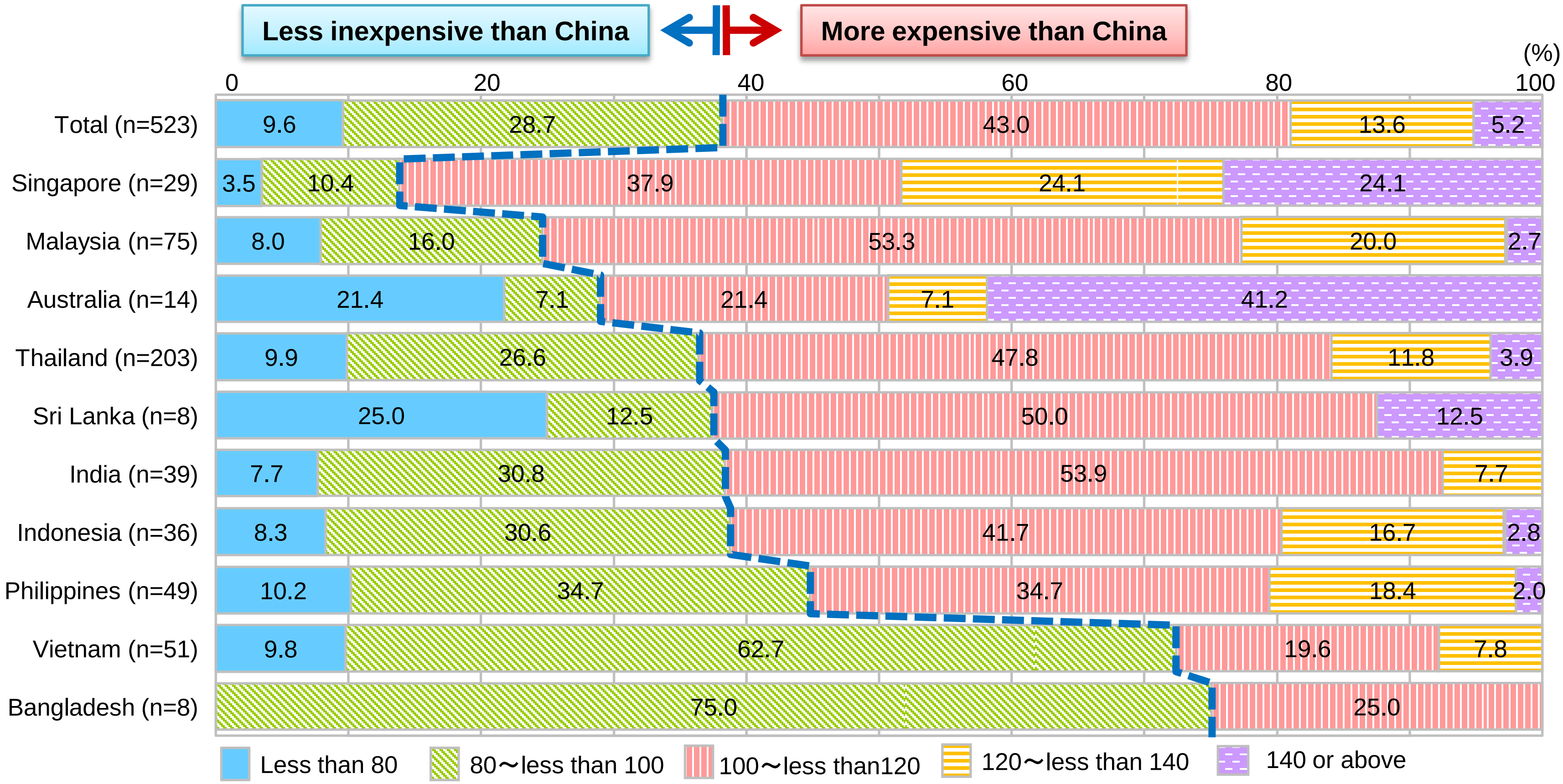
Manufacturing costs of the main products manufactured locally, assuming the manufacturing costs for the same products by an affiliated company in China to be 100



- Assuming the manufacturing costs at an affiliated company in China to be 100, the percentage of the firms answering “ the local manufacturing costs were 100 or more" (= the local manufacturing costs were higher than the manufacturing costs in China) was highest in Singapore at 86.1%, followed by Malaysia at 76.0%.
- The percentage of the firms answering “ the local manufacturing costs were less than 100" (= the local manufacturing costs were lower than the manufacturing costs in China) was highest in Bangladesh at 75.0%, followed by Vietnam at 72.5%.

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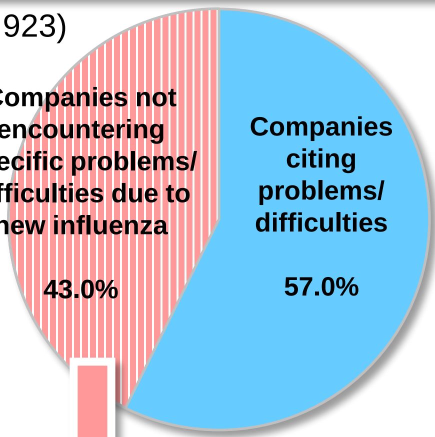
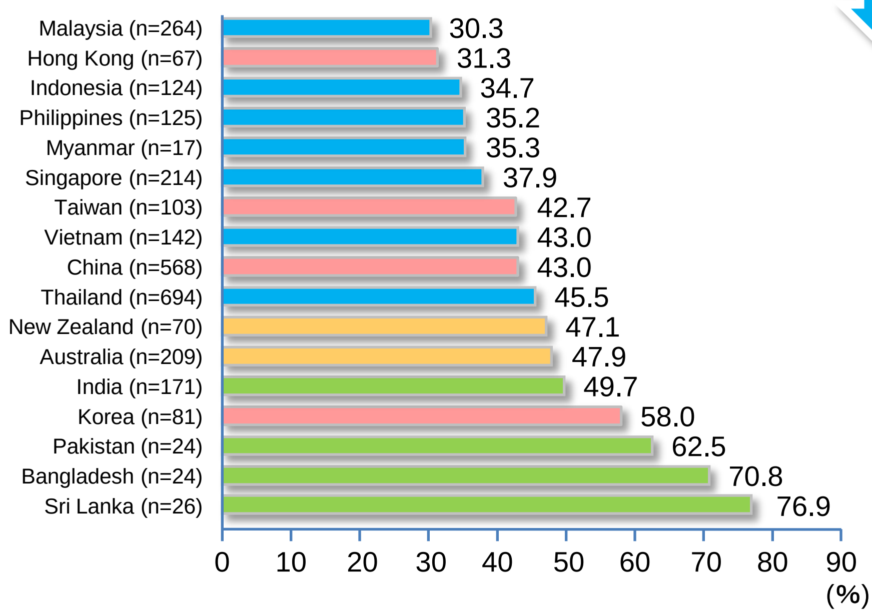
7. Measures Against New Influenza A (H1N1) (1)

Impact of new influenza on firms

(n=2,923)





Top three problems/difficulties by region

(%)

