



10TH EU-ASEAN BUSINESS SENTIMENT SURVEY

September 2024

Don't expand your business across ASEAN



Unless you're with a bank that's done it before

Looking to expand your business across ASEAN?

With more than 135 years of experience and a presence in 6 ASEAN markets, HSBC can help you take uncertainty out of your expansion plans.

Let us support your business growth.

business.hsbc.com/en-gb/campaigns/asean



HSBC | Opening up a world of opportunity

ABOUT THE EU-ASEAN BUSINESS SENTIMENT SURVEY

This is the 10th edition of the annual EU-ASEAN Business Sentiment Survey. Over the last decade, the BSS has been a barometer for European businesses' outlook in Southeast Asia on key issues including macroeconomic conditions, policies and the regulatory environment across the region, and the development of free trade agreements. You may also view this report and its previous editions online at: www.eu-asean.eu/publications.

For further inquiries please email: info@eu-asean.eu

ACKNOWLEDGEMENTS

The EU-ASEAN Business Council would like to express our thanks to the following partners for their help in conducting and distributing this annual survey to European businesses around the region:

- European Chamber of Commerce in Cambodia (EuroCham Cambodia)
- European Chamber of Commerce in Indonesia (EuroCham Indonesia)
- European Chamber of Commerce & Industry in Lao PDR (ECCIL/EuroCham Laos)
- EU-Malaysia Chamber of Commerce & Industry (EuroCham Malaysia)
- European Chamber of Commerce in Myanmar (EuroCham Myanmar)
- European Chamber of Commerce in the Philippines (ECCP)
- European Chamber of Commerce in Singapore (EuroCham Singapore)
- European Association for Business & Commerce, Thailand (EABC Thailand)
- European Chamber of Commerce in Vietnam (EuroCham Vietnam)



TABLE OF CONTENTS

01	About the EU-ASEAN Business Sentiment Survey
03	Chairman's Foreword
05	2024 Key Findings
06	2022-2024 Trends for Key Findings
11	Current Business Environment & Outlook
17	ASEAN Regional Economic Integration
23	EU Engagement with ASEAN & Businesses
28	ASEAN's Digital Economy
30	Conclusion
31	Annex: Respondents Profile

CHAIRMAN'S FOREWORD

“The EU-ASEAN Business Council is pleased to present this 10th Edition of its annual EU-ASEAN Business Sentiment Survey. I would like to extend my thanks to all of our respondents for taking the time and effort to complete this year’s Survey and for allowing us to continue with this important publication that is widely read and remarked upon both within ASEAN and in Europe. My thanks also go to our partners at the various European Chambers of Commerce across the ASEAN region for their assistance in disseminating the Survey to their members.

The stark conclusion of this year’s Business Sentiment Survey is that there is a remarkable degree of consistency in the results. Over the 10 years that the Council has conducted the Survey our respondents regularly report that:

- **ASEAN is the region of best economic opportunity and they see it as a region where they intend to increase investment and trade;**
- **ASEAN regional integration is important to the success of their businesses in the region, but they have no faith in ASEAN’s ability to deliver on it;**
- **Non-tariff barriers to trade in ASEAN are not being removed and are, perhaps, even increasing;**
- **European businesses continue to operate at a disadvantage compared to their peers from other ASEAN dialogue partners; and,**
- **Europe is not sufficiently engaged in helping them with their business operations.**

The results are remarkably similar for 2024. What is harkening is that many of our respondents are showing an inclination to expand their operations in the region, with high numbers reporting an intent to do so in Indonesia and Thailand in particular. In addition, ASEAN again comes out on top as the region for the best economic opportunity over the next 5 years, though at a slightly lower level than in more recent years. It is noteworthy that India has overtaken China as the second-best place for economic opportunity.

Whilst our respondents report a high level of importance for ASEAN’s regional economic integration plans to their business operations, it is also clear from the results that they have little or no faith in ASEAN’s ability to deliver fully on those plans.

Indeed, when it comes to trade facilitative measures and their implementation, the reading in the survey is particularly depressing with only 2% reporting that they believed customs procedures were speedy and efficient, and high numbers reporting, yet again, that they see no change in the number of non-tariff barriers to trade in the region. In fact, for this year, there is a significant number of respondents reporting that they see non-tariff barriers to trade increasing. In an ever-competitive world for investment funds and for attracting the diversification of supply chains, this is an area that ASEAN clearly needs to do more on.

We have seen since the publication of the last Survey a step change in engagement from the European Commission on trade negotiations with the region. We now have relaunched negotiations with Thailand, and the start of relaunched negotiations with the Philippines is to happen imminently. These are very welcome, as is the recent conclusion of a Digital Trade Agreement with Singapore. Coupled with what we hope will shortly be the positive conclusion of negotiations with Indonesia, and the ongoing work at a region-to-region level on trade and investment issues under the Joint Working Group and the EU-ASEAN Plan of Action, things have never been better. However, despite these moves and initiatives, there is still a perception that Europe needs to do more with ASEAN, with high numbers of respondents feeling that EU institutions are not engaged enough, perhaps coloured by perceptions of how the European Green Deal is being received by ASEAN. Our respondents also continue to see more advantages in a region-to-region FTA over a series of bilateral FTAs, though the truth is that such an agreement is many years away.

As ASEAN is now forging ahead with its plans for the post-2025 Vision, the development of its Digital Economy Framework Agreement and finalisation of the upgrade of the ASEAN Trade in Goods Agreement, this Survey should, I hope, provide points for reflection for the policymakers in the region. The key message is: European businesses believe in ASEAN, but the region could be doing a lot better.”



Jens Rübbert
Chairman, EU-ASEAN Business Council

2024 KEY FINDINGS

Current Business Environment & Outlook

- **61%** of respondents see ASEAN as the region of best economic opportunity over the next 5 years (2023 – 63%)
- **86%** of respondents expect their level of trade and investment in ASEAN markets to increase over the next 5 years (2023 – 84%)

ASEAN Economic Integration

- **86%** of respondents say that ASEAN Economic integration is important to the success of their business in the region (2023 – 80%)
- **88%** of respondents say that there are too many barriers to the efficient use of the supply chains in ASEAN (2023 – 72%)
- **40%** of respondents believe that non-tariff barriers to trade in ASEAN are increasing (2023 – 8%)
- **Only 2%** of respondents say that customs procedures in ASEAN are speedy and efficient

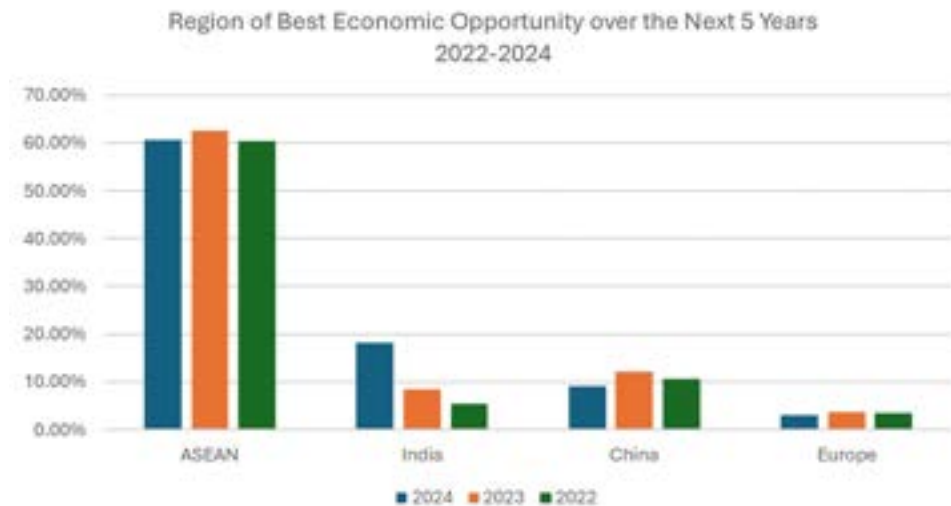
Trade Agreements

- **88%** of respondents believe that a region-to-region FTA between the EU and ASEAN would deliver more advantages than a series of bilateral FTAs (2023 – 85%)
- **88%** of respondents believe that European businesses are at a disadvantage due to the lack of region-to-region FTA (2023 – 88%)

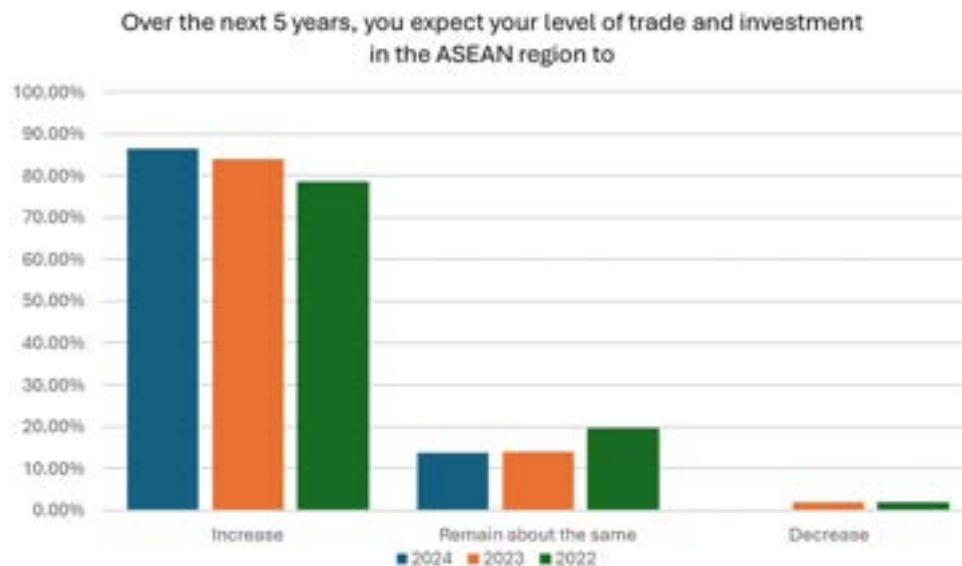
European Commission Policies & Interaction

- **20%** of respondents believe that the European Commission is sufficiently engaged in supporting European business interests in ASEAN (2023 – 30%)
- **52%** of respondents believe that the European Green Deal will have a significant or moderately significant positive impact on their operations

