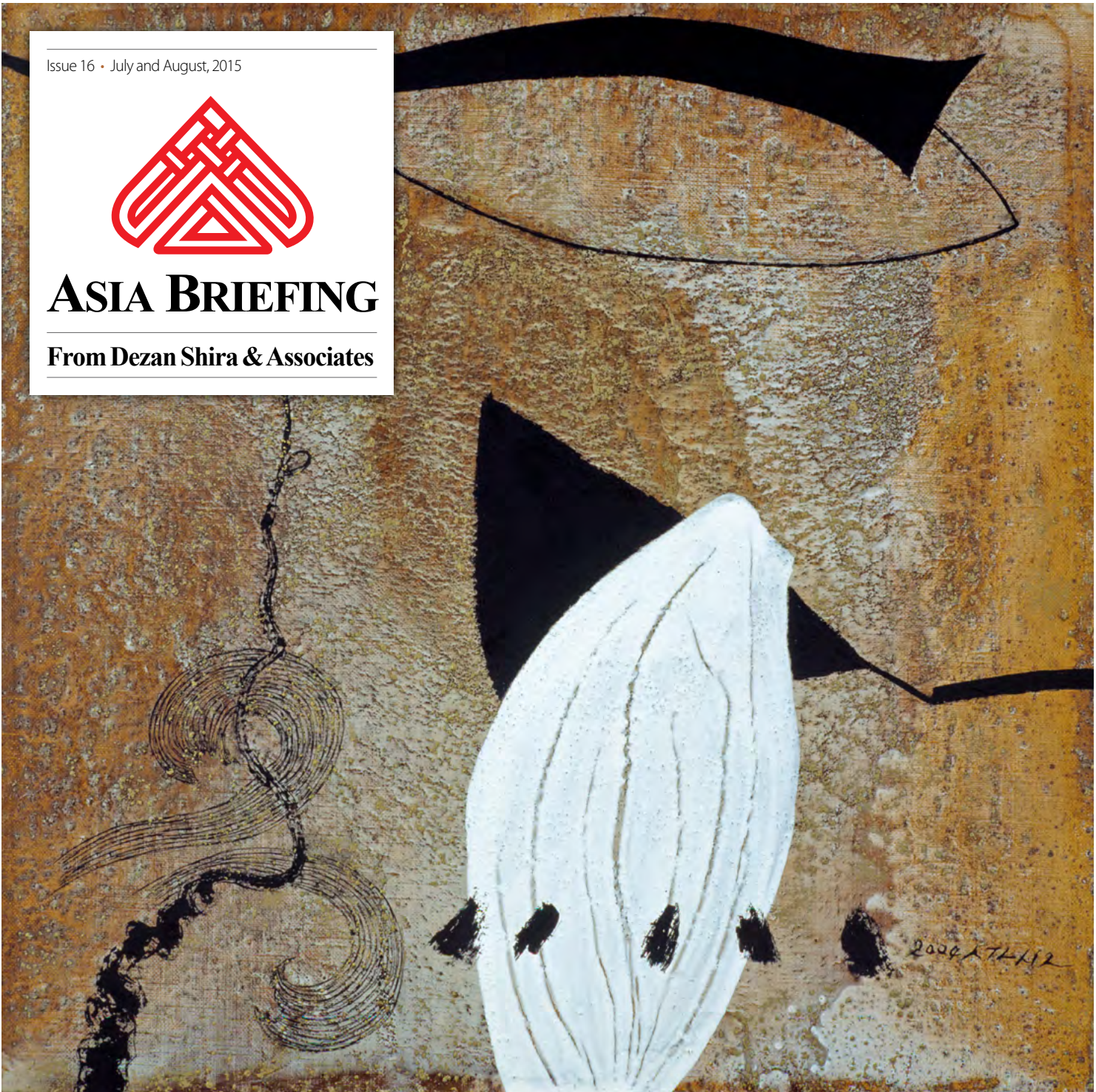


Issue 16 • July and August, 2015



ASIA BRIEFING

From Dezan Shira & Associates



The Cost of Doing Business in ASEAN Compared with China

P.04 Doing Business in China & ASEAN
– Land, Labor, GDP Per Capita and
Welfare Comparisons

P.11 Executive Summary - Choosing an
Investment Location in ASEAN

Introduction

As China continues along its development path, costs are rising in the country. This fact has both negative and positive consequences for foreign companies: while it will add to the production costs of locally-based manufacturers, it is also indicative of an increasingly affluent Chinese consumer class. Our research indicates that, if manufacturing capacity elsewhere in Asia can reach 70 percent of Chinese capabilities, lower ASEAN operating costs means it is a viable proposition to relocate. This is a generalization of course, and variants will affect individual business models, but this holds true as a general rule of thumb.

