



EU-ASEAN Business Council Publishes 2017 Business Sentiment Survey

Positive Sentiment continues from European businesses in Southeast Asia: ASEAN seen as becoming more important globally

SINGAPORE – 5 SEPTEMBER 2017 – [EU-ASEAN Business Council](#), the primary voice for European business within the ASEAN region, today announced the release of the 2017 EU-ASEAN Business Sentiment Survey. The survey aims to serve as a barometer for the business sentiment and outlook of European businesses in Southeast Asia.

European businesses continue to have a very positive outlook in Southeast Asia and expect to see ASEAN profits increase, according to the third annual *EU-ASEAN Business Sentiment Survey*, which polled more than 300 executives from European companies around Southeast Asia.

Key findings include¹:

- Three-quarters (**75%**) of European businesses expect an increase in ASEAN profits for 2017 and almost three-quarters (**71%**) have said ASEAN has become more important in terms of global revenues over the last two years.
- As a result, **94%** of European businesses plan to expand or maintain their current levels of operations and headcount in the ASEAN region.
- **86%** of them expecting their level of trade investment in ASEAN to increase over the next five years.
- European businesses in the region are keen to see strengthened ties between the EU and ASEAN. More than four-fifths (**88%**) of European companies believe the EU should pursue a region-to-region Free Trade Agreement (FTA) with ASEAN, a significant increase on the 66% surveyed in 2016, and more than half (**55%**) feel they are at a disadvantage in ASEAN without an EU-ASEAN FTA.
- However, challenges for businesses remain, impeding ASEAN from reaching its maximum economic potential – almost two-thirds (**61%**) of European businesses say that non-tariff barriers are hampering supply chain efficiency.

Based on survey findings, the EU-ASEAN Business Council (EU-ABC) is calling for the acceleration in negotiation of FTAs between EU and ASEAN and to begin pursuing a region-to-region FTA with ASEAN; more frequent and regular interactions between EU and ASEAN governments and the private sector; and further advances in economic integration within ASEAN.

Commenting on the results, **EU-ABC chairman**, Mr. Donald Kanak said:

¹ Please see appendix for full figures.



“ASEAN is becoming the next key driver of global economic growth. This Survey shows that European businesses will continue to contribute to ASEAN by increased trade, investment and employment. Respondents strongly support a deep and comprehensive a region-to-region EU-ASEAN FTA to enable greater European investment in the region and continued collaboration on reducing trade barriers and trade frictions.”

Commenting on the survey, **EU Ambassador to ASEAN**, H.E. Mr. Francisco Fontan said:

“I want to again thank and congratulate the EU-ABC for this new Business sentiment survey and for the excellent partnership with the EU Mission to ASEAN. It is precisely this strong support and active engagement of the EU business community in the ASEAN region that lay behind all our institutional efforts in the economic field.”

Also commenting on the survey findings, **EU-ABC Executive Director**, Mr. Chris Humphrey said:

“The EU-ASEAN Business Council remains committed to working with the European Commission and ASEAN national governments, to achieve the reality of a high-quality, comprehensive region-to-region FTA and accelerate the negotiation of FTAs between the EU and ASEAN region. We will also continue to work closely with ASEAN and its Member States on promoting the further development of the ASEAN Economic Community.”

Other noteworthy findings include:

- Nearly three-quarters (71%) of respondents said that further ASEAN economic integration was important to their business success in the region, as compared to the 66% surveyed in 2016.
- European companies are generally perceived favourably in ASEAN, with only 12% saying they were viewed less favourably.
- No significant fall out from Brexit on trade and investment plans, with only 12% saying that it would affect their trade and investment plans.

Full findings of the survey may be viewed at: www.eu-asean.eu/publications

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Notes to Editors:



1. *EU ASEAN Trade and Investment Relationship*

The commercial, trade and investment relationship between the European Union and ASEAN is strong and growing. The EU is the largest economy in the world, and is ASEAN's largest source of foreign direct investment. The EU is also ASEAN's second largest trading partner, after China and ASEAN is the EU's third largest trading partner outside of Europe. Trade in Goods alone was worth more than EUR200bn in 2016.

Europe accounts for more than a fifth of the external FDI inflows to ASEAN.

