

Navigating Asian Markets

A Quick Guide to Eight Exciting Economies



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Foreword



Britain must trade successfully with Asia, the economic powerhouse of these days. We need to expand our exports impressively to make and secure long term two-way investment with Asia.

The Asian markets are rising while the West fights for growth. The new Asian middle class and abundant resources are both fertile ground. But Asia is not just a market. Tackling it involves British players in a world of policy, regulation, etiquette and social structure that can be entirely foreign to British experience and habits.

Asia is vast. It is diverse. Each component has its own ethics, religions, languages, history and social culture. Some aspects are well understood in the West, others poorly. To work profitably in Asia, businesspeople need to “get” the culture within which the market operates.

This is, of course, true anywhere. But the differences with Asia are marked. They can strike the visitor and aspiring trader as exotic, even incomprehensible. They call for a serious response – an effort to grasp and understand. They call too for sensitivity to Asian patterns and priorities. An attempt – not always easy – to acquire the rudiments of Asian languages is worth effort, particularly for the next generation. For us in Britain all this means imagination, flexibility of mind and hard work.

Roughly put, cultural, educational, security and social structures are inseparable from a viable market. Mastering the setting means a stronger chance to trade and succeed.

Sir John Boyd, Chairman, Asia House



Heathrow is pleased to support this practical guide to help UK firms export. We have some of the best manufacturers and service companies in the world and we want Heathrow to play its part in supporting our country and its firms. The reports are not just about getting there – the guides contain advice on language, culture and market opportunities for when businesspeople land.

The balance of the global economy is shifting East, all the more so as the Eurozone struggles. Our nation is an island which has long depended on trade so successful UK firms are expert and innovative in promoting exports. But taking the first step in an unfamiliar market is challenging, particularly in countries with cultures so different to our own.

Where airlines can add new routes to these exciting markets they do – and each country's report highlights the direct connections available from the UK.

But the UK's hub airport, Heathrow, is full. So whilst British firms can fly direct to many destinations in Asia, we are lagging behind our European neighbours. For example, UK firms can fly to four destinations in China, while German and French firms can reach six. Firms flying from Schiphol have the choice of seven major Chinese cities. And these airports can add more destinations while we cannot. At a time when Asia's consumer class is expanding, UK firms' ability to trade with them is being left behind. As the Prime Minister says, this is a global race – we cannot afford to lose.

Colin Matthews, Chief Executive, Heathrow

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Introduction

When looking to enter a new market, researching the economic opportunities and risks is an important first step. But entering a foreign market involves more than just knowledge about the economy, it means learning new business practices and cultural nuances – and in Asia, this means learning the importance of relationships and building long-term connections with Asian businesspeople. Although regular travel to, or the opening of offices in a new market require a significant investment of time and resources, the importance of face-to-face interaction is impossible to ignore.

Asia House, the UK's leading pan-Asian organisation, has produced this series of country guides with support from Heathrow Airport to give British businesses that are thinking of entering Asia a look at how to do business in selected Asian markets. We focus on more than just simple numbers, including expert tips on business culture and stories from British businesses that have succeeded. Each section looks at the unique circumstances involved with doing business in the country, and contains an introduction to common elements that span many countries.

These guides provide short overviews of eight Asian economies, selected based on the priorities of Asia House corporate members. The selected countries include:

	China		Singapore
	India		South Korea
	Indonesia		Thailand
	Japan		Vietnam

Each guide presents information on a country alongside details of market and trade opportunities. Graphs showing total trade between each country, and the UK and other EU nations are also included. By graphing the changes in trade alongside changes in the number of flights to each country the importance of connecting with that country via physical presence rather than mere cash investment is made more apparent.

Asia House is dedicated to building deeper connections between the UK and Asia. Government and trade links are important, but in order to succeed with any long term interaction the culture of a nation must also be understood and respected. For this purpose we have included information on the business practices of the selected countries. Asia House has collaborated with trade bodies, associations, and British embassies to provide tips on the business culture of each country. The experienced guidance of these experts provides a deeper understanding of the business practices of each society and help British businesspeople entering the market better relate to their Asian counterparts.

Each country section also includes insight from a successful British business. Representatives of these companies relate their experiences of entering the market – discussing the opportunities present, regulatory issues encountered, difficulties in travel, and differences in business practices and etiquette. These stories highlight the importance of personal interaction and relationship building in otherwise varied markets.

Face-to-face communication is an essential part of making business connections in Asian markets. Personal interactions and relationships are the foundations for good business partnerships. UKTI and British Embassies, as well as Chambers of Commerce, sponsored trade missions, and personalised market research are all useful resources to help foster relationships and will aid businesses entering new markets.

Cultural guidance can, of course, only be that: guidance. As with all efforts to describe an entire nation, there are those who do not fit the mould. This guide is in no way suggesting that all Chinese people are X, or all Vietnamese people are Y, but instead is aimed at providing basic cultural norms that can be understood across the societies of Asia.

Cultural Guidance on Business Interaction in Asia

Asia House exists to create an informed understanding of the diverse communities of Asia. We encourage people to go beyond thinking that the continent is one homogenous block with standardised “Eastern” ways of doing things, and we celebrate the diversity that exists within each country and emphasise the need to understand cultural differences. That said, while preparing this guide, it became clear that certain aspects of business culture remain consistent across many of the countries we have included. Rather than reiterate these same points for every country, please keep an eye out for the icons below, which indicate these common cultural themes:



Focusing on Relationships

There is a strong cultural preference to develop a personal connection or relationship to strengthen business. Long-term relationships based on common goals and backgrounds are considered an essential part of business partnerships, and Asian businesspeople often look for signs of long-term commitment at the start of any relationship.



The Concept of Face

‘Face’ is a sociological construct that describes a person’s reputation, influence, honour and social standing. Face can be gained, lost, given and saved. How a person’s ‘face’ will be affected by a situation will significantly impact how they will approach that situation. In very basic terms, this requires a more subtle approach to showing dissatisfaction rather than being very direct.



The Importance of Business Cards

Business cards take a much more prominent role. The exchange is more ceremonious than in the UK. Cards are offered and accepted with both hands, and the card is studied for a few moments before placing it carefully on the table. Casually taking a card without looking at it and putting it immediately away would be considered very rude.



Demonstrating Respect for Seniors

It is important to show respect for those older or more senior in status. This includes allowing them to speak first, eat first, be served first, and enter and leave a room first.



Using Both Hands

To show respect and be polite, objects (cards, gifts, etc) should be offered and received with two hands whenever possible.

China

Country Profile

Source: World Bank 2011

1,344,130,000

Population

\$7.3 trillion

GDP (Current US\$)

10.5%

GDP Growth (2007-11 Average)

59%

Total Trade (Proportion of GDP)

Overview

The People's Republic of China is the second largest nation by land area in the world and home to the world's largest population. China is ruled by the Chinese Communist Party via the National People's Assembly under President Xi Jinping and Premier Li Keqiang.

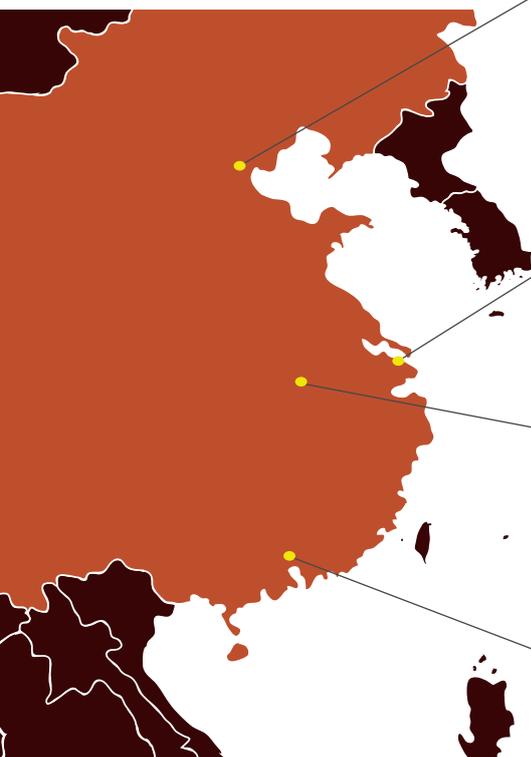
With 56 recognised ethnic groups and eight official languages, China is a very culturally diverse country with a long and rich history. Standard (Mandarin) Chinese is the primary language of China's 22 provinces, five autonomous regions and four municipalities, but both the Special Administration Regions of Hong Kong and Macau use Cantonese as their primary official language. Due to the colonial history of Hong Kong, English is officially recognised there, and is widely used, as is Portuguese in Macau.

Eastern China remains much more developed and urbanised than the western provinces and autonomous regions.

With over 400 airports and almost 60,000 miles of rail, China's transport infrastructure is booming. Although the motor expressway system is continuing to expand, China's rail system is the most commonly used means of transport and connects all of the major cities. Beijing, Shanghai and Guangzhou act as the primary international airport hubs.

Urban Centres

Source: UN World Urbanisation Prospects 2011



Beijing
15.6 Million

The capital city of China, Beijing is host to the headquarters of most of China's largest state-owned companies. Beijing acts as a major transport hub for road, rail, and air traffic. It is home to over 700 financial institutions and is one of the most developed cities in China.

Shanghai
20 Million

One of the first cities to be opened to international businesses, Shanghai has a long history of foreign trade and boasts two of China's largest international airports. It is the world's busiest container shipping port, and is the financial centre of China.

Wuhan
9.2 Million

The city hosts a large number of train stations, which connect all parts of China, as well as major expressways for vehicular traffic and the Wuhan Tianhe International Airport, which is one of China's four largest airports.

Guangzhou
10.8 Million

Formerly known as Canton, Guangzhou is one of China's largest manufacturing and commercial hubs. Acting as the transport, technology, and international trading centre of southern China, Guangzhou is China's third largest city.



Market Opportunities

Top Imported Commodities to UK

Source: UNCOMTRADE 2011

	US\$ million
Electrical Machinery & Equipment	\$11,851
Nuclear Power Components	\$8,330
Apparel/Clothing (not knitted or crocheted)	\$4,324
Toys, Games and Sports Equipment	\$3,958
Apparel/Clothing (knitted or crocheted)	\$3,847

Top Exported Commodities from UK

Source: UNCOMTRADE 2011

	US\$ million
Vehicles (not rail)	\$3,565
Nuclear Power Components	\$2,350
Pharmaceutical Products	\$1,019
Copper and Articles	\$1,008
Electrical Machinery & Equipment	\$863

China is the world's second largest economy and the world's largest exporter and importer of goods as of 2013. Growth rates have averaged over 10% for several decades, but that growth is predicted to slow somewhat in the coming years. As a member of the World Trade Organisation (WTO), Asia Pacific Economic Community (APEC), BRICS, ASEAN+3, Shanghai Cooperation Organization (SCO), Bangladesh–China–India–Myanmar Forum for Regional Cooperation (BCIM), G-20, and the only permanent member of the UN Security Council located in Asia, China is well placed internationally as a influential point for trade and policy.

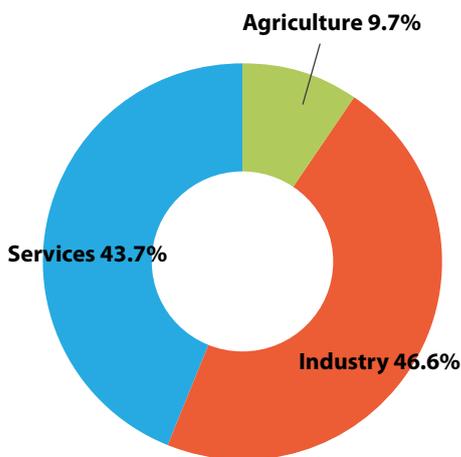
The state-controlled capitalism of China is often criticised by

the international community, and ranks in the bottom 25% of countries according to the Index of Economic Freedom. China's currency, the Renminbi (RMB, denominations are known as yuan) is believed to be undervalued by 30-40% due to the regulations of the People's Bank of China, the monetary authority.

