

AUSTRALIAN BUSINESS IN ASEAN

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**AustCham
ASEAN**

Australia-ASEAN Chamber of Commerce

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FOREWORD

Minister for Trade, Tourism and Investment

COVID-19 has caused unprecedented challenges for business.

As the world rolls out vaccines to get on top of the virus, we should remain optimistic about the underlying strength of the South East Asian region.

Australia is very much a part of Southeast Asia. We are neighbours, friends, allies and business partners. When the region is prosperous Australia is prosperous.

Our Government recognises that Australia, and the region, is facing a dual health and economic challenge.

Boosting the region's health security is critical to suppressing the virus, saving lives and driving the economic recovery. Australia has committed to provide at least 20 million COVID-19 vaccine doses to the Indo-Pacific by mid-2022, including to Southeast Asia – 2.5 million to Indonesia, 1.5 million to Vietnam and 15 million to the Pacific and Timor-Leste.

Australia is acting to support our neighbours through:

- \$300m to support effective vaccine access and delivery to Southeast Asia
- \$100 million as part of a Vaccine Partnership with Quad partners to support vaccine delivery and medical infrastructure in Southeast Asia
- \$130 million contribution to the COVAX Facility's fund for developing countries, which began delivering vaccines in February 2020
- \$21 million for the ASEAN Centre for Public Health Emergencies and Emerging Diseases, and
- \$24 million for infectious diseases in the Indo-Pacific for the Global Fund to Fight AIDS, Tuberculosis and Malaria.

That is why Australia is accelerating bilateral economic engagements to drive the economic recovery. This includes advancing an Enhanced Economic

Engagement Strategy with Vietnam to boost our two-way trade and investment relationship. Rolling out our new \$40 million 'Katalis' program, under the Indonesia Australia -Comprehensive Economic Partnership Agreement, to increase economic cooperation with Indonesia. And, advancing the Australia-Singapore Digital Economy Agreement to harness digital transformation and technology.

ASEAN and ASEAN-led regional architecture are essential for advancing open, inclusive, and rules-based trade, which remains vital as the region responds to the challenges of COVID-19. The Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area, the Regional Comprehensive Economic Partnership Agreement and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, are important ASEAN-led agreements that strengthen the region's economic architecture.

Amid the significant challenges posed by COVID-19, business-led growth will be critical to rebuilding the growth and dynamism of Southeast Asia economies. Our trade initiatives support Australia's ambition for an open, diverse and global rules-based trading system that unlocks opportunities for Australian businesses and supports building businesses back better.

I commend the Australia-ASEAN Chamber of Commerce for its work over the past year to further our understanding of the business operating settings in Southeast Asia. This information is integral to informing decision-making and identifying growth opportunities for both Australians and our Southeast Asian neighbours. How the region responds to, and recovers from, COVID-19 is in everyone's interest and will shape the trajectory of our own economic recovery.

THE HON DAN TEHAN MP
Minister for Trade, Tourism and Investment

FOREWORD

Australian Ambassador to ASEAN

Australian businesses in the ASEAN region find their environment significantly changed, as we near a second year of disruption from the global COVID-19 pandemic.

The impacts on national, regional and global supply chains have been wide-ranging. And while Southeast Asia has demonstrated resilience to economic shocks in the recent past, it is not immune to these pandemic precipitated trends.

The AustCham ASEAN Australian Business in ASEAN Survey 2021 reflects the challenges the pandemic has brought. However, it also shows that Australian businesses continue to prioritise ASEAN in their business strategies.

ASEAN as an organisation is showing leadership in responding to the crisis, adopting a roadmap to recovery in October 2020. Australia has pivoted and ramped up cooperation with ASEAN to support implementation of the ASEAN Comprehensive Recovery Framework, under its priority areas of health systems, human security, deeper economic integration, digital transformation and ensuring the post-pandemic future is sustainable and resilient.

Australia is providing practical support to ASEAN to implement the Recovery Framework, to help position ASEAN to emerge stronger from the pandemic. Alongside cooperation in areas critical to regional economic recovery, including infrastructure, logistics, digital trade and sustainable urbanisation, Australia is strengthening the ASEAN Secretariat's capacity to monitor progress towards implementation of the Framework. Successful implementation will benefit Australian businesses and investors in the region, through enhanced stability and sustainability of ASEAN markets.

For decades leading up to the pandemic, the Indo-Pacific – with ASEAN at its centre – was an engine room of global economic growth and dynamism. Recent

developments show that ASEAN has lost none of its ambition to lead the world in its commitment to free and open trade. The Regional Comprehensive Economic Partnership (RCEP), signed in October 2020, led by ASEAN and including Australia, China, India, South Korea and New Zealand, will be the world's largest free trade agreement and sit alongside the ASEAN-Australia-New Zealand FTA as a vehicle for Australian businesses seeking deeper engagement in our dynamic region.

RCEP signatories have a combined GDP of US\$26.3 trillion and total population of 2.3 billion people. In 2019, RCEP parties' combined trade with Australia was \$536.2 billion. RCEP is a modern and comprehensive free trade agreement covering trade in goods and services, investment, economic and technical cooperation. It creates new rules for electronic commerce, intellectual property, government procurement, competition, and small and medium sized enterprises.

It is a privilege to continue to serve as Patron of AustCham ASEAN. These annual surveys are important in gauging the shifting views of Australian businesses in the region. As the impact of the global pandemic varies across the region, within different markets and over time, these practical surveys and analysis can play a vital role in our collective understanding and response.

H.E. WILL NANKERVIS
Australian Ambassador to ASEAN and
Patron of AustCham ASEAN

EXECUTIVE SUMMARY

This sixth edition of the AustCham ASEAN Australian Business in ASEAN Survey provides the most current and comprehensive insight into the present composition of Australian firms across the ASEAN region. This report arrives at a critical moment for ASEAN's Australian business community as it seemingly enters a general malaise about commercial opportunities. While this malaise was fermenting prior to the arrival of COVID-19, the pandemic has clearly heightened the growing commercial concerns of Australian business.

Following last year's Impact of COVID-19: July 2020 Survey, this year's survey captures COVID-19's full economic impact upon Australian businesses across ASEAN. Since AustCham ASEAN's inaugural survey in 2016, Australian business has been bullish on ASEAN and its commercial potential. This year marks a turning point:

- Australian businesses are now operating in fewer markets, with the average Australian business operating in 2.4 ASEAN markets, a 17% decline from 2020's average of 2.9 markets per respondent.
- Australian firms are planning to expand into fewer ASEAN markets, with respondents planning expansion into an average of 1.15 new ASEAN markets compared with 1.36 new markets in 2020.
- Worryingly, the Australian business community sees fewer reasons to expand trade and investment in ASEAN, with all possible reasons to expand enjoying less support compared with 2019 and 2020 data.

However, amid the economic clouds, rays of opportunity continue to exist. The Philippines is now the most popular target for expansion plans and, after attracting a 10% increase in the number of reported Australia business operations, it now hosts the third greatest number of Australian businesses.

The impact of COVID-19 has been extensive:

- 52% of Australian businesses have suffered declines in revenue since the onset of COVID-19, and 20% of respondents report revenue declines of 40% or more.
- The closure of Australia's international borders has reduced trade and deal transactions for one third of Australian businesses in ASEAN.
- 45% of businesses continue to experience COVID-19 induced operational disruption, more than one year since the onset of COVID-19. Worst hit is Indonesia, with 73% of respondents still experiencing minor or severe disruption.

While COVID-19 helps explain the marked deterioration in business sentiment and activity captured by this year's survey, it does not explain the full story. This downward trend can be seen across a range of indicators in last year's survey, taken prior to the arrival of the COVID-19 pandemic in the ASEAN region.

As with other trends, COVID-19 has accelerated protectionist shifts in political sentiment and policy. For the second year in a row, a growing number of respondents believe trade facilitation, standards

harmonization (e.g. mutual product safety recognition) and tariff reduction should be a priority of ASEAN integration. With policy makers now shifting attention beyond public health measures towards economic recovery, this insight is timely.

Despite the economic upheaval, Australian business' commitment to ASEAN integration has not waned, as exemplified by the 76% of Australian businesses that continue to prioritise ASEAN in their business strategy. A record high of 48% of Australian businesses report they have a self-sufficient understanding of what ASEAN integration is and what it means for their business, and 68% of firms believe their head office / board possess a deep understanding of ASEAN business issues. Close to half (46%) of respondents continue to believe ASEAN integration is integral to improving business conditions in the region.

Anecdotally, stories abound about how rising tensions between China and its international relations might shift trade and investment flows towards ASEAN. ASEAN's Australian business community is less certain. While some businesses have already noticed positive impacts, overall, Australian businesses seems far from certain ASEAN will capture enduring economic benefits from China's increasingly assertive foreign policy. While 11% of respondents have already noticed a positive commercial impact, and 18% anticipate a positive impact in future, a larger share of businesses are concerned and uncertain. 10% have already been negatively impacted, and 26% expect a negative impact in future; 34% of respondents are too uncertain to make a call.

When it comes to non-tariff measures, Australian businesses are more united. Close to two-thirds of respondents (63%) identified measures that frustrate their trade and investment efforts in ASEAN, with export-related controls (16%) and intellectual property measures (14%) affecting the greatest number.

Australian businesses have endured significant disruption and upheaval since our last Australian Business in ASEAN survey in April 2020. However, opportunities to induce a broad-based recovery exist, namely via reduced trade friction and non-tariff measures harmonization. Achieving this requires policy makers' commitment to partnering with business to create an economic environment that enables all ASEAN businesses to thrive.

CHAU TA
President, AustCham ASEAN

FOUNDATION MEMBERS



Australian Chamber of Commerce, Cambodia



Indonesia Australia Business Council



The Australia Chamber of Commerce Lao PDR



Malaysia-Australia Business Council



AustCham Myanmar
Australian Chamber of Commerce, Myanmar



The Australia-New Zealand Chamber of Commerce (Philippines) Inc



Australian Chamber of Commerce, Singapore



AustCham Thailand
Australian-Thai Chamber of Commerce



The Australian Chamber of Commerce in Vietnam

ABOUT AUSTCHAM ASEAN

AustCham ASEAN is a 'chamber of chambers' with its Foundation Members consisting of the officially registered Australian chambers of commerce and business councils from across ASEAN - Australian Chamber of Commerce, Cambodia, Indonesia Australia Business Council, The Australia Chamber of Commerce Lao PDR, Malaysia-Australia Business Council, Australian Chamber of Commerce Myanmar Association, The Australia-New Zealand Chamber of Commerce (Philippines) Inc, Australian Chamber of Commerce, Singapore, Australian-Thai Chamber of Commerce and The Australian Chamber of Commerce in Vietnam.

With advocacy as its key focus AustCham ASEAN is committed to helping Australian business achieve success through:

1. Informing Australian business on regional integration developments and the business landscape with a particular focus on an annual business survey;
2. Explaining the contribution of Australian business to ASEAN markets; and
3. Advocating for policies, rules and regulations that support Australian business activities in ASEAN (including organizing sector roundtables in key areas of interest for Australian business).

A key AustCham ASEAN activity, on behalf of its Foundation Members, involves this annual survey of Australian businesses operating in ASEAN. This survey in an enhanced form was a focal point of the ASEAN Australia Special Summit in March 2018. The April 2020 edition incorporated a special COVID-19 update outlining the impact of the virus on Australian business across ASEAN at an early stage of the pandemic. A further survey was then launched in July 2020 providing critical data to further assess the ongoing impact of COVID-19 on Australian business across ASEAN.

As the officially recognized in-ASEAN leader for Australia in engagement with the ASEAN Business Advisory Council and the ASEAN Economic Community, AustCham ASEAN is perfectly positioned to be the vehicle for a stronger relationship for the Australian business community in its continued engagement and partnership with ASEAN.

The Presidency of AustCham ASEAN rotates to align with the ASEAN Host Country, however as there is no Australian chamber of commerce or business council in the current ASEAN Host Country, Brunei, the Presidency is currently held by AusCham Vietnam (the 2020 ASEAN Host Country), and will move to AusCham Cambodia next year (the 2022 ASEAN Host Country).

With special thanks to the survey production team:

*Jodi Weedon, Executive Director
Michael McPhail, Senior Data Analyst
Norazuin Lokman, Graphic Design
Annette Tilbrook, Board Advisor*

AUSTRALIAN BUSINESS IN ASEAN SURVEY 2021

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Opportunities & Challenges

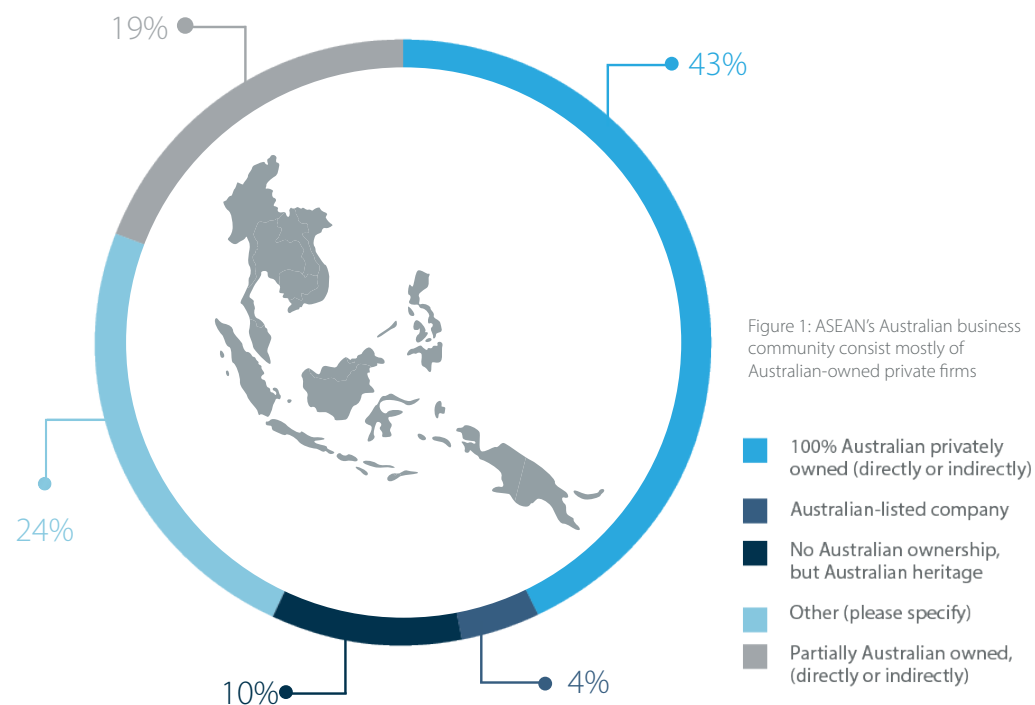
28 Country Fact Sheets

BUSINESS LANDSCAPE IN ASEAN

ASEAN's Australian business community exhibits great diversity, mirroring the diversity of ASEAN's various national markets. Hailing from all of ASEAN's nations, this year's survey respondents vary in their size, sector, and operational role.

