

Published on 20/06/2015

Surge in Japanese firms registered here

MORE THAN 4,500 registered Japanese companies have confirmed their business activities in Thailand, nearly 700 more than six years ago, a new survey has found.

The increase is mainly due to the trend of Japanese small and medium-sized enterprises investing in the Kingdom's service sector, said the Japan External Trade Organisation.

Jetro said that the increased Japanese SME investment complemented and supported the increasing investments of well-established Japanese companies here.

The organisation's survey approached the 8,890 Japanese companies that had registered in the enterprise database managed by the Commerce Ministry as of last November. It shows that 4,567 Japanese companies confirmed their activity here, 683 more than the 3,884 surveyed in 2009.

Of the 4,567 businesses, 47 per cent, or 2,147, are involved in the manufacturing sector while 49.5 per cent, or 2,261, are in the service sector.

The number of Japanese SMEs investing in Thailand increased to 362 from 234 in 2005, for a total of 691. "The increase of professional services includes consulting and law firms that were established to assist the existing manufacturers in legal procedures such as banking, leasing, insurance, and other company establishment processes," said Masayasu Hosumi, president of Jetro Bangkok.

The significant rising trend of investment in the service sector, especially in wholesale and retail, professional services and restaurants, was the result of Thailand's increasing income per capita, a fondness for Japanese food, and assistance demands from the existing manufacturing companies, Jetro says.

Shift to services

The trend of Japanese investment shifting from manufacturing to services does not make Japanese manufacturers vulnerable, especially in the automobile sector, but can only help them, the organisation believes.

Financial services, logistics, and high-technology services for material evaluation are among the popular businesses for Japanese SMEs in Thailand, while information and communications technology is in demand after the implementation of the Thai Board of Investment's policy of supporting foreign investment in this field.

The manufacturing sector has had an increasing involvement in the economy, reflected in the number of Japanese manufacturing businesses increasing from 283 in 2005 to 334 currently. That shows that those businesses are going well and the service enterprises did not replace them but help to drive Japanese business as a whole, says Jetro.

Japanese automobile manufacturers in Thailand produce around 4.2 million cars per year. With such success, the companies supplying carmakers benefit.

An increasing number of Japanese companies have been looking for investment opportunities outside Japan since the appreciation of the yen in 2012 and the elevated attractiveness of Southeast Asia due to the approaching full implementation of the Asean Economic Community at the end of the year.

Hosumi said Thailand was attractive for investment because of several factors: increasing income per capita, its geographical location, foreign-investment support policies, infrastructure, and its integration with other Asean countries, especially in the Greater Mekong Subregion.

