日本国際経済学会関東部会 研究会
場所: 日本大学経済学部3号館4階会議室
日時: 2008年1月26日14:00～15:00

Present Situation of the Philippine Automobile Industry and its Position in East Asia

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Presentation Outline

- ［1］ Auto Production Trends in East Asia and the Philippines' Position
- ［2］ Philippines Auto Industry Trade and its Characteristics
- ［3］ Japanese Auto Companies' Strategies towards the Philippines
- i) Position of the Philippines from the Viewpoint of Japanese Auto Companies
- ii) Japanese FDI in Philippines
- ［4］ Philippines Auto Industry in the Regional Division of Labor in East Asia

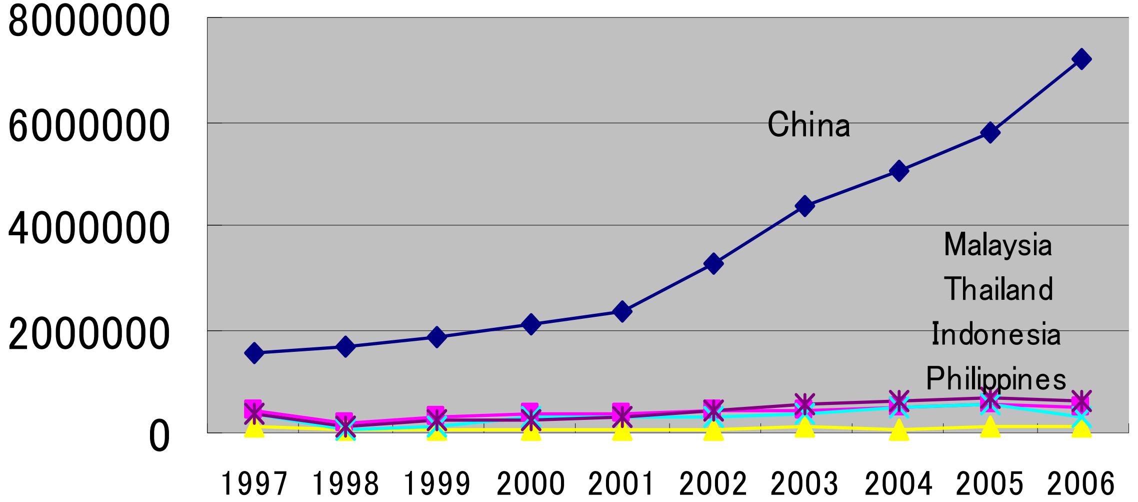
  i) Evolution of East Asian Regional Division of Labor and the Philippines

  ii) Development of FTAs in East Asia and Philippine Automobile Industry

  Concluding Remarks and Policy Implication

[1]Auto Production Trends in East Asia and the Philippines' Position

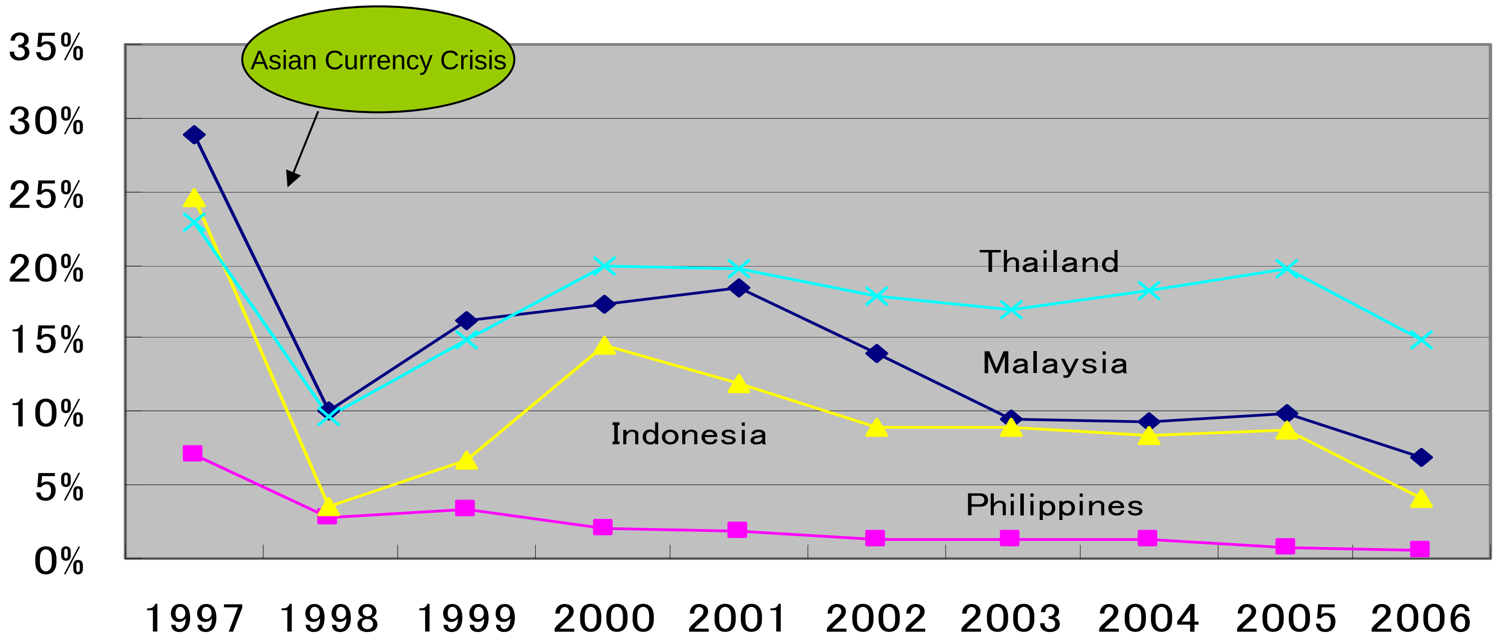
Figure 1. Automobile (Passenger and Commercial Car) Sales by Country 1997-2006



Source: IRC(2007), Made by Estimete Survey of World Automobile Production and Sales: 2007 Version, March.
出所：アイアールシー(2007)『世界自動車産業の生産・販売台数予測調査2007年版』3月より作成

[1]Auto Production Trends in East Asia and the Philippines' Position

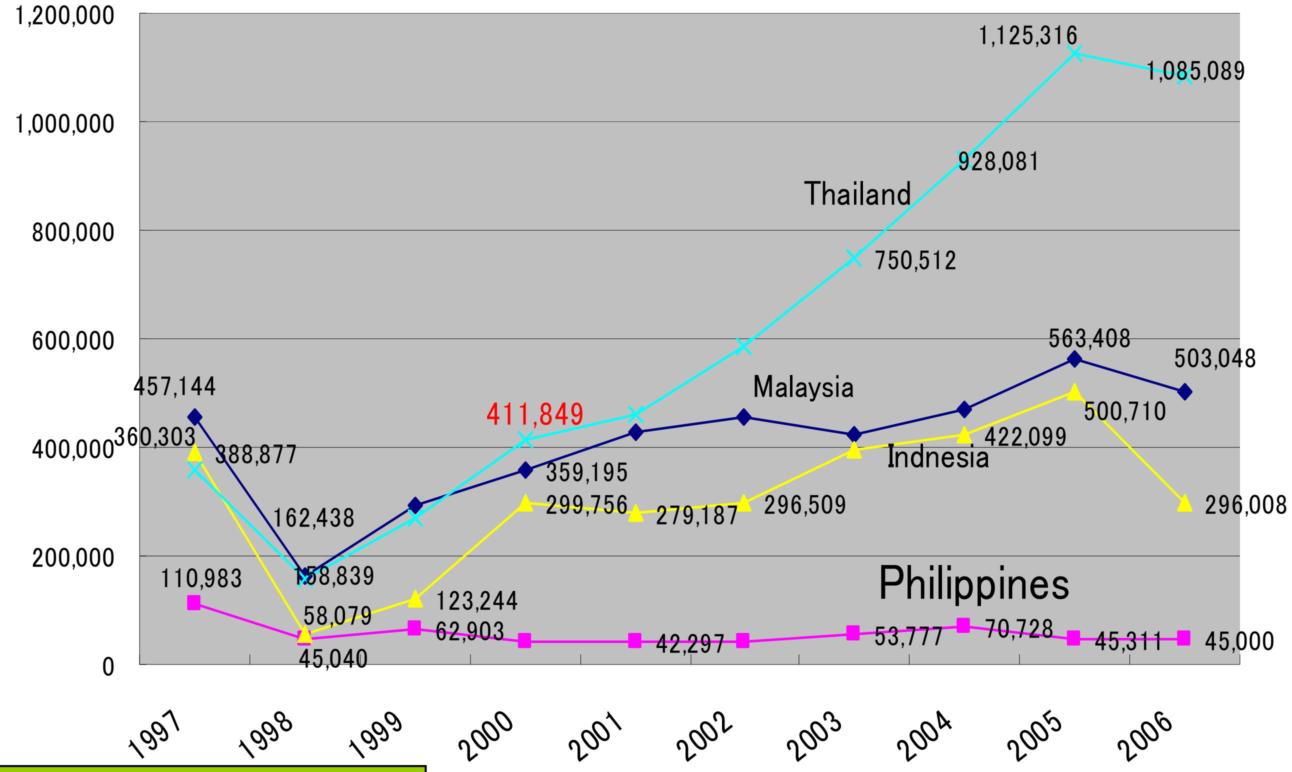
Figure 2. Car Production of ASEAN Countries
compared to China
1997-2006



Source: Same as Figure 1.