	1st	2nd	3rd
ASEAN n=1,580	Procurement of antiviral flu drugs	Deciding whether to evacuate expatriate staff and families or not	Health checks for visitors to workplaces
	20.8	18.9	18.5
Southwest Asia n=245	Procurement of anti-viral drugs	Procurement of masks	Deciding whether to evacuate expatriate staff and families or not
	22.0	12.2	11.4
Oceania n=279	Observing staff who have returned from affected countries	Gap between assumed pathogenicity and actual measures	Absence of employees due to themselves or families being affected by the virus, etc.
	20.1	15.1	14.3
Northeast Asia N=819	Procurement of antiviral flu drugs	Deciding whether to evacuate expatriate staff and families or not	Health checks for visitors to workplaces
	25.8	20.6	16.7

- **Procurement of flu medicine topped the list in all regions except Oceania, where respondents were more concerned with observing staff who have recently returned from affected regions.**

Concrete measures against new influenza strain

(%)

		1st	2nd	3rd
ASEAN		Health education (such as coughing etiquette and hand washing)	Stockpiling of daily necessities, masks and disinfectants	Preparation of manuals
n=1,585	2009	63.2	58.6	25.9
n=661	2008	50.8	22.7	32.5
Southwest Asia		Health education (such as coughing etiquette and hand washing)	Stockpiling of daily necessities, masks and disinfectants	Preparation of manuals
n=246	2009	51.6	36.6	30.5
n=109	2008	49.5	21.1	32.1
Oceania n=281 (2009)		Health education (such as coughing etiquette and hand washing)	Stockpiling of daily necessities, masks and disinfectants	Restrictions on business trips
		55.9	39.2	32.7
Northeast Asia N=822 (2009)		Health education (such as coughing etiquette and hand washing)	Stockpiling of daily necessities, masks and disinfectants	Preparation of manuals
		63.1	60.8	35.9

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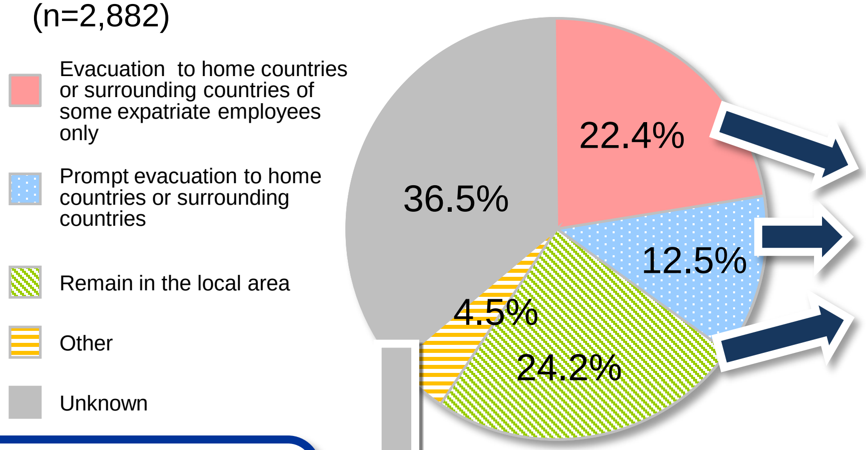
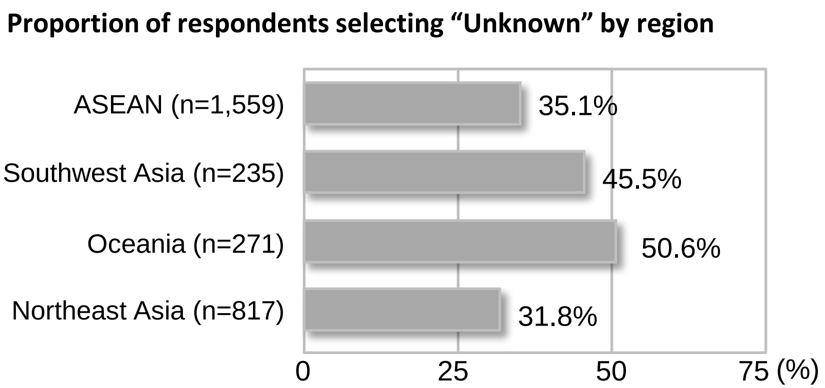
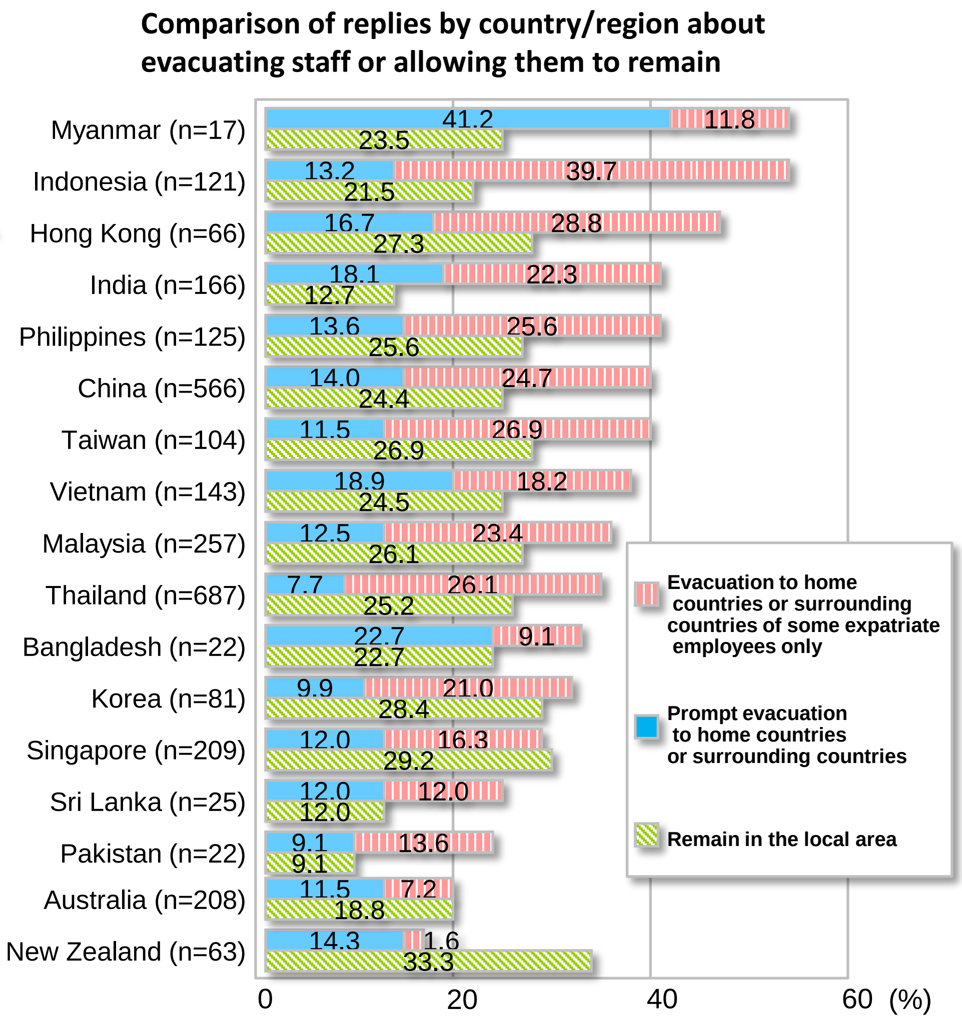
Measures firms would take if new influenza mutated into a more deadly strain



The proportion of respondents selecting "unknown" was relatively small in ASEAN and Northeast Asia.





