

Virtual Trade Mission: Southeast Asia

Southeast Asia Overview

The six major countries in Southeast Asia – Indonesia, Malaysia, Philippines, Singapore, Thailand, and Vietnam – have a combined population of 582 million and GDP of US\$3 trillion. If it were a single nation, it would be the third most populous country and the fifth largest economy in the world. It would also have the eight largest consumption expenditure globally.

The region is among the fastest growing in the world, with ASEAN (Association of Southeast Asian Nations) having witnessed an average annual GDP growth of 5.3% between 2000 and 2018, supported by an increasingly well-educated workforce, abundant natural resources, and favorable geographic location at the heart of the Asia-Pacific region.

The region's population has a median age of around 30 years, providing an ample labor pool to support growth in the coming years. This youthful demographic profile also translates into receptivity to new technologies.

Between 2019 and 2022, 50 million new consumers are expected to join the ranks of the middle class in Indonesia, Malaysia, the Philippines, Thailand, and Vietnam. The middle class will expand to include 350 million people and continue on its upward trajectory, propelled by greater access to the flourishing digital economy and aspirations to better lives for themselves, their families, and their communities.

The above makes ASEAN a key export market for the U.S. In 2019, it was the fourth largest export destination for the U.S., after Canada, Mexico, and China, receiving US\$108 billion worth of exports originating from the U.S.



Ho Chi Minh, Vietnam

Opportunities in Key Southeast Asian Markets

Information & Communication Technology (ICT)

Adoption of new technologies is changing the way business is conducted, with countries such as the Philippines, Singapore, Thailand, and Vietnam on course to run digitalized economies by 2025. The region's internet economy grew 40% in 2019 to US\$100 billion in gross merchandise value and is on track to hit US\$300 billion by 2025. The sector offers an enormous opportunity for Virginia companies as Southeast Asian countries are seeing a rapid growth in internet, digital, social media, and mobile activity. ASEAN countries are set to enter the top five global regions in terms of the application of digital technologies. The ASEAN ICT Masterplan 2020, which aims to achieve a digitally enabled economy that is secure, sustainable, and transformative, opens opportunities in digital education, next-generation ICT such as sensor networks and Internet of Things (IoT), cybersecurity, digital trade, big data framework, broadband access, cloud computing, and smart city developments.

- Smartphone connectivity to the internet in Southeast Asia is now nurturing an environment where a large unbanked/underbanked population can now conduct monetary and trading transactions via mobile devices in reliable ways. Consequently, new forms of financial technology are developing and supporting a growing fintech sector.
- SMEs in the region are moving to cloud and adopting Software-as-a-Service.

Healthcare

Southeast Asia has witnessed huge advances in the health of its citizens in less than 20 years, advancing from caring for the sick to huge preventative initiatives. The total combined healthcare expenditure of the six largest economies, estimated at US\$420 billion in 2017, is expected to increase by 70% over the next 20 years. The rising middle-class demographic in Southeast Asia is likely to be reflected in greater demand for quality health services and medical products. Another key driver is the aging population, predicted to make up 21% of its population by 2050, who will require early diagnosis of chronic disease and effective treatments.

- The medical device manufacturing sector is as yet undeveloped in the region, making ASEAN a net importer with countries such as Vietnam and Philippines importing more than 90% of their requirements. Thailand is seeking to move up the value chain through medical device contract manufacturing and is keen to make development of the sector a national economic focus.
- Singapore is looking towards technological healthcare solutions and is supportive of digital innovators, allocating US\$2.95 billion for R&D in health and biomedical sciences for the period 2016-2020.
- The impact of the COVID-19 pandemic has led to massive demand in the region for testing technologies, personal protective equipment, and ICT-based technologies in healthcare, such as mobile-based healthcare services and telemedicine.

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With the support of VEDP and its in-country consultant, we had great meetings with very good companies and a high potential for us to expand our business in Malaysia.

2018 Attendee,
Trade Mission to Southeast Asia

Cleantech

Southeast Asian countries are straining to cope with the pace of rapid industrialization and urbanization. The region faces a combination of rising and sometimes urgent demand for cleantech solutions, coupled with a lack of local expertise in many areas. This has led to policies and regulations that encourage the growth of the cleantech sector in Southeast Asia, which has lower market entry barriers than many other Asian markets.