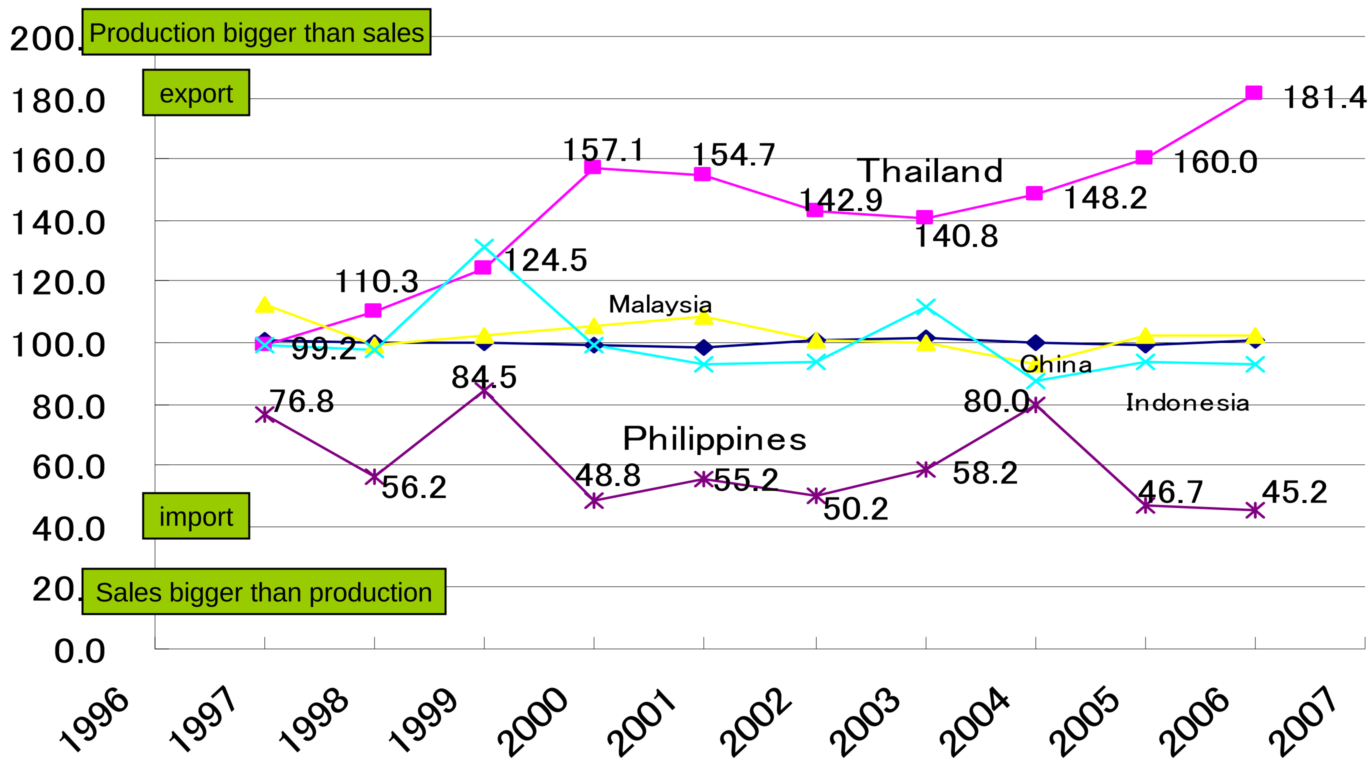
[1]Auto Production Trends in East Asia and the Philippines’ Position

Figure 3. Number of Car Production (pass. & commercial) by ASEAN4 Countries



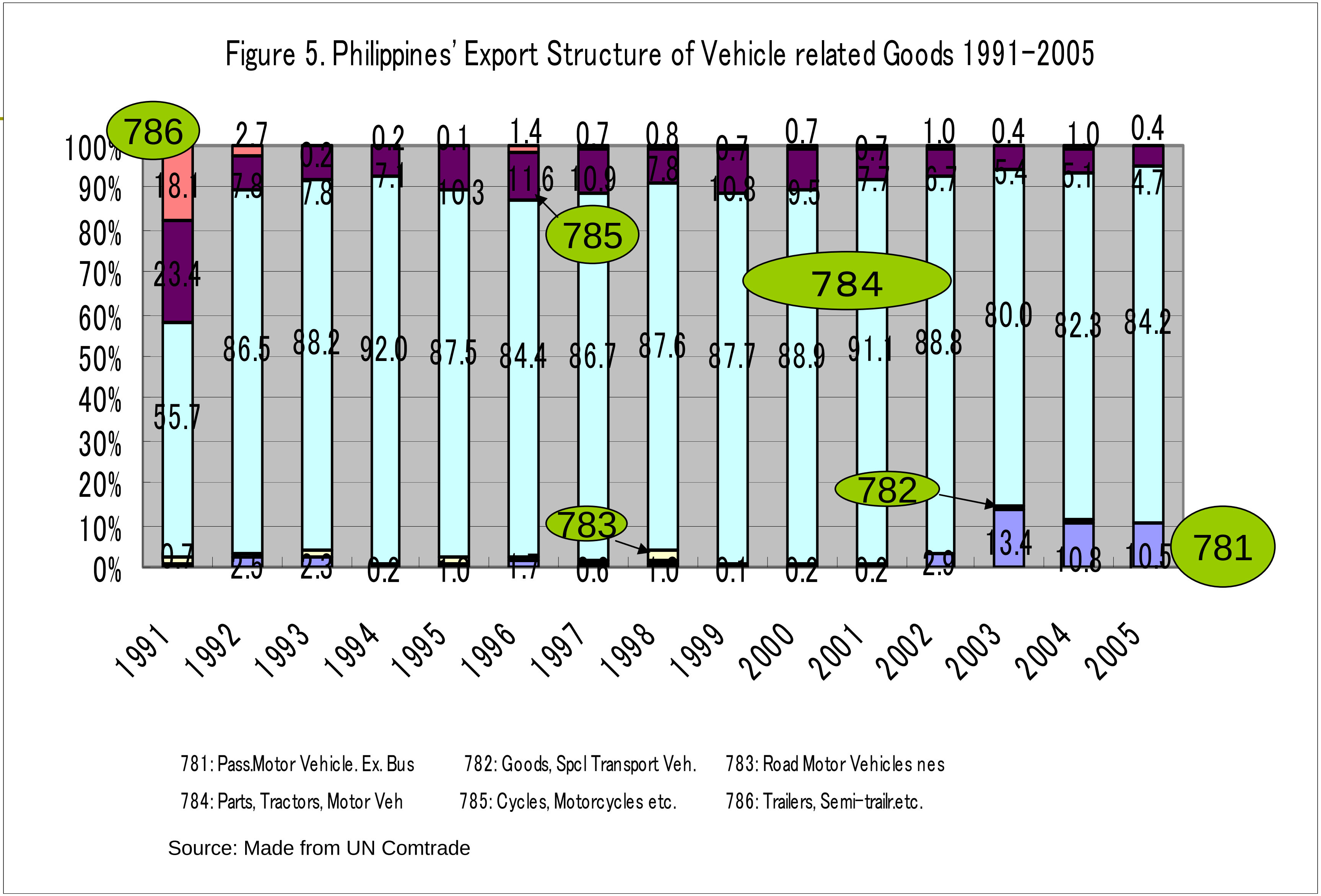
Source: Same as Table 1.

