



EU-ASEAN & Thailand

Thai Belgian Business Forum

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Who We Are

The EU-ASEAN Business Council (EU-ABC) is the primary voice for European Business across the whole of the ASEAN region.

Only business association that is both formally recognised by the European Commission and ASEAN as the voice of European businesses in Southeast Asia, and accredited as an entity associated with ASEAN.



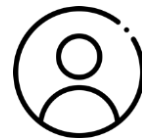
Represents a broad range of European businesses across multiple sectors



Key dialogue and advocacy partner on trade and investment issues in ASEAN



Raises the profile of European businesses in ASEAN through direct engagement and events such as the ASEAN-EU Business Summits

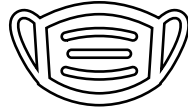


Raises the profile of ASEAN amongst policymakers and the business community in Europe

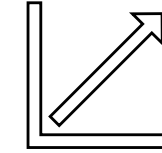
Why ASEAN?



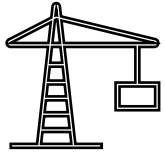
GDP per capita expected to grow annually at 4% (similar to US) to **USD6,600 in 2030.**



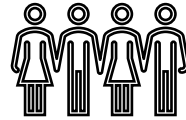
Despite COVID-19, ASEAN is expected to bounce back at about **5-6%** growth in the near term.



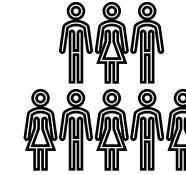
Total ASEAN FDI Rebounded to **US\$174 billion** in **2021**, returning to pre-pandemic levels



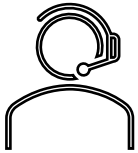
ASEAN is the **4th** largest exporter in the world.



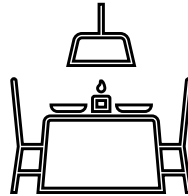
ASEAN will be the **3rd largest** labour market in the world by **2030 at 385 Million**



60% of the population (670M) people are **aged 30 or under**



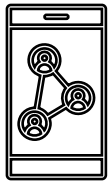
640M people in Southeast Asia with **65%** classified as middle-class by 2030.



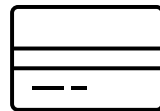
Consumers will spend more on F&B than any other product - projected to take up **30% of consumption**



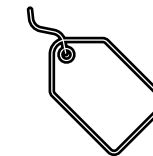
575 million internet users by 2030.



World's fastest-growing online markets, with an Internet user base of over 350 million users



Online transactions expected to **double by 73 billion by 2023.**

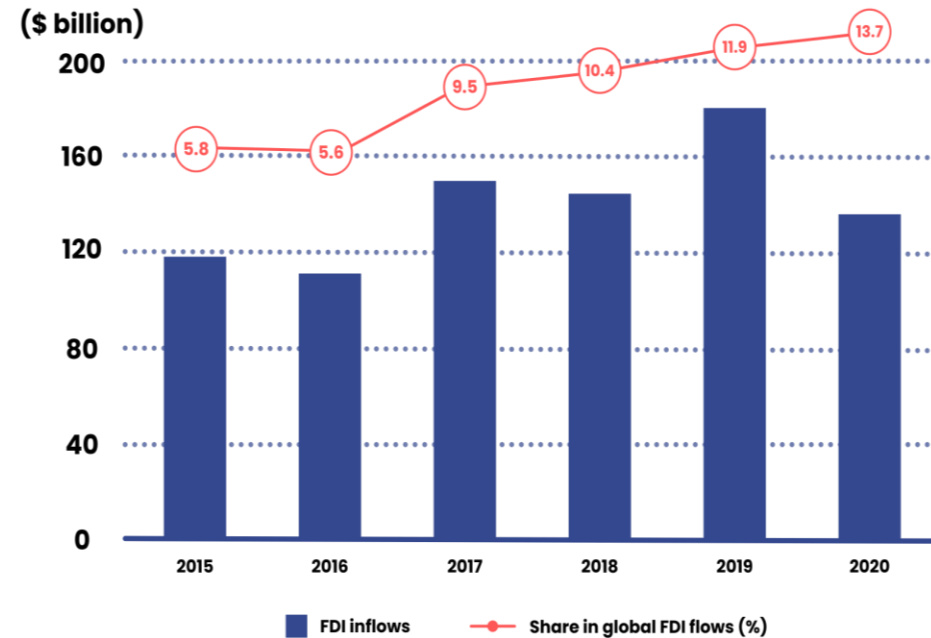


YoY increase in e-commerce revenue by **55% from 2019 to 2020** (US\$11B to US\$17B)

ASEAN has recovered from COVID better than others...

