

## **2019 JETRO Survey on Business Conditions of Japanese Companies in Asia and Oceania**

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Overseas Research Department,  
Japan External Trade Organization (JETRO)

# Key Points (1)

## Results of JETRO's 2019 Survey on Business Conditions of Japanese Companies in Asia and Oceania

### Business confidence of Japanese-affiliated companies significantly worsened

#### 1. Business confidence slowed down in almost all the countries/regions. Intention to expand business also decreased. (pp.16–19, 21–22)

- The business confidence of Japanese-affiliated companies slowed down in almost all countries/regions. Intention to expand business also decreased. As a reason for this, many companies answered with “Sales decrease in local markets.” Business confidence turned negative in all countries/regions in Northeast Asia (China, South Korea, Taiwan, and Hong Kong/Macau) for the first time in 10 years. On the other hand, many companies (excluding companies in South Korea and Hong Kong/Macau, etc.) expect that their business confidence will improve in 2020.
- **Hong Kong: The confusion of protests continued. The business confidence of Japanese-affiliated companies worsened.**  
After the Fugitive Offenders and Mutual Legal Assistance in Criminal Matters Legislation (Amendment) Bill was submitted by the government to the Legislative Council of Hong Kong in March 2019, while protest movements and demonstrations continued in Hong Kong, where the DI for 2019 was the second lowest, at -8.4 percentage points (pp) to the lowest in 2009 (-26.9 pp). As the reason for the decreased operating profit forecast, “Sales decrease in local markets” was cited. As a management matter, the proportion of “Sluggishness in major sales markets (consumption downturn)” rapidly increased. These results suggest that a consumption slowdown resulted from the deceleration of the Chinese economy and the local confusion resulting from the protests and demonstrations, etc.
- **South Korea: Business confidence declined most significantly in this decade.**  
In South Korea, the DI for 2019 was the lowest in these 10 years at -15.7 pp, which was lower than -12.5 pp in 2009 when the economy slowed down on a global basis. As the reason for the decreased operating profit forecast, “Sales decrease in local markets” was cited. As management matters, “Sluggishness in major sales markets (consumption downturn),” etc., was cited. The deceleration of the economy of China (which is the largest export destination), the worsened market conditions for semiconductors (which is the biggest export item), and chilly Japan-South Korea relations such as a consumer boycott affected the situation in a complex manner.

#### 2. The impact of changes in the trade environment, including the US-China trade frictions, are greater in Northeast Asia. (pp.73–78)

- The impact of changes in the trade environment, including US-China trade frictions, was greater in China and other Northeast Asian countries/regions. Only 10% of the companies took specific measures. In general, the proportion of procurement from and exports to China and/or the US is smaller among Japanese-affiliated companies in Asia and Oceania. Of the companies that answered as having been impacted, only 10% of the companies actually implemented “Transfer of production site,” “Change of procurement source,” or “Change in sales destination” (including plans). Many companies answered “No” for such transfer or change.
- The proportion of negative impact was higher in China and other Northeast Asia countries/regions, at 30% or more, while the proportion was 20% or less among companies in ASEAN, etc. Major factors of negative impact included: (1) sluggish sales to foreign-affiliated companies in China and local companies exporting to the US, (2) decreased sales to companies exporting to China, and (3) the spreading impact of the decelerating Chinese economy.

#### 3. The FTA/EPA use rate exceeded 50% for the first time. (pp.63–64)

- The FTA/EPA use rate of Japanese-affiliated companies in Asia was 52.4%, up 4.1 pp from the previous year, exceeding 50% for the first time. By company size, the use rate was higher among large enterprises (55.8%) than among SMEs (47.2%), but 11.0% of the SMEs (large enterprises: 8.1%) were “Considering using,” suggesting that understanding regarding FTAs/EPAs is deepening. Continuous support is required to further increase the FTA/EPA use rate with a focus on SMEs.

# Key Points (2)



## **Wage hike continued to be the biggest management matter. (pp. 37–38, 117)**

- As in the 2018 survey, most companies cited “Wage hike” as a management matter. By country, “Wage hike” was pointed out most commonly in Indonesia (84.0%), followed by Cambodia (75.7%) and China (73.7%). By industry, “Wage hike” was more serious in the manufacturing sector (74.6%) than in the non-manufacturing sector (59.1%).
- Comparing the manufacturing sector and the non-manufacturing sector, however, it should be noted that the non-manufacturing sector pays higher salaries than the manufacturing sector. Comparing “Manufacturers/Worker” with “Non-manufacturers/Staff” in each country, using the (monthly) base salary in the 2019 survey as the standard, salaries are higher in the non-manufacturing sector in all countries/regions. In many countries where the base salary of the manufacturing sector is less than 1,000 dollars, in particular, salaries in the non-manufacturing sector were higher by approx. two to four times than in the manufacturing sector.

## **The Philippines took the top position in the appropriateness of the minimum wage from the perspective of productivity. (p.80)**

- “Productivity” was added in the 2019 survey. The proportion of companies that answered that the minimum wage in the country/region was appropriate from the perspective of productivity was the highest in the Philippines (74.2%), followed by Laos (66.7%) and Myanmar (60.9%). The proportion was the lowest in Indonesia (23.7%), followed by Cambodia (24.2%) and Australia (27.3%).

## **More than 70% companies recognized the necessity of trade facilitation measures. (pp.71–72)**

- “Necessity of trade facilitation measures required in order to improve trade” was added in the 2019 survey. 75.9% of the companies selected “Yes” to the question. The proportion of such companies exceeded 80% in nine countries, including Pakistan (96.0%) and Indonesia (88.5%).
- By type of measures, “Enhancing information on trade systems and procedures” (42.1%), “Making port authorities and customs officers share a common interpretation about the assessment of tariff classification” (33.0%), and “Applying an advance ruling system and making it accessible” (32.8%) were selected by many companies.

## **More than 200 companies work with local startups. (pp.92–94)**

- Regarding the new question about “Collaborating with local startups,” 203 companies were already working with local startups, while 152 companies were planning to work with local startups. The number of companies that were already working with or that were planning to work with local startups was the largest in Vietnam (56 companies), followed by India (55 companies) and Singapore (46 companies). By industry, the number was the largest in Wholesale/Retail (83 companies), followed by Finance/Insurance (32 companies) and Communications/Software (31 companies).

## **Large enterprises utilize personal information and manufacturing-related data more actively. (pp.95–100)**

- Regarding the sharing of personal information owned by the company, “Within the company only” (48.5%) and “Sharing with the headquarters in Japan” (45.6%) accounted for larger proportions. Regarding manufacturing-related data, on the other hand, “Sharing with the headquarters in Japan” (49.2%) was more frequently cited than “Within the company only” (43.5%). Some companies share information/data with related companies in the operating country/region, although the number of such companies was small.

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# Survey Summary (1)

(Companies, %)

## Purpose of Survey

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

## Surveyed Countries/Regions

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

## Survey Period

- August 26 to September 24, 2019

## Response Rate

- Of a total of 13,458 surveys sent out, we received valid responses from 5,697 companies (42.3%). The breakdown of respondents by country and region is provided in the table to the right.

## Notes

- The survey has been conducted since 1987, making this year the 33rd version.
- Since 2007, the survey has included non-manufacturing sectors.
- The numbers in parentheses in each slide indicate the number of companies with valid responses.
- Numbers in tables are rounded, so they do not necessarily add up to 100%.
- Surveys in Taiwan were conducted with the assistance of Japan-Taiwan Exchange Association.

	Companies surveyed	Companies responding		Category		Valid responses
		Valid	(%)	Manufacturing	Non-manufacturing	
<b>Total</b>	13,458	5,697	100.0	2,471	3,226	42.3
<b>Northeast Asia</b>	2,694	1,418	24.9	546	872	52.6
China	1,519	694	12.2	386	308	45.7
Hong Kong/Macau	518	341	6.0	37	304	65.8
Taiwan	491	248	4.4	73	175	50.5
South Korea	166	135	2.4	50	85	81.3
<b>ASEAN</b>	9,116	3,417	60.0	1,595	1,822	37.5
Vietnam	1,608	858	15.1	453	405	53.4
Thailand	2,669	681	12.0	360	321	25.5
Indonesia	1,726	614	10.8	338	276	35.6
Singapore	898	522	9.2	120	402	58.1
Malaysia	935	299	5.2	167	132	32.0
Myanmar	423	153	2.7	30	123	36.2
Philippines	517	139	2.4	73	66	26.9
Cambodia	265	113	2.0	37	76	42.6
Laos	75	38	0.7	17	21	50.7
<b>Southwest Asia</b>	1,232	606	10.6	270	336	49.2
India	942	467	8.2	214	253	49.6
Bangladesh	164	64	1.1	25	39	39.0
Pakistan	60	40	0.7	19	21	66.7
Sri Lanka	66	35	0.6	12	23	53.0
<b>Oceania</b>	416	256	4.5	60	196	61.5
Australia	276	162	2.8	32	130	58.7
New Zealand	140	94	1.6	28	66	67.1

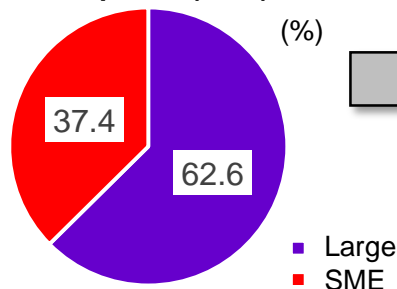
# Survey Summary (2)

## By industry category (Companies, %)

	Valid	(%)
<b>Manufacturing</b>	<b>Total</b>	<b>2,471 43.4</b>
Motor vehicles/Motorcycles	472	8.3
Iron/Nonferrous metals/Metals	385	6.8
Electric machinery	378	6.6
Chemical/Pharmaceutical	341	6.0
Food	153	2.7
Textiles	131	2.3
General machinery	93	1.6
Precision machinery	86	1.5
Rubber/Leather	60	1.1
Wood/Pulp	47	0.8
Other manufacturing industries	325	5.7

<b>Non-manufacturing</b>	<b>Total</b>	<b>3,226 56.6</b>
Wholesale/Retail	1,336	23.5
Transport activities/Warehouse	326	5.7
Construction	279	4.9
Finance/Insurance	257	4.5
Business services	189	3.3
Communications/Software	174	3.1
Travel/Amusement	83	1.5
Restaurant	40	0.7
Other non-manufacturing industries	542	9.5

## Large vs. Small and medium-sized enterprises (SME)



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

Note: Industry category details are as follows:

- Food:** Food/Processed food, agricultural or fishery products
- Textiles:** Textiles (Spinning/Woven fabrics/Chemical fibers), Textile apparel/Textile products
- Wood/Pulp:** Lumber/Wood products, Paper/Pulp
- Chemical/Pharmaceutical:** Chemicals and allied products/Petroleum products, Medicines, Plastic products
- Rubber/Leather:** Rubber products, Leather tanning/Leather products/Fur skins
- Iron/Nonferrous metals/Metals:** Iron and steel (including cast and wrought products), Nonferrous metals, Fabricated metal products (including plated products)
- General machinery:** General-purpose machinery/Production machinery (including molds and machine tools), Office machines
- Electric machinery:** Electrical machinery/Electronic devices, Information and communication electronics equipment
- Motor vehicles/Motorcycles:** Motor vehicles and motorcycles, Motor vehicle and motorcycle parts and accessories, Transportation equipment (Railroad vehicles/Ship/Aircraft/ Industrial trucks), Transportation equipment parts (Railroad vehicles/Ship/Aircraft/Industrial trucks)
- Precision machinery:** Precision instruments (Analytical instruments/Optical instruments and apparatus, etc.), Medical equipment
- Wholesale/Retail:** Wholesale and retail trade, Trading, and sales companies
- Finance/Insurance:** Banks, Non-banks (Insurance/Securities brokerage/Credit card/Leasing, etc.)
- Communications/Software:** Communications/Software
- Transport activities/Warehouse:** Transport activities/Warehouse
- Travel/Amusement:** Accommodations/Travel, Amusement
- Restaurant:** Restaurant

## Companies by country/region (Companies)

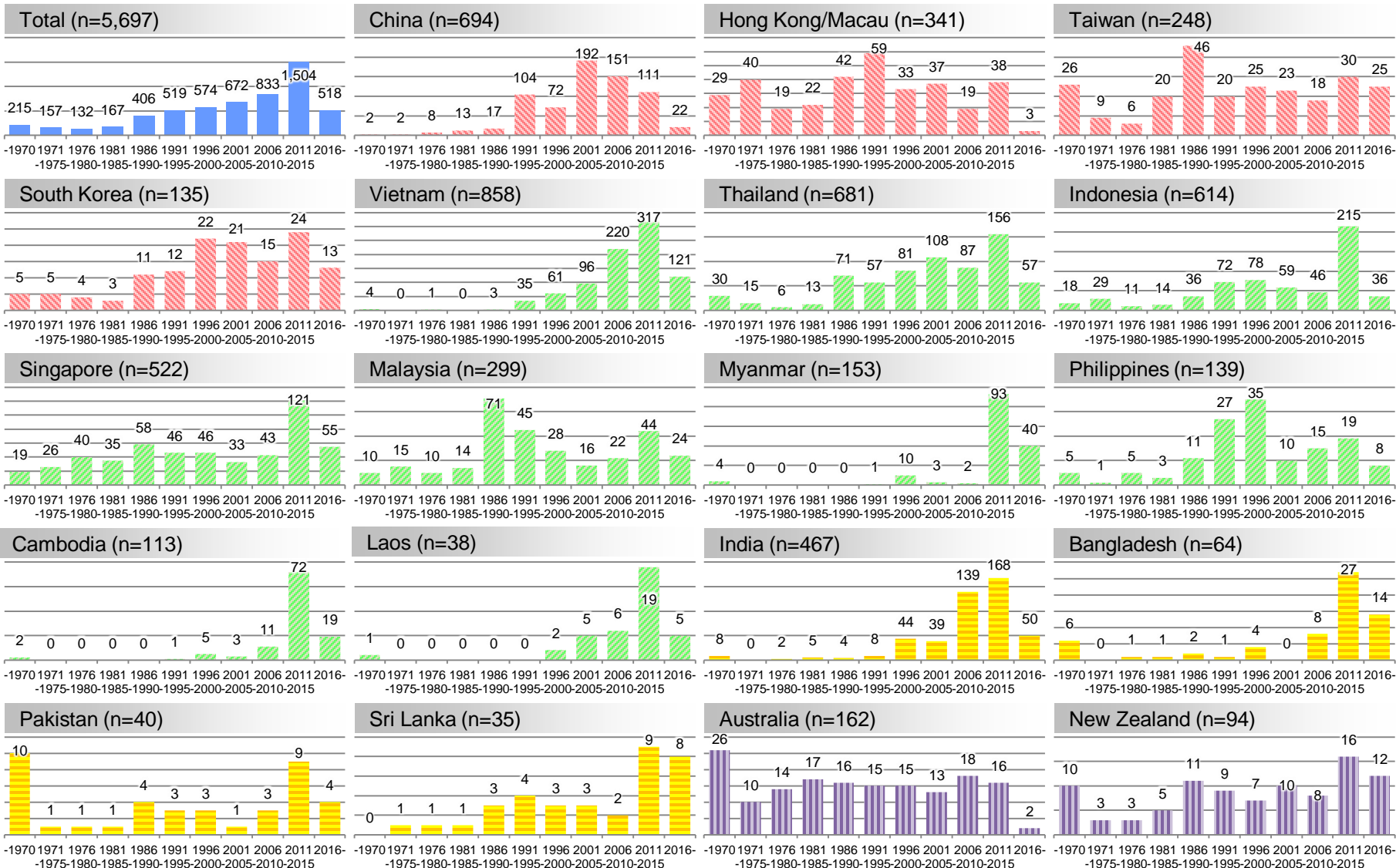
	Large	SME
<b>Total</b>	<b>3,565</b>	<b>2,132</b>
<b>Northeast Asia</b>	<b>1,002</b>	<b>416</b>
China	454	240
Hong Kong/Macau	239	102
Taiwan	197	51
South Korea	112	23
<b>ASEAN</b>	<b>1,915</b>	<b>1,502</b>
Vietnam	408	450
Thailand	263	418
Indonesia	404	210
Singapore	367	155
Malaysia	205	94
Myanmar	102	51
Philippines	79	60
Cambodia	69	44
Laos	18	20
<b>Southwest Asia</b>	<b>445</b>	<b>161</b>
India	353	114
Bangladesh	39	25
Pakistan	36	4
Sri Lanka	17	18
<b>Oceania</b>	<b>203</b>	<b>53</b>
Australia	142	20
New Zealand	61	33

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

# Survey Summary (3)

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

(Companies)

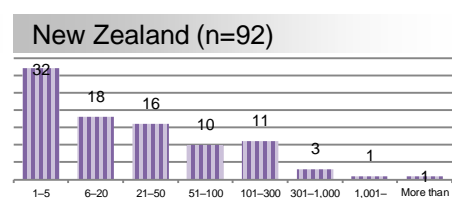
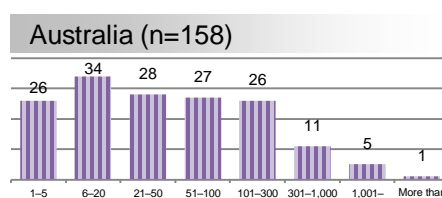
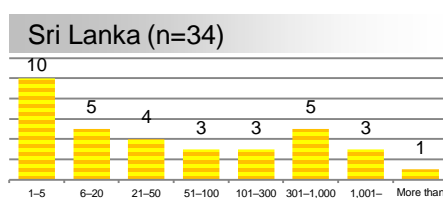
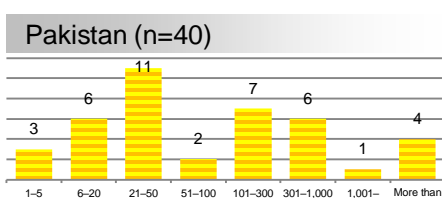
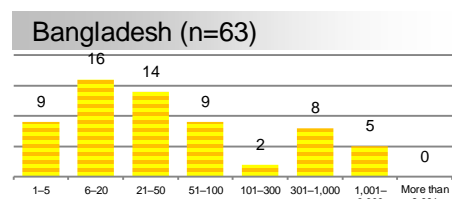
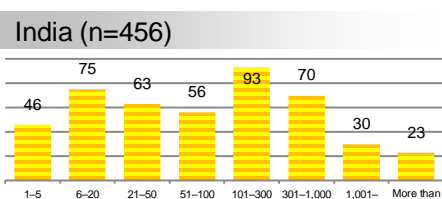
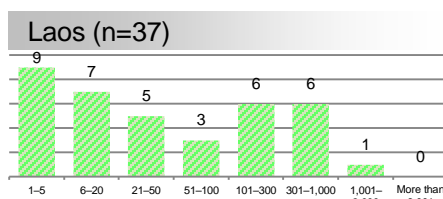
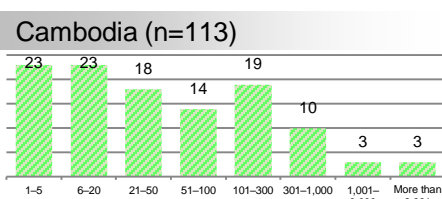
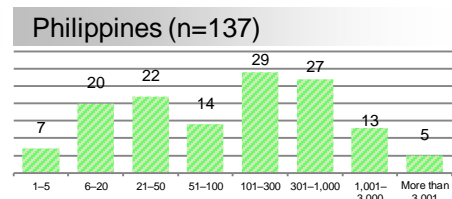
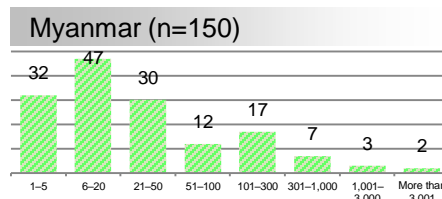
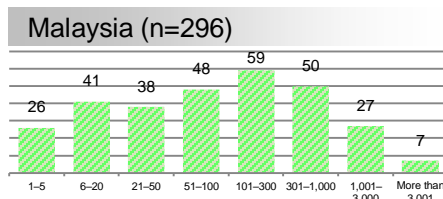
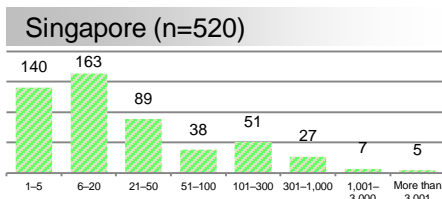
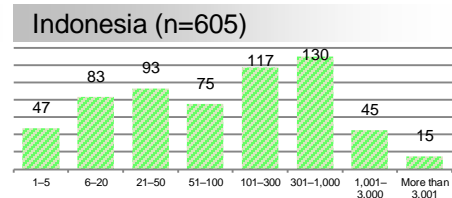
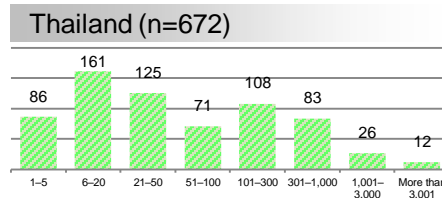
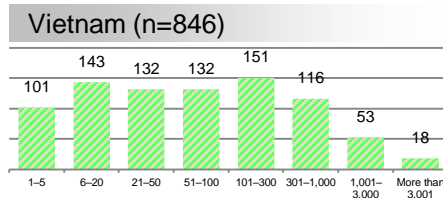
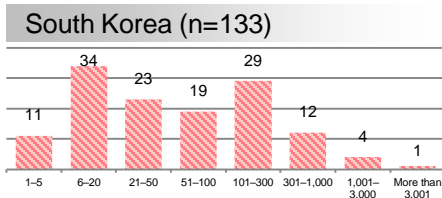
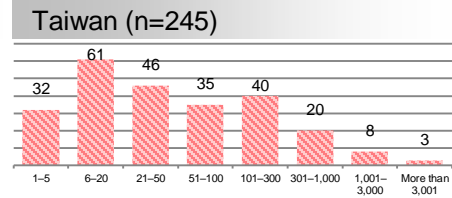
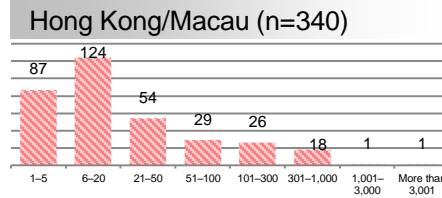
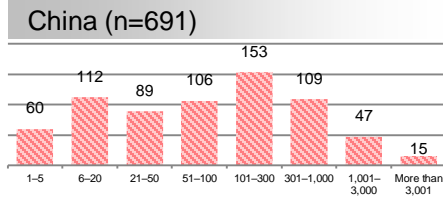
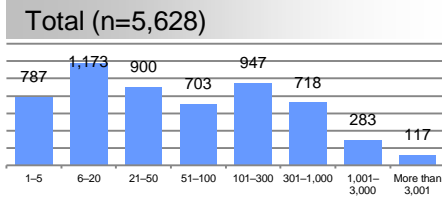


# Survey Summary (4)



## Number of current employees of responding companies (by country/region)

(Companies)



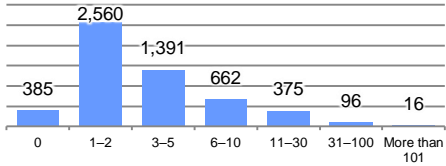


# Survey Summary (5)

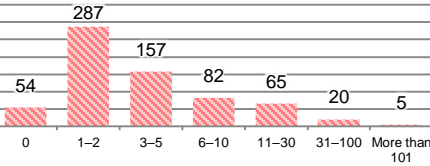
## Number of expatriates from Japan of responding companies (by country/region)

(Companies)

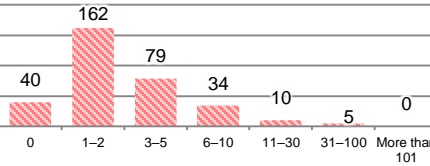
Total (n=5,485)



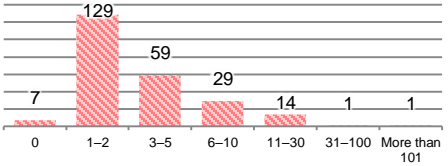
China (n=670)



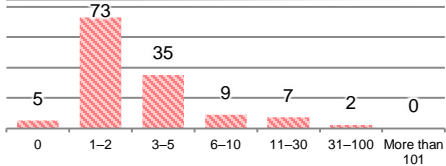
Hong Kong/Macau (n=330)



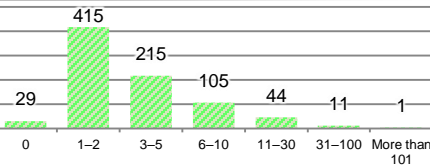
Taiwan (n=240)



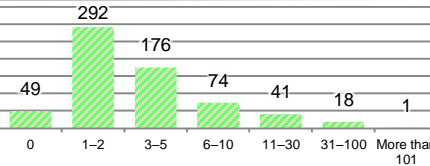
South Korea (n=131)



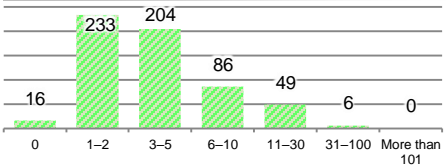
Vietnam (n=820)



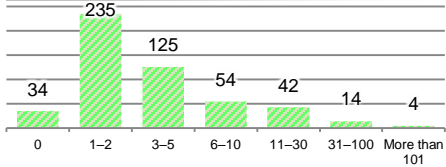
Thailand (n=651)



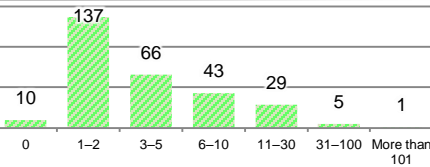
Indonesia (n=594)



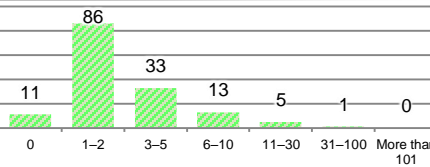
Singapore (n=508)



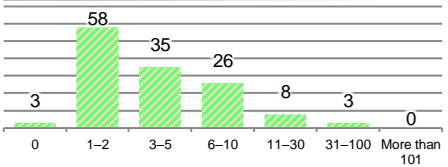
Malaysia (n=291)



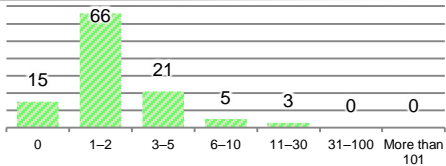
Myanmar (n=149)



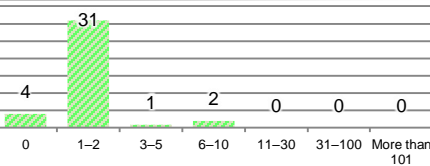
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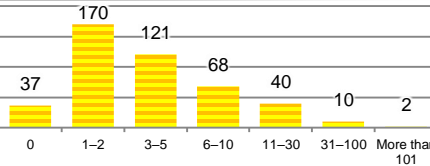
Cambodia (n=110)



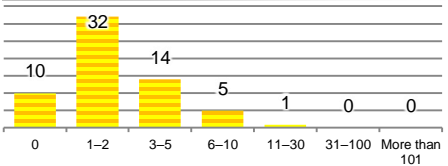
Laos (n=38)



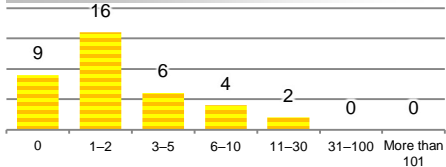
India (n=448)



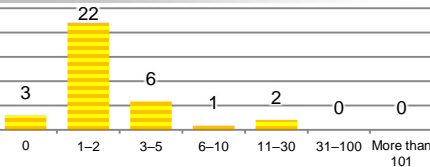
Bangladesh (n=62)



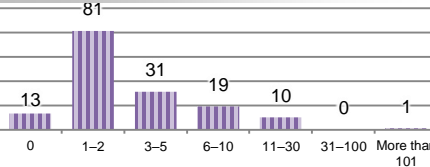
Pakistan (n=37)



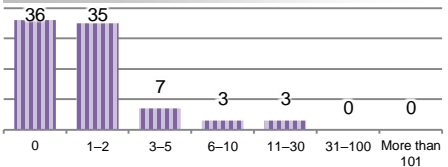
Sri Lanka (n=34)



Australia (n=155)



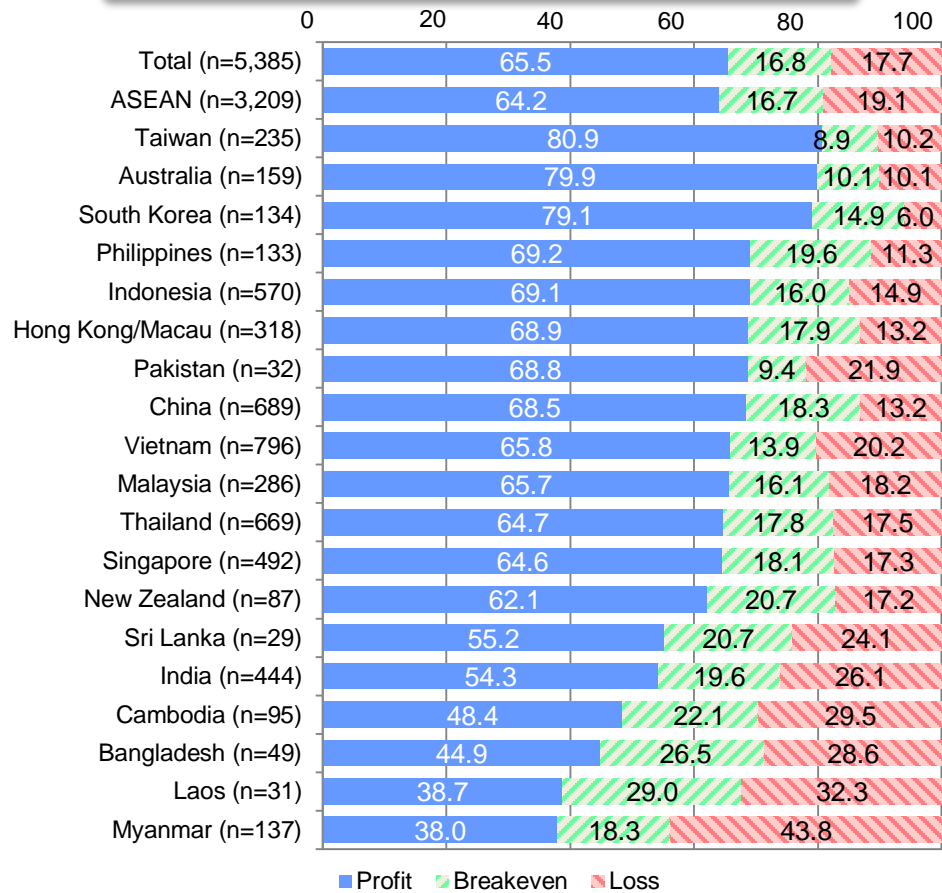
New Zealand (n=84)



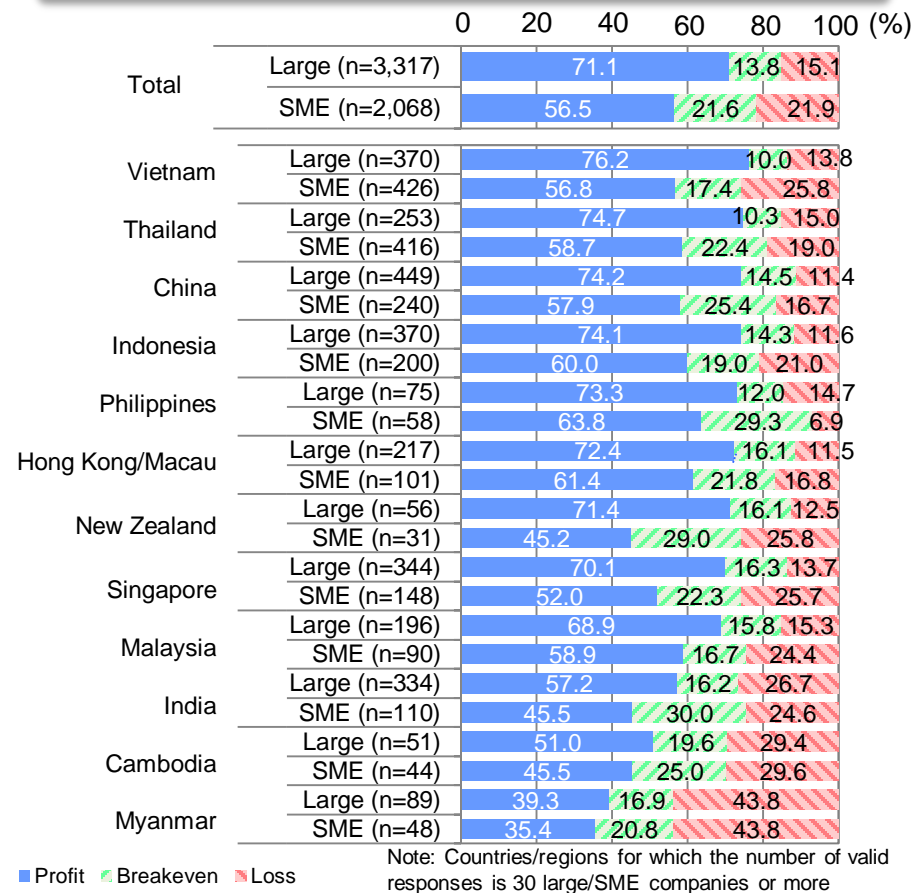


# 1. Operating Profit Forecast (1)

Operating profit forecast for 2019 (by country/region) (%)



Operating profit forecast for 2019 (by country/region and company size) (%)



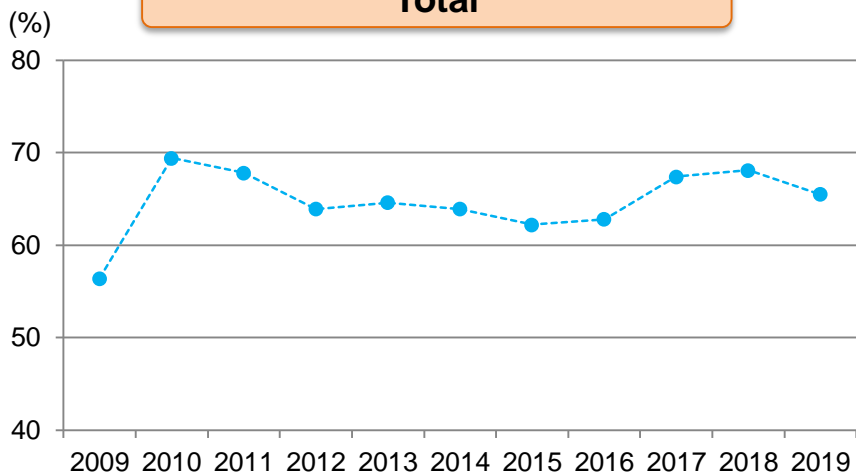
Note: Countries/regions for which the number of valid responses is 30 large/SME companies or more

- A total of 65.5% of the companies expect operating “Profit” for 2019, down 2.6 pp from 68.1% in 2018; in contrast, 17.7% of the companies expect operating “Loss,” down 0.2 pp from 17.9% in 2018.
- By country/region, the proportion of companies expecting operating profit was the highest in Taiwan at 80.9%, followed by Australia and South Korea almost at 80%.
- A total of 71.1% of the large enterprises expect operating profit, and this was higher than 56.5% of the SMEs by 14.6 pp. The proportion of positive forecasts was higher among large enterprises than among SMEs in all the 12 countries/regions with valid responses from more than 30 large enterprises and SMEs. Particularly, there were great differences between the large enterprises and SMEs in New Zealand (26.2 pp), Vietnam (19.4 pp), and Singapore (18.1 pp), etc.

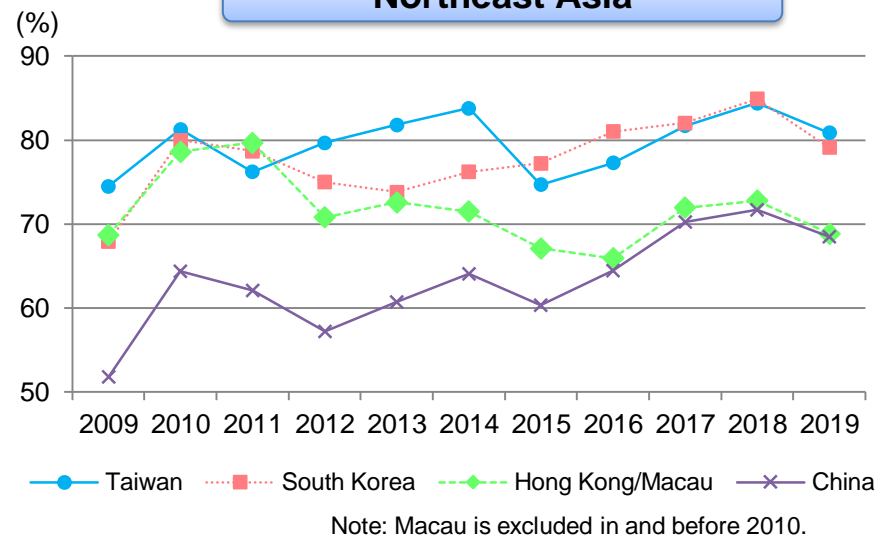
# 1. Operating Profit Forecast (2)

Proportion of profitable companies: 2009–2019 (by country/region)

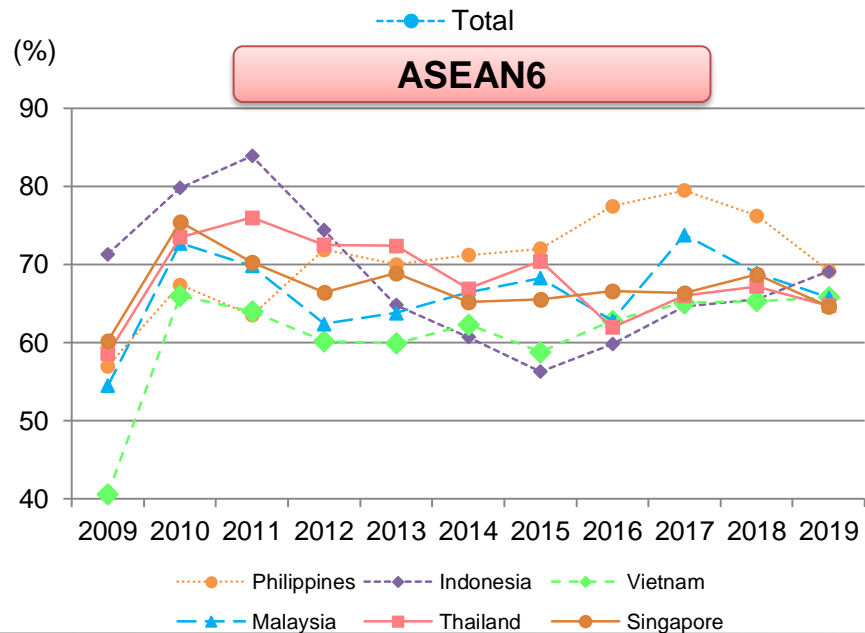
Total



Northeast Asia



ASEAN6

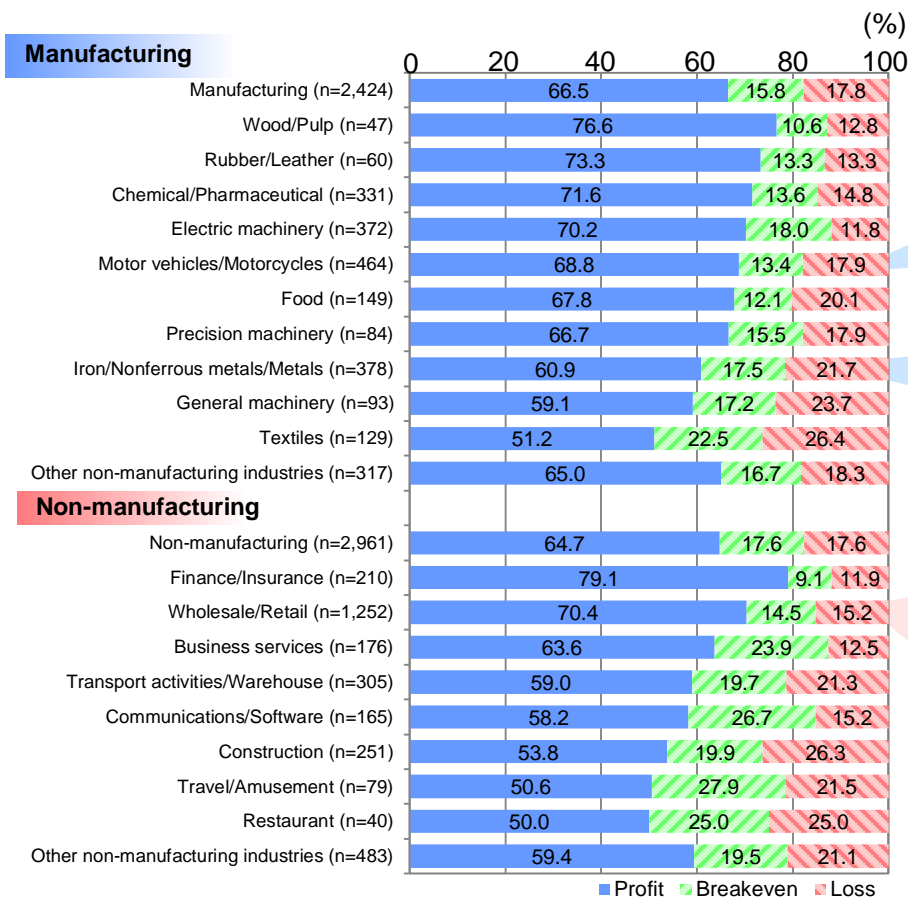


India



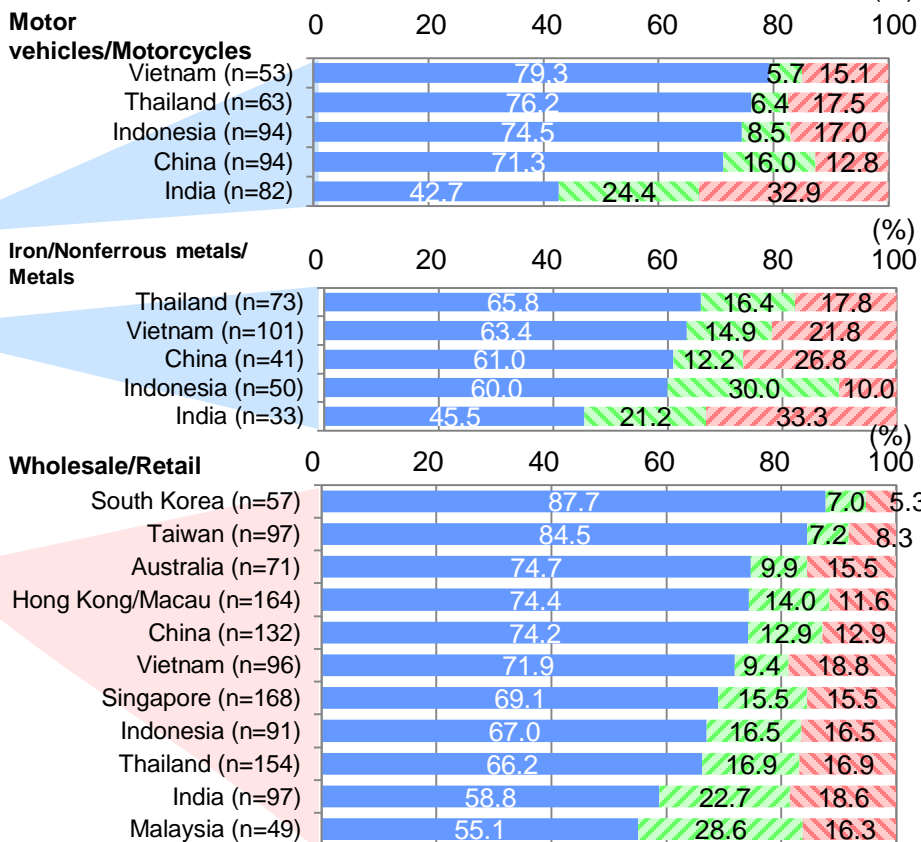
# 1. Operating Profit Forecast (3)

## Operating profit forecast for 2019 (by industry)



## Major industry categories by country and region

Note: Countries/regions for which the number of valid responses is 30 companies or more (%)

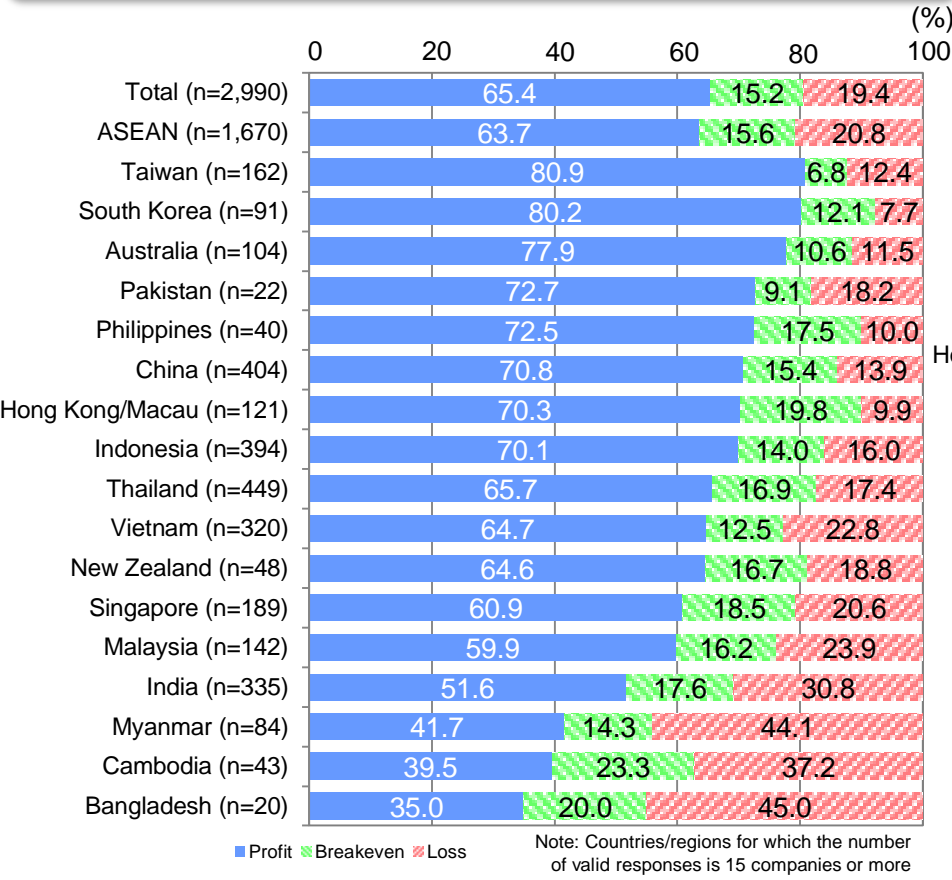


- The proportion of companies expecting operating profit for 2019 was higher in the manufacturing sector (66.5%) than the non-manufacturing sector (64.7%). In comparison with the 2018 survey (manufacturing: 70.1%; non-manufacturing: 66.4%), the proportion decreased by 3.6 pp in the manufacturing sector and decreased by 1.7 pp in the non-manufacturing sector.
- In the non-manufacturing sector, the proportion of companies expecting operating profit exceeded 70% in Finance/Insurance (79.1%) and Wholesale/Retail (70.4%).
- Regarding the top three industries for the number of valid responses, the trends by country/region are as follows. In Motor vehicles/Motorcycles, 79.3% of companies in Vietnam, 76.2% of companies in Thailand, 74.5% of companies in Indonesia and 71.3% of companies in China expect a surplus. In Iron/Nonferrous metals/Metals, 65.8% of companies in Thailand, 63.4% of companies in Vietnam, 61.0% of companies in China and 60.0% of companies in Indonesia expect a surplus. In Wholesale/Retail, the proportion of profitable companies is the highest in South Korea at 87.7%, followed by Taiwan at 84.5%.

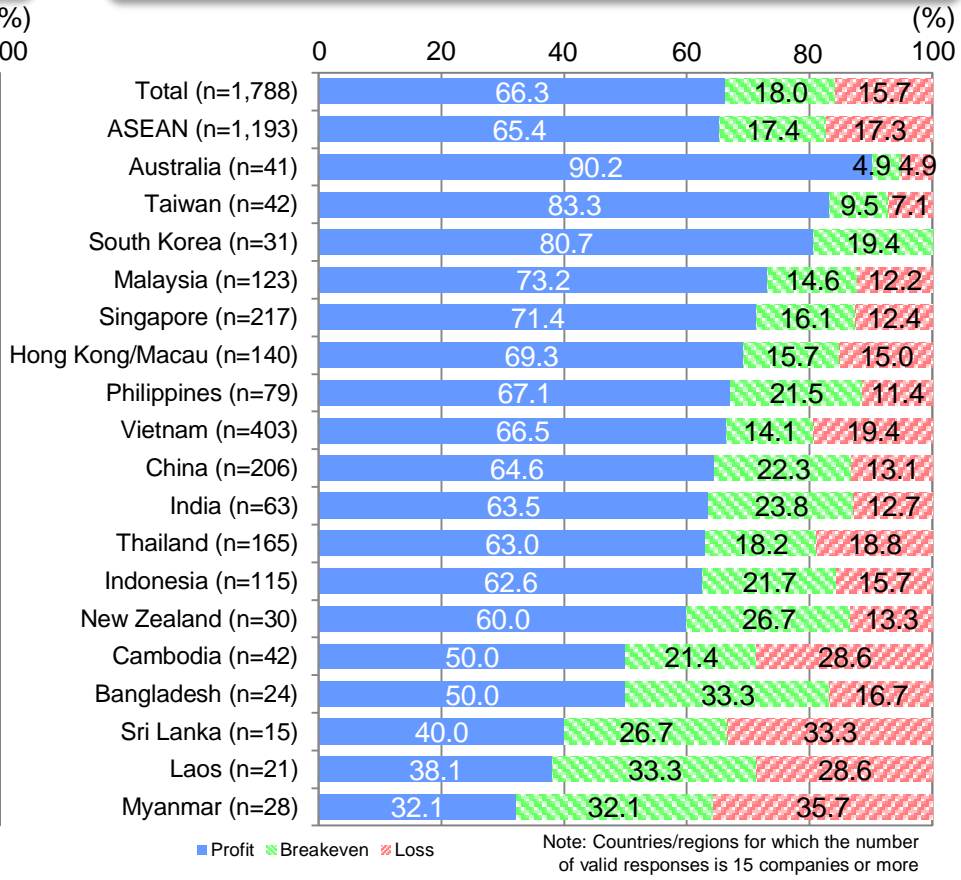


# 1. Operating Profit Forecast (4)

**Operating profit forecast (domestic sales-oriented companies with export ratio < 50%) (2019, by country/region)**



**Operating profit forecast (export-oriented companies with export ratio ≥ 50%) (2019, by country/region)**

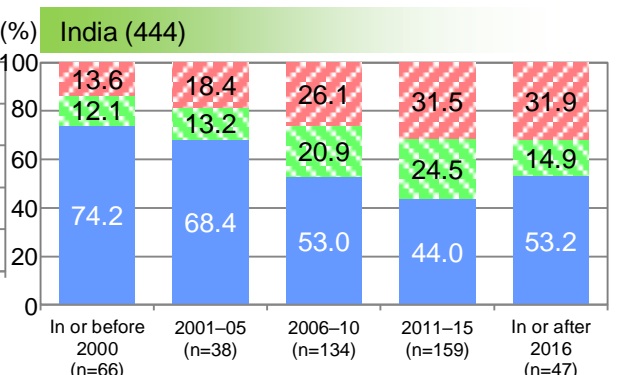
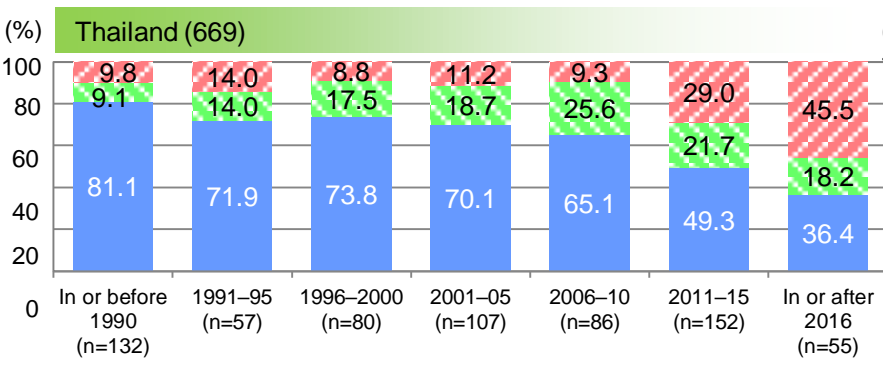
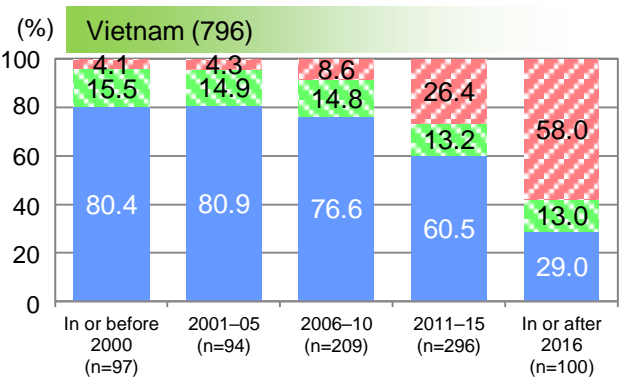
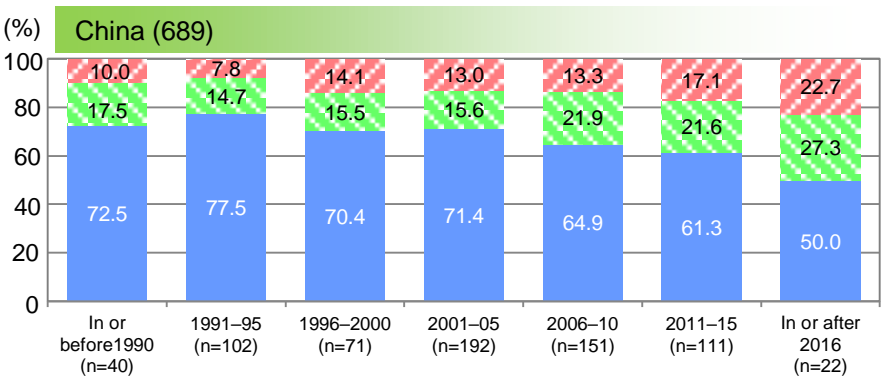
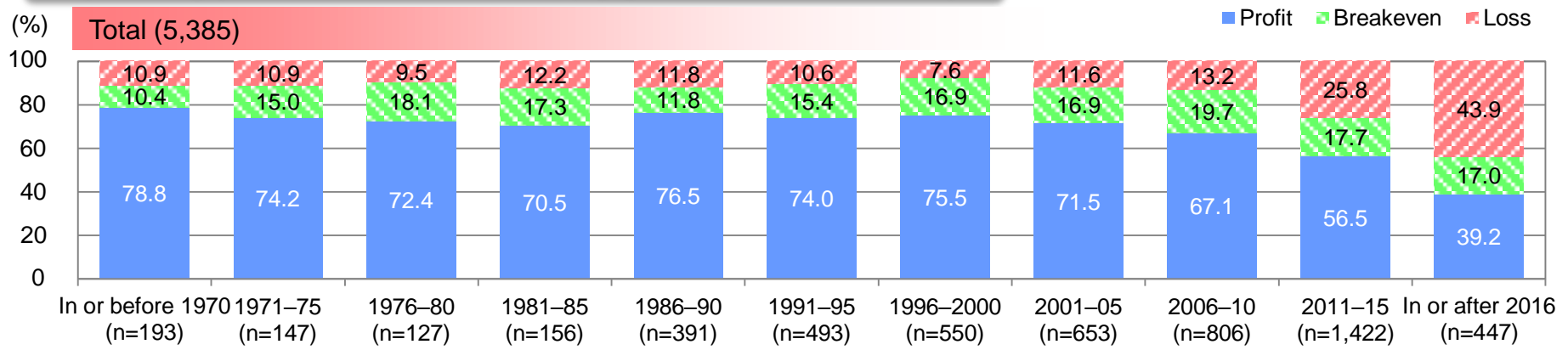


- The proportion of positive operating profit (forecast) was 65.4% among domestic sales-oriented companies (less than a 50% export ratio in the operating country/region), while the proportion was 66.3% among export-oriented companies (50% or larger export ratio in the operating country/region). The proportion of profit-forecasting companies decreased from the previous year in both domestic sales-oriented companies and export-oriented companies.
- In Bangladesh, Malaysia, Australia, India, Singapore and Cambodia, the proportion was higher among export-oriented companies than domestic sales-oriented companies by over 10 pp. On the other hand, of ASEAN countries, Myanmar, Indonesia, the Philippines and Thailand were the countries in which the proportion was higher among domestic sales-oriented companies than export-oriented companies.
- In Taiwan, South Korea and Australia, the proportion was high among both domestic sales-oriented companies and export-oriented companies.



# 1. Operating Profit Forecast (5)

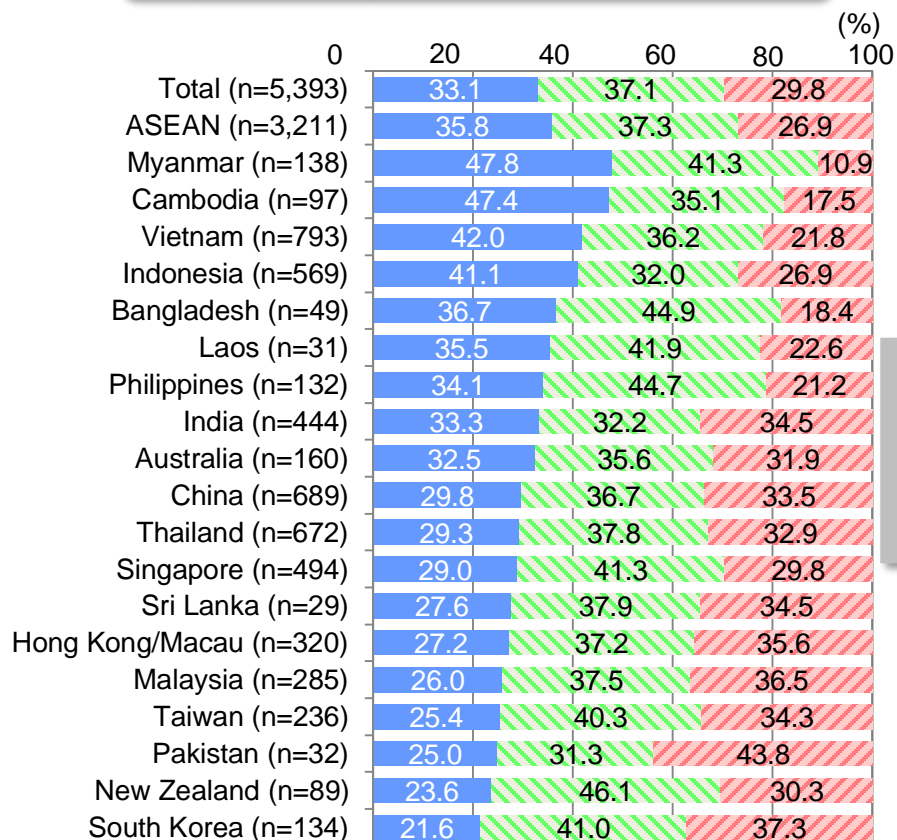
**Operating profit forecast for 2019 (by year of establishment)**



- Looking at the operating profit forecast for 2019 by year of establishment, over 70% of companies that were established before 2005 expected a surplus.
- On the other hand, among companies that were established in or after 2016, less than half (39.2%) expected a surplus.

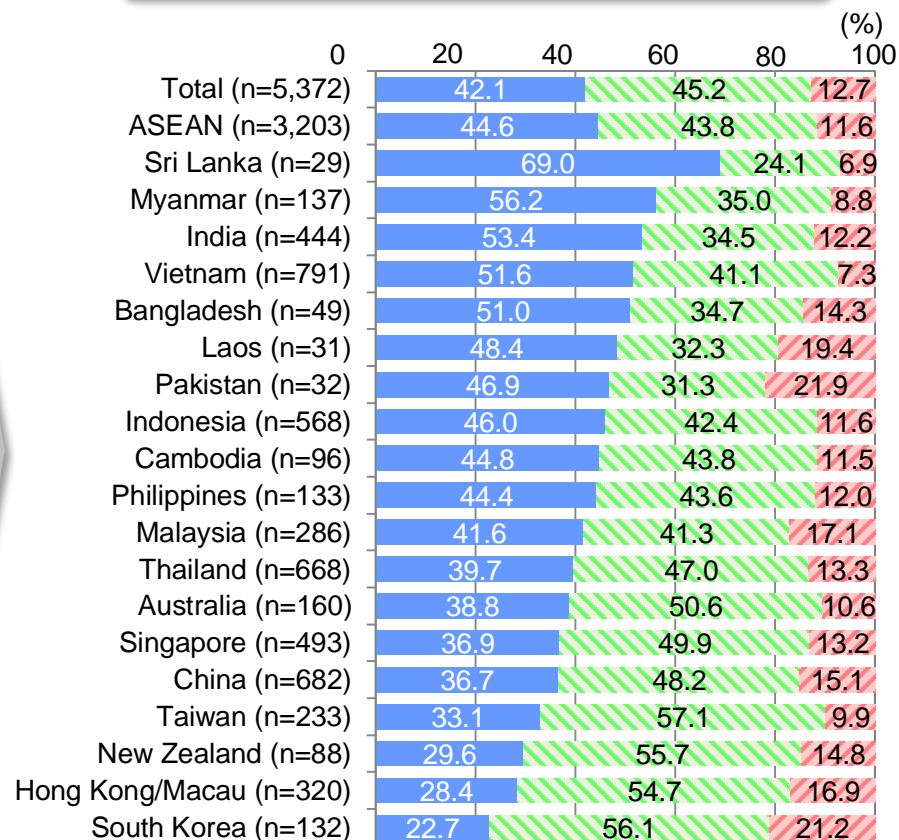
# 1. Operating Profit Forecast (6)

**Operating profit forecast for 2019  
(by county/region, comparison with 2018)**



■ Increase ■ Remain the same ■ Decrease

**Operating profit forecast for 2020  
(by county/region, comparison with 2019)**



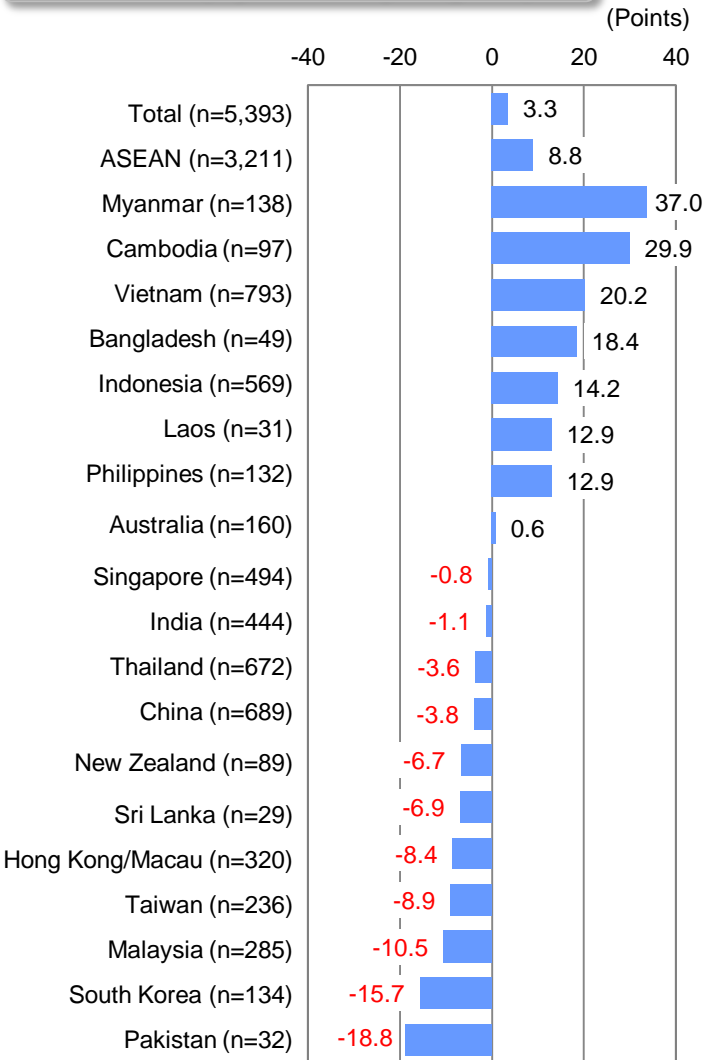
■ Increase ■ Remain the same ■ Decrease

- For 2019, a total of 33.1% of the companies expect an operating profit “Increase” over 2018, down 11.2 pp from 44.3% in the 2018 survey; the proportion of companies expecting an operating profit “Decrease” was 29.8%, up 9.2 pp from the 2018 survey (20.6%).
- A total of 42.1% of the companies expect an “Increase” for 2020, down 5.2 pp from the 2019 forecast (47.3%) in the 2018 survey. Meanwhile, the proportion of companies expecting an operating profit “Decrease” was 12.7%, up 2.1 pp from the 2019 forecast (10.6%) in the 2018 survey.

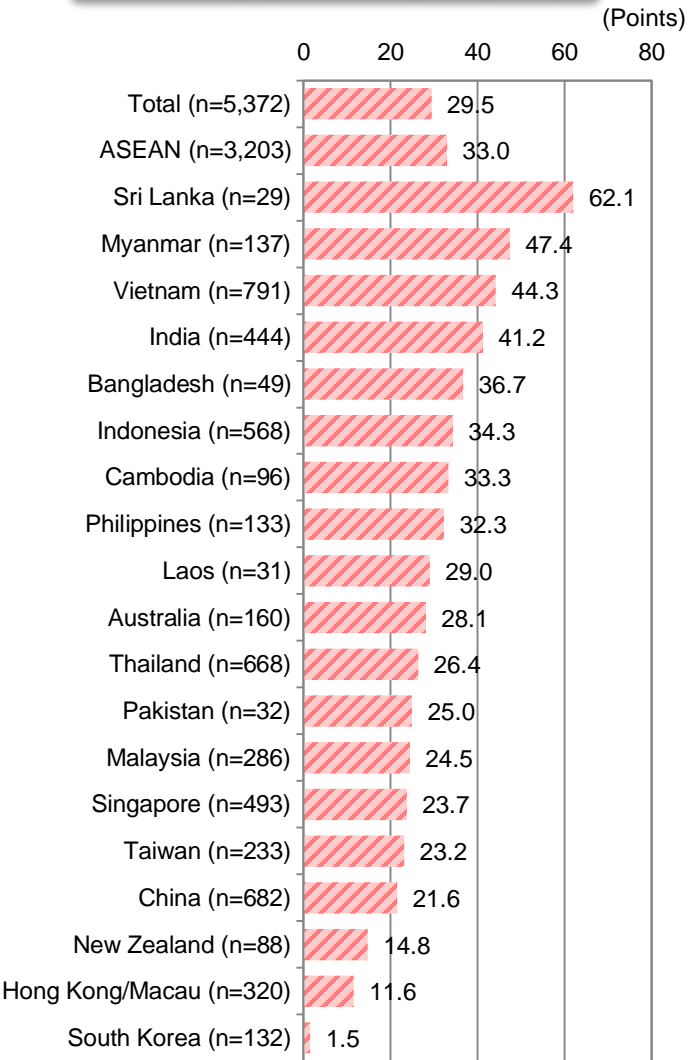


# 1. Operating Profit Forecast (7)

**2019 DI (by country/region)**



**2020 DI (by country/region)**



● The DI (see Note), indicating business confidence for 2019 operating profit, was 3.3 points, significantly down 20.3 points from 23.6 points in the 2018 survey. By country/region, the DI was higher in Myanmar, Cambodia, Vietnam and Bangladesh. On the other hand, the DI decreased by more than 10 points in Pakistan, South Korea, and Malaysia. In Northeast Asia (China, Hong Kong/Macau, Taiwan and South Korea), the DI was down in all countries/regions.

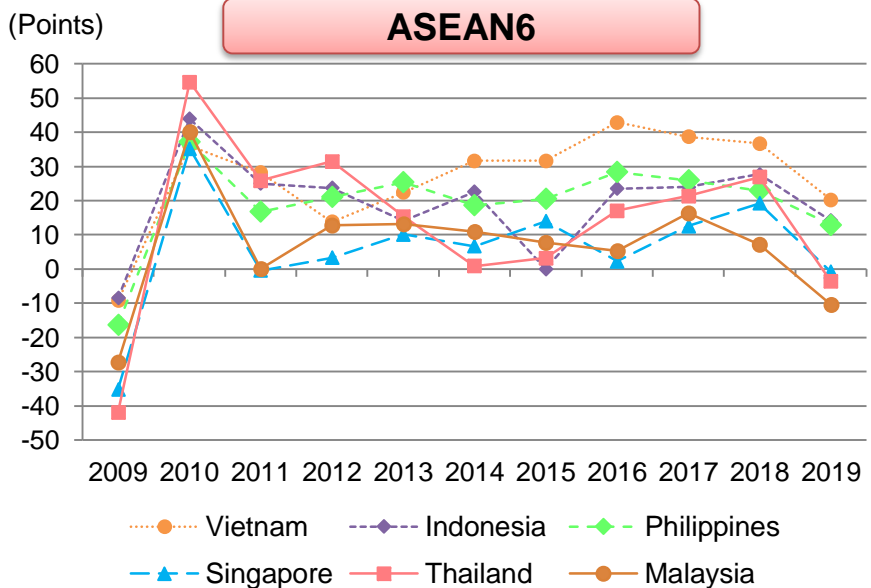
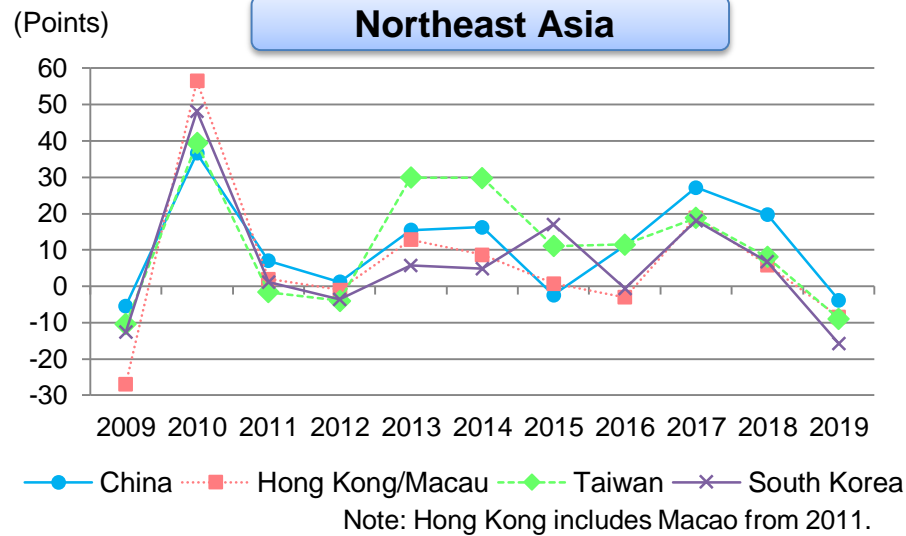
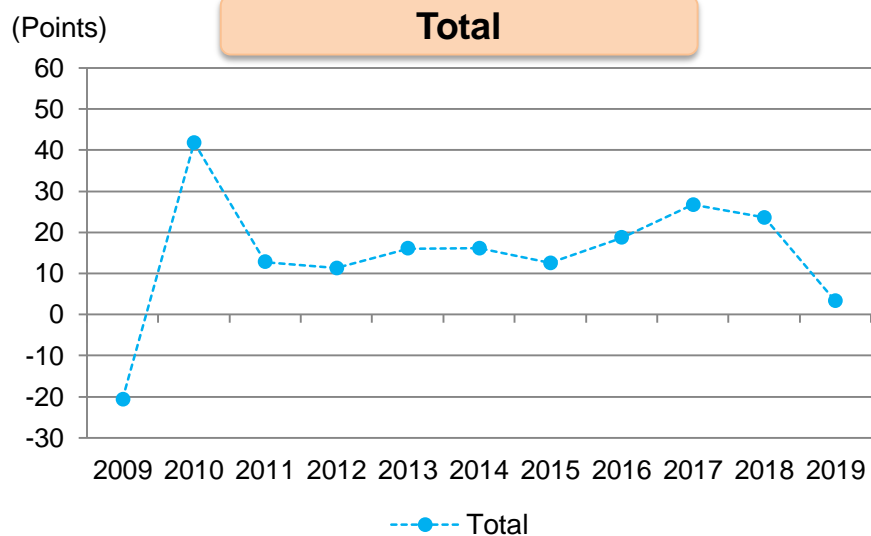
● The DI for 2020 was 29.5 points, up 26.2 points from 2018. The DI for 2020 was higher than the DI for 2019 in all countries/regions.