Figure 4. Production/Sales Ratio of the Automobile Industry in ASEAN4 1997-2006 (Production Units/Sales Units* 100)

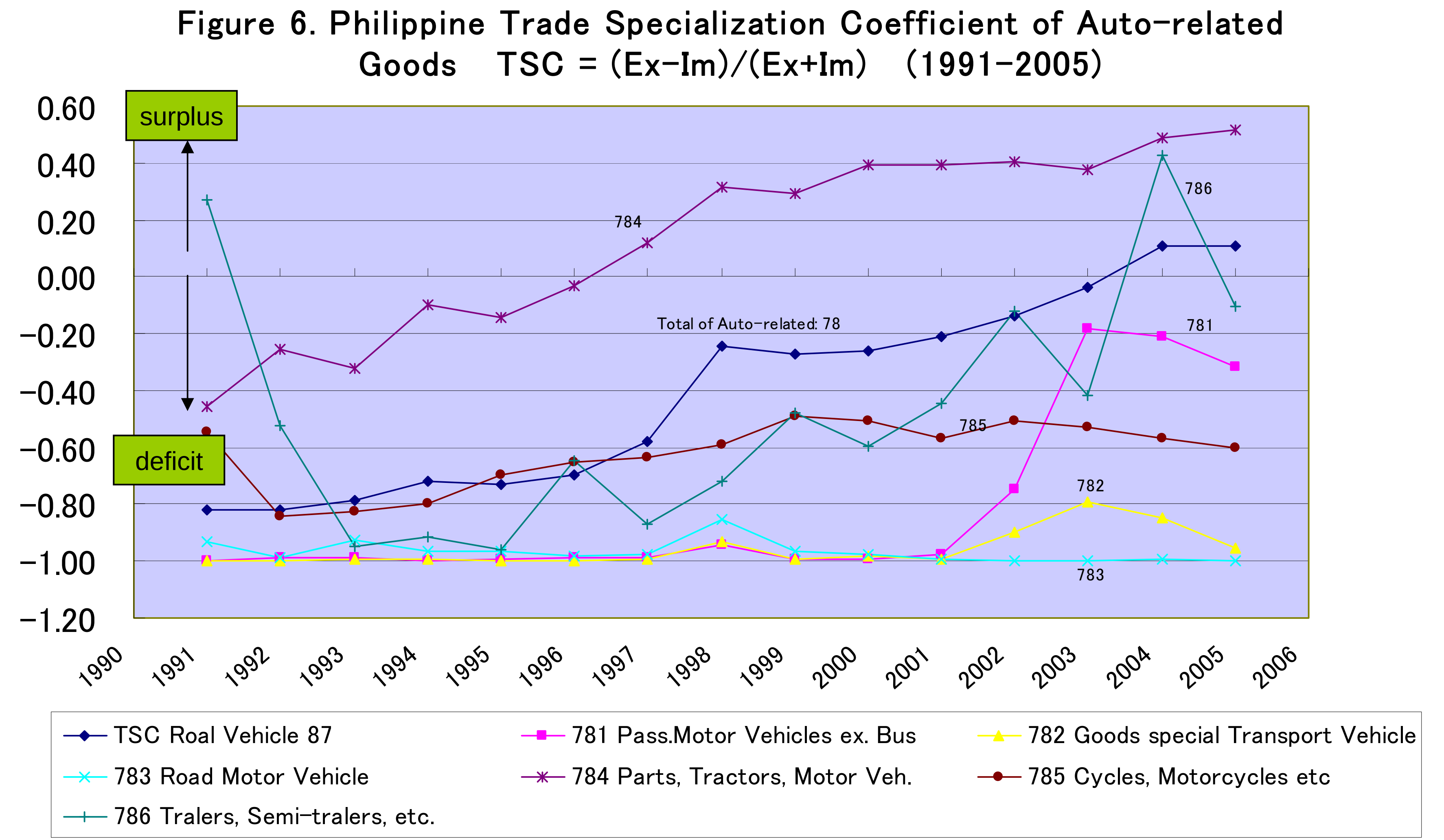


Source: made from IRC(2007) Sekai Jidousya Sangyo no Seisan/Hanbai Daisuu Yosoku Chosa 2007nennban, March.

[2]Trends and Structure of Philippine Auto Exports and Its Characteristics



[2]Trends and Structure of Philippine Auto Exports and Its Characteristics



Source: Made by Hirakawa from UN, Comtrade, (SITC Version 3)

[2]Trends and Structure of Philippine Auto Exports and Its Characteristics

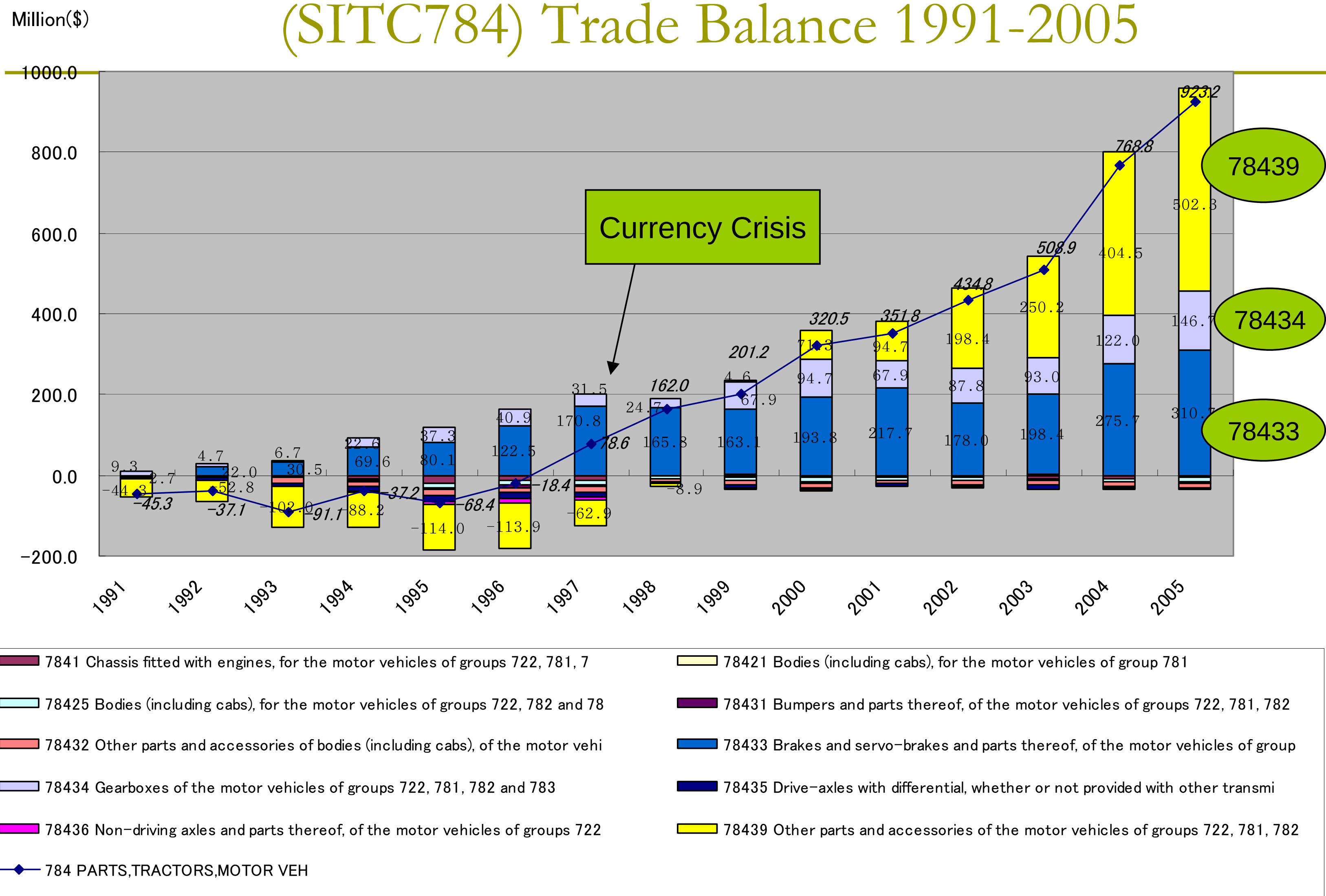
Table 1 Breakdown of Export of Motor Vehicle's Parts and accessories (784)

	784 Exports($)	78421	78432	**78433**	**78434**	**78439**
1991	$27,146,112	1.2%	4.0%	0.1%	66.2%	27.9%
1992	$54,155,324	0.6%	3.6%	45.0%	32.4%	18.4%
1993	$96,232,384	0.4%	3.2%	35.3%	45.0%	15.9%
1994	$165,691,648	0.3%	2.1%	44.7%	45.1%	**7.5%**
1995	$208,565,584	0.1%	2.3%	40.9%	**45.5%**	11.1%
1996	$281,668,448	0.1%	1.7%	45.8%	30.9%	21.3%
1997	$361,281,952	0.2%	0.9%	49.3%	20.5%	28.7%
1998	$337,485,056	0.1%	1.2%	**50.9%**	16.1%	31.3%
1999	$442,099,232	0.0%	0.2%	38.3%	23.0%	37.7%
2000	$568,598,189	0.0%	0.1%	35.3%	24.0%	40.6%
2001	$625,091,620	0.0%	0.0%	35.9%	17.0%	47.0%
2002	$754,884,541	0.0%	0.0%	24.3%	16.9%	58.6%
2003	$932,372,018	0.0%	0.0%	21.8%	14.8%	**62.9%**
2004	$1,172,468,338	0.0%	0.0%	23.8%	14.9%	**61.1%**
2005	$1,355,305,416	0.0%	0.0%	**23.1%**	15.5%	**61.2%**

Note: Items that shares in SITC784 were less than 1 percent from 1991 to 2005 are 7841, 78425, 78431, 78435, and 78436.
SITC78421 Bodies (including cabs), for the motor vehicles,; 78432 Other parts and accessories of bodies (including cabs), of the motor vehl.; **78433 Brakes and servo-brakes and parts thereof**, of the motor vehl.; **78434 Gearboxes of the motor vehl.**; **78439 Other parts and accessories of the motor vehl.**

Source: made from UN Comtrade.

