ASIA SOURCING UPDATE

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IN THE NEWS

CAMBODIA

NATIONAL SINGLE WINDOW GOES LIVE TO IMPROVE TRADE EFFICIENCY

Cambodia's Ministry of Economy and Finance has officially launched the National Single Window (NSW) pilot system. The NSW is an internet-based facility that allows parties involved in trade and transport to lodge standardised information and documents to government agencies with a single-entry point to fulfil all import, export, and transit-related regulatory requirements.

On 1 July, the NSW pilot system started to issue the ASEAN Trade in Goods Agreement (ATIGA) e-Form D, an electronic certificate of origin for exports and imports used within ASEAN, signifying Cambodia's joining eventually the live implementation of the ASEAN Single Window (ASW), which connects and integrates the NSWs of ASEAN member countries to expedite the electronic exchange of customs clearance information.

According to Sin Chanthy, president of the Cambodia Freight Forwarders Association, the NSW will save traders time and reduce unofficial expenses. 'We have been waiting for an electronic system like this for a long time. The National Single Window will significantly reduce paperwork and save time. It will also help battle corruption, as traders won't have to meet directly with officials and thus won't be pressured to pay unofficial fees,' Chanthy said, quoted by the *Khmer Times*.

CAMBODIA

CHINESE BICYCLE MANUFACTURER RELOCATES PRODUCTION TO CAMBODIA

Chinese bicycle manufacturer Shanghai General Sports is building a 50-acre factory in Phnom Penh as part of its plan to shift some of its production from China to Cambodia, reported the *Straits Times* on 17 June. The move can help the Chinese manufacturer dodge the 25% additional tariff imposed by the US on Chinese bicycles starting from 10 May this year, while at the same time take advantage of Cambodia's duty-free access to the EU and US markets.

If the new factory in Cambodia is built at full speed, the Chinese manufacturer could produce 50,000 bicycles per month by the middle of next year, said Arnold Kamler, chairman of US bicycle company Kent International Inc, for which Shanghai General Sports produces most of its bicycles. Over the next three to four years, Shanghai General Sports will reduce the size of its factory in China by about 50% to 60%, Kamler added.

Cambodia's bicycle industry has gained rising popularity in recent years. In 2018, the EU imported US$357 million worth of bicycles from Cambodia, accounting for 29% of all bicycle imports to the region, while the US imported US$20 million bicycles from Cambodia, or 1.2% of the US bicycle import market share, according to the UN Comtrade database.

Cambodia's Ministry of Commerce also revealed that at least two Chinese bicycle manufacturers have completed business registration in Cambodia recently, including Evergrand Bicycle (Cambodia) and XDS Bicycle (Cambodia).

Cambodia's bicycle industry, however, is not without challenges. The country risks losing its duty-free access to the EU due to labour rights and human rights setbacks. The EU launched in February the process that could lead to a temporary suspension of Cambodia's trade preferences. Meanwhile, the industry relies on imports of components from other countries, making it difficult to satisfy the rules-of-origin requirement under the Generalised System of Preferences (GSP) in the EU or the US.

CAMBODIA

REITMANS PLANS TO EXPAND GARMENT SOURCING FROM THE COUNTRY

Canada's largest women's apparel retailer Reitmans will increase its garment sourcing from Cambodia to US$91 million for the 2019-2020 period, reported the *Phnom Penh Post*. Reitmans has started to source Cambodian garments since 2002 and it is Cambodia's largest garment buyer from Canada at present.

During a meeting with Commerce Secretary of State Ok Boung in July, the Canadian retailer's global sourcing consultant Gary Ross expressed optimism about the development of Cambodia's garment industry and the country's improving business and investment environment.

Canada is one of the largest markets for Cambodia's garment exports, after the EU, the US and Japan. Cambodia's garment exports to Canada amount to US$300 – US$400 million per year. The country provides duty-free access for Cambodia's exports, including textiles, garments and footwear, under its preferential tariff arrangement for least developed countries. ■

INDONESIA

INDONESIAN COURT CONFIRMS JOKOWI'S ELECTION WIN

On 27 June, Indonesia's constitutional court unanimously rejected an opposition legal challenge that April's presidential election was rigged and marred by corruption.

The national election commission declared in May that incumbent President Joko 'Jokowi' Widodo had won the election over his rival, Prabowo Subianto, who lodged a legal challenge to overturn the result. The announcement of the election result was followed by unrest in Jakarta, which saw nine people killed and several hundreds injured.