Note: DI is an abbreviation for Diffusion Index, the proportion of companies expecting "Increase" (improvement) minus the proportion of companies expecting "Decrease" (worsening). This figure reflects changes in business confidence.



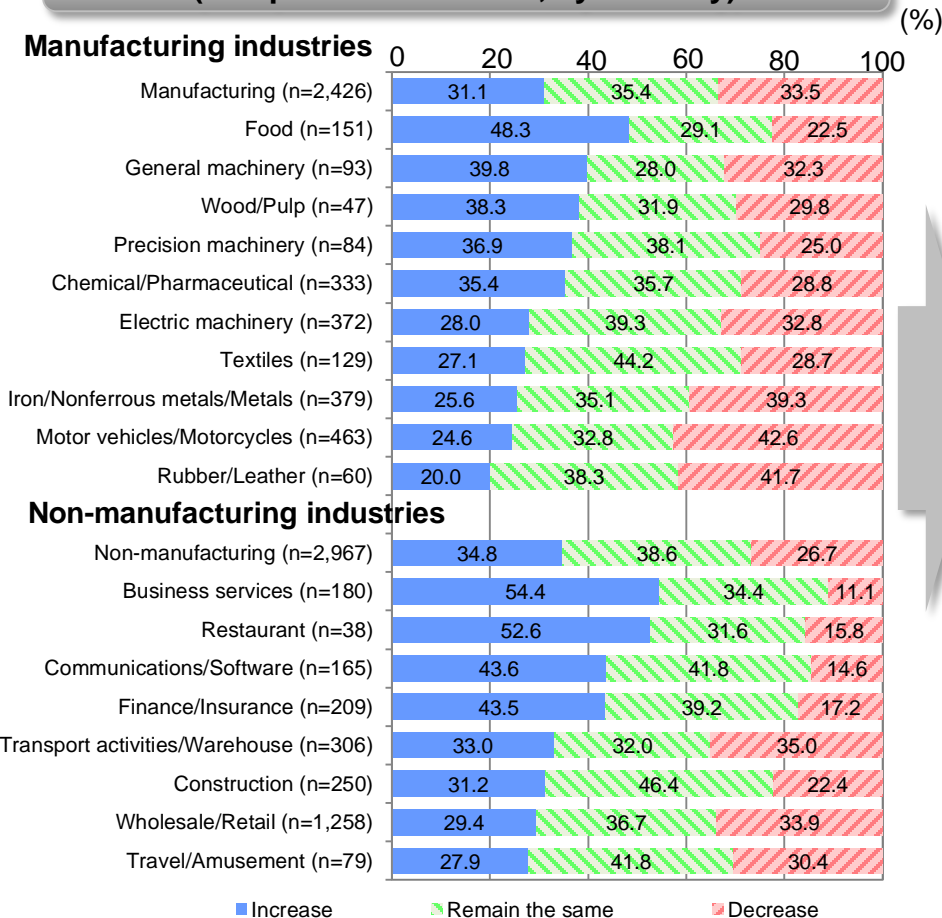
# 1. Operating Profit Forecast (8)

Proportion of DI: 2009–2019 (by country/region)

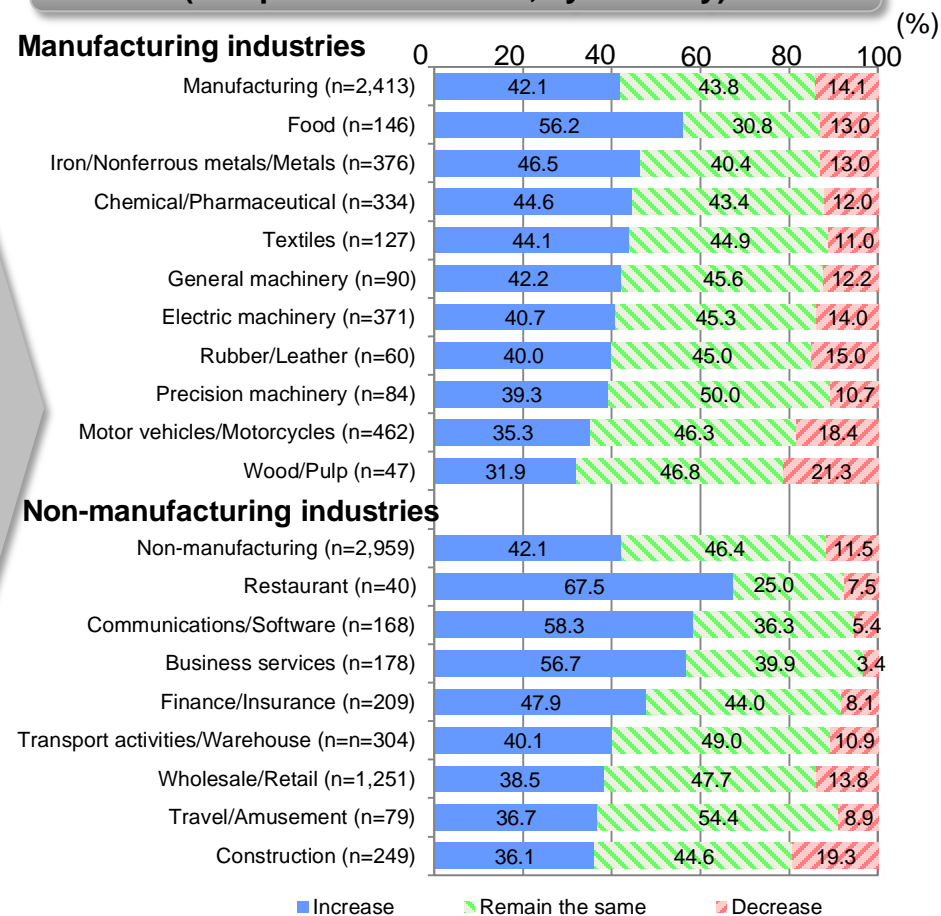


# 1. Operating Profit Forecast (9)

**Operating profit forecast for 2019  
(comparison with 2018, by industry)**



**Operating profit forecast for 2020  
(comparison with 2019, by industry)**

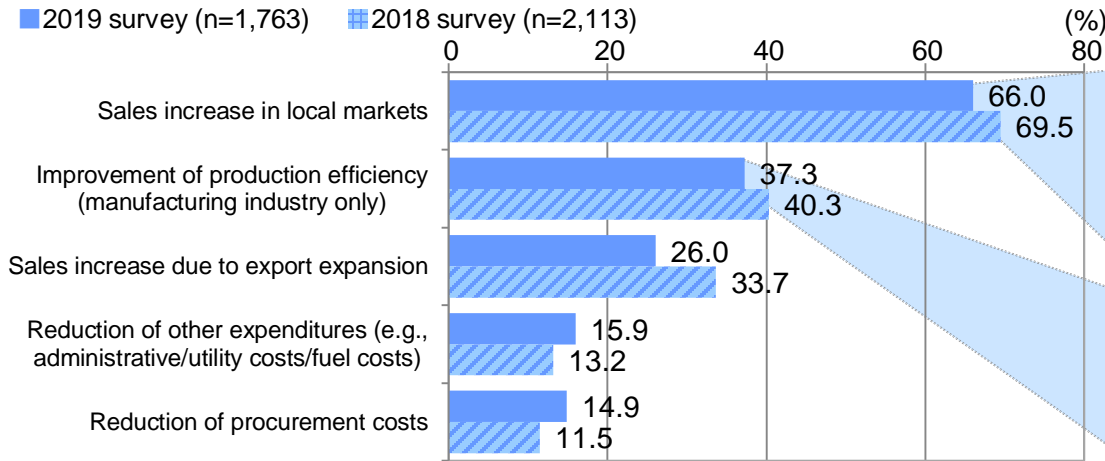


- Compared with the 2018 survey, the proportion of companies expecting an operating profit “Increase” for 2019 significantly decreased in both the manufacturing sector (46.1%=>31.1%) and the non-manufacturing sector (42.8%=>34.8%).
- Comparing the proportion of companies expecting an operating profit “Increase” for 2020 with the proportion of companies that expected an operating profit “Increase” for 2019, the 2020 proportion was higher in both the manufacturing sector (42.1%) and the non-manufacturing sector (42.1%).



# 1. Operating Profit Forecast (10)

**Reasons for increased operating profits forecast for 2019 (comparison with the reasons for the increase forecast for 2018 cited in the 2018 survey) (top 5, multiple answers)**

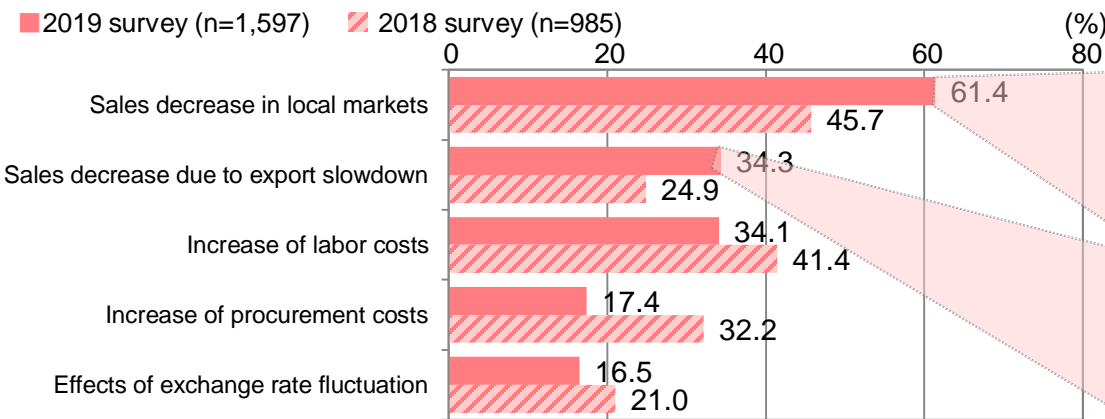


**Response rate by country/region and industry (top 5)**

Country/region	Industry category
India (85.7%) Taiwan (78.3%) Myanmar (75.8%) Indonesia (74.6%) China (69.9%)	Restaurant (85.0%) Business services (79.2%) General machinery (78.4%) Wholesale/Retail (76.0%) Finance/Insurance (75.9%)
Bangladesh (57.1%) Malaysia (46.3%) Cambodia (44.4%) Indonesia (43.1%) Taiwan (42.9%)	Rubber/Leather (91.7%) Iron/Nonferrous metals/Metals (47.4%) Electric machinery (42.7%) Motor vehicles/Motorcycles (41.2%) Textiles (41.2%)

Note: Countries/regions and industry categories for which the number of valid responses is 30 companies or more

**Reasons for decreased operating profits forecast for 2019 (comparison with the reasons for the decrease forecast for 2018 cited in the 2018 survey) (top 5, multiple answers)**



**Country/region**      **Industry category**

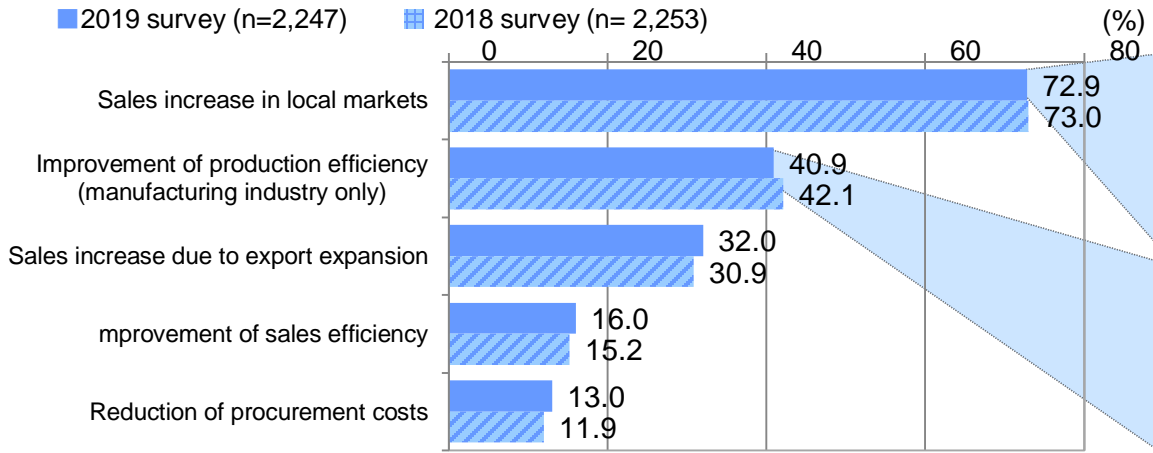
India (84.9%) Pakistan (78.6%) Taiwan (77.8%) South Korea (75.5%) New Zealand (73.1%)	Restaurant (83.3%) Motor vehicles/Motorcycles (76.5%) Wholesale/Retail (75.1%) Business services (70.0%) General machinery (66.7%)
Laos (57.1%) Philippines (57.1%) Malaysia (48.1%) Vietnam (43.9%) Thailand (40.9%)	Textiles (59.5%) Electric machinery (57.5%) Rubber/Leather (56.0%) Iron/Nonferrous metals/Metals (49.7%) Transport activities/Warehouse (47.7%)

Note: Countries/regions and industry categories for which the number of valid responses is 10 companies or more



# 1. Operating Profit Forecast (11)

**Reasons for increased operating profits forecast for 2020 (comparison with the reasons for the increase forecast for 2019 cited in the 2018 survey) (top 5, multiple answers)**

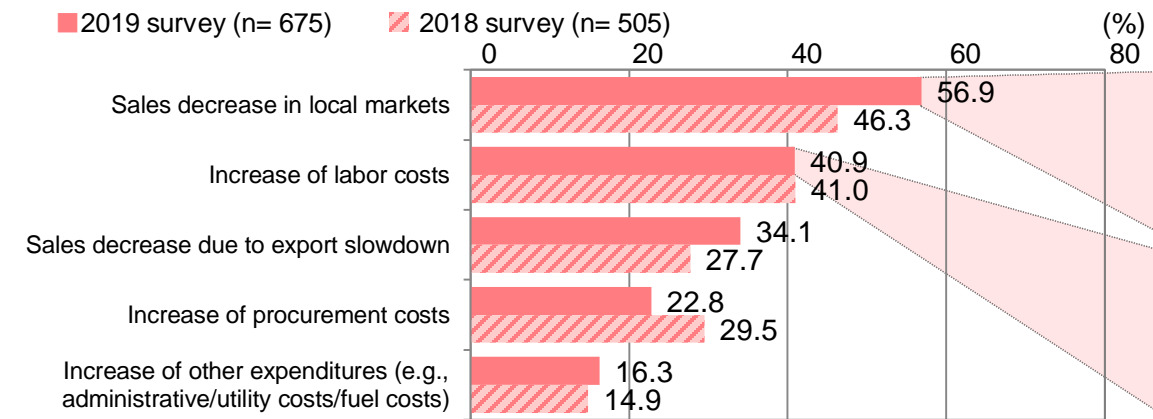


**Response rate by country/region and industry (top 5)**

Country/region	Industry category
India (91.5%) Australia (83.9%) Taiwan (81.8%) China (79.4%) Myanmar (79.0%)	Restaurant (88.9%) Wholesale/Retail (83.3%) Business services (83.2%) Wood/Pulp (80.0%) Finance/Insurance (79.2%)
Myanmar (64.3%) Sri Lanka (62.5%) New Zealand (60.0%) Cambodia (57.1%) Laos (50.0%)	Rubber/Leather (62.5%) Wood/Pulp (60.0%) Textiles (46.4%) General machinery (46.0%) Motor vehicles/Motorcycles (44.8%)

Note: Countries/regions and industry categories for which the number of valid responses is 30 companies or more

**Reasons for decreased operating profits forecast for 2020 (comparison with the reasons for the decrease forecast for 2019 cited in the 2018 survey) (top 5, multiple answers)**



**Country/region**      **Industry category**

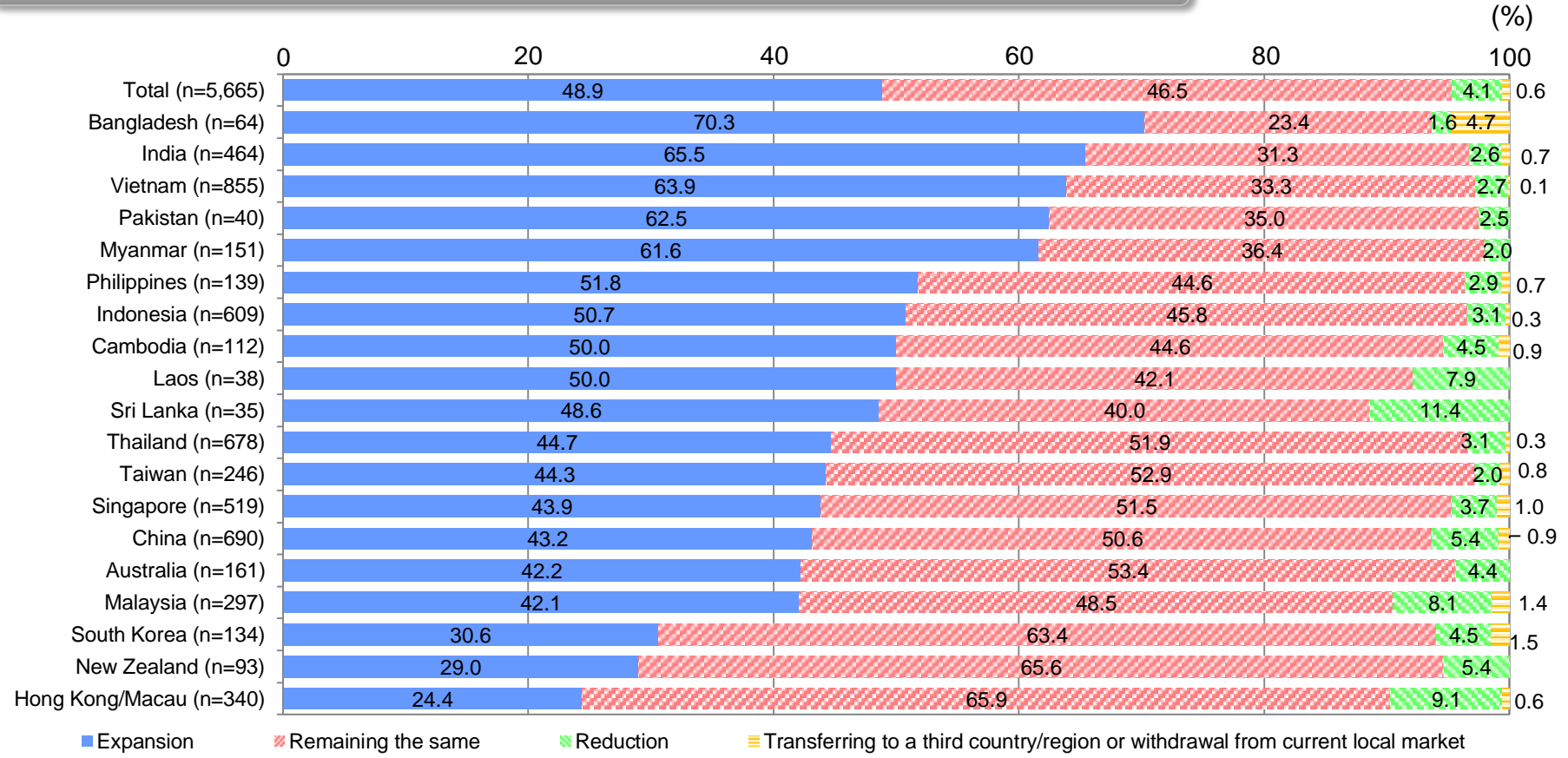
Myanmar (90.9%) Thailand (77.3%) South Korea (75.0%) India (74.1%) China (63.1%)	Construction (80.9%) Wholesale/Retail (68.8%) Motor vehicles/Motorcycles (68.2%) Restaurant (66.7%) Business services (66.7%)
Cambodia (72.7%) Indonesia (69.7%) China (51.5%) Sri Lanka (50.0%) South Korea (42.9%)	Rubber/Leather (88.9%) Restaurant (66.7%) Textiles (64.3%) Precision machinery (55.6%) Iron/Nonferrous metals/Metals (55.1%)

Note: Countries/regions and industry categories for which the number of valid responses is 10 companies or more



# 2. Future Business Plan (1)

**Approach to future business plan/activities in the next 1 to 2 years (by country/region)**

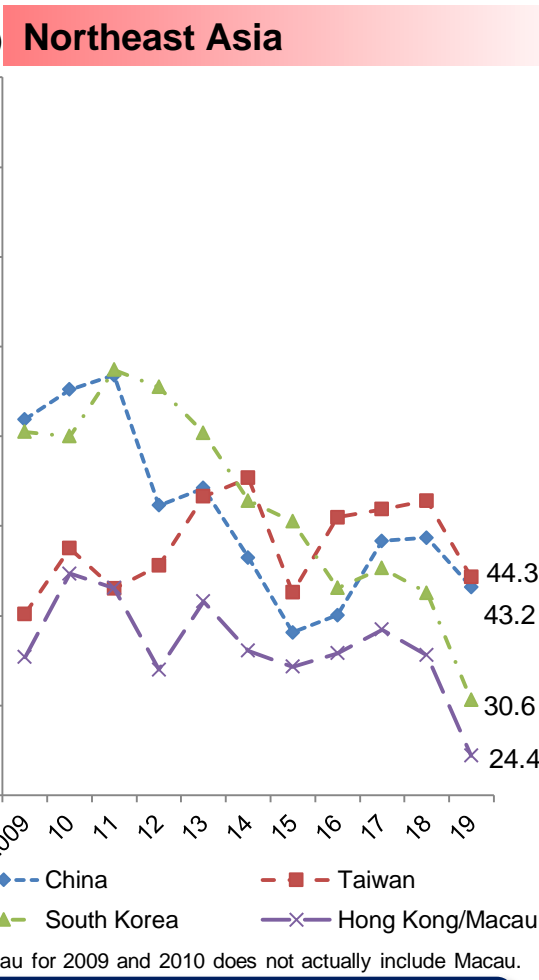
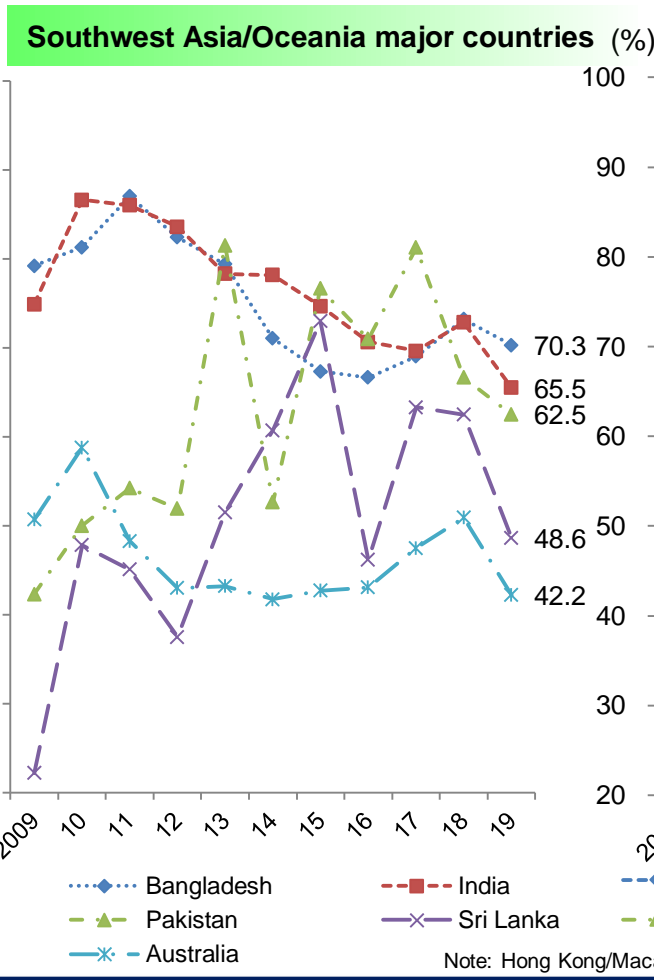
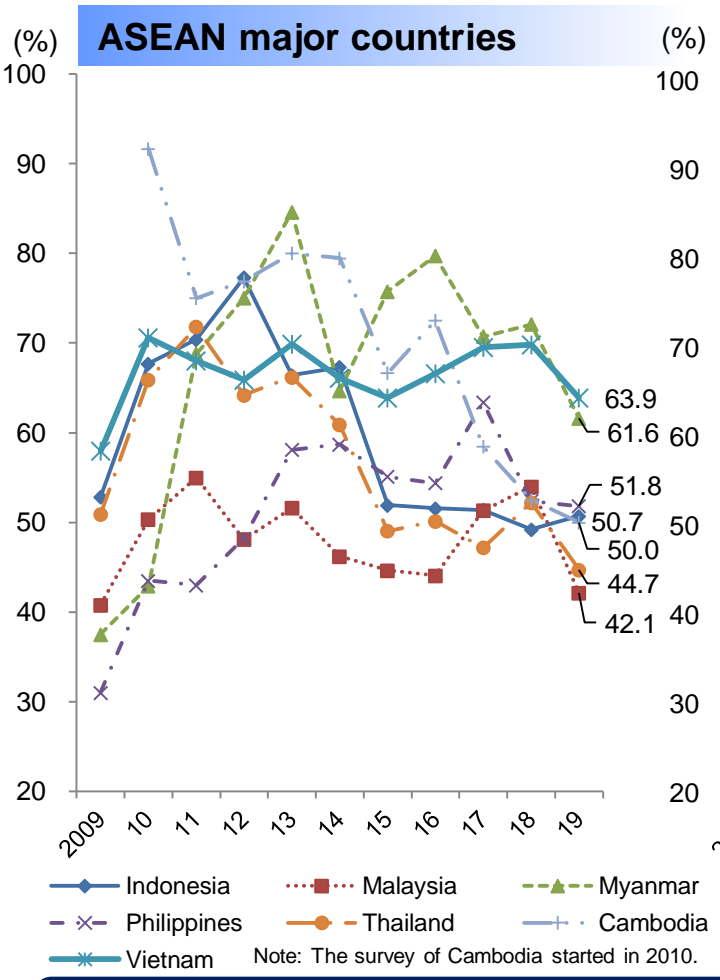


- A total of 48.9% of the companies selected “Expansion” as their approach to future business plan/activities in the next one or two years, down 6.2 pp from 55.1% in the 2018 survey. In contrast, 4.7% of companies selected “Reduction” or “Transferring to a third country/region or withdrawal from current local markets,” up 0.5 pp from 4.2% in the 2018 survey.
- By country/region, Bangladesh marked the highest proportion of “Expansion” at 70.3%. In India, Vietnam, Pakistan and Myanmar, over 60% of companies selected “Expansion.”
- In China, 43.2% of the companies selected “Expansion,” down 5.5 pp from the 2018 survey (48.7%).



# 2. Future Business Plan (2)

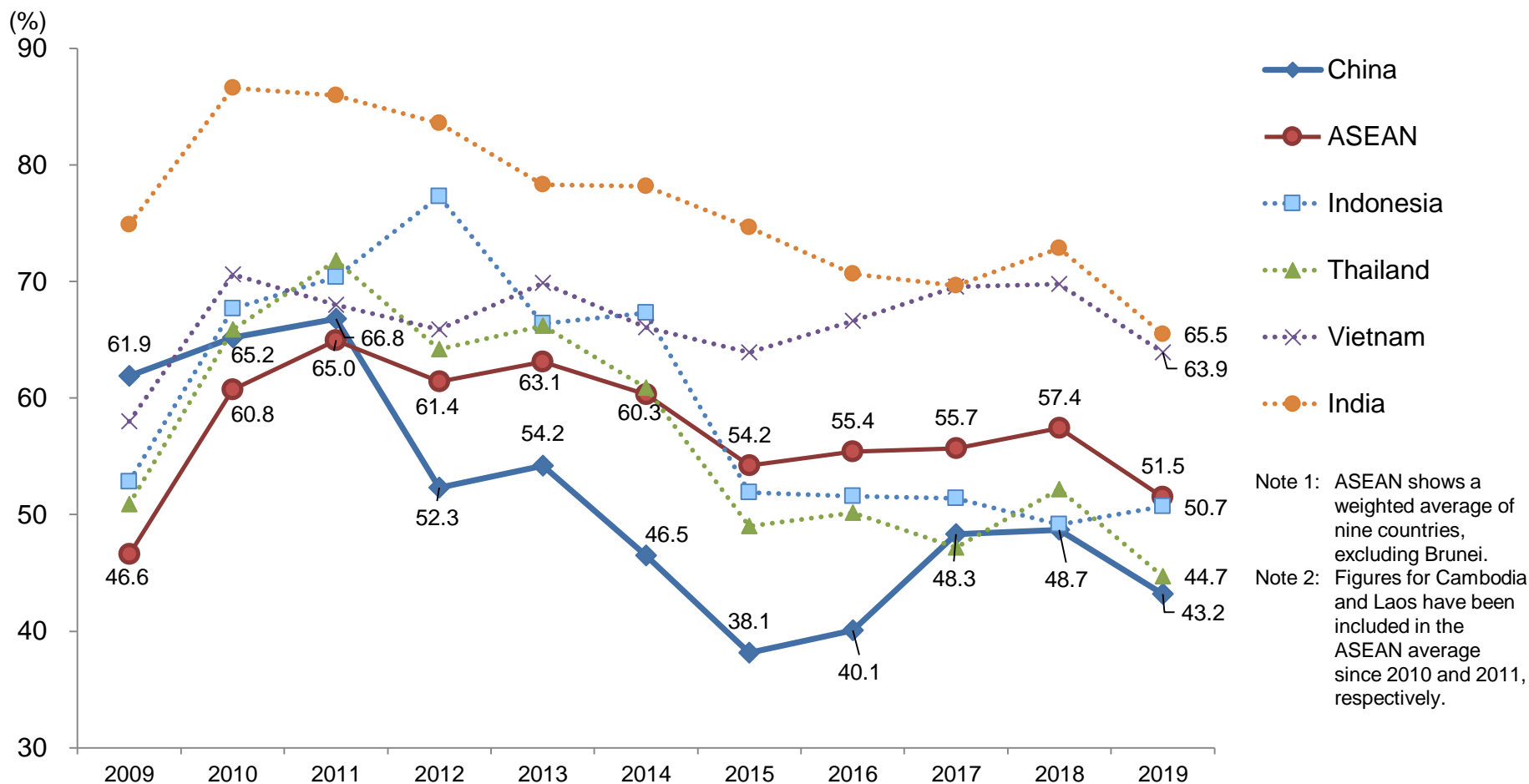
Proportions of companies expecting to expand in the next 1 to 2 years (2009–2019)



- Reviewing the survey results by country/region from 2009, the proportion of companies that selected "Expansion" as their approach to future business plan/activities in the next one or two years increased significantly in 2010 when the global economy recovered from the downturn following the financial crisis. The proportion of "Expansion" remained generally the same from 2011 to 2013, excluding several countries/regions, decreased in 2014 and 2015. The proportion varied by country/region from 2016 to 2018, but all countries/regions excluding Indonesia decreased in the 2019 survey.
- In the 2019 survey, the proportion of companies that selected "Expansion" decreased by over 10.0 pp from 2018 in Sri Lanka (-13.9 pp), Malaysia (-11.9 pp), South Korea (-11.9 pp), Hong Kong/Macau (-11.2 pp) and Myanmar (-10.5 pp).

# 2. Future Business Plan (3)

Proportions of companies expecting to expand in the next 1 to 2 years (2009–2019)

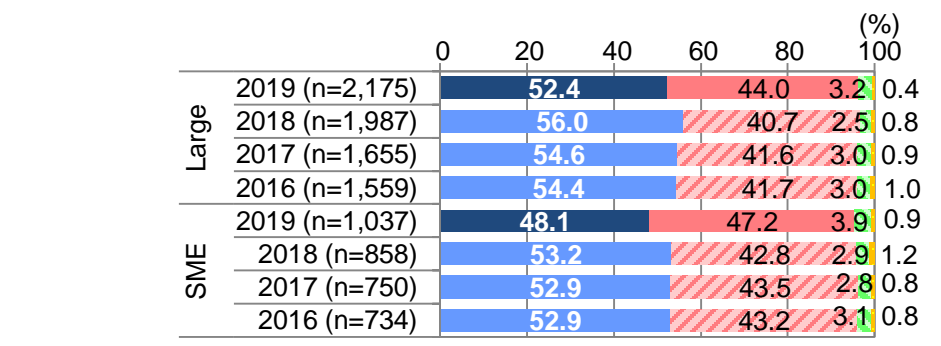
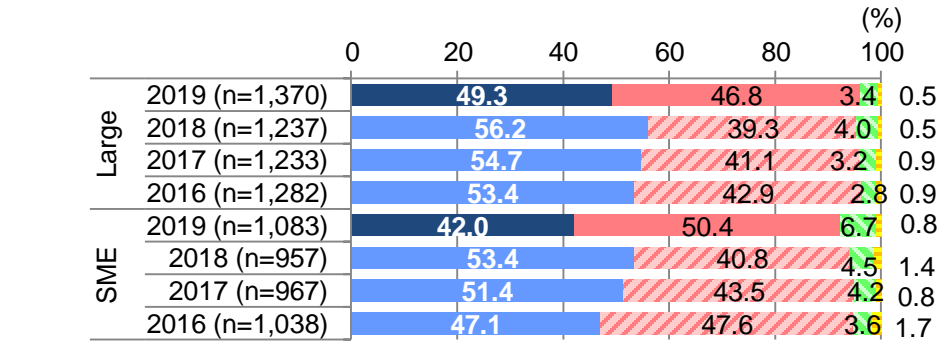
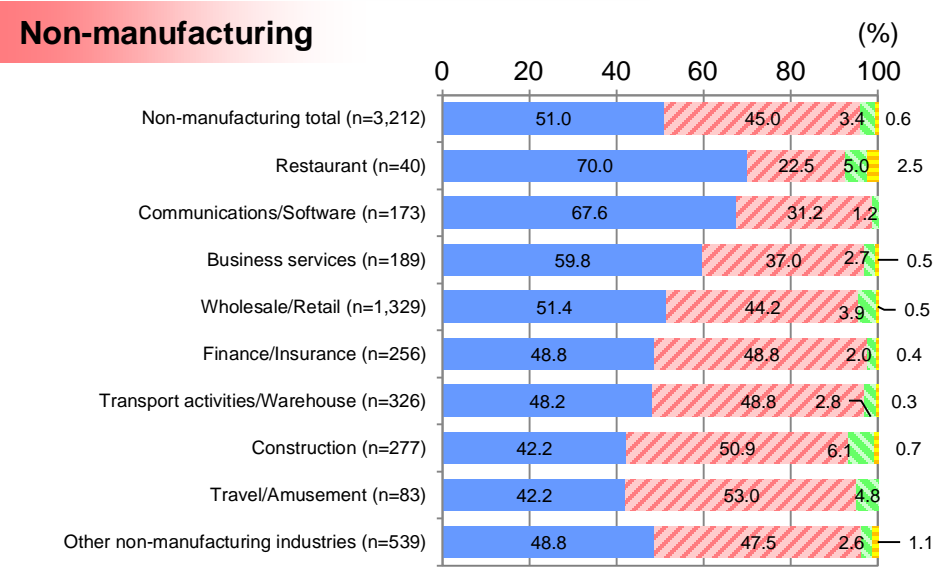
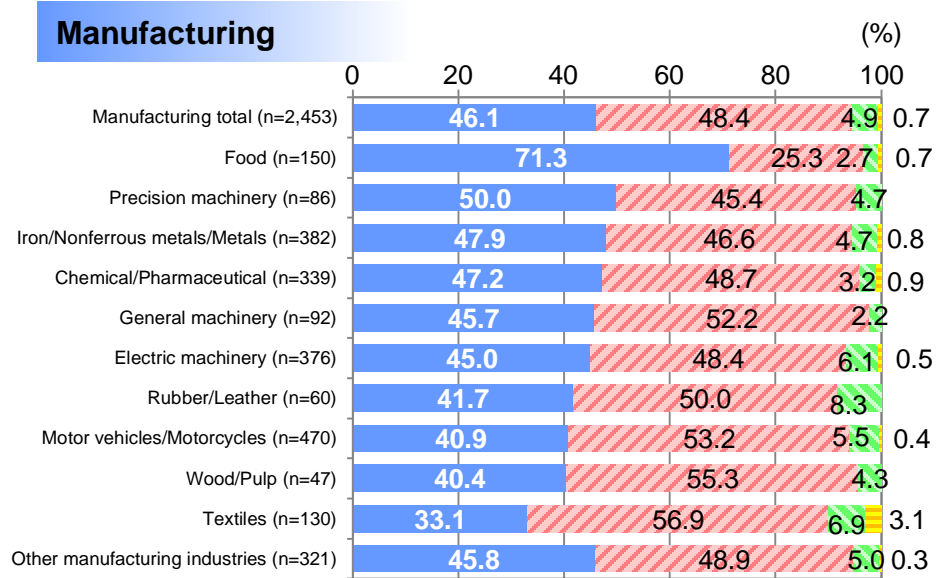


• Comparing China with ASEAN, the proportion of companies that selected “Expansion” as their approach to future business plan/activities in the next one or two years was higher in China from 2009 to 2011. In 2012, however, ASEAN (61.4%) overtook China (52.3%). In 2012 and 2013, the proportion was higher in ASEAN than in China by around 9.0 pp. The gap between ASEAN and China expanded to over 10 pp from 2014 to 2016 (13.8 pp in 2014, 16.1 pp in 2015, and 15.3 pp in 2016), but decreased again to 7.4 pp in 2017. The gap was 8.7 pp in 2018 and 8.3 pp in 2019.



# 2. Future Business Plan (4)

Approach to future business plan/activities in the next 1 to 2 years (by industry and company size)



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

- By industry, the proportion of companies that selected “Expansion” as their approach to future business plan/activities in the next one or two years was higher by 4.9 pp in the non-manufacturing sector (51.0%) than in the manufacturing sector (46.1%).
- In the manufacturing sector, the proportion of “Expansion” was high in Food (71.3%). In the non-manufacturing sector, the proportion was high in Restaurant (70.0%). On the other hand, the proportion of “Expansion” was lower in Textiles, Construction and Travel/Amusement.
- By company size, large enterprises are more likely to expand their businesses than SMEs in both manufacturing and non-manufacturing sectors. The proportion of SME manufacturing companies that selected “Expansion” was 42.0%, down 11.4 pp from the 2018 survey (53.4%).

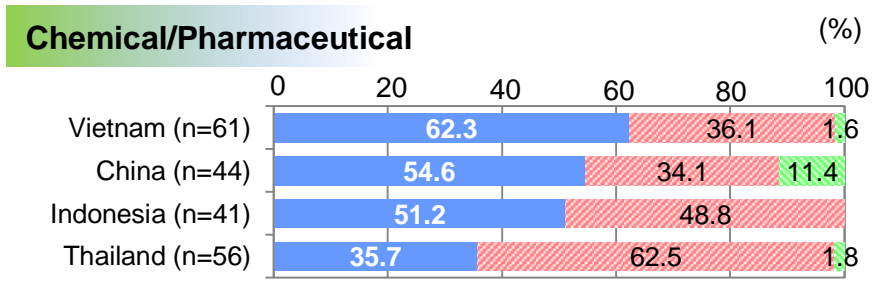
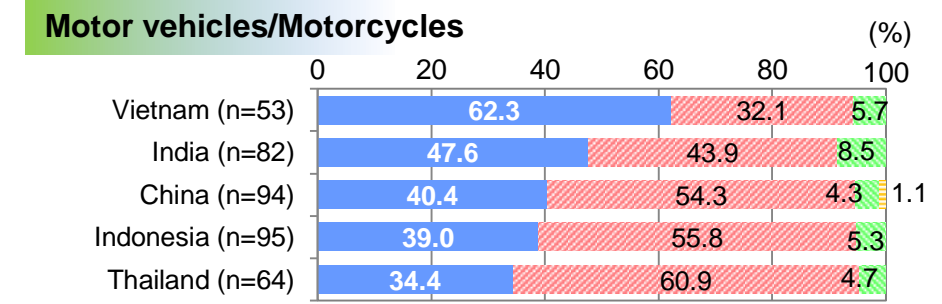
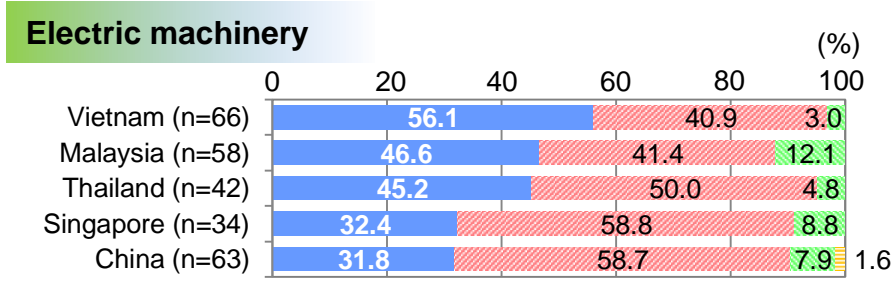
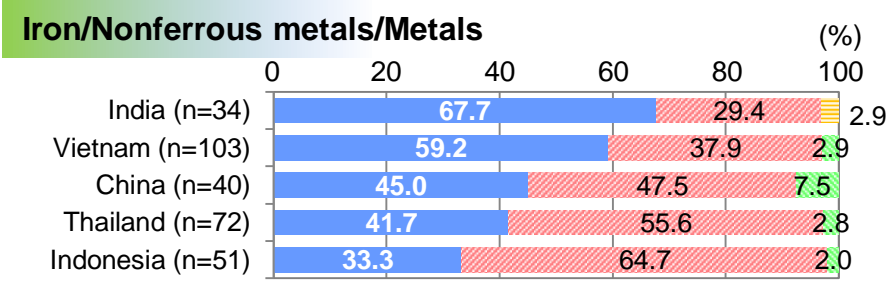
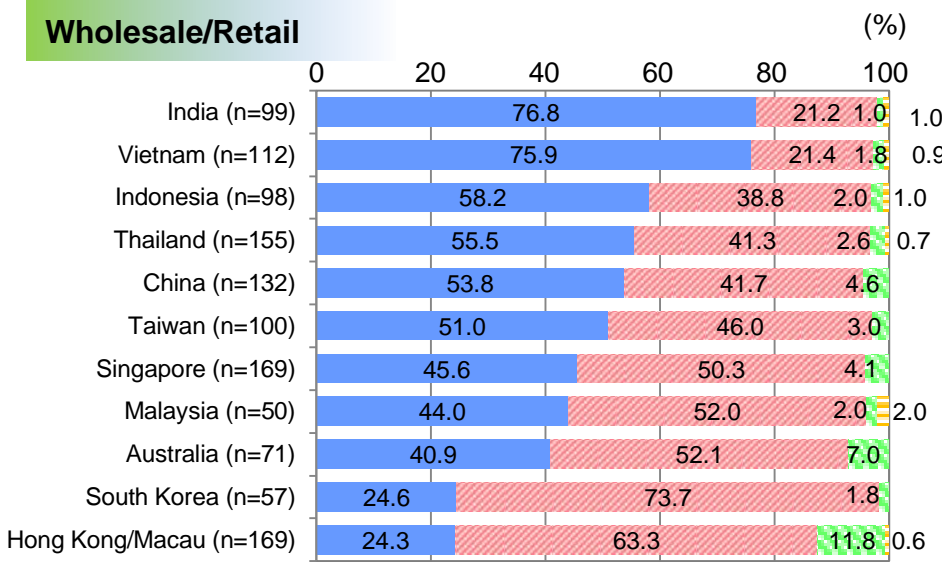




# 2. Future Business Plan (5)

**Approach to future business plan/activities in the next 1 to 2 years (by major industry and country/region)**

Note: Countries/regions for which the number of valid responses is 30 companies or more



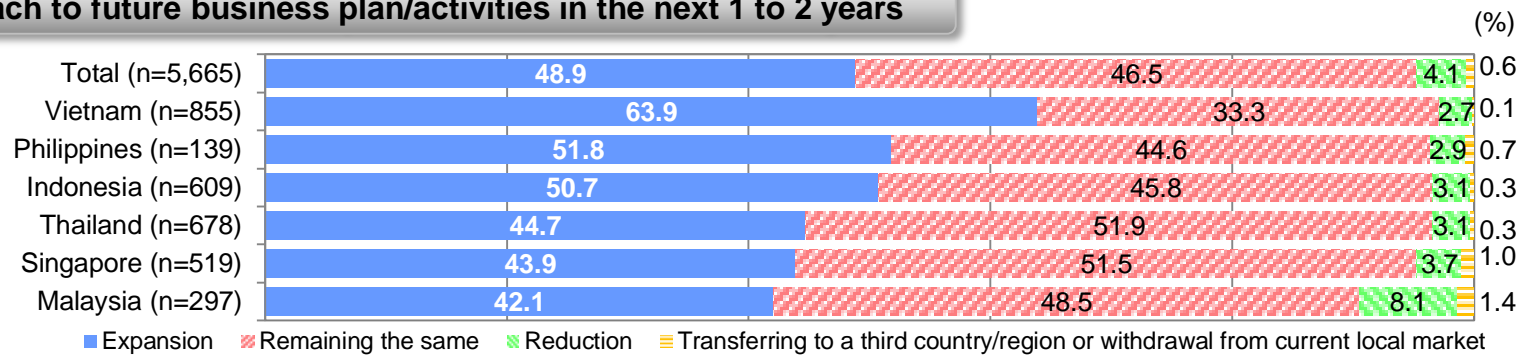
■ Expansion ■ Remaining the same ■ Reduction ■ Transferring to a third country/region or withdrawal from current local market

- The proportion of "Expansion" in Wholesale/Retail was high in India (76.8%) and Vietnam (75.9%). Meanwhile, "Remaining the same" accounted for over 60% in South Korea and Hong Kong/Macau.
- In the Motor vehicles/Motorcycles industry, the proportion of "Expansion" was high in Vietnam (62.3%). India and China were 40% level, 47.6% and 40.4% respectively.
- In Vietnam, the proportion of "Expansion" exceeded 60% in Wholesale/Retail, Motor vehicles/Motorcycles and Chemical/Pharmaceutical.

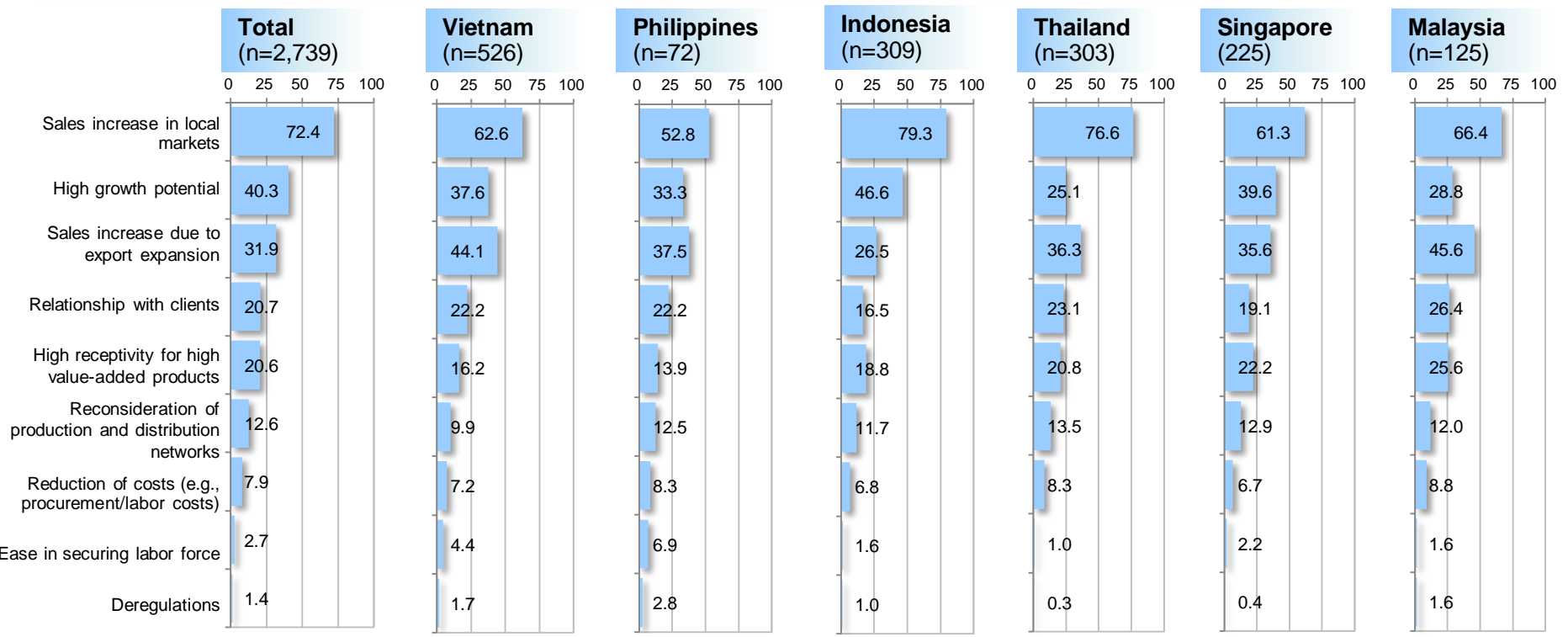


# 2. Future Business Plan (6)

**Approach to future business plan/activities in the next 1 to 2 years**



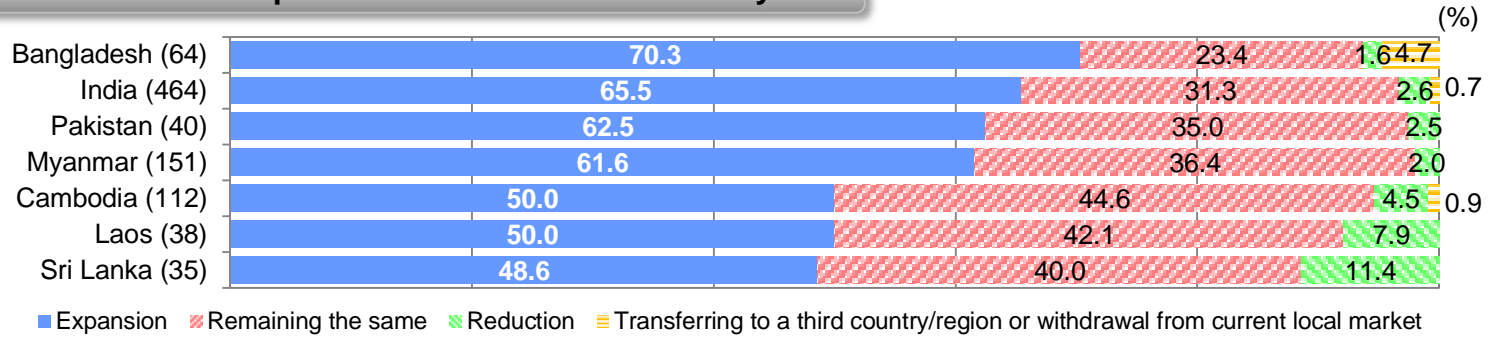
**Reasons for the future business expansion in the next 1 to 2 years (multiple answers) (1/2)**



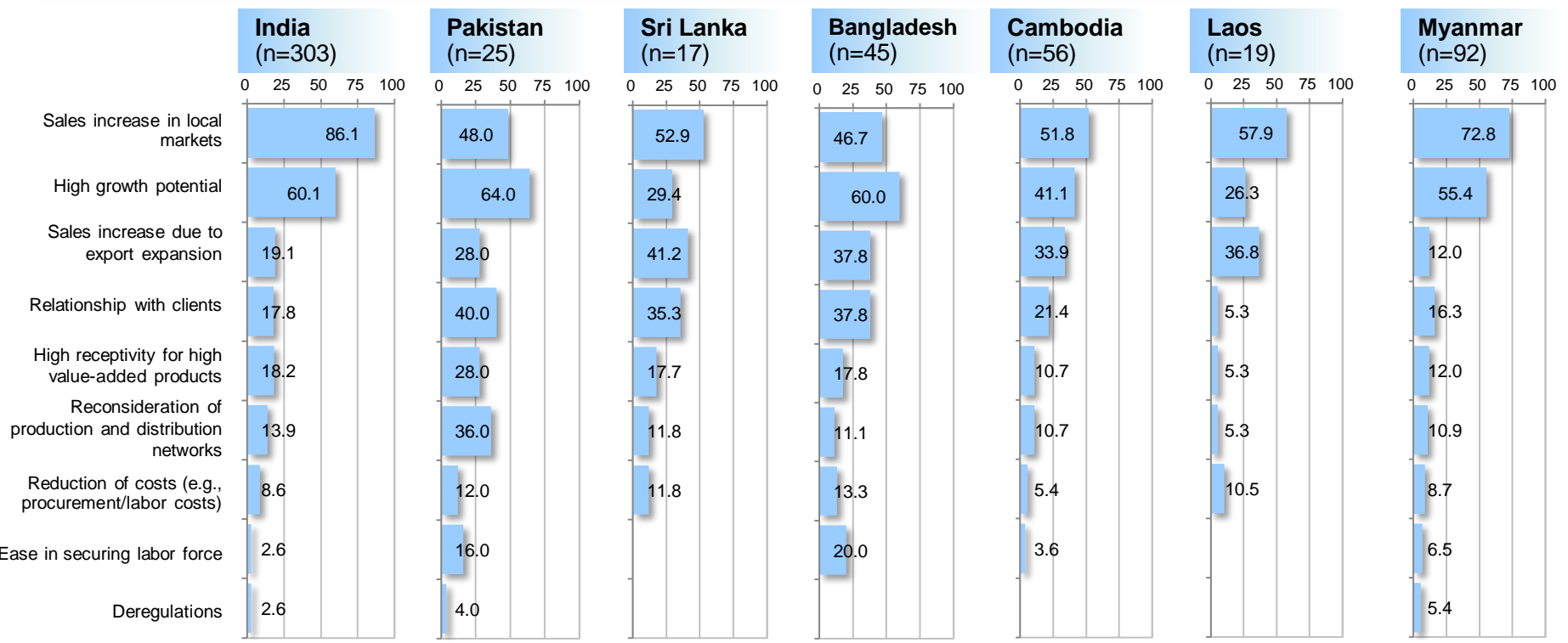


# 2. Future Business Plan (7)

**Approach to future business plan/activities in the next 1 to 2 years**



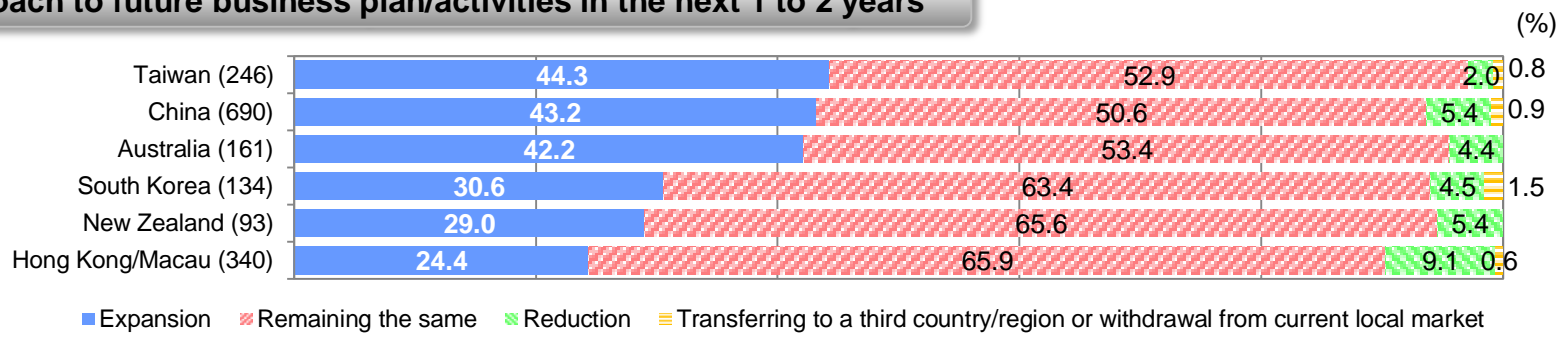
**Reasons for the future business expansion in the next 1 to 2 years (multiple answers) (1/2)**



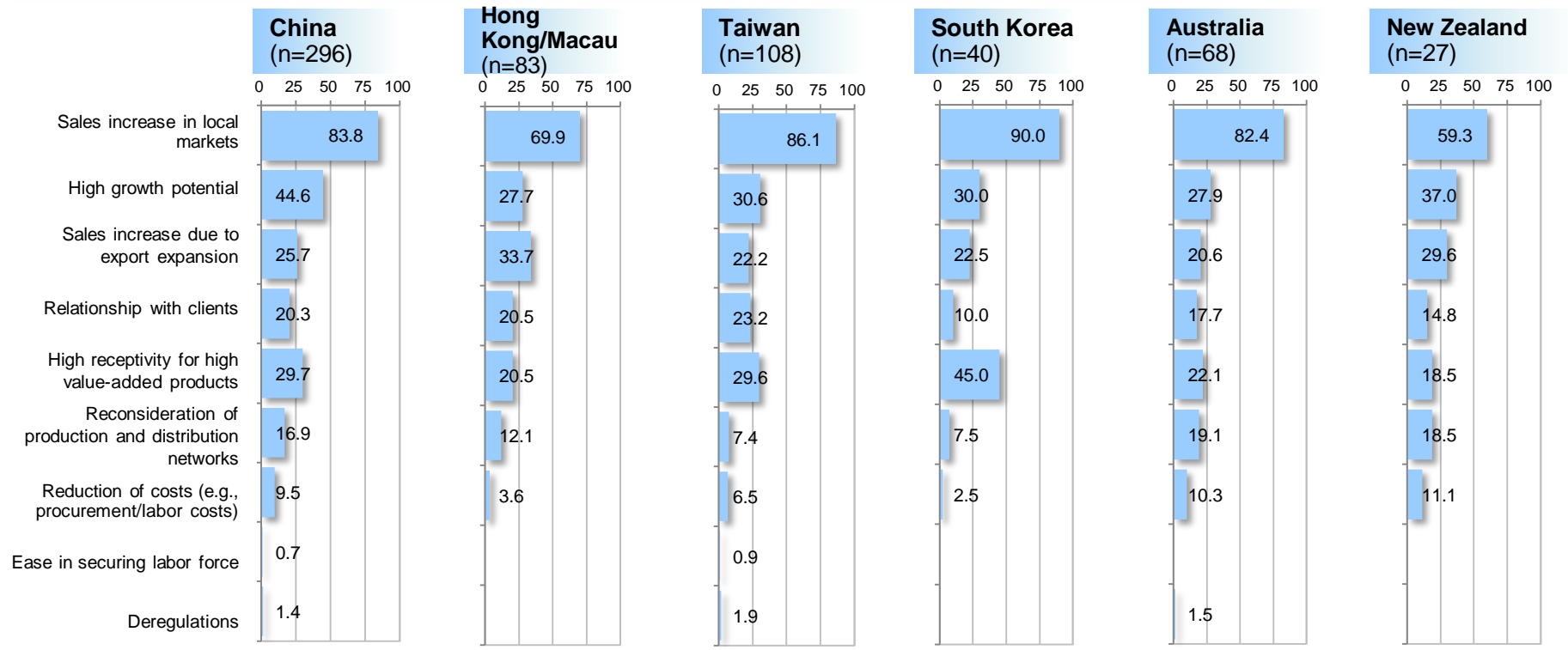


# 2. Future Business Plan (8)

**Approach to future business plan/activities in the next 1 to 2 years**



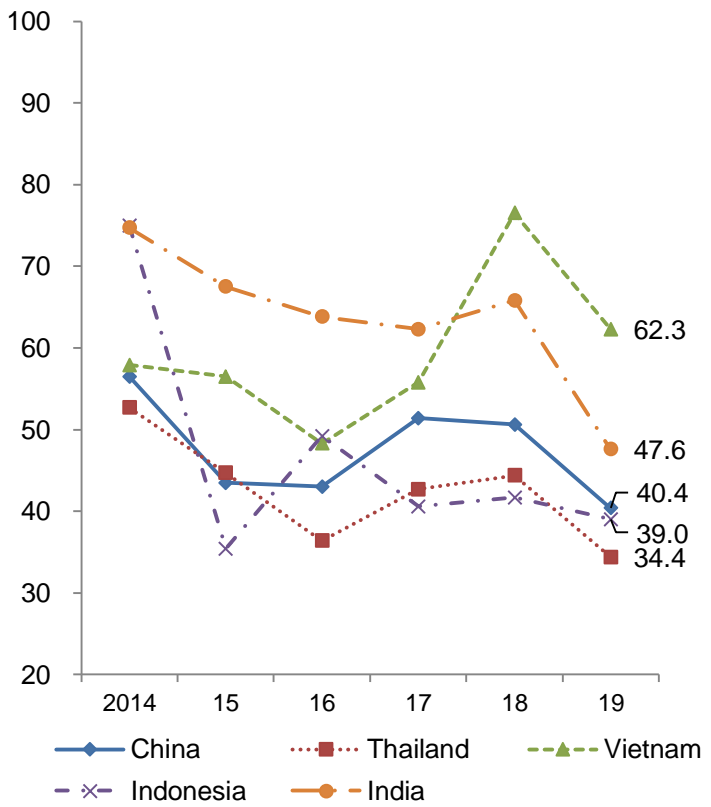
**Reasons for the future business expansion in the next 1 to 2 years (multiple answers) (1/2)**



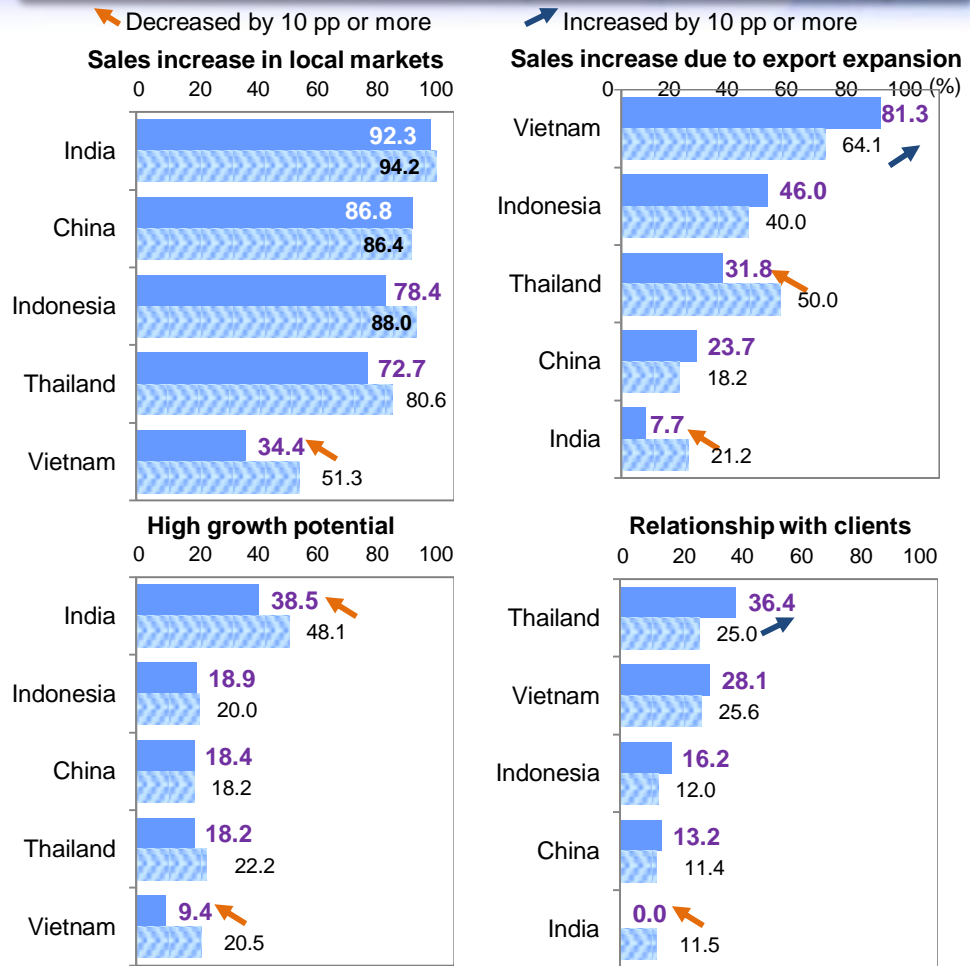
# 2. Future Business Plan (9)

## Motor vehicles/Motorcycles

**Proportions of companies expecting to expand in the next 1 to 2 years (2014–2019)**



### Reasons for the future business expansion in the next 1 to 2 years



Note: Numbers of companies that responded (2019, 2018): India (39, 52), China (38, 44), Indonesia (37, 25), Thailand (22, 36), Vietnam (32, 39)

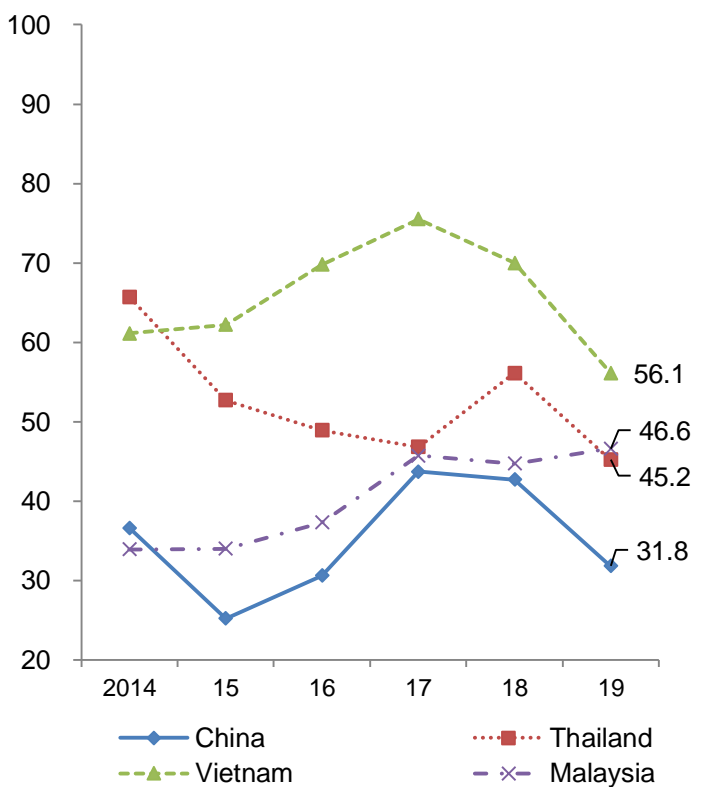
- Looking at changes in the proportion of Motor vehicles/Motorcycles companies that selected “Expansion” as their future business plan in the next one or two years, by country/region from 2014, the proportion decreased in 2015 and 2016 and increased in 2017 and 2018, excluding some of the companies. In 2019, however, the proportion decreased in all the countries (Vietnam, India, China, Indonesia, and Thailand).
- In the 2019 survey, the most frequently cited reason for “Expansion” was “Sales increase in local markets” in India, China, Indonesia, and Thailand, with “Sales increase due to export expansion” in Vietnam. The reasons that significantly decreased from the previous year were “Sales increase in local markets” in Vietnam, “Sales increase due to export expansion” in Thailand, and “High growth potential” and “Relationship with clients” in India.



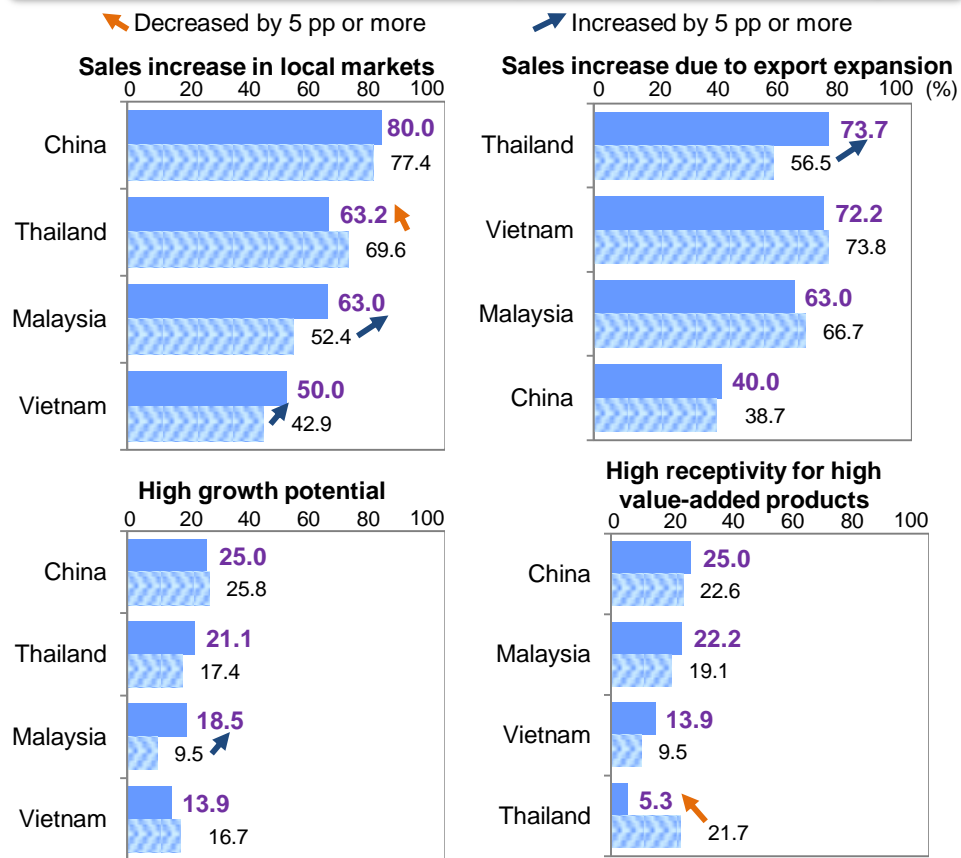
# 2. Future Business Plan (10)

## Electric machinery

**Proportions of companies expecting to expand in the next 1 to 2 years (2014–2019)**



## Reasons for the future business expansion in the next 1 to 2 years



Note: Numbers of companies that responded (2019, 2018): China (20, 31), Thailand (19, 23), Malaysia (27, 21), Vietnam (36, 42)

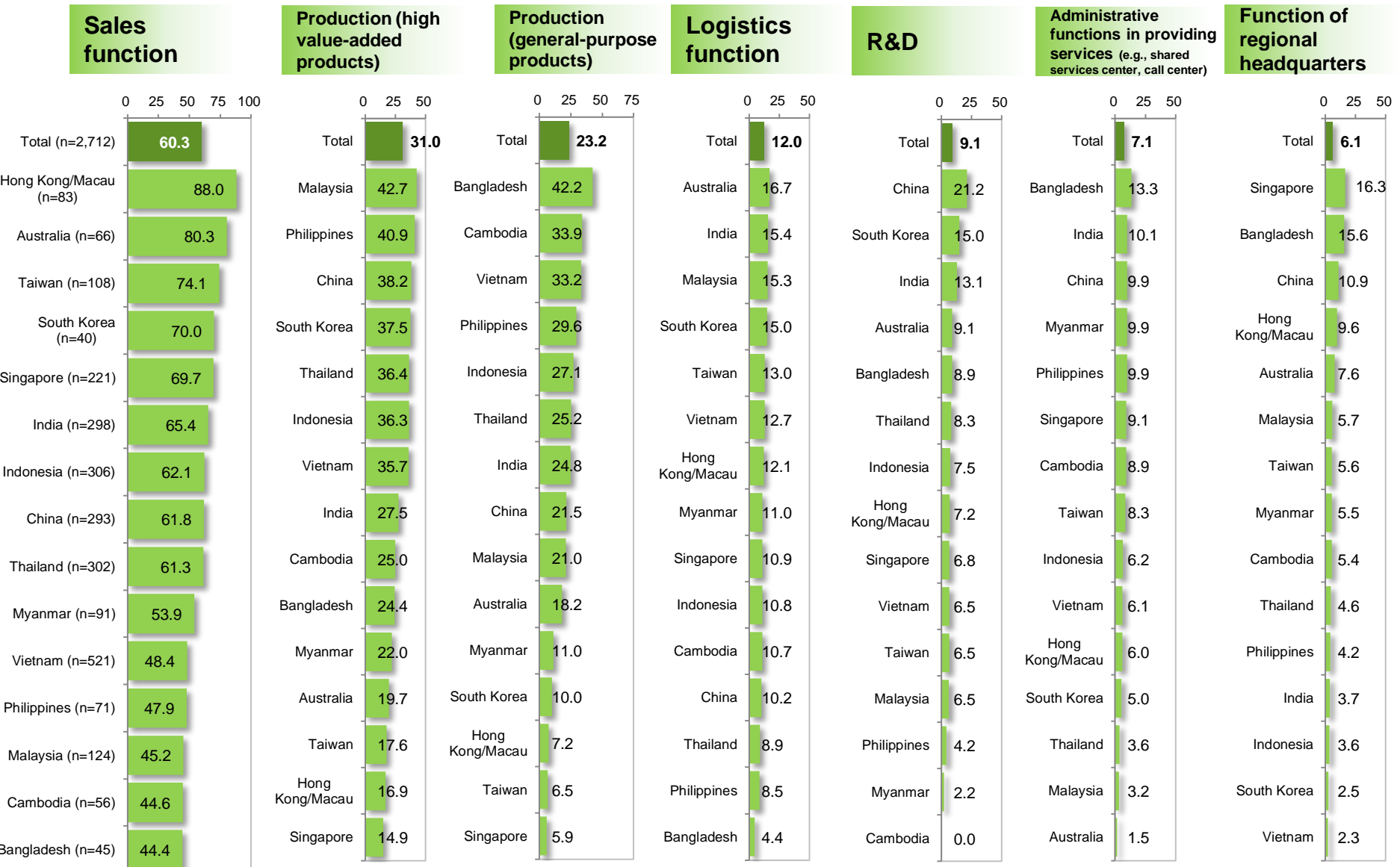
- Looking at changes in the proportion of Electric machinery companies that selected “Expansion” as their future business plan in the next one or two years, by country/region from 2014, the proportion decreased or remained the same in 2015 and increased in 2016 and 2017, excluding Thailand. In 2018, however, the proportion decreased again. In 2019, the proportion decreased by over 10 pp in Vietnam, China, and Thailand.
- In the 2019 survey, the most frequently cited reason for the “Expansion” was “Sales increase in local markets” in China and “Sales increase due to export expansion” in Thailand and Vietnam, with both reasons being the most frequently cited at the same proportion in Malaysia. In Thailand, the proportion of “Sales increase in local markets” and “High receptivity for high value-added products” decreased by more than 5 pp from the previous year. On the other hand, the reasons that increased by over 5 pp from the previous year were “Sales increase in local markets” in Malaysia and Vietnam, “Sales increase due to export expansion” in Thailand, and “High growth potential” in Malaysia.



