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FOREWORD FROM THE U.S. AMBASSADOR TO ASEAN

America’s private sector, which has invested more in ASEAN cumulatively than businesses from any other country, and which has brought countless jobs, world-class training, cutting-edge technology, and extensive community investment to Southeast Asia, is our close partner in Connect. Together we will support ASEAN’s goal to build an integrated, dynamic, innovative, sustainable, resilient, and rules-based Economic Community that benefits all citizens of the region – because that future will also benefit us. ASEAN is the United States’ fourth-largest trading partner and a fast growing investor, supporting jobs in every single state of the United States.

In 2017, the United States and ASEAN will mark the 40th anniversary of our relationship, and ASEAN will turn 50. We look forward to celebrating these important milestones with ASEAN and, along with our private sector partners, to building an even stronger relationship that delivers prosperity and opportunity to the people of the United States and of ASEAN.

Celebrate its 15th year, the ASEAN Business Outlook Survey serves as a key barometer of U.S. business sentiment in Southeast Asia by examining insights of senior leaders of American companies located across the region. Executives from both American and foreign enterprises and representatives from governments, academia, and non-government organizations rely on the survey to understand the opportunities and challenges for American businesses across the region. Over 500 executives responded to this year’s survey, representing U.S. companies in all ten ASEAN markets.

This year’s survey comes at a challenging and uncertain time for global business. The “Brexit” decision (which came after this survey had already closed) raises concerns not only about growth prospects in Europe, but about rising protectionist sentiment around the world and the implications for a liberal, rules-based international trading order. China’s slowdown, and the related impact on commodity prices, has meant lower growth prospects for some economies. And the rhetoric in the U.S. election campaign has been alarmingly protectionist. At the time of this writing, the outlook for passage of the Trans-Pacific Partnership by the U.S. Congress remains uncertain.

The ASEAN Business Outlook Survey is a collaborative effort between the American Chamber of Commerce in Singapore (AmCham Singapore) and the U.S. Chamber of Commerce, with support from 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 (Ho Chi Minh City), American Chamber of Commerce chapters in Laos and Myanmar, and American business leaders in Brunei.

The ASEAN Business Outlook Survey is divided into several sections. The first two cover companies’ views on the region’s economic outlook, and companies’ business expansion plans. Section 3 examines their responses to ASEAN regional economic integration, while the next section looks at the expected impact of the Trans-Pacific Partnership and the Regional Comprehensive Economic Partnership.

The next few sections focus on issues relating to the workforce. Section 5 discusses expatriate recruitment and retention issues, while section 6 discusses local talent sourcing and workforce development challenges. Section 7 discusses the primary concerns of regulation and risks due to corruption.

Sections 8 and 9 provide a comprehensive assessment of executives’ views on different aspects of the business environment in ASEAN. Lastly, analyses of each of the ten ASEAN countries provide a more detailed outlook of U.S. businesses in each location. Details about our respondents and survey methods may be found in the Profile of Respondents and Survey Methodology.

We believe that this year’s ASEAN Business Outlook Survey is our best yet and we encourage you to use it to deepen your understanding of one of the world’s most vibrant and rapidly growing regions. We welcome your feedback on the ASEAN Business Outlook Survey; and encourage you to send comments and suggestions to aseansurvey@amcham.org.sg or jgoyer@uschamber.com.

PREFACE FROM AMCHAM SINGAPORE AND THE U.S. CHAMBER OF COMMERCE

Judith Fergin
Executive Director
AmCham Singapore

Tami Overby
Senior Vice President, Asia
U.S. Chamber of Commerce
EXECUTIVE SUMMARY

The 2017 ASEAN Business Outlook Survey finds that U.S. companies maintain a steady sense of optimism about growth prospects and commercial opportunities in ASEAN. More than half of respondents (53%) report that ASEAN markets have become more important in terms of their companies’ worldwide revenue over the past two years, and 78% of executives project profit increases in 2017. Close to half of the surveyed companies (49%) expect to increase their ASEAN workforce by the end of 2016. The overwhelming majority of respondents (87%) expect that their companies’ level of trade and investment in ASEAN will increase over the next 5 years.

2016 is an important year for ASEAN. The ASEAN Economic Community (AEC) was inaugurated at the end of 2015 and, although it remains a work in progress, survey respondents anticipate that it will provide greater flexibility and efficiency in managing their regional operations. Survey respondents emphasize that more work needs to be done to combat the challenges of corruption, transparency, and governance that inhibit greater ASEAN integration.

U.S. businesses also expect that the Trans-Pacific Partnership (TPP) will increase their trade and investment in the region. 34% of U.S. businesses across ASEAN expect that the TPP will lead them to increase their investment in the region. However, at the time of this writing, the outlook for TPP’s passage by the U.S. Congress is very uncertain. Meanwhile, as negotiations on the Regional Comprehensive Economic Partnership (RCEP) progress, U.S. companies express uncertainty about whether, when completed, it will provide greater ASEAN integration.

U.S. companies place great emphasis on hiring locally. As a result, the increasingly well-educated and skilled talent pool in ASEAN is important to these companies’ ability to expand their investments in the region. This year’s survey includes a new section that discusses talent sourcing and workforce development in ASEAN. The survey finds that the attributes most valued by U.S. businesses in ASEAN are creativity, analytical problem-solving, technical skills, and effective communication.

U.S. businesses’ competitiveness in ASEAN also depends on their ability to recruit and retain home talent. While American employers report some limitations in their hiring practices as a result of the U.S.’s taxation of its citizens’ worldwide income and Foreign Account Tax Compliance Act (FATCA), they remain inclined to hire home-country professionals for essential positions in their regional operations.

While an overall confident business outlook holds much promise for growth across ASEAN, a number of critical challenges remain for American companies. Corruption persists as the primary concern across the region with the exception of Brunei and Singapore. Government transparency, regulatory efficiency, and policy engagement are emphasized as priority areas in which ASEAN governments and American business leaders could work together more productively.

In many respects, U.S. companies’ satisfaction and optimism regarding ASEAN’s business environment has remained high but has plateaued. Corruption remains a significant challenge to doing business in ASEAN. When asked to rank satisfaction with factors relating to business environment, respondents report the most improvement in the stability of government and political systems. Overall, Vietnam stands out with the greatest improvement in satisfaction levels across all business environment characteristics.

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ECONOMIC OUTLOOK

American businesses continue to see substantial commercial opportunity in ASEAN. However, the percentages of respondents indicating that they expect ASEAN to grow in importance in terms of their companies’ worldwide revenue in the coming years have slightly declined in each of the past four years from 73% in 2013 to 61% today. Slightly lower percentages have reported that their companies’ level of trade and investment in the region has increased over the past two years. Nonetheless, companies generally remain optimistic about the profit outlook in the region, and the vast majority of respondents (87%) expect their companies’ level of trade and investment in ASEAN to increase over the next 5 years. Several factors contribute to these trends, as outlined below.

IMPORTANCE OF ASEAN MARKETS

ASEAN markets remain important for U.S. companies’ global business. More than half of respondents (53%) report that ASEAN markets have become more important in terms of their companies’ worldwide revenue over the past two years. 40% of respondents across the region indicate that the ASEAN markets’ importance has remained about the same. Both figures are unchanged from last year’s survey.

The majority of respondents (61%) anticipate that ASEAN markets will grow in importance in the next two years, down from 66% in 2015. 36% of respondents anticipate that ASEAN markets will remain about the same in importance over the next two years, compared with 29% in 2015.
The top three reasons respondents say that ASEAN markets will be more important for their companies’ worldwide operations and revenues over the next two years are economic growth (73%), rise in middle class and consumer class (46%), and regional integration in ASEAN (36%).

While these top three reasons generally hold true across all ASEAN countries, respondents cite a variety of other factors underlying the importance of particular ASEAN markets. For example, U.S. businesses in Vietnam and those interested in expanding to Myanmar are more likely than others to cite economic growth as a reason for the growing importance of ASEAN for their worldwide operations and revenues over the next two years. Regional integration, a rise in a middle and consumer class, and infrastructure are most important to companies with plans to expand to Laos. Companies currently in Cambodia and Laos view regional integration as the strongest reason for the rising importance of ASEAN markets.

Reasons for ASEAN’s growing importance also differ by industry. While businesses in the consumer goods sector see ASEAN as more important mainly due to the rise of the middle class and economic growth, those in the petroleum industry attribute the region’s growing importance to improvement in infrastructure. Respondents from the banking and finance industries, on the other hand, cite adequate laws and regulations for foreign investors as the main reason for ASEAN’s increasing importance in terms of their companies’ worldwide operations and revenues over the next two years.

TRADE AND INVESTMENT IN ASEAN

This year, 69% of surveyed executives indicate that their company’s level of trade and investment in ASEAN has increased, modestly down from 72% in 2015. 8% report a decrease over the same period, up from 5% last year.

An overwhelming majority of respondents (87%) anticipate that their companies’ level of trade and investment in ASEAN will increase over the next five years. Only 3% of respondents anticipate a decrease.