- Strong Fiscal Support Packages across much of the region softened impact on businesses, especially MSMEs
- Whilst FDI fell in absolute terms, ASEAN share of global FDI increased
- Strong bounce back in GDP growth for much of the region with forecasts showing continued growth
- **Basic fundamentals of ASEAN Attractiveness Remain:**
 - 3rd largest workforce
 - Increasing middle class
 - Urbanisation Rates
 - Young, relatively well educated workforce
 - Increasing digitisation

FDI inflows in ASEAN and share in world total, 2015–2020 (Billions of dollars and %)



(Source: ASEAN Investment Report 2020 – 2021)

ASEAN continuing to flourish, but can do better...

- **FDI showed strong bounce back** in 2021 driven largely by external non-RCEP partners.
- **GDP outlook remains positive** for most.
- **Fundamentals of ASEAN's attractiveness remain...**
 - 3rd largest workforce
 - Growing middle class
 - Urbanisation Rates
 - Young, relatively well-educated workforce
 - Increasing digitisation
- **But concerns and issues lie ahead...**

Flows of FDI to ASEAN
(US\$ Billions)

Source: ASEAN Investment Report 2022

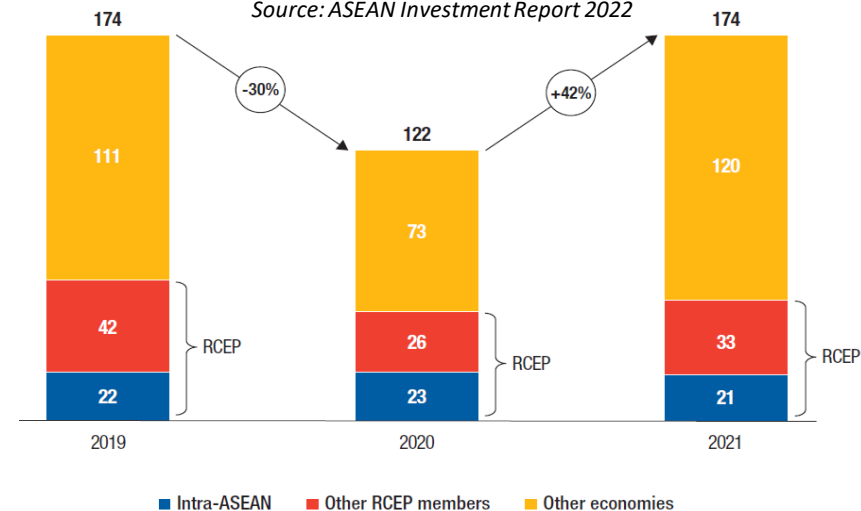


Table 1. Real GDP growth in ASEAN, China and India, 2021-24, percentage

| | 2021 | 2022 | 2023 | 2024 |
|--|-------|------|------|------|
| ASEAN-5 | | | | |
| Indonesia | 3.7 | 5.3 | 4.7 | 5.1 |
| Malaysia | 3.1 | 8.7 | 4.0 | 4.2 |
| Philippines | 5.7 | 7.6 | 5.7 | 6.1 |
| Thailand | 1.5 | 2.6 | 3.8 | 3.9 |
| Viet Nam | 2.6 | 8.0 | 6.4 | 6.6 |
| Brunei Darussalam and Singapore | | | | |
| Brunei Darussalam | -1.6 | -1.5 | 3.2 | 3.2 |
| Singapore | 8.9 | 3.6 | 2.2 | 2.5 |
| CLM countries | | | | |
| Cambodia | 3.1 | 5.1 | 5.4 | 5.9 |
| Lao PDR | 3.5 | 3.1 | 3.5 | 3.8 |
| Myanmar | -17.9 | 2.0 | 2.0 | |
| China and India | | | | |
| China | 8.1 | 3.0 | 5.3 | 4.9 |
| India | 8.7 | 6.9 | 5.9 | 7.1 |
| Average of ASEAN-10 | 3.2 | 5.6 | 4.6 | 4.8 |
| Average of Emerging Asia | 7.3 | 4.4 | 5.3 | 5.4 |

Note: Data cut-off date is 20 March 2023. Data for India and Myanmar relate to fiscal years. 2024 projection for Myanmar is not available. Projections of regional averages (both ASEAN and Emerging Asia) for 2024 exclude Myanmar. The 2023 and 2024 projections for China, Indonesia and India are based on the OECD Economic Outlook, Interim Report March 2023.

Source: OECD Development Centre.

But Significant Challenges Lie Ahead...