2. *About the EU-ASEAN Business Sentiment Survey*

This is the third edition of the EU-ASEAN Business Sentiment Survey. The Survey aims to serve as a barometer for the business sentiment and outlook of European businesses in Southeast Asia on key issues such as macroeconomic conditions, the policy and regulatory environment, and the development of bilateral and plurilateral free trade agreements in the region. The Survey is produced with the cooperation of European Chambers of Commerce throughout the ASEAN Member States. The Survey may be viewed at www.eu-asean.eu/publications

3. *About the EU-ASEAN Business Council*

The EU-ASEAN Business Council (EU-ABC) is the primary voice for European business within the ASEAN region.

It is recognised by the European Commission and by the ASEAN Secretariat. Independent of both bodies, the Council has been established to help promote the interests of European businesses operating within ASEAN and to advocate for changes in policies and regulations which would help promote trade and investment between Europe and the ASEAN region. As such, the Council works on a sectorial and cross-industry basis to help improve the investment and trading conditions for European Businesses in the ASEAN region through influencing policy and decision makers throughout the region and in the EU, as well as acting as a platform for the exchange of information and ideas amongst its members and regional players within the ASEAN region.

The EU-ABC's membership consists of large European Multinational Corporations and the nine European Chambers of Commerce from around Southeast Asia. As such, the EU-ABC represents a diverse range of European industries cutting across almost every commercial sphere from car manufacturing through to financial services and including Fast Moving Consumer Goods and high-end electronics and communications. Its members all have a vested interest in enhancing trade, commerce and investment between Europe and ASEAN.

The Executive Director of the EU-ASEAN Business Council is Mr. Chris Humphrey, and its Chairman is Mr. Donald Kanak. The Council is led by an elected Board consisting of corporate leaders



representing a range of important industry sectors and representatives of the European Chambers of Commerce.

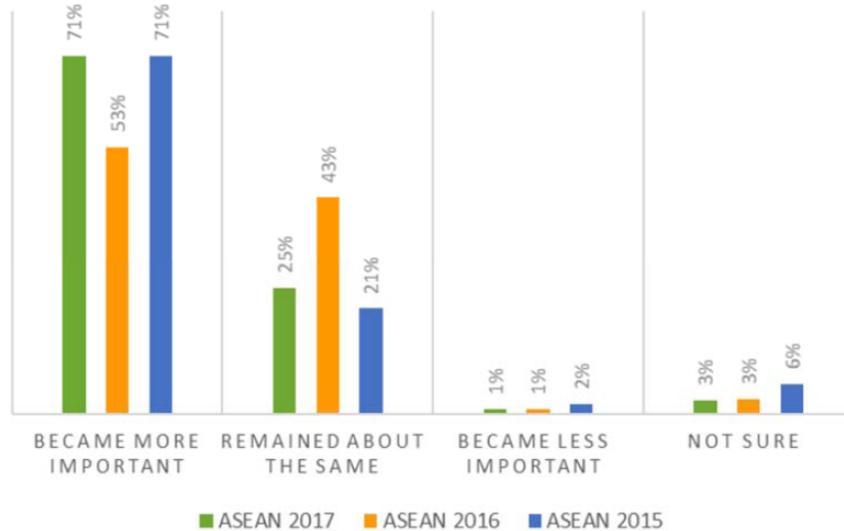
Appendix

Key Findings

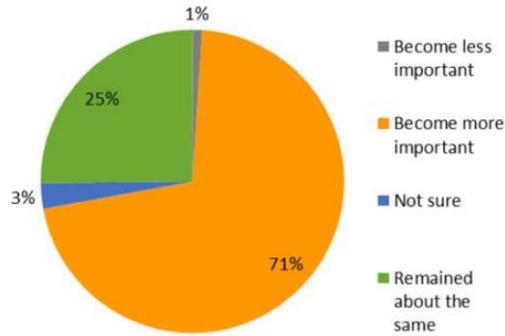
- 71% said ASEAN has become more important in terms of worldwide revenues over the last 2 years.**

European businesses remain bullish about the economic prospects of ASEAN, with more than 7 out of 10 of respondents saying that ASEAN markets have increased in importance over the last two years. This sentiment is further supported by the percentage of respondents who stated that they expected their profit levels to increase this year – with three-quarters expecting an increase in profitability, again an increase over previous years of the Survey. Companies based in Vietnam and Myanmar were especially positive about future prospects in this regard.

