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# Post Pandemic Outlook on ASEAN 6

NOVEMBER 2022





# Our experts

**David Stepat**  
Senior Manager  
International Business Advisory  
Singapore

Based in Dezan Shira's Singapore office, David specializes in strategy consulting and operational support with over 10 years of experience in industry and consulting in the region. He has successfully advised numerous international companies from the FMCG, retail, med-tech, automotive, logistics and manufacturing sectors on entering markets in China and ASEAN and on optimizing as well as growing their existing operations.



**Riccardo Benussi**  
Head of European Business Development  
Munich – Milan

Riccardo Benussi, based in Germany, is the point of contact for our European clients and partners, working with businesses to expand and maintain their presence in Asia while liaising with local teams and partners.

Before taking on this role, he was based in Shanghai for over six years and managed an International Business Advisory team for Shanghai, Suzhou and Ningbo. Riccardo assisted foreign investors with strategic advisory. His areas of expertise include setting up of foreign invested enterprises and representative offices and intellectual property protection. His industry experience includes manufacturing, heavy machinery and food and beverage





# About Us

1992

Dezan Shira's establishment

500+

Our **team** of legal, tax, accounting, business intelligence and audit professionals

3,000+

Multinational **clients** that have already chosen us

80+

**Countries** served by our professional services


28



**Offices** in China, Hong Kong, India, Vietnam, Singapore, Indonesia and Mongolia; Liaison offices in Italy, the United States and Germany, and Asian Alliance offices in Malaysia, the Philippines, Thailand, Bangladesh, Japan, South Korea and Taiwan.





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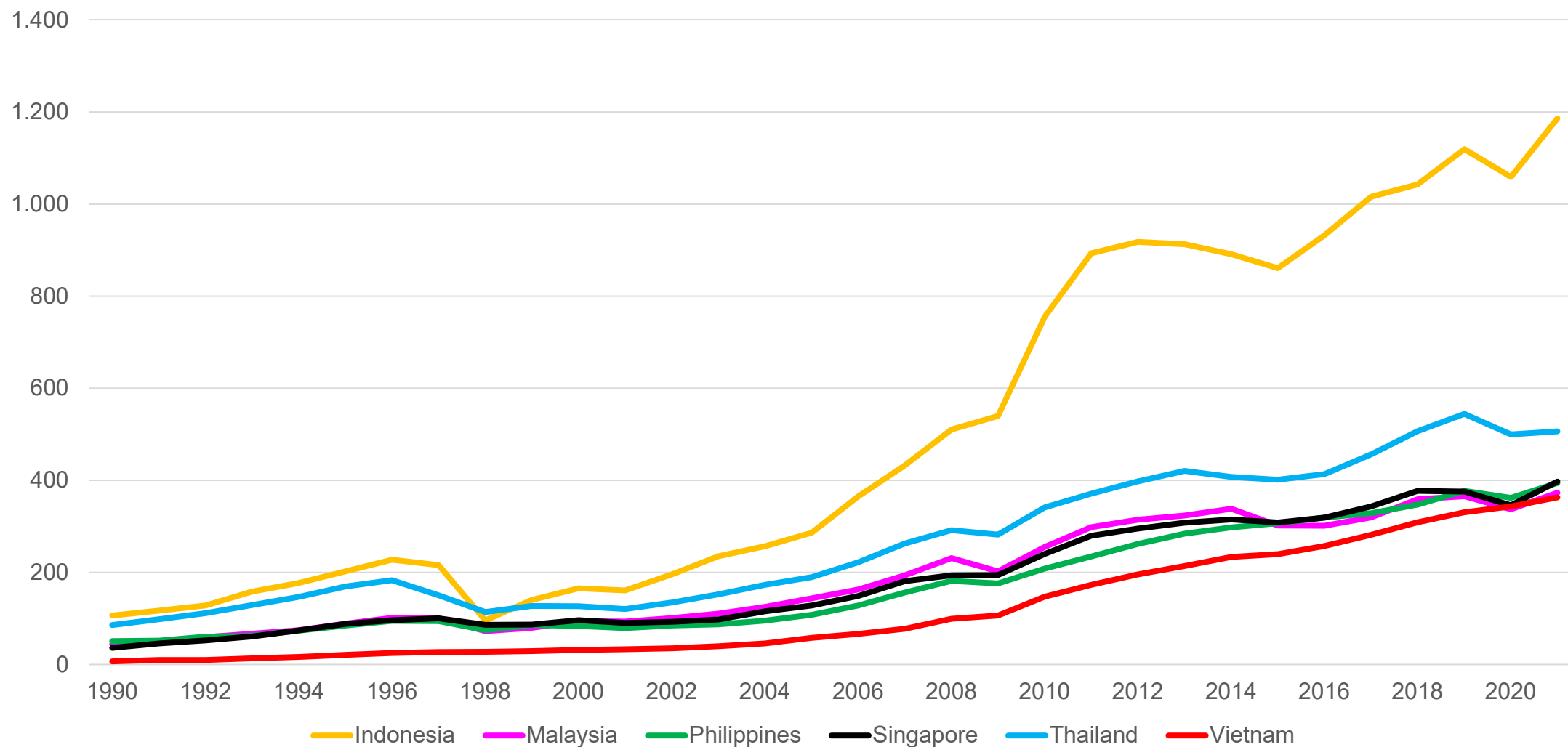
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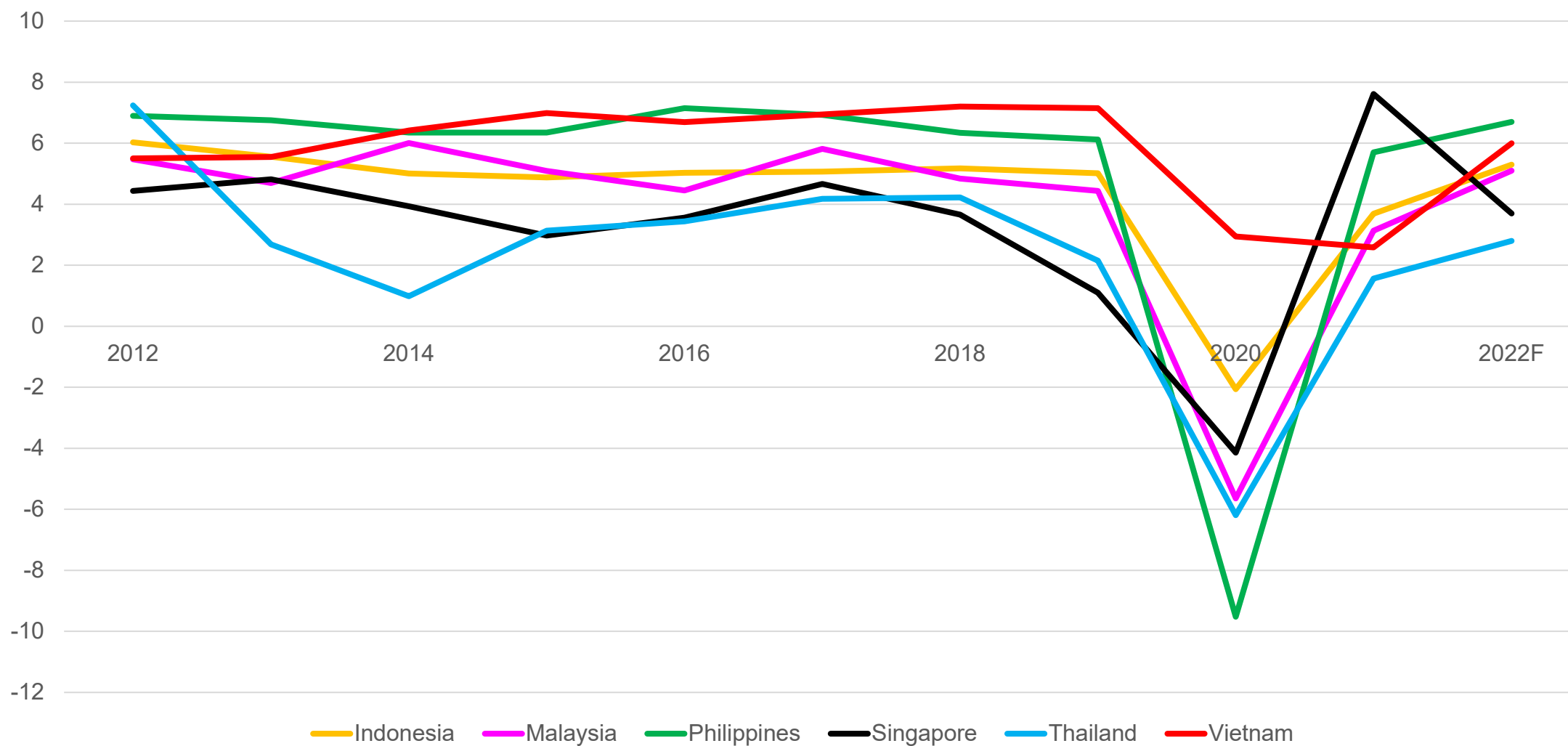