Businesses cite economic growth (66%) and the rise of a middle class and consumer class (41%) as top reasons for the expansion of trade and investment in the region. Smaller percentages of respondents cite diversification of the customer base (25%), regional integration (25%), and the presence of a stable government and political conditions (23%) as drivers of increasing trade and investment.
Companies’ reasons for expanding trade and investment in ASEAN over the next five years vary depending on their industries and the types of operations they have in the region. While companies across almost all industries indicate economic growth as the top reason for increasing trade and investment in ASEAN, the insurance and food/food products industries are two exceptions. These industries instead cite the rise of a middle and consumer class as the top reason for expansion in the region.

While close to half of the total number of respondents (45%) across ASEAN describe the investment environment as improving in their country, there is significant variation by country. Respondents in the Philippines (77%), Vietnam (72%), and Myanmar (70%) are the most optimistic, and say the investment environment is improving, while much smaller numbers of respondents in Malaysia (23%), Thailand (22%), and Brunei (16%) point to an improving investment environment. When examining the investment environment by industry, firms in the software, IT, and telecommunications sectors cite the most improvement, while those in the healthcare sector see the least.

The majority of respondents (58%) are optimistic about profit growth in 2016 compared with 2015, and even more are positive about the outlook in 2017, with 78% of executives expecting an increase in profits.Executives in Myanmar almost unanimously anticipate profit increases in 2017 over 2015 (91%).

The majority of respondents report that the price of oil has had a mostly neutral impact on their operations in ASEAN (53%). Varying degrees of negative and positive impact are reported in each country. Companies in the Philippines (36%), Laos (33%), and Thailand (32%) report the highest levels of positive impact. By contrast, the highest percentages of respondents reporting negative impacts are in three oil-exporting nations: Brunei (63%), Malaysia (47%), and Indonesia (38%).

Top Reasons Companies’ Levels of Trade and Investment Are Expanding in ASEAN

<table>
<thead>
<tr>
<th>Reason</th>
<th>ASEAN</th>
<th>Brunei</th>
<th>Cambodia</th>
<th>Indonesia</th>
<th>Laos</th>
<th>Malaysia</th>
<th>Myanmar</th>
<th>Philippines</th>
<th>Singapore</th>
<th>Thailand</th>
<th>Vietnam</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Growth</td>
<td>66%</td>
<td>42%</td>
<td>55%</td>
<td>53%</td>
<td>58%</td>
<td>31%</td>
<td>22%</td>
<td>25%</td>
<td>77%</td>
<td>74%</td>
<td>70%</td>
</tr>
<tr>
<td>Rise in Middle Class/Consumer Class</td>
<td>41%</td>
<td>21%</td>
<td>35%</td>
<td>36%</td>
<td>25%</td>
<td>36%</td>
<td>43%</td>
<td>43%</td>
<td>77%</td>
<td>77%</td>
<td>72%</td>
</tr>
<tr>
<td>Regional Integration</td>
<td>25%</td>
<td>14%</td>
<td>26%</td>
<td>32%</td>
<td>23%</td>
<td>13%</td>
<td>22%</td>
<td>21%</td>
<td>70%</td>
<td>73%</td>
<td>69%</td>
</tr>
<tr>
<td>Diversification of Customer Base</td>
<td>25%</td>
<td>17%</td>
<td>11%</td>
<td>22%</td>
<td>16%</td>
<td>11%</td>
<td>22%</td>
<td>26%</td>
<td>69%</td>
<td>70%</td>
<td>64%</td>
</tr>
<tr>
<td>Stable Government and Political Conditions</td>
<td>23%</td>
<td>23%</td>
<td>19%</td>
<td>19%</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
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</tr>
</tbody>
</table>
BUSINESS EXPANSION IN ASEAN

The majority of business leaders plan to expand their operations in the region for a variety of reasons such as to diversify their customer base, to leverage the availability of trained personnel, to capitalize on reasonable production costs, and other reasons. Most respondents expect their companies will correspondingly increase the size of their workforce this year. A significant minority of respondents in each country expect some diversification of operations from China into ASEAN.

The majority of respondents (63%) also report that their companies will be expanding in their current countries of operation, a figure unchanged from last year, while only 4% expect their companies to contract. Executives in Myanmar almost universally expect to expand (96%). Respondents from the consumer goods and consulting industries are, respectively, the least and most likely to expect their companies to expand.

The top reasons respondents cite for expansion in their response location are economic growth (59%), a rise in the middle class and consumer class (37%), diversification of the customer base (30%), and stable government/political conditions (30%). Respondents who cite openness on business and land ownership as a primary reason for expanding their operations are the most likely to believe the overall investment environment in their response locations to be improving. Conversely, respondents who report improvements in intellectual property protection and the availability of raw materials as incentives for expansion are the least likely to describe the investment environment in their response locations as improving.

LOCATION OF BUSINESS EXPANSION IN ASEAN

Respondents across the region report that Vietnam (40%), Indonesia (38%), and Myanmar (34%) continue to be priority markets for future business expansion. Compared with respondents last year, respondents this year indicate the greatest increase in interest in expanding into Vietnam (31% to 40%), Indonesia (31% to 38%), and the Philippines (20% to 27%).

The top reasons companies’ levels of trade and investment are expanding in their current locations are economic growth (59%), rise in middle class and consumer class (37%), diversification of consumer base (30%), and stable government/political conditions (30%).
WORKFORCE EXPANSION
A plurality of executives (49%) expect to increase the total number of employees in their response locations. This continues the slight downward trend since 2011, when 66% of respondents expected to expand their workforces. Responses vary widely across ASEAN, with 87% of respondents in Myanmar, 61% in Vietnam, and 58% in Laos expecting to increase the size of their workforce. Conversely, only 26% of respondents in Brunei and 36% in Malaysia and Thailand plan to do so.

DIVERSIFYING OPERATIONS FROM CHINA INTO ASEAN
Since peaking at 21% in 2012, interest in diversifying investments or businesses from China into ASEAN has been gradually decreasing over the years. Only 11% of executives report plans to diversify investments compared to 15% in 2015. The greatest decrease is observed in Vietnam, where 17% of respondents indicate plans to do so, down from 27% in 2015.

ASEAN INTEGRATION
U.S. companies view integration of ASEAN as a key to increasing the competitiveness of the region in the global economy. While businesses recognize the potential opportunities brought about by ASEAN’s economic integration, they note that challenges remain towards its full realization. The ASEAN Economic Community (AEC) is a key strategy shaping the region as an investment destination of U.S. companies. Once challenges and priority areas are addressed, the development and maturing of the AEC is anticipated to further improve the environment for doing business in ASEAN as a region.

ASEAN ECONOMIC COMMUNITY (AEC)
Representing the most ambitious phase of ASEAN integration, the ASEAN Economic Community (AEC) was officially launched on December 31, 2015. Companies demonstrate growing interest in the AEC though its impact is not immediately measurable and market stakeholders say that it will take time for its benefits to be realized. The AEC vision includes a single market and production base, a highly competitive economic region, a region of equitable economic development, and a region fully integrated into the global economy. In order to achieve these goals, ASEAN developed an Economic Blueprint that outlined a wide-ranging series of measures, including reduction and elimination of barriers to trade in goods, services, and investment, in order to develop the region as a single market and production base.

The majority of executives (93%) surveyed believe the AEC is important to their companies’ future investment plans, with respondents in Indonesia and Laos unanimously agreeing that it matters. Among respondents, those expanding into Cambodia, Laos, and Myanmar are most likely to say that the AEC is “highly” or “fairly” important to their company’s future investment plans.
SELECTED INSIGHTS FROM RESPONDENTS

“[ASEAN] is projected to grow faster than any other region in the world.”

“Some investments will continue with or without AEC completion to capture growth; however, AEC and better regional integration will mean we can bring in more high-value manufacturing not currently done in ASEAN or APAC. [This would allow us to] manufacture in one country for the full ASEAN market.”

“There is no freedom of movement for skilled professionals to work regionally. Each individual market may grow, but AEC as an integrated market for services is still more fiction than fact.”

“If there were to be real cross-border, open trade and personnel deployment flexibility, this would be positive. Nevertheless, we do not see this happening.”

Looking beyond 2016, many respondents cite shortcomings in areas of government administration as the primary obstacles to full regional economic integration. The most frequently suggested future priority areas of work are: combat corruption (62%), transparency (57%), good governance (56%), remove non-tariff barriers to trade, and responsive regulatory regimes (44%). While combating corruption emerges as a top focus area by respondents across the region, an even higher percentage of respondents in Vietnam (69%), the Philippines (64%), and Singapore (64%) see this as a top priority.

While the majority of U.S. businesses (76%) indicate that the completion of the AEC will not affect their location of operations, 21% of respondents foresee some changes. Of those anticipating changes, the majority of respondents expect a greater ability to segment regional supply or value chains as the primary consequence of the AEC for operational location (61%). Others cite changes in regional procurement arrangements (38%), the consolidation or centralization of regional production (38%), and the relocation of back office operations or other non-core functions (32%).

With the Inauguration of the AEC in December 2015, Do You Foresee Any Impact on the Location of Your Operations? (Check All that Apply.)

