A publication by source of asia

# SUPPLY CHAIN RELOCATION MAPPING

*A Practical Playbook for your Supply Chain Strategies in 2026 - 2030*



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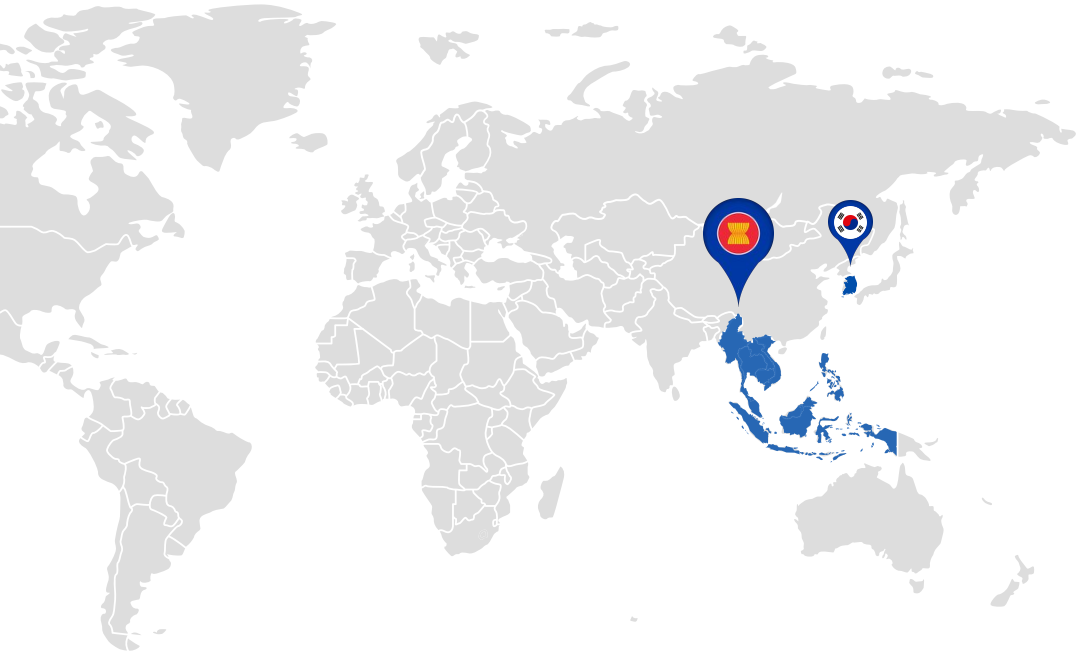
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# 01 General Introduction



*Relocating a supply chain is one of the most consequential operational decisions a business can make. Done well, it reduces risk, unlocks cost advantages, and opens access to some of the world's fastest-growing markets. Done without the right framework, it consumes capital, delays production, and creates compliance exposure that can take years to unwind.*

*This playbook is Source of Asia's practical guide to getting it right. It distills our on-the-ground experience supporting supply chain relocation across Southeast Asia into a structured, actionable resource, one that gives you the analysis, the frameworks, and the process to move forward with confidence.*

## What you will find inside

A sector-by-sector map of ASEAN-6 industrial clusters, where each country's manufacturing strengths lie and which industries fit best for relocation.

A clear breakdown of the 2026–2030 compliance landscape - CBAM, UFLPA, and the ESG baseline that global buyers now require from ASEAN suppliers.

A nine-step relocation process and a strategic self-assessment tool to evaluate your organization's readiness and identify the right entry point.

By the end of this playbook, you will have a clear picture of where ASEAN fits in your supply chain strategy, what it takes to execute a successful relocation, and the practical tools to start making decisions with confidence.

## Who should read this

This publication is for **business leaders and sourcing teams** responsible for supply chain strategy and operational footprint decisions.

- CEOs, COOs, and CFOs evaluating ASEAN as a manufacturing or sourcing base for the first time or as part of a China+1 diversification strategy.
- Supply chain, procurement, and operations leaders assessing ASEAN cluster fit, supplier ecosystem depth, and Total Cost of Ownership across locations.
- Compliance and sustainability teams navigating CBAM, UFLPA, and evolving ESG requirements for EU- and U.S.-facing supply chains.
- Investors and advisors supporting clients with market entry, facility setup, and supply chain development across Southeast Asia.

Whether you are taking your first step into ASEAN or scaling an existing footprint, this playbook will help you build a supply chain strategy that is cost-competitive, compliance-ready, and built for the long term.

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***CBAM Carbon Border Adjustment Mechanism.*** *An EU regulation requiring importers to hold certificates reflecting the embedded carbon emissions of covered goods. In full effect from 1 January 2026.*

***UFLPA Uyghur Forced Labor Prevention Act.*** *A U.S. law that presumes goods linked to certain supply chains involve forced labor unless importers can prove otherwise through full traceability documentation.*

***ESG Environmental, Social, and Governance.*** *A set of operational standards covering emissions, labor practices, and certifications that global buyers now treat as baseline requirements for ASEAN suppliers.*

# The Forces Reshaping Supply Chains

## Key Relocation Forces Shaping 2026–2030

Across 2026 to 2030, supply chain relocation is being driven by a set of reinforcing forces that go beyond pure labor arbitrage. Understanding these forces is the starting point for any credible relocation strategy.

**Trade and compliance pressure is rising.**
For exporters into Europe, carbon-linked compliance is now a procurement topic, not only a sustainability topic. The EU Carbon Border Adjustment Mechanism (CBAM) moved into its definitive phase from 1 January 2026, tightening requirements and pushing manufacturers and buyers to quantify embedded emissions and strengthen supplier documentation.

**Geopolitical risk is being translated into sourcing decisions.**
Large buyers are redesigning footprints to reduce exposure to tariff volatility, disruption risk, and single-country dependency. The practical consequence is a stronger preference for multi-node sourcing across Asia rather than a single dominant base.

**Supply chain due diligence expectations are expanding.**
Importers, especially into the U.S. and EU, face increasing scrutiny on traceability, upstream mapping, and supplier transparency. This shifts relocation projects from "find a lower-cost factory" to "build a compliant and auditable supply chain."

## The ASEAN-6 advantage at a glance

In this publication, ASEAN-6 refers to Vietnam, Indonesia, Thailand, Malaysia, the Philippines, and Singapore. Collectively, they offer a combination that is difficult to replicate in a single country.

