



ASIA SOURCING UPDATE

SOUTHEAST ASIA | SOUTH AND WEST ASIA

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IN THE NEWS

BANGLADESH



EXPORT GROWTH IN JULY-SEPTEMBER LOWEST IN FIVE YEARS

According to data released by the Export Promotion Bureau (EPB) on 6 October, Bangladesh's exports rose 0.83% yoy to US\$7.76 billion in the July-September quarter. This represents the slowest quarterly growth in five years, and the export performance was 4.25% short of the government target of US\$8.10 billion set for the period.

In the July-September quarter, apparel exports posted a 3.31% yoy growth to reach US\$6.44 billion; of which, exports of knitted products fell 0.62% yoy, while exports of woven products grew 7.64% yoy.

The fall in unit price is attributed as the main reason behind the slowdown of growth in apparel exports. According to data from the Office of Textile and Apparel (OTEXA) of the US Department of Commerce and Eurostat, average unit price of US apparel imports from Bangladesh decreased by 2.45% yoy in the January-July period, whereas the average unit price of EU apparel imports from Bangladesh decreased by 1.41% yoy over the same period.

BANGLADESH

MURDER OF TWO FOREIGNERS SPARKS CONCERN OVER TERRORISM RISK

On 28 September, Italian aid worker Cesare Tavella was murdered when he was walking down a street in one of the diplomatic zones in Dhaka. A week later, on 3 October, Japanese businessman Kunio Hoshi was killed in a similar manner in the north of the country, where he had been living for

more than a year and was a popular figure among locals. Terrorist group Islamic State has issued a statement online claiming responsibility for both murders, but the authenticity of the statement is still in dispute.

These recent killings have raised concerns from foreign governments about the danger of violent attacks against their citizens abroad, and prompted a debate over whether the Islamic State or other violent radical Islamist groups are gaining a foothold in Bangladesh. Some of them have already issued travel alerts and security advisories warning their citizens about the risk of travelling to or living in Bangladesh.

In response to the heightened risk, some international retailers are postponing business trips to Bangladesh or requesting armed escorts to accompany them on visits. A few of them are also requesting to meet in nearby countries instead. Bangladesh Garment Manufacturers and Exporters Association (BGMEA) president Siddiquir Rahman suggested that the reaction of these international retailers is unwarranted and expressed optimism that the situation would return to normal soon. He also said he did not expect order volumes to drop.

BANGLADESH

TRADE BODIES PROPOSE TEXTILE PARK IN INDIA

After a high-level trade delegation from Bangladesh visited India in September, the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), the Bangladesh Cotton Association (BCA) and the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) have approached the government of

Gujarat, India's westernmost state, with a proposal to set up a textile park there.

The trade bodies have proposed to set up the textile park in the city of Kadi, according to *Priyo News*. With over 100 cotton mills in operation, Kadi is known as India's "Cotton City". The trade bodies are seeking 100 acres of land from the government of Gujarat for the project. According to the proposal, the project's initial investment will exceed US\$350 million. In the first phase, the park will have spinning units with cumulative capacity of 100,000 spindles. The later phases may include investment on garment manufacturing.

Bangladesh imports close to 5.5 million bales (one bale weighs 170 kg) of cotton annually, of which 70% is from India. The proposed Bangladeshi textile park in Gujarat, if realized, may lead to more Bangladeshi apparel items being sold in the Indian market. ■



INCENTIVE SCHEME EXPANDED TO BOOST EXPORTS

In view of the challenging external environment facing Indian exporters, the Ministry of Commerce and Industry announced on 29 October an expansion of export incentives for various products under the Merchandise Exports from India Scheme (MEIS). The MEIS, introduced through the Foreign Trade Policy (2015-2020) in April, is a consolidated reward scheme for exports of specific products to specific markets.

The new announcement introduces 110 new tariff lines to the MEIS and increases the reward rates or country coverage or both for 2,228 existing tariff lines. New products that are added to the MEIS include intermediates of man-made fabrics, sports goods, medical instruments, and processed products of natural rubber, chemicals and plastics. At the same time, rewards are now extended to cover more export markets for textiles and

garments, pharmaceuticals, auto components, electrical products and electronics, etc.

India's exports plunged by 24.3% yoy to US\$21.8 billion in September, the tenth consecutive month with a year-on-year contraction. In the first half of the current fiscal year (April 2015 - March 2016), the country's export earnings witnessed a 17.6% yoy decline.