# Overview ASEAN 6

# GDP in billion USD

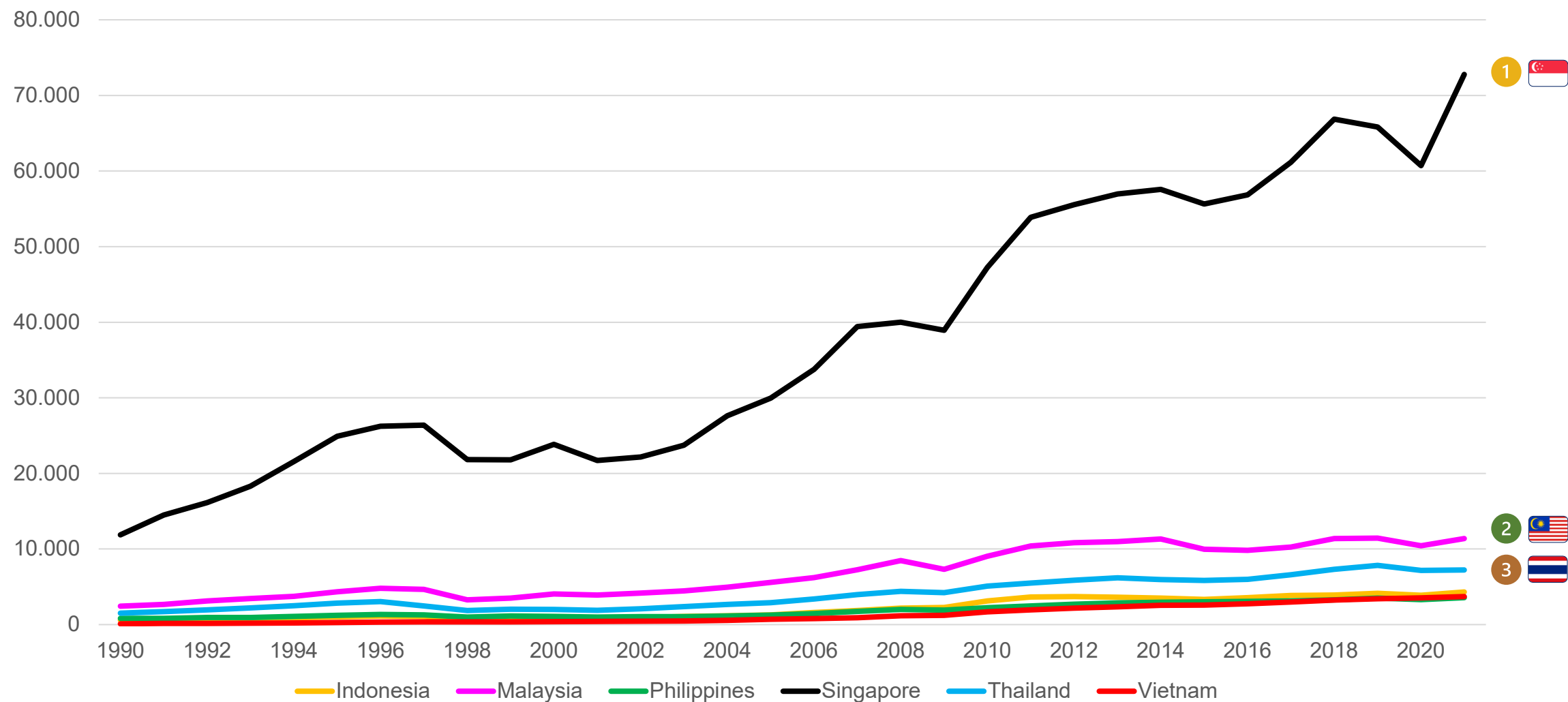


# GDP Growth in %

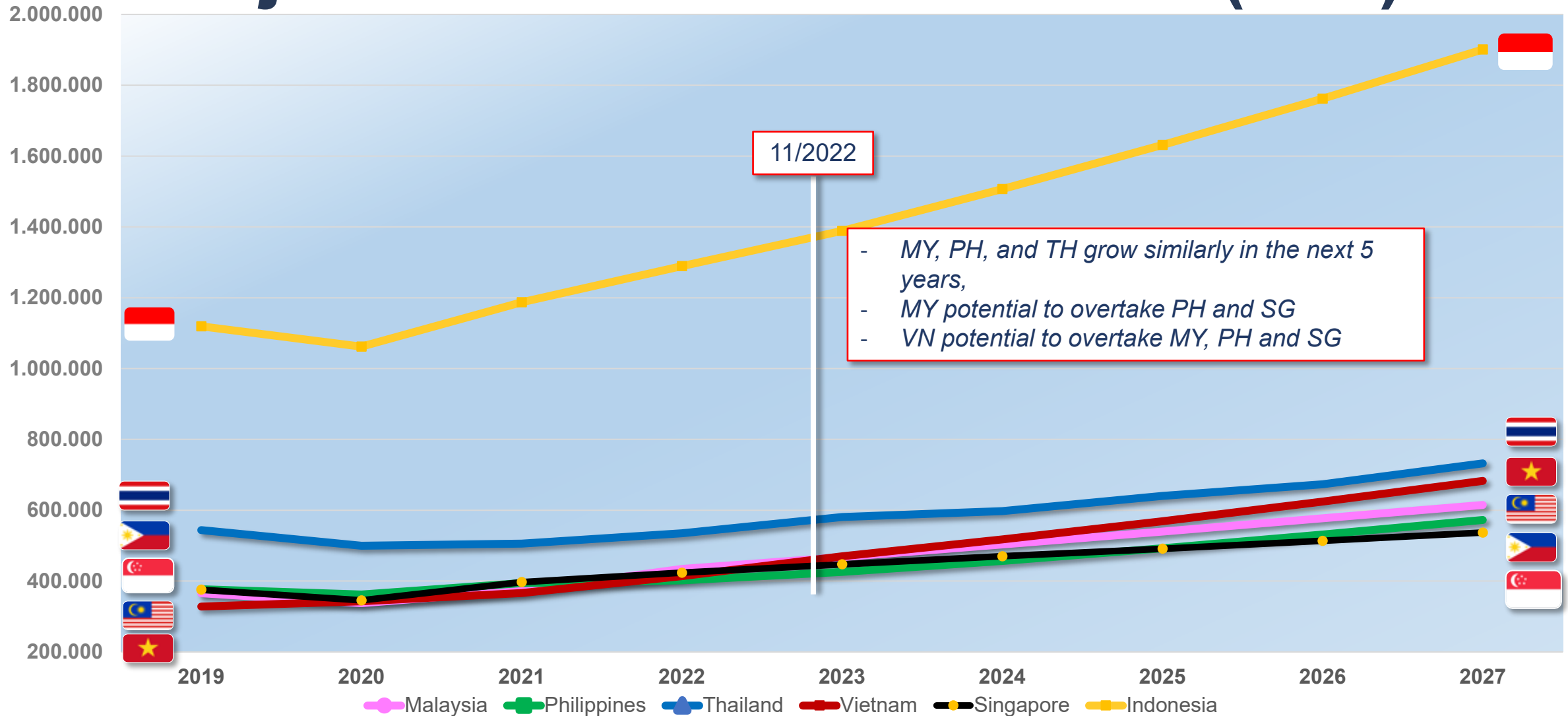




# GDP per capita in thousand USD

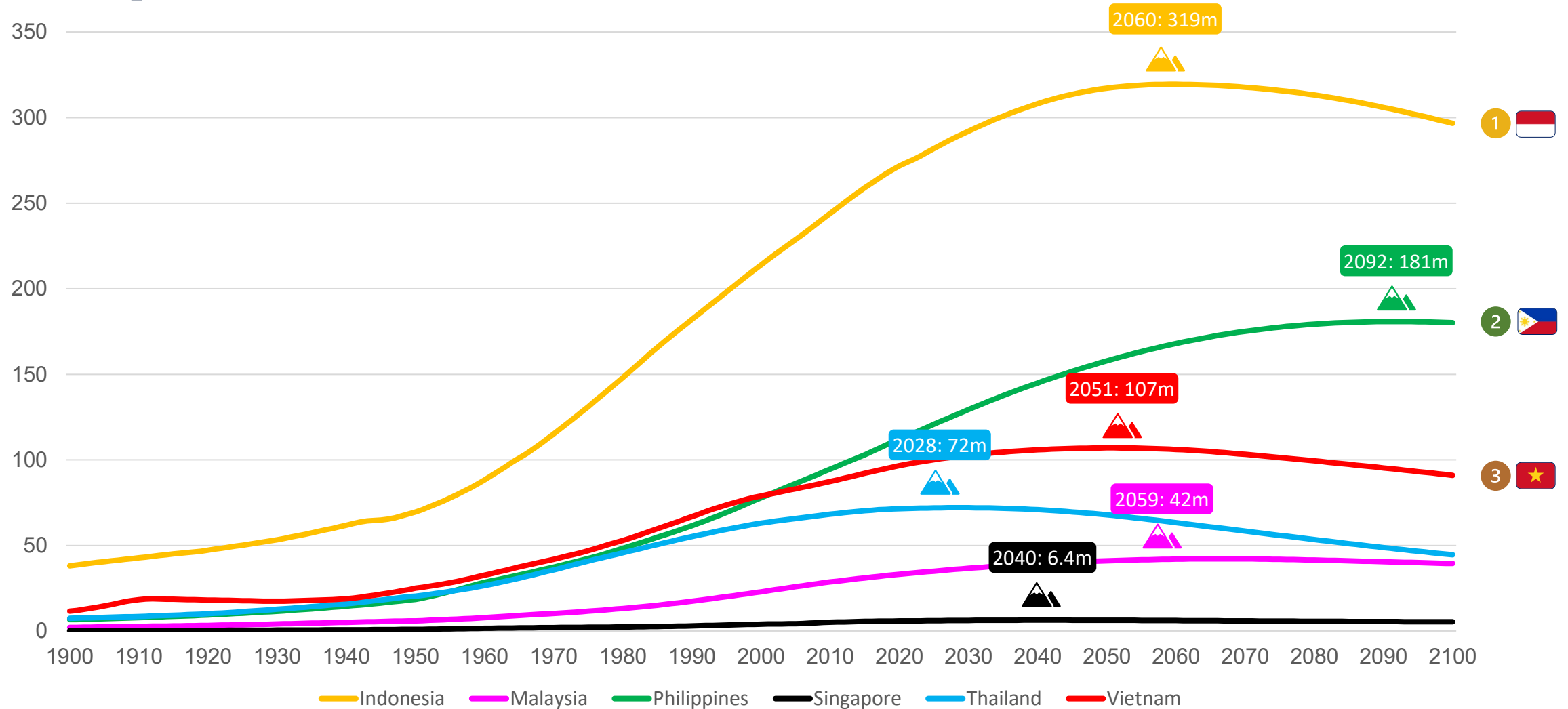


# Projected GDP in billion USD (IMF)

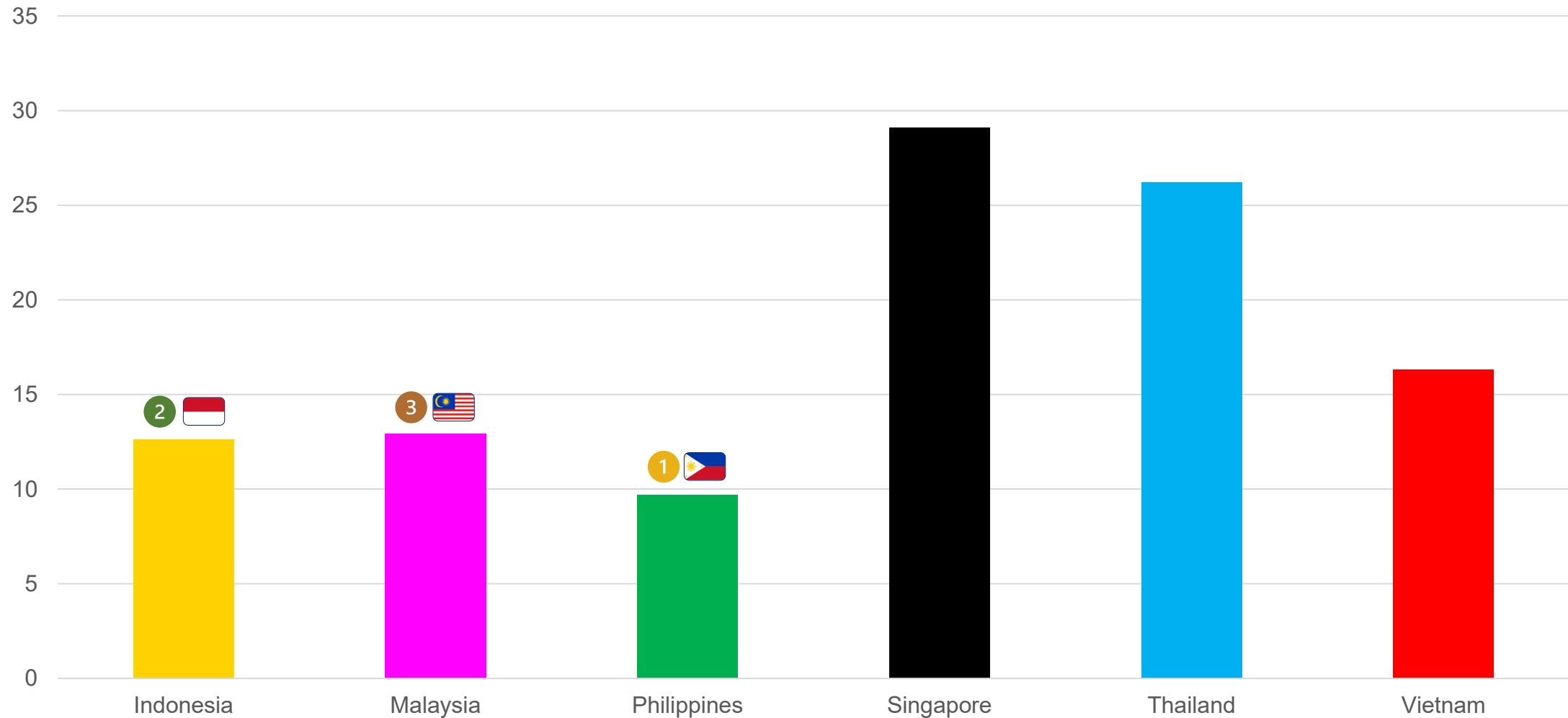




# Population in millions



# Share of population older than 65 in 2040 in %







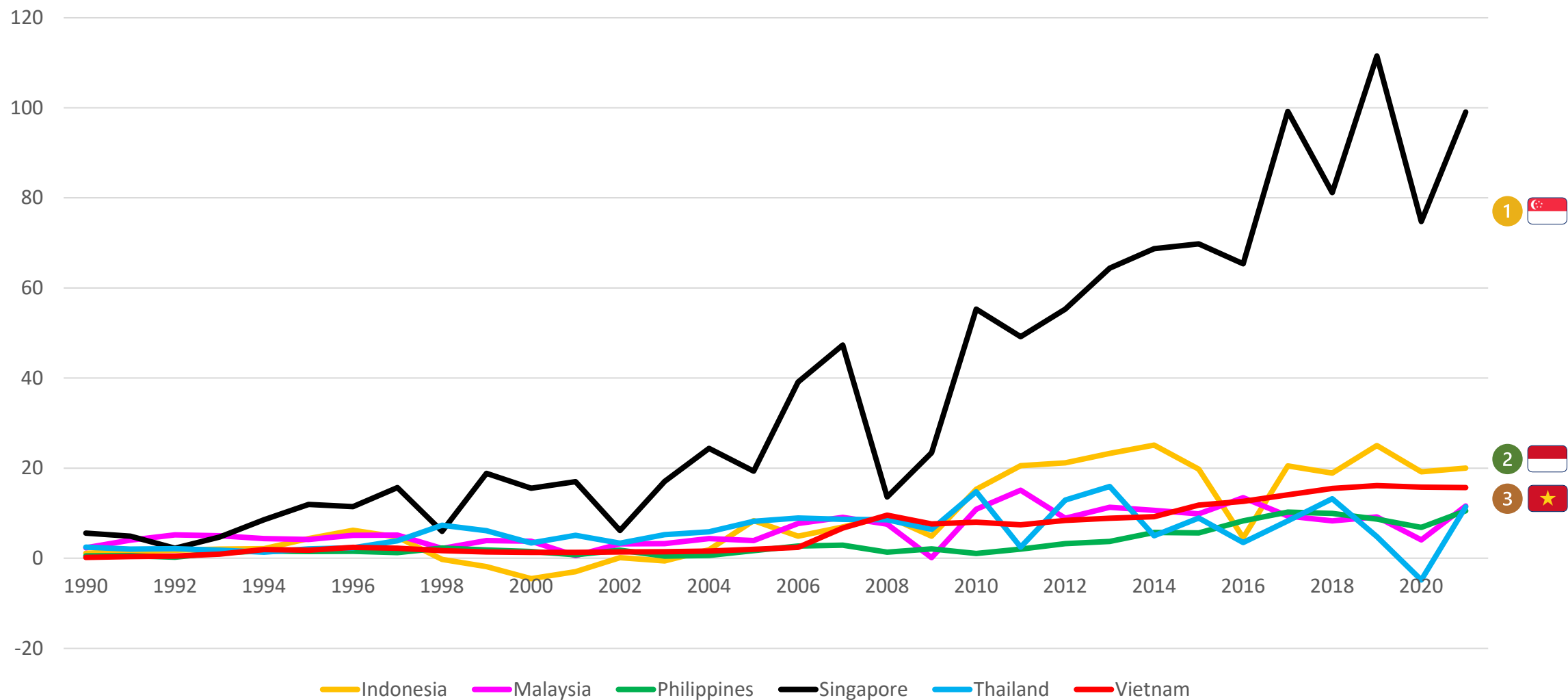
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# FDI Flows

# FDI Inflows in billion USD



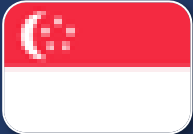






















# FDI Inflow

	Main Foreign Investors 2021 <sup>2</sup>	Trends for 22	Main Foreign Investors 2022 <sup>3</sup>
	 33%  19%  10%	<p>FDI remained the major contributor, accounting for 70.9% of the approved investment with US\$ 19.B.</p> <p>The services sector is the key growth driver for the economy and the largest contributor to approved investment for the first half of 22.</p> <p><i>(Business Standard 03 September 2022).</i></p>	  
	 44%  34%  8%	<p>Net FDI jumped 64.1% YoY.</p> <p>Manufacturing; real estate; information and communication; and transportation and storage industries were among the sectors taking beneficiaries</p> <p><i>(Trading Economics 10 August 2022)</i></p>	  
	 26%  7%  10%  15%	<p>+65% YoY.</p> <p>Of the total investment, more than 40% was in the Eastern Economic Corridor</p> <p><i>(Bangkok Post 02 September 2022)</i></p>	  

