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Your Partner for Growth in Asia



Unveiling Southeast Asia's Opportunities

*2023 Achievements
and 2024 Prospects*

November 2023





DEZAN SHIRA & ASSOCIATES

Your Partner for Growth in Asia

Today's Speaker



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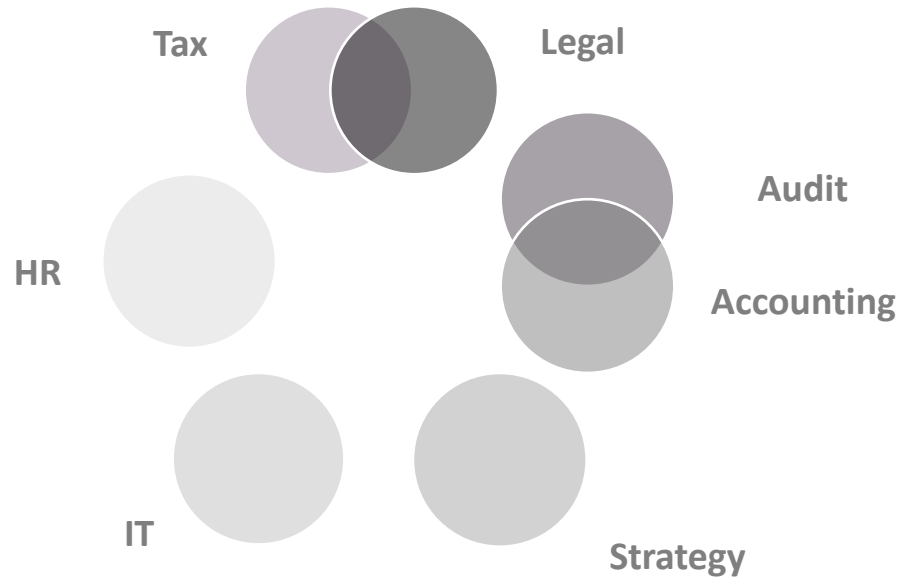
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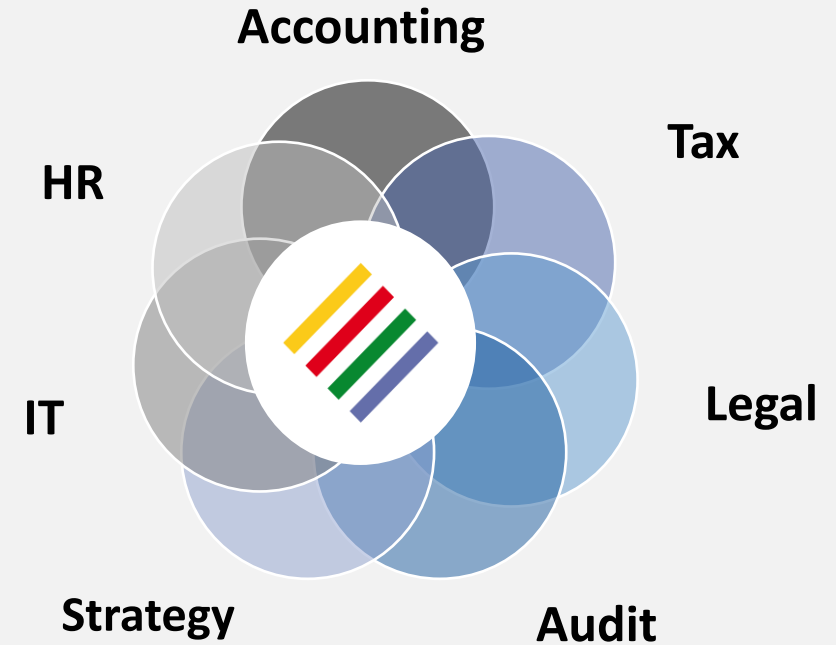


Our Services *integrated solutions*

Traditional Model



Dezan Shira & Associates' Integrated Pan-Asia Model



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Your Partner for Growth in Asia

- 1. ASEAN Introduction**
- 2. US-ASEAN Relationship & Opportunities**
- 3. ASEAN 5 Outlook**



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ASEAN

Introduction

Association of Southeast Asian Nations (ASEAN)



10 ASEAN Member States

- 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 of Intergovernmental organization consists of:
 - Led by Chair (rotates annually among member states)
 - Assisted by Secretariat (based in Jakarta)
 - Reaches important decisions by consensus among member states

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

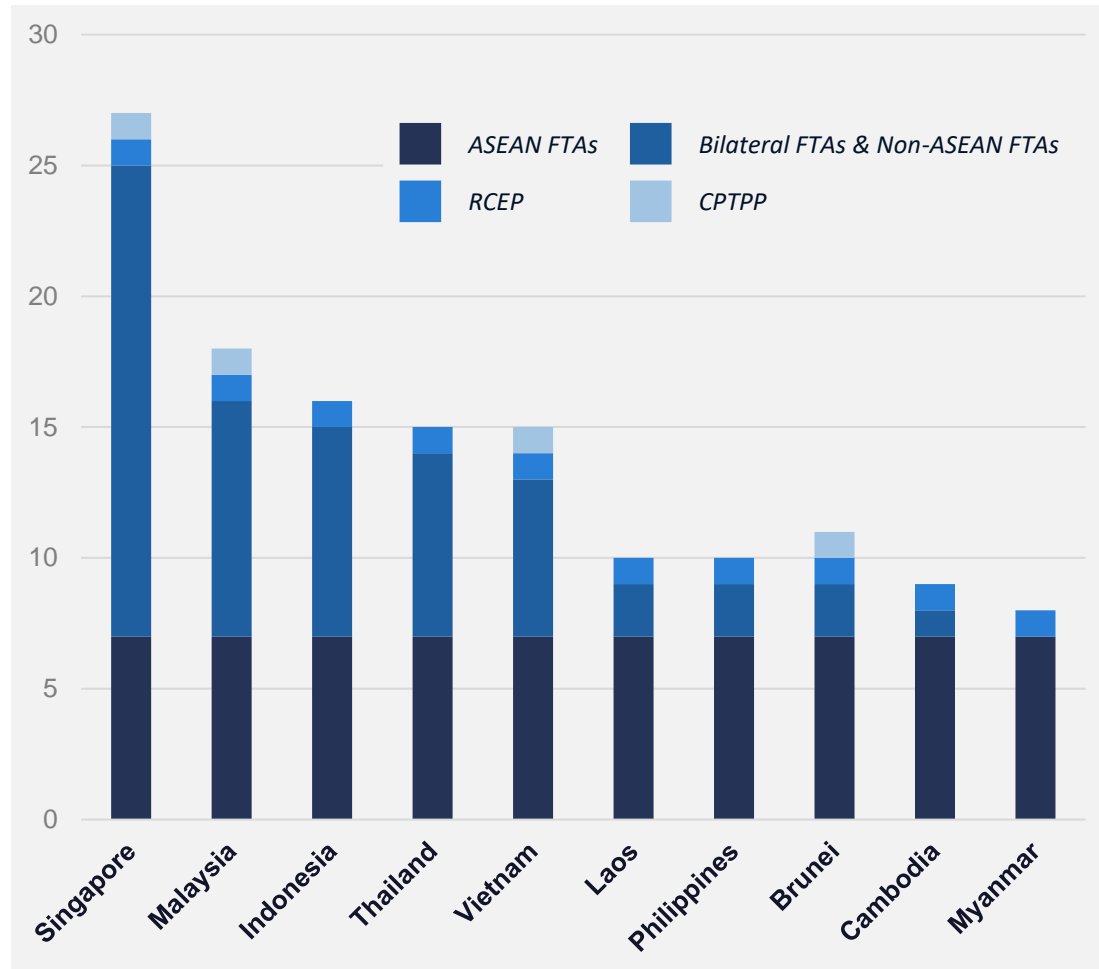
Major Multilateral Free Trade Agreements in Asia Pacific



NOTES












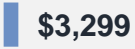


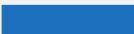




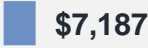







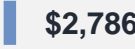






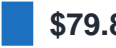





- Treaty Partners refers to countries that hold significant defense and/or free trade agreements with the U.S., including:
 - Mutual Defense Treaty between the United States and the Republic of Korea; Free Trade Agreement Between the United States of America and the Republic of Korea (KORUS FTA);
 - 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.
- Australia and Japan have been listed as Quad partners but also hold significant defense and/or free trade agreements with the U.S.