INDIA

INDIA LEAPFROGS 16 PLACES IN THE GLOBAL COMPETITIVENESS INDEX

In the latest *Global Competitiveness Report (2015-16)* published by the World Economic Forum (WEF), India moves up 16 places to become the world's 55th most competitive economies. This also represents the most significant progress made among the nine Asian countries covered by this *Asia Sourcing Update* (see Appendix for a comparison across those countries). The report attributes India's substantial improvement to the presidency of Narendra Modi, who has embarked on a series of reforms to enhance governance, combat corruption and improve business environment.

WEF ranks 140 economies based on 12 'pillars', which comprise 114 productivity-related indicators. Among the 12 'pillars', India has made the largest advancement in 'health and primary education' (84th, up 14 places), followed by 'institution' (60th, up 10 places) and 'macroeconomic environment' (91st, up 10 places) in the assessment period.

The report, however, also reveals that corruption, policy stability, inflation and access to finance are major obstacles to doing business in India. In addition, India ranked 81st among 140 economies in the 'infrastructure' pillar, behind China (39th), Thailand (44th), Turkey (53rd), Indonesia (62nd) and Vietnam (76th). In particular, India's electricity supply (ranked 98th) remained the major bottleneck to economic development.

INDIA

M&S TO INCREASE SOURCING FROM INDIA

UK's leading retailer Marks and Spencer (M&S) is expected to increase its sourcing from India by 10-15% yoy in the 2015-16 fiscal year, according to the retailer's country manager Nidhi Dua.

M&S has expanded its sourcing categories in India to include innerwear, formal wear and school wear, etc. With more vendors engaged, products manufactured in India will sell not only to the domestic market, but also to other overseas markets. Local sourcing allows M&S to tailor its products for Indian consumers and keep their prices competitive.

The increase of local sourcing caters to the retailer's expansion strategy in the fast-growing Indian market. M&S currently operates 50 stores across the country, up from 36 stores as of end-2013. Last year, the UK retailer announced its aggressive plan to have 100 stores in the country by 2016, making India its second largest market in the world. ■

PAKISTAN



FACTORY COLLAPSE PUTS SPOTLIGHT ON BUILDING SAFETY

On the night of 4 November, a factory that manufactures plastic bags collapsed. Located 20 kilometres south of Lahore, the factory was under construction at that time as the owner was adding a new floor to the building. The death toll reached 44 as of 8 November, and more than 100 workers were injured. It is estimated that 160 to 175 factory workers and some other construction workers were in the factory when the accident happened.

Rescue was still underway as of 10 November. Survivors said the factory owner, who was killed in the accident, insisted on the addition of a new floor

regardless of large cracks in the building after the 7.5-magnitude earthquake in October.

The tragic accident has once again raised concerns over Pakistan's lax enforcement of safety and building standards. In 2012, a huge fire devoured a garment factory located in the southern city of Karachi, killing nearly 300 workers.

The factory collapse came at a time when the European Commission is preparing a report on the assessment of Pakistan's GSP+ status and the review is scheduled in January 2016. If Pakistan fails to comply with the 27 international conventions related to human rights, labour rights, environmental standards and good governance, the EU will suspend Pakistan's trade preferences under GSP+.

PAKISTAN

GOVERNMENT IMPOSES 10% REGULATORY DUTY ON COTTON YARN IMPORTED FROM INDIA

The Pakistani government announced in mid-October the imposition of a regulatory duty of 10% on imports of cotton yarn, grey and processed fabrics from India, in a bid to protect the domestic textile industry. The duty has come into effect starting 1 November. With the existing 5% customs duty, the effective duty for the imports of these materials now rises to 15%.

The move is seen as a response to the demand of the All Pakistan Textile Mills Association (APTMA), which has been lobbying the government in the past few months for relief policies for the textile industry and threatening nationwide strikes. The APTMA claims that Pakistan's textile industry has suffered both on domestic and external fronts due to flooding imports of cheap fabrics and falling global commodity prices.

Representatives of the apparel industry, however, criticized the move, as the regulatory duty will add to the cost of raw materials and erode the export competitiveness of their apparel products. Although most fabrics used in the apparel industry are produced locally, domestic textile mills may

raise their prices as prices of Indian fabrics go up after the imposition of the regulatory duty.

