

# **Survey of Japanese-Affiliated Companies in Asia and Oceania (FY 2013 Survey)**

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December, 2013

Asia and Oceania Division  
China and North Asia Division  
Overseas Research Department

Japan External Trade Organization (JETRO)

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# 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.

## Survey Methods

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 15, 2013

## Response Rate

Of a total of 9,371 surveys sent out, we received valid responses from 4,561 firms (48.7%). 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 27<sup>th</sup> year that the survey has been conducted.
- 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	
<b>Total</b>	9,371	4,561	100.0	2,420	2,141	48.7
<b>Northeast Asia</b>	2,234	1,525	33.4	806	719	68.3
China	1,411	940	20.6	594	346	66.6
Korea	255	227	5.0	107	120	89.0
Hong Kong/Macau	292	221	4.8	35	186	75.7
Taiwan	276	137	3.0	70	67	49.6
<b>ASEAN</b>	5,731	2,320	50.9	1,323	997	40.5
Thailand	1,819	825	18.1	481	344	45.4
Vietnam	585	435	9.5	280	155	74.4
Singapore	1,449	287	6.3	61	226	19.8
Malaysia	942	278	6.1	192	86	29.5
Indonesia	581	277	6.1	179	98	47.7
Philippines	237	150	3.3	99	51	63.3
Cambodia	43	30	0.7	15	15	69.8
Laos	53	25	0.5	13	12	47.2
Myanmar	22	13	0.3	3	10	59.1
<b>Southwest Asia</b>	935	437	9.6	201	236	46.7
India	736	343	7.5	156	187	46.6
Bangladesh	83	34	0.7	14	20	41.0
Sri Lanka	82	33	0.7	15	18	40.2
Pakistan	34	27	0.6	16	11	79.4
<b>Oceania</b>	471	279	6.1	90	189	59.2
Australia	330	192	4.2	59	133	58.2
New Zealand	141	87	1.9	31	56	61.7

# Survey Summary (2)

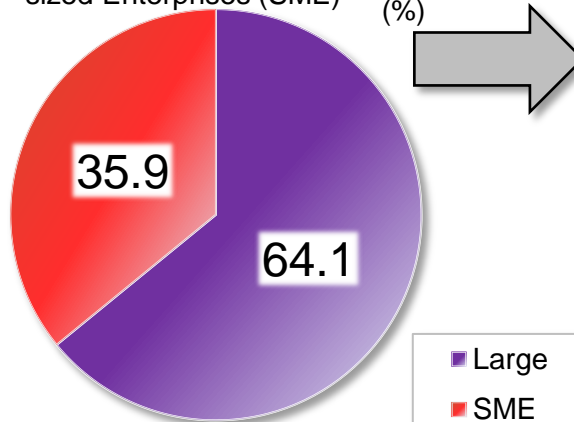
## By industry category (Firms, %)

	Valid	(%)
<b>Manufacturing</b>	<b>2,420</b>	<b>53.1</b>
Electric machinery	436	9.6
Motor vehicles/Motorcycles	403	8.8
Chemical/Pharmaceutical	356	7.8
Iron/Nonferrous metals/Metals	279	6.1
General machinery	160	3.5
Food	153	3.4
Textiles	109	2.4
Precision machinery	78	1.7
Rubber/Leather	54	1.2
Wood/Pulp	37	0.8
Other manufacturing	355	7.8

<b>Non-manufacturing</b>	<b>2,141</b>	<b>46.9</b>
Wholesale/Retail	986	21.6
Transport	226	5.0
Construction	168	3.7
Communications/Software	121	2.7
Finance/Insurance	117	2.6
Other non-manufacturing	523	11.5

Note: Includes wholesale and retail subsidiaries 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 Law.

Note: Industry category details are as follows:

- Food:** Food and processed agricultural and fishery products
- Textiles:** Fibers (yarn, fabrics, chemical fibers), clothing and other textile products
- Wood/pulp:** Lumber, wood products, paper, pulp
- Chemical/Pharmaceutical:** Chemical, petrochemical, pharmaceutical and plastics products
- Iron/Non-ferrous metals/Metals:** Ferrous metals (including castings), non-ferrous metals, metal products (including plated products)
- General machinery:** General machinery (including machine tools and molds)
- Electric machinery:** Electrical machinery, electronic devices, electrical and electronic components
- Motor vehicles/Motorcycles:** Transport equipment (cars, trucks, motorcycles) and parts
- Precision machinery:** Precision machinery and medical devices
- Wholesale/Retail:** Trading companies, logistics, sales companies
- Finance/Insurance:** Banks, insurance companies, securities brokers

## Firms by Country/Region (Firms)

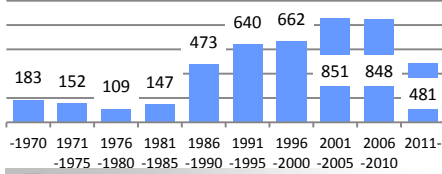
	Large	SME
<b>Total</b>	<b>2,925</b>	<b>1,636</b>
<b>Northeast Asia</b>	<b>1,060</b>	<b>465</b>
China	608	332
Korea	175	52
Hong Kong/Macau	167	54
Taiwan	110	27
<b>ASEAN</b>	<b>1,319</b>	<b>1,001</b>
Thailand	407	418
Vietnam	224	211
Singapore	212	75
Malaysia	164	114
Indonesia	196	81
Philippines	80	70
Cambodia	17	13
Laos	12	13
Myanmar	7	6
<b>Southwest Asia</b>	<b>336</b>	<b>101</b>
India	277	66
Bangladesh	15	19
Sri Lanka	20	13
Pakistan	24	3
<b>Oceania</b>	<b>210</b>	<b>69</b>
Australia	151	41
New Zealand	59	28



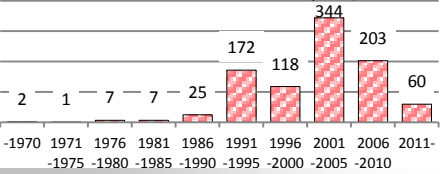
# Survey Summary (3)

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

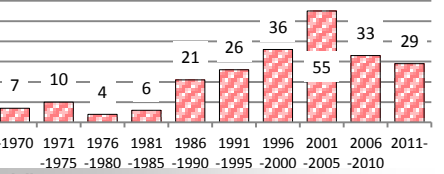
Total (n=4,561 including 15 firms uncertain about establishment year)



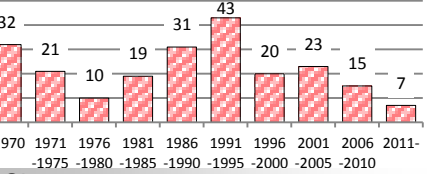
China (n=4,561 including 1 firm uncertain about establishment year)



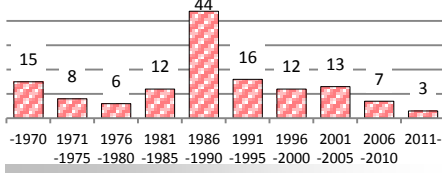
Korea (n=227)



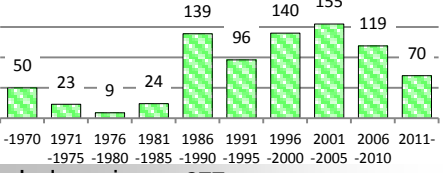
Hong Kong/Macau (n=221)



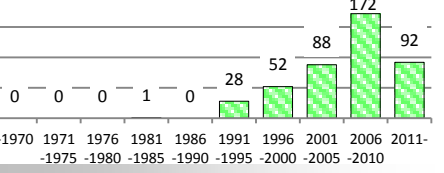
Taiwan (n=137 including 1 firm uncertain about establishment year)



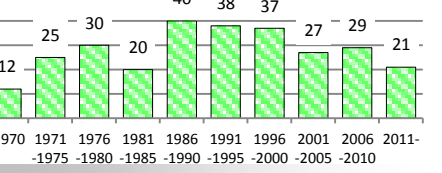
Thailand (n=825)



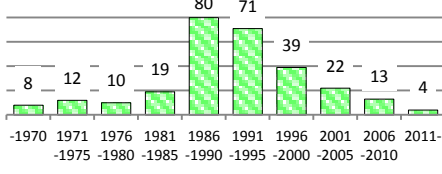
Vietnam (n=435 including 2 firms uncertain about establishment year)



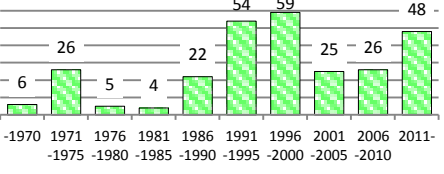
Singapore (n=287 including 8 firms uncertain about establishment year)



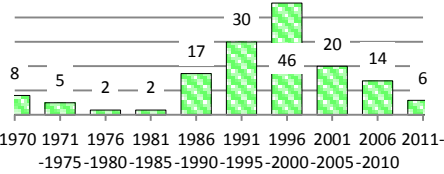
Malaysia (n=278)



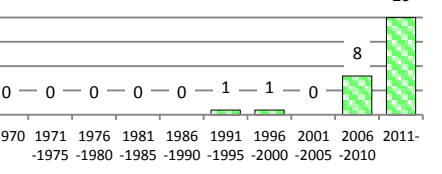
Indonesia (n=277 including 2 firms uncertain about establishment year)



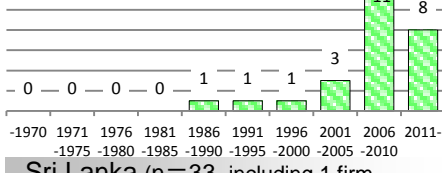
Philippines (n=150)



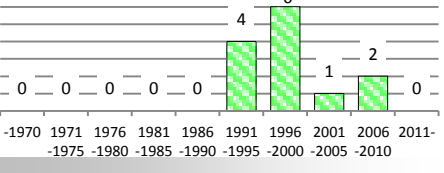
Cambodia (n=30)



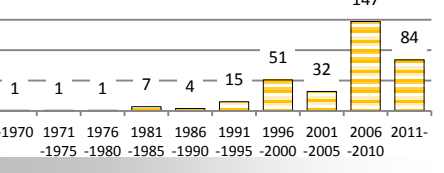
Laos (n=25)



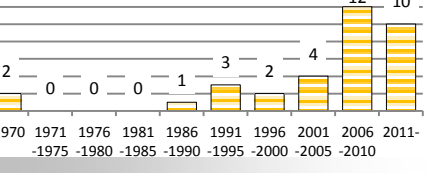
Myanmar (n=13)



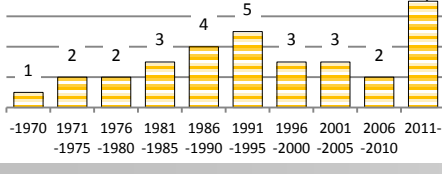
India (n=343)



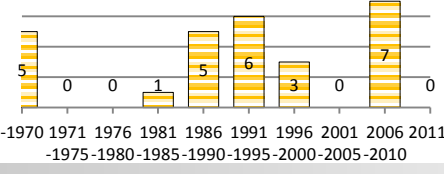
Bangladesh (n=34)



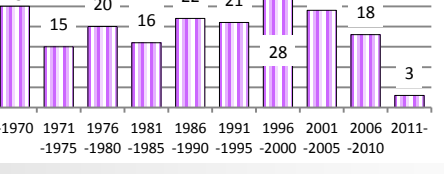
Sri Lanka (n=33 including 1 firm uncertain about establishment year)



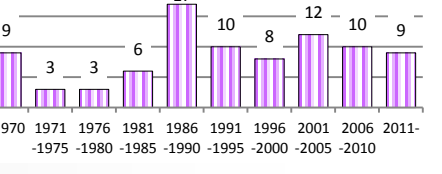
Pakistan (n=27)



Australia (n=192)



New Zealand (n=87)



# Key Points

## 1. Sales forecast

### (1) The percentage of firms expecting improved operating profits remained the same level, while varying by country and region

64.6% of respondents expect an operating profit in 2013, remaining almost the same level as the previous year (63.9%). Looking at the results by country, the percentage for Taiwan is the highest (81.8%), followed by Pakistan (74.1%), South Korea (73.8%), Hong Kong and Macau (72.6%) and Thailand (72.4%), among others. On the other hand, the percentage is relatively low for Sri Lanka (38.7%), Cambodia (38.5%) and Laos (25.0%). Looking at the results by business scale, 69.4% of large-scale companies expect an operating profit, 13.2 points above the percentage for small and medium-sized enterprises (SMEs) (56.2%). In Thailand and China, the percentage for large-scale companies is almost 20 points above that for SMEs. (P7)

### (2) Significantly improved operating profits forecasted for 2014, centering on emerging countries

50.6% of firms forecasted improved operating profits for 2014, while those expecting decreased profits dropped to 10.7%. The diffusion index (DI) – the proportion of businesses reporting increased operating profits minus those reporting decreased operating profits compared to the previous year – is used to measure business confidence and the estimate for 2014 is forecasted to be 39.9 points, up 23.9 points from this year. The most common reason for the increase was “increased sales in local markets”. For emerging countries including Cambodia, Pakistan, Bangladesh and Myanmar, the figure is expected to exceed 60 points, showing a significant improvement of business confidence. (P12, 13, 16)

## 2. Management issues

### (1) Increased wages of employees pose serious management problems

The most serious problem in management was increased wages of employees cited by more than 70% overall and by more than 80% of respondents in Indonesia and China. Other issues placed high in the survey were “competitors’ market shares are growing (cost-wise competition)”, “lack of employee performance/awareness among local staff” and “quality of employees”. The results show that management problems largely fall under increased costs and human resources. (P29, 30)

### (2) Six countries and regions such as Indonesia and Myanmar achieve double-digit wage growth rate

Six countries and regions including Indonesia, Myanmar, Pakistan, Vietnam, India and Bangladesh, which have had wage rates increasing at more than 10% for the last few years, realized an average double-digit rate of wage-growth, compared to 2012. The rate was especially high in Indonesia: a 28.4% increase in the manufacturing industry and 17.1% increase in non-manufacturing industries. The estimate for 2014 in these six countries is also expected to be a double-digit increase as in 2013. (P52)

## 3. Future business plans and countermeasures

### (1) The percentage of firms such as in Myanmar, Pakistan and Cambodia have strong intention to expand business

The percentage of respondents planning to expand business operations in the next one or two years was 59.8% overall, a 2.0 point rise from the 57.8% in the previous year. Firms in emerging countries such as Myanmar (84.6%), Pakistan (81.5%) and Cambodia (80.0%) have particularly strong intentions to expand their business for the reasons of “sales increase” and “high growth potential.” The percentage for China increased to 54.2%, a 1.9 point rise from 2012 when it had decreased by 14.5 points from 2011. On the other hand, the percentage for Indonesia decreased 10.9 points from the previous year, the largest decrease among the surveyed countries. While the percentages for the Philippines (58.1%) and Sri Lanka (51.5%) are below overall average, they showed significant increase (9.9 points and 14.0 points, respectively) compared to the previous year. (P17, 18, 21, 24)

### (2) Approx. 70% of firms enhancing training and cultivation of local human resources in consideration of localization

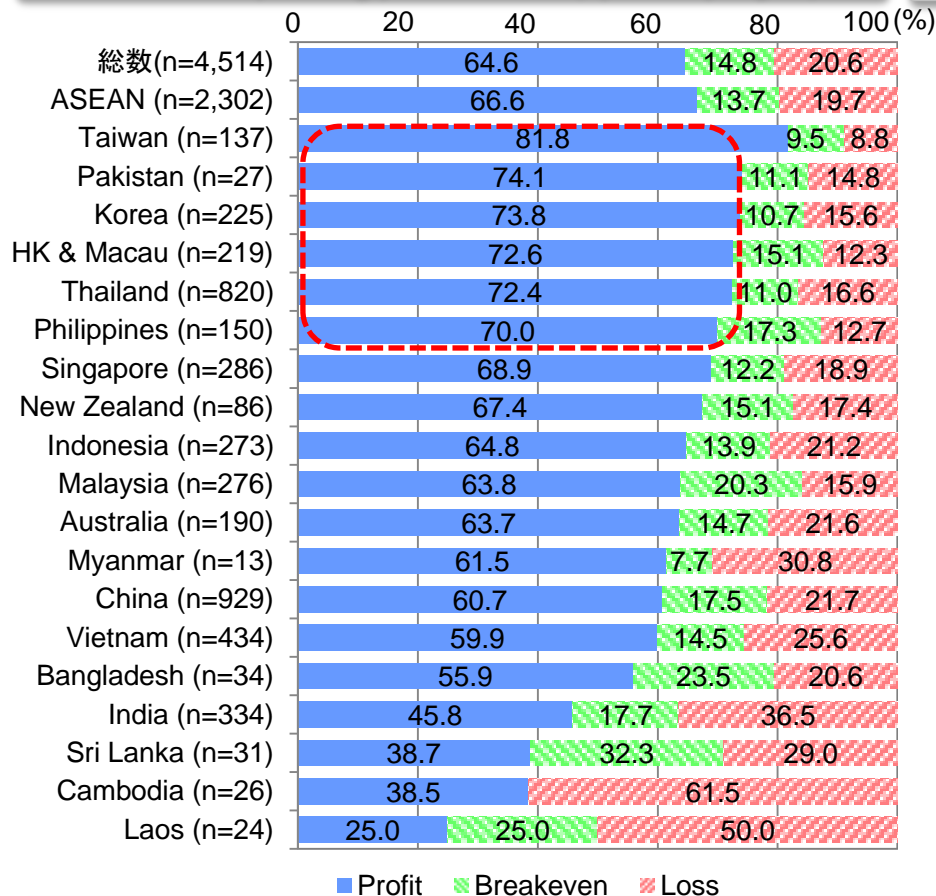
In terms of the increase/decrease of the number of Japanese expatriate employees over the next year, a majority of respondents indicated that they will “maintain the current level” (72.2%) followed by “decrease” (16.5%). Only 11.3% of respondents stated “increase.” In China, respondents indicating “decrease” accounted for 25.2%, the highest among the surveyed countries. Regarding the approaches to promote management localization, 68.1% of firms cited “to strengthen system to train/cultivate local human resources by focusing on localization of corporate management” and 51.3% cited “to assign local staff to a general manager/manager position/store managers”. (P26, 27)

### ③ Cost cuts through accelerating local procurement of materials and parts

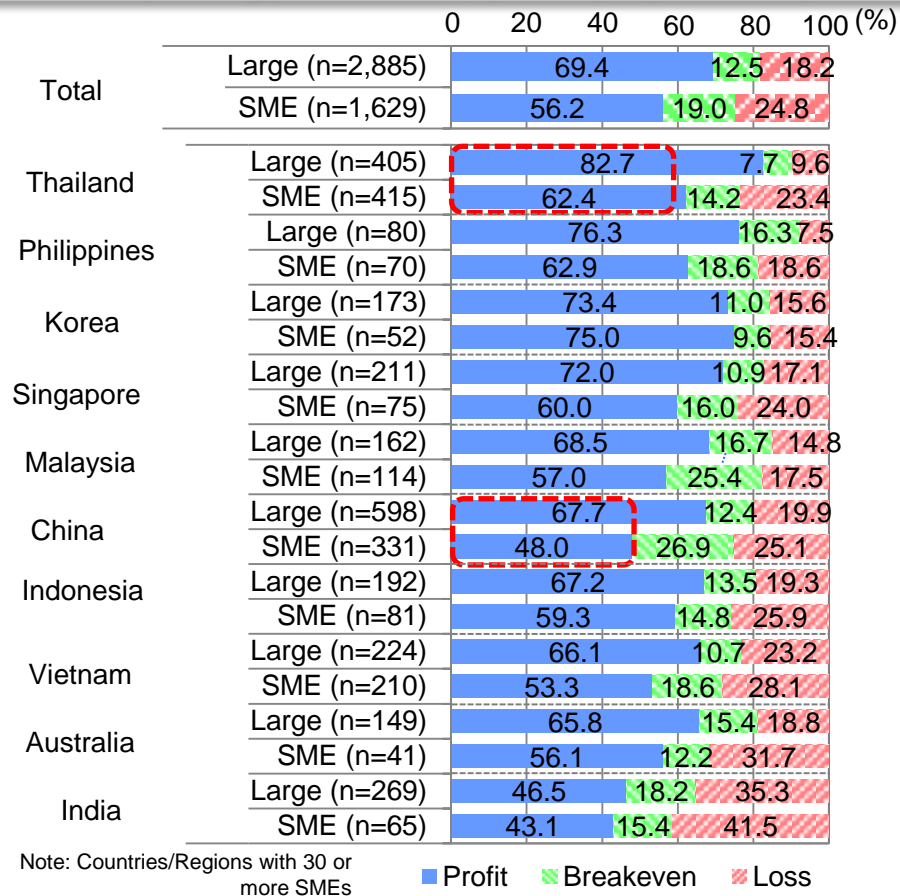
The ratio of cost of materials/parts to production was an average of 61.2% and that of labor to production was an average of 17.2%. The survey indicated that production costs consist mostly of material costs. According to the survey, 74.8% of firms intend to increase their local procurement rates in the future for the reasons of “to make costs lower” (89.5%) and “to shorten lead time” (66.1%). The local procurement rate in China, which has been increasing yearly, reached 64.2% (compared to 45.8% in 2009) (P35, 37, 43, 44)

# 1. Sales Forecast (1)

Estimated operating profit in 2013 (by country/region)



Estimated operating profit in 2013 (by country/region, industry scale)

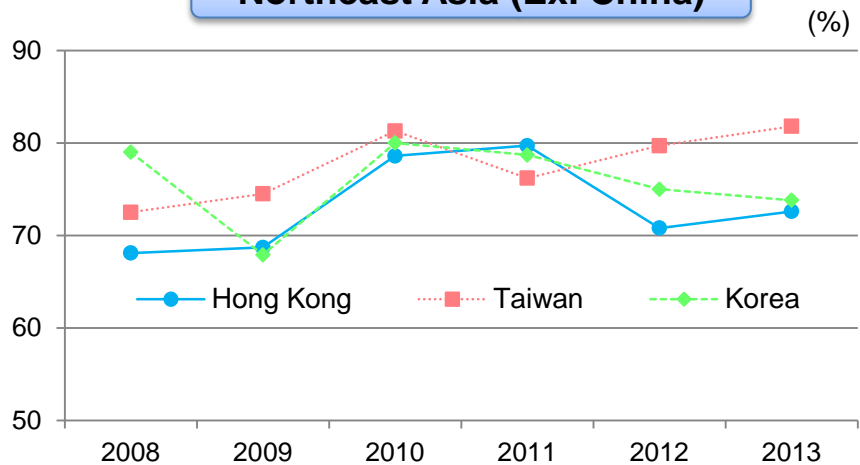


- 64.6% of firms expect to make a “profit” in 2013, up 0.7 percentage points from 63.9% in the previous year (2012: n=3,779). In contrast, 20.6% of firms expect to make a “loss,” up 0.8 percentage points from 19.8% in the previous year.
- Broken down by country and region, the proportion of firms expecting to be profitable was highest in Taiwan at 81.8%, followed by Pakistan, Korea, Hong Kong & Macao, Thailand and Philippines, where the same proportion exceeded 70%. The proportion of firms expecting to make a “loss” was relatively high in southwestern Asian countries (India, Bangladesh and Sri Lanka), excluding Pakistan, and CLM countries (Cambodia, Laos and Myanmar), compared to the major ASEAN countries and northeast Asian countries/regions.
- At 69.4%, the number of large firms expecting to be profitable exceeded that of SMEs (56.2%) by 13.2 percentage points. The numbers of large firms exceeded that of SMEs for this proportion in nine countries/regions, excluding Korea with 30 or more valid responses. In particular, in Thailand and China, the gaps between large firms and SMEs exceeded 20 percentage points.

# 1. Sales Forecast (2)

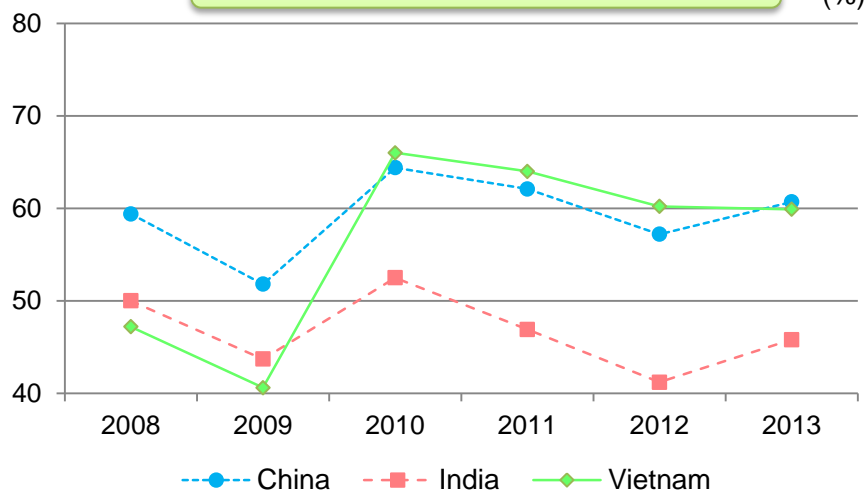
Proportion of profitable firms - 2008 to 2013 (by country/region)

## Northeast Asia (Ex. China)

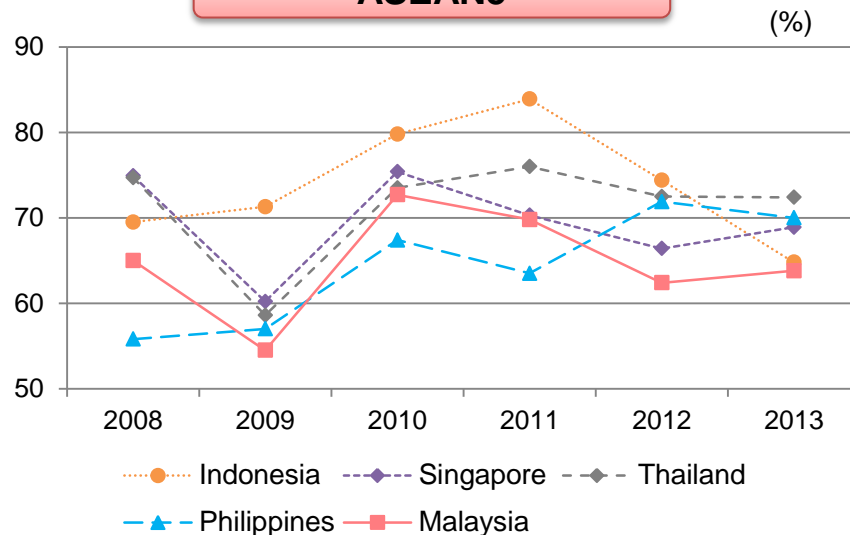


Note: Hong Kong includes Macao from 2011

## China, India, Vietnam



## ASEAN5

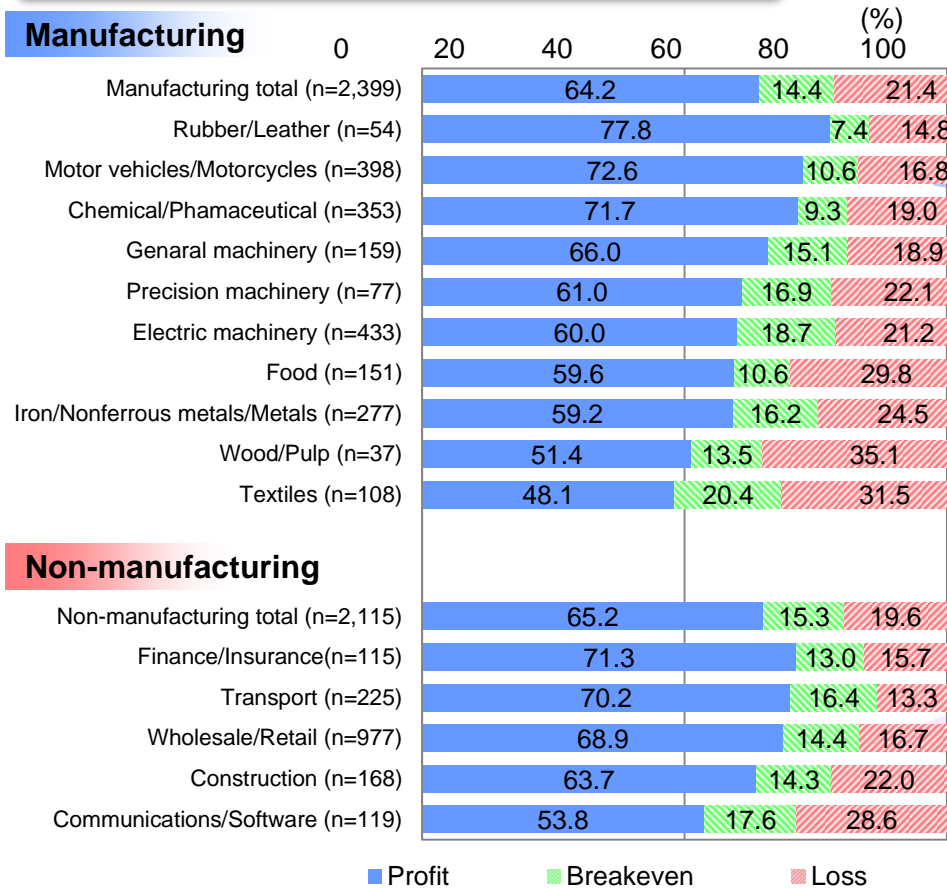


- The proportion of profitable firms remains at the same level or recovers moderately from 2012 to 2013 for most major Asian countries and regions. In particular, Taiwan reached 81.8% in 2013, which is the highest among last six years.
- In northeast Asia (excluding China), the proportion of profitable firms in Korea declined from 2012 but still exceeds 70%, much higher than that of other countries/regions.
- For ASEAN5, the proportion of profitable firms remained the same or increased in 3 countries, and decreased in 2 countries. In Indonesia, the proportion decreased by 9.6% compared to the previous year. From 2012, this is the second consecutive year that Indonesia has experienced a drop of nearly 10%.
- The proportion of profitable firms had decreased for two straight years in China, India and Vietnam. This year, the proportion of profitable firms increased in China and India, and remained the same level as the previous year in Vietnam.