Climate Change & the urgent need to green economies

Supply Chain Frictions/bottlenecks

Continuing prevalence of Non-tariff barriers (NTBs) to trade

Lack of Progress on ASEAN Economic Integration

Rising Inflation

Higher Public Debt Burdens

Geopolitical Tensions & Conflicts

Volatile Financial & Commodity Markets

Competition for Investment Funds

Future Public Health Crises

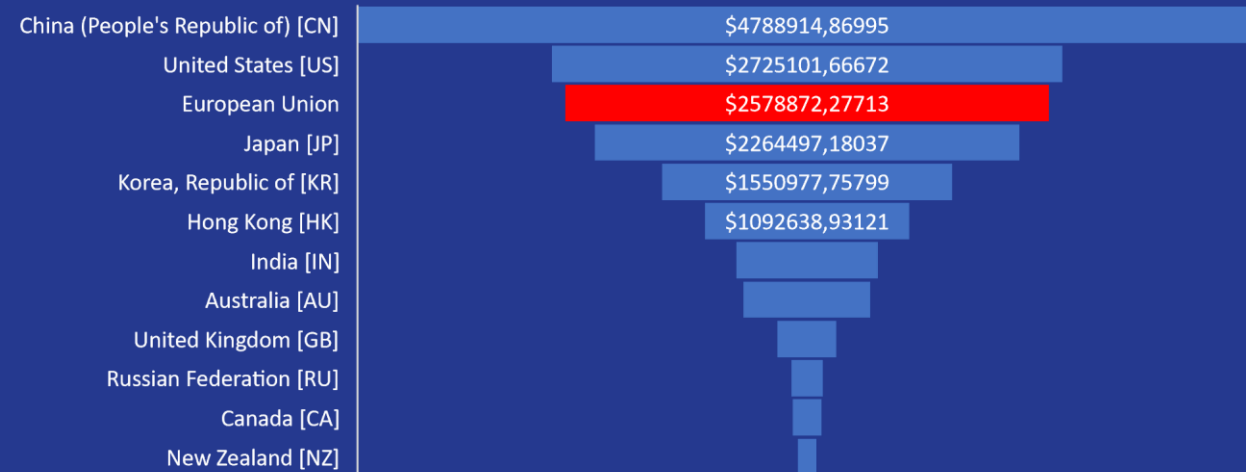
Rapidly Ageing Populations

Europe-ASEAN Trade & Investment

- **EU #2 Source of FDI to ASEAN over the last 10 years.**
 - EU FDI flow to ASEAN in 2022 US\$24bn = 11% total FDI to ASEAN ↑ 377% since 2019
- **EU TOP 3 Trading Partner – consistently**
 - EU Trade with ASEAN at record high in 2022 US\$296bn ↑ 10% since 2021
 - 3rd Largest Trade Surplus for ASEAN (US\$60bn in 2022)
 - EU is 3rd largest export market for ASEAN Exports to EU = US\$1.5 bn over last 10 years

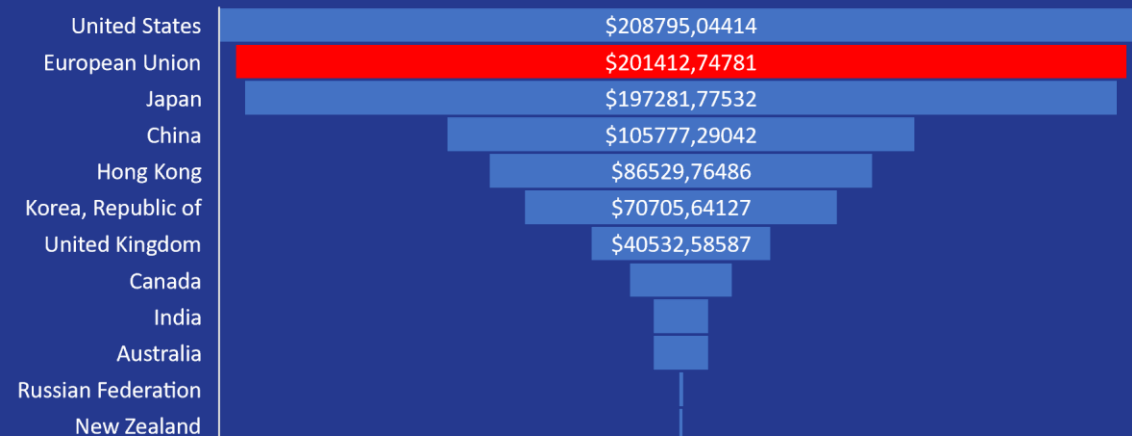
Trade in Goods with ASEAN by Dialogue Partner 2013-2022 (US\$ Millions)

