EU-ASEAN BUSINESS COUNCIL
The Voice of Europe

11TH EU-ASEAN BUSINESS SENTIMENT SURVEY

About the EU-ASEAN
BUSINESS SENTIMENT SURVEY

This publication is the 11th edition of the annual EU-ASEAN Business Sentiment Survey. It serves as a barometer for European business outlook in Southeast Asia, gauging perspectives on macroeconomic conditions, policy and regulatory environments, and regional integration and trade developments. You may also view this report and its previous editions online at www.eu-asean.eu/publications.

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

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FOREWORD

by Jens Ruebbert
Chairman, EU-ASEAN Business Council

The EU-ASEAN Business Council is pleased to present the 11th edition of its annual EU-ASEAN Business Sentiment Survey. I extend my sincere thanks to all our respondents once again for sharing their insights, and to our partners in the European Chambers of Commerce across Southeast Asia for their continued support in promoting this important publication that is widely read and remarked upon both within ASEAN and in Europe.

Once again, we see that ASEAN has been identified as a region of immense opportunity, with 73% of respondents reporting that ASEAN has become more important to their global revenues, and a clear majority planning to expand their presence in key markets such as Vietnam, Indonesia, and Thailand.

However, the findings do highlight a critical disconnect between ambition and implementation. 88% of respondents find that ASEAN economic integration matters to their business, but only 9% believe that the region will meet its 2025 goal of becoming a single market and production base. Rising non-tariff barriers and red tape are again at the top of the challenge list, signalling that more decisive action is needed to realise ASEAN's full potential. In that respect this Council welcomes the *ASEAN Economic Community Strategic Plan 2026-2030*, which demonstrates a clear determination to advance economic integration in Southeast Asia.

While initiatives like the *ASEAN Digital Economy Framework Agreement (DEFA)* are promising, the private sector continues to call for deeper integration, greater harmonisation of standards, and meaningful trade facilitation. Over 90% of companies say they would make greater use of ASEAN's regional supply chains if these barriers were addressed.

This year's survey also captures sentiment around global trade uncertainty. With ongoing trade tensions such as tariffs and shifting supply chains, ASEAN has emerged as the top relocation destination for companies seeking to recalibrate their operations. In order to maintain its attractiveness and retain investment interests, ASEAN must move faster on regional economic integration, improve and speed up customs procedures, and remove any import/export restrictions.

While the EU remains one of ASEAN's most trusted partners, only 20% of respondents feel that European institutions are doing enough to support their business interests in the region, signalling more room for impactful engagement. That figure has not changed in the last two years, underscoring the need for the EU to show greater ambition in its economic diplomacy and trade policy towards Southeast Asia. Advances on free trade agreement (FTA) negotiations with Malaysia, the Philippines and Thailand will help with this. The near completion of the Indonesia-EU Comprehensive Economic Partnership Agreement (CEPA) negotiations with Indonesia is incredibly welcomed.

I hope the insights from this report will be of value to policymakers and business leaders alike, and prove useful in strengthening partnerships to unlock ASEAN's full potential.

2025

KEY FINDINGS

Current Business Environment & Outlook

73%

SAY **ASEAN has become more important to their global revenues** over the past two years

2024 — 74%

71%

SAY they expect to **increase trade & investment in ASEAN** in the next five years

2024 — 86%

56%

CONTINUE to see **ASEAN as the region with the best economic opportunities** over the next five years, followed by **India — 17%** & **China — 12%**

ASEAN Regional & Domestic Policy Frameworks

88%

SAY **ASEAN economic integration is important** for the success of their business in the region

2024 — 95%

58%

BELIEVE **non-tariff barriers (NTBs)** to trade in ASEAN are **increasing**

2024 — 40%

77%

REPORT **too many barriers** to the efficient use of supply chains in ASEAN

2024 — 88%

ONLY

44%

HAVE **a regional strategy** based on the ASEAN Economic Community Blueprint 2025

with **<3%** saying **custom procedures** in ASEAN are **speedy & efficient**

Trade Agreements

84%

BELIEVE **an EU-ASEAN FTA** would deliver more advantages than a series of bilateral FTAs

2024 — 88%

78%

BELIEVE **European businesses are at a disadvantage** due to the lack of a region-to-region FTA

2024 — 88%

European Commission Policies & Interaction

20%

2024 — 20%

BELIEVE the **European Commission is sufficiently engaged** in supporting European business interests in ASEAN

58%

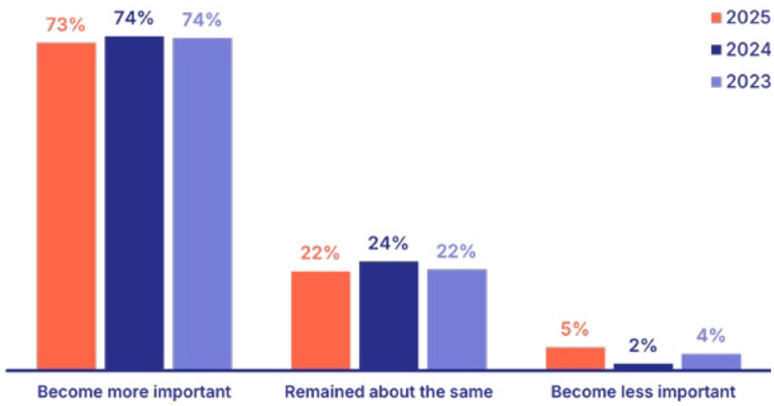
2024 — 52%

BELIEVE the **European Green Deal** will have a significant/moderately significant **positive impact** on their operations

2023 – 2025

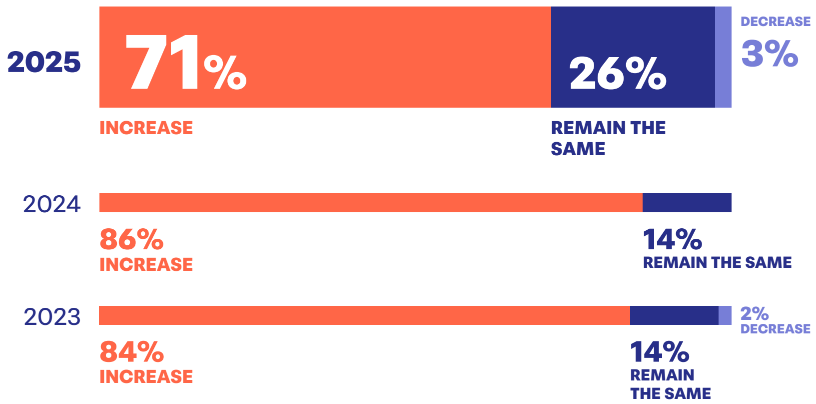
TRENDS

Q: ASEAN markets in terms of worldwide revenues have ___ over the past two years.



Most European businesses continue to agree that ASEAN has become more important in terms of worldwide revenues over the past two years, with the proportion remaining steady at about 73–74% from 2023 to 2025.

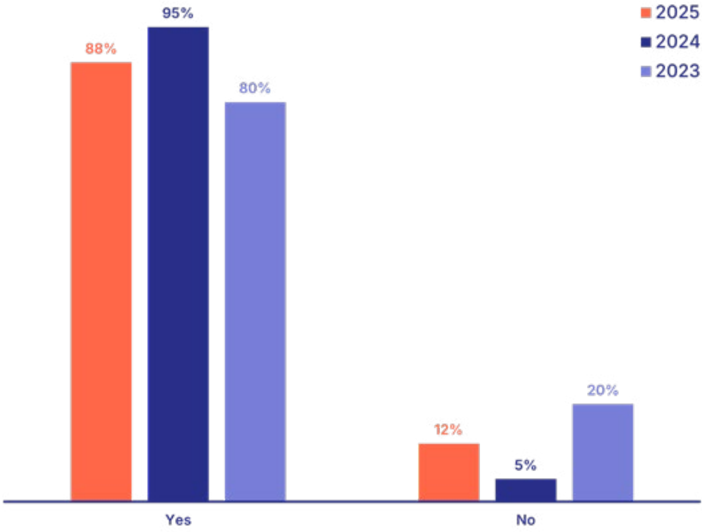
Q: Over the next five years, you expect your level of trade and investment in the ASEAN region to ___.



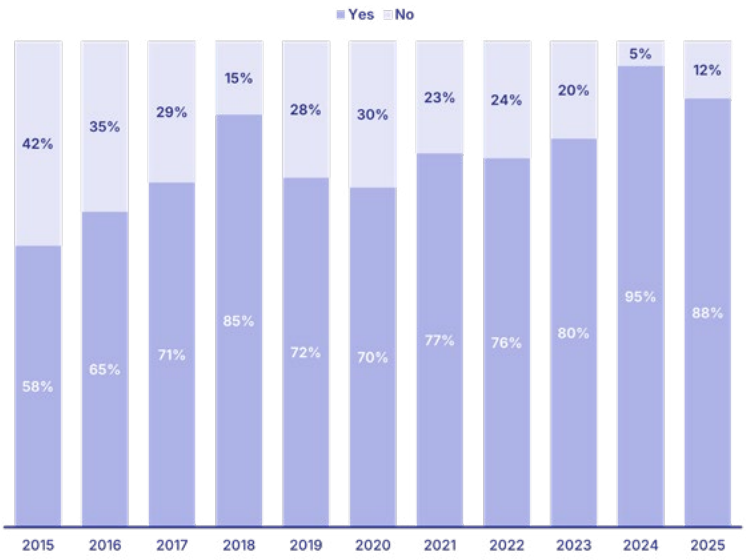
A clear majority (71%) expect to expand trade and investment in the region. While this is a drop from 2024 (86%), the share of respondents who expect trade and investment to remain the same almost doubled from 14% in 2024 to 26% in 2025. A possible reason for this is that industry has generally adopted a more conservative economic outlook, driven by global turbulence arising from the US' unstable trade policy. Another explanation is that European businesses who, in 2024, had expected to expand in Southeast Asia have since moved on plans to do so, and thus expect operations to stabilise in the short term. Those who expect trade and investment to decrease remain few and far between, at just 3%. These findings indicate sustained overall confidence in ASEAN's economic potential and paint a generally positive picture for EU-ASEAN trade — despite the weakened global economic outlook.

Q: Is ASEAN economic integration important for the success of your business in the region?