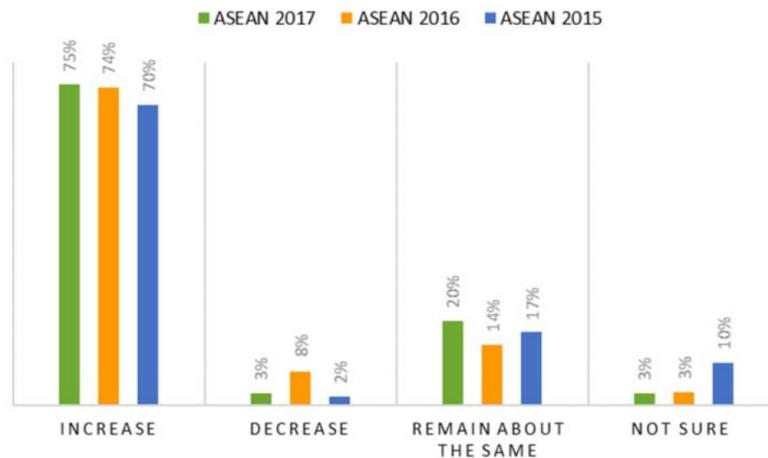
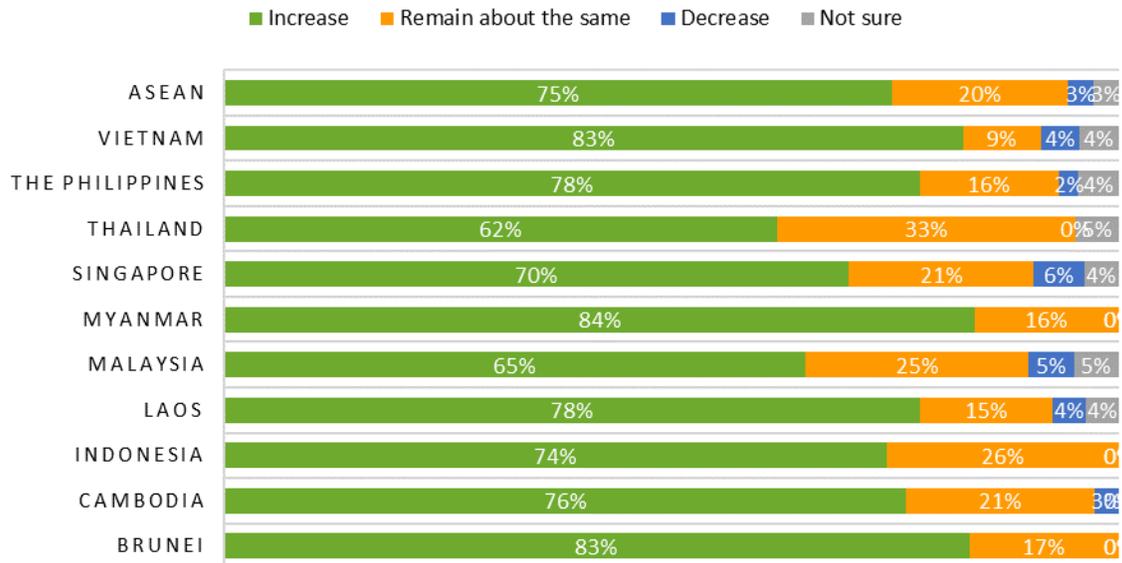
ASEAN’S RELATIVE IMPORTANCE TO GLOBAL REVENUES OVER THE PAST TWO YEARS



