



[PRESS RELEASE]

## **Rising Demand and Economic Growth Outlook Drive Continued U.S. Business Optimism in ASEAN**

*Growing Protectionism, Rising Regional Tensions Among Challenges to Growth*

**September 12, 2017, Singapore** – U.S. companies are optimistic about the growth outlook and investment opportunities in ASEAN as businesses see solid growth in domestic consumption, according to a special ASEAN 50<sup>th</sup> anniversary edition of the 2018 *ASEAN Business Outlook Survey*, released today by the U.S. Chamber of Commerce and the American Chamber of Commerce in Singapore.

The survey, which polled senior executives representing U.S. companies in all ten ASEAN countries, found that 56% expect their profits to increase this year over last, and 74% expect higher profits in 2018. Fifty-eight percent reported that ASEAN markets have become more important for their companies' global bottom lines over the last two years, and 62% of companies surveyed say their level of trade and investment in ASEAN has increased during this period. Over the next five years, 80% expect that their level of trade and investment in ASEAN will increase.

Business leaders point to the region's economic growth and rise in the middle/consumer class as top reasons for this increase, especially in Singapore (73%), the Philippines (70%), and Indonesia (65%). Across ASEAN, the sectors most poised to benefit from the rise of the middle/consumer class are wholesale/retail (74%) and software/IT/telecoms (68%).

Respondents also demonstrated confidence about continued growth in ASEAN through plans for business expansion. Seventy-one percent plan to expand their business to another ASEAN country, and 62% plan to expand within their response location. The most common destinations for business expansion overseas were Vietnam, Myanmar, and Indonesia. Forty-five percent of companies reported that they primarily serve the local market, in contrast to the 13% of companies which primarily export.

“This survey demonstrates clearly and vividly that U.S. commercial interests in ASEAN are vast, and the region is vital to U.S. jobs and economic growth,” said Tami Overby, senior vice president for Asia at the U.S. Chamber of Commerce. “Economic integration in Asia, and between Asia and other parts of the world, is a fact. It is also a fact that if U.S. policy does not support deeper engagement by U.S. companies in this part of the world, it will be left behind – particularly small and medium-sized U.S. exporters. If we want to support U.S. economic growth, we need to make new trade deals in Asia, not pull out of them,” said Overby.

Ann Yom Steel, Executive Director, AmCham Singapore commented, “As the United States invests more in ASEAN countries than anywhere else in the Asia-Pacific region, strong U.S.-ASEAN ties are critical. Singapore serves as an important U.S. trading partner, a major destination for U.S. investment, and is key to providing a vital set of links in U.S. companies' global supply and value chains. So it is no surprise that American companies choose Singapore as their Asia-Pacific regional headquarters. We will continue to push for an even closer cooperation between the U.S. and our partners here through shared principles of dynamic growth and emerging opportunities.”

## Challenges to Growth

While optimism remains strong, there has also been a clear softening of sentiment toward business prospects in the region over the past few years. In the 2015 survey, for example, 72% of respondents said their level of trade and investment in the region had increased over the prior two years. In 2013, 91% of respondents said their trade and investment would increase in the next five years.

In addition, a plurality (48%) of businesses expects that bilateral ties between ASEAN countries and China will deepen and nearly the same percentage (46%) indicate that there will be potential negative effects on their company's operations should the U.S. take punitive trade action against China.

As in previous years' surveys, U.S. companies cite corruption as their single greatest concern in the region (except in Brunei and Singapore), followed by laws and regulations that inhibit business expansion. Respondents also reported a moderate to substantial decrease in their level of satisfaction with these and 13 other investment climate indicators over the past five years. The concern with corruption was virtually unchanged, while satisfaction with personal security, sentiment toward the United States, political stability, and laws and regulations declined from 2012-17.

In previous surveys, executives have indicated that the ASEAN Economic Community (AEC) will make the region more attractive to investment. This year, respondents recommended several priority areas for ASEAN to address in the context of the AEC, including corruption, non-tariff barriers, transparency, and good governance.

Download the 2018 ASEAN Business Outlook Survey [here](#).

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## About the U.S. Chamber of Commerce

The U.S. Chamber of Commerce is the world's largest business federation representing the interests of more than 3 million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations. Its International Affairs division includes more than 70 regional and policy experts and 25 country- and region-specific business councils and initiatives. The U.S. Chamber also works closely with 117 American Chambers of Commerce abroad.

## About AmCham Singapore

The American Chamber of Commerce in Singapore is the largest foreign business chamber in Singapore and Southeast Asia, representing 700 leading corporations, with over 5,000 members, to provide business critical insights, sustained policy advocacy, and opportunities to connect with businesses and government leaders in the region. American companies' direct investment in Singapore exceeds an estimated U.S. \$229 billion.