Strategy to penetrate into Asian Market

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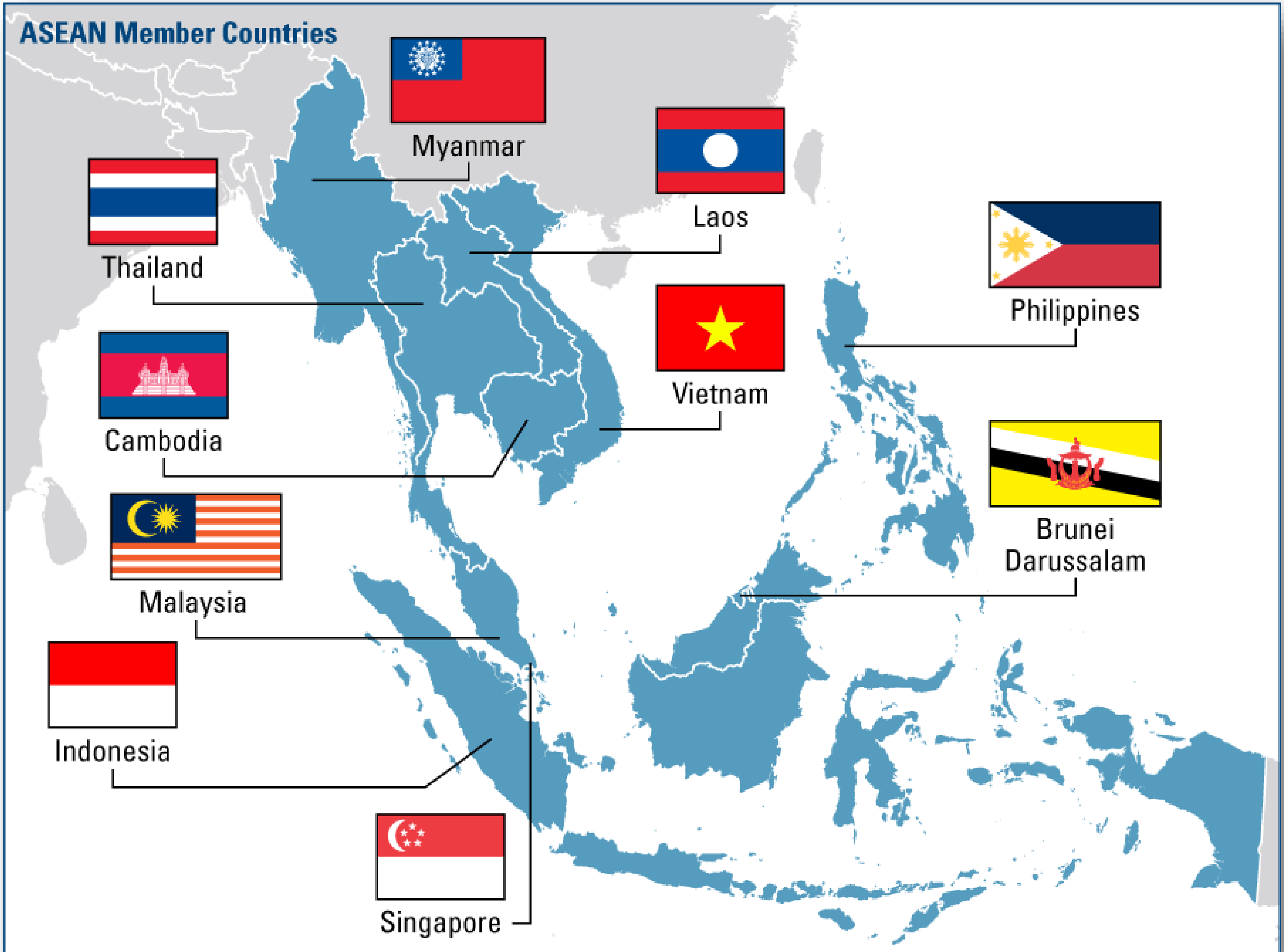
CURRENT STATUS OF THE ASEAN MARKET

ASEAN Member Countries



Understanding ASEAN: Seven things you need to know

- Together, ASEAN's ten member states form an economic powerhouse.
- ASEAN is not a monolithic market.
- Macroeconomic stability has provided a platform for growth.
- ASEAN is a growing hub of consumer demand.
- ASEAN is well positioned in global trade flows.
- Intraregional trade could significantly deepen with implementation of the ASEAN Economic Community, but there are hurdles.
- ASEAN is home to many globally competitive companies.