ASEAN'S RELATIVE IMPORTANCE TO GLOBAL REVENUES FOR THE NEXT TWO YEARS



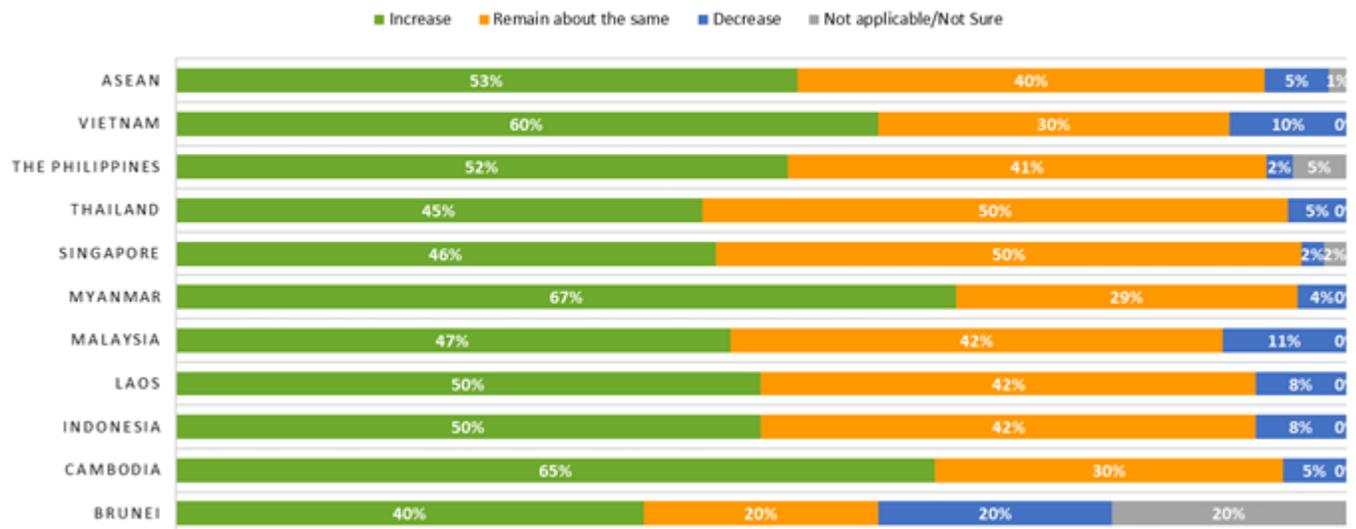
COMPANIES' EXPECTATIONS OF ASEAN PROFITS IN 2017



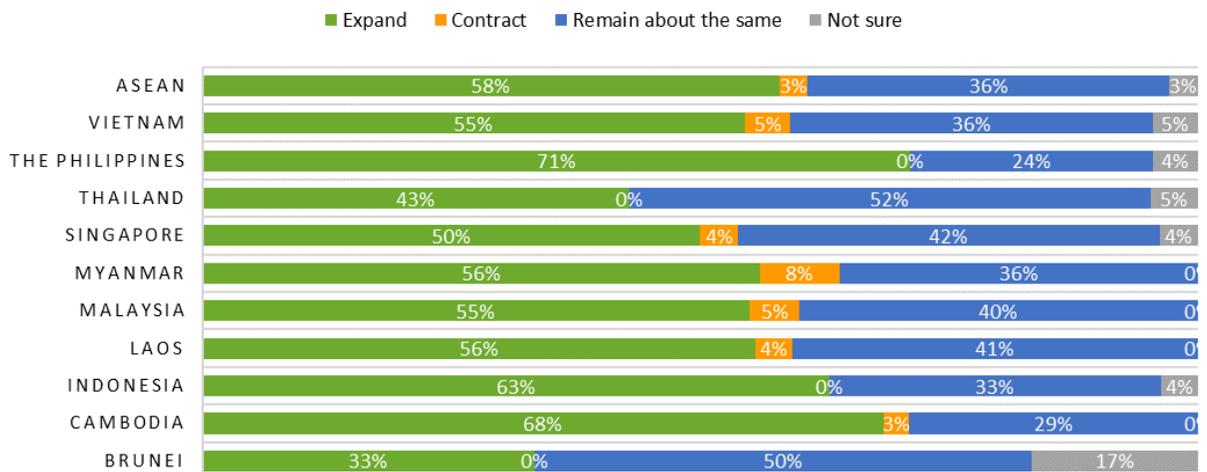
2. 94% expect to either expand or maintain their current levels of operations and headcount in their response location.

