

AUSTRALIAN BUSINESS IN ASEAN

S U R V E Y 2 0 2 0

INCLUDING COVID-19 IMPACT UPDATE



**AustCham
ASEAN**

Australia-ASEAN Chamber of Commerce

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FOREWORD

Minister for Trade, Tourism and Investment

This year's Australian Business in ASEAN Survey is being released at a time of significant economic uncertainty. The COVID-19 pandemic has hit all countries in our region hard. Broad-based impacts will continue to disrupt the regional economy for some time, with implications for Australian exporters and international trade.

As a longstanding economic, security and development partner, Australia is committed to working with ASEAN and its member states to manage the health and economic impacts of the pandemic and support regional economic recovery. We are realigning our development partnerships to assist the region's immediate COVID-19 response and recovery efforts; and we are committed to supporting Australian businesses through the difficult months ahead.

While this survey was undertaken before the economic impacts of the pandemic were widely felt, it provides an important benchmark for the growing Australian business confidence in the ASEAN region at that time. As we navigate through the COVID-19 crisis and towards economic recovery, the data in this survey will provide a useful guide to inform our ongoing engagement with ASEAN.

Australia's future remains tied to that of the Indo-Pacific. The region, with ASEAN at its centre, has been the engine room of global growth for the past two decades. While we should be clear-eyed about the outlook for 2020, in the period beyond Southeast Asia will continue to present opportunities for Australian business.

Now is not the time to turn inward. The Australian Government remains committed to maintaining open, connected global supply chains. We are working with ASEAN member states, as well as with our other Indo-Pacific partners and through the G20, to maintain an open, rules-based trading system and resist protectionist measures. Australia has announced a range of initiatives - including a \$49.8 million boost to the

Export Market Development Grants scheme and a \$110 million International Freight Assistance Mechanism - to support Australian businesses take their products and services to the region and the world.

Our free trade agreements with our ASEAN neighbours will contribute to regional economic recovery and stability, including by promoting economic integration, and trade and economic liberalisation. Australian businesses can access opportunities under our plurilateral FTAs, including the ASEAN-Australia-New Zealand Free Trade Area and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, as well as under our bilateral FTAs with Singapore, Thailand and Malaysia. The Indonesia-Australia Comprehensive Economic Partnership Agreement is expected to enter into force in the coming months.

The Australian Government is also working hard to conclude the Regional Comprehensive Economic Partnership Agreement, which would become the largest global trade grouping, further integrating Australian businesses into the world's fastest growing region.

As the region recovers from the COVID-19 pandemic, these agreements will take on even greater importance, further enabling Australian business engagement with ASEAN and supporting Australia's own economic recovery.

I commend the Australia-ASEAN Chamber of Commerce for its leadership at this challenging time. Engagement with the ASEAN region is, and will continue to be, a key pillar of Australia's future prosperity.

SENATOR THE HON SIMON BIRMINGHAM
Minister for Trade, Tourism and Investment
Deputy Leader of the Government in the Senate
Senator for South Australia

FOREWORD

Australian Ambassador to ASEAN

C OVID-19 is having an unprecedented impact on the health systems, economies and welfare of the 648 million people who live in the ASEAN region.

The International Monetary Fund recently forecast 2020 growth in the ASEAN-5 (Indonesia, Malaysia, Philippines, Thailand, and Vietnam) at -0.6 percent in 2020, down from the 4.8 percent forecast last year.

This year's Australian Business in ASEAN Survey also shows that over 85% of firms surveyed anticipate that the COVID-19 pandemic will have a negative impact on their businesses, with almost half expecting a strongly negative impact.

ASEAN Ministers and leaders have acted to protect trade and investment flows, regional value chains, employment, and businesses from the impacts of COVID-19. At the Special ASEAN Summit on COVID-19 on 14 April, ASEAN leaders agreed to key measures to sustain regional integration and promote economic recovery, including a renewed commitment to completing the Regional Comprehensive Economic Partnership (RCEP) this year.

ASEAN Economic Ministers have also made commitments to leverage technologies and digital trade to allow businesses to continue trading, strengthen supply chain resilience and sustainability, and enhance ASEAN economic cooperation with external partners.

Australia and ASEAN are critical partners at this time of crisis. Our long-standing and close cooperation and strong people to people ties, position our governments, businesses and communities well to contribute to the economic recovery of our neighbourhood.

As ASEAN's oldest external partner, Australia has worked closely with ASEAN over the decades of its remarkable journey, both with its member states and with ASEAN as

an institution. Last financial year our two way trade with the region reached \$124 billion (14 per cent of Australia's total two way trade).

Australia's support for ASEAN's regional integration and economic growth through our development cooperation programs dates from the 1970s. Together, we are improving capacity for digital trade in ASEAN, strengthening competition laws and policies and enhancing intellectual property frameworks.

RCEP provides an opportunity to shape the future economic architecture of the region, building on WTO commitments and complementing existing bilateral and regional FTAs. Along with the planned upgrade of the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA), RCEP sends a clear message that our region, which has benefited so much from opening up trade and investment opportunities in the recent decades, is committed to continuing to do so in the future.

I am pleased to continue to serve as AustCham ASEAN's Patron. As we navigate the uncertain economic waters ahead, the work of private sector leaders like AustCham ASEAN remains crucial. This year's Australian Business in ASEAN Survey is an extremely valuable resource for understanding the ASEAN business environment during these challenging times. I recommend it to all Australian businesses and analysts with interests in the region.

H.E. JANE DUKE

**Australian Ambassador to ASEAN and
Patron of AustCham ASEAN**

FOREWORD

President of AustCham ASEAN

As the ASEAN chairmanship rotates through Vietnam this year, I'm delighted to see the efforts to strengthen ASEAN's resilience paying off and I am excited to be the President of AustCham ASEAN as AustCham ASEAN releases this fifth annual Australian Business in ASEAN Survey.

Regional integration has always been the mandate of ASEAN and we have seen various mechanisms established in the past to support intra-ASEAN trade. Over the past months the COVID-19 pandemic has hit countries' economies and societies, and it has become apparent to me that it has never been more important for the ASEAN region to remain committed to deepening integration.

As a 'chamber of chambers' representing the Australian chambers of commerce and business councils across the ASEAN region, AustCham ASEAN has a great role to play in supporting this integration and the findings of this survey remind us of the opportunities that present themselves for business in the ASEAN region.

Given the current global situation, it is imperative that we ensure ASEAN markets remain as open as possible for Australian business. AustCham ASEAN's role has never been so important, and we are committed to assisting Australian businesses navigate this changing business landscape by continuing to support Australian business on regional integration developments and providing information so that they remain abreast of the everchanging business landscape. We must continue to promote the contribution of Australian business to ASEAN markets and advocate on issues impacting Australian business with ASEAN and the Australian Government.

These survey results show that, prior to the COVID-19 pandemic, the extremely diverse Australian business community were planning increased investment in the region and sheds further light on the activities of Australian business in ASEAN, including the degree to which they

are taking advantage of the host of free trade deals and other arrangements now available in the region. AustCham ASEAN will continue to work with Australian business, Australian Government and ASEAN stakeholders to ensure this increased investment can still occur. The additional COVID-19 Survey shows us, unsurprisingly, that a majority of Australian businesses are anticipating that the COVID-19 pandemic will have a negative effect on their business, requiring companies and employers to act swiftly to implement changing business models.

I was pleased to read the Declaration made by the ASEAN Leaders at the Special ASEAN Summit on COVID-19 on 14 April 2020. This commitment to keeping ASEAN's markets open for trade and investment, preserving supply chain connectivity and refraining from imposing unnecessary restrictions on trade and investment are all critical going forward.

So, looking to the remainder of 2020 and beyond, we at AustCham ASEAN are committed to work to ensure that ASEAN remains cohesive, acting together to implement regional responses to the social and economic impact of the COVID-19 pandemic as it highlights the interconnectedness of ASEAN economies and societies.

And of course, if you are interested in knowing more about the opportunities for AustCham ASEAN to make a very real impact in the region, please do not hesitate to contact us; we are always eager to discuss how AustCham ASEAN can help Australian business continue to secure the many opportunities that exist throughout the region.

CHAU TA

President, AustCham ASEAN

EXECUTIVE SUMMARY

AustCham ASEAN is pleased to present the fifth annual Australian Business in ASEAN Survey. This survey was originally scheduled to be launched in February, but the decision was taken to delay its launch and overlay a preliminary “COVID-19” survey (undertaken in the first week of April) given the significant impact on global trade and business.

The world has undergone extraordinarily rapid change. Had we published the survey in February, the results would have shown that Australian business sentiment with respect to ASEAN was buoyant, with continued confidence in ASEAN, and a strong desire to expand their economic contribution to the region through increased trade and investment. However, with the advent of the COVID-19 pandemic, many businesses are in survival mode, as revenue disappears, supply chains are closed down and the need to work remotely becomes mandatory across ASEAN and Australia.

Generally, countries across ASEAN have responded well to the crisis and to date have avoided the largescale infections of Europe and the US, mainly through acting swiftly to implement border shutdowns and social distancing. As countries look to come out of lockdown, the question for business is how quickly the engine can crank up and whether unwinding of COVID-19 measures may lead to a second wave of infections and more stringent lockdown measures.

This year’s AustCham ASEAN survey looks at the longer term thinking of Australian business in ASEAN

as impacted by COVID-19. In late June, hopefully when all ASEAN countries have restarted their economies, AustCham ASEAN will run a special supplementary survey to see how businesses have fared and how they see the outlook for the balance of 2020.

AUSTRALIAN BUSINESS VIEW PRE-COVID-19

The Australian business community in ASEAN is extraordinarily diverse. While professional and financial services make up almost one-third of the business community, there is a significant presence in manufacturing, travel and hospitality, and education and training.

Almost half of firms turned over less than \$5 million in 2019 and more than one-third had 10 or less employees. On the other end of the spectrum, one-fifth of firms are turning over more than \$100 million, and 37% employ more than 100 people in their local offices. This strong footprint in the region is further underscored with almost one-fifth of respondents having their global or Asia Pacific headquarters in ASEAN.

Prior to the COVID-19 pandemic, these businesses were planning to follow through with greater investment in the region. More than 80% planned to expand their trade and investment over the next five years. In 2019, Vietnam had retaken its mantle as the most popular destination for planned investment having held that title in 2017 but coming in second to the Philippines in 2018. Myanmar was the preferred destination in 2016. Vietnam’s

very successful solar energy program (which saw approximately 5GW of solar power installed and operating in 2019) and the shift of manufacturing from China to Vietnam was at the heart of this.

In addition to Vietnam, Indonesia continued to attract strong planned investment. This expansion continued to be driven by growth in ASEAN’s consuming class, with improvements in infrastructure and the prospect of greater regional integration also providing substantial motivation.

Perceptions of corruption remain the greatest challenge to operating in the region. Lack of access to skilled labour was cited by 36% of firms, providing a substantial opportunity for Australian firms to help address the skills deficit.

Broadly, Australian businesses view of ASEAN remains consistent with previous surveys. Almost four-in-five of those surveyed believed that ASEAN was a priority region for their company. However, a less emphatic majority believe that their boards or head offices have a deep understanding of the region.

The proportion of respondents who believe that ASEAN integration is important for doing business in the region continues to increase. It is now 47%, up from 41% in 2017. A majority of businesses continue to report needing further information on the progress and impacts of the ASEAN Economic Community, with only 10% confident they have a detailed understanding of what ASEAN integration means to their business.

Fair enforcement of the law was viewed as the priority to accelerating ASEAN integration, overtaking the reduction of investment and service restrictions. Fixing infrastructure gaps across the region and improving labour mobility are the next most important priorities for Australian business in ASEAN.

THE COVID-19 IMPACT

Unsurprisingly, 86% of firms in ASEAN anticipate that the COVID-19 pandemic will have a negative impact on their business, with almost half expecting that impact to be strongly negative.

The greatest impacts to date have been:

- the loss of customers and revenue due to the impact on the business environment – the single biggest negative factor;
- business productivity when implementing working from home arrangements - 59% of businesses estimate it has had a negative impact on their business’ productivity; and
- the disruption to logistics and supply chains caused by the pandemic.

CONCLUSION

Despite the extremely difficult climate presented in 2020, ASEAN is on the way to establishing a conducive integrated region for business. Australian business has significant experience in the region and is well placed to drive positive change.

