

Emergency Survey on Supply Chain Restoration Damaged by the Flood in Thailand

December 2011

Ministry of Economy, Trade and Industry

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Summary of the Survey

1. Purport and purpose of the survey

We have conducted an urgent survey on the impact of the flood in Thailand on Japan's supply chain, its restoration and the future prospect.

2. Method of survey

Hearing from companies

3. Survey period and subject to the survey

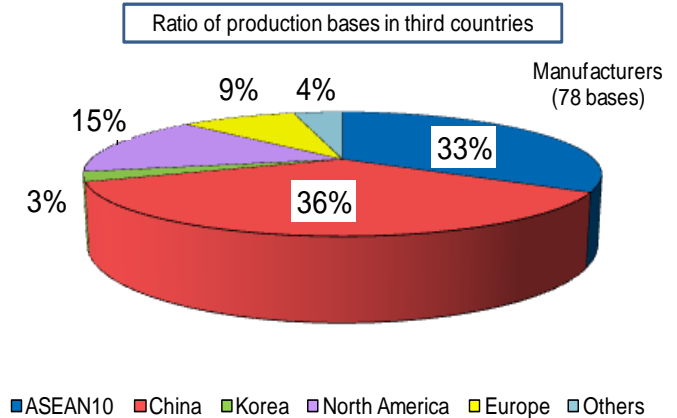
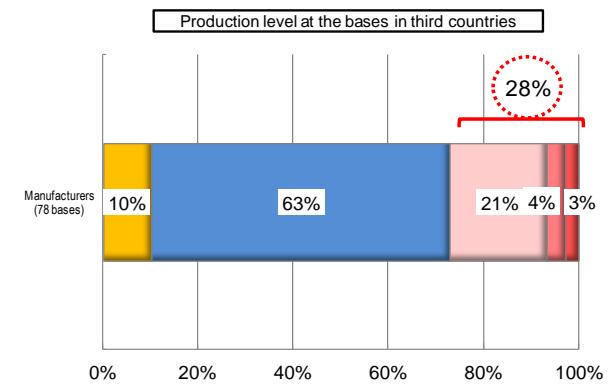
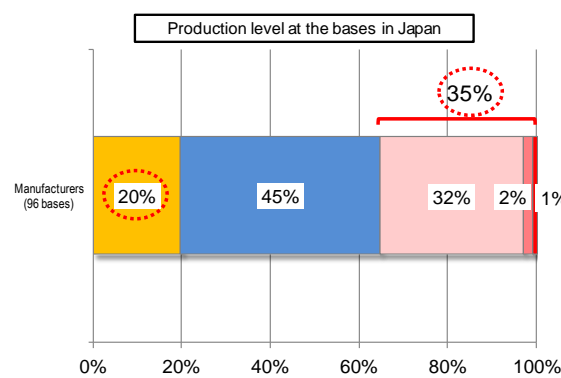
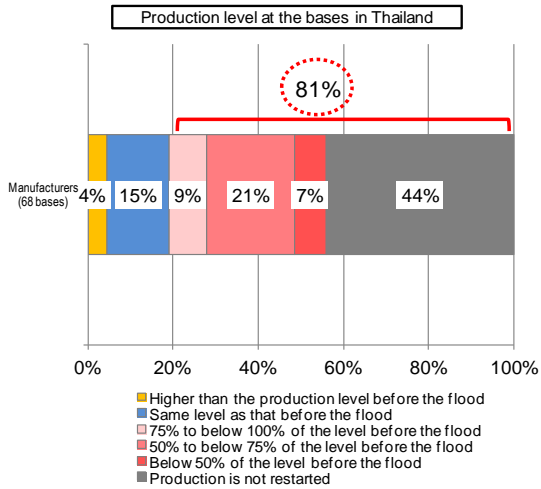
- Survey period: November 30 to December 7, 2011

- Subject to the survey: 67 companies of 13 industries (including 59 manufacturers and 8 non-manufacturers)

1) Iron & steel, 2) Non-ferrous metals, 3) Chemical products, 4) Glass, 5) Cement, 6) Industrial machinery, 7) Transportation equipment and its components, 8) Textile products, 9) Paper & pulp, 10) Electrical machinery, 11) Sundry goods, 12) Medical and welfare equipment, 13) Retailers (department stores, general merchandise stores and convenience stores)

