

8. Impact of Inflation/Countermeasures against Inflation

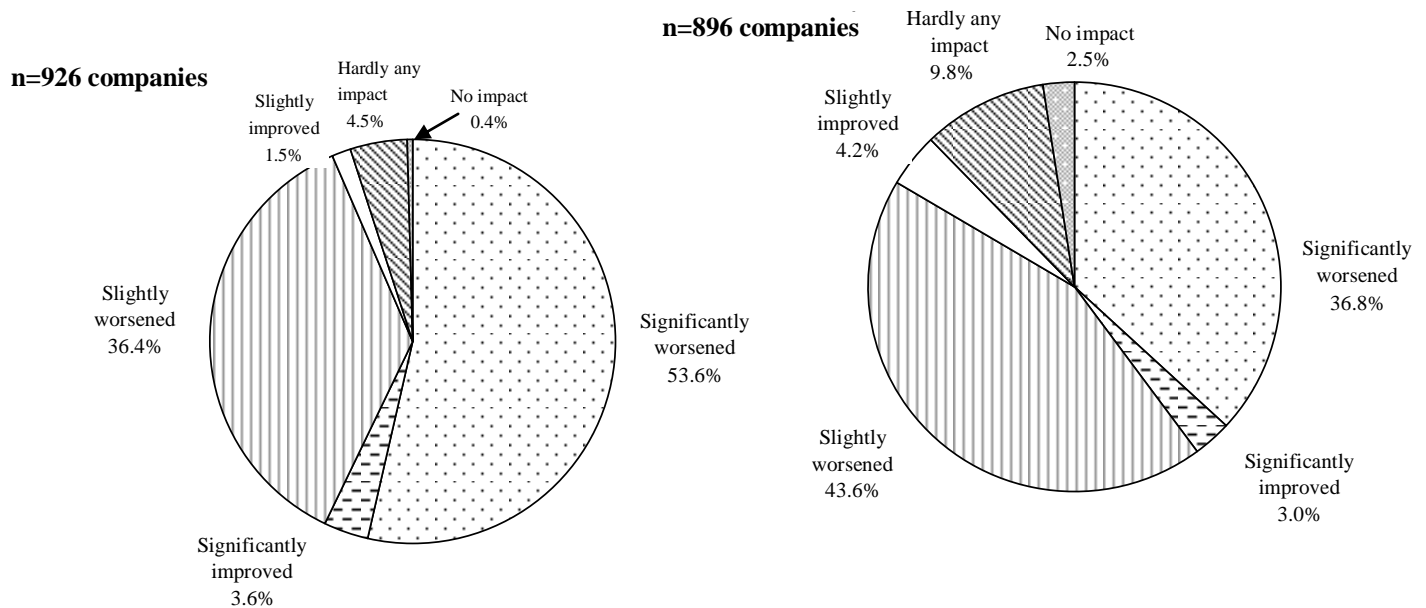
(1) Impact of inflation being felt more severely in manufacturing industry

Although more than 80% of the companies in both the manufacturing and non-manufacturing industries have replied that advancing inflation has had the effect of worsening profit, the adverse effects were felt more severely in the manufacturing industry (Diagram 51).

In the manufacturing industry, more than half of the companies (53.6%) replied that profits had “Significantly worsened,” and together with the companies that replied that profits had “Slightly worsened” (36.4%), those claiming they were suffering the adverse effects of inflation accounted for 90% of the total (valid responses: 926 companies) (Diagram 51).

In the non-manufacturing industry, on the other hand, those that replied “Significantly worsened” accounted for 36.8% of the total, which was 15 points lower than those in the manufacturing industry. Moreover, companies in the non-manufacturing industry that replied “Hardly any impact” and “No impact” totaled 12.3%, which was significantly higher than the 4.9% in the manufacturing industry (valid responses: 896 companies) (Diagram 51).

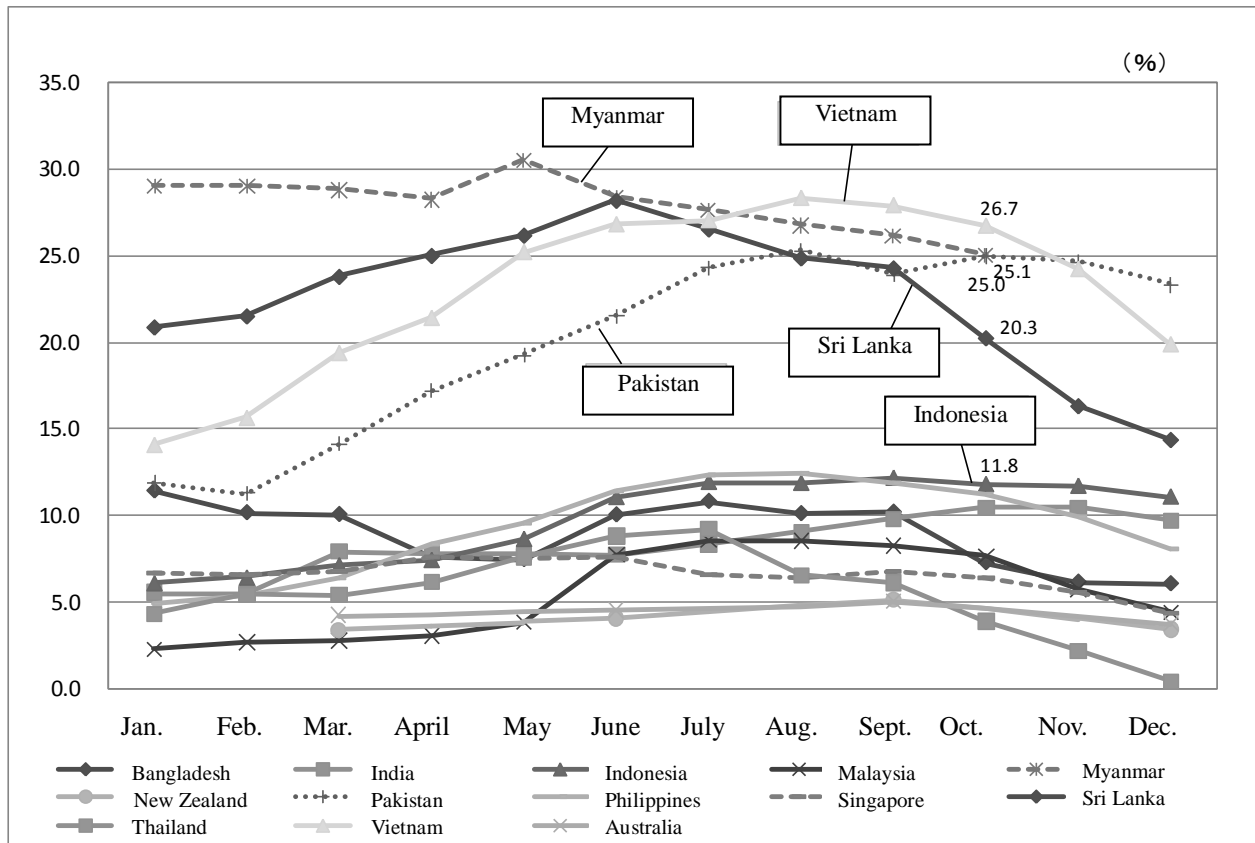
Diagram 51: Impact of advancing inflation on profit (manufacturing industry, non-manufacturing industry)



By country/region, particularly high percentages of companies in Sri Lanka (62.1%), Pakistan (54.8%) and Indonesia (54.2%) (total of manufacturing and non-manufacturing industries) replied “Significantly worsened.” In Sri Lanka and Pakistan, year-on-year increases of 20% or more were recorded in the consumer price indexes from the second half of 2008. It should be noted that at the time of the survey (October 2008), consumer prices were still hovering at similar levels. In Indonesia, as a result of the domestic sales price of petroleum rising by average of 28.7% in May 2008, consumer price indexes rose by 10% in the same month and have

maintained similar levels ever since. Indonesia recorded an inflation rate of 11.06% for the full duration of 2008, and it is thought that this had a tremendous effect on the procurement costs and personnel expenses of the companies (Diagram 52).

Diagram 52: Trends in increased CPI rates of various countries (January to December 2008, year-on-year comparison)



Source: Created by JETRO, based on CPI data (all items) in the "CEIC Asia Database" (CEIC Data Company Ltd.).

Since April 2008, as inflation became rampant, the governments of each country introduced various measures, including consumer assistance measures through government subsidies and export restrictions aimed at stabilizing the balance between supply and demand. Moreover, a series of financial measures to counter inflation, such as higher policy interest rates, reserve deposit requirements and other credit squeeze measures were also implemented, which led to a marked ebb in consumption and capital investments in certain countries.

(2) Greatest impact seen in increasing procurement costs for manufacturing industry and rising personnel costs in non-manufacturing industry

In terms of the specific effects of advancing inflation, over 80% of the manufacturers cited an "Increase in procurement costs," followed by an "Increase in transportation costs," "Increase in personnel costs," "Increase in fuel costs" and an "Increase in utilities costs," with over 50% of the companies citing each of them (valid responses: 866 companies) (Diagram 53-1).

The percentage of companies citing an "Increase in procurement costs" was particularly high in Singapore

(90.5%), as well as in India (86.4%) and Thailand (84.0%). Japanese-affiliated manufacturers operating in Singapore are primarily comprised of companies in the chemicals, the electric and electronic parts and components, the petroleum products and the plastic products industries, etc., the majority of which import their raw materials. Therefore, the international surge in crude oil prices and in the prices of raw materials is thought to have directly translated into increased procurement costs for these companies.

Moreover, as the motor vehicle and motorcycle parts and accessories industry comprises the biggest block of Japanese-affiliated manufacturers operating in India and Thailand, the surge in the prices of a wide range of raw materials, including iron and steel, plastics and rubber, is thought to have led to the increase in procurement costs for these companies.

Diagram 53-1: Specific effects of advancing inflation (multiple answers allowed) (manufacturing industry)

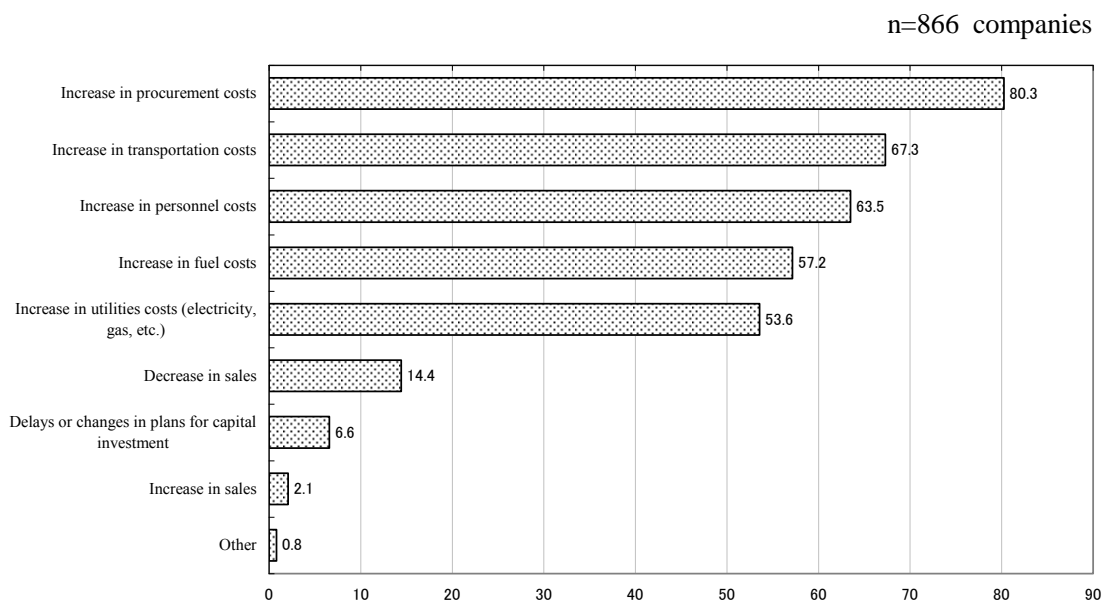
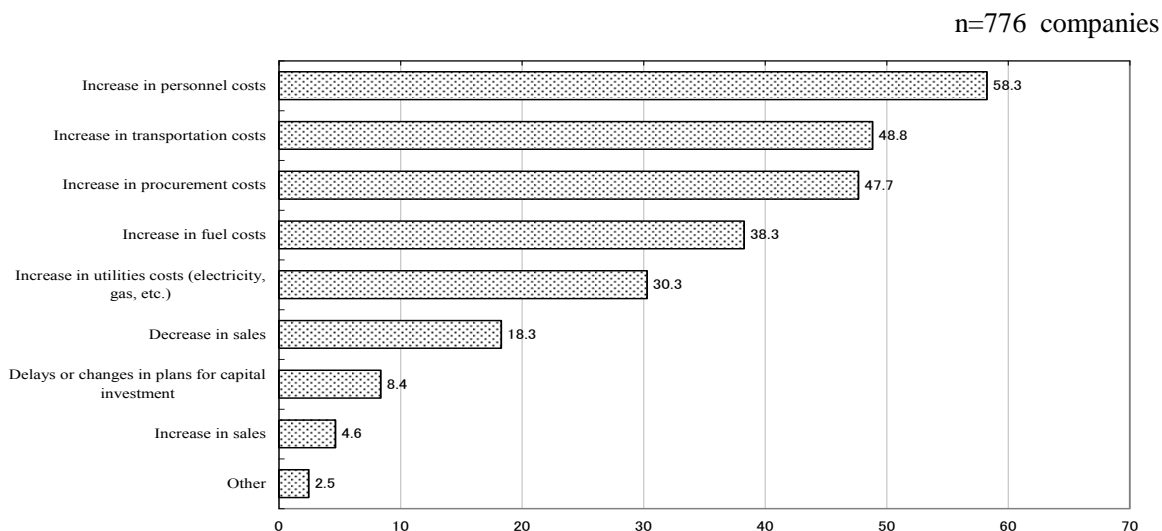


Diagram 53-2: Specific effects of advancing inflation (multiple answers allowed) (non-manufacturing industry)



In the non-manufacturing industry, on the other hand, an “Increase in personnel costs” was the most frequently cited reply in terms of specific effects of advancing inflation at 58.3% (valid responses: 776 companies) (Diagram 53-2). In many of the countries in the ASEAN region and in Southwest Asia, a substantially higher-than-usual hike in statutory minimum wages was implemented, as a result of the sharp rise in consumer prices and the ensuing demand for higher wages by labor organizations from April 2008. Moreover, in most countries, as the annual wage negotiation period began during the periods of highest inflation, wage hikes commensurate with the current rises in consumer prices became inevitable on an industry level, as well as on individual corporate levels.