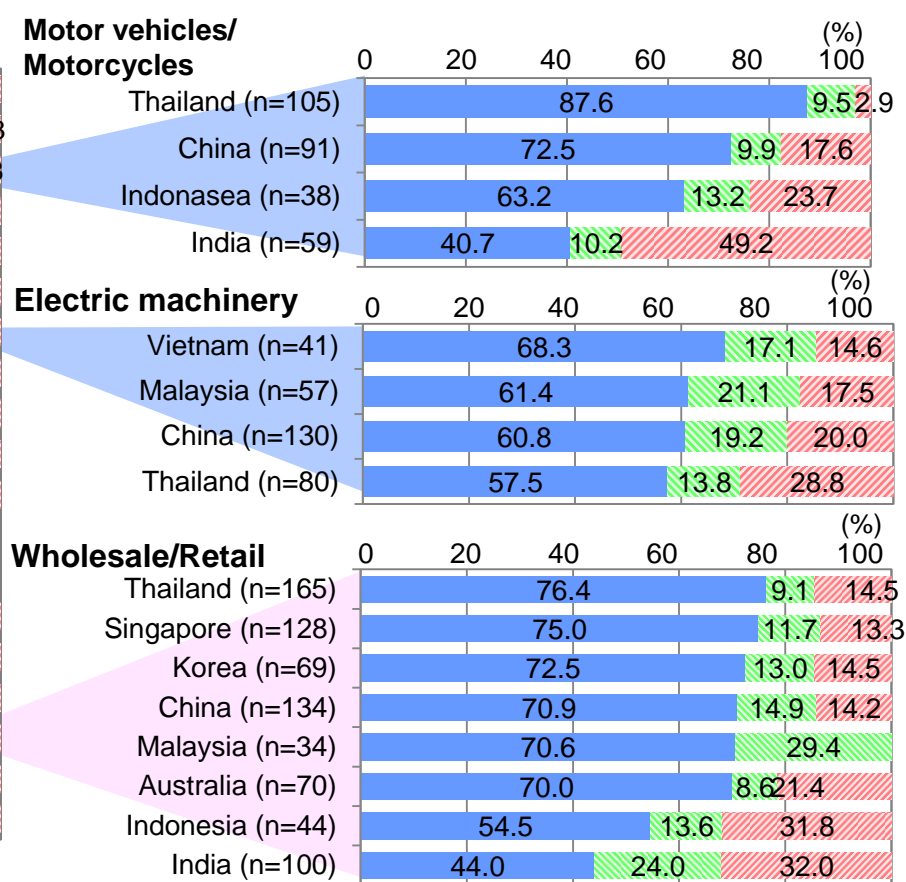
# 1. Sales Forecast (3)

Estimated operating profits in 2013 (by industry category)



## Major industry categories by country and region

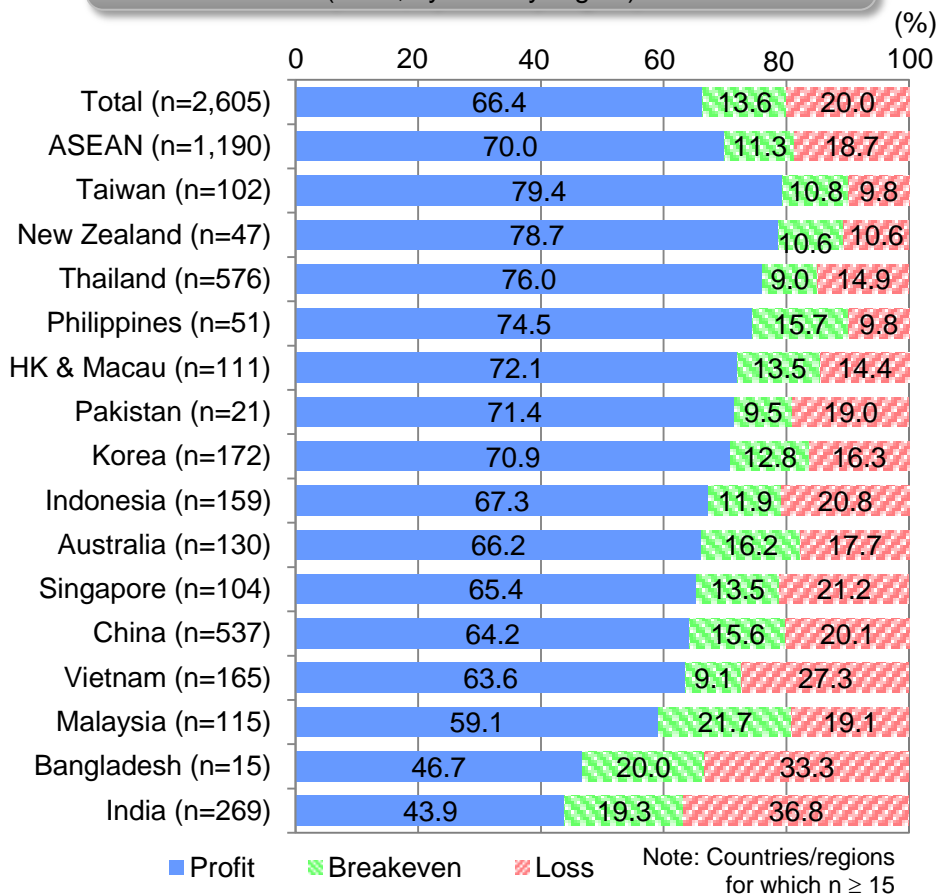
Note: Countries/regions for which n ≥ 30



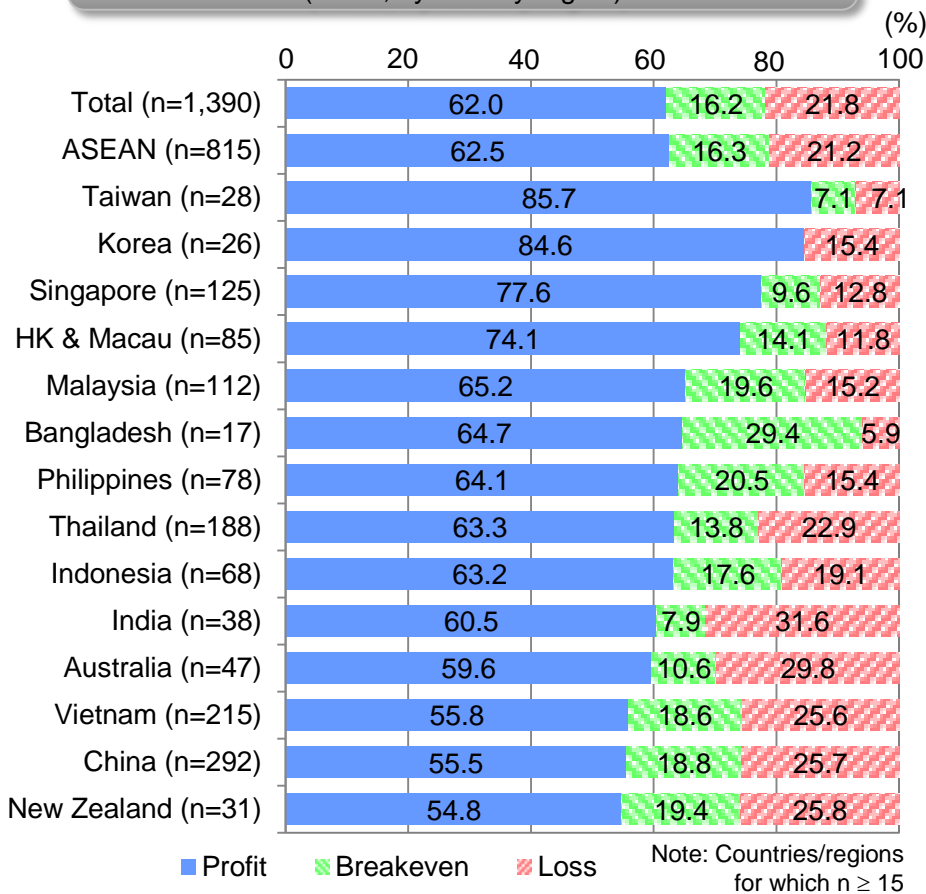
- The proportion of profitable firms in the manufacturing sector (64.2%) and the non-manufacturing sector (65.2%) is roughly equal for estimated operating profits in 2013. Compared to the 2012 survey (manufacturing: 62.5%/non-manufacturing: 65.4%), the proportion of profitable firms in the manufacturing sectors increased by 1.7 and non-manufacturing sectors declined by 0.2 percentage points.
- Broken down by industry category, the proportion of firms expected to be profitable was exceeded 70% in the rubber/leather, the motor vehicles/motorcycles, the chemical/pharmaceutical (manufacturing sector) and the finance/insurance and the transport (non-manufacturing sector) industries.
- The trends by country/region of the 3 most profitable industries, based on valid survey responses, are as follows. In the motor vehicle/motorcycles industry, 87.6% of firms in Thailand and 72.5% in China expected to be profitable. The proportion of profitable firms in wholesale/retail industries is expected to be highest in Thailand at 76.4%, and to exceed 70% in Singapore, Korea, China, Malaysia and Australia.

# 1. Sales Forecast (4)

Estimated operating profits of firms in which exports account for less than 50% of business (2013, by country/region)



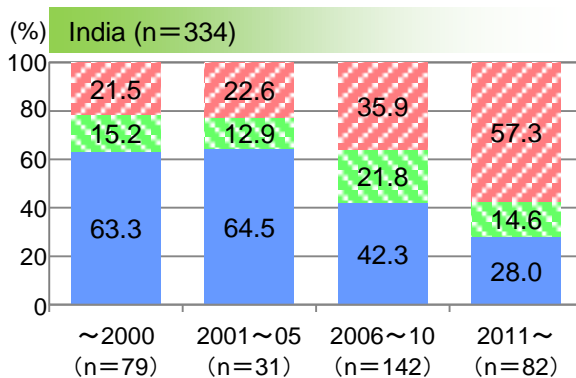
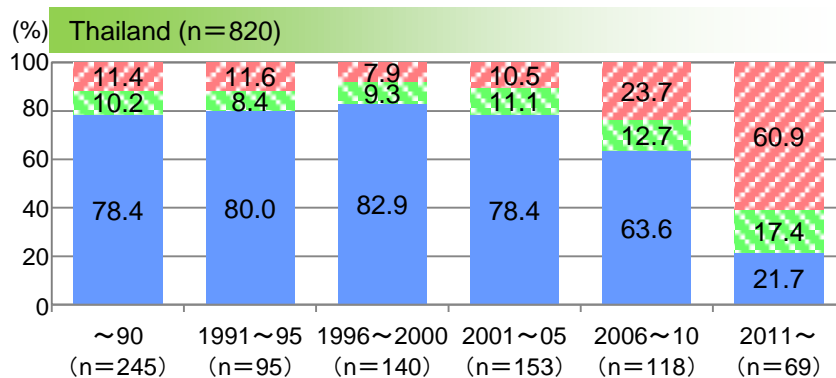
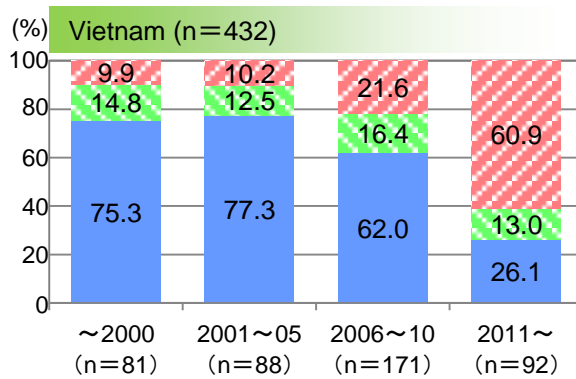
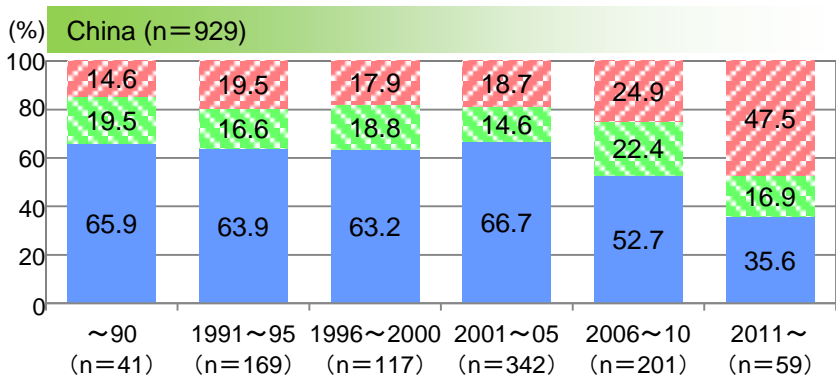
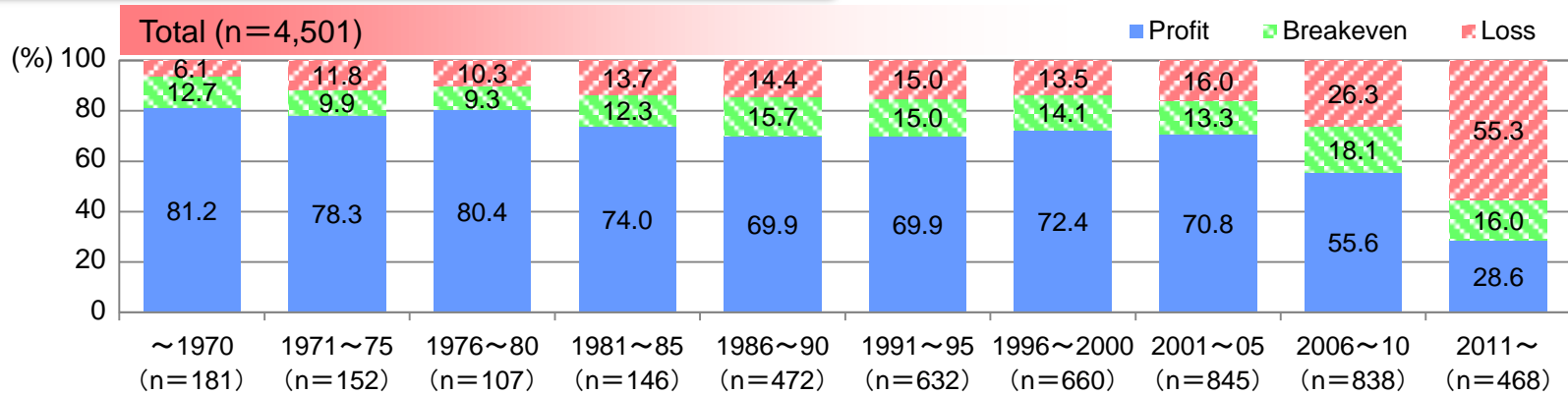
Estimated operating profits of firms in which exports account for more than 50% of business (2013, by country/region)



- At 66.4%, the proportion of profitable “domestic sale-type” firms, in which export activities in the country in which they are operating account for less than 50% of business, exceeds that of “export-type” firms (62.0%) by 4.4 percentage points.
- In Taiwan, Hong Kong & Macau and Korea, both “export-type” firms and “domestic sales-type” firms were over 70% at the proportion of profitable.
- In New Zealand, Thailand and Philippines, the proportion of profitable “domestic sales-type” firms exceeded that of “export-type” firms more than 10 percentage points. China and Vietnam also exceeded 8.7 points and 7.8 points respectively. In contrast, in Bangladesh, India, Korea, and Singapore, the proportion of profitable “export-type” firms exceeded that of “domestic sales-type” firms more than 10 percentage points.

# 1. Sales Forecast (5)

Estimated operating profits in 2013 (by year of establishment)

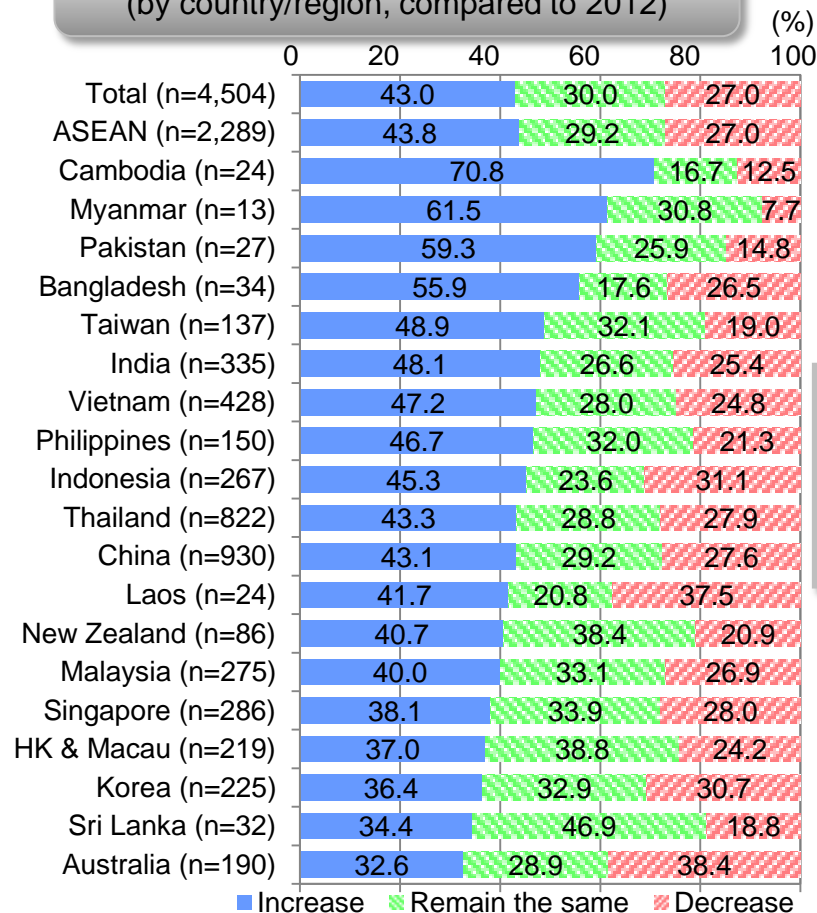


- When examining the estimated operating profits in 2013 by year of establishment, there was a prevalent trend in which the proportion of firms predicting operating profits was higher for firms which were founded at an earlier date.
- More than half of firms founded in 2011 or later predicted operating losses.

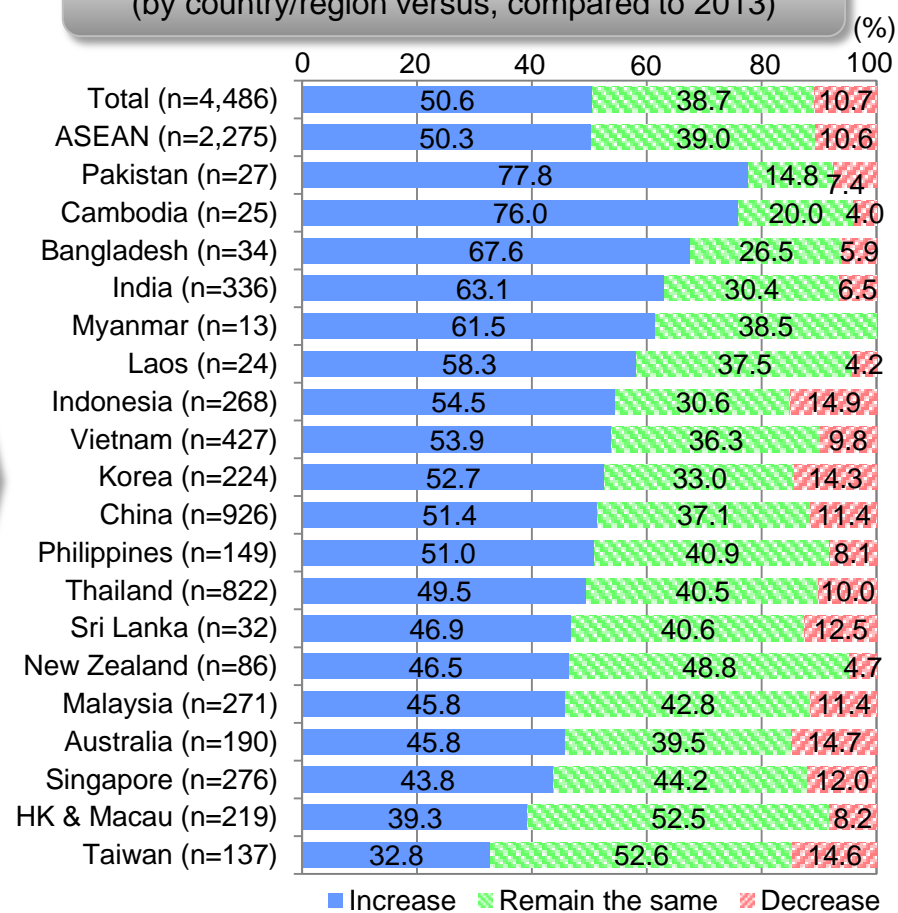
Note: Countries/regions for which n ≥ 300

# 1. Sales Forecast (6)

Estimated operating profits in 2013  
(by country/region, compared to 2012)



Estimated operating profits in 2014  
(by country/region versus, compared to 2013)



- The proportion of firms predicting that operating profits in 2013 would “increase” over 2012 was 43.0%, increased from the 40.6% firms making the same prediction in the 2012 (n=3,769). The proportion of firms expecting operating profits to “decrease” in 2013 compared to 2012 was 27%, decreased 2.3 percentage points from that in 2011(29.3%).
- 50.6% of firms predicted that operating profits would “increase” in 2014, representing a 7.6 percentage points increase over 2013. Meanwhile, the proportion of firms expecting operating profits to “decrease” was 10.7 percentage points decrease over 2013, and decreased in all countries/regions included in the survey.
- There was a prevalent trend in which the proportion of firms predicted that operating profits would “increase” in 2014 is higher for emerging countries such as Pakistan, Cambodia and Bangladesh.

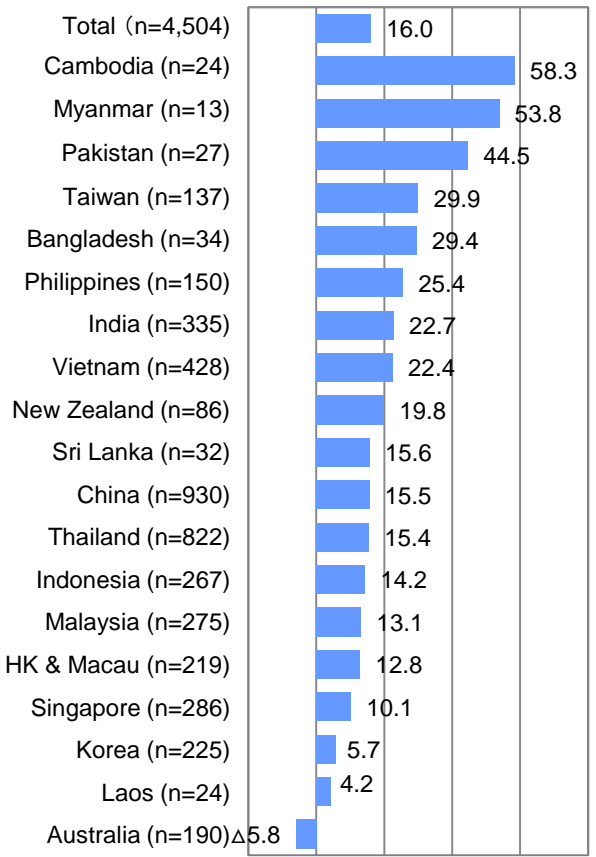


# 1. Sales Forecast (7)

**2013 DI (by country/region)**

(points)

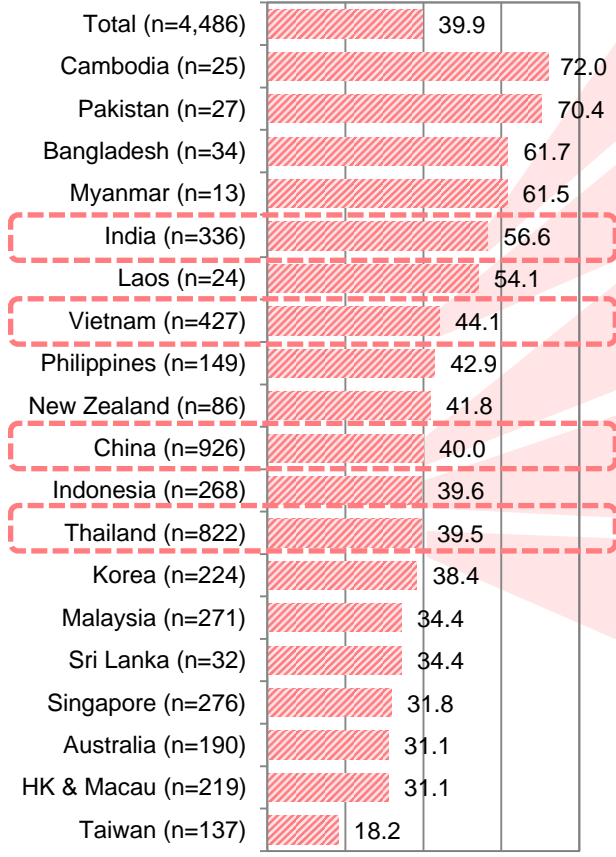
Δ 20 0 20 40 60 80



**2014 DI (by country/region)**

(points)

0 20 40 60 80



**High DI industries**

Note: Industry categories for which n ≥ 10

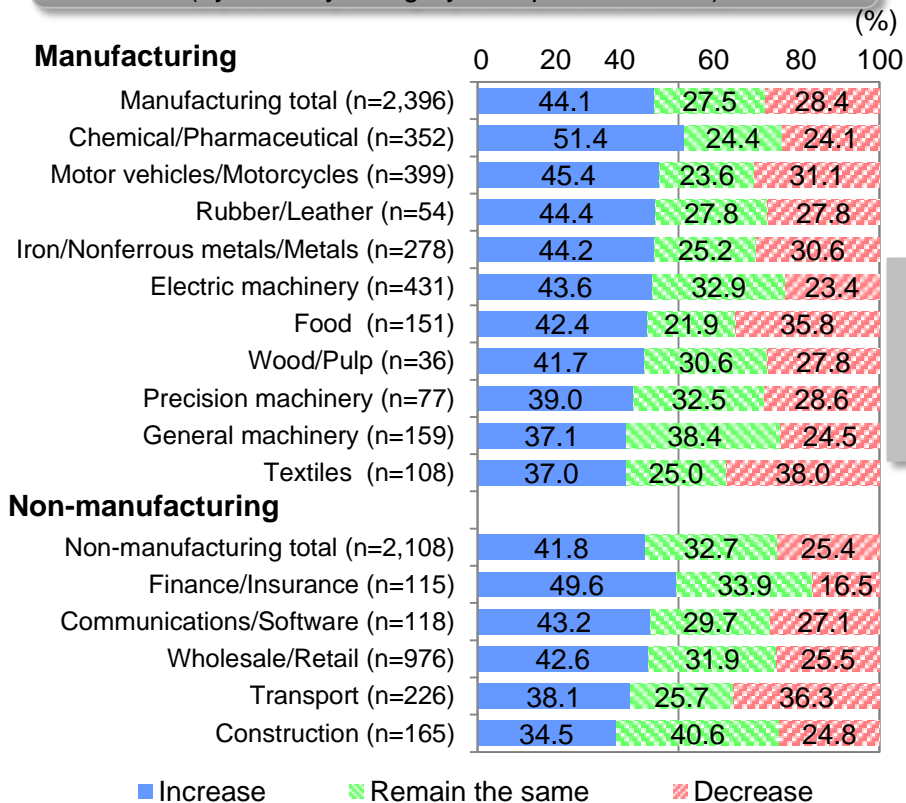
- 1. Chemical/Pharmaceutical (DI : 84.2)
- 2. Finance/Insurance (DI : 81.8)
- 1. Iron/Nonferrous metals/Metals (DI : 67.4)
- 2. Communications/Software (DI : 65.3)
- 1. Finance/Insurance (DI : 60.0)
- 2. Food (DI : 59.6)
- 1. Food (DI : 84.6)
- 2. Wholesale/Retail (DI : 59.5)
- 1. Textiles (DI : 64.7)
- 2. Food (DI : 54.1)

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.

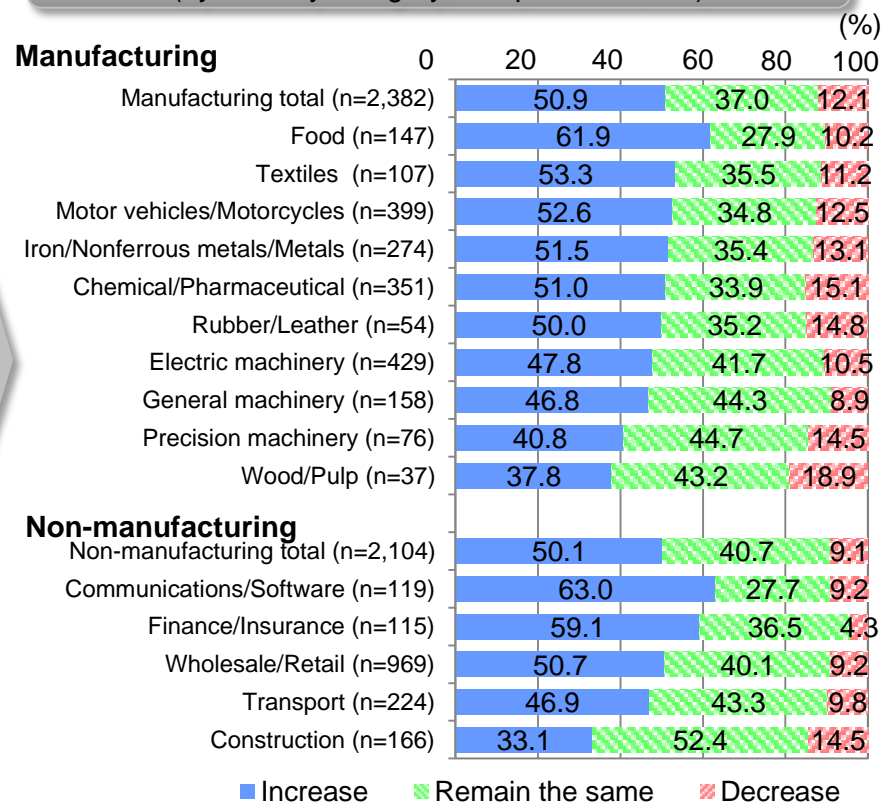
- The DI (see note at right), indicating business confidence for 2013 is 16.0 points, increased from 11.3 points in the 2012 survey (n=3,769). The DI is higher and exceeds 40 points in Cambodia, Myanmar and Pakistan.
- The DI for 2014 is expected to be 39.9 points, increasing by 23.9 points from 2013. In particular, emerging countries such as Cambodia, Pakistan, Bangladesh and Myanmar expected over 60 points and showed strong expectations for improvement.
- With respect to the DI in major countries/regions broken down by industry category, the DI is particularly high in the chemical/pharmaceutical industry (84.2 points) in India and the food industry in Indonesia(84.6 points).

# 1. Sales Forecast (8)

**Estimated operating profits in 2013**  
(by industry category, compared to 2012)



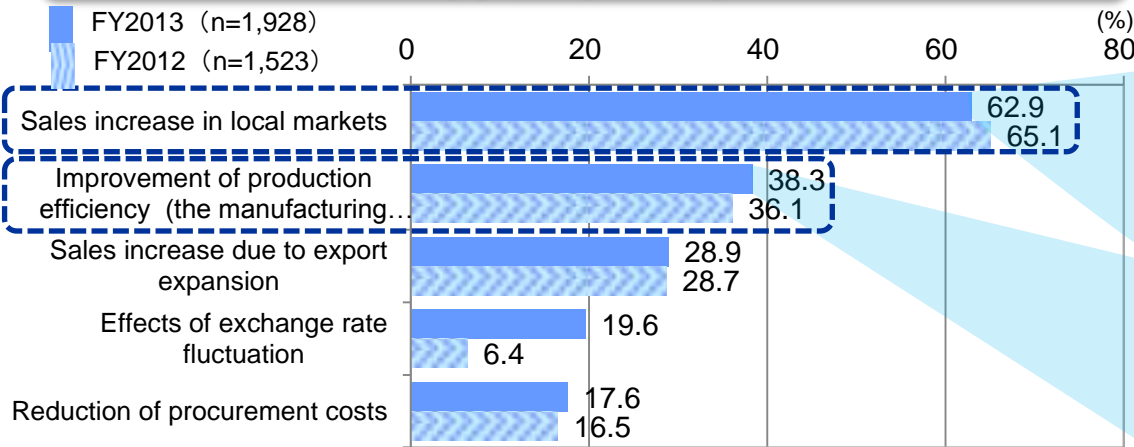
**Estimated operating profits in 2014**  
(by industry category, compared to 2013)



- Compared to the survey in the previous year (2012, n=1,983 in the manufacturing sector, n=1,786 in the non-manufacturing sector), the proportion of firms expecting operating profits to “increase” in 2013 increased 4.5 points in the manufacturing sector (39.6%⇒44.1%) and remained nearly the same level in the non-manufacturing sector (41.7%⇒41.8%) .
- The proportion of firms expecting operating profits to “increase” in 2014 increased 6.8 points in the manufacturing sector (44.1%⇒50.9%) and 8.3 points in the non-manufacturing sector (41.8%⇒50.1%), expanded in both categories. By industry category, the proportions increased by over 10 percentage points (expecting ratio in 2013) in food, textiles, and communications/software industries. The proportion of firms expecting operating profits to “decrease” decreased across the board.

