

The 2015 Survey on Business Conditions of Japanese Companies in Latin America

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Japan External Trade Organization (JETRO)
Americas Division, Overseas Research
Department

I. Survey Overview	
1. Survey Methods	3
2. Breakdown of the types of industries responding companies were from	4
3. Location of regional headquarters for business in Latin America	5
II. Main results of the study	
1. Operating profit forecast for 2015	
(1) Operating profit forecast for 2015	6
(2) Operating profit forecast for 2015 (compared to previous year)	7
(3) Reasons for increased operating profits forecast for 2015	8
(4) Reasons for decreased operating profits forecast for 2015	11
2. Operating profits forecast for 2016	
(1) Operating profits forecast for 2016 (compared to previous year)	14
(2) Reasons for increased operating profits for 2016	15
(3) Reasons for decreased operating profits forecast for 2016	18
3. Approach to future business challenges	
(1) Approach to future business challenges in the next one or two years	21
(2) Approach to future business challenges in the next one or two years: Reasons for “Expansion”	22
(3) Approach to future business challenges in the next one or two years: Functions companies wanted to expand in detail	25
(4) Business outlook for the next one or two years: Reasons for reduction, transfer or withdrawal	28
(5) Measures taken to encourage localization of corporate management	29
(6) Issues faced in promoting management localization	30
(7) Changes in the number of local employees and Japanese expatriate staff	31
4. Challenges to explore market	
(1) Challenges to explore market: Competitors in the same industry	32
(2) Challenges to explore market: Changes in competition	33
5. Issues with business management	
(1) Issues with business management: Issues in the field of sales and marketing	34
(2) Issues with business management: Issues in the field of finance, monetary and foreign exchange	38
(3) Issues with business management: Issues in the field of employment and labor	42
(4) Issues with business management: Issues in the field of trade systems	46
(5) Issues with business management: Issues in the field of production	50
(6) Issues with business management: Benefits and risks in the investment environment	54
6. Procurement of raw materials and parts	
(1) Procurement of raw materials and parts: Breakdown of procurement sources	61
(2) Procurement of raw materials and parts: Breakdown of local procurement	62
(3) Procurement of raw materials and parts in Mexico	63
7. The utilization of, and problems faced in utilizing FTA/EPA	
(1) The utilization of, and problems faced in utilizing FTA/EPA	65
(2) The utilization of, and problems faced in utilizing FTA/EPA: Use of EPA with Japan	72
(3) The utilization of, and problems faced in utilizing FTA/EPA: Expectation towards TPP	73

I – 1. Survey Overview: Survey Methods

1. Purpose of the survey

The purpose of this survey is to understand the business conditions of Japanese companies and changing business environment in Latin America, and to provide information that contributes to the promotion of business environment improvement in Latin America and the drafting of overseas business strategies by Japanese companies, etc.

2. Survey coverage

“Japanese-affiliated firm” in the 7 countries in Latin America is a company one in which the capital contribution ratio of the parent firm in Japan is at least 10%, including direct and indirect investment.

3. Survey method & period

Questionnaire survey, Oct. 26 - Nov. 29, 2015

4. Valid responses

51.5% (400 / 776)

5. The number of respondents companies by category

	No. of companies targeted for survey (companies)	No. of companies participating in survey		Breakdown of industry type				Breakdown of company scale						Valid response rate (%)
		Valid responses (companies)	Country percentage distribution (%)	Manufacturing industry (companies)	Percentage distribution within industry type (%)	Non-manufacturing industry (companies)	Percentage distribution within industry type (%)	Major company (companies)	Percentage distribution of company scale (%)	Small- to mid-sized company (companies)	Percentage distribution of company scale (%)	Unknown (companies)	Percentage distribution of company scale (%)	
Mexico	374	135	33.8	72	53.3	63	46.7	110	81.5	22	16.3	3	2.2	36.1
Venezuela	18	15	3.8	7	46.7	8	53.3	14	93.3	1	6.7	0	0.0	83.3
Colombia	32	21	5.3	7	33.3	14	66.7	19	90.5	2	9.5	0	0.0	65.6
Peru	28	25	6.3	8	32.0	17	68.0	21	84.0	4	16.0	0	0.0	89.3
Chile	51	37	9.3	12	32.4	25	67.6	31	83.8	6	16.2	0	0.0	72.5
Brazil	231	136	34.0	62	45.6	74	54.4	120	88.2	16	11.8	0	0.0	58.9
Argentina	42	31	7.8	15	48.4	16	51.6	27	87.1	4	12.9	0	0.0	73.8
TOTAL	776	400	100.0	183	45.8	217	54.3	342	85.5	55	13.8	3	0.8	51.5

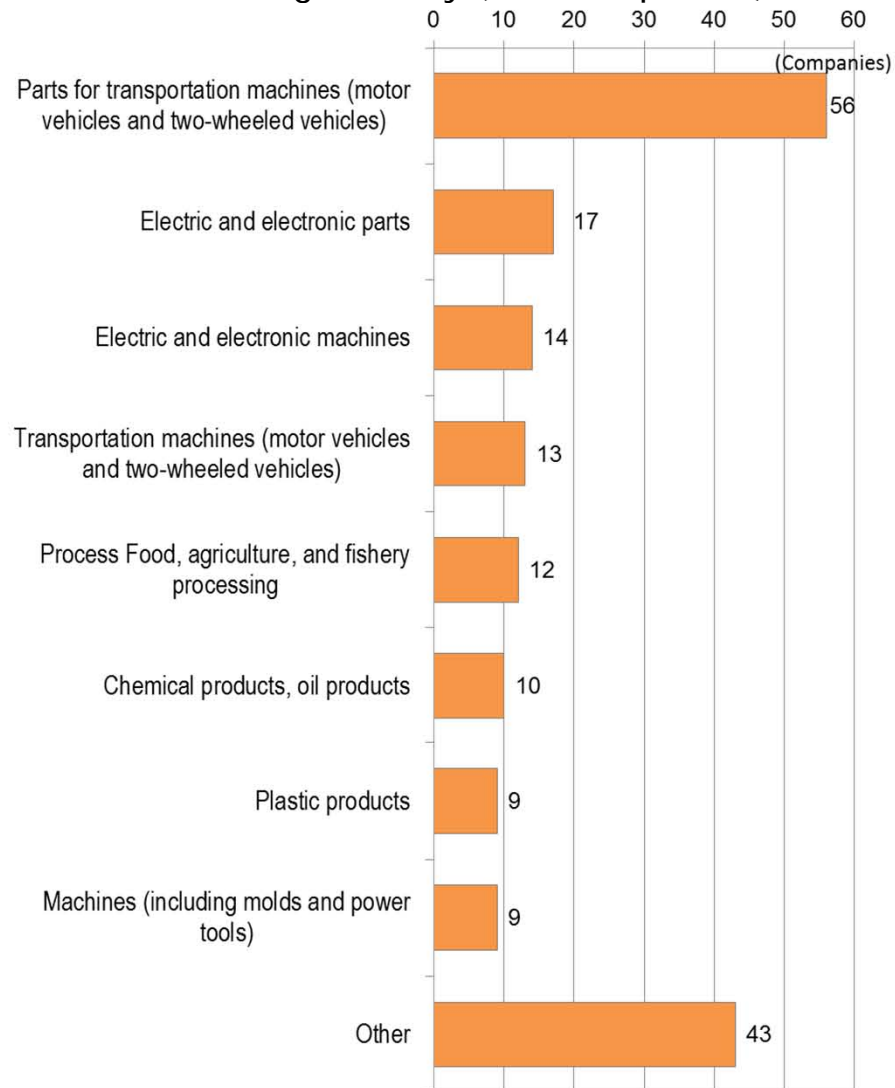
6. Note

The survey was implemented since 1999, and this fiscal year was the 16th time the survey was held. The values listed in the chart have been rounded up, so totals will not always become 100%.

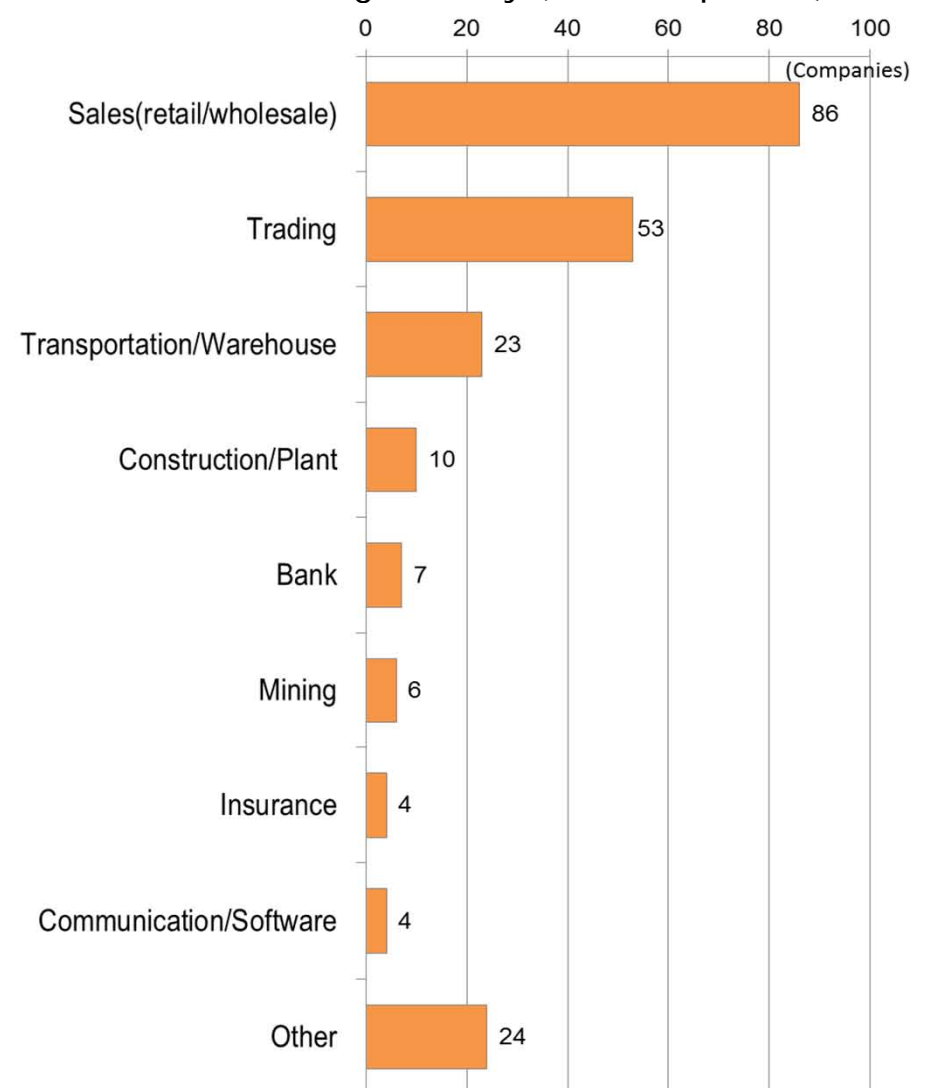
I – 2. Survey Overview: Breakdown of the types of industries responding companies were from

Breakdown of the types of industries responding companies were from (all of Latin America)

Manufacturing industry (183 companies)



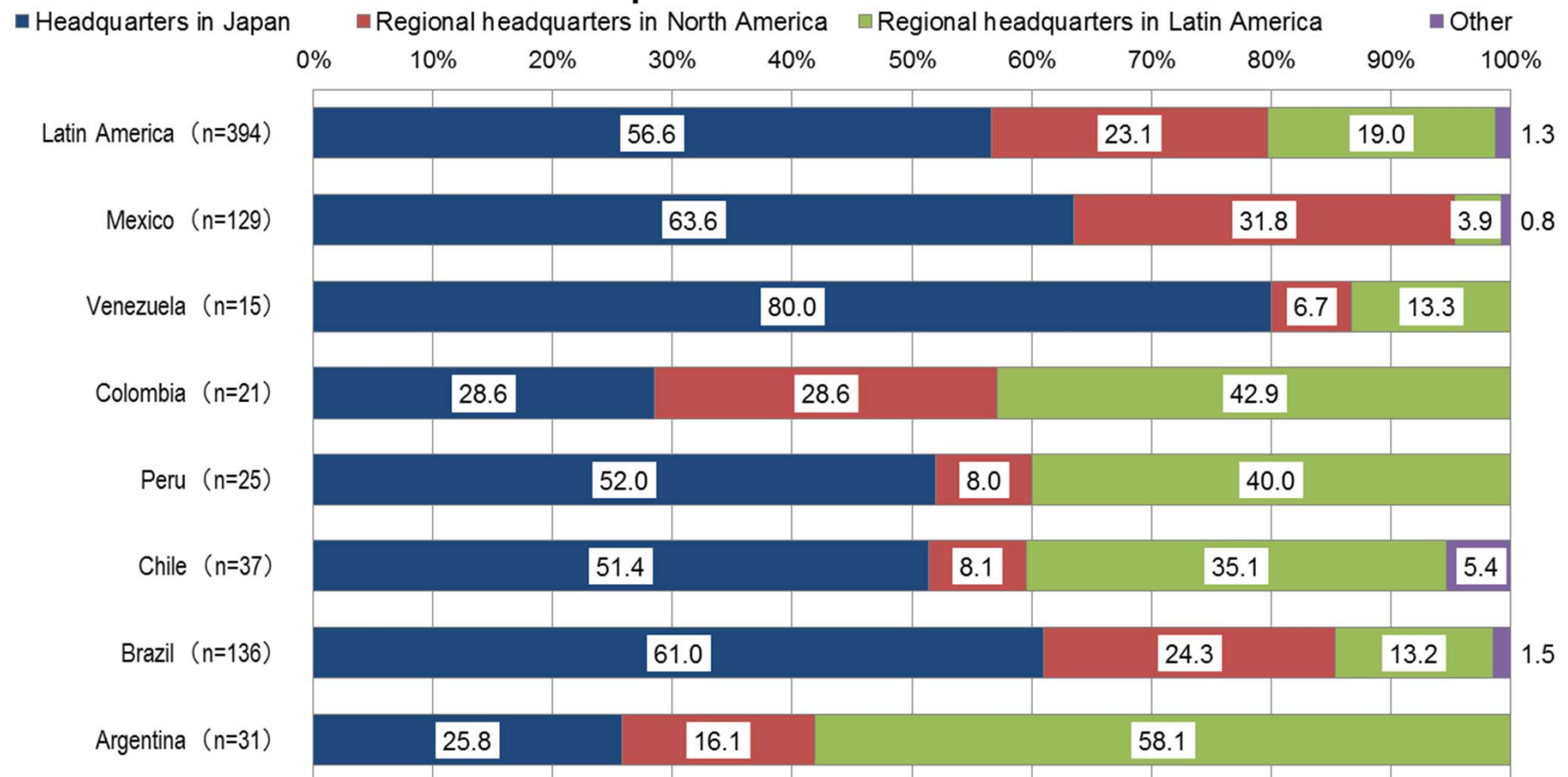
Non-manufacturing industry (217 companies)



I – 3. Survey Overview: Location of regional headquarters for business in Latin America

- Within Latin America as a whole, the majority of regional headquarters expanding business in Latin America are “Headquarters in Japan.”
- By country, a high percentage of companies answered “Regional headquarters in North America” is Mexico.
- As for southern Colombia, many companies answered that they place their “Regional headquarters in Latin America” since it directly neighbors the major economic power, Brazil.

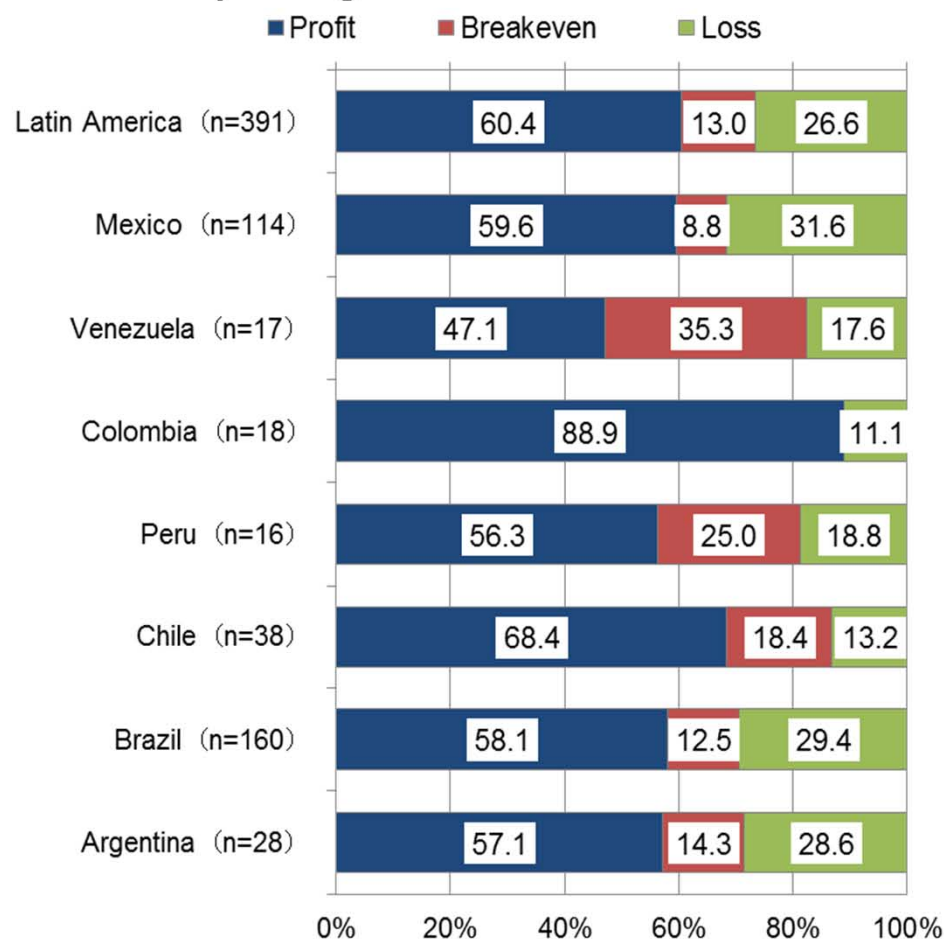
Proportion of Latin American business consolidation regional headquarter locations



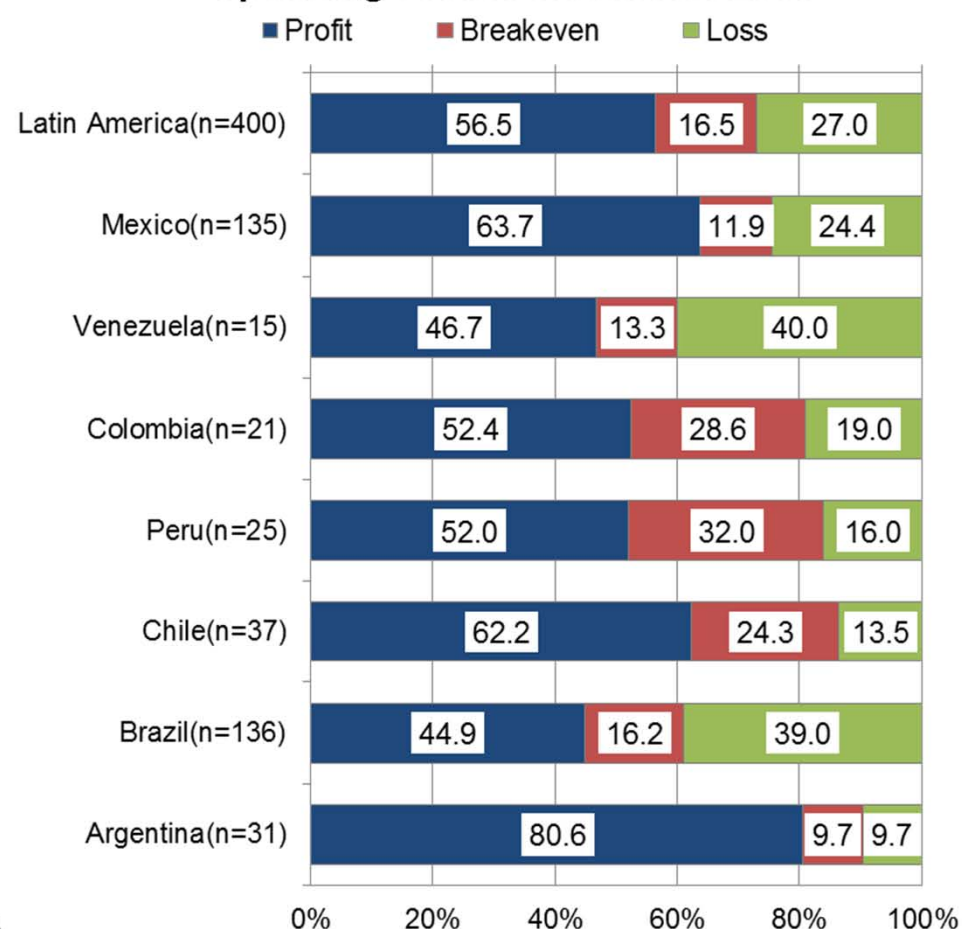
II – 1 – (1) Operating profit forecast for 2015

- Within Latin America as a whole, the percentage of companies who answered “Profit” for operating profit forecast for 2015 was comparatively lower than the FY2014 survey, while the percentage of companies who answered “Breakeven” and “Loss” were slightly higher.
- By country, the response rate for “Profit” in Argentina was considerably higher compared to the previous survey. On the other hand, the response rate for “Profit” in Colombia was considerably lower, and the response rate for “Loss” in Brazil and Venezuela greatly increased.

Operating Profit Forecast for 2014



Operating Profit Forecast for 2015

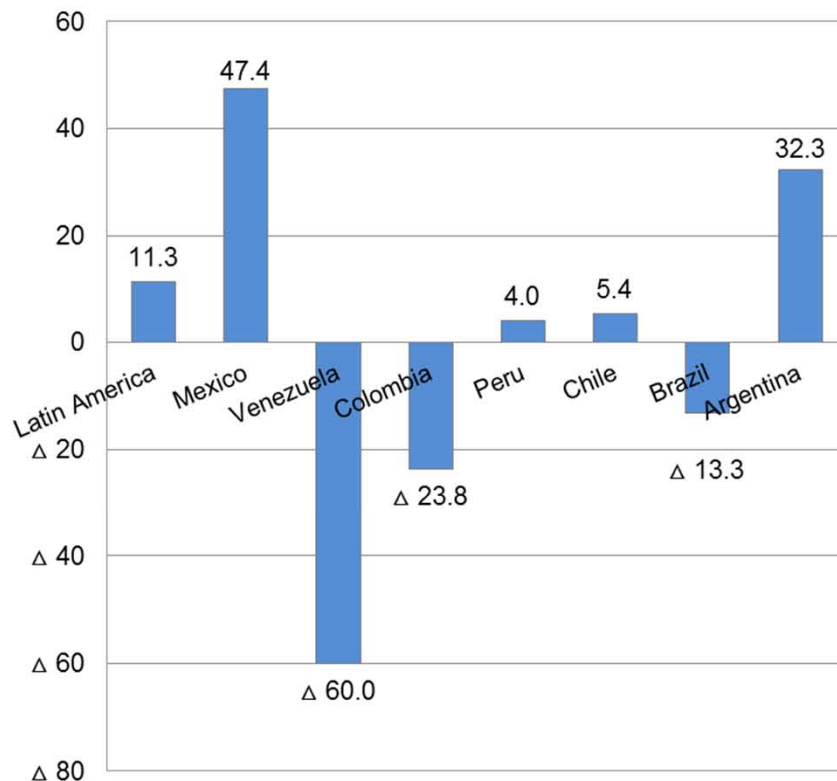


II – 1 – (2) Operating profit forecast for 2015 (compared to previous year)

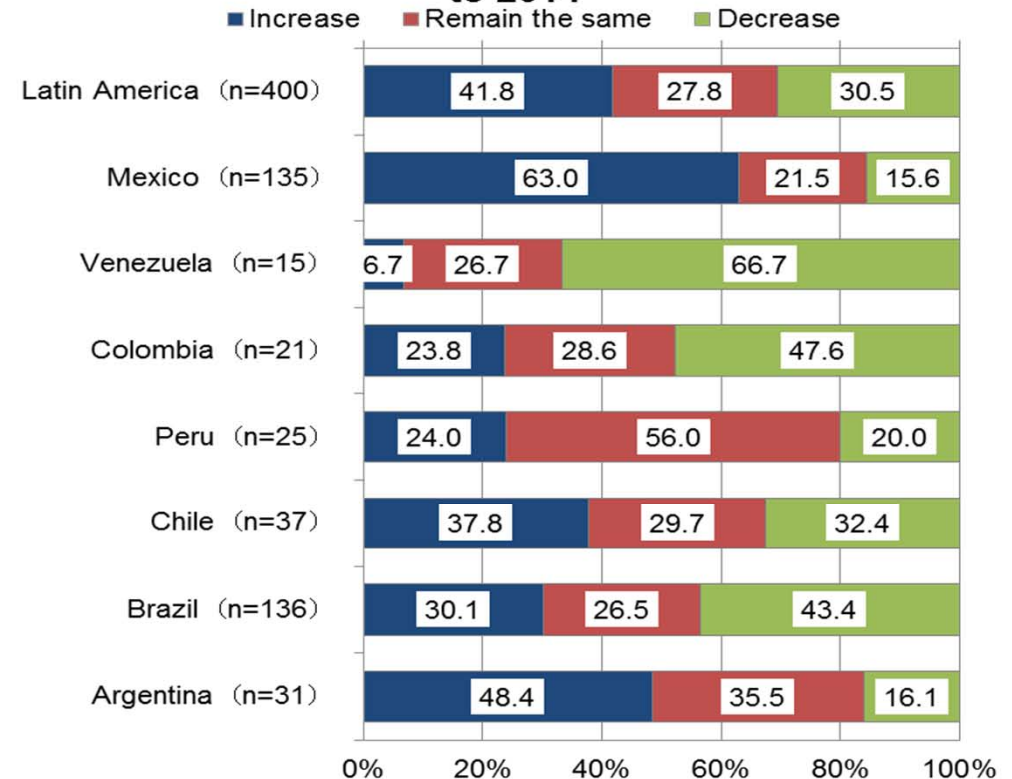
- When looking at DI values (business sentiment) for 2015 by country, business sentiment was high in Argentina where many companies underwent restructuring, and Mexico where Japanese companies are integrating into the automobile industry.
- Business sentiment was low in Venezuela whose internal economy has fallen into disorder due to a drop in crude oil prices, Colombia whose import companies faced increases in cost due to the weakened local currency, and Brazil who is experiencing sluggish conditions along with its political economy.

DI Value: The numerical value of the operating profit forecast for 2015 where the reply rate for “Decrease” was subtracted from the reply rate for “Increase” in comparison to the previous year.

DI Values by Country (2015)



2015 Operating Profit Forecast Compared to 2014



II – 1 – (3) Reasons for increased operating profits forecast for 2015

- Within Latin America as a whole, the percentage of companies that listed “Sales increase in local markets” as their reason for increased operating profitability forecast for 2015 was the highest.
- When looking at values by country, the percentage of “Sales increase in local markets” was highest within Mexico where the integration of Japanese companies into the automobile industry is progressing.
- On the other hand, Brazil and Argentina had high response rates for “Reduction of labor costs” and “Reduction of other expenditures,” and many companies improved their operating income through restructuring.
- The percentage of companies in Peru and Chile who answered “Sales increase due to export expansion” was high compared to other countries.

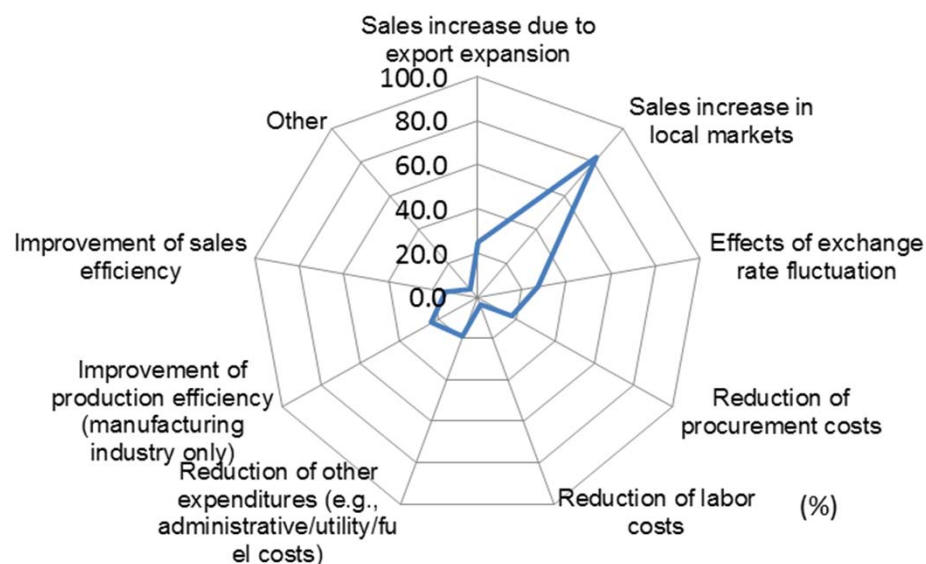
Reasons for increased operating profits forecast for 2015 (Multiple Answers)

(Unit : %)

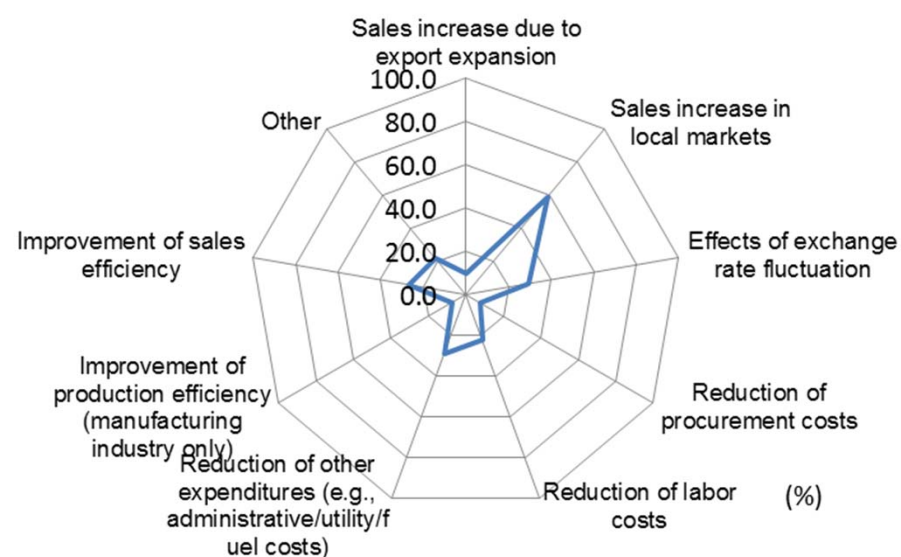
	Valid responses	Sales increase due to export expansion	Sales increase in local markets	Effects of exchange rate fluctuation	Reduction of procurement costs	Reduction of labor costs	Reduction of other expenditures (e.g., administrative /utility/fuel costs)	Improvement of production efficiency (manufacturing industry only)	Improvement of sales efficiency	Other
Latin America	167	20.4	68.3	28.1	12.6	12.6	21.6	15.6	18.0	12.6
Mexico	85	24.7	82.4	27.1	17.6	3.5	18.8	23.5	14.1	4.7
Venezuela	1	-	-	100.0	-	-	-	-	-	-
Colombia	5	20.0	80.0	20.0	-	-	-	-	60.0	20.0
Peru	6	33.3	50.0	33.3	-	-	-	-	16.7	33.3
Chile	14	28.6	28.6	50.0	7.1	7.1	21.4	14.3	7.1	21.4
Brazil	41	9.8	58.5	29.3	7.3	22.0	29.3	7.3	26.8	22.0
Argentina	15	13.3	60.0	6.7	13.3	53.3	33.3	6.7	13.3	13.3

II – 1 – (3) Reasons for increased operating profits forecast for 2015

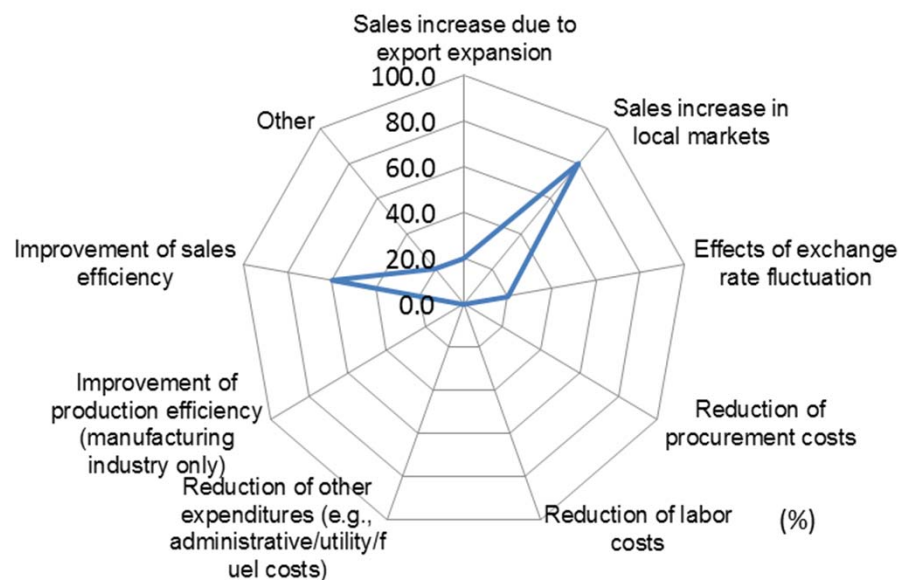
Mexico (n=85)



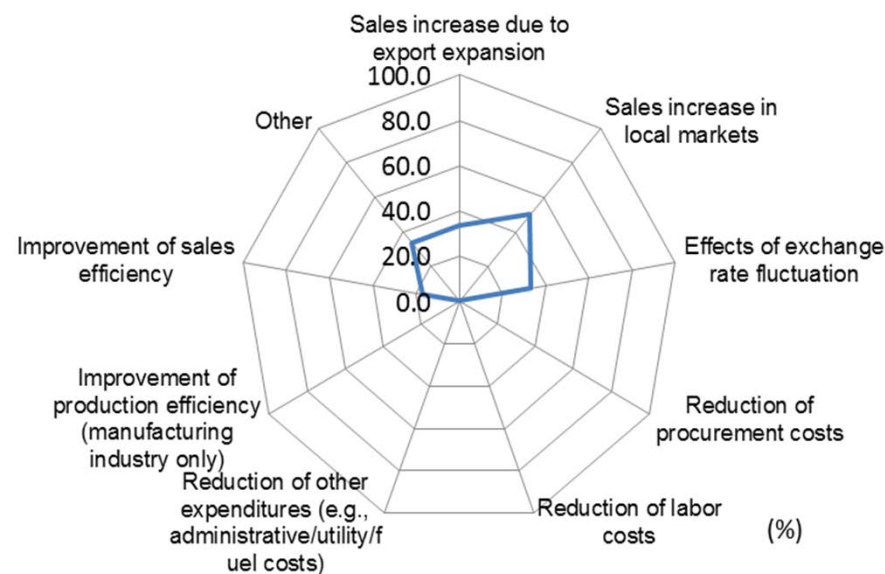
Brazil (n=41)



Colombia (n=5)

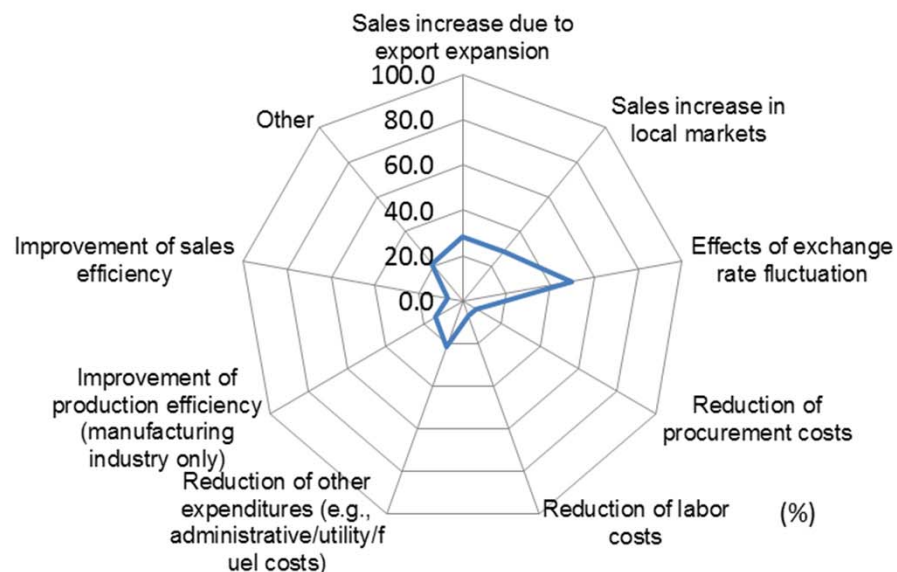


Peru (n=6)

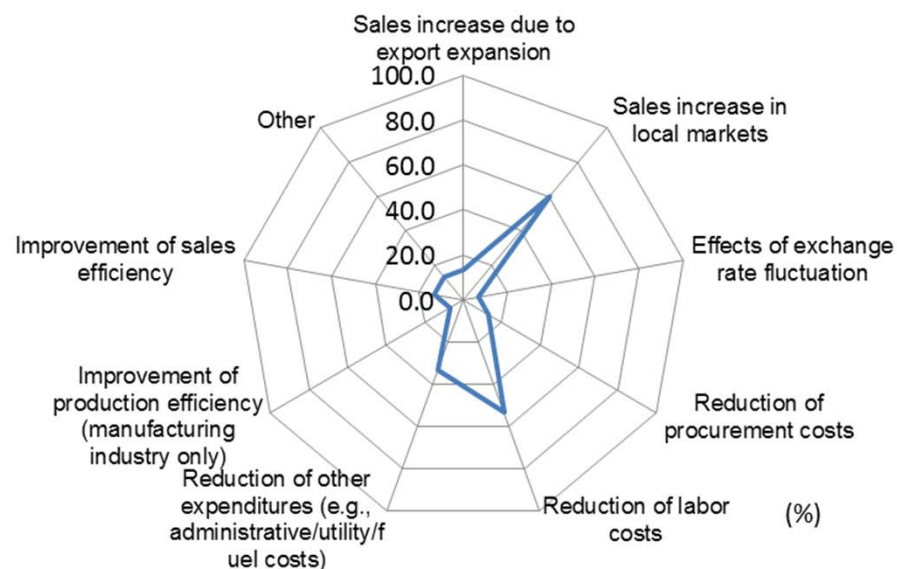


II – 1 – (3) Reasons for increased operating profits forecast for 2015

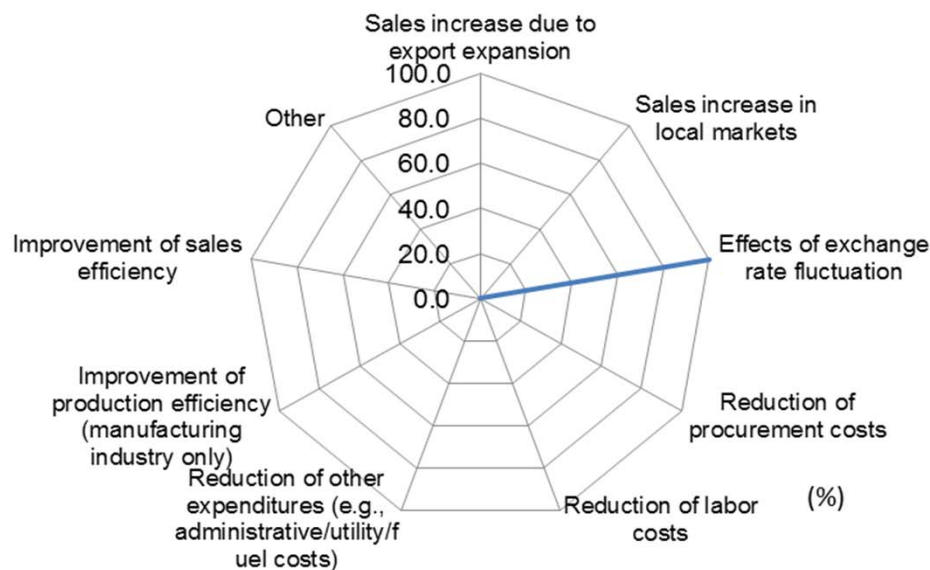
Chile (n=14)



Argentina (n=15)



Venezuela (n=1)



II – 1 – (4) Reasons for decreased operating profits forecast for 2015

- Within Latin America as a whole, there was a high percentage of companies who listed “Sales decrease in local markets,” “Effects of exchange rate fluctuation,” and “Production costs insufficiently shifted to selling price of goods” as reasons for decreased operating profits forecast for 2015.
- Negative spiral of decreased operating profits forecast due to falling resource prices→weakened local currency → increased inflation pressure→ increased interest rates→slowdown in consumption →insufficient shifting to selling prices.
- By country, there was a high percentage of companies who listed “Effects of exchange rate fluctuation” as the reason, especially in Brazil, Colombia, and Chile where local currencies have weakened.