When it came to the prospects for expanding operations and headcount, the picture seems a bit more mixed compared to previous years. The numbers expecting to increase operations and headcount have fallen slightly (58% expect to expand operations; 53% expect to increase employee numbers) compared to 2016. However, the numbers expecting to contract operations or downsize employee numbers has fallen, with only 3% of respondents expecting to contract operations (vs. 4% in 2016) and only 5% expecting to reduce headcount (vs. 7% in 2016). Overall 94% of respondents expect to either expand operations or maintain them at current levels.

EXPECTATIONS OF TOTAL HEADCOUNT IN RESPONSE LOCATION



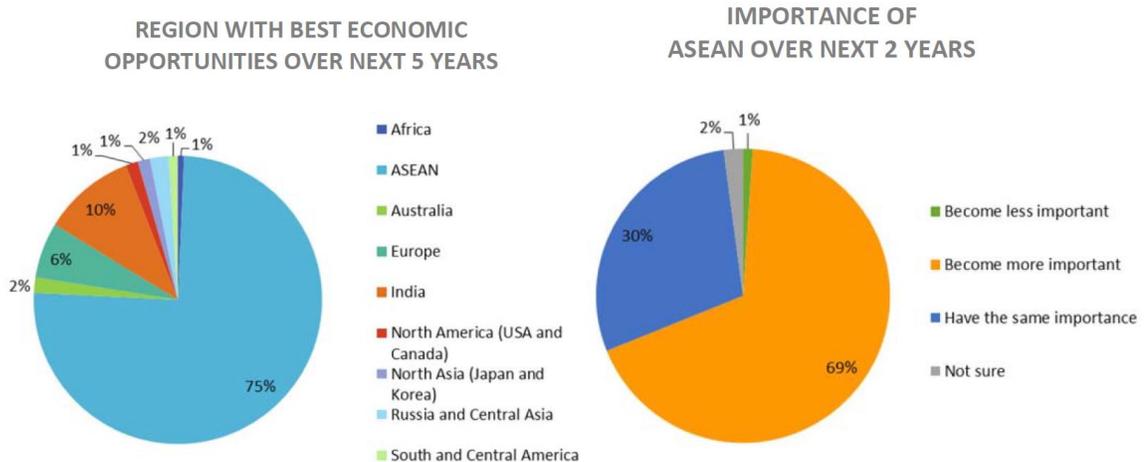
PLANS FOR ASEAN OPERATIONS IN RESPONSE LOCATION



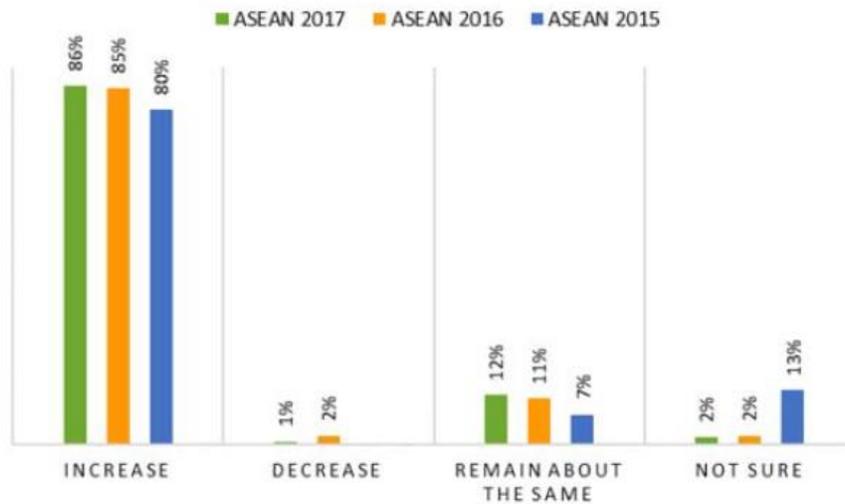
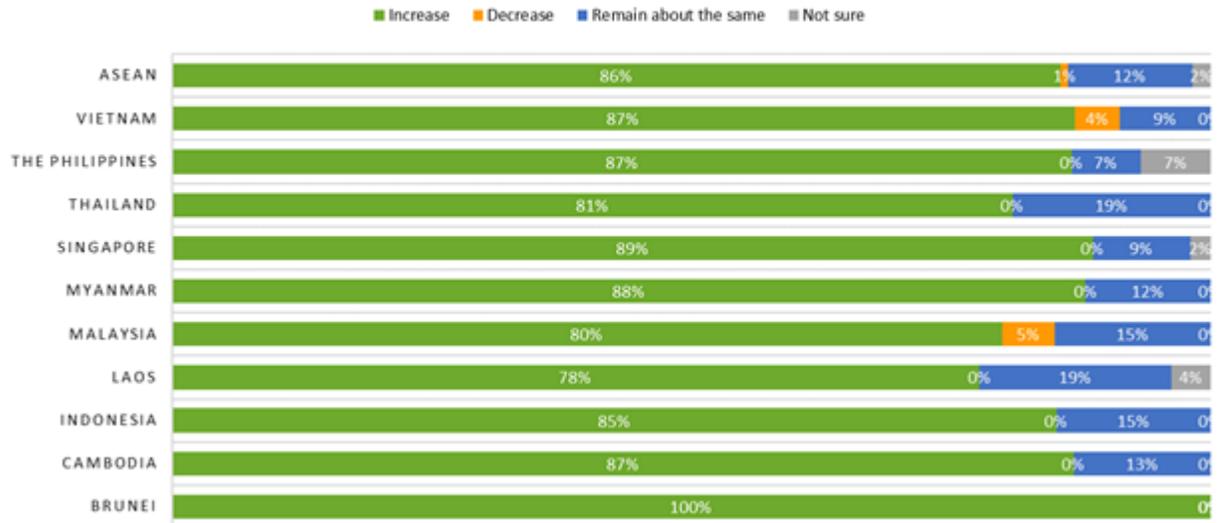


