

# ASIA SOURCING UPDATE

SOUTHEAST ASIA | SOUTH AND WEST ASIA

AUGUST 2015

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# COUNTRY HIGHLIGHTS

## CAMBODIA



### ILO REPORTS SOLID EXPANSION IN THE GARMENT AND FOOTWEAR SECTOR

Starting July, the International Labour Organization (ILO) is publishing a quarterly news bulletin on Cambodia's garment and footwear sector. Launched right before the negotiations for next year's minimum wage hike begin, the publication aims at providing key statistics and analyses on the current state and future prospects of the country's vital sector.

The debut issue of the *Cambodia Garment and Footwear Sector Bulletin* reveals a solid expansion of the sector in the first quarter, during which Cambodia's exports of garments and footwear increased by 7.9% yoy and 48.2% yoy, respectively. In the first quarter, 19 new garment and footwear projects worth US\$72 million were approved, and the number of 'effectively operating' factories in the sector reached 640 as of the end of March, compared to 626 as of the end of December 2014. The bulletin also points out that employment in the sector has continued to grow steadily in the first quarter, not dented by this year's minimum wage hike.

In response to ILO's debut bulletin, manufacturers argue that it is still too early to tell the full impact of this year's minimum wage hike on the sector. There are also concerns that the bulletin may encourage labour unions to demand a bigger rise in next year's minimum wage.

For the pdf version of the news bulletin, please click [here](#).

#### CAMBODIA

### BFC'S LATEST REPORT FINDS SLIGHT IMPROVEMENT IN FACTORY COMPLIANCE

Cambodia's garment and footwear industry has shown improvements in overall factory compliance

## ASIA SOURCING UPDATE

with labour law standards, according to the 32<sup>nd</sup> *Synthesis Report on Working Conditions in Cambodia's Garment Industry*, published by the Better Factories Cambodia (BFC) in early July.

Based on assessments on 393 garment and footwear factories between May 2014 and April 2015, the report reveals that the overall compliance level in Cambodia has increased slightly during the reporting period, with positive changes on issues related to severance payments, emergency preparedness and the payment of bonuses.

Despite the encouraging improvements, non-compliance still exists in a number of areas, among which are overtime and workers' health and safety. For example, 76% of assessed factories cannot ensure that overtime does not exceed two hours per day, while 69% cannot ensure acceptable heat levels in the workplace.

According to the report, since the BFC's operation in 2001, Cambodia's garment and footwear industry has made significant improvements in factory compliance, which help existing manufacturers gain more business and set higher standards for the industry's newcomers. ■

## INDONESIA



### TIMBER CERTIFICATION AGREEMENT WITH EU NEAR COMPLETION

Indonesia is inching towards closing a deal with the EU that will allow the country to export certified timber to the EU without following a time-consuming legal process.

According to the EU's Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan

published in 2003, timber that carries a FLEGT license will be considered by the EU to have been harvested legally and thus is eligible for exporting to the EU. Indonesia's timber legality verification system, known as the SVLK, is the first national timber legality assurance system in the world to be implemented based on FLEGT principles. Before the SVLK can begin issuing EU-approved FLEGT licenses, the EU and Indonesia must confirm that the SVLK is working as described in the Indonesia-EU Voluntary Partnership Agreement, which was ratified by both parties in 2014 and builds upon Indonesia's national efforts to address illegal logging.

Relevant authorities of both the EU and Indonesia have been monitoring the progress of the SVLK. During a meeting on 7 July, the EU-Indonesia Joint Implementation Committee of the FLEGT said that it had found significant progress on the nationwide rollout of the SVLK to all segments of the forestry industry, including small and medium-sized enterprises. The verification, once completed, will establish Indonesia as a world leader in timber legality.

#### INDONESIA

### THOUSANDS OF WORKERS DISMISSED IN WEST JAVA

Rising production costs is taking a toll on the country's textile and garment industry, which at the same time is also facing pressures from the rupiah's depreciation as half of the industry's raw materials are imported.

According to the Indonesian Textile Association (API), between January and May, 120 textile and garment producers in Bandung regency, West Java, had laid off at least 6,300 workers and trimmed working time from seven days per week to merely three days as sales slumped by more than 40% yoy in the January-April period.

This is an alarming development, as West Java is the largest contributor to Indonesia's textile and garment production, accounting for 49% of the national total, according to API chairman Ade

Sudrajat. Jakarta and Banten account for 16%, and Central and East Java account for 14% each, of the country's total textile and garment production.