China is a world leader in manufactured goods and industrial products. Leading sectors include mining and ore processing (iron, steel, aluminium, coal, and others), petroleum, chemicals, textiles, transportation equipment (including automobiles, locomotives, ships, and aircraft), and machine building equipment amongst others.

Market Sectors

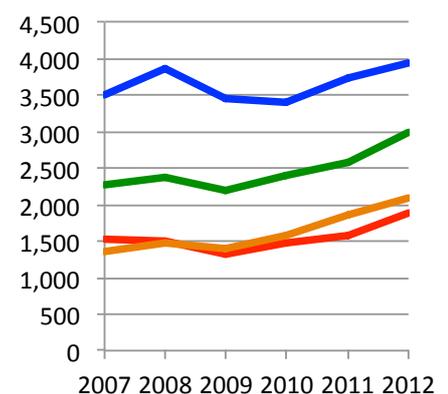
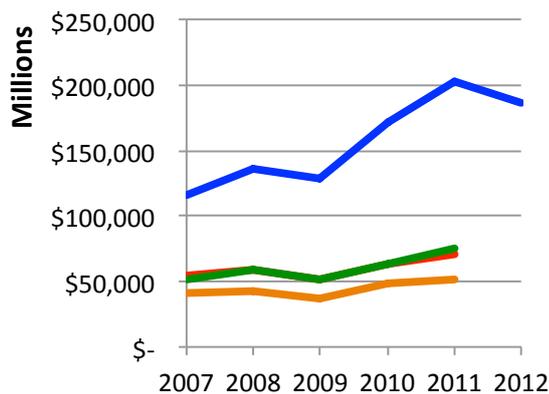
Source: CIA World Factbook 2012



Agriculture	9.7%
Industry	46.6%
Services	43.7%

Relationship between Trade and Flights in Key European Markets

Source: UNCOMTRADE & OAG Max



UK
France
Netherlands
Germany



Cultural Guidance

'Guanxi' – connections based on mutual interest – must be established with Chinese business people in order to succeed. Face to face meetings are often considered the only way of judging trustworthiness as the Chinese set great store on building personal relationships before entering into a business partnership.

Face to face meetings are often considered the only way of judging trustworthiness.

Meals are often used as a means of building guanxi, and it is polite to reciprocate and host a meal if one is held for you. Seating at meals is based on rank, with the host facing the doors and the guest of honour to the right; the secondary host is seated opposite the main host, with the secondary guest of honour again seated to the right; remaining guests are seated in order of seniority towards the sides of the table.

Meals are often used as a means of building guanxi.

Rank and title are both important and are reflected in the way that people are addressed, for example "Manager Zhu", "Chairman Cheng". The use of titles shows respect to those of higher rank.

An exchange of gifts is common in China. Souvenirs from your hometown or from your company, wrapped in bright lucky colours such as red or gold can be used to express friendship or appreciation. Opening gifts in front of the giver is not usual however.

Rank and title are both important.

Certain gestures in conversation can have different meanings in China. Nodding means "I hear what you are saying", not necessarily "I agree with you". Laughing can be from embarrassment rather than because something is funny.



Sir David Brewer, Chairman, China-Britain Business Council



Stephen Phillips, CEO, China-Britain Business Council





British Success Story

MMR Research Worldwide (MMR) entered China largely on the back of demand from our existing clients in the UK and US. For our initial entry into the country we loosely partnered with a non-competing, market research company in Shanghai, using their office space and legal entity for our first nine months until we were able to establish MMR's foreign-owned enterprise status.

Setting up in China wasn't simple, especially as we did not look to buy an established company. There were a number of legal hoops to jump through, so we employed local business advisors to help navigate the process. This proved an extremely useful resource, as the process is more complicated and challenging than it is in other countries.

Once established, doing business in China was actually relatively straight-forward. Generally the multi-national clients we work with in Tier 1 cities such as Shanghai and Beijing are used to Western business practices, but even so it is still very important to be culturally aware of subtle nuances and differences. Small things like laying out and presenting business cards in the right way, and respecting hierarchy in both client and supplier meetings were very important. Generally we found meetings to be short and direct; no flowery language was required, and much of the discussion focused on our accomplishments in China – the ability to prove yourself locally being very important, and hugely outweighing accomplishments and credibility gained from working elsewhere.

Whilst possible in China, we found it more difficult to do business in English, mainly as higher levels of English language fluency are not as common. Hiring Chinese

locals who have high levels of English competence has been very important. Such employees are not only expensive, but hard to find and even harder to retain. Everyone warned us that staff retention was a major challenge, with skilled Chinese employees often changing jobs very frequently. So far we've been able to retain our staff through a combination of enjoyable work and competitive wages but, most importantly, by giving them opportunities for personal and career development such as secondments to the UK to work and train.

We quickly found that being on the ground in China is very important to doing business there. There is a belief there that the Chinese market is unique, and they demand that those companies providing services within China understand the market very well. There can be certain scepticism of Western companies, but having an office in China and hiring Chinese employees helped us overcome some of these issues by demonstrating commitment, and certainly got us into a position to localise what we deliver, which is very important.

Travelling to Shanghai from London is very easy, Shanghai is home to two airports, and flights to other parts of China are reasonably priced. The high-speed rail link between Shanghai and Beijing is useful for doing business in the capital.

China still holds many opportunities for MMR. Although we have opened an office in Singapore and plan on expanding into ASEAN in the future, our short-term focus is very much on the wealth of opportunities that exist in China, both within our multi-national client base, but also in terms of working with local companies who are increasingly looking to expand outside of China.



Matthew Lintern, Managing Director, MMR Research Worldwide



Generally we found meetings to be short and direct; no flowery language was required, and much of the discussion focused on our accomplishments in China."

India

Country Profile

Source: World Bank 2011

1,241,491,960

Population

\$1.8 trillion

GDP (Current US\$)

7.7%

GDP Growth (2007-11 Average)

54%

Total Trade (Proportion of GDP)

Overview

The Republic of India is one of the largest countries in the world by landmass, with a population set to overtake China's by 2030, and is currently the world's most populous democracy. India has a long and rich history. Four world religions have been founded there, and many different empires – both domestic and foreign – have ruled there over the millennia.

A former British colony, India is a part of the Commonwealth of Nations, and has very close economic relations with the UK. English is one of the two national official languages, along with Hindi, though there are over 20 languages recognised by different state governments. Since the economic liberalisation of the 1990s India's economy has boomed, and it is now one of the fastest growing economies in the world.

Infrastructure in India has been focused mainly on public transport, with Indian Railways being the largest commercial and utilities employer in the world. There are more than 20 international airports in India, with the two largest, Indira Gandhi International Airport (DEL) in New Delhi and Chhatrapati Shivaji International Airport (BOM) in Mumbai responsible for over half of the air traffic in South Asia. Motor vehicle ownership is very low in India compared to international standards, mainly due to the large income gaps.

Urban Centres

Source: UN World Urbanisation Prospects 2011



Delhi

22.6 Million

Officially known as the National Capital Territory, the urban region of Delhi houses India's capital city of New Delhi. As the key commercial centre of northern India, Delhi supports a one of India's fastest growing retail markets with growing consumer goods, tourism, and manufacturing sectors.

Kolkata

14.4 Million

Calcutta – as it is often known in the West – is the centre for commerce in East India. Home to India's oldest port, trade is a major part of the city's economy.

Mumbai

19.7 Million

Formerly known as Bombay, Mumbai is one of Asia, and the world's largest cities. Home to the oldest stock exchange in Asia, Mumbai also hosts the headquarters to many international companies, the Reserve Bank of India and one of India's largest international transport hubs.

Hyderabad

7.8 Million

As one of the largest contributor cities to India's GDP, Hyderabad is a centre for pharmaceutical research and home to many multi-national IT companies including Microsoft, Google, and Yahoo amongst others.



Market Opportunities

Top Imported Commodities to UK

Source: UNCOMTRADE 2011

US\$ million

Apparel/Clothing (not knitted or crocheted)	\$1,021
Nuclear Power Components	\$841
Apparel/Clothing (knitted or crocheted)	\$724
Mineral Fuels, Oils & Waxes	\$700
Vehicles (not rail)	\$673
Other Commodities	\$5,556

Top Exported Commodities from UK

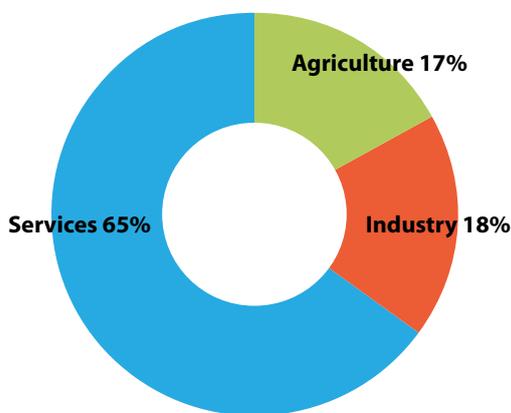
Source: UNCOMTRADE 2011

US\$ million

Pearls, Precious and Semi-Precious Gems and Jewellery	\$3,877
Nuclear Power Components	\$1,241
Iron and Steel	\$656
Electrical Machinery & Equipment	\$405
Optical, Precision, or Medical Instruments	\$312
Other Commodities	\$2,184

Market Sectors

Source: CIA World Factbook 2011



Agriculture	17%
Industry	18%
Services	65%

India is the nineteenth largest exporter and tenth largest importer in the world, and its economy is the world's tenth-largest by nominal GDP and third-largest by purchasing power parity (PPP). Although poverty is an issue in India, there is a growing middle class who is bolstering the country's economy and growth.

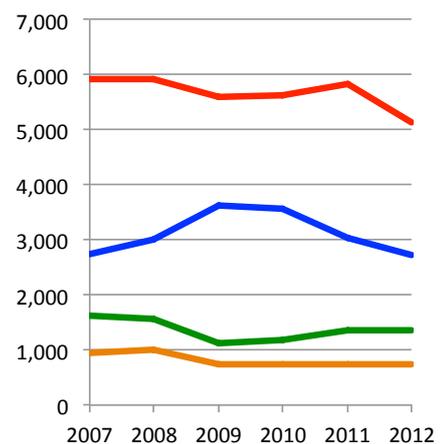
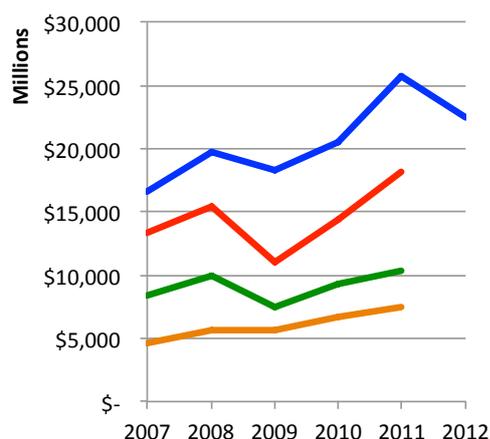
It is a founding member of the World Trade Organisation, the BRICS grouping, as well as a member of the G-20, South Asia Free Trade Agreement, SCO, East Asia Summit (EAS), and the South Asia Association for Regional Cooperation (SAARC).

India's major trading partners are the European Union (particularly the UK and Netherlands), China, the US and the United Arab Emirates. The UK is the fourth largest investing country in India, and the largest investor in Europe.

Globally recognised as a centre for information technology, other major market sectors include textiles, chemicals, steel, cement, mining, petroleum, machinery and transportation equipment, pharmaceuticals and software. Industries such as financial services and the automotive industry are on the rise though.