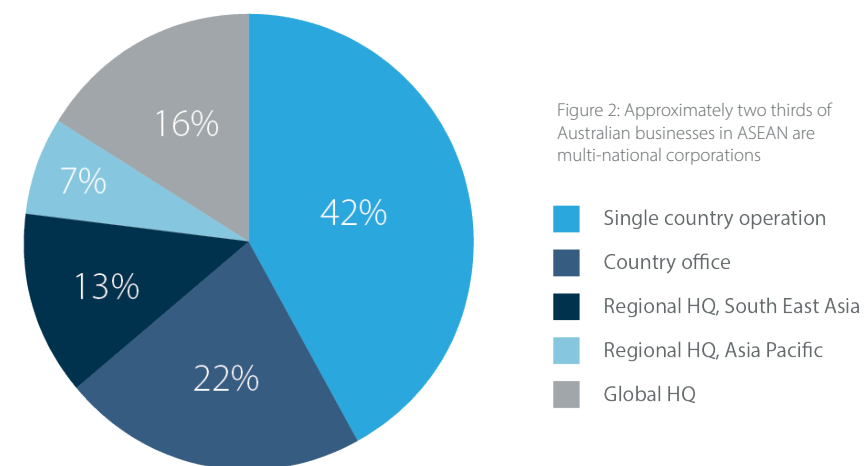
OWNERSHIP

Respondents mostly consist of privately owned Australian businesses (43%), partially Australian-owned businesses (19%) and businesses with Australian heritage (10%).



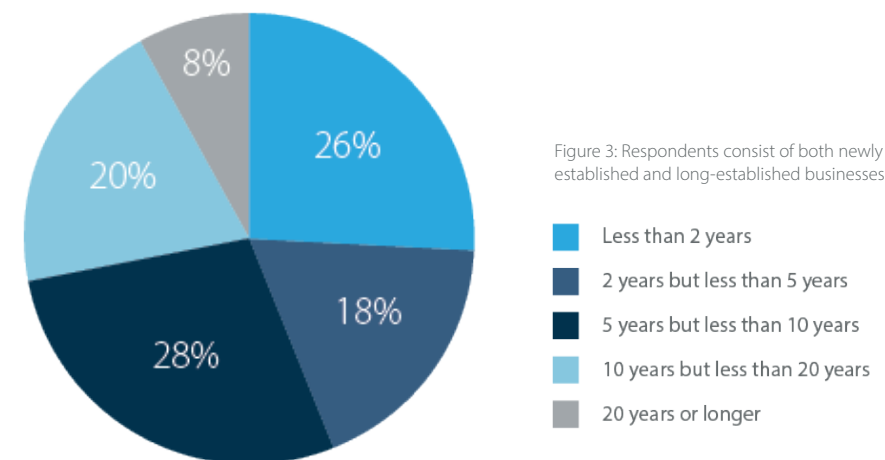
OPERATING ROLE

The majority of firms were focussed on a single domestic market. More than one-third of firms operated only in the country from which they responded from, however, 23% of firms were regional headquarters, with a further 13% of respondents utilising ASEAN as their global headquarters.



YEARS IN OPERATION IN ASEAN

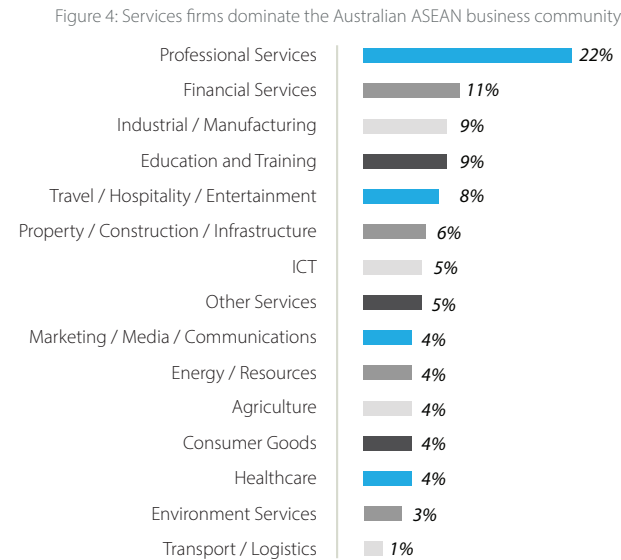
A significant proportion of Australian businesses in ASEAN are long-established, with 28% of respondents' commencing operation ten years ago or more. However, it is also experiencing major renewal, with 26% of firms beginning operations less than two years ago.



INDUSTRY OF OPERATIONS

Respondents operate across a similar spread of sectors as recorded in the AustCham ASEAN 2020 survey.

Services firms continue to dominate the Australian business community in ASEAN. Professional services account for 22% of respondents, closely followed by financial services (11%), education and training (9%) and travel/hospitality/entertainment (8%). Industrial/manufacturing accounts for 9%.



SIZE

Australian businesses in ASEAN come in all shapes and sizes, highlighting the broad diversity of Australia's business interests across the ASEAN region.

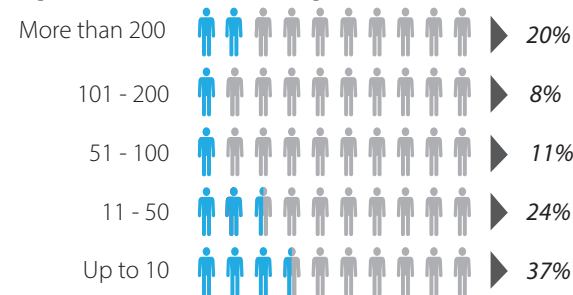
At the smaller end, 38% of firms reported less than A\$1m in revenue over the previous 12 months, and 37% report a workforce of ten employees or less.

At the other end of the corporate spectrum, large businesses form a significant proportion of survey respondents. Firms reporting more than \$50m in revenue over the last 12 months account for 13% of respondents, and firms with a workforce of more than 200 employees account for 20% of respondents.

Interestingly, the proportion of firms with annual revenue of more than \$50m has declined 14 percentage points in this year's survey compared with 2020.

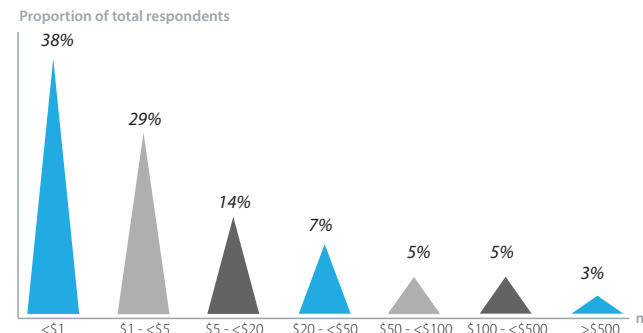
EMPLOYEE NUMBERS

Figure 5: Smaller firms dominate amongst Australian businesses in ASEAN



ANNUAL TURNOVER IN 2020 (IN MILLION AUD)

Figure 6: 67% of Australian businesses in ASEAN have less than \$5 million in annual revenue



BUSINESS EXPANSION IN ASEAN

The ASEAN Australian business environment has deteriorated over the last year, building on a trend first seen in the AustCham ASEAN 2020 survey.

Following a year that featured unprecedented economic disruption, it's concerning, though not surprising, to see warning signs flashing across almost all measures of business activity and confidence. Building on a trend first seen in AustCham ASEAN 2020 survey, the health of the ASEAN Australian business community is in decline. The bullishness that Australian businesses have long held about ASEAN's commercial prospects now appears to be fading.

Next year's survey may show that this deterioration in business sentiment and activity was just a temporary COVID-19 induced economic blip. However, the international response to COVID-19 has seen political sentiment and policy continue to swing towards protectionism, the results of which are seen in this year's data.

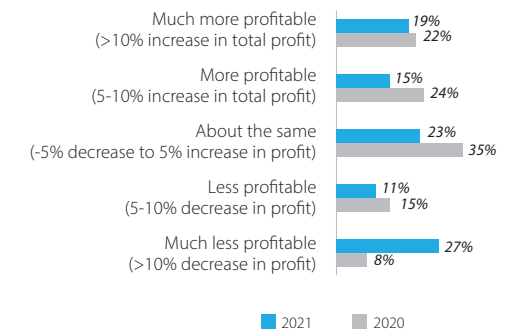
Reversing this trend will require a concerted focus on reducing barriers to trade and investment between ASEAN markets.

COMPANY PROFITABILITY COMPARED WITH 2020

A significant proportion (27%) of ASEAN's Australian business community suffered large declines in profitability (i.e. a >10% decrease) over the last year. In total, 39% of respondents reported declines in profitability, significantly worse than the 19% reported during the 'normal' operating environment of early 2020.

However, 34% of respondents reported improving profitability. Put another way, one third of Australian firms improved their profitability during the most difficult operating environment in recent memory. This testifies to the ability of Australian business to identify and realise the enduring commercial opportunity endemic across ASEAN's various national markets.

Figure 7: The profitability of ASEAN's Australian businesses has deteriorated in 2021 compared with 2020



*NB: Unlike the 2021 survey, the 2020 survey did not include the % profit guides included within parentheses above

CURRENT OPERATIONS AND EXPANSION PLANS

The typical Australian business operates in two to three ASEAN national markets, highlighting the internationalism of ASEAN's Australian business community.

However, this year's data also shows the beginnings of a concerning reversal in this trend. In comparison with 2020, the average Australian business is operating in fewer ASEAN markets, declining from an average of 2.9 markets per respondent in 2020 to 2.4 markets per respondent in this year's survey. The largest proportional declines are seen in Laos and Indonesia.

Singapore and Vietnam deserve special attention, both of which previously hosted the equal second highest number of Australian businesses in 2020. Compared with 2020 figures, Singapore now hosts 27% fewer Australian businesses, with Vietnam hosting 23% fewer Australian businesses. Consequently, Singapore now ranks fourth and Vietnam maintains a bruised second place, just above an ascendent Philippines.

These trends deserve urgent policy attention to ensure this is a temporary COVID-19 induced blip and not the beginning of a long-term decline in the internationalism of Australian businesses in ASEAN.

Table 1: Australian firms are operating in fewer ASEAN markets on average

Country										
2021	2.43	0.18	0.27	0.14	0.30	0.16	0.31	0.30	0.42	0.32
2020	2.94	0.19	0.38	0.21	0.34	0.21	0.28	0.41	0.45	0.41
Variance	-17%	-5%	-28%	-33%	-14%	-20%	10%	-21%	-5%	-23%

Similarly, Australian businesses are planning to expand into fewer ASEAN markets when compared with 2020.

On average, respondents plan to expand into 1.15 new markets, a 15% decline from 2020 when Australian business planned to expand into an average of 1.36 new markets per firm.

A notable exception, given the size of its market, is the Philippines. 14% of all Australian businesses surveyed plan to expand into the Filipino market, a 26% improvement on 2020 when only 11% of businesses surveyed planned to expand into the Filipino market.

Table 2: Respondents are increasingly cautious about expanding into new ASEAN markets

Country										
2021	1.15	0.11	0.14	0.09	0.10	0.09	0.14	0.12	0.14	0.17
2020	1.36	0.16	0.17	0.11	0.13	0.19	0.11	0.12	0.14	0.22
Variance	-15%	-31%	-14%	-15%	-22%	-52%	26%	-21%	3%	-21%

CHANGE IN COMPANY TRADE AND/OR INVESTMENT FROM 2019 TO 2021

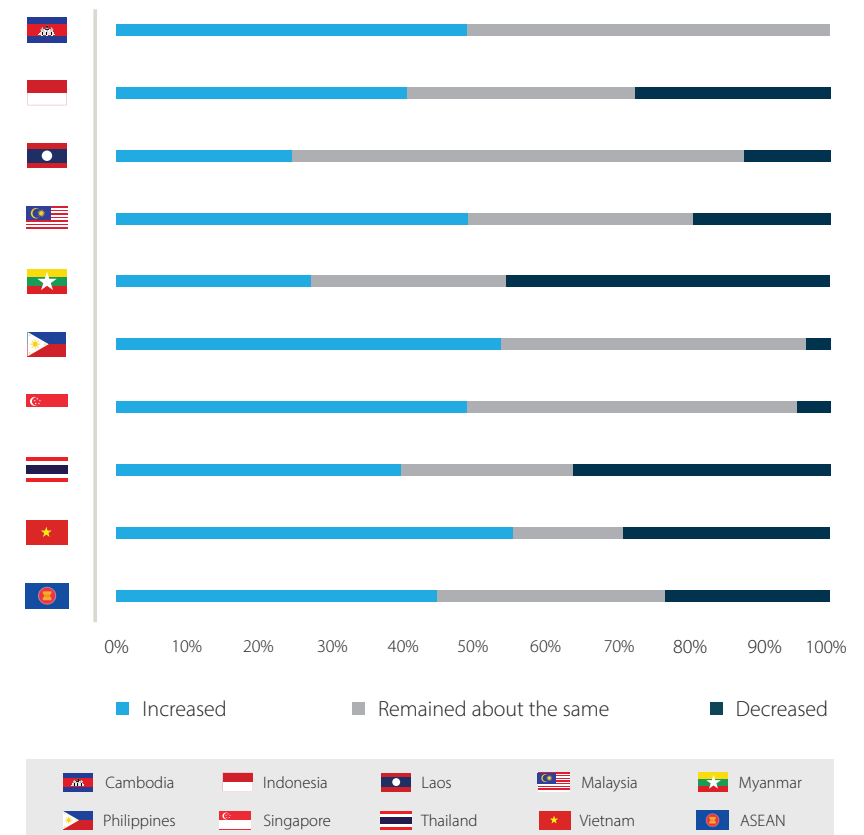
The Australian business community reported increased trade and investment in ASEAN markets from 2019 to 2021.

Promisingly, 44% of respondents report increased trade and investment since 2019, highlighting the potential buffering effect ASEAN's economic dynamism offers Australian businesses as the region's economy recovers.

While 2021's trade and investment figures are favourable, not unexpectedly they are less impressive than those recorded in 2020. This year's trade and investment results are an 11% deterioration (in absolute terms) from the 55% reported in last year's survey. Similarly, 22% of firms reported declining trade and investment over the last two years, compared with 3% in 2020.

Malaysia (62%), Vietnam (59%) and the Philippines (54%) report the greatest increases in trade and investment, suggesting these economies have demonstrated the greatest dynamism within ASEAN over the last two years – though a sizeable proportion of Vietnamese respondents (29%) also report sizeable decreases in trade and investment.

Figure 8: 44% of ASEAN's Australian business community have increased trade and investment since 2019

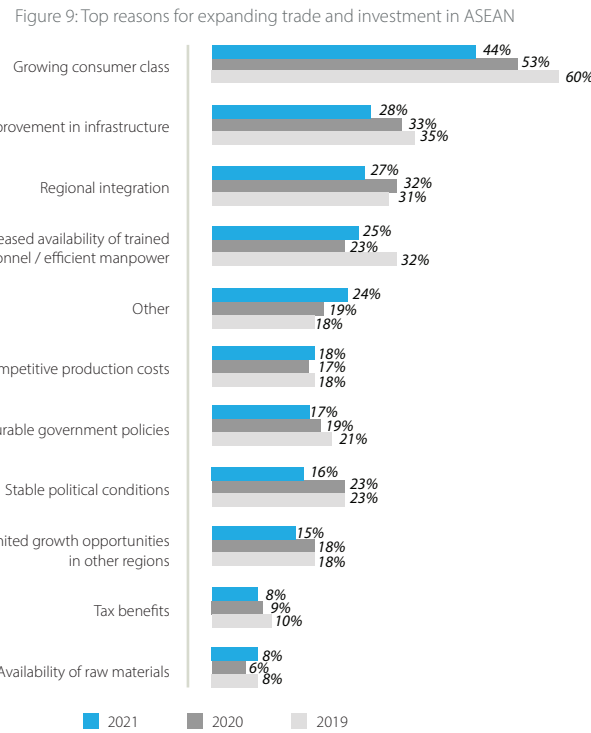


TOP REASONS FOR EXPANDING TRADE AND INVESTMENT IN ASEAN

Respondents were asked to nominate up to three reasons for expanding trade and investment into ASEAN markets.

ASEAN's growing consumer class remains the dominant reason for expanding into ASEAN markets, followed by infrastructure improvements, and continued regional integration.

Overall, however, the Australian business community appears to see fewer reasons to expand into ASEAN markets, suggesting a deterioration in the commercial appeal of ASEAN's markets.