- **A higher proportion of respondents in all locations (with the exception of Oceania and also Singapore) would evacuate staff to some degree.**
- **The percentage of firms choosing "evacuate staff" was high in Hong Kong and Indonesia, reflecting firms' high evaluation of risk in these locations.**

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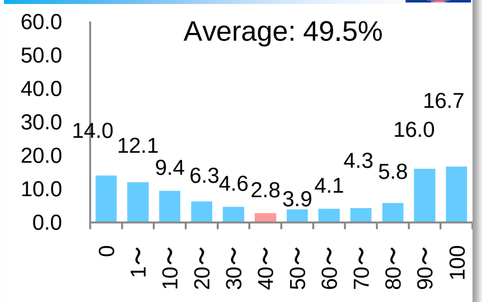
8. Exports/Imports (1)

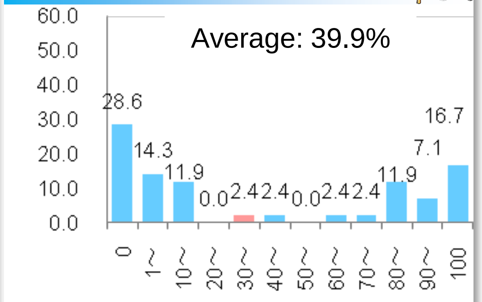
Percentage of export out of total sales (Manufacturing industries)

*The four countries/regions of Northeast Asia are not included in the total amount for this question (P34-41).

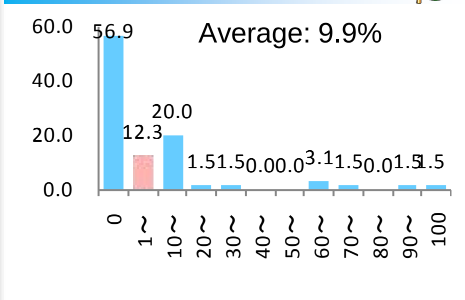
ASEAN(n=862)



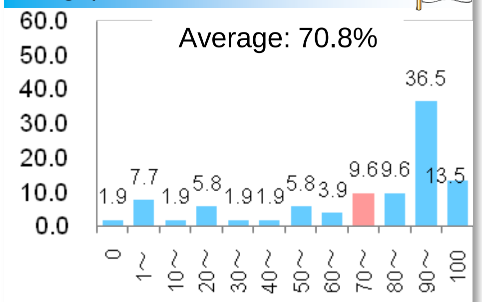
Australia (n=42)



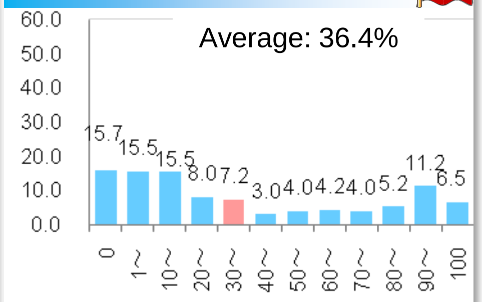
India (n=65)



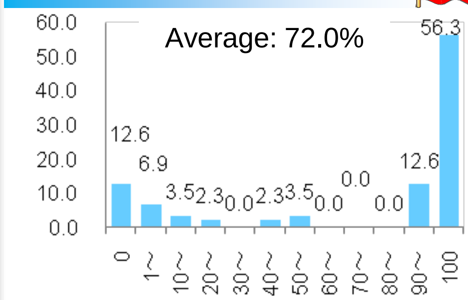
Singapore (n=52)



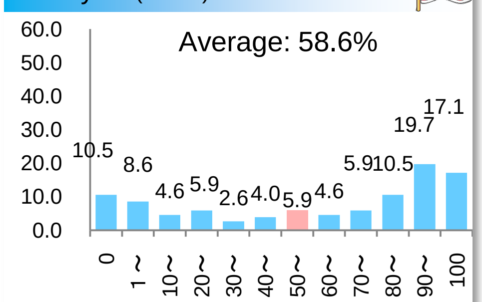
Thailand (n=401)



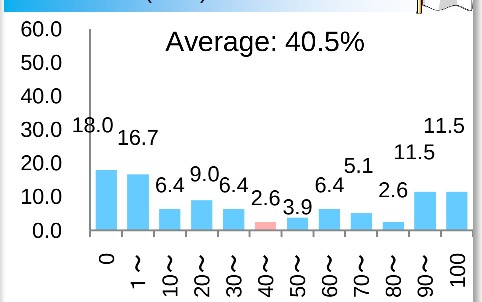
Vietnam (n=87)



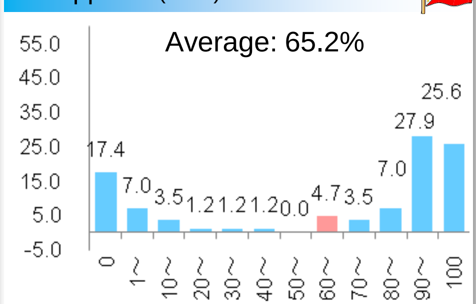
Malaysia (n=152)



Indonesia (n=78)



Philippines (n=86)



- The countries with a high percentage of export sales out of total sales are Vietnam (72.0%) and Singapore (70.8%). Both exceeded the ASEAN averages by more than 20 points.
- In Vietnam, the percentage of firms with 100% export sales (wholly export-oriented) is over 50%.
- In India, the average percentage of export sales out of total sales was less than 10%. Particularly, the percentage of firms with 0% export sales (wholly domestic sales-oriented) is over 50%, showing distinction largely different from ASEAN countries.
- In ASEAN, Thailand at 36.4% marked a relatively low percentage of export sales average. This may be due to the fact that in Thailand, there is an agglomeration of Japanese suppliers who sell domestically mainly in the motor vehicle and the electric industry.

Comment: Except 0% and 100%, the mean value of the respective ranges was averaged .

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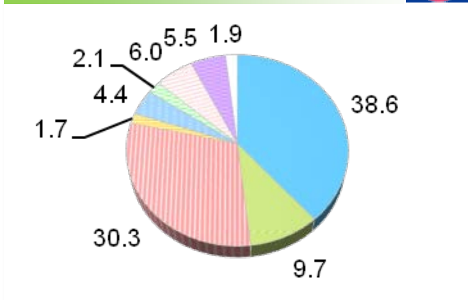
8. Exports/Imports (2)

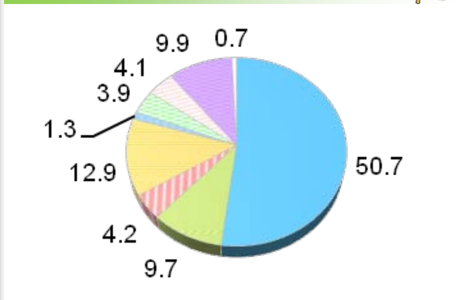
Breakdown of export destinations (Manufacturing industries) (Averages by country/region)

