



PRESS RELEASE

EU-ASEAN BUSINESS COUNCIL PUBLISHES ITS LATEST EU-ASEAN BUSINESS SENTIMENT SURVEY

ASEAN STILL SEEN AS THE REGION OF BEST ECONOMIC OPPORTUNITY

DECLINING POSITIVE SENTIMENT TOWARDS ASEAN REPORTED HOWEVER

CONCERNS OVER TRADE FACILITATION ISSUES TO THE FORE

Singapore, 8 October 2020: The EU-ASEAN Business Council, the primary business body for European businesses in ASEAN, today published its 6th Business Sentiment Survey. Key highlights of this year's survey include:

- **53%** of respondents see ASEAN as the region with the best economic opportunity (2019– 63%).
- **47%** of respondents are considering reorganising supply chains post-COVID-19, with ASEAN, Europe and China as the top destinations
- **73%** of respondents expect to expand current levels of trade and investment in ASEAN in the next 5 years (2019 – 84%).
- Only **2%** of respondents feel that ASEAN Economic Integration is progressing fast enough (2019 – 6%)
- Only **4%** of respondents find ASEAN customs procedures speedy and efficient (2019 – 8%).
- **62%** of respondents that use supply chains reported facing many barriers to the efficient use of supply chains in ASEAN (2019 - 78%).
- **98%** of respondents would like the EU to accelerate FTA negotiations with ASEAN and its members (2019 – 96%).

Commenting on the Survey, Donald Kanak, Chairman of the EU-ASEAN Business Council said: “This year’s survey confirms that ASEAN is still seen as the region of best economic opportunity, but as would be expected during the COVID-19 crisis, the outlook for increased trade and investment shows signs of softening.”

This year’s survey asked which regions in the post-COVID-19 era would be candidates to attract more investment on supply chains. While ASEAN received the most votes, others such as Europe and China also received many. Mr Kanak continued: “Almost half expect supply chains to be reorganised following COVID-19. That makes the unfinished business on the ASEAN economic integration and progress on trade facilitation crucial to ASEAN’s sustainable recovery from the economic downturn.”

Executive Director of the EU-ASEAN Business Council, Chris Humphrey, added: “The message from the Survey is clear: ASEAN Economic Integration appears to be at a standstill. ASEAN and its constituents need to pick up the pace to meet the AEC Blueprint 2025 goals. European businesses are now adjusting their business strategy according to local environments, rather than waiting for substantial progress in regional economic integration. European businesses are also very concerned about the lack of progress on further FTAs with the ASEAN region, and in particular the long talked about region-to-region FTA which 8 out of 10 see as potentially delivering more benefits than a series of bilateral FTAs. European businesses clearly want the European Commission to step up the pace of negotiations and engagement with Southeast Asia”

END

2020 Key Findings

Current Business Environment and Outlook

 **73%** of respondents expect to expand current levels of trade and investment in ASEAN in the next 5 years (2019 – 84%).

 **39%** of respondents project an increase in ASEAN profits in 2020 (2019 –60%).

 **53%** of respondents see ASEAN as the region with the best economic opportunity (2019– 63%).

COVID-19 Impact: ASEAN is not the only location being considered for supply chain relocations

47% of respondents are considering reorganising supply chains moving forward

Regions / countries receiving the most votes as possible future sources of more supply: **ASEAN** (34%), **Europe** (20%) and **China** (17%)

Trade Agreements

 **98%** of respondents would like the EU to accelerate FTA negotiations with ASEAN and its members (2019 – 96%).

 **81%** of respondents believe that an EU-ASEAN FTA would deliver more advantages than a series of bilateral FTAs (2019 – 78%).

 **71%** of respondents believe the EU should pursue an EU-ASEAN FTA now before bilateral FTAs are concluded (2019 – 67%).

ASEAN Regional and Domestic Policy Frameworks

 Only **2%** of respondents feel that ASEAN Economic Integration is progressing fast enough (2019 – 6%).

 Only **14%** of respondents found that the number of NTBs to trade in ASEAN have decreased (2019 – 17%).

 Only **4%** of respondents find ASEAN customs procedures speedy and efficient (2019 – 8%).

 **62%** of respondents that use supply chains reported facing many barriers to the efficient use of supply chains in ASEAN (2019 - 78%).

Government Consultation and Competition Issues

 **50%** of respondents feel they are often or sometimes consulted by national governments in ASEAN (2019 – 74%).

 **36%** of respondents believe they face unfair competition in the local/regional environment at least occasionally (2019 – 70%).

 **25%** of respondents feel that there is adequate EU engagement (2019 – 39%).

About the EU-ASEAN Business Council

The EU-ASEAN Business Council (EU-ABC) is the primary and sole voice for European business covering all of the ASEAN region.

It is recognised by the European Commission and the ASEAN Secretariat and is an accredited entity under Annex 2 of the ASEAN Charter. 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. 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 Multi-National Corporations and the nine European Chambers of Commerce from around Southeast Asia. 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. Our members all have a common 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.

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