Webinar: Sourcing in South East Asia - Opportunities & Support
Follow-up Questions

1. What specific support can SEATA offer companies who wish to sell or manufacture in Southeast Asia?

SEATA is developing a number of services to support companies that want to leverage the promising domestic markets in Southeast Asia and capitalise on it as a manufacturing hub. As part of this, SEATA can provide market studies, create regulatory analysis and identify key stakeholders in local toy industries to provide companies with a detailed understanding of the opportunities in a specific country. Additionally, SEATA can leverage the connections that it has with local networks to link up interested companies with potential business partners and offer due diligence reports ahead of any official engagements. All such services and reports are available to both members and non-members – contact us for more details.

2. Are there specific countries in Southeast Asia that specialize in certain types of production?

No, not really – the Southeast Asian toy industry is still developing. A list of capability is moving from China to Vietnam – though the know-how shift may happen faster than in other countries. As for Indonesia, manufacturers have taken advantage of the existing apparel manufacturing industry there to set up doll manufacturing operations.

Taking the frequently asked countries, Vietnam, Indonesia, and India as an example, the comparison chart below shows the size and product types of the three biggest factories under the IETP Program. It illustrates that, although the size of the factories varies, these countries share similar product types.

If you’re looking for new suppliers, contact IETP for services and support.

3. Is there any capacity issue in countries like Vietnam or Indonesia?

We currently do not see a capacity issue in Vietnam or Indonesia – although foreign companies are actively looking at these markets, the diversification from China will not happen overnight, but will take months, if not years. These countries are also very eager to grow their presence in the toy industry ecosystem. The respective Governments are supportive of this growth and have invested and will continue to invest in infrastructure to attract more manufacturing.

At some point in the future, there could be some capacity constraint in Vietnam as the total available population willing to go into manufacturing is limited (i.e. compared to China). The timeline is, however, very hard to predict. Indonesia, on the other hand, has a much bigger population. Although, recently it has seen labour issues that may have an impact on the development of the toy industry in the future.

4. What about China?

Statistics from IETP shows over 90% of its factory members based in China, follows by Vietnam and Indonesia. Therefore, China is, and will be in the foreseeable future, the main manufacturing hub for the toy and children product industry.

However, due to geopolitical developments, trade wars, mitigation of supply chain disruption (e.g. natural disaster), and the rise of other prospective large markets, we see manufacturers are diversifying their manufacturing sites and buyers are also diversifying their sourcing countries to achieve supply chain resilient.

In South Asia, in particular, countries like Indonesia and Vietnam have been attracting toy companies to set up part of their manufacturing there. Companies do so with a twofold objective; to be close to two growing domestic markets and to leverage the fine trade agreements and/or preferential trade routes that Southeast Asia has with many other trading partners. On a similar note, India is also moving in that direction with the government pushing to develop a resilient local toy industry, not only to serve the domestic demands but also to capture the export opportunities.

5. What activity is SEATA undertaking, specifically in India, to help address market accessibility concerns?

SEATA actively engages with authorities, regulators and local toy associations to address obstacles and concerns that our members have in any country. We also conduct capacity building and training programs to share best practices and enable the industry to work hand-in-hand with governments to develop a sustainable toy industry.

IETP and SEATA share the same values and, of course, many members. IETP is actively looking at expanding its outreach to Southeast Asia. This partnership allows SEATA and IETP to leverage its expertise and available resources to collaboratively create a supportive, efficient, and beneficial environment for members to navigate through the new sourcing countries.

Together we’ll host joint-events; promote each other’s activities and publications to ensure both of our members get the support needed.

www.ethicaltoyprogram.org
www.seata.asia