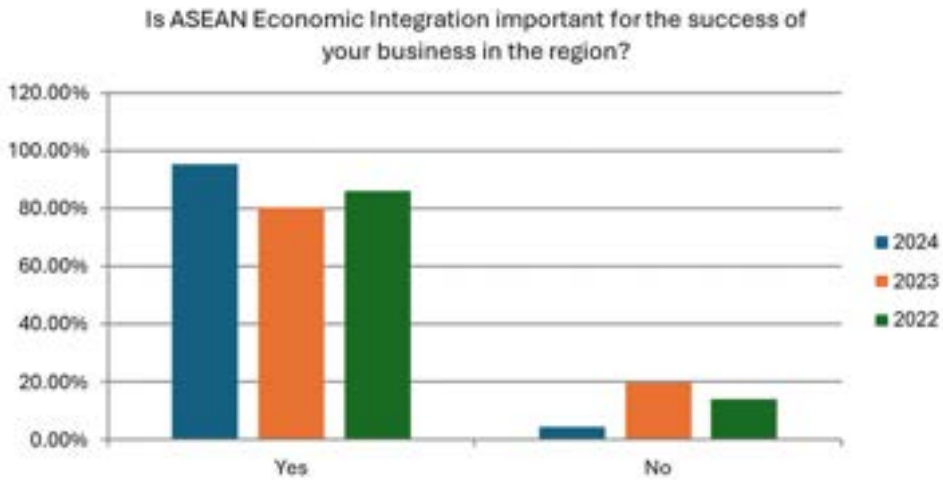
2022–2024 TRENDS FOR KEY FINDINGS



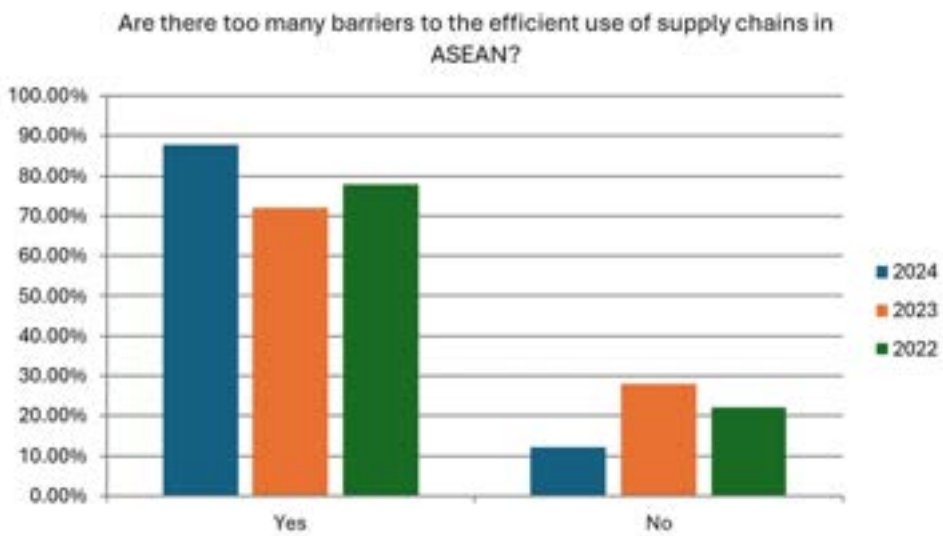
European businesses maintain their perception that **ASEAN represents the region of best economic opportunity over the next 5 years**, though the percentage doing so has fallen slightly. India overtakes China as the country/region in second place.



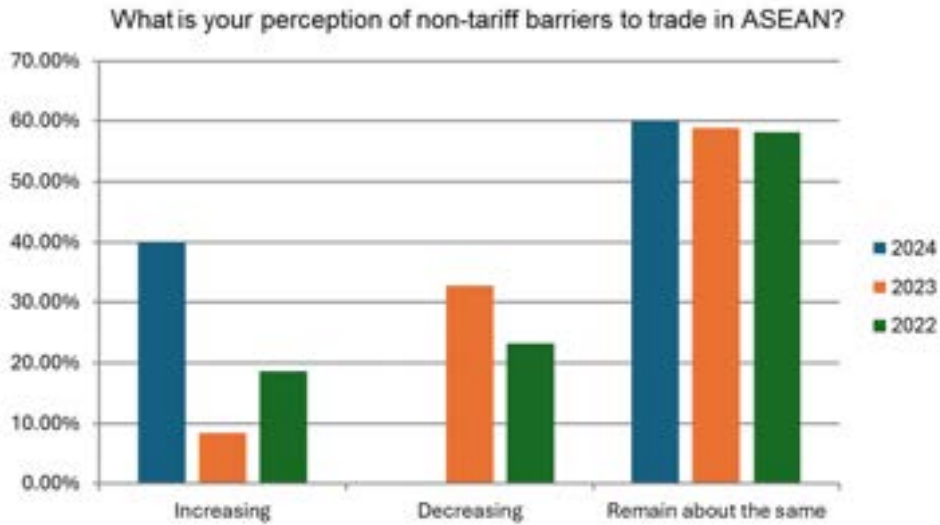
The trend of respondents indicating their level of trade and investment in ASEAN will increase over the next five years continues to increase. No respondents reported that they expected their levels of trade and investment to decrease.



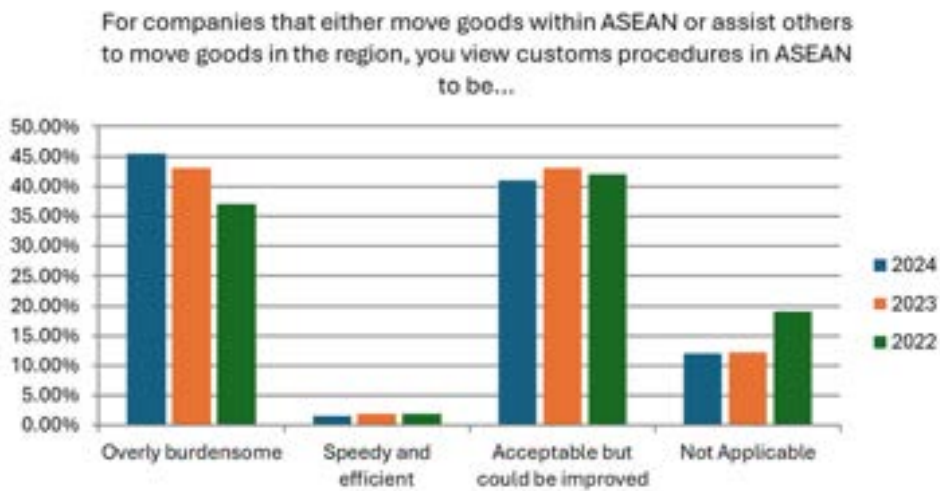
A higher percentage of respondents report that ASEAN economic integration is important for the success of their business in Southeast Asia, an increase of almost 15% over 2023.



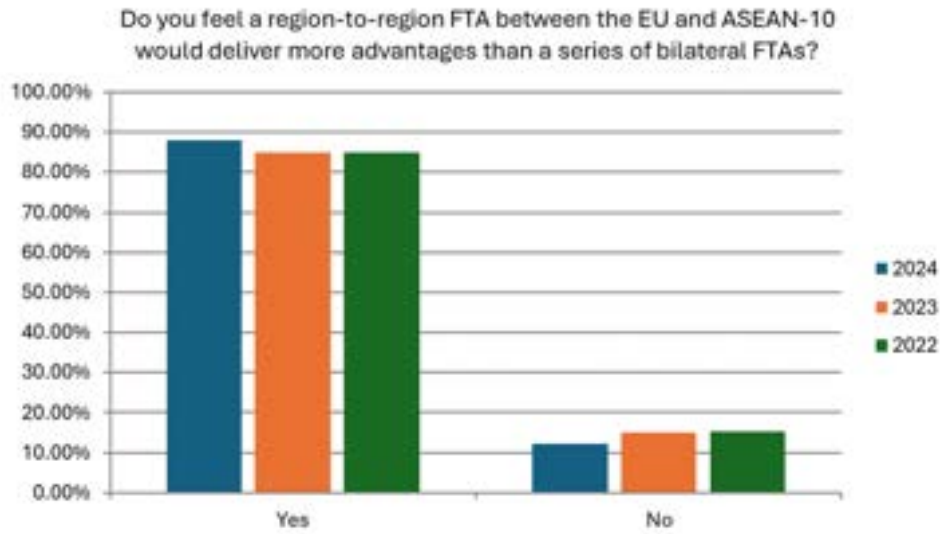
At 88%, there is a record high of respondents report that there are too many barriers to the efficient use of supply chains in ASEAN. The previous highest percentage was 81% in 2021.



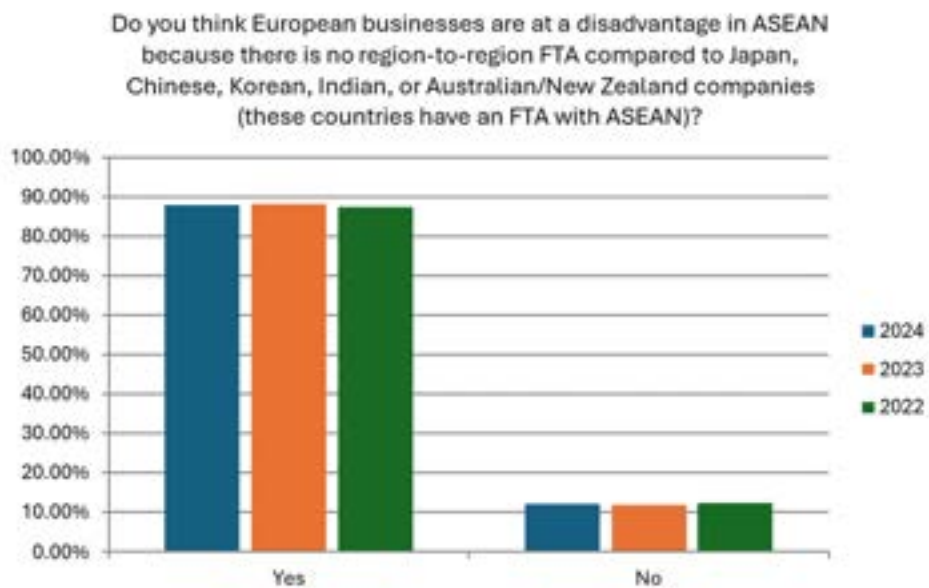
Despite repeated statements of intent to remove non-tariff barriers to trade in ASEAN, no respondents reported that they believed that non-tariff barriers were decreasing. **At 40%, the number of respondents who felt that non-tariff barriers to trade were increasing is at a record high for this survey.**



Again, the number of respondents who believe that customs procedures are speedy and efficient remains stubbornly low, whereas the number who see them as being overly burdensome has increased again.

