CGLSLGP Indonesia and Vietnam Trade Mission
Conference of Great Lakes and St. Lawrence Governors and Premiers

Conference formed in June, 2015

Chief executives of Illinois, Indiana, Michigan, Minnesota, New York, Ohio, Ontario, Pennsylvania, Québec and Wisconsin are working as equal partners to grow the region’s $5 trillion economy and protect the world’s greatest freshwater system.

The Council of Great Lakes Governors serves as secretariat.
CGLSLGP Trade Missions have assisted over 330 Great Lakes companies to export their products and services to 20 international markets.

330+
Great Lakes Companies Assisted

Abu Dhabi, Argentina, Australia, Brazil, Chile, Czech Republic, Colombia, Dubai, Germany, India, Indonesia, Mexico, New Zealand, Peru, Poland, South Africa, Qatar, Québec, Thailand, Turkey, Vietnam, UAE and the United Kingdom
Doing Business in Southeast Asia
By Orissa International
For CGLSLGP
Sarath Menon
Managing Director, Orissa International

- Founded Orissa International in 1997, a trade consultancy headquartered in Singapore, with offices across Southeast Asia
- Well known within government trade promotion circles in US, Europe and Asia
- Previously Country Director of the US-Asia Environmental Partnership (USAEP) program in Singapore
- Has served as a member of the Board of Governors of the American Chambers of Commerce for a 5 year term; Co-chair of the Entrepreneur Committee within the chamber
- Past President of the American States & Ports Association (ASPA), a grouping of US states and ports with a presence in Southeast Asia
ABOUT ORISSA INTERNATIONAL

OUR BUSINESS IS HELPING COMPANIES ENTER NEW MARKETS

• Established in 1997
• Headquartered in Singapore, with in-country trade consultants in Singapore, Malaysia, Indonesia, Vietnam, Thailand and the Philippines
• Provide trade promotion and investment attraction services to economic agencies and companies
• Over 15 economic development agencies from around the world directly engage us for trade advisory and investment attraction services
• A strong track record in guiding companies with their initial entry into a new market
• Worked with more than 1000 companies in multiple sectors over the last 18 years
OUR UNIQUE SELLING PROPOSITION
MULTI-COUNTRY – MULTI-SECTOR

• Our distinctive proposition stems from our experience working with a diverse set of clients in a variety of industry verticals.

• This has allowed us to acquire knowledge on various sectors and geographies over the past 18 years, while becoming familiarized with their unique characteristics.
**OUR CREDENTIALS**

<table>
<thead>
<tr>
<th>U.S.</th>
<th>Europe</th>
</tr>
</thead>
<tbody>
<tr>
<td>We have been identified by a US state government export as one of their best export consultants globally based on feedback they received from companies they referred to us</td>
<td>We have received the highest level accreditation by Swiss Global Enterprise for the quality of our work helping Swiss exporters seeking to enter the Southeast Asian markets</td>
</tr>
</tbody>
</table>
SOUTH EAST ASIA

**ASEAN Economy**
A Highly Competitive Economic Region

With a combined GDP of **US$2.6 trillion** in 2014, ASEAN economy was the **7th largest in the world** and the **3rd largest in Asia**.

**ASEAN FDI**
A World Class Investment Destination

ASEAN attracted **US$136 billion** in FDI in 2014, accounting for 11% of global FDI inflows, up from only 5% in 2007.

**ASEAN Population**
A Region Fully Integrated Community

In 2014, ASEAN was the **3rd largest market in the world** with 622 million people behind only China and India.

**ASEAN Connectivity**
A More Connected Community

Annual tourist arrivals were up from **62 million** in 2007 to **105 million** in 2014, almost half of which were intra-ASEAN.

The rate of internet subscription more than doubled from **11.8 per 100 Inhabitants** in 2007 to **28.6** in 2014.

**ASEAN Trade**
A More Integrated Market

Total trade increased by nearly **US$1 trillion** between 2007 and 2014, with intra-ASEAN trade comprising the **largest share** of ASEAN’s total trade by partner.