3. 86% expect their level of trade and investment in ASEAN to increase over the next 5 years.

As if to emphasise the positive sentiment towards ASEAN, three-quarters of respondents said that they felt that ASEAN offered the best economic opportunities over the next 5 years compared to other regions in the world. This was also reflected by the fact that 86% of respondents (an increase over 2016) said that they expected their level of trade and investment in the ASEAN region to increase over the next 5 years, whilst 69% felt that the region would become more important in terms of worldwide revenues over the same time frame.



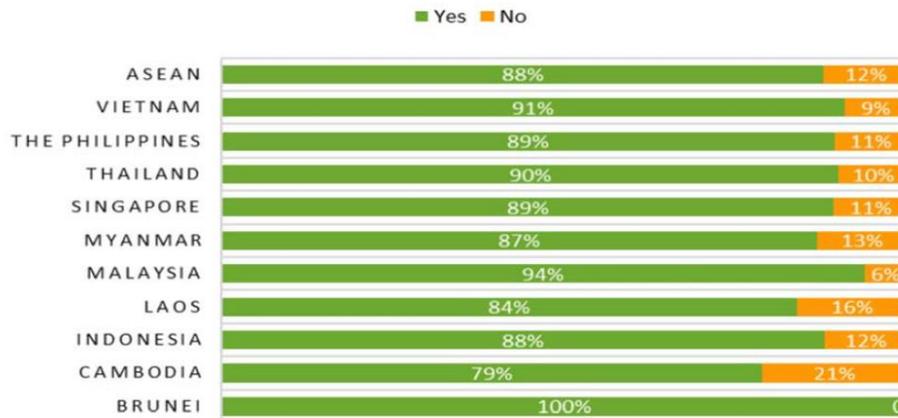
EXPECTATION OF ASEAN TRADE AND INVESTMENT OVER THE NEXT 5 YEARS



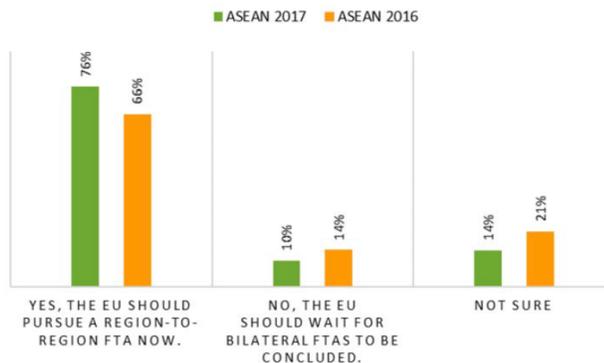
4. 88% believe the EU should pursue a region-to-region FTA with ASEAN (a significant increase on the 66% from 2016) and more than half (55%) feel they are at a disadvantage in ASEAN without an EU-ASEAN FTA.