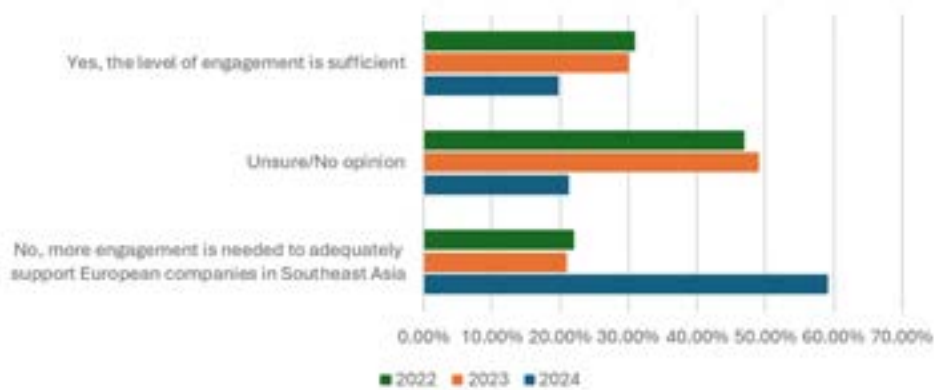


Consistent with previous years, the vast majority of respondents believe that a **region-to-region FTA between ASEAN and the EU would deliver more benefits** than a series of bilateral FTAs.



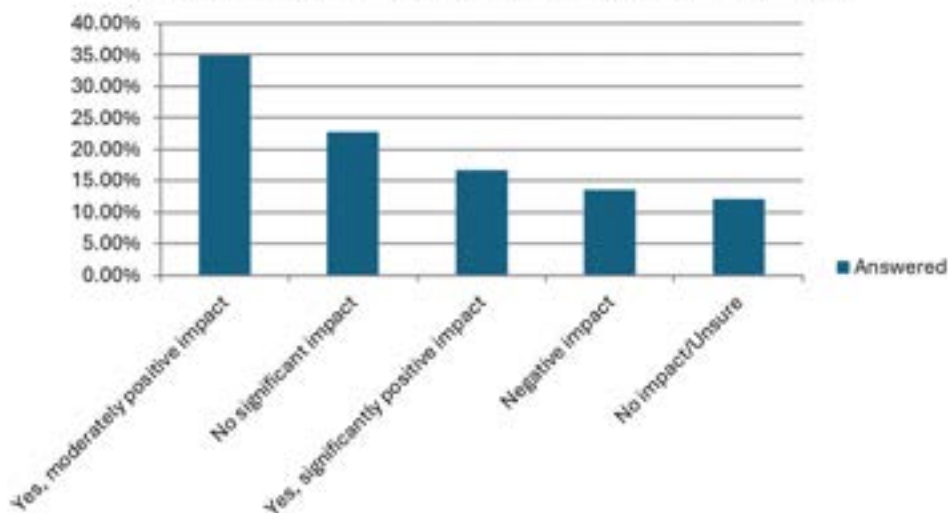
Equally consistent is the view held by respondents that European businesses are at a disadvantage compared to their peers in other ASEAN dialogue partners because of the lack of a region-to-region FTA.

Do you believe that the level of engagement from EU Institutions (European Commission, EU Delegations, European Parliament etc) adequately supports European companies operating in Southeast Asia?



An increasing proportion of respondents do not believe that European institutions are sufficiently engaged in supporting European business interests in Southeast Asia, despite an uptick in ongoing FTA negotiations with countries in the region.

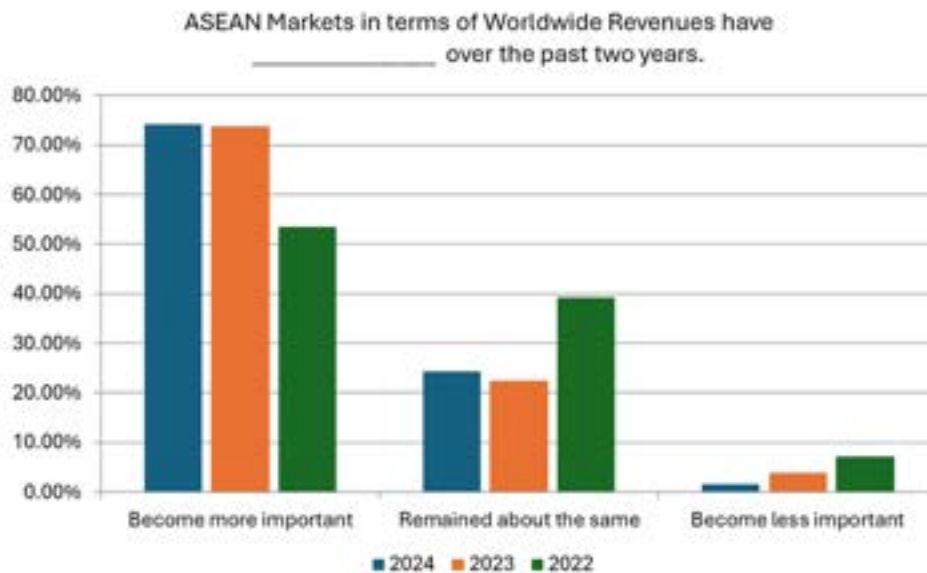
Do you believe that the EU's overall Green Deal will have a positive impact on your company's operations and business environment?



A slight majority of respondents believe that the European Green Deal will have a positive (moderate or significant) impact on their business operations and the business environment in ASEAN (52%). 35% believe there will be no impact or no significant impact.

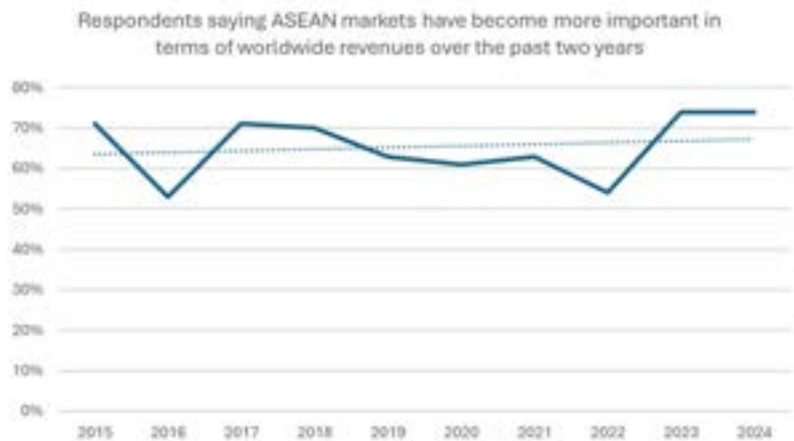
CURRENT BUSINESS ENVIRONMENT & OUTLOOK

European businesses continue to show a remarkable degree of positivity towards the ASEAN region when it comes to: their perception of the importance of the region in terms of worldwide revenues; the region of best economic opportunity; and, plans to expand their operations. But respondents also report challenges to their plans to increase trade and investment across the region, demonstrating that ASEAN can, and perhaps should, do more to ensure its continued attractiveness.

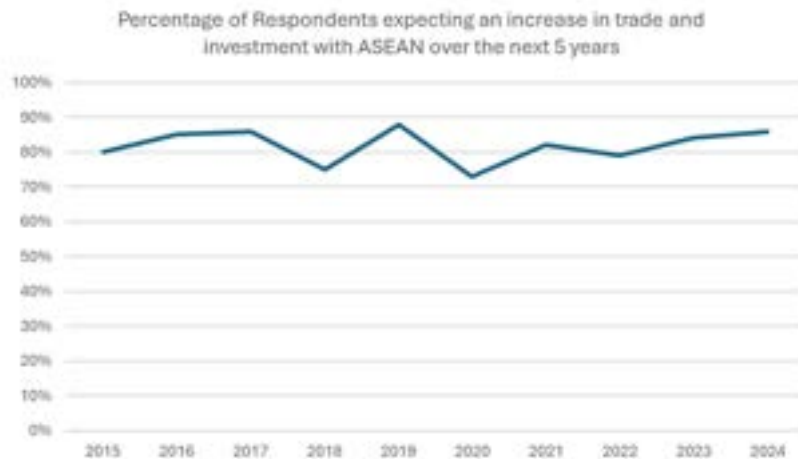
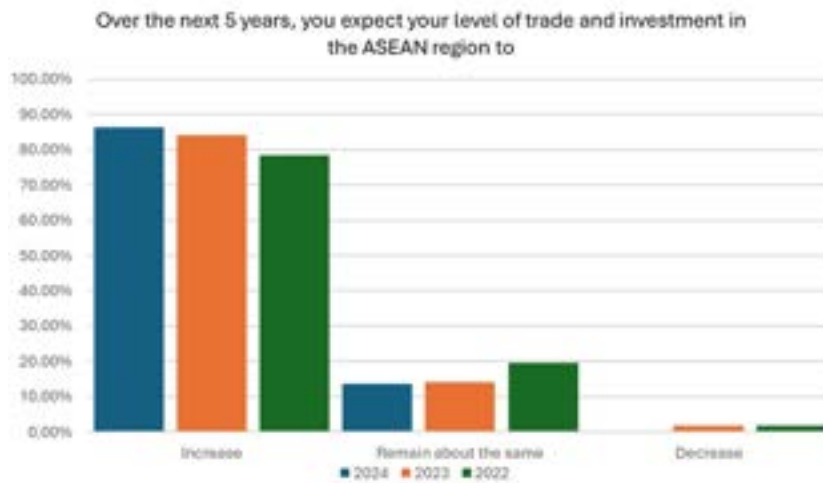