PAKISTAN

INTERNATIONAL BUYERS IDENTIFY JOINT ROADMAP TO ACHIEVE PRIORITIES

On 29 October, the fourth meeting of the Buyers Forum for Pakistan, which was established in December last year, concluded with a joint roadmap and specific working groups for the three priorities identified by the participants. These priorities include corrective actions in textile mills not yet compliant with international labour and environmental standards, advocacy for better policy, laws and regulations governing textile production, and more effective coordination and cooperation among the participants.

Aiming at making the textile industry more sustainable and attractive to international buyers, the Buyers Forum has successfully expanded its membership from the initial 17 brands to 24 brands, which together account for about 50% of Pakistan's exports of garments and home textiles.

At the meeting, a strong consensus has been built among the members on the importance of compliance with environmental, labour, health and safety standards. Participants have also shown commitment to expand sourcing from Pakistan, if factories improve their compliance levels. ■

TURKEY



ELECTION RESULT PUTS AN END TO POLITICAL UNCERTAINTY

In an unexpected turn of events, the ruling Justice and Development Party (AKP) regained its parliamentary majority in the general election on 1 November. This latest vote was in stark contrast to the election result in June, which saw the AKP lost its decade-long parliamentary majority for the first

time and failed to form a coalition government with the minority parties after weeks of talks.

The election result, though a disappointment for many Turkish, was welcomed by foreign investors, who can now expect policy coherence and structural reforms from the AKP. The victory of the AKP, which enables it to form the government on its own, will reduce political uncertainty in the near term. The election result also cheered the foreign exchange market – the Turkish lira shot up to a two-month high of 2.8243 against the US dollar on 2 November, representing a 3.2% gain from the previous close of 2.9150 on 30 October, according to spot rates provided by Bloomberg.

People's attention has now shifted to AKP's actions to fulfil its economic pledges, which are estimated to cost 22.3 billion liras per year during AKP's four-year term in power. In particular, the AKP has promised in the election campaign to raise the country's net minimum wage to 1,300 liras (US\$458) from the current 1,000 liras (US\$352) per month. The wage hike is expected to come into effect on 1 January 2016.

TURKEY

MANUFACTURING PMI REBOUNDS TO THREE-MONTH HIGH

Turkey's Manufacturing Purchasing Managers' Index (PMI), published jointly by Markit and the Istanbul Chamber of Industry, rose to 49.5 in October from 48.8 in September, the highest in three months. The reading, which is still below the neutral 50.0 threshold, suggests that Turkey's manufacturing sector continued to contract in October, albeit at a slower pace than the previous month. So far, the manufacturing sector in Turkey contracted in eight out of ten months in 2015.

The breakdown of the October PMI reading shows that contractions in manufacturing output and new orders both moderated in October, while new export orders recorded a modest increase for the third consecutive month and factory employment expanded at the fastest rate since February. At the same time, although inflation eased slightly in the

month due to a strengthening lira, upward pressure on costs remained strong.

TURKEY

TURKISH COMPANY TO SET UP AN INTEGRATED TEXTILE COMPLEX IN ALGERIA

The Turkish group Taypa has recently formed a joint venture with two Algerian companies to set up an integrated textile complex in Algeria. Located in the Sidi El Khettab Industrial Park in the southwestern city of Relizane, the project is expected to be launched in November 2016.

With an estimated investment of 150 billion Algerian dinars (US\$1.4 billion), the complex will take about three years to complete. The complex will contain eight integrated plants to produce mainly textiles and hosiery products, a training school for textile trade, a business centre and other facilities. Once operational, it will create 25,000 jobs. It is expected that about 40% of the products manufactured in the complex will supply the domestic market, while the rest will be exported.

