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## U.S. Companies Expect ASEAN Importance for their Businesses to Grow

**September 5, 2011** – U.S. companies expect the ASEAN market to become increasingly important for their businesses, according to the ASEAN Business Outlook Survey 2011, 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 Malaysian Chamber of Commerce, The American Chamber of Commerce of the Philippines, The American Chamber of Commerce in Thailand, The American Chamber of Commerce in Vietnam (Hanoi), and The American Chamber of Commerce in Vietnam (Ho Chi Minh).

“The ASEAN Business Outlook Survey is a key pillar of the advocacy work of AmChams in ASEAN. While U.S. businesses generally continue to favorably view the business outlook in ASEAN, the ASEAN Business Outlook Survey did find that rising costs and corruption are some factors to watch out for. In a time of economic uncertainty, we hope that our survey will help shed light on the strengths, and concerns of doing business,” said Simon Kahn, Chairman of AmCham Singapore.

“We will continue to work together with government agencies, chambers, and business associations to improve the environment for U.S. companies in the region,” he added.

ASEAN continues to grow in importance for businesses in the region. The majority of companies (73%) expect that ASEAN’s importance to their business will increase over the next two years, while 85% plan to expand their business in ASEAN, and not a single company plans to contract. Almost a third of respondents stated that Indonesia would be their top site for expansion.

The survey also revealed that the ASEAN FTA is vitally important for U.S. businesses, with 80% of respondents saying that their companies use the tariff benefits of the FTAs ASEAN has completed with its trade partners. The ASEAN-China FTA was also highly rated with 49% of companies using its benefits.

“The enthusiasm about business opportunities in Indonesia from this survey is reflected our discussions with AmCham Indonesia members and American businesses inquiring to us to explore expanding or entering the Indonesian market. However, the concerns about regulatory uncertainty and infrastructure remain obstacles for these businesses. AmCham Indonesia is working hard to support American businesses looking to invest and expand in Indonesia and to promote a business-friendly regulatory environment to spur American investment, expand trade ties between Indonesia and the United States, and strengthen growth of the Indonesian economy,” said Daniel Hughes, AmCham Indonesia President.

The ASEAN Business Outlook survey, which is now in its 10<sup>th</sup> year, seeks to understand the outlook on business growth and perceptions of doing business in ASEAN. 327 senior executives from U.S. companies in Cambodia, Indonesia, Malaysia, Singapore, The Philippines, Thailand, and Vietnam were surveyed.

### **Highlights of findings from respondents from each country**

#### **Indonesia**

Indonesia’s strengths lie in its low cost business environment. Respondents enjoy low cost labor as well as low housing and office lease costs. However, there are also major concerns with corruption, laws and regulations, and infrastructure. Regionally, Indonesia was the most popular destination for U.S. companies to expand in, with 72% of respondents reporting that their company was planning to expand there.

#### **Malaysia**

In 2011, Malaysia improved in a number of local business factors, such as the availability of raw materials and low cost labor. However, new concerns have appeared, including the lack of availability of trained personnel and problems with

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laws and regulation. Corruption, a long-standing issue, has greatly improved, with only 35% dissatisfaction this year compared to 63% in 2010.

### **Singapore**

As in the past, Singapore respondents are very satisfied with local factors and government institutions. Respondents enjoy the stable government and political system (89%) and laws and regulations (84%). However, satisfaction ratings have experienced a slight decline since last year, and dissatisfaction with the availability of low cost labor (40%) and office lease costs (58%) have increased. Housing costs continue to have the highest level of dissatisfaction at 77%. 91% of respondents expect the housing costs to rise in the next year, and 94% expect living costs to rise. Companies in Singapore also recorded the highest ever rate for expanding ASEAN operations, with 86% of them expecting to do so.

### **The Philippines**

The business climate of the Philippines has gotten tougher this year, with 85% respondents expect that living costs will increase, and 75% predicting housing costs will increase. Corruption and concerns about the infrastructure continue to be issues to businesses in the Philippines, and this year, laws and regulations were also cited as a concern.

### **Thailand**

Respondents enjoy a good level of personal security, adequate infrastructure, and reasonable housing and office lease costs. However, there are concerns about the stability of the government and political system of Thailand, and corruption. These factors could have a negative effect on doing business in the country. Nonetheless, companies continue to expand in Thailand, and respondents report that 98% of expatriate employees are satisfied with their assignments.

### **Vietnam**

Vietnam's major strengths are its stable political environment, high degree of personal security, and a stable government and political system. However, the respondents noted several concerns with Vietnam, involving its infrastructure, corruption in the government, as well as housing and living costs. Companies are satisfied with the availability of low cost labor, but are concerned with the availability of skilled personnel. Regionally, Vietnam was the second most popular location of U.S. investment, with 25% of respondents saying their companies are planning to expand in Vietnam.

### **Cambodia**

Respondents in Cambodia cite its major strengths as a stable government and political system, as well as positive sentiments towards the U.S., and a high level of personal security. Corruption is a leading concern, with 88% of respondents expressing dissatisfaction toward it.

### **About AmCham Singapore**

AmCham Singapore is the largest foreign business chamber in Singapore, with 4,500 members representing over 720 companies, and over US\$25 billion in investments in Singapore.

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