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[Case Study] Bitcoin: A Look at Why It Is Failing

Bitcoin really is a brilliant idea. It is essentially a peer-to-peer currency system that allows people to transfer money to each other without the middle men of banks. Plus, there are no transaction fees, the currency can be used anywhere in the world, and anonymity is allowed. However, bitcoin has had a rough year and the future doesn't look too bright. So, why is bitcoin failing?

Bitcoin in 2015



Image via [Flickr](#) by Whitez

Bitcoin is failing because of two inherent problems — hoarding and attrition. The designer of bitcoin decided that [no more than 21 million bitcoin](#) will ever be created. The reason for this was to prevent people from diluting the value of bitcoin by adding more to the system. In theory it is a good idea, but it also means that someday bitcoin will be a collector's item, which sets it up for hoarding and attrition.

It makes sense that people are hoarding bitcoin because the value will skyrocket once no more is being mined. In March 2015, the average value of one bitcoin was \$245. That one bitcoin coin could easily go up in value 100 times when no more bitcoin is being added to the system. Right now, more than a third of the available bitcoin has already been mined. So, it doesn't make sense to spend bitcoins when their value is sure to go up.

The majority of bitcoin owners are already hoarding to ensure their future wealth. The others are new users testing out the system or scammers trying to make a quick buck. After some time, it becomes apparent that the best strategy in bitcoin is to hoard and people will stop spending their bitcoin altogether. No spending is bad for the economy, and then the bitcoin system will fail.

The Future of Bitcoin



Image via [Flickr](#) by Francis Storr

Despite the inherent problems with bitcoin, people who use it are still very optimistic about its future. They are urging companies to accept the digital currency, but only a few have jumped on. Until it is just as easy to pay with bitcoin as it is to use a credit card, widespread use will not occur. Bitcoin will probably fail as a currency system before it has a chance to catch on everywhere.

On top of hoarding and attrition problems, bitcoin is very volatile, and it's hard for users to predict the value from day to day. For instance, in 2013 [bitcoin peaked](#) at a value of \$1,147. Then, there was speculation that the government would step in with regulations. People got scared and the value of bitcoin quickly dropped by more than 50 percent. That's a scary thought for investors.

Bitcoin has real potential as a currency system if some of the kinks are worked out. For instance, the government has talked about sister systems with bitcoin that allow for unlimited mining. However, nothing has been set in place and users are very resistant to the government getting involved. That's why it's best to be cautious when investing in bitcoin. It's failing, and there are too many problems for it to truly succeed.

Made in America: A Case Against the Trans-Pacific Partnership

Most of the clothing, electronics, and agricultural goods you buy are not made in the U.S. They are imported from developing countries, such as China. The Obama administration is pushing for the Trans-Pacific Partnership (TPP) to create fair competition in the Asia-Pacific region. Their goal is to create an environment where "Made in America" goods can thrive. However, the TPP partnership has some flaws that could actually make the situation worse.

Overview of the Trans-Pacific Partnership Agreement



Image via [Flickr](#) by Aero Lcarus

The [TPP agreement](#) is supposed to promote job growth across the Asia Pacific as well as the U.S. because it opens up new regions for small businesses to operate. Currently, small businesses in the U.S. can't afford to export to Asia-Pacific countries because of the high tariffs on manufactured products. That is an obvious reason why there are not more "Made in America" products. For instance, there is a 27-percent tariff on auto parts entering Vietnam from the U.S. Many other countries, such as China, Thailand, and Indonesia can export auto parts duty free to Vietnam. There are also high tariffs on agricultural exports from the U.S. to the Asia-Pacific region.

Creating fairness of competition is the main goal of the TPP agreement. It would essentially eliminate all tariffs on goods that are exported from the U.S. to the Asia-Pacific region. This would foster an environment for more "Made in America" products, which would boost the manufacturing industry in the U.S. and help the economy because of job growth.