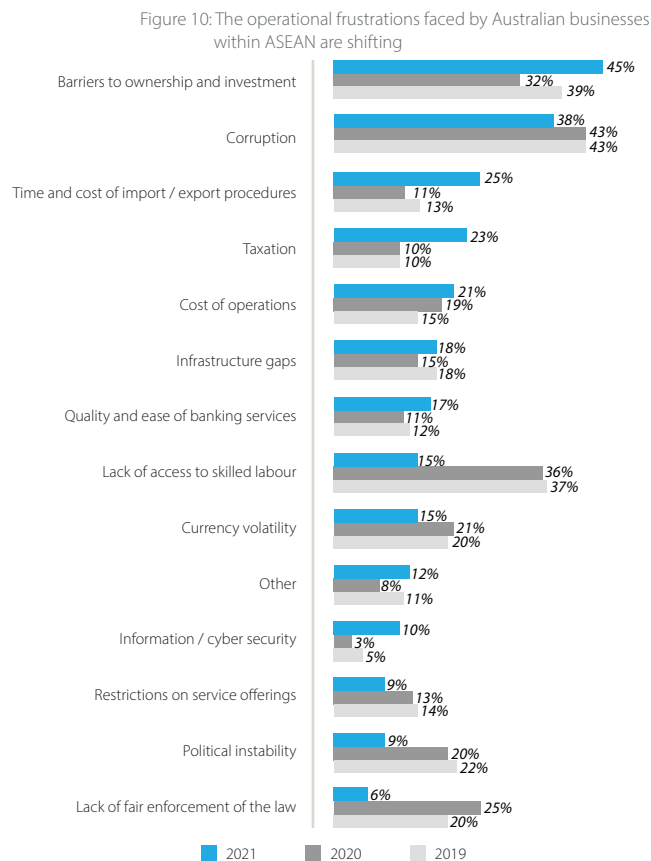


TOP CHALLENGES OF OPERATING IN ASEAN

Respondents were asked to nominate up to three main challenges of operating in ASEAN

Respondents nominated barriers to ownership and investment (45%), corruption (38%) and the inefficiency of import / export procedures (25%). These top challenges, in tandem with many others, increased in intensity over the previous year, offering insight into what may be driving the deteriorating appeal of ASEAN's markets to the Australian business community.

Interestingly, business report fewer challenges accessing skilled labour – perhaps because few Australian businesses are expanding their ASEAN operations.



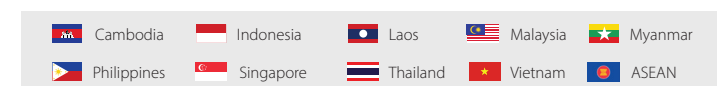
KEY CHALLENGES OF OPERATING IN ASEAN BY COUNTRY OF RESPONSE

Percentage of respondents who identified each issue as one of their top 3 major challenges of operating in ASEAN

Table 3: Barriers to ownership and investment frustrate Australian business in most ASEAN markets

	ASEAN	Cambodia	Indonesia	Laos	Malaysia	Myanmar	Philippines	Singapore	Thailand	Vietnam
Barriers to ownership and investment	60%	33%	63%	50%	14%	34%	50%	43%	56%	45%
Corruption	20%	50%	50%	25%	29%	40%	50%	43%	22%	38%
Time and cost of import / export procedures	70%	25%	38%	25%	29%	17%	33%	21%	28%	25%
Taxation	10%	8%	0%	38%	43%	26%	33%	30%	6%	23%
Cost of operations	20%	25%	25%	0%	57%	9%	25%	29%	17%	21%
Infrastructure gaps	30%	8%	50%	19%	29%	26%	17%	13%	11%	18%
Quality and ease of banking services	0%	25%	25%	6%	29%	17%	8%	17%	33%	17%
Currency volatility	20%	8%	25%	13%	0%	26%	0%	11%	22%	15%
Lack of access to skilled labour	20%	50%	0%	13%	0%	29%	17%	11%	6%	15%
Other	10%	8%	0%	13%	14%	3%	33%	9%	28%	12%
Information / cyber security	10%	17%	13%	6%	14%	9%	0%	14%	6%	10%
Political instability	10%	17%	13%	13%	0%	11%	0%	9%	6%	9%
Restrictions on service offerings	0%	0%	0%	6%	29%	6%	8%	13%	17%	9%
Lack of fair enforcement of the law	0%	8%	0%	0%	0%	17%	8%	1%	17%	6%

▲ Table 1: Key challenges of operating in ASEAN. Blue indicates the equal top three most identified challenges.



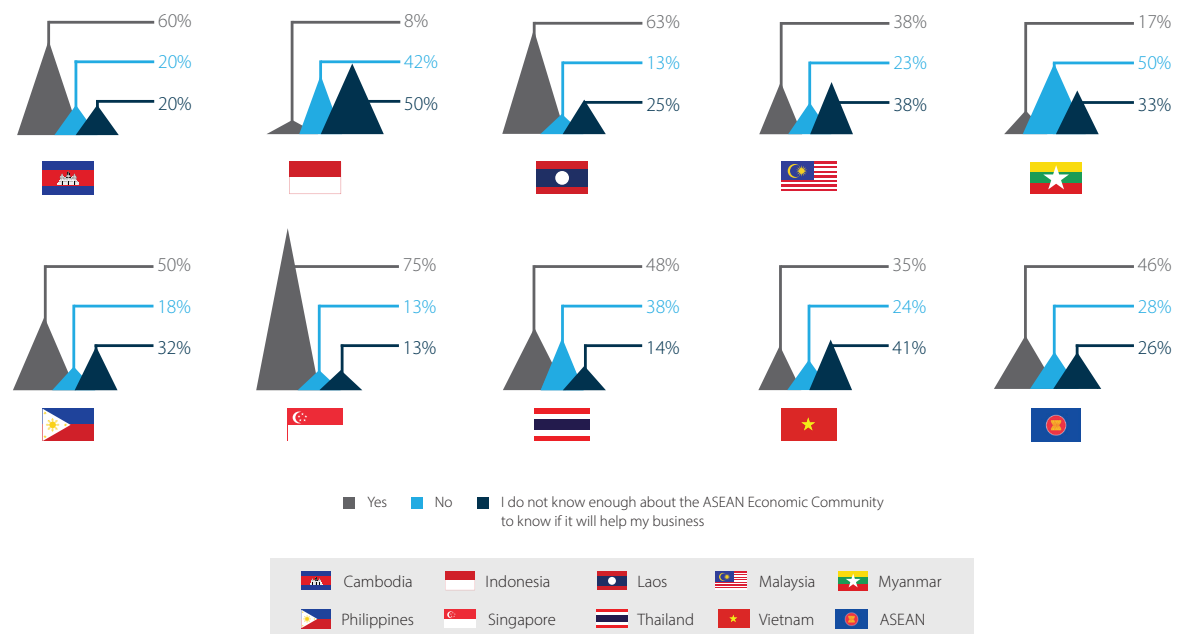
VIEWS ON ASEAN INTEGRATION

Understanding of ASEAN integration and what it means for the Australian business community has reached a record high. Australian business continues to view ASEAN integration as an important facilitator of improved business conditions in the region, though respondents increasingly expect that integration should facilitate trade and standards harmonization between markets.

IMPORTANCE OF ASEAN INTEGRATION IN FACILITATING COMMERCE

46% of respondents believe that ASEAN integration is integral for improving how business is conducted in the region. These results remain consistent with the results from 2020 (47%). By contrast, 28% of firms believe ASEAN integration isn't important for improving business conditions. Respondents in Singapore, Laos and Cambodia exhibit the most widespread belief in the importance of ASEAN integration.

Figure 11: Almost half of Australian businesses believe ASEAN integration improves business conditions

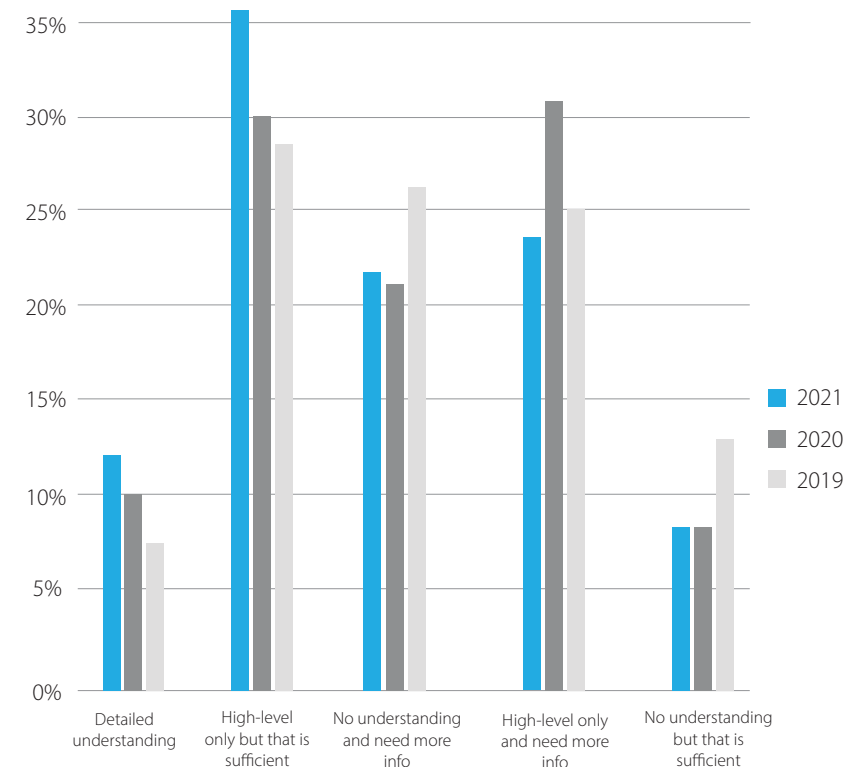


Note: Due to rounding, all figures may not add up to 100%

UNDERSTANDING OF ASEAN INTEGRATION AND ITS IMPACT

For the first time, nearly half of respondents have a self-sufficient understanding of what ASEAN integration is and what it means for their businesses. Close to half of respondents have a sufficient understanding of ASEAN integration, with 12% possessing a detailed understanding and 36% with a sufficiently high level understanding. By contrast, a similar but slightly smaller proportion of respondents have insufficient knowledge of ASEAN integration, with 23% having a high-level or no understanding and wanting more knowledge.

Figure 12: Understanding ASEAN integration and what it means is increasing

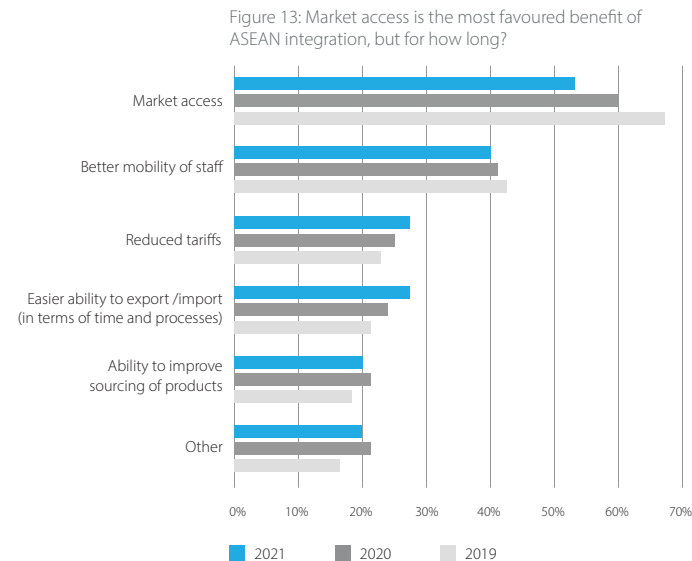


MAJOR AREAS OF BENEFIT FROM ASEAN INTEGRATION

Respondents were asked to name up to 3 top benefits

Market access continues to be the most important benefit, though this response is now showing a clear downward trend.

By contrast, improving the ease of exporting and importing and reducing tariffs are increasingly becoming more important expected benefits of ASEAN integration for the Australian business community across ASEAN.

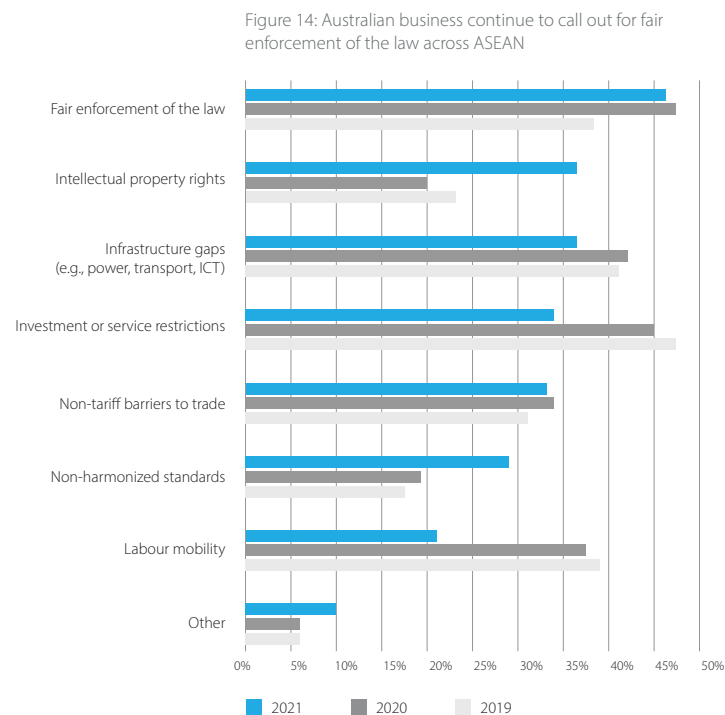


PRIORITY AREAS TO ACCELERATE ASEAN ECONOMIC INTEGRATION

Respondents were asked to name up to 3 top priority areas

Respondents continue to prioritise fair enforcement of the law (46%).

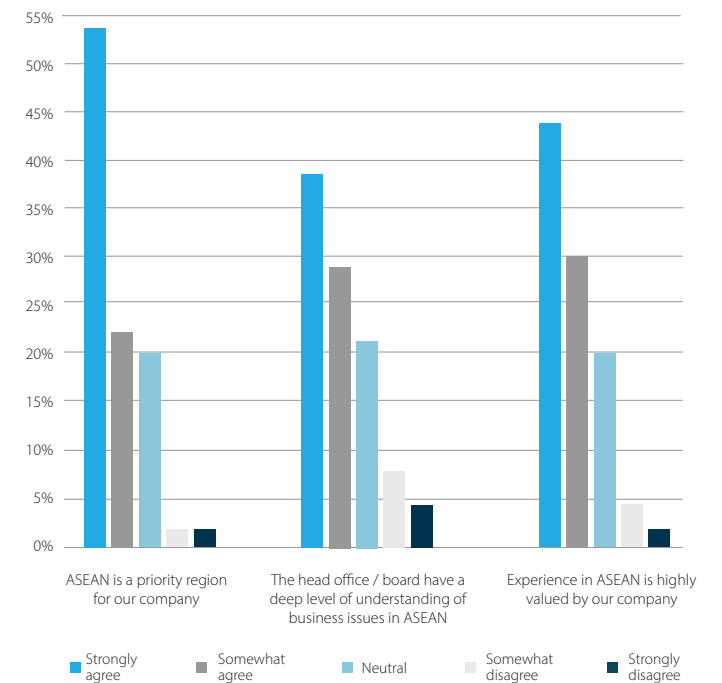
Protection of intellectual property rights is becoming increasingly important for Australian businesses, now the second highest priority with 36% of respondents nominating this area. Also, while coming off a low base, another area of increasing importance for the Australian business community is addressing non-harmonised standards between ASEAN nations.