# 1. Sales Forecast (9)

**Reasons for increased operating profits forecast for 2013**  
(compared to the answer for same question in the survey 2012)  
(top 5, multiple answer)



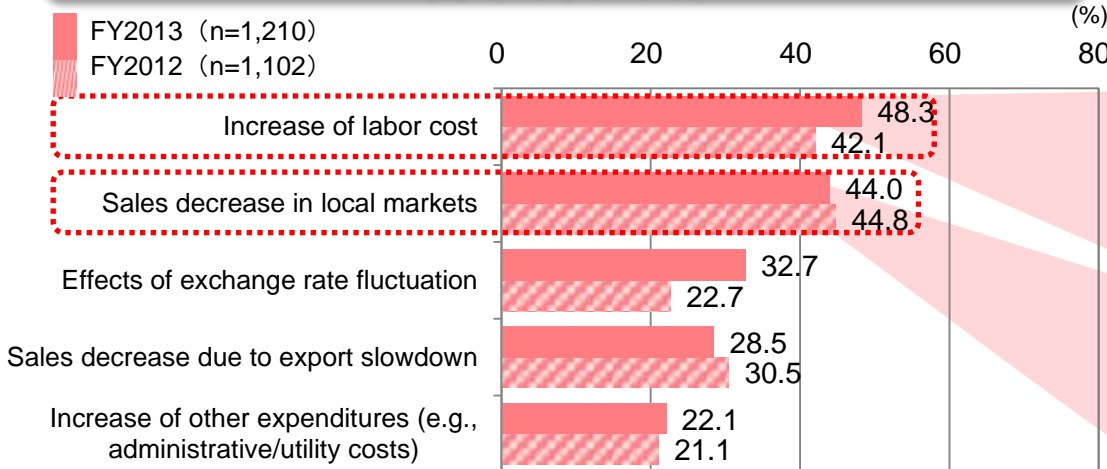
Note: "Improved production efficiency" includes the improvement of production processes such as the cell production system and the electronic management of production

Proportion of answers by country/region and industry category (rank order)

Country/region	Industry category
Korea (76.8%)	Finance/Insurance (73.7%)
Indonesia (75.0%)	Motor vehicles/Motorcycles (72.9%)
India (72.2%)	Wholesale/Retail (72.5%)
China (70.6%)	Construction (69.6%)
Thailand (67.0%)	Food (68.8%)
Vietnam (49.2%)	Electric machinery (46.0%)
Malaysia (43.6%)	Textiles (42.5%)
China (40.2%)	Iron/Nonferrous metals/Metals (41.0%)
Taiwan (37.1%)	Motor vehicles/Motorcycles (39.2%)
Indonesia (36.8%)	Food (37.5%)

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

**Reasons for decreased operating profits forecast for 2013**  
(compared with the answer for same question in the survey 2012)  
(top 5, multiple answer)

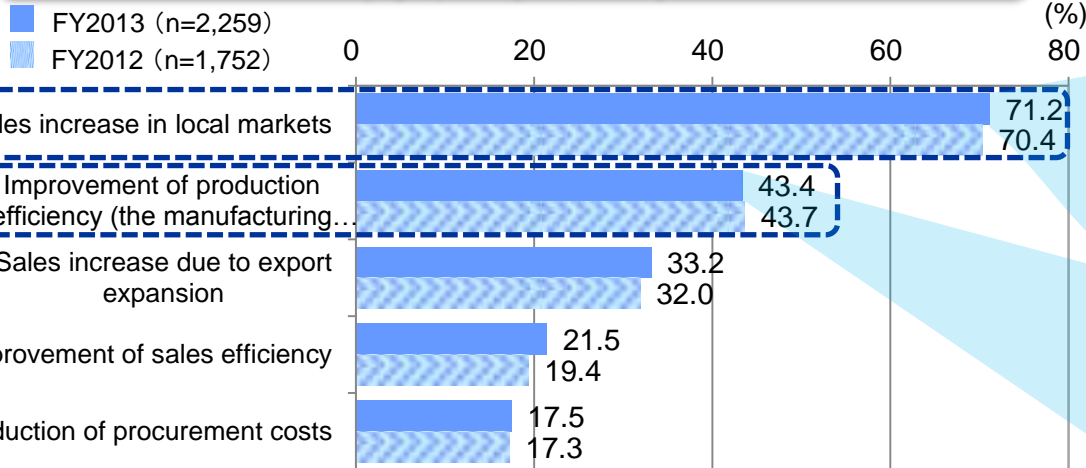


Country/region	Industry category
Indonesia (73.2%)	Textiles (70.7%)
China (66.0%)	Rubber/Leather (66.7%)
Thailand (55.1%)	Food (64.2%)
Malaysia (54.1%)	Transport (63.0%)
Vietnam (46.7%)	Electric machinery (59.6%)
Korea (68.1%)	Wholesale/Retail (60.3%)
Taiwan (57.7%)	Construction (60.0%)
Thailand (56.4%)	Motor vehicles/Motorcycles (52.4%)
Australia (50.7%)	General machinery (48.7%)
India (48.8%)	Finance/Insurance (47.4%)

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

# 1. Sales Forecast (10)

**Reasons for increased operating profits forecast for 2014  
(compared with the answer for same question in the survey 2013)**  
(top 5, multiple answer)

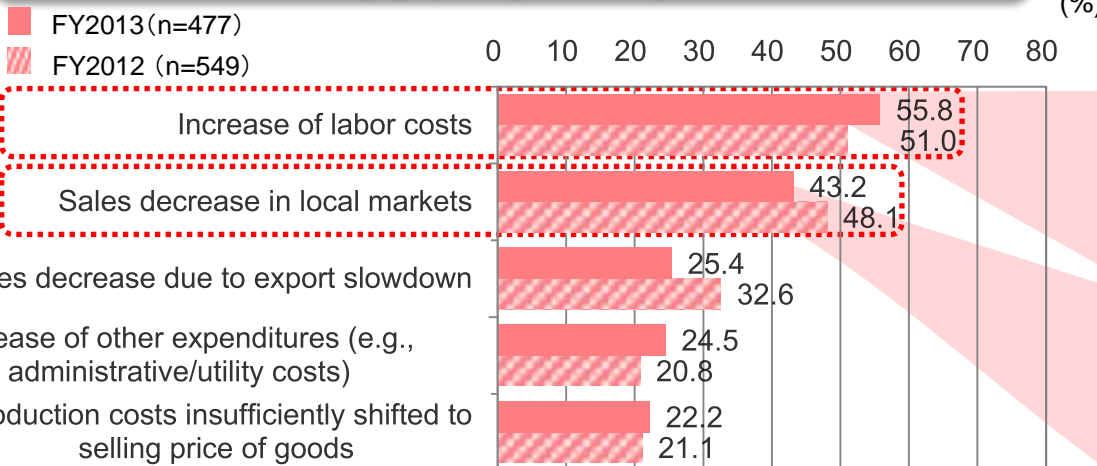


Proportion of answers by country/region and industry category (rank order)

Country/region	Industry category
Taiwan (84.1%) India (81.0%) Korea (80.5%) Indonesia (80.0%) Thailand (78.8%)	Construction (81.8%) Wholesale/Retail (81.3%) Motor vehicles/Motorcycles (77.6%) General machinery (75.7%) Finance/Insurance (73.5%)
Indonesia (51.1%) Malaysia (50.0%) China (48.4%) Vietnam (47.6%) Philippines (44.6%)	Electric machinery (47.8%) Motor vehicles/Motorcycles (45.7%) Iron/Nonferrous metals/Metals (42.9%) Precision machinery (41.9%) Chemical/Pharmaceutical (41.0%)

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

**Reasons for decreased operating profits forecast for 2014  
(compared with the answer for same question in the survey 2013)**  
(top 5, multiple answer)



Country/region	Industry category
Indonesia (92.3%) China (78.8%) Thailand (54.9%) India (54.5%) Australia (53.6%)	Textiles (83.3%) Communications/Software (81.8%) Transport (71.4%) Motor vehicles/Motorcycles (68.0%) Electric machinery (66.7%)
India (72.7%) Thailand (69.5%) Australia (57.1%) Korea (53.1%) Singapore (48.5%)	Construction (83.3%) General machinery (78.6%) Wholesale/Retail (55.1%) Motor vehicles/Motorcycles (54.0%) Precision machinery (45.5%)

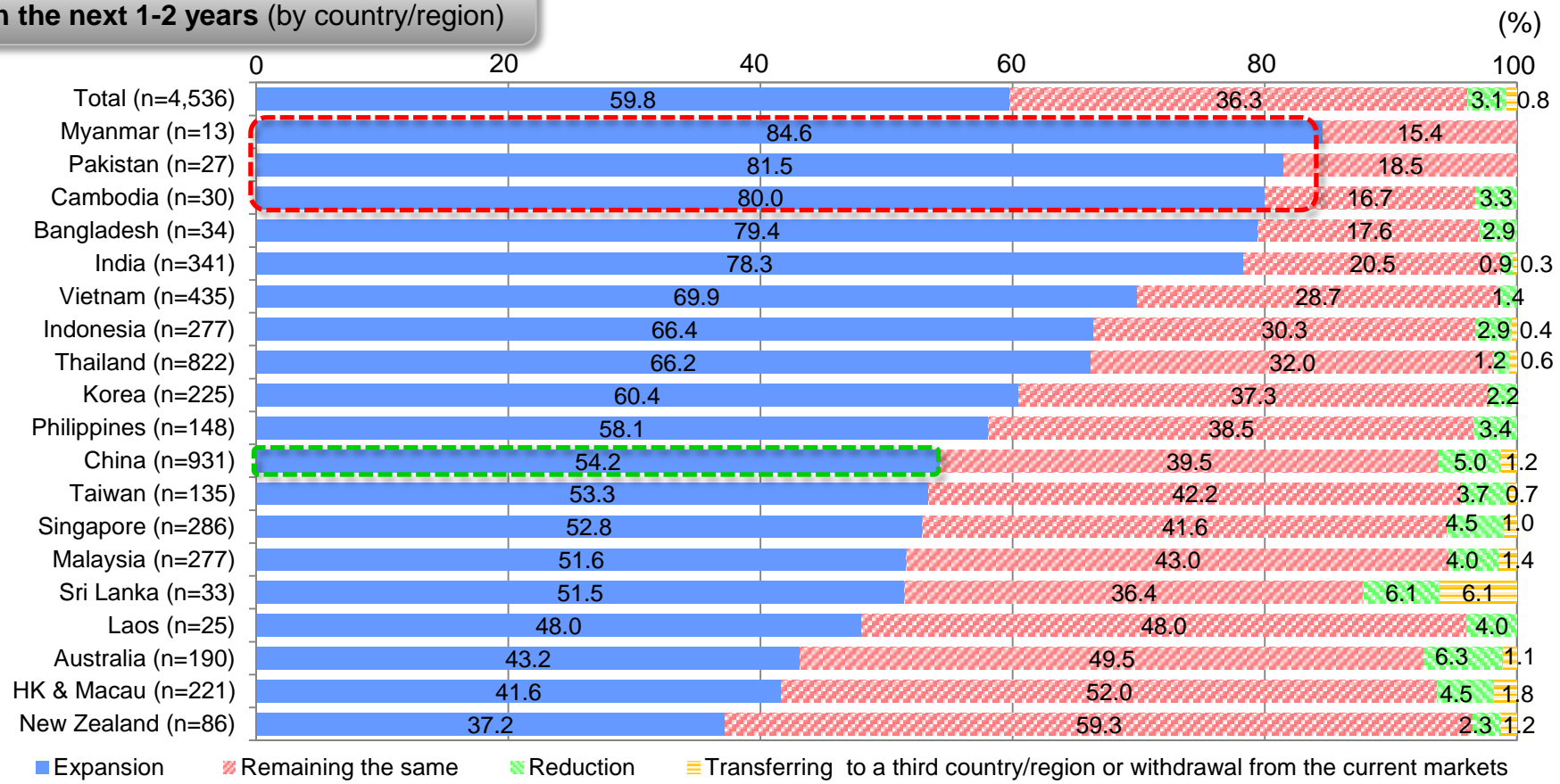
Note: Countries/regions and industry categories for which n≥10





# 2. Future Business Plan (1)

**Directions for business development in the next 1-2 years (by country/region)**



- 59.8% of firms responded “expansion” for their business in the next year or two, marking a increase of 2.0 points from 57.8% (n=3,805) in the 2012 survey. Meanwhile, 3.9% of firms responded that they intend to “reduction” for their business or “transferring to a third country/region or withdrawal from the current markets,” which remained at the same level from 2012.
- By country/region, Myanmar marked the highest points, where 84.6% of firms responded “expansion.” In addition, over 80% of firms in Pakistan and Cambodia responded “expansion.” This trend is particularly strong in the textiles and construction industries in Myanmar, and in the motor vehicles/motorcycles in Pakistan and Cambodia.
- 54.2% of firms in China responded “expansion,” marking a increase of 1.9 points from 2012.

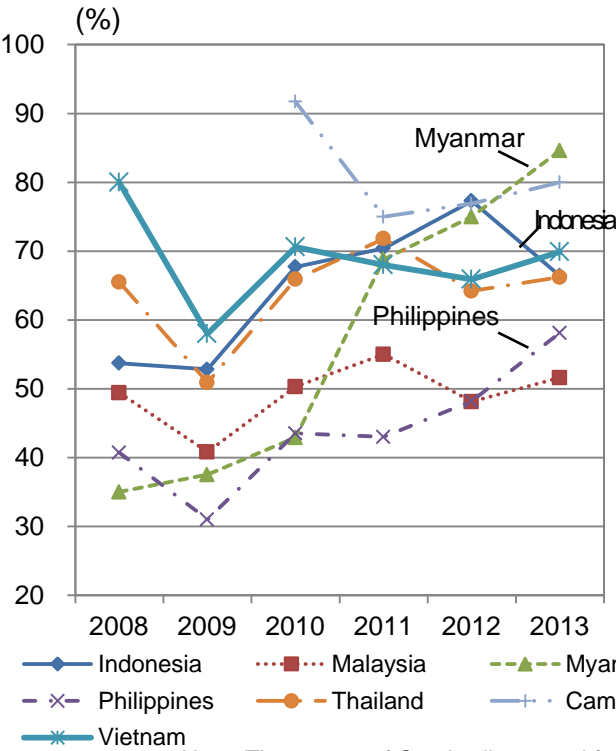


# 2. Future Business Plan (2)

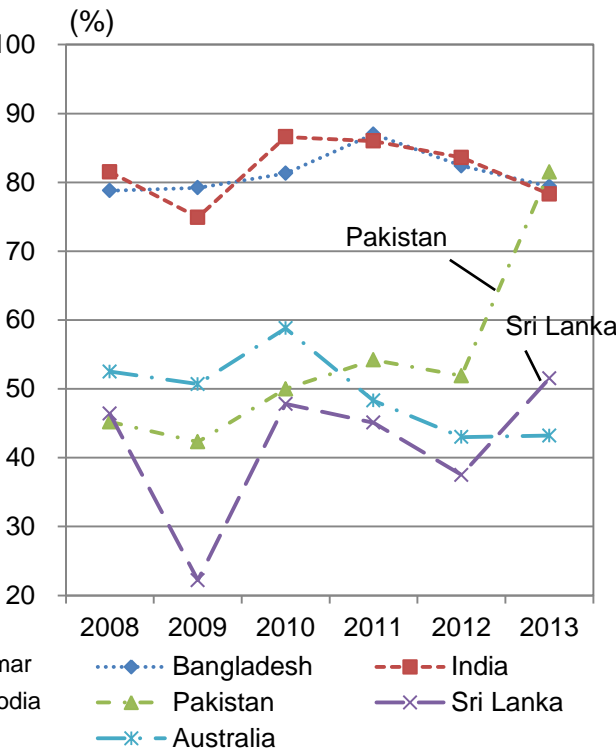
**Proportions of firms expecting to expand in the next 1-2 years (2008-2013 surveys)**

FY08 survey : ASEAN(n=1,302), Southwest Asia/Oceania (n=489), Northeast Asia (n=681)  
 FY09 survey : ASEAN(n=1,593), Southwest Asia/Oceania (n=532), Northeast Asia (n=820)  
 FY10 survey : ASEAN(n=1,847), Southwest Asia/Oceania (n=514), Northeast Asia (n=1,087)  
 FY11 survey : ASEAN(n=1,970), Southwest Asia/Oceania (n=634), Northeast Asia (n=1,255)  
 FY12 survey : ASEAN(n=1,782), Southwest Asia/Oceania (n=686), Northeast Asia (n=1,337)  
 FY13 survey : ASEAN(n=2,313), Southwest Asia/Oceania (n=711), Northeast Asia (n=1,512)

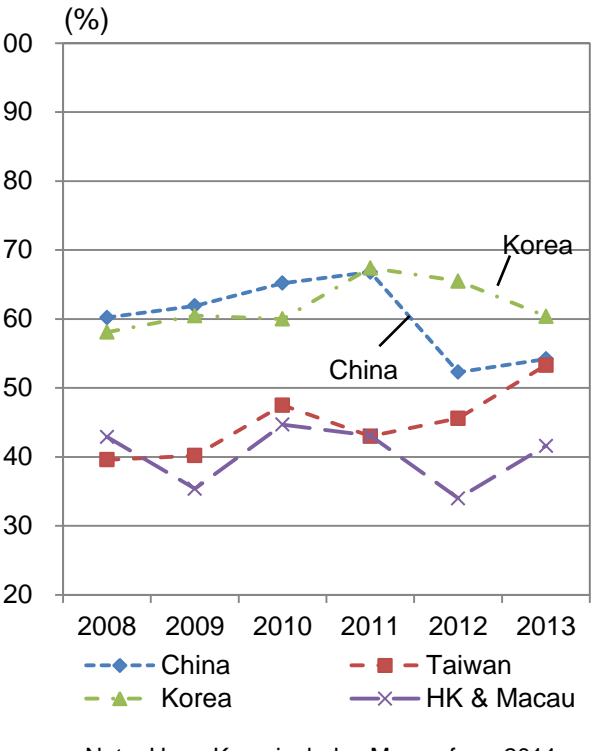
## ASEAN



## Southwest Asia/Oceania



## Northeast Asia



Note: The survey of Cambodia started from 2010.

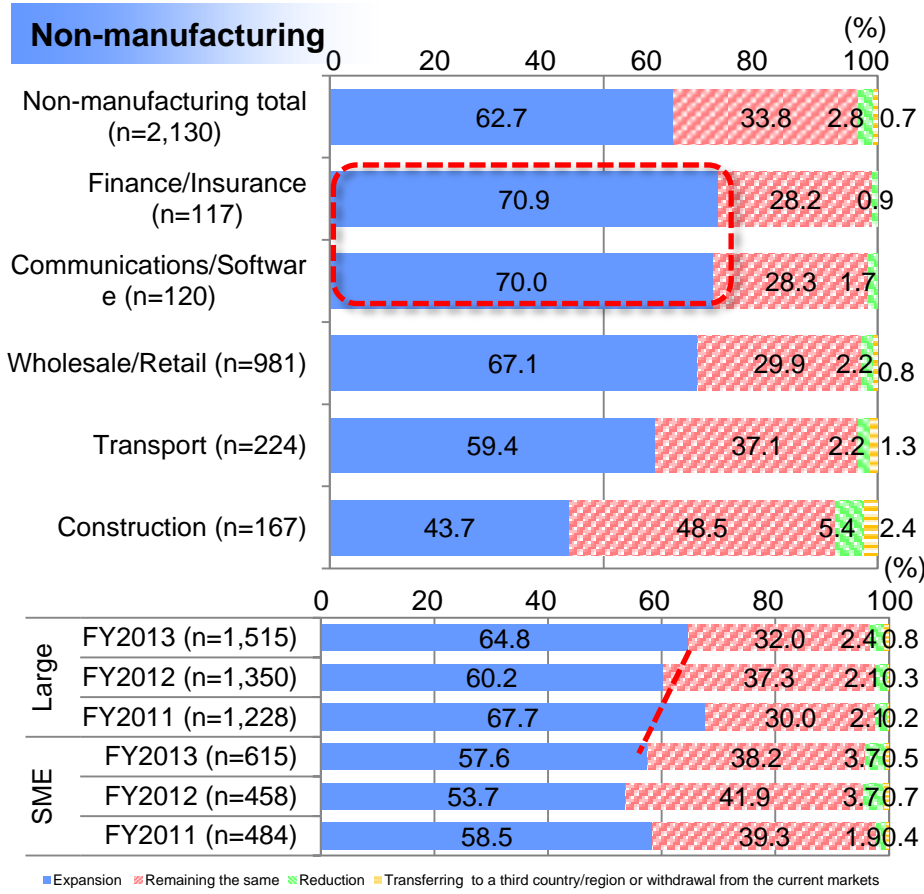
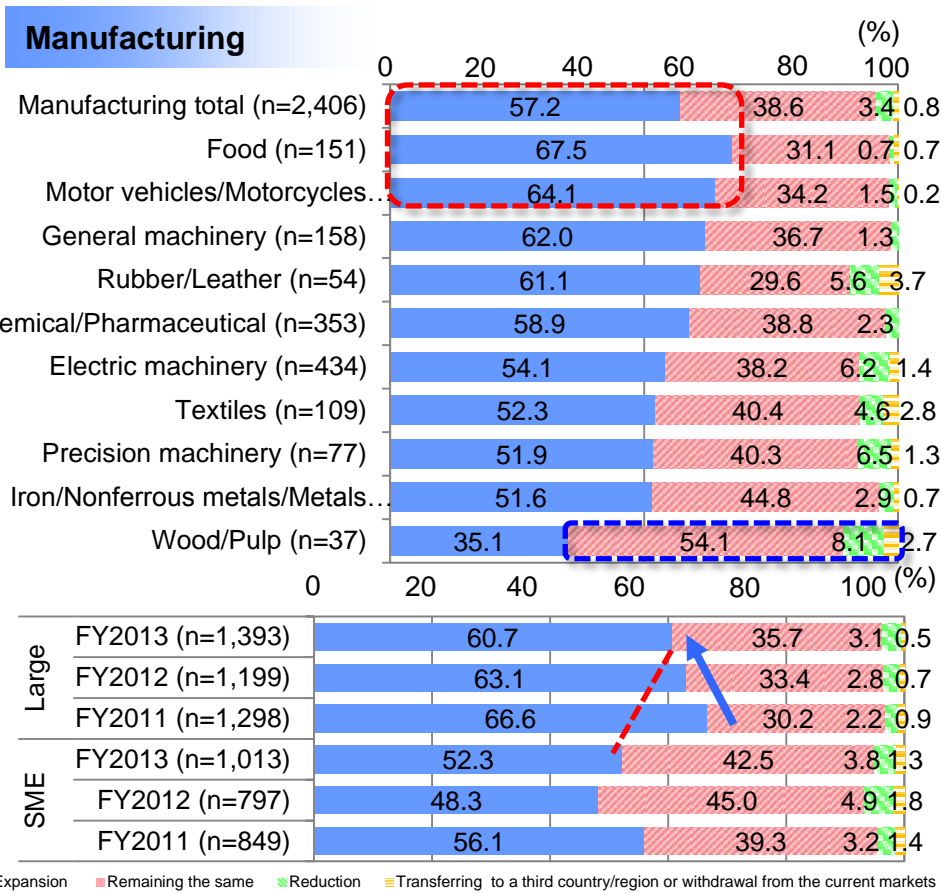
Note: Hong Kong includes Macao from 2011.

- Looking at trends by country/region and over the last six years in the proportion of firms responding "expansion" for the business in the next year or two, while the proportions increased dramatically in 2010 due to recovery from the global economic recession following the Lehman Shock, the proportions remained generally the same from 2011 to 2013, excluding a few countries and regions. The proportion of firms responding "expansion" increased slightly in many countries and regions when compared to the previous year.
- The proportion of firms responding "expansion" increased dramatically in the survey 2013 compared to previous year in Pakistan (29.6 points), Sri Lanka (14.0 points), Philippines (9.9 points), and Myanmar (9.6 points). Meanwhile, the proportion for "expansion" decreased by more than 5 points from 2012 in Indonesia (Δ10.9 points), India (Δ5.3 points) and Korea (Δ5.1 points).



# 2. Future Business Plan (3)

**Directions for business development in the next 1-2 years**  
(by industry category and scale)



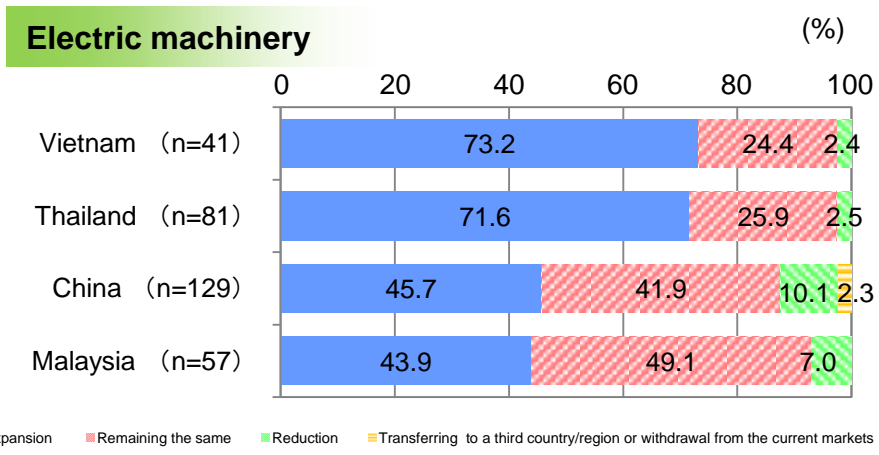
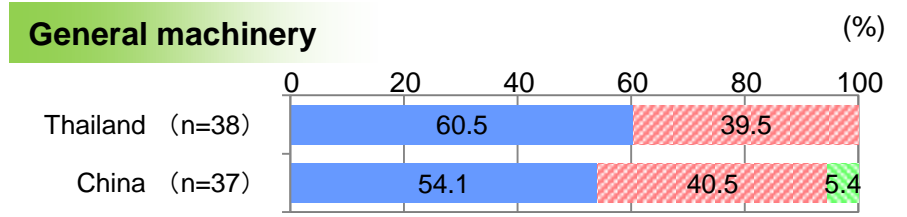
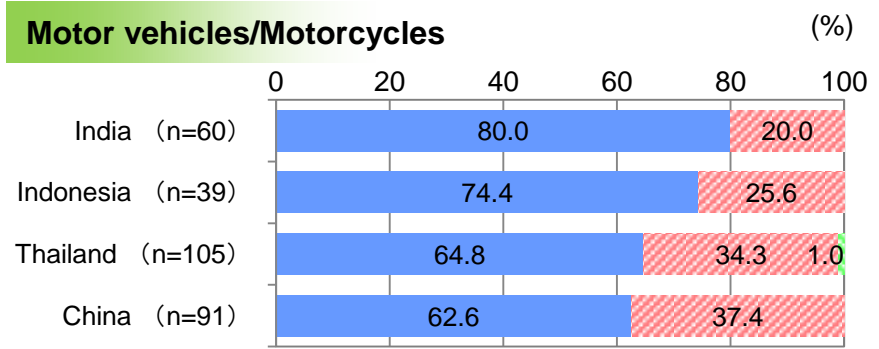
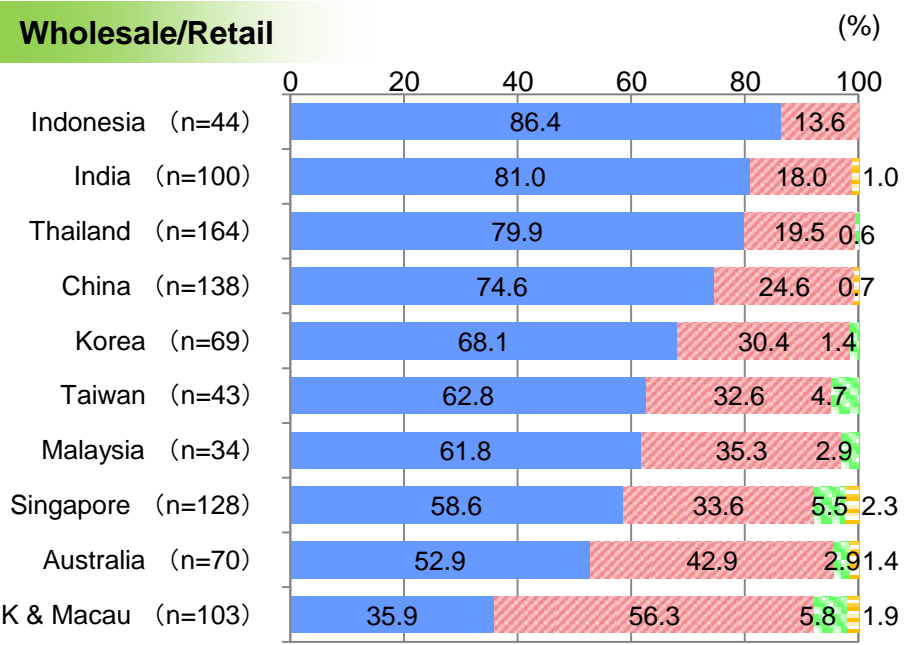
- In terms of industries in which firms responded “expansion” in the next year or two, in the manufacturing sector, the proportion is especially high in the food (67.5%), motor vehicles/motorcycles (64.1%) and general machinery (62.0%) industries. In the non-manufacturing sector, the industries with the highest proportions include the finance/insurance (70.9%) and communication/software (70.0%) industries. Meanwhile, over 50% of firms in the wood/pulp industry responded “remaining the same”, and 10.8% of firms in the industry responded “reduction” or “transferring to a third country/region or withdrawal from the current markets,” which is the highest among all the industries.
- The trend towards expansion for large firms exceeded that for SMEs. However, in manufacturing, the number of firm which responded “expansion” has dropped for three successive years.



# 2. Future Business Plan (4)

**Directions for business development in the next 1-2 years**  
(by country/region of major industries)

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



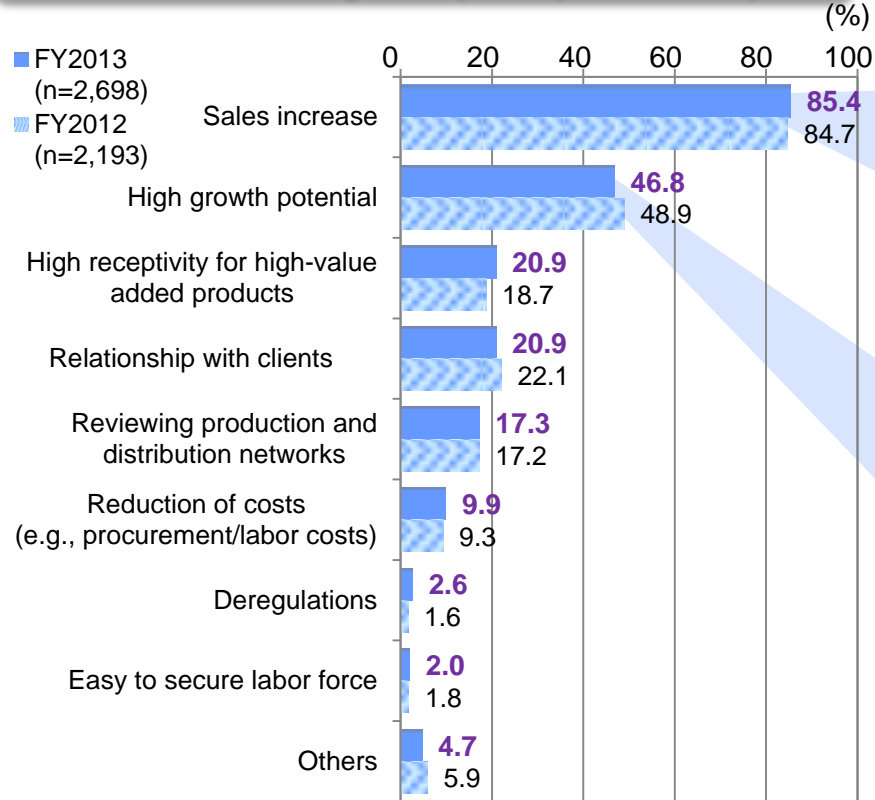
■ Expansion ■ Remaining the same ■ Reduction ■ Transferring to a third country/region or withdrawal from the current markets

- Looking at responses for main industry categories from more than about 30 countries and regions, in the wholesale/retail industries, the proportion of firms responding “expansion” in the next year or two exceeded 80% in Indonesia (86.4%) and India (81.0%). Meanwhile, in Hong Kong/Macau, more than half of firms responded “remaining the same.”
- In the motor vehicles/motorcycles industry, the proportion of firms responding “expansion” was highest in India (80.0%), Indonesia (74.4%), Thailand (64.8%) and China (62.6%).
- In the electronic machinery industry, the proportion of firms responding “expansion” exceeded 70% in Vietnam and Thailand. Meanwhile, in China and Malaysia, the proportion of firms responding “expansion” and “remaining the same” was roughly equal.

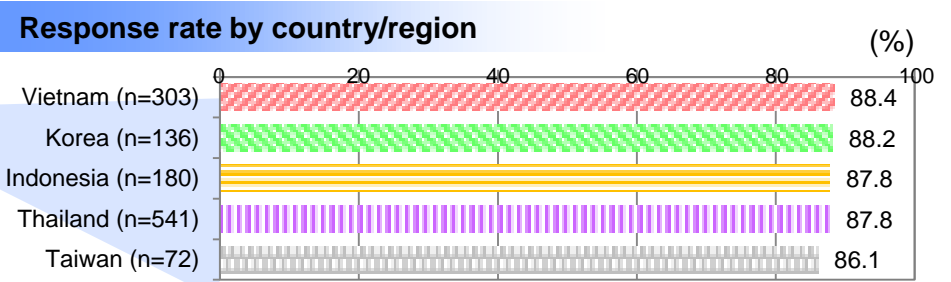


# 2. Future Business Plan (5)

## Reasons for expected business expansion in the next 1-2 years (multiple answer)

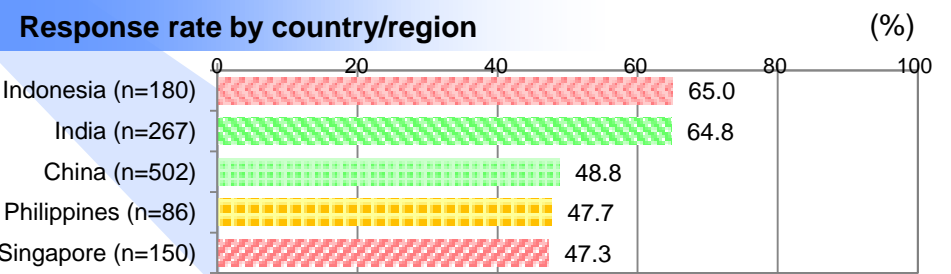


Note: Country/region and industry categories for which n ≥ 50



### Top 3 Industries

1	Iron/Nonferrous metals/Metals (n=143)	93.7%
2	Motor vehicles/Motorcycles (n=256)	90.6%
3	Food (n=102)	89.2%



### Top 3 Industries

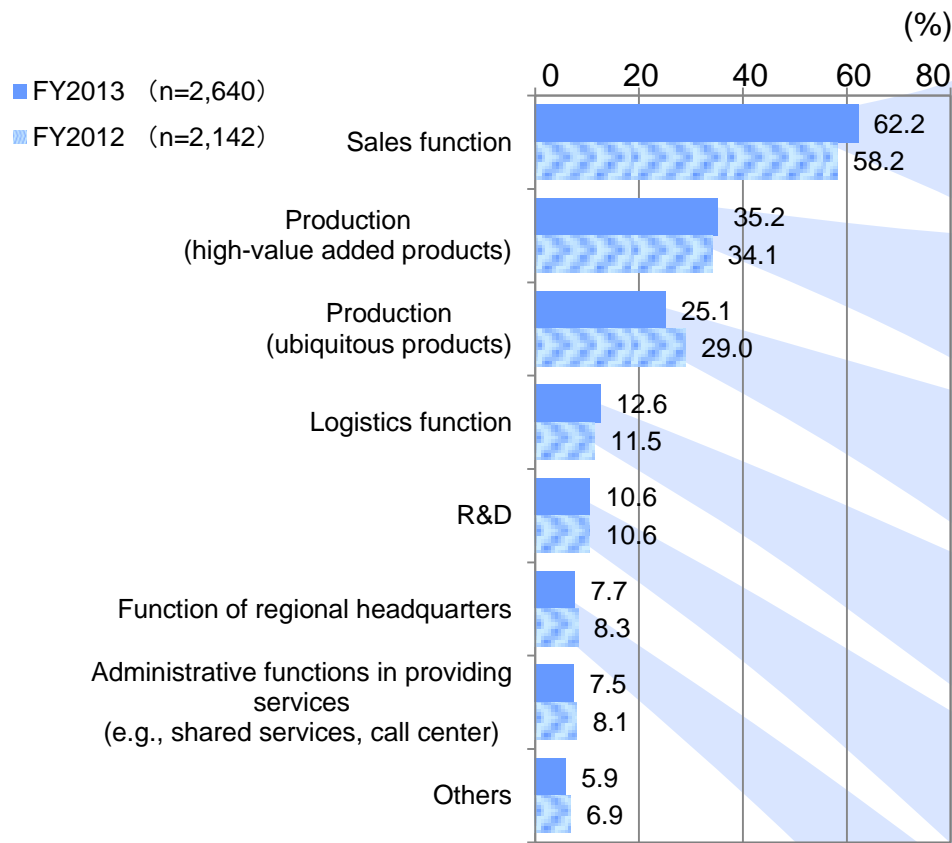
1	Finance/Insurance (n=83)	61.4%
2	Transport (n=132)	57.6%
3	Wholesale/Retail (n=654)	54.3%

- The most commonly cited reason for business “expansion” was a “sales increase,” at 85.4%, followed by “high growth potential,” at 46.8%.
- Many Countries/regions in which the proportion of firms cited a “sales increase” as a major reason exceeded 80%, including Vietnam (88.4%), Korea (88.2%) and Indonesia (87.8%). By industry category, the iron/nonferrous metals/metals industry (93.7%), the motor vehicles/motorcycles industry (90.6%) and the food industry (89.2%) had high response rates.
- Many Countries/regions in which the proportion of firms cited a “high growth potential” as a major reason were Indonesia (65.0%) and India (64.8%), exceeding 60%. By industry, non-manufacturing sectors such as the finance/insurance industry (61.4%), the transport industry (57.6%) and the wholesale/retail industry (54.3%) ranked high.
- The proportion of firms responding “high receptivity for high-value added products” was high in Northeast Asia such as Taiwan (38.9%), Korea (30.1%) and China (27.3%). Meanwhile, the proportion of firms responding “easy to secure labor force” was relatively high in Philippines (12.8%).



