



DEZAN SHIRA & ASSOCIATES

Your Partner for Growth in Asia

Exploring Southeast Asia's 2023 Outlook

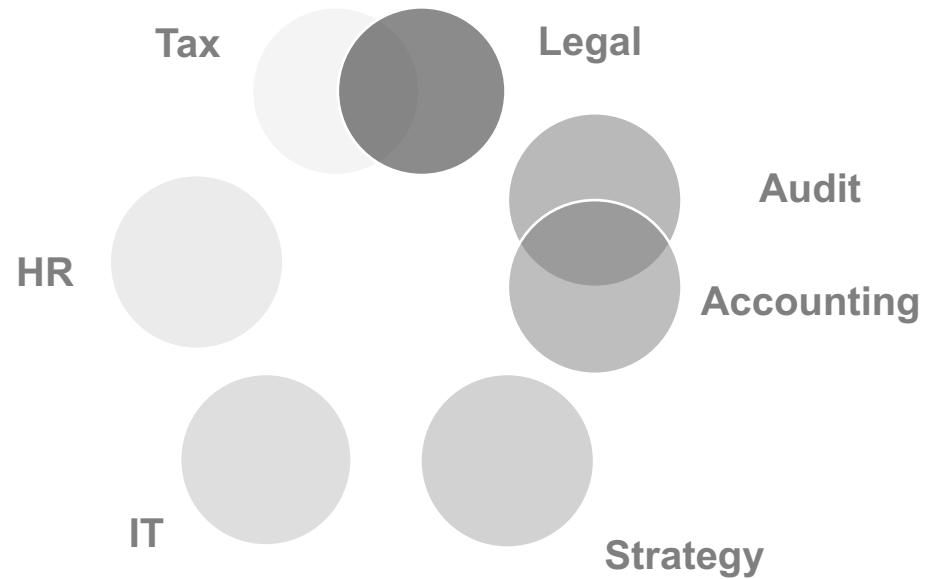
Opportunities and Trends

2023



Our Services *integrated solutions*

Traditional Model



Dezan Shira & Associates' Integrated Pan-Asia Model



Investor Resources



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Today's Speaker



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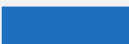



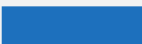
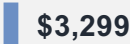







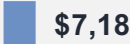














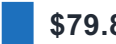





- Singapore
- Vietnam



Association of Southeast Asian Nations (ASEAN)



- Intergovernmental organization of 10 Southeast Asian countries
- Key statistics:
 - Total area of 4,522,518 km² (1,746,154 sq mi)
 - Total Population of 668 million
 - Combined GDP of 3.2 trillion
- Promotes:
 - Intergovernmental cooperation
 - Economic, political, security, military, educational, and sociocultural integration among members
- Consists of 3 pillars:
 - ASEAN Security Community
 - ASEAN Economic Community
 - ASEAN Socio-Cultural Community
- Objectives include:
 - Primarily objective to accelerate economic growth (and through that social progress and cultural development)
 - Secondary objective to promote regional peace and stability based on rule of law and principles of UN Charter
- Structure consists of:
 - Led by Chair (rotates annually among member states)
 - Assisted by Secretariat (based in Jakarta)
 - Reaches important decisions by consensus among member states

		Entry to ASEAN	Population <i>(million)</i>	GDP <i>(USD, 2021)</i>	GDP Per Capita <i>(USD, 2021)</i>
	Indonesia	1967	 273.5	 \$110,000.0	 \$3,870
	Malaysia	1967	 32.4	 \$337.0	 \$10,412
	Philippines	1967	 109.6	 \$362	 \$3,299
	Singapore	1967	 5.7	 \$340.0	 \$59,798
	Thailand	1967	 69.8	 \$501.6	 \$7,187
	Brunei	1984	 0.4	 \$12.0	 \$27,443
	Vietnam	1995	 97.3	 \$271.2	 \$2,786
	Laos	1999	 7.3	 \$19.1	 \$2,630
	Myanmar	1999	 54.4	 \$79.8	 \$1,468
	Cambodia	1999	 16.7	 \$25.8	 \$1,544

ASEAN Economic Development



Economic Accomplishments

- Creation of ASEAN Free Trade Area (AFTA)
 - Reduced average tariff amongst members from 7% in 1996 to effectively zero
- 6 free trade agreements
 - 5 bilateral agreements
 - 1 multilateral agreement (see below)
- Regional Comprehensive Economic Partnership (RCEP)
 - 15 members account for 30% of world population and 30% of GDP



Economic Challenges

- Non-tariff barriers and government mandated investment prohibitions remain in many member states
- Large differences in GDP per capita and economic development
- Intra-ASEAN trade as a share of the bloc's overall trade remains low, at 21%
- Requires consensus of all members to take any action

Major Multilateral Free Trade Agreements in Asia Pacific



U.S. Treaty Partner ¹

**Quadrilateral Security Dialogue ²
(Quad)**

**Association of Southeast Asian Nations
(ASEAN)**

Other

NOTES

1. Treaty Partners refers to countries that hold significant defense and/or free trade agreements with the U.S., including:
 - Mutual Defense Treaty between the United States and the Republic of Korea; Free Trade Agreement Between the United States of America and the Republic of Korea (KORUS FTA);
 - Australia, New Zealand, and United States Security Treaty (ANZUS Treaty);
 - Agreement between the United States of America, the United Mexican States, and Canada (USMCA);
 - United States-Chile Free Trade Agreement;
 - United States-Peru Trade Promotion Agreement.

1. Australia and Japan have been listed as Quad partners but also hold significant defense and/or free trade agreements with the U.S.

Key ASEAN Economies

Investment
Hub



Singapore

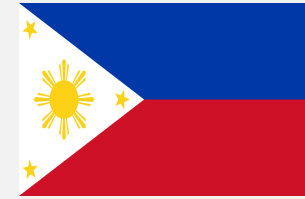
Emerging
Economies



Vietnam



Indonesia



Philippines

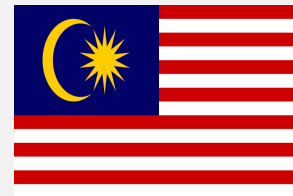
Manufacturing

Outsourcing

Traditional
Growth Engines









Thailand

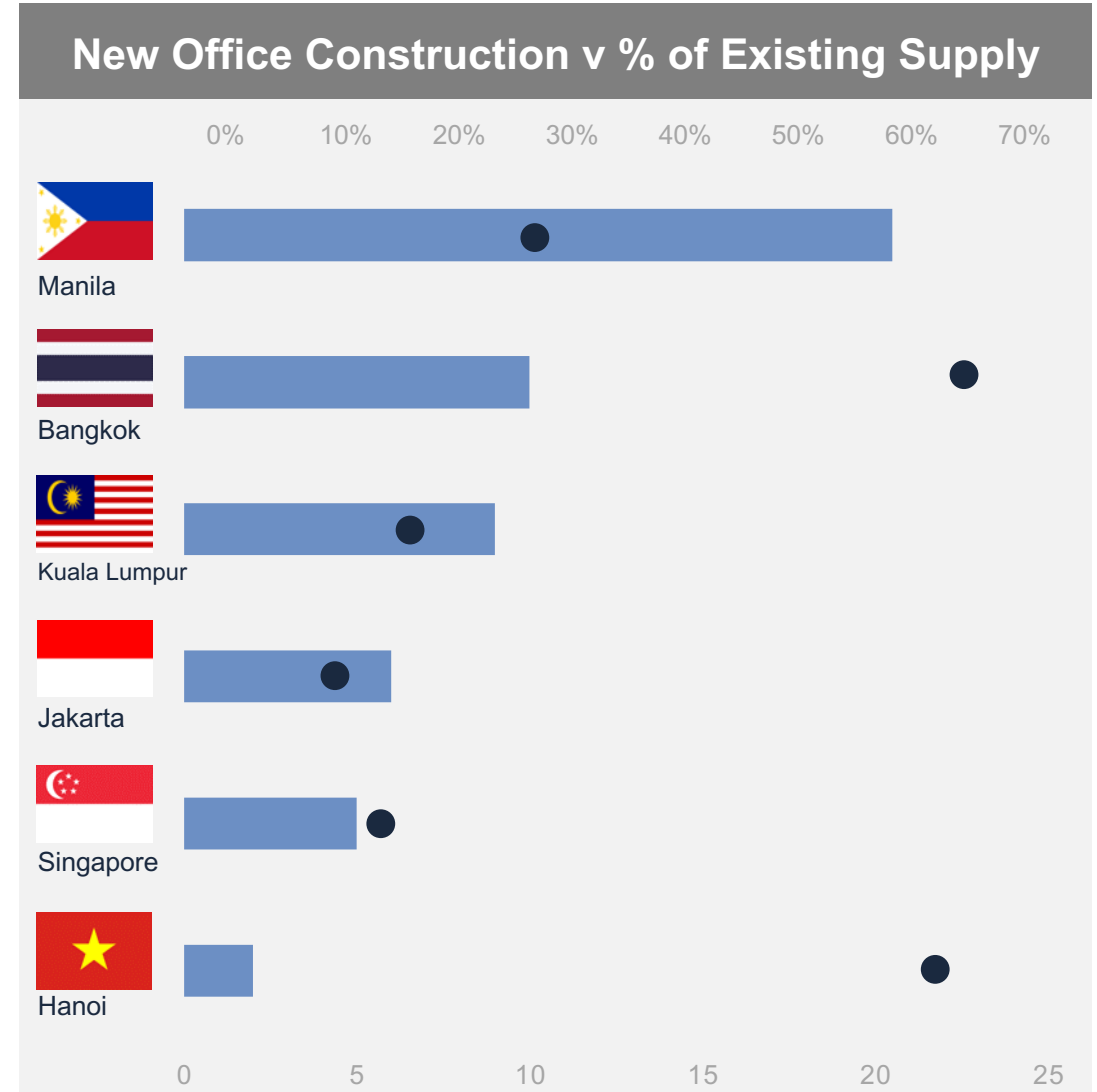
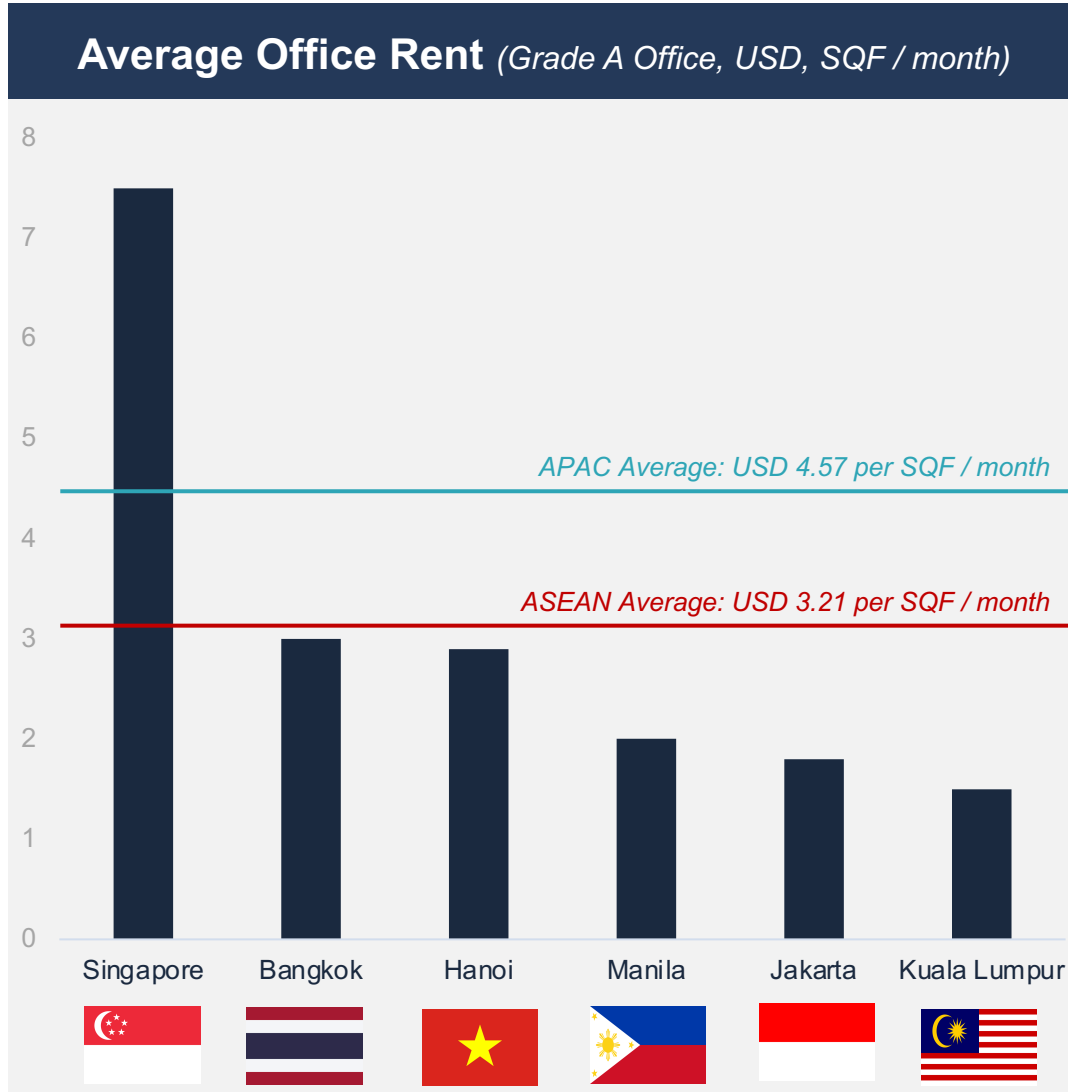


