

ASEAN BUSINESS OUTLOOK SURVEY

FIFTY TO FORWARD
ASEAN ANNIVERSARY EDITION



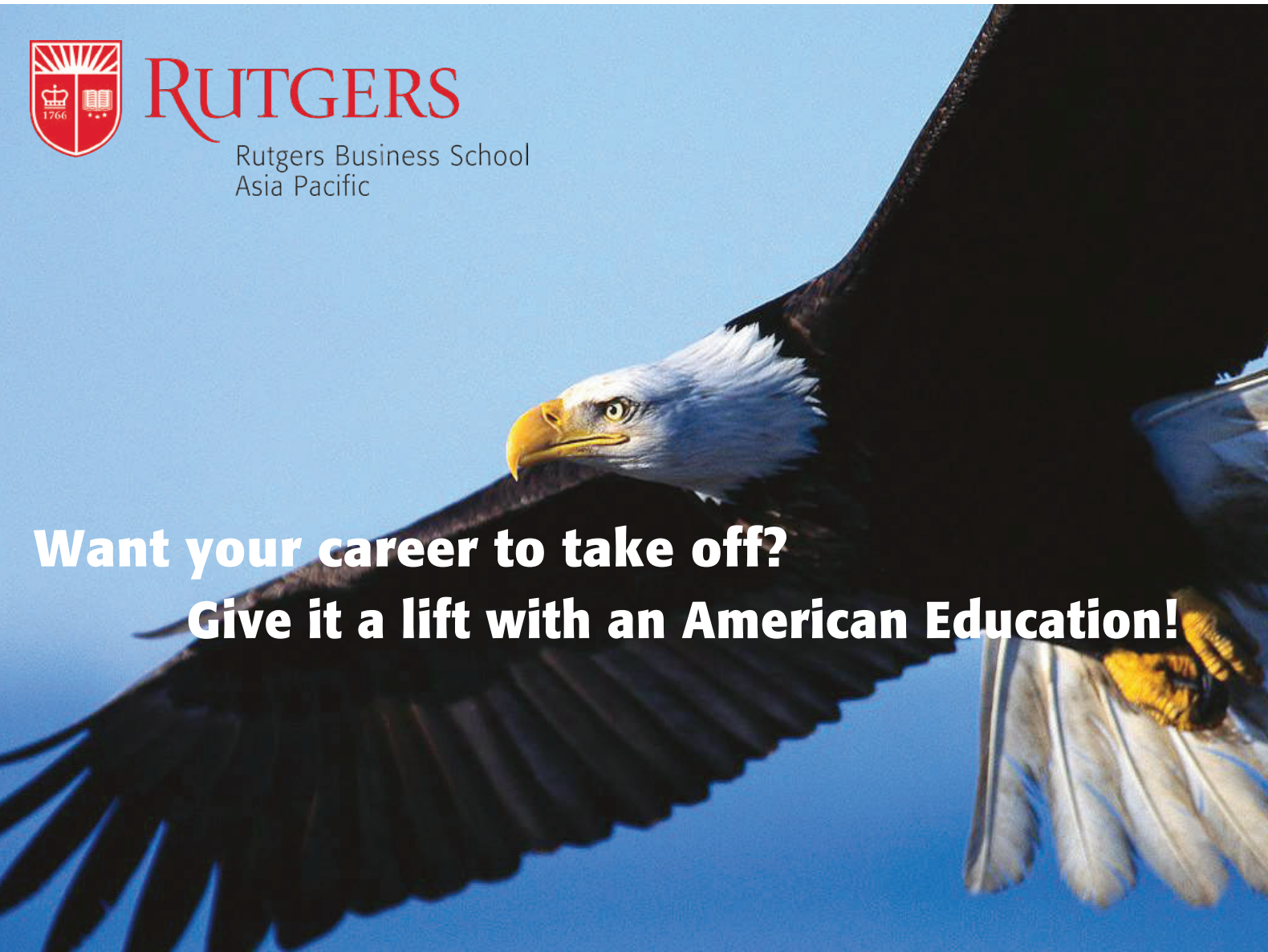
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CONTENTS

- 3 Foreword from the U.S. Chargé d’Affaires to ASEAN
- 4 Preface from AmCham Singapore and the U.S. Chamber of Commerce
- 5 ASEAN and the United States

CEO PERSPECTIVES

- 6 *Riding the ASEAN Tigers*
- 9 *What Business Leaders on the Ground in Singapore Are Saying*

ASEAN BUSINESS OUTLOOK SURVEY 2018

- 12 Executive Summary
- 13 1. Economic Outlook
- 20 2. Global Relations & Trade Agreements
- 24 3. ASEAN Economic Integration
- 27 4. Business Expansion In ASEAN
- 30 5. Workforce Demographics
- 34 6. SME Outlook
- 37 7. Current Local Business Environment
- 39 8. Change in Satisfaction of Local Business Environment (2012 vs. 2017)

COUNTRY PROFILES

- 40 Brunei Summary Report
- 42 Cambodia Summary Report
- 44 Indonesia Summary Report
- 46 Laos Summary Report
- 48 Malaysia Summary Report
- 50 Myanmar Summary Report
- 52 The Philippines Summary Report
- 54 Singapore Summary Report
- 56 Thailand Summary Report
- 58 Vietnam Summary Report

SPECIAL PERSPECTIVES

- 61 *SMEs Making a Difference in Southeast Asia*
- 62 *Transforming Lives: American Corporate Citizenship in Action*
- 72 *Business Leaders’ Perspectives*
- 74 Profile of Respondents
- 76 Survey Methodology
- 77 Acknowledgments

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FOREWORD FROM THE U.S. CHARGÉ D'AFFAIRES TO ASEAN



It is my pleasure to introduce the 2018 Association of Southeast Asian Nations (ASEAN) Business Outlook Survey, a resource the American Chamber of Commerce in Singapore publishes each year. Southeast Asia, with strong and sustained growth, a young population, and a rapidly expanding middle class, continues to be full of exciting business opportunities. The survey offers an accessible summary of the perceptions and insights of U.S. executives about the region.

The United States highly values its multi-faceted relationship with ASEAN. Vice President Mike Pence's meeting with the ASEAN Committee of Permanent Representatives in April and Secretary Rex Tillerson's meeting with ASEAN Foreign Ministers in May are only the most visible examples of our continuous and productive engagement at every level. U.S.-ASEAN Connect, our framework for all U.S. economic engagement in ASEAN, builds upon the already strong ties between the United States and ASEAN to expand our economic relationship and support the ASEAN Economic Community. Our efforts this year will continue to focus on business, innovation, energy, and economic policy. Our flagship Digital Economy Series highlights the importance of this sector and ASEAN's potential.

The U.S. private sector, which is one of the leading investors in ASEAN and which brings millions of jobs, world-class training, cutting-edge technology, and extensive community investment to Southeast Asia, is our close partner in U.S.-ASEAN Connect. Together, we support ASEAN's goal of

building an integrated, dynamic, innovative, sustainable, and resilient Economic Community that benefits all citizens of the region – because that also benefits U.S. business and exports.

ASEAN is the United States' fourth-largest trading partner and a fast-growing investor. U.S. exports to ASEAN support over 500,000 U.S. jobs, spanning every state. Through the U.S.-ASEAN Trade and Investment Framework Arrangement, we are working to further expand trade ties and promote free and fair trade.

In 2017, the United States and ASEAN are marking the 40th anniversary of our relationship, as ASEAN celebrates 50 years of progress. Vice President Pence noted that President Trump is enthusiastic "to join the U.S.-ASEAN Summit during the golden anniversary year of this organization." The United States and ASEAN are committed to working together to build an even stronger relationship to deliver prosperity and opportunity for all our people.



Daniel Shields

Chargé d'Affaires, a.i.

U.S. Mission to ASEAN in Jakarta



PREFACE FROM AMCHAM SINGAPORE AND THE U.S. CHAMBER OF COMMERCE

This special commemorative edition of the *ASEAN Business Outlook Survey* celebrates ASEAN's 50th anniversary and the U.S.-ASEAN Dialogue Partnership's 40th in 2017. We are delighted to mark this important milestone with an expanded in-depth survey of U.S. business operations in the region that explores and explains executives' views of the region's opportunities and challenges. ASEAN has long been an important U.S. trading partner, a major destination for U.S. investment, and a vital set of links in U.S. companies' global supply and global value chains. Many American companies have been in Southeast Asia for decades, in some cases even before the existence of ASEAN itself. The relationship's history is long, its breadth is vast, and its roots are deep.

For more than a decade and a half, the *ASEAN Business Outlook Survey* has been an unmatched guide to U.S. business and investor sentiment in the region. This commemorative edition of the survey continues our tradition of providing the invaluable insights and perspectives of senior executives from U.S. companies in all ten ASEAN countries. Many of the survey's questions have been asked for several years running, and the trends in the responses over time yield fascinating insights. At the same time, some portions of the survey are updated every year to reflect current developments and topical issues and priorities. This year is no exception.

In our preface to last year's survey, we noted that it came at "a challenging and uncertain time for global business" in the wake of the Brexit decision, challenges in China, and anti-trade rhetoric in the U.S. election campaign. Since then, the environment has become even more complex. The Brexit process looks to be long and drawn out, challenges within and emanating from China are many and varied, and the Trump Administration's withdrawal from the Trans-Pacific Partnership and its unsettled trade policy (as of this writing) mean that, if anything, the uncertainties are even greater.

This special edition of the *ASEAN Business Outlook Survey* includes, for the first time, a focus on small and medium-enterprises and features in-depth interviews with executives representing a broad array of businesses in the region.

The *ASEAN Business Outlook Survey* is a collaborative effort between the American Chamber of Commerce in Singapore and the U.S. Chamber of Commerce, with support from the American Chamber of Commerce in Cambodia, the American Chamber of Commerce in Indonesia, the American Malaysian Chamber of Commerce, the American Chamber of Commerce in the Philippines, the American Chamber of Commerce in Thailand, the American Chamber of Commerce in Vietnam (Hanoi), the American Chamber of Commerce in Vietnam (Ho Chi Minh City), American Chamber of Commerce chapters in Laos and Myanmar, and American business leaders in Brunei.

We are grateful to our AmCham partners for their support in this effort, and to the many companies who have generously contributed in this year's special edition of the Survey, including **Accenture PLC, AIG, Cargill, Citi, Cognita, Edwards Lifesciences, Ford, HP Inc., IBM, Johnson & Johnson, Kimberly-Clark, Microsoft, Milbank, Ogilvy & Mather Singapore, Organisation Solutions, Otis, Procter & Gamble, Seagate, Sealed Air, Singapore American School, Sun Electric, The Coca-Cola Company, UPS, Visa, and Xylem Water Solutions Singapore**. At a time of unprecedented challenge and uncertainty in the region, we believe that the Survey will be more valuable than ever. As always, we welcome your feedback, and encourage you to send comments and suggestions to aseansurvey@amcham.org.sg or jgoyer@uschamber.com.



Ashley M. McInerney
Ashley Rossi McInerney

Interim Executive Director
AmCham Singapore



Tami Overby
Tami Overby

Senior Vice President, Asia
U.S. Chamber of Commerce

ASEAN AND THE UNITED STATES

In 2017, the United States and ASEAN celebrate 40 years of partnership working toward stability, prosperity, and peace in Southeast Asia. The relationship began in 1977, 10 years after the establishment of ASEAN, when the United States first engaged with ASEAN as a dialogue partner. Focused on issues of trade and investment, technology transfer, and education, both parties expressed a desire to develop robust relations and mutually beneficial cooperation.

Since that time, the U.S. and ASEAN have strengthened ties in addressing economic development and regional security. In 2006, the two announced the ASEAN-U.S. Enhanced Partnership Agreement, marking a new phase of U.S.-ASEAN relations. In 2008, the United States opened the U.S. Mission to ASEAN, and, with the appointment of Ambassador Scot Marciel, became the first non-ASEAN country to name an ambassador to ASEAN. The U.S. and ASEAN have continually joined under common commitments to rule of law and regional prosperity to address a range of political and security issues for the peace and stability of the region. Joint initiatives have strengthened economic integration of ASEAN nations in international trade flows, while simultaneously seeking to address global security threats, ensure maritime cooperation, and launch programs for the development of ASEAN's future leaders.

“ASEAN is the most competitive region for U.S. businesses, with high adaptability, innovativeness, and a large pool of skilled and unskilled resources.”

ABOS 2018 Survey Respondent

In 2016, the U.S. hosted the first ever standalone U.S.-ASEAN summit in California, highlighting the U.S. commitment to ASEAN. At the conference, U.S.-ASEAN Connect was launched. Serving as a strategic framework for economic engagement with ASEAN and its member

“ASEAN as a whole is an important and dynamic market with tremendous growth potential in years ahead. It is critical that the U.S. maintains strong and positive relations with ASEAN.”

ABOS 2018 Survey Respondent

states, Connect reflects a mutual desire of ASEAN and the U.S. to continue to pursue economic integration, trade, and investment. By addressing issues ranging from e-commerce and entrepreneurship to clean power and the trade environment, Connect paves new roads for the U.S. and ASEAN to promote economic growth and cooperation throughout the region.

Today, ASEAN is the United States' fourth-largest trading partner and fourth largest export market. The United States is the largest single foreign direct investor in the ASEAN region, with over US\$306 billion¹ in investment and near 4,700² companies in the region. American company sales in ASEAN account for 10% of their total global sales, and generate over 20% of ASEAN's total exports of goods and services.³

Over the past 40 years, the U.S. and ASEAN have developed a connection and interdependence that will continue to strengthen as programs emphasizing energy cooperation, people-to-people exchanges, innovation, and policy continue to expand the relationship. Through shared principles of dynamic growth, together ASEAN and the U.S. are primed to capitalize on emerging opportunities throughout the region.

¹ Bureau of Economic Analysis, U.S. Department of Commerce, 2017. <http://www.bea.gov/scb/pdf/2017/07%20July/0717_direct_investment_positions_tables.pdf>

² Trade & Investment, US-ASEAN Business Council, Inc. <www.usasean.org/why-asean/investment>

³ “ASEAN Investment Report 2016”, UN UNCTAD and ASEAN, p.78. <http://unctad.org/en/PublicationsLibrary/unctad_asean_air2016d1.pdf>

RIDING THE ASEAN TIGERS

BY ANGELA MANCINI Speaking with the CEOs of several large multinational member companies of the American Chamber of Commerce in Singapore, the message is resoundingly clear: ASEAN has been an important market for their companies' business growth over the past 50 years, and prospects for the next 50 look even brighter.

American companies have been operating in the region for a long time, many since well before the formation of ASEAN 50 years ago. Many have developed a significant footprint in the region, riding on the coattails of its dramatic growth. "ASEAN is home to a range of economies in different cycles, ranging from developed to emerging and frontier markets, and its combined GDP already makes it the fifth-largest economy in the world with the third-largest population," said Amol Gupte, Head of ASEAN and Citi Country Officer for Singapore, **Citi**.

And there's little reason to doubt that ASEAN's outlook will remain rosy; the region is well supported by favorable demographics, rising investment and trade flows, increased urbanization, and a burgeoning and well-connected middle class. An estimated 60% of the region's population is under 35 years old, pointing to an abundant pool of labor and latitude for consumption to grow further. It helps that this demographic is tech-savvy and highly connected, too. E-commerce is still in its infancy in ASEAN and is poised to grow exponentially in the coming years. These factors, coupled with an ever-growing internal market, make the region extremely attractive to investors.

The continued urbanization of the population in ASEAN is a major factor spurring growth across the region. According to Ryan Mai, President of South Asia Pacific at **Otis**, only about half of ASEAN's population of 640 million lives in urban areas, leaving much room for housing and infrastructure expansion. "This megatrend of urbanization is very relevant for our industry. Many of the countries across ASEAN are realizing that smart, progressive urban planning is very critical to their future development. This in turn will drive the demand for advanced vertical transportation technologies and

solutions with Otis well positioned for the planning and implementation."

This growing middle class will also need an array of products and services to meet their needs in areas such as healthcare, food, and other consumer products. In light of this, leading American companies in the region are investing in new or expanded facilities in several ASEAN countries, reflecting their optimism about the region.

"We have seen steady growth momentum over the past 10 years and we forecast that between now and 2022 the ready-to-drink market will almost double," said Iain McLaughlin, President, ASEAN Business Unit, **The Coca-Cola Company**. "For us, ASEAN is viewed as one of the key growth drivers for the business overall, and we, together with our bottling partners, are investing to be in a position to capture that growth. In addition to China or India, ASEAN has considerable growth potential in the short-term."

The relative stability of ASEAN's macroeconomic and investment climate also favors business growth. Many, too, see the continuation of a strong U.S. presence in the region as a key plank in building strong bilateral and regional relationships, as well as promoting business opportunities. "We are a U.S. corporation and it is very important to have strong relations not only between the U.S. and individual countries in this region, but between the U.S. and ASEAN overall. It is important for the U.S. to make continued strong relations with ASEAN a priority of the administration," said McLaughlin.

Other business leaders echoed this sentiment. Citi's Gupte said, "Given the potential for the region, the U.S. administration must stay engaged and work with local governments here to open up opportunities for U.S. companies that are committed to invest and grow in the region."

Golden Age

All of these companies have benefited from strong growth across ASEAN through the years. Coca-Cola has just celebrated its 105th year in the Philippines,

and its 91st in both Singapore and Malaysia. As the only consumer products company that has been present in all the markets of ASEAN since its formation, Coca-Cola has an operating presence in the 10 member countries of ASEAN, with multiple manufacturing locations in countries such as Indonesia and the Philippines.

Otis, which was founded in 1853, was the first elevator company to be established in Singapore in 1949. One of its first elevators installed in Singapore is at the Salmon Maternity Home in Prinsep Street, which still exists today. While it still produces elevators and escalators, Otis is transforming its business to better connect the customers, employees, and products to create a global digital ecosystem that will provide the customers with more information and improved uptime. "We are transforming our business, leveraging digitalization and technology to better serve our customers' changing needs," said Mai.

HP Inc., which has been present in ASEAN for 47 years, has sales operations in Singapore and a new manufacturing plant in Penang. It also has a team that runs a supply-chain operations control tower from Singapore to manage production and the movement of goods for all of HP's plant locations globally.

Citi, which has played a central role in the development of the ASEAN financial sector since 1902, has been able to tap ASEAN's plentiful pool of labor. "In 1971, Citi had 150 employees in Singapore. Today, we provide employment to 9,000 individuals, making Citi the largest foreign banking employer in Singapore," said Gupte. With 40% of its Asia-Pacific staff based in ASEAN, Citi has state-of-the-art processing hubs and data centers in Singapore, Malaysia, and the Philippines that serve more than 90 countries around the world.

Johnson & Johnson made its foray into ASEAN more than 60 years ago, when it launched its operations in the Philippines. It runs its Asia-Pacific operations from Singapore and has a large team in Manila

that provides functional services across its global operations.

Promising Partnerships

Apart from developing large business operations in the region, many U.S. companies have focused on building deep, long-term partnerships with governments and local authorities across ASEAN to develop sustainable growth for their businesses and to support local communities.

In 2014, Johnson & Johnson chose ASEAN as the first region to introduce its innovative "One J&J" operating model. Under this initiative, Johnson & Johnson unified its operations under one group to capitalize on opportunities and to drive its partnerships with governments, helping advance countries' healthcare agendas. For example, it is working with the governments of Thailand, the Philippines, Vietnam, and Indonesia to fight the disturbing rise of multi-drug resistant tuberculosis. "Operating as one, we are in a much more meaningful position to partner with governments to understand their agenda and mobilize assets that will be useful for them," said Ai Hua Ong, President of Southeast Asia, Johnson & Johnson. "We are very aware there are rising healthcare needs alongside the rise of the middle-income population, but there are constraints on governments in terms of healthcare budgets. The issue is how we work with each of the governments in each of the countries to find an optimal position where innovation is being encouraged but also how can we partner to address costs as well."

Cognizant of the need to develop local talent across the region, Johnson & Johnson has also led efforts to train local healthcare professionals. In Vietnam, it partnered with Harvard University and Vietnam University to advance medical and surgical education under an initiative that President Obama highlighted on his trip to the country in 2016.

At the local community level, U.S. companies are forming partnerships to help ensure long-term sustainable growth through local workforce development and

support for environmental sustainability. Coca-Cola, for one, achieved "water usage neutrality" for its operations in ASEAN in 2016, partly through its conservation and reforestation projects. The company also runs the STAR program in the Philippines, which trains owners of "sari-sari" (front-of-home) stores, 85% of whom are women, on effective retail and financial management. Since its inception, the program has trained more than 80,000 women in the Philippines and over 200,000 women across ASEAN, according to Coca-Cola's McLaughlin.

Spurring Innovation

A recurring theme cited by these business leaders is the attractiveness of ASEAN as a location to drive innovation across their businesses.

HP Inc., for example, positions itself on the cutting edge of technological and social change, and uses its ASEAN operations to drive innovation. "We are very aware of the new model of how and where people work, and how that is evolving across ASEAN," said Kong Meng Koh, General Manager and Managing Director, Southeast Asia and Korea, HP Inc.. "We don't really have a traditional office anymore. For many people, you work where you are, whether that is at a customer location or coffee shop." This trend is behind HP Inc.'s drive to lead the way on portable products and related security features.

HP Inc. is also developing 3D printing solutions, which it aims to make as low cost and mainstream as possible across ASEAN and beyond. Koh said, "We envision a system where, say, a customer in southern Myanmar can order a customized product to be printed at a 3D server farm in Yangon and have it delivered the next day." He sees ASEAN as a unique market for these innovative technologies because, being an emerging market with solid government support for these initiatives, it is able to leapfrog older technology. He further noted that companies like HP Inc. are well placed to help governments get their technology and supporting infrastructure right.

Otis has also been at the forefront of driving change in the region. “We are moving forward with investments that are helping to support Singapore’s ‘Smart Nation Vision,’” said Mai, referring to the Republic’s drive to transform the way it does things by tapping into the exciting possibilities opened up by technology. “The technology is evolving very quickly. We are moving toward using remote diagnostics and intervention to anticipate problems and conduct proactive, remote repair. But at the end of the day, we also still need a human element, that is, people who can talk to customers and provide answers.”

As companies leverage technology and push ahead with digital innovation, business leaders are ready to provide inputs into policy-making considerations. Gupta says, “Policies should be determined by the evolving nature of digital interaction and the infrastructure that supports that exchange. Increasingly information technology has come to underpin all communications and interactions in today’s globally connected economies. In considering the implication of the digital economy for financial services, ASEAN policy-makers must establish a common cybersecurity framework, build on the ASEAN integration framework, and promote financial inclusion for sustainable development. The leaders of the region must continue prioritizing collaboration and integration.”

50 Years Hence

Even as ASEAN abounds with business opportunities, investors do face certain challenges. Infrastructure, particularly roads and ports, remains a major logistical challenge for investors wishing to move raw materials or finished goods seamlessly across the region. “I would like to see better integration among the ASEAN nations in terms of travel, transport, and logistics. We will see high-speed rail from Singapore to Malaysia. Why not all the way from Singapore to Bangkok or Hanoi?” asked HP’s Koh.

Simpler business-friendly laws and a higher degree of transparency in the development and enforcement of regulations would help ensure fair

competition and provide a favorable environment for new investment. Business leaders say there is a need for regulatory harmonization, particularly in issues such as product safety, content requirements, and labeling. Another important issue is the global quest for talent. While many business leaders cite the need for increased investment in high-quality and technical education across the region, some governments are finding it difficult to fund manpower development.

Otis, which has been involved in iconic projects in Singapore such as Gardens by the Bay, the Swissotel, and AXA Tower (originally the Temasek Tower) is focusing on developing a highly skilled workforce. “The whole value chain of our products, from installation to testing and maintenance requires highly skilled human resources,” said Mai. Building a strong and capable workforce is about formulating policies that are geared toward developing skills,” he noted. “If countries can marry technology with human capability, particularly in the area of STEM (science, technology, engineering, and mathematics), skills enhancement will help address recruitment challenges in many ASEAN markets.” Otis, which is part of United Technologies, believes that as the world continues to change, it is critical to learn and evolve to meet those challenges and remain competitive. That is why the company offers its Employee Scholar program to encourage and promote the education and development of its employees and empower them to expand their knowledge in their current field or learn new skills for a different career path. Since its introduction 20 years ago, United Technologies has invested more than US\$1.2 billion and employees have earned approximately 35,000 degrees under the scholar program.

There is also a need to boost intra-ASEAN trade. A significant milestone in ASEAN’s evolution has been the establishment of the ASEAN Economic Community (AEC) in 2015, which will help drive integration and business growth across the region. Said Gupta of Citi, “In order to boost ASEAN’s competitiveness in the international arena, I urge leaders in this region to continue

prioritizing collaboration and integration. Not losing sight of our common goals is crucial to ASEAN’s success in the next decade.”

One area where the AEC could help spur intra-regional trade is regulatory harmonization. According to McLaughlin, it is not uncommon for Coca-Cola to have 10 or 12 different labeling requirements across the region for the same product. He said, “The AEC gives us the opportunity to harmonize our supply chain. When combined with better infrastructure, that would be a great benefit for us. There are many opportunities to harmonize and ship across borders, which we really aren’t in a position to take advantage of today.”

Speaking volumes of the region’s dynamism, the leaders all noted that their companies’ successful growth stories have mirrored ASEAN’s and they hope this will continue. “We definitely see abundant opportunities because demographics and the rise of the middle-income class are strong. ASEAN as a group is successful in governing and being able to address opportunities and tackle issues as one. Unlike the EU, which is newer, ASEAN has proven its effectiveness over a long period of time,” said Ong of Johnson & Johnson.

Indeed, ASEAN has grown beyond all expectations and, in Ms. Ong’s words, “is more than just a model of strong economic development.” In the next lap, ASEAN has an excellent opportunity to show the world how this can be done.

WHAT BUSINESS LEADERS ON THE GROUND IN SINGAPORE ARE SAYING

BY TOM BENNER

GROWTH AND OPPORTUNITY. EXPANDING MARKETS. BUSINESS FRIENDLY. AN EDUCATED WORKFORCE. STABILITY. GLOBAL REACH.

Talk with executives at some of the leading U.S. companies that have planted roots in Singapore and Southeast Asia, and those phrases keep coming up.

2017 marks the 50th anniversary of ASEAN – the Association of Southeast Asian Nations, which has made huge strides in promoting its three pillars of social, political, and economic security among its 10-member nations: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam.

A recent advancement is the creation of the ASEAN Economic Community (AEC), an economic integration project to create a common market and a single production base, allowing for the free flow of goods, services, investments, capital, and skilled labor within the region.

2017 also marks the 40th anniversary of the U.S.-ASEAN Dialogue Partnership, created to promote exchanges, cooperation, and partnerships that continue to thrive and grow.

So what is happening on the ground? Here are a few observations.

Chris Riley is Group Chairman of **Ogilvy & Mather Singapore**. Headquartered in New York City, Ogilvy & Mather is one of the largest marketing communications companies in the world, with a presence in Asia since the early 1950s, and with some 400 employees based in Singapore and several thousand across ASEAN.

Longevity and growth are important themes for Riley. He stated Ogilvy's Asian presence allows the firm to help its global clients such as IBM, Unilever, and Allianz to expand into emerging markets – as well as to take on local and regional clients, such as Singapore's Ministry of Culture, Community and Youth, and SingTel, a regional telco brand with big international ambitions.

In fact, Ogilvy's deep roots in Singapore took on special significance when the firm was awarded the assignment to lead communications efforts for SG50, the nationwide celebration of Singapore's 50th anniversary as an independent country in 2015.

"It was a huge moment for the country, and to play a significant part in that from our industry point of view was a very proud moment," Riley said.

A more recent milestone was reached in early 2017 when Ogilvy and Singapore's Economic Development Board (EDB) jointly announced a 3-year strategic partnership to advance the development of modern marketing capabilities in the country.

A talented workforce is another theme that comes up.

The attractiveness of Singapore as a destination for expat talent helps the agency to recruit from around the world, which adds to Ogilvy Singapore's richness, diversity, and – importantly – talent pool.

"For me to be able to say there are over 25 nationalities among some 400 employees, to have that diversity and 'melting pot' of cultures in a creative industry, is absolutely paramount," said Riley. "We have the ability to effectively attract and retain amazing talent for some of the best jobs and the biggest opportunities in our industry. The development of Singapore and the ASEAN operating context have enabled that significantly."

Accenture PLC, the global management consulting and professional services company, set up its Singapore shop 42 years ago, in 1975, when the country marked its tenth year as an independent nation.

"The footprint we have in terms of services that we offer here in Singapore is very consistent with what we offer globally, so it's a business within the Accenture world, which represents the fair scale of footprint," said Lay-Lim Teo, Senior Managing Director.

"Which is nice, because then we can offer our people the full range of choices as to where they build their careers with Accenture. I think what makes it interesting for us operating out of Singapore is that it has a really good mix of multinationals as well as large local companies."

Accenture's presence allows it to partner with the local government on a variety of projects, such as one to create a nationwide digitized health records system.

"Many of the projects that we do are in support of the initiatives that the government here has placed with us, and the government has been quite highly rated in terms of how forward-looking and ambitious it is with technology and digitalization," Teo offered.

In fact, Singapore is widely praised as being a "Smart Nation," a living laboratory for technology and progress. When the former British colony became its own nation in 1965, Singapore was little more than a stopover seaport between China and India.

The country moved "from third world to first," as founding Prime Minister Lee Kuan Yew put it. Within 50 years, it evolved into one of the wealthiest and most business-friendly countries in the world, with strong intellectual property rights protection, a rule of law that fosters growth and innovation, and a well-integrated, well-educated, forward-looking population.

Today, with advanced communications,

efficient living options, and a comprehensive public transportation system, Singapore's strong infrastructure serves its political commitment to innovation and makes it an attractive home for global industries and R&D.

"We set up an Internet of Things (IoT) Center, and we've just opened our Liquid Application Studio, changing the way technology is delivered. The living lab analogy has created opportunities for us to bring some of the innovation that we have around the world here," said Teo. "But it's not just for Singapore; when we bring something here, then we've got our neighbors, and we serve the region – ASEAN, even Australia – out of our IoT Center. And I think that's helped us to continue to provide interesting things for people."

In fact, Teo sees the ASEAN region as moving toward its aspiration as a single common market.