ASEAN Free Trade Agreements (FTAs)



	CPTPP	RCEP	IPEF
Signed	Mar. 2018	Nov. 2020	May 2022
Effective	Dec. 2018	Jan. 2022	Under Negotiation
% of Global GDP	15%	30%	40%
% of Global Population	8%	30%	33%

Source: ASEAN





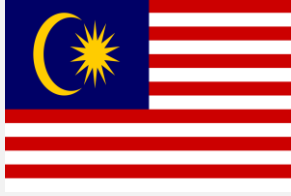
		Entry to ASEAN	Population (million)	GDP (USD, 2021)	GDP Per Capita (USD, 2021)
	Indonesia	1967	 273.5	 \$110,000.0	 \$3,870
	Malaysia	1967	 32.4	 \$337.0	 \$10,412
	Philippines	1967	 109.6	 \$362	 \$3,299
	Singapore	1967	 5.7	 \$340.0	 \$59,798
	Thailand	1967	 69.8	 \$501.6	 \$7,187
	Brunei	1984	 0.4	 \$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

Key ASEAN Economies


Emerging Economies

Traditional Growth Engines







Investment Hub

<i>manufacturing</i>  Vietnam	<i>manufacturing</i>  Indonesia	<i>outsourcing</i>  Philippines
<i>manufacturing</i>  Thailand	<i>manufacturing</i>  Malaysia	

ASEAN 5

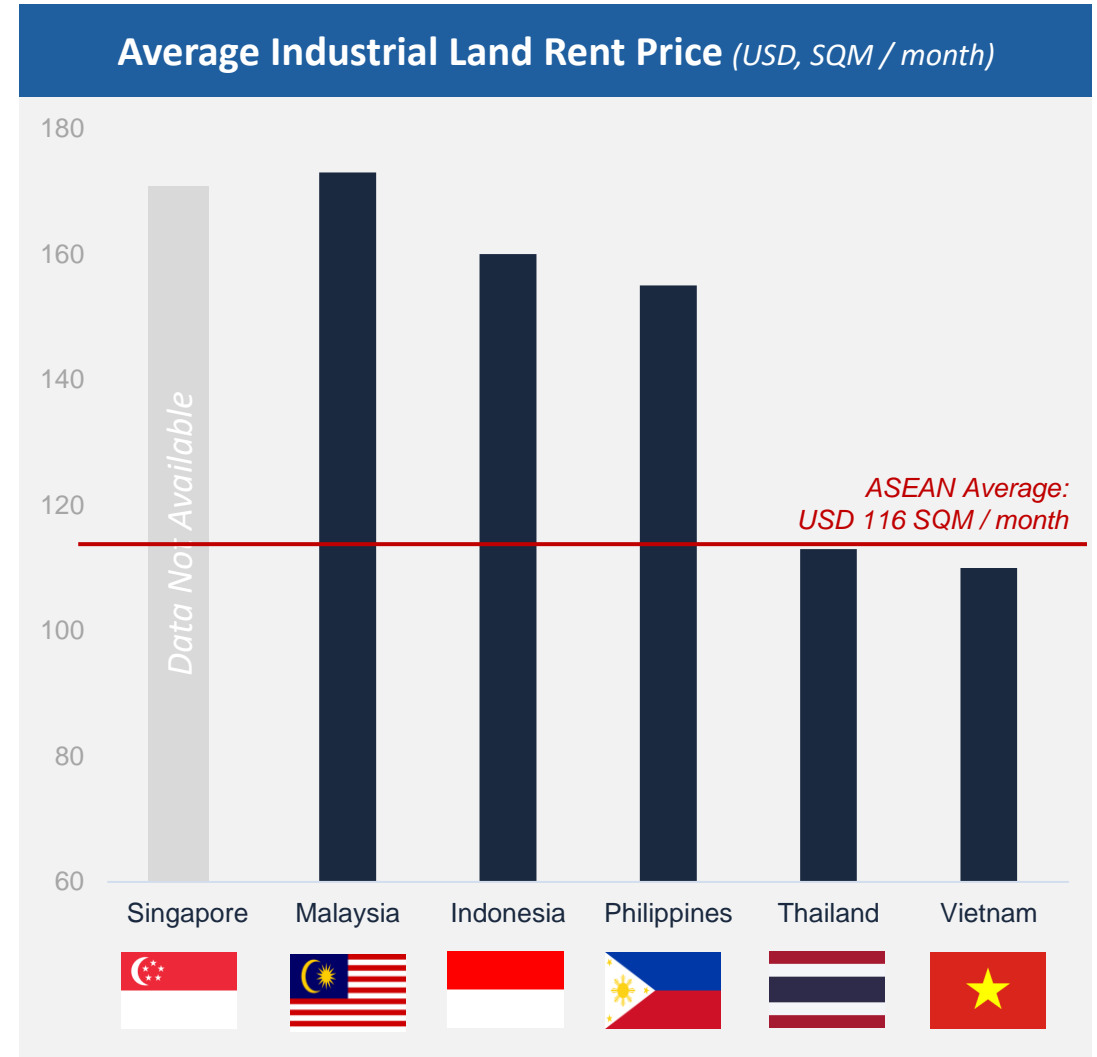
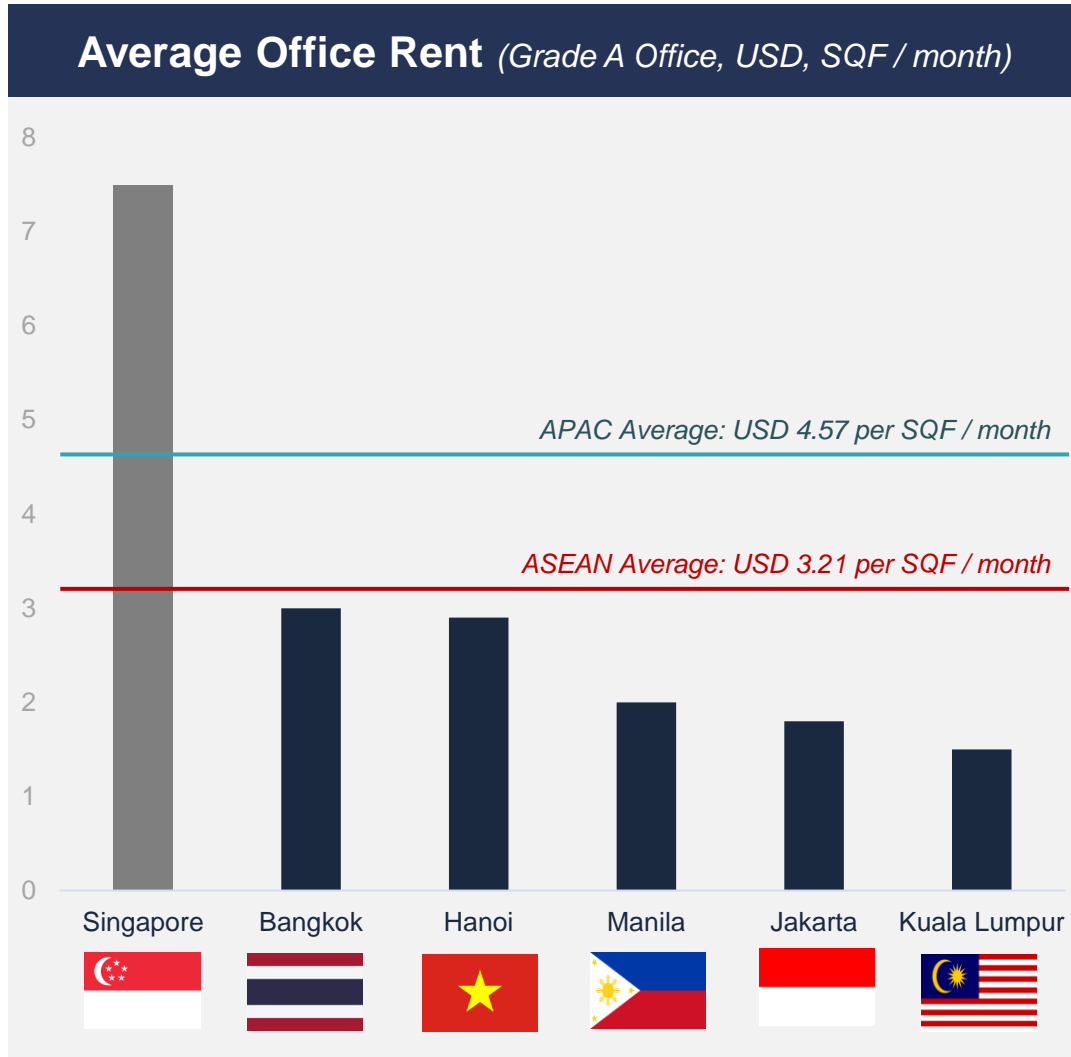
 Singapore
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Key ASEAN Economies *labor costs*

