

PRESS RELEASE

EU-ASEAN BUSINESS COUNCIL PUBLISHES 2018 EU-ASEAN BUSINESS SENTIMENT SURVEY

EUROPEAN BUSINESSES REMAIN UPBEAT ABOUT ASEAN WITH 99% EXPECTING TO EXPAND OR MAINTAIN CURRENT OPERATIONS IN THE REGION

RISING CONCERN ABOUT UNFAIR COMPETITION AND NON-TARIFF BARRIERS TO TRADE IN ASEAN

LACK OF FREE TRADE AGREEMENTS (FTAs) BETWEEN THE EU AND ASEAN REGION ALSO A MAJOR CONCERN: CALL FOR MORE ACTION ON NEGOTIATIONS

Singapore, 27th August 2018 – [EU-ASEAN Business Council](#) (EU-ABC), the primary voice for European business within the ASEAN region, today announced the release of the 2018 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 fourth annual *EU-ASEAN Business Sentiment Survey*, which polled more than 330 executives from European companies around Southeast Asia.

Some of the key findings from this year's survey¹, which is the fourth that the EU-ABC has done, include:

- **99% of European businesses expect to maintain or expand their trade and investment in ASEAN over the next 5 years** and almost three-quarters (**72%**) **expect their ASEAN profits to increase in 2018**.
- More than half (**51%**) **see ASEAN as the region with greatest economic potential** double the number who cited the second place region (China)
- **75% of them** expecting their **level of trade & investment in ASEAN to increase** over the next five years.
- However, only one in ten (**12%**) **believe that ASEAN has achieved its aim of becoming a single market and production base**, with more than half (**54%**) **believing the pace of ASEAN economic integration is too slow**, and nearly seven out of ten (**67%**), a significant rise over 2017, **believing that there are too many barriers to the efficient use of regional supply chains**.
- **98% believe that the EU should accelerate the negotiation of FTAs with the ASEAN region**, and close to three-quarters (**73%**) **believe that European Companies are at competitive disadvantage without and EU-ASEAN FTA**.
- European businesses also appear to have increased concerns about the level of anti-competitive behaviour in their response locations with six out of ten (**62%**) **reporting that they often or sometimes face unfair competitive practices** (up from 48% in 2017).

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

“This year, our Survey again shows European Businesses’ high optimism in the growth opportunities throughout the ASEAN Region, and strong intentions to invest and expand employment. The survey respondents want more rapid progress on EU-ASEAN trade agreements, in particular they want region-to-region FTA. Our members believe that FTAs, coupled with enhancements in private-public sector dialogue, will remove barriers to trade, allowing ASEAN to achieve the objectives set out in the 2025 Blueprint, and help the region maintain its leading position as a destination for investment, job and wealth creation.”

¹ See the appendix for the full details



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

“I highly appreciate strong support and active engagement of the EU business community in the ASEAN region. They are indeed the foundations of our institutional efforts in the economic field. 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.”

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 region-to-region FTA and acceleration of 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. On the latter, our Survey shows clearly that European businesses want the AEC and see its benefits but are becoming frustrated at the slow pace of implementation and the rising number of non-tariff barriers to trade.”

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 around EUR227bn in 2017 (a record high and up more than 9% on 2016).

The EU accounted for 31% of the FDI inflow to ASEAN in 2016.

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

This is the fourth 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 multilateral 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 Chairman of the EU-ASEAN Business Council is Mr. Donald Kanak, and its Executive Director is Mr. Chris Humphrey. 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