"Maybe you'd like to have a progressive economy where you can pilot and test and bring new ideas to life, we can do it in Singapore. Maybe you'd like to tap on to a very youthful demographic at scale, we've got Indonesia and Thailand," she said. "Just when you think you're done with Indonesia and Thailand, there's Myanmar, and there's ten countries. If there is something that could allow us multiple waves of growth, I think this is it. I would hope that we would be able to truly tap on that full potential, enjoy the synergies."

The international law firm **Milbank, Tweed, Hadley & McCloy LLP** is in its fourth decade with its Singapore office, and the firm's Asia Managing Partner David Zemans and his family have called Singapore home since 1997. He's watched as Singapore has grown – literally, as his office sits on land reclaimed from the sea. The growth in physical size serves as a metaphor for Singapore's development as a business and cultural center for the region.

"It's incredibly cosmopolitan now. It has always been a crossroads for many people and cultures, but I think one of the fundamental differences is the number

of people that now consciously want to live here for extended periods of time, which adds to the diversity we all enjoy. I think that has made a real difference to the fabric of the city and makes living in Singapore much more interesting from a cultural and professional perspective," Zemans said. "All of these changes have made our time here a great experience professionally and for us as a family. The country's growth as an international business hub is due to its single-minded focus on growth and expansion," Zemans said. "One of the reasons Milbank has stayed in Singapore is that the government has stuck to its mission. They wanted to make the city a financial hub that would attract international firms like ours – to feel that we could operate very easily, comfortably and safely. They have delivered. The fact that Singapore is also a very green city, contributes to its success and makes it incredibly enjoyable to live and work here."

Despite a year of political transition in the U.S. and Europe, the West will continue to expand its reach in Asia.

"The ability to foster and build relationships with countries around the region remains a priority, and the ability for flow of capital continues to be attractive both for American companies and for these different foreign companies," Zemans said. "And obviously the U.S. plays such a huge role in the global economy, that I think if people start to feel that the U.S. looks too inward that will create great challenges. It's hard to be specific as to how that will play itself out, and I hope that as things evolve, people will become increasingly pragmatic."

Singapore is famous for its focus on education, and **Cognita**, the international operator of independent schools, serves a growing population of expatriates requiring a quality education. Cognita schools cater for a wide range of nationalities (over 70 nationalities are present at their Stamford American International School in Singapore) but students from Asian countries are the fastest growing component, as workforce mobility increases throughout the ASEAN region.

"We are seeing a change in the demographics in terms of expatriate mobility and we therefore need to adjust to the different dynamics that this brings," said Michael Drake, CEO of Cognita Asia. "There are 600 million people in ASEAN, and the wealth of this region has been rising over the past 20 years or more. The increased disposable income will make attending private school more and more attainable and this is something we continue to be aligned with."

Tyng said she hopes debates in the U.S. and Europe over globalization won't cloud the impact that Western companies have on the region.

"I would say it is important for the U.S. to continue showing commitment to ASEAN as a region, and also signal their support for free trade. I think that's an important message given that Visa is a U.S. company," she highlighted. Because growth in the region, she added, will continue.

While Singapore, as a first world city, is perhaps the easiest country for relocation, Drake sees the ASEAN region slowly becoming more of a cohesive bloc.

"Today ASEAN is one of the biggest (in terms of population) geopolitical blocs. We have something like 10% of population, but in terms of GDP, it's much lower. So hopefully, one day, that's where we'll be – the percentage of the world's population will match the percentage of world's GDP. There's lots of potential."

"ASEAN will continue to become a closer trading bloc as it develops policies and processes for the easier movement of goods, services, and people. The more harmonized it becomes, the more robust its ability will be to grow. ASEAN is a big market in itself and has massive potential. We are present in the region to help satisfy the demand in the important area of education, and I see Cognita continuing to grow its presence here."

Global payments technology company **Visa** established its presence in Singapore 35 years ago; the Singapore office is now the company's single largest (in terms of people) office outside the United States.

"We chose Singapore to set up our business operations for Asia Pacific due to several reasons including political stability of the country, an efficient government, ease of doing business, and also the openness of the regulatory framework. The country is pro-consumer choice and progressive," said Ooi Huey Tyng, Visa Country Manager for Singapore and Brunei.

"The Monetary Authority of Singapore is often trying to level the playing field for all of us, so I think that is an important factor. The other reason that we start to see is the access to talent pool: bringing in foreign talent to Singapore as well as accessing the local talent pool. I think that is an equally important reason why we chose Singapore to set up Visa University and our innovation lab because we have

EXECUTIVE SUMMARY

Since the first *ASEAN Business Outlook Survey* in 2001, senior executives in U.S. companies throughout the region have highlighted the attractive business prospects of the ten countries of the Association of Southeast Asian Nations (ASEAN). While the survey measures sentiment and expectations, outcomes prove that U.S. companies have taken advantage of the opportunities the region offers. U.S. trade and investment here has grown dramatically: Two-way trade in goods and services has expanded from US\$120 billion in 2001 to US\$230 billion in 2016.⁴ U.S. foreign direct investment in the region has increased sixfold from under US\$50 billion in 2001 to over US\$306 billion in 2016.⁵

As this 50th anniversary Survey demonstrates, ASEAN economies continue to grow in importance to U.S. companies in terms of worldwide revenues, levels of trade and investment, and profits. Over 90% of respondents report that these have either risen or remained the same over the past two years, and that they will either rise or remain the same over the next two to five years. Since 2016, however, while still positive, sentiment has softened somewhat across all these indicators: The larger share of respondents continues to expect to grow rather than remain the same, but the margins have declined since their all-time highs in 2012 and 2013. For example, 58% of the 2017 survey respondents expect the importance of ASEAN markets to their companies' worldwide revenues to rise over the next two years compared to the record 73% in 2013; 80% anticipate rising levels of trade and investment over the next five years compared to the record 91% in 2013.

The most frequently cited reasons underpinning these expectations are the region's economic growth prospects, the rise in its middle/consumer class, and progress on regional integration. Over 70% of respondents report that their companies plan to invest in other countries in ASEAN while more than 60% plan to make additional investments in their response location. Vietnam, Myanmar, Indonesia, Thailand, the Philippines, and Malaysia are among the top investment destinations. 58% of respondents' companies are expanding their local workforce in 2017.

When measured against 18 key investment climate factors, respondents' sentiment toward ASEAN is broadly positive. Two areas that continue to register very high levels of dissatisfaction are corruption and laws and regulations. Two areas that continue to receive high satisfaction ratings are personal security and sentiment toward the United States. Singapore and Brunei receive the most positive assessments, followed by Malaysia and Thailand. Cambodia, Laos, and Myanmar, relative newcomers to ASEAN, received the most negative ratings across a range of indicators.

Consistent with other findings in the 2017 survey, respondents report a general decrease in the level of satisfaction with the 16 investment climate indicators this year compared to 2012. The highly negative level of satisfaction with corruption was virtually unchanged, while satisfaction with personal security, sentiment toward the United States, stable government and political systems, and laws and regulations declined. 42% of all respondents say that the investment environment is improving in their response location; in particular, executives in Myanmar (71%), Vietnam (54%), Indonesia (54%), and Cambodia (50%) report that this is the case. Still, sentiment toward Malaysia, Indonesia, and Cambodia deteriorated more than elsewhere in 2017 compared to five years ago; attitudes toward Thailand and Vietnam remained largely unchanged between the two comparator years even though satisfaction levels with both countries showed considerable volatility during the five-year period.

With the U.S. withdrawal from the Trans-Pacific Partnership (TPP) and uncertainty about the outcome of negotiations for a Regional Comprehensive Economic Partnership (RCEP), executives consider Vietnam, Indonesia, and Thailand as promising partners for potential future bilateral trade agreements. While governance-related priorities continue to dominate the list of recommended work areas for ASEAN, executives assign greater weight this year to reducing non-tariff barriers to trade than in the past, elevating it to second place from fourth in 2016. About half (48%) of respondents anticipate that relations between their response location and China will deepen; a slightly lower percentage (46%) anticipate that punitive U.S. trade action against China will have a negative effect on their companies' operations in the region.

U.S. small and medium-sized enterprises (SMEs) constitute an important and vibrant segment of the U.S. business community in ASEAN. Relative to larger companies, a higher percentage focus on the domestic markets in which they operate. The local market's growth outlook is therefore paramount for SME investment decision-making. SMEs and MNCs are equally optimistic (72%) about profit increases in 2018 over 2016.

In celebration of ASEAN's 50th anniversary and the 40th anniversary of the U.S.-ASEAN Dialogue Partnership, we asked respondents to provide additional assessments of the business outlook in their particular response location. We invite you to peruse the expanded country sections that immediately follow the presentation of this commemorative *ASEAN Business Outlook Survey's* results.

⁴ United States Census Bureau <<https://www.census.gov/foreign-trade/balance/index.html>>

⁵ Bureau of Economic Analysis, U.S. Department of Commerce, 2017. <http://www.bea.gov/scb/pdf/2017/07%20July/0717_direct_investment_positions_tables.pdf>

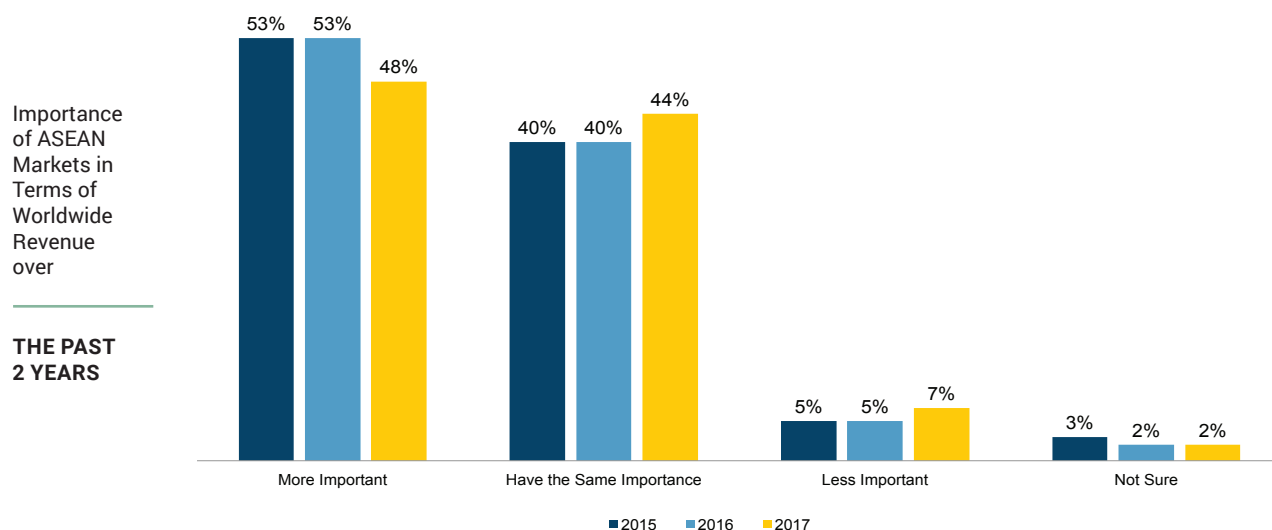


ECONOMIC OUTLOOK

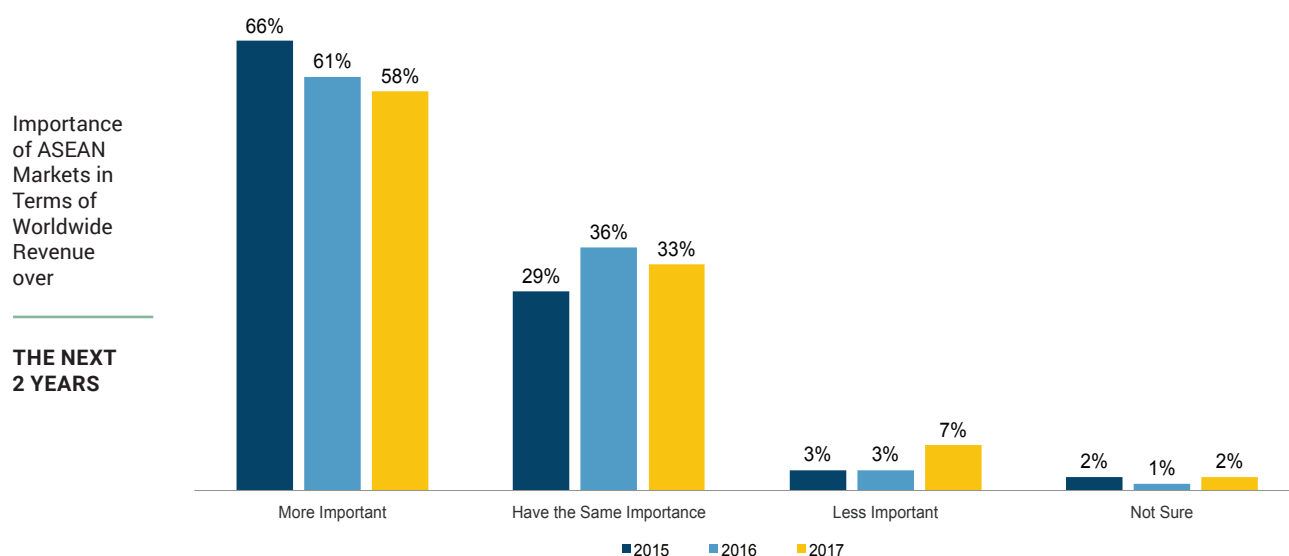
ASEAN is a major manufacturing, distribution, and services hub for the wider Asia Pacific region. Collectively, the ten ASEAN member countries also constitute one of the world's fastest-growing consumer markets. As ASEAN members seek to promote growth and to deepen intra-ASEAN integration, American business executives remain optimistic about business prospects. Although this year's *ASEAN Business Outlook Survey* results indicate a slight decrease in the importance of ASEAN markets in terms of respondent companies' worldwide revenues, the majority of surveyed executives are confident that ASEAN's future remains bright. More than three-quarters indicated that they expect their companies' trade and investment and profits to grow.

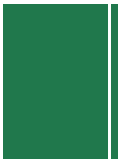
IMPORTANCE OF ASEAN MARKETS

For the past six years, over 90% of respondents have reported that ASEAN markets have become more important or remained as important in terms of their company's worldwide revenue over the preceding two years. Sentiment has softened somewhat, however, as the percentage reporting that the revenues were more important has declined from a high of 73% in 2013 to 48% this year. The percentage reporting that revenues have remained about as important has risen from 33% in 2013 to 44% this year. The share who said the ASEAN market's importance as a source of worldwide revenue had declined rose slightly from 5% to 7% over the past year. These changes in levels of relative importance are slight, and ASEAN markets overall remain important to U.S. companies.



The responses assessing the importance of ASEAN markets for worldwide revenues in the next two years show a similar pattern. Well over 90% of respondents have stated for several years running that ASEAN markets will remain more important or as important, with a substantial majority predicting that they will become more important. Despite a slight decrease from last year, the majority of U.S. businesses (58%) foresee that ASEAN markets will continue to grow in importance over the next two years. Executives in Myanmar (79%) and the Philippines (74%) are particularly optimistic that ASEAN will be more important for their companies' worldwide revenues. The number of respondents who anticipate that the importance of ASEAN markets in terms of worldwide revenues will decline in the next two years rose from an all-time low of 1% in 2013 to 7% this year.

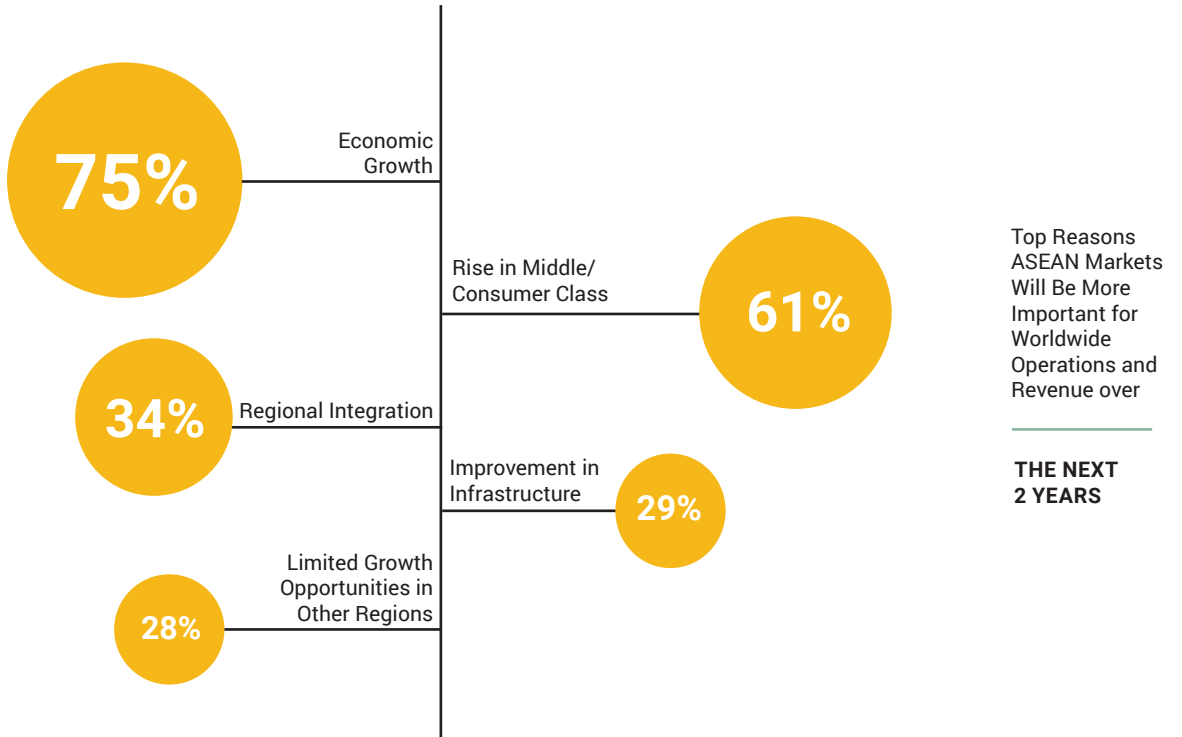




Executives cite economic growth (75%), the rise in the middle/consumer class (61%), and regional integration (34%) as the top three reasons why ASEAN markets will grow in importance in terms of worldwide operations and revenue over the next two years. While figures for the economic growth and regional integration answer choices are similar to last year's (73% and 36% respectively), the percentage citing the rise in the middle/consumer class increased from 46% last year to 61% this year.

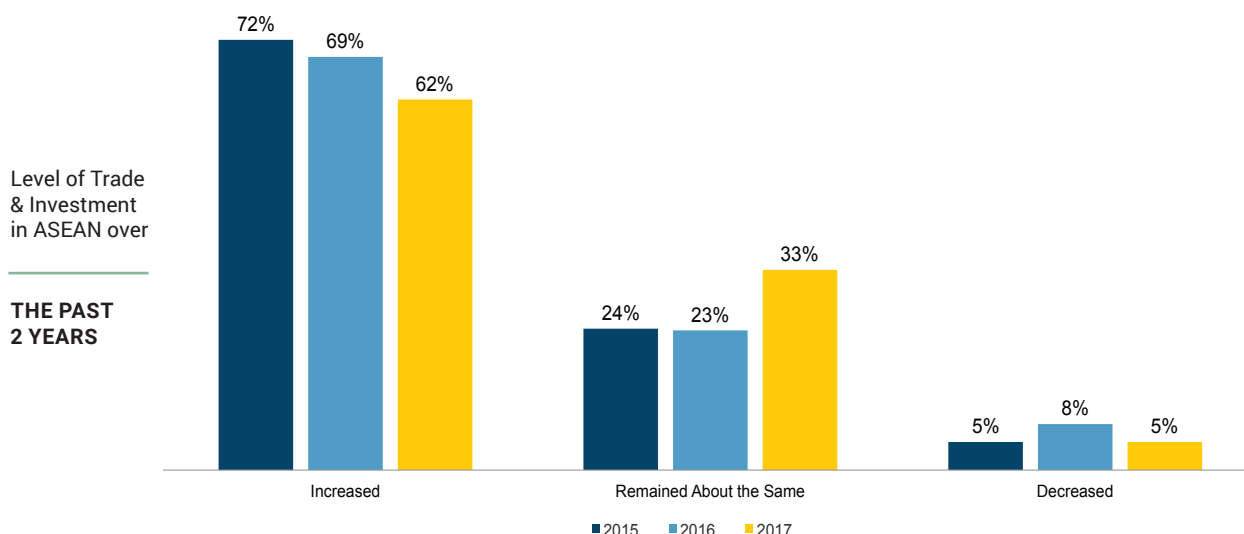
U.S. businesses in Singapore (73%), the Philippines (70%), and Indonesia (65%) assign above-average weight to the rise in the middle/consumer class. Executives in Indonesia cite economic growth in particular (94%), while regional integration is especially important to companies in the Philippines (55%). Among less frequently selected reasons, a much higher proportion of businesses in Myanmar find existing weak competition in local markets to be an important factor (18% compared to the region-wide average 9%); the percentage of Malaysia-based executives interested in the increased availability of trained personnel and efficient manpower is significantly higher (21%) than the overall average (9%).

The majority of businesses in the wholesale and retail sector (74%) cite the rise in the middle/consumer class as a top reason for the increasing importance of ASEAN. There is strong variation in interest in regional integration by sector: 63% of respondents in the transportation and logistics sector and 25% in the consulting and finance sector cite regional integration as one of the top reasons versus the overall score of 34%.

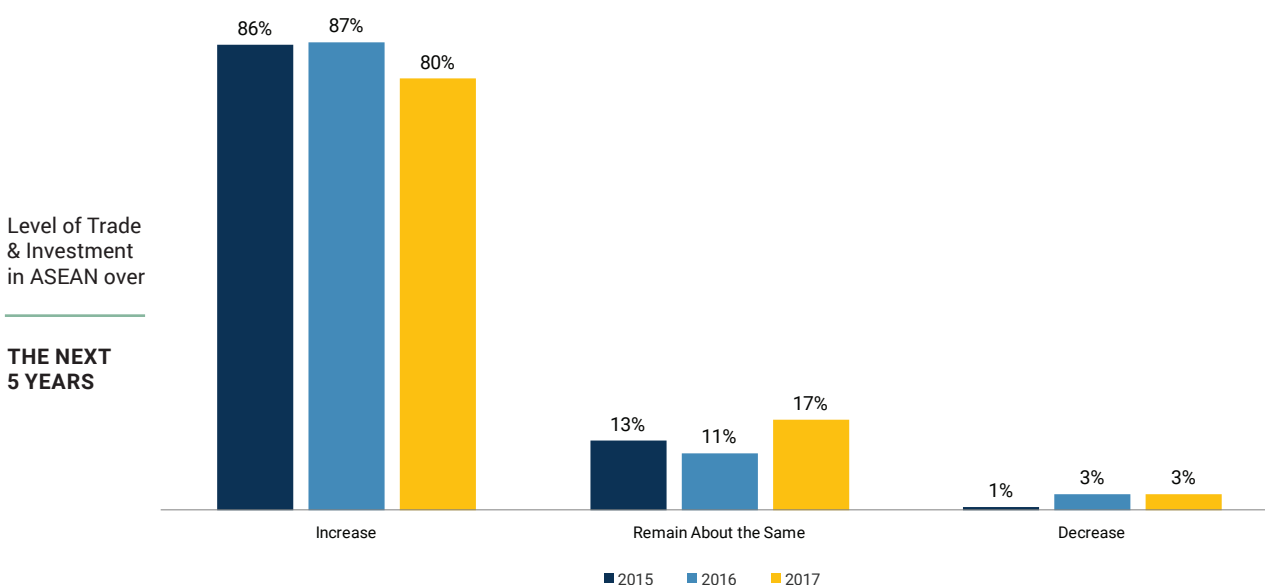


TRADE & INVESTMENT IN ASEAN

ASEAN remains a productive region for trade and investment, with almost 100% of respondents indicating that their companies' trade and investment level has risen or held steady over the past two years. The percentage responding that it has risen remains high, but showed a modest decrease from 69% in 2016 to 62% this year. This year's figure is a full 12 percentage points down from 2014. Sectors reporting above-average levels of increased trade and investment include banking and finance (76%) and transportation and logistics (68%), while the consulting (19%) and software/IT/telecommunications (11%) sectors account for much of the shift from "increased" to "remained about the same."

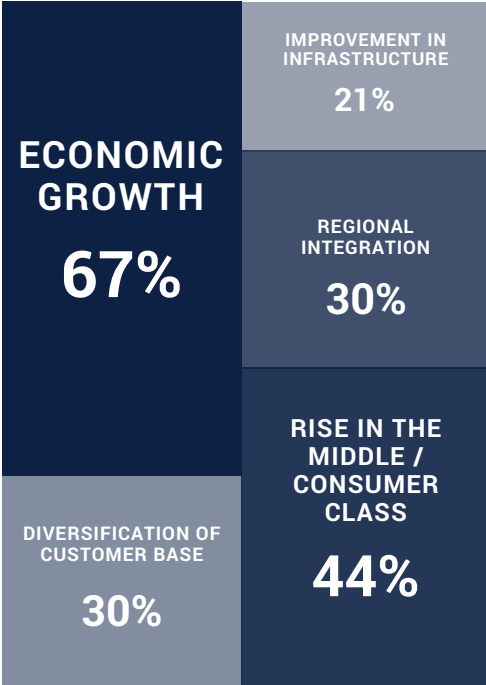


The majority of surveyed executives (80%) anticipate that their companies' level of trade and investment in the region will increase in the next five years, a drop from 87% last year. 17% of respondents anticipate that their levels will remain the same, up from 11% in 2016, and the percentage of those who expect a decrease remains unchanged at 3%. 80% of executives in the software/IT/telecommunications sector expect growth. Respondents in Indonesia (92%) and Vietnam (86%) have the most optimistic expectations.



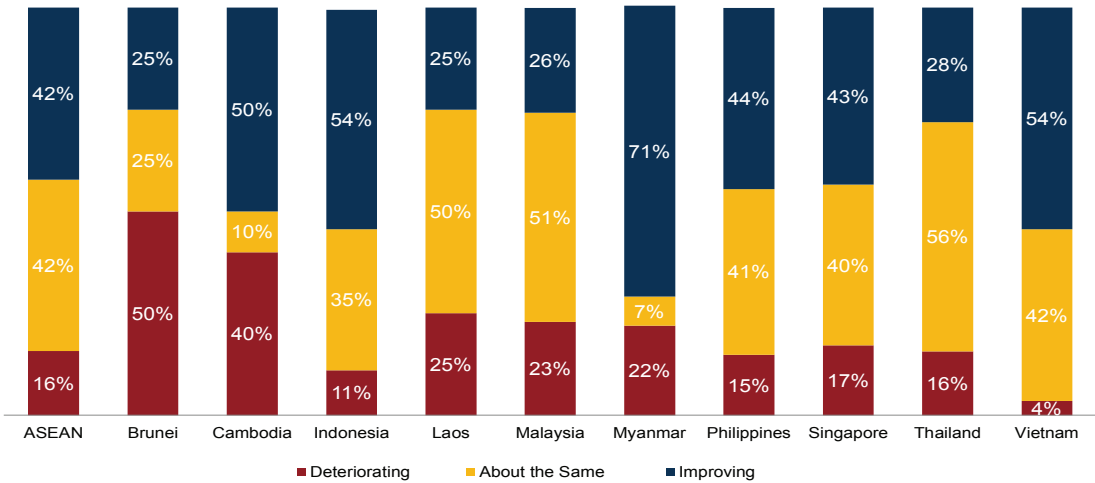
IMPORTANCE OF ASEAN MARKETS

Companies' reasons for expanding trade and investment in ASEAN over the next five years vary depending on their industries and the type of operations they have in the region. The majority of businesses continue to indicate economic growth (67%) and the rise in the middle/consumer class (44%) as the top reasons for expansion of trade and investment in the region. Businesses also consider the diversification of the customer base (30%), regional integration (30%), and improvement in infrastructure (21%) to be important factors. While diversification of the customer base was a new factor introduced this year, the latter two factors see a slight decrease from last year's figures of 36% and 25% respectively.



Top Reasons Companies' Levels of Trade and Investment Are Expanding in ASEAN

Businesses continue to face on-going challenges in ASEAN. A plurality (42%) of respondents across ASEAN describe the investment environment as improving in their country, but there is significant variation by country. Businesses in Myanmar (71%), Vietnam (54%), Indonesia (54%), and Cambodia (50%) see improvement in the investment climate. Respondents in the banking and finance (57%) and transportation and logistics (55%) sectors report improvement while the manufacturing (18%) and consumer goods (16%) sectors report deterioration.



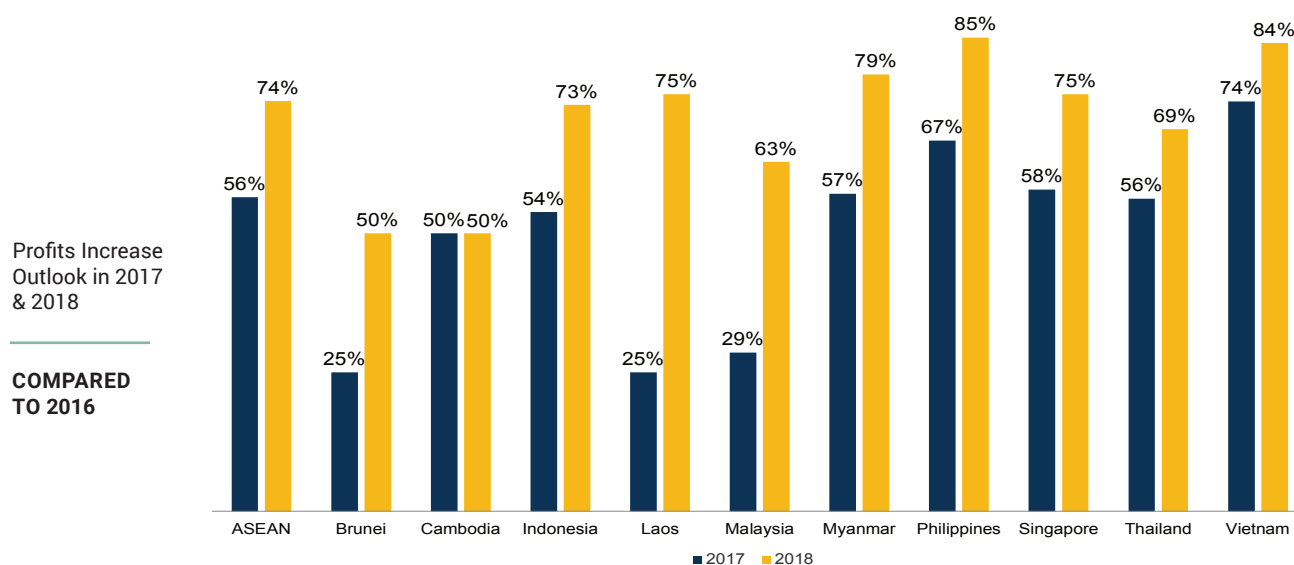
How Would You Describe the Overall Investment Environment In Your Response Location?