		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

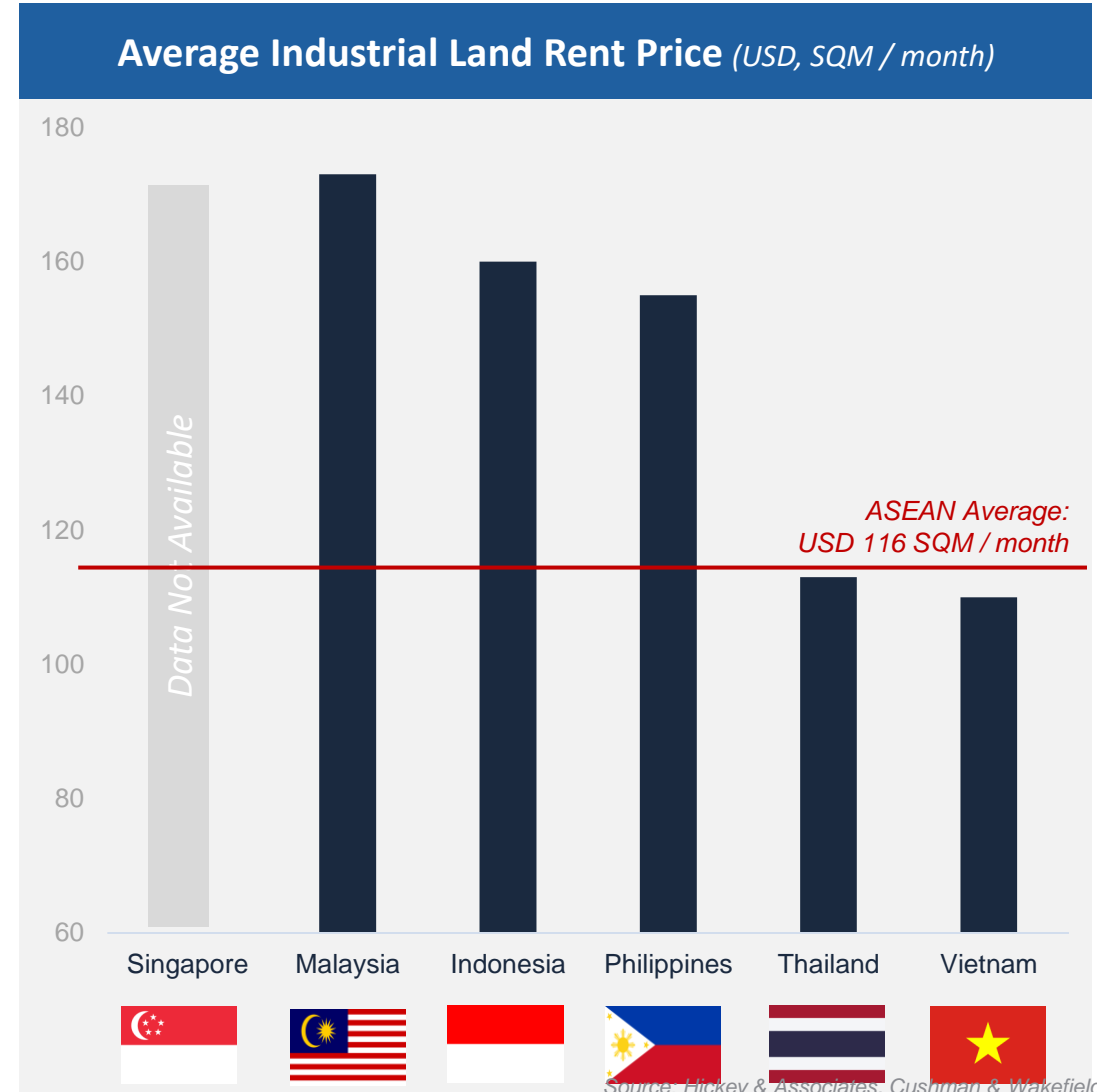
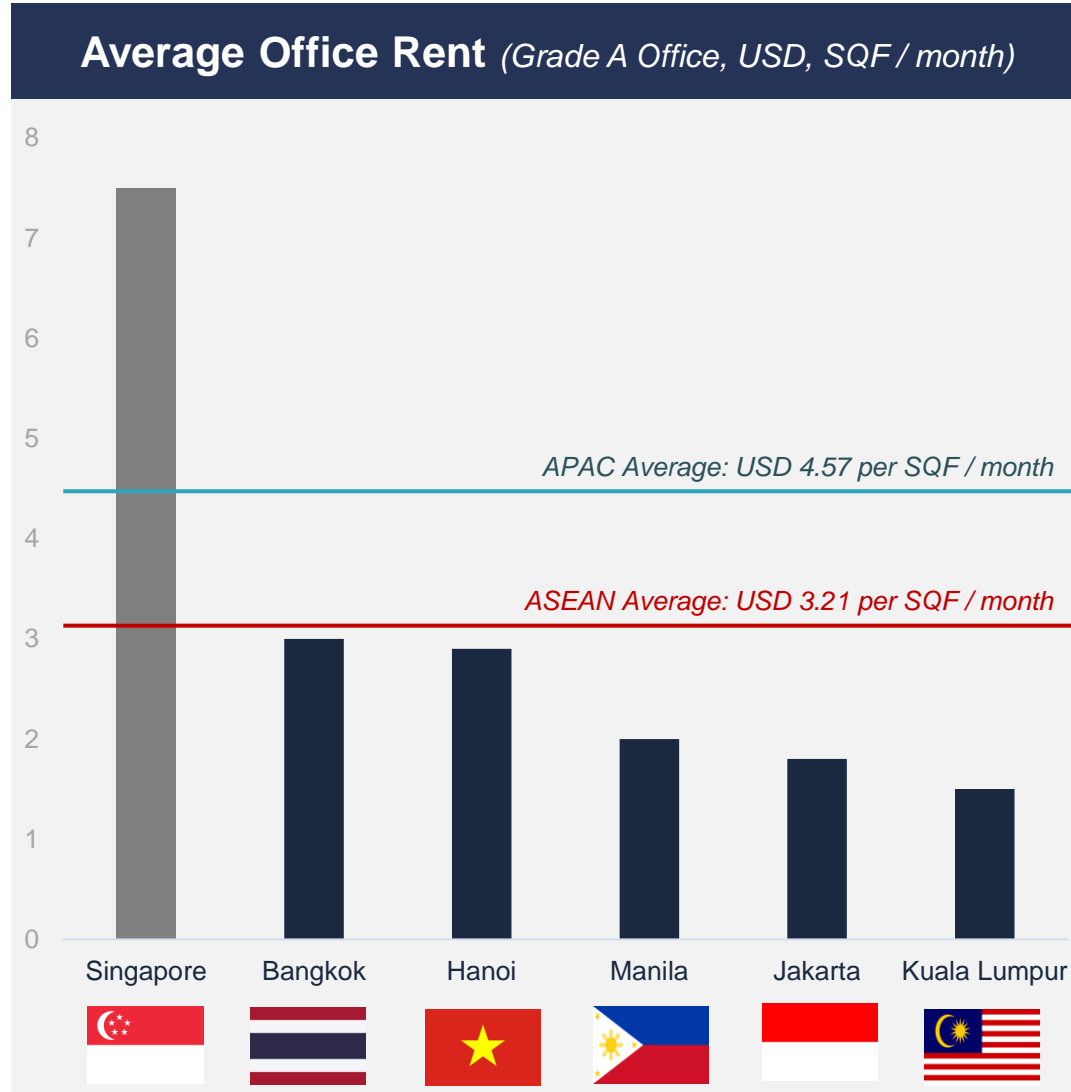
Source: International Labor Organization, World Bank