An overwhelming majority (88%) of respondents still believe that ASEAN economic integration is important for the success of their business, though this figure has dipped since last year (95%). However, when comparing data over a longer time frame, this proportion has shown a steady historic upward trend over the past decade, with an overall increase of 30 percentage points from 2015 (58%).

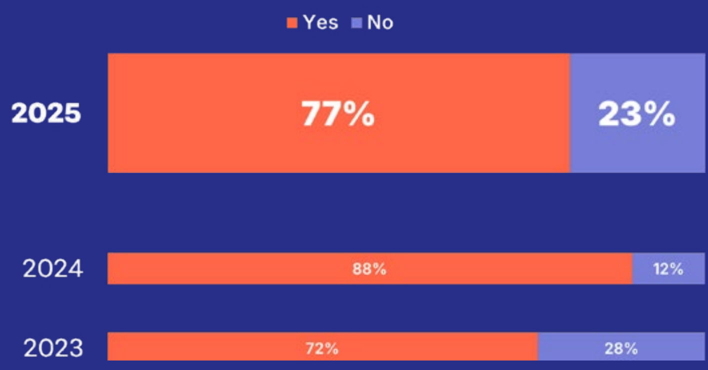


Correspondingly, while there was a bump in those who disagree from 5% in 2024 to 12% in 2025, the overall trend shows that this group has been shrinking steadily since 2015. Further, 2025's numbers — though less positive than 2024 — are still the second-best showing over the past decade. This indicates that ASEAN economic integration has increased, rather than decreased, in importance for European businesses in the long term.



Q: Are there too many barriers to the efficient use of supply chains in ASEAN?

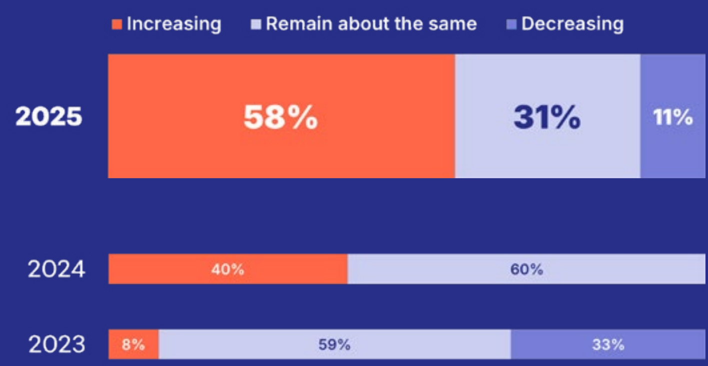
In 2025, fewer respondents (77%) report that there are too many barriers to the efficient use of supply chains in ASEAN. This is a positive change from 2024 (88%), which could mean that the situation has improved, albeit slightly, for European businesses in the past year.



However, there remains a strong majority who say there are too many barriers, underscoring that more work still needs to be done to address customs inefficiencies, inconsistent standards, and regulatory misalignment across ASEAN Member States — all of which continue to hinder seamless intra-regional trade.

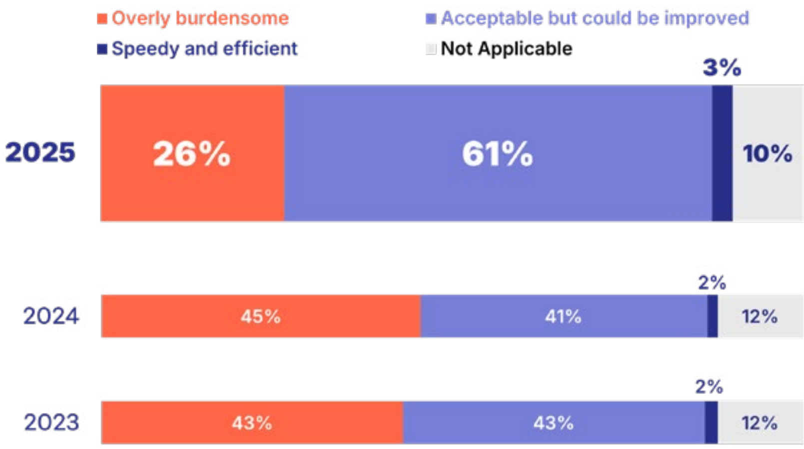
Q: What is your perception of non-tariff barriers to trade in ASEAN?

This is particularly apparent when looking at respondents' perceptions of non-tariff barriers (NTBs) to trade in ASEAN, of which 58% say are increasing in 2025. This is a significant jump from 40% in 2024 and just 8% in 2023 that reflects a clear shift in sentiment, suggesting that European businesses are encountering a growing number of regulatory and administrative obstacles when trading across ASEAN markets.



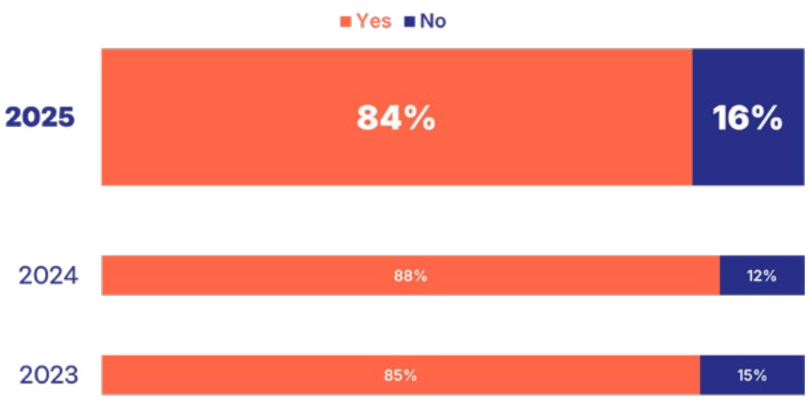
Q: For companies that either move goods within ASEAN or assist others to move goods in the region, you view customs procedures in ASEAN to be ___.

There are, however, signs of improvement in ASEAN's supply chain efficiency. **For the first time since this topic was introduced in 2020, the majority of respondents found customs procedures to be acceptable (but with room for improvement).** In previous years, respondents were split on the issue, with roughly equal numbers in the "acceptable" and "overly burdensome" camps. It is undoubtedly a positive development that more than 60% now say customs procedures are acceptable, and a strong indication that progress has been made to reduce inefficiencies across the region. This aligns with the slight increase in the share of respondents who say procedures are "speedy and efficient" from 2% in 2024 to 3% in 2025. While this is certainly welcomed, it is important to note that 3% is still barely a handful. This means European businesses overwhelmingly feel that there is significant room for improvement. Thus, the importance of maximising efficiency and streamlining procedures cannot be overstated.



Q: Do you feel a region-to-region FTA between the EU & ASEAN-10 would deliver more advantages than a series of bilateral FTAs?

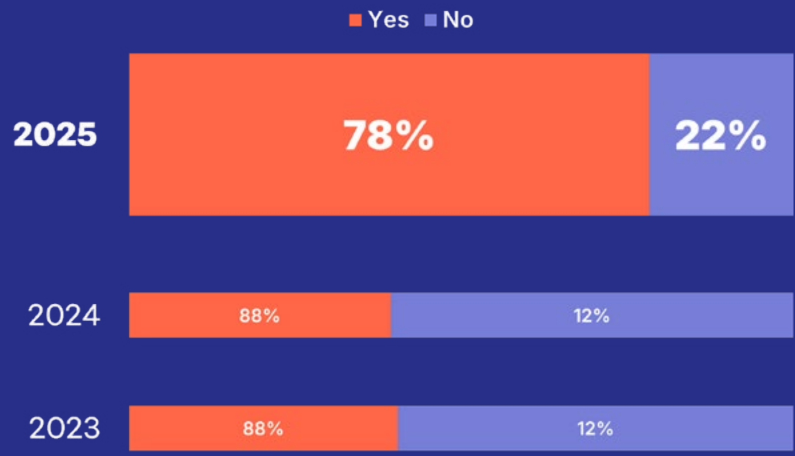
Consistent with previous years, the vast majority of respondents believe that a region-to-region FTA between ASEAN and the EU would deliver more benefits than a series of bilateral FTAs. At present, the EU has existing FTAs with two ASEAN Member States (Singapore and Vietnam) with a third on the way: the Indonesia-EU Comprehensive Economic Partnership Agreement (CEPA), negotiations for which are due to be concluded in September this year.



While an EU-ASEAN FTA may only be realised far into the future, the needle has certainly moved towards stronger EU-ASEAN trade relations. Significant momentum has been built, particularly as Europe turns towards Southeast Asia as a key trading partner, amid the US-driven global trade uncertainty and continuing US-China tensions. It is critical that both the EU and ASEAN seize this moment to build stronger trade partnerships and drive both economies forward.

