SiteTrends

ASIA PACIFIC
Hickey & Associates (H&A) is a global leader in site location strategy, economic incentive advisory, and workforce solutions with active projects in the Americas, Asia, Europe, Australia, and Africa. Utilizing state-of-the-art tools and techniques, H&A assists businesses in determining the best location to expand, relocate or consolidate anywhere in the world.

Over the past three decades, H&A’s incentive advisory team has identified, negotiated, captured, and administered economic incentives for their corporate clients. Offering experience in every major sector, H&A has developed proprietary models, innovative tools, high-tech resources that streamline the process of incentive identification, negotiation and delivery, ultimately ensuring clients receive the most value with limited risk.

Our site selection and public incentives experts are based in key strategic markets to maximize your business goals with enhanced local knowledge and client service. With fifteen offices across the U.S., H&A ensures our service is always aligned with each unique local environment. Internationally, our locations in Mexico City, São Paulo, London, Berlin, Shanghai, Hong Kong, Singapore, and Sydney ensure global site considerations are well covered.
CONTENTS

3 Introduction

5 Australia

8 China

11 Hong Kong

13 India

16 Indonesia

19 Japan

22 Malaysia

25 Philippines

28 Singapore

31 South Korea

34 Thailand

36 Vietnam
INTRODUCTION

With a dynamic global marketplace, the Asia Pacific region has become a strategic location for many multinational corporations. Much of the region has experienced tremendous economic growth over the last decade, particularly Singapore, Malaysia, and Taiwan. The economic growth for the Asia Pacific region has been stable and robust. According to a recent study, the region can expect growth of 5.6% in 2015, easing slightly to 5.5% in 2016. As business leaders explore opportunities in the region, it’s very essential that they understand the economic environment of each country, the workforce trends, and the business incentives offered to attract investments, among a list of other key factors.

The following report highlights twelve countries in the region, including Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, Philippines, Singapore, South Korea, Thailand and Vietnam.
Australia is one of the world’s leading destinations for foreign direct investment (FDI). The country’s robust economy, strategic location, strong global trade and investment ties, and proven track record of innovation position Australia as an ideal investment destination; ranking amongst the top destinations in the world. In recent years, mining and resources, agriculture, infrastructure and property have driven foreign investment.

**ECONOMIC ENVIRONMENT**

Australia has been one of the most stable economies in the world over the last decade, averaging 2.8% per annum growth. Since 2005, a mining investment boom drove the economy through the GFC, and since its end in 2012, the economy continues to grow at 2.3% per year to 2015. Beyond the resource economy, which is extensive and world leading, Australia is a diversified economy. While mining contributed over 10% to gross domestic product (GDP) in 2015, the remaining top five industries contributes another 30%. These industries included (in order of importance) financial services, construction, healthcare, and manufacturing.

The bulk of Australia’s direct investment comes from developed countries, such as the U.S., the U.K., and Japan, with China providing significant recent investment, particularly in the mining and property sectors.
LABOR FORCE TREND

Over the 12 months to November 2015, Australia has added 233,600 jobs (or 2.0%) and lowered its unemployment rate from 6.3% to 5.8%. Employment opportunities and growth varied across industries. Over the 12 months to November 2015, the largest increases in employment occurred in Healthcare (up 92,800), Professional, Scientific and Technical Services (up 70,200), Accommodation and Food Services (up 48,500), Administrative Services (up 30,400) and Education (up 22,200). The largest decrease in employment occurred in Manufacturing (down 33,100). The strongest rates of employment growth were in Arts and Recreation Services (up 8.4%) and Administrative Services (up 8.0%). Increases in trend employment by industry are shown in the following chart.

![Graph showing increases in trend employment by industry]

Source: Australia Department of Employment (2015)
INCENTIVE TREND

Australia offers a number of different economic incentives for investors. These programs include an automotive transformation scheme (ATS), certain inputs to manufacturing (CIM), clothing and household textile building innovative capability scheme (BIC scheme).

- Automotive transformation scheme (ATS): The ATS will provide $2.5 billion in capped assistance and approximately $348 million in uncapped assistance. The ATS provides assistance, in the form of cash payments, for investment and production to automotive participants registered in one of the following categories: motor vehicle producers (MVPs), automotive component producers (ACPs), automotive machine tool and automotive tooling producers (AMTPs), and automotive service providers (ASPs).

