

PRESS RELEASE:  
EU-ASEAN BUSINESS COUNCIL PUBLISHES 2019 EU-ASEAN BUSINESS SENTIMENT SURVEY  
CONTINUED CONFIDENCE TOWARDS ASEAN, BUT SIGNS OF LOSING FAITH IN ASEAN ECONOMIC INTEGRATION

- The EU-ASEAN Business Council published its fifth annual EU-ASEAN Business Sentiment Survey today
- European firms remain highly optimistic and committed to ASEAN and continue to see ASEAN as the region of best economic opportunity
- However, increasing sense that ASEAN Economic Integration is failing to deliver, with rising concerns over non-tariff barriers in Southeast Asia
- European firms also want faster progress on trade deals between the EU and ASEAN, with majority reporting that they feel at a competitive disadvantage without more deals.

2 September 2019 - Following on from previous years, the EU-ASEAN Business Council (EU-ABC) today published its annual EU-ASEAN Business Sentiment Survey - the fifth edition of this report. Highlight findings this year include:

- 53% of respondents see ASEAN as the region with the best economic opportunity, up from 51% in 2018.
- 88% of respondents expect to increase trade and investment in ASEAN in the next 5 years, an increase of 13% over 2018.
- But only 3% of respondents feel that ASEAN Economic Integration is progressing fast enough, down from 11% in 2018
- 58% of respondents found that the number of non-tariff barriers (NTBs) to trade in ASEAN have not changed much, despite various ASEAN-level commitments to eliminate NTBs.
- 94% of respondents would like the EU to accelerate FTA negotiations with ASEAN and its members.

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

“European businesses are extremely positive about ASEAN and have rated ASEAN as the region with the best economic opportunity, ranking more than 2-to-1 over the next, China. Almost 9 of 10 expect to expand trade and investment in the next five years.”

“However, there is also a clear message that European businesses are increasingly sceptical or negative about the effects of regional ASEAN integration on their business prospects. Respondents are now seeing local or national elements such as improvements in infrastructure and the local economy as key drivers impacting their revenue and profits. Unless ASEAN moves faster on its integration efforts, especially removal of NTBs and harmonization of standards, it risks being seen as just a “sum of the parts” of the 10 countries and not capturing the synergies and greater economic and development benefits that an integrated community can bring.”

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 nearly three-quarters 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 with Southeast Asia”

The Survey notes that “delays in reducing NTBs to trade and investment have dulled enthusiasm for the AEC” and that “the EU FTAs with Singapore and Vietnam are steps in the right direction, but the opportunity cost of overlooking a region-to-region FTA, or more speedy action on further bilateral FTAs, is not to be taken lightly. European businesses are also urging the European Commission to bolster its efforts in ASEAN, while calling for the EU to revitalise its negotiations with the Southeast Asian bloc and take smaller progressive steps if necessary.”

END.

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 ASEAN's largest source of foreign direct investment. The EU is also ASEAN's second largest trading partner, after China. For its part, ASEAN is the EU's 3<sup>rd</sup> largest trading partner outside of continental Europe.

### **2. About the EU-ASEAN Business Council**

The EU-ASEAN Business Council (EU-ABC) is the recognised voice for European business within the ASEAN region. It is recognised both by the European Commission and the ASEAN Secretariat, recently being accredited as an Entity associated with ASEAN 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.

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 by sharing information and ideas with policy and decision makers and 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, representing a diverse range of European industries cutting across almost every commercial sphere from car manufacturing through to financial services and including FMCG and high-end electronics and communications. Our members share a common aim to enhance trade, commerce and investment between Europe and ASEAN.

### **3. Summary of Key Findings in the Business Sentiment Survey:**

#### Current Business Environment and Outlook

88% of respondents expect to increase trade and investment in ASEAN in the next 5 years (2018 - 75%).

73% of respondents project an increase in ASEAN profits in 2019 (2018 - 72%).

53% of respondents see ASEAN as the region with the best economic opportunity (2018 - 51%).