# 2. Future Business Plan (11)

## Functions to be expanded (multiple answers)

Note: Countries/regions for which the number of valid responses is 30 companies or more (%)

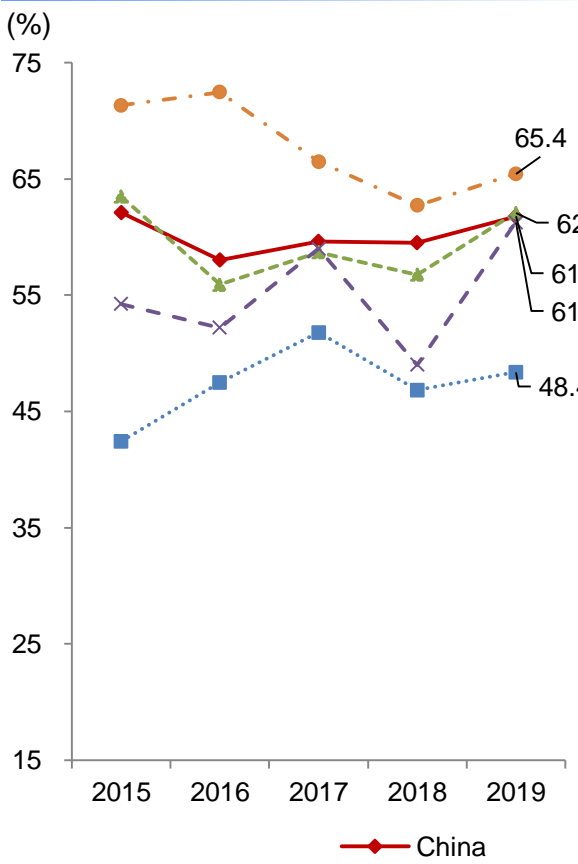




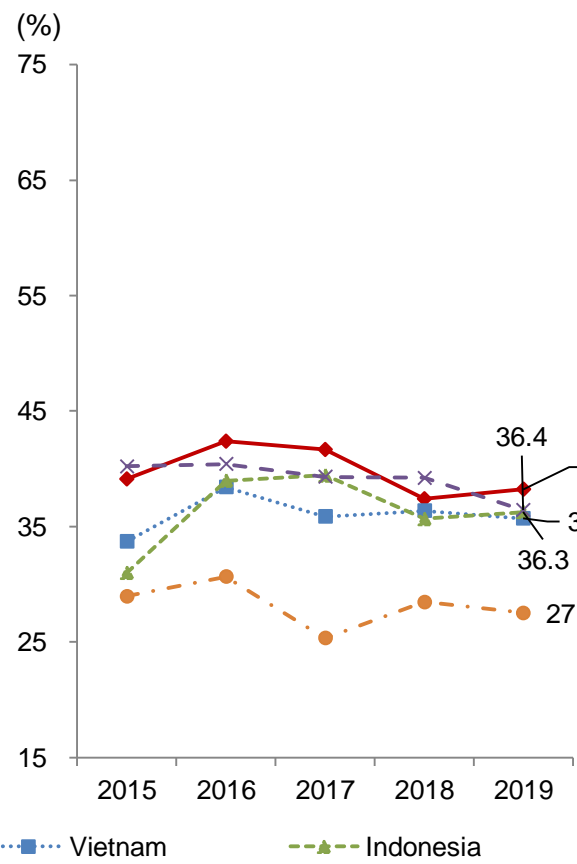
# 2. Future Business Plan (12)

Functions to be expanded (by country, 2015–2019)

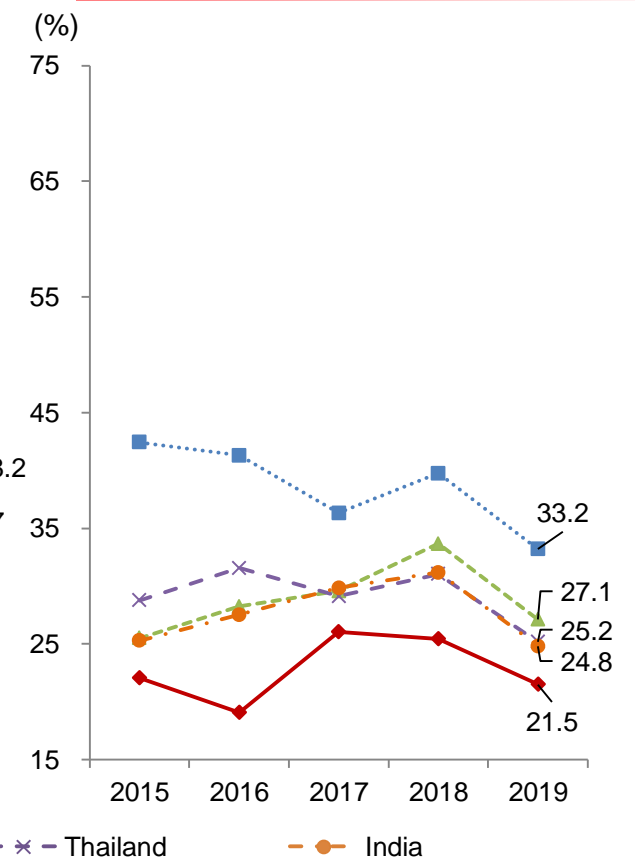
Sales function



Production (high-value added products)



Production (general-purpose products)



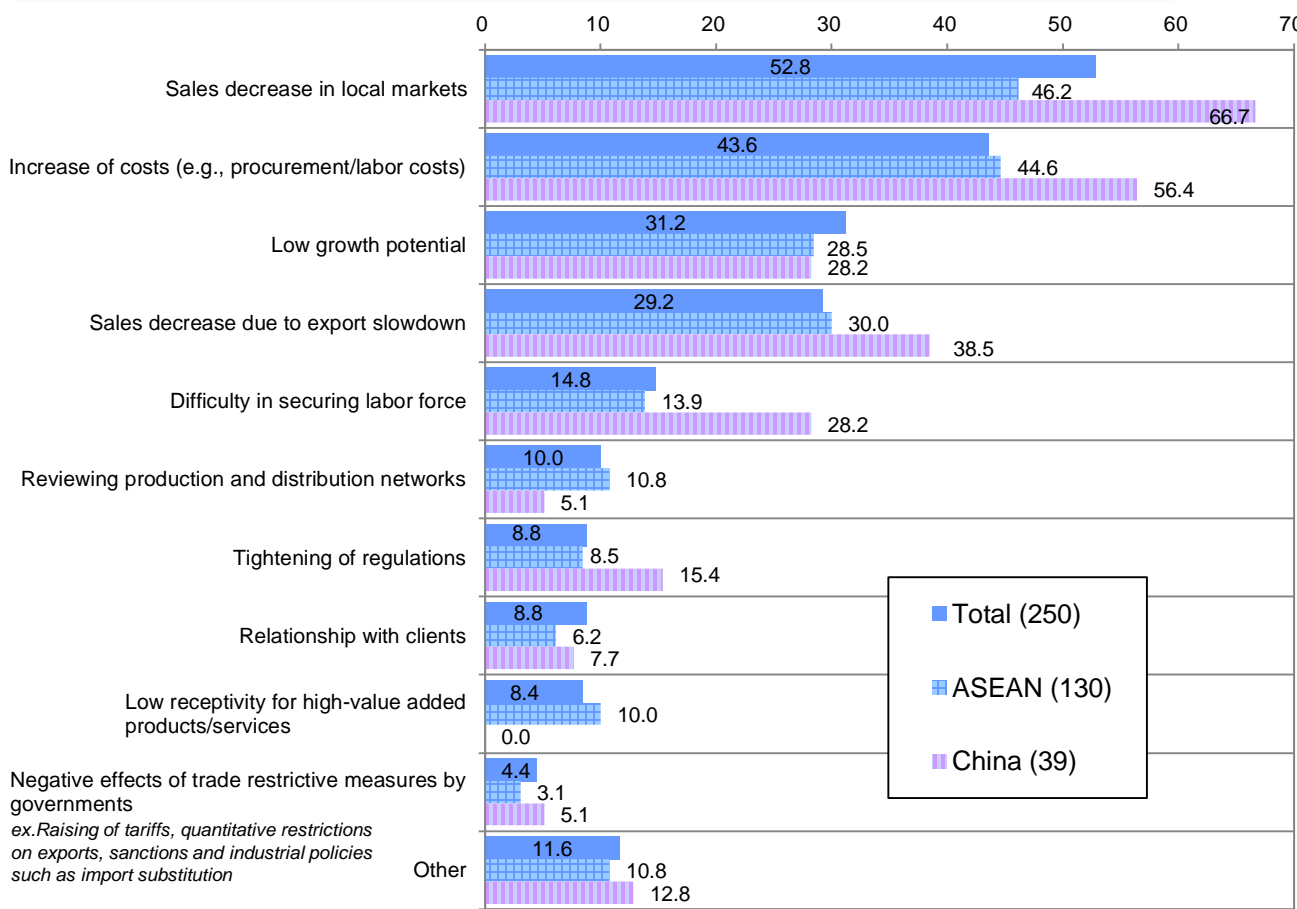
- The proportion of companies intending to expand “Sales function” remains at a high level in India (65.4%). The proportion increased by 12.3 pp in Thailand and by 5.3 pp in Indonesia from the 2018 survey.
- The proportion of companies intending to expand “Production (high value-added products)” exceeded 30% in China, Thailand, Indonesia and Vietnam, and was 27.5% in India.
- The proportion of companies intending to expand “Production (general-purpose products)” has been decreasing, in general. Vietnam had the highest rate (33.2%), while the rate was less than 30% in China, India, Thailand, and Indonesia.





# 2. Future Business Plan (13)

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

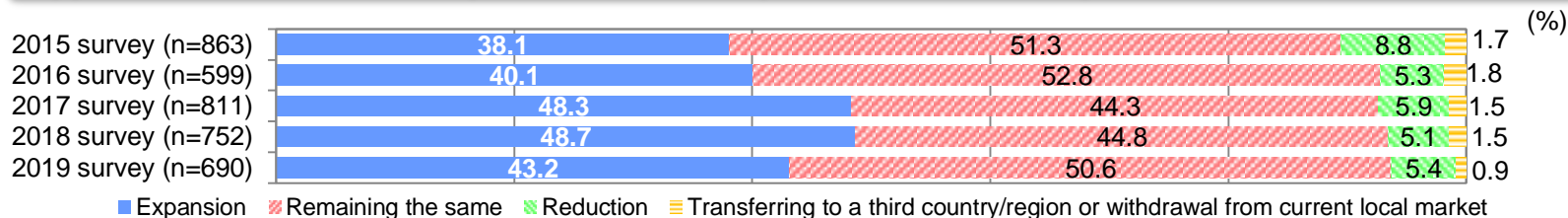


	By industry		By company size		(%)
	Manufacturing	Non-manufacturing	Large	SME	
Sales decrease in local markets	45.3	60.7	54.0	51.6	
Increase of costs (e.g., procurement/labor costs)	50.0	36.9	42.9	44.4	
Low growth potential	28.9	33.6	32.5	29.8	
Sales decrease due to export slowdown	35.9	22.1	27.0	31.5	
Difficulty in securing labor force	19.5	9.8	7.9	21.8	
Reviewing production and distribution networks	7.8	12.3	11.9	8.1	
Tightening of regulations	13.3	4.1	7.1	10.5	
Relationship with clients	7.0	10.7	5.6	12.1	
Low receptivity for high-value added products/services	8.6	8.2	10.3	6.5	
Negative effects of trade restrictive measures by governments <i>ex. Raising of tariffs, quantitative restrictions on exports, sanctions and industrial policies such as import substitution</i>	4.7	4.1	7.1	1.6	
Other	8.6	14.8	13.5	9.7	

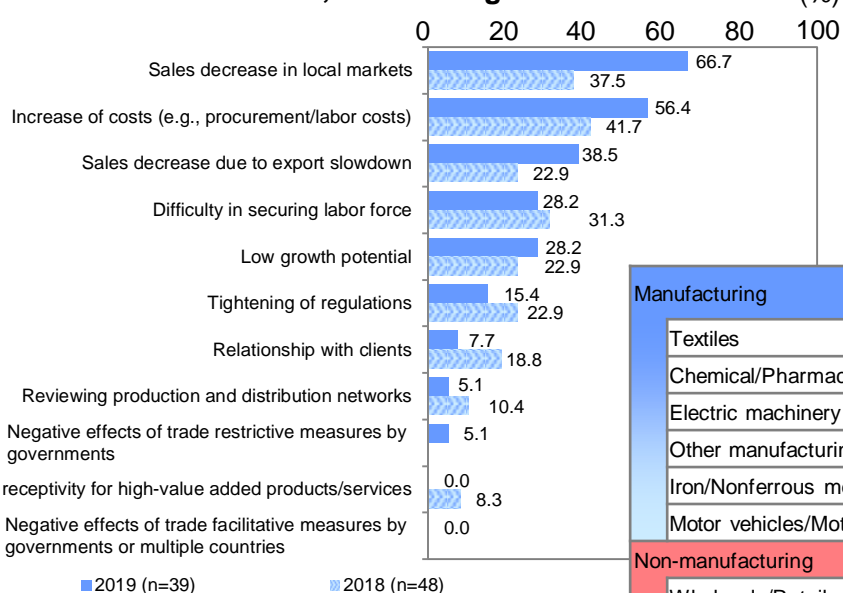
- In a multiple-choice question on the reason for business “Reduction” or “Transferring or withdrawal,” “Sales decrease in local markets” (52.8%) was most commonly cited, followed by “Increase of costs” (43.6%) and “Low growth potential” (31.2%).
- When comparing ASEAN and China, the proportions of companies that selected “Sales decrease in local markets,” “Difficulty in securing labor force” and “Increase of costs” were higher in China than in ASEAN by 20.5 pp, 14.3 pp and 11.8 pp, respectively. On the other hand, the proportions of “Low receptivity for high-value added products/services” was higher in ASEAN than in China by 10.0 pp.
- By industry, the proportion of companies that cited “Sales decrease in local markets” was higher in the non-manufacturing sector than in the manufacturing sector by 15.4 pp. On the other hand, the proportions of companies that cited “Sales decrease due to export slowdown,” “Increase of costs” and “Difficulty in securing labor force” were higher in the manufacturing sector than in the non-manufacturing sector by 13.8 pp, 13.1 pp and 9.7 pp, respectively.
- By company size, the proportion of SMEs that cited “Difficulty in securing labor force” was higher than that of large enterprises by 13.9 pp.

# 2. Future Business Plan (14)

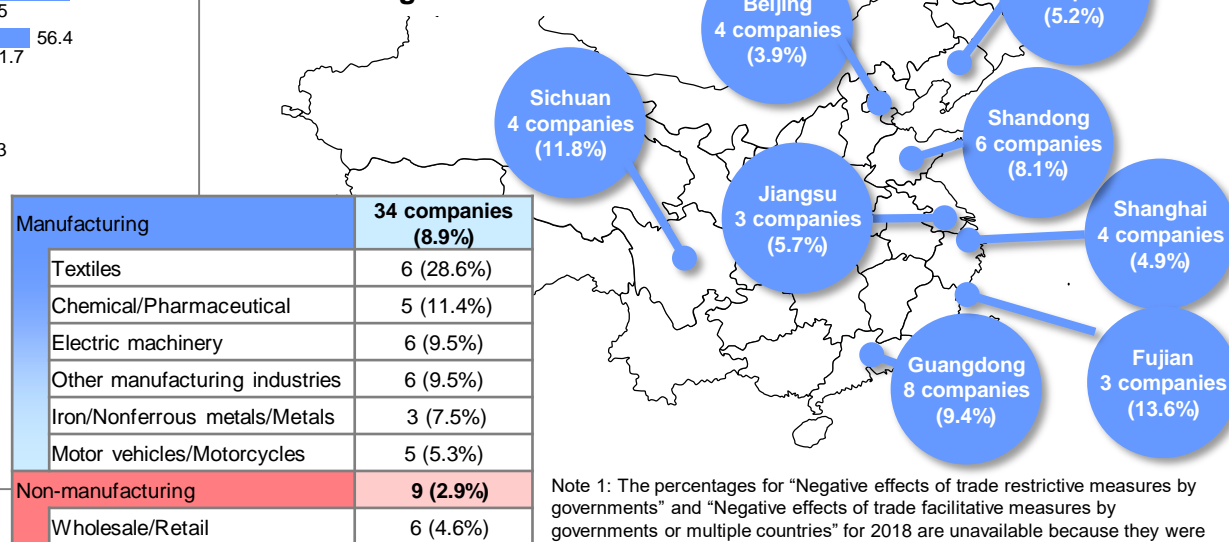
## Approach to future business plan/activities of Japanese-affiliated companies in China in the next 1 to 2 years



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



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



Note 1: The percentages for "Negative effects of trade restrictive measures by governments" and "Negative effects of trade facilitative measures by governments or multiple countries" for 2018 are unavailable because they were not presented as answer options in the 2018 survey.

Note 2: Industries and provinces/municipalities with three or more companies that selected "Reduction" or "third country/region or withdrawal from current local Transferring to a markets"

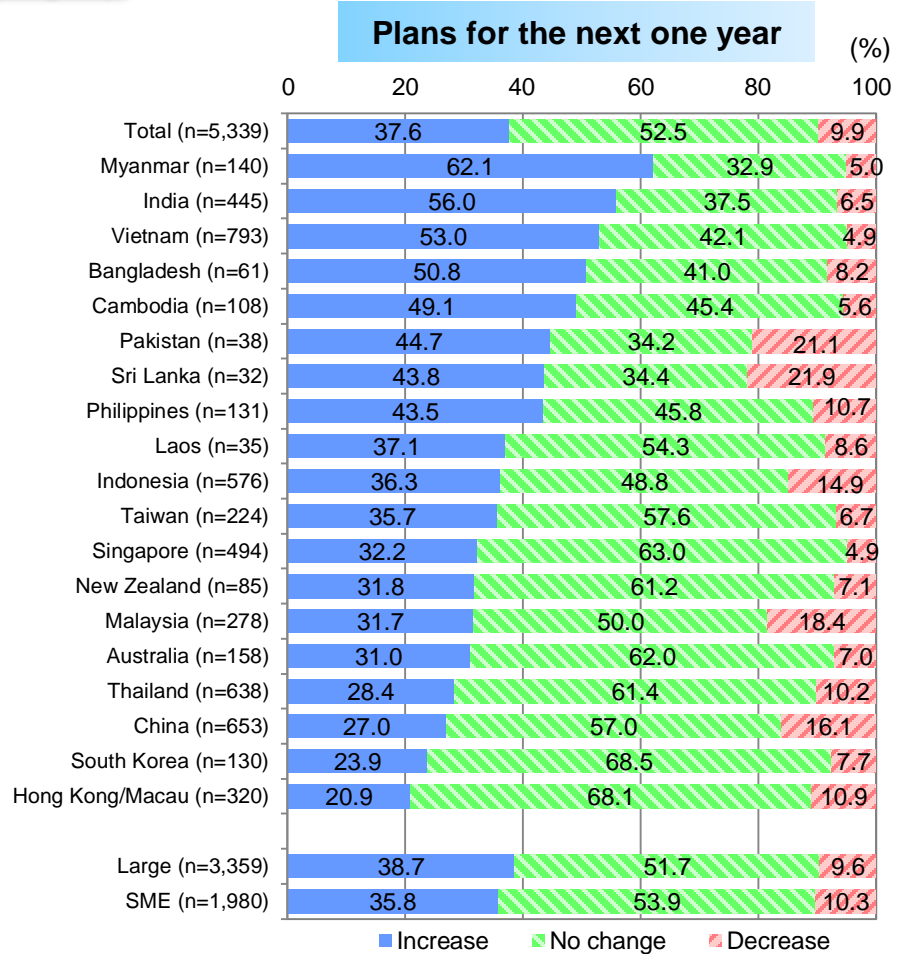
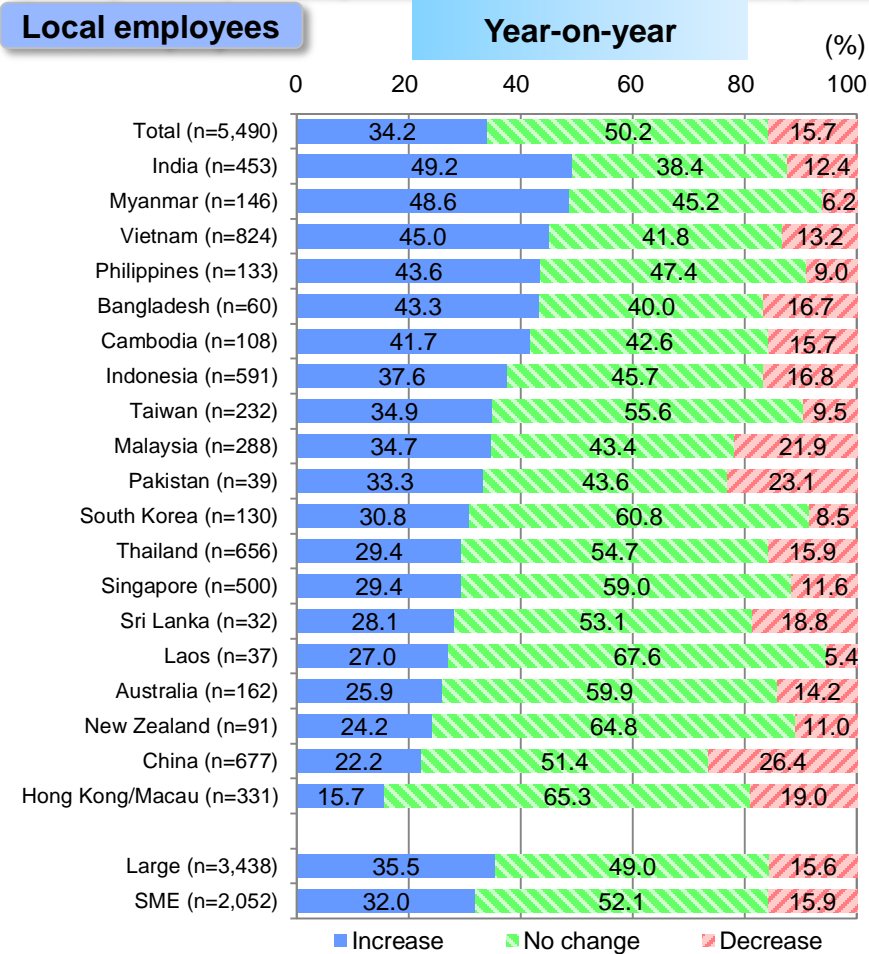
Note 3: The percentages in parentheses indicate the proportion of companies that selected "Reduction" or "Transferring to a third country/region or withdrawal from current local markets" to the number of responding companies in the respective industries or provinces/municipalities.

- In a question about the approach to future business plan/activities in the next one or two years, the proportion of Japanese-affiliated companies in China that selected "Reduction" or "Transferring to a third country/region or withdrawal from current local markets" was 6.3%, which was as same 6% level as the 2018 survey (6.6%). On the other hand, "Expansion" decreased by 5.5 pp to 43.2% from 2018.
- In a multiple-choice question asking the reason for business reduction, transferring or withdrawal, "Sales decrease in local markets" had the highest proportion at 66.7%. This is followed by "Increase of costs" (56.4%) and "Sales decrease due to export slowdown" (38.5%).
- By industry category, the manufacturing sector (8.9%) selected "Reduction" or "Transferring to a third country/region or withdrawal from current local markets" higher than the non-manufacturing sector (2.9%). In particular, the proportions was high in Textiles (28.6%) and Chemical/Pharmaceutical (11.4%).



# 2. Future Business Plan (15)

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

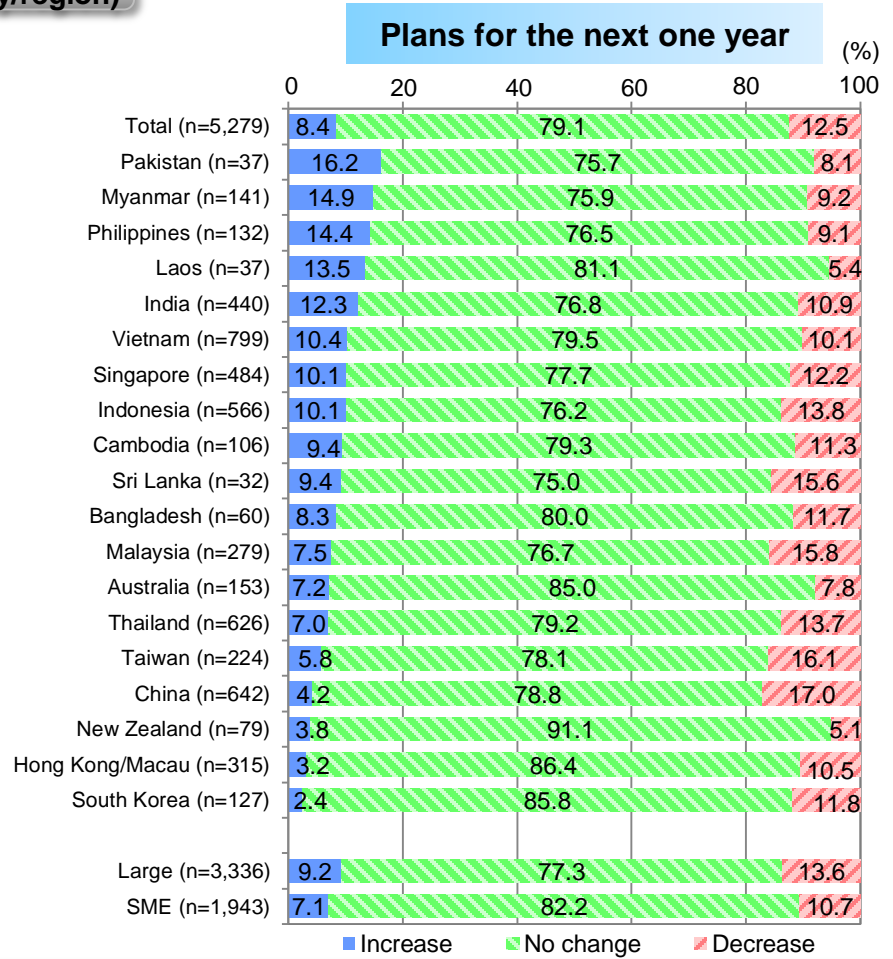
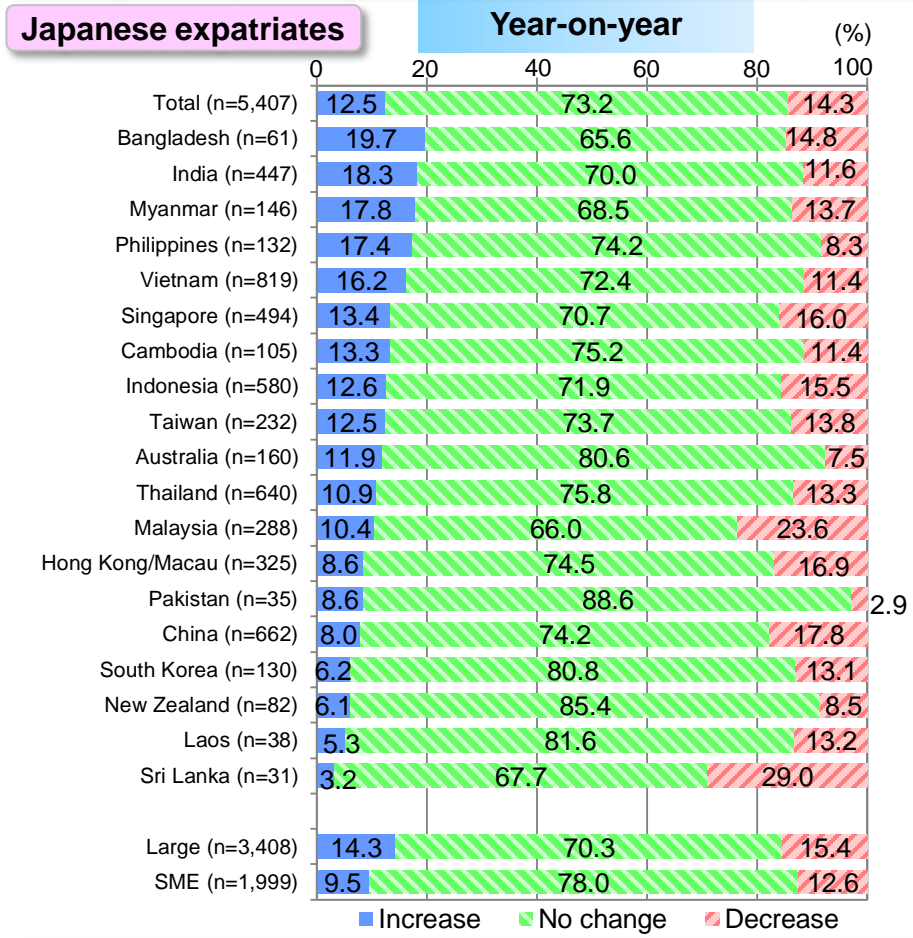


- Regarding year-on-year changes in the number of local employees by country/region, the proportion of the companies selected "Increase" was high in India and Myanmar in the high 40% level.
- The proportion of companies planning to "Increase" local employees in the next one year exceeded 60% in Myanmar (62.1%) and exceeded 50% in India, Vietnam, and Bangladesh.
- In China, Pakistan and Malaysia, over 20% of the companies selected "Decrease" in a year-on-year comparison. The proportion of companies planning to "Decrease" local employees in the next one year was relatively high in Sri Lanka (21.9%) and Pakistan (21.1%).



# 2. Future Business Plan (16)

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



- Regarding changes in the number of Japanese expatriates by country/region, “No change” was most frequently selected in all countries/regions in both year-on-year comparison and in plans for the next one year.
- In a year-on-year comparison, the proportion of companies that selected “Decrease” was the highest in Sri Lanka (29.0%), followed by Malaysia (23.6%), China (17.8%), Hong Kong/Macau (16.9%), etc.
- Regarding plans for the next one year, the proportion of companies that selected “Increase” was relatively high in Pakistan (16.2%), Myanmar (14.9%) and the Philippines (14.4%). On the other hand, the proportion of companies that selected “Decrease” was the highest in China (17.0%).



# 3. Management Matters (1)

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

Answers		2019 (%)	2018 (%)	Change (Percentage points)	By industry		By company size	
					Manufacturing	Non-manufacturing	Large	SME
1	Wage hike	65.8	65.9	-0.1	74.6	59.1	66.1	65.4
2	Growing market shares of competitors (cost-wise competition)	47.8	49.4	-1.6	49.8	46.1	51.3	42.0
3	Difficulty in quality control (only manufacturing companies)	47.4	49.6	-2.2	47.4	-	43.5	52.2
4	Quality of employees	43.5	42.9	0.6	45.9	41.7	44.4	42.0
5	Difficulty in local procurement of raw materials and parts (only manufacturing companies)	41.5	43.3	-1.8	41.5	-	38.9	44.8
6	Increased cost in procurement of raw materials and parts (only manufacturing companies)	39.8	49.2	-9.4	39.8	-	41.2	38.0
7	Difficulty in developing new clients	38.9	39.2	-0.3	35.1	41.9	36.3	43.1
8	No more room for cost-cutting (only manufacturing companies)	37.0	33.1	3.9	37.0	-	37.4	36.7
9	Sluggishness in major sales markets (consumption downturn)	35.1	20.4	14.7	40.5	30.8	37.5	31.3
10	Pressure to lower prices from major clients	32.8	34.2	-1.4	41.1	26.2	32.8	32.9

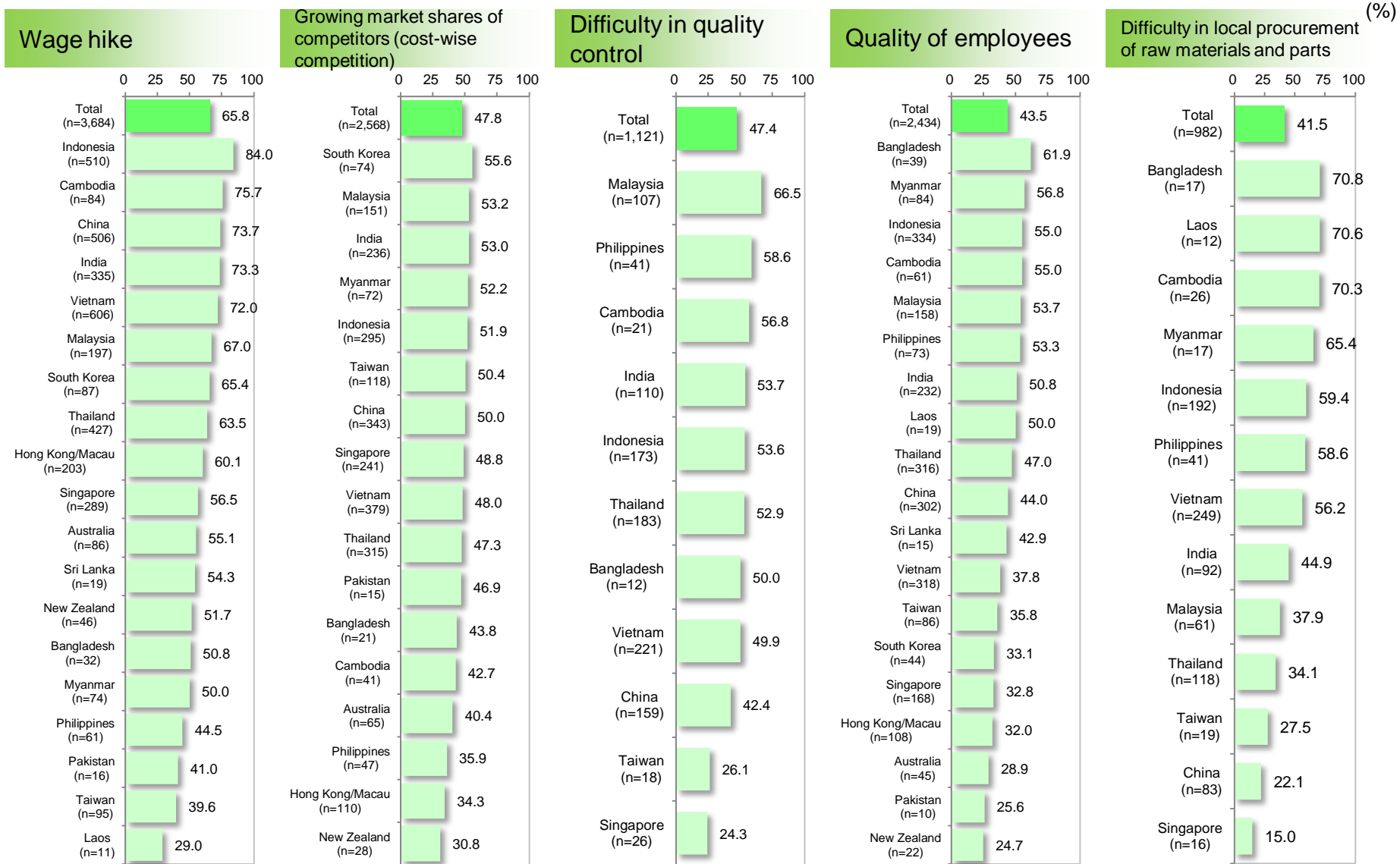
- “Wage hike” (65.8%) was most frequently cited as a management matter, followed by “Growing market shares of competitors (cost-wise competition)” (47.8%) and “Difficulty in quality control” (47.4%). Compared with the 2018 survey, “Increased cost in procurement of raw materials and parts” (-9.4 pp), “Difficulty in quality control” (-2.2 pp), and “Difficulty in local procurement of raw materials and parts” (-1.8 pp) improved. (The response rate decreased.) On the other hand, “Sluggishness in major sales markets (consumption downturn)” (+14.7 pp) and “No more room for cost-cutting” (+3.9 pp) worsened. (The response rate increased.)
- By country/region, the proportion of “Wage hike” was higher in Indonesia (84.0%) and Cambodia (75.7%) than in China (73.7%), followed by India in 4th place (73.3%) and Vietnam in 5th place (72.0%).
- By industry, more than 70% of companies selected “Wage hike” in the manufacturing sector. The proportion of “Pressure to lower prices from major clients” was higher in the manufacturing sector than in the non-manufacturing sector by 14.9 pp. By company size, SMEs selected “Difficulty in quality control,” “Difficulty in local procurement of raw materials and parts,” “Difficulty in developing new clients,” and “Pressure to lower prices from major clients” more commonly than large enterprises.



# 3. Management Matters (2)

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

Note: Countries/regions for which the number of valid responses is 10 companies or more





# 3. Management Matters (3)

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

Note: Countries/regions for which the number of valid responses is 10 companies or more



# 3. Management Matters (4)

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

Singapore		2019 survey	2018 survey
1	Wage hike (n=289)	56.5	55.7
2	Growing market shares of competitors (cost-wise competition) (n=241)	48.8	48.4
3	Difficulty in developing new clients (n=207)	41.9	44.2
4	Sluggishness in major sales markets (consumption downturn) (n=182)	36.8	22.6
5	No more room for cost-cutting (n=39)	36.5	30.6

Malaysia		2019 survey	2018 survey
1	Wage hike (n=197)	67.0	66.7
2	Difficulty in quality control (n=107)	66.5	71.1
3	Quality of employees (n=158)	53.7	54.8
4	Growing market shares of competitors (cost-wise competition) (n=151)	53.2	50.6
5	No more room for cost-cutting (n=76)	47.2	31.9

Thailand		2019 survey	2018 survey
1	Wage hike (n=427)	63.5	59.3
2	Difficulty in quality control (n=183)	52.9	58.6
3	Growing market shares of competitors (cost-wise competition) (n=315)	47.3	49.5
4	Quality of employees (n=316)	47.0	50.1
5	Difficulty in developing new clients (n=311)	46.7	46.1

Indonesia		2019 survey	2018 survey
1	Wage hike (n=510)	84.0	78.2
2	Difficulty in local procurement of raw materials and parts (n=192)	59.4	60.1
3	Tax burdens (i.e. corporate taxes and transfer pricing taxes) (n=338)	55.9	53.9
4	Quality of employees (n=334)	55.0	53.6
5	Difficulty in quality control (n=173)	53.6	51.6

Vietnam		2019 survey	2018 survey
1	Wage hike (n=606)	72.0	73.0
2	Difficulty in local procurement of raw materials and parts (n=249)	56.2	58.1
3	Difficulty in quality control (n=221)	49.9	54.7
4	Growing market shares of competitors (cost-wise competition) (n=379)	48.0	49.5
5	Complicated customs clearance procedures (n=332)	42.8	45.7

Philippines		2019 survey	2018 survey
1	Difficulty in local procurement of raw materials and parts (n=41)	58.6	60.9
2	Difficulty in quality control (n=41)	58.6	48.4
3	Quality of employees (n=73)	53.3	45.2
4	Wage hike (n=61)	44.5	50.8
5	Difficulty in recruiting engineering staff (n=32)	44.4	36.3

Note1: Top 5 responses are listed above, except for "No particular problem." Orange-highlighted items are not included in the top 10 common problems in "3. Management Matters (1)."

Note2: The red-highlighted items increased by 10 pp or more from 2018, while the blue-highlighted items decreased by 10 pp or more from 2018.



# 3. Management Matters (5)

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

India		2019 survey	2018 survey
1	Wage hike (n=335)	73.3	72.3
2	Difficulty in quality control (n=110)	53.7	49.5
3	Growing market shares of competitors (cost-wise competition) (n=236)	53.0	59.1
4	Quality of employees (n=232)	50.8	44.5
5	Sluggishness in major sales markets (consumption downturn) (n=225)	50.6	9.1

Pakistan		2019 survey	2018 survey
1	Volatility of local currency's exchange rate against the US dollar (32)	82.1	76.2
2	Increased cost in procurement of raw materials and parts (13)	76.5	72.2
3	High import duties (20)	66.7	57.6
4	Time-consuming customs procedures (17)	56.7	54.6
5	Restrictions on foreign remittance (21)	53.9	57.1

Sri Lanka		2019 survey	2018 survey
1	Difficulty in local procurement of raw materials and parts (8)	66.7	63.6
3	Difficulty in recruiting general workers (7)	58.3	27.3
3	Wage hike (19)	54.3	60.0
5	Difficulty in quality control (6)	50.0	54.6
5	No more room for cost-cutting (6)	50.0	36.4

Note1: Top 5 responses are listed above, except for "No particular problem."  
Orange-highlighted items are not included in the top 10 common problems in "3. Management Matters (1)."

Note2: Red-highlighted items increased by 10 pp or more from 2018. Blue-highlighted items decreased by 10 pp or more from 2018.

Bangladesh		2019 survey	2018 survey
1	Difficulty in local procurement of raw materials and parts (17)	70.8	56.0
2	Time-consuming customs procedures (32)	66.7	60.0
3	Power shortages or blackouts (16)	66.7	52.0
4	Inadequate logistics infrastructure (15)	62.5	56.0
5	Quality of employees (39)	61.9	62.5

Cambodia		2019 survey	2018 survey
1	Wage hike (84)	75.7	70.9
2	Difficulty in local procurement of raw materials and parts (26)	70.3	54.6
3	Power shortages or blackouts (24)	64.9	31.8
4	Difficulty in quality control (21)	56.8	54.6
5	Quality of employees (61)	55.0	49.4

Laos		2019 survey	2018 survey
1	Difficulty in local procurement of raw materials and parts (12)	70.6	60.0
2	Difficulty in quality control (9)	52.9	66.7
3	Quality of employees (19)	50.0	56.3
4	Power shortages or blackouts (8)	47.1	40.0
5	Complicated customs clearance procedures (12)	41.4	36.0

Myanmar		2019 survey	2018 survey
1	Power shortages or blackouts (18)	69.2	42.3
2	Difficulty in local procurement of raw materials and parts (17)	65.4	65.4
3	Quality of employees (84)	56.8	57.9
4	Growing market shares of competitors (cost-wise competition) (72)	52.2	47.5
5	Wage hike (74)	50.0	53.4
5	Difficulty in recruiting middle management staff (74)	50.0	41.4

# 3. Management Matters (6)

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

China	2019 survey	2018 survey
1 Wage hike (n=506)	73.7	75.7
2 Growing market shares of competitors (cost-wise competition) (n=343)	50.0	51.7
3 Increased cost in procurement of raw materials and parts (n=178)	47.5	53.5
4 Quality of employees (n=302)	44.0	42.0
5 Tightening environmental regulations (n=163)	43.5	45.8

Hong Kong/Macau	2019 survey	2018 survey
1 Wage hike (n=203)	60.1	67.0
2 Increased cost in procurement of raw materials and parts (n=16)	47.1	59.3
3 Difficulty in developing new clients (n=146)	45.5	46.0
4 Decreased orders from clients (n=137)	42.7	34.8
5 Sluggishness in major sales markets (consumption downturn)(n=135)	42.1	27.2

Taiwan	2019 survey	2018 survey
1 Growing market shares of competitors (cost-wise competition) (n=118)	50.4	48.8
2 No more room for cost-cutting (n=32)	46.4	28.3
3 Increased cost in procurement of raw materials and parts (n=31)	44.9	49.1
4 Wage hike (n=95)	39.6	36.8
5 Sluggishness in major sales markets (consumption downturn) (n=90)	38.5	32.0

Note1: Top 5 responses are listed above, except for "No particular problem."  
Orange-highlighted items are not included in the top 10 common problems in "3. Management Matters (1)."

Note2: Red-highlighted items increased by 10 pp or more from 2018. Blue-highlighted items decreased by 10 pp or more from 2018.

South Korea	2019 survey	2018 survey
1 Wage hike (n=87)	65.4	69.4
2 Growing market shares of competitors (cost-wise competition) (n=74)	55.6	54.9
3 Volatility of local currency's exchange rate against the Japanese yen (n=70)	52.6	24.6
4 Sluggishness in major sales markets (consumption downturn) (n=68)	51.1	36.8
5 Pressure to lower prices from major clients (n=59)	44.4	38.4

Australia	2019 survey	2018 survey
1 Wage hike (n=86)	55.1	57.7
2 Increased cost in procurement of raw materials and parts (n=14)	51.9	46.9
3 Volatility of local currency's exchange rate against the US dollar (n=68)	42.5	35.4
4 Growing market shares of competitors (cost-wise competition) (n=65)	40.4	47.0
5 Volatility of local currency's exchange rate against the Japanese yen (n=57)	35.6	24.2

New Zealand	2019 survey	2018 survey
1 Increased cost in procurement of raw materials and parts (n=15)	60.0	61.5
2 Wage hike (n=46)	51.7	48.3
3 Sluggishness in major sales markets (consumption downturn) (n=34)	37.4	32.5
4 Difficulty in local procurement of raw materials and parts (n=8)	32.0	34.6
5 Growing market shares of competitors (cost-wise competition) (n=28)	30.8	32.5
5 Difficulty in recruiting general workers (n=8)	30.8	22.2
5 Difficulty in recruiting engineering staff (n=8)	30.8	44.4

# 3. Management Matters (7)

Note: Countries/regions for which the number of valid responses is 10 companies or more

## Management matters that **improved** from 2018 (top 10 countries/regions with a significant decrease)

Increased cost in procurement of raw materials and parts		2019 survey (%)	2018 survey (%)	Changes (Percentage points)
1	Indonesia	46.1	62.4	-16.3
2	Singapore	29.9	45.9	-16.0
3	Philippines	38.6	53.1	-14.5
4	India	39.5	53.3	-13.8
5	Hong Kong/Macau	47.1	59.3	-12.2
6	Thailand	38.2	47.8	-9.6
7	Vietnam	29.4	38.7	-9.3
8	Malaysia	43.5	51.1	-7.6
9	China	47.5	53.5	-6.0
10	Taiwan	44.9	49.1	-4.2

## Management matters that **worsened** from 2018 (top 10 countries/regions with a significant increase)

Sluggishness in major sales markets (consumption downturn)		2019 survey (%)	2018 survey (%)	Changes (Percentage points)
1	India	50.6	9.1	41.5
2	Thailand	36.9	17.6	19.3
3	China	40.2	21.9	18.3
4	Hong Kong/Macau	42.1	27.2	14.9
5	South Korea	51.1	36.8	14.3
6	Singapore	36.8	22.6	14.2
7	Indonesia	38.6	24.5	14.1
8	Malaysia	41.6	29.8	11.8
9	Australia	35.4	26.8	8.6
10	Taiwan	38.5	32.0	6.5

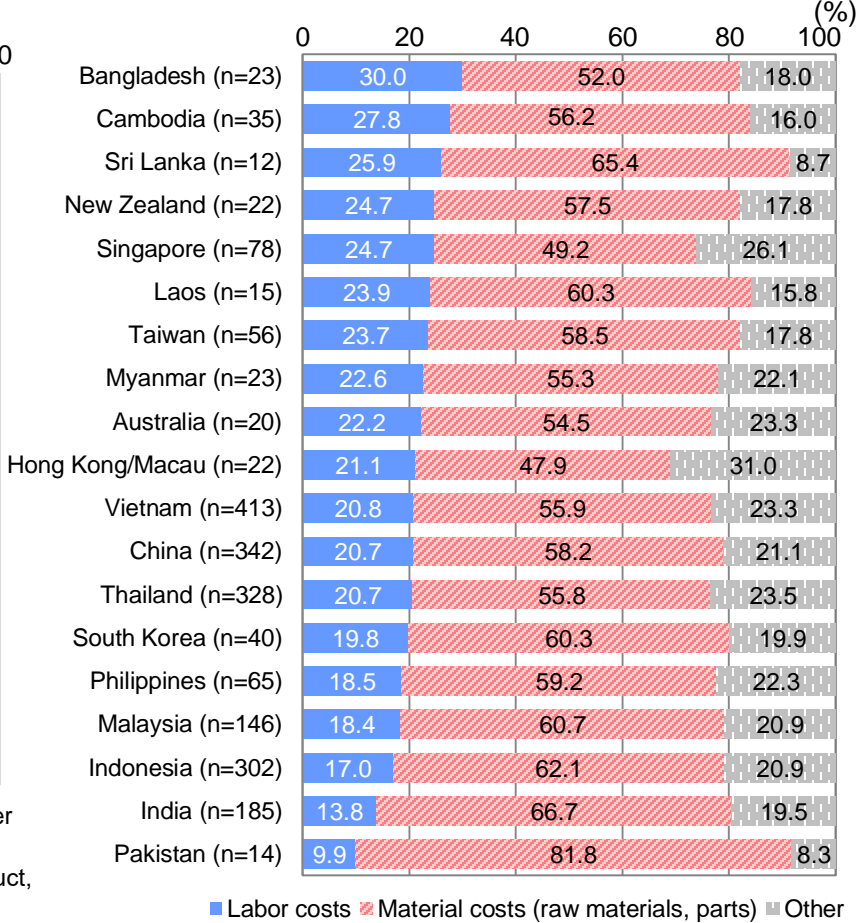
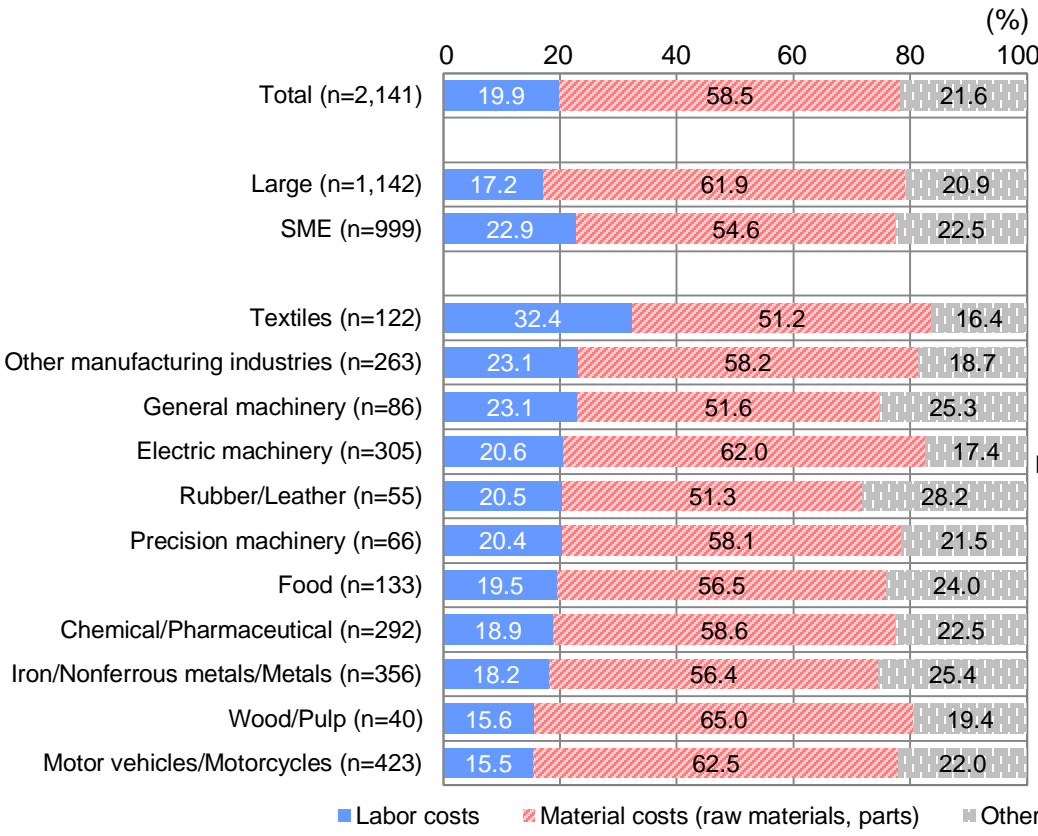
- Among management matters, “Increased cost in procurement of raw materials and parts” improved from the 2018 survey. (The response rate decreased.) This took 4th place in the 2018 survey as a problem common to all regions but ranked 6th in the 2019 survey (-9.4 pp). By country/region, this problem improved most significantly in Indonesia (-16.3 pp), followed by Singapore (-16.0 pp), the Philippines (-14.5 pp), India (-13.8 pp), and Hong Kong/Macau (-12.2 pp).
- “Sluggishness in major sales markets (consumption downturn)” worsened from the 2018 survey. (The response rate increased.) This took 25th place in the 2018 survey as a problem common to all regions but rapidly moved up to 9th place in the 2019 survey (+14.7 pp). By country/region, this problem worsened most significantly in India (+41.5 pp), followed by Thailand (+19.3 pp), China (+18.3 pp), Hong Kong/Macau (+14.9 pp), and South Korea (+14.3 pp).

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

Manufacturing industries only

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

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



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

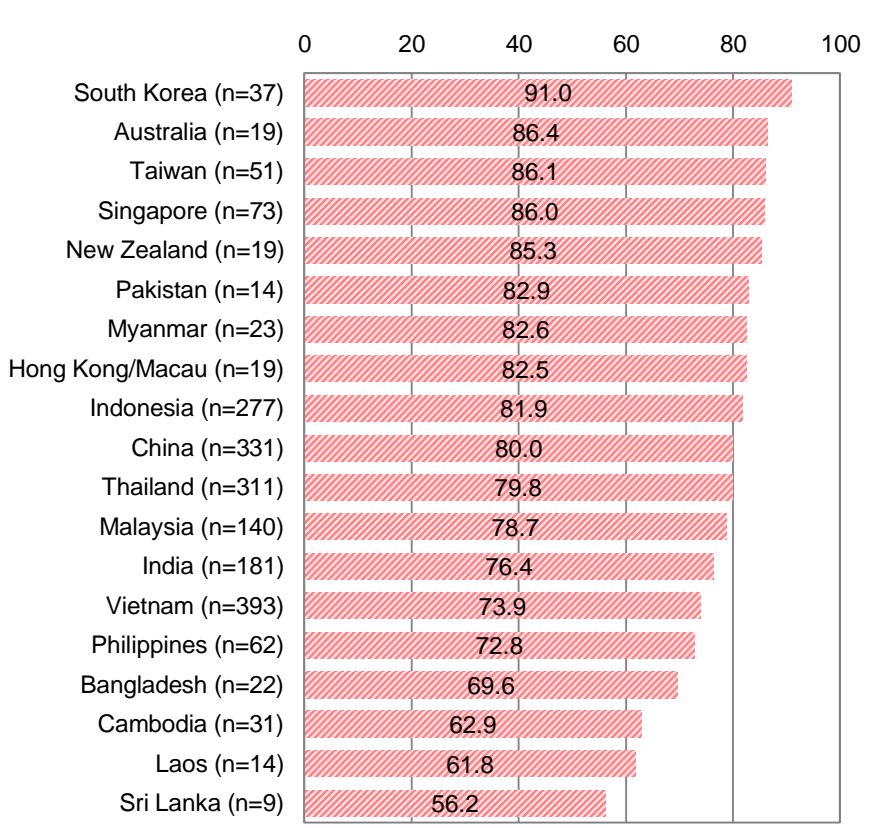
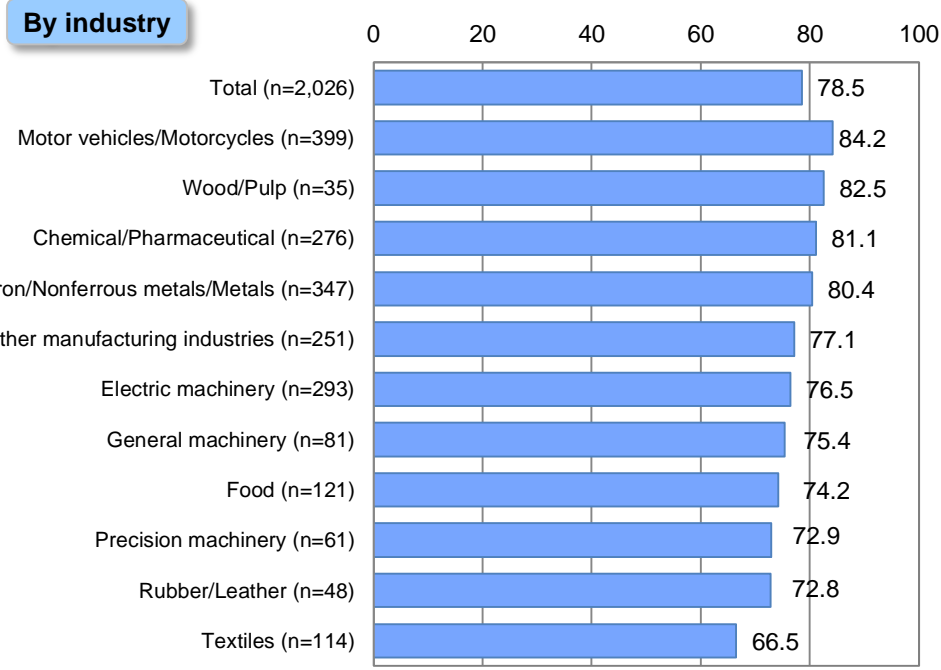
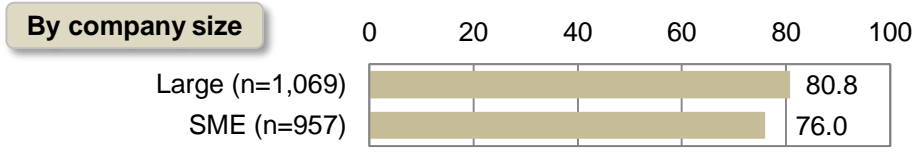
- The ratio of labor costs to local production costs of Japanese-affiliated companies averaged 19.9%, while the ratio of material costs averaged 58.5%. Thus, the material costs constitute a majority of local production costs. In comparison with the 2018 survey, labor costs increased by 0.3 pp, while material costs decreased by 1.4 pp.
- By country/region, the ratio of labor costs is relatively high in Bangladesh, Cambodia, Sri Lanka, New Zealand and Singapore. On the other hand, the ratio of material costs is high in Pakistan (81.8%), where Motor vehicles/Motorcycles is the major industry.

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

Manufacturing industries only

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

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



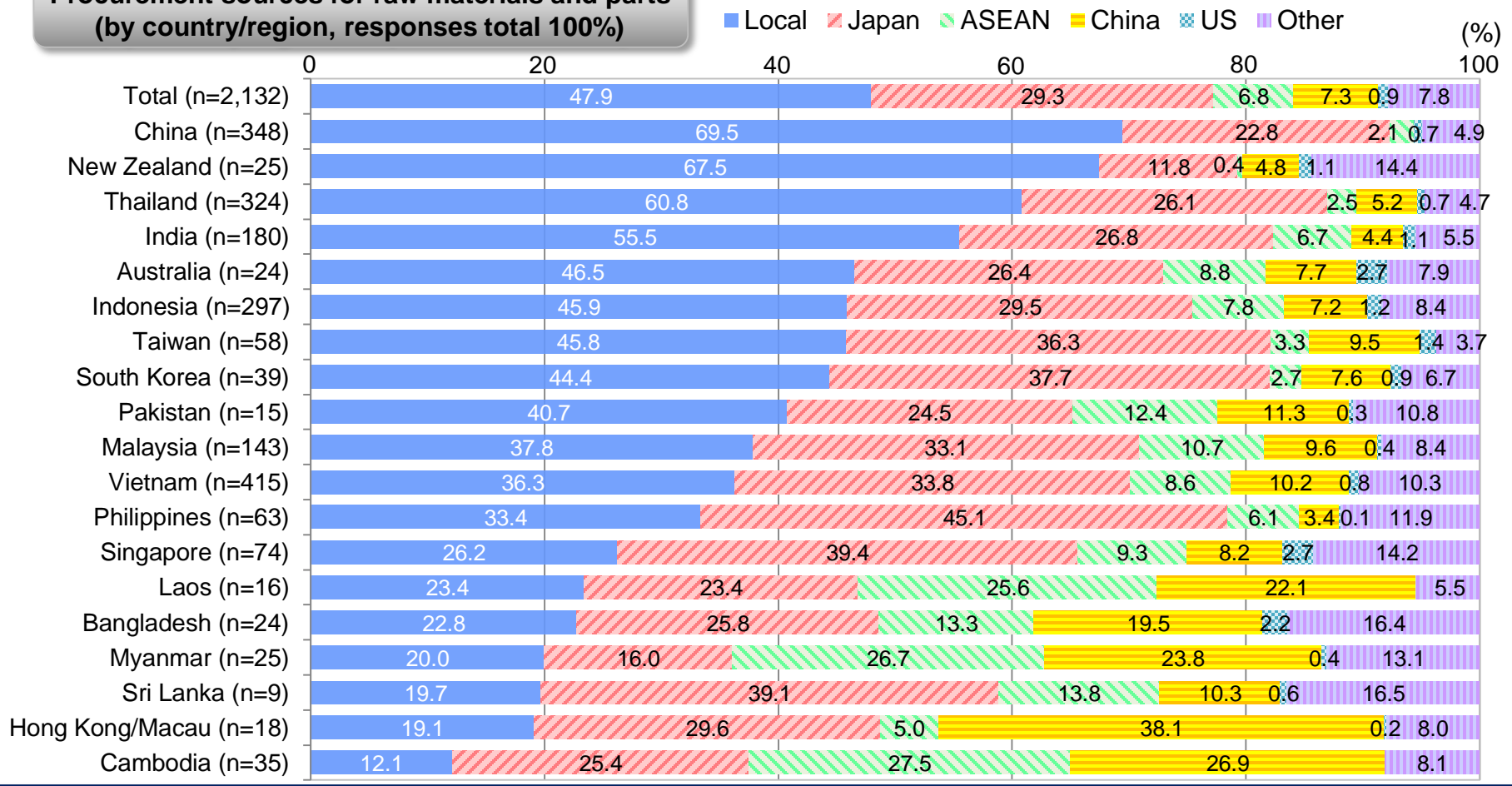
Note: "Production cost" includes the costs of all resources consumed in producing a product, such as materials, labor, and others.

- Compared with the production cost in Japan, which is taken as 100, the average local production cost decreased from 78.7 in the 2018 survey by 0.2 pp to 78.5.
- By industry, production costs are relatively high in Motor vehicles/Motorcycles, Wood/Pulp, Chemical/Pharmaceutical, Iron/Nonferrous metals/Metals and while the cost is lower in Textiles at 66.5.
- By company size, the costs of SMEs (76.0) were lower than those of large enterprises (80.8) by 4.8 pp. The gap increased by 3.4 pp from the 2018 survey (1.4 pp).
- By country/region, production costs were higher in South Korea (91.0), Australia (86.4), Taiwan (86.1), Singapore (86.0), and New Zealand (85.3), but there was no country/region where the costs were higher than those in Japan. On the other hand, the costs were less than 70% in Sri Lanka (56.2), Laos (61.8), Cambodia (62.9), and Bangladesh (69.6).

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

Manufacturing industries only

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



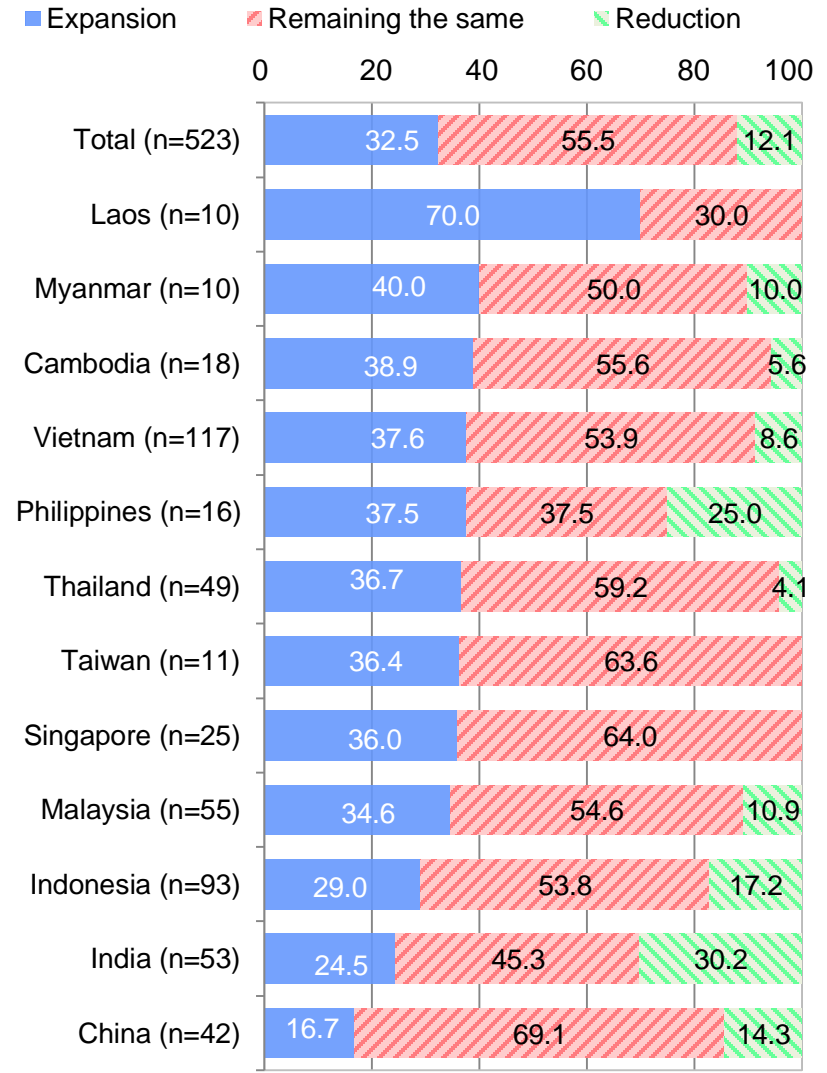
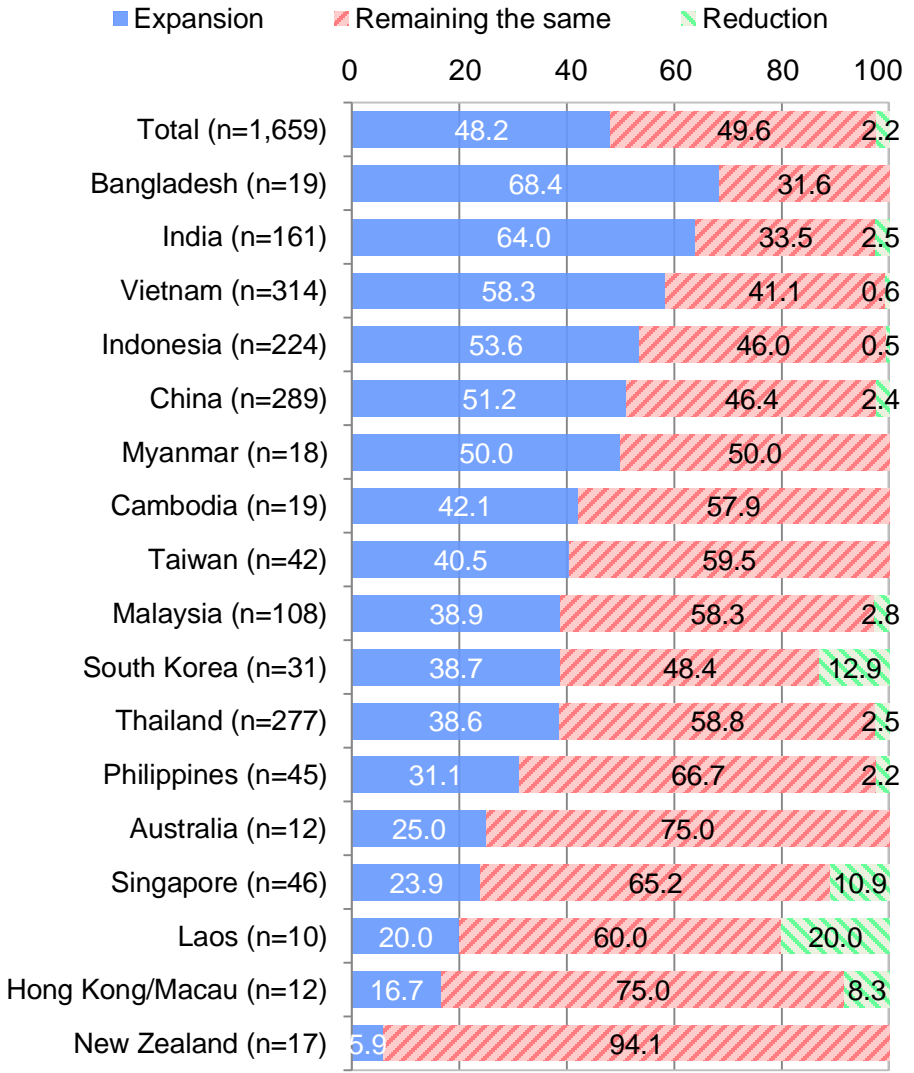
- The largest procurement source for raw materials and parts in the local production activities of Japanese-affiliated companies was “Local”, increased from 46.9% in the 2018 survey by 1.0 pp to 47.9%. On the other hand, the rate of procurement from the US remained at the same level as the 2018 survey (0.9%), while the procurement from ASEAN (-1.3 pp), Japan (-0.8 pp) and China (-0.2 pp) decreased.
- By country/region, the local procurement rate was high in China, New Zealand, and Thailand, increasing from the 2018 survey by 3.2 pp, 2.5 pp, and 3.6 pp, respectively.
- The procurement rate from Japan was the highest in Philippines (45.1%), followed by Singapore (39.4%), Sri Lanka (39.1%), South Korea (37.7%), and Taiwan (36.3%).
- The procurement rate from ASEAN was the highest in Cambodia (27.5%), followed by Myanmar (26.7%) and Laos (25.6%).
- The procurement rate from China was the highest in Hong Kong/Macau (38.1%), followed by Cambodia (26.9%) and Myanmar (23.8%).
- The procurement rate from the US was the highest in Singapore (2.7%), and the rate was less than 1.0% in South Korea, Vietnam, China, Thailand, and Sri Lanka.

