



Immediate Release
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ASEAN AMCHAMS RELEASE FIFTH ANNUAL BUSINESS OUTLOOK SURVEY

Confidence in ASEAN Markets and Business Growth High

- American business in ASEAN is more optimistic on world economy with 42% expecting the world economy to do better in 2006, compared to 29% last year.
- 4 in 5 American senior managers expect business growth.
- ASEAN's importance to global economy seen as increasing. 62% believe the region will be more important to their company's revenues in the next two years. Recovery of economy (71%) and improvements in infrastructure (52%) cited as key reasons.
- More than half expect their workforce to expand with almost half citing increases of 10% to 50%.
- Majority (68%) expect profit growth, up from 61% in 2005. Few (9%) expect profit decreases.
- With the exception of Singapore, corruption, protectionism and governance remain major factors impacting business in the ASEAN region.
- Lack of infrastructure remains a problem in Indonesia, The Philippines and Vietnam.

Senior executives in American companies in ASEAN are increasingly confident of business growth, workforce expansion and profit growth for their business in ASEAN markets and are generally optimistic in their outlook for the world economy.

A survey released today shows 80% of American senior managers expect to expand their business operations in the region while only 3% think operations will shrink.

Most (62%) also believe the ASEAN market will be more important to their company's global revenues in the next two years, thanks largely to economic recovery and improvements in infrastructure.

Sixty-eight per cent are optimistic of profit growth this year, with members from Malaysia (75%) and Vietnam (76%) being particularly confident of an increase in profits.

AmCham Outlook is the fifth annual survey of members of American Chambers of Commerce (AmChams) in the ASEAN region who together represent an estimated US\$50 billion of regional investment.

The Executive Director of AmCham Singapore, Nicholas de Boursac, said today the results indicate that there was a fundamental sense of confidence in ASEAN markets.

"Our members regard ASEAN as increasingly important to company revenues. The region holds enormous potential, and local economic recovery, improvements in infrastructure and limited opportunities in other regions, mean businesses will continue to grow and profit here" he said.

Members in all surveyed countries were optimistic of business growth with those from Malaysia being particularly upbeat with 90% expecting business expansion.

Most members (58%) also expect local workforces to expand, with over half expecting local workforce increases of 10% to 50% on current levels, and only 7% expecting decreases. Members from Singapore, Thailand and Vietnam were most positive about local workforce expansion.

Most expect the expatriate workforce, however, to remain the same, with 13% expecting a decrease.

Corruption and dissatisfaction with local customs and taxation and revenue offices remain impediments to doing business in the region (except in Singapore), although dissatisfaction levels have mitigated slightly.

“Other than in Singapore, corruption continues to be identified as the major impediment to doing business in the region and is a source of high dissatisfaction for members” Mr. de Boursac said. “This, in combination with weak laws and regulations, has a significant effect on investment decisions and is a vital competitiveness issue”.

While dissatisfaction remains pronounced, the level of concern with corruption dropped slightly in Indonesia and The Philippines. Eighty three percent of members in Indonesia expressed concern with corruption, down from 96% last year, while in The Philippines the level of concern dropped from 88% in 2005 to 77% this year. Singapore government institutions continued to score high marks.

Members from Malaysia (64%) and The Philippines (58%) expressed strong satisfaction with office lease and housing costs, while both areas of leasing cost continued to be a source of dissatisfaction for members from Singapore and Vietnam.

Singapore was rated favorably with regard to the clarity of regulations relating to the import of goods and the fairness of their application. Indonesia, the Philippines and Vietnam had room for improvement.

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