Figure 7. Breakdown of Philippines' Auto-parts (SITC784) Trade Balance 1991-2005



source: made by Hirakawa from US Comtrade

Table 2. Main Export Destination of Auto-parts and accessories

Table 3 Philippines' main export destination of Auto-related parts and accessories
1991, 1995, 2000, 2005

	1991		1995		2000		2005	
	Destination	Share	Destination	Share	Destination	Share	Destination	Share
SITC78433 Brakes and servo-brakes and parts thereof								
First	**EU**	**50%**	**EU**	**61%**	**EU**	**88%**	**EU**	**92%**
Second	Japan	35%	NAFTA	39%	NAFTA	6%	NAFTA	3%
Third	Singapore	13%			Japan	2%	Japan	3%
East Asia Total		**48%**		only a few		**4%**		**4%**
SITC78434 Gearboxes of the motor vehicles								
First	**Thailand**	**53%**	**Thailand**	**67%**	**Thailand**	**57%**	**Thailand**	**68%**
Second	Japan	46%	**Indonesia**	**13%**	**Indonesia**	**14%**	**Indonesia**	**10%**
Third			Japan	11%	Japan	8%	Japan	8%
East Asia Total		**100%**		**96%**		**86%**		**92%**
SITC78439 Other parts and accessories of the motor vehicles								
First	**Japan**	**61%**	**Japan**	**46%**	**Japan**	**40%**	**Japan**	**35%**
Second	NAFTA	19%	NAFTA	30%	NAFTA	17%	Thailand	19%
Third	Hong Kong	6%	EU	5%	Thailand	13%	NAFTA	17%
East Asia Total		**70%**		**54%**		**63%**		**68%**

Source: made by UN Comtrade.

[3]Japanese Companies' FDI into the Philippines

Figure 8. Share of Japanese Transportation Industry's FDI by Region 1989-2004

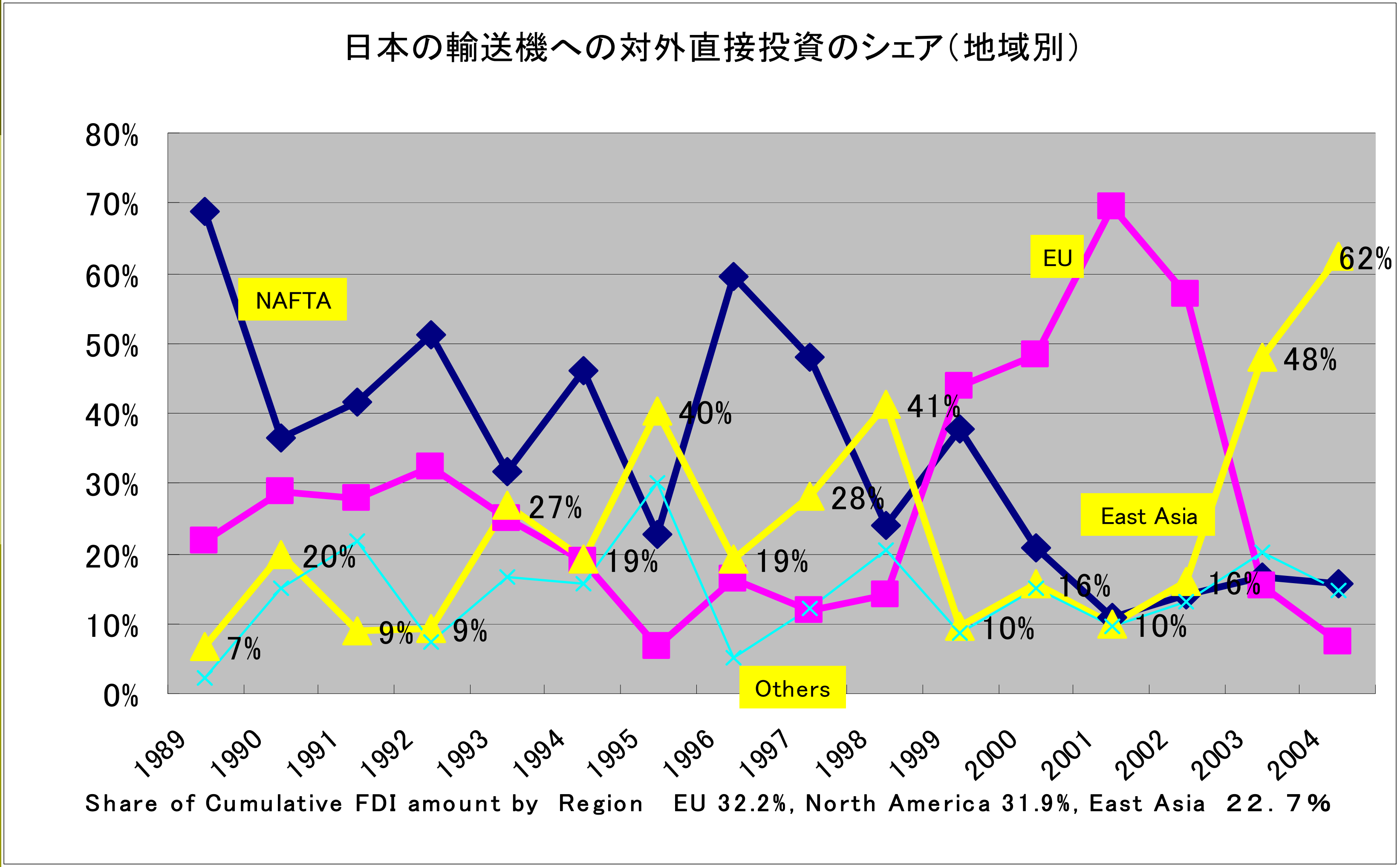
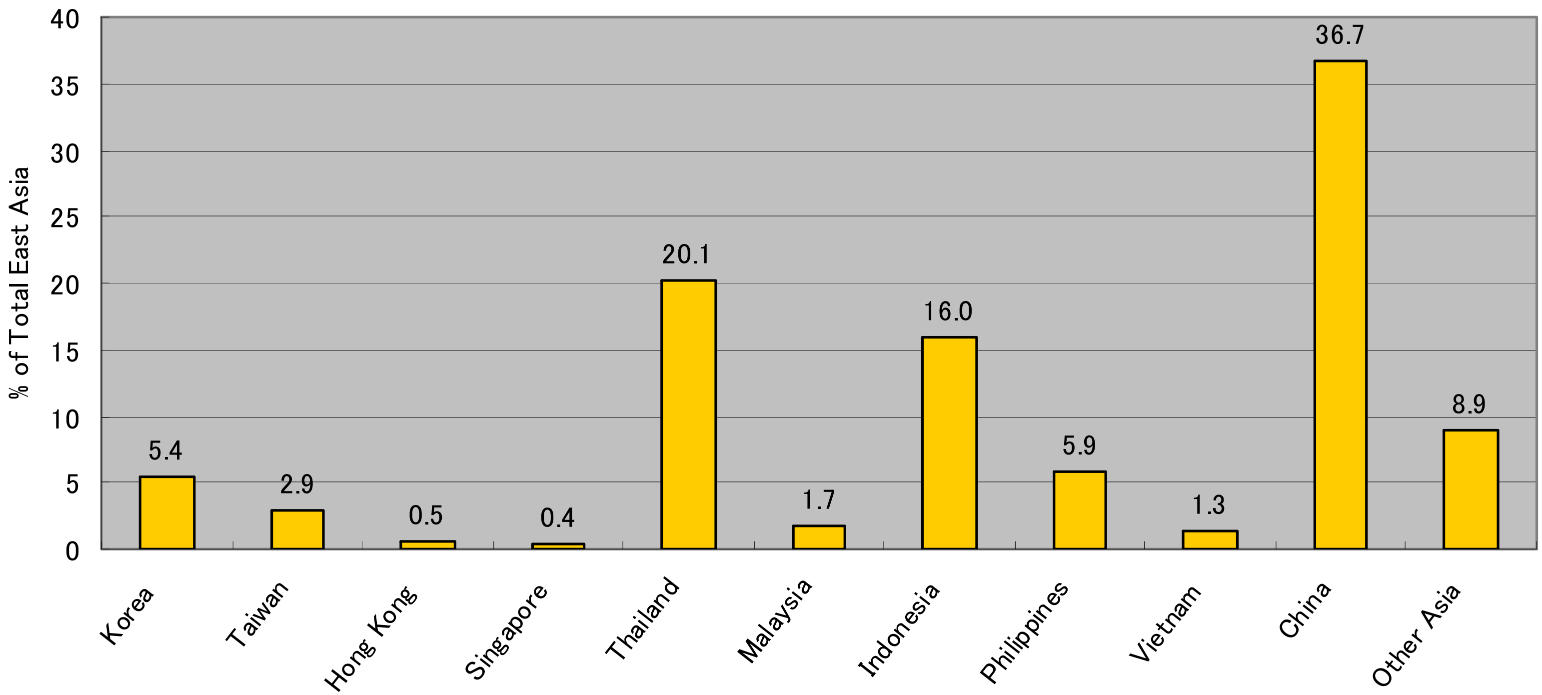
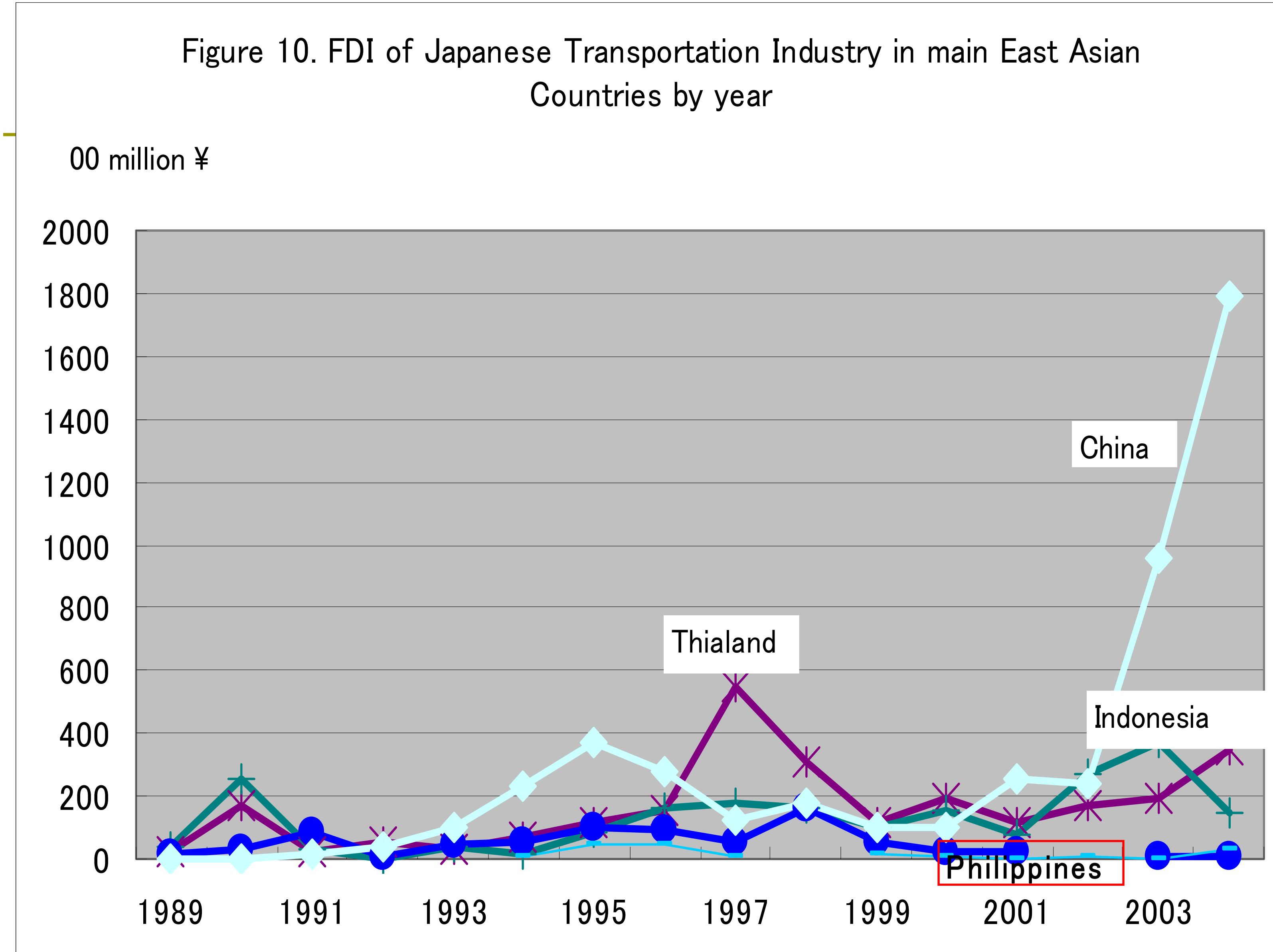