**Cluster diversity across countries.**
ASEAN-6 is not one manufacturing story. It is a network of specialized hubs, for example advanced electronics ecosystems, automotive platforms, packaging scale, and mature cross-border logistics coordination.

**Regional integration that supports multi-country supply chains.**
RCEP and ASEAN's broader trade architecture make it easier to design regional supply chains where components, sub-assemblies, and final assembly can be optimized across countries, rather than forced into one location.

**Improving connectivity with China and within Asia.**
China and ASEAN have continued strengthening trade and supply chain connectivity, including work toward an upgraded China–ASEAN free trade framework that explicitly references supply chain connectivity and emerging sectors.

**A practical path to compliance readiness.**
As CBAM enters its definitive period from 2026 onwards, ASEAN suppliers that can deliver credible data, auditable documentation, and improvement roadmaps become more competitive partners for EU-facing supply chains

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***RCEP Regional Comprehensive Economic Partnership.*** *A trade agreement among ASEAN and key Asia-Pacific partners that supports regional value chain integration. Entered into force on 1 January 2022.*
***CBAM Carbon Border Adjustment Mechanism.*** *An EU regulation requiring importers to hold certificates reflecting the embedded carbon emissions of covered goods. In full effect from 1 January 2026.*

## Most Active Relocation Corridors

### China to ASEAN (the primary diversification corridor)

This remains the most common pathway for companies implementing China+1 or multi-node Asia strategies. The strongest demand is typically where ASEAN already has mature industrial clusters and export track records, such as **electronics, furniture and home goods, packaging, textiles, and selected automotive components.**

### Intra-ASEAN rebalancing (capacity and specialization)

As companies build ASEAN footprints, they often redistribute production within ASEAN-6 based on cluster fit and risk. Typical patterns include moving labor-intensive steps to lower-cost markets while keeping higher-precision processes or supplier management in more mature ecosystems.

### Asia to South Asia (selective, sector-dependent)



As companies build ASEAN footprints, they often redistribute production within ASEAN-6 based on cluster fit and risk. Typical patterns include moving labor-intensive steps to lower-cost markets while keeping higher-precision processes or supplier management in more mature ecosystems.

# Why companies are relocating to Vietnam?

## Cost-risk-market shift

Supply chain relocation to ASEAN-6 is driven by a combined reassessment of **total cost, risk exposure, and market strategy**, rather than labor cost alone.

China remains a critical manufacturing base, but rising **input and compliance costs** are changing the economics of highly concentrated supply chains. Beyond wages, companies face higher costs linked to environmental compliance, supplier governance, energy transition requirements, and traceability obligations.

At the same time, **tariff and compliance cycles** have become structural decision variables. In the U.S., ongoing tariff exposure on Chinese-origin goods continues to influence sourcing strategies. In Europe, the Carbon Border Adjustment Mechanism entered its definitive phase in 2026, turning carbon reporting into a compliance and cost issue for EU-bound imports. As a result, companies are actively reducing dependence on single-country sourcing models.

Against this backdrop, **nearshoring and friendshoring** are no longer abstract policy concepts but practical sourcing frameworks.

In Asia, nearshoring increasingly means **ASEAN nearshoring**: shifting production or supply chain stages within Southeast Asia to shorten regional value chains, reduce concentration risk, and leverage regional trade agreements. Friendshoring reinforces this trend by prioritizing production in countries perceived as stable, predictable, and aligned with global trade and compliance standards. ASEAN-6 fits both logics.

## ASEAN's competitive strengths

### Young, scalable labor pools for manufacturing growth

Vietnam, Indonesia, and the Philippines continue to provide large inflows of working-age talent, supporting scale-up in labor-intensive and mid-skilled manufacturing. This is one of the structural advantages ASEAN maintains versus aging manufacturing regions.

### Mature ecosystems where relocation speed matters

Relocation success depends heavily on existing cluster maturity, not only factory availability.

- Thailand automotive and components: Thailand is consistently positioned as a production hub in ASEAN, with established OEM and supplier ecosystems and export orientation.
- Malaysia semiconductors and electronics: Malaysia is widely cited as a major base for semiconductor assembly, testing, and packaging, supported by ongoing policy and investment programs to move up the value chain.
- Singapore logistics and regional orchestration: Singapore is positioned as a regional supply chain management hub, with strong connectivity and recognized logistics performance referenced by Singapore's EDB and the World Bank's logistics benchmarking work.

### Strong export integration through trade frameworks

ASEAN's value as a relocation destination increases when companies can design cross-border supply chains and still preserve market access.

- RCEP entered into force on 1 January 2022, supporting regional value chain integration across ASEAN and key Asia-Pacific partners.
- CPTPP provides preferential access pathways for CPTPP members in ASEAN (notably Singapore, Vietnam, Malaysia, Brunei), with documented entry-into-force timelines. (Source)

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***RCEP Regional Comprehensive Economic Partnership.*** *A trade agreement among ASEAN and key Asia-Pacific partners that supports regional value chain integration. Entered into force on 1 January 2022.*

## ASEAN as the "Right-Fit" hub

### Not a replacement for China, but a diversification platform that works

China remains critical for many supply chains due to scale, speed, and depth in certain upstream inputs. The practical strategy we see most often is a balanced footprint, with ASEAN-6 absorbing targeted product lines, selected tiers, or specific processes where ecosystem fit and risk reduction are highest.

### Intra-ASEAN rebalancing (capacity and specialization)

As companies build ASEAN footprints, they often redistribute production within ASEAN-6 based on cluster fit and risk. Typical patterns include moving labor-intensive steps to lower-cost markets while keeping higher-precision processes or supplier management in more mature ecosystems.

### Asia to South Asia (selective, sector-dependent)

ASEAN's own growth trajectory is a strategic factor for investors and manufacturers. ASEAN has publicly set a direction toward becoming the world's fourth-largest economy by 2030 through its ASEAN Economic Community Strategic Plan 2026–2030, reinforcing that relocation is increasingly linked to regional sales, distribution, and long-term presence, not only export arbitrage.