#### Trade Agreements

94% of respondents would like the EU to accelerate FTA negotiations with ASEAN and its members (2018 - 98%).

54% of respondents perceive they are at a competitive disadvantage without an EU-ASEAN FTA (2018 - 73%).

72% of respondents believe that an EU-ASEAN FTA would deliver more advantages than a series of bilateral FTAs (2018 - 87%).

64% of respondents believe the EU should pursue an EU-ASEAN FTA now before bilateral FTAs are concluded (2018 - 70%).

#### ASEAN Regional and Domestic Policy Frameworks

46% of respondents are uncertain about the impact of the AEC on their businesses (2018 - 35%).

Only 3% of respondents feel that ASEAN Economic Integration is progressing fast enough (2018 - 11%).

58% of respondents found that the number of NTBs to trade in ASEAN have not changed much.

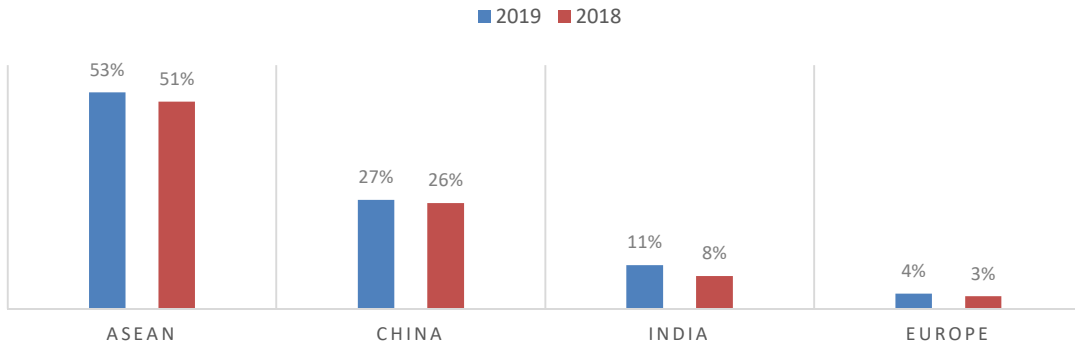
#### Government Consultation and Competition Issues

71% of respondents feel they are often or sometimes consulted by national governments in ASEAN (2018 - 70%).

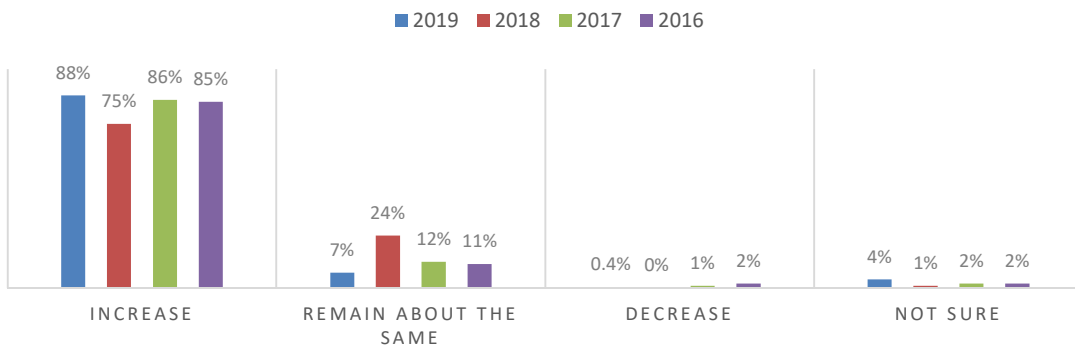
77% of respondents believe they face unfair competition in the local/regional environment at least occasionally (2018 - 62%).

