

Additional Survey Report ancillary to the JBIC FY2011 (23rd) Survey on Overseas Business Operations by Japanese Manufacturing Companies

Response of Japanese Manufacturing Companies to Catastrophic Flood in
Thailand and Risk Management of Overseas Production

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Research Division, Policy and Strategy Office for Financial Operations
Japan Bank for International Cooperation

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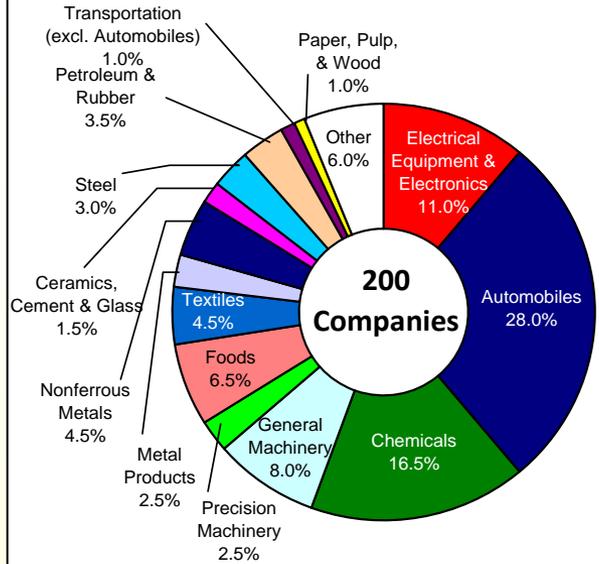
I. Overviews of the Additional and the Previous Survey

I. 1. Overview of the Additional Survey

Survey Overview

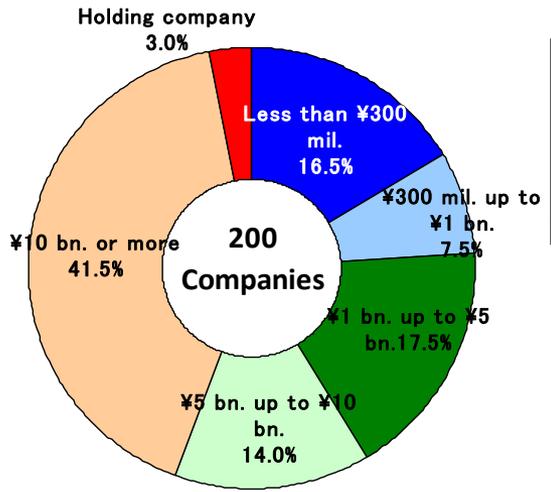
- **Survey purpose:** Since the summer 2011, the flooding damaged business facilities of many companies in Thailand. The purpose of this survey is to see the change of perception of Japanese manufacturers in business operations in Thailand by comparing with the result of FY 2011 survey which questionnaire was sent last July.
- **Survey targets:** Companies among the 603 that responded in the FY 2011 Survey on Overseas Business Operations by Japanese Manufacturing Companies that have at least one or more production bases in Thailand (287 Companies) or companies that indicated in the FY 2011 Survey that they viewed Thailand as promising (165 Companies).
- **No. of companies questionnaires were mailed to:** 352
- **Responses returned:** 200 (response rate: 56.8%)
- **Response method:** Web survey over the Internet
- **Period of survey:** March 5 (Mon), 2012 to March 23 (Fri), 2012
- **Main survey topics:**
 - The impact of flooding on production
 - Changes in perception of Thailand as a promising country for overseas business operations
 - Changes in the prospect of overseas business operations and in attitudes for investment in Thailand
 - Risk management for the overseas production against natural disasters
 - Measures required for continuing business in Thailand
- **Note:** “Overseas business operations” is defined as production, sales, and R&D activities at overseas affiliates, as well as outsourcing of manufacturing and procurement.

No. of Respondent Companies by Industrial Classification



Industry Type	No. of respondent companies
Electrical Equipment & Electronics	22
Automobiles	56
Chemicals	33
General Machinery	16
Precision Machinery	5
Foods	13
Textiles	9
Metal Products	5
Nonferrous Metals	9
Ceramics, Cement & Glass	3
Steel	6
Petroleum & Rubber	7
Transportation (excl. Automobiles)	2
Paper, Pulp, & Wood	2
Other	12
Total	200

No. of Respondent Companies by Size (in paid-in capital)



Classification	No. of respondent companies
Less than ¥300 mil.	33
¥300 mil. up to ¥1 bn.	15
¥1 bn. up to ¥5 bn.	35
¥5 bn. up to ¥10 bn.	28
¥10 bn. or more	83
Holding company	6
Total	200

Promising Countries/Regions for Overseas Business over the Medium-term (next 3 yrs. or so) (Multiple response)

Q. The respondents were each asked to name the top 5 countries that they consider to have promising prospects for business operations over the medium-term (the next three years or so).

$$\text{Percentage share} = \frac{\text{No. of responses citing country/region}}{\text{Total no. of respondent companies}}$$

Ranking			Country/Region	No. of Companies		Percentage Share	
2011	←	2010		2011	2010	2011	2010
1	—	1	China	369	399	72.8	77.3
2	—	2	India	297	312	58.6	60.5
3	↑	4	Thailand	165	135	32.5	26.2
4	↓	3	Vietnam	159	166	31.4	32.2
5	—	5	Brazil	145	127	28.6	24.6
5	↑	6	Indonesia	145	107	28.6	20.7
7	—	7	Russia	63	75	12.4	14.5
8	—	8	USA	50	58	9.9	11.2
9	↑	10	Malaysia	39	29	7.7	5.6
10	—	10	Taiwan	35	29	6.9	5.6
11	↓	9	Korea	31	30	6.1	5.8
12	—	12	Mexico	29	29	5.7	5.6
13	—	13	Singapore	25	21	4.9	4.1
14	—	14	Philippines	15	14	3.0	2.7
15	—	15	Turkey	12	8	2.4	1.6
16	↓	15	Australia	8	8	1.6	1.6
16	↓	15	Bangladesh	8	8	1.6	1.6
16	↑	24	Cambodia	8	4	1.6	0.8
19	↑	20	Myanmar	7	5	1.4	1.0
20	↓	19	Great Britain	6	6	1.2	1.2

Note 1: In addition to the countries listed above, the following regions also gained responses: EU/Europe (14 companies, 2.8% of the total); North America (13 companies, 2.6%); Eastern Europe (6 companies, 1.2%); Middle East (9 companies, 1.8%).