1. Current Production Level

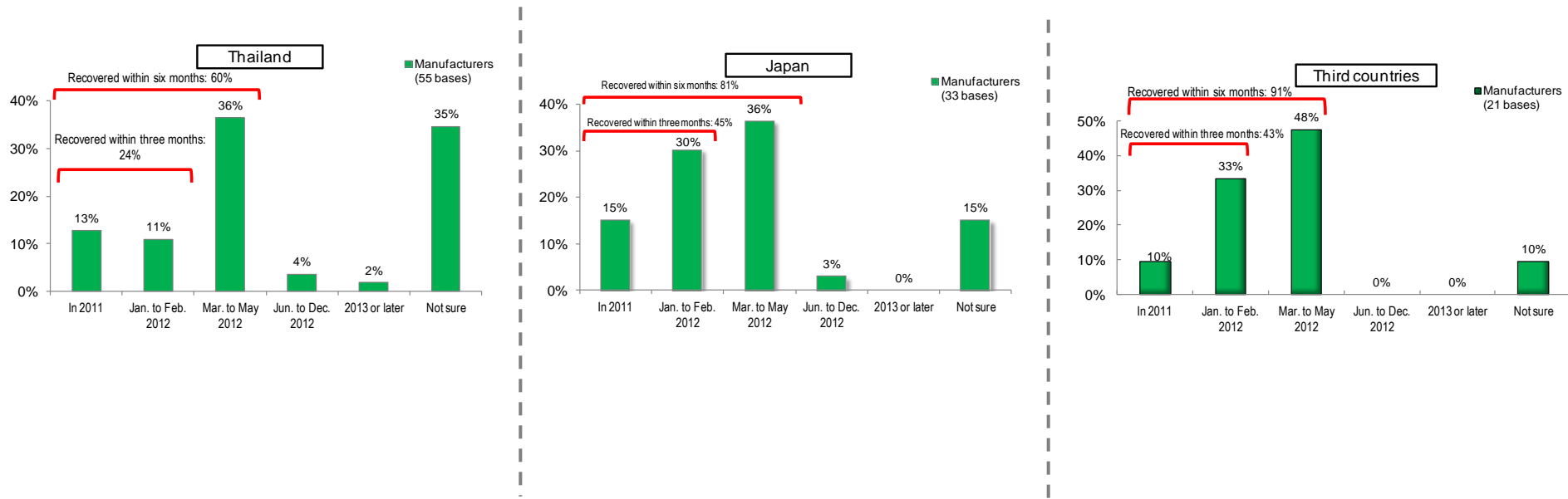
- Japanese companies answered that the current production level was lower than the level before the flood at 81% of their production bases in Thailand, 35% of those in Japan and 28% of those in third countries.
- In Japan, on the other hand, they answered that the production level was higher than that before the flood at 20% of production bases.



* Total is not 100% because the data are rounded to integers.

2. Production Level Recovery Schedule

- Companies which answered that the production level before the flood would be restored within three months (by February 2012) represented slightly below 50% for production bases in Japan and third countries and 25% for those in Thailand.
- Companies which answered that the production level before the flood would be restored within six months (by May 2012) represented 80 to 90% for production bases in Japan and third countries and 60% for those in Thailand.