Source: ASEAN Secretariat
## Selected Asian Economies: Real GDP Growth, GDP Per Capita & Population

<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>ADVANCED ASIA</strong></td>
<td></td>
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<tr>
<td>Japan</td>
<td>0.9</td>
<td>0.8</td>
<td>0.8</td>
<td>$37,540</td>
<td>127.06</td>
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<td>2.9</td>
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<td>3.3</td>
<td>3.5</td>
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<td>3.0</td>
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<td><strong>EMERGING &amp; DEVELOPING ASIA</strong></td>
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<tr>
<td>China</td>
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<td>7.1</td>
<td>6.8</td>
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<tr>
<td>India</td>
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<td>6.4</td>
<td>6.5</td>
<td>$1,626</td>
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<td><strong>ASEAN-5</strong></td>
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<tr>
<td>Indonesia</td>
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<td>5.5</td>
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<tr>
<td>Thailand</td>
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<td>Vietnam</td>
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<td>5.7</td>
<td>$2,073</td>
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Sources: IMF World Economic Outlook, 2014
### 7th Largest Economy in the World

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>GDP (US$ million)</th>
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<tr>
<td>1</td>
<td>United States</td>
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<tr>
<td>2</td>
<td>China</td>
<td>10,360,105</td>
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<td>3</td>
<td>Japan</td>
<td>4,601,461</td>
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<td>4</td>
<td>Germany</td>
<td>3,852,556</td>
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<td>5</td>
<td>United Kingdom</td>
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<td>6</td>
<td>France</td>
<td>2,829,192</td>
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<tr>
<td>7</td>
<td>Brazil</td>
<td>2,346,118</td>
</tr>
<tr>
<td>8</td>
<td>Italy</td>
<td>2,144,338</td>
</tr>
<tr>
<td>9</td>
<td>India</td>
<td>2,066,902</td>
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<tr>
<td>10</td>
<td>Russia Federation</td>
<td>1,860,598</td>
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<tr>
<td></td>
<td>Indonesia (ranked 16)</td>
<td>883,538</td>
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<td></td>
<td>World</td>
<td>77,868,768</td>
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</table>

SOME INTERESTING FACTS ABOUT ASEAN

- Major global hub of manufacturing and trade
- One of the fastest growing consumer market in the world
- Aviation - posted the highest RPK growth in the world, for the past 10 years
- 3rd largest region household income of above $10,000 by 2018
- Boom in trade of medical devices and demand for healthcare services
- Rich reserves of natural resources
- 6th largest single marketplace for vehicle sales by 2018
- High smartphone penetration – Consumers digitally well-connected
- No barriers to entry for foreign exporters
- Loosening restrictions on foreign ownership
- Massive expansion of retail landscape

Source: ASEAN Secretariat
THE ASEAN ECONOMIC COMMUNITY (AEC)

The AEC is an initiative of ASEAN. It aims to create a common market and production base, with barriers to trade eliminated by 2015. However, it does not go as far as harmonizing monetary policy or a common currency as the EU has with its economic union.

The AEC promotes the flow of goods, services, investments, skilled labor, and capital across the region – with a view to creating single market. Benefits include the economies of scale available to US SMEs through the AEC initiative. As the regional market expands, local distributors want to sell to potential customers further afield.

AEC STRATEGIC AIMS

- A Single Market/Production Base
- Highly Competitive Economic Region
- Region of Equitable Economic Development
- Region Fully Integrated into Global Economy
STRONG US – ASEAN ECONOMIC TIES

- ASEAN countries are collectively the United States’ 4th largest trading partner
- Trade in goods expanded 5% in 2015 and now tops $226 billion
- During the Obama Administration, trade in goods with ASEAN countries has expanded by 55%
- More than 500,000 American jobs are now supported by trade in goods and services with ASEAN
- U.S. companies have been the leading source of FDI in ASEAN. With a stock of over $226 billion, U.S. FDI in ASEAN has nearly doubled since 2008
- FDI from ASEAN countries in the United States was $24.2 billion in 2014

Source: ASEAN Information Center - Thailand; US Office of the Press Secretary
US – ASEAN ECONOMIC TIES GROWING STRONGER

- 4 ASEAN countries -- Brunei, Malaysia, Singapore and Vietnam - are part of the Trans-Pacific Partnership (TPP)
- US has Trade and Investment Framework Agreements or other formal trade dialogues with 9 of the 10 ASEAN countries and separately with ASEAN as an institution
- The Sunnylands Summit – the first standalone US-ASEAN summit in November 2015
- US-ASEAN Connect Centers in Jakarta, Singapore, Bangkok – new US initiative to increase commercial engagement