Both sides said that they would accept the court's rulings and Prabowo urged his followers to stay off the streets.

On 13 July, Jokowi and Prabowo held a reconciliation meeting on the newly-inaugurated mass rapid transit (MRT) system in Jakarta. The meeting sent strong signal to the business community that political stability and the rule of law remained strong in Indonesia.

INDONESIA

EXPORTS DECLINE BY 8.96% YOY IN JUNE

Exports dropped by 8.96% yoy to US$11.78 billion in June, according to data released by Statistics Indonesia (BPS) on 15 July. Non-oil and gas exports reached US$11.03 billion in June, down 2.31% compared to the same month last year.

The plunge in exports was attributable to declines in commodity prices as well as the religious holiday during the month. 'Some natural commodities have experienced steep price declines, including coal, palm oil, zinc, iron, and copper,' head of Statistic Indonesia Suhariyanto told the media in Jakarta. For instance, the Indonesia Crude Price (ICP) contracted to US$61 per barrel in June from US$68.07 per barrel in the previous month. He added that the first nine days of June had been part of the extended Idul Fitri holiday, leading to a decline in production and overall trade.

Global economic slowdown was cited as another factor leading to the poor performance of Indonesia's exports in June. 'The world economy is a problem. The financial sector is also under pressure,' said Coordinating Minister for Economic Affairs Darmin Nasution on 15 July, as quoted by local media *kontan.co.id*, adding that he did not expect a much better export performance in the coming months because of the global economic conditions.

On the other hand, imports in June increased by 2.8% yoy to US$11.58 billion. A trade surplus of US$196 million was recorded in the month, the second consecutive month that the country recorded a trade surplus.

Analysts cautioned that the trade surplus might be a bad sign for the economy. Bank Central Asia (BCA) chief economist David Sumual noted that imports of raw and auxiliary materials, which were necessary to boost economic activity and exports, had declined.

Bhima Yudhistira Adhinegara, economist at Jakarta-based think tank Institute for Development of Economics and Finance, echoed Sumual's concern. 'Economic growth in the second quarter could well turn out to be below the government's expectation of 5%,' Bhima said. 'A drop in imports is not always a good thing if it is raw material imports needed for production.'

INDONESIA

GOVERNMENT PLANS TO REDUCE CORPORATE INCOME TAX

The Indonesian government is considering revisions to the corporate income tax law, seeking to cut the tax rate from 25% to 20% in order to attract more investment, Finance Minister Sri Mulyani Indrawati said on 19 June.

Parliamentary approval is required for changes to the corporate tax rate.

'We are working out how quick (this new policy) can be implemented and how much it will impact fiscal risks,' Sri Mulyani said, as quoted by *CNN Indonesia*. The comment came after President Jokowi expressed his disappointment with Indonesia's investment performance in recent years in front of his ministers in a cabinet meeting on 19 June.

In addition, the government has put in place other tax breaks to boost economic growth.

The price threshold at which luxury sales tax is applied to houses and apartments was raised, the office of the cabinet secretary announced on 19 June. The tax will now be applied only to properties or apartments worth at least 30 billion rupiah, down from the previous thresholds of 20 billion rupiah for landed properties or 10 billion rupiah for apartments.

The income tax rate for infrastructure-related securities would be cut to 5% from 15%, announced Sri Mulyani in a statement published on the cabinet's website. However, no specific timeline was given.

Previously announced plans for a 'super deductible tax' incentive, which allows a company to deduct its taxes at double the amount it invests in skills training and triple the size of its investment in research and development, will soon be issued, according to Sri Mulyani's statement. ■

PHILIPPINES

FACTORY OUTPUT CONTINUES TO SLIDE IN MAY

The Philippines' factory output, both in value and volume, continued to decline year-on-year in May, albeit at a slower pace than in April, according to data released by the Philippine Statistics Authority (PSA).

The value of production index (VaPI) posted a decline of 2.1% yoy in May, the fourth consecutive month that recorded a contraction, although it was slower than the 11.3% yoy decline in April. The contraction of VaPI in May was led by double-digit declines in 'leather products' (-18.3% yoy), 'food manufacturing' (-17.7% yoy), 'miscellaneous manufactures' (-15.6% yoy) and 'basic metals' (-13.5% yoy).

