# UOB underscores ASEAN’s rising role in global supply chain realignment amid strategic nearshoring shift



At the Gateway to ASEAN Conference held in Singapore on October 16, United Overseas Bank (UOB) unveiled its latest 'Gateway to ASEAN' report, highlighting a significant shift in global supply chains amid escalating tariffs and trade tensions. The report insightfully reveals that business confidence has fallen back to levels seen during the pandemic, with 75% of global executives planning to reconfigure their supply chains over the next three to five years. This shift marks what UOB describes as a "once-in-a-generation" supply chain reset, positioning ASEAN as a key beneficiary of this global realignment.

The report underscores how companies are moving beyond mere diversification. Instead, cost optimisation has emerged as the predominant strategy for de-risking supply chains, illustrating a shift from cheap sourcing towards smarter inventory management, proactive scenario planning, and nearshoring—relocating production closer to home markets to reduce tariffs, logistics costs, and lead times. Nearshoring, initially a crisis response during COVID-19, has evolved into a proactive and strategic approach. Over half of surveyed businesses express an intent to nearshore within the next three years, reflecting ASEAN’s growing appeal not just as a manufacturing hub but as an integrated regional centre for storage, fulfilment, and distribution.

ASEAN's value proposition extends beyond cost competitiveness, with countries like Vietnam, Indonesia, and Malaysia balancing affordability with advances in technology, innovation capabilities, and skilled labour availability. The region’s role as an emerging demand engine is highlighted by businesses prioritising market expansion in Indonesia, Singapore, and Vietnam. Rather than picking a single country, companies are building diversified portfolios within ASEAN, aligning their operations to country-specific strengths.

One prominent example of this trend is South Korea’s retail giant Lotte, which has been actively expanding its footprint across ASEAN, focusing on Vietnam, Indonesia, and Singapore. Lotte recently launched Lotte Mart Express in Singapore via a 'store-in-store' concept inside FairPrice outlets to bring Korean brands closer to local consumers. Furthermore, Lotte is establishing a Digital Hub for International Business and a Regional Hub for International Procurement in Singapore, demonstrating its commitment to seamless regional integration. Recognising the complexities of operating in diverse ASEAN markets, Lotte has partnered with UOB to provide tailored financial solutions. In Indonesia, UOB has helped implement a supply chain financing scheme benefiting over 1,000 local suppliers, bolstering their cash flow and enabling mutual business growth.

Donghyun Kim, Chief International Business Officer at Lotte International HQ, emphasised at the Gateway to ASEAN Conference that this collaboration is critical for securing reliable product supply and enabling Lotte’s regional scalability. According to So Lay Hua, Head of Group Transaction Banking at UOB, the bank supports major regional clients like Lotte by managing the full procure-to-pay lifecycle—from sourcing and inventory to sales and collections—highlighting UOB’s comprehensive approach beyond mere financing.

UOB’s strong regional presence, including over 90 branches in Indonesia, equips it with deep expertise in local regulations and market dynamics, enabling it to deliver customised solutions that facilitate complex supply chain management. So added that the bank’s dedicated country teams work closely with clients at the local level, providing flexible, phased financing structures and digital tools that simplify cross-border operations. This combination of consumer retail insight and ASEAN-wide infrastructure allows UOB to offer effective support for Lotte’s ambitions in the region.

Supporting evidence from other sources confirms UOB’s growth in cross-border business across ASEAN and Greater China, driven by increasing demand for trade finance, supply chain management, and digital payment solutions as companies diversify their supply chains. ASEAN benefits from a surge in foreign direct investment, with UNCTAD reporting inbound investment reaching US$225 billion in 2024 and UOB projecting an increase to US$370 billion by 2030. This surge aligns with the findings that nearshoring and building regional operational hubs are central to corporate strategies in the Asia-Pacific, with countries like Thailand and Malaysia also emerging as popular locations for regional headquarters.

Furthermore, ASEAN’s expanding role as a procurement and consumer market hub is recognised globally, especially by Chinese enterprises adopting a "China + N" supply chain strategy. This approach builds resilience by establishing multiple sourcing and sales points, with ASEAN countries such as Malaysia, Thailand, Singapore, and Indonesia gaining prominence as key investment and operational bases.

Overall, UOB’s report and actions reflect a broader trend of companies turning to ASEAN not only as a cost-effective manufacturing base but as a strategic regional hub for supply chain resilience, operational efficiency, and market expansion in a fragmented global trade environment.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://vir.com.vn/uob-backs-asean-supply-chain-shift-with-strategic-support-for-lotte-138891.html), [[2]](https://vir.com.vn/uob-backs-asean-supply-chain-shift-with-strategic-support-for-lotte-138891.html), [[5]](https://www.businesstimes.com.sg/international/asean/once-generation-supply-chain-reset-can-position-asean-global-engine-uob)
* Paragraph 2 – [[1]](https://vir.com.vn/uob-backs-asean-supply-chain-shift-with-strategic-support-for-lotte-138891.html), [[5]](https://www.businesstimes.com.sg/international/asean/once-generation-supply-chain-reset-can-position-asean-global-engine-uob)
* Paragraph 3 – [[1]](https://vir.com.vn/uob-backs-asean-supply-chain-shift-with-strategic-support-for-lotte-138891.html)
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* Paragraph 6 – [[1]](https://vir.com.vn/uob-backs-asean-supply-chain-shift-with-strategic-support-for-lotte-138891.html)
* Paragraph 7 – [[1]](https://vir.com.vn/uob-backs-asean-supply-chain-shift-with-strategic-support-for-lotte-138891.html), [[3]](https://asianbankingandfinance.net/news/uob-sees-rising-trade-finance-demand-in-asean-and-greater-china), [[4]](https://e.vnexpress.net/news/business/uob-reports-strong-growth-in-its-cross-border-business-across-asean-and-china-4952693.html), [[5]](https://www.businesstimes.com.sg/international/asean/once-generation-supply-chain-reset-can-position-asean-global-engine-uob)
* Paragraph 8 – [[1]](https://vir.com.vn/uob-backs-asean-supply-chain-shift-with-strategic-support-for-lotte-138891.html), [[3]](https://asianbankingandfinance.net/news/uob-sees-rising-trade-finance-demand-in-asean-and-greater-china), [[4]](https://e.vnexpress.net/news/business/uob-reports-strong-growth-in-its-cross-border-business-across-asean-and-china-4952693.html), [[6]](https://aseanpress.com/2025/07/19/asean-is-regarded-as-the-most-important-future-investment-destination-by-chinese-enterprises/)