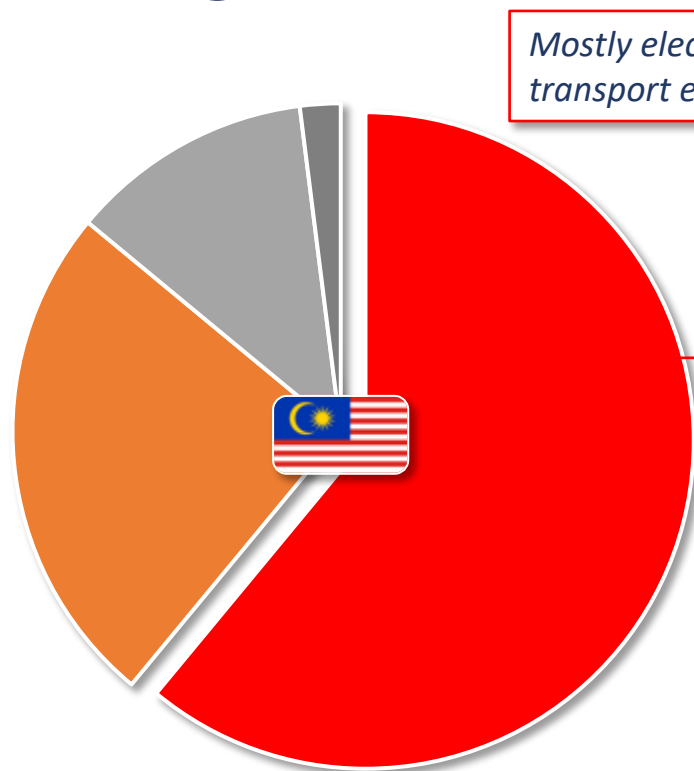
<sup>1</sup>Department of Statistics Malaysia, Philippines News Agency, Reuters Thailand, <sup>2</sup>Department of Statistics Malaysia, Bank of the Philippines, Bank of Thailand, <sup>3</sup> Department of Statistics Malaysia, Trading Economics Philippines, CBRE Thailand Investment Figures

# FDI Inflow

	Main Foreign Investors 2021 <sup>2</sup>	Trends for 22	Main Foreign Investors 2022 <sup>3</sup>
	 33.5%  8,8%  7.3%	<p>Leading destination for greenfield FDI in the first half of 2022, mainly semiconductor sector</p> <p>Foreign investors in Singapore announced 142 projects worth \$8.2bn in the first six months of 2022</p>	  
	 25%  24.2%  16%	<p>Only 9.5% of FDI comes from outside Asia, ASEAN countries account for 35.1% of the total FDI.</p> <p>Q1 2022 FDI increased 31.8% compared to first quarter 2021</p> <p>The FDI realization was contributed by the Basic Metals, Metals, Non-Machinery and Equipment Industry sector.</p>	  
	 34%  15.9%  12.5%	<p>In the first 9 months of 2022 FDI realized in Vietnam increased by 16.3% over the same period last year</p> <p>Processing and manufacturing industry continued to lead with a total investment of over 12.1 billion USD, accounting for 64.6% of the country's total capital</p> <p><i>(Ministry of Planning and Investment.)</i></p>	  

