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FOREWORD FROM THE U.S. AMBASSADOR TO ASEAN



It is my true pleasure to introduce the *2017 ASEAN Business Outlook Survey*, a resource the American Chamber of Commerce in Singapore and the U.S. Chamber of Commerce publish each year. With strong and sustained growth, a young population, and a rapidly expanding middle class, Southeast Asia continues to be full of exciting business opportunities. This survey offers an accessible summary of the perceptions and insights of executives in American companies across the region about their experiences in ASEAN countries.

The United States highly values our relationship with ASEAN. That is why, at the historic U.S.-ASEAN Leaders Summit in Sunnylands, California, President Obama announced U.S.-ASEAN Connect, a new strategic framework for American economic engagement in ASEAN. To support the ASEAN Economic Community, Connect will build upon the already strong economic ties between the United States and ASEAN, focusing particularly on business, innovation, energy, and policy.

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.



Nina Hachigian
U.S. Ambassador to ASEAN



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

Celebrating 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 (Hanoi), 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.




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 further expand and streamline trade connections between ASEAN and the wider Asia-Pacific region.

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.

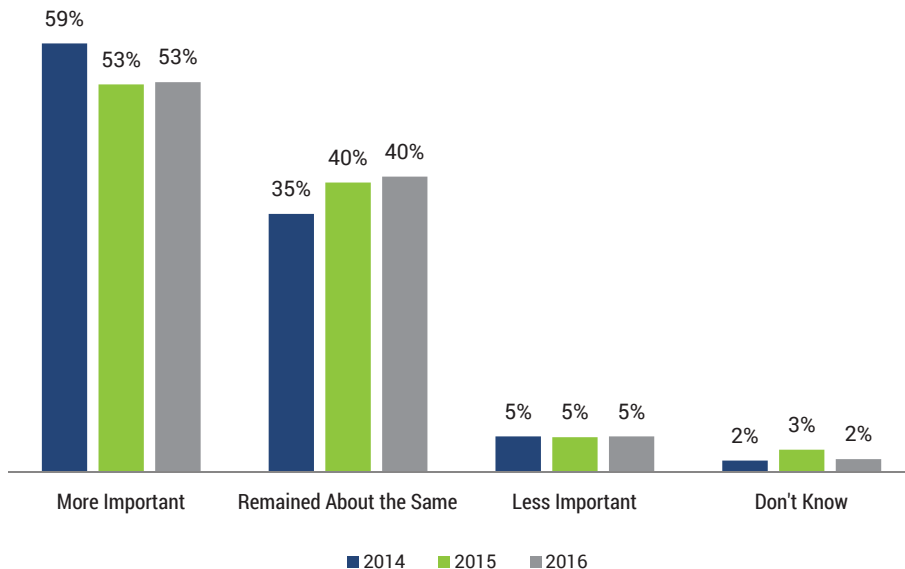
In many respects, U.S. companies' satisfaction and optimism regarding ASEAN's business environment has remained high but has plateaued. Corruption remains a significant challenge to doing business in ASEAN. When asked to rank satisfaction with factors relating to business environment, respondents report 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.

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

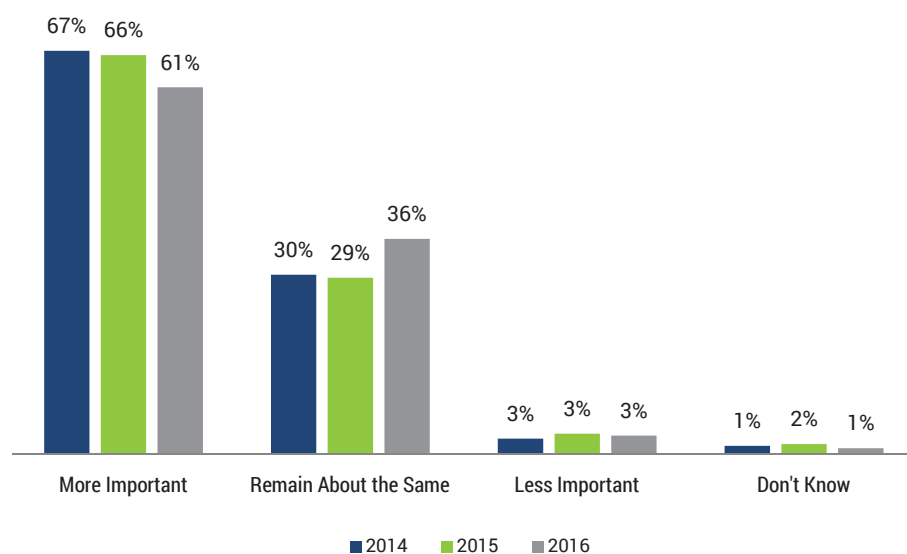
ASEAN markets remain important for U.S. companies' global business. More than half of respondents (53%) report that ASEAN markets have become more important in terms of their companies' worldwide revenue over the past two years. 40% of respondents across the region indicate that the ASEAN markets' importance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



Importance of ASEAN Markets in Terms of Worldwide Revenues over the Past 2 Years

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.

Importance of ASEAN Markets in Terms of Worldwide Revenues over the Next 2 Years

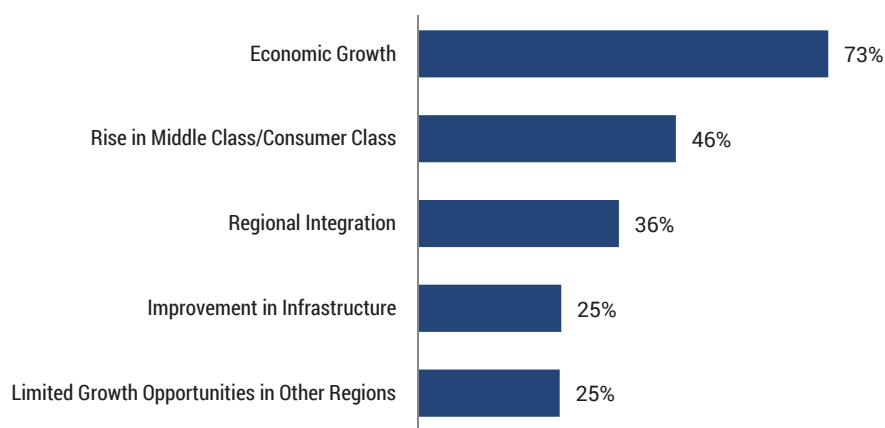


The top three reasons respondents say that ASEAN markets will be more important for their companies' worldwide operations and revenues over the next two years are economic growth¹ (73%), rise in middle class and consumer class (46%), and regional integration in ASEAN (36%).

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.

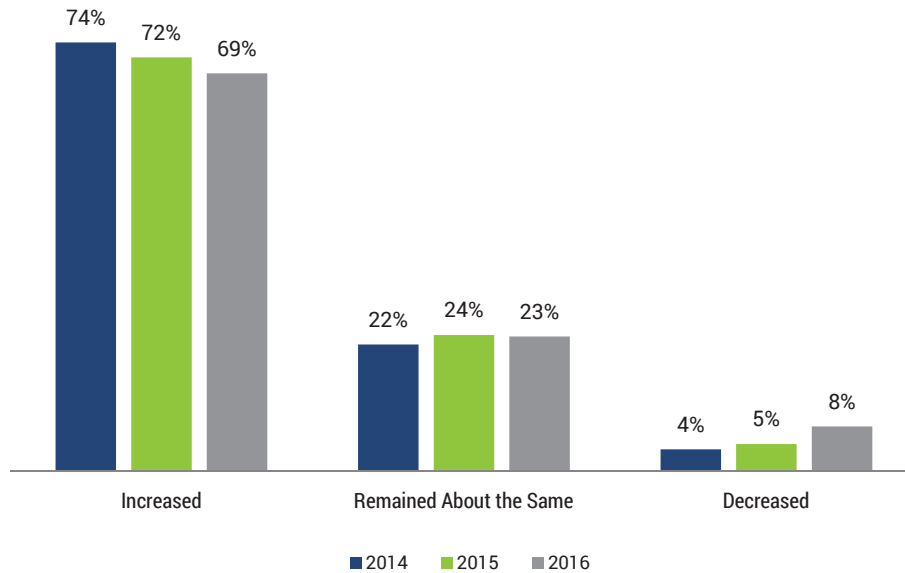
Top Reasons ASEAN Markets Will Be More Important for Worldwide Operations and Revenues over the Next Two Years



¹ "Economic growth" was added as an answer option for the first time in this year's survey after a large number of respondents had written it as an option in previous years.