04

# Deep dive: Which industries fit best in ASEAN?

*ASEAN's industrial opportunity is not evenly distributed. This section provides a sector-by-sector assessment of where ASEAN-6 offers the strongest fit, covering inputs availability, production capacity, export market access, and the key risks and watchpoints that investors and sourcing teams need to understand.*

| | Materials and inputs availability | Production capacity & existing clusters | Export markets & tariff advantages | What investors should pay attention to |
|---|---|---|---|---|
| Apparel & Textiles | ASEAN has strong cut-make-trim capacity, but many mills still depend on imported yarn, fabric, dyes, and accessories for higher-spec products. Vietnam's large-scale garment export performance also implies significant upstream import flows for textiles. | Vietnam is a major exporter with industry-reported exports around US$46B in 2025. Indonesia's textile production is concentrated in Java, with West Java a key center. | Tariff and rule-of-origin advantages depend on product and sourcing structure, but ASEAN producers typically leverage CPTPP and RCEP pathways, and Vietnam leverages EVFTA for EU access. | U.S. tariff sensitivity can change order allocation quickly, so investors should stress-test demand under different tariff scenarios and build multi-country flexibility across ASEAN. |
| Footwear | Footwear supply chains often require imported synthetic uppers, specialty chemicals, and performance materials, while local sourcing is stronger in packaging, basic components, and selected trims. | Vietnam remains a global-scale hub. Industry sources report US$27.04B in footwear and leather exports in 2024, supported by large OEM/ODM capacity. Indonesia also remains a major base for athletic and lifestyle footwear manufacturing. | Export exposure is heavily U.S. and EU oriented; trade advantages depend on origin and agreement utilization, while tariff shocks can reshape allocations across Vietnam, Indonesia, Cambodia, and others. | Key risks are tariff volatility, compliance expectations (social audits, traceability), and the ability to secure stable labor and productivity at scale, especially during peak seasons. |
| Electronics & Semi-conductors | Most high-value inputs remain imported (chips, wafers, advanced components), but ASEAN is strengthening midstream activities such as assembly, testing, packaging, and electronics manufacturing services. | Malaysia is a recognized node in semiconductor assembly and exports, supported by national investment agencies. Vietnam has a fast-growing electronics cluster in the North, supported by large-scale expansions from contract manufacturers. | Electronics exports are typically global, with the practical advantage being ASEAN's ability to support multi-country supply chains under regional trade frameworks such as RCEP. | Execution depends on power reliability, supplier depth for precision parts, talent availability for engineering and quality, and compliance for controlled technologies. Investors should also monitor geopolitical spillover risks that can redirect demand and scrutiny across electronics supply chains. |

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***EVFTA EU-Vietnam Free Trade Agreement.*** *A bilateral trade agreement between the European Union and Vietnam that provides preferential tariff access for Vietnamese exports into the EU market.*

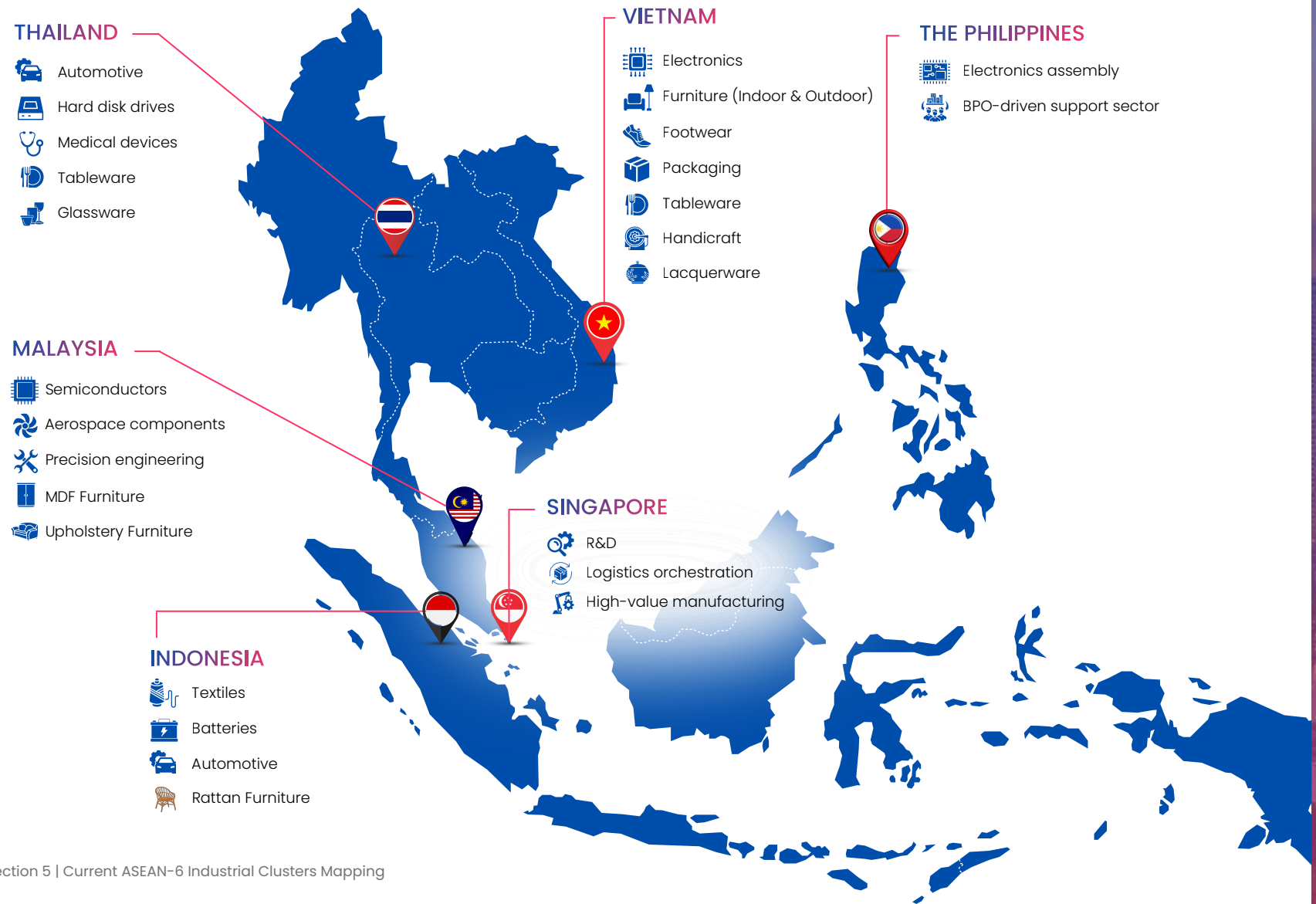
| | Materials and inputs availability | Production capacity & existing clusters | Export markets & tariff advantages | What investors should pay attention to |
|---|---|---|---|---|
| Furniture & Home Product | Inputs vary by segment. Wood products require stable, compliant timber supply and strong chain-of-custody documentation, while upholstery and hardware often blend local and imported inputs. | Vietnam remains a leading regional exporter, with timber and wood-product exports reaching US$17.2B in 2025. | The EU and U.S. remains a critical market for ASEAN furniture, but tariff conditions can shift rapidly. Reuters reporting in 2025 highlights how U.S. tariff actions can materially affect furniture sourcing decisions and margins. | Key watchpoints are U.S. and EU trade actions, origin and compliance documentation (especially for wood legality and traceability), and the ability to manage quality consistency for high-mix production. |
| Food & Agriculture | ASEAN is strong in raw agricultural supply, but investment value is often captured in processing, packaging, cold chain, and export-grade compliance systems. Indonesia is explicitly pushing domestic agricultural processing investment. | Vietnam, Thailand, and Indonesia have established export bases across seafood, rice, coffee, fruits, and processed foods, with long-standing trade flows documented by OECD and market trade organizations. | Export success depends less on tariff alone and more on SPS compliance, labeling, and buyer standards. Regional integration still supports cross-border processing and distribution. | Critical risks include food safety controls, cold-chain capability, climate volatility, and regulatory compliance for destination markets. Processing investments should be evaluated together with logistics and packaging readiness. |
| Medical Devices | Inputs and components are often imported for higher-value categories, while ASEAN manufacturing competitiveness is strongest in disposables, mid-tech devices, and assembly, supported by growing life-sciences ecosystems. | Thailand is cited as a major ASEAN exporter and manufacturing center for medical devices, while Malaysia positions medical technology as a priority manufacturing segment. | Regulatory access and approvals typically matter more than tariff. A recent Malaysia–Singapore regulatory reliance pilot illustrates efforts to streamline approvals and reduce duplication, improving speed to market. | Regulatory strategy, ISO 13485 readiness, post-market duties, and distributor networks deserve the most attention. Factory setup is supportive but not the main driver. |
| Packaging | Paper packaging is expanding in response to sustainability and retail demand, while plastics packaging remains large but faces rising ESG scrutiny and recycling requirements. | Vietnam's packaging sector is described as large and fast-growing, with Vietnam Briefing citing scale and a high number of active enterprises. | Packaging demand is both domestic and export-linked, because it follows growth in electronics, food processing, and consumer goods supply chains. Trade frameworks matter indirectly through the exports they support. | Key watchpoints are recycled-content requirements, food-contact compliance, price volatility in pulp and resin, and whether customers require audited sustainability credentials. |
| Automotive and EV | Supply chains depend on metals, plastics, electronics, and battery materials, with Indonesia's nickel position supporting battery-related upstream activity. | Thailand remains Southeast Asia's largest auto production hub, with Reuters reporting production scale and continued investment into EV manufacturing. | Regional trade frameworks such as ASEAN free trade arrangements support cross-border production networks, and OEMs use Thailand as an export base across Asia and beyond. | EV policy incentives, localization rules, charging ecosystem readiness, and demand volatility matter as much as factory build. Investors should also watch competitive pressure from China-linked supply and potential policy responses in ASEAN markets. |