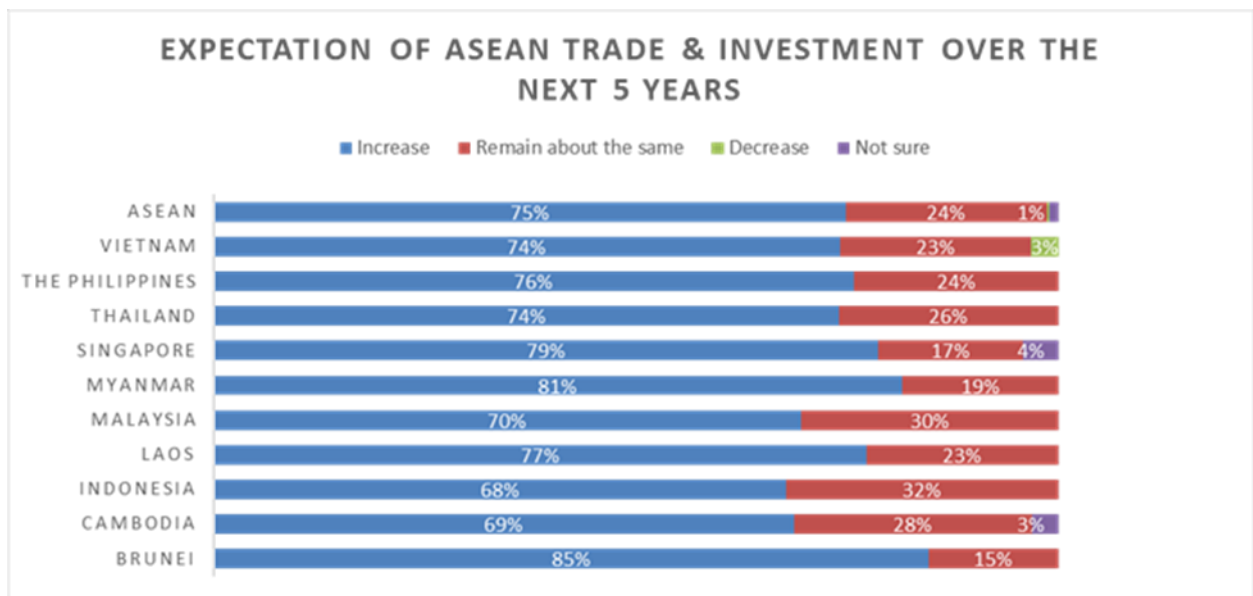
Business Environment & Outlook

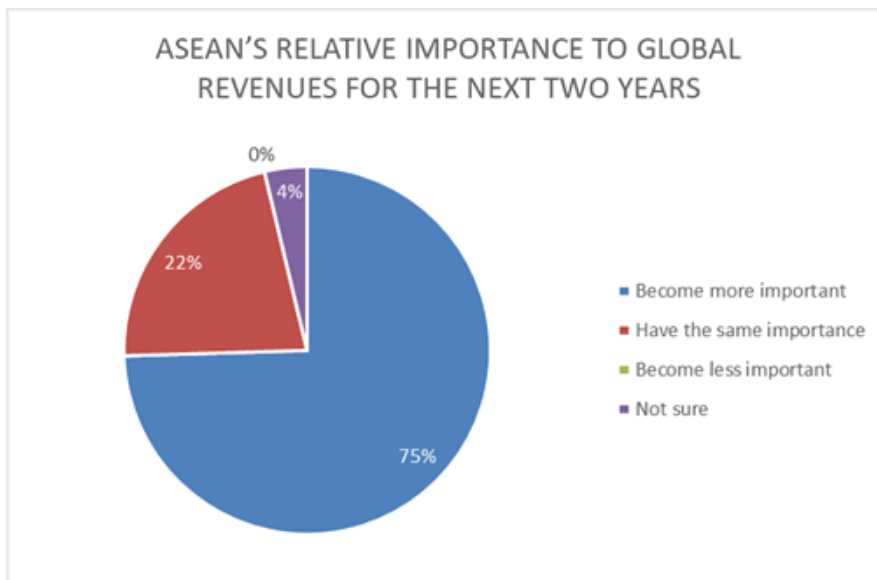
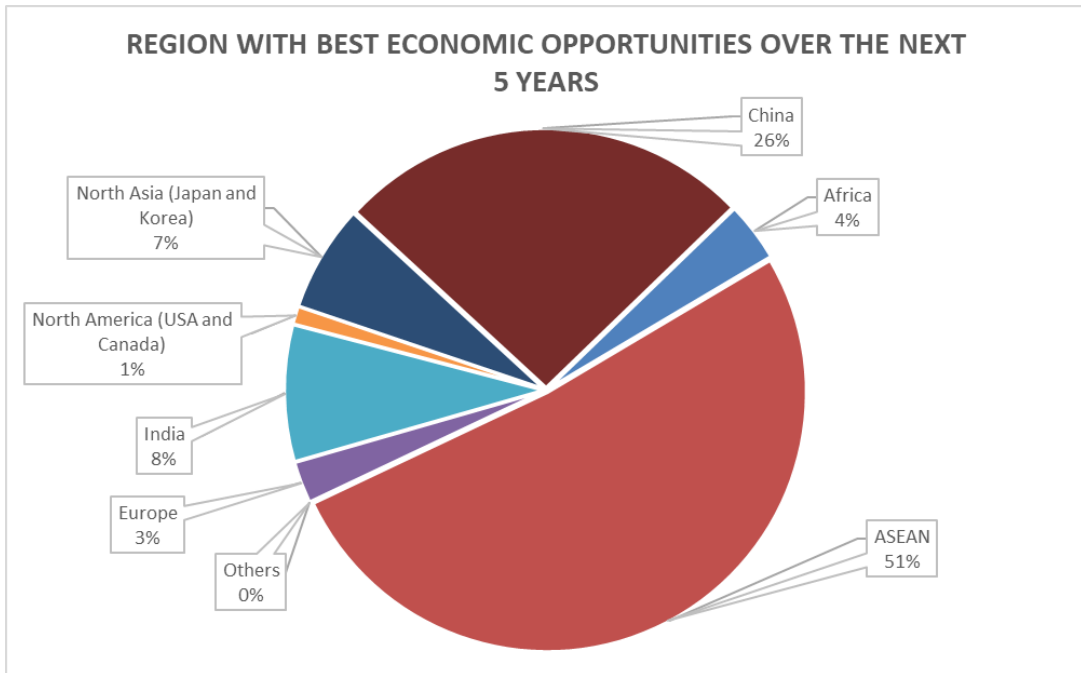
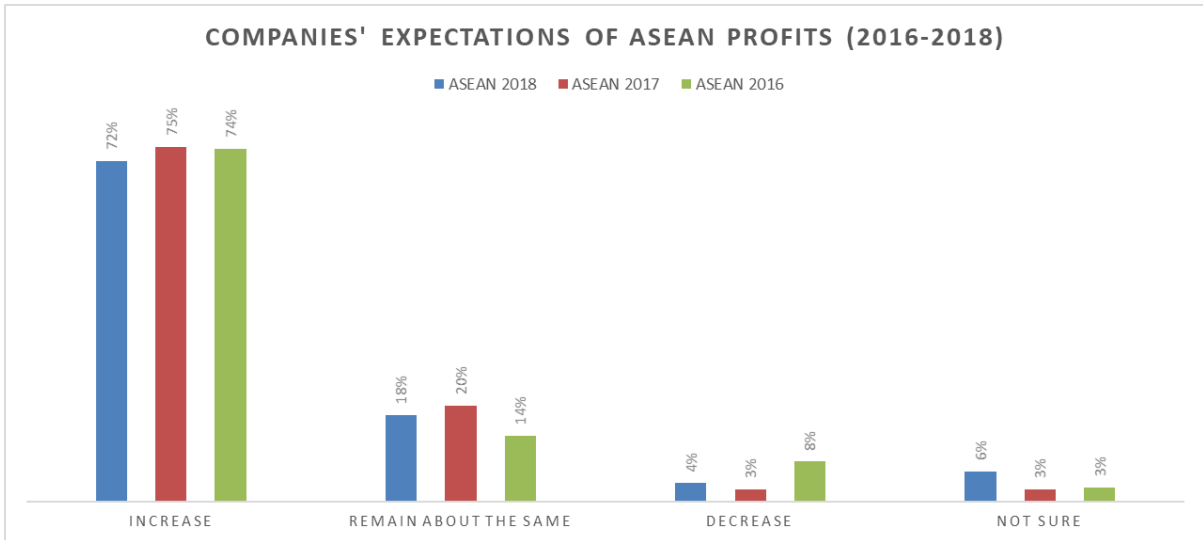
This year’s survey of European Businesses in ASEAN shows continuing positive attitudes on the general business environment in the region, with again a significant majority of respondents reporting that ASEAN’s relative importance to their global revenues has increased over the last two years and three-quarters of them expecting the relative importance of ASEAN revenues to increase over the next two years. The vast majority also expect their profits in ASEAN to increase in 2018. Companies based in Singapore and Thailand were markedly more positive about their 2018 profits compared to 2017, whilst companies in Vietnam seemed to be less positive compared to 2017.