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

Manufacturing industries only

**Future policy for local procurement of raw materials/parts (by country/region, responses total 100%)**

**Future policy for procurement of raw materials/parts from ASEAN (by country/region, responses total 100%)**

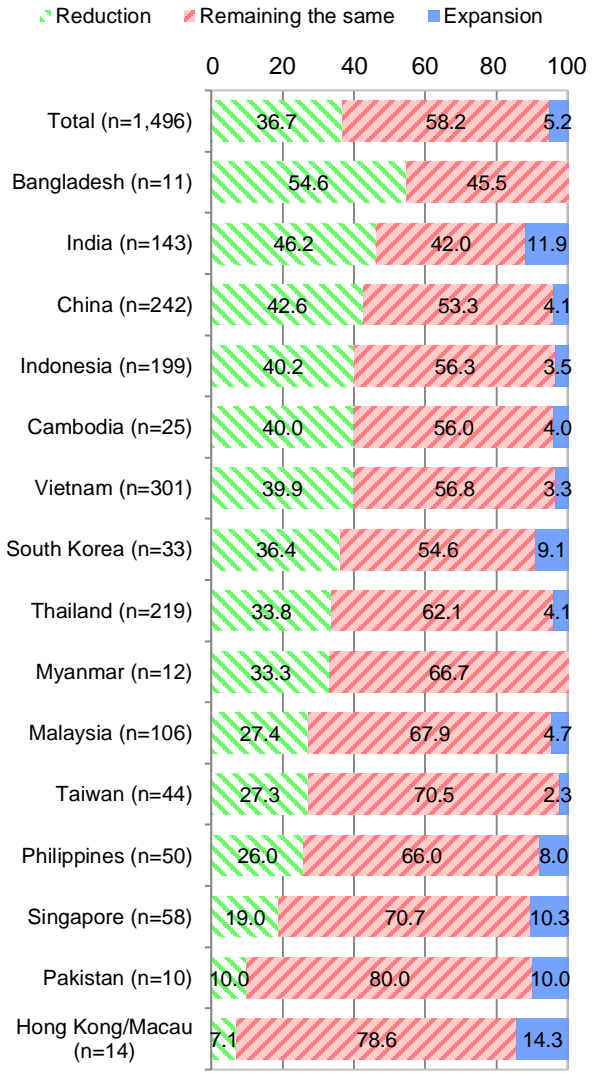


Note: Countries/regions for which the number of valid responses is 10 companies or more

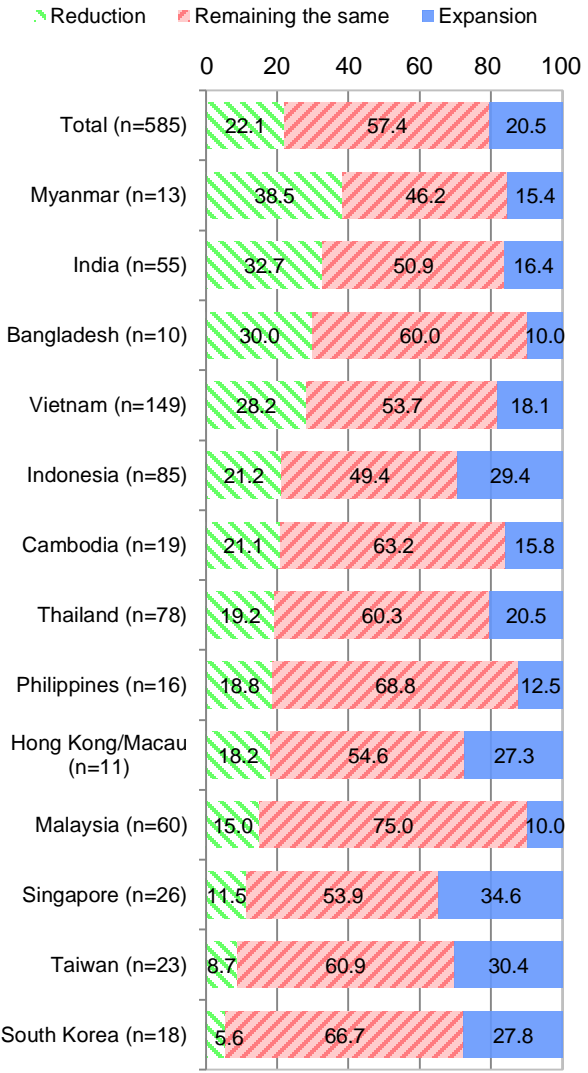
# 4. Procurement of Raw Materials and Parts (5)

Manufacturing industries only

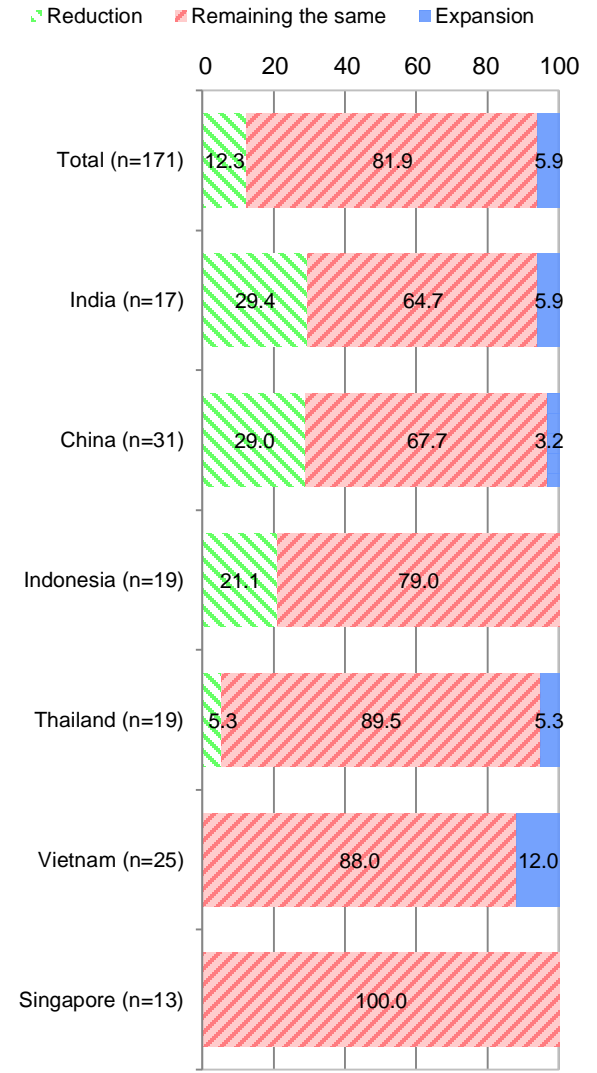
**Future policy for procurement of raw materials/parts from Japan**  
(by country/region, responses total 100%)



**Future policy for procurement of raw materials/parts from China**  
(by country/region, responses total 100%)



**Future policy for procurement of raw materials/parts from the US**  
(by country/region, responses total 100%)



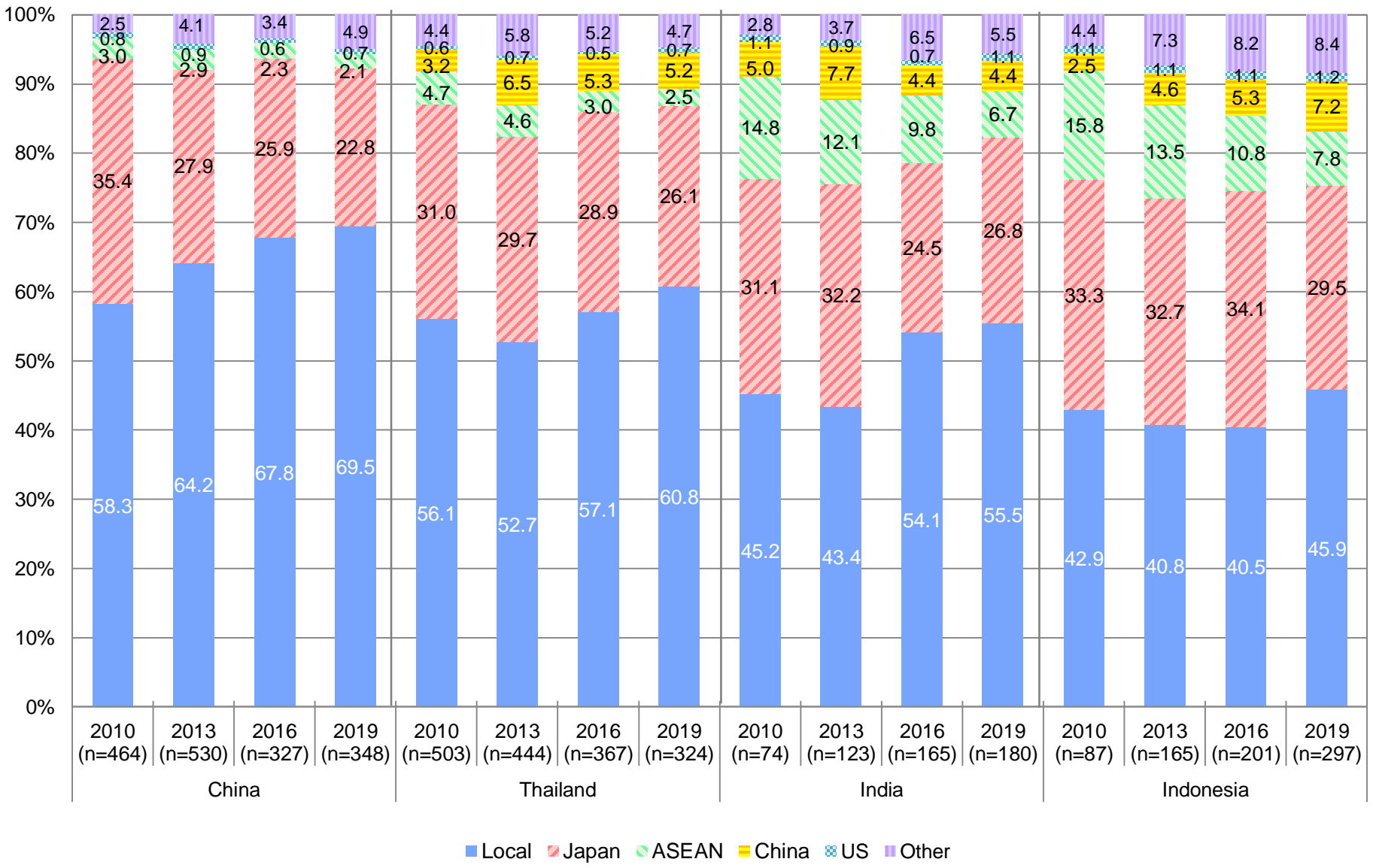
Note: Countries/regions for which the number of valid responses is 10 companies or more



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

Manufacturing industries only

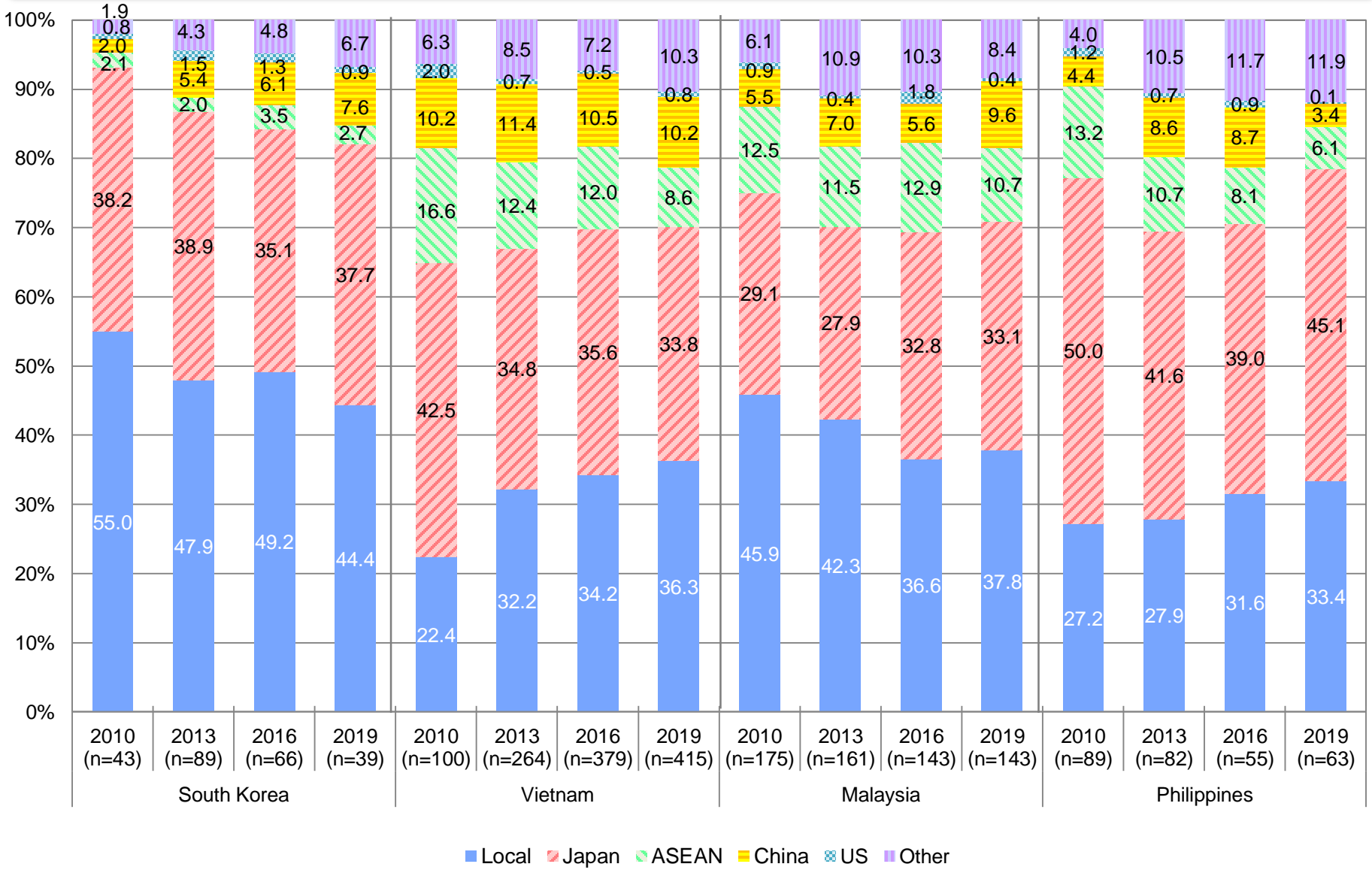
Procurement sources of major countries (comparison between the 2010 survey, the 2013 survey, the 2016 survey and the 2019 survey)



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

Manufacturing industries only

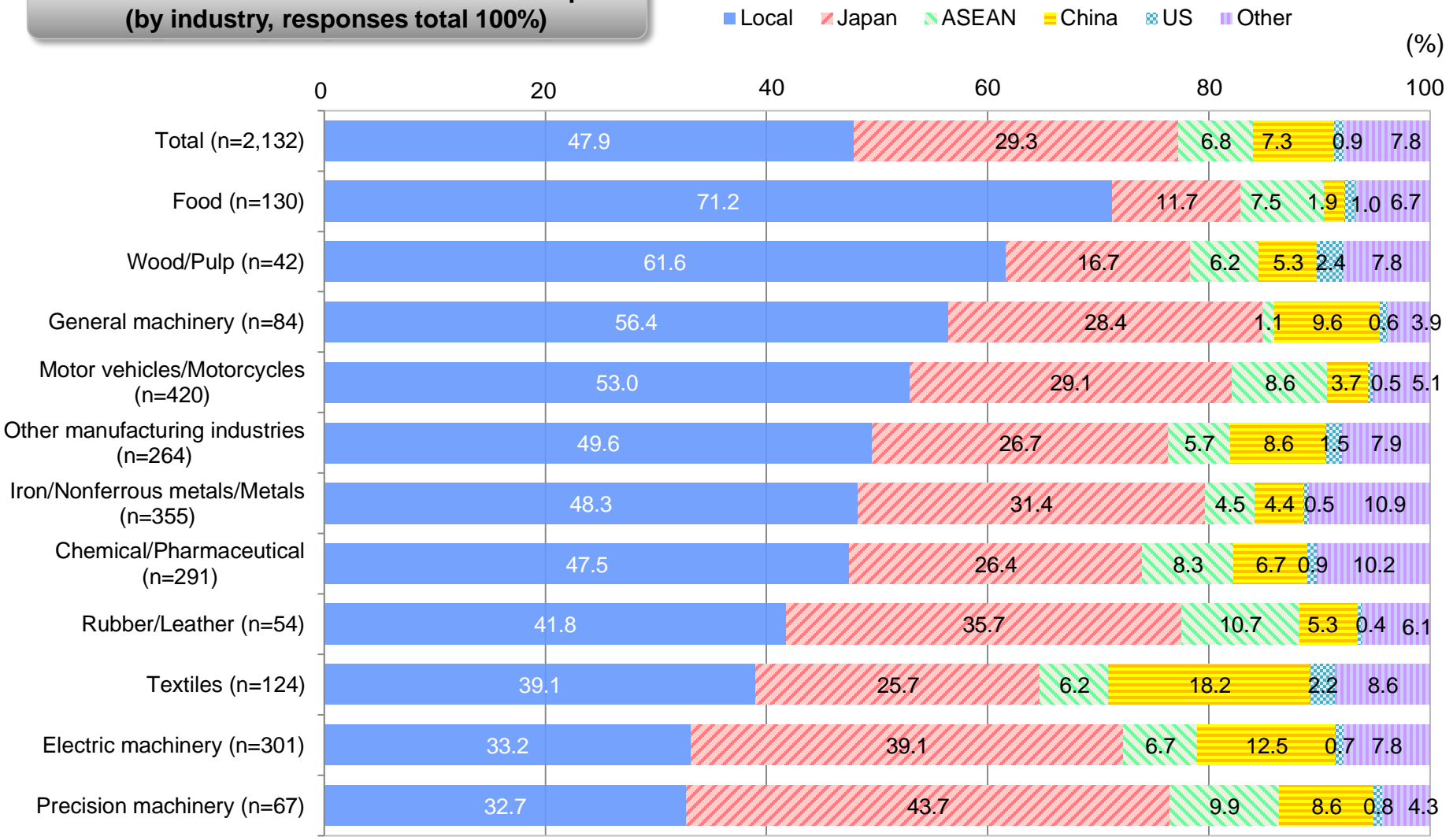
Procurement sources of major countries (comparison between the 2010 survey, the 2013 survey, the 2016 survey and the 2019 survey)



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

Manufacturing industries only

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

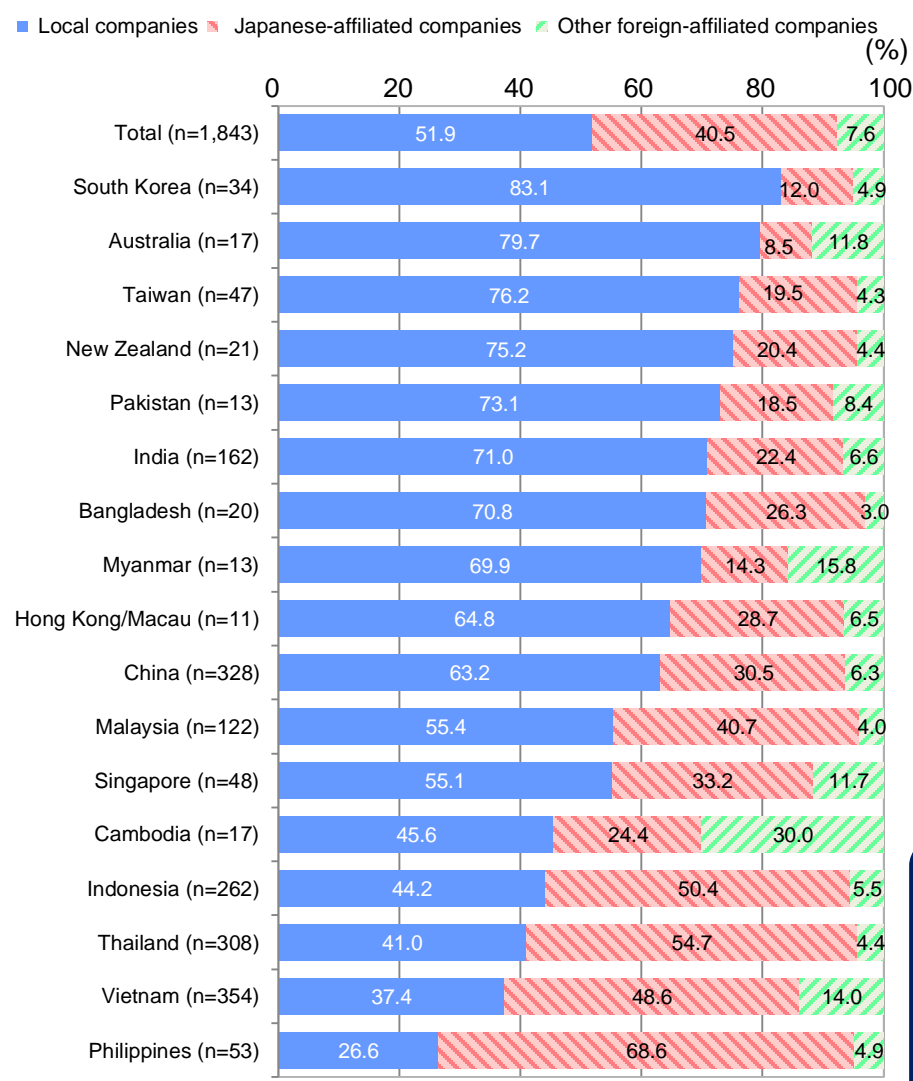


- By industry, the local procurement rate of raw materials and parts was high in Food and Wood/Pulp at 71.2% and 61.6%, respectively.
- The rate of procurement from Japan was higher in the Precision machinery, at over 40%. In comparison with the 2018 survey, the rate increased by 0.9 pp.

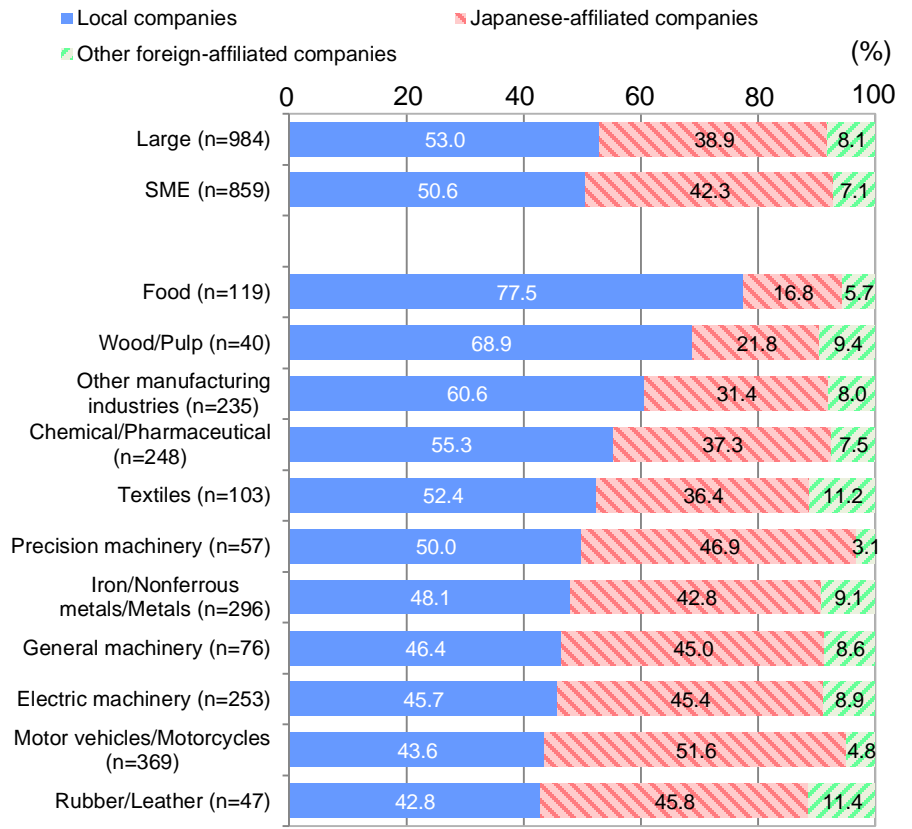
# 4. Procurement of Raw Materials and Parts (9)

Manufacturing industries only

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



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



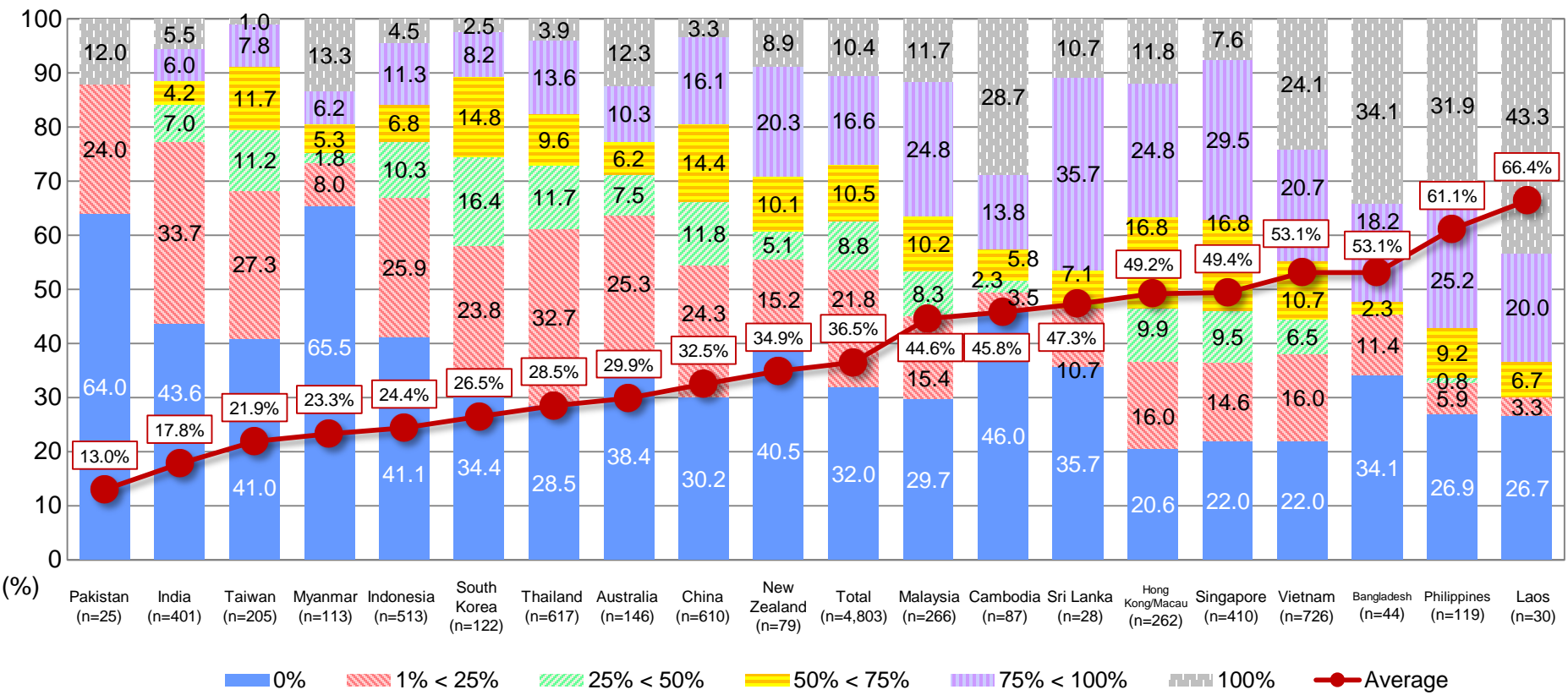
Note: Countries/regions for which the number of valid responses is 10 companies or more

- “Local companies” was the largest local procurement source, at 51.9%, followed by “Japanese-affiliated companies” (40.5%) and “Other foreign-affiliated companies” (7.6%).
- “Japanese-affiliated companies” was most frequently cited as a procurement source in the Philippines (68.6%). The proportion exceeded 50% in Thailand and Indonesia.
- By industry, the proportion of “Local companies” was the highest in Food (77.5%).



# 5. Exports/Imports (1)

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

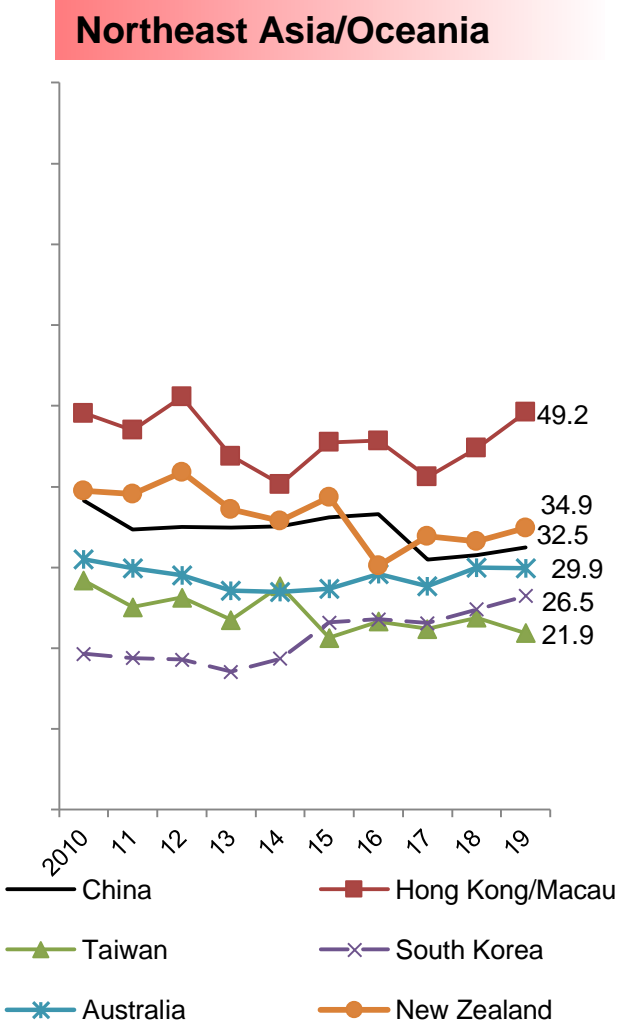
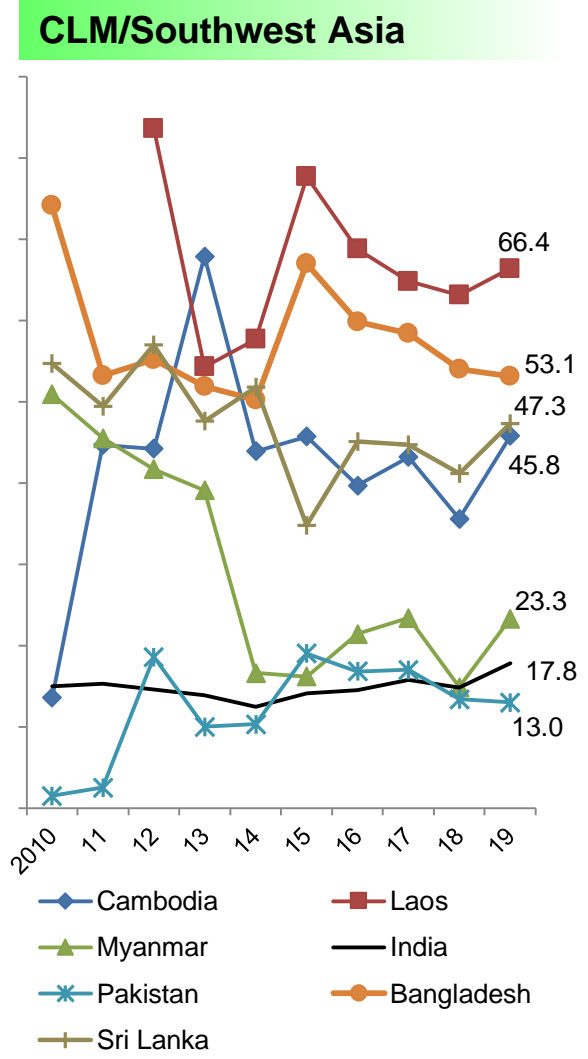
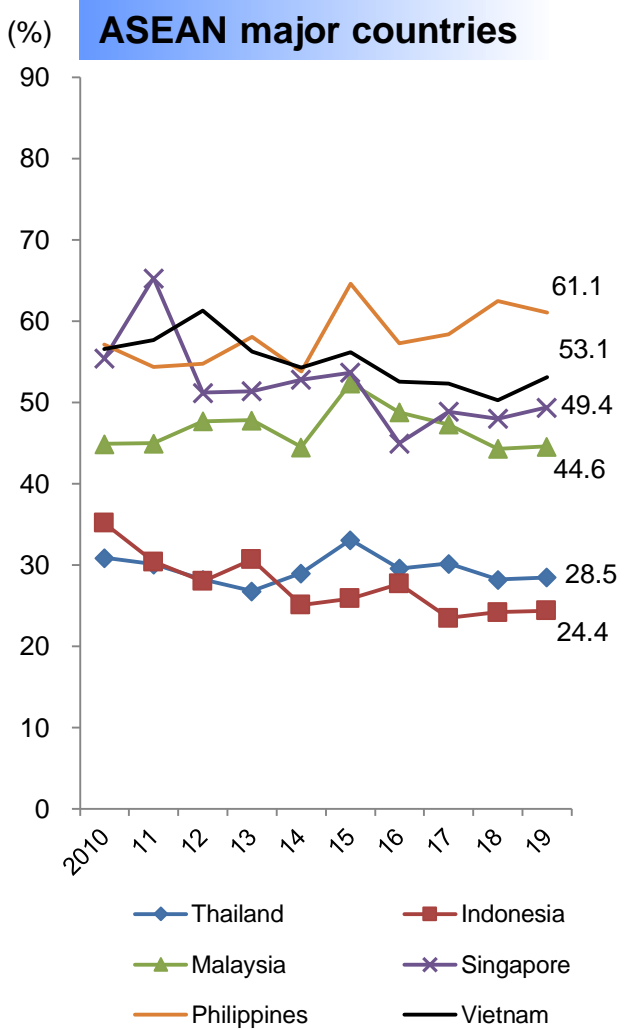


- The average proportion of export sales to total sales among Japanese-affiliated companies was 36.5% (up 1.4 pp from the previous year). By country/region, the proportion of domestic sales-oriented companies was higher in Pakistan (the average export ratio was 13.0%, the same hereinafter), India (17.8%), Taiwan (21.9%), and Myanmar (23.3%), and there was no change in the top countries/regions.
- The average export ratio of India, which is recently focusing its efforts on export promotion, increased by 3.0 pp from the 2018 survey. The proportion of totally domestic sales-oriented companies (companies with 0% export sales) was 43.6%, which is the smallest proportion since the survey started. In India, generous incentives are provided to export companies, and more companies have gotten involved in export business.



# 5. Exports/Imports (2)

Proportion of export sales to the total sales: Trends in averages (2010–2019)

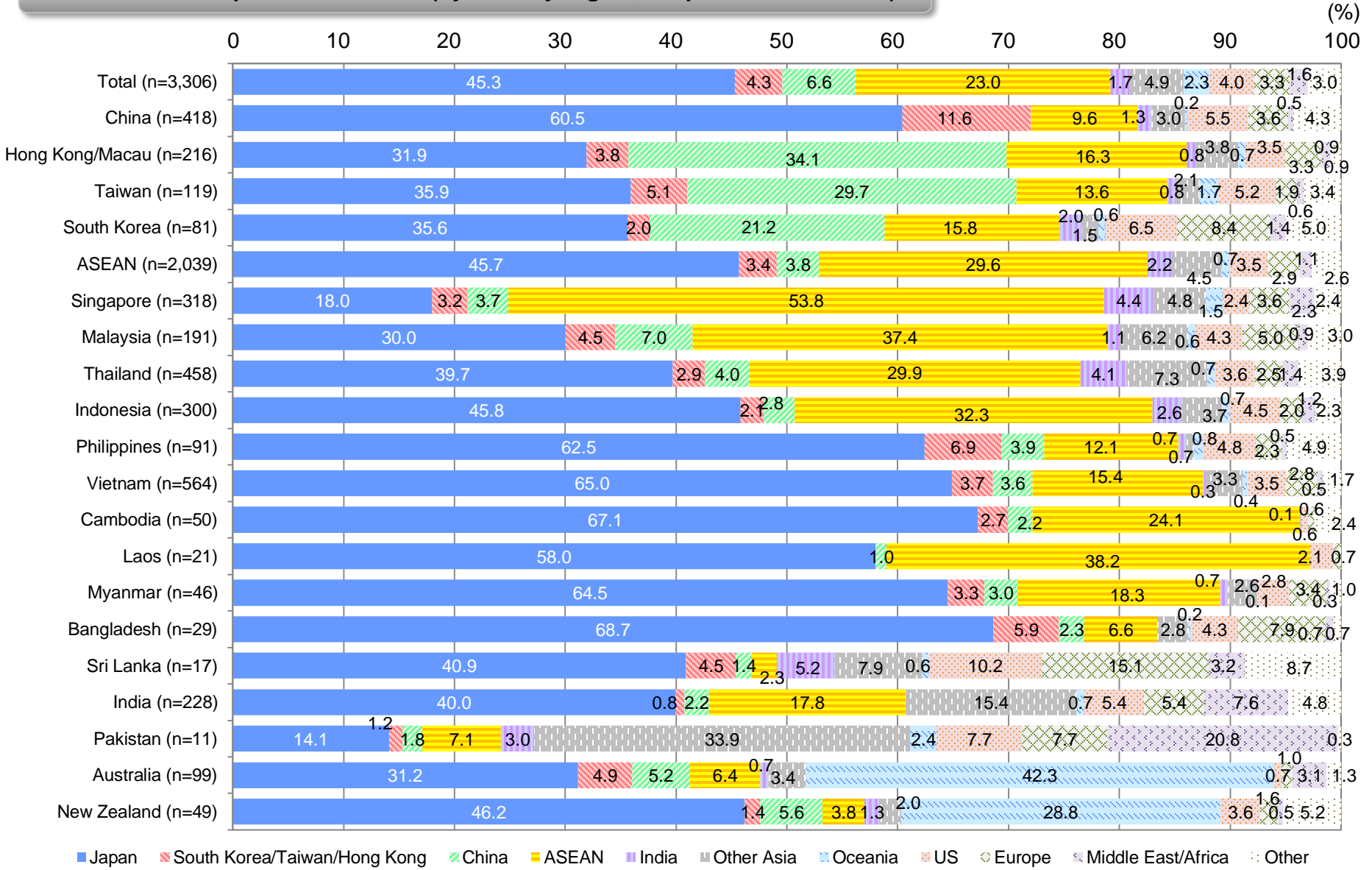


Note: Hong Kong includes Macao from 2011.



# 5. Exports/Imports (3)

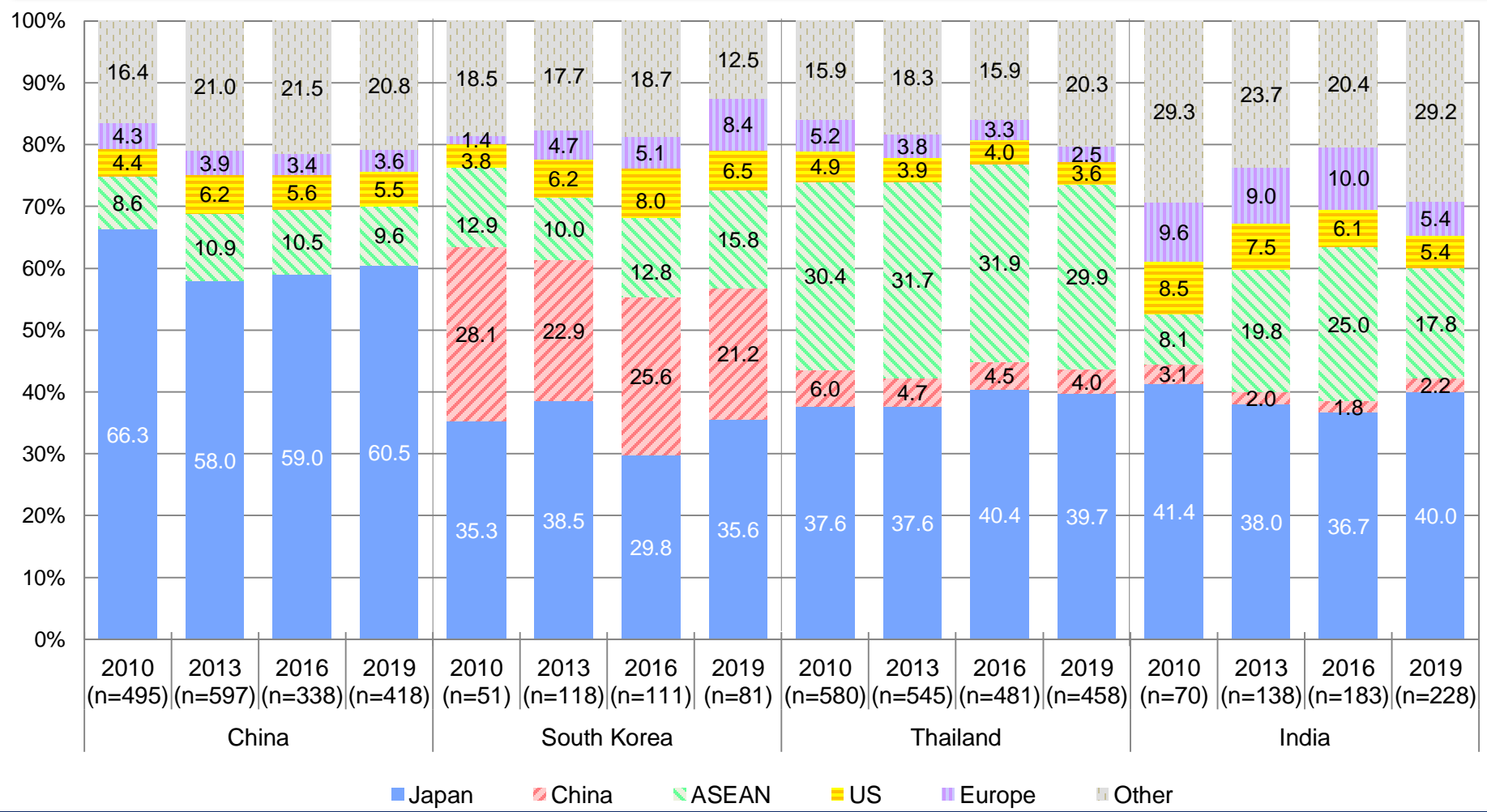
**Breakdown of export destinations (by country/region, responses total 100%)**





# 5. Exports/Imports (4)

Export destinations of major countries (comparison between the 2010 survey, the 2013 survey, the 2016 survey and the 2019 survey)



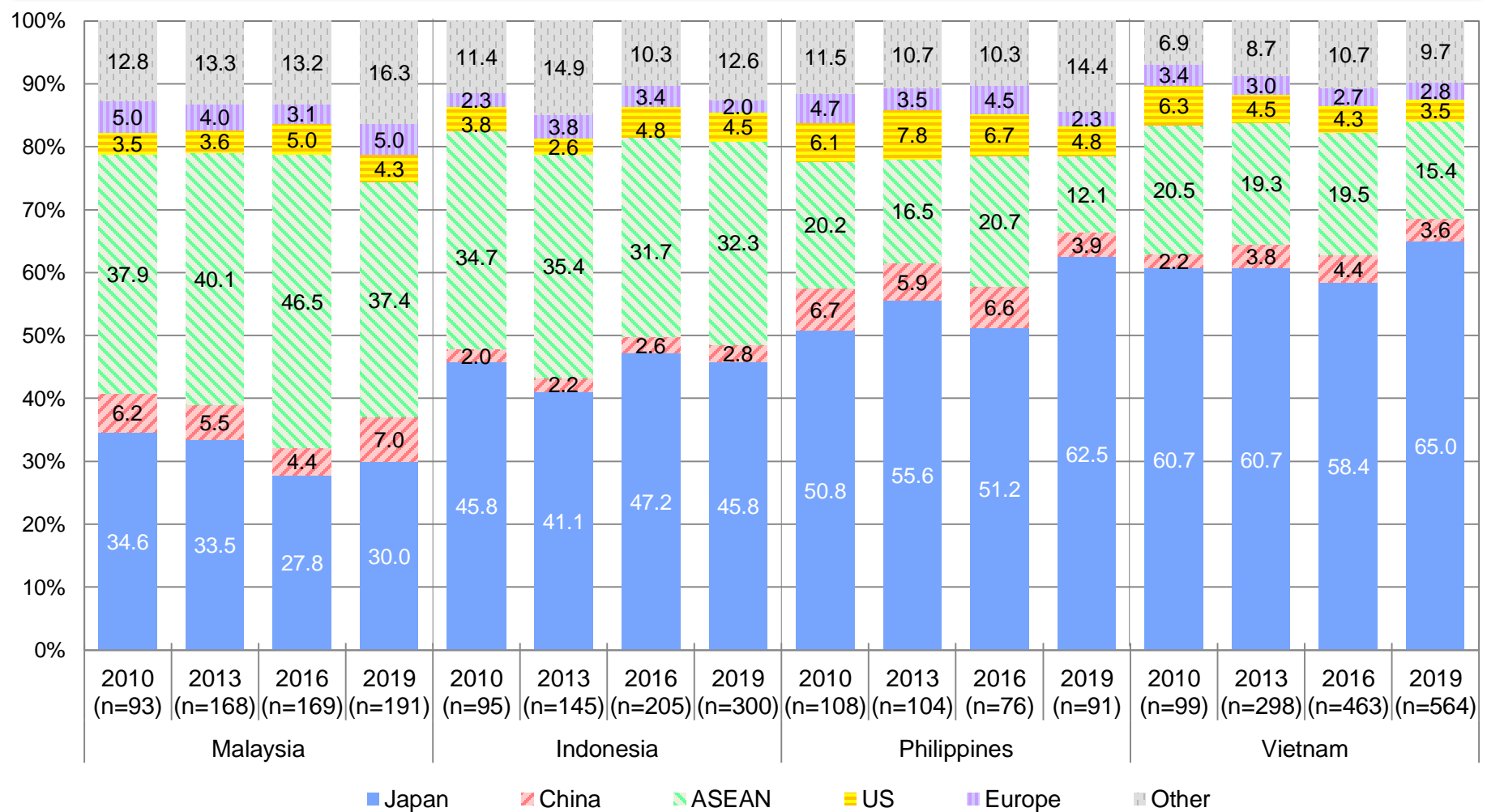
Looking at the changes in the breakdown of four major countries' export destinations from the 2010 survey, the ratio of exports to China is decreasing among Japanese-affiliated companies in South Korea. For these companies, major customers are local conglomerates, and direct sales to Chinese companies is decreasing. Among Japanese-affiliated companies in India, exports to Europe and the US are decreasing.





# 5. Exports/Imports (5)

Export destinations of major countries (comparison between the 2010 survey, the 2013 survey, the 2016 survey and the 2019 survey)



Looking at the changes in the breakdown of four major ASEAN countries' export destinations, the ratio of exports to Japan is decreasing among Japanese-affiliated companies in Malaysia. The ratio of exports to Japan is increasing among Japanese-affiliated companies in the Philippines, indicating that the Philippines is strengthening its position as a processing base for exports to Japan in Japanese-affiliated companies' supply chains.



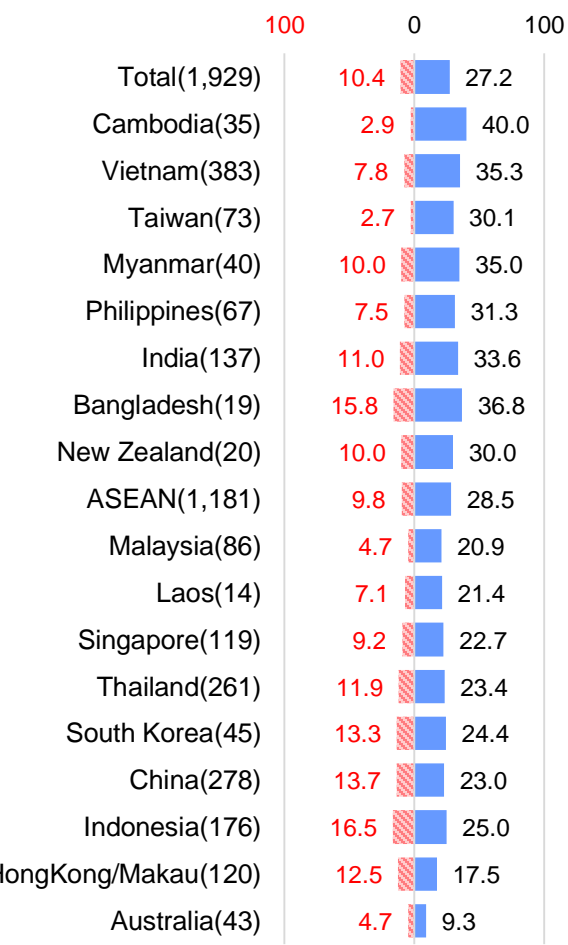
# 5. Exports/Imports (6)

## Future export policy (by country/region)

Note: Countries/regions for which the number of valid responses is 10 companies or more. In descending order of the DI obtained by deducting the percentage of "Reduction" from the percentage of "Expansion"; the percentage of "Remaining the same" is not shown.

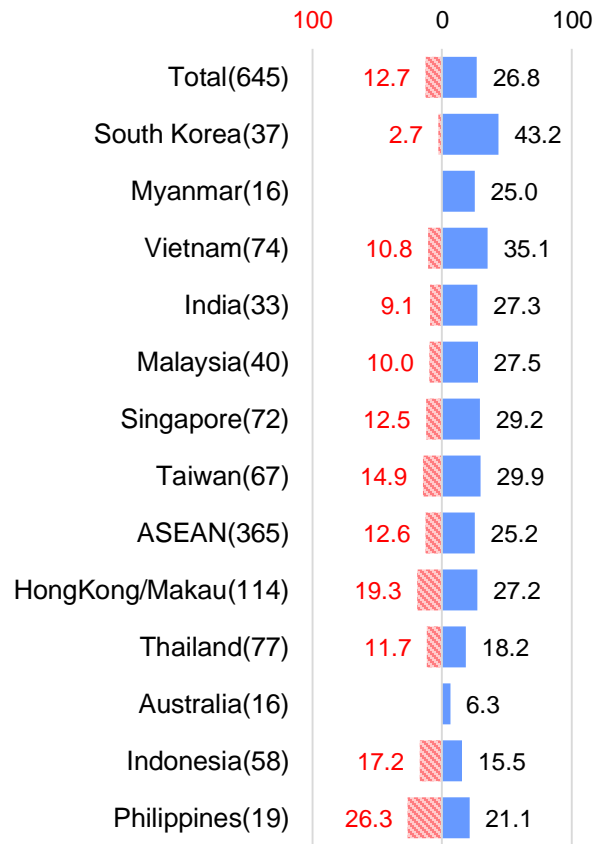
### Export to Japan

Expansion Reduction



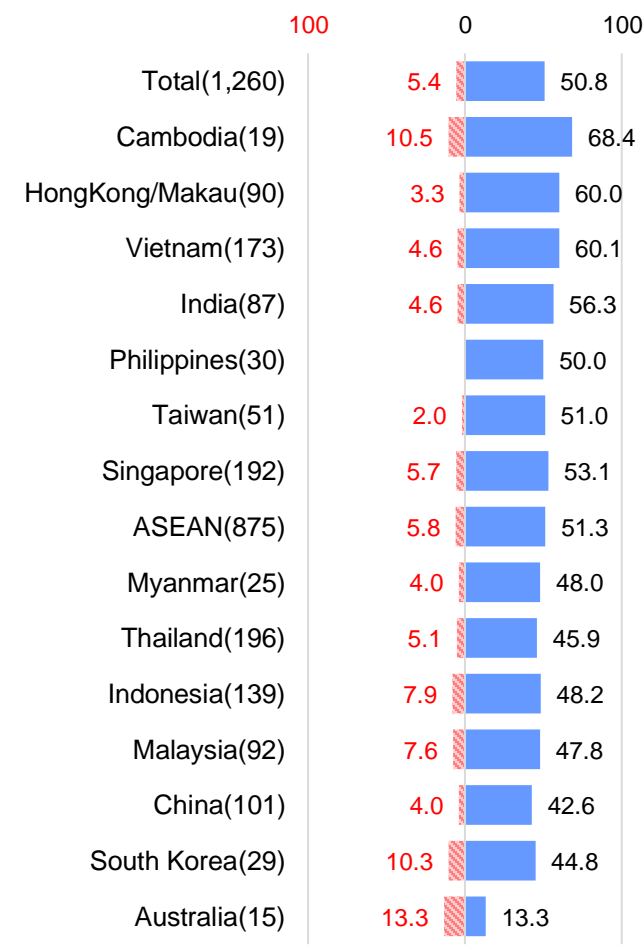
### Export to China

Expansion Reduction



### Export to ASEAN

Expansion Reduction (%)





# 5. Exports/Imports (7)

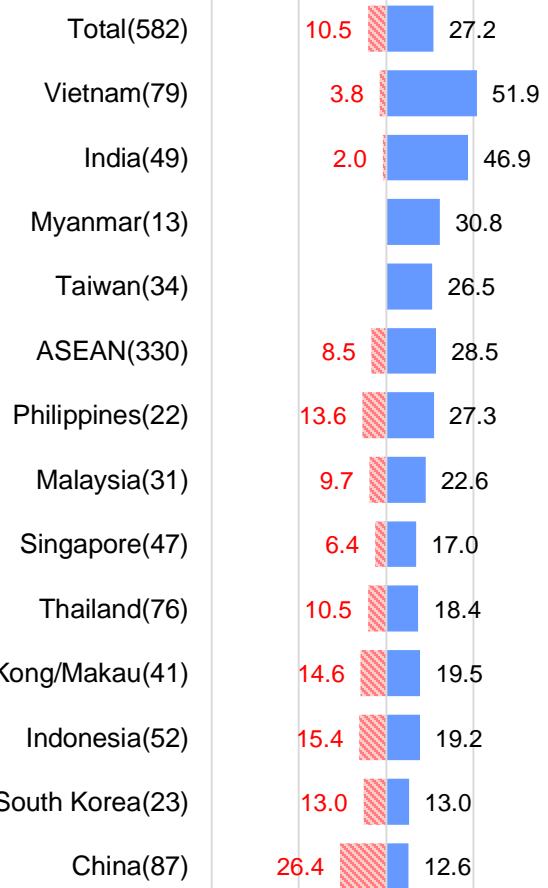
## Future export policy (by country/region)

Note: Countries/regions for which the number of valid responses is 10 companies or more. In descending order of the DI obtained by deducting the percentage of "Reduction" from the percentage of "Expansion"; the percentage of "Remaining the same" is not shown.

### Export to the US

Expansion Reduction

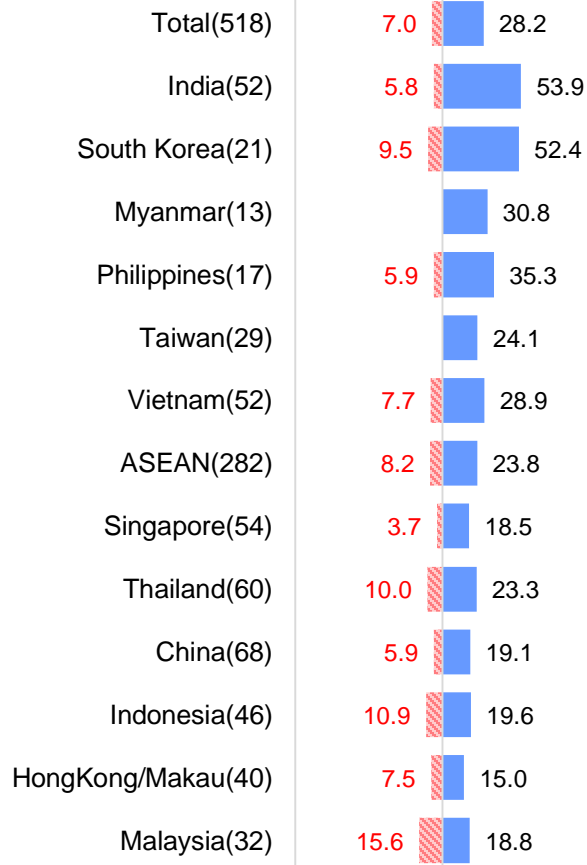
100 50 0 50 100



### Export to Europe

Expansion Reduction

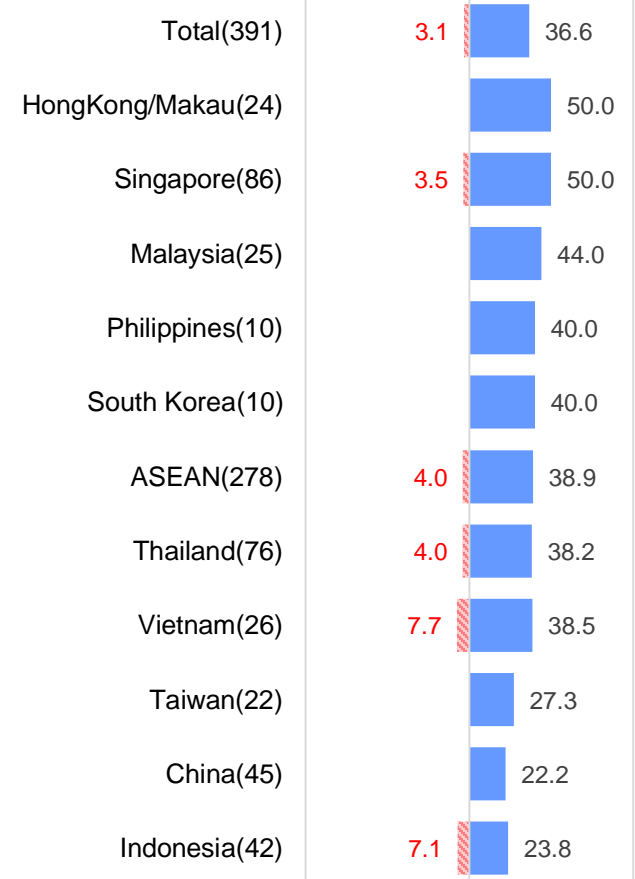
100 0 100



### Export to India

Expansion Reduction (%)

100 0 100





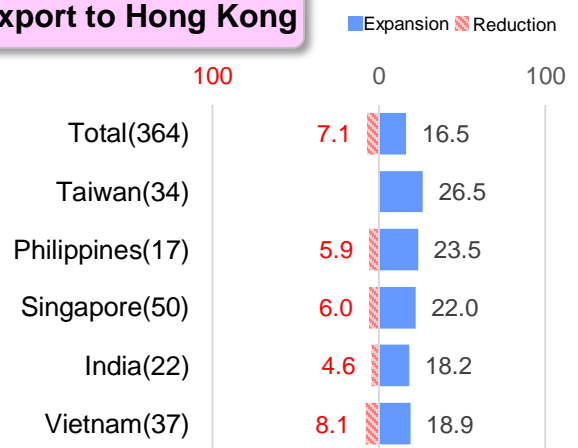
# 5. Exports/Imports (8)

## Future export policy (by country/region)

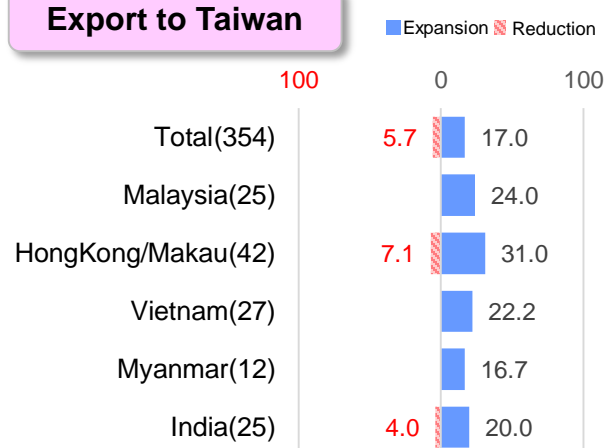
Note: Countries/regions for which the number of valid responses is 10 companies or more. In descending order of the DI obtained by deducting the percentage of "Reduction" from the percentage of "Expansion"; the percentage of "Remaining the same" is not shown. Middle East/Africa indicates the total of Middle East and Africa.

(%)

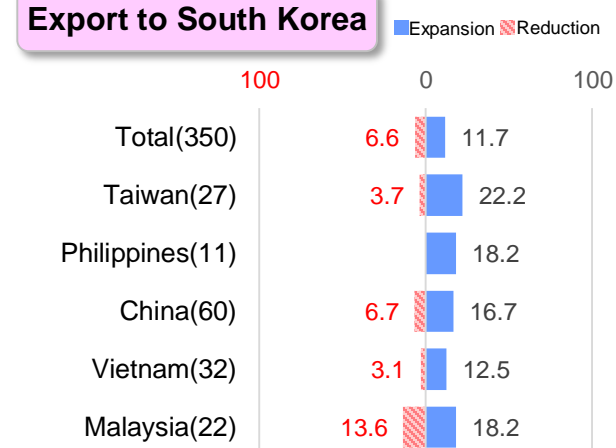
### Export to Hong Kong



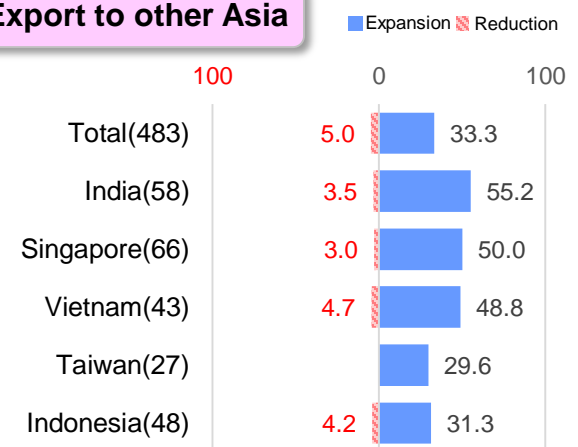
### Export to Taiwan



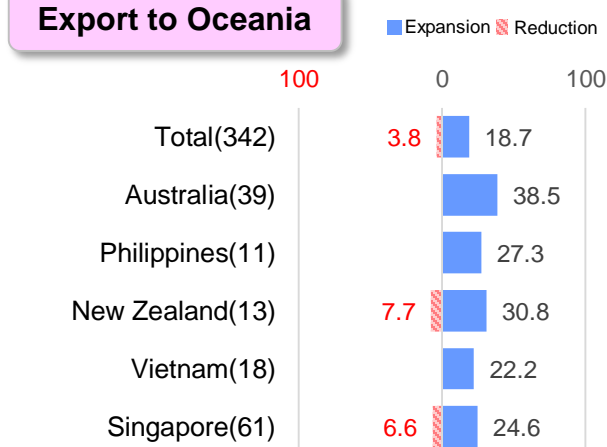
### Export to South Korea



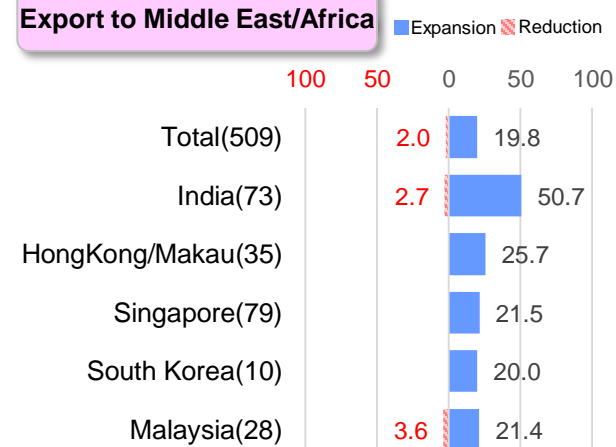
### Export to other Asia



### Export to Oceania



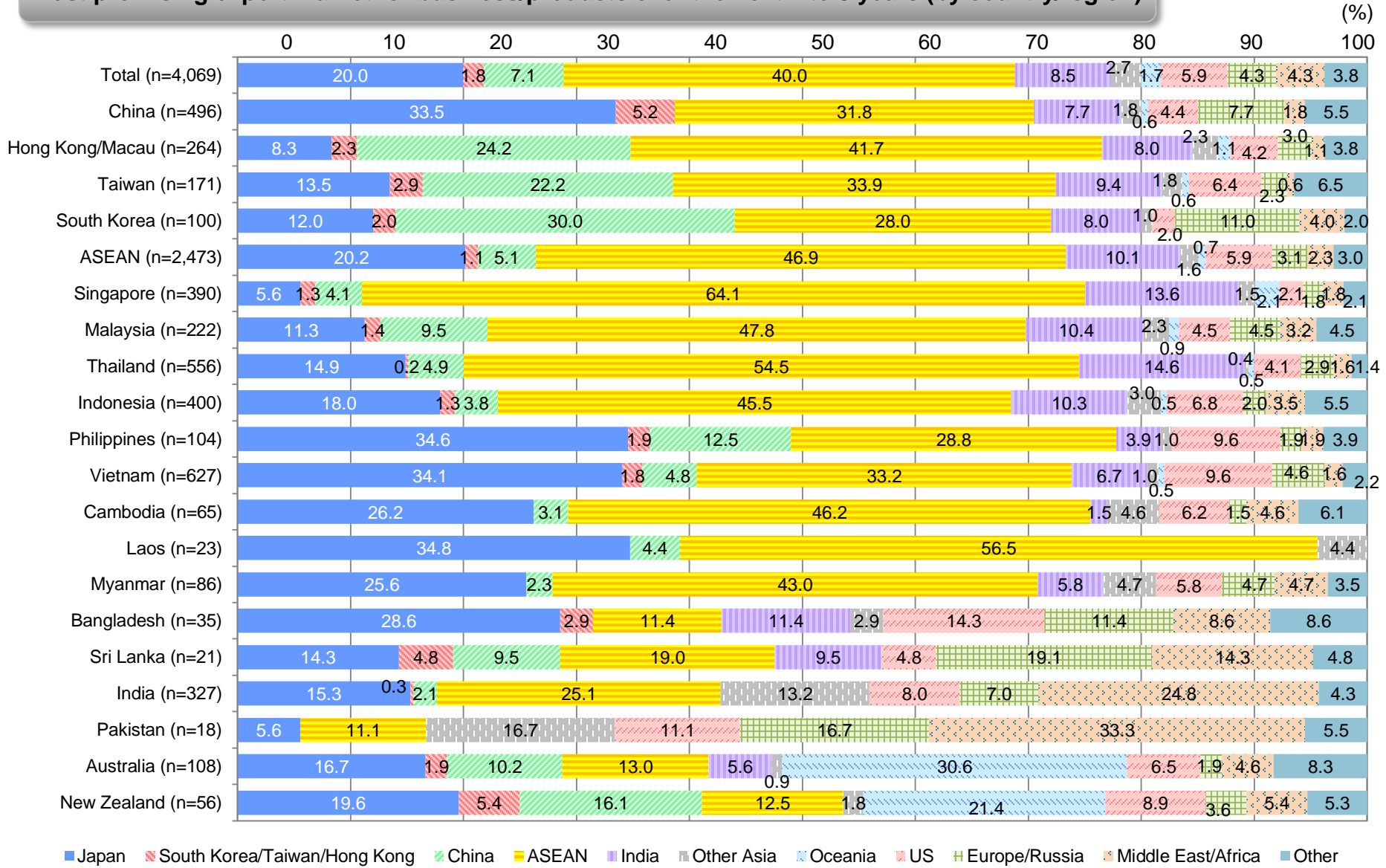
### Export to Middle East/Africa





# 5. Exports/Imports (9)

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

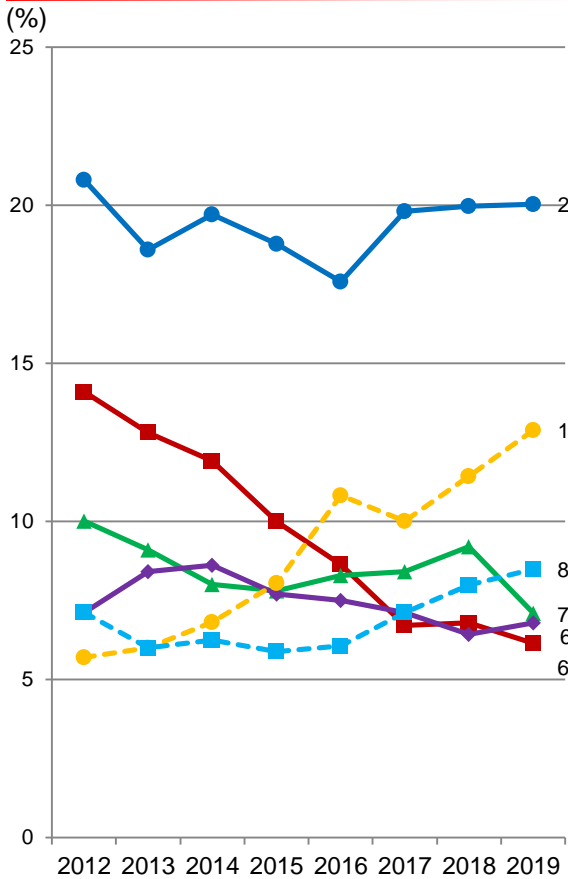




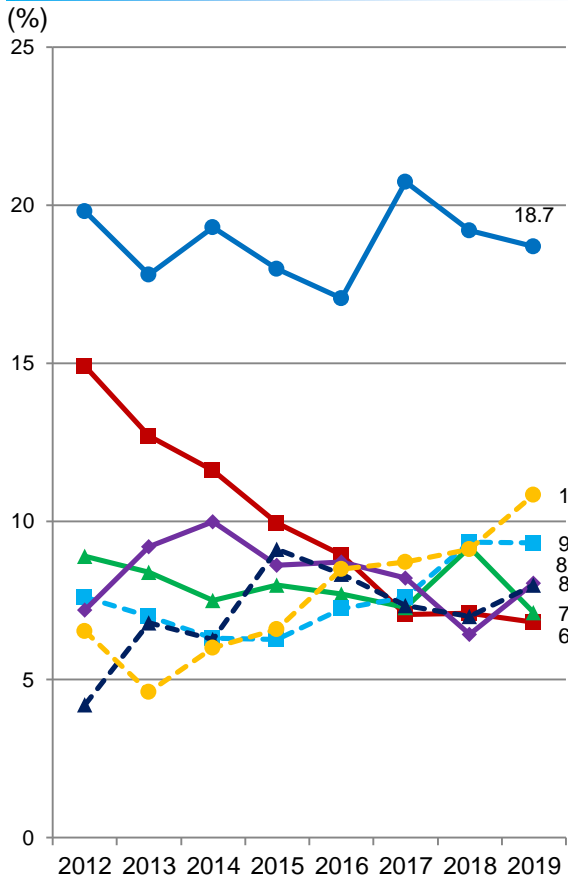
# 5. Exports/Imports (10)

Most promising export market for business/products over the next 1 to 3 years (by country/region) (2012–2019)

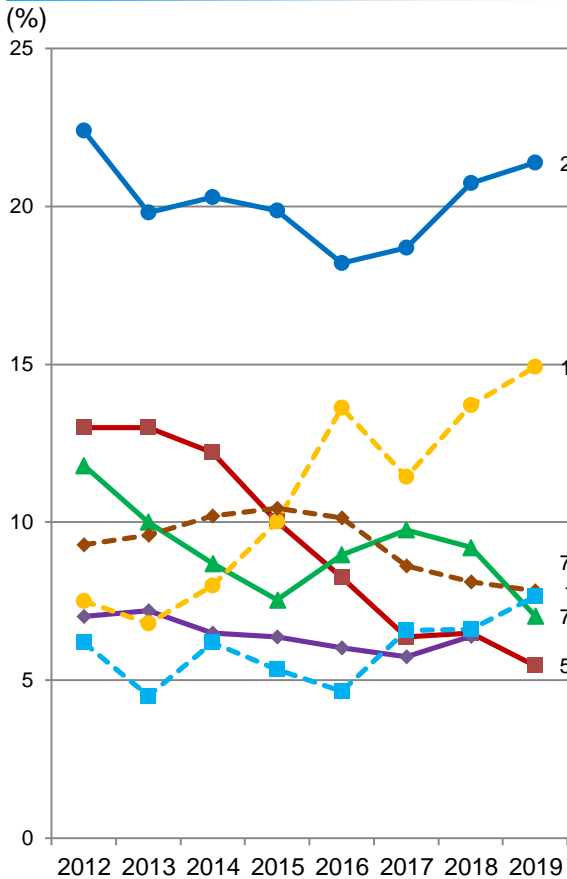
Total (Manufacturing/Non-manufacturing)



Manufacturing



Non-manufacturing



- Japan
- Indonesia
- ▲ China
- ◆ Thailand
- Vietnam
- India

- Japan
- Indonesia
- ▲ China
- ◆ Thailand
- Vietnam
- India
- ▲ US

- Japan
- Indonesia
- ▲ China
- ◆ Thailand
- Vietnam
- India
- ◆ CLM

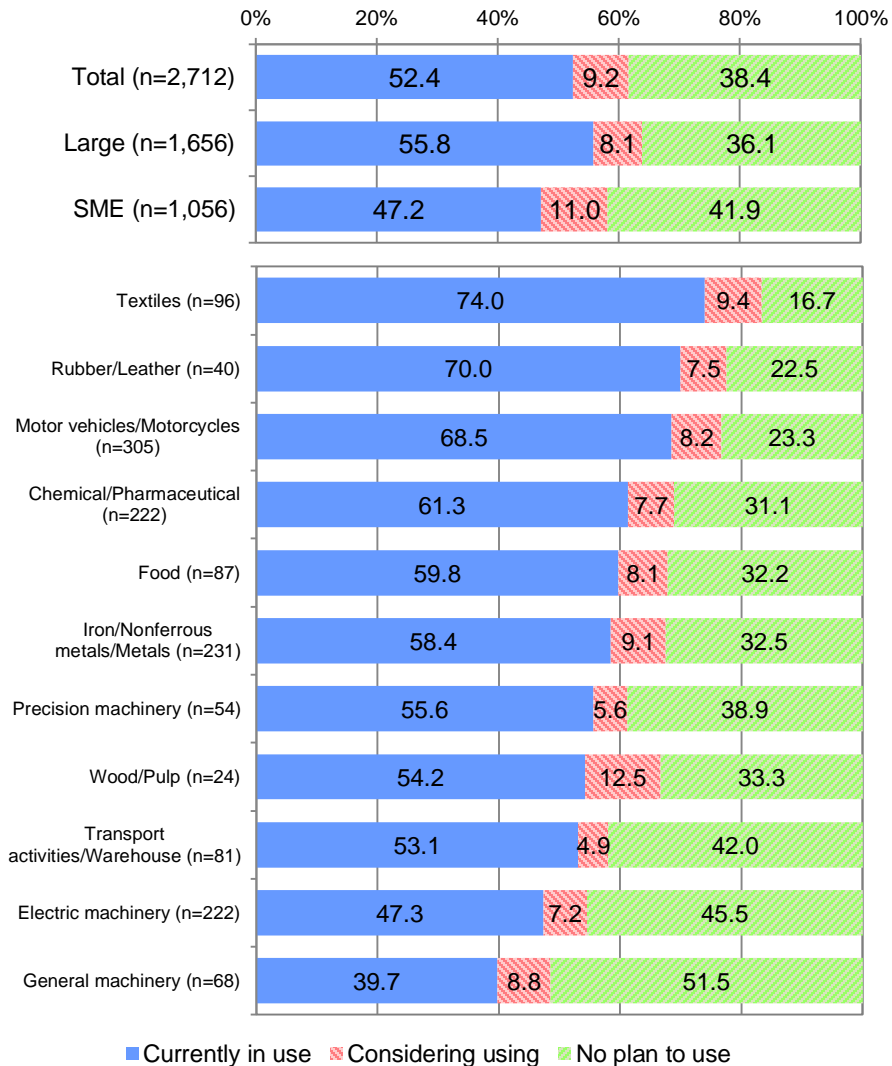


# 5. Exports/Imports (11)

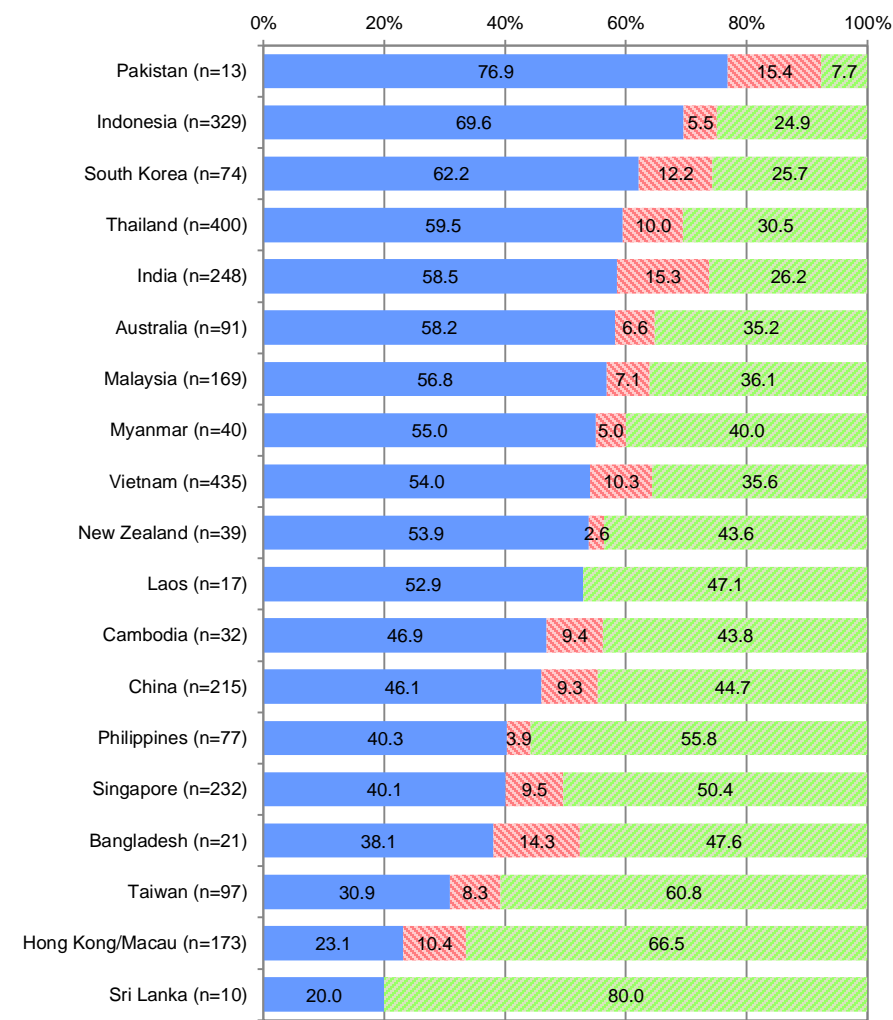
**Utilization of existing (in force) FTAs/EPAs (only companies involved in export/import)**

Note: Manufacturing industries with valid responses from 10 or more companies

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



**Proportions of companies utilizing FTAs/EPAs (by country/region)**



Note 1: The proportions of "Currently in use" are calculated as the ratio of companies that are using at least one FTA or EPA to companies that are involved in either exporting or importing, or both.  
 Note 2: The proportions of "Considering using" are calculated as the ratio of companies that are not using any EPA/FTA and that are considering the use of at least one FTA or EPA to companies that are involved in either exporting or importing, or both.