Many Turkish manufacturers are keen on investing in North Africa, such as in Morocco, Egypt and Algeria. Sourcing from these countries is an attractive option for Turkish companies due to cultural similarity, geographical proximity and lower labour cost. ■

MAJOR ECONOMIC INDICATORS

BANGLADESH

	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15
Quantum index of medium and large-scale manufacturing (yoy growth %)*	15.0	18.8	2.7	-	-	-
Consumer price index (yoy growth %)*	6.2	6.3	6.4	6.2	6.2	6.2
Exports (yoy growth %)	4.4	9.1	-12.0	27.7	-7.0	21.2
Exports (FOB, US\$ mn)	2,841.1	3,064.6	2,625.9	2,758.4	2,374.7	2,371.5
<i>Of which:</i>						
Knitwear (US\$ mn)	1,159.7	1,259.3	1,127.4	1,131.2	991.6	920.3
Woven garments (US\$ mn)	1,199.3	1,307.4	1,087.8	1,138.7	962.7	878.8
Home textile (US\$ mn)	73.6	62.3	48.6	54.7	57.2	59.6
Footwear (US\$ mn)	64.4	75.4	66.8	62.3	46.6	52.8
Leather products (US\$ mn)	30.2	25.5	20.5	31.8	21.4	34.7
Imports (yoy growth %)	-4.9	4.2	-8.9	-13.2	-	-
Imports (C&F, US\$ mn)	3,341.0	3,374.9	2,897.3	3,192.4	-	-

* The quantum index of medium and large-scale manufacturing and the consumer price index use 2005-06 as the base year.
Source: Bangladesh Bureau of Statistics, Bangladesh Bank, Export Promotion Bureau

INDIA

	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15
Quarterly GDP (real yoy growth %)*	7.0 (1Q15)			-		
Index of industrial production (yoy growth %)	2.5	4.2	4.1	6.3	3.6	-
Manufacturing PMI (Nikkei)	52.6	51.3	52.7	52.3	51.2	50.7
Wholesale price index (yoy growth %)	-2.2	-2.1	-4.0	-5.1	-4.5	-3.8
Consumer price index (yoy growth %)	5.0	5.4	3.7	3.7	4.4	5.0
Exports (yoy growth %)	-20.2	-15.8	-10.3	-20.7	-24.3	-17.5
Exports (FOB, US\$ mn)	22,346.8	22,289.4	23,137.3	21,266.3	21,845.0	21,352.8
<i>Of which:</i>						
Readymade garments (US\$ mn)	1,568.3	1,564.1	1,347.9	1,231.5	1,098.4	-
Cotton yarn and fabrics (US\$ mn)	731.0	725.6	781.6	753.1	813.0	-
Imports (yoy growth %)	-16.5	-13.4	-10.3	-10.0	-25.4	-21.2
Imports (CIF, US\$ mn)	32,753.0	33,116.6	35,949.7	33,744.3	32,323.7	31,120.1
Trade balance (US\$ mn)	-10,406.2	-10,827.1	-12,812.5	-12,478.0	-10,478.7	-9,767.3

* Financial year in India starts in April. The quarterly GDP growth figures are calculated using 2011-12 as the base year.
Source: Ministry of Commerce & Industry, Ministry of Statistics and Programme Implementation, Nikkei PMI reports

PAKISTAN

	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15
Quantum index of large-scale manufacturing (yoy growth %)	5.5	4.0	3.4	4.8	-	-
Consumer price index (yoy growth %)	3.2	3.2	1.9	1.8	1.3	1.6
Exports (yoy growth %)	-7.6	-0.1	-16.9	-3.5	-20.4	-
Exports (US\$ mn)	1,953.3	2,016.1	1,597.8	1,834.5	1,732.0	-
<i>Of which:</i>						
Garments (US\$ mn)	409.8	411.3	398.0	387.1	357.4	-
Bed linen (US\$ mn)	172.6	175.0	157.1	179.5	173.3	-
Towels (US\$ mn)	66.3	60.1	58.5	64.5	70.0	-
Leather products (US\$ mn)	44.2	47.3	50.1	42.5	43.2	-
Sporting goods (US\$ mn)	29.7	27.5	25.9	24.2	24.0	-
Imports (yoy growth %)	4.8	5.2	4.0	-18.5	-23.3	-
Imports (US\$ mn)	3,846.9	4,394.3	3,370.8	3,823.3	3,484.7	-
Balance of trade (US\$ mn)	-1,893.6	-2,378.1	-1,773.0	-1,988.8	-1,752.7	-

Source: Pakistan Bureau of Statistics, State Bank of Pakistan, Pakistan Readymade Garments Manufacturers & Exporters Association