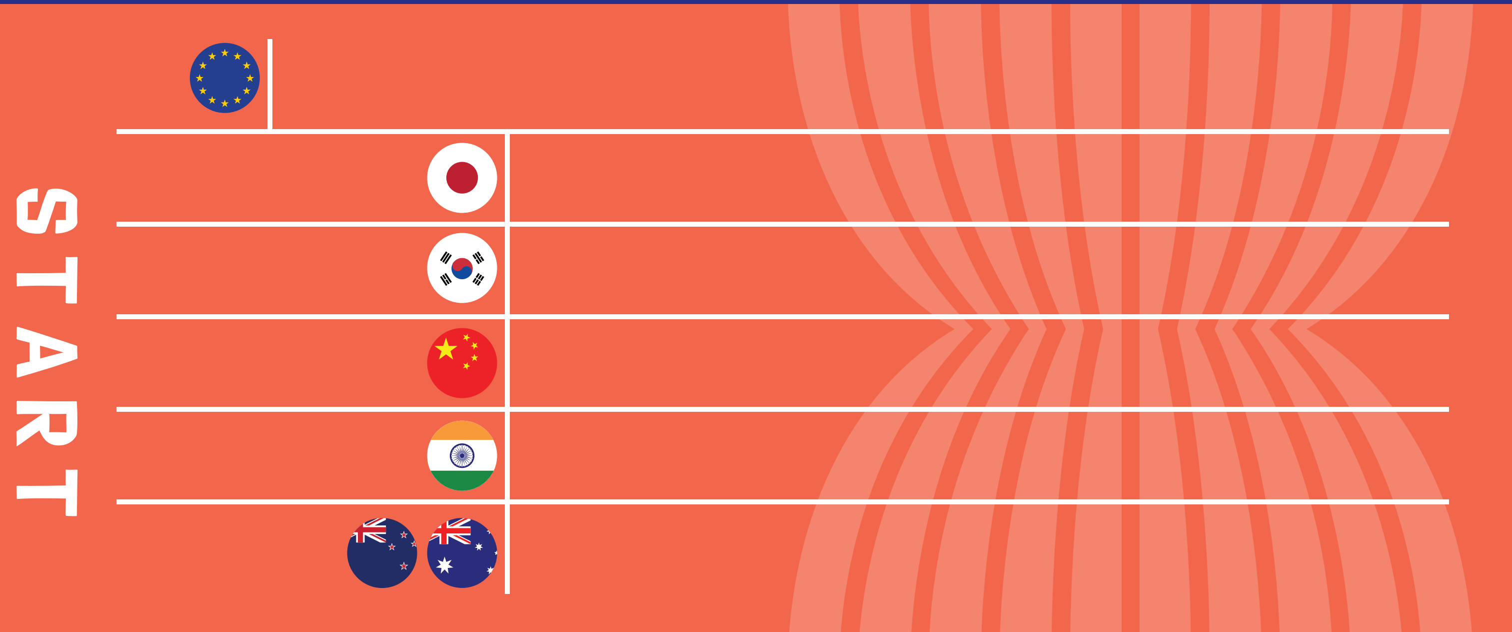
Q: Do you think European businesses are at a disadvantage in ASEAN because there is no region-to-region FTA compared to Japan, Chinese, Korean, Indian, or Australian/New Zealand companies? (These countries have an FTA with ASEAN and, with the exception of India, are also within the RCEP.[1])

European businesses still strongly feel they are at a disadvantage compared to their peers from other ASEAN Dialogue Partner countries because of the lack of a region-to-region FTA.



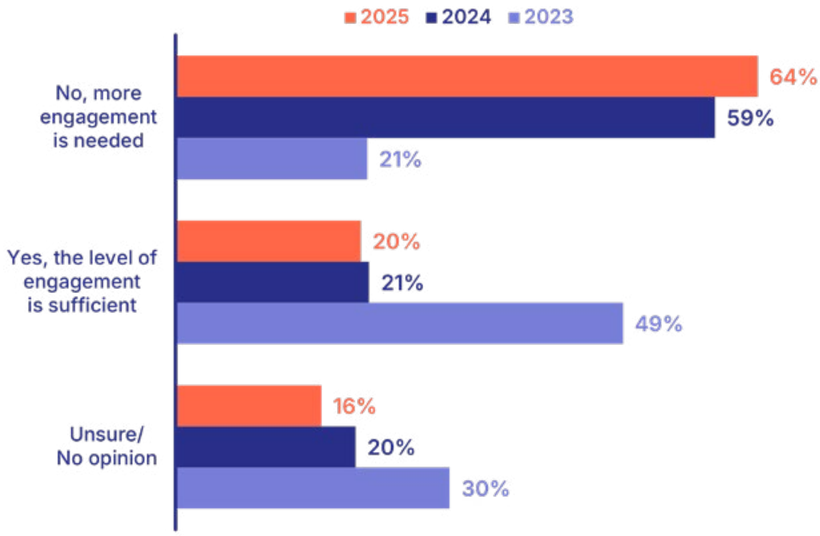
This may discourage medium to smaller sized European companies from entering ASEAN markets due to greater procedural complexity and high costs. Given the clear benefits enjoyed by ASEAN Dialogue Partners who have existing FTAs, the Council continues to advocate for an equitable EU-ASEAN region-to-region FTA down the line.

1 The Regional Comprehensive Economic Partnership (RCEP) is an FTA between 15 countries: all 10 ASEAN Member States, plus Australia, China, Japan, South Korea and New Zealand. It is the world's largest FTA and comprises about 30% of global GDP.



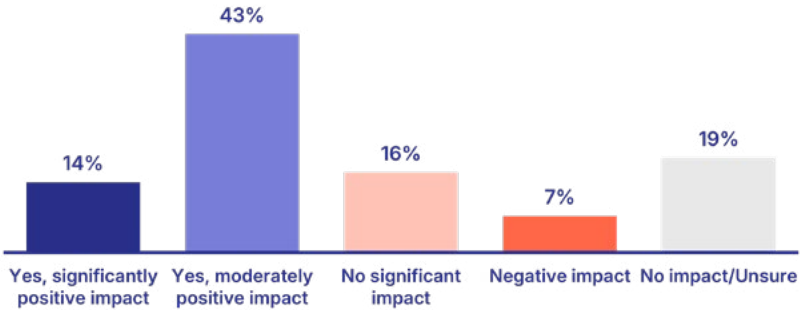
Q: Do you believe that the level of engagement from EU institutions (European Commission, EU Delegation, EU Parliament, etc) adequately supports European companies operating in Southeast Asia?

In just two years, the proportion of respondents who want to see more engagement from EU institutions has tripled from 21% in 2023 to 60% in 2024 and 64% in 2025. This is a concerning trend and comes despite a definitive uptick in 2025 of high level visits to the region by the European Commission. It is in part, perhaps, a reflection of ongoing geoeconomic and geopolitical uncertainty and a desire from respondents to see the EU actively and publicly engaging ASEAN.



Q: Do you believe that the EU's overall Green Deal, especially after the announcements on simplification of reporting requirements, will have a positive impact on your company's operations and business environment?

Six out of 10 respondents believe the EU's overall Green Deal will positively impact their business, with 43% expecting a moderately positive impact and 14% expecting a significantly positive impact.



These positive sentiments are a good sign — likely spurred by the EU's Omnibus Simplification Package[2], which will soften sustainability regulations that Southeast Asian countries would otherwise struggle to meet. It indicates that trade policy, in this regard, is aligned with the needs and priorities of the private sector — a good example of how greater public-private engagement can lead to more effective outcomes. It remains this Council's firm belief that open dialogue and public-private cooperation are crucial

2 The Omnibus I Package, adopted by the European Commission in February 2025, simplifies EU rules on sustainability and investments, streamlining requirements and reducing administrative burdens. This move was aimed at boosting EU competitiveness while maintaining the EU's sustainability goals.

Photo: European Commission High Representative for Foreign Affairs and Security Policy Kaja Kallas meeting Malaysian PM Anwar Ibrahim at the 32nd ASEAN Regional Forum, June 2025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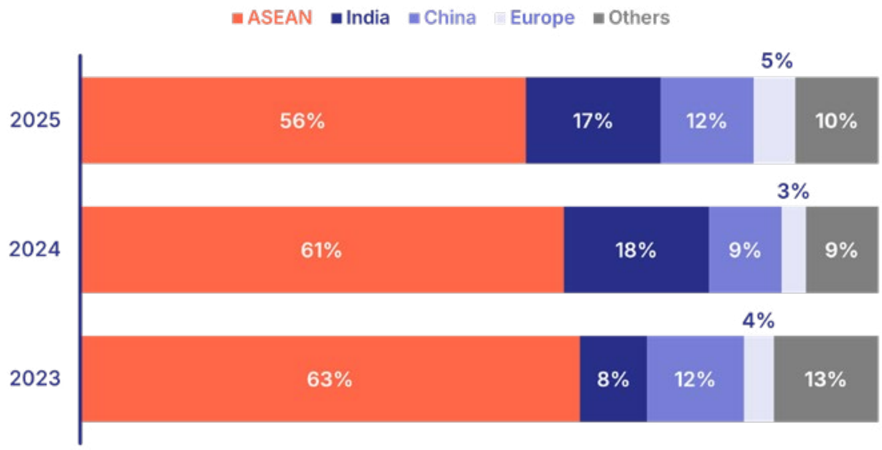
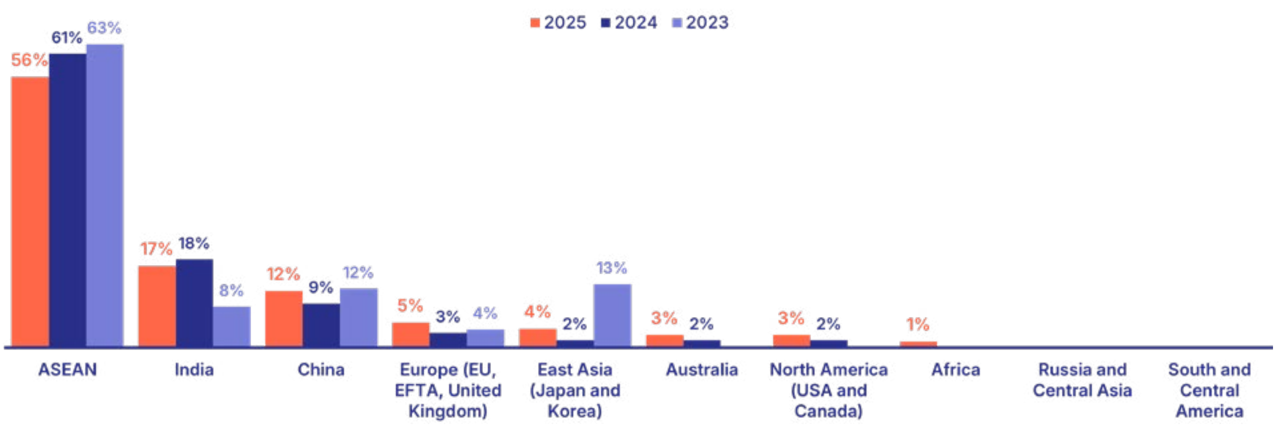
CURRENT BUSINESS ENVIRONMENT & OUTLOOK

ASEAN: Region of Best Economic Opportunity

Region of best economic opportunity over the next 5 years



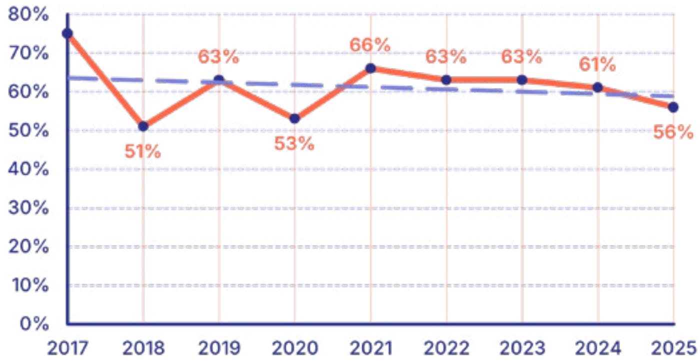
European businesses continue to view ASEAN as the region offering the best economic opportunities over the next five years. That said, the decline over successive years in the share of those who see ASEAN as the region of best economic opportunity should be a cause for concern in the capitals of the region. Despite this slight dip, ASEAN maintains a clear lead over all other regions. India overtook China last year as the second-most attractive market and is now maintaining its position at 17%, compared to China at 12%. China saw a recovery from 9% in 2024 to 12% in 2025. Europe remains a distant choice, with only 5% of respondents in 2025 citing it as the top region, which is broadly consistent with previous years.