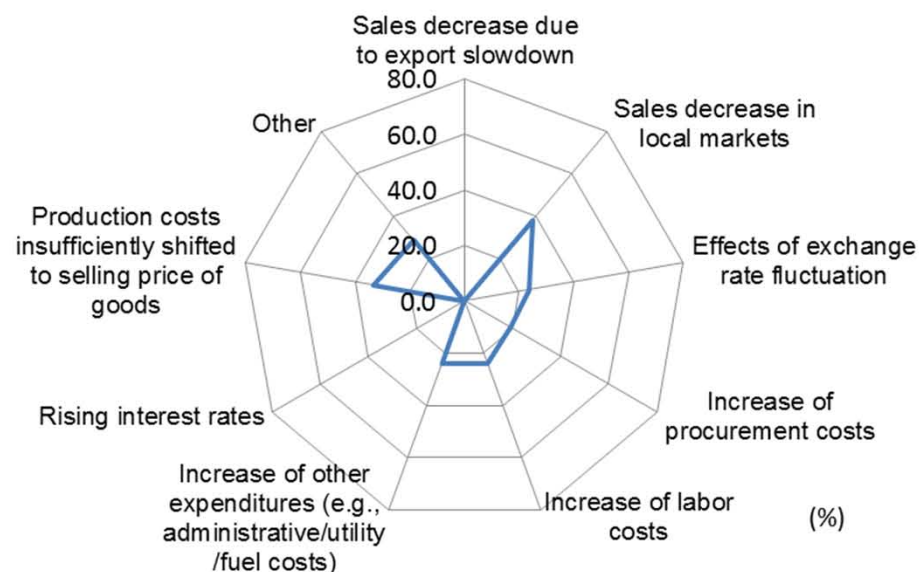
Reasons for decreased operating profits forecast for 2015 (Multiple Answers)

(Unit : %)

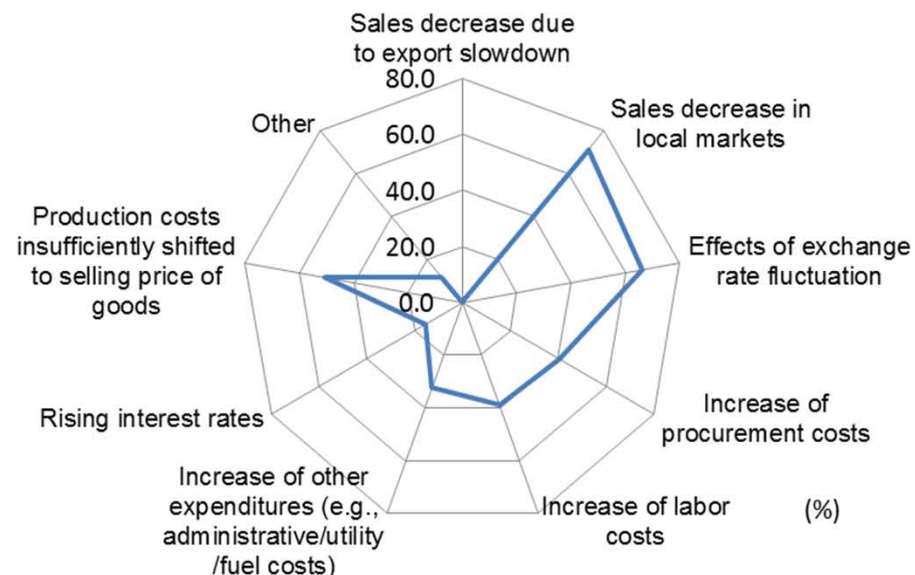
	Valid responses	Sales decrease due to export slowdown	Sales decrease in local markets	Effects of exchange rate fluctuation	Increase of procurement costs	Increase of labor costs	Increase of other expenditures (e.g., administrative /utility/fuel costs)	Rising interest rates	Production costs insufficiently shifted to selling price of goods	Other
Latin America	121	7.4	57.0	49.6	32.2	31.4	25.6	7.4	43.8	19.0
Mexico	21	-	38.1	23.8	19.0	23.8	23.8	-	33.3	28.6
Venezuela	10	-	40.0	10.0	20.0	40.0	20.0	-	20.0	50.0
Colombia	10	30.0	50.0	80.0	50.0	10.0	-	-	60.0	-
Peru	5	40.0	60.0	20.0	40.0	40.0	40.0	-	60.0	20.0
Chile	11	9.1	36.4	54.5	18.2	18.2	27.3	-	36.4	27.3
Brazil	59	-	71.2	66.1	40.7	39.0	32.2	15.3	50.8	11.9
Argentina	5	60.0	60.0	-	-	20.0	-	-	20.0	20.0

II – 1 – (4) Reasons for decreased operating profits forecast for 2015

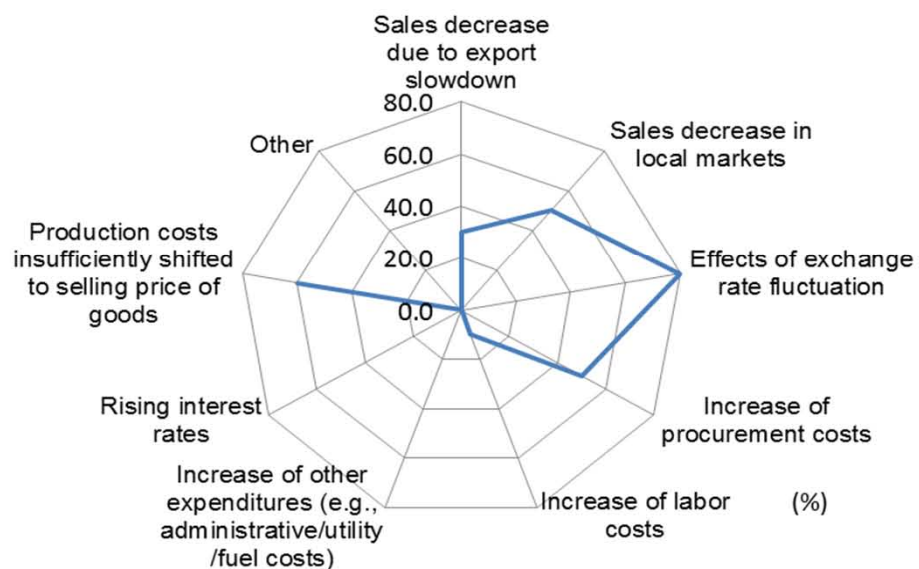
Mexico (n=21)



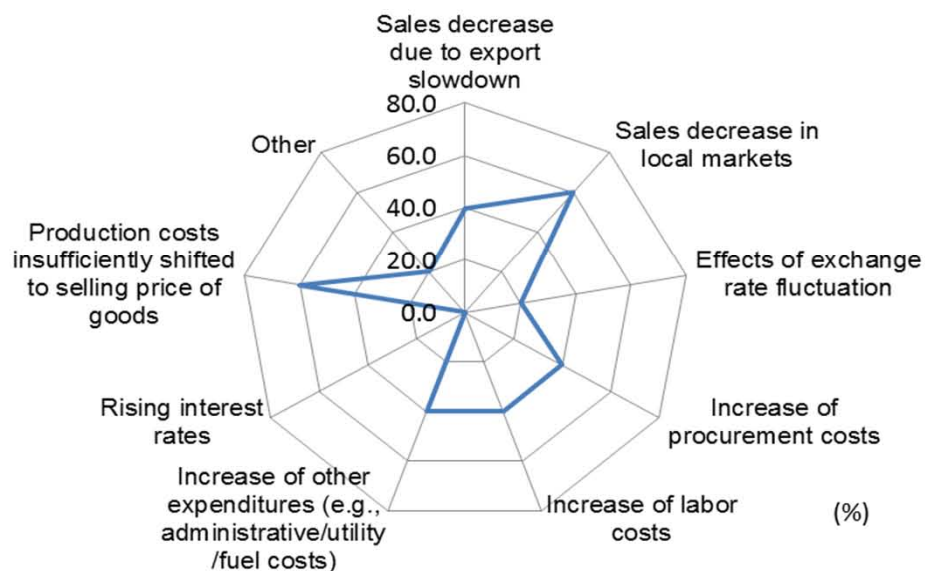
Brazil (n=59)



Colombia (n=10)

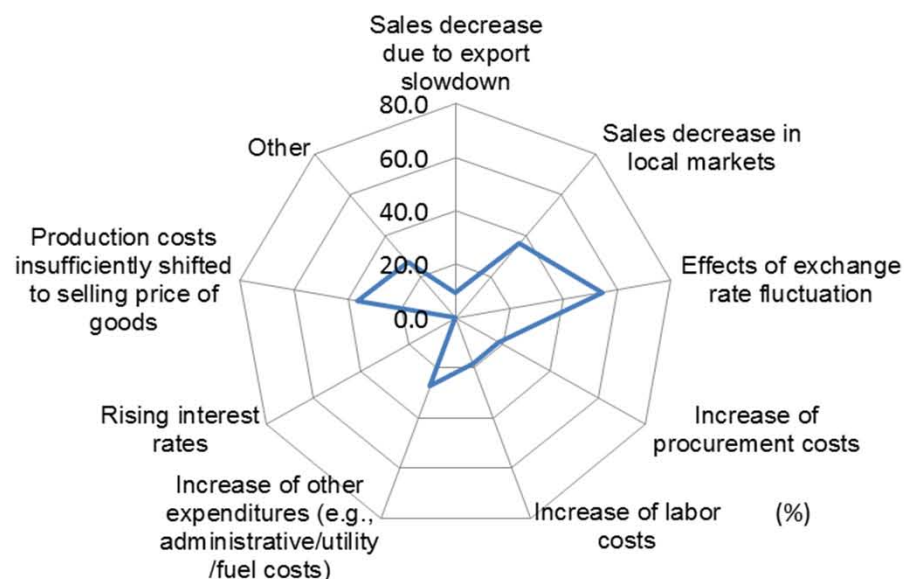


Peru (n=5)

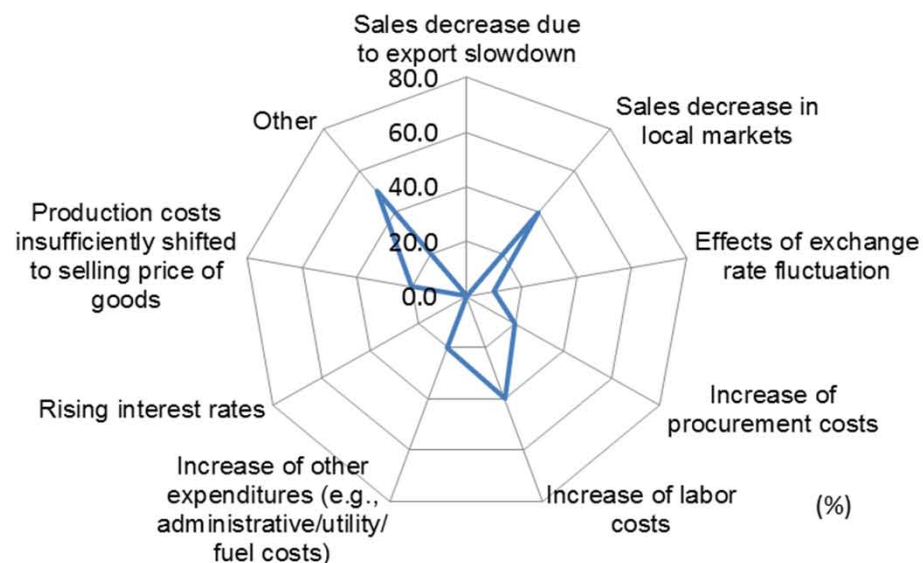


II – 1 – (4) Reasons for decreased operating profits forecast for 2015

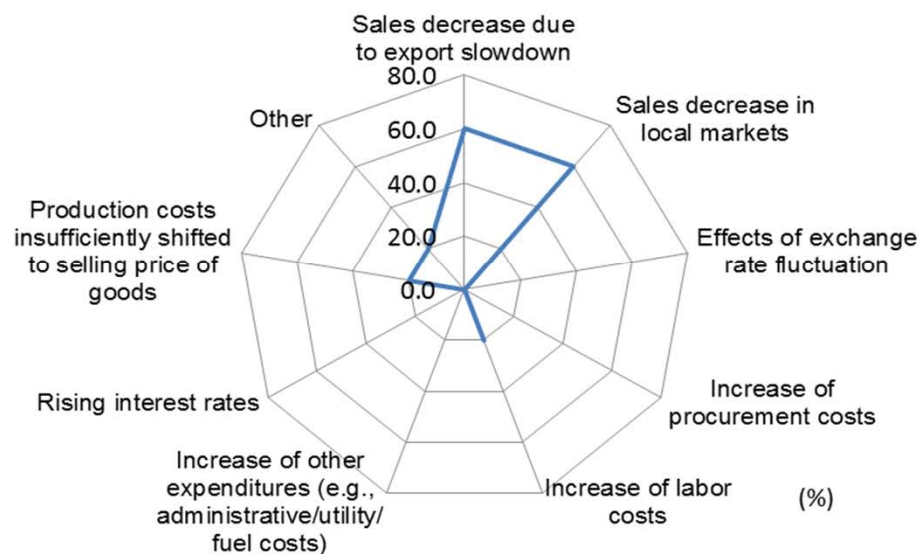
Chile (n=11)



Venezuela (n=10)



Argentina (n=5)

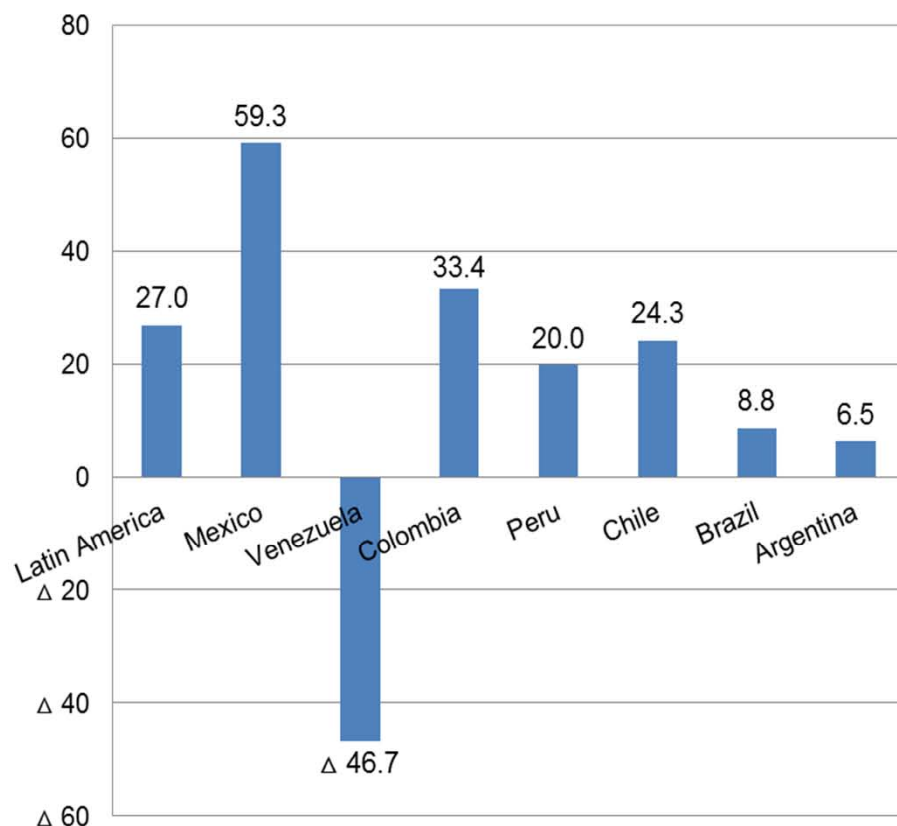


II – 2 – (1) Operating profits forecast for 2016 (compared to previous year)

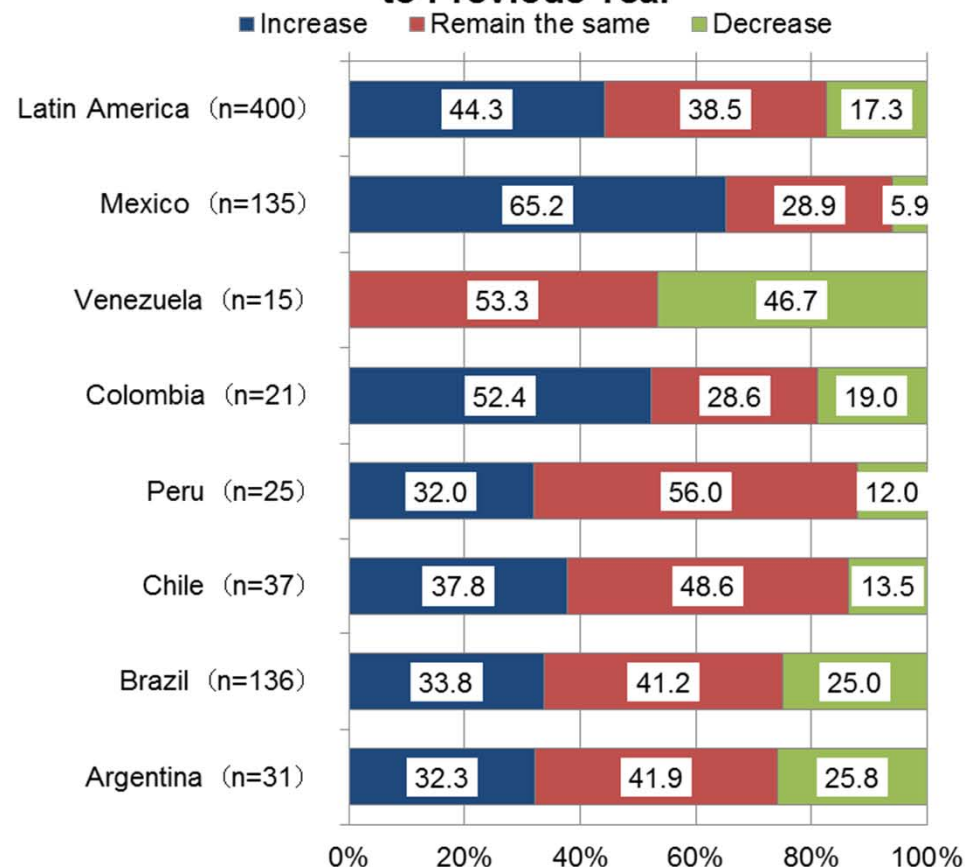
- When looking at DI values (business sentiment) for 2016 by country, the excellent business sentiment of Mexico stands out.
- On the other hand, Venezuela was the only country in Latin America where no companies answered “Increase” due to the severe political situation in that country.

DI Value: The numerical value of the operating profit forecast for 2016 where the reply rate for “Decrease” was subtracted from the reply rate for “Increase” in comparison to the previous year.

DI Values by Country (2016)



2016 Operating Profit Forecast Compared to Previous Year



II – 2 – (2) Reasons for increased operating profits for 2016

- Within Latin America as a whole, there was a high percentage of companies who listed “Sales increase in local markets” as their reason for increased operating profits for 2016.
- By country, there were many cost reduction, etc. defensive management companies in Brazil and Argentina, and many proactive management companies in Mexico, where the automobile industry is in good shape, who increased operating profits.

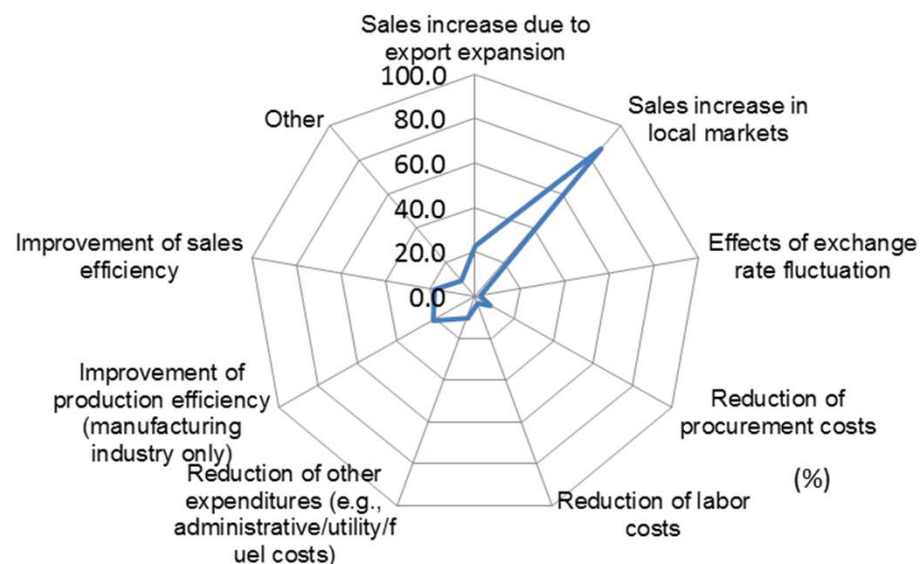
Reasons for increased operating profits for 2016 (Multiple Answers)

(Unit : %)

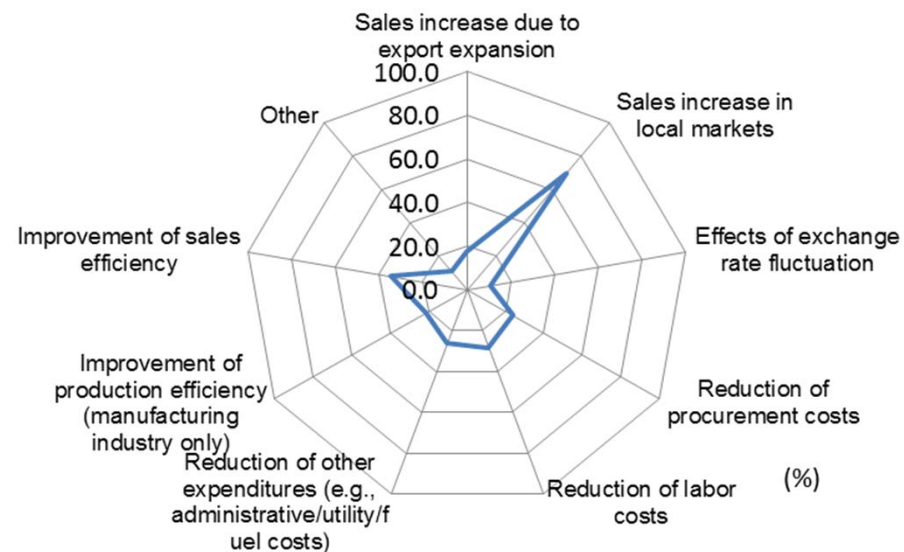
	Valid responses	Sales increase due to export expansion	Sales increase in local markets	Effects of exchange rate fluctuation	Reduction of procurement costs	Reduction of labor costs	Reduction of other expenditures (e.g., administrative /utility/fuel costs)	Improvement of production efficiency (manufacturing industry only)	Improvement of sales efficiency	Other
Latin America	177	22.6	78.0	6.2	11.3	11.3	15.3	19.2	23.7	10.7
Mexico	88	22.7	86.4	2.3	8.0	3.4	10.2	21.6	18.2	9.1
Venezuela	-	-	-	-	-	-	-	-	-	-
Colombia	11	27.3	72.7	18.2	9.1	-	-	-	54.5	-
Peru	8	25.0	62.5	-	-	12.5	25.0	12.5	37.5	12.5
Chile	14	28.6	57.1	14.3	7.1	-	14.3	14.3	7.1	21.4
Brazil	46	17.4	69.6	10.9	23.9	28.3	26.1	21.7	34.8	10.9
Argentina	10	30.0	90.0	-	-	30.0	20.0	20.0	-	20.0

II – 2 – (2) Reasons for increased operating profits for 2016

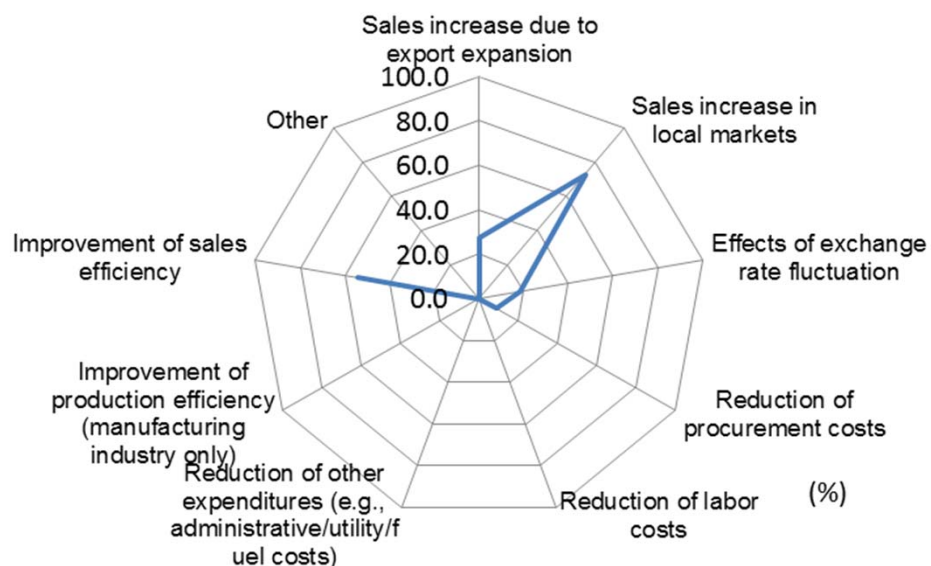
Mexico(n=88)



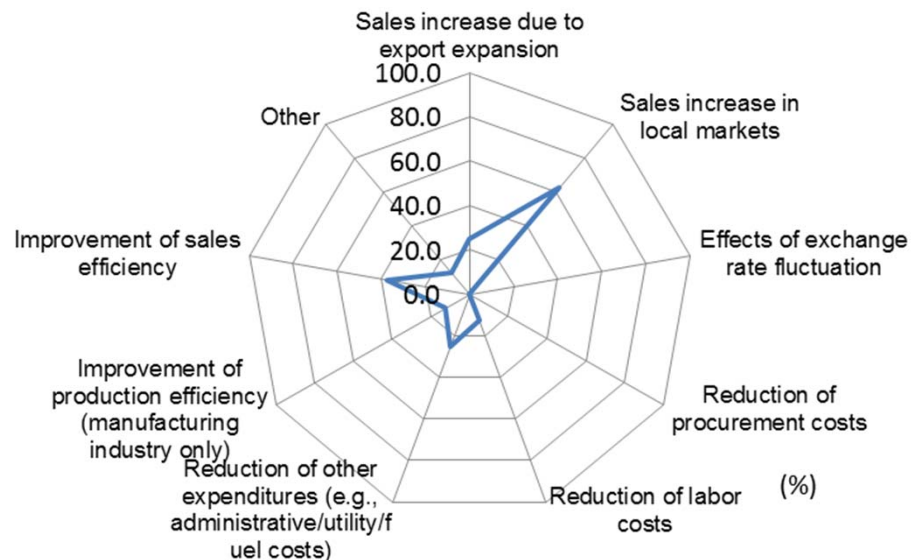
Brazil(n=46)



Colombia(n=11)

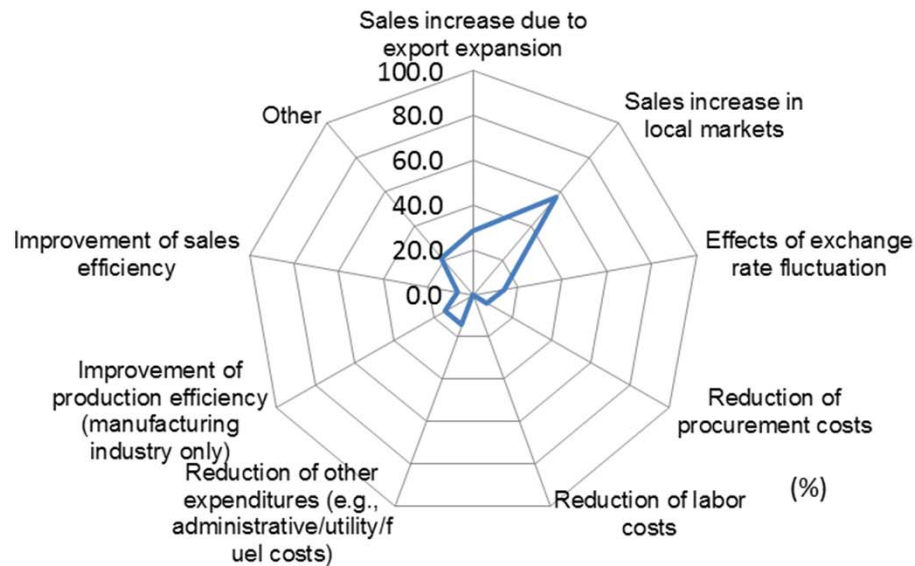


Peru(n=8)

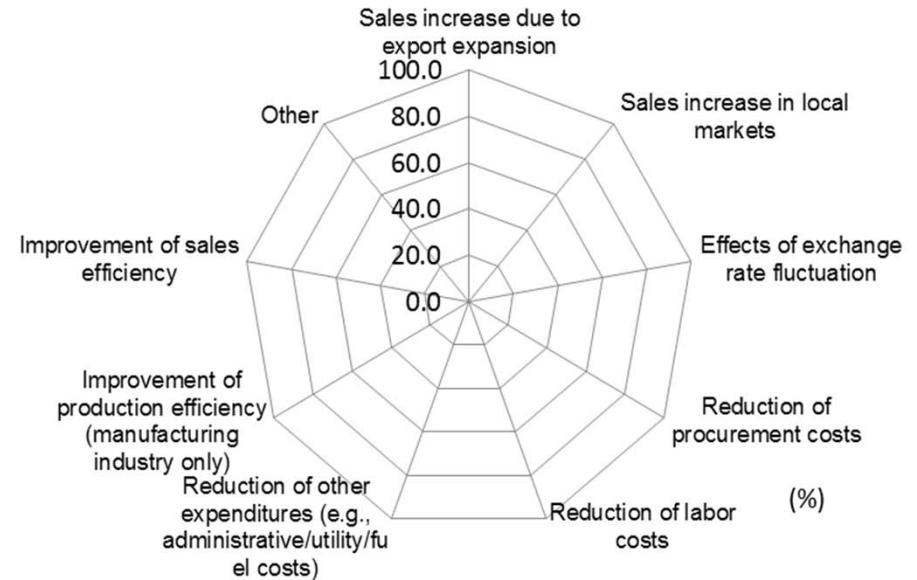


II – 2 – (2) Reasons for increased operating profits for 2016

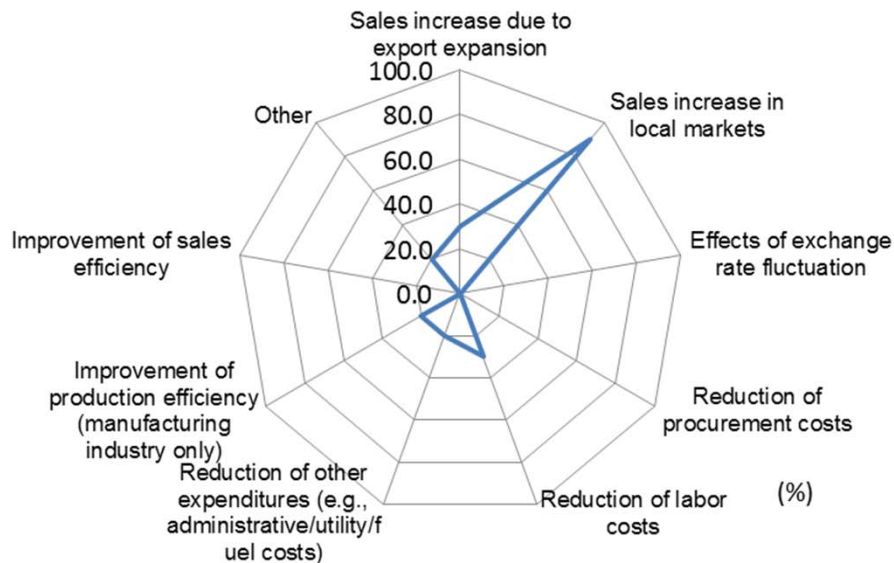
Chile(n=14)



Venezuela(n=-)



Argentina(n=10)



No companies predict their operating profits to increase in 2016.

II – 2 – (3) Reasons for decreased operating profits forecast for 2016

■ Difficult situations will arise for responses to increases in various costs, and shifting towards selling prices due to shrinking markets.

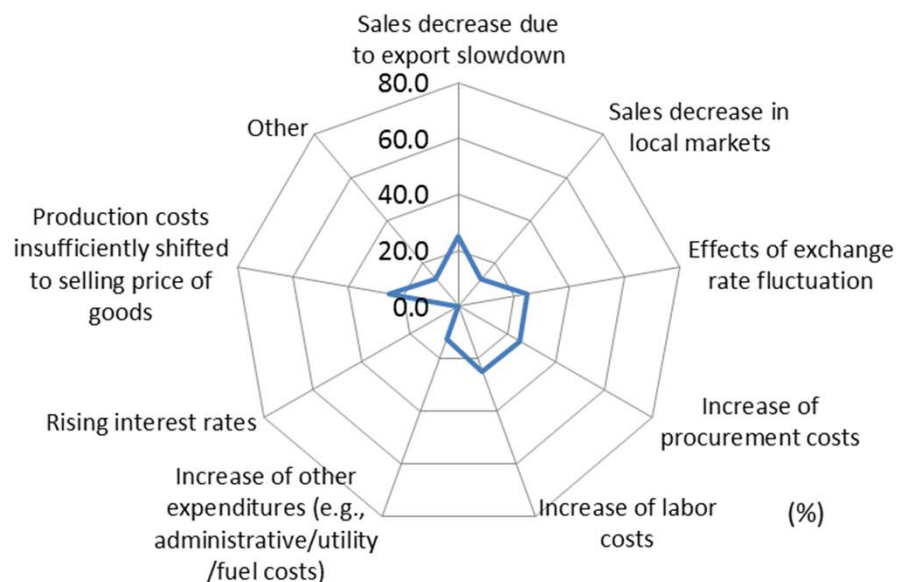
Reasons for decreased operating profits forecast for 2016 (Multiple Answers)

(Unit : %)

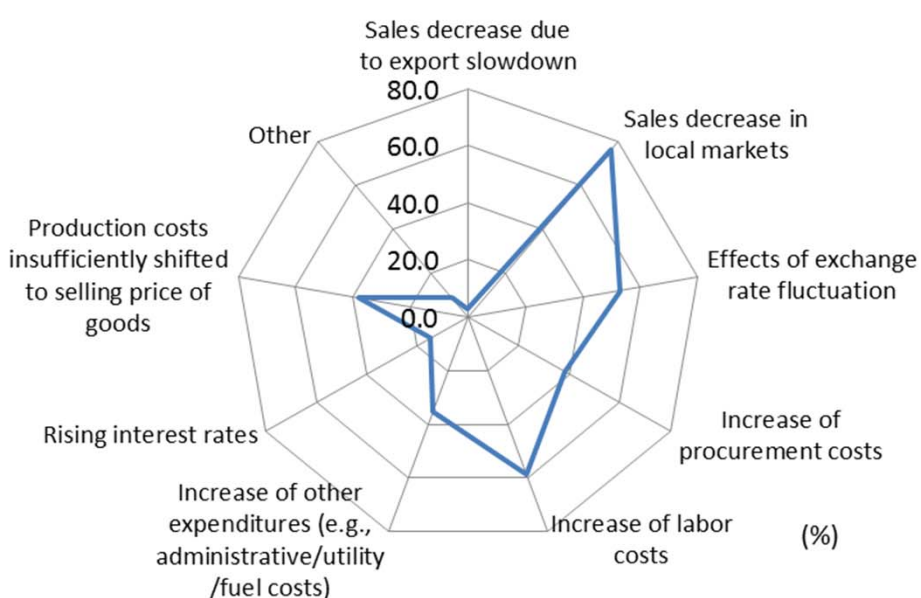
	Valid responses	Sales decrease due to export slowdown	Sales decrease in local markets	Effects of exchange rate fluctuation	Increase of procurement costs	Increase of labor costs	Increase of other expenditures (e.g., administrative /utility/fuel costs)	Rising interest rates	Production costs insufficiently shifted to selling price of goods	Other
Latin America	69	8.7	59.4	46.4	42.0	46.4	30.4	10.1	37.7	17.4
Mexico	8	25.0	12.5	25.0	25.0	25.0	12.5	-	25.0	12.5
Venezuela	7	-	42.9	28.6	71.4	71.4	71.4	28.6	57.1	42.9
Colombia	4	25.0	75.0	50.0	50.0	-	25.0	-	25.0	-
Peru	3	33.3	33.3	-	33.3	33.3	-	-	33.3	33.3
Chile	5	-	60.0	40.0	40.0	-	-	-	40.0	60.0
Brazil	34	2.9	76.5	52.9	38.2	58.8	35.3	14.7	38.2	8.8
Argentina	8	12.5	50.0	75.0	50.0	50.0	25.0	-	37.5	12.5

II – 2 – (3) Reasons for decreased operating profits forecast for 2016

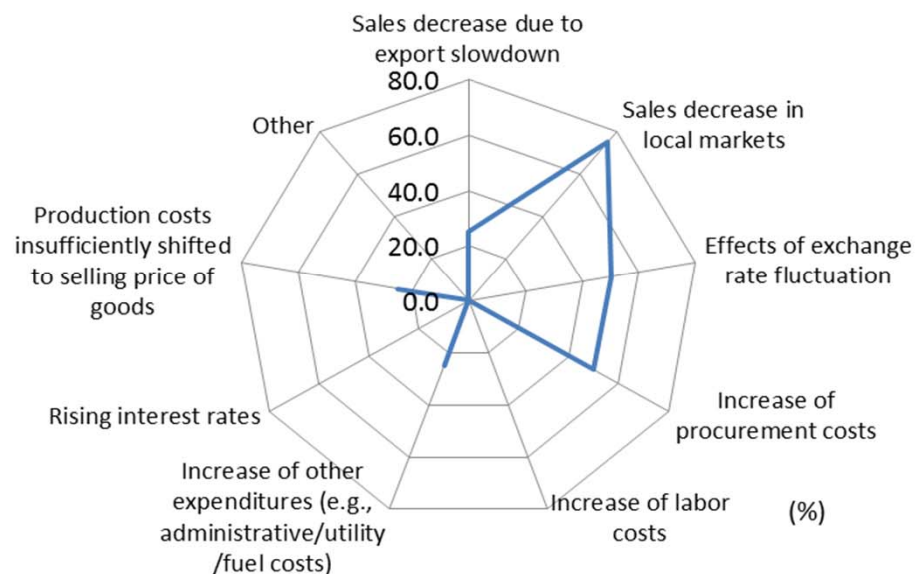
Mexico(n=8)



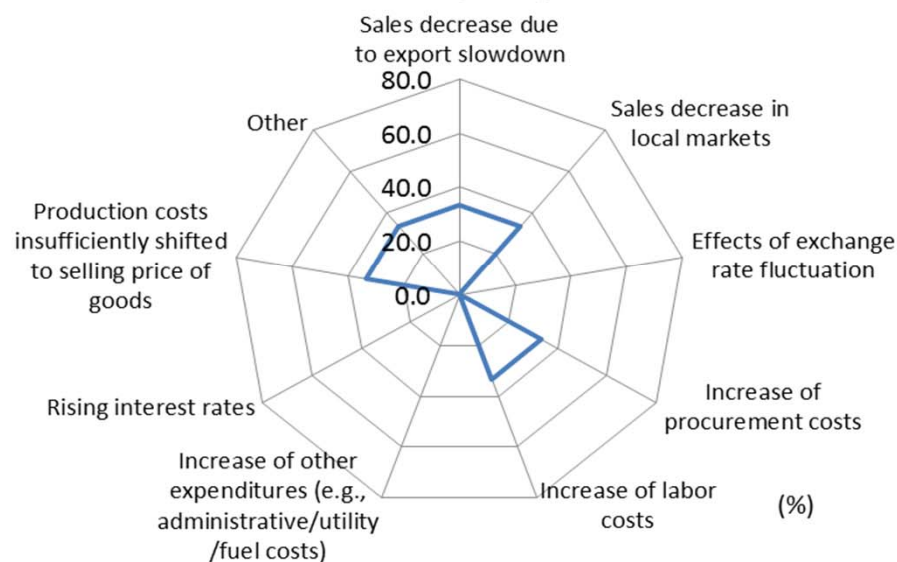
Brazil(n=34)



Colombia(n=4)

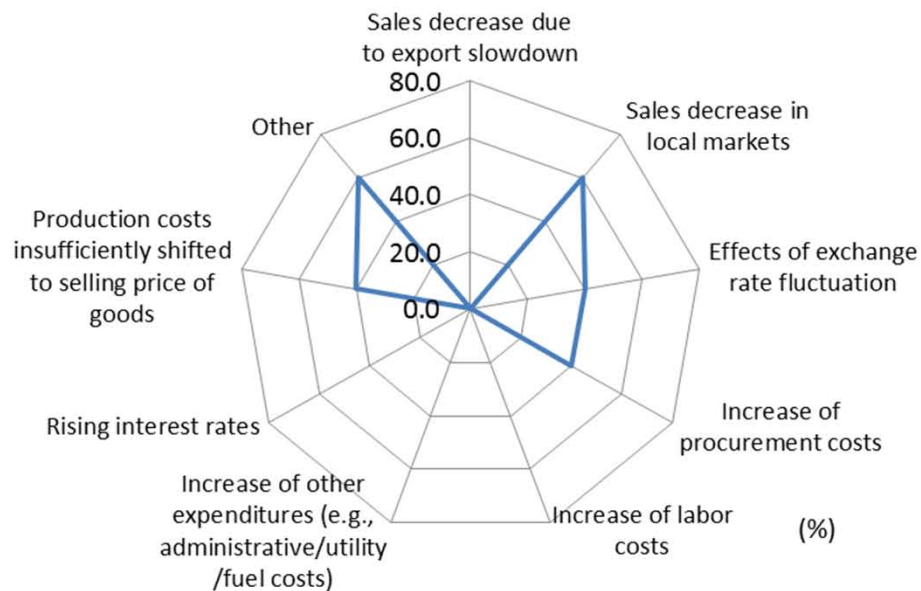


Peru(n=3)

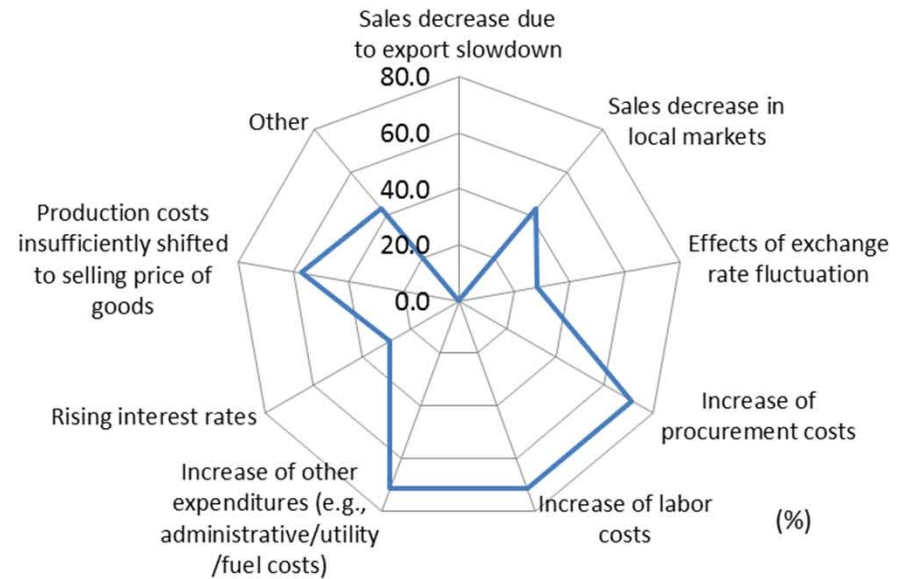


II – 2 – (3) Reasons for decreased operating profits forecast for 2016

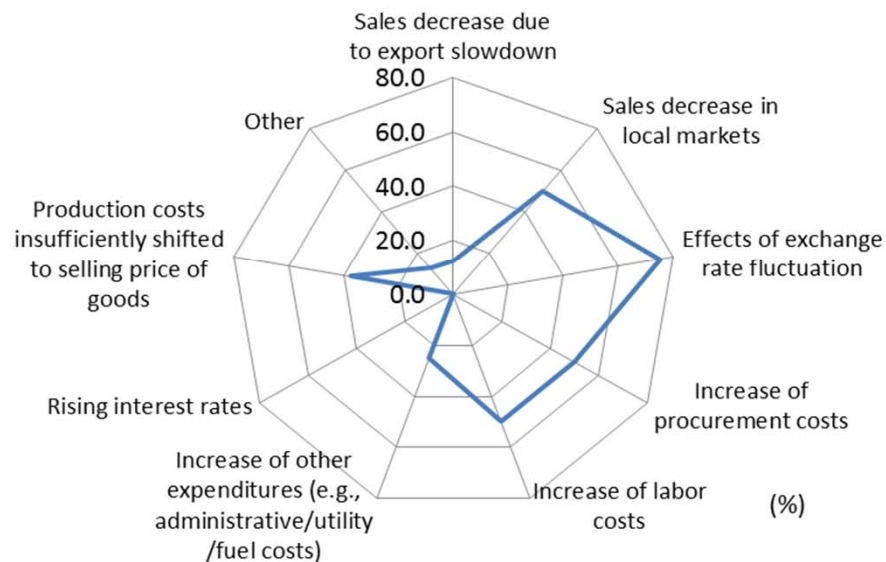
Chile(n=5)



Venezuela(n=7)



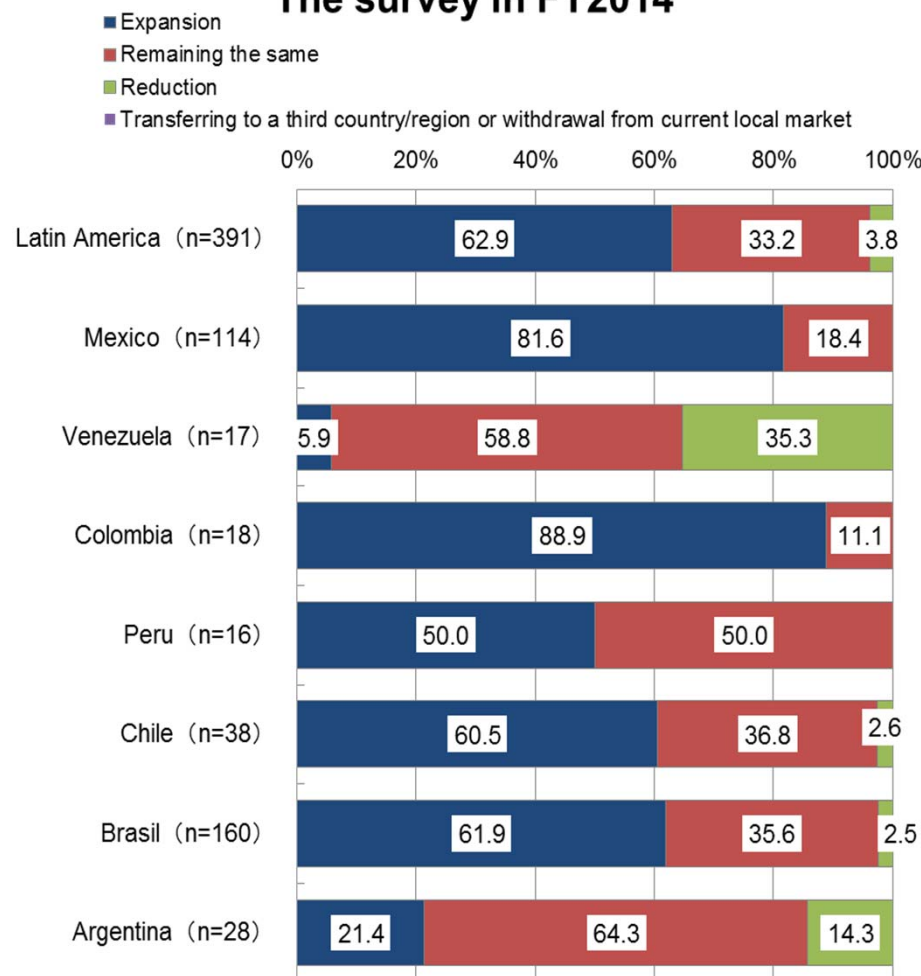
Argentina(n=8)



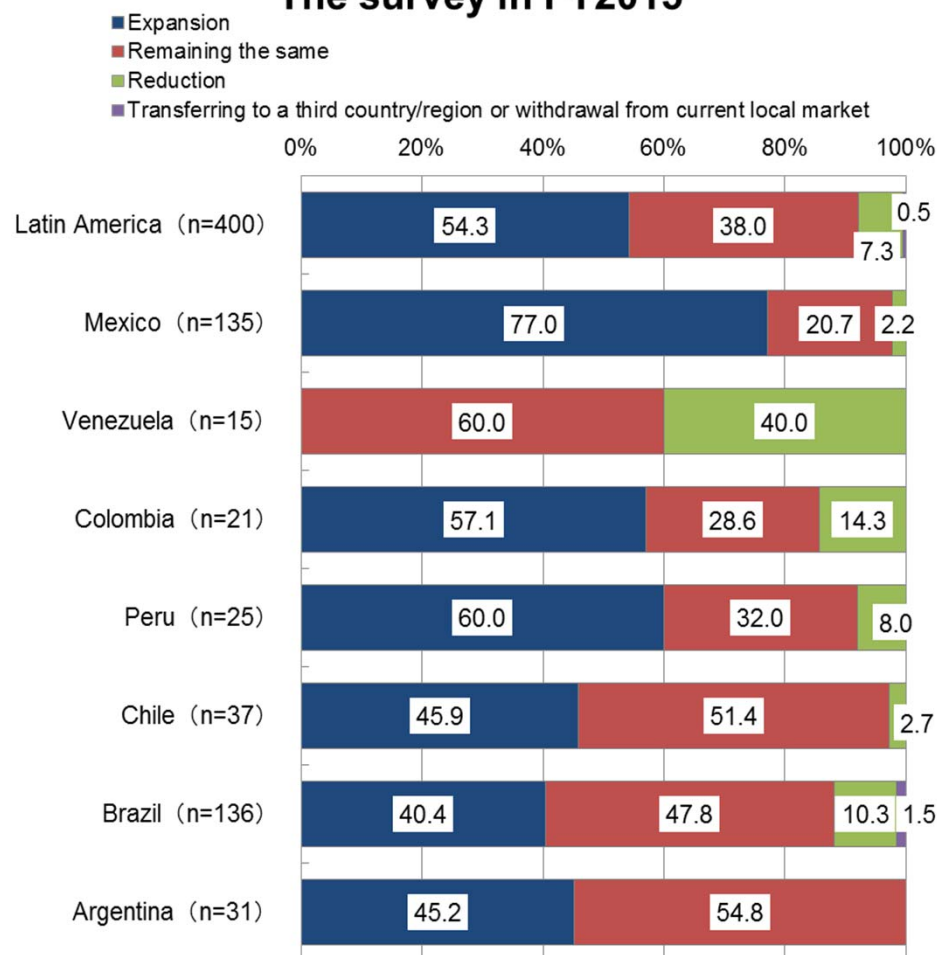
II – 3 – (1) Approach to future business challenges in the next one or two years

- When looking at Latin America as a whole, the response rate for “Expansion” as the business outlook for the next one or two years was 54.3%, a smaller rate compared to the survey in FY2014. On the other hand, the response rate for “Reduction” increased. Mexico remained strong.
- Within Argentina, there are increasing ambitions to expand business due to expectations towards the change of government.