Meanwhile, the volume of production index (VoPI) contracted by 4.0% yoy in May, the sixth straight month that registered a decline. Six major industries witnessed a contraction of output volume in the month, led by 'furniture and fixtures' (-35.0% yoy), 'food manufacturing' (-14.0% yoy) and 'miscellaneous manufactures' (-8.5% yoy).

The average capacity utilisation rate stood at 84.4% in May, with 60.1% of establishments covered in the survey operating at over 80% of capacity in the month.

PHILIPPINES

EXPORTS FALL 1.3% YOY IN JANUARY – MAY

The Philippine Statistics Authority (PSA) reported on 10 July that the country's merchandise exports rose by a mere 1.0% yoy to US$6.15 billion in May, the second consecutive month that recorded a year-on-year increase. In the first five months of 2019, exports amounted to US$28.11 billion, a 1.3% decline compared to the same period last year. The decline in exports in the 5-month period was mainly attributed to a subdued global economy and weak global trade.

In January – May, exports of electronic products, the country's largest export category, remained flat compared to the same period last year, while four of the top ten export categories, including 'machinery and transport equipment', 'chemicals', 'copper concentrates' and 'other manufactures' posted year-on-year declines. Beyond the top-10 list, exports of 'apparel and accessories' witnessed a decline of 6.8% yoy, while exports of 'travel goods and handbags' increased by 2.0% yoy in the period.

By major export destination, the US, Japan and China were among the Philippines' top three export markets in the 5-month period. While exports to the US and China grew by 9.8% yoy and 8.1% yoy, respectively, exports to Japan shrank by 2.6% yoy in the period.

The country's export performance is expected to improve in the second half of this year due to the country's positive economic outlook, according to the National Economic and Development Authority (NEDA). 'Global economic outlook for 2019 remains subdued as policy uncertainties and some geopolitical tensions continue to pose risks to many economies. But amid these external developments, the country's economic outlook remains upbeat,' said Socioeconomic Planning Secretary Ernesto M. Pernia.

PHILIPPINES

IMPLEMENTING RULES AND REGULATIONS OF EASE OF DOING BUSINESS LAW SIGNED

The Philippine government on 17 July signed the much-awaited *Implementing Rules and Regulations* (IRR) of the *Ease of Doing Business and Efficient Government Service Delivery Act*, or *Republic Act 11032* (the Act), translating the law into concrete actions. The Act was signed into law in May last year, but it took more than a year for the IRR to be issued, according to local media the *Philippine Star*. The Act aims at streamlining the current systems and procedures of government services and eliminating corruption in government agencies.

Following the approval of the IRR, the Anti-Red Tape Authority (ARTA), which has been formed to implement relevant regulatory reforms as mandated by the Act, will issue separate guidelines for agencies with quasi-judicial functions.

The Act and the IRR will apply to all government agencies, national or local, government owned and controlled corporations, and government institutions located in the Philippines or abroad.

The Act and the IRR stipulate standardised deadline for government transactions — simple transactions should be acted upon by the government offices concerned within three working days, within seven working days if the transaction is complex, and within 20 days if highly technical. Meanwhile, all government offices and agencies are mandated by the law to automate their business permit and licencing systems, set up one-stop business facilitation services, and to use online unified application forms for business permits and business renewals. ■

THAILAND

EXPORTS DIP FOR FOURTH CONSECUTIVE MONTH IN JUNE

Thailand's customs-based exports amounted to US$21.41 billion in June, a 2.1% drop compared to the same month last year, according to data released by the Ministry of Commerce. It was the fourth consecutive month that posted a year-on-year contraction, following declines of 6.2% yoy in May, 2.8% yoy in April and 5.3% yoy in March. In the first half of 2019, exports fell 2.9% compared to the same period last year.

Commenting on the export figures, Pimchanok Vonkorpon, director-general of the Trade Policy and Strategy Office under the Ministry of Commerce, attributed the poor export performance in June to the China-US trade war, as Thailand plays a key part in the supply chain for Chinese exports to the US. Meanwhile, lower global oil prices also caused export value of some related products to drop. Ms. Pimchanok believed that exports would start recovering in the fourth quarter this year.

In the first half of 2019, exports to the US, which replaced China as Thailand's largest export market, surged by 17.3% yoy, while exports to China shrank by 9.7% yoy. Among the top ten export categories, computers and parts, polyethylene resin, chemical products, refined fuels, electronic circuits and machinery and parts recorded double-digit year-on-year declines in export value in the 6-month period.