Malaysia

Labor Costs & Trends

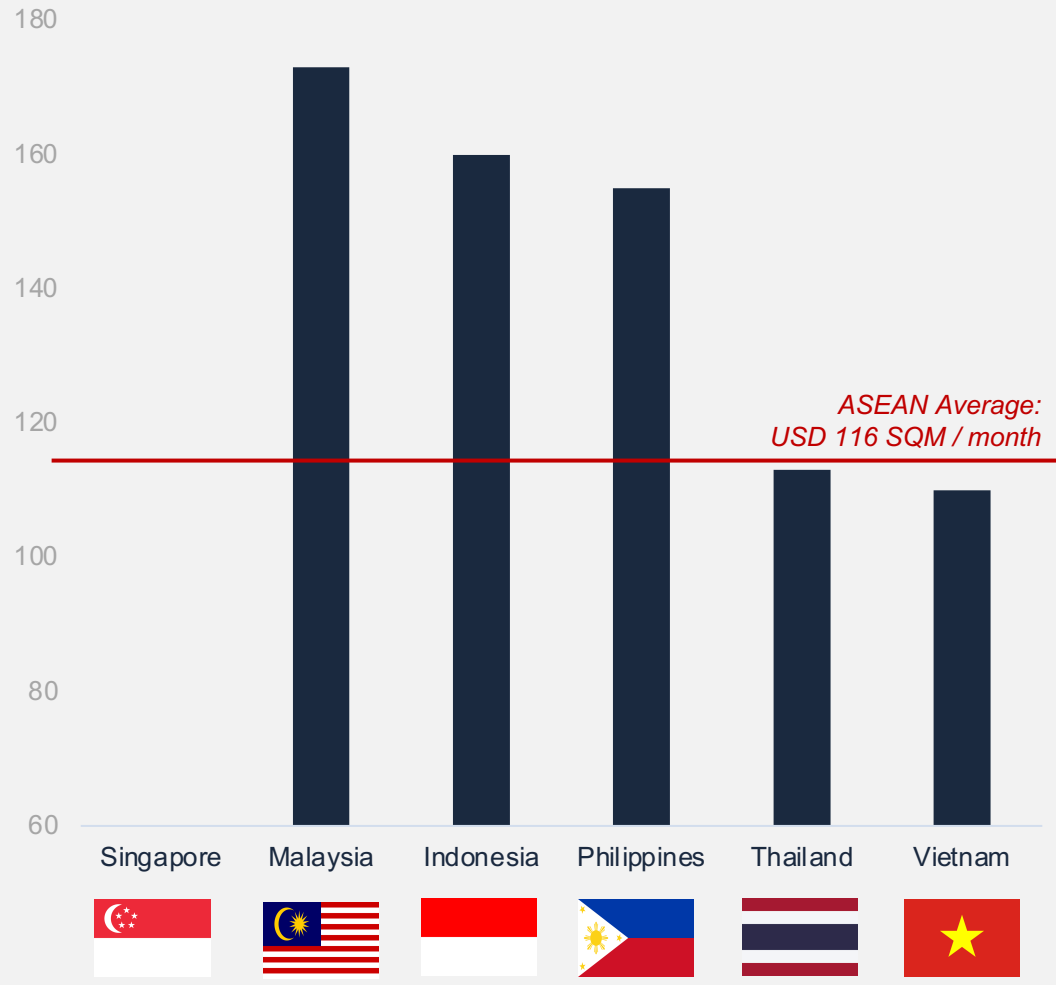
		Labor Force	Median Working Age	Tertiary Education	GDP Per Work Hour	Average Income
	Indonesia	133.3	23.5	13.2%	\$12.96	\$494.16
	Vietnam	57.6	24.7	15.6%	\$10.22	\$499.14
	Philippines	41.1	24.6	9.6%	\$10.07	\$432.68
	Thailand	39.5	32.7	18.1%	\$15.06	\$639.94
	Malaysia	15.1	28.1	29.4%	\$25.59	\$1,281.80
	Singapore	3.5	39.6	55.6%	\$74.15	\$4,906.59

Office Rental

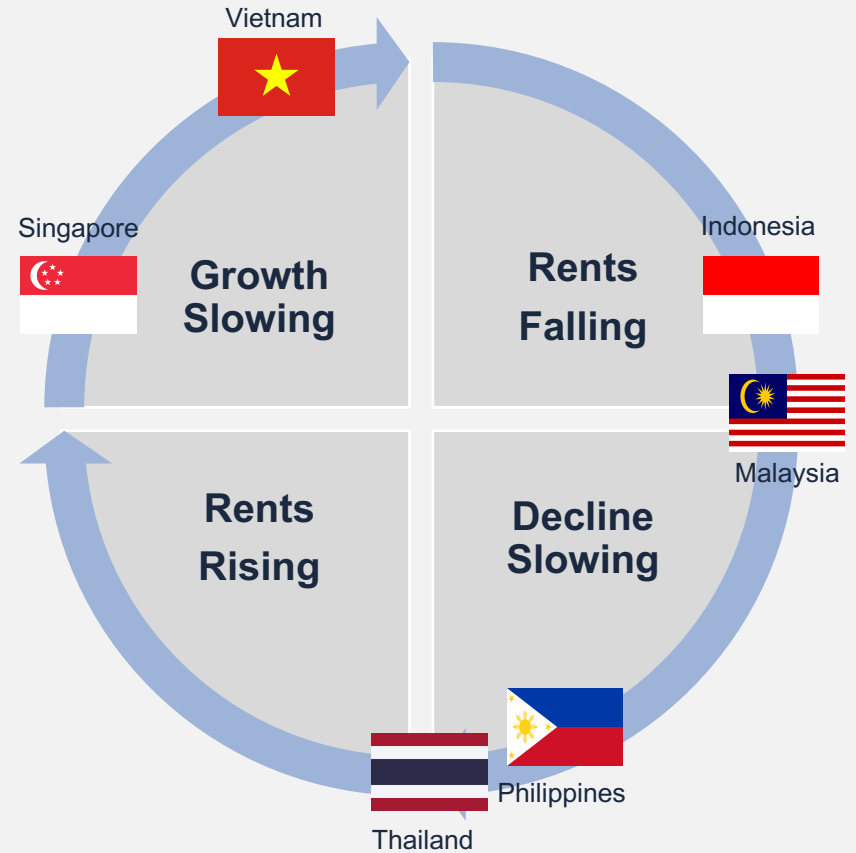


Industrial Land

Average Industrial Land Rent Price (USD, SQM / month)

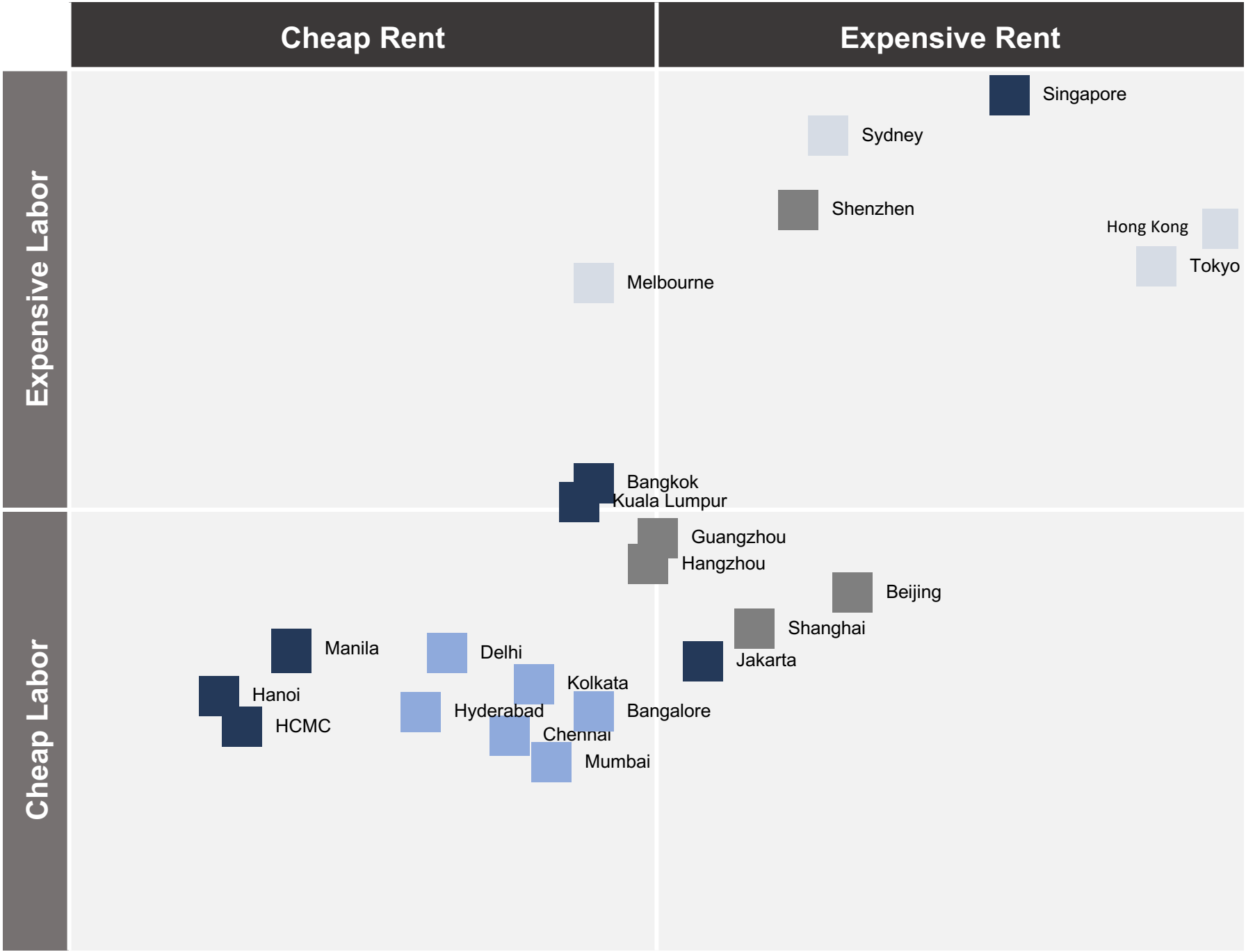


Industrial Land Rent “Price Clock”



NOTE: represent rent change v pace of change

Industrial Land & Industrial Labor Costs



- ASEAN
- China
- India
- Other

Source: Hickey & Associates, Cushman & Wakefield

Political Risk *recent / upcoming major political events*



Singapore

- Stable political environment
- Rising cost of living



Vietnam

- Recent anti-corruption campaign
- Slowing property market



Indonesia

- Presidential election in early 2024
- Recent export bans on certain commodities
- Moving capital from Jakarta