- Greater Ability to Segment Regional Supply or Value Chains
- Changes in Regional Procurement Arrangements
- Consolidation or Centralization of Regional Production
- Re-location of Back Office Operations or Other Non-Core Functions

SELECTED INSIGHT FROM SURVEY RESPONDENTS

“Besides China and India for low cost sourcing, the ASEAN countries are now looked upon as valuable sourcing partners. Borderless movement of goods among these countries is thus crucial and maybe a competitive advantage.”
61% of U.S. executives expect the AEC to affect some aspect of their regional operations besides location of operations. Respondents anticipate the improved ability to move key personnel around the region to be the most important result of the AEC’s implementation (54%). Companies also expect to experience a change in their marketing strategies (42%), reduction in transaction costs (40%), and increase in opportunities for exporting from ASEAN to non-ASEAN markets (38%).

Besides Location, in What Other Ways Do You Think the AEC Will Affect Your Regional Operations? (Check All That Apply)

- No, Will Not Have an Effect: 36%
- Yes, Will Have an Effect: 61%
- Other: 3%

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**GLOBAL RELATIONS AND REGIONAL AGREEMENTS**

ASEAN plays an increasingly important role in the global and regional economy. The ASEAN region has formal trade relations with Australia and New Zealand, China, India, Japan, and Korea and serves as a major manufacturing and distribution hub for U.S. businesses selling to other countries in the Asia-Pacific. The Regional Comprehensive Economic Partnership (RCEP) aims to consolidate the various “ASEAN +” agreements between ASEAN and the countries listed above into one broader free trade network. U.S. companies, however, are not convinced that RCEP will ultimately have an impact on their investment plans in ASEAN. Comparatively, the Trans-Pacific Partnership (TPP) is expected to open up new opportunities for trade and investment among its members, including between the four current ASEAN TPP members (Brunei, Malaysia, Singapore, and Vietnam) and the United States, and is seen as more likely to impact the location of investments in the region.

**TRADE PARTNERS AND DISTRIBUTION NETWORKS**

ASEAN is a major manufacturing and distribution hub to an array of markets in the wider Asia-Pacific region. Respondents across ASEAN report that China and Japan are the most important export markets, followed by Australia and New Zealand.

Most U.S. businesses report that China’s recent economic slowdown has had neither a positive nor a negative impact in their country of operation (61%). While respondents in Laos (25%), Cambodia (19%), and Vietnam (14%) have reaped the most benefits, those in Indonesia (43%), Thailand (43%), and Singapore (37%) are among the most negatively affected.
SELECTED INSIGHTS FROM SURVEY RESPONDENTS

“Our business has not entered China as of yet. We are planning to grow there and view the transition of the Chinese economy to a consumer-based economy as positive for our brand to enter the market and grow.”

“...China’s slowdown is already factored in our global plans. We continue to diversify and build alternate markets.”

THE REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP (RCEP)

The Regional Comprehensive Economic Partnership (RCEP), which aims to consolidate the various “ASEAN+” free trade agreements into one broader regional free trade network, could impact where companies invest in the region, but few respondents (19%) are convinced that it will. Those who view RCEP favorably envision production streamlining for both regional and global markets as one benefit. An equal number of respondents (41%) are either unsure or do not believe that RCEP will affect future investment plans in the region.

SELECTED INSIGHTS FROM SURVEY RESPONDENTS

“We would indirectly benefit from the TPP through expanded business activity by our domestic, regional, and global clients. We would expand our local workforce, invest more heavily in training, and expand our services. We would not likely shift our operations to any particular country in response to it.” (Indonesia)

“Provide confidence to invest in growth markets as these markets begin to adhere to international standards” (Vietnam)

“At a bigger economy we will be looking at more internal growth and more of an emphasis on how we serve our US and Japanese clients.” (Myanmar)
EXPATRIATE RECRUITMENT AND RETENTION FACTORS

The ability to employ and retain a diverse workforce from all over the world is essential to global business. The competitiveness of American companies in ASEAN and opportunities to recruit home talent are affected by U.S. laws such as the taxation of worldwide income earned by U.S. citizens and the Foreign Account Tax Compliance Act.

U.S. INCOME TAXATION

Only a slim majority of U.S. companies in ASEAN countries (51%) do not believe that the U.S. taxation of worldwide income earned by U.S. citizens has affected their hiring practices of Americans. Respondents in Myanmar and Cambodia in particular describe negative repercussions: 39% and 31% respectively report hiring fewer Americans as a result of the law.

FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)

32% of respondents indicate the Foreign Account Tax Compliance Act (FATCA) will not affect their ability to conduct business. While some respondents claim that FATCA’s increased business reporting costs create a burden on their business, more than half (53%) are uncertain.

SELECTED INSIGHTS FROM SURVEY RESPONDENTS

“No other impact except our U.S. personnel have less incentive to leave home and deploy abroad due to the tax implications and a [smaller] benefit/incentive to them.”

“Employees’ tax expense is a cost to the business as a tax equalization process need[s] to be put in place before U.S. employees are prepared to accept relocation to Malaysia.”

“We hire talents with the relevant skills irrespective of nationality and are constrained more by local immigration rules and regulations. Employment levels are based on business requirements and the value that employees add to the organization. Taxation is part of the cost of doing business.”

“FATCA makes the hiring of U.S. citizens more difficult. There are limited banking options for U.S. citizens which make up the bulk of our employees.”

“We are finding that it impacts our expats’ ability to work here in two ways. #1 the reporting requirements are onerous and penalties immense [and] #2 banks and other financial institutions don't want to do business with U.S. expats due to perceived risks.”
TALENT SOURCING AND WORKFORCE DEVELOPMENT

Availability of adequate technical and managerial talent is a significant consideration for U.S. businesses seeking to invest in the region. American companies place an emphasis on hiring locally and nurturing the skills and leadership potential of local employees in the countries in which they operate. This year’s survey identifies the top technical and non-technical skills most valued by U.S. businesses in ASEAN. It also suggests strategies that local governments could employ to equip their workforce with the skills necessary to excel in the global economy.

HIRING LOCALLY

The majority of respondents (72%) in the region indicate that 70% or more of their workforce are host country nationals. 94%, 85%, and 84% of businesses in the Philippines, Vietnam, and Thailand respectively indicate that local employees make up 70% or more of their workforces.

SKILLS IN DEMAND

U.S. businesses in ASEAN seek an array of technical and non-technical skills in their employees. The top skills in short supply across ASEAN are creativity and innovativeness (45%), analytical and problem solving skills (44%), and technical skills (44%). Technical skills stand out as those most sought after in Laos (83%), while analytical and problem solving skills are the most sought after in Myanmar (74%). In Cambodia and Singapore, creativity and innovativeness are most frequently cited (58%).

Other important skills are willingness to take risks/entrepreneurial spirit (25%), adaptability and flexibility (24%), overseas experience (23%), and positive work attitude (20%).

TECHNICAL SKILLS IN FOCUS

Close to half of executives surveyed (44%) cite technical skills as valued but difficult to find in the labor market. When asked to further define what types of technical skills are valued, over half of respondents (56%) across the region cite management and leadership skills as being in the greatest shortage among businesses in ASEAN. Other technical skills in great shortage across ASEAN include sales and marketing (37%), information technology (33%), and data analytics (27%).

In Your Response Location, What Percentage of Your Workforce Is Comprised of Host Country Nationals?

<table>
<thead>
<tr>
<th>Location</th>
<th>72%</th>
<th>26%</th>
<th>14%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brunei</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cambodia</td>
<td>81%</td>
<td></td>
<td></td>
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<tr>
<td>Indonesia</td>
<td>98%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Laos</td>
<td>96%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malaysia</td>
<td>92%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Myanmar</td>
<td>98%</td>
<td></td>
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</tr>
<tr>
<td>Philippines</td>
<td>75%</td>
<td></td>
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<tr>
<td>Singapore</td>
<td>78%</td>
<td></td>
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<td>Thailand</td>
<td>94%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vietnam</td>
<td>85%</td>
<td></td>
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In Your Response Location, What Skills Are Valued by Your Company and Are Difficult to Find Among Graduates in Your Response Location?

<table>
<thead>
<tr>
<th>Skill</th>
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<tr>
<td>Creativity and Innovation</td>
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<td>44%</td>
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<tr>
<td>Analytical and Problem Solving</td>
<td>41%</td>
<td></td>
<td></td>
<td>25%</td>
<td>24%</td>
<td>23%</td>
<td>20%</td>
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<tr>
<td>Communication and Cross-Collaboration</td>
<td>25%</td>
<td></td>
<td></td>
<td>17%</td>
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<td>2%</td>
<td></td>
<td>2%</td>
<td>4%</td>
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<td>Willingness to Take Risks/Entrepreneurial</td>
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<td></td>
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<td>6%</td>
<td>2%</td>
<td></td>
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<td>32%</td>
<td>12%</td>
<td>3%</td>
<td>17%</td>
<td>6%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>5%</td>
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</tbody>
</table>
SELECTED INSIGHTS FROM SURVEY RESPONDENTS

"Improve the skill quality of graduates coming out of the local tertiary education program. Identify the skills that are lacking and then design courses that address such deficits." (Malaysia)

"Develop more global mind sets, emphasize creative thinking and encourage greater risk taking as part of the education in the schools." (Singapore)

"Attract investments from large IT-based corporations and facilitate knowledge transfer" (The Philippines)

"Improve the education and training in these key areas using talent from overseas - most people lack the basic understanding of how to work within an international organization at the level that is expected by regional companies." (Vietnam)
In contrast, pressure to bribe private sector clients and/or customers for contracts varies much more significantly by country. Respondents based in Vietnam (58%), Indonesia (55%), and Myanmar (52%) express greater concern regarding this issue than respondents from Brunei (10%) and Singapore (15%).