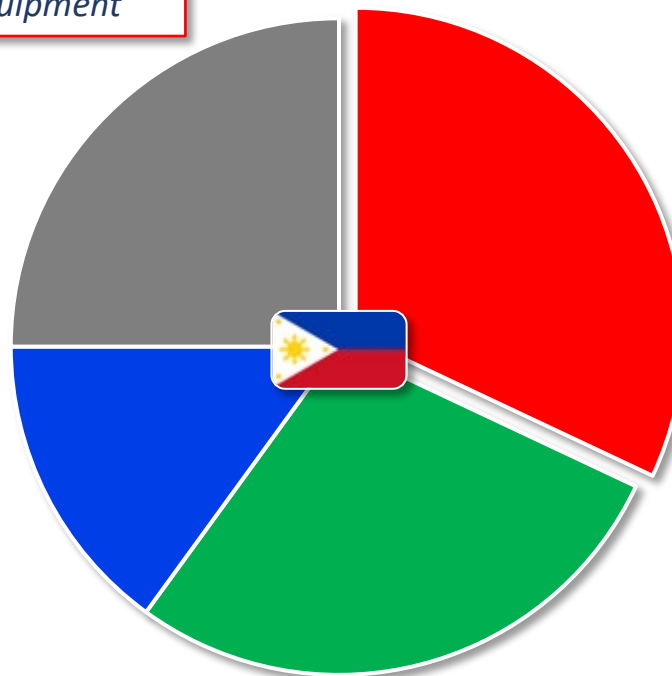


# FDI by Sector in 2021



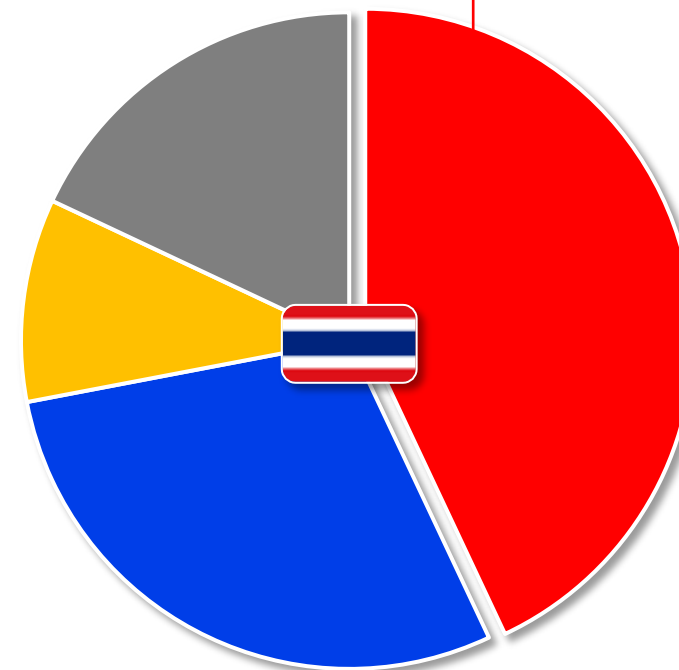
■ Manufacturing    ■ Services  
■ Mining    ■ Others

*Data from the Department of Statistics of Malaysia.*



■ Manufacturing    ■ Energy  
■ Finance    ■ Others

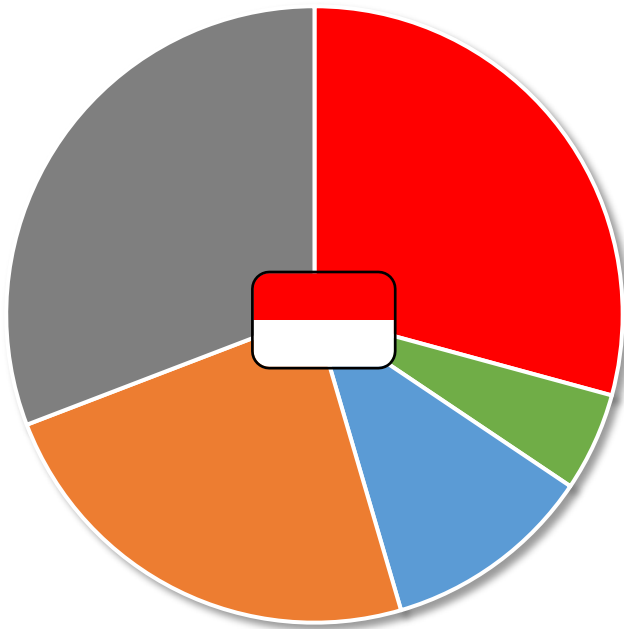
*Data from the Bank of the Philippines*



■ Manufacturing    ■ Finance  
■ Real Estate    ■ Others

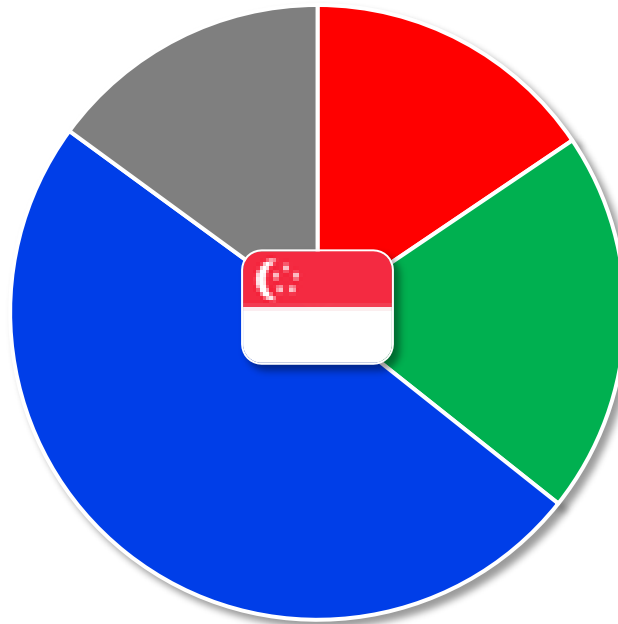
*Data from the Bank of the Thailand*

# FDI by Sector in 2021



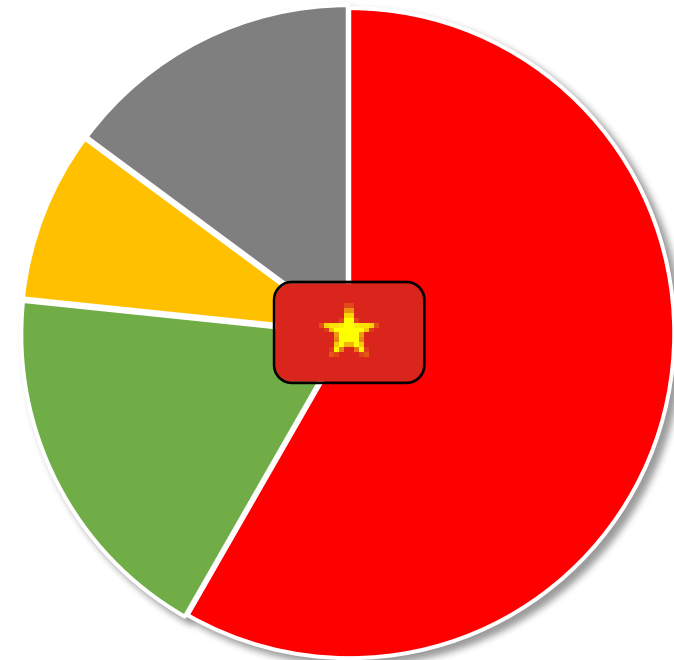
- Manufacturing
- Energy
- Mining
- Transportation
- Others

*Data from the Bank of Indonesia.*



- Manufacturing and Processing
- Wholesale and retail trade
- Finance
- Others

*Data from International Trading Center*



- Manufacturing
- Energy
- Real Estate
- Others

*Data from Vietnam's Foreign Investment Agency*





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# Country Focus

# Indonesia



Population (2021)

**276.4 million**

GDP (current US\$, 2021)

**1.19 trillion**

GDP growth (annual %, 2021)

**3.7%**

Ease of Doing Business Index (2019)

**73**

# Indonesia – In the Media



Indonesia's Q3 foreign direct investment value rises 63.3% y/y

Positive FDI Outlook



Navigating a complex energy transition path for Indonesia's power sector



Energy



Indonesia offers incentives, cuts red tape for green investment



Energy



Indonesia making big plans for bad times in 2023



Global Economy



Can the EU and Indonesia sign their elusive Free Trade Agreement?



International Relations



# Malaysia



Population (2021)

**32.7 million**

GDP (current US\$, 2021)

**372.7 billion**

GDP growth (annual %, 2021)

**3.1%**

Ease of Doing Business Index (2019)

**12**

# Malaysia – In the Media

**NIKKEI Asia**

Malaysia's Q3 GDP grew 14.2%,  
highest in over a year



Positive growth

**THE EDGE™**

Harnessing Malaysia's potential  
as preferred FDI destination in  
energy sector



Energy

**Schroders**

In Malaysia political uncertainty  
continues to cloud the outlook



Political risk

**THE STRAITS TIMES**

Malaysia to ratify Comprehensive and  
Progressive Trans-Pacific Partnership



International  
Relations

# Philippines



Population (2021)

**111 million**

GDP (current US\$, 2021)

**394.09 billion**

GDP growth (annual %, 2021)

**5.7%**

Ease of Doing Business Index (2019)

**95**



# Philippines – In the Media

**The Manila Times**

FDIs seen increasing under Marcos

Positive  
FDI  
Outlook

**philstar**

Philippines digital economy now worth P1.87 trillion



Digital  
economy

**MANILA BULLETIN**

Rough seas ahead for the Philippine digital economy



Digital  
economy

**THE STRAITS TIMES**

Philippine economy shows unexpected strength as demand holds



Positive growth

**NIKKEI Asia**

Philippines eases Asia's toughest FDI rules with new retail entry law



Retail



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# Singapore



Population (2021)

**5.453 million**

GDP (current US\$, 2021)

**396.99 billion**

GDP growth (annual %, 2021)

**7.6%**

Ease of Doing Business Index (2019)

**2**

# Singapore – In the Media

## **fDi** Intelligence

Singapore leads FDI into Asean in 2022



Positive  
FDI  
Outlook



Singapore economy to slow further in 2023 amid global challenges



Global Economy

## THE BUSINESS TIMES

Singapore wants open supply chain as US levels China chip curbs



Global supply chain

## THE BUSINESS TIMES

Singapore retail sales up 11.2% in September, extending August's growth



Retail

## THE STRAITS TIMES

Measures to protect Singapore's energy market from 2023 will incur higher costs



Energy



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# Thailand



Population (2021)