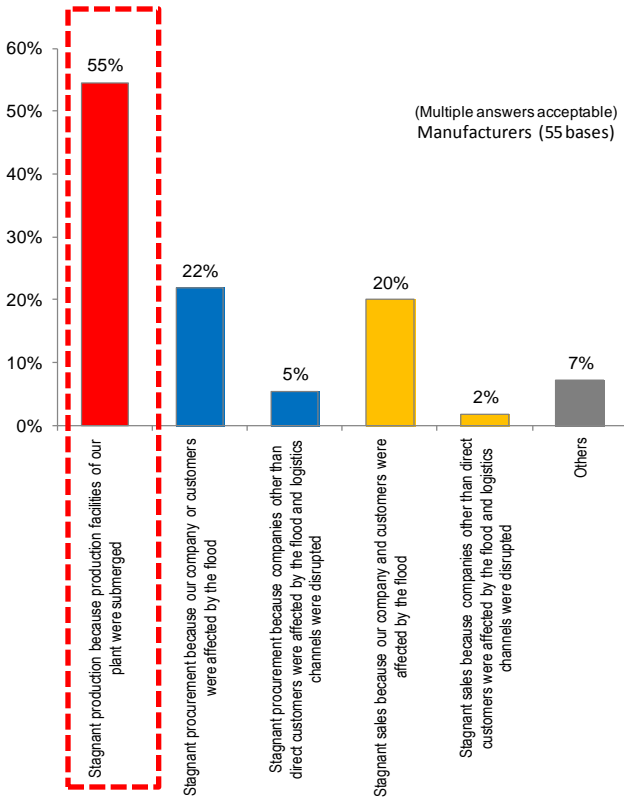


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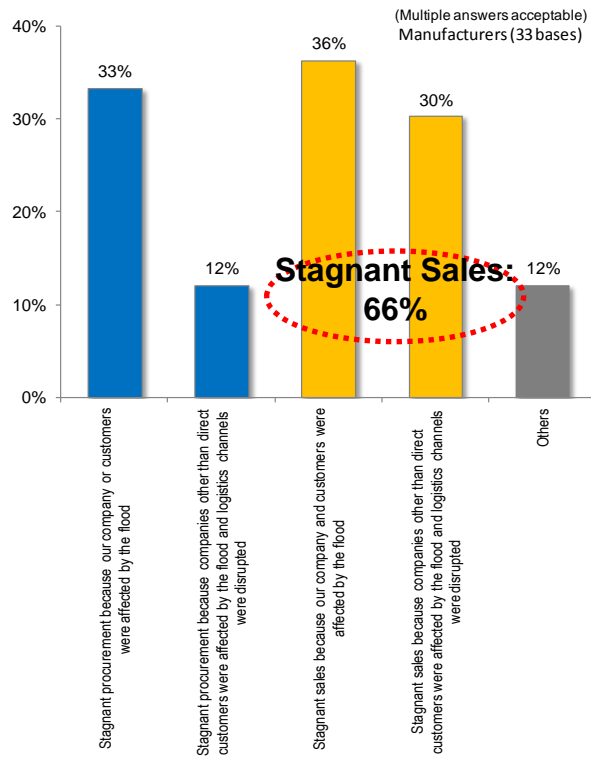
3. Factor of Lower Production Level

- A majority of companies (55%) answered “Stagnant production because production facilities of our plant were submerged” for production bases in Thailand.
- For production bases in Japan, 66% answered that the production level declined due to “stagnant sales” because the surveyed companies and customers as well as companies other than direct customers were affected by the flood, and logistics channels were disrupted.
- For production bases in third countries, 59% answered that “stagnant procurement resulting from flood damage to our company and customers”