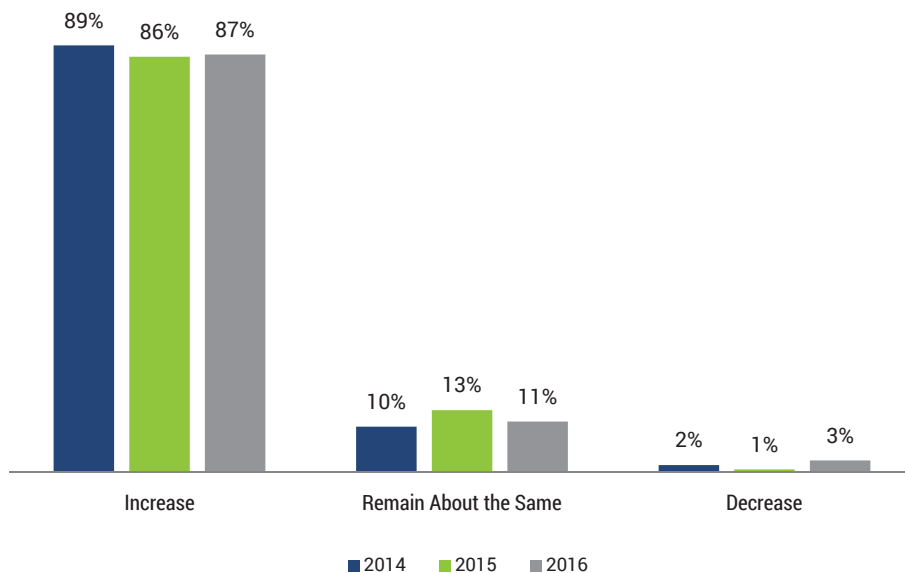
TRADE AND INVESTMENT IN ASEAN

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.



Level of Trade/
Investment in
ASEAN over the
Past 2 Years

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.

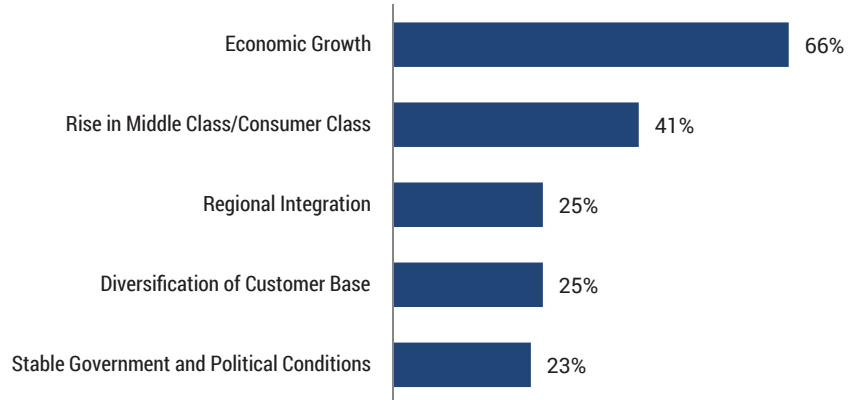


Level of Trade/
Investment in
ASEAN over the
Next 5 Years

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.

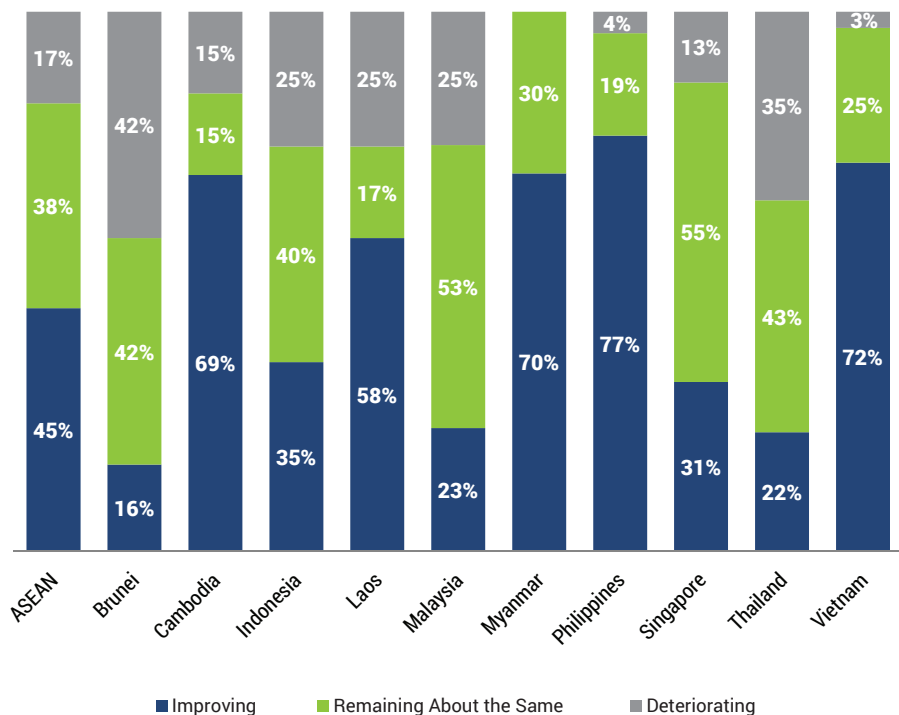
Companies' reasons for expanding trade and investment in ASEAN over the next five years vary depending on their industries and the types of operations they have in the region. While companies across almost all industries indicate economic growth as the top reason for increasing trade and investment in 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.

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



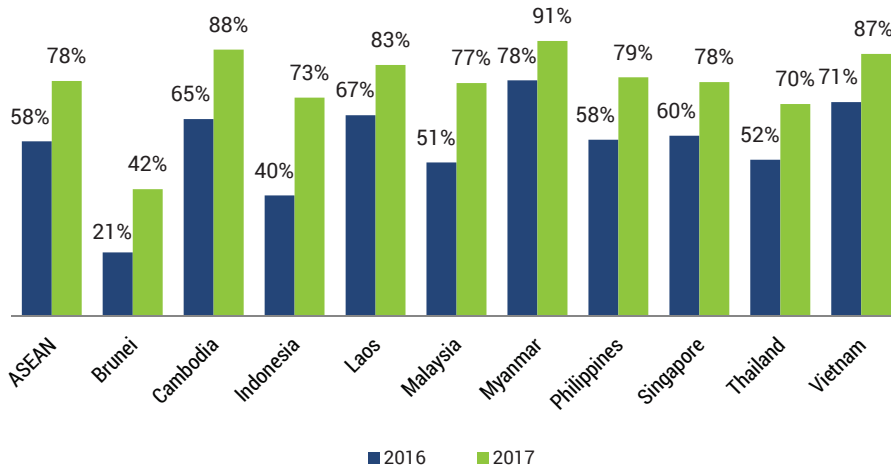
While close to half of the total number of respondents (45%) across ASEAN describe the investment environment as improving in their country, there is significant variation by country. Respondents in the Philippines (77%), Vietnam (72%), and Myanmar (70%) are the most optimistic, and say the investment 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.

How Would You Describe the Overall Investment Environment in Your Response Location?