# 2. Future Business Plan (6)

## Functions to expand (multiple answer)



## Proportion of answers by country/region and industry category (rank order)

Country/region		Industry category	
	%		%
Singapore (n=140)	83.6	Wholesale/Retail (n=651)	93.2
HK & Macau (n=91)	76.9	Finance/Insurance (n=80)	83.8
Taiwan (n=72)	76.4	Food (n=99)	71.7
Philippines (n=85)	42.4	Iron/Nonferrous metals/Metals (n=141)	67.4
Malaysia (n=136)	41.9	Chemical/Pharmaceutical (n=203)	59.6
China (n=491)	41.1	Electric machinery (n=231)	57.1
Indonesia (n=174)	39.7	Motor vehicles/Motorcycles (n=253)	55.3
Vietnam (n=295)	38.3	Chemical/Pharmaceutical (n=203)	43.8
Philippines (n=85)	30.6	Electric machinery (n=231)	42.9
Singapore (n=140)	17.9	Transport (n=125)	72.8
India (n=265)	15.8	Wholesale/Retail (n=651)	23.0
Thailand (n=539)	15.2	Food (n=99)	10.1
Korea (n=135)	18.5	Food (n=99)	24.2
China (n=491)	15.9	Communications/Software (n=84)	23.8
Taiwan (n=72)	12.5	Chemical/Pharmaceutical (n=203)	20.7
Singapore (n=140)	29.3	General machinery (n=96)	11.5
HK & Macau (n=91)	12.1	Wholesale/Retail (n=651)	10.9
China (n=491)	11.0	Transport (n=125)	8.8

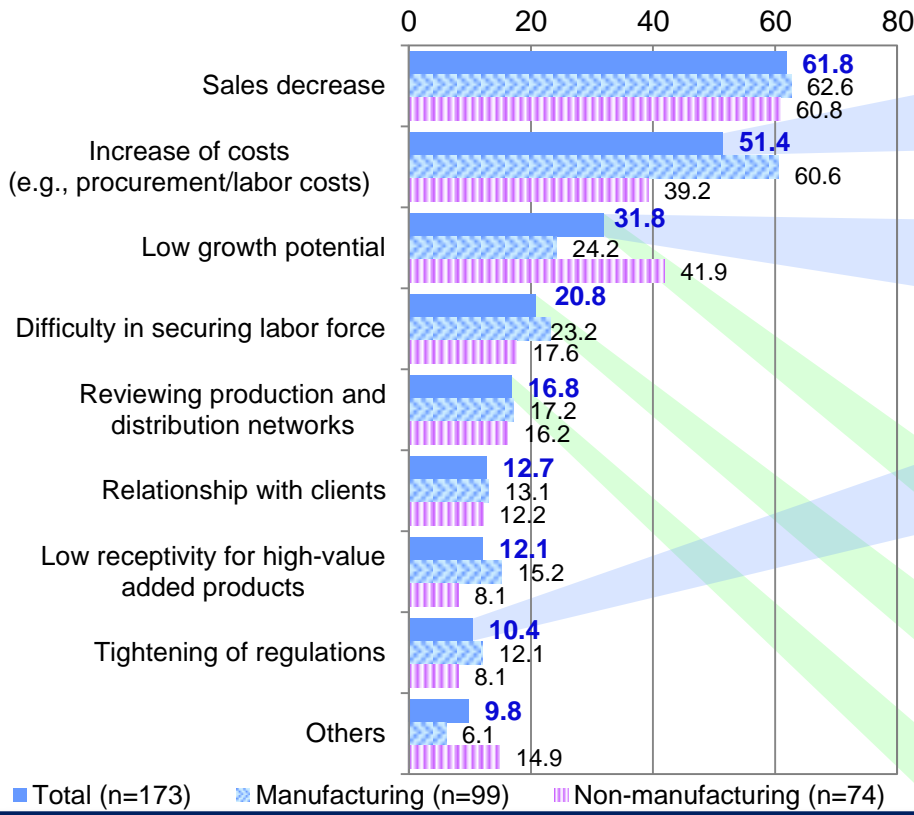
- 62.2% of firms who intend to expand business replied "sales function" to the multiple-answer question on what capabilities they would expand.
- The proportion of firms who responded "R&D" was highest in Korea, China and Taiwan when looking at country/region, and highest in the food industry, the communications/software industry and the chemical/pharmaceutical industry by industry category.
- The proportion of firms who responded "function of regional headquarters" was highest in Singapore (29.3%), followed by Hong Kong/Macau and China.

Note: Country/region and industry categories for which n ≥ 50



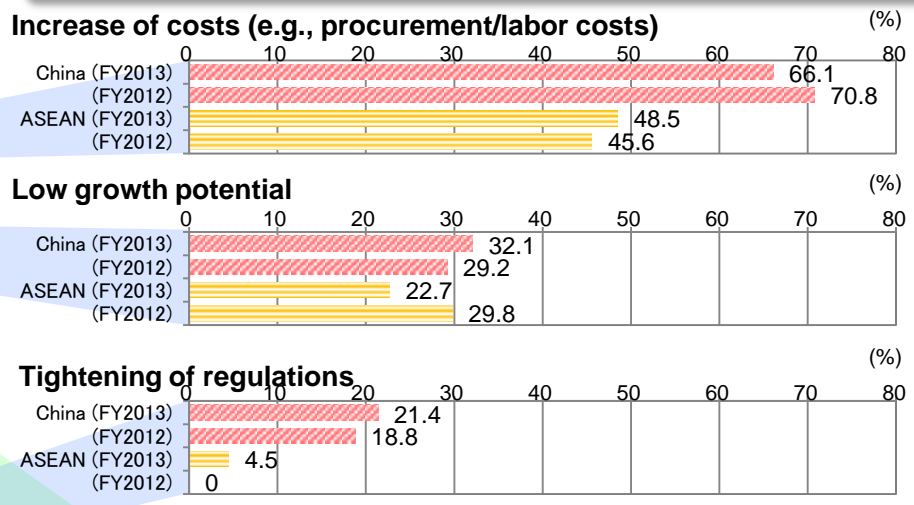
# 2. Future Business Plan (7)

## Reasons for future reduction, transferring or withdrawal (multiple answer)

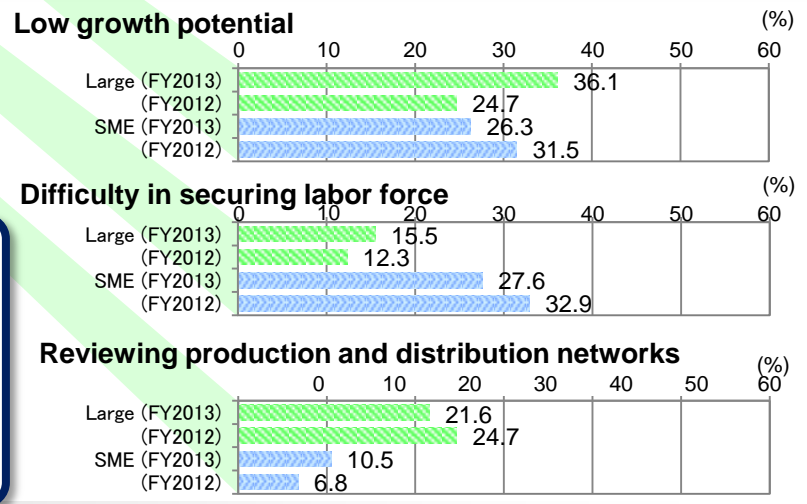


China: n=56    ASEAN: n=66  
 Large: n=97    SME: n=76

### Answers revealing differences between China and ASEAN (total)



### Answers revealing differences between Large and SME (total)

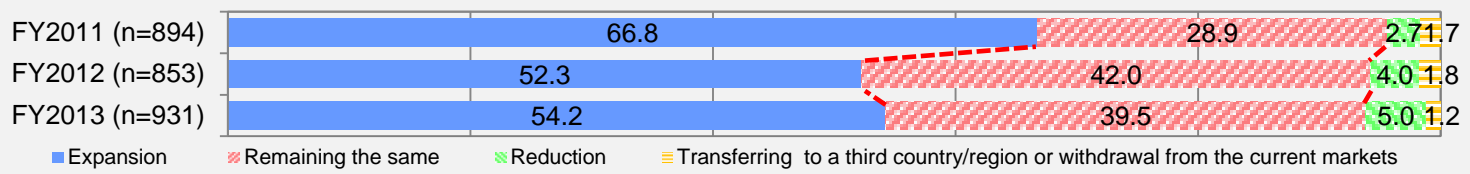


- The most common reasons for “reduction” and “transferring or withdrawal” (multiple answer) were “sales decrease” (61.8%), followed by “increase of costs” (51.4%).
- Many more firms in China cited “increase of costs and “tightening of regulations” as reasons, 17.6 points and 16.9 points respectively, than did firms in ASEAN.
- More SMEs cited “difficulty in securing labor force” than large firms by 12.1 points, while more large firms cited “reviewing production and distribution networks” than SMEs by 11.1 points.

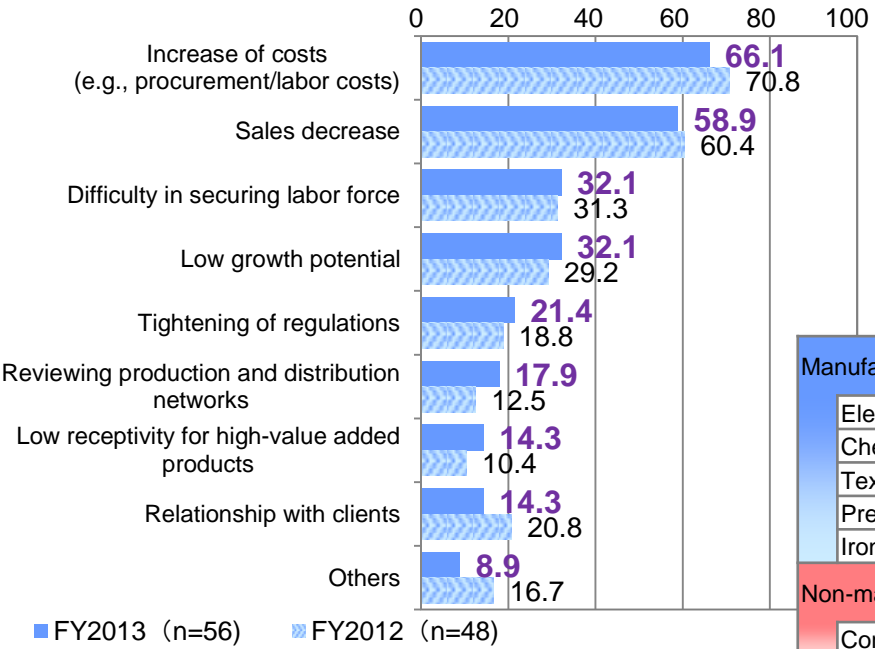


# 2. Future Business Plan (8)

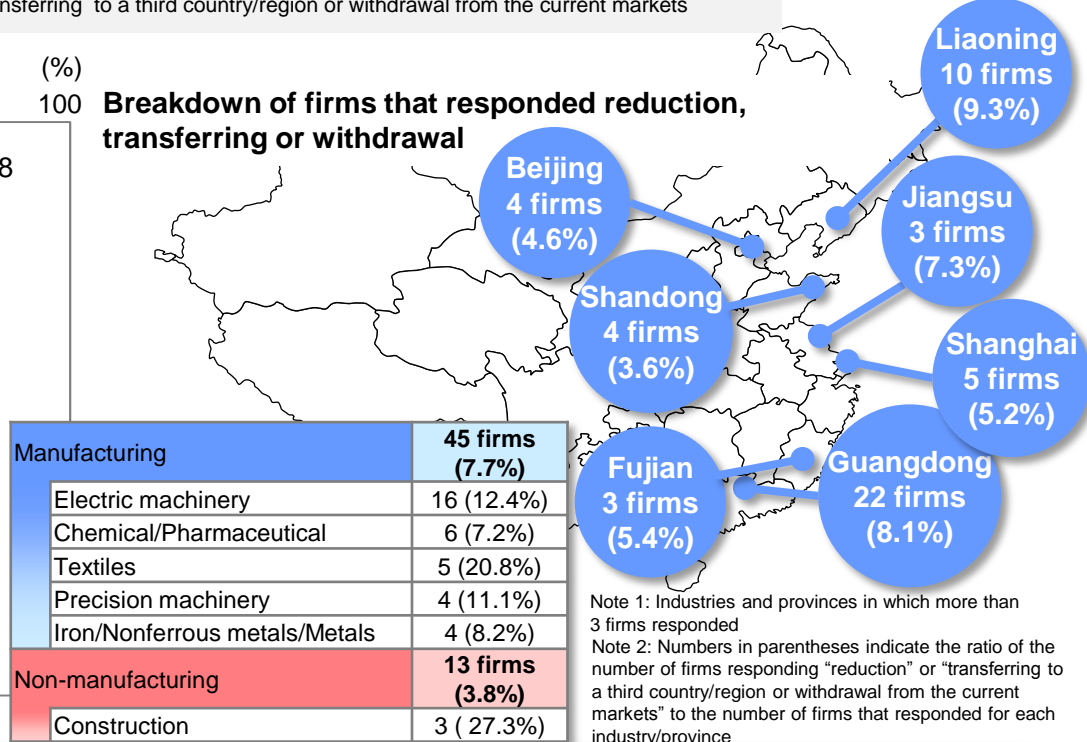
## Future business challenges of Japanese affiliated companies in China in the next 1-2 years



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



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



Note 1: Industries and provinces in which more than 3 firms responded  
 Note 2: Numbers in parentheses indicate the ratio of the number of firms responding "reduction" or "transferring to a third country/region or withdrawal from the current markets" to the number of firms that responded for each industry/province

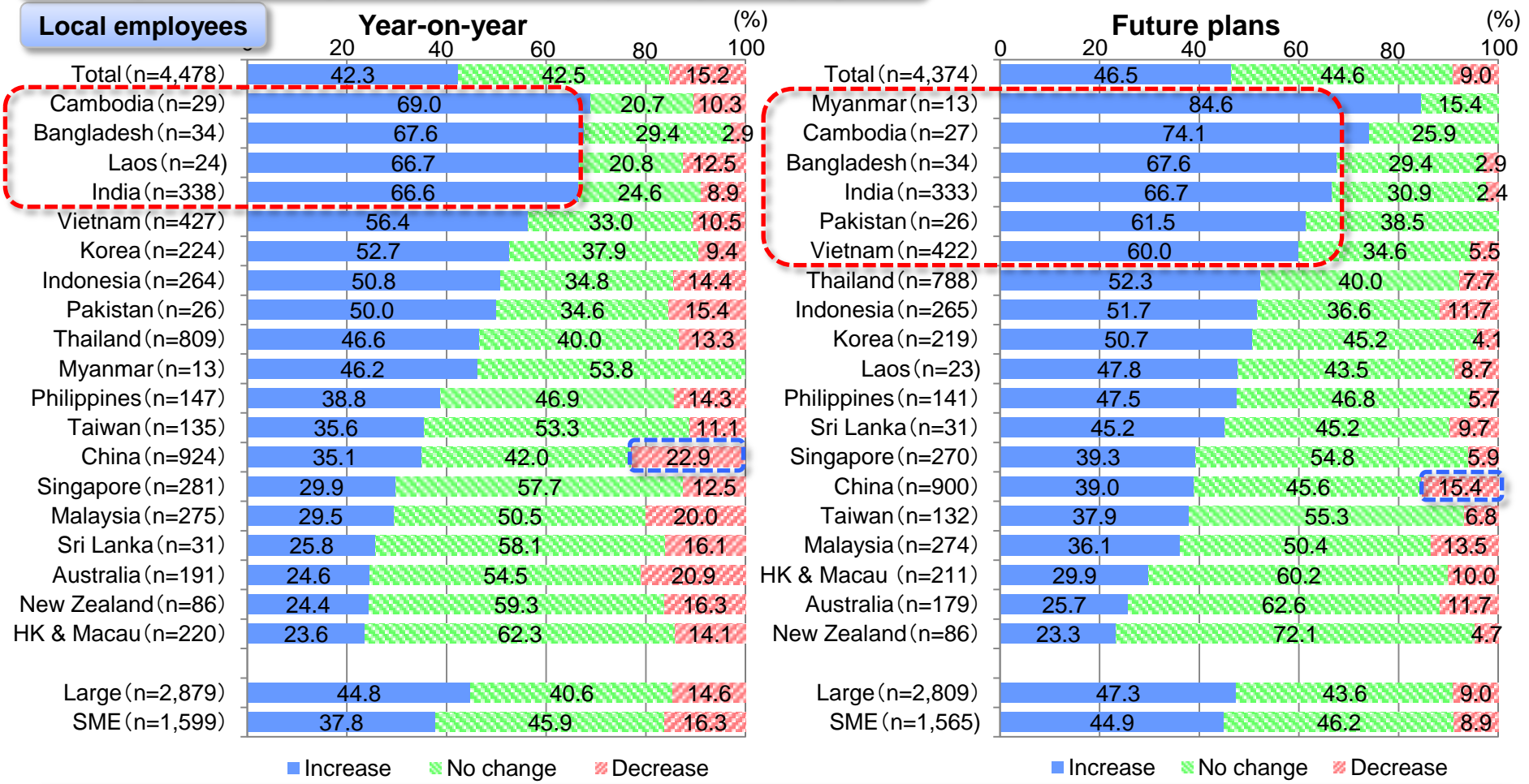
- 58 firms (composition ratio 6.2%) in China responded that they intend to "reduction" business (5.0%) or "transferring to a third country/region or withdrawal from the current markets" (1.2%), up only by 0.5 points from the previous year. Meanwhile, the proportion of firms citing "expansion" increased by 1.9 points to 54.2%.
- A large number of firms cited (multiple answer) "increase of costs" (66.1%) and "sales decrease" (58.9%) as reasons for business "reduction" or "transferring to a third country/region or withdrawal from the current market." Over 30% of firms cited "difficulty in securing labor force" and "Low growth potential" as a reason.
- By industry, firms in manufacturing sectors (45 firms), including 16 from the electric machinery industry and six from the chemical/Pharmaceutical industry, exceeded those in non-manufacturing sectors (13 firms). Among various industries, "reduction" or "transferring to a third country/region or withdrawal from the current markets" was most commonly cited by firms in the textile industry, five firms out of 24 (20.8%).





# 2. Future Business Plan (9)

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

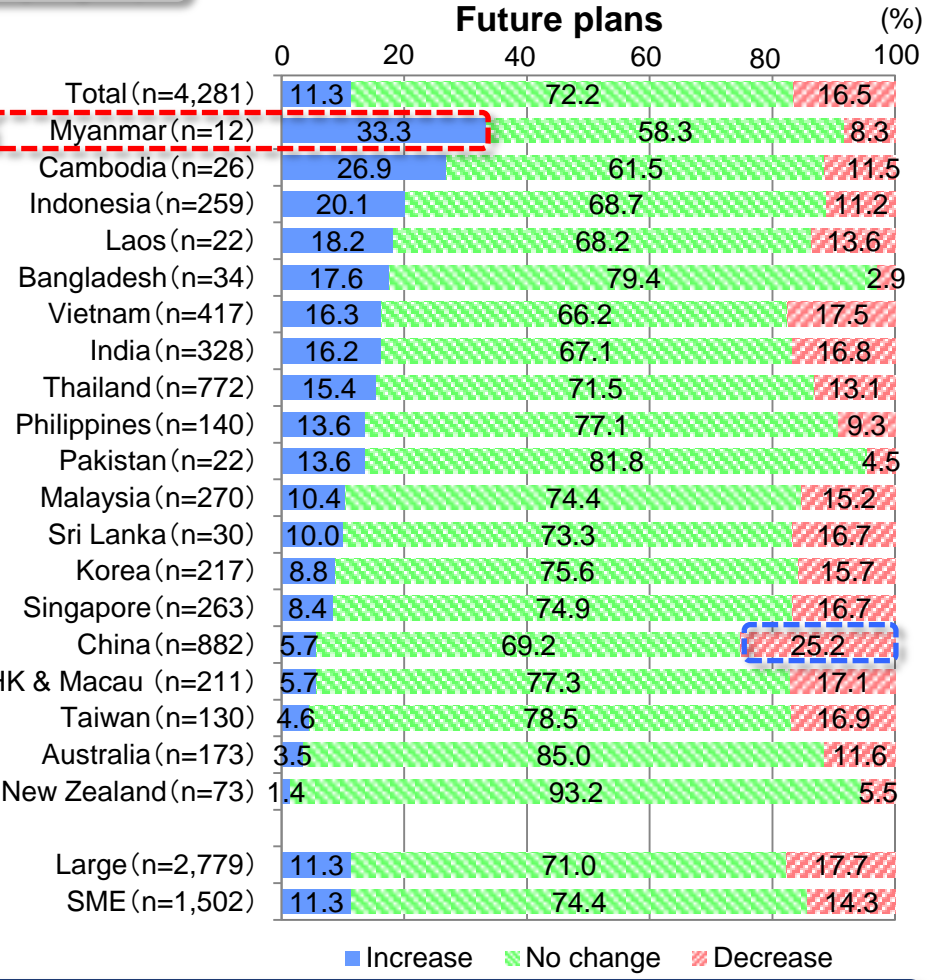
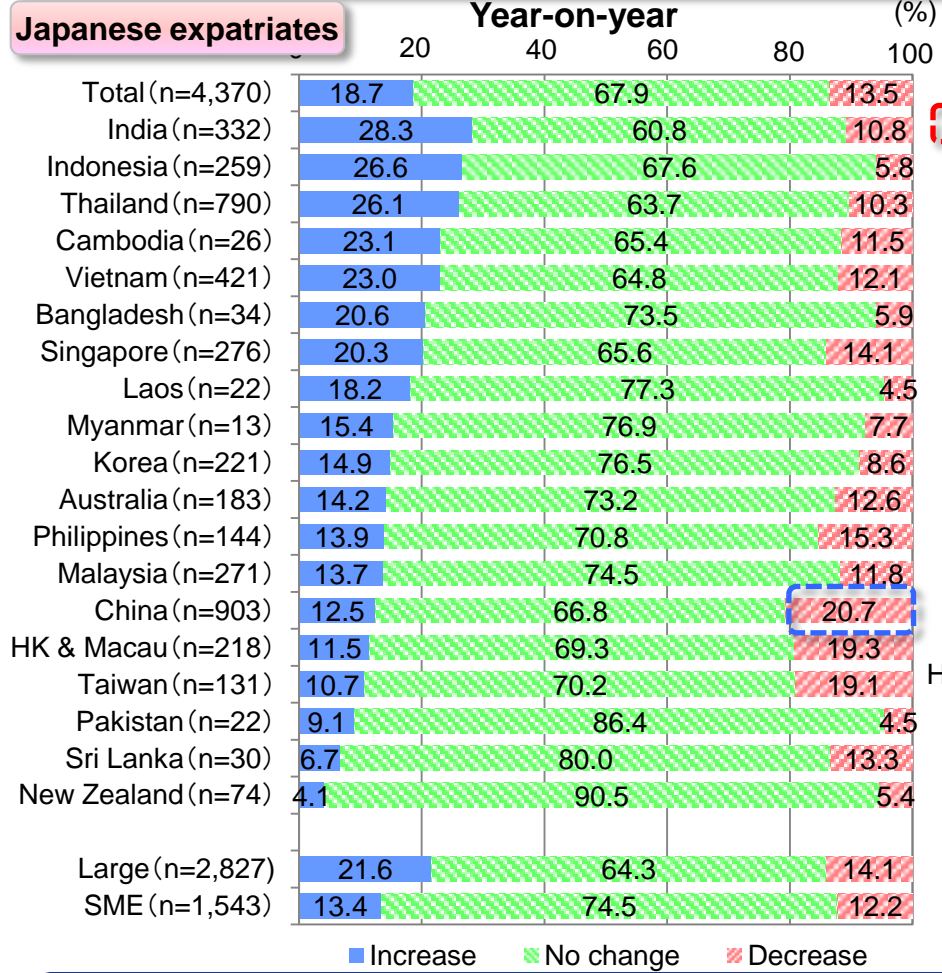


- When looking at changes during the past year for the increase/decrease of local employees by country/region, the proportion of firms responding "increase" exceeded 60% in Cambodia, Bangladesh, Laos and India.
- Regarding plans for the next year, the proportion of firms responding "increase" was highest in Myanmar (84.6%) and exceeded 60% in Cambodia, Bangladesh, India, Pakistan and Vietnam.
- The proportion of firms responding "decrease" exceeded 20% in China, Australia and Malaysia for the past year. Regarding plans for the next year, China was relatively high at 15.4%.



# 2. Future Business Plan(10)

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

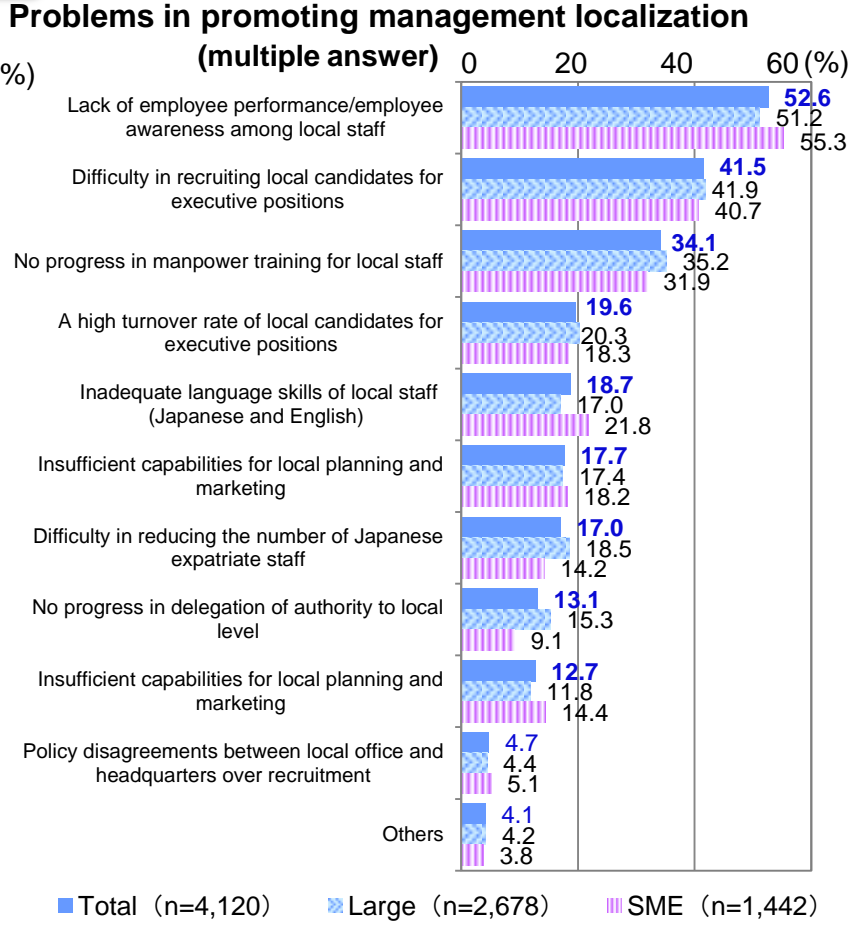
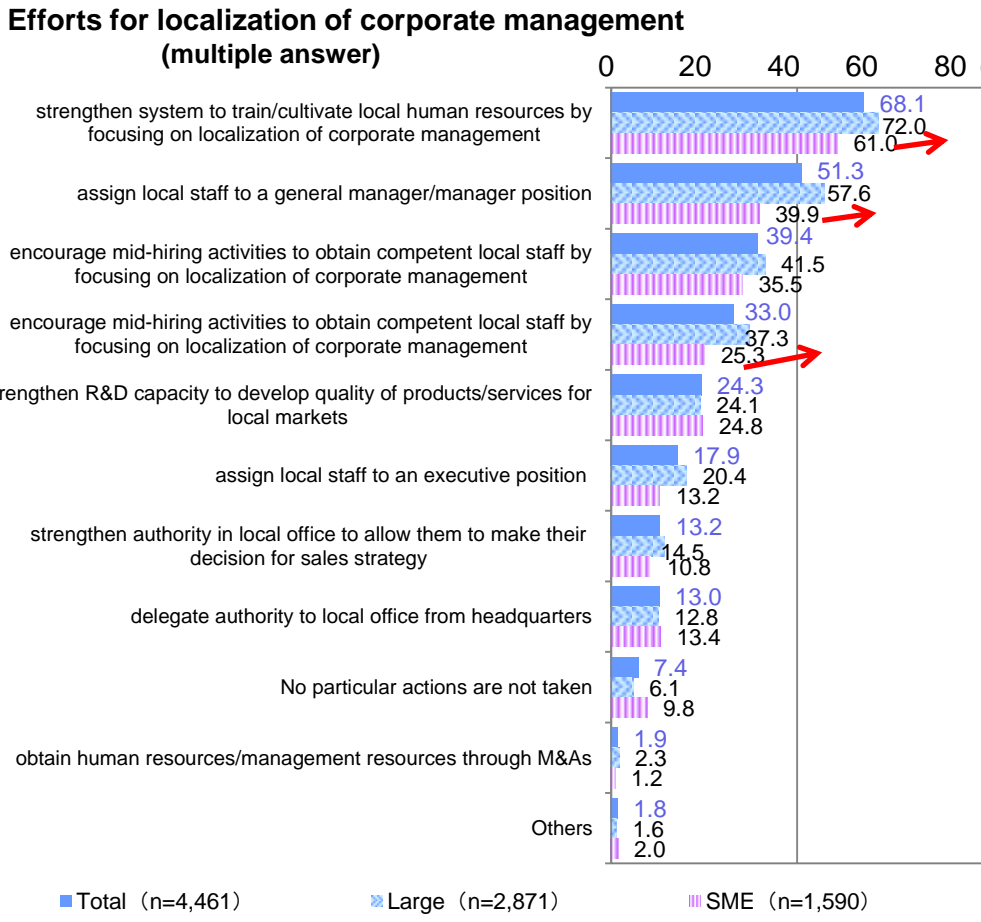


- When looking at changes for the increase/decrease of Japanese expatriates by country/region, the majority of firms responded “no change.” This is true for the past year, the next year, and in all countries/regions.
- During the past year, the proportion of firms responding “decrease” exceeded 20% in China, HK & Macau and Taiwan.
- Regarding future plans, the proportion of firms responding “increase” is highest in Myanmar at 33.3%. Meanwhile, the proportion of firms responding “decrease” is highest in China at 25.2%.



# 2. Future Business Plan (11)

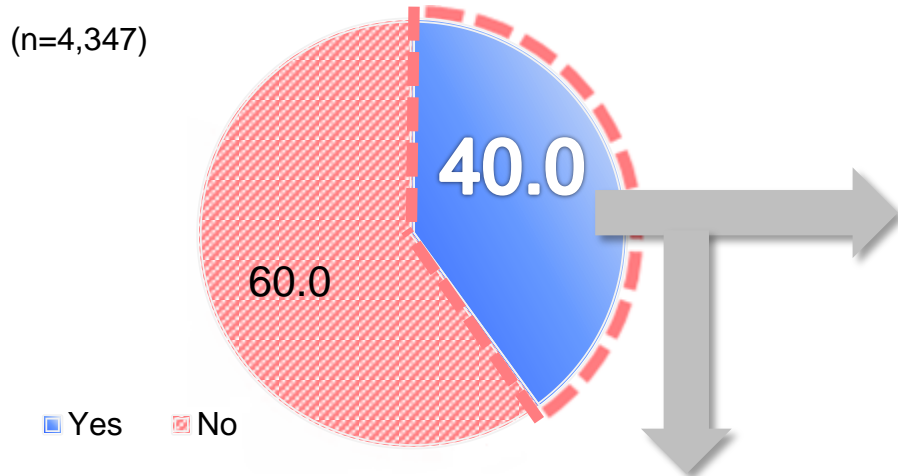
## Localization of management (multiple answer)



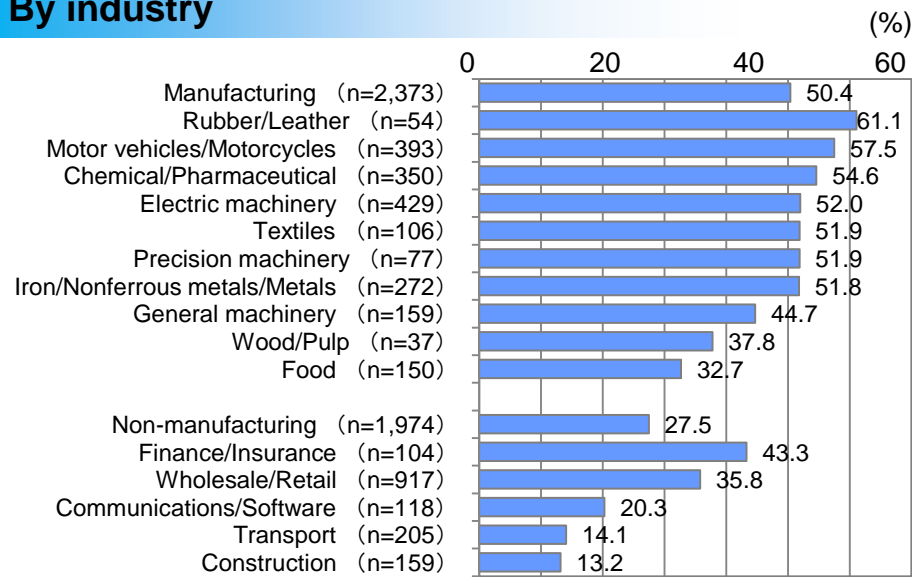
- Regarding “Efforts for localization of corporate management ,” the proportion of firms who responded “strengthen system to train/cultivate local human resources by focusing on localization of corporate management” (68.1%), and “assign local staff to a general manager/manager position” (51.3%) was exceeded 50 %. The proportion of large firms who responded “strengthen system to train/cultivate local human resources by focusing on localization of corporate management,” “assign local staff to a general manager/manager position” and “reform personnel systems, such as a merit-based promotion system, by focusing on localization of corporate management” exceeded that of SMEs more than 10 points.
- For “problems in promoting management localization”, the highest percentage was marked at “Lack of employee performance/employee awareness among local staff.”