Japan | China, Hong Kong, Taiwan, Korea | ASEAN | Oceania | India , other Asian countries | Middle East | Europe | USA | Other

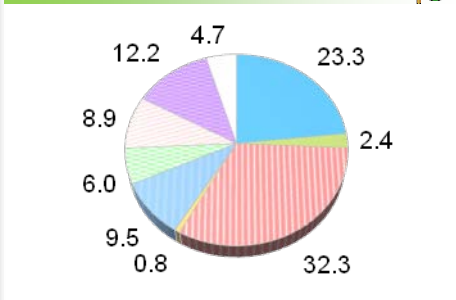
ASEAN(n=745)



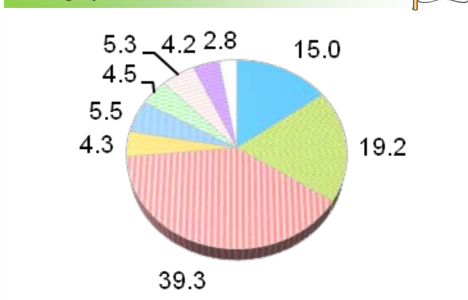
Australia (n=32)



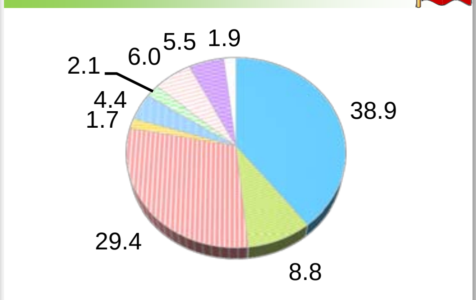
India (n=30)



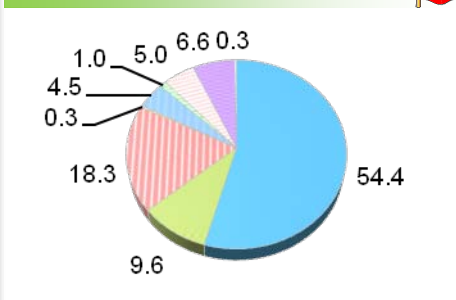
Singapore (n=53)



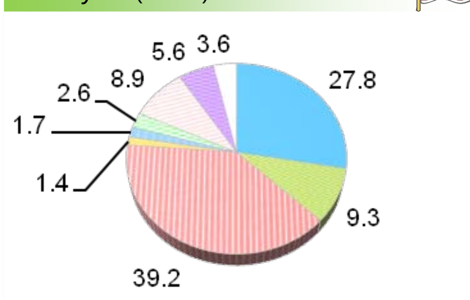
Thailand (n=339)



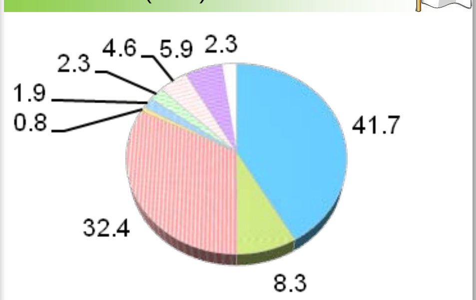
Vietnam (n=77)



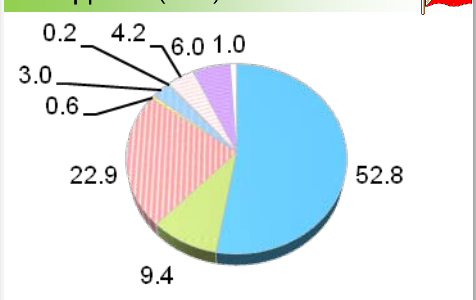
Malaysia (n=139)



Indonesia (n=63)



Philippines (n=88)



- As their main export destinations, the firms located in ASEAN listed Japan (38.6%), ASEAN (30.3%) , China, Hong Kong, Taiwan and Korea (9.7%), etc. Including India and other Asian countries at 4.4%, Asia accounted for as much as over 80% of export destinations.
- For firms located in Vietnam and Philippines, Japan accounted for as much as 50% of the total export, whereas ASEAN accounted for relatively low at around 20%.
- For firms located in Singapore and Malaysia, the percentage of export to ASEAN was relatively high at near 40%, showing that the two countries were largely connected to the supply chains within the region.
- For firms located in India, the percentages of export to the U.S. (12.2%), Europe (8.9%) and the Middle East (6.0%) were relatively high.

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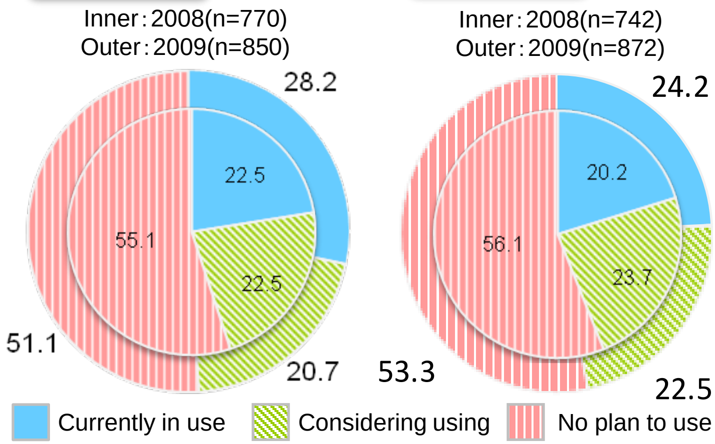
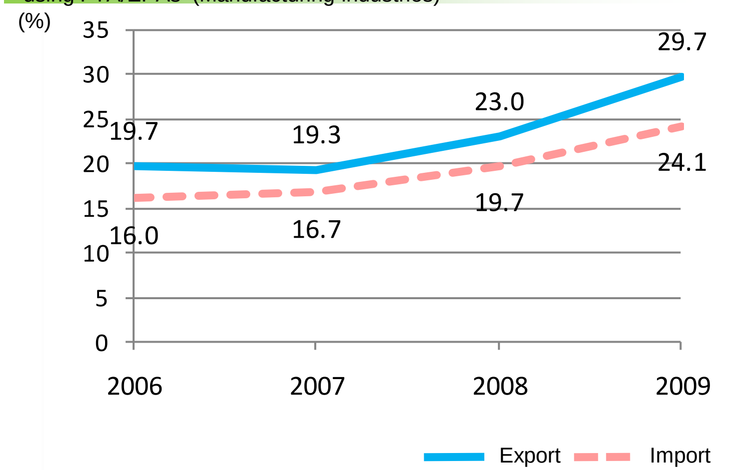
8. Exports/Imports (3)

Use of FTA/EPAs (Only manufacturing companies doing exports and imports)