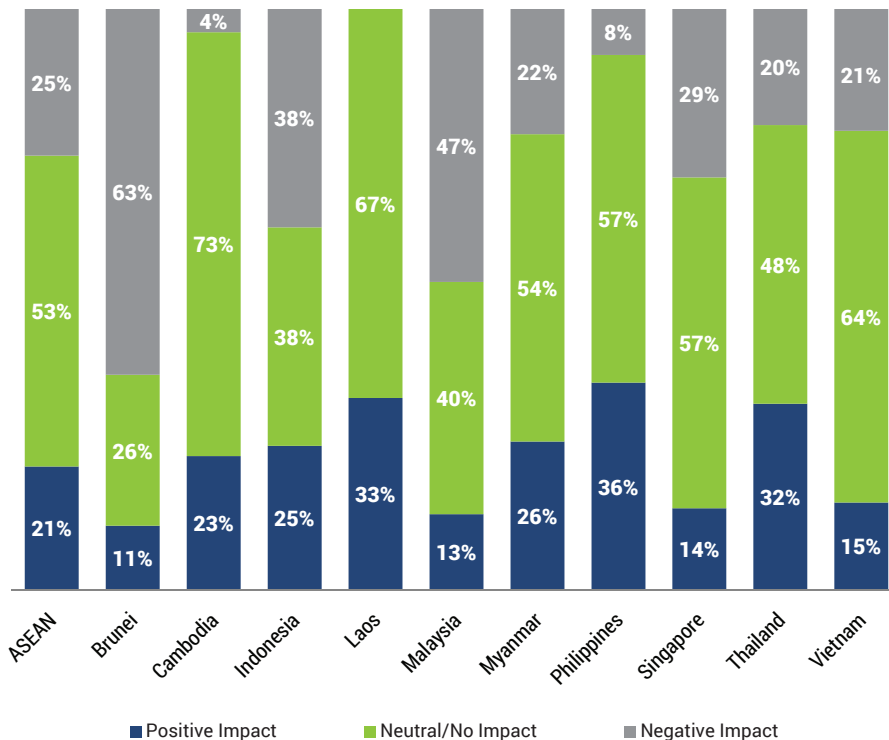
PROFIT OUTLOOK

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%).



Profit Increase Outlook in 2016 & 2017, Compared to 2015

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%).



How Has the Decrease in the Price of Oil Impacted Your Operations in Your Response Location?

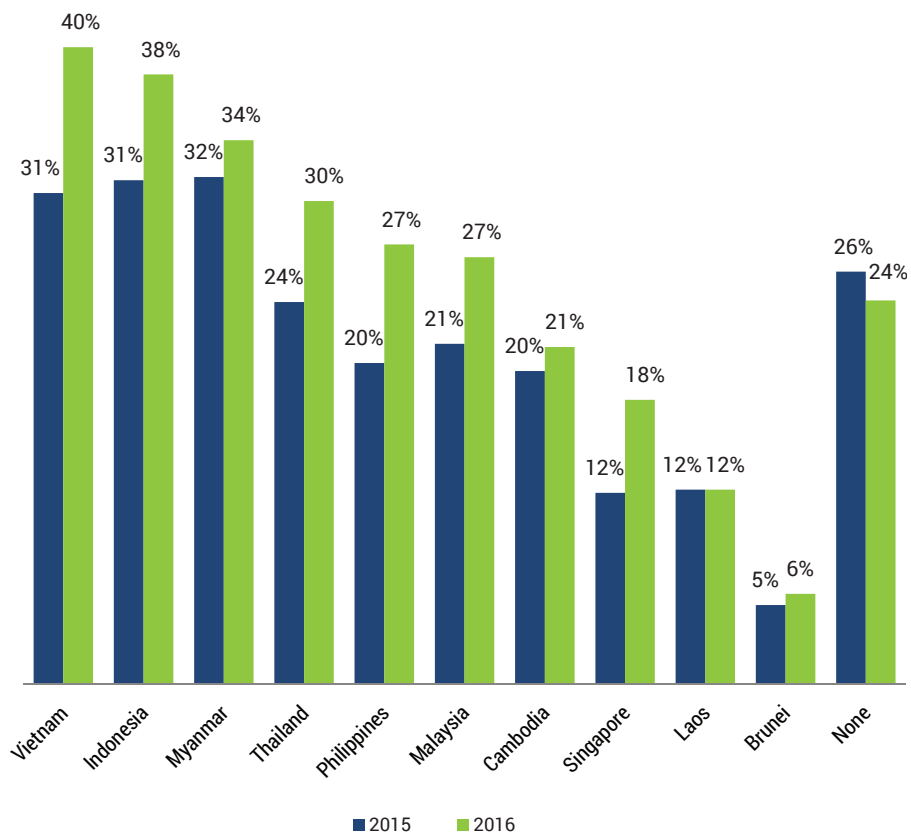
2 BUSINESS EXPANSION IN ASEAN

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.

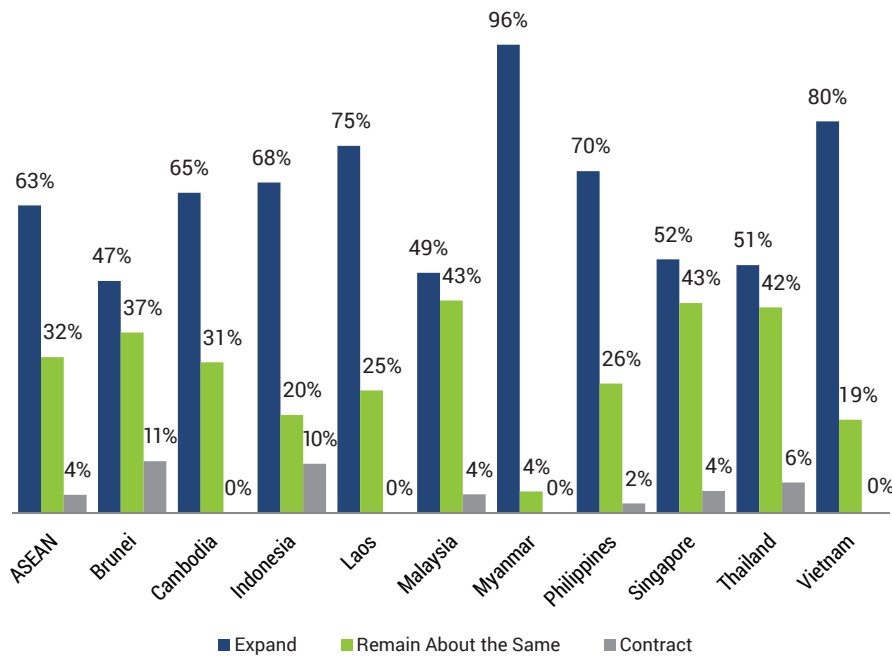
LOCATION OF BUSINESS EXPANSION IN ASEAN

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%).

Into Which ASEAN Country or Countries, If Any, Does Your Company Plan to Expand?

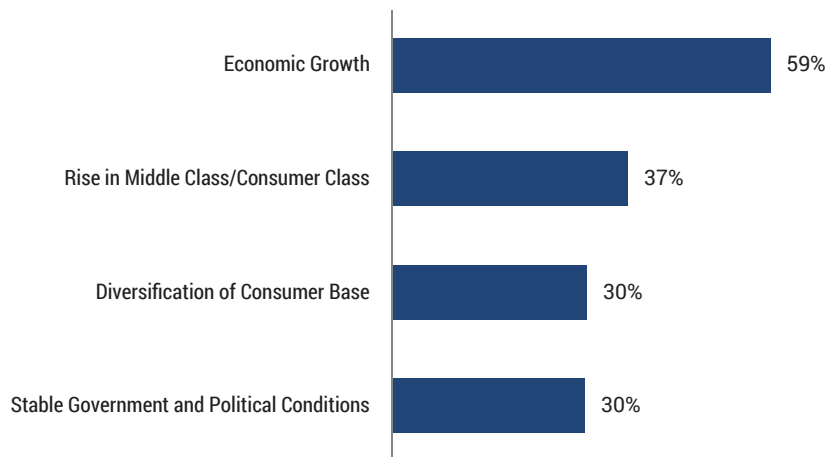


The majority of respondents (63%) also report that their companies will be expanding in their current countries of operation, a figure unchanged from last year, while only 4% expect their companies to contract. Executives in Myanmar almost universally expect to expand (96%). Respondents from the consumer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



In Your Response Location, Does Your Company Plan to Expand or Contract?

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.