# 2. Future Business Plan (12)

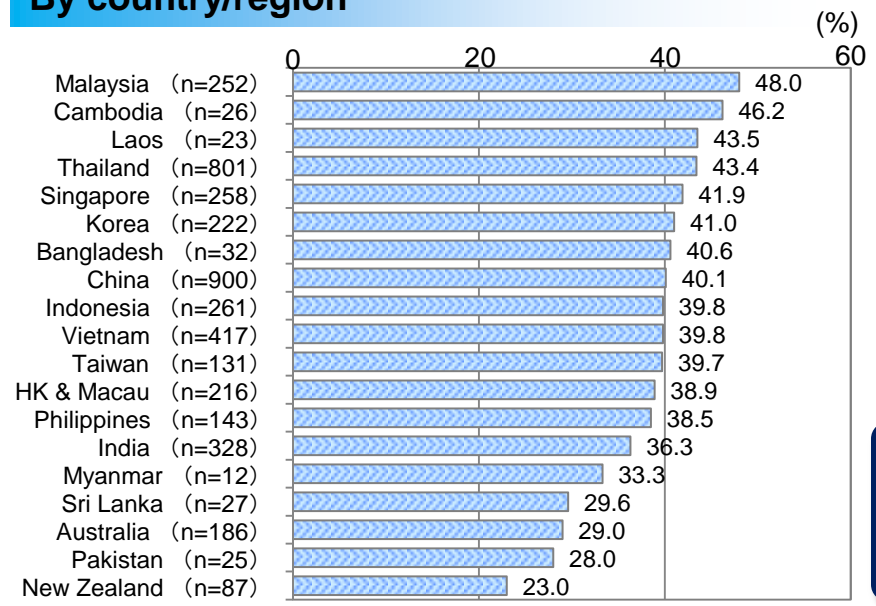
Alternative system to produce/supply goods in another country



## By industry



## By country/region



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

	Alternative country			
	Japan	China	Thailand	Vietnam
Total (n=4,347)	17.3	9.8	5.8	2.5
China (n=900)	18.7	8.9	5.1	3.9
Thailand (n=801)	24.6	10.7	2.7	2.7
Vietnam (n=417)	17.5	9.6	7.9	1.4

Note: Countries for which n ≥ 400

- The proportion of firms who responded that they have alternative system to produce/supply in another country was 40.0%
- Regarding the alternative country, Japan was highest (17.3%) followed by China (9.8%) and Thailand (5.8%).

# 3. Management matter (1)

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

Answers		2013 (%)	2012 (%)	Change (points)	By industry		By scale	
					Manufacturing	Non-manufacturing	Large	SME
1	Wage increase	70.9	71.0	Δ 0.1	76.8	64.1	70.6	71.4
2	Competitors' market shares are growing (cost-wise competition)	53.2	53.0	0.2	55.1	51.1	57.2	46.2
3	Lack of employee performance/employee awareness among local staff	52.6	49.6	3.0	58.0	46.3	51.2	55.3
4	Quality of employees	46.6	45.6	1.0	49.6	43.2	45.5	48.6
5	Difficulty in quality control	44.9	43.8	1.1	44.9	-	43.9	46.2
6	Difficulty in local procurement of materials/parts	43.2	45.6	Δ 2.4	43.2	-	42.0	44.8
7	Difficulty in recruiting executive staff	41.5	41.8	Δ 0.3	41.7	41.3	41.9	40.7
8	Major clients requesting lower prices	40.2	44.3	Δ 4.1	47.8	31.5	39.1	42.2
9	Increase in procurement costs	39.5	46.9	Δ 7.4	39.5	-	38.9	40.2
10	No more room for cost-cutting	39.3	44.6	Δ 5.3	39.3	-	38.7	40.1

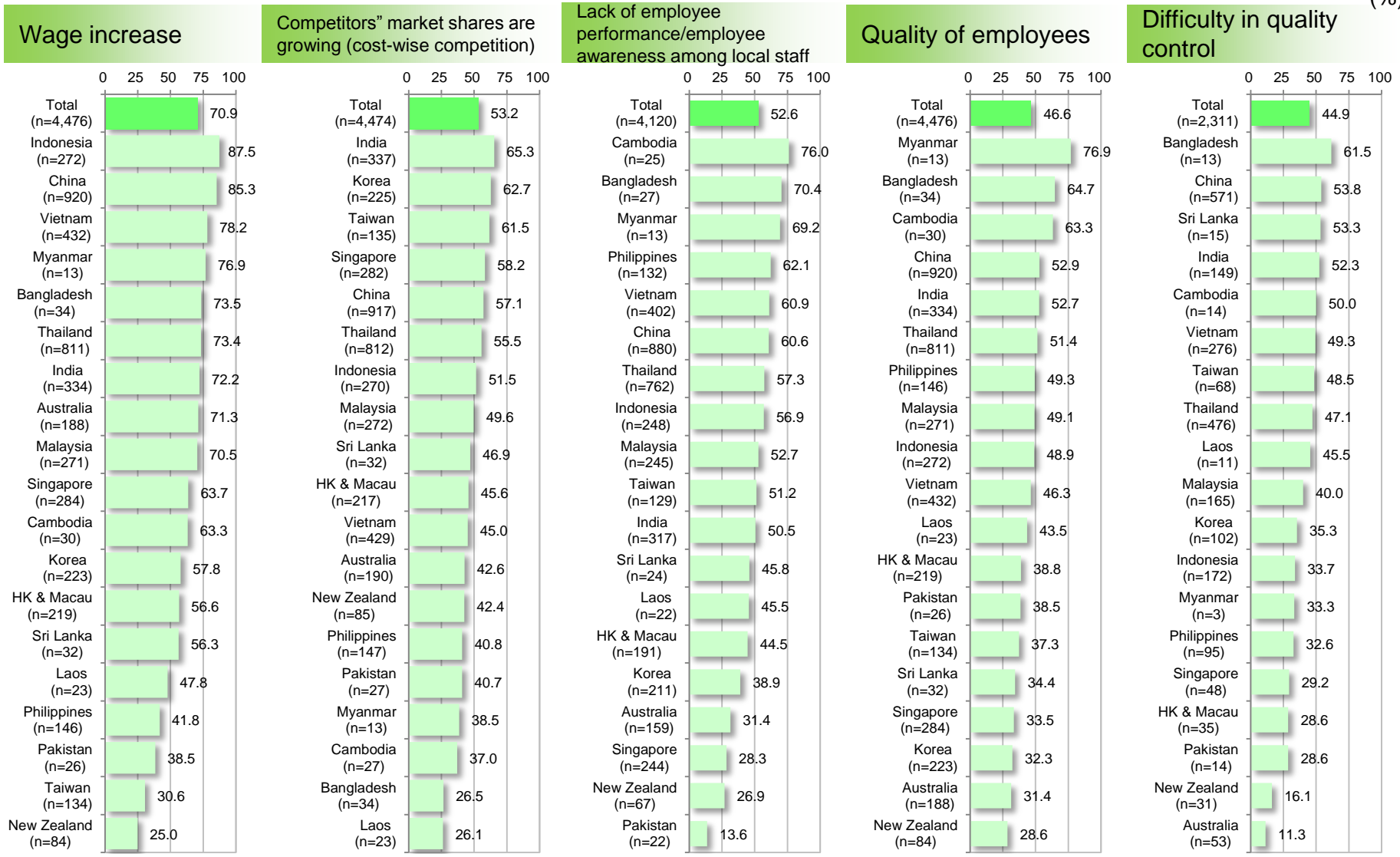
- The top answer under management matter was “wage increase” (70.9%), followed by “competitors’ market shares are growing (cost-wise competition)” (53.2%). The proportion of firms citing “wage increase” totaled for more than 80% in Indonesia (87.5%) and China (85.3%).
- The proportions of firms citing “wage increase” and “lack of employee performance/employee awareness among local staff” were higher by 10 points or more in the manufacturing sector than in the non-manufacturing sector.
- Large firms and SMEs showed almost the same results, but 57.2% of large firms cited “competitors’ market shares are growing (cost-wise competition),” higher by 10 points or more than SMEs (46.2%), while 55.3% of SMEs cited “Lack of employee performance/employee awareness among local staff,” higher by 4 points or more than large firms (51.2%).



# 3. Management matter (2)

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

(%)





# 3. Management matter (3)

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

(%)

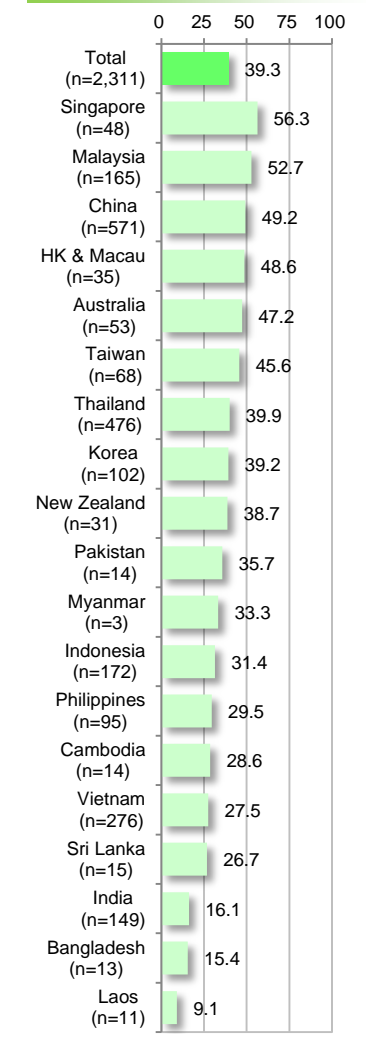
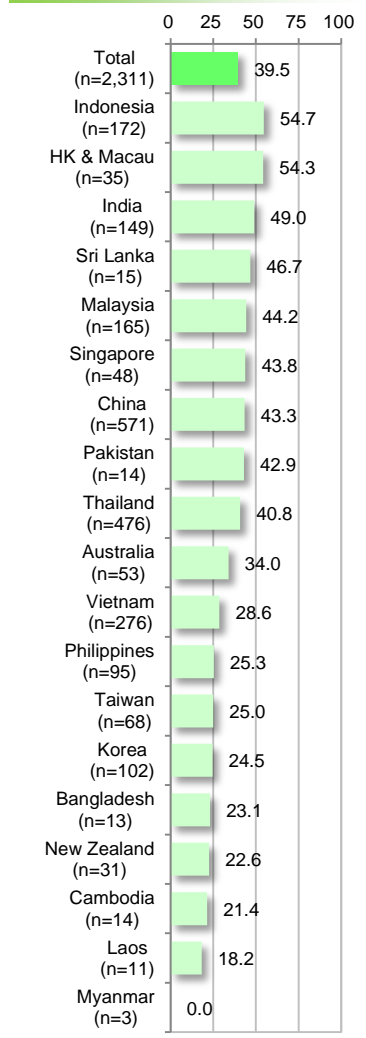
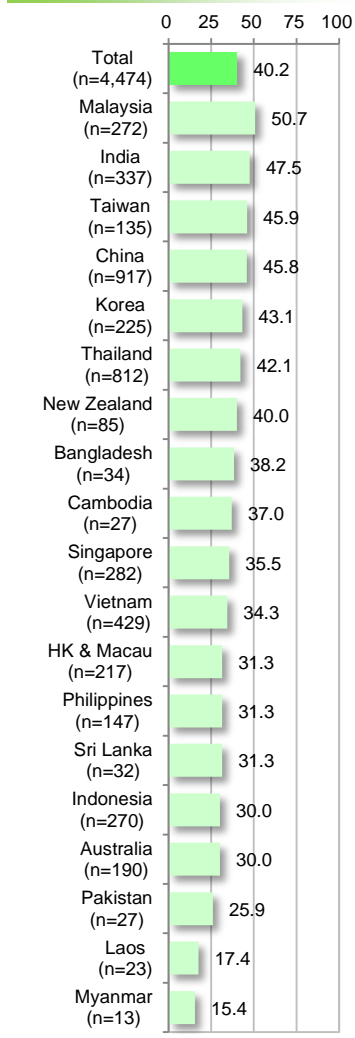
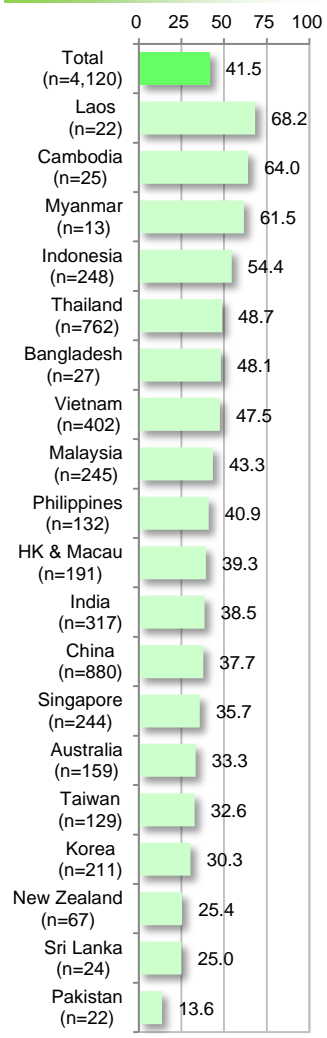
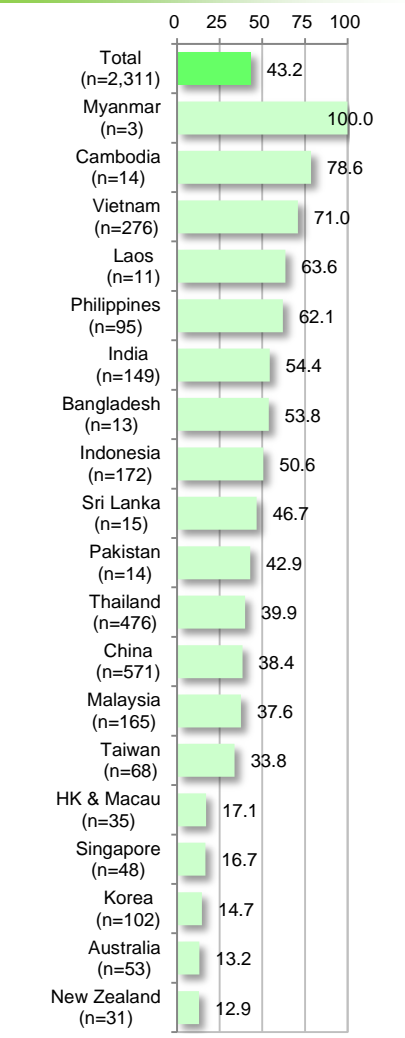
**Difficulty in local procurement of materials/parts**

**Difficulty in recruiting executive staff**

**Major clients requesting lower prices**

**Increase in procurement costs**

**No more room for cost-cutting**





# 3. Management matter (4)

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

Red-highlighted items are increased by 10 points or more compared to the previous year.  
 Blue-highlighted items are decreased by 10 points or more compared to the previous year.  
 Figures in parenthesis are from survey 2012.

Singapore		(%)	
1	Wage increase (n=284)	63.7	(61.2)
2	Competitors' market shares are growing (cost-wise competition) (n=282)	58.2	(59.7)
3	No more room for cost-cutting (n=48)	56.3	(60.0)
4	Increase in financing costs (n=48)	43.8	(53.3)
5	Difficulty in developing in new clients on market (n=282)	42.2	(30.3)

Malaysia		(%)	
1	Wage increase (n=271)	70.5	(70.7)
2	Lack of employee performance/employee awareness among local staff (n=245)	52.7	(42.7)
2	No more room for cost-cutting (n=165)	52.7	(55.8)
4	Major clients requesting lower prices (n=272)	50.7	(41.7)
5	Competitors' market shares are growing (cost-wise competition) (n=272)	49.6	(45.0)

Thailand		(%)	
1	Wage increase (n=811)	73.4	(77.9)
2	Lack of employee performance/employee awareness among local staff (n=762)	57.3	(55.0)
3	Competitors' market shares are growing (cost-wise competition) (n=812)	55.5	(57.2)
4	Quality of employees (n=811)	51.4	(48.7)
5	Difficulty in recruiting local candidates for executive positions (n=762)	48.7	(50.3)

Indonesia		(%)	
1	Wage increase (n=272)	87.5	(82.2)
2	Time-consuming customs procedures (n=262)	63.0	(48.5)
3	Lack of employee performance/employee awareness among local staff (n=248)	56.9	(55.7)
4	Volatility of the local currency's exchange rate against the US dollar (n=272)	55.9	(44.6)
5	Increase in financing costs (n=172)	54.7	(46.1)

Vietnam		(%)	
1	Wage increase (n=432)	78.2	(81.5)
2	Difficulty in local procurement of raw materials and parts (n=276)	71.0	(74.5)
3	Complicated customs clearance procedures (n=422)	64.5	(53.9)
4	Lack of employee performance/employee awareness among local staff (n=402)	60.9	(60.5)
5	Difficulty in quality control (n=276)	49.3	(51.5)

Philippines		(%)	
1	Lack of employee performance/employee awareness among local staff (n=132)	62.1	(59.5)
1	Difficulty in local procurement of raw materials and parts (n=95)	62.1	(67.7)
3	Quality of employees (n=146)	49.3	(47.8)
4	Volatility of the local currency's exchange rate against the US dollar (n=145)	42.1	(42.5)
5	Wage increase (n=146)	41.8	(47.8)

Note: Top 5 responses are listed above, except for "no particular problem."  
 Orange-highlighted items are not included in the overall top 10 most commonly cited problems presented in slide 3. Business Problems (1).



# 3. Management matter (5)

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

Red-highlighted items are increased by 10 points or more compared to the previous year.  
Blue-highlighted items are decreased by 10 points or more compared to the previous year.  
Figures in parenthesis are from survey 2012.

India			(%)
1	Wage increase (n=334)	72.2	(71.1)
2	Competitors' market shares are growing (cost-wise competition) (n=337)	65.3	(63.5)
3	Volatility of the local currency's exchange rate against the US dollar (n=334)	58.1	(49.5)
4	Time-consuming customs procedures (n=329)	56.8	(52.5)
5	Complicated customs clearance procedures (n=329)	55.9	(55.6)
Pakistan			(%)
1	Volatility of the local currency's exchange rate against the US dollar (n=27)	74.1	(57.1)
2	Power shortage or blackout (n=14)	50.0	(64.3)
3	Inflow of cheap imported goods into local markets (n=27)	44.4	(40.7)
3	Volatility of the local currency's exchange rate against the Japanese yen (n=27)	44.4	(57.1)
5	Increase in financing costs (n=14)	42.9	(57.1)
5	Difficulty in local procurement of raw materials and parts (n=14)	42.9	(57.1)
Sri Lanka			(%)
1	Wage increase (n=32)	56.3	(59.4)
2	Difficulty in quality control (n=15)	53.3	(41.2)
3	Competitors' market shares are growing (cost-wise competition) (n=32)	46.9	(48.4)
4	Increase in financing costs (n=15)	46.7	(47.1)
4	Difficulty in local procurement of raw materials and parts (n=15)	46.7	(58.8)

Bangladesh			(%)
1	Power shortage or blackout (n=13)	76.9	(77.8)
2	Wage increase (n=34)	73.5	(60.6)
3	Lack of employee performance/employee awareness among local staff (n=27)	70.4	(61.8)
4	Quality of employees (n=34)	64.7	(63.6)
5	Difficulty in quality control (n=13)	61.5	(38.9)
5	Inadequate logistics infrastructure (n=13)	61.5	(44.4)
Cambodia			(%)
1	Difficulty in local procurement of raw materials and parts (n=14)	78.6	(81.8)
2	Lack of employee performance/employee awareness among local staff (n=25)	76.0	(60.0)
3	Difficulty in recruiting local candidates for executive positions (n=25)	64.0	(60.0)
4	Wage increase (n=30)	63.3	(34.6)
4	Quality of employees (n=30)	63.3	(42.3)
Laos			(%)
1	Difficulty in recruiting local candidates for executive positions (n=22)	68.2	(64.7)
2	Difficulty in local procurement of raw materials and parts (n=11)	63.6	(84.6)
3	Difficulty in recruiting general workers (Manufacturing only) (n=11)	54.5	(30.8)
4	Difficulty in recruiting middle management staff (n=23)	52.2	(64.7)
5	Wage increase (n=23)	47.8	(58.8)
5	Employee retention rate (n=23)	47.8	(52.9)
Myanmar			(%)
1	Difficulty in local procurement of raw materials and parts (n=3)	100.0	(60.0)
1	Power shortage or blackout (n=3)	100.0	(100.0)
3	Wage increase (n=13)	76.9	(80.0)
3	Quality of employees (n=13)	76.9	(70.0)
5	Lack of employee performance/employee awareness among local staff (n=13)	69.2	(65.0)

Note: Top 5 responses are listed above, except for "no particular problem." Orange-highlighted items are not included in the overall top 10 most commonly cited problems presented in slide 3: Business Problems (1).

# 3. Management matter (6)

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

China		(%)	
1	Wage increase (n=920)	85.3	(84.4)
2	Lack of employee performance/employee awareness among local staff (n=880)	60.6	(55.5)
3	Competitors' market shares are growing (cost-wise competition) (n=917)	57.1	(53.4)
4	Difficulty in quality control (n=571)	53.8	(49.9)
5	Quality of employees (n=920)	52.9	(50.4)

Hong Kong & Macau		(%)	
1	Wage increase (n=219)	56.6	(58.5)
2	Increase in financing costs (n=35)	54.3	(70.4)
3	No more room for cost-cutting (n=35)	48.6	(55.6)
4	Competitors' market shares are growing (cost-wise competition) (n=217)	45.6	(54.5)
5	Lack of employee performance/employee awareness among local staff (n=191)	44.5	(38.0)

Taiwan		(%)	
1	Competitors' market shares are growing (cost-wise competition) (n=135)	61.5	(60.5)
2	Lack of employee performance/employee awareness among local staff (n=129)	51.2	(52.1)
3	Difficulty in quality control (n=68)	48.5	(45.3)
4	Sluggishness in major sales markets (consumption downturn) (n=135)	48.1	(49.2)
5	Major clients requesting lower prices (n=135)	45.9	(51.6)

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

Orange-highlighted items are not included in the overall top 10 most commonly cited problems presented in slide 3. Business Problems (1).

Red-highlighted items are increased by 10 points or more compared to the previous year.  
Blue-highlighted items are decreased by 10 points or more compared to the previous year.  
Figures in parenthesis are from survey 2012.

Korea		(%)	
1	Competitors' market shares are growing (cost-wise competition) (n=225)	62.7	(51.8)
2	Wage increase (n=223)	57.8	(54.3)
3	Volatility of the local currency's exchange rate against the US dollar (n=223)	48.9	(53.7)
4	Major clients requesting lower prices (n=225)	43.1	(50.6)
5	Difficulty in developing in new clients on market (n=225)	39.6	(34.8)

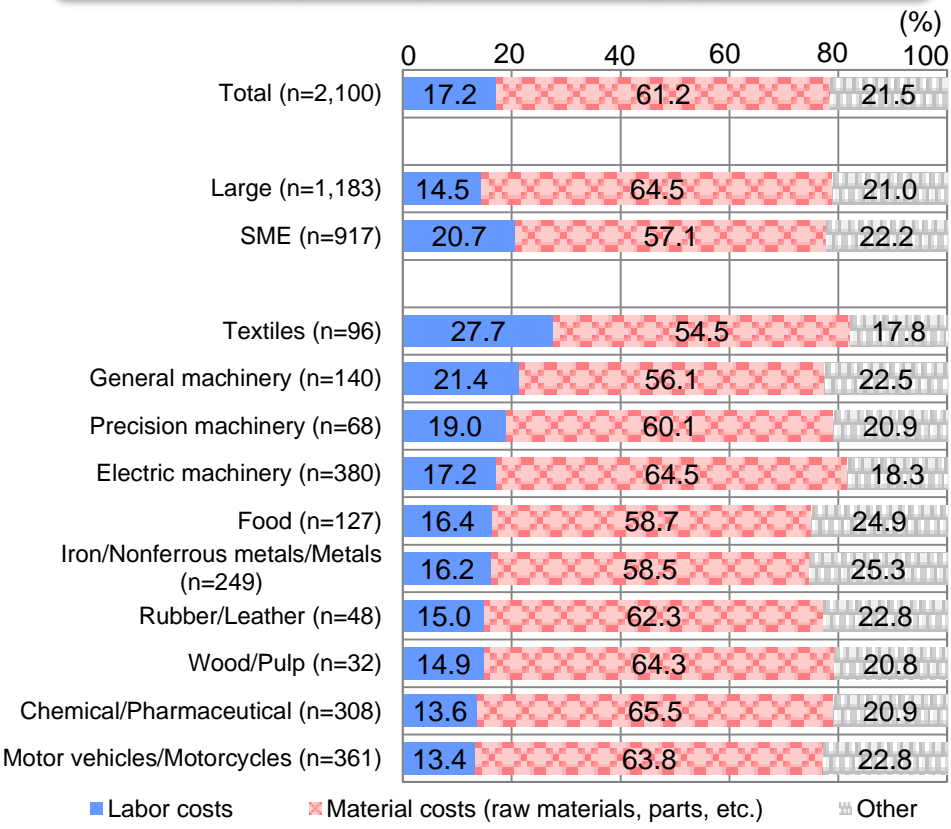
Australia		(%)	
1	Wage increase (n=188)	71.3	(71.5)
2	No more room for cost-cutting (n=53)	47.2	(51.2)
3	Competitors' market shares are growing (cost-wise competition) (n=190)	42.6	(39.6)
4	Volatility of the local currency's exchange rate against the US dollar (n=190)	40.5	(41.1)
5	Sluggishness in major sales markets (consumption downturn) (n=190)	36.8	(50.3)

New Zealand		(%)	
1	Competitors' market shares are growing (cost-wise competition) (n=85)	42.4	(41.4)
2	Major clients requesting lower prices (n=85)	40.0	(42.5)
3	Volatility of the local currency's exchange rate against the US dollar (n=85)	38.8	(29.9)
3	Volatility of the local currency's exchange rate against the Japanese yen (n=85)	38.8	(20.7)
5	No more room for cost-cutting (n=31)	38.7	(60.0)

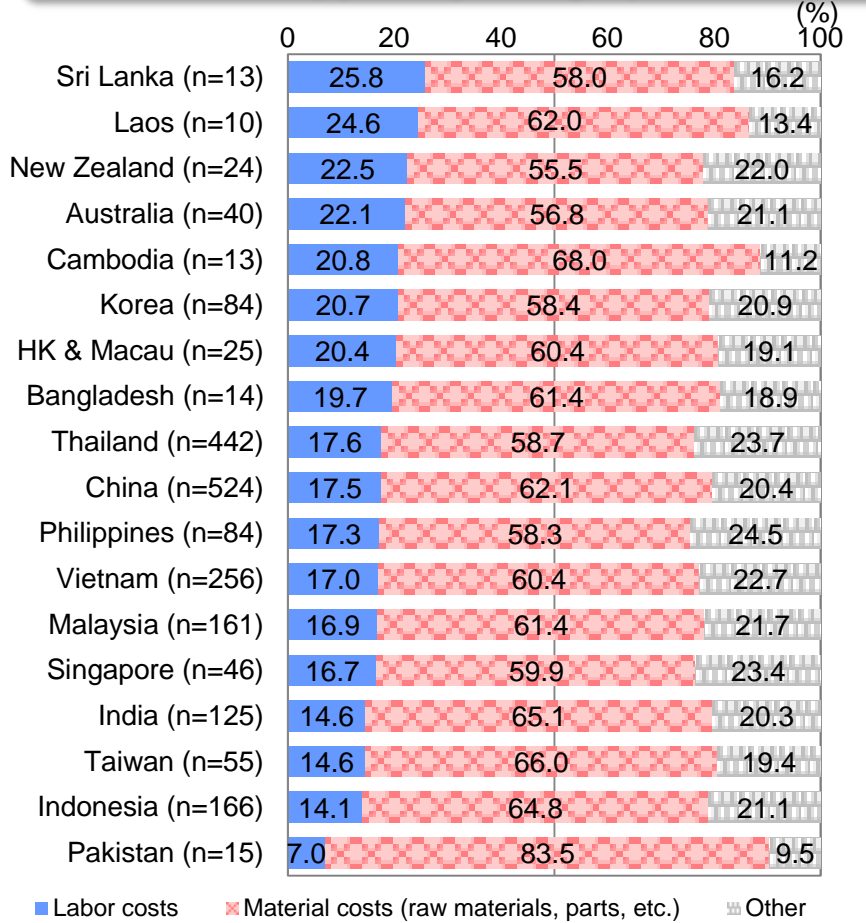
# 4. Procurement of Raw Materials and Parts (1)

Note: Country/region for which n ≥ 10

**Ratio of labor/material costs to production costs**  
(by industry scale and category)



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

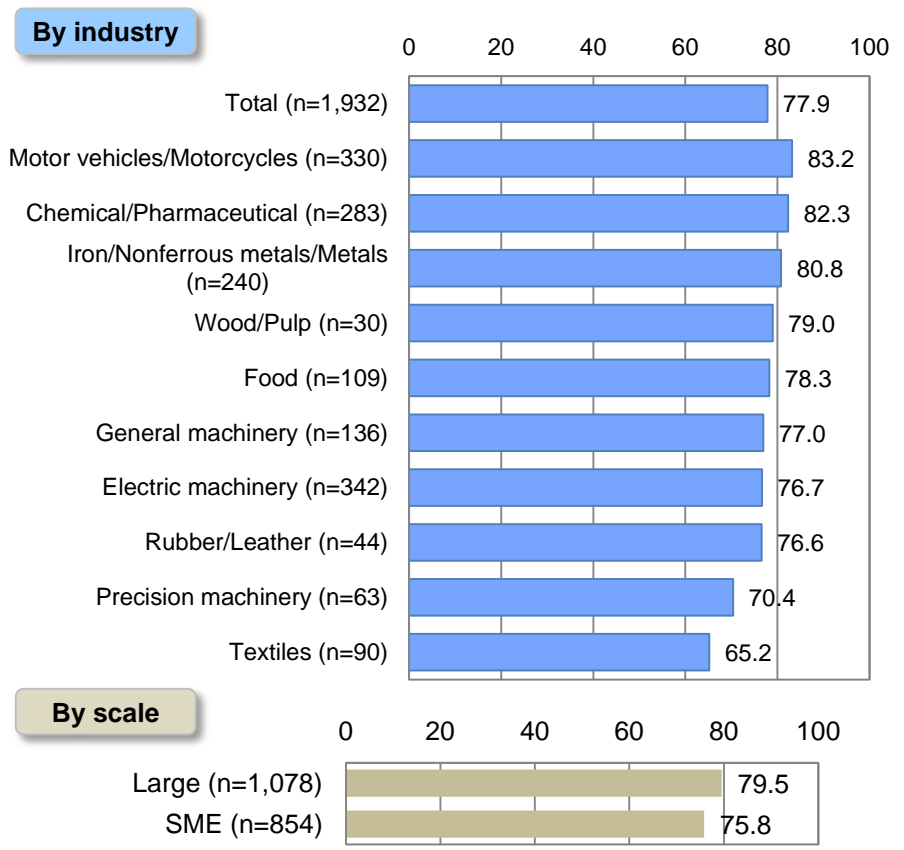


Note: "Production cost" includes the costs of all resources consumed in producing an item, such as materials, labor, and others.

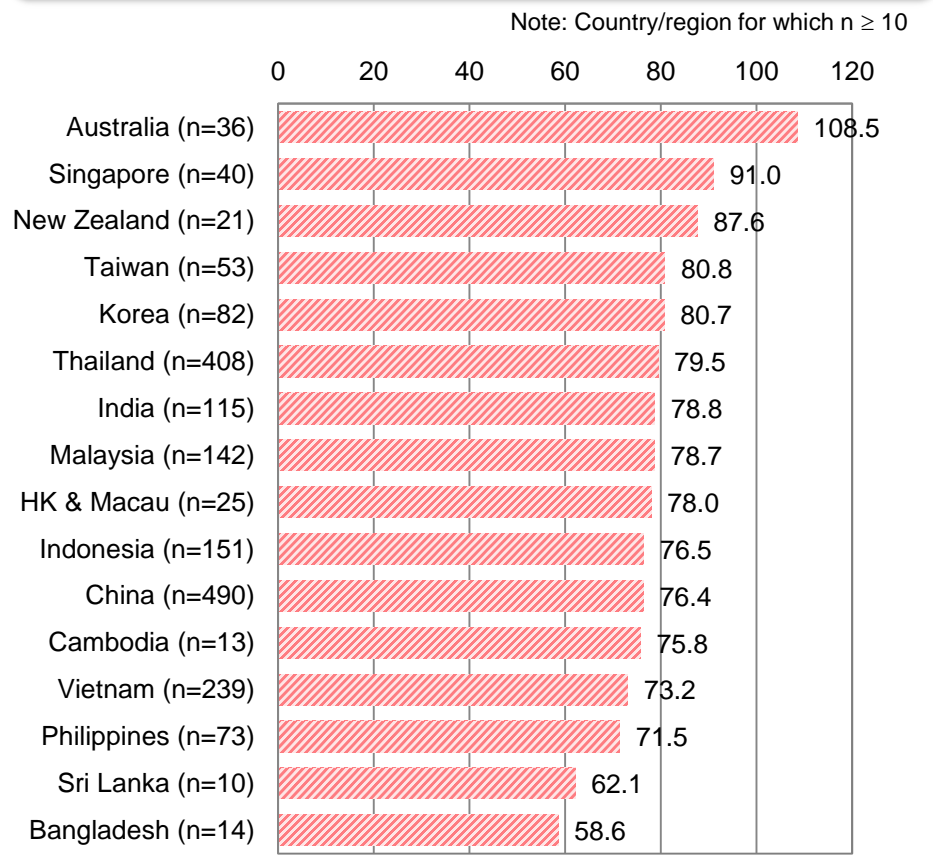
- The ratio of labor costs to local production costs averaged 17.2% in Japanese-affiliated companies, while that of material costs to production costs averaged 61.2%. Given that material costs constitute the majority of overall costs, it appears that material cost reduction efforts are necessary to cut production costs.
- The ratio of labor costs was highest in the textile industry, at 27.7%. Meanwhile, in the chemical/pharmaceutical and motor vehicles/motorcycles industries, the ratio of labor costs was low and that of material costs was high.
- The ratio of labor costs was relatively high in Sri Lanka, Laos and Oceania. Meanwhile, the ratio of material costs was dominantly high in Pakistan (83.5%) same as the previous year(84.1%), and exceeded 65% in Cambodia, Taiwan and India.