THE VALUE OF ASEAN

Just over three-quarters of respondents (76%) prioritise ASEAN markets, similar to last year's figure of 79%. 68% of firms also believe that their head office / board possess a deep understanding of ASEAN business issues, with a notable strengthening of 9% amongst those who 'strongly agree' this is true when compared with 2020 figures. Similarly, 74% of firms believe ASEAN experience is highly valued by their company.

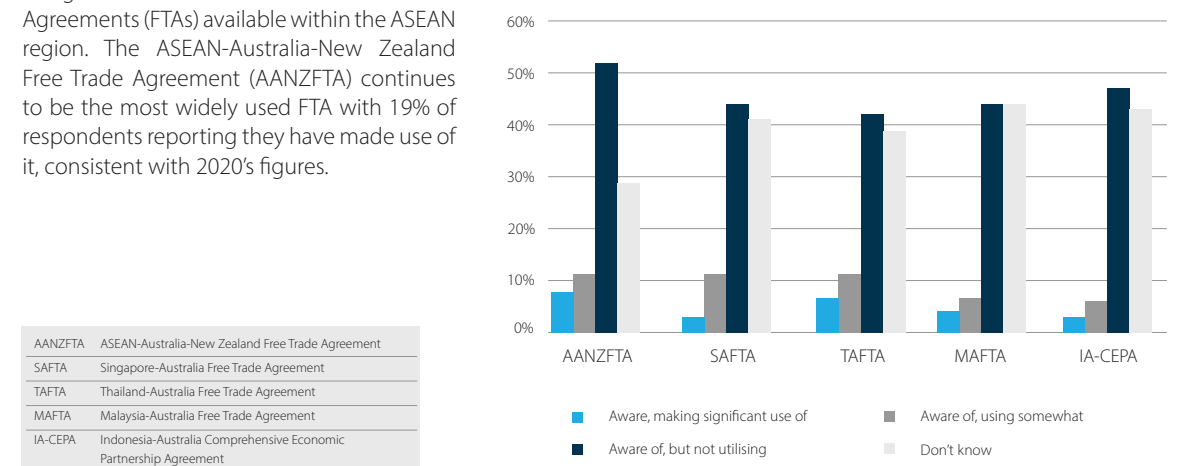
Figure 15: Australian businesses continue to prioritise and value ASEAN markets



AWARENESS AND USE OF TRADE AGREEMENTS

In general, few respondents report actively using the five Australian Free Trade Agreements (FTAs) available within the ASEAN region. The ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA) continues to be the most widely used FTA with 19% of respondents reporting they have made use of it, consistent with 2020's figures.

Figure 16: Most Australian businesses do not actively use existing Free Trade Agreements



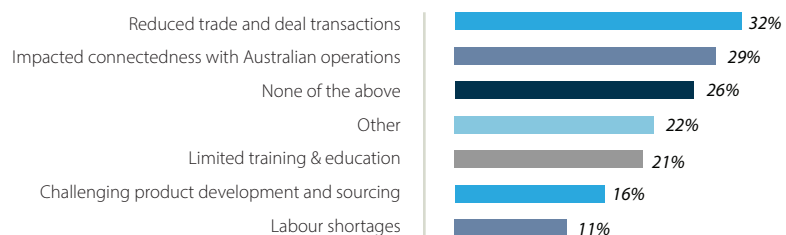
AANZFTA	ASEAN-Australia-New Zealand Free Trade Agreement
SAFTA	Singapore-Australia Free Trade Agreement
TAFTA	Thailand-Australia Free Trade Agreement
MAFTA	Malaysia-Australia Free Trade Agreement
IA-CEPA	Indonesia-Australia Comprehensive Economic Partnership Agreement

IMPACT OF AUSTRALIA'S INTERNATIONAL BORDER CLOSURE

The closure of Australia's international border has effectively limited the spread of COVID-19. However, as the closure continues, the negative impacts for Australian businesses in ASEAN have become more acute.

For Australian business in ASEAN, Australia's border closure led to reduced trade and deal transactions for 32% of respondents and impacted upon the sense of connectedness with Australian operations for 29% of respondents. Interestingly, 26% of respondents feel the border closures have had no impact upon them.

Figure 19: Australia's closed borders have reduced trade and deal making within ASEAN



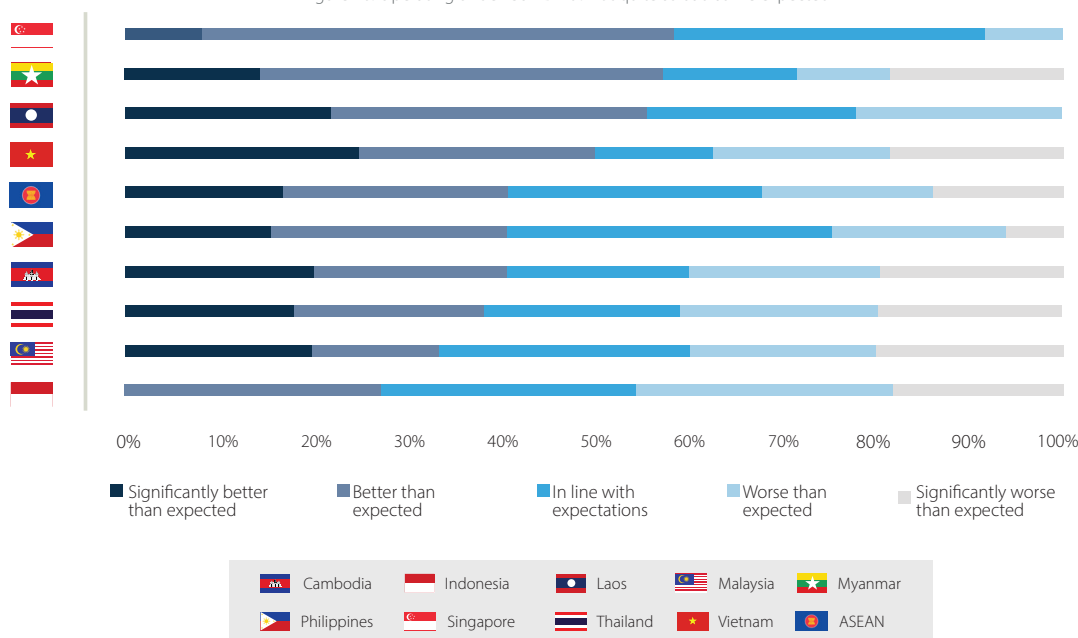
ACTUAL OPERATIONAL PERFORMANCE DURING COVID-19 VERSUS EXPECTATIONS

The sudden specter of COVID-19 appearing in early 2020 threatened significant disruption to business operations across all ASEAN markets. Just over one year on, we asked ASEAN's Australian business community how their operations fared against initial expectations.

Overall, 40% of respondents believe their firm's operations have performed better than expected. This was particularly true for Singapore (58% better than expected), Myanmar (57% better than expected) and Laos (56% better than expected).

Performing worse than expectation were Indonesia (45% worse than expected), Thailand (41% worse than expected) and Malaysia (40% worse than expected).

Figure 20: Operating under COVID-19: Not quite as bad as we expected

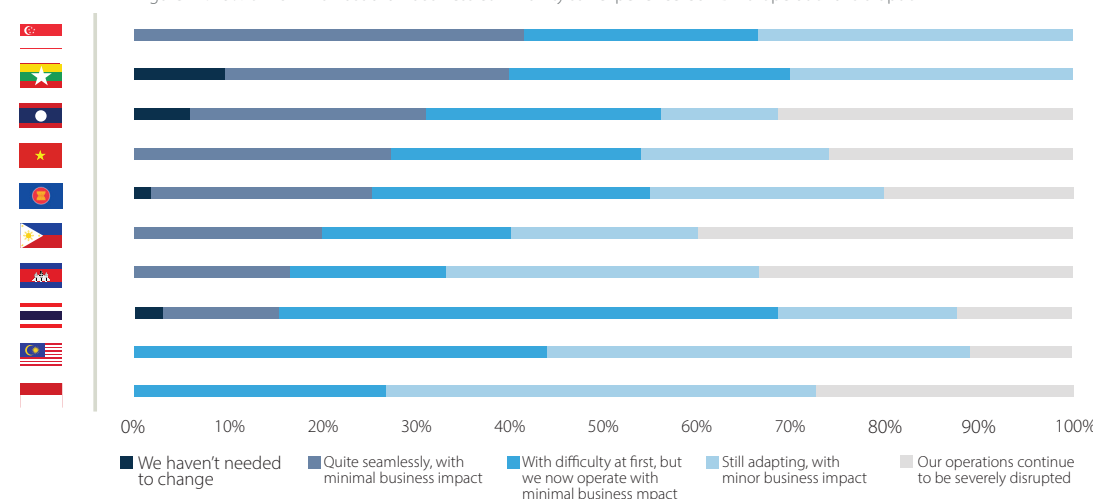


EASE OF ADAPTATION TO COVID-19 WAYS OF WORKING

When asked how their firm's operations adapted to COVID-19 induced changes, 55% of respondents are now operating with minimal business impact. However, 45% of respondents noted they are still adapting their operations and continue to experience disruption.

Australian business in Indonesia continues to experience the worst disruption in ASEAN with 72% of respondents continuing to report minor or major ongoing business disruption.

Figure 21: 45% of ASEAN's Australian business community still experience COVID-19 operational disruption

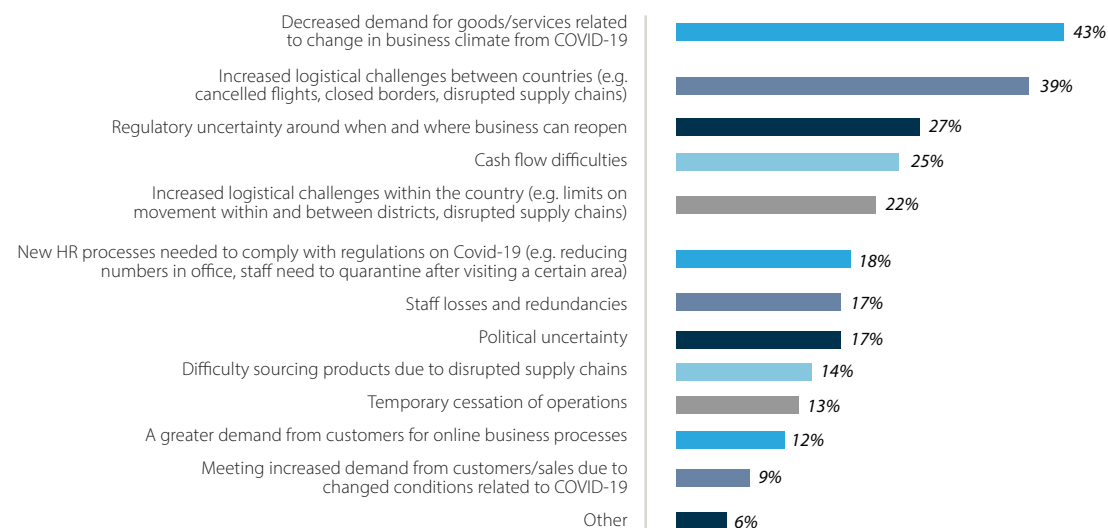


GREATEST BUSINESS CHALLENGES DURING COVID-19

Respondents were asked to identify up to three of the greatest business challenges faced since the arrival of COVID-19 across ASEAN.

The ASEAN Australian business community struggled most with the sudden decrease in demand for goods and services (43%), followed by increased logistical challenges (39%), and regulatory uncertainty about lifting of trading restrictions (e.g. lockdowns).

Figure 22: Business challenges during COVID-19... where to start?



GREATEST BUSINESS OPPORTUNITIES DURING COVID-19

While COVID-19 presents major challenges for businesses across the region, it also presents opportunities. For ASEAN's Australian business community, virtual working practices proved more efficient for many, in tandem with greater staff productivity and flexibility, and cost savings via product/service consolidation.

For 27% of Australian businesses however, COVID-19 was all pain, no gain.

Figure 23: For some Australian businesses, COVID-19 presents a few silver linings



IMPACT OF RISING EAST ASIAN GEOPOLITICAL TENSIONS UPON ASEAN TRADE AND INVESTMENT

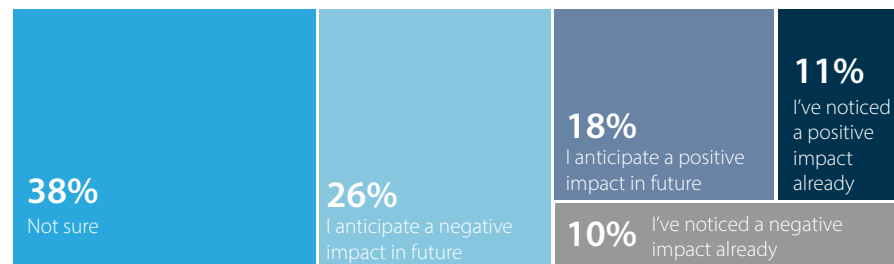
Anecdotally, individual stories abound about how rising tensions between China and its international relations might shift trade and investment flows towards Southeast Asia. ASEAN's Australian business community is less certain on this trend, however.

A small number of respondents (11%) have already noticed a positive impact, with another 18% expecting a positive impact in future.

Offsetting this, are 10% of firms that have already noticed negative impacts from rising geopolitical tensions, with another 26% expecting negative impacts in the future.

While the picture is unclear, and some opportunities clearly exist for ASEAN markets, in aggregate Australian business seems far from certain that ASEAN will capture enduring economic benefits from China's increasingly assertive foreign policy.

Figure 24: Australian firms are confused about what rising East Asian geopolitical tensions mean for ASEAN



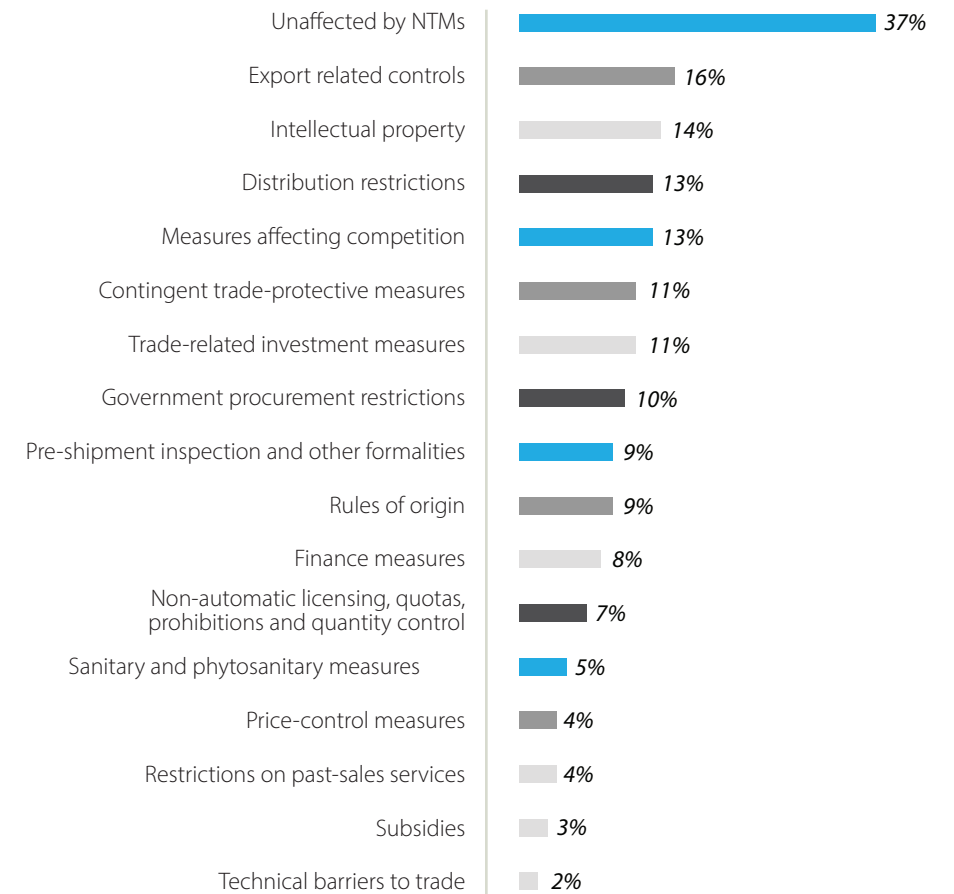
IMPACT OF NON-TARIFF MEASURES

Respondents were asked to identify up to three non-tariff measures (NTMs) that impact upon ease of trade and investment in ASEAN.