The survey in FY2014



The survey in FY2015



II – 3 – (2) Approach to future business challenges in the next one or two years: Reasons for “Expansion”

- Within Latin America as a whole, there was a high percentage of companies who listed “Sales increase” as their reason for business expansion.
- By country, there was a high percentage of companies who listed “High growth potential” as their reason in Colombia, a country attracting attention as a market with a large population, and Argentina, a country with increasing expectations for business environment improvement. However, within Chile’s mature market, the percentage of companies who listed “High growth potential” as their reason was low.
- Within Mexico, there was a high percentage of companies who listed “Relationship with clients” as their reason from receiving expanded delivery opportunities towards finished vehicle manufacturers.

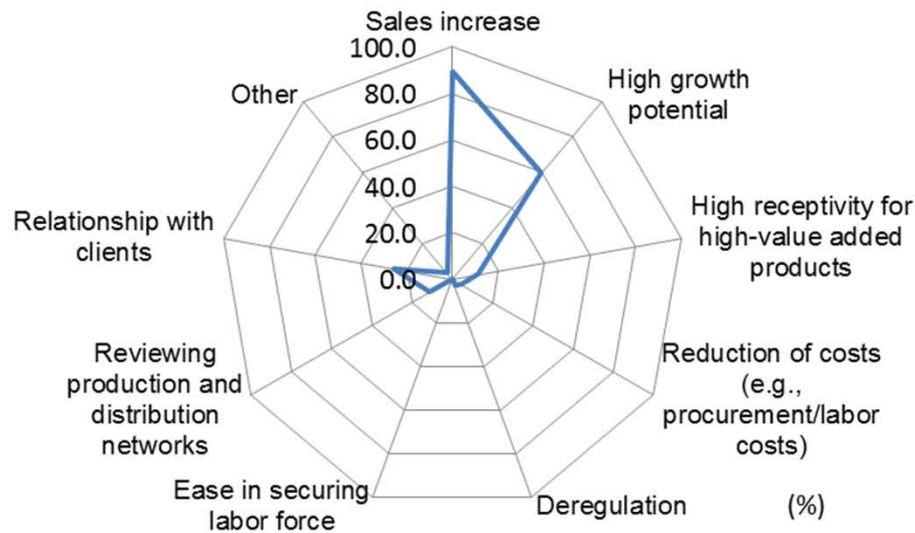
Reasons for “Expansion” (Multiple Answers)

(Unit : %)

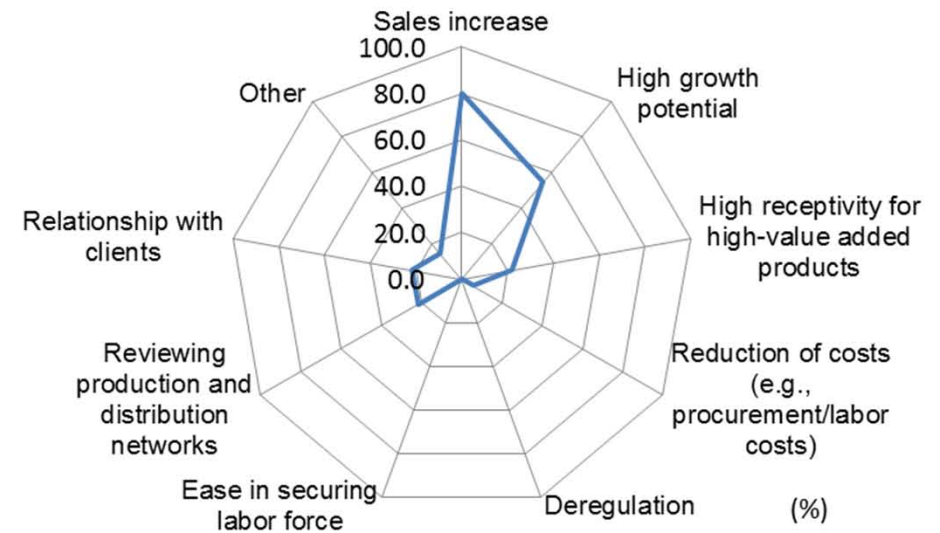
	Valid responses	Sales increase	High growth potential	High receptivity for high-value added products	Reduction of costs (e.g., procurement /labor costs)	Deregulation	Ease in securing labor force	Reviewing production and distribution networks	Relationship with clients	Other
Latin America	217	84.8	58.1	15.7	4.1	5.5	0.5	13.8	20.7	7.8
Mexico	104	89.4	59.6	11.5	4.8	2.9	-	11.5	26.0	3.8
Venezuela	-	-	-	-	-	-	-	-	-	-
Colombia	12	91.7	83.3	25.0	-	-	8.3	16.7	8.3	-
Peru	15	73.3	60.0	6.7	-	6.7	-	6.7	6.7	6.7
Chile	17	94.1	23.5	23.5	-	-	-	17.6	11.8	5.9
Brazil	55	80.0	54.5	21.8	5.5	-	-	21.8	21.8	14.5
Argentina	14	64.3	78.6	14.3	7.1	57.1	-	-	14.3	21.4

II – 3 – (2) Approach to future business challenges in the next one or two years: Reasons for “Expansion”

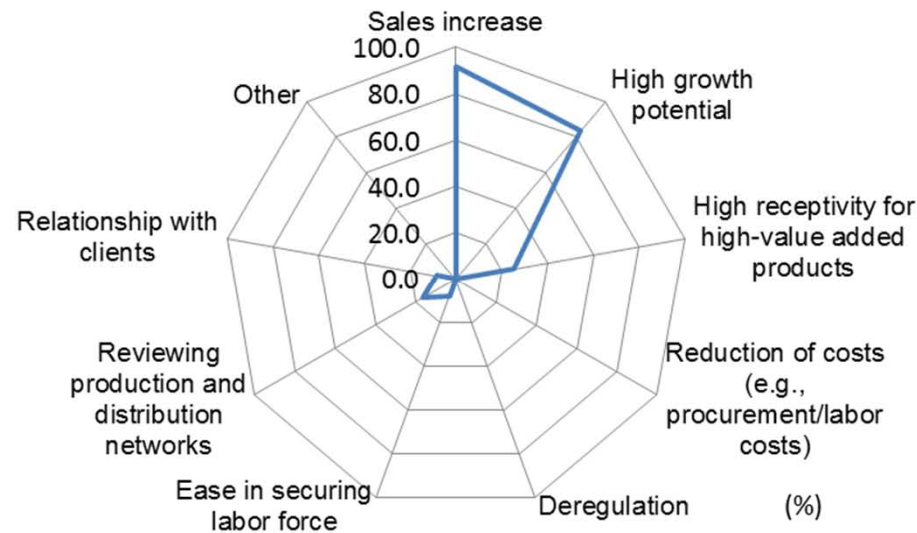
Mexico(n=104)



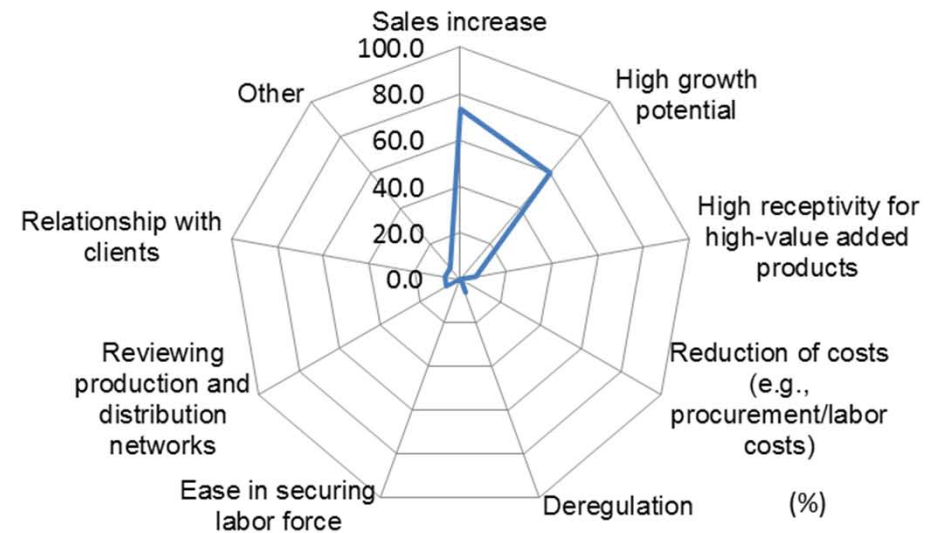
Brazil(n=55)



Colombia(n=12)

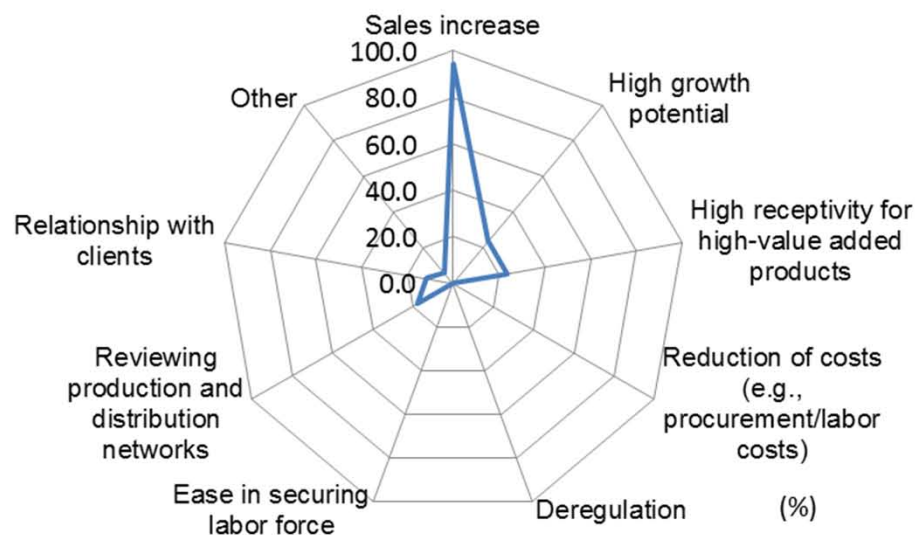


Peru(n=15)

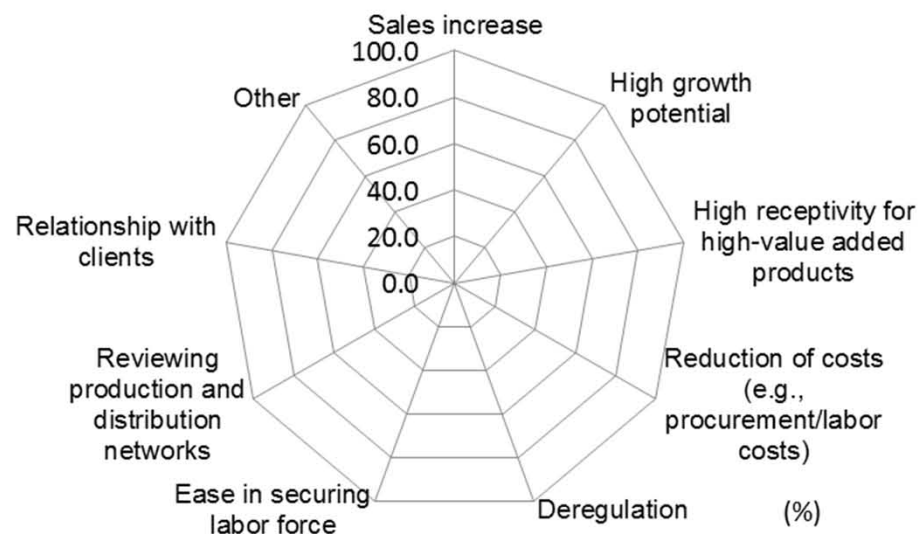


II – 3 – (2) Approach to future business challenges in the next one or two years: Reasons for “Expansion”

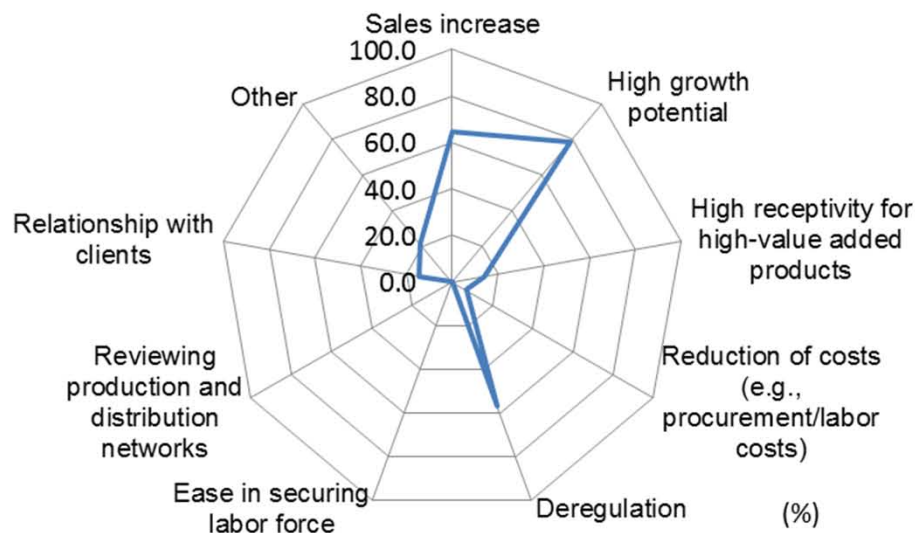
Chile(n=17)



Venezuela(n=-)



Argentina(n=14)



No companies plan business expansion.

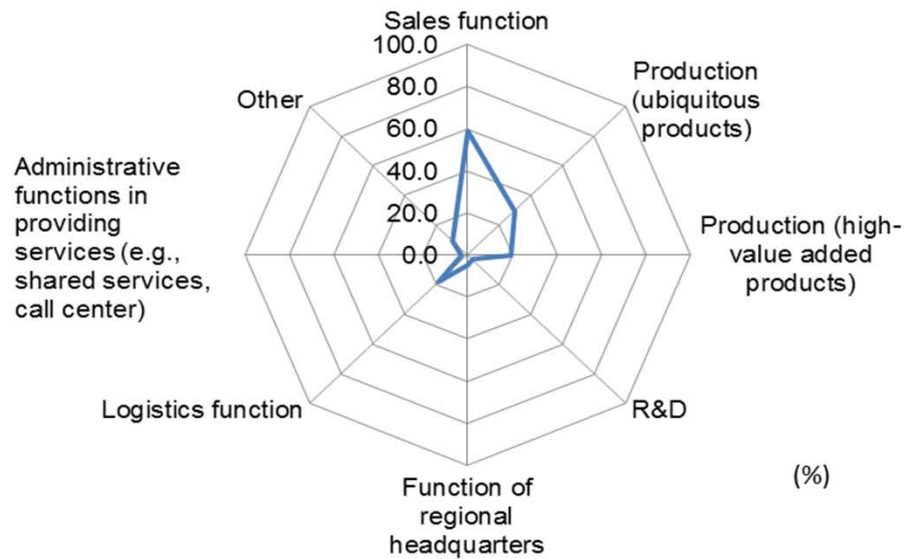
- Within Latin America as a whole, there was a high percentage of companies who listed “Sales function” as a function they wanted to expand in detail.
- By country, there was a high percentage of companies who listed function expansion for “Production (high-value added products)” according to policies and market needs in Argentina, Mexico, and Brazil.
- Particularly in Colombia where many expanding Japanese companies are import and sales companies, there was a high percentage of companies who listed “Sales function” as the function they wanted to expand in detail.

Functions companies wanted to expand in detail (Multiple Answers)

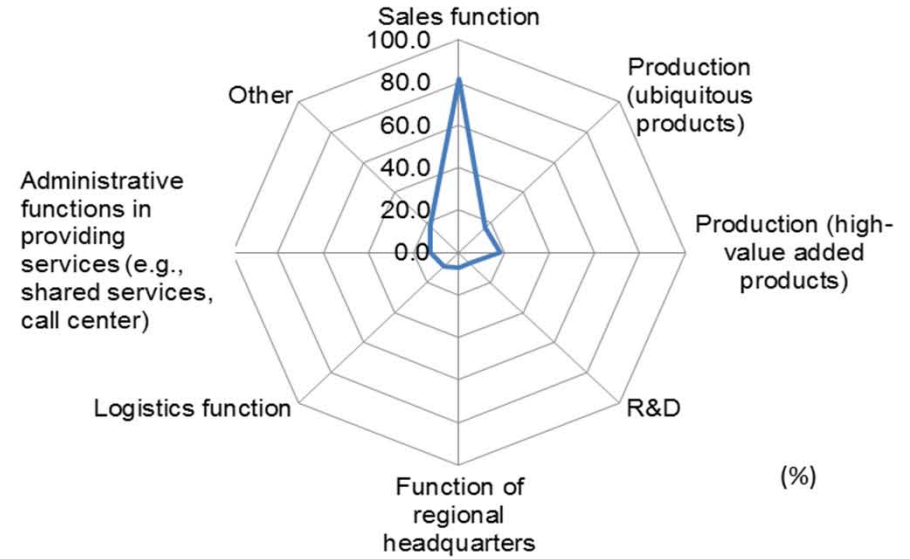
(Unit : %)

	Valid responses	Sales function	Production (ubiquitous products)	Production (high-value added products)	R&D	Function of regional headquarters	Logistics function	Administrative functions in providing services (e.g., shared services, call center)	Other
Latin America	217	69.1	22.6	18.0	5.1	8.3	15.2	6.9	12.4
Mexico	104	58.7	29.8	19.2	2.9	4.8	18.3	2.9	9.6
Venezuela	-	-	-	-	-	-	-	-	-
Colombia	12	91.7	16.7	8.3	8.3	16.7	8.3	16.7	-
Peru	15	80.0	13.3	13.3	6.7	13.3	20.0	6.7	6.7
Chile	17	64.7	17.6	11.8	-	17.6	5.9	11.8	17.6
Brazil	55	81.8	16.4	18.2	7.3	7.3	9.1	12.7	18.2
Argentina	14	71.4	14.3	28.6	14.3	14.3	28.6	-	21.4

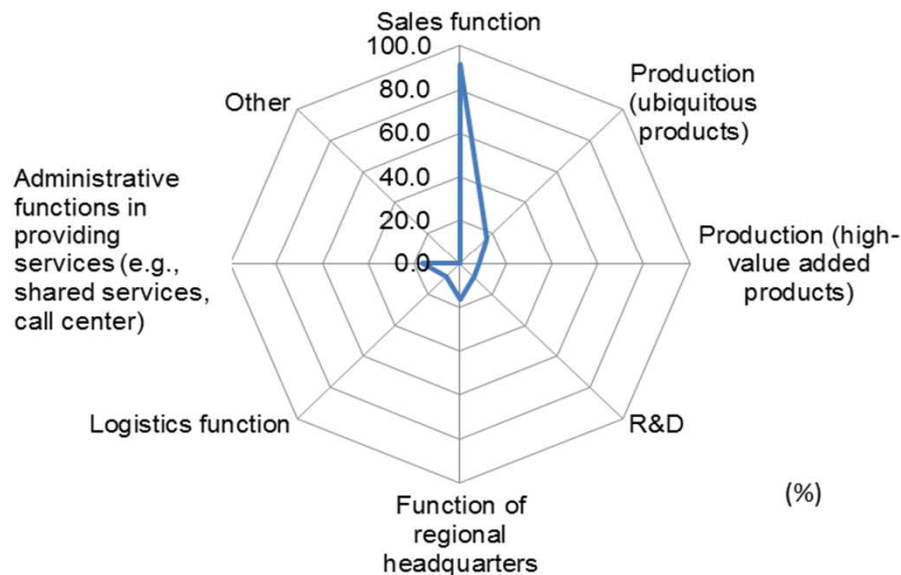
Mexico(n=104)



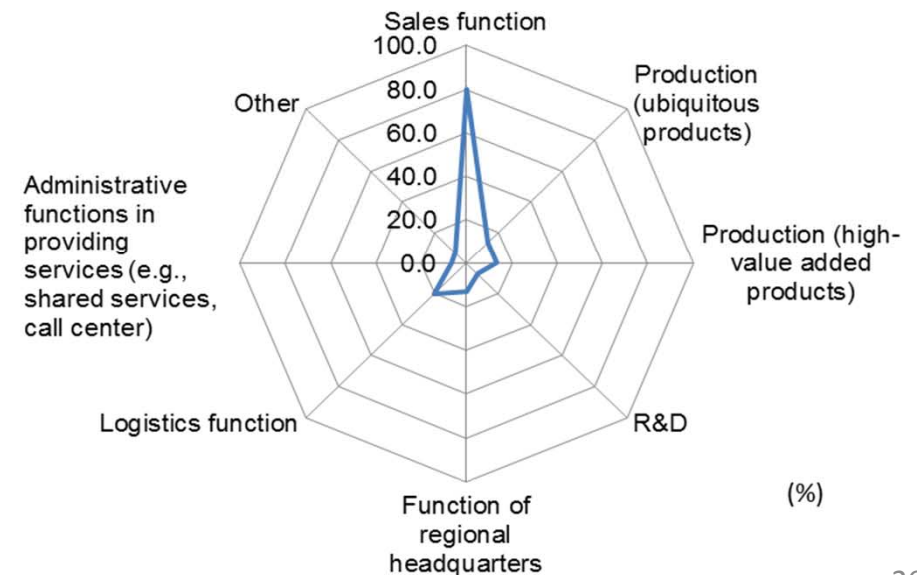
Brazil(n=55)



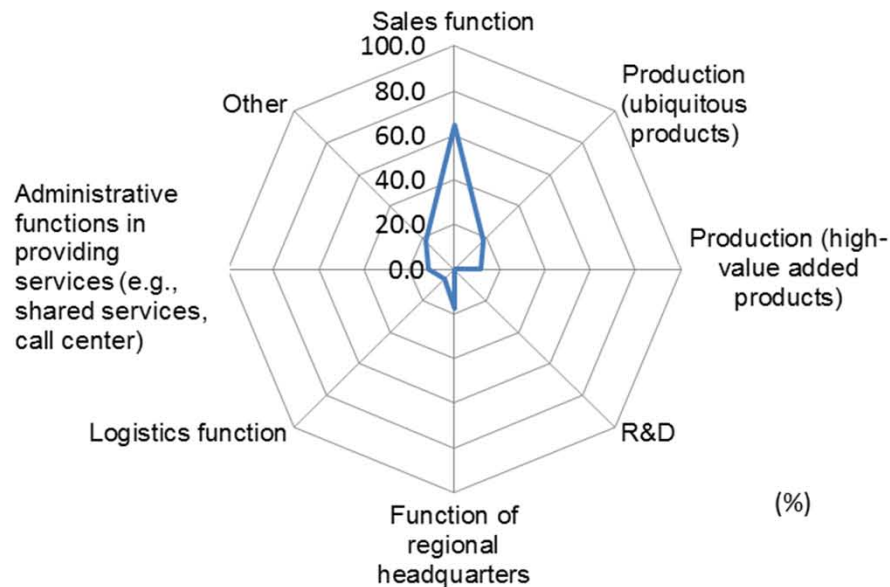
Colombia(n=12)



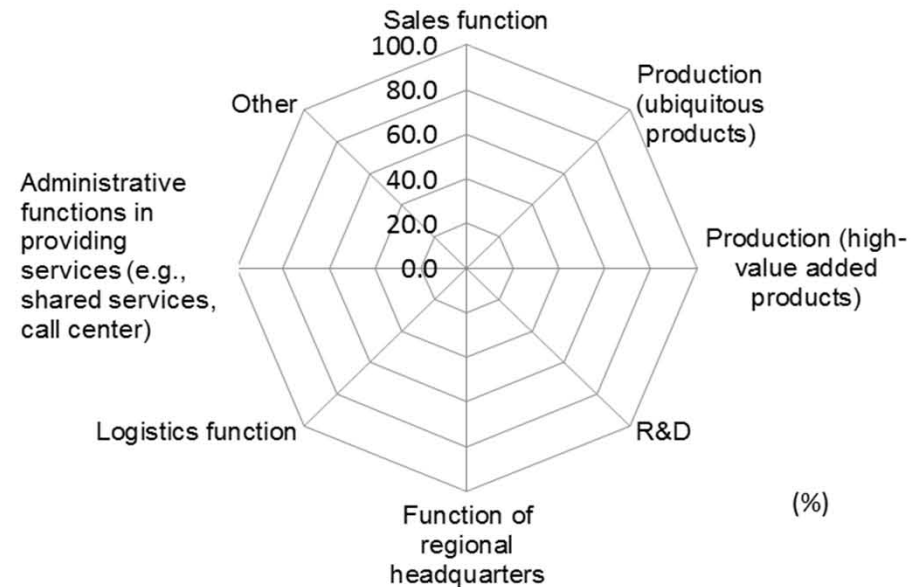
Peru(n=15)



Chile(n=17)

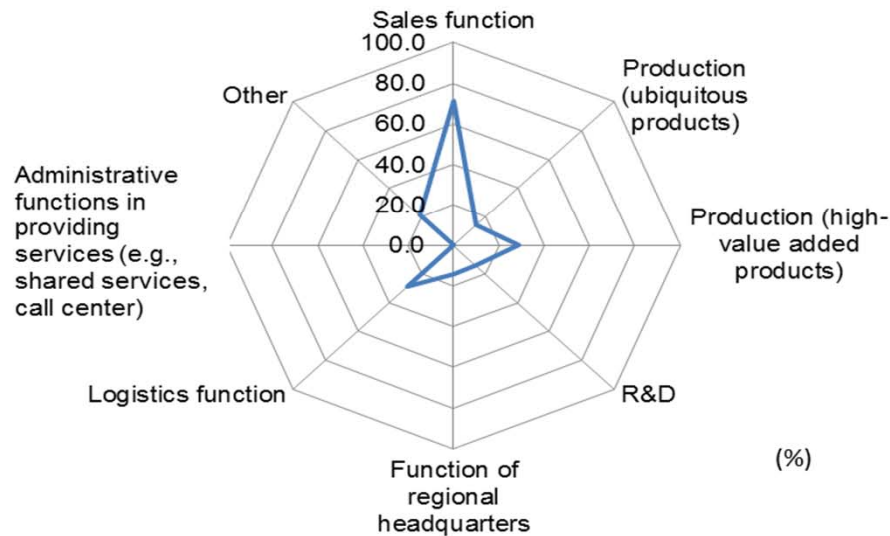


Venezuela(n=-)



No companies plan business expansion

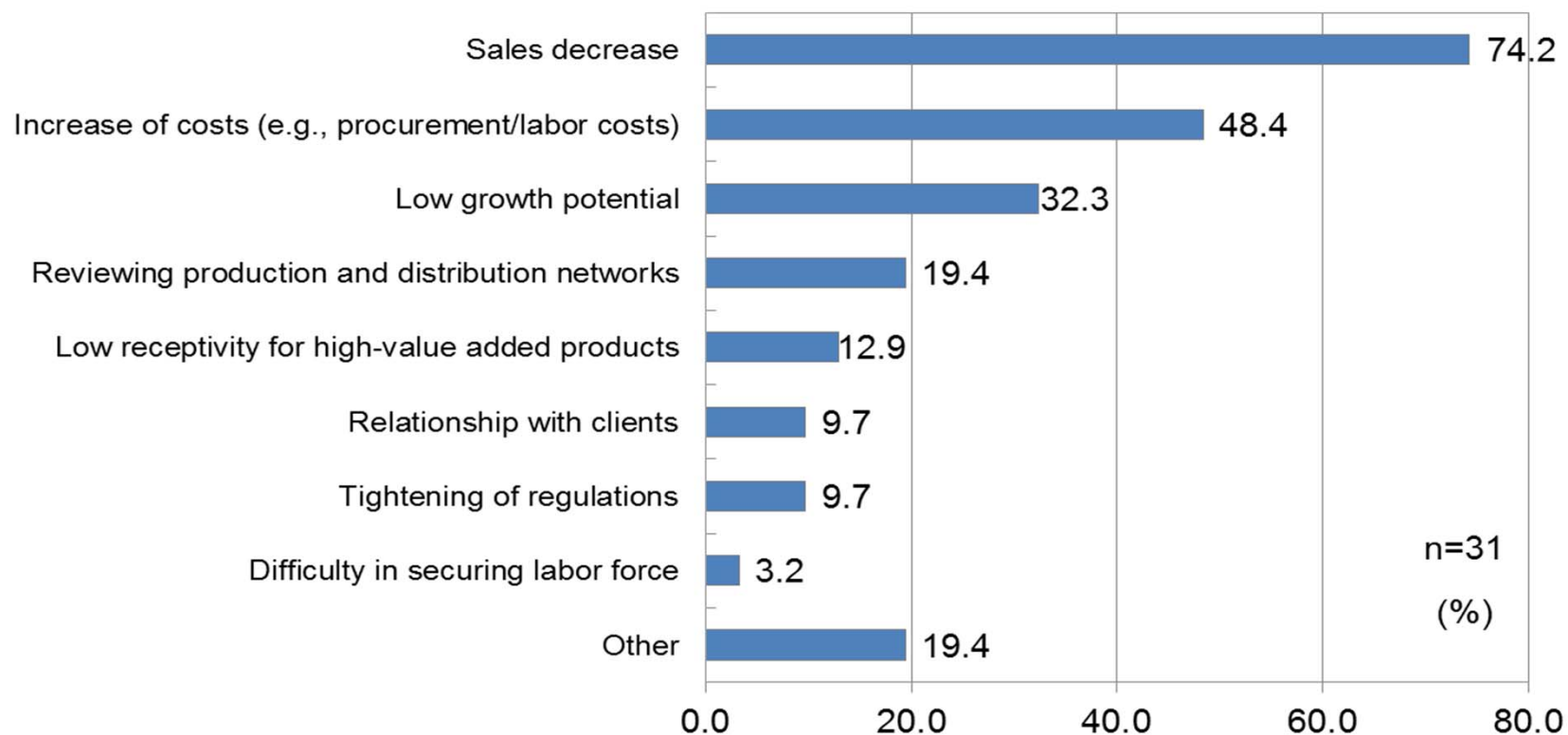
Argentina(n=14)



II – 3 – (4) Business outlook for the next one or two years: Reasons for reduction, transfer or withdrawal

- 7.8% of all companies answered “Reduction” or “Transferring to a third country/region or withdrawal from current local market” for their approach to future business challenges.
- There was a high percentage of companies who listed almost all items, but mainly “Sales decrease” as their reason for Venezuela which had a high ratio of 40.0% for “Reduction”.
- There was a high percentage of companies who listed “Sales decrease” and “Increase of costs” as their reason for Brazil which was the only country that received the answer “Transferring to a third country/region or withdrawal from current local market”.

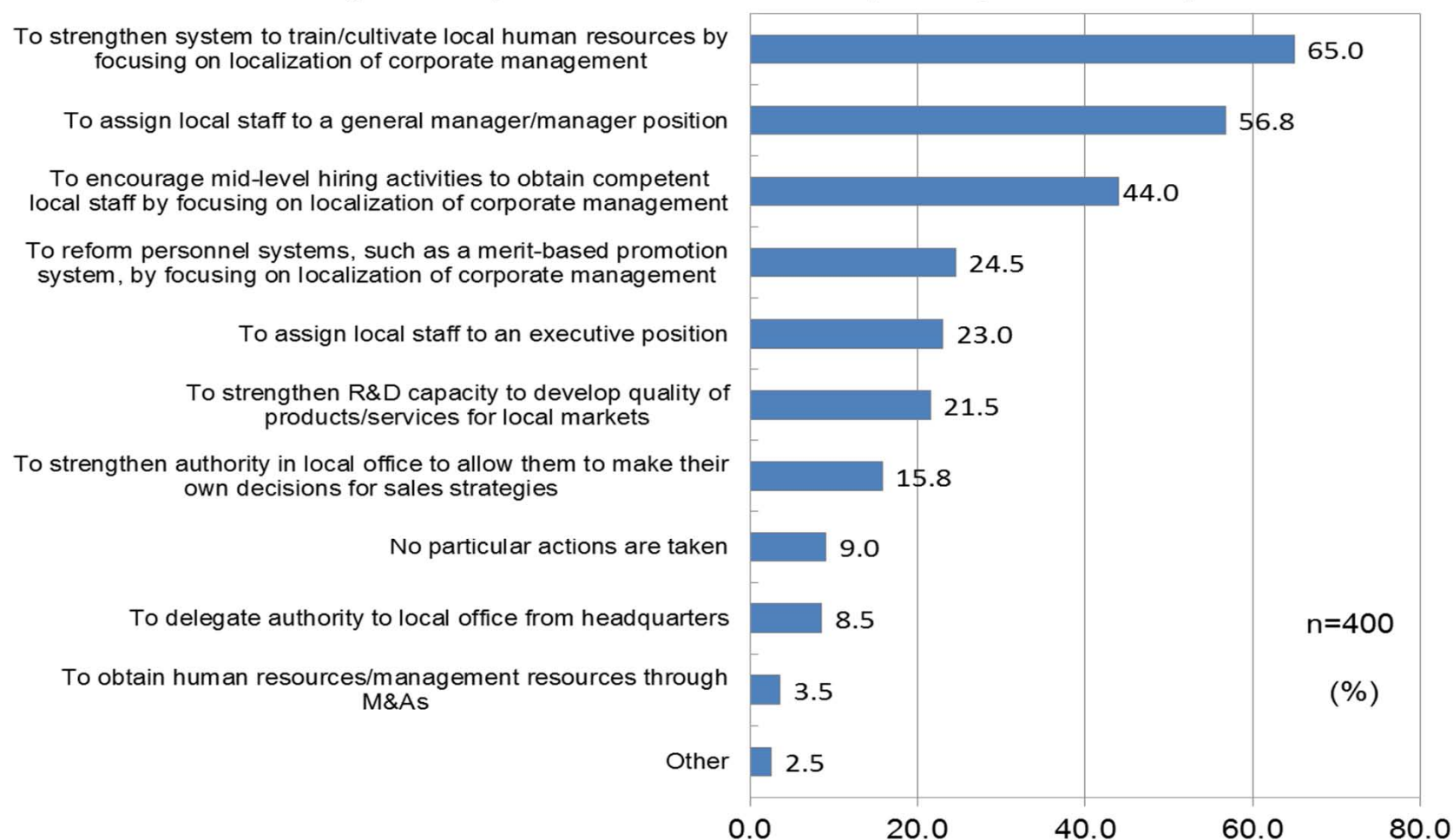
**Reasons for reduction, transfer or withdrawal
(Latin America Overall, Multiple Answers)**



II – 3 – (5) Measures taken to encourage localization of corporate management

■ The items with the largest percentages were “To strengthen system to train/cultivate local human resources by focusing on localization of corporate management” (65.0%), “To assign local staff to a general manager/manager position” (56.8%), and “To encourage mid-level hiring activities to obtain competent local staff by focusing on localization of corporate management” (44.0%).

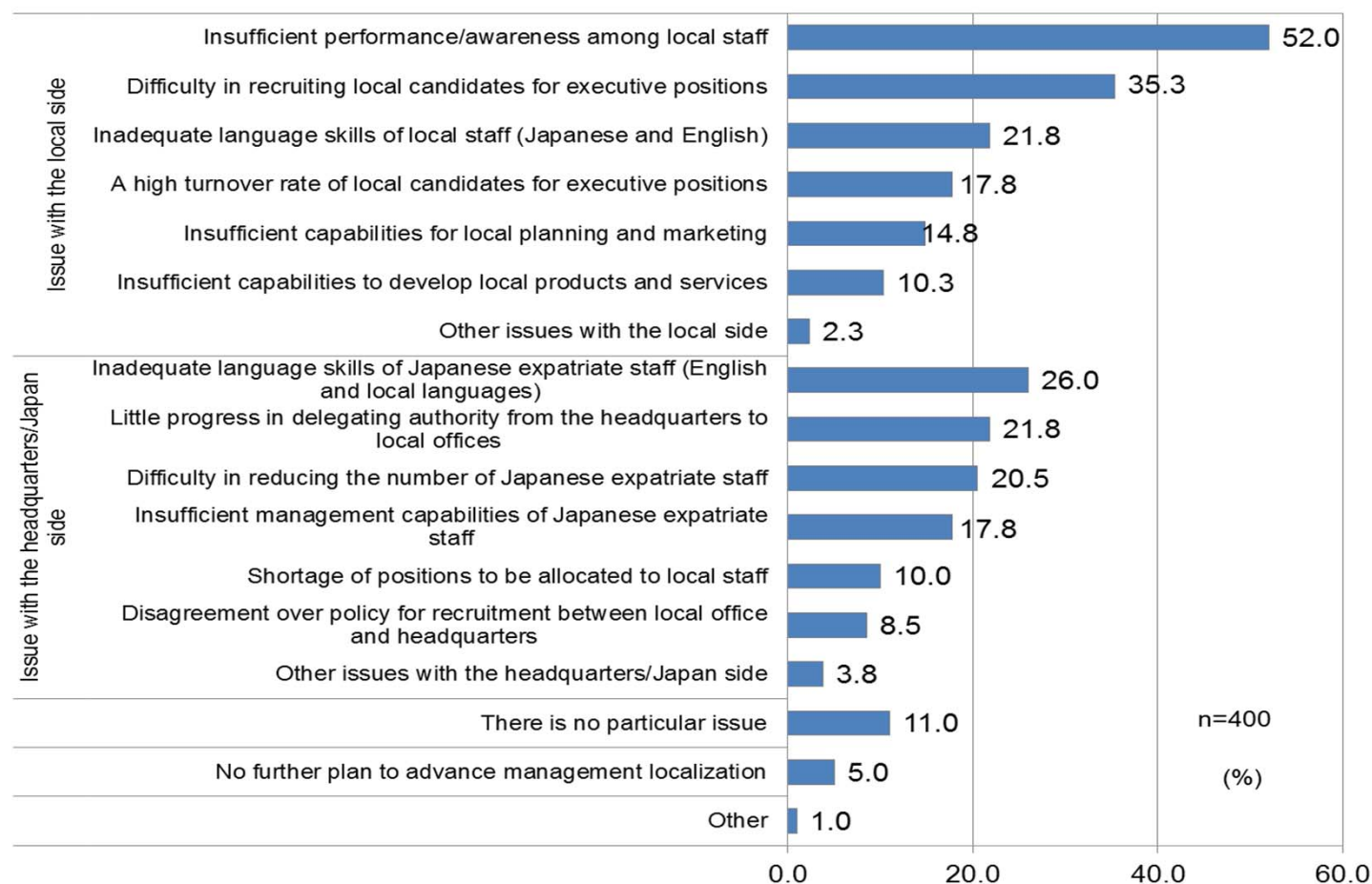
Measures taken to encourage localization of corporate management (Latin America Overall, Multiple Answers)



II – 3 – (6) Issues faced in promoting management localization

- “Inadequate language skills of Japanese expatriate staff” (26.0%) had the largest response rate for issues with the headquarters/Japan side, while “Insufficient performance/awareness among local staff” (52.0%) had the largest response rate for issues with the local side.
- By country, the percentage for “Inadequate language skills of Japanese expatriate staff” was particularly high in Mexico, Brazil, and Chile, countries that have many Japanese expatriate staff. In addition, the high percentage of “A high turnover rate of local candidates for executive positions” for Mexico stands out.

