Expand your sales to Vietnam & the Philippines Webinar

November 5, 2019

Zoë Munro, Program Director
Great Lakes St. Lawrence Governors & Premiers

• More than 30 years of collaboration among the region’s chief executives:

  - Illinois
  - Indiana
  - Michigan
  - Minnesota
  - New York
  - Ohio
  - Ontario
  - Pennsylvania
  - Québec
  - Wisconsin

• Growing the region’s economy and protecting the world’s greatest freshwater system

  - Chair: Wisconsin Governor
    Tony Evers

  - Vice Chair: Ohio Governor
    Mike DeWine
Great Lakes St. Lawrence Governors & Premiers

Award-Winning Project Portfolio

**Economy**
- Promoting SME Exports
- Growing Strong Clusters
  - Maritime Transportation
  - Tourism
  - Cruising
- Attracting Foreign Investment

**Environment**
- Managing Sustainable Water Use
- Restoring and Protecting the Great Lakes St. Lawrence
GSGP Trade Missions

PROVEN RESULTS

1500+ companies assisted
$270 million in 2018 export sales
25+ trade missions

Abu Dhabi, Argentina, Australia, Brazil, Chile, Czech Republic, Colombia, Dubai, Germany, India, Indonesia, Mexico, New Zealand, Peru, Poland, Romania, South Africa, Qatar, Québec, Tanzania, Thailand, Turkey, Vietnam, UAE and the United Kingdom
Doing Business in South East Asia

BY ORISSA INTERNATIONAL

Those who do not know the lay of the land cannot maneuver their forces. Those who do not use local guides cannot take advantage of the ground.

Sun Tzu, The Art of War
About Orissa International

• Established in 1997, Orissa International is headquartered in Singapore, with offices in Malaysia, Indonesia, Thailand, Vietnam and the Philippines. We have a team of 30 trade and research consultants across 6 offices.

• Boutique consultancy providing international trade advisory services to companies and export agencies seeking to export or do business in South East Asia

• A strong track record in guiding companies with their initial entry into a new market. Over 15 export promotion agencies from around the world refer their companies to us for trade advisory services. Over 1000 individual client references with companies from around the world selling a variety of products and services, both industrial and commercial

• Government export promotion agencies from around the world refer companies to us. We work with the US states of Pennsylvania, Virginia, Iowa, Ohio, Swiss Global Enterprise, Invest Northern Ireland, amongst others.
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The ASEAN Story

- Sizeable GDP
- Large Demographics
- Robust Trade
- Steady FDI Inflow
- Significant Banking Assets
- Political Stability
- Good Governance
### South East Asia – 5th Largest Economy in the World

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>GDP 2018 (Current USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>US</td>
<td>US$ 20.49 trillion</td>
</tr>
<tr>
<td>2</td>
<td>China</td>
<td>US$ 13.61 trillion</td>
</tr>
<tr>
<td>3</td>
<td>Japan</td>
<td>US$ 4.97 trillion</td>
</tr>
<tr>
<td>4</td>
<td>Germany</td>
<td>US$ 4.00 trillion</td>
</tr>
<tr>
<td>5</td>
<td>UK</td>
<td>US$ 2.81 trillion</td>
</tr>
<tr>
<td>6</td>
<td>France</td>
<td>US$ 2.78 trillion</td>
</tr>
<tr>
<td>7</td>
<td>India</td>
<td>US$ 2.72 trillion</td>
</tr>
<tr>
<td>8</td>
<td>Italy</td>
<td>US$ 2.07 trillion</td>
</tr>
<tr>
<td>9</td>
<td>Brazil</td>
<td>US$ 1.87 trillion</td>
</tr>
<tr>
<td>10</td>
<td>Canada</td>
<td>US$ 1.71 trillion</td>
</tr>
<tr>
<td>16</td>
<td>Indonesia</td>
<td>US$ 1.04 trillion</td>
</tr>
<tr>
<td></td>
<td>World</td>
<td>US$ 85.80 trillion</td>
</tr>
</tbody>
</table>

