



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 EU-ASEAN INVESTMENT PROTECTION AGREEMENT AND ACCELERATION OF TRADE DEALS

Singapore – 1 September: The EU-ASEAN Business Council, the primary business body for European businesses in ASEAN, today published its 7th Business Sentiment Survey. Key highlights of this year's survey include:

- **63%** of respondents see ASEAN as the region with the best economic opportunity (2020– 53%).
- **82%** of respondents expect to expand current levels of trade and investment in ASEAN in the next 5 years (2020 – 73%).
- **2%** of respondents feel that ASEAN Economic Integration is progressing fast enough (2020– 2%)
- **3%** of respondents believe that non-tariff barriers to trade in ASEAN are decreasing (2020 – 14%), whilst **38%** say they are increasing (2020 – 27%)
- **81%** of respondents say that there are too many barriers to the efficient use of supply of chains in ASEAN (2020 – 62%)
- **98%** of respondents would like the EU to accelerate FTA negotiations with ASEAN and its members (2020 – 98%).
- **60%** of respondents believe that the EU should pursue a region-to-region Investment Protection Agreement with ASEAN

Commenting on the Survey outcomes, **Donald Kanak, Chairman of the EU-ABC said:** “This year's Survey shows that European business confidence in ASEAN trade and investment opportunities has rebounded to 2019 levels, but it also highlights a strong perception that the region is falling short in reducing barriers to trade. Almost 9 out of 10 respondents said that they would increase use of regional supply chains if trade was made easier. That in turn would bring investment, technology and jobs of the future, boosting economic recovery. ASEAN can make the best of ‘the power of 10’ through renewed leadership and concerted efforts to reduce trade barriers and deliver on the vision of the ASEAN Economic Community.”

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: “It is essential that the impediments to inter-regional (EU-ASEAN) and intra-regional (within ASEAN) trade and investment be addressed and eliminated if gains are to be seen by both blocs. This is very important for all businesses but particularly so for midmarket and SMEs businesses, both of European and ASEAN origin.”

This year's Survey again asked respondents about their intentions on using regional supply chains and the possibility of supply chain relocation. Nearly 9 out of 10 respondents said that they would increase use of regional supply chains if barriers to trade were reduced. Somewhat alarmingly for the region, nearly half of respondents reported that they either had, or were considering, moving their ASEAN based supply chains.

Chris Humphrey, Executive Director of the EU-ABC commented: “The fact that our respondents would use regional supply chains more if barriers to trade were reduced is a huge incentive for ASEAN to take faster and more concrete action on the elimination of non-tariff barriers. Unfortunately, our Survey shows that European businesses do not perceive this happening. The Council urges ASEAN Leaders to redouble their efforts to implement in full the vision of an ASEAN Economic Community.”



On the development of trade deals between the EU and ASEAN, Chris Humphrey said: “there appears to be a shift in thinking from our respondents this year, away from pressing for a full-blown region-to-region FTA, towards taking smaller steps in the development of the ASEAN-EU trade and investment relationship. 6 out of 10 of our respondents are now calling for a region-to-region Investment Protection Agreement to be negotiated first, perhaps reflecting the realisation that working out an FTA is indeed a difficult task to undertake. However, calls to accelerate talks on bilateral FTAs remain as strong as ever.”

END

2021 KEY FINDINGS

Current Business Environment & Outlook

-  63% of respondents expect an increase in profits in ASEAN in 2021 (2020 – 39%)
-  63% of respondents see ASEAN as the region of best economic opportunity over the next 5 years (2020 – 53%)
-  82% of respondents expect their level of trade and investment with ASEAN to increase over the next 5 years (2020 – 73%)

ASEAN Regional & Domestic Policy Frameworks

-  Only 2% of respondents believe that ASEAN economic integration is progressing fast enough (2020 – 2%), and 66% say it is too slow (2020 – 49%)
-  Only 6% of respondents say that the objectives of the AEC Blueprints have been achieved (2020 – 9%)
-  Only 3% of respondents believe that non-tariff barriers to trade in ASEAN are decreasing (2020 – 14%), whilst 38% say they are increasing (2020 – 27%)
-  81% of respondents say that there are too many barriers to the efficient use of supply chains in ASEAN (2020 – 62%)

Trade Agreements

-  98% of respondents believe that the European Union should accelerate the negotiation of trade deals with ASEAN (2020 – 98%)
-  49% of respondents believe that the European Union should pursue a region-to-region FTA with ASEAN now (2020 – 71%)
- 60% of respondents believe that the European Union should pursue a region-to-region Investment Protection Agreement with ASEAN

Government Consultation & Competition Issues

-  36% of respondents feel that they frequently or occasionally face unfair competitive practices in ASEAN (2020 – 36%)
-  48% of respondents feel that they are often or sometimes consulted by national governments in ASEAN (2020 – 50%)
-  Only 20% of respondents feel that the European Commission is sufficiently engaged in supporting European business interests in ASEAN (2020 – 25%)



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.

Media Contacts

Angeline Kwek

Communications & Events Executive

EU-ASEAN Business Council

T: +65 6631 2751 | M: + 65 9828 6354 | angeline.kwek@eu-asean.eu

Chris Humphrey

Executive Director

EU-ASEAN Business Council

T: +65 6631 2751 | M: + 65 8168 2199 | chris.humphrey@eu-asean.eu