A region-to-region FTA between the EU and ASEAN would link together the world’s largest and fifth largest economies, covering bilateral trade in goods alone which now exceeds €209bn per annum. Earlier this year, following a consultation meeting between the European Commission’s Trade Commissioner, Cecilia Malmström, and the ASEAN Economic Ministers, it was announced that both sides had agreed to work towards a framework agreement which would lead to negotiations on a region-to-region trade deal. This was a welcome development, as it showed a move in the right direction. It is clear from this year’s Survey results that a region-to-region trade deal would have overwhelming support amongst European businesses. Nearly 9 out of 10 respondents in 2017 said that a region-to-region FTA would deliver more advantages than a series of bilateral deals, with 76% (up from 66% in 2016) saying that such a deal should be pursued now.

WOULD AN EU-ASEAN FTA DELIVER MORE ADVANTAGES THAN SEVERAL BILATERAL FTAS?



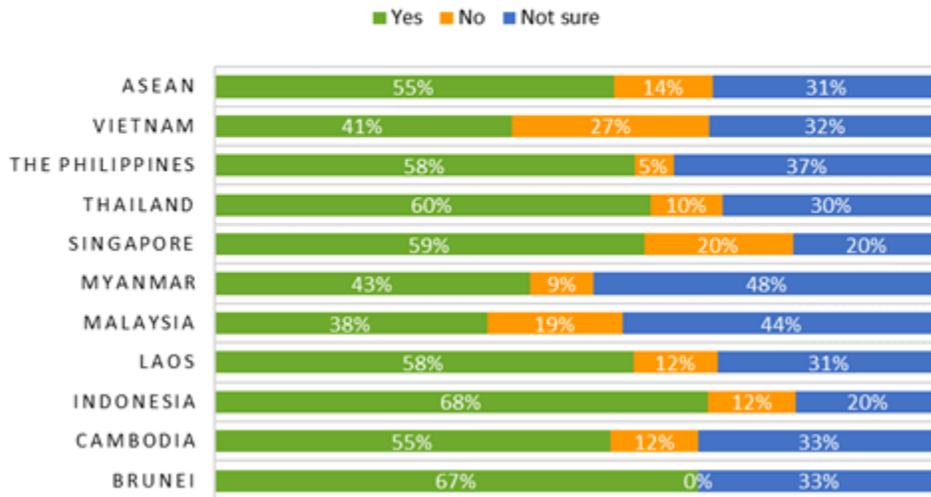
SHOULD THE EU PURSUE A DEEP & COMPREHENSIVE REGION-TO-REGION FTA WITHIN ASEAN NOW