Key ASEAN Economies *office & industrial land costs*



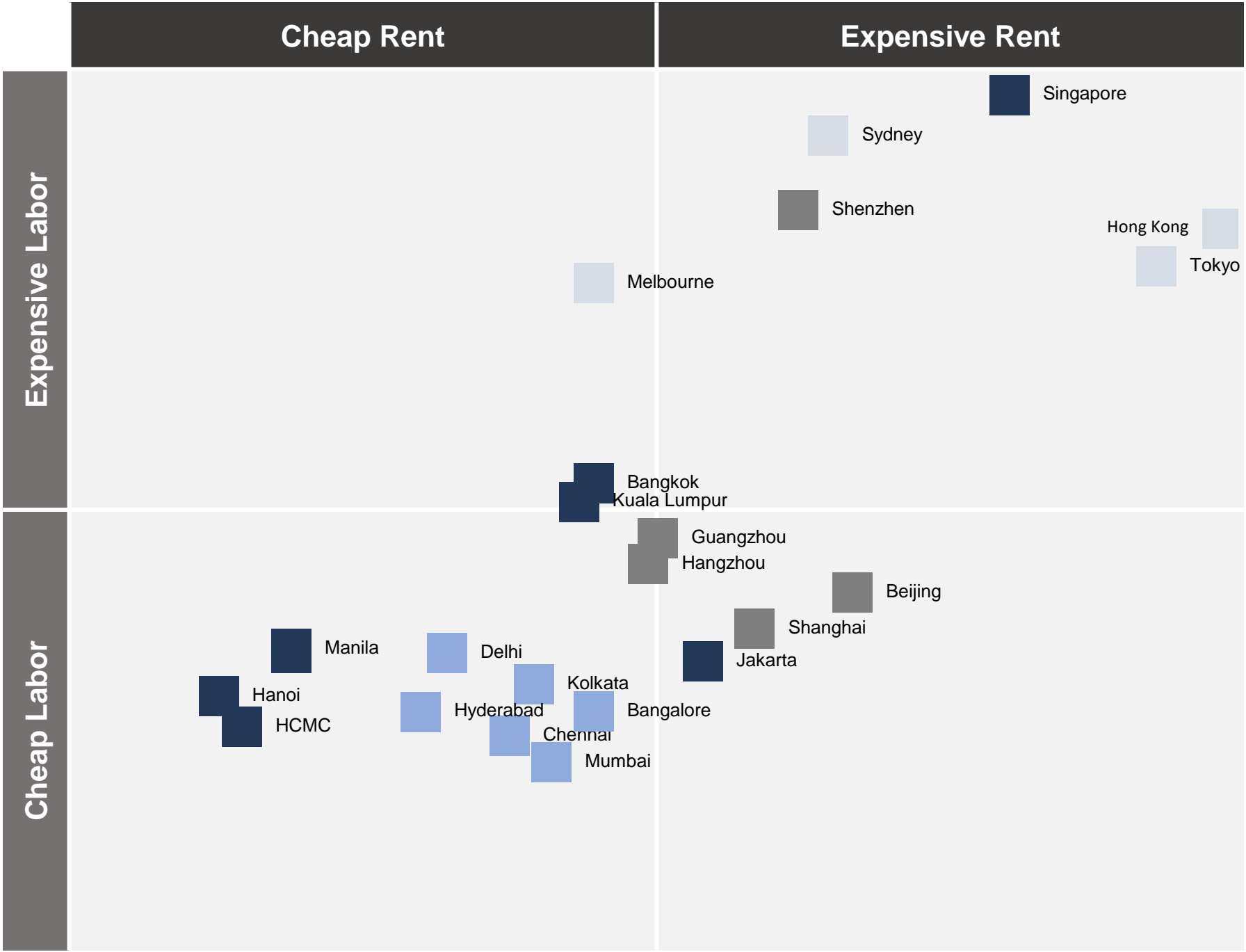
Source: Hickey & Associates, Cushman & Wakefield Research), JLL

Key ASEAN Economies *office & industrial land costs*



Source: Hickey & Associates, Cushman & Wakefield Research, JLL

Industrial Land & Industrial Labor Costs



Source: Hickey & Associates, Cushman & Wakefield



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US-ASEAN

Relationship & Opportunities

US-ASEAN Relations *overview*



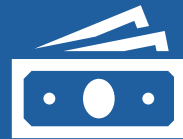
Diplomacy

In 2022, US and ASEAN established a Comprehensive Strategic Partnership.



Trade

US-ASEAN trade in goods and services totaled \$508 billion in 2022. ASEAN ranks 4th after Canada, Mexico, and China as a US goods export market – US is the 2nd largest trading partner for ASEAN.



Investment

ASEAN is the largest recipient of US FDI in the Indo-Pacific.

ASEAN has received almost \$346 billion in foreign direct investment from the United States, - more than US FDI in China, India, Japan, South Korea, and Taiwan combined.



Exchange

Nearly 578,000 people from ASEAN countries visited US – almost 1.8 million Americans visited ASEAN countries in 2022.