- Certain inputs to manufacturing (CIM): The Certain Inputs to Manufacture (CIM) Program aims to improve the competitiveness of Australian industry by providing import duty concessions on certain imported raw materials and intermediate goods such as chemical, plastics or paper goods. In addition, CIM covers metal materials and goods which are used for the packaging of food.

- Clothing and household textile building innovative capability scheme (BIC scheme): The $112.5 million BIC scheme is aimed at fostering the development of a sustainable and internationally competitive clothing and household textile manufacturing and design industry in Australia, by providing incentives to promote innovation and associated investment.

OTHER INCENTIVES:

- Manufacturing transition program
- Textile, clothing and footwear (TCF) corporate wear register
- Automotive Diversification Programme
- Automotive Industry Structural Adjustment Programme
- Next Generation Manufacturing Investment Programme
- Skills and Training Initiative
- Industry Skills Fund
- Industry Skills Fund – Youth Stream
- R&D Tax Incentive
- Australian Tropical Medicine Commercialization
- Innovation Australia
- Foreign tax credit (matching credit)
- Employment incentives
China has overtaken the United States to become the world’s largest goods trading nation. For several years, increases in China’s merchandise trade have been larger than those of the U.S. European Union and Japan, combined.

**ECONOMIC ENVIRONMENT**

China has been considered the second largest economic power for a long time competing with the U.S.. According to the IMF World Economic Outlook, China’s GDP in 2015 is $11.2 Trillion, which is up 8% from 2014. China’s Economy has been growing year after year for almost a decade and remains competitive with its economic development strategy.

FDI helps the economic stability and growth of the country. In March 2015, FDI increased 2.2% to be $34.88B and further increased in April to $44.5B, and it’s predicted to continue to rise in the next few months. Business incentives and economic development programs have been one of the most attractive tools in the FDI arena in the country. China offers several incentives and programs to entice foreign investors to come into the country to invest their money.
LABOR FORCE TRENDS

The economic growth in China has forced the wages to increase over the last decade. Younger employees have higher expectations and they are becoming more organized and sophisticated. Many sectors are resorting to increase their wages in order to hire the best talents to perform the jobs.
INCENTIVE TRENDS

China invests heavily to support start-up companies in several sectors around the country. Currently, the country has 1,500 incubators that provide services to technology start-ups. The State Council is funding 40B yuan to support start-ups in biotechnology, new energy, advanced manufacturing and other sectors. In the City of Wuhan, there’s a Hi-Tech Development Zone that offers incubation programs for optoelectronics start-ups.

In Jiangxi, the Department of Revenue offers graduating college students several incentives to start their business after graduation, such as:

- 20% CIT rate for small and micro enterprises and an exemption from application fee.
- Extension in paying taxes and waiving late fees.
- Sales Tax Exemption for starting business in nursery, parenting and matchmaking services or opening a kindergarten.

FREE TRADE ZONES

Free Trade Zones (FTZs) are very essential in the growth of FDI in China and for the country to remain competitive in targeted industries.

BENEFITS OF FREE TRADE ZONES:

- Exemption of Import taxes on goods moving between FTZs and overseas destinations
- Domestic Merchandise can leverage an entry tax rebate in the following zones:
  - Yangshan Free Trade Port Area
  - Shanghai Waigaoqiao Bonded Logistics Zone
  - Shanghai Pudong Airport Free Trade Zone
- Companies registered in the Yangshan Free Trade Port Area are exempt from income tax on international shipping, transporting, warehousing, and insurance.
- Registered companies do not need contract deposits nor going through contract verification system.

---

5 China nurturing start-ups with cash incentives to boost economy
6 Jiangxi five tax policy to help students start
Hong Kong was ranked by Forbes as the #11 best place to do business. Hong Kong has a free market economy that depends heavily on international trade and finance. Hong Kong’s open economy left it exposed to the global economic slowdown that began in 2008. However, the integration with China, through trade and financial links, assisted the country to experience a faster recovery.