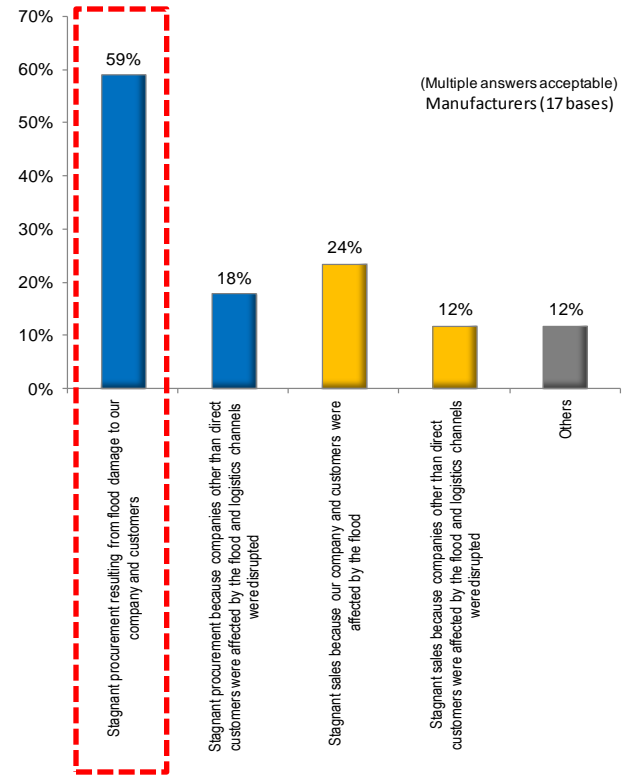
Thailand



Japan

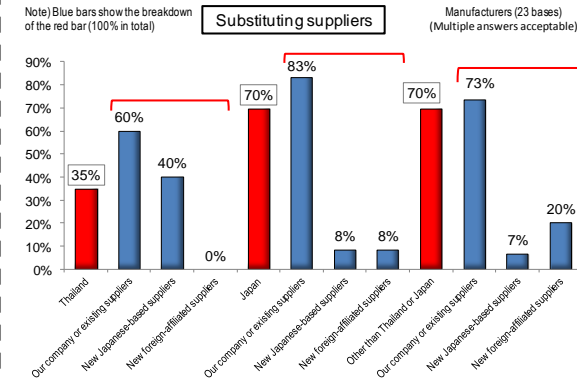
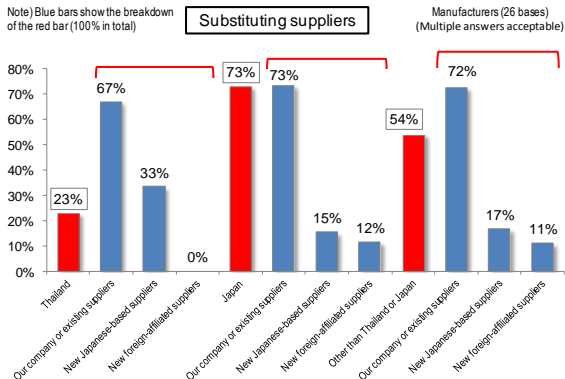
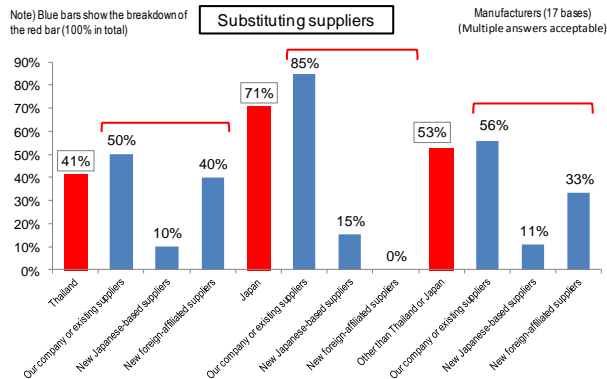
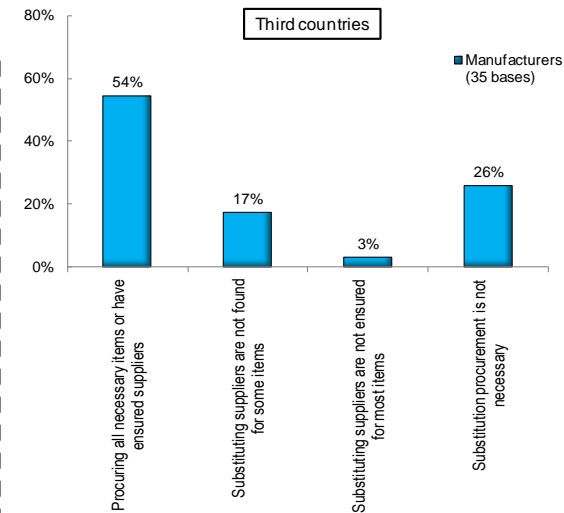
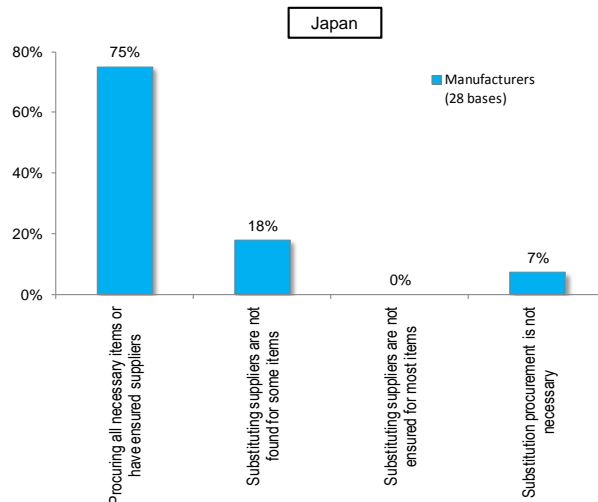
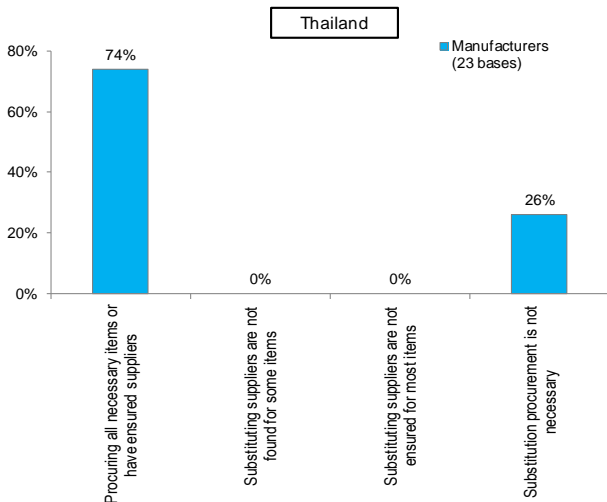