US-ASEAN Relations *recent developments*

September	October	November
<ul style="list-style-type: none">➤ US and Vietnam upgrade relationship to a Comprehensive Strategic Partnership	<ul style="list-style-type: none">➤ US and Singapore agree to Interoperable AI Governance Framework	<ul style="list-style-type: none">➤ US hosts Asia-Pacific Economic Cooperation (APEC) Leaders Meeting in San Francisco➤ Finalization of 3 of 4 Indo-Pacific Economic Framework (IPEF) pillars announced➤ US and Indonesia upgrade relationship to Comprehensive Strategic Partnership

US Companies Operating in ASEAN *by country*



Source: US-ASEAN Business Council

US Investment in ASEAN *by country*

	Registered Companies <i>(2022, w/ US HQ)</i>	FDI Stock <i>(2022, USD billion)</i>	FDI Growth <i>(2022 vs 2021)</i>	Leading FDI sectors <i>(2022)</i>
Singapore	1,642	\$309.4	8.7%	<ol style="list-style-type: none"> 1. Nonbank Holding Companies 2. Manufacturing 3. Wholesale Trade
Indonesia	455	\$11.9	7%	<ol style="list-style-type: none"> 1. Mining 2. Manufacturing 3. Nonbank Holding Companies
Malaysia	707	\$13.2	4.6%	<ol style="list-style-type: none"> 1. Manufacturing 2. Wholesale Trade 3. Nonbank Holding Companies
Philippines	495	\$6.2	15.7%	<ol style="list-style-type: none"> 1. Manufacturing 2. Professional, Scientific, and Technical Services 3. Wholesale Trade
Thailand	589	\$15.8	2.8%	<ol style="list-style-type: none"> 1. Manufacturing 2. Depository Institutions 3. Wholesale Trade
Vietnam	329	\$3.5	26.8%	<ol style="list-style-type: none"> 1. Manufacturing 2. Wholesale and trade

Source: USTR

US Companies in ASEAN *key business activities*



Manufacturing



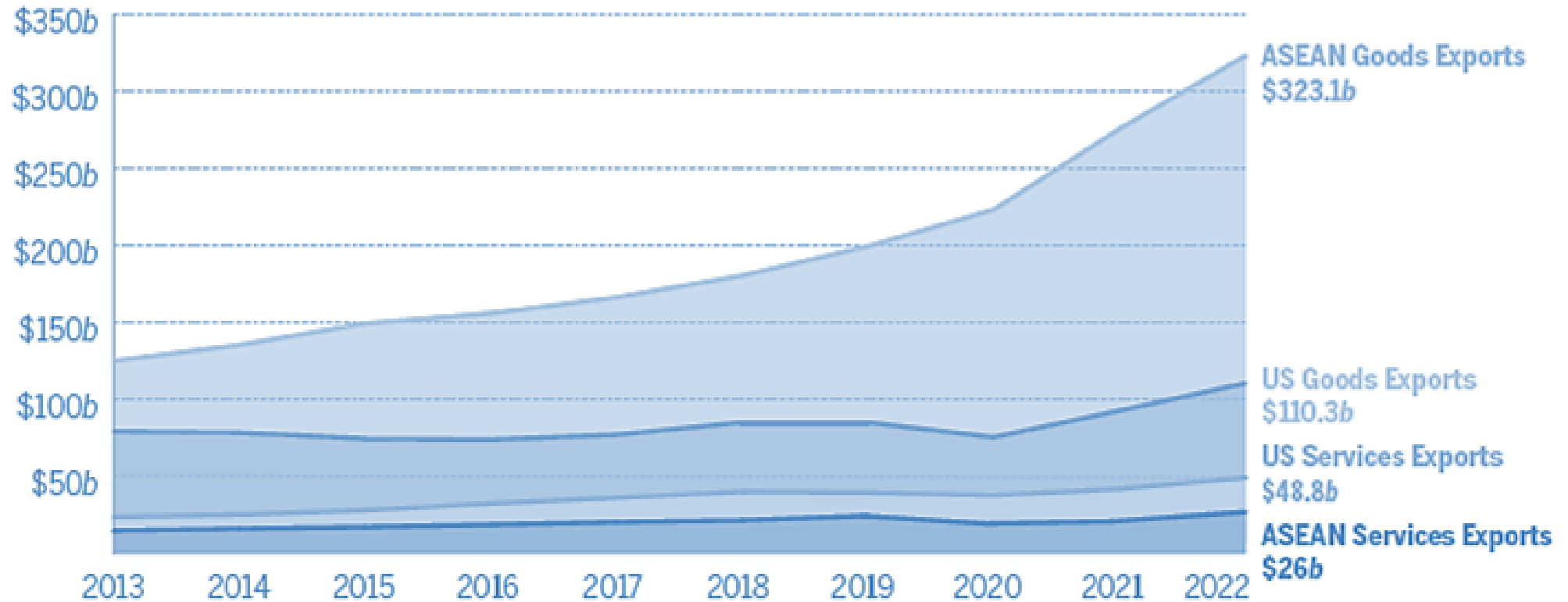
Sourcing



Sale of Goods & Services



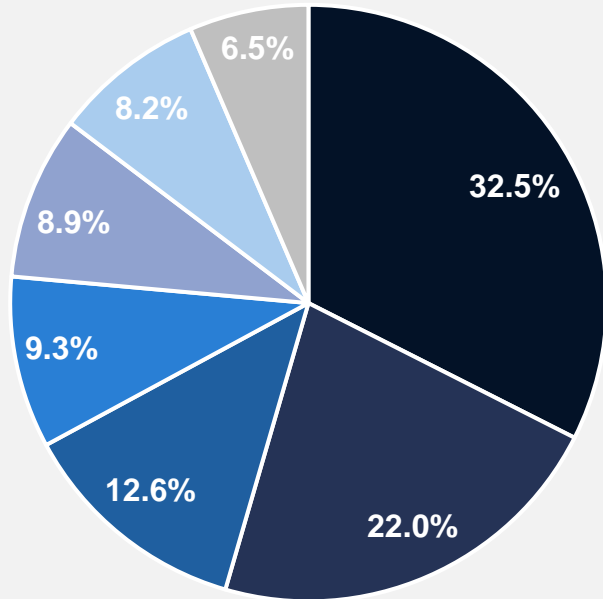
US Trade with ASEAN *good & services, 2022*



Source: BEA

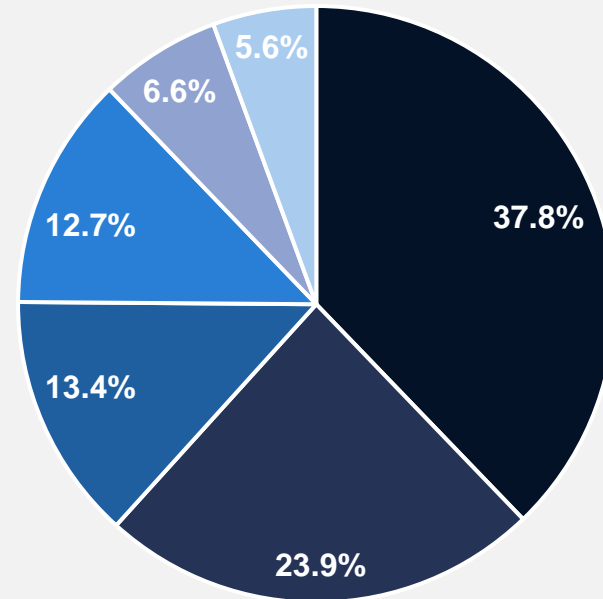
US Exports to ASEAN *good & services, 2022*

Goods (USD billion)



- Other Goods
- Chemicals
- Machinery
- Agricultural Products
- Computer & Electronic Products
- Transportation Equipment
- Oil & Gas

Services (USD billion)