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## Bibliography

1. <https://vir.com.vn/uob-backs-asean-supply-chain-shift-with-strategic-support-for-lotte-138891.html> - Please view link - unable to able to access data
2. <https://vir.com.vn/uob-backs-asean-supply-chain-shift-with-strategic-support-for-lotte-138891.html> - At the Gateway to ASEAN Conference in Singapore on October 16, UOB released its latest 'Gateway to ASEAN' report, revealing that business confidence has fallen back to pandemic-era lows amid escalating tariffs and trade tensions. The report shows that 75 per cent of global executives plan to reconfigure their supply chains within the next three to five years. UOB’s insights, underscored by partnerships such as its collaboration with South Korea’s retail giant Lotte, demonstrate how companies are turning strategy into action in an increasingly fragmented trade landscape.
3. <https://asianbankingandfinance.net/news/uob-sees-rising-trade-finance-demand-in-asean-and-greater-china> - United Overseas Bank (UOB) reported strong growth in its cross-border business across ASEAN and Greater China, as companies continue to move supply chains to the region. The bank noted increased demand for trade finance, financial supply chain management (FSCM), and digital payment solutions as firms diversify production and sales. UOB’s digital platform, UOB Infinity, saw FSCM anchors rise by 21% and spokes by 18% year-on-year in the first half of 2025, with more than two-thirds from ASEAN-based companies. Digital payments made up 90% of total transaction volumes during the same period.
4. <https://e.vnexpress.net/news/business/uob-reports-strong-growth-in-its-cross-border-business-across-asean-and-china-4952693.html> - UOB reported strong growth in its cross-border business across ASEAN and China, as companies increasingly relocate supply chains to Southeast Asia. The bank highlighted the shift in global supply chains, which began during the Covid-19 pandemic and accelerated due to trade tensions and tariffs. ASEAN has emerged as a key beneficiary, with businesses moving sourcing, production, and sales into the region to mitigate risks. According to UNCTAD's World Investment Report, inbound foreign direct investment into ASEAN reached US$225 billion in 2024, with UOB projecting this figure to rise to US$370 billion by 2030.
5. <https://www.businesstimes.com.sg/international/asean/once-generation-supply-chain-reset-can-position-asean-global-engine-uob> - UOB's paper, launched at this year's edition of the annual 'Gateway to ASEAN' conference, described the ongoing shifts in global supply chains as a 'once-in-a-generation' reset. The paper noted that near-shoring trends, which first emerged as a reaction to the pandemic-driven disruption of global supply chains, have now become an active business choice as companies chase greater continuity and traceability. For example, Thailand and Malaysia have become popular destinations for companies looking to set up operations in the Asia-Pacific, with about 20 per cent of investors in Thailand and 18 per cent of investors in Malaysia considering setting up regional headquarters in these countries.
6. <https://aseanpress.com/2025/07/19/asean-is-regarded-as-the-most-important-future-investment-destination-by-chinese-enterprises/> - ASEAN is regarded by Chinese enterprises as the most important overseas procurement market, terminal market, and future investment destination. Among them, Malaysia is the most popular, and Thailand, Singapore, and Indonesia are also popular. At the same time, Chinese companies are also actively exploring high-potential customer markets such as North America and Europe, building a more resilient global supply chain network at multiple points, and further enhancing the company’s risk resistance. Xin Tao, President of UOB Beijing Branch, said that Chinese companies’ supply chain strategies are accelerating from 'China + 1' to a more robust 'China + N', and ASEAN’s position as a core hub is becoming increasingly prominent.
7. <https://www.reuters.com/business/finance/singapore-bank-uobs-q4-net-profit-rises-9-announces-22-billion-package-return-2025-02-18/> - Singapore's United Overseas Bank (UOB) saw its shares reach a record high after announcing a 9% increase in fourth-quarter net profit, totaling S$1.52 billion. UOB also revealed a S$3 billion package to return surplus capital to investors. The stock initially rose by 1.4%, reaching S$39.20 per share, before settling at S$38.63. CEO Wee Ee Cheong highlighted the positive impact of regional investments and expected sustained revenue growth for 2025. UOB's performance surpassed analysts' expectations of S$1.46 billion. The bank maintained its cost-to-income ratio forecast and declared a final dividend of 92 Singapore cents per share for 2024. The net interest margin slightly decreased to 2.00%. UOB anticipates one U.S. Federal Reserve rate cut this year. Meanwhile, DBS Group reported a 10% increase in Q4 profit, and Oversea-Chinese Banking Corporation is set to release its financial results on February 26.