Based on "Understanding ASEAN: Seven things you need to know" by Mckinsey&Company

ASEAN's ten member states form an economic powerhouse

GDP 2013, current prices $ trillion		Real GDP growth, 2000–13 %		GDP growth volatility,[1] 2000–13 %		Share of debt to GDP, 2013 %		Inflation rate, 2013 %, GDP deflator	
United States	16.8	China	10.0	Russia	4.2	Japan	243	India	7.0
China	9.3	India	7.0	India	2.4	Italy	133	Russia	6.5
Japan	4.9	**ASEAN**	**5.1**	United Kingdom	2.3	United States	105	Brazil	6.5
Germany	3.6	Russia	4.4	Italy	2.3	France	94	**ASEAN**	**2.8**
France	2.7	Brazil	3.2	Germany	2.3	United Kingdom	90	Germany	2.3
United Kingdom	2.5	Canada	1.9	Japan	2.2	Canada	89	United Kingdom	2.1
ASEAN[2]	**2.4**	United States	1.8	Brazil	2.2	Germany	78	China	1.7
Brazil	2.2	United Kingdom	1.5	China	1.8	India	67	United States	1.5
Russia	2.1	Germany	1.1	United States	1.7	Brazil	66	Canada	1.5
Italy	2.1	France	1.0	Canada	1.7	**ASEAN**	**47**	Italy	1.4
India	1.9	Japan	0.8	France	1.6	China	22	France	1.1
Canada	1.8	Italy	0.0	**ASEAN**	**1.5**	Russia	13	Japan	–0.6

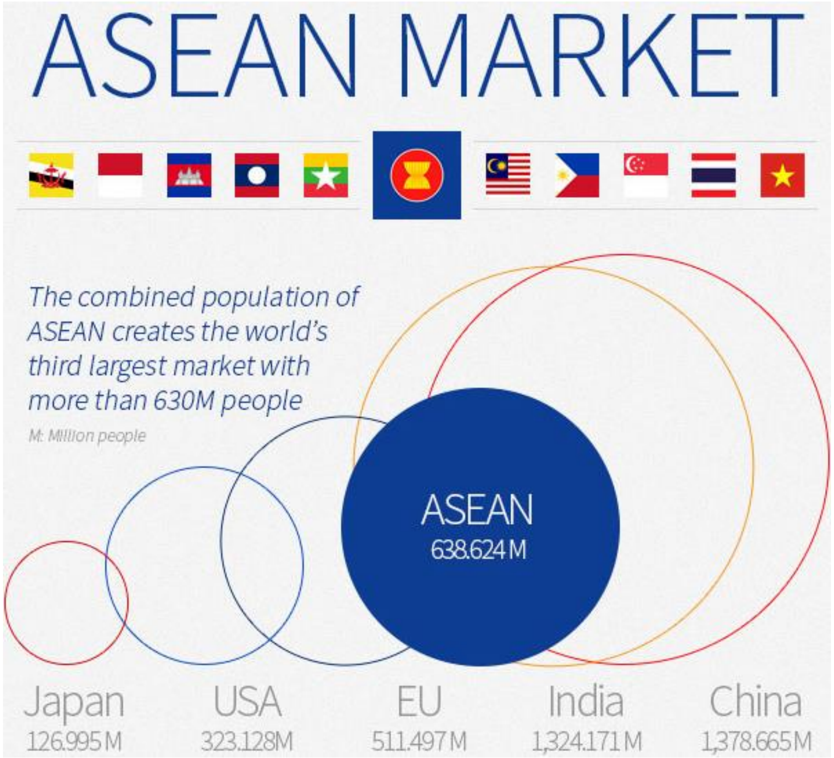
ASEAN is one of the largest economic zones in the world;
growth has been rapid and relatively stable since 2000.