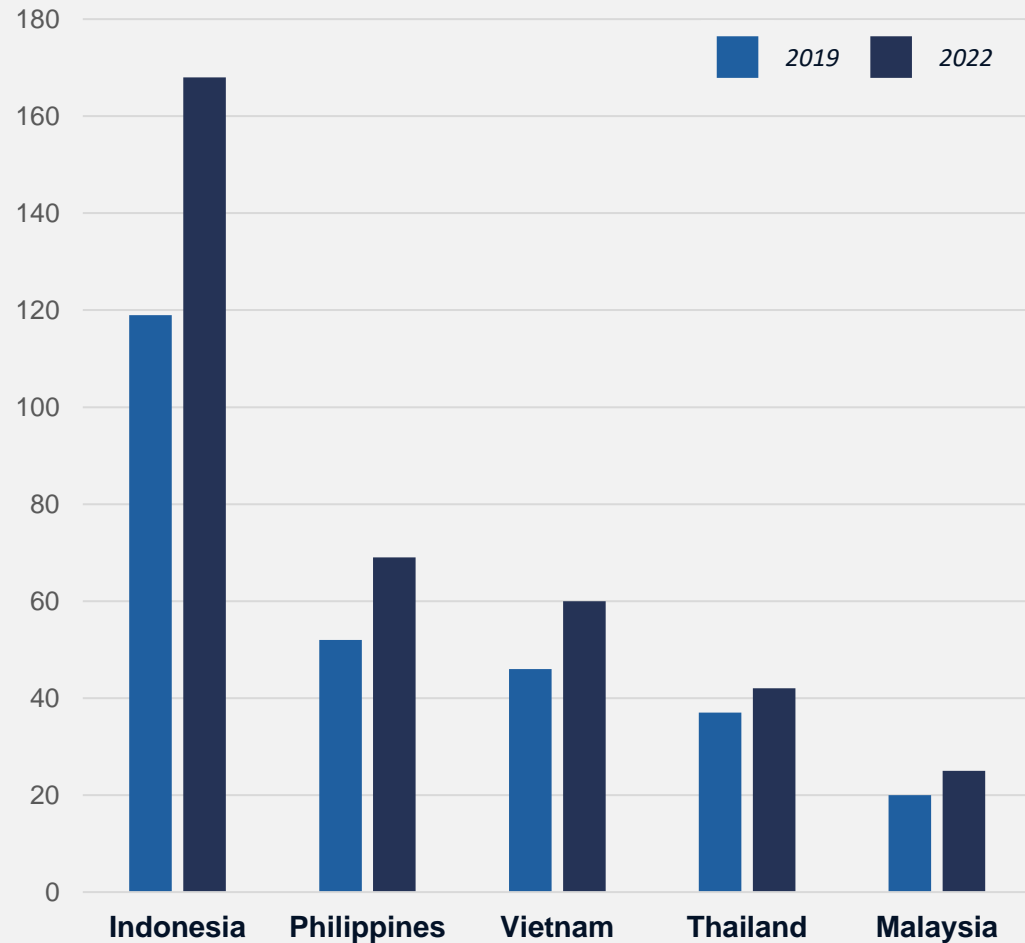


- Other Services
- Management & Consulting
- Industrial Processes
- R&D & Testing
- Advertising & Other Business
- Trademark