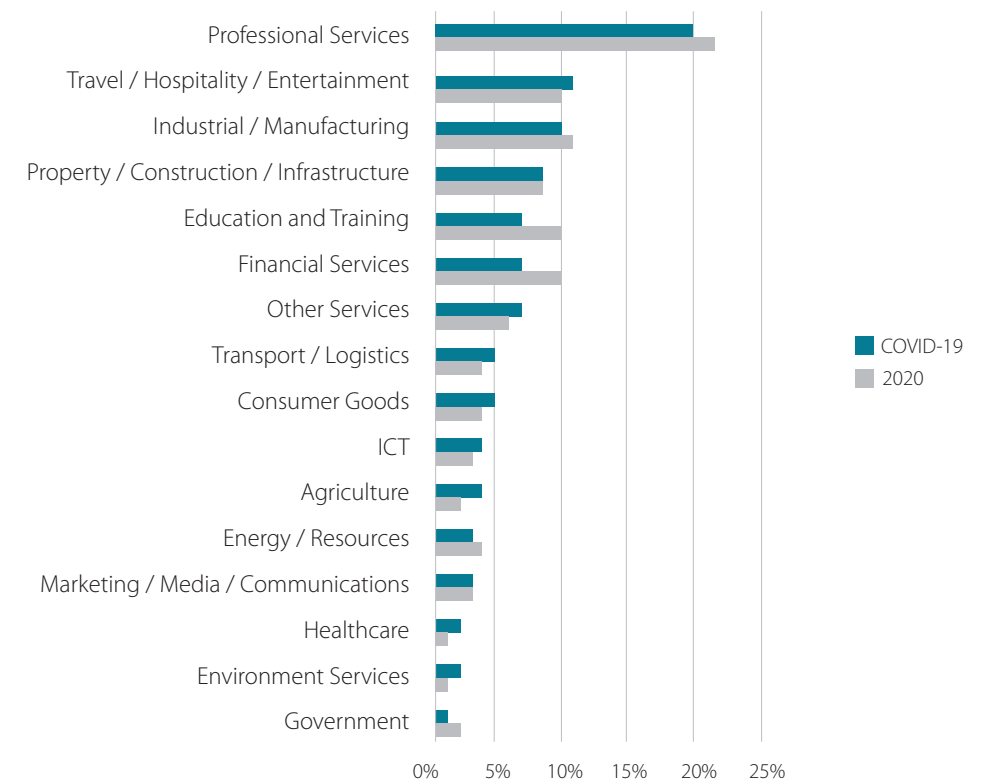
As ASEAN and Australia continue to deepen their strategic partnership, now is the time for Australian business to capitalise on this momentum and step up and contribute to creating an environment that enables them to continue to thrive. The critical issue for Australian business in the region is how quickly countries will rebound from COVID-19, which is likely to influence head office attitude to maintaining or expanding their presence in the region.

IMPACT OF COVID-19 PANDEMIC ON BUSINESS IN ASEAN

Circumstances in world economies have changed significantly since the Australian Business in ASEAN 2020 survey was undertaken, with the COVID-19 virus being declared a global pandemic by the World Health Organisation, leading to unprecedented policy responses. These responses from governments in all corners of the world have had an extraordinary economic impact, with the International Monetary Fund already declaring that the world has entered recession. In order to supplement the findings of the annual survey, in the first week of April 2020 AustCham ASEAN ran a short additional survey to better understand the impact that the pandemic is having on business in South East Asia.

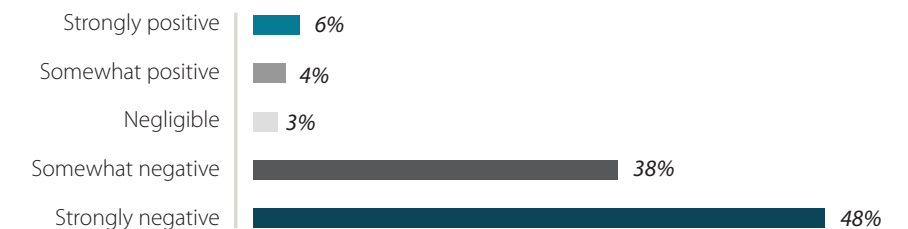
INDUSTRIES REPRESENTED IN THE COVID-19 SURVEY

The responses to this additional survey were broadly representative of the wider business community, with the industries represented roughly similar to the general survey.



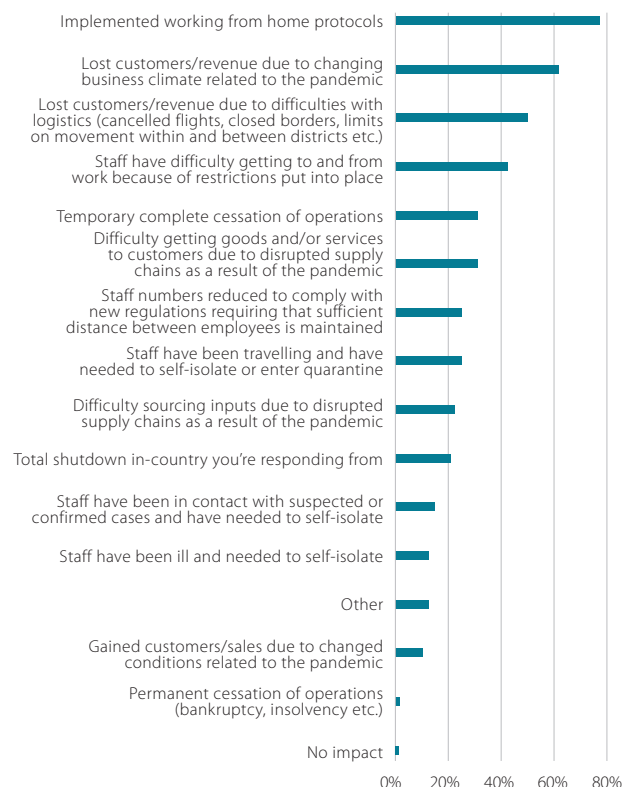
WHAT IMPACT DO YOU ANTICIPATE THE COVID-19 PANDEMIC HAVING ON YOUR BUSINESS?

Unsurprisingly, the majority of firms anticipated that the pandemic would have a negative impact on their business, with 48% expecting a strongly negative impact. Some businesses were anticipating some upside as a result of the pandemic, with 6% anticipating strongly positive impacts, and an additional 4% expecting somewhat positive outcomes for their business.



HAS YOUR BUSINESS EXPERIENCED ANY OF THE FOLLOWING?

In terms of impacts, 77% of firms have implemented working from home protocols, with 61% having lost customers and/or revenue due to the changed business climate, and a majority of firms have been impacted by logistical difficulties.



WHICH OF THE FOLLOWING HAS HAD THE GREATEST IMPACT ON YOUR BUSINESS?

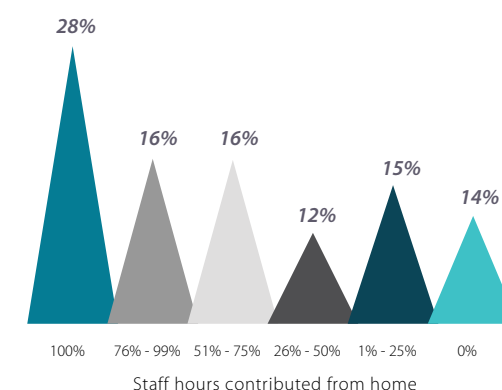
Respondents were asked to select up to three responses that had the greatest impact on their business

Of these impacts, the loss of customers and/or revenue due to the changing business climate has had the greatest impact on the Australian business community, and was nominated by 57% of respondents as one of their top three impacts. Implementing working from home protocols has had a significant impact on 39% of firms, with losses of customers and/or revenue due to logistical complaints being a key challenge for more than one-third (35%) of firms.



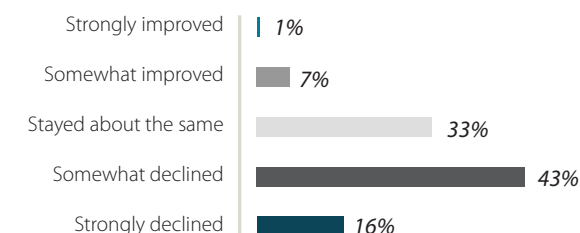
TO WHAT EXTENT HAVE YOU BEEN ABLE TO IMPLEMENT WORK FROM HOME ARRANGEMENTS?

More than one-quarter of firms have all of their staff working from home during the early stage of the pandemic, with only 14% of firms unable to implement working from home protocols for any of their staff.



THE PRODUCTIVITY OF MY FIRM UNDER WORKING FROM HOME ARRANGEMENTS

For those who have implemented working from home arrangements, it has had a detrimental impact on the productivity of 59% of firms, with productivity declining strongly for 16% of firms. Productivity remains unchanged for one-third of respondents, with 8% reporting productivity improvements.



HAVE YOU EVACUATED OR REPATRIATED STAFF?

Almost one-fifth (18%) of firms in ASEAN had evacuated or repatriated staff in response to the pandemic.



Presented by

AustCham ASEAN
Australia-ASEAN Chamber of Commerce

With thanks to our Foundation Members who assisted in disseminating this COVID-19 Survey to their members

AustCham Cambodia
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

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

AustCham Thailand
Australian-Thai Chamber of Commerce

AUSCHAM VIETNAM
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 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 an 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 2020 edition incorporates a special COVID-19 update outlining the current impact of the virus to Australian business across ASEAN. It is intended to follow up with a further survey in June 2020.

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 is currently held by AusCham Vietnam for 2020. The rotating presidency will align with the ASEAN Host Country.

With special thanks to the survey production team:

*Jodi Weedon, Executive Director
Daniel Willett, Senior Policy Advisor
Norazuin Lokman, Graphic Design
Annette Tilbrook, Director*

AUSTRALIAN BUSINESS IN ASEAN 2020 SURVEY

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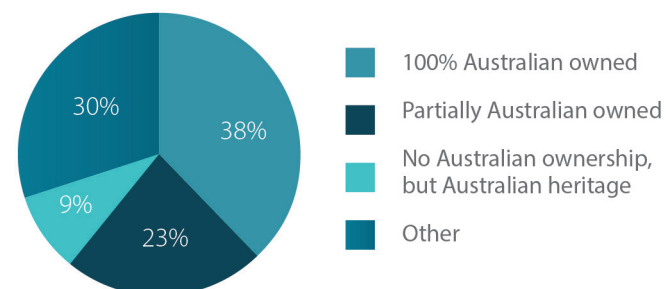
24 Country fact sheets

BUSINESS LANDSCAPE IN ASEAN

Australian business has a long history in ASEAN with its significant diversity as one common thread. Firms operating in the region vary in size, industry, ownership and the role of their operations.

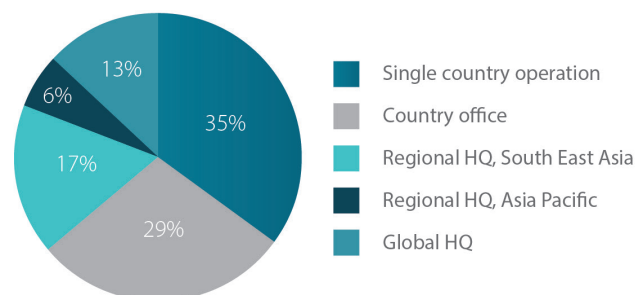
OWNERSHIP

A majority of the Australian business community in ASEAN maintains Australian ownership with 61% having either full or partial Australian ownership. A further 9% of firms have Australian heritage but no current Australian ownership. Three-tenths of respondents had no history of Australian ownership of their company.



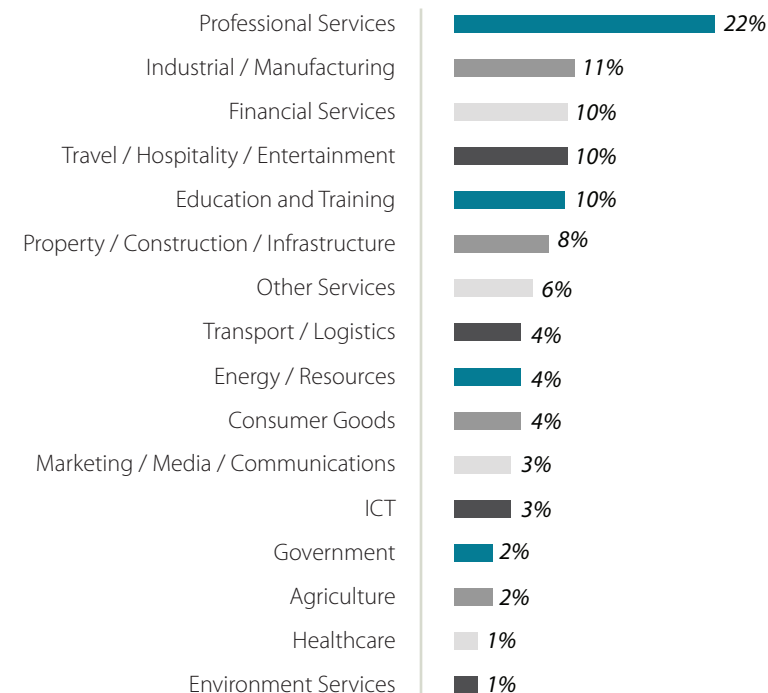
OPERATING ROLE

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.