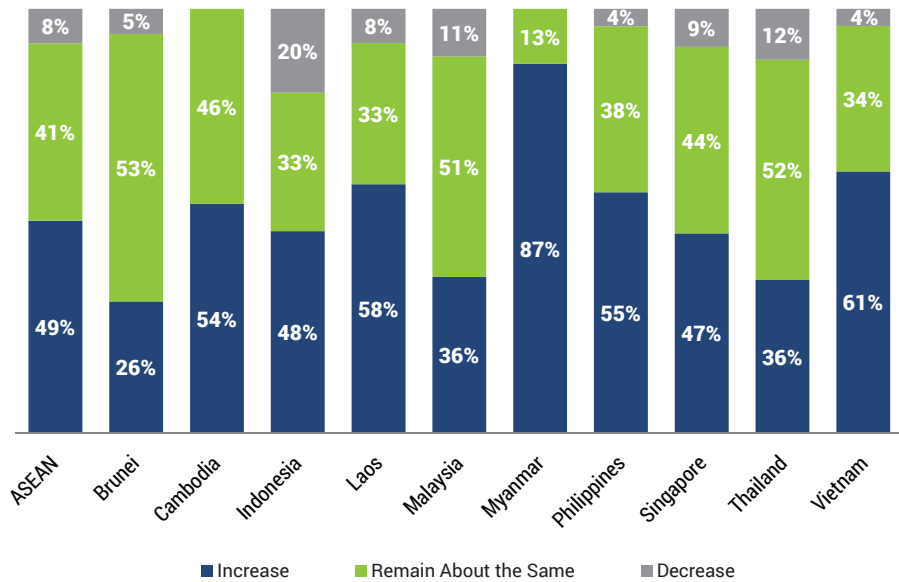


Top Reasons Companies' Levels of Trade and Investment Are Expanding in Their Current Locations

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.

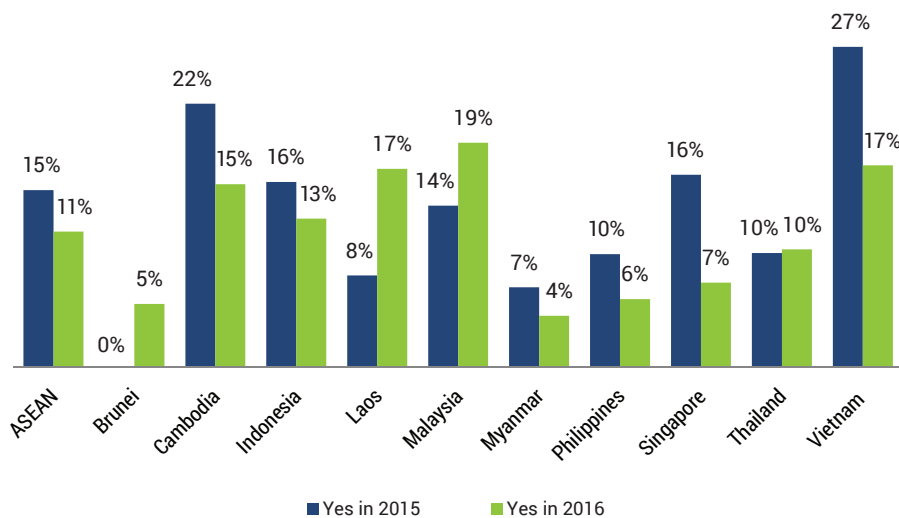
Do You Expect Your Total Number of Employees in Your Response Location to Increase, Remain About the Same, or Decrease in 2016?



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.

Percentage of Companies that Plan to Diversify Some Investments or Businesses over the Next 2 Years from China into ASEAN (2015-2016)



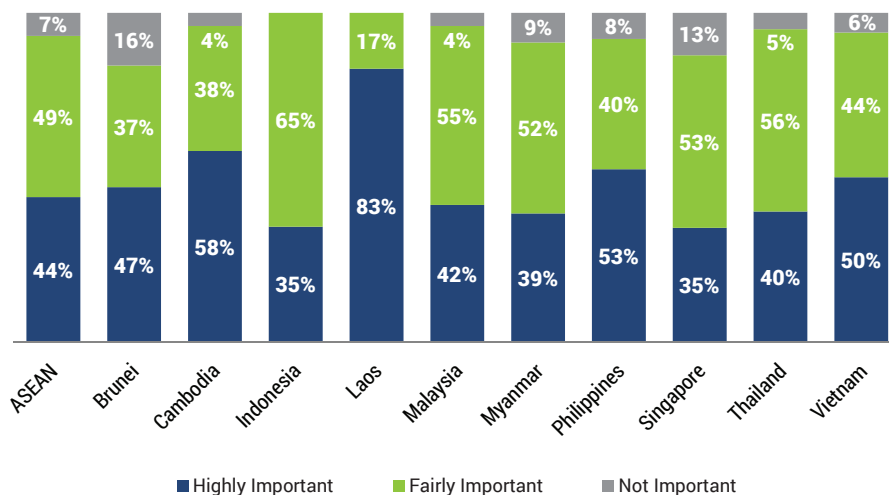
ASEAN INTEGRATION

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.



Looking Ahead, How Important Is the ASEAN Economic Community to Your Company’s Future Investment Plans?

SELECTED INSIGHTS FROM RESPONDENTS

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

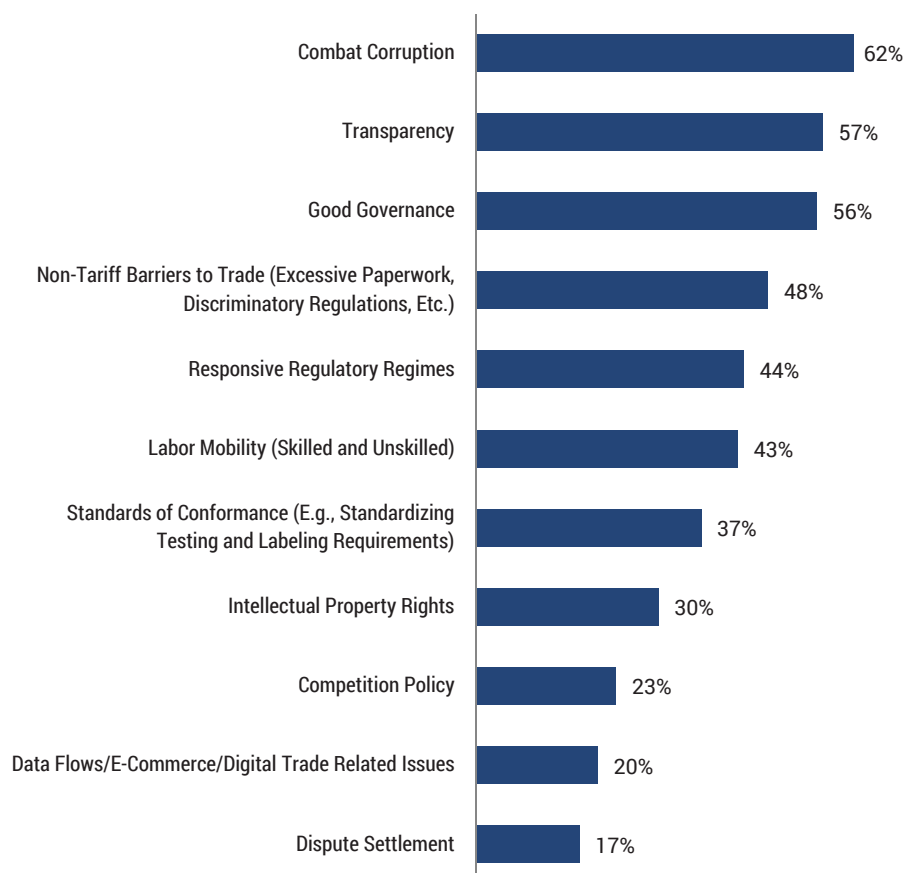
"Some investments will continue with or without AEC completion to capture growth; however, AEC and better regional integration will mean we can bring in more high-value manufacturing not currently done in ASEAN or APAC. [This would allow us to] manufacture in one country for the full ASEAN market."

"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."