The pressure to bribe public sector clients and/or customers for contracts is perceived as similar to that concerning private sector clients. With few exceptions, a slightly higher percentage of respondents find that the risk with public sector clients “seriously” or “somewhat” hinders their ability to conduct business.

Facilitation payments for routine government services are viewed as a common part of business (routine government services may include processing governmental papers, such as visas and work orders, or services such as police protection, power supply, phone service, etc.). In nearly all countries, respondents place the pressure to bribe officials to speed up routine government services at a slightly higher level than the risk above for essential licenses and permits.

The pressure to bribe officials for essential licenses and permits varies greatly depending on the country from which executives responded. Less than half of respondents in Malaysia (34%), Brunei (16%), and Singapore (12%) believe that this risk hinders their operations, while higher percentages of respondents in Cambodia (81%), Myanmar (78%), and Vietnam (77%) indicate that it is a hindrance.
GOVERNMENT TRANSPARENCY AND ENGAGEMENT

Consistent internal coordination within a government allows policymakers to create and execute more cohesive policies, providing businesses with greater clarity with which to plan for the future. Results from this year’s survey indicate ministries in almost all countries do not liaise and coordinate well with other ministries within that government. Respondents in Singapore report the most positive result, with 56% indicating that ministries there liaise and coordinate well. In contrast, Laos (0%) and Indonesia (3%) have the lowest rates.

As it develops new laws and regulations that impact the business environment, how frequently does the government in your response location actively seek and consider input from the private sector?

42% of respondents state that the government in their response location rarely or never seeks and considers input from the private sector when developing new laws and regulations that impact the business environment. Lack of consultation with the private sector is apparent in countries such as Indonesia (70%), Myanmar (61%), and Brunei (53%). On the other hand, 33% of respondents in Singapore report that the government always or often seeks and considers input from the private sector.

The table below summarizes executives’ views of 16 business environment factors, listed in the left hand column, across each of the ten ASEAN countries. As with previous years, corruption continues to be the greatest concern for U.S. companies across ASEAN, except in Brunei and Singapore. Personal security, sentiment towards the U.S., and stable government and political system remain highly positive across the ASEAN region.

Factors

<table>
<thead>
<tr>
<th></th>
<th>ASEAN</th>
<th>Brunei</th>
<th>Cambodia</th>
<th>Indonesia</th>
<th>Laos</th>
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<th>Myanmar</th>
<th>Philippines</th>
<th>Singapore</th>
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<th>Vietnam</th>
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</thead>
<tbody>
<tr>
<td>Avail. of Low Cost Labor</td>
<td>43%</td>
<td>37%</td>
<td>50%</td>
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<td>59%</td>
<td>45%</td>
<td>35%</td>
<td>72%</td>
<td>47%</td>
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<td>65%</td>
</tr>
<tr>
<td>Avail. of Raw Materials</td>
<td>34%</td>
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<td>30%</td>
<td>42%</td>
<td>43%</td>
<td>35%</td>
<td>45%</td>
<td>45%</td>
<td>35%</td>
<td>38%</td>
</tr>
<tr>
<td>Avail. of Trained Personnel</td>
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<td>42%</td>
<td>58%</td>
<td>40%</td>
<td>63%</td>
<td>58%</td>
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<td>35%</td>
<td>46%</td>
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<td>Ease of Moving Your Products through Customs</td>
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<td>40%</td>
<td>33%</td>
<td>43%</td>
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<td>45%</td>
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<tr>
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<td>38%</td>
<td>45%</td>
<td>42%</td>
<td>55%</td>
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<td>40%</td>
<td>51%</td>
<td>35%</td>
<td>40%</td>
</tr>
<tr>
<td>Housing Costs</td>
<td>38%</td>
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<td>42%</td>
<td>38%</td>
<td>42%</td>
<td>40%</td>
<td>78%</td>
<td>32%</td>
<td>71%</td>
<td>47%</td>
<td>37%</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>40%</td>
<td>42%</td>
<td>54%</td>
<td>58%</td>
<td>64%</td>
<td>74%</td>
<td>64%</td>
<td>41%</td>
<td>61%</td>
<td>61%</td>
<td>61%</td>
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<tr>
<td>Lack of Corruption</td>
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<td>53%</td>
<td>73%</td>
<td>73%</td>
<td>42%</td>
<td>58%</td>
<td>70%</td>
<td>53%</td>
<td>95%</td>
<td>63%</td>
<td>71%</td>
</tr>
<tr>
<td>Lack of Local Protection</td>
<td>42%</td>
<td>63%</td>
<td>50%</td>
<td>53%</td>
<td>67%</td>
<td>51%</td>
<td>57%</td>
<td>40%</td>
<td>55%</td>
<td>41%</td>
<td>46%</td>
</tr>
<tr>
<td>Laws &amp; Regulations</td>
<td>38%</td>
<td>47%</td>
<td>58%</td>
<td>73%</td>
<td>58%</td>
<td>38%</td>
<td>78%</td>
<td>49%</td>
<td>90%</td>
<td>43%</td>
<td>54%</td>
</tr>
<tr>
<td>New Business Incentives Offered by Government</td>
<td>36%</td>
<td>47%</td>
<td>35%</td>
<td>43%</td>
<td>42%</td>
<td>36%</td>
<td>57%</td>
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<td>54%</td>
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<td>45%</td>
</tr>
<tr>
<td>Office Lease Costs</td>
<td>33%</td>
<td>47%</td>
<td>38%</td>
<td>40%</td>
<td>50%</td>
<td>47%</td>
<td>83%</td>
<td>42%</td>
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<td>Personal Security</td>
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<td>79%</td>
<td>50%</td>
<td>43%</td>
<td>50%</td>
<td>51%</td>
<td>70%</td>
<td>45%</td>
<td>97%</td>
<td>60%</td>
<td>65%</td>
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<tr>
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<td>59%</td>
<td>58%</td>
<td>38%</td>
<td>50%</td>
<td>42%</td>
<td>60%</td>
<td>52%</td>
<td>77%</td>
<td>79%</td>
<td>44%</td>
<td>70%</td>
</tr>
<tr>
<td>Stable Government &amp; Political System</td>
<td>54%</td>
<td>79%</td>
<td>46%</td>
<td>40%</td>
<td>42%</td>
<td>38%</td>
<td>43%</td>
<td>51%</td>
<td>97%</td>
<td>54%</td>
<td>64%</td>
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<td>Tax Structure</td>
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<td>54%</td>
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<td>42%</td>
<td>70%</td>
<td>58%</td>
<td>86%</td>
<td>41%</td>
<td>52%</td>
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</tbody>
</table>

- Strength: 50% or greater satisfaction rate
- Concern: 40% or greater dissatisfaction rate
- Neutral: the plurality are neutral or the factor is inapplicable
- Always/Often: Plurality satisfied but satisfaction rate is less than 50%
- Sometimes: Plurality dissatisfied but dissatisfaction rate is less than 40%
- Rarely/Never/Not Sure: the plurality are dissatisfied but dissatisfaction rate is less than 40%

How Well Do Ministries in Your Response Location Liaise and Coordinate with Other Ministries in the Government?

The table below summarizes executives’ views of 16 business environment factors, listed in the left hand column, across each of the ten ASEAN countries. As with previous years, corruption continues to be the greatest concern for U.S. companies across ASEAN, except in Brunei and Singapore. Personal security, sentiment towards the U.S., and stable government and political system remain highly positive across the ASEAN region.
Control Risks is an independent, global risk consultancy specialising in helping organisations manage political, integrity and security risks in complex and hostile environments. We support clients by providing strategic consultancy, expert analysis and in-depth investigations, handling sensitive political issues and providing practical on-the-ground risk mitigation and support.

Our unique combination of services, geographical reach and the trust our clients place in us ensure we can help them to effectively solve their problems and realise new opportunities across the world.

### Integrity Risk
- Due Diligence and screening
- Anti-corruption services
- Investigations & compliance services
- Strategic business intelligence
- Legal technologies

### Political Risk
- Consulting and analysis
- Political and security risk reports and monitoring
- Country Risk Forecast and PRIME
- Project risk consulting

### Security Risk
- Security consulting
- Crisis management
- Business continuity planning
- Security design
- Travel security services

---

The following table summarizes executives’ changing views of 16 business environment factors, listed in the left-hand column, across the seven ASEAN countries for which we have six years of data. The numbers indicate the change in satisfaction between respondents’ answers in 2011 and 2016, with the number representing the difference between the answers in percentage points. The green cells indicate positive changes in satisfaction, while the red cells indicate negative changes in satisfaction. The intensity of the shade of green or red indicates the significance of the change. Unshaded cells indicate minimal change.

Overall, respondents indicated incremental changes in most factors across the region, with an improvement in governmental and political stability (6%) ranking highest. Notably, Vietnam has shown improvement in eight out of the 16 indicators.