99% expect to either expand or maintain current levels of trade and investment in ASEAN in the next 5 years (2017 – 98%)

72% expect an increase in ASEAN profits in 2018 (2017 – 75%)

51% see ASEAN as the region with the best economic opportunity





Trade Agreements

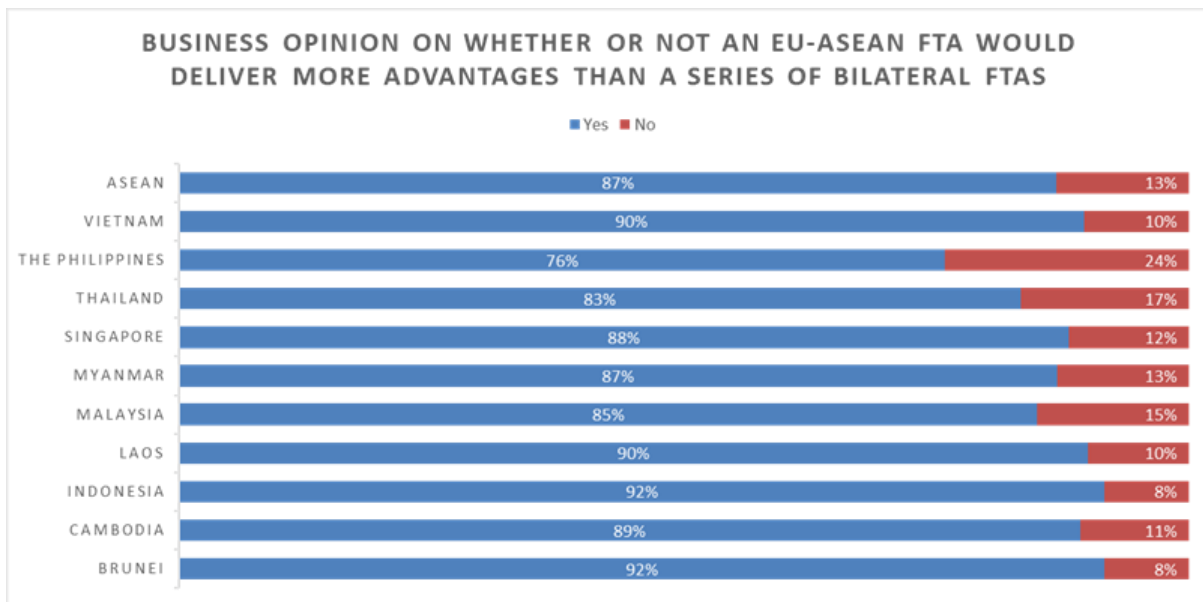
There is a continuing strong support from European businesses for a region-to-region trade deal between the European Union and ASEAN. Such a deal would cover bilateral trade which, in 2017, covered €232 billion in goods alone² (which amounts to 13% of ASEAN’s global trade). Whilst discussions on Framework Agreement that might lead to full negotiations has been ongoing for some time now, our survey shows an increasing level of impatience from European business at the pace of progress with FTAs with the region by the EU.

As with the 2017 Survey, close to 9 out of 10 respondents felt that a region-to-region deal would deliver more advantages to their businesses than a series of bilateral FTAs with individual ASEAN Member States, with 7 out of 10 respondents saying that the EU should pursue such a deal now rather than wait to complete more bilateral deals.