INDUSTRY OF OPERATIONS

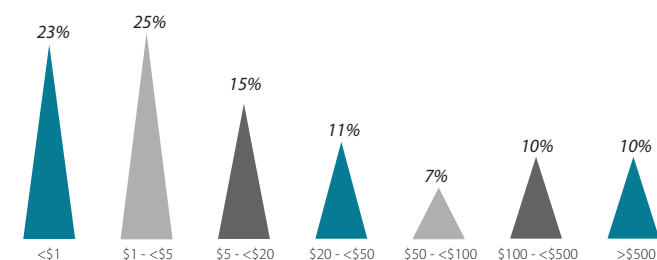
The Australian business community continues to be dominated by services firms, with professional services making up 22% of all respondents operating in the region. Manufacturing, financial services, and travel, hospitality and entertainment each contributing more than 10% of businesses across the region.



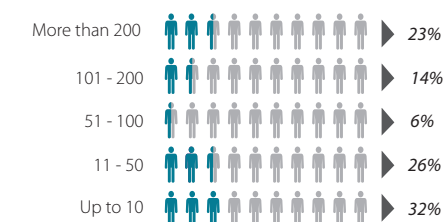
SIZE

One example of the diversity of Australian business in ASEAN is the size of companies operating in the region. While 48% of respondents turned over less than \$5 million annually, and 32% had 10 or less staff, one-fifth of businesses turned over more than \$100 million and 37% had more than 100 staff members in their local offices.

ANNUAL TURNOVER IN 2019 (IN MILLION AUD)



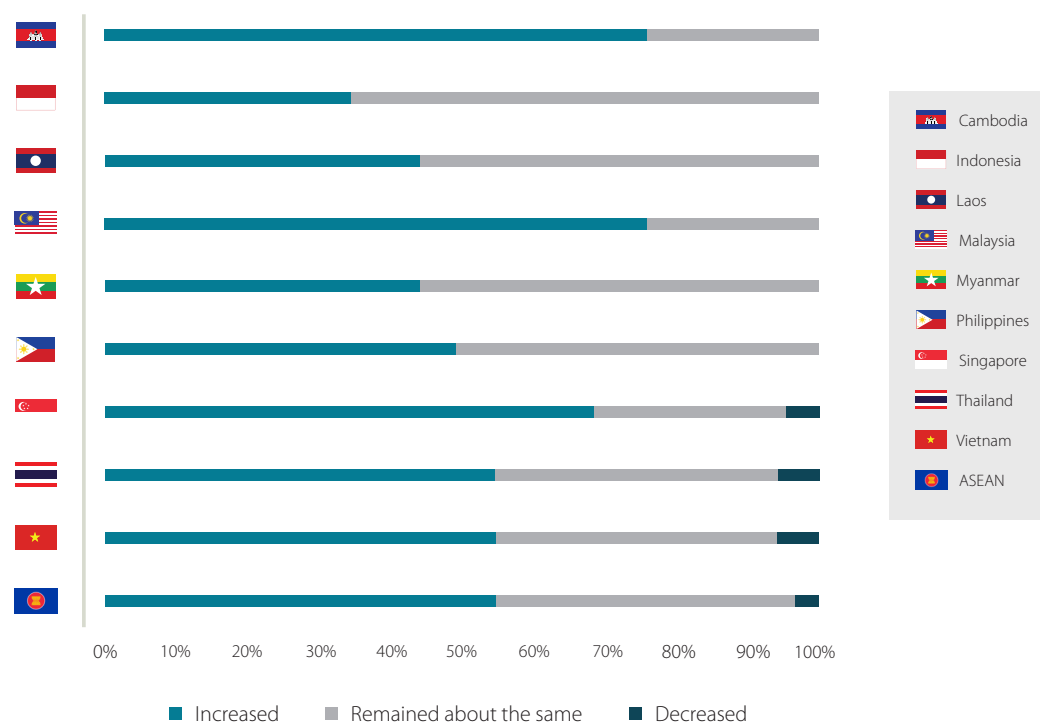
EMPLOYEE NUMBERS



BUSINESS EXPANSION IN ASEAN

CHANGE IN COMPANY TRADE AND/OR INVESTMENT OVER THE PAST 2 YEARS BY ASEAN MEMBER STATE

A majority (55%) of business in the region had moved to take advantage of the ASEAN opportunity in the past two years, with 19% of respondents having expanded their trade and investment in the region significantly. Only 3% of respondents had decreased their trade and investment in the region over the same period.

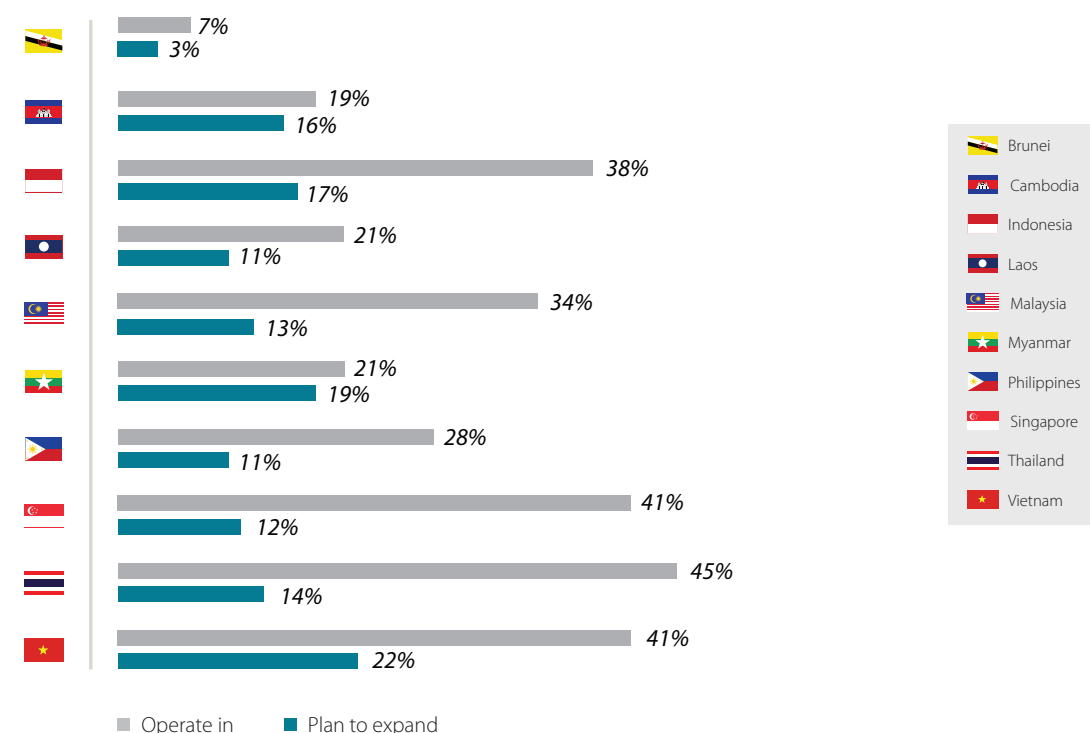


The Australian business community continues to move to take advantage of the scale of the opportunity presented in the ASEAN region. A majority of firms operating in the region have expanded trade and investment in the last two years, with more than four in five businesses planning to expand their trade and investment in the next five years. The growing consumer class in the region is the primary driver of this planned growth, with business conduct conflicts recognised as a challenge to operations.

CURRENT COMPANY OPERATIONS AND EXPANSION PLANS

Of the survey respondents, Thailand, Singapore and Vietnam host the greatest numbers of firms from the Australian business community.

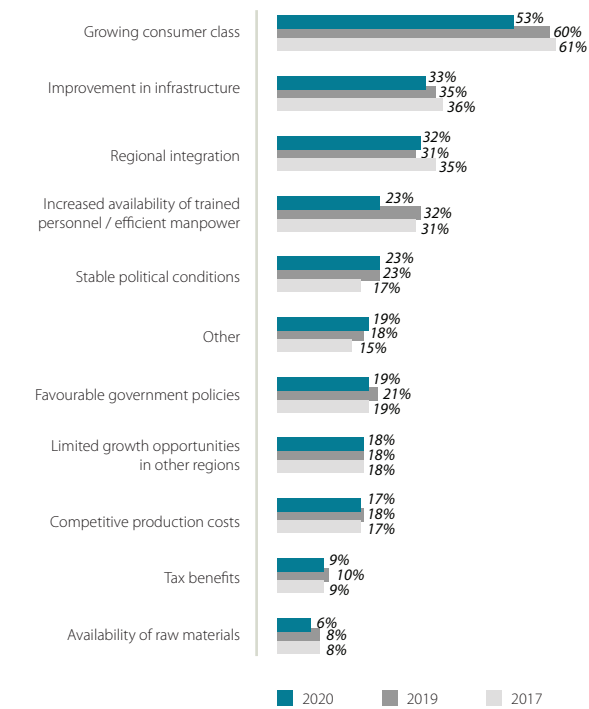
Business continues to anticipate expansion in the region, with 83% expecting to expand their trade and investment in ASEAN over the next five years. Vietnam has overtaken the Philippines as the most popular market for expansion, with 22% of firms planning to expand there. Myanmar and Indonesia are the next most popular destinations for expansion.



TOP REASONS FOR EXPANDING
TRADE AND INVESTMENT IN ASEAN

Respondents were asked to nominate up to three main drivers behind their expanding trade and investment in ASEAN

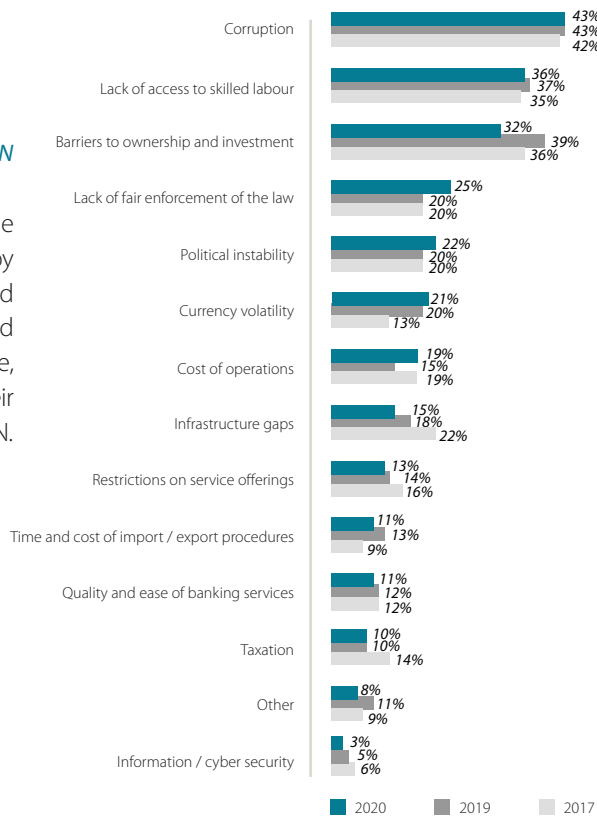
The growing consumer class is a main driver for the majority of business in ASEAN. Improvements in infrastructure and increasing regional integration were key drivers for one-third of businesses. The increased availability of skilled staff was a key reason for 23% of firms, down from 32% the previous year.



TOP CHALLENGES OF OPERATING
IN ASEAN

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

Corruption continues to be the main challenge of operating in the region, identified as such by 44% of respondents. Lack of access to skilled labour has overtaken barriers to ownership and investment as the second greatest challenge, identified by 36% of businesses as one of their top three key challenges to operating in ASEAN.