Note 2: Countries/regions are listed in alphabetical order in cases where they ranked the same.

■ Both no. of respondent companies and the percentage shares of China and India fell slightly

- The top two spots (China followed by India) remained the same. Although the number of respondent companies and the percentage shares of China and India declined a little, the trend whereby about 70% of respondent companies chose China as promising and about 60% of those chose India as promising remains the same.

■ Respondent companies are clearly more interested in emerging countries: Emerging countries in the top 20 such as Indonesia, Thailand and Brazil gained in percentage shares

- When we look at the year-to-year change in percentage share, we see that Indonesia, Thailand and Brazil got higher percentage shares, with increases of 38, 30, and 18 companies, respectively. In addition, Asian emerging countries in the top 20 (excluding China, India and Vietnam), Mexico and Turkey generally saw gains in percentage share, although there were some fluctuations in ranking. In contrast, the U.S. (included in "North America") and EU (included in "Europe") saw decreases in the number of respondent companies and percentage share alike. It is clear that there is growing interest in among respondent companies in emerging countries where demand is expected to grow.

■ Cambodia broke into the top 20

- Following the rise of Bangladesh and Myanmar to the top 20 in last year's survey, Cambodia rose to the 16th spot in this survey. The main reason given for choosing these three countries as promising was "inexpensive source of labor". Many companies singled out "Future growth potential of local market" as a reason to see promise in Bangladesh, with its population of around 150 million.

(Supplementary Info) Ranking by No. of Production Bases

Ranking	Country/Region	Companies w/Production Bases (594)	
		No. of Bases	(Composition)
1	China	481	81.0%
2	Thailand	287	48.3%
3	North America	253	42.6%
4	Indonesia	171	28.8%
5	Taiwan	165	27.8%

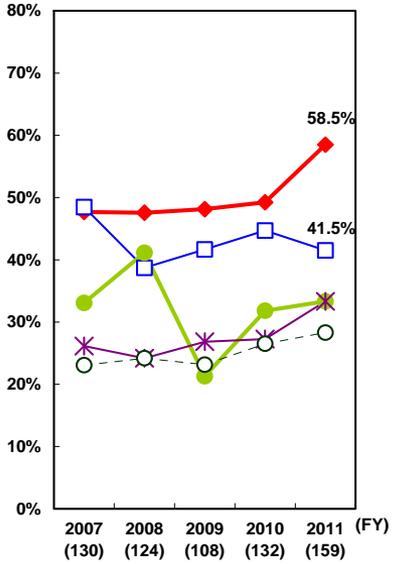
Note 3: The above was attained by tabulating the countries with at least one base of production reported by the 594 companies that responded to questions about the number of production bases they owned.

 **No. 3: Thailand**

Reasons

(Total No. of respondent companies: 159)

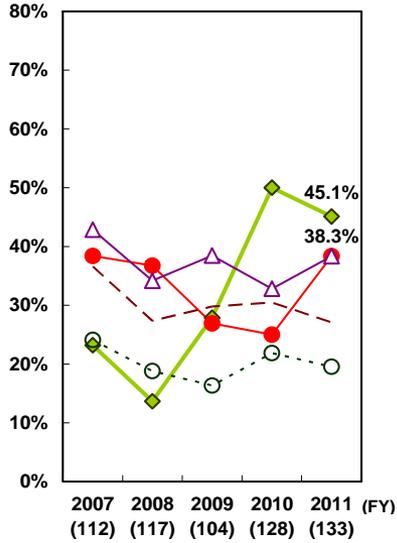
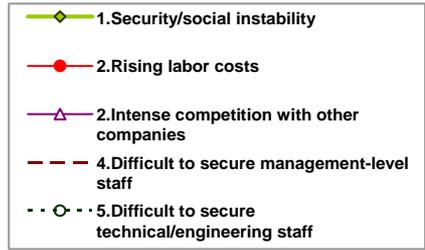
	No. of companies	Ratio
1 Future growth potential of local market	93	58.5%
2 Inexpensive source of labor	66	41.5%
3 Supply base for assemblers	53	33.3%
3 Base of export to third countries	53	33.3%
5 Developed local infrastructure	45	28.3%



Issues

(Total No. of respondent companies: 133)

	No. of companies	Ratio
1 Security/social instability	60	45.1%
2 Rising labor costs	51	38.3%
2 Intense competition with other companies	51	38.3%
4 Difficult to secure management-level staff	36	27.1%
5 Difficult to secure technical/engineering staff	26	19.5%



■ While the No. 1 reason for listing Thailand as promising was the “future growth potential of local market”, it is also perceived as one of the best places for manufacturing centers in ASEAN countries. As evidence of this, the 3rd most frequently cited reason for being promising was its potential as a “base of export to third countries”, which was mentioned by more than 30% of respondent companies (a higher ratio than either Vietnam or Indonesia). It also has a highly rated infrastructure (the 5th reason), although there are significant concerns over the flooding caused by the heavy rainfall that began around July of 2011 and its impact on the production activities of Japanese manufacturing companies