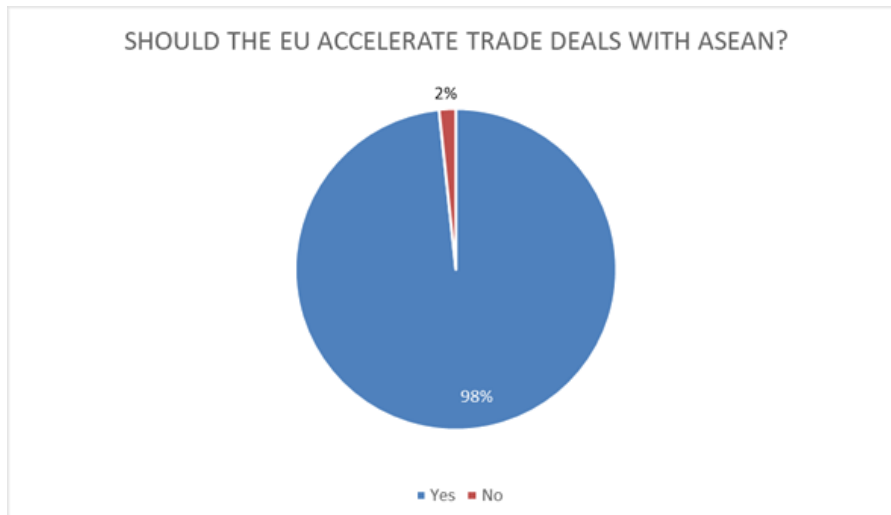
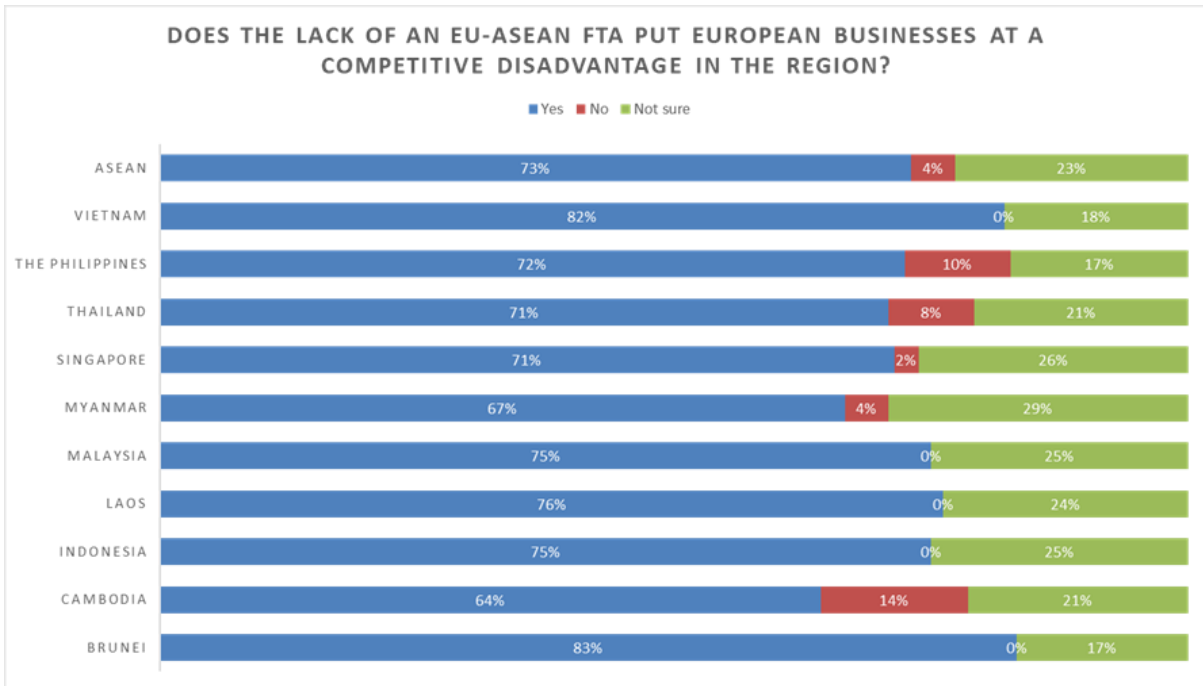
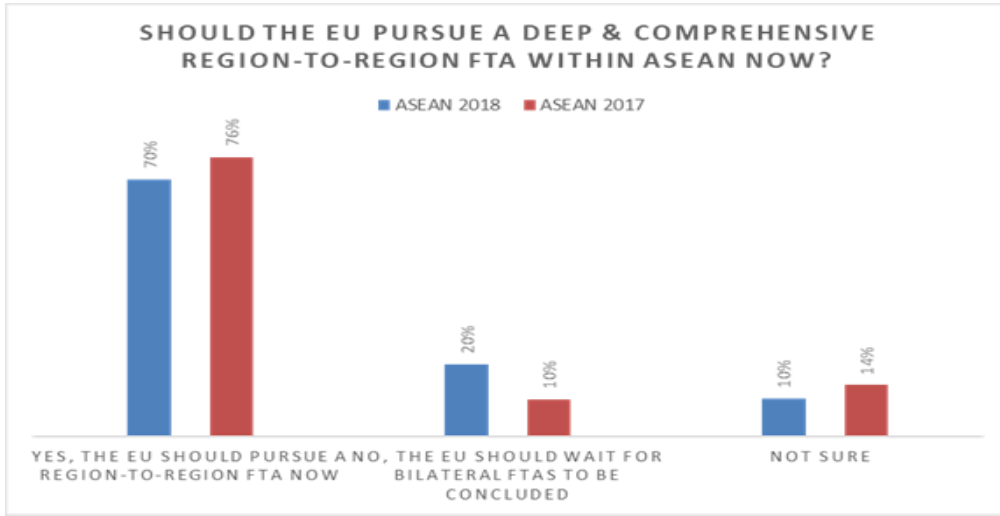
87% believe that a region-to-region FTA between the EU and ASEAN would deliver more advantages than a series of bilateral FTAs

73% believe they are at a disadvantage without an EU-ASEAN FTA (2017 – 55%)

98% believe the EU should accelerate negotiations on FTAs with the ASEAN region (94% in 2017)