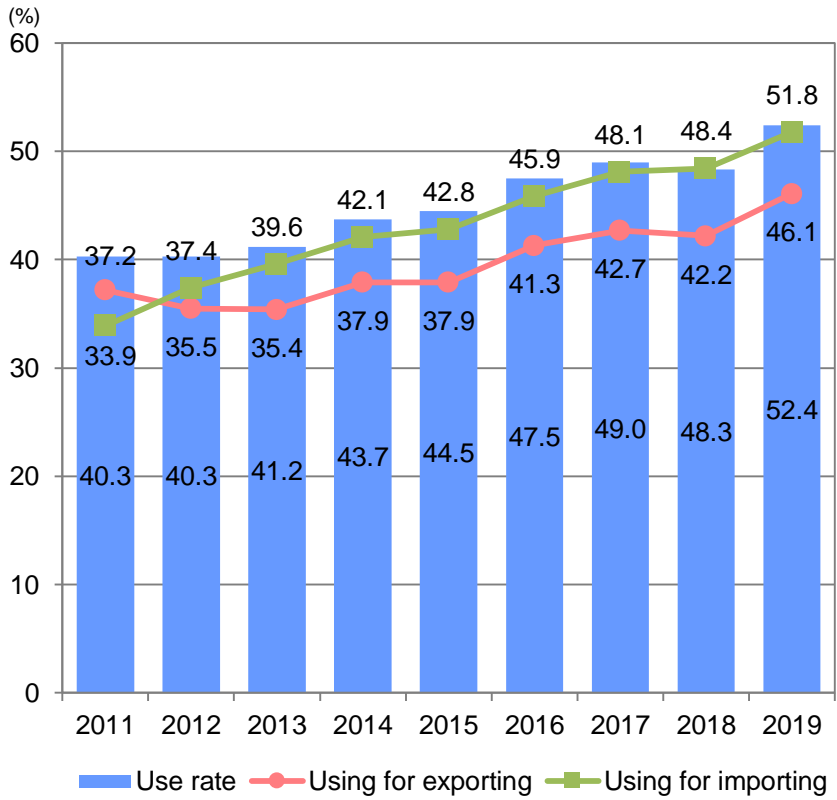


# 5. Exports/Imports (12)

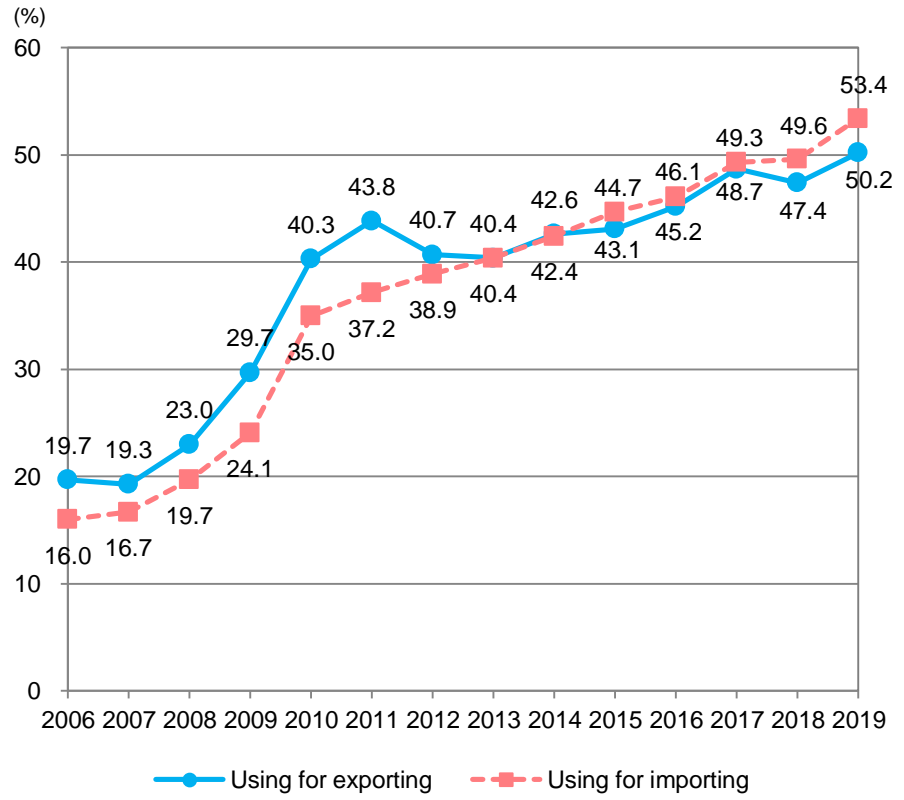
**Utilization of existing (in force) FTAs/EPAs (only companies involved in export/import)**

Note: The FTA/EPA use rates are calculated as the ratio of companies that are using at least one FTA or EPA to companies that are involved in either exporting or importing, or both. The FTA/EPA use rates for exporting (importing) are calculated as the ratio of companies that are using at least one FTA or EPA for exporting (importing) to companies that are involved in exporting (importing).

**Proportions of companies utilizing FTAs/EPAs (2011–2019)**



**Trends in FTA/EPA utilization by Japanese-affiliated companies in ASEAN (2006–2019)**



● A total of 52.4% of the companies engaged in trade are using FTAs/EPAs. Looking at the FTA/EPA use rate of Japanese-affiliated companies in ASEAN on a long-term basis from 2006, the rate exceeded 50% both in imports and exports for the first time since the survey began.





# 5. Exports/Imports (13)

## FTA/EPA utilization (ASEAN)

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

	Export				Import							
	Trade partners	Companies involved in export	Companies using FTAs/EPAs	% of all companies using FTAs/EPAs	Trade partners	Companies involved in import	Companies using FTAs/EPAs	% of all companies using FTAs/EPAs				
Thailand	ASEAN	155	88	56.8	ASEAN	96	63	65.6				
	China	65	42	64.6	China	99	55	55.6				
	Japan	196	92	46.9	Japan	293	160	54.6				
	South Korea	20	14	70.0	South Korea	36	15	41.7				
	Hong Kong	23	10	43.5								
	India	61	22	36.1								
	US (GSP)	24	6	25.0								
Vietnam	ASEAN	128	79	61.7	ASEAN	129	83	64.3				
	China	64	32	50.0	China	105	47	44.8				
	Japan	279	115	41.2	Japan	307	136	44.3				
	Japan (GSP)	44	19	43.2								
	South Korea	23	13	56.5					South Korea	42	14	33.3
	Hong Kong	30	8	26.7					Hong Kong	22	7	31.8
	India	32	16	50.0								
	EU (GSP)	22	17	77.3								
Mexico	22	10	45.5									
Indonesia	ASEAN	122	84	68.9	ASEAN	150	109	72.7				
	China	53	33	62.3	China	123	85	69.1				
	Japan	141	71	50.4	Japan	272	182	66.9				
	South Korea	21	12	57.1	South Korea	48	30	62.5				
	India	39	22	56.4	India	30	18	60.0				
	US (GSP)	29	10	34.5								
	EU (GSP)	25	14	56.0								

	Export				Import							
	Trade partners	Companies involved in export	Companies using FTAs/EPAs	% of all companies using FTAs/EPAs	Trade partners	Companies involved in import	Companies using FTAs/EPAs	% of all companies using FTAs/EPAs				
Singapore	ASEAN	170	66	38.8	ASEAN	84	34	40.5				
	China	46	22	47.8	China	56	19	33.9				
	Japan	78	25	32.1	Japan	149	47	31.5				
	South Korea	27	12	44.4	South Korea	27	12	44.4				
	Taiwan	30	9	30.0	Taiwan	27	6	22.2				
	Hong Kong	35	8	22.9								
	Australia	45	14	31.1								
	New Zealand	22	9	40.9								
	India	67	21	31.3								
	Sri Lanka	26	7	26.9								
	GCC	20	2	10.0								
US	29	7	24.1									
Malaysia	ASEAN	84	47	56.0	ASEAN	68	39	57.4				
	China	46	24	52.2	China	59	24	40.7				
	Japan	86	39	45.4	Japan	136	60	44.1				
	South Korea	22	11	50.0	South Korea	21	8	38.1				
	India	29	17	58.6								
Philippines	ASEAN	26	10	38.5					ASEAN	28	12	42.9
	Japan	51	10	19.6					Japan	50	19	38.0
Myanmar					ASEAN	20	12	60.0				

Note: Countries/regions with valid responses from 20 or more companies involved in importing/exporting or valid responses from 10 or more FTA/EPA-using companies



# 5. Exports/Imports (14)

## FTA/EPA utilization (East Asia/India/Australia)

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

	Export				Import			
	Trade partners	Companies involved in export	Companies using FTAs/EPAs	% of all companies using FTAs/EPAs	Trade partners	Companies involved in import	Companies using FTAs/EPAs	% of all companies using FTAs/EPAs
China	ASEAN	89	47	52.8	ASEAN	54	37	68.5
	South Korea	57	23	40.4	South Korea	31	11	35.5
	Hong Kong	61	17	27.9	Hong Kong	39	9	23.1
	Taiwan	43	8	18.6	Taiwan	32	10	31.3
	Singapore	32	11	34.4				
Hong Kong/Macau	China	125	21	16.8	China	97	15	15.5
	ASEAN	95	22	23.2	ASEAN	49	12	24.5
Taiwan	China	66	20	30.3	China	57	13	22.8
	Singapore	25	3	12.0				
South Korea	ASEAN	27	11	40.7	ASEAN	17	11	64.7
	China	41	18	43.9	China	44	28	63.6
	EU	20	12	60.0	EU	13	11	84.6
	US	28	14	50.0				
	Vietnam	18	10	55.6				
India	ASEAN	55	30	54.6	ASEAN	103	74	71.8
	Japan	68	23	33.8	South Korea	26	14	53.9
	Japan (GSP)	18	10	55.6	Japan	201	115	57.2
	EU (GSP)	16	10	62.5				
	SAARC	21	8	38.1				
Australia	ASEAN	19	10	52.6	ASEAN	32	19	59.4
	Japan	33	15	45.5	China	23	12	52.2
	New Zealand	24	11	45.8	Japan	58	39	67.2

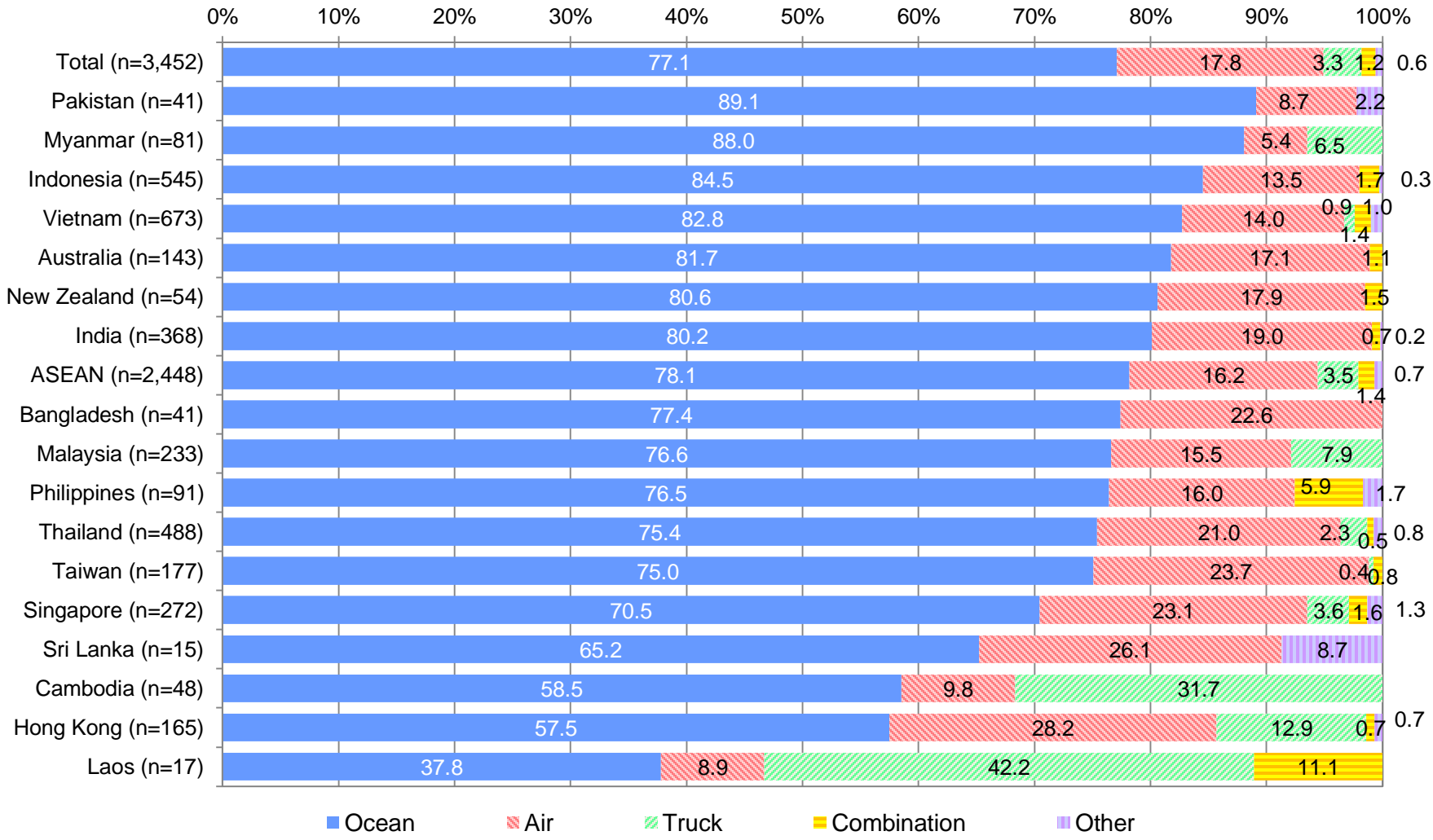
Note: Countries/regions with valid responses from 20 or more companies involved in importing/exporting or valid responses from 10 or more FTA/EPA-using companies



# 5. Exports/Imports (15)

**Mode of transport for imports  
(by country/region, responses total 100%)**

Note: Each responding company answered regarding its modes of transport for up to five import items. For valid responses, the number of responded modes of transport, instead of the number of responding companies, is used as the parameter.





# 5. Exports/Imports (16)

**Average transportation days for major import routes (by origin of import and by mode of transport)**

Countries/regions	Origin of import	Mode of transport	Valid responses	Transportation days
Thailand	Indonesia	Ocean	24	11.3
	Malaysia	Ocean	12	6.9
		Truck	12	3.7
	Vietnam	Ocean	16	7.6
	India	Ocean	16	16.6
	Japan	Ocean	246	14.8
		Air	94	2.5
	South Korea	Ocean	23	12.3
	China	Ocean	77	12.6
		Air	10	3.6
	Hong Kong	Ocean	10	7.2
	Taiwan	Ocean	12	11.1
	US	Ocean	11	58.6
Europe	Ocean	11	36.8	
Singapore	Indonesia	Ocean	16	4.1
	Malaysia	Truck	13	1.8
	Thailand	Ocean	25	5.1
	Vietnam	Ocean	12	6.5
	Japan	Ocean	100	12.3
		Air	47	2.1
	China	Ocean	36	11.1
	Taiwan	Ocean	13	8.6
	Malaysia	Indonesia	Ocean	20
Thailand		Ocean	22	6.5
		Truck	12	2.9
Singapore		Truck	11	1.2
Japan		Ocean	106	15.6
		Air	33	2.1
China		Ocean	39	11.1
Philippines	Thailand	Ocean	12	6.8
	Japan	Ocean	43	12.6
		Air	14	2.1

Countries/regions	Origin of import	Mode of transport	Valid responses	Transportation days
Indonesia	Malaysia	Ocean	26	8.0
	Thailand	Ocean	75	7.9
	Singapore	Ocean	26	3.8
	Japan	Ocean	219	17.0
		Air	59	2.5
	South Korea	Ocean	24	16.5
	China	Ocean	76	13.5
	Taiwan	Ocean	16	12.0
	US	Ocean	17	37.9
	Europe	Ocean	10	46.9
Vietnam	Indonesia	Ocean	21	11.2
	Malaysia	Ocean	31	10.3
	Thailand	Ocean	74	7.0
		Air	13	1.8
	Singapore	Ocean	14	5.7
	Japan	Ocean	316	12.7
		Air	69	2.0
	South Korea	Ocean	22	12.0
	China	Ocean	100	8.5
		Air	12	1.5
	Hong Kong	Ocean	20	4.6
Taiwan	Ocean	32	9.9	
US	Ocean	10	33.5	
Europe	Ocean	11	43.2	
Cambodia	Thailand	Truck	15	1.7
	Japan	Ocean	16	18.8
Laos	China	Ocean	15	15.5
	Thailand	Truck	15	1.4
Myanmar	Thailand	Ocean	13	12.9
	Japan	Ocean	21	25.0
	China	Ocean	17	19.5

Countries/regions	Origin of import	Mode of transport	Valid responses	Transportation days
Hong Kong	Thailand	Ocean	12	7.1
	Japan	Ocean	67	8.0
		Air	43	1.8
	China	Ocean	27	6.4
		Truck	33	1.9
Taiwan	Taiwan	Ocean	11	4.5
	Japan	Ocean	98	8.1
		Air	31	2.3
Australia	China	Ocean	24	7.1
	Thailand	Ocean	16	20.6
	Japan	Ocean	55	24.6
New Zealand		Air	11	3.1
	China	Ocean	21	22.3
Bangladesh	Japan	Ocean	24	26.9
	Japan	Ocean	13	25.2
India	Malaysia	Ocean	11	21.5
	Thailand	Ocean	54	20.6
	Singapore	Ocean	10	9.3
	Japan	Ocean	161	31.0
		Air	51	3.1
	South Korea	Ocean	18	26.3
	China	Ocean	45	27.4
Europe	Ocean	16	34.8	
Pakistan	Japan	Ocean	12	27.4

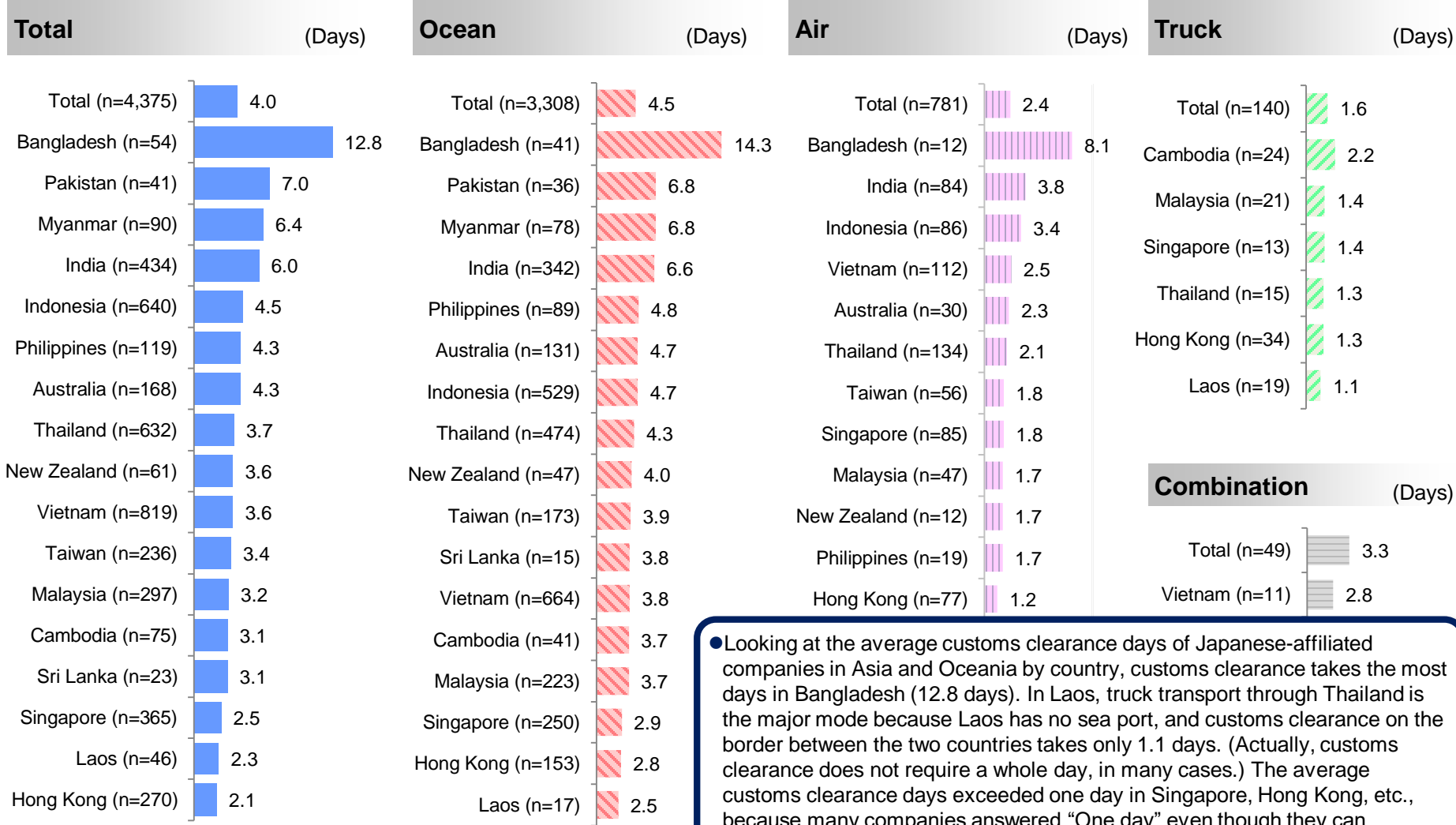
Note: Average transportation days with valid responses on import routes by mode of transport from 10 or more companies; each responding company answered regarding its transport days for up to five major import items. For valid responses, the number of responded transportation days, instead of the number of responding companies, is used as the parameter.



# 5. Exports/Imports (17)

## Average import customs clearance days (by country/region and by mode of transport)

Note: Countries/regions for which the number of valid responses is 10 companies or more; each responding company answered regarding its average number of days from arrival at the port/border to the completion of import customs clearance for up to five major import items. For valid responses, the number of responded average customs clearance days, instead of the number of responding companies, is used as the parameter.



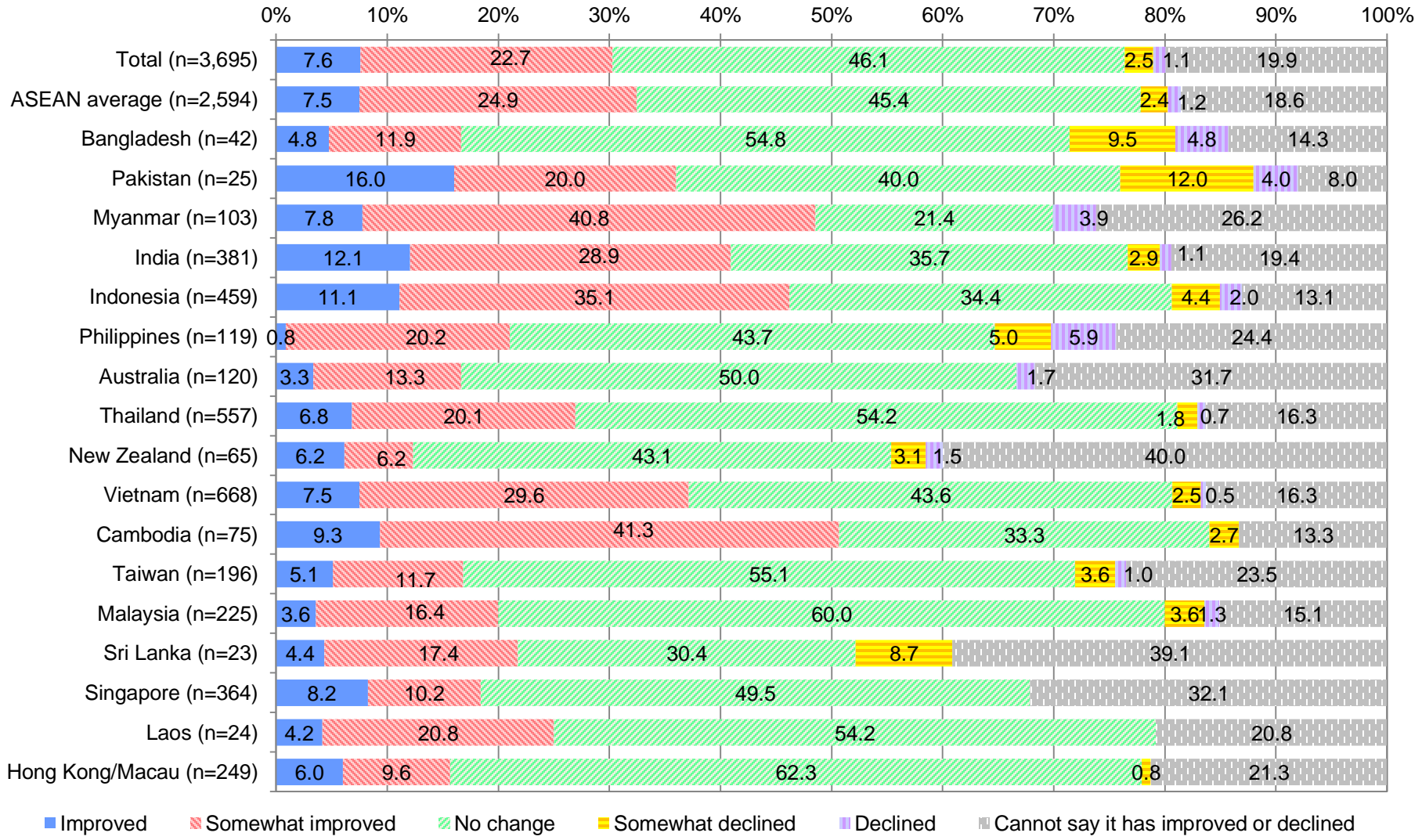
● Looking at the average customs clearance days of Japanese-affiliated companies in Asia and Oceania by country, customs clearance takes the most days in Bangladesh (12.8 days). In Laos, truck transport through Thailand is the major mode because Laos has no sea port, and customs clearance on the border between the two countries takes only 1.1 days. (Actually, customs clearance does not require a whole day, in many cases.) The average customs clearance days exceeded one day in Singapore, Hong Kong, etc., because many companies answered "One day" even though they can complete customs clearance within a day.



# 5. Exports/Imports (18)

**Improvement of import clearance procedures in the last few years (by country/region, in the order of average customs clearance days)**

Note: The question was asked from the perspective of improvement of speed (including computerization), simplification, efficiency, progress in computerization, transparency, and predictability.

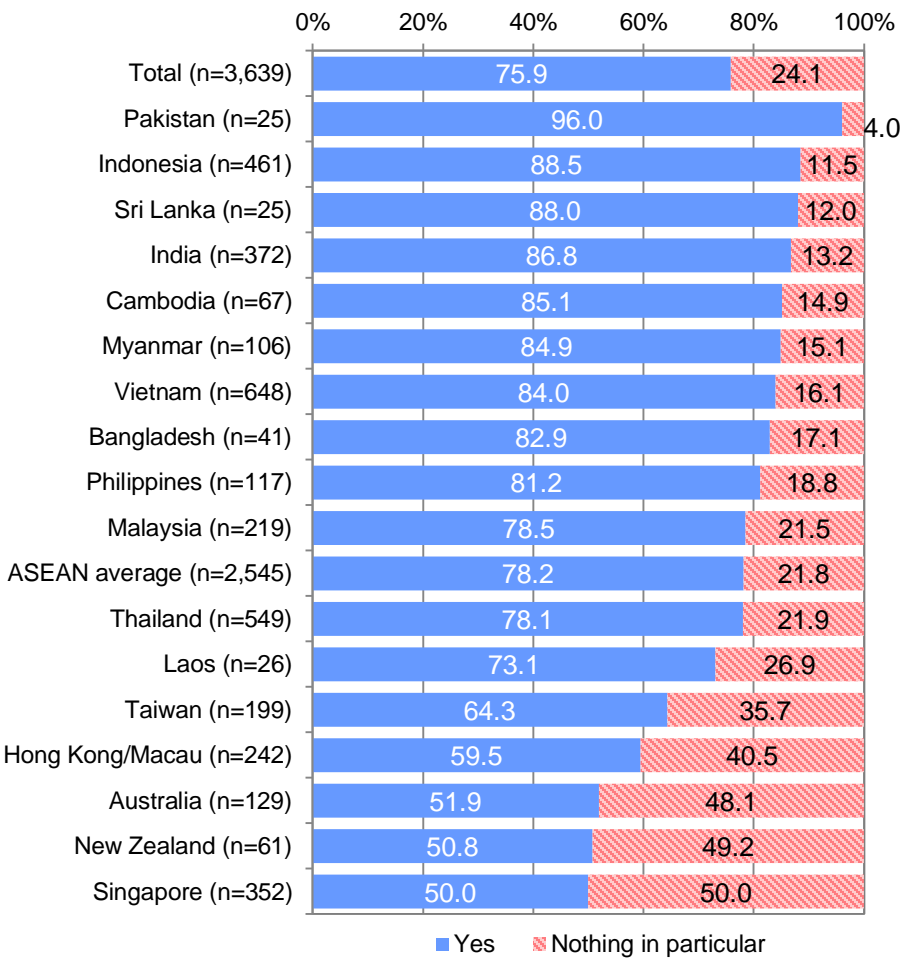




# 5. Exports/Imports (19)

**Trade facilitation measures required to improve trade in the countries/regions**

## Necessity of trade facilitation measures



Note: "Yes" indicates the proportion of companies that selected at least one trade facilitation measure.

## Trade facilitation measures in the countries/regions (multiple answers)





# 5. Exports/Imports (20)

## Trade facilitation measures required to improve trade in the countries/regions (multiple answers)

Note: Trade facilitation measures at a 10% or more response rate in total, in the order of countries with a higher necessity of trade facilitation measures (horizontal axis) and in the order of trade facilitation measures with a larger response rate (vertical axis)

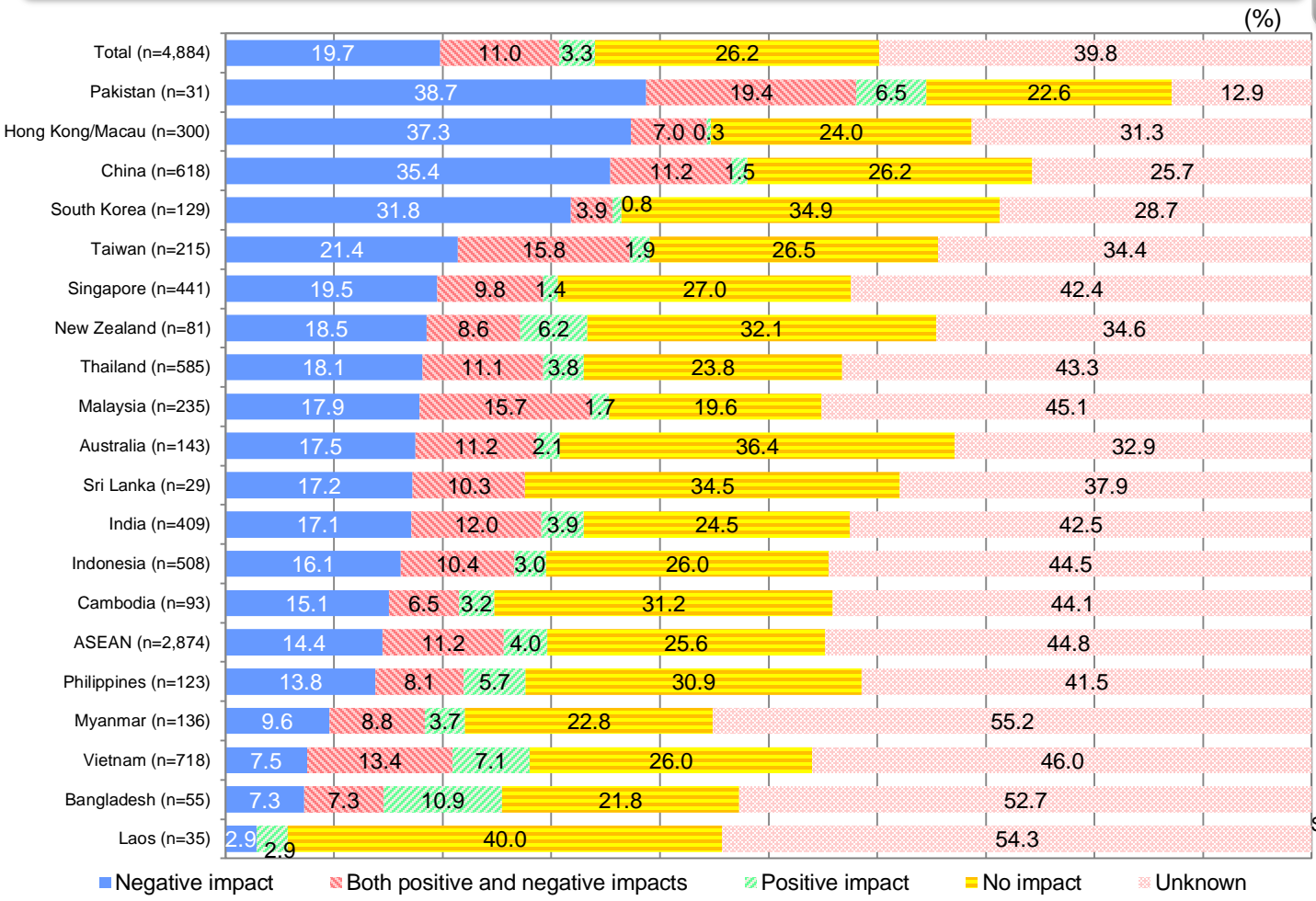
Trade facilitation measures	Pakistan	Indonesia	Sri Lanka	India	Cambodia	Myanmar	Vietnam	Bangladesh	Philippines	Malaysia	ASEAN average	Thailand	Laos	Taiwan	Hong Kong/Macau	Australia	New Zealand	Singapore
Number of valid responses	25	461	25	372	67	106	648	41	117	219	2,545	549	26	199	242	129	61	352
Enhancing information on trade systems and procedures (streamlining information available online such as through assembling databases)	56.0	53.6	56.0	49.5	44.8	49.1	47.7	51.2	47.9	43.4	44.2	41.5	61.5	30.7	27.7	24.8	24.6	26.1
Making port authorities and customs officers share a common interpretation about the assessment of tariff classification (preventing different judgements depending on individual customs stations and officers)	60.0	44.0	36.0	46.2	29.9	48.1	40.9	61.0	29.1	37.0	35.1	34.2	30.8	24.1	9.9	7.0	9.8	12.2
Applying an advance ruling system and making it accessible (Classification of HS Code, Customs Assessment, and rules of origin, etc.)	44.0	43.4	24.0	40.6	37.3	37.7	38.1	46.3	19.7	34.7	34.7	35.0	38.5	26.1	17.4	16.3	13.1	19.6
Applying computerization, paperless and a sophisticated ICT system	44.0	36.9	36.0	33.6	40.3	34.9	34.6	48.8	37.6	31.5	32.1	27.9	46.2	24.1	23.1	20.9	18.0	22.7
Issuing information on the introduction and revision of new trade procedures, the customs clearance system and inspections in a recognizable manner before entry into effect	44.0	37.1	24.0	30.4	26.9	29.3	26.9	46.3	29.9	32.4	25.7	18.8	26.9	18.6	14.5	7.8	14.8	12.5
Simplifying customs documents, following international standards and formatting documents	52.0	31.5	36.0	33.6	41.8	34.9	27.8	48.8	27.4	23.7	24.8	20.2	38.5	15.6	12.4	6.2	11.5	10.5
Disclosing the average lead time from the arrival of cargo to receiving, as well as improving predictability	36.0	34.3	24.0	30.7	28.4	36.8	22.2	51.2	33.3	26.9	23.7	19.5	19.2	15.1	9.5	8.5	9.8	9.7
Setting up an inquiry window for trade procedures or an information center	32.0	26.5	24.0	29.6	22.4	37.7	21.6	43.9	26.5	24.7	22.1	20.0	26.9	16.1	12.0	10.1	3.3	12.5
Speeding up and simplifying procedures for obtaining an import license	16.0	41.4	36.0	21.8	31.3	44.3	19.1	43.9	26.5	24.7	23.8	16.4	30.8	11.6	5.8	6.2	3.3	11.1
Improving logistics at ports and borders	24.0	23.6	16.0	29.3	41.8	31.1	15.3	56.1	34.2	12.8	16.2	8.9	19.2	6.5	8.3	6.2	9.8	6.0
Creating guidelines or FAQs related to the operation of FTAs	20.0	13.0	20.0	26.9	10.5	18.9	13.9	19.5	16.2	18.3	15.3	17.5	7.7	12.6	12.0	9.3	11.5	15.6
Coordinating procedures for regulations, certification and authentication and making them standardized internationally [such as Sanitary and Phytosanitary (SPS) measures and Technical Barriers to Trade (TBT)]	32.0	18.9	24.0	15.6	20.9	18.9	10.5	34.2	12.8	8.7	11.7	8.9	30.8	12.6	4.1	5.4	6.6	4.8
Providing opportunities to deliver opinions on the introduction and operation of trade procedures, the customs clearance system and inspections, or arranging opportunities to consult with port authorities and the government	32.0	16.1	20.0	16.7	10.5	19.8	11.3	41.5	13.7	11.9	11.5	10.2	19.2	8.0	5.0	4.7	4.9	4.0
Improving logistics through to ports and borders	20.0	16.1	8.0	21.8	22.4	25.5	10.0	39.0	15.4	7.8	10.3	4.2	19.2	3.5	5.8	0.8	3.3	4.8



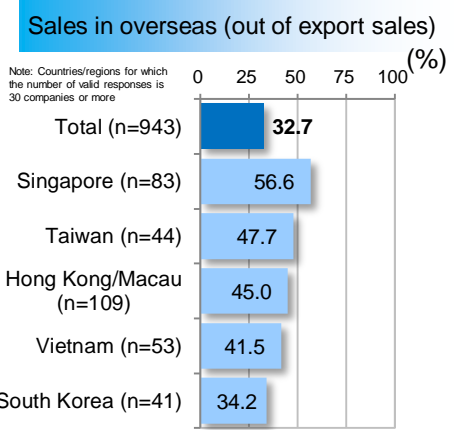
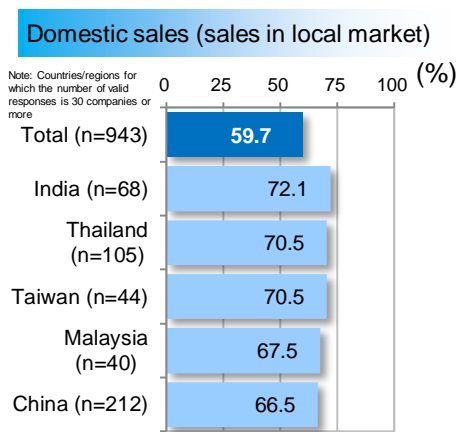


# 6. Impact of Changes in Trade Environment (1)

Impact of changes in the trade environment as of now (by country/region, responses total 100%) (%)



Areas of negative impact (multiple answers): top 5 countries/regions

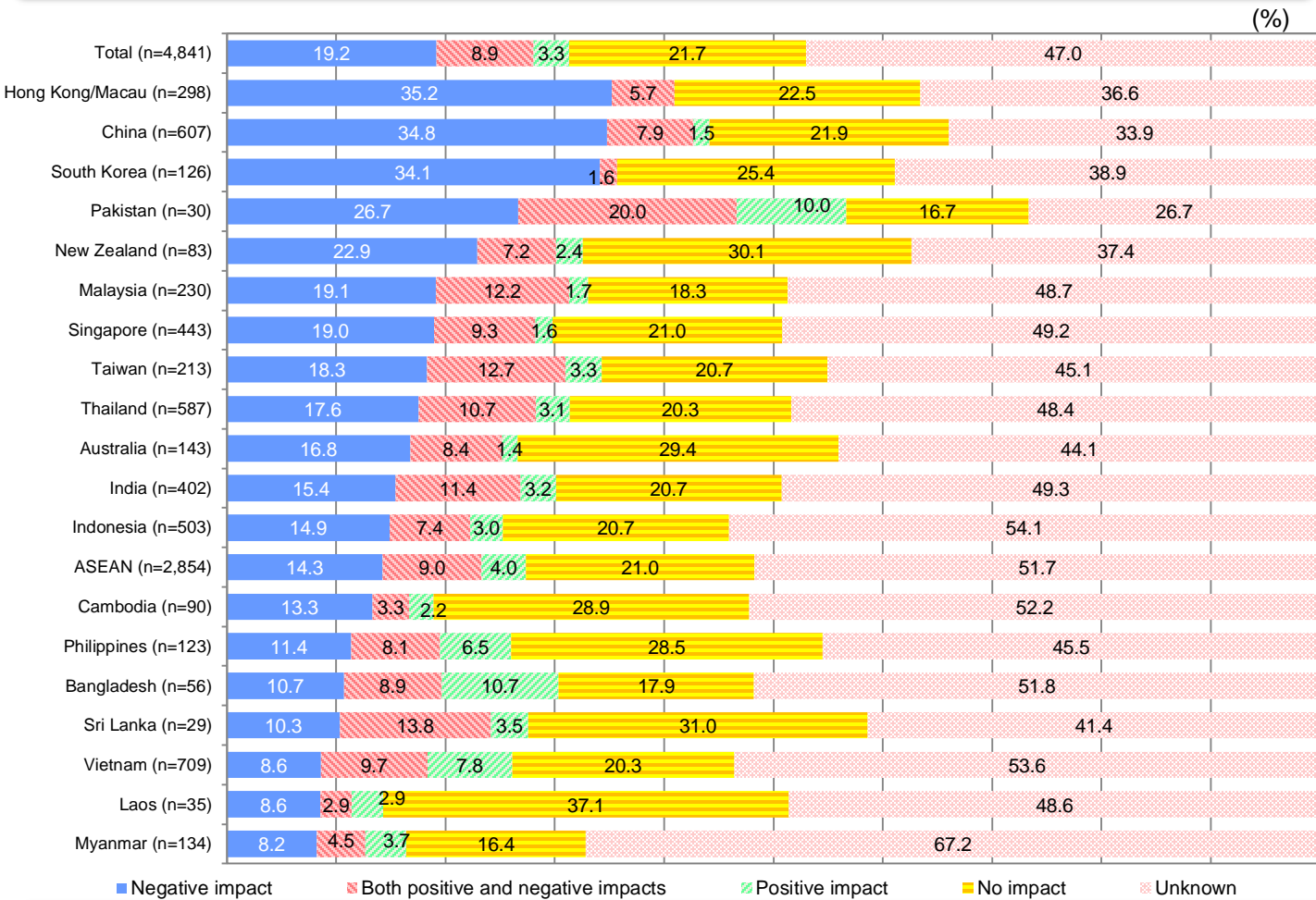


- The proportion of "Negative impact" exceeded 30% in Pakistan (38.7%), Hong Kong/Macau (37.3%), China (35.4%), and South Korea (31.8%). The proportion of "Positive impact" was higher in Bangladesh (10.9%) and Vietnam (7.1%). The response rate for "Both positive and negative impacts" was the highest in Pakistan (19.4%), followed by Taiwan (15.8%) and Malaysia (15.7%).
- As "Negative impact," "Domestic sales (sales in local market)" (59.7%) was most frequently cited. By country/region, the proportion exceeded 70% in India (72.1%), Thailand (70.5%), and Taiwan (70.5%).
- "Sales in overseas (out of export sales)" was also a major "Negative impact" at 32.7%. By country/region, the response rate was the highest in Singapore (56.6%), followed by Taiwan (47.7%) and Hong Kong/Macau (45.0%).

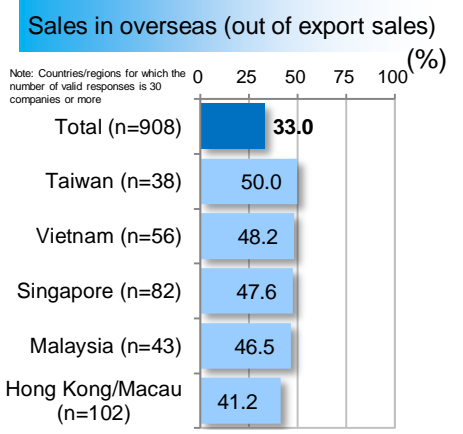
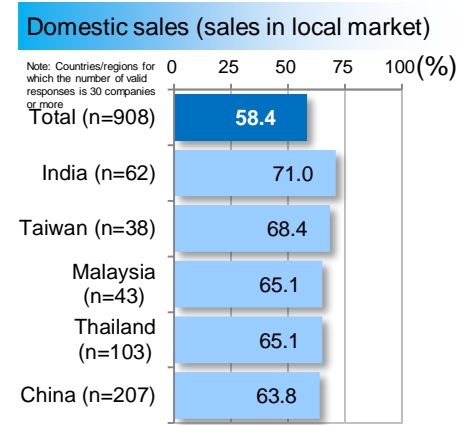


# 6. Impact of Changes in Trade Environment (2)

Impact of changes in the trade environment in the future (by country/region, responses total 100%)



Areas of negative impact (multiple answers): top 5 countries/regions



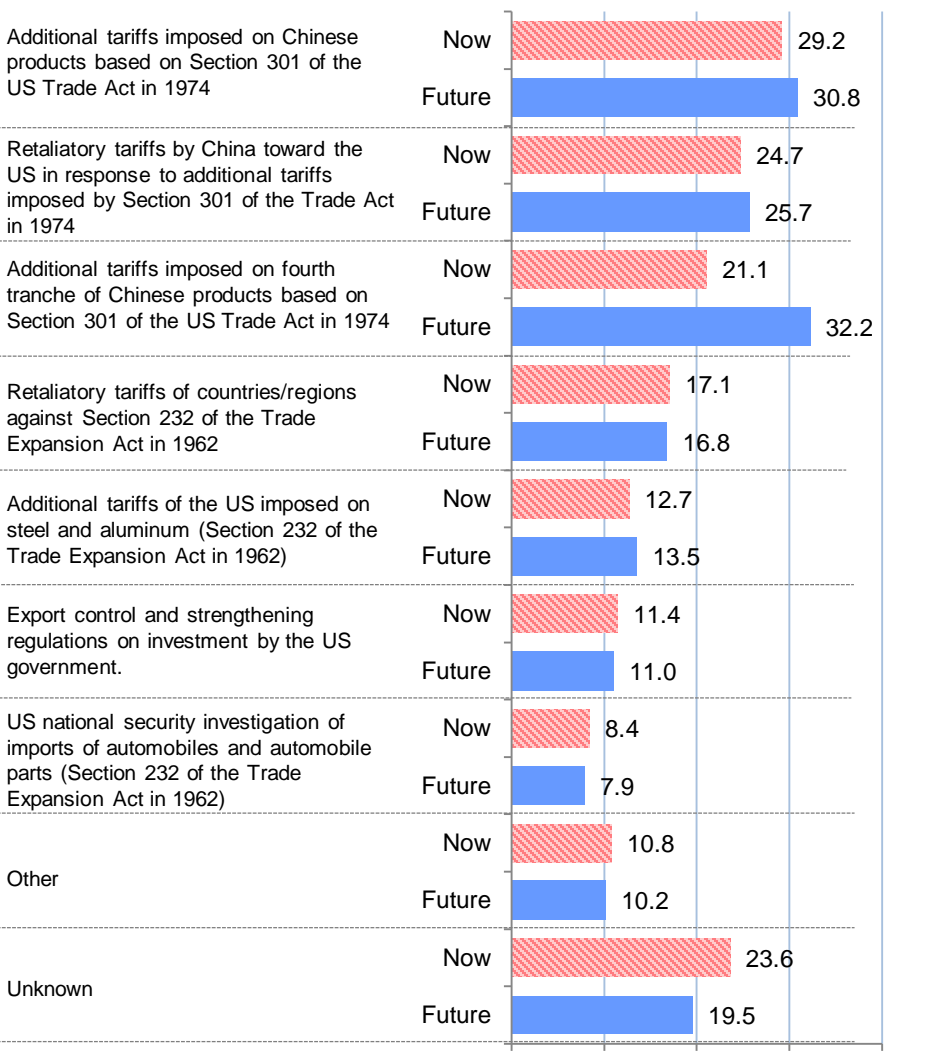
- The proportion of "Negative impact" exceeded 30% in Hong Kong/Macau (35.2%), China (34.8%), and South Korea (34.1%). The proportion of "Positive impact" was higher in Bangladesh (10.7%), Pakistan (10.0%), and Vietnam (7.8%). The response rate for "Both positive and negative impacts" was the highest in Pakistan (20.0%), followed by Sri Lanka (13.8%) and Taiwan (12.7%).
- As a "Negative impact," "Domestic sales (sales in local market)" (58.4%) was most frequently cited. By country/region, the response rate was the highest in India (71.0%), followed by Taiwan (68.4%) and Malaysia (65.1%). The second-ranked "Negative impact" was "Sales in overseas (out of export sales)" at 33.0%. By country/region, the response rate was the highest in Taiwan (50.0%), followed by Vietnam (48.2%).



# 6. Impact of Changes in Trade Environment (3)

## Impactful policies (multiple answers)

(Now: 1,530, Future: 1,388)



## Impactful policies as of now (by region)

Region	Policy	(%)
Northeast Asia (n=533)	Additional tariffs imposed on Chinese products based on Section 301 of the US Trade Act in 1974	39.0
	Additional tariffs imposed on fourth tranche of Chinese products based on Section 301 of the US Trade Act in 1974	29.6
ASEAN (n=788)	Retaliatory tariffs by China toward the US in response to additional tariffs imposed by Section 301 of the Trade Act in 1974	26.5
	Additional tariffs imposed on Chinese products based on Section 301 of the US Trade Act in 1974	25.5
Southwest Asia (n=150)	Retaliatory tariffs of countries/regions against Section 232 of the Trade Expansion Act in 1962	23.3
	Additional tariffs imposed on Chinese products based on Section 301 of the US Trade Act in 1974	16.0
Oceania (n=59)	Retaliatory tariffs by China toward the US in response to additional tariffs imposed by Section 301 of the Trade Act in 1974	28.8
	Additional tariffs imposed on Chinese products based on Section 301 of the US Trade Act in 1974	23.7

## Impactful policies in the future (by region)

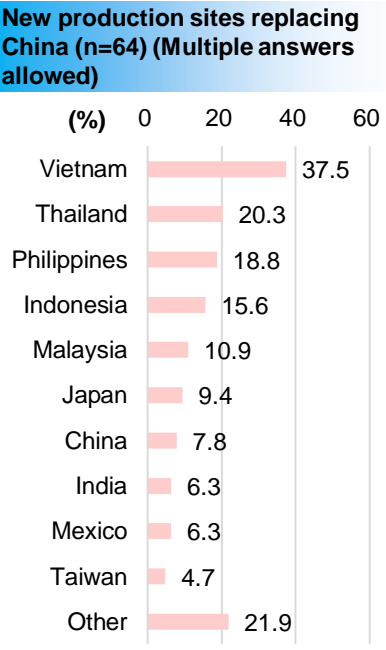
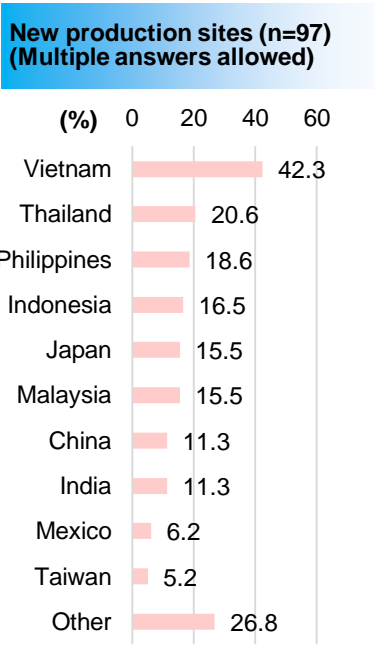
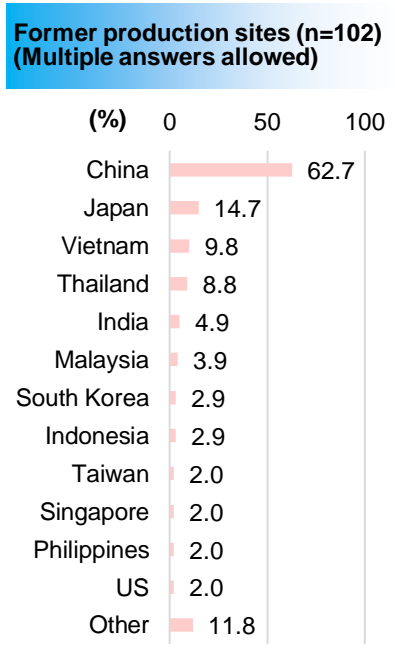
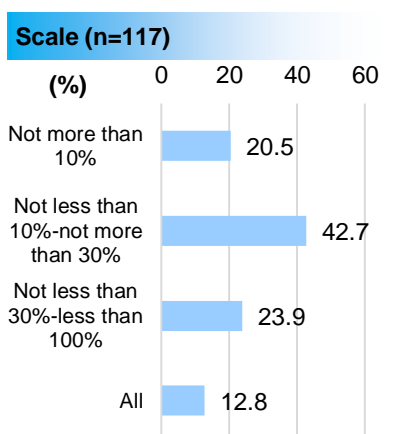
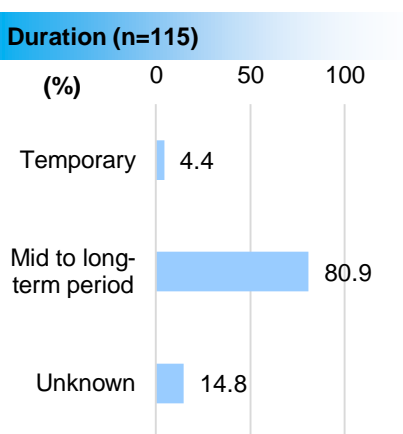
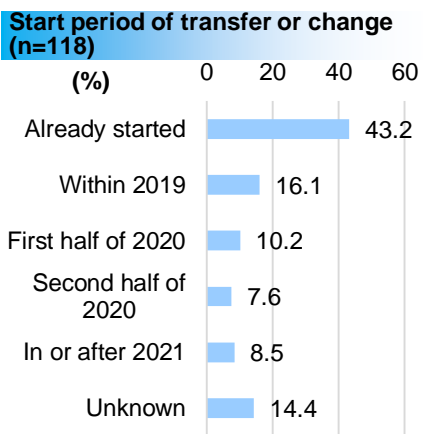
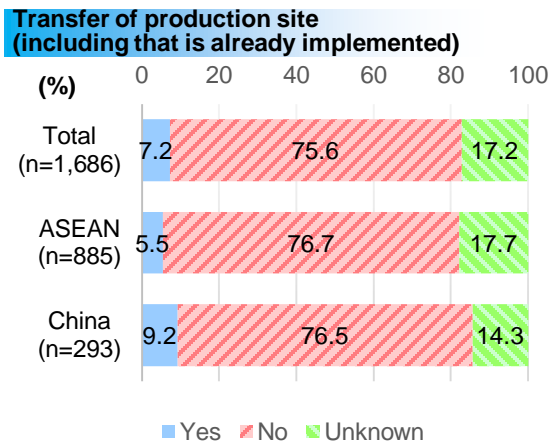
Region	Policy	(%)
Northeast Asia (n=477)	Additional tariffs imposed on Chinese products based on Section 301 of the US Trade Act in 1974	40.9
	Additional tariffs imposed on fourth tranche of Chinese products based on Section 301 of the US Trade Act in 1974	38.0
ASEAN (n=724)	Additional tariffs imposed on fourth tranche of Chinese products based on Section 301 of the US Trade Act in 1974	30.9
	Retaliatory tariffs by China toward the US in response to additional tariffs imposed by Section 301 of the Trade Act in 1974	27.1
Southwest Asia (n=135)	Retaliatory tariffs of countries/regions against Section 232 of the Trade Expansion Act in 1962	25.9
	Additional tariffs imposed on fourth tranche of Chinese products based on Section 301 of the US Trade Act in 1974	21.5
Oceania (n=52)	Retaliatory tariffs by China toward the US in response to additional tariffs imposed by Section 301 of the Trade Act in 1974	34.6
	Additional tariffs imposed on Chinese products based on Section 301 of the US Trade Act in 1974	28.9

- The specific trade policy that is currently the most impactful was “Additional tariffs imposed on Chinese products based on Section 301 of the US Trade Act” (29.2%). By region, the proportion of “Retaliatory tariffs by China toward the US in response to additional tariffs imposed by Section 301 of the Trade Act in 1974” (26.5%) was higher in ASEAN, while the proportion of “Retaliatory tariffs of countries/regions against Section 232 of the Trade Expansion Act in 1962” (23.3%) was higher in Southwest Asia.
- Regarding the future, “Additional tariffs imposed on the fourth tranche of Chinese products based on Section 301 of the US Trade Act in 1974” (32.2%) was most frequently cited as the most impactful trade policy. This policy is currently more of a concern of companies in Northeast Asia. Regarding the future, the response rate was also high in companies in ASEAN and Southwest Asia.



# 6. Impact of Changes in Trade Environment (4)

## Measures responding to changes in the trade environment (transfer of production site)

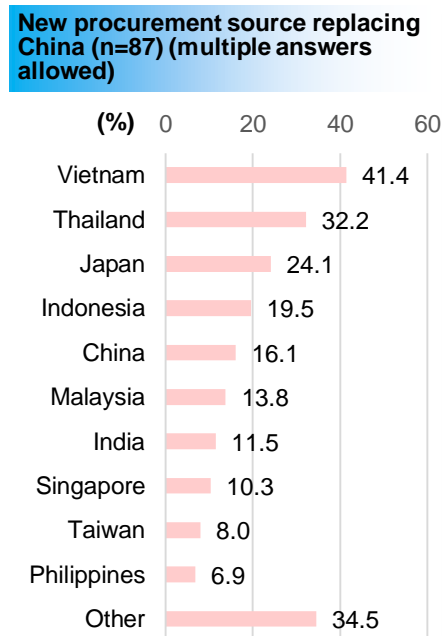
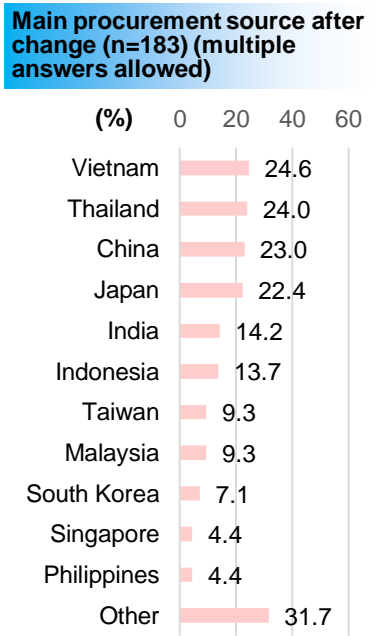
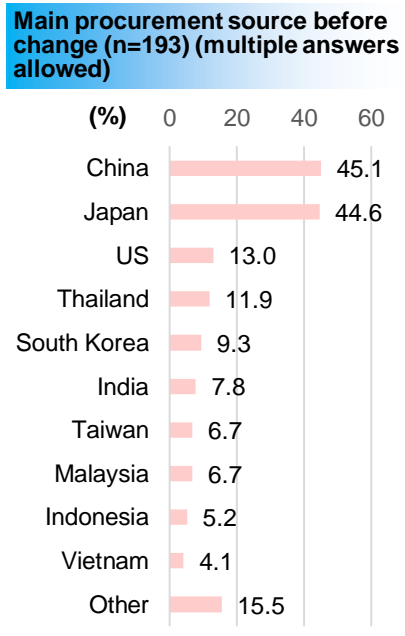
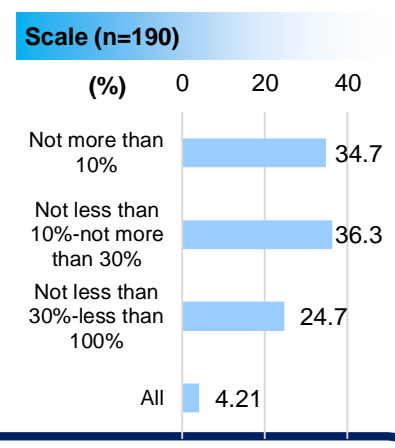
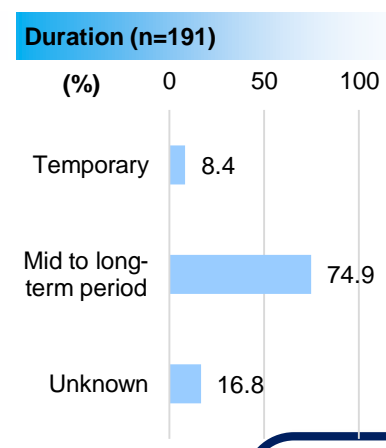
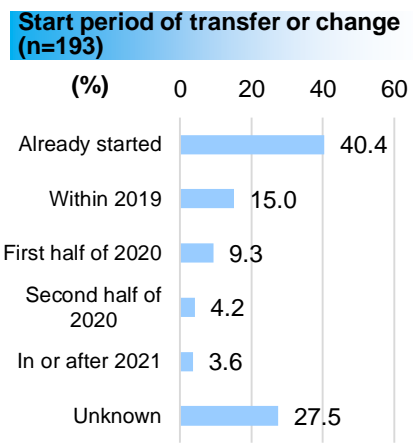
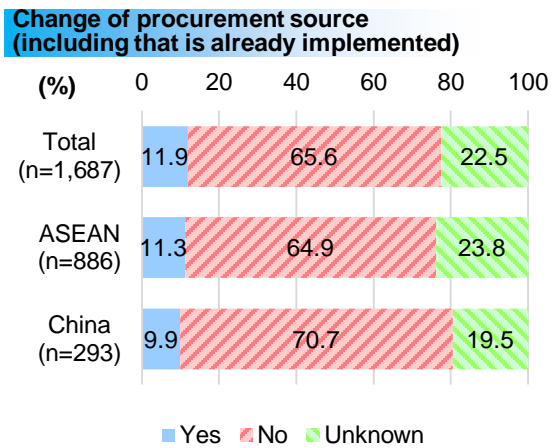


- The proportion of companies that selected “Yes” for “Transfer of production site” in response to changes in the trade environment was only 7.2%, in total. By country/region, the proportion was 5.5% in ASEAN and 9.2% in China.
- Regarding the “Start period of production site transfer or change,” the combination of “Already started” (43.2%) and “Within 2019” (16.1%) exceeded 50%. Regarding the duration of transfer, 80.9% of the responding companies selected “Mid to long-term period.”
- The scale of transfer was less than 30% among more than a half of the companies with “Not more than 10%” and “Not less than 10%-not more than 30%” accounting for 20.5% and 42.7%, respectively.
- Among companies that selected “Yes” for “Transfer of production site,” China (62.7%) was most frequently cited as the former production site. Vietnam (42.3%) occupied 1st place as the transfer destination. Companies for which the former production site was China most frequently cited ASEAN countries, such as Vietnam and Thailand, as their transfer destination.



# 6. Impact of Changes in Trade Environment (5)

Measures responding to changes in the trade environment (change of procurement source)

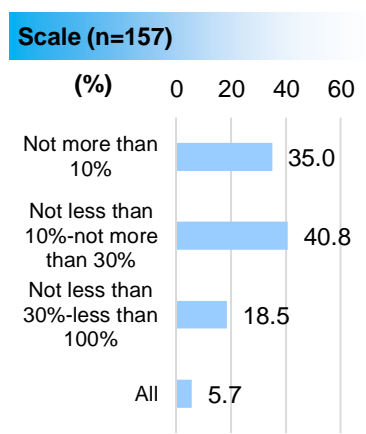
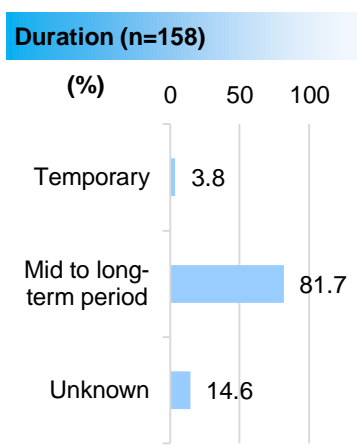
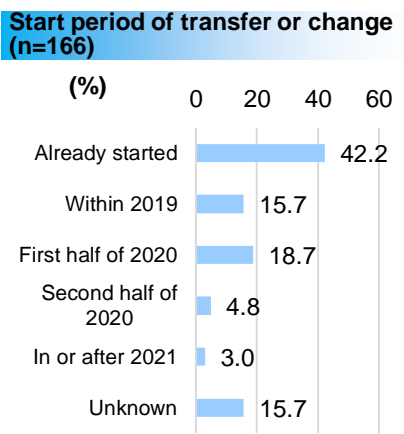
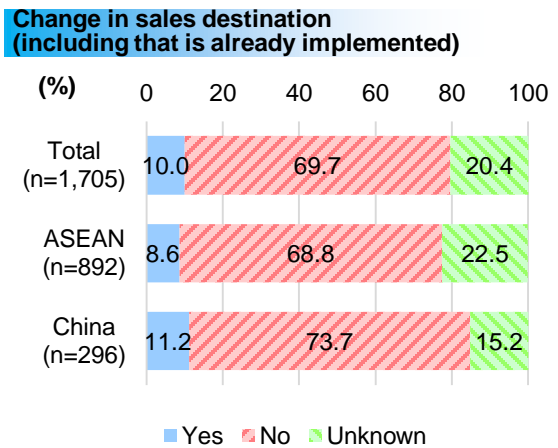


- The proportion of companies that selected "Yes" for "Change of procurement source" in response to changes in the trade environment was only 11.9%, in total. By country/region, the proportion was 11.3% in ASEAN and 9.9% in China.
- Regarding the "Start period of procurement source transfer or change," the combination of "Already started" (40.4%) and "Within 2019" (15%) exceeded 50%. Regarding the duration of transfer, 74.9% of the responding companies selected "Mid to long-term period."
- The scale of change was less than 30% among over 70% of the companies with "Not more than 10%" and "Not less than 10%-not more than 30%" accounting for 34.7% and 36.3%, respectively.
- Among companies that selected "Yes" for "Change of procurement source," China (45.1%) was most frequently cited as the procurement source before change. Vietnam (24.6%) occupied 1st place as the procurement source after change. Companies for which the procurement source before change was China most frequently cited Vietnam, Thailand, and Japan as their procurement source after change.

