

SOUTH EAST ASIA MARKET UPDATE

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Orissa International

is a consulting firm serving government economic development agencies and companies seeking to grow their trade, exports or investments in South East Asia.

Since 1997, we have worked with a number of North American and European trade and investment promotion agencies and foreign companies to assist them in doing business in this region.

We are headquartered in Singapore, with offices or in-country trade specialists located in key markets in the region, including Indonesia, Malaysia, Vietnam, Thailand and the Philippines.

Our Services

- ▶ Agent / Distributor / Customer Identification
- ▶ Business Matching
- ▶ Market Information
- ▶ Trade Mission Organisation & Trade Fair Support
- ▶ Foreign Trade Representation

BUSINESS OPPORTUNITIES NEWSLETTER

Singapore

Uniqlo Betting On Singapore With Flagship Store

Sector: Retail

Japanese fashion retailer Uniqlo announced that it would be opening its first global flagship store in Singapore in Orchard Central Mall along Orchard Road this coming Autumn. The largest Uniqlo store in Singapore and Southeast Asia will serve both local residents and tourists. It is not a total newcomer, however, having been part of the local retail scene since 2009. Occupying an area of approximately 2,700 square meters across 3 levels, the store will retail an extensive range of Uniqlo's latest lines as well as double up as a launch pad to display the brand's LifeWear to a wider audience. While the outlook for the retail sector remains soft, retail firms such as Uniqlo continue to post positive performance for their Singapore operations, demonstrating brand strength.

New Payment Era in Singapore

Sector: Fintech

Apple launched its e-wallet services in Singapore in April 2016. Five major banks in Singapore have signed up to the Apple Pay e-wallet system, allowing credit and debit card users here to tap and pay with their mobile devices. Together, the five banks account for more than 80% of the Visa and MasterCard credit and debit cards issued in Singapore. Apple isn't the only company making a mobile payments play in Singapore. Samsung Pay is set to launch in the country this year. The country's biggest telco SingTel has Dash, which also uses NFC technology to make payments. Contactless payment is accepted at some 30,000 retail points in Singapore, with a cap of S\$100 on most transactions. While Singapore may still be some years away from being a cashless nation, digital wallets like these are bringing that vision one step closer.

Malaysia

Toyota To Build Second Plant in Malaysia

Sector: Automotive

UMW Toyota Motor Sdn Bhd, the exclusive distributor and manufacturer of Toyota and Lexus in Malaysia, announced that a second vehicle manufacturing plant will be built in Malaysia. The new plant will be located at the Bukit Raja Industrial Estate in Klang, Selangor in an area of approximately 670,000 square metres. The investment for this project is RM 2 billion. Construction will commence in the second half of 2016. The initial production of the new plant will be 50,000 units per year. Toyota's current plant in Shah Alam will continue operating although part of the current passenger car line will be shifted to the new plant. In total, Toyota will have a combined production volume of approximately 90,000 to 100,000 units from both plants annually.

Pezzo Pizza Capitalizing On Growth In East Malaysia

Sector: Foodservice

Singapore-based pizza kiosk chain Pezzo is riding on the exponential growth of its market in East Malaysia. The master licensee for Pezzo in East Malaysia is SB Supply Logistics Sdn Bhd, which is owned by Borneo Oil Bhd. Pezzo has expanded at a speed that has surpassed expectations, due to its growing popularity and wide acceptance by East Malaysians. There are currently 42 franchised Pezzo kiosks in Sarawak, which have generated an average of RM2 million in total sales per month. Pezzo is planning to spread its wings to Peninsula Malaysia where its first outlet is expected to open for business in Petaling Jaya in two months' time. The company favors city outskirts and far-flung states like Pahang and Trengganu, rather than big cities where there are already big players and established pizza brands.

Thailand

Virgin Active To Open 20 Fitness Clubs in Thailand

Sector: Fitness

British Fitness club operator Virgin Active announced that it would spend 5.2 billion baht to open 20 clubs in Thailand over the next 6 years. There are currently 3 Virgin Active clubs in Thailand, with an additional 2 under construction. The company, buoyed by the resounding success of its initial foray into Thailand, feels that it is the right time to accelerate its expansion plans, given the enormous potential for premium clubs in the region. Virgin's next club will open in Bangkok's new Central Festival East Ville mall. Later this year it will open Bangkok's largest multipurpose fitness facility in the refurbished Siam Discovery Center shopping mall. Virgin Active is also expanding its operations in Singapore.

Novatek to Tap Thai LNG Market With PPT

Sector: Oil & Gas

Novatek, Russia's second largest natural gas producer, has signed an MOU on potential cooperation in liquefied natural gas with PTT of Thailand. The two companies intend to work together to establish an optimal framework for joint business development. They will collaborate on opportunities in the exploration and production of hydrocarbons, the implementation of LNG projects, the supply and development of LNG markets, and the supply of liquid hydrocarbons. Natural gas is used for almost 70% of Thailand's power generation. About a quarter of its supply is from Myanmar, although those contracts are winding down. Thailand is looking to secure its long-term supply of LNG. Its LNG imports surged by 85% in 2015 as domestic gas output declined.

Vietnam

U.S. Lifts Arms Sales Embargo To Vietnam

Sector: Defense

In May 2016, the US announced an end to sanctions banning arms exports to Vietnam, giving U.S. companies an opportunity to move into the market. According to HIS Jane's, Vietnam's defense spending is expected to increase from \$5 billion this year to \$6.2 billion by 2020. Currently, around 80% of Vietnam's military purchases originate from Russia. The air force primarily operates Russian-made aircraft. With the lifting of the embargo, some of the equipment Vietnam is believed to be reviewing for purchase include Lockheed Martin's (LOCKHE) P-3 Orion maritime patrol aircraft and Raytheon (RTN) coastal radar systems. Vietnam is also expected to boost its maritime security with patrol aircraft, coastal radars and naval craft.