Philippines

- New President in elected in late 2022
- “Hot” South China Sea territorial dispute with China



Malaysia

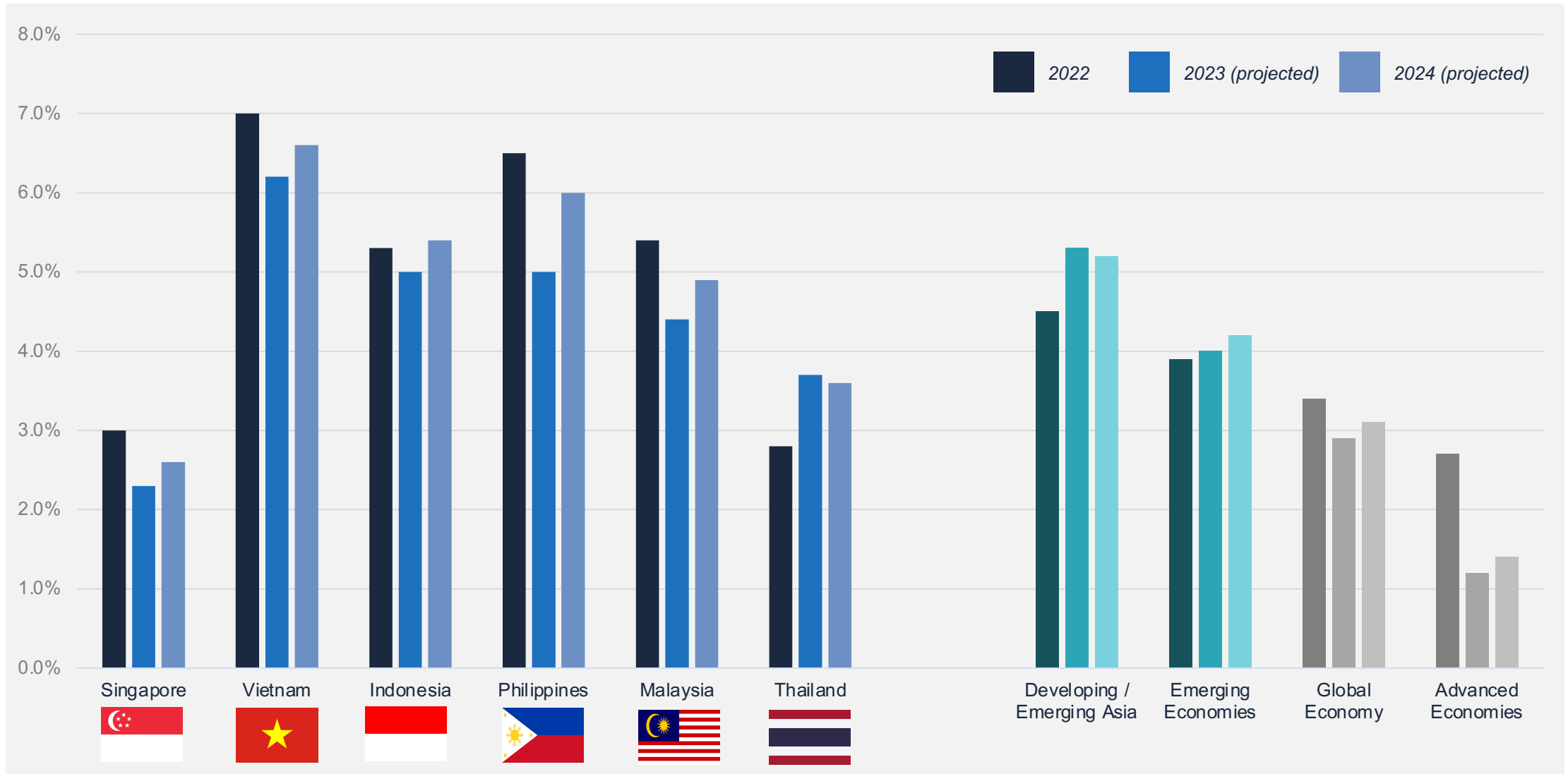
- 1MDB scandal in 2016
- 2020-2022 political crisis, culminating in elections at end of 2022



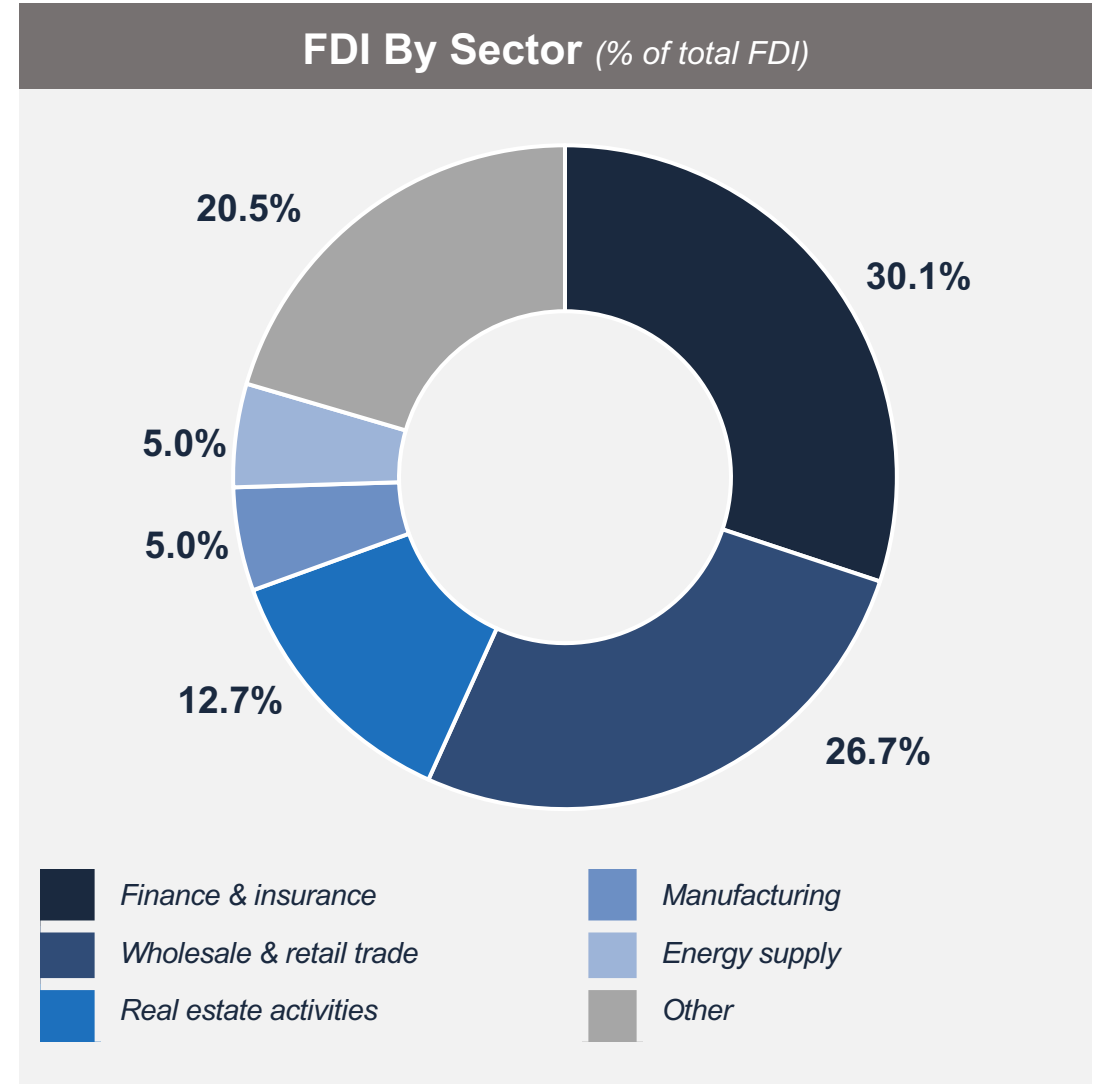
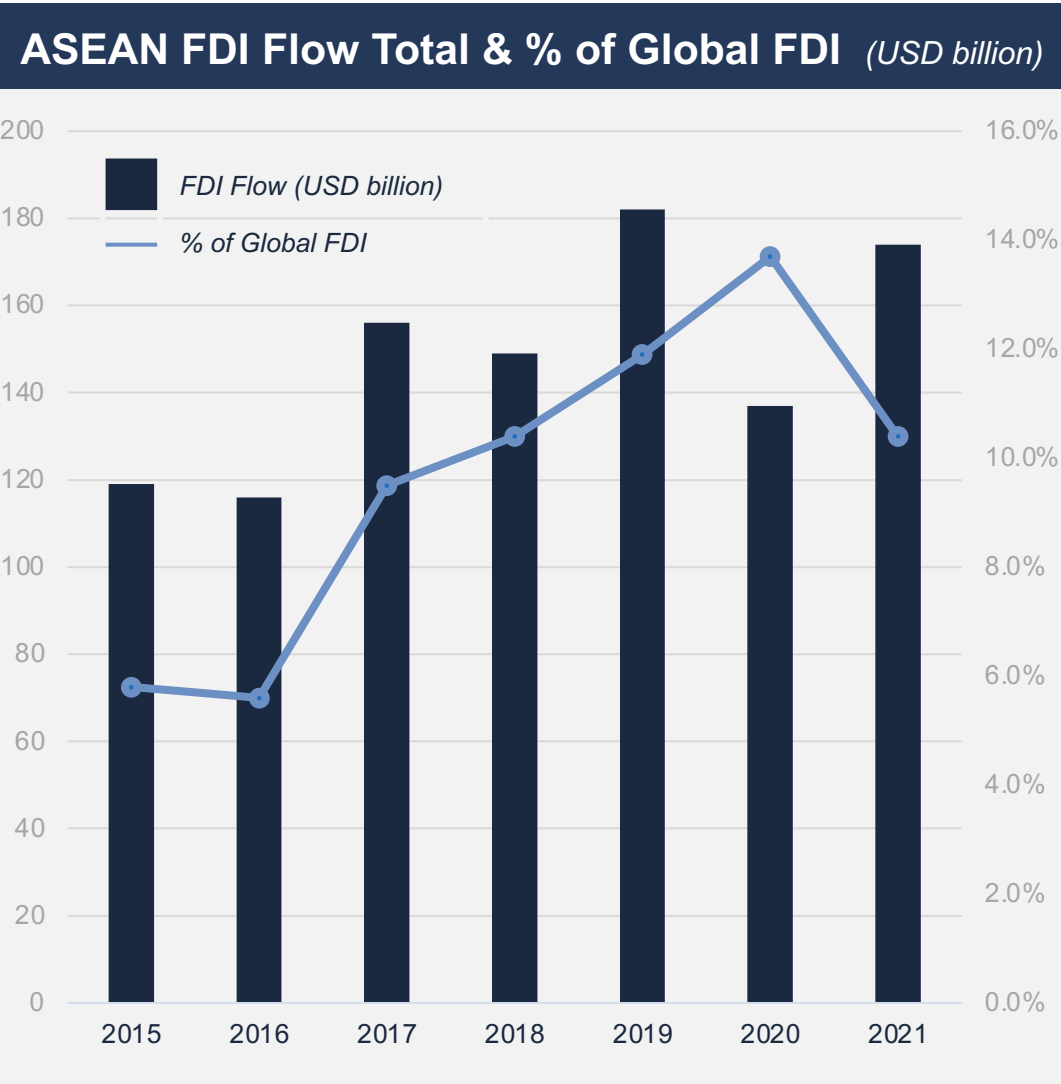
Thailand

- 2014 military coup and revised constitution in 2016
- General elections in May 2023