While some 37% of respondents say they are unaffected by NTMs, the remaining 63% of the surveyed ASEAN Australian business community are affected by 1.4 NTMs on average.

Export related controls impact upon 16% of respondents, followed by intellectual property measures (14%) and distribution restrictions (13%).

Figure 25: Non-tariff measures affect 63% of Australian businesses in ASEAN



CAMBODIA



Over the past two decades, Cambodia has undergone a significant transition, reaching lower middle-income status in 2015 and aspiring to attain upper middle-income status by 2030. Driven by garment exports and tourism, Cambodia's economy has sustained an average real growth rate of 7.2 percent between 1998 and 2020, making it one of the fastest-growing economies in the world.

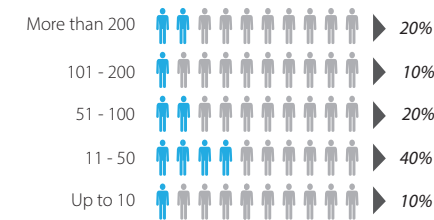
COVID-19 took its toll on the Cambodian economy in 2020, with annual economic growth declining to a 26 year low of -3.1 percent in 2020, compared to 7.1% in 2019. The outbreak caused sharp deceleration in most of Cambodia's main engines of growth—tourism, manufacturing exports, and construction—which together accounted for more than 70 percent of the country's growth in 2019 and almost 40% of paid employment.

Growth is expected to pick up in 2021 with forecast growth of 4.0%. Industrial production is expected to rise by 7.1% in 2021, primarily driven by rebounding activity in the garment, footwear, travel goods and light manufacturing sectors. Tourism activity is unlikely to return to pre-pandemic levels until 2024.

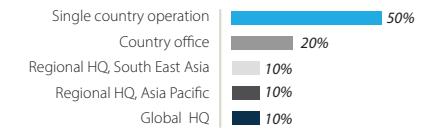
The ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA) came into force in Cambodia in January 2011. The Agreement introduces a range of practical benefits for businesses seeking to trade or invest between Australia and Cambodia, including reducing tariffs on goods, liberalizing market access for most services and offering increased protection for investors.

As a least developed country, Cambodia's products are granted tariff-free access to Australia. Cambodia and Australia have a bilateral market access agreement which was concluded as part of Cambodia's accession to the WTO in October 2004. Major exports to Cambodia from Australia in 2018, consist of cereal, coal, beef and other edible product.

EMPLOYEE NUMBERS

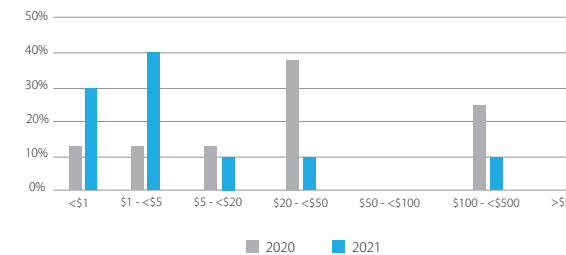


ROLE OF OPERATIONS



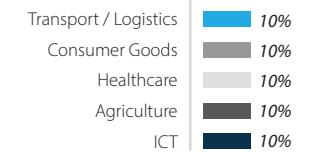
Firms in Cambodia are focussed overwhelmingly on the local market, although 30% of firms have located regional or global headquarters in Cambodia.

ANNUAL TURNOVER (IN MILLION AUD)



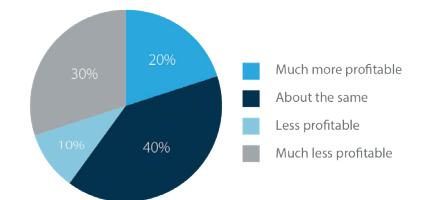
Half of firms in Cambodia employ less than 50 people. A majority of businesses turn over less than \$5 million, a notable decline to the previous year where more than half turned over \$20 million or more.

TOP INDUSTRIES OF OPERATIONS



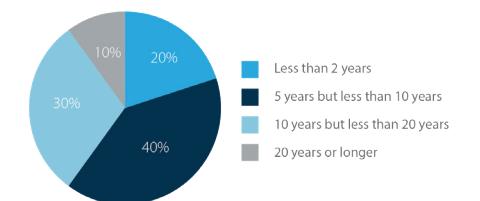
Interestingly, respondents from Cambodia came in equal proportions from ten sectors.

PROFITABILITY



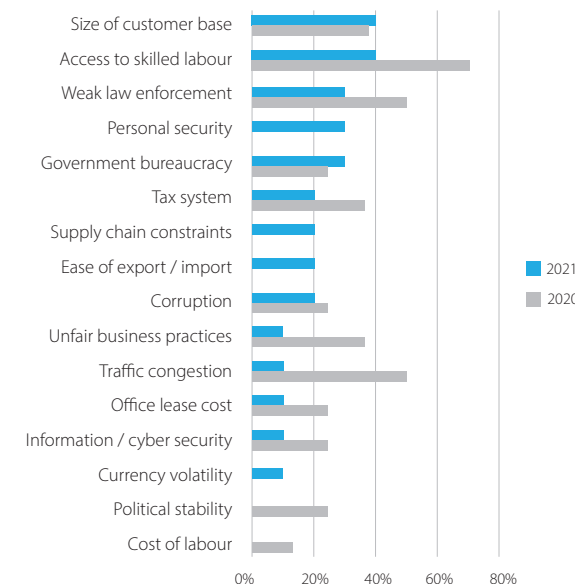
Firms in Cambodia generally reported stable profit (40%) or declining profit (40%). Only a small proportion reported growing profitability (20%).

LENGTH OF OPERATIONS



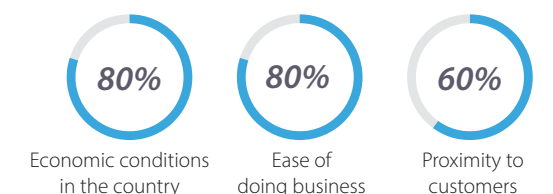
Half of respondents in Cambodia have been in operations for more than 20 years, although 20% of firms were new entrants to the country.

HIGH IMPACT BUSINESS CHALLENGES



Size of customer base and access to skilled labour was the biggest challenge of operating in Cambodia for 40% of respondents, though access to skilled labour declined by 35% from the 75% recorded in 2020. Weak law enforcement and personal security were other key challenges.

TOP GROWTH DRIVERS



ECONOMIC INDICATORS	2015	2020
GDP (US\$B) (CURRENT PRICES)	18.1	25.3
GDP PER CAPITA (US\$)	1,162.0	1,515.0
REAL GDP GROWTH (% CHANGE YOY)	7.1	-3.1

PRINCIPAL EXPORT DESTINATIONS 2019		
1	UNITED STATES	29.7%
2	JAPAN	7.7%
3	GERMANY	7.3%
18	AUSTRALIA	0.9%

PRINCIPAL IMPORT SOURCES 2019		
1	CHINA	37.4%
2	THAILAND	15.6%
3	VIETNAM	13.4%
19	AUSTRALIA	0.36%

INDONESIA



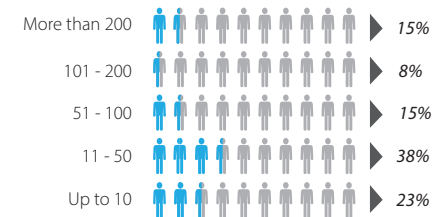
The usual stability and strength of the Indonesian economy has been challenged over the previous year, with a 2.1% decline in GDP. However, while short-term economy activity has been lackluster, the July 2020 ratification of the Indonesia-Australia Comprehensive Economic Partnership Agreement lays a solid policy foundation for the renewed deepening of commercial ties between Indonesia and Australian business.

Indonesia's GDP is projected to return to growth in 2021 economic growth of 5% as the global economy recovers. The government of President Widodo passed an Omnibus Law containing multiple packages of economic reform in October 2020 that promise to streamline economic regulation and attract new investment. A notable component is the Job Creation Law, which simplifies and winds back many of Indonesia's complicated web of labour laws.

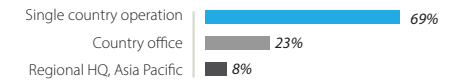
In addition to Indonesia's natural resources, ASEAN's largest economy is home to a population of over 260 million, 67% of which are within working age. With an average age of only 30.5 years, Indonesia also boasts a digitally enabled market with the region's largest and fastest growing digital economy including the largest adoption of fintech services.

Despite these characteristics, Australia's investment in and trade with Indonesia remains well below that of neighbouring, yet smaller, economies in Southeast Asia. While opportunities exist, Australian businesses need to assess their own capabilities and adapt them to effectively benefit from Indonesia's market.

EMPLOYEE NUMBERS



ROLE OF OPERATIONS



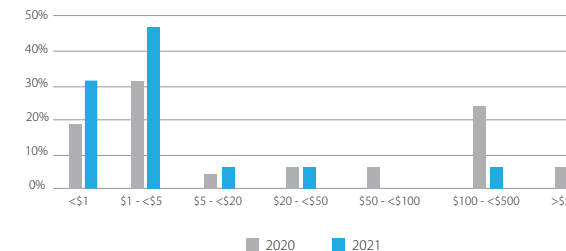
Almost 70% of firms are focused on the Indonesian market, while 31% of respondents are part of a multi-national entity.

TOP INDUSTRIES OF OPERATIONS



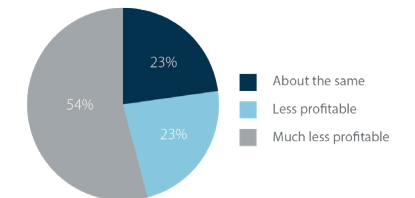
Property and financial services firms account for 15% of respondents each, closely followed by professional services firms.

ANNUAL TURNOVER (IN MILLION AUD)



The Australian business community in Indonesia is made up of both small and large businesses. 76% of firms turn over less than \$5 million, an increase on 50% recorded last year. 61% of businesses employ 50 people or less locally.

PROFITABILITY



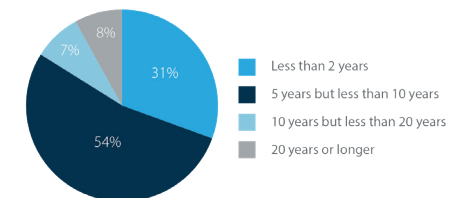
Firms in Indonesia generally report deteriorating profitability over the previous 12 months, with 77% experiencing declines in profitability.

HIGH IMPACT BUSINESS CHALLENGES



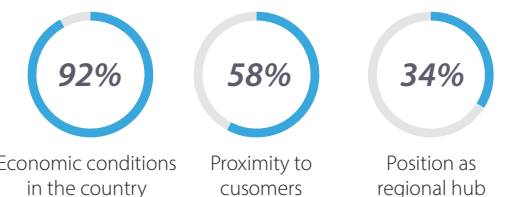
Government bureaucracy continues to dominate as the most substantial barrier to doing business in the country, as identified by 62% of respondents. Weak law enforcement and corruption have moved up to second and third highest barriers after traffic congestion and unfair business practices lessened in priority.

LENGTH OF OPERATIONS



The overwhelming majority of firms operating within Indonesia have been in the market for a relatively short period of time, with 31% having entered the market less than two years ago and 54% having entered the market five to ten years ago.

TOP GROWTH DRIVERS



ECONOMIC INDICATORS

	2015	2020
GDP (US\$B) (CURRENT PRICES)	860.8	1,058.0
GDP PER CAPITA (US\$)	3,331.0	3,870.0
REAL GDP GROWTH (% CHANGE YOY)	4.8	-2.1

PRINCIPAL EXPORT DESTINATIONS 2019

1	CHINA	16.7%
2	UNITED STATES	10.7%
3	JAPAN	9.5%
14	AUSTRALIA	1.4%

PRINCIPAL IMPORT SOURCES 2019

1	CHINA	26.2%
2	SINGAPORE	10.3%
3	JAPAN	9.1%
8	AUSTRALIA	3.2%

LAOS

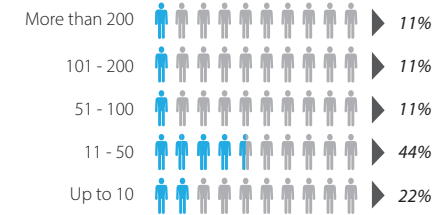


Laos is a small, landlocked economy that has experienced rapid growth based on capital intensive investments in the energy sector. Surrounded by China, Vietnam, Myanmar, Cambodia and Thailand, and with a population of about 7 million people, Laos has historically been viewed as a relatively small player from a trade and economic perspective. However, with its geographic proximity to these large economies Laos is keen to capitalise on its landlocked status to move towards a land linked economy.

Laos' economic growth rate declined to a thirty-year low of 0.4% in 2020. With a new government elected in March 2021, Laos' new leaders have pledged to broaden the economic base beyond the narrow range of industries – such as resource extraction and electricity infrastructure – that have driven economic growth over the last twenty years. This means a greater focus on human resource development, export facilitation, corruption reduction, and more job intensive investment.

Laos' key industries continue to be hydropower, resources, agriculture, industry and services with the government having introduced Special Economic Zones across the country to encourage the development of a local manufacturing industry. Laos is continuing to work towards graduating from Least Developed Country status by 2026, as well as meet the Sustainable Development Goals. The authorities remain committed to maintaining macroeconomic and financial stability whilst promoting sustainable and inclusive growth.

EMPLOYEE NUMBERS

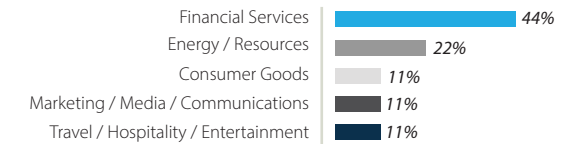


ROLE OF OPERATIONS



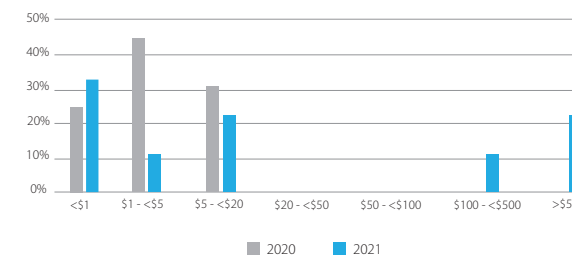
The majority of firms (56%) are focussed on the domestic market in Laos.

TOP INDUSTRIES OF OPERATIONS



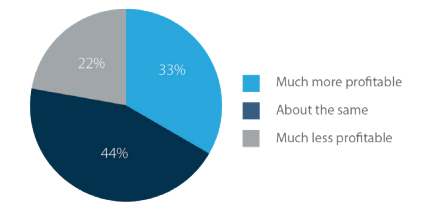
Services industries dominate the Australian business community in Laos with more than 40% in the financial services industry.