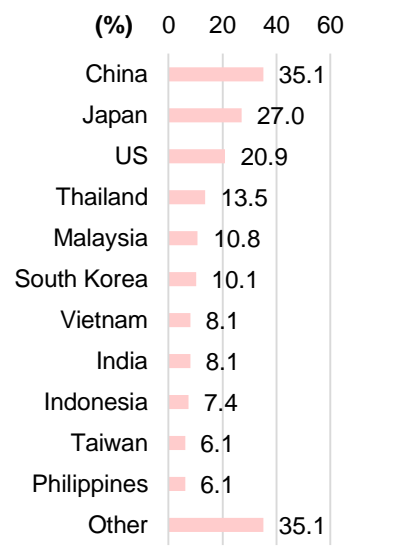


# 6. Impact of Changes in Trade Environment (6)

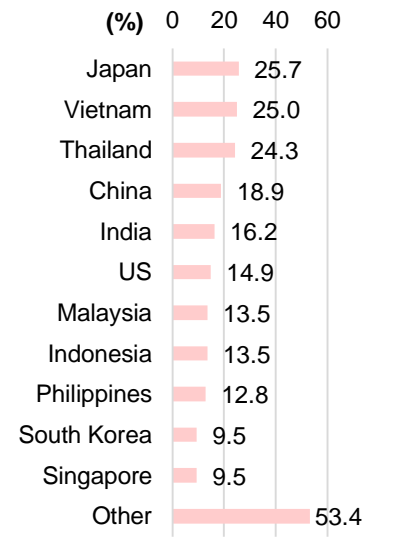
## Measures responding to changes in the trade environment (change in sales destination)



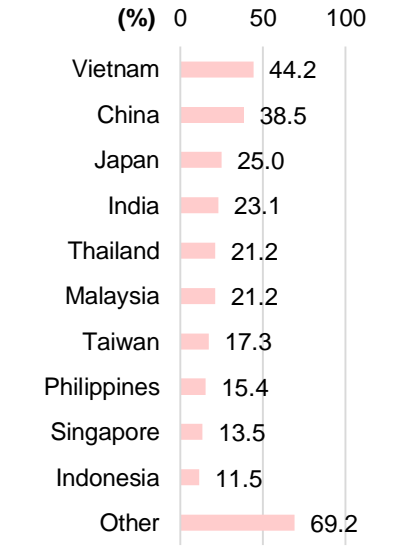
**Main sales destination before change (n=148) (Multiple answers allowed)**



**Main sales destination after change (n=148) (Multiple answers allowed)**



**New sales destination replacing China (n=52) (Multiple answers allowed)**



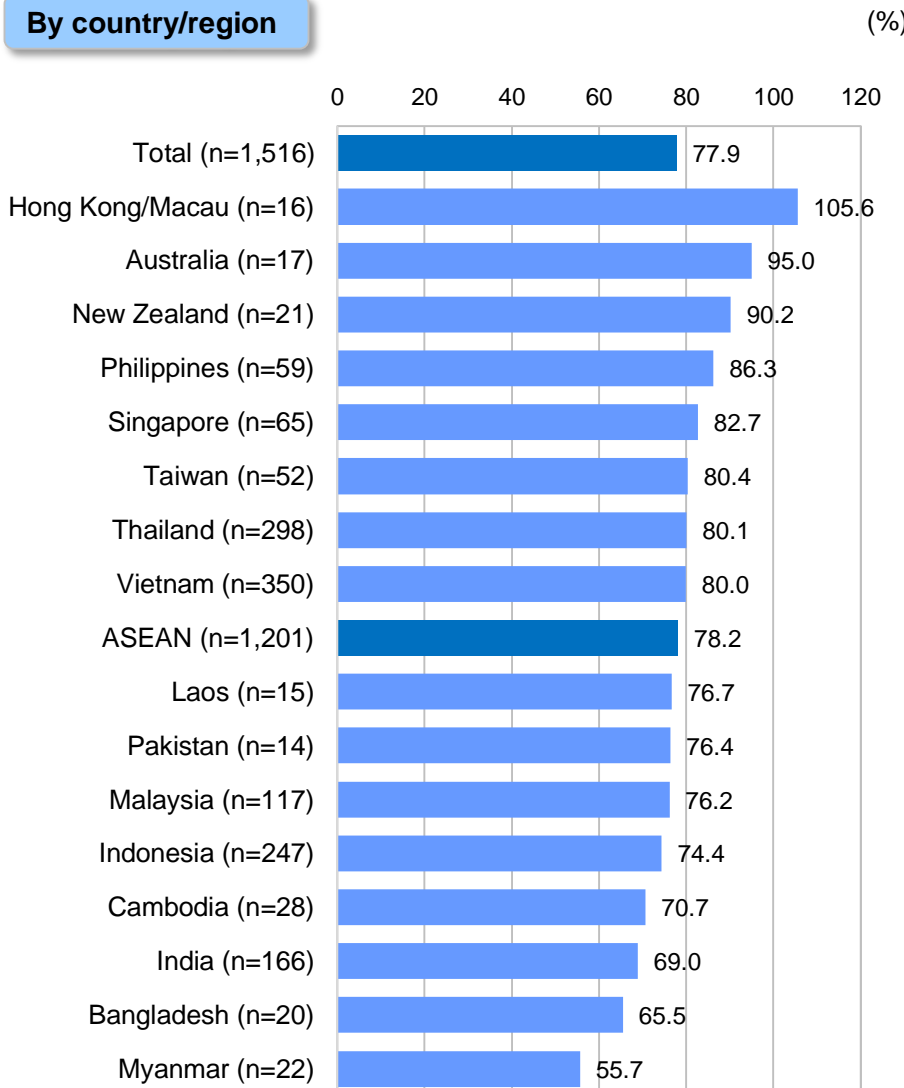
- The proportion of companies that selected “Yes” for “Change in sales destination” in response to changes in the trade environment was only 10%, in total. By country/region, the proportion was 8.6% in ASEAN and 11.2% in China.
- Regarding the “Start period of sales destination transfer or change,” the combination of “Already started” (42.2%) and “Within 2019” (15.7%) exceeded 50%. Regarding the duration of transfer, 81.7% of the responding companies selected “Mid to long-term period.”
- The scale of change was less than 30% among over 70% of the companies with “Not more than 10%” and “Not less than 10%-not more than 30%” accounting for 35% and 40.8%, respectively.
- Among companies that selected “Yes” for “Change in sales destination,” China (35.1%) was most frequently cited as their sales destination before change. Japan (25.7%) occupied 1st place as the sales destination after change. Companies for which the sales destination before change was China most frequently cited Vietnam, China, Japan, and India as their new sales destination.

# 7. Productivity and Innovation (1)

Manufacturing industries only

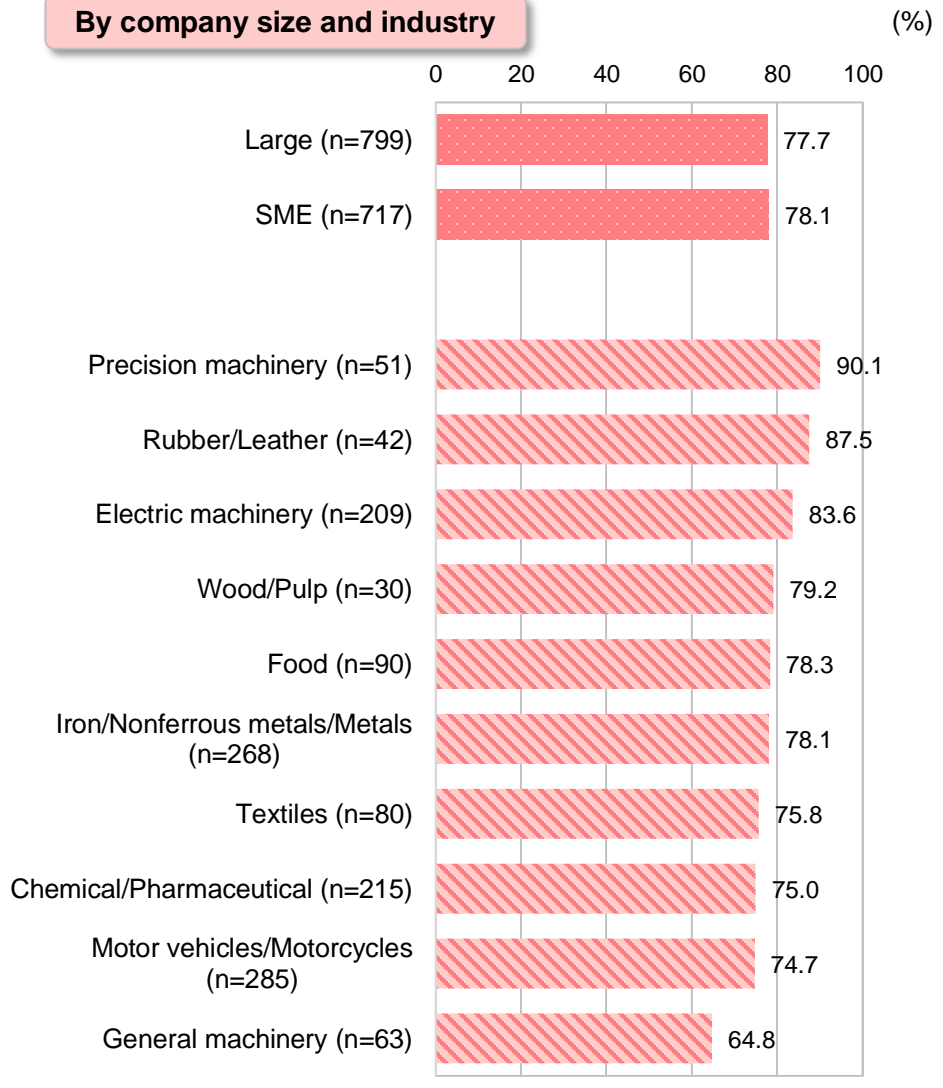
**Productivity of plants in the country/region when assuming the productivity of your company in Japan as 100**

**By country/region**



Note 1: Countries/regions for which the number of valid responses is 10 companies or more  
 Note 2: "Productivity" includes the improvement of added value and the creation of new business models, in addition to efficiency.

**By company size and industry**



# 7. Productivity and Innovation (2)

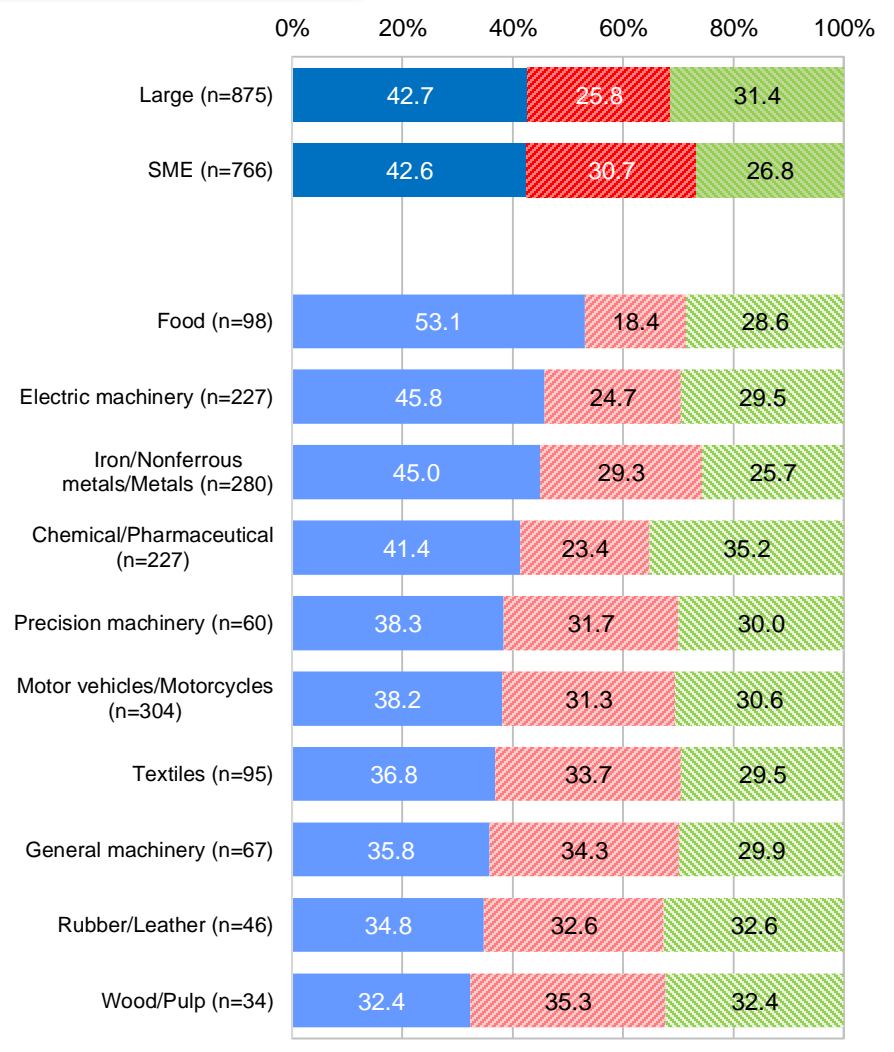
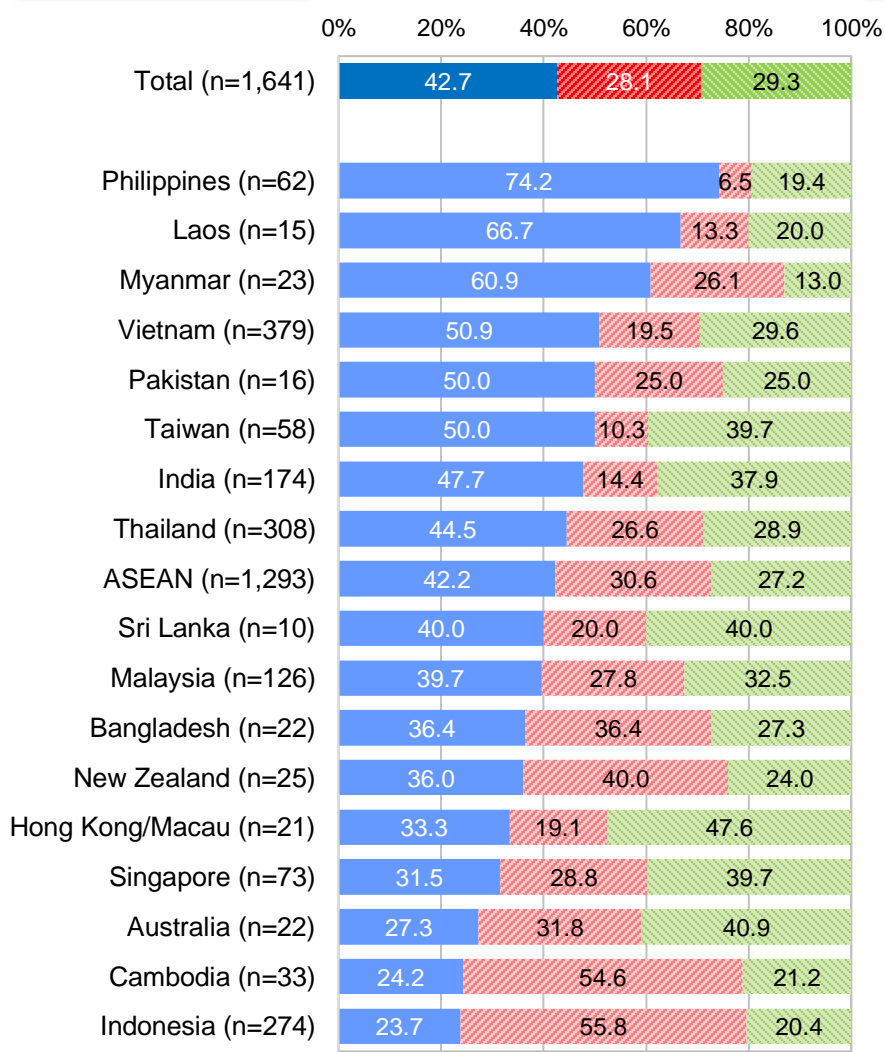
Manufacturing industries only

**Appropriateness of the minimum wage set by the government in the country/region, from the perspective of productivity**

Note: Countries/regions for which the number of valid responses is 10 companies or more

**By country/region**      ■ Yes      ■ No      ■ Unknown

**By company size and industry**      ■ Yes      ■ No      ■ Unknown

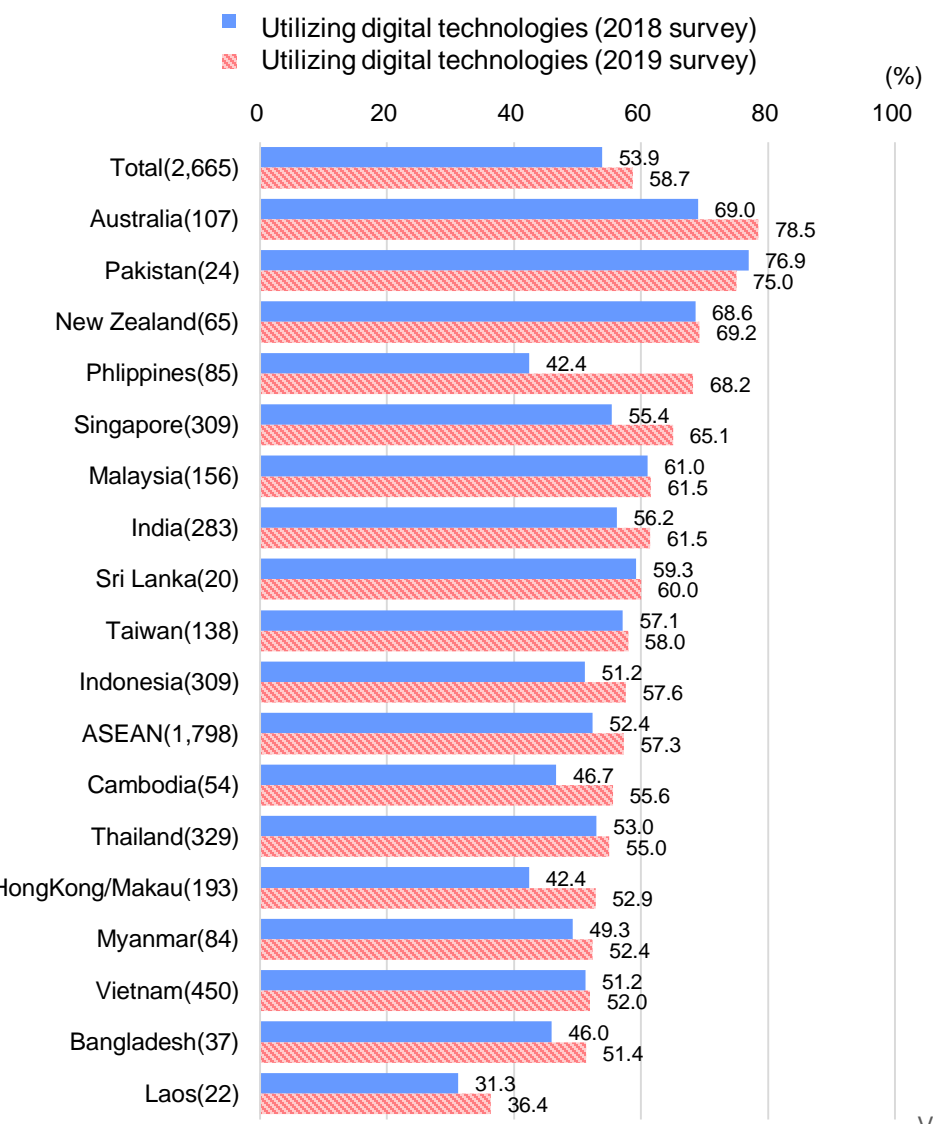




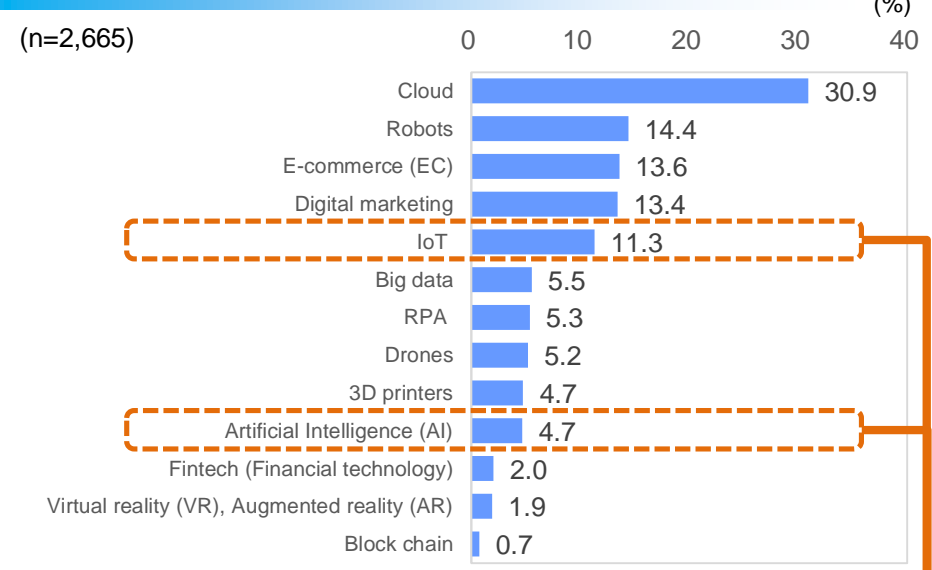


# 7. Productivity and Innovation (3)

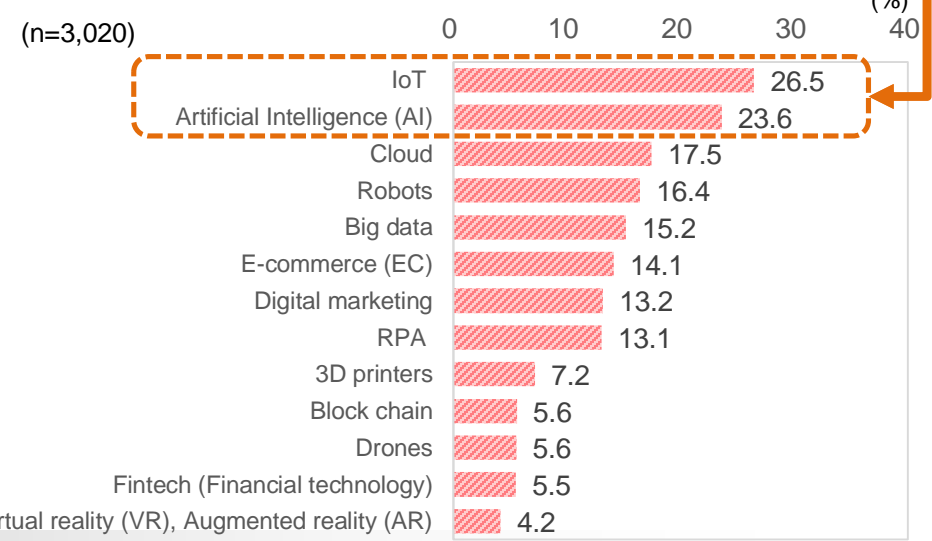
**Utilization of digital technologies in local business (multiple answers)**



**Digital technologies utilized in local business (by technology)**



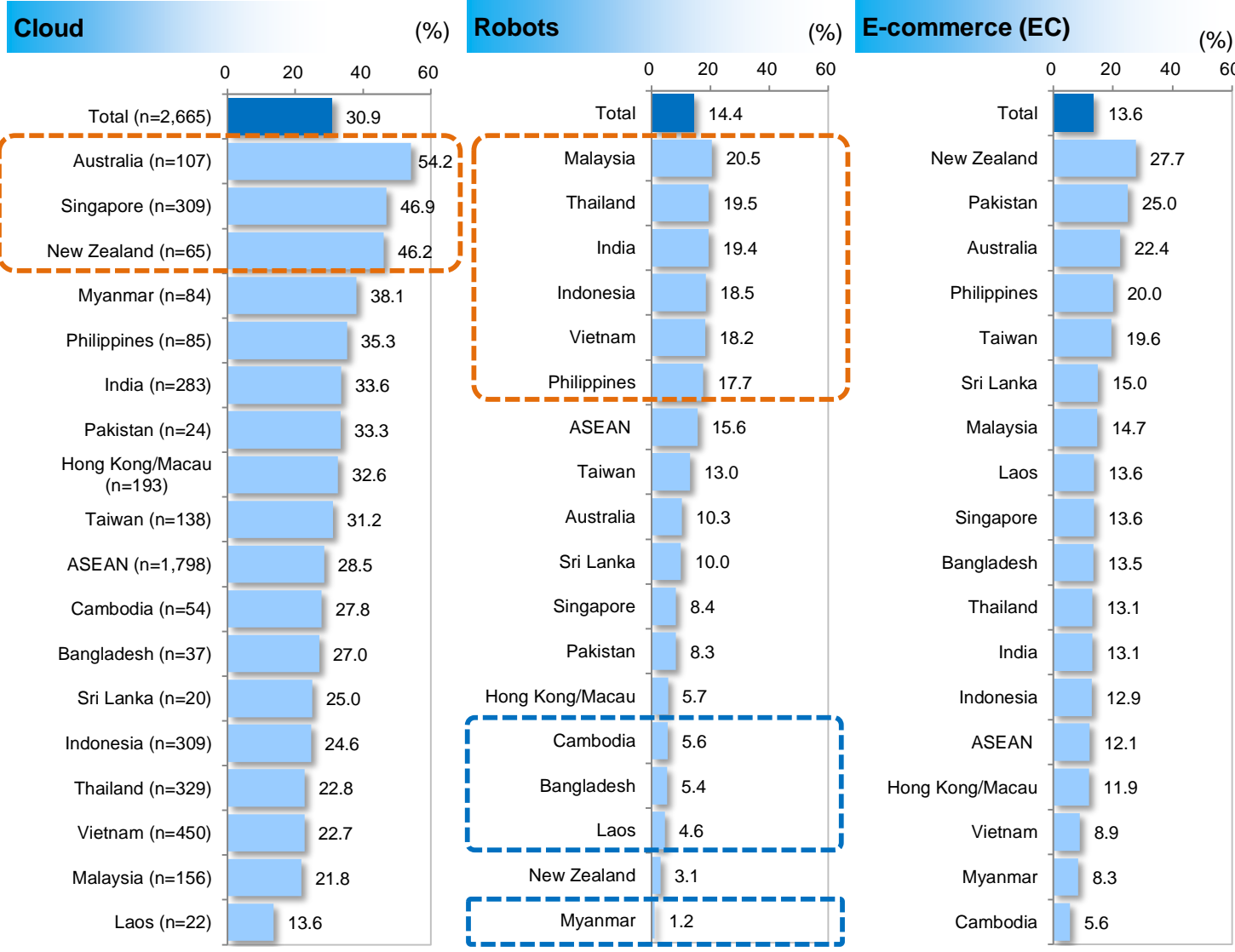
**Digital technologies under consideration for use on a medium- to long-term basis (5 to 10 years) (by technology)**





# 7. Productivity and Innovation (4)

**Digital technologies utilized in local business (by country/region, multiple answers)**

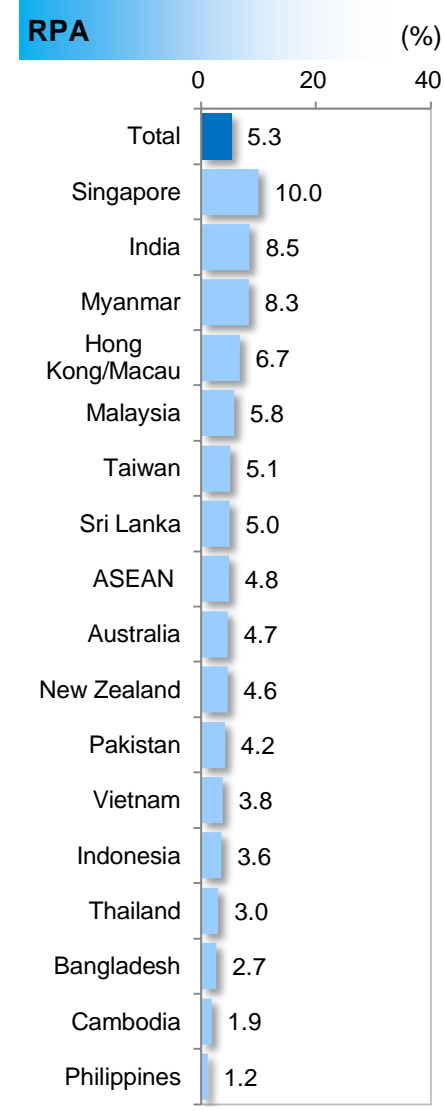
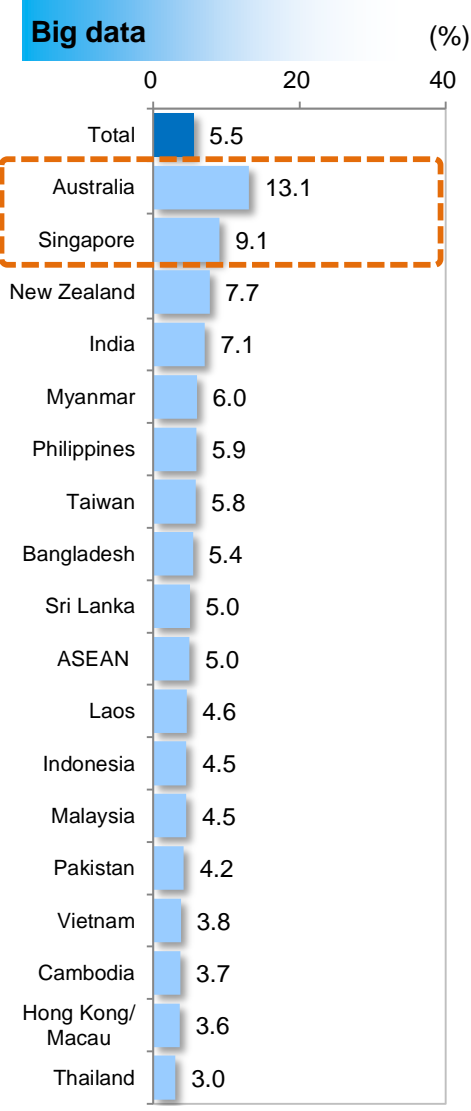
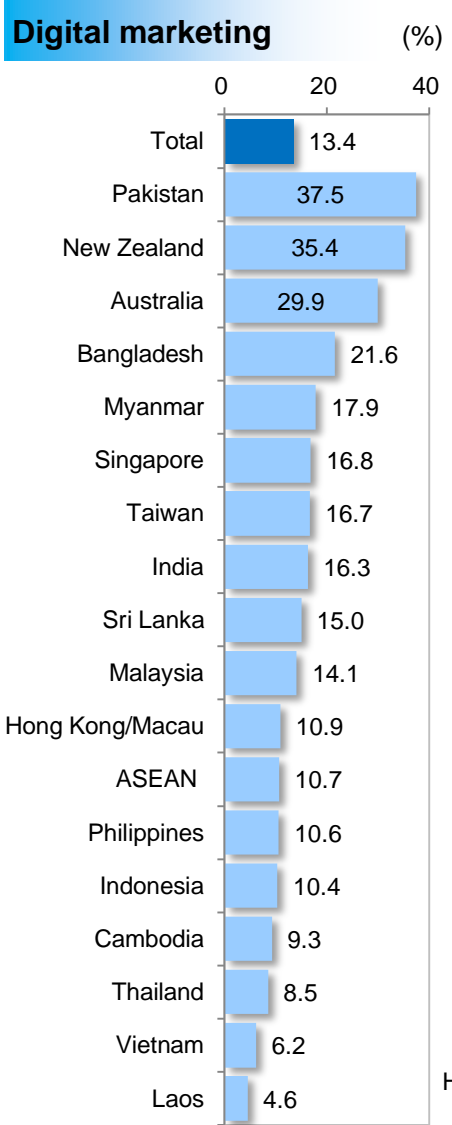


- The proportion of Japanese-affiliated companies in Asia and Oceania utilizing digital technology increased to 58.7%, up 4.8 pp YoY. By country/region, the proportion was higher in Australia, Pakistan, New Zealand, the Philippines, etc., while the proportion was lower in countries where labor costs are lower, such as Laos, Bangladesh, Vietnam, and Myanmar.
- In the present circumstances, the cloud, which is core for all digital technologies, is most commonly used at 30.9%. Currently, the use rates of IoT and artificial intelligence (AI) are low at 11.3% and 4.7%, respectively, but many companies are considering their utilization on a medium- to long-term basis (5 to 10 years) at 26.5% and 23.6%, respectively.
- Looking at the utilization rate by technology, the rate of cloud usage was higher in countries that are more advanced regarding data policies, such as Australia and Singapore. The rate of robot usage was higher in major ASEAN countries and India but lower in CLM and Bangladesh.



# 7. Productivity and Innovation (5)

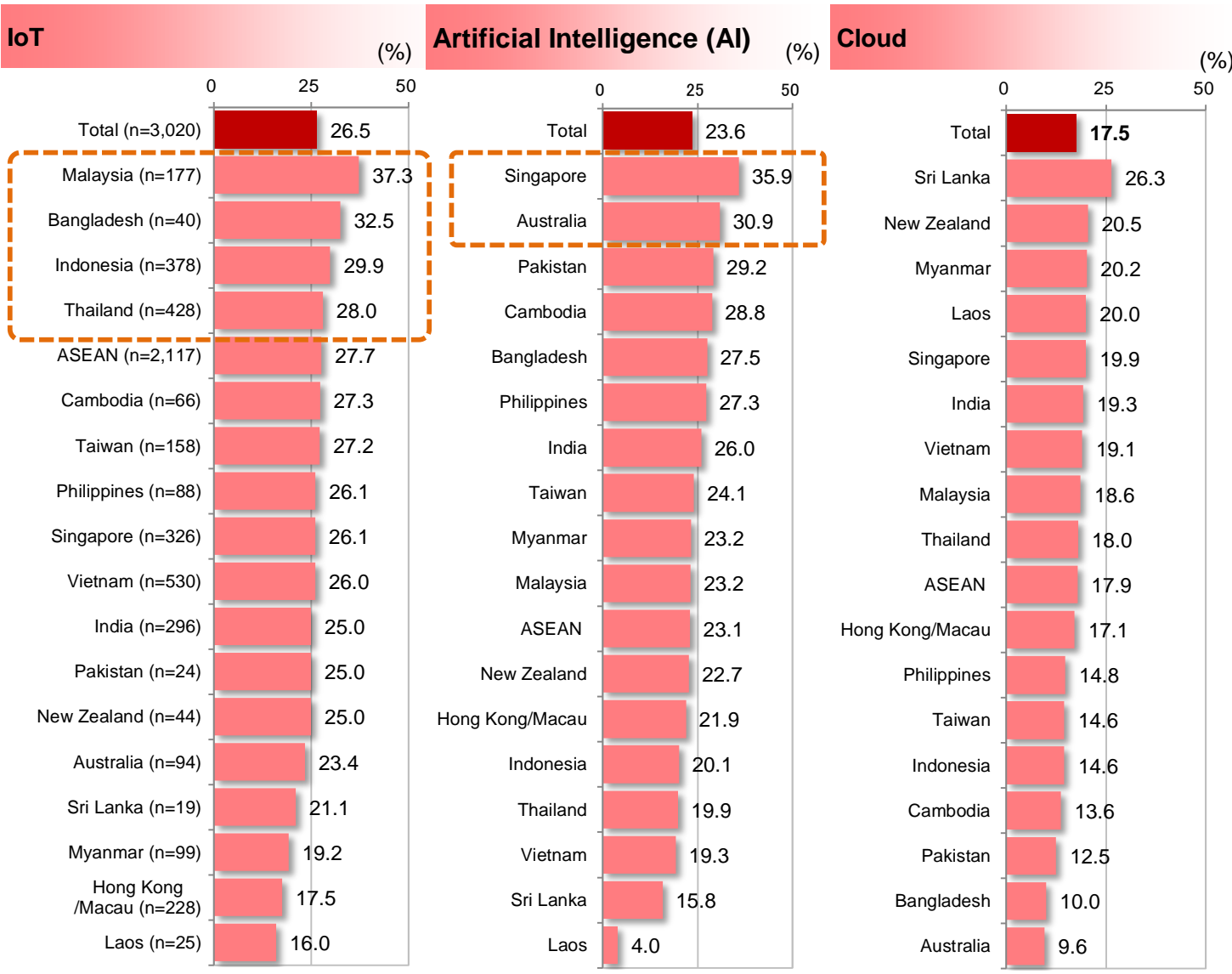
Digital technologies utilized in local business (by country/region, multiple answers)





# 7. Productivity and Innovation (6)

**Digital technologies under consideration for use on a medium- to long-term basis (5 to 10 years) (multiple answers)**

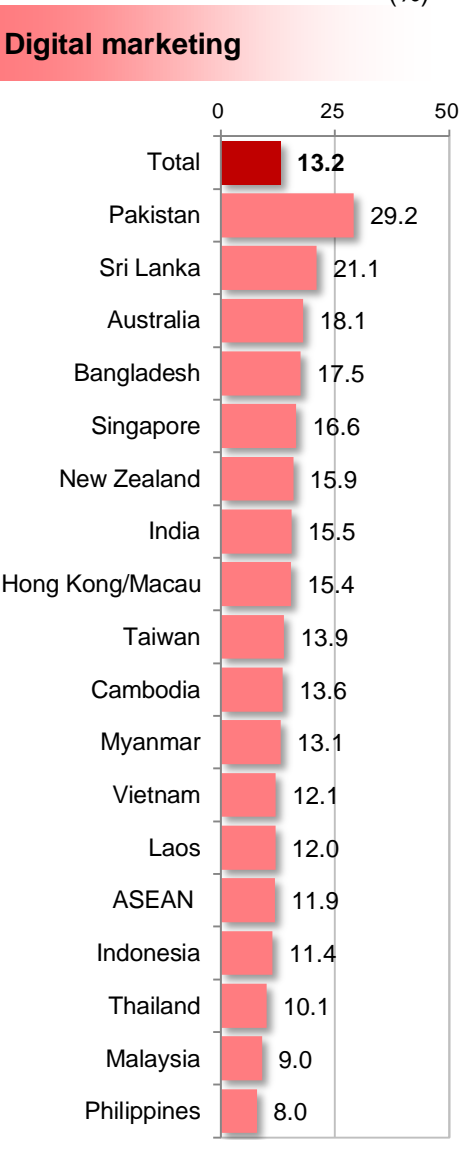
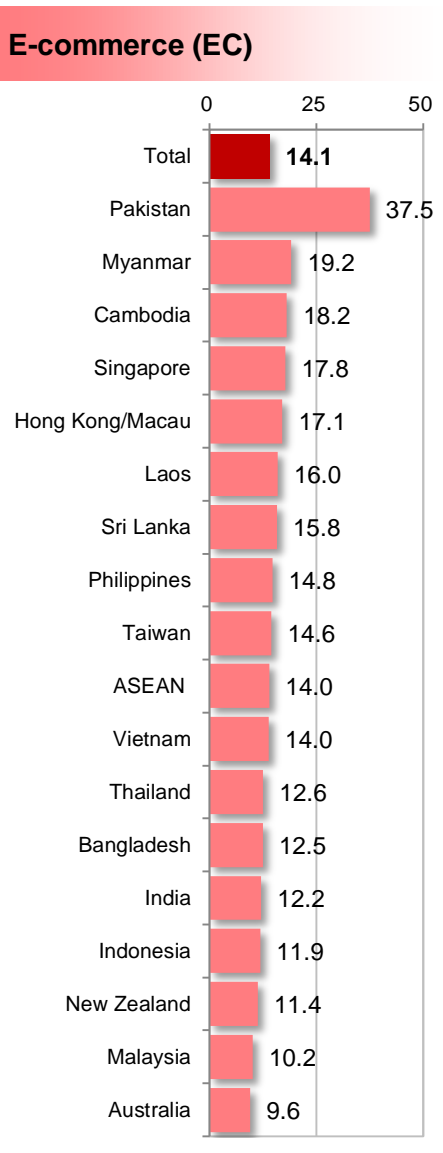
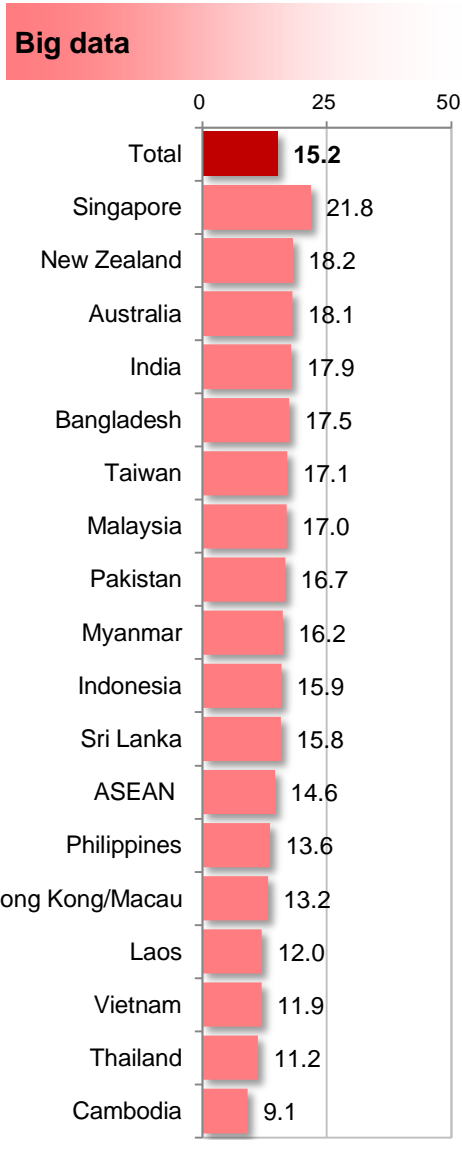
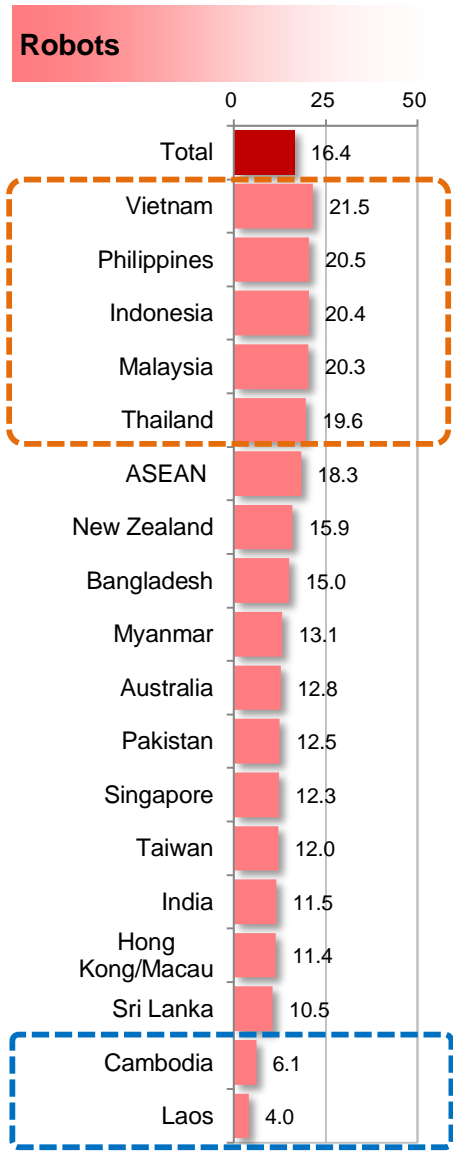


- As the digital technology under consideration for use on a medium- to long-term basis, IoT was most frequently cited. So far, there was no county/region with over 20% of the companies using IoT, but many companies are considering IoT utilization on a medium- to long-term basis (5 to 10 years). The percentage reached around 30% or 40% in Malaysia, Bangladesh, Indonesia, and Thailand, etc.
- In Singapore and Australia, where the big data utilization rate is higher, many companies are considering the use of artificial intelligence (AI) on a medium- to long-term basis at 35.9% and 30.9%, respectively.
- Robots are being utilized by nearly 20% of the companies in Malaysia, Thailand, Indonesia, Vietnam, and the Philippines, etc. In these major ASEAN countries, where there are many production bases and wage increases are an issue, it is expected that companies that are not yet using robots will aim to introduce robots on a medium- to long-term basis.



# 7. Productivity and Innovation (7)

Digital technologies under consideration for use on a medium- to long-term basis (5 to 10 years) (multiple answers) (%)





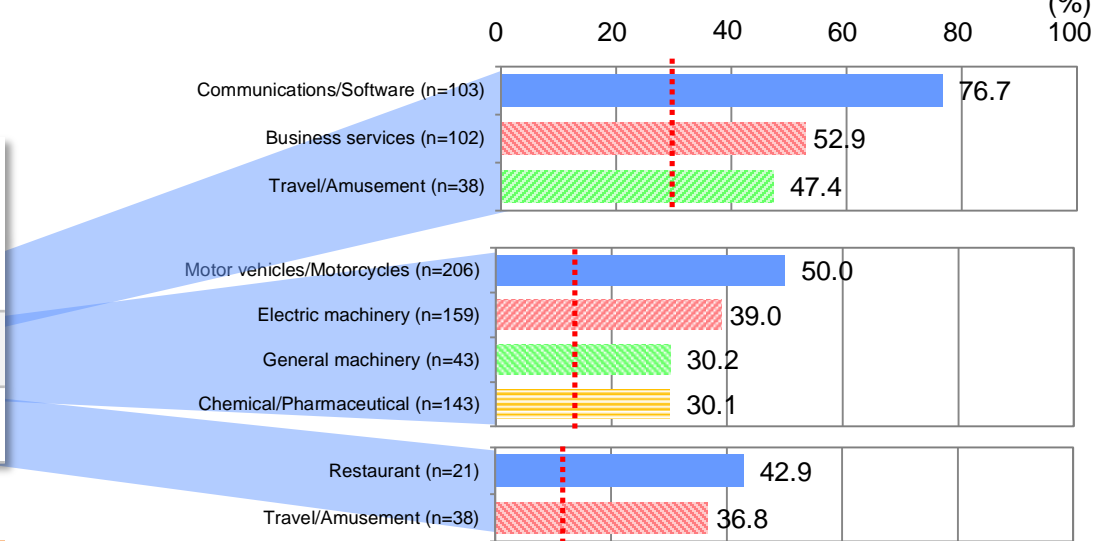
# 7. Productivity and Innovation (8)

## Industries where digital technologies are actively used

### Current utilization (n=2,665)

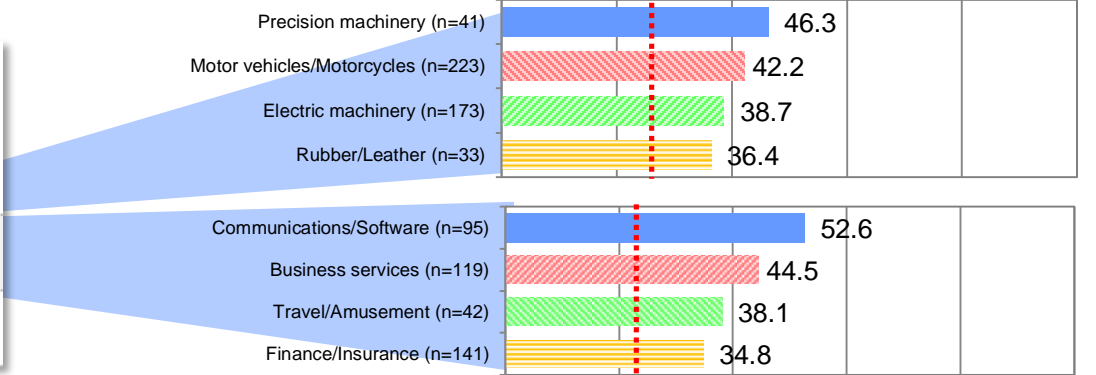
Answers		Response rate (%)
1	Cloud	30.9
2	Robots	14.4
3	E-Commerce (EC)	13.6

### Industries for which the response rate was higher than the average (%)



### Consideration for the future (n=3,020)

Answers		Response rate (%)
1	IoT	26.5
2	Artificial Intelligence (AI)	23.6
3	Cloud	17.5

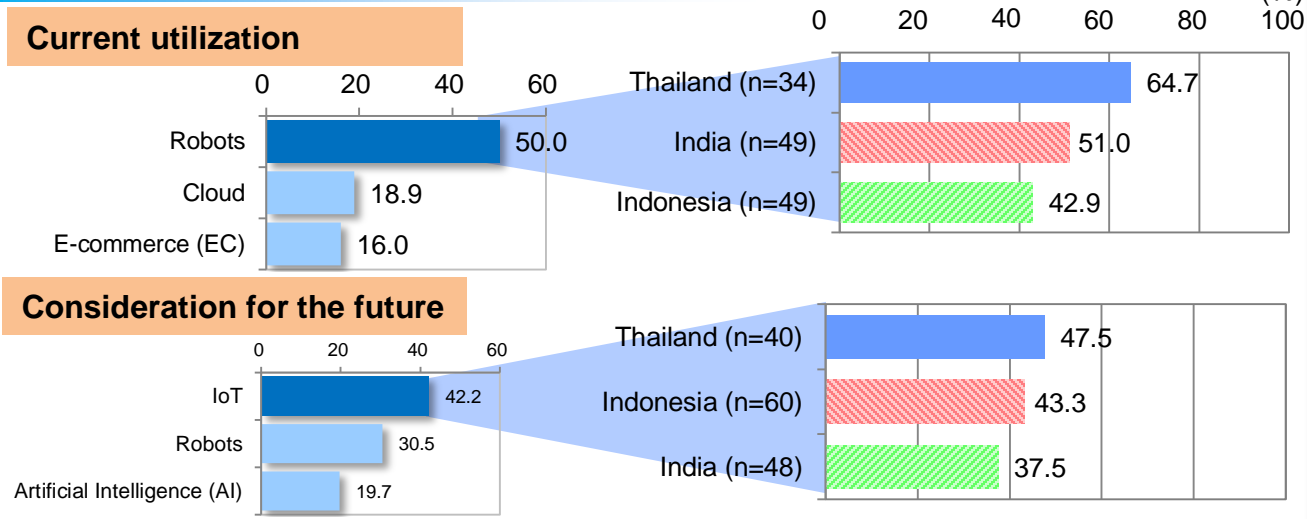




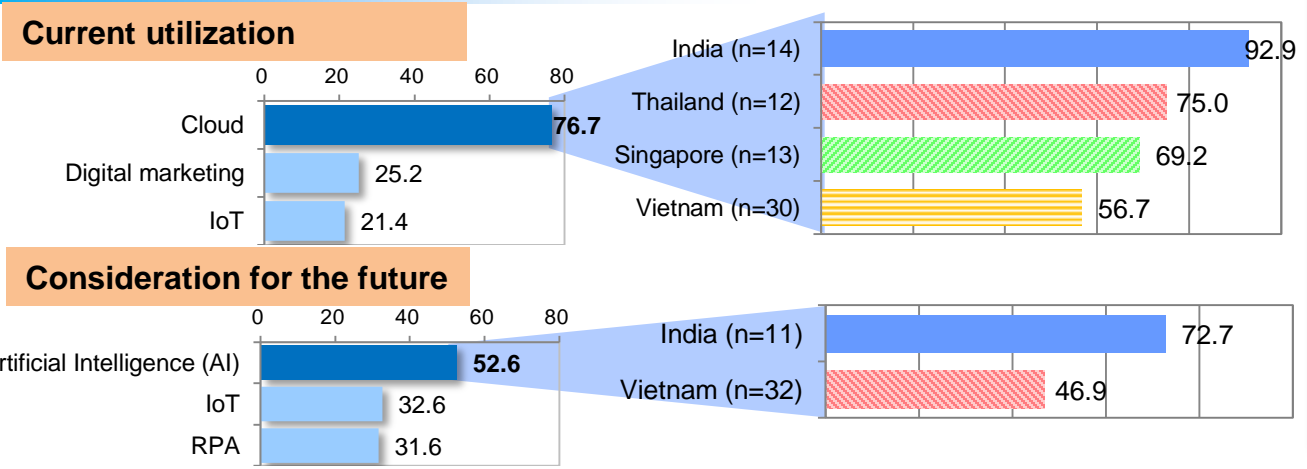
# 7. Productivity and Innovation (9)

## Changes in utilization in two major industries where digital technologies are actively used

### Motor vehicles/Motorcycles (Current: 206, Future: 223)



### Communications/Software (Current: 103, Future: 95)



- Currently, the cloud is most actively used. By industry, the proportion of cloud-using companies was higher than the average by over 15 pp in Communications/Software (76.7%), Business services (52.9%), and Travel/Amusement (47.4%).
- IoT is most commonly considered for utilization on a medium- to long-term basis (5 to 10 years). By industry, the proportion of companies considering IoT use was higher than the average by over 10 pp in Precision machinery (46.3%), Motor vehicles/Motorcycles (42.2%), and Electric machinery (38.7%).
- In Motor vehicles/Motorcycles, half of all Japanese-affiliated companies in Asia and Oceania are utilizing robots. In particular, a large proportion of companies are using robots in Thailand, India, and Indonesia, where many motor vehicle-related companies are operating. It is expected that these companies will shift to IoT use on a medium- to long-term basis (5 to 10 years).
- In Communications/Software, 76.7% of the responding Japanese-affiliated companies are utilizing the cloud. The cloud is more commonly used in India, where there are many software-related companies, as well as Thailand, Singapore, and Vietnam, where many IT-related companies, such as companies related to business administration systems, are operating. It is expected that these companies will shift to the use of artificial intelligence (AI) on a medium- to long-term basis.



# 7. Productivity and Innovation (10)

## Digital technologies utilized in local business (by industry, multiple answers)

Note 1: The red-highlighted items show over 20%.  
 Note 2: Countries/regions for which the number of valid responses is 30 companies or more (%)

**Food (n=74)**

1	Digital marketing	27.0
2	Cloud	25.7
3	Robots	16.2
3	E-commerce (EC)	16.2
5	Drones	6.8

**Textiles (n=49)**

1	Cloud	14.3
2	Robots	6.1
3	IoT	4.1
3	E-commerce (EC)	4.1
5	Digital marketing	2.0
5	Block chain	2.0
5	RPA	2.0

**Chemical/Pharmaceutical (n=143)**

1	Robots	30.1
2	Cloud	19.6
3	E-commerce (EC)	10.5
4	IoT	9.8
5	3D printers	6.3

**Iron/Nonferrous metals/Metals (n=143)**

1	Robots	25.9
2	Cloud	16.1
3	IoT	11.2
4	Digital marketing	6.3
5	E-commerce (EC)	5.6

**General machinery (n=43)**

1	Robots	30.2
2	E-commerce (EC)	14.0
2	Cloud	14.0
4	IoT	11.6
5	3D printers	11.6

**Electric machinery (n=159)**

1	Robots	39.0
2	IoT	32.1
3	Cloud	25.2
4	E-commerce (EC)	17.0
5	3D printers	12.0

**Motor vehicles/Motorcycles (n=206)**

1	Robots	50.0
2	Cloud	18.9
3	E-commerce (EC)	16.0
4	IoT	14.1
5	3D printers	10.2

**Precision machinery (n=48)**

1	Robots	29.2
2	Cloud	25.0
3	IoT	16.7
4	3D printers	10.4
5	RPA	6.3

**Wholesale/Retail (n=659)**

1	Cloud	33.5
2	Digital marketing	17.3
3	E-commerce (EC)	16.5
4	IoT	8.8
5	Robots	5.3

**Communications/Software (n=103)**

1	Cloud	76.7
2	Digital marketing	25.2
3	IoT	21.4
4	RPA	16.5
5	Artificial Intelligence (AI)	14.6
5	E-commerce (EC)	14.6

**Construction (n=160)**

1	Drones	36.3
2	Cloud	35.6
3	E-commerce (EC)	13.1
4	IoT	12.5
5	Virtual reality (VR), Augmented reality (AR)	5.6

**Transport activities/Warehouse (n=145)**

1	Cloud	35.9
2	E-commerce (EC)	11.7
3	Digital marketing	8.3
4	IoT	7.6
4	RPA	7.6

**Finance/Insurance (n=138)**

1	Cloud	28.3
2	RPA	26.1
3	Digital marketing	23.2
4	E-commerce (EC)	17.4
5	Fintech (Financial technology)	16.7

**Travel/Amusement (n=38)**

1	Digital marketing	50.0
2	Cloud	47.4
3	E-commerce (EC)	36.8
4	Drones	10.5
5	Virtual reality (VR), Augmented reality (AR)	7.9

**Business services (n=102)**

1	Cloud	52.9
2	Digital marketing	17.7
3	Artificial Intelligence (AI)	8.8
4	IoT	7.8
4	Big data	7.8





# 7. Productivity and Innovation (11)

**Digital technologies under consideration for use on a medium- to long-term basis (5 to 10 years) (by industry, multiple answers)**

Note 1: Red-highlighted items show over 20 %.  
 Note 2: Countries/regions for which the number of valid responses is 30 companies or more

**Food (n=77)**

1	Robots	24.7
2	Artificial Intelligence (AI)	20.8
3	IoT	19.5
4	Digital marketing	18.2
5	E-commerce (EC)	16.9

**Textiles (n=66)**

1	IoT	25.8
2	Robots	13.6
3	E-commerce (EC)	12.1
4	Big data	9.1
5	Cloud	9.1

**Chemical/Pharmaceutical (n=160)**

1	IoT	31.3
2	Robots	21.9
3	Artificial Intelligence (AI)	16.9
4	Big data	15.6
5	Cloud	12.5

**Iron/Nonferrous metals/Metals (n=212) (%)**

1	IoT	34.9
2	Robots	31.1
3	Artificial Intelligence (AI)	12.3
4	Cloud	11.3
5	E-commerce (EC)	9.4

**General machinery (n=45)**

1	IoT	24.4
2	Robots	20.0
3	Big data	15.6
3	Cloud	15.6
3	3D printers	15.6

**Electric machinery (n=173)**

1	IoT	38.7
2	Robots	31.8
3	Artificial Intelligence (AI)	25.4
4	RPA	16.2
5	3D printers	15.6

**Motor vehicles/Motorcycles (n=223)**

1	IoT	42.2
2	Robots	30.5
3	Artificial Intelligence (AI)	19.7
4	Cloud	17.0
5	3D printers	14.8

**Precision machinery (n=41)**

1	IoT	46.3
1	Robots	34.2
3	Artificial Intelligence (AI)	26.8
4	RPA	19.5
5	Big data	9.8
5	Digital marketing	9.8

**Wholesale/Retail (n=747)**

1	Artificial Intelligence (AI)	22.5
2	IoT	20.1
3	Cloud	19.4
4	E-commerce (EC)	18.7
5	Digital marketing	15.4

**Communications/Software (n=95)**

1	Artificial Intelligence (AI)	52.6
2	IoT	32.6
3	RPA	31.6
4	Big data	29.5
5	Block chain	24.2

**Construction (n=168)**

1	IoT	31.0
2	Artificial Intelligence (AI)	22.0
2	Cloud	20.2
4	Drones	19.6
5	3D printers	14.9

**Rubber/Leather (n=33)**

1	IoT	36.4
1	Robots	33.3
3	Artificial Intelligence (AI)	21.2
4	E-commerce (EC)	18.2
5	Digital marketing	15.2

**Finance/Insurance (n=141)**

1	Fintech (Financial technology)	37.6
2	Artificial Intelligence (AI)	34.8
3	RPA	26.2
4	Big data	22.7
5	Cloud	19.9

**Travel/Amusement (n=42)**

1	Artificial Intelligence (AI)	38.1
2	E-commerce (EC)	33.3
2	Big data	33.3
4	IoT	28.6
5	Digital marketing	23.8
5	Cloud	23.8

**Business services (n=119)**

1	Artificial Intelligence (AI)	44.5
2	Digital marketing	26.9
3	Big data	23.5
4	RPA	20.2
5	IoT	19.3

**Transport activities/Warehouse (n=197)**

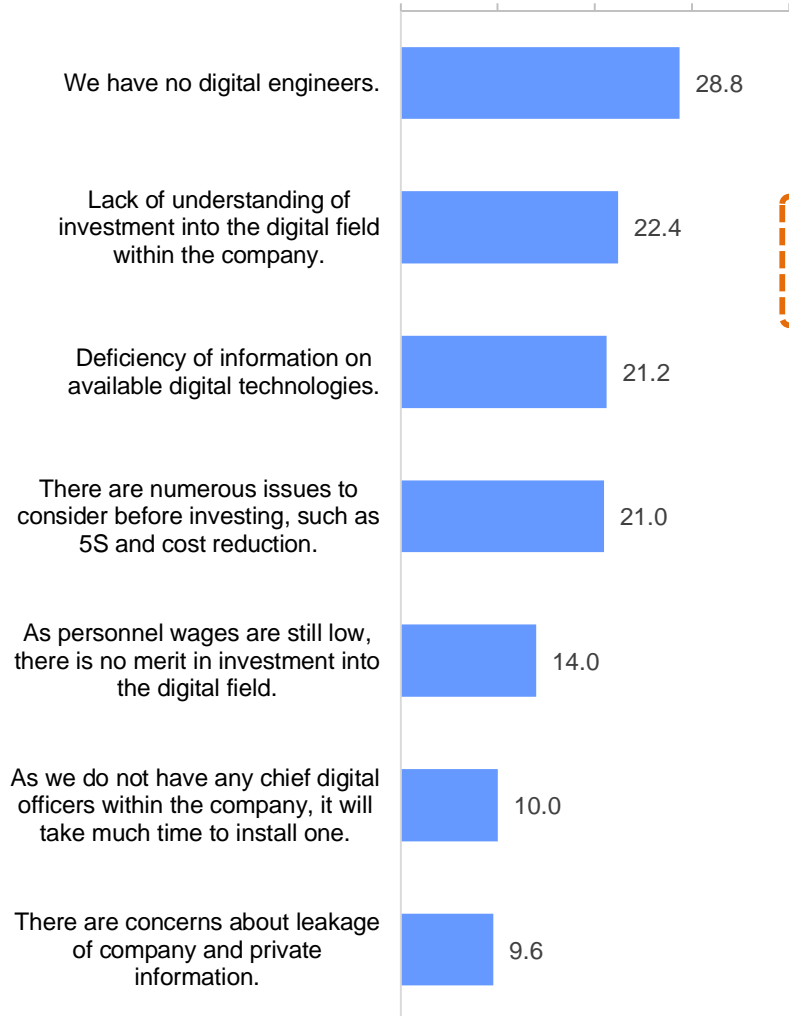
1	IoT	26.9
1	Artificial Intelligence (AI)	25.9
3	Robots	20.3
4	Cloud	19.8
4	RPA	19.8



# 7. Productivity and Innovation (12)

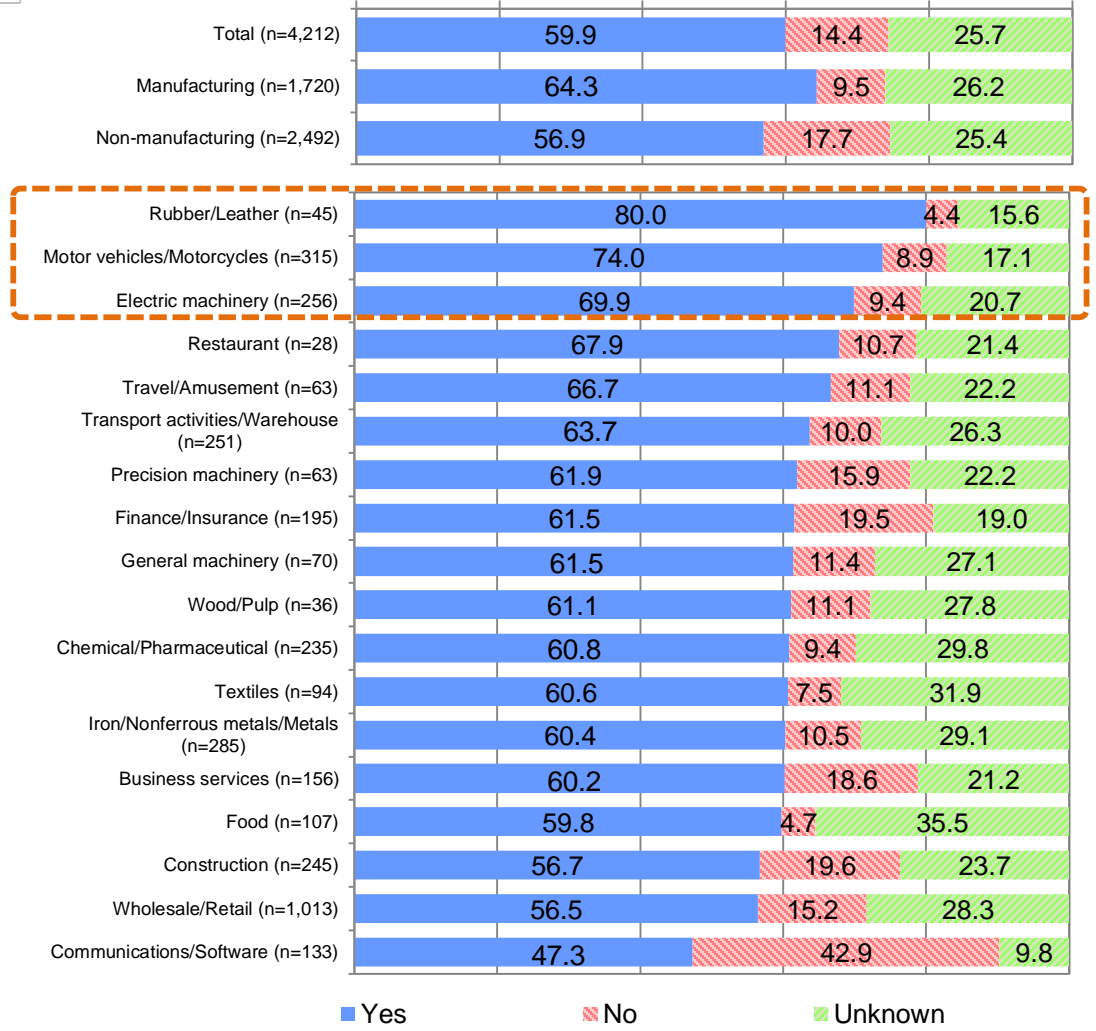
**Obstacles upon investment into the digital field (multiple answers)**

(Valid answers: 4,212 companies) 0 10 20 30 40 (%)



**Obstacles (by industry)**

0 20 40 60 80 100 (%)





# 7. Productivity and Innovation (13)

**Obstacles upon investment into the digital field (by country/region, multiple answers)**

(%)

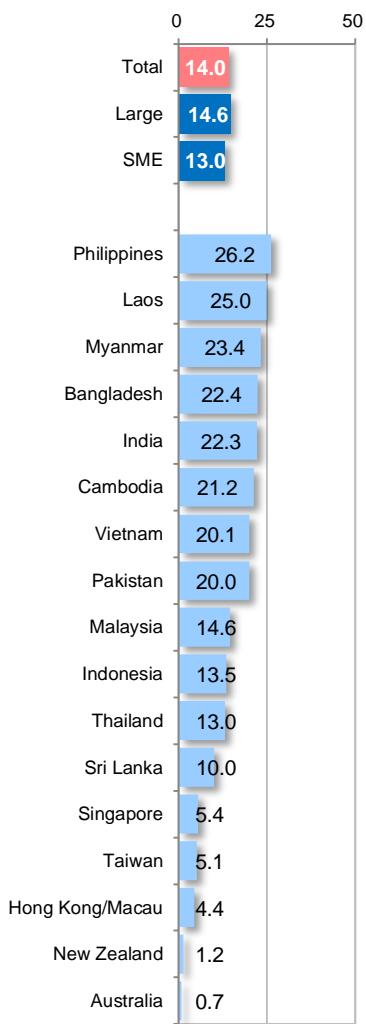
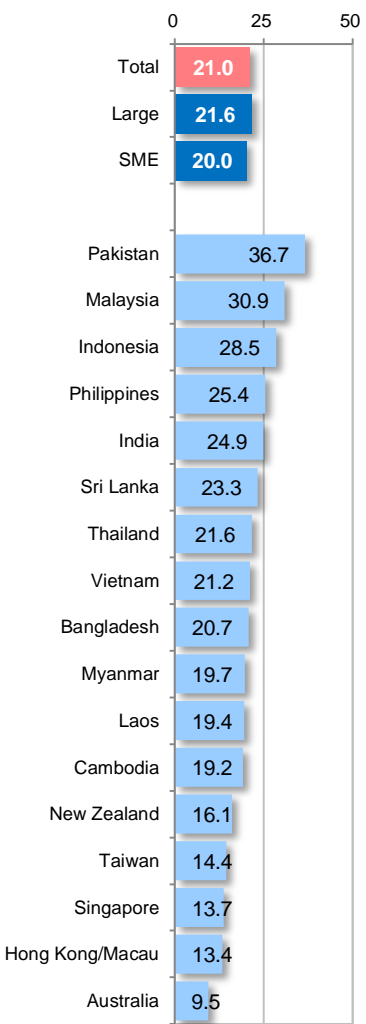
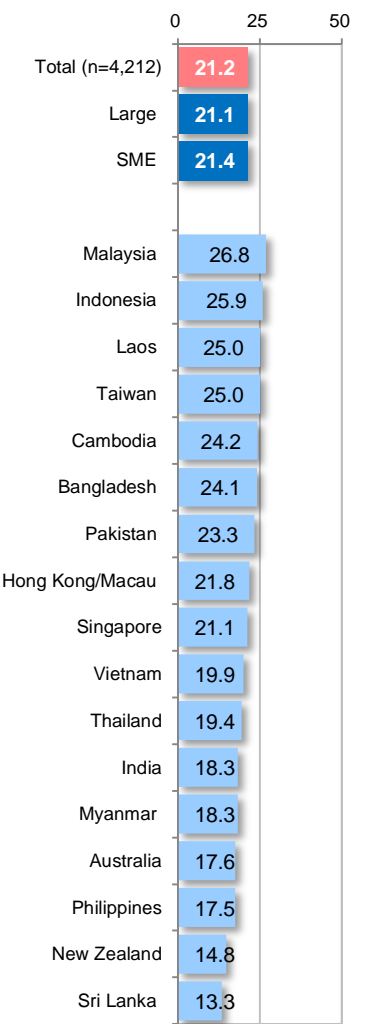
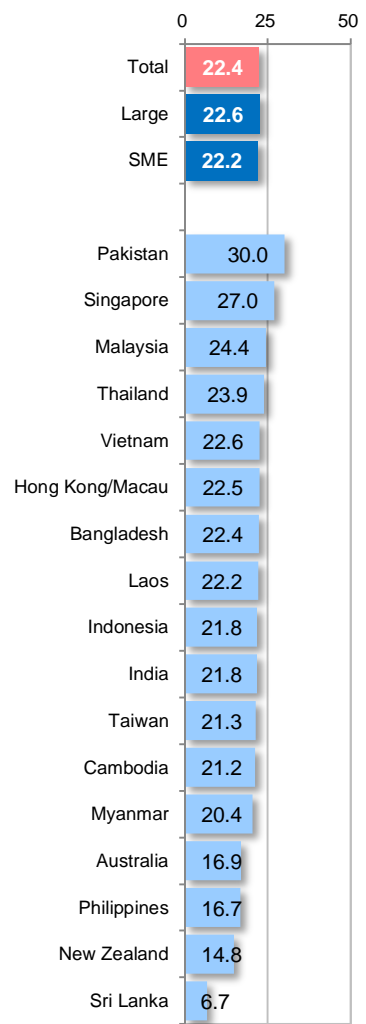
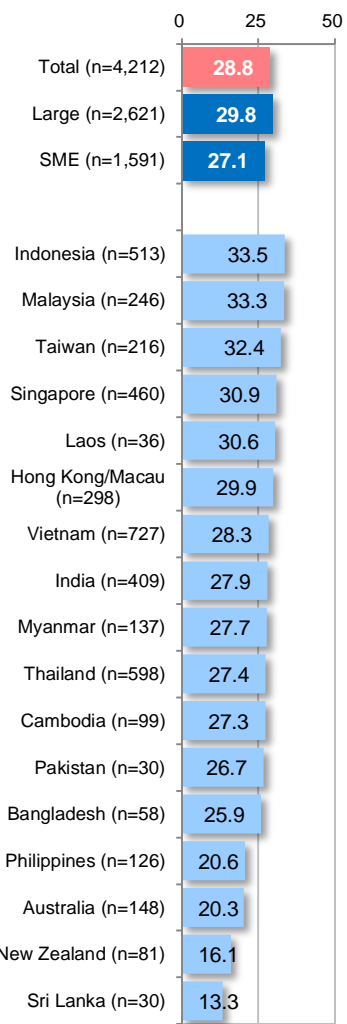
**We have no digital engineers.**

**Lack of understanding of investment into the digital field within the company**

**Deficiency of information on available digital technologies**

**There are numerous issues to consider before investing, such as 5S and cost reduction.**

**As personnel wages are still low, there is no merit in investment into the digital field.**



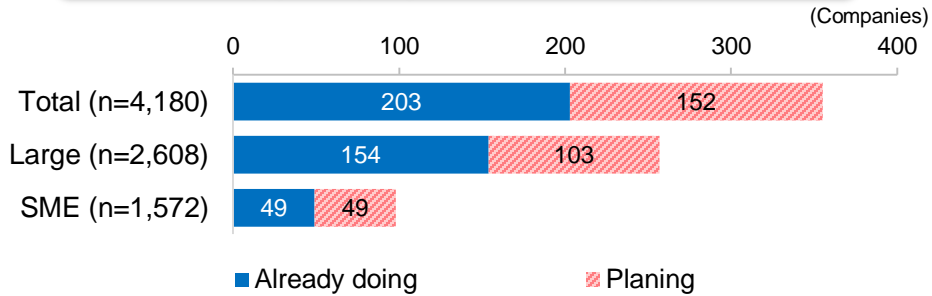


# 7. Productivity and Innovation (14)

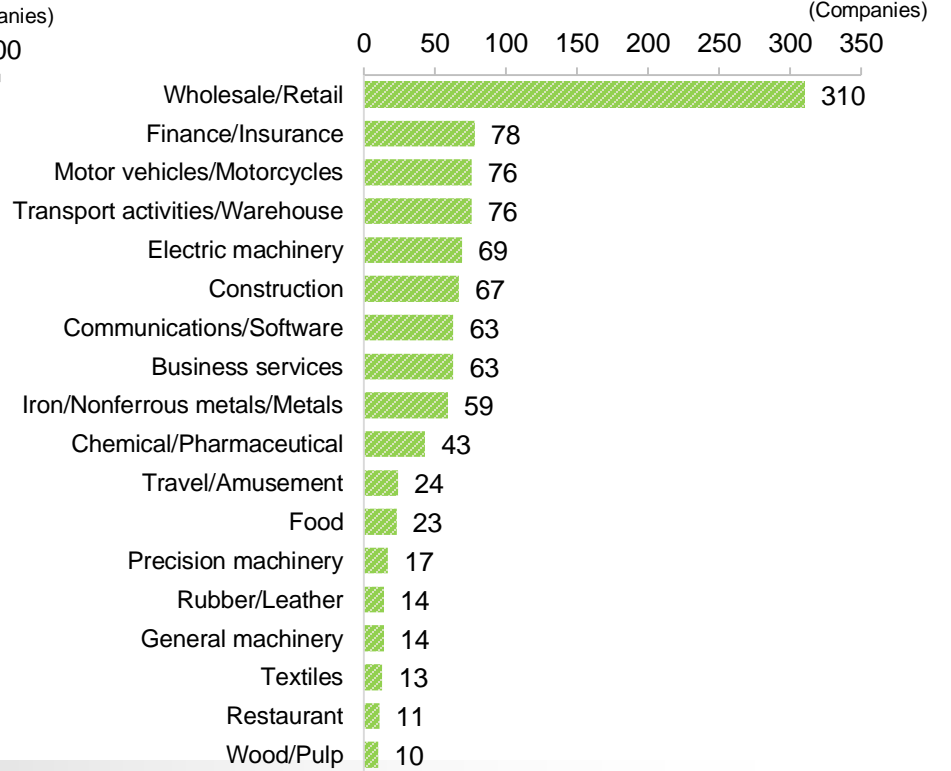
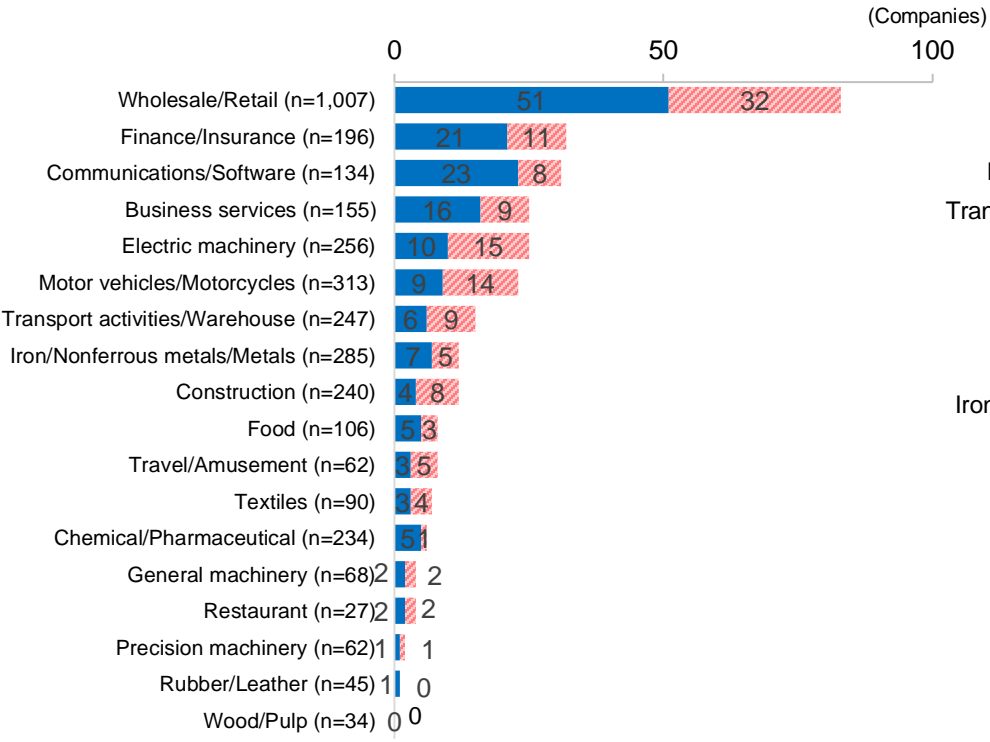
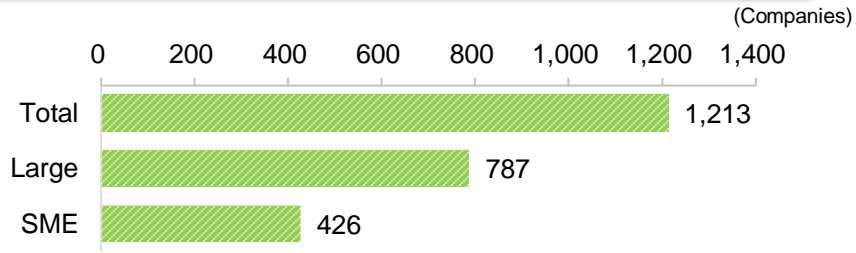
## Collaborating with local startups

Note: The number of valid responses in the figure at right is the same as that in the figure at left.