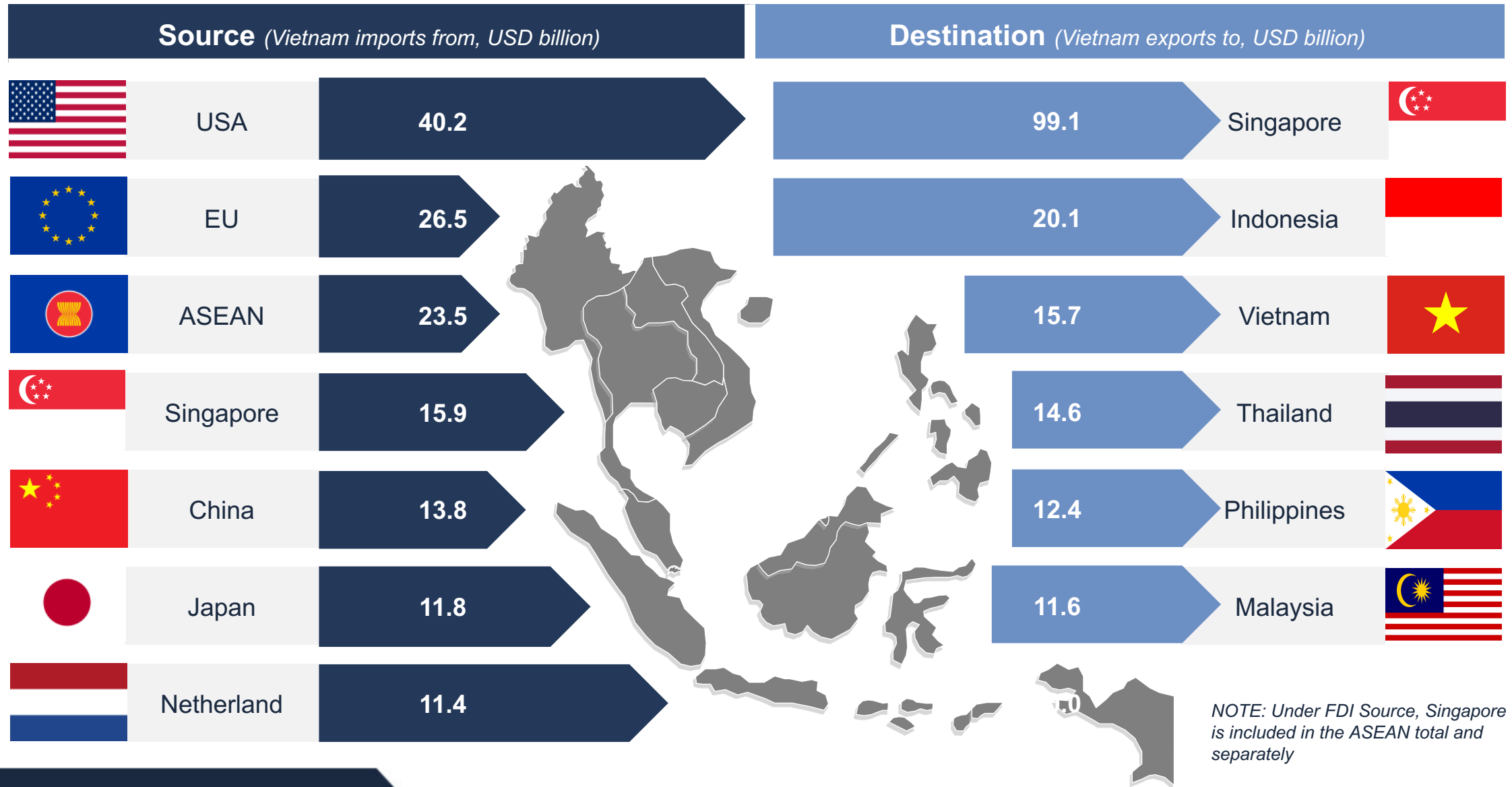
Real GDP Growth *(IMF – 2022 actual, 2023 & 2024 projected)*



Foreign Direct Investment (FDI) in ASEAN, 2021



Foreign Direct Investment (FDI) *ASEAN, 2021*

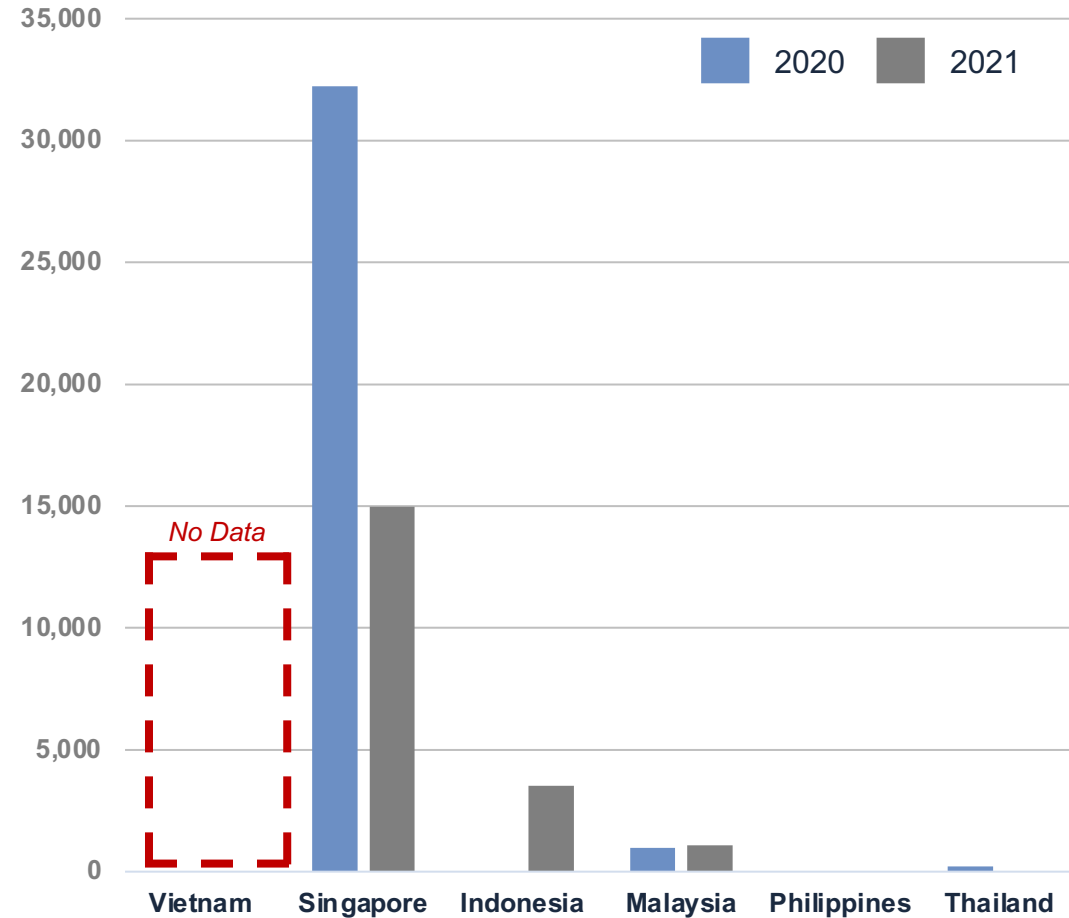


*

NOTE: Under FDI Source, Singapore is included in the ASEAN total and separately

US Investment Sentiment *Key Asia Markets*

US FDI Flows (2020 + 2021, USD Million)



US FDI Flows (accumulated Q1-Q3 2021 v 2022, USD Million)

	2021	2022	% Growth
Vietnam	<i>No US Government Data</i>		
Singapore	12,612	28,075	55.1%
Indonesia	2,189	253	-765.2%
Malaysia	849	152	-458.6%
Philippines	-708	967	173.2%
Thailand	-912	803	213.6%



DEZAN SHIRA & ASSOCIATES

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Singapore




Economy *2022 at a glance*




3.6%
Real GDP Growth Rate



10.6%
Total Trade Growth Rate (Import + Export)



