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E-MAIL MAGAGINE

Issue94 [June 2015]

1. MOU ON BUSINESS COOPERATION CONCLUDED BETWEEN OCCI AND KASIKORN BANK, THAILAND

On May 27, the Osaka Chamber of Commerce and Industry (OCCI) concluded a Memorandum of Understanding (MOU) on Business Cooperation with Kasikorn Bank, which has the fourth largest total assets in Thailand.

The MOU was signed by Mr. Tsutomu Miyagi, President of the OCCI, and Mr. Banthoon Lamsam, Chairman of the Board and Chief Executive Officer, Kasikorn Bank, at the head office of Kasikorn Bank in Bangkok. They were interviewed by many local and Japanese media organizations.

Kasikorn Bank, which focuses on support for small and medium-sized companies and has a network with Myanmar and other neighboring countries, has had a support system for Japanese companies for the past 10 years by allocating approximately 30 staff members to handle business with Japanese companies.





Referring to the ASEAN Economic Community (AEC), which will be established at the end of this year, OCCI President Tsutomu Miyagi said at a signing ceremony that OCCI would like to help companies in Osaka develop business in Thailand, a hub in South East Asia, and other neighboring countries, in cooperation with Kasikorn Bank. The bank's chairman, Banthoon Lamsam, said that they hoped to further expand business between Japan and Thailand in collaboration with the OCCI, with a view to taking advantage of the opportunities afforded by the AEC

and through the advantage of their generous services and network for Japanese customers. OCCI and Kasikorn Bank agreed to strengthen their cooperative relationship by enhancing business projects between Japan and Thailand, such as business matching.

2. RESULTS OF AN EMERGENCY SURVEY ON THE IMPACT OF THE CONTINUING DEPRECIATION OF THE YEN AND INCREASING COSTS ON BUSINESS

The Osaka Chamber of Commerce and Industry (OCCI) conducted a questionnaire survey targeting 2,628 member companies (manufacturers and non-manufacturers) from June 1 to 10 to assess the impact of the recent depreciation of the yen and increasing costs on business.

Concerning the overall impact on business if the exchange rate remained at approximately 125 yen per dollar, 63.8% of the companies answered that this would have a negative impact, while 7.2% answered a positive impact. For manufacturers, 69.6% of the companies expected a negative impact in this survey (with an assumed exchange rate of approximately 125 yen to the dollar), compared to 54.5% in the previous survey conducted in September last year (with an assumed exchange rate of approximately 110 yen to the dollar), which shows a rise of approximately 15 points.

When asked about the most desirable exchange rate level, the largest number of companies (24.2% of the total) answered that it was 100 yen to less than 105 yen per dollar, followed by 105 yen to less than 110 yen (13.2%), and 95 yen to less than 100 yen (12.1%). Consequently, 49.4% of the companies think it desirable that the exchange rate level be 95 yen to less than 110 yen.

Concerning the impact on ordinary profit if the exchange rate remained at approximately 125 yen per dollar, 59.6% of the companies expected a profit decline, while only 6.8% expected a rise in profits. Moreover, 28 companies, which accounted for 11.1% of the total, answered that their profit would decline by more than 30%.

For manufacturers, 66.1% of the companies expected a profit decline in this survey (with an assumed exchange rate of approximately 125 yen to the dollar), compared to 57.0% in the previous survey (with an assumed exchange rate of approximately 110 yen to the dollar), which represents a rise of approximately 9 points.

The survey also showed that the greatest factor in cost increases, which placed a heavy burden on business management, was the rise in the price of raw materials and purchases from suppliers, which was indicated by 71.7% of the companies. In particular, 82.1% of the manufacturers pointed this out. In terms of type of business, the second possible factor in cost increases in manufacturing was the re-increase in electricity costs (40.2%), and in the non-manufacturing industries it was the rise in labor costs (35.3%). Concerning whether the cost increases could be passed on to the selling price of goods, the largest number of companies, accounting for 55.1% of the total, answered “hardly”, followed by 31.6% “approximately half of the increases”, and 7.8% said “almost all the increases”.

When asked about measures against cost increases, the largest number of companies, accounting for 44.9%, answered a decrease in management costs and other expenses excluding labor costs, followed by increasing sales and tougher negotiations for increasing product prices (31.6% each). Meanwhile, more than 10% of the companies indicated the importance of the reduction of labor costs through hiring limitations and salary control (14.8%) and the reduction in capital investment (11.3%).

3. RESULTS OF THE ISSUANCE OF TRADE-RELATED CERTIFICATES (TRADE-RELATED CERTIFICATES AND PREFERENTIAL CERTIFICATES OF ORIGIN) IN FY 2014

The Osaka Chamber of Commerce and Industry (OCCI) issues trade-related certificates, such as certificates of origin and invoices, as well as preferential certificates of origin based on the Economic Partnership Agreement (EPA) concluded with Japan, as the Osaka Office of the Japan Chamber of Commerce and Industry. OCCI summarized the results of issuance of these certificates from April 2014 to March 2015 (FY2014) as shown below.

<Results of the issuance of trade-related certificates>

--The number of trade-related certificates issued, mainly certificates of Japanese origin, was 110,039, which is an increase of 2.4 points year on year. In particular, the increase was greater in the second half of the year, when the yen continued to fall.

--In terms of destination, the issuance of certificates for exports to Oceania increased by 37.0 points, and those to Asia, which comprises a large portion of the total, increased by 3.6 points, while those to Africa decreased by 5.0 points.

--In terms of item, the issuance of certificates for precision machines, foodstuffs, and transport equipment increased by 25.7 points, 18.4 points, and 10.7 points, respectively. Meanwhile, those for general merchandise and electric machines decreased by 6.5 points and 4.3 points, respectively.

<Results of the issuance of preferential certificates of origin>

--Since more and more companies enhanced their price competitiveness for exports due to the reduction of customs duty and aimed to develop their supply chain capacity, the issuance of preferential certificates of origin continued to show a steady increase. In FY 2014, the number of certificates issued was 33,255, a rise of 10.7 points year on year.

--The issuance of preferential certificates of origin for exports to Thailand (10,840), Indonesia (7,518), and India (5,869) based on EPAs accounted for approximately 70% of the total issuance, followed by those for exports based on the ASEAN-Japan Comprehensive Economic Partnership, then the EPA with Malaysia, and the EPA with Vietnam.

--In terms of product, the issuance of preferential certificates of origin for metal products, machinery, chemical products, and transportation-related products including vehicles amounted to 26.3%, 23.4%, 23.0%, and 14.9% of the total issuance, respectively.

4. OCCI INTERNATIONAL DIVISION REPORT ON VIP VISITORS

- May 21 (Thu.) His Excellency Mr. Kazuya NASHIDA, Ambassador Extraordinary and Plenipotentiary, Embassy of Japan in Iraq
- May 25 (Mon.) His Excellency Mr. Jacob Dickie NKATE, Ambassador Extraordinary and Plenipotentiary, Embassy of the Republic of Botswana in Japan
- June 11(Thu.) Mr. Suh Jaeyul, Chairman, Shiheung Chamber of Commerce and Industry, Republic of Korea

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Back Numbers of OCCI e-Magazine:

<http://www.osaka.cci.or.jp/e/mail/index.html>

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