

Asia Pulse

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PHILIPPINES, VIETNAM COMPETE FOR JAPANESE INVESTMENT

Vietnam now appears to be the Philippines' main contender in attracting Japanese foreign direct investment, according to Japan External Trade Organization (Jetro) expert Shinichiro Kato said.

The Philippines has already been overtaken by Thailand, Malaysia and other countries in Southeast Asia, he said.

But with regard to information technology, the Philippines or Cebu, in particular, still has an edge over Vietnam and other countries in Asia due to the Philippines' labor force, Kato said.

Hiroshi Yoneyama, director of Jetro-Manila, said most Japanese companies, even those already operating in the Philippines, are looking at Vietnam as the location for the expansion of their operations because of the country's stable political climate, although it is a socialist country.

In a press conference here on Monday, Yoneyama said Jetro-Manila's surveys, which sought to find out in what country, except China, do Japanese companies want to expand their operations in, revealed that Japanese companies, including those with branches in the Philippines, want to put up a base in Vietnam or Thailand.

"I'm sorry to say that the Philippines is in the bottom of the list of countries of preference," he said.

Jetro-Manila executive director Yasutomi Ota said the country's unstable political climate, perceived negative peace and order situation, high income and corporate taxes and poor infrastructure are some of the reasons for the Philippines' low rating.

He cited, in particular, President Arroyo's declaration of a state of emergency on the day of the commemoration of the EDSA Revolution which has elicited negative perceptions from Japanese companies.

"Most Japanese companies stopped business trips to the Philippines. Some pulled out Japanese managers in the Philippines, although they had conflicts since, we, the Japanese, who are here in the country know the real situation," Ota said.

The government's policy on no-permit no-rally has also created a negative image of the Philippines.

"In Thailand, people can rally freely outside the Prime Minister's office," he said.

Ota was referring to a recent political event in Thailand where tens of thousands of protesters marched to the office of Thai Prime Minister Thaksin Shinawatra, demanding for his resignation over allegations that he improperly enriched himself in a massive telecommunications deal.

In the Philippines, the government has been apprehending rallyists, including government officials for organizing mass actions since February this year.

Meanwhile, Yoneyama said the Philippines should exert more effort to attract Japanese companies to branch out in the country.

He said the Philippines does not have to think about competing with China, as most Japanese companies are implementing the China+1 policy, wherein they put up a plant in China and another in any of the countries in Asia.

(PNA)