Relationship between Trade and Flights in Key European Markets

Source: UNCOMTRADE & OAG Max



UK
France
Netherlands
Germany



Cultural Guidance

Owing to a shared history between the UK and India, both nations generally have a good understanding of the cultural intricacies of doing business together and benefit from this close historic partnership.

In general, Indian business people prefer to know and have long-standing relationships with those they are going to do business with. These relationships are built on mutual respect and trust, so using mutual connections to make introductions is often the best way to initiate contact with those you are interested in doing business with.

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Take your time - to get to know people and build relationships. Don't expect to reach a decision at the first or even the third meeting. And don't expect to talk business immediately at the start of your conversation. Always offer – and accept – refreshments.

When arranging meetings, it is best to plan at least one month in advance, and to keep a flexible schedule while in the country, as meetings are often rescheduled at the last minute. Sending a detailed agenda to all parties

before the meeting, as well as a detailed follow-up outlining the discussion and any agreements or further plans, is important to build understanding between parties.

India is a country of varied languages and cultures.

Traditional Indian businesses may be family-run and hierarchical, but some emerging industries practice Western management. However, in negotiations, decisions are generally made at the highest of levels. Time is fluid, so flexibility is essential.

India is a country of varied languages and cultures, and many customs are unique to an ethnic or religious group. It's very important to show respect to senior and/or older people. Be aware of the importance of religion - and take the trouble, for instance, to check on particular local religious festivals.

Dress code mostly consists of smart, comfortable clothing. A lightweight suit is appropriate and ties are not compulsory, except in traditional sectors such as banking or law. Indian women in business are increasingly likely to wear western-style clothes, especially in the major cities. But women may find it easier to wear trousers and avoid very short skirts or low-cut tops that may give offence. Some more traditional men may prefer not to shake a woman's hand.



Patricia Hewitt, Chair, UK India Business Council





British Success Story

Choosing the right foreign market to enter was important for Pro2. We have a long relationship with Lotus – a company that we provide with specialised driver training, as well as engineer training for their engineering automotive consultancy – and have worked with them in foreign markets such as China and Korea. We came to realise from these experiences that there was a great opportunity for us to expand independently, but as a very small company we had to be prudent with our limited budget.

India, for us, appeared to be a country of huge potential. Our decision to focus there was based on my experience as a part of the UKTI India Marketing Scholarship programme. As a part of this programme, I was able to spend a week in India learning about business in the country at an Indian business school. Learning about business from an Indian perspective gave our company important insight into the market and culture, which aided us in developing our opportunities there.

We learned that India has a very relationship-driven culture – it is nigh on impossible to do business by being on the phone or communicate by email. It was also important for us to develop a personal as well as professional relationship with our Indian counterparts as they are often wary of foreign companies who have no proven dedication to the country.

It was a great help to us that the primary language of business is English, and the legal system is based on English common law. Businesspeople there were very willing to please though, and reluctant to insult guests by saying “no” to their faces, they often say they are keen, when in reality they are not interested. We discovered that if we had to chase after a company they were likely not interested, but those that were quick to respond were. There was often a focus on cost as well – companies often looked for the cheapest deals.

Trips to India involve long flights, and they can be rather expensive, but flights are frequent on both UK and Indian airlines. With automotive hubs in Delhi, and near the cities of Chennai and Mumbai, we also utilise domestic flights in India. There are plenty of low-cost carriers providing flights between cities, and flying is much faster than using rail due to the vast size of India. Hotels are also inexpensive and high quality 5 star accommodations can be found cheaply.

India is still a developing market for us – we have not even skimmed the surface of the opportunities there. It has been a good market for us as an independent company and we are eager to use our experiences there to expand into the other growing markets of Asia.



Simon Poole, Director, Pro²



Learning about business from an Indian perspective gave our company important insight into the market and culture, which aided us in developing our opportunities there.”

Indonesia

Overview

Country Profile

Source: World Bank 2011

242,325,638

Population

\$847 billion

GDP (Current US\$)

5.9%

GDP Growth (2007-11 Average)

51%

Total Trade (Proportion of GDP)

Strategically located between the Indian and Pacific Oceans, the Republic of Indonesia is an archipelago consisting of over 17,000 islands. As the fourth most populous country, Indonesia is the largest Islamic nation in the world. It shares land borders with Papua New Guinea, East Timor, and Malaysia; and maritime borders with Singapore, Philippines, Australia, Palau, and India. A former Dutch colony, Indonesia officially gained independence in 1949.

As a founding member of the Association of South East Asian Nations (ASEAN), Indonesia's capital of Jakarta is home to the ASEAN Secretariat. Bahasa Indonesia, known as Indonesian, is the only official language but English is becoming a popular second language in Jakarta, reinforced by the ASEAN Secretariat, whose official language is English.

Indonesia has a strong centralised government that went through major constitutional changes in 1998. The first direct presidential election was then held in 2004. Relations with the West have improved since the 1998 reforms, which have led to increased investment and cooperation. Indonesia is a member of the UN, and a founding member of the Non-Aligned Movement (NAM).

Sea routes are important to Indonesia, as they are important for domestic and international shipping and transport. Air travel is also a major means of transport, and Indonesia has an extensive domestic network centred around Jakarta's Soekarno-Hatta International Airport.

Urban Centres

Source: UN World Urbanisation Prospects 2011



Medan
2.1 Million

Located on the Strait of Malacca, Medan is the Indonesia's largest city located outside of Java. The city is rapidly developing modern infrastructure including high-rise apartments and malls. With the completion of a new international airport, Medan aims to be a regional hub for ASEAN travel.

Jakarta
9.8 Million

The most populous city in Southeast Asia, Jakarta is Indonesia's capital and economic centre. Jakarta is the most international and developed city in Indonesia, boasting modern infrastructure and the country's largest international airport.

Bandung
2.5 Million

The capital of West Java, Bandung is well connected to Indonesia's capital of Jakarta. The city is home to a large number of universities as well, creating a young vibrant economy with an emphasis on non-traditional, locally produced goods.

Surabaya
2.8 Million

A major seaport, Surabaya is profiting from the completion of Indonesia's longest bridge. It is encouraging foreign investment by developing infrastructure such as skyscrapers, roadways, and Juanda International Airport – Indonesia's second largest.



Market Opportunities

Top Imported Commodities to UK

Source: UNCOMTRADE 2011

	US\$ million
Footwear	\$254
Apparel/Clothing (not knitted or crocheted)	\$241
Rubber	\$232
Electrical Machinery & Equipment	\$182
Apparel/Clothing (knitted or crocheted)	\$165
Other Commodities	\$1,156

Top Exported Commodities from UK

Source: UNCOMTRADE 2011

	US\$ million
Nuclear Power Components	\$211
Iron and Steel	\$148
Vehicles (not rail)	\$111
Pulp of Wood	\$69
Electrical Machinery & Equipment	\$63
Other Commodities	\$407

The Indonesian economy is the world's sixteenth largest by nominal GDP and fifteenth by PPP. Following the 1997 Asian Financial Crisis, Indonesia's government took custody of a large portion of corporate and private sector assets, allowing the government to play a significant role in the economy. Indonesia has only recently regained investment grade ratings from the credit rating agencies Moody's and Fitch. The crisis also caused a downturn in local investment, from which Indonesia has yet to fully recover, as the Indonesia Stock Exchange is primarily supported by foreign funds.

Indonesia is a member of the World Trade Organisation (WTO), G-20, Asia Pacific Economic Community (APEC), and was

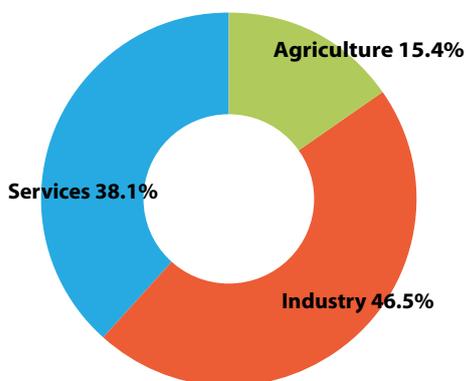
a member of Organisation of Petroleum Exporting Countries (OPEC) until 2008 when it became an oil importer.

The country has vast natural resources, including crude oil, natural gas, copper, gold, and is the world's largest tin market. The services sector is the largest by employment, and tourism is a major industry. With a rapidly expanding middle class, Indonesia is set to see a rise in domestic consumer markets in the coming years.

Major foreign investors in Indonesia include India, Japan, the United Kingdom, Singapore, the Netherlands, China, Taiwan and South Korea; while major trade partners include China, Japan, the United States, Malaysia, Thailand, Singapore, South Korea, and India.

Market Sectors

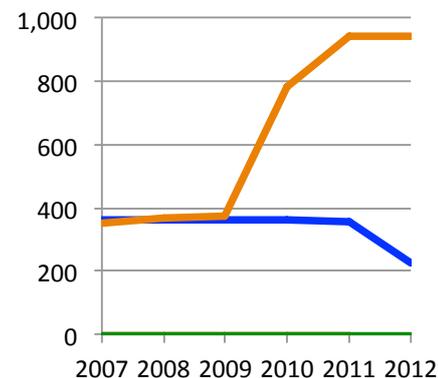
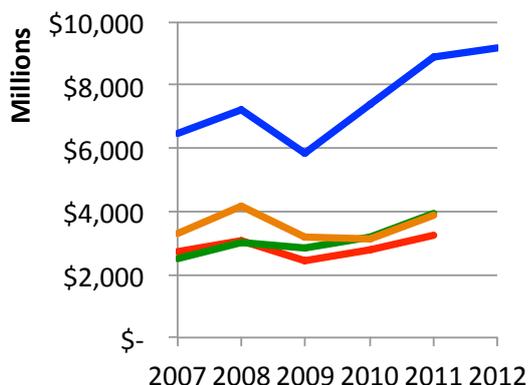
Source: CIA World Factbook 2012



Agriculture	15.4%
Industry	46.5%
Services	38.1%

Relationship between Trade and Flights in Key European Markets

Source: UNCOMTRADE & OAG Max



* Please note that there are no direct flights from the UK or France

UK
France
Netherlands
Germany



Cultural Guidance

Developing long-term relationships is essential for doing business in Indonesia. In order to build strong bonds it is important to show patience and respect, and to communicate goals clearly.

English is widely spoken. The younger generation tends to be more fluent, so an interpreter may be required particularly for meetings with senior executives, and those outside Jakarta and other major cities. Showing respect for elders and superiors is important, as is taking the time for courtesies before plunging in to business.

Indonesians are rightly proud of what their nation has achieved, and respond when a visitor knows a little of the history. They are always delighted to learn that Indonesia, the regional giant, has been made the centrepiece of a visit to the region.

Showing respect for elders and superiors is important, as is taking the time for courtesies before plunging in to business.

Indonesia is the largest Muslim-majority nation in the world, and many business practices follow

Islamic traditions. Indonesians are understanding and tolerant, but it is important that the visitor respects the customary sensitivities towards alcohol consumption and pork, and avoids use of the left hand (when exchanging business cards use the right).

Indonesia is the largest Muslim-majority nation in the world, and many business practices follow Islamic traditions.

Women often reach positions of seniority in Indonesia, and female managers are a common feature of business life. Visiting businesswomen should nevertheless take care to dress modestly.

Business cards, with name, title, and company clearly stated should be exchanged when first meeting new contacts. Timekeeping – not least because of the heavy traffic – tends to be more flexible than in other Asian countries. Meetings can frequently be delayed and over-run, but the visitor should still try to be punctual.



Mark Canning, HM Ambassador to Indonesia, Timor-Leste, and ASEAN





British Success Story

New Look first entered Asia by opening stores in Singapore in 2009. We used Singapore as an entry point to expand into the region, entering Indonesia in 2011. When we entered Singapore it was with assistance from UKTI and other consultants, but from there we were able to network with other companies in the region. By building personal connections we were able to directly ask other companies how they entered different markets and what problems they faced. Building these connections in the region made expanding into Indonesia much easier.

