The Philippines is set to emerge into a trillion-dollar tiger economy by 2030, Rajiv Biswas, Asia Pacific chief economist for global information company IHS said. pg 4
Our monthly industry brief provides an accurate commentary of the various business headlines affecting the Asian markets. Concise, impartial and easy to digest, the Supply Chain Asia Monthly Industry Report is designed to help our readers track business trends, and understand the implications of major happenings in bite-sized chunks. In addition to providing our readers with the information to make smart business decisions quickly and effectively, we also include write-ups of upcoming events and academy programmes in individual copies of the brief.
When China’s state-owned oil company dispatched an oil rig to a contested area of the South China Sea, it sparked an unprecedented dispute with Vietnam. Miles away from the standoff at sea, strong protests have erupted at Chinese and Taiwanese owned or operated factories, mainly in the provinces of Ha Tinh and Binh Duong.

However, as the anti-China protests escalated to violence, the uproar threatens the nation’s success in courting foreign investment, while sending tremors throughout its global supply chain.

Foreign direct investment reaching Vietnam has almost doubled to $13.1bn in the first 10 months of 2013. Electronics companies have been especially keen to set up shop there, with electronics exports now accounting for 24.5 per cent of Vietnam’s total exports, compared to just 4.4 per cent in 2008. LG and Samsung are just some of the high-profile electronics brands that are operating in the country.

Some manufacturing operations are already feeling the impact in a trend that could slow shipments of goods. Hong Kong-based Li & Fung, which oversees the manufacture of goods for major brands, including Wal-Mart Stores, Target Inc. and Gap Inc., is now expecting delays of about a week in receiving goods from Vietnam.

Although violence has subsided, the Vietnamese government has to be alert to ensure that any further disruptions to the industry will not cripple its economy.
WHAT MORE COMPETITIVE FREIGHT LOGISTICS CAN DO IN VIETNAM

VIETNAM NEEDS TO DEVELOP NEW DRIVERS OF SUSTAINED GROWTH

7.4% average annual GDP growth rate (1990 - 2007)
5.6% projected average annual GDP growth rate (2008 - 2018)

BETTER TRANSPORT AND TRADE LOGISTICS CAN BOOST PRODUCTIVITY AND STRENGTHEN COMPETITIVENESS

1/3 OF ALL TRUCK TRIPS IN VIETNAM
RETURN EMPTY AFTER DELIVERY

1. BETTER TRANSPORT INFRASTRUCTURE AND SERVICE DELIVERY
2. MORE PREDICTABLE ITINERARIES
3. LESS INVENTORY
4. INCREASED PRODUCTIVITY

VIETNAM’S NATIONAL LOGISTICS COSTS ARE HIGH

LOGISTICS COSTS AS A PERCENTAGE OF GDP

GLOBAL 14%
VIETNAM 20%+
SINGAPORE 6.14
MALAYSIA 4.90
CHINA 4.22
VIETNAM 4.02

2012 WORLD ECONOMIC FORUM ENABLING TRADE INDEX

Source: The World Bank
Singapore’s Manufacturing Industry Still Sizzling

Although the services sector continues to increase its contribution to the economy, manufacturing continues to play an important role in Singapore’s future. This is despite the services sector’s contribution to GDP accounting for approximately two-thirds of the country’s GDP, while manufacturing’s contribution to output fell to 18.6 per cent.

Economists have cautioned the country from being overly reliant on only one sector, as Singapore is extremely vulnerable to global economic cycles due to the small market and labour constraints.

Instead of investing in mass production and physical output, the future of manufacturing in Singapore will be focused on research and development. Economists predict a natural evolution combining higher-value manufacturing with services content.

Technology will continue to play a key role in the industry, and Singapore will need to invest more in research and development to keep its competitive edge.

Future of Manufacturing Initiative

The S$500m initiative by the government helps the industry adopt game-changing technologies like advanced robotics that replace older production methods.

Source: Singapore Economic Development Board
The Philippines is set to emerge into a trillion-dollar tiger economy by 2030, Rajiv Biswas, Asia Pacific chief economist for global information company IHS said.