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

Barriers to ownership and investment	13%	50%	13%	25%	0%	39%	31%	42%	32%	34%
Corruption	50%	50%	69%	35%	11%	44%	46%	38%	48%	44%
Cost of operations	13%	15%	6%	5%	33%	33%	31%	14%	19%	18%
Currency volatility	0%	19%	25%	25%	22%	17%	8%	32%	10%	20%
Information / cyber security	0%	8%	0%	10%	11%	6%	0%	2%	0%	3%
Infrastructure gaps	38%	19%	13%	15%	11%	11%	0%	12%	32%	15%
Lack of access to skilled labour	75%	23%	44%	50%	44%	6%	42%	42%	23%	36%
Lack of fair enforcement of the law	38%	31%	56%	20%	33%	22%	12%	21%	23%	25%
Political instability	25%	38%	0%	25%	67%	22%	19%	23%	6%	22%
Quality and ease of banking services	13%	0%	19%	25%	0%	0%	19%	9%	16%	11%
Restrictions on service offerings	0%	12%	0%	15%	0%	22%	23%	14%	16%	14%
Taxation	13%	19%	13%	5%	11%	33%	4%	6%	6%	10%
Time and cost of import / export procedures	13%	4%	19%	10%	22%	17%	4%	11%	13%	11%

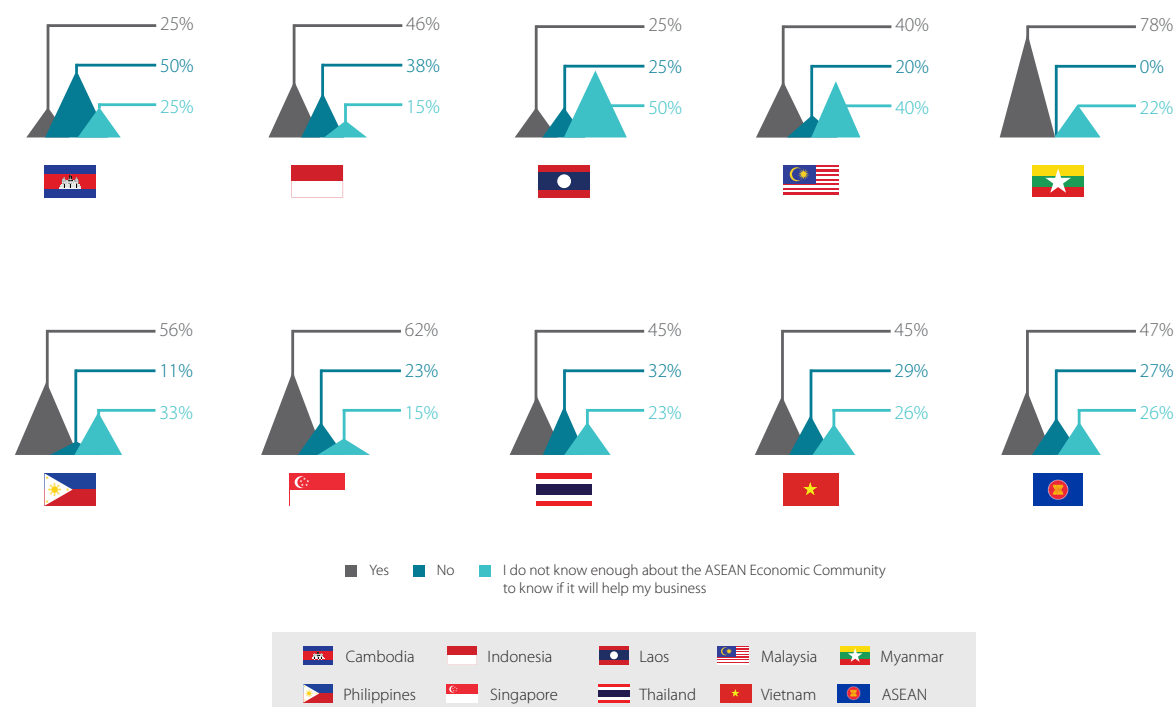
▲ Table 1: Key challenges of operating in ASEAN. Blue indicates the equal top three most identified challenges.

	Cambodia		Indonesia		Laos		Malaysia		Myanmar
	Philippines		Singapore		Thailand		Vietnam		ASEAN

VIEWS ON ASEAN INTEGRATION

IS ASEAN INTEGRATION IMPORTANT IN HELPING YOUR COMPANY DO BUSINESS IN THE REGION?

47% of respondents believe that ASEAN integration is important for doing business in the region, up from 41% in 2017. Only 27% of firms felt that it was not important. ASEAN integration was viewed to be the most important by companies in Myanmar, Singapore, and the Philippines.

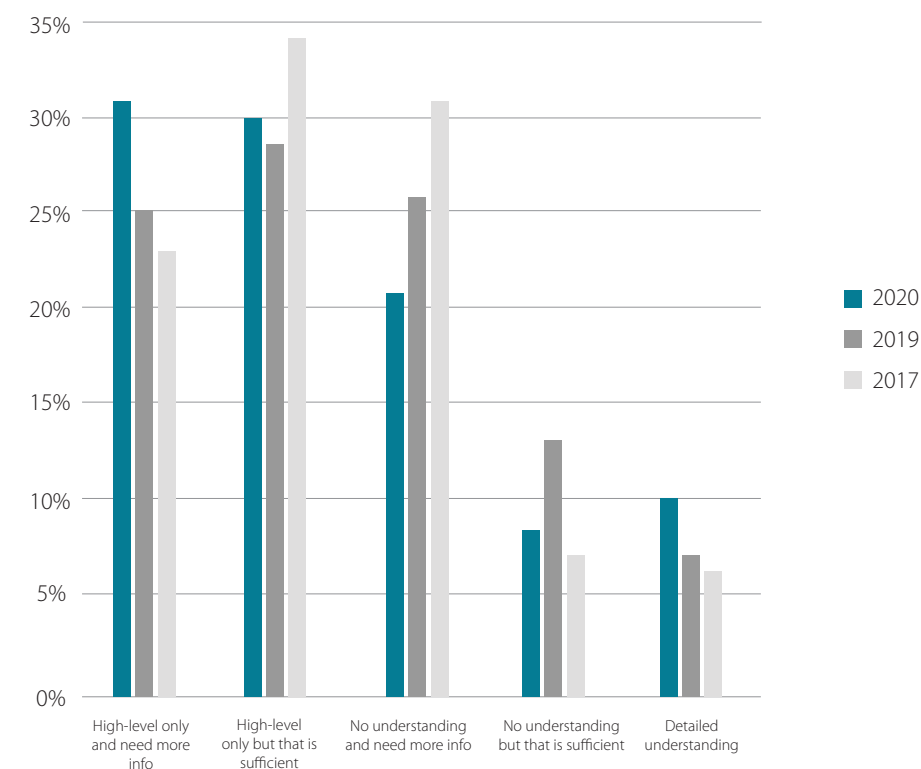


Note: Due to rounding, all figures may not add up to 100%

ASEAN integration continues to be important to Australian business, although a majority of firms continue to feel that they need more information on the impacts of ASEAN integration and how they can best take advantage of it. Market access remains the key benefit of ASEAN integration to firms in the region, with fair enforcement of the law now viewed as the main priority for integration of the region. The overwhelming majority of firms believe that ASEAN is a priority region for their company, with slimmer majorities believing that their boards and head offices have a strong understanding of, and value experience in, the region. The ASEAN-Australia-New Zealand Free Trade Agreement continues to expand in usage, although admittedly from a low base.

UNDERSTANDING OF ASEAN INTEGRATION AND ITS IMPACT

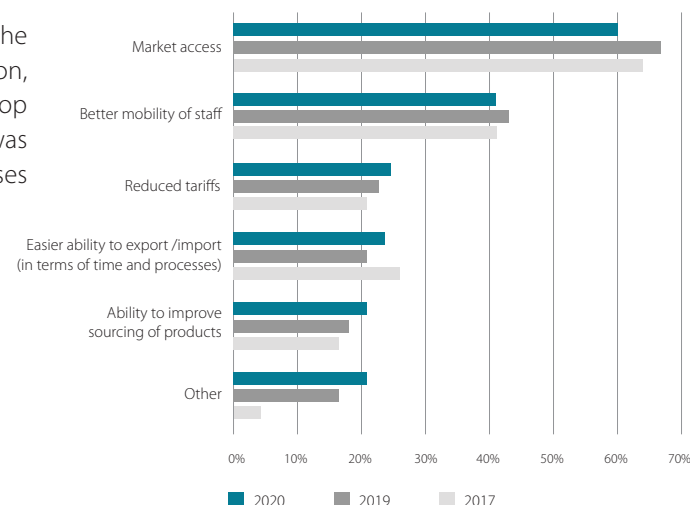
The majority of firms feel that they need more information on ASEAN integration, with 31% of firms expressing that they had a high-level understanding of ASEAN integration and needed more information, and a further 21% who had no understanding and needed further information. A high of 10% of respondents were confident that they had detailed knowledge of ASEAN integration.



MAJOR AREAS OF BENEFIT FROM ASEAN INTEGRATION

Respondents were asked to name up to 3 top benefits

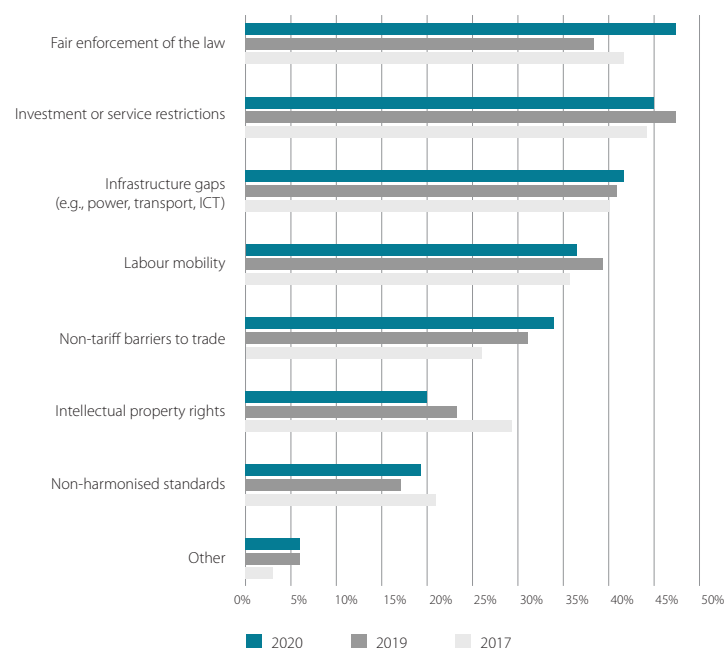
Market access continues to be seen as the overwhelming benefit to ASEAN integration, identified by 60% of firms as one of their top three responses. Better mobility of staff was another key benefit, with 40% of businesses seeing that as a key benefit.



PRIORITY AREAS TO ACCELERATE ASEAN ECONOMIC INTEGRATION

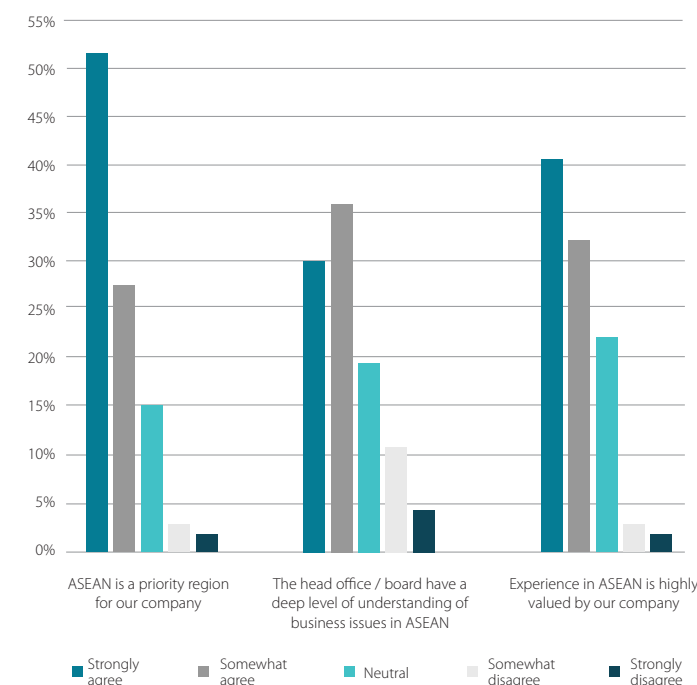
Respondents were asked to name up to 3 top priority areas

Fair enforcement of the law has overtaken investment or service restrictions as the main priority area to accelerate ASEAN integration, identified by nearly half (47%) of respondents. Infrastructure gaps and labour mobility also continue to be key priorities of the Australian business community in ASEAN.



THE VALUE OF ASEAN

Almost four-fifths (79%) of respondents saw ASEAN as a priority region for their company with a majority (52%) strongly agreeing that was the case. While a majority of firms also had the view that their head office/board have a deep level of understanding of the region and ASEAN experience was highly valued by their company, although they were substantially less likely to strongly agree that this was the case.



AWARENESS AND USE OF TRADE AGREEMENTS

The ASEAN-Australia-New Zealand Free Trade Agreement continues to be the most utilised trade agreement in the region, with almost one-fifth of business making use of it. 8% of firms are making significant use of the agreement, up from just 3% in 2017 when the question was first asked.