The downwards trend in positivity towards ASEAN is certainly concerning, but it is possible the numbers for this year are skewed by US trade policy actions, which saw Southeast Asian nations being disproportionately targeted by threats of high tariffs by the US.

It is worth nothing that for as long as we have conducted the Business Sentiment Survey, ASEAN has remained as the region of choice for best economic opportunities within a five-year timeframe. Further, since 2021, the proportion of respondents who share this view has held strong within the 55%-66% range.

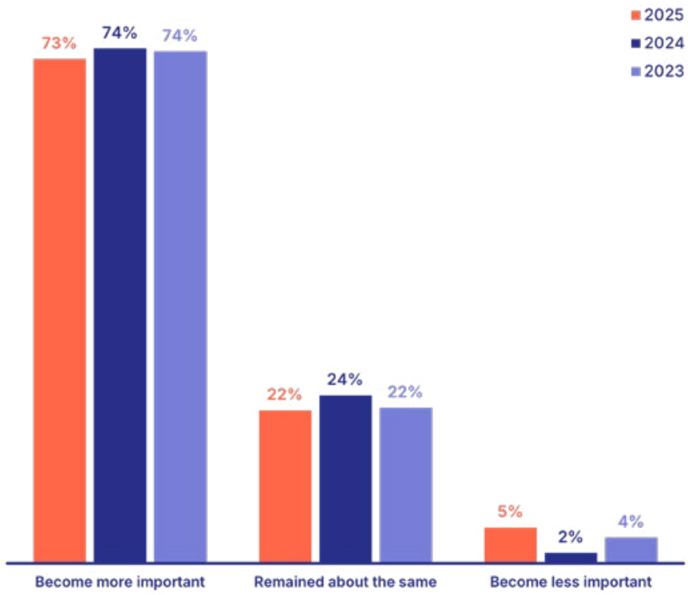
Share of respondents who see ASEAN as the region of best economic opportunities over the next 5 years (%) 2017 – 2025



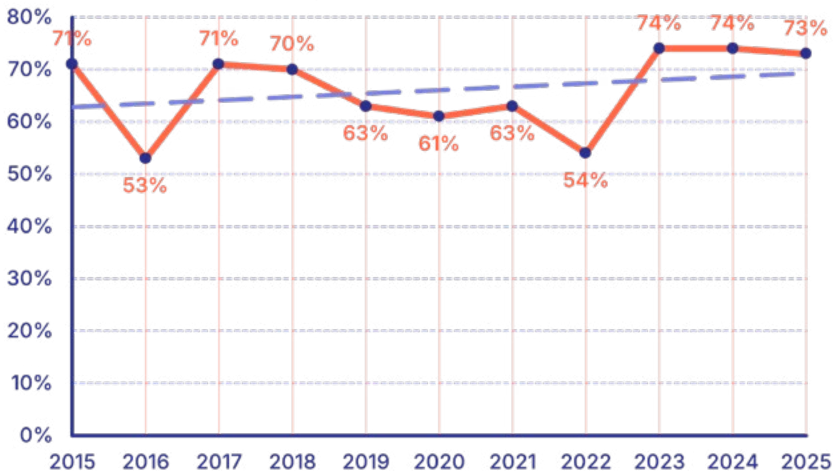
ASEAN's Importance to Worldwide Revenues

When asked if ASEAN has become more important in terms of worldwide revenues over the last two years, the results are almost the same as in 2024 and 2023 — at 73-74% reporting ASEAN has become more important. The fact that the share has held steady over the past years amid global trade tensions and geopolitical uncertainty underscores the region's resilience and long-term commercial relevance. An interesting observation would be the absence of further upward movement, pointing to maturing perception where European businesses see ASEAN as a stable pillar in their portfolios.

ASEAN markets in terms of worldwide revenues have ___ over the past 2 years.



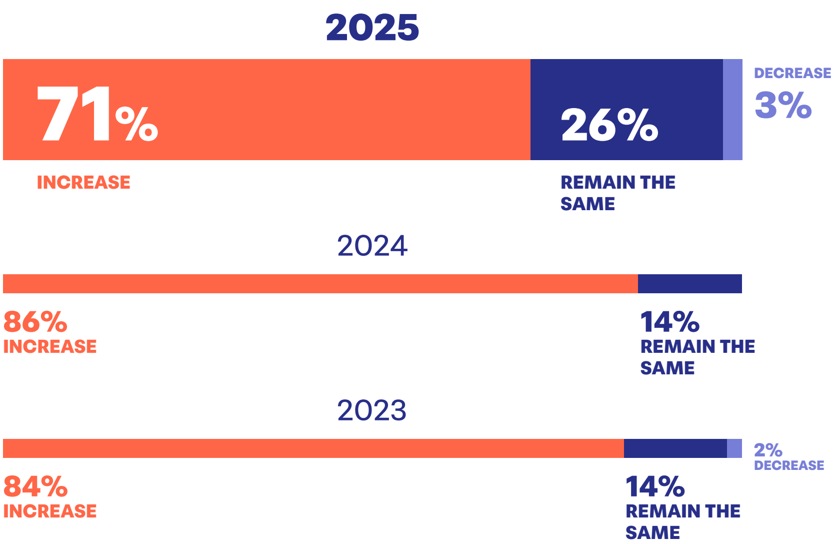
Share of respondents who say ASEAN markets have become more important in terms of worldwide revenues over the past 2 years (%)
10-year trend



The largely consistent 10-year trend reaffirms the continued importance of ASEAN to European companies' global revenues. 73% of respondents report that ASEAN markets have become more important over the past two years, maintaining the high levels seen in 2023 and 2024. This marks a strong recovery from the dip in 2022, when only 54% of respondents held that view, and aligns with the broader trend of ASEAN's rising strategic value in global business planning. The steady trajectory from 2023 to 2025 suggests that the region's economic relevance is becoming more cemented for European firms with operations or direct investments in ASEAN.

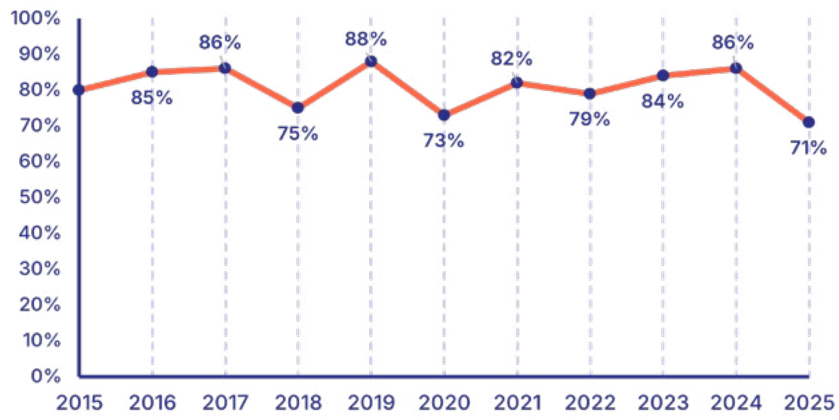
Increasing Trade & Investment in ASEAN

Over the next 5 years, you expect your level of trade and investment in the ASEAN region to ___



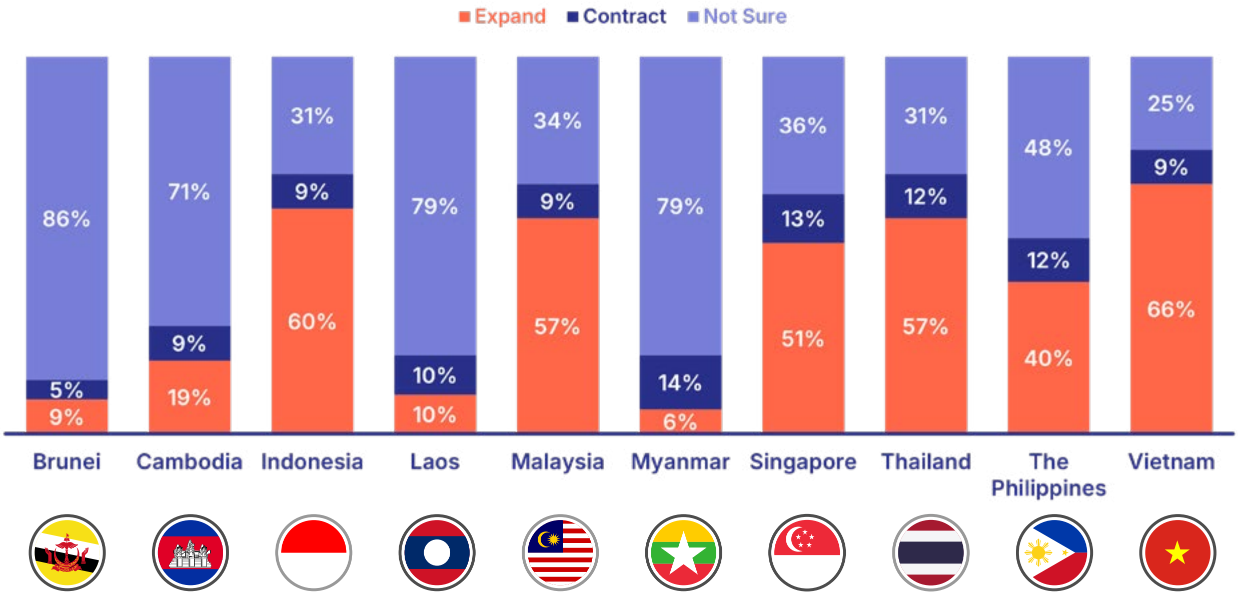
71% of respondents say that they expect their level of trade and investment in the ASEAN region to increase over the next five years. This number is slightly lower than recent years, but the shift appears to represent a recalibration of expectations more so than reflecting a loss in confidence. More respondents now anticipate maintaining current levels of trade and investment, rather than decreasing them.