Our partner in Indonesia, PT Mitra Adiperkasa, was an important asset to us. They had extensive experience with other high street brands and were able to provide us with the right opportunities to expand. Due to the advice we received and our team's experience in new emerging markets, we faced few government or regulatory issues, and none that we had not anticipated or faced in other markets. By sending the right people in, and making connections to the right companies, Indonesia has become one of our most successful market entries.

It was very easy to build a network in Indonesia as most of the corporate representatives we worked with spoke English very well. Face-to-face meetings were essential to starting relationships: trips to Indonesia and invitations to visit London were important to build solid connections. We were fortunate to work with partners who had experience in

international markets and knew Western business practices well. Showing respect and choosing the best and most knowledgeable people allowed us to build good relationships to the right connections and succeed.

Although there are no direct flights to Indonesia there are many connecting flights from other destinations. Traffic in Jakarta can be difficult, and the road and rail infrastructure is still being developed across Indonesia. This is not a real difficulty for New Look, as we focus on the urban centres around Jakarta but accessing the more remote areas can be more challenging. English is not widely spoken in more remote areas, making communication in non-business settings slightly more challenging.

While New Look does have some stores outside of Jakarta, in smaller cities such as Bandung, most of our locations are in the capital. In many ways Jakarta is an advanced city, comparable to those in Japan and other developed Asian economies, with a very liberal society and outlook. New Look has not had to make any changes to our products or brand DNA to accommodate local culture and traditions.

Our success in Indonesia has gone beyond our best expectations. With our Indonesian partner, New Look has expanded into Thailand and we are looking at Vietnam and South Korea for the future. We now have stores in three countries in Southeast Asia, and we hope to continue growing across the emerging markets of Asia.



Simon Taylor, Senior Business Development Manager - Global Partnerships, New Look Retailers



Face-to-face meetings were essential to starting relationships: trips to Indonesia and invitations to visit London were important to build solid connections."

Japan

Overview

Country Profile

Source: World Bank 2011

127,817,277

Population

\$5.9 trillion

GDP (Current US\$)

-0.13%

GDP Growth (2007-11 Average)

31%

Total Trade (Proportion of GDP)

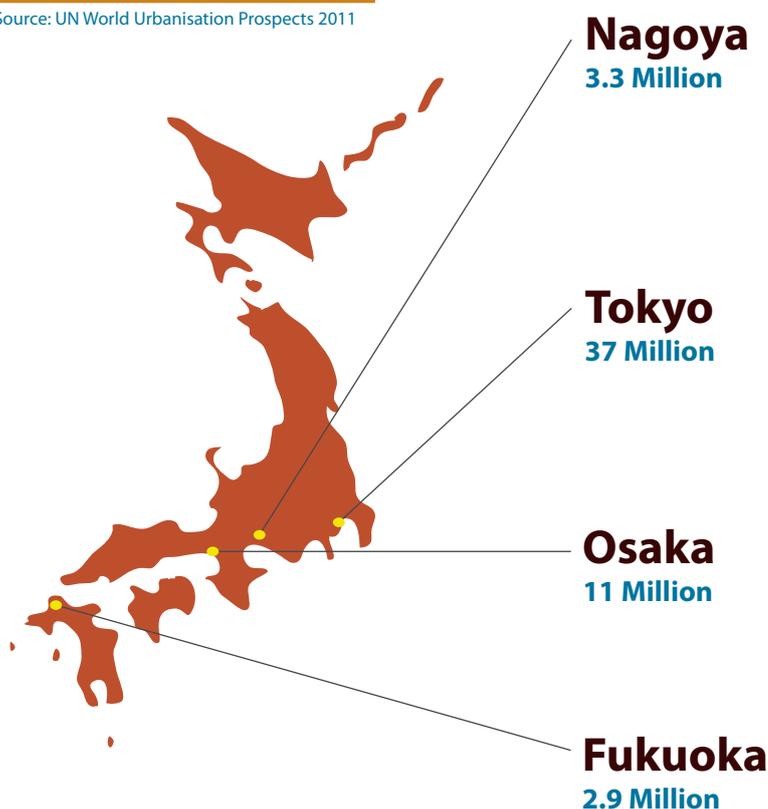
Japan is the world's third largest economy and the largest developed economy in Asia. Located in Northeast Asia the Japanese archipelago shares maritime borders with China, North Korea, Russia, South Korea, and Taiwan. As an ethnically homogenous nation, with very few minority groups, Japanese is universally spoken. English is taught from an early age in Japan, but not to fluency.

Unlike many of its neighbours, Japan was never a colony of a Western power, although it did maintain trade relations with Portugal, the Netherlands, Spain and the United Kingdom during its long history. During the Edo era (1603 – 1868) Japan was practically closed to foreign trade and relations, but entered the global stage in the late 1800s after demands for more open trade were made by the United States and other major powers. Japan industrialised rapidly, and adopted many Western practices. After the end of the Second World War, Japan has dedicated itself to avoid warfare and is a major global advocate against nuclear armaments. Today Japan is governed by a bicameral parliament called the Diet, headed by Prime Minister Shinzo Abe, under a constitutional monarch, the Emperor Akihito.

Japan's transport infrastructure is very modern and advanced with an extensive road network and over 100 bullet trains (known as Shinkansen) connecting the major cities. The three largest international airports (Narita, Kansai, and Chubu) are all located on the main island of Honshu, as is Tokyo International Airport (Haneda), Asia's busiest airport.

Urban Centres

Source: UN World Urbanisation Prospects 2011



As one of Japan's largest ports, Nagoya is a major part of Japanese trade and travel. Many of Japan's automotive, rail, and aerospace companies are headquartered in the city including Toyota brand Lexus, and JR central (operators of the Toukaidou Shinkansen bullet trains)

With the largest metropolitan GDP in the world, Tokyo plays a key role in the economy of Japan, and all of Asia. Many of the world's largest banks, investment and electronic companies are headquartered there, along with Japan's largest media and transport firms.

Historically the commercial capital of Japan, Osaka is still home to the headquarters of many multi-national companies such as Panasonic. The city is a well known cultural and tourism centre as well.

Located on the southern island of Kyushu, Fukuoka is the commercial centre of the island. Fukuoka is a regional transport hub and is home to many air and rail companies as well as Fukuoka Airport and numerous rail terminals.



Market Opportunities

Top Imported Commodities to UK

Source: UNCOMTRADE 2011

	US\$ million
Vehicles (not rail)	\$3,814
Nuclear Power Components	\$3,334
Electrical Machinery & Equipment	\$1,964
Optical, Precision, or Medical Instruments	\$733
Pearls, Precious and Semi-Precious Gems and Jewellery	\$630
Other Commodities	\$2,869

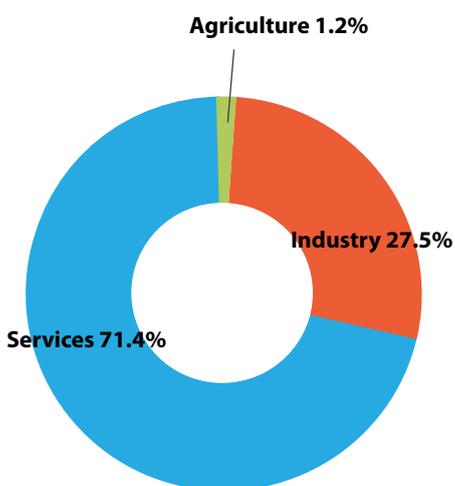
Top Exported Commodities from UK

Source: UNCOMTRADE 2011

	US\$ million
Nuclear Power Components	\$1,417
Pharmaceutical Products	\$1,098
Vehicles (not rail)	\$707
Pearls, Precious and Semi-Precious Gems and Jewellery	\$548
Optical, Precision, or Medical Instruments	\$544
Other Commodities	\$2,734

Market Sectors

Source: CIA World Factbook 2012



Agriculture	1.2%
Industry	27.5%
Services	71.4%

Japan is the world's largest creditor nation, generally maintaining a trade surplus and having a significant net international investment surplus. As the world's third largest economy and second largest developed economy, Japan is a major player in the global markets and is a member of the WTO, G8, OECD, APEC, ASEAN+3, G-20 and IMF. Although Japan has received negative outlooks from credit rating agencies, many market sectors continue to grow and thrive, and it maintains high investment ratings.

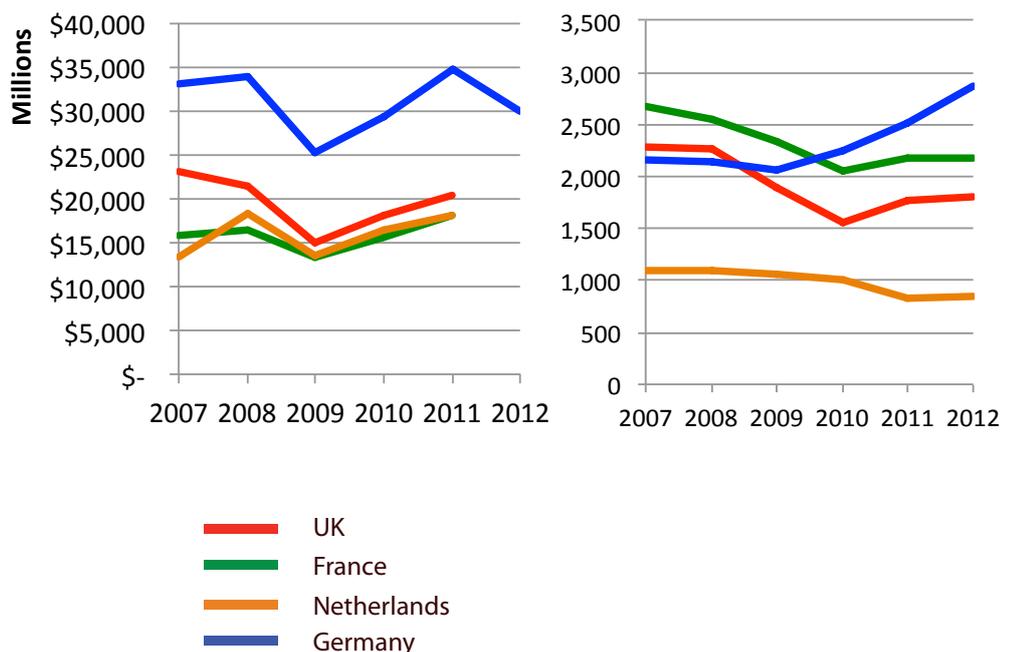
Japan is the third largest automobile manufacturing country in the world, has the largest electronics goods industry. Today, Japan focuses primarily on high-tech and precision goods, such as optical

equipment, hybrid cars, and robotics as competition in manufacturing has risen from China and Korea.

Japan is the world's second largest importer of oil, as the country lacks energy resources needed to fuel its high-tech economy. Nuclear power was providing almost a quarter of Japan's energy needs before the Fukushima disaster of 2011 which caused public outcry against the use of nuclear energy sources. Deposits of gold, magnesium and silver meet current industrial demands, but Japan is dependent on foreign sources for many of the minerals essential to modern industry. Iron ore, copper, bauxite, and alumina must be imported, as well as many forest products.

Relationship between Trade and Flights in Key European Markets

Source: UNCOMTRADE & OAG Max





Cultural Guidance

In Japan, showing respect for hierarchy is a central part of the culture. Mistakes are understood and easily forgiven so long as respect is given. The Japanese know of the difficulties Westerners face in understanding their customs and can be very understanding of cultural differences.

Face-to-face interaction is important. Punctuality at meetings is a necessity, as is good body posture, and both are seen as signs of respect.

Mistakes are understood and easily forgiven so long as respect is given.

Japanese decision-making is often vertical in nature, and requests must be passed up and down hierarchies, but this does not negate the importance of lower-level connections. The Japanese believe businessmen should invest time in 'nemawashi' (literally 'binding the root'),

the consensus and trust-building processes carried out at the working and middle management level which acts as a pre-requisite for establishing meaningful top-level relationships.