The Commerce Ministry has recently set up a new committee, comprising representatives from several trade associations, to act as a forum for the exchange of ideas and suggestions to tackle the problem of dampening exports.

THAILAND

THAI BAHT OUTPERFORMS ITS ASIAN CURRENCY PEERS IN FIRST HALF OF 2019

The Thai baht, which appreciated by 5.6% against the US dollar in the first half of 2019, became the best-performing currency in Asia in the period, the *Nikkei Asian Review* reported on 2 July. The exchange rate of the baht closed at 30.68 per US dollar on 28 June, hitting a 6-year high, based on exchange rates provided by *Bloomberg*.

The strong baht was attributed to a number of factors, including solid current-account surplus, near-record foreign-exchange reserves, robust tourism flows, a greater clarity pertaining to Thailand's political development, and opposing monetary policies of the central banks of Thailand and the US. While the Bank of Thailand (BOT) has maintained a neutral stance in its monetary policy after raising its benchmark policy rate from 1.5% to 1.75% last December, the US Federal Reserve's tightening cycle paused earlier this year and interest rates have been cut recently for the first time since 2008 amid a weakening global economic outlook and escalating trade tensions.

In its *Monetary Policy Report* released in June, the monetary policy committee of the BOT expressed concerns over the baht's appreciation, which might be inconsistent with Thailand's slower economic growth and stumbling exports, saying that it would continue to closely monitor the Thai baht movements and capital flows. In July, the BOT introduced measures to mitigate non-resident short-term speculation at a time when volatility in global financial market was heightened.

THAILAND

MINIMUM WAGE TO RISE GRADUALLY

While the business sector is worrying about a drastic minimum wage hike to over 400 baht per day proposed by the coalition parties during the election campaign, the newly-appointed Labour Minister MR Chatumongol Sonakul said the country's minimum wage would rise gradually, with increases applied to those industries able to absorb them.

Chatumongol admitted that a wage increase would affect employers and the macro economy, thus careful consideration prior to the decision is needed. Not all industries are able to absorb an immediate minimum wage increase to 400 baht per day, he said. The minister added that he would give emphasis on development of labour skills, and the ministry would draw up guidelines and set a timeframe to achieve the workforce transformation.

In an earlier interview on 5 July, Labour Ministry's Permanent Secretary Suthi Sukosol said a tripartite national wage committee would meet in the next one to two months to assess the wage revision based on the state of the economy and industries' competitiveness, reported by *Bloomberg*. It won't be long before a decision is made, the official said.

During political campaigns leading up to the general election held in March, the pro-military Palang Pracharath Party and Democrat Party — both now part of the coalition government — had proposed an increase of the minimum wage to 400-425 baht per day and 120,000 baht a year, respectively.

Most Thai companies are opposing the sharp increase of minimum wage to over 400 baht per day from the current rates ranging from 308 to 330 baht. In a recent survey conducted by the Thai Chamber of Commerce, about 93.9% of the 1,355 members of commerce chambers and business organisations surveyed disagree with a drastic minimum wage hike to over 400 baht. ■

VIETNAM

EU-VIETNAM FTA SIGNED

Following the European Council's approval on 25 June, the EU-Vietnam Free Trade Agreement (EVFTA) and the EU-Vietnam Investment Protection Agreement (EVIPA) were signed in Hanoi on 30 June.

The EVFTA was initiated in June 2012 and negotiations concluded in 2015. After legal review, the EU proposed in September 2017 to divide the original EVFTA into the EVFTA and EVIPA.

Under the EVFTA, over 99% of tariffs on goods traded between the two sides will be lifted, while the EVITA aims at enhancing the EU's investment in Vietnam.

After being signed, the two deals will be submitted to the European Parliament (EP), which is expected to grant approval for the EVFTA by early 2020. The EVIPA, on the other hand, is expected to take at least two years to be ratified by the EP and parliaments of EU member states.

It is believed that Vietnam's textile, garment and footwear industries stand to benefit greatly from the EVFTA as tariffs on these products will be curbed to zero by 2026 under the EVFTA. Vu Duc Giang, chairman of the Vietnam Textile and Apparel Association, said the EVFTA would increase apparel exports to the EU by more than US$100 billion annually.