The Made in America Movement



Image via [Flickr](#) by mandiberg

For over a decade, the U.S. has been outsourcing jobs to other countries for cheaper labor. Most of the clothing, electronics, and other goods that you buy come with a label that says, "Made in China," or some other developing country. However, for the past couple of years, consumers in the U.S. have been pushing for Made in America products. Some U.S. consumers are even willing to pay more for items made on their own turf because it creates manufacturing jobs in the U.S. and helps the economy.

The TPP agreement sounds like a good idea because it would eliminate tariffs for U.S. manufacturers. However, it would not actually help create manufacturing jobs in the U.S. This is because the U.S. cannot compete with the labor costs of developing countries. It will never be acceptable to pay someone less than \$4 per hour. So, even though the TPP agreement creates a fair trade environment, it doesn't actually help the U.S.

If the U.S. want to boost their manufacturing industries, the TPP agreement is a bad idea. For instance, [New Balance](#) has lobbied for the U.S. to create policies where only "Made in America" clothing can be worn by the military. The TPP agreement would change all that because no country in the Asia-Pacific or the U.S. could favor their own goods over the country of another. Therefore, price would be the only deciding factor, and the U.S. would lose out based on the high cost of labor.

[Case Studies] Apple's Plans for Business in China

Apple is doing well. They had an amazing fiscal year because of iPhone 6 sales. Part of their success was a result of expansion into the mobile market in China and sales there. Apple has big plans for further business in China, and this is supported by their already strong supply chain in the country. Most of Apple's products are manufactured in China, and this will help to drive further sales

Situation: Apple's Manufacturing and Distribution Setup in China



Image via [Flickr](#) by Institute for Global Labour and Rights

There has been a recent surge in demand for "Made-in-America" products because many people complain that shipping jobs overseas is hurting the U.S. economy. It's a complex problem because businesses can [pay workers \\$1 per hour in China](#) but they have to pay workers in the U.S. ten times as much. From a business standpoint, outsourcing is a no brainer.

Apple no longer manufactures iPhones or any of their products in the U.S. This is largely based on the cost of labor, but that is not the only reason. Besides low-cost workers, Apple chooses to manufacture their electronics in China because there is a strong supply chain in place. Most of the parts needed to make iPhones are already made in China, so shipping costs are lower. The workers in China are also more eager to work and are willing to put in long hours. That's not a culture that can be replicated in the U.S. On top of that, China is an emerging market for smartphone sales and Apple is not going to miss that opportunity.

Approach: Apple is Driving Sales in China



Image via [Flickr](#) by Janitors

In 2014, [Apple signed a deal with China Mobile Limited](#). This was major news because this carrier in China has over 760 million subscribers. However, investors were not impressed because most of the population of China cannot afford to buy an iPhone 6. Despite the skepticism, Apple has done very well in China. There are some very wealthy people in China, and even if only a small percentage of the population can afford iPhones, there are still sales opportunities in the millions. Many luxury brands are starting to realize the potential in China.

The iPhone 6 costs consumers about \$600 if you don't sign up for a contract with a mobile phone carrier. That's a lot more than Apple is spending to manufacture the phone, and their profits on each phone are around 40 percent. Profit margins have even higher potential in China because shipping costs will be low since the phones are already manufactured in the country.

Impact and Advantage: Apple Made a Smart Move Focusing on China

The numbers show that Apple knows what they are doing. The company reported that revenue in China grew 71 percent over the fiscal second quarter compared to last year. Apple achieved \$16.8 billion in sales and is expected to continue to grow. Apple's Chief Executive [Timothy D. Cook](#) said, "We are thrilled by the continued strength of iPhone, Mac, and the App Store, which drove our best March quarter results ever."

The 2015 Race for Renewable Energy

Countries around the world are adding more capacity for renewable energy at an incredible rate. It is a race to see who can lower their dependence on fossil fuels, coal, natural gas, and oil first by implementing solar, wind, and other renewable energy sources. Some of the leaders around the world include East Africa and Denmark. 2013 was the turning point and 2015 is seeing another major shift towards renewable energy.