Third countries



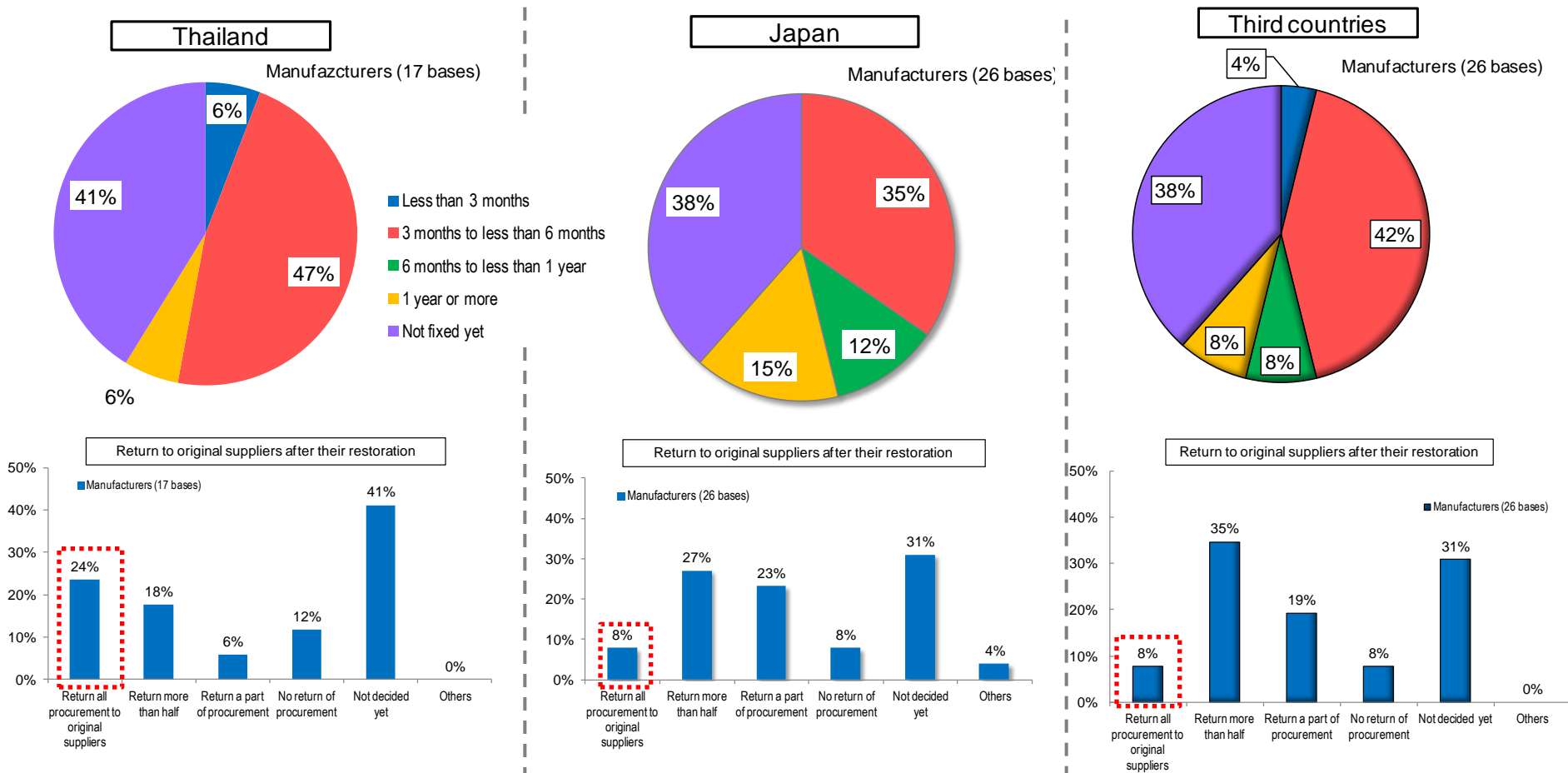
4. Substitution Procurement and Substituting Suppliers

- Companies which answered that they had not found any substituting suppliers represented 0% for production bases in Thailand, but 18% for those in Japan and 20% for those in third countries.
- Among all bases in Thailand, Japan and third countries, many companies arrange procurement from Japan. Many of the bases in third countries also arranged procurement from countries other than Thailand or Japan.