It is worth pointing out that, when broaching this subject with a Chinese production manager, there will inevitably be resistance against uprooting or even relocating part of any Chinese production facility. This means that the economic cost data

analysis to determine just how competitive your China operation is needs to be conducted by non-Chinese managers.

In this issue of Asia Briefing magazine, we provide a comprehensive overview of the cost of doing business in China compared with the Association of Southeast Asian Nations (ASEAN). We analyze some of the key considerations that will impact upon the profits of an Asia-based business, including labor costs, social welfare, and industrial land prices. In addition, we take a look at how ASEAN's export volume and GDP per capita currently compares with China.

Recent EU and U.S. surveys have both concluded that it is becoming harder to maintain profitability levels in China. For certain businesses, now is the right time to be evaluating options.



Chris Devonshire-Ellis
Chairman
Dezan Shira & Associates

Kind regards,

A handwritten signature in black ink that reads "cde" in a stylized, cursive font.

Chris Devonshire-Ellis

Reference

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Art Projects Gallery
info@artprojectsasia.com | +852 3485 5336
www.artprojectsasia.com

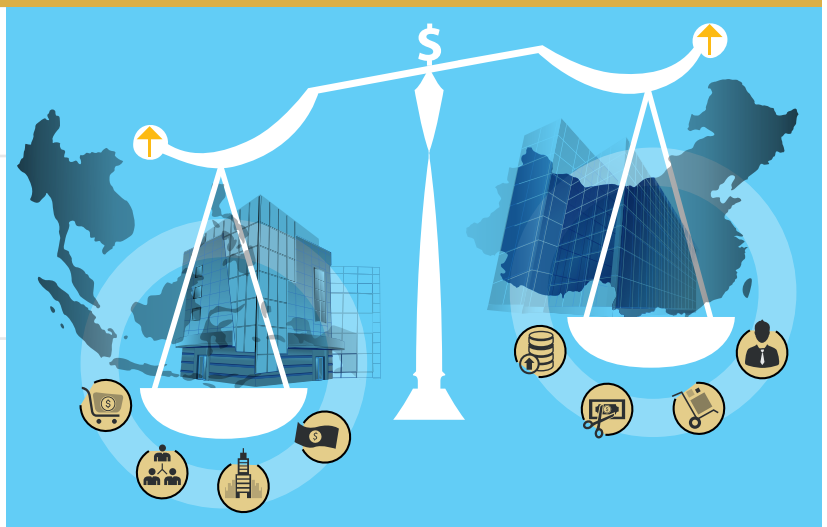
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This Issue's Topic

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Publisher / Chris Devonshire-Ellis
Senior Editor / Samuel Wrest
Editor / Rainy Yao
Intern / Ruby Luo
Design / Jessica Huang and Estela Mi

Asia Briefing Ltd.,

Unit 1618, 16/F, Miramar Tower
132 Nathan Road, Tsim Sha Tsui
Kowloon, Hong Kong SAR



DEZAN SHIRA & ASSOCIATES

Your Partner for Growth in Asia

Our Global Practice

China

china@dezshira.com

Hong Kong

hongkong@dezshira.com

India

india@dezshira.com

Indonesia *

indonesia@dezshira.com

Malaysia *

malaysia@dezshira.com

Singapore

singapore@dezshira.com

The Philippines *

philippines@dezshira.com

Thailand *

thailand@dezshira.com

Vietnam

vietnam@dezshira.com

Liaison Office, Germany

germandesk@dezshira.com

Liaison Office, Italy

italiandesk@dezshira.com

Liaison Office, United States

usa@dezshira.com

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