An “Increase in transportation costs” and an “Increase in procurement costs” were also cited, in addition to an “Increase in personnel costs,” although neither of these replies had response rates exceeding 50%. Therefore, it is evident that, unlike the manufacturing industry, where all top five replies had response rates of over 50%, in the non-manufacturing industry, both the extent and degree of the direct impact of inflation on business activities were limited.

(3) Effective inflation countermeasures are limited

In terms of companies replying “Hardly any impact” or “No impact” to the first question, regarding whether they were taking countermeasures against such inflation, 25.3% replied “Yes” (measures against inflation were being taken), while 74.7% of the companies replied “No” (measures against inflation were not being taken) (valid responses: 150 companies, total of manufacturing and non-manufacturing industries).

It became apparent that only in rare cases were companies taking proactive measures against inflation in order to control its effect on profits.

As for the specific measures taken by companies to counter inflation, “Reconsidered suppliers of raw materials and procurement content” was the most cited reply at 64.3%, suggesting that keeping down procurement costs, which had the greatest impact on profits, was their highest priority. A large percentage of companies also cited “Raised the prices of products (services)” (50%) and “Promoted greater efficiency and cost-cutting” (42.9%) (valid responses: 14 companies) (Diagram 54-1).

In the non-manufacturing industry, on the other hand, “Raised the prices of products (services)” (52.2%) was the most cited reply, which was followed by “Promoted greater efficiency and cost-cutting” (43.5%). The percentage of companies citing replies other than those above was low; suggesting that, other than passing rising costs onto sales prices and independent efforts to cut costs, there were few options available to the companies to effectively counter the effects of inflation (valid responses: 23 companies) (Diagram 54-2).

Diagram 54-1: Inflation countermeasures (multiple answers allowed) (manufacturing industry)

n=14 companies

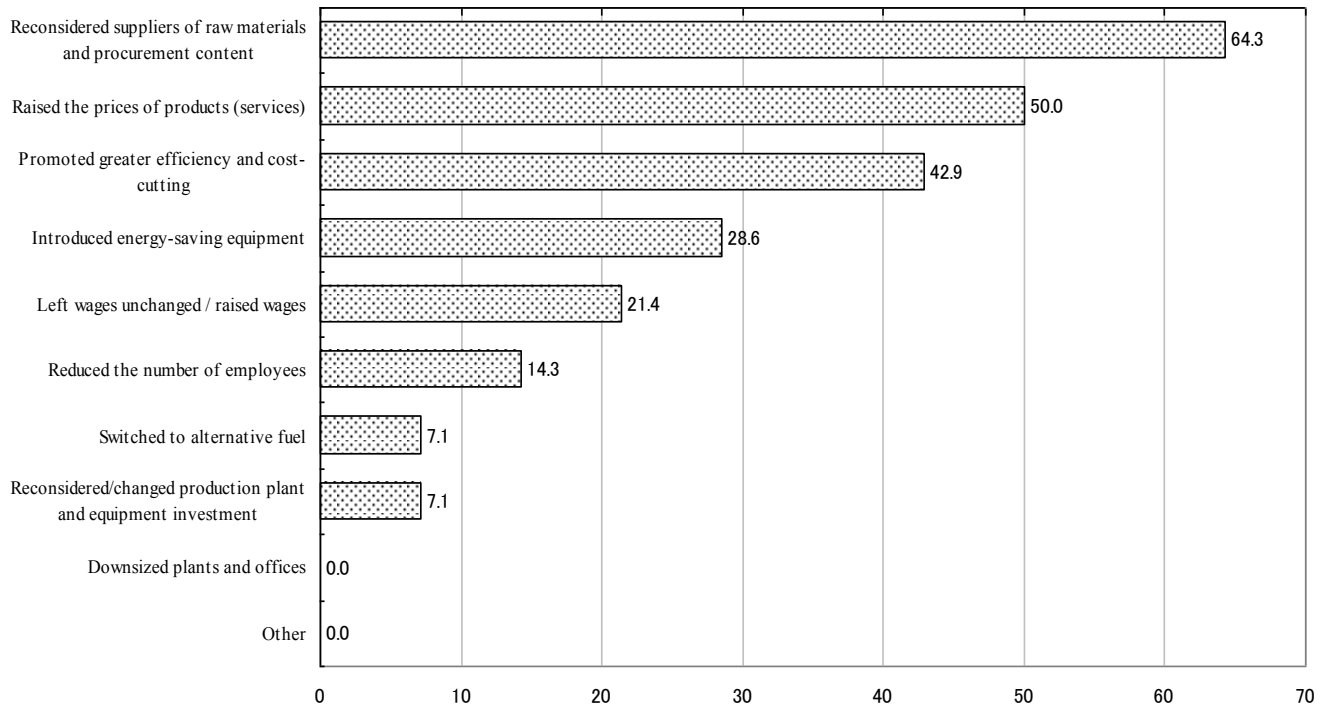
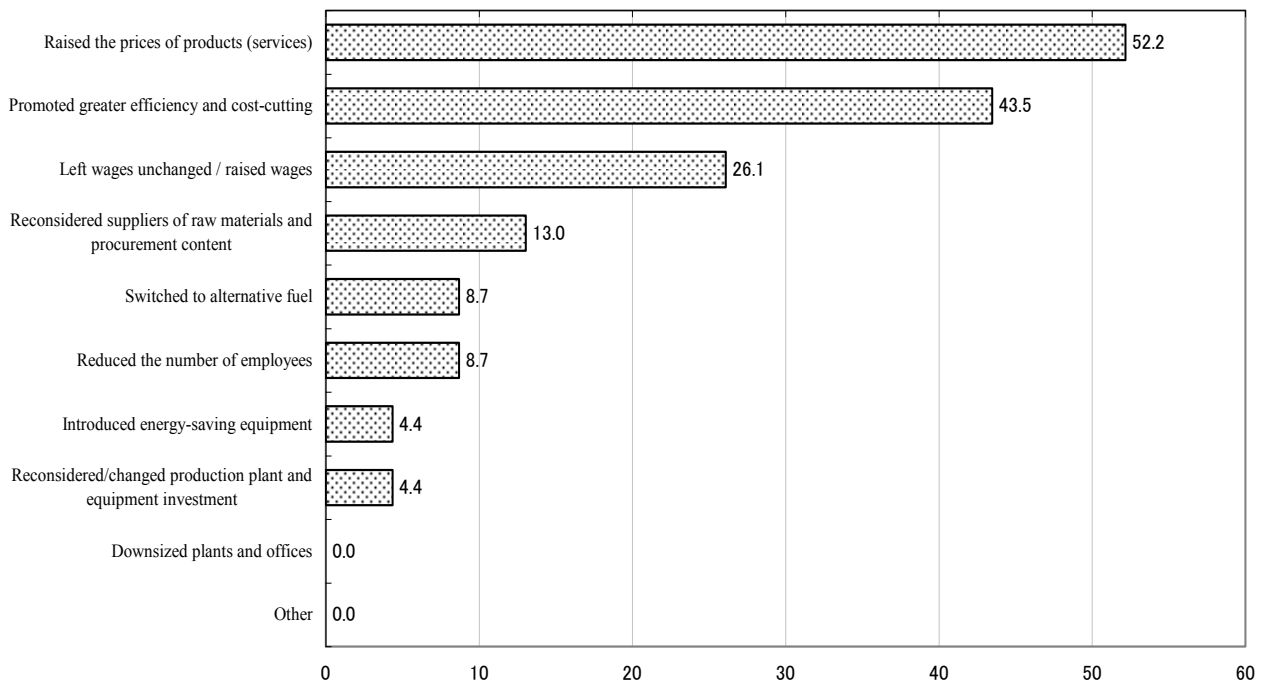


Diagram 54-2: Inflation countermeasures (multiple answers allowed) (non-manufacturing industry)

n=23 companies

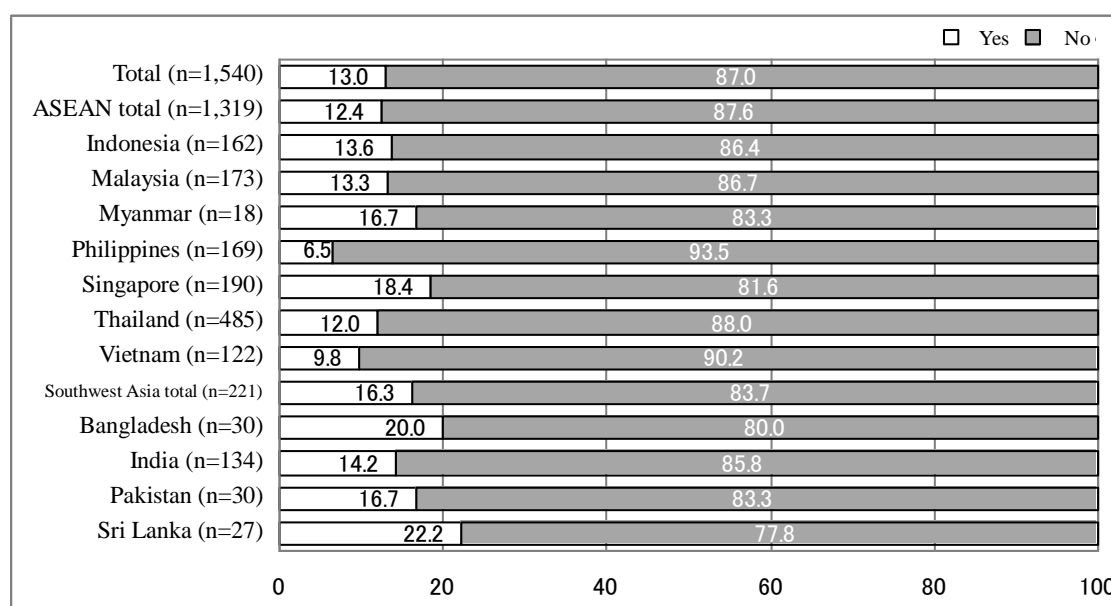


9. Intellectual Property Rights Infringements

(1) Extensive damage from imitations and pirated products in Southwest Asia

In terms of whether Japanese-affiliated companies operating in the ASEAN region and Southwest Asia had suffered any damages from imitations/pirated products in the past year, 13% of the companies replied “Yes” and 87.0% replied “No” (valid responses: 1,540 companies, total of manufacturing and non-manufacturing industries) (Diagram 55). By country/region, there were more companies in Southwest Asia replying “Yes” than in the ASEAN region. The percentages of companies replying “Yes” were low among the ASEAN nations, with 6.5% in the Philippines (valid responses: 169 companies) and 9.8% in Vietnam (valid responses: 122 companies) doing so, suggesting that only a few companies were aware of any damages from imitations/pirated products.

Diagram 55: Damages from imitations/pirated products (manufacturing industry, non-manufacturing industry)



(2) Damages from imitation of configuration were most prevalent

In regards to specific damages that companies had suffered from imitations/pirated products (multiple answers allowed), among manufacturers, the “Exact copy of product design and packaging” was the most cited reply at 59.5%, followed by “Partial copy of product design” (42.3%), “Illegal use of trademarks such as the brand logo” (38.7%) and “Patent infringement through diffusion of technology” (12.6%) (valid responses: 111 companies). Imitating the outward appearance of products and other ways of imitating product configurations were the most prevalent types of trademark infringement.

By major industry, eight out of the 15 companies (53.3%) in the electric machinery and electronic equipment industry and seven out of the 13 companies (53.9%) in the motor vehicle and motorcycle parts and accessories

industry replied “Exact copy of production design and packaging.”