---

<table>
<thead>
<tr>
<th>Factors</th>
<th>ASEAN</th>
<th>Cambodia</th>
<th>Indonesia</th>
<th>Malaysia</th>
<th>Philippines</th>
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<tbody>
<tr>
<td>Availability of Low Cost Labor</td>
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<td>▼ 23%</td>
<td>▼ 15%</td>
<td>▼ 10%</td>
<td>▼ 7%</td>
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<tr>
<td>Availability of Raw Materials</td>
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<td>▼ 5%</td>
<td>▼ 22%</td>
<td>▼ 22%</td>
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<tr>
<td>Availability of Trained Personnel</td>
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<td>▼ 5%</td>
<td>▼ 30%</td>
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<td>▼ 2%</td>
<td>▼ 5%</td>
<td>▼ 13%</td>
<td>▼ 9%</td>
</tr>
<tr>
<td>Ease of Moving Your Products through Customs</td>
<td>▼ 4%</td>
<td>▼ 1%</td>
<td>▼ 1%</td>
<td>▼ 17%</td>
<td>▼ 13%</td>
<td>▼ 8%</td>
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<tr>
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<td>▼ 14%</td>
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<td>▼ 12%</td>
<td>▼ 13%</td>
<td>▼ 3%</td>
<td>▼ 10%</td>
</tr>
</tbody>
</table>

Notes: 5 year data is not available for Brunei, Laos, and Myanmar. Cells measure the change in those reporting that they were satisfied with given factors: not satisfied/fed or neutral.

- ▼: Increase: 10% or greater increase in satisfaction
- ▼: Decrease: 10% or greater decrease in satisfaction
- ▼: Weak Decrease: Between 5% and 10% decrease in satisfaction
- ▼: Minimal Change: the satisfaction percentage has changed less than 5%
U.S. Investors’ Sentiments and Perceptions in Brunei

Business Expansion

- 11% plan to expand within Brunei.
- 53% expect their workforce in Brunei to remain about the same in 2016.

Most targeted ASEAN country for expansion beyond Brunei:
- Malaysia: 53%
- Myanmar: 47%

Local Business Environment

The chart below tracks U.S. investor satisfaction with 16 aspects of the business environment from 2013-16. The percentage of those indicating satisfaction in 2016 is listed in the right-hand column.

<table>
<thead>
<tr>
<th>Business Factors</th>
<th>4-Year Trend</th>
<th>Current Satisfaction</th>
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<td>Ease of Moving Your Products through Customs</td>
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<td>Free Movement of Goods within the Region</td>
<td>-</td>
<td>42%</td>
</tr>
<tr>
<td>Housing Costs</td>
<td>-</td>
<td>53%</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>-</td>
<td>42%</td>
</tr>
<tr>
<td>Lack of Corruption</td>
<td>-</td>
<td>53%</td>
</tr>
<tr>
<td>Lack of Local Protection</td>
<td>-</td>
<td>16%</td>
</tr>
<tr>
<td>Laws &amp; Regulations</td>
<td>-</td>
<td>37%</td>
</tr>
<tr>
<td>New Business Incentives Offered by Government</td>
<td>-</td>
<td>26%</td>
</tr>
<tr>
<td>Office Lease Costs</td>
<td>-</td>
<td>47%</td>
</tr>
<tr>
<td>Personal Security</td>
<td>-</td>
<td>79%</td>
</tr>
<tr>
<td>Sentiment towards the U.S.</td>
<td>-</td>
<td>79%</td>
</tr>
<tr>
<td>Stable Government &amp; Political System</td>
<td>-</td>
<td>63%</td>
</tr>
</tbody>
</table>

Satisfaction with Government Agencies

Respondents are generally neutral about government agencies in Brunei. No agencies receive a satisfaction rate of higher than 50% or a dissatisfaction rate of higher than 40%.

Profit Outlook 2017

- Decrease: 5%
- Not Sure: 21%
- Increase: 42%
- Stay the Same: 32%

Workforce

- 5% 500 to Less than 2000 Employees
- 21% 50 to Less than 500 Employees
- 74% Below 50 Employees
- 26% Workforces comprised of more than 70% host country nationals.

Profit Outlook 2017

- Decrease: 5%
- Not Sure: 21%
- Increase: 42%
- Stay the Same: 32%

ASEAN Business Outlook

- 47% report that ASEAN markets have increased in importance over the past 2 years.
- 47% say their company’s trade & investment in ASEAN has remained the same over the past 2 years.
- 58% expect ASEAN markets will increase in importance over the next 2 years.
- 68% think their company’s trade & investment in ASEAN will increase over the next 5 years.

How Optimistic Are You of the Brunei Government’s Efforts to Diversify from the Oil and Gas Sector?

- 0% Completely Optimistic
- 11% Very Optimistic
- 37% Moderately Optimistic
- 37% Slightly Optimistic
- 16% Not at All Optimistic

Highly Valued Skills that Are Difficult to Find among Graduates

Respondents who selected “Technical Skills” above further identified the following skills to be in high demand (respondents could choose more than one option):

- Information Technology: 54%
- Management & Leadership: 54%
- Customer Service: 38%
- Sales & Marketing: 38%
ASEAN Business Outlook

- 46% report that ASEAN markets have increased in importance over the past 2 years.
- 77% say their company’s trade & investment in ASEAN has increased over the past 2 years.
- 58% expect ASEAN markets will increase in importance over the next 5 years.
- 88% think their company’s trade & investment in ASEAN will increase over the next 5 years.

Local Business Environment

The chart below tracks U.S. investor satisfaction with 16 aspects of the business environment from 2010-16. The percentage of those indicating satisfaction in 2016 is listed in the right-hand column.

<table>
<thead>
<tr>
<th>Business Factors</th>
<th>Current Satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability of Low Cost Labor</td>
<td>50%</td>
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<tr>
<td>Availability of Raw Materials</td>
<td>0%</td>
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<tr>
<td>Availability of Trained Personnel</td>
<td>12%</td>
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<tr>
<td>Ease of Moving Your Products through Customs</td>
<td>15%</td>
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<td>Infrastructure</td>
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</tr>
<tr>
<td>Lack of Corruption</td>
<td>4%</td>
</tr>
<tr>
<td>Lack of Local Protection</td>
<td>12%</td>
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<tr>
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</tr>
<tr>
<td>Office Lease Costs</td>
<td>15%</td>
</tr>
<tr>
<td>Personal Security</td>
<td>38%</td>
</tr>
<tr>
<td>Sentiment towards the U.S.</td>
<td>50%</td>
</tr>
<tr>
<td>Stable Government &amp; Political System</td>
<td>19%</td>
</tr>
<tr>
<td>Tax Structure</td>
<td>12%</td>
</tr>
</tbody>
</table>

Profit Outlook 2017

- 88% plan to expand within Cambodia.
- 54% expect their workforce to increase in 2016.

Most targeted ASEAN country for expansion beyond Cambodia:

- 27% Myanmar
- 12% Laos
- 12% Vietnam

Workforce

- 8% Above 2000 Employees
- 8% 500 to Less than 2000 Employees
- 27% 50 to Less than 500 Employees
- 58% Below 50 Employees
- 81% of respondents’ workforces are comprised of more than 70% host country nationals.

Highly Valued Skills that Are Difficult to Find among Graduates

Respondents who selected “Technical Skills” above further identified the following skills to be in high demand:

- Technical Skills
- Creativity and Innovativeness
- Analytical and Problem-Solving
- Communication and Cross-Collaboration
- Adaptability and Flexibility
- Overseas Experience
- Positive Work Attitude
- Entrepreneurial Spirit
- Business Insight

Which of the Following Factors Do You Feel Are the Greatest Barriers to Investing in Cambodia?

- 77% Prevalence of Corruption
- 62% Weak Rule of Law
- 54% High Energy Costs
- 46% Insufficient Skilled Manpower
- 42% Economic & Regulatory Uncertainty
- 42% Inefficient Business Environment (bottlenecks to trade & time required to process key paperwork)
- 42% Insufficient Infrastructure
- 42% Insufficient Infrastructure

Satisfaction with Government Agencies

Respondents are generally neutral about government agencies in Cambodia. No agencies receive a satisfaction rate of higher than 50% or a dissatisfaction rate of higher than 40%.

Profit Outlook 2017

- 8% plan to expand within Cambodia.
- 54% expect their workforce to increase in 2016.

Most targeted ASEAN country for expansion beyond Cambodia:

- 27% Myanmar
- 12% Laos
- 12% Vietnam

Workforce

- 8% Above 2000 Employees
- 8% 500 to Less than 2000 Employees
- 27% 50 to Less than 500 Employees
- 58% Below 50 Employees
- 81% of respondents’ workforces are comprised of more than 70% host country nationals.

Highly Valued Skills that Are Difficult to Find among Graduates

Respondents who selected “Technical Skills” above further identified the following skills to be in high demand:

- Technical Skills
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- Analytical and Problem-Solving
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- Overseas Experience
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- Business Insight

Which of the Following Factors Do You Feel Are the Greatest Barriers to Investing in Cambodia?