Figure 9. Share of Japanese Transportation Industry's FDI in Asia by Country (cumulative value of 1989-2004)



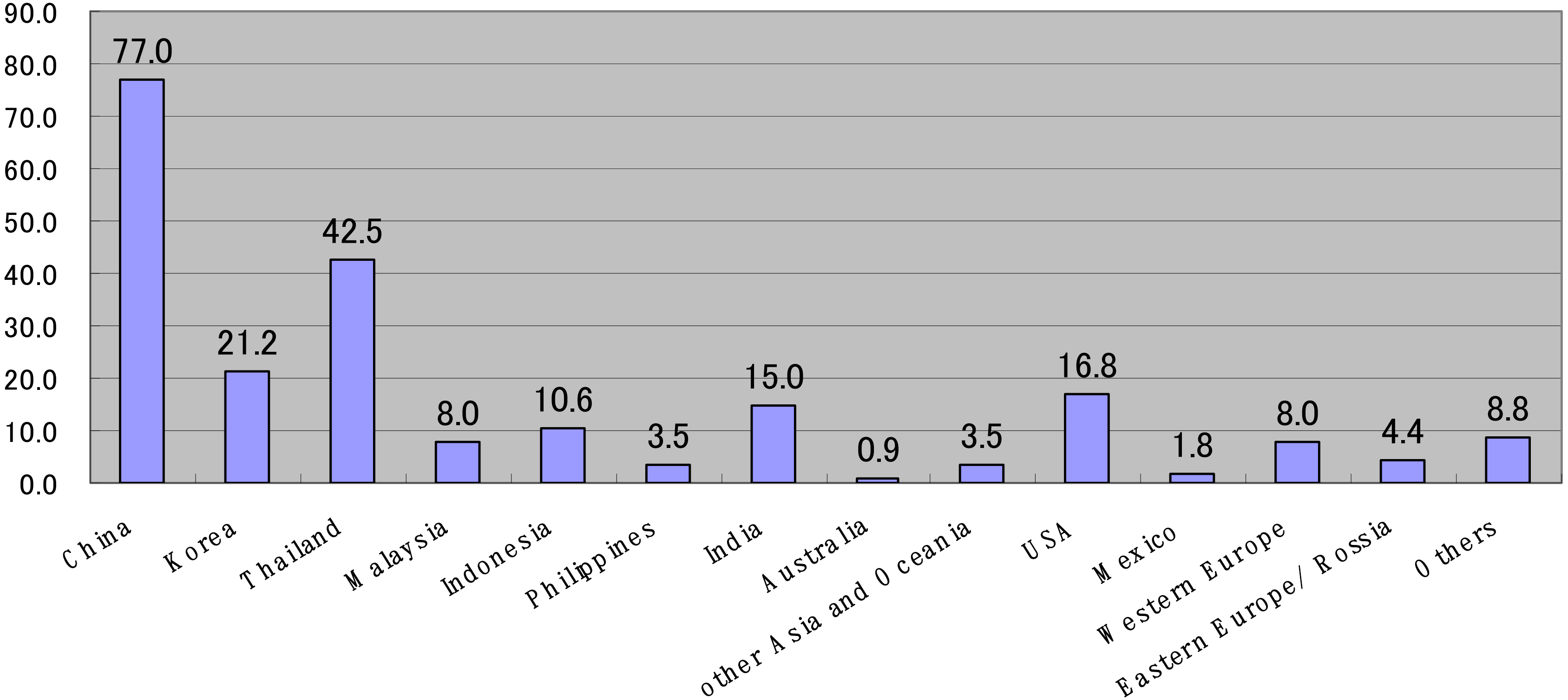
Note: cumulative value of 1989-2004 was a ¥130,558million.
Source: Ministry of Finance, Japan.