In terms of specific damages, in the non-manufacturing industry, the “Exact copy of product (Contents) design and packaging” was the most cited reply at 55.2%, followed by “Illegal use of trademarks such as the brand logo” (42.5%), “Partial copy of product (Contents) design” (35.6%), “Patent infringement through diffusion of technology” (10.3%) and “Copy infringement of CDs, DVDs, or publications through illegal copying” (1.2%) (valid responses: 87 companies). In the non-manufacturing industry, imitation of configurations was the most prevalent reply, followed by “Illegal use of trademarks.”

Diagram 56-1: Details of damages (multiple answers allowed) (manufacturing industry)

	Valid responses	1			2		3	4	5
Manufacturing Industry	111	Exact copy of product design and packaging			Partial copy of product design		Illegal use of trademarks such as the brand logo	Patent infringement through diffusion of technology	Copyright infringement of CDs, DVDs, or publications through illegal copying
	100.0	59.5			42.3		38.7	12.6	0.9
Electric machinery and electronic equipment	15	Exact copy of product design and packaging			Partial copy of product design		Illegal use of trademarks such as the brand logo	Patent infringement through diffusion of technology	
	100.0	53.3			46.7		33.3	6.7	
Motor vehicle and motorcycle parts and accessories	13	Exact copy of product design and packaging			Illegal use of trademarks such as the brand logo		Partial copy of product design	Patent infringement through diffusion of technology	Copyright infringement of CDs, DVDs, or publications through illegal copying
	100.0	53.9			46.2		38.5	7.7	
Foods, processed agricultural or marine products	11	Exact copy of product design and packaging			Partial copy of product design	Illegal use of trademarks such as the brand logo			
	100.0	72.7			54.6				
Fabricated metal products (including plated products)	9	Partial copy of product design	Patent infringement through diffusion of technology		Exact copy of product design and packaging	Illegal use of trademarks such as the brand logo			
	100.0	55.6			22.2				
Electric and electronic parts and components	8	Exact copy of product design and packaging			Illegal use of trademarks such as the brand logo		Patent infringement through diffusion of technology	Partial copy of product design	
	100.0	87.5			25.0			12.5	
Motor vehicles and motorcycles	7	Exact copy of product design and packaging	Partial copy of product design	Illegal use of trademarks such as the brand logo					
	100.0	42.9							

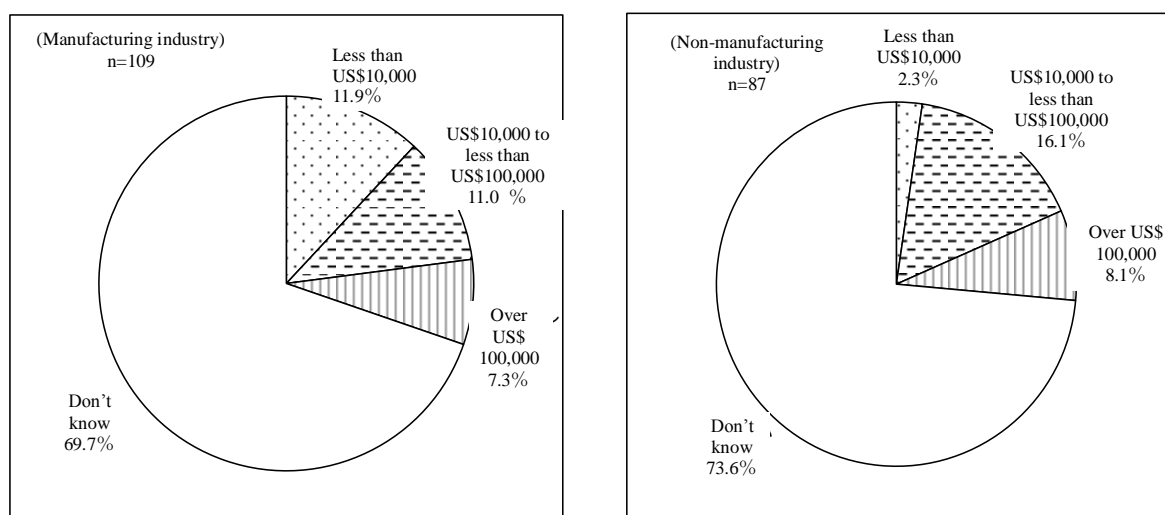
Diagram 56-2: Details of damages (multiple answers allowed) (non-manufacturing industry)

	Valid response	1			2		3	4	5
Non-manufacturing Industry	87	Exact copy of product (Contents) design and packaging			Illegal use of trademarks such as the brand logo		Partial copy of product (Contents) design	Patent infringement through diffusion of technology	Copyright infringement of CDs, DVDs, or publications through illegal copying
	100	55.2			42.5		35.6	10.3	1.2
Sales company	40	Exact copy of product (Contents) design and packaging			Illegal use of trademarks such as the brand logo		Partial copy of product (Contents) design	Patent infringement through diffusion of technology	
	100	65.0			50.0		40.0	10.0	
Trading company	21	Exact copy of product (Contents) design and packaging			Illegal use of trademarks such as the brand logo		Partial copy of product (Contents) design	Patent infringement through diffusion of technology	
	100	52.4			47.6		38.1	14.3	

(3) Understanding true extent of damages is the task at hand

Concerning the approximate monetary amount of damages (multiple answers allowed), “Don’t know” was the most cited reply in both the manufacturing and non-manufacturing industries (manufacturing industry: 69.7%, non-manufacturing industry: 73.6%, valid responses: 196 companies), attesting to the difficulty of grasping the true extent of damages caused by imitations/pirated products (Diagram 57).

Diagram 57: Amount of damages (manufacturing industry/non-manufacturing industry)



Among the eight companies replying “Over US\$100,000,” two were in the motor vehicle and motorcycle parts and accessories industry and one each were from the textiles, the plastic products, the pharmaceuticals, the fabricated metal products, and the motor vehicle and motorcycle industries (valid responses: 109 companies).

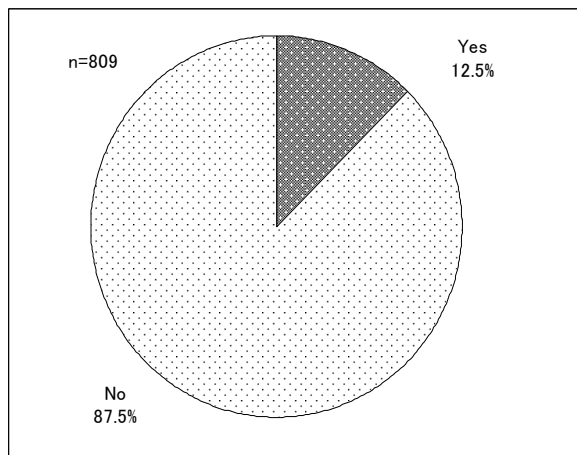
In the non-manufacturing industry, the percentage of companies replying “Less than US\$100,000” accounted for only 2.3% of the total (valid responses: 87 companies). Compared to the manufacturing industry, the damages incurred by the non-manufacturing industry tended to be more costly.

(4) Few companies taking measures against imitations/pirated products

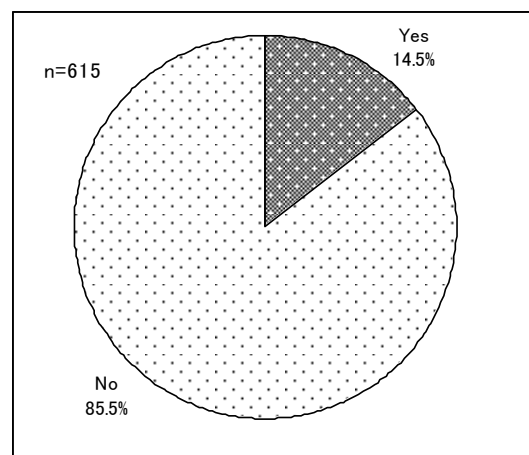
In terms of whether companies had taken measures against imitations/pirated products, “No” was the most cited reply for both the manufacturing and the non-manufacturing industries (manufacturing industry: 87.5%, non-manufacturing industry: 85.5%, valid responses: 1,424 companies) (Diagram 58). Many of the companies seemed to be unable to take appropriate measures against imitations/pirated products because of the difficulty of assessing the actual extent and amount of damages.

Diagram 58: Measures taken against imitations

Manufacturing industry



Non-manufacturing industry



(5) Measures centered primarily on early acquisition of intellectual property rights and warnings to manufacturers of counterfeit items

In both the manufacturing and non-manufacturing industries, specific measures taken against imitations/pirated products centered primarily on the early acquisition of intellectual property rights and warnings to manufacturers and sellers of counterfeit items. Other measures taken by the companies included educational activities for consumers, establishing a post in the company for a staff member to be in charge of intellectual property and participation in the Intellectual Property Group (IPG).

In the manufacturing industry, “Acquire domestic intellectual property rights (registration) early” (51.0%) was the most cited reply, followed by “Send warnings to manufacturers and sellers of imitations/pirated products” (35.0%), and “Conduct educational activities for consumers either as a single company or in collaboration with an industrial body” (22.0%) (valid responses: 100 companies). Moreover, 8.0% of the companies replied, “Participate in the Intellectual Property Group (IPG)” (Diagram 59). IPG refers to the forum organized by local subsidiaries and local JETRO offices for the purpose of exchanging information concerning intellectual property rights. IPG, which was established in 2006, seems to have attracted a certain number of users.

By major industry, nine out of the 11 companies in the electric and electronic parts and components industry (81.8%) replied “Acquire domestic intellectual property rights (registration) early,” while six out of the 10 companies in the foods, processed agricultural or marine products industry and three out of the five companies in the electric machinery and electronic equipment industry replied “Send warnings to manufacturers and sellers of imitations/pirated products.” For the foods industry, it was important to send warnings to offenders, especially from the perspective of food safety; while in the electric machinery and electronic equipment industry, the companies seem to be sending warnings to the sellers of counterfeit products through their distributors. Additionally, five out of the nine companies in the motor vehicle and motorcycle industry (55.6%) replied “Conduct educational activities for consumers either as a single company or in collaboration with an industrial body.” The foods, agricultural or marine products industry, with three out of its 10 companies establishing posts for staff members in charge of intellectual property, has been exhibiting a

proactive stance toward countering imitations/pirated products.

Specific countermeasures against imitations/pirated products cited by the non-manufacturing industry were “Send warnings to manufacturers of imitations/pirated products” (38.4%), followed by “Acquire domestic intellectual property rights (registration) early” (37.2%) and “Conduct educational activities for consumers either as a single company or in collaboration with an industrial body” (29.1%) (valid responses: 86 companies).

Diagram 59-1: Countermeasures against imitations (multiple answers allowed) (manufacturing industry)

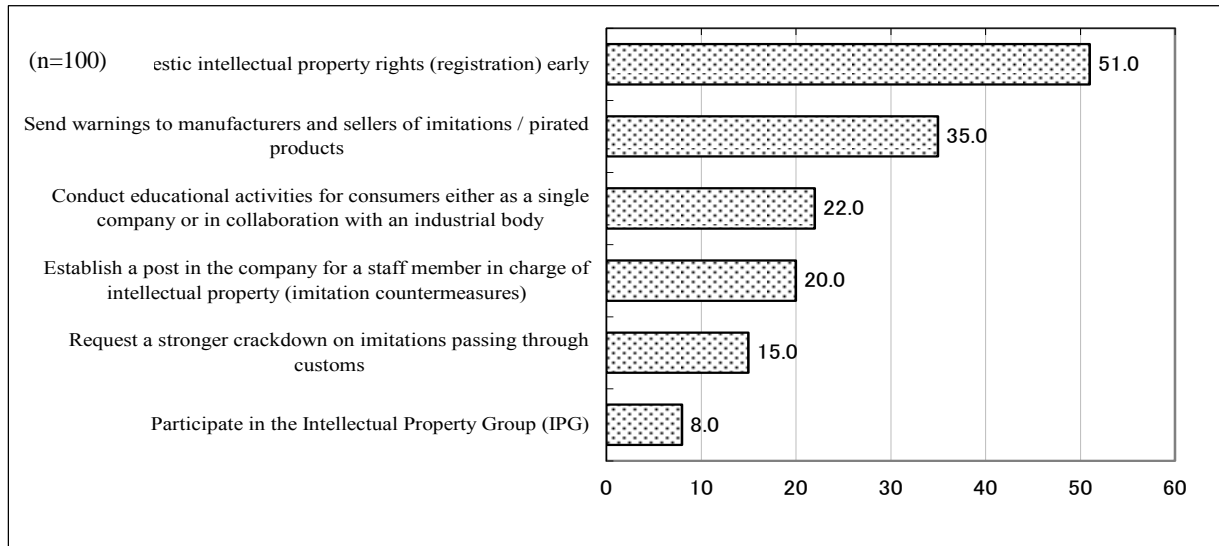
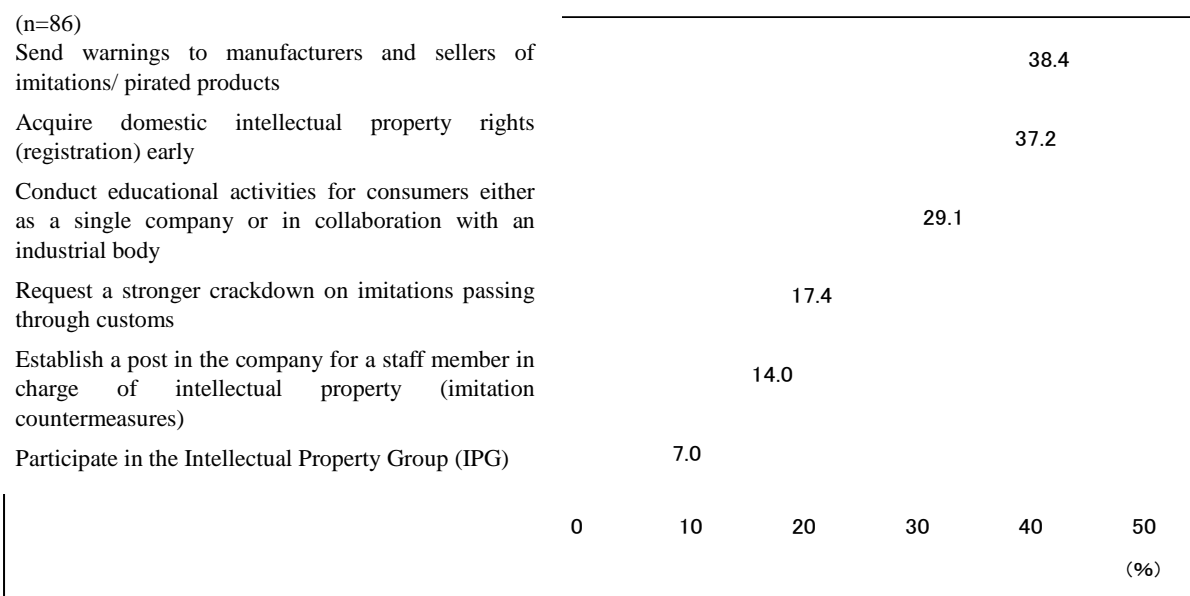