**ECONOMIC ENVIRONMENT**

The economy expanded by 2.5% year-on-year in 2015 and it is attributed mainly to the resilient domestic demand. Growth in private consumption expenditures increased by 5.2%, and investment expenditures gained 1.8% year-on-year in the first three quarters of 2015. Hong Kong is a highly attractive market for FDI. According to the UNCTAD World Investment Report 2015, global FDI inflows to Hong Kong amounted to $103 billion in 2014. This puts the market behind China ($129 Billion), but ahead of the U.S. ($92 Billion) and the U.K. ($72 Billion). In addition, Hong Kong is ranked second in outflows with $143 Billion, after only the U.S. ($337 Billion), but ahead of China ($116 Billion), Japan ($114 Billion) and Germany ($112 Billion).

**FAST FACTS ABOUT HONG KONG**

- A popular venue for hosting regional headquarters or representative offices
- A leading telecommunications hub for the Asia-Pacific region
- A premier offshore RMB centre
- The world’s busiest airport for international cargoes
- One of the world’s busiest container ports
- The second largest private equity center in Asia
- The third largest stock market in Asia, the sixth largest in the world
- The third largest foreign exchange market in Asia, the fifth in the world
The labor force in Hong Kong is expected to peak at 3.71 million in 2018, and then decline to 3.51 million in 2035 before resuming modest growth. Another noteworthy trend is the projected decline in labor force participation rate from 59% in 2014 to 50% in 2041 is partly attributable to the expected increase in the proportion of females (whose labor force participation rates are relatively lower than those for men) during the period. The table below shows the changes in participation rate for 40 years and the distribution between males and females.

### LABORFORCE PARTICIPATION RATE

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>73%</td>
<td>68%</td>
<td>69%</td>
<td>69%</td>
<td>69%</td>
<td>70%</td>
<td>67%</td>
<td>63%</td>
<td>59%</td>
<td>57%</td>
</tr>
<tr>
<td>Female</td>
<td>47%</td>
<td>49%</td>
<td>50%</td>
<td>51%</td>
<td>51%</td>
<td>52%</td>
<td>51%</td>
<td>48%</td>
<td>46%</td>
<td>45%</td>
</tr>
<tr>
<td>Overall</td>
<td>60%</td>
<td>58%</td>
<td>59%</td>
<td>59%</td>
<td>59%</td>
<td>61%</td>
<td>59%</td>
<td>55%</td>
<td>52%</td>
<td>50%</td>
</tr>
</tbody>
</table>

### INCENTIVE TREND

Hong Kong offers various programs that are designed to provide financial and business assistance to foreign and local companies. To highlight a few programs:

- The Social Innovation and Entrepreneurship Development Fund (SIE Fund) connects the community with companies, non-profit organizations, academics and philanthropies to establish entrepreneurship relationships. The fund provides them with a wide range of resources to develop innovative ideas, products and services that serve unmet social needs.

- The SME Loan Guarantee Scheme (SGS) provides loans of up to HK$6 million for companies that need working equipment or business capital.

- The SME Export Marketing Fund (EMF) helps companies participate in overseas exhibitions and business missions and to place B2B advertising. It can fund up to 50 percent of approved expenditure, up to HK$50,000 per application.

- The Hong Kong Science & Technology Parks incubator scheme provides subsidised office space, consultancy services, investment matching and a small financial aid package to support R&D.
Since the election of Prime Minister Narendra Modi in 2014, many are optimistic about the future of the Indian economy. After taking office, the Prime Minister introduced several new growth policies and traveled the world as an economic ambassador for the nation. The following is a brief update on the market conditions in India, with a particular focus on the workforce, growth industries, and economic incentives.

**ECONOMIC ENVIRONMENT**

The top three industries in India are:

- **Retail** - Retail industry is the chief pillar supporting the Indian economy and contributes 23% towards the national GDP. The Indian retail market is among the top five world retail markets in terms of economic value. Also, it is the fastest growing retail market of the world, again in terms of economic value.

- **Agriculture** - Agriculture industry, apart from farming, also includes forestry, horticulture and fishing. It employs almost half the population of India and makes a contribution of 15.7% to the GDP.

- **Real Estate** - The real estate sector in India has developed a great deal by emerging as one of the fastest growing markets of the entire world. It has attracted both domestic real estate developers, as well as, foreign investors. The unhampered growth of the industry has been seen because of a large population, their increasing incomes and rapid urbanization process. It contributes around 13.5% of the GDP.