- 77% Prevalence of Corruption
- 62% Weak Rule of Law
- 54% High Energy Costs
- 46% Insufficient Skilled Manpower
- 42% Economic & Regulatory Uncertainty
- 42% Inefficient Business Environment (bottlenecks to trade & time required to process key paperwork)
- 42% Insufficient Infrastructure
- 42% Insufficient Infrastructure

Satisfaction with Government Agencies

Respondents are generally neutral about government agencies in Cambodia. No agencies receive a satisfaction rate of higher than 50% or a dissatisfaction rate of higher than 40%.
**U.S. Investors’ Sentiments and Perceptions in Indonesia**

**Business Expansion**
- 48% plan to expand within Indonesia.
- 48% expect their workforce in Indonesia to increase in 2016.

Most targeted ASEAN country for expansion beyond Indonesia:
- 53% Philippines
- 53% Vietnam
- 45% Thailand

**Local Business Environment**

<table>
<thead>
<tr>
<th>Business Factors</th>
<th>11-Year Trend</th>
<th>Current Satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability of Low Cost Labor</td>
<td>45%</td>
<td>23%</td>
</tr>
<tr>
<td>Availability of Raw Materials</td>
<td>23%</td>
<td>8%</td>
</tr>
<tr>
<td>Availability of Trained Personnel</td>
<td>8%</td>
<td>5%</td>
</tr>
<tr>
<td>Ease of Moving Your Products through Customs</td>
<td>8%</td>
<td>5%</td>
</tr>
<tr>
<td>Free Movement of Goods within the Region</td>
<td>8%</td>
<td>3%</td>
</tr>
<tr>
<td>Housing Costs</td>
<td>30%</td>
<td>8%</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Lack of Corruption</td>
<td>5%</td>
<td>8%</td>
</tr>
<tr>
<td>Lack of Local Protection</td>
<td>8%</td>
<td>5%</td>
</tr>
<tr>
<td>Laws &amp; Regulations</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>New Business Incentives Offered by Government</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Office Lease Costs</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Personal Security</td>
<td>38%</td>
<td>35%</td>
</tr>
<tr>
<td>Sentiment towards the U.S.</td>
<td>35%</td>
<td>38%</td>
</tr>
<tr>
<td>Stable Government &amp; Political System</td>
<td>40%</td>
<td>40%</td>
</tr>
<tr>
<td>Tax Structure</td>
<td>8%</td>
<td>8%</td>
</tr>
</tbody>
</table>

**Profit Outlook 2017**
- 72% Increase
- 18% Stay the Same
- 8% Decrease
- 2% Not Sure

**ASEAN Business Outlook**
- 53% report that ASEAN markets have increased in importance over the past 2 years.
- 65% say their company’s trade and investment in ASEAN has increased over the past 2 years.
- 60% expect ASEAN markets will continue to increase in importance over the next 2 years.
- 83% think their company’s trade & investment in ASEAN will increase over the next 5 years.

**Workforce**
- 13% Above 2000 Employees
- 20% 500 to Less than 2000 Employees
- 40% 50 to Less than 500 Employees
- 28% Below 50 Employees

98% of respondents’ workforces are comprised of more than 70% host country nationals.

**Highly Valued Skills that are Difficult to Find among Graduates**

- Management & Leadership: 65%
- Information Technology: 32%
- Sales & Marketing: 32%
- Data Analytics: 29%

Respondents who selected “Technical Skills” above further identified the following skills to be in high demand (respondents could choose more than one option):
- Creativity and Innovativeness: 65%
- Communication and Cross-Collaboration: 60%
- 44% Analytical and Problem-Solving
- 45% Adaptability and Flexibility
- 41% Overseas Experience
- 44% Positive Work Attitude
- 33% Willingness to Take Risk / Entrepreneurial Spirit
- 44% Technical Skills

**What Effect Do You Feel the Jokowi Government Has Had on Indonesian Trade and Investment Policy Vis-à-Vis Foreign Investors?**

- Significantly Improved: 5%
- Improved: 43%
- Neutral/Remained about the Same: 38%
- Weakened: 13%
- Significantly Weakened: 3%

**ASEAN BUSINESS OUTLOOK SURVEY 2017**

**U.S. INVESTORS’ SENTIMENTS AND PERCEPTIONS IN INDONESIA**
U.S. Investors’ Sentiments and Perceptions in Laos

Profit Outlook 2017
Stay the Same
17%
Increase
83%

Satisfaction with Government Agencies
Respondents report satisfaction with Immigration (50%).

Business Expansion
33% plan to expand within Laos.
58% expect their workforce in Laos to increase in 2016.

Most targeted ASEAN country for expansion beyond Laos:

50% Myanmar
42% Cambodia
33% Vietnam

Local Business Environment
The chart below tracks U.S. investor satisfaction with 16 aspects of the business environment from 2013-16. The percentage of those indicating satisfaction in 2016 is listed in the right-hand column.

ASEAN Business Outlook
67% report that ASEAN markets have increased in importance over the past 2 years.
75% say their company’s trade and investment in ASEAN has increased over the past 2 years.

Workforce
25% 500 to Less than 2000 Employees
42% 50 to Less than 500 Employees
33% Below 50 Employees
58% of respondents’ workforces are comprised of more than 70% host country nationals.

Highly Valued Skills that Are Difficult to Find among Graduates

Which of the Following Factors Do You Feel Are the Greatest Barriers to Investing in Laos?

83% Insufficient Skilled Manpower
67% Insufficient Infrastructure
67% Limited Domestic Market
58% Legal System that Lacks Impartiality & Provides Limited Protection for Foreign Investors
58% Prevalence of Corruption
50% Inefficient Business Environment (Bottlenecks to Trade and Time Required to Process Key Paperwork)
50% Slow Pace of Reforms to Attract Foreign Investors
33% Limited access to bank credit

Population: 6,802,000 2015
GDP per capita (current US$): 1,793.50 2014
GDP annual growth: 7.5% 2014
Source: The World Bank

Population:
2015
6,802,000
GDP per capita (current US$):
2014
1,793.50
GDP annual growth:
2014
7.5%
Source: The World Bank

Workforce

Profit Outlook 2017
Stay the Same
17%
Increase
83%

Satisfaction with Government Agencies
Respondents report satisfaction with Immigration (50%).

Business Expansion
33% plan to expand within Laos.
58% expect their workforce in Laos to increase in 2016.

Most targeted ASEAN country for expansion beyond Laos:

50% Myanmar
42% Cambodia
33% Vietnam

Local Business Environment
The chart below tracks U.S. investor satisfaction with 16 aspects of the business environment from 2013-16. The percentage of those indicating satisfaction in 2016 is listed in the right-hand column.

ASEAN Business Outlook
67% report that ASEAN markets have increased in importance over the past 2 years.
75% say their company’s trade and investment in ASEAN has increased over the past 2 years.

Workforce
25% 500 to Less than 2000 Employees
42% 50 to Less than 500 Employees
33% Below 50 Employees
58% of respondents’ workforces are comprised of more than 70% host country nationals.

Highly Valued Skills that Are Difficult to Find among Graduates

Which of the Following Factors Do You Feel Are the Greatest Barriers to Investing in Laos?

83% Insufficient Skilled Manpower
67% Insufficient Infrastructure
67% Limited Domestic Market
58% Legal System that Lacks Impartiality & Provides Limited Protection for Foreign Investors
58% Prevalence of Corruption
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Local Business Environment
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<td>Availability of Trained Personnel</td>
<td>40%</td>
</tr>
<tr>
<td>Ease of Moving Your Products through Customs</td>
<td>43%</td>
</tr>
<tr>
<td>Free Movement of Goods within the Region</td>
<td>55%</td>
</tr>
<tr>
<td>Housing Costs</td>
<td>36%</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>64%</td>
</tr>
<tr>
<td>Lack of Corruption</td>
<td>17%</td>
</tr>
<tr>
<td>Lack of Local Protection</td>
<td>21%</td>
</tr>
<tr>
<td>Laws &amp; Regulations</td>
<td>38%</td>
</tr>
<tr>
<td>New Business Incentives Offered by Government</td>
<td>36%</td>
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<td>Office Lease Costs</td>
<td>47%</td>
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<td>Personal Security</td>
<td>28%</td>
</tr>
<tr>
<td>Sentiment towards the U.S.</td>
<td>60%</td>
</tr>
<tr>
<td>Stable Government &amp; Political System</td>
<td>26%</td>
</tr>
<tr>
<td>Tax Structure</td>
<td>34%</td>
</tr>
</tbody>
</table>

Profit Outlook 2017
- 77% Increase
- 4% Stay the Same
- 2% Decrease
- 2% Not Sure

Satisfaction with Government Agencies
Respondents are generally neutral about government agencies in Malaysia. No agencies receive a satisfaction rate of higher than 50% or a dissatisfaction rate of higher than 40%.

- 59% expect ASEAN markets will increase in importance over the next 2 years.
- 81% think their company’s trade & investment in ASEAN will increase over the next 5 years.
- 51% report that ASEAN markets have increased in importance over the past 2 years.
- 66% say their company’s trade and investment in ASEAN has increased over the past 2 years.

Workforce
- 25% Above 2000 Employees
- 19% 500 to Less than 2000 Employees
- 38% 50 to Less than 500 Employees
- 19% Below 50 Employees
- 75% of respondents’ workforces are comprised of more than 70% host country nationals.