**69.950 million**

GDP (current US\$, 2021)

**505.98 billion**

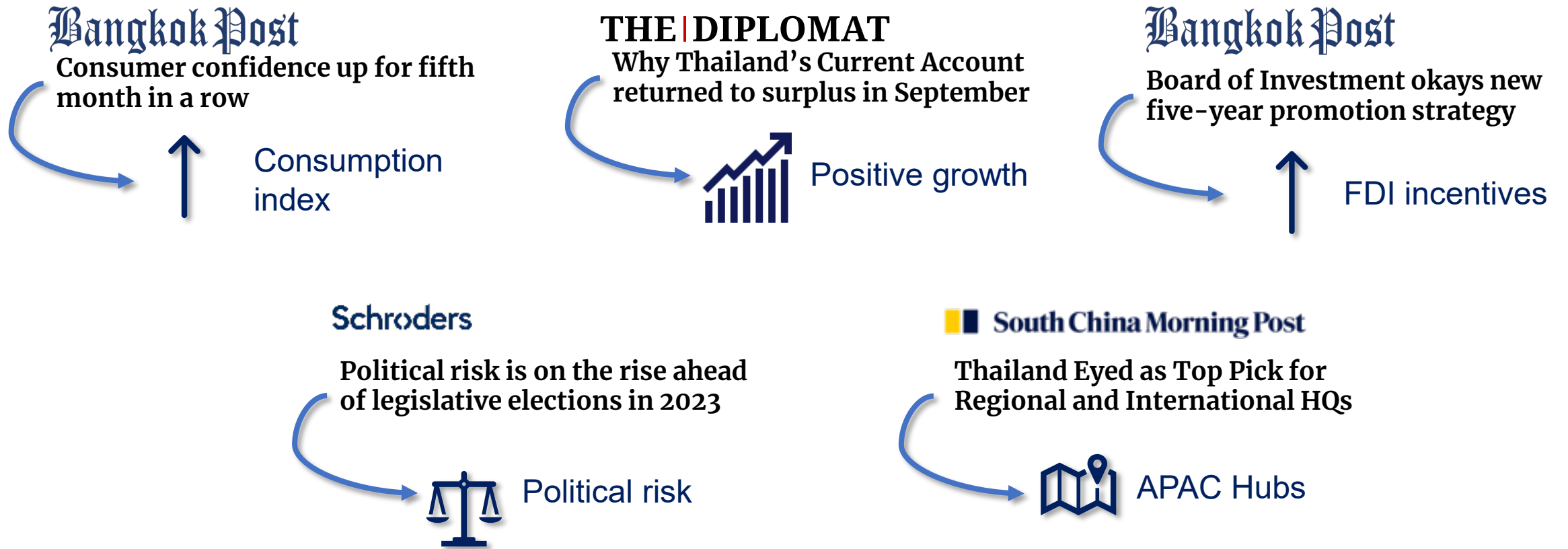
GDP growth (annual %, 2021)

**1.6%**

Ease of Doing Business Index (2019)

**21**

# Thailand – In the Media



# Vietnam



Population (2021)

**98.168 million**

GDP (current US\$, 2021)

**362.64 billion**

GDP growth (annual %, 2021)

**2.6%**

Ease of Doing Business Index (2019)

**70**



# Vietnam – In the Media



Vietnam recovers impressively amid world uncertainties



Positive growth

The Saigon Times  
An English edition of Kinh Tế Sài Gòn Online magazine

FDI Disbursements at five-year high



Positive FDI Outlook



Textile and garment sector bears the brunt of global uncertainties



Global Economy

**Vietnam+**

Vietnam's electric vehicle market sees great potential



EV industry

**TECHWIRE**  
ASIA

Vietnam has the fastest growing digital economy in SEA E-economy Report 2022



Digital economy



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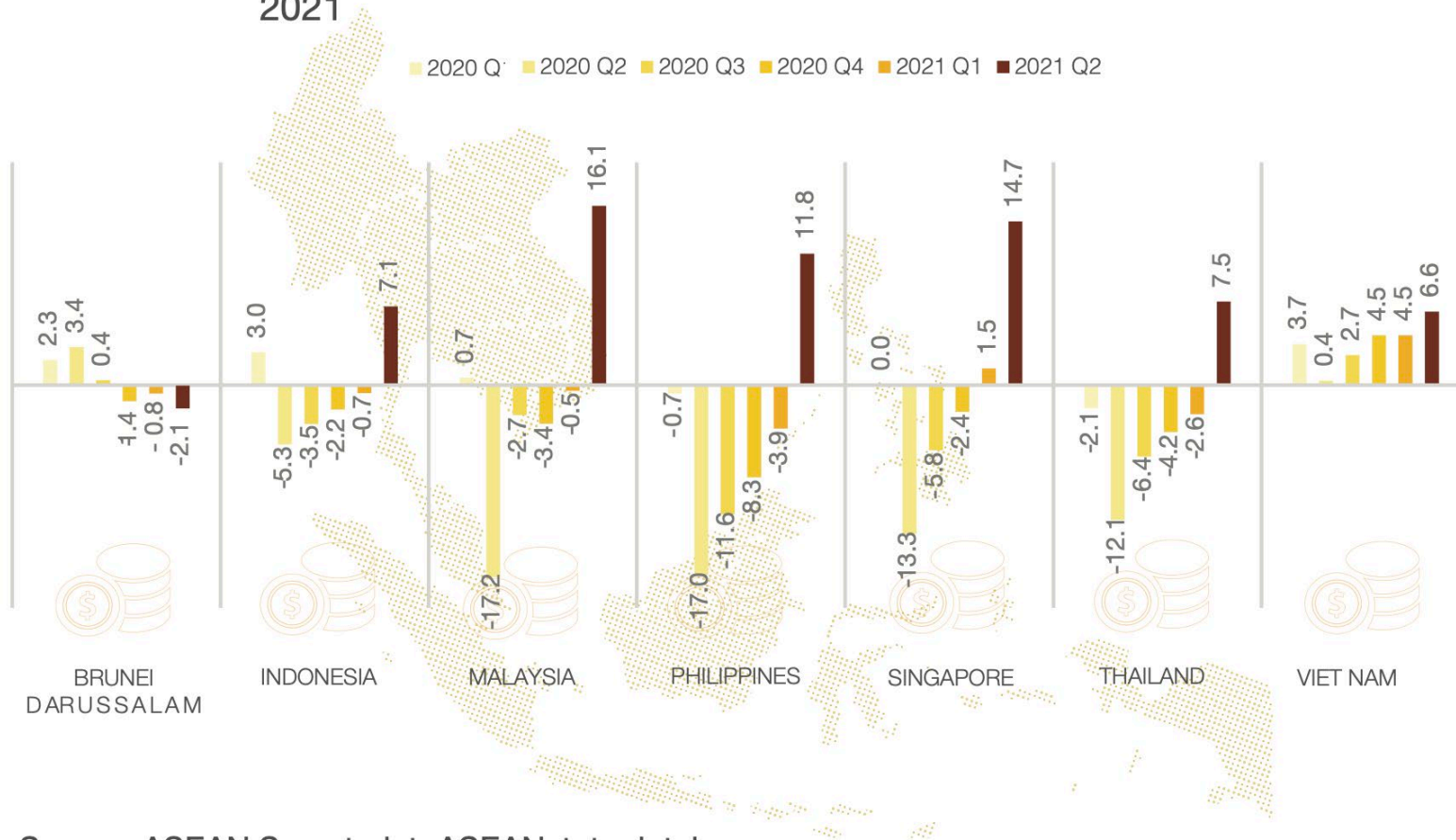
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# Risks

# ASEAN States' resilience

**Figure 2.1.5.** Quarterly GDP growth rate of seven ASEAN Member States, 2020 to Q2-2021



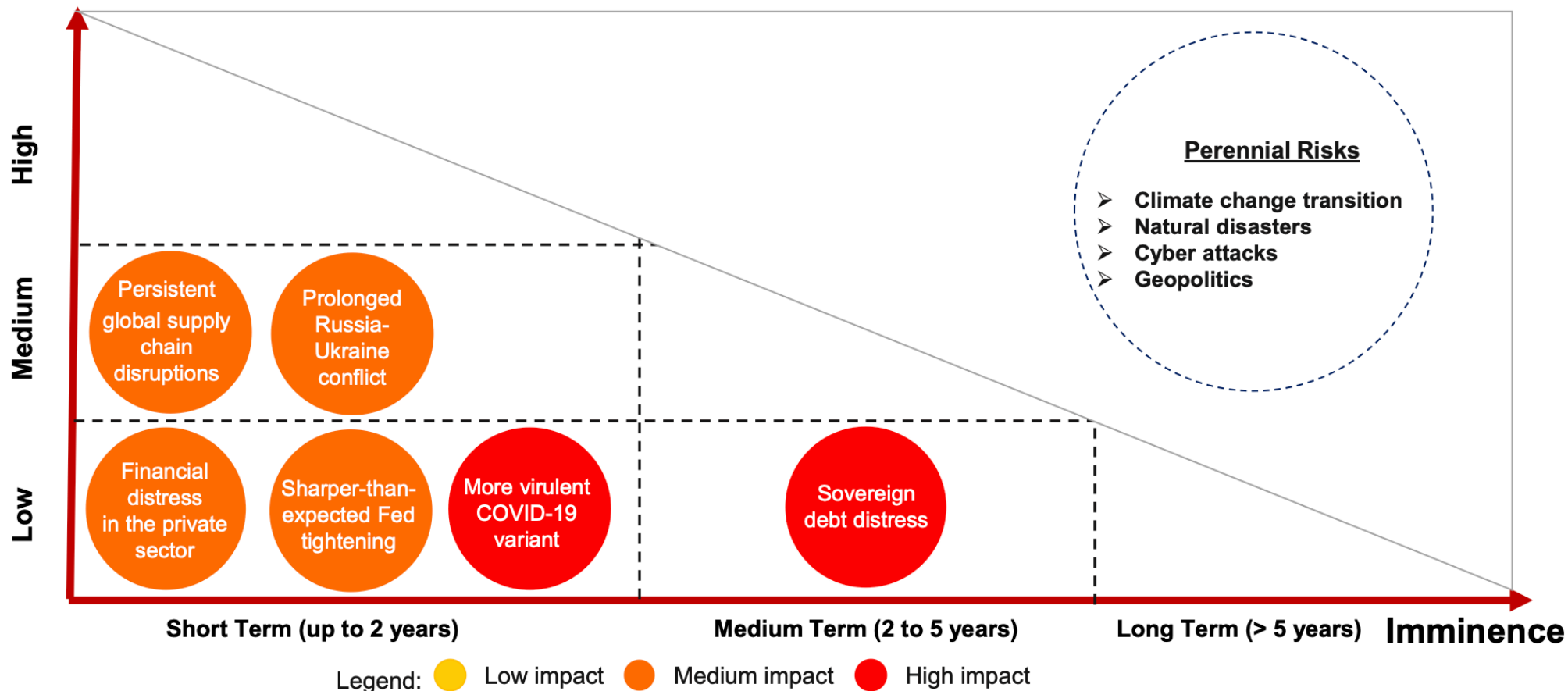
Source: ASEAN Secretariat, ASEANstats database