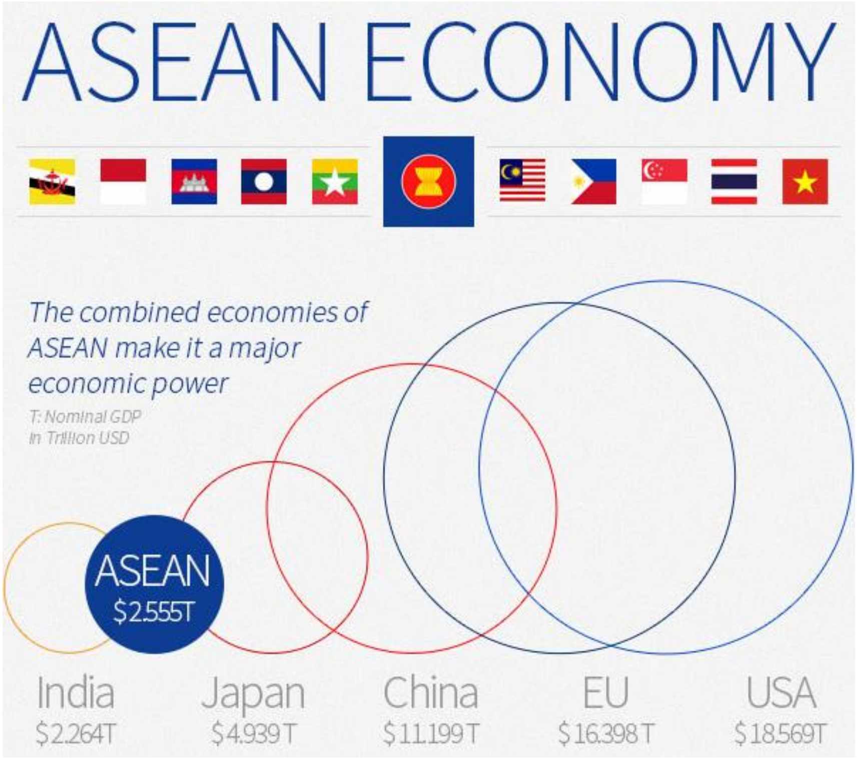
ASEAN is home to many globally competitive companies.

2010		Number of companies[1]	Company revenue $ billion	Average revenue per company $ billion
1	United States	2,123	15,221	7.2
2	Japan	1,028	7,347	7.1
3	China	674	6,208	9.2
4	Germany	463	3,729	8.1
5	United Kingdom	358	2,818	7.9
6	France	236	3,075	13.0
	ASEAN[2]	227	1,068	**4.7**
7	Australia	203	960	4.7
8	Canada	194	1,071	5.5
9	Italy	179	1,149	6.4
10	Russia	165	924	5.6
11	India	158	898	5.7
12	South Korea	151	1,398	9.3
13	Switzerland	140	1,308	9.3
23	**Singapore**	64	343	**5.4**
28	**Thailand**	51	259	**5.1**
31	**Malaysia**	40	193	**4.8**
36	**Indonesia**	33	136	**4.1**
43	**Vietnam**	20	90	**4.5**
44	**Philippines**	19	47	**2.5**

ASEAN is home to 227 of the world's largest companies; combined, it would be the seventh-largest host of such companies.