#### INDONESIA

### HONG KONG TO HOST LARGEST-EVER PROMOTION CAMPAIGN IN SOUTHEAST ASIA IN JARKATA

The Hong Kong Trade Development Council (HKTDC) will be hosting a week-long exhibition at the Jakarta Convention Center and the Grand Indonesia shopping centre in September. Named "In Style Hong Kong", the event aims at highlighting Hong Kong's role as the gateway to the Chinese Mainland, the world's second largest economy.

More than 10,000 trade buyers, importers, distributors, retailers, brand agents, franchisees and specialists are expected to visit the exhibition, the largest promotion the HKTDC has ever made in Southeast Asia. As part of the event, the HKTDC will also hold consultations and business-matching forums in the main lobby of the Jakarta Convention Centre on 17 September.

A full-day symposium will also be held on 17 September, where Indonesian businesses can get a comprehensive briefing on how they can benefit from using Hong Kong as a platform to enter the market of the Chinese Mainland. ■

#### PHILIPPINES



### GSP PRIVILEGES TO BOOST EXPORTS OF HANDBAGS AND TRAVEL GOODS

The resumption of the US GSP programme has ignited hope for travel goods exporters in the Philippines, as certain types of travel goods, ranging from leather purses and handbags to

backpacks and luggage, are now eligible for duty-free access to the US through 31 December, 2017.

In 2014, the Philippines accounted for only 1.5% of all US imports of travel goods and handbags, while China supplied roughly two-thirds of them, according to data from the United States International Trade Commission. The inclusion of certain travel goods into the duty-free list will definitely make Philippine exports more competitive in the US market. It is expected that US brands that are currently sourcing handbags from the Philippines, including Coach and Michael Kors, will increase their sourcing volume from the country.

It is also worth noting that the country's inclusion into the EU's GSP+ since last December also makes Philippine travel goods duty-free to the EU market.

In the first five months of 2015, Philippines' exports of travel goods and handbags grew sharply by 69.1% yoy to US\$165.7 million, a contrast to the 5% yoy decline posted by the country's total exports in the same period.

#### PHILIPPINES

### GOVERNMENT REINFORCES REGULATIONS ON FIRE SAFETY AFTER TRAGIC FACTORY FIRE

Following the massive fire that killed more than 70 workers in a shoe factory in May, the Philippine government has ramped up fire safety efforts. An initial probe on the fire found that the Kentex factory in Valenzuela, a city in the north of Manila, violated fire safety standards by not having proper fire prevention systems in place.

On 1 June, President Aquino issued a directive demanding the Bureau of Fire Protection (BFP) to inspect over 300,000 factories in Metro Manila within two to three months. It is expected that, after BFP completed inspections in the capital region, inspections will be conducted nationwide. Besides, a legislation to criminalize violations of

occupational safety and health standards in all industries is in the pipeline.

Aquino has also criticized city officials of Valenzuela for issuing a temporary business permit to the Kentex factory, even though it had no fire safety inspection certificate (FSIC). In response to Aquino's criticism, the city government of Valenzuela announced in early June that all existing business establishments in the city that cannot present a FSIC within a week have to close immediately.

The strict regulation implemented by the Valenzuela government has raised concerns among labour unions, as thousands of workers in the city will lose their jobs if factories are forced to suspend operations. It is reported that, of the more than 15,000 business establishments in the city, only 2,667 have been issued FSICs.

#### PHILIPPINES

### 23 NEW POWER PLANTS UNDER CONSTRUCTION TO BOOST ENERGY SUPPLY

In June, Energy Secretary Carlos Jericho L. Petilla announced that the Philippines will have 23 new coal-fired power plants by 2020. The new facilities include two 300-megawatt (MW) plants in Davao City in 2016 and 2017, a 600-MW plant in Bataan in 2016, a 400-MW expansion of the existing facilities in Quezon in 2017, and a 600-MW plant in Subic in 2018. These new plants, once put into operations, are expected to improve energy supply in the Philippines dramatically.

A recent report published by the Economic Intelligence Unit (EIU) points out that the country's power supply growth will lag slightly behind the demand growth in 2015-2020, as regulatory and bureaucratic uncertainties have stalled investment. Power shortage and obsolete power infrastructure have caused electricity outages in the Philippines, particularly in Luzon and Mindanao during the peak summer season.