Source: The World Bank

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**ASEAN GDP:**

US$ 2.97 trillion

Southeast Asia's industrial growth has caught up with China's

(Year-on-year change in manufacturing production index, percent)

Source: Japan Center for Economic Research

*Indonesia, Malaysia, the Philippines, Singapore and Thailand. (Jan-Jun 2018 data)
Buoyant Growth, Economies & Demographics

- Key Markets: Singapore, Malaysia, Indonesia, Thailand, Vietnam, the Philippines
- Population: over 650 million
- GDP: **US$ 2.97 trillion** – 5th largest economy in the world
- Robust growth of 5.1% in 2018; forecast to grow by 4.9-5.0% in 2019/2020
- FDI inflows improved by 5.3% to reach US$ 151.2 billion in 2018
- Trade in goods in 2018 increased by 8.7% year-on-year
- Trade in services in 2018 expanded by 10.6% year-on-year
- Urban Hubs: 50 large cities with populations over 500,000
- Regional integration to form a common market, the ASEAN Economic Community (AEC)

Sources:
The World Bank
Asian Development Bank
ASEAN Stats
The Economist Intelligence Unit
## US Export Markets in South East Asia

<table>
<thead>
<tr>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Singapore</td>
<td>US$ 32.75 billion</td>
<td>10.4%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>US$ 13.01 billion</td>
<td>1.0%</td>
</tr>
<tr>
<td>Thailand</td>
<td>US$ 12.45 billion</td>
<td>12.9%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>US$ 12.03 billion</td>
<td>18.9%</td>
</tr>
<tr>
<td>Philippines</td>
<td>US$ 8.72 billion</td>
<td>3.2%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>US$ 8.17 billion</td>
<td>19.1%</td>
</tr>
<tr>
<td>Cambodia</td>
<td>US$ 0.45 billion</td>
<td>11.4%</td>
</tr>
<tr>
<td>Brunei</td>
<td>US$ 0.27 billion</td>
<td>119.5%</td>
</tr>
<tr>
<td>Myanmar</td>
<td>US$ 0.26 billion</td>
<td>23.6%</td>
</tr>
<tr>
<td>Laos</td>
<td>US$ 0.02 billion</td>
<td>-37.7%</td>
</tr>
</tbody>
</table>

- Total value of US exports of goods to ASEAN in 2018: USD 85.76 billion
- As a region, ASEAN is the US’ fourth largest export market
In 2017, ASEAN received almost US$ 329 billion in investment from the US (more than China, India, Japan, and South Korea combined)

- US FDI in ASEAN has increased by an average of 10% per year in the past 10 years
- US FDI in ASEAN now accounts for over one third of US investment into the Indo-Pacific to date.

Sources:
US-ASEAN Business Council
Why South East Asia?

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

USA
87% of US businesses surveyed expect trade and investment in ASEAN to increase over the next 5 years

EU
85% of EU businesses surveyed expect trade and investment in ASEAN to increase over the next 5 years

CHINA
By 2020, bilateral trade and investment with ASEAN to increase to US$ 1 trillion and US$ 150 billion respectively

JAPAN
55% of Japanese businesses surveyed are expecting to expand their footprint in ASEAN in the next one to two years

AUSTRALIA
86% businesses surveyed expect to increase their trade and investment in ASEAN over the next 5 years

Sources:
EY - Rediscover ASEAN, a growth story of 10 countries
Opportunities in Vietnam and the Philippines
Vietnam – Key Facts

SOUND ECONOMY

• Strong and sustained economic growth: GDP grew by 7.1% in 2018 to reach USD 244.3 billion
• Asia’s new manufacturing hub – taken over the production of low-level goods from China and Thailand
• Manufacturing, IT and high-tech industries now form a large and fast-growing part of the economy
• FDI of USD 35.5 billion in 2018
• Ranked 69th in the World Bank’s Doing Business report for 2019: corporate income tax reduced to 20%; foreign ownership limits scrapped

LARGE LABOR POOL & STRONG CONSUMPTION BASE

• 94 million - the world’s 15th most populous nation
• Young Population – 60% under 35; 35% living in urban areas
• Labor costs among the lowest in Asia
• Middle Class expected to double by 2020 – accounts for 50% of the population

