

Supply Opportunities in Southeast Asia

Southeast Asia is a leading center of growth for the global economy. The region has a large, diverse talent pool, and rapid economic expansion indicates the market’s significant long-term growth potential. Southeast Asian countries have invested in upgrading their manufacturing production processes with modern technologies, signifying a capacity that can support a wide range of goods and an increasing number of sectors. With access to some of the world’s largest shipping lanes, the region is also strategically located to combat China’s rising economic power. Many Southeast Asian countries have prioritized seeking greater involvement from outside powers like the U.S., spurring companies in the U.S. to in turn seek suppliers within the region.

This report addresses opportunities in Southeast Asia for Virginia companies seeking to optimize their international supply chains for five select countries: the Philippines, Vietnam, Malaysia, Thailand, and Indonesia. Each country offers unique supply chain opportunities. The Philippines ranks third in the Southeast Asia region for its manufacturing competitiveness and typically attracts low-cost manufacturing investment, as does Vietnam. Vietnam ranks second for manufacturing competitiveness in the region with its overall ranking in line with China’s. Manufactured exports have overtaken agriculture as the more important sector in the Vietnamese economy and the country’s relative stability indicates it is becoming one of the world’s fastest growing emerging economies. Malaysia’s economy has historically specialized in raw materials production but has transformed into a multi-sector economy with a thriving manufacturing industry. Malaysia is considered a new industrialized country as well as one of the Asian Tiger economies. Thailand has similarly shifted its economy from agriculture to manufacturing, often exporting high-tech products to developed nations around the world. A quarter of Indonesia’s GDP is produced by the manufacturing sector; with a rapidly growing population, its long-term economic outlook has improved drastically in recent years.

The following table provides Virginia companies with an indication of which country to primarily turn to for various types of products, services, and materials; the strongest sectors within each country are marked with an “x”.

Comparative analysis: Leading sectors for sourcing, by country

Sector	Philippines	Vietnam	Malaysia	Thailand	Indonesia
Aerospace			x		
Automotive Components				x	
Chemicals	x				x
Copper Products	x				
Electrical and Electronics	x		x		
Food and Beverage		x	x	x	
Furniture		x			x
Leather and Footwear		x			
Medical Devices				x	
Plastics			x	x	
Pulp and Paper					x
Textile and Apparel	x	x			x

The Southeast Asia region offers supply opportunities across a wide variety of sectors and provides products along the supply chain, from raw materials to components to finished products. Each sector shows historic and recent growth, with several countries exhibiting continued investment through government policies encouraging expansion and tax incentives provided for companies.

To access the full report and learn more about VEDP's Supply Chain Optimization Program, please contact Monica Sadie, VEDP's Supply Chain Program Manager, at msadie@vedp.org.