ANNUAL TURNOVER (IN MILLION AUD)



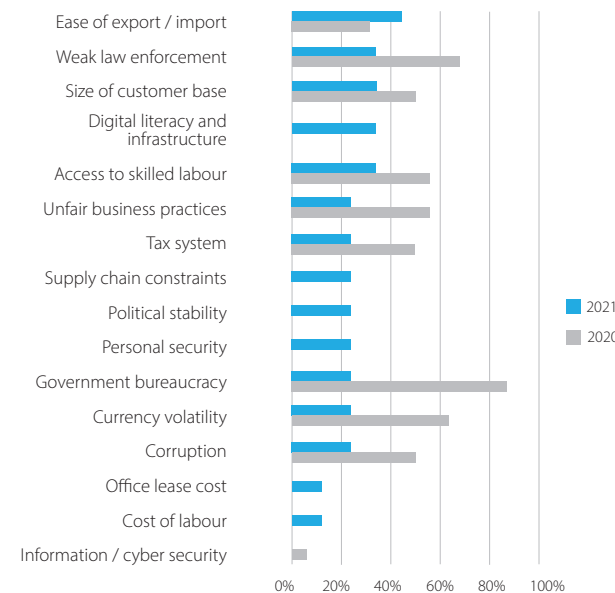
Most firms in Lao PDR are smaller businesses, with 66% of businesses employing 50 people or less and the same amount reporting turnover of \$20 million or less.

PROFITABILITY



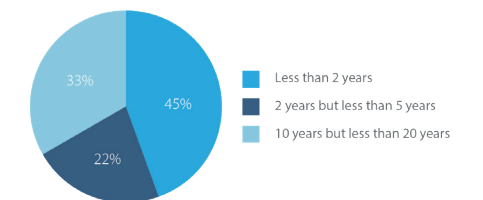
One third of Australian businesses in Laos reported improved profitability, in the past 12 months, with 22% experiencing deteriorating profitability.

HIGH IMPACT BUSINESS CHALLENGES



Ease of export / import is now the biggest challenge for doing business in Laos with 44% of firms identifying it as a high impact business challenge. Weak law enforcement a significant challenge for 33% of respondents, dropping from 69% in 2020.

LENGTH OF OPERATIONS



Australian business has a range of experience operating in Laos. One-third of firms have more than a decade's experience in the market, though Laos also continues to attract new investment with 45% of firms entering the market in the last 2 years.

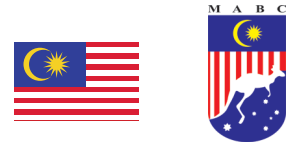
TOP GROWTH DRIVERS



ECONOMIC INDICATORS		2015	2020
GDP (US\$B) (CURRENT PRICES)		14.4	19.1
GDP PER CAPITA (US\$)		2,135.0	2,630.0
REAL GDP GROWTH (% CHANGE YOY)		7.3	0.4

PRINCIPAL EXPORT DESTINATIONS 2019			PRINCIPAL IMPORT SOURCES 2019		
1	THAILAND	41.6%	1	THAILAND	50.3%
2	CHINA	28.8%	2	CHINA	29.0%
3	VIETNAM	18.2%	3	VIETNAM	7.8%
23	AUSTRALIA	0.3%	8	AUSTRALIA	0.9%

MALAYSIA

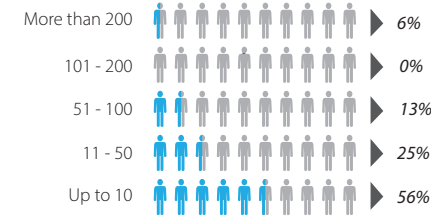


Malaysia's highly diversified economy, strong manufacturing foundation, developed infrastructure and connectivity, proactive government policies and sound legal system are among the reasons why Malaysia continue to be a preferred investment destination. Malaysia is one of the most open economies in the world with a trade to GDP ratio of over 130% since 2010. Being a multicultural nation, Malaysia is able to offer a cost competitive multi-ethnic and multi-lingual workforce that can effectively communicate with most of the markets in the region.

The COVID-19 pandemic posed a major challenge to Malaysia's economy in 2020, with GDP declining by 5.6% -- the worst in Malaysia since the Asian financial crisis. Malaysia's near-term economic outlook will depend heavily on government measures to sustain overall activity given the COVID-19 shock to exports, with exports declining by 9% between 2019 and 2020. Exports are forecast to rebound by 9.7% during 2021.

The Malaysian Government continuously makes every effort to ensure the sustainability of a conducive and competitive business environment in the country. The government has pledged to ensure Malaysia remains as an open country and friendly to investors leveraging on investor friendly policies. Malaysia offers vast investment and business opportunities in the manufacturing and services sectors.

EMPLOYEE NUMBERS



ROLE OF OPERATIONS



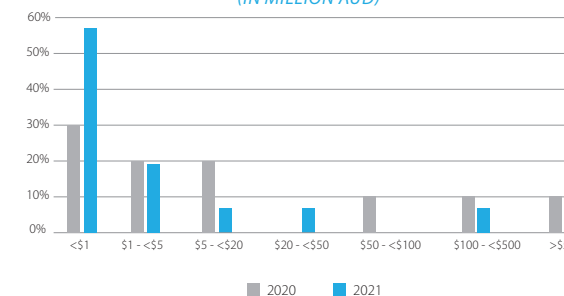
One half of the Australian business community in Malaysia is focused solely on the Malaysian market, with remaining respondents coming from international firms.

TOP INDUSTRIES OF OPERATIONS



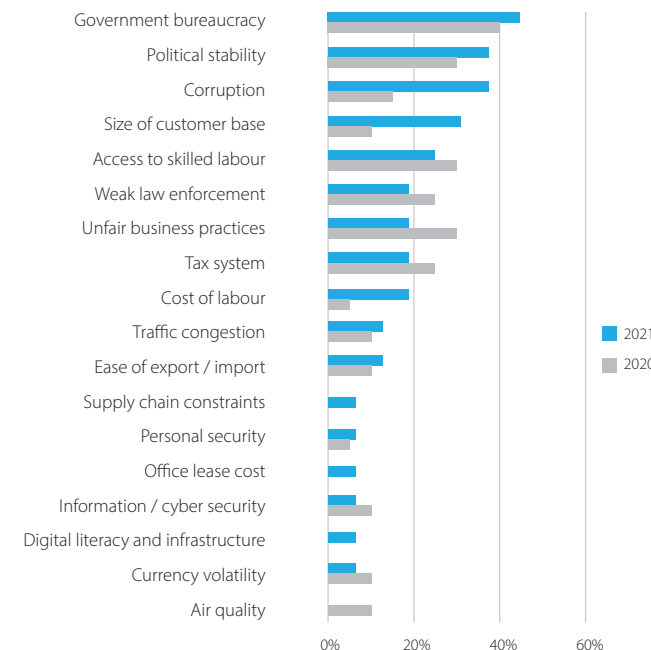
The Australian business community in Malaysia is dominated by the professional services and financial services sectors, though a long tail of other sectors are present too.

ANNUAL TURNOVER (IN MILLION AUD)



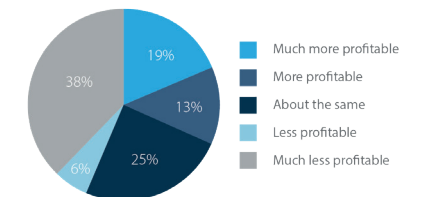
A majority of firms are smaller in scale, with 56% having a turnover of less than \$1 million, and the same amount employing ten staff or less.

HIGH IMPACT BUSINESS CHALLENGES



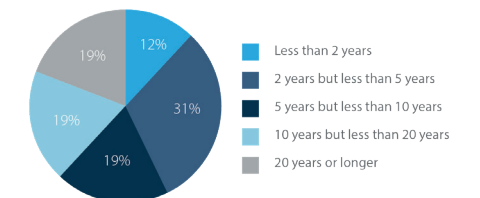
Government bureaucracy is the most reported challenge to doing business (44% of respondents) and political stability has become the second-most reported challenge in Malaysia, with each growing in intensity over the last year. Concerns about corruption and the size of customer base have diminished significantly.

PROFITABILITY



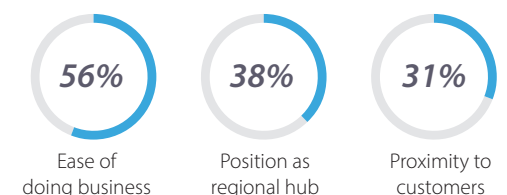
38% of firms were much less profitable when compared with 2020, while 38% of firms also recorded improved profitability.

LENGTH OF OPERATIONS



Almost 38% of firms have been operating in Malaysia for more than 10 years, demonstrating Australia's significant in-market experience. New Australian businesses are entering the market too, with 12% of businesses having entered within the last two years, and 31% within the last two to five years.

TOP GROWTH DRIVERS



ECONOMIC INDICATORS		2015	2020
GDP (US\$B) (CURRENT PRICES)		301.4	336.6
GDP PER CAPITA (US\$)		9,955.0	10,401.0
REAL GDP GROWTH (% CHANGE YOY)		5.1	-5.6

PRINCIPAL EXPORT DESTINATIONS 2019			PRINCIPAL IMPORT SOURCES 2019		
1	CHINA	14.2%	1	CHINA	20.7%
2	SINGAPORE	13.9%	2	SINGAPORE	10.5%
3	UNITED STATES	9.7%	3	UNITED STATES	8.1%
10	AUSTRALIA	2.9%	11	AUSTRALIA	2.7%

MYANMAR

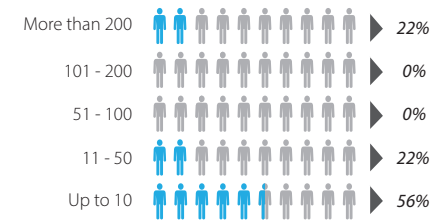


Myanmar is strategically positioned in Asia as the largest country in mainland South East Asia, bordering 40% of the world's population. It has a large working population, abundant agricultural land and is rich in natural resources.

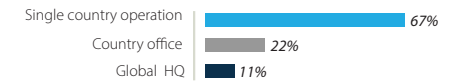
On 1 February 2021, Myanmar's military initiated a coup following general elections to prevent Aung Sun Suu Kyi and her NLD party assuming power, ending close to ten years of increasing political and economic liberalisation and reform. This represents a major setback to the country's development prospects.

It is difficult to determine what impact recent political developments will have upon Myanmar's economy. Military rule has provoked enduring civil disobedience and social unrest, which shows little promise of resolving in the short term. Following the coup, the World Bank forecast a 10% economic contract for 2021. Within one year, Myanmar's economy has gone from being amongst the fastest growing in the region to its fastest shrinking economy.

EMPLOYEE NUMBERS

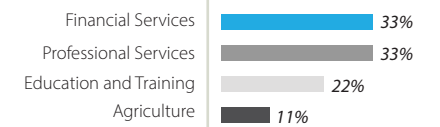


ROLE OF OPERATIONS



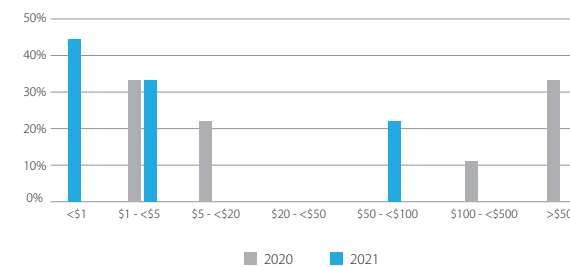
The Australian business community in Myanmar is primarily focussed on the local market, either operating exclusively in the country (67%), or as the country representatives of a larger firm (22%).

TOP INDUSTRIES OF OPERATIONS



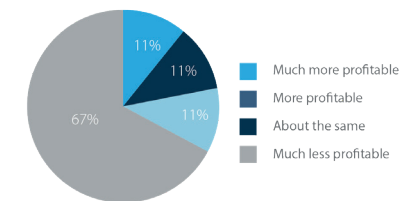
Australian business in Myanmar is dominated by services firms, with financial and professional services accounting for more than half of firms operating in Myanmar.

ANNUAL TURNOVER (IN MILLION AUD)



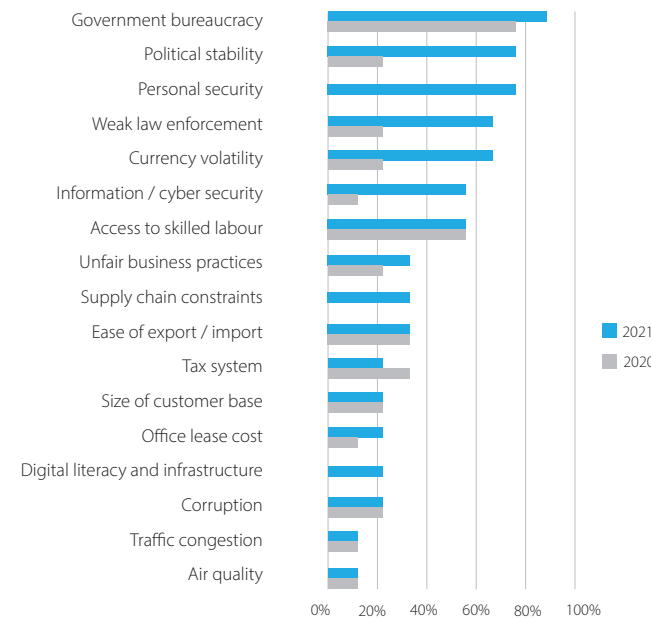
The proportion of smaller businesses operating in Myanmar has grown over the past 12 months. 77% of respondents are now from companies turning over less than \$5 million per year, and 56% of respondents operating firms employing ten or less staff.

PROFITABILITY



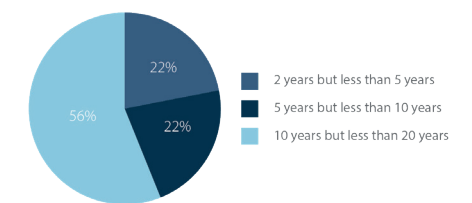
67% of businesses reported being much less profitable over the past 12 months. Only 22% of respondents reported being more profitable.

HIGH IMPACT BUSINESS CHALLENGES



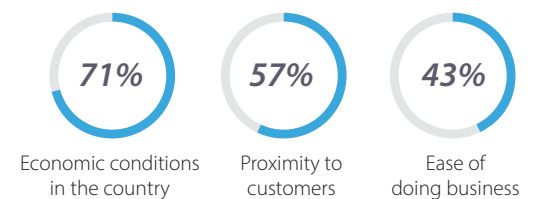
Government bureaucracy continues to be the most significant business constraint in Myanmar, cited by some 89% of respondents. Political stability has jumped to second place with 78% of respondents nominating it a significant challenge.