When asked if ASEAN has become more important in terms of worldwide revenues over the last two years, the 2024 Survey result is the same as 2023 (at 74% reporting ASEAN has become more important)

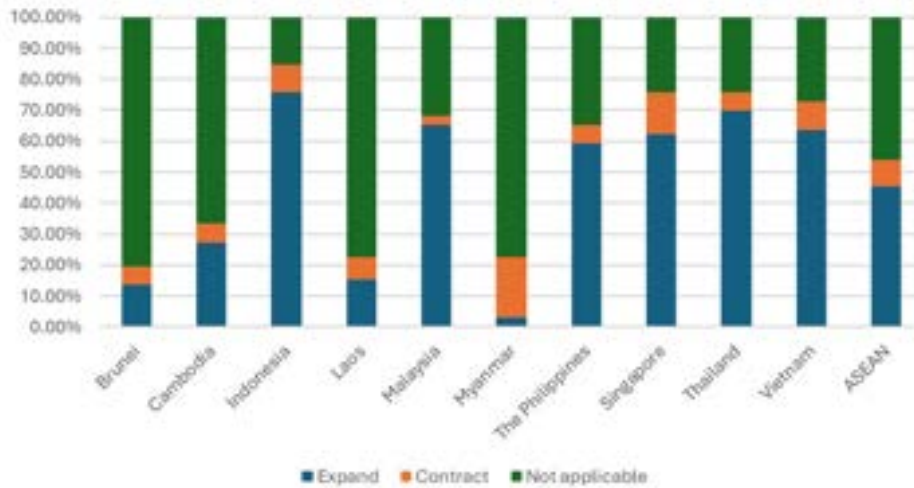
Other than significant dips in the level of positivity in 2016 and 2022, the percentage of respondents saying ASEAN has become more important in terms of worldwide revenues over the previous 2 years has been fairly consistent, though **the numbers for both 2023 and 2024 are at their highest in the history of this survey.**



Further reflecting the high numbers of respondents reporting that ASEAN is gaining importance in terms of worldwide revenues, there are again also high numbers for the number of respondents reporting that they expect their level of trade and investment in ASEAN to increase over the next 5 years. For 2024 the number is at its highest since pre-COVID at 86%, up from 84% in 2023. Of equal importance is the fact that no respondents reported an intention to decrease their level of trade and investment with the region as a whole.



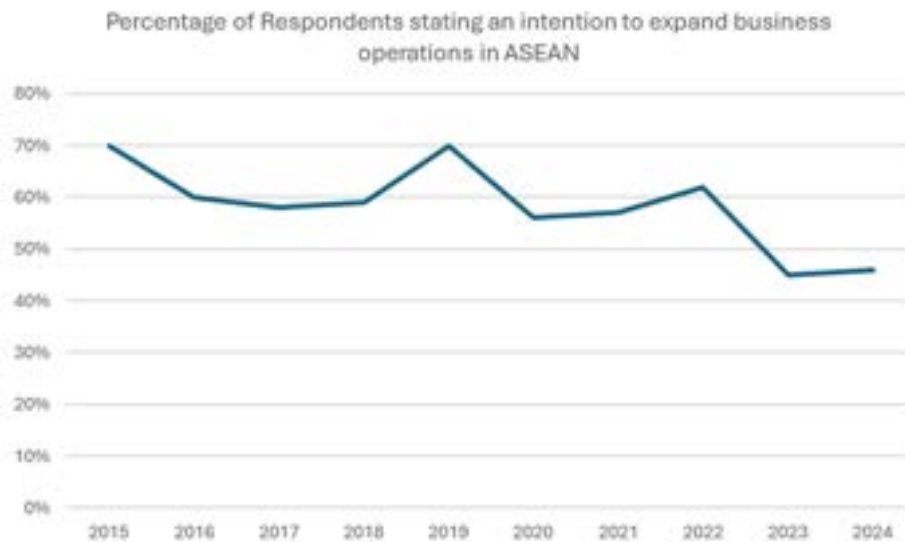
In the following ASEAN countries, does your company plan to expand or contract?



In the major ASEAN markets (Indonesia, Malaysia, The Philippines, Singapore, Thailand, and Vietnam) there is a strong sentiment to expand operations from European businesses. Indonesia shows the highest positive sentiment with 76% of respondents with operations there saying they intended to expand. Thailand was next highest at 70%. Perhaps not unsurprisingly given the ongoing political situation, Myanmar scored the lowest for expansion. The average across the whole region was 46% reporting an intention to expand their businesses.

Expansion vs Contraction Plans in ASEAN 2015-2024





What is of some concern, if we look over the ten-year horizon of the Business Sentiment Survey, is that overall at the ASEAN-wide level, European businesses can be seen to be reining back on their expansion intentions in the region. Since the highs of 2015 and 2019 when the stated intention to expand was at 70%, we have seen a **steady decline in the expansion intentions**. The drops in 2020 and 2021 could be COVID-related, but the falls since then are of more concern.

When it comes to the reasons for looking to expand operations in the ASEAN region, economic recovery, and growth opportunities were by far the largest responses given by our survey takers, with “diversification of customer base” remaining in second spot. In fact, the top 3 reasons are the same as in 2023.

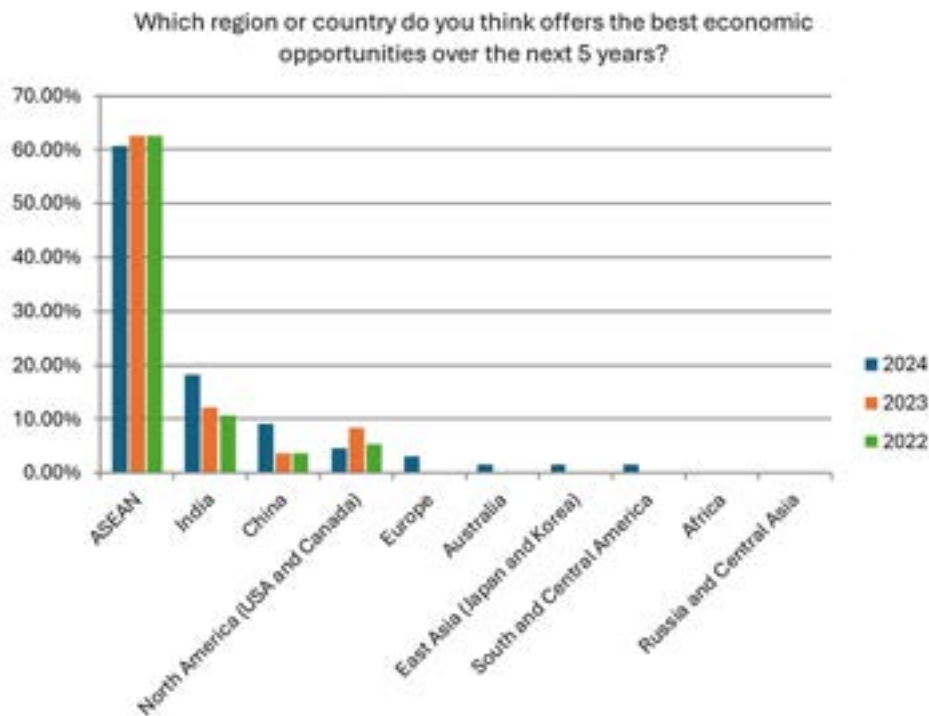


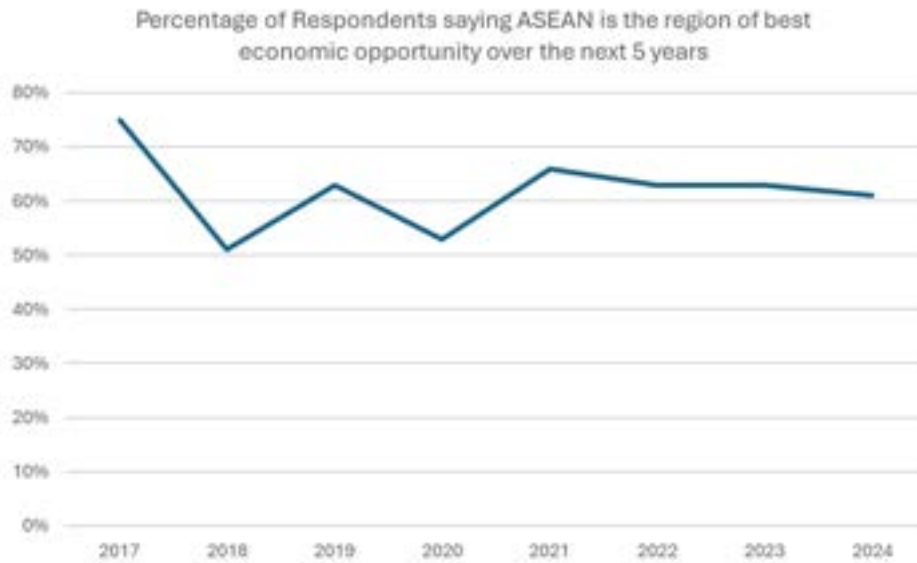
This year we asked our respondents to tell us what were the most challenging aspects of trade and investment in the region and to rank them from the most challenging to the least challenging. Rising protectionism and the lack of harmonisation of standards across the ASEAN region came out on top, closely followed by the growth of non-tariff barriers to trade.

Table 1 : Most challenging aspects of trade & investment in ASEAN

Issue (ranked from most challenging)	
1	Rising Protectionist Sentiments
2	Lack of Harmonisation of Standards
3	Growing Non-Tariff Barriers
4	Complex Customs Procedures for intra-ASEAN movement of goods
5	Prevalence of unfair competitive practices
6	Complex taxation regimes
7	Lack of service sector liberalisation
8	Geopolitical instability
9	Lack of green supply chains

ASEAN again tops the list of regions/countries that offer the best economic opportunity over the next five years, though the percentage of respondents saying so has fallen slightly compared to the previous year (61% for 2024 vs 63% for 2023).