- The rapid growth of volumes of municipal solid waste has become a major concern across all Southeast Asian countries, leading to a growing demand for sanitary landfill technologies, waste segregation and treatment technologies, and waste-to-energy technologies.
- Southeast Asia has become the world's 'dumping ground' for plastic waste. Many small plastics recycling plants in the region are now looking to upgrade their capacity, and require better equipment for mechanical recycling, plastic waste labelling, and segregation technologies to increase the volume and quality of plastic waste produced. Larger plastics recyclers would benefit from technologies such as chemical recycling processes to produce a more reliable supply of higher-quality plastics and to treat more types of plastics.
- The wastewater and sanitation infrastructure is underdeveloped in Thailand and Vietnam, where only a small fraction of wastewater is properly treated. However, given the severe public funding constraints, the industrial wastewater sector represents a better opportunity for Virginia companies. Singapore is very receptive to new and innovative wastewater recycling solutions.
- Non-revenue water is a key issue for most of the countries in Southeast Asia, which need cost-effective and innovative technologies for inspection, monitoring, and management of water pipelines. Singapore, which is nurturing broader environmental solutions, is more concerned about water security, and has developed into a 'Global Hydrohub' with approximately 180 companies in its water industry ecosystem.

Energy

Southeast Asia's growth in electricity demand is among the fastest in the world. Since 2000, overall energy demand has grown by more than 80%, most of which has been met by a doubling in fossil fuel use. In order to meet the power deficit, ASEAN countries are required to add 354,000 MW of additional capacity for power generation by 2040. It is estimated that total costs for new generating capacity, distribution, and transmission networks could exceed US\$1.2 trillion. The region has considerable potential for renewable energy, which currently meets only around 15% of the region's energy demand. Hydropower output has quadrupled since 2000, and the modern use of bioenergy in heating and transport has also increased rapidly. Despite falling costs, solar and wind energy remains small, though some markets are now putting in place frameworks to better support their deployment.

- Thailand's solar capacity amounts to 60% of the total installed, and it represents the region's largest solar market. It's solar energy accounts for around 3,300MW, which has more than doubled since 2014, and is halfway towards a target of 6,000MW set for 2036.
- Vietnam has plans to increase total hydroelectric capacity to 27.8 GW by 2030. However, the utilization of Vietnam's river system has been saturated, and the government is now viewing small scale projects as the best, most sustainable way of tapping the nation's still large potential of small hydropower plants under 30 MW. In addition, the country has huge wind energy potential – it is estimated that total potential of wind power in the country is 200 times that generated by the largest hydropower plant in the country.
- In Singapore, as well as in the key cities across Southeast Asia, there are prospects for providing rooftop photovoltaic systems both for manufacturing and other industrial users as well as commercial buildings and private dwellings.

Infrastructure

The ASEAN infrastructure market holds huge potential for Virginia companies over the next decade. New seaports, airports, railways, highways, and power projects are the principal sectors promising to transform ASEAN countries and help propel economic growth well into the future. The needs of the various ASEAN countries vary markedly, with strong demand coming from Vietnam, the Philippines, and Indonesia.

- Public spending in the Philippines is set to reach around US\$160 billion in the Philippines, with infrastructure development the main priority for the country.
- Vietnam is in need of better transport infrastructure to keep pace with the country's rapid economic growth. A new law on public-private partnerships (PPPs) in Vietnam will boost infrastructure development in the country. Currently, there are 98 major infrastructure projects in planning earmarked as PPPs, of which 58 are roads and bridges, with an estimated value of US\$20.8 billion.
- The Thai government has proceeded with many major infrastructure projects to lay foundation for future growth including approval of some 2,000 kms of double-track trains, a high-speed rail to link three airports, an increase airport capacity, and an unprecedented expansion of Bangkok's mass transit network.

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The quality and quantity of meetings organized by VEDP and their in-country consultant was greatly appreciated. We would have been unable to reach these companies on our own. Having the local support from the in-country consultant is needed in order to understand the way business is conducted. We are looking forward to positive business development with this country and the companies contacted.