Source: ASEAN Statistical Database



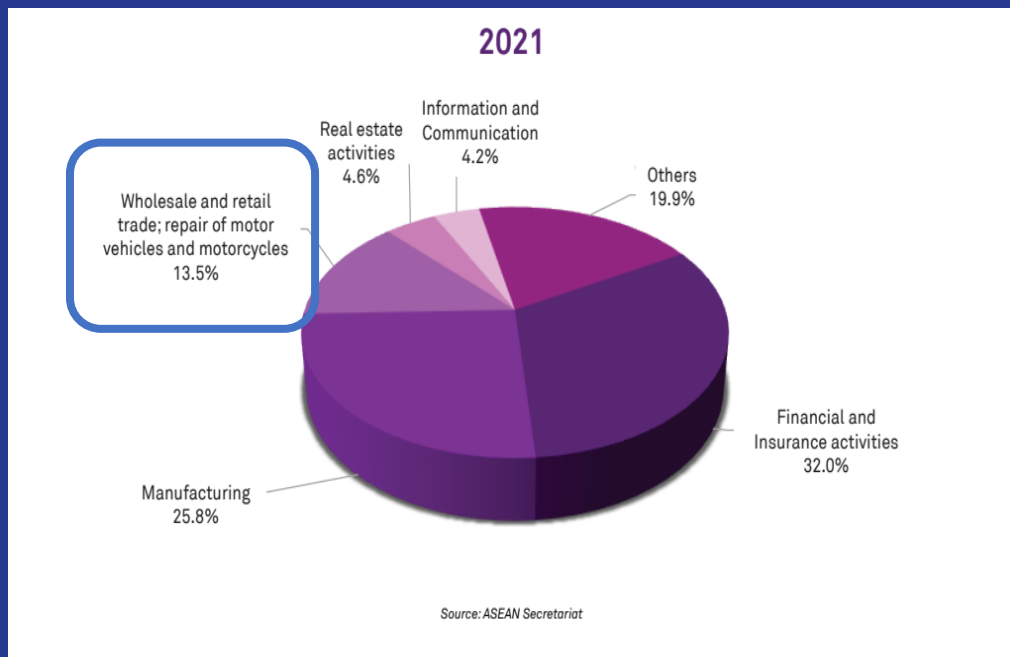
Flows of Inward Foreign Direct Investment (FDI) into ASEAN by Dialogue Partner 2013-2022 (in million US\$)