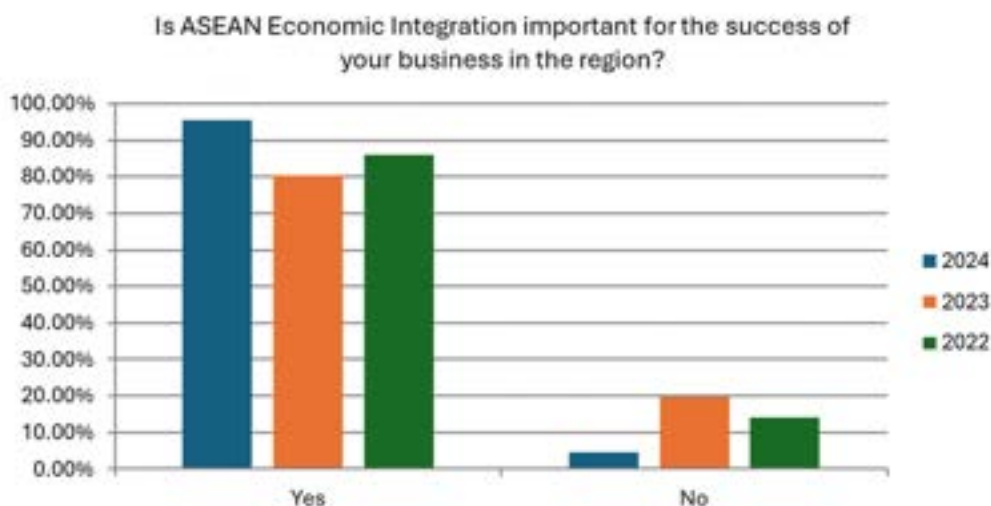


Since we first asked the question about which region or country represents the best economic opportunity over the next 5 years in 2017, ASEAN has always come out on top, with the percentage over the last few years being consistently in the low 60 percentage points. Until this year, China was also consistently in second place, but it has now been overtaken by India.

ASEAN REGIONAL ECONOMIC INTEGRATION

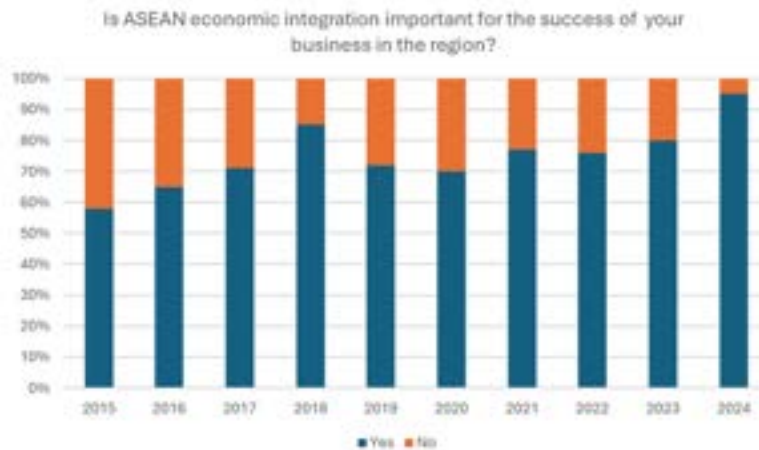
Over the years of this Survey we have repeatedly asked questions related to the development of the ASEAN Economic Community and progress on regional economic integration. We have normally asked whether or not our respondents felt that ASEAN regional economic integration was progressing fast enough: **the outcome was always a resounding no!**

We took a different tack this year, rather than keep playing the same broken record, focusing more on the importance of regional economic integration and whether or not European businesses believed ASEAN would achieve the goals stated in the 2015 and 2025 AEC Blueprints by the end of next year. There are mixed results for ASEAN to these questions.

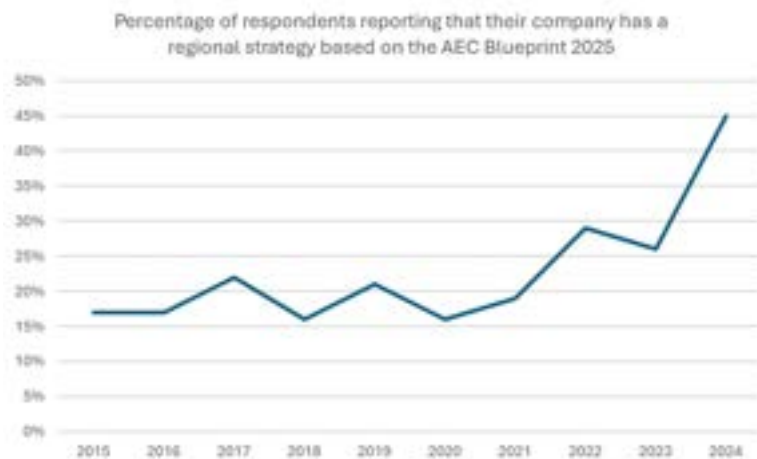
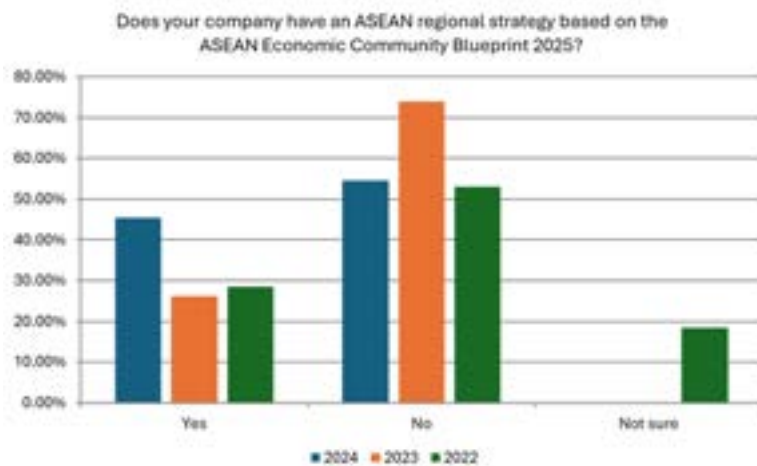


When we asked our respondents whether ASEAN economic integration was important to the success of their business in Southeast Asia, over 95% of them said “yes”.

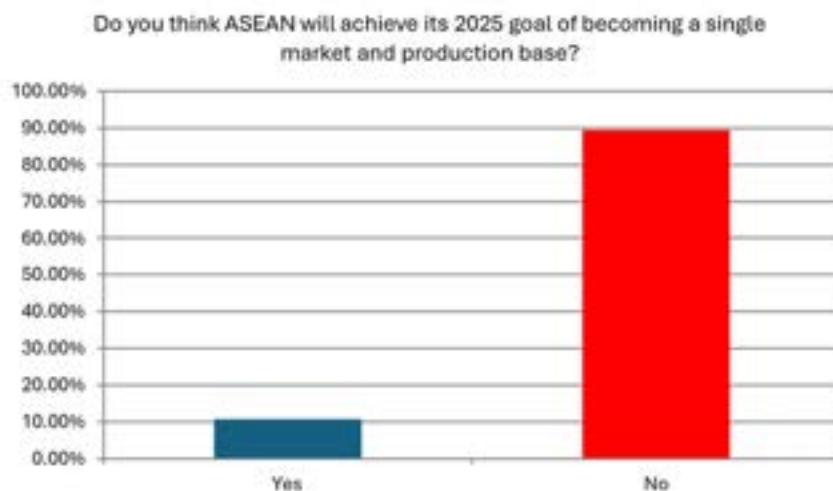
This is the highest level that we ever seen in the history of the survey. Indeed, looking at the trend over the last ten years, European businesses are reporting more and more that regional integration is important to the success of their business. This sentiment should be something that makes policymakers want to advance quicker and deeper on economic integration.



In line with that the sentiment expressed above, we have seen an uptick in the number of respondents in 2024 who say their company now has an ASEAN regional strategy based on the 2025 AEC Blueprint. **The total reporting that they have a regional strategy based on the AEC Blueprint is now at all-time high, at 45%. This should underscore to ASEAN the importance of progressing faster on the Blueprint and fully implementing all of its objectives.**



For respondents who reported that they did not have regional strategy based on the AEC Blueprint 2025, we asked them why. The overwhelming reason, at 50% of respondents to the question, was that there was not enough progress in ASEAN integration to warrant such a region-based strategy. But, despite more respondents than before reporting that they have a regional strategy based on the AEC Blueprint 2025, close to **nine out of ten respondents reported that they did not believe ASEAN would achieve the objectives** of the Blueprint by the end of 2025. This reflects the sentiment in previous years where respondents regularly reported in high numbers that ASEAN regional economic integration was not progressing fast enough (86% in 2023; 52% in 2022; 62% in 2021).



Given the high number of respondents who indicated that they did not believe the goals in the AEC Blueprint would be achieved, we asked them to prioritise the areas that ASEAN needed to focus on in order to achieve its overall aims and objectives. These are set out below with one being the most important area.

Table 1 : Priority areas for the advancement of the AEC

Focus areas (from the most important)	
1	Harmonisation of standards and regulations
2	Simplification of customs procedures for intra-ASEAN movement of goods
3	Removal of market access restrictions
4	Removal of non-tariff barriers to trade
5	Improvements in the financial infrastructure, including cross-border payments
6	Enhance digital infrastructure and e-commerce facilitation
7	Investment in transport infrastructure and logistics efficiency
8	Development of human capital through education and skills training

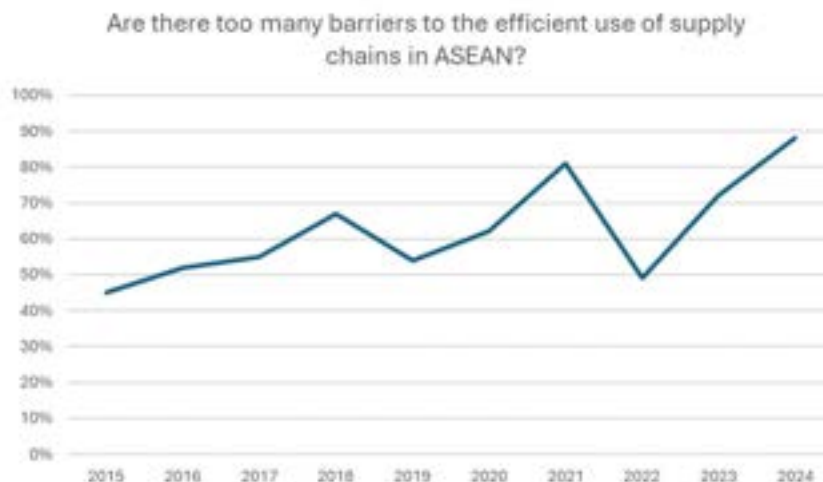
Yet again, harmonisation of standards and regulations comes out on top, reflecting the continued concerns that European businesses have about the lack of progress in this area. In fact, this focus area has always been in the top three since we began asking this question, and more often than not it has been the number one priority area.