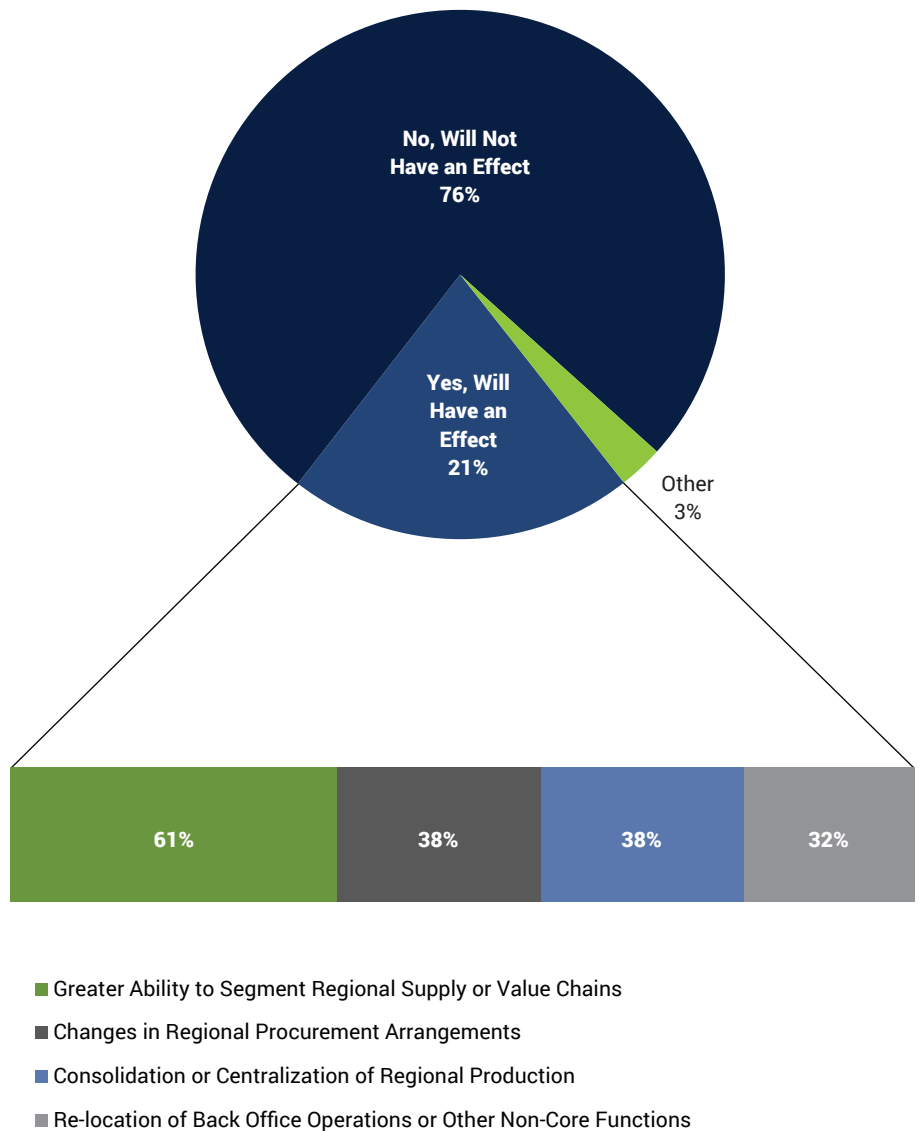
"If there were to be real cross-border, open trade and personnel deployment flexibility, this would be positive. Nevertheless, we do not see this happening."

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.

Future Priority Areas of Work to Enhance Regional Economic Integration



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%).



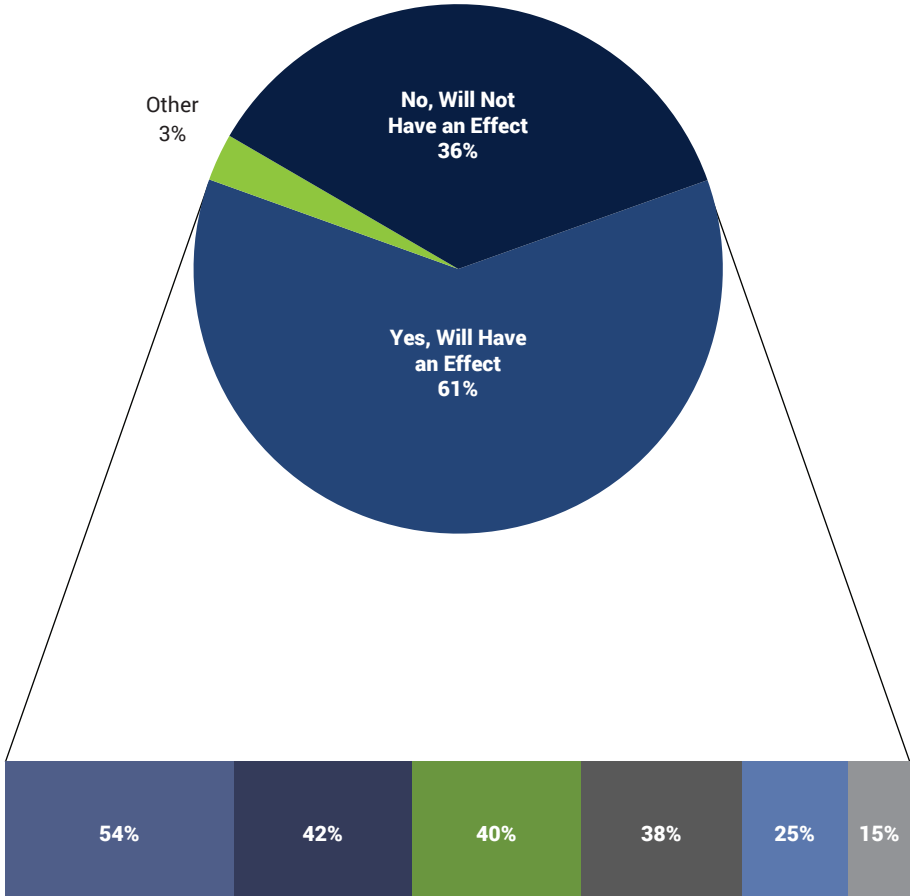
With the Inauguration of the AEC in December 2015, Do You Foresee Any Impact on the Location of Your Operations? (Check All that Apply.)

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.)**



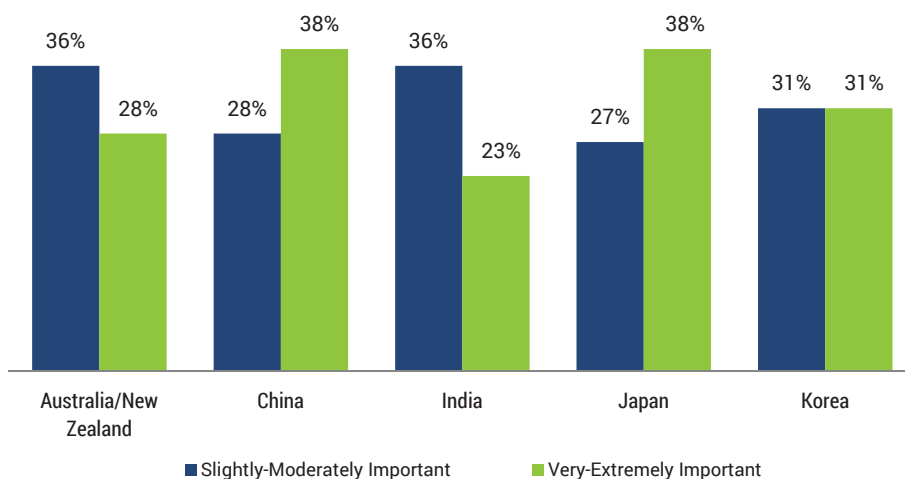
- Ability to Move Key Personnel Around the Region
- Marketing Strategies
- Reduction in Transaction Costs
- Attractive Opportunities for Export from ASEAN to Non-ASEAN Markets
- Streamlining or Re-organization of Other Basic Business Functions
- Standardization of Product Lines

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 the 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

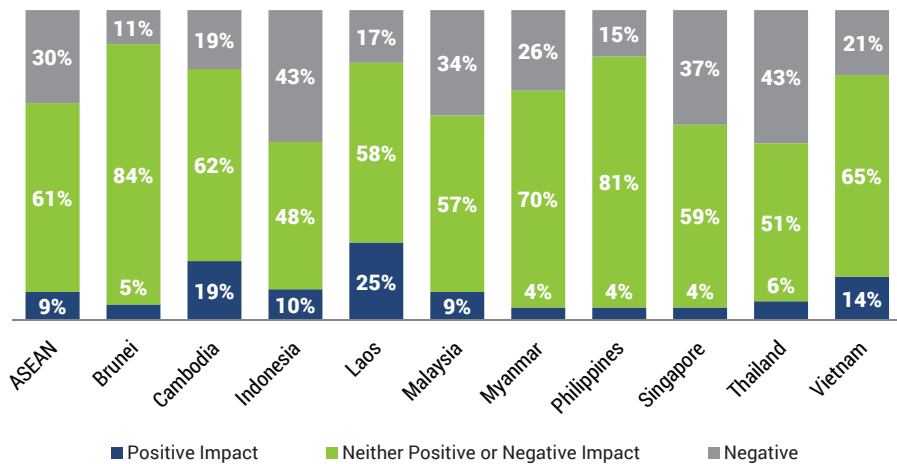
ASEAN is a major manufacturing and distribution hub to an array of markets in the wider Asia Pacific region. Respondents across ASEAN report that China and Japan are the most important export markets, followed by Australia and New Zealand.



