



Insights & Trends about Logistics & Shipping in year 2024

The World of logistics and shipping is constantly changing. For the past 4 years, from Covid-19 pandemic to the economic recovery followed by the supply chain crisis, this shows that the Global supply chain is prone to disruption, but also innovation. While the industry is crucial for the global economy, it faces a myriad of challenges that can impact efficiency, profitability, and customer satisfaction

Let's have a short recap for logistics in year 2023, it was mentioned within the logistic circle that the keywords for 2023 logistic trend was "resilience" and "adaptation", after so many hindrances and obstacles such as the pandemic since 2020 thru the Suez Canal blockage in 2021 which exposes the fragility of supply chains by the running aground of the container, with EVER GIVEN who rammed its bow into the Eastern bank of the Suez Canal costing the World estimated at USD 10

billion weekly. While 2022 is a recovery period, there comes one disaster after another, for the past few years, interoceanic routes and passages have been significantly impacted by a series of weather anomalies such as the drought which decreased the capacity of Panama Canal by more than 35%, military conflicts such as the Russia-Ukraine war, the Gaza-Israel crisis etc, the threat which emerged in the Red Sea in late 2023 via Houthi attacks disrupting vital trade routes, resulting re-routing of shipping traffic. Now this had indeed underscored the critical needs for diversified shipping strategies. Lots of Companies sought for new partners and lanes, which proves the importance of flexible logistics network.

Not forget to mention the lime light event of the simmering US-China Trade dispute of which the primarily concerning semiconductors prompted business to adapt. It has become a default setting for logistic Companies to explore alternative routes and seeking of new partners, highlighting the resilience of global supply chains in the standpoint of geopolitical friction. For many, sustainability continues to be the first factor to take into considerations, with more environmental and friendly solutions which continue to grow in importance across the logistics area.

Moving into year 2024, the giant Tech Companies such as Apple, Volkswagen, Mazda have accelerated the move out of China to India, Vietnam, Indonesia, Thailand etc. For coming to 40 years, China has been the hub for tech production, the factory of the World, but rising costs, geopolitical tensions have pushed Companies setting their views elsewhere. But is this going to be the end? It seems that Apple is deepening its ties with China even more although it expands further via production in Southeast Asia and India, it is in fact striking balance between politics and businesses. Apple releases an official list of suppliers for all its products almost every year and the latest edition covers 187 companies and represents 98% of the company's procurement for fiscal 2023. Its deeper ties with China come as Apple also accelerates its supply chain shift to Southeast Asia amid the ongoing U.S.-China tech war. But this growing footprint in India and Southeast Asia does not necessarily point to a reduced reliance on China. Chinese suppliers have formed the largest camp of Apple suppliers since 2020, The number of manufacturing or development facilities in China -- including those owned by domestic and foreign companies -- grew by 10 to 286. Official analysis from Nikkei Asia's shows that around 37% of the 35 suppliers in Vietnam are from China and Hong Kong, including Air Pods assemblers

Goertek and Luxshare, and iPad assembler BYD. All three have expanded their production capacity in the country to serve Apple.

Innovation also faced the impact and had set up our Vietnam factory which continues to provide the utmost services to Apple. We, too, faced lots of challenges via suppliers, local culture, manpower and local government bodies regulations etc but it is very encouraging that Management had provided continuous support by engaging local professional, sending experience staffs, technical and professional personnel from China site to Vietnam factory, this helps a lot by sharing experiences, conducting training and rapport building. This will definitely be another milestone and achievement of the Company!

Via logistics aspects, we do face challenges such as rising transportation costs, inventory management, labor shortages, skills gap, regulatory compliance and customs challenges, but great to know that we do have a team of custom and shipping personnel in our Vietnam plant who are very enthusiastic and positive, and we always believe that when there is a will there is a way! Our motto is that there are always more solutions than problems or difficulties!

2024 will be a year of profound investment and focus on the future in the areas of sustainability, supply chain resilience, green logistics, Artificial intelligence (AI), Machine learning (ML), real time information and definitely cybersecurity! I strongly believe that Innovation, will still take a place in the market, overcoming each obstacles and challenges along the way and stay focus via our objectives and goals!

"Continuous improvement is better than delayed perfection."

- Mark Twain.



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