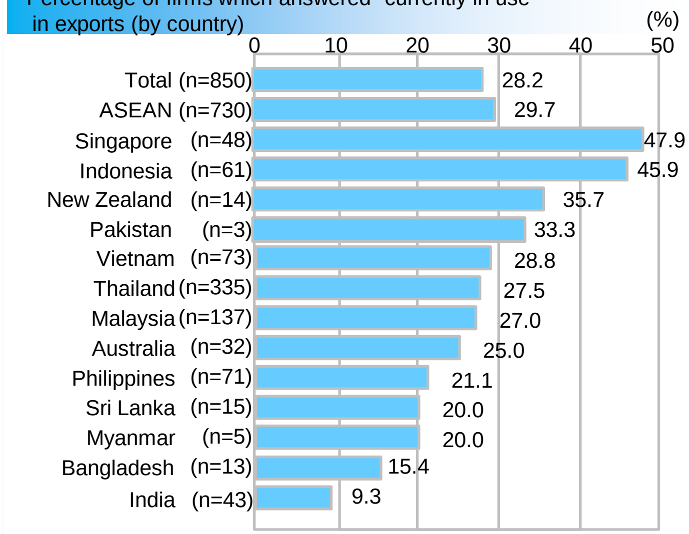
In exports | **In imports**



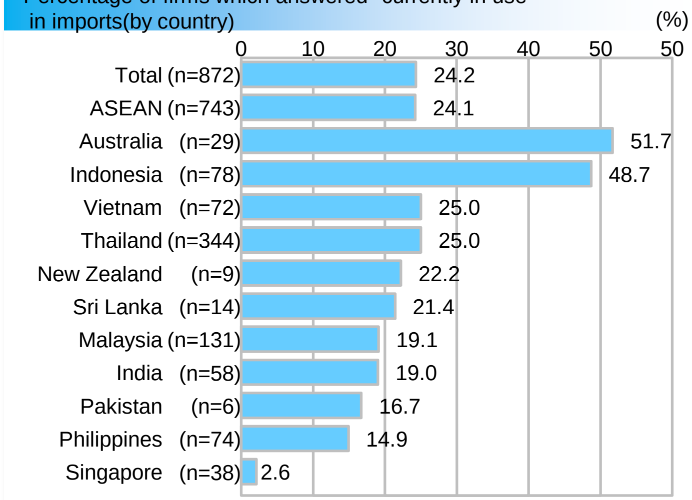
The shift of the percentage of Japanese-affiliated firms in ASEAN using FTA/EPAs (Manufacturing industries)



Percentage of firms which answered "currently in use" in exports (by country)



Percentage of firms which answered "currently in use" in imports(by country)



- The percentage of firms using FTA/EPA manufacturing industries shows a stable rise from the survey of the 2006 fiscal year. Compared with the last survey, the increase was 4.1 point in import and 5.7 point in exports.
- Singapore has the largest number of concluded/ entered into effect FTAs within Asia, using them largely for exports. On the other hand, the low rate of use in import is due to the fact that import tariffs for the most types of products have already been abolished.
- The percentage of firms using FTAs in Indonesia is high for both export and import. Among them, FTAs with a high percentage of use in export were the AFTA (16 firms of 61), and the Japan-Indonesia EPA (15 firms of 61). As for at import, the most used FTA was the Japan-Indonesia EPA (34 firms out of 78).
- In Australia, many firms use bilateral FTA with Thailand for import (8 firms out of 29).

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8. Exports/Imports (4)

FTA/EPAs most used by Japanese-affiliated firms (manufacturing industry)

Top 10 FTA/EPAs most used by Japanese-affiliated firms in exports

Country of present location	Export to:	FTA／EPAs	Number of valid responses	Number of firms using FTA/EPAs	Utilizing rates
Singapore	ASEAN	ASEAN Free Trade Area (AFTA)	48	18	37.5
Indonesia	ASEAN	ASEAN Free Trade Area (AFTA)	61	16	26.2
Indonesia	Japan	Japan-Indonesia EPA	61	15	24.6
Singapore	Japan	Japan-Singapore EPA Japan-ACEAN Agreement (AJCEP)	48	10	20.8
Singapore	China	China-Singapore FTA ASEAN-China Free Trade Area	48	10	20.8
Malaysia	ASEAN	ASEAN Free Trade Area (AFTA)	137	23	16.8
Singapore	Korea	Korea-Singapore FTA ASEAN-Korea FTA	48	8	16.7
Vietnam	Japan	Japan-Vietnam EPA	73	12	16.4
Philippines	ASEAN	ASEAN Free Trade Area (AFTA)	71	11	15.5
Malaysia	Japan	Japan-Malaysia EPA	137	21	15.3

Top 10 FTA/EPAs most used by Japanese-affiliated firms in imports

Country of present location	Import from:	FTA／EPAs	Number of valid responses	Number of firms using FTA/EPAs	Utilizing rates
Indonesia	Japan	Japan-Indonesia EPA	78	34	43.6
Australia	Thailand	Thailand-Australia FTA	29	8	27.6
Indonesia	ASEAN	ASEAN Free Trade Area (AFTA)	78	16	20.5
Thailand	Japan	Japan Thailand EPA Japan-ACEAN Agreement (AJCEP)	344	62	18.0
Australia	Outside Asia / Oceania		29	5	17.2
Vietnam	ASEAN	ASEAN Free Trade Area (AFTA)	72	12	16.7
Malaysia	Japan	Japan-Malaysia EPA	131	18	13.7
Philippines	ASEAN	ASEAN Free Trade Area (AFTA)	74	9	12.2
Malaysia	ASEAN	ASEAN Free Trade Area (AFTA)	131	13	9.9
Thailand	ASEAN	ASEAN Free Trade Area (AFTA)	344	34	9.9

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8. Exports/Imports(5)

Problems of utilizing FTA/EPAs for exports
(only firms currently using FTA/EPA in manufacturing industry; multiple answers allowed)

ASEAN(n=213)

1st 34.6%
No specific problems
2nd 30.0%
The procedures for obtaining a certificate of origin are complicated
3rd 11.1%
Complexity arising because existing FTA/EPA regulations vary in different rules of origin

Thailand (n=92)

1st 34.8%
The procedures for obtaining a certificate of origin are complicated
Also 1st 34.8%
No specific problems
3rd 13.0%
Rules of Origin create too many obstacles

Singapore (n=23)

1st 56.5%
No specific problems
2nd 13.0%
Complexity arising because existing FTA/EPA regulations vary in different rules of origin
3rd 8.7%
There is a reduction or exemption of custom tariffs at the export destination, so an FTA provides no advantages
The procedures for obtaining a certificate of origin are complicated

Philippines (n=15)

1st 26.7%
The cost of checking and issuing a certificate of origin is high
Also 1st 26.7%
The procedures for obtaining a certificate of origin are complicated
3rd 13.3%
No specific problems
Complexity arising because existing FTA/EPA regulations vary in different rules of origin

Vietnam (n=21)

1st 33.3%
Complicated procedures involved in obtaining certificates of origin
2nd 28.6%
No specific problems
3rd 9.5%
There is a reduction or exemption of custom tariffs at the export destination, so an FTA provides no advantages
The procedures for obtaining a certificate of origin are complicated
The cost of checking and issuing a certificate of origin is high

Myanmar (n=1)

No specific problems

Malaysia (n=37)

1st 29.7%
The procedures for obtaining a certificate of origin are complicated
Also 1st 29.7%
No specific problems
3rd 16.2%
Complexity arising because existing FTA/EPA regulations vary in different rules of origin

Pakistan (n=1)

Complexity arising because existing FTA/EPA regulations vary in different rules of origin

Sri Lanka (n=3)