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

Production costs by compared to the costs of products in Japan which is set 100 (by industry scale and category)



Production costs by compared to the costs of products in Japan which is set 100 (by country and region)



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

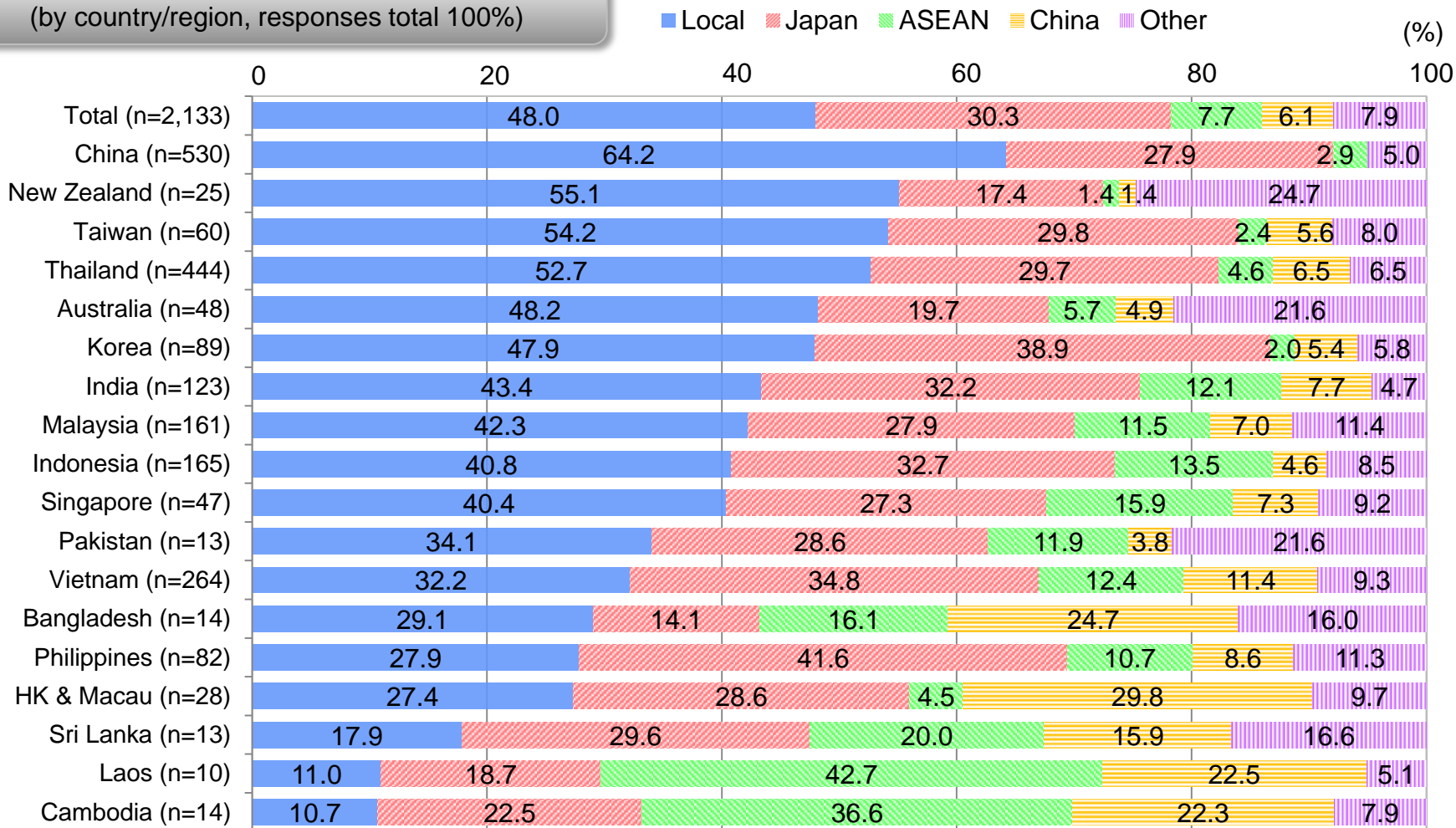
- When the costs of production in Japan is set at 100, the average local production costs is 77.9.
- By industry, the production costs is relatively high in motor vehicles/motorcycles industry, the chemical/pharmaceutical industry, and the iron/nonferrous metals/metals industry, exceeding 80%. Conversely, production costs in the textiles industry is a low 65.2.
- By scale of firms, the production costs of small and mid-sized firms is 3.7 points lower than that of major firms (79.5).
- By country/region, Australia exceeds the cost of production in Japan. Meanwhile, the cost of production is low in Bangladesh (58.6) and Sri Lanka (62.1).

# 4. 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



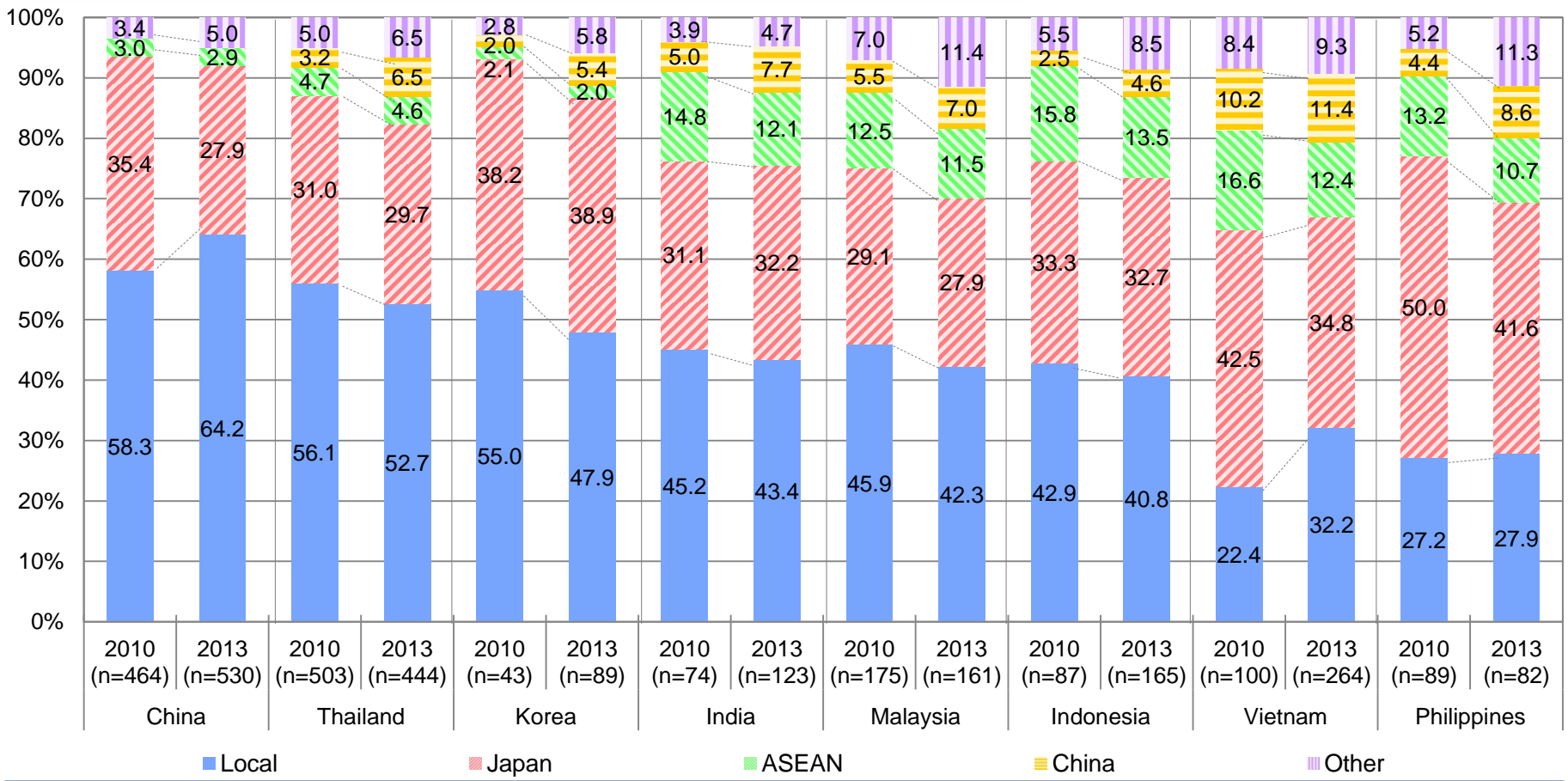
- The largest sources of raw materials and parts for Japanese affiliated-companies are “local” (48.0%), followed by “Japan” (30.3%) and “ASEAN” (7.7%). The local procurement rate slightly increased from that in 2012 (47.8%). The procurement rate from Japan in 2013 decreased from the previous year (31.8%).
- The local procurement rate is high in China, which has been increasing for four straight years from 2009 (45.8%).
- The procurement rate from Japan is relatively high in the Philippines (41.6%), Korea (38.9%), Vietnam (34.8%), Indonesia(32.7%) and India (32.2%).



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

Procurement sources for raw materials and parts (by compared to 2010)

Manufacturing sectors only



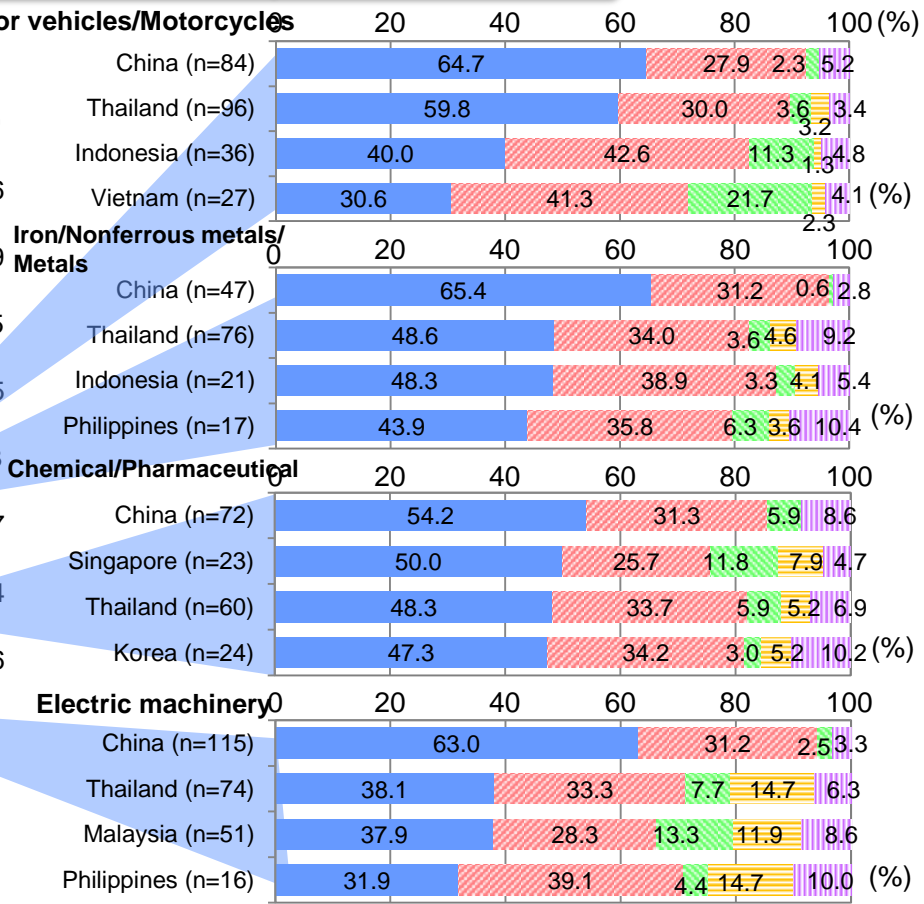
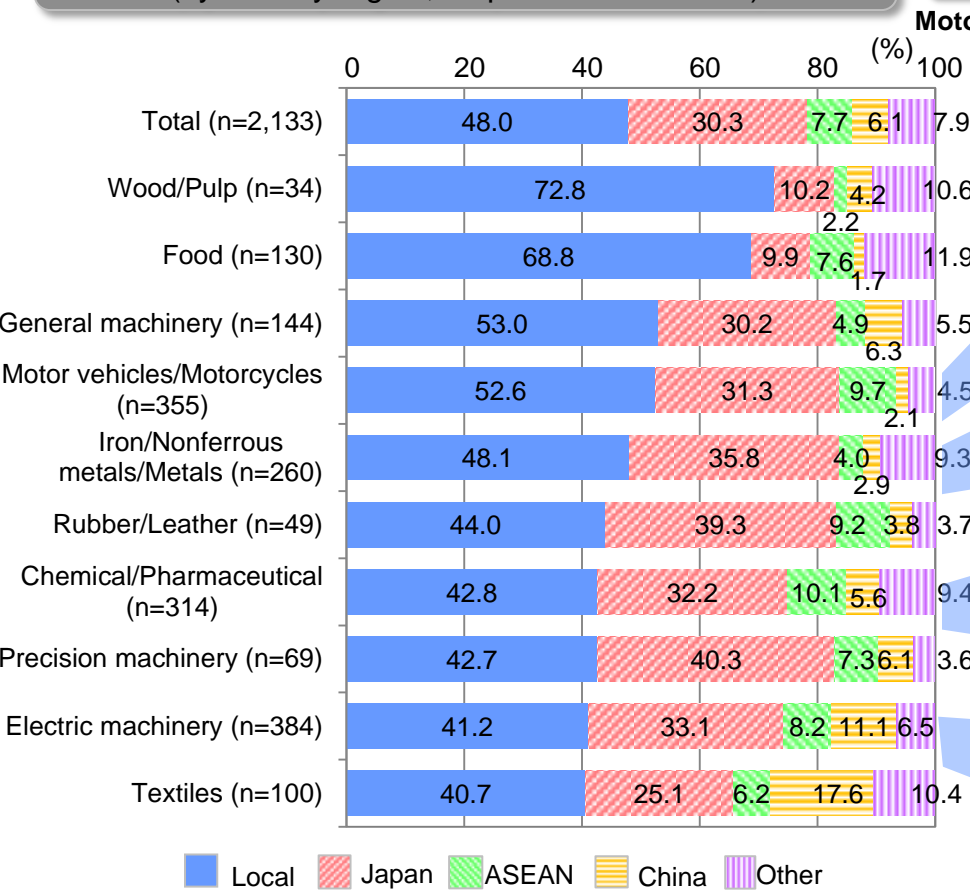
- Compared this year to 2010 about the breakdown of procurement sources for raw materials and parts among major eight countries, the local procurement rate increased in China, Vietnam, Philippines. In particular, the rate of Vietnam increased nearly 10 points in this three years.
- The procurement rate from Japan decreased in six countries/regions - China, Thailand, Malaysia, Indonesia, Vietnam and Philippines.
- In contrast, the procurement rate from China increased in seven countries/regions - Thailand, Korea India, Malaysia, Indonesia, Vietnam and Philippines.

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

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

**Proportion of answers in major industries for the top 4 countries**

Note: Countries/regions for which n>10. n denotes the numbers of valid responses for each industry by country/region.

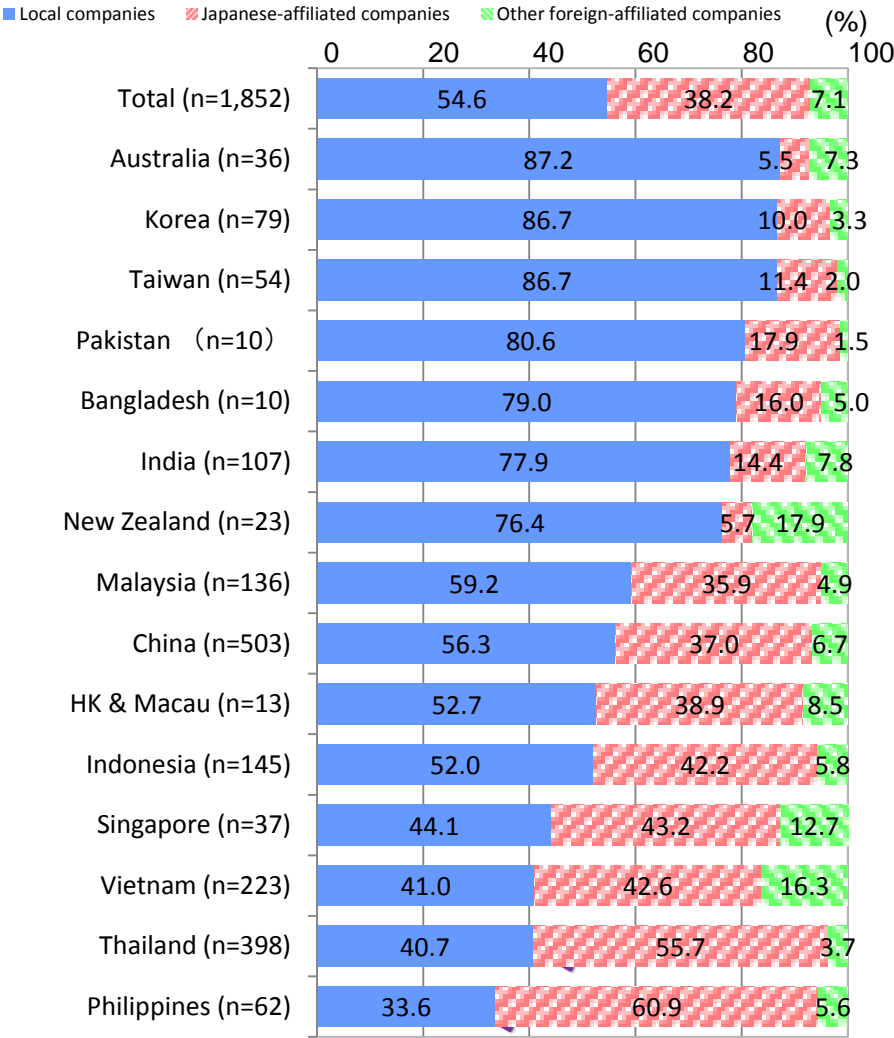


- Industries with high rates of local procurement of raw materials and parts are food (72.8%) and wood/pulp (68.8%). Meanwhile, precision machinery have relatively high rates (over 40%) of raw materials and parts procurement from Japan.
- In terms of the four industries with the highest local procurement rates for raw material and parts, in China, the local procurement rates in each of these industries exceed 50%. In particular, the local procurement rate for the iron/nonferrous metals/metals industry in China increased 14.3 points at 65.4% from the previous year (51.1%).
- The local procurement rate for the electric machinery industry in China increased from 58.5% to 63.0%, but in Thailand, decreased from 44.0%.

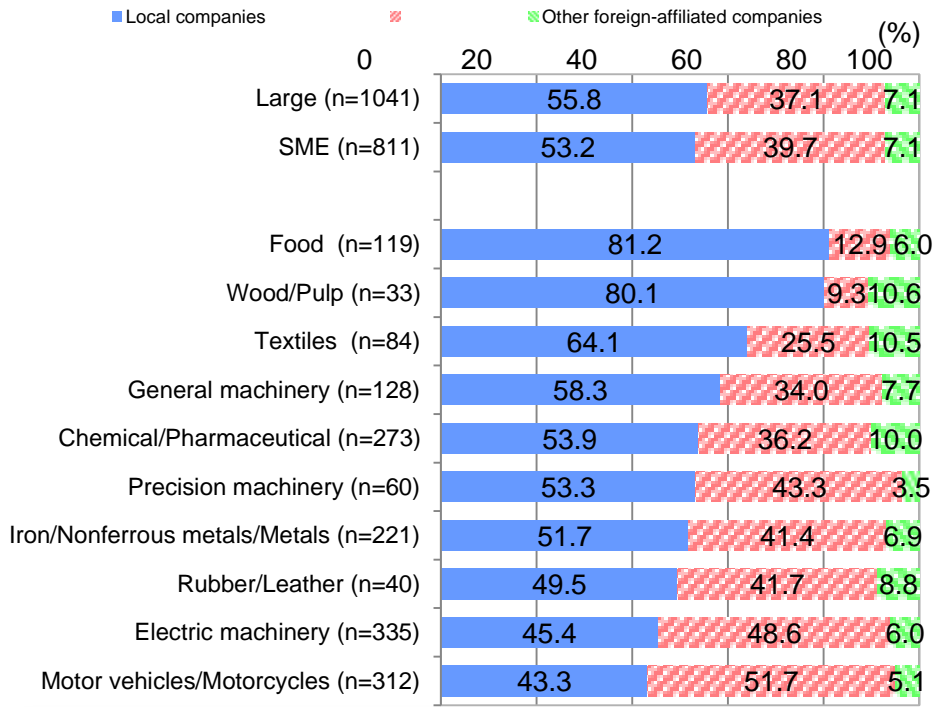
# 4. Procurement of Raw Materials and Parts (6)

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

Note: Countries/regions for which n ≥ 10.



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



- At 54.6%, “local companies” was the largest local procurement source for raw materials and parts, followed by “Japanese-affiliated companies,” and “other foreign-affiliated companies.”
- In the Philippines and Thailand, “Japanese-affiliated companies” accounted for more than 50% of the sources for local procurement. In particular, Japanese-affiliated companies accounted for 73.1% in the motor vehicles/motorcycles industry in Thailand.
- By industry category, “local companies” accounted for more than 80% in the food industry and the wood/pulp industry.

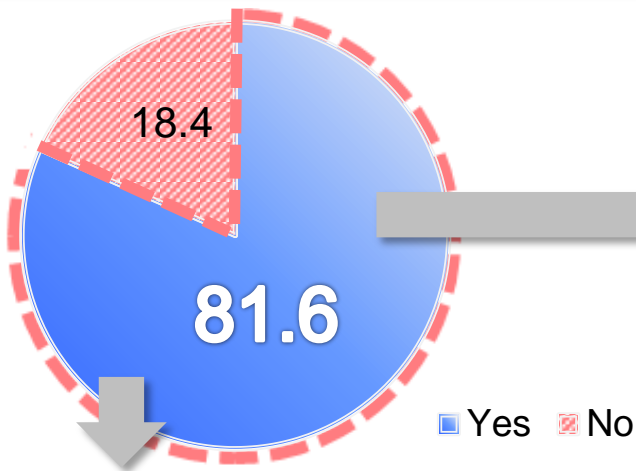


# 4. Procurement of Raw Materials and Parts (7)

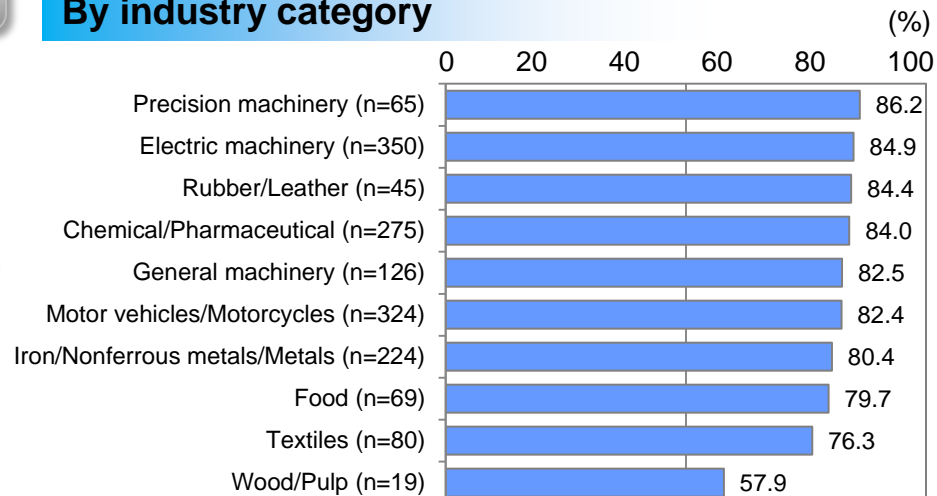
Manufacturing sectors only

Raw materials/parts that can be purchased only in Japan

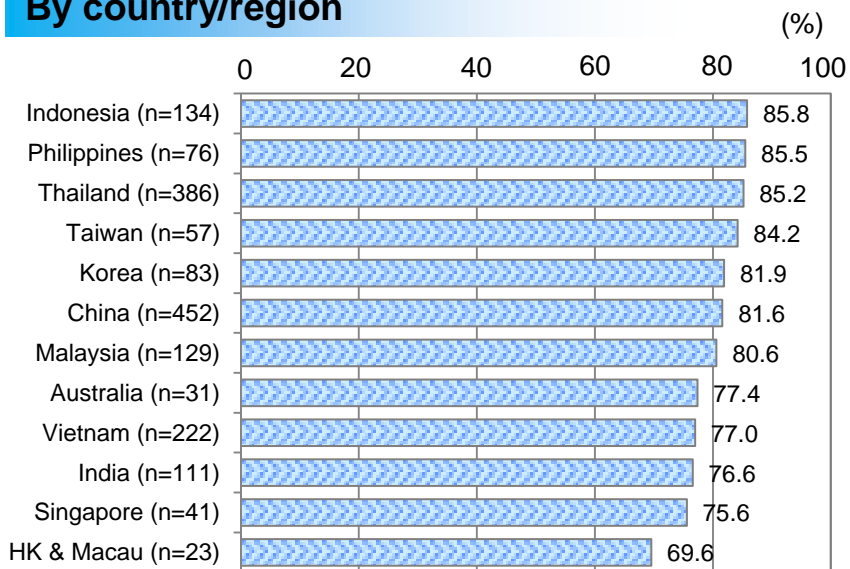
(n=1,805)



## By industry category



## By country/region



Note: Countries/regions for which n ≥ 15.

- Among firms which procure raw materials/parts from Japan were asked if there are any raw materials/parts which can be purchased only in Japan. Approximately 80% of firms answered “yes” to this question. By country/region, more than 60% of firms responded “yes” in all surveyed countries/regions. Furthermore, in all industries excluding the wood/pulp industry, more than 70% of firms responded that there are raw materials/parts which can be purchased only in Japan.

- The following is a list of representative raw materials/parts contained in responses.

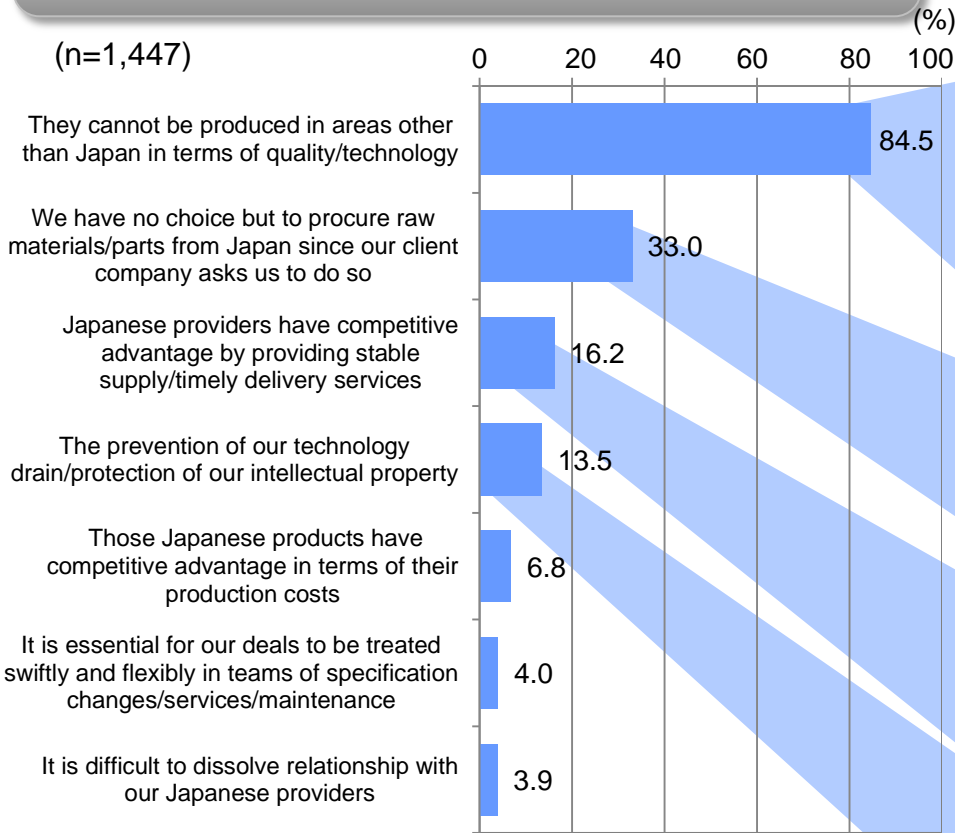
- [Precision machinery] Precision parts, IC, control devices
- [Electric machinery] Electric parts, semiconductors, IC, resin material, toner, steel material, aluminum
- [Rubber/Leather] Rubber material, synthetic rubber, chemicals, polymers
- [Chemicals/Pharmaceuticals] Pharmaceutical ingredients, plastic material, resin material, chemicals, additives
- [General machinery] Steel material, specially processed parts, bearings, control devices/parts
- [Motor vehicles/Motorcycles] Steel material, ceramic parts, electric parts, resin material, rubber
- [Iron/Nonferrous metals/Metals] Special steel, special wire material
- [Food] Additives, perfume material, enzymes
- [Textiles] Cloth, special materials
- [Wood/Pulp] Base paper

# 4. 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=1,447)



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

### By country/region

Country/Region	%
Indonesia (n=114)	86.8
Korea (n=65)	86.2
China (n=365)	86.0
Taiwan (n=46)	84.8
Malaysia (n=102)	84.3

Country/Region	%
Malaysia (n=102)	43.1
Vietnam (n=167)	40.1
Philippines (n=61)	37.7

Country/Region	%
Taiwan (n=46)	23.9
Philippines (n=61)	21.3
Malaysia (n=102)	23.5

Country/Region	%
Taiwan (n=46)	26.1
Korea (n=65)	24.6
India (n=83)	16.9

### By industry category

Industry Category	%
Food (n=55)	90.9
Precision machinery (n=56)	89.3
Rubber/Leather (n=36)	88.9
Motor vehicles/Motorcycles (n=264)	85.6
Chemical/Pharmaceutical (n=227)	83.7

Industry Category	%
Iron/Nonferrous metals/Metals (n=175)	43.4
Motor vehicles/Motorcycles (n=264)	43.2
Textiles (n=61)	36.1

Industry Category	%
General machinery (n=101)	30.7
Precision machinery(n=56)	21.4
Iron/Nonferrous metals/Metals (n=175)	20.6

Industry Category	%
General machinery (n=101)	25.7
Rubber/Leather (n=36)	16.7
Precision machinery(n=56)	16.1

- Regarding reasons why procurement from countries other than Japan is difficult, 84.5% of firms responded that quality/technology is an issue. Next, 33.0% of firms responded that raw materials/parts from Japan are specified by client companies.
- Firms in the precision machinery industry gave a high proportion of responses for a variety of items including quality/technology, stable supply/timely delivery, prevention of technology drain/protection of intellectual property.

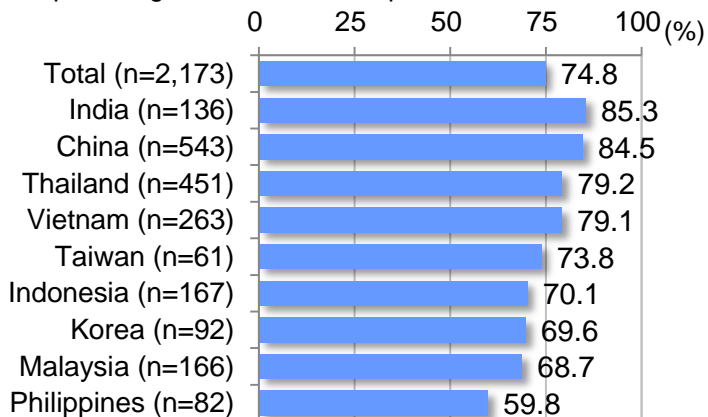
Note: Country/region and industry category for which n ≥ 30.

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

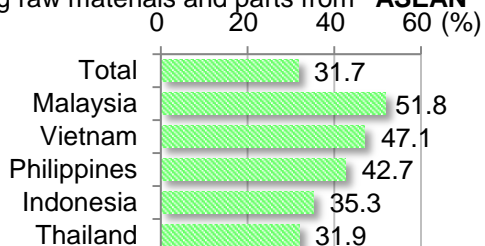
## Future strategy to procure raw materials and parts (by country/region, multiple answer)

Note: Countries/regions for which n ≥ 50.