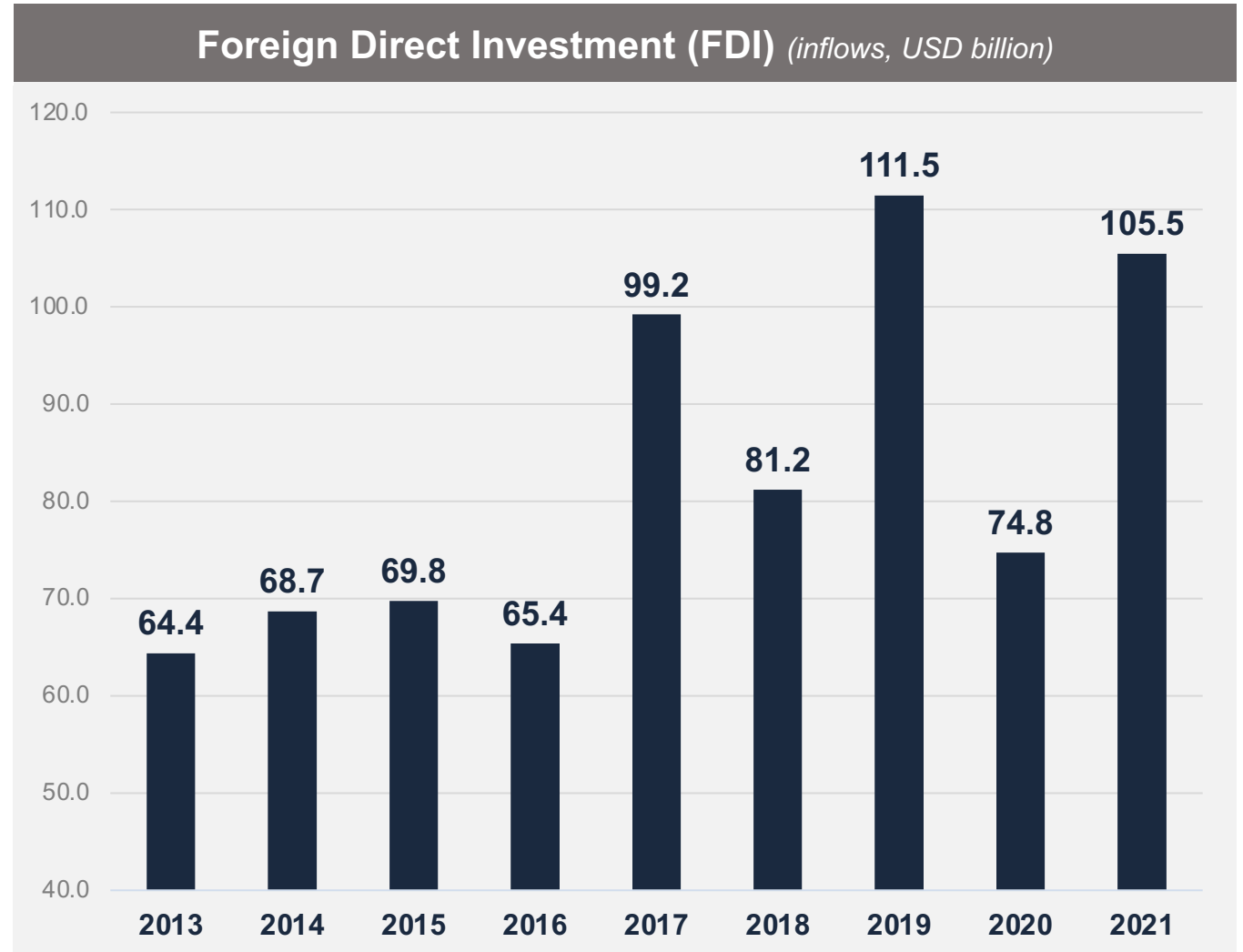
17.7%
Retail Sales Growth Rate



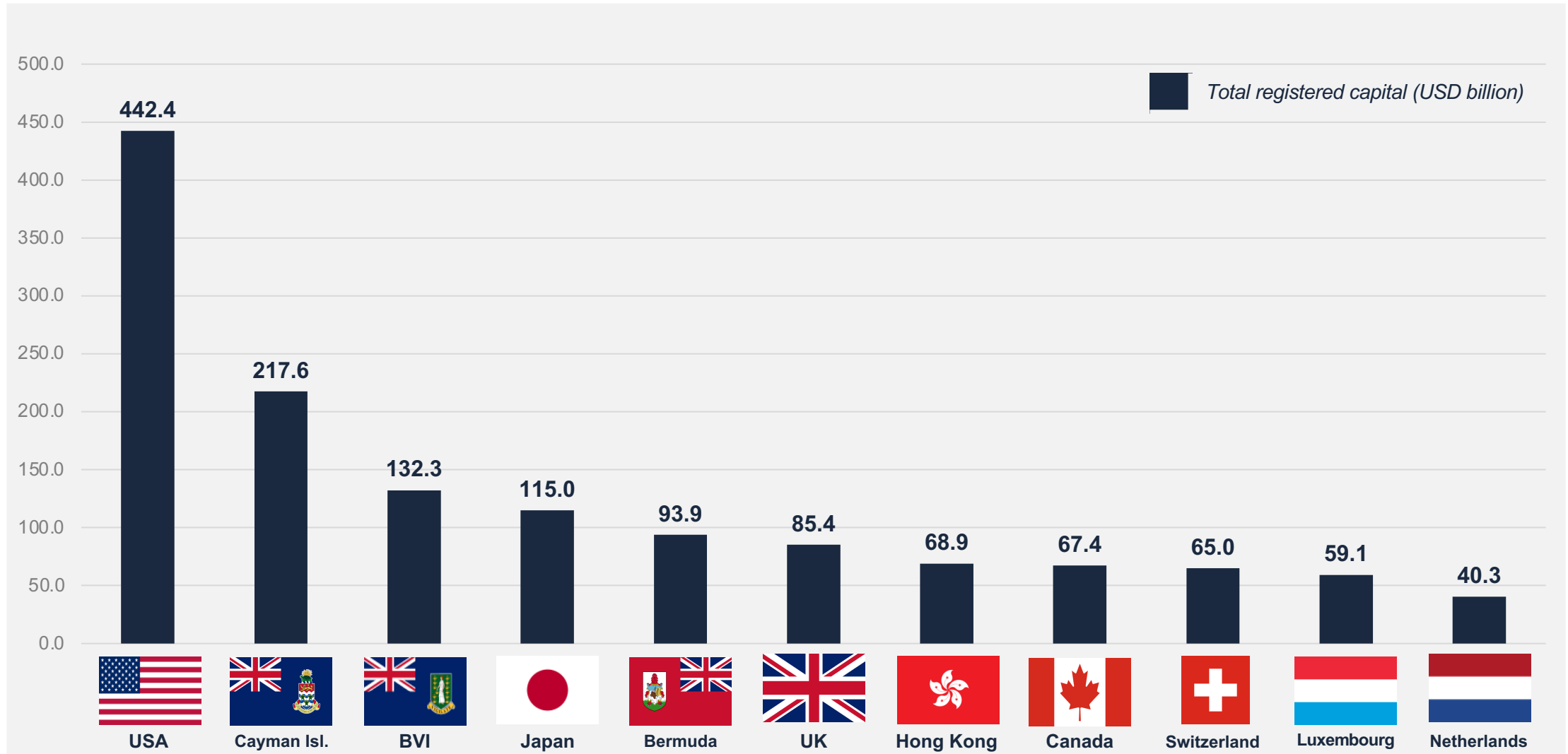
2x
More FDI than next highest Asia recipient



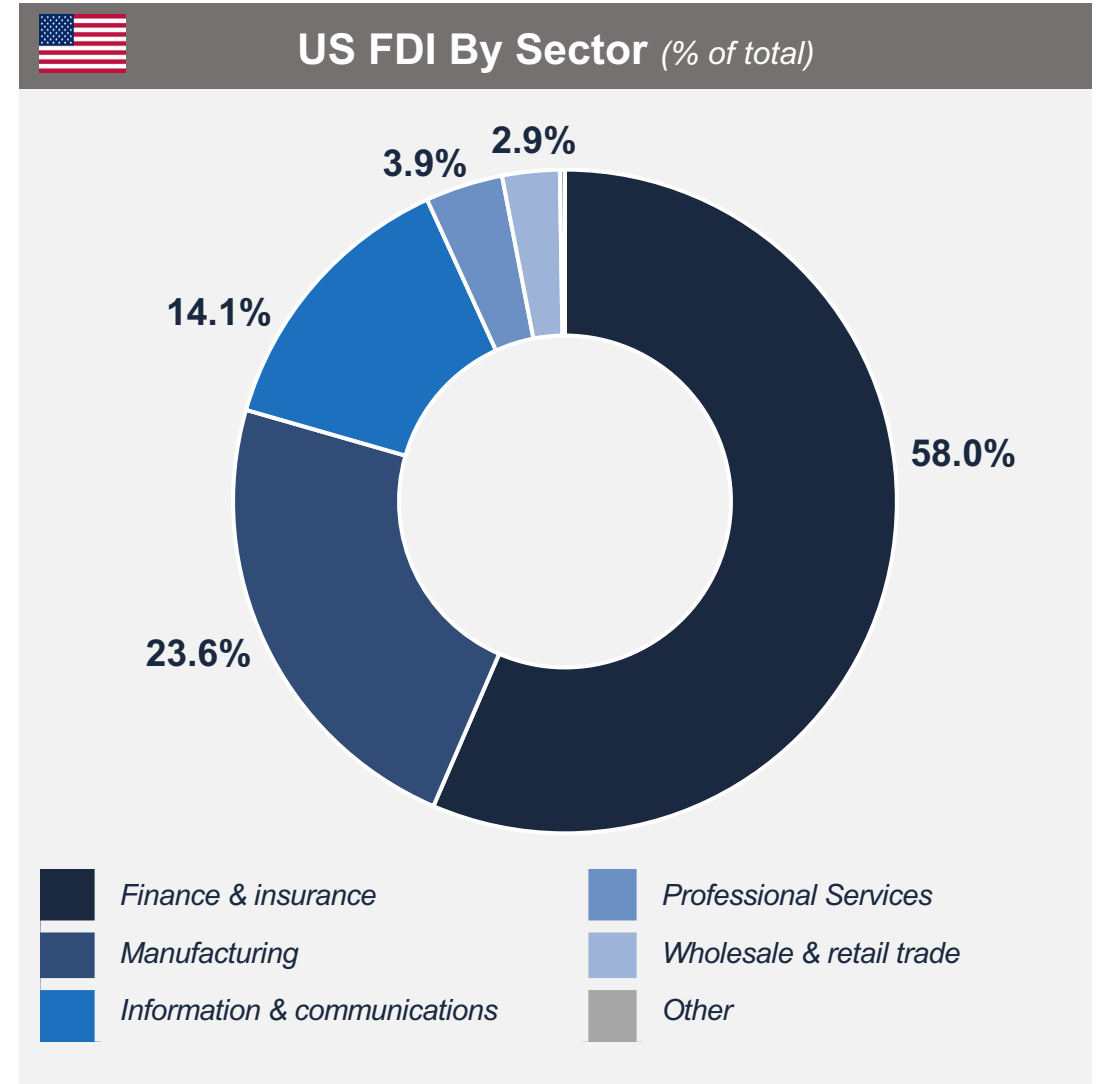
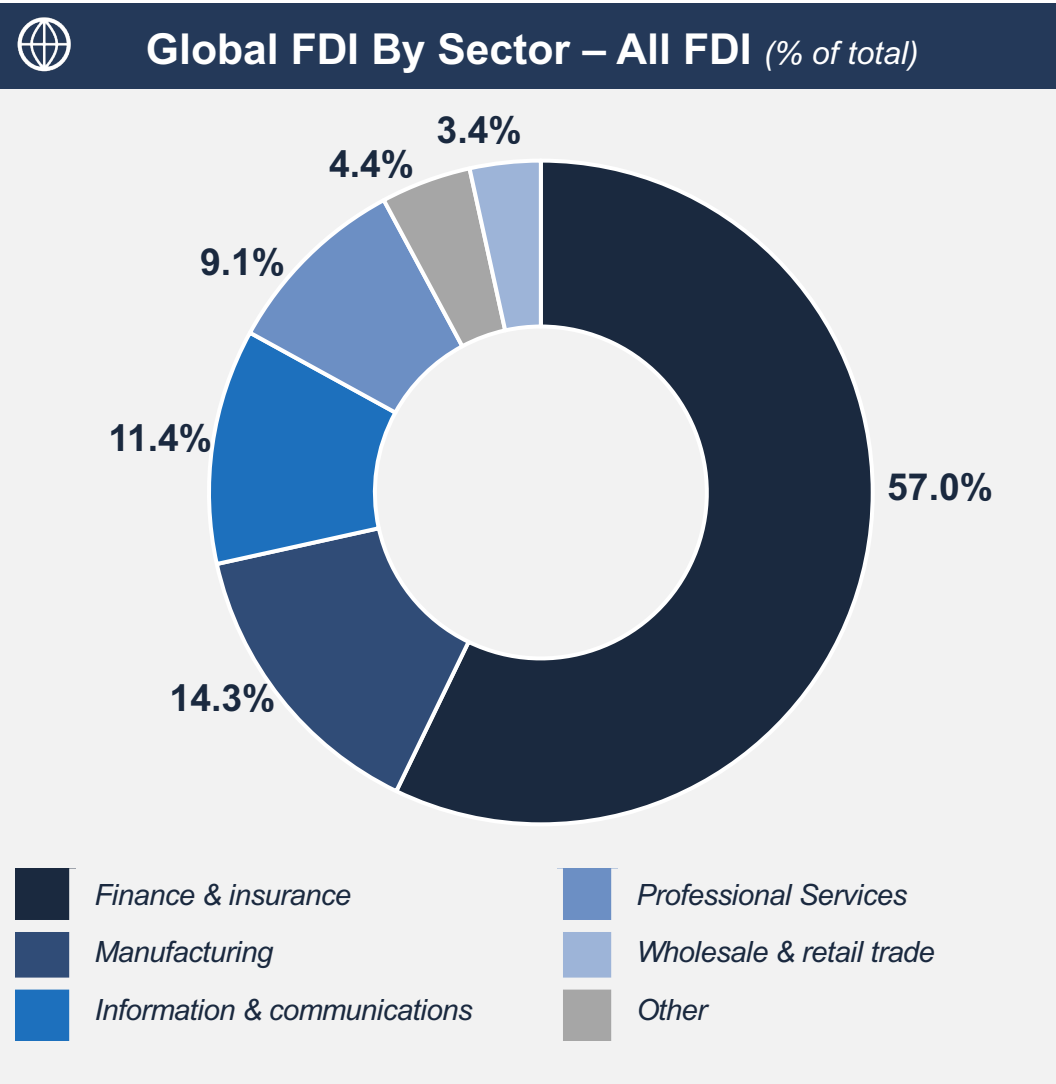
10.1%
Of all FDI in Asia (2021)



Top Foreign Investors in Singapore, 2021



Foreign Direct Investment (FDI) in Singapore, 2021



	Singapore	Hong Kong
Corporate Income Tax (CIT)	17%	16.5%
Investment Capital Requirements	At least SGD 1	No minimum share capital
Tax System	Territorial & tax on some remittances	Purely territorial
Double Tax Treaties	90+	44
Turnover Tax <i>Value Added Tax (VAT) / Good and Services Tax (GST)</i>	7%	None
Capital Gains Tax	None	None
Withholding Taxes	Dividends	None
	Interest	10%
	Royalties	10%
International Property Right Index Rank <i>(2020)</i>	3	15
Free Trade Agreements	26	7