Source: Asia Times
EXTERNAL ECONOMIC RELATIONS

- ASEAN-Russia
- ASEAN-EU
- ASEAN-Pakistan
- ASEAN-GCC
- ASEAN-India FTA
- ASEAN-China FTA
- ASEAN-Japan CEP
- ASEAN-US TIFA
- ASEAN-Australia - New Zealand FTA

TPP
US, Canada, Peru, Chile, Mexico, Australia, NZ, Japan, Singapore, Malaysia, Vietnam, Brunei

Source: Conference on Asia Pacific Regional Economic Integration & Architecture, 2010
INDONESIA – KEY FACTS

**Legal & Political**
- World’s third largest democracy
- Comprehensive push for decentralization
- Occasional lapses in rule of law

**Economic**
- Largest economy in SEA
  - GDP US$888bn, Member of the G20
- Young demographic profile; growing middle class; rising income levels
- Major sectors: manufacturing, mining, construction, transport, communication, finance

**Business Environment**
- Poor infrastructure; rampant corruption
- Recent liberalization of a number of protected sectors
- Tax breaks for investment in export-oriented industries
- Cumbersome bureaucracy

**Trade**
- Very active in concluding FTAs
- Imports have tripled in the last 10 years
- Key imports electrical equipment, iron & steel, machinery, vehicles, plastics

**Country** | **Population 2015** | **GDP Growth Rate %**
---|---|---
Indonesia | 257.6 million | 4.8 | 5.2 | 6.0

Source: World Bank; ADB
INDONESIA – KEY SECTORS

Agribusiness

- Indonesia is 10th largest agricultural producer worldwide
- Main export commodities include palm oil, natural rubber, cocoa beans, coffee, rice, cassava and maize.
- Agriculture is vital to the Indonesian economy, accounting for 42% of total employment and contributing 13.5% to gross domestic product.
- The Indonesian government’s agricultural policy is primarily aimed at boosting production and achieving self-sufficiency in primary foodstuffs, particularly rice.

Mining

- Indonesia ranks 4th worldwide for coal and mining production, with exports directed mainly to China and India.
- Indonesia is also a major producer of nickel, bauxite, tin, copper and gold.
- In 2014, Indonesia implemented legislation banning exports of unprocessed minerals and requiring producers to invest in processing facilities to add more value before export.

Sources: Food & Agriculture Organization (FAO); OECD; ADB
INDONESIA – KEY SECTORS

Furniture
• Woodcarving and furniture have a rich tradition and are part of the Indonesian culture
• In 2013, Indonesian furniture exports reached an estimated US$ 1.7 billion which is 1.5% of global exports
• Wooden furniture is the largest exported commodity
• Indonesia is responsible for 85% of rattan furniture worldwide
• The country has developed a multi-stakeholder tracking system to assure the legality of timber traded in Indonesia

Information Technology
• Indonesia has become the largest spender on IT in Southeast Asia and is ranked 19th globally in terms of spending.
• The public sector is also investing heavily in upgrading its IT infrastructure.
• Exports of electronic and electrical equipment make up 1.5% of national GDP, and cloud services have emerged as a key plank of IT strategy for most businesses in Indonesia, especially for small and medium enterprises.

Sources: Badan Pusat Statistik Indonesia; IDC; GBG Indonesia
## Infrastructure

- Government is speeding up an infrastructure rollout program (ports, roads, railways, airports) to build the foundation of the economy.
- Total government spending on infrastructure reached US$16.1 billion in 2015, up by 51% from 2014.
- Of the total 225 projects in the pipeline, 30 have been selected as priority projects. The most pressing needs are in power, water, oil refineries and roads.
- It is estimated that Indonesia’s capital expenditure on infrastructure will reach US$265 billion from 2016-2020.