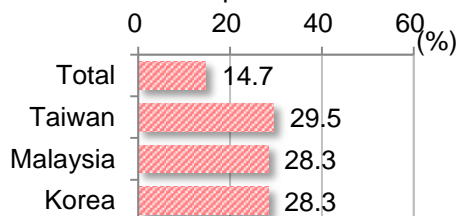
Ratio of firms that responded would raise dependency rate in procuring raw materials and parts from **“local market”**



Ratio of firms that responded would raise dependency rate in procuring raw materials and parts from **“ASEAN”**



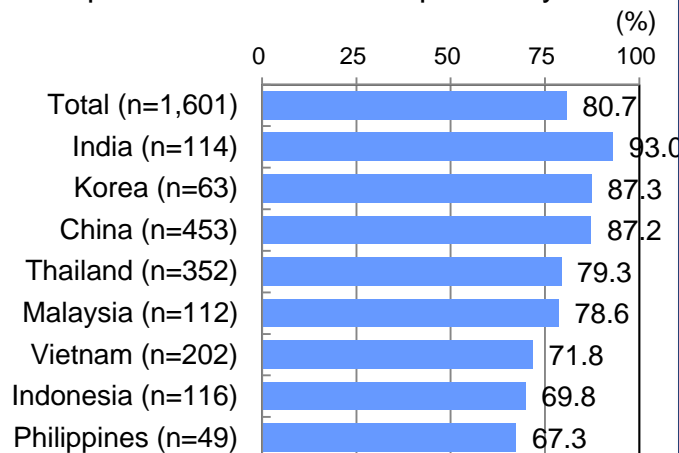
Ratio of firms that responded will raise dependency rate in procuring raw materials and parts from **“China”**



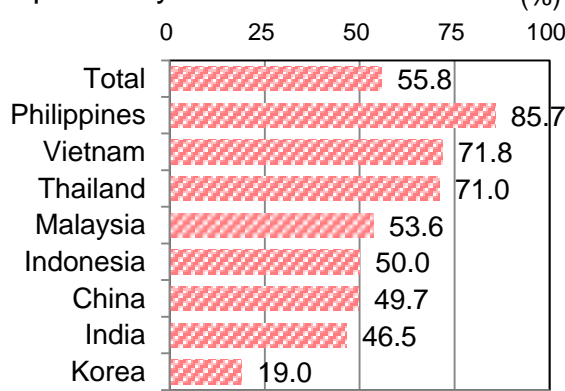
## Important Local procurement sources to raise the local procurement rate (by country/region, multiple answer)

Note: Countries/regions for which n ≥ 45.

Ratio of firms that responded local companies are important to raise local dependency rate



Ratio of firms that responded Japanese-affiliated companies are important to raise local dependency rate



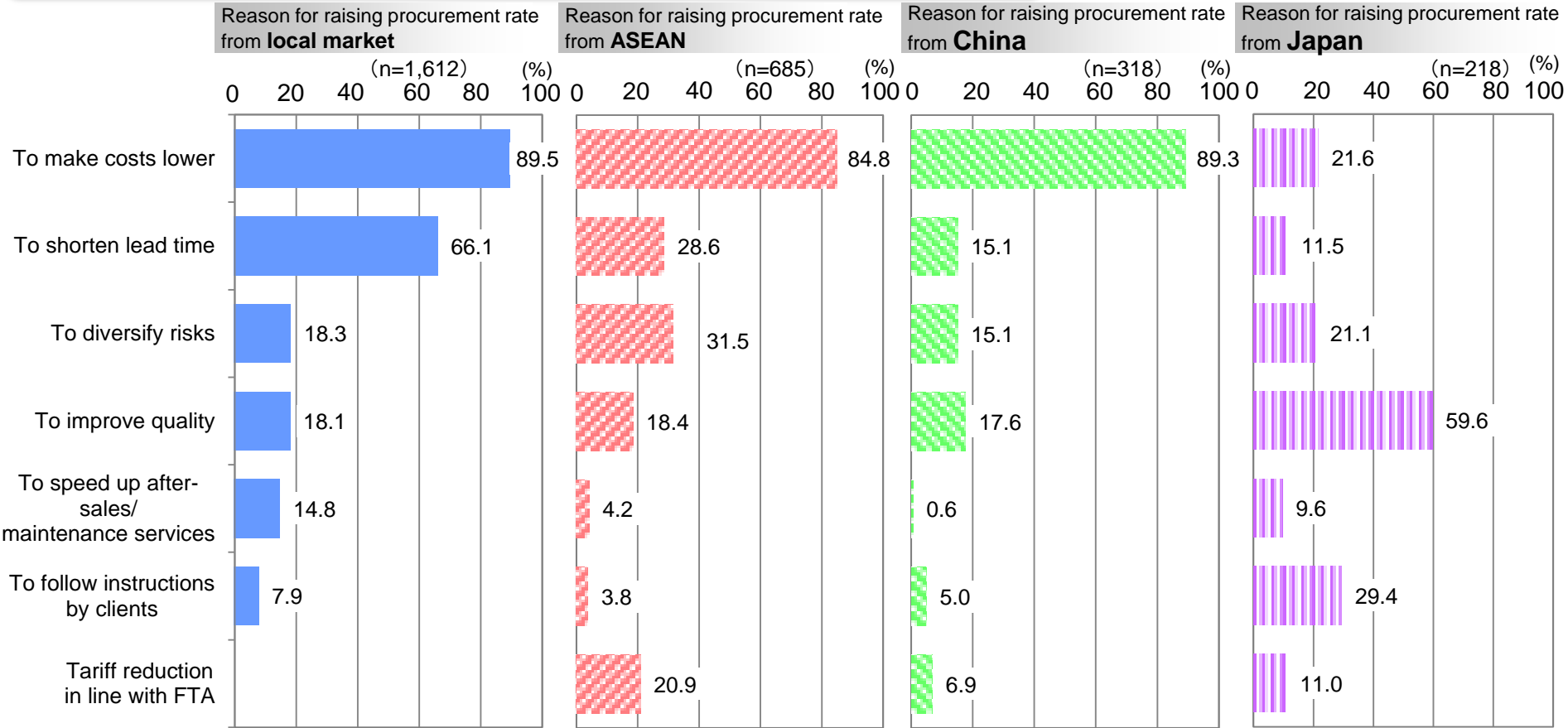
- The ratio of firms that responding they would raise dependency rate in procuring raw materials and parts from “local market” was highest at 74.8%.
- In ASEAN countries, the ratio of firms responding they would raise the procurement rate from ASEAN was relatively high compared to countries/regions outside of the ASEAN. This was particularly true for Malaysia and Vietnam.
- To increase local procurement rate, 80.7% of firms cited “local companies” as local procurement sources that would be important in the future, and 55.8% of firms cited “Japanese-affiliated companies.”
- Although “local companies” were highlighted as local procurement sources in all countries/regions, the proportion of firms selecting “Japanese-affiliated companies” was greatly different among countries/regions.



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

**Reasons for raising future procurement rate for raw materials/parts**  
(multiple answer)

Manufacturing sectors only

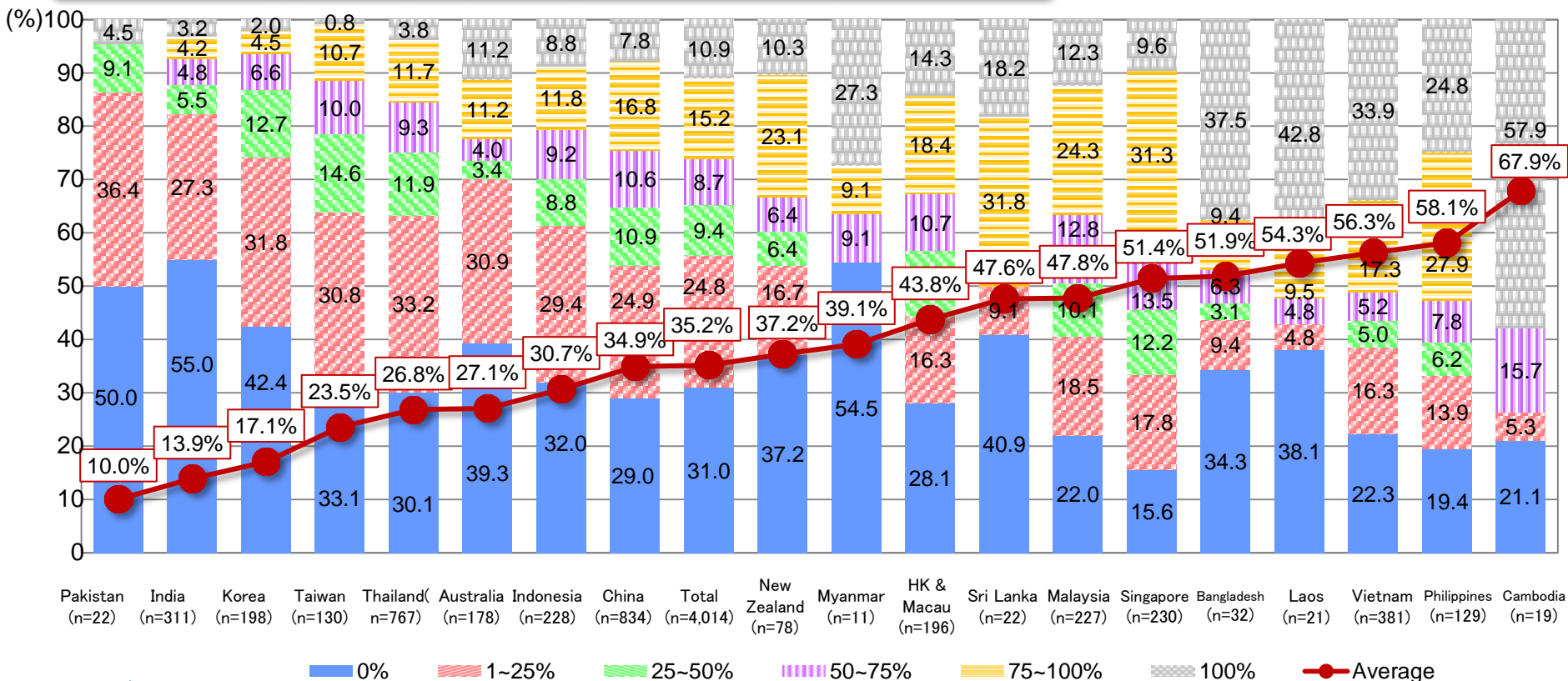


- The greatest number of firms that responded that they would raise the rate of procurement from local markets, ASEAN or China, cited “to make costs lower” as a reason.
- Major reasons for raising local procurement were “to make costs lower” (89.5%) and “to shorten lead time” (66.1%).
- As reasons for raising the procurement rate from ASEAN, a certain percentage of firms cited answers such as “to diversify risks” (31.5%), “to shorten lead time” (28.6%) and “tariff reduction in line with FTA” (20.9%), in addition to “to make costs lower” (84.8%).
- At 59.6%, the most common reason for raising the procurement rate from Japan was “to improve quality,” while nearly 30% of firms cited “to follow instructions by clients.”

# 5. Exports/Imports (1)

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

Note: Countries/regions for which n ≥ 10



Domestic sale-type

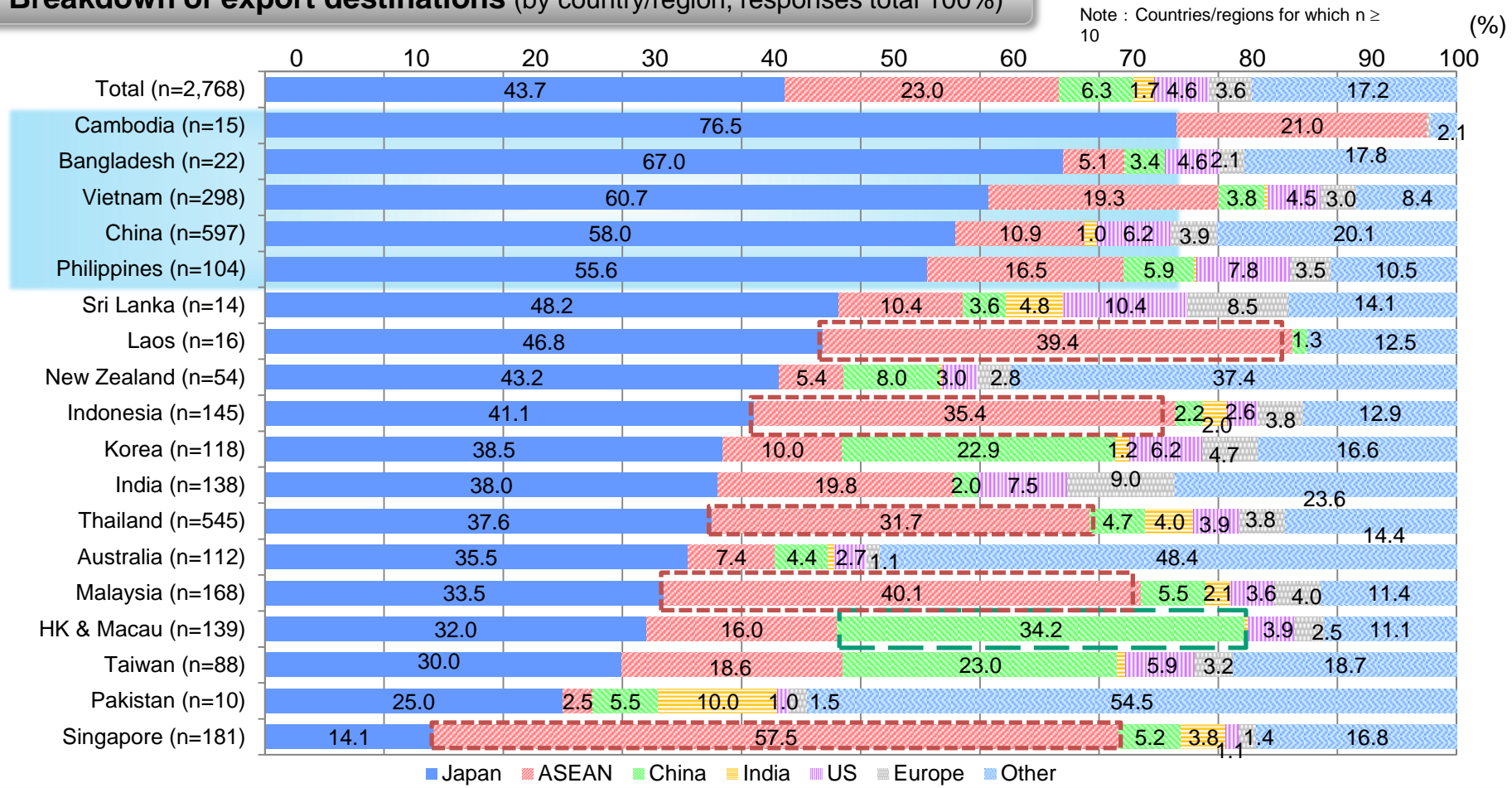
Export-type

- Average exports by Japanese-affiliated companies accounted for more than 50% of total local sales in Cambodia (67.9%), Philippines (58.1%), Vietnam (56.3%), Laos (54.3%), Bangladesh (51.9%) and Singapore (51.4%), while they accounted for less than 20% of total sales for firms in Pakistan (10.0%), India (13.9%) and Korea (17.1%), where domestic sales contributes substantially to overall sales.
- Proportions of firms that produce exclusively for export (i.e. exports account for 100% of sales) were high in Cambodia (57.9%), Laos (42.8%), Bangladesh (37.5%) and Vietnam (33.9%). Meanwhile, over 50% of firms in India (55.0%), Myanmar (54.5%) and Pakistan (50.0%) produced exclusively for the domestic markets (exports account for 0% of sales).



# 5. Exports/Imports (2)

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



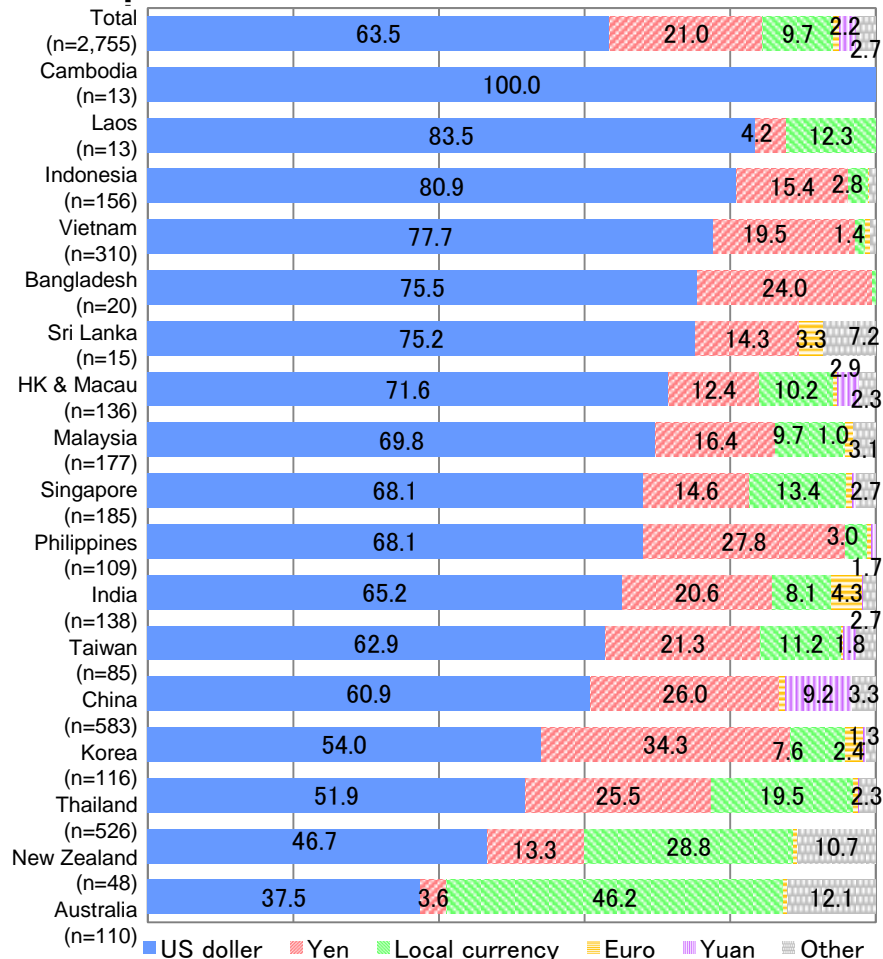
- Japan was the most common destination for exports by Japan-affiliated companies (total of all countries/regions surveyed), accounting for an average of 43.7% of exports, followed by ASEAN, accounting for 23.0% of exports.
- There was little change in the overall composition of export destinations relative to 2012 (n=2,263). Exports to Japan decreased by 0.7 percentage points, while exports to ASEAN increased by 0.5 percentage point, and exports to China decreased by 0.7 percentage point, all remained for the increase/decrease less than 1%.
- Exports to “Japan” accounted for over 50% of total exports from Cambodia, Bangladesh, Vietnam, China and Philippines respectively. Japan was a particularly common destination for exports from China and Vietnam for the communication/software industry (97.4% and 93.2%, respectively) and was also a particularly common destination for exports from Vietnam, for the textile industry (93.7%).

# 5. Exports/Imports (3)

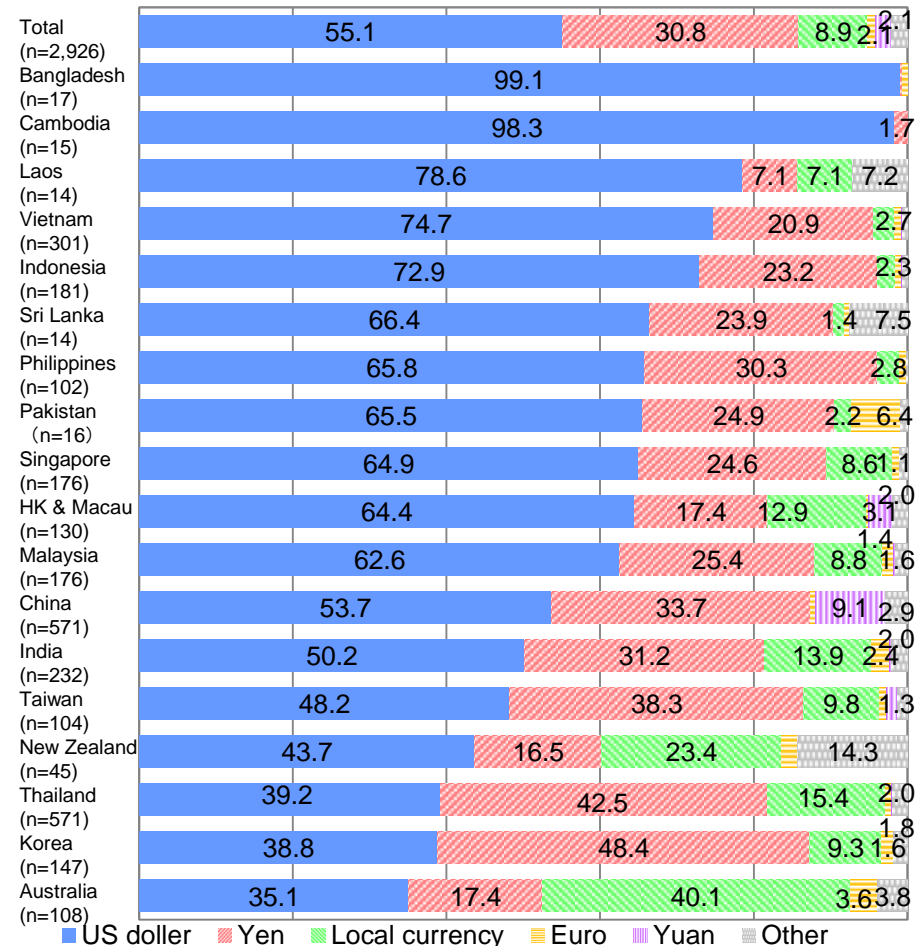
## Currencies for import/export settlement

Note : Countries/regions for which n ≥ 10

### For export



### For import



● The currency for export settlement breaks down in the following order: US dollar (63.5%), yen (21.0%), local currency (9.7%) and yuan (2.2%). Currency for import settlement breaks down as follows: US dollar (55.1%), yen (30.8%), local currency (8.9%) and yuan (2.1%). Compared to exports, US dollars are used for a smaller ratio of imports, while the yen is used for a higher ratio. There was no significant difference between imports/exports for local currency and yuan.



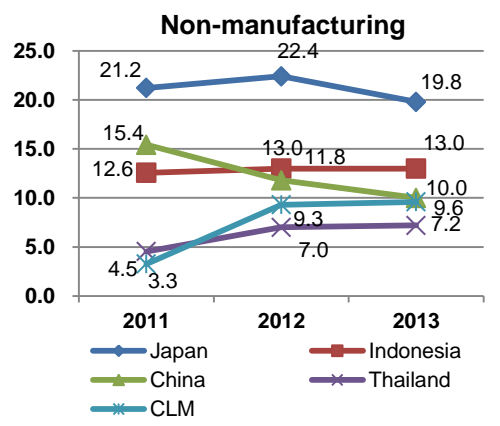
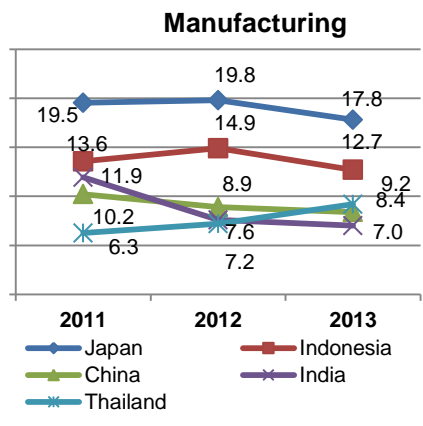
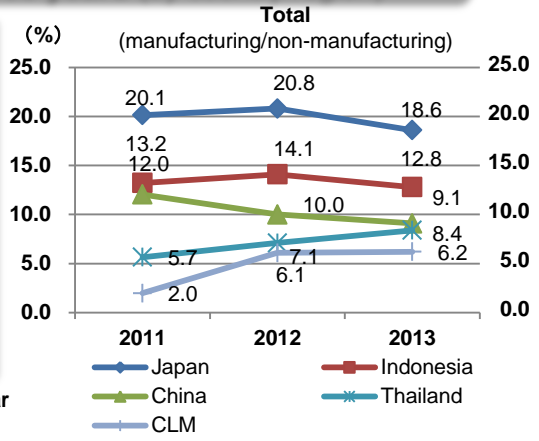
# 5. Exports/Imports (4)

**Most promising export market for business/products over the next one to three years (by country/region)**

Note : Countries/regions for which n ≥ 10

Total (2013)		
Total (n=3,223)		
Country	%	
1 Japan	18.6	
2 Indonesia	12.8	
3 China	9.1	
4 Thailand	8.4	
5 CLM*	6.2	

\*CLM : Cambodia, Laos and Myanmar



## By country

**Japan is most important**

China (n=693)		
Country	%	
1 Japan	29.7	
2 Thailand	7.5	
3 US	7.4	

Vietnam (n=332)		
Country	%	
1 Japan	27.7	
2 Thailand	16.0	
3 CLM	11.4	

Philippines (n=115)		
Country	%	
1 Japan	29.6	
2 Thailand, US	14.8	
3 China	9.6	

New Zealand (n=61)		
Country	%	
1 Japan	24.6	
2 China	21.3	
3 Oceania	13.1	

Bangladesh (n=30)		
Country	%	
1 Japan	40.0	
2 China	20.0	
3 India	13.3	

Laos (n=16)		
Country	%	
1 Japan, Thailand	31.3	
2 CLM	12.5	
3 Vietnam, Philippines	6.3	

Sri Lanka (n=13)		
Country	%	
1 Japan, India, Singapore	15.4	
2 Thailand, Philippines, etc.	7.7	

**Indonesia is most important**

Thailand (n=682)		
Country	%	
1 Indonesia	26.4	
2 CLM	14.2	
3 Japan	13.0	

Singapore (n=152)		
Country	%	
1 Indonesia	28.9	
2 Thailand	14.5	
3 Malaysia	9.9	

Malaysia (n=124)		
Country	%	
1 Indonesia	21.0	
2 Thailand	17.7	
3 Japan	10.5	

**China is most important**

HK & Macau (n=181)		
Country	%	
1 China	35.9	
2 Indonesia	10.5	
3 Thailand	8.3	

Korea (n=157)		
Country	%	
1 China	38.9	
2 Vietnam	12.7	
3 Japan	12.1	

Taiwan (n=101)		
Country	%	
1 China	39.6	
2 Thailand	8.9	
2 Indonesia	8.9	

**Middle East is most important**

Pakistan (n=16)		
Country	%	
1 Middle East	37.5	
2 Japan, India, China	12.5	

India (n=236)		
Country	%	
1 Middle East	14.8	
2 Japan	14.4	
3 Thailand	12.3	

- Among the most promising export markets over the next 1-3 years (total of all countries/regions surveyed), Japan was ranked No.1 in order of importance, followed by Indonesia, China, and Thailand and CLM (Cambodia, Laos and Myanmar).
- Compared to the 2012 survey, Thailand (+1.3%) moved up, while Japan (-2.2%), Indonesia (-1.3%) and China (-0.9%) moved down. Although India was tied with Thailand for 4th place in the previous year's survey, India fell from the top 5 this year. CLM climbed into 5th place.



# 5. Exports/Imports (5)

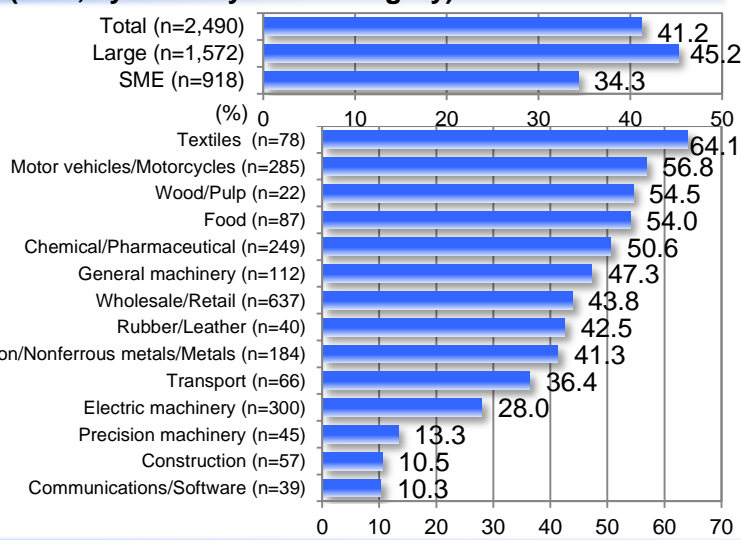
Note 1: The proportions in the 2 charts on the top are calculated as the ratio of firms that are using at least one FTA or EPA to firms that are involved in either export or import, or both.

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

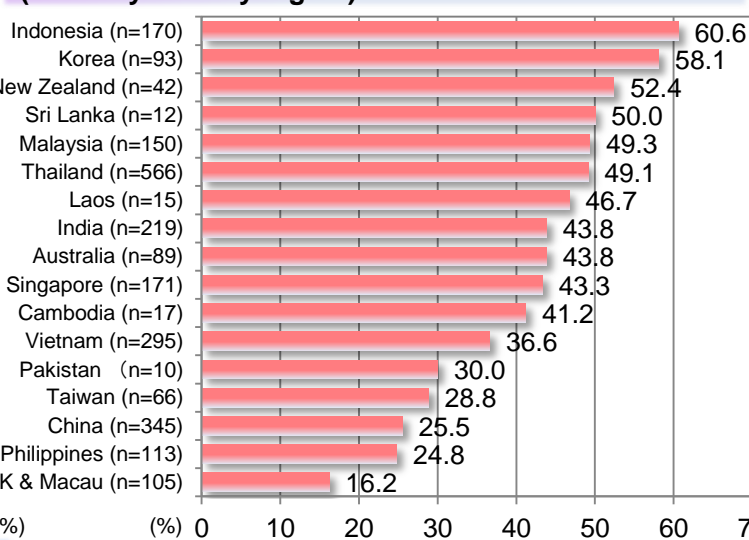
## Utilization of existing (in force) FTA/EPA (only companies involved in export/import)

Note : Countries/regions for which n ≥ 10

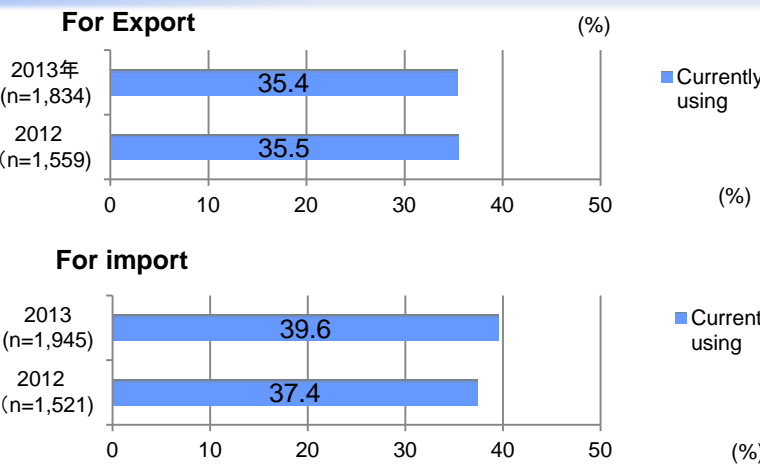
**Proportions of firms utilizing FTA/EPAs (total, by industry scale/category)**



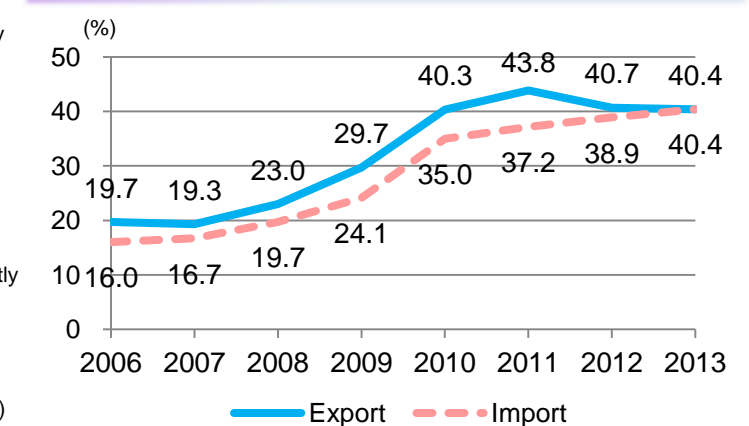
**Proportions of firms utilizing FTA/EPAs (totals by country/region)**



**Proportions of firms utilizing FTA/EPAs in 2012 and 2013 (by export/import)**



**Trend in FTA/EPA utilization by firms located in ASEAN**



- 41.2% of Japanese-affiliated companies located in Asia and Oceania are utilizing FTA/EPAs.
- A higher proportion of large firms (45.2%) is utilizing FTA/EPAs than SMEs (34.3%).
- FTA/EPA use is highest in the textile and motor vehicle/ motorcycle industries.
- FTA/EPA utilization is highest in Indonesia, where 60.0% of Japanese-affiliated companies use FTA/EPAs, followed by Korea and New Zealand, both exceeded 50%.
- Utilization of FTA/EPAs in exports is almost the same as 2012. Meanwhile, over the same period, the use of FTA/EPAs in imports increased by 2.2 percentage points.
- Looking at the trends in FTA/EPA utilization by Japanese-affiliated companies located in ASEAN, although FTA/EPA utilization for exports was almost the same as 2012, for imports has increased by 1.5 percentage points.