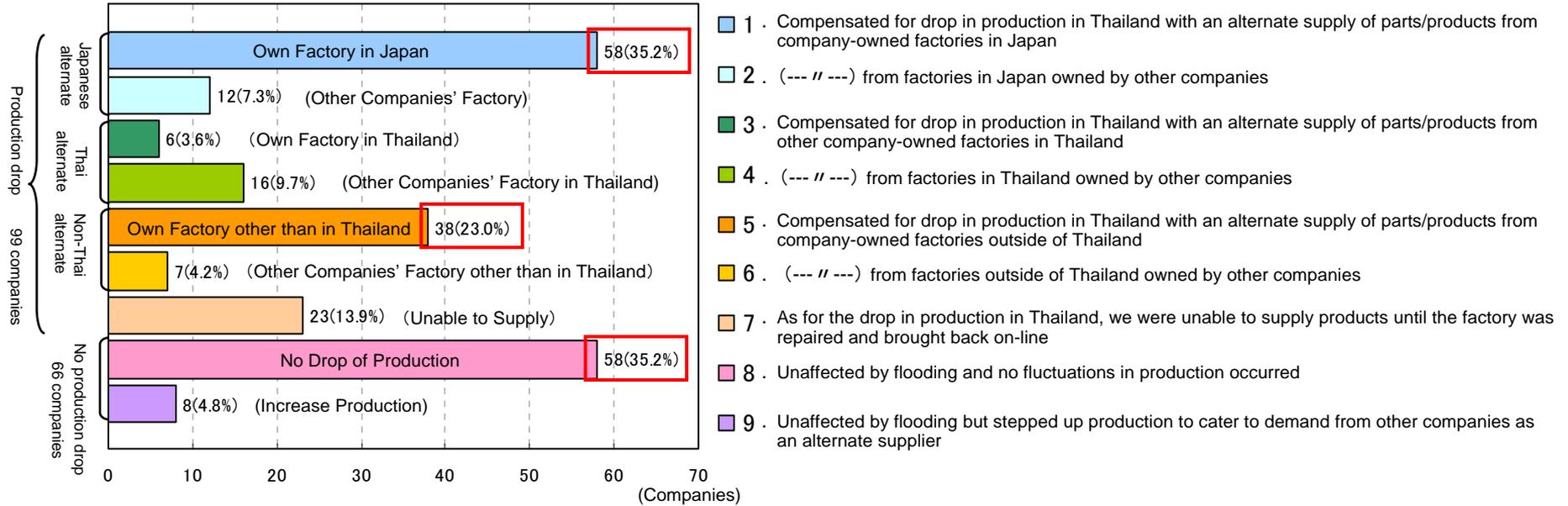
■ The most frequently cited issue this year as well was “security/social instability”, and out of the 60 companies that listed this issue, 83% of the companies already have bases in Thailand. Although there were few comments asserting a direct impact of this issue on production, a certain degree of concern remains.

II. Summary and Key Findings

- ◆ In the FY2011 Survey, Thailand ranked third, following China and India, as a promising country for overseas business operations over the medium term. In terms of the number of production bases as well, Thailand also ranked second, following China, being recognized as an especially important country by Japanese manufacturing companies. Of the 200 companies that responded to this additional survey, 66 (40%) of 165 companies with production bases in Thailand replied, “No drop in production occurred” (58 companies), or “Increase production for alternate demand from other companies” (8 companies). On the other hand, 99 companies(60%) of the respondents also stated they were affected by the flood and forced to drop production. When production was scaled down, Japan was the country most often chosen for an alternate supply source, followed by China. (See page 3 and 6)
- ◆ In response to the question asking for any “change in perception of Thailand as a promising country for overseas business operations over the medium term”, about 15% of the respondent companies (199 companies) replied “Somewhat less promising” (26 companies) or “Much less promising” (3 companies). On the other hand, about 83% responded “Not changed since the floods” and 2% said, “See it as even more promising”. Although there are differences depending on industries, the influence of the flood was limited in the perception of Thailand as a promising country for business operations. (See page 7)
- ◆ On the question of the attitude for business operations in Thailand, about 97% of the respondent companies replied “strengthen or expand” or “maintain the preset presence”, even in the wake of the flood. Although the number of companies who replied “strengthen or expand” decreased somewhat, the overall finding was the continued positive attitude for business operations in Thailand. When asked about the location where business operations will be strengthened or expanded, most respondent companies indicated they did not intend to shift locations from the present production base. With regards to the attitude for investment in Thailand, about 80% of the respondent companies with plans of new or replacement investment replied they would proceed as planned before the flood, which confirmed that there is no major change in their investment plans. (See page 9 to 12)
- ◆ Among the 200 companies which replied to the question about the risk management of the overseas production against natural disasters, responses were concentrated in “Add supplementary or alternate functions to factories in neighboring countries or plants”, “Cultivate multiple suppliers for parts and materials” and “Create business continuity plans for quick recovery”. These findings indicate that Japanese manufacturing companies are going to deal with the risk in overseas production by adding layers to their supply chains and by making them more flexible. (See page 13)
- ◆ Regarding measures required for continuing business operations in Thailand, more than 80% of the 200 companies responded with the desired “reliable implementation of flood control projects”. Also, responses showed strong requests for “a preferential tax treatment for the afflicted companies in Thailand” (45.0%) in terms of the support for the companies afflicted, “early disclosure of accurate disaster information and establishment of early warning structure” (51.5%) ,and “implementation of disaster measures in each factory complex.”(49.5%) as for information disclosure and disaster measures. (See page 14)

II. 2. The Impact of Flooding on Production

(Q) If your company has bases of production in Thailand, please select from the following the steps that best describe those taken by your company in response to fluctuations in production (caused as a result of your factories being affected or as a result of a parts supplier being affected) due to the flooding (multiple responses possible). (No. of respondent companies: 165)

