



## PRESS RELEASE

### EU-ASEAN BUSINESS COUNCIL PUBLISHES ITS LATEST SURVEY OF EUROPEAN BUSINESS PERCEPTIONS IN ASEAN

#### ASEAN SEEN AS REGION OF BEST ECONOMIC OPPORTUNITY BUT NEEDS TO ACCELERATE WORK ON ELIMINATION OF BARRIERS TO TRADE

#### EUROPEAN BUSINESS ALSO URGE FASTER ACTION ON ASEAN-EU TRADE DEALS AND TACKLING CLIMATE CHANGE

**Jakarta – 1 September:** The EU-ASEAN Business Council, the primary business body for European businesses in ASEAN, today published its 8<sup>th</sup> Business Sentiment Survey during the Council's Trade and Investment Mission to Indonesia. Key highlights of this year's survey include:

- **63%** of respondents see ASEAN as the region with the best economic opportunity (2021– 63%).
- **69%** of respondents expect to ASEAN Markets to become more important in terms of worldwide revenues over the next 2 years (2021 – 58%)
- **Only 6%** of respondents feel that ASEAN Economic Integration is progressing fast enough (2021 – 2%)
- **81%** of respondents believe that non-tariff barriers to trade in ASEAN are NOT decreasing (2021 – 97%), whilst **23%** say they are increasing (2021 – 38%)
- **Only 9%** of respondents have faith that ASEAN can deliver on Circular Economy Concepts whilst less than half think that ASEAN is serious about meeting its sustainability goals
- **97%** of respondents would like the EU to accelerate FTA negotiations with ASEAN and its members (2021 – 98%).
- **73%** of respondents believe that the EU should pursue a region-to-region FTA with ASEAN now (2021 – 49%)

Commenting on the Survey outcomes, **Martin Hayes, Chairman of the EU-ABC said:** “This year's Survey demonstrates that the sentiments of European businesses towards ASEAN remain strong, perhaps stronger than ever before. Optimism about economic recovery in the region is also strong, despite ongoing concerns around geopolitical tensions and supply chain bottlenecks. However, this good news for ASEAN is tempered by continuing concerns around lack of action on removing non-tariff barriers to trade, the slow pace of trade deal negotiations with the EU, and the need to do more on climate action. The latter is vital if ASEAN wants to continue to attract Foreign Direct Investment at the record breaking levels it has been doing for the last few years.”

Speaking further about the outcomes in the Survey, **Noel Clehane, Global Head of Regulatory & Public Policy at BDO, Chairman of the European Services Forum and Member of the EU-ABC Executive Board** said: “As European businesses respond to the lessons of the pandemic and ongoing geopolitical tensions in the Indo-Pacific, there are enormous opportunities for ASEAN countries to benefit from continued diversification of those businesses' supply chains and future intended FDI. To fully capitalise on these opportunities however, the Survey highlights yet again, the enduring impediments to inter-regional (EU-ASEAN) and intra-regional (within ASEAN) trade and investment. Making progress on these issues is imperative for all businesses active in the high-potential region, both of European and ASEAN origin, but particularly so for midmarket and SME businesses.”

This year's Survey saw the perception of ASEAN as the region of best economic opportunity improve with the gap to the next best location, China, widening significantly. The Survey notes that the enthusiasm to grow operations in ASEAN by European businesses remains strong, whilst also noting disappointment on the lack of progress on ASEAN regional economic integration with only 1 in 10 of respondents believing the



ASEAN Economic Community Objectives have been met. The Survey also highlighted the need for ASEAN to do more on tackling environmental and sustainability issues, including the greening of supply chains.

**Chris Humphrey, Executive Director of the EU-ABC** commented: “Despite ongoing pressure from the private sector in ASEAN and oft-repeated statements from ASEAN to take action, the fact that 81% of our respondents do not perceive a decrease in non-tariff barriers to trade, demonstrates a continuing failure of ASEAN in this area. Removing such barriers will only help innovation, drive competition, boost economies, and lower prices. At a time of increasing inflation, and supply chain disruptions, it is vital that more meaningful action on eliminating NTBs is taken, and seen to be taken.”

On the development of trade deals between the EU and ASEAN, Chris Humphrey said: “Our respondents this year are sending a clear signal to both the EU and ASEAN: they want more trade deals, and they want them now.”

END

# 2022 Key Findings

## Current Business Environment & Outlook

- **69%** of respondents expect an increase in profits in ASEAN in 2022 (2021 – 63%)
- **63%** of respondents see ASEAN as the region of best economic opportunity over the next 5 years (2021 – 63%)
- **69%** of respondents expect ASEAN markets to become more important in terms of worldwide revenues over the next 2 years (2021 – 58%)

## ASEAN Regional & Domestic Policy Frameworks

- **Only 6%** of respondents believe that ASEAN economic integration is progressing fast enough (2021 – 2%), and 47% say it is too slow (2021 – 66%)
- **Only 12%** of respondents say that the objectives of the AEC Blueprints have been achieved (2021 – 6%)
- **Only 19%** of respondents believe that non-tariff barriers to trade in ASEAN are decreasing (2021 – 3%), whilst 23% say they are increasing (2021 – 38%)
- **Only 14%** of respondents say that there are NOT too many barriers to the efficient use of supply chains in ASEAN (2021 – 19%)

## Trade Agreements

- **97%** of respondents believe that the European Union should accelerate the negotiation of trade deals with ASEAN (2021 – 98%)
- **73%** of respondents believe that the European Union should pursue a region-to-region FTA with ASEAN now (2021 – 49%)
- **61%** of respondents believe that the European Union should pursue a region-to-region Investment Protection Agreement with ASEAN (2021 – 60%)

## Sustainability & Climate Change Issues

- **Less than half** of respondents think that ASEAN is serious about meeting its sustainability goals, whilst 57% believe the goals set by ASEAN Member States are not ambitious enough.
- **Majority** of respondents do not believe ASEAN is doing enough to green supply chains, and **only 9%** have faith that the region can deliver on Circular Economy concepts.
- **Only 9%** of respondents believe that ASEAN is doing enough to ensure the development of in-demand skills for the future, whilst 79% said that ASEAN should develop a programme for increased staff mobility for internal development purposes.

## Government Consultation & Competition Issues

- **38%** of respondents feel that they frequently or occasionally face unfair competitive practices in ASEAN (2021 – 36%)
- **52%** of respondents feel that they are often or sometimes consulted by national governments in ASEAN (2021 – 48%)
- **31%** of respondents feel that the European Commission is sufficiently engaged in supporting European business interests in ASEAN (2021 – 20%)



## **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 Martin Hayes. 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.

## **Media Contacts**

### **Liyana Othman**

Advocacy Director

EU-ASEAN Business Council

T: +65 6721 7035 | M: + 65 9115 9795 | [liyana.othman@eu-asean.eu](mailto:liyana.othman@eu-asean.eu)

### **Chris Humphrey**

Executive Director

EU-ASEAN Business Council

T: +65 6721 7035 | M: + 65 8168 2199 | [chris.humphrey@eu-asean.eu](mailto:chris.humphrey@eu-asean.eu)