# Risks to the Outlook

Figure 1.44. Regional Risk Map, March 2022

Likelihood



Source: ASEAN +3 Regional Economic Outlook 2022



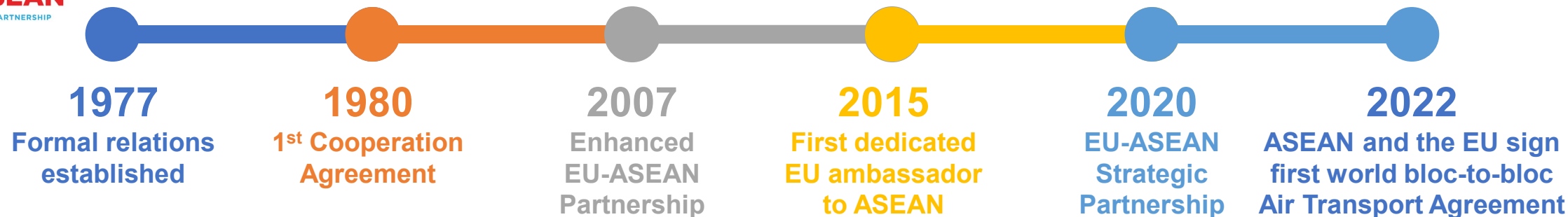
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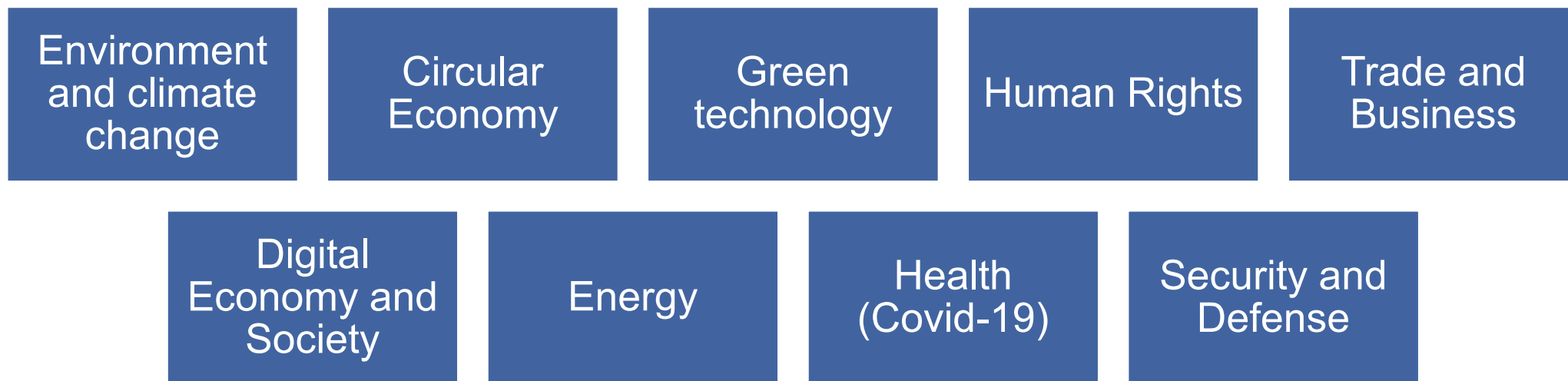


# ASEAN Economic Framework and FTAs

# ASEAN relations with the EU

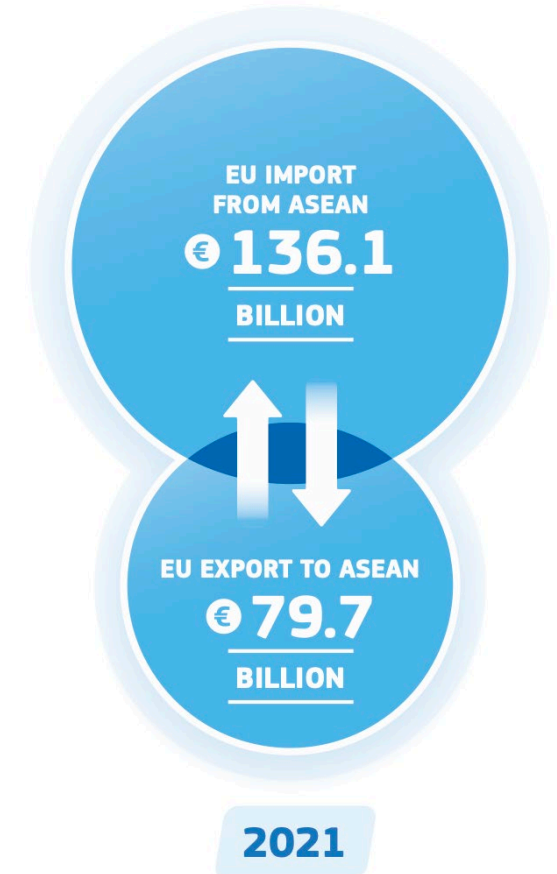
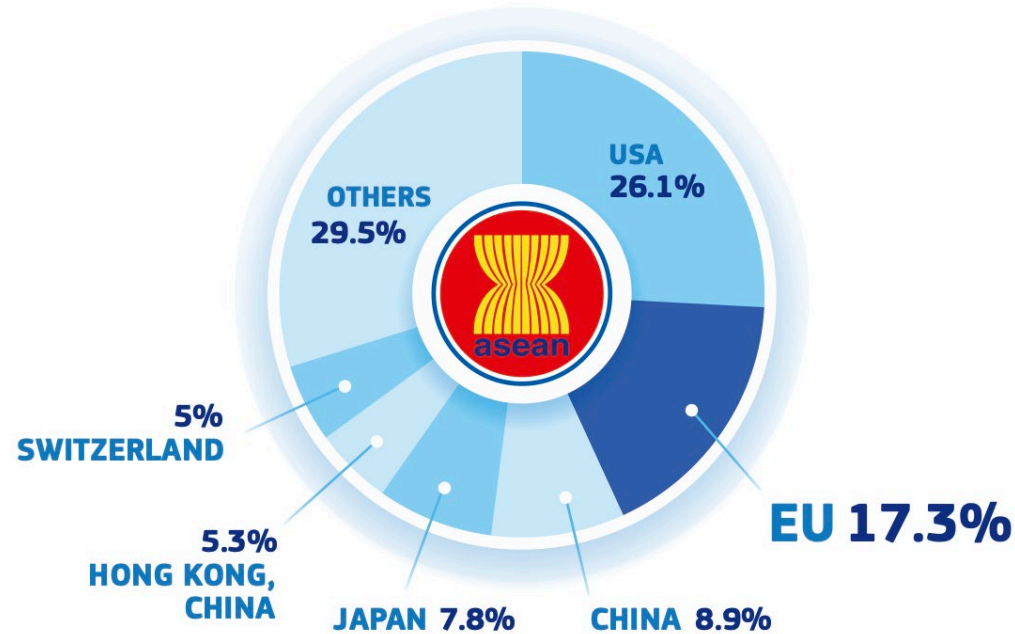


## Cooperation across several priority areas





# ASEAN – EU Trade and Investment



From the *EU-ASEAN STRATEGIC PARTNERSHIP Blue Book 2022*  
Source: ASEANStats, Eurostat



## EU-ASEAN Cooperation

### PRIORITY AREAS FOR REGIONAL INTEGRATION



Strategic Partnership



Green & Inclusive Sustainable Development



Sustainable Connectivity

Green Team Europe Initiative in partnership with ASEAN/Southeast Asia



Team Europe brings together the EU, EU Member States and Development Finance Institutions for joint actions

Funded through:



Neighbourhood, Development and International Cooperation Instrument

€ 80 BILLION - GLOBALLY 2021-2027

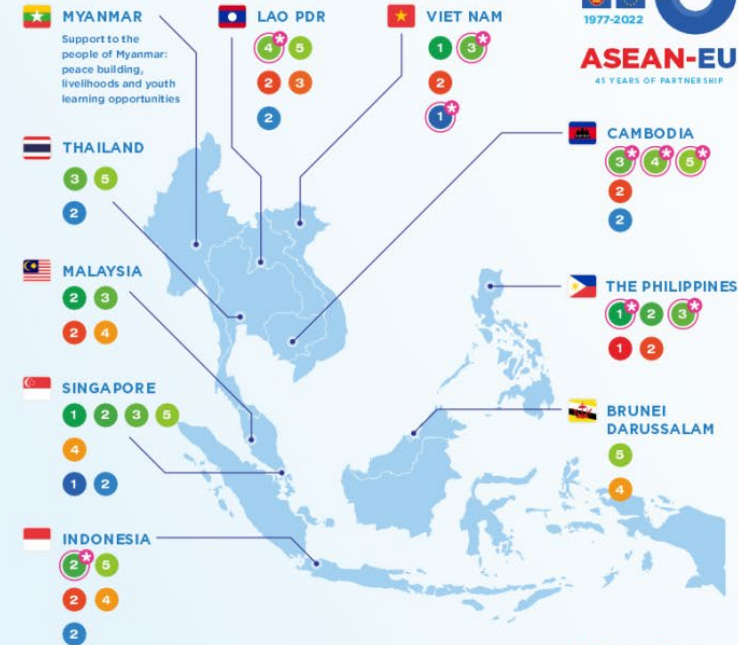
Aligned with:

- ★ Indo-Pacific Strategy
- ★ European Green Deal
- ★ Global Gateway
- ★ ASEAN Community Blueprints

Complementary Asia and Thematic Programmes

- Investment for Sustainable Development EFSD+
- Migration
- Peace and Conflict Prevention
- Human Rights & Democracy
- Erasmus+
- Pan-Asia SME Initiative to Deliver Sustainable Consumption and Production

## Bilateral Cooperation with ASEAN Member States



### Green Growth & Jobs

- 1 Digital
- 2 Climate change
- 3 Circular Economy
- 4 Sustainable agriculture
- 5 Trade & Investment

### Governance, Peace & Security

- 1 Peace building
- 2 Good governance
- 3 Human rights
- 4 Security

### Education & Skills Development

- 1 Entrepreneurship
- 2 Education & Research



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# EU FREE TRADE AGREEMENT (FTA) AND INVESTMENT AGREEMENT NEGOTIATIONS IN ASEAN

## EU-ASEAN FTA

Bilateral FTAs between the EU and ASEAN Member States are building blocks towards a region-to-region agreement.