There has been much talk of supply chain diversification and de-risking, with the ASEAN region talking up its ability to take advantage of this and promote the use of regional supply chains as part of broader global supply chains. As in previous years, we asked our respondents if they made use of regional supply chains, and then their perceptions for the reasons for not doing so.



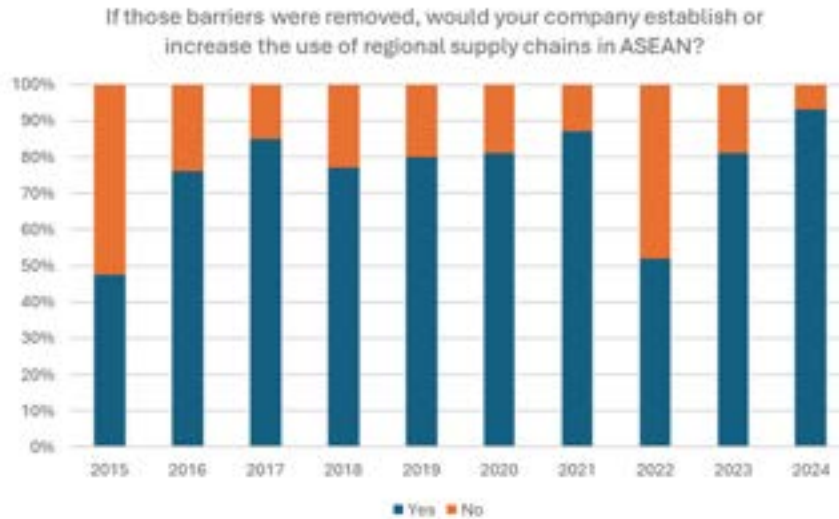
2022 represented a high point for respondents saying that they made use of regional supply chains at 71%. Throughout the time we have conducted this survey, in most years the number of respondents reporting that they use regional supply chains has been largely consistent in the high fifty or low sixty percentage points. 2024 is, therefore, a move back to the norm.

Unfortunately, **the number of respondents reporting that there are too many barriers to the efficient use of supply chains in ASEAN is now at a record high of 88%**. Given that ASEAN is meant to be improving trade facilitation over the last 10 years as part of its regional economic integration strategy, it is disappointing that so many respondents are still reporting that there are too many barriers to the efficient use of supply chains. Indeed, the overall trend over the last ten years has been upwards, when the trend should be heading the other way.



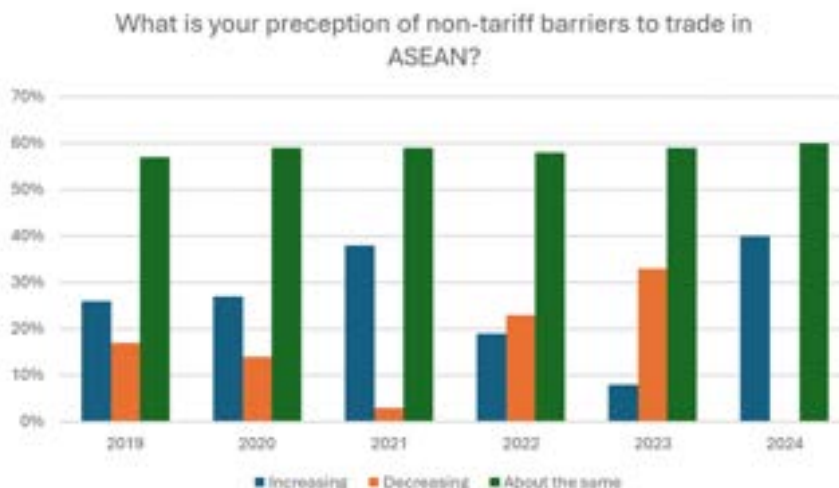


93% of our respondents then stated that they would make more use of regional supply chains should the barriers to the use be removed. **This is again a record high for our survey** (see below chart). Given the stated ambitions of policymakers across the ASEAN region, this really should be a wake up call to do more on trade facilitative measures.



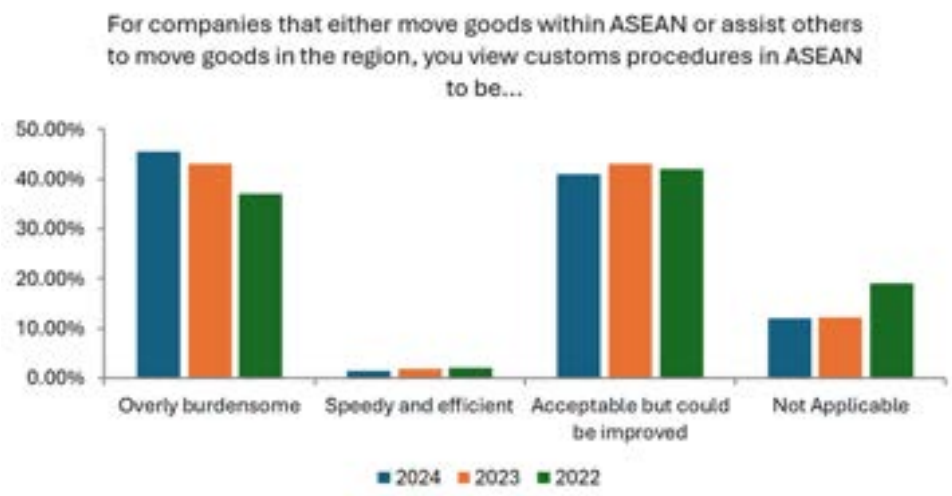
As if to emphasise concerns about barriers to trade, 40% of our respondents this year said that they believed that non-tariff barriers to trade in ASEAN were increasing, up from only 8% in 2023. **None of our respondents reported that non-tariff barriers to trade were decreasing, a result that we have never seen before.**

Given one of the key tenets of trade facilitation measures under the AEC is the removal of non-tariff barriers to trade in the region, the fact that there has been a consistent level of respondents reporting that the level of NTBs is about the same each year, would seem to point to a lack of belief that action is being taken on elimination. **Of more concern is that the numbers reporting an increase in NTBs is now at its highest level.**



As if to underline the concerns around barriers to trade, when we asked again this year about perceptions of customs procedures in ASEAN, only 2% reported that they were speedy and efficient. 46% said they were overly burdensome.

Since we first asked this question in 2019 the results have been remarkably similar, showing a depressing lack of progress on making customs procedures easier and faster. In 2019, only 8% said they were speedy and efficient, in 2020 and 2021 it was 4%, in 2022 and 2023 it was 2%.