Diagram 59-2: Countermeasures against imitations (multiple answers allowed) (non-manufacturing industry)



10. Current Status of Standardization

(1) In-house standards used in the production of major products

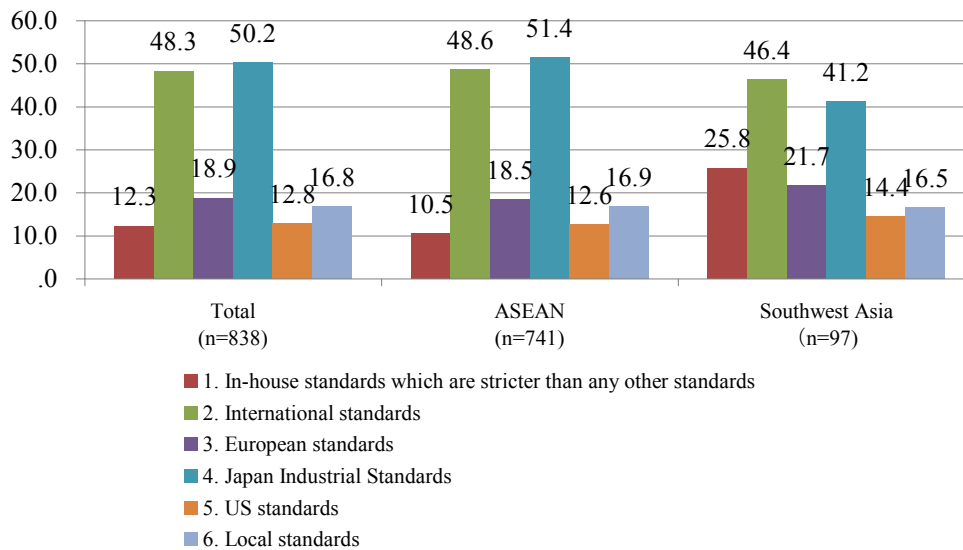
There are many products and services around the world that are regulated under international standards¹. The International Electrotechnical Commission (IEC) sets the international standards for the electric and electronics field, while all other fields comply with the international standards set by the International Organization for Standardization (ISO). The ISO, for example, during the one-year period of 2008, established 1,230 new standards². Consequently, as of December 31, 2008, the ISO held a total of 17,765 standards. ISO standards cover a wide spectrum of fields, with the most extensive being the engineering technology field with 4,829 standards, followed by the material technology field with 4,264 standards and the electronics, IT and telecommunications field with 2,990 standards. Therefore, this survey incorporated questions about “Standardization,” in light of the slow but steady penetration of European standards into Asia, so that the current situation can be assessed and so that a demonstration of what is being required from Japanese companies can be shown.

(1) Manufacturing industry

In terms of what standards were being used when producing their main products, of the valid responses received from the 838 Japanese-affiliated manufacturers operating in Asia, the majority of the companies (50.2%) replied that they adopted Japan Industrial Standards (JIS), which was followed by replies citing International Standards (48.3%) (Diagram 60-1).

Despite initial concerns that European standards were becoming widespread among Japanese-affiliated manufacturers operating in Asia, at the present time only 18.9% (158 companies) had adopted European standards as their in-house standards. Although the selection of standards in many cases depends on the export destination of the company or on customers’ preferences, in a preemptive move, 25.8% of the companies in Southwest Asia have adopted standards that were stricter than any other standards. However, in the ASEAN region as a whole, only 10.5% had taken such a step. Japanese-affiliated manufacturers operating in the ASEAN region have been constantly subject to intense price competition. Some Japanese companies have been criticized for “excessive quality,” but such companies remain a minority, and in reality, the majority of the Japanese companies seem to be responding flexibly to the demands of the market and customers.

Diagram 60-1: In-house standards used in the production of major products (manufacturing industry)

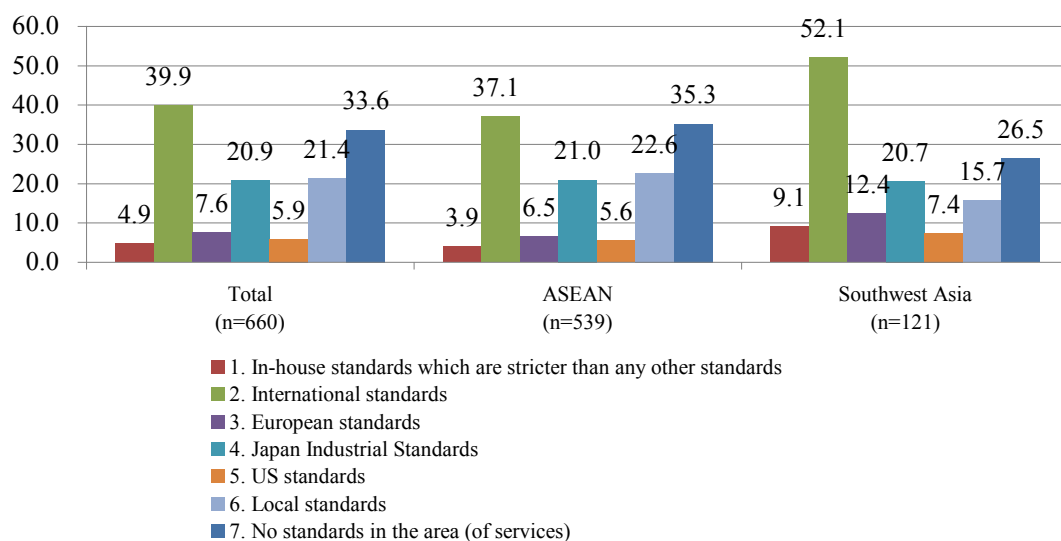


(2) Non-manufacturing industry

In the case of non-manufacturing companies operating in Asia, 222 companies, or one-third of the 660 companies from which valid responses were received, replied that there were “No standards in the area (of services).” In the services industry, unlike the manufacturing industry, there are many areas in which standards have not been established. Among the remaining companies, approximately 40% replied that they adopted “International Standards” as in-house standards for their major services. Local standards came in third place with 21.4% (141 companies), which was closely followed by JIS with 20.9% (138 companies). Since the majority of local subsidiaries provide services intended for the local market, a larger proportion of the companies selected “Local Standards” compared to the manufacturing industry.

Companies adopting European standards, on the other hand, were limited to 7.6% for the entire Asia region, 6.5% in the ASEAN region and 12.4% in Southwest Asia. However, this result requires a word of caution as a portion of European standards have been adopted as international standards. In cases where European standards have been adopted as international standards, it is possible that the international standards, as well as JIS and local standards, might have been derived from the European standards.

Diagram 60-2: In-house standards used in the production of major products (non-manufacturing industry)



(3) Areas in which international standards have not been established

There are also cases where different countries or regions have different standards, in spite of the fact that the products or services are almost identical. This sometimes causes competition between the companies and even between the countries acting on behalf of the companies for “International Standardization.” As a result, when a standard is rejected, companies manufacturing products or providing services in compliance with the rejected standard end up having to review suppliers and procurement items, or in the worst-case scenario, stop production altogether. For this reason, there is a tendency among the Japanese-affiliated companies operating in Asia to select from the very beginning European standards, which are thought to have an advantage in the procedure for establishing “International Standardization”³.

In terms of how manufacturers were dealing with the acquisition of standards with respect to areas that do not have international standards, the majority of the companies replied that they had not bothered to acquire any regional or domestic certification whatsoever (valid responses: 671 companies). These companies seem to be dealing with this situation by manufacturing products that meet the specifications required by the clients. The percentage of companies replying “Yes” to the question of whether they had acquired certification in areas that do not have international standards was limited to 34.0% for the entire ASEAN region and 41.1% for Southwest Asia. In regards to which standards they had acquired certification, 47.5% of the companies in the entire ASEAN region replied “European Standards,” which was closely followed by “JIS” with 45.7%. In Southwest Asia, there was a similar tendency, with 43.2% of the companies adopting “European Standards” and 40.5% adopting JIS. Additionally, some companies replied that they had adopted U.S. standards, but such replies were limited to 27.2% in the ASEAN region and 21.6% in Southwest Asia.

This tendency to prefer European standards was particularly prevalent among companies in the electric machinery and electronic equipment industry at 73.9% (valid responses: 23 companies), followed by the textiles industry with 71.4% (seven companies), the electric and electronic parts and components industry with

53.1% (32 companies), and the motor vehicle and motorcycle parts and accessories industry with 51.4% (37 companies). By contrast, industries preferring JIS included the rubber products (71.4%, seven companies), the fabricated metal products (69.2%, 13 companies), and the iron and steel industries (60.0%, 10 companies). In general, there was a tendency for machinery-related industries to prefer European standards and materials-related industries to prefer JIS.

In the non-manufacturing industry, on the other hand, 17% of the companies in the ASEAN region and 21.5% of the companies in Southwest Asia had acquired certification for regional or local standards in areas that do not have international standards. However, as many of the areas in the non-manufacturing industry did not have standards to begin with, 37.2% of the companies in the ASEAN region and 41.1% of the companies in Southwest Asia replied “No standards in the area.”

Among the companies in the ASEAN region with certification, JIS was the most prevalent standard at 45.8%, which was followed by European standards and local standards, both at 33.7%. This is attributable to the fact that many of the services provided by the non-manufacturing industry were intended for the domestic market, so a large percentage of the companies had acquired certification for local standards. Although there were fewer responses from Southwest Asia, 43.5% of the 23 responding companies replied “JIS,” which was followed by “Local standards” (39.1%) and “Other standards” (21.7%). Only four companies (17.4%) replied that they had acquired certification for European standards.

A breakdown of the non-manufacturing industry revealed that JIS was preferred mainly by sales companies at 59.4% (valid responses: 32 companies), companies in the “Other” (58.3%, seven companies), and trading companies (53.9%, 26 companies). European standards were preferred, similarly to the companies preferring JIS, by sales companies (43.8%, 32 companies) and trading companies (34.6%, 26 companies), while many of the construction/plant companies preferred local standards.