Source: European Union



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# FTA Integration

	RCEP	CPTPP	IPEF										
	YES	NO	YES	IN TALKS	NO	IN TALKS	NO	Through ASEAN	Through ASEAN	Through ASEAN	Through ASEAN	Through ASEAN	Through ASEAN
	YES	YES	YES	IN TALKS	IN TALKS	NO	IN TALKS	Through ASEAN	Through ASEAN	Through ASEAN	Through ASEAN	Through ASEAN	Through ASEAN
	IN TALKS	NO	YES	IN TALKS	NO	NO	NO	Through ASEAN	Through ASEAN	Through ASEAN	Through ASEAN	Through ASEAN	Through ASEAN
	YES	YES	YES	YES	YES	YES	YES	Through ASEAN	Through ASEAN	Through ASEAN	Through ASEAN	Through ASEAN	Through ASEAN
	YES	NO	YES	IN TALKS	NO	IN TALKS	IN TALKS	Through ASEAN	Through ASEAN	Through ASEAN	Through ASEAN	Through ASEAN	Through ASEAN
	YES	YES	YES	YES	NO	YES	NO	Through ASEAN	Through ASEAN	Through ASEAN	Through ASEAN	Through ASEAN	Through ASEAN



# EU – Vietnam FTA

Entered into force on 1 August 2020

**Eliminates  
99% of all  
tariffs and  
reduces non-  
tariff barriers**

**Protection  
geographical  
indications**

**Leveling  
the playing  
field for EU  
companies in  
Vietnam**



## Example - Emerging Opportunities from Tariff Reduction

HS Code	Products	Number of Tariff Lines	Vietnam's Average Tariff	Tariff reduction schedule under the EVFTA (number of tariff lines)			
				Schedule A	Schedule B5	Schedule B7	Schedule B10
30	Pharmaceutical products	99	2.26	51	1	33	2
3001	Glands, organs for organo-therapeutic uses	2	0.00	2	0	0	0
3002	Human and animal blood, antisera, vaccines and toxins	9	0.00	9	0	0	0
3003	Medicaments, not in measured dose or packed for retails	8	2.20	6	0	2	0
3004	Medicaments, in measured dose or packed for retails	60	2.22	34	1	25	0
3005	Wadding, gauges, bandages and similar products	5	7.00	0	0	5	0
3006	Other pharmaceutical goods	15	2.67	0	0	1	2

### Note:

- *Schedule A: Customs duties on originating goods shall be removed **immediately** upon the EVFTA's entry into force.*
- *Schedule B5: Customs duties on originating goods shall be removed in **six** equal annual stages and thereafter be free of any customs duty.*
- *Schedule B7: Customs duties on originating goods shall be removed in **eight** equal annual stages and thereafter be free of any customs duty.*
- *Schedule B10: Customs duties on originating goods shall be removed in **eleven** equal annual stages and thereafter be free of any customs duty.*

# EU – Vietnam

Vietnam is the EU's 2<sup>nd</sup> largest trade partner in ASEAN

EU – Vietnam Trade in **goods**  
2021

**€49.1 billion**  
+13.4% y/o/y



EU exports to Vietnam - **€10.6 billion**

EU imports from Vietnam - **€38.5 billion**

EU – Vietnam Trade in **services**  
2020

**€5.7 billion**

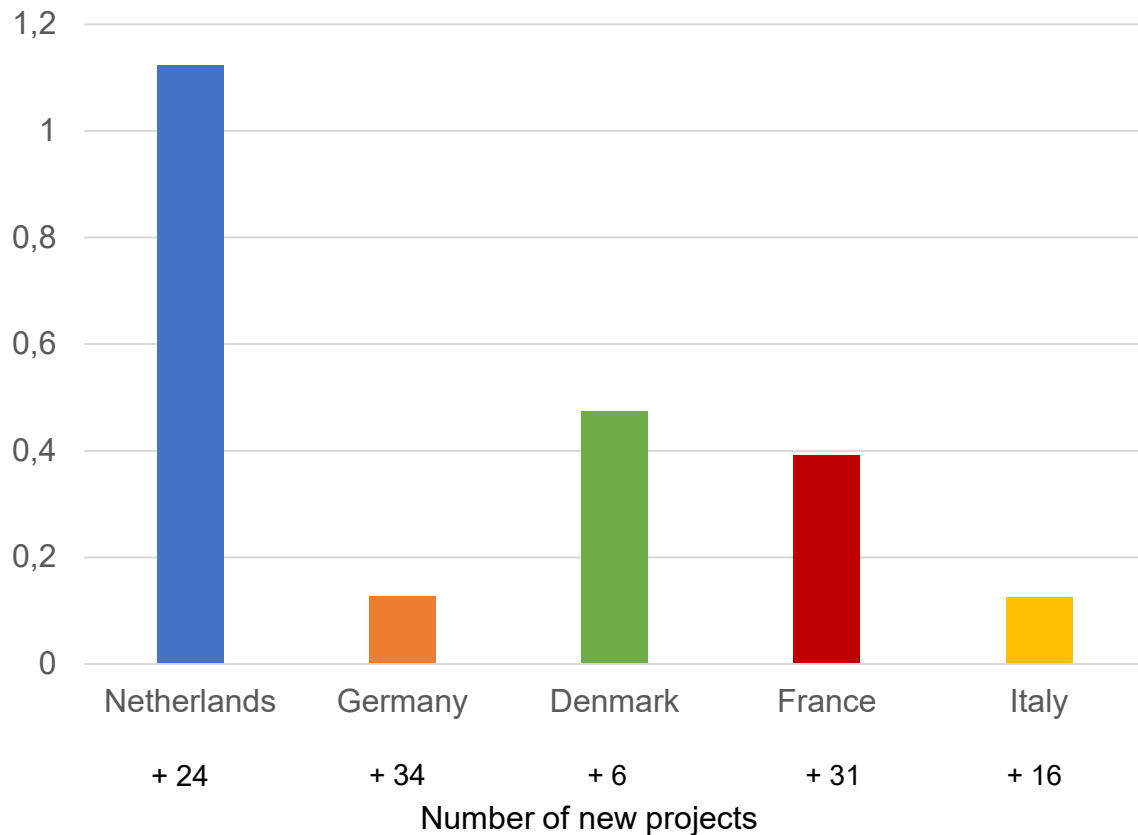
EU's **11<sup>th</sup> largest partner** for imports in goods

Source: Eurostat

# FDI from the EU into Vietnam

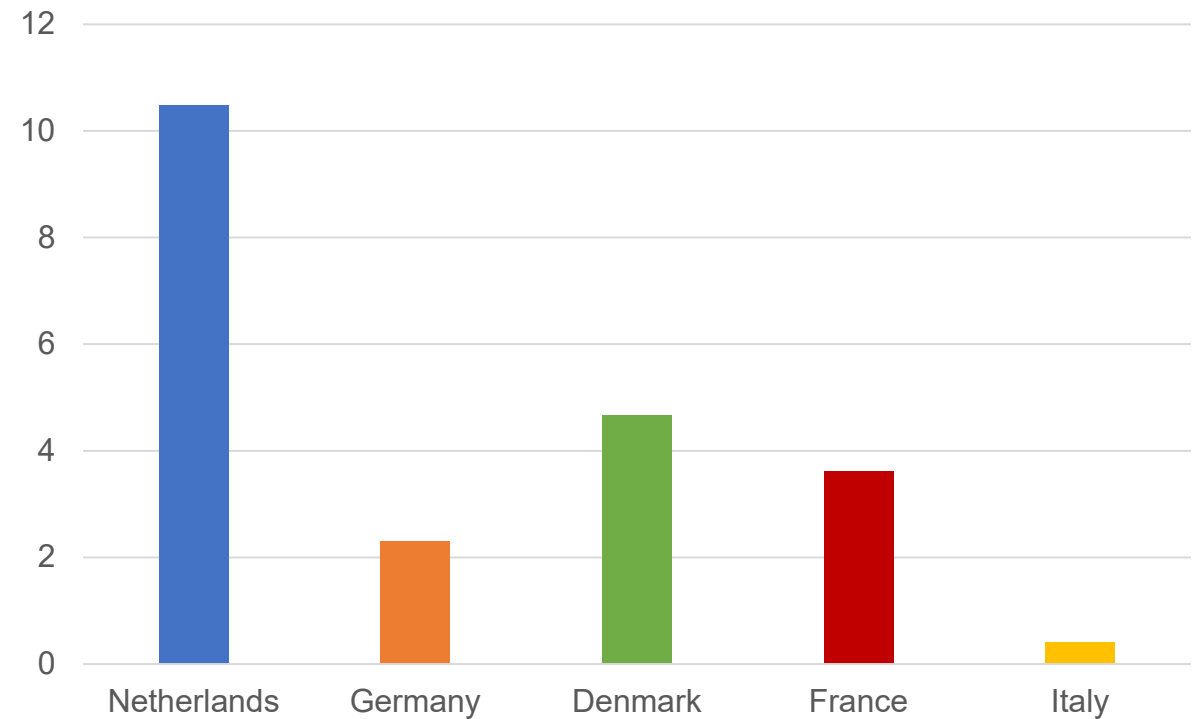
## FDI total registered capital

As from January 1st to Dec 20, 2021 (billion USD)



## Cumulative FDI into Vietnam

as of Dec 20, 2021 (billion USD)



Source: Vietnam's Foreign Investment Agency





# EU–Singapore FTA

Entered into force on 21 November 2021

**Removes  
technical and  
non-tariff  
barriers to  
trade in goods**

**Enhanced  
market  
access**

**Protection of  
IP rights,  
including  
geographical  
indications**



# EU – Singapore

Singapore is the EU's largest partner in ASEAN and the 11<sup>th</sup> partner in the world