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***ESG Environmental, Social, and Governance.*** *A set of operational standards covering emissions, labor practices, and certifications that global buyers now treat as baseline requirements for ASEAN suppliers.*

05

# Current ASEAN-6 Industrial Clusters Mapping



06

# ESG and Future Compliance Requirements

## CBAM (EU) – What it means for ASEAN exporters

From 2026, carbon compliance has moved from a sustainability topic to a direct trade and cost issue for ASEAN exporters serving the EU market.

### Timeline & Status

The EU Carbon Border Adjustment Mechanism entered its transitional reporting phase in 2023–2025 and moved into full application from 1 January 2026. From this point, importers must hold CBAM certificates reflecting the embedded emissions of covered goods. This is confirmed by official guidance from the European Commission.

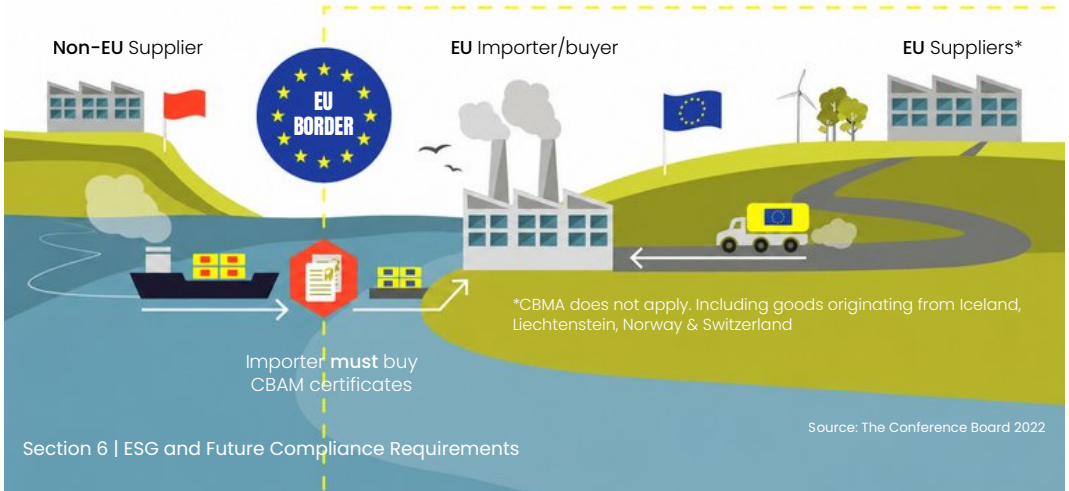
### Affected products

CBAM initially applies to carbon-intensive sectors including steel, aluminum, cement, fertilizers, electricity, and hydrogen. While finished consumer goods are not yet directly covered, upstream exposure matters. Packaging materials, metal components, and energy-intensive inputs increasingly affect the compliance profile of finished products.

### Documentation & emission data requirements

ASEAN exporters supplying EU-bound value chains are increasingly required to provide:

- Verified data on direct and indirect emissions
- Process-level energy usage information
- Supplier declarations and supporting documentation
- Improvement roadmaps where full data is not yet available




## U.S. Forced Labor, UFLPA, & Material Traceability

For U.S.-facing supply chains, compliance pressure is driven less by carbon and more by forced labor and traceability enforcement.

Under the Uyghur Forced Labor Prevention Act, U.S. authorities apply a rebuttable presumption that goods linked to certain regions, materials, or supply chains are produced with forced labor unless proven otherwise. This has direct implications for ASEAN exporters in sectors such as apparel, electronics, and packaging, where raw materials and components may originate from multiple countries.