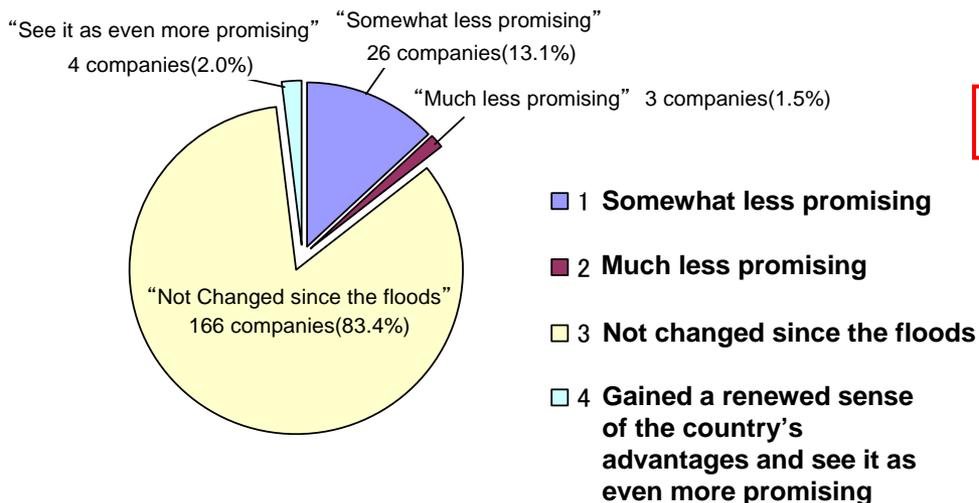


Note 1: The figures in the graph indicate the number of companies responding to this question. The percentages in parentheses were calculated by dividing the number of companies responding to each answer by the number of companies responding to this question (165 companies).

Note 2: The 35 companies that said they did not have bases of production in Thailand were not counted among the companies responding to this question.

- Among the 165 companies with bases of production in Thailand, 66 companies, or 40% said they were unaffected by the flooding (Responses 8 and 9 combined), while the other 99, or 60%, indicated that they were forced to scale back production. When production was scaled down, Japan is the country most often chosen for alternate supply source as 70 companies (42.4%) chose “compensated for drop in production from Japan”.
- There were 45 companies (27.3%) that used alternate suppliers outside Thailand (Responses 5 and 6 combined), which was more than the number of companies that chose alternate suppliers within Thailand (22 companies, 13.3%; Responses 3 and 4 combined).
- The majority of responses indicated procuring from alternate suppliers in China (24 companies) when alternate suppliers are chosen outside Thailand. Then, Malaysia (6 companies) and Indonesia (4 companies) were the 2nd and 3rd most cited countries.

Q. How has your view of Thailand as a promising country for overseas operations for your company over the medium term (next 3 yrs. or so) changed since the flooding? Please choose from the following the response that best fits your company's stance. (No. of respondent companies: 199)



Note 1: Response 5 was "Did not view it as promising to begin with", which one company chose, hence the number of respondent companies here is 199.

(Supplementary Info 1) Correlation between degree of perceived promise and flood impact

Response	No. of respondent companies (A)	No. of companies affected by flooding (B)*	(B)/(A)
1. Somewhat less promising	26	16	0.62
2. Much less promising	3	1	0.33
3. Unchanged	166	82	0.49
4. More promising	4	0	0.00
Total	199	99	0.50

Note 2: Companies affected by the flooding in this table were those that dropped production level, with the choice of responses other than 8 or 9 of the question in page 6.

(Supplementary Info 2) Changes in the perception among companies which chose Thailand as a promising country in FY 2011 Survey

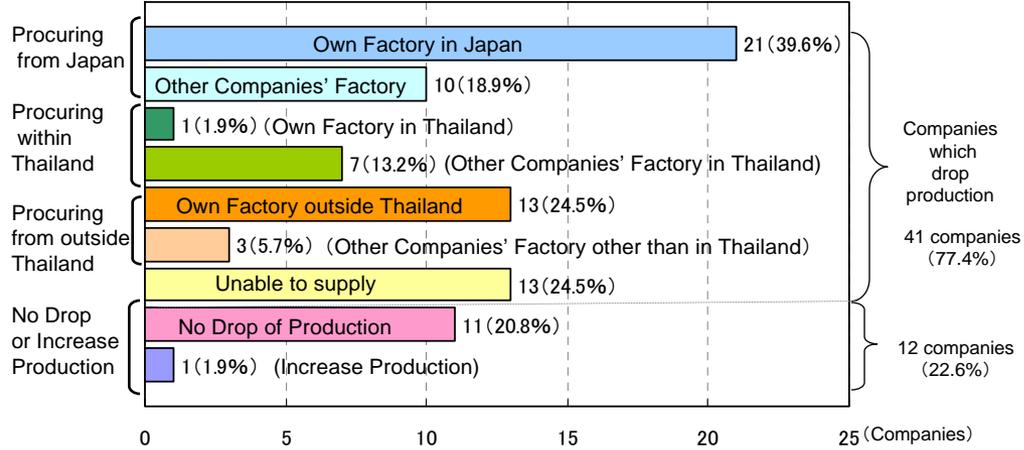
	No. of companies queried	No. of respondent companies	Responses			
			1	2	3	4
Said "promising"	165	96	11	2	79	4
(Composition)	Response rate	58.2%	11.5%	2.1%	82.3%	4.2%

- In the FY2011 survey, Thailand ranked third behind China and India among countries seen as promising for overseas operations over the medium term (next 3 yrs. or so). In terms of the number of respondent companies with at least one base of production in a given country, Thailand (with 287 companies) was second only to China (with 480 companies). Thailand is therefore an very important country for Japanese manufacturing companies.
- When we look at how promising Thailand is viewed after the flood, we see that 166 out of 199 respondent companies (83.4%) said that their views have "Not changed since the flood". At 26 companies (13.1%), and the second most frequent response was "Somewhat less promising". Only three companies (1.5%) responded with "Much less promising", while four companies (2.0%) indicated that they gained a renewed sense of Thailand's advantages and see it as even more promising now. Because one of three companies which responded "Much less promising" and about 16 companies, 60% of 26 companies, which responded "Somewhat less promising" were affected by the floods, we can infer that the flooding did have some effects on the downward revision regarding how companies see Thailand as promising.
- Nevertheless, Responses 3 and 4 combined account for 170 companies or 85.4% of respondent companies to this question, of which 82 companies (48.2%) were affected by the floods. Overall, it can be thought that the appeal of Thailand as a country for business operations has not substantially changed, and the impact of the flooding has been limited in this regard.