Issues faced in promoting management localization (Latin America Overall, multiple answers)



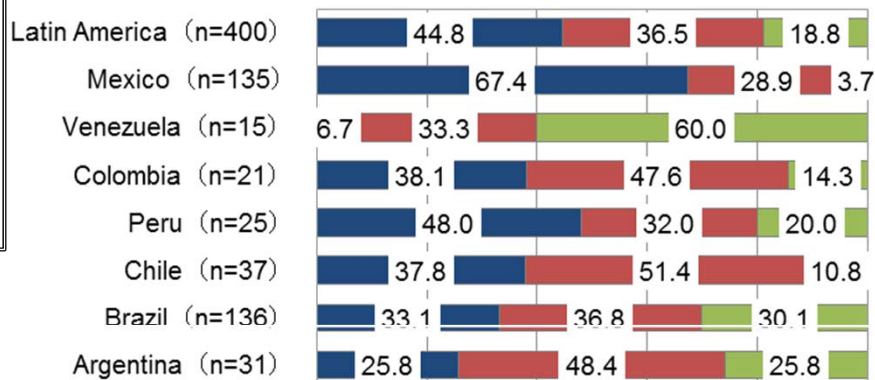
II – 3 – (7) Changes in the number of local employees and Japanese expatriate staff

■ There was a high percentage of companies in Colombia, which is attracting attention as the third largest market in Latin America, and Mexico whose automotive industry is brisk, who replied "Increase" for both the past one year and future plans for the number of local employees and Japanese expatriate staff.

Number of local employees

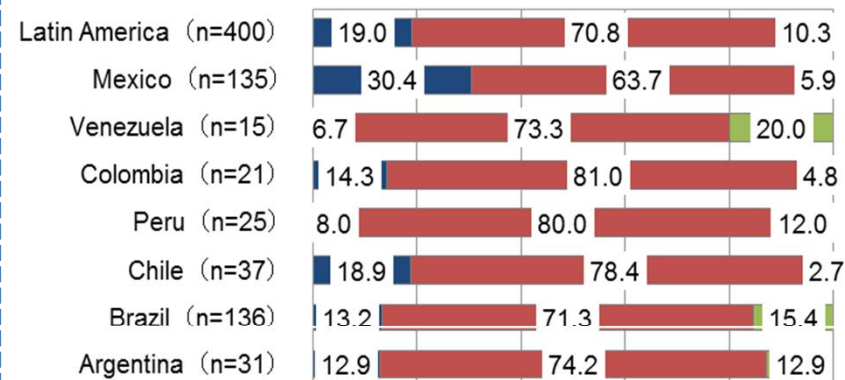
■ Increase ■ No change ■ Decrease
0% 20% 40% 60% 80% 100%

Past one year



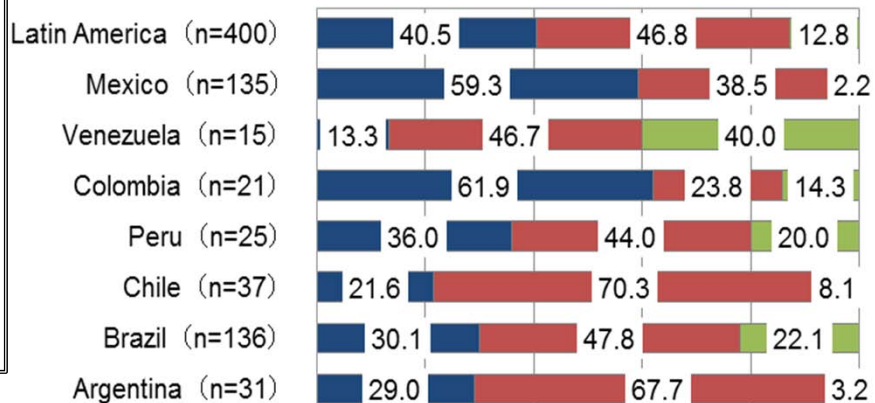
Number of japanese expatriates

■ Increase ■ No change ■ Decrease
0% 20% 40% 60% 80% 100%

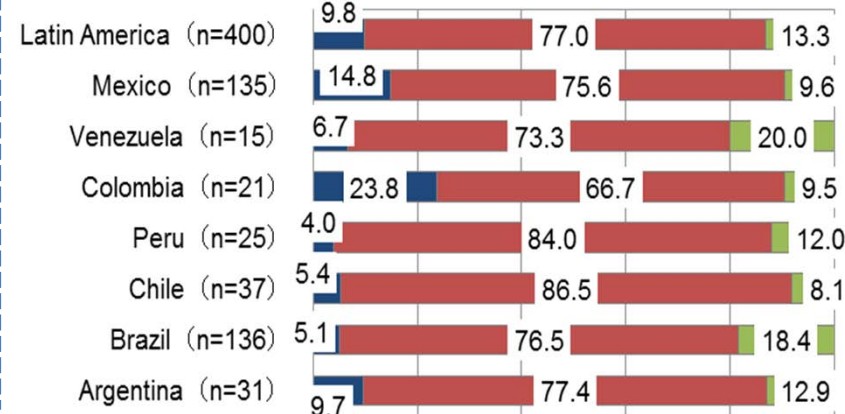


■ Increase ■ No change ■ Decrease
0% 20% 40% 60% 80% 100%

Future plans



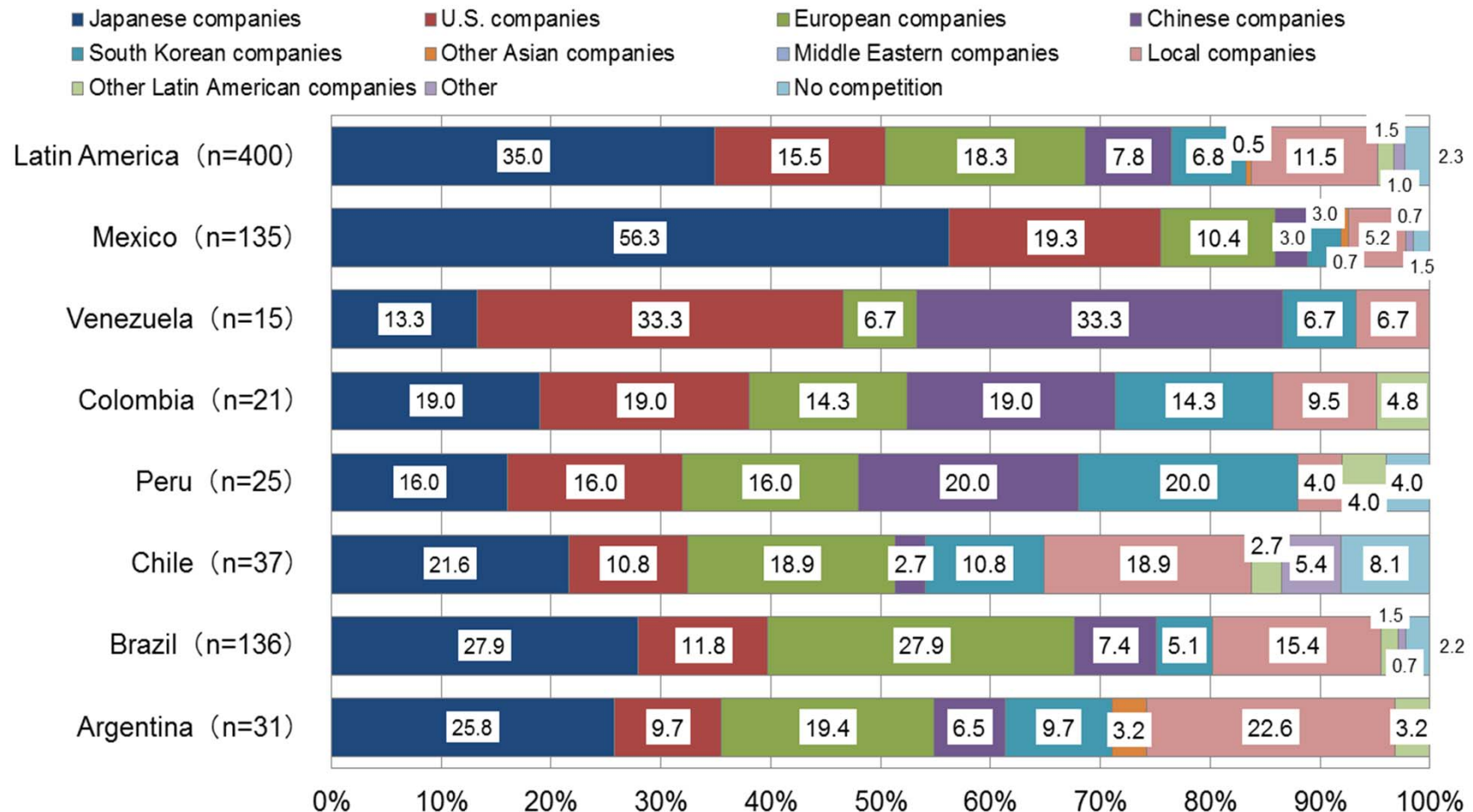
■ Increase ■ No change ■ Decrease
0% 20% 40% 60% 80% 100%



II – 4 – (1) Challenges to explore market: Competitors in the same industry

- When looking at the results by country, Japanese companies had the highest percentage (56.3%) as a company who competes most intensively with other companies in Mexico which has the most Japanese companies expanding into the automobile industry. In Brazil, the percentage of European companies was high.
- Competitors are diversifying in Colombia, Peru, and Chile, which all adopt open-door policies, since it is easy for newcomer companies to enter the market.

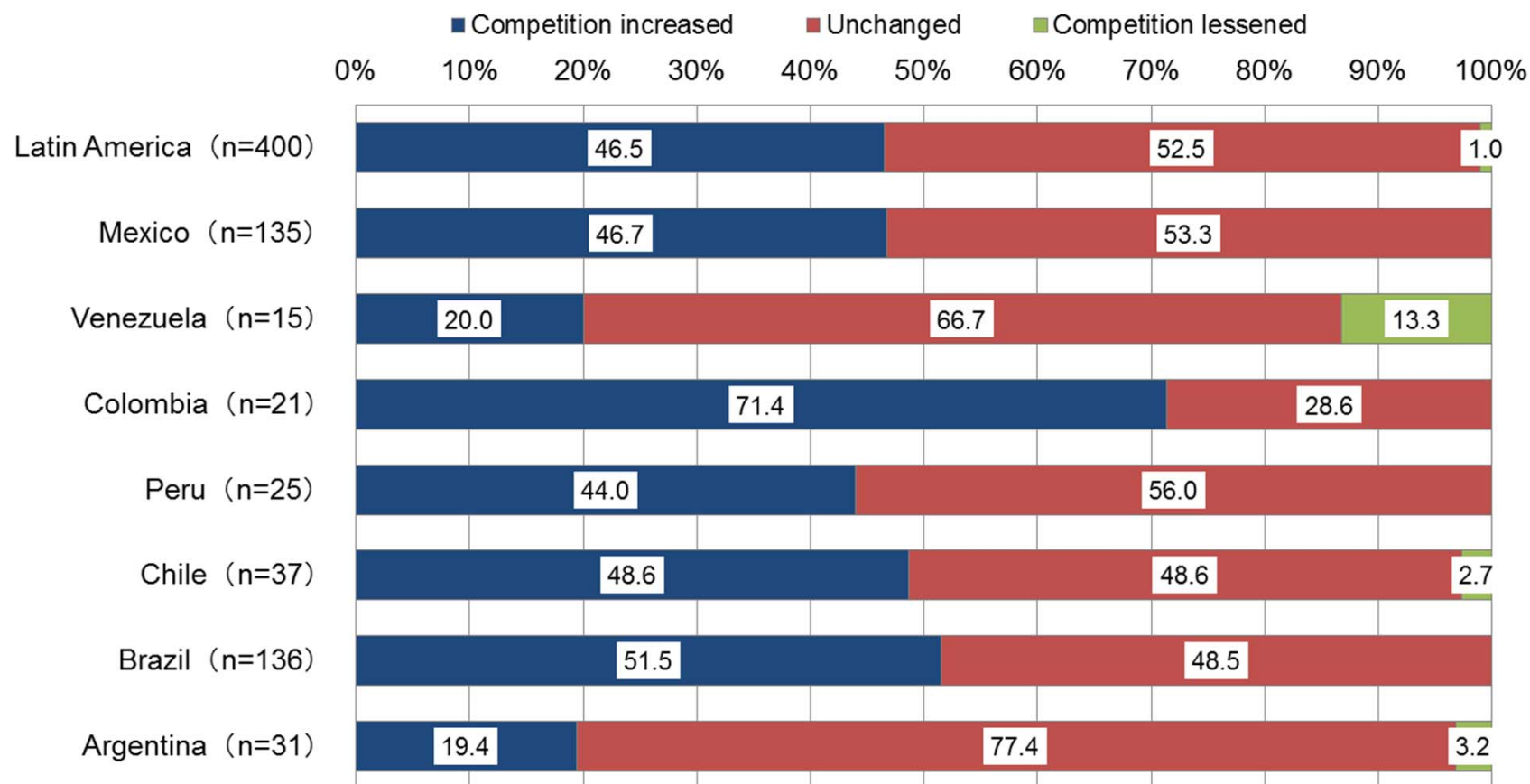
Most competitive companies in the same business category



II – 4 – (2) Challenges to explore market: Changes in competition

- Colombia had the highest percentage of companies who answered that “Competition increased” regarding changes in the competition in the last 12 months. The fact that it is easy to enter the market and the large size of the domestic market are contributing factors to the increasing competition.
- Venezuela was the only country where companies answered “Competition lessened”. Venezuela has a harsh business environment, and competition is lessening since company withdrawals occur successively.

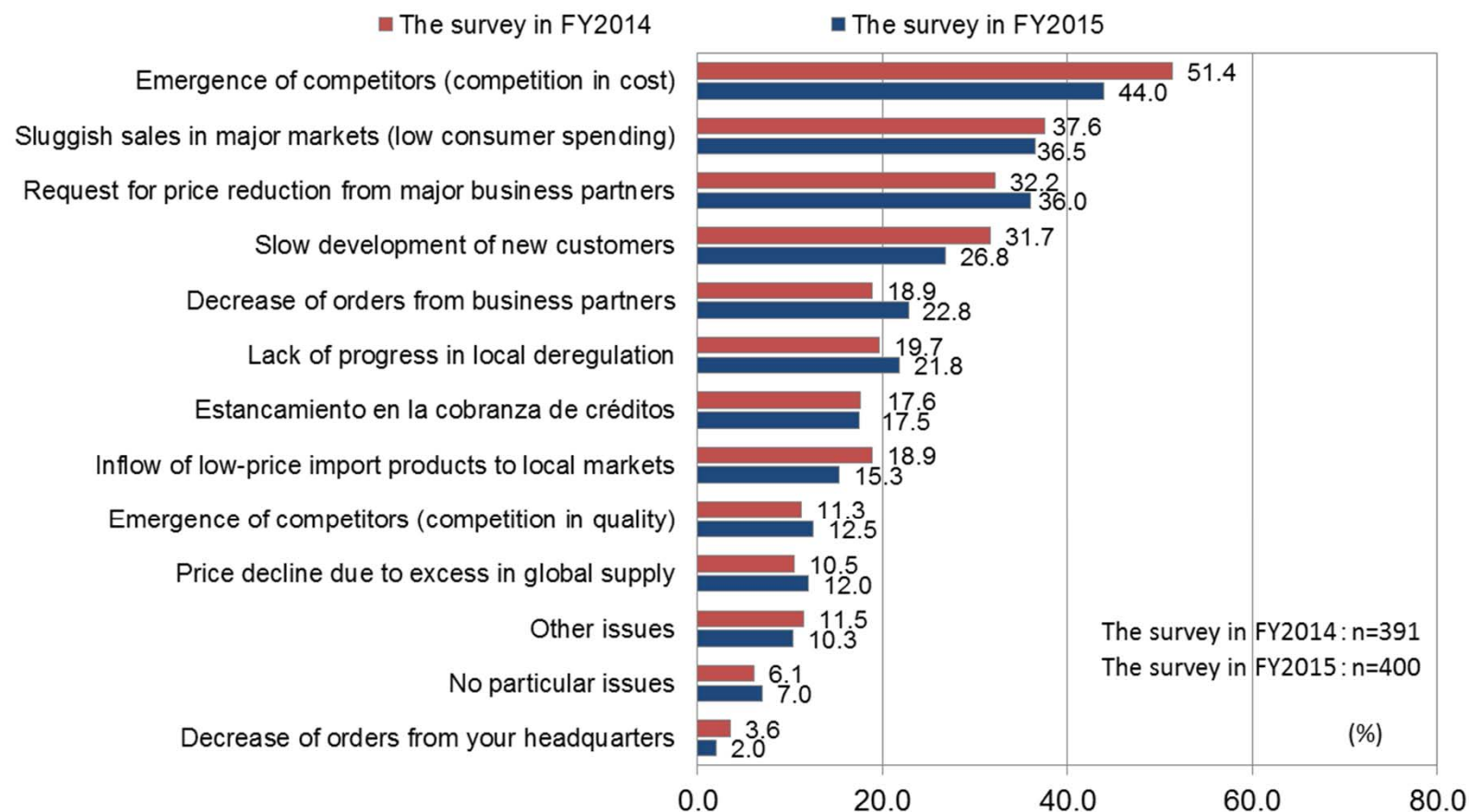
Changes in competition within the past year



II – 5 – (1) Issues with business management: Issues in the field of sales and marketing

- Most companies listed “Emergence of competitors (competition in cost)” as an issue they are currently facing in the field of sales and marketing.
- Compared to the FY2014 survey, there was a high percentage of companies who listed “Request for price reduction from major business partners” and “Decrease of orders from business partners” from experiencing a business recession in multiple countries within Latin America.

Issues in the field of sales and marketing (Latin America Overall, Multiple Answers)



II – 5 – (1) Issues with business management: Issues in the field of sales and marketing

■ In Brazil most companies listed “Sluggish sales in major markets (low consumer spending)” as their issue, while in Argentina most companies listed “Lack of progress in local deregulation” as their issue in the field of sales and marketing. There were few companies who listed the “Emergence of competitors (competition in cost)” as an issue. It is considered that there are harsh business environments behind Brazil whose economy is experiencing remarkable decline, and Argentina whose previous government implemented foreign currency management and import restrictions, etc.

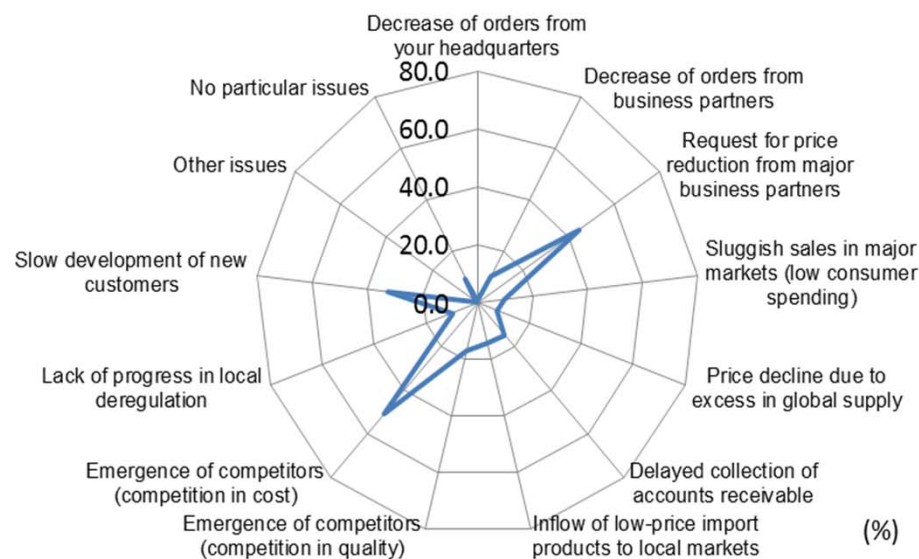
Issues in the field of sales and marketing (Multiple Answers)

(Unit : %)

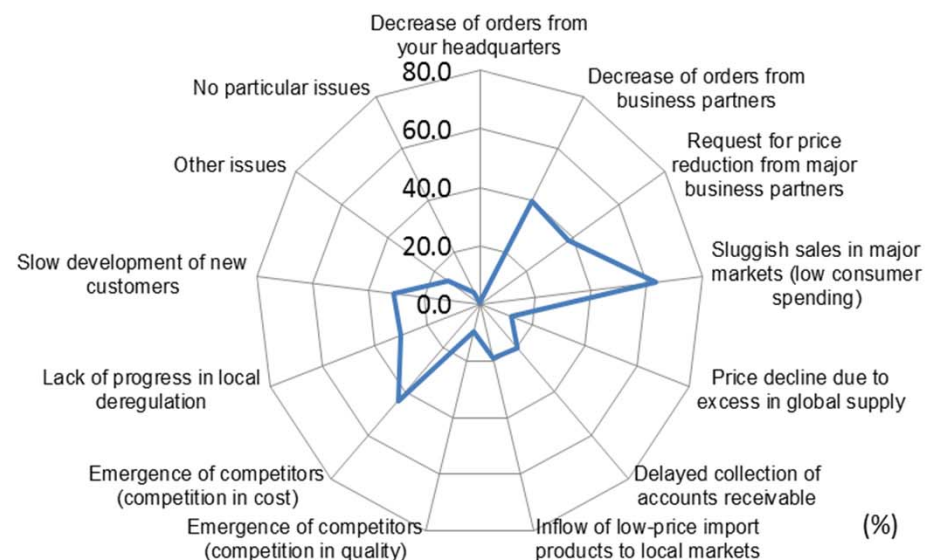
	Valid responses	Decrease of orders from your headquarters	Decrease of orders from business partners	Request for price reduction from major business partners	Sluggish sales in major markets (low consumer spending)	Price decline due to excess in global supply	Delayed collection of accounts receivable	Inflow of low-price import products to local markets	Emergence of competitors (competition in quality)	Emergence of competitors (competition in cost)	Lack of progress in local deregulation	Slow development of new customers	Other issues	No particular issues
Latin America	400	2.0	22.8	36.0	36.5	12.0	17.5	15.3	12.5	44.0	21.8	26.8	10.3	7.0
Mexico	135	0.7	10.4	44.4	9.6	7.4	14.8	14.1	17.0	51.1	9.6	32.6	0.7	9.6
Venezuela	15	0.0	20.0	6.7	20.0	13.3	33.3	0.0	0.0	6.7	26.7	6.7	46.7	0.0
Colombia	21	0.0	33.3	33.3	28.6	14.3	19.0	19.0	4.8	52.4	9.5	23.8	4.8	9.5
Peru	25	12.0	12.0	20.0	44.0	24.0	12.0	24.0	20.0	48.0	8.0	16.0	12.0	16.0
Chile	37	8.1	16.2	32.4	43.2	21.6	13.5	10.8	13.5	48.6	10.8	10.8	10.8	8.1
Brazil	136	0.7	39.7	38.2	63.2	11.8	19.9	19.1	9.6	44.1	30.1	30.9	14.0	4.4
Argentina	31	0.0	12.9	22.6	35.5	9.7	19.4	6.5	9.7	16.1	67.7	22.6	19.4	0.0

II – 5 – (1) Issues with business management: Issues in the field of sales and marketing

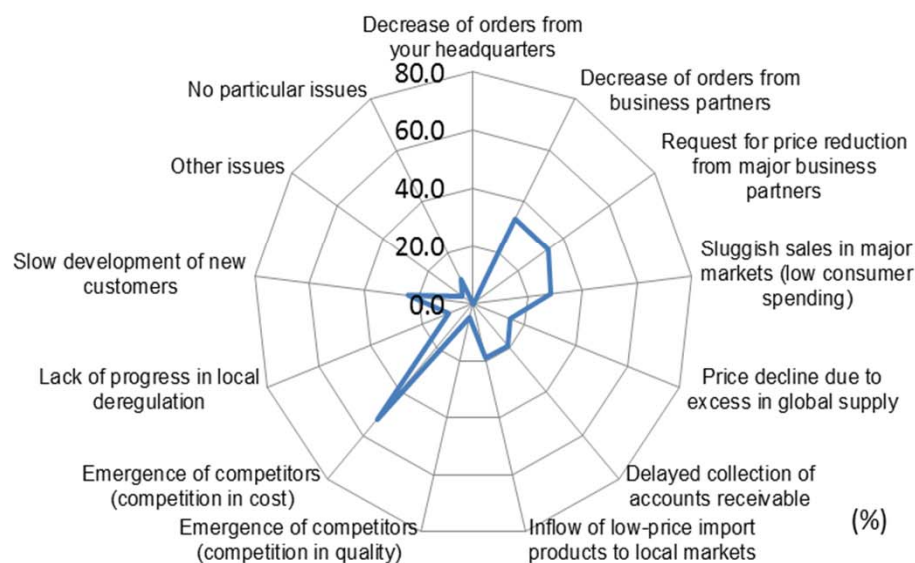
Mexico (n=135)



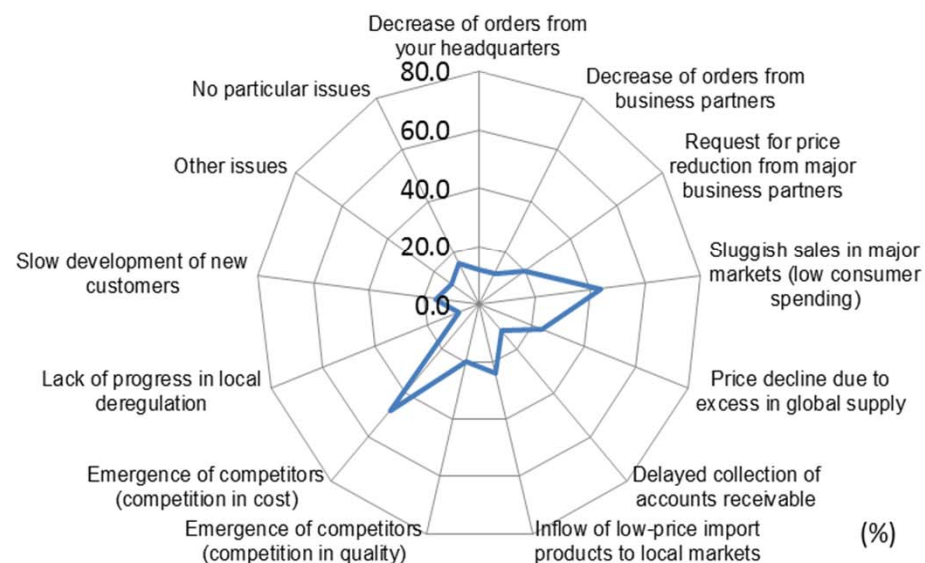
Brazil (n=136)



Colombia (n=21)

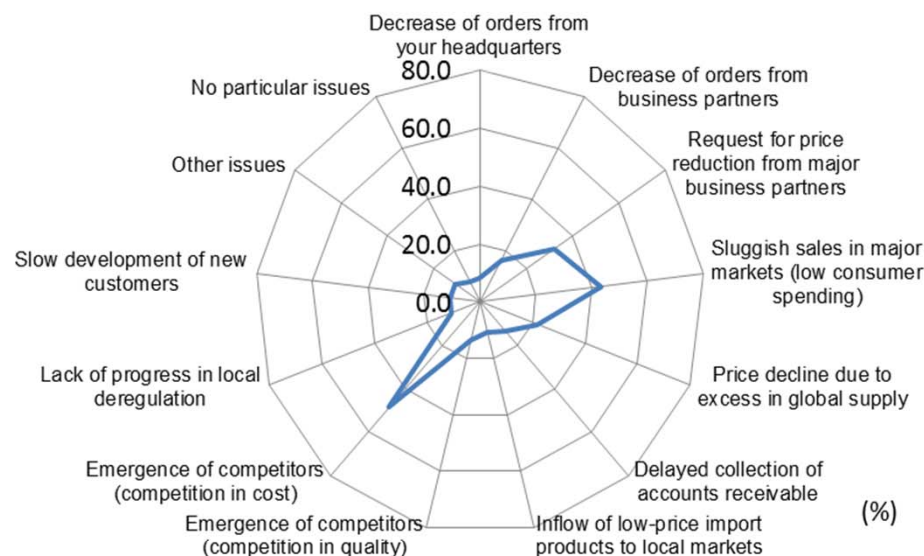


Peru (n=25)

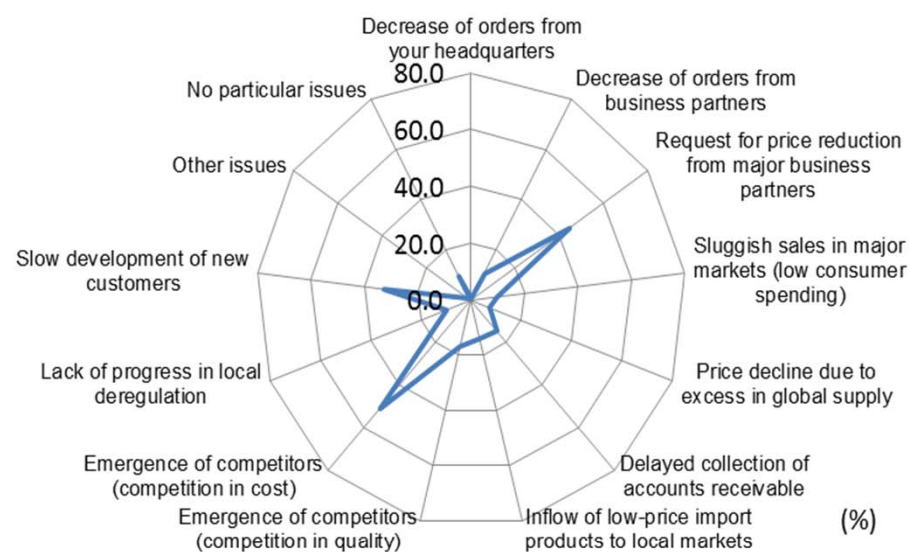


II – 5 – (1) Issues with business management: Issues in the field of sales and marketing

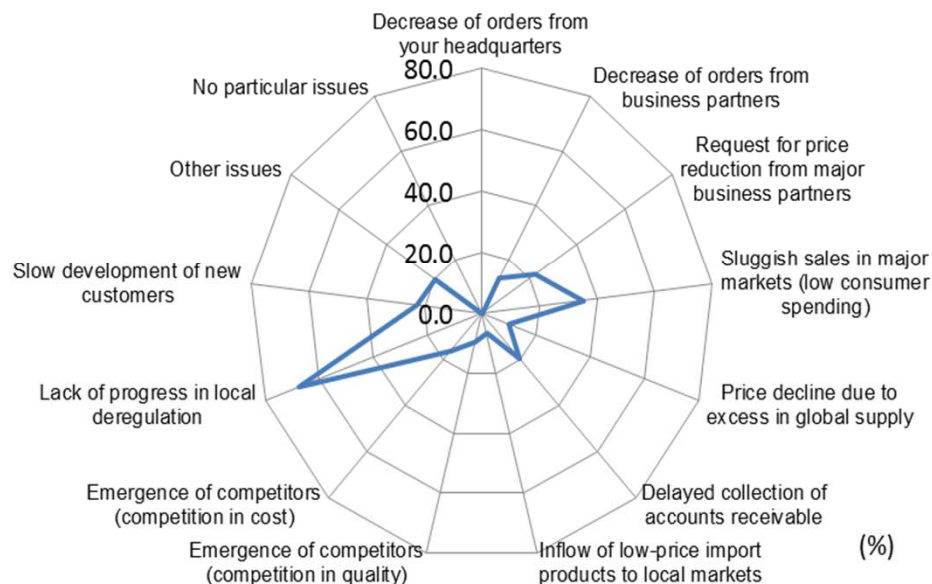
Chile (n=37)



Venezuela (n=15)

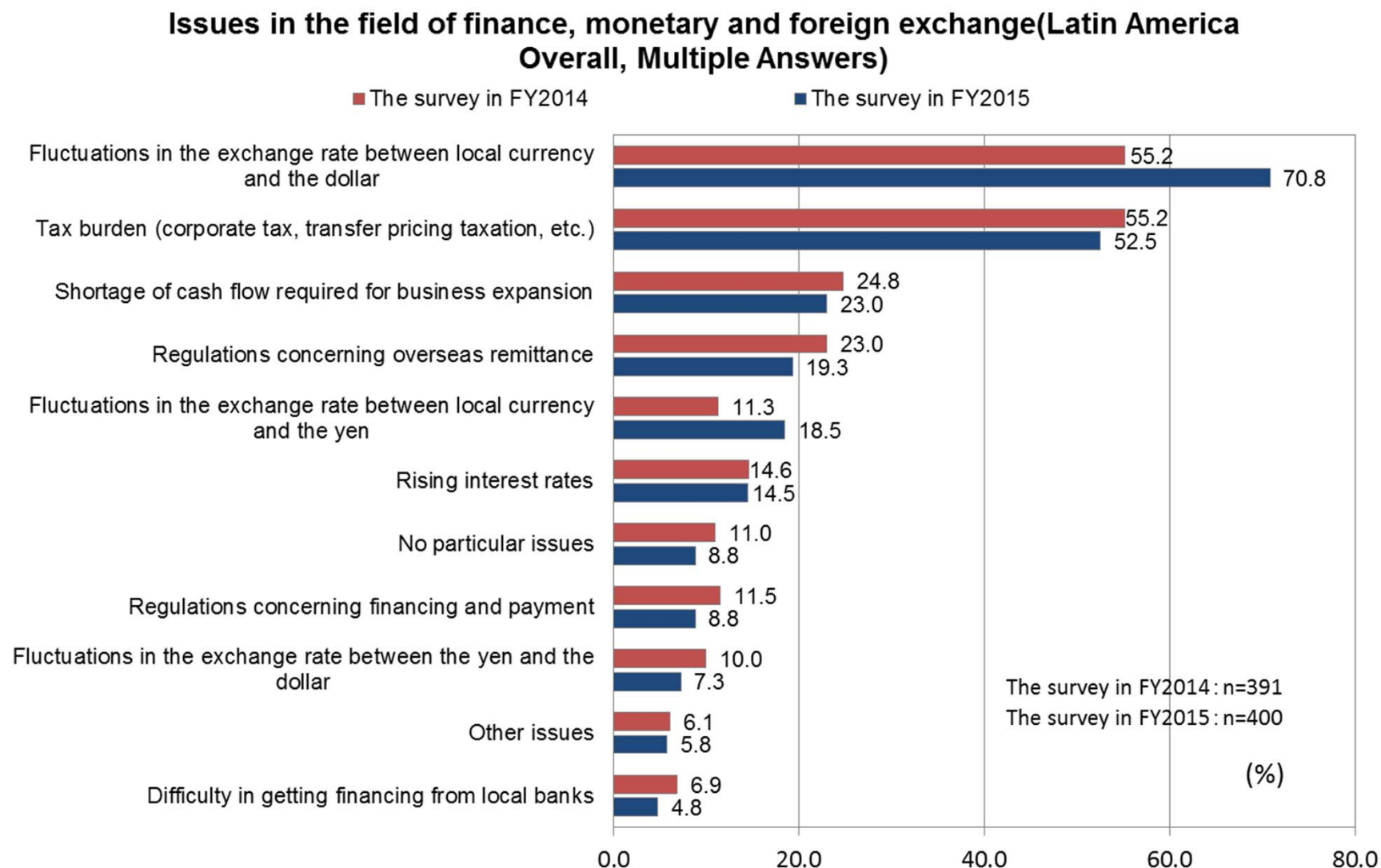


Argentina (n=31)



II – 5 – (2) Issues with business management: Issues in the field of finance, monetary and foreign exchange

■ The percentage values for “Fluctuations in the exchange rate between local currency and the dollar” and “Fluctuations in the exchange rate between local currency and the yen” became higher in comparison to the FY2014 survey as issues currently being faced in the field of finance, monetary and foreign exchange.



II – 5 – (2) Issues with business management: Issues in the field of finance, monetary and foreign exchange

- When looking at results by country, there was a high percentage of companies who listed “Tax burden (corporate tax, transfer pricing taxation, etc.)” in addition to “Fluctuations in exchange” as an issue.
- In addition, the percentage for “Regulations concerning overseas remittance” was high in Argentina, which conducted strict foreign currency control until 2015, and in Venezuela, which continues to conduct foreign currency control.