Highly Valued Skills that Are Difficult to Find among Graduates

- 45% Management & Leadership
- 39% Data Analytics
- 35% Information Technology
- 32% Sales & Marketing

Impact of the Volatility of the Ringgit
- Positive: 22% Neutral/No Impact: 15%
- Negative: 64%
Business Expansion

- 26% plan to expand within Myanmar.
- 87% expect their workforce in Myanmar to increase in 2016.

Most targeted ASEAN country for expansion beyond Myanmar:
- 30% Cambodia
- 26% Laos
- 26% Vietnam

Profit Outlook 2017

- 91% increase

Stay the Same
- 9%

Local Business Environment

The chart below tracks U.S. investor satisfaction with 16 aspects of the business environment from 2013-16. The percentage of those indicating satisfaction in 2016 is listed in the right-hand column.

- **Business Factors**
  - 4-Year Trend
  - Current Satisfaction
  - Availability of Low Cost Labor: 35%
  - Availability of Raw Materials: 13%
  - Availability of Trained Personnel: 9%
  - Ease of Moving Your Products through Customs: 9%
  - Free Movement of Goods within the Region: 9%
  - Housing Costs: 0%
  - Infrastructure: 4%
  - Lack of Corruption: 0%
  - Lack of Local Protectionism: 0%
  - Laws & Regulations: 0%
  - New Business Incentives Offered by Government: 9%
  - Office Lease Costs: 4%
  - Personal Security: 70%
  - Sentiment towards the U.S.: 30%
  - Stable Government & Political System: 0%
  - Tax Structure: 0%

ASEAN Business Outlook

- 70% report that ASEAN markets have increased in importance over the past 2 years.
- 87% say their company's trade and investment in ASEAN has increased over the past 2 years.

Workforce

- 26% 500 to Less than 2000 Employees
- 22% 50 to Less than 500 Employees
- 52% Below 50 Employees

Highly Valued Skills that Are Difficult to Find among Graduates

Respondents who selected "Technical Skills" above further identified the following skills to be in high demand (respondents could choose more than one option):

- 52% Management & Leadership
- 45% Accounting
- 45% Foreign Language
- 45% Information Technology

In Your Opinion, What Should Be Myanmar's Top Three Priorities for Internal Economic Reform?

- 74% Develop the Banking and Financial System
- 74% Improve Overall Governance and Transparency
- 48% Improve Human Capital (Invest in Health and Education)
- 39% Improve the Availability and Reliability of Energy Generation
- 30% Further Lower Barriers to Trade and Investments
- 13% Improve Governance of Land Tenure and Property Rights
- 13% Tighten Macro-Economic Policies to Ensure Macro-Economic Stability
- 4% Diversify the Economy (Over-reliance on Agricultural Sector)

Satisfaction with Government Agencies

Respondents report dissatisfaction with Taxation/Revenue (70%) and Customs (65%) agencies.

- 57% expect ASEAN markets will increase in importance over the next 2 years.
- 100% think their company’s trade & investment in ASEAN will increase over the next 5 years.

Profit Outlook 2017

- 91% increase
**Local Business Environment**

The chart below tracks U.S. investor satisfaction with 16 aspects of the business environment from 2006-16. The percentage of those indicating satisfaction in 2016 is listed in the right-hand column.

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<td>Availability of Low Cost Labor</td>
<td>72%</td>
<td>19%</td>
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<tr>
<td>Availability of Raw Materials</td>
<td>19%</td>
<td>15%</td>
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<td>68%</td>
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<td>45%</td>
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<tr>
<td>Personal Security</td>
<td>77%</td>
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<td>13%</td>
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</tr>
</tbody>
</table>

**ASEAN Business Outlook**

57% report that ASEAN markets have increased in importance over the past 2 years.

60% say their company’s trade & investment in ASEAN has increased over the past 2 years.

59% expect ASEAN markets will increase in importance over the next 2 years.

91% think their company’s trade & investment in ASEAN will increase over the next 5 years.

**Workforce**

- 11% Above 2000 Employees
- 21% 500 to Less than 2000 Employees
- 47% 50 to Less than 500 Employees
- 21% Below 50 Employees

94% of respondents’ workforces are comprised of more than 70% host country nationals.

**Highly Valued Skills that Are Difficult to Find among Graduates**

- 50% Management & Leadership
- 44% Information Technology
- 38% Sales & Marketing
- 31% Data Analytics

Respondents Who Selected “Technical Skills” above Further Identified the Following Skills to Be in High Demand (Respondents Could Choose More than One Option):

- 45% Creativity and Innovativeness
- 44% Analytical and Problem-Solving
- 44% Communication and Cross-Collaboration
- 41% Adaptability and Flexibility
- 38% Overseas Experience
- 38% Positive Work Attitude
- 38% Willingness to Take Risk / Entrepreneurial Spirit
- 38% Technical Skills

**Profit Outlook 2017**

- Decrease: 4%
- Not Sure: 6%
- Stay the Same: 11%
- Increase: 79%

**Satisfaction with Government Agencies**

Respondents report dissatisfaction with Customs (55%) and Taxation/Revenue (43%).
Satisfaction with Government Agencies

Respondents report satisfaction with Taxation/Revenue (69%), Immigration (66%), Agency to Promote/Develop Investment (57%), Ministry of Trade/Commerce (54%), and Customs (50%).

Business Expansion

26% plan to expand within Singapore.

47% expect their workforce in Singapore to increase in 2016.

Most targeted ASEAN country for expansion beyond Singapore:

- Indonesia: 58%
- Vietnam: 54%
- Thailand: 48%
- Malaysia: 26%
- Philippines: 25%

Task Outlook 2017

Profit Outlook 2017

Stay the Same: 14%
Increase: 78%
Decrease: 4%
Not Sure: 4%

Most targeted ASEAN country for expansion beyond Singapore:

- Indonesia: 58%
- Vietnam: 54%
- Thailand: 48%
- Malaysia: 26%
- Philippines: 25%

Highly Valued Skills that Are Difficult to Find among Graduates

Respondents Who Selected “Technical Skills” above Further Identified the Following Skills to Be in High Demand (Respondents Could Choose More than One Option):

- Creativity and Innovativeness
- Analytical and Problem-Solving
- Communication and Cross-Collaboration
- Adaptability and Flexibility
- Overseas Experience
- Positive Work Attitude
- Willingness to Take Risk / Entrepreneurial Spirit
- Technical Skills

ASEAN Business Outlook

52% report that ASEAN markets have increased in importance over the past 2 years.

72% say their company’s trade & investment in ASEAN has increased over the past 2 years.

56% expect ASEAN markets will increase in importance over the next 2 years.

85% think their company’s trade & investment in ASEAN will increase over the next 5 years.

Workforce

- 5% Above 2000 Employees
- 11% 50 to Less than 2000 Employees
- 36% 50 to Less than 500 Employees
- 48% Below 50 Employees

38% of respondents’ workforces are comprised of more than 70% host country nationals.

Please Rate Your Company’s Current Satisfaction with the Cost-Benefit Ratio of Operating in Singapore.

- 3% Significantly Higher Benefits to Costs
- 17% Higher Benefits to Costs
- 46% Roughly Equal Benefits to Costs
- 31% Higher Costs to Benefits
- 3% Significantly Higher Costs to Benefits

How Has Your Company’s Cost-Benefit Ratio of Operating in Singapore Changed Over the Past Five Years?

- 2% Significantly Higher Benefits to Costs
- 17% Higher Benefits to Costs
- 41% Roughly Equal Benefits to Costs
- 38% Higher Costs to Benefits
- 2% Significantly Higher Costs to Benefits

U.S. Investors’ Sentiments and Perceptions in Singapore

U.S. Investors’ Sentiments and Perceptions in Singapore

Population: 5,562,000 2015
GDP per capita (current US$): 56,284.30 2014
GDP annual growth: 2.5% 2014
Source: The World Bank
The chart below tracks U.S. investor satisfaction with 16 aspects of the business environment from 2006-16. The percentage of those indicating satisfaction in 2016 is listed in the right-hand column.

### Local Business Environment

<table>
<thead>
<tr>
<th>Business Factors</th>
<th>2016 Satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit Outlook 2017</td>
<td>70% Increase</td>
</tr>
<tr>
<td>Most targeted ASEAN country for expansion beyond Thailand:</td>
<td>44% Myanmar, 37% Vietnam, 36% Indonesia</td>
</tr>
<tr>
<td>Business Expansion</td>
<td>21% plan to expand within Thailand, 52% expect their workforce in Thailand to remain about the same in 2016</td>
</tr>
<tr>
<td>Workforce</td>
<td>16% Above 2000 Employees, 12% 500 to Less than 2000 Employees, 38% 50 to Less than 500 Employees, 33% Below 50 Employees</td>
</tr>
<tr>
<td>Satisfaction with Government Agencies</td>
<td>Respondents report dissatisfaction with Customs (42%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Highly Valued Skills that Are Difficult to Find among Graduates</th>
<th>ASEAN</th>
<th>Thailand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management &amp; Leadership</td>
<td>56%</td>
<td>46%</td>
</tr>
<tr>
<td>Foreign Language</td>
<td>58%</td>
<td>44%</td>
</tr>
<tr>
<td>Sales &amp; Marketing</td>
<td>38%</td>
<td>42%</td>
</tr>
<tr>
<td>Information Technology</td>
<td>28%</td>
<td>41%</td>
</tr>
</tbody>
</table>

Respondents Who Selected “Technical Skills” above further identified the following skills to be in high demand (Respondents could choose more than one option):

- Creativity and Innovativeness
- Analytical and Problem-Solving Skills
- Communication and Cross-Collaboration
- Adaptability and Flexibility
- Overseas Experience
- Positive Work Attitude
- Willingness to Take Risk / Entrepreneurial Spirit
- Technical Skills
Business Expansion

- 36% plan to expand within Vietnam.
- 61% expect their workforce in Vietnam to increase in 2016.