In practical terms, U.S. buyers increasingly require:

- Clear mapping of tier-1, tier-2, and in some cases tier-3 suppliers
- Traceability of raw materials such as cotton, polysilicon, paper pulp, and chemicals
- Supporting documentation to demonstrate clean sourcing

## ESG checklist for ASEAN suppliers

Across both EU and U.S. markets, ESG expectations are converging into a set of operational requirements that sourcing teams now treat as baseline.

### KEY ESG ELEMENTS INCREASINGLY ASSESSED

**Energy**
Energy sources, efficiency measures, and emissions data availability

**Labor**
Working hours, wages, health and safety, grievance mechanisms

**Certificate**
BSCI, WRAP, FSC, ISO standards (ISO 9001, ISO 14001, ISO 45001), depending on sector

**Waste and emissions**
Wastewater treatment, solid waste handling, air emissions

**Chemicals**
Restricted substances management, material safety documentation

### SUPPLIER MATURITY SCORING

Leading buyers and sourcing partners now evaluate suppliers not only on compliance status, but on ESG maturity, typically across three levels:

1. *Basic compliance with minimum buyer requirements*
2. *Structured management systems with regular audits and reporting*
3. *Continuous improvement capability with measurable ESG targets*

For ASEAN suppliers, the ability to demonstrate progress along this maturity curve has become a key factor in winning and retaining long-term export business.

06

# ESG and Future Compliance Requirements

## Additional Compliance Requirements for ASEAN Suppliers

### FSC – Forest Stewardship Council Certification

The FSC certification verifies that timber, paper, and wood-based materials originate from responsibly managed forests. For ASEAN exporters in furniture, packaging, and wood products, FSC certification has shifted from a differentiator to a baseline requirement. EU and U.S. buyers increasingly require chain-of-custody documentation that traces wood inputs back to certified sources. Without it, suppliers risk disqualification from procurement processes regardless of price or production capacity.

### EUDR – EU Deforestation Regulation

In force from December 2024, the EU Deforestation Regulation prohibits the sale of products linked to deforestation or forest degradation on the EU market. Affected commodities include cattle, soy, palm oil, wood, cocoa, coffee, and rubber — all categories where ASEAN is a significant global supplier. Exporters must provide geolocation data for the land where commodities were produced and submit due diligence statements confirming compliance. Non-compliance can result in market access being blocked entirely. For ASEAN agricultural and wood product exporters serving European buyers, EUDR readiness is now an export eligibility question, not a sustainability aspiration.

### PPWR – EU Packaging and Packaging Waste Regulation

The EU's updated Packaging and Packaging Waste Regulation introduces mandatory recyclability standards, minimum recycled content requirements, and new labeling obligations for all packaging placed on the EU market. For ASEAN manufacturers supplying consumer goods, electronics, food products, and e-commerce into Europe, this regulation directly affects packaging design, material selection, and supplier documentation. Companies that cannot demonstrate packaging compliance risk losing shelf access with major European retailers. The regulation also creates upstream pressure on ASEAN packaging producers supplying EU-facing value chains.

### PFAS – Per- and Polyfluoroalkyl Substances Restrictions

PFAS are a broad group of synthetic chemicals used across textiles, electronics, food packaging, and industrial coatings. Facing mounting evidence of persistent environmental and health impacts, regulators in both the EU and U.S. are moving toward comprehensive restriction of PFAS across product categories. For ASEAN manufacturers, the practical implication is a requirement to audit material inputs, test finished products, and eliminate non-compliant substances from both products and processes. In apparel and outdoor textiles, where PFAS-based water repellents have been widely used, reformulation timelines are already under pressure from buyer requirements ahead of formal regulatory deadlines.

### MRSL/RSL – Manufacturing Restricted Substances List and Restricted Substances List

The RSL defines which chemical substances cannot be present above threshold levels in finished products. The MRSL extends this requirement upstream into the manufacturing process itself, covering chemicals used in production even if they do not appear in the final product. Both are now standard requirements across apparel, footwear, and home textiles for global brands sourcing from ASEAN. Suppliers must maintain chemical inventories, conduct regular product testing, and demonstrate traceability of inputs. Failure to meet RSL or MRSL requirements can result in shipment rejection, brand delisting, or reputational damage that affects the broader supplier relationship.

### ZDHC – Zero Discharge of Hazardous Chemicals

The ZDHC program sets industry-wide requirements for the elimination of hazardous chemicals from manufacturing processes, with a particular focus on wastewater discharge in textile and footwear production. Participation in ZDHC is now a standard expectation from global apparel and footwear brands when qualifying ASEAN suppliers. The program requires manufacturers to implement chemical management systems, conduct wastewater testing against the ZDHC Wastewater Guidelines, and progressively eliminate restricted substances from their processes. For factories in Vietnam, Indonesia, and Bangladesh serving major Western brands, ZDHC compliance has become a prerequisite for supplier approval, not a voluntary commitment.

### VOCs – Volatile Organic Compound Emission Controls

Volatile Organic Compounds are chemicals released during manufacturing processes including furniture production, surface coatings, printing, electronics assembly, and adhesive application. EU environmental directives and U.S. EPA standards set increasingly stringent limits on VOC emissions at both the product and facility level. For ASEAN manufacturers, VOC compliance requires investment in low-emission materials, process controls, and in some cases facility upgrades to ventilation and capture systems. As environmental due diligence requirements expand under EU corporate sustainability frameworks, buyers are beginning to request facility-level VOC emission data as part of supplier qualification — moving VOC management from a local regulatory issue to a global supply chain transparency requirement.

07

# Outlook: What's next for ASEAN Supply Chain 2030?

## Emerging industrial clusters to watch

The region is witnessing accelerated growth in several next-generation industries:

- **Battery & EV ecosystems:** expanding rapidly in Indonesia, Thailand, and Vietnam, driven by upstream minerals, strong automotive bases, and major FDI commitments.
- **Green materials & sustainable inputs**, including bio-based packaging and bamboo composites in Vietnam and Indonesia, aligned with global sustainability mandates and rising CBAM pressures.
- **Smart manufacturing & Industry 4.0 pockets**: early but fast adoption in electronics and precision engineering clusters across ASEAN-6.
- **Renewable-energy-driven manufacturing**, especially in Malaysia and Vietnam, where expanding solar and wind capacity reduces energy risks and supports ESG-compliant production.