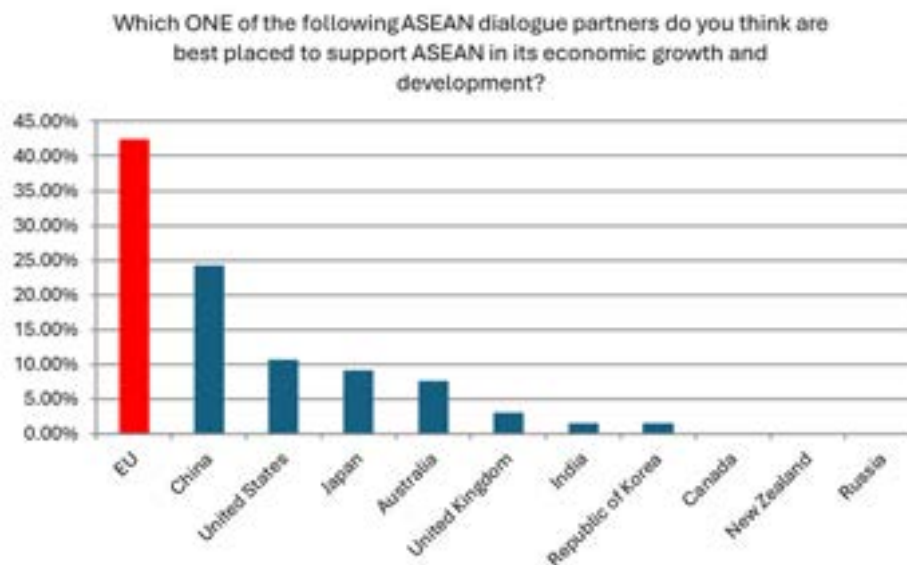


EU ENGAGEMENT WITH ASEAN & BUSINESSES

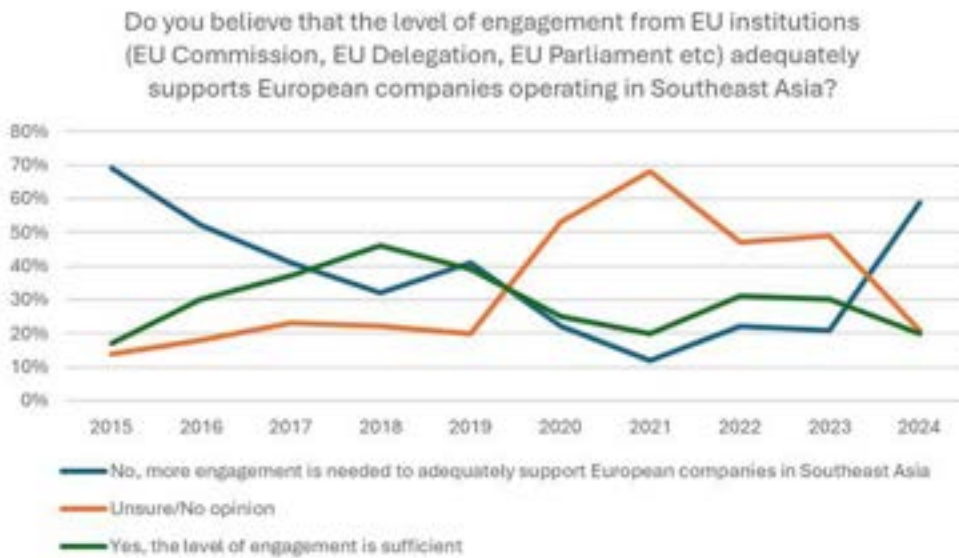
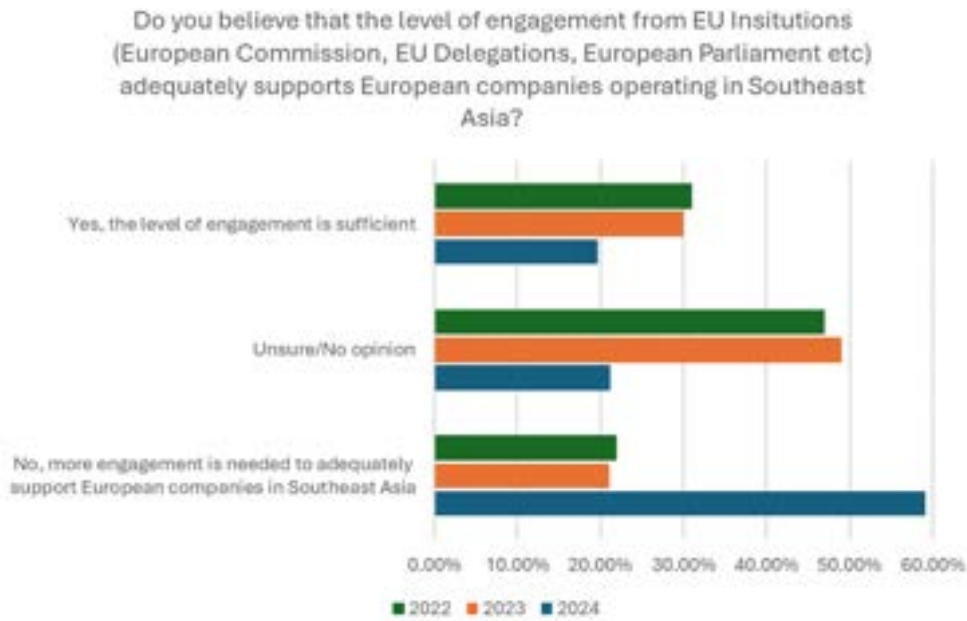
The EU and ASEAN have been long term partners. Formal relations stretch back now over 47 years, with relations elevated to a strategic partnership in 2020. As with any relationship, it has not always been plain sailing, but we are now at a point where, on the trade side of life at least, the EU's engagement with ASEAN is at all-time high.

Beyond the already implemented Free Trade Agreements with Singapore and Vietnam, there are ongoing negotiations with Indonesia, Thailand and the Philippines on similar agreements; GSP+ or Everything But Arms preferential trade arrangements with several ASEAN Member States; and, ongoing discussions on a range of region-to-region initiatives under the EU-ASEAN Plan of Action and the EU-ASEAN Joint Working Group on Trade and Investment. In recent years, there has also been a ramp up in communications between the two blocs on issues around sustainability and the European Green Deal.

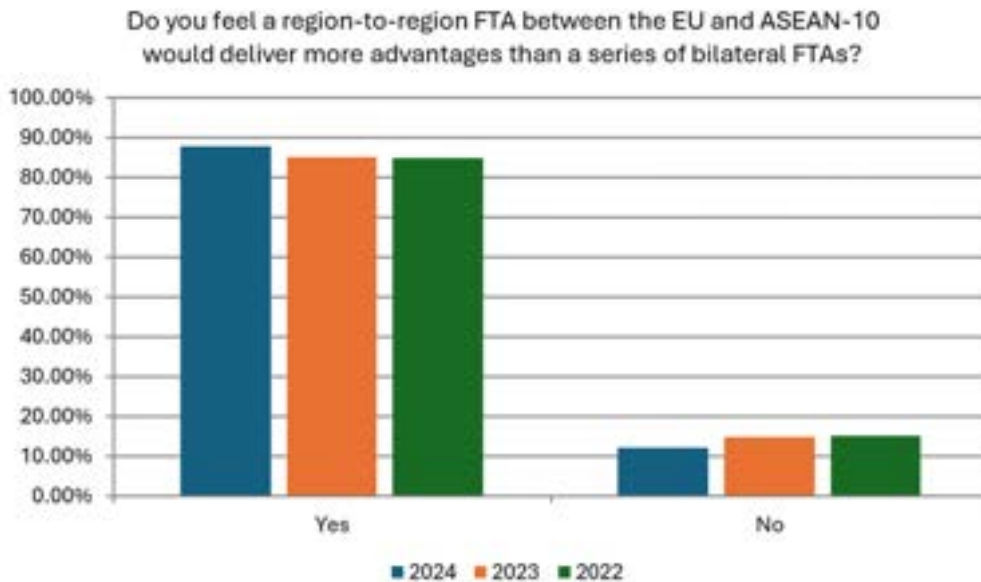
Some concerns remain though from European businesses about the level of support they receive from Brussels, though **many believe that Europe is the best placed region to assist ASEAN with its future growth and development**. In fact, 42% of our respondents felt that, with 24% saying that China was best placed.



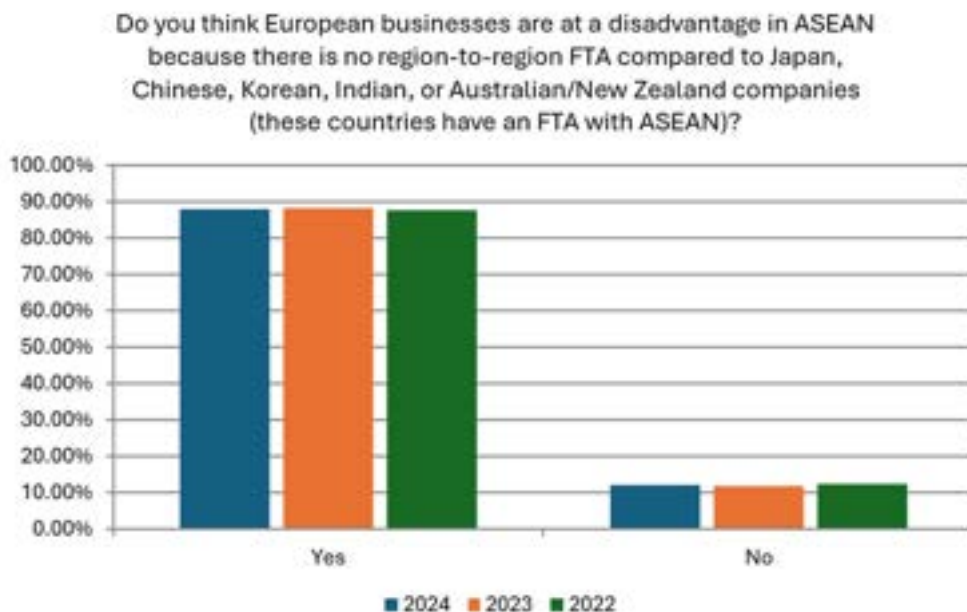
Despite the belief that the EU was the best placed dialogue partner to assist ASEAN going forward, the majority our respondents also reported that they felt **European institutions needed to increase their level of engagement with ASEAN in order to more adequately support the interests of European businesses** operating in the region. 59% reported this sentiment, a significant increase over the last couple of years and approaching the high of 2015. And this is despite the clear improvement in engagement from DG Trade with the region on FTAs.



On the issue of Free Trade Agreements, we again asked this year if European businesses felt that region-to-region FTA between the EU and ASEAN would deliver more benefits than a series of bilateral agreements with ASEAN Member States. Yet again, a clear majority of respondents said that it would, with 88% saying so, an increase over the previous two years.



A clear majority of respondents also reported that they believed European businesses operated at a disadvantage in the region compared to their peers from other ASEAN dialogue partners due to the lack of a region-to-region FTA. 88% believed this to be true, a similar number to both 2023 and 2024.

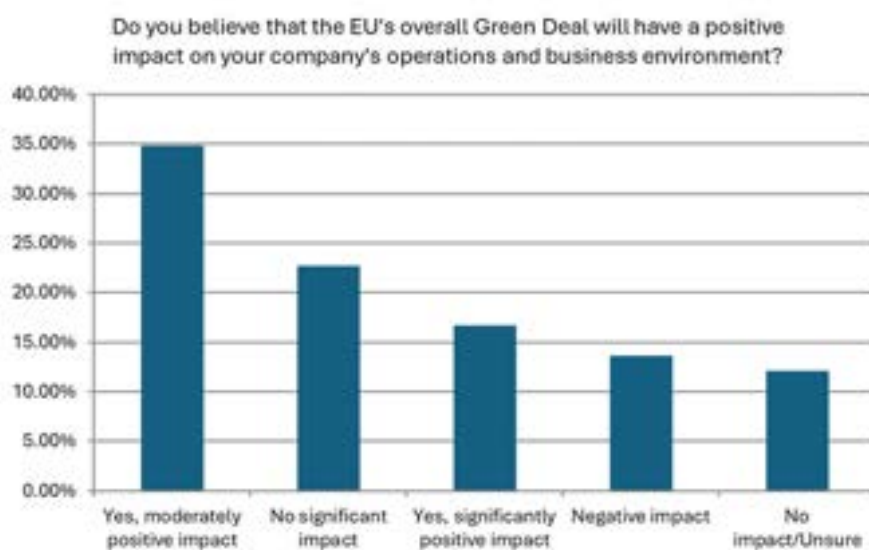


A few years ago, we asked questions about perceptions of the European Green Deal and their impact on European business operations in ASEAN. This year we have returned to theme, largely because the EU’s Carbon Border Adjustment Mechanism has now kicked in (though not fully implemented yet). We asked our respondents what where their top three concerns and challenges with regard to implementation of the CBAM.