LENGTH OF OPERATIONS



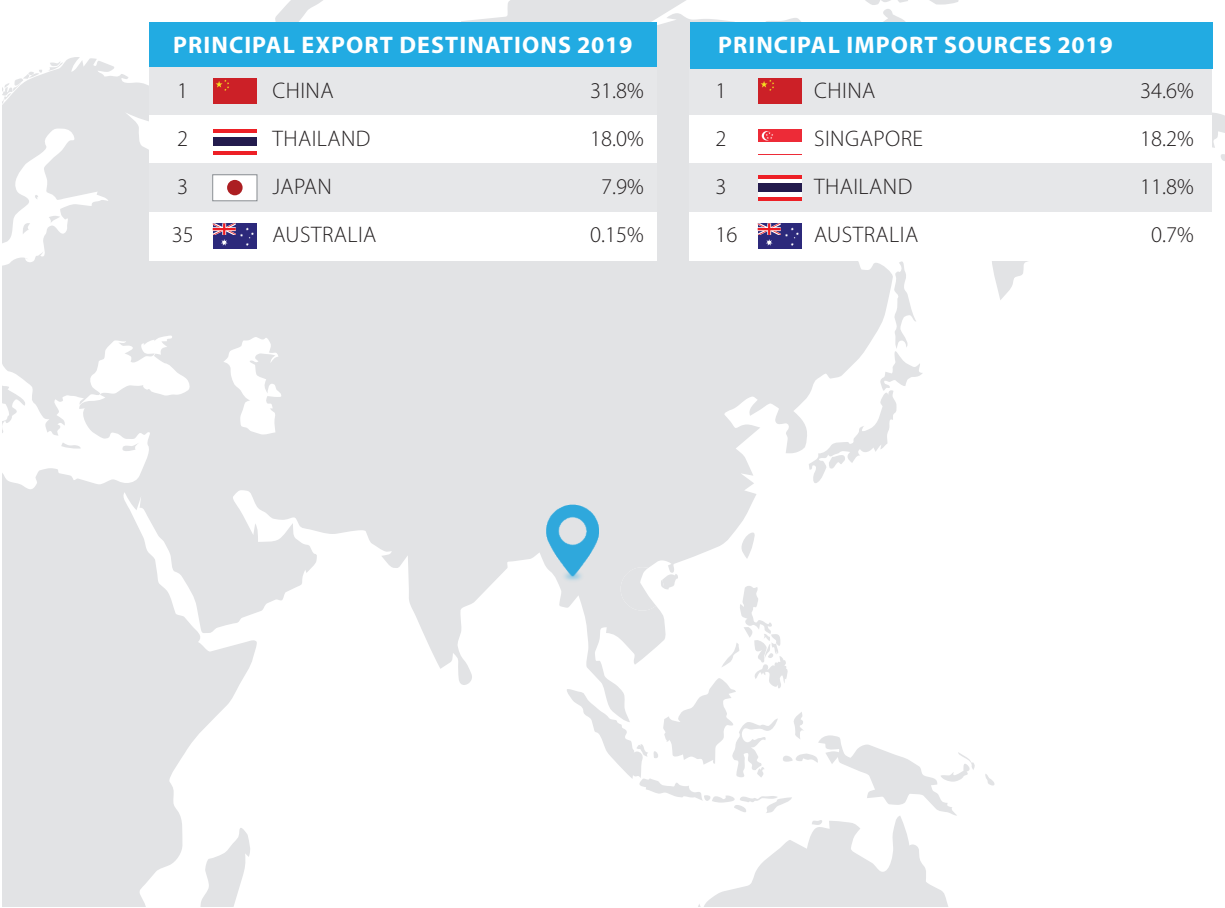
More than half (56%) of firms have entered the market in Myanmar more than ten years ago, with 44% of firms having entered the market within the past 10 years.

TOP GROWTH DRIVERS



ECONOMIC INDICATORS	2015	2020
GDP (US\$B) (CURRENT PRICES)	60.3	76.2
GDP PER CAPITA (US\$)	1,144.0	1,400.0
REAL GDP GROWTH (% CHANGE YOY)	7.0	-10.0

PRINCIPAL EXPORT DESTINATIONS 2019		PRINCIPAL IMPORT SOURCES 2019			
1	CHINA	31.8%	1	CHINA	34.6%
2	THAILAND	18.0%	2	SINGAPORE	18.2%
3	JAPAN	7.9%	3	THAILAND	11.8%
35	AUSTRALIA	0.15%	16	AUSTRALIA	0.7%



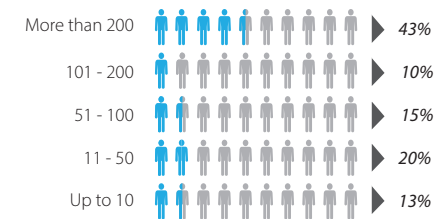
PHILIPPINES

The Philippines is one of the most dynamic economies in the East Asia Pacific region. With increasing urbanization, a growing middle class, and a large and young population, the Philippines' economic dynamism is rooted in strong consumer demand supported by a vibrant labour market and robust remittances. Business activities are generally buoyant with notable performance in the services sector including the business process outsourcing, real estate, and finance and insurance industries.

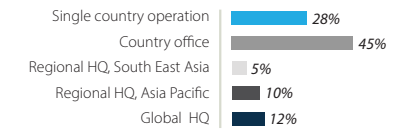
Sound economic fundamentals and a globally recognized competitive workforce reinforce the growth momentum. Having sustained average annual growth of 6.4% between 2010-2018 from an average of 4.5% between 2000-2009, the country is poised to make the leap from a lower-middle income country with a gross national income per capita of US\$3,850 in 2019 to an upper-middle income country (per capita income range of US\$4,046 – 12,535) in the near term.

While long-term fundamentals maintain strong promise, recent economic activity has been challenged by the COVID-19 pandemic and strict community quarantine measures. Growth in 2020 contracted significantly, driven by significant declines in consumption and investment growth, exports, tourism and remittances. With GDP growth of 5% forecast for 2021, the Filipino economy is forecast to return to its pre-pandemic (i.e. 2019) size by 2021.

EMPLOYEE NUMBERS

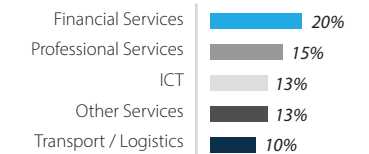


ROLE OF OPERATIONS



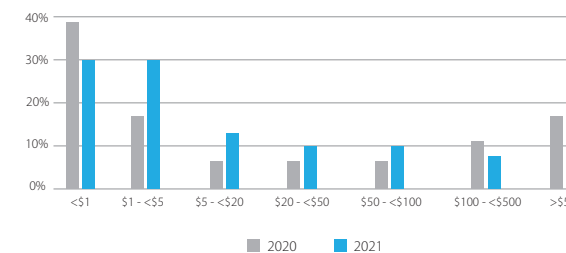
The Australian business community in the Philippines is majorly focussed on serving the local market, with more than 73% of respondents focussed exclusively on the Philippines.

TOP INDUSTRIES OF OPERATIONS



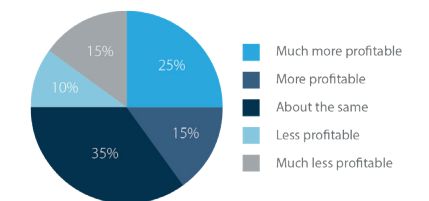
Services firms were the most represented industry sector in the Philippines, with particularly concentration amongst financial and professional services firms.

ANNUAL TURNOVER (IN MILLION AUD)



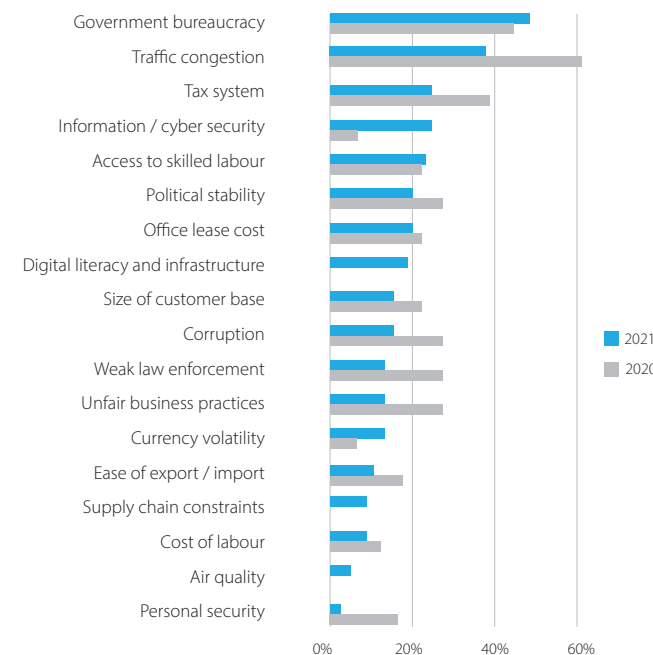
Australian business in the Philippines comes in all shapes and sizes, although the proportion of small businesses employing less than 10 staff has increased. 43% of firms employ more than 200 people.

PROFITABILITY



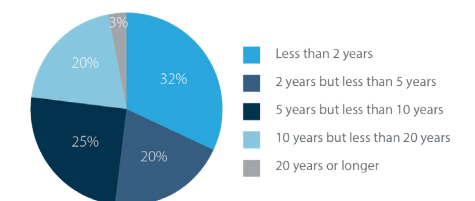
40% of firms showed profitability growth in the last 12 months, with only 25% of firms reporting a decline in profit – a relatively good result compared with its ASEAN peers.

HIGH IMPACT OF BUSINESS CHALLENGES



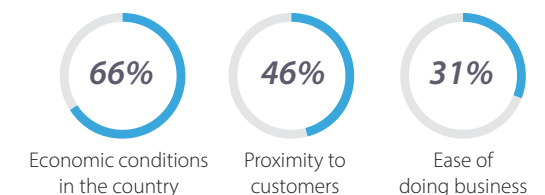
Government bureaucracy continues to be a high impact business constraint for a majority of respondents, while traffic congestion has lessened significantly in intensity, slipping to become the second most cited business constraint.

LENGTH OF OPERATIONS



The Philippines continues to attract new investment from the Australian business community, with 32% having entered the market within the last two years. A significant portion of Australian businesses are well established, with 23% having operated for ten years or longer.

TOP GROWTH DRIVERS



ECONOMIC INDICATORS	2015	2020
GDP (US\$B) (CURRENT PRICES)	306.4	356.8
GDP PER CAPITA (US\$)	3,001.0	3,299.0
REAL GDP GROWTH (% CHANGE YOY)	4.7	-10.8

PRINCIPAL EXPORT DESTINATIONS 2019		
1	UNITED STATES	16.3%
2	JAPAN	15.1%
3	CHINA	13.8%
20	AUSTRALIA	0.6%

PRINCIPAL IMPORT SOURCES 2019		
1	CHINA	22.8%
2	JAPAN	9.6%
3	REPUBLIC OF KOREA	7.5%
14	AUSTRALIA	1.3%

SINGAPORE



AustCham
SINGAPORE
Your Australian Business Connection

Located at the heart of South East Asia, Singapore is an open and trade-driven economy. It's a leading global business hub, positioned in a strategic location where the major east and west shipping routes converge. The country has a stable government, strong rule of law and effective regulatory system. It's a financial, shipping and trade hub for the Asia Pacific region, a perfect launchpad for the continent and offers the best intellectual property protection, infrastructure and incentives in Asia.

It was ranked the fifth most competitive economy in the 2021 IMD World Competitiveness Ranking and is globally renowned for its competitive tax structure with the corporate income tax (CIT) rate a flat 17%. Excellent connectivity, strategic location with proximity to the world's largest emerging markets, strong legal system, and best quality of life in Asia, are other advantages.

Singapore continues to be second in the world for ease of doing business by the World Bank and is seen as a strategic link and important gateway for global investors. It has a network of over 80 comprehensive avoidance of double taxation agreements.

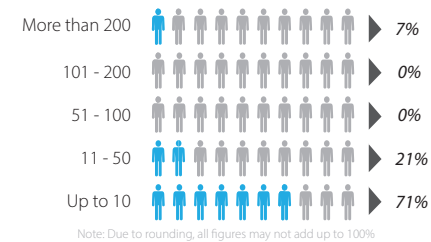
Singapore has bilateral Free Trade Agreements (FTAs) with major economies including the United States, European Union, China, Japan, India, Korea, Australia, New Zealand and Switzerland. It is also a part of a number of multilateral FTAs including the Comprehensive and Progressive Trans-Pacific Partnership, GCC-Singapore FTA and ASEAN FTAs.

It was ranked the fifth most competitive financial centre in the world in the 29th edition of the Global Financial Centres Index (GFCI) behind New York, London, Hong Kong and Shanghai.

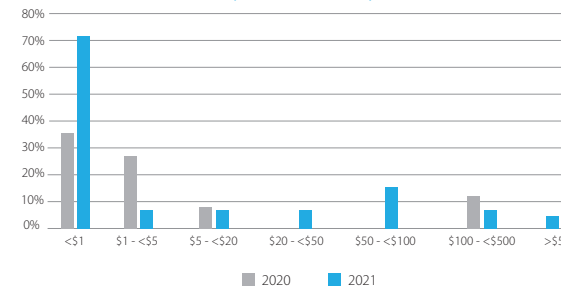
Singapore is ranked number one in Asia-Pacific and number three globally for talent competitiveness in 2020.

It has been ranked first in Asia and third globally in the Transparency International's anti-corruption index. Singapore is also Asia's top arbitration centre.

EMPLOYEE NUMBERS

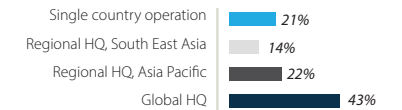


ANNUAL TURNOVER (IN MILLION AUD)



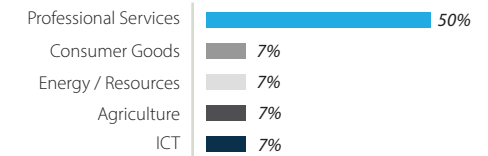
In Singapore, there has been a growing concentration of firms reporting less than \$1 million turnover (71%). Similarly, 71% of firms report employing fewer than ten employees.

ROLE OF OPERATIONS



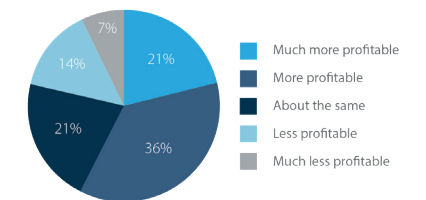
Singapore acts as a business hub, with much of the Australian business community in Singapore acting as either their firm's global (43%), Regional Asia Pacific HQ (22%) or South East Asian (14%) headquarters.

TOP INDUSTRIES OF OPERATIONS



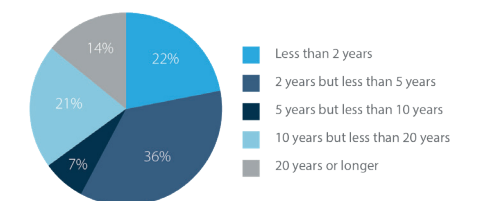
Professional services is the primary industry of operations in Singapore.

PROFITABILITY



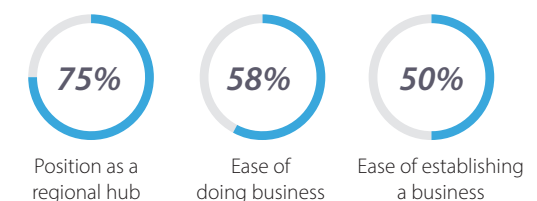
Australian business reports generally strong profitability in the past 12 months, with 57% recording improved profitability.

LENGTH OF OPERATIONS

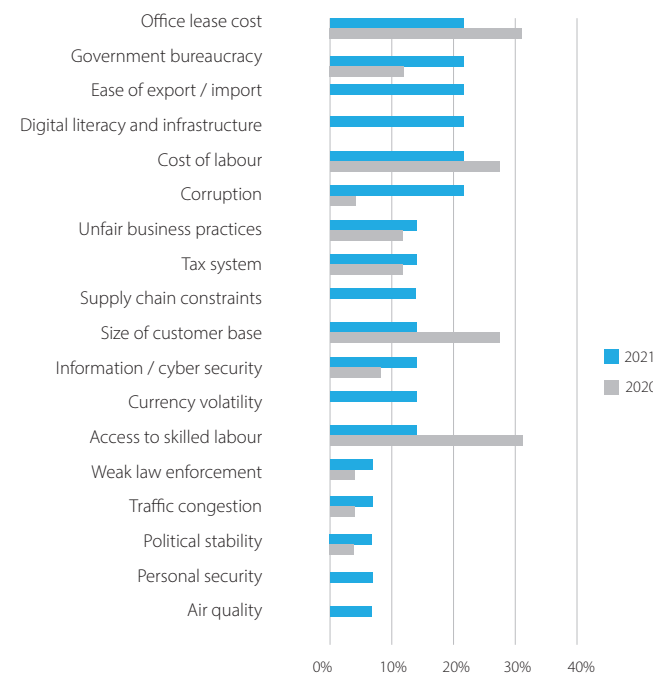


While 35% of firms have been operating in Singapore for more than a decade, new firms continue to be attracted to Singapore with 22% entering the market in the past two years.