(Supplementary Info1) Influence of floods over Production by Major Industries

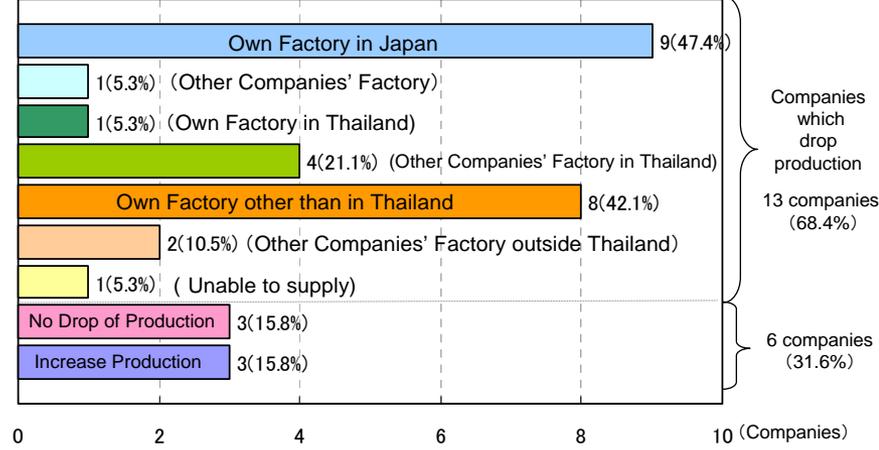
【Automobiles】

※Breakdown of answers from 53 companies out of 56 respondent companies with production facility in Thailand (Multiple Question possible)



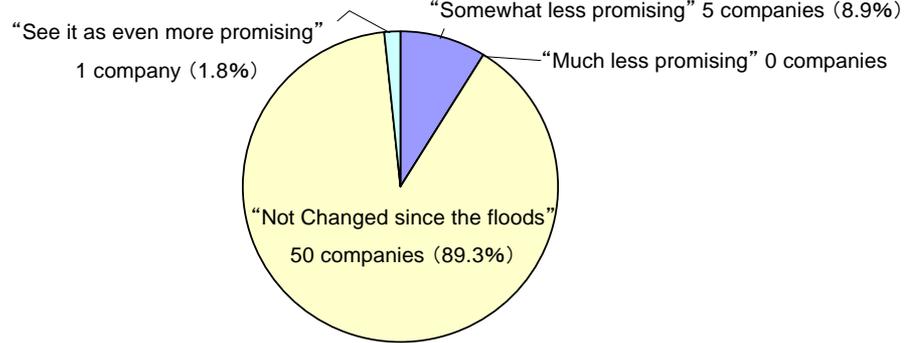
【E&E】

※Breakdown of answers from 19 companies out of 22 respondent companies with production facility in Thailand (Multiple Question possible)

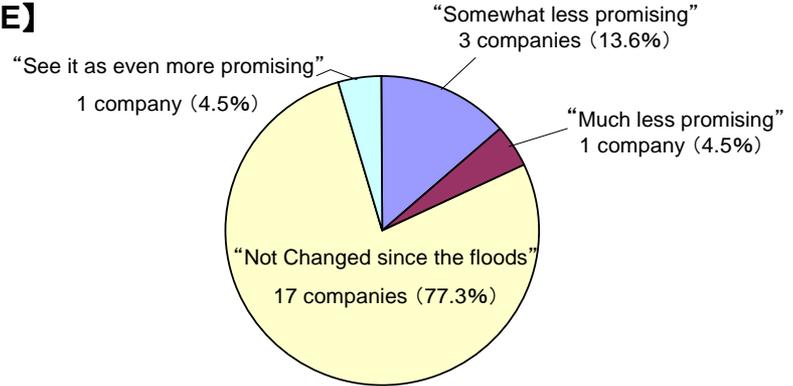


(Supplementary Info2) Changes in perception of Thailand as a promising country

【Automobiles】



【E&E】



- From the ratio of being affected by the floods and reducing the production level, automobile (77.4%) and Electrical Equipment & Electronic (or E&E) (68.4%), two of major industries, are more suffered and the level of the ratio of the companies which reduced production is higher than the average of the industry (60.0%). It is understood that the Automobile and E&E industries are more suffered by the floods from the fact above.
- The ratio of choosing "Not changed since the floods" and "See it as even more promising" combined in automobile industry reached over 90% (91.1%), which is above the industry average (85.4%), when we see the changes in perception of Thailand as a promising country before and after floods. On the other hand, the ratio above in E&E industry is lower (81.8%) than the industry average. From this survey, more companies in automobile industry showed the unchanged preference toward Thailand although more were suffered by the floods.

Q. How have prospects for your company's business in Thailand changed as a result of the flooding? Please choose from the following the response that best fits your company's views. (No. of respondent companies: 166)

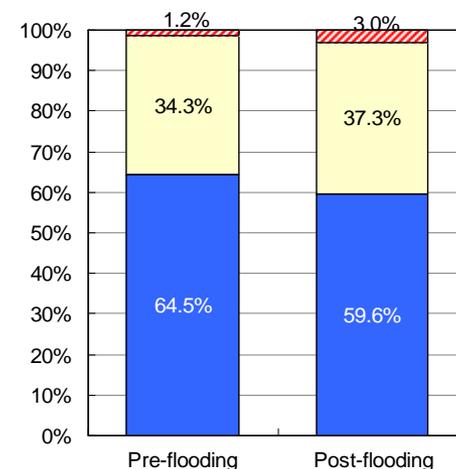
(Unit: Companies)

	Pre-flooding	Composition	Post-flooding	Composition
1. Strengthen/expand	107	64.5%	99	59.6%
2. Maintain present level	57	34.3%	62	37.3%
3. Scale back/withdraw	2	1.2%	5	3.0%
Total	166	100.0%	166	100.0%

(△8 companies)

(+5 companies)

(+3 companies)



(Supplementary Info) Correlation between business prospects and flood impact

	No. of respondent companies	Composition	Companies that shifted from 1 to 2	Composition
Unaffected by flooding ^(Note 1)	66	40.0%	5	45.5%
Affected by flooding & scaled back production ^(Note 2)	99	60.0%	6	54.5%
Total	165	100.0%	11	100.0%

Note 1: Companies deemed unaffected by the flooding were those that chose response 8 or 9 of the questions in page 6.