However, analysts cautioned about the timing and strict origin requirements for the benefits. According to a report released by Bao Viet Securities Co (BVSC) in June, as quoted by *Viet Nam News*, textile, garment and footwear products made in Vietnam will not enjoy immediate tariff cuts after the EVFTA comes into effect. Instead, Most Favoured Nation (MFN) tariffs will automatically replace the Generalised System of Preferences (GSP) rates immediately after the EVFTA becomes effective. This means for the first few years of EVFTA's implementation, most local garment and footwear products will be subject to higher tariff rates than the GSP rates, which are around 9% on average for garment products and around 8% on average for footwear products at present[1].

In the longer term, however, Vietnamese footwear, textile and apparel enterprises will benefit significantly from the EVFTA because the tariff preferences under the EVFTA are stable, while GSP tariff rates are volatile and can be changed annually, according to the BVSC report. Most apparel products that Vietnam has been exporting to the EU will see tariffs eliminated gradually from the MFN rate of 12% to zero in 3-7 years after the EVFTA comes into effect. Similarly, tariffs on footwear products will be reduced from the MFN rate of 12.4% to zero in 3-7 years.

In addition to the timing, the BVSC report also cautioned that in order for textile and garment exports to take advantage of preferential tariffs under the EVFTA, fabrics used to make the products must originate from Vietnam or the EU, or markets with free trade agreements with the two sides (such as South Korea).

Although the rules of origin in the EVFTA are not as strict as in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), Vietnamese firms still face several challenges because most of them only engage in cutting and sewing while most input materials are imported from China and Taiwan.

To gain full benefits from the EVFTA, Vietnam must therefore focus on developing the textile industry and the supporting industry for the textile and garment sector to supply input materials.

VIETNAM

HO CHI MINH CITY TO OFFER SUPPORT TO SELECTED INDUSTRIES

Ho Chi Minh City is offering support in the form of financial assistance, land, workforce training, technology, trade promotion, and brand building assistance to businesses making key and promising industrial products, according to the city's Department of Industry and Trade (DoIT).

The city has identified seven key industrial product groups — moulded metallic products such as high-precision moulds, steel and machine parts; electronic goods and cables; plastic and rubber; processed foodstuff; beverages; information technology; apparel; and other groups of industrial products with high potential.

'The city will prioritise allocation of industrial lands to enterprises investing in the production of key and promising industrial products, besides creating favourable conditions in terms of administrative procedures for investors,' said Nguyen Phuong Dong, the deputy director of DoIT. According to the city's land use zoning plans for until 2020, there are 6,245 hectares of industrial land, an increase of 1,500 hectares from 2010.

Businesses in the targeted industries will benefit from the city's investment stimulation programme, be part of the city's programme to link banks and businesses, and their products will get priority in allocation of public investment and procurement, added Dong.

Other supportive measures for the targeted industries include programmes that help small- to medium-sized enterprises improve their competitiveness and integrate globally, human resource training programmes, and financial assistance to promote their products at trade fairs and exhibitions in and outside the country.

Besides, the city has been offering great support to businesses in developing the key industrial products in the form of assistance with research

[1] WTO Tariff Analysis Online database.

and technological development, commercialising their research results, technology transfer, incubating start-up projects, and others, according to Nguyen Ky Phung, deputy director of the city's Department of Science and Technology.

VIETNAM

HANESBRANDS INTENDS TO EXPAND PRESENCE IN VIETNAM

HanesBrands Vietnam, subsidiary of the US-based basic apparel company HanesBrands Inc., is planning to increase the number of its factories and expand the scale of production in Vietnam, the group's senior vice president of government and trade Jerry Cook said at a meeting with Deputy Prime Minister Trinh Dinh Dung on 12 June, reported the *Hanoitimes*.

Dung welcomed HanesBrands' decision to expand business in Vietnam and affirmed that the government would continue to create favourable conditions for US companies including HanesBrands to do business in the country.

Founded in 2007, HanesBrands Vietnam exports apparel products, mainly bras, panties, underwear, socks and T-shirt, to the US, Canada, Japan, Australia and China.