According to IHS forecasts, the total gross domestic product (GDP) per person in the Philippines will jump from about $2,800 this year to $5,800 by 2024. The country is expected to post around 4.5 to 5 per cent GDP growth from 2016 to 2030.

In addition to the rapidly growing technology-business process outsourcing (IT-BPO) sector and the strong flow of remittances from Filipinos working abroad, the future growth is also dependent on the manufacturing sector.

If the government continues to manage economic challenges such as poverty and high unemployment, the Philippines is highly expected to seize the opportunities of foreign and domestic investment flows to succeed.
China has introduced new rules requiring foreign companies importing dairy products to undergo a mandatory registration and audit process.

With soaring demand for imported products following the deaths of six babies in 2008 from tainted Chinese milk powder that contained the industrial chemical melamine, it is not surprising that China is enforcing tighter controls in the sector.

Australian dairy companies have spent millions in recent years upgrading, or building new plants capable of producing infant formula to meet the demand of the Chinese market. Australian exports to China of infant formula have grown from 2,325 tonnes in 2011 at a value of $56m, to nearly 4,000 tonnes in 2013 worth $76m.

The demand for foreign dairy products, which Chinese consumers are paying as much as three times more for than local products, has also resulted in counterfeiting and questionable marketing practices. With stronger regulations, China should be able to curb these unsavoury and unsafe practices.

**Banned dairy from China**

Countries are banning and recalling Chinese dairy imports, fearing melamine-tainted milk has made its way to their markets.

**Countries that have banned or recalled Chinese dairy products**

- Bangladesh
- Bhutan
- Brunei
- Burundi
- Canada
- Gabon
- Ghana
- Hong Kong
- Indonesia
- Ivory Coast
- Japan
- Malaysia
- Myanmar
- Philippines
- Singapore
- Taiwan
- Tanzania
- Yemen

What is melamine?

- Used as filler substance in tainted baby formula; when testing for nutritional value melamine shows up as a protein, and product appears more nutritious
- Causes kidney stones and failure

**Australian milk powder exports to China**

Exports by category in 2011/12

<table>
<thead>
<tr>
<th>Milk Powder Type</th>
<th>Export Percentage</th>
<th>Export Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>SKIM MILK POWDER</td>
<td>62.8%</td>
<td>$49.6m</td>
</tr>
<tr>
<td>INFANT MILK POWDER</td>
<td>21%</td>
<td>$16.6m</td>
</tr>
<tr>
<td>WHOLE MILK POWDER</td>
<td>16%</td>
<td>$12.8m</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$79m</td>
</tr>
</tbody>
</table>

Sources: ABS, Dairy Australia

* Year to date
Which Product Makes the Most Money in Each Nation?

When we think of the most sought-after product from Sri Lanka, we think of its Ceylon tea. And thanks to popular Hollywood movies, such as Blood Diamond, we think of diamond and gold as the highest exported products from Africa.

But how accurate is this perception? Here is the export topography of each country’s most valuable product created by Global Post, as extracted from CIA’s World Factbook.
In light of the recent exponential rise in e-commerce activities over the past decade, this section is dedicated to keep our readers up to date with the latest e-commerce news.

**Walmart’s e-Commerce Sales Rose Faster than Amazon.com’s**
- Walmart’s first-quarter global ecommerce sales rose 27%
- That growth is faster than Amazon.com, which saw a 23% rise in sales during the same quarter
- Approximately two-thirds of Walmart’s direct sales came from the Walmart.com fulfilled sales and the remainder from store fulfilled orders

**Vietnam Expects $4bn e-Commerce Revenue in 2015**
- Online shopping in Vietnam experienced a boom last year when revenue rocketed to US$2.2bn
- This is over 300% rise from $700m in 2012
- The average spending of the Vietnamese people was estimated at $120 per capita in 2013

**The Downfall of Beauty Boxes**
- Not too long ago, the number of beauty box companies, a variant of subscription e-commerce focusing on cosmetics products, exploded in Asia
- Prominent examples include Memebox in South Korea, VanityTrove and Bellabox in Singapore, as well as Glamabox in Hong Kong
- But the idea is too easy to replicate, and the novelty of beauty boxes is eventually dying
- Experts believe the number of beauty box companies in Southeast Asia has shrunk from 51 to less than 20 in the second half of 2013

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Prices and dates are subjected to change without prior notice. Limited slots available.
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Partners Events

Transport Logistic China

Since its premiere in 2004, transport logistic China has grown into the most important meeting place for the entire transportation, logistics and air cargo industry in Asia. This leading industry showcase for the whole of the Far East is highly regarded for its extensive coverage of logistics products, technologies and services.

