

## European businesses planning expansion in ASEAN, confident of profit outlook

1 September 2016 – European businesses are planning to expand their investment and operations in ASEAN as the region grows in global importance and ASEAN profits increase, according to the second annual *EU-ASEAN Business Sentiment Survey*, which polled more than 200 executives from European companies around South East Asia.

Key findings from this year's survey include:

- Nearly three-quarters (74%) of European businesses project a rise in ASEAN profits for 2016 and almost three-quarters (74%) expect ASEAN's importance to global revenues to increase over the next five years.
- As a result, European businesses are upping their investment in the region. Nearly two thirds plan to expand operations and employment in the ASEAN region, and 85% are planning to increase their regional trade and investment. By contrast, less than half of European companies in China are planning to expand.<sup>1</sup>
- European businesses in the region are keen to see strengthened ties between the EU and ASEAN. Almost two-thirds (66%) of European companies want a European region-to-region FTA with ASEAN, and more than half (58%) feel they are at a competitive disadvantage without an overarching EU-ASEAN FTA.
- However, policy challenges for businesses still remain, impeding ASEAN from reaching its maximum economic potential—more than half (52%) of European businesses say that trade barriers are hampering supply chain efficiency.
- Nearly half (44%) of European companies in ASEAN report facing unfair competition from local and regional incumbents, including state-owned and government-linked enterprises.

Based on survey findings, the EU-ASEAN Business Council is calling for the acceleration of the process for an EU-ASEAN FTA and for a speedier conclusion to existing bilateral FTA negotiations; more frequent and regular interactions between EU and ASEAN governments and the private sector; and continued progress on trade liberalisation among ASEAN member states and with their external trading partners.

Commenting on the results, EU-ABC Chairman Mr Donald Kanak said:

*"It is clear that European business are optimistic and are investing for future growth in ASEAN. At a challenging time for the global economy, South East Asia is an economic bright spot and European companies are keen to invest in the region's rapidly developing consumer market and increasingly integrated production base. The survey shows strong support for a substantive and meaningful EU-ASEAN FTA to support sustained European investment in the region, and the EU-ASEAN Business Council urges leaders from the EU and ASEAN to work together toward that end, and in the meantime the rapid conclusion of bilateral FTA negotiations between the EU and ASEAN Member States."*

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

*"South East Asia is central to the EU's global trade negotiation agenda. As such we welcome European businesses' embrace of ASEAN as a centre of global economic growth. Industry and government must work together more closely to fulfil our shared goal of ever closer economic ties between the EU and ASEAN."*

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<sup>1</sup> European Union Chamber of Commerce in China, *Business Confidence Survey 2016*, <http://www.europeanchamber.com.cn/en/publications-business-confidence-survey>



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

*“The EU-ASEAN Business Council is encouraged by European companies’ firm support for a high-quality, 21<sup>st</sup> century region-to-region FTA, and we are committed to working with the European Commission and ASEAN national governments to make this goal a reality.”*

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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.

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

This is the second 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 South East 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](http://www.eu-asean.eu)

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 endorsed by the European Commission and recognised 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 South East 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. Our 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.