Diagram 61: Whether certification had been acquired for standards in areas that do not have international standards

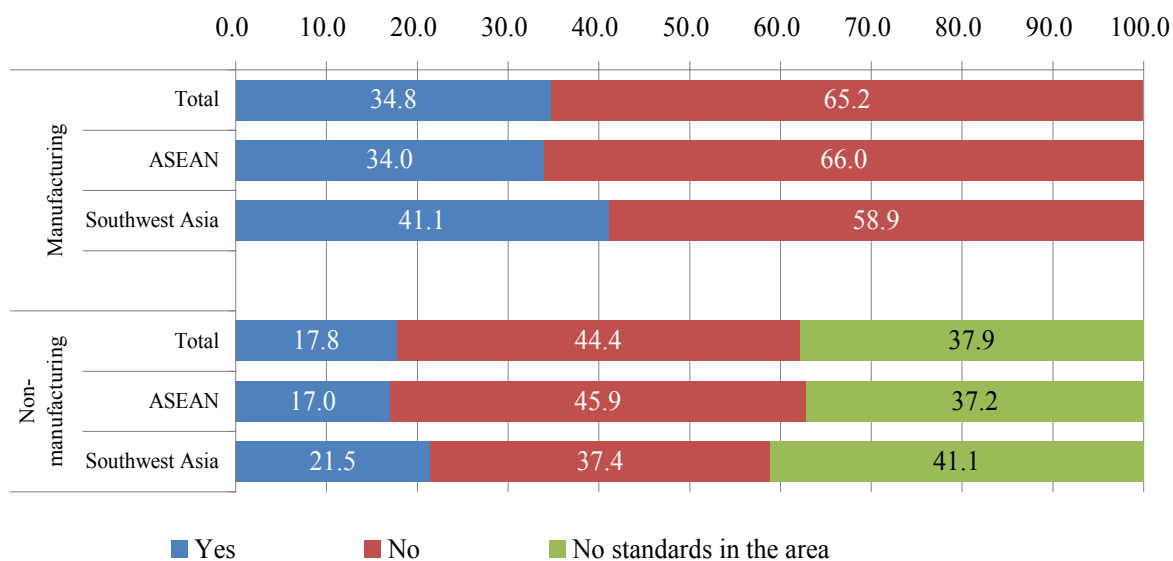
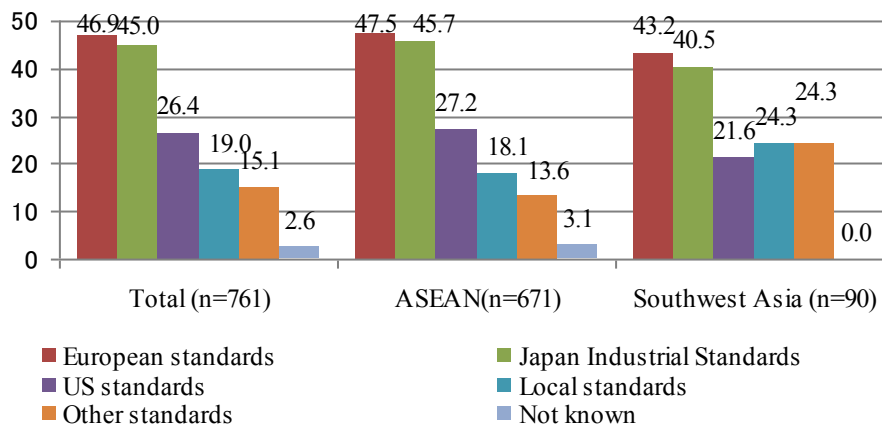


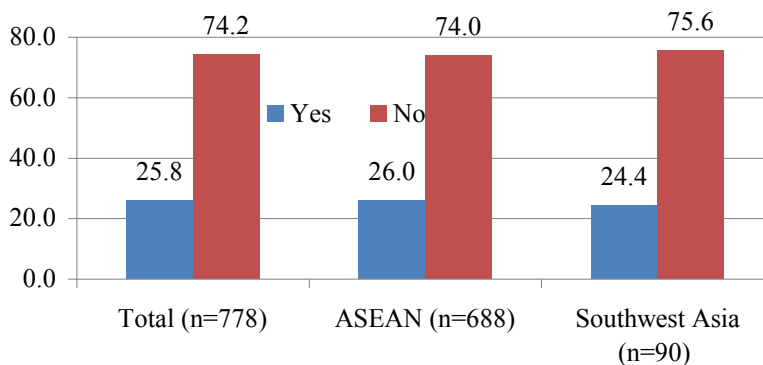
Diagram 62: Standards acquired in areas that do not have international standards (manufacturing industry)



(4) Effects on production of European standards becoming international standards and the type thereof

When European standards are adopted as international standards, companies that had previously produced products to meet JIS may need to re-perform R&D, review suppliers and procurement items, will suffer increased costs due to the change of standards, stop exporting, or in the worst-case scenario, stop production altogether. In terms of whether companies had been affected by European standards becoming international standards, one out of four companies (25.8%) of the total 778 companies in the ASEAN region and Southwest Asia replied that they had been affected. By industry, machinery-related industries were the most affected. Specifically, half of the companies in the precision instruments industry (valid responses: 10 companies) had been affected. This was followed by the motor vehicle and motorcycle (48.0%, 25 companies), the rubber products (38.5%, 26 companies), the electric and electronic parts and components (36.9%, 84 companies) and the electric machinery and electronic equipment industries (35.3%, 51 companies).

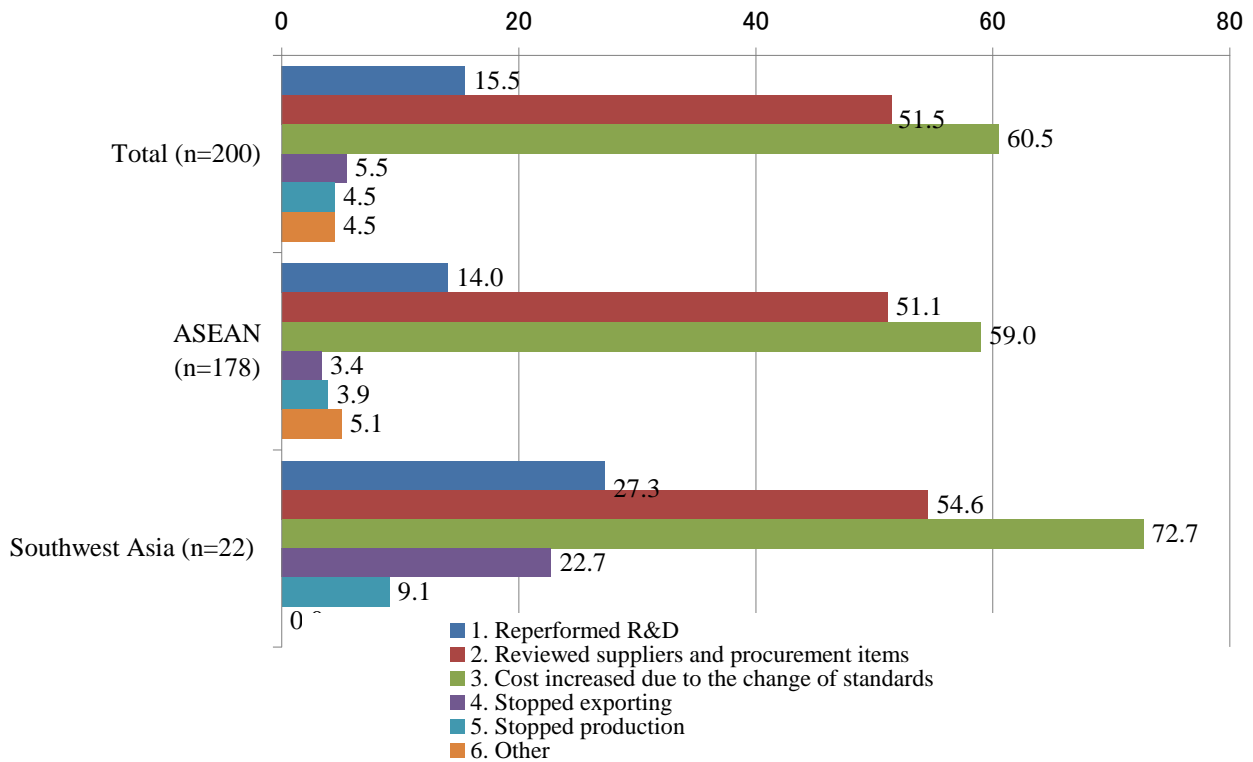
Diagram 63: Whether companies had been affected by European standards becoming international standards



In regards to how companies had been affected, the most cited reply was “Cost increased due to the change of standards,” which accounted for 60.5% of the companies claiming effects. This was followed by

“Reviewed suppliers and procurement items,” in order to comply with international standards, which was cited by approximately half of the companies (51.5%). Moreover, 15.5% of the companies went as far as to re-perform R&D. Although the numbers were few, some companies replied that they had been forced to halt exports and some even claimed that they had no choice but to stop production.

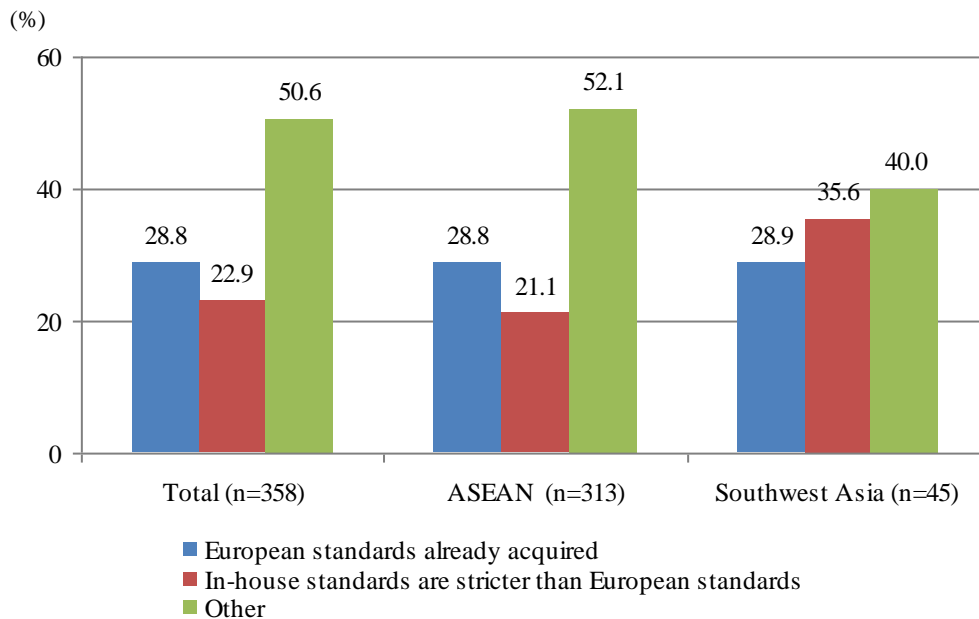
Diagram 64: Ways in which European standards becoming international standards affected production



(Note) The bar graphs indicate the order from the top replies one through six.

Among the companies replying that they had not been affected, approximately 30% (28.8%) had already acquired certification for the European standards that had become international standards. Although some of these companies may have specifically prepared for this standardization, the majority of the companies seems to have had extensive export experience with Europe, and thus, had already been certified under European standards. Additionally, 22.9% of the companies replied “In-house standards are stricter than European standards.” Thus, the two percentages taken together suggest that approximately half of the companies had taken measures in advance for standardization.

Diagram 65: Reasons why companies were not affected by European standards becoming international standards



(5) Exports to multiple countries with different product standards

In cases where international standards are used uniformly as product standards, production costs may be kept to a minimum by simply complying with such standards. However, in cases where products whose standards had not been uniformly established as international standards were exported to multiple countries, 20.5% of the companies dealt with this situation by establishing “In-house standards that are the strictest of any,” while 23.2% of the companies dealt with this situation by producing products “to meet the strictest of the differing standards” (valid responses: 673 companies). However, approximately half, or 48.6%, of the companies dealt with the situation by simply producing products to meet each country’s standards. Ideally, it would be preferable if all companies would produce products to meet the strictest of standards. However, the companies’ responses on this issue were divided as such actions could impact the price of their merchandise.

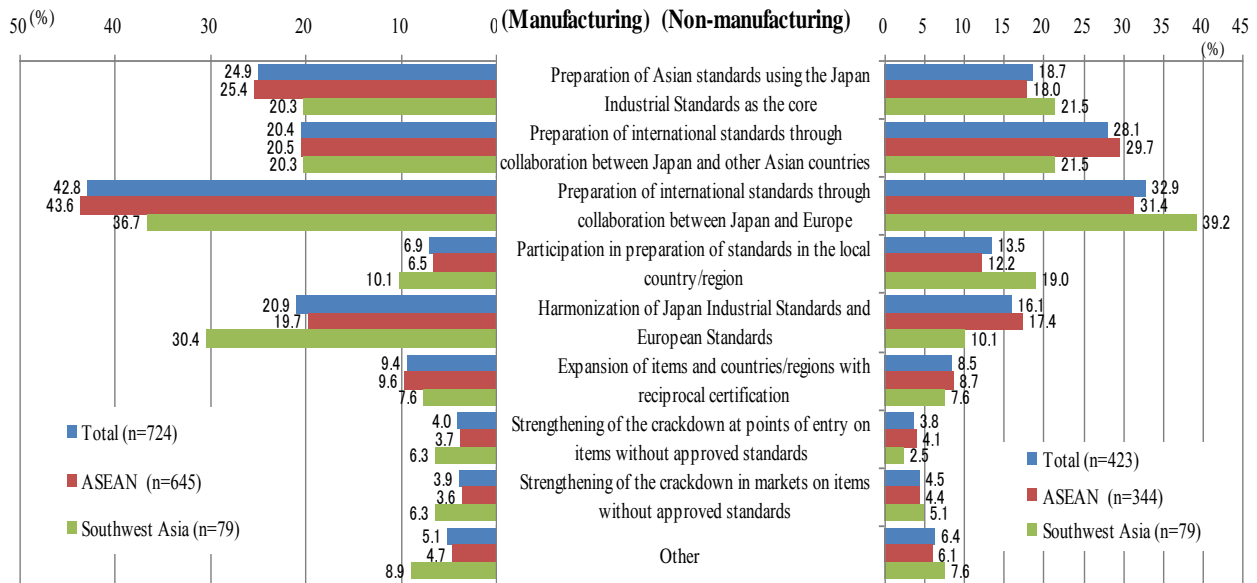
(6) Japanese-affiliated companies seek collaboration with Europe

As Europe continues to dominate the field of standardization by the strength of its numbers, Japan has been exploring possible collaborations with the nations of the Asia-Pacific region as a means to deal with the procedures for international standardization formulation, which are based on the system of one country, one vote. In 2006, the Japanese government established the Public-Private Sector Strategic Council on International Standardization and formulated “strategic goals for internal standardization,” which aim by the year 2015 to (1) double the number of international standardization proposals submitted by Japan and (2) have Japan administer the secretariat of as many ISO technical committees and subcommittees as Europe and the U.S. In order to achieve these goals, it is imperative for Japan to “make friends (peers),” who are willing to collaborate with Japan and participate in the ISO committees that formulate the standards. As a part of these efforts, the Japanese government has adopted a policy of reinforced collaborations in the Asia-Pacific region.