Source: ASEAN Statistical Database

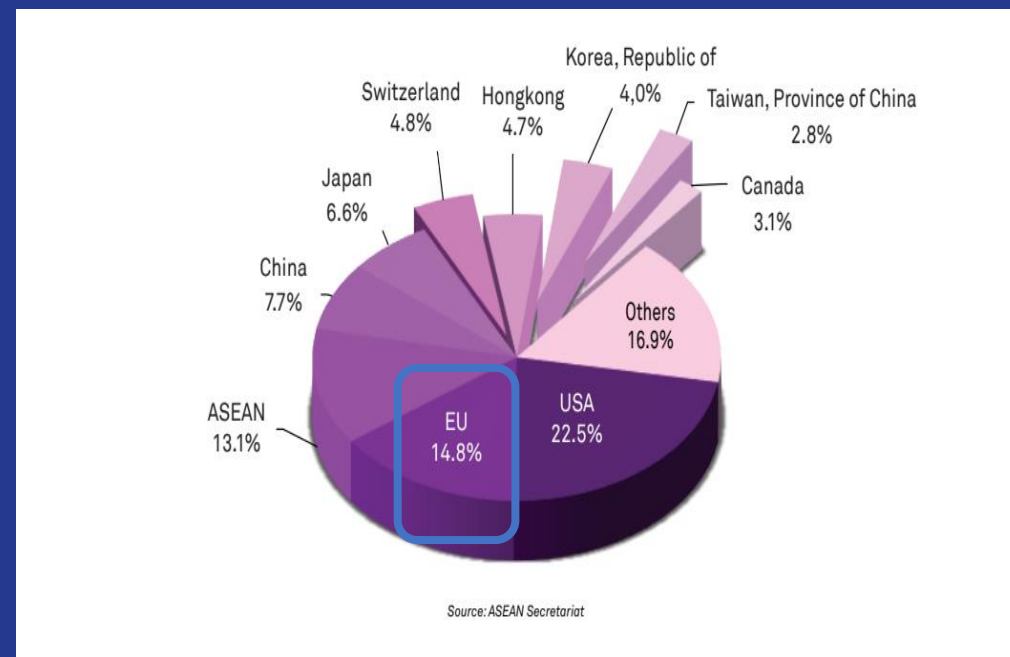


*EU-28 for period up to 2019. EU-27 for 2020 onwards

Top 5 Foreign Direct Investment (FDI) in ASEAN by Industry



Top 10 Foreign Direct Investments (FDI) by source country



ASEAN Today: The View of European Industry

Headline Results 2023 Sentiment Survey



The Good News

- **65%** expect an increase in profits in ASEAN in 2023 (2022 69%)
- **63%** ranked ASEAN as the region of best economic opportunity (2022 63%)
- **84%** expect to increase their level of investment in ASEAN over the next 5 years (2022 83%)
- **80%** expect ASEAN markets to become more important in terms of worldwide revenues

Room For Improvement

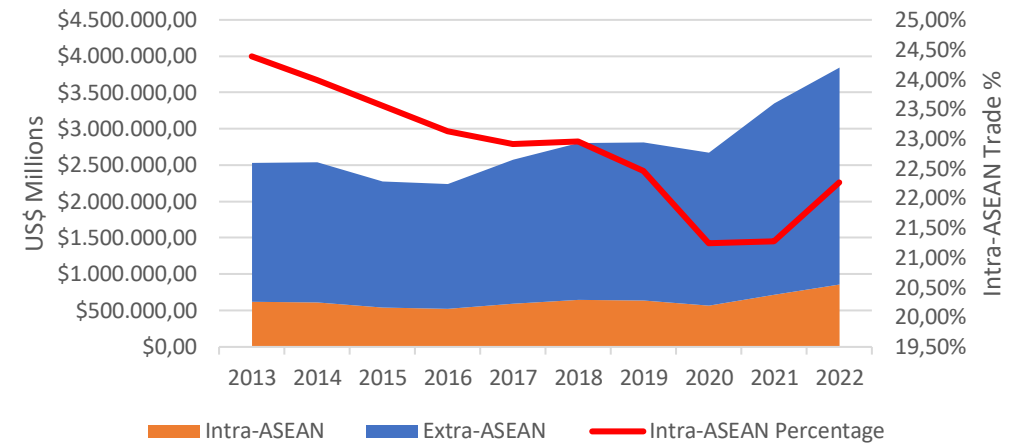
- Only **9%** think the AEC Objectives have been achieved (2022 14%)
- Only **14%** believe that ASEAN economic integration is proceeding fast enough
- Only **8%** think that there are NOT too many barriers to the efficient use of supply chains in ASEAN (2022 14%)
- **NO** respondents felt that ASEAN was doing enough to green supply chain

Need to boost intra-ASEAN economic integration

- **Key objectives in 2015 AEC Blueprint have not been achieved**
- **Key objectives in 2025 AEC Blueprint will not be achieved**
- Target of doubling intra-ASEAN trade by 2025 (from 2017) **will be missed**
- Intra-ASEAN trade as a percentage of total trade remains **significantly low**
- Non-Tariff Barriers trade in the region **remain prevalent** despite repeated promises to eliminate them and implementation of various toolkits to identify them
- Lack of Harmonisation Standards **inhibits the use of regional supply chains** – reducing attractiveness of ASEAN for supply chain re-orientation
- Customs procedures seen as **overly burdensome and problematic** – a further restriction to the use of regional supply chains