Sources
Trading Economics
KPMG – ASEAN Business Guide 2018
Boston Consulting Group
BMI Research
US Exports to Vietnam

- Over the last 10 years, US exports to Vietnam increased by 330%, the best performance from our top 50 export markets.
- US exports to Vietnam in 2018 was $9.7 billion, making it the 17th largest trading partner.
- The top 10 US exports to Vietnam by value (Jan to Aug 2019) were: Cotton; Computer chips; Civilian aircraft parts; Scrap iron and steel; Plastics; Cell phone parts; Footwear parts; Sugar and starch residues; Sawed or chipped Wood; Oil.
- US exports of services to Vietnam were an estimated $2.3 billion in 2017.
- The stock of US FDI in Vietnam was $2 billion in 2017.

Sources:
US Census Bureau
Office of the United States Trade Representative
Key Sectors – ICT in Vietnam

• Vietnam's ICT sector is among the world's fastest growing markets, and it has significant potential for continued growth, given that the bulk of consumers use basic, low-value added services.

• Vietnam is transitioning from being a smartphone manufacturer to a software designer, given its growing population of IT professionals and its rapidly developing Internet infrastructure. Today it is a well-known global ICT outsourcing hub.

• Recently launched a new ICT master plan: Plans to develop 3 new high-tech parks in Hanoi, Da Nang City and Ho Chi Minh City. Strong focus on training of HR in telecommunication and IT, linking training and scientific research with the operations and the needs of ICT enterprises.

• It attracts top investors from Japan, Korea, Germany, Taiwan and Singapore.

• Opportunities lie in various areas:
  • 3G/4G, mobile applications, digital television/media, and Next Generation Networks
  • IT solutions and services through the supply chains of MNCs in life sciences, financial services, education and training, transportation, and logistics
  • The broadband market, communications satellite technology, hardware, software, online services, cloud computing, cybersecurity and science and technology research partnerships
Key Sectors – Medtech in Vietnam

• Vietnam’s healthcare system cannot keep up with the demand for medical services. It struggles with issues such as a lack of medical equipment, infrastructure degradation, uneven distribution of professional doctors and expertise. This leads to around 40,000 Vietnamese travelling abroad annually for healthcare, spending $2 billion.

• The country imports over 90% of all medical devices, representing a large market for US companies. There is little domestic competition.

• The government is now making it easier for foreign investors to participate in the growing healthcare industry. It has eased market access and reduced regulations on imported medical devices. It applies low import tariffs and no quotas.

• Domestic production of medical devices is on the rise as Japanese, US and European companies utilize Vietnam’s low labor costs as well as import tax exemptions on materials used for domestic production or assembling of medical equipment.

• Demand is driven by a need to replace obsolete hospital equipment. Particular growth areas include equipment for operating theaters, orthopedics, as well as diagnostics and monitoring equipment.
Key Sectors – Manufacturing in Vietnam

- Vietnam has become a new favorite destination for investment by advanced manufacturers, and is stepping up as an alternative manufacturing destination to China. Today, its manufacturing sector accounts for 25% of GDP.

- Growth in the country’s manufacturing sector is leading to a strong demand for industrial machinery and equipment, technologies, and consulting and management services that provide automation, energy efficiency, quality and safety enhancement, and overall cost efficiency.

- Key sectors driving demand are:
  - Electronics and computer products are mainly produced with imported inputs, however local added value is increasing.
  - The food processing sector accounts for a sizeable proportion of Vietnam’s industrial output. Vietnam is dependent on imported food processing machinery.
  - Furniture is an important export sector with Vietnam, as the country is one of the ten biggest wooden furniture producers in the world. Many of Vietnam's furniture manufacturers are equipped with outdated machinery, thus, there is a growing demand for improving and upgrading production lines.
Key Sectors – Infrastructure in Vietnam

• Infrastructure has been a central factor of Vietnam’s fast-paced economic development. In order to maintain its status as a strong manufacturing hub, the country is working towards improving its weak transportation infrastructure.