5. Substitution Procurement Period and Prospect for Substituting Suppliers

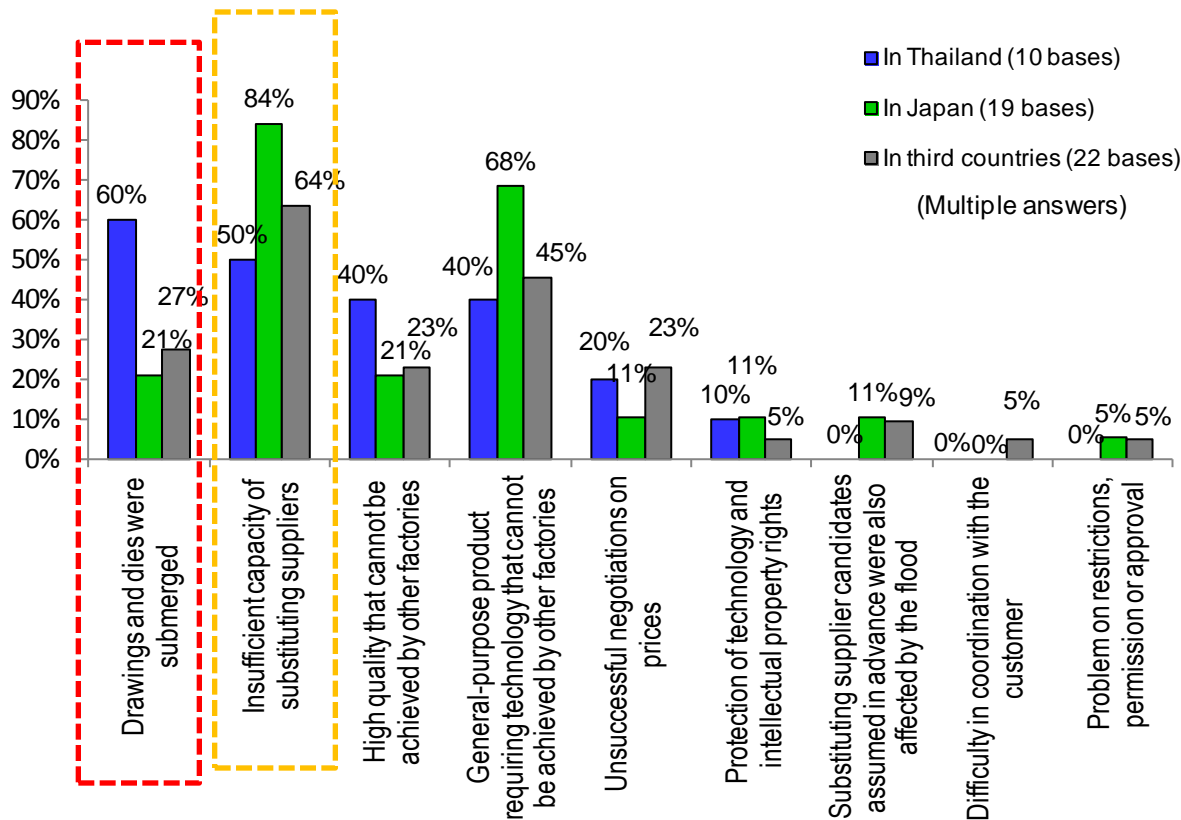
- Many companies answered that the period of procurement from substituting suppliers would be three months to less than six months in Thailand, Japan and third countries.
- In Thailand, 24% of companies answered that all substituting suppliers would be replaced with the original suppliers after restoration of the original suppliers. In Japan and third countries, only a few companies (below 10%) answered that all of them would be replaced with original suppliers.



