A Brighter Outlook for ASEAN in 2010: U.S. Companies Expect Positive Economy, Profit Increases and Business Expansion

August 26, 2010 – As the world shows signs of recovery, U.S. companies in ASEAN are optimistic about the economy to perform much better in 2010 than in 2009, according to the ASEAN Business Outlook Survey 2010, conducted by The American Chamber of Commerce in Singapore (AmCham Singapore) in collaboration with The American Cambodian Business Council, The American Chamber of Commerce in Indonesia, The American Chamber of Commerce of the Philippines, The American Chamber of Commerce in Thailand, The American Chamber of Commerce in Vietnam, and The American Malaysian Chamber of Commerce.

Most respondents (73%) are predicting the economy to be better or much better in 2010, a vast improvement from respondents in 2009. ASEAN contribution to global business is expected to continue to increase with over 70% expecting that the region will play an even more important role in the next two years. Most respondents (84%) cited economic recovery as a reason for ASEAN’s increased importance, followed by limited growth opportunities in other regions (51%) and improvement in infrastructure (44%).

Business expansion is also expected in Asia, with most respondents (80%) saying their companies plan to expand in Asia within the next two years while 60% expect an increase in workforce.

The following findings are highlights from the Regional Report:

Business Expansion
58% of respondents’ companies expanded in the ASEAN region in the past two years, with Singapore experiencing the highest rate of expansion (67%). More expansion is likely to continue, with 80% planning to expand in ASEAN over the next two years. Business expansion is directed most towards Vietnam (31%), followed by Indonesia (15%), Thailand (13%), and Singapore (10%).

Expansion of Workforce
There are also expectations of an expanding workforce, with 60% of total respondents predicting an increase in the overall workforce, 34% expecting the workforce size to remain the same, and only 5% expecting it to decrease. This shows a stark contrast from 2009’s expectations, when only 37% anticipated an increase in the workforce and 47% expected it to remain about the same.

The countries with the highest number of respondents expecting a workforce increase this year were Singapore (73%), Vietnam (72%), and Cambodia (65%).

Profit Growth
66% of total respondents said they expect their profits to increase in 2010, while 82% said they expect profits to increase in 2011. The most optimistic country was Singapore, with 73% expecting profit increases in 2010, followed by the Philippines (72%). Respondents in Malaysia and Indonesia were the most pessimistic, with 40% of respondents in Malaysia and 28% of respondents in Indonesia expecting static profits in 2010, while another 11% of Indonesia respondents expect a decrease in profits.
Business Environment: Strengths and Concerns

Similar to findings in previous years, corruption has been identified as a major impediment to conducting business within the region, with 55% of total respondents citing it as a problem in their response locations. Corruption was cited as the top source of dissatisfaction in all countries except Singapore and Thailand.

Sentiment towards the U.S. enjoys a 73% satisfaction rate in the ASEAN region, but it decreased in Malaysia (from 66% to 53%) and Indonesia (from 50% to 35%). The level of local protectionism was also cited as a problem for respondents in Malaysia (47%), Thailand (47%), Indonesia (41%), and Vietnam (40%).

ASEAN Integration and FTAs

Most respondents (73%) find ASEAN integration valuable in helping them do business in Asia, a slight increase from 2009 results.

Most enthusiastic about ASEAN integration were respondents in Cambodia (86%) and respondents in Singapore (79%). The survey also found that most respondents (77%) use the ASEAN Free Trade Agreement. Just under half (48%) found the ASEAN-China Agreement useful.

More about ASEAN Business Outlook Survey

The ASEAN Business Outlook survey, which is now in its ninth year, seeks to understand the outlook on business growth and perceptions of doing business in ASEAN. 328 senior executives from U.S. companies in Cambodia, Indonesia, Malaysia, Singapore, The Philippines, Thailand, and Vietnam were surveyed using a web-based survey instrument.

About AmCham Singapore

AmCham Singapore is the leading international business association in Singapore, with 4,100 members representing over 670 companies, and over US$25 billion in investments in Singapore.

For further information, contact:

Liyana Othman
Corporate Communications Manager
The American Chamber of Commerce in Singapore
E-mail: lothman@amcham.org.sg
Phone: 6597-5736