TURKEY

	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15
Quarterly GDP (real yoy growth %)	3.8 (2Q15)			-		
Industrial production index*, manufacturing (yoy growth %)	3.0	6.2	0.2	8.7	3.2	-
Industrial turnover index*, manufacturing (yoy growth %)	8.8	11.6	8.3	15.1	16.1	-
Manufacturing PMI (Istanbul Chamber of Industry)	50.2	49.0	50.1	49.3	48.8	49.5
Producer price index (yoy growth %)	6.5	6.7	5.6	6.2	6.9	5.7
Consumer price index (yoy growth %)	8.1	7.2	6.8	7.1	8.0	7.6
Exports (yoy growth %)	-19.0	-7.2	-16.5	-3.0	-14.2	-
Exports (US\$ mn)	11,083.3	11,958.0	11,139.7	11,042.8	11,659.0	-
<i>Of which:</i>						
Knitwear (US\$ mn)	697.1	764.6	777.4	822.3	741.4	-
Woven garments (US\$ mn)	481.3	514.4	495.8	567.7	482.3	-
Furniture (US\$ mn)	229.8	231.0	220.4	231.0	211.8	-
Imports (yoy growth %)	-14.4	-12.5	-8.7	-18.2	-25.2	-
Imports (US\$ mn)	17,869.0	18,199.8	18,207.5	15,949.5	15,401.5	-
Balance of trade (US\$ mn)	-6,785.6	-6,241.8	-7,067.8	-4,906.7	-3,742.5	-

* Since January 2013, the base year of industrial production index and industrial turnover index has changed to 2010.

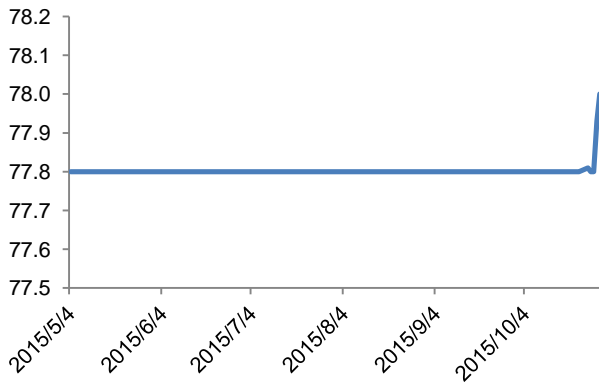
Source: Turkish Statistical Institute, Istanbul Chamber of Industry PMI reports

DAILY EXCHANGE RATES

MAY - OCTOBER 2015

BANGLADESHI TAKA

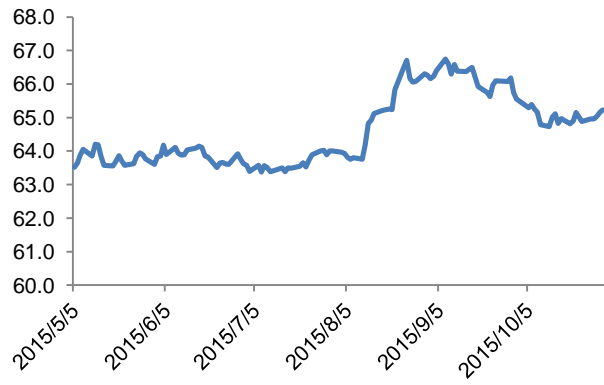
USD:BDT buy rate



Source: Bangladesh Bank

INDIAN RUPEE

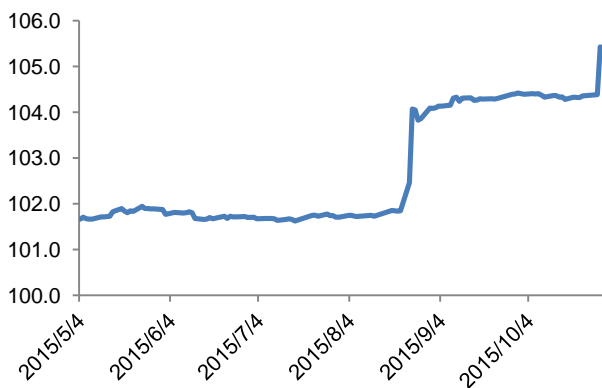
USD:INR RBI reference rate



Source: Reserve Bank of India (RBI)