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Details

The objective for this virtual trade mission is to arrange and conduct quality meetings between you, our VEDP client, and potential sales partners (agents, representatives, or distributors) and/or customers in Southeast Asia. Our ultimate goal is for these meetings to help you generate new sales for your company to customers in Southeast Asia and to provide you with market intelligence.

To verify that Southeast Asia is a good market for your company, contact your local International Trade Manager or the Trade Mission leader immediately! We only want you to participate if we think there is good market potential in Southeast Asia for your company. We can perform exploratory market research within a short period of time to verify market potential for you. The more time you give us, the better job we can do!

Trade Mission Dates

May 10-14, 2021

Registration Deadline

March 12, 2021

Schedule:

The virtual trade mission will take place over a two- to three-week period (to be confirmed with consultant). This allows for flexibility when dealing with scheduling and time zone constraints.

The itinerary is planned as follows, and is subject to change:

Date	Day	Activity
March 12, 2021	Friday	Last day for registration
During the week of May 3, 2021		Conduct virtual Doing Business in Southeast Asia briefing
May 10, 2021	Monday	Virtual Trade Mission begins; Individual meetings
		Virtual meetings continue for two - three weeks as scheduled by the in-country consultant
May 28, 2021	Friday	Virtual Trade Mission ends



Registration:

How do I register to participate?

Register and pay the trade mission fee online:

<https://seasiatrademission2021.eventbrite.com>

The registration process is ongoing. Based on past trade missions, we expect 6-10 Virginia companies to participate.

You must pay the trade mission participation fee of \$2,500 to VEDP at the time of registration. The participation fee includes the following:

- Identifying, contacting, and pre-qualifying local distributors, reps, and/or partners and organizations of your meetings with interested prospects
- Briefing on “Doing Business in Southeast Asia”
- Your VEDP Trade Mission Leader and in-country consultant available to you to ensure everything runs to plan

Meetings

VEDP has engaged the services of Orissa International to identify, screen, and arrange meetings with potential partners for each of our trade mission delegates. Orissa International was selected through a competitive bidding process and has demonstrated extraordinary expertise, enthusiasm, and commitment to the work of introducing Virginia companies to their markets. If you would like to learn more about Orissa International, please review their website:

<https://www.orissa-international.com/>.

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During virtual meetings, someone from the consultant’s team will likely participate in all meetings in order to facilitate the meeting, making sure everyone joins, and ensuring logistics run smoothly.

Communication

If required, Interpreters will be provided by VEDP and are included in your registration fee.

How to Prepare

To best represent your company in a virtual environment you need to be prepared. Here are some items that you should consider before your meeting:

- Do I need to have my marketing materials or presentation translated?
- Could my product best be demonstrated with a video?
- Does my company have the appropriate technology to participate in virtual meetings?
- Do I have the right people from my company on the call?



Marina Bay, Singapore

Questions?

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Consultant Bio

Sarath Menon

Sarath Menon is the Managing Director of Orissa International Pte Ltd, a market entry consultancy firm headquartered in Singapore with offices throughout Southeast Asia. Since 1997, Orissa International has been providing a range of market entry services to help companies from around the world that want to grow their business in Singapore, Malaysia, Thailand, Indonesia, Vietnam, and the Philippines.

Prior to founding the company, Mr. Menon was the Country Director of the US-Asia Environmental Partnership (USAEP) program in Singapore, a USAID-funded program that focused on trade development, regulatory policy, and business facilitation within the environmental industry in Southeast Asia. His achievements in the USAEP program were recognized in 1997 when he received the Distinguished Service Award from the U.S. Government for his work in promoting the exports of American products and services to Asia.

Mr. Menon is an active member of the Singapore business community. He has conducted export strategy workshops organized by Enterprise Singapore. He has served as a member of the Board of Governors of the American Chamber of Commerce, and he was also Co-Chair of the Entrepreneur Committee within the chamber, which was active in helping its SME members. He is also a past President of the American States & Ports Association (ASPA), a grouping of U.S. states and ports with a presence in Southeast Asia.

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We have a variety of partnership options and hope to develop a better relationship with several companies that we were able to meet with on this mission.

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