# 08 Supply Chain Relocation: Our Step-by-step Process

## EVALUATE & PLAN

PHASE 1

### Strategic Assessment

**1**

#### Define relocation objectives

- Mitigating tariff and geopolitical risks
- Diversifying beyond a single country
- Reducing manufacturing costs
- Accessing trade agreement benefits
- Increasing supply chain resilience

*Clear objectives prevent relocation projects from losing direction.*

**2**

#### Industry & country mapping

- Industry clusters and ecosystems
- Labor availability and capabilities
- Infrastructure and logistics connectivity
- Regulatory and investment environment

**3**

#### Cost & feasibility analysis

- Labor, productivity and logistics costs
- Tariffs and trade agreements
- Import duties for raw materials
- Compliance and certification costs
- Infrastructure and operational overhead

*Uses Total Cost of Ownership (TCO), not labor cost alone.*

## TEST & VALIDATE

PHASE 2

### Supply Chain Validation

**4**

#### Supplier ecosystem identification

- Identifying qualified manufacturers
- Evaluating production capabilities
- Assessing quality management systems
- Mapping key raw materials and components

*Outputs a shortlist of potential production partners.*

**5**

#### Supplier qualification & factory audits

- Production capabilities and equipment
- Quality control systems
- Compliance with international standards
- Environmental and social responsibility
- Financial stability and reliability

*Factory audits and site visits are critical at this stage.*

**6**

#### Sampling & pilot production

- Prototype or sample development
- Quality and technical validation
- Production process adjustments
- Lead time and capacity testing

*Confirms technical specs and quality requirements are met.*

## IMPLEMENT & SCALE

PHASE 3

### Relocation & Scaling

**7**

#### Production transition planning

- Gradual production transfer planning
- Supplier onboarding and training
- Quality control frameworks
- Logistics and shipping coordination

*Many companies adopt dual-sourcing during this phase to mitigate risk.*

**8**

#### Quality supervision & continuous improvement

- On-site quality supervision
- Supplier performance monitoring
- Process optimization and efficiency
- Risk management and contingency planning

*Enables confident production scale-up across ASEAN over time.*

**9**

#### Supply chain integration

- ERP and supply chain system integration
- Procurement and order management
- Inventory and logistics coordination
- Communication protocols with suppliers

*Essential for maintaining supply chain efficiency at scale.*

09

# Are you ready to Relocate to ASEAN?

*Relocating production is a significant strategic decision, and the difference between a successful relocation and a costly misstep often comes down to preparation.*

*This section provides a structured self-assessment tool to help your leadership team honestly evaluate your organization's current readiness and identify the gaps that need to be addressed before moving forward.*

## A Strategic Self-Assessment for Manufacturers (2026–2030)

*Global supply chains are undergoing a structural shift. Rising geopolitical risks, tariff pressures, and the need for diversified sourcing are pushing manufacturers to rethink long-standing production strategies.*

*Southeast Asia has emerged as one of the most attractive destinations for supply chain relocation. Countries such as Vietnam, Thailand, Indonesia, and Malaysia offer a combination of competitive labor costs, growing industrial ecosystems, and expanding trade agreements.*

*However, relocating production is not simply a matter of moving factories from one country to another. It requires strategic alignment across sourcing, operations, logistics, compliance, and market access.*

*Many companies underestimate the complexity involved. Supplier ecosystems may not yet exist locally. Regulatory frameworks vary significantly across ASEAN countries. Infrastructure, workforce capabilities, and production standards must all be evaluated carefully.*

***This checklist is designed as a strategic self-assessment tool to help manufacturers determine whether they are truly prepared to begin a supply chain relocation journey.***

### HOW TO USE THIS CHECKLIST

For each question, select the option that best reflects your company's current situation.

- **Yes – Fully prepared:** Your organization already has a clear strategy, data, or internal capability in place.
- **Partially – In progress:** You have started exploring this area but have not finalized a strategy or implementation plan.
- **No – Not yet addressed:** This topic has not yet been evaluated or remains unclear internally.

At the end of the checklist, review your responses:

- **10–15 "Yes" answers:** Your company is strategically ready to explore relocation and move toward execution.
- **5–9 "Yes" answers:** Your organization is in the early planning stage and should conduct deeper feasibility studies.
- **Below 5 "Yes" answers:** Relocation discussions may be premature. Foundational analysis is still required

## RELOCATION READINESS SCORECARD

### STEP 1 | SCORE EACH QUESTION

*For each statement in the checklist, assign a score based on your company's current level of preparation.*

| STATUS | DESCRIPTION | SCORE |
|---|---|---|
| *Yes - Fully prepared* | *Strategy, data, and internal alignment already exist* | ***2 points*** |
| *Partially – In progress* | *Initial analysis started but not finalized* | ***1 points*** |
| *No – Not yet addressed* | *Topic has not yet been evaluated* | ***0 points*** |

**Maximum score: 30 points (15 questions)**

### STEP 2 | CALCULATE YOUR READINESS LEVEL

*Add up your total score and compare it with the readiness scale below.*

| TOTAL SCORE | READINESS LEVEL | MEANING |
|---|---|---|
| *24 - 30* | *Execution Ready* | *Your organization has strong strategic alignment and operational clarity. You are ready to move into supplier identification, pilot production, or factory setup in ASEAN.* |
| *16 - 23* | *Strategic Planning Stage* | *You have identified the opportunity but key operational and ecosystem questions remain. A structured feasibility study is recommended before making relocation decisions.* |
| *8 - 15* | *Exploration Stage* | *Your organization is exploring relocation but lacks sufficient analysis. Strategic supply chain mapping and cost modeling should be conducted first.* |
| *0 - 7* | *Not Ready Yet* | *Relocation discussions may be premature. Foundational strategy, cost structure analysis, and internal alignment are still missing.* |