TOP GROWTH DRIVERS



HIGH IMPACT BUSINESS CHALLENGES



The cost of office space, government bureaucracy and the ease of importing and exporting were the most identified high impact challenges for business in Singapore.

ECONOMIC INDICATORS

	2015	2020
GDP (US\$B) (CURRENT PRICES)	308.0	340.0
GDP PER CAPITA (US\$)	55,646.0	59,797.0
REAL GDP GROWTH (% CHANGE YOY)	1.8	-5.9

PRINCIPAL EXPORT DESTINATIONS 2019

1		CHINA	13.2%
2		HONG KONG	11.3%
3		MALAYSIA	10.5%
10		AUSTRALIA	2.9%

PRINCIPAL IMPORT SOURCES 2019

1		CHINA	13.7%
2		UNITED STATES	12.2%
3		MALAYSIA	11.6%
16		AUSTRALIA	1.7%

THAILAND

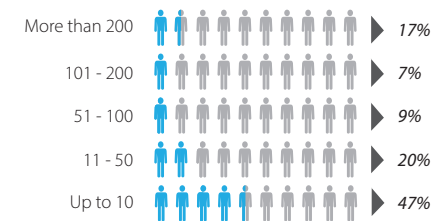
Thailand ranks in the top three countries in the South East Asian region on the ease of doing business scale; it is Australia's ninth largest two-way goods and services trading partner and second largest in ASEAN, with two-way trade in excess of US\$18.8 billion in 2019 and Australian investment backed by the Thailand-Australia Free Trade Agreement (TAFTA) as well as the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA).

While Thailand has been successful in stemming the tide of COVID-19 infections for most of 2020, the economic impact has been severe and has led to widespread job losses. Economic growth in Thailand contracted to 6.1% in 2020 due to a decline in external demand affecting trade and tourism, supply chain disruptions, and weakening domestic consumption.

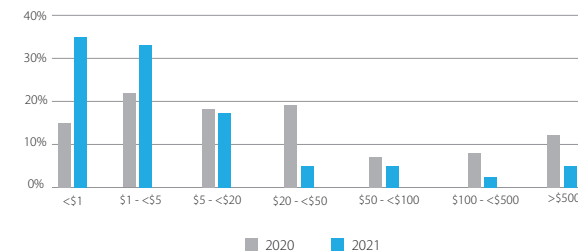
Thailand is a regional and global manufacturing hub for vehicles, automotive components, consumer electronics, and processed food and beverages. It is also a leading exporter of agricultural commodities.

In addition to significant investments in road and rail infrastructure, the Thai government is pushing ahead with its "Thailand 4.0" development plan to encourage investment into a value-based, digital, innovation-driven and services-based economy, focusing on ten 'S-Curve' industries targeting automotive, electronics, high-value tourism and medical tourism, efficient agriculture, food innovation, automation and robotics, aerospace, bio-energy and bio-chemicals, digital and medical and healthcare.

EMPLOYEE NUMBERS

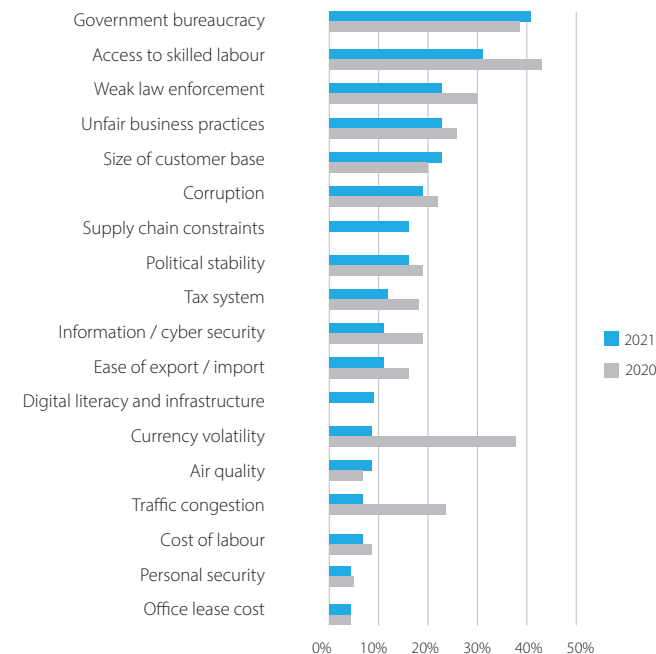


ANNUAL TURNOVER (IN MILLION AUD)



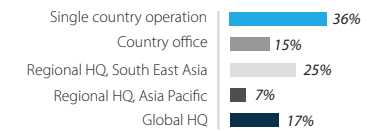
The number of smaller businesses has grown significantly over the last year, with firms reporting less than \$5 million annual revenue accounting for 67% of respondents. The same proportion of firms employ 50 people or less.

HIGH IMPACT BUSINESS CHALLENGES



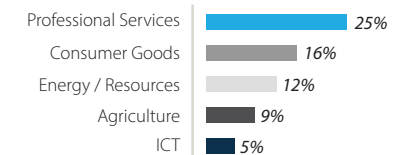
Government bureaucracy is the most significant constraint on doing business in Thailand, reported by 39% of firms. Access to skilled labour has slid down to second place with 31%, decreasing from last year's 43%.

ROLE OF OPERATIONS



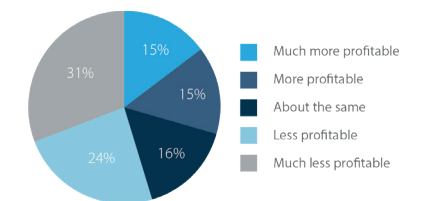
The Australian business community in Thailand is quite diverse. 36% are focussed exclusively on the local market, whereas 49% of firms take advantage of Thailand's central location by using it as their regional or global headquarters.

TOP INDUSTRIES OF OPERATIONS



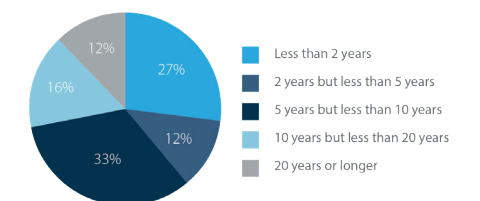
Australian businesses in Thailand most commonly operate in the professional services, consumer goods and the energy / resources sectors.

PROFITABILITY



One-third in Thailand reported improved profitability in 2020, although 55% of respondents had a tougher year than 2019.

LENGTH OF OPERATIONS



Australian business in Thailand exhibits a broad spread of experience. 27% of businesses were established within the last two years, 33% between five to ten years ago, while firms with greater than ten years' experience account for 28% of respondents.

TOP GROWTH DRIVERS



ECONOMIC INDICATORS	2015	2020
GDP (US\$B) (CURRENT PRICES)	401.3	501.8
GDP PER CAPITA (US\$)	6,079.7	7,607.7
REAL GDP GROWTH (% CHANGE YOY)	3.1	-6.1

PRINCIPAL EXPORT DESTINATIONS 2019		PRINCIPAL IMPORT SOURCES 2019	
1	UNITED STATES 12.7%	1	CHINA 21.1%
2	CHINA 12.0%	2	JAPAN 14.0%
3	JAPAN 9.9%	3	UNITED STATES 7.4%
7	AUSTRALIA 4.1%	13	AUSTRALIA 1.7%

VIETNAM



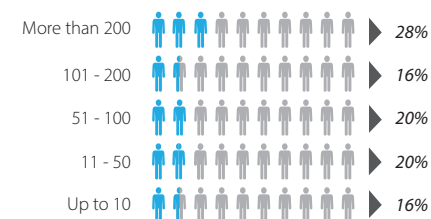
Vietnam is one of Asia's great economic success stories of the past 30 years. Since economic reforms were implemented by the national government from 1986, Vietnam has experienced unprecedented economic growth, with an average annual increase in GDP of 6.5 per cent. With a young and energetic population – 40 per cent of its 97.1 million people are under age 24 – Vietnam is projected to remain among the world's fastest growing economies over the next decade, and one of Asia's best business and investment destinations.

Given its deep integration with the global economy, the Vietnamese economy has been hit by the ongoing COVID-19 pandemic but has shown remarkable resilience. GDP grew by 2.9 percent in 2020. It was one of the few countries in the world to do so.

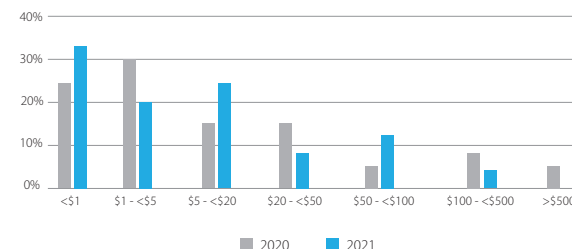
Vietnam's economy is set to grow 6.6 percent in 2021 on the back of successful control of COVID-19 infections, strong performance by export-oriented manufacturing and robust recovery in domestic demand.

Vietnam's Government remains very politically stable and continues to make the country an easier place to do business and encourage private enterprise, provide an attractive environment for Australian business to trade and invest.

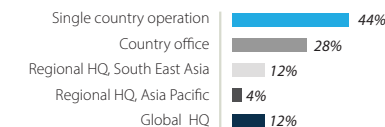
EMPLOYEE NUMBERS



ANNUAL TURNOVER (IN MILLION AUD)

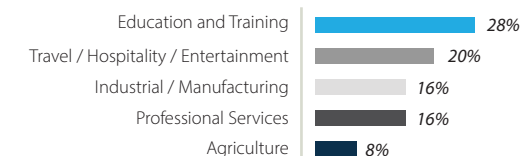


ROLE OF OPERATIONS



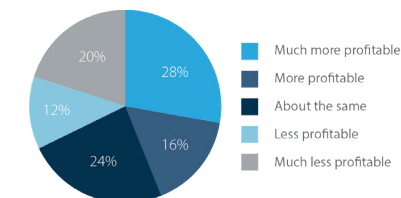
An overwhelming majority (72%) of firms in Vietnam were focussed exclusively on the local market.

TOP INDUSTRIES OF OPERATIONS



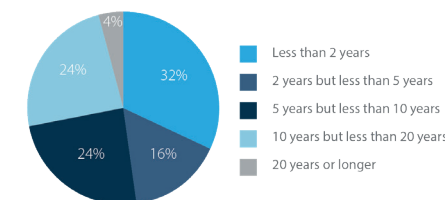
Education and training make up 28% of the Australian business community in Vietnam, followed by hospitality with 20% of firms.

PROFITABILITY



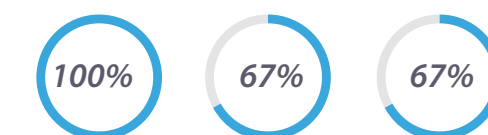
Business conditions over the past 12 months were mixed, with 44% of firms reporting improved profitability, while 32% of firms reported decreased profitability in 2020.

LENGTH OF OPERATIONS



Australia has significant experience in Vietnam with 28% of firms operating there for more than a decade. New entries into the market continue to be quite dynamic, with 32% of firms entering the market in the last two years.

TOP GROWTH DRIVERS



ECONOMIC INDICATORS	2015	2020
GDP (US\$B) (CURRENT PRICES)	193.2	271.1
GDP PER CAPITA (US\$)	2,085.0	2,786.0
REAL GDP GROWTH (% CHANGE YOY)	6.7	2.9

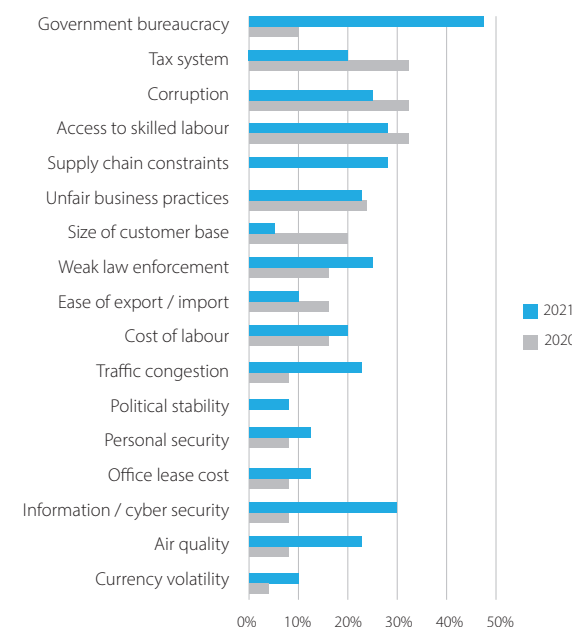
PRINCIPAL EXPORT DESTINATIONS 2019

1	UNITED STATES	23.2%
2	CHINA	15.7%
3	JAPAN	7.7%
14	AUSTRALIA	1.3%

PRINCIPAL IMPORT SOURCES 2019

1	CHINA	29.8%
2	REPUBLIC OF KOREA	18.5%
3	JAPAN	7.7%
12	AUSTRALIA	1.77%

HIGH IMPACT BUSINESS CHALLENGES



Government bureaucracy is the most commonly identified high impact constraint on doing business in Vietnam, having grown significantly to now impact upon 48% of firms (from 10% in 2020). The tax system ranks equal second with corruption, both of which are identified by 32% of respondents as a high impact constraint.

FOUNDATION MEMBERS

AustCham ASEAN is grateful for the support of its Foundation Members in assisting to gather the data for this sixth annual AustCham ASEAN Australian Business in ASEAN Survey.



Australian Chamber of Commerce, Cambodia



Indonesia Australia Business Council



The Australia Chamber of Commerce Lao PDR



Malaysia-Australia Business Council



Australian Chamber of Commerce, Myanmar



The Australia-New Zealand Chamber of Commerce (Philippines) Inc



Australian Chamber of Commerce, Singapore



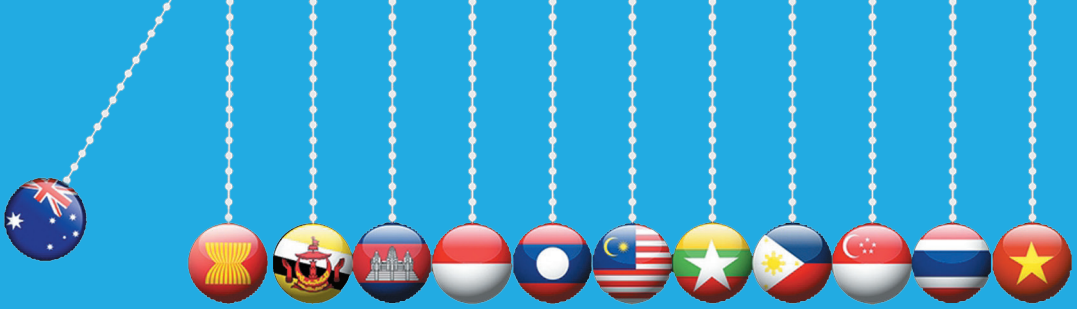
Australian-Thai Chamber of Commerce



The Australian Chamber of Commerce in Vietnam

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