HanesBrands is running seven plants in Vietnam with nearly 12,000 workers, producing 26% of the group's total output worldwide. Last year, the export turnover of HanesBrands Vietnam was estimated at US$400 million. ■

MAJOR ECONOMIC INDICATORS

CAMBODIA

	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19
Consumer price index (yoy growth %)	2.6	2.6	3.1	2.5	1.6	1.5
Exports (yoy growth %)	24.5	13.0	-3.8	34.7	-2.4	-10.6
Exports (fob, in Cambodian riel billion)	5,640.2	5,006.6	3,537.0	4,435.8	4,565.8	4,324.6
Of which:						
Garments (in Cambodian riel billion)	3,776.1	3,557.3	2,377.5	2,954.4	2,877.0	2,898.8
Footwear (in Cambodian riel billion)	403.0	319.5	264.2	388.8	456.8	376.0
Bicycles (in Cambodian riel billion)	144.9	117.9	117.0	121.0	172.6	175.2
Imports (yoy growth %)	48.9	13.4	51.8	-5.1	47.1	45.5
Imports (fob, in Cambodian riel billion)	6,203.5	5,746.1	6,056.0	4,391.6	6,575.4	6,656.0

Note: January 2019 figures are the most up-to-date as of the date of publishing.
Source: National Bank of Cambodia

INDONESIA

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
Quarterly GDP (real yoy growth %)		5.1 (1Q19)			-	
Production index of large and medium manufacturing (yoy growth %)	4.9	0.6	7.9	-	-	-
Manufacturing PMI (Nikkei)	49.9	50.1	51.2	50.4	51.6	50.6
Real retail sales index (yoy growth %)	7.2	9.1	10.1	6.7	7.7	2.2
Consumer price index (yoy growth %)	2.8	2.6	2.5	2.8	3.3	3.3
Exports (yoy growth %)	-4.4	-11.2	-9.0	-9.5	-8.5	-9.0
Exports (FOB, US$ mn)	13,927.9	12,555.9	14,121.9	13,113.6	14,825.2	11,779.8
Of which:						
Textile and textile products (US$ mn)	1,199.3	1,066.3	1,122.7	1,013.9	1,229.5	-
Footwear (US$ mn)	469.6	331.0	346.1	377.7	407.7	-
Furniture (US$ mn)	159.0	144.5	154.2	141.4	166.4	-
Sports requisites (US$ mn)	34.3	27.9	32.7	39.0	52.1	-
Imports (yoy growth %)	-2.1	-13.8	-7.0	-4.7	-17.3	2.8
Imports (US$ mn)	14,991.4	12,226.0	13,451.1	15,399.2	14,606.7	11,583.8

Source: Statistics Indonesia, Bank Indonesia, Nikkei PMI reports

PHILIPPINES

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
Quarterly GDP (real yoy growth %)		5.6 (1Q19)			-	
Value of production index, manufacturing (yoy growth %)	0.8	-5.9	-4.4	-11.3	-2.1	-
Volume of production index, manufacturing (yoy growth %)	-2.7	-8.7	-8.4	-14.3	-4.0	-
Manufacturing PMI (Nikkei)	52.3	51.9	51.5	50.9	51.2	51.3
Producer price index (yoy growth %)	3.6	3.1	4.3	3.6	2.0	-
Consumer price index (yoy growth %) *	4.4	3.8	3.3	3.0	3.2	2.7
Exports (yoy growth %)	-6.7	-0.1	-1.8	1.0	1.0	-
Exports (FOB, US$ mn)	5,279.0	5,221.7	5,913.9	5,536.4	6,154.9	-
Of which:						
Woodcrafts and furniture (US$ mn)	54.7	57.1	52.8	47.0	53.4	-
Garments (US$ mn)	73.6	79.5	81.8	57.1	70.0	-
Travel goods and handbags (US$ mn)	39.4	50.7	50.1	40.8	52.0	-
Imports (yoy growth %)	3.6	2.6	7.8	-1.9	-5.4	-
Imports (FOB, US$ mn)	9,199.1	7,965.6	9,013.9	9,005.3	9,429.5	-
Balance of trade (US$ mn)	-3,920.1	-2,743.8	-3,100.1	-3,468.9	-3,274.6	-