Please Rank the Relative Importance of Exporting Goods and/or Services from Your Response Location to the Following Countries. (Check All that Apply.)

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.

How Has China's Economic Slowdown Impacted Your Operations in Your Response Location?



SELECTED INSIGHTS FROM SURVEY RESPONDENTS

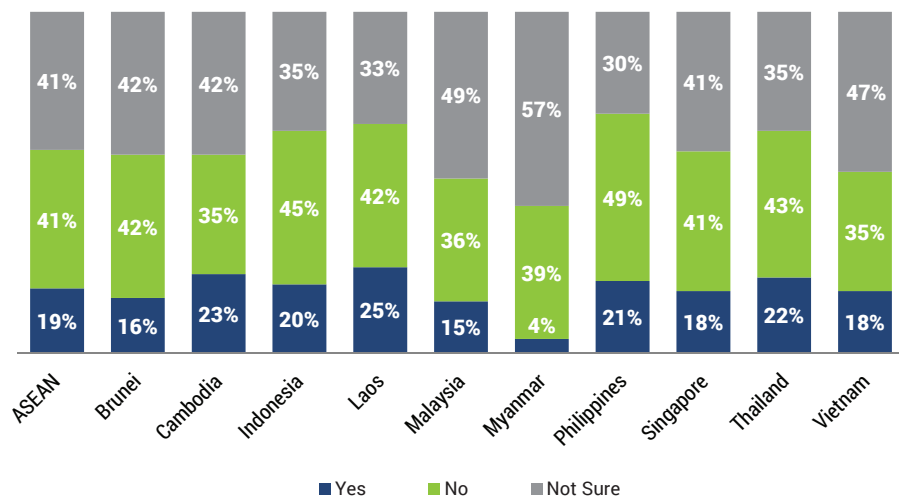
"Our business has not entered China as of yet. We are planning to grow there and view the transition of the Chinese economy to a consumer-based economy as positive for our brand to enter the market and grow."

"...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.

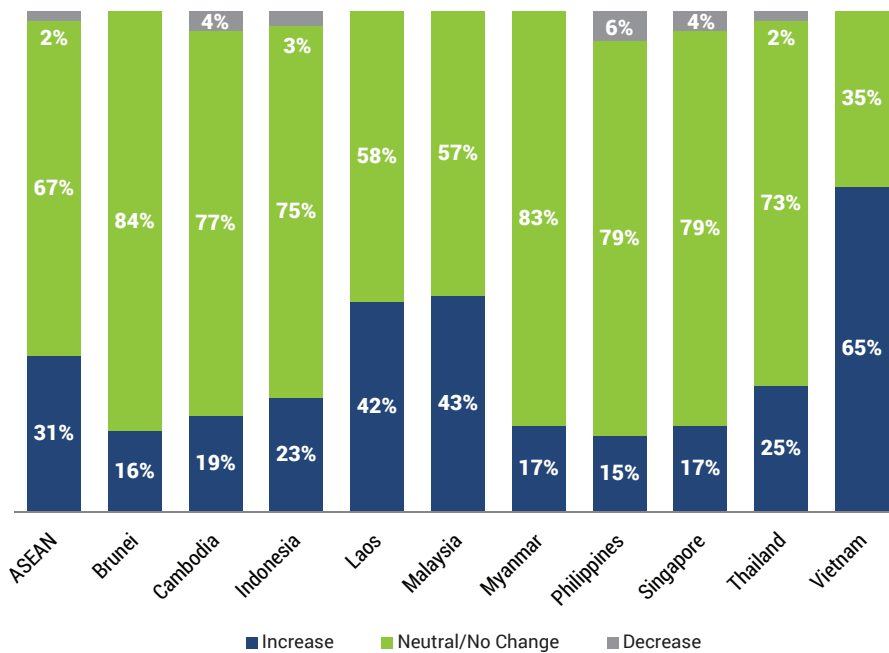
Will RCEP Impact Where Your Company Plans Future Investments in the Region?



TRANS-PACIFIC PARTNERSHIP (TPP)

The Trans-Pacific Partnership (TPP) aims to lay the foundation for a modern, high-standard free trade area of the Asia-Pacific region. Four ASEAN countries (Brunei, Malaysia, Singapore, and Vietnam) are among the 12 partners. The other partners are Australia, Canada, Chile, New Zealand, Mexico, Peru, Japan, and the United States.

39% of respondents from the four ASEAN TPP countries indicate that the TPP will result in greater local investment. This is compared to only 22% from the six non-TPP ASEAN countries (Cambodia, Indonesia, Laos, Myanmar, the Philippines, and Thailand).



Assuming the TPP Is Ratified and Implemented, to What Extent Will This Change Your Investment in Your Response Location?

SELECTED INSIGHTS FROM SURVEY RESPONDENTS

"The impact will be indirect - if a country benefits from TPP our business will grow there because our clients will need more of our services which in turn will increase our investment." (Indonesia)

"Won't really change how WE invest, but will probably change how our clients invest. And that will indirectly impact us." (Singapore)

"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)

"With 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)

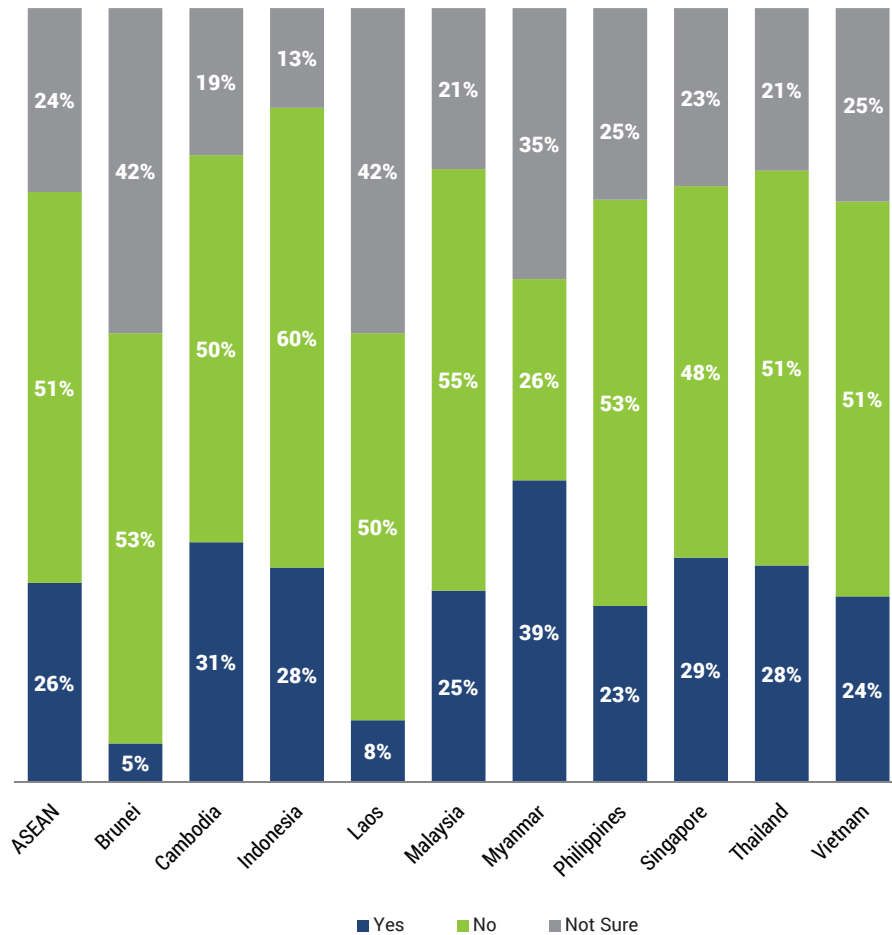
5 EXPATRIATE RECRUITMENT AND RETENTION FACTORS

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.