The shortage of electricity supply also leads to structurally high electricity prices in the Philippines, which deter new investments and hurt domestic business and households. ■

## THAILAND



### EXPORTS CONTINUE DOWNWARD TREND IN JUNE

Thailand's exports fell by 7.9% yoy to US\$18.2 in June, the sixth consecutive month that registered a year-on-year decline. According to the Ministry of Commerce, exports dropped by 4.8% yoy in the first half of this year.

The weak performance in exports was largely led by exports of industrial products, particularly vehicles and parts, petroleum products and chemicals. While exports to the US (-0.1% yoy) and China (-0.8% yoy) registered slight declines, those to the EU fell sharply by 7.2% yoy in June, which was in part due to the termination of tariff privileges under the EU's GSP starting from the beginning of this year.

In view of the disappointing export performance, the Ministry of Commerce recently cut its full-year export forecast to a 3% contraction from 1.2% growth projected in April, citing the slower-than-expected global economic recovery and falling prices of oil and farm products dampen the export outlook.

#### THAILAND

### MINIMUM WAGE REVIEW IN THE PIPELINE

Rumours swirled in the country in the past few months over the cancellation of the 300-baht daily minimum wage. Spokesperson of the Ministry of Labour confirmed in June that the rumours were false and the review on the minimum wage level was in the works.

According to the spokesperson, provincial wage committees are gathering information, including living expenses, inflation rates, worker capabilities and productivity, for the National Wage Committee to decide on any revisions to the current minimum wage level. It is expected that the final decision will be announced by the end of October.

However, opinions on the nationwide minimum wage are divided among employers and labour groups. Many business associations call on the government to maintain the 300-baht daily minimum wage until next year, and propose that future increases should vary by area, industry and skill level. On the other hand, labour groups are insisting on a nationwide minimum wage, and are calling for a 20% increase to 360 baht per day to meet rising cost of living. ■

## VIETNAM



### FOOTWEAR EXPORTS TO US SKYROCKET IN 1H15

Vietnam's exports of footwear products rose 21.2% yoy to US\$5.85 billion in 1H15, according to statistics released by the General Department of Vietnam Customs. A breakdown of the figure shows that exports of footwear to the US rose rapidly by 30.2% yoy to US\$2 billion, the same amount as Vietnam's earnings of footwear exports to the EU market in the period, though the latter grew at a much slower pace of 17.0% yoy.

According to data from the Office of Textiles and Apparel (OTEXA) of the US Department of Commerce, the US imported more than US\$1,101 billion worth of footwear products in the first five months of this year, of which imports from China accounted for over 78%. Vietnam is a major player behind China, accounting for 12% of all US footwear imports in the period.

Footwear imports by the US from China have reduced continuously since 2010. Meanwhile,

imports from other Asian countries, particularly from Vietnam, have increased sharply as US businesses have tried to reduce their reliance on China.

#### VIETNAM

### INDUSTRIAL PRODUCTION INDEX RISES 9.9% YOY IN FIRST SEVEN MONTHS OF 2015

In the first seven months of the year, Vietnam's industrial production index (IPI) grew 9.9% over the same period last year, the country's General Statistics Office reported on 29 July. The IPI measures the output of businesses in the industrial sector of the economy, including manufacturing, mining, and utilities.

A breakdown of the figure by sector shows that the IPIs of the mining and quarrying sector, the manufacturing sector, the power generation and supply sector and the water supply and waste treatment sector rose 9.2% yoy, 10.1% yoy, 11.5% yoy and 7.1% yoy, respectively, and contributed 2.0, 7.0, 0.8 and 0.1 percentage points, respectively, to the overall IPI growth.

A geographical breakdown shows that the northern province of Thái Nguyên took the lead in IPI growth in the period, registering an expansion of 217.7% yoy, followed by the central province of Quảng Nam (+31.2% yoy) and the northern port city of Haiphong (+15.8% yoy). The country's two economic centres, Hanoi and Ho Chi Minh City, recorded IPI expansions of 7.1% yoy and 6.5% yoy respectively.

#### VIETNAM

### TWO SOUTH KOREAN TEXTILE AND GARMENT PLANTS COMMENCE CONSTRUCTION IN QUẢNG NAM

Construction of the Panko Tam Thang textile and garment plant and the Ducksan Vina textile and garment accessory plant, both invested by South Korean companies, commenced at the Tam Thang

industrial park in Tam Kỳ, the capital city of Quảng Nam Province, on 30 July.

The Panko Tam Thang plant will be built at a total cost of US\$70 million and cover 33.5 hectares of land. Once operational, the plant will provide jobs for 15,000 workers. According to the chairman of the Panko Group, the plant will provide gymnastics and cinema facilities to serve both workers and local residents. With the help from local authorities, the Panko Tam Thang plant is expected to start production by the end of this year.