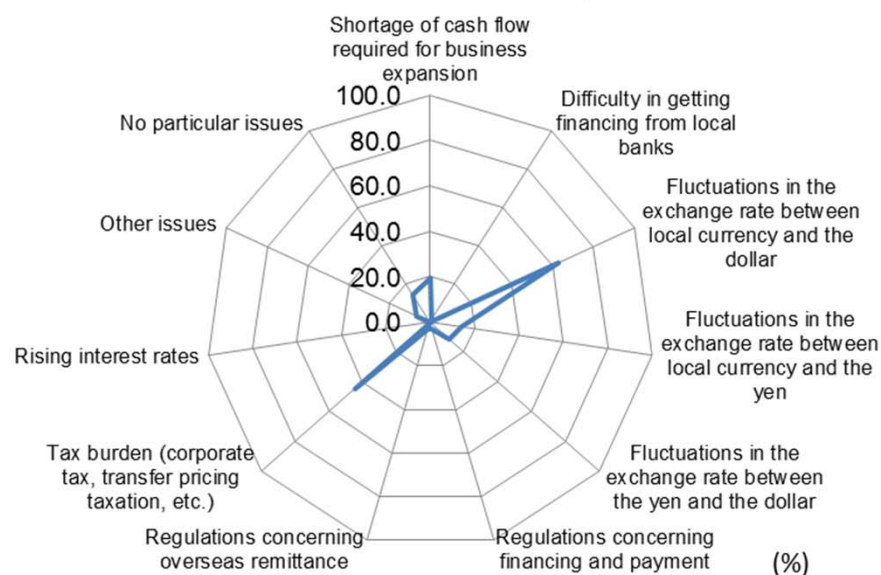
Issues in the field of finance, monetary and foreign exchange (Multiple Answers)

(Unit : %)

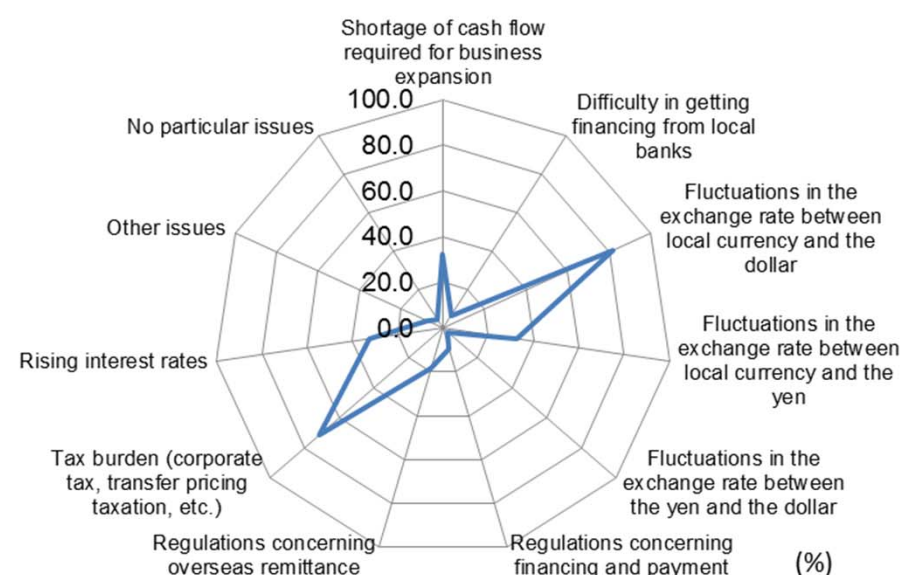
	Valid responses	Shortage of cash flow required for business expansion	Difficulty in getting financing from local banks	Fluctuations in the exchange rate between local currency and the dollar	Fluctuations in the exchange rate between local currency and the yen	Fluctuations in the exchange rate between the yen and the dollar	Regulations concerning financing and payment	Regulations concerning overseas remittance	Tax burden (corporate tax, transfer pricing taxation, etc.)	Rising interest rates	Other issues	No particular issues
Latin America	400	23.0	4.8	70.8	18.5	7.3	8.8	19.3	52.5	14.5	5.8	8.8
Mexico	135	19.3	0.7	63.0	14.1	11.1	3.0	3.0	44.4	-	6.7	14.1
Venezuela	15	13.3	20.0	66.7	6.7	-	26.7	53.3	-	-	13.3	-
Colombia	21	23.8	4.8	71.4	9.5	-	9.5	14.3	52.4	9.5	-	14.3
Peru	25	20.0	-	64.0	8.0	20.0	4.0	4.0	60.0	8.0	-	8.0
Chile	37	10.8	2.7	62.2	13.5	13.5	-	16.2	43.2	-	2.7	13.5
Brazil	136	32.4	6.6	81.6	32.4	2.9	9.6	18.4	71.3	32.4	7.4	4.4
Argentina	31	19.4	12.9	74.2	3.2	-	35.5	96.8	35.5	32.3	3.2	-

II – 5 – (2) Issues with business management: Issues in the field of finance, monetary and foreign exchange

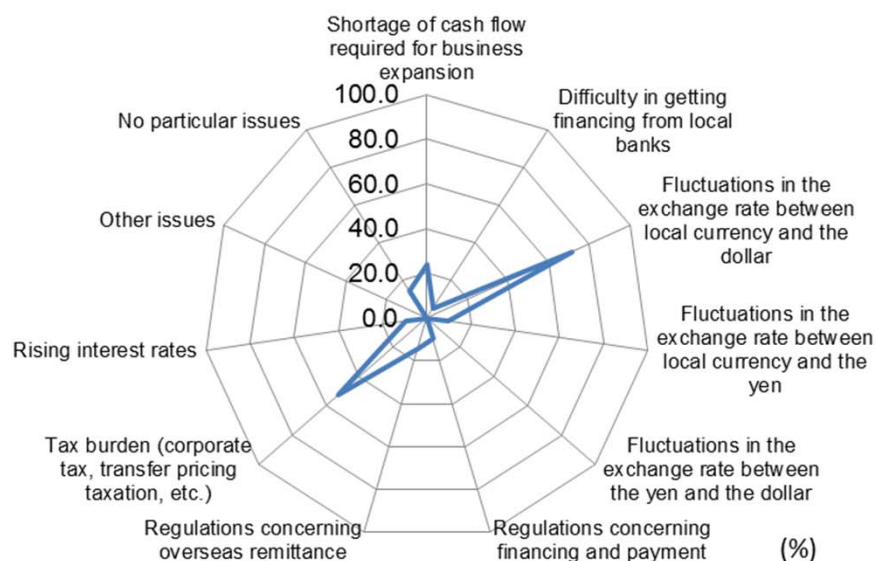
Mexico(n=135)



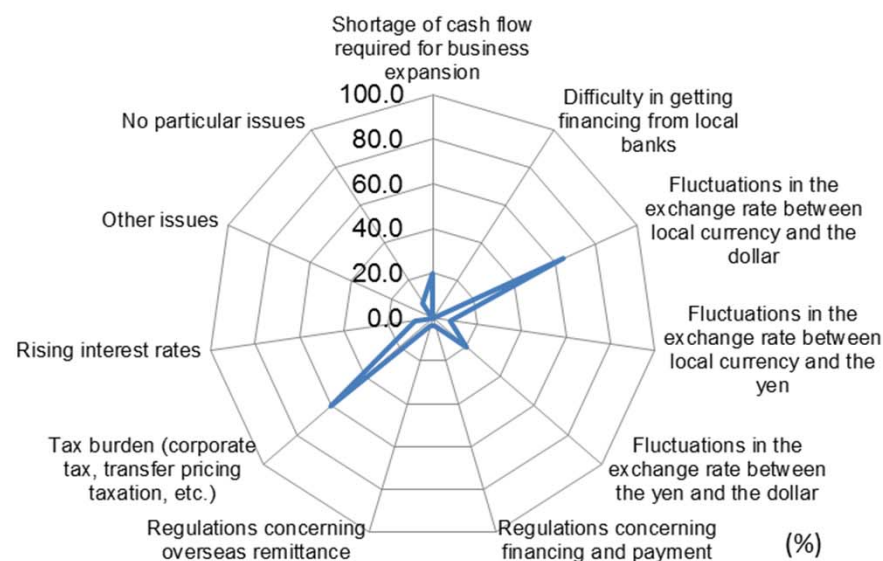
Brazil(n=136)



Colombia(n=21)

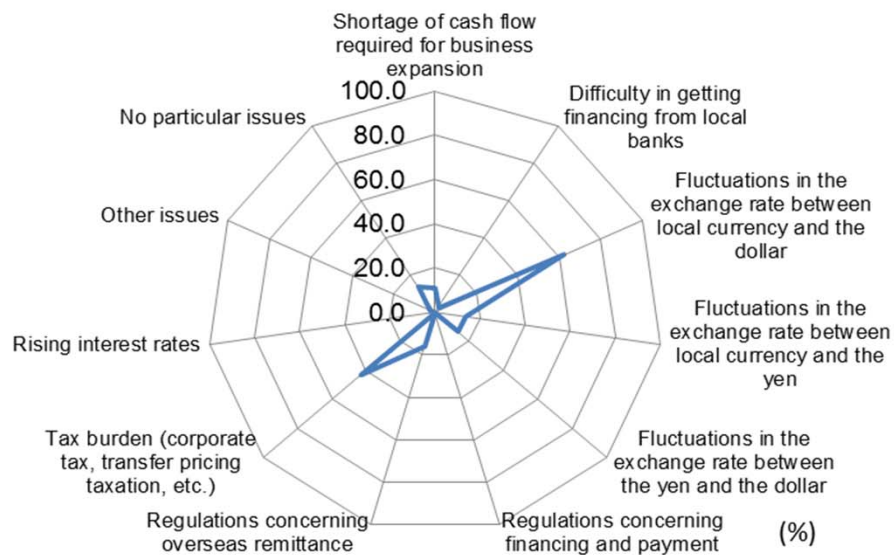


Peru(n=25)

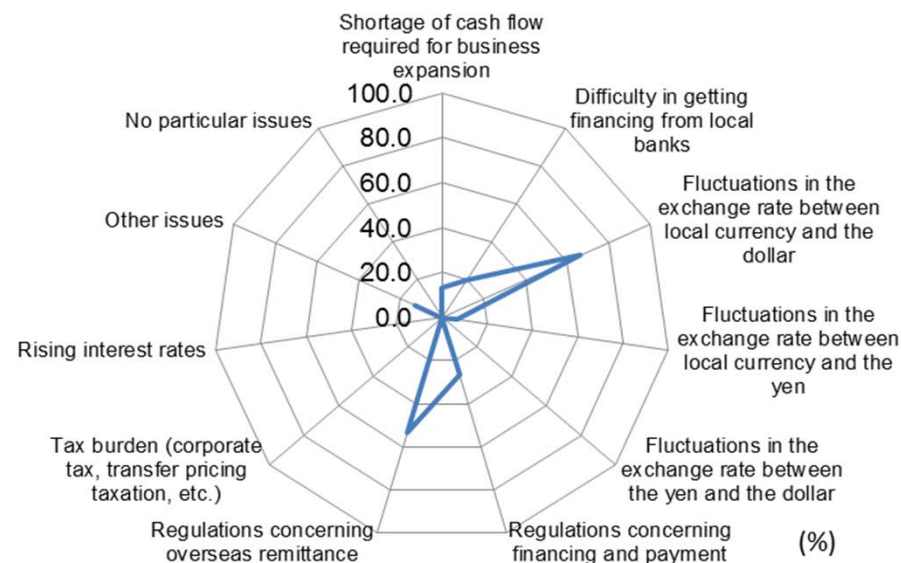


II – 5 – (2) Issues with business management: Issues in the field of finance, monetary and foreign exchange

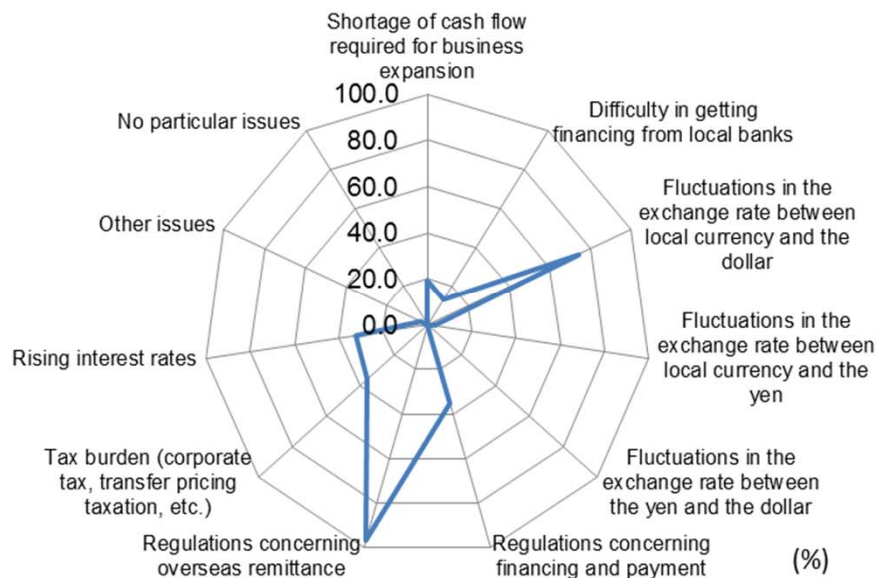
Chile(n=37)



Venezuela(n=15)

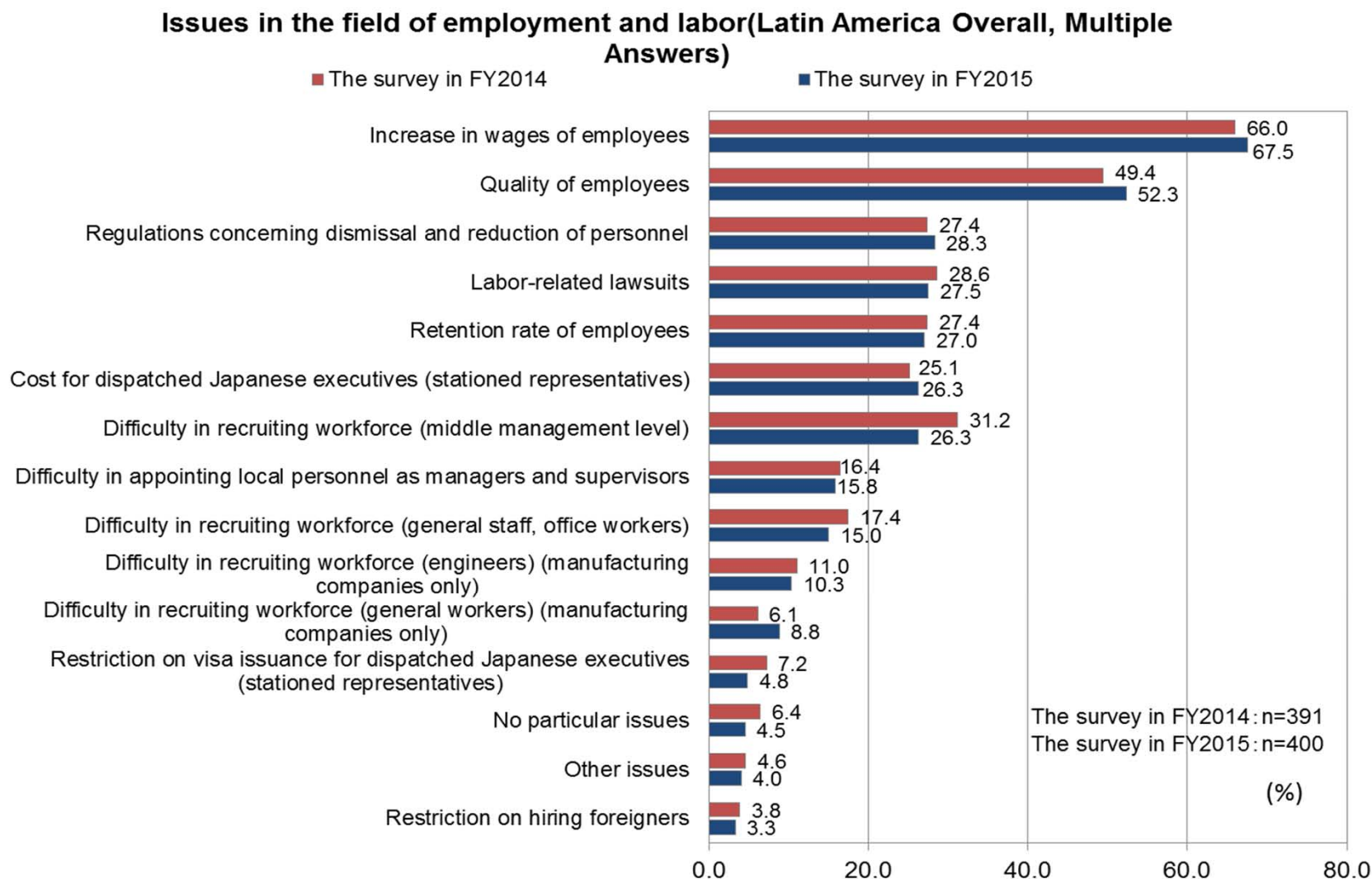


Argentina(n=31)



II – 5 – (3) Issues with business management: Issues in the field of employment and labor

- “Increase in wages of employees” had the highest percentage as an issue currently being faced in the field of employment and labor.
- Reflecting the slump in the economy, the percentage of companies who listed “Difficulty in recruiting workforce (middle management level)” as an issue was lower compared to the results in the FY2014 survey.



II – 5 – (3) Issues with business management: Issues in the field of employment and labor

- When looking at results by country, there are an increasing number of Japanese companies expanding in the automobile industry, and within Mexico where competition for acquiring human resources is growing more intense, there was a high percentage of companies who replied “Quality of employees”, “Retention rate of employees” and “Difficulty in recruiting workforce (middle management level)”.
- There was a high percentage of companies who answered “Increase in wages of employees” within Brazil, Chile, Venezuela, and Argentina. In addition, the percentage was high for “Labor-related lawsuits” in Brazil where labor-related lawsuits occur frequently.
- In Colombia, there were few companies who listed issues in the field of employment and labor. The percentage of companies who listed “Quality of employees” as a problem were relatively low since the standard of training in the workplace is high.

Issues in the field of employment and labor (Multiple Answers)

(Unit : %)

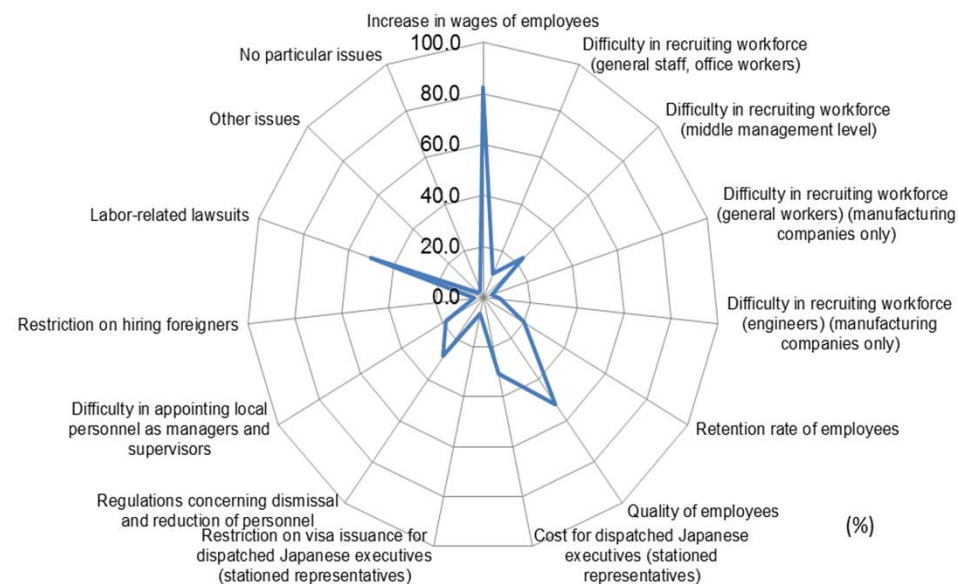
	Valid responses	Increase in wages of employees	Difficulty in recruiting workforce (general staff, office workers)	Difficulty in recruiting workforce (middle management level)	Difficulty in recruiting workforce (general workers) (manufacturing companies only)	Difficulty in recruiting workforce (engineers) (manufacturing companies only)	Retention rate of employees	Quality of employees	Cost for dispatched Japanese executives (stationed representatives)	Restriction on visa issuance for dispatched Japanese executives (stationed representatives)	Regulations concerning dismissal and reduction of personnel	Difficulty in appointing local personnel as managers and supervisors	Restriction on hiring foreigners	Labor-related lawsuits	Other issues	No particular issues
Latin America	400	67.5	15.0	26.3	8.8	10.3	27.0	52.3	26.3	4.8	28.3	15.8	3.3	27.5	4.0	4.5
Mexico	135	53.3	25.9	39.3	18.5	19.3	50.4	63.0	23.0	4.4	17.8	17.8	3.0	13.3	3.0	3.0
Venezuela	15	80.0	-	20.0	-	-	13.3	53.3	26.7	6.7	73.3	20.0	13.3	26.7	-	-
Colombia	21	33.3	-	9.5	4.8	4.8	9.5	19.0	38.1	-	19.0	14.3	-	4.8	-	19.0
Peru	25	60.0	20.0	20.0	4.0	8.0	24.0	40.0	12.0	4.0	56.0	12.0	8.0	28.0	12.0	12.0
Chile	37	67.6	10.8	18.9	2.7	-	5.4	48.6	27.0	2.7	16.2	8.1	-	8.1	2.7	8.1
Brazil	136	82.4	10.3	22.8	3.7	7.4	19.9	52.2	30.9	6.6	28.7	18.4	3.7	50.0	2.9	2.9
Argentina	31	87.1	6.5	12.9	6.5	6.5	3.2	41.9	22.6	3.2	48.4	6.5	-	29.0	12.9	-

II – 5 – (3) Issues with business management: Issues in the field of employment and labor

Mexico(n=135)



Brazil(n=136)



Colombia(n=21)



Peru(n=25)

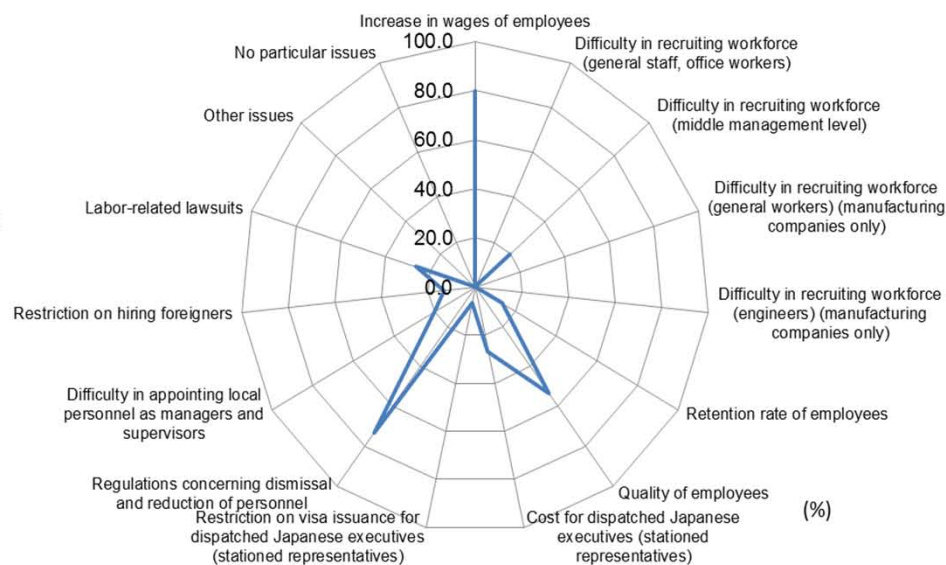


II – 5 – (3) Issues with business management: Issues in the field of employment and labor

Chile(n=37)



Venezuela(n=15)



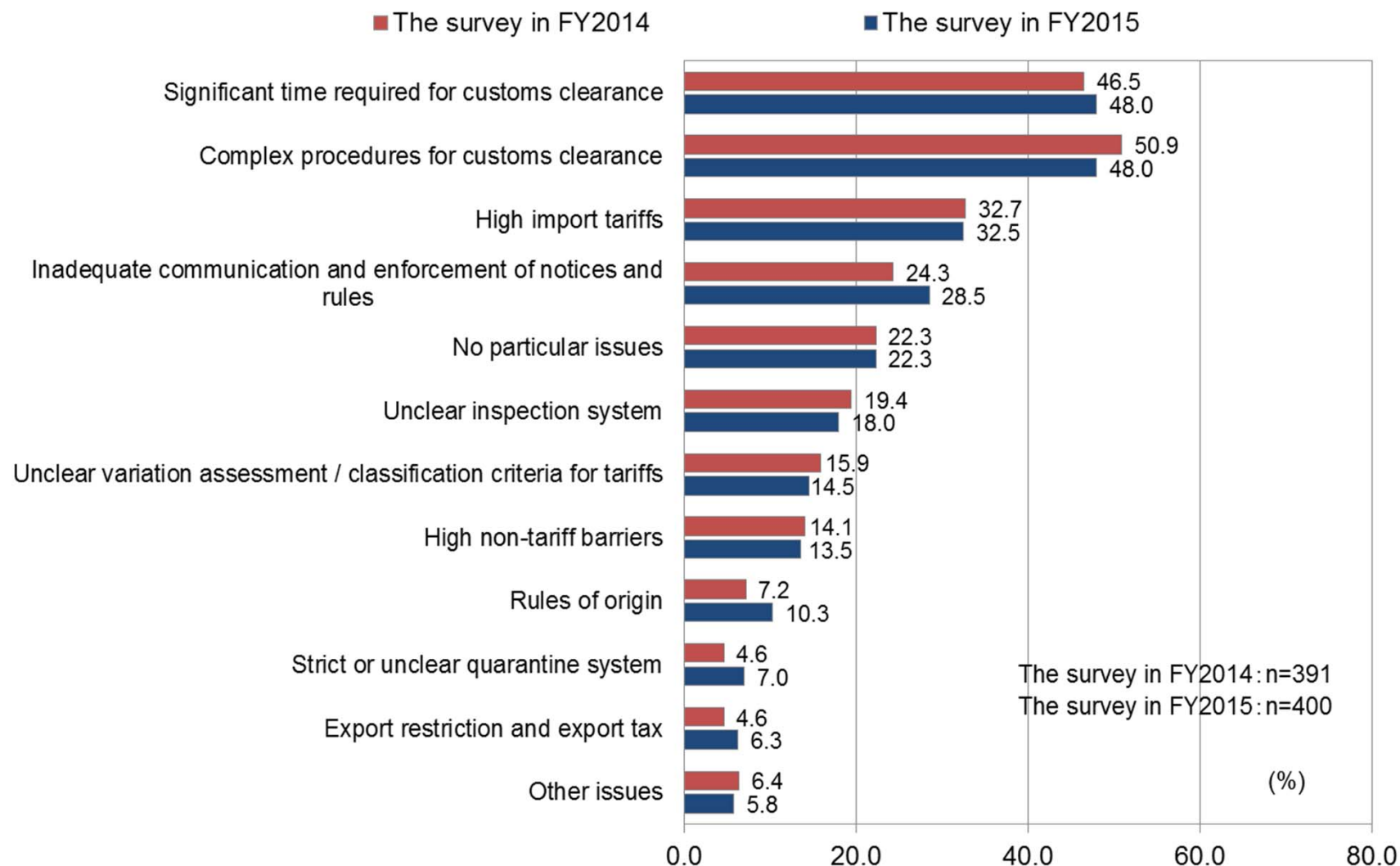
Argentina(n=31)



II – 5 – (4) Issues with business management: Issues in the field of trade systems

■ There was a high percentage of companies who listed “Significant time required for customs clearance” (48.0%) and “Complex procedures for customs clearance” (48.0%) as an issue in the field of trade systems.

Issues in the field of trade systems(Latin America Overall, Multiple Answers)



II – 5 – (4) Issues with business management: Issues in the field of trade systems

- When looking at the results by country, there were many companies in the MERCOSUR countries (Brazil, Argentina, and Venezuela) who listed some kind of problem in the field of trade systems in comparison with countries in the Pacific Alliance (Mexico, Colombia, Peru, and Chile.)
- Compared to other countries, there was a high percentage of companies who listed “High import tariffs” as a problem within Brazil and Argentina, countries that have few trade agreements with advanced nations outside the region.

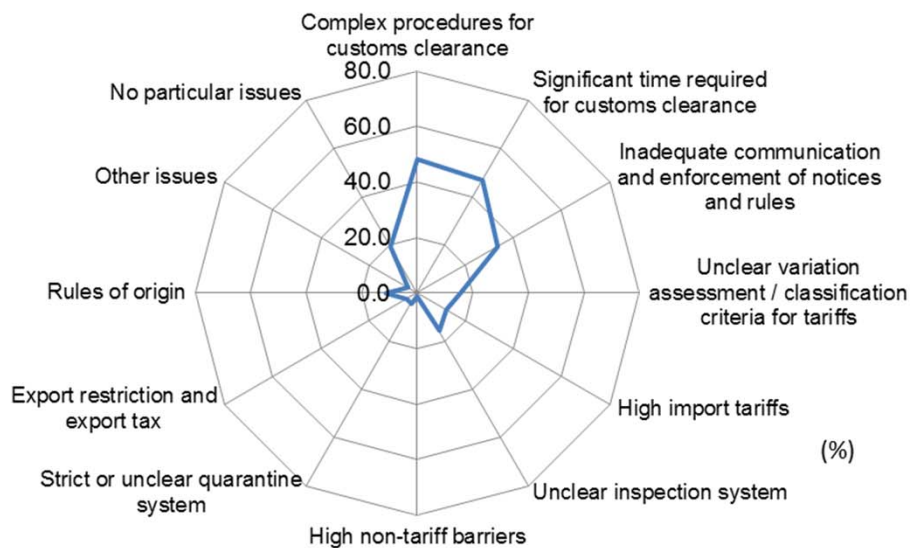
Issues in the field of trade systems (Multiple Answers)

(Unit : %)

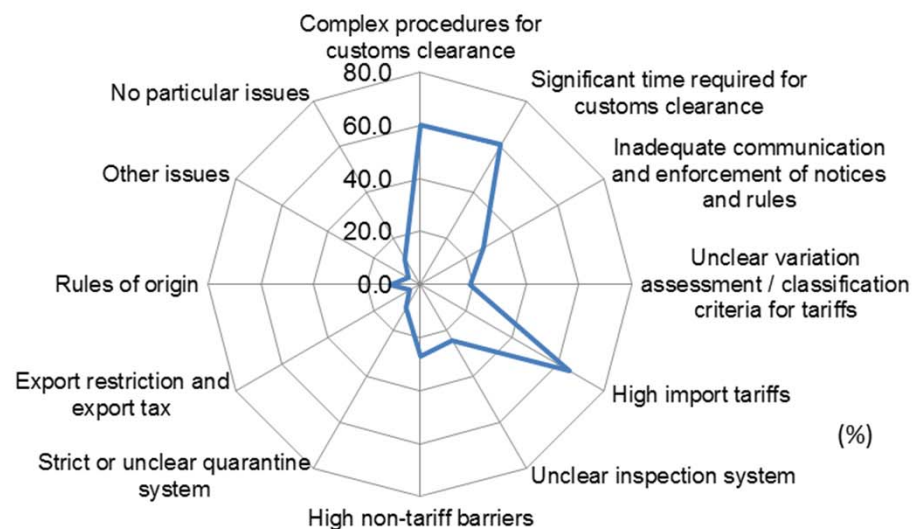
	Valid responses	Complex procedures for customs clearance	Significant time required for customs clearance	Inadequate communication and enforcement of notices and rules	Unclear variation assessment / classification criteria for tariffs	High import tariffs	Unclear inspection system	High non-tariff barriers	Strict or unclear quarantine system	Export restriction and export tax	Rules of origin	Other issues	No particular issues
Latin America	400	48.0	48.0	28.5	14.5	32.5	18.0	13.5	7.0	6.3	10.3	5.8	22.3
Mexico	135	48.1	46.7	33.3	15.6	11.9	15.6	1.5	4.4	4.4	11.1	3.7	19.3
Venezuela	15	60.0	46.7	20.0	6.7	13.3	20.0	13.3	-	-	-	20.0	13.3
Colombia	21	14.3	23.8	19.0	4.8	23.8	9.5	-	-	-	4.8	9.5	47.6
Peru	25	28.0	36.0	12.0	8.0	8.0	4.0	8.0	8.0	-	4.0	-	48.0
Chile	37	13.5	16.2	10.8	2.7	2.7	5.4	-	10.8	-	10.8	8.1	56.8
Brazil	136	60.3	61.0	27.9	19.1	65.4	24.3	27.2	10.3	4.4	11.0	5.1	11.0
Argentina	31	67.7	61.3	54.8	19.4	48.4	32.3	35.5	6.5	41.9	16.1	9.7	9.7

II – 5 – (4) Issues with business management: Issues in the field of trade systems

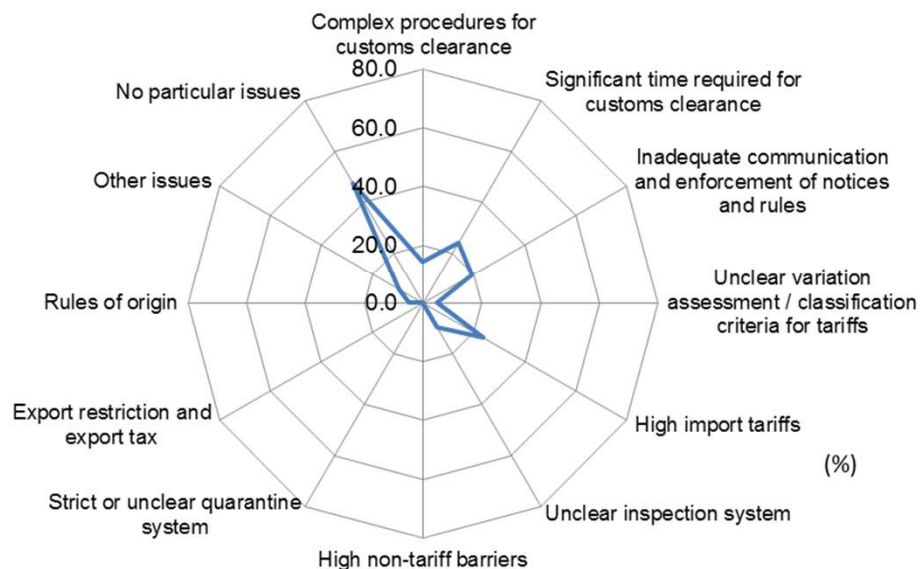
Mexico(n=135)



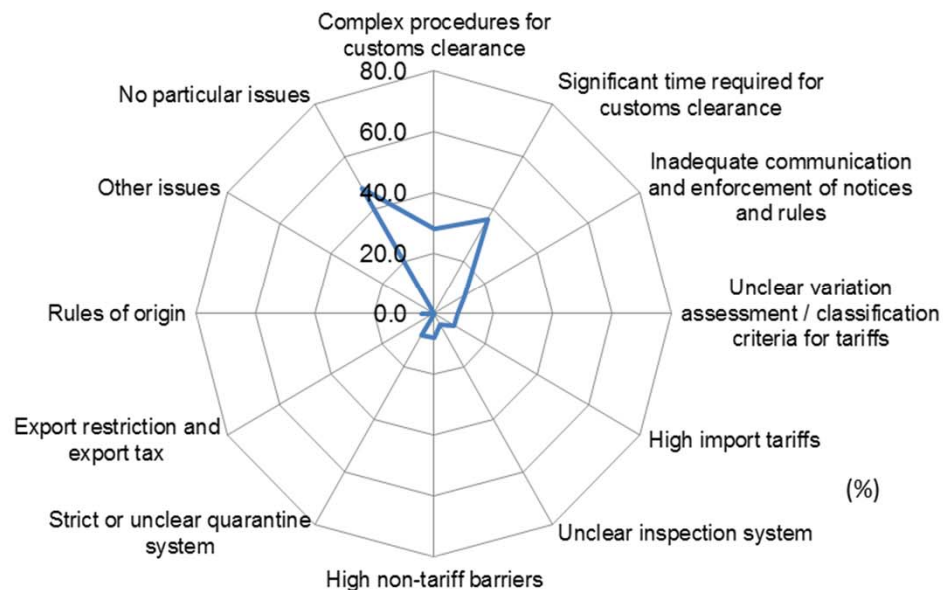
Brazil(n=136)



Colombia(n=21)

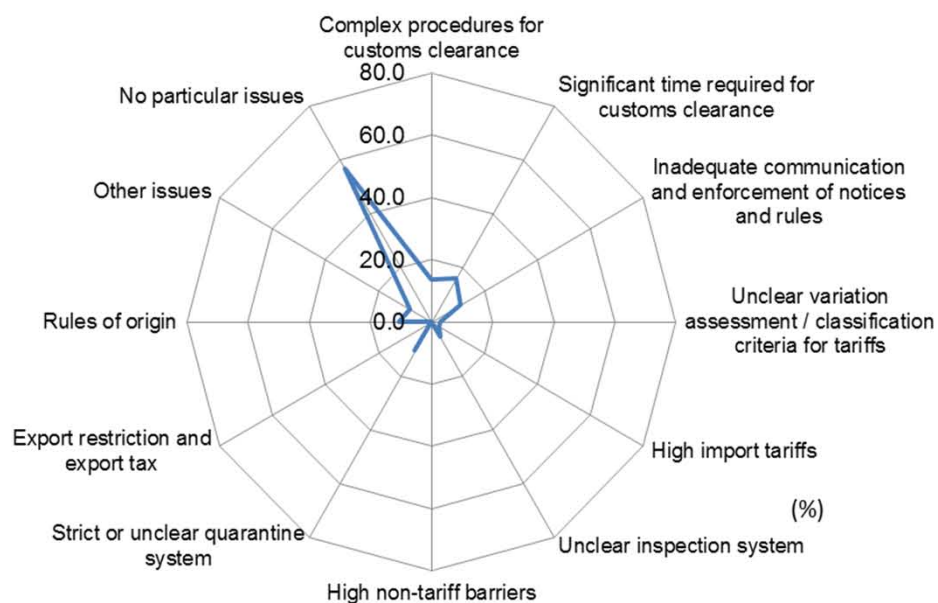


Peru(n=25)

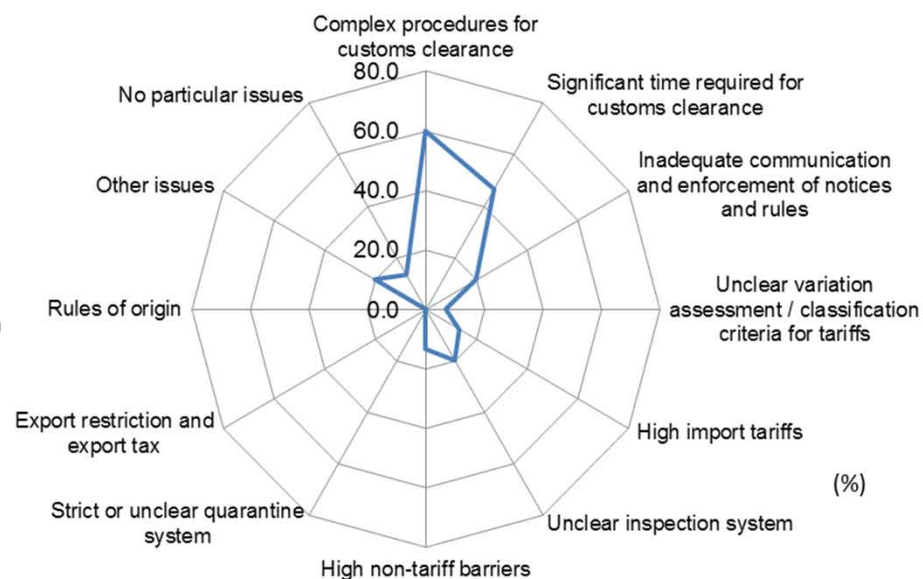


II – 5 – (4) Issues with business management: Issues in the field of trade systems

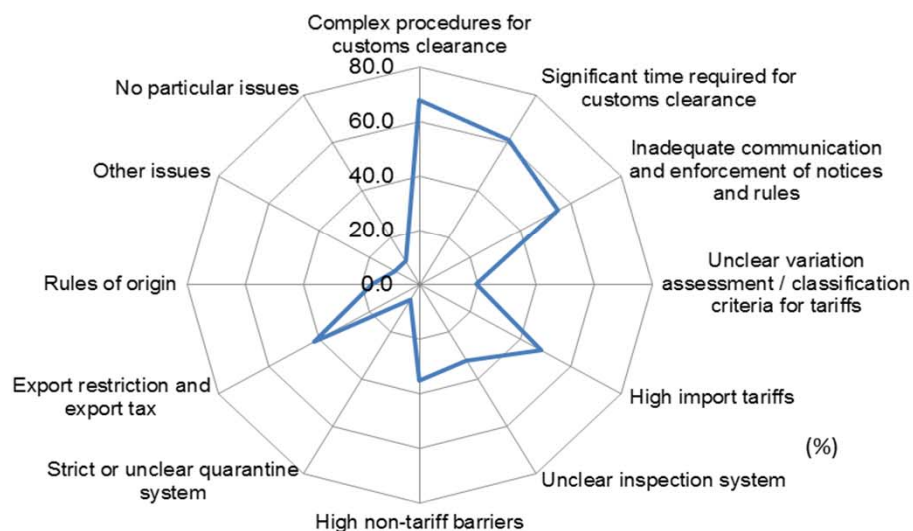
Chile(n=37)



Venezuela(n=15)



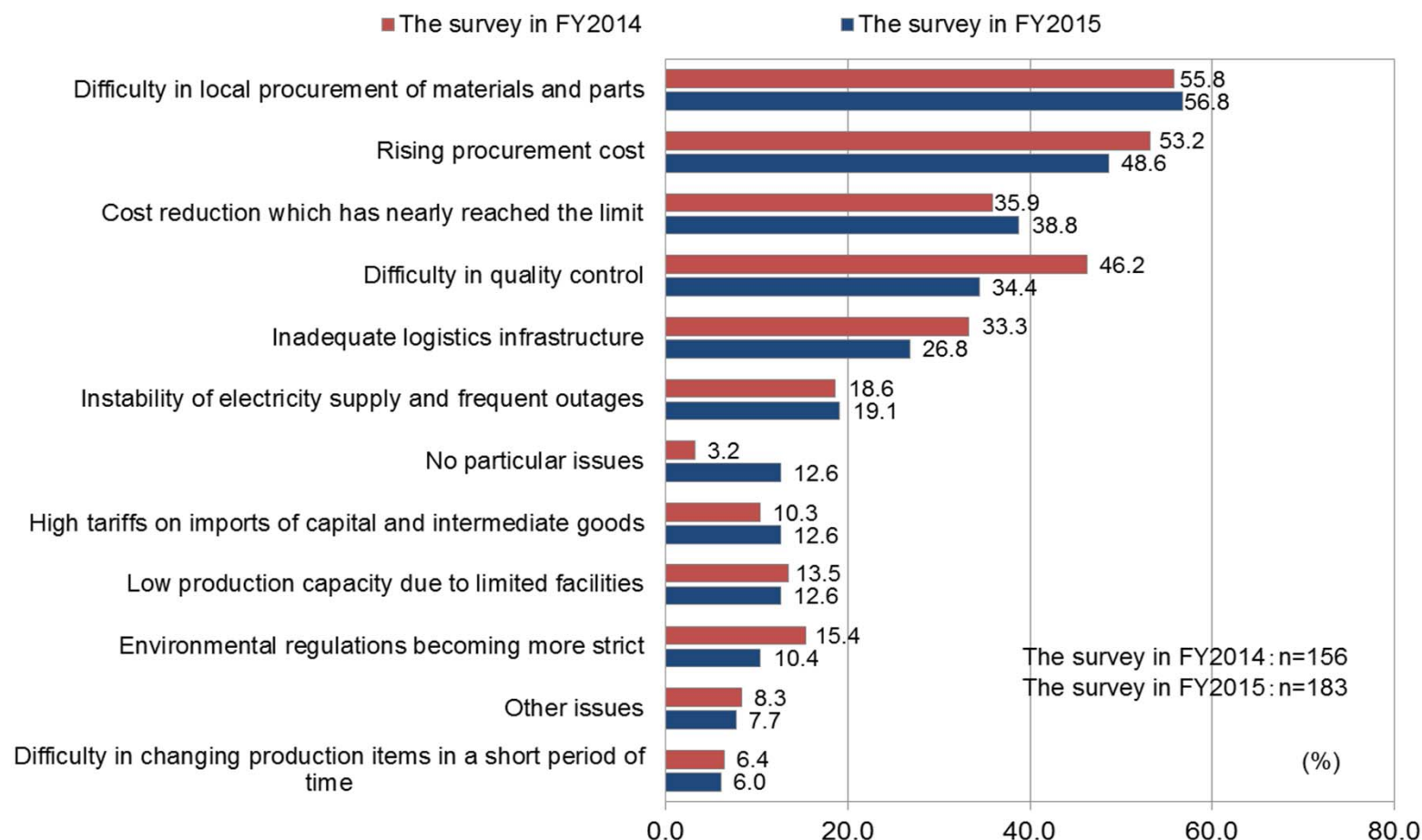
Argentina(n=31)



II – 5 – (5) Issues with business management: Issues in the field of production

- There was a high percentage of companies in Latin America as a whole who answered “Difficulty in local procurement of materials and parts” (56.8%) and “Rising procurement cost” (48.6%) was a problem in the field of production.
- There were fewer companies who answered “Difficulty in quality control” compared to the FY2014 survey, and there are more companies striving to improve their production efficiency due to the fact that more companies answered “No particular issues”.

Issues in the field of production (Latin America Overall, Multiple Answers)



II – 5 – (5) Issues with business management: Issues in the field of production

- When looking at the results by country, answers tended to differ in Mexico and Brazil where many companies are expanding into the manufacturing industry. There are many Japanese companies conducting automobile industry-related expansion in Mexico, and there was a high percentage of companies who listed "Difficulty in local procurement of materials and parts" as a problem.
- In addition to this, the response rate was high in Brazil for "Rising procurement cost" and "Cost reduction which has nearly reached the limit" and there are an increasing number of expanding Japanese companies who are suffering with the issue of "Brazil costs".
- Chile has many Japanese companies who are expanding into the fields of food, cultivation, and the mining industry, and there was a high percentage of companies who listed "Environmental regulations becoming more strict" as an issue.
- There was a high percentage of companies who listed "Difficulty in local procurement of materials and parts" as an issue in Argentina which used to conduct import restrictions and foreign currency control.
- There was a high percentage of companies who listed "Instability of electricity supply and frequent outages" as an issue in Venezuela. This indicates a strict investment environment in the country.