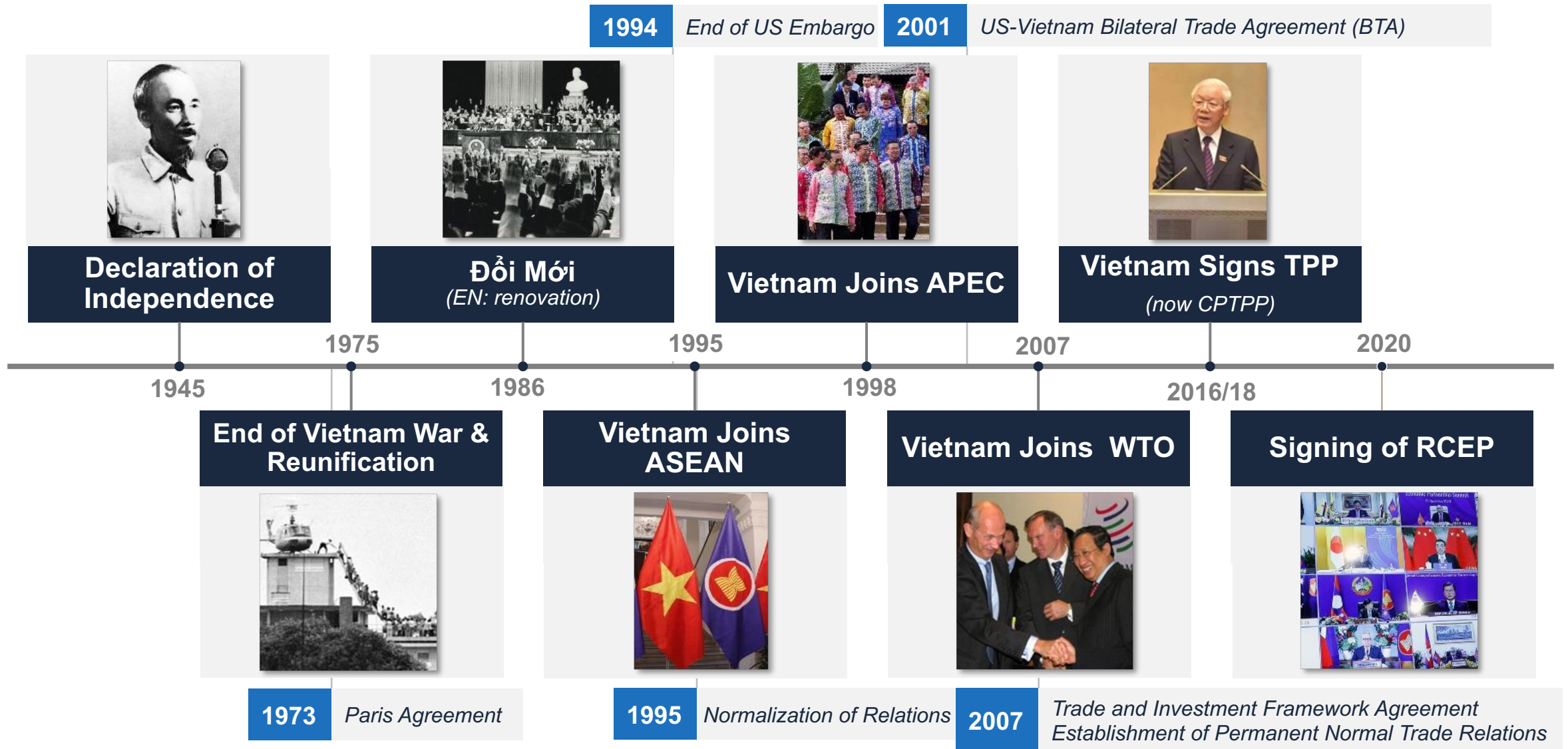
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Your Partner for Growth in Asia

Vietnam

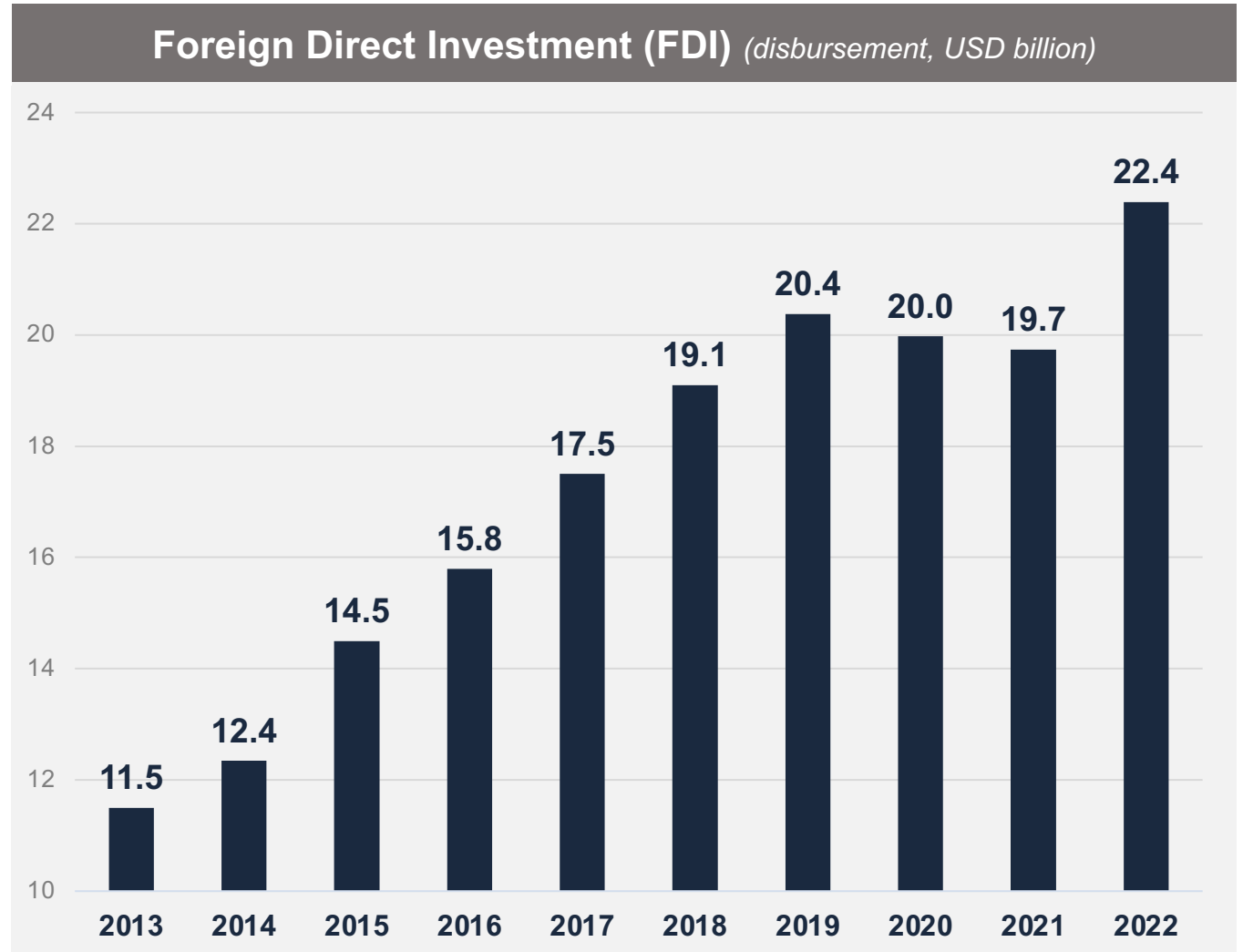


Key Milestones *recent Vietnam-US history*

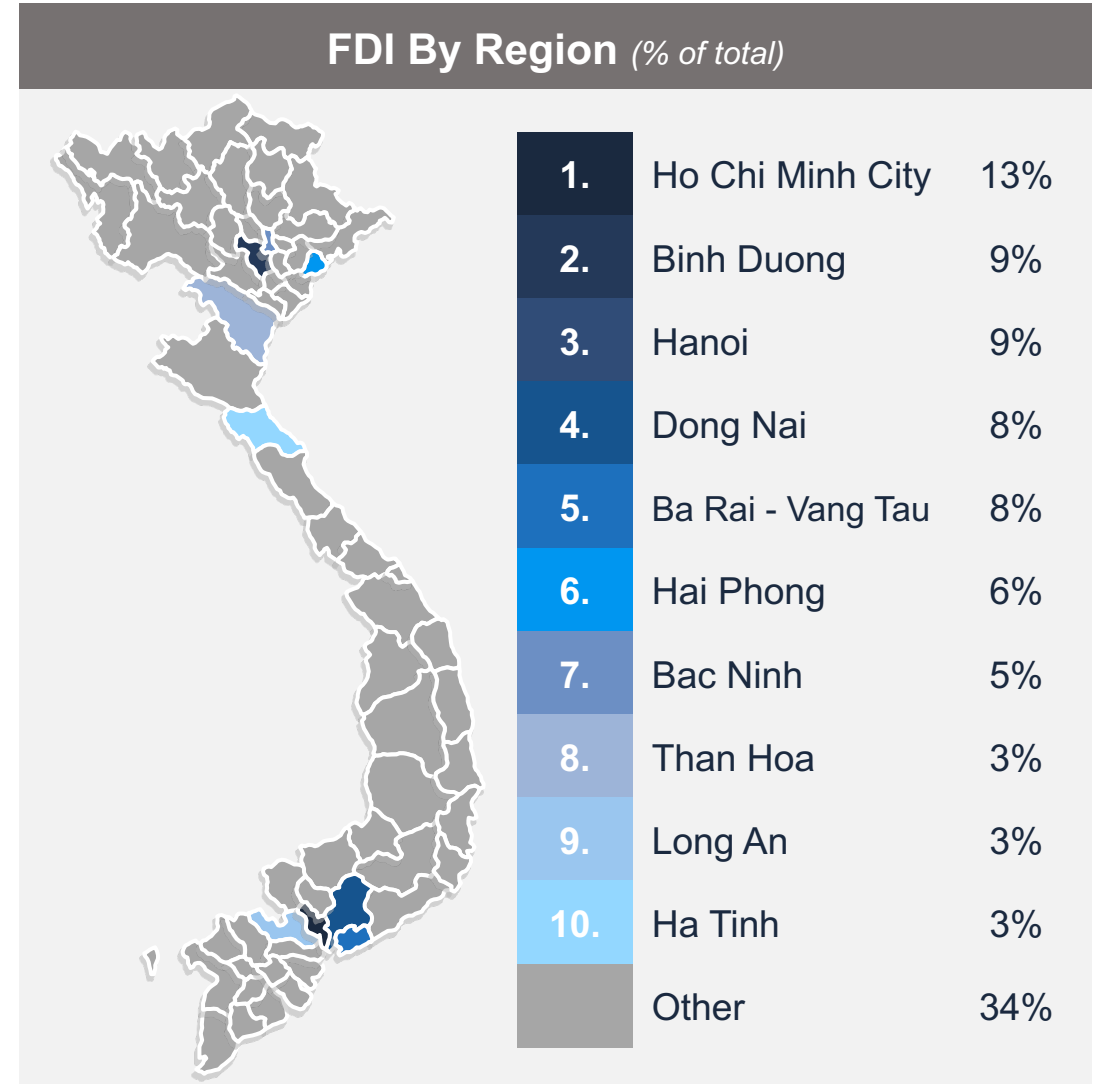
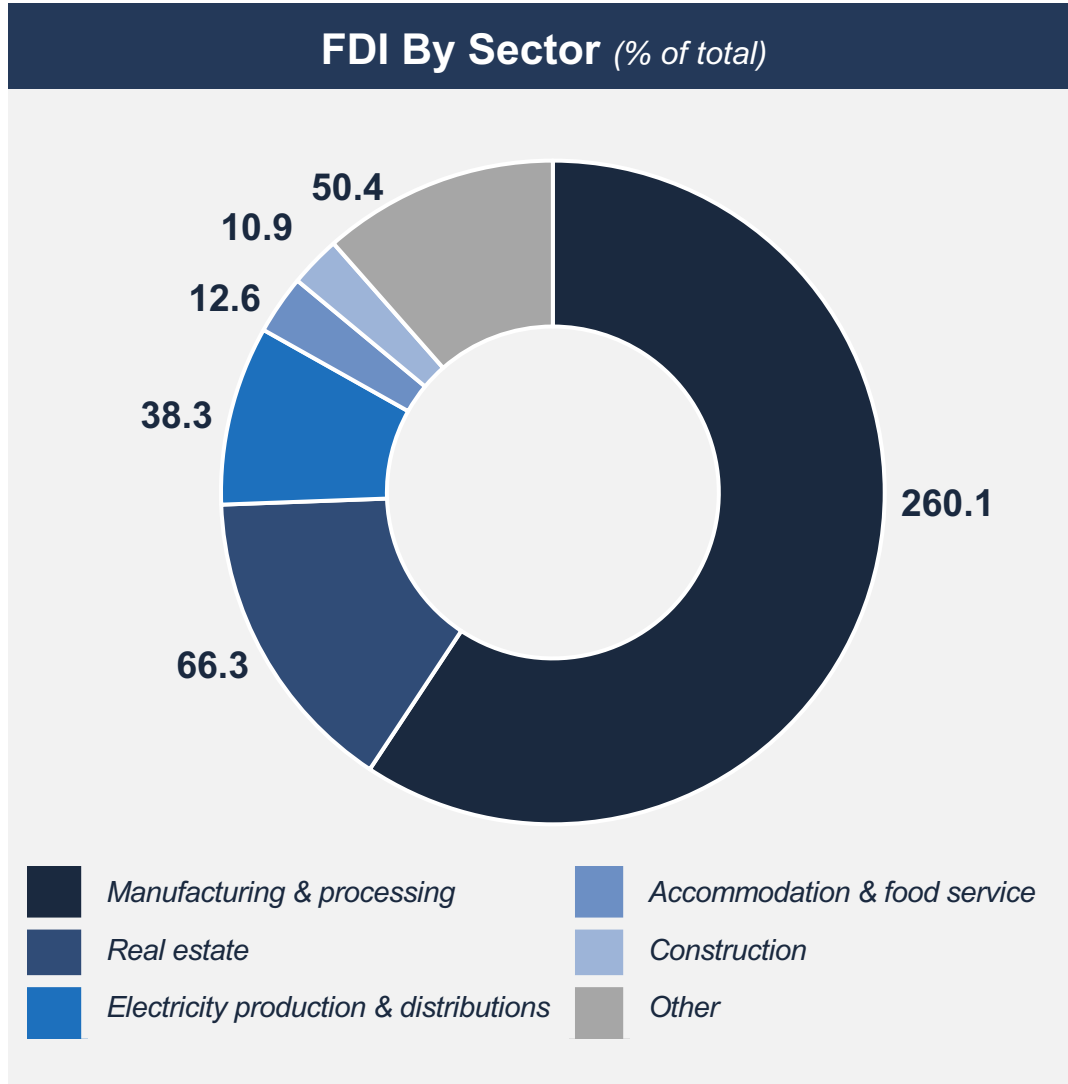