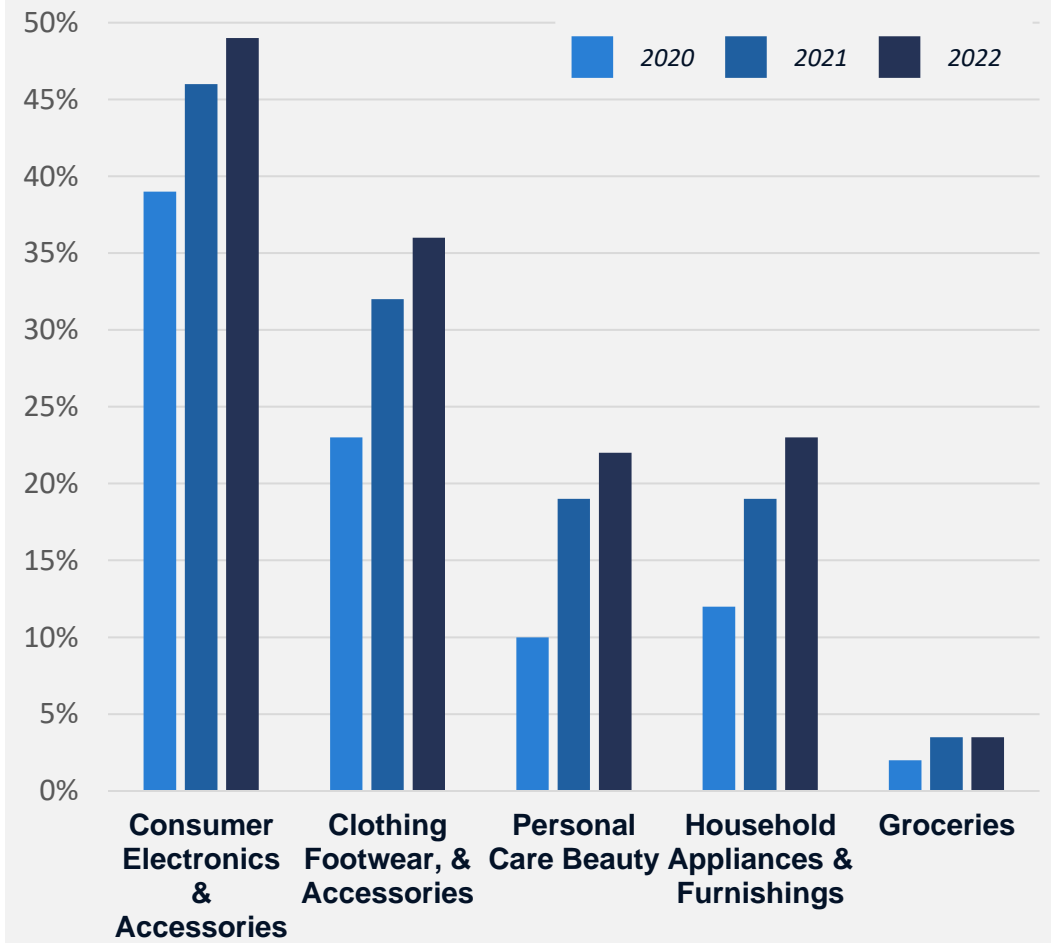
Source: BEA

ASEAN Online Consumers *overview*

Digital Consumer Population *(million people, 2019 vs 2022)*



Online Retail Penetration *(as % of total retail by category)*





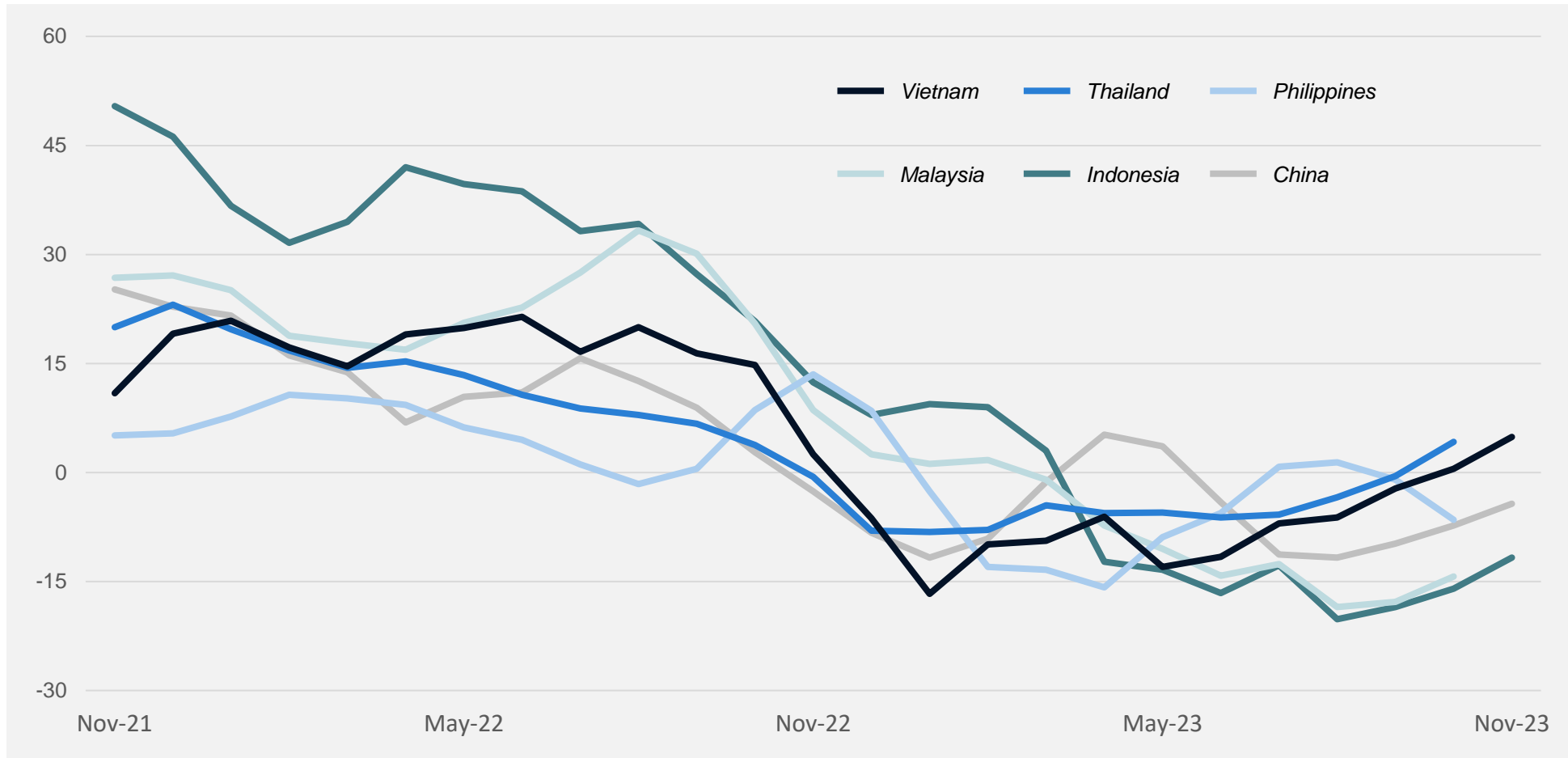
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Economic Outlook