# 5. Exports/Imports (6)

## FTA and/or EPA (10+ user firms)

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 using of FTAs/EPAs to firms involved in import/export

	Trade partners	Firms involved in import/export	Firms making using of FTA/EPAs	% of firms using FTA/EPAs	Top 3 industries where FTA/EPAs are used (numbers of firms)						Firms considering use of FTA/EPAs	
					1	2	3	4	5	6		
Thailand	Export	Japan	293	99	33.8	Wholesale/Retail	16	Motor vehicles/Motorcycles	15	Chemical/Pharmaceutical	12	45
		ASEAN	264	129	48.9	Motor vehicles/Motorcycles	30	Wholesale/Retail	22	Chemical/Pharmaceutical	17	39
		China	123	47	38.2	Motor vehicles/Motorcycles	13	Chemical/Pharmaceutical	8	Wholesale/Retail	6	21
		India	110	36	32.7	Wholesale/Retail	7	Chemical/Pharmaceutical, General machinery	6	Electric machinery	5	26
		Korea	42	15	35.7	Wholesale/Retail	3	Chemical/Pharmaceutical, Iron/Nonferrous metals/Metals, Electric machinery	2 each			5
		Australia	41	16	39.0	Motor vehicles/Motorcycles, Electric machinery, Iron/Nonferrous metals/Metals	3 each	Transport			2	6
	Import	Japan	437	167	38.2	Wholesale/Retail	42	Motor vehicles/Motorcycles	32	Chemical/Pharmaceutical	18	87
		China	173	72	41.6	Wholesale/Retail	16	Motor vehicles/Motorcycles	11	Chemical/Pharmaceutical	8	31
		ASEAN	170	92	54.1	Wholesale/Retail	22	Chemical/Pharmaceutical, Transport	9	Iron/Nonferrous metals/Metals	8	25
		Korea	57	21	36.8	Wholesale/Retail	7	Iron/Nonferrous metals/Metals	4	Textiles	3	8
India		29	12	41.4	Motor vehicles/Motorcycles	5	Wholesale/Retail	3	Transport	2	5	
Malaysia	Export	Japan	78	26	33.3	Electric machinery	7	Chemical/Pharmaceutical	4	Iron/Nonferrous metals/Metals	3	10
		ASEAN	83	47	56.6	Electric machinery	11	Chemical/Pharmaceutical	9	Iron/Nonferrous metals/Metals	6	9
		China	48	18	37.5	Chemical/Pharmaceutical	5	Electric machinery, etc.	2 each	Food, etc.	1 each	7
		India	35	18	51.4	Chemical/Pharmaceutical	6	Electric machinery	5	Iron/Nonferrous metals/Metals	2	5
		Australia	35	18	51.4	Chemical/Pharmaceutical	6	Electric machinery	5	Iron/Nonferrous metals/Metals	2	5
		Import	Japan	110	35	31.8	Electric machinery, etc.	5 each	Wholesale/Retail, etc.	4 each	Chemical/Pharmaceutical	3
	ASEAN		67	31	46.3	Wholesale/Retail	5	Chemical/Pharmaceutical	4	Iron/Nonferrous metals/Metals, etc.	3 each	9
	China		61	18	29.5	Electric machinery	3	Wholesale/Retail, etc.	2 each	Chemical/Pharmaceutical, etc.	1 each	11
	Korea		23	12	52.2	Wholesale/Retail	3	Chemical/Pharmaceutical, etc.	2 each	Motor vehicles/Motorcycles, etc.	1 each	3
	Singapore	Export	ASEAN	144	61	42.4	Wholesale/Retail	39	Chemical/Pharmaceutical	9	Electric machinery	4
India			59	21	35.6	Wholesale/Retail	11	Chemical/Pharmaceutical	7	Electric machinery	2	9
Japan			58	23	39.7	Wholesale/Retail, etc.	9 each	Electric machinery	4	Transport	1	5
China			59	20	33.9	Wholesale/Retail	10	Chemical/Pharmaceutical	7	Electric machinery, etc.	1 each	9
Australia			46	11	23.9	Wholesale/Retail	6	Chemical/Pharmaceutical	4			7
Korea			23	12	52.2	Wholesale/Retail	6	Chemical/Pharmaceutical	4	Electric machinery, etc.	1 each	4
Import		Japan	127	39	30.7	Wholesale/Retail	25	Chemical/Pharmaceutical	6	Electric machinery	4	19
		ASEAN	89	33	37.1	Wholesale/Retail	17	Chemical/Pharmaceutical	7	Electric machinery	4	14
		China	63	17	27.0	Wholesale/Retail	12	Chemical/Pharmaceutical	4	Transport	1	12

- Numerous firms in Thailand, Malaysia, Singapore and Indonesia (see next page) are making use of AFTA within ASEAN as well as bilateral FTA/EPAs with Japan and China.
- In India, the FTA usage rate for imports from Japan and ASEAN has increased from the previous year (see next page).
- The FTA usage rate in China has decreased for exports to Hong Kong and ASEAN from the previous year. However, the FTA usage rate for imports has increased for these two regions, as well as for imports from Taiwan (see next page). In Korea, more than 50% of firms are making using of FTA/EPAs both with ASEAN and with the EU (see next page).

# 5. Exports/Imports (7)

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.

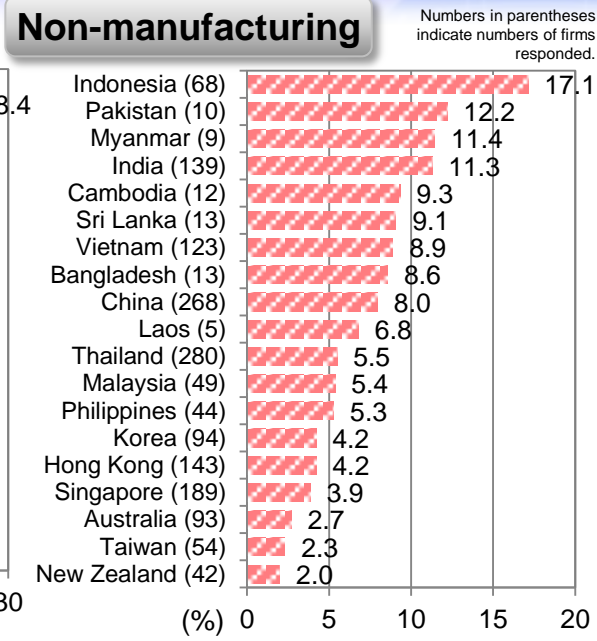
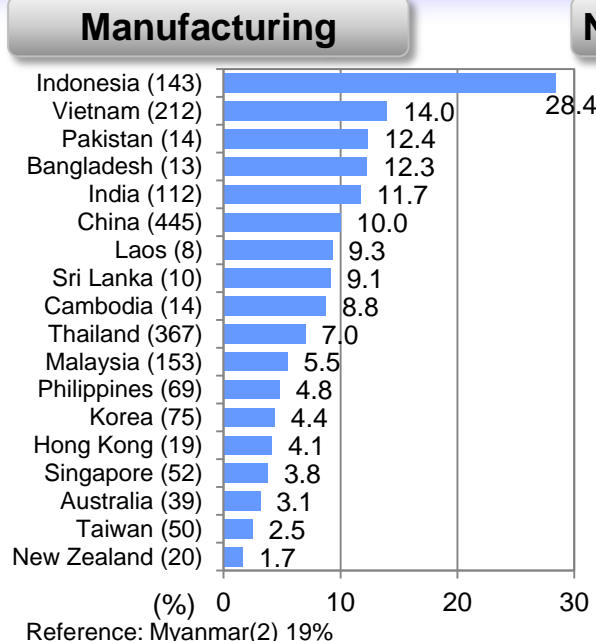
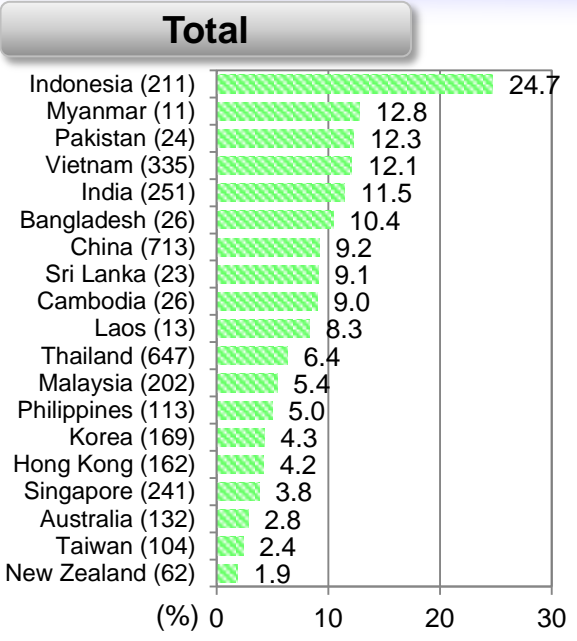
The percentage of firms using FTAs/EPAs is calculated as the ratio of firms making using of FTAs/EPAs to firms involved in import/export

## FTA and/or EPA (10+ user firms)

		Trade partners	Firms involved in import/export	Firms making using of FTA/EPAs	% of firms using FTA/EPAs	Top 3 industries where FTA/EPAs are used (numbers of firms)						Firms considering use of FTA/EPAs
						1	2	3				
Indonesia	Export	Japan	97	37	38.1	Motor vehicles/Motorcycles	6	Wholesale/Retail	5	Textiles	4	13
		ASEAN	74	41	55.4	Motor vehicles/Motorcycles	11	Iron/Nonferrous metals/Metals	5	Wholesale/Retail	4	5
	Import	Japan	142	73	51.4	Wholesale/Retail	19	Motor vehicles/Motorcycles	16	Iron/Nonferrous metals/Metals, etc.	8 each	18
		ASEAN	101	62	61.4	Wholesale/Retail	19	Motor vehicles/Motorcycles	13	Chemical/Pharmaceutical	10	10
		China	57	25	43.9	Wholesale/Retail	12	Motor vehicles/Motorcycles	3	Electric machinery, etc.	2 each	9
Vietnam	Export	Japan	194	43	22.2	Chemical/Pharmaceutical, etc. each	8	Iron/Nonferrous metals/Metals	6	Electric machinery, etc.	5	34
		ASEAN	134	50	37.3	Chemical/Pharmaceutical	10	Motor vehicles/Motorcycles	9	Iron/Nonferrous metals/Metals	6	26
		China	69	18	26.1	Motor vehicles/Motorcycles	4	Electric machinery, etc.	2 each	Textiles, etc.	1 each	14
	Import	Japan	189	43	22.8	Wholesale/Retail	8	Chemical/Pharmaceutical	6	Iron/Nonferrous metals/Metals, etc.	5 each	39
		ASEAN	137	46	33.6	Motor vehicles/Motorcycles	12	Wholesale/Retail	8	Chemical/Pharmaceutical	6	26
		China	102	24	23.5	Wholesale/Retail	5	Motor vehicles/Motorcycles	3	Electric machinery, etc.	2 each	23
Philippines	Export	Japan	85	14	16.5	Motor vehicles/Motorcycles	4	Wholesale/Retail, etc.	2 each	Iron/Nonferrous metals/Metals, etc.	1 each	8
		ASEAN	45	13	28.9	Motor vehicles/Motorcycles	6	Wholesale/Retail, etc.	2 each	Iron/Nonferrous metals/Metals, etc.	1 each	7
	Import	Japan	87	12	13.8	Motor vehicles/Motorcycles	5	Wholesale/Retail	3	Chemical/Pharmaceutical, etc.	2 each	12
		ASEAN	58	17	29.3	Motor vehicles/Motorcycles	8	Wholesale/Retail	4	Chemical/Pharmaceutical	3	8
China	Export	HK	179	25	14.0	Electric machinery	7	Wholesale/Retail	5	Chemical/Pharmaceutical, etc.	2 each	24
		ASEAN	149	35	23.5	Wholesale/Retail	11	Electric machinery	6	Motor vehicles/Motorcycles	4	32
	Import	Hong Kong	125	18	14.4	Chemical/Pharmaceutical	4	Electric machinery	3	General machinery, etc.	2 each	22
		ASEAN	80	37	46.3	Motor vehicles/Motorcycles, etc.	9 each	Chemical/Pharmaceutical	7	Textiles, etc.	2 each	10
		Taiwan	59	20	33.9	Motor vehicles/Motorcycles	5	Chemical/Pharmaceutical	4	Wholesale/Retail	3	12
HK & Macau	Export	China	82	12	14.6	Wholesale/Retail	7	Transport	2	Textiles, etc.	1 each	3
Taiwan	Export	China	45	13	28.9	Wholesale/Retail	4	Chemical/Pharmaceutical, etc.	3 each	Electric machinery	2	11
Korea	Export	ASEAN	52	27	51.9	Chemical/Pharmaceutical	10	Wholesale/Retail	8	Motor vehicles/Motorcycles	3	8
		EU	36	22	61.1	Chemical/Pharmaceutical	7	Motor vehicles/Motorcycles, etc.	4 each	Electric machinery	3	3
	Import	ASEAN	34	21	61.8	Wholesale/Retail	11	Textiles, Chemical/Pharmaceutical	3 each	Motor vehicles/Motorcycles	2	6
India	Export	Japan	53	11	20.8	Wholesale/Retail	6	Motor vehicles/Motorcycles	2	Chemical/Pharmaceutical, etc.	1 each	10
		ASEAN	57	19	33.3	Motor vehicles/Motorcycles	8	Wholesale/Retail	5	General machinery, etc.	2 each	11
	Import	Japan	171	58	33.9	Wholesale/Retail	24	Motor vehicles/Motorcycles	10	Iron/Nonferrous metals/Metals, etc.	4	45
		ASEAN	130	58	44.6	Wholesale/Retail	23	Motor vehicles/Motorcycles	18	Chemical/Pharmaceutical	3	36
Australia	Export	New Zealand	45	12	26.7	Wholesale/Retail	4	General machinery, etc.	2 each	Electric machinery, etc.	1 each	9
	Import	ASEAN	36	20	55.6	Wholesale/Retail	10	Motor vehicles/Motorcycles	6	Textiles	1	5
		US	27	11	40.7	Motor vehicles/Motorcycles	4	Wholesale/Retail	3	General machinery	2	2
New Zealand	Export	Australia	19	12	63.2	Food	5	Wood/Pulp, etc.	1 each		1	

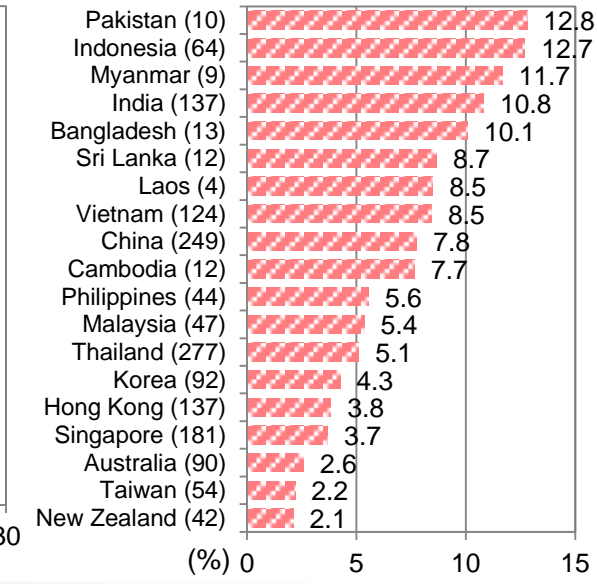
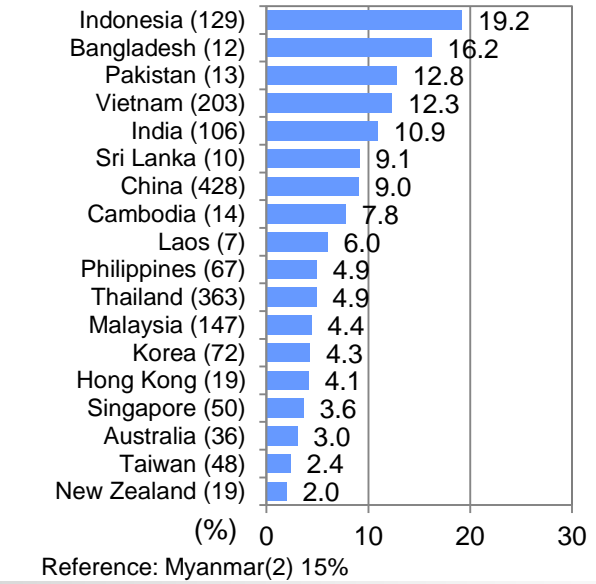
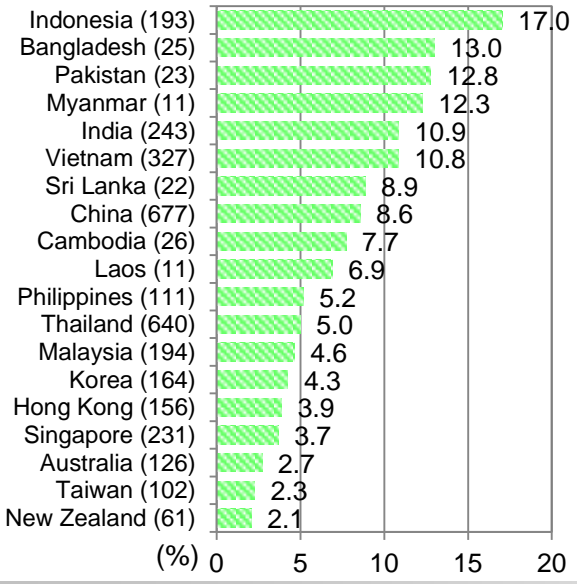
# 6. Wages (1) Wage increase rate for the previous fiscal year, by compared to the previous year

2012 ← 2013



Numbers in parentheses indicate numbers of firms responded.

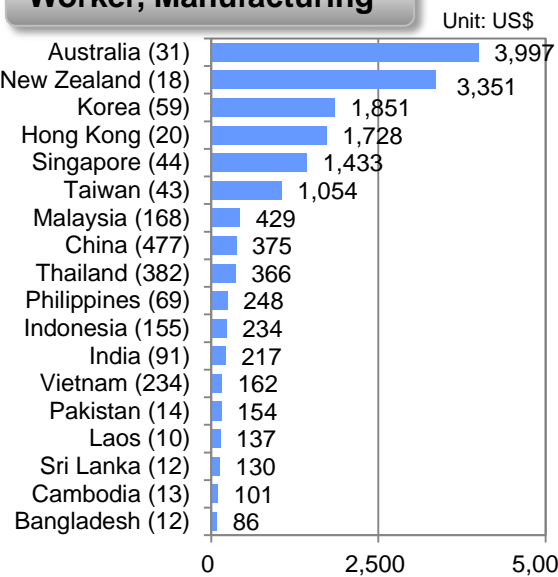
2013 ← 2014



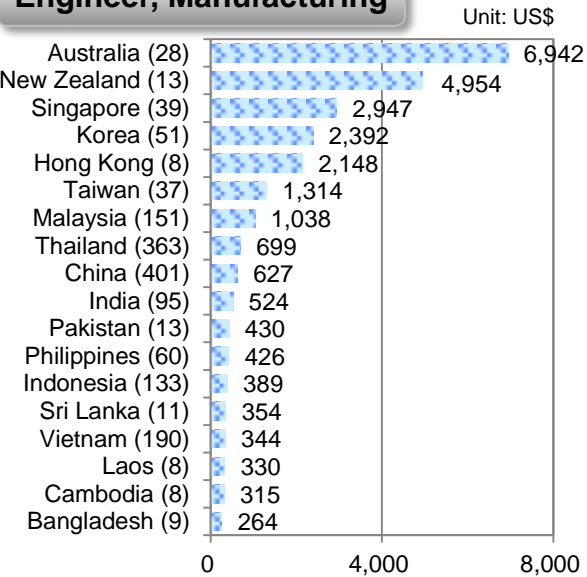
# 6. Wages (2) Base salary (monthly)

Numbers in parentheses indicate numbers of firms responded

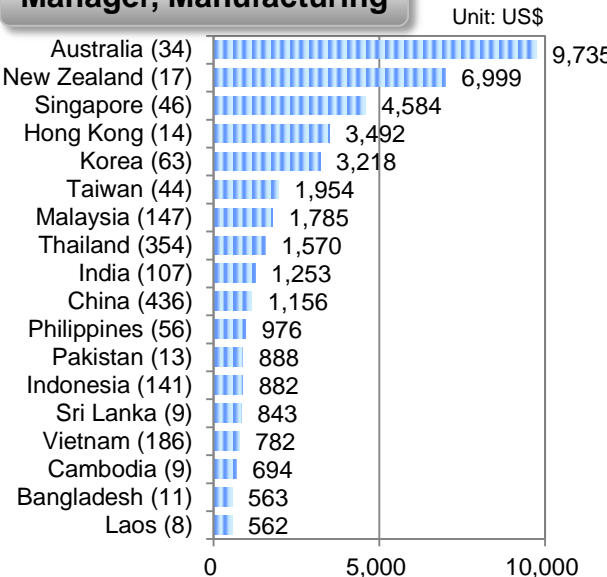
## Worker, Manufacturing



## Engineer, Manufacturing

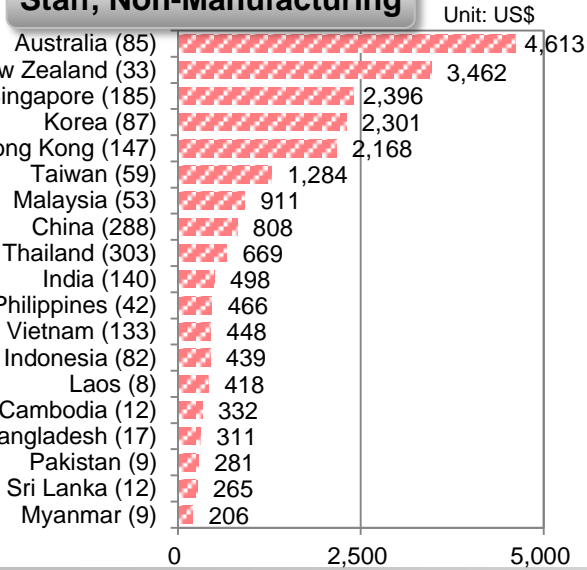


## Manager, Manufacturing

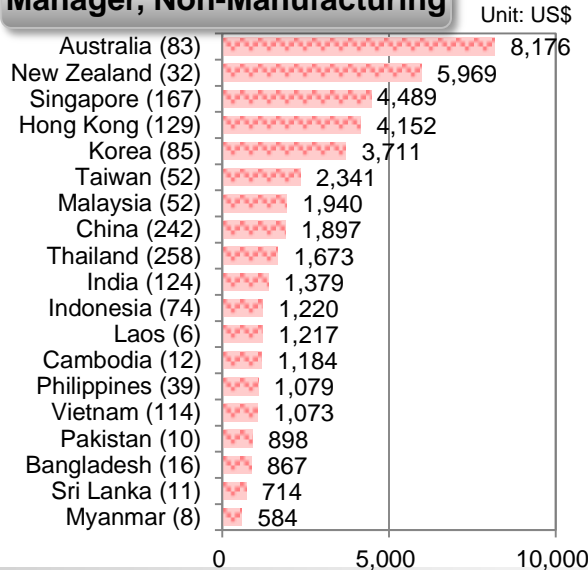


Reference: Myanmar(2) 71 US dollars for "worker, manufacturing, 126 US dollars for "engineer, manufacturing" and 404 US Dollars for "manager, manufacturing."

## Staff, Non-Manufacturing



## Manager, Non-Manufacturing



Base salary: salary excludes benefits, as of October 2013.

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.

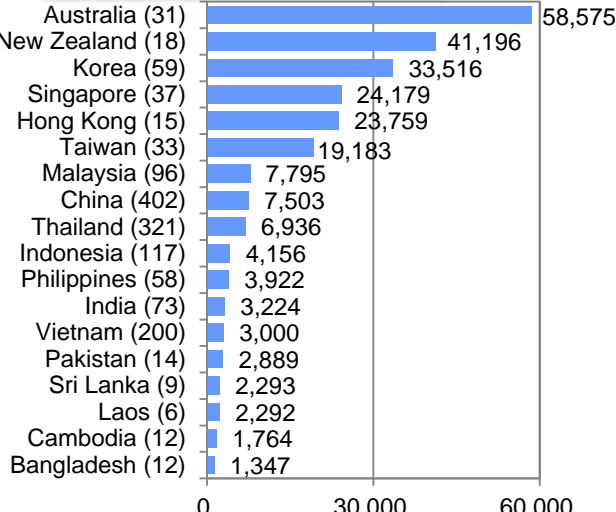
Note: Except for Cambodia, average total pay burdens were reported in local currency (it was selective between local currency or US dollars for Myanmar) and converted to US dollars at the average exchange rate as of October, 2013 (announced by each country's central bank). In Myanmar, because some firms used different currencies (the local currency or US\$), averages were calculated after converting salaries to US dollars.

# 6. Wages (3) Annual salary

Numbers in parentheses indicate numbers of firms responded

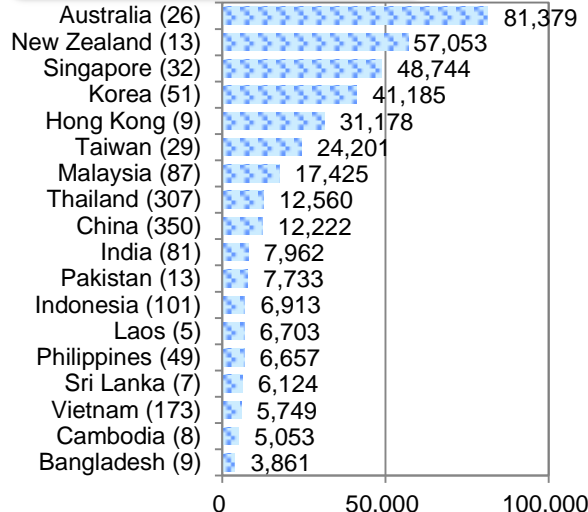
## Worker, Manufacturing

Unit: US\$



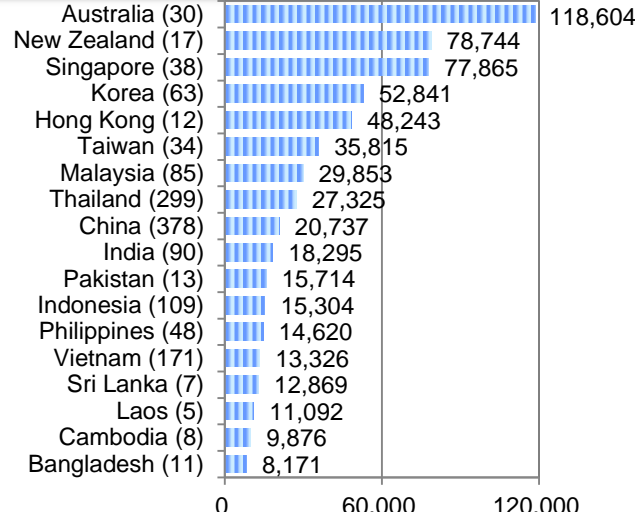
## Engineer, Manufacturing

Unit: US\$



## Manager, Manufacturing

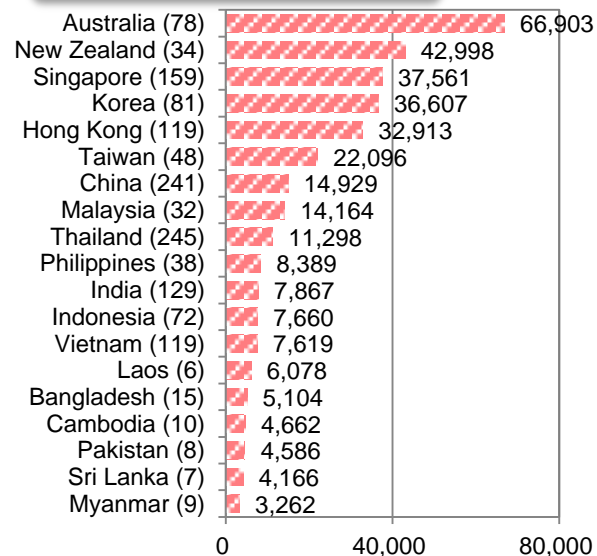
Unit: US\$



Reference: Myanmar(2) 1,135 US dollars for "worker, manufacturing", 1,741 US dollars for "engineer, manufacturing" and 5,542 dollars for "manager, manufacturing."

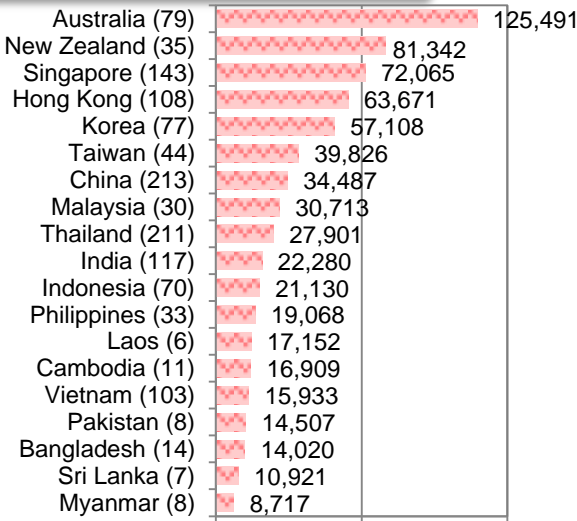
## Staff, Non-Manufacturing

Unit: US\$



## Manager, Non-Manufacturing

Unit: US\$



Annual salary: The total liability to an employee means the total of annual base salary, benefits, social security, overtime allowances, and bonuses are added; but excluding severance benefits. As of FY2013

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

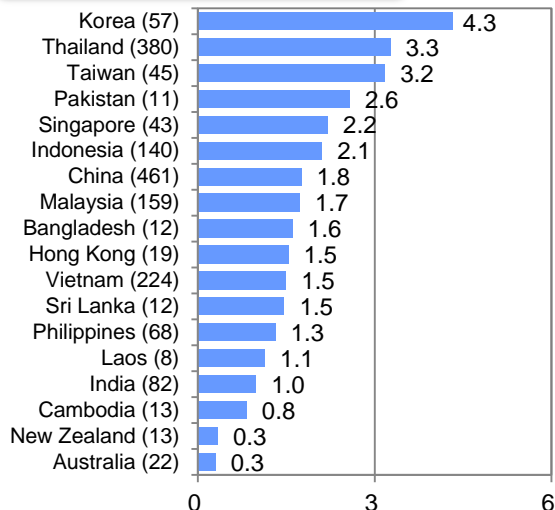
Note: Except for Cambodia, average annual total pay burdens were reported in local currency (it was selective between local currency or US dollars for Myanmar) and converted to US dollars at the average exchange rate as of October, 2013 ( except China, announced by each country's central bank. In China, it was announced by State Administration of Foreign Exchange of China ). In Myanmar, because some firms used different currencies (the local currency or US\$), averages were calculated after converting salaries to US dollars.

# 6. Wages (4) Bonus

Numbers in parentheses indicate numbers of firms responded

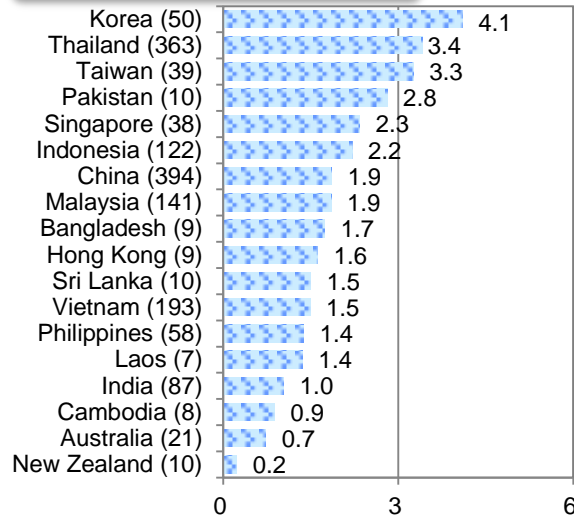
## Worker, Manufacturing

Unit : months



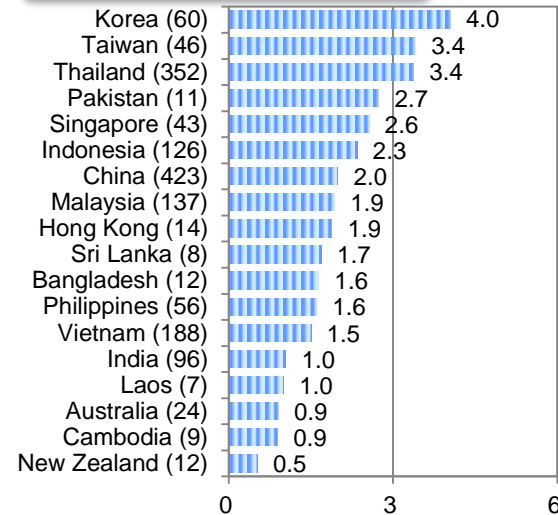
## Engineer, Manufacturing

Unit : months



## Manager, Manufacturing

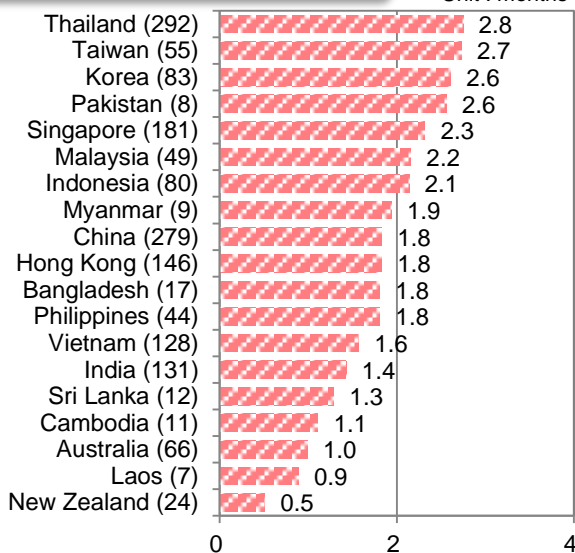
Unit : months



Reference : Myanmar(2) 1.0 months for "worker, manufacturing", 1.2 months for "engineer, manufacturing" and 1.3 months for "manager, manufacturing."

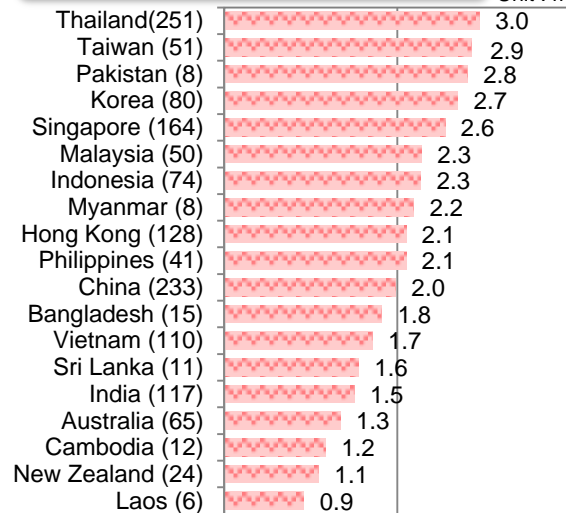
## Staff, Non-Manufacturing

Unit : months



## Manager, Non-Manufacturing

Unit : months





# JETRO

Japan External Trade Organization

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