Due to low response numbers from Brunei and Laos, the corresponding information displayed for these countries may not be fully representative of business sentiments in those countries.

PROFIT OUTLOOK

ASEAN’s profit outlook remains positive, with 56% of respondents expecting higher profits in 2017 compared to 2016. 74% of executives indicate that they expect profits to be higher in 2018 compared to 2016. At least 50% of respondents across all ASEAN countries expect profit increases in 2018, with the highest percentage of respondents in the Philippines (85%) and Vietnam (84%) expecting profit growth.

Respondents from banking and finance (81%), software/IT/telecommunications (64%), and wholesale/retail (63%) have the most positive profit expectations for 2017. Vietnam has the highest proportion (74%) of respondents expecting a profit increase from 2016 to 2017.



Due to low response numbers from Brunei and Laos, the corresponding information displayed for these countries may not be fully representative of business sentiments in those countries.

SELECTED SUGGESTIONS FROM SURVEY RESPONDENTS

“Improve transparency and corporate governance. Eliminate corruption.”

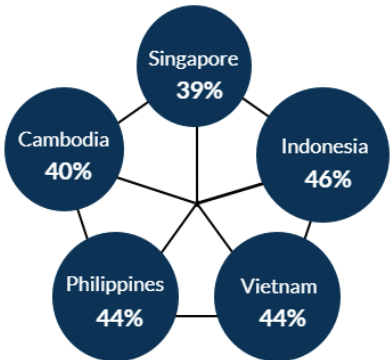
“Reduce bureaucracy.”

“Improve and streamline regulatory processes. Consistently enforce laws to reduce and eliminate corruption.”

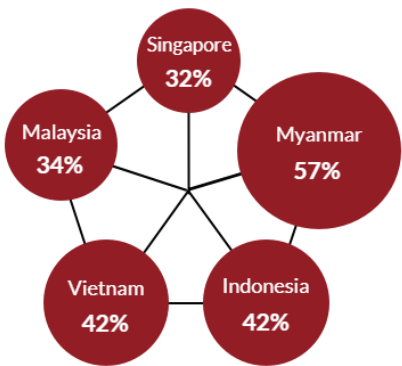
MOST PROMISING SECTORS FOR U.S. BUSINESS

Respondents across ASEAN identified five sectors as offering the greatest promise for U.S. businesses in their response location: software/IT/telecommunications (38%), healthcare (36%), consulting (32%), banking and finance (32%), and education (30%). There is significant variation among the ten economies in terms of which sectors are most promising for a specific country. The diagram below presents the five countries in which the sectors assessed as having the most promise region-wide drew the highest scores. The percentages indicate the share of respondents in that country that nominated the particular sector.

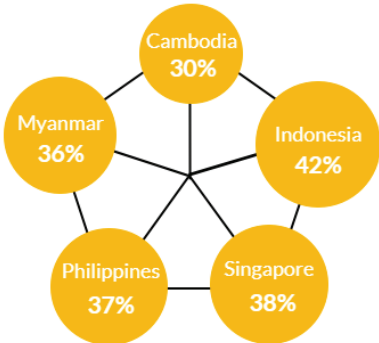
Software/IT/Telecommunications



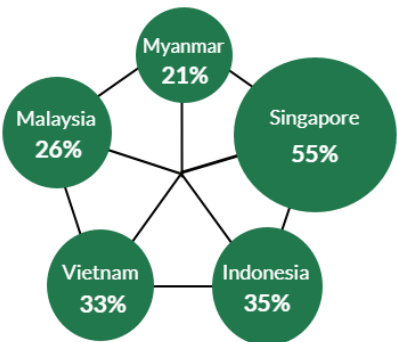
Healthcare



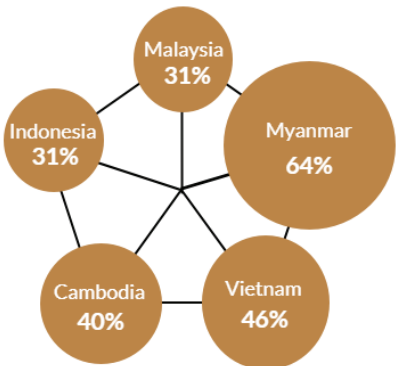
Consulting



Education



Banking and Finance



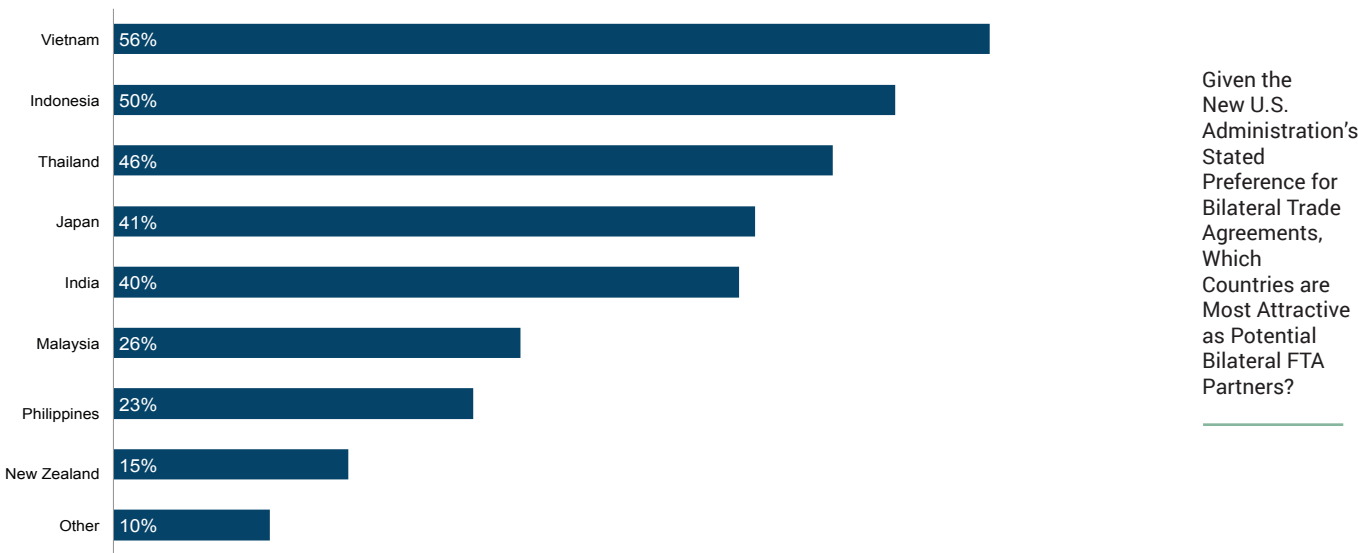


GLOBAL RELATIONS & TRADE AGREEMENTS

ASEAN continues to play an increasingly important economic role globally. With the U.S. placing less emphasis on multilateral trade agreements, surveyed executives cite Vietnam (56%), Indonesia (50%), and Thailand (46%) as the most attractive potential bilateral FTA partners. Following the U.S. withdrawal from the TPP, businesses expect that bilateral ties between their response country and China will deepen. 46% express concerns about potential negative effects should the U.S. take punitive trade action against China. The majority (84%) of respondents indicate that new U.S. trade and tax policies have not yet had any effect on their operations in ASEAN.

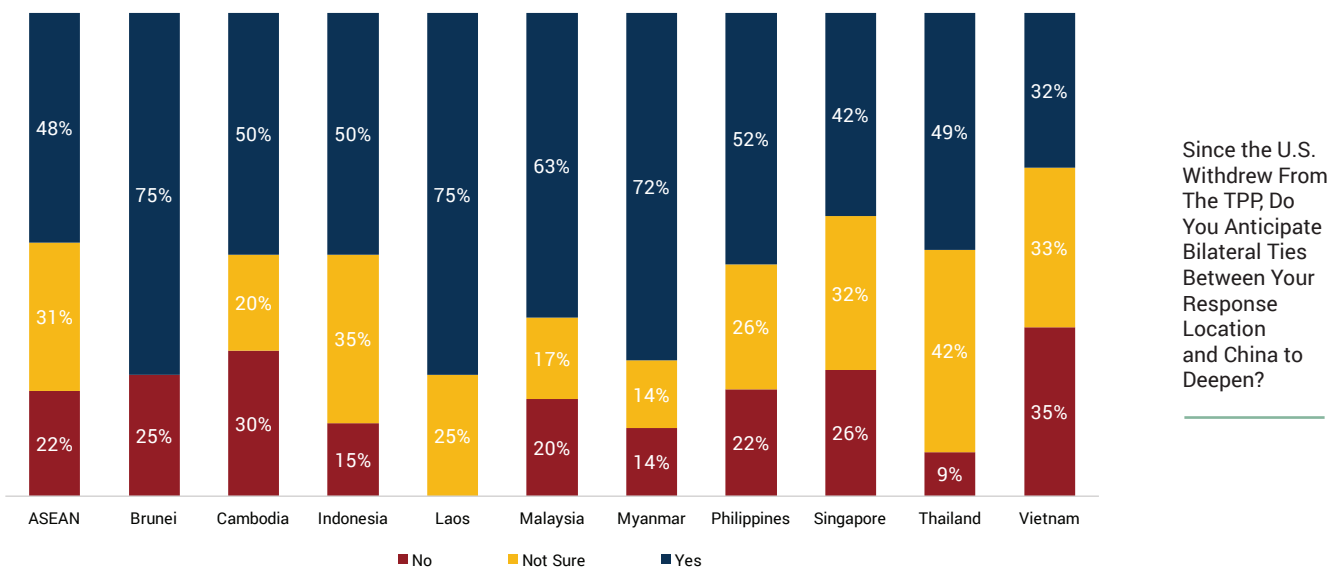
TRADE AGREEMENTS

With the U.S. placing less focus on multilateral trade agreements in favor of bilateral trade agreements, surveyed executives point to Vietnam (56%), Indonesia (50%), and Thailand (46%) as the most attractive potential bilateral FTA partners. Executives also pointed to non-ASEAN countries such as Japan (41%) and India (40%) as desirable FTA options. Note: The United States and Singapore concluded a bilateral FTA in 2004.



GLOBAL RELATIONS

With the U.S. withdrawal from the TPP, 48% of respondents across ASEAN anticipate that bilateral ties between their response location and China will deepen, and a further 31% are not sure. Half or more of the respondents in seven of the ten ASEAN countries expect those countries' relations with China to deepen. Thailand (49%), Singapore (42%), and Vietnam (32%) are the exceptions.



Due to low response numbers from Brunei and Laos, the corresponding information displayed for these countries may not be fully representative of business sentiments in those countries.

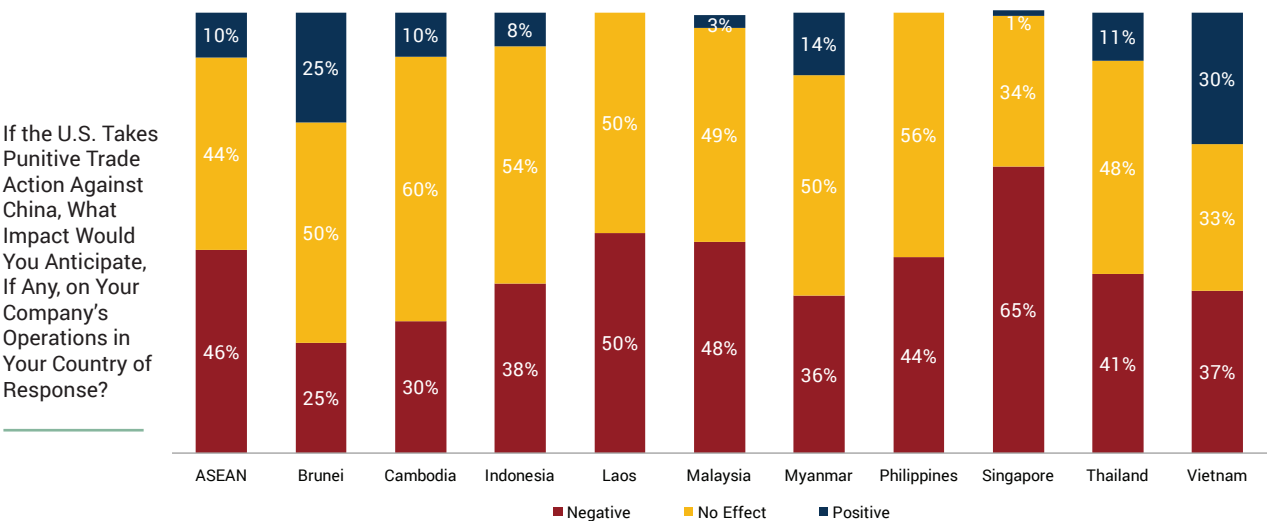
SELECTED INSIGHTS FROM SURVEY RESPONDENTS

“China will fill the void in terms of investment and extend its influence in ASEAN and the South China Sea.”

“China is too big a market to ignore.”

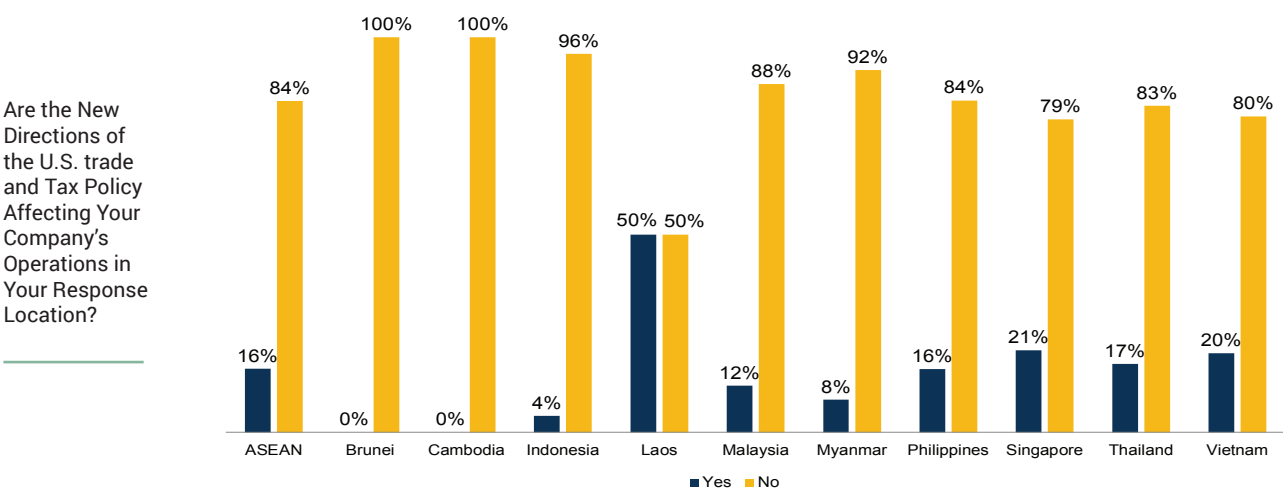
“China is already investing in and building relationships with many countries along One Belt One Road (including ASEAN). This will make China’s ties stronger with all of those countries in the absence of U.S. involvement.”

A plurality of respondents anticipates negative effects on their companies’ operations should the U.S. take punitive trade action against China. While 44% of businesses expect no effect, 46% anticipate such action would affect them negatively. This concern is especially prominent in the transportation/logistics (68%) and consumer goods (58%) industries.



Due to low response numbers from Brunei and Laos, the corresponding information displayed for these countries may not be fully representative of business sentiments in those countries.

Companies report that the new directions of U.S. trade and tax policy are not affecting their business operations in the region. 84% of respondents report that the new policies have had no effect on their companies’ operations, while 16% said that they had. Respondents in Cambodia (100%), Indonesia (96%), and Myanmar (92%) reported the least effect of new policies on their operations.



Due to low response numbers from Brunei, Cambodia, and Laos, the corresponding information displayed for these countries may not be fully representative of their business sentiments.

SELECTED INSIGHTS FROM SURVEY RESPONDENTS

"Our clients are affected by U.S. policies which impacts the nature of our work."

"To a limited degree - slower economic growth in neighboring export-driven markets [as a result of U.S. policies] will dampen demand for our products."



The American Chamber of Commerce in Myanmar

The American Chamber of Commerce (AMCHAM) Myanmar was established on October 31, 2013 under the honorary Chairmanship of U.S. Ambassador to Burma, Derek Mitchell. To date, more than 160 companies employing over 6,000 Myanmar nationals have joined the Chapter. These companies represent a diverse collection of industries and nationalities, but share a common goal to expand commerce between Myanmar and the U.S. and operate according to the highest international business standards.



AMCHAM CSR Excellence (ACE) Recognition Program

AMCHAM launched its first annual CSR Excellence Recognition Program in August 2015. The program recognizes member companies that create long-term economic and social benefits in Myanmar communities. AMCHAM Myanmar believes in the empowering effects of education and has decided to invest in Myanmar's future by providing scholarships to its brightest minds.

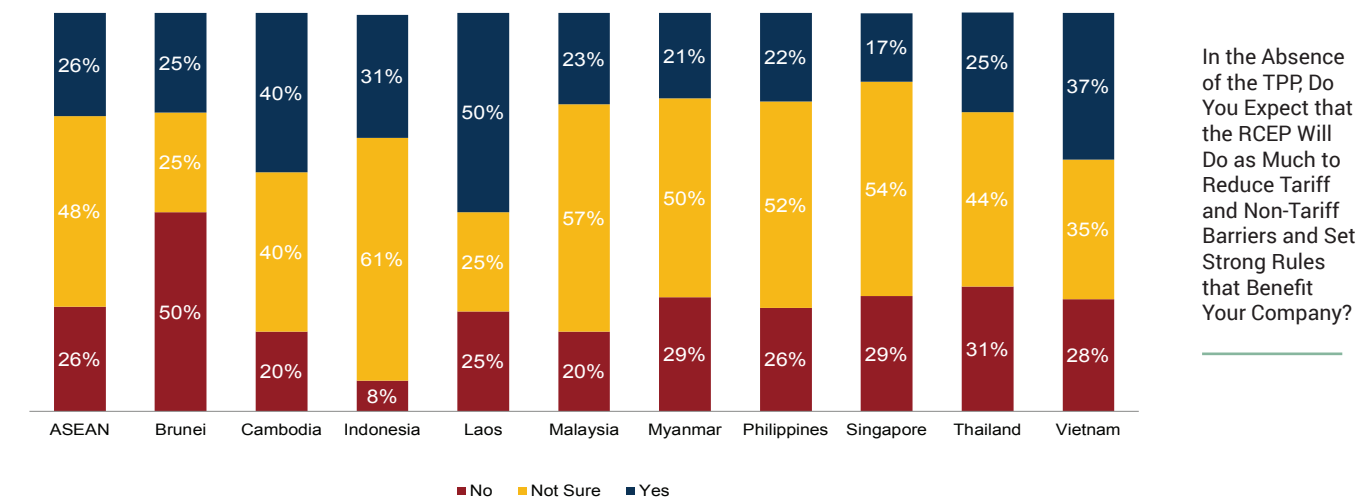


ASEAN ECONOMIC INTEGRATION

U.S. companies are uncertain about the possible conclusion and content of the Regional Comprehensive Economic Partnership (RCEP). While governance issues continue to dominate the list of suggested priority work areas for the ASEAN Economic Community (AEC), U.S. companies place renewed emphasis this year on reducing non-tariff barriers. The AEC was launched on December 31, 2015 to increase economic, political, and cultural cooperation in the ASEAN region. Although most companies report that the AEC has not made any significant impact on the location of their operations since its launch, they indicate that the maturing of the AEC and further realization of priority work areas will make ASEAN more attractive to investment.

REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP (RCEP)

With RCEP still under negotiation at the time of this survey, the plurality of respondents (48%) are uncertain about RCEP’s effect on their companies. 26% of respondents think that the RCEP will benefit their companies as much as the TPP would have, and 26% think it will not.



Due to low response numbers from Brunei and Laos, the corresponding information displayed for these countries may not be fully representative of business sentiments in those countries.

SELECTED INSIGHTS FROM SURVEY RESPONDENTS

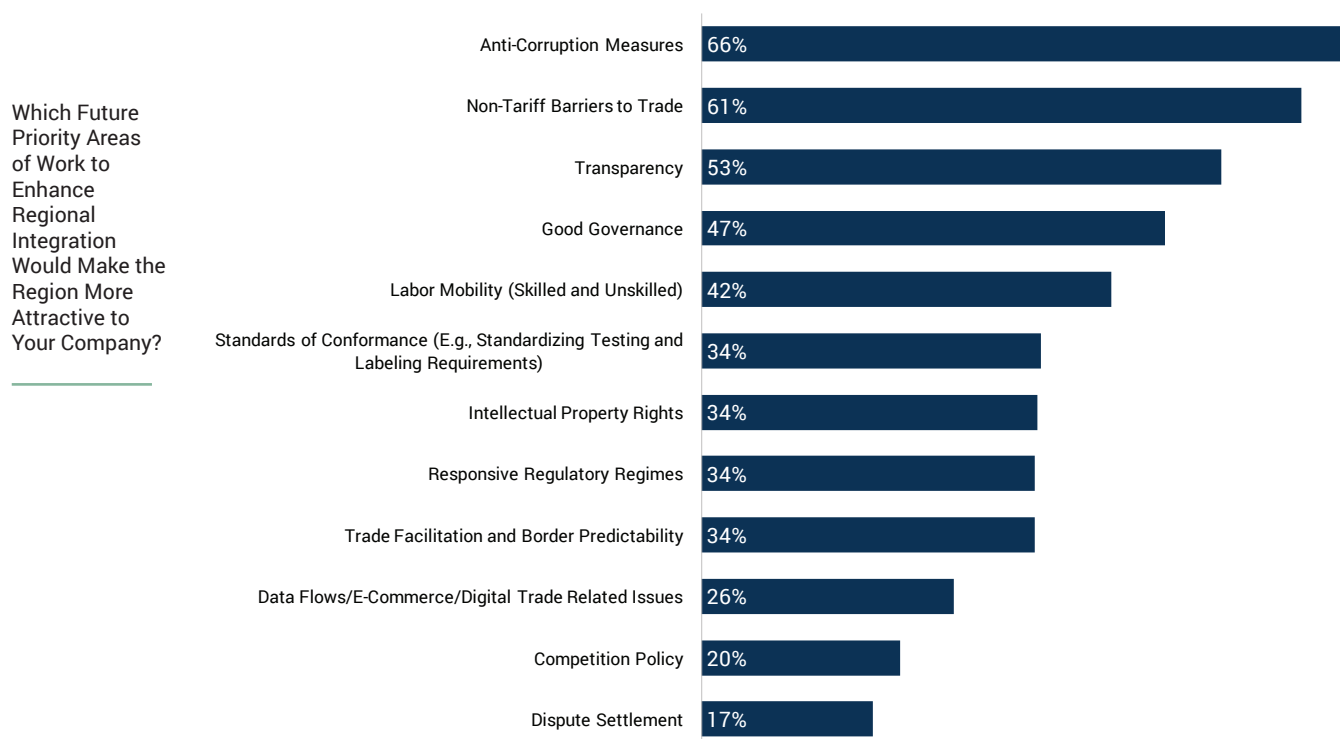
“Addition of RCEP would further enhance access to these markets, and include smaller companies as well from member countries.”

“We expect that the broader regional free trade network under RCEP will help increase our competitiveness as its constituents are markets that we are ready to grow in.”

“RCEP members have such a big gap in economic development that it could take a few more years for all members to finalize the agreement.”

ASEAN ECONOMIC COMMUNITY (AEC)

Business executives suggest that the top future priority areas of work for the ASEAN Economic Community (AEC) to make the ASEAN region more attractive to companies are anti-corruption measures (66%), reduction of non-tariff barriers to trade (61%), and enhanced transparency (53%). As in other years, governance-related issues dominate the top of the list. The importance of reducing non-tariff barriers to trade rose from fourth place (48%) last year to second place (61%) this year against the backdrop of U.S. withdrawal from the TPP; respondents who selected reducing non-tariff barriers as a top priority mostly come from Singapore (24%), Thailand (24%), and Vietnam (17%). At the same time, the responsive regulatory regimes answer choice dropped from 5th place (44%) to 8th (34%).





BUSINESS EXPANSION IN ASEAN

American businesses in ASEAN are interested in expanding within the region to respond to growing demand for their products and services. Vietnam, Myanmar, and Indonesia are the top investment destinations for expansion outside respondents' response locations. Except for Cambodia, at least half of respondents in each ASEAN country plan to expand in their response location, with 70% or more of executives in Indonesia, Vietnam, Myanmar, and the Philippines anticipating company growth in those markets.

BUSINESS EXPANSION IN ASEAN

LOCATION OF BUSINESS EXPANSION IN ASEAN

U.S. companies continue to see expanding opportunities in ASEAN. 71% of respondents said their company plans to expand into one or more ASEAN countries other than their response location, down from 76% in 2016. A correspondingly higher percentage of companies answered that they do not plan to expand elsewhere in ASEAN (29% vs 24%). As in recent years, Vietnam (34%), Myanmar (29%), and Indonesia (29%) are the most frequently cited investment destinations. Vietnam is an especially attractive investment destination for the software/IT/telecommunications (54%) and wholesale/retail (52%) sectors, while Myanmar attracts the consumer goods (36%) sector, and Indonesia the transportation/logistics (41%) sector.

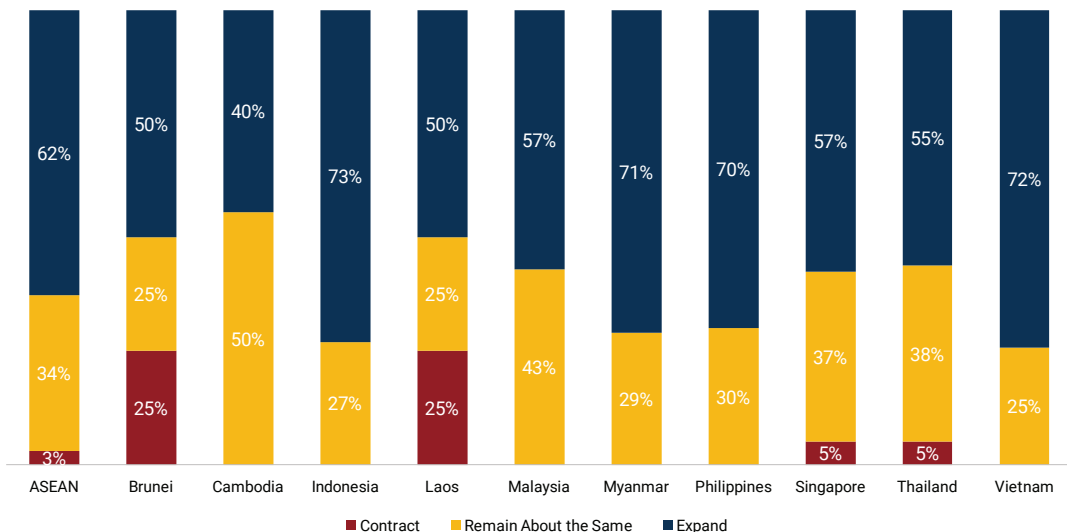
Other Than
Your Response
Location, Into
Which Specific
ASEAN Country
or Countries, If
Any, Does Your
Company Plan
to Expand?



The majority (62%) of companies plan to expand within their response location, with a very small proportion (3%) planning to contract and 34% planning to remain the same. These numbers are virtually unchanged from 2016, when 63% of businesses planned to expand, 32% planned to remain the same, and 4% planned to contract.

Except for Cambodia, at least half of the businesses in each individual country plan to expand their operations, with Indonesia, Vietnam, Myanmar, and the Philippines registering exceptionally high percentages of respondents with expansion expectations. The wholesale/retail sector (78%) demonstrates particular enthusiasm for local expansion.

In Your
Response
Location, Does
Your Company
Plan to Expand
or Contract?



Due to low response numbers from Brunei and Laos, the corresponding information displayed for these countries may not be fully representative of business sentiments in those countries.

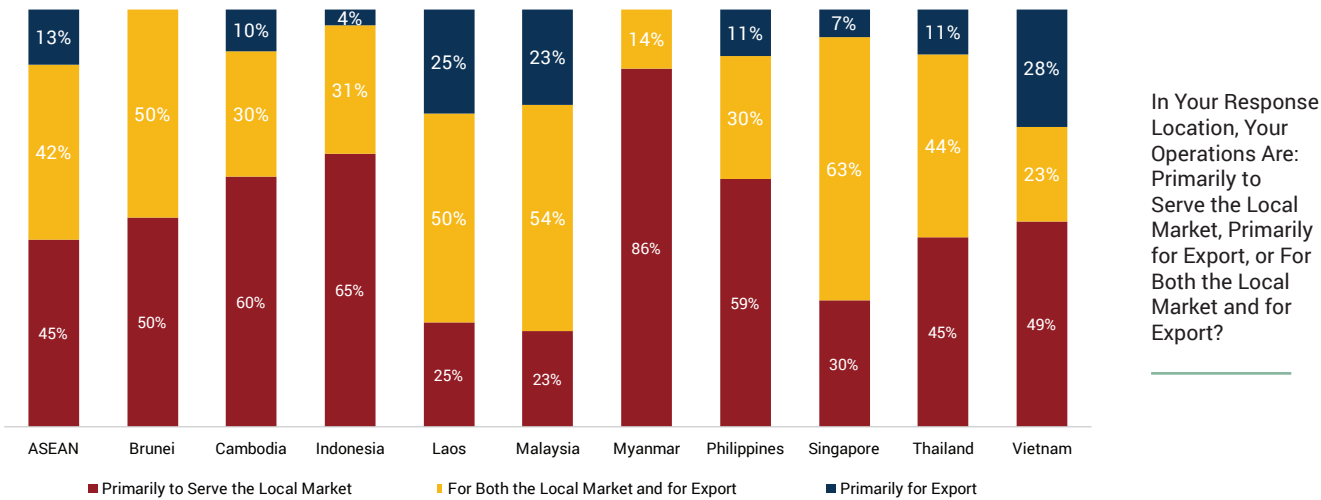
The most common reasons executives cited for expansion in their current locations are the growth of the domestic market (54%), economic growth (51%), the rise in the middle/consumer class (31%), and diversification of the customer base (30%).