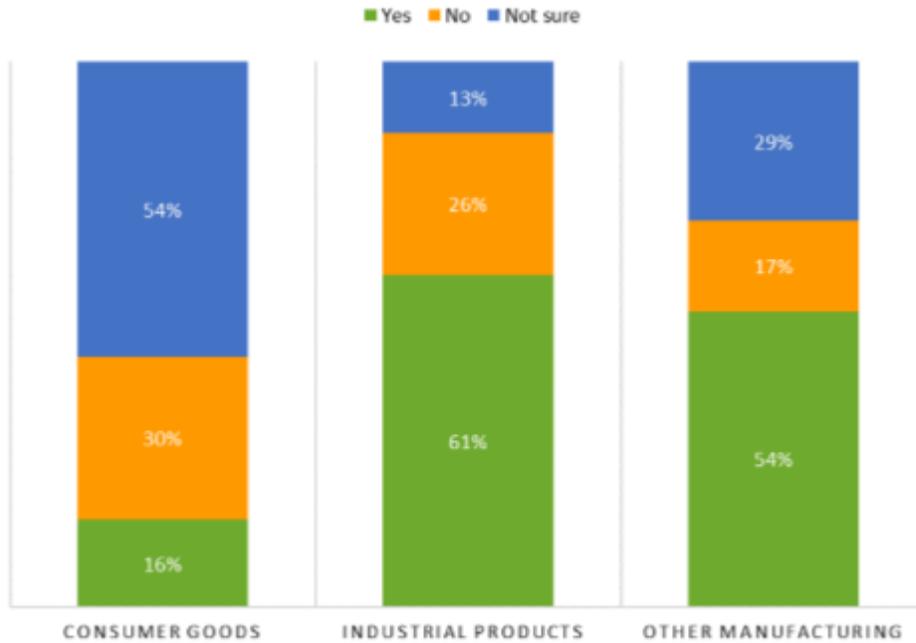


Whilst the EU is only now beginning to restart the process of considering a region-to-region FTA with ASEAN, and is in the process of negotiating a series of bilateral FTAs, some of its main competitors (e.g. Japan, China, Korea) have put in place trade deals with ASEAN and are, indeed, engaged in active negotiations on an even larger trade deal – The Regional Comprehensive Economic Partnership – which would involve all of the ASEAN+1 free trade partners. We again asked respondents if they felt the lack of a region-to-region trade deal placed them at a disadvantage. The response for 2017 was almost the same as for 2016, with 55% of respondents saying that they were operating at a disadvantage.

DOES THE LACK OF AN EU-ASEAN FTA PUT EUROPEAN BUSINESSES AT A COMPETITIVE DISADVANTAGE IN THE REGION?



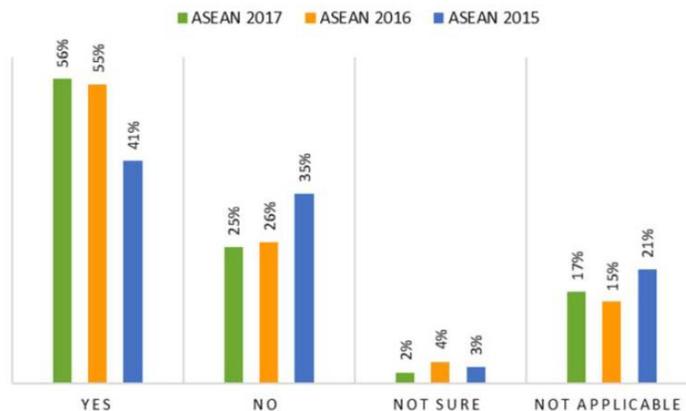
MANUFACTURERS THAT FEEL DISADVANTAGED BY LACK OF EU-ASEAN FTA



5. 61% of European businesses say that non-tariff barriers are hampering supply chain efficiency.

The use of Regional Supply Chains by European businesses in ASEAN has again increased, albeit only marginally. 56% of respondents said that they made use of regional supply chains, compared to only 41% in 2015. However, again, European businesses are reporting that there are too many trade barriers to the efficient use of regional supply chains, highlighting an area that ASEAN needs to focus on more as part of its regional economic integration project.

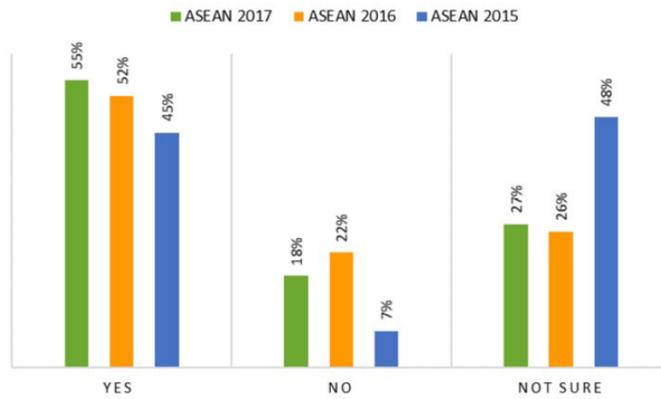
USAGE OF REGIONAL SUPPLY CHAINS



Whilst use of regional supply chains is increasing, it is equally clear from the Survey responses that European businesses see too many trade barriers remaining, even as tariffs for intra-ASEAN trade are at an all-time low and at zero in most cases. 55% of respondents said that there were too many such barriers – up from the responses in both 2016 and 2015. 61% of respondents

reported that they would make greater use of regional supply chains if these barriers were removed (again an increase of previous years).

TOO MANY BARRIERS FOR EFFICIENT USE OF SUPPLY CHAINS



BUSINESSES THAT WOULD USE REGIONAL SUPPLY CHAINS IF THERE WERE FEWER TRADE BARRIERS