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



CAMBODIA



Real growth achieved a four-year high of 7.5 percent in 2018, compared to 7.0 percent in 2017. Driven primarily by rapid expansion of exports and robust internal demand, the economy performed better than expected. Exports burgeoned as external demand strengthened.

Garment and footwear exports which account for more than two-thirds of total merchandise exports, recorded a five-year high, rising by 17.6 percent in 2018. Upbeat consumer confidence led to a surge in imports. Motor vehicles and steel imports, which gauge domestic consumption and construction demands, rose by 50 percent and 48 percent, respectively. Growth is expected to remain robust over the medium term.

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.

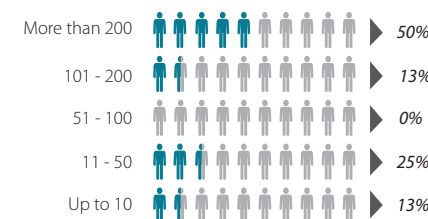
Major exports to Cambodia from Australian in 2018, consist of cereal, prams, toys, sporting goods, beer and computers.

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.

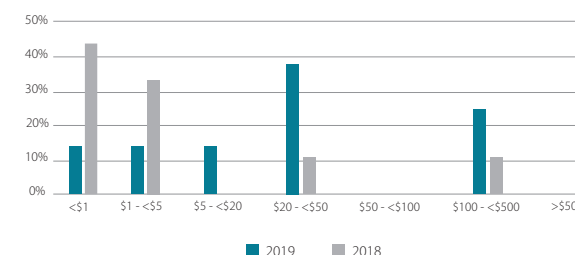
Demand for quality education is increasing in Cambodia even though the education market is relatively small. Around 60 per cent of the population is under the age of 30, enrolment rates in school are improving and there is a growing middle class able to afford private education.

Australia is well positioned in this market and is the English language destination of choice for Cambodians looking to study abroad.

EMPLOYEE NUMBERS

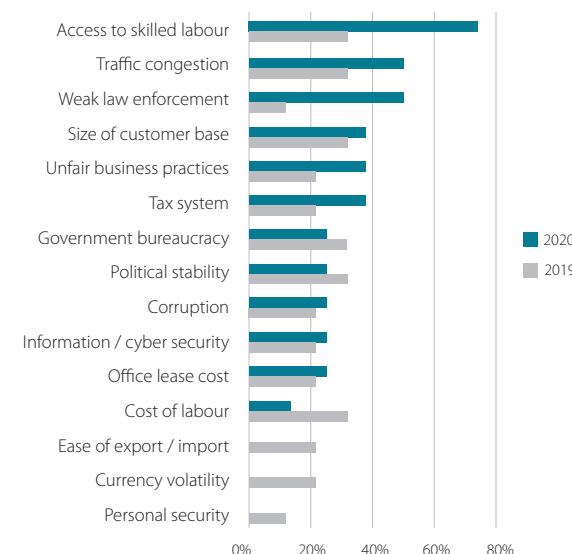


ANNUAL TURNOVER (IN MILLION AUD)



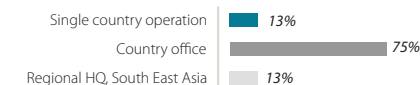
Half of firms in Cambodia employ more than 200 people in the country. A majority of business is turned over more than \$20 million, considerable growth compared to the previous year where more than three-quarters turned over less than \$5 million.

HIGH IMPACT BUSINESS CHALLENGES



Access to skilled labour was the biggest challenge of operating in Cambodia, identified by threequarters of respondents, up from one-third in the previous year. Traffic congestion and weak law enforcement were other key challenges.

ROLE OF OPERATIONS



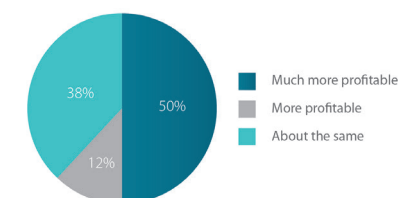
Firms in Cambodia are focussed overwhelmingly on the local market, although 13% of firms located their South East Asian headquarters in Cambodia.

TOP INDUSTRIES OF OPERATIONS



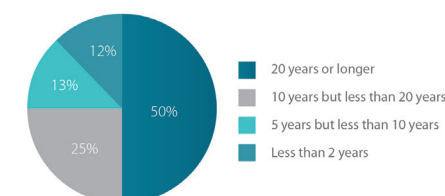
Consumer goods firms accounted for more than one-third of firms in Cambodia. Education and training firms were the next most common, with professional and financial services and agriculture firms accounting collectively for one-third of the business community.

PROFITABILITY IN 2019



Firms in Cambodia reported strong profitability growth, with half much more profitable, and no firms reporting less profitability than previous years.

LENGTH OF OPERATIONS



Half of respondents in Cambodia had been in operations for more than 20 years, although 12% of firms were new entrants to the country.

TOP GROWTH DRIVERS



ECONOMIC INDICATORS

	2014	2019
GDP (US\$B) (CURRENT PRICES)	16.7	26.7
GDP PER CAPITA (US\$)	1,093.8	1,620.6
REAL GDP GROWTH (% CHANGE YOY)	7.1	7.0

PRINCIPAL EXPORT DESTINATIONS 2018

1		UNITED STATES	22.7%
2		JAPAN	8.1%
3		GERMANY	7.9%
19		AUSTRALIA	0.8%

PRINCIPAL IMPORT SOURCES 2018

1		CHINA	35.1%
2		SINGAPORE	15.2%
3		THAILAND	13.8%
28		AUSTRALIA	0.1%

INDONESIA



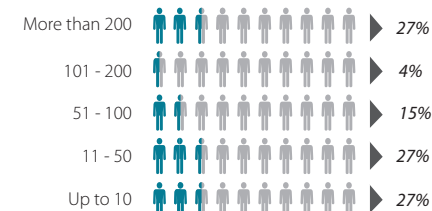
**INDONESIA AUSTRALIA
BUSINESS COUNCIL**

The continued stability and strength of the Indonesian economy represents opportunities for Australian businesses that can no longer be overlooked, especially with the Indonesia-Australia Comprehensive Economic Partnership Agreement to be ratified in 2020. The re-elected government of President Widodo continues to focus on maintaining economic growth of more than 5% per annum through the continued development of Indonesia's infrastructure, human capital and its political and legal institutions.

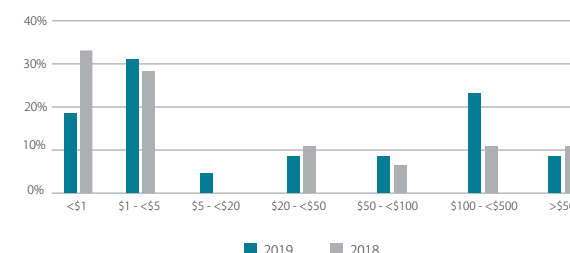
In addition to Indonesia's natural resources, ASEAN's largest economy is home to a population of over 260 million, 67% of which are within working age. With an average age of only 30.5 years, Indonesia also boasts a digitally enabled market with the region's largest and fastest growing digital economy 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 South East Asia. While opportunities exist, Australian businesses need to assess their own capabilities and adapt them to effectively benefit from Indonesia's market.

EMPLOYEE NUMBERS

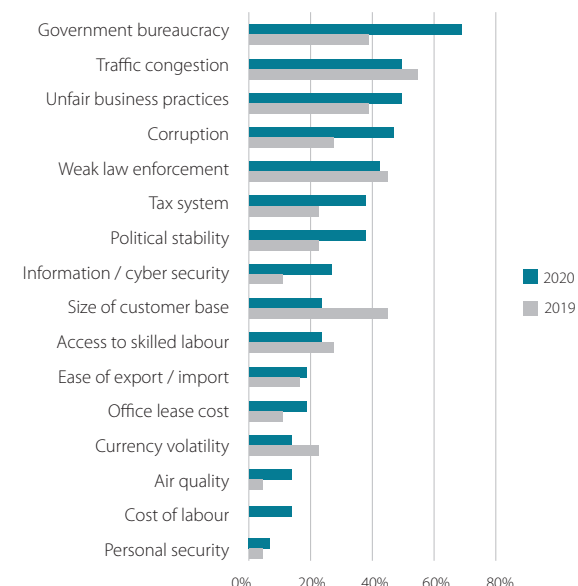


ANNUAL TURNOVER (IN MILLION AUD)



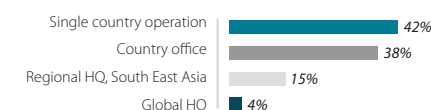
The Australian business community in Indonesia is made up of both small and large businesses. Half of firms turn over less than \$5 million, however more than one-quarter employ more than 200 people locally and turn over more than \$100 million.

HIGH IMPACT BUSINESS CHALLENGES



Government bureaucracy has overtaken traffic congestion as the most substantial barrier to doing business in the country, identified by almost 70% of respondents. Traffic congestion and unfair business practices were both identified as a key challenge by half of firms.

ROLE OF OPERATIONS



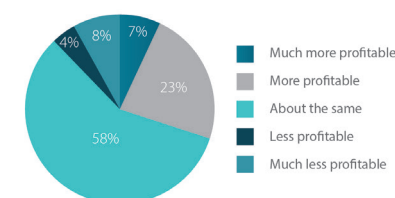
More than 80% of firms are focussed primarily on the Indonesian market with more than 40% of firms being entirely local entities.

TOP INDUSTRIES OF OPERATIONS



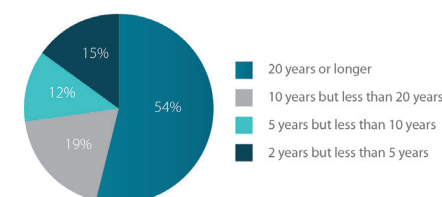
More than one-third of respondents were professional services firms, with financial services, construction and infrastructure, and resources firms also heavily represented.

PROFITABILITY IN 2019



Firms in Indonesia reported generally stable profitability in the previous 12 months, with 58% having similar levels of profit compared to the previous 12 months.

LENGTH OF OPERATIONS



The majority of respondents in Indonesia have been in the market for a long time, with more than half of respondents operating there for more than 20 years. Only 15% had entered the market in the past 5 years, with none in the past 2 years.

TOP GROWTH DRIVERS



ECONOMIC INDICATORS

	2014	2019
GDP (US\$B) (CURRENT PRICES)	891.1	1,111.7
GDP PER CAPITA (US\$)	3,533.6	4,163.8
REAL GDP GROWTH (% CHANGE YOY)	5.0	5.0

PRINCIPAL EXPORT DESTINATIONS 2018

1		CHINA	15.1%
2		JAPAN	10.8%
3		UNITED STATES	10.2%
13		AUSTRALIA	1.6%

PRINCIPAL IMPORT SOURCES 2018

1		CHINA	24.1%
2		SINGAPORE	11.4%
3		JAPAN	9.5%
8		AUSTRALIA	3.1%









LAOS



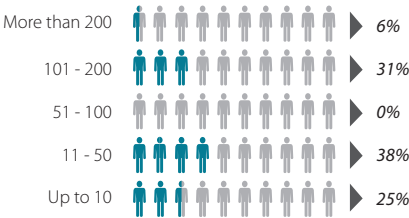
Laos is a small, landlocked economy that has experienced rapid growth based on capital intensive investments in the energy sector. Surrounded by China, Vietnam, Myanmar, Cambodia and Thailand, and with a population of about 7 million people, Laos has historically been viewed as a relatively small player from a trade and economic perspective. However, with its geographic proximity to these large economies and historically strong GDP growth (estimated at 57% for 2019), Laos is keen to capitalise on its landlocked status to move towards a landlinked economy.

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 20250, as well as meet the Sustainable Development Goals. The authorities remain committed to maintaining macroeconomic and financial stability whilst promoting sustainable and inclusive growth.