Several responses illustrate the diversity of factors that influence expansion decisions. Companies in the software/IT/telecommunications sector cite stable government and political conditions (37%) as their second most common reason for expanding trade and investment after growth of the domestic market (47%). A high percentage (90%) of companies in Indonesia find growth of the domestic market a top reason for expansion; a higher-than-average percentage (37%) of businesses in the Philippines cite availability of trained personnel and efficient manpower as a top reason.



EXPORT/DOMESTIC MARKET FOCUS

Nearly half (45%) of respondents say that their companies' operations primarily serve the local market with 42% serving both local and export markets. Only 13% focus primarily on exporting. The sector with the highest percentage of businesses primarily serving local markets is wholesale/retail (63%). In general, companies in manufacturing are more likely to primarily export (19%) than those in services (6%).



Due to low response numbers from Brunei and Laos, the corresponding information displayed for these countries may not be fully representative of business sentiments in those countries.

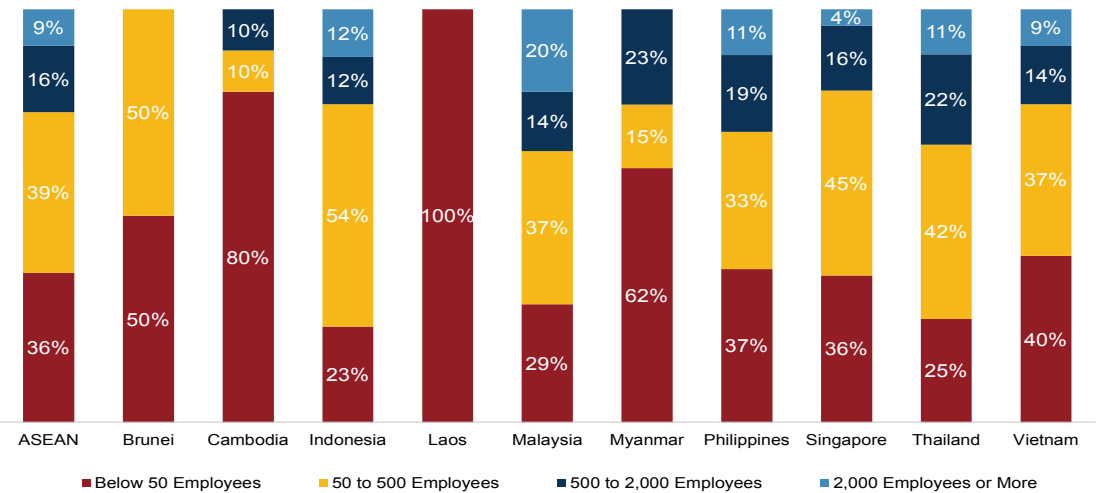


WORKFORCE DEMOGRAPHICS

After dipping gradually to 49% in 2016 from a high of 66% in 2011, more than half (58%) of respondents' companies are increasing their workforce. Workforce population health is an important factor in investment decision-making for companies across ASEAN.

WORKFORCE SIZE & COMPOSITION

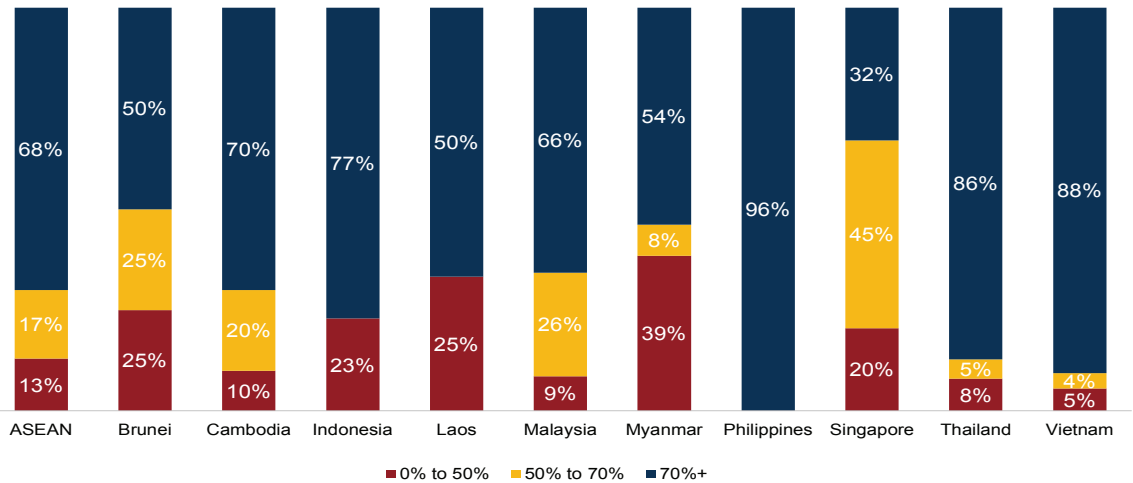
Three-quarters of respondents across ASEAN have a workforce size of fewer than 500 in their response locations. Companies with 50 or fewer workers are dominant among respondents from Cambodia (80%) and Myanmar (62%) while Malaysia (20%), Indonesia (12%), Philippines (11%), and Thailand (11%) host the highest percentages of corporations with 2,000 employees or more.



What is the Approximate Size of Your Total Workforce in Your Response Location?

Due to low response numbers from Brunei and Laos, the corresponding information displayed for these countries may not be fully representative of business sentiments in those countries.

Over two-thirds of respondents (68%) in the region indicate that 70% or more of their workforce are host country nationals. Respondents in the Philippines (96%), Vietnam (88%), and Thailand (86%) indicate that local employees make up 70% or more of their workforce, contrasting with countries like Singapore (32%).



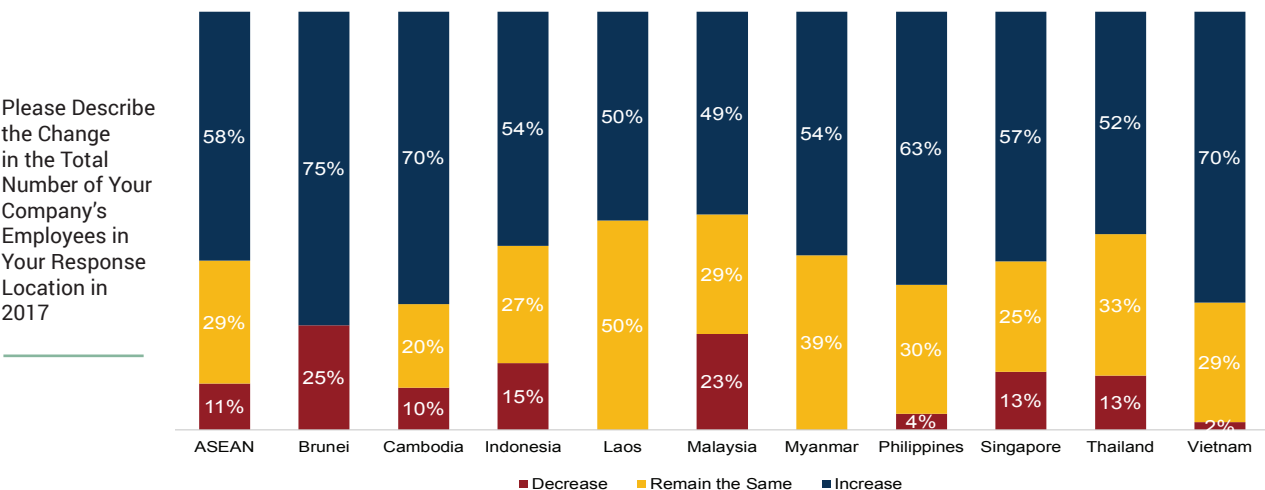
In Your Response Location, what Percentage of Your Workforce is Comprised of Citizens of that Country?

Figures for each country shown in the chart above may not add to 100% as the "Not Sure" category is not represented above. Due to low response numbers from Brunei and Laos, the corresponding information displayed for these countries may not be fully representative of business sentiments in those countries.

WORKFORCE DEMOGRAPHICS

WORKFORCE EXPANSION PLANS

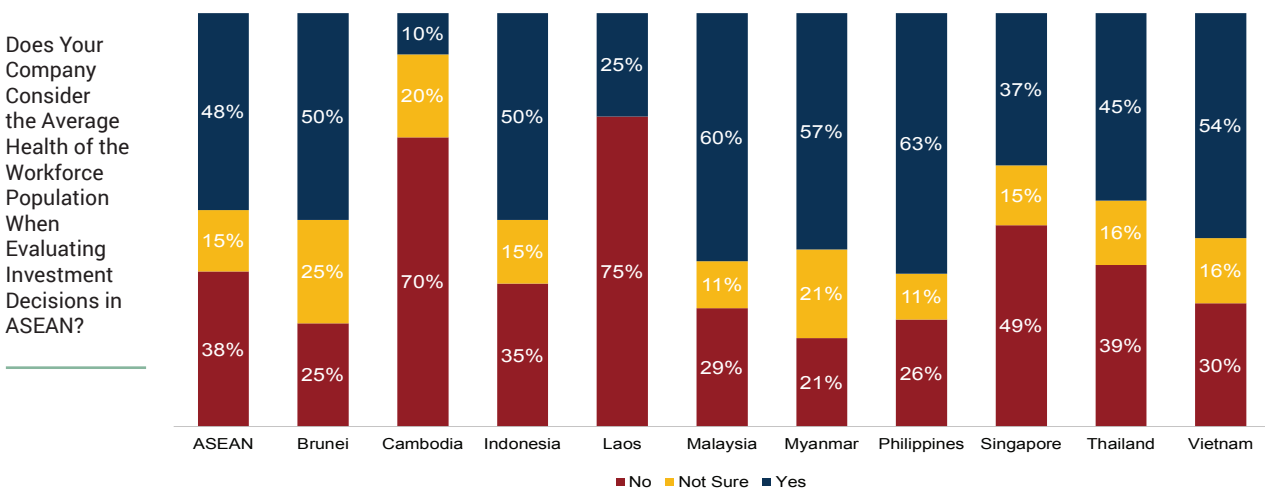
58% of respondents across ASEAN reported an increase in the size of their workforce in 2017. Vietnam (70%), the Philippines (63%), and Singapore (57%) have the highest proportion of companies planning to increase the workforce.



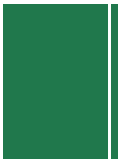
Due to low response numbers from Brunei and Laos, the corresponding information displayed for these countries may not be fully representative of business sentiments in those countries.

EMPLOYEE HEALTH

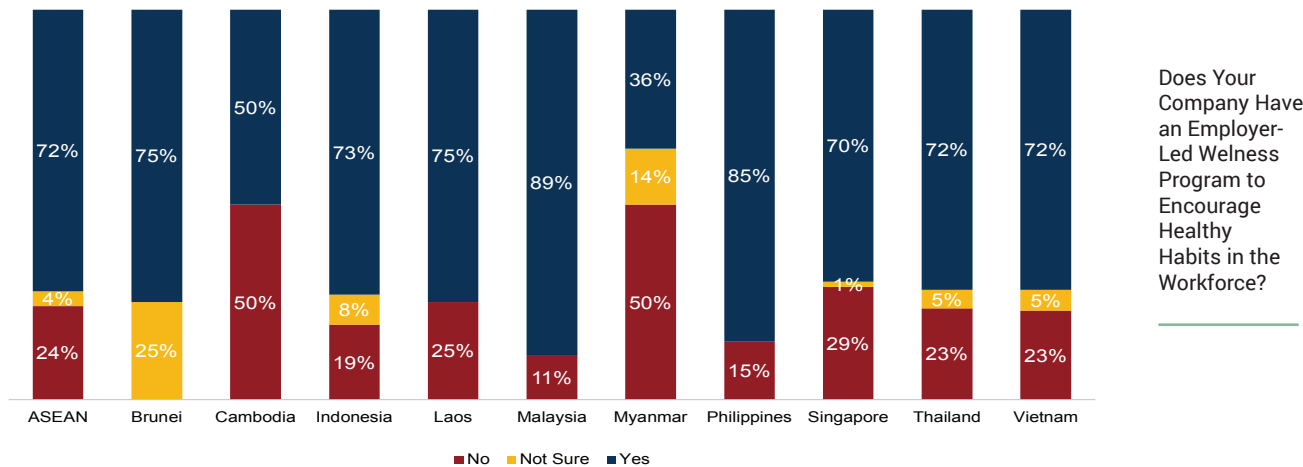
48% of respondents' companies consider the average health of the workforce population when making investment decisions in ASEAN. This is particularly true for the Philippines (63%), Malaysia (60%), and Myanmar (57%).



Due to low response numbers from Brunei and Laos, the corresponding information displayed for these countries may not be fully representative of business sentiments in those countries.



72% of all respondents' companies have employer-led wellness programs. Malaysia (89%) and the Philippines (85%) have the highest percentage of respondents whose companies have structured programs to encourage healthy habits.



Due to low response numbers from Brunei and Laos, the corresponding information displayed for these countries may not be fully representative of business sentiments in those countries.

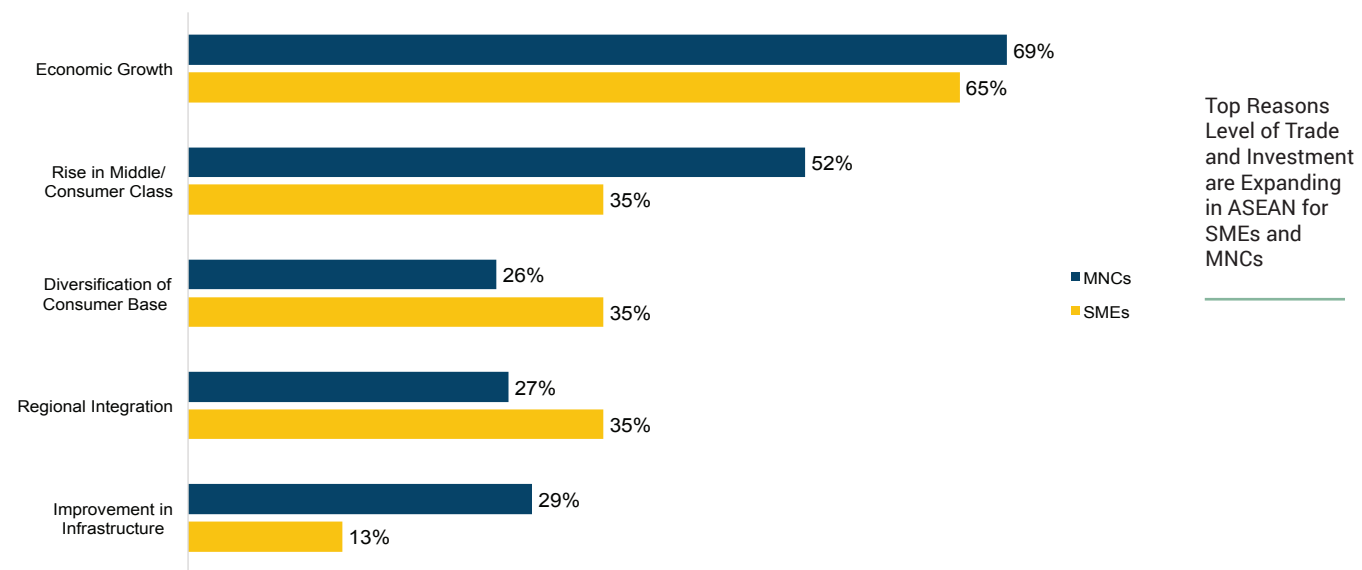
SME OUTLOOK

ASEAN is an investment home for U.S. small and medium-sized enterprises (SMEs) as well as multinational corporations (MNCs). SME executives tend to be less confident than MNC executives about profit growth in 2017 compared to 2016. However, SMEs and MNCs are equally confident about profit growth in 2018 compared to 2016. Half of SME respondents report they primarily serve the local market, as compared to 38% for larger firms. More than double the percentage of SMEs (38%) as MNCs (18%) indicate that they have no plans to expand into other ASEAN countries. SMEs report that they are less affected by factors such as global relations and trade agreements.

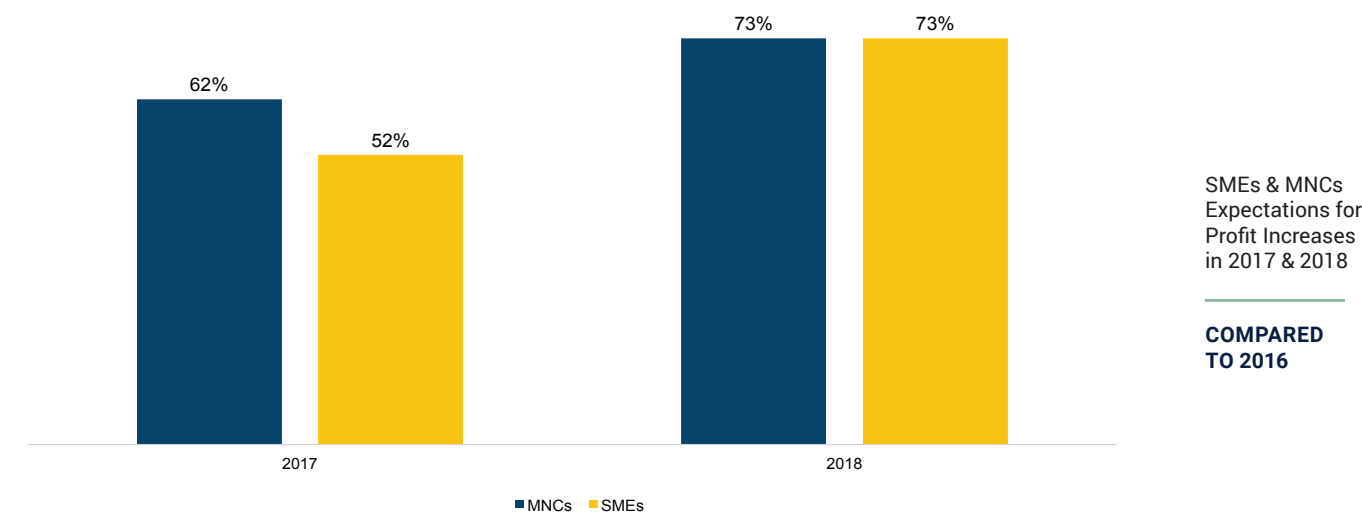
Note: Small and medium-sized enterprises are defined here as firms with 50 employees or less in their response location.

ECONOMIC OUTLOOK

Respondents from SMEs and MNCs share similar reasons for expanding their companies' levels of trade and investment in ASEAN. Both groups cite economic growth (69% MNC; 65% SME), rise in the middle/consumer class (52% MNC; 35% SME), diversification of the customer base (26% MNC, 35% SME), and regional integration (27% MNC, 35% SME) as their top four reasons. However, improvement in infrastructure has higher priority for MNCs (29%) than for SMEs (13%). This distinction may be attributable to the different sectors in which SMEs and MNCs operate: Only 10% of SMEs are in manufacturing compared to 41% of MNCs, and only 14% of SMEs include distribution and logistics among their operations, compared to 49% of MNCs.

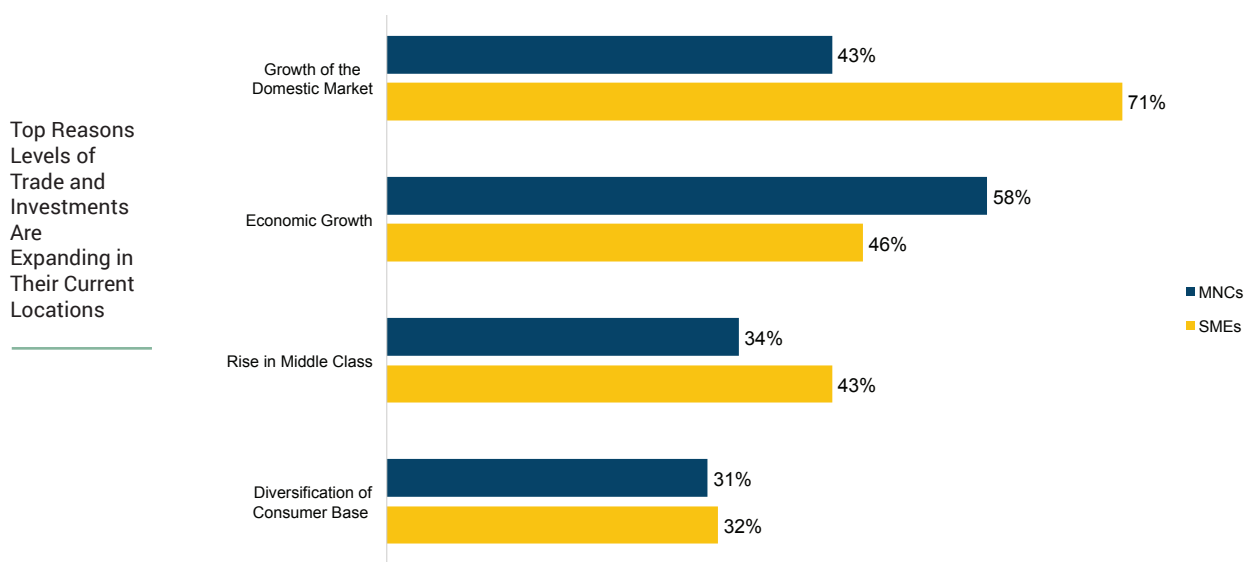


While 62% of MNCs expect an increase in profit in 2017 from 2016, 52% of SMEs expect profit increases in 2017. In contrast, the same percentage (73%) of SME and MNC respondents expect profit increase in 2018 compared to 2016.



BUSINESS EXPANSION & EXPORT/DOMESTIC MARKET FOCUS

While SMEs and MNCs share the same top reasons to expand their trade and investment in their current locations, the order of priority differs. MNC executives cite economic growth (58%) as the most important reason for their expansion, with the growth of the domestic market (43%) and rise in the middle/consumer class (34%) listed as secondary factors. In contrast, SME executives indicate growth of the domestic market (71%) as their most important reason for expansion, with economic growth (46%) and the rise in the middle/consumer class (43%) as secondary. This difference highlights SMEs' greater emphasis on domestic markets: 50% of SME respondents state that their operations in their response location are primarily to serve the local market versus 38% for MNCs.



Surveyed executives' responses about business expansion plans within ASEAN further illustrate SMEs' greater focus on domestic markets. Only 18% of MNC respondents indicate that they had no plans for business expansion within ASEAN, in contrast to 38% of SMEs. MNC executives name Vietnam (44%) and Indonesia (41%) as their top destinations for expansion, while SME executives' top choices were Myanmar (25%) and Vietnam (21%).

GLOBAL RELATIONS AND TRADE AGREEMENTS

Only 23% of SMEs compared to 59% of MNCs believe that punitive trade action against China by the U.S. will negatively affect their operations. The percentages of MNC (20%) and SME (12%) respondents who say new U.S. trade and tax policies will affect their operations follow this pattern. With respect to priority areas for ASEAN regional integration, SME and MNC respondents place similar importance on anti-corruption measures (67% MNC; 69% SME) and non-tariff barriers to trade (67% MNC; 58% SME). However, a significant difference exists in the two groups' attitudes on labor mobility (39% MNC; 21% SME) and standards of conformance (46% MNC; 15% SME).

CURRENT LOCAL BUSINESS ENVIRONMENT

The table below summarizes executives' views of 18 business environment factors, listed in the left-hand column, across each of the ten ASEAN countries. The color of the box represents whether the majority/ plurality of respondents were satisfied (green/light green), dissatisfied (red/pink), or neutral (white).

As in previous years' reports, corruption and laws and regulations are the greatest concerns for U.S. companies across ASEAN, with considerable variation across countries. Satisfaction with personal security and sentiment toward the United States remains high.

Factors	ASEAN	Brunei	Cambodia	Indonesia	Laos	Malaysia	Myanmar	Philippines	Singapore	Thailand	Vietnam
Adequate and Well-Trained Labor Force	43%	50%	50%	46%	75%	37%	50%	78%	66%	34%	39%
Availability of Low Cost Labor	36%	75%	50%	46%	25%	40%	57%	74%	34%	36%	49%
Availability of Raw Materials	29%	75%	30%	31%	25%	37%	29%	44%	26%	41%	26%
Availability of Trained Personnel	42%	75%	50%	38%	100%	46%	50%	81%	64%	36%	39%
Ease of Moving Your Products through Customs	28%	50%	30%	35%	25%	29%	57%	33%	47%	30%	33%
Free Movement of Goods within the Region	34%	50%	30%	35%	100%	37%	36%	33%	45%	38%	46%
Housing Costs	39%	75%	60%	42%	50%	37%	64%	33%	47%	42%	42%
Infrastructure	50%	50%	50%	42%	50%	77%	71%	63%	91%	50%	42%
Lack of Corruption	49%	50%	80%	65%	100%	46%	57%	70%	82%	55%	77%
Lack of Local Protectionism	43%	50%	40%	54%	75%	63%	43%	48%	54%	42%	53%
Laws & Regulations	39%	75%	80%	58%	75%	46%	71%	41%	76%	44%	51%
Legal System/Contract Sanctity	36%	50%	70%	42%	75%	40%	57%	37%	82%	52%	47%
New Business Incentives Offered by Government	37%	50%	50%	38%	50%	43%	64%	52%	61%	39%	49%
Office Lease Costs	34%	50%	50%	46%	50%	46%	71%	48%	41%	45%	35%
Personal Security	64%	100%	50%	54%	50%	46%	64%	48%	91%	67%	65%
Sentiment Toward the U.S.	57%	50%	50%	54%	50%	51%	64%	52%	75%	45%	81%
Stable Government & Political System	49%	75%	50%	50%	50%	34%	50%	37%	86%	41%	56%
Tax Structure	34%	75%	50%	54%	50%	37%	43%	59%	71%	45%	42%

■ Strength: 50% or greater satisfaction rate

■ Concern: 40% or greater dissatisfaction rate

□ Neutral: the plurality is neutral or the factor is inapplicable

■ Strength: Plurality are satisfied but satisfaction rate is less than 50%

■ Concern: Plurality are dissatisfied but dissatisfaction rate is less than 40%

Control Risks

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For more information, please contact:

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CHANGE IN SATISFACTION OF LOCAL BUSINESS ENVIRONMENT (2012 VS. 2017)

The following table summarizes executives' changing views of 16 business environment factors, listed in the left-hand column, across ASEAN and the seven ASEAN countries for which we have six years of data. The numbers indicate the change in satisfaction between respondents' answers in 2012 and 2017, with the number representing the difference between the answers in percentage points. The green cells indicate positive changes in satisfaction, while the red cells indicate negative changes in satisfaction. The intensity of the shade of green or red indicates the significance of the change. Unshaded cells indicate minimal change.

Overall, respondents are less satisfied with their local business environment in 2017 than in 2012. In ASEAN as a whole, satisfaction has dropped for every business environment factor listed, with satisfaction in political stability falling the most (-16 percentage points) and satisfaction in the availability of low cost labor falling the least (-4 percentage points). Although it still registers a relatively positive assessment in 2017, Malaysia has seen a particularly marked drop in satisfaction rates, with 13 of 16 factors experiencing a fall of more than 10 percentage points. Thailand has seen the greatest increase in satisfaction, with 4 factors experiencing an increase in satisfaction.

Factors	ASEAN	Cambodia	Indonesia	Malaysia	Philippines	Singapore	Thailand	Vietnam
Availability of Low Cost Labor	▼ 4%	▼ 39%	▼ 40%	▲ 9%	▲ 2%	▼ 3%	▼ 2%	▼ 6%
Availability of Raw Materials	▼ 8%	▼ 13%	▼ 16%	▼ 15%	▼ 18%	▼ 11%	▲ 3%	▼ 4%
Availability of Trained Personnel	▼ 8%	▲ 11%	▼ 8%	▲ 1%	▲ 4%	▲ 3%	▼ 8%	▼ 9%
Ease of Moving Your Products through Customs	▼ 14%	▼ 25%	▼ 10%	▼ 37%	▲ 3%	▼ 18%	▼ 6%	▼ 1%
Free Movement of Goods within the Region	▼ 12%	▼ 36%	▲ 6%	▼ 28%	▲ 3%	▼ 17%	▼ 5%	▼ 6%
Housing Costs	▼ 4%	▼ 24%	▼ 28%	▼ 11%	▼ 14%	▼ 2%	▼ 9%	▲ 7%
Infrastructure	▼ 7%	▼ 1%	▲ 10%	▼ 13%	▼ 14%	▼ 4%	▼ 1%	▲ 5%
Lack of Corruption	▼ 7%	▲ 10%	▼ 2%	0%	▲ 9%	▼ 7%	▲ 13%	▼ 1%
Lack of Local Protectionism	▼ 10%	▼ 11%	▼ 7%	▼ 24%	0%	▲ 8%	▼ 15%	▼ 16%
Laws & Regulations	▼ 13%	▼ 15%	▼ 5%	▼ 29%	▼ 3%	▼ 9%	▲ 8%	▼ 3%
New Business Incentives Offered by Government	▼ 5%	▼ 5%	▲ 10%	▼ 27%	▼ 26%	▼ 1%	▲ 21%	▲ 1%
Office Lease Costs	▼ 5%	▼ 36%	▼ 12%	▼ 35%	▼ 12%	▲ 6%	▼ 10%	▲ 1%
Personal Security	▼ 10%	▼ 6%	▼ 9%	▼ 20%	▼ 9%	▼ 5%	▼ 2%	▼ 7%
Sentiment Toward the U.S.	▼ 13%	▼ 45%	▼ 23%	▼ 44%	▼ 31%	0%	▼ 10%	▲ 13%
Stable Government & Political System	▼ 16%	▼ 45%	▼ 29%	▼ 31%	▼ 27%	▼ 8%	▲ 30%	▼ 5%
Tax Structure	▼ 15%	▼ 1%	▼ 21%	▼ 24%	▼ 23%	▼ 12%	▲ 4%	0%

■ Increase: 10% or greater increase in satisfaction

■ Weak Increase: Between 5% and 10% increase in satisfaction

■ Decrease: 10% or greater decrease in satisfaction

■ Weak Decrease: Between 5% and 10% decrease in satisfaction

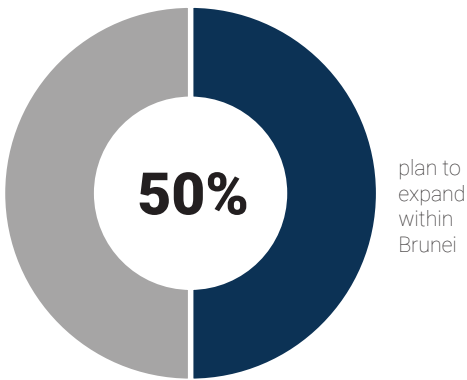
□ Minimal Change: the satisfaction percentage has changed less than 5%

Note: 5 year data are not available for Brunei, Laos, and Myanmar. Cells measure the change in satisfaction rates only and do not indicate the absolute level of satisfaction/dissatisfaction/neutrality

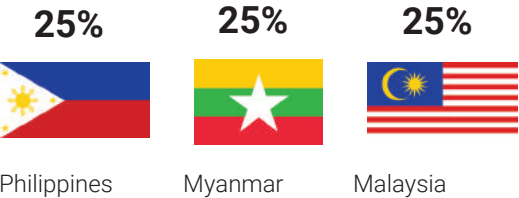


U.S. Investors' Sentiments and Perceptions in BRUNEI

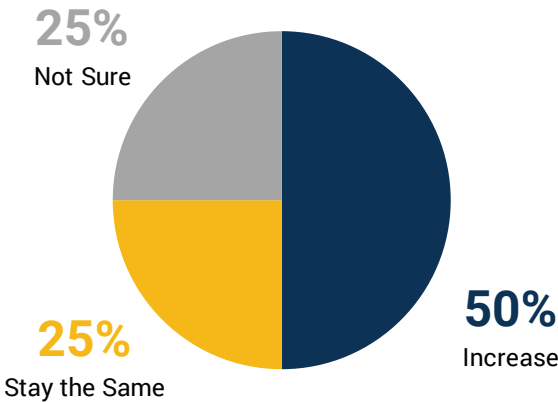
Business Expansion



Most targeted ASEAN country for expansion beyond Brunei:



Profit Outlook 2018



Satisfaction with Government Agencies

Businesses are generally neutral about or slightly satisfied with government agencies in Brunei.