4. Selected Key Graphs:

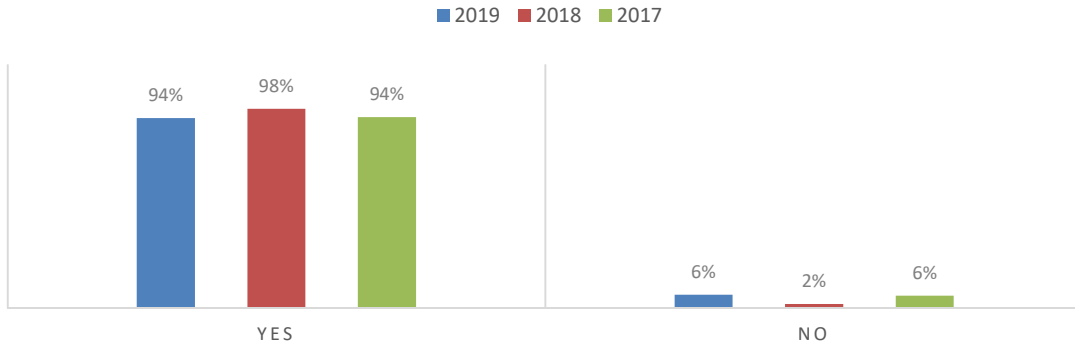
**REGION WITH BEST ECONOMIC OPPORTUNITIES (2018 - 2019)**



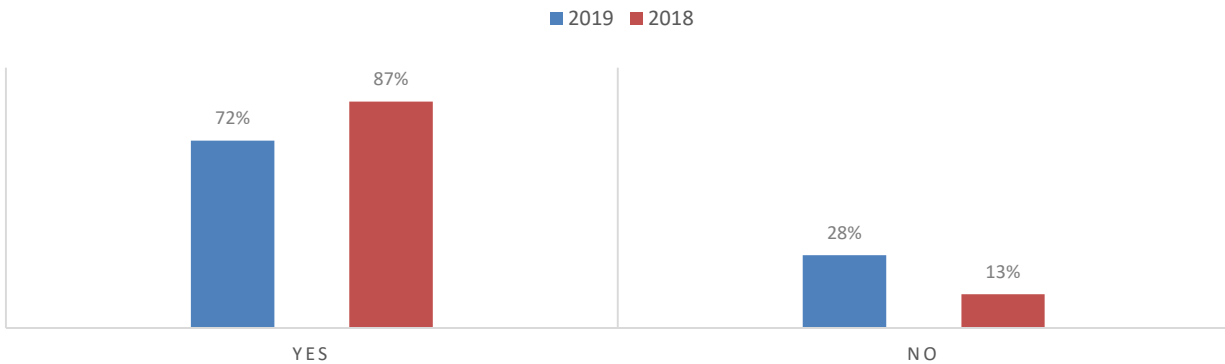
**EXPECTATION OF TRADE & INVESTMENT IN ASEAN OVER THE NEXT 5 YEARS (2016 - 2019)**



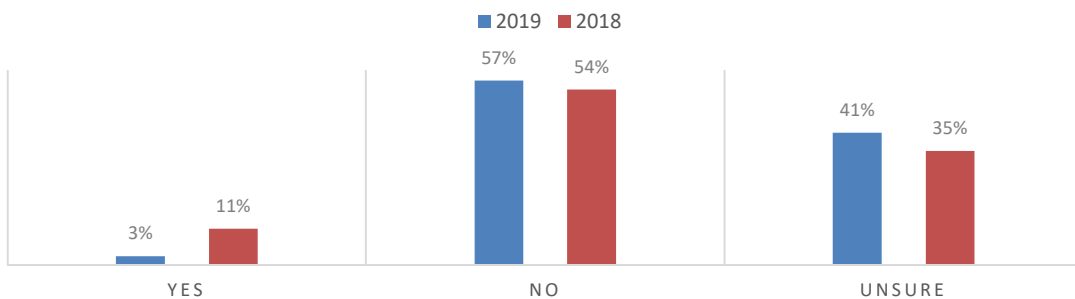
## SHOULD THE EU ACCELERATE TRADE DEALS WITH ASEAN? (2017 - 2019)