[3]Japanese Companies' FDI into the Philippines



[3]Japanese Companies' FDI into the Philippines

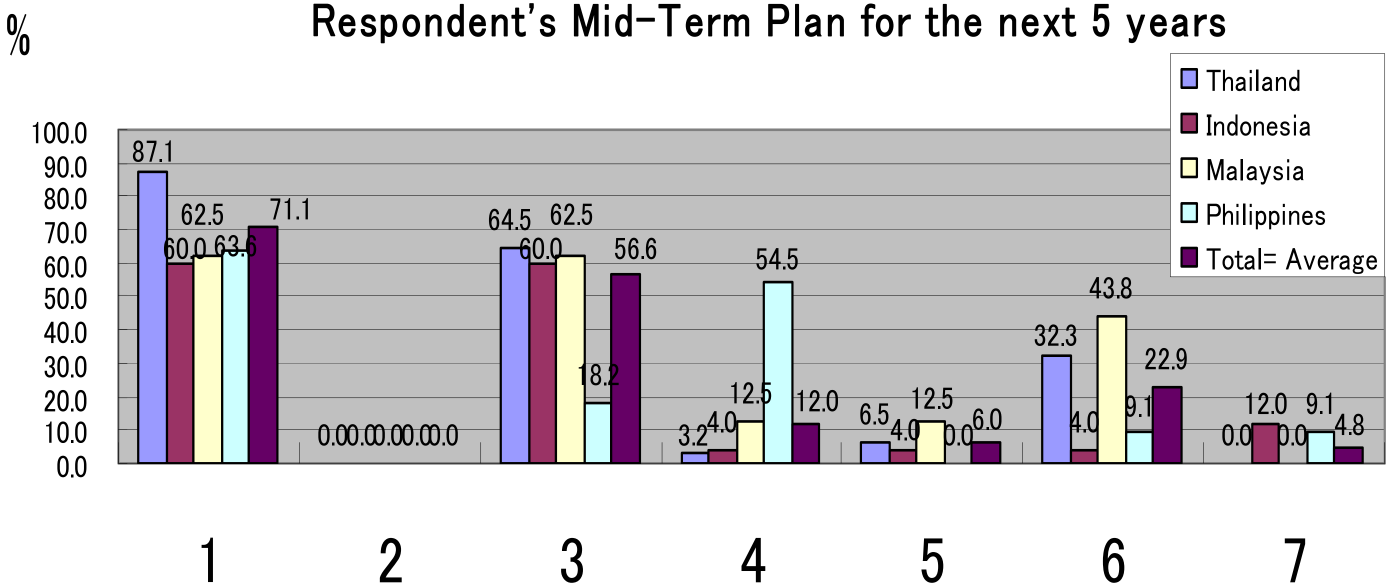
Figure 11. The Share of Japanese Auto Supplier Respondents on Procurement Source about where they wish to increase or strengthen henceforth (Multiple Responses) (Survey in Jan.-Feb. 2006)



Note: Number of Respondents of the survey were 348, 15.5% of which choosed overseas as a main procurement source, 8.0% of which choosed overseas as a second main, and 8.9% as a third main. This breakdown is respondents choosed overseas.
Source: Cited from Chusho Kigyo Kiban Seibi Kiko (the Organization for Small & Medium Enterprises and Regional Innovation, JAPAN: SMRJ) (2006), Jidosha Sangyo Sapurai Chen Chousa (A Survey of Auto-Industry Supply-Chain), March, p.46.

[3]Japanese Companies' FDI into the Philippines

Figure 12. ASEAN-located Japanese Auto-Parts Affiliates
Respondent's Mid-Term Plan for the next 5 years



Note: 1-Increase of production capacity and up-sizing 2- Reduction of production capacity and down-sizing
3-Increase of sales for both domestic market and export
4-Sales for domestic market with status quo, increase of exports
5-Exports with status quo, increase of sales for domestic market
6-Strengthening of domestic ability for design and development
7-Others 8- Total=average
Number of Respondents: Thailand N=31, Indonesia N-25, Malaysia N=10, Philippines N=11, Total 83
Total number of each country responses = 100%
Sourece: Made from Chuso Kigyo KIban Seibi Kikou (2006), Jidosha sangyo sapurai-chen Chosa (The Organization for Small & Medium Enterprises and Regional Innovation, JAPAN: SMRJ, A Survey of Auto-Industry Supply-Chain), March, p.81.

[3]Japanese Companies' FDI into the Philippines

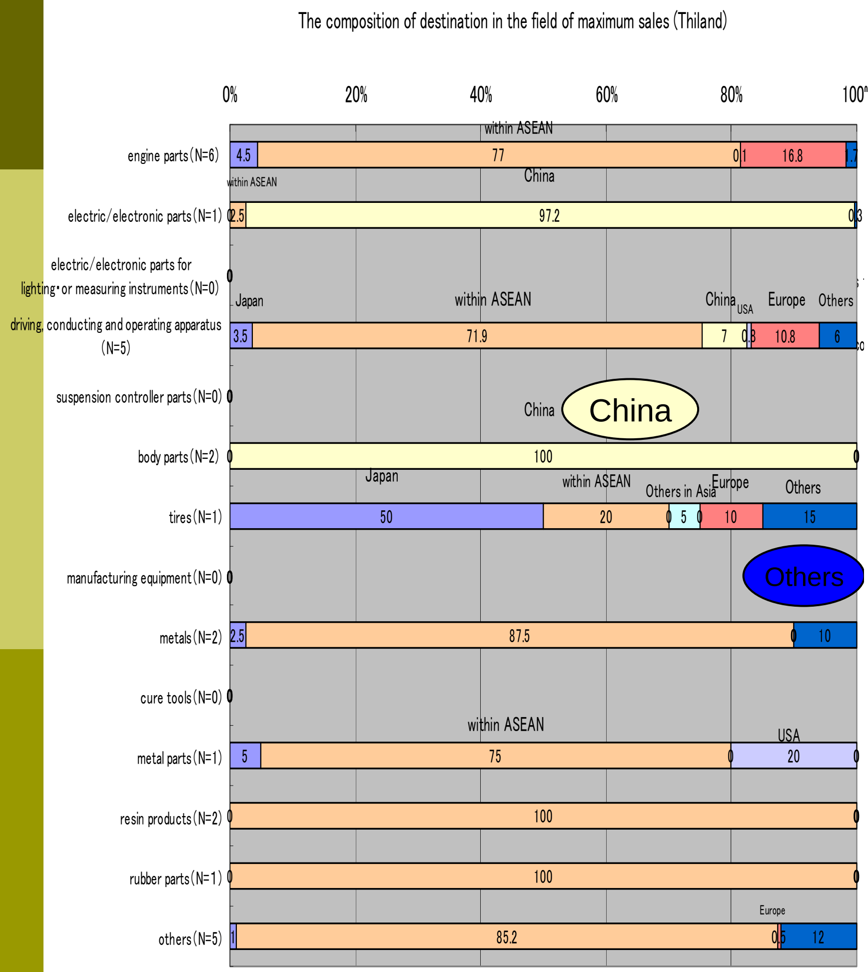
Table 3. The Ideal Location of production Site of Japanese companies in ASEAN and India
for the Medium- to Long- Term Perspective
(The number of companies' effective answers: 775 companies, an either/or choice question)

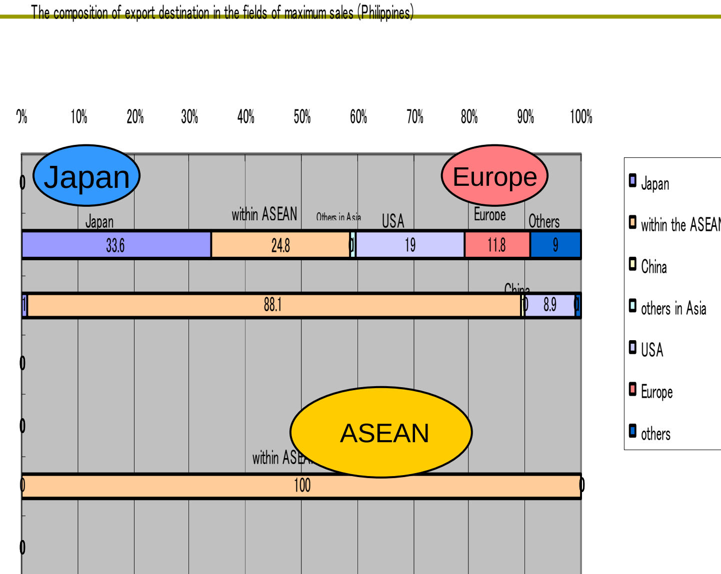
Countries		Selected Countries or Area for Optimum Production								
Countries (ASEAN・India)	The Number of effective answers	**Thailand**	Malaysia	Singapore	Indonesia	Philippines	**Vietnam**	India	**China**	Others(Hong-Kong・Taiwan・Korea)
Thailand	193	**140**	0	0	1	0	26	9	12	5
Malaysia	130	13	61	1	3	0	24	5	17	6
Singapore	83	23	5	17	6	0	15	4	11	2
Indonesia	129	15	1	1	54	0	21	8	18	11
Philippines	143	25	1	0	1	58	29	3	20	6
Vietnam	65	3	1	0	1	0	**49**	3	6	2
India	32	5	0	0	1	0	**2**	20	2	2
Total	775	**224**	69	19	67	58	**166**	**52**	86	34
Total of Answers selected by companies outside each present home country		**84**	8	2	13	0	**117**	**32**	**86**	34

Source: Cited partly from JETRO (2007), Zai Ajia Nikkei Seizogyo no Keiei Jittai -ASEAN/Indo hen-, 2006 nendo Chosa, March, p.34.