• The Vietnamese government is focusing on increasing the efficiency and scope of infrastructure projects through foreign and private investment via public-private partnerships (PPP).

• According to World Bank estimates, meeting Vietnam’s sustainable infrastructure needs will require investments of up to US$25 billion per year.

• Projects of interest 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; and expansion of existing port capacity.

• Official Development Assistance (ODA) was the main contributor to Vietnam’s infrastructure investment in the past, but as this source of funding is drying up, the country is now looking to attract private foreign investors.
Philippines – Key Facts

**FAST GROWING ECONOMY**

- One of the fastest growing economies in the region
- Growth projected to be 6.4% in 2019
- Strong stable economy and sound macroeconomic, fiscal and monetary policies
- Sustained infrastructure spending up to 2022
- Ranked 124th in the World Bank’s Doing Business report for 2019
- Starting in 2020, corporate income tax will be reduced from 30% to 20% over a 10-year period
- Allows 100% foreign ownership in most sectors

**LARGE ENGLISH SPEAKING POPULATION**

- Population of over 100 million - the world’s 13th most populous nation
- World’s third largest English-speaking country
- Youthful tech-savvy population with a strong affinity to American culture and regard for American products
- Poised to make the leap from a lower-middle income country to an upper-middle income country (per capita income range of US$3,896 – 12,055) in the near term

Sources
- ASEAN Briefing
- BD World Online
- World Bank
US Exports to the Philippines

• US exports to the Philippines in 2018 was $8.7 billion, ranking it as the 31st largest trading partner.

• The top 10 US exports to the Philippines by value (Jan to Aug 2019) were: Computer chips; Cereals (wheat); Flour; Civilian aircraft parts; Soybean residue; Cell phone parts; Semiconductors; Computer parts; Dairy; Electrical machinery.

• US exports of services to the Philippines were an estimated $3 billion in 2017. Leading services exports were in the travel, intellectual property (trademarks), audio visual and related products, and financial services sectors.

• The stock of US FDI in the Philippines was $7.1 billion in 2017.

Sources:
US Census Bureau
Office of the United States Trade Representative
Key Sectors – ICT in the Philippines

• The Philippine government is determined in harnessing ICT to enhance government operations and online services. The country’s e-Government Master Plan (eGMP) aims to interconnect ICT systems and networks across all National Government Agencies through a whole-of-government and collaborative approach.

• It is also pushing for a faster roll-out of ICT infrastructure for various sectors of the economy to meet growing demand and strengthen inclusivity.

• By 2020, 25% of the top 1,000 companies in the Philippines will see the majority of their businesses depend on their ability to create digitally enhanced products, services, and experiences. There will be a growing demand for ICT products and services relating to customer experience, business efficiency and business innovation.

• In addition, the burgeoning and evolving higher-value services around contact centers, medical transcription, software development, animation and game development, and global captive operations centers is another avenue present for US companies to enter the market.

• The Philippines growing middle class and young population are important drivers of IT demand because their spending levels on technology products are on an upward trajectory.
Key Sectors – Renewables in the Philippines

- The government seeks to increase the RE capacity of the country by 9,865 MW, reaching 15,304 MV by the year 2030, hence almost tripling its 2010 level. It is in the process of updating the country’s RE targets as capacity fell short of goals set in the NREP. With this, it is expected that that the development of RE will speed up over the upcoming years.

- **Solar**: The country is the leading emerging country in Asia in terms of the use of solar PV systems for electricity generation.

- **Wind**: The prospects for growth in the wind sector are strong, given that it has an estimated wind power potential of 76,000 MW, an overwhelming majority of which remains unexploited.

- **Biomass**: Its agricultural profile allows it to be an excellent site for harnessing biomass energy.

- There are significant opportunities in the RE sector for technical consultancy, engineering, procurement, construction (EPC), project management, risk management, and feasibility studies. There are also opportunities for RE generation in many off-grid islands, as the Philippine government requires players to provide electricity to off-grid areas and source a minimum percentage or all of their energy requirements or supply from available RE resources in off-grid areas. The country also needs affordable new technologies providing enhanced storage capacity and Waste-to-Energy technologies.
The Duterte regime has announced the “golden age of infrastructure” in the Philippines, with a record US$168 billion to be spent on 5,000 projects across the nation from 2016 to 2022. Infrastructure spending accounted for 5% of GDP in 2018.