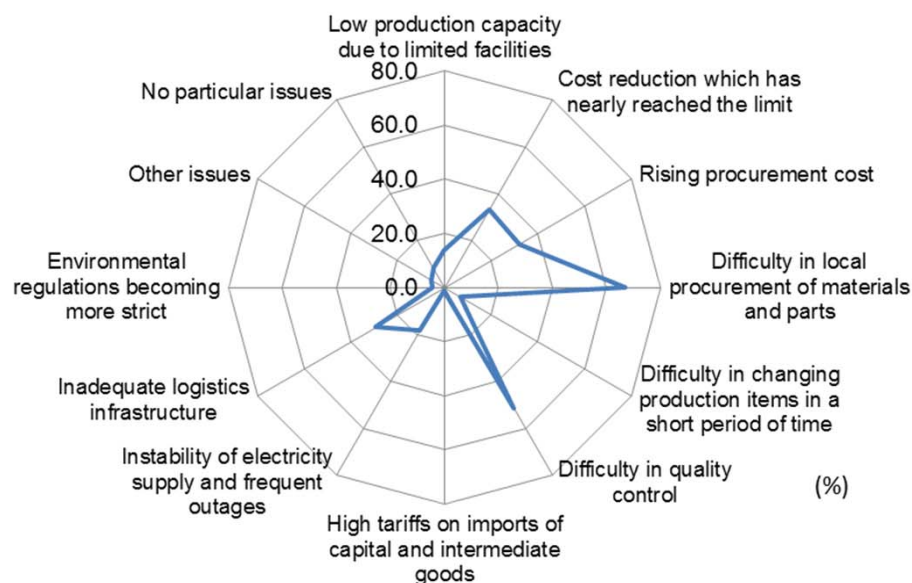
Issues in the field of production (Multiple Answers)

(Unit : %)

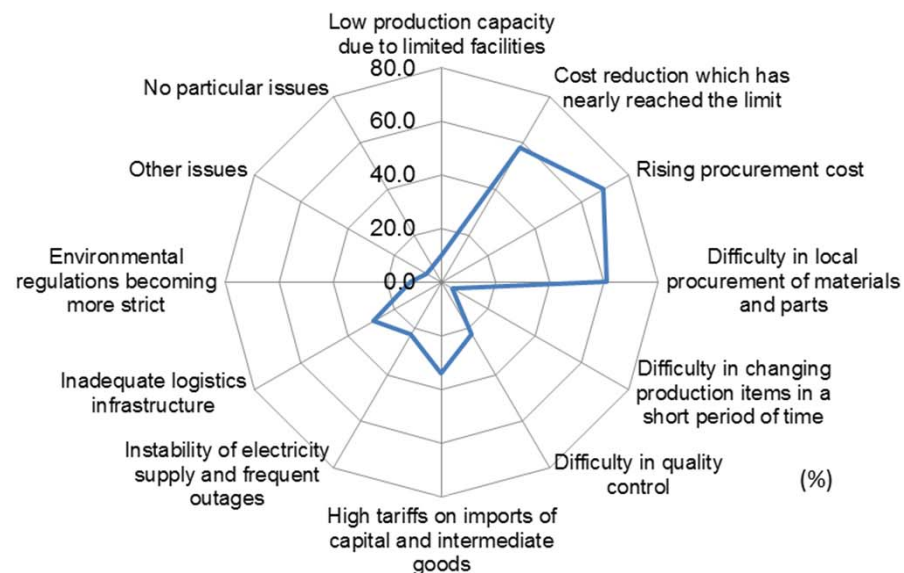
	Valid responses	Low production capacity due to limited facilities	Cost reduction which has nearly reached the limit	Rising procurement cost	Difficulty in local procurement of materials and parts	Difficulty in changing production items in a short period of time	Difficulty in quality control	High tariffs on imports of capital and intermediate goods	Instability of electricity supply and frequent outages	Inadequate logistics infrastructure	Environmental regulations becoming more strict	Other issues	No particular issues
Latin America	183	12.6	38.8	48.6	56.8	6.0	34.4	12.6	19.1	26.8	10.4	7.7	12.6
Mexico	72	13.9	33.3	31.9	66.7	6.9	51.4	1.4	18.1	29.2	4.2	5.6	8.3
Venezuela	7	-	28.6	42.9	28.6	-	28.6	-	57.1	28.6	-	-	14.3
Colombia	7	-	28.6	42.9	42.9	14.3	42.9	-	-	42.9	14.3	14.3	28.6
Peru	8	25.0	25.0	62.5	-	-	25.0	-	-	25.0	25.0	12.5	37.5
Chile	12	16.7	16.7	41.7	16.7	-	16.7	-	-	8.3	41.7	8.3	33.3
Brazil	62	9.7	58.1	69.4	61.3	4.8	22.6	33.9	22.6	29.0	11.3	6.5	6.5
Argentina	15	20.0	20.0	46.7	73.3	13.3	20.0	6.7	26.7	13.3	6.7	20.0	20.0

II – 5 – (5) Issues with business management: Issues in the field of production

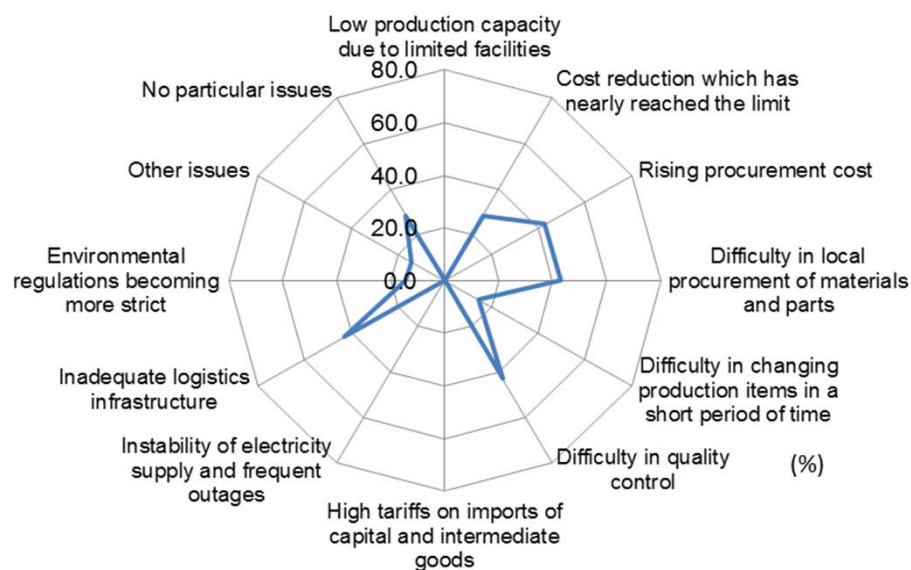
Mexico(n=72)



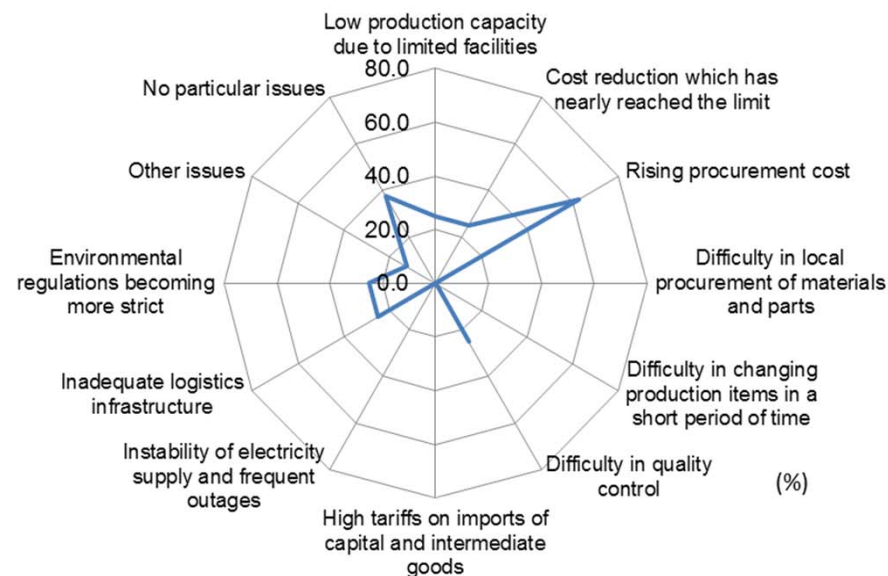
Brazil(n=62)



Colombia(n=7)

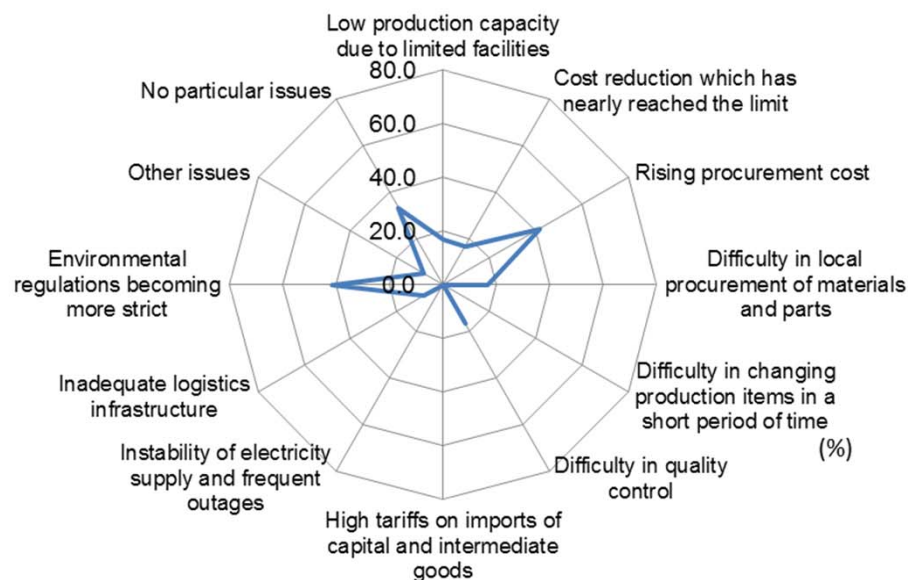


Peru(n=8)

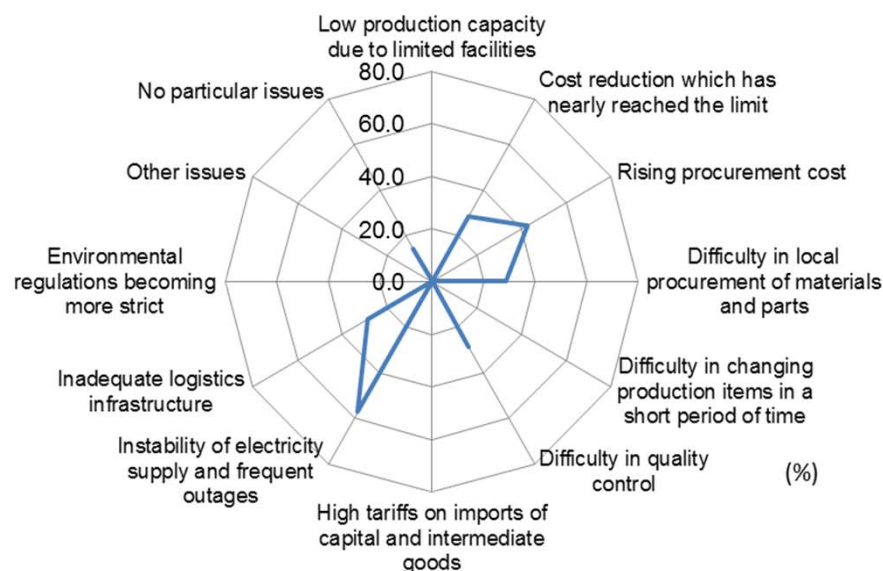


II – 5 – (5) Issues with business management: Issues in the field of production

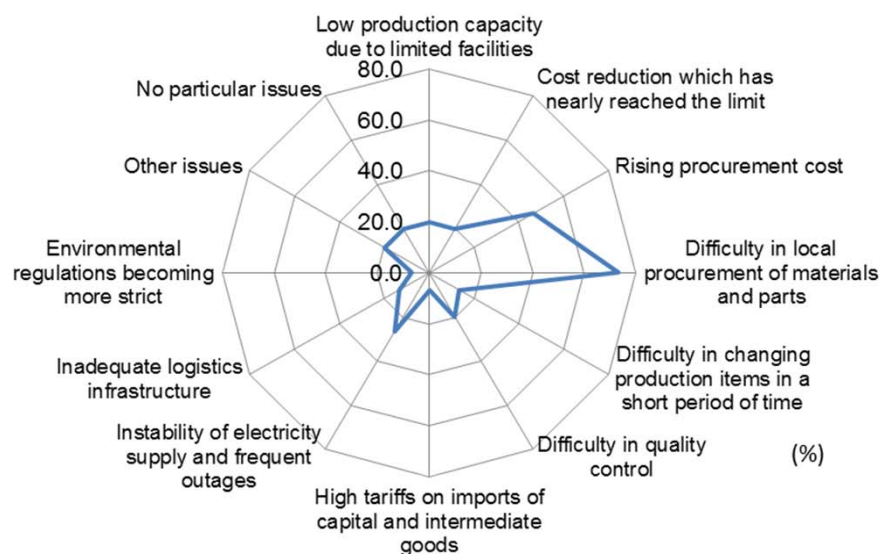
Chile(n=12)



Venezuela(n=7)



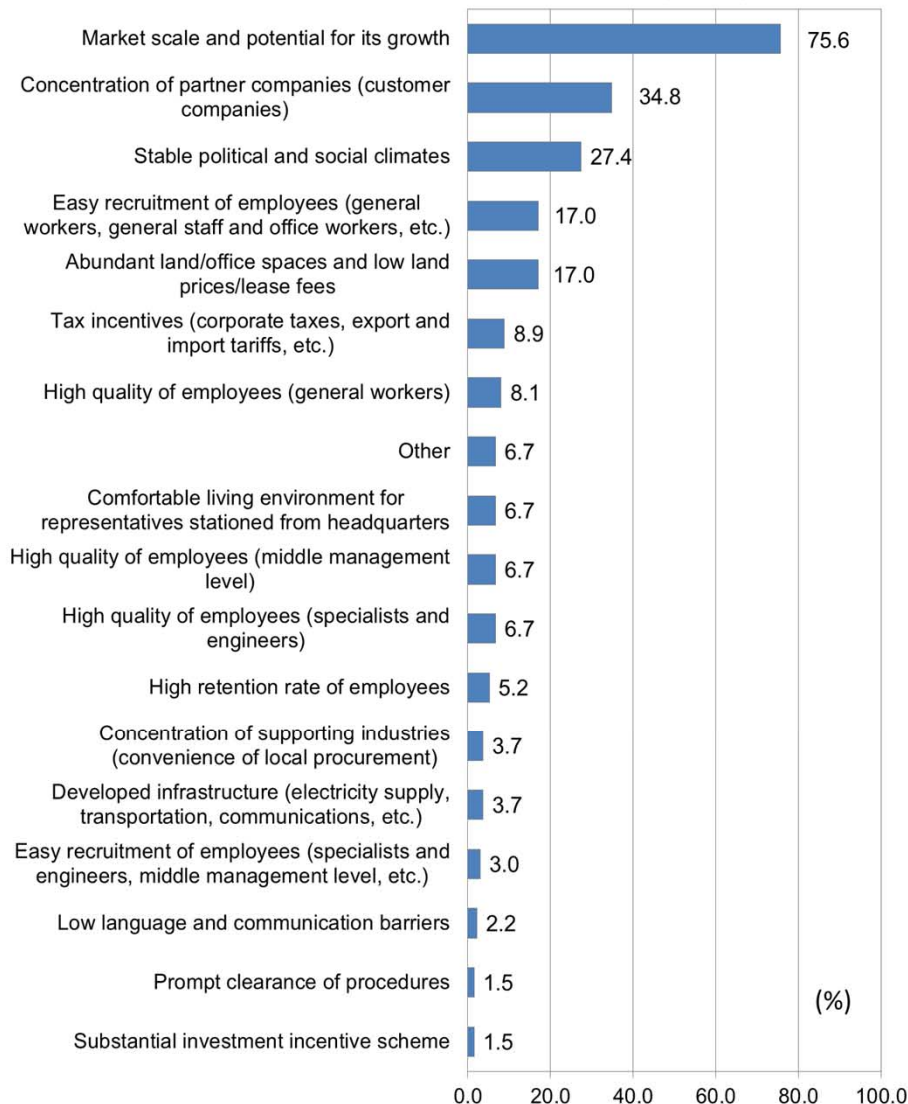
Argentina(n=15)



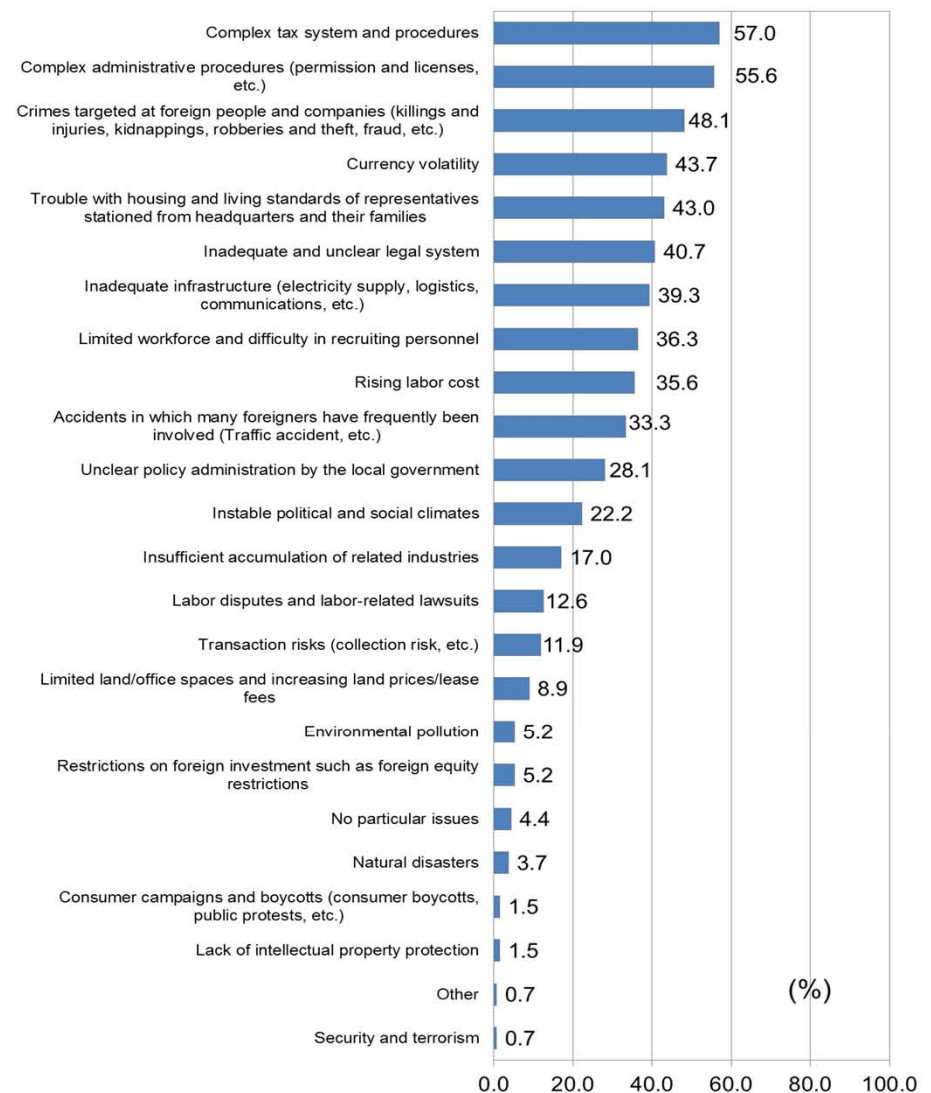
II – 5 – (6) Issues with business management: Benefits and risks in the investment environment -Mexico-

■ Compared to other companies the percentage for “Concentration of partner companies (customer companies)” was high and reflects the increase in companies advancing into the automobile industry as a benefit of Mexico’s investment environment. Meanwhile, compared to other companies the percentage for “Crimes targeted at foreign people and companies” was high as a risk.

Benefits in the investment environment : Mexico(n=135)



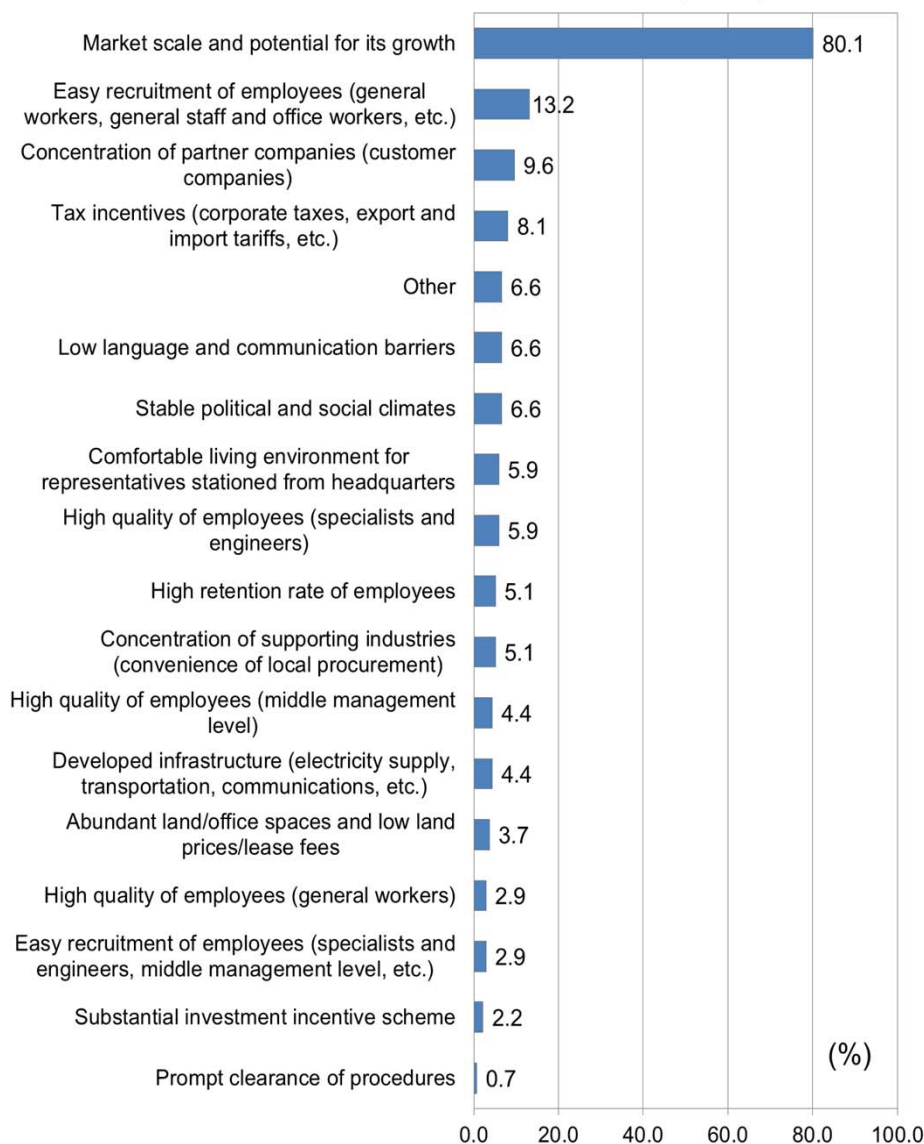
risks in the investment environment : Mexico(n=135)



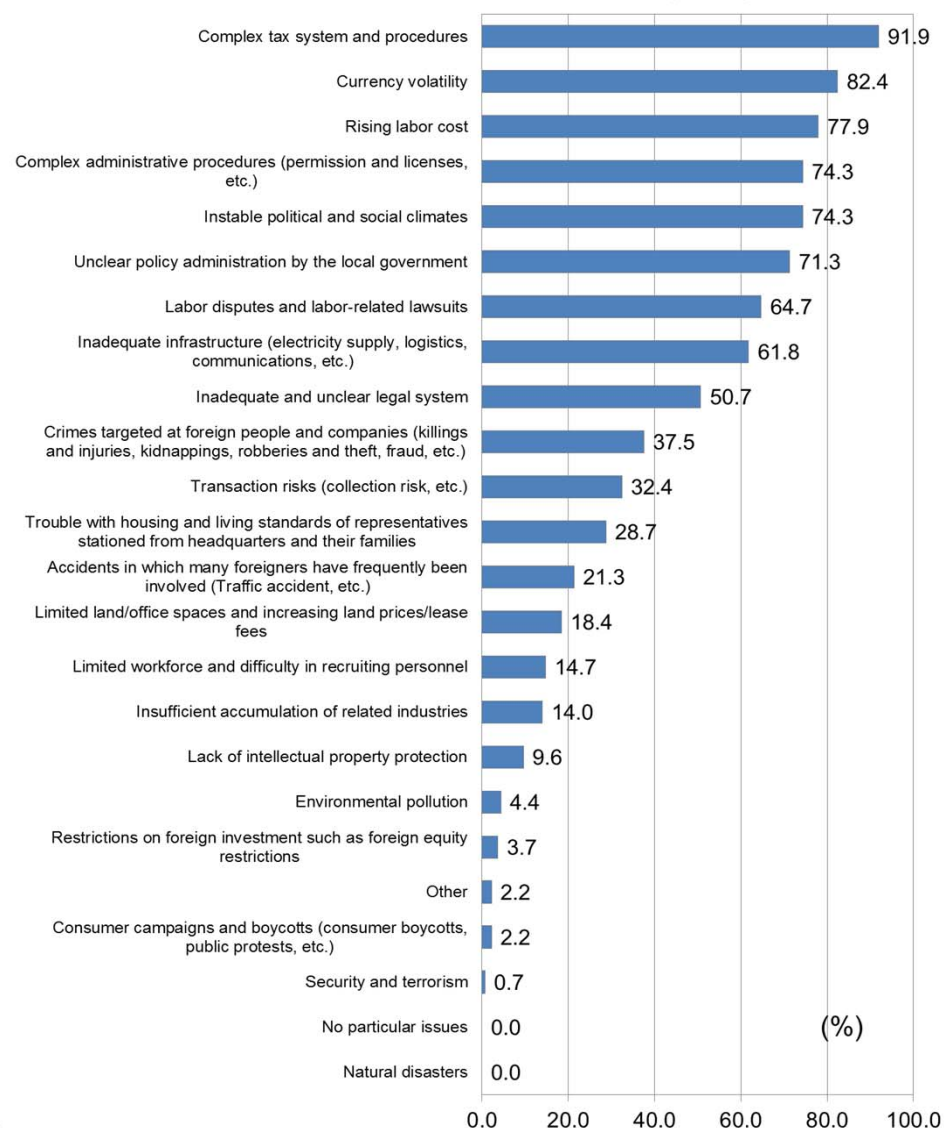
II – 5 – (6) Issues with business management: Benefits and risks in the investment environment -Brazil-

■ In Brazil, there were few companies who felt there are benefits in the investment environment other than in "Market scale and potential for its growth". On the other hand, various risks were pointed out including taxation.

Benefits in the investment environment :Brazil(n=136)



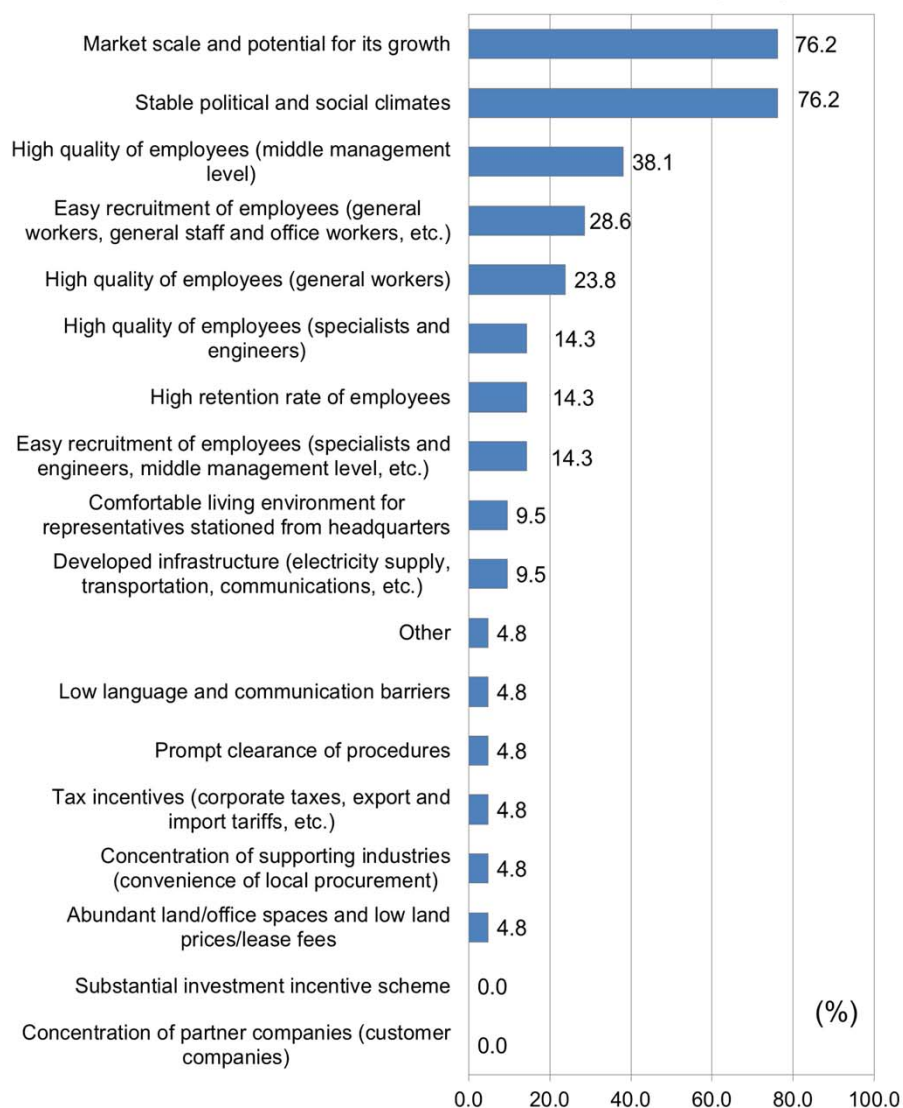
risks in the investment environment : Brazil(n=136)



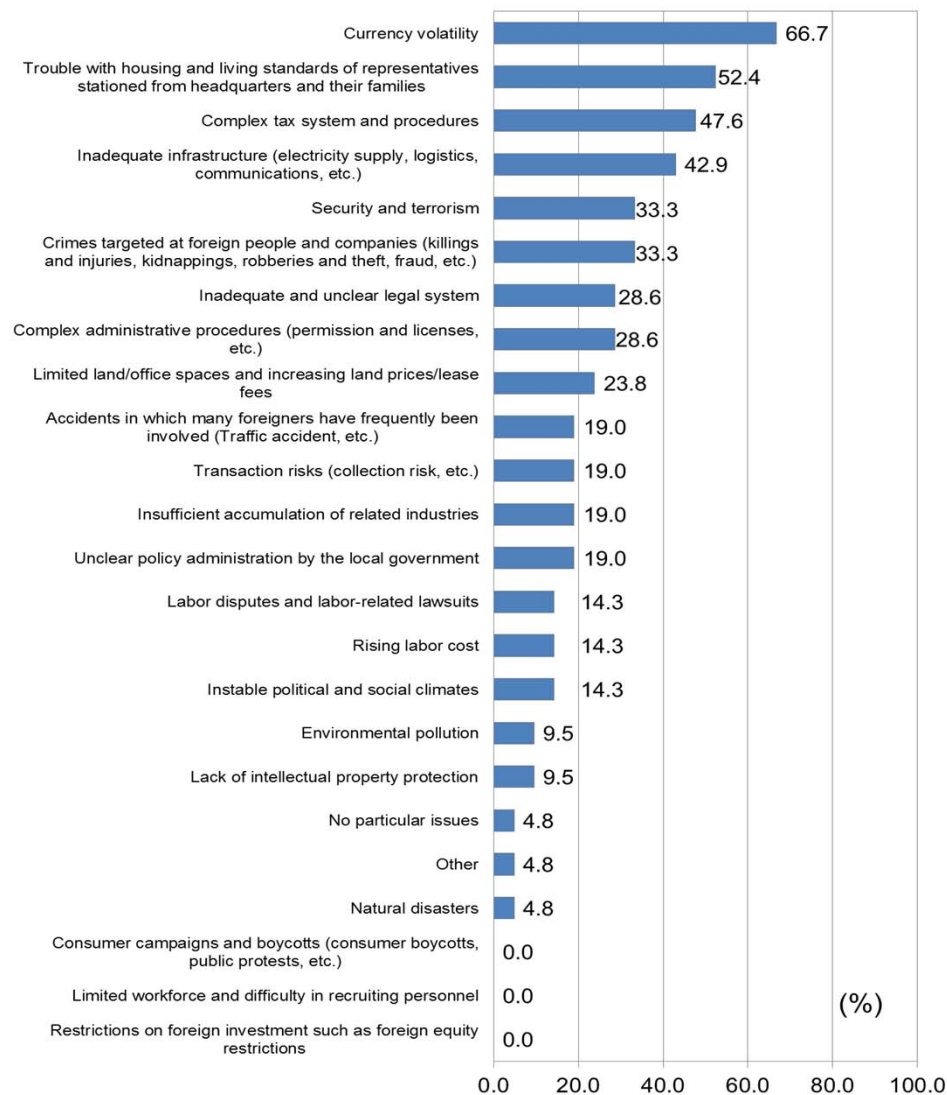
II – 5 – (6) Issues with business management: Benefits and risks in the investment environment -Colombia-

■ For benefits in the investment environment in Colombia, the percentages for “High quality of employees” were noticeably higher compared to other countries. For risks in the investment environment, the percentages for “Currency volatility”, “Trouble with housing and living standards of representatives stationed from headquarters and their families” and “Security and terrorism” were noticeable higher compared to other countries.

Benefits in the investment environment : Colombia(n=21)



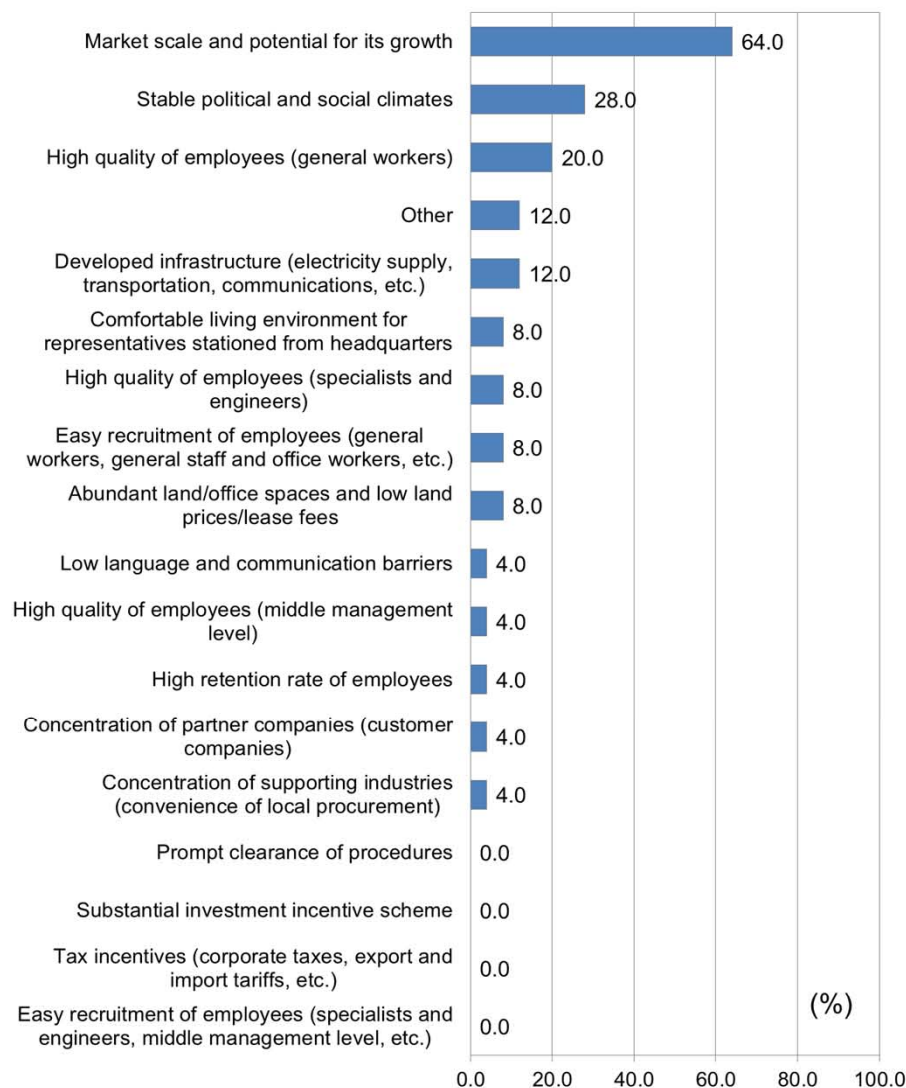
risks in the investment environment : Colombia(n=21)



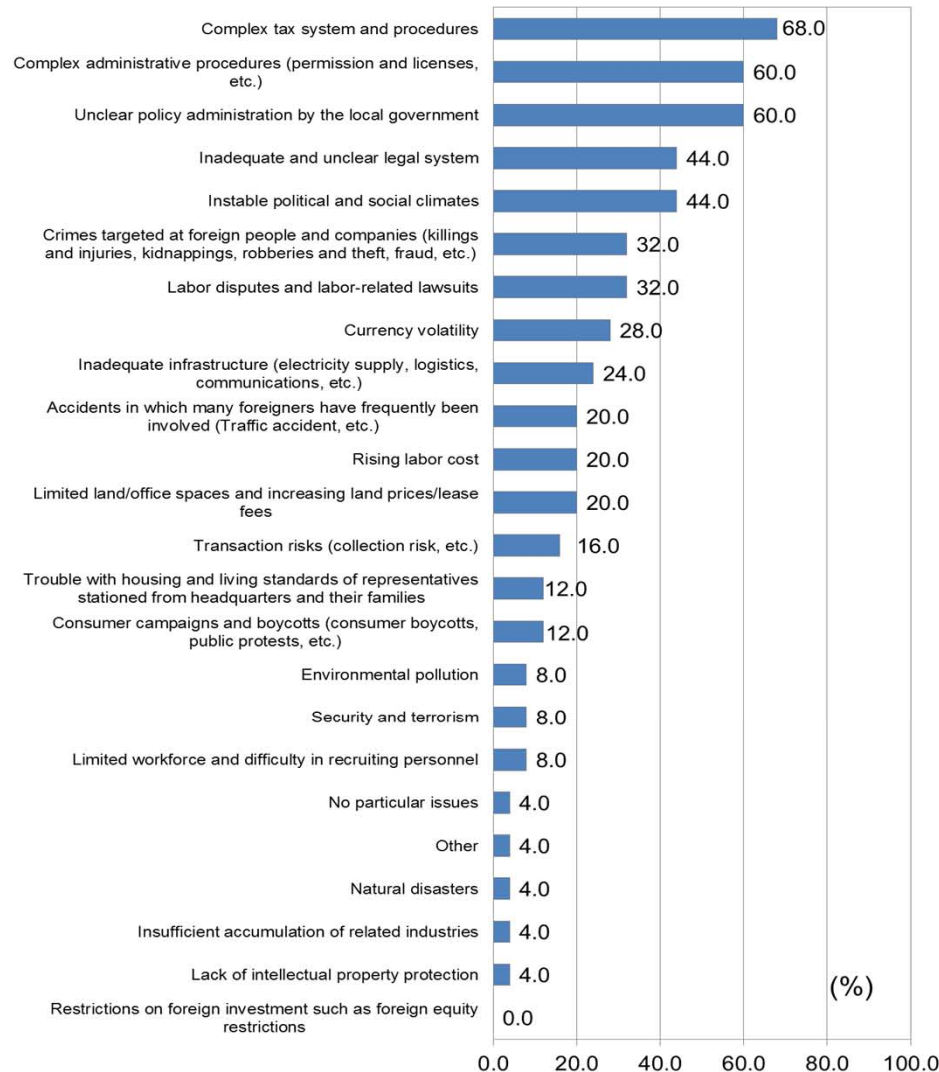
II – 5 – (6) Issues with business management: Benefits and risks in the investment environment -Peru-

■ In Peru, the percentages for “Market scale and potential for its growth” and “Stable political and social climates” as benefits in the investment environment were just as high as other Pacific Alliance member nations. For risks, there were many companies who are struggling responding to administrative institutions.

Benefits in the investment environment : Peru(n=25)



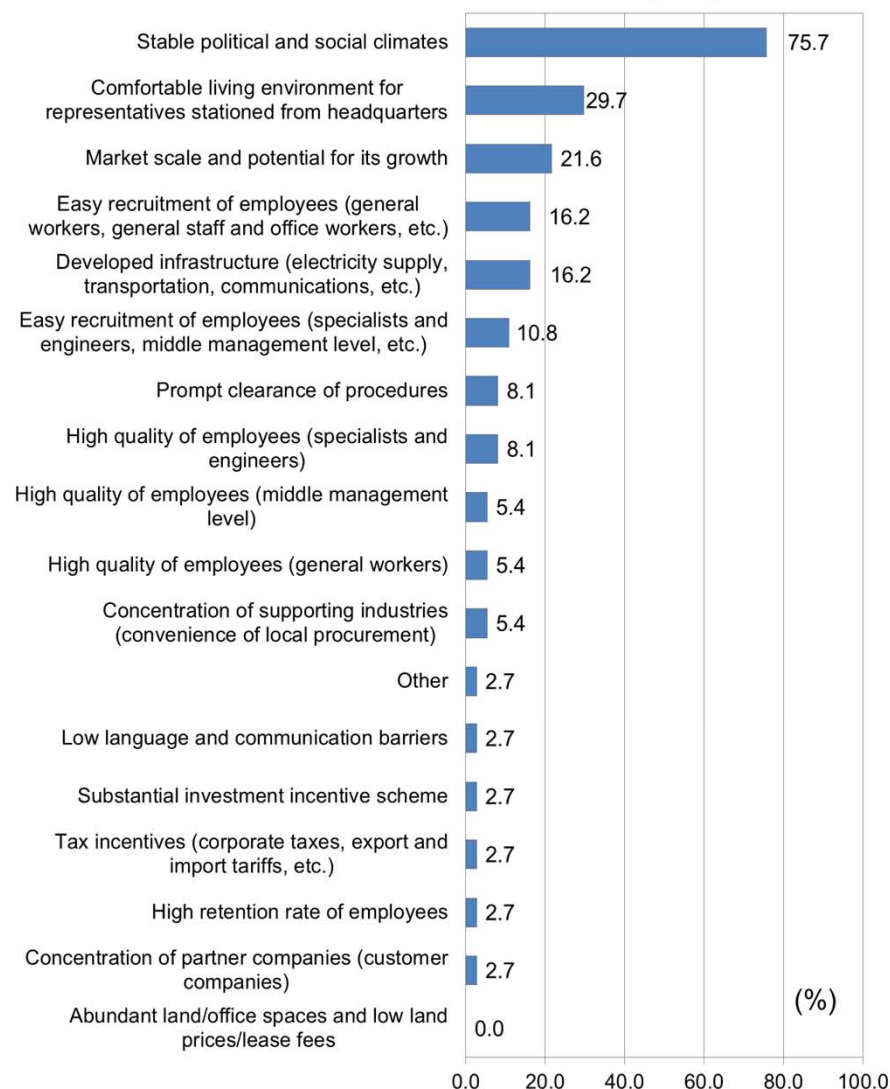
risks in the investment environment : Peru(n=25)



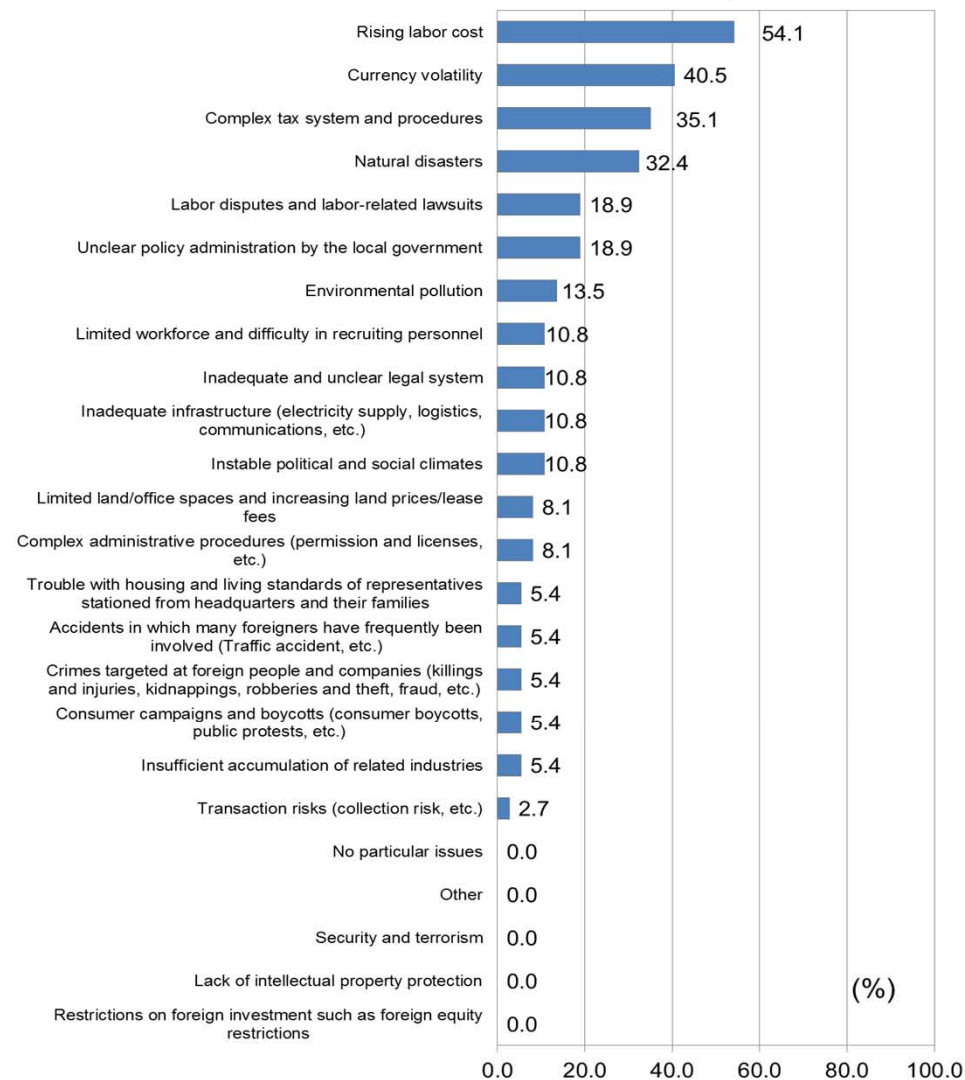
II – 5 – (6) Issues with business management: Benefits and risks in the investment environment -Chile-

■ In Chile, the percentages for “Stable political and social climates” and “Comfortable living environment for representatives stationed from headquarters” as benefits in the investment environment were high. Meanwhile, the percentages for “Rising labor cost” and “Natural disasters” as risks were high.