1st 33.3%
The cost of checking and issuing a certificate of origin is high
Also 1st 33.3%
No specific problems

India (n=4)

1st 25.0%
Rules of Origin create too many obstacles
Also 1st 25.0%
No FTA /EPA exists with the export destinations
No specific problems

Indonesia (n=28)

1st 35.7%
No specific problems
2nd 32.1%
The procedures for obtaining a certificate of origin are complicated
3rd 7.1%
General custom tariffs at export destinations are low, so an FTA provides no advantages
There is a reduction or exemption of custom tariffs at the export destination, so an FTA provides no advantages
Rules of Origin create too many obstacles
The cost of checking and issuing a certificate of origin is high
Complexity arising because existing FTA/EPA regulations vary in different rules of origin

Bangladesh (n=2)

1st 50.0%
The procedures for obtaining a certificate of origin are complicated
Also1st 50.0%
No specific problems

Australia (n=8)

1st 62.5%
No specific problems
2nd 25.0%
No FTA /EPA exists with the export destinations

New Zealand (n=5)

1st 40.0%
No specific problems
2nd 20.0%
There is a reduction or exemption of custom tariffs at the export destination, so an FTA provides no advantages
Also 2nd 20.0%
Rules of Origin create too many obstacles
The cost of checking and issuing a certificate of origin is high
The procedures for obtaining a certificate of origin are complicated

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8. Exports/Imports (6)

Problems of utilizing FTA/EPAs for imports
(only firms currently using FTA/EPA in manufacturing industry; multiple answers allowed)

ASEAN(n=179)

1st 43.9%
No specific problems
2nd 10.6%
Since custom tariff exemptions can already be enjoyed through investment benefit schemes,* an FTA provide no advantages
3rd 8.9%
Suppliers do not know the FTA/EPA system

Thailand (n=86)

1st 47.7%
No specific problems
2nd 12.8%
The difference between the FTA's graded custom tariff rate reductions and general custom tariffs is small, so there are no advantages
3rd 10.5%
Since custom tariff exemptions can already be enjoyed through investment benefit schemes,* an FTA provide no advantages

Singapore (n=2)

1st 50.0%
Since custom tariff exemptions can already be enjoyed through investment benefit schemes,* an FTA provide no advantages
Also 1st 50.0%
Domestic sales for which custom tariffs are levied is small
Also 1st 50.0%
Suppliers do not know the FTA/EPA system

Philippines (n=11)

1st 54.5%
No specific problems
2nd 18.2%
The difference between the FTA's graded custom tariff rate reductions and general custom tariffs is small, so there are no advantages
3rd 9.1%
Suppliers do not know the FTA/EPA system
No FTA/EPA exists with the import origins

Vietnam (n=18)

1st 50.0%
No specific problems
2nd 11.1%
Since custom tariff exemptions can already be enjoyed through investment benefit schemes,* an FTA provide no advantages
Also 2nd 11.1%
Suppliers do not know the FTA/EPA system
General custom tariffs are low, so an FTA provides no advantages

Malaysia (n=25)

1st 40.0%
No specific problems
2nd 12.0%
Suppliers do not know the FTA/EPA system
3rd 8.0%
Since custom tariff exemptions can already be enjoyed through investment benefit schemes,* an FTA provide no advantages
No FTA/EPA exists with the import origins

Pakistan (n=1)

The FTA has not been acknowledged by the merchandizing trade
No FTA/EPA exists with the import origins

Sri Lanka (n=3)

1st 33.3%
The difference between the FTA's graded custom tariff rate reductions and general custom tariffs is small, so there are no advantages
Also 1st 33.3%
No specific problems

India (n=11)

1st 27.3%
No specific problems
2nd 9.1%
The difference between the FTA's graded custom tariff rate reductions and general custom tariffs is small, so there are no advantages
Also 2nd 9.1%
No FTA/EPA exists with the import origins

Indonesia (n=38)

1st 34.2%
No specific problems
2nd 13.2%
Since custom tariff exemptions can already be enjoyed through investment benefit schemes,* an FTA provide no advantages
3rd 7.9%
Suppliers do not know the FTA/EPA system
The FTA has not been acknowledged by the merchandizing trade

Australia (n=15)

1st 40.0%
No specific problems
2nd 26.7%
No FTA/EPA exists with the import origins
3rd 20.0%
The difference between the FTA's graded custom tariff rate reductions and general custom tariffs is small, so there are no advantages

New Zealand (n=2)

1st 50.0%
Since custom tariff exemptions can already be enjoyed through investment benefit schemes,* an FTA provide no advantages
Also 1st 50.0%
No specific problems

*EPZ, investment incentives, etc.

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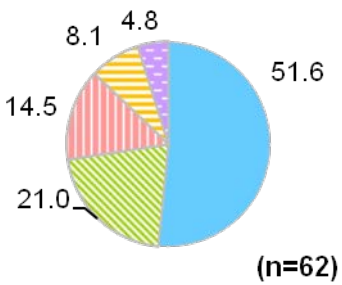
8. Exports/Imports (7)

Importance of FTA/EPAs with Japan, and the anticipated effects from the FTA/EPAs
(only firms of manufacturing industries located in Bangladesh, India, Pakistan, Sri Lanka, Australia and New Zealand, which have not as yet entered into an FTA/EPA with Japan)

Very Important | Important | Neutral | Unimportant | No idea

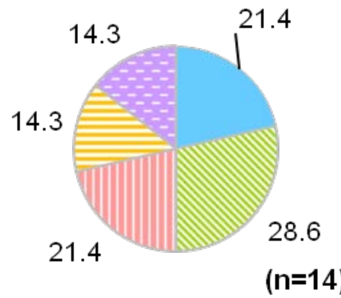
Importance | The anticipated effects

India
(n=45)



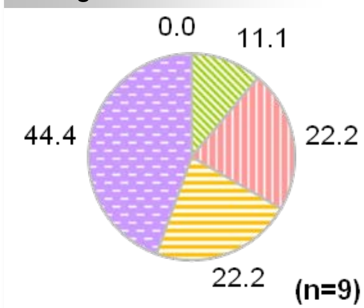
1st 91.1%
Reduction in the custom tariffs of current locating country
2nd 37.8%
Relaxation of non-tariff barriers relating to the trade of goods of current locating country
3rd 20.0%
Business environment adjustments of current locating country

Sri Lanka
(n=7)



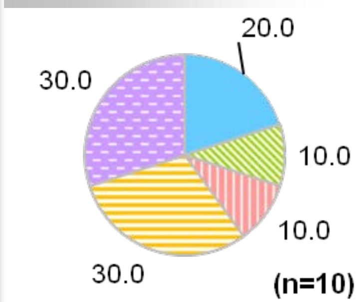
1st 85.7%
Reduction in the custom tariffs of current locating country
2nd 42.9%
Relaxation of non-tariff barriers relating to the trade of goods of current locating country
3rd 28.6%
Business environment adjustments of current locating country

Bangladesh
(n=1)