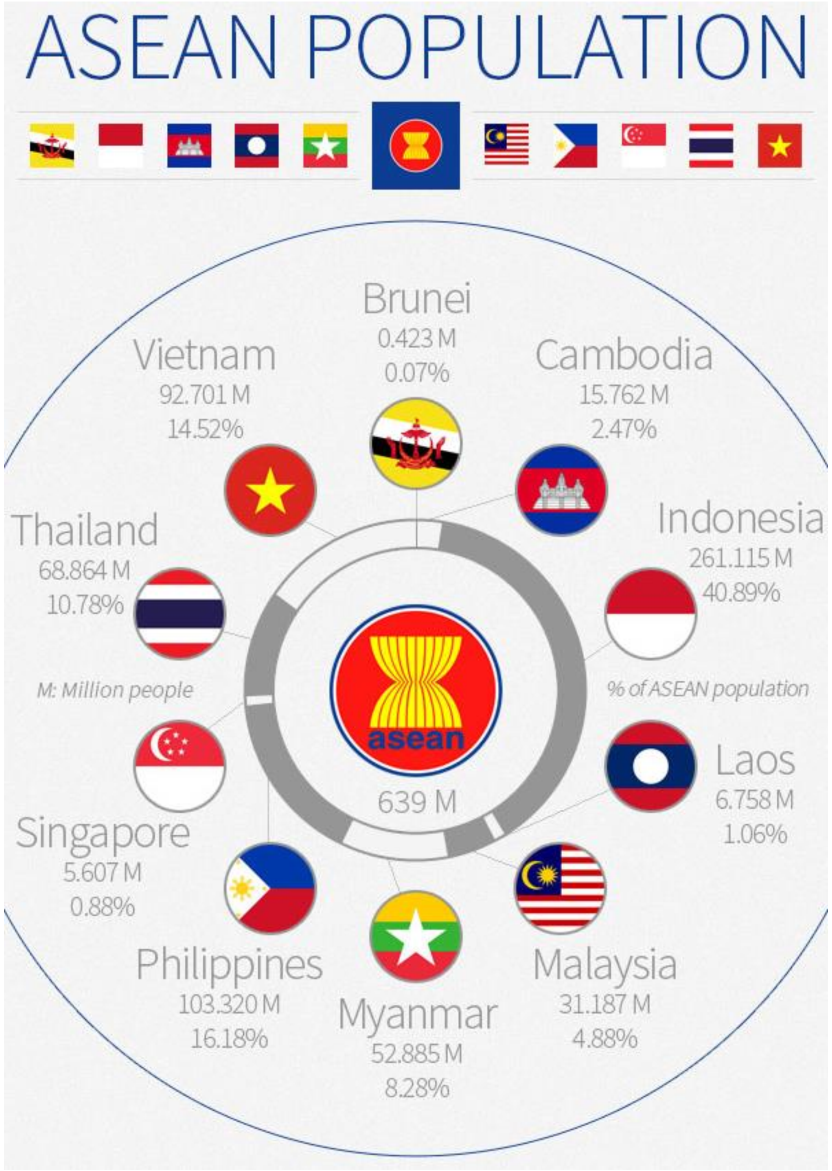
ASEAN Market & Economy

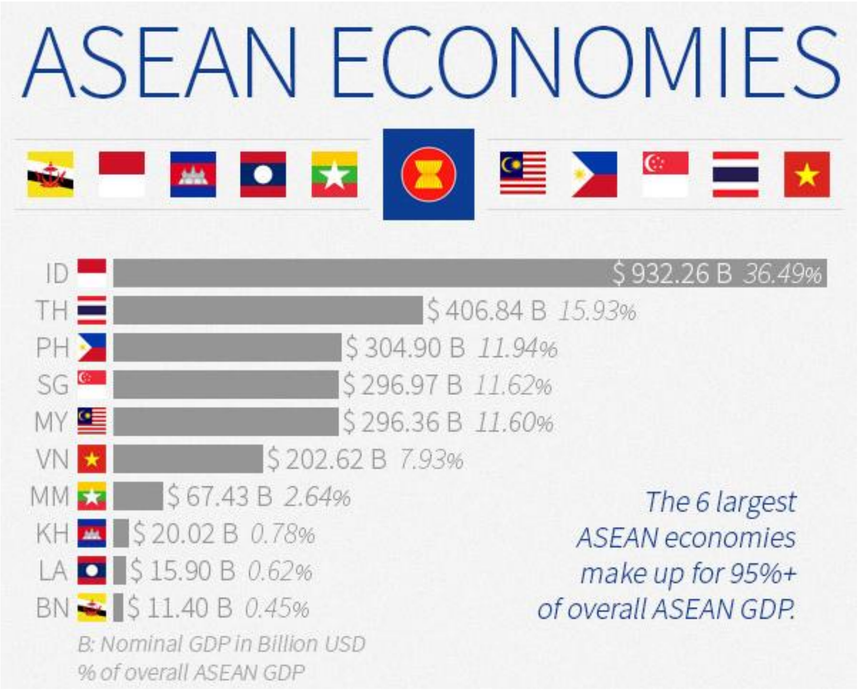




Based on World Bank Data, Edited by ASEANUP

ASEAN Population & GDP





Based on World Bank Data, Edited by ASEANUP

STRATEGY TO PENETRATE INTO ASIAN MARKET

Industry-specific production of ASEAN countries

	Agricultural	Industrial	Service	Total
브루나이	0.8	62.2	37	100
캄보디아	23.6	34.2	42.2	100
인도네시아	13.1	40.9	46.0	100
라오스	23.8	29.1	40.2	100
말레이시아	9.0	36.8	54.3	100
미얀마	29.8	29.5	40.7	100
필리핀	9.5	33.5	57.0	100
싱가포르	0	26	73.9	100
태국	6.7	36.3	57.1	100
베트남	18.2	38.6	43.3	100

Based on ASEAN, ASEAN Economic Community Chartbook 2016, 2016
ASEAN Statistical Yearbook 2015, 2016

Industry sector of ASEAN manufacturing

	미얀마 (2014)	캄보디아 (2011)	베트남 (2014)	인도네시아 (2014)	필리핀 (2012)	태국 (2012)	말레이시아 (2010)	싱가포르 (2014)
Manufacturing	100	100	100	100	100	100	100	100
1.Food, Beverage and tobacco	58.3	44.9	13.2	29.4	25.6	26.9	15.9	9.5
2.Textiles, leather and fur products	11.4	35.2	15.5	21.3	15.1	32.3	26.5	5.4
3.Wood, paper, printing and reproduction	11.0	3.1	17.8	8.6	10.8	16.2	13.6	12.7
4.Petroleum, coal and chemicals	3.3	0.3	11.8	12.9	14.5	2.3	8.5	7.0
5.Non-metallic mineral products	0.9	4.0	6.0	6.7	3.9	2.9	3.7	1.5
6.Metal products	4.0	6.7	17.7	5.4	9.7	8.0	13.2	14.6
7.General machinery	6.7	0.0	2.2	1.5	2.3	1.5	3.2	18.5
8.Electric Machinery	0.1	0.0	3.5	2.9	5.9	1.0	3.5	6.2
9.Precision instrument	0.0	1.3	2.8	0.4	2.4	0.0	2.3	0.0