[3]Japanese Companies' FDI into the Philippines

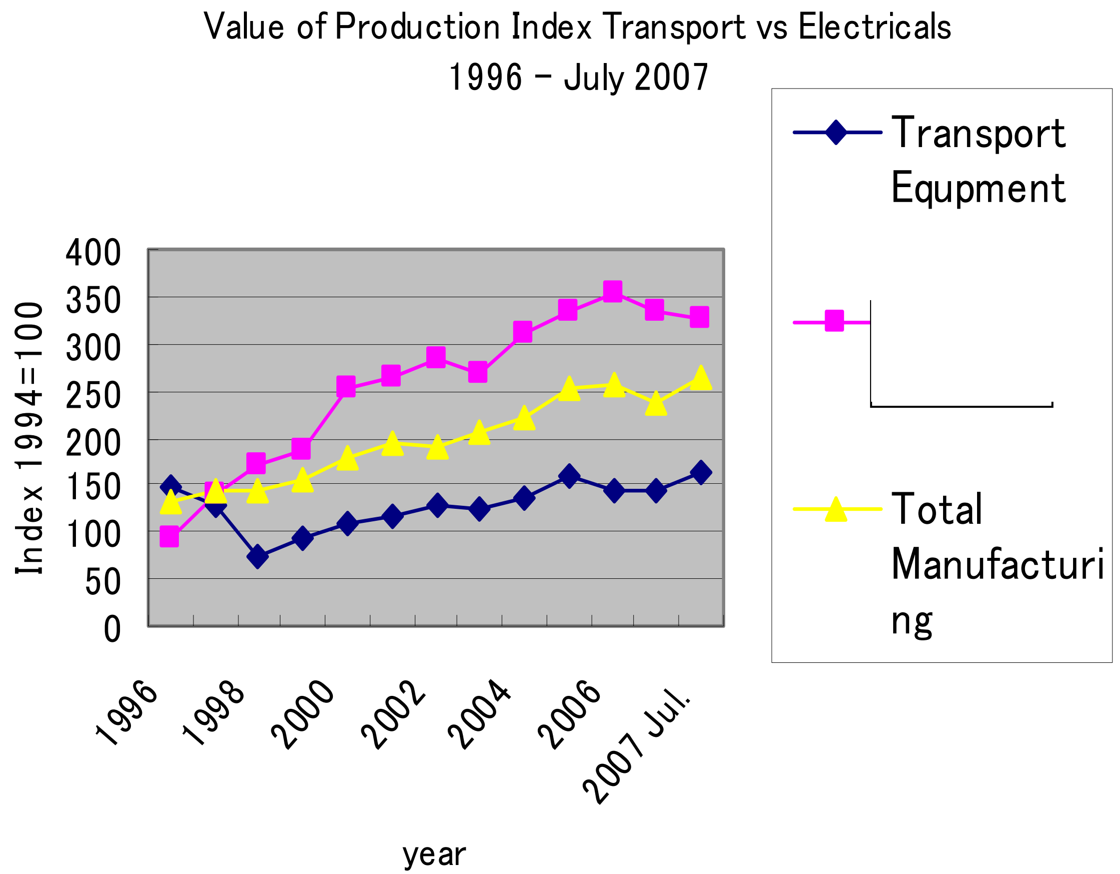
Figure 13. Japanese Auto-affiliates' export destination by Part Item in Thailand (Left) and Philippines (Right) 2006Survey





Source: Chushokigyo Kiban Seibi Kiko (2006), Jidosha Sangyo Sapurai Chen Chosa, March, p.80.

Figure 14. Asian Crisis Changed the Position of the Auto Industry vis-à-vis Electrical Machinery in Philippine Manufacturing



Source: Philippines National Statistical Office、Index of Manufacturing Statistics

Table 4. Japanese Companies' Production Shift within East Asia
ーCases in Thailand and Philippinesー

Production Shift to Thailand
(Number 154), 100.0%

Industry Order	Biggest Origin	Second	Third
Motor Vehicles/ Motor Cycle (27) 17.50%	Japan (19) 70.40%	China (3) 11.10%	Malaysia (2) 7.40%
Electric/Electronic **Parts and apparatus** (27) 17.50%	Japan (12) 44.40%	China (5) 18.50%	Malaysia (2) 7.40%
Plastic Products(14) 9.10%	Japan (5) 35.70%	China (1) 7.10%	None
Electric/Electronic **Products**(13) 8.40%	China (5) 38.50%	Japan (3) 23.10%	Malaysia (2) 15.40%

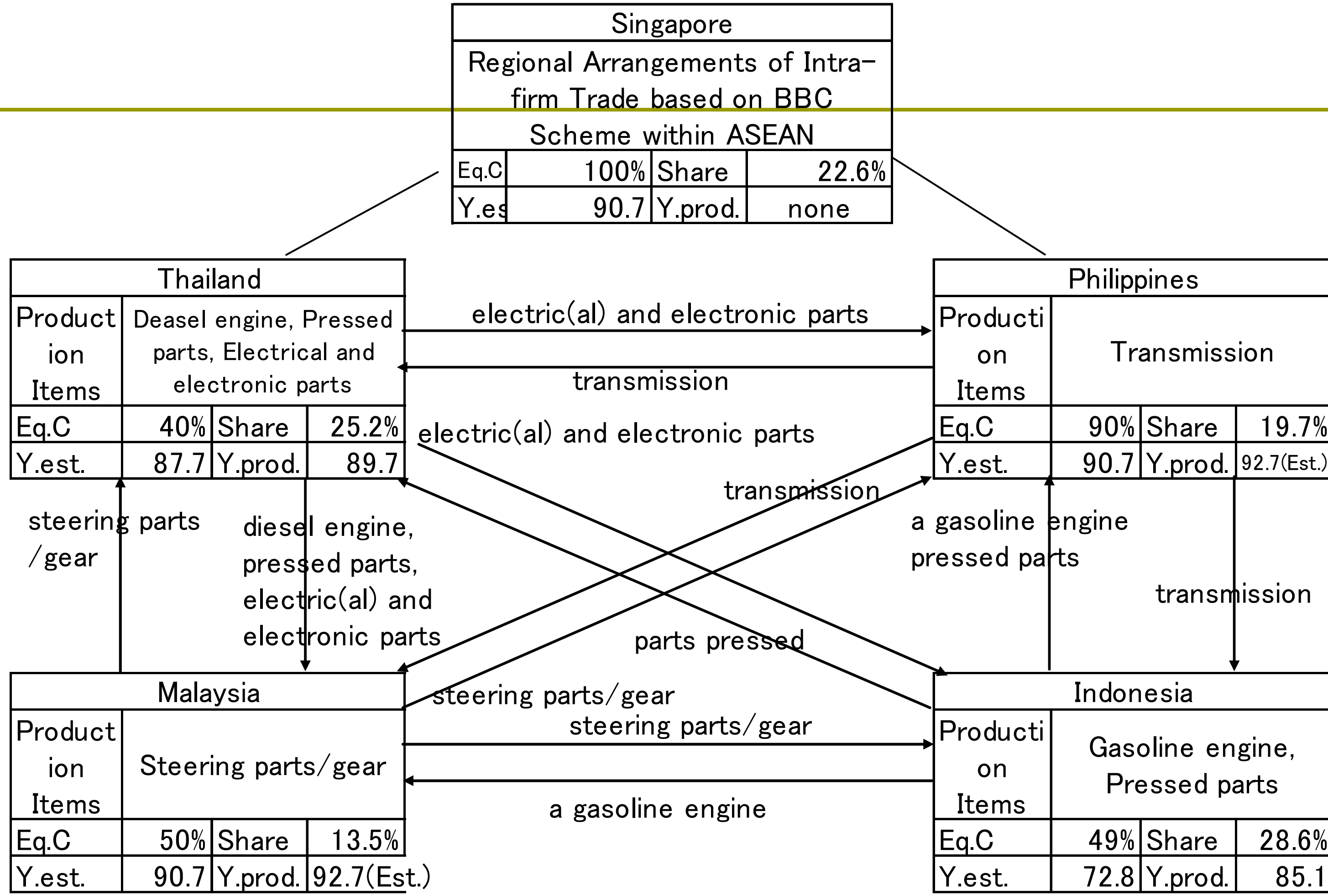
Production Shift to Philippines
(Number 107), 100.0%

Industry Order	Biggest Origin	Second	Third
Electric/Electronic **Parts and Apparatus** (24) 22.40%	Japan (12) 50.00%	China (5) 20.80%	Vietnam (2) 8.30%
Motor Vehicle/Motorcycle(19) 17.80%	Japan (12) 63.20%	China (2) 10.50%	Indonesia (1) 5.30%
Plastic Parts (15) 14.00%	Japan (5) 33.30%	China (5) 33.30%	None
Metal Products (12) 11.20%	Japan (9) 75.00%	Thailand/Korea (respectively 1) 8.30%	none

Source: Cited partly from JETRO (2007), Zai Ajia Nikkei Seizogyo no Keiei Jittai -ASEAN/Indo hen-, 2006 nendo Chosa, March, p.33.