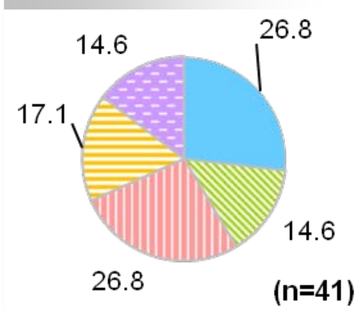
Reduction in the custom tariffs of current locating country
Relaxation of non-tariff barriers relating to the trade of goods of current locating country
Relaxation of barriers to investment and the services of current locating country
Facilitation of the transfer of people between both countries
Business environment adjustments of current locating country

Pakistan
(n=3)



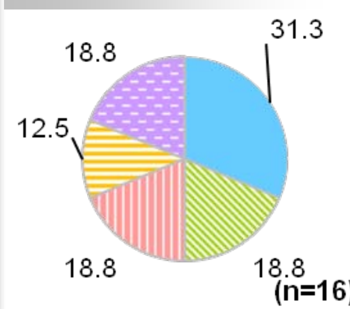
1st 100.0%
Reduction in the custom tariffs of current locating country
2nd 33.3%
Relaxation of non-tariff barriers relating to the trade of goods of current locating country
Facilitation of the transfer of people between both countries
Business environment adjustments of current locating country

Australia
(n=8)



1st 82.4%
Reduction in the custom tariffs of current locating country
2nd 23.5%
Business environment adjustments of current locating country
3rd 17.7%
Relaxation of barriers to investment and the services of current locating country

New Zealand
(n=8)



1st 50.0%
Reduction in the custom tariffs of current locating country
2nd 37.5%
Facilitation of the transfer of people between both countries
3rd 25.0%
Relaxation of non-tariff barriers relating to the trade of goods of current locating country

- Among the countries which have not yet concluded an EPA/FTA with Japan, the highest expectation was seen in India, where 51.6% of the firms answered “Very Important". In the motor vehicle and motorcycle parts and accessories industry, which has a large number of Japanese-affiliated firms, 12 (63.2%) out of the total 19 firms with valid responses answered “Very Important“.
- In the countries of Southwest Asia except for India, the percentage of firms answered “Very Important” was low at 0% in Bangladesh and around 20% in Pakistan and Sri Lanka.
- Asked about the anticipated effects from FTA/EPAs with Japan, "Reduction in the custom tariffs of current locating country” was pointed the most in all the countries where the survey was conducted. The expectations for “Relaxation of non-tariff barriers” or “Business environment adjustments” stayed at around 50% in all countries.

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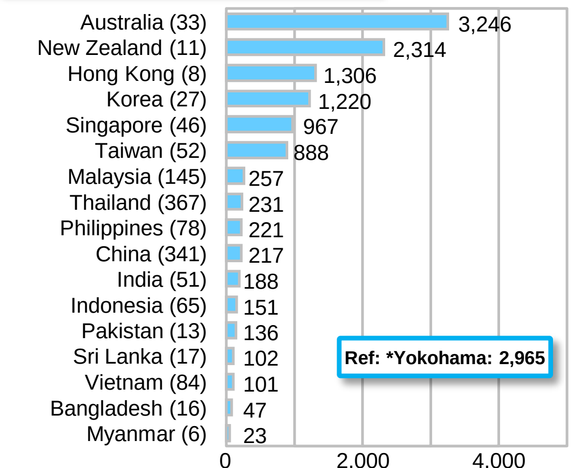
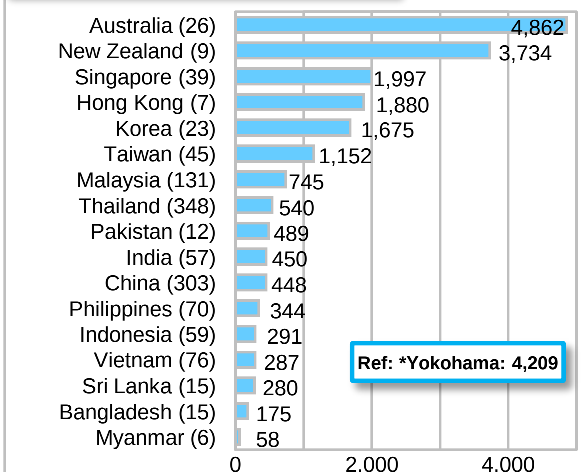
9. Average Salary (1) Base monthly salary

Number of firms, which submitted replies, is shown in parentheses

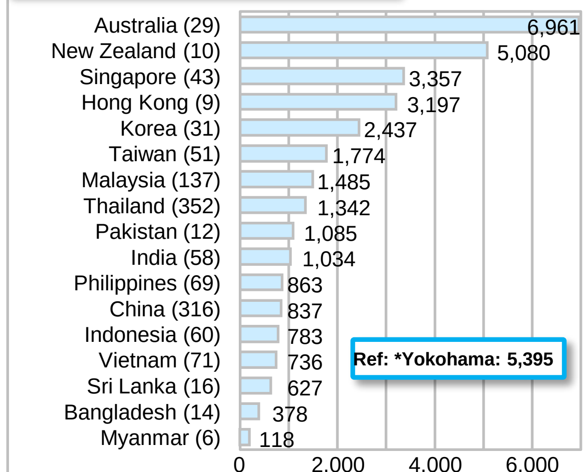
Manufacturing industry- worker Unit: U.S. dollars



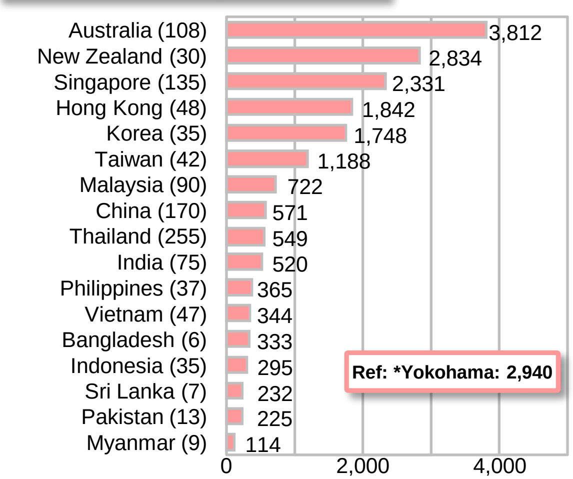
Manufacturing industry-engineer Unit: U.S. dollars



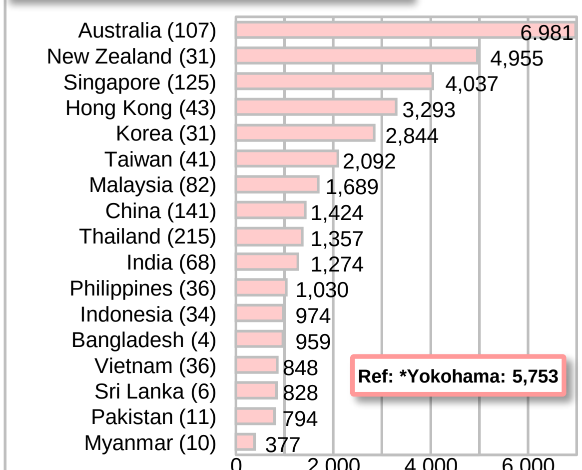
Manufacturing industry-manager Unit: U.S. dollars



Non-manufacturing industry-staff Unit: U.S. dollars



Non-manufacturing industry-manager Unit: U.S. dollars



- Salaries (base monthly salary) of Australia were the highest in all of the categories of manufacturing and non-manufacturing industries, exceeding the salaries in Yokohama (another survey) used for reference here.
- Although salaries in China are quite high in non-manufacturing industries after Oceania, the Asian NIEs (Hong Kong, Korea, Singapore and Taiwan) and Malaysia, average salaries for engineer and manager class of the manufacturing industries were lower than Thailand and India.
- Among ASEAN countries, salaries in Vietnam for both manufacturing and non-manufacturing industries are the lowest, being at the level comparable to the Southwest Asian countries (Pakistan, Sri Lanka, Bangladesh) excluding India.