The Ducksan Vina factory, on the other hand, has an investment of US\$10 million and will cover 6.6 hectares of land. It has a planned annual capacity to produce 4,800 tonnes of cloth from fiber, and is expected to employ 500 workers. ■

## OTHER HIGHLIGHTS

### US: NEW US TRADE BILLS EXPAND SOURCING OPPORTUNITIES

US President Obama signed the Trade Promotion Authority (TPA) and the Trade Preferences and Extension Act (TPEA) into law on 29 June. The TPA, also known as the "fast-track bill", gives the Obama administration enhanced authority to finalize trade deals, while the TPEA renews trade preferences for least developed and developing countries.

Under the TPA legislation, the US Congress may only vote up or down on finalized trade agreements within a set period of time without amendments. This fast-track mechanism is expected to accelerate the conclusion of the Trans-Pacific Partnership (TPP) agreement now being negotiated between the US and 11 Pacific Rim nations, including Vietnam and Japan, as well as the Transatlantic Trade and Investment Partnership (TTIP) between the US and the EU.

The TPEA extends the African Growth and Opportunity Act (AGOA) and preferential duty treatment program for Haiti through 30 September,

2025; and extends the Generalized System of Preferences (GSP) program for 122 countries and territories through 31 December, 2017.

Under the renewed GSP, certain travel goods – ranging from leather handbags to backpacks and luggage – are now eligible for duty-free privilege. This positive change opens up huge opportunities for countries such as Cambodia and the Philippines to boost their exports of travel goods to the US market.

Another significant change in the TPEA is the revisions on tariff classifications of recreational performance outerwear and outdoor performance footwear that demonstrate high-tech features. With a newly-added classification, recreational performance outerwear is no longer categorized as mass-market readymade garments in the US Harmonized Tariff Schedule, which helps set the stage for future duty reductions. At the same time, the tariff classification of outdoor performance footwear is now changed from protective footwear to athletic footwear. This change brings the import tariff imposed on outdoor performance footwear significantly down from 37.5% to 20%.

For detailed text of the TPEA, please click [here](#). ■

## MYANMAR: WAGE COMMITTEE PROPOSES DAILY MINIMUM WAGE AT 3,600 KYATS

After prolonged negotiations with employers and labour unions, the National Minimum Wage Committee proposed in late June Myanmar's first-ever nationwide minimum wage at 3,600 kyats (US\$3) for an eight-hour day. The proposed rate represents a compromise reached by employers and workers, who were calling for 2,500 kyats and 4,000 kyats, respectively.

Working five and a half days per week, a Burmese worker will receive around US\$75 per month under the new minimum wage standard. This is significantly lower than the level in Cambodia (US\$128) and Vietnam (US\$100-145 depending on the region). The proposed wage rate will be subject to a two-month consultation period before the final amount is submitted to the parliament for approval.

Despite receiving a broad welcome from most sectors, the proposal has faced strong opposition from the garment industry. In early July, 145 garment factory owners voted unanimously against

### Exhibit 1 | Basic Information of the US GSP

<b>Number of beneficiary countries</b>	122 countries and territories Including: Cambodia*, Ethiopia*, Haiti*, India, Indonesia, Jordan, Kenya, Pakistan, Philippines, Sri Lanka, Thailand, Turkey <i>(* denotes least - developed countries, or LDCs)</i>
<b>Product coverage</b>	<ul style="list-style-type: none"> <li>• Duty-free treatment for over 3,500 products (for imports from LDCs, an additional 1,500 products are eligible)</li> <li>• Certain travel goods are granted GSP eligibility under the TPEA 2015</li> <li>• Products prohibited by law from receiving GSP treatment include most textiles and apparel, watches, footwear, work gloves, and leather apparel. In addition, the GSP statute precludes eligibility for import-sensitive steel, glass, and electronic products</li> </ul>
<b>Expiry date</b>	31 December, 2017
<b>Remarks</b>	GSP treatment for Bangladesh has been suspended since June 2013 due to Bangladesh's failure to meet statutory eligibility requirements related to worker rights

Source: Compiled by the FBIC based on information from the US GSP Guidebook (July 2015)

the proposed minimum wage during a meeting at the Union of Myanmar Federation of Chambers of Commerce and Industry, and some foreign-invested factories have threatened to shut down if the proposed rate is implemented on 1 September as planned. Meanwhile, several hundred garment workers in Yangon staged a protest on 12 July, demanding for a daily minimum wage of 4,000 kyats.