² Eurostat – EU-ASEAN Trade Statistics as of April 2018, see: http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113471.pdf



ASEAN Regional & Domestic Policy Frameworks

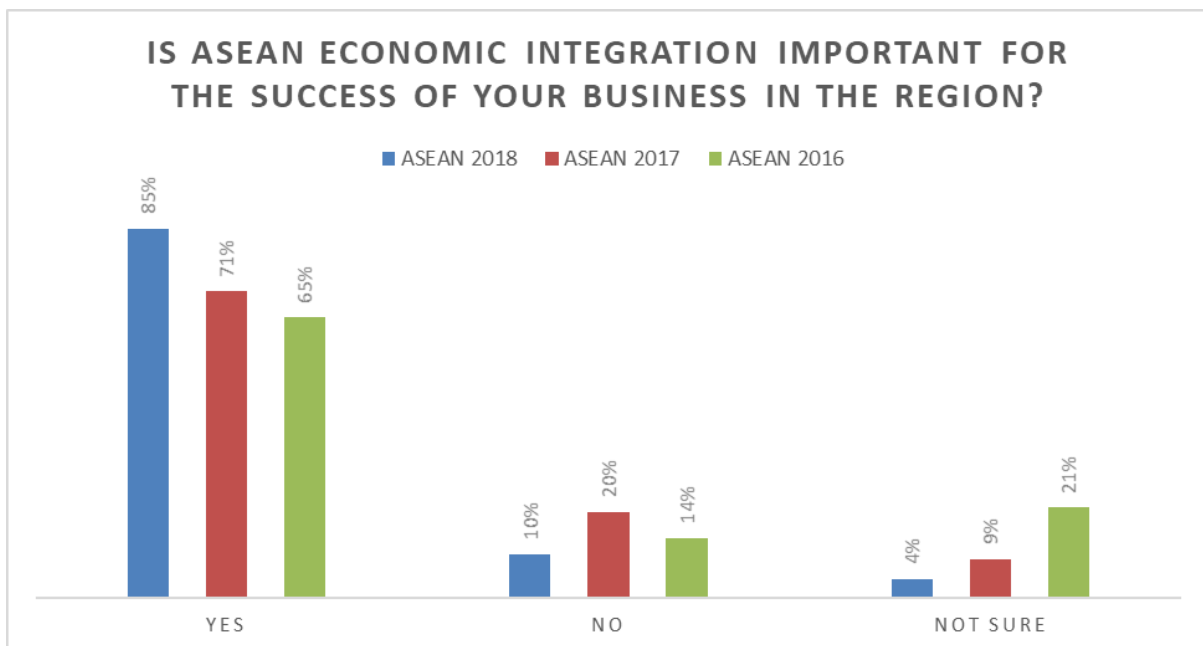
More European Businesses report that the ASEAN economic integration is important for the success of their operations in ASEAN, but fewer believe that the AEC is presently making a positive impact on their businesses and the majority believe that the AEC is progressing too slowly. Also heighten concerns over non-tariff barriers to trade.

Only 12% feel that ASEAN has achieved its aim of a single market and production base

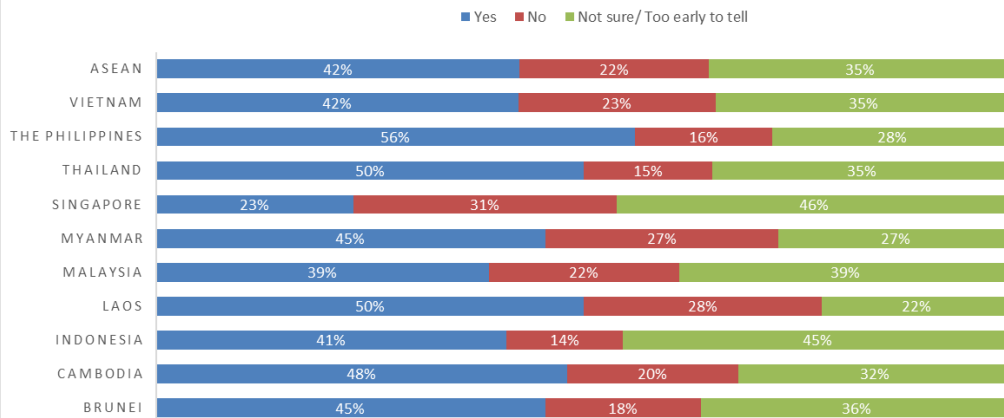
54% feel that the AEC process is too slow