Supply Chain Asia is proud to be a co-organiser in the e-Commerce Supply Chain and Overland Logistics Panel Sessions taking place on the second day of the event, 18 June, which will feature prominent figures in the industry discussing and providing expert viewpoints on the topics presented.

Date: 17 – 19 June 2014
Venue: Shanghai New International Expo Centre

For more information and to register, kindly visit http://www.transportlogistic-china.com/.

India Warehousing Show 2014

Into its fourth year, India’s biggest annual trade show for warehousing, materials handling, logistics and supply chain industries will be the one-stop event for professionals to explore a variety of innovative products and technologies, discover global trends by meeting industry experts and improve their processes by acquiring the latest technologies.

Visitor demographic for the three-day event includes big players in the FMCG & Retail, Petrochemical, Textile, Electronics among others while exhibitor profiles comprises of but not limited to warehousing solutions, material handling equipments, storage solutions, transport logistics and more.

Visit www.indiawarehousingshow.com to find out more about the event, or contact Mohit Budhija, Project Manager, mohit.budhija@reedmanch.com for any enquiries.

Interpol World

INTERPOL World is owned by INTERPOL – the world’s largest international police organization, with 190 member countries. Held in conjunction with the official opening of the INTERPOL Global Complex for Innovation (IGCI) on 13 April 2015 in Singapore and the 22nd INTERPOL Asian Regional Congress from 15-17 April 2015, the inaugural INTERPOL World will take place in Sands Expo & Convention Centre from 14-16 April 2015. This 3-day event will highlight public-private partnership and include the INTERPOL World Expo, the INTERPOL World Congress and the INTERPOL World Dialogue. It is expected to attract the participation of 250 international and local exhibitors and 8,000 trade and professional visitors.

INTERPOL World, a biennial international security event, is supported by the Singapore Ministry of Home Affairs and managed by MP International. It aims at identifying innovative solutions to global security challenges and will connect governments and national security agencies with security companies which can provide innovative technologies and solutions to co-create solutions. INTERPOL World 2015 will focus on 4 key domains, but not limited to: cybersecurity, border management, safe cities and supply chain security.

For more information, please visit our website www.interpol-world.com

Alternatively, you can also contact us at marketing@interpol-world.com or +65 6393 0228.

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Overview

The evolution of the Internet has created a new fast growing industry with more commercial activities being performed online and more consumers opting to shop online. Today, e-Commerce has grown to be a powerful force in the retail supply chain industry and is set to enjoy even stronger growth in the near future. In 2013, there was more than $638m in investments made into companies addressing mobile commerce in Asia. With online marketers seeing great potential, 2014 is definitely poised to be a big year for e-commerce in Asia.

Supply Chain Asia’s Retail & e-Commerce 2014 aims to discuss the trends and to encourage knowledge sharing on how companies effectively manage their supply chain and retail & e-Commerce platforms. Through panel discussions, SCA hopes that attendees can generate possible innovations to improve the retail and e-Commerce supply chain and logistics processes.