## RELOCATION READINESS CHECKLIST

***Are You Ready to Relocate Your Supply Chain to ASEAN?***
***Please review each statement and check the box that best describes your company's current situation.***

| NO. | ASSESSMENT QUESTION | YES | PARTIALLY | NO |
|---|---|---|---|---|
| *1* | *We have clearly defined why we want to relocate production (tariff reduction, diversification, cost optimization, etc.).* | | | |
| *2* | *We have assessed whether our products are technically suitable for manufacturing in ASEAN.* | | | |
| *3* | *We have conducted a Total Cost of Ownership (TCO) comparison between our current production base and ASEAN alternatives.* | | | |
| *4* | *We understand whether key suppliers or raw materials are available locally in ASEAN.* | | | |
| *5* | *We have analyzed trade agreements and tariff benefits that ASEAN production may offer for our target markets.* | | | |
| *6* | *We have shortlisted specific ASEAN countries that best fit our industry and operational needs.* | | | |
| *7* | *We understand the regulatory requirements for foreign companies operating in our shortlisted countries.* | | | |
| *8* | *Our leadership team is aligned and committed to exploring supply chain relocation.* | | | |
| *9* | *We have defined our preferred operational model (contract manufacturing, joint venture, or owned factory).* | | | |
| *10* | *We have evaluated the availability of workforce and technical talent required for our production.* | | | |
| *11* | *We understand the logistics infrastructure and shipping timelines from our potential ASEAN production locations.* | | | |
| *12* | *We have a plan to maintain quality control and compliance standards when relocating production.* | | | |
| *13* | *We have conducted a risk assessment of potential operational and geopolitical challenges.* | | | |
| *14* | *We have outlined a preliminary relocation roadmap or timeline for implementation.* | | | |
| *15* | *We have identified local partners or advisors to support supplier sourcing and operational setup.* | | | |

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# Our Real Stories: How Relocation Really Work

## Case Study 1

Decowraps

### The moment that defined the project

When Decowraps, a U.S.-based industry leader in decorative packaging for fresh-cut flowers and potted plants, came across the opportunity to acquire an existing manufacturing facility in Vietnam, the excitement was real. So was the uncertainty. Vietnam was, in their own words, an unknown country. They had no local contacts, no visibility into factory conditions, and no way of knowing whether the acquisition would be an asset or a liability.

*They needed someone who could tell them the truth, quickly, and from the inside.*

### What we did together

Source of Asia stepped in as their eyes and ears on the ground. We began by mapping the regional supplier landscape across Vietnam, Thailand, and Indonesia, identifying over 100 potential partners and distilling them into a qualified shortlist backed by a detailed market analysis. This gave Decowraps the comparative context they needed to understand where the acquired facility actually stood.

Then came the factory itself. We conducted a full 360° on-site audit covering operations, HR, finance, safety, and compliance. We did not stop at identifying risks. We built an action plan: recruiting for key leadership positions, designing standard operating procedures, and providing hands-on coaching for the incoming CEO to lead the site with confidence from day one.

### What it meant

The acquisition went ahead. Decowraps established a manufacturing presence in Vietnam with a clear-eyed understanding of what they were taking on and a concrete roadmap for building it into a competitive production base. Back at headquarters, the decision had been made with evidence, not assumption.

This is what relocation looks like when it is done right. Not a leap of faith, but a structured move into something that has been properly understood.

> *Over 100 potential suppliers identified across Vietnam, Thailand, and Indonesia. One factory. One decision. Full confidence.*

### Key outcomes at a glance

| | |
|---|---|
| 100+ | *potential suppliers mapped across three ASEAN markets* |
| 360° | *potential suppliers mapped across three ASEAN markets* |
| 40 | *ERP system providers identified to support operational modernisa* |
| C-Level | *positions hired and onboarded* |
| Acquisition | *proceeded and manufacturing site established in Vietnam* |



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# Our Real Stories: How Relocation Really Work

## Case Study 2

### The challenge of success

Groupe SEB didn't come to us because something was broken. They came because they were thinking ahead. As one of the world's most recognized manufacturers of small household and kitchen appliances, they had built a supply chain that worked, and they wanted to know if it could work better.

The question they were asking is one that ambitious global companies increasingly ask: are we too concentrated? Are there manufacturing partners, markets, or structures we haven't yet seen? And if we wanted to diversify or expand, where exactly should we go?

### Five countries. Three strategic dimensions.

Source of Asia designed and executed a sourcing mission that spanned five distinct markets: Indonesia, Thailand, and the Philippines in ASEAN, alongside Mexico and Eastern Europe, two corridors increasingly relevant for companies managing U.S. and European supply chains in parallel.

In each market, we went beyond general landscape reports. We profiled specific manufacturers against Groupe SEB's requirements for technical competency, production capacity, and quality standards. We then turned our lens inward onto Groupe SEB's own supply chain, analysing distribution flows into Europe and the U.S., identifying where bottlenecks were emerging, and mapping the tax and incentive structures that could make alternative sourcing configurations more attractive.

*The output: Three comprehensive market intelligence reports and a shortlist of more than 150 qualified manufacturing partners across all five markets.*

### What changed?

Groupe SEB entered the process with a strong supply chain and left with something more valuable: a strategic map of what was possible. New manufacturing sources were identified. Joint venture opportunities surfaced that had not previously been on the radar. And the organisation gained the external validation and competitive intelligence needed to make sourcing decisions that would hold up over the long term.

*This is what supply chain optimisation looks like when a company is willing to question its own assumptions, and has the right partner to help it see clearly.*

> *150+ qualified manufacturing partners across five markets. Three reports. One company that now knows exactly where it stands, and where it could go.*

### Key outcomes at a glance

*Strategic sourcing mission* across 5 countries: Indonesia, Thailand, Philippines, Mexico, Eastern Europe

150+ *qualified manufacturing partners identified and shortlisted*

3 *comprehensive market intelligence reports delivered*

Supply chain efficiency analysis *completed for European and U.S. distribution*

New joint venture opportunities *identified and mapped*



# Our insights

*Relocating a supply chain is not simply a cost decision. The companies that succeed in ASEAN are the ones that treat relocation as a strategic design exercise, not a procurement exercise. The difference shows up years later, in resilience, in compliance readiness, and in how quickly they can respond when conditions change.*

*At **Source of Asia**, we have seen companies arrive in ASEAN with the right intentions but the wrong framework. They focus on finding the cheapest factory when they should be building the right supply chain architecture. Speed matters, but the structure you build in year one will either accelerate or constrain everything that follows.*

*The most successful relocations we have supported share one thing in common: the leadership team was willing to understand the market before committing to it.*