In Japan, people greet each other by bowing.

Although English is taught in schools, fluency should not be assumed, and interpreters to help wade through more difficult subjects is advised. Attempts to speak Japanese in formal settings can often be seen as amateurish and should be avoided outside of close contacts and friends.

In Japan, people greet each other by bowing. A bow ranges from a long, 90 degree bend at the waist to a brief nod of the head. A deeper, longer bow indicates respect. Conversely, a small head nod is casual and informal. Shaking hands is uncommon among the Japanese, but again, exceptions are made for foreigners.



Tim Hitchens, HM Ambassador to Japan





British Success Story

East Asia has played a large role in the growth of Novauris, perhaps inevitably since the automatic speech recognition (ASR) technology we offer can be used in mobile and domestic electronics products including mobile phones, toys, and TVs, sectors where East Asian companies are dominant.

Although our first East Asian business was with Korea, business in Japan followed soon after, thanks to help from the UKTI. Last year I took part in the group accompanying the Prime Minister to Tokyo and a Cabinet minister demonstrated our technology in public there. Japan was where we first launched a commercial service in a language other than English — an iPhone app to help travellers navigate the complex rail and underground system around Tokyo, which became an Apple Japan “featured” app and was shown on Japanese TV. This gave us credibility in Japan and let us gather vital speech data from real Japanese users. A subsequent announcement of our strategic alliance with Panasonic further helped our credibility.

Before beginning to operate in Japan we were bombarded with information on Japanese customs and on cultural differences from the West, making the prospect of doing business in Japan seem daunting. Although one must respect some cultural aspects, including the greater formality in relationships, cultural differences are much smaller than we expected and have not proved a barrier. The Japanese are much more tolerant of Westerners departing from expected behaviour than they would be of other Japanese or even other Asians.

We have found no prejudice against us either for being a British

company or for being a small business. In addition, there are real positives in Japanese politeness, punctuality, reliability and general honesty. On the downside, in large companies there can be a ponderous, bureaucratic approach to business, with excessive respect for hierarchy. Often there is an avoidance of directly saying “no” by saying instead that it “might be difficult” or some such.

Despite the outward formality, personal relationships in business are more important than they are in the West. We find that socialising with business contacts, especially going to bars in the evening, is important and such occasions can often be where the real business gets done.

It is important to avoid giving the impression of boasting during business discussions. It’s best to provide only ostensibly objective information. Japanese customers often insist on tables comparing the features of one’s product with those of competitors and the objectivity requirement can result in superficial comparisons.

Japanese is of course a difficult language to learn with a difficult writing system. But Westerners are not expected to speak much Japanese and the Japanese are getting better at speaking English. We do most business directly in English, though we have occasionally used an interpreter and we now have a Japanese sales engineer with us in the UK, which is a big help. Transport systems have station names transcribed in Roman letters and numbered stations, making it easy to get around.

Overall, Japan is a pleasant place to do business: like its own cuisine, it is exotic enough to be interesting while nevertheless being perfectly safe.



Melvyn Hunt, Co-founder and President, Novauris



We find that socialising with business contacts, especially going to bars in the evening, is important and such occasions can often be where the real business gets done.”

Singapore

Country Profile

Source: World Bank 2011

5,183,700

Population

\$240 billion

GDP (Current US\$)

5.9%

GDP Growth (2007-11 Average)

391%

Total Trade (Proportion of GDP)

Overview

The Republic of Singapore is an island city-state with a long history as a major global trading centre. Located off the southern tip of the Malay Peninsula it is separated from Malaysia by the Straits of Johor to its north and from Indonesia's Riau Islands by the Singapore Strait to its south.

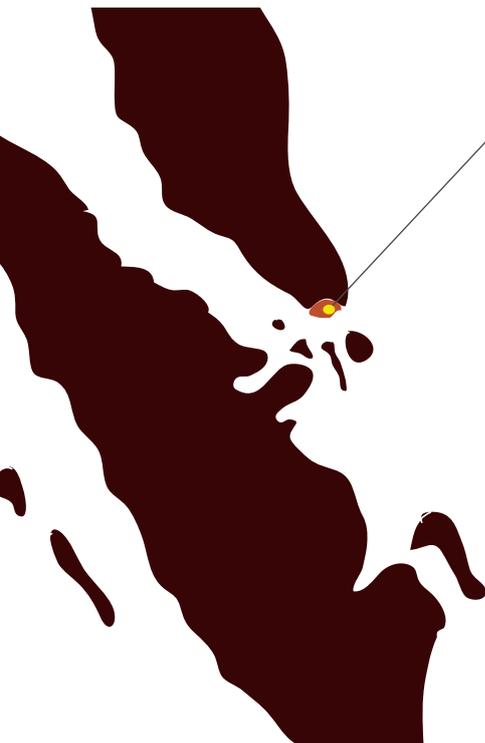
Obtained by the British in 1824, Singapore was an important colonial trade port. Following Japanese occupation in World War II, Singapore gained independence as a part of Malaysia, but separated to form a sovereign nation in 1965.

As a member of the Commonwealth of Nations, Singapore uses English as one of its official languages alongside Mandarin, Malay, and Tamil. Their position as one of the founding members of ASEAN, as well as status as the home of the APEC Secretariat, have placed the city-state as a leader in regional politics and economics.

An urban, island nation Singapore's main forms of transport involve road and rail, with ferry boat services also providing a main means of travel between the various islands. Singapore Changi Airport (SIN) aims to be Asia's aviation hub and actively courts new airlines via liberal aviation policies. In 2007, an open skies agreement was concluded with the UK that has made travel between the UK and Singapore easier and cheaper.

Urban Centres

Source: UN World Urbanisation Prospects 2011



Singapore 5.2 Million

Singapore is an urban centre with very little forested land remaining in any of its 63 islands. Since its independence, it has seen a massive increase in wealth as one of the world's largest and most important trading and financial centres. Home to one of the world's largest ports, a leading financial centre, and the third highest per capita income in the world (by PPP), Singapore is a vital market for international trade and investment. Singapore also boasts the world's largest trade-to-GDP ratio in the world at nearly 400 percent.



Market Opportunities

Top Imported Commodities to UK

Source: UNCOMTRADE 2011

	US\$ million
Organic Chemicals	\$2,505
Nuclear Power Components	\$859
Mineral Fuels, Oils and Waxes	\$428
Electrical Machinery & Equipment	\$229
Optical, Precision, or Medical Instruments	\$202
Other Commodities	\$477

Top Exported Commodities from UK

Source: UNCOMTRADE 2011

	US\$ million
Nuclear Power Components	\$2,425
Beverages, Spirits and Vinegar	\$569
Electrical Machinery & Equipment	\$481
Vehicles (not rail)	\$347
Optical, Precision, or Medical Instruments	\$344
Other Commodities	\$1,673

As one of the Four Asian Tigers, Singapore has long been considered one of the strongest and most stable markets in Asia.

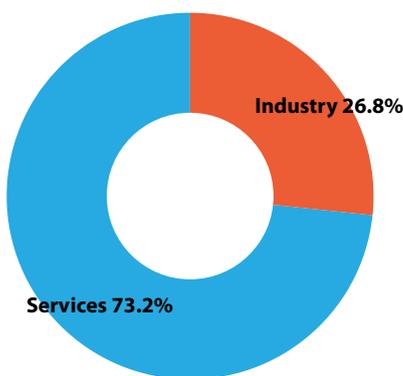
The Singaporean economy depends heavily on exports and the refining of imported goods, especially in manufacturing. Singapore consistently ranks highly in ease of doing business rankings, corruption indices, and economic freedom rankings, and is the only Asian nation to have AAA credit ratings from all three major ratings agencies. In addition to all of these factors, Singapore's highly skilled workforce, advanced infrastructure, and low tax rate have made it one of the most

accessible markets for foreign investors entering Southeast Asia. Singapore is home to over 7,000 multinational corporations from the United States, Japan, and Europe – many of which are regional headquarters – and another 3,000 companies from China and India.

Singapore has a free trade agreement with the European Free Trade Association (EFTA) and another has been concluded with the EU, though it has not yet been put into force. Even lacking in such an arrangement, Singapore is still the UK's sixth largest export market for services and 12th largest for goods the outside the EU.

Market Sectors

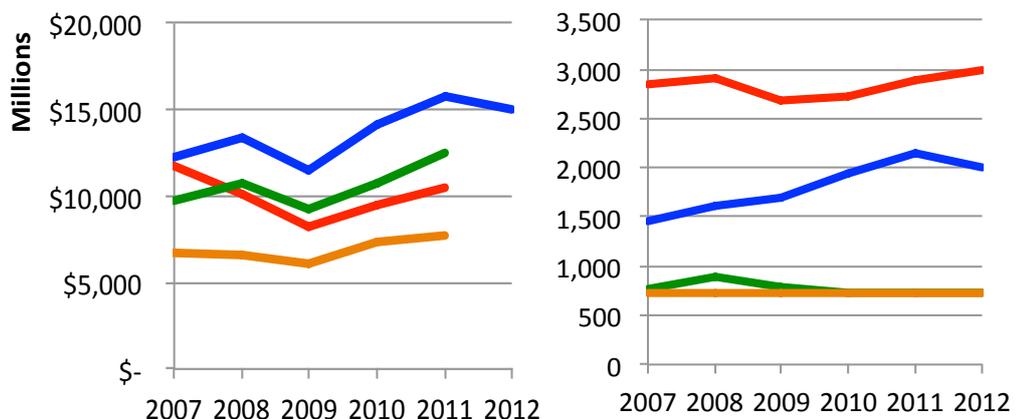
Source: CIA World Factbook 2012



Agriculture	0%
Industry	26.8%
Services	73.2%

Relationship between Trade and Flights in Key European Markets

Source: UNCOMTRADE & OAG Max



UK
France
Netherlands
Germany



Cultural Guidance

Singapore is a multi-ethnic country with four official languages, English, Mandarin Chinese, Malay and Tamil. English is the language of business and the first or second language of nearly all Singaporeans. 'Singlish', a combination of English and words from Asian languages, is also common.

Name cards are essential, so bring an adequate supply.

Meetings usually start with a handshake. Name cards are essential, so bring an adequate supply. They should be presented with both hands with the name facing the recipient. Take a few seconds to study the one you receive.

Gifts are not expected. Small talk is an important part of relationship building and asking about family is generally not considered rude. Politely sidestep any personal questions you do not wish to answer. Status and hierarchy count, with decisions usually taken by senior management rather than subordinates.

Naming conventions vary between ethnic/religious groups and it is not rude to ask how a person wishes to be addressed.

For Chinese names the family name usually comes first (e.g. Tan Wee Kiat is Mr Tan, Wee Kiat is his first name) except when a person has a Christian or Western style first name (e.g. Daisy Lim is Ms Lim, first name Daisy). Malay and other Muslim names are usually patronymic, with the later part of the name referring to the person's father. This is usually left out when addressing the person directly (e.g. Mr Faisal bin Mohammed Ali should be referred to as Mr Faisal or Faisal; Ms Khatijah binti Osman should be referred to as Ms Khatijah or Khatijah). Indian names have a greater diversity of forms.

Status and hierarchy count, with decisions usually taken by senior management rather than subordinates.

Normal business attire varies from suits to trousers and long-sleeved shirts with no tie for men; and blouses, skirts or trousers for women. There are no restrictions or differences for female business travellers. Men should take care to avoid any actions that could be perceived to be unwelcome physical contact with women in any context, as strict laws against molestation exist.



Antony Phillipson, HM High Commissioner to Singapore





British Success Story

Cicero Group expanded outside of Europe in 2009 by opening offices in Washington DC and Singapore, to bring our expertise in corporate PR, government relations, digital communications and market research to new markets. As a professional services company, Singapore was a perfect place to base our regional headquarters as it provided easy access to the rest of Asia and has a highly conducive business environment.