## Medical

- A lucrative investment opportunity for foreign investors - hospitals, medical insurance and medical devices showed significant increases in sales over the course of 2015.
- Indonesia imports nearly all its medical equipment, with value of all medical device imports expected to reach US$1 billion in 2018.
- Medical consumable products such as catheters made up 23.8% of total imports while diagnostic imaging equipment made up 35%. Also a strong demand for dental equipment and healthcare management IT infrastructure.
- Government willing to further open up the sector to foreign investor involvement to realise the goals of the universal healthcare system (BPJS)

Sources: UNCTAD; Channel News Asia; The Jakarta Post; Frost & Sullivan
US – INDONESIA TRADE

• U.S. bilateral goods trade with Indonesia totaled almost $27 billion in 2015

• Bilateral trade in services with Indonesia exceeded $3 billion

• Principal U.S. exports to Indonesia include transportation equipment, including aircraft, food and agricultural products, machinery and equipment, and chemicals

• Opportunities in Aviation, Defense, Infrastructure, Telecommunications, Agriculture, Environment, Transport

*Source: Office of the United States Trade Representative*
VIETNAM – KEY FACTS

Legal & Political
- A one-party Communist State, ruled by the Communist Party of Vietnam
- Government undertaking privatization program
- Legal system undergoing major changes to align with international norms

Economic
- Strong and sustained economic growth
- Internal restructuring to move towards manufacturing and services
- Major sectors: manufacturing, mining, construction, transport, communication, finance

Business Environment
- Low cost labor, strategic location
- Corporate income tax rate reduced to 20%
- Scrapped foreign ownership limits
- Corruption, Red tape, Labor laws not well developed

Trade
- FTAs with 10 countries, party to the TPP
- Open, market-oriented trade policy
- Imports machinery, equipment and parts; automotive parts

Source: World Bank; ADB
Vietnam – Key Sectors

Electronics/ICT

- The electronics industry is one of the fastest-growing in Vietnam, and it is heavily export-oriented.
- Led by global brands such as Samsung, the sector’s exports reached USD 23 billion in 2012, up from USD 4.1 billion in 2008, making it one of the quickest growing export sectors.
- Vietnam has become a hub of global ICT hardware production, and computer parts, electronic components, and mobile phones are the major product categories manufactured in the country.
- The government is also offering credit programs to increase household PC access in rural areas, where the access rate is estimated to be below 10%.

Agriculture

- The agriculture industry contributed 18% to GDP in 2014.
- Agricultural products contribute 12.5% to total exports.
- Vietnam is a leading exporter of agricultural products, ranking as the world’s second largest exporter of rice, and is among the world’s leading exporters of coffee, rubber, pepper and cashews.
- Improvements in infrastructure (including machinery and equipment) and supply chains, could lower transport and handling costs and thus making the industry more competitive internationally.

Sources: The World Factbook (CIA); BDG Asia
VIETNAM – KEY SECTORS

Furniture
• A preferred location to set up furniture factories – low production and labour costs, high level of workmanship
• More than 80% of the market share in Vietnam is occupied by multinationals and foreign invested furniture companies
• Relatively limited high-quality raw materials and has to import 40-50% of its wood
• Main exports in this area are furniture, woodchips and paper

Minning
• Vietnam is the 3rd largest mineral producer in SE Asia
• The country has 200 coal mines and world class reserves of bauxite, titanium, iron ore and chromite. It also has various other minerals; copper, gold, phosphate rocks, rare earths, limestone and tungsten
• Over the last years Vietnam has witnessed an increase in foreign investments, resulting in increased exploration and the expansion and commissioning of new bauxite, copper and gold projects
• Vietnam is seeking to increase production of its deeper anthracite reserves with high quality grade and expand its coal fired power sector
**VIETNAM – KEY SECTORS**

**Medical**
- Vietnam has a need for more investments in healthcare infrastructure to deliver basic care for all, particularly in rural areas
- Increasing demand and spending from the Vietnamese on healthcare, as per capita income has risen
- Government has plans to improve regulations, increase the autonomy of hospitals and offer incentives for the private sector
- Growth of innovative and technological applications for healthcare, although e-Health is relatively under-developed at this stage

**Infrastructure**
- Vietnam has infrastructure challenges - the railway connecting Hanoi and Ho Chi Minh City is in need of an upgrade, its ports will reach maximum capacity as trade volumes increase, and only 20% of national roads are paved
- Government working to increase the efficiency of infrastructure projects through foreign and private investment via public-private partnerships and equalization
- Projects open for foreign investments include:
  - Upgrades and construction of roads, bridges, and railways
  - Expanding capacity and reliability of power grids in Hanoi and Ho Chi Minh City
  - Construction and development of industrial parks and complexes
  - Expansion of existing port capacity

Sources: Vietnam Briefing; ASEAN Up; Saigoneer; Wise Finland Oy
US and Vietnam have concluded a trade and investment framework agreement; they also have signed textile, air transport, and maritime agreements.