Economy *2022 at a glance*

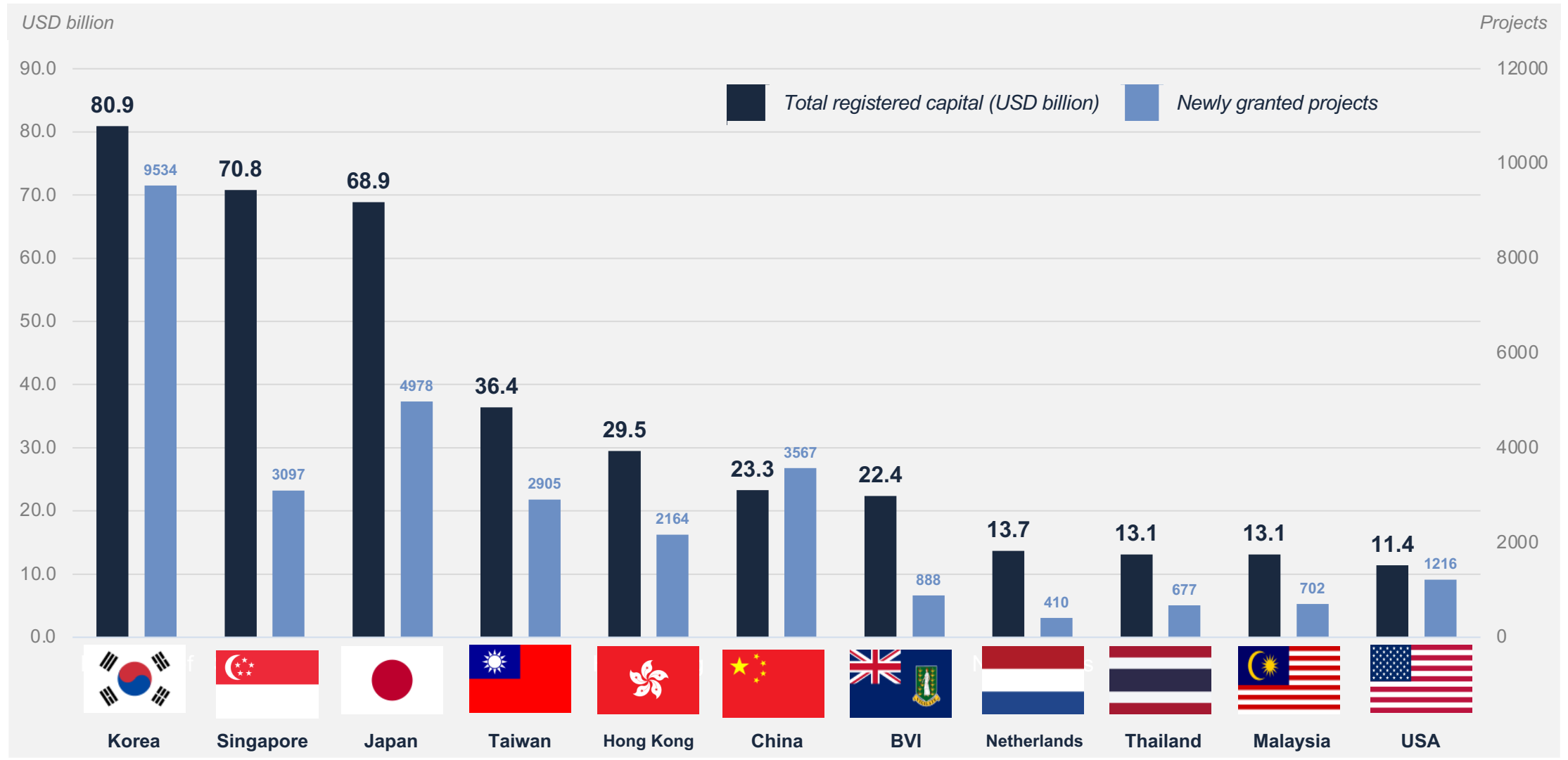
	8.02% <i>Real GDP Growth Rate</i>
	10.6% <i>Export Growth Rate</i>
	19.8% <i>Retail Sales Growth</i>
	USD 22.39 billion <i>FDI Disbursement</i>
	2,036 <i>Granted Investment Certificates</i>
	141 <i>Investor Countries and Territories</i>



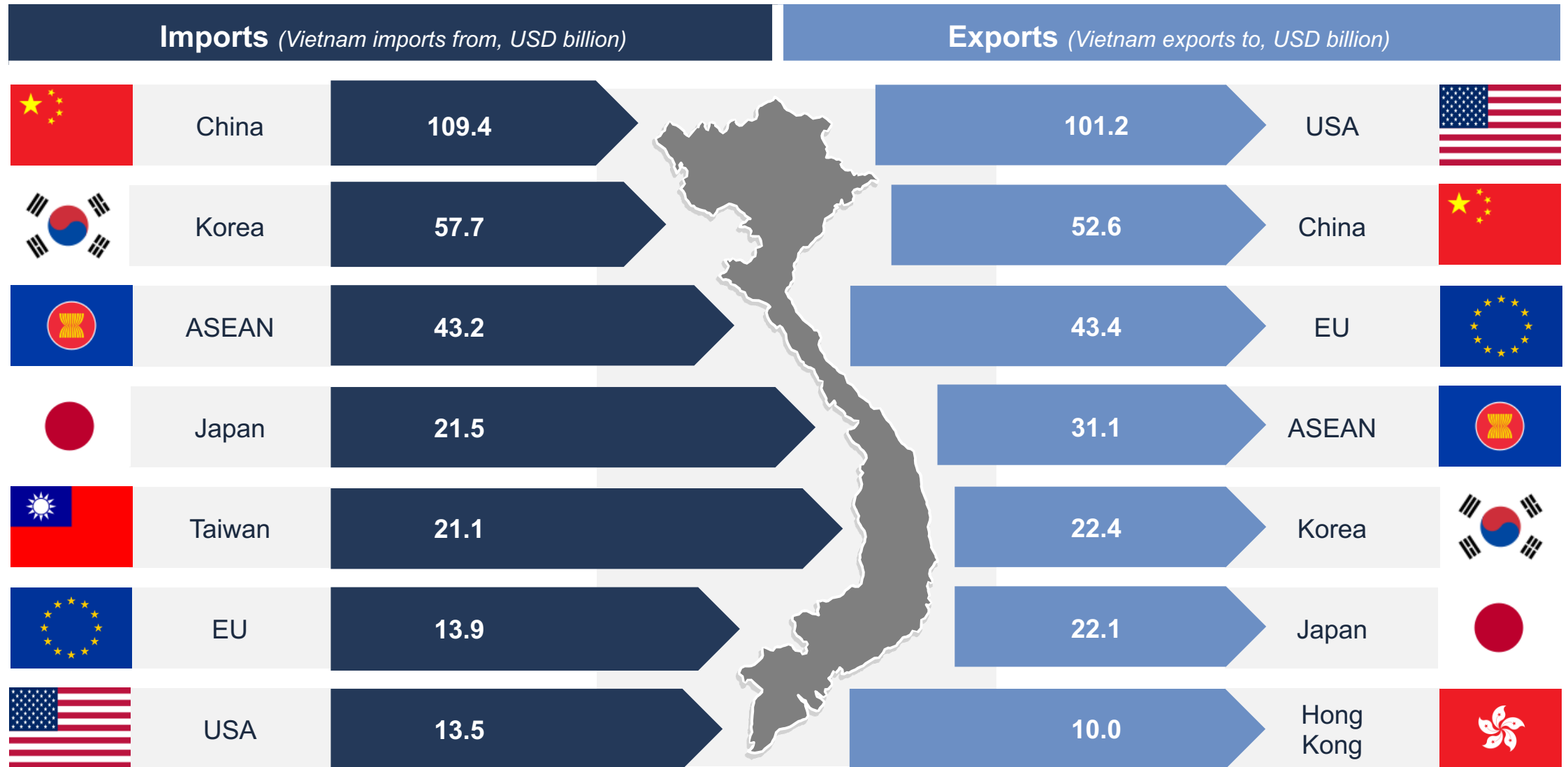
Foreign Direct Investment (FDI) *in Vietnam, 2022*