Singapore proved to be an ideal location to start a business in Asia – we were able to become incorporated within a day, quickly and easily find office space, and obtain the appropriate visas in a reasonable amount of time. We faced relatively few challenges, although some companies face hiring issues due to low unemployment.

Singapore is a regional hub for South East Asia, and has good links to the rest of Asia, including China and India. Many companies doing business across ASEAN will base themselves in Singapore. Singapore is highly advanced, with very high standards of infrastructure. It has a stable business and investment regime, and has a very transparent justice system.

Whilst Singapore is a good hub for the region, it should be noted that barriers to cross-border business exist and many companies seeking to do business across South East Asia will need to invest in each key market. Although ASEAN is integrating – there are highly ambitious plans to create and ASEAN Economic Community by 2015 – barriers to cross border business (especially for the services industry) exist.

Setting up introductory meetings with companies in Singapore can

prove harder than London. Previous connections and relationships are important for making introductions to local companies. The pitch process is also different as in Singapore the focus is more on the outcome of previous projects and past experiences, and not future goals or high level ideas.

One of the most attractive aspects of Singapore is the lack of a language barrier – English is the language of business and commerce and employees are often bilingual. Regional connectivity in Singapore is unparalleled. I believe it is the easiest city to move around in Asia – there are plenty of flights from London and other key international centres, no queues or hassles at the airport, and transport around the city is easily accessible.

The UK business presence in Singapore is very strong. The British Chamber of Commerce in Singapore is one of the largest and most active and UKTI has a significant presence. Large UK corporates have a high profile presence in Singapore, including GSK, Rolls Royce and major players from the UK's financial services industry.

Whilst Singapore remains an attractive place to do business, some of the cost benefits of establishing a presence here are diminishing. Salaries are on par with the UK and the cost of living is rising fast. Although the fiscal system is competitive, a question remains as to how long this can last.

Overall, Singapore is an ideal place for companies making their first step into Asia. This is reinforced not just by strong commercial links between the UK and Singapore, but also by our strong educational, cultural and political links.



Andrew Naylor, Regional Director, Asia Pacific, Cicero



One of the most attractive aspects of Singapore is the lack of a language barrier – English is the language of business and commerce and employees are often bilingual. Regional connectivity in Singapore is unparalleled.”

South Korea

Country Profile

Source: World Bank 2011

49,779,000

Population

\$1.1 trillion

GDP (Current US\$)

3.5%

GDP Growth (2007-11 Average)

110%

Total Trade (Proportion of GDP)

Overview

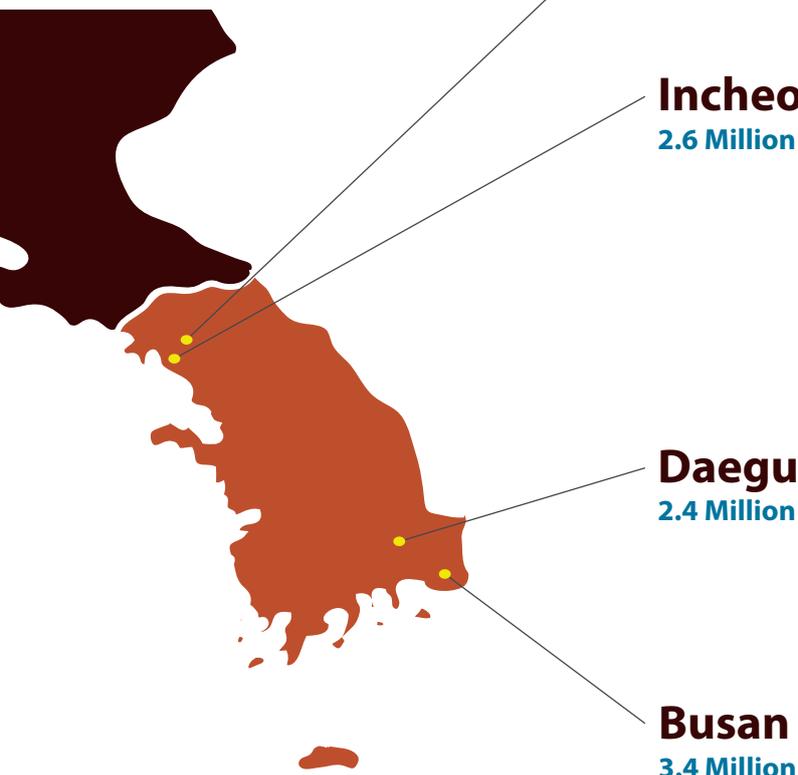
The Republic of Korea, colloquially known as South Korea, inhabits the southern half of the Korean peninsula. It is Asia's fourth largest economy, and is among the top 20 largest economies in the world. South Korea is home to a variety of major high-technology and electronics corporations, and is one of the global leaders in these fields. As a major ally of the US and the EU, Korea sits at an important crossroads linking the West and Asia.

Established as a nation in 1948, South Korea has been operating a stable multi-party democracy since 1987. The political system consists of a legislative branch made up of seventeen administrative divisions which elect the 300 member National Assembly, a separate judiciary, and a directly elected President. In late 2012 Park Geun-Hye, daughter of Park Chung-Hee – a former President and Army General – was elected as Korea's first female President.

As one of the most developed countries in Asia, South Korea boasts a high standard of living and an extensive infrastructure network. Road and rail systems connect Korea's largest cities. Incheon International Airport (ICN) is the largest in the nation and the eighth busiest passenger airport in the world.

Urban Centres

Source: UN World Urbanisation Prospects 2011



The capital of Korea, Seoul is the largest commercial centre in the country. Seoul was named 'World Design Capital' in 2010, which has bolstered the design and creative industries there.

As a part of the Seoul National Capital Area, Incheon is the third largest urban area in Korea. It is the country's most important transport hub, and houses the largest seaport and airport on the west coast of Korea. Global business is centred on the high-tech Songdo International City and the city provides many incentives to promote foreign investment – including the official use of English on all government documents.

Known as "Textile City", Daegu is a fashion centre and major industrial city with a focus on textiles, metals and machinery. Although the textile sector has declined in recent years, other manufacturing centres, including those of Gumi and Anycall (Samsung Mobile), remain strong.

Located in the south east, Busan is the home to Korea's largest port – the fifth largest in the world. The city has long been home to many international events from sporting competitions to high level business and governmental meetings.



Market Opportunities

Top Imported Commodities to UK

Source: UNCOMTRADE 2011

	US\$ million
Electrical Machinery & Equipment	\$1,038
Vehicles (not rail)	\$650
Nuclear Power Components	\$593
Mineral Fuels, Oils & Waxes	\$303
Plastics and Articles Thereof	\$156
Other Commodities	\$1,088

Top Exported Commodities from UK

Source: UNCOMTRADE 2011

	US\$ million
Nuclear Power Components	\$753
Mineral Fuels, Oils & Waxes	\$476
Electrical Machinery & Equipment	\$336
Pharmaceutical Products	\$312
Vehicles (not rail)	\$271
Other Commodities	\$1,886

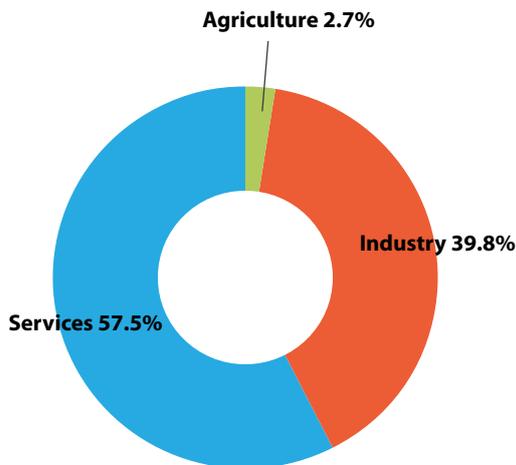
South Korea is a member of the G-20, and among the world's top ten exporters with a production focus on electronics, automobiles, ships, robotics, machinery, and petrochemicals. It is a member of the United Nations, World Trade Organisation (WTO), Organisation for Economic Co-operation and Development (OECD), the Asia Pacific Economic Community (APEC), and ASEAN+3. South Korea has been defined as a High Income nation by the World Bank and an advanced economy by the IMF. Along with Hong Kong, Singapore and Taiwan, South Korea is one of the Four Asian Tigers – the fastest growing and most advanced economies of Asia.

The United Kingdom and South Korea are celebrating 130 years of diplomatic relations in 2013, and trade between the two nations grew significantly in 2012, following the 2011 provisional application of a European Union – South Korea free trade agreement.

As part of President Park's economic programme, government support for SMEs and innovative industries is on the rise, providing new opportunities in Korean markets. In addition to this, South Korea will be hosting its second Olympic Games (and first Winter Games) in 2018 in Pyeongchang. This will have an impact on investment opportunities especially in the tourism and infrastructure sectors.

Market Sectors

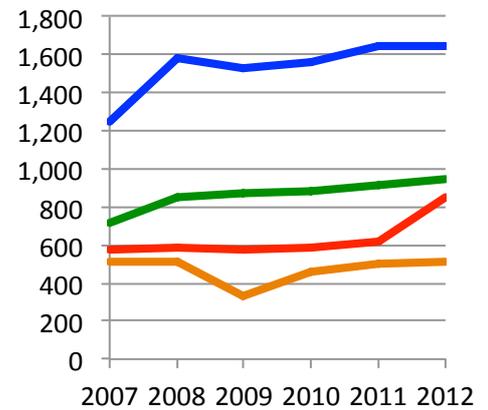
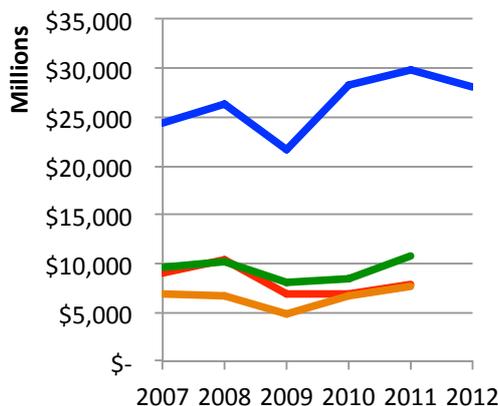
Source: CIA World Factbook 2012



Agriculture	2.7%
Industry	39.8%
Services	57.5%

Relationship between Trade and Flights in Key European Markets

Source: UNCOMTRADE & OAG Max



UK	Germany
France	Netherlands



Cultural Guidance

Until recently drinking was a fundamental part of business culture. This is changing. But spending time with Korean business contacts in a coffee bar, a restaurant, or, if the opportunity arises on a golf course, are good ways to develop the personal relationships that are at the core of successful business partnerships. Social meetings are important to Korean business relationships. Korean business people dedicate a great deal of time and energy to building personal relationships in order to create long-lasting business partnerships. Demonstrating a commitment to a long-term relationship is important in connecting to Korean businesses.

Korean business people dedicate a great deal of time and energy to building personal relationships in order to create long-lasting business partnerships.

Introductions are best made through a third party, and any face-to-face meetings set up in advance if possible. Punctuality is very important, but it is not unusual for senior Korean businessmen to be late or cancel appointments at the last minute due to pressing and unavoidable business. The exchange of business cards is vital, and an

emphasis should be placed on one's title as Koreans prefer to deal only with those of equal rank. They should be presented and received with both hands whenever possible and examined carefully then placed on the table in front of you as putting the card straight in a pocket or bag is seen as disrespectful.

Modesty and humility are important to Korean culture.

Contracts are often seen as the starting point for a good relationship. Koreans prefer flexible contracts, and it is not unusual for requests to change or overlooked elements to be made in light of good interpersonal relationships - the legal implications of such changes may be understood, but are not necessarily considered as binding as in the West.