For all countries except Vietnam and Myanmar the replies were given in home currency rate. The average value for occupations given in home currency rate was then converted into U.S. dollars at the average exchange rate of September, 2009 (as announced by central banks of each country). For Vietnam and Myanmar the currency of reply varies (home currency rate/U.S. dollars) between firms. The values for firms ,which replied in home currency rate, were converted into U.S. dollars and the total is the weighted average. The value for Myanmar is converted into U.S. dollars at the market rate.

References are the average values of Yokohama 2009 Private Sector Wage Survey by Occupations (carried out in April) converted into U.S. dollars.

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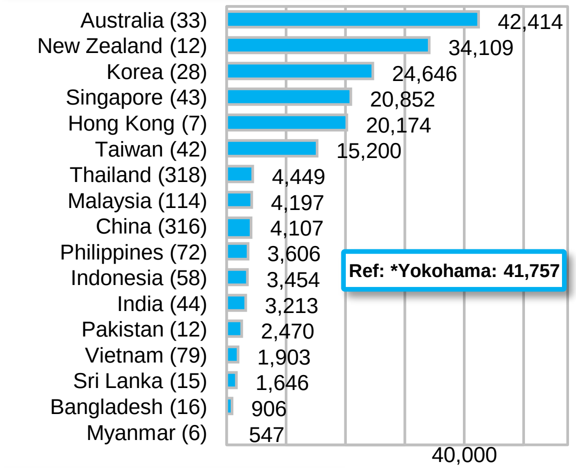
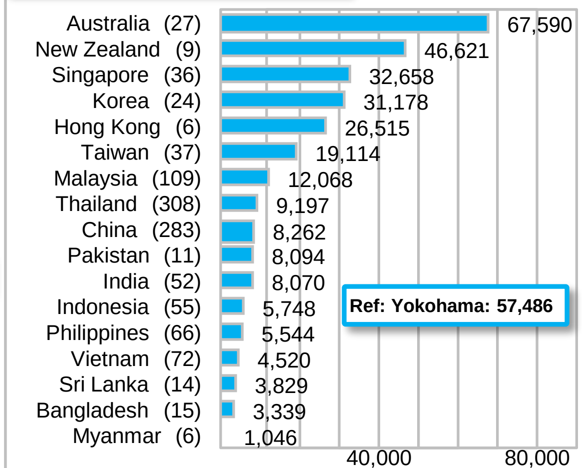
9. Average Salary (2) Annual total pay burden

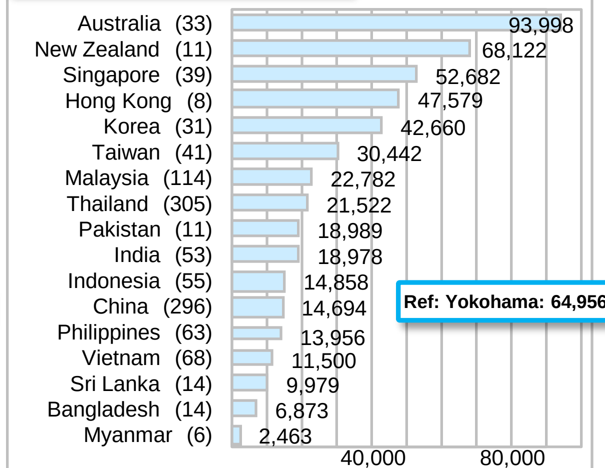
Manufacturing industry- worker Unit: U.S. dollars



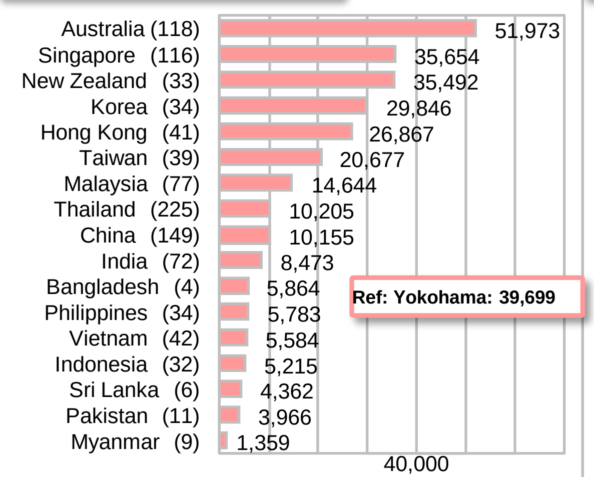
Manufacturing industry-engineer Unit: U.S. dollars



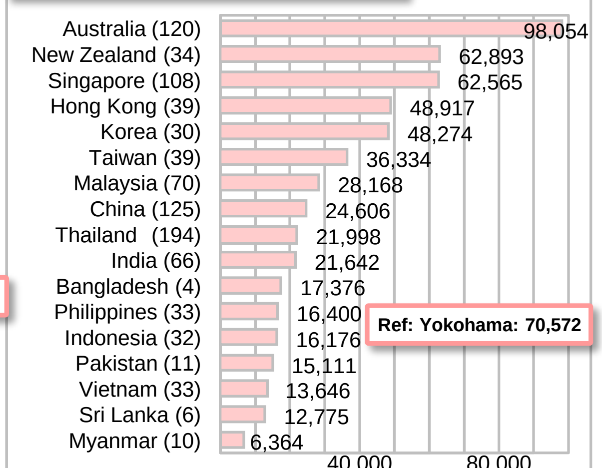
Manufacturing industry-manager Unit: U.S. dollars



Non-manufacturing industry-staff Unit: U.S. dollars



Non-manufacturing industry-manager Unit: U.S. dollars



- Australia topped the list in all categories, followed by New Zealand and the Asian NIEs.
- Salaries were up (compared to last survey) in China and Indonesia in all categories.
- Salaries were also up among manufacturers in Vietnam and India—especially India, which saw a rise of 15-21% in this category. Average salaries among non-manufacturers remained about the same in these locations.
- Salaries were down in all categories among respondents in Thailand, especially in manufacturing—where drops of 11-24% were recorded.

For all countries except Vietnam and Myanmar, responses were given in home currency, which were converted into U.S. dollar amounts based on average exchange rates for September 2009 (as announced by central banks of each country). For Vietnam and Myanmar, responses varied from home currency to U.S. dollars; figures provided in home currencies were converted into U.S. dollars before being included in the calculation for the weighted average. The U.S. dollar amount for Myanmar was obtained using current local market rates.

Reference values are from the "Yokohama 2009 Private Sector Wage Survey by Occupations" (carried out in April) converted into U.S. dollars (using average exchange rates for April 2009.

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