Table 3 : Top concerns or challenges on the implementation of CBAM

Concerns or challenges (ranked from highest)	
1	Complexity and administrative burden of complying with CBAM requirements
2	Potential increase in production costs due to higher prices for carbon-intensive inputs/materials; Competitive disadvantage compared to non-EU competitors with lower carbon pricing or no CBAM
3	Uncertainty about the impact on supply chains and sourcing strategies
4	Challenges in passing on increased costs to customers without losing market share
5	Difficulty measuring and reporting carbon emissions for CBAM compliance
6	Risk of trade tensions or disputes with non-EU trading partners
7	Concerns about the effectiveness of CBAM in achieving emissions reduction goals

When we asked respondents if they felt the European Green Deal would have a positive effect on their company’s operations and the business environment, just over half (52%) said there would be a positive impact (either moderate or significant). Only 14% reported a perception that there would be a negative impact.



We also asked respondents this year to let us know what recommendations they would have for European Institutions to enhance the effectiveness or mitigate any negative impacts of the Green Deal on European companies operating in ASEAN. This follows a spate of reports about the unhappiness of some ASEAN Member States, particularly Indonesia and Malaysia, on some aspects of the Green Deal.

Table 4: Measures to mitigate the impact of the European Green Deal

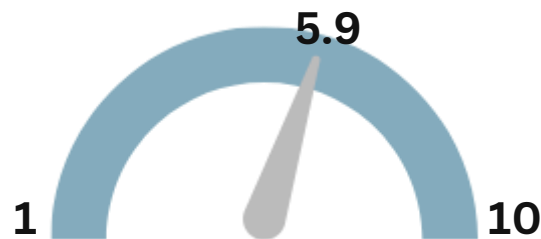
	Recommendation in order of preference
1	Provide financial incentives/subsidies to support businesses in adopting sustainable practices and technologies
2	Offer technical assistance to help businesses navigate regulatory requirements and compliance challenges; Harmonise reporting processes linked to Green Deal policies
3	Establish clear and consistent standards and regulations to provide certainty and facilitate compliance for businesses; Address trade-related issues and potential competitiveness concerns to ensure a level playing field for European companies
4	Ensure transparency and stakeholder engagement in the policymaking process to foster trust and accountability
5	Facilitate access to financing and investment opportunities for businesses to undertake green investments and projects; Promote international cooperation on climate and environmental issues to align global efforts and avoid carbon leakage
6	Enhance outreach efforts to raise awareness and build consensus among stakeholders about the benefits and objectives of the Green Deal

ASEAN'S DIGITAL ECONOMY

In 2023 ASEAN launched negotiations for a region-wide Digital Economy Framework Agreement (DEFA), designed to govern and provide legally binding rules around the development of the digital economy in the region.

The DEFA will cover a number of areas including cross border data flows, data governance, e-commerce, consumer rights and protection, cross border payments and talent development. It is billed as a groundbreaking Agreement, and a first of its kind. **From the point of the view of the EU-ASEAN Business Council, the potential importance of the DEFA cannot be emphasised more.**

We asked our respondents to rank the importance of the DEFA to their business on scale of one to ten, with ten being of the upmost importance. The respondents gave a score of 5.9 out of 10, perhaps reflecting a lack of understanding of how important DEFA will be to all business operations.



We also asked respondents to list the priority order for the elements that should be included in the DEFA for it to be an effective, forward-looking, and modern agreement.

Provisions for promoting cross-border data flows while ensuring data privacy and security came out on top, reflecting most business needs. This, however, is also likely to be one of the most difficult element for the negotiators to reach agreement on given the very different policy approaches across the region.

Table 5: Priority areas for DEFA

Priority area (ranked from most important)	
1	Provisions for promoting cross-border data flows while ensuring data privacy and security
2	Clear and standardised rules and regulations for e-commerce transactions
3	Frameworks for promoting interoperability and compatibility of digital systems and platforms
4	Mechanisms for resolving cross-border disputes and enforcing digital contracts
5	Measures to enhance cybersecurity and data protection
6	Provisions to facilitate digital trade and reduce barriers to digital commerce
7	Ethical guidelines and principles for the responsible development and deployment of AI technologies
8	Incentives and support for digital skills development and capacity-building
9	Initiatives to promote digital inclusion and bridge the digital divide

A clear majority of our respondents also said they wanted to be consulted on the development of DEFA going forward. At the time of writing, there have been no formal consultations held or led by the ASEAN Secretariat on the negotiations and their progress, despite repeated promises that a series of roundtables focussed on each of the areas of DEFA would be held. It should be noted that the first round of consultations is now slated for early September 2024.

Do you, as a European private sector representative, want to be consulted by ASEAN through the ASEAN Secretariat on the DEFA provisions?

“Yes”



CONCLUSION

The 2024 EU-ASEAN Business Sentiment Survey highlights that European businesses continue to view ASEAN as the region of greatest economic opportunity over the next five years, despite a slight dip in optimism compared to the previous year. This enduring confidence is reflected in the overwhelming expectation of increased trade and investment in ASEAN markets.

However, the survey also underscores significant challenges that need to be addressed to fully capitalise on this potential. The persistent barriers to efficient supply chain utilisation and the alarming rise in non-tariff barriers within ASEAN are of particular concern. Only a small fraction of respondents view customs procedures as efficient, which suggests a critical need for improvement in trade facilitation and regional economic integration.

Furthermore, the results indicate that while the European Green Deal is seen as having a generally positive impact, there is a growing dissatisfaction with the European Commission's engagement in supporting business interests in the region. The continued absence of a region-to-region Free Trade Agreement (FTA) between the EU and ASEAN is perceived as a disadvantage, emphasising the importance of stronger, more proactive engagement from the EU to ensure that European businesses can thrive in ASEAN's dynamic markets.

In conclusion, while the opportunity in ASEAN remains significant, realising this potential will require concerted efforts from ASEAN policymakers, in close collaboration with the private sector, to remove existing barriers, enhance economic integration, and forge stronger ties with the EU through comprehensive trade agreements.

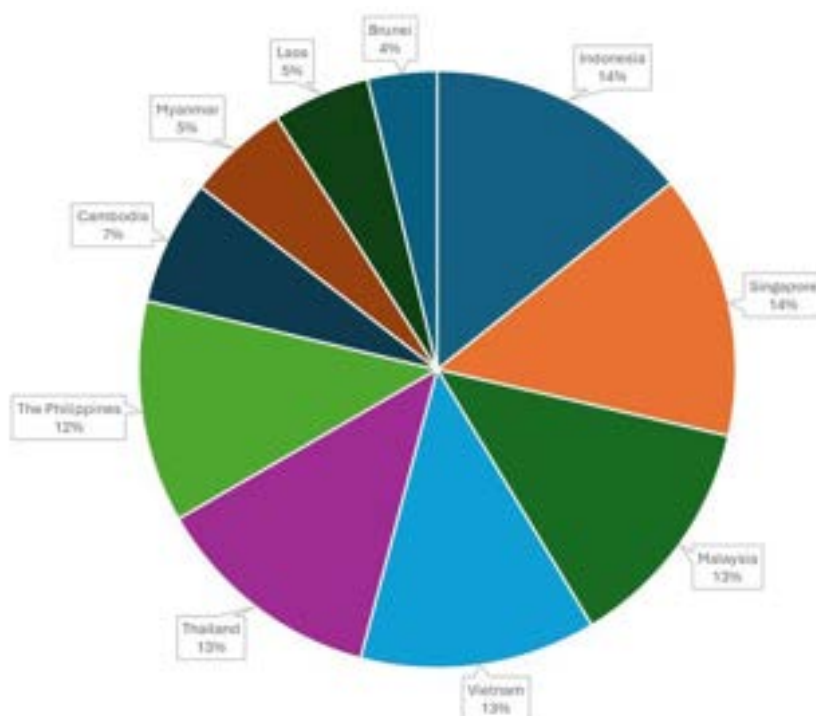
ANNEX: RESPONDENTS PROFILE

Survey respondents submitted their responses either through on-line links from newsletters or through the website of the EU-ASEAN Business Council or through links provided by the respective European Chambers of Commerce in ASEAN. Responses were collected from April 2024 through to June 2024. In total, 399 responses were recorded. All responses were made confidentially and online. Using a similar methodology in 2023, we received 599 responses.

The Survey results represent the business sentiment of respondents and not intended to be reflection on actual business situations or a commentary on specific current policies or government activities. Whilst aggregate responses at the regional level are statistically significant, the responses at a country level are presented only for the interests of the reader. For certain questions, sample sizes at the country level are limited and the results, therefore, should be read with caution.

This year, as in 2022 and 2023, we have revised our methodology to provide a greater degree of granularity. For companies with operations in multiple locations, we have asked respondents to respond separately for each country in which they operate. On other questions calling for a region-wide response, each respondent would only give one response, even if they have operations in multiple ASEAN member states.

In the interests of brevity, for 2023 we did not ask respondents for information on their industry sector, but rather just on the locations that they were responding for.





About the EU-ASEAN Business Council

The EU-ASEAN Business Council (EU-ABC) is the principal advocate for European businesses operating across Southeast Asia. Recognised by both the European Commission and the ASEAN Secretariat, and accredited under Annex 2 of the ASEAN Charter, the EU-ABC serves as an independent body committed to promoting European business interests and driving policy and regulatory changes that enhance trade and investment between Europe and ASEAN.

Our Mission

- Advocate for European business interests in the ASEAN region
- Push for the reduction and eventual elimination of barriers to trade
- Facilitate trade and investment between Europe and ASEAN
- Collaborate and interact with the ASEAN Secretariat and other related bodies
- Contribute to and promote pan-ASEAN economic integration
- Support the establishment of an EU-ASEAN free trade agreement, and FTAs between the EU and ASEAN Member States in the meantime.

How We Deliver

- Direct engagement with ASEAN Ministers and European Commissioners to shape policies.
- Continuous dialogue with Senior Officials at the European Commission, ASEAN Secretariat, and ASEAN Member States.
- High-impact business missions to ASEAN, securing direct access to Ministers and Senior Officials.
- Position Papers that steer critical discussions and decisions.
- Persistent media engagement to highlight and drive key issues.
- Regular delivery of crucial insights and updates to keep our Members at the forefront



All the taste, no alcohol
for that first

ahhh!



Heineken 0.0



CONNECT TO HOSPITALITY

with our caring cabin crew



TURKISH AIRLINES