The foreign inflows have grown to touch $25.52B during the April-January 2014-15, up 36% year-on-year (y-o-y), from $18.74B in the corresponding period, according to Department of Industrial Policy and Promotion (DIPP) data. The top 10 sectors receiving FDI include telecommunications, which received the maximum FDI worth $2.83B in the 10 month period, followed by services ($2.64B), automobiles ($2.04B), computer software and hardware ($1.3B) and pharmaceuticals sector ($1.25B).
Note: Data refer to India’s organized manufacturing sector only.
INCENTIVE TRENDS

India offers several economic incentives for local and foreign investors. These programs include:

• Tax incentive for exports: The export profits from a new undertaking satisfying prescribed conditions of set up in an SEZ is eligible for tax exemption of 100% of profits for the first five years, from the year of commencement of manufacturing, followed by a partial tax exemption of 50% of profits for the next five years. A further tax exemption of 50% of the profits for five years is also available after that, subject to an equal amount of profit being retained and transferred to a special reserve in the books of account.

• Tax incentives for units in the North Eastern Region of India: Measures are in place to facilitate the development of the North Eastern Region of India and of the state of Sikkim. Undertakings located in these states that:
  (i) begin to manufacture or produce any eligible article,
  (ii) undertake substantial expansion, or
  (iii) commence an eligible business between 1 April 2007 and 1 April 2017 are eligible for a 100% deduction of profits for ten consecutive years.

• Tax incentive for hiring new workmen: With a view to encourage generation of employment, the benefit of deduction to all taxpayers having manufacturing units has been extended to all, rather than restricting it to Indian companies. Further to enable smaller units to claim this deduction, the benefit has been extended to units employing 50 regular workmen.
Indonesia is one of the most strategic countries in the Asia Pacific region and it continues to attract many companies and investors onto its soil. The economic growth of the country has been seen by many of its competitive markets. During the global financial crisis, Indonesia outperformed its regional neighbors and joined China and India as the only G20 members posting growth.

**ECONOMIC ENVIRONMENT**

In the long term, the Indonesian government aims to be in the top six of largest global economies by the year 2030. Currently, economic growth in Indonesia is very quick compared to others in the region, mainly driven by domestic consumption. In line with rising per capita GDP and low borrowing costs, Indonesia’s private consumption is robust. It accounted for 56% of the country’s economic activity in 2011 and future projections indicate that it is to grow further. FDI in Indonesia increased by 92,500 Billion IDR in the third quarter of 2015. FDI in Indonesia averaged 58,909 Billion IDR from 2010 until 2015, reaching an all-time high of 92,200 Billion IDR in the second quarter of 2015 and a record low of 35,400 Billion IDR in the first quarter of 2010.
LABOR FORCE TREND (BY OCCUPATION)

INDONESIAN LABOR FORCE

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor Force</td>
<td>116,527,546</td>
<td>119,399,375</td>
<td>120,320,000</td>
<td>120,170,000</td>
<td>120,870,000</td>
</tr>
<tr>
<td>- Working</td>
<td>108,207,767</td>
<td>111,281,744</td>
<td>113,010,000</td>
<td>112,760,000</td>
<td>114,630,000</td>
</tr>
<tr>
<td>- Unemployed</td>
<td>8,319,779</td>
<td>8,117,631</td>
<td>7,310,000</td>
<td>7,410,000</td>
<td>7,240,000</td>
</tr>
</tbody>
</table>

The agricultural sector of Indonesia continues its leading position regarding absorption of Indonesia’s workforce. The table below indicates the top four sectors that absorbed Indonesia’s workforce in 2011, as well as, forecasting ahead. These numbers represent percentages of the total Indonesian workforce.

<table>
<thead>
<tr>
<th>Sector</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>42.5</td>
<td>39.9</td>
<td>39.2</td>
<td>40.8</td>
</tr>
<tr>
<td>Wholesale Trade, Retail Trade, Restaurants</td>
<td>23.2</td>
<td>23.6</td>
<td>24.1</td>
<td>25.8</td>
</tr>
<tr>
<td>and Hotels</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community, Social and Personal Services</td>
<td>17.0</td>
<td>17.4</td>
<td>18.5</td>
<td>18.5</td>
</tr>
<tr>
<td>Manufacturing Industry</td>
<td>13.7</td>
<td>15.6</td>
<td>15.0</td>
<td>15.4</td>
</tr>
</tbody>
</table>
To encourage capital investment and job creation throughout the country, Indonesia offers a number of different economic incentives for investors. These programs include exemptions from VAT and property tax deductions.