On 15 July, the Ethical Trading Initiative (ETI), on behalf of its members that include H&M, C&A, Gap and Inditex, sent a letter to the Burmese government to support the proposed minimum wage rate for the garment industry. ETI affirms that international companies sourcing garments from Myanmar are attracted by – rather than deterred from – a minimum wage that has been negotiated through a tripartite mechanism, and that the garment industry can retain skilled workers only by implementing the same level of minimum wage as in other sectors. ■

# MAJOR ECONOMIC INDICATORS

## INDONESIA

	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
Quarterly GDP (real yoy growth %)		4.7 (1Q15)			-	
Production index of large and medium manufacturing (yoy growth %)	5.1	2.6	7.4	6.4	8.2	-
Manufacturing PMI (Nikkei)	48.5	47.5	46.4	46.7	47.1	47.8
Real retail sales index (yoy growth %)	10.9	16.0	19.7	23.1	19.8	18.5
Consumer price index (yoy growth %)	7.0	6.3	6.4	6.8	7.1	7.3
Exports (yoy growth %)	-8.1	-16.0	-9.8	-8.5	-15.2	-12.8
Exports (FOB, US\$ mn)	13,300.9	12,289.1	13,710.8	13,083.7	12,564.6	13,440.7
<i>Of which:</i>						
Textile and textile products (US\$ mn)	1,016.9	991.6	1,120.7	1,053.8	1,023.7	-
Footwear (US\$ mn)	395.5	330.7	342.4	417.3	426.8	-
Furniture (US\$ mn)	143.2	149.2	160.6	159.1	136.8	-
Sports requisites (US\$ mn)	36.0	30.2	36.3	35.6	40.6	-
Imports (yoy growth %)	-15.6	-16.2	-13.4	-22.3	-21.4	-17.4
Imports (US\$ mn)	12,591.5	11,550.8	12,579.2	12,629.3	11,609.6	12,963.7

Source: Statistics Indonesia, Bank Indonesia, NIKKEI PMI reports

## PHILIPPINES

	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
Quarterly GDP (real yoy growth %)		5.2 (1Q15)			-	
Value of production index, manufacturing (yoy growth %)	-0.7	-7.0	8.9	-5.6	-7.3	-
Volume of production index, manufacturing (yoy growth %)	2.8	-1.7	14.9	0.1	-3.1	-
Producer price index (yoy growth %)	-3.4	-5.4	-5.2	-5.6	-4.4	-
Consumer price index (yoy growth %)	2.4	2.5	2.4	2.2	1.6	1.2
Exports (yoy growth %)	-0.5	-3.1	2.1	-4.1	-17.4	-
Exports (FOB, US\$ mn)	4,356.8	4,512.7	5,376.8	4,376.4	4,899.4	-
<i>Of which:</i>						
Woodcrafts and furniture (US\$ mn)	166.4	202.3	260.0	210.9	202.8	-
Garments (US\$ mn)	160.9	150.5	193.3	156.2	133.7	-
Travel goods and handbags (US\$ mn)	30.8	37.4	36.7	32.2	28.6	-
Imports (yoy growth %)	-14.2	11.2	-6.8	-12.8	-13.4	-
Imports (FOB, US\$ mn)	5,108.3	5,326.2	5,112.6	4,677.3	4,390.5	-
Balance of trade (US\$ mn)	-751.5	-813.5	264.2	-300.9	508.9	-

Source: National Statistics Office, National Statistical Coordination Board

## THAILAND

	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
Quarterly GDP (real yoy growth %)		3.0 (1Q15)			-	
Industrial production index (value added weight, not seasonally adjusted, yoy growth %)	-0.8	3.0	-1.7	-7.1	-7.6	-
Producer price index (yoy growth %)	-5.4	-4.9	-5.0	-5.4	-4.8	-3.7
Consumer price index (yoy growth %)	-0.4	-0.5	-0.6	-1.0	-1.3	-1.1
Exports (yoy growth %)	-3.4	-6.1	-4.4	-1.7	-5.0	-7.9
Exports (US\$ mn)	17,248.6	17,229.8	18,886.4	16,900.4	18,428.8	18,161.6
<i>Of which:</i>						
Textiles and apparel (US\$ mn)	579.4	545.5	605.8	553.4	598.6	607.3
Furniture (US\$ mn)	88.7	94.0	101.6	86.9	94.2	94.8
Footwear (US\$ mn)	54.0	53.5	53.8	54.9	66.4	66.5
Imports (yoy growth %)	-13.3	1.5	-5.9	-6.8	-20.0	-0.2
Imports (US\$ mn)	17,705.2	16,839.6	17,391.2	17,423.3	16,012.1	18,011.6
Trade balance (US\$ mn)	-456.5	390.1	1,495.2	-522.9	2,416.8	150.0