42% feel that ASEAN economic integration has made a positive impact on their business (2017 – 47%)

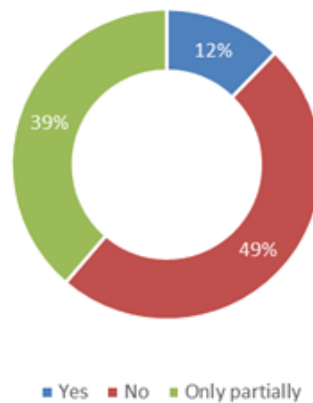
85% believe that further ASEAN economic integration will be important to their businesses (2017 – 71%)



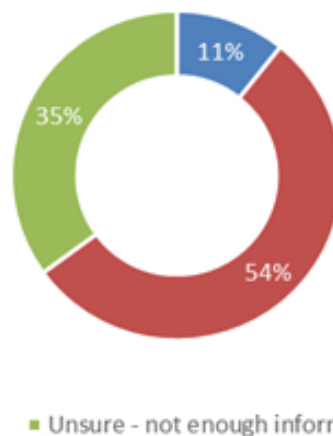
HAS THE AEC MADE A POSITIVE IMPACT ON BUSINESS ACTIVITY IN ASEAN?

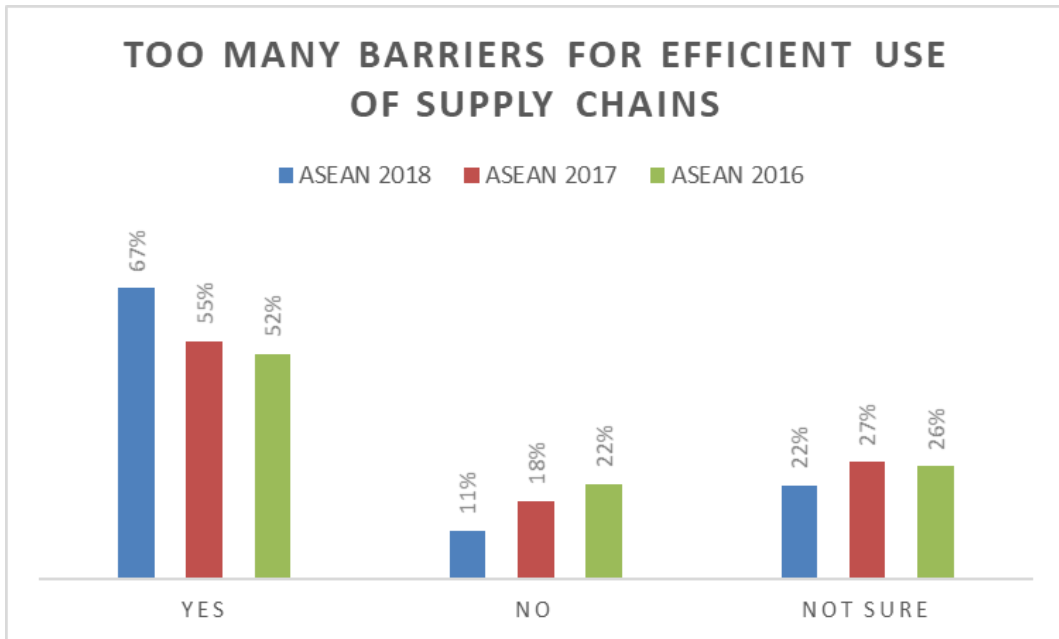


HAS ASEAN ACHIEVED ITS AIM OF CREATING A 'SINGLE MARKET AND PRODUCTION BASE'?



DO YOU FEEL THAT ASEAN ECONOMIC INTEGRATION UNDER THE AEC IS PROGRESSING FAST ENOUGH?