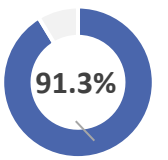
ASEAN 5

Growth of Goods Exports 3-month average growth, Nov. 2021 – Nov. 2023

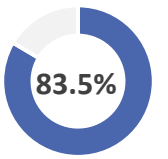


Source: IMF

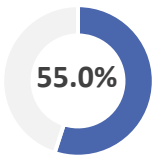
Vietnam



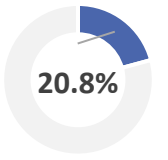
Malaysia



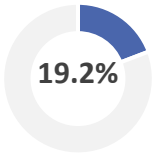
Thailand



Indonesia

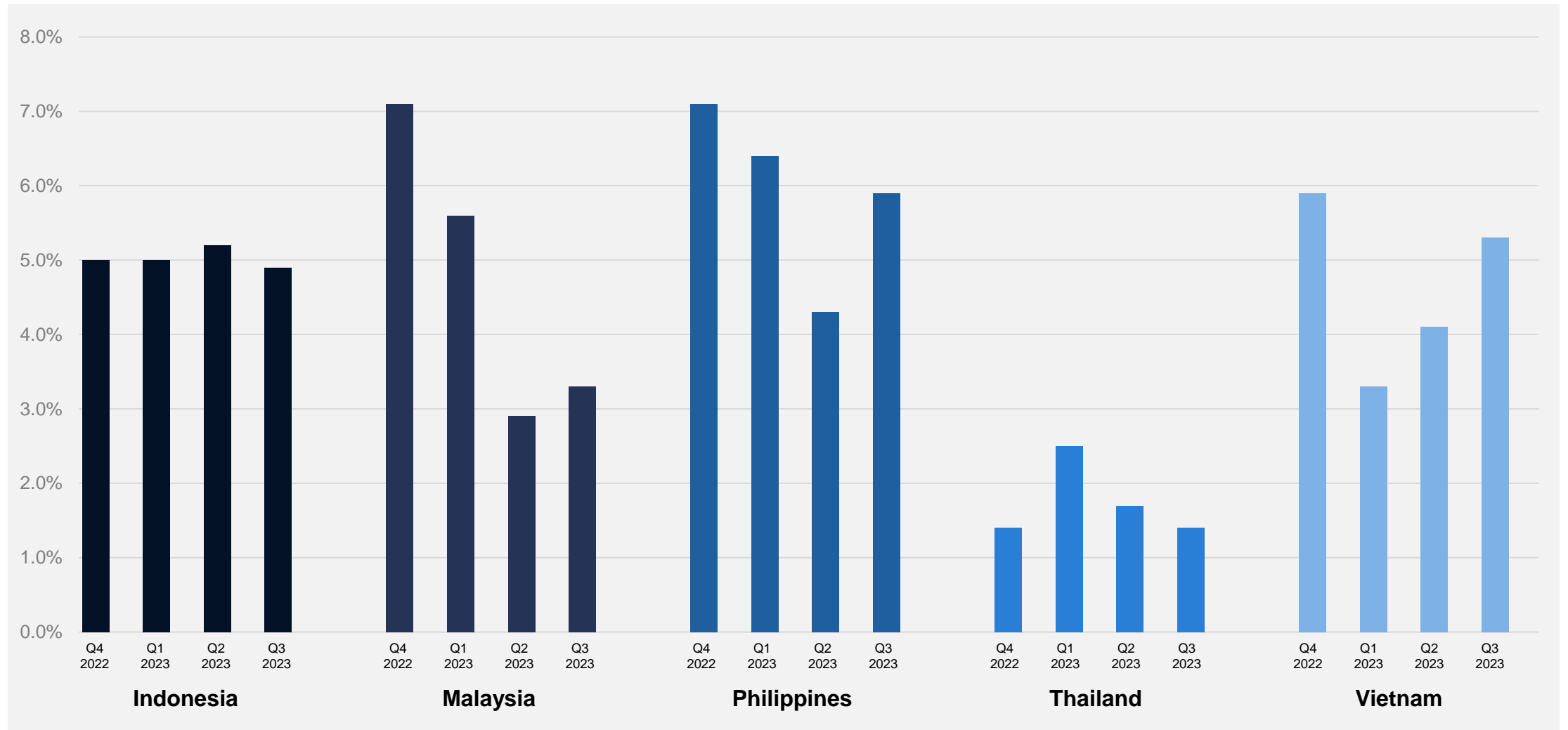


Philippines



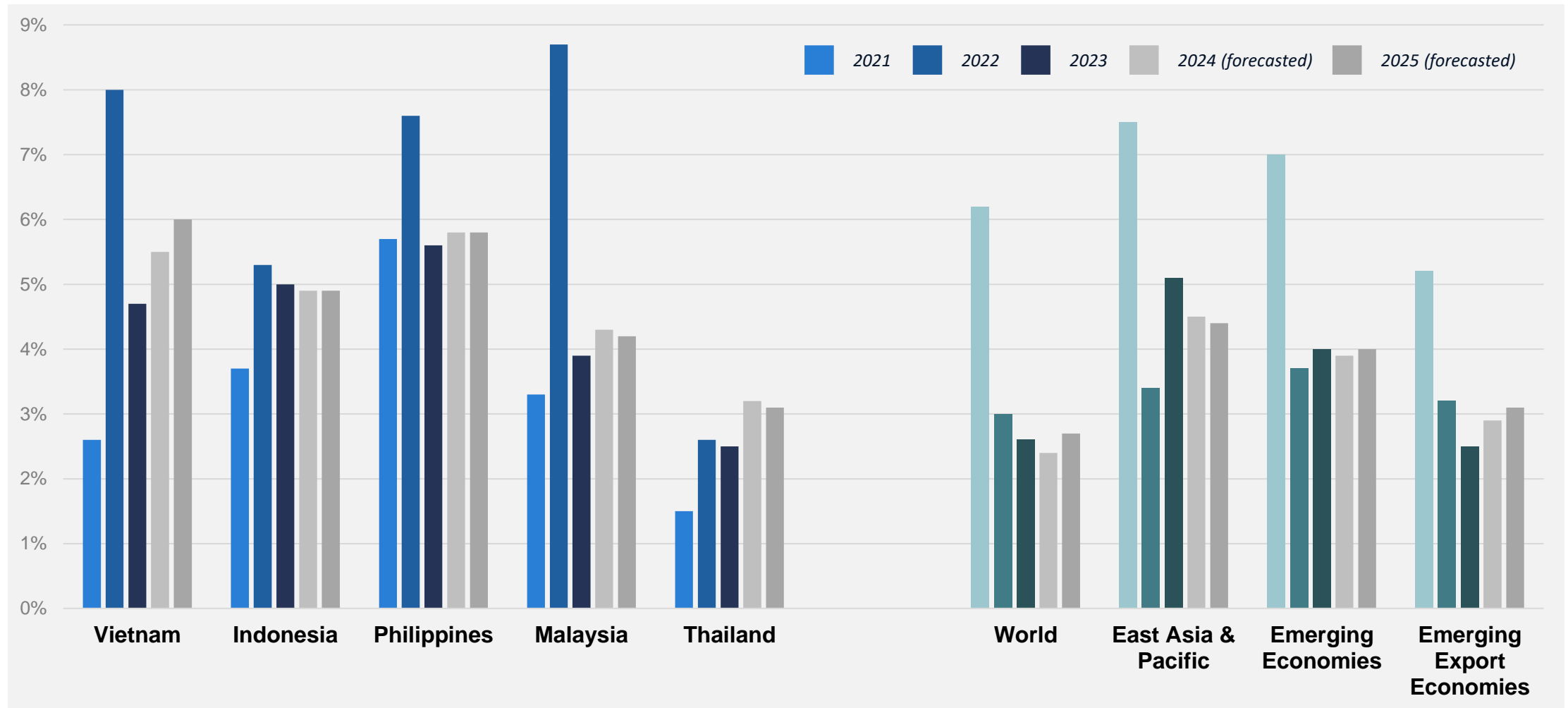
Goods Exports as % of GDP

GDP Growth ASEAN 5, Q4 2022 - Q3 2023



Source: IMF

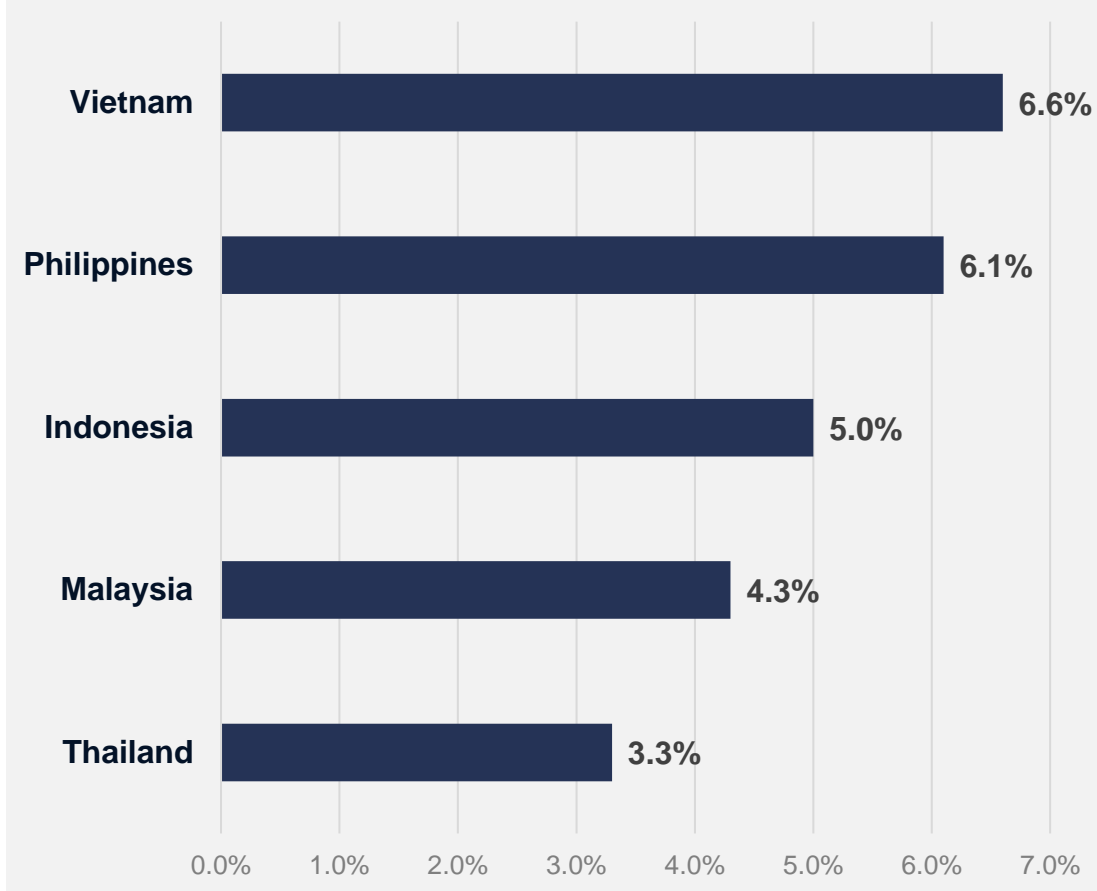
GDP Growth *select economies 2021-2025*



Source: IMF

Economic Growth *ASEAN 5, 2023-2028*

Project Annual GDP Growth (2023-2028)



	2028 Projected GDP per Capita	Projected Increase
Malaysia	\$17,971	34%
Thailand	\$10,895	33%
Indonesia	\$7,073	41%
Vietnam	\$6,962	56%
Philippines	\$5,375	38%

Risk Outlook *headline risks, 2024*

	Economic Risks	Political Risks
Indonesia	<ul style="list-style-type: none"> ➤ Continued transition to manufacturing and processing oriented economy 	<ul style="list-style-type: none"> ➤ Election and leadership transition
Malaysia	<ul style="list-style-type: none"> ➤ Higher inflation ➤ Export-orient manufacturing exposure to changes in external demand ➤ Increase of Sales Tax 	<ul style="list-style-type: none"> ➤ Continued solidification of new government
Philippines	<ul style="list-style-type: none"> ➤ Supply side shocks ➤ Tight monetary policy, may limit fiscal stimulus policy 	<ul style="list-style-type: none"> ➤ “Hot” South China Sea territorial dispute with China
Thailand	<ul style="list-style-type: none"> ➤ Export-orient manufacturing exposure to changes in external demand ➤ Higher inflation 	<ul style="list-style-type: none"> ➤ New government with diverse coalition could slow policy making
Vietnam	<ul style="list-style-type: none"> ➤ Higher inflation ➤ Slowing property sector ➤ Export-orient manufacturing exposure to changes in external demand 	<ul style="list-style-type: none"> ➤ Continued anti-corruption campaign



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