Does the IRS Taxation of Worldwide Income Earned by U.S. Citizens Cause Your Company to Hire Fewer Americans Than It Otherwise Would in Your Response Location?



SELECTED INSIGHTS FROM SURVEY RESPONDENTS

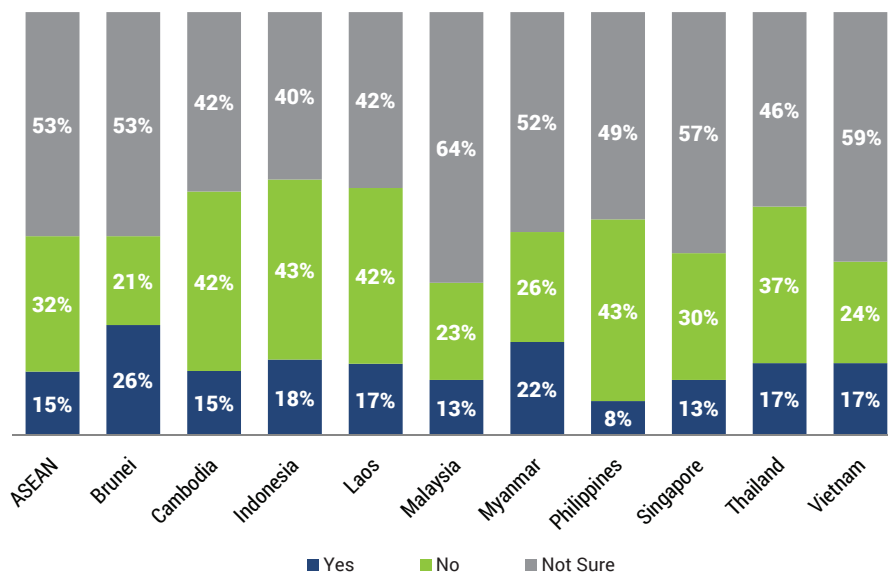
"No other impact except our U.S. personnel have less incentive to leave home and deploy abroad due to the tax implications and a [smaller] benefit/incentive to them."

"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."

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.



Once Fully Implemented, Will the Foreign Account Tax Compliance Act (FATCA) Regulations Affect Your Ability to Conduct Business?

SELECTED INSIGHTS FROM SURVEY RESPONDENTS

"FATCA make[s] 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."

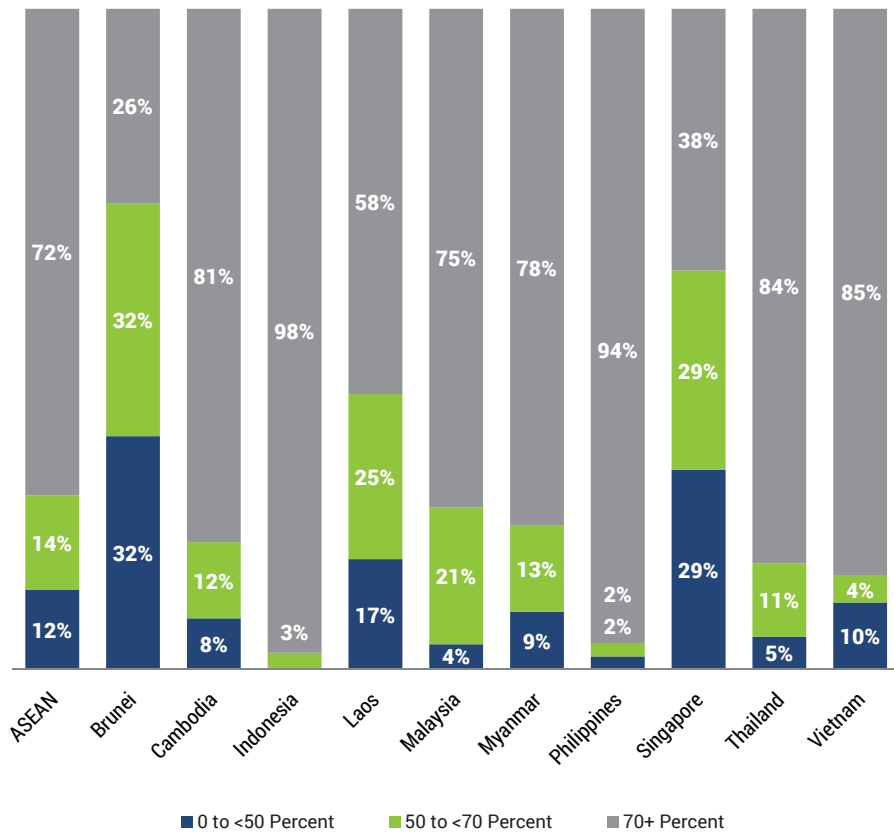
6 TALENT SOURCING AND WORKFORCE DEVELOPMENT

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.

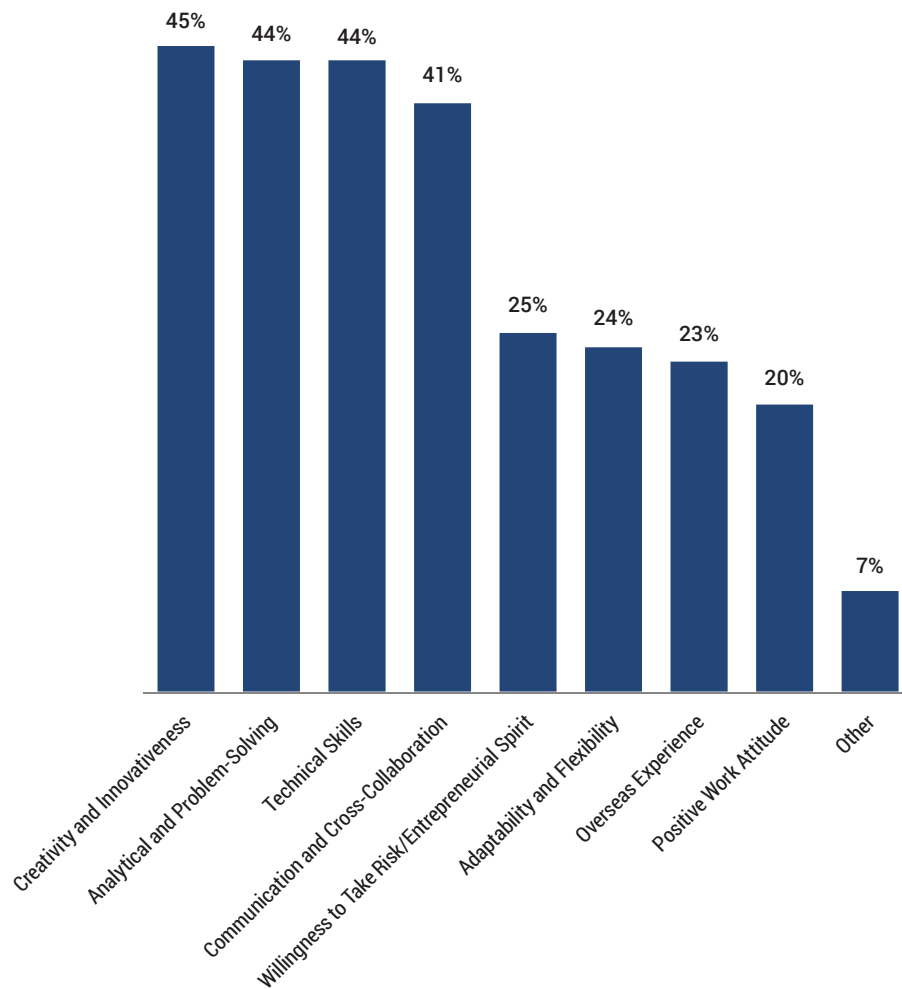
In Your Response Location, What Percentage of Your Workforce Is Comprised of Host Country Nationals?



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%).



Which Skills Are Valued by Your Company and Are Difficult to Find Among Graduates in Your Response Location?

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%).