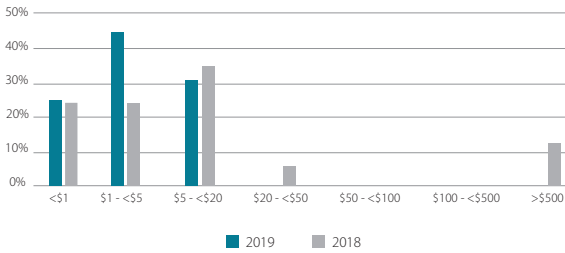
ECONOMIC INDICATORS	2014	2019
GDP (US\$B) (CURRENT PRICES)	13.3	19.1
GDP PER CAPITA (US\$)	1,998.0	2,670.2
REAL GDP GROWTH (% CHANGE YOY)	7.6	6.4

PRINCIPAL EXPORT DESTINATIONS 2018	PRINCIPAL IMPORT SOURCES 2018
1  THAILAND 41.6%	1  THAILAND 59.3%
2  CHINA 34.7%	2  CHINA 21.2%
3  VIETNAM 7.2%	3  VIETNAM 8.4%
19  AUSTRALIA 0.3%	14  AUSTRALIA 0.3%

EMPLOYEE NUMBERS

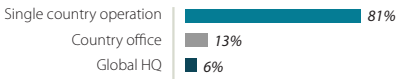


ANNUAL TURNOVER (IN MILLION AUD)



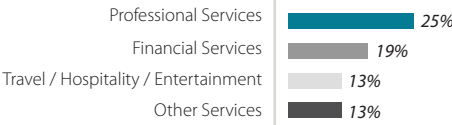
Most firms in Laos are small businesses, with one quarter employing 10 or less people, and more than two-thirds turning over less than \$5 million, however almost 40% of firms employ more than 100 people in Laos.

ROLE OF OPERATIONS



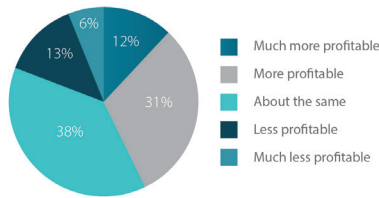
The overwhelming majority of firms are focussed on the domestic market in Laos.

TOP INDUSTRIES OF OPERATIONS



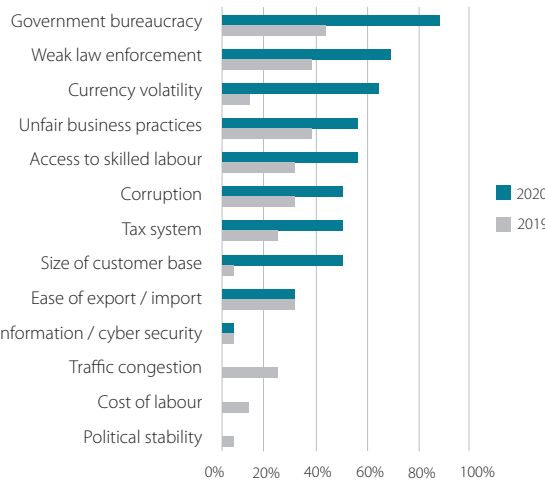
Services industries dominate the Australian business community in Laos with more than half of firms in either the professional, financial or other services industries.

PROFITABILITY IN 2019



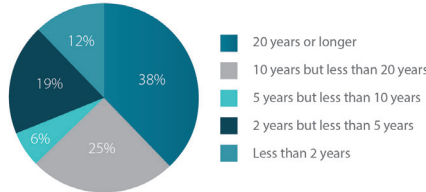
Almost half of firms in Laos reported improved profitability in the past 12 months, with a further 38% maintaining steady profits.

HIGH IMPACT BUSINESS CHALLENGES



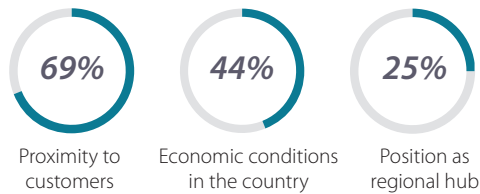
Government bureaucracy continues to be a significant challenge for doing business in Laos with 88% of firms identifying it as a high impact business challenge, doubling from 44% in the previous year. Weak law enforcement and currency volatility were both identified by more than 60% of firms as having a high impact on their business.

LENGTH OF OPERATIONS



Australian business has significant experience in Laos, with almost two-thirds (63%) of firms having more than a decade's experience in the market. Laos does continue to attract new investment with 12% of firms entering the market in the last 2 years.

TOP GROWTH DRIVERS



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. 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 Malaysian Government continues to make 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 area of manufacturing and services sectors.

There are many areas of investment synergies between Australia and Malaysia in high-tech manufacturing including medical technology, education (higher learning institutions), research and development, healthcare / functional foods and food manufacturing. We welcome Australian companies to utilise their experience and expertise to venture to Malaysia's shores for investment and business opportunities in mutually beneficial partnerships.

Malaysia is a dynamic economy in the ASEAN region. Aside from having just proved to be a resilient nation with functional democracy, The Global Competitiveness Report 2019-2020, released by the World Economic Forum (WEF), ranked Malaysia 25th out of 140 economies. With this ranking, the country was the highest ranked among the developing Asian countries. Malaysia performs strongly in Economic Performance improving by 5th places at 8th as well as improvements in Government Efficiency and Business Efficiency which improves by 2 positions at 23rd and 17th respectively. In the Doing Business Report 2020 published by the World Bank, Malaysia is ranked 12th worldwide for the ease of doing business and is also ranked second in ASEAN.

ECONOMIC INDICATORS

	2014	2019
GDP (US\$B) (CURRENT PRICES)	342.9	365.3
GDP PER CAPITA (US\$)	11,165.3	11,136.8
REAL GDP GROWTH (% CHANGE YOY)	6.0	4.5

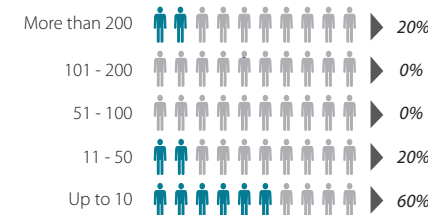
PRINCIPAL EXPORT DESTINATIONS 2018

1	SINGAPORE	13.9%
2	CHINA	13.9%
3	UNITED STATES	9.1%
10	AUSTRALIA	3.4%

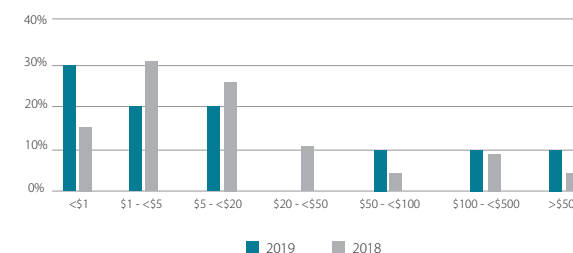
PRINCIPAL IMPORT SOURCES 2018

1	CHINA	19.9%
2	SINGAPORE	11.7%
3	UNITED STATES	7.4%
11	AUSTRALIA	2.5%

EMPLOYEE NUMBERS

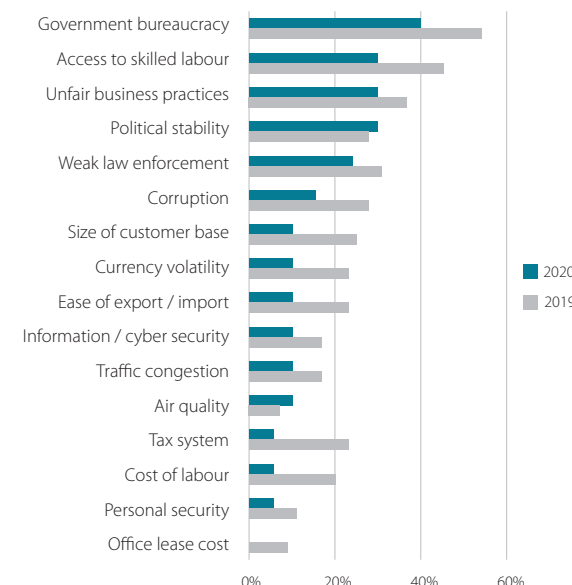


ANNUAL TURNOVER (IN MILLION AUD)



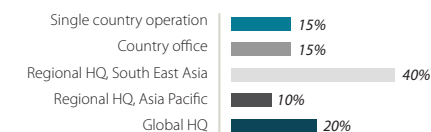
There is significant diversity in the size and scale of operations in Malaysia, although a majority of firms are small businesses, employing 10 or less staff.

HIGH IMPACT BUSINESS CHALLENGES



Government bureaucracy, access to skilled labour, and unfair business practices continue to be the three most reported high impact business challenges in Malaysia, although each was reported by a smaller proportion than in the previous two editions where this question was asked.

ROLE OF OPERATIONS



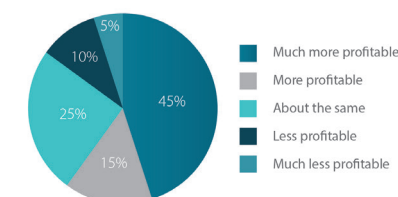
Almost three-quarters (70%) of the Australian business community in Malaysia is either a regional or global headquarters.

TOP INDUSTRIES OF OPERATIONS



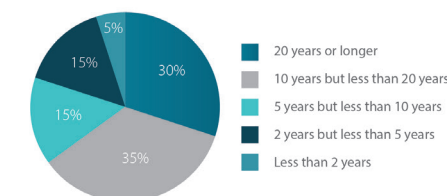
The Australian business community in Malaysia was spread across a diverse range of industries, with construction and manufacturing the two most common.

PROFITABILITY IN 2019



Almost half of firms (45%) were much more profitable in 2019 compared to 2018, with only 15% of firms reporting a decline in profitability.

LENGTH OF OPERATIONS



Almost one-third (30%) of firms have been operating in Malaysia for more than 20 years, demonstrating Australia's significant in-market experience. One-fifth of businesses have entered the market in the last 5 years, with 5% in the past two years.

TOP GROWTH DRIVERS



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. Myanmar's recent political and economic reforms have led the nation closer towards transparent governance and sustainable economic development.

The World Bank previously reported Myanmar's GDP is expected to increase by 6.3 percent in 2019/2020 and 6.4% in 2020/2021. While the COVID19 crisis is impacting Myanmar's economy, it is still expected to be among the fastest growing in the region this year, showing resilience despite ongoing global slowdown and domestic uncertainties.

Foreign direct investment is forecast to grow in 2020, helped by growing investment in the transport and telecommunications sector and planned infrastructure spending by the government before the 2020 elections. The service sector is an important driver of growth in Myanmar, while the slow recovery in tourism related services is offset by robust growth in wholesale and retail trade.

The regulatory landscape continues to unfold under the current government and the future looks promising. A number of laws and regulations, including Myanmar's Tax Administration Law and Insolvency Law have recently been enacted. An ambitious liberalization program is also continuing, with the finance sector in particular opening up to new investment.

Areas that are being forecast to grow with increased foreign and domestic private sector investment include oil and gas, mining, retail, manufacturing, agriculture, infrastructure, telecommunications, financial services and education.

ECONOMIC INDICATORS

	2014	2019
GDP (US\$B) (CURRENT PRICES)	65.6	65.7
GDP PER CAPITA (US\$)	1,275.3	1,238.5
REAL GDP GROWTH (% CHANGE YOY)	8.0	6.4

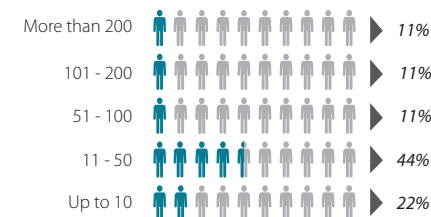
PRINCIPAL EXPORT DESTINATIONS 2018

1		CHINA	33.3%
2		THAILAND	18.3%
3		JAPAN	8.3%
32		AUSTRALIA	0.1%

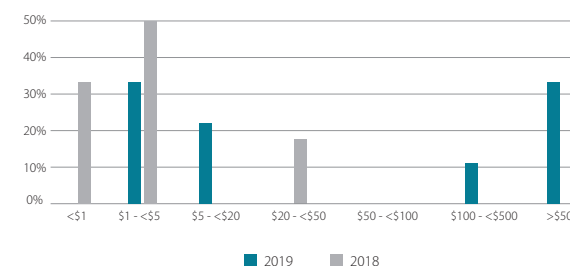
PRINCIPAL IMPORT SOURCES 2018

1		CHINA	32.2%
2		SINGAPORE	19.1%
3		THAILAND	13.4%
15		AUSTRALIA	0.7%

EMPLOYEE NUMBERS

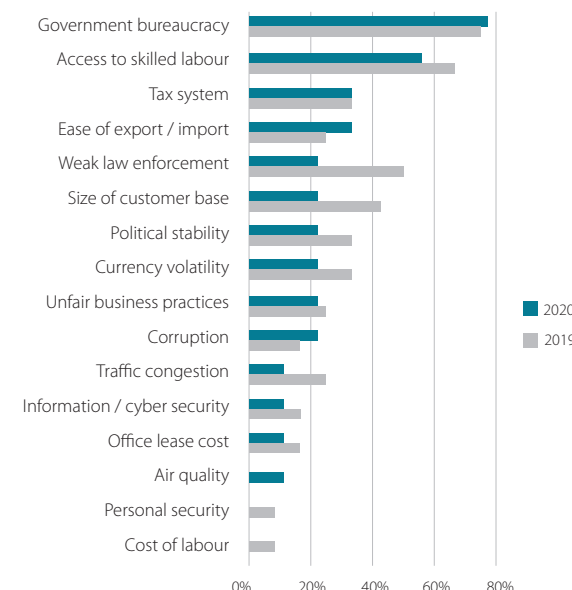


ANNUAL TURNOVER (IN MILLION AUD)



The proportion of larger businesses operating in Myanmar has grown in the past 12 months. 44% of respondents are now from companies turning over more than \$100 million year, with 22% of firms employing more than 100 staff in Myanmar.