Renewable Energy Is Accelerating Growth



Image via [Flickr](#) by david nikonvscanon

In 2013, analysts at the [Bloomberg New Energy Finance \(BNEF\) annual summit](#) reported that 143 gigawatts of renewable energy capacity was added to the world. At the same time, 141 gigawatts of energy capacity was added by plants that burn fossil fuel. That was the first time in history that more renewable energy was added to the world than energy from fossil fuels, coal, natural gas, and oil.

Michael Liebreich from the BNEF said, "The electricity system is shifting to clean. Despite the change in oil and gas prices there is going to be a substantial buildout of renewable energy that is likely to be an order of magnitude larger than the buildout of coal and gas." By 2030, four times as much renewable energy capacity is projected.

Why the Shift Towards Renewable Energy?

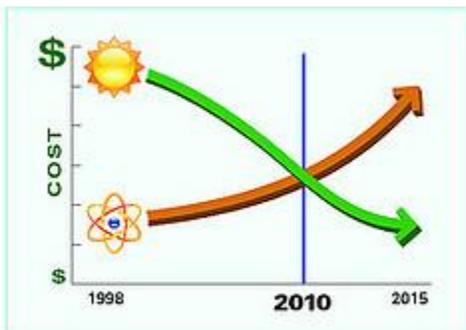


Image via [Flickr](#) by faul

People are more conscious of their energy use than ever before, but that's not the reason countries are focusing on adding renewable energy capacity. The shift is happening because it is now less expensive to implement renewable energy than energy from traditional, non-renewable sources. Solar panels currently make up only one percent of the world's energy, but the [International Energy Agency](#) predicts that solar will take over by 2050. Of course, countries will have to increase their investment in solar for growth to continue.

Leaders in the Renewable Energy Race



Image via [Flickr](#) by stevep2008

Denmark is one of the leaders in the renewable energy race. 39.1 percent of their energy capacity comes from renewable sources. Wind production leads the way and Denmark has the goal to generate 50 percent of their energy from wind turbines by 2020. [Germany generates 26 percent of their power from clean energy sources](#), too.

The U.K. is also picking up their pace in the renewable energy race. In 2014, the country [increased their wind power capacity by 13 percent](#). The U.K. now generate 9.3 percent of their electricity from wind farms. That's enough to support 6.7 million households through wind energy sources.

Across the world, Kenya, Ethiopia, and Rwanda are also making large investments in renewable energy. However, they are embracing solar and geothermal energy more than wind. Their location in the tropics gives them high hopes for solar energy capacity. China is taking a similar path.

The shift towards renewable energy is good news for the world and future generations. As more countries start to see the need for cleaner energy, the race will get more competitive, and the price of solar panels and wind turbines will continue to fall. Cleaner energy will be less expensive, and more importantly, more sustainable.

Related Procurement Events

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- 14-18 September 2015–London, United Kingdom
- 15-19 November 2015–Dubai, United Arab Emirates
- 23-25 November 2015–Singapore
- 7-9 December 2015–Hong Kong

Download the full details:

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How to Implement a Certified Supplier Program

- 17-21 August 2015–London, United Kingdom
- 31 August - 4 September 2015– Hong Kong
- 26 - 30 October 2015 – Singapore
- 13-17 December 2015–Dubai, UAE

Download the full details:

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Certified Global Logistics Manager

- 31 August – 3 September 2015– Hong Kong
- 23-26 November 2015–Singapore
- 6-9 December 2015–Dubai
- 26-29 October 2015–London, UK

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How to Increase Profit by Discovering Hidden Risks in Your Business

- 28 Oct - 30 Oct, 2015–Hong Kong
- 2 Nov - 4 Nov, 2015–Singapore
- 8 Nov - 10 Nov, 2015–Dubai, United Arab Emirates

Download the full details:

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