Note 2: Companies that were affected by the flooding & scaled back production in this table are the companies that chose responses other than 8 and 9 in question in page 6.

- Companies that already have bases of production in Thailand were asked in this question to choose one response out of a possible three regarding changes in their views of the medium-term (next 3 yrs. or so) prospects for their businesses in Thailand before and after the flooding.
- Out of 166 companies which responded this question, 99 companies (59.6%) selected "strengthen/expand", while 62 companies (37.3%) chose "maintain present level" after the flooding (the number of companies which selected both "strengthen/expand" and "maintain present level" was 161 (97.0%)) and there was an overall trend for the strengthening of operations with comparison of the situation before the floods although the number of the companies choosing "strengthen/expand" decreased. Before the floods, the number of companies selected "strengthen/expand" was 107 (64.5%) and the number of companies choosing "maintaining present level" was 57 (34.3%). In addition, the number of companies choosing "scale back/withdraw" increased from two before the floods to five after the floods.
- After the floods, the number of companies which changed their prospect for business in Thailand from "strengthen/expand" to "maintain current level" was only 11, in which the number of the companies affected and not affected by the floods were almost the same. This result showed that lower revision of their prospect for business in Thailand was not caused only by being affected by the floods.

Q. Please choose from the following the response that best fits your company's views on the direction of change in the prospects for your company's business in Thailand.

(1) Scale back/withdraw (5 companies)

Specific courses for scaling back/withdrawing	No. of respondent companies
1. Withdraw	0
2. Transfer part of the business to other areas in Thailand	0
3. Relocate the entire business to other areas in Thailand	1
4. Transfer part of the business to areas outside Thailand	3
5. Relocate the entire business to areas outside Thailand	1

(2) Maintain present level (62 companies)

Specific courses for maintaining present levels	No. of respondent companies
1. Present level of operations is maintained while new and additional investments are frozen, and part of the existing business is relocated to other areas in Thailand.	4
2. Present level of operations is maintained while new and additional investments are frozen, and entirety of the existing business is relocated to other areas in Thailand.	0
3. Other	58

Note: At the time when questionnaires were made, it was assumed that respondent companies which chose "maintain present level" would freeze new and/or replacement investment. However, in fact, many respondent companies choosing "maintain present level" gave comments that they would maintain current business operations while they maintain the planed level of investment, not freezing them.

- In page 9, companies were asked to choose their intentions regarding businesses after the flooding among "to strengthen/expand", "to maintain present levels", or "scale back/withdraw". In this page, companies were also further asked about the specific measures by which they planned to achieve these ends.
- Among the five companies that chose "scale back/withdraw", none chose "1. Withdraw", and three chose "4. Transfer part of the business to areas outside Thailand".
- Among 62 companies that chose "maintain present levels" after the floods, very few companies indicated that they would freeze new and additional investments and relocate part or the entirety of the existing business to other areas in Thailand, while the majority (58 companies) chose "3. Other". One can infer that many companies that chose "maintain present levels" plan to maintain current levels of operation by staying at the same site and that there are few that plan to relocate to other areas in Thailand.

(c) Strengthen/expand (99 companies)

Specific courses for scaling strengthening/expanding	No. of respondent companies (A)	Composition	companies affected by flooding (B)*	(B)/(A)
1. Strengthen/expand business in the areas where the company is currently operating based on the anticipated demand arising from reconstruction	10	10.1%	6	0.60
2. Relocate part of the business to other areas in Thailand and strengthen/expand business based on the anticipated demand arising from reconstruction	0	0.0%	0	—
3. Relocate the entirety of the business to other areas in Thailand and strengthen/expand business based on the anticipated demand arising from reconstruction	0	0.0%	0	—
4. Strengthen/expand business in the areas where the company is currently operating based on the potential for market growth in Thailand	79	79.8%	48	0.61
5. Relocate a part of business to other areas in Thailand and strengthen/expand business based on the potential for market growth in Thailand	1	1.0%	1	1.00
6. Relocate the entirety of the business to other areas in Thailand and strengthen/expand business based on the potential for market growth in Thailand	1	1.0%	1	1.00
7. Still under consideration	8	8.1%	3	0.38
Total	99	100.0%	59	0.60

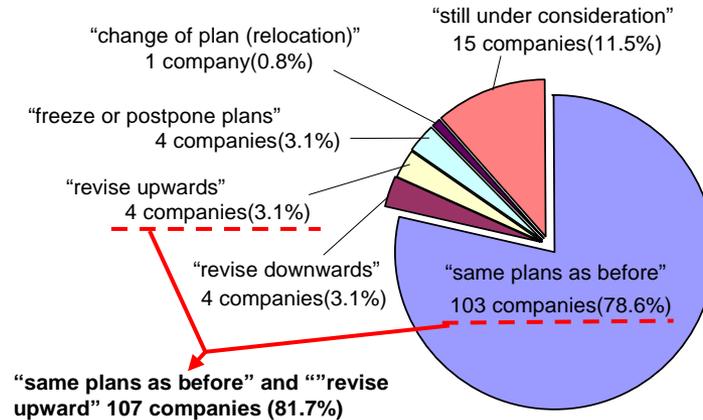
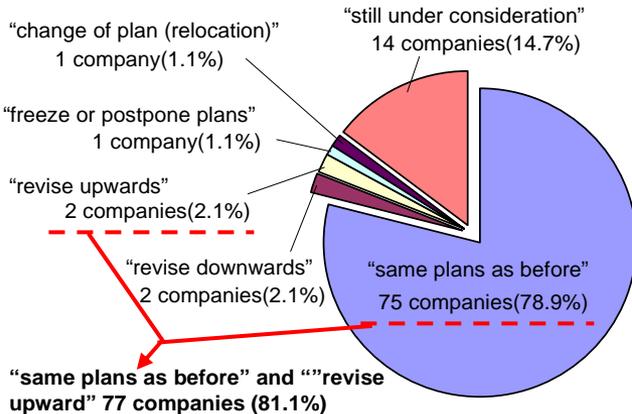
Note : Companies affected by flooding in this table are the companies responded to the question in page 6 with Responses 1 through 7 and that scaled back their production.