In regards to what companies hoped would eventually occur in terms of standardization, 20.4% of the companies (valid responses: 724 companies) in the manufacturing industry and 28.1% of the companies (valid responses: 423 companies) in the non-manufacturing industry replied “Preparation (Formulation) of international standards through collaboration between Japan and other Asian countries.” The large percentage citing this reply in the non-manufacturing industry may be attributed to the fact that many of these companies are engaged in operations intended for the domestic market. Among manufacturers, the paper and pulp industry had the highest percentage of companies seeking the formulation of international standards through collaboration between Japan and other Asian countries at 40% (two out of five companies), which was followed by the electric and electronic parts and components industry with 26.5% (22 out of 83 companies), the motor vehicle and motorcycle industry (23.8%, five out of 21 companies) and the chemicals industry (23.6%, 13 out of 55 companies).

From this survey, it became evident that the most favored scenario was the “Preparation (Formulation) of international standards through collaboration between Japan and Europe.” This reply was given by large portions of both the manufacturing industry and non-manufacturing industry, at 42.8% and 32.9%, respectively. The European Committee for Standardization has always maintained a close relationship with the ISO, based on a special agreement, and consequently, the likelihood of European standards becoming international standards has always been high. For example, the Dresden Agreement concluded between IEC and the European Committee for Electrotechnical Standardization (CENELEC) in 1996 articulates—in addition to dictating common planning of new standards—the cooperation between the two organizations in turning European standards and standardization proposals into international standards. In fact, of the 416 proposals submitted to the Technical Committee of IEC in 2007, 348 of them were jointly drafted with CENLEC. Due to such a background, the Japanese-affiliated companies operating in Asia are strongly seeking the “Formulation of international standards through collaboration between Japan and Europe.” Among manufacturers, the precision instruments industry had the highest percentage of companies seeking the “Preparation of international standards through collaboration between Japan and Europe” at 66.7% (four out of six companies), which was followed by the rubber products industry at 60.9% (14 out of 23 companies), the electric and electronic parts and components industry at 49.4% (41 out of 83 companies), the electric machinery and electronic equipment industry at 48.1% (25 out of 52 companies), and the motor vehicle and motorcycle parts and accessories industry at 47.4% (46 out of 97 companies), with the majority of the companies being machinery- and equipment-related. A total of 138 companies (46.6%)—296 companies in six industries of the machinery field—cited replies expressing hope for collaboration between Japan and Europe.

Diagram 66: Favored scenario in terms of standardization (manufacturing and non-manufacturing industries)



In the manufacturing industry, after the reply favoring Japanese-European collaboration, 24.9% cited the “Preparation of Asian standards using the Japan Industrial Standards as the core,” while 20.9% cited the “Harmonization of Japanese Industrial Standards and European Standards.” “Harmonization of JIS with European Standards” expresses the need felt by the Japanese-affiliated companies to stay closely attuned to relevant information, such as proposals being submitted by the Europeans to standardization bodies, such as the ISO and IEC, and to persistently coordinate with the European side and harmonize the European standards with JIS, aiming to ensure that Japanese products and technologies are not eliminated. In this way, Japanese-affiliated companies operating in Asia seem to feel a greater need for collaboration with Europe than with Asia.

Additionally, in certain countries, companies that have local R&D centers cited “Participation in formulation of standards in the local country/region”⁴. High percentages of companies citing this reply were found in India (five companies, 10.9%), Singapore (four companies, 10.0%) and Thailand (24 companies, 9.1%). In the other countries, less than 10% cited this reply. Clearly, the main emphasis of the efforts being made for standardization by Asian countries was on the “Formulation and improvement of domestic standards” rather than on “International Standardization,” which has been the goal of Japan’s pursuits. By participating in the formulation of local standards, these companies hoped to formulate standards that would be to their advantage (or at least, not to their disadvantage).

For Japan, establishing friendly relationships with the local organizations should take priority. This can be achieved by assisting the formulation of domestic standards, which remains the paramount task facing local standardization organizations. Japan must cooperate with the local subsidiaries to promote the policy of “making friends” in the Asia-Pacific region, by fostering local management that are capable of participating on the international standardization committees of the ISO and IEC. Such development of human resources will require medium- to long-term efforts. However, it should be noted that in the course of formulating Japan’s international standardization strategy, collaborations in Asia from a long-term perspective will become indispensable to Japan in order to “make friends” in Asia.

¹ The acquisition of international standards has various advantages for companies. It could expand a company's market from the local or regional to the global sphere and could also enable the use of "being a company of (having products of) international standard" as a major sales point. On the other hand, in cases where international standards have not been established in a specific field, if the standards of one's products or services are adopted as international standards, it could mean an overwhelming advantage over one's competitors. Pursuant to the Agreement on Technical Barriers to Trade (TBT Agreement), when countries adopt compulsory standards, the technological standards and domestic standards of each country will need to comply with the compulsory standards. Thus, the adoption of standards that comply with the TBT could not only lead to global expansion of one's market but also, in certain cases, to royalty income.

² As new technologies and services are born, many companies will be entering new markets with only local or regional standards, or in some cases, without any standards at all. For companies providing related services, markets united under a uniform standard will mean fewer costs required for R&D and production, including investment.

³ Europe has an edge over individual countries in the competition for obtaining standardization. One of the reasons for this is the close cooperative relationship that exists between the international standardization organizations and the European standardization organizations when performing standards formulation procedures. An example is the Vienna Agreement (1991), which was concluded between the ISO and the European Committee for Standardization (CEN) and which coordinates and adjusts the work to be done for standards development by the ISO and CEN, in order to avoid duplicate work being done by both organizations. The proposal for the developed standard is put to the vote of both the ISO and CEN first and then formally adopted. Similarly, the process for adopting international standards also works to the advantage of Europe. ISO members are divided into: P (Participating) members, who are eligible to actively engage in the work, submit comments and participate in committees, and O (Observer) members. Votes are taken on the basis of "one nation, one vote," though a certain number of P member votes are required for the deliberation and passage of a standard. In cases where many of the P members are from European countries, such as the 27 countries of the EU, where European standards are used on the regional level, decisions on determining standards will largely be influenced by the European vote.

⁴ According to Japanese government officials, the Thailand subsidiary of NHK SPRING CO., LTD. has, under the instruction of the head office, appointed an executive of Thai nationality to engage in TISI and other standardization activities. Said executive also participates in ISO technical committees as the representative of Thailand and is in close collaboration with Japan while playing a major part in the establishment of international standards. However, there are few other Japanese-affiliated companies engaged in similar activities. In order to bring the activities of NHK SPRING CO., LTD. into the mainstream, it is hoped that the Japanese government will actively support such activities through education and dissemination activities on the Japanese head office side.

11. Efforts toward CSR

(1) Strict observance of local laws and respect for international standards are most sought after in CSR activities

In terms of the type of CSR activities sought after in their countries, Japanese-affiliated companies operating in the ASEAN region, Southwest Asia and the Oceania region replied “Strict observance of local laws and regulations, and respect for international standards such as ISO”—the most cited reply (77.9%) for both the manufacturing and non-manufacturing industries (Diagram 67) (valid responses: 909 from the manufacturing industry, 855 from the non-manufacturing industry [total 1,764 companies], multiple answers allowed). In the manufacturing industry, this was followed by “Endeavors to improve the working environment” (49.5%) and “Human resources training, technology transfer, or increase of the local procurement ratio” (39.6%), while in the non-manufacturing industry, this was followed by “Ensuring product and service safety as well as (or) offering new products and services” (40.0%) and “Endeavors to improve the working environment” (30.1%).

By country, “Strict observance of local laws and regulations, and respect for international standards such as ISO” was the most cited reply in 11 out of 13 countries, while in Myanmar, the most cited was “Human resources training, technology transfer, or increase of the local procurement ratio” (57.9%). In Bangladesh, the most cited was “Endeavors to improve the working environment” (62.5%).

The replies following the top two were characteristic of each country. In Indonesia and Vietnam, large percentages cited “Human resources training, technology transfer, or increase of the local procurement ratio” (48.1% and 47.1%, respectively). In Pakistan, many cited “Endeavors to improve the working environment” (41.9%). In Singapore, Australia and New Zealand, where many replies were received from the non-manufacturing industry, many cited “Ensuring product and service safety as well as (or) offering new products and services” (42.6%, 47.5% and 63.9%, respectively). Compared to the other countries, there were more companies in Australia and New Zealand that replied “Engagement in local (or wider area) environmental issues” (42.0% and 39.3%, respectively). These replies are indicative of the stance of Japanese companies in responding to the social issues of the countries in which they are operating.

Diagram 67: CSR activities particularly sought in their countries (multiple answers allowed)

	1st	2nd	3rd	4th	5th	Unit: %
Total (n=1,764)	Strict observance of local laws and regulations, and respect for international standards such as ISO 77.9	Endeavors to improve the working environment 40.1	Ensuring product and service safety as well as (or) offering new products and services 35.7	Human resources training, technology transfer, or increase of the local procurement ratio 34.6	Engagement in local (or wider area) environmental issues 32.3	
ASEAN (n=1,280)	Strict observance of local laws and regulations, and respect for international standards such as ISO 78.3	Endeavors to improve the working environment 40.2	Human resources training, technology transfer, or increase of the local procurement ratio 35.0	Ensuring product and service safety as well as (or) offering new products and services 32.3	Engagement in local (or wider area) environmental issues 30.1	
Indonesia (n=154)	Strict observance of local laws and regulations, and respect for international standards such as ISO 71.4	Human resources training, technology transfer, or increase of the local procurement ratio 48.1	Endeavors to improve the working environment 37.7	Engagement in local (or wider area) environmental issues 34.4	Ensuring product and service safety as well as (or) offering new products and services 24.7	
Malaysia (n=170)	Strict observance of local laws and regulations, and respect for international standards such as ISO 76.5	Endeavors to improve the working environment 38.2	Human resources training, technology transfer, or increase of the local procurement ratio 33.5	Engagement in local (or wider area) environmental issues 32.9	Ensuring product and service safety as well as (or) offering new products and services 31.2	
Myanmar (n=19)	Human resources training, technology transfer, or increase of the local procurement ratio 57.9	Strict observance of local laws and regulations, and respect for international standards such as ISO Engagement in local (or wider area) poverty and education issues 47.4	Endeavors to improve the working environment 42.1	Ensuring product and service safety as well as (or) offering new products and services 21.1	Support for charitable activities, the arts, and cultural activities 15.8	
Philippines (n=165)	Strict observance of local laws and regulations, and respect for international standards such as ISO 74.5	Endeavors to improve the working environment 45.5	Human resources training, technology transfer, or increase of the local procurement ratio 38.2	Engagement in local (or wider area) environmental issues 32.7	Ensuring product and service safety as well as (or) offering new products and services 23.0	
Singapore (n=183)	Strict observance of local laws and regulations, and respect for international standards such as ISO 90.7	Ensuring product and service safety as well as (or) offering new products and services 42.6	Endeavors to improve the working environment 27.9	Engagement in local (or wider area) environmental issues 24.6	Human resources training, technology transfer, or increase of the local procurement ratio 20.2	
Thailand (n=470)	Strict observance of local laws and regulations, and respect for international standards such as ISO 79.1	Endeavors to improve the working environment 43.2	Ensuring product and service safety as well as (or) offering new products and services 35.5	Human resources training, technology transfer, or increase of the local procurement ratio 31.9	Engagement in local (or wider area) environmental issues 29.6	
Vietnam (n=119)	Strict observance of local laws and regulations, and respect for international standards such as ISO 77.3	Human resources training, technology transfer, or increase of the local procurement ratio 47.1	Endeavors to improve the working environment 46.2	Ensuring product and service safety as well as (or) offering new products and services Engagement in local (or wider area) environmental issues 30.3	Engagement in local (or wider area) poverty and education issues 10.1	
Southwest Asia (n=223)	Strict observance of local laws and regulations, and respect for international standards such as ISO 71.3	Endeavors to improve the working environment 41.3	Human resources training, technology transfer, or increase of the local procurement ratio 40.8	Ensuring product and service safety as well as (or) offering new products and services 36.3	Engagement in local (or wider area) environmental issues 34.1	
Bangladesh (n=32)	Endeavors to improve the working environment 62.5	Strict observance of local laws and regulations, and respect for international standards such as ISO 56.3	Engagement in local (or wider area) poverty and education issues 53.1	Ensuring product and service safety as well as (or) offering new products and services Engagement in local (or wider area) environmental issues 46.9	Human resources training, technology transfer, or increase of the local procurement ratio 43.8	
India (n=131)	Strict observance of local laws and regulations, and respect for international standards such as ISO 76.3	Human resources training, technology transfer, or increase of the local procurement ratio 40.5	Ensuring product and service safety as well as (or) offering new products and services 35.9	Endeavors to improve the working environment 33.6	Engagement in local (or wider area) environmental issues 32.1	
Pakistan (n=31)	Strict observance of local laws and regulations, and respect for international standards such as ISO 71.0	Endeavors to improve the working environment 41.9	Human resources training, technology transfer, or increase of the local procurement ratio 38.7	Engagement in local (or wider area) poverty and education issues 32.3	Ensuring product and service safety as well as (or) offering new products and services 29.0	
Sri Lanka (n=29)	Strict observance of local laws and regulations, and respect for international standards such as ISO 65.5	Endeavors to improve the working environment 51.7	Human resources training, technology transfer, or increase of the local procurement ratio Engagement in local (or wider area) environmental issues 41.4	Ensuring product and service safety as well as (or) offering new products and services 34.5	Support for charitable activities, the arts, and cultural activities 13.8	
Oceania (n=261)	Strict observance of local laws and regulations, and respect for international standards such as ISO 81.6	Ensuring product and service safety as well as (or) offering new products and services 51.3	Engagement in local (or wider area) environmental issues 41.4	Endeavors to improve the working environment 38.3	Human resources training, technology transfer, or increase of the local procurement ratio 27.2	
Australia (n=200)	Strict observance of local laws and regulations, and respect for international standards such as ISO 82.5	Ensuring product and service safety as well as (or) offering new products and services 47.5	Engagement in local (or wider area) environmental issues 42.0	Endeavors to improve the working environment 37.0	Human resources training, technology transfer, or increase of the local procurement ratio 28.5	
New Zealand (n=61)	Strict observance of local laws and regulations, and respect for international standards such as ISO 78.7	Ensuring product and service safety as well as (or) offering new products and services 63.9	Endeavors to improve the working environment 42.6	Engagement in local (or wider area) environmental issues 39.3	Support for charitable activities, the arts, and cultural activities 24.6	