Modesty and humility are important to Korean culture, and it is not advisable to over-sell yourself or your company. Eye-contact is important for indicating honesty and interest. Gift giving is also very important, and it is common for gifts of equal value to be exchanged, with the most expensive being given to those of higher rank. Gifts exchanged at a first meeting are intended to build relationships, although it is also common to give gifts to Korean business partners on important holidays such as Lunar New Year, Chuseok (Korean Thanksgiving) and Christmas.



**Scott Wightman, HM
Ambassador to the Republic
of Korea**





British Success Story

Edwards has had a presence in South Korea since 1982. The business there started through a chance meeting with an agent at a British Embassy function in Seoul – from there the relationship developed into a distributorship and, ten years later, into a joint venture company, Songwon Edwards Ltd.

Our main business in Korea is the sale and service of vacuum and abatement systems for use in the semiconductor, flat panel and solar industries. Korea is leading the world in terms of semiconductor and flat panel technological development and as a market leader, our company wanted to be right there alongside them. In 2007, the company became a wholly owned subsidiary and changed its name to Edwards Korea Ltd.

Having a strong local presence is very important in Korea. Our offices there are almost entirely staffed by local employees – we typically have fewer than five international staff based in the country at any one time. For our company, being in a position to support our customers with product availability, 24 hour service and applications capability support is critical. For this we needed a strong local team with experience in Korean business, language, and culture.

Seoul is a very international city and has excellent transport links to Europe, US and the rest of Asia. Korea is an excellent hub for North East Asia with a very strong logistics infrastructure. This was one of the key factors behind locating our global dry pump factory there

Working with Korean partners has been relatively easy. Language has not been an issue as English is widely spoken. We found that meetings and introductions tend to be more formal than in the UK. Socialising with business partners plays a much larger role in Korea – eating and drinking with our Korean counterparts was an important aspect of building business relationships. Building important and worthwhile business relationships can take a long time, but by being prepared to stay the distance and putting in significant time, effort, and commitment to Korea has led to much success for us.

When the company was first incorporated in 1992, we had approximately 60 employees and a service centre. Today, Edwards Korea employs more than 600 people, has five sales offices, a 30,000 square metre state-of-the-art factory. Edwards has been very fortunate to grow alongside our customers and the Korean economy in general.



Gary Harte, Vice President, Edwards Korea Ltd



Socialising with business partners plays a much larger role in Korea – eating and drinking with our Korean counterparts was an important aspect of building business relationships.”

Thailand

Country Profile

Source: World Bank 2011

69,518,555

Population

\$346 billion

GDP (Current US\$)

2.6%

GDP Growth (2007-11 Average)

149%

Total Trade (Proportion of GDP)

Overview

The Kingdom of Thailand, formerly known as Siam, is a constitutional monarchy headed by King Rama IX, the longest serving head of state in Thai history. As a people, Thais are very proud of their long and rich history centred on their monarchy and Buddhist traditions. The Thai government consists of a bicameral legislature called the National Assembly led by a Prime Minister. As the UK has similar governmental structure with a high regard for their monarchy, the Thai people often feel a sense of camaraderie with the British.

Thailand has shared close trading partnerships with its Asian neighbours, as well as many of the western powers, including the UK, who were active in Southeast Asia during colonial times. The primary language spoken is Thai, and while English is sometimes known in larger multinational corporations, it is not widely spoken at any level of Thai society.

Travel in Thailand can be chaotic as traffic, especially in Bangkok, is notoriously heavy due to the increasing popularity of private vehicles. Buses dominate long distance travel, but the train network is now becoming more widely used. Bangkok has two international airports Don Mueang International Airport (DMK) and the new Suvarnabhumi Airport (BKK) located in Samut Prakan which connects it to the growing domestic network as well as many other major Asian airports.

Urban Centres

Source: UN World Urbanisation Prospects 2011



Bangkok
8.4 Million

Thailand's capital and the dominating force of the national economy. Bangkok's economy is one of the highest grossing in Asia. Host to Thailand's government, stock exchange, and many domestic corporations, Bangkok is also home to many regional headquarters of larger multi-national companies.

Samut Prakan
1.2 Million

As Bangkok's neighbour and home to the Suvarnabhumi Airport (BKK), the Samut Prakan region boasts the most densely populated district (amphoe) in Thailand. It is a bustling tourist centre and has made large investments into the hospitality and tourism industries.



Market Opportunities

Top Imported Commodities to UK

Source: UNCOMTRADE 2011

US\$ million

Meat and Fish	\$857
Vehicles (not rail)	\$414
Nuclear Power Components	\$398
Electrical Machinery & Equipment	\$339
Pearls, Precious and Semi-Precious Gems and Jewellery	\$215
Other Commodities	\$1,615

Top Exported Commodities from UK

Source: UNCOMTRADE 2011

US\$ million

Vehicles (not rail)	\$742
Nuclear Power Components	\$351
Electrical Machinery & Equipment	\$177
Pharmaceutical Products	\$113
Beverages, Spirits and Vinegar	\$87
Other Commodities	\$723

As a newly industrialised emerging economy, Thailand is one of Southeast Asia's fastest growing nations. Although one of the worst hit in the 1997 Asian Financial Crisis, Thailand's economy has recovered by increasing exports.

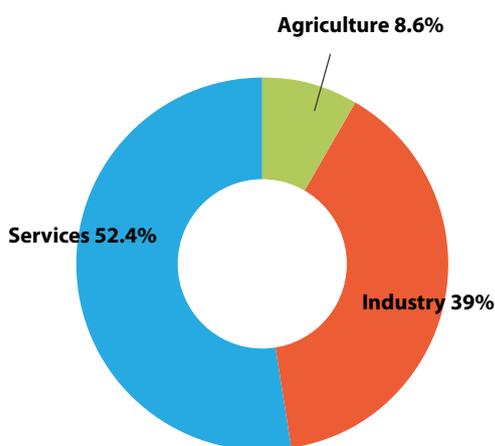
Machine and electrical parts, chemicals, crude oils and fuels, and metals are among Thailand's largest imports reflecting their manufacturing export market that centres on high-technology items, vehicles, and other specialised goods. Thailand's traditional major markets have been North America, Japan,

and Europe, but their growing international involvement with ASEAN, the WTO, APEC, and the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC) have led to growing ties and reduced trade barriers with regional and global partners.

Tourism is one of the largest markets in Thailand, and as the middle class continues to expand, consumer markets in the country are growing. Many foreign countries are entering Thailand as well, with accumulated FDI growing from US\$118 billion in 2010 to US\$159 billion in 2012.

Market Sectors

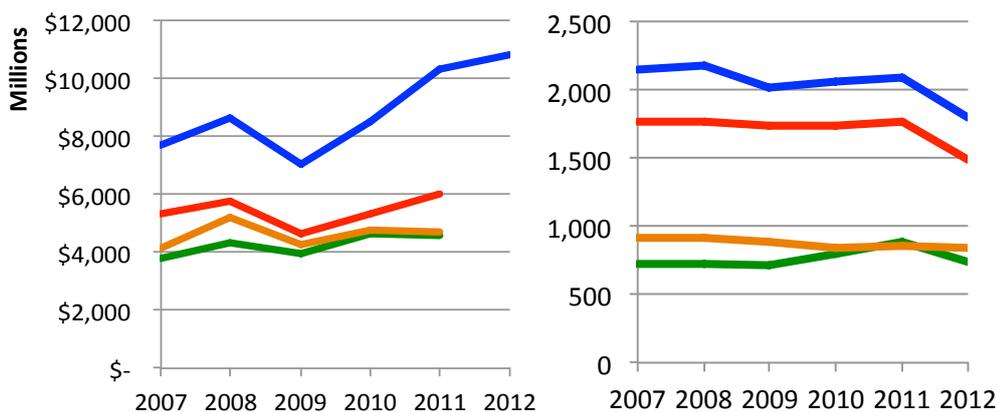
Source: CIA World Factbook 2011



- Agriculture 8.6%
- Industry 39%
- Services 52.4%

Relationship between Trade and Flights in Key European Markets

Source: UNCOMTRADE & OAG Max



- UK
- France
- Netherlands
- Germany



Cultural Guidance

Thai people are very proud of their monarchy and historical independence from any form of colonialism. Be aware that *lese-majeste* laws in Thailand are strict and enforced.

Respect and politeness are important to Thais as the society is hierarchical, and confrontation is looked down upon. Practise polite persistence, always accompanied by a smile, rather than showing anger or frustration.

Respect and politeness are important to Thais.

The 'wai' – hands placed together in front of the chest or forehead with the fingers pointing upwards – is a common greeting in Thailand. Foreigners, "Farang" are not usually expected to 'wai' but may be greeted with this gesture. There are rules that accompany the position of the 'wai' in relation to your face. The higher you position your 'wai', the more respectful.

It is common for the first name to be used with surnames reserved for formal occasions or written correspondence. However, deference for seniority by age or position is reflected in the terms of address used in the

Thai language – the term "Pee" for those older, and "Nong" for those younger are common. The usage of these terms can be quite complex however, so foreigners should simply use "Khun", placed before a person's name, suitable for addressing adult men and women of any age.

In business, introductions are made on a hierarchical basis.

Thai people see the head as sacred and the feet as taboo (the head being closest to heaven and the feet the closest to the dirt). Never touch or pass anything over a person's head. Shoes are often removed before entering a building, be conscious that you never show the soles of your feet to anyone, or use your feet to point to something.

In business, introductions are made on a hierarchical basis. Persons of lesser authority are introduced to persons of greater authority. Gender does not affect the order of introductions. A client or elected official for example, always takes precedence over anyone in your own organisation.



Simon Landy, Chairman, British Chamber of Commerce Thailand





British Success Story

The OCS Group entered the Thai market 20 years ago by acquiring equity in the Thai company Property Care Services (PCS), a facilities and pest control provider owned by an Irishman with Thai citizenship. This was the start of a long relationship between the two CEOs which resulted in the spread of the various OCS brands across Asia.

By entering the Thai market through the acquisition of a trusted brand, the Group faced fewer challenges than may otherwise have been the case. The restrictions on foreign ownership of Thai companies were avoided by the active involvement of an expatriate who had obtained Thai citizenship. As a company that is built on unskilled labour, OCS often experiences a high turnover of employees – a significant challenge in Thailand, which has a relatively low unemployment rate.

Forming strong relationships in Asia have proved an extremely good business practice. Loyalty is very important, so positive and well-maintained relationships with both our clients and staff have not only kept business but also fostered mutual growth – PCS's entry into Cambodia was at the request of one of our biggest Thai clients who were expanding into this new market and wanted the reassurance of having an established service provider on board.

By building connections with other Thai companies, we have been able to expand our operations in Asia and the range of services provided. OCS has built strong relationships with

other foreign-owned corporations, as well as many locally owned businesses. By employing locals and expats who have extensive local experience the Group has been able to thrive in Thailand, and across Asia.

OCS has been able to foster relationships with our partners through shared values and a clear commitment to the region. As a private, family-owned company, OCS has found common ground with the many family-owned Asian companies. Building relationships between families has helped us to establish stronger connections between companies.

Travelling to Asia has been a big part of keeping our connections there strong. Thailand has long been a tourist destination, and flying to Thailand, and travelling around the country is relatively simple. Not all of the local population, however, have a strong grasp of English and the majority of PCS Thailand's senior management team are Thai speakers.

With support from the British and Thai governments, OCS has grown to become the second largest British employer in Thailand today with 24,000 employees. We have used the partnerships and connections formed in Thailand to open operations in Bangladesh, India, Cambodia, Malaysia, Singapore, Vietnam, China and Qatar – a practice that is ongoing with new operations in Indonesia, Myanmar and the Philippines already under consideration. This is by no means the end of our expansion as the Group would like to have a presence in all markets.