HIGH IMPACT BUSINESS CHALLENGES



Government bureaucracy and access to skilled labour continue to be the most significant constraints on business in Myanmar, with more than half of firms identifying them as high impact constraints to their business.

ROLE OF OPERATIONS



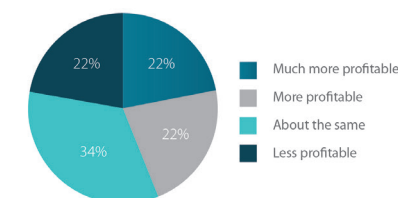
The Australian business community in Myanmar is exclusively focussed on the local market, either operating exclusively in the country, or as the country representatives of a larger firm.

TOP INDUSTRIES OF OPERATIONS



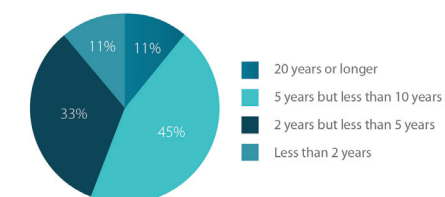
Australian business in Myanmar is dominated by services, and energy and resources firms, with financial and professional accounting for more than half of firms operating in Myanmar.

PROFITABILITY IN 2019



While one-third of businesses reported stable profitability in 2019, 44% of firms reported increased profitability in the past 12 months.

LENGTH OF OPERATIONS



Almost half (44%) of firms have entered the market in Myanmar in the past 5 years, with an additional 45% of firms having entered the market within the past 10 years.

TOP GROWTH DRIVERS







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 buoyant with notable performance in the services sector including the business process outsourcing, real estate, and finance and insurance industries.

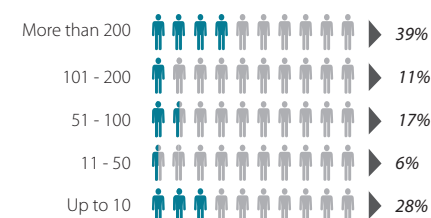
Sound economic fundamentals and a globally recognized competitive workforce reinforce the growth momentum. Having sustained average annual growth of 6.3% between 2010-2018 from an average of 4.5% between 2000-2009, the country is poised to make the leap from a lower-middle income country with a gross national income per capita of US\$3,660 in 2017 to an upper-middle income country (per capita income range of US\$3,896 – 12,055) in the near term.

ECONOMIC INDICATORS	2014	2019
GDP (US\$B) (CURRENT PRICES)	284.6	356.8
GDP PER CAPITA (US\$)	2,849.3	3,294.5
REAL GDP GROWTH (% CHANGE YOY)	6.1	5.7

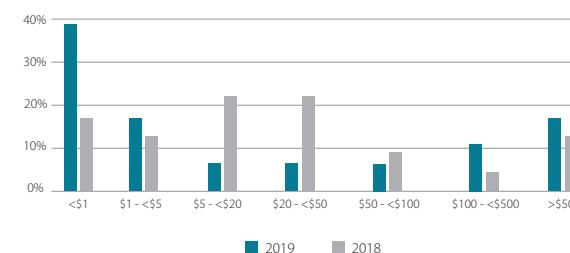
PRINCIPAL EXPORT DESTINATIONS 2018			
1		UNITED STATES	15.6%
2		HONG KONG	14.2%
3		JAPAN	14.0%
19		AUSTRALIA	0.6%

PRINCIPAL IMPORT SOURCES 2018			
1		CHINA	19.6%
2		REPUBLIC OF KOREA	10.0%
3		JAPAN	9.9%
17		AUSTRALIA	1.3%

EMPLOYEE NUMBERS

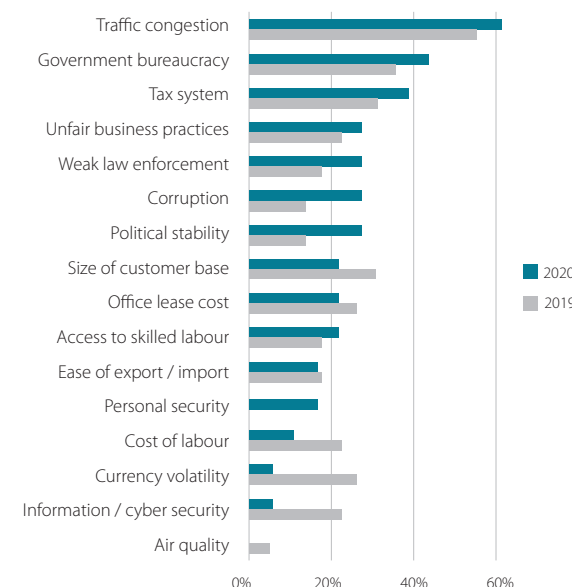


ANNUAL TURNOVER (IN MILLION AUD)



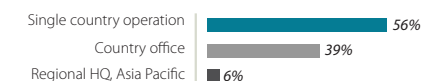
Australian business in the Philippines comes in all shapes and sizes, although the proportion of small businesses employing less than 10 staff and turning over less than \$1 million has increased.

HIGH IMPACT OF BUSINESS CHALLENGES



Traffic congestion continues to be a high impact business constraint for a majority of respondents, with government bureaucracy and the tax system also causing significant headaches.

ROLE OF OPERATIONS



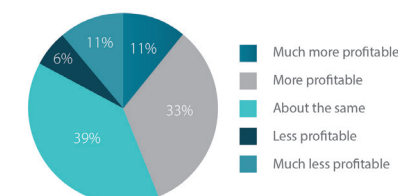
The Australian business community in the Philippines is overwhelmingly focussed on serving the local market, with more than 90% of respondents focussed exclusively on the Philippines.

TOP INDUSTRIES OF OPERATIONS



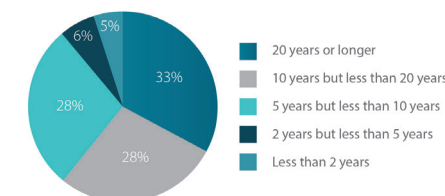
Services firms were the most represented industry sector in the Philippines, although there was significant diversity with travel, logistics, ICT, and energy and resources all well represented.

PROFITABILITY IN 2019



Almost half of firms (44%) showed profitability growth in the last 12 months, with only 17% of firms reporting a decline in profit.

LENGTH OF OPERATIONS



One-third of respondents have been operating in the Philippines for more than 20 years, and almost 90% have been in the market for longer than 5 years. However, the Philippines continue to attract new investment from the Australian business community.

TOP GROWTH DRIVERS



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 number one most competitive economy in the 2019 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 has been named 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 FTA's including the Comprehensive and Progressive Trans-Pacific Partnership, GCC-Singapore FTA and ASEAN FTAs.

It was ranked the fourth most competitive financial centre in the world in the 26th edition of the Global Financial Centres Index (GFCI) behind New York, London and Hong Kong. Singapore's GDP in 2019 was S\$507,568 Mil with a real GDP growth of 0.7%.

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

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

ECONOMIC INDICATORS

	2014	2019
GDP (US\$B) (CURRENT PRICES)	313.3	372.8
GDP PER CAPITA (US\$)	57,271.7	65,627.0
REAL GDP GROWTH (% CHANGE YOY)	4.1	2.3

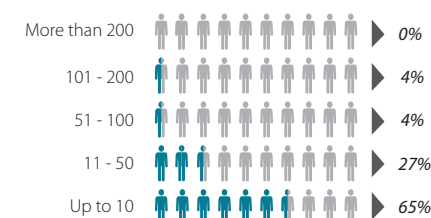
PRINCIPAL EXPORT DESTINATIONS 2018

1		CHINA	12.2%
2		HONG KONG	11.8%
3		MALAYSIA	10.9%
10		AUSTRALIA	3.1%

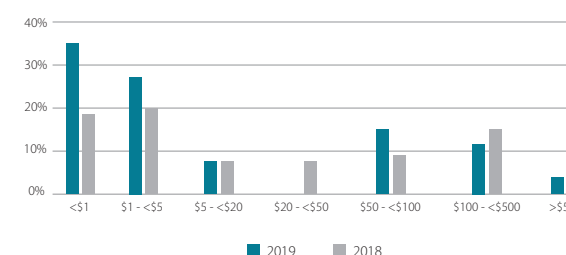
PRINCIPAL IMPORT SOURCES 2018

1		CHINA	13.4%
2		MALAYSIA	11.6%
3		UNITED STATES	11.3%
19		AUSTRALIA	1.5%

EMPLOYEE NUMBERS

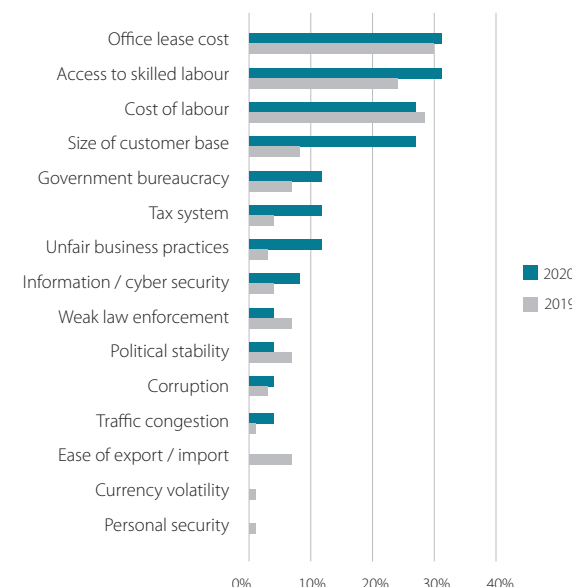


ANNUAL TURNOVER (IN MILLION AUD)



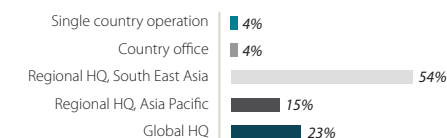
In Singapore, there is substantial variety in the turnover of firms, however, given the country's role as regional hub, staff numbers in Singapore are relatively low, with 65% employing less than 10 staff in market.

HIGH IMPACT BUSINESS CHALLENGES



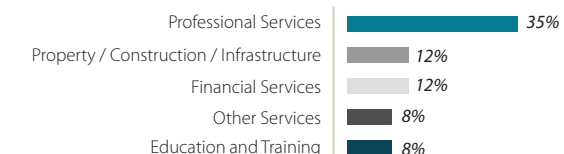
The cost of office space, access to skilled labour and the cost of that labour were the most identified high impact challenges for business in Singapore.

ROLE OF OPERATIONS



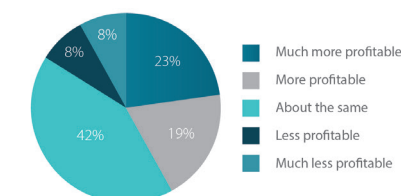
Singapore acts as a business hub, with much of the Australian business community in Singapore acting as either their firm's South East Asian (54%), Global (23%), or Asia Pacific (15%) headquarters.

TOP INDUSTRIES OF OPERATIONS



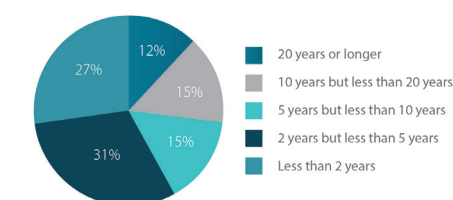
Professional services is the primary industries of operations in Singapore. Property and construction, and financial services were also common industries for Australian business.

PROFITABILITY IN 2019



Australian business reports generally steady profits in the past 12 months, although almost one-quarter (23%) of firms had a strong increase in profitability.

LENGTH OF OPERATIONS



While more than one-quarter of firms have been operating in Singapore for more than a decade, firms continue to be attracted to Singapore, with 27% entering the market in the past two years.

TOP GROWTH DRIVERS



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\$16.7 billion in 2018 and Australian investment backed by the Thailand-Australia Free Trade Agreement (TAFTA) as well as the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA).

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. Thailand is also a significant international tourist destination with around 38.3 million visitors in 2018.

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.