Most targeted ASEAN country for expansion beyond Vietnam:
- 38% Myanmar
- 34% Cambodia
- 29% Indonesia

Profit Outlook 2017

- 87% Increase
- 10% Stay the Same
- 3% Not Sure

Local Business Environment

The chart below tracks U.S. investor satisfaction with 16 aspects of the business environment from 2006-16. The percentage of those indicating satisfaction in 2016 is listed in the right-hand column.

Business Factors
- Availability of Low Cost Labor: 65%
- Availability of Raw Materials: 24%
- Availability of Trained Personnel: 24%
- Ease of Moving Your Products through Customs: 20%
- Free Movement of Goods within the Region: 33%
- Housing Costs: 30%
- Infrastructure: 13%
- Lack of Corruption: 6%
- Lack of Local Protectionism: 15%
- Laws & Regulations: 15%
- New Business Incentives Offered by Government: 14%
- Office Lease Costs: 35%
- Personal Security: 65%
- Sentiment towards the U.S.: 70%
- Stable Government & Political System: 64%
- Tax Structure: 10%

ASEAN Business Outlook

- 58% report that ASEAN markets have increased in importance over the past 2 years.
- 83% say their company’s trade & investment in ASEAN has increased over the past 2 years.

Satisfaction with Government Agencies

Respondents report dissatisfaction with Customs (46%) and Taxation/Revenue (42%).

- 75% expect ASEAN markets will increase in importance over the next 2 years.
- 99% think their company’s trade & investment in ASEAN will increase over the next 5 years.

Workforce

- 5% Above 2000 Employees
- 14% 500 to Less than 2000 Employees
- 45% 50 to Less than 500 Employees
- 36% Below 50 Employees

Highly Valued Skills that Are Difficult to Find among Graduates

- 45% Management & Leadership
- 44% Sales & Marketing
- 44% Technical Skills
- 49% International Knowledge
- 51% Work Experience in Asia
- 25% Foreign Language
- 24% Customer Service
- 21% Overseas Experience
- 20% Willingness to Take Risk / Entrepreneurial Spirit
- 25% Positive Work Attitude
- 21% Creativity and Innovativeness
- 20% Communication and Cross-Collaboration
- 19% Adaptable / Flexible
- 18% Analytical and Problem-Solving
- 17% Positive Work Attitude
- 16% Positive Work Attitude
- 14% Technical Skills

To What Extent Do You Think that the Equitization/Privatization of Vietnam’s State-owned Enterprises Presents Commercial Opportunities for Your Company?

- 20% Significantly More Commercial Opportunities
- 33% More Commercial Opportunities
- 45% Neutral / Remain about the Same
- 2% Less Commercial Opportunities
- 0% Significantly Less Commercial Opportunities
Companies' Global Business Functions

Area of Responsibility

- In the 2017 ASEAN Business Outlook Survey, the most represented country is Singapore, whose respondents constitute 32% of the total number surveyed, followed by Vietnam at 19% of the total sample. Brunei, Laos, and Myanmar are the least represented in the survey, combined, they represent only 10% of the total sample.
- The majority of respondents are responsible for more than one country (52%) and 62% of respondents in the services sector.
- More than half (51%) of surveyed business executives have been operating in the ASEAN region for 20 years or more.

Companies' Global Business Functions

<table>
<thead>
<tr>
<th>Area of Responsibility</th>
<th>ASEAN</th>
<th>Brunei</th>
<th>Cambodia</th>
<th>Indonesia</th>
<th>Laos</th>
<th>Malaysia</th>
<th>Myanmar</th>
<th>Philippines</th>
<th>Singapore</th>
<th>Thailand</th>
<th>Vietnam</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Estate Development &amp; Leasing</td>
<td>8%</td>
<td>19%</td>
<td>9%</td>
<td>5%</td>
<td>0%</td>
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</tr>
<tr>
<td>Software, IT, &amp; Telecommunications</td>
<td>21%</td>
<td>30%</td>
<td>16%</td>
<td>21%</td>
<td>12%</td>
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<tr>
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<tr>
<td>Architecture &amp; Engineering</td>
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<td>16%</td>
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<tr>
<td>Banking &amp; Finance</td>
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<td>Marketing &amp; Communications</td>
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<td>Aerospace &amp; Defense</td>
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<td>Manufacturing</td>
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<td>Food &amp; Food Products</td>
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<td>Oil &amp; Petrochemical</td>
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<td>Pharmaceuticals/Medicines</td>
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</tbody>
</table>

Size of Workforce (Number of Employees)

- 5% of respondents are responsible for multiple countries.
- More than half (51%) of surveyed business executives have been operating in the ASEAN region for 20 years or more.

Percentage of ASEAN Turnover Represented in Response Location

- The majority of respondents are responsible for more than one country (52%) and 62% of respondents in the services sector.
- More than half (51%) of surveyed business executives have been operating in the ASEAN region for 20 years or more.

2015 Turnover in Response Country (US$)

<table>
<thead>
<tr>
<th>Turnover Range</th>
<th>ASEAN</th>
<th>Brunei</th>
<th>Cambodia</th>
<th>Indonesia</th>
<th>Laos</th>
<th>Malaysia</th>
<th>Myanmar</th>
<th>Philippines</th>
<th>Singapore</th>
<th>Thailand</th>
<th>Vietnam</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below $1 million</td>
<td>17%</td>
<td>32%</td>
<td>46%</td>
<td>8%</td>
<td>42%</td>
<td>6%</td>
<td>30%</td>
<td>15%</td>
<td>17%</td>
<td>12%</td>
<td>14%</td>
</tr>
<tr>
<td>$1 million to &lt; $50 million</td>
<td>42%</td>
<td>58%</td>
<td>31%</td>
<td>43%</td>
<td>25%</td>
<td>28%</td>
<td>44%</td>
<td>40%</td>
<td>48%</td>
<td>47%</td>
<td></td>
</tr>
<tr>
<td>$50 million to &lt; $100 million</td>
<td>9%</td>
<td>0%</td>
<td>8%</td>
<td>10%</td>
<td>17%</td>
<td>6%</td>
<td>9%</td>
<td>6%</td>
<td>9%</td>
<td>10%</td>
<td>13%</td>
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<tr>
<td>$100 million to &lt; $500 million</td>
<td>18%</td>
<td>5%</td>
<td>4%</td>
<td>28%</td>
<td>8%</td>
<td>38%</td>
<td>24%</td>
<td>21%</td>
<td>13%</td>
<td>17%</td>
<td>18%</td>
</tr>
<tr>
<td>$500 million to &lt; $1 billion</td>
<td>3%</td>
<td>0%</td>
<td>4%</td>
<td>0%</td>
<td>0%</td>
<td>9%</td>
<td>4%</td>
<td>0%</td>
<td>4%</td>
<td>5%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Percentage of ASEAN Turnover Represented in Response Location

- The majority of respondents are responsible for more than one country (52%) and 62% of respondents in the services sector.
- More than half (51%) of surveyed business executives have been operating in the ASEAN region for 20 years or more.

Length of Company's Time in ASEAN

- The majority of respondents are responsible for more than one country (52%) and 62% of respondents in the services sector.
- More than half (51%) of surveyed business executives have been operating in the ASEAN region for 20 years or more.

Profile of Respondents

- The majority of respondents are responsible for more than one country (52%) and 62% of respondents in the services sector.
- More than half (51%) of surveyed business executives have been operating in the ASEAN region for 20 years or more.
SURVEY METHODOLOGY

**Sample Size**

A list of AmCham members from U.S. companies with email contacts was provided by each American Chamber of Commerce or chapter:

- Cambodia: List of 98 members, response rate was 27% (26)
- Indonesia: List of 301 members, response rate was 13% (40)
- Malaysia: List of 356 members, response rate was 15% (53)
- Myanmar: List of 132 members, response rate was 17% (23)
- Laos: List of 19 members, response rate was 63% (12)
- Philippines: List of 208 members, response rate was 26% (55)
- Singapore: List of 1,126 members, response rate was 10% (112)
- Thailand: List of 393 members, response rate was 21% (81)
- Vietnam: List of 470 members, response rate was 21% (100)

A list of business executives contacted with the help of the U.S. Embassy in the response location:

- Brunei: List of 51 executives, response rate was 37% (19)

Overall: List of 3,154 members & executives, response rate was 17% (539)

**Data Collection Method**

Web-based, self-administered survey. No enforcement on participation.

**Date Collection Period**

April 25, 2016 to May 24, 2016

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ACKNOWLEDGMENTS

This report was compiled and published by The American Chamber of Commerce in Singapore and the U.S. Chamber of Commerce.

**Editor-In-Chief:**

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