Share of respondents who expect to increase their level of trade & investment in the ASEAN region (%) — 10-year trend



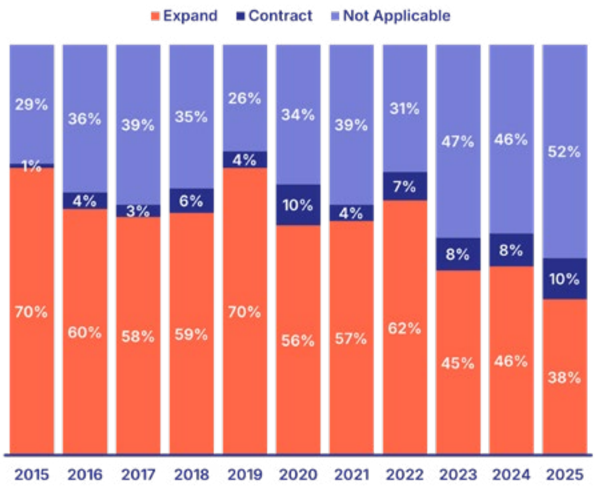
This suggests a phase of consolidation after years of earlier expansions. The proportion of businesses expecting to decrease trade and investment remains extremely low at 3%, underscoring that the long-term sentiment towards ASEAN remains positive.

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

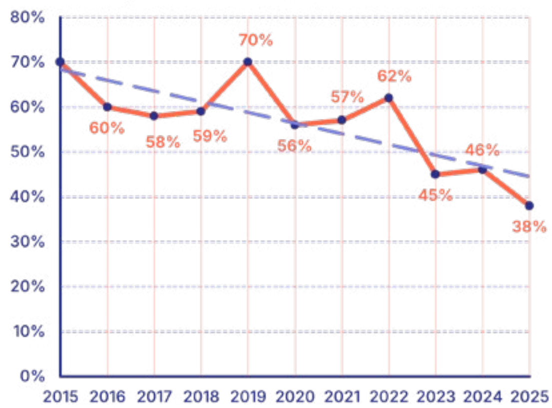


In several key ASEAN markets, a majority of respondents continue to plan for expansion, with Vietnam (66%), Indonesia (60%), Thailand (57%) and Malaysia (57%) ranking in the top three for plans to expand. On average across ASEAN, 38% report an intention to expand their businesses. Respondents seem to adopt a more cautious approach in smaller markets such as Myanmar, Laos, and Brunei, highlighting an uneven distribution of business interest across the region. Addressing this can come in the form of more targeted national reforms to attract and retain investment.

Expansion vs contraction plans in ASEAN — 10-year trend

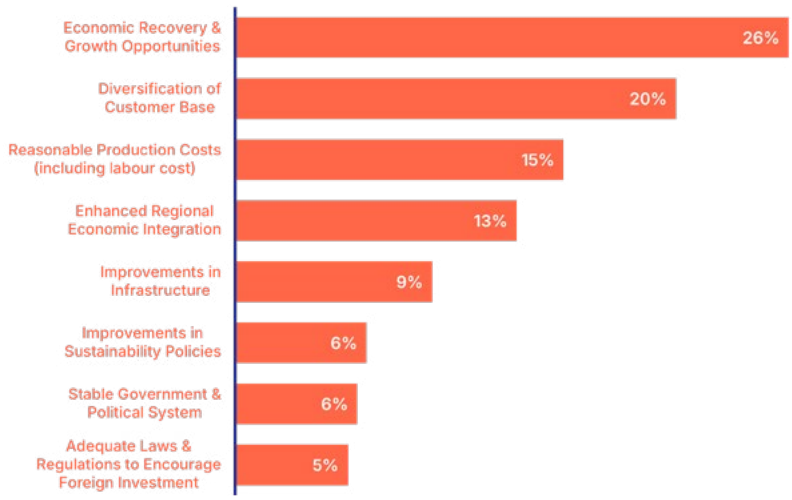


Share of respondents who plan to expand operations in ASEAN (%) — 10-year trend



Since the highs of 2015 and 2019 when the "expand" share was at 70%, we have seen a steady decline in expansion intentions when looking at the aggregated numbers at the regional level. The drops in 2020-2021 could be attributed to economic disruption due to COVID-19, but the lower numbers in recent years suggests that the decline is no longer driven by short-term uncertainty, but rather by continued and increasing geoeconomic uncertainty.

What are the top three reasons for considering expansion in ASEAN?



As with previous surveys, "Economic Recovery & Growth Opportunities" remains the top reason for expansion in the ASEAN region. With "Diversification of Customer Base" remaining in second spot, and "Reasonable Production Costs" in third. These reasons have ranked in the top three since 2023.

When asked about the most challenging aspects of trade and investment in ASEAN, several key issues shifted in their rankings, reflecting changes in business sentiment and operating conditions.

In 2025, "Growing Non-Tariff Barriers" was ranked as the most challenging aspect of trade and investment in ASEAN, rising from third place in 2024. This reflects the growing concern about regulatory inconsistencies and informal barriers that hinder market access apart from just tariffs.

"Rising Protectionist Sentiments" which ranked first in 2024, now ranks second, suggesting it remains a serious issue but has been slightly overshadowed by increasing frustration with NTBs. "Lack of Harmonisation of Standards" holds steady near the top at third place, indicating persistent problems with regulatory divergence across ASEAN Member States that may need more time to be addressed.

Table 1: Most Challenging Aspects of Trade & Investment in ASEAN in 2025

RANK	ISSUE
1 (most challenging)	Growing Non-Tariff Barriers
2	Rising Protectionist Sentiments
3	Lack of Harmonisation of Standards
4	Complex Customs Procedures for Intra-ASEAN Movement of Goods
5	Complex Taxation Regimes
6	Lack of Service Sector Liberalisation
7	Prevalence of Unfair Competitive Practices
8	Geopolitical Instability
9	Lack of Green Supply Chains

Impact & Implications of the US Trade Tariffs

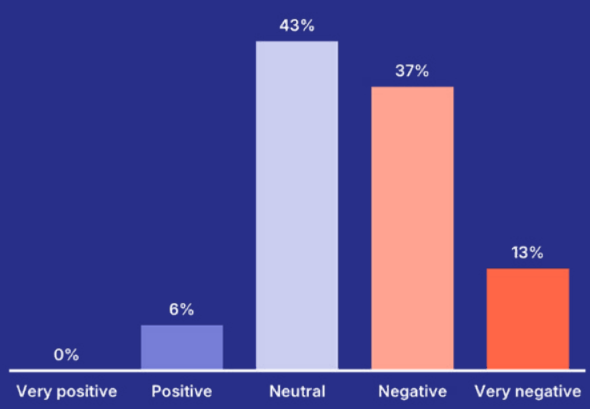
Uncertainty from US tariff policy is clearly weighing on ASEAN-focused operations. Half our respondents (50%) expressed negative sentiment (either "Negative" or "Very negative"), while less than 7% reported a positive outlook. It is worth noting that the data collection period for this survey coincided with the "Liberation Day" announcement by the US and the period of greatest uncertainty that existed on global trade issues.

A considerable 43% remained neutral, suggesting more time is needed to deduce a positive or negative outlook for their respective businesses. Overall, businesses appear wary of tariff unpredictability, with risk and hesitation more apparent than optimism.

As the implications of the US tariffs continue to unfold, European companies operating in ASEAN remain alert and adaptive. When asked whether they are looking to recalibrate supply chains or move manufacturing facilities in light of the new or potential US tariff regimes, a significant 69% of respondents indicate that they are "still assessing the impact." Meanwhile, 18% report that they are not planning any changes, and 13% have already begun taking steps to adjust.

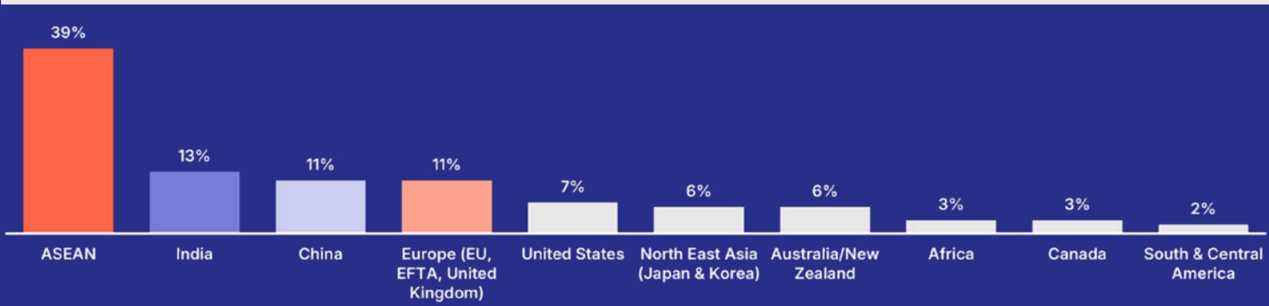
Among those considering relocation or recalibration, we asked respondents to select which regions they are considering as their relocation destination. ASEAN has come out as the top destination, with 39% of respondents selecting the region. India takes second at 13%, and third is taken by both Europe and China at 11%. Other regions such as North East Asia, Australia/New Zealand and Africa registered in the low single digits. This outcome is encouraging for ASEAN, despite the region being initially targeted with some of the highest tariff levels from the US.

How is the ongoing uncertainty around tariff impositions from the US affecting your business confidence and investment plans in ASEAN?



Are you looking to recalibrate your supply chains or move manufacturing facilities in light of the new or potential US tariff regimes?

If you are looking to recalibrate your supply chains or relocate manufacturing facilities, which regions or countries are you considering?



To round off our understanding on the implications of tariffs, we asked respondents what the ASEAN region needs to do to improve its attractiveness for redistribution of supply chains or investments in new manufacturing facilities.

Topping the list is the need to move faster on regional economic integration, highlighting that fragmentation across regulatory systems and lack of harmonisation remain core deterrents for foreign investors. This is closely followed by calls to rapidly improve and speed up customs clearances and procedures, a persistent concern reflected across multiple survey questions.