- **VAT exemption**: A new policy will only be awarded to companies that are in the exploration stage of the nation’s oil and gas sector. These companies will be exempted from paying VAT on imported goods (such as machinery and equipment) needed for exploration. It applies to both the renting and buying of these goods. Previously, the amount of VAT was charged on the value of the equipment, not on the value of the rent, and as most oil and gas companies rent equipment to conduct exploration, it increased exploration costs significantly and thus disturbing investments.

- **Property tax deduction**: The government intends to lower its property tax (which is calculated per square meter) for companies that are in the exploration stage. Moreover, the tax will only be charged on the area where exploration takes place, and not on the complete area that is concessioned to the company.
Japan is a major economic power in the modern world with the 3rd largest economy in the world, behind only the U.S. and China. The nation's GDP is the second highest in the world.

**ECONOMIC ENVIRONMENT**

Japanese products, particularly automobiles and electronics, are amongst the world leaders in both production and technological advancements in their respective fields. Japan's automobile industry produces the second largest amount of vehicles in the world behind China. Japan is also the world's largest electronics manufacturer with prominent companies such as Sony, Casio, Mitsubishi Electric, Panasonic, Canon, Fujitsu, Nikon, and Yamaha. In addition, Services also are a dominant component of the economy. From 2012 to 2014, Japan’s GDP of services sector increased 0.6%. Major services in Japan include banking, insurance, retailing, transportation, and telecommunications. FDI in Japan increased by 14,458 JPY Hundreds Million in September of 2015. From 1996 to 2015, the average FDI in Japan is 50,23,59 JPY, reaching an all-time high of 37754 JPY Hundreds Million in July of 2013 and a record low of -3825 JPY Hundreds Million in January of 2010.
LABOR FORCE TREND (BY OCCUPATION)

AGRICULTURE
2.9%

INDUSTRY
26.2%

SERVICES
70.9%
(Feb 2015 est.)

LABOR FORCE
65.87 million
(2014 est.)

JAPAN LABOR FORCE PARTICIPATION RATE

Source: MHLW, JMA
INCENTIVE TREND

To encourage capital investment and job creation throughout the country, the central government of Japan offers a number of different economic incentives for investors. These programs include Employment promotion taxation and Tax incentive for a newly established company doing business in designated areas. Many incentive programs are also available at the prefectural level.

• Employment promotion taxation: if qualifying corporations increase the number of employees subject to employment insurance by 10% or more and by five people (two in the case of SMEs) or more from the end of the prior tax year, the qualifying corporations will be eligible for a tax credit equal to the increased number of the employees multiplied by JPY 400,000 with the limitation of 10% (20% in the case of SMEs) of the tax liability before the credit, subject to certain conditions for the tax years that commence from 1 April 2011 (excluding years ending before 30 June 2011) to 31 March 2016.

• Tax incentive for a newly established company doing business in designated areas: A newly established company satisfying certain criterion is not subject to tax on income for the first five years of its existence.
Malaysians are considered the third-richest people in the region, behind only the small countries of Singapore and Brunei. GDP per person is approximately $11,000 ($25,000 at purchasing-power parity). Malaysia is expected to experience robust economic growth over the next few years. It will be supported by strong public and private investments and favorable demographics, as the government pushes ahead with ambitious plans to become a developed nation by 2020.

**ECONOMIC ENVIRONMENT**

From 2013 to 2015, Malaysia’s GDP of manufacturing sector has increased by 15.5%, which is considered one of the main drivers of economic growth in the country. Another important driver in Malaysia is the electronics sector. Based on the Economic Transformation Program, Malaysia government targets strong growth in semiconductors, LEDs, solar, industrial electronics and home appliances. FDI in Malaysia increased by 4700 MYR Million in the third quarter of 2015. From 2008 to 2015, the average FDI in Malaysia is 14,838 MYR Million, reaching an all-time high of 37,325 MYR Million in the fourth quarter of 2011 and a record low of 5,121 MYR Million in the fourth quarter of 2009.
The labor force has been changing in Malaysia over the last decade. Under current Prime Minister NAJIB, the country is focusing its efforts to achieve high-income status by 2020 and to have a stronger labor force in several sectors. They are working on attracting investments in Islamic finance, high technology industries, biotechnology, and services. The current workforce is in three main areas; Services, Industry, and Agriculture sectors.

