

MADE IN ASIA

6TH
edition

Wednesday
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2016
Harbour Grand

'Roadmap to 2020:
doing more with less'

TAKE AWAYS

Gregory So – Secretary for Commerce and Economic Development

- The Belt & Road initiative is full of opportunities for local business (it covers 64 countries).
- 60 million tourists come to Hong Kong every year, Hong Kong is the 8th largest investing economy, the 2nd largest trading economy and the premier business hub. Hong Kong is the world's freest economy.
- Hong Kong still controls 70% of the toy manufacturing, and Hong Kong is seen as 'the' opinion leader for the rest of China.
- Yet businesses should watch out for the global economic climate: export declined in China for february, so businesses need to be wary.

Buzzwords for Gregory So: 'Seize the Opportunity – Innovation'

Keith Bradsher – Hong Kong Bureau Chief, Senior Writer for Asia economics and business, The New York Times

- People are finally moving to India!
- In particular, the toy industry is starting to move there.
- Risk Management procedures are important.

Jerome Buzenet - Partner, Managing Director, Vietnam, DFDL Legal & Tax

- TPP covers 30 chapters and promotes economic growth.
- It is a comprehensive market access, with efficient customs procedures.
- There is a minimum level of IP protection
- It counterbalances China's massive manufacturing industries.

- Massive and focused investment are required.
- Exports could be boosted by 30% in Vietnam.

Richard Iley, Chief Economist for Emerging Markets, Asia ex-Japan Global Markets, BNP Paribas

- Asia remains an oasis of growth.
- Yet, there is a slowing China @ 6% GDP growth, a demographic bulge and China's labour force contracted for the first time.
- Even Thailand demographics is not so good and growth in Thailand has been disappointing.
- India is the poster child for explosive demographics and has high growth potential.
- India and Indonesia are seen as the key manufacturing hubs for the future.
- There is a pro-business attitude by the 'Modi' Government.
- China is facing greater headwinds but they have ammunition to deal with issues.
- Services are continuing to 'hum' along, domestic consumption is holding up well, China's retail sales have outstripped US for the first time ever since late last year.
- Future potential for Chinese tourism is to double.

Buzzword for Richard Iley: 'Growth in Asia!'

Christopher Brewer, Vice President – Partner, Customer Strategy, OgilvyRED, Asia Pacific

- Customer first: Why Sourcing organisations should be more customer centric?
- The need to solve an issue, not just sell a product.
- The Human journey is important, and shopping online is supposed to be easy.
- Complaints on sourcing:
 1. Reactive vs. proactive,
 2. Innovation,
 3. Price.
- Sustainability mandate: this matters to the Millennials.
- Take the Human approach, understand the human behind the buying process.

Gavin Cheng, Director, The Mills Fabrica, The Mills

- Companies are caught off guard by technologies:
 - 3D Printing
 - Sensor Everything (IoT)
 - Block chain à single source for truth
 - "Robotics" à AI à aiming at Garments
- We are at a tipping point: the 4th industrial revolution,
- So let's get practical.

Buzzwords for Gavin Cheng: 'Connect the Dots! Track Technologies'

Panel Discussion: Speed to Market start-ups and Innovation

- It's about proactivity and speed, and businesses must put the elbow grease in early.
- Early adopters are coming, there are opportunities to leap-frog.
- IoT: No need for India at this time, there is a big push into Mexico from the US.
- Main focus is on China where Chinese are not copying... they are just learning faster than you! Chinese companies are investing in their people and creating design centres.
- The initiative on innovation is coming from the customer.

Buzzwords from the Panel:

- **'Looking for a diamond in the rough' – Neale G. O'Connor, Managing Director, Ricebox Ltd**
- **'Smart / Connected' – Bay McLaughlin, Co-founder and COO, Accelerator BRINC**
- **'Proactivity / Innovation' – Pierre Montaubin, General Manager, BIC Graphic Asia-Pacific**
- **'Speed / first to market' – Olivier Buring, Supply Chain and Sourcing Director Asia Pacific and M-East, Hager Electro Ltd.**
- **'Diversify' - Keith Bradsher, Hong Kong Bureau Chief, Senior Writer for Asia economics and business, The New York Times**

Christophe Degoix, Senior Vice-President, Supply Chain Management, TAL Apparel Ltd

[56% of 2016 participants replied to an instant poll that Africa is next Eldorado for them.]

- The 'sourcing' journey simply continues, and buyers are changing: they reduce their numbers of vendors.
- Labour cost is still key for US buyers.
- 15 African countries have average of 5 or more children per woman, which means 2 billion babies in the next 35 years.
- Countries of interest: Kenya / Uganda / Tanzania / Ethiopia.

Cherry Wu, President and General Manager, Dalian LongSheng Fashion Co. Ltd

- Myanmar has several advantages: GSP and labour costs, and it is a good and friendly people.
- Yet it is not a bed of roses because of low efficiency and no culture of quality.
- Logistics imposes the need to add on 4x extra weeks.
- There is also a lack of innovation.

René Orlandi, Former Chief Purchasing Officer, Schneider Electric

- René launched a 'Step Up' transformation program, and work on indirect spend.
- It is mandatory to communicate a lot...and a lot.

- During the journey, use and abuse of surveys and discussion to get the feedback from all stakeholders.

Buzzword from René Orlandi: 'Change is the must'

Lionel Marrié, Managing Director, Jensen Industrial Ltd

- Advantages of India: Labor cost (India: 0.50 USD per hour – China, 2.50 USD per hour), labor availability and good English speaking, skilled and hardworking workers, manufacturing tradition, infrastructures, and stable political and social environment.
- Drawbacks: Laws and red tape, lack of reliable sub-contractors, very protective labor laws, absenteeism.

Amy Wendholt, Managing Director, APCO's Hong Kong

- China has launched the 'One Belt, One Road' initiative that is largely focused on infrastructure and creates geopolitical opportunities.
- 13th Five Year Plan affirms focus:
 - Stated goal to double GDP,
 - Ongoing reforms including state-owned enterprise reform and RMB valuation.

Buzzword for Amy: 'Vision'

Christophe Roussel, Managing Director, Big Ideas Ltd

- What about doing better with less first?
- It's about common sense: Sharing insight / sharing challenges / sharing tips.
- The world is 'Mobile' first, a collaborative mindset and analytic approach are needed.
- Move from an efficiency model to an innovation model,
- And KISS → Keep it Simple, Stupid.

In collaboration with Anson Bailey, Principal, Business Development, KPMG