Top Foreign Investors in Vietnam, 2022

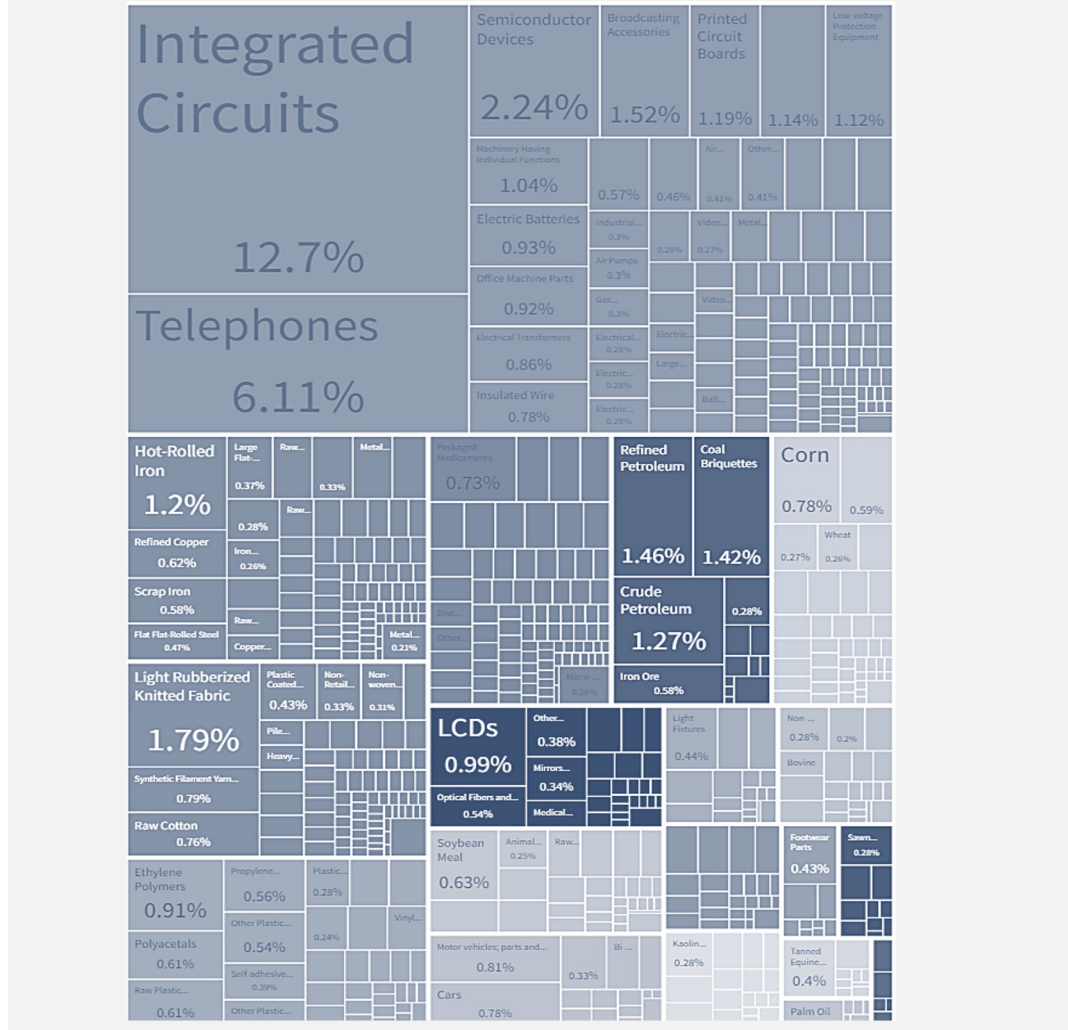


Top Trade Partners *with Vietnam, 2022*

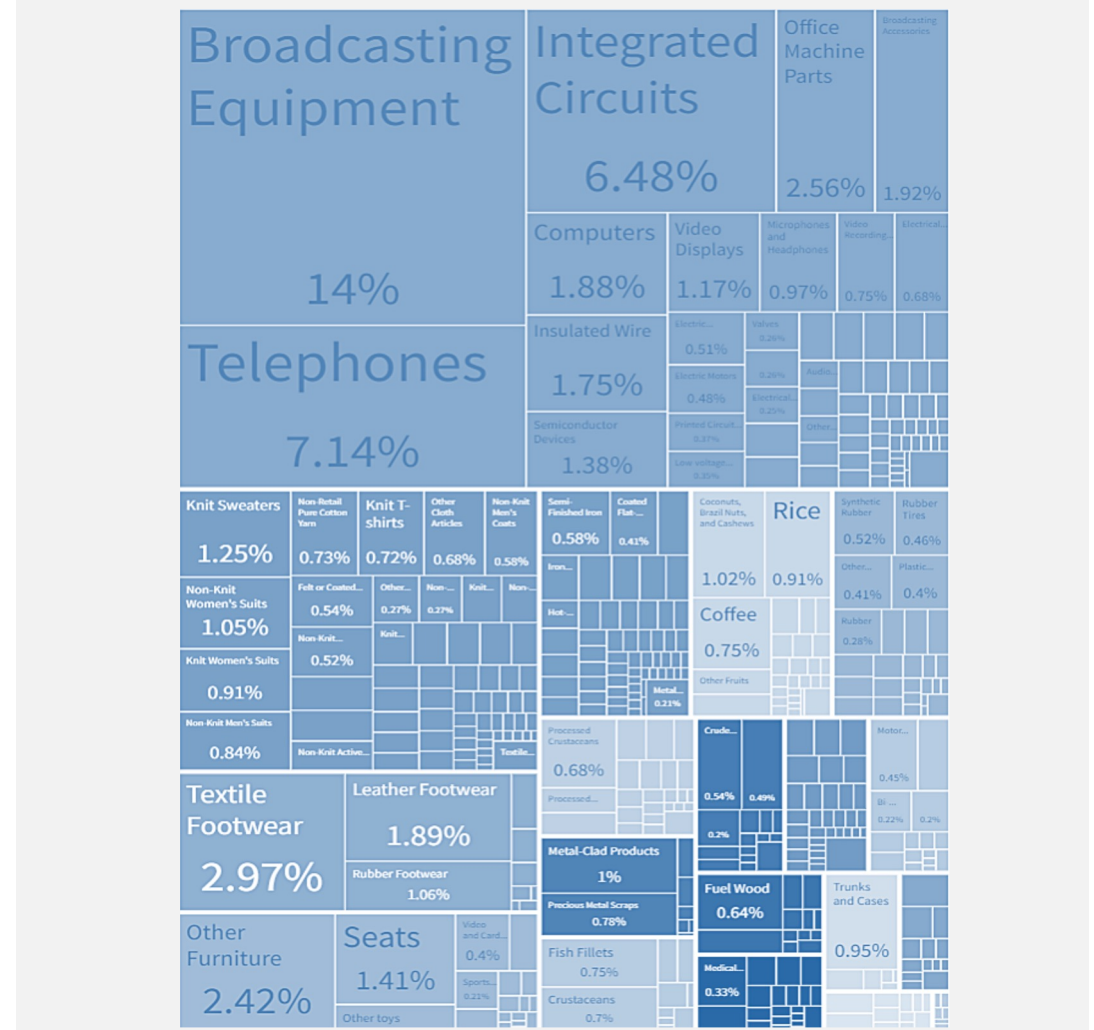






















Trade Composition of Vietnam, 2022

Imports (USD billion)


















































































Exports (USD billion)



		Imports (from Vietnam, USD billion)		Exports (to Vietnam, USD billion)		
US Trade 2021		Electronic machinery	27		Electrical machinery	2.1
		Furniture & bedding	9.9		Cotton	1.3
		Knit apparel	7.1		Plastics	0.5
		Machinery	6.9		Food waste & animal feed	0.4
		Footwear	6.5		Machinery	0.4
Global Trade 2021		Phones	57.5		Electronic goods & computers	75.4
		Electronic goods & computers	50.8		Machinery	46.3
		Machinery	38.3		Phones	21.4
		Textiles	32.8		Fabrics	14.3
		Footwear	17.8		Plastics	11.7

Free Trade Agreement (FTA) Integration 2021

■ Not signed
 ■ Signed
 ■ In force

Free Trade Agreements

ASEAN

Association of Southeast Asian Nations

*ASEAN has multilateral trade agreements with India, China, New Zealand, Australia, Japan, South Korea, and Hong Kong

CPTPP

Comprehensive and Progressive Agreement for Trans-Pacific Partnership

EVFTA

Vietnam – European Union FTA

UKVFTA

UK – Vietnam FTA

RCEP

Regional Comprehensive Economic Partnership

VJEPA

Vietnam – Japan FTA

VKFTA

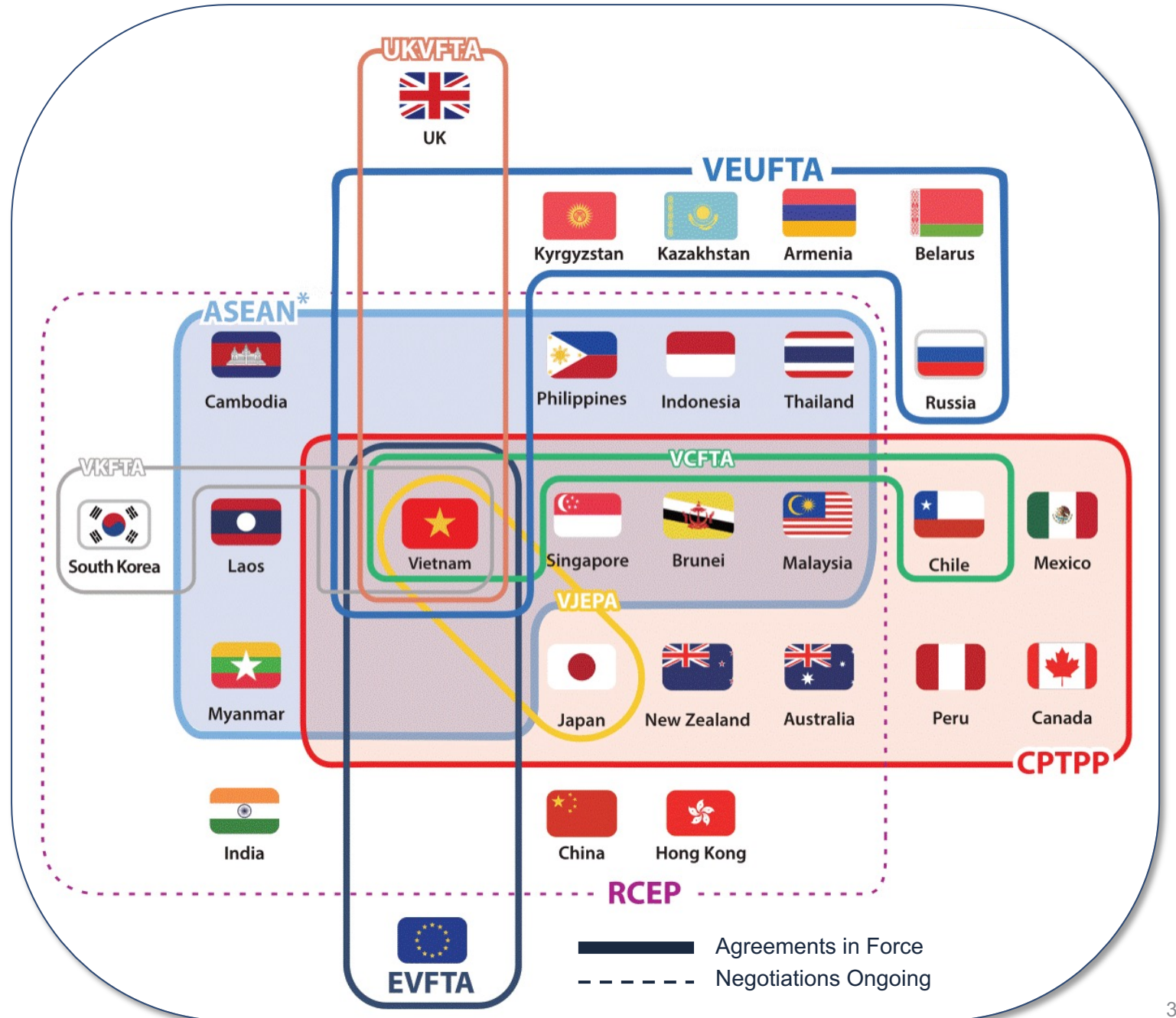
Vietnam – South Korea FTA

VCFTA

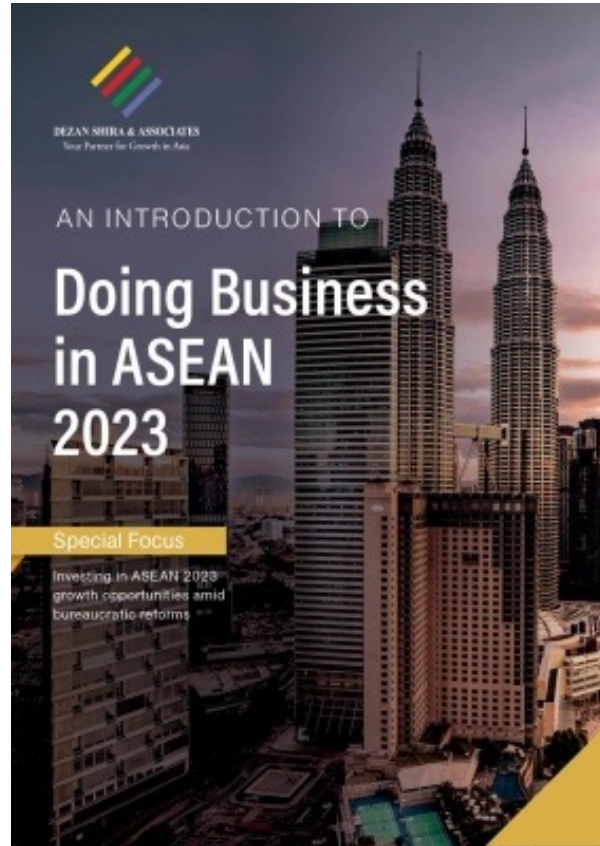
Vietnam – Chile FTA

VEUFTA

Vietnam Eurasian Economic Union FTA



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