The labor force participation rate is the percentage of working-age persons in an economy of a country and they are either employed or looking for a job. Generally, “working-age persons” are people between 16-64 years old.
INCENTIVE TREND

Malaysia offers a number of different economic incentives for foreign and local investors in a wide variety of fields. One of the main areas is manufacturing and some of the incentives include:

- A company granted Pioneer Status enjoys a five year partial exemption from the payment of income tax. It pays tax on 30% of its statutory income, with the exemption period commencing from its Production Day.

- As an alternative to Pioneer Status, a company may apply for Investment Tax Allowance (ITA). A company granted ITA is entitled to an allowance of 60% on its qualifying capital expenditure (factory, plant, machinery or other equipment used for the approved project) incurred within five years from the date the first qualifying capital expenditure is incurred.

In Malaysia, there are also another incentives in agriculture and biotechnology sectors:

AGRICULTURE INCENTIVES:

- Incentives for Reinvestment in Resource-Based Industries
- Incentives for Reinvestment in Food Processing Activities
- Agricultural Allowance
- 100% Allowance on Capital Expenditure for Approved Agricultural Projects

BIOTECHNOLOGY INCENTIVES:

- Tax Exemption
- Commercialization Grant (BCG)
According to a recent study, the Philippines has demonstrated a tremendous economic growth in the first half of 2015, mainly driven by higher employment, low inflation, and rising remittances. In addition, private investment also rose and is expected to maintain solid growth in 2016. The rebound in government spending is expected to spur growth through the next year. The country has been steadily growing its economy with inflows of FDI and remittances. Today, the Philippines is the world’s largest center for business process outsourcing (BPO). The country also has a strong industrial sector based on the manufacturing of electronics and other high-tech components for overseas corporations.
ECONOMIC ENVIRONMENT

In a recent study conducted by the Business Processing Association of the Philippines (BPAP), an industry association, surveyed company leaders on their prospective growth over the near future. Nearly all (85%) of the respondents expected to expand over the next 12 months, while over half (56%) of those respondents cited potential growth of up to 50%.

LABOR FORCE TREND

The chart below portrays the rapid growth in the workforce for the BPO industry in The Philippines. In the early years, there were many up’s and down’s witnessed in the individual service sectors. However, the growth is now seen across the board, with several finding 20-25% on an annual basis.
INCENTIVE TREND

The Philippine Economic Zone Authority (PEZA) Special Economic Zones are selected areas throughout the Philippines that promote investments by providing incentives to foreign investors such as:

- 100% exemption of corporate income tax.
- Free tax and duty on raw materials, capital equipment and machinery.
- Exemption from wharfage dues and export tax and fees.
- Exemption from all local government fees, licenses.
- Assistance on non-immigrant visa for investors and officers of the business.
Singapore is one of the most attractive countries to do business in the world. Reasons for having such a high recognition include:

- Favorable lending to foreign investors
- A simple regulatory system
- Tax incentives
- A high-quality industrial real estate park
- Political stability
- The absence of corruption

**ECONOMIC ENVIRONMENT**

From 1999 to 2014, the top 6 industries GDP in Singapore are Manufacturing, Whole sale and retail, Business services, Finance and insurance, Transportation and storage, and Construction. From 1999 to 2014, Whole sale and retail increased 4.1%, finance and insurance increased 1.3% and business service increased 4%. Even though manufacturing decreased from 1999 to 2014, the industry GDP is 18.4% in 2014, which means manufacturing is the largest industry. Singapore is the 5th largest recipient of FDI in the world and the 3rd largest among the East and South-East Asian countries. In 2014, FDI flows into Singapore increased by 27% from 2013, reaching $81B.
LABOR FORCE TREND (BY OCCUPATION)

INDUSTRY

AGRICULTURE
1.3%

SERVICES
83.9%

LABOR FORCE
3.531 million

PRODUCTIVITY GROWTH (% P.A.)

Source: Singapore Department of Statistics and MTI Staff Estimates
INCENTIVE TREND

As a business leader in the region, Singapore offers different economic incentives for new and existing companies to start or grow their business operations. These programs include Pioneer tax incentive and development and expansion incentive (DEI).