Local Business Environment

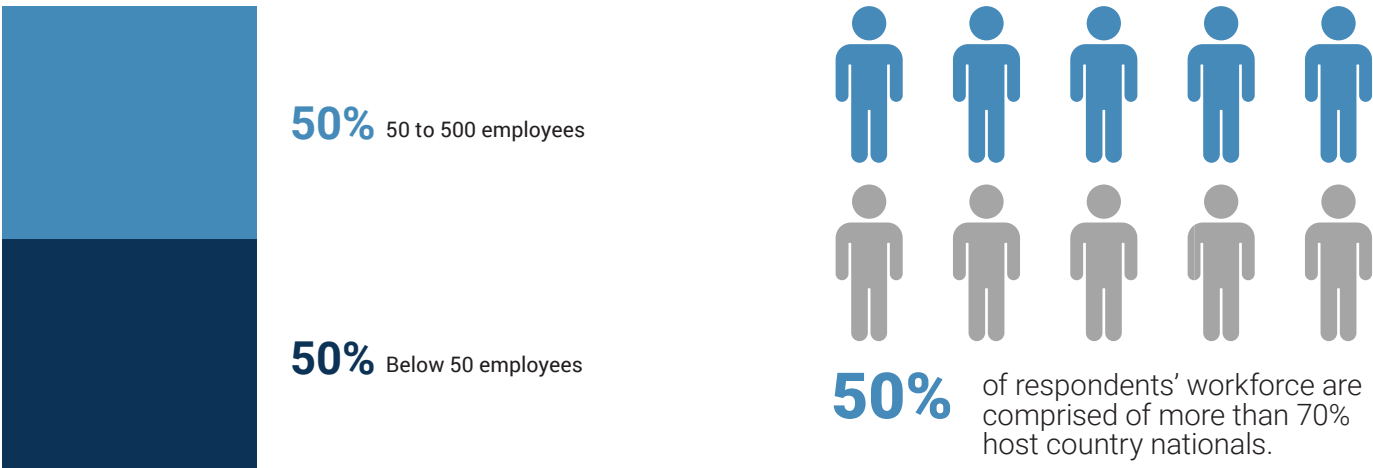
The chart below tracks U.S. investor satisfaction with 16 aspects of the business environment from 2013-17. The percentage of those indicating satisfaction in 2017 is listed in the right-hand column.



ASEAN Business Outlook

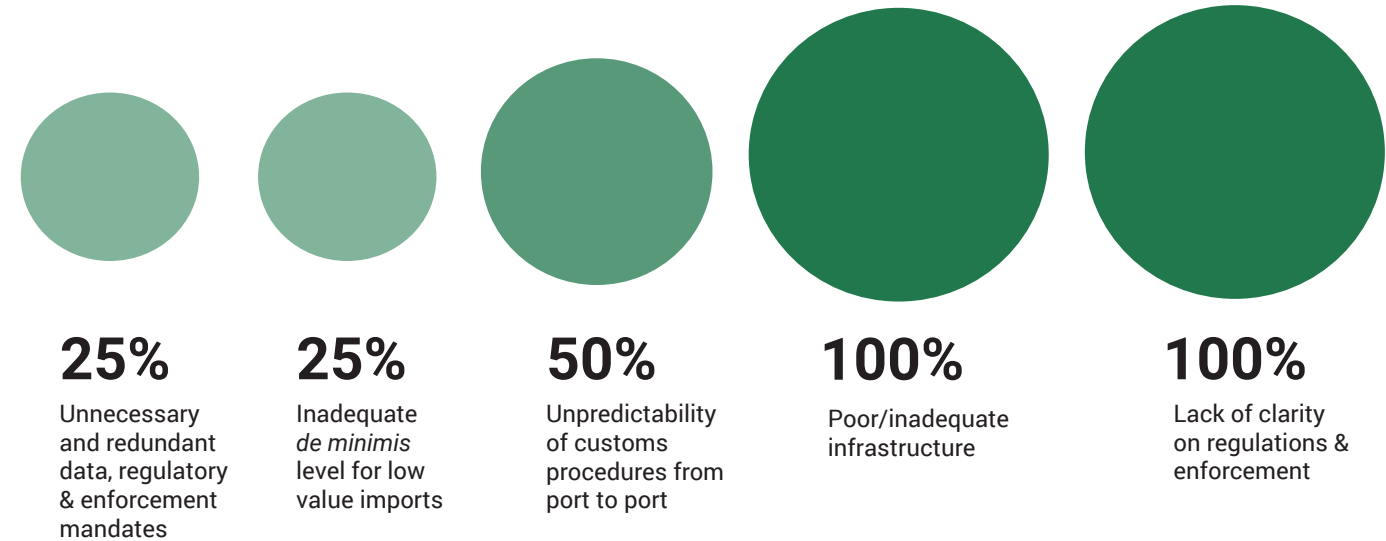


Workforce

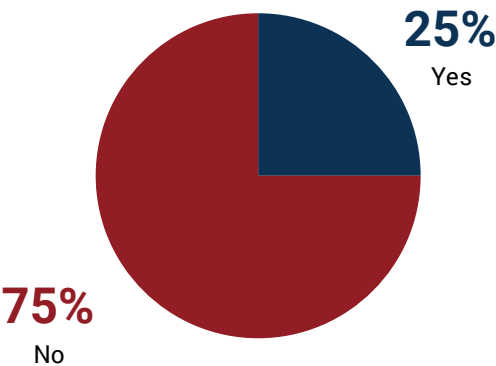


Top Supply Chain Issues Faced in Brunei

The size of each circle below represents the proportion of respondents who listed the given factor as a top supply chain issue.



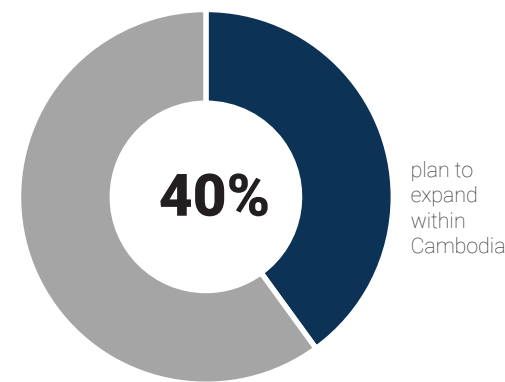
In the absence of TPP, do you think Brunei will continue to adopt the market-opening and liberalization measures that TPP would have required?



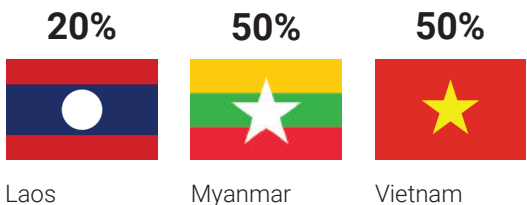


U.S. Investors' Sentiments and Perceptions in CAMBODIA

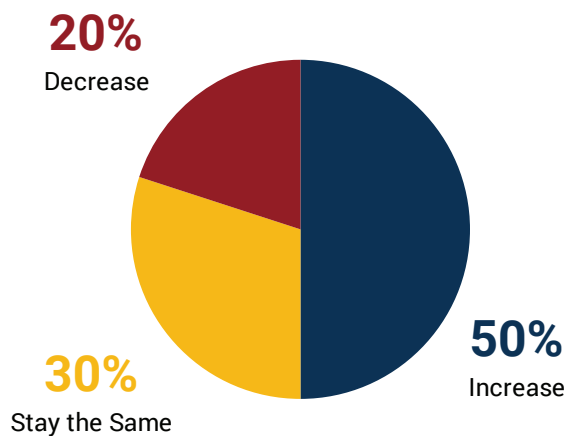
Business Expansion



Most targeted ASEAN country for expansion beyond Cambodia:



Profit Outlook 2018

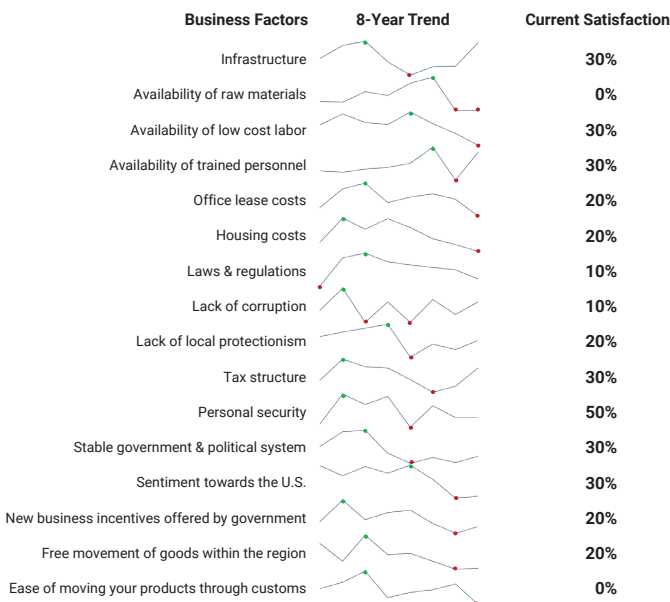


Satisfaction with Government Agencies

Respondents report dissatisfaction with Taxation/Revenue (60%).

Local Business Environment

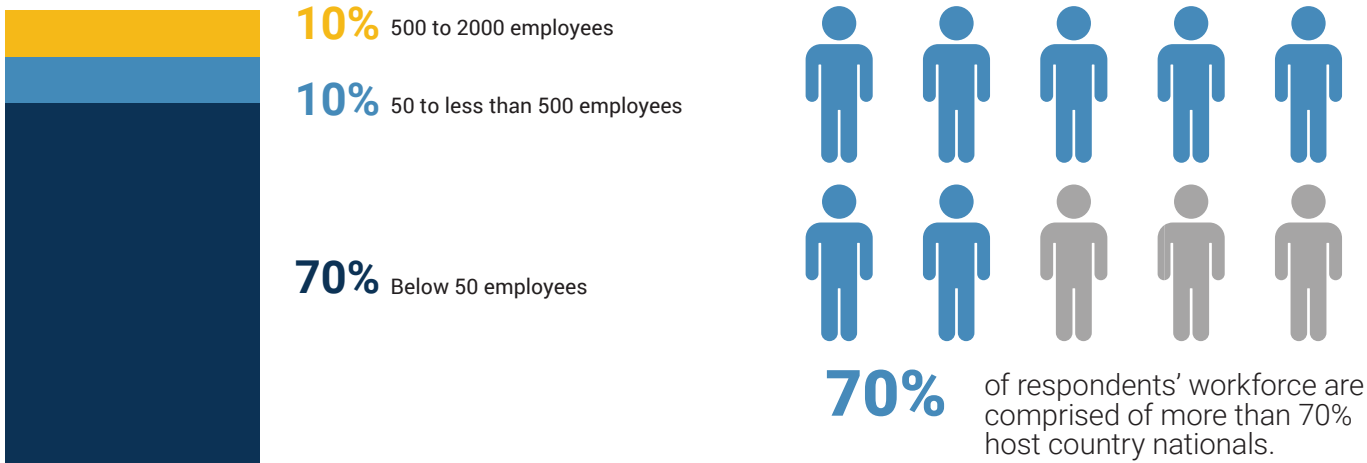
The chart below tracks U.S. investor satisfaction with 16 aspects of the business environment from 2010-17. The percentage of those indicating satisfaction in 2017 is listed in the right-hand column.



ASEAN Business Outlook

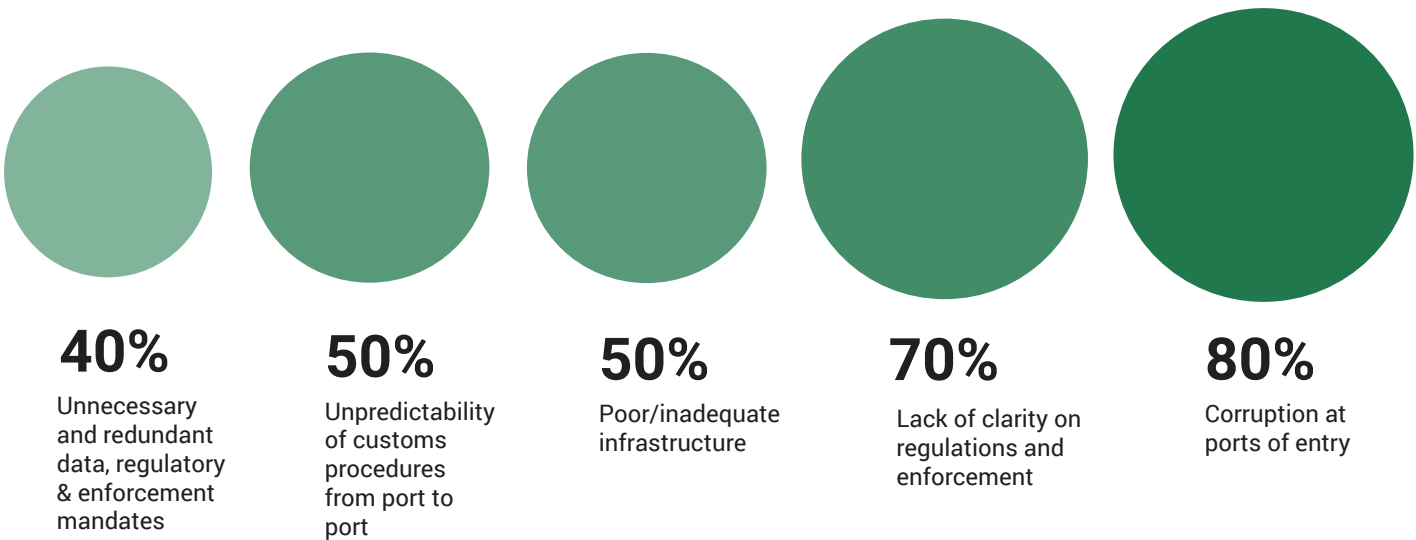


Workforce



Top Supply Chain Issues Faced in Cambodia

The size of each circle below represents the proportion of respondents who listed the given factor as a top supply chain issue.



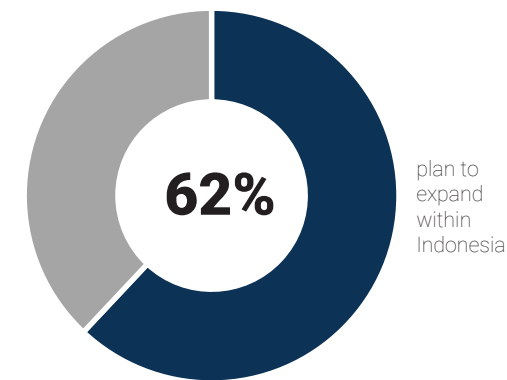
What sectors offer the greatest opportunity to U.S. businesses in Cambodia?



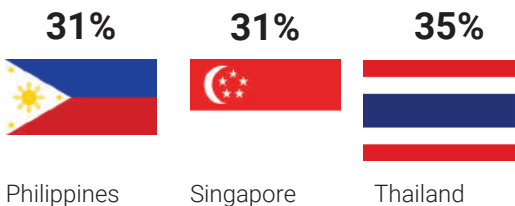


U.S. Investors' Sentiments and Perceptions in INDONESIA

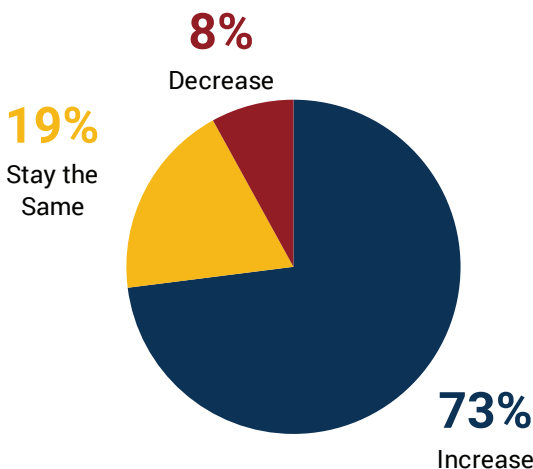
Business Expansion



Most targeted ASEAN country for expansion beyond Indonesia:



Profit Outlook 2018

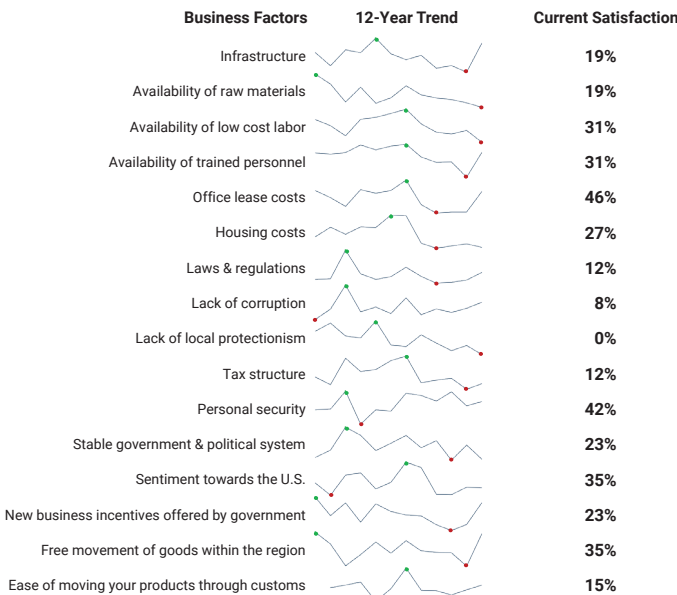


Satisfaction with Government Agencies

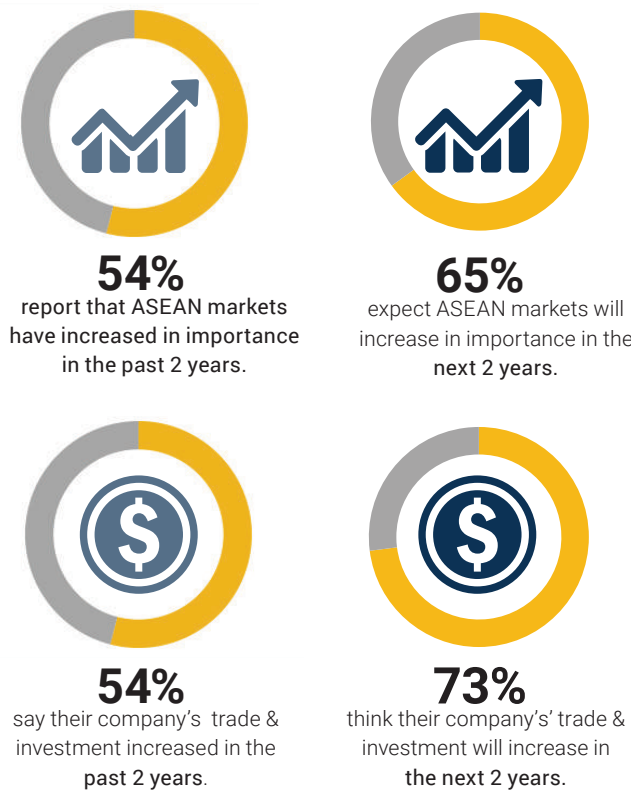
Respondents are generally neutral about government agencies in Indonesia. No agencies receive a satisfaction rate higher than 50% or a dissatisfaction rate of higher than 40%.

Local Business Environment

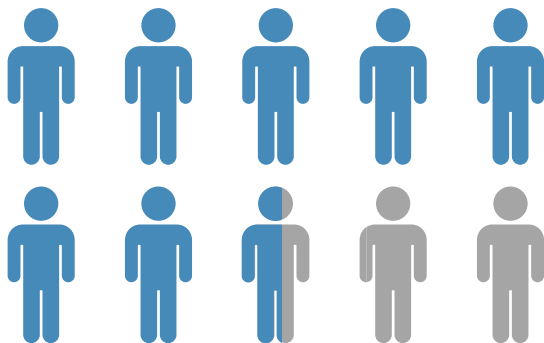
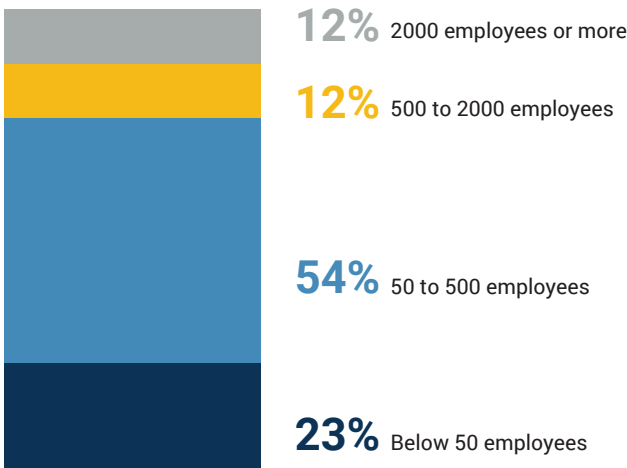
The chart below tracks U.S. investor satisfaction with 16 aspects of the business environment from 2006-17. The percentage of those indicating satisfaction in 2017 is listed in the right-hand column.



ASEAN Business Outlook



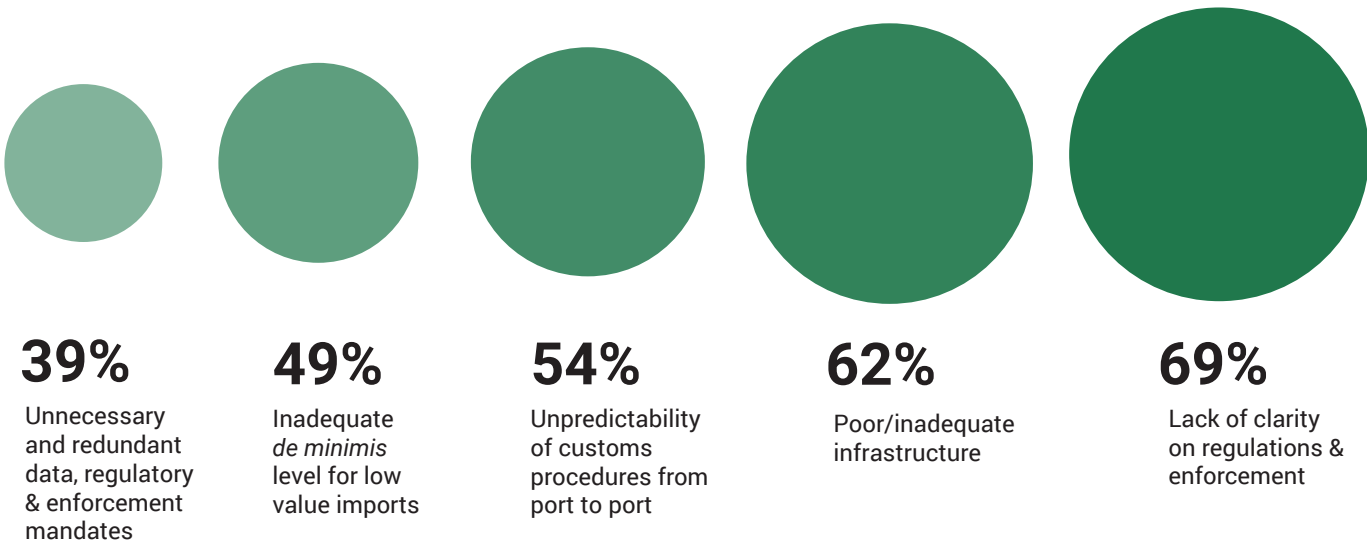
Workforce



of respondents' workforce are comprised of more than 70% host country nationals.

Top Supply Chain Issues Faced in Indonesia

The size of each circle below represents the proportion of respondents who listed the given factor as a top supply chain issue.



Which of the following areas for reform would most benefit foreign investors in Indonesia?

62% Greater progress on battling corruption

42% More liberal work permit rules

54% Clearer incentives for investment

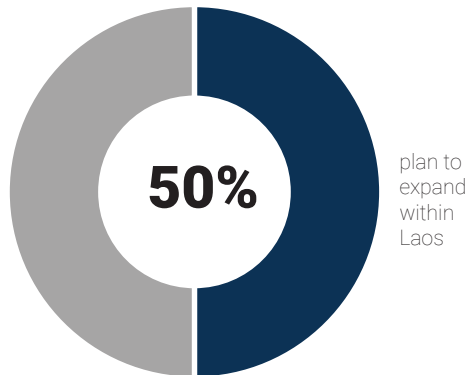
39% Simplification of tax code

50% Clearer legal protections, including police and judiciary reform



U.S. Investors' Sentiments and Perceptions in LAOS

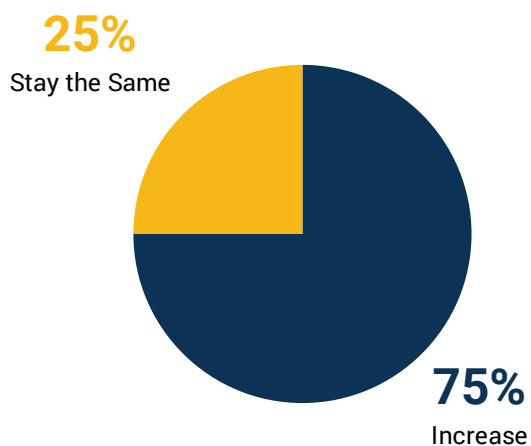
Business Expansion



Most targeted ASEAN country for expansion beyond Laos:

No respondents indicated plans for expansion outside of Laos.

Profit Outlook 2018

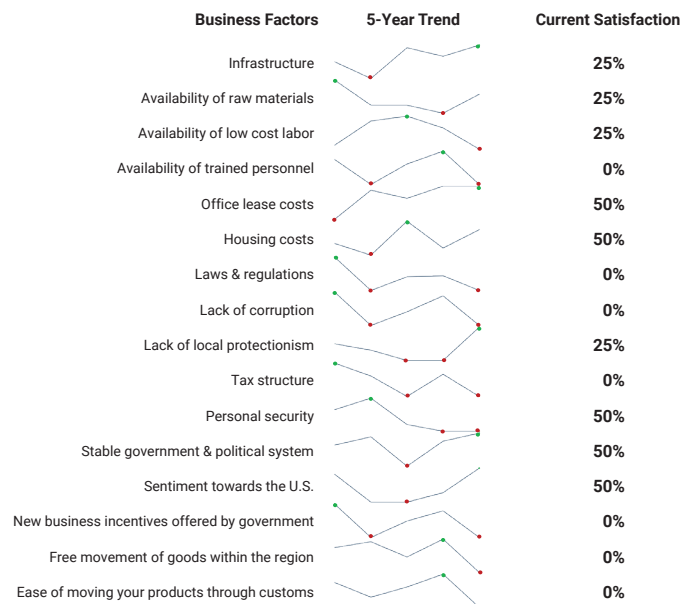


Satisfaction with Government Agencies

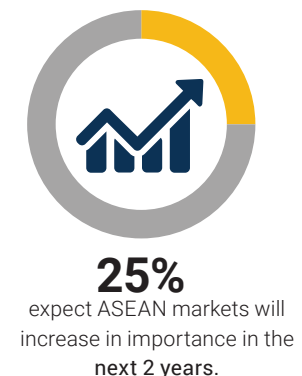
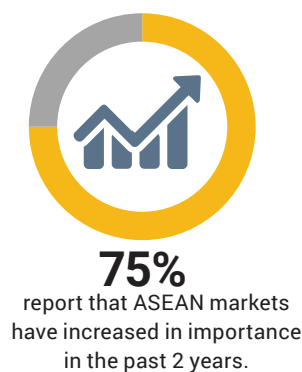
Respondents report satisfaction with Trade/Commerce (75%).

Local Business Environment

The chart below tracks U.S. investor satisfaction with 16 aspects of the business environment from 2013-17. The percentage of those indicating satisfaction in 2017 is listed in the right-hand column.



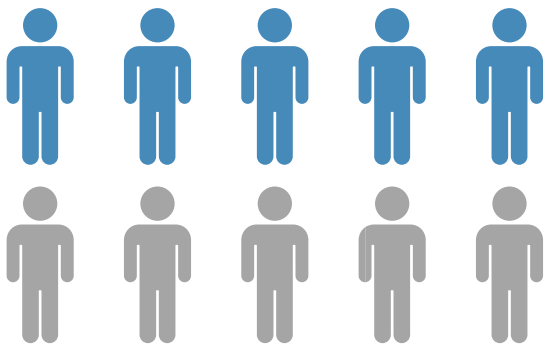
ASEAN Business Outlook



Workforce



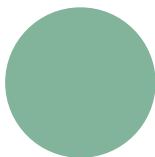
100% Below 50 employees



50% of respondents' workforce are comprised of more than 70% host country nationals.