10.Transport equipment	3.0	0.1	1.5	2.9	2.9	0.6	2.2	12.3
11.Furniture and other manufacturing	1.4	4.3	8.0	8.0	7.1	8.1	7.5	12.4

Based on ASEAN, ASEAN Economic Community Chartbook 2016, 2016
ASEAN Statistical Yearbook 2015, 2016

ASEAN Market Entry Roadmap for SMEs

Based on Strategies for SMEs to enter ASEAN
- Focusing on the selection of key countries and industries(2016. 12, SMBA)

Targeting local demand:

- Considering Indonesia and Malaysia.
- Indonesia has enough consumption based on 240 million people and per capita income of $2,500.
- Long–term economic growth.

Focus on the production process:

- In the case of high value–added industries, Thailand, Vietnam and Malaysia are considered.
- Excellent quality of labor force with excellent business condition
- Since Korean companies have little experience in cooperating with foreign companies and are likely to suffer from localization due to their religious influence, solving this problem will be the key to success.

ASEAN Market Entry Roadmap for SMEs

Singapore and Brunei

- Excellent hardware, software, business environment, industrial conditions and long-term growth
- However, since the economy is small and is a high-income country, it is good to have an interest in high-value-added industries.
- In fact, most Korean companies that generate high added value are hardly able to give meaning to the US or Europe.