- Pioneer tax incentive: Corporations manufacturing approved products with high technological content or providing qualifying services may apply for tax exemption for five to 15 years under the pioneer tax incentive.

- Development and expansion incentive (DEI): The Development and Expansion Incentive provides a reduced corporate tax rate on incremental income from qualifying activities. Applicants are required to submit plans for substantive commitments in manufacturing or growing leading-edge activities or capabilities in Singapore. Factors of consideration also include the significance of the proposed investment to the development of the industries in Singapore, contributions to the growth of research and development and innovation capabilities, as well as potential spin-off to the rest of the economy.
Over the last few decades, the South Korean economy has experienced incredible economic growth and global integration to become a high-tech industrialized economy. According to the CIA Factbook, South Korea joined the trillion-dollar club of world economies. The club is a system of close government and business ties, including directed credit and import restrictions. South Korea focuses heavily on exports which account for half of its GDP. The country is considered the world’s leading producer of displays and memory semiconductors and the second largest shipbuilding producer.

**ECONOMIC ENVIRONMENT**

Exports play an important role in the South Korean economy. In 2014, total exports in South Korea is $573.1 billion. In 2014, Exports from South Korea amounted to US$573.1 billion, which increased 22.9% compared to 2010. South Korea’s top 10 exports accounted for 86.3% of the overall value of its global shipments.
SOUTH KOREA’S TOP 10 EXPORTS

- **ELECTRONIC EQUIPMENT**: $138.2 billion (24.1% of total exports)
- **MACHINES, ENGINES, PUMPS**: $63.1 billion (11% of total exports)
- **OIL**: $52.7 billion (9.2% of total exports)
- **Vehicles**: $38.3 billion (6.7% of total exports)
- **ORGANIC CHEMICALS**: $35.9 billion (6.3% of total exports)
- **Plastics**: $31.8 billion (5.6% of total exports)
- **Medical, Technical Equipment**: $24.4 billion (4.3% of total exports)
- **Iron and Steel**: $24 billion (4.2% of total exports)
- **Iron or Steel Products**: $12.7 billion (2.2% of total exports)
- **Electronic Equipment**: US$138.2 billion (24.1% of total exports)
INCENTIVE TREND

The central government of South Korea offers a number of different economic incentives for investors. These programs include Tax credit for job-creating investments, Temporary tax credit for increase in corporate payroll, and new tax credit for re-hiring retired female employees of SMEs.

- **Tax credit for job-creating investments**: The tax credit for job-creating investments consists of a basic credit and an additional credit. The basic credit is not available at all in the event of decreased employment by any one person with an exception to SMEs, which may claim the basic credit after a certain amount (KRW 10 million per capita) is subtracted. The basic credit includes a 0% to 3% tax credit for a company maintaining a status quo employment and an additional 3% to 6% tax credit for new job-creating investments. The additional tax credit for job creation does not exceed the ceilings set at KRW 10 million multiplied by the amount of new employment in net.

- **Temporary tax credit for increase in corporate payroll**: The amended law introduces a temporary 10% tax credit (5% for large corporations) on the incremental amount in average corporate payroll over a certain base level calculated in a prescribed manner by taking into account the average corporate payroll over the previous three years. This is conditional on there being no decline in the number of full-time employees from the previous year.

- **New tax credit for re-hiring retired female employees of SMEs**: The amended law introduces a tax credit to promote the re-employment of female employees of SMEs who retired for childbirth or care and other personal reasons as prescribed in the Presidential Decree. The tax credit is designed to allow SMEs to subtract the amount, as much as 10% of labour costs paid per re-hired female employee, from their corporation tax payable for the period of two years following the month of re-employment if prescribed conditions are met.
Thailand’s economy gained some strength towards the end of 2015 as a pickup in exports more than offset faltering domestic demand. Recent studies show a slight deceleration in growth in the final quarter.