EU – Singapore Trade in **goods**  
2021

**€42.9 billion**

+4.5% y/o/y

EU exports to Singapore - **€27.3 billion**

EU imports from Singapore - **€15.6 billion**

EU – Singapore Trade in  
**services** 2020

**€50.3 billion**

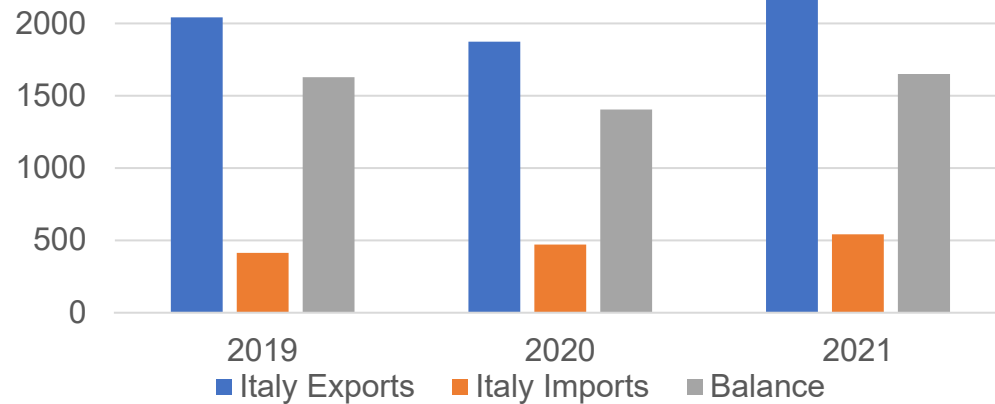
EU's **5th largest partner** for  
trade in services

Source: Eurostat

# Italy – Singapore

Italy – Singapore Trade 2021  
**EUR 2.7 billion**

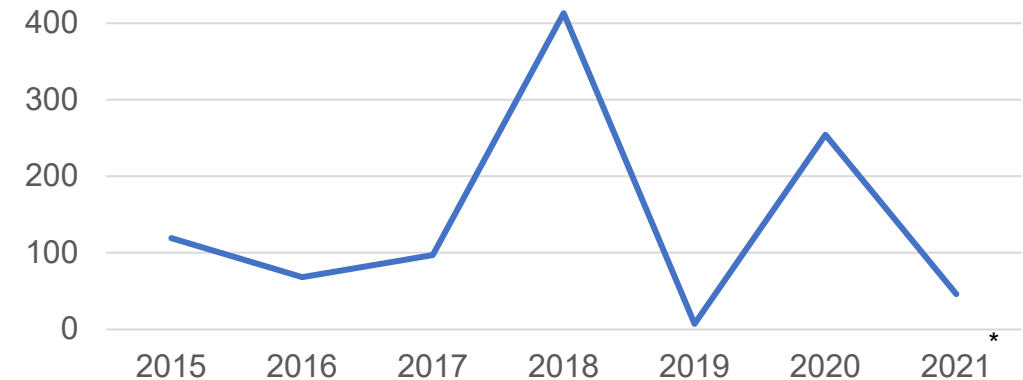
Singapore's trade exchange with Italy  
(EUR € million)



Singapore is the **first** destination  
country for Italian exports in ASEAN

Over **300 Italian companies** in  
Singapore

Italy's FDI inflow in Singapore  
(EUR € million)



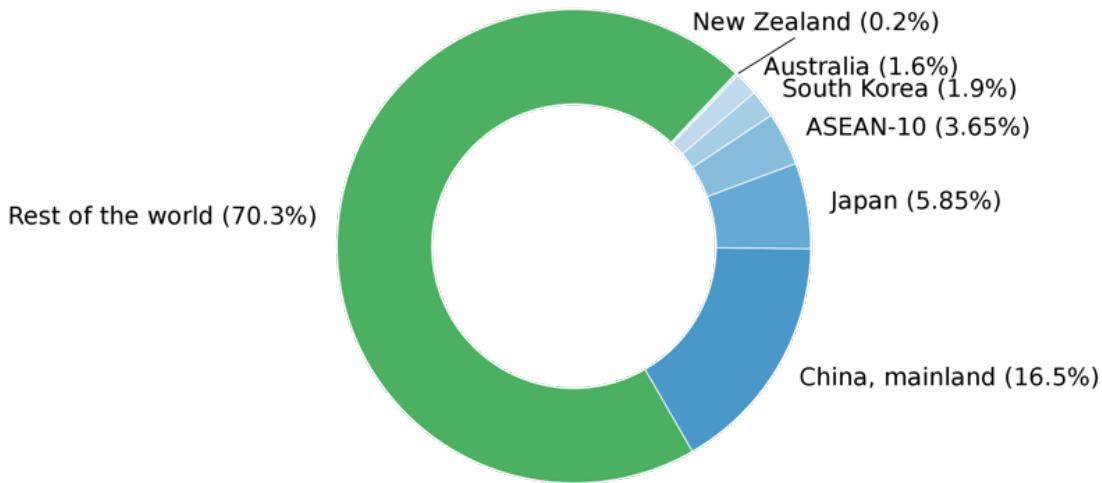
Italy's FDI stock 2021 **EUR 1.54 billion**\*

Singapore is the **first** destination for  
Italy's FDI in ASEAN

\*figures for 2021 are still provisional

# Why is RCEP important?

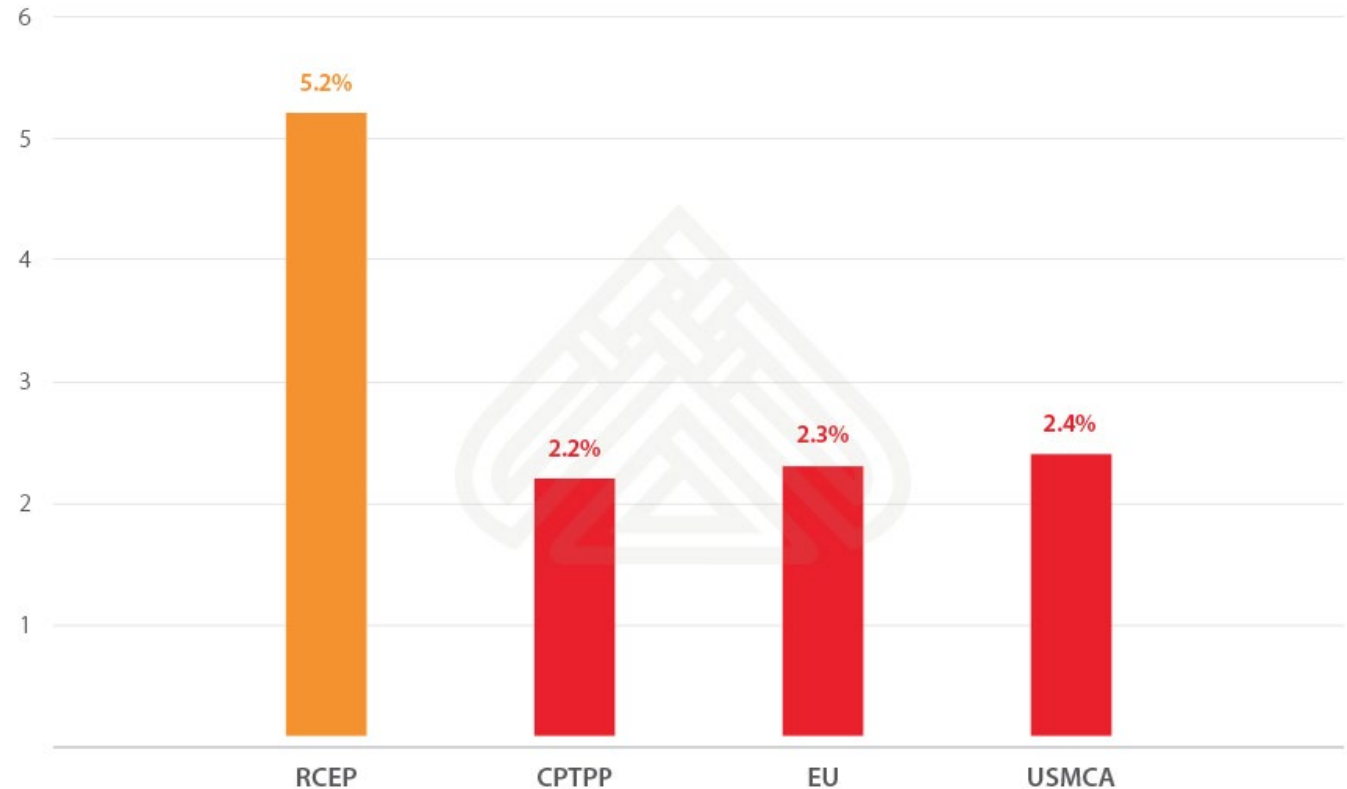
The 15 member countries account for about **30% of the world's population** (2.2 billion people) and **30% of global GDP** (\$29.7 trillion), making it the largest trade bloc in history.



2020 RCEP-15's share of global GDP (%)

## Average Economic Growth Rate of Member Countries of Major International FTAs

Average economic growth rate (2015-2019)



Note: The average economic growth rate is the GDP growth rate (from 2015 to 2019) weighted by the PPP GDP data of each country.

Source: KPMG

Graphic © Asia Briefing Ltd.



# RCEP



- 2011: Envisioned at 2011 ASEAN Summit in Bali, Indonesia,
- 2012: Negotiations formally launched during the 2012 ASEAN Summit in Cambodia.
- 2020: The treaty was formally signed on 15 November 2020 at the virtual ASEAN Summit hosted by Vietnam.
- 2022: For the first ten ratifying countries, the trade pact took effect on 1 January 2022. So far, the Philippines and Myanmar are the only countries yet to ratify the treaty.
- 2023: Any other country or separate customs territory in the region can accede to the pact from 18 months after the date of entry into force of the pact i.e. from 1 July 2023.

# What's next for ASEAN



ASEAN should rise up on the agenda of investors



FDI



IMF says global economic outlook getting 'gloomier', risks abound



Global Economy



ALJAZEERA

At G20, tensions among US, China, Russia cloud economic agenda



International Relations



Southeast Asian nations face growing energy security challenges and need to accelerate their clean energy transition



Energy



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Guangzhou

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Ningbo  
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