Source: National Economic and Social Development Board, Office of Industrial Economics, Ministry of Commerce

## VIETNAM

	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
Quarterly GDP (real yoy growth %)		6.1 (1Q15)			6.4 (2Q15)	
Industrial production index (yoy growth %)	16.4	7.0	9.1	9.5	7.5	11.1
Manufacturing PMI (Nikkei)	51.5	51.7	50.7	53.5	54.8	52.2
Retail sales of consumer goods and services (year-to-date, yoy growth %)	13.0	11.4	10.0	8.8	9.1	9.8
Price index of materials used for production (yoy growth %)		2.4 (1Q15)			2.1 (2Q15)	
Producer price index for industrial products (yoy growth %)		0.2 (1Q15)			-0.4 (2Q15)	
Consumer price index (yoy growth %)	0.9	0.3	0.9	1.0	1.0	1.0
Exports (year-to-date, yoy growth %)	14.0	8.4	8.8	6.9	7.7	9.3
Exports (US\$ mn)	13,404.7	9,513.2	13,344.7	13,348.0	13,699.1	14,325.4
<i>Of which:</i>						
Textiles & garments (US\$ mn)	1,918.2	1,341.3	1,627.6	1,636.1	1,709.2	2,124.5
Footwear (US\$ mn)	1,075.8	684.9	800.1	983.9	1,166.1	1,171.7
Wood & wooden products (US\$ mn)	588.7	397.8	544.3	556.6	542.2	569.4
Imports (year-to-date, yoy growth %)	39.2	21.9	20.1	16.6	16.4	16.7
Imports (US\$ mn)	13,798.8	10,479.7	14,735.6	13,199.5	14,938.0	14,465.3

Source: General Statistics Office of Vietnam, General Department of Vietnam Customs, NIKKEI PMI reports

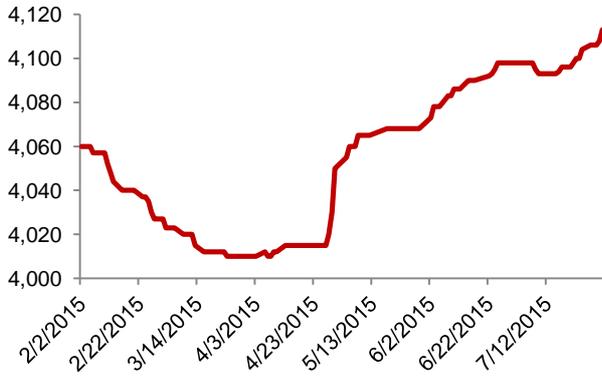
Macroeconomic data for Cambodia are not available as of the date of publishing

# DAILY EXCHANGE RATES

## FEBRUARY - JULY 2015

### CAMBODIAN RIEL

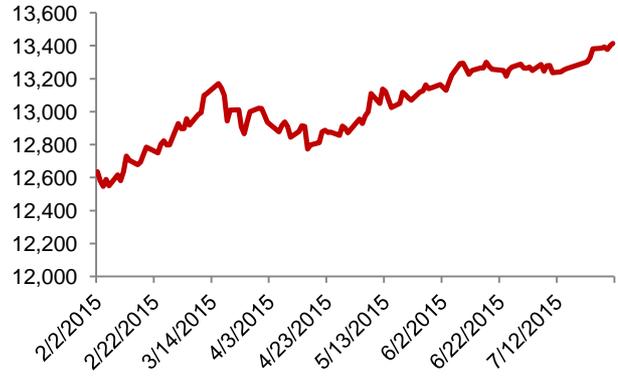
USD:KHR official exchange rate



Source: National Bank of Cambodia

### INDONESIAN RUPIAH

USD:IDR buy rate



Source: Bank Indonesia

### PHILIPPINE PESO

USD:PHP BSP reference rate



Source: Bangko Sentral ng Pilipinas (BSP)

### THAI BAHT

USD:THB mid-rate



Source: Bank of Thailand

### VIETNAMESE DONG

USD:VND spot rate



Source: Bloomberg

## 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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