Benefits in the investment environment : Chile(n=37)



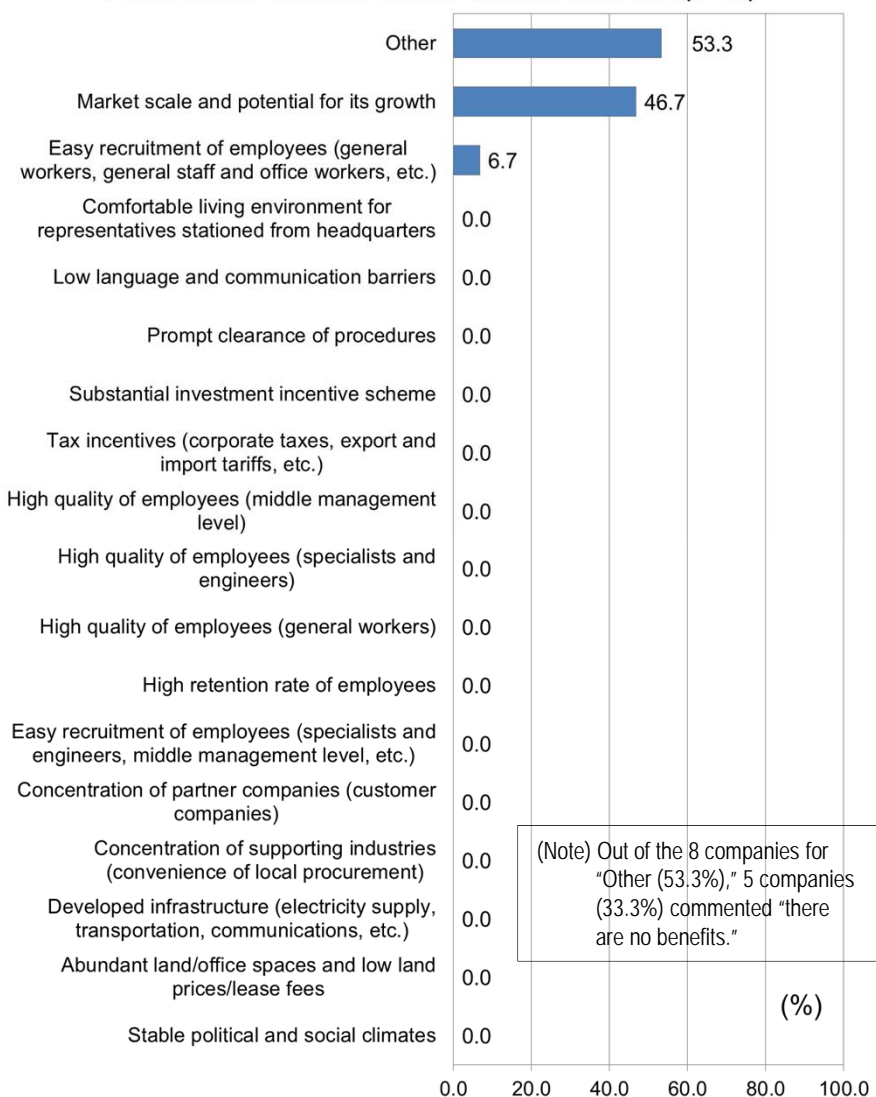
risks in the investment environment : Chile(n=37)



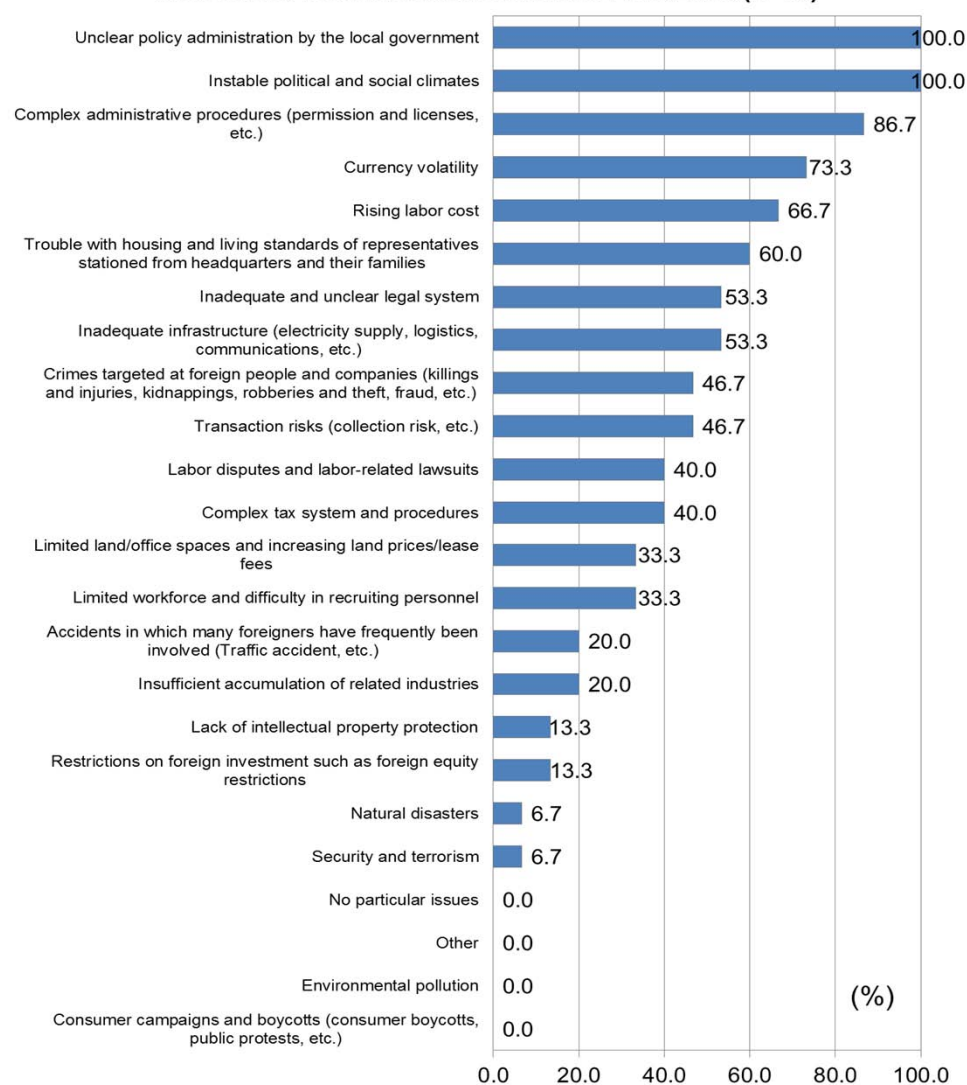
II – 5 – (6) Issues with business management: Benefits and risks in the investment environment-Venezuela-

■ In Venezuela, there were many companies who expressed that they cannot find any benefits to the investment environment due to the country's political instability and economic climate. On the other hand, expanding Japanese companies listed a wide-range of items posing as risks.

Benefits in the investment environment :Venezuela(n=15)



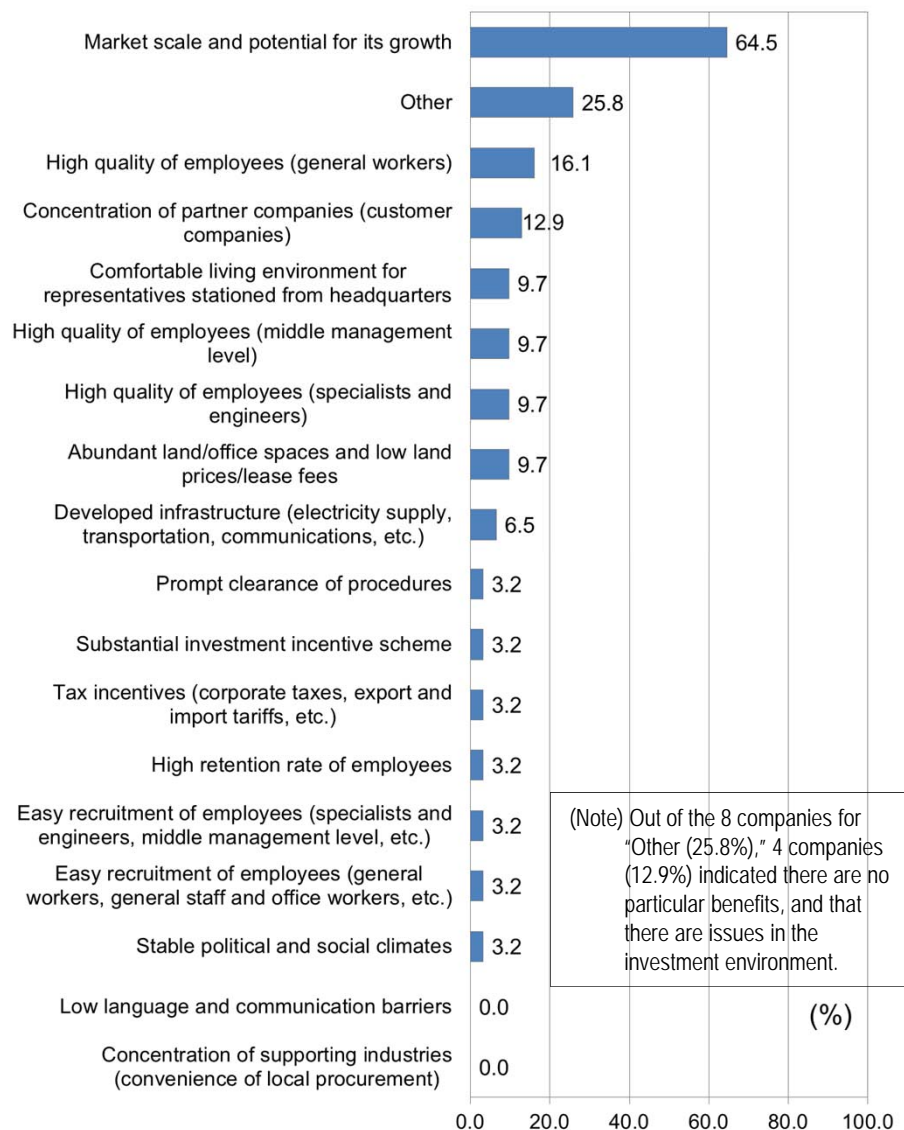
risks in the investment environment :Venezuela(n=15)



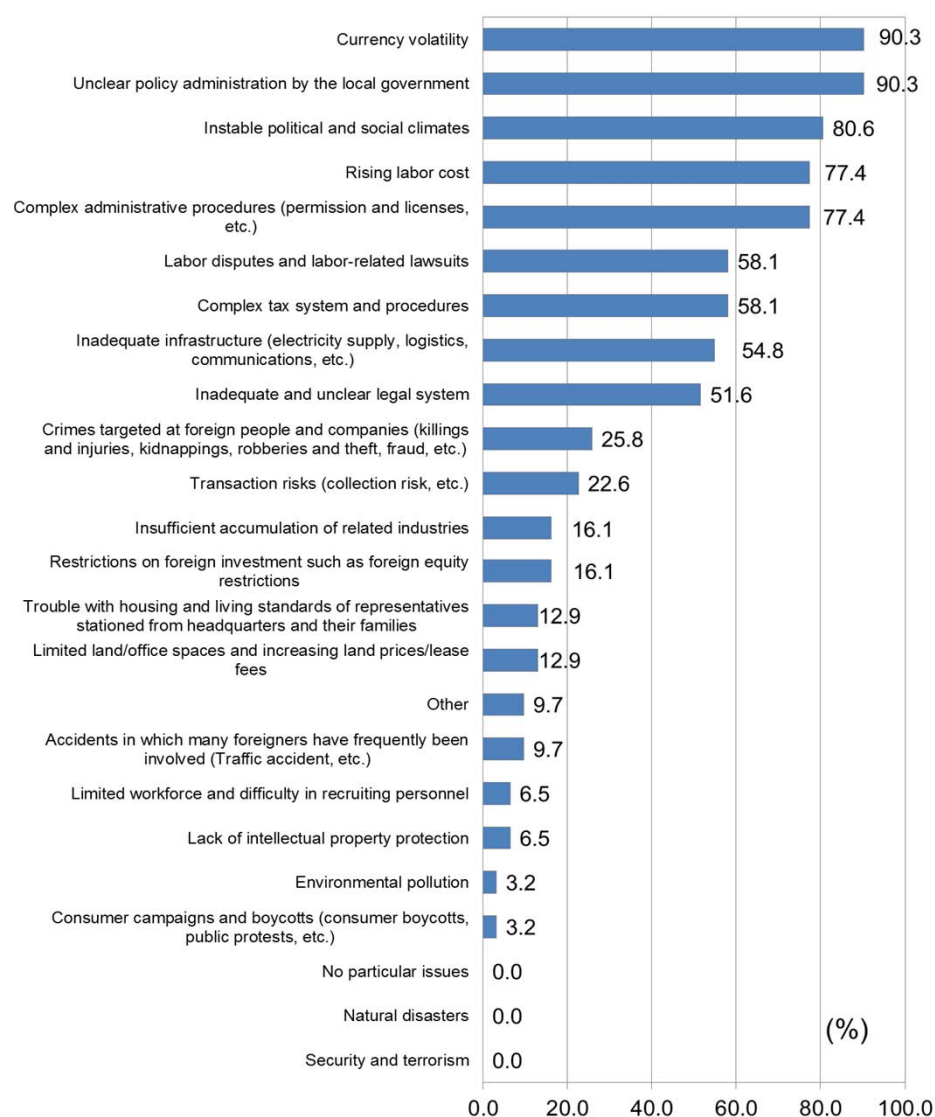
II – 5 – (6) Issues with business management: Benefits and risks in the investment environment-Argentina-

■ In Argentina, there was a high percentage of companies who found benefits in the future prospect of the market. The highest ranking item mentioned as a risk was the expectation of future improvement from reforms carried out by the Macri administration.

Benefits in the investment environment : Argentina(n=31)

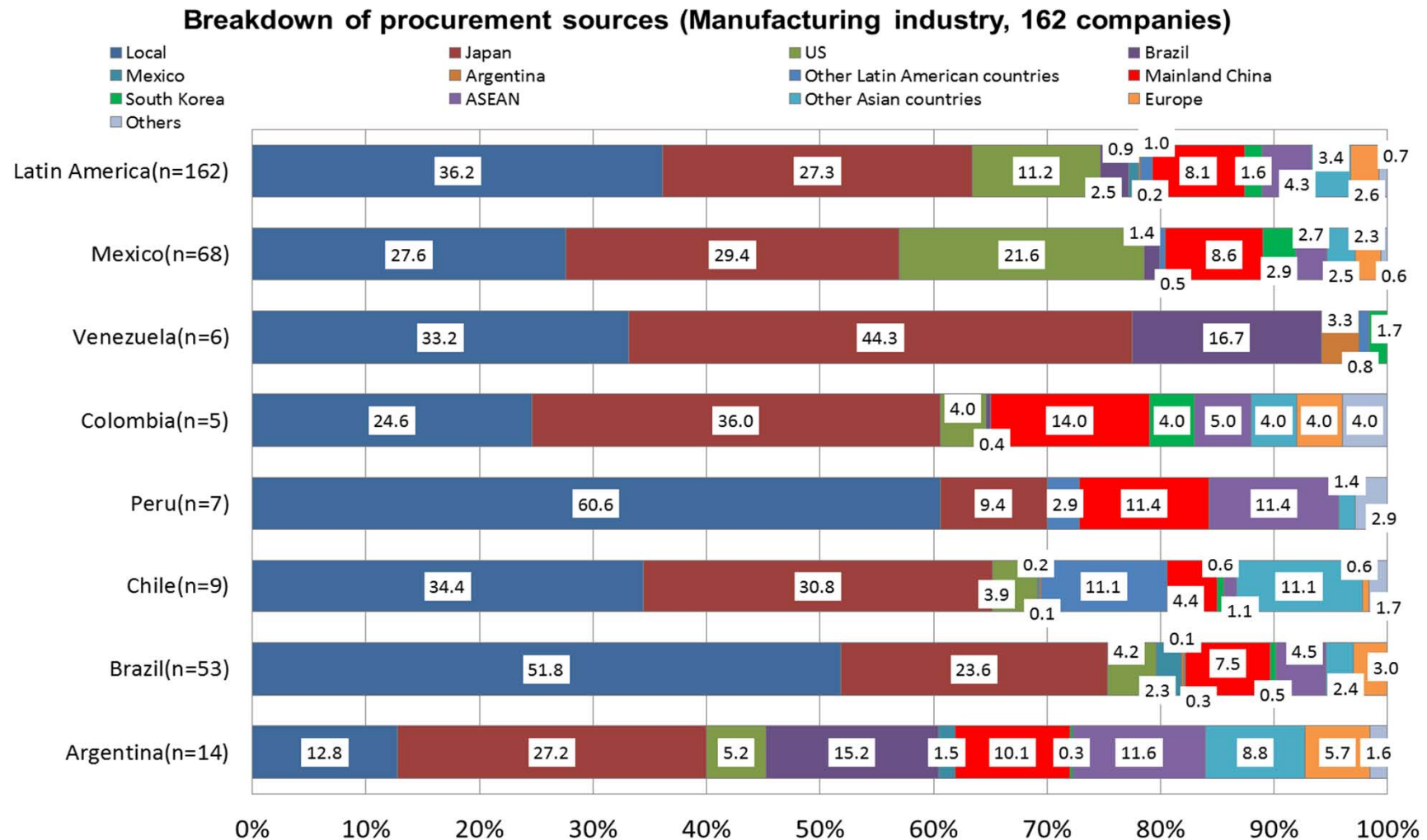


risks in the investment environment : Argentina(n=31)



II – 6 – (1) Procurement of raw materials and parts: Breakdown of procurement sources

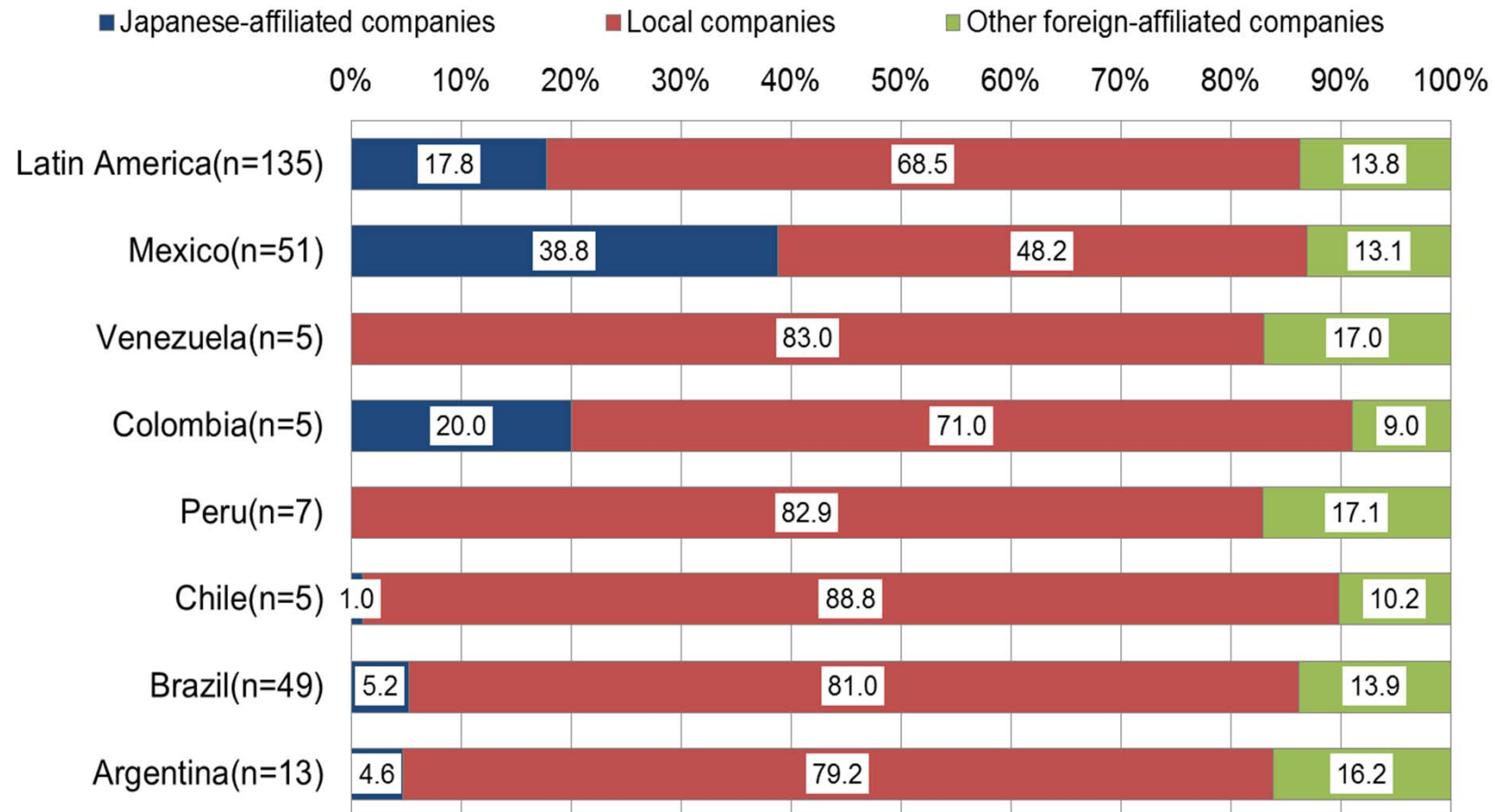
■ In Latin America as a whole, the percentage of locally procured parts and raw materials is the highest (36.2%), and following that is Japan (27.3%) and the U.S. (11.2%). By country, procurement rates are growing and local procurement is 60.6% (for Peru), 51.8% (for Brazil) and 34.4% (for Chile). Procurement rates from Japan are 44.3% (for Venezuela), 36.0% (for Colombia) and 29.4% for Mexico. The procurement rate from the U.S. is 21.6% (for Mexico). The procurement rate from the U.S. is 21.6% (for Mexico).



II – 6 – (2) Procurement of raw materials and parts: Breakdown of local procurement

- For Latin America as a whole, the highest percentage within the procurement of local parts and raw materials is from local companies (68.5%). Following this are Japanese-affiliated companies (17.8%) and other foreign-affiliated companies (13.8%).
- Compared to other countries, the procurement rate from Japanese-affiliated companies is high within Mexico which has many expanding secondary suppliers (Tier2).

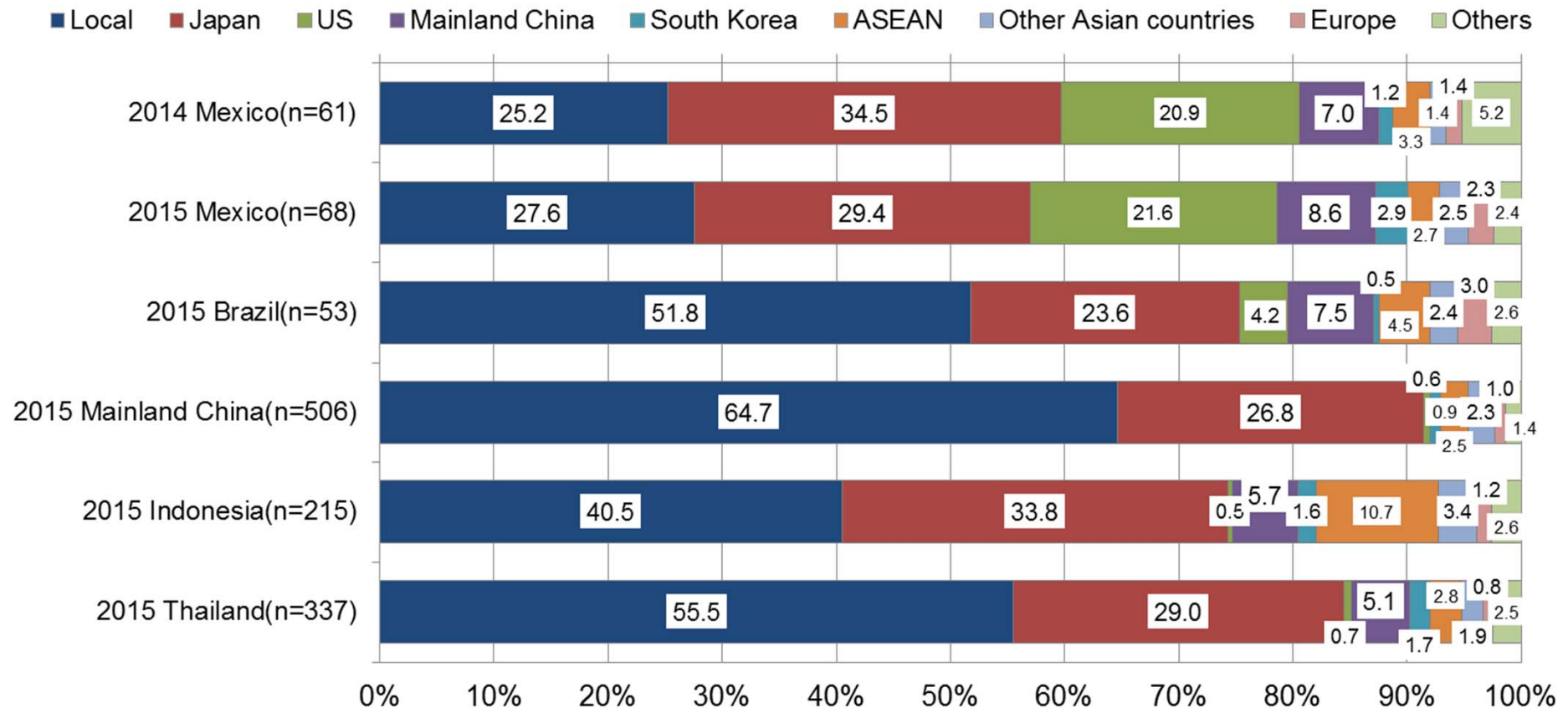
Breakdown of local procurement (Manufacturing industry, 135 companies)



II – 6 – (3) Procurement of raw materials and parts in Mexico

- The local procurement rate of Japanese companies expanding in Mexico is low due to supply chains being created in North America and the large number of parts that are difficult to procure from local companies.
- There are many parts and raw materials that Japanese automobile assembly manufacturers (OEM) and automobile parts manufacturers (Tier1, Tier2) expanding into Mexico have trouble procuring from local companies, and the local procurement of parts and raw materials haven't reached Asian standards.

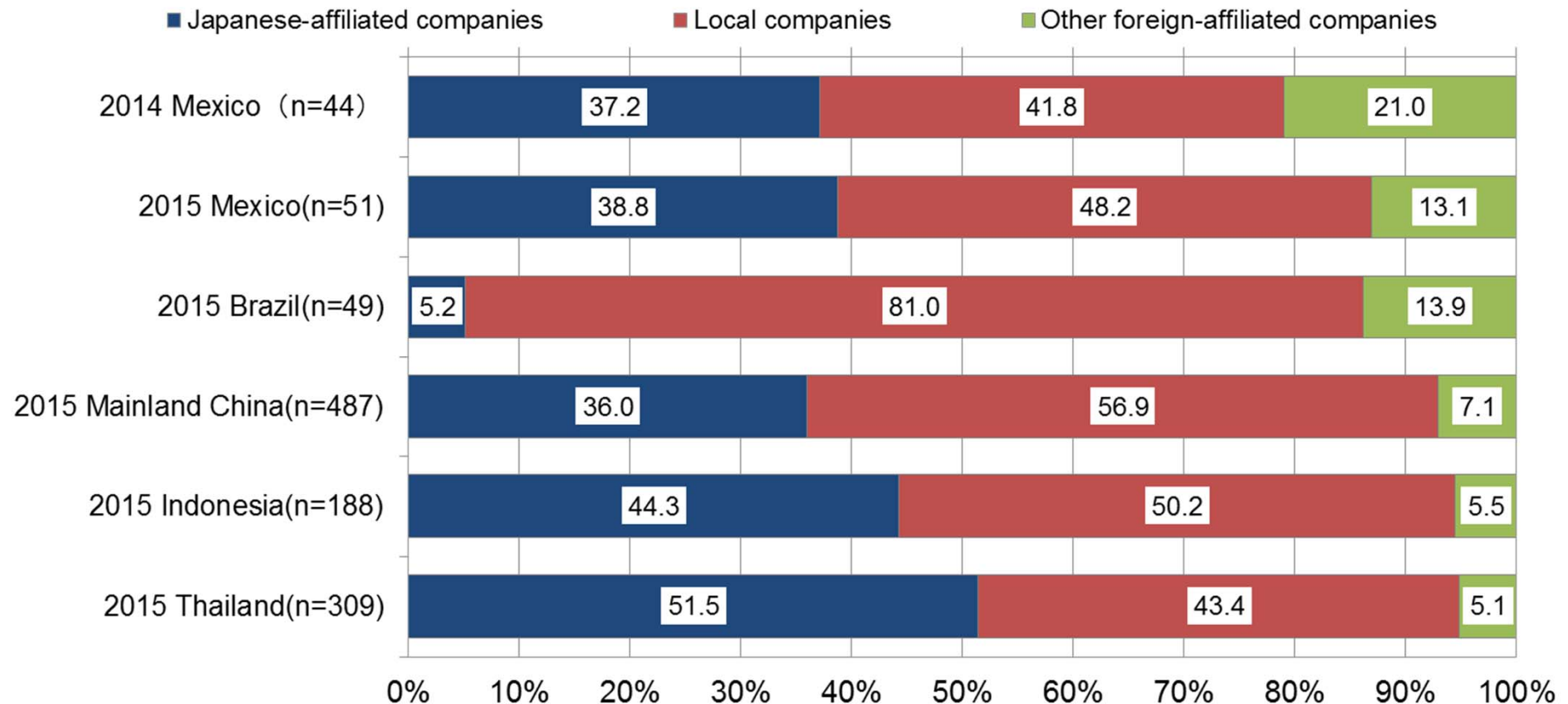
Parts and raw materials suppliers (by country and region) of expanding Japanese companies (Fiscal year)



II – 6 – (3) Procurement of raw materials and parts in Mexico

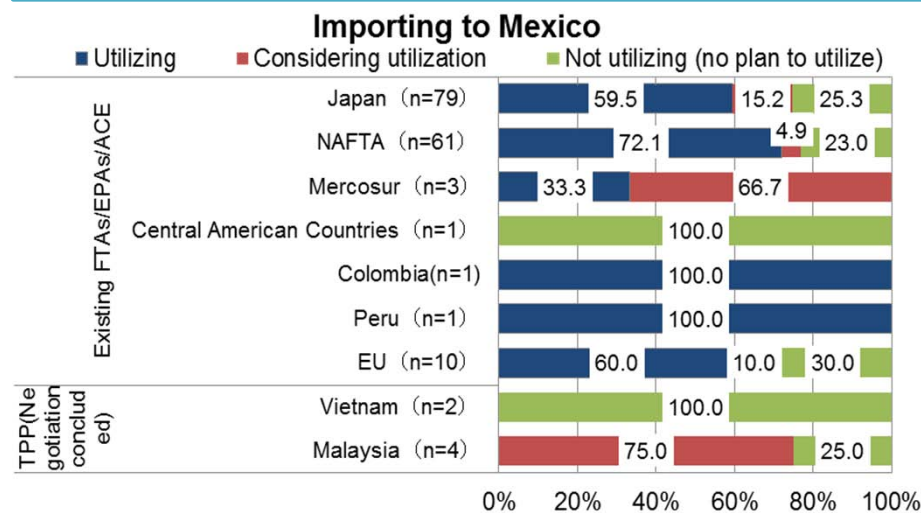
■ OEM highly intends to procure locally with the aim to avoid heavily concentrating suppliers of parts and raw materials (to Japan) who do not have stock. In addition, the proportion of Japanese companies expanding into Mexico procuring parts and raw materials from local expanding Japanese companies is low compared to Japanese companies expanding in Thailand. For that reason, it is considered that there is a lot of room to expand the business of Japanese suppliers providing parts and raw materials to Japanese companies expanding into Mexico.

Capital nationality breakdown of local parts and raw materials suppliers of expanding Japanese companies (Fiscal year)



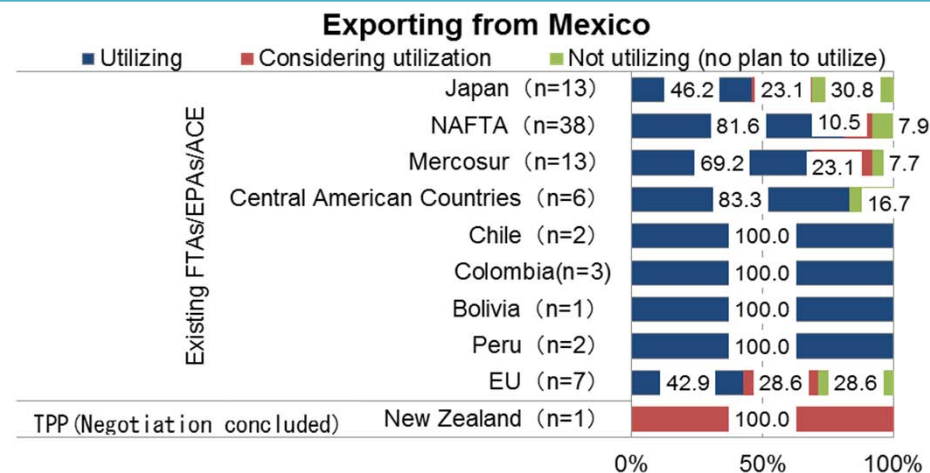
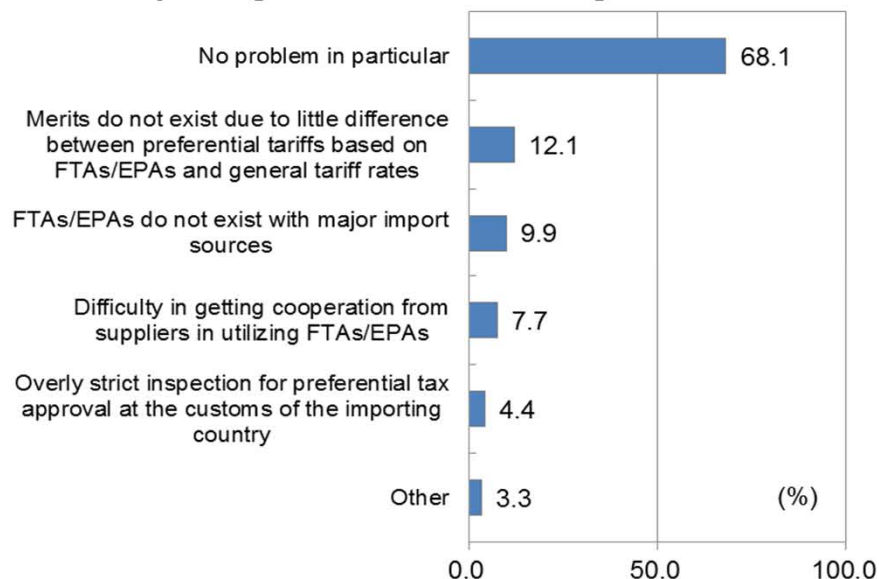
II – 7 – (1) The utilization of, and problems faced in utilizing FTA/EPA: Mexico

■ There are many companies actively utilizing FTA/EPA in Mexico. There are especially many companies who use the Japan-Mexico EPA and NAFTA.



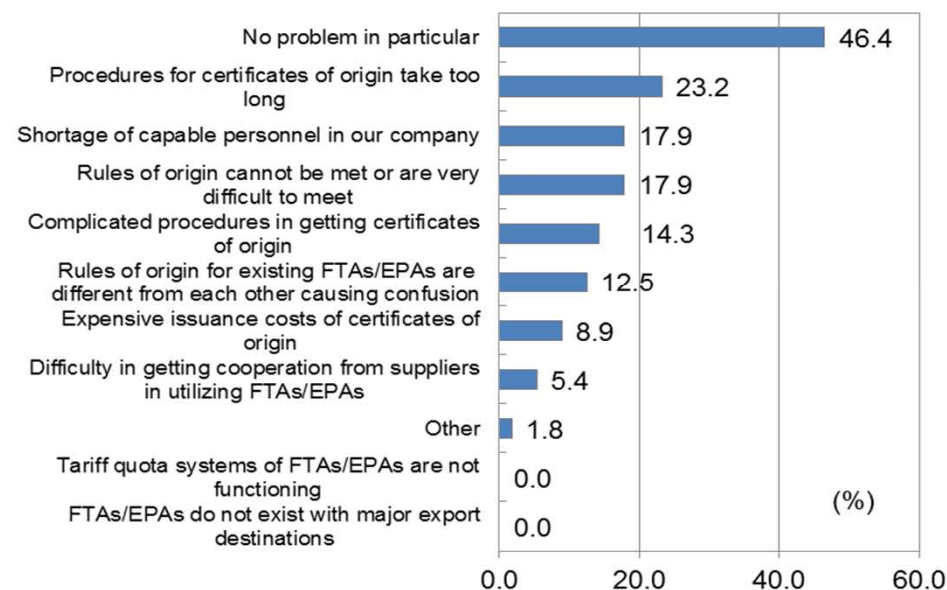
(Note) No valid responses for Chile and Bolivia who have already entered into force, and Australia and New Zealand who have not entered into force.

Importing issues when utilizing FTA: Mexico



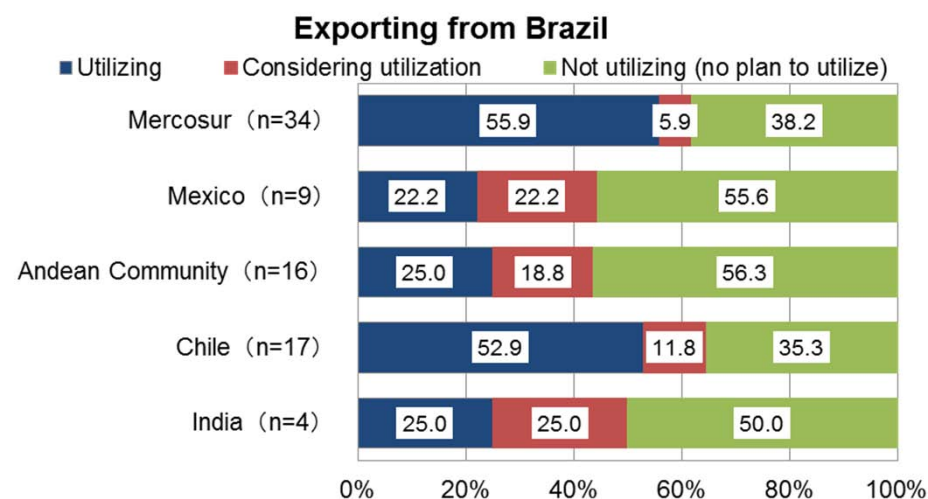
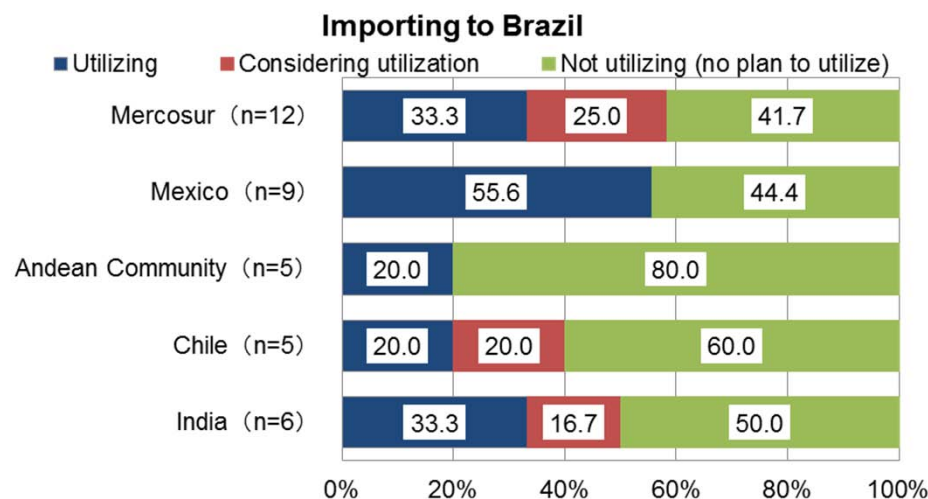
(Note) No valid responses for Vietnam, Malaysia, and Australia who have not entered into force.