[4] Philippine Auto Industry in East Asia's Regional Division of Labor

Figure 15. Company A's Parts Exchange Plan within ASEAN Region under BBC Scheme



Note: Eq.C: Equity Contribution, Share: Company A's sales share in domestic market,
Y.est.: Year being Established., Y.prod.: Year of beginning production.

BBC Scheme: Brand-to-Brand Copmlementation Scheme on the Automotive Industry.

Source: cited from MITI (1992), White Paper on International Trade, Heisei 3 nen version, p.352.

[4] Philippine Auto Industry in East Asia's Regional Division of Labor

Figure 16-1. Utilization of FTA/EPAs in Trade of Japanese Affiliates in East Asia and India

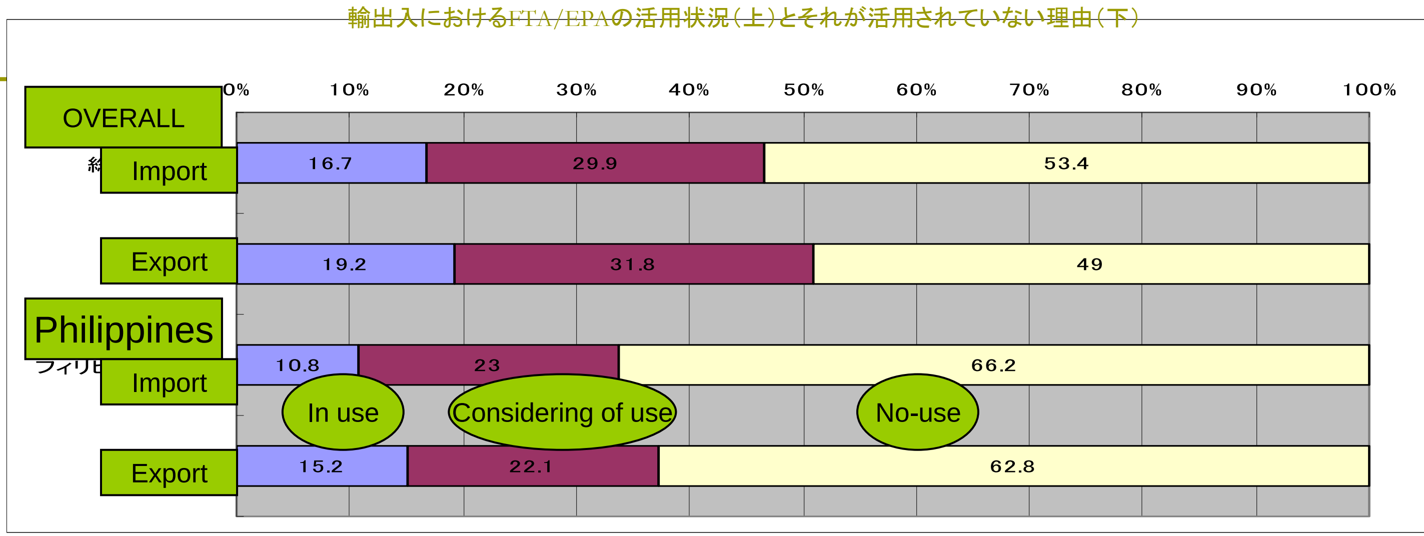


Table 5. Reasons of Non-utilization of FTA/EPAs for Jap. Affiliates in E. Asia and India

		Reasons (Import)		
	No. of Responses	1st	2nd	3rd
Overall	IM (35)	Tax exemption thru Investment Promotion Scheme (60.2%)	Few domestic goods protected by tariffs (27.3%)	Low general tariffs, few merits from FTAs (18.9%)
Philippines	IM (90)	Same as above (74.4%)	Same as above (18.9%)	Same as above (12.2 %)

Source: Made from JETRO (2006) Zai Ajia Nikkei Seizogyo no Keieijittai: ASEAN/Indo hen, March, pp.29-30.
JETRO(2007)『在アジア日系製造業の経営実態－ASEAN・インド編－(2006年度調査)』(海外調査部)3月より作成。

[4] Philippine Auto Industry in East Asia's Regional Division of Labor

Figure 16-2. Utilization of FTA/EPAs in Trade of Japanese Affiliates in East Asia and India

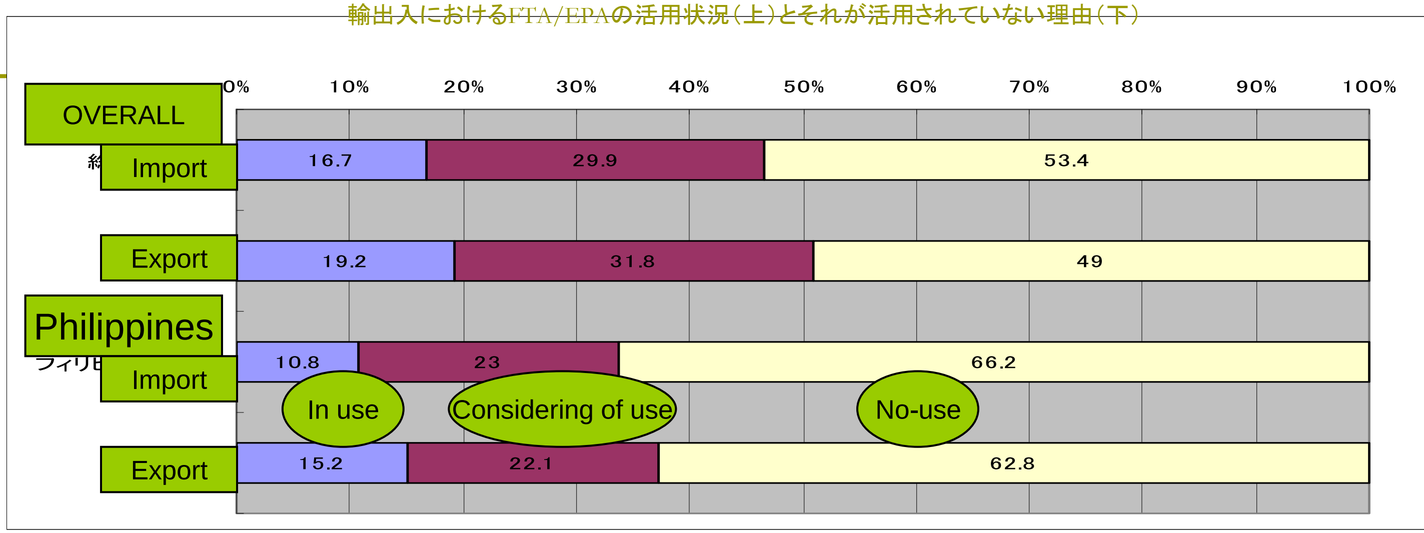


Table 5. Reasons of Non-utilization of FTA/EPAs for Jap. Affiliates in E. Asia and India

		Reasons (Export)		
	No. of Responses	1st	2nd	3rd
Overall	EX (208)	Low import tariffs at export destination (48.1%)	Low general tariffs at export destination (39.9%)	High local procurement hurdle (9.1%)
Philippines	EX (52)	Same as above (53.8%)	Same as above (42.3%)	Same as above (7.7 %)

Source: Same as Figure 16-1. Made from pp.29-30.
出所：JETRO(2007)『在アジア日系製造業の経営実態－ASEAN・インド編－(2006年度調査)』(海外調査部)3月より作成。

- **Concluding Remarks**: The Philippine auto CKD industry has in general stagnated after the Asian crisis until the present time. The growth is sluggish. In comparison with Thailand and China, the situation of the Philippine auto industry looks like the future is pessimistic.

- However, the Philippine auto industry stays in a marginalized position in the regional division of labor in ASEAN and/or East Asia. The auto industry's division of labor builds among Thailand, China, Indonesia, Malaysia, and the Philippines. Vietnam has recently entered into the division of labor.

- The Philippine auto industry's structure of exports seems drastically to change after the Asian currency crisis.

- Auto parts and accessories have come to occupy a predominant position in the auto industry in the Philippines after the crisis. And when exports of auto parts and accessories breakdown, contents of auto parts are limited, which are brakes, gearboxes, and other parts.

- Looking at trade balance of auto products in the Philippines, it attained the surplus after the crisis, although the item of auto products was generally deficit before that.

- The regional division of labor in the automobile industry, involving China, seems to take place and production shift for optimal division of labor also occurred by Japanese affiliates.
- This phenomena seems to push the Philippines to one of the export country of the auto parts.
- Policy Implications
- The future of the Philippines as a country with CKD automobile industry seems to be gloomy. In this regards, the Philippines tries to continue production of a certain type of cars and strive to support such production.
- However, the main targets for auto industry's further development should focus to the auto parts sector. Firstly, technical level up and expansion of auto parts sector are needed. Secondly, the Philippine should adopt the measures and/or policies to support the sector.

Thank you very much

for your kind attention!