**Steve Buckley, Asia Pacific Adviser,
OCS Group Ltd**



As a private, family-owned company, OCS has found common ground with the many family-owned Asian companies. Building relationships between families has helped us to establish stronger connections between companies."

Vietnam

Country Profile

Source: World Bank 2011

87,840,000

Population

\$124 billion

GDP (Current US\$)

6.6%

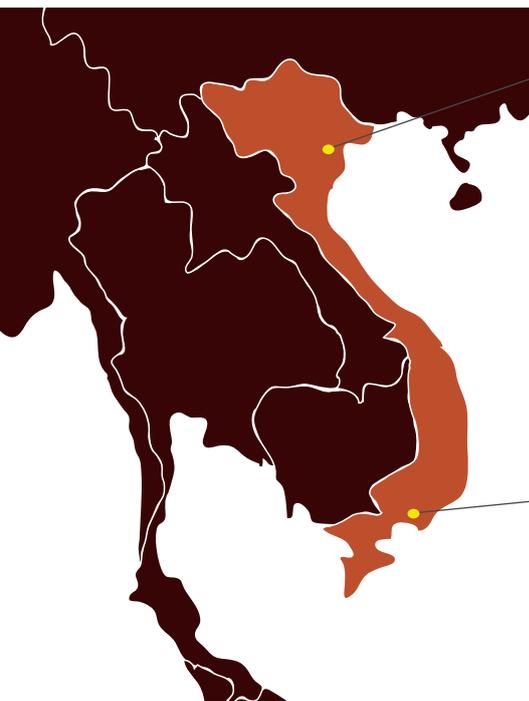
GDP Growth (2007-11 Average)

178%

Total Trade (Proportion of GDP)

Urban Centres

Source: UN World Urbanisation Prospects 2011



Hanoi
3 Million

Vietnam's capital and second largest city, Hanoi has one of the world's fastest growing economies. With fast growing financial, real estate, and trade sectors, the city is rapidly expanding and urbanising – although the city's infrastructure is still lagging. Large foreign investment into the city is responsible for the new international airport that is being built.

Ho Chi Minh
6.4 Million

Also known as Saigon, Ho Chi Minh City is the economic centre of Vietnam, accounting for the largest percentage of the country's GDP. The city is Vietnam's transport hub, hosting many rail terminals and Vietnam's largest international airport.

Overview

Lying on the eastern side of the Indo-China Peninsula, the Socialist Republic of Vietnam is bordered by China to the north, and Laos and Cambodia to the west. Vietnam is the thirteenth most populous country in the world, and is home to a rapidly expanding middle class.

Declared independent from France by Ho Chi Minh in 1945, Vietnam's current borders were established in 1975 following the unification of North and South Vietnam under communist rule. A socialist market system and single-party rule continues to this day.

As a former French colony, Vietnam is a member of the Organisation internationale de la Francophonie (OIF), commonly known as La Francophonie, and has close historical ties to France and Europe. It also holds membership in many other international organisations, including the United Nations, ASEAN, the Non-Aligned Movement, and the World Trade Organization.

Vietnam is in the process of building high speed rail links using Japanese Shinkansen (bullet train) technology, including a new line between Hanoi and Ho Chi Minh City. Rail and road links between these two major urban areas already exist. Vietnam boasts three major international airports: Noi Bai (HAN) in Hanoi, Da Nang International Airport (DAD) in Da Nang, and Tan Son Nhat (SGN) in Ho Chi Minh City. Tan Son Nhat is largest of these three, currently handling 75% of international passenger traffic in and out of the country, although this may change with the development of a new airport in Hanoi.



Market Opportunities

Top Imported Commodities to UK

Source: UNCOMTRADE 2011

US\$ million

Electrical Machinery & Equipment	\$602
Footwear	\$549
Apparel/Clothing (not knitted or crocheted)	\$381
Furniture	\$230
Apparel/Clothing (knitted or crocheted)	\$137
Other Commodities	\$816

Top Exported Commodities from UK

Source: UNCOMTRADE 2011

US\$ million

Nuclear Power Components	\$108
Iron and Steel	\$90
Miscellaneous Chemical Products	\$51
Electrical Machinery & Equipment	\$42
Pharmaceutical Products	\$36
Other Commodities	\$194

Predicted by PWC to be the fastest growing emerging economy by 2025, Vietnam has consistently been at the top of the economic growth charts since 2000. In 2012, Vietnam recorded a trade surplus of US\$780 million, the first surplus since 1993. It is now one of the most open economies in Asia, even though the state controls a large percentage of the economy, with two way trade exceeding annual GDP.

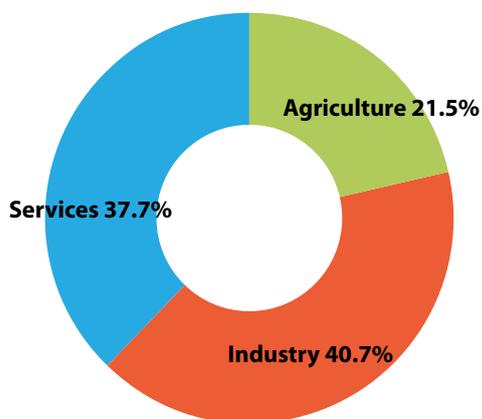
Although a major agricultural exporter, Vietnam's economy has diversified to include exports in electronics and machinery as well as apparel and crude oil. Vietnam's main export markets include the EU (especially Germany), USA, ASEAN, Japan, China and South Korea. Among the largest

sectors for licensed FDI are industry and construction. Other sectors attracting FDI are oil and gas, fisheries, construction, agriculture and forestry, transport and communications, and hotels and tourism.

Vietnam has a rising consumer economy in urban areas – 30% of the population is located in urban centres – but a widening income gap between urban and rural families is creating a large income disparity. As the middle class has spread, issues of government corruption have become more common, with many foreign investors complaining that a lack of transparency and regulatory enforcement has made entering the Vietnamese market difficult.

Market Sectors

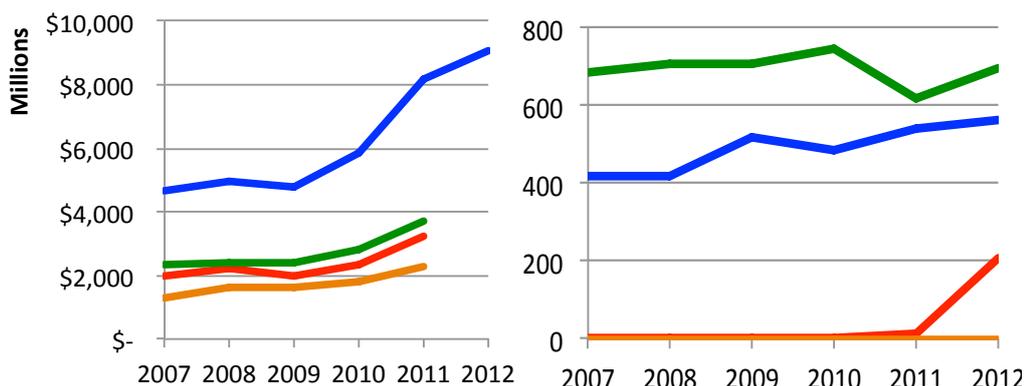
Source: CIA World Factbook 2011



Agriculture	21.5%
Industry	40.7%
Services	37.7%

Relationship between Trade and Flights in Key European Markets

Source: UNCOMTRADE & OAG Max



* Please note that there are no direct flights from the Netherlands

UK	(Red line)
France	(Green line)
Netherlands	(Orange line)
Germany	(Blue line)



Cultural Guidance

Vietnamese society is generally reserved and polite.

Respect for seniority is very important. Vietnamese people often show respect by avoiding direct eye contact – particularly when in conversation with a member of the opposite sex or someone of a much higher status.

In Vietnamese culture, maintaining harmony is paramount. Disagreeing openly with someone senior is considered the same as challenging their social status. It is common to avoid saying “no”, so anticipate “maybe”, “that would be difficult” and sometimes even “yes” as an alternative. Showing anger is seen as embarrassing to Vietnamese people.

In Vietnamese culture, maintaining harmony is paramount.

Relationships are built over time and, as decision making is commonly done by committee rather than by an individual, effort needs to be made to get to know a range of people involved in an agreement rather than relying on one central character.

A smile is an appropriate response in most situations. It is regularly used as a substitute for a greeting, an apology or a thank you – all situations that would usually be verbalised in British culture.

Relationships are built over time.

Vietnamese people list their family name first, then their middle name, with their first (given) name listed last. The polite way to address someone is to use Mr/Miss and their given name. It is appropriate to continue to use Mr/Miss until you are invited to use just the given name.



**Lord Davies of Abersoch
CBE, Chairman, UK-ASEAN
Business Council**





British Success Story

Harvey Nash first entered the Asian market in 2000 via an office in Vietnam's capital, Hanoi, to provide outsourced software engineering for our European clients. We entered through a local partner as foreign companies were unable to own a Vietnamese entity at that time.

When we entered Vietnam thirteen years ago the business environment was very different than today and the Vietnamese business community was internationally naive. Poor regulation and licensing together with a limited ability to directly employ staff were major challenges. Low level corruption was an issue and difficult to manage on setup. In addition to this, there were few experienced staff and middle management expertise was very rare. English conversational skills were poor.

Today we have found the business environment in Vietnam to be very different. After Vietnam joined the WTO in 2007, Harvey Nash was able to acquire a small software and BPO (Business Process Outsourcing) business in Ho Chi Minh City, and today all of our businesses in Vietnam are fully owned subsidiaries. With Vietnam rising up in the ease of doing business rankings, the local workforce is developing strong management and English language skills – all of our employees in Vietnam speak and write English well, with over 300 also speaking German or Japanese.

Upon entering Vietnam, we learnt that cultivating strong relationships was all important. Building business was slow and required an investment in time that we underestimated. Our partner in Vietnam really helped us to work through the potential regulatory and cultural minefields.

We also learnt the importance of good government and local official contacts. We now get help and recognition from the government as a result of our presence in the country. In fact, Harvey Nash has won a series of awards given by the Vietnamese government for our contribution to trade and for transferring skills.

It has been vital for our business to have a presence in country – not least because we have our software and BPO factory there. We have learnt that a local presence shows our ASEAN and Asian clients that we are committed to the region.

Travelling back and forth to Vietnam from the UK to keep these connections strong has been easy for us, as there are direct flights to Hanoi and Ho Chi Minh City from London plus many flights via Bangkok, Singapore, Hong Kong, and others. Vietnamese Airlines provide rapid travel internationally and throughout Vietnam on a large modern fleet of aircraft. In Hanoi and Ho Chi Minh City we have found taxis to be modern and cheap, although buses are not recommended as they are not air-conditioned and are very crowded.

From 25 sub-contract staff in the year 2000 Harvey Nash has grown to over 1,700 staff with six offices in Ho Chi Minh City and Hanoi. In 2009 we opened an office in Ho Chi Minh City to provide Executive Recruitment to the ASEAN Region. We are now the second largest technology and the largest BPO business in Vietnam. 2011 saw the opening of an office in Hong Kong to focus on Executive Search and an Office in Australia to provide IT Recruitment and software outsourcing services. Our recruitment business now operates in Vietnam, Singapore, and Hong Kong.



Paul Smith, Chairman, Harvey Nash Outsourcing



Upon entering Vietnam, we learnt that cultivating strong relationships was all important.

It has been vital for our business to have a presence in country."

Acknowledgements

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Edited by Caitlin Brophy, Asia House

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Asia House is a centre of expertise on Asia. Our mission is to bring the UK and Asia closer through our pioneering events on business, policy and culture. We are the leading pan-Asian organisation in the UK, having built our reputation on our extensive network, our objectivity and our independence. We aim to deepen the understanding of the cultures in which we live, work and do business in Asia and the West.

Asia House

63 New Cavendish Street
London W1G 7LP
United Kingdom

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