Top Supply Chain Issues Faced in Laos

The size of each circle below represents the proportion of respondents who listed the given factor as a top supply chain issue.



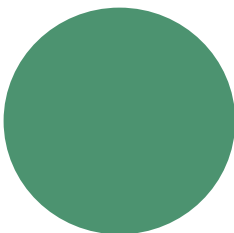
25%

Corruption at ports of entry



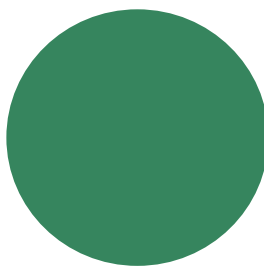
25%

Lack of regional integration and uniformity of regulatory cooperation



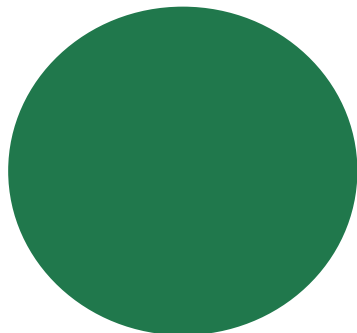
50%

Unpredictability of customs procedures from port to port



75%

Unnecessary and redundant data, regulatory and enforcement mandates



100%

Lack of clarity on regulations & enforcement

Which of the following factors do you feel are the greatest barriers to investing in Laos?

100%

Legal system that lacks impartiality and provides limited protection for foreign

75%

Limited domestic market

100%

Prevalence of corruption

50%

Insufficient skilled manpower

100%

Inefficient business environment (bottlenecks to trade and time required to process key

50%

Limited access to bank credit

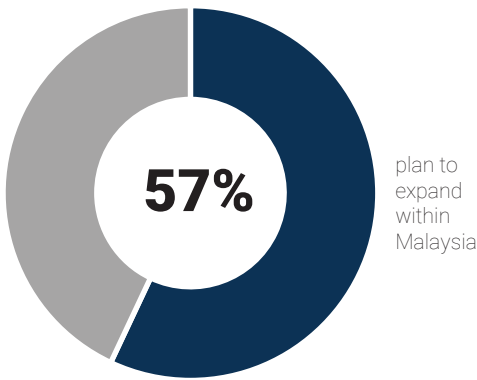
100%

Slow pace of reforms to attract foreign investors



U.S. Investors' Sentiments and Perceptions in MALAYSIA

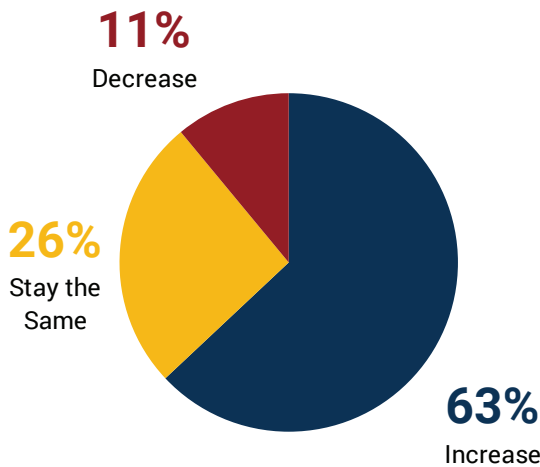
Business Expansion



Most targeted ASEAN country for expansion beyond Malaysia:



Profit Outlook 2018

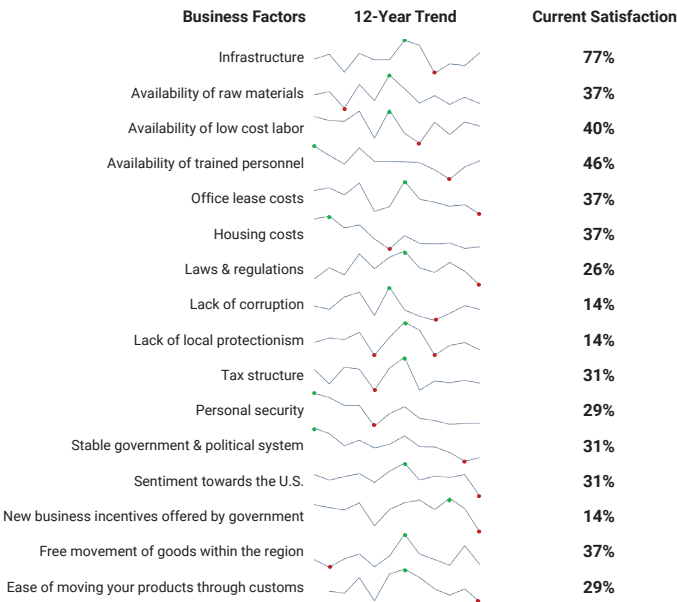


Satisfaction with Government Agencies

Respondents are generally neutral about government agencies in Malaysia. No agencies receive a satisfaction rate of higher than 50% or a dissatisfaction rate of higher than 40%.

Local Business Environment

The chart below tracks U.S. investor satisfaction with 16 aspects of the business environment from 2006-17. The percentage of those indicating satisfaction in 2017 is listed in the right-hand column.



ASEAN Business Outlook



29% report that ASEAN markets have increased in importance in the past 2 years.



40% expect ASEAN markets will increase in importance in the next 2 years.

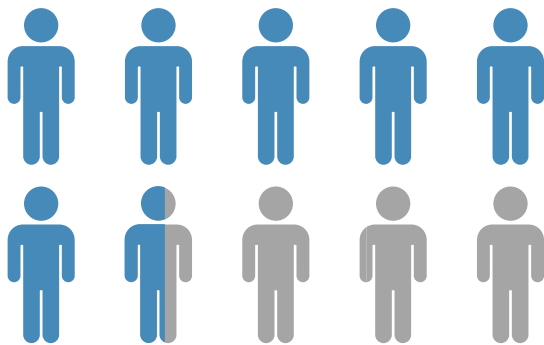
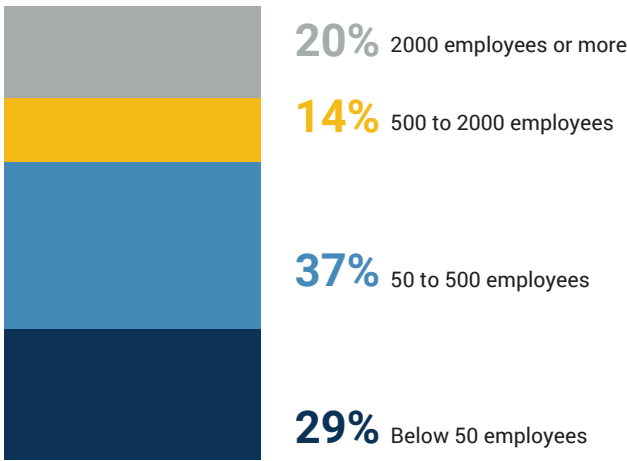


43% say their company's trade & investment increased in the past 2 years.



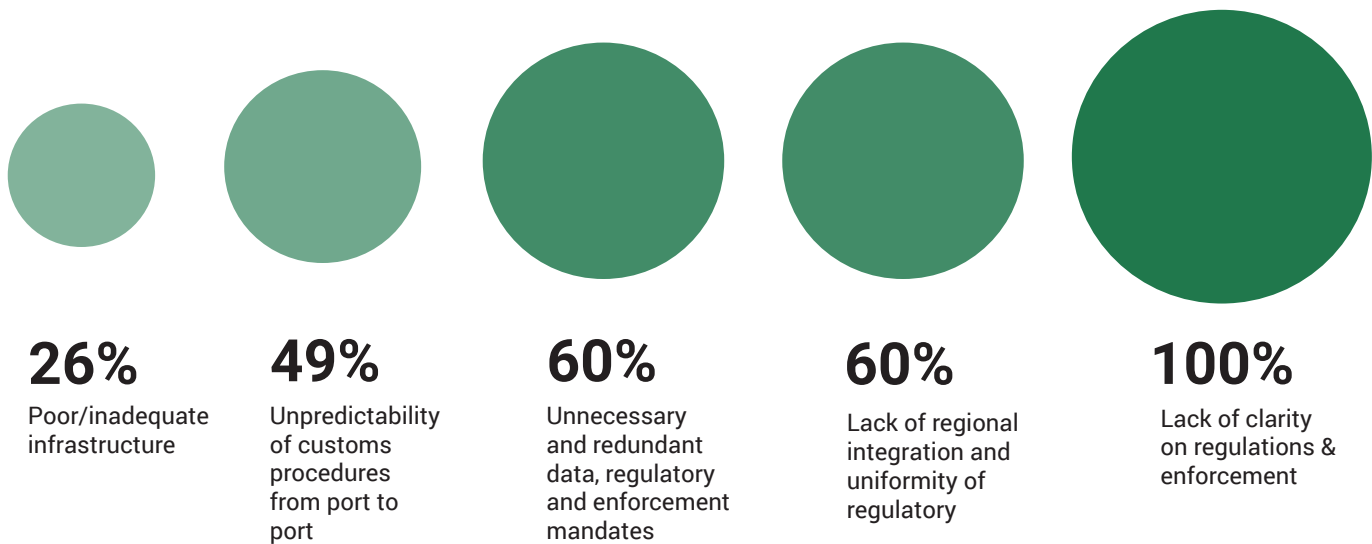
69% think their company's trade & investment will increase in the next 2 years.

Workforce

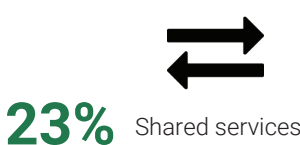
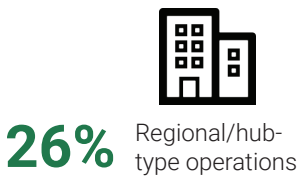


Top Supply Chain Issues Faced in Malaysia

The size of each circle below represents the proportion of respondents who listed the given factor as a top supply chain issue.



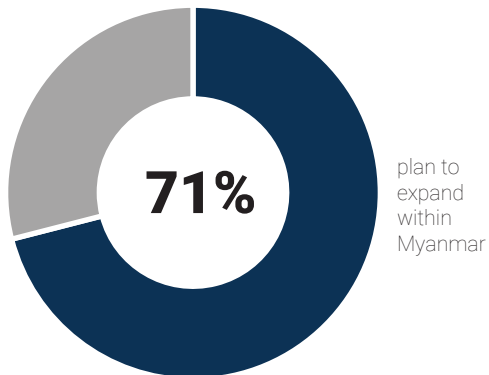
What type of activity are you most likely to locate in or relocate to Malaysia?



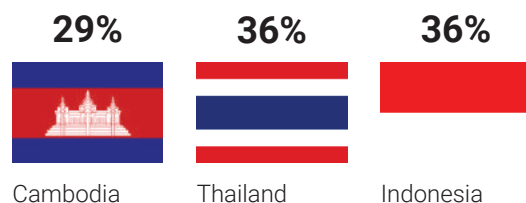


U.S. Investors' Sentiments and Perceptions in MYANMAR

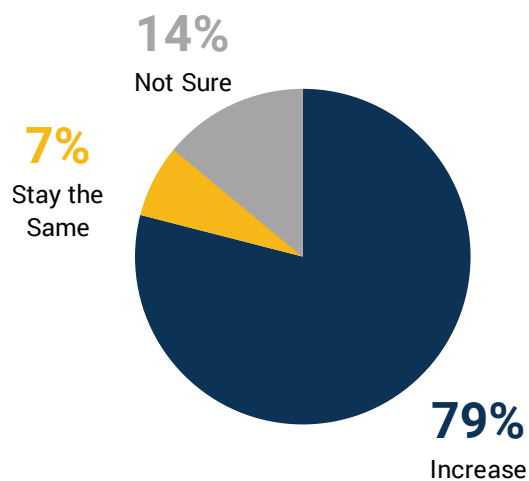
Business Expansion



Most targeted ASEAN country for expansion beyond Myanmar:



Profit Outlook 2018

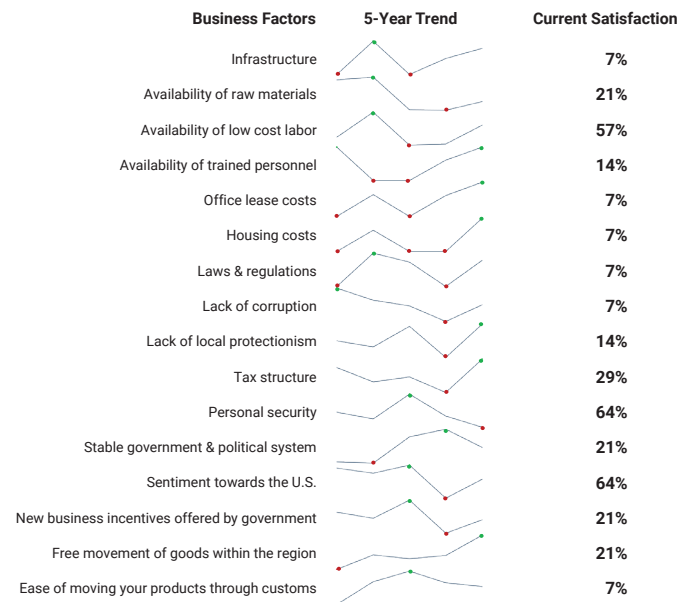


Satisfaction with Government Agencies

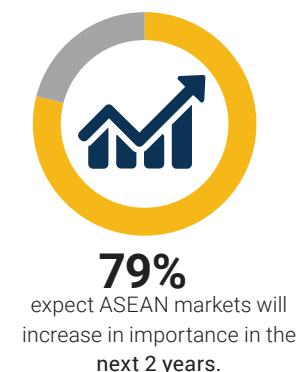
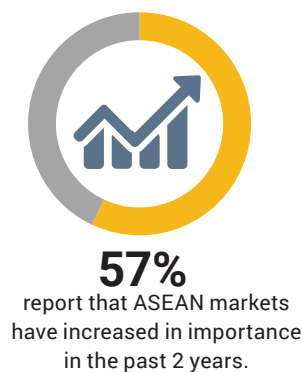
Respondents report dissatisfaction with Customs (57%).

Local Business Environment

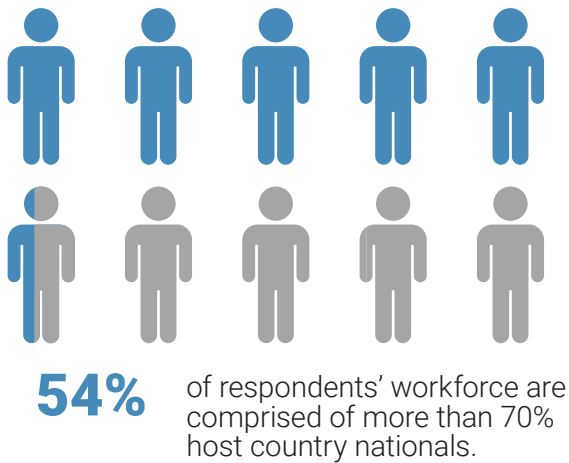
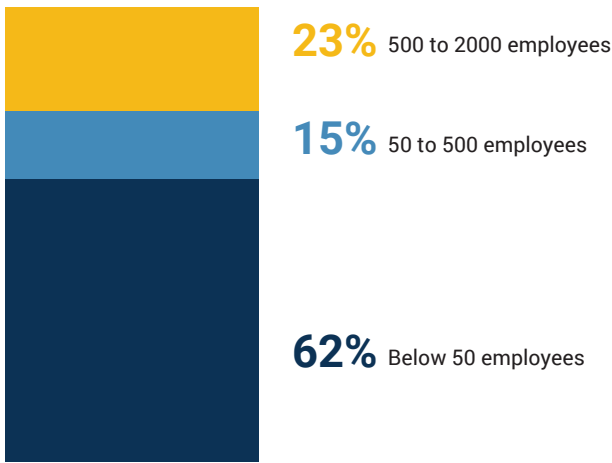
The chart below tracks U.S. investor satisfaction with 16 aspects of the business environment from 2013-17. The percentage of those indicating satisfaction in 2017 is listed in the right-hand column.



ASEAN Business Outlook

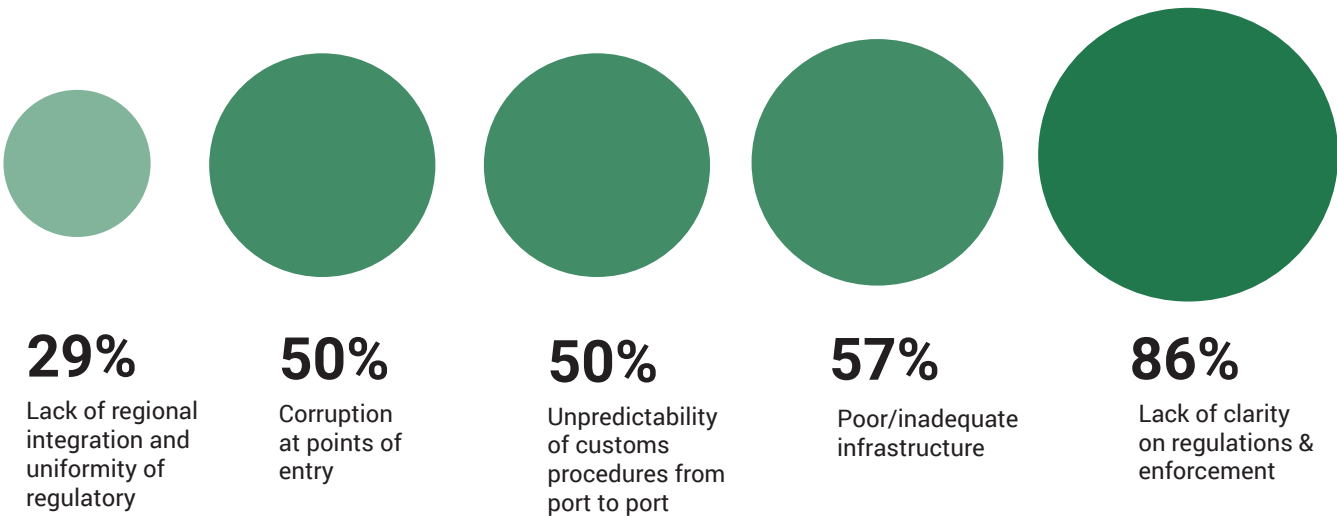


Workforce

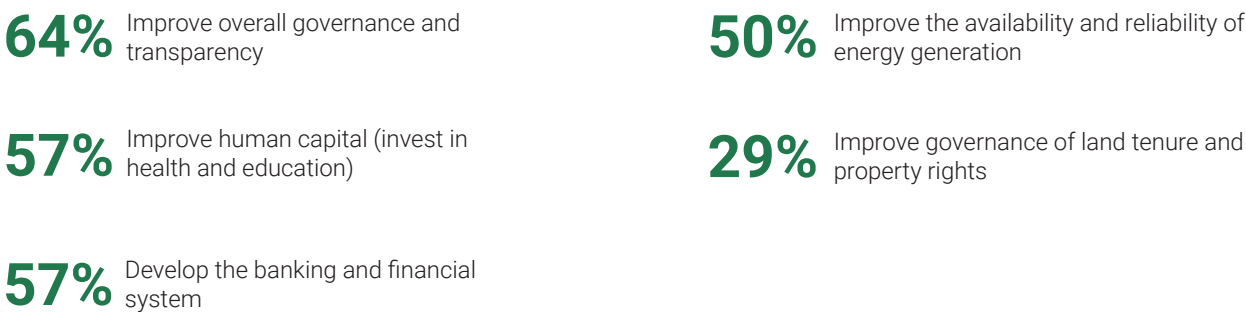


Top Supply Chain Issues Faced in Myanmar

The size of each circle below represents the proportion of respondents who listed the given factor as a top supply chain issue.



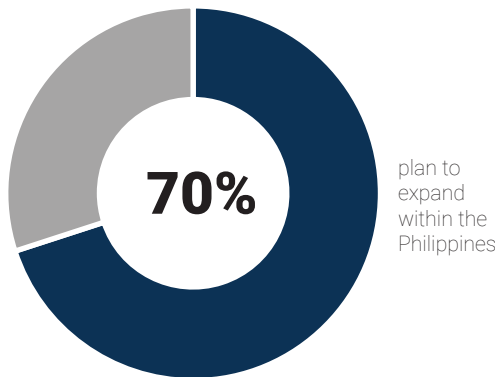
In your opinion, what should be Myanmar's top priorities for internal economic reform?



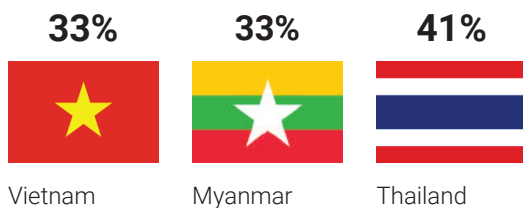


U.S. Investors' Sentiments and Perceptions in THE PHILIPPINES

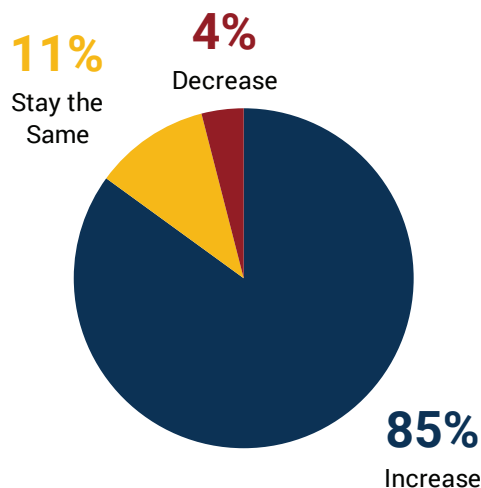
Business Expansion



Most targeted ASEAN country for expansion beyond the Philippines:



Profit Outlook 2018

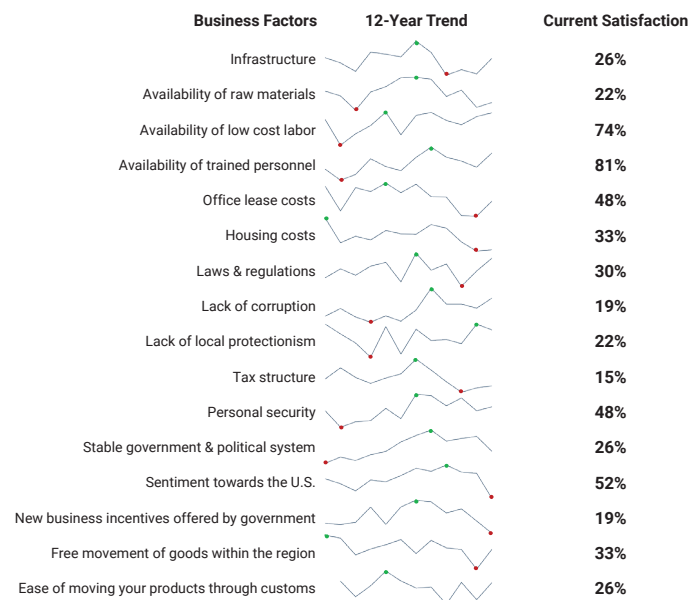


Satisfaction with Government Agencies

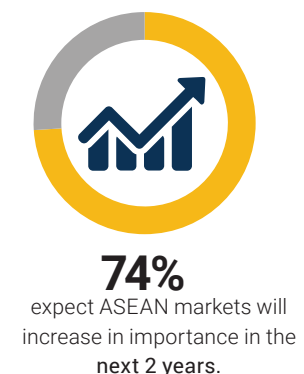
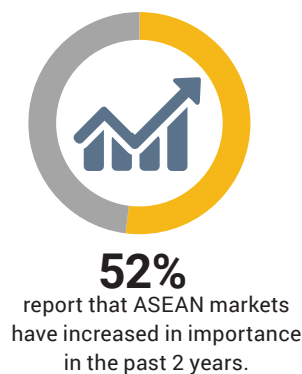
Respondents report dissatisfaction with Customs (52%) and Taxation/Revenue (52%).

Local Business Environment

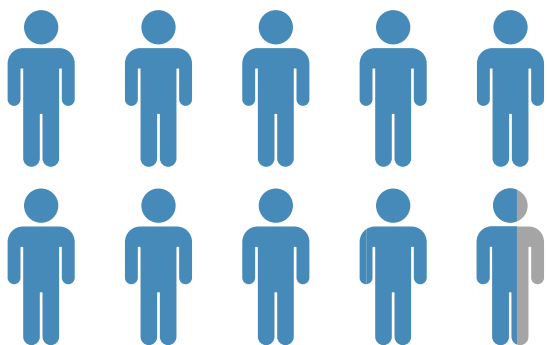
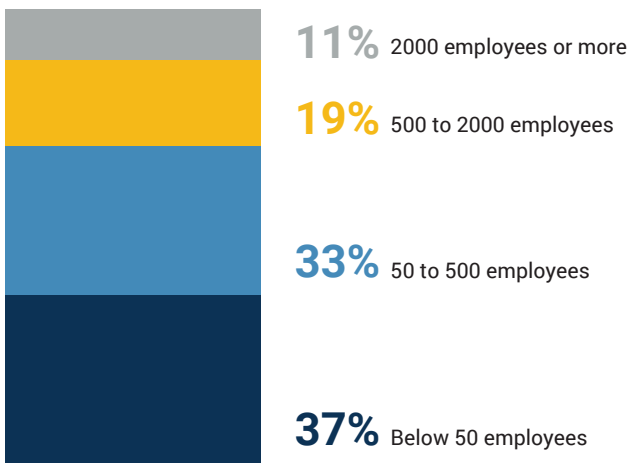
The chart below tracks U.S. investor satisfaction with 16 aspects of the business environment from 2006-17. The percentage of those indicating satisfaction in 2017 is listed in the right-hand column.



ASEAN Business Outlook

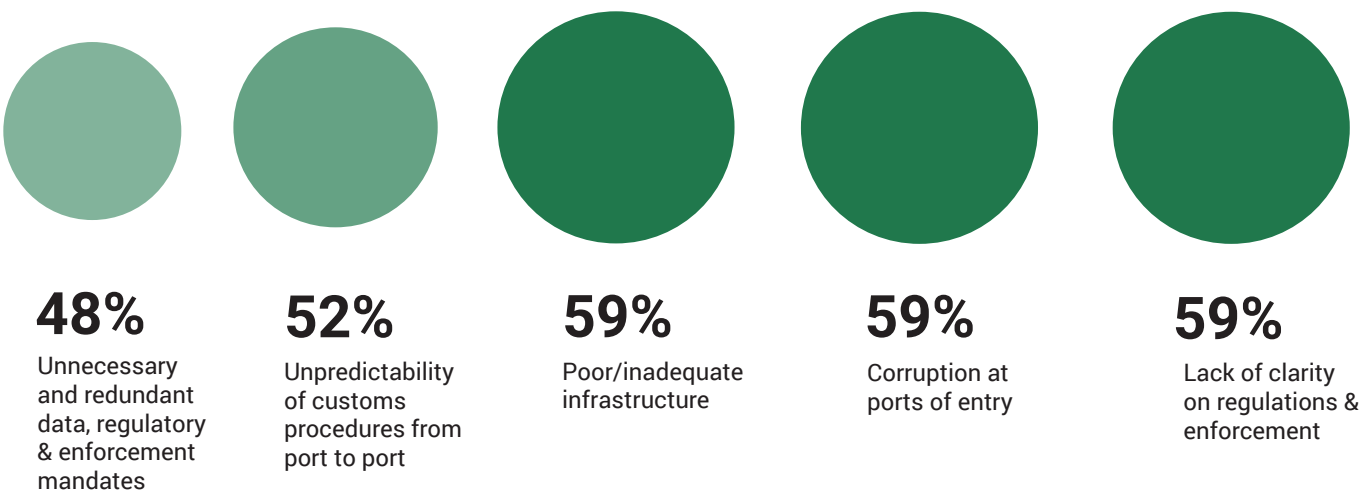


Workforce

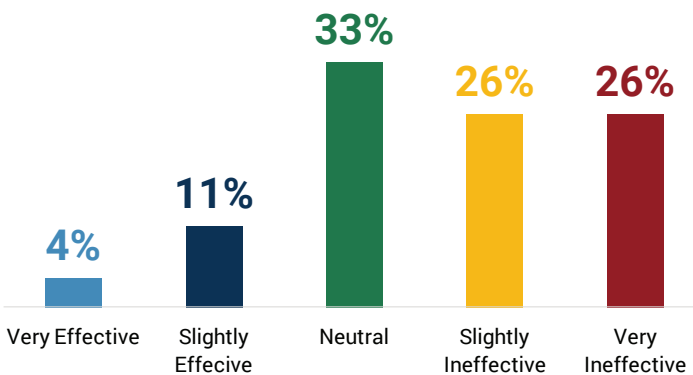


Top Supply Chain Issues Faced in the Philippines

The size of each circle below represents the proportion of respondents who listed the given factor as a top supply chain issue.



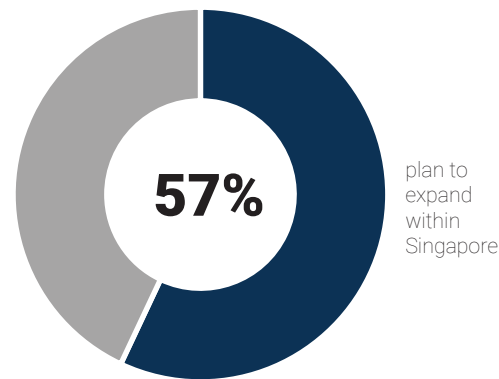
How effective do you think the current administration has been in boosting business confidence and promoting investment in the country?