(2) 75% of the companies conduct CSR activities independently

In terms of who companies collaborate with when conducting CSR activities, the most cited reply—regardless of the region or whether they were in the manufacturing or non-manufacturing industry—was: “Our company (group) conducts CSR activities independently (planning, implementation, evaluation, etc.)” (76.1%) (Diagram 68) (valid responses: 878 from the manufacturing industry, 818 from the non-manufacturing industry (total 1,696 companies), multiple answers allowed). Among these companies, 80% did not collaborate with other organizations, such as the local Japan Chamber of Commerce or local government agencies. There were also few companies that replied “Private non-profit bodies (NGOs or NPOs)” (7.3%).

By country, many of the companies in Vietnam and Bangladesh replied “Japan Chamber of Commerce, etc., in the local area” (32.4% and 36.7%, respectively), suggesting that many of these companies considered membership in local Japan Societies and the Japan Chamber of Commerce, considering participation in various exchange programs to be a part of CSR activities. In Bangladesh and India, large percentages of companies replied “Private non-profit bodies (NGOs or NPOs).” India is said to be the home of numerous NGOs engaged in community service, so much so that it has been called an “NGO-oriented country” (Note). If a Japanese-affiliated company could find the appropriate organization, then collaborations with NGOs and NPOs could also become a practical option.

Diagram 68: Organizers of CSR activities

Unit: %

	1st	2nd	3rd	4th	5th
Total (n=1,696)	Our company (group) conducts CSR activities independently (planning, implementation, evaluation, etc.) 76.1	Japan Chamber of Commerce, etc., in the local area 17.3	Local government agencies 15.7	Private non-profit bodies (NGOs or NPOs) 7.3	Other 4.2
ASEAN (n=1,224)	Our company (group) conducts CSR activities independently (planning, implementation, evaluation, etc.) 75.2	Japan Chamber of Commerce, etc., in the local area 18.9	Local government agencies 14.5	Private non-profit bodies (NGOs or NPOs) 5.5	Other 3.4
Indonesia (n=149)	Our company (group) conducts CSR activities independently (planning, implementation, evaluation, etc.) 75.8	Japan Chamber of Commerce, etc., in the local area 20.1	Local government agencies 13.4	Private non-profit bodies (NGOs or NPOs) 7.4	Other 4.7
Malaysia (n=162)	Our company (group) conducts CSR activities independently (planning, implementation, evaluation, etc.) 74.7	Local government agencies 13.6	Japan Chamber of Commerce, etc., in the local area 13.0	Private non-profit bodies (NGOs or NPOs) 6.2	International institutions 3.1
Myanmar (n=17)	Our company (group) conducts CSR activities independently (planning, implementation, evaluation, etc.) 64.7	Local government agencies 29.4	Japan Chamber of Commerce, etc., in the local area 17.6	Private non-profit bodies (NGOs or NPOs) 11.8	International institutions 5.9
Philippines (n=159)	Our company (group) conducts CSR activities independently (planning, implementation, evaluation, etc.) 74.8	Japan Chamber of Commerce, etc., in the local area 20.1	Local government agencies 11.3	International institutions 6.3	Private non-profit bodies (NGOs or NPOs) 2.5
Singapore (n=175)	Our company (group) conducts CSR activities independently (planning, implementation, evaluation, etc.) 76.0	Japan Chamber of Commerce, etc., in the local area 16.0	Local government agencies 4.6	Private non-profit bodies (NGOs or NPOs) 4.0	International institutions
Thailand (n=451)	Our company (group) conducts CSR activities independently (planning, implementation, evaluation, etc.) 76.3	Japan Chamber of Commerce, etc., in the local area 18.0	Local government agencies 14.9	Private non-profit bodies (NGOs or NPOs) 4.9	Other 3.1
Vietnam (n=111)	Our company (group) conducts CSR activities independently (planning, implementation, evaluation, etc.) 72.1	Japan Chamber of Commerce, etc., in the local area 32.4	Local government agencies 15.3	Private non-profit bodies (NGOs or NPOs) 3.6	Other 1.8
Southwest Asia (n=216)	Our company (group) conducts CSR activities independently (planning, implementation, evaluation, etc.) 75.9	Local government agencies 17.6	Private non-profit bodies (NGOs or NPOs) 16.2	Japan Chamber of Commerce, etc., in the local area 15.7	International institutions 5.6
Bangladesh (n=30)	Our company (group) conducts CSR activities independently (planning, implementation, evaluation, etc.) 66.7	Japan Chamber of Commerce, etc., in the local area 36.7	Private non-profit bodies (NGOs or NPOs) 33.3	Local government agencies 26.7	International institutions 16.7
India (n=128)	Our company (group) conducts CSR activities independently (planning, implementation, evaluation, etc.) 74.2	Private non-profit bodies (NGOs or NPOs) 16.4	Local government agencies 14.8	Japan Chamber of Commerce, etc., in the local area 11.7	Other 4.7
Pakistan (n=29)	Our company (group) conducts CSR activities independently (planning, implementation, evaluation, etc.) 82.8	Japan Chamber of Commerce, etc., in the local area 13.8	Local government agencies 10.3	Private non-profit bodies (NGOs or NPOs) 6.9	International institutions 3.4
Sri Lanka (n=29)	Our company (group) conducts CSR activities independently (planning, implementation, evaluation, etc.) 86.2	Local government agencies 27.6	Japan Chamber of Commerce, etc., in the local area 13.8	Private non-profit bodies (NGOs or NPOs) 3.4	International institutions
Oceania (n=256)	Our company (group) conducts CSR activities independently (planning, implementation, evaluation, etc.) 80.1	Local government agencies 19.9	Japan Chamber of Commerce, etc., in the local area 10.9	Private non-profit bodies (NGOs or NPOs) 8.2	Other 1.6
Australia (n=198)	Our company (group) conducts CSR activities independently (planning, implementation, evaluation, etc.) 82.8	Local government agencies 16.7	Japan Chamber of Commerce, etc., in the local area 12.1	Private non-profit bodies (NGOs or NPOs) 8.6	Other 6.6
New Zealand (n=58)	Our company (group) conducts CSR activities independently (planning, implementation, evaluation, etc.) 70.7	Local government agencies 31.0	Private non-profit bodies (NGOs or NPOs) 13.8	Japan Chamber of Commerce, etc., in the local area 6.9	Other 3.4

(3) Insufficient budgets and lack of experts and human resources were the main issues when conducting CSR activities

In terms of “if issues or problems existed in the company’s CSR activities,” the three most cited replies were “There are insufficient budgets, experts and human resources” (42.2%), “No action plan for CSR has been decided, or it has not been fully shared with local officials” (39.5%) and “It is difficult to verify cost-effectiveness” (37.7%) (Diagram 69) (valid responses: 812 from the manufacturing industry, 756 from the non-manufacturing industry [total 1,568 companies], multiple answers allowed). A breakdown by industry revealed that companies in both industries cited the same replies and did so in the same order.

By country, a relatively large percentage of companies in Bangladesh, Pakistan and Myanmar cited that “There is no environment for supporting CSR efforts, such as assistance from the government” and “Problems in the local government agencies’ observance of laws and regulations, such as enforcement of laws and corruption,” suggesting that these countries are lagging behind in providing the necessary infrastructure on which the companies’ social action programs are to be implemented. In Bangladesh and Pakistan, many of the companies replied, “Business partner’s CSR activities are not thoroughly implemented” (17.4% and 15.4%, respectively). The actions of business partners, including suppliers, could have a significant bearing on the corporate value of a company, which includes the issue of credibility toward customers and maintaining the corporate brand. Consequently, activities such as “Strict observance of local laws and regulations, and respect for international standards such as ISO” and “Endeavors to improve the working environment” will have greater significance not only within the company but also for the entire supply chain.

Diagram 69: Issues and problems in conducting CSR activities

	1	2	3	4	5	Unit: %
Total (n=1,568)	There are insufficient budget, experts and human resources 42.2	No action plan for CSR has been decided 39.5	It is difficult to verify cost-effectiveness 37.7	There is an inadequate mechanism for incorporating the opinions and evaluations of interested parties or there is an inadequate mechanism for providing information to interested parties 11.4	Problems in the local government agencies' observance of laws and regulations 10.8	
ASEAN (n=1,152)	No action plan for CSR has been decided 32.4	There are insufficient budget, experts and human resources 41.9	It is difficult to verify cost-effectiveness 36.9	There is an inadequate mechanism for incorporating the opinions and evaluations of interested parties or there is an inadequate mechanism for providing information to interested parties 12.8	Problems in the local government agencies' observance of laws and regulations 12.2	
Indonesia (n=138)	There are insufficient budget, experts and human resources 41.3	No action plan for CSR has been decided 39.1	It is difficult to verify cost-effectiveness 35.5	Problems in the local government agencies' observance of laws and regulations 29.7	Cooperation with the headquarters is not smooth 11.6	
Malaysia (n=148)	There are insufficient budget, experts and human resources 43.9	It is difficult to verify cost-effectiveness 43.2	No action plan for CSR has been decided 37.2	There is an inadequate mechanism for incorporating the opinions and evaluations of interested parties or there is an inadequate mechanism for providing information to interested parties 10.8	There is no environment for supporting CSR efforts, such as assistance from the government 10.1	
Myanmar (n=15)	There are insufficient budget, experts and human resources 46.7	It is difficult to verify cost-effectiveness 33.3	There is an inadequate mechanism for incorporating the opinions and evaluations of interested parties or there is an inadequate mechanism for providing information to interested parties 26.7	No action plan for CSR has been decided 20.0	Organizational collaboration with international institutions, etc. is inadequate 13.3	
Philippines (n=152)	There are insufficient budget, experts and human resources 39.5	No action plan for CSR has been decided 36.8	It is difficult to verify cost-effectiveness 19.1	Problems in the local government agencies' observance of laws and regulations 11.8	There is an inadequate mechanism for incorporating the opinions and evaluations of interested parties or there is an inadequate mechanism for providing information to interested parties 11.2	
Singapore (n=165)	There are insufficient budget, experts and human resources 42.4	It is difficult to verify cost-effectiveness 39.4	No action plan for CSR has been decided 37.0	Cooperation with the headquarters is not smooth 14.5	There is an inadequate mechanism for incorporating the opinions and evaluations of interested parties or there is an inadequate mechanism for providing information to interested parties 13.3	
Thailand (n=433)	No action plan for CSR has been decided 49.9	There are insufficient budget, experts and human resources 42.3	It is difficult to verify cost-effectiveness 36.3	There is an inadequate mechanism for incorporating the opinions and evaluations of interested parties or there is an inadequate mechanism for providing information to interested parties 12.9	Cooperation with the headquarters is not smooth 9.7	
Vietnam (n=101)	No action plan for CSR has been decided 43.6	There are insufficient budget, experts and human resources 40.6	It is difficult to verify cost-effectiveness 28.7	Problems in the local government agencies' observance of laws and regulations 24.8	There is an inadequate mechanism for incorporating the opinions and evaluations of interested parties or there is an inadequate mechanism for providing information to interested parties 16.8	There is no environment for supporting CSR efforts, such as assistance from the government 16.8
Southwest Asia (n=185)	There are insufficient budget, experts and human resources 36.8	No action plan for CSR has been decided 33.5	It is difficult to verify cost-effectiveness 31.9	Problems in the local government agencies' observance of laws and regulations 14.6	There is an inadequate mechanism for incorporating the opinions and evaluations of interested parties or there is an inadequate mechanism for providing information to interested parties 10.8	There is no environment for supporting CSR efforts, such as assistance from the government 10.8
Bangladesh (n=23)	It is difficult to verify cost-effectiveness 39.1	No action plan for CSR has been decided 30.4	There are insufficient budget, experts and human resources 30.4	Problems in the local government agencies' observance of laws and regulations 17.4	Business partner's CSR activities are not thoroughly implemented (difficult to supervise) 13.0	There is no environment for supporting CSR efforts, such as assistance from the government 8.7
India (n=114)	There are insufficient budget, experts and human resources 42.1	No action plan for CSR has been decided 36.8	It is difficult to verify cost-effectiveness 29.8	There is no environment for supporting CSR efforts, such as assistance from the government 7.9	Problems in the local government agencies' observance of laws and regulations 7.0	Other 7.0
Pakistan (n=26)	It is difficult to verify cost-effectiveness 26.9	There is no environment for supporting CSR efforts, such as assistance from the government 23.1	There are insufficient budget, experts and human resources 19.2	No action plan for CSR has been decided 15.4	There is an inadequate mechanism for incorporating the opinions and evaluations of interested parties or there is an inadequate mechanism for providing information to interested parties 15.4	Organizational collaboration with international institutions, etc. is inadequate 3.8
Sri Lanka (n=22)	It is difficult to verify cost-effectiveness 40.9	No action plan for CSR has been decided 36.4	There are insufficient budget, experts and human resources 31.8	Problems in the local government agencies' observance of laws and regulations 22.7	There is an inadequate mechanism for incorporating the opinions and evaluations of interested parties or there is an inadequate mechanism for providing information to interested parties 18.2	
Oceania (n=231)	There are insufficient budget, experts and human resources 47.6	It is difficult to verify cost-effectiveness 46.3	No action plan for CSR has been decided 29.9	Other 9.1	Cooperation with the headquarters is not smooth 8.7	
Australia (n=182)	There are insufficient budget, experts and human resources 48.9	It is difficult to verify cost-effectiveness 46.7	No action plan for CSR has been decided 29.7	Other 11.0	Cooperation with the headquarters is not smooth 8.8	
New Zealand (n=49)	It is difficult to verify cost-effectiveness 44.9	There are insufficient budget, experts and human resources 42.9	No action plan for CSR has been decided 30.6	There is no environment for supporting CSR efforts, such as assistance from the government 16.3	Cooperation with the headquarters is not smooth 8.2	