Other top priorities include removing import/export restrictions, improving market access, and eliminating local content and ownership/control restrictions where applicable. Infrastructure and talent issues also remain important, though they rank lower. Improving transport and logistics and investing in skills development placed seventh and eighth respectively.

Table 2: Improvements needed to increase ASEAN's attractiveness for redistribution of supply chains or investments in new manufacturing facilities in 2025

RANK	IMPROVEMENT
1 (most important)	Move faster on regional economic integration
2	Rapidly improve and speed up customs clearances/procedures
3	Remove any import/export restrictions
4	Improve market access
5	Remove local content requirements (where applicable)
6	Remove any ownership and control restrictions (where applicable)
7	Improve transport and logistics infrastructure
8	Invest in skills development

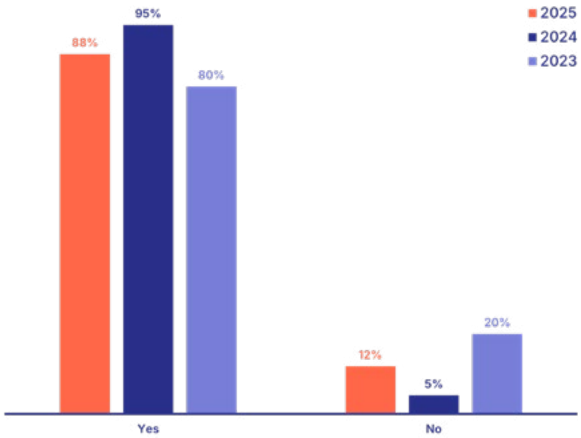
ASEAN

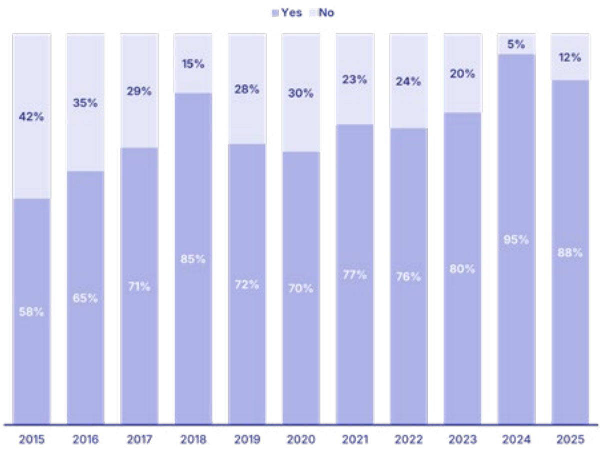
REGIONAL ECONOMIC INTEGRATION

Much like last year, our respondents indicate that ASEAN is not progressing fast enough in its regional economic integration. We measure sentiment towards regional economic integration based on how important it is to the success of European businesses in the region, as well as whether they believe ASEAN would achieve the goals stated in the 2015 and 2025 ASEAN Economic Community (AEC) Blueprints. There are mixed results to these questions.

ASEAN's Importance to European Business Success

Is ASEAN economic integration important for the success of your business in the region?

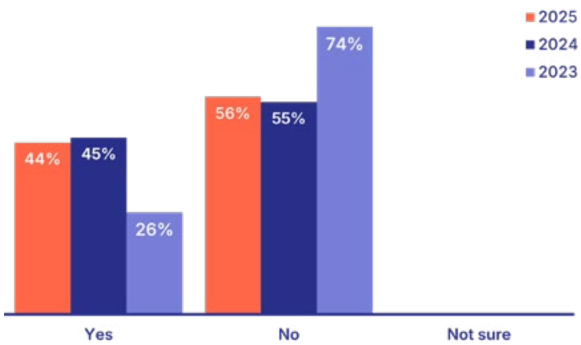




88% of our respondents indicate that ASEAN economic integration is important to the success of their business in Southeast Asia. This is a slight drop from 95% in 2024 but remains clearly above the 80% in 2023. The overall trend over the last 10 years shows a steady increase of positivity towards ASEAN's economic integration.

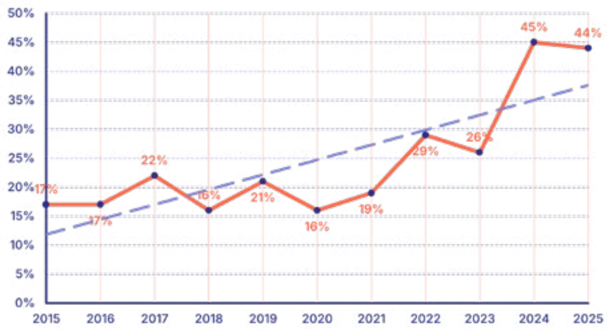
ASEAN Regional Strategy — AEC Blueprint 2025

Does your company have a regional strategy based on the AEC Blueprint 2025?

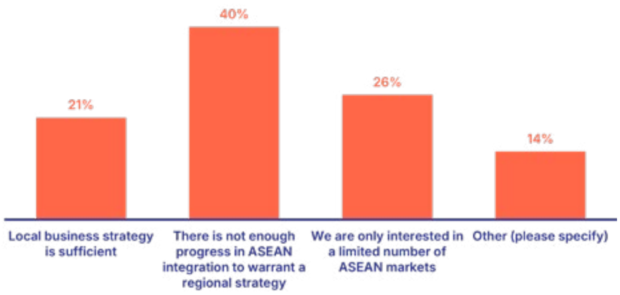


This year's survey shows that 44% of respondents now report having an ASEAN regional strategy based on the AEC Blueprint 2025, just one percentage point below 2024's results. This reflects the consistent recognition and importance placed on a coordinated approach to the region — a signal to ASEAN policymakers of the need to fully advance and implement the AEC Blueprint Objectives in a timely and effective manner.

Share of respondents reporting that their company has a regional strategy basd on the AEC Blueprints (%) — 10-year trend



Reason for not having an ASEAN strategic plan based on the AEC Blueprint 2025



When asked why businesses do not have a regional strategy based on the AEC Blueprint 2025, **40% of respondents indicate: *"There is not enough progress in ASEAN integration to warrant a regional strategy".*** At 10 percentage points lower than last year, this suggests a positive shift in perceptions, with fewer businesses viewing the state of ASEAN integration as a barrier to a regional strategy.

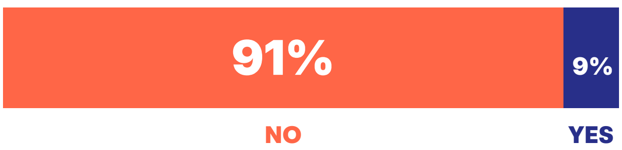
The second most common reason is: *"We are only interested in a limited number of ASEAN markets"*, with more than a quarter (26%) of respondents saying so. This is followed by: *"Local business strategy is sufficient"*. Other reasons include: "*Not immediately ready for integration*"; and *"[The regional market] is too heterogenous and there is lack of direct tangible impact at this stage".*

ASEAN as a Single Market?

Overall, confidence among European businesses that ASEAN will achieve its 2025 goal of becoming a single market and production base remains very low. In the 2025 survey, only 9% of respondents believe that the region will meet this target — down from 11% in the previous year.

Since 91% do not expect ASEAN to reach its integration goal, it highlights a continued disconnect between the ambitions of ASEAN economic integration and the perceived realities on the ground.

Do you think ASEAN will achieve its 2025 goal of becoming a single market and production base?



We asked respondents to prioritise, with regard to regional economic integration, the areas that ASEAN needs to focus on in order to achieve its overall aims and objectives. These are set out in the following table with '1' being the most important area.

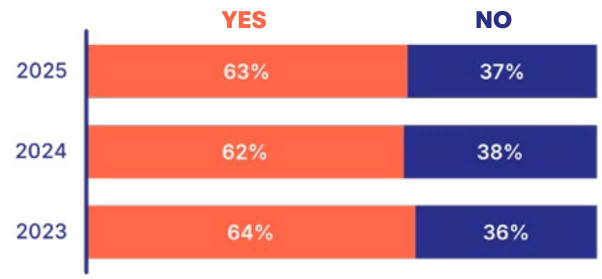
Table 3: Priority Areas for the Advancement of the AEC

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

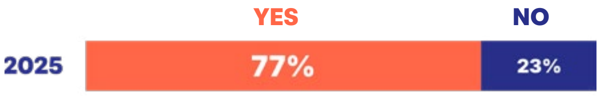
Consistent with past years, harmonisation of standards and regulations remains as the top priority area on the advancement of the AEC. European businesses continue to express dissatisfaction about the lack of progress in this area. This focus area has always been in the top three since we began asking this question in the survey, and more often than not it has been the number one priority area.

Usage of ASEAN's Supply Chains Remains Consistent

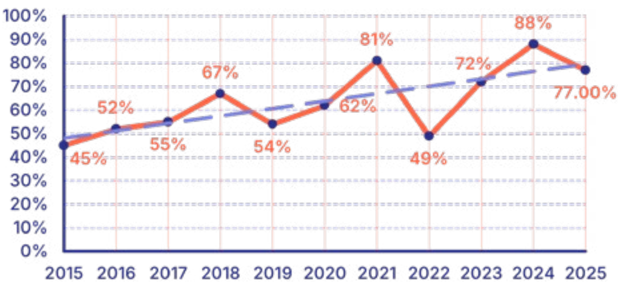
Does your company make use of regional supply chains in ASEAN?



Are there too many barriers to the efficient use of supply chains in ASEAN?