Source: Philippine Statistics Authority, Nikkei PMI reports

THAILAND

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
Quarterly GDP (real yoy growth %)		2.8 (1Q19)			-	
Industrial production index (value added weight, not seasonally adjusted, yoy growth %) *	0.6	-1.3	-2.7	1.5	-3.4	-5.5
Manufacturing PMI (Nikkei)	50.2	49.9	50.3	51.0	50.7	50.6
Producer price index (yoy growth %)	-1.1	-0.6	0.4	0.7	0.0	-1.1
Consumer price index (yoy growth %)	0.3	0.7	1.2	1.2	1.1	0.9
Exports (yoy growth %)	-5.9	5.4	-5.3	-2.8	-6.2	-2.1
Exports (US$ mn)	18,993.9	21,553.7	21,440.2	18,555.6	21,017.9	21,409.3
Of which:						
Textiles and apparel (US$ mn)	592.4	576.5	629.8	545.6	623.9	568.2
Furniture (US$ mn)	90.2	94.3	105.1	92.4	109.2	103.3
Footwear (US$ mn)	50.9	50.3	49.9	51.0	59.5	53.6
Imports (yoy growth %)	14.0	-10.1	-7.6	-0.7	-0.7	-9.4
Imports (US$ mn)	23,026.3	17,519.2	19,435.6	20,012.9	20,836.4	18,197.1
Trade balance (US$ mn)	-4,032.4	4,034.4	2,004.7	-1,457.2	181.5	3,212.2

** Starting from January 2019, the base year for the industrial production index has adjusted to 2016.*
Source: National Economic and Social Development Board, Office of Industrial Economics, Ministry of Commerce, Nikkei PMI reports

VIETNAM

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
Quarterly GDP (real yoy growth %)		6.8 (1Q19)			6.7 (2Q19)	
Industrial production index (yoy growth %)	8.1	10.3	9.1	9.3	10.0	9.6
Manufacturing PMI (Nikkei)	51.9	51.2	51.9	52.5	52.0	52.5
Retail sales of consumer goods and services (year-to-date, yoy growth %)	12.2	12.2	12.0	11.9	11.6	11.5
Price index of materials used for production (yoy growth %)		2.6 (1Q19)			2.8 (2Q19)	
Producer price index for industrial products (yoy growth %)		1.5 (1Q19)			2.3 (2Q19)	
Consumer price index (yoy growth %)	2.6	2.6	2.7	2.9	2.9	2.2
Exports (year-to-date, yoy growth %)	8.9	4.2	5.3	6.5	7.1	7.2
Exports (US$ mn)	22,075.7	13,905.4	22,779.6	20,439.8	21,904.6	21,427.8
Of which:						
Textiles & garments (US$ mn)	3,294.1	1,308.2	2,533.8	2,343.2	2,733.2	2,880.0
Footwear (US$ mn)	1,769.0	853.8	1,309.5	1,455.8	1,718.6	1,636.1
Wood & wooden products (US$ mn)	981.1	401.0	882.4	857.6	902.1	805.7
Toys and sports requisites (US$ mn)	126.7	61.5	100.6	113.1	126.4	138.5
Imports (year-to-date, yoy growth %)	5.4	5.8	8.0	10.9	10.6	8.9
Imports (US$ mn)	21,260.2	14,673.6	21,153.5	20,994.5	23,193.8	19,494.8

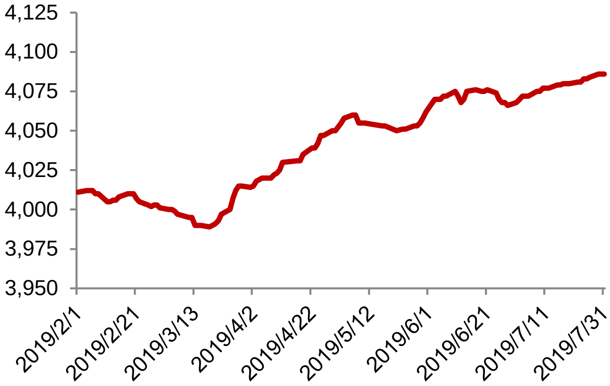
Source: General Statistics Office of Vietnam, General Department of Vietnam Customs, Nikkei PMI reports