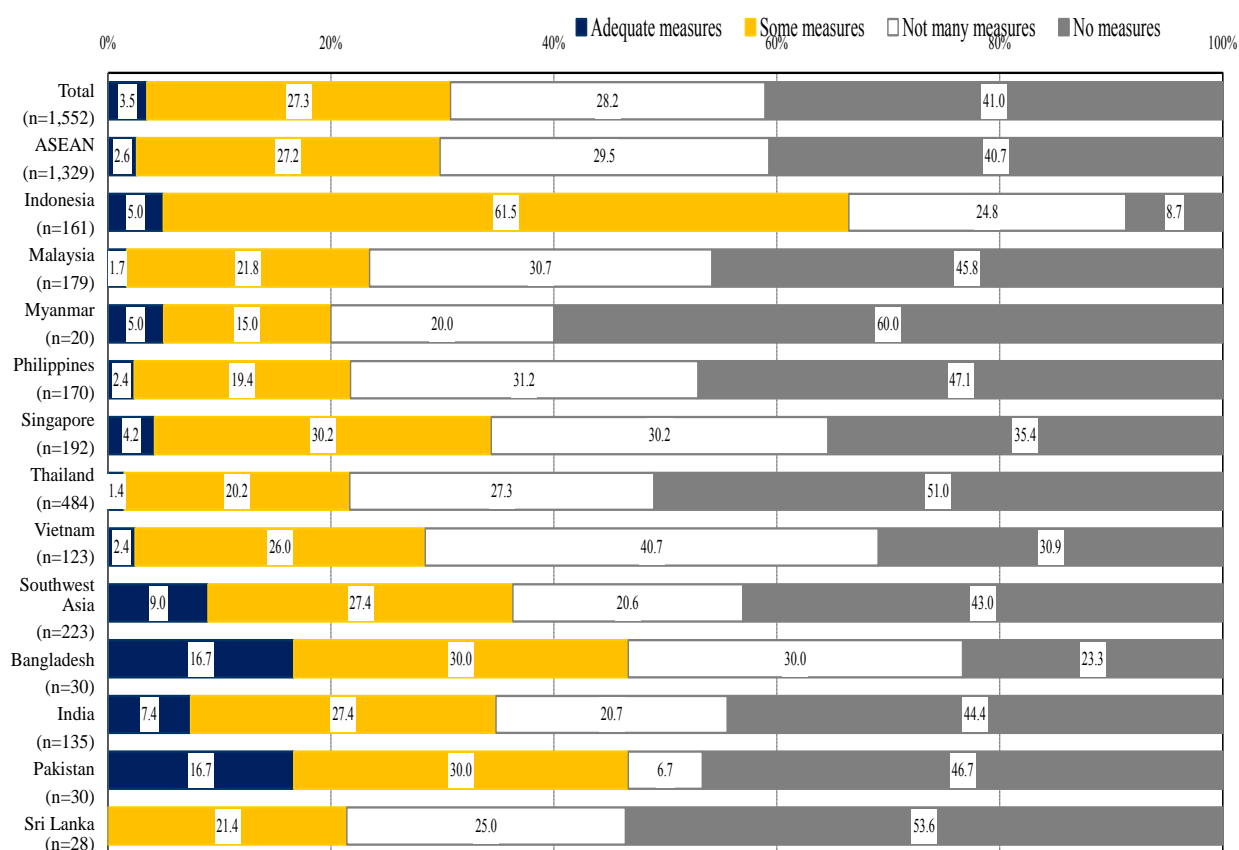
(Note) http://jicaindiaoffice.org/india_ngo_info_j.htm, *Information on NGOs in India*, NGO-JICA Japan desk, viewed on February 5, 2009.

12. Measures against New Strains of Influenza

(1) Indonesia taking proactive measures against new strains of influenza

Regarding Japanese-affiliated companies operating in the ASEAN region and Southwest Asia and concerning the extent to which measures were being taken against new strains of influenza, companies replying “Adequate measures” and “Some measures” were limited to approximately 30% of the total (valid responses: 1,552 companies) (Diagram 70). However, in Indonesia, where the most number of cases of the extremely virulent H5N1 strain of influenza have been reported, companies replying “Adequate measures” and “Some measures” accounted for 66.5% of the total replies¹. In Bangladesh and Pakistan, 46.7% of the companies in each country gave the above-mentioned replies. In these countries, active measures against infectious diseases seem to be the natural outcome of local living conditions.

Diagram 70: Extent of measures against new strains of influenza



(Note) Figures in the diagram above and in Diagram 74 have been rounded off. Therefore, they do not necessarily add up to 100%.

(2) Measures centered on health education

Concerning specific measures being taken against new strains of influenza, “Health education concerning covering the mouth when coughing and hand washing” was the most cited reply (50.6%) (Diagram 71). This was followed by “Stockpiling of antibiotics” (40.9%), “Preparation of a manual” (32.5%), “Plan for evacuation of expatriate employees” (31.2%) and “Stockpiling of daily goods” (22.5%).

In Indonesia, where the most cases of the H5N1 strain of influenza have been reported, “Stockpiling of antibiotics” (77.0%) was the most cited reply, which is indicative of the sense of urgency among the Japanese-affiliated companies operating there.

Diagram 71: Specific measures against new strains of influenza (multiple answers allowed)

	1	2	3	4	5
Total (n=770)	Health education concerning covering the mouth when coughing and hand washing 50.6	Stockpiling of antibiotics 40.9	Preparation of a manual 32.5	Draw up guidelines for evacuation of expatriate employees 31.2	Stockpiling of daily goods 22.5
ASEAN (n=661)	Health education concerning covering the mouth when coughing and hand washing 50.8	Stockpiling of antibiotics 40.8	Preparation of a manual 32.5	Draw up guidelines for evacuation of expatriate employees 31.6	Stockpiling of daily goods 22.7
Indonesia (n=135)	Stockpiling of antibiotics 77.0	Health education concerning covering the mouth when coughing and hand washing 56.3	Draw up guidelines for evacuation of expatriate employees 45.2	Preparation of a manual 40.7	Stockpiling of daily goods 37.0
Malaysia (n=82)	Health education concerning covering the mouth when coughing and hand washing 42.7	Preparation of a manual 35.4	Draw up guidelines for evacuation of expatriate employees 34.1	Stockpiling of antibiotics 28.0	Stockpiling of daily goods 25.6
Myanmar (n=7)	Health education concerning covering the mouth when coughing and hand washing 100.0	Draw up guidelines for evacuation of expatriate employees 42.9	Preparation of a manual 28.6	Stockpiling of daily goods 28.6	Preparation of a Business Continuity Plan 28.6
Philippines (n=71)	Health education concerning covering the mouth when coughing and hand washing 62.0	Stockpiling of antibiotics 36.6	Draw up guidelines for evacuation of expatriate employees 29.6	Preparation of a manual 26.8	Stockpiling of daily goods 19.7
Singapore (n=104)	Health education concerning covering the mouth when coughing and hand washing 42.3	Preparation of a manual 33.7	Draw up guidelines for evacuation of expatriate employees 27.9	Stockpiling of antibiotics 26.9	Preparation of a Business Continuity Plan 25.0
Thailand (n=190)	Health education concerning covering the mouth when coughing and hand washing 47.4	Stockpiling of antibiotics 32.6	Preparation of a manual 30.0	Draw up guidelines for evacuation of expatriate employees 28.4	Establishment of a staff member in charge 15.8
Vietnam (n=72)	Health education concerning covering the mouth when coughing and hand washing 55.6	Stockpiling of antibiotics 34.7	Preparation of a manual 25.0	Draw up guidelines for evacuation of expatriate employees 18.1	Stockpiling of daily goods 15.3
Southwest Asia (n=109)	Health education concerning covering the mouth when coughing and hand washing 49.5	Stockpiling of antibiotics 41.3	Preparation of a manual 32.1	Draw up guidelines for evacuation of expatriate employees 28.4	Stockpiling of daily goods 21.1
Bangladesh (n=20)	Health education concerning covering the mouth when coughing and hand washing 55.0	Stockpiling of antibiotics 35.0	Preparation of a manual 30.0	Stockpiling of daily goods 20.0	Draw up guidelines for evacuation of expatriate employees 10.0
India (n=64)	Health education concerning covering the mouth when coughing and hand washing 46.9	Stockpiling of antibiotics 37.5	Preparation of a manual 34.4	Draw up guidelines for evacuation of expatriate employees 26.6	Stockpiling of daily goods 15.6
Pakistan (n=14)	Stockpiling of antibiotics 85.7	Stockpiling of daily goods 50.0	Preparation of a manual 42.9	Health education concerning covering the mouth when coughing and hand washing 35.7	Plan for working from home in the case of an outbreak 28.6
Sri Lanka (n=11)	Health education concerning covering the mouth when coughing and hand washing 72.7	Draw up guidelines for evacuation of expatriate employees 27.3	Stockpiling of antibiotics 18.2	Maintenance of means of communication such as satellite phone 9.1	Other 9.1

(3) Controlling risks begins with accurate information

The percentage of companies replying that they intended to devise measures for an outbreak in the future was 54.7% (Diagram 72). On the other hand, companies replying that they did not intend to (or could not) devise measures in the future cited “Have no information on which to base decision” (54.8%) and “Do not know what should be done” (42.2%) as their top two reasons (Diagram 73). Information on measures against new strains of influenza may be obtained from the following sources and websites. The risk of infection may be controlled by devising appropriate measures, upon obtaining accurate information from specialists.

○Cabinet Office, *Guidelines on Measures against New Strains of Influenza (Draft)*

<http://www.cas.go.jp/jp/influenza/guideline.pdf>

○Ministry of Foreign Affairs, *Info for Japanese Travelers Abroad*

http://www.anzen.mofa.go.jp/kaian_search/sars.asp

By stating your e-mail address on the resident notification submitted to Japanese embassies overseas, you will be able to receive an emergency notice via e-mail in cases of major disasters.

○Japan Overseas Health Administration Center (JOHAC)

Currently, JOHAC is providing Japanese companies operating overseas with internet information and consultation services regarding measures against new strains of influenza.

Guidelines on measures against new strains of influenza for Japanese companies operating overseas

<http://www.johac.rofuku.go.jp/information/news/061001.html>

Measures against new strains of influenza

<http://www.johac.rofuku.go.jp/influenza/influenza.html>

○WHO, *National Influenza Pandemic Plans*

<http://www.who.int/csr/disease/influenza/nationalpandemic/en/index.html>