U.S. Investors' Sentiments and Perceptions in SINGAPORE

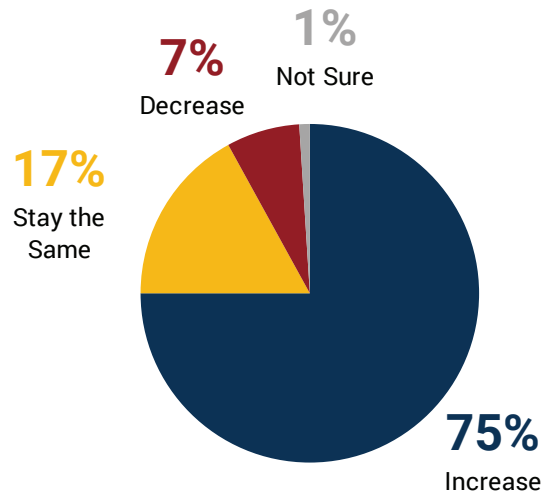
Business Expansion



Most targeted ASEAN country for expansion beyond Singapore:



Profit Outlook 2018

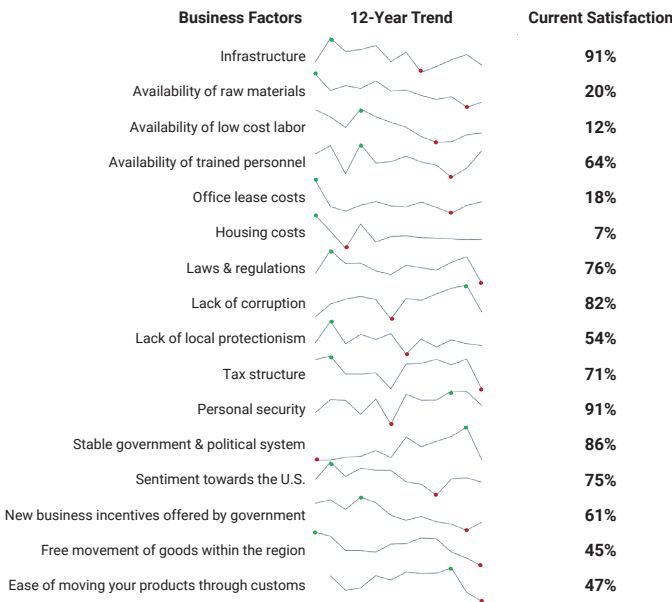


Satisfaction with Government Agencies

Respondents report satisfaction with Taxation/Revenue (65%), Immigration (61%), and Customs (53%).

Local Business Environment

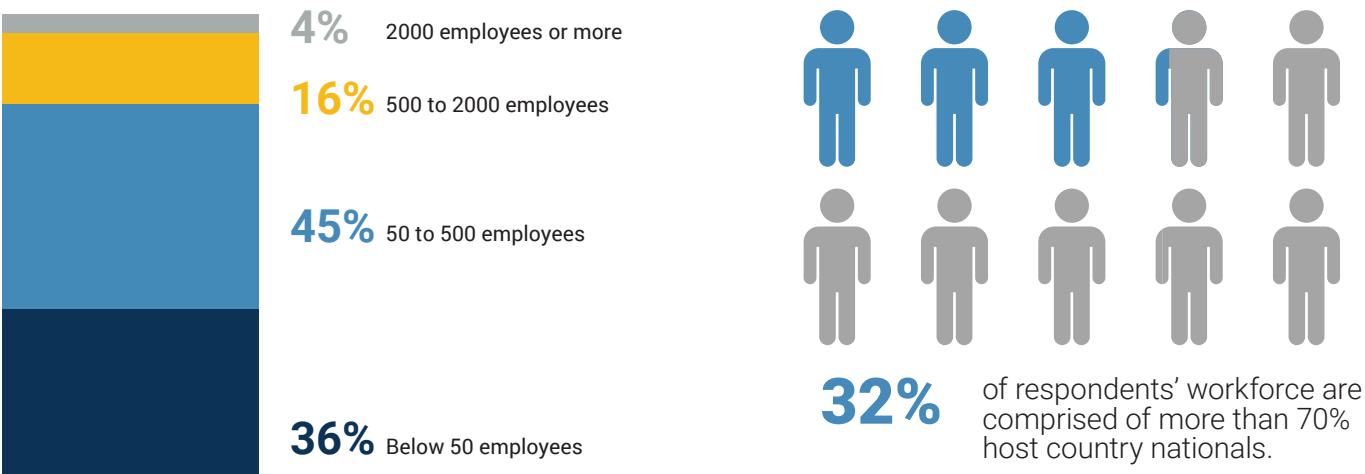
The chart below tracks U.S. investor satisfaction with 16 aspects of the business environment from 2006-17. The percentage of those indicating satisfaction in 2017 is listed in the right-hand column.



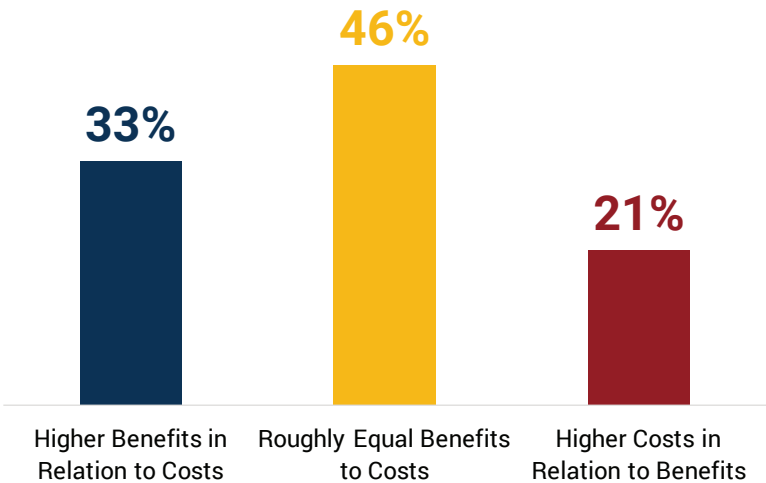
ASEAN Business Outlook



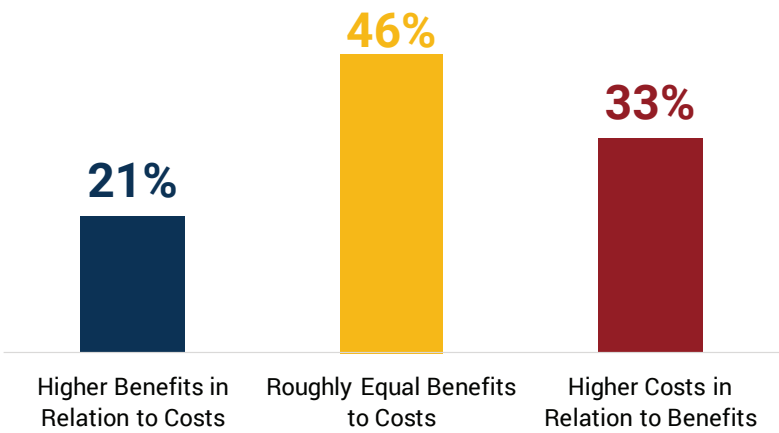
Workforce



Please rate your company's current satisfaction with the cost-benefit ratio of operating in Singapore.



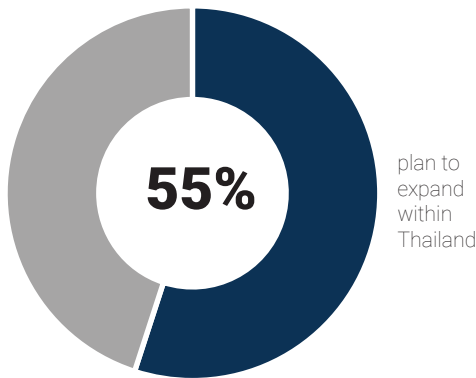
How has your company's cost-benefit ratio of operating in Singapore changed over the past five years?





U.S. Investors' Sentiments and Perceptions in THAILAND

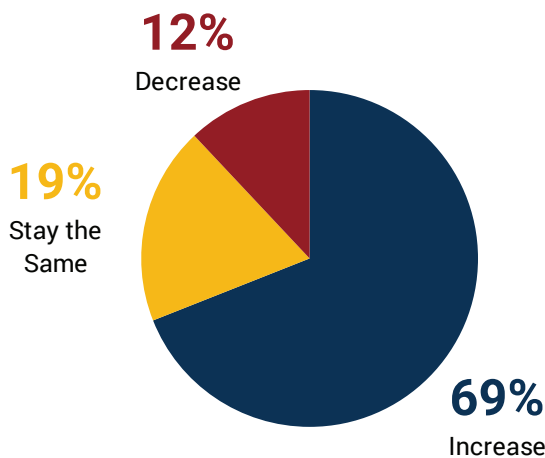
Business Expansion



Most targeted ASEAN country for expansion beyond Thailand:



Profit Outlook 2018

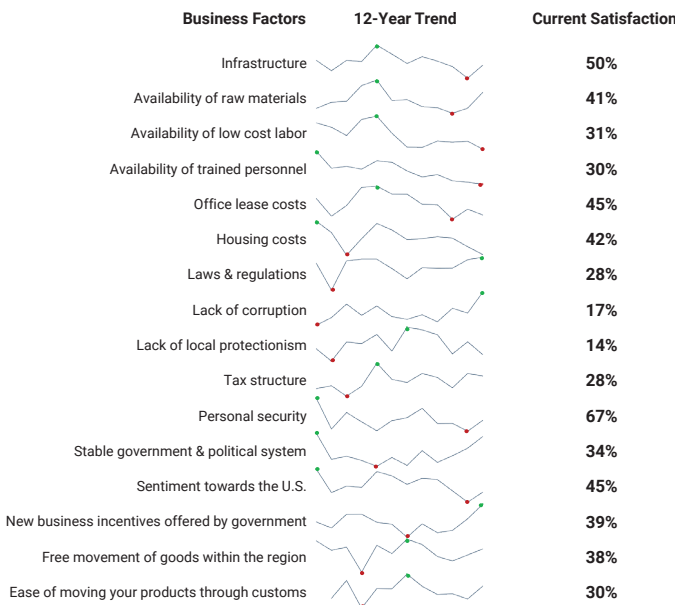


Satisfaction with Government Agencies

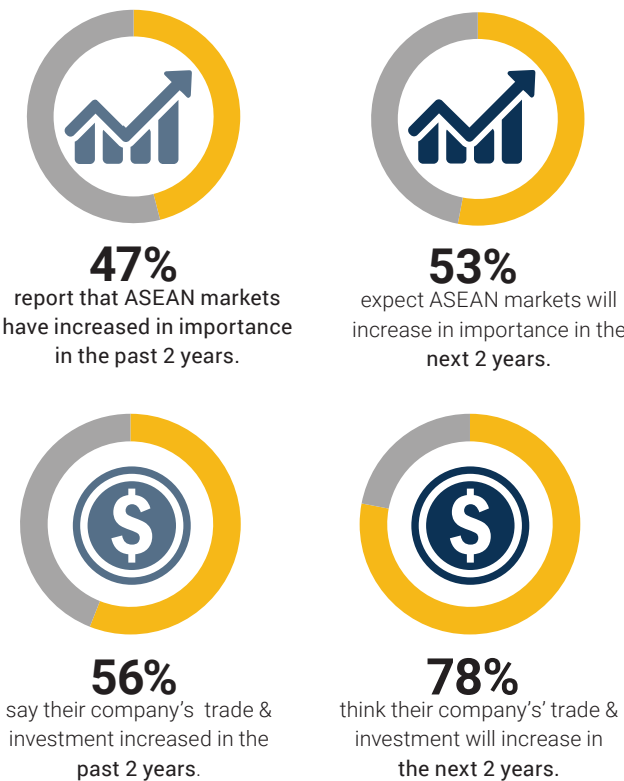
Respondents are generally neutral about government agencies in Thailand. No agencies receive a satisfaction rate of higher than 50% or a dissatisfaction rate of higher than 40%.

Local Business Environment

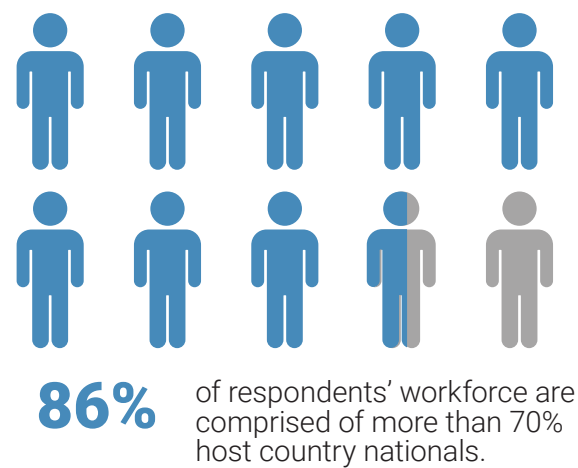
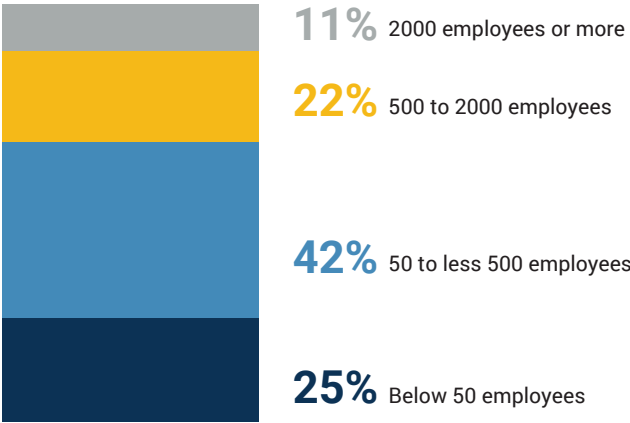
The chart below tracks U.S. investor satisfaction with 16 aspects of the business environment from 2006-17. The percentage of those indicating satisfaction in 2017 is listed in the right-hand column.



ASEAN Business Outlook

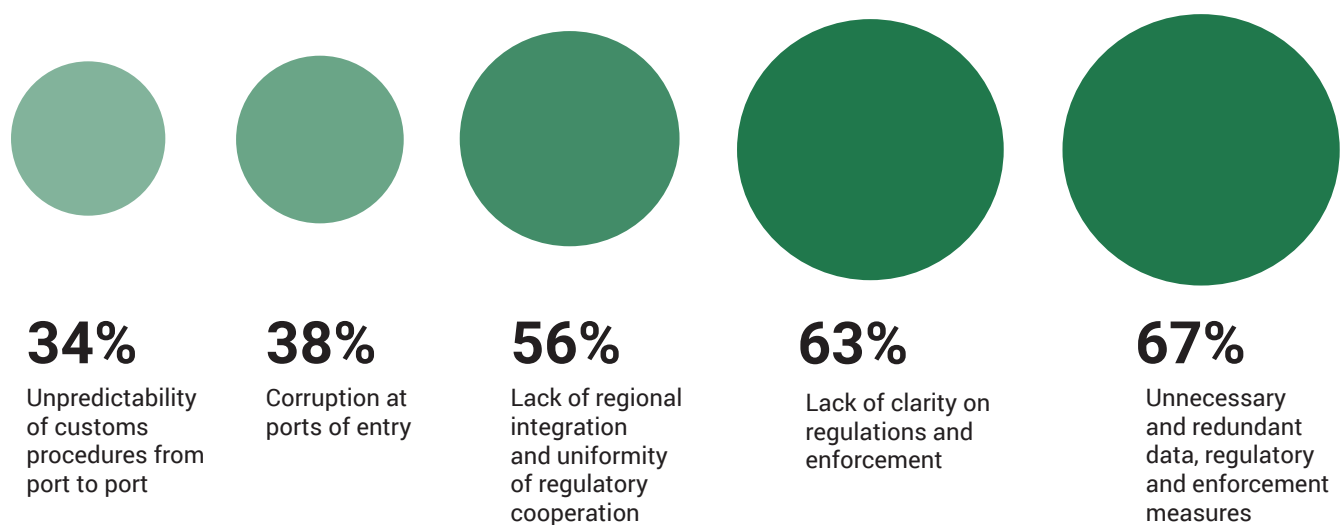


Workforce

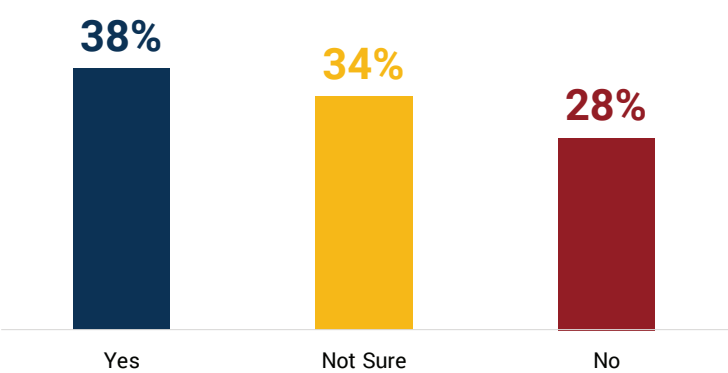


Top Supply Chain Issues Faced in Thailand

The size of each circle below represents the proportion of respondents who listed the given factor as a top supply chain issue.



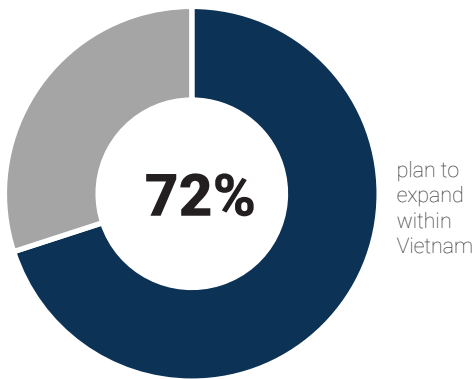
Do you expect that the government's Thailand 4.0 strategy will affect your company and/or industry?



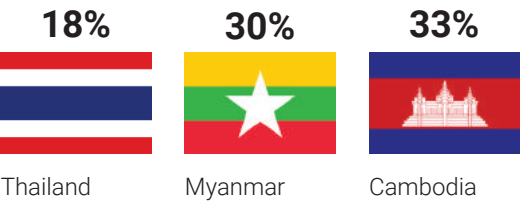


U.S. Investors' Sentiments and Perceptions in VIETNAM

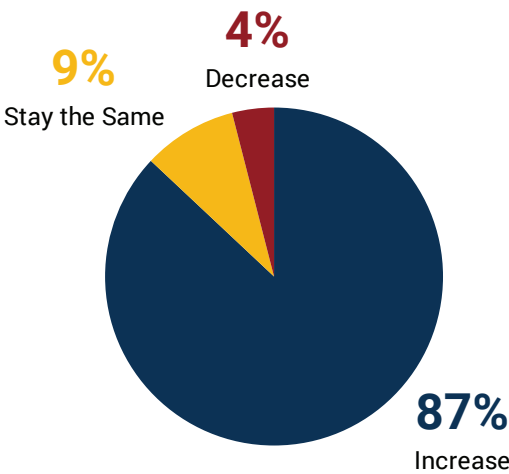
Business Expansion



Most targeted ASEAN country for expansion beyond Vietnam:



Profit Outlook 2018

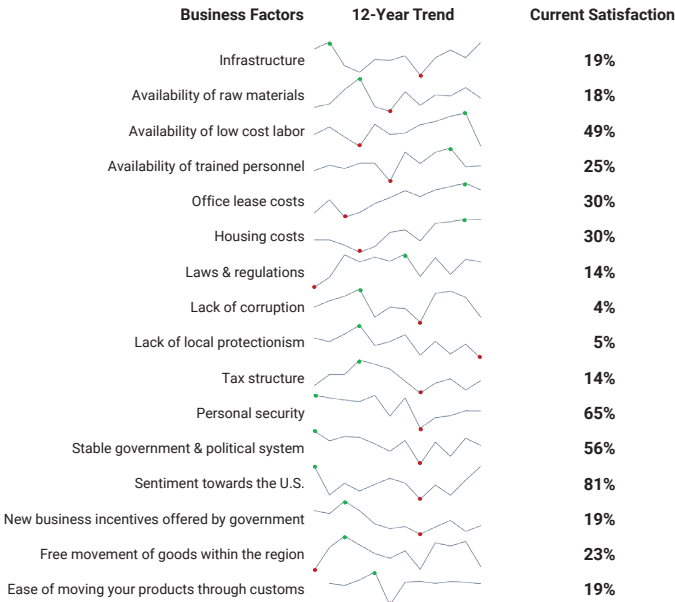


Satisfaction with Government Agencies

Respondents report dissatisfaction with Taxation/Revenue (47%).

Local Business Environment

The chart below tracks U.S. investor satisfaction with 16 aspects of the business environment from 2006-17. The percentage of those indicating satisfaction in 2017 is listed in the right-hand column.



ASEAN Business Outlook



61% report that ASEAN markets have increased in importance in the past 2 years.



56% expect ASEAN markets will increase in importance in the next 2 years.

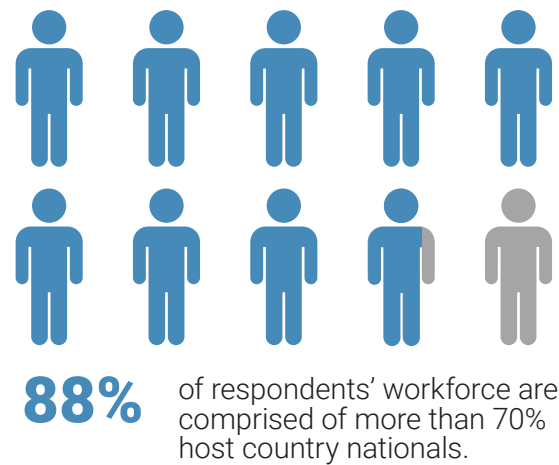
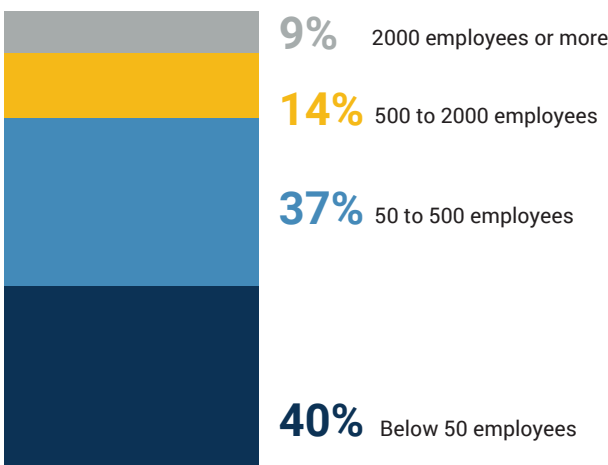


75% say their company's trade & investment increased in the past 2 years.



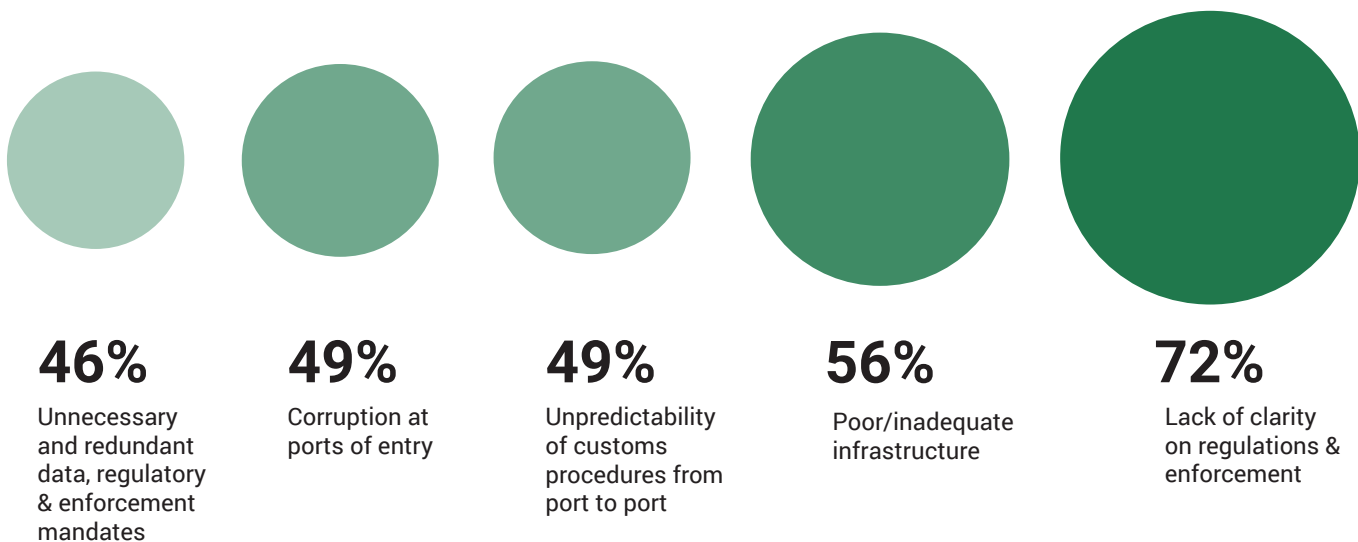
86% think their company's trade & investment will increase in the next 2 years.

Workforce

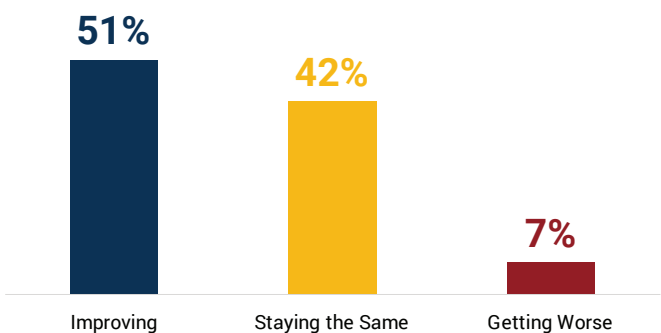


Top Supply Chain Issues Faced in Vietnam

The size of each circle below represents the proportion of respondents who listed the given factor as a top supply chain issue.



Last year, the Party Secretary committed to improving the quality of the workforce in order to promote long-term economic growth. Compared to five years ago, do you feel the overall quality of fresh graduates is improving, staying the same or getting worse?



The United States and Vietnam

Taking the Trade and Investment Relationship to the Next Level



COMMITTED TO MUTUALLY BENEFICIAL U.S. - VIETNAMESE COMMERCIAL RELATIONS

The American Chamber of Commerce in Vietnam was founded in 1994 with a mission to increase trade and investment between the United States and Vietnam. This is accomplished through a variety of activities, including legislative and administrative reforms, networking, business briefings, trade missions, informative publications, and much more.

AmCham is a non-governmental, not-for-profit, foreign business organization whose membership is comprised of citizens from 31 different countries, representing a wide range of organizations from small businesses and NGOs to the largest multi-national corporations in the world.

Whether you are looking to establish business contacts, gain insight into the Vietnamese market, expand your professional skills and industry expertise, lobby the government to enhance the business climate, or simply take advantage of our many services, AmCham can help you.

Find out more by visiting www.amchamhanoi.com

The American Chamber of Commerce in Vietnam

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Email: info@amchamhanoi.com

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LinkedIn: /company/amcham-hanoi

SMEs MAKING A DIFFERENCE IN SOUTHEAST ASIA

BY TOM BENNER

SMALL AND MEDIUM-SIZED ENTERPRISES (SMEs) ARE WRITING THEIR OWN SUCCESS STORIES IN SOUTHEAST ASIA. ALTHOUGH RELATIVELY SMALL, THEY ARE HAVING A BIG IMPACT ON THE GLOBAL ECONOMY, NURTURED BY A BUSINESS CULTURE THAT EMBRACES INNOVATION AND PROVIDES SCHEMES AND INCENTIVES TO DEVELOP FLEDGLING ENTERPRISES.

We asked top leaders at two SMEs operating in the ASEAN region to discuss how SMEs are able to thrive despite the global economic challenges: Matthew Peloso, CEO of Sun Electric; and Alison Eyring, CEO of Organisation Solutions

Matthew Peloso, CEO of **Sun Electric**, first came to Singapore as a college student on a scholarship. After graduation, he saw the ideal circumstances for his vision to set up a solar energy company in Singapore, including a business-friendly environment, a talented work pool, and strong intellectual property protections.

"I think it took two days to register the company online," Peloso said. "It cost me something like a hundred dollars to register it. So for sure, it's pretty easy to set up a business here."

Sun Electric was founded in 2013. Its headquarters are in Singapore, with branches in the U.S., the Philippines, Japan, and Australia. "So we've identified now four markets external to Singapore where we want to take our technology," Peloso said. The company's eight full-time employees in Singapore include Peloso, who applied for and received Singapore permanent resident status, and seven Singaporean citizens.

Singaporean economic development agencies have been supportive of Sun Electric's growth. That includes support and grants from the Singapore Energy Market Authority, the Singapore Economic Development Board, SPRING Singapore, and even a local polytechnic, which gave the company a grant to hire two of its diploma holders.

"When the regulators saw what we were trying to achieve, they probably went, 'wow, this is a great thing for Singapore's energy market,'" Peloso said. "There was a lot of work that I had to do: technical, policy work, financial modeling, and different kinds of things to convince them what I want to do is a sustainable and viable implementation."

Expansion in the region, said Peloso, is best done through finding local partners.

"I'd say in half of the markets in Southeast Asia, you're going to have to find a strong local partner, because there are rules either that require shareholdings of citizens or local companies that do business with foreign companies that will mean you have to find someone."

Organisation Solutions is a consulting firm headquartered in Singapore, with a team in Singapore and more than 60 people operating on five continents, working with large global multinationals on the human resource and organizational challenges of growth.

CEO Dr. Alison Eyring originally relocated to Singapore as part of an energy company move from the U.S. to Singapore, and after that started Organisation Solutions. Eight years later, her husband joined the growing business. The Eyrings are permanent residents and their daughters have grown up in Singapore.

During the interview, Dr. Eyring mentioned that she recognizes there is a limited local market, and therefore, if an SME wants to grow domestically, it can be challenging. However, an SME that aspires to operate like a regional or global company is in a very good position to do so. When asked about the rising demand for organizational consulting among MNCs, Eyring attributed this growth to a couple of factors. "As the SME that's providing consulting services," she said, "we observe a couple things: one is that the Western MNCs are growing in these countries, and so because of that we get more demand for local services. At the same time, we see growing demand among the Asian multinationals for the kind of services that we provide." Historically, Asian MNCs relied heavily on well-known consulting firms, with the idea that brand names tended to mitigate risks. However, this is no longer the case. In addition, while the Singapore market is relatively small, it is a good stepping-stone into the much larger ASEAN market.

"Even for SMEs, unless you're really tiny, you're regional or even global," Eyring said. "And we're just like that; every week I'm interacting with people around the world and I'm on the phone with them, so having that infrastructure is really important and being able to be a gate for global businesses is really helpful."

"I am proud of the fact that we have helped to bring science and practice developments from the profession of organizational psychology to Singapore and the rest of Asia," she said. "It's important for all employers to not just hire talent – but to build the talent pool."

TRANSFORMING LIVES: AMERICAN CORPORATE CITIZENSHIP IN ACTION

BY JUDITH RYAN FERGIN

CONTRIBUTING TO OUR COMMUNITIES IS FUNDAMENTAL FOR AMERICAN COMPANIES. GOOD CORPORATE CITIZENSHIP HELPS DEFINE WHO WE ARE, AND WE BRING THAT IDENTIFYING QUALITY WITH US WHEREVER WE GO. OUR GOAL IS TO HELP TRANSFORM LIVES.