### Already collaborating or planning to collaborate (by company size and industry)



### Not yet, but have an interest (by company size and industry)

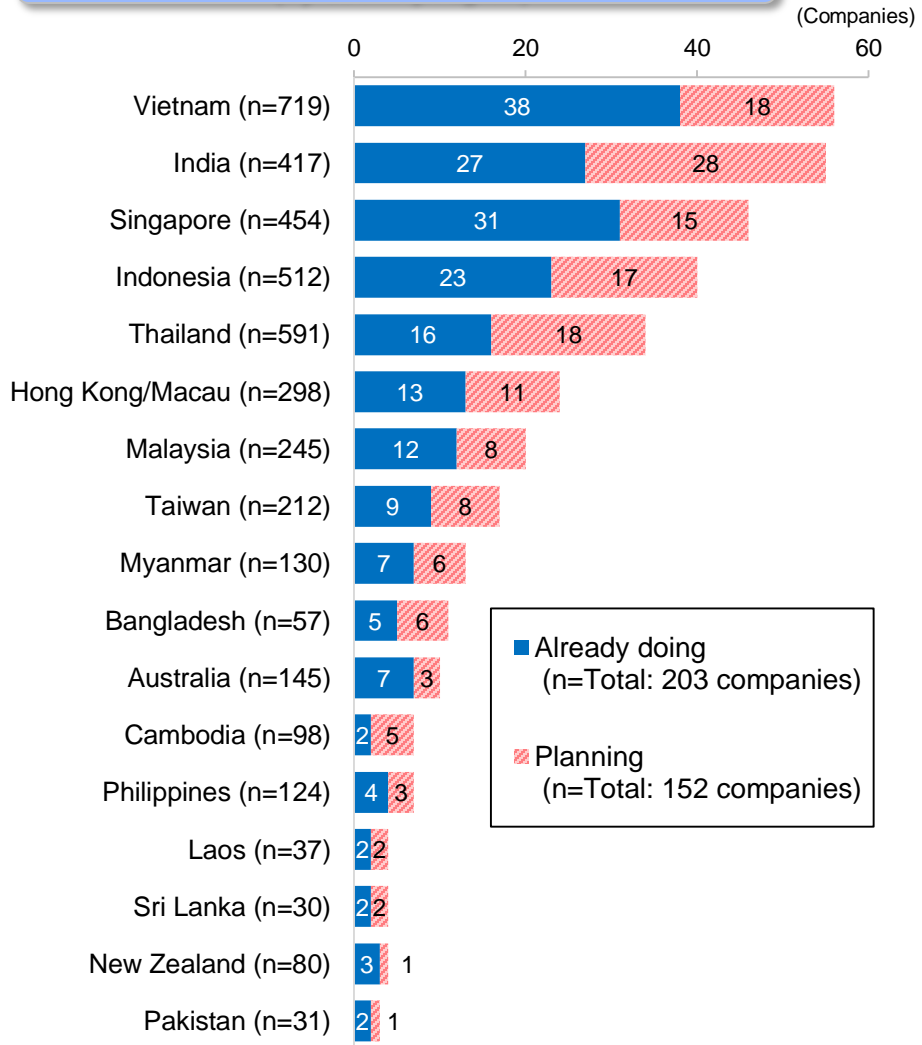




# 7. Productivity and Innovation (15)

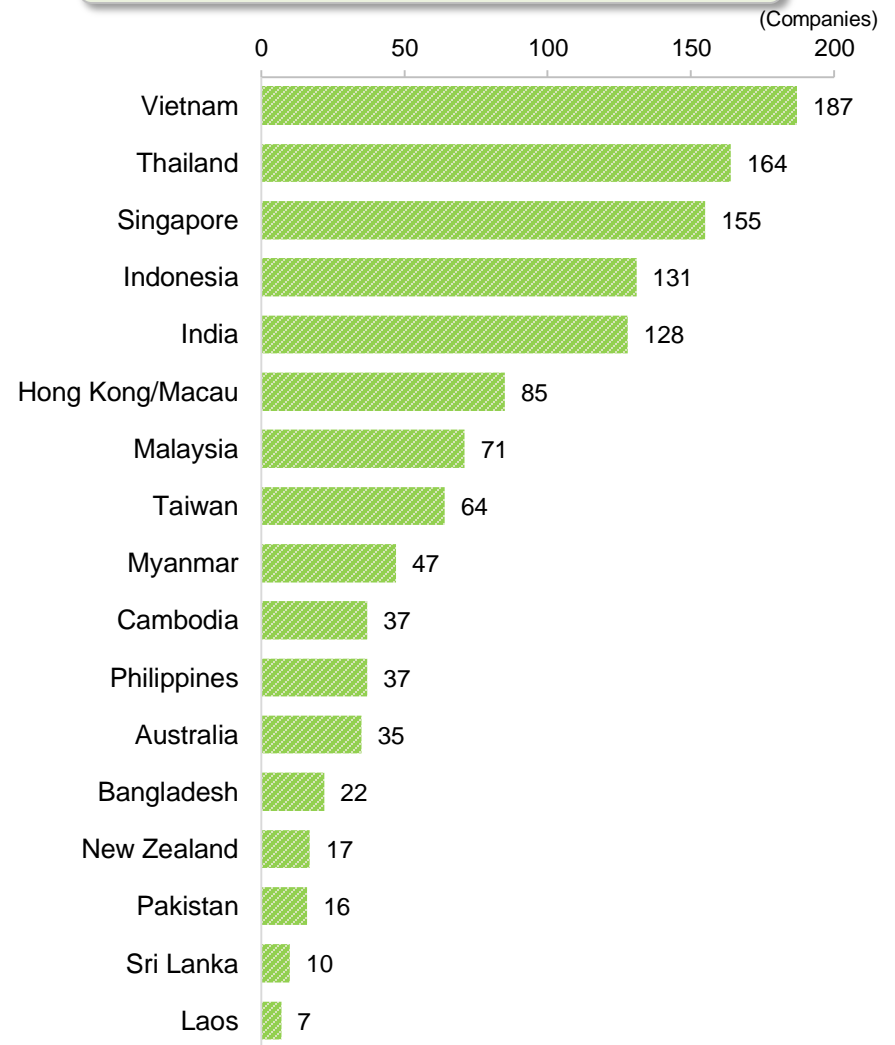
## Collaborating with local startups

### Already collaborating or planning to collaborate (by country/region)



Note: The number of valid responses in the figure at right is the same as that in the figure at left.

### Not yet, but have an interest (by country/region)





# 7. Productivity and Innovation (16)

**Target market for working with local startups (by country/region, multiple answers)**

(Companies)

Country/region	Valid answers	Target market working with local startups (by country/region)											
		Local	ASEAN	Japan	China	India	US	Europe	Africa	Oceania	Southwest Asia (excluding India)	South Korea/Taiwan /Hong Kong	Middle East
Total	1,438	658	365	228	54	31	21	21	17	12	10	7	4
ASEAN	1,000	440	322	160	11	23	9	10	4	3	6	6	1
Southwest Asia	211	128	10	32	3	3	7	8	12		4	1	3
Vietnam	225	105	61	48	1		4	1	1			3	
Thailand	190	94	50	32	2	4	1	5			1	1	
Singapore	188	43	102	16	3	13	1	3	1	1	4	1	
Indonesia	161	96	36	24	1	1	1				1	1	
India	152	101	7	20	2		3	3	11		2	1	2
Hong Kong/Macau	102	21	16	22	34	2	3	1	1				
Malaysia	83	34	29	12	2	2			1	2			1
Taiwan	66	37	8	9	5	3	1	1					
Myanmar	57	28	14	12	1								
Philippines	44	17	12	10		1	2	1					
Cambodia	42	17	17	4	1	1			1				
Australia	42	25	6	3			1	1		5			
Bangladesh	31	13	3	5	1	1	3	3	1		1		
New Zealand	17	7	3	2	1								
Pakistan	16	10		3				1		4	1		1
Sri Lanka	12	4		4		2	1	1					
Laos	10	6	1	2		1							

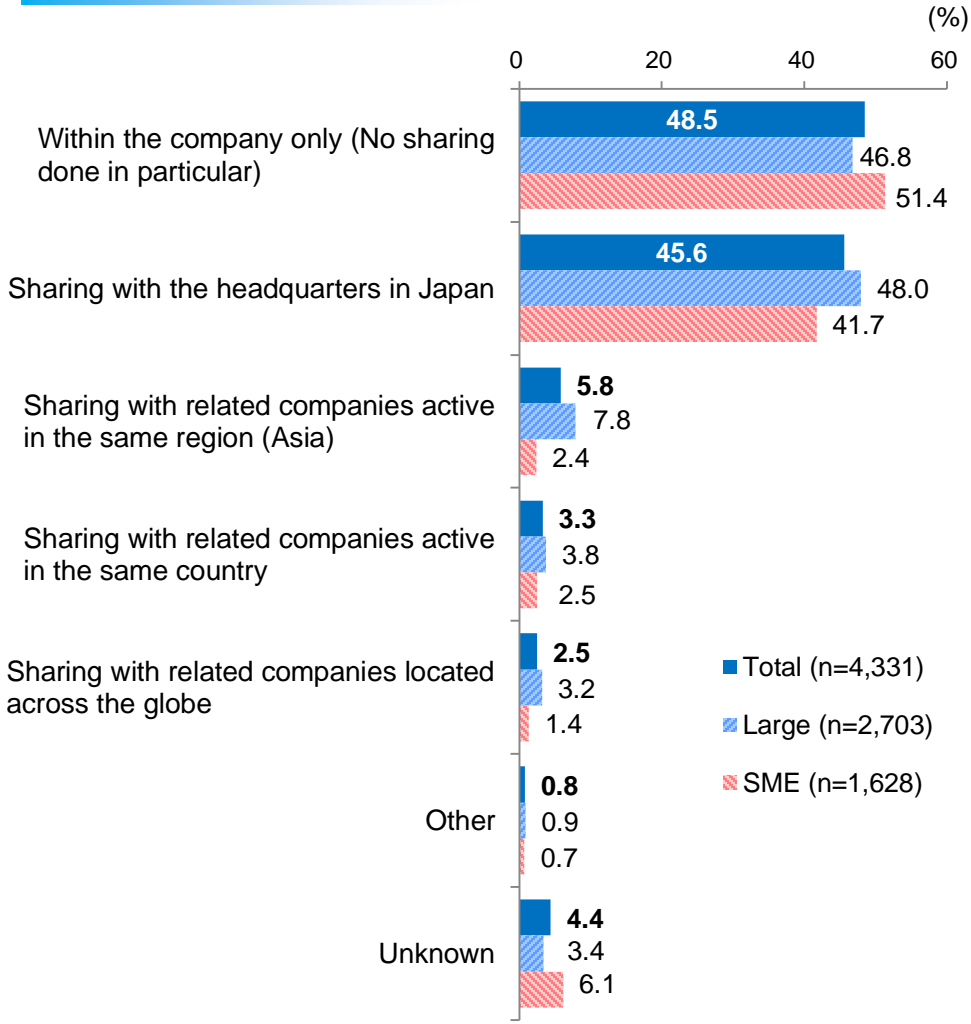
Note: The orange-highlighted cells indicate markets with responses from 100 or more companies, the yellow-highlighted cells indicate markets with responses from 50 or more companies, and the blue-highlighted cells indicate markets with responses from 10 or more companies.



# 8. Utilization of Personal and Corporate Data (1)

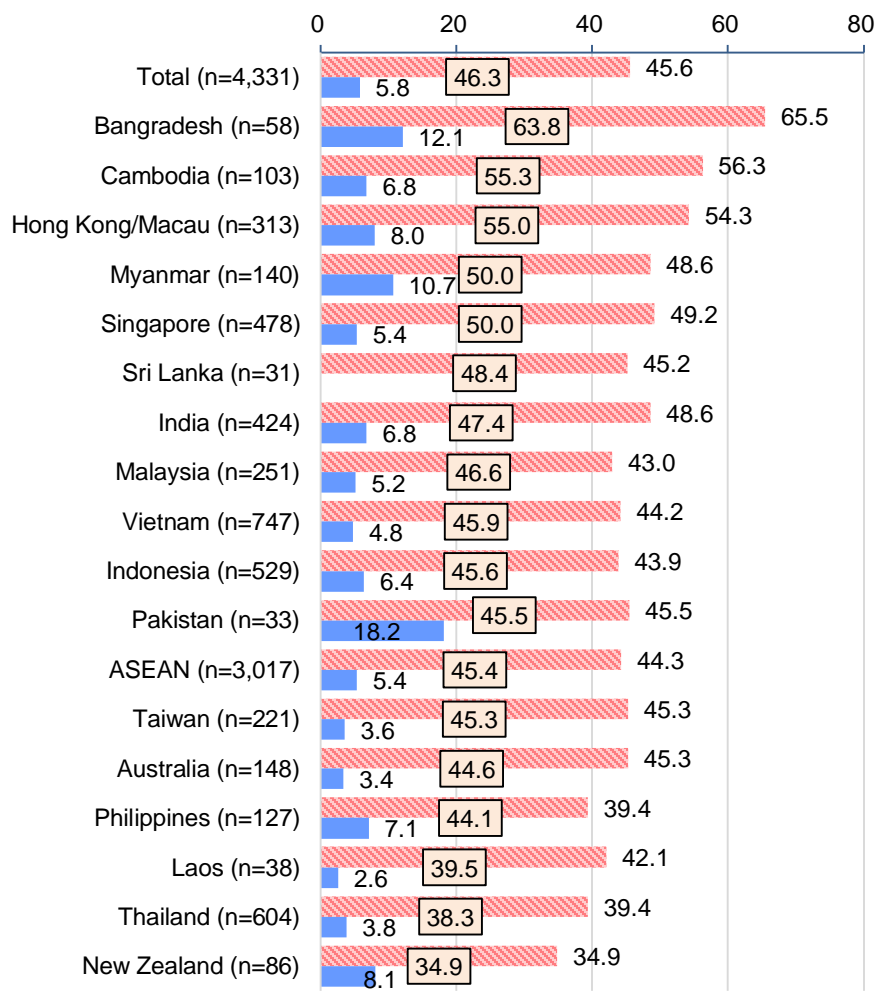
**Rate of sharing of personal information (customer information, salaries) (multiple answers)**

**By company size**



**By country/region**

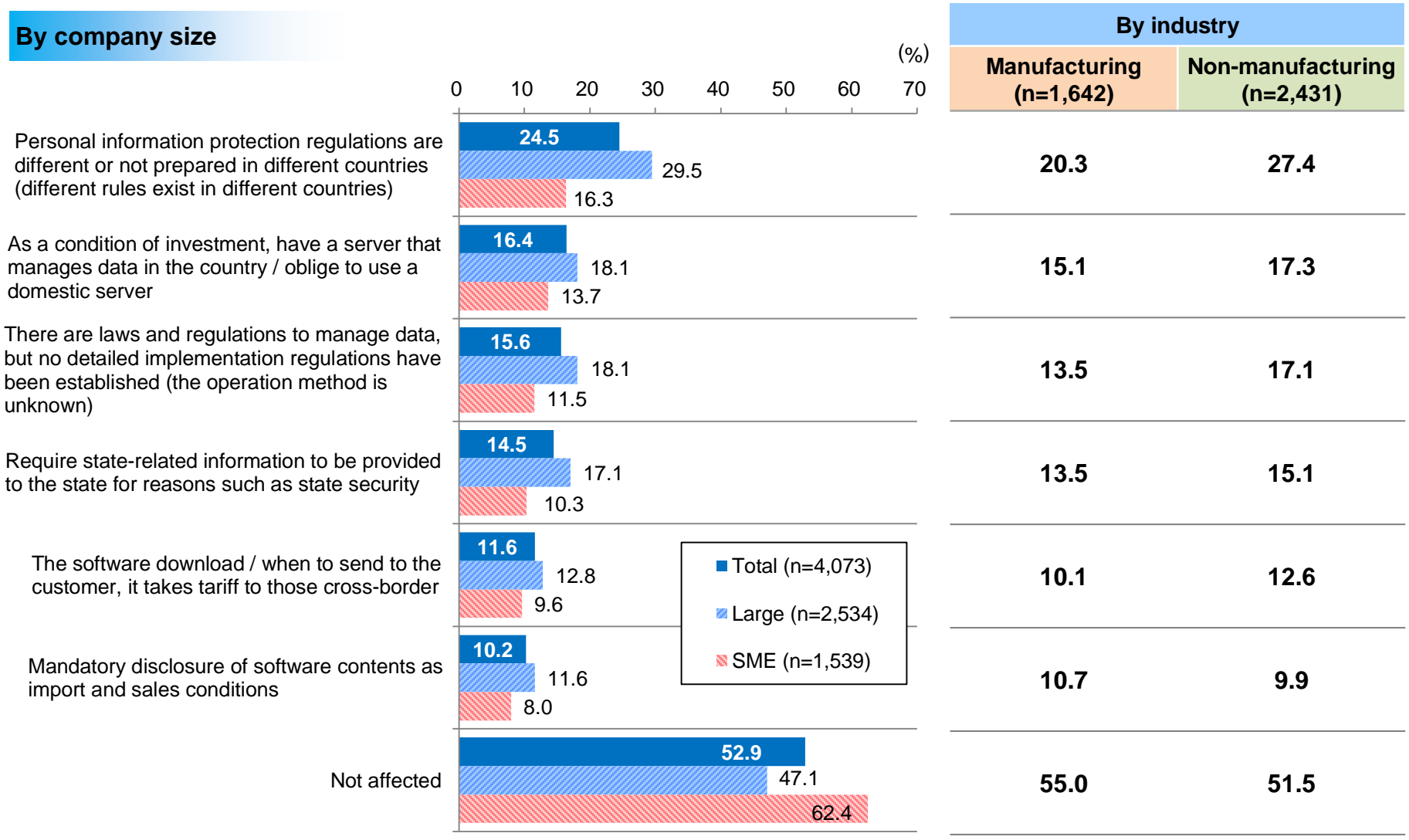
- Sharing with the headquarters in Japan
- Sharing with related companies active in the same region (Asia)
- Rate of sharing with outside the company





# 8. Utilization of Personal and Corporate Data (2)

Regulations having large impact on handling personal and company information (multiple answers) (%)

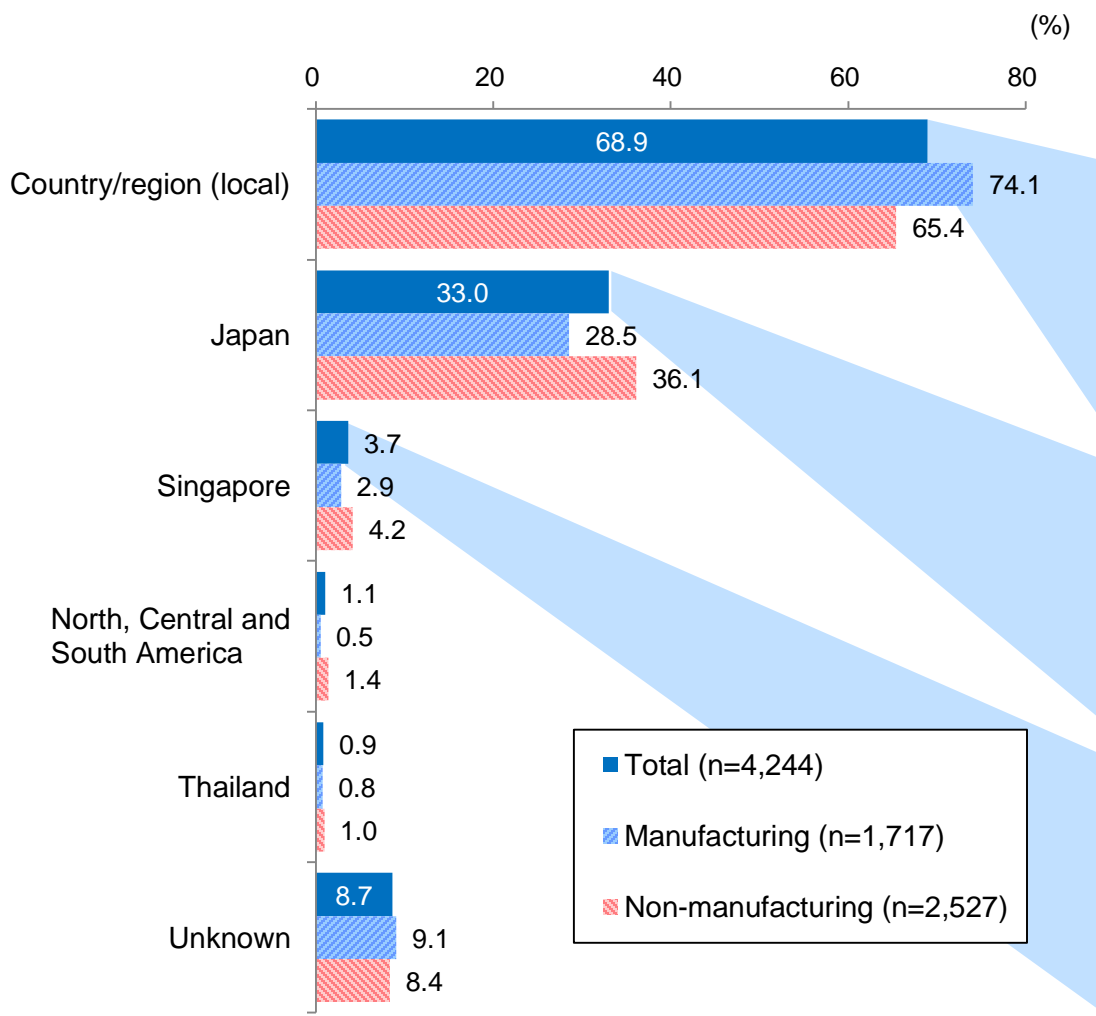






# 8. Utilization of Personal and Corporate Data (3)

**Countries/regions where company servers are storing data (multiple answers)**



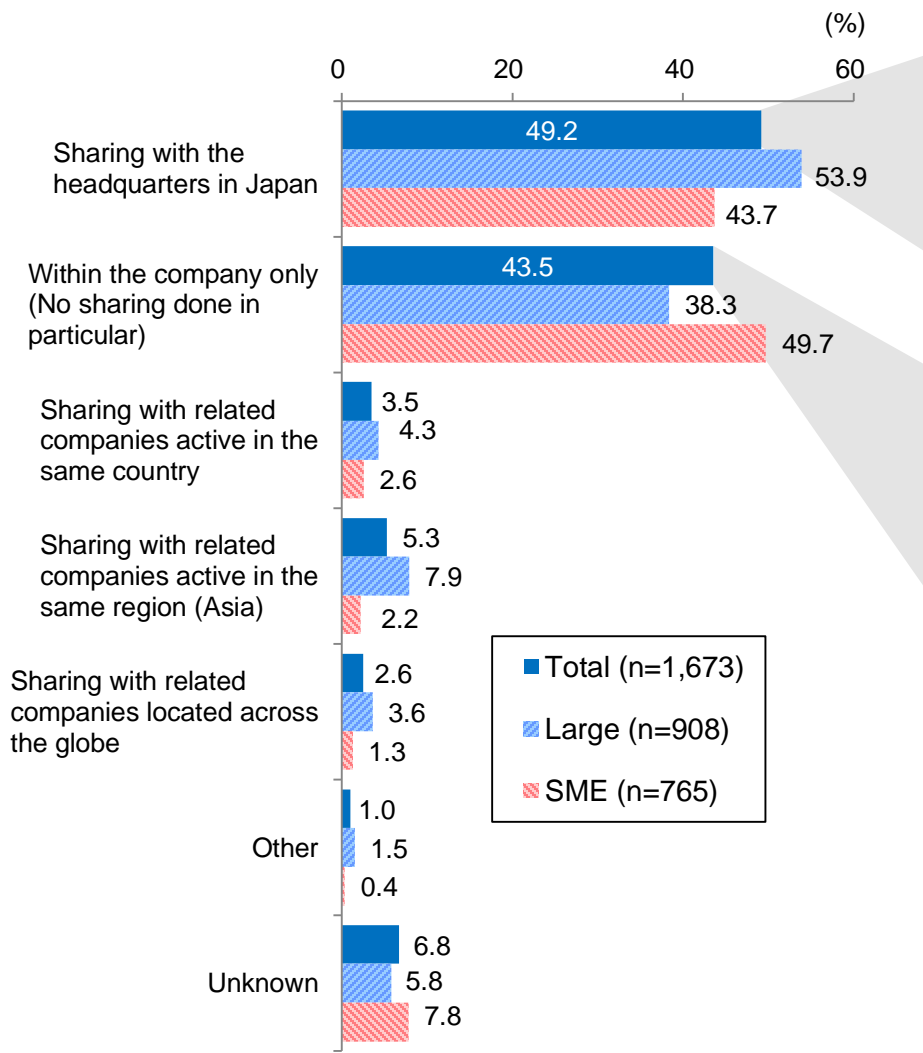
**Response rates by country/region and by industry (top 5 entries)**

Country/region	Industry
Australia (82.3%) Taiwan (73.8%) Malaysia (73.6%) Indonesia (73.0%) New Zealand (72.8%)	Precision machinery (83.9%) Wood/Pulp (81.1%) Iron/Nonferrous metals/Metals (77.9%) Motor vehicles/Motorcycles (76.1%) Food (75.9%)
Sri Lanka (48.3%) Bangladesh (43.1%) Myanmar (41.1%) Cambodia (39.4%) Philippines (38.2%)	Communications/Software (51.1%) Travel/Amusement (47.0%) Construction (43.3%) Precision machinery (41.9%) Electric machinery (38.8%)
Pakistan (17.1%) Sri Lanka (13.8%) Laos (10.8%) Bangladesh (8.6%) Myanmar (7.8%)	Communications/Software (9.6%) Rubber/Leather (9.3%) Travel/Amusement (6.1%) Finance/Insurance (6.0%) Electric machinery (5.9%)

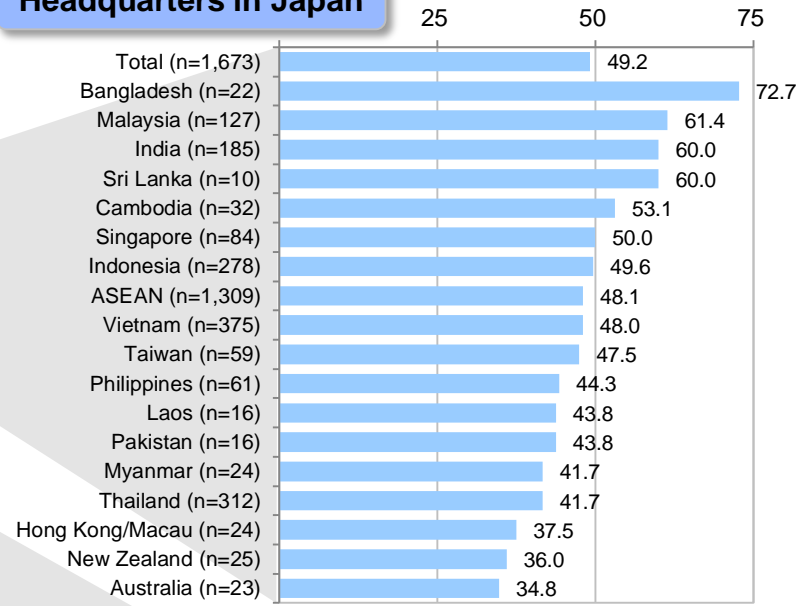
# 8. Utilization of Personal and Corporate Data (4)

Manufacturing industries only

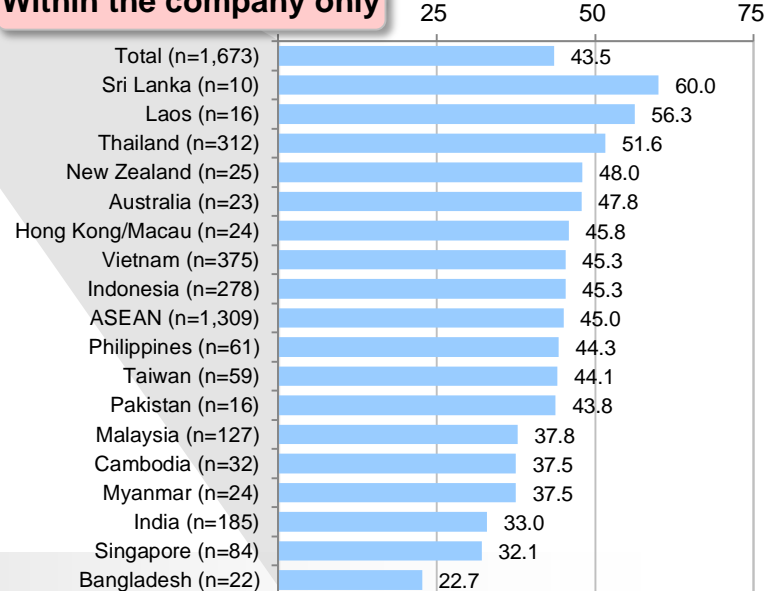
**Sharing of data related to manufacturing (procurement, inventory and production lines) (multiple answers)**



**Headquarters in Japan**



**Within the company only**

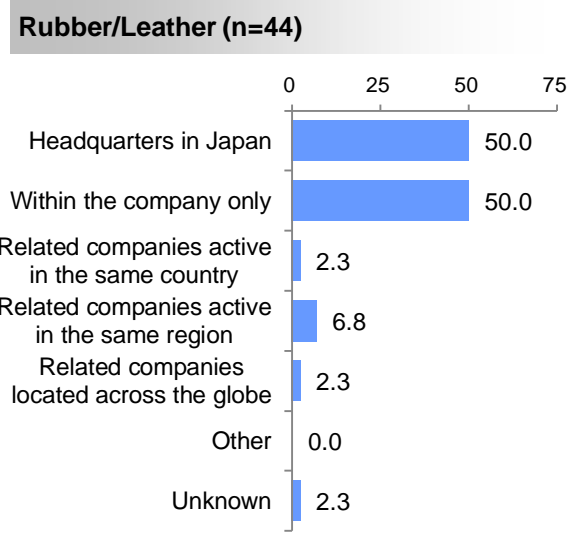
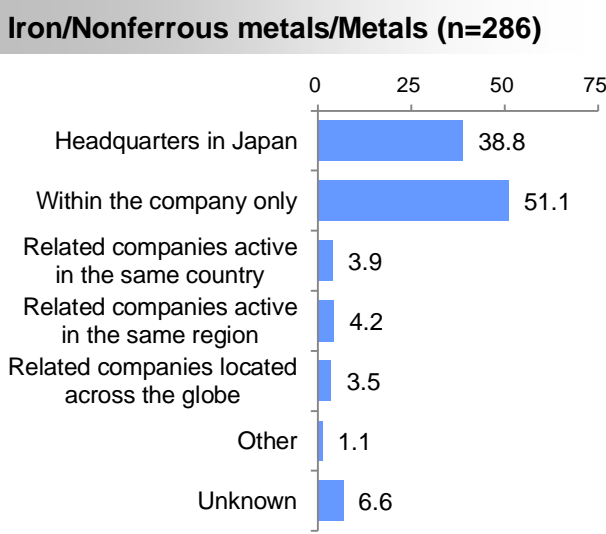
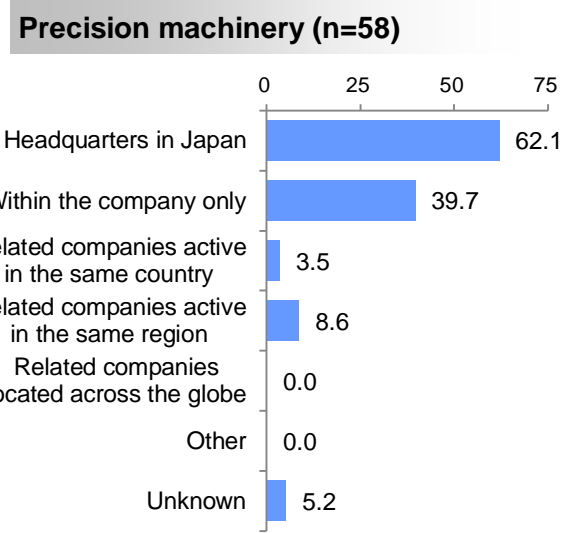
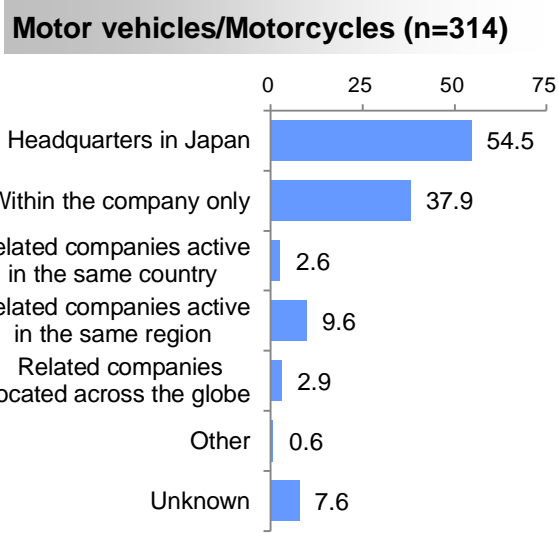
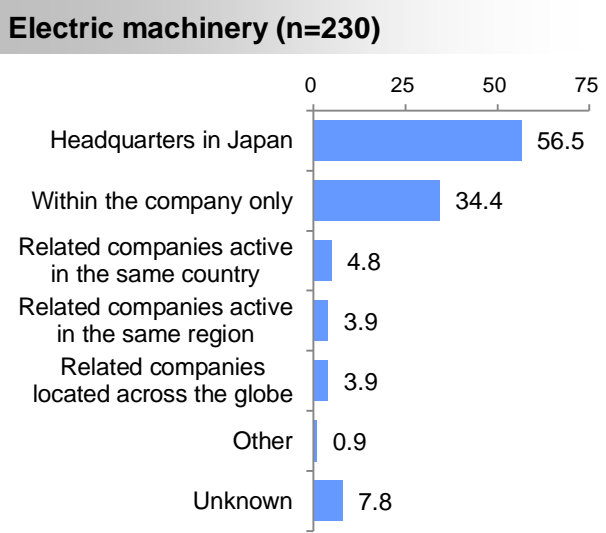


# 8. Utilization of Personal and Corporate Data (5)

Manufacturing industries only

**Sharing of data related to manufacturing (procurement, inventory and production lines) (by industry, multiple answers)**

(%)

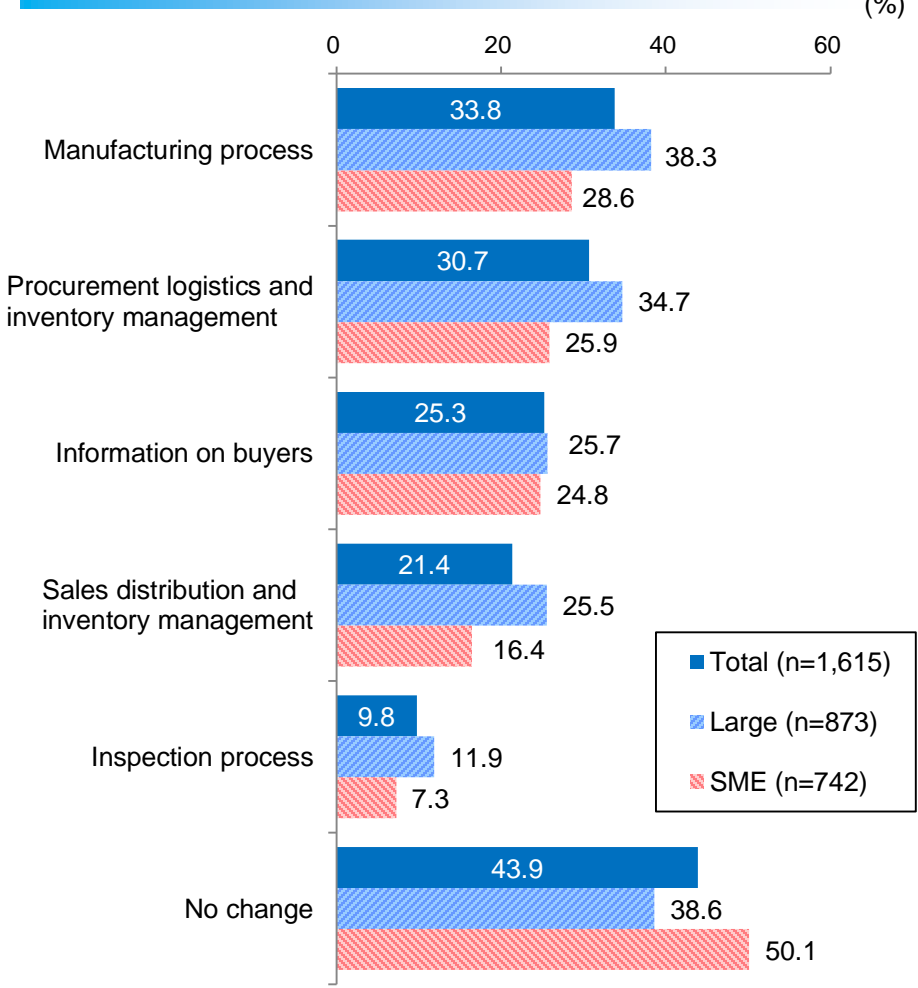


# 8. Utilization of Personal and Corporate Data (6)

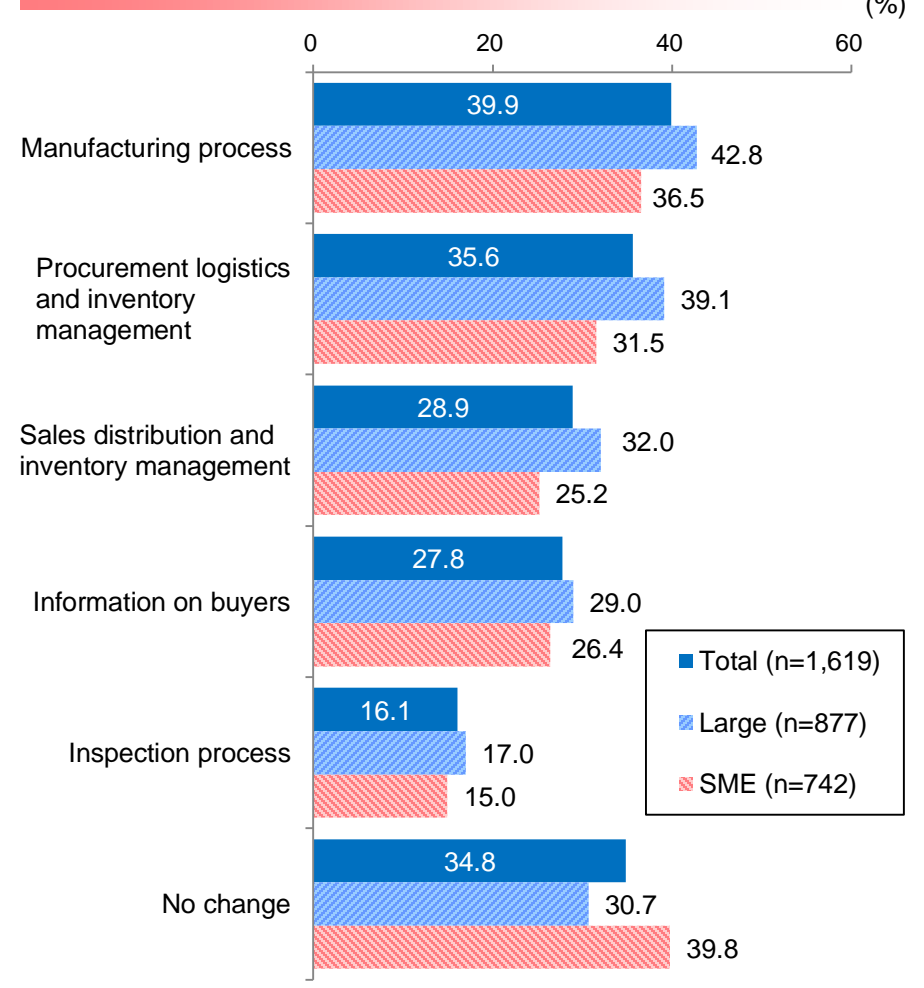
Manufacturing industries only

**Utilization of data related to manufacturing (multiple answers)**

**Processes for which the use of data has increased over the past three years**



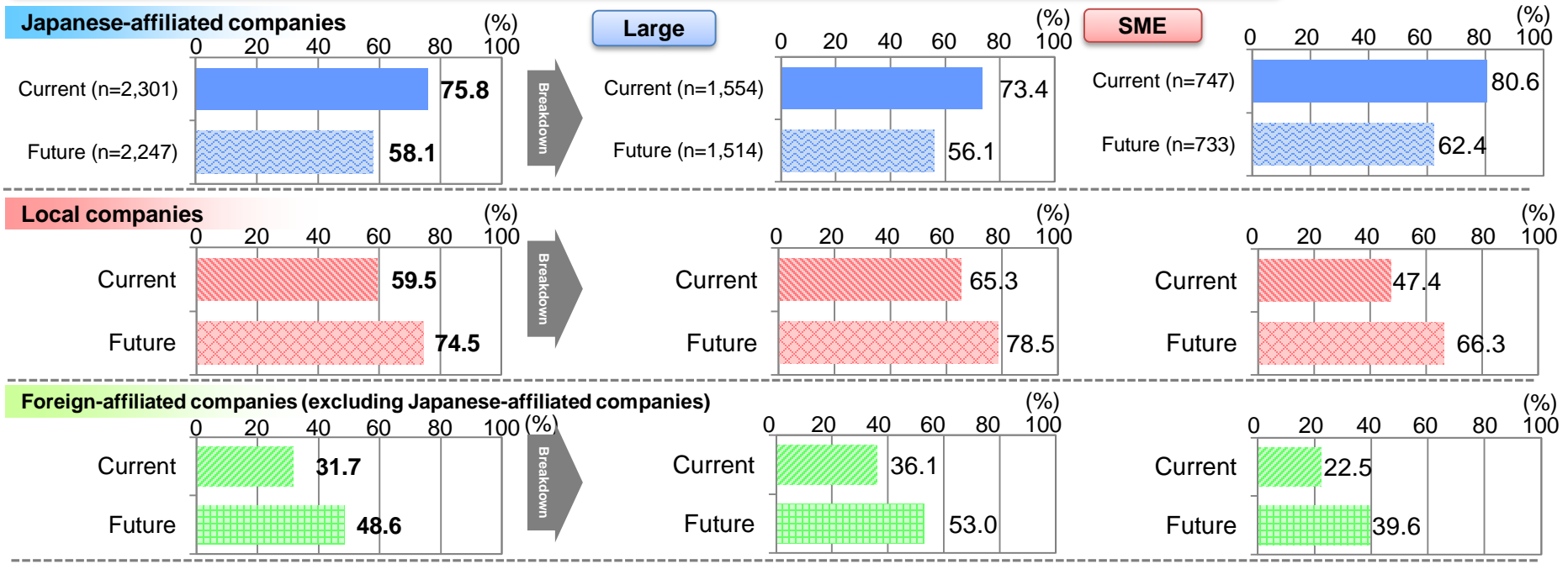
**Processes for which the use of data will increase over the next three years**



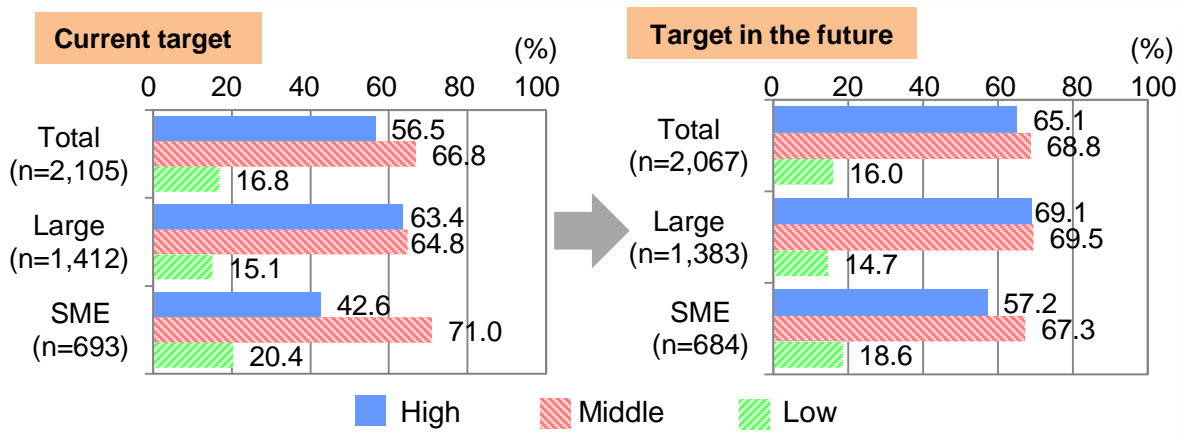
# 9. Efforts to Enter the Local Market (1)

Non-manufacturing industries only

**Sales for business: Target demographics in developing the local market (multiple answers, by company size)**



**Sales for business: Target price range in developing the local market (multiple answers, by company size)**



- Currently, “Japanese-affiliated companies” is the largest target in local markets (sales for business) at over 70%. As the target in the future, however, the proportion of “Local companies” is higher than “Japanese-affiliated companies.”
- The percentage of “Local companies” and “Foreign-affiliated companies (excluding Japanese-affiliated companies)” as the current target is higher among large enterprises than among SMEs. However, SMEs’ willingness to develop sales channels in the two target demographics in the future significantly increased.
- By price range, the proportion of “Middle price range” is the highest as the current target. The proportion of “High price range” as the target in the future increased.

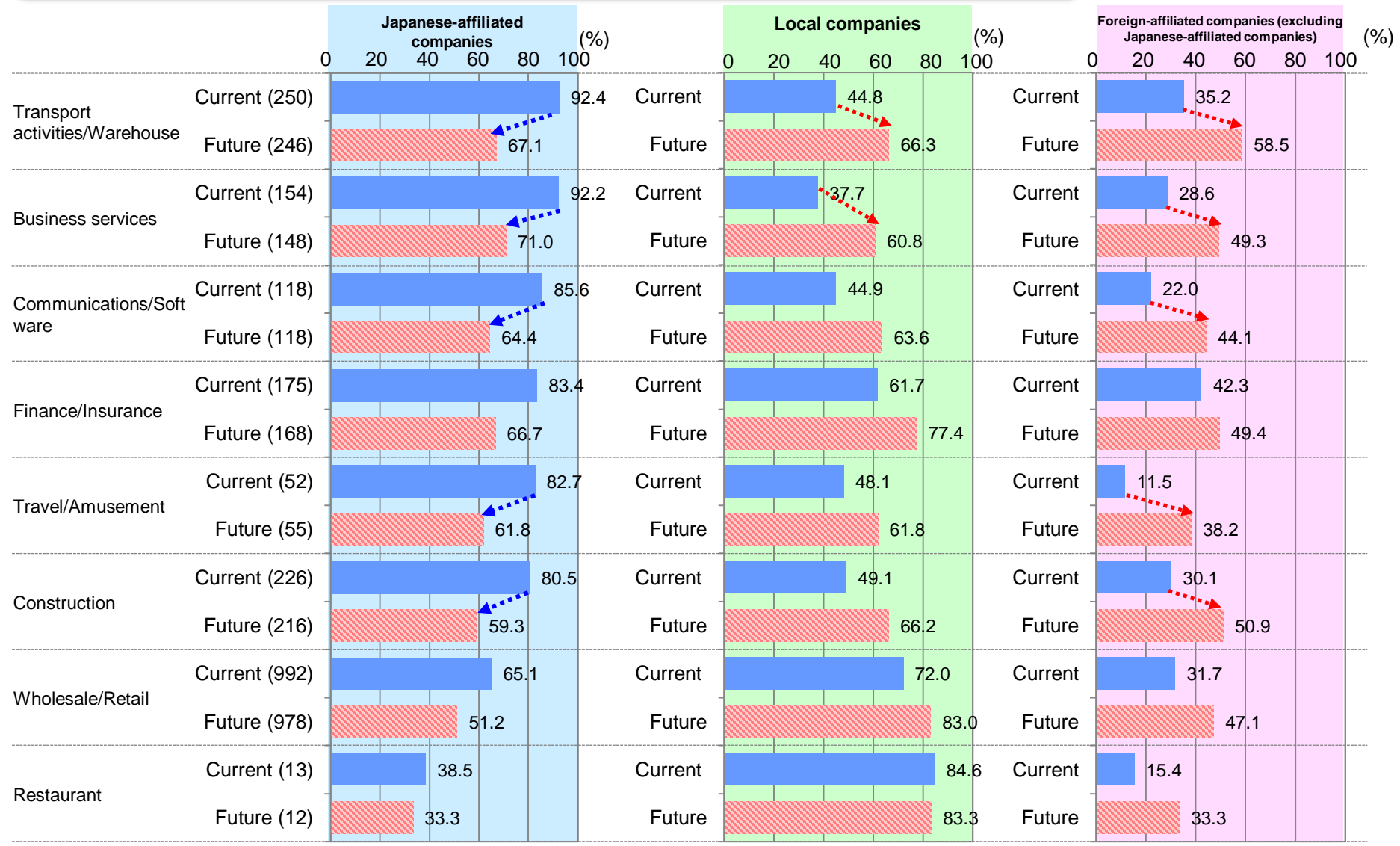


# 9. Efforts to Enter the Local Market (3)

Non-manufacturing industries only

**Sales for business:** Target demographics in developing the local market (multiple answers, by industry)

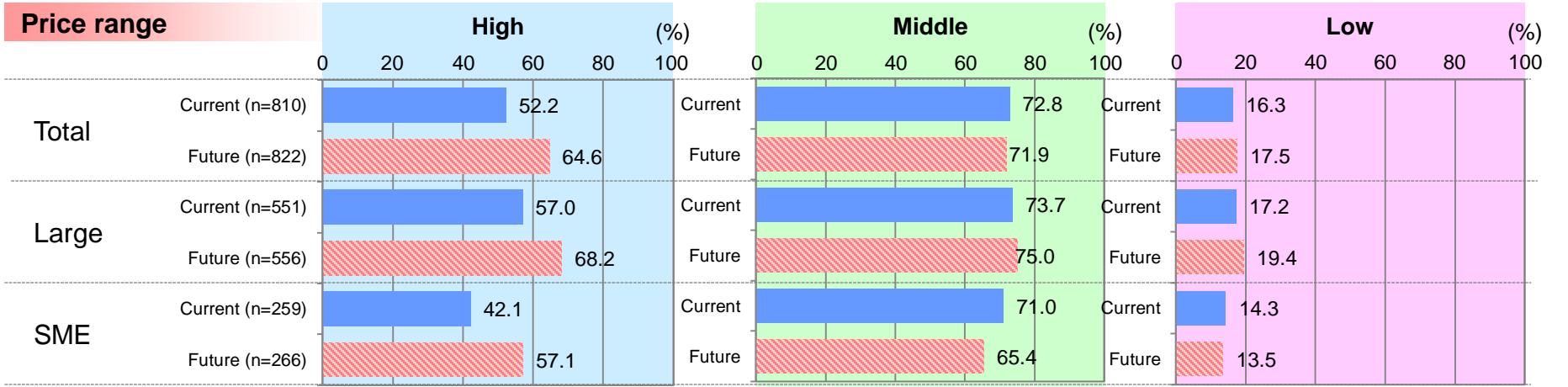
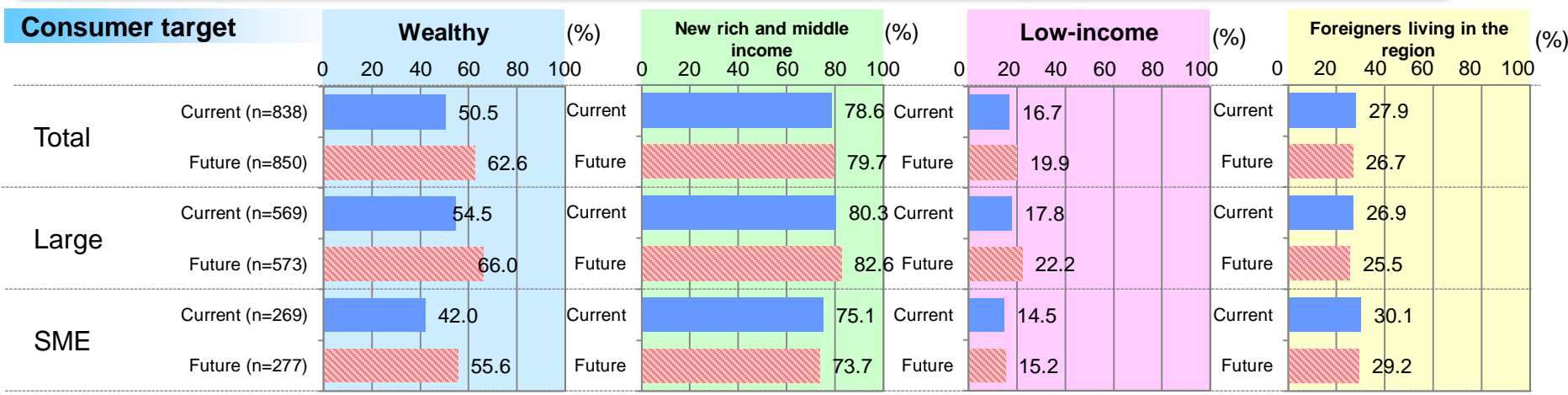
▶ Increased by 20 pp or more  
▶ Decreased by 20 pp or more



# 9. Efforts to Enter the Local Market (4)

Non-manufacturing industries only

**Sales for consumers:** Target demographics in developing the local market and price range (multiple answers, by company size)



- In sales for consumers, over 70% of the companies are targeting “New rich and middle income” both currently and for the future. “Wealthy” significantly increased as the future target. Among SMEs, in particular, “Wealthy” increased by 13.6 pp from Current to Future. Among large enterprises, there is a tendency of strengthening sales to “Low-income” consumers.
- As the target price range, the proportion of “Middle price range” was the highest. Looking at changes from Current to Future, however, both large enterprises and SMEs are willing to strengthen sales of “High price range” products/services.



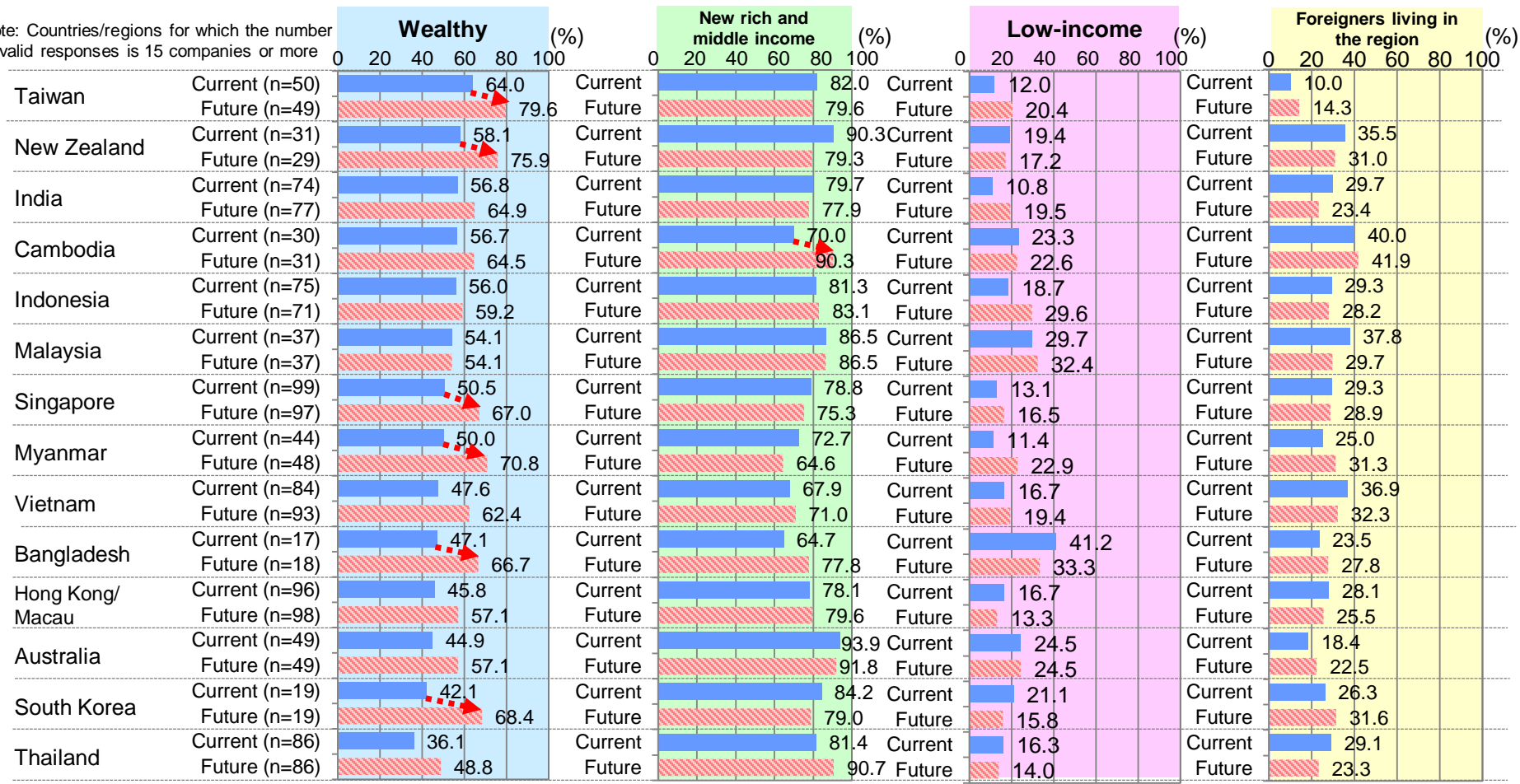
# 9. Efforts to Enter the Local Market (5)

Non-manufacturing industries only

**Sales for consumers:** Target demographics in developing the local market (multiple answers, by country/region)

➤ Increased by 15 pp or more

Note: Countries/regions for which the number of valid responses is 15 companies or more



- The proportion of sales to “Wealthy” consumers increased from Current to Future by over 15 pp in Taiwan, New Zealand, Singapore, Myanmar, Bangladesh, and South Korea.
- In Cambodia, the proportion of “New rich and middle income” increased by over 15 pp.

# 9. Efforts to Enter the Local Market (6)

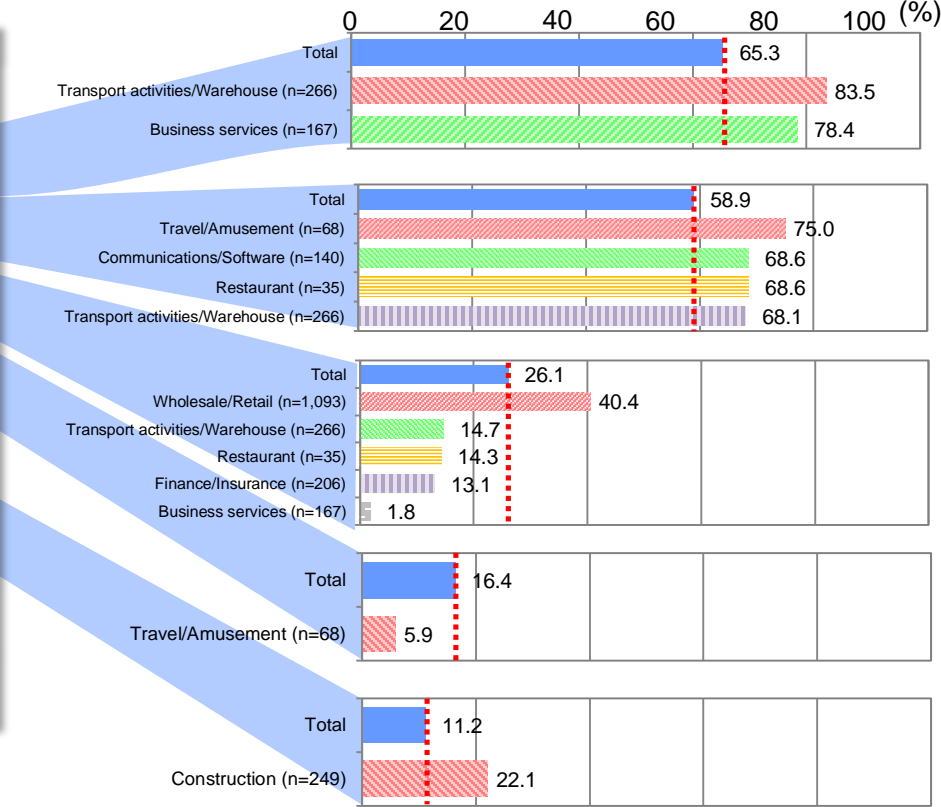
Non-manufacturing industries only

Current competition (up to 3)

Total (n=2,655)

Answers	Response rate (%)	Company size	
		Large	SME
1 Japanese-affiliated companies	65.3	65.9	64.1
2 Local companies	58.9	58.5	59.8
3 Chinese companies	26.1	28.5	21.0
4 European companies	16.4	18.6	11.7
5 US companies	12.2	14.3	7.8
6 Korean companies	11.2	12.7	8.1
7 Taiwanese companies	5.9	5.7	6.2
8 No rivals	3.7	3.0	5.1

Industries having a gap with the average in the response rate



- As rivals, "Japanese-affiliated companies" accounted for the largest proportion, at 65.3%. The proportion was particularly higher in Transport activities/Warehouse and Business services.
- The proportion of "Local companies" was the second highest, at 58.9%. By industry, the proportion was higher than the average by nearly 10 pp in Travel/Amusement (75.0%), Communications/Software (68.6%), Restaurant (68.6%), and Transport activities/Warehouse (68.1%).
- The 3rd-place "Chinese companies" was higher than the average by over 10 pp in Wholesale/Retail (40.4%).
- European and US companies were less cited. By company size, however, they are rivals for large enterprises.
- By country/region, "Japanese-affiliated companies" and "Local companies" occupied 1st and 2nd, respectively, in all the countries/regions excluding Sri Lanka. In Sri Lanka, the proportion of "Chinese companies" was the second highest.

# 9. Efforts to Enter the Local Market (7)

Non-manufacturing industries only

## Current competition (multiple answers/up to 3, by country/region)

Note: Countries/regions for which the number of valid responses is 10 companies or more

### Countries/regions where “Japanese-affiliated companies” are the greatest competition

Indonesia (240)		
1	Japanese-affiliated companies	78.3
2	Local companies	70.8
3	Chinese companies	25.4

Myanmar (116)		
1	Japanese-affiliated companies	76.7
2	Local companies	50.9
3	Chinese companies	31.0

Vietnam (370)		
1	Japanese-affiliated companies	74.1
2	Local companies	66.0
3	Korean companies	18.9

Thailand (287)		
1	Japanese-affiliated companies	72.8
2	Local companies	57.8
3	Chinese companies	22.0

Bangladesh (37)		
1	Japanese-affiliated companies	70.3
2	Local companies	54.1
3	Korean companies	21.6

Hong Kong/Macau (283)		
1	Japanese-affiliated companies	66.1
2	Local companies	50.9
3	Chinese companies	45.9

Singapore (359)		
1	Japanese-affiliated companies	63.8
2	Local companies	51.3
3	Chinese companies	28.7

Philippines (64)		
1	Japanese-affiliated companies	59.4
2	Local companies	48.4
3	Chinese companies	26.6

Cambodia (69)		
1	Japanese-affiliated companies	58.0
2	Local companies	53.6
3	Chinese companies	43.5

Sri Lanka (21)		
1	Japanese-affiliated companies	52.4
2	Chinese companies	38.1
3	Local companies	33.3

### Countries/regions where “Local companies” are the greatest competition

South Korea (82)		
1	Local companies	79.3
2	Japanese-affiliated companies	53.7
3	Chinese companies	24.4

Taiwan (159)		
1	Local companies	77.4
2	Japanese-affiliated companies	64.2
3	Chinese companies	23.9

Malaysia (115)		
1	Local companies	69.6
2	Japanese-affiliated companies	60.9
3	Chinese companies	29.6

India (234)		
1	Local companies	64.5
2	Japanese-affiliated companies	55.1
3	European companies	26.5

Laos (21)		
1	Local companies	61.9
2	Japanese-affiliated companies	42.9
3	Chinese companies/ Korean companies	23.8

Australia (120)		
1	Local companies	60.0
2	Japanese-affiliated companies	47.5
3	US companies	25.0

Pakistan (20)		
1	Local companies	55.0
2	Chinese companies	55.0
3	Japanese-affiliated companies	30.0

New Zealand (58)		
1	Local companies	50.0
2	Japanese-affiliated companies	44.8
3	Chinese companies	22.4

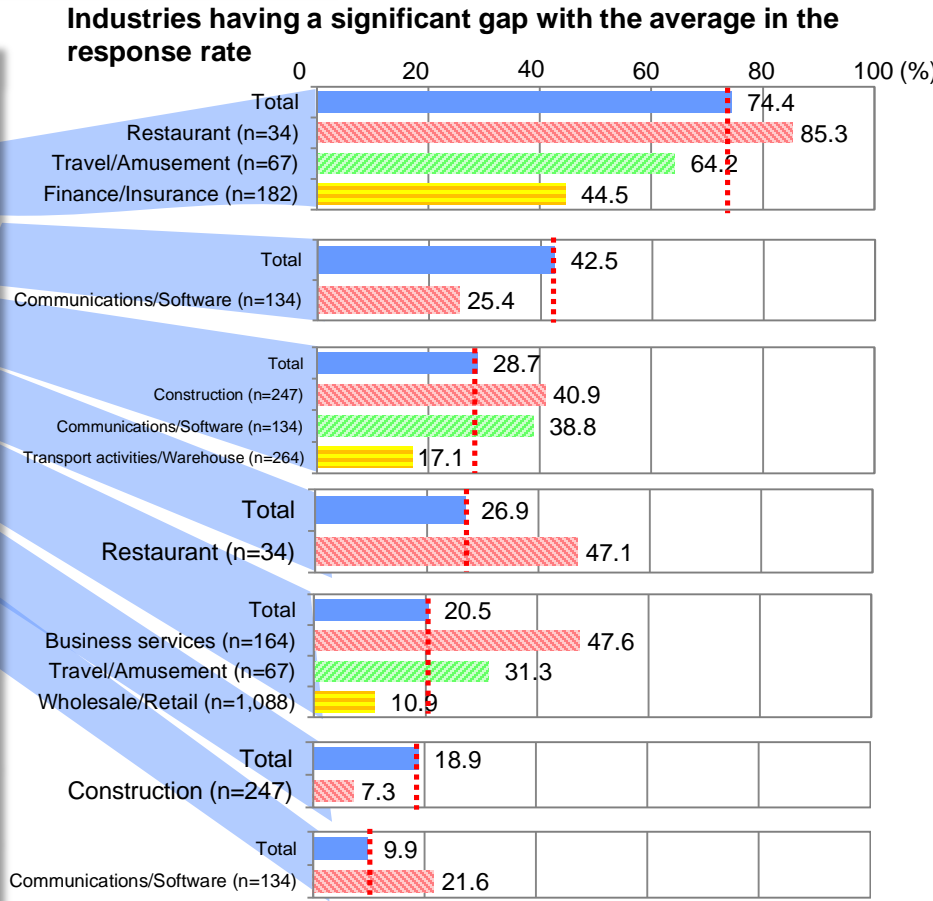
# 9. Efforts to Enter the Local Market (8)

Non-manufacturing industries only

## Advantages of products/services (multiple answers allowed)

Total (n=2,600)

Answers	Response rate (%)	Company size	
		Large	SME
1 Quality	74.4	75.1	72.8
2 Brand power, name recognition	42.5	47.9	31.6
3 After-sales service, maintenance	28.7	28.8	28.6
4 Price/cost competitiveness	26.9	23.7	33.4
5 Human resources	20.5	19.6	22.2
6 Lineup of abundant products and services	18.9	20.1	16.4
7 Product development power	9.9	10.3	9.0
8 Distribution and sales network (such as network of distributors)	9.8	10.8	7.7
9 Route of purchase and procurement	8.8	9.1	8.2
10 Advertising power	1.8	2.0	1.3

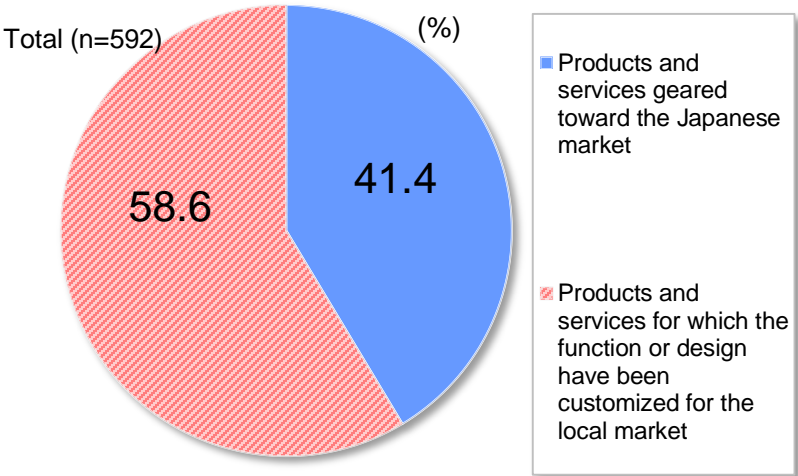


- As the advantages of responding companies' products/services, "Quality" was most frequently cited, at 74.4%, pulling ahead of the 2nd-place "Brand power, name recognition" by over 30 pp. In particular, the proportion of "Quality" was high in "Restaurant," at 85.3%.
- The 2nd-place "Brand power, name recognition" was more commonly cited by large enterprises.
- The proportion of the 3rd-place "After-sales service, maintenance" was higher in Construction (40.9%) and Communications/Software (38.8%).