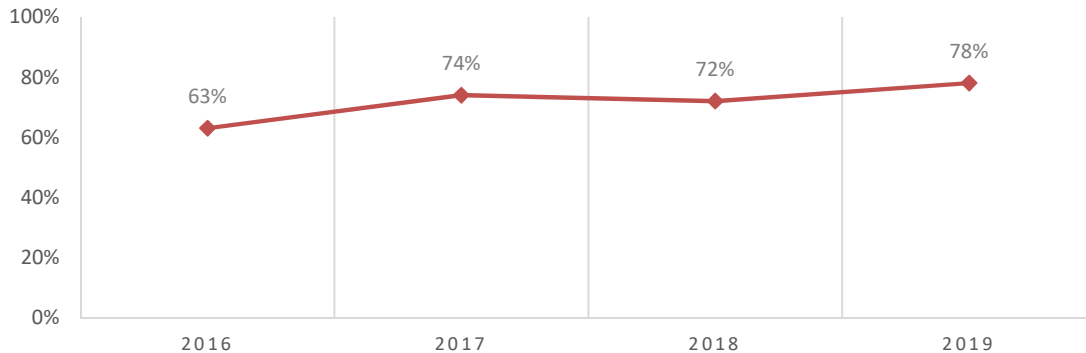
## WOULD AN EU-ASEAN FTA DELIVER MORE ADVANTAGES THAN A SERIES OF BILATERAL FTAS? (2018 - 2019)



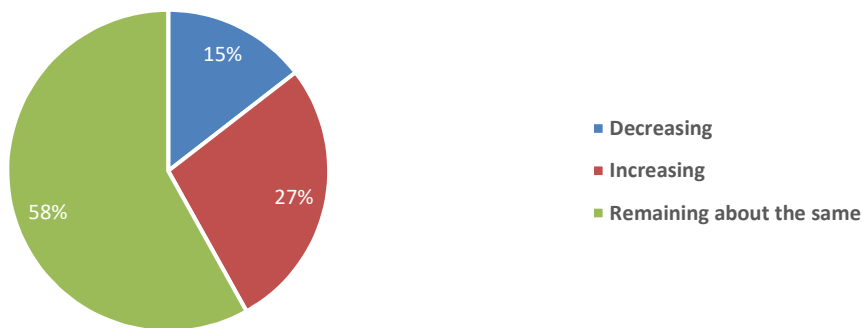
## DO YOU FEEL THAT ASEAN ECONOMIC INTEGRATION UNDER THE AEC IS PROGRESSING FAST ENOUGH? (2018 - 2019)



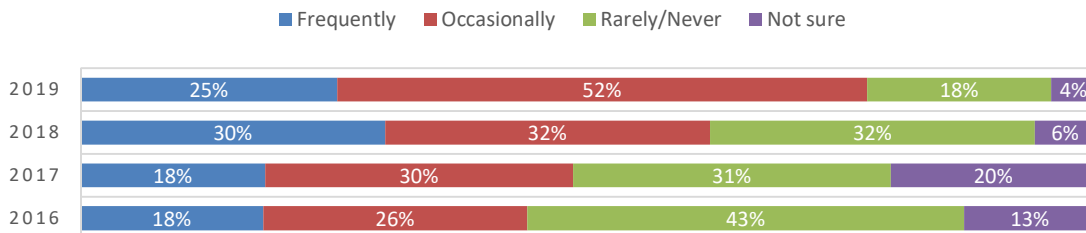
### CURRENT REGIONAL SUPPLY CHAIN USERS WHO FACE TOO MANY BARRIERS



### PERCEIVED AMOUNT OF NTBS TO TRADE IN ASEAN



### PERCEPTION OF EUROPEAN BUSINESSES FACING UNFAIR COMPETITIVE PRACTICES IN ASEAN (2016 - 2019)





**EMBARGOED UNTILL 00:01  
2<sup>ND</sup> SEPTEMBER 2019**

To download the Survey, please go to <https://www.eu-asean.eu/publications>.

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