Vietnam

- Excellent in terms of industrial structure, localization possibility and software
- Local hardware and macroeconomics are relatively unstable
- Korea-Vietnam Free Trade Agreement has been concluded, but it is necessary to prepare strategies for the insufficiency of related infrastructure and macroeconomic uncertainty

Cambodia, Laos, Myanmar

- All of the less developed countries in ASEAN have very poor industrial conditions and business conditions, and have high industrial competitiveness based on low wages
- Cambodia is already a country where similar industries can advance into the finishing industry because of the large-scale development of textile industry,
- Myanmar has been pushing for industrialization through its recent opening, but it has to wait for the right time because the industrial infrastructure is poor.
- Laos is a landlocked country with a low accessibility to the sea and is a costly country.
- All of these countries traditionally have deep diplomatic ties with China and are politically relevant, so they must have a way to overcome them in their local business activities and should pay attention to China's intense competition for investment.

Insight - Penetration to Asean Market

Long-term approach

- Establish a systematic market entry strategy based on potential demand by investing in unprofitable industries with high growth potential.

Local market appropriateness (localization)

- Since the consumption market has a large difference in income level and consumption tendency, it is necessary to capture the appropriate demand through preliminary investigation and it is necessary to develop localized products that can attract them.

Partnership with local companies

- Strategic approaches are needed, such as lowering barriers to entry and diversifying risks through partnerships with local companies that are competitive in the local market and are actively interested in commercialization.

Exhibition List, 2019

주제	전시회명	일시/장소
종합	Vietnam EXPO 2019	2019. 4. 10~13/베트남(하노이) 2019. 12. 4~7/베트남(호치민)
식품	THAIFEX	2019. 5. 28~6. 1/태국
전력, 에너지	Lao Energy	2019. 6/라오스
전기자동차, ICT	iEVTech	2019. 6/태국
식품, 관광	Food & Hotel Myanmar	2019. 6. 5~7/미얀마
건축, 가구	Cambodia Architect & Decor EXPO	2019. 6. 6~8/캄보디아
건축자재, 설계, 중장비, 인프라	PHILCONSTRUCT	2019. 6. 7~9/필리핀(세부) 2019. 9. 7~9/필리핀(다바오) 2019. 11. 8~11/필리핀(마닐라)
농산물, 농기구,비료, 사료	Fieldays 2019	2019. 6. 13/뉴질랜드
IoT, 클라우드, 사이버보안	ConnecTech Asia 2019	2019. 6. 18~20/싱가포르
석유, 석유화학, 가스, 조선해양 플랜트	The 17th Asian Oil, Gas & Petrochemical Engineering Exhibition (OGA) 2019	2019. 6. 18~20/말레이시아
화장품, 뷰티	Cosmobeaute Asia 2019	2019. 7. 15~20/말레이시아
산업기계	Manufacturing Surabaya	2019. 7. 17~20/인도네시아
식품	International Exhibition on Food & Beverage	2019. 8. 7~10/베트남(호치민) 2019. 11. 6~9/베트남(하노이)
ICT, 전기전자	Cebit ASEAN Thailand	2019. 10/태국
녹색기술, 친환경제품	International Greentech & Eco Products Exhibition & Conference 2019	2019. 10/말레이시아
산업기계, 전기전자	METALEX	2019. 11/태국
핀테크	Singapore FinTech Festival	2019. 11/싱가포르
건축자재, 설계공법, 부동산	Cambodia Construction Industry EXPO	2019. 11/캄보디아
종합	Cambodia Import-Export Exhibition(OPOP)	2019. 12/캄보디아

Based on Global market entry strategy, KOTRA 2019

Insight - Item for Expert

- Instant ramen
- Cosmetics
- Medicine
- Diaper
- CCTV
- Animal feed
- Automotive lubricants
- Construction heavy equipment
- Medical Equipment
- Arithmetic accumulator

Based on ITC Trade Map(수입액 및 對한 수입액)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