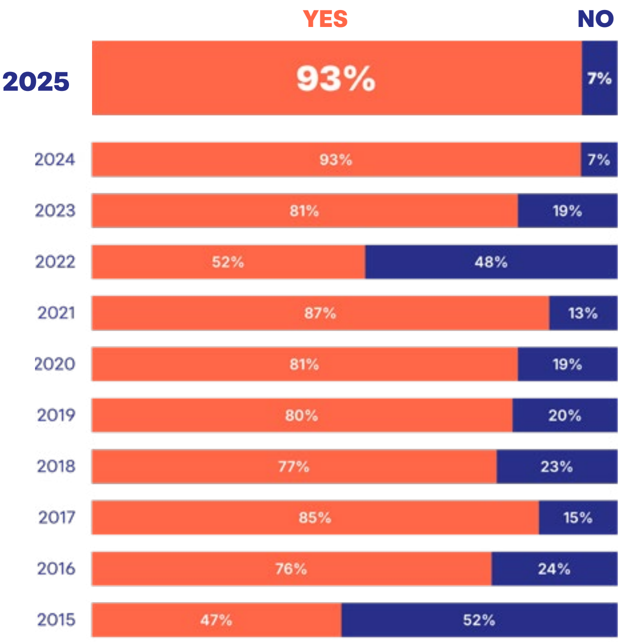
Share of respondents who say there are too many barriers (%) — 10-year trend



Over the past three years, a consistent share of European businesses has been making use of regional supply chains. Although the majority still use ASEAN's supply chains, the data suggests that uptake is not increasing. As with previous years, we asked our respondents if they make use of regional supply chains, and then their perceptions on the reasons for not doing so. There has been almost no movement in the responses compared to last year. 63% of respondents indicate they make use of regional supply chains — a difference of just one percentage point from 2024.

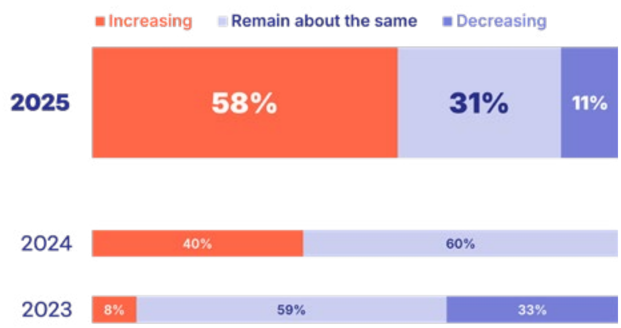
Concerns over inefficient supply chains have reduced since last year but remain high. In 2025, 77% of respondents say there are too many barriers to the efficient use of supply chains in the region — a drop of 11 percentage points from 88% in 2024 but still significantly higher than the 72% recorded in 2023. These results show that businesses continue to experience regulatory fragmentation, customs complexity, and logistical bottlenecks. The trend over the past three years suggests an urgent need for ASEAN to reduce friction and support the more effective functioning of intra-regional supply chains.

If those barriers were removed, would your company establish or increase the use of regional supply chains in ASEAN?



As in 2024, more than nine out of 10 respondents this year say their companies would establish or increase the use of regional supply chains in ASEAN if trade barriers were removed. European businesses are evidently more than eager to tap into ASEAN's great potential for connectivity, but with these barriers in place, the region continues to lose out on a significant economic opportunity. Over the past decade, the share of respondents who answer this question in the affirmative has remained high, a clear sign that ASEAN needs to move now — and quickly — to eliminate trade barriers, if it wants to realise its true economic potential.

What is your perception of non-tariff barriers to trade in ASEAN?

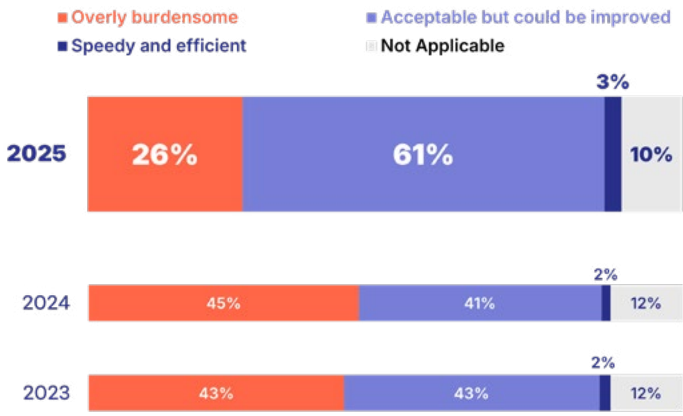


In 2025, the majority of respondents say that non-tariff barriers (NTBs) to trade in ASEAN are increasing, continuing the sharp rise from 8% in 2023, to 40% in 2024, and to 58% now. This marks the highest level recorded in recent years, reflecting growing frustration with NTBs. Conversely, the share of respondents who believe NTBs have remained about the same dropped to 31% in 2025, a significant dip from 60% in 2024 and 59% in 2023. Only 12% in 2025 observe a decrease in such barriers, indicating that few businesses are seeing improvement.

Signs of Improvement in Customs Efficiency?

For companies that either move goods within ASEAN or assist others to move goods in the region, you view customs procedures in ASEAN to be ___.

The 2025 results again show that **only 3% of respondents consider customs procedures in ASEAN to be speedy and efficient**, just one percentage point above the figures in 2022 and 2023. Since the question was first introduced in 2019, responses have remained remarkably consistent, pointing to a troubling lack of progress in improving customs procedures across the region.



However, much fewer respondents now say customs procedures are overly burdensome. The share of this group has dropped from almost half (45%) in 2024, to just over a quarter (26%) in 2025.

There is also a significant increase in the share of respondents who find customs procedures acceptable but with room for improvement, from 41% in 2024, to 61% in 2025.

Photo: ASEAN Leaders at the 46th ASEAN Summit, May 2025


Coca-Cola

EU-ASEAN

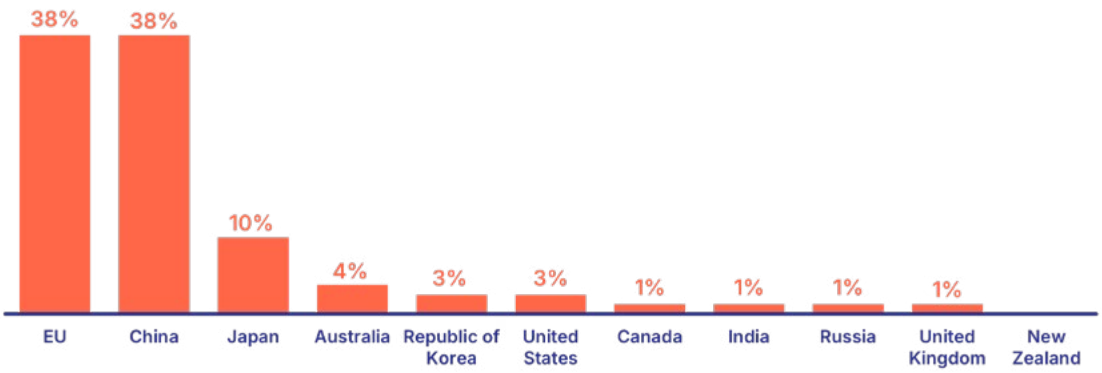
THE EUROPEAN UNION & ASEAN

Where European Business Stands in ASEAN

The EU and ASEAN are long-term partners. Formal relations stretch back over 48 years, with relations elevated to a strategic partnership in 2021. Beyond the already implemented Free Trade Agreements (FTAs) with Singapore and Vietnam, this year, the Indonesia–European Union Comprehensive Economic Partnership Agreement (IEU-CEPA) reached a major milestone after close to a decade of negotiations, and should be finalised before the end of 2025.

This agreement comes at a very timely moment. It will open new markets and create greater opportunities across key sectors.

Which one of the following ASEAN dialogue partners do you think is best placed to support ASEAN in its economic growth and development?

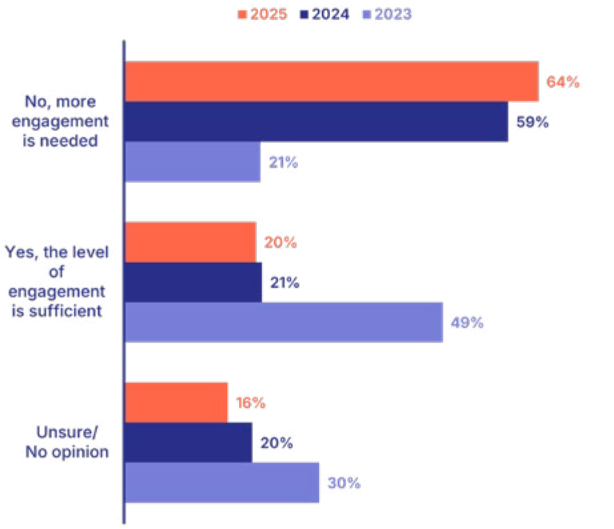


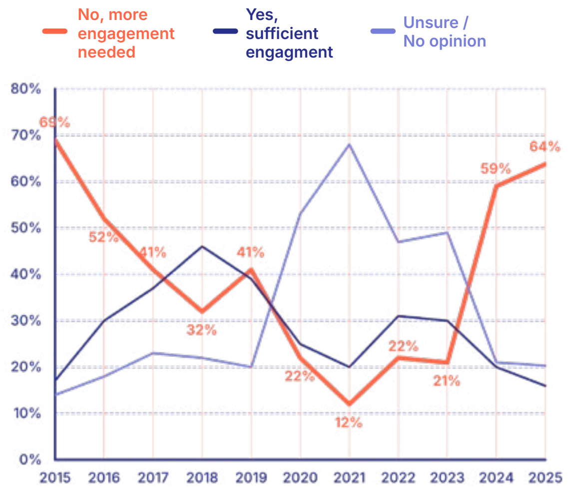
This year, 38% of respondents identify the EU as the dialogue partner best placed to support ASEAN's economic growth and development, placing it level with China, which 38% of respondents also selected. Other partners — including Japan, Australia, and the United States — trailed behind in single digits. The findings suggest that while the EU is still seen as a key supporter of ASEAN, it faces strong competition from China, highlighting the urgent need for the EU to further cement its strategic relevance and leadership in the region.

Photo: 32nd ASEAN-EU Joint Cooperation Committee (JCC) Meeting, June 2025

More European Engagement Needed

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



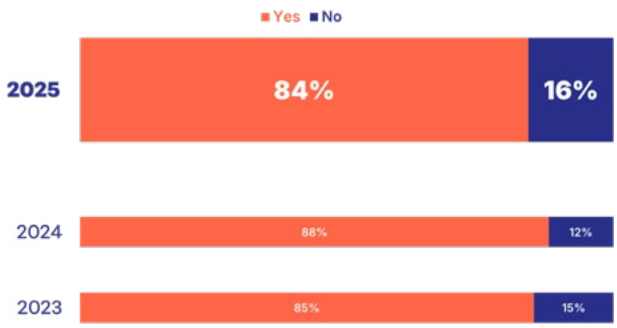


The majority of respondents (64%) feel that European institutions need to increase their level of engagement with ASEAN to more adequately support the interests of European businesses operating in the region. This is a continued increase from the 59% reported last year, potentially approaching 2015's high of 69%.