- Of the 99 companies responded that they would strengthen/expand their businesses after the flooding, 79 companies (79.8%) said that they would strengthen/expand business in the areas where their companies are currently operating based on the potential for market growth in Thailand, 10 companies (10.1%) based on the potential for the anticipated demand arising from reconstruction in Thailand. As to relocation, we can see from the result that almost all plan to strengthen/expand their businesses in the areas in which they are currently operating businesses and only two plan to relocate. In addition, only eight companies responded that such matters were “still under consideration” and this suggests that almost all companies that gave "strengthen/expand" responses have made up their minds on business prospects in Thailand.
- Eighty-nine companies responded that they would strengthen/expand their businesses in the same areas where they are currently operating, and 54 of those were affected by the flooding. This fact demonstrates that although many companies have been affected by the flooding, many wish to bolster their businesses in the very same places in which they are operating.

Q. This question is for companies that had plans for new investment and replacement (including additional investment) in Thailand before the flooding. Please choose from the following the responses that best fit your company's views regarding the change in investment plan before and after the floods. (No. of respondent companies: New investment 95 companies, Replacement investment 131 companies)

【New Investment】

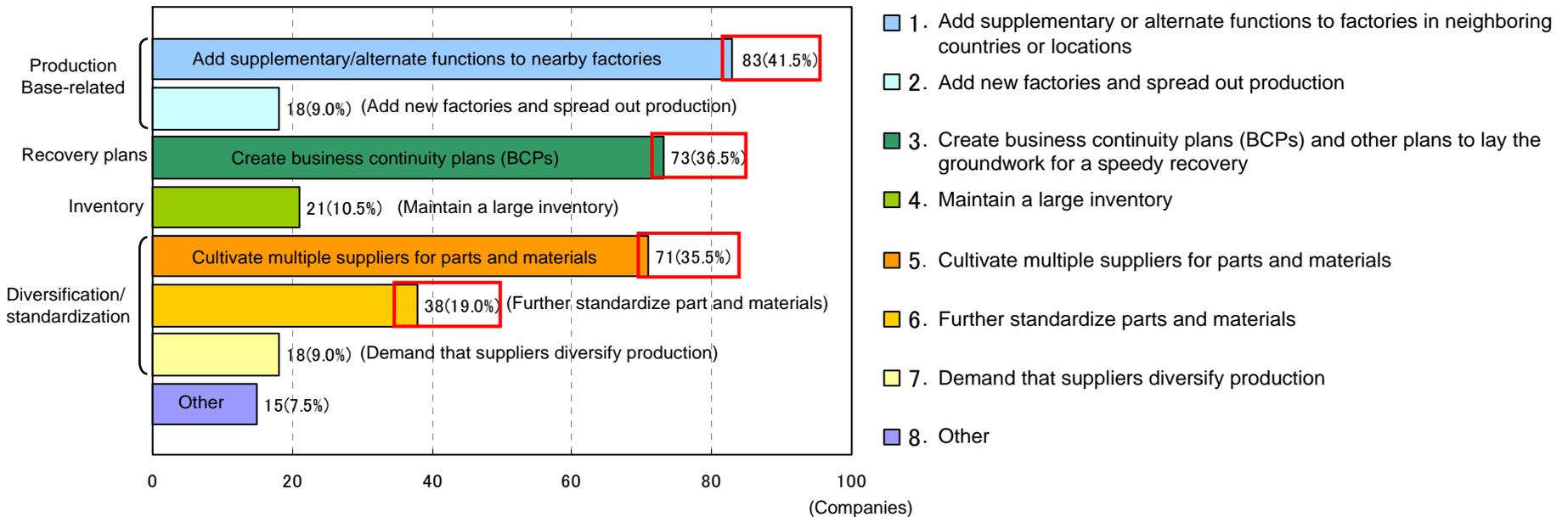
【Replacement Investment】



- | | | | |
|---|--|---|---|
| 1 | Implement the same plans as before the flooding | 4 | Freeze or postpone plans |
| 2 | Implement the same plans but revise downwards (in scale or budget) | 5 | Implement part or all of the plans in a country other than Thailand |
| 3 | Implement the same plans but revise upwards (in scale or budget) in anticipation of reconstruction-driven demand or future increases in levels of demand | 6 | Still under consideration |

- In this question, companies with plans for new investment and/or replacement were asked about changes in attitudes for new and/or replacement investment in Thailand after the flooding.
- Out of 95 companies that had plans for new investment, 75 (78.9%) of them responded that "they would implement the same plans as before the flooding" and even two companies responded that they would revise them upwards because of the increase of future demand in Thailand. On the other hand, 14 companies (14.7%) had put their decisions on hold, indicating that the plans were still under consideration. Only one company said it had "frozen or postponed" its plans and there were very few responses by companies indicating that they would revise the scale of their new investment plans downwards (2 companies; 2.1%) or would implement their plans in countries other than Thailand (one company, 1.1%).
- Out of 131 companies that had plans for new investment, 103 (78.6%) of them responded that "they would implement the same plans as before the flooding" and even four companies responded that they would revise them upwards because of the increase of future demand in Thailand. On the other hand, 15 companies (11.5%) had put their decisions on hold, indicating that the plans were still under consideration. Only four company said they had "frozen or postponed" their plans and there were also very few responses by companies indicating that they would revise the scale of their new investment plans downwards (4 companies; 3.1%) or that they would implement their plans in countries other than Thailand (one company, 0.8%).
- It is indicated that respondent companies would carry out investments according to the plan even after the flooding and that there is not much concern over investment in Thailand substantially dropping off as a result of the flooding.