* Total is not 100% because the data are rounded to integers

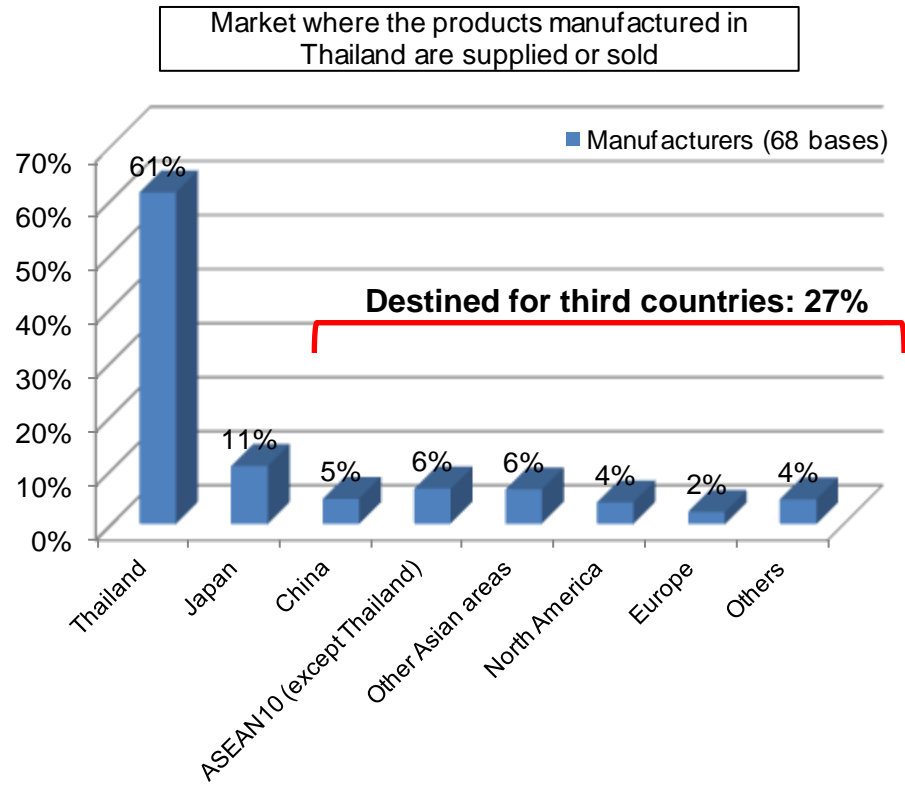
6. Reason of Difficulty in Substitution Procurement

- The largest number of companies representing 60% answered that they had difficulty in substitution procurement because “drawings and dies were submerged” in Thailand.
- In Japan and in countries other than Japan or Thailand, the largest number of companies had difficulty in substitution procurement because of “insufficient capacity of substituting suppliers.”



7. Destination of Products Made in Thailand

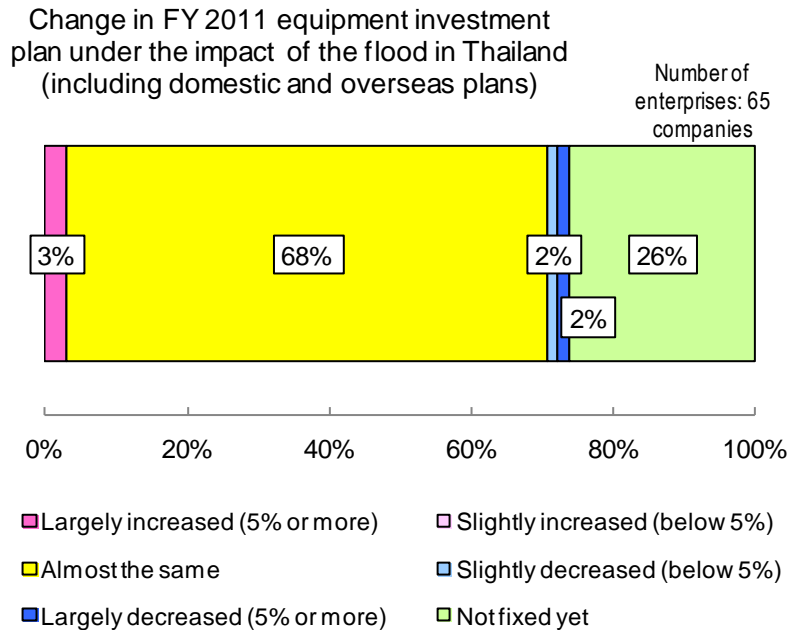
- Among the products (including finished products and components) manufactured by Japanese-based companies in Thailand, 61% are sold in Thailand, 27% are destined for third countries and 11% are exported to Japan.