# 9. Efforts to Enter the Local Market (9)

Non-manufacturing industries only

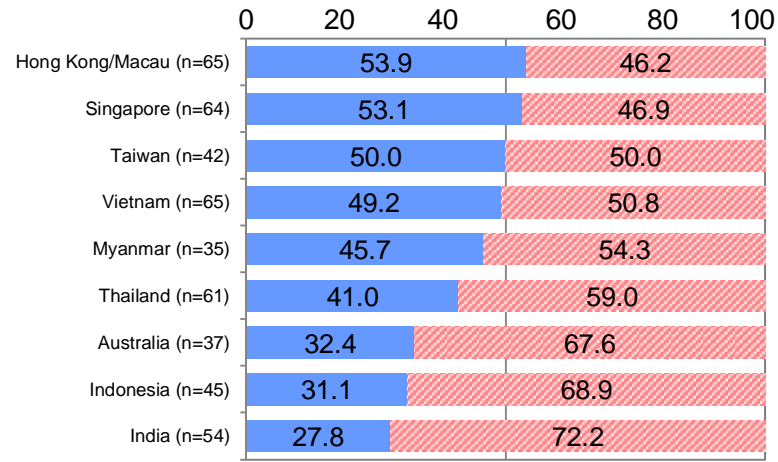
## Which is preferred by consumers in the operating countries/regions?



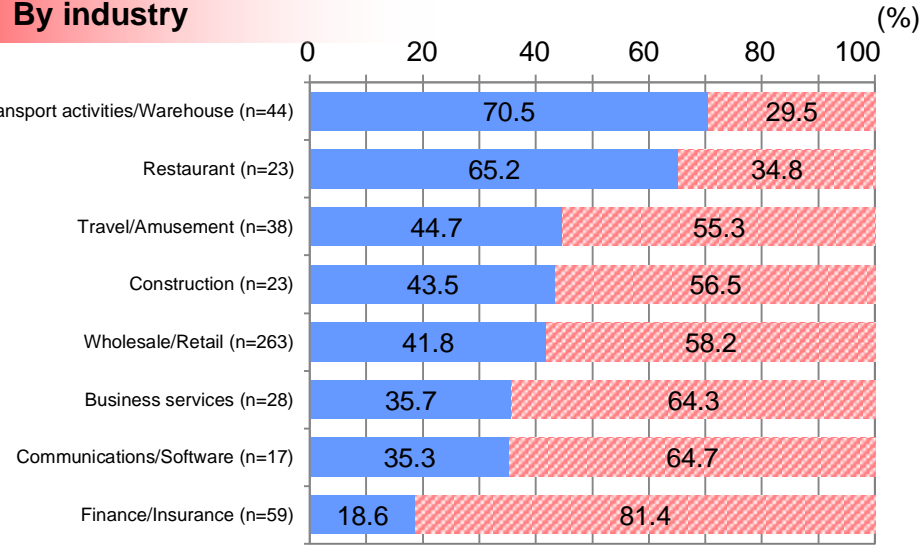
- Regarding products preferred by local consumers, “Products and services for which the function or design have been customized for the local market (local customization-oriented)” received a higher response rate than “Products and services geared toward the Japanese market (Japanese market-oriented).”
- By country/region, “Japanese market-oriented” products/services were preferred in Hong Kong/Macau and Singapore, while “local customization-oriented” products/services were preferred in Australia, Indonesia, and India.
- By industry, “Japanese market-oriented” products/services were preferred in Transport activities/Warehouse and Restaurant, while “local customization-oriented” products/services were preferred in Business services, Communications/Software, and Finance/Insurance.

### By country/region

Note: Countries/regions for which the number of valid responses is 30 companies or more



### By industry



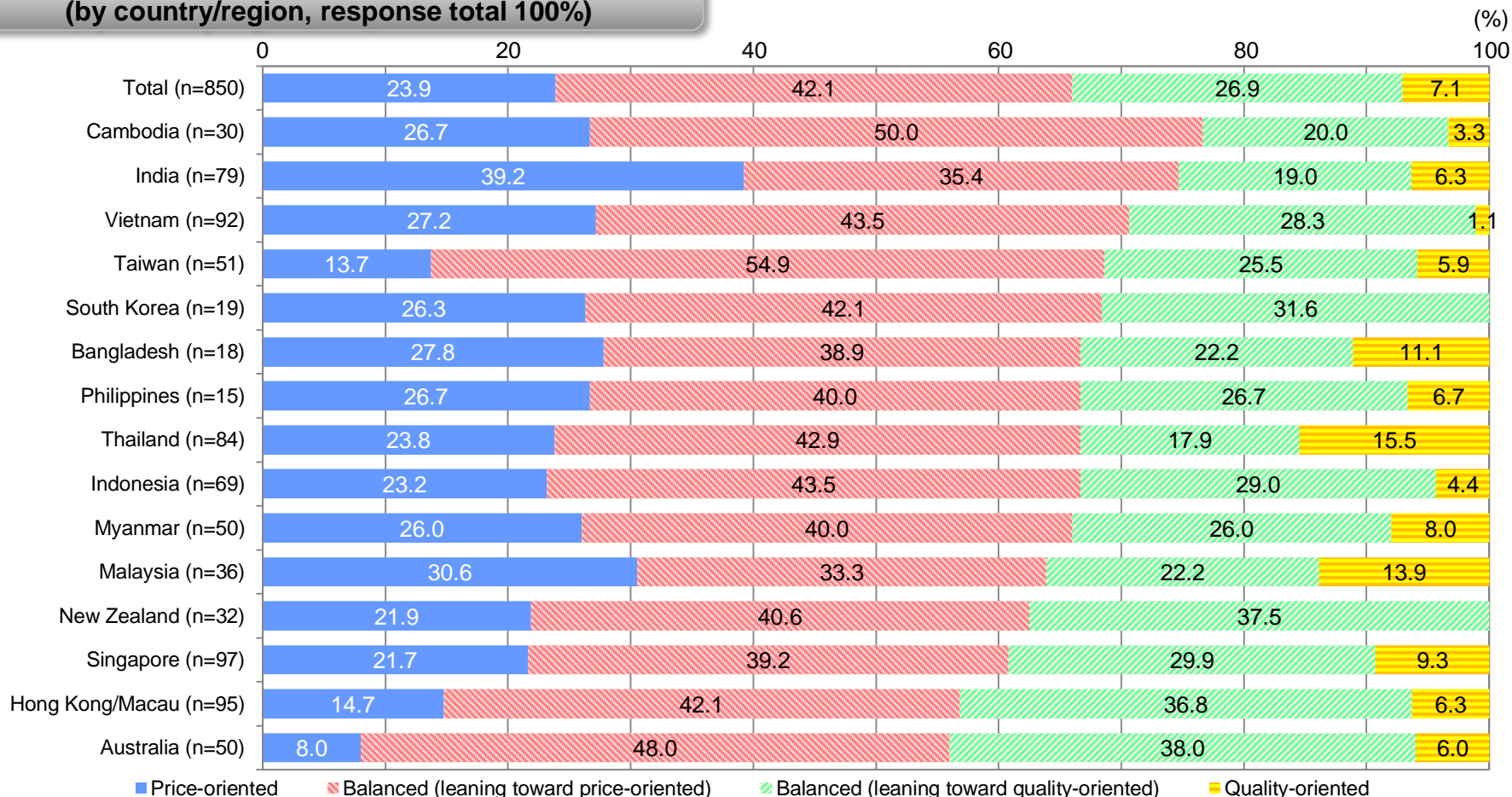
■ Products and services geared toward the Japanese market      ■ Products and services for which the function or design have been customized for the local market

# 9. Efforts to Enter the Local Market (10)

Non-manufacturing industries only

**Balance between price and quality for local consumers  
(by country/region, response total 100%)**

Note: Countries/regions for which the number of valid responses is 15 companies or more



- In the question about how local consumers see the balance between price and quality, the proportion of companies that selected “Price-oriented” or “Balanced (leaning toward price-oriented)” totaled 66.0%. In the Asia and Oceania region overall, local consumers attach more importance to price than quality.
- By country/region where price is more emphasized, the proportion of Cambodia was the highest, at 76.7%, followed by India (74.6%) and Vietnam (70.7%), etc.
- On the other hand, the proportions of “Quality-oriented” and “Balanced (leaning toward quality-oriented)” were higher in Australia and Hong Kong/Macau.

# 9. Efforts to Enter the Local Market (11)

Non-manufacturing industries only

## Most effective means of advertisement (type of media) (multiple answers allowed)

Answers	Response rate (%)
1 SNS	55.8
2 Advertisements on websites	41.3
3 Viral ads	39.3
4 Trade fairs and events	27.4
5 Company website	25.6
6 Employing key figures active in the target fields	24.1
7 TV	22.0

Breakdown of "SNS"		
1	Facebook	90.8
2	Instagram	48.4
3	YouTube	31.7
4	LINE	22.1
5	Twitter	16.4
6	WhatsApp	13.1
7	WeChat, Linked In	6.4

### Means

Note 1: The red-highlighted items show over 40%.

Note 2: Countries/regions for which the number of valid responses is 10 companies or more

### SNS

1 Myanmar (n=40)	78.4
2 South Korea (n=13)	72.2
3 Cambodia (n=22)	68.8
3 New Zealand (n=22)	68.8
5 Bangladesh (n=12)	66.7

### Advertisements on websites

1 Australia (n=28)	56.0
2 New Zealand (n=17)	53.1
3 Malaysia (n=17)	47.2
4 Hong Kong/Macau (n=45)	45.5
5 India (n=34)	44.2

### Viral ads

1 Myanmar (n=26)	51.0
2 Taiwan (n=24)	46.2
3 Vietnam (n=41)	43.6
4 Singapore (n=41)	41.0
5 Indonesia (n=29)	40.9

### Trade fairs and events

1 Australia (n=19)	38.0
2 Malaysia (n=12)	33.3
3 India (n=25)	32.5
4 Indonesia (n=19)	26.8
5 Hong Kong/Macau (n=26)	26.3

### Company website

1 Australia (n=28)	56.0
2 New Zealand (n=11)	34.4
3 Malaysia (n=12)	33.3
4 Thailand (n=29)	33.0
5 Hong Kong/Macau (n=26)	26.3

### Employing key figures active in the target fields

1 Taiwan (n=20)	38.5
2 Malaysia (n=12)	33.3
3 Singapore (n=31)	31.0
4 Indonesia (n=20)	28.2
5 India (n=21)	27.3

### TV

1 India (n=26)	33.8
2 Australia (n=16)	32.0
3 Indonesia (n=22)	31.0
4 Taiwan (n=16)	30.8
5 Thailand (n=18)	20.5

- As an effective means of advertisement, the proportion of "SNS" was the highest, at 55.8%. Among "SNS," "Facebook (90.8%)" was most frequently cited, pulling far ahead of others, including "Instagram," "YouTube," and "LINE."
- The proportion of the 2nd-place "Advertisement on websites" exceeded 50% in Australia and New Zealand.

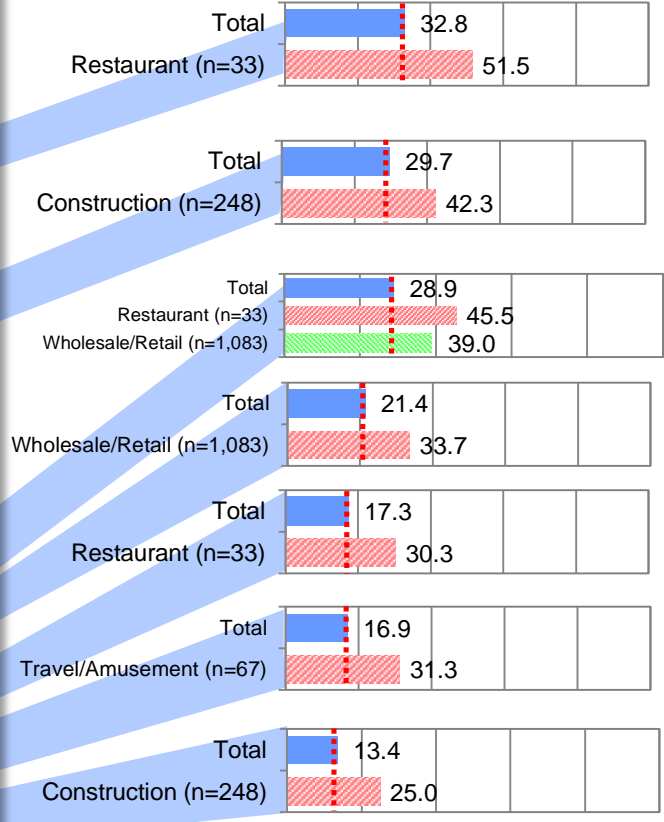
# 9. Efforts to Enter the Local Market (12)

Non-manufacturing industries only

Issues to be addressed immediately in target country/region or expanding business (multiple answers, by country/region)

	Answers (top ten items)	Response rate (%) (n=2,616)	Company size	
			Large (n=1,755)	SME (n=861)
1	Strengthening or expanding sales and promotion	33.5	34.4	31.6
2	Improving the quality of products, services and operations	32.8	33.5	31.5
3	Diversification of products and services	32.4	31.7	33.7
4	Seeking of local partners	29.7	30.6	27.8
5	Securing and cultivating human resources	29.1	29.7	27.8
Especially for: sales and marketing (91.0%), R&D (10.3%), purchasing and procurement (10.1%), advertisement (6.2%)				
6	Introduction of new products and services	28.9	29.7	27.2
7	Expanding sales channels (expansion of physical shops such as distributors)	21.4	21.8	20.6
8	Re-setting sales price	17.3	17.1	17.7
9	Doing research on the target demographics, and grasping the needs of customers	16.9	17.6	15.6
10	Reviewing supplier	13.4	13.6	13.0

Industries for which the response rate was higher than the average by over 10 pp (%)



- As an issue in sales channel development in local markets, “Strengthening or expanding sales and promotion” accounted for the largest proportion, at 33.5%.
- In the 5th-place “Securing and cultivating human resources,” the proportion of “sales and marketing” was the highest, exceeding 90%.



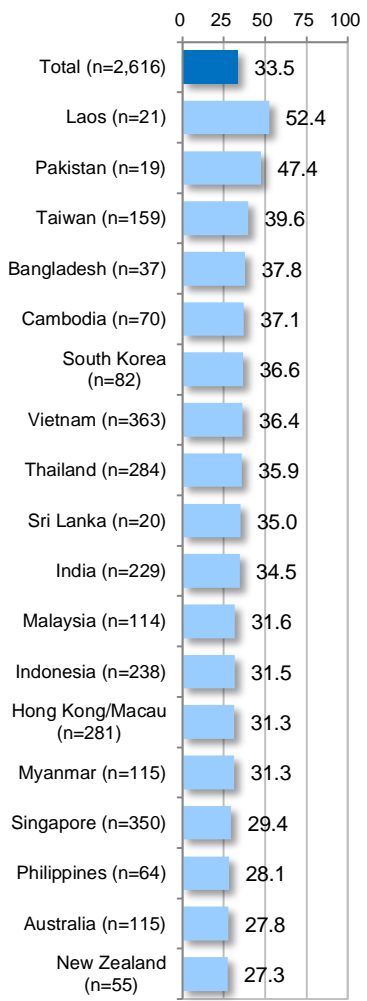
# 9. Efforts to Enter the Local Market (13)

Non-manufacturing industries only

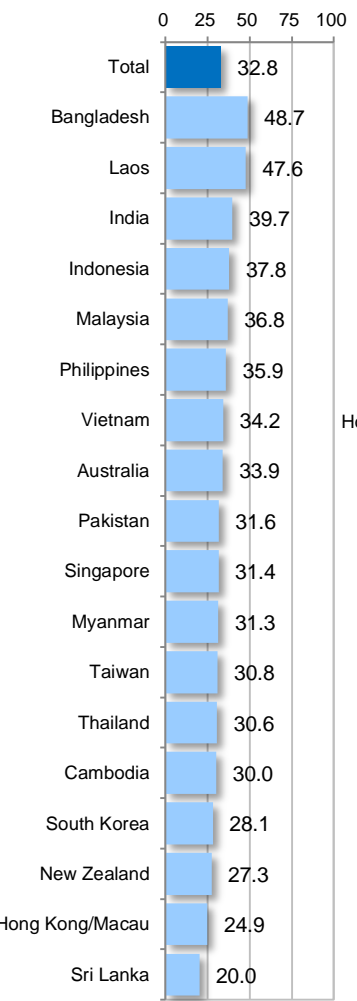
## Issues in the country/region (top 5, multiple answers)

(%)

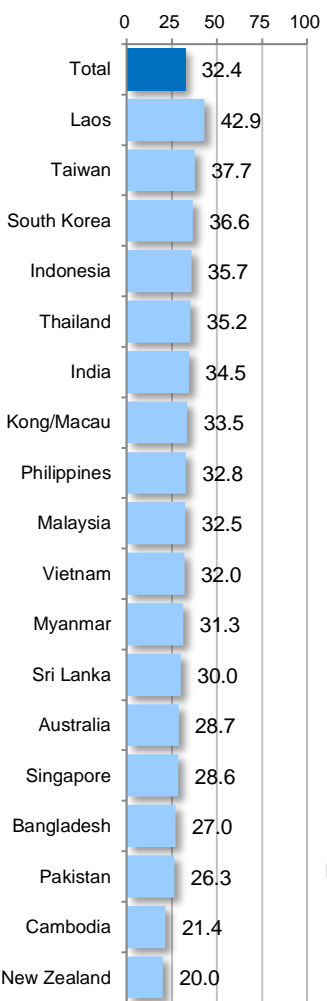
### Strengthening or expanding sales and promotion



### Improving the quality of products, services and operations



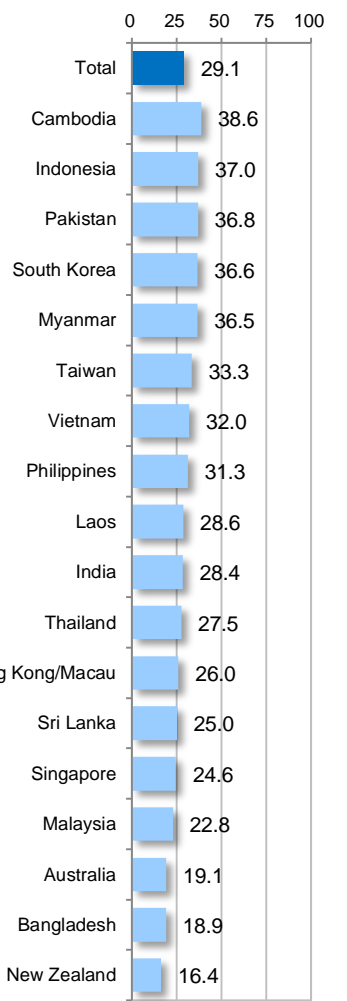
### Diversification of products and services



### Seeking of local partners



### Securing and cultivating human resources



# 9. Efforts to Enter the Local Market (14)

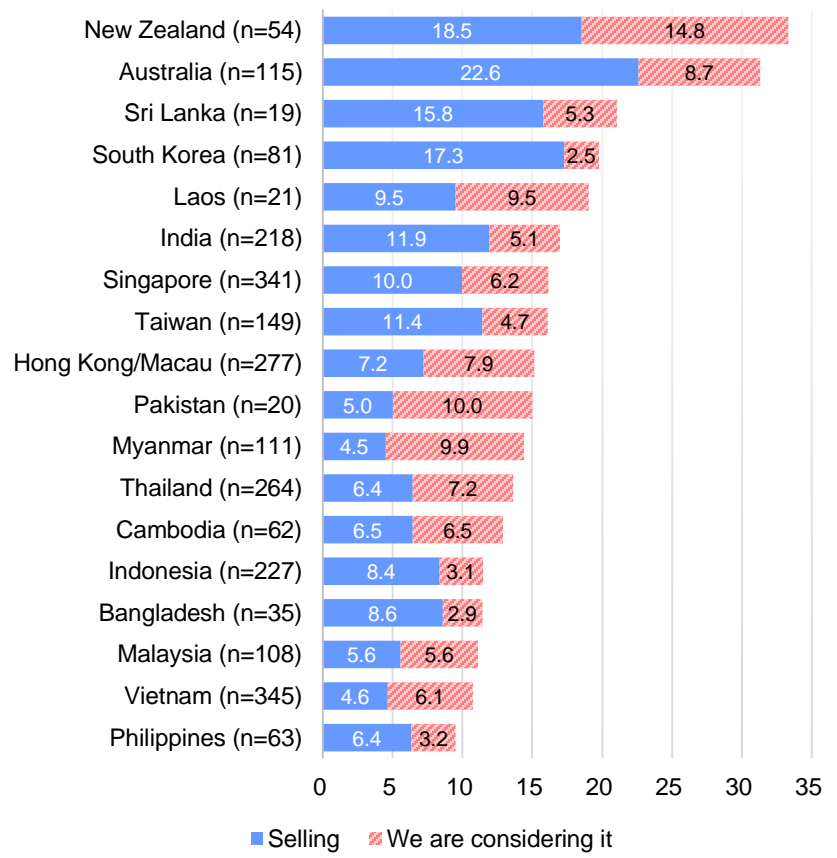
Non-manufacturing industries only

## Selling products through an e-commerce site

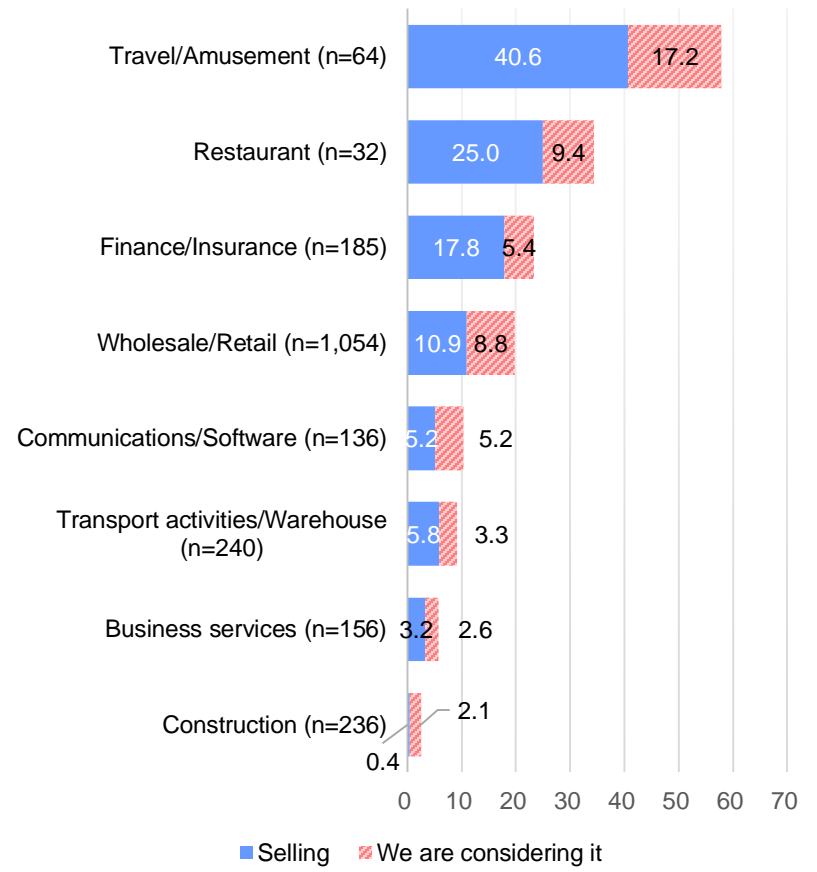
Total (n=2,510)      ■ Selling      ■ Under consideration      ■ Not selling



### By country/region (%)



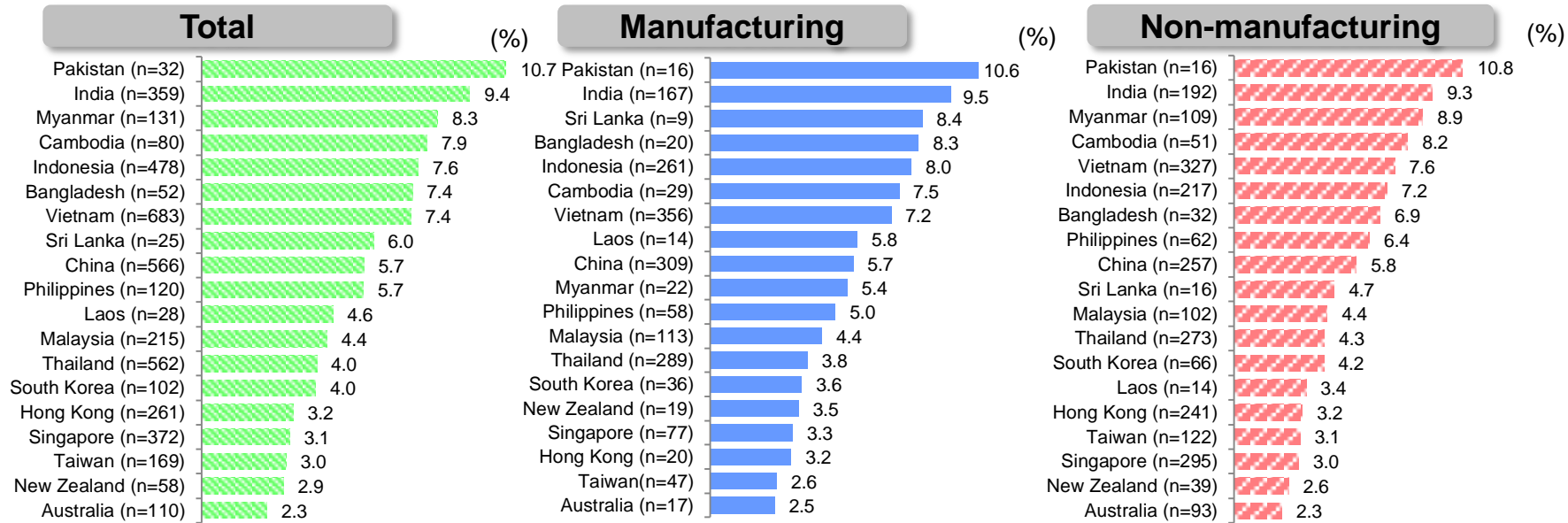
### By industry (%)



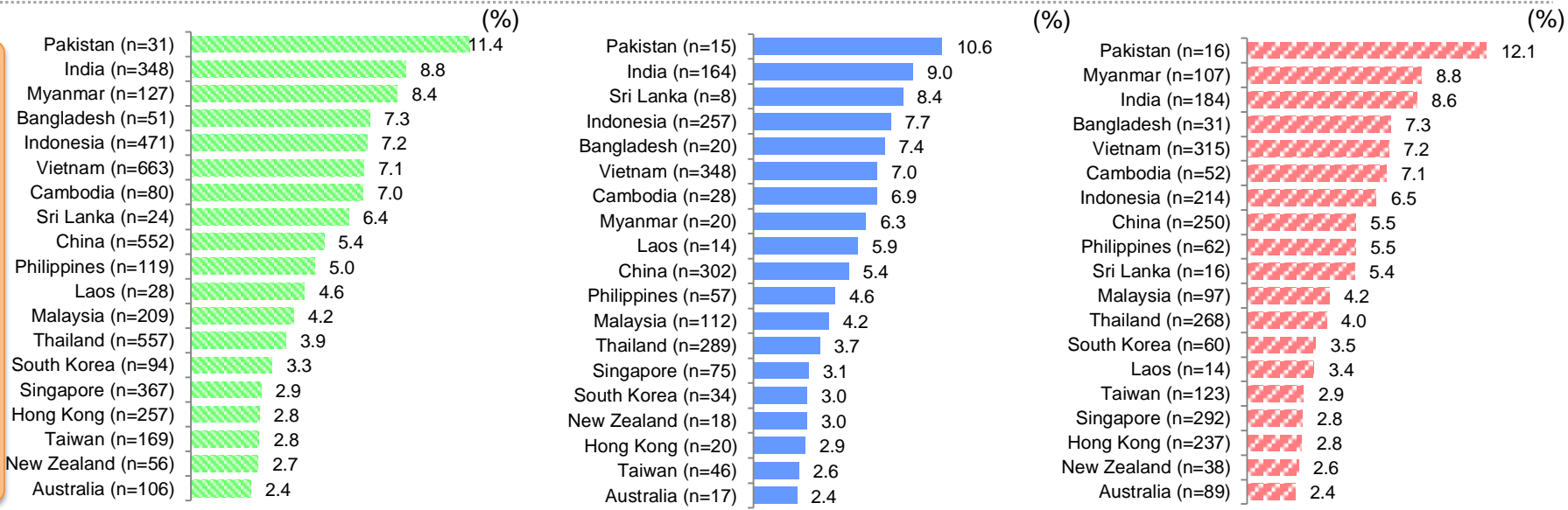


# 10. Wages (1) Year-on-year Wage Increase Rate

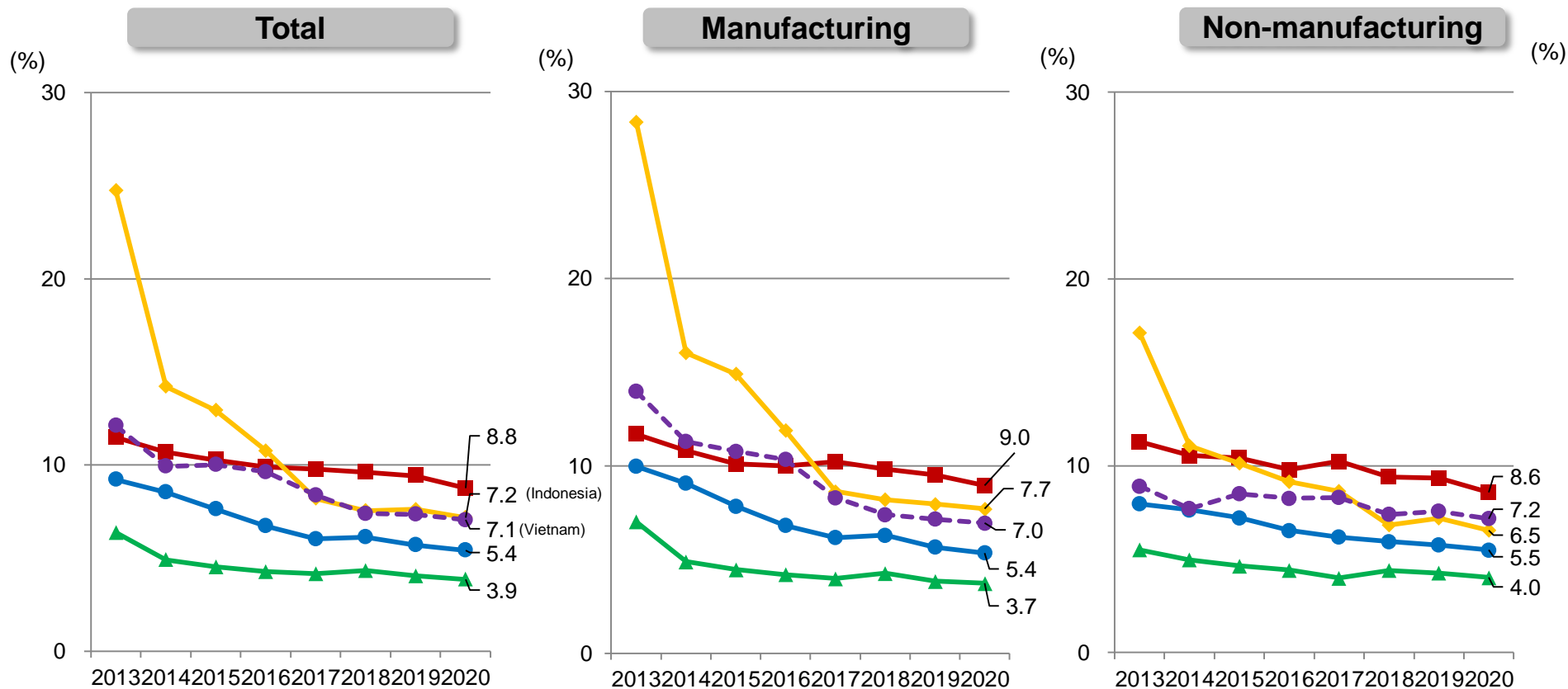
FY2018



FY2019



# 10. Wages (2) Year-on-year Wage Increase Rate (China and major countries)



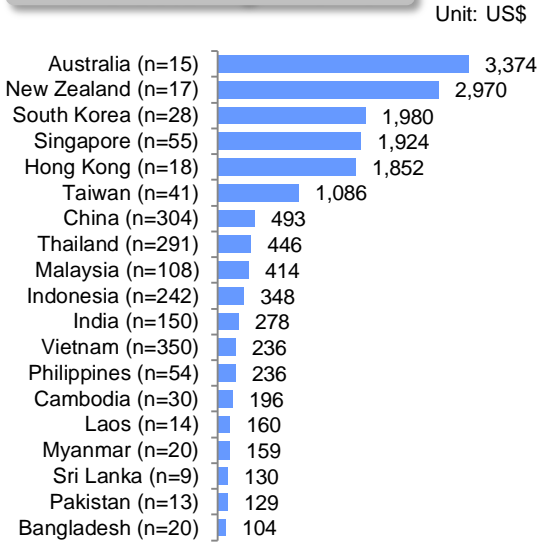
Note: 2020 rates are forecasts. ● China ■ India ▲ Thailand ◆ Indonesia ● Vietnam

- In 2019, the wage increase rate (total; same applies to the following) slightly increased by 0.1 pp in Indonesia, but decreased in China (by 0.4 pp), India (by 0.2 pp) and Thailand (by 0.3 pp), and remained at the same level in Vietnam.
- In China, the wage increase rate decreased every year after peaking out at 12.9% in 2011. The rate was 5.7% in 2019 and is expected to be 5.4% in 2020 (forecast), showing continued decrease.
- In Indonesia, the wage increase rate decreased every year after peaking out at 24.7% in 2013. The rate was 7.6% in 2019 and is expected to be 7.2% in 2020 (forecast), showing continued decrease.
- In 2020, the wage increase rate is forecasted to gradually decline in China, India, Thailand, Indonesia and Vietnam.

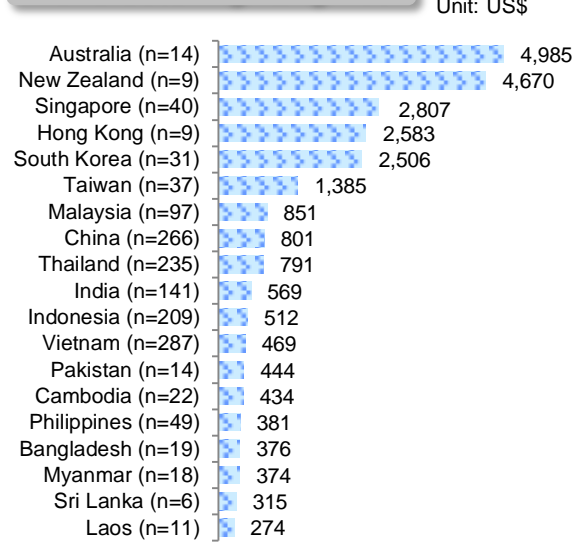


# 10. Wages (3) Base Salary (Monthly)

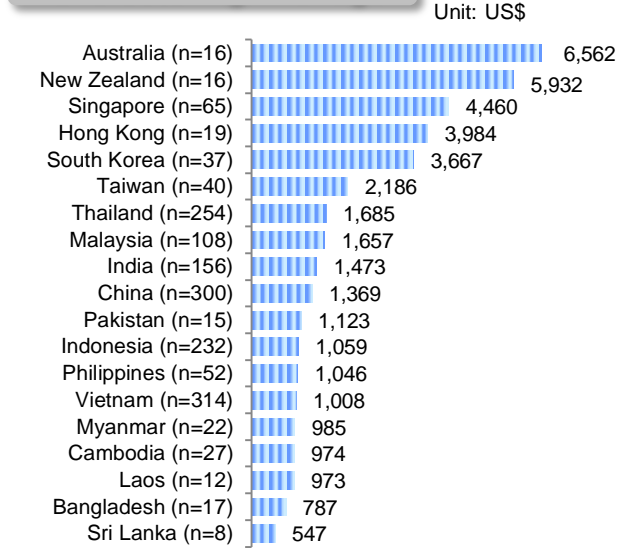
## Manufacturing: Worker



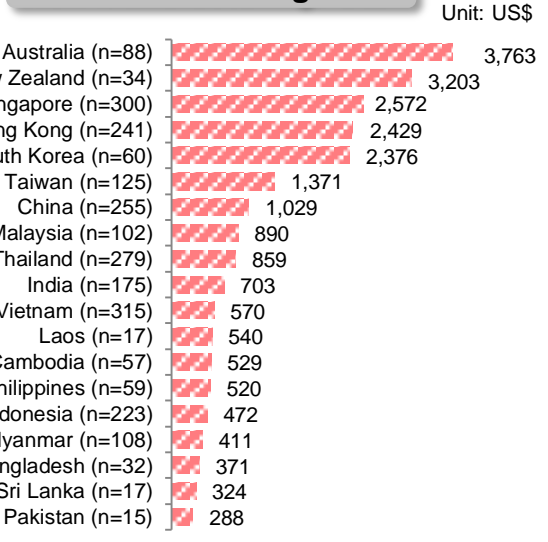
## Manufacturing: Engineer



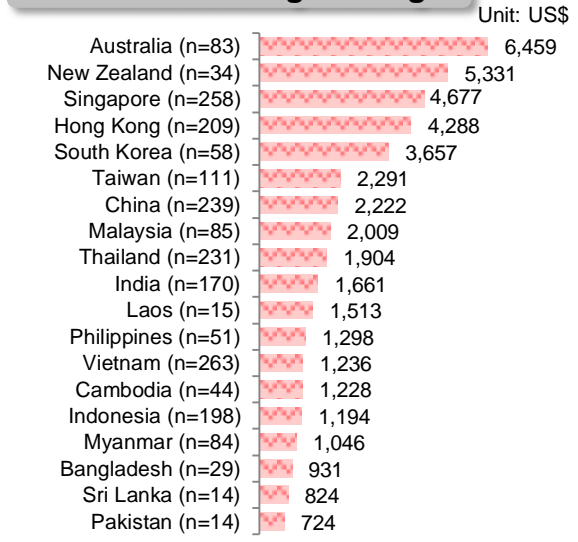
## Manufacturing: Manager



## Non-Manufacturing: Staff



## Non-Manufacturing: Manager



Base salary: Salary excluding benefits, as of August 2019

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

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

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

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

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

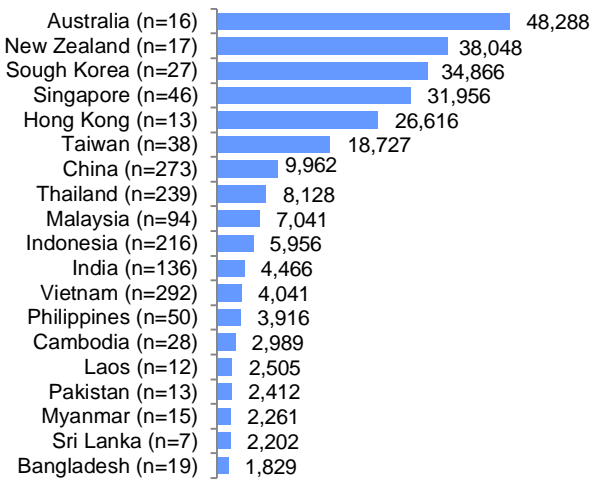
Note: Except for Cambodia, base salaries were reported in local currencies. (For Myanmar, salaries were reported selectively either in the local currency or in US dollars.) The average wage for each job type in the local currency was converted to the US dollar, using the average exchange rate of August 2019 published by the central bank of each country/region or by the State Administration of Foreign Exchange for China. For Myanmar, where companies reported base salaries either in the local currency or in US dollars, base salaries reported in the local currency were converted to US dollars, and then the average was calculated.



# 10. Wages (4) Annual Salary

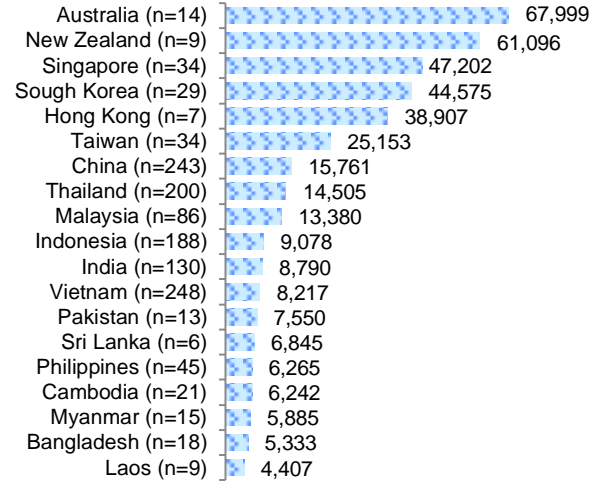
## Manufacturing: Worker

Unit: US\$



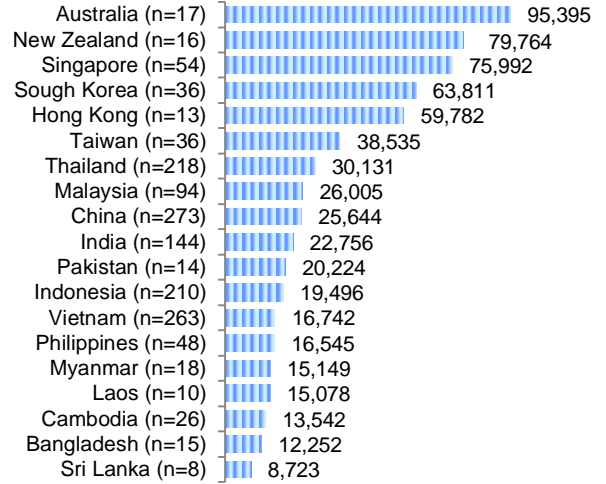
## Manufacturing: Engineer

Unit: US\$



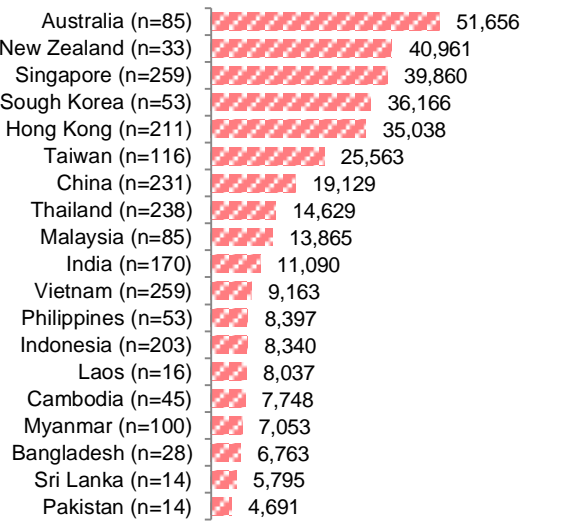
## Manufacturing: Manager

Unit: US\$



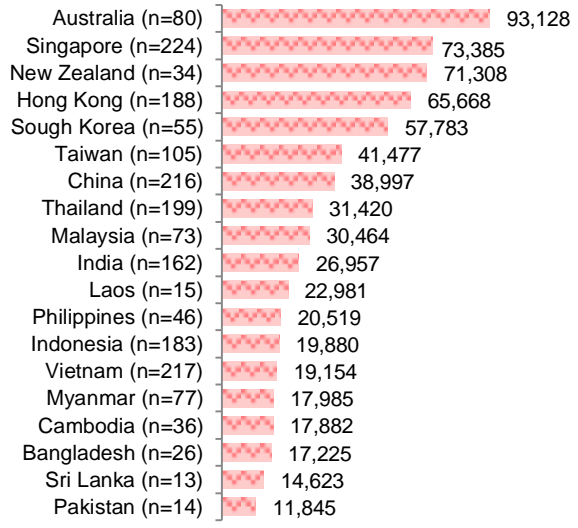
## Non-Manufacturing: Staff

Unit: US\$



## Non-Manufacturing: Manager

Unit: US\$



Annual salary (annual amount of real obligation fees): Total liability for an employee (the total of annual base salary, benefits, social security, overtime allowances, and bonuses, excluding severance benefits, as of FY2019)

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

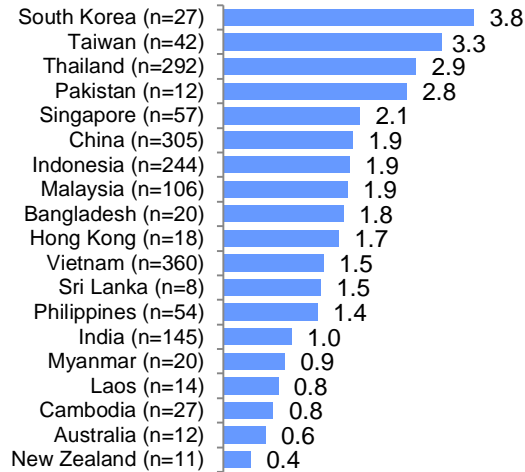
Note: Except for Cambodia, annual salaries were reported in local currencies. (For Myanmar, salaries were reported selectively either in the local currency or in US dollars.) The annual salary for each job type in the local currency was converted to US dollars, using the average exchange rate of August 2019 published by the central bank of each country/region or by the State Administration of Foreign Exchange for China. For Myanmar, where companies reported annual salaries either in the local currency or in US dollars, annual salaries reported in the local currency were converted to US dollars to calculate the average.



# 10. Wages (5) Bonuses

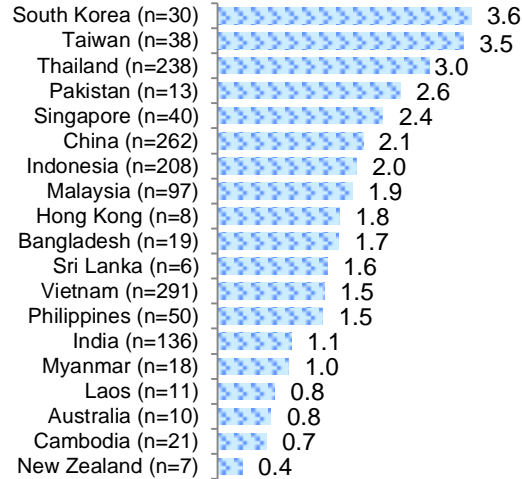
## Manufacturing: Worker

Unit: months



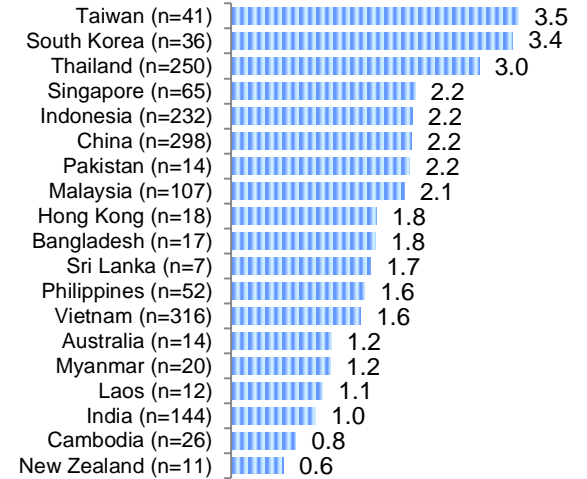
## Manufacturing: Engineer

Unit: months



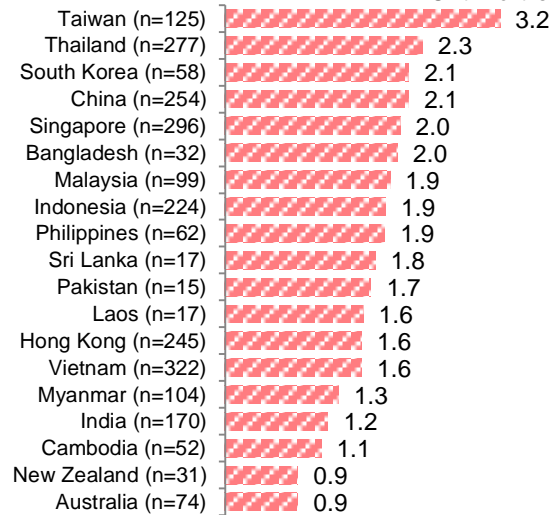
## Manufacturing: Manager

Unit: months



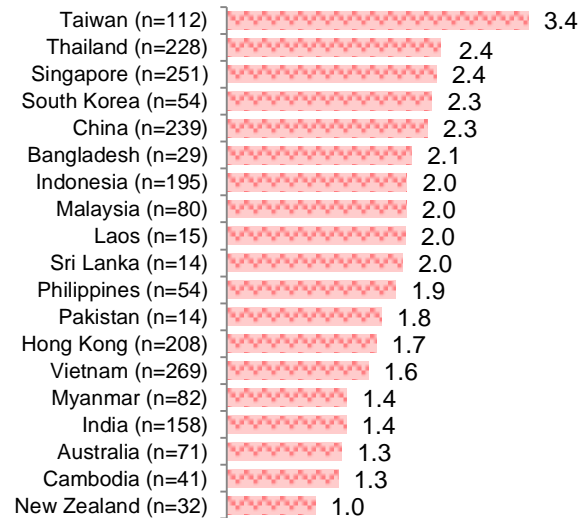
## Non-Manufacturing: Staff

Unit: months



## Non-Manufacturing: Manager

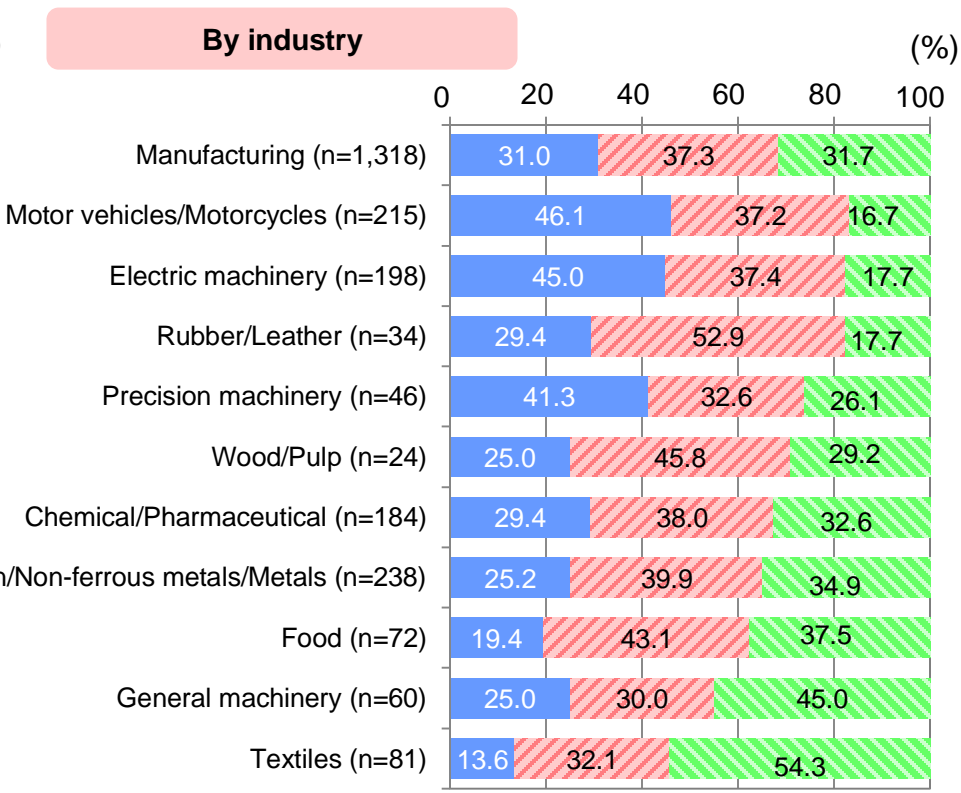
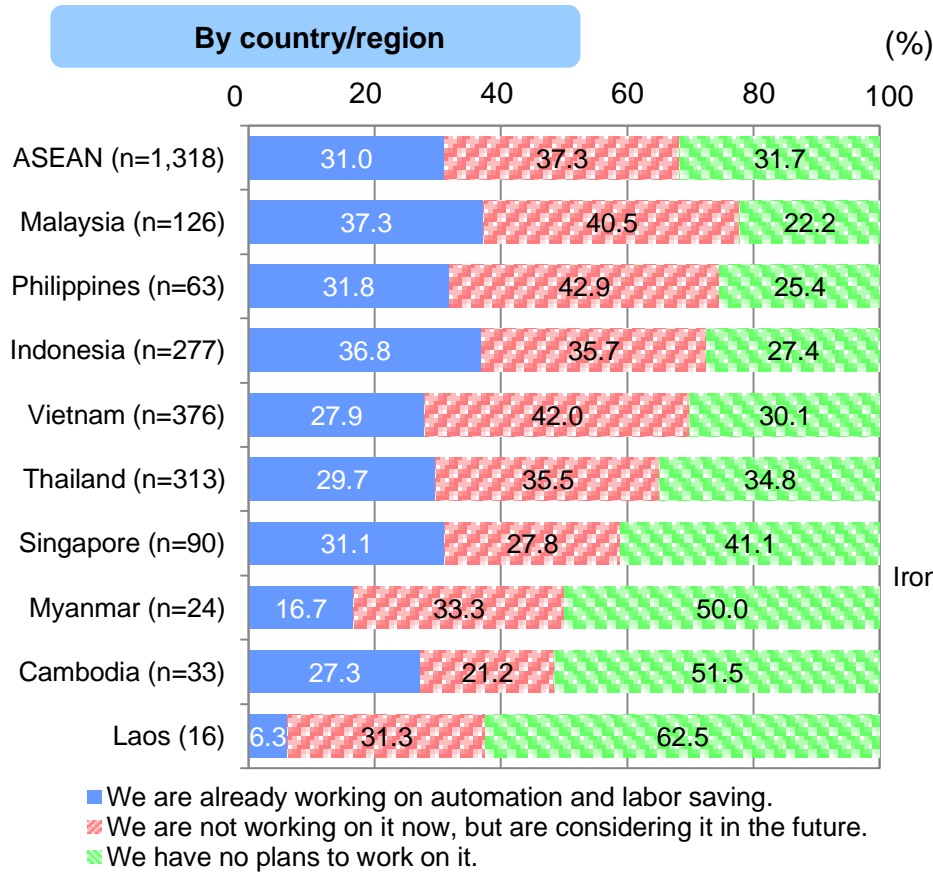
Unit: months



# 11. Automation and Reducing Labor (1)

Manufacturing industries only

## Automation and reducing labor (use of robots, etc., on the production line)



- Regarding automation and reducing labor, 68.3% of the ASEAN companies answered with “We are already working on automation and labor saving” or “We are not working on it now, but are considering it in the future.” By country, the proportion exceeded 70% in Malaysia (77.8%), the Philippines (74.7%), and Indonesia (72.5%), while it was 50% or less in Laos (37.6%), Cambodia (48.5%), and Myanmar (50.0%).
- By industry, more than 80% of the companies answered with “We are already working on automation and labor saving” or “We are not working on it now, but are considering it in the future” in Motor vehicles/Motorcycles (83.3%), Electric machinery (82.4%), and Rubber/Leather (82.3%).

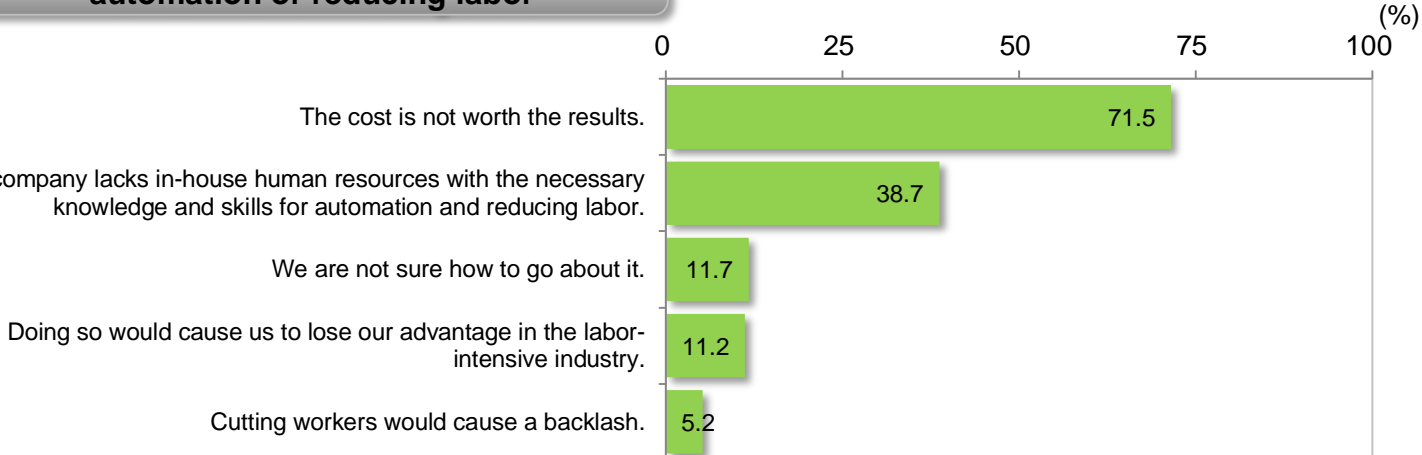


# 11. Automation and Reducing Labor (2)

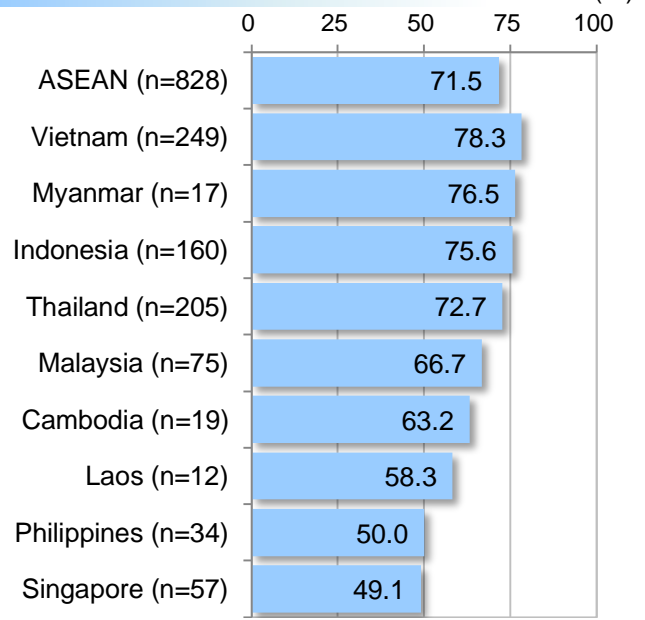
Manufacturing industries only

## Reasons for not being engaged in automation or reducing labor

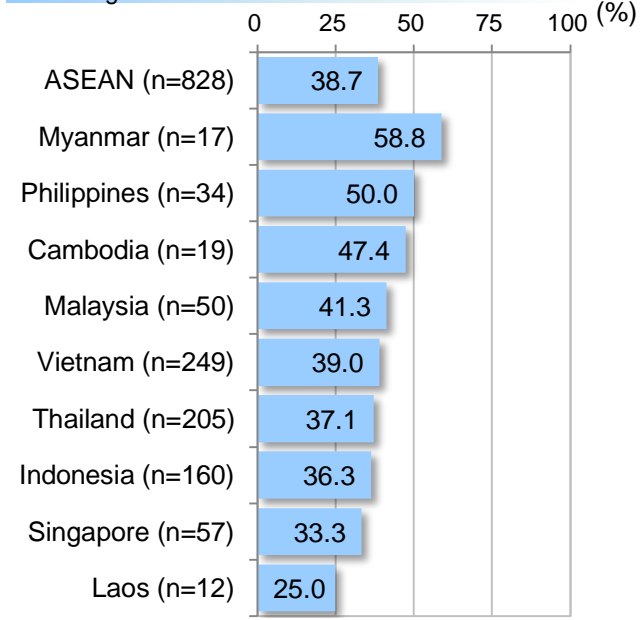
Note: Answers were given by companies that selected “We are not working on it now, but are considering it in the future” or “We have no plans to work on it.”



### The cost is not worth the results.



### Our company lacks in-house human resources with the necessary knowledge and skills for automation and reducing labor.

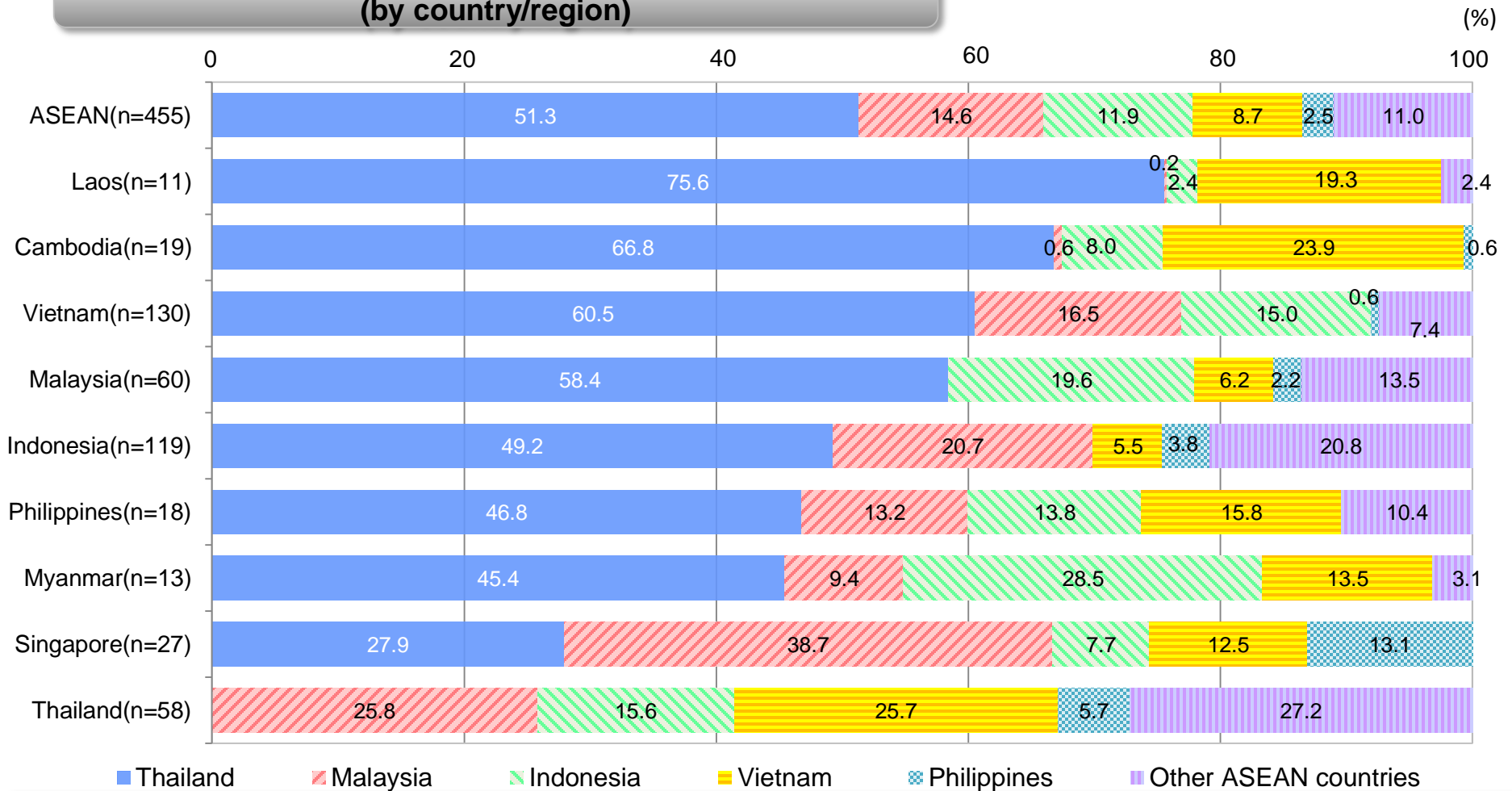


- As the reasons for not being engaged in automation or reducing labor, “The cost is not worth the results” was most frequently cited, at 71.5%. Only around 10% of the companies cited “We are not sure how to go about it,” “Doing so would cause us to lose our advantage in the labor-intensive industry,” or “Cutting workers would cause a backlash.”
- The proportion of companies that answered with “The cost is not worth the results” exceeded 70% in Vietnam (78.3%), Myanmar (76.5%), Indonesia (75.6%), and Thailand (72.7%).
- The proportion of companies that answered with “Our company lacks in-house human resources with the necessary knowledge and skills for automation and reducing labor” was higher than the average by more than 10 percentage points in Myanmar (58.8%) and the Philippines (50.0%).

# 12. Procurement of Raw Materials and Parts in ASEAN(1)

**Procurement sources for raw materials and parts in ASEAN  
(by country/region)**

Manufacturing industries only

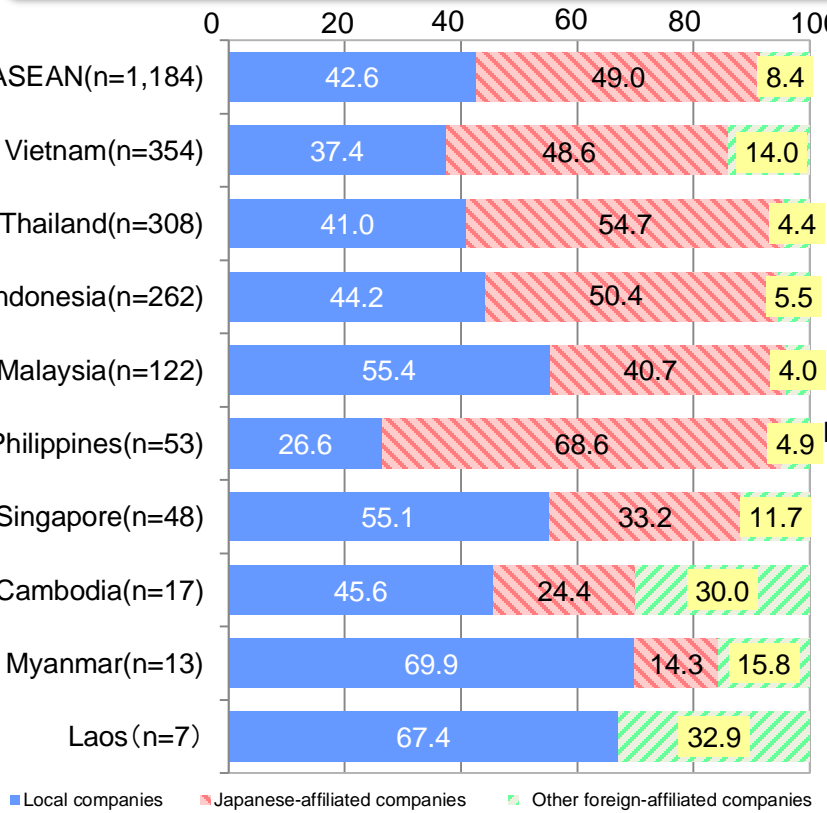


- The largest procurement source in ASEAN for raw materials and parts was Thailand(51.3%), followed by Malaysia(14.6%), Indonesia(11.9%),Vietnam(8.7%) .
- The procurement rate from Thailand was the highest in Laos(75.6%), and the rate was more than average in Cambodia (66.8%), Vietnam (60.5%),Malaysia(58.4%).
- The procurement rate from Malaysia was the highest in Singapore(38.7%), followed by Thailand(25.8%), Indonesia(20.7%),Vietnam(16.5%).

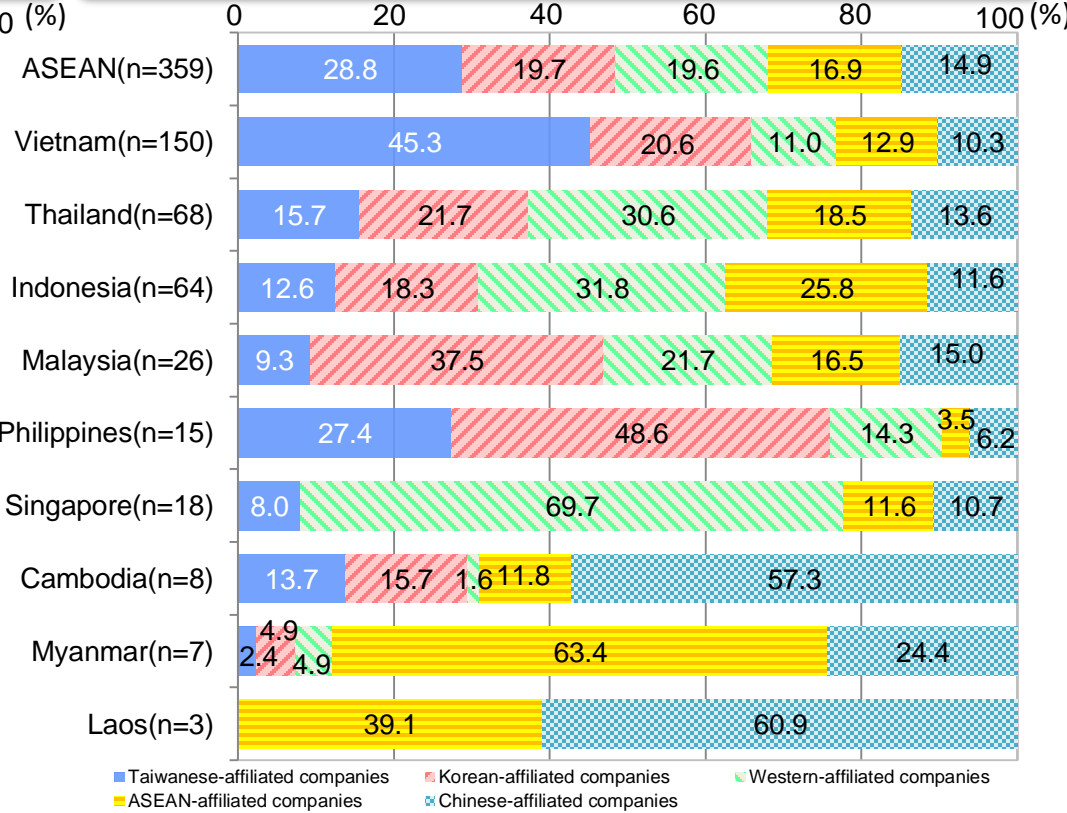
# 12. Procurement of Raw Materials and Parts in ASEAN(2)

Manufacturing industries only

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



**Other foreign-affiliated companies breakdown among Local Procurement sources for raw materials and parts (by country/region)**



- Looking at the breakdown of Other foreign-affiliated companies, the largest procurement source for raw materials and parts in ASEAN was Taiwanese-affiliated companies (28.8%), followed by Korean-affiliated companies (19.7%), Western-affiliated companies (19.6%), ASEAN-affiliated companies (16.9%), Chinese-affiliated companies (14.9%).
- The procurement rate from Taiwanese-affiliated companies was the highest in Vietnam (45.3%), followed by Philippines (27.4%). The procurement rate from Korean-affiliated companies was the highest in Philippines (48.6%), followed by Malaysia (37.5%). The procurement rate from Western-affiliated companies was the highest in Singapore (69.7%). The procurement rate from ASEAN-affiliated companies was highest in Myanmar (63.4%), followed by Laos (39.1%). The procurement rate from Chinese-affiliated companies was the highest in Laos (60.9%), followed by Cambodia (57.3%).



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