PAKISTANI RUPEE

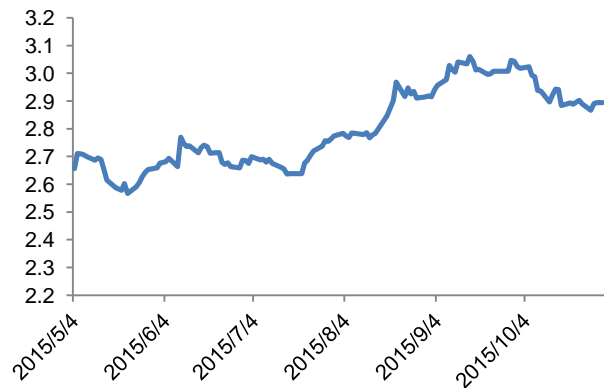
USD:PKR weighted average customer buy rate



Source: State Bank of Pakistan

TURKISH LIRA

USD:TRY buy rate



Source: Central Bank of the Republic of Turkey

APPENDIX

Global Competitiveness Index: Selected Indicators, 2015-16

(Rank out of 140 countries)

Rank/140	Bangladesh	Cambodia	China	India	Indonesia	Pakistan	Philippines	Thailand	Turkey	Vietnam
Overall competitiveness	107 (↑2)	90 (↑5)	28 (–)	55 (↑16)	37 (↓3)	126 (↑3)	47 (↑5)	32 (↓1)	51 (↓6)	56 (↑12)
Institutions	132 (↓1)	111 (↑8)	51 (↓4)	60 (↑10)	55 (↓2)	119 (↑4)	77 (↓10)	82 (↑2)	75 (↓11)	85 (↑7)
- <i>Intellectual property protection</i>	135 (↓2)	132 (↓12)	63 (↓10)	50 (↑15)	48 (↓5)	112 (↑5)	71 (↓5)	113 (↓9)	82 (↓10)	88 (↑17)
- <i>Burden of government regulation</i>	107 (↑2)	69 (↑16)	26 (↓7)	27 (↑32)	41 (↓18)	86 (↑17)	101 (↓28)	81 (↑8)	65 (↑6)	90 (↑11)
- <i>Strength of investor protection</i>	42 (↓20)	68 (↓13)	110 (↓27)	6 (↑28)	42 (↑3)	21 (↑13)	121 (↓16)	25 (↓13)	13 (↑21)	100 (↑23)
Infrastructure	123 (↑4)	101 (↑6)	39 (↑7)	81 (↑6)	62 (↓6)	117 (↑2)	90 (↑1)	44 (↑4)	53 (↓2)	76 (↑5)
- <i>Quality of roads</i>	113 (↑4)	94 (↓1)	42 (↑7)	61 (↑15)	80 (↓6)	77 (↓2)	97 (↓10)	51 (↓1)	36 (↑4)	93 (↑11)
- <i>Quality of railroad infrastructure</i>	75 (–)	100 (↓2)	16 (↑1)	29 (↓2)	43 (↓2)	60 (↑12)	84 (↓4)	78 (↓4)	53 (↓4)	48 (↑4)
- <i>Quality of port infrastructure</i>	93 (–)	83 (↑14)	50 (↑3)	60 (↑16)	82 (↓5)	66 (↓7)	103 (↓2)	52 (↑2)	53 (↑4)	76 (↑12)
- <i>Quality of air transport infrastructure</i>	121 (↑6)	100 (↑6)	51 (↑7)	71 (–)	66 (↓2)	79 (↑13)	98 (↑10)	38 (↓1)	33 (↑1)	75 (↑12)
- <i>Quality of electricity supply</i>	120 (↑4)	108 (↑2)	53 (↑3)	98 (↑5)	86 (↓2)	129 (↑4)	89 (↓2)	56 (↑2)	80 (↓8)	87 (↑1)
Macroeconomic environment	49 (↑23)	64 (↑16)	8 (↑2)	91 (↑10)	33 (↑1)	128 (↑9)	24 (↑2)	27 (↓8)	68 (↓10)	69 (↑6)
Health and primary education	101 (↑1)	87 (↑4)	44 (↑2)	84 (↑14)	80 (↓6)	127 (↑2)	86 (↑6)	67 (↓1)	73 (↓4)	61 (–)
Higher education and training	122 (↑3)	123 (–)	68 (↓3)	90 (↑3)	65 (↓4)	124 (↑3)	63 (↑1)	56 (↑3)	55 (↓5)	95 (↑1)
Goods market efficiency	101 (↓17)	93 (↓3)	58 (↓2)	91 (↑4)	55 (↓7)	116 (↓16)	80 (↓10)	30 (–)	45 (↓2)	83 (↓5)
- <i>Prevalence of non-tariff barriers</i>	44 (↓15)	83 (↑5)	78 (↓24)	82 (↑18)	113 (↓10)	106 (↓41)	43 (↑8)	73 (↓18)	42 (↑35)	100 (↓9)
- <i>Trade tariffs, % duty</i>	128 (↑1)	97 (↑31)	117 (↓2)	124 (–)	64 (–)	137 (↑3)	51 (↓3)	91 (↓7)	72 (↓3)	86 (↓3)
- <i>Burden of customs procedures</i>	123 (↓18)	128 (–)	56 (↓1)	54 (↑21)	72 (↓4)	111 (↓24)	107 (↓8)	85 (↓11)	82 (↑1)	90 (↑4)
Labor market efficiency	121 (↑3)	38 (↓9)	37 (–)	103 (↑9)	115 (↓5)	132 (–)	82 (↑9)	67 (↓1)	127 (↑4)	52 (↓3)
- <i>Cooperation in labor-employer relations</i>	102 (↓2)	76 (↓2)	62 (↓4)	86 (↑4)	49 (↓3)	131 (↓24)	26 (↑3)	34 (↓2)	112 (↓16)	71 (↑8)
- <i>Flexibility of wage determination</i>	85 (–)	107 (↓15)	73 (↑11)	120 (↓7)	112 (↑2)	114 (↓11)	96 (↓10)	111 (↑5)	52 (↓3)	67 (↓7)
- <i>Pay and productivity</i>	107 (↓4)	57 (↓18)	20 (↓5)	47 (↑22)	33 (↓3)	95 (↓9)	19 (↑8)	53 (↓3)	86 (↓5)	45 (↓22)
Business sophistication	117 (↑1)	122 (↓11)	38 (↑5)	52 (↑5)	36 (↓2)	86 (↓5)	42 (↑4)	35 (↓6)	58 (↓8)	100 (↑6)
- <i>Local supplier quantity</i>	65 (↓5)	131 (↓7)	15 (↑9)	54 (↑18)	39 (↓1)	53 (↑13)	64 (↑5)	34 (↓9)	27 (↓13)	70 (↓29)
- <i>Local supplier quality</i>	93 (↑7)	128 (↓1)	63 (–)	66 (↑12)	74 (↑1)	98 (↓4)	64 (↑1)	59 (↑3)	49 (–)	105 (↓13)
- <i>State of cluster development</i>	62 (↑4)	65 (↓1)	24 (↑1)	29 (↓2)	28 (↓2)	68 (↓10)	45 (↑6)	39 (↑1)	52 (↓16)	59 (↑16)