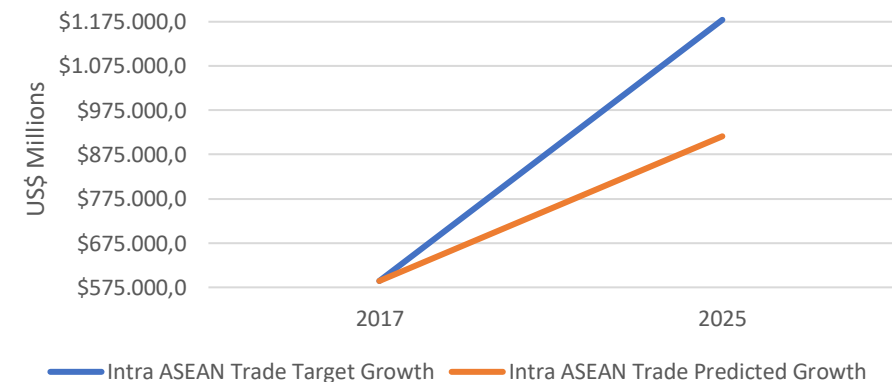
ASEAN Trade in Goods

Source: ASEAN Statistical Database - Extracted 10 July 2023

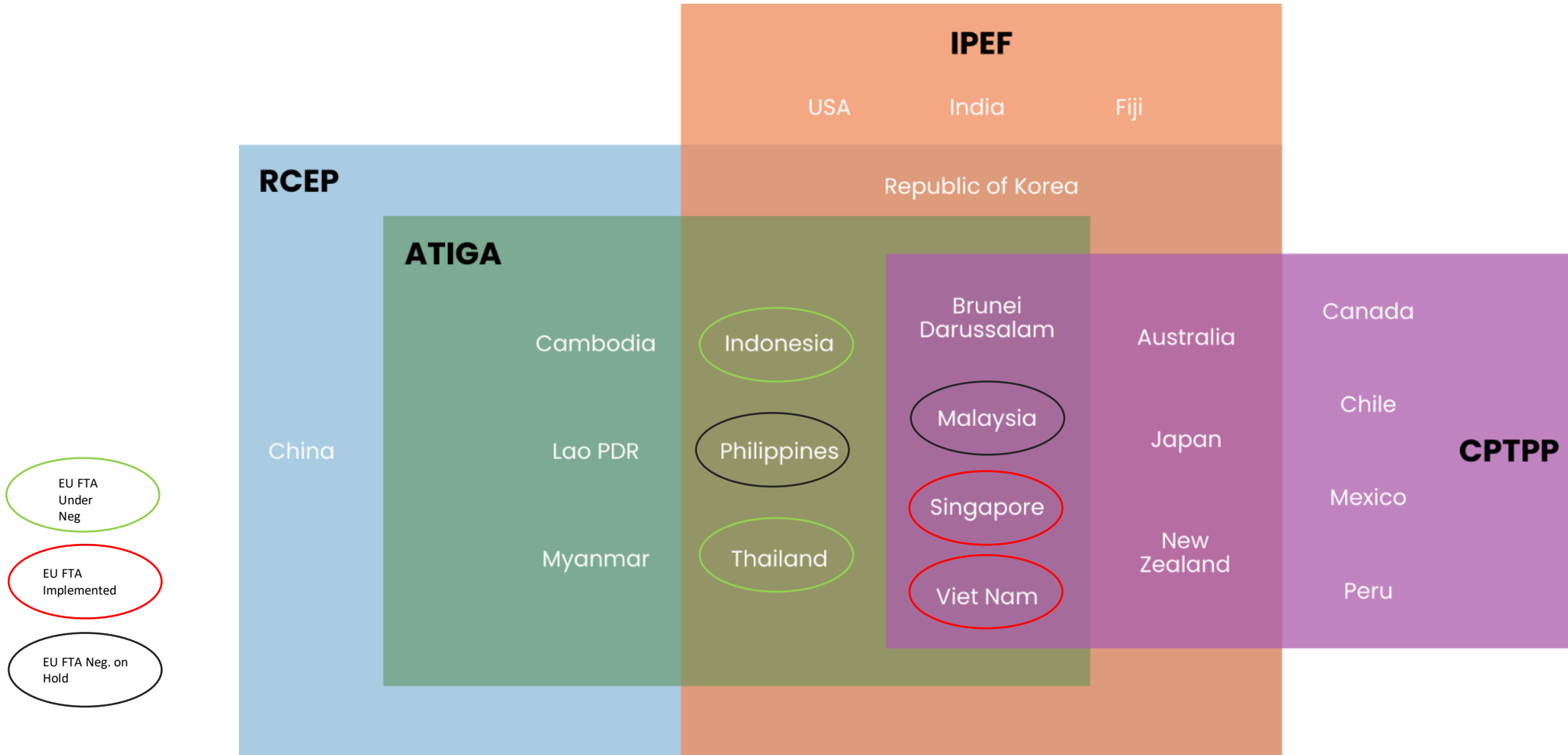


Intra-ASEAN Trade Growth Target

Source: Data from ASEAN Statistical Yearbook - EU-ABC Calculations



An overview of FTAs/PTAs



Thailand

- In 2022, total bilateral trade between the EU and Thailand amounted to €44 billion. 14.1% of total EU-ASEAN trade.
- 82% trade in goods. 18% in services
- The EU is Thailand's fourth largest trade partner (after China, Japan and the US), accounting for 7.5% of the country's total trade. Thailand is the EU's 26th largest trading partner worldwide.
- Key exports from Thailand to EU are machinery and electronics and transport equipment, miscellaneous manufactured articles, as well as food products.
- Key EU exports to Thailand are machinery and transport equipment, chemicals and related products, and manufactured goods.
- Thailand is one of the most important destinations of European investments within ASEAN with €20 billion of outward stocks (10% of total FDI in Thailand). 2nd second-largest investor after Japan.
- Ease of doing business 21/190 (World Bank 2020)
- Competitiveness 30/64 (IMD 2023)
- FTA negotiations have recommenced with EU
- Elections recently held. New Government formed.
- Expected to be 'business-friendly'