Fulbright University Vietnam Given Green Light

Sector: Education

The establishment of Fulbright University Vietnam (FUV) in May 2016 has been hailed as the first-ever American-style non-profit private university operating in Vietnam. The school is allowed to begin its enrollment at the end of this year. In the first five years efforts will focus on building three integrated training facilities: the Fulbright Management and Public Policy University, the Fulbright Engineering and Applied Science University, and the Fulbright University. As planned, Public Policy training will start right after the establishment of FUV, while other training programs will open in 2017. More than 110,000 Vietnamese students are studying in 47 countries around the world, spending an estimated US\$3 billion a year, which has led to calls on the government to ease restrictions for foreign investors in the sector to create more high-quality schools in Vietnam.

Indonesia

Honeywell Eyes Transportation Projects

Sector: Infrastructure

Honeywell of USA plans to tap on Indonesia's infrastructure boom, especially in the airports and railways segments. It has recently worked with the Transportation Ministry on radar scanner technology for automatic detection and warnings at railway crossings. The company is also seeking involvement in Jakarta's mass rapid transit project, to provide it with its safety scanner system, as transportation safety and security enhancement is the Transportation Ministry's priority this year, with \$957.8 million allocated for the initiative. Honeywell is also looking to work with state airport operators to supply the country's airports with its smart airport technology for air traffic management.

Hutchison 3 Indonesia Engages Nokia

Sector: Telecommunications

With ever more affordable connectivity, Indonesia is experiencing rapid smartphone and 3G data service adoption. Hutchison 3 Indonesia (H3I), which is seeing data traffic double approximately every nine months, has engaged Nokia for its mobile core expansion. Nokia will deploy its Evolved Packet Core-ready Flexi Network Gateway and Flexi Network Server for H3I's network in key cities in Indonesia, such as Surabaya, Semarang, Solo and Yogyakarta, which are considered the most densely populated cities in the country. Nokia technology will help H3I utilise its network resources better to deliver a differentiated service experience, while laying the foundation for network evolution to allow it to meet future customer data demands.

Philippines

Taiwan Firm To Transform Subic Bay

Sector: Shipping/Logistics

Taiwan International Port Corp, Taiwan's state-owned harbor management company, has signed an MOU with the Subic Bay Maritime Authority. The agreement is aimed at motivating the 1,300 manufacturers based in the Subic Bay Freeport Zone to consolidate their products at Kaohsiung Port before shipping them to other countries. The Philippines has seen phenomenal economic growth in recent years and the Subic Bay Freeport Zone, with 15 piers, is a focus for economic development by the Philippine government as it is close to Clark International Airport and the Subic Bay Freeport Zone, all of which makes Subic Bay a valuable investment target. The port at Subic Bay is expecting a 30% increase in the volume of cargo handled this year.

KTM To Race In The Philippines

Sector: Motorcycles

Conglomerate Ayala Corp. is debuting into the motorcycle business through a new JV with Austria-based KTM AG, a world-renowned brand that produces adventure motorbikes. KTM, which has chosen the Philippines to be its hub in Southeast Asia, announced the forthcoming opening of its flagship dealership in the country. The joint venture with KTM will see Ayala serve as the exclusive local distributor of KTM products as well as manufacture motorcycles for the domestic market and for export to China and Southeast Asian countries. The JV aims to open 35 new dealerships with prospective partners nationwide. This is in addition to the 7 current dealerships in the country. An assembly plant in Laguna is currently in the development stage, and is expected to be completed by 2017. The plant will have an annual production capacity of 20,000 units.

Myanmar

Keppel Land's Expands Portfolio In Yangon

Sector: Real Estate

Keppel Land, a Singapore-listed property firm, is strengthening its portfolio in Yangon, Myanmar's rapidly developing leading city. It is developing an office building, Junction City Tower, with its Myanmar-based JV partner, construction company Shwe Taung Group. Keppel Land holds 40% of the project, with a total investment of US\$47.4 million. Junction City Tower is a Grade A office building in Yangon's central business district and will offer a net lettable area of about 34,000 square meters of prime office space. The development, which is expected to be completed next year, will help to meet rising demand for office space as the Myanmar government opens up to new investments. The office building is Keppel Land's third project in Myanmar.

Boosting Investment In Less Developed Regions

Sector: Multiple

Myanmar's Department of Investment and Companies Administration is considering implementing incentives to ensure that less developed regions of Myanmar can benefit from an increase in investment. States such as Chin, Kayah and Rakhine require basic housing and road infrastructure, together with access to electricity, which present special opportunities for potential investors. Current domestic and foreign investment laws will be combined in a bid to increase both forms of investment into the country, while a new Myanmar Investment Commission will be formed which will issue permits for investors. Over 80 submissions have been made to the Myanmar Investment Commission so far during this 2016-17 fiscal year by domestic and foreign companies wishing to make economic investments within Myanmar.

OUR RECENT PROJECT REFERENCES

- ▶ Conducted a partner search for an Australian health and wellness packaged food company, targeting the grocery retail channel and retail pharmacies in Singapore
- ▶ Identified prospective partners, prequalified them and organized a meeting itinerary in Thailand for a US company in the defense sector
- ▶ Organized an itinerary of meetings for a group of Canadian ICT companies with telcos in Indonesia, as well as with prospective partners at the CommunicAsia 2016 trade show in Singapore
- ▶ Organized visits to dairy farms in Vietnam for an Irish company in the dairy technology sector
- ▶ Conducted a clinic for Singapore companies interested to expand into new markets, on behalf of a local government agency
- ▶ Undertook research on the latest trends in the energy sector in Singapore on behalf of a European client



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