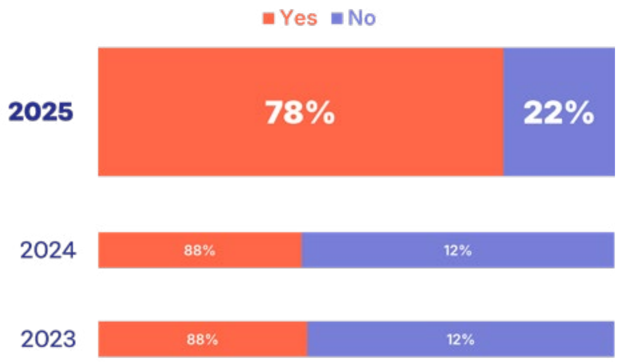
Europe Loses Out Without A Region-to-Region FTA

On the issue of FTAs, we again asked this year if European businesses feel that a 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 say that it would, with 84% saying so — a decrease of 4 percentage points from last year, but still signalling a strong need for a region-to-region FTA.

Do you feel a region-to-region FTA between the EU and ASEAN-10 would deliver more advantages than a series of bilateral FTAs?



Do you think European businesses are at a disadvantage in ASEAN because there is no region-to-region FTA compared to Japan, Chinese, Korean, Indian, or Australian/New Zealand companies? (These countries have an FTA with ASEAN and, with the exception of India, are also within RCEP.)



78% of respondents believe European businesses operate 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. This shows a decrease of 10 percentage points and signals a slight improvement in European business sentiment towards their standing in Southeast Asia.

Impact & Implications of the European Green Deal

Do you believe that the EU's overall Green Deal, especially after the simplification announcements, will have a positive impact on your company's operations & business environment?

Over one-third of respondents (43%) believe the Green Deal will have a moderately positive impact on their operations and business environment, a notable increase from 35% last year, while 15% see a significantly positive impact.

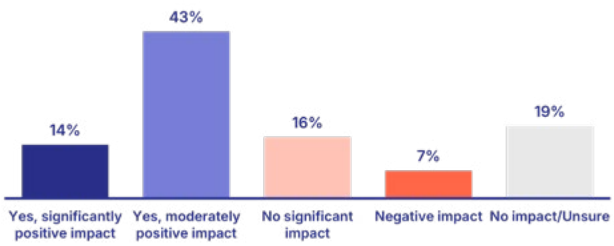


Table 4: Measures to mitigate the impact of the Green Deal

RANK	RECOMMENDATION
1 (most important)	Establish clear and consistent standards and regulations to provide certainty and facilitate compliance for businesses
2	Offer technical assistance to help businesses navigate regulatory requirements and compliance challenges
	Address trade-related issues and potential competitiveness concerns to ensure a level playing field for European companies
4	Provide financial incentives/subsidies to support businesses in adopting sustainable practices and technologies
5	Harmonise reporting processes linked to Green Deal policies
6	Ensure transparency and stakeholder engagement in the policymaking process to foster trust and accountability
7	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
9	Enhance outreach efforts to raise awareness and build consensus among stakeholders about the benefits and objectives of the Green Deal

We also asked respondents for their recommendations on how European Institutions could enhance the effectiveness or mitigate the negative impacts of the Green Deal on European companies operating in ASEAN. The adjacent table lists those recommendations in order of preference.

ASEAN'S DIGITAL ECONOMY

ASEAN launched negotiations for a region-wide Digital Economy Framework Agreement (DEFA) in 2023, designed to govern and provide legal binding rules around the development of the digital economy in the region. The DEFA covers a number of areas including cross border data flows, data governance, e-commerce, consumer rights and protection, cross border payments and talent development.

We asked respondents to rate the importance of the DEFA to their company on a scale of 1 to 10. **In 2025, the average score was 6.1, up slightly from 5.9 in the previous year.** This reflects a growing recognition among European businesses of the strategic relevance of the agreement.

We also asked respondents to prioritise which elements should be included in the DEFA to ensure it is modern, forward-looking, and business-relevant. Topping the list was "provisions for promoting cross-border data flows while ensuring data privacy and security", a persistent challenge due to widely differing national regulations across ASEAN. This is followed by calls for clear and standardised rules for e-commerce transactions, enhanced cybersecurity, and interoperability of digital platforms.

Aggregate rating of DEFA's importance to respondents' companies

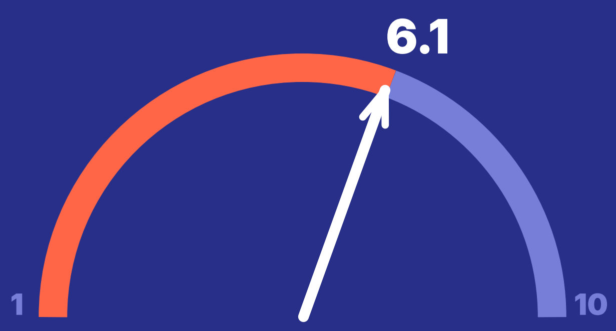
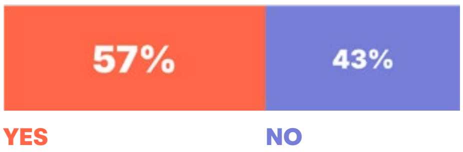


Table 5: Priority Areas for DEFA

RANK	PRIORITY AREA
1 (most important)	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	Measures to enhance cybersecurity and data protection
4	Frameworks for promoting interoperability and compatibility of digital systems and platforms
5	Mechanisms for resolving cross-border disputes and enforcing digital contracts
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

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



There has been a considerable drop in the percentage of respondents who want to be consulted on the development of DEFA going forward, from 70% in 2024 to 57% in 2025. This decrease is somewhat surprising given that consultation remains elusive in several key ASEAN markets, though there has been an increase in engagement by some ASEAN Member States with the private sector.

CONCLUSIONS

ASEAN continues to be viewed as a region of immense economic opportunity over the next five years, though significant policy and structural challenges persist. European businesses remain broadly optimistic about their trade and investment prospects in the region. However, it is equally clear that ASEAN has much work to do in several areas — concerns about regulatory fragmentation, non-tariff barriers, supply chain inefficiencies, and slow progress on integration continue to dampen confidence.

European businesses have continued to express that the European Commission is not sufficiently engaged in supporting European business interests in ASEAN. This calls for deeper EU-ASEAN engagement, such that the region can solidify its position as a leading hub for growth, innovation, and sustainable development.

In order to fully unlock ASEAN's potential, integration of the AEC also needs to accelerate, delivering on digital and green transitions, and improving trade facilitation — especially in the face of global disruptions and shifting trade dynamics like tariffs and NTBs.

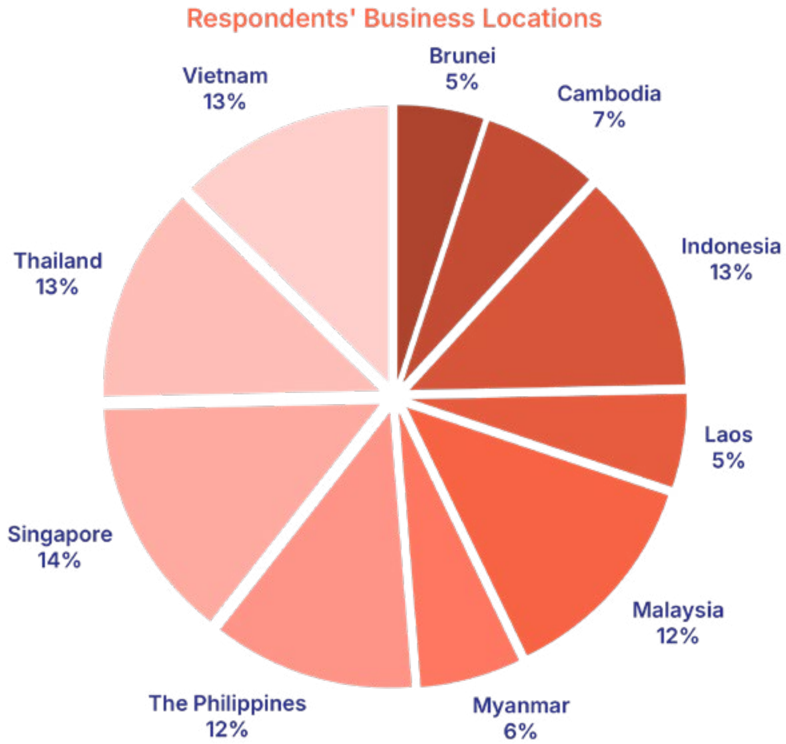
Annex: Respondents' Profile

Survey respondents submitted their responses either through links in EU-ABC newsletters, EU-ABC's website, or links provided by the respective European Chambers of Commerce in ASEAN. Responses were collected from April 2025 through to June 2025. In total, 474 responses were recorded. All responses were made confidentially and online. Using a similar methodology in 2024, we received 399 responses.

The survey results represent the business sentiment of respondents and are not intended to be a reflection on actual business situations or a commentary on specific current policies or government activities. While 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 2023 and 2024, 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, since 2023 we have not asked 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 primary voice for European business within the ASEAN region. 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.

The EU-ABC is dedicated to advancing the interests of its members through strategic advocacy initiatives that cover various sectors and topics. Our mission is to influence policy and regulatory environments to foster a sustainable and competitive business landscape in the ASEAN region.

The overarching objective of the EU-ABC is to promote changes in policies, rules and regulations so that European businesses can more easily invest and develop their businesses in the region to the benefit of the local economies and populations as well as their own shareholders.

For more information, please visit www.eu-asean.eu.

EU-ABC MEMBERS

MNC MEMBERS

EUROPEAN CHAMBERS OF COMMERCE

ASSOCIATE MEMBERS

CONTACT US

www.eu-asean.eu

+65 6022 1798

info@eu-asean.eu

52 Boat Quay, L4, Singapore 049841

FOR MEDIA ENQUIRIES

Please email natalie.tan@eu-asean.eu.

EU-ASEAN
BUSINESS COUNCIL
The Voice of Europe

www.eu-asean.eu

+65 6022 1798

info@eu-asean.eu

52 Boat Quay, L4,
Singapore 049841