Investment in infrastructure is being directed towards a large number of initiatives including building of railways, roads and bridges, airports as well as new city developments.

To accelerate infrastructure development, the Philippine government has tapped private sector resources and expertise to finance, design, construct, operate and maintain infrastructure projects under its PPP program.

The public sector is still the main player in transport and water, whereas the private sector leads in power, telecoms and housing.

The Philippines is heavily dependent on imported building and construction materials, with high demand across the sector. Basic materials such as cement, aggregates, reinforcing steel bars, galvanized iron sheeting and lumber are imported in large quantities.

International development funding from the Asian Development Bank (ADB) and Japan International Cooperation Agency (JICA) has been granted to the country for infrastructure development which opens a host of opportunities for US companies to participate in infrastructure projects in the Philippines.
Key Sectors – FMCG Sector in the Philippines

• The Philippines is the largest market for US exports of consumer ready products in the region, and ranks 10th overall in the world.

• Filipinos have been shopping more as the volume sales of fast-moving consumer goods (FMCG) in the Philippines has risen by 10.9% in 2018 compared to a year ago, according to Kantar’s FMCG Monitor. FMCG sales value increased by as much as 11.2% during the same period.

• **F&B**: The Philippines is the world’s thirteenth most populous country, with an annual growth rate of nearly 2%. This combined with a burgeoning middle class means the demand for processed F&B products is expected to grow significantly over the next 20 years.

• **Apparel**: A large population of young adults demand diverse fashion choices in the Philippines. Apparel and footwear retailers, particularly “fast fashion,” continue to expand in the country.

• **Consumer electronics**: the government’s digital strategy for 2016-2022, which is aimed at providing free internet, will lead to an increased demand for connected gadgets such as smartphones and tablets.
Vietnam & the Philippines Trade Mission

MARCH 16-20, 2020

- Multi-Sector Trade Mission to Ho Chi Minh City, Vietnam and Manila, Philippines
- Customized one-on-one business appointments with interested buyers and other prospective business partners set up by the GSGP South East Asia Trade Office

**Mission registration deadline: December 15, 2019**

- Mission Participation Fee US $1,500 per person (each additional participant $500)
- Customized B2B Meeting Schedule
  - Vietnam $3,000
  - Philippines US $3,000 USD* ($0 in MI, OH & PA)
- Grant funding is available in many States to offset travel costs and mission fees.
Trade Mission Itinerary

Friday, March 13
Participants depart for Ho Chi Minh City, Vietnam

Saturday, March 14
Late PM Participants arrive Ho Chi Minh City, Vietnam

Sunday, March 15
Afternoon City Tour/PM and networking dinner

Monday, March 16
AM Country Briefing
Business meetings in Ho Chi Minh City (or other cities)
Trade Mission Itinerary

Tuesday, March 17
Business Meetings in Ho Chi Minh

Wednesday, March 18
AM: Flight to Manila, Philippines
Country briefing

Thursday, March 19
Business meetings in Manila (or other cities)

Friday, March 20
Business meetings in Manila (or other cities)

Saturday, March 21
Depart for U.S.A./Canada
Vietnam and the Philippines 2020

- In-country market business briefings and networking events
- In-country staff support of GSGP
- Group assistance with logistics
Trade Mission Website

Other GSGP Trade Missions in 2019-2020

Japan and South Korea
June 1-5, 2020

Multi-Sector Trade Mission to Japan and South Korea
Mission Participation Fee US $1,500 per person
(each additional participant $500)

South Korea US $2,970 ($0 in MI, OH & PA)
Japan US $4,000 USD ($0 in MI, OH & PA)

Trade Mission Registration Deadline: February 18, 2020
Grant funding is available in many States to offset travel costs
and mission fees.

Questions?
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Program Director

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