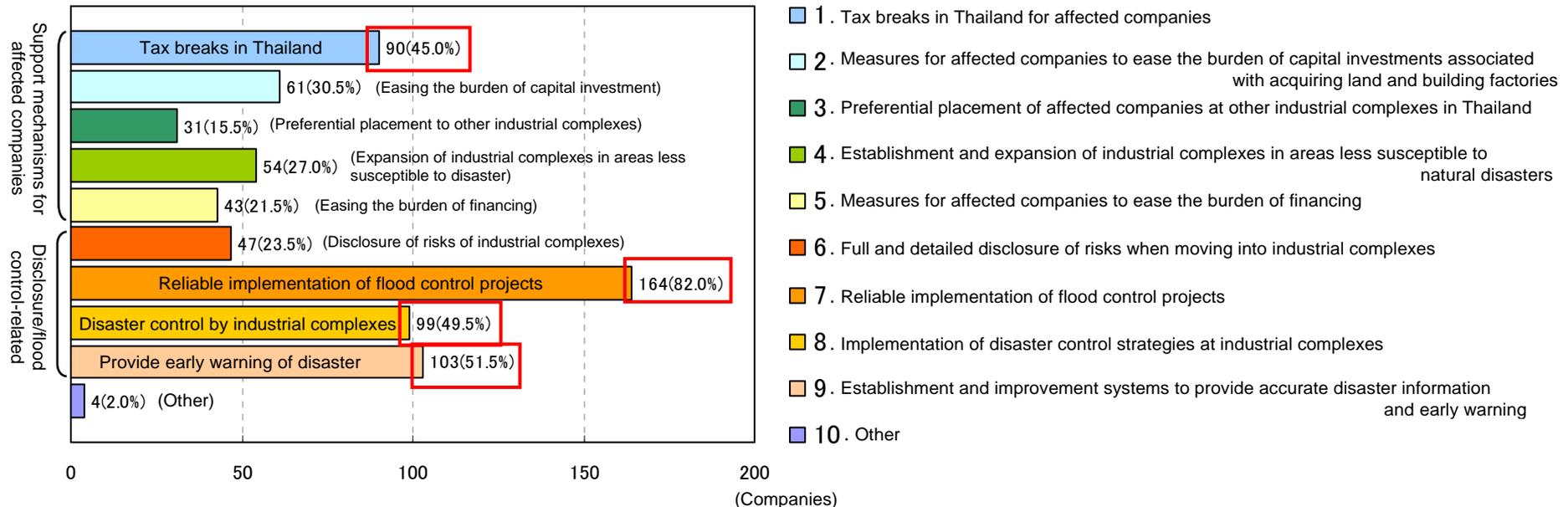
Q. Please choose from the following the responses that best fit your company's stance on managing risk against natural disasters in overseas production in the wake of the recent flooding (multiple responses possible). (No. of respondent companies: 200)



Note: The figures in the graph indicate the number of companies responding to this question. The percentages in parentheses were calculated by dividing the number of companies responding to each answer by the number of companies responding to this question (200 companies).

- When asked about risk management strategies for overseas production to deal with risk posed by natural disasters, the most frequently given strategy (83 companies; 41.5%) was “1. Add supplementary or alternate functions to factories in neighboring countries or locations”, followed by “3. Create business continuity plans (BCPs) and other plans to lay the groundwork for a speedy recovery” (73 companies; 36.5%), “5. Cultivate multiple suppliers for parts and materials” (71 companies; 35.5%), and “6. Further standardize parts and materials” (38 companies; 19.0%). These responses indicate that most companies would manage risk in overseas production flexibly by adding supplementary or alternate functions to factories in neighboring countries or locations while cultivating multiple suppliers, etc.
- In contrast, few companies are taking measures that would incur extra costs, as exemplified by “4. Maintain a large inventory” (21 companies; 10.5%) and “2. Add new factories and spread out production” (18 companies; 9.0%).
- Fifteen companies responded with “8. Other”, which includes such risk management strategies as “Learning from flood damage that occurred in the past and relocating control rooms to the second floor”, “Demanding that suppliers in risk-prone areas take measures”, and “Procuring boats and fortifying external walls in case of floods”.

(Q) Please select from the following measures that best describe required for your company to continue business or quick recovery to the normal operation in Thailand (multiple responses possible). (No. of respondent companies: 200)



Note: The figures in the graph indicate the number of companies responding to this question. The percentages in parentheses were calculated by dividing the number of companies responding to each answer by the number of companies responding to this question (200 companies).

- Out of 200 respondent companies asked about measures required for continuing their operations in Thailand, an overwhelming majority consisting of 164 companies (82.0%) expressed a desire for the "7. Reliable implementation of flood control projects". Furthermore, 103 companies (51.5%) chose "9. Establishment and improvement systems to provide accurate disaster information and early warning", and 99 companies (49.5%), "8. Implementation of disaster control strategies at industrial complexes". Overall, most of the responses centered on not only flood control measures but also the availability of disaster-related information.
- In the realm of taxation and finance, 90 companies (45.0%) cited "1. Tax breaks in Thailand for affected companies" and 43 companies (21.5%) chose "5. Measures for affected companies to ease the burden of financing".
- There were also calls for assistance with land acquisition and factory construction among which were "2. Measures for affected companies to ease the burden of capital investments associated with acquiring land and building factories" (61 companies; 30.5%) and "4. Establishment and expansion of industrial complexes in areas less susceptible to natural disasters" (54 companies; 27.0%).
- Among other responses were those that took issue with delays in the underwriting of damage insurance in the wake of the recent floods, noting that "It will be necessary to improve the insurance system against natural disasters."

Additional Survey Report ancillary to the JBIC FY2011 (23rd) Survey on Overseas Business Operations by Japanese Manufacturing Companies

-Response of Japanese Manufacturing Companies to Catastrophic Flood in Thailand and Risk Management of Overseas Production-

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Website: <http://www.jbic.go.jp/en/>

(For further information)

4-1, Ohtemachi 1-chome, Chiyoda-ku, Tokyo 100-8144, Japan

Research Division, Policy and Strategy Office for Financial Operations, Japan Bank for International Cooperation

Telephone: +81-3-5218-9244

Facsimile: +81-3-5218-9696

E-mail: fdi@jbic.go.jp

(Printed on recycled paper.)