Explore here how AmCham member companies describe their corporate citizenship programs throughout ASEAN.

HEALTH & WELL-BEING SECTOR

Johnson & Johnson's corporate credo encourages employees to put the needs and well-being of the people they serve first. In line with its strategic pillar of saving and improving the lives of women and children, J&J Malaysia's CSR arm initiated The English Crib in 2016. Employees converted a classroom in a rural secondary school, SMK Seri Sepang, into an English-learning resource center. Dubbed The English Crib and equipped with learning materials from books to board games and DVDs, the facility aims to improve the command of the English language among the school's students. Group activities and contests celebrated the center's opening. Since the launch, volunteers have remained involved in many ways including carrying out an engaging experiential workshop and running an essay contest.



J&J Malaysia employees at The English Crib.

"The English Crib marks an important move as it is in line with our education agenda and a positive and right move in nurturing our younger generation. The ministry commends and welcomes efforts such as this and I wish the school and Johnson & Johnson Malaysia the very best in this effort to promote good English among its students."

YANG BERTHOMAT
DATO' P KAMALANATHAN PANCHANATHAN
MALAYSIAN DEPUTY MINISTER OF EDUCATION

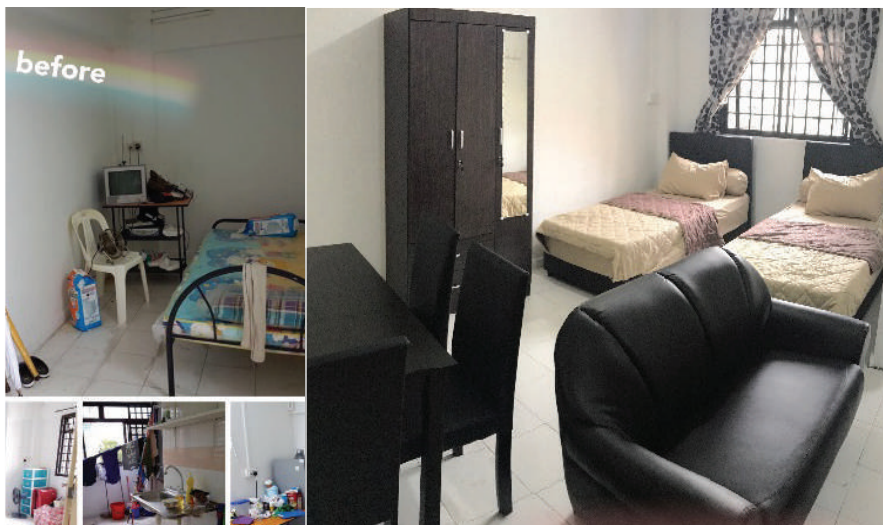
According to the World Health Organization, an estimated 15 million babies — one in ten — are born prematurely each year, but Neonatal Intensive Care Units have lacked a diaper solution designed for this fragile population. **Kimberly-Clark** and Huggies® have introduced a new diaper designed for the unique needs of premature babies. To help preterm babies get the "healing hugs" they need to thrive, Huggies recently launched a new program in partnership with leading hospitals in Vietnam, including

Tu Du Hospital in Ho Chi Minh City and Hanoi Obstetrics and Gynecology Hospital. Its sponsorship of 350,000 Huggies premie diapers this year is expected to benefit more than 6,000 preterm babies. Reflecting its commitment to help all babies thrive, especially the smallest and most fragile, Huggies is also supporting a series of conferences to educate medical professionals on new ways to care for premature babies.



Praneeth Yendamuri, Managing Director of Kimberly-Clark Vietnam, at the launch ceremony with Dr. Le Quang Thanh, Director of Tu Du Hospital.

Employees of **Edwards Lifesciences** Singapore, a global leader in artificial heart valves and a model of heart-felt service, is an active participant in the Singapore community service scene and frequently partners with the Children's Cancer Foundation, Food from The Heart, Singapore Special Olympics, and Singapore Association for the Visually Handicapped. In one 2017 activity, several employees of Edwards Lifesciences Singapore partnered with The New Charis Mission (TNCM) to refurbish a one-bedroom rental flat for a needy elderly resident. The volunteers cleaned and removed accumulated grime, gave the walls a new coat of paint, and repaired and/or replaced damaged furniture and electrical equipment. When the volunteers invited the owner back to her unit, she could not stop crying.



"Thank you Edwards' employees so much for doing a lot of hard work and giving me a new home," the 65-year old grandmother said. "I know you can spend your weekend with your family and your friends, but you choose to be here. I am really thankful."

Before and after shots of the apartment refurbished by Edwards Lifesciences and its partner charity.

FINANCIAL SERVICES

AIG helps young people across the globe gain financial literacy skills in partnership with Junior Achievement (JA). AIG employee volunteers around the world ensured that more than 22,800 JA students in over 1,000 classrooms learned about financial literacy, work readiness, and entrepreneurship. In the Philippines, 650 pupils from five schools benefited from the AIG-JA early financial literacy program (*It's My Business, Ourselves*) in 2016. More than 80 employee volunteers poured 640 voluntary time-off hours into the program implementation plus more than 340 hours for orientation. In Indonesia, 135 grade five pupils participated in the 2016 AIG-JA Indonesia early financial literacy program (*AIG-JA More Than Money*). Some 22 AIG volunteers visited SDN 01 Benhil to teach the pupils about financial management and awareness of risk prevention in their daily lives.

Jointly launched in 2012, the **Citi-Singapore Management University** (SMU) Financial Literacy Program for Young Adults is Singapore's first structured financial literacy program for young adults. Through lectures, workshops, and course curriculum, it equips young adults with essential personal finance knowledge and skills to give them a firm foundation in managing their money and a financial head-start early in their working lives. In August 2013, Citi-SMU signed a Letter of Collaboration with the Institute of Technical Education (ITE) College West to have 3,000 of their first year students trained under the program. In 2016, Citi-SMU and ITE extended their cooperation to all three of Singapore's ITE colleges for another three years to deliver a series of financial literacy training and pedagogical support for ITE students and staff. A mobile game app, co-developed by volunteers from SMU, Citi, and ITE that teaches the basics of personal finance through a simulation of an individual's financial journey was also launched. To date, with a pool of about 160 Citi-SMU trainers, the program has reached more than 13,000 young adults in Singapore.



Citi-SMU volunteers introducing ITE students to financial management skills.

"As we prepare students to step into the working world, this program would be useful in teaching students personal financial knowledge, budgeting and responsible spending habits. The peer-to-peer coaching, activities, mobile app and the financial literacy race organized and developed by ITE, SMU and Citi Foundation are age-appropriate and are engaging and useful to

DR. GOH MONG SONG
PRINCIPAL
ITE COLLEGE WEST

In line with the global initiative of **The Coca-Cola Company** to empower 5 million women by 2020, Coca-Cola Philippines launched the sari-sari Store Training and Access to Resources (STAR) Program to help 200,000 women micro-entrepreneurs overcome barriers to success. Through the golden triangle partnerships of Coca-Cola with government agencies and civil society, the STAR Program, implemented through the Technical Education and Skills Development Authority, provides access to training, resources, and peer mentoring. Targeting micro retail channels called sari-sari stores, the STAR Program empowers women micro-entrepreneurs to manage their households while contributing to the family income. Currently implemented nationwide, the program has impacted the lives of more than 80,000 women.



Coca-Cola Philippines cheering success with sari-sari retailers

TECHNOLOGY & EDUCATION

IBM's approach to corporate responsibility reflects its business – applied technology, continuous transformation, and sustainable change. The company focuses community engagement and corporate service programs on societal issues, including the environment, community economic development, education, health, literacy, language, and culture. An example is the Impact Grant program, which has delivered close to 2,000 grants in 70 countries through which IBM shares expertise and leverages cognitive technologies to support educational and non-profit organizations. In Singapore, in collaboration with the Ministry of Health, IBM Subject Matter Experts partnered with stakeholders in the public and private sectors to co-create innovative solutions for the elderly in Singapore, making a positive difference in the community in which they live.



"Thanks to you and your colleagues from IBM for organizing a wonderful workshop and putting together this comprehensive report. It was heartening to see both the private and public sectors join hands to tackle this national issue on aging."

LIM TZE JIAT
DIRECTOR WORKPLACE POLICY AND
STRATEGY DIVISION
MINISTRY OF MANPOWER

IBM collaborating with stakeholders in the public, private, and people sectors to co-create solutions for the elderly in Singapore.

Microsoft's YouthSpark program empowers young people all across ASEAN to do more and achieve more in their lives – through providing access to technology skills and a better education, inspiring them to imagine and realize a better future, and helping them to find jobs or start their own businesses. In new markets such as Cambodia and Myanmar, Microsoft's programs benefit more than 10,000 young people. The company has also donated approximately US\$800,000 of products and services to nonprofit organizations in these countries, enabling citizens to achieve more, while also contributing employees' skills and time to maximize the impact on the ground.



"Coding is important for our children. Coding, especially introduced at a young age, helps develop logical thinking. And it promotes creativity in children...this will go a long way in terms of opening possibilities for our children."

MAYOR JASON GONZALES
LAMBUNAO, PHILIPPINES

Lambunao, Philippines Mayor Jason Gonzales at Microsoft's Hour of Code.

At **Singapore American School**, a student-led Global Issues Network Digital Divide Committee is addressing the gap between people who have regular, unhindered access to technology and those who don't. Committee members first analyzed the most crucial basic digital skills and developed a curriculum to deliver capabilities in those essential areas. They tested and refined their concept in a free course offered to domestic helpers in Singapore. In 2017, they implemented the course in a school in Indonesia, and will begin implementing it in schools across Southeast Asia in the coming months.



Singapore American School high school students refine a curriculum to help students across Southeast Asia leap the digital divide.

In Singapore, **UPS** volunteers give back to local communities through a broad range of activities, such as food delivery for low-income families, home-cleaning for the old, arts education for disadvantaged children, and tree planting. UPS Singapore employees contributed over 11,000 hours of volunteer hours to community services in 2016. One of these activities was their partnership with the Pathlight School, a mainstream curriculum school for children with autism, to help them establish online retail capabilities and the operational set-up needed to be sustainable as a social enterprise.



UPS Singapore volunteers helping build students' entrepreneurial skills.

SUSTAINABILITY, ENVIRONMENT, & FORESTS

Cargill promotes agricultural practices that support a more nutritious, sustainable future for the world. In ASEAN, Cargill trains smallholder farmers in Indonesia, Malaysia, the Philippines, Thailand, and Vietnam on good agricultural practices and helps them achieve sustainability certifications, resulting in higher yields, greater access to global markets, and higher incomes. The program includes palm oil, corn, cassava, cocoa, coconut, poultry, dairy, swine, and aqua smallholder farmers. In 2015 alone, Cargill paid well over US\$1 million in premiums for their crops to ASEAN smallholders who became sustainably-certified. Cargill's work with smallholders represents its commitment to building 100-percent transparent, traceable, and sustainable supply chains. The company has also committed to remove deforestation from its global palm oil supply chain by 2020.



"I want to express my gratitude to Cargill because the learning process and knowledge they gave related to farming activities have increased my income. Now I can fulfill my needs such as providing education for my children, building my house and even purchasing my own vehicle... Cargill employees are also very supportive. They always come when we need help."

MUSLIMIN
COCOA FARMER FROM INDONESIA MANPOWER

Procter & Gamble believes protecting the earth is both a responsibility and a business opportunity. The company's goal is to create brands that enable consumers to make more sustainable choices. One aspect of P&G's long-term Environmental Vision is Zero Waste. By 2020, the company wants to double the amount of recycled resin used in plastic packaging and ensure that 90% of product packaging is recyclable. In partnership with recycling experts TerraCycle and SUEZ, Head & Shoulders® produced the world's first recyclable shampoo bottle made from up to 25% post-consumer recycled content (PCR) derived from beach plastic. Inspired by this innovative packaging, P&G is collaborating with organizations and academic institutions in Singapore to stimulate ideas for sustainability solutions that will meet both business opportunities and the long-term Environmental Vision.



P&G employees collaborate with National University of Singapore students to discover sustainability solutions.

A typical 400-room hotel generates 3.5 metric tons of solid soap waste per annum. Hand-washing with soap is among the most effective and inexpensive ways to prevent diarrheal and respiratory diseases in developing countries. **Sealed Air's** Soap for Hope™ program addresses both topics by collecting used soap from hotels and distributing to local communities for recycling into reconstituted bars of soap to meet hygiene needs. Local people also earn a livelihood through learning to recycle soap. Soap for Hope is now in over 30 cities across 90 countries, with 1,400 tons of used soap recycled into 11 million bars of soap to-date, touching the lives of half a million people in the world.



School children in Cambodia washing their hands with Soap for Hope bars.

"We have been down in the village here near the Good Shepherd Sisters (Thailand), having a look around and passing out soap that has been manufactured by the ladies, recycled and repurposed from Accor Hotels in Bangkok. If you have a look around, it's a challenging environment...if hygiene wasn't kept to a high level there could be a real concern for different diseases and different illnesses,"

PAUL STEVENS
VICE PRESIDENT
ACCORHOTELS

(REFERRING TO SEALED AIR'S SOAP FOR HOPE PROGRAM)

Watermark, **Xylem's** corporate citizenship and social investment program, has a twofold mission: to provide and protect safe water resources for communities in need and to educate people about water issues. In Asia, Xylem's employees are actively involved in building aqua towers that provide clean water to communities and schools in need. Since its launch in 2008, Watermark has invested about US\$17 million and completed 924 clean water projects to help improve the lives of more than 2.9 million people in 27 countries.



Xylem's Watermark program in action in Siem Reap, Cambodia.

"It was a wonderful experience for all of us...to build something, and to share and give to those who lack access to clean water. Most of us could never have imagined that an area located just hours from where we live still faces this problem. This experience has definitely opened our eyes. The moment we saw the kids laugh when the tap was turned on and clean water flowed, this was something beyond all expectations. It was a stunning and incredible feeling."

VOLUNTEER IN JAKARTA, INDONESIA

AMERICAN CHAMBERS OF COMMERCE IN ASEAN HIGHLIGHT CSR

AmChams across ASEAN champion volunteerism and meaningful corporate community service. Many including the chambers in Malaysia, Singapore, Thailand, and Vietnam (Hanoi) offer awards recognizing companies whose CSR programs exceed ambitious benchmarks for strategy, sustainability, measurement and evaluation, and communications. All of the award programs recognize companies for understanding the linkages between business operations and society and for conducting business in a way that creates long-term economic and social value.

Individual American chambers take the lead on CSR initiatives as well as participate in members' activities. For example, in Singapore, AmCham and its members strive to make a difference for people across the country through an annual Corporate Community Day – the nation's largest one-day volunteer event that touches thousands of beneficiaries. The Chamber also robustly engages with an annual charity partner with which it has helped ex-offenders re-integrate, encouraged young students to expand their horizons, and supported basic needs of disadvantaged families.

AmCham Malaysia introduced its Young Enterprise Program over a quarter century ago, working in tandem with Junior Achievement Worldwide to educate students on work readiness, entrepreneurship, and financial literacy. AmCham Philippines' foundation provides the means and opportunities for member companies to initiate and strengthen corporate citizenship programs. AmCham Thailand's charitable foundation supports education through adopt-a-school, student scholarship, and teacher fellowship programs.

Working together, we are helping build a vibrant Southeast Asia.



Let YOUR company come into focus



by sponsoring AmCham events

WWW.AMCHAMHANOI.COM



The American Chamber of Commerce in Thailand

The Benefits of AMCHAM Membership

The American Chamber of Commerce in Thailand (AMCHAM) is the voice of American business in Thailand. AMCHAM provides a venue for American and non-American businesses to exchange ideas and identify common purposes to pursue in both the private and government sectors in Thailand, in the Asian region and the U.S. The Chamber works to promote trade and commerce between the U.S. and Thailand by making Thailand an attractive place to do business.



The Chamber was organized in 1956 with a membership of eight American companies and 60 American nationals. Today, AMCHAM is the leading international business association in Thailand, with over 2,000 members representing over 650 American, Thai, and other international companies. Member companies have invested over U.S. \$50 billion in Thailand and provide more than 200,000 local jobs.



Advocacy and Information

AMCHAM provides a point of exchange and coordination of efforts to improve business conditions and opportunities for American and American-affiliated organizations. AMCHAM is a member of the Board of Trade of Thailand (BOT) and maintains a liaison with ministries in the Royal Thai Government, and a collaborative relationship with the U.S. Embassy in Bangkok and other U.S. Government institutions.

Social Activities and Networking

Each year, AMCHAM organizes over 250 events and activities. Events include monthly committee meetings, luncheons and networking social events, golf tournaments, as well as the annual Governors Ball, Independence Day Picnic, and Festive Holiday Eggnog Party. AMCHAM events are excellent opportunities to meet and network with leaders in the field of business, government and academia.



CSR and Community Engagement

As good corporate citizens, AMCHAM companies invest in the communities where they do business, investing more than 100 million Baht each year in CSR, or Corporate Social Responsibility. The AMCHAM Thailand Foundation's Adopt-a-School, Student Scholarship and Teacher Fellowship programs provide a legal entity through which AMCHAM members can demonstrate their commitment to the betterment of Thailand.

The American Chamber of Commerce in Thailand

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BUSINESS LEADERS' PERSPECTIVES

BY AMCHAM THAILAND



THE COMPANY

Ford Motor Company is a global automotive and mobility company based in Dearborn, Michigan. With about 202,000 employees and 62 plants worldwide, our core business includes designing, manufacturing, marketing, and servicing Ford vehicles. In ASEAN, we market, sell, and service Ford vehicles across the region, and manufacture vehicles in Thailand for domestic sale and export across the region as well as assemble vehicles in Vietnam for domestic sale. Our current operations were established in Thailand in 1997, in Vietnam in 1997, and the Philippines in 2000. These are our three primary markets in the ASEAN region.



Mark Kaufman
President of Ford ASEAN

CONTRIBUTION TO THAILAND

"Our main contributions to Thailand are investment and employment, both providing significant economic benefits. Since 1995, we have invested more than US\$2.5 billion in our two manufacturing facilities, Ford Thailand Manufacturing and AutoAlliance Thailand. We purchase nearly US\$2 billion annually from our Thailand-based supplier network, and we currently employ approximately 10,000 people through our wholly-owned and joint-venture operations in Thailand.

In addition to our significant investments and employment, we are also quite proud of our contributions to local communities. This includes, specifically, our Driving Skills for Life (DSFL) driver safety program, which has been running across our ASEAN markets for 9 years. Since we launched DSFL in 2008, more than 80,000 licensed drivers have participated in this driver safety/road safety program across our ASEAN markets, which we provide free to all participants. Road safety is a very serious issue in the markets across ASEAN and also one that is highly relevant to our business."

LOOKING BACK

"The most important development in the region has been the implementation of the ASEAN Trade in Goods Agreement (ATIGA), which reduced tariffs to 0 percent, has helped facilitate a more free flow of goods across the ASEAN region, and has helped drive more foreign direct investment to the region."

Additionally, Ford supports and welcomes new policies by the respective ASEAN governments that are clear, consistent and involve all stakeholders so that all brands can equally contribute to the further growth and development of the automotive industry.

LOOKING AHEAD

"Thailand will continue to serve as our ASEAN production and export hub, as well as host to our ASEAN regional headquarters. We are confident in the continued growth of the ASEAN region, including the respective automotive industries, and we plan to continue expanding our operations to capitalize on this expected progression and further contribute to the ongoing development of the automotive industry.

Ford would like to see the further implementation of the AEC to include the elimination of all non-tariff barriers, which would help further enhance the competitiveness of production and capacity for export, as well as free and fair competition inside of its regional boundaries."



THE COMPANY

Seagate is a global leader in data storage solutions, including hard drives, solid state and storage systems. Seagate has been operating in the region since 1982, and in Thailand for 33 years. In Thailand, the company started with only 50 employees at a small site in Bangkok. Back then, those pioneers had to manually build coil windings for the inductive heads. Over the years as the business grew, the team moved into larger and more advanced facilities. As Seagate grew, it enabled and fostered the growth of a robust local supply chain.

Seagate has continually evolved its operations as industry-leading, high technology precision manufacturing. The company's facilities here are among the most advanced operations of their kind in the world, leveraging robotics and sophisticated data processing technologies unique in manufacturing. Thailand and Seagate's ASEAN operations are tightly integrated with the company's global operations and industry-leading supply chain.



Jeffrey D. Nygaard
Senior Vice President
Global Operations & Supply Chain
Seagate Technology

CONTRIBUTION TO THAILAND

"Seagate contributes approximately US\$150,000 annually to sponsor STEM - Science, Technology, Engineering, and Mathematics promotional activities in the development and education of young students in line with the government's objective to emerge into Thailand 4.0.

Since 2014 Seagate has invested over US\$2 million in university projects across Thailand through joint development programs in Robotics, Automation, Signal Processing, Materials Engineering, etc. as well as sponsored joint conferences and seminars.

We have also established a Global Financial Services function in Thailand, which serves our global operations and worldwide business processes."

LOOKING BACK

"Seagate was a pioneer in bringing R&D capabilities to ASEAN – and Seagate's state of the art Shugart design center in Singapore is the latest achievement in this regard. The company continues to develop joint R&D projects with universities in the region and top tier academics in Thailand and ASEAN. The company's operations in Thailand and ASEAN have enabled Seagate to grow from approximately \$40 million in annual revenue in 1982 when ASEAN operations were first established, to over \$11 billion today.

ASEAN and Thailand have become increasingly strategic for Seagate, both in terms of our operational and supply chain footprint and as important markets for our products. Government efforts to align policy more broadly for regional and international consistency can continue to better position Thailand for growth."

LOOKING AHEAD

"Seagate continuously reviews and adjusts its business investment plans when determining how to optimally align operations and business development with evolving market conditions, customer demand, and operational needs.

Key factors we look at to determine operational investments include:

- Attractive incentives customized to the requirements of our industry;
- Availability of high skilled labor/R&D resource pool to attract high technology investment;
- Stability of a synchronized regulatory framework and environment.

We believe that the Thailand 4.0 policy and its relevant targets, along with the Digital Economy Roadmap, are designed to foster innovation and economic growth. Additionally, a consistent regulatory framework across ASEAN and key economies can support growth and development.

Our aspirations for ASEAN are for continued growth, and to expand capacity and capabilities in terms of technology adoption and development. This will benefit the people of ASEAN as well as the economic engine that can increase the region's productivity and drive global growth and prosperity."

PROFILE OF RESPONDENTS

- In the 2018 *ASEAN Business Outlook Survey*, the most represented country is Singapore, whose respondents constitute 24% of the total number surveyed, followed by Thailand at 20% of the total sample. Brunei, Laos, and Cambodia are the least represented in the survey; combined, they represent less than 10% of the total sample.
- The majority of respondents are responsible for more than one country (52%), and 60% of respondents operate in the services sector.
- More than half (54%) of surveyed business executives have been operating in ASEAN for 20 years or more.

Area of Responsibility

	ASEAN	Brunei	Cambodia	Indonesia	Laos	Malaysia	Myanmar	Philippines	Singapore	Thailand	Vietnam
Only ONE Country	48%	50%	70%	65%	50%	51%	79%	63%	21%	44%	61%
Multiple Countries	52%	50%	30%	35%	50%	49%	21%	37%	79%	56%	39%

Companies' Global Business Functions

Services	60%	25%	80%	77%	100%	46%	79%	59%	66%	50%	54%
Accounting	2%	0%	0%	8%	0%	0%	0%	7%	3%	0%	0%
Architecture & Engineering	4%	0%	0%	4%	0%	3%	14%	15%	0%	5%	0%
Banking & Finance	7%	0%	10%	12%	0%	3%	7%	4%	9%	2%	11%
Business Process Outsourcing	3%	0%	0%	4%	0%	3%	7%	11%	3%	0%	4%
Consulting	18%	0%	20%	15%	50%	11%	36%	22%	21%	13%	18%
Education	3%	0%	20%	0%	0%	9%	14%	0%	1%	2%	2%
Healthcare	5%	0%	10%	12%	0%	3%	7%	0%	4%	9%	2%
Hospitality/Tourism	6%	0%	10%	4%	0%	0%	14%	7%	4%	11%	4%
HR Services	4%	0%	0%	0%	0%	9%	0%	7%	7%	3%	2%
Insurance	4%	0%	0%	4%	0%	6%	0%	4%	3%	6%	5%
Legal	3%	0%	20%	4%	50%	0%	7%	0%	0%	0%	5%
Marketing & Communications	4%	0%	0%	4%	25%	6%	7%	4%	9%	2%	0%
Real Estate Development/Leasing	2%	0%	10%	0%	0%	0%	7%	0%	1%	3%	2%
Software, IT, & Telecommunications	9%	0%	0%	19%	0%	6%	7%	15%	12%	5%	7%
Transportation & Logistics	7%	25%	0%	8%	0%	3%	7%	7%	12%	6%	4%
Wholesale & Retail	9%	0%	0%	8%	0%	6%	14%	7%	8%	9%	12%

	ASEAN	Brunei	Cambodia	Indonesia	Laos	Malaysia	Myanmar	Philippines	Singapore	Thailand	Vietnam
Manufacturing	34%	25%	10%	38%	25%	49%	29%	30%	30%	45%	26%
Aerospace and Defense	4%	0%	0%	4%	0%	6%	7%	0%	5%	6%	2%
Automotive	3%	0%	0%	0%	0%	6%	14%	7%	0%	6%	0%
Consumer Goods	10%	0%	0%	8%	0%	14%	7%	19%	7%	9%	12%
Electronics	6%	0%	0%	8%	0%	26%	7%	0%	3%	5%	2%
Food and Food Products	5%	0%	10%	12%	25%	3%	7%	0%	4%	5%	5%
Oil and Petrochemical	4%	25%	0%	0%	0%	6%	0%	7%	4%	6%	4%
Machinery and Equipment	5%	0%	0%	8%	0%	6%	7%	4%	7%	6%	4%
Pharmaceuticals/Medicals	6%	0%	0%	4%	0%	14%	0%	7%	4%	5%	7%
Other	23%	50%	10%	8%	0%	20%	29%	26%	24%	25%	28%

Percentage of Global Turnover Represented in Response Location

	ASEAN	Brunei	Cambodia	Indonesia	Laos	Malaysia	Myanmar	Philippines	Singapore	Thailand	Vietnam
Less than 5%	57%	75%	50%	81%	50%	54%	57%	63%	55%	52%	53%
5 to < 25%	20%	0%	30%	8%	0%	20%	14%	19%	24%	20%	23%
25 to < 50%	7%	0%	0%	12%	0%	14%	0%	7%	7%	3%	7%
50 to < 75%	3%	0%	10%	0%	0%	3%	0%	4%	1%	5%	4%
75 to < 100%	4%	0%	10%	0%	0%	6%	7%	4%	4%	6%	2%

Percentage of ASEAN Turnover Represented in Response Location

	ASEAN	Brunei	Cambodia	Indonesia	Laos	Malaysia	Myanmar	Philippines	Singapore	Thailand	Vietnam
Less than 5%	20%	0%	40%	19%	50%	20%	50%	11%	12%	20%	23%
5 to < 25%	39%	75%	30%	54%	25%	54%	7%	48%	37%	28%	42%
25 to < 50%	15%	0%	10%	15%	0%	14%	7%	19%	17%	17%	11%
50 to < 75%	6%	0%	20%	4%	0%	0%	0%	0%	12%	6%	5%
75 to < 100%	6%	0%	0%	4%	0%	9%	14%	4%	7%	5%	7%

Length of Company's Time in ASEAN

	ASEAN	Brunei	Cambodia	Indonesia	Laos	Malaysia	Myanmar	Philippines	Singapore	Thailand	Vietnam
Less than 2 years	2%	0%	10%	4%	0%	0%	0%	0%	4%	0%	0%
2 years but less than 5 years	8%	25%	0%	12%	50%	3%	36%	7%	5%	5%	7%
5 years but less than 10 years	12%	0%	10%	12%	0%	17%	21%	4%	12%	13%	11%
10 years but less than 20 years	23%	0%	60%	15%	25%	20%	7%	22%	20%	20%	35%
20 years or longer	54%	75%	20%	58%	25%	60%	36%	67%	58%	59%	44%

SURVEY METHODOLOGY

Sample Size	<p>A list of AmCham members from U.S. companies with email contacts was provided by each American Chamber of Commerce or chapter.</p> <p>Cambodia: List of 156 members, response rate was 6% (10)</p> <p>Indonesia: List of 152 members, response rate was 17% (26)</p> <p>Laos: List of 16 members, response rate was 25% (4)</p> <p>Malaysia: List of 323 members, response rate was 11% (35)</p> <p>Myanmar: List of 118 members, response rate was 12% (14)</p> <p>Philippines: List of 193 members, response rate was 14% (27)</p> <p>Singapore: List of 936 members, response rate was 8% (76)</p> <p>Thailand: List of 415 members, response rate was 15% (64)</p> <p>Vietnam: List of 477 members, response rate was 12% (57)</p> <p>A list of business executives contacted with the help of the U.S. Embassy in the response location:</p> <p>Brunei: List of 54 members, response rate was 7% (4)</p> <p>Overall: List of 2840 members & executives, response rate was 11% (317)</p>
Data Collection Method	Web-based, self-administered survey. No enforcement on participation.
Data Collection Period	15 May, 2017 to 12 June, 2017

Note:
Due to low response numbers for Brunei and Laos, results for these countries may not be fully representative of business sentiments and outlook in those countries.

Throughout the report, percentages on graphs may not add to 100% due to respondents' selecting multiple answers, respondents' selecting "not sure", or incomplete entries in the data set.

Small and medium-sized enterprises in this report are defined as firms with 50 employees or less in their response location.

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For more information on the survey, visit <http://www.amcham.org.sg/aseanoutlook/>

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THE AMERICAN CHAMBER OF COMMERCE IN SINGAPORE

AMCHAM IS THE LARGEST FOREIGN BUSINESS CHAMBER IN SINGAPORE, REPRESENTING 700 LEADING CORPORATIONS TO PROVIDE BUSINESS CRITICAL INSIGHTS, SUSTAINED POLICY ADVOCACY, AND OPPORTUNITIES TO CONNECT WITH BUSINESS AND GOVERNMENT LEADERS.

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From Foundation to Future:

In recognition of the 40th Anniversary of the U.S.-ASEAN Dialogue Partnership, AmCham would like to congratulate some of our members who have been operating in ASEAN for at least 40 years!



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