DAILY EXCHANGE RATES

FEBRUARY – JULY 2019

CAMBODIAN RIEL

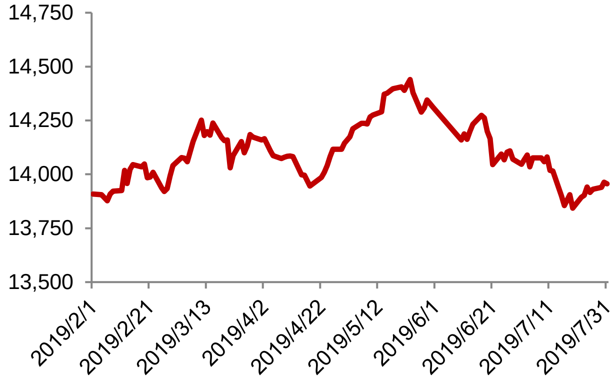
USD:KHR official exchange rate



Source: National Bank of Cambodia

INDONESIAN RUPIAH

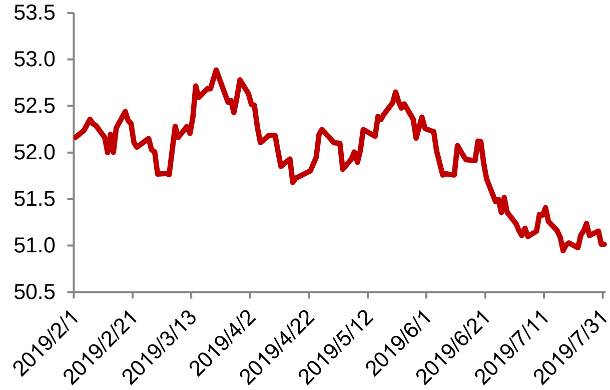
USD:IDR buy rate



Source: Bank Indonesia

PHILIPPINE PESO

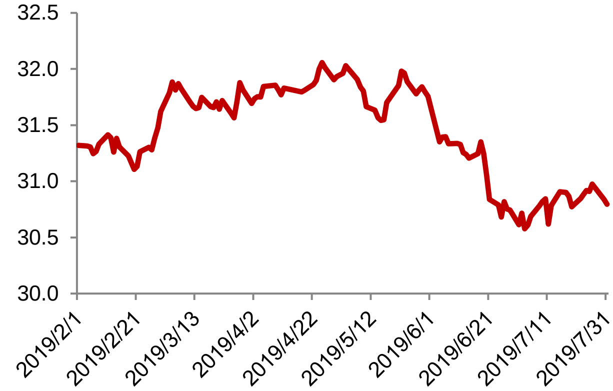
USD:PHP BSP reference rate



Source: Bangko Sentral ng Pilipinas (BSP)

THAI BAHT

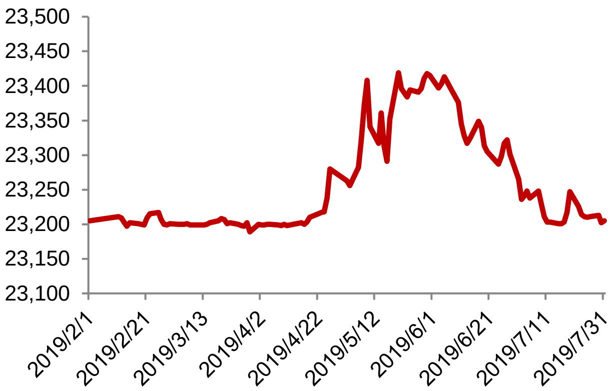
USD:THB mid-rate



Source: Bank of Thailand

VIETNAMESE DONG

USD:VND spot rate



Source: Bloomberg

FUNG BUSINESS INTELLIGENCE

Fung Business Intelligence collects, analyses and interprets market data on global sourcing, supply chains, distribution, retail and technology.

Headquartered in Hong Kong, it leverages unique relationships and information networks to track and report on these issues with a particular focus on business trends and developments in China and other Asian countries. Fung Business Intelligence makes its data, impartial analysis and specialist knowledge available to businesses, scholars and governments around the world through regular research reports and business publications.

As the knowledge bank and think tank for the Fung Group, a Hong Kong-based multinational corporation, Fung Business Intelligence also provides expertise, advice and consultancy services to the Group and its business partners on issues related to doing business in China, ranging from market entry and company structure, to tax, licensing and other regulatory matters.

Fung Business Intelligence was established in the year 2000.

About Fung Group

Fung Holdings (1937) Limited, a privately-held business entity headquartered in Hong Kong, is the major shareholder of the Fung Group of companies, whose core businesses operate across the entire global supply chain for consumer goods including trading, logistics, distribution and retail. The Fung Group comprises 42,000 people working in more than 40 economies worldwide. We have a rich history and heritage in export trading and global supply chain management that dates back to 1906 and traces the story of how Hong Kong and the Pearl River Delta emerged as one of the world's foremost manufacturing and trading regions. We are focused on both creating the Supply Chain of the Future to help brands and retailers navigate the digital economy as well as creating new opportunities, product categories and market expansion for brands on a global scale.

For more information, please visit www.funggroup.com

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