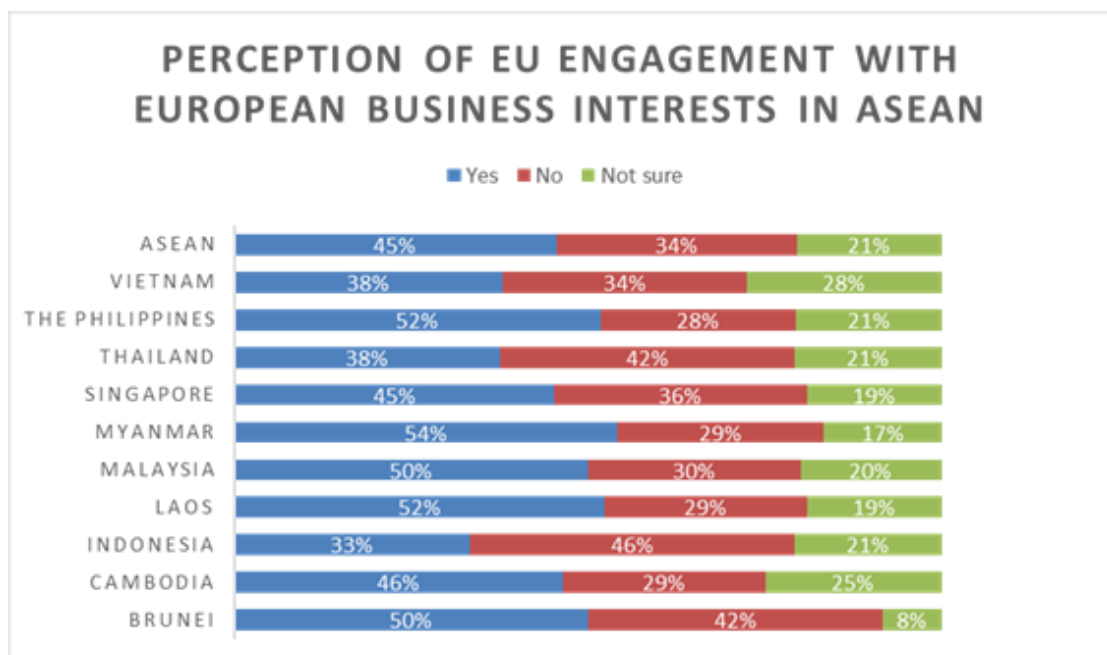
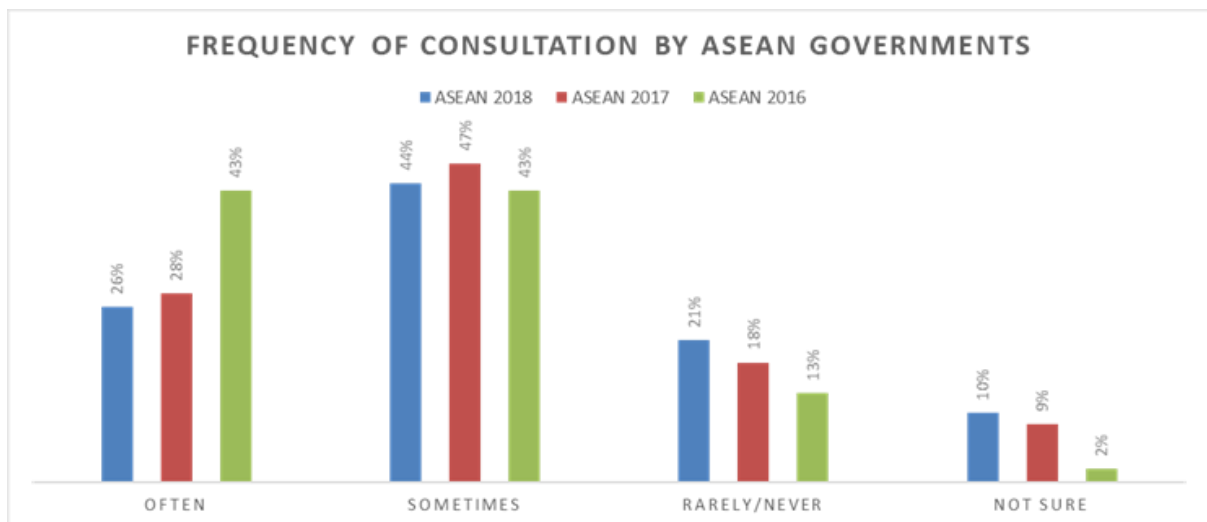
Government Consultation & Competition Issues

Government consultation in ASEAN sees a further decline in 2018, showing a worrying continuing trend; Slight increase in the perception of EU engagement with European Businesses in the region. Perception of the competitive landscape is worsening; More European businesses feel they are facing unfair competition in ASEAN

70% feel they are often or sometimes consulted by national governments in ASEAN (2017 – 75%)

Only 45% of respondents feel that the EU is sufficiently engaged European business interests in ASEAN (2017 – 37%)

62% feel they often or occasionally face unfair competitive practices in their response locations (2017 – 48%)



FREQUENCY OF BUSINESSES PERCEIVING UNFAIR COMPETITIVE PRACTICES IN ASEAN