Source: The Global Competitiveness Report (2015-16), World Economic Forum

Notes: ↑ and ↓ indicate an increase and a decrease in rank respectively, as compared to the rank in 2014-15. Otherwise, the rank remains unchanged. The number in bold refers to the highest rank in an indicator among the ten selected countries.

THE FUNG BUSINESS INTELLIGENCE CENTRE

The Fung Group is a privately held multinational group of companies headquartered in Hong Kong whose core businesses are trading, logistics, distribution and retailing. The Fung Group employs over 46,800 people across 40 economies worldwide, generating total revenue of more than US\$24.65 billion in 2014. Fung Holdings (1937) Limited, a privately held business entity headquartered in Hong Kong, is the major shareholder of the Fung group of companies.

The Fung Business Intelligence Centre (FBIC) collects and analyses market data on sourcing, supply chains, distribution and retail. It also provides thought leadership on technology and other key issues shaping their future.

Headquartered in Hong Kong, FBIC leverages unique relationships and information networks to track and report on trends and developments in China and other Asian countries. In addition, its New York-based Global Retail & Technology research team follows broader retail and technology trends, specialising in how they intersect and building collaborative knowledge communities around the revolution occurring worldwide at the retail interface.

Since its establishment in 2000, the FBIC (formerly known as the Li & Fung Research Centre) has served as the knowledge bank and think tank for the Fung Group. Through regular research reports and other publications, it makes its market data, impartial analysis and expertise available to businesses, scholars and governments around the world. It also provides advice and consultancy services to colleagues and business partners of the Fung Group on issues related to doing business in China, ranging from market entry and company structure, to tax, licensing and other regulatory matters.

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