**ECONOMIC ENVIRONMENT**

There are three major sectors in Thailand: services, industry and agriculture. The largest sector is services, which accounts for 52.7% of Thailand’s GDP. From 2012 to 2014, GDP in Thailand increased 0.039 trillion. Since 2012, Thailand has been among the 8eignt priority destinations for FDI for the period 2014-2016. It is the 7th largest FDI recipient in East and South-East Asia. After having slowed down due to the unfavorable international context, FDI flows have again been rising, despite a series of natural disasters and political instability. In anticipation of the new investment policy and after political stability had been restored in the second half of 2014, demands recorded by the Board of Investment reached record levels; the number of registered projects increased by 73% and their value by 117% compared to 2013. FDI in Thailand increased by 33,155 THB Million in September of 2015.
LABOR FORCE TREND

Wages in Thailand increased to 13599.05 THB/Month in the third quarter of 2015 from 13324.95 THB/Month in the second quarter of 2015. Wages in Thailand averaged 8754.73 THB/Month from 1999 until 2015, reaching an all-time high of 13599.05 THB/Month in the third quarter of 2015 and a record low of 6344 THB/Month in the first quarter of 2000. Wages in Thailand are reported by the National Statistical Office of Thailand.

THAILAND AVERAGE MONTHLY WAGES

Source: www.tradingeconomics.com | National Statistical Office of Thailand

INCENTIVE TREND

The central government of Thailand offers a number of different economic incentives for investors. These programs include board of investment (BOI) tax incentives and tax benefits given to employers.

- Board of investment (BOI) tax incentives: The BOI, by virtue of the Investment Promotion Act, provides tax incentives to certain activities within the following categories: exemption from or reduction of import duties on imported machinery, exemption from import duties on raw and essential materials imported for manufacturing for export, exemption from CIT equal to or more than the amount of the investment, excluding the cost of land and working capital, for up to eight years, depending on the promoted activity, and exclusion of dividends derived from promoted enterprises from taxable income during the period of exemption from CIT.

- Tax benefits given to employers: According to the Revenue Code, a 200% deduction for tax is allowed in respect of expenditure on R&D services in hiring or as wages paid to authorized government agencies, individuals, or Thai resident companies in the private sector, provided the R&D technology services are incurred in Thailand.
Despite the economic slump that is affecting other emerging economies in the region, the Vietnamese economy is expected to outperform its regional peers both this year and in the next few.

**ECONOMIC ENVIRONMENT**

The leading sector in Vietnam is manufacturing, which include the textile industry and electronics. Other manufacturing sectors include motor vehicles, shipbuilding, food processing, steel, petrochemicals, and software. The Prime Minister stated earlier this month that GDP growth for 2015 is expected to be 6.5%—the highest since 2007. He also revealed that the economy is expected to surpass that figure during the 2016–2020 period with growth projected to average 6.5%–7%, an increase from the 6% average recorded during the 2011–2015 period.
LABOR FORCE TREND (BY OCCUPATION)

INDUSTRY

AGRICULTURE

SERVICES

LABOR FORCE 54.17 million (2014 est.)

POPULATION AGE 15 YEARS AND ABOVE, LABORFORCE BY GENDER AND URBAN-RURAL AREA (MILLION PEOPLE)

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
</tr>
<tr>
<td>Population age 15+</td>
<td>68.8</td>
<td>69.0</td>
</tr>
<tr>
<td>Laborforce</td>
<td>52.8</td>
<td>53.4</td>
</tr>
<tr>
<td>+ Female</td>
<td>25.6</td>
<td>26.1</td>
</tr>
<tr>
<td>+ Male</td>
<td>27.2</td>
<td>27.4</td>
</tr>
<tr>
<td>+ Urban</td>
<td>16.1</td>
<td>16.1</td>
</tr>
<tr>
<td>+ Rural</td>
<td>36.7</td>
<td>37.4</td>
</tr>
</tbody>
</table>

INCENTIVE TREND

To encourage capital investment and job creation throughout the country, Vietnam offers a number of different economic incentives for investors. These programs include inbound investment incentives and employment incentives.

- Inbound investment incentives: Tax incentives are granted based on regulated encouraged sectors, encouraged locations, and size of the projects. The sectors that are encouraged by the Vietnamese government include education, health care, sport/culture, high technology, environmental protection, scientific research, infrastructural development, and computer software manufacturing. The encouraged locations include qualifying economic and high-tech zones, certain industrial zones, and difficult socio-economic areas.

- Employment incentives: Additional tax reductions may be available for engaging in manufacturing, construction, and transportation activities that employ several female staff and/or ethnic minorities. CIT reduction must correspond with the actual payment for those employees.