The two countries, along with other Asia-Pacific nations, are part of the Trans-Pacific Partnership negotiations.

U.S. exports to Vietnam include agricultural products, machinery, yarn/fabric, and vehicles.

U.S.-Vietnam bilateral trade has grown from $451 million in 1995 to nearly $35 billion in 2014.

U.S. exports to Vietnam were worth $5.5 billion in 2014.

Sources: US Department of State; Louis Vuitton
What is truly unique about Southeast Asia is the scope and diversity of the business opportunities it offers. These range from the excitement of a frontier market like Vietnam to the sophisticated and developed market like Singapore. No other region in the world offers this unique combination of opportunities. The simple fact is that US businesses can’t afford to ignore these markets.
SEE YOU IN INDONESIA & VIETNAM!!!
Indonesia & Vietnam Trade Mission 2017

• Multi-sector trade mission to Indonesia and Vietnam February 27-March 3, 2017

• Jakarta, Indonesia and Ho Chi Minh City, Vietnam

• Customized one-on-one business appointments with interested distributors, agents and other prospective business partners set up by the CGLSLGP South East Asia Trade Representative and State of Ohio’s South East Asia Representative
Indonesia and Vietnam Trade Mission 2017

- In-country market business briefings and networking events
- In-country staff support of CGLSLGP
- Group assistance with logistics
<table>
<thead>
<tr>
<th>Date</th>
<th>Itinerary</th>
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<tbody>
<tr>
<td>Friday, February 24</td>
<td>Depart U.S. /Canada for Indonesia</td>
</tr>
<tr>
<td>Saturday, February 25</td>
<td>PM: Arrive Jakarta, Indonesia</td>
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<tr>
<td>Sunday, February 26</td>
<td>PM: Country Briefing and Networking Dinner</td>
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<tr>
<td>Monday, February 27</td>
<td>Individual Business Appointments in Jakarta, Indonesia</td>
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<tr>
<td>Tuesday, February 28</td>
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<td>Wednesday, March 1</td>
<td>AM: Travel to Ho Chi Minh City, Vietnam</td>
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<td>PM: Vietnam Country Briefing</td>
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<td>Date</td>
<td>Activities</td>
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<tr>
<td>Thursday, March 2</td>
<td>Individual Business Appointments in Ho Chi Minh City, Vietnam</td>
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<td>Friday, March 3</td>
<td>Individual Business Appointments in Ho Chi Minh City, Vietnam</td>
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<td>Saturday, March 4</td>
<td>AM: Travel back to U.S./Canada</td>
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February 27-March 3, 2017

**Mission registration deadline: December 15, 2016**

- Mission Participation Fee US$1,250 per person (each additional participant $400)

- Brief Market Research and Appointment Setting
  Ohio, Pennsylvania, Michigan  $0
  Indonesia $2,750  Vietnam $2,750

- Grant funding is available to offset travel costs and mission fees.
CGLSLGP Trade Mission Website

Website: http://www.cglslgp.org/projects/international-trade/trade-missions/indonesia-and-vietnam-trade-mission/

Indonesia and Vietnam Trade Mission

Overview
Mission Itinerary
Mission Costs
Previous Trade Missions
Trade Mission Testimonials

Indonesia and Vietnam Trade Mission

The Conference is leading a multi-sector trade mission to Indonesia & Vietnam from February 27 - March 4, 2017. The goal of this mission is to assist small to medium-sized companies from the Great Lakes-St. Lawrence region to explore products and services to these growing markets. Each mission participant will receive a customized schedule of B2B meetings to meet with prospective customers and business partners. Mission participants will also benefit from networking events and logistical support provided by the Conference’s South East Asia Representative.

A printable flyer is available HERE.

To register for the trade mission please fill out a company profile form and hold harmless release.

Southeast Asia
CGLSLGP 2016-2017 TRADE MISSIONS

Mexico: April 3-7, 2017

Website: http://www.cglslgp.org/projects/international-trade/trade-missions/
Questions?

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Website: www.cglslgp.org