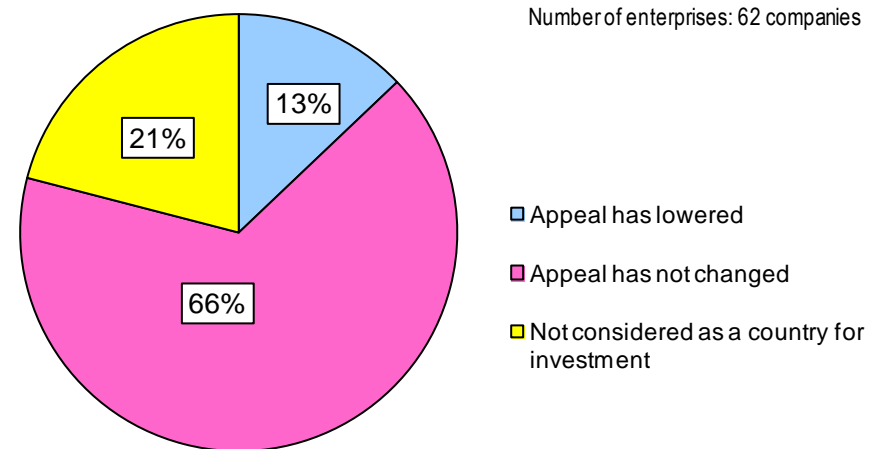
* Calculated from the ratio of quantity shipped from the bases for which answers were obtained

8. Impact on Equipment Investment Plan and on Appeal of Thailand for Investment

- 68% of companies answered that their plan for investment in plant and equipment in FY 2011 would not be changed under the impact of the flood in Thailand.
- Among Japanese companies, 66% answered that the appeal of Thailand for investment was kept unchanged even after the flood.



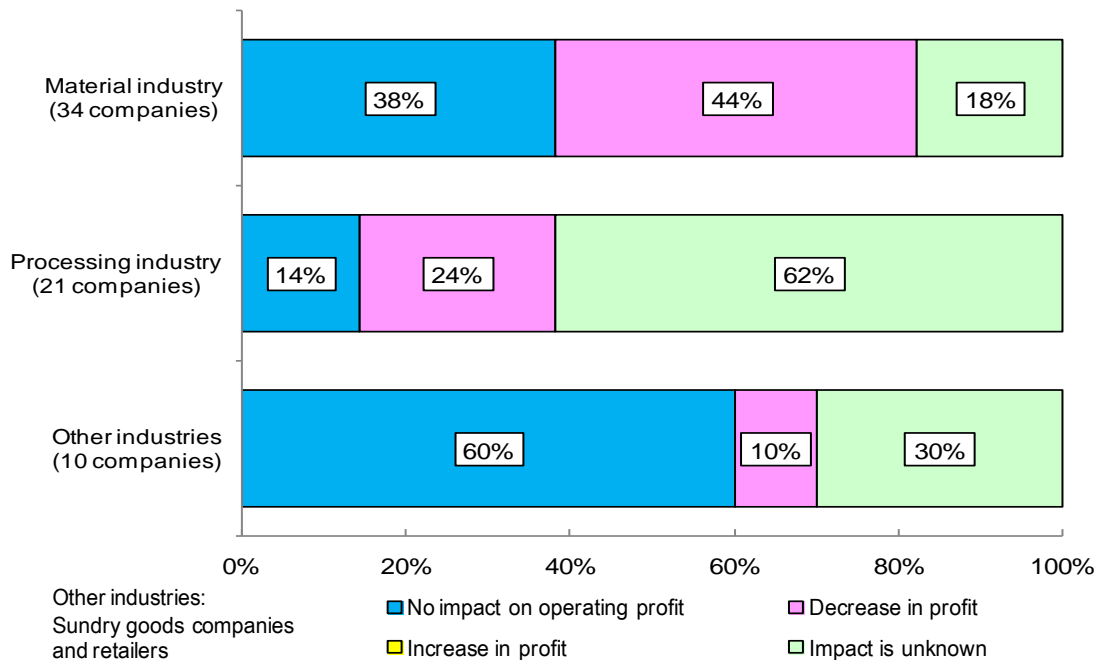
Change in Appeal of Thailand as the Country for Investment after the Flood



9. Impact on the Operating Profit

- For the Impact of the flood in Thailand on the operating profit in this fiscal year (ending March 2012), 44% of material industry companies answered that “the profit would decrease,” 62% of processing companies answered that “the impact was unknown,” and 60% of companies in other industries answered that “there would be no impact on the operating profit.” The impact depends on the industry.
- Among the companies which answered that the profit would decrease, 52% anticipated a decrease below one billion yen.

Impact of the Flood in Thailand on the Operating Profit (FY ending March 2012)



Companies which answered that the operating profit would decrease