EU-Thailand Trade & FDI Statistics



EU-ASEAN Trade & Investment Figures

Top ASEAN Trading Partners for the EU (goods and services)

1. Singapore (32.6% of EU-ASEAN trade)

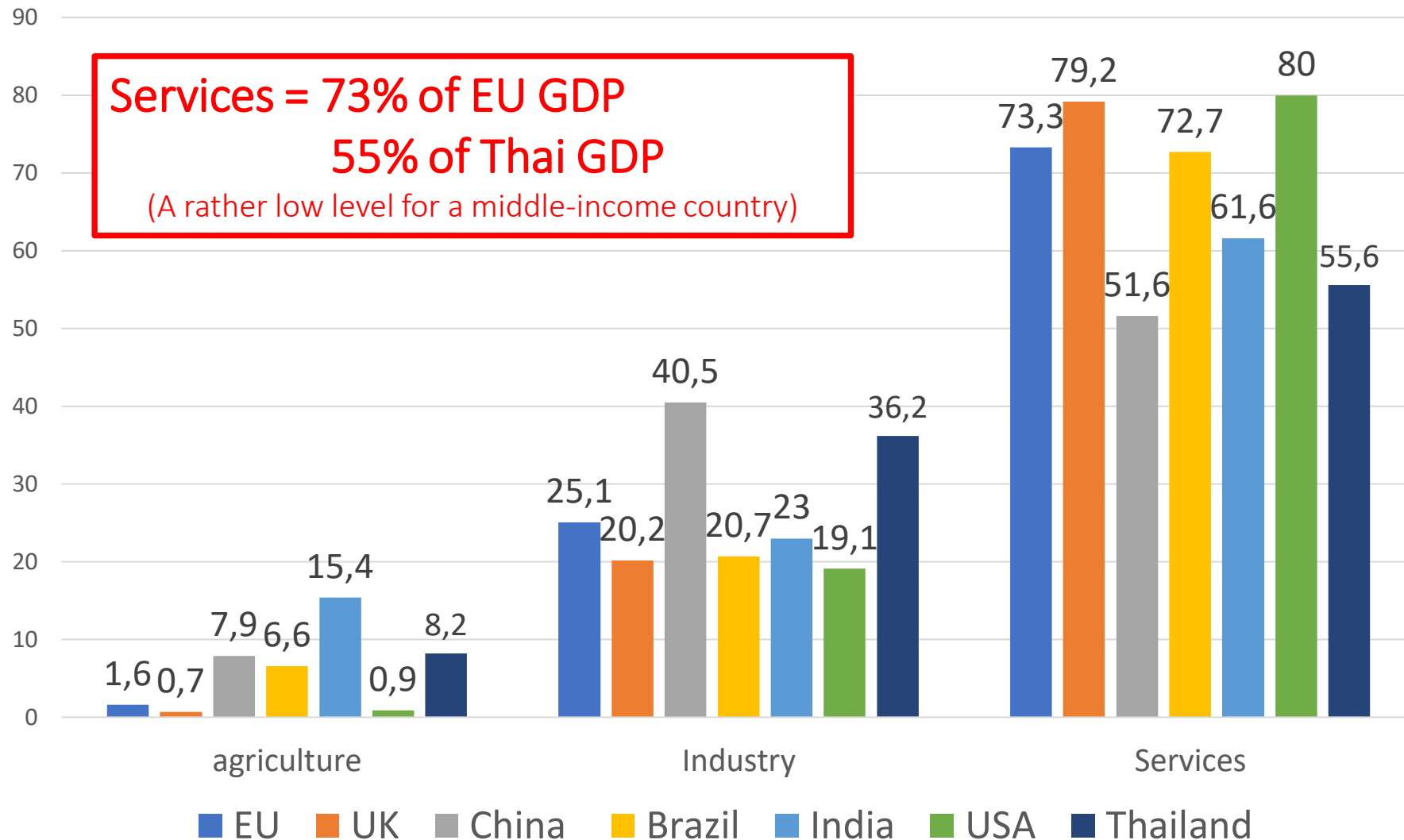
2. Vietnam

3. Malaysia

4. Thailand (14.1% EU-ASEAN trade)

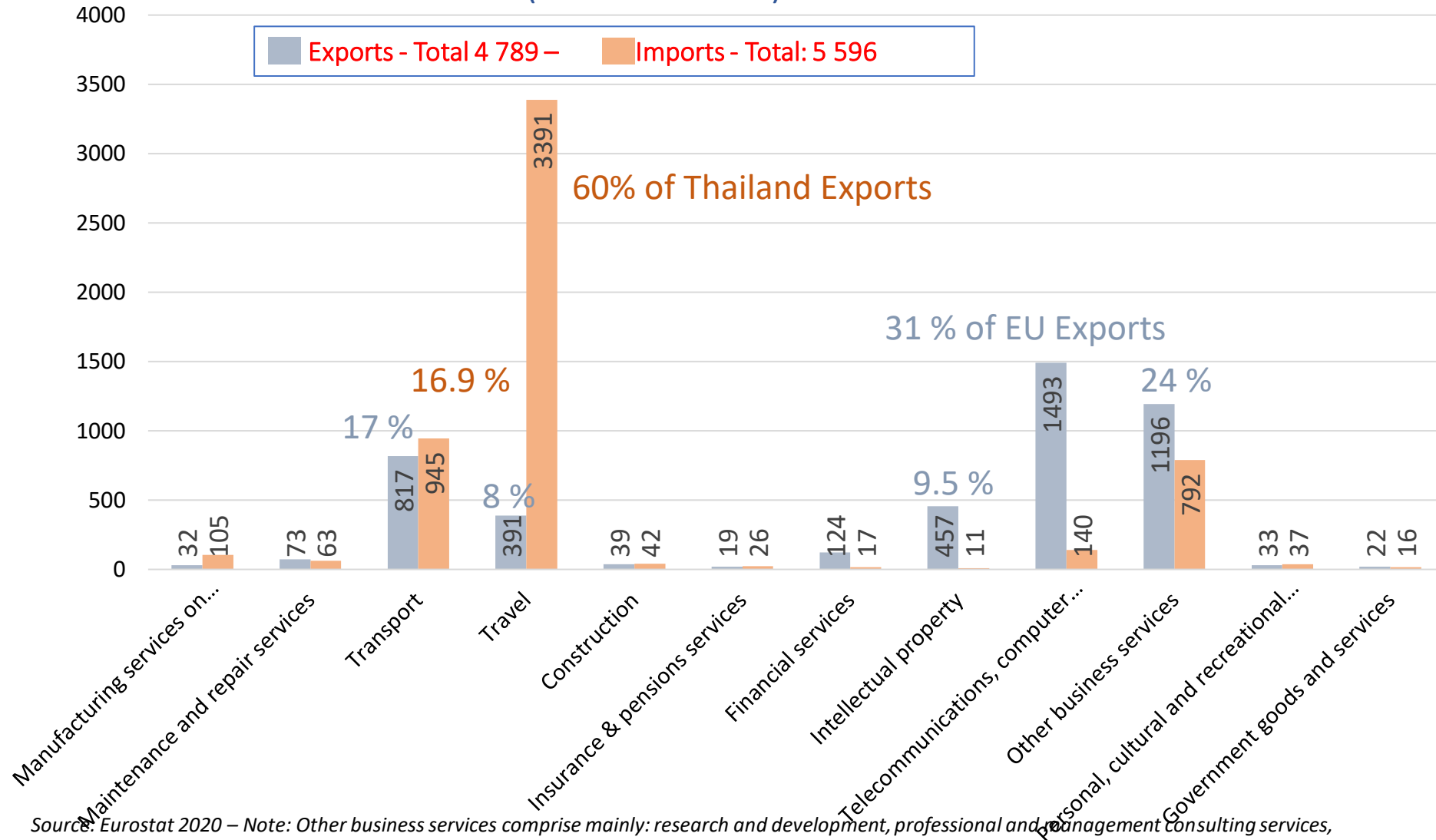
5. Indonesia

Economies by sectors – GDP



EU27 Services Exports and Imports with Thailand by sector

(2019 - € Million)



Source: Eurostat 2020 – Note: Other business services comprise mainly: research and development, professional and management consulting services, technical, trade-related services.

Thailand

Promising Sectors and FTAs etc

- Promising sectors
 - Value Added Manufacturing
 - Electric Vehicles
 - Electrical and electronics
 - Medical Devices
 - Digital Economy
 - High-end tourism
 - Precision agriculture/smart farming
 - 14 FTAs + RCEP / Negotiating others incl. EU (could add 1.28% to TH GDP)
 - Manufacturing 60% of GDP
 - Upper middle-income country
 - European Investment Bank loans – €128bn
-***Enormous potential.....to be fulfilled.....!***



Thank You