ECONOMIC INDICATORS

	2014	2019
GDP (US\$B) (CURRENT PRICES)	407.3	529.2
GDP PER CAPITA (US\$)	6,079.7	7,792.0
REAL GDP GROWTH (% CHANGE YOY)	1.0	2.9

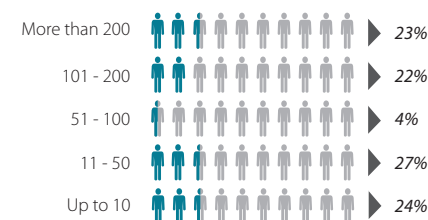
PRINCIPAL EXPORT DESTINATIONS 2018

1		CHINA	12.0%
2		UNITED STATES	11.1%
3		JAPAN	9.9%
7		AUSTRALIA	4.3%

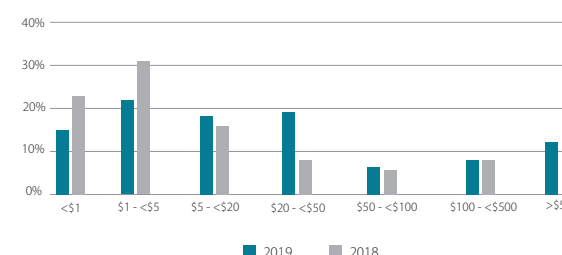
PRINCIPAL IMPORT SOURCES 2018

1		CHINA	20.0%
2		JAPAN	14.2%
3		UNITED STATES	6.1%
13		AUSTRALIA	2.4%

EMPLOYEE NUMBERS

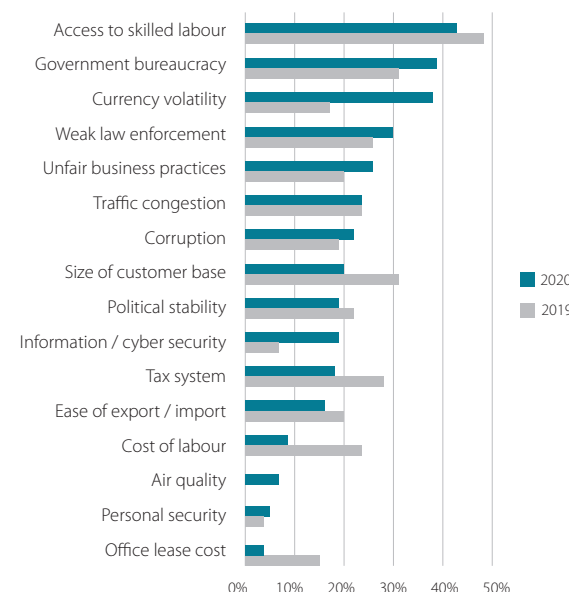


ANNUAL TURNOVER (IN MILLION AUD)



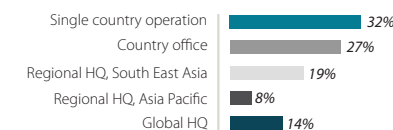
This diversity is also found in the size of operations, with 45% of respondents employing more than 100 staff, and one-quarter (24%) with less than 10 staff in Thailand.

HIGH IMPACT BUSINESS CHALLENGES



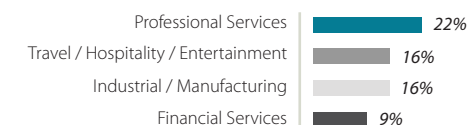
Access to skilled labour continues to be the most significant constraint on doing business in Thailand, although identified by a decreasing proportion of businesses. The volatility of the Bhat is now the third greatest constraint to doing business in Thailand, with more than double the number of respondents (38%) reporting it as a high impact business constraint compared to the 2019 edition of the survey.

ROLE OF OPERATIONS



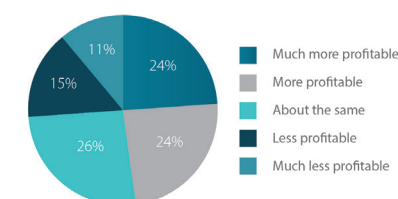
The Australian business community in Thailand is quite diverse, with a majority focussed exclusively on the local market. One-fifth (19%) of firms take advantage of Thailand's central location by utilising it as their South East Asian headquarters.

TOP INDUSTRIES OF OPERATIONS



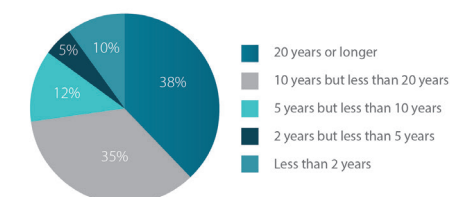
Professional services was the most common industry in Thailand. Together with travel and entertainment, and manufacturing, these three industries accounted for the majority of the Australian business community in Thailand.

PROFITABILITY IN 2019



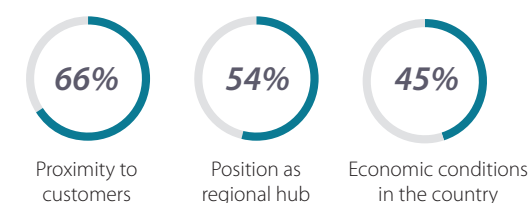
48% of businesses in Thailand reported improved profitability in 2019, although 26% of respondents had a tougher year than in 2018.

LENGTH OF OPERATIONS



Australian business has significant experience in Thailand with 38% of firms operating there for more than 20 years. One-tenth of respondents had entered the market in the past 2 years.

TOP GROWTH DRIVERS



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.

As Vietnam's Government continues to make the country an easier place to do business and encourage private enterprise – the standard corporate tax rate was cut from 22 to 20 per cent on 1 January 2016 – there has never been a better time for Australian companies to consider doing business here.

The economy remained robust in 2019, with expansion underpinned by strong domestic demand, resilient manufacturing, and solid foreign direct investment. However, growth is forecast to decelerate significantly in 2020, with risks to the downside as the COVID-19 pandemic unfolds. Inflation eased to a 3-year low in 2019 but it is projected to rise moderately in 2020 and 2021. The current account surplus expanded in 2019 but will contract sharply this year. Despite the economic deceleration and the downside risks from the COVID-19, the economic growth in Viet Nam is projected to remain one of the highest in the region.

ECONOMIC INDICATORS

	2014	2019
GDP (US\$B) (CURRENT PRICES)	185.8	261.6
GDP PER CAPITA (US\$)	2,047.4	2,739.8
REAL GDP GROWTH (% CHANGE YOY)	6.0	6.5

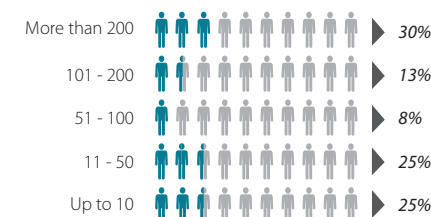
PRINCIPAL EXPORT DESTINATIONS 2018

1		UNITED STATES	19.7%
2		CHINA	17.3%
3		JAPAN	7.9%
14		AUSTRALIA	1.6%

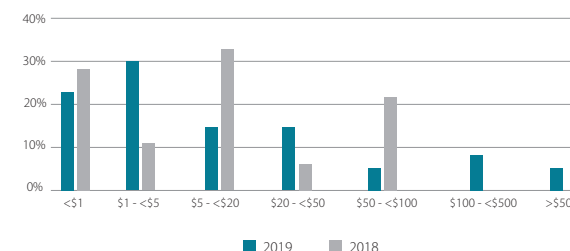
PRINCIPAL IMPORT SOURCES 2018

1		CHINA	28.3%
2		REPUBLIC OF KOREA	20.6%
3		JAPAN	8.3%
12		AUSTRALIA	1.6%

EMPLOYEE NUMBERS

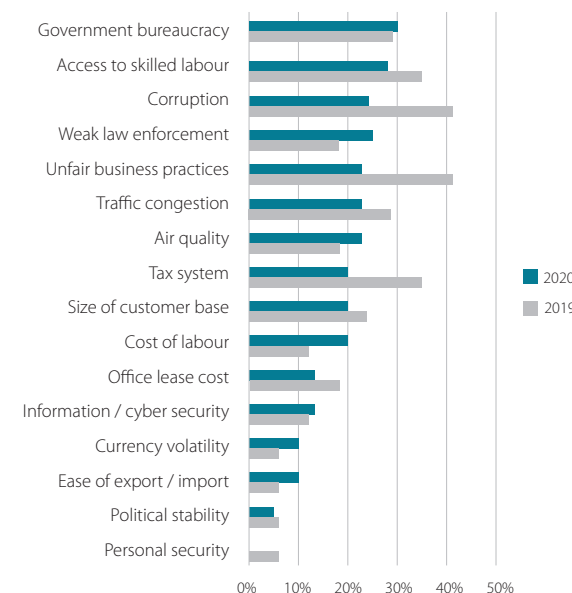


ANNUAL TURNOVER (IN MILLION AUD)



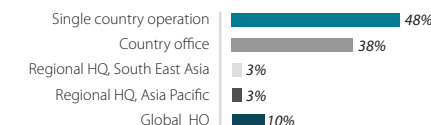
Firms operating in Vietnam continue to grow and diversify in size. One-quarter of respondents employ less than 10 people locally, with an additional 30% of the Australian business community employing more than 200 people in Vietnam.

HIGH IMPACT BUSINESS CHALLENGES



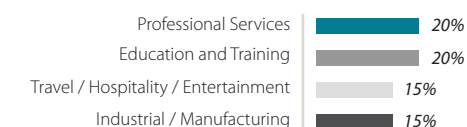
Government bureaucracy returns to its position as the most commonly identified high impact constraint on business in Vietnam, having such an impact on 30% of firms. This is still less than half the proportion of firms who saw it as a high impact challenge in 2017. Access to skilled labour, corruption, and weak law enforcement represent other key challenges for more than one-quarter of respondents.

ROLE OF OPERATIONS



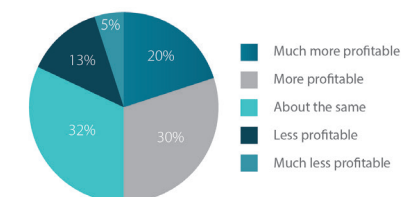
An overwhelming majority (86%) of firms in Vietnam were focussed exclusively on the local market.

TOP INDUSTRIES OF OPERATIONS



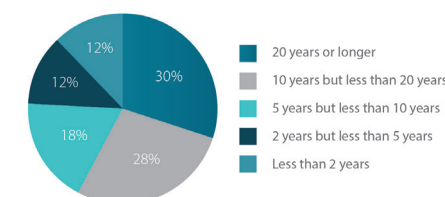
Professional services and education and training make up 40% of the Australian business community in Vietnam, with hospitality and manufacturing firms accounting for a further 30% of the business community.

PROFITABILITY IN 2019



Business conditions were generally positive over the past 12 months, with one-half of firms reporting improved profitability, however 18% of firms reported decreased profitability in 2019.

LENGTH OF OPERATIONS



Australia has significant experience in Vietnam with a majority of firms (58%) of firms operating there for more than a decade. Vietnam was identified as the most likely place for expansion in 2017, which appears to have been realised to some extent, with 12% of firms entering the market in the past two years.

TOP GROWTH DRIVERS



FOUNDATION MEMBERS

AustCham ASEAN is grateful for the support of its Foundation Members in assisting to gather the data for this 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



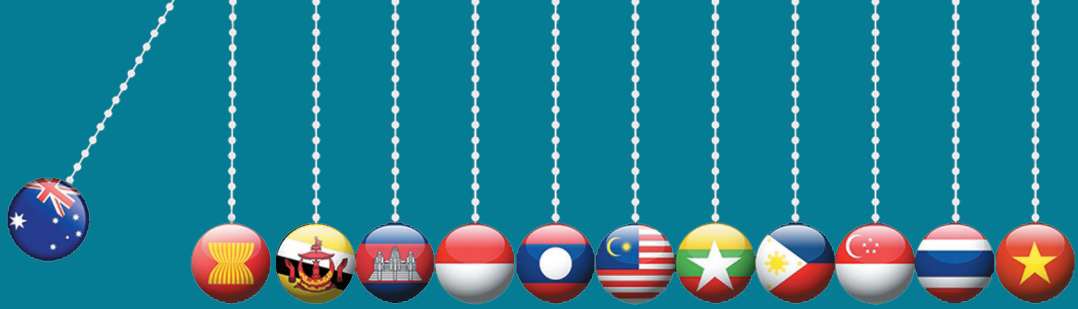
Australian Chamber of
Commerce, Singapore



Australian-Thai Chamber
of Commerce



The Australian Chamber of
Commerce in Vietnam



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