



Press release

Majority of European companies with an ASEAN focus expect business growth in the region over the next 12 months

A survey commissioned by Standard Chartered reveals that 43% European companies think Indonesia as one of the top 4 to offer the best expansion (sales/production) opportunities for their companies in ASEAN.

28 June 2021, Indonesia – As many as 88% of European companies focusing on ASEAN expect business growth in the region over the next 12 months. This is according to a survey¹ commissioned by Standard Chartered for its “*Borderless Business: Europe-ASEAN Corridor*”, a strategic report that explores high-potential opportunities for cross-border growth in this trade corridor. The survey also revealed that these European companies consider Vietnam, Malaysia, Thailand and Indonesia as the top 4 markets that will present the most expansion opportunities in ASEAN.

43% of the respondents consisting of German, French and UK companies consider Indonesia offers great sales or production opportunities. This result is also consistent with the previous chapter of the study which revealed that European and US companies ranked Indonesia the fourth most favourable Southeast Asian country for opportunities to establish or expand their sourcing, selling or operations over the next six to twelve months.

Access to the large and growing ASEAN consumer market (68%), access to a global market from ASEAN enabled by Free Trade Agreements (50%), diversification of production footprint (48%) and presence of a mature and reliable supplier base (48%) were regarded as the most important drivers² for expansion into the region by senior executives of the surveyed European companies. In addition, the ratification of the Regional Comprehensive Economic Partnership (RCEP) is also expected to attract more investments into the region, with 65 per cent of respondents planning to increase investments over the next 3-5 years.

Besides the opportunities, companies also recognise some of the risks that they need to consider within the region. The top three identified risks are geopolitical uncertainty and trade conflicts

¹ Survey commissioned by Standard Chartered in April 2021 targeting senior executives at 40 companies based in Europe and focusing on the Europe-ASEAN corridor

² Values refer to the % of survey respondents who included the option as one of their top 3 choices

(93%), the COVID-19 pandemic or other health crises (58%), and the slow revival of the economy and the drop in consumer spending (50%).³ Furthermore, respondents also identified that understanding regional regulations, payment methods and infrastructure (75%), adapting their business model to industry practices and conditions within ASEAN (65%), and building relationships with suppliers and adapting supply chain logistics (58%) are the most significant challenges⁴ in the next 6 to 12 months.

To drive resilient and rebalanced growth in ASEAN and mitigate these risks and challenges, a majority of the survey respondents consider entering new partnerships / joint ventures to increase market presence (85%) as the most important area⁵ for their companies to focus on. To support their growth, these companies say they are seeking banking partners with foreign exchange hedging and comprehensive multi-currency settlement services (55%), comprehensive cross-border network and understanding of the local markets (55%), as well as strong cash management capabilities (48%) and advisory services such as financial advisory and Environmental, Social, and Governance rating (48%).⁶

Rino Donosepoetro, Vice Chairman, ASEAN & President Commissioner Indonesia, Standard Chartered, said: "Europe and ASEAN enjoy very strong economic ties. The region is the European Union's (EU) third largest trading partner outside Europe with close to €190 billion of trade in goods in 2020; and the EU is ASEAN's third largest trading partner, accounting for more than 10% of ASEAN trade.⁷ As ASEAN emerges as a global economic powerhouse, it presents unparalleled opportunities for European companies. That is why we are committed to supporting European businesses' entry into ASEAN's thriving sectors, from infrastructure and renewable energy to e-commerce. As the only international financial institution with a presence in all ASEAN markets, we have the right set of local knowledge and extensive experience to help our European clients better leverage the ASEAN opportunity that will help define their future."

Standard Chartered today launched the newest edition of Borderless Business series for 2021. To download the Standard Chartered "*Borderless Business: Europe-ASEAN Corridor*" report and find out more about the key areas of focus for European companies to succeed in ASEAN, visit: www.sc.com/en/borderless.

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⁷ [European Commission](http://european-council.europa.eu/media/en/press/infoboxes/infoboxes%20-%202020)

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Note to editors

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