# About Source of Asia

**Source of Asia** is an **International Business Accelerator** in Southeast Asia and the broader Asian region.

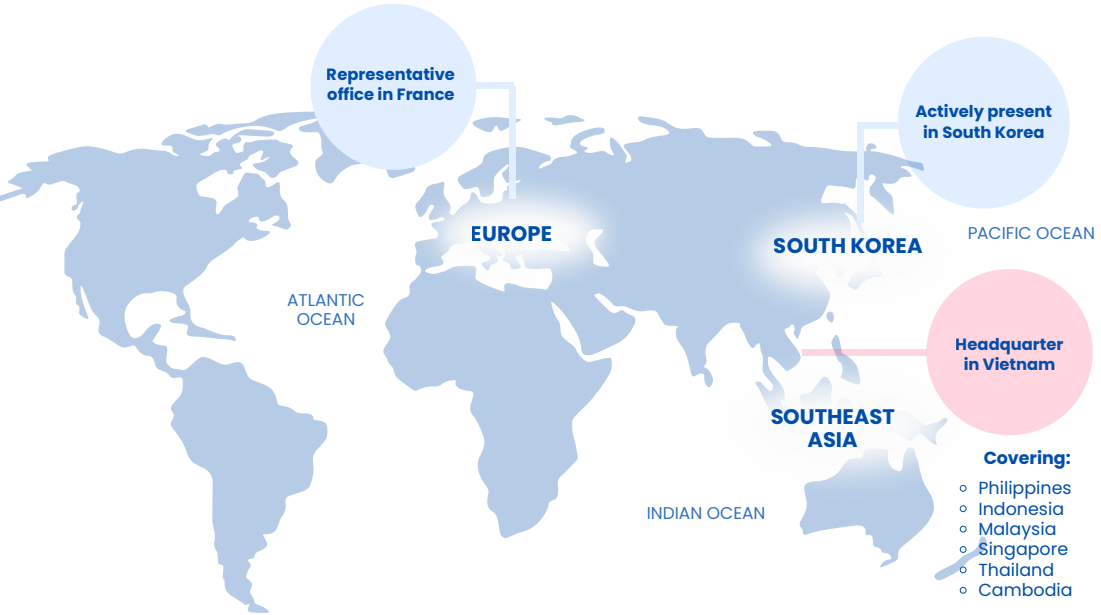
Over the past **20 years+**, we've been guiding global enterprises to successfully penetrate, operate, and flourish in this vibrant region through tailored solutions in **Market Expansion**, **Sourcing & Supply Chain**, **Corporate & HR Solutions**, **M&A, and Digital Solutions.**

**20+** years of experience in Asia

**100+** passionate & multi-sectors experts

**500+** happy customers

**20+** networks and institutions that SOA is a member of or accredited by




## Our Partnership & Accreditation

We are accredited by and active partners of **several business networks**...

AND MANY MORE...



# Our Services

Source of Asia, your unique **ONE-STOP SHOP** company that covers all your business needs in Southeast Asia and the broader Asian region.

### MARKET EXPANSION

Formulating and implementing tailored growth strategies to successfully transition into your targeted countries.

### SOURCING & SUPPLY CHAIN

Optimizing your production and organization by outsourcing supply chain management to experienced experts.

### CORPORATE & HR SOLUTIONS

Helping you optimize your foothold in target countries, and managing your setup on your behalf.

### M&A SERVICES

Accompanying and advising in each step of your business expansion strategy through M&A transactions.

### IT SERVICES

Advising and supporting you in modernizing IT systems, improving operational efficiency, and ensuring a secure and scalable digital infrastructure.

### MARKETING SERVICES

Driving measurable business growth through end-to-end marketing services aligned with your business strategy and objectives.

# Meet Our Management Team

Meet the leadership behind Source of Asia, supported by trusted consultants and advisors across industries and markets.



**Thierry MERMET**
*Managing Partner | CEO*



**Zacharie BLONDEAU**
*Managing Partner | COO*



**Aurelie TRAN NGOC**
*Country Manager*



**Julien BARATEAU**
*Director of Business Transformation*



**Huong LE**
*Corporate Services & HR Solutions Director*



**Nhi NGUYEN**
*Head of Sourcing Operations*



**Xavier POULIQUEN**
*Head of Business Development*



**Kiet DO**
*Head of Market Approach*



**Quyen NGUYEN**
*Marketing and Communications Director*



**Anh VU**
*Head of Corporate Services*



**Ngan NGUYEN**
*Head of HR Solutions*



**Anh VO**
*Malaysia Representative*



**Youngjae CHAE**
*South Korea Representative*

# Reference and Resources

*Trade Policy and Regulatory Frameworks*

- *European Commission, Directorate-General for Taxation and Customs Union, CBAM implementation guidance and definitive phase timeline*
- *U.S. Customs and Border Protection, Uyghur Forced Labor Prevention Act (UFLPA) enforcement framework and guidance*
- *ASEAN Secretariat, RCEP implementation and ASEAN trade architecture documentation*
- *World Trade Organization (WTO), Merchandise trade statistics and trade flow data*

*Investment and Industrial Development*

- *Malaysia Investment Development Authority (MIDA), Semiconductor and electronics investment data*
- *Economic Development Board of Singapore (EDB), Logistics and supply chain hub positioning*
- *Indonesia Investment Coordinating Board (BKPM), Agricultural processing and battery ecosystem investment policy*

*Sector and Market Data*

- *Vietnam textile and garment industry: Vietnam News / Vietnam Briefing industry reporting*
- *Vietnam footwear and leather exports: industry association and trade source reporting*
- *Vietnam wood and wood products: Vietnam forestry and trade ministry data*
- *Indonesia textile manufacturing: Surya Cipta industrial estate and industry sources*
- *Thailand automotive production: Reuters industry reporting*
- *Vietnam packaging sector: Vietnam Briefing market analysis*

*ESG and Compliance Standards*

- *Business Social Compliance Initiative (BSCI), Social audit framework*
- *Worldwide Responsible Accredited Production (WRAP), Apparel compliance standard*
- *Forest Stewardship Council (FSC), Timber and wood chain-of-custody certification*
- *International Organization for Standardization, ISO 9001 (Quality), ISO 14001 (Environment), ISO 45001 (Safety), ISO 13485 (Medical Devices)*
- *OECD, Supply chain due diligence and trade compliance analysis*
- *World Bank, Logistics Performance Index and supply chain benchmarking*

*Strategic Context*

- *ASEAN Economic Community Blueprint / AEC Strategic Plan 2026–2030*
- *CPTPP secretariat, Entry-into-force documentation and member country trade data*
- *Vietnam–EU Free Trade Agreement (EVFTA), Official trade and tariff documentation*



# Ready to take your next step in ASEAN and South Korea?

*Every relocation journey is different.*
*Let us help you assess what your business needs to map, validate, and execute next.*

**CONTACT US!**


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