Exporting issues when utilizing FTA: Mexico

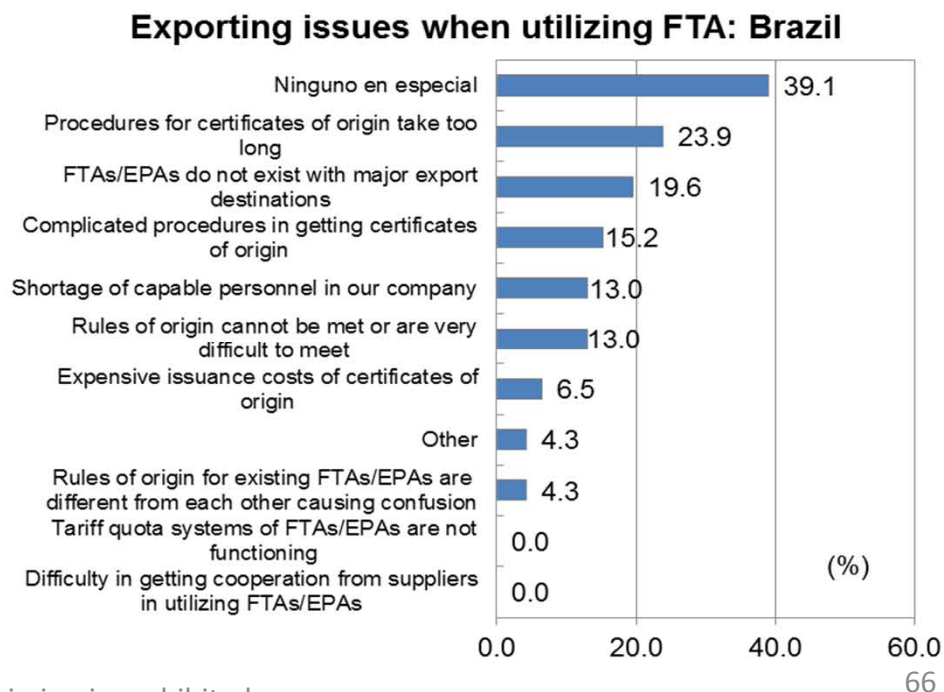
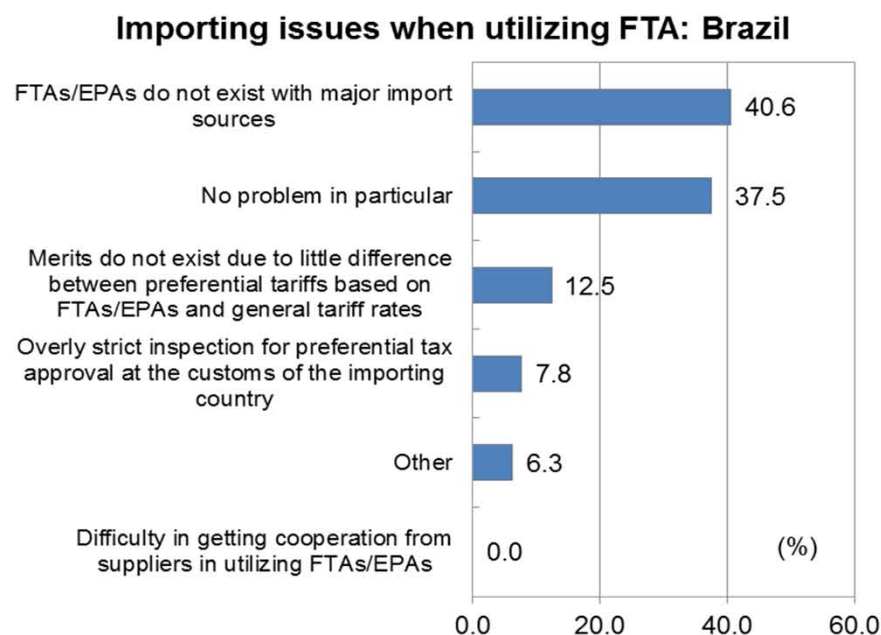


II – 7 – (1) The utilization of, and problems faced in utilizing FTA/EPA: Brazil

■ In Brazil, although there are many companies who utilize the preferential tax of Mercosur, the low number of trade agreements is a problem.

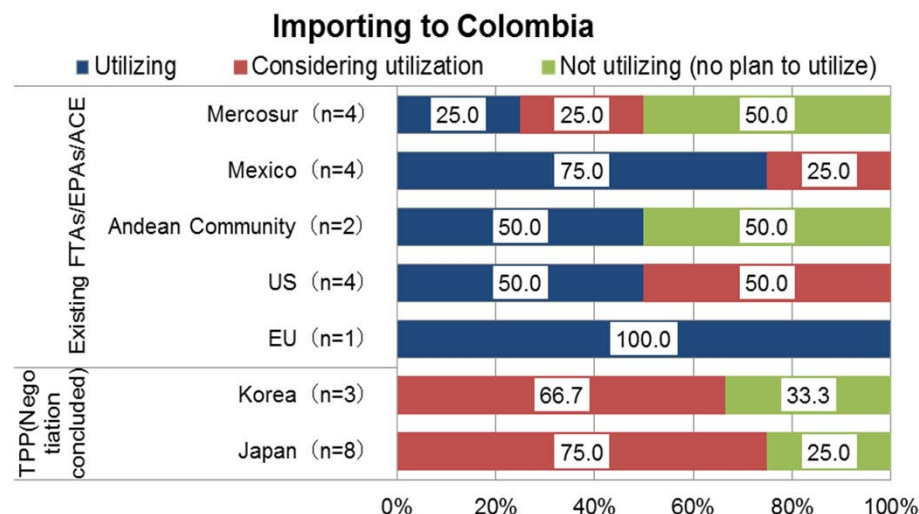


(Note) All have already entered into force.



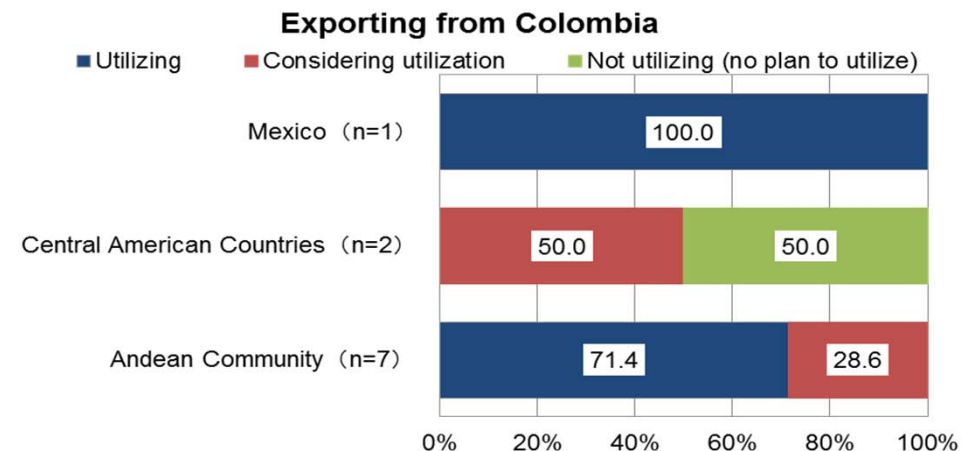
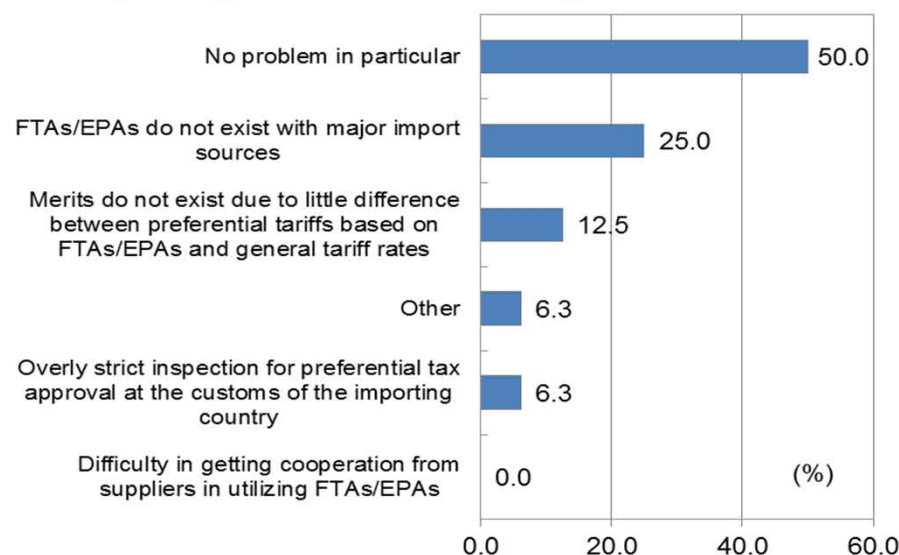
II – 7 – (1) The utilization of, and problems faced in utilizing FTA/EPA: Colombia

■ Since there are many import and sales companies, there are many voices expressing their expectation towards the EPA with Japan which is currently under negotiation.



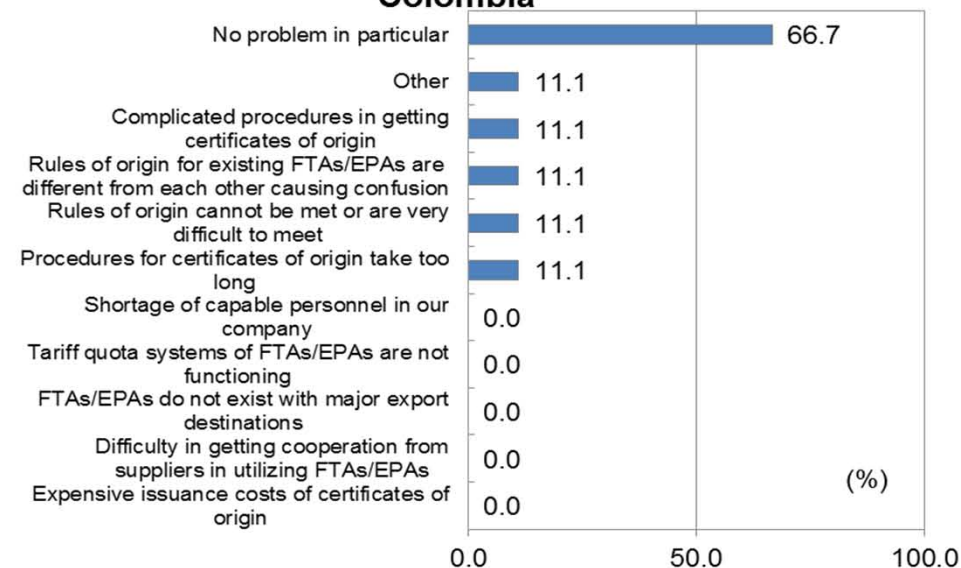
(Note) No valid responses for Central America, Chile, Canada, and EFTA who have already entered into force.

Importing issues when utilizing FTA: Colombia



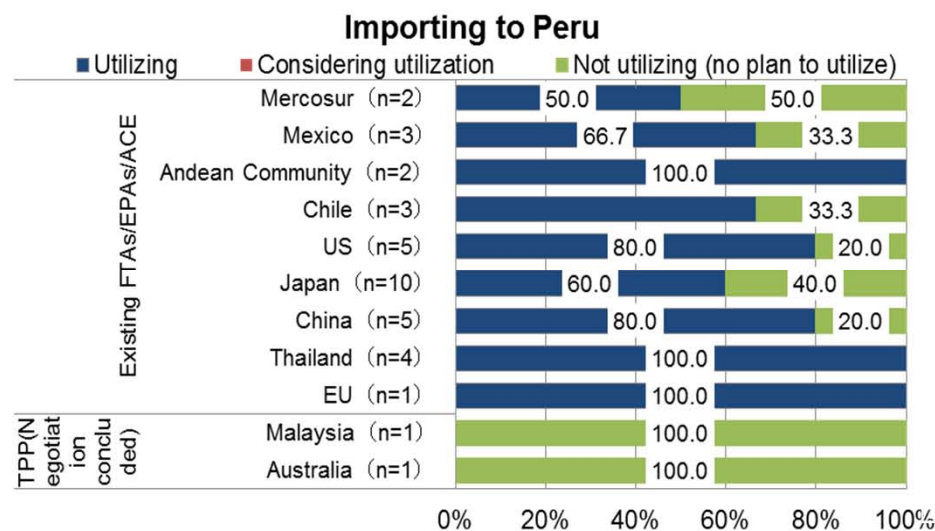
(Note) No valid responses for Mercosur, Chile, U.S., Canada, EU, and EFTA who have already entered into force, and Korea and Japan who have not entered into force.

Exporting issues when utilizing FTA: Colombia

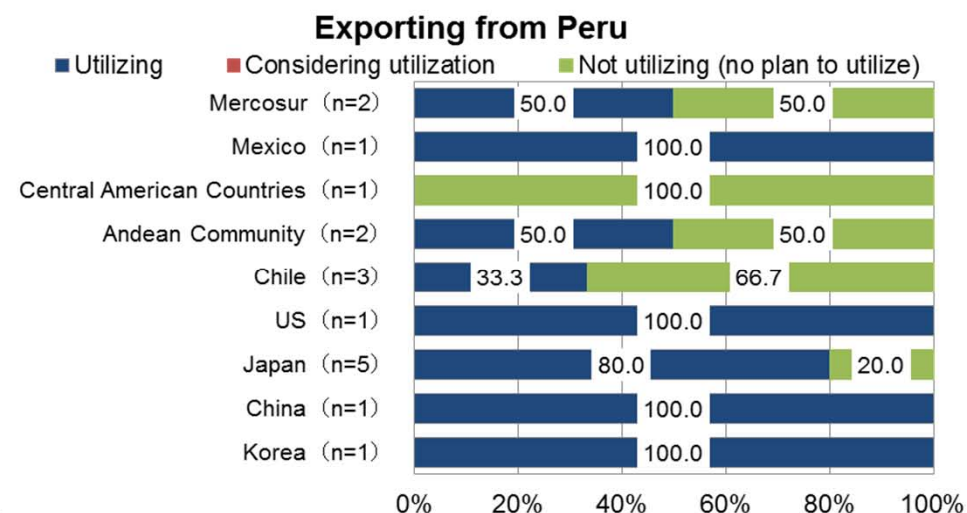


II – 7 – (1) The utilization of, and problems faced in utilizing FTA/EPA: Peru

■ There are many companies utilizing EPA with Japan for both imports and exports.

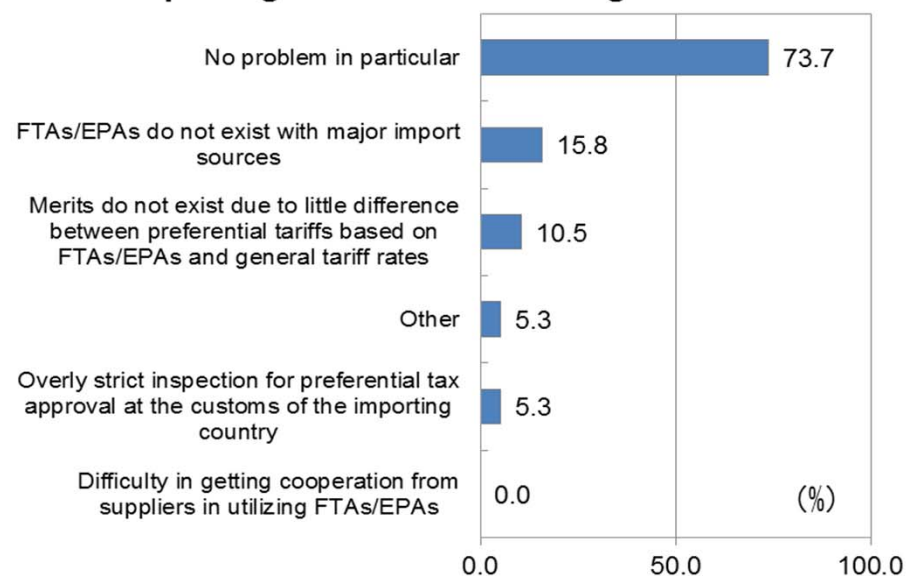


(Note) No valid responses for Central America, Canada, Korea, and EFTA who have already entered into force, and Vietnam and New Zealand who have not entered into force.

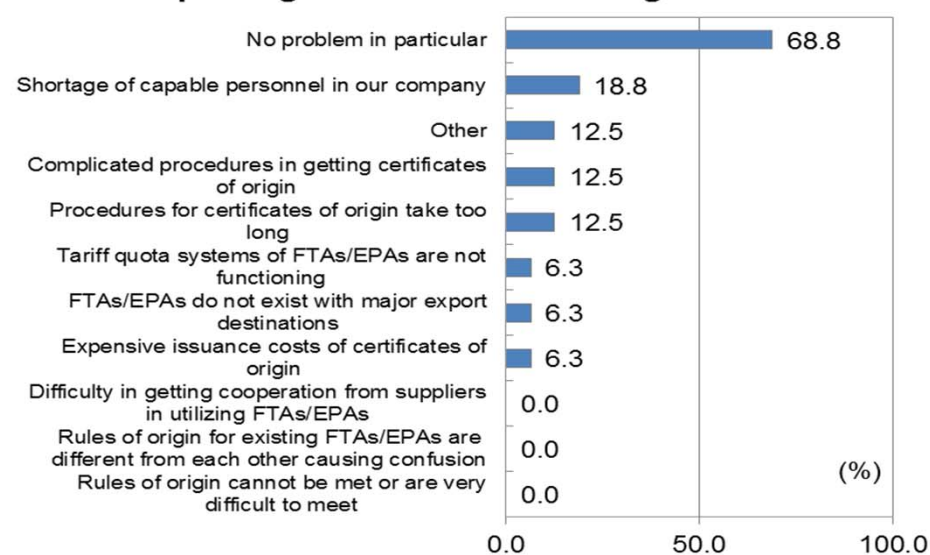


(Note) All of the above has already entered into force. No effective responses for Canada, Thailand, EU, and EFTA who have already entered into force, and Vietnam, Malaysia, Australia, and New Zealand who have not entered into force..

Importing issues when utilizing FTA: Peru

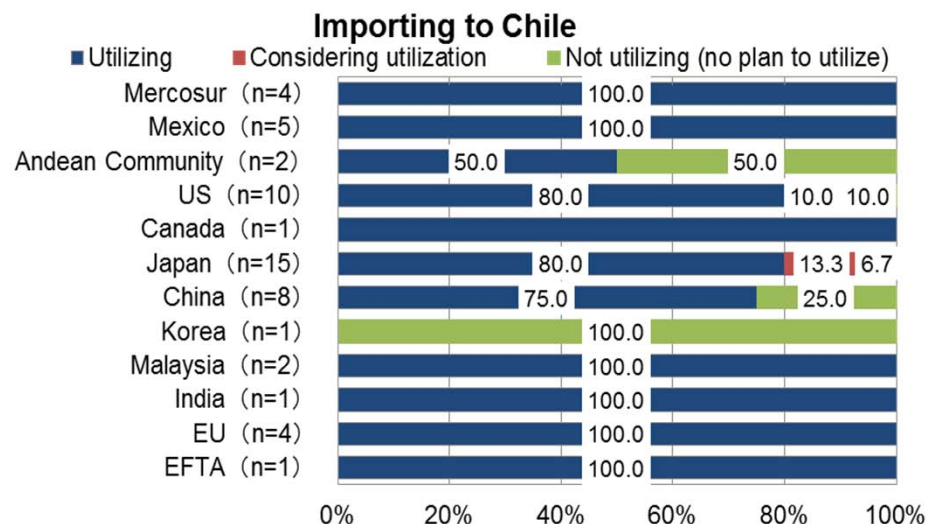


Exporting issues when utilizing FTA: Peru

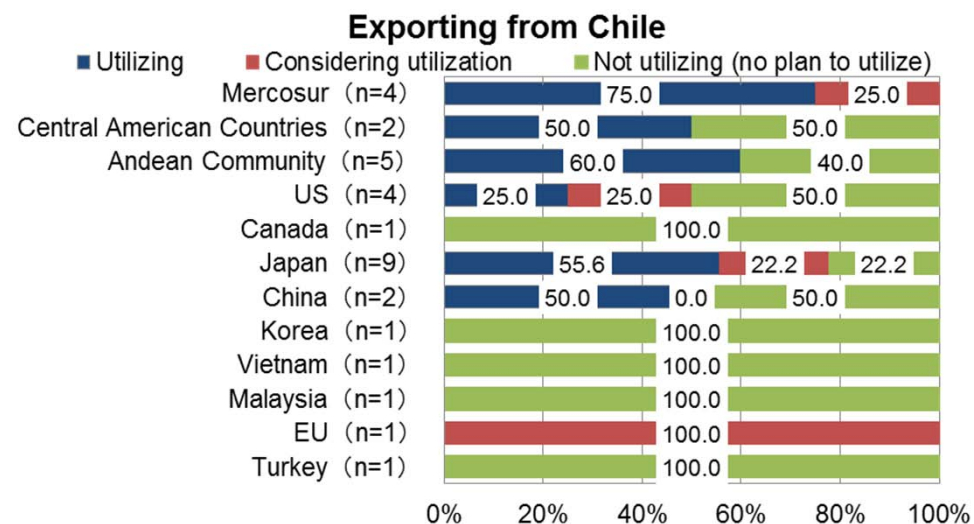


II – 7 – (1) The utilization of, and problems faced in utilizing FTA/EPA: Chile

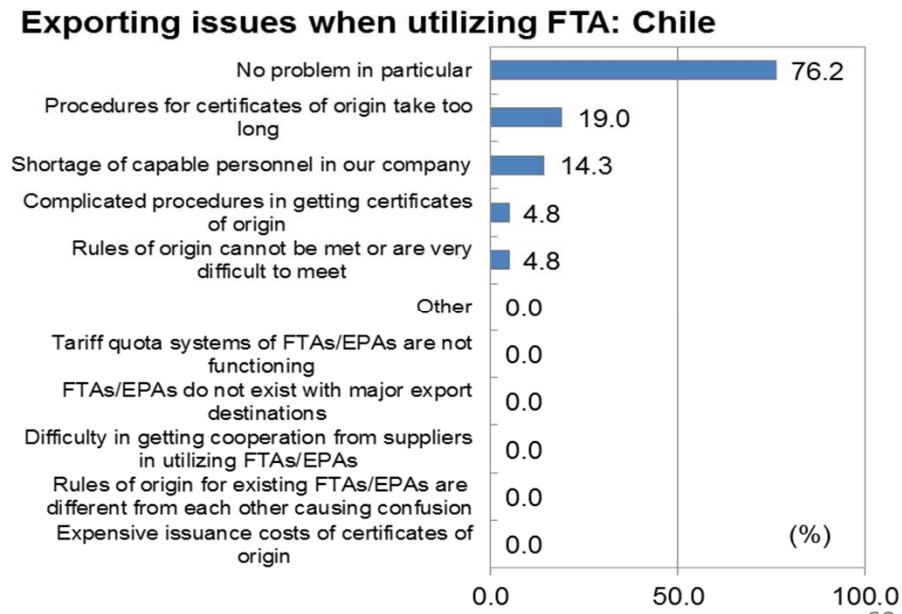
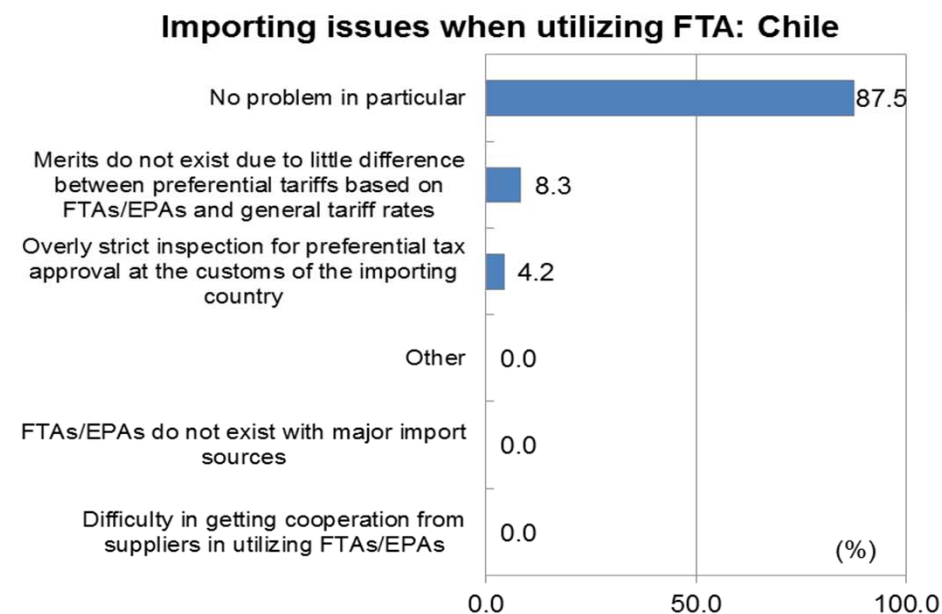
■ FTA/EPA are especially being fully utilized through imports in Chile.



(Note) All of the above has already entered into force. No valid responses for Central America, Vietnam, and Turkey who have already entered into force.



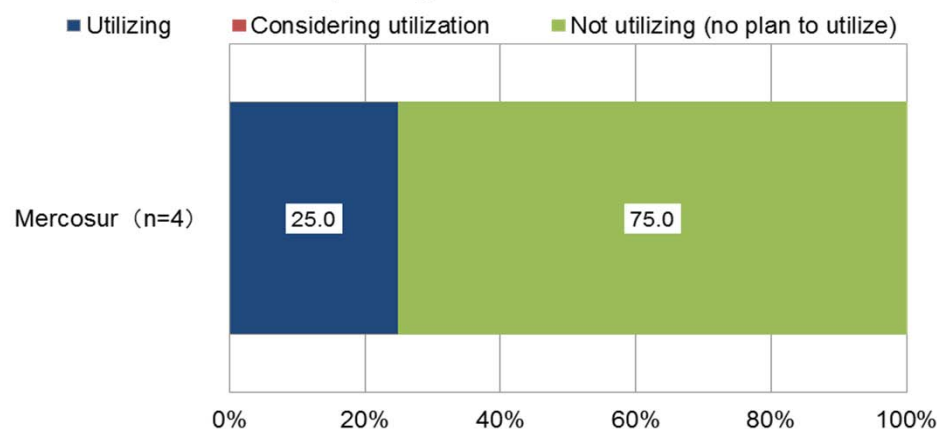
(Note) All of the above has already entered into force. No valid responses for Mexico, India, and EFTA who have already entered into force.



II – 7 – (1) The utilization of, and problems faced in utilizing FTA/EPA: Venezuela

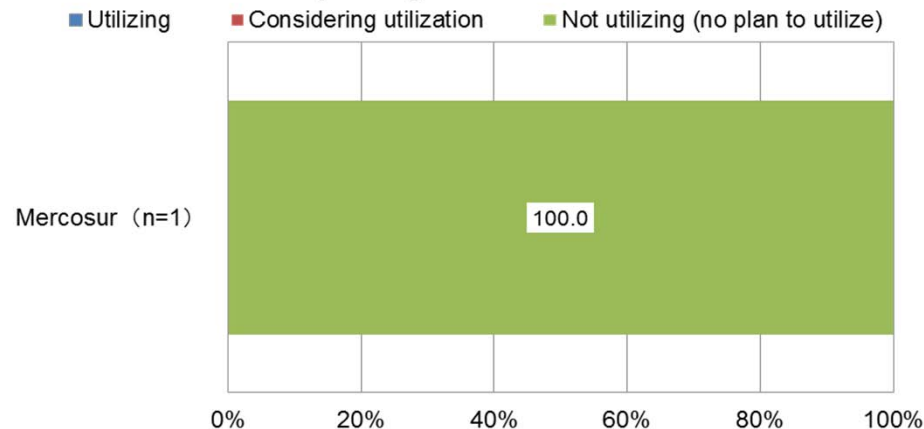
■ There are few companies who utilize FTA/EPA in Venezuela.

Importing to Venezuela



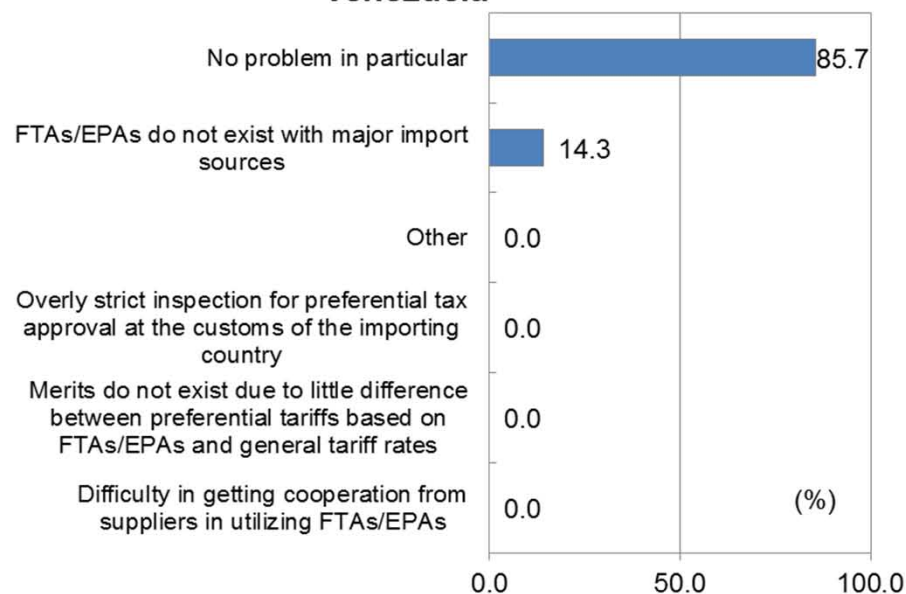
(Note) The above has already entered into force. No valid responses for Colombia and Chile who have already entered into force.

Exporting from Venezuela

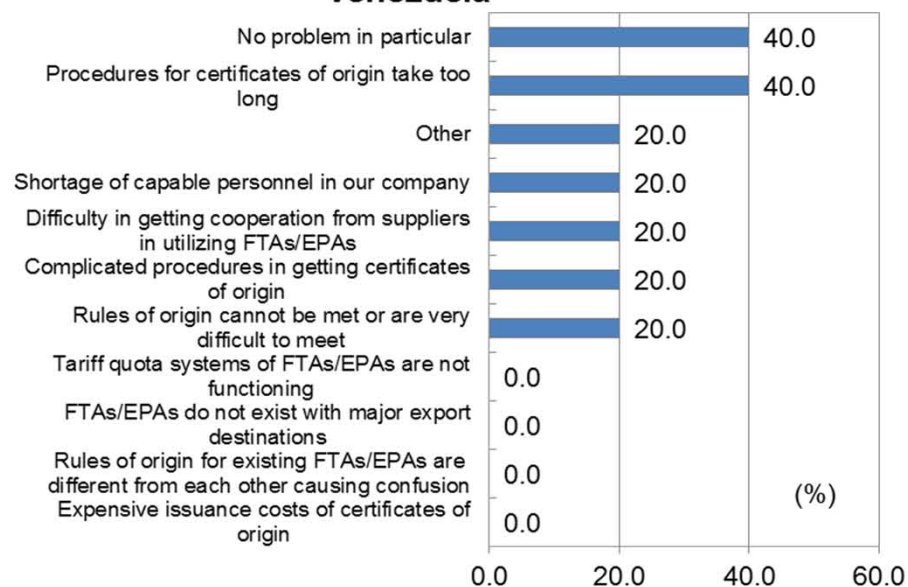


(Note) The above has already entered into force. No valid responses for Colombia and Chile who has already entered into force.

Importing issues when utilizing FTA: Venezuela



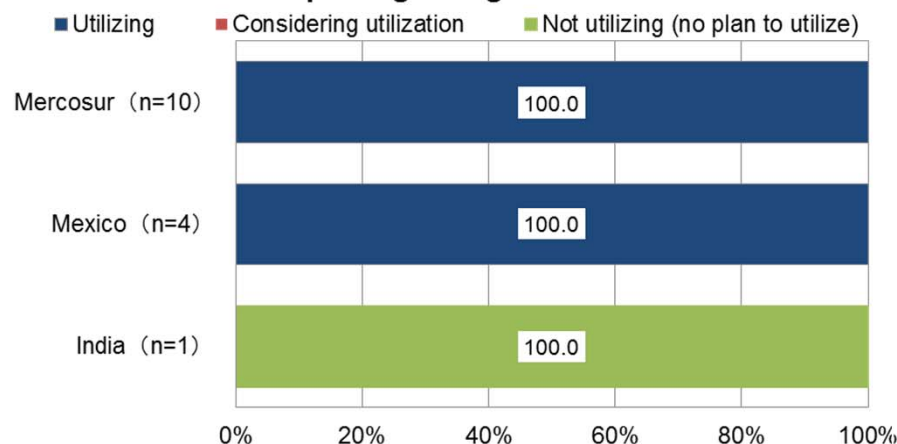
Exporting issues when utilizing FTA: Venezuela



II – 7 – (1) The utilization of, and problems faced in utilizing FTA/EPA: Argentina

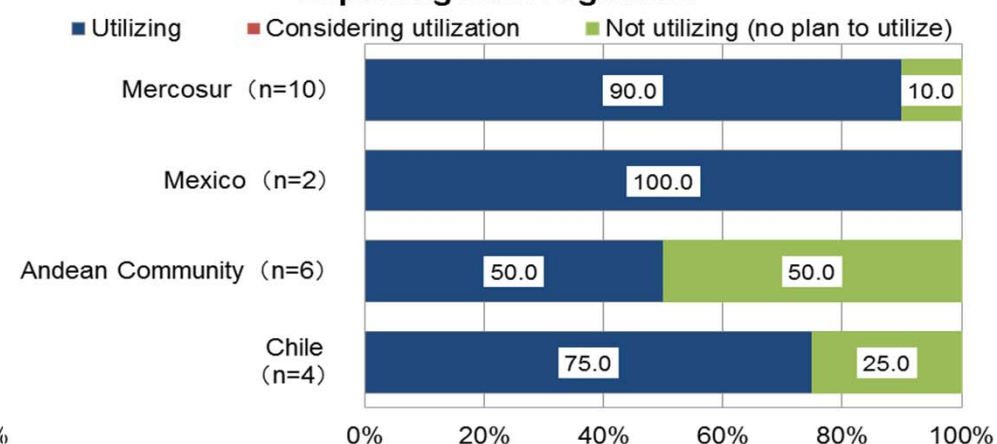
■ In Argentina there are many companies who utilize Mercosur preferential tax similar to Brazil.

Importing to Argentina



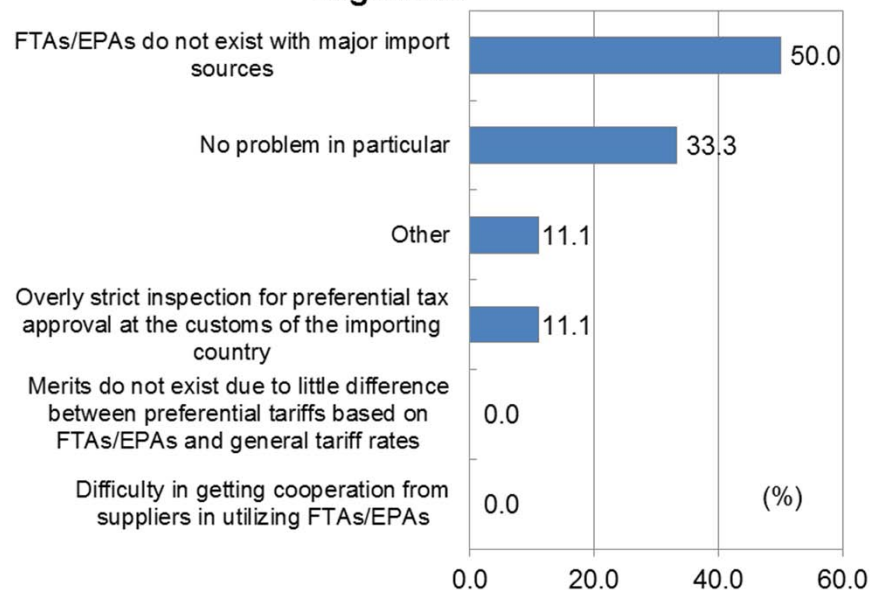
(Note) All of the above has already entered into force. No valid responses for the Andean community and Chile who have already entered into force.

Exporting from Argentina



(Note) All of the above has already entered into force. No valid responses for India who has already entered into force.

Importing issues when utilizing FTA: Argentina

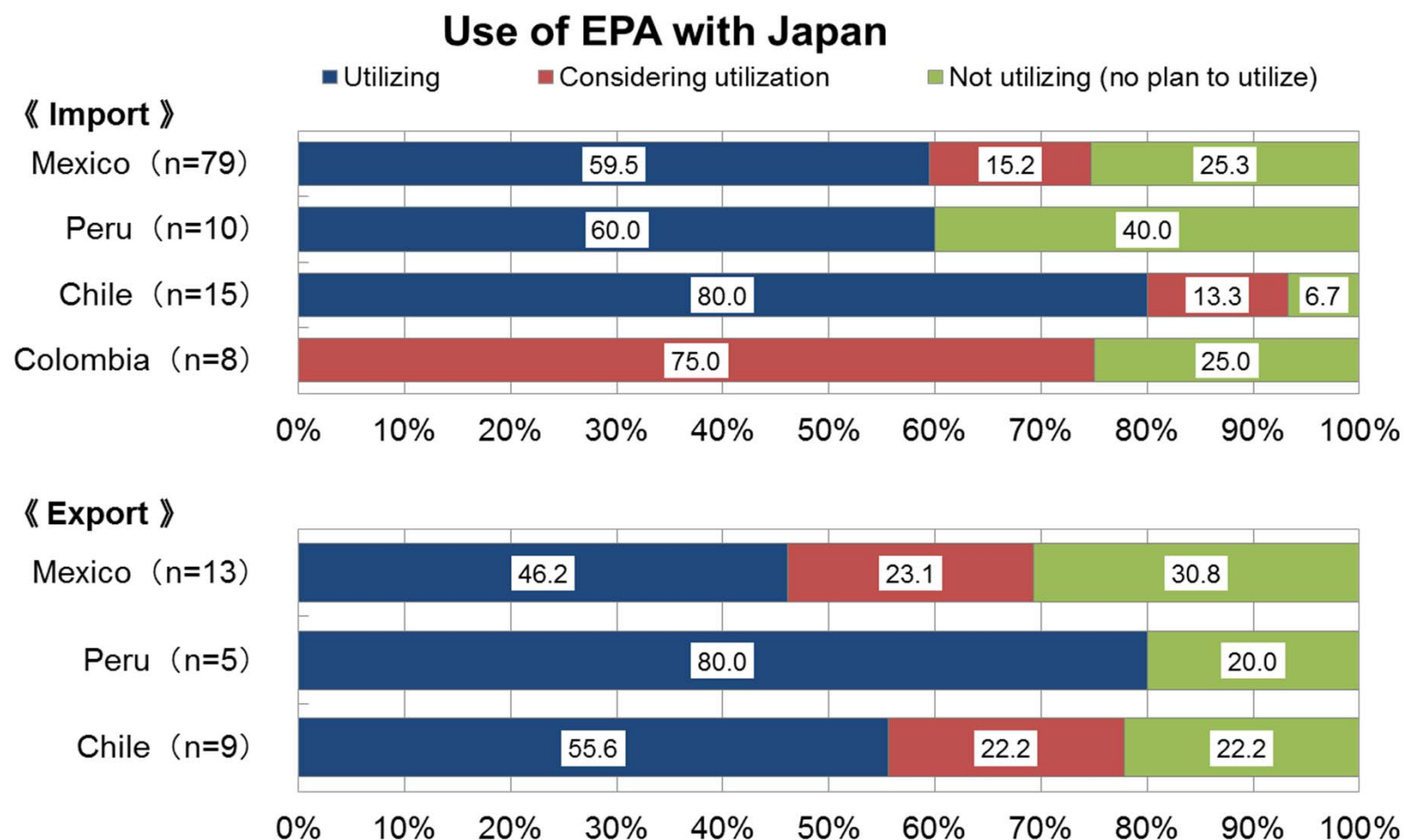


Exporting issues when utilizing FTA: Argentina



II – 7 – (2) The utilization of, and problems faced in utilizing FTA/EPA: Use of EPA with Japan

- The 3 countries Mexico, Chile, and Peru have concluded EPAs with Japan in Latin America. Colombia is in the process of negotiation as of February 2016. The utilization rate of the EPA with Japan is high in these 3 countries who have already entered into force.
- A large proportion of companies examine the use of this EPA when importing in Colombia, which is currently in the process of negotiation. This is an indication of the height of expectations.



(Note) No valid responses in Colombia.

II – 7 – (3) The utilization of, and problems faced in utilizing FTA/EPA: Expectation towards TPP

- Regarding areas expected in the TPP, when inquiries were made with Japanese companies expanding into the TPP participants in Latin America, the highest percentage of companies listed “Customs and Trade Facilitation” (64.7%) as their expectation towards the TPP.
- The expectations towards “Market Access in Goods” such as the application of preferential tax was not very high since all of the Latin American countries participating in the TPP are all FTA advanced nations who have already concluded many FTAs.

Items expected of TPP (Multiple Answers)

Mexico : n=114 Peru : n=23 Chile : n=33

Item	Overall	Mexico	Peru	Chile
Customs and Trade Facilitation	64.7	67.5	73.9	48.5
Market Access in Goods	39.4	44.7	30.4	27.3
Rules of Origin	27.1	31.6	8.7	24.2
Services (cross border trade, financial services and telecommunication services)	10.6	7.9	13.0	18.2
Investment (including Non-discriminatory nature, ISDS)	10.6	3.5	26.1	24.2
Services (temporary entry for business persons)	6.5	4.4	13.0	9.1
Sanitary and Phytosanitary Measures (SPS)	3.5	0.9	8.7	9.1
Technical Barriers to Trade (TBT)	3.5	5.3	–	–
Intellectual Property Rights	2.9	3.5	–	3.0
E-Commerce	2.9	1.8	–	9.1
Government Procurement	2.4	0.9	4.3	6.1
Competition Policy and State-Owned Enterprises	2.4	2.6	–	3.0
Other	2.4	2.6	4.3	–

■ In the case of the transportation machine parts manufacturing industry in Mexico, there are high expectations towards “Rules of Origin” such as accumulation rules that are able to import parts and raw materials from countries participating in the TPP and raise added value.


Items expected of TPP (Multiple Answers)

< Mexico/transportation use machinery parts (automobile/two-wheeled vehicle)-related manufacturing industry, n=38 >

Item	%
Customs and Trade Facilitation	65.8
Rules of Origin	44.7
Market Access in Goods	39.5
Technical Barriers to Trade (TBT)	10.5
Services (cross border trade, financial services and telecommunication services)	7.9
Services (temporary entry for business persons)	5.3
Sanitary and Phytosanitary Measures (SPS)	2.6
Intellectual Property Rights	2.6
Competition Policy and State-Owned Enterprises	2.6
Investment (including Non-discriminatory nature, ISDS)	2.6
Government Procurement	0.0
E-Commerce	0.0
Other	0.0

< Mexico/all companies, n=114 >

Item	%
Customs and Trade Facilitation	67.5
Market Access in Goods	44.7
Rules of Origin	31.6
Services (cross border trade, financial services and telecommunication services)	7.9
Technical Barriers to Trade (TBT)	5.3
Services (temporary entry for business persons)	4.4
Intellectual Property Rights	3.5
Investment (including Non-discriminatory nature, ISDS)	3.5
Competition Policy and State-Owned Enterprises	2.6
Other	2.6
E-Commerce	1.8
Sanitary and Phytosanitary Measures (SPS)	0.9
Government Procurement	0.9



Please contact the following for inquiries regarding this document:

JAPAN EXTERNAL TRADE ORGANIZATION (JETRO)

AMERICAS VISION

OVERSEAS RESEARCH DEPARTMENT

ARK MORI BUILDING 12-32 AKASAKA 1-CHOME, MINATO-KU, TOKYO

107-6006 JAPAN

Tel: 03-3582-4690 E-mail: orb-latin@jetro.go.jp

http://www.jetro.go.jp/world/cs_america/

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