Programme

9.30 am – 10.30 am Registration & Networking
10.30 am – 11.00 am Welcome – An Overview of Retail & e-Commerce (by Supply Chain Asia)
11.00 am – 12.00 pm Panel I - e-Commerce CEO Dialogue
   Proposed speakers (TBC)
   Paul Lim, CEO, Kwerkee Art (confirmed)
   Roger Egan, Co-Founder & CEO, RedMart (confirmed)
   Lawrence Koh, ShopAbout (confirmed)
   Arne Jeroschewski, DHL Global Mail (confirmed)
12.00 pm – 2.00 pm Networking Lunch
2.00 pm – 3.00 pm Panel II - Distribution Centre Operations
   Proposed speakers (TBC)
   Matthieu Simon, Managing Director, FuturMaster
   Vikram Rupani, Co-Founder, CFO & COO, RedMart (confirmed)
   Xavier Pairada, Regional General Manager, Asia, Schaefer
   Tanner Tham, Regional Director, South Asia, Vocollect
   Lilian Tan, Director, Supply Chain Solutions, YCH Group
3.00 pm – 3.30 pm Networking Break
3.30 pm – 4.30 pm Panel III - Last Mile Logistics
   Proposed speakers (TBC)
   Noam Berda, Rocket Uncle (confirmed)
   Chan Hsien Hung, General Manager, Yang Kee Logistics (confirmed)
   Lim Ann Nee, Singapore Post Limited (confirmed)
   Khoo Seng Thiam, Managing Director, FedEx Express
   Yasmin Aladad Khan, Senior Vice President, APAC, DHL Express, APAC
   Jessy Sun, General Manager, Global BD & Marketing, Yamato Asia Pte Ltd
4.30 pm Event Ends

Details

DATE: 26 June 2014
TIME: 9.30 am – 4.30 pm
VENUE: Mandarin Orchard Singapore

Participation Fees*

Endorsers & Premier Complimentary
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Individual/Lite/Professional SGD133.75
Non-Members SGD315.65

To Register

Contact 6567 2308 weisi.low@supplychainasia.org

*Prices are reflected inclusive of 7% GST.
A Massachusetts Institute of Technology (MIT) Global SCALE Network

Programme fees
SGD14,900 (Singaporeans and Singapore Permanent Residents can expect 70% course subsidy from WDA)

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Supporting Agency

[Singapore Workforce Development Agency](https://www.wda.gov.sg)
Regarding this course that I have attended during the three days, I have gained some knowledge about supply chain. I also find that the course is interesting.

- Tan Soon Lee, Logistic Assistant, CEVA Logistics

The programme was very useful and I was able to learn and get a better knowledge on the subject of supply chain operations. The trainer did a good job, and was very patient and made the programme very interesting. It was a great experience for me and I look forward to more such traineeship programmes.

- Fauzy Muhammad Syahwaludin, Project Specialist, CEVA Logistics

The first programme that I have went through is very fun and we get to know more about supply chain and planning. I’m looking forward on the second lesson in MAY.

- Jeffrey Ng, Logistics Officer, CEVA Logistics

The first training session went really well. The course topics and modules are very relevant and effective. The whole session was very interactive with 2 way discussions thus giving us the excitement to learn. Most importantly, the Trainers are very effective. They make the training session very exciting. I’m looking forward to the next session.

- Abdul Khaliq Marican, Warehouse Supervisor, Reebonz Pte Ltd

“This course has helped to open my eyes to the world of Supply Chain, which I thought was only limited to Logistics and Transportation of goods. Using the game simulation to start the first day was a good introduction and also helps me to get a feel of what this industry is doing. The main takeaway from this, which we can use for our daily lives is: Good teamwork goes a long way!”

- Sin Sook Han, Procurement Officer, YCH Group

“SCOTP is NOT TEXT-BOOKED BASED which is great because having discussions and solving real-life SCM helps me to apply, understand and learn more effectively! I’m looking forward to the next class in May!”

- Charlyn Yap, Corporate Communications Executive, YCH Group

What I feel about the course thus far, is that I am very much looking forward to LEARNING MORE about this industry. There are so many different components and aspects in this industry that I want to know and understand more, hoping that it will benefit me. With a much better understanding and hoping with the gained experience I will get, I hope to be able to deliver results in my job and excel in it.

- Natasha Abdul Rashid, Customer Service Officer, SDV Logistics

Being new to the supply chain industry, SCOTP course has definitely expanded my knowledge. What was taught in lecture is applicable at work and definitely has value-add my worthiness at work! The lessons are enriching, fulfilling and engaging, not a least bit of BOREDOM! Looking forward to the next lesson!

- Angela Kwong, Special Projects Executive, Reebonz Pte Ltd