	ASEAN	Brunei	Cambodia	Indonesia	Laos	Malaysia	Myanmar	Philippines	Singapore	Thailand	Vietnam
Accounting	15%	8%	20%	13%	42%	19%	45%	16%	17%	12%	3%
Customer Service	25%	38%	30%	19%	58%	19%	36%	22%	33%	18%	20%
Data Analytics	27%	15%	20%	29%	33%	39%	18%	31%	37%	22%	20%
Foreign Language	24%	8%	10%	23%	83%	16%	45%	6%	10%	46%	25%
Information Technology	33%	54%	25%	32%	50%	35%	45%	44%	42%	28%	13%
Management & Leadership	56%	54%	50%	65%	75%	42%	64%	50%	52%	56%	62%
Sales & Marketing	37%	38%	30%	32%	67%	32%	36%	38%	40%	38%	32%
Other	27%	8%	25%	29%	0%	42%	9%	38%	21%	34%	27%

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)

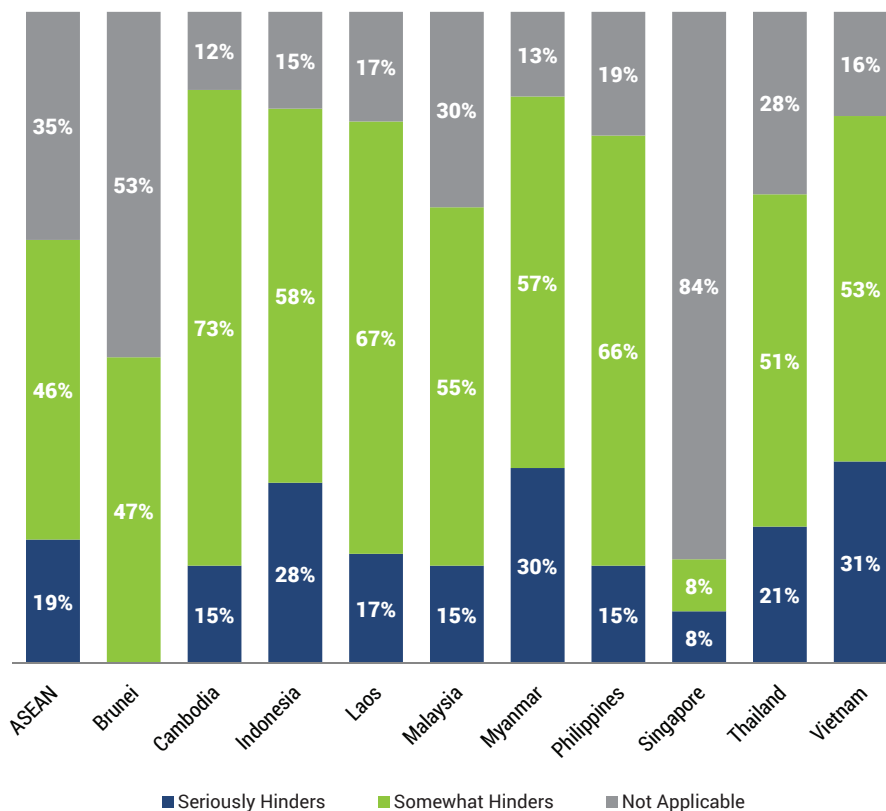
“Improve the education and training in these key areas using talent from overseas - most people lack the basic understanding of how to work within an international organization at the level that is expected by regional companies.” (Vietnam)

CORRUPTION, TRANSPARENCY, AND REGULATORY CHALLENGES

Over the history of the *ASEAN Business Outlook Survey*, corruption has consistently been cited as the most significant challenge to doing business in ASEAN. Again, this year's survey explored the issue in greater depth. In this section, respondents were asked a series of questions regarding the manner in which corruption-related challenges or risks impact their current business operations in their country of response.

CORRUPTION AND BRIBERY RISKS FOR CURRENT BUSINESS OPERATIONS

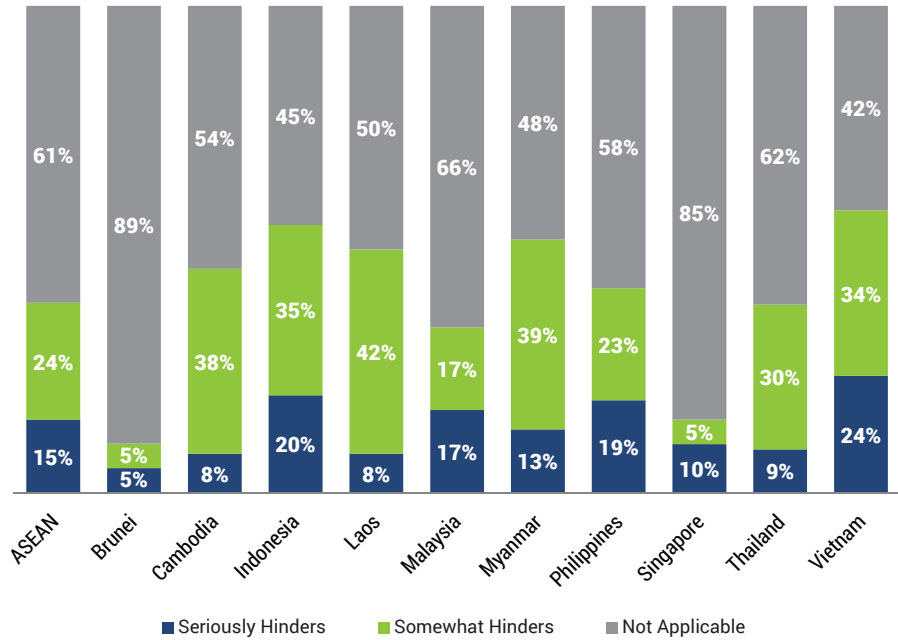
Corrupt business environments can result from the way in which the state enforces the law. Failure to enforce laws fairly and efficiently is seen as a substantial challenge by the majority of businesses across ASEAN (65%). With the exception of Brunei and Singapore, the majority of respondents in all ASEAN countries report that the lack of fair enforcement of the law "seriously hinders" or "somewhat hinders" their current ability to do business.



Lack of Fair Enforcement of the Law

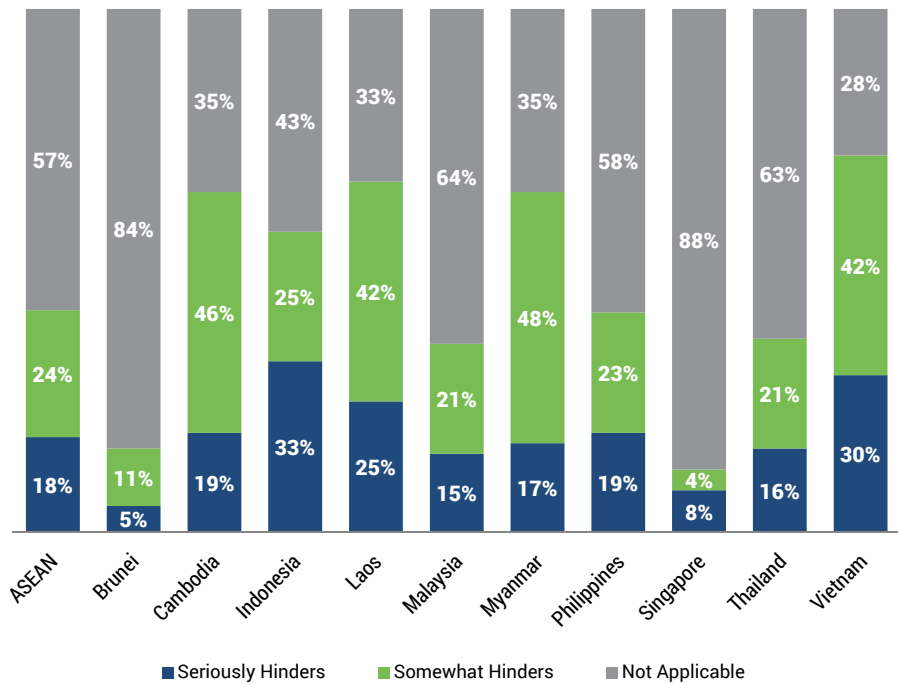
In contrast, pressure to bribe private sector clients and/or customers for contracts varies much more significantly by country. Respondents based in Vietnam (58%), Indonesia (55%), and Myanmar (52%) express greater concern regarding this issue than respondents from Brunei (10%) and Singapore (15%).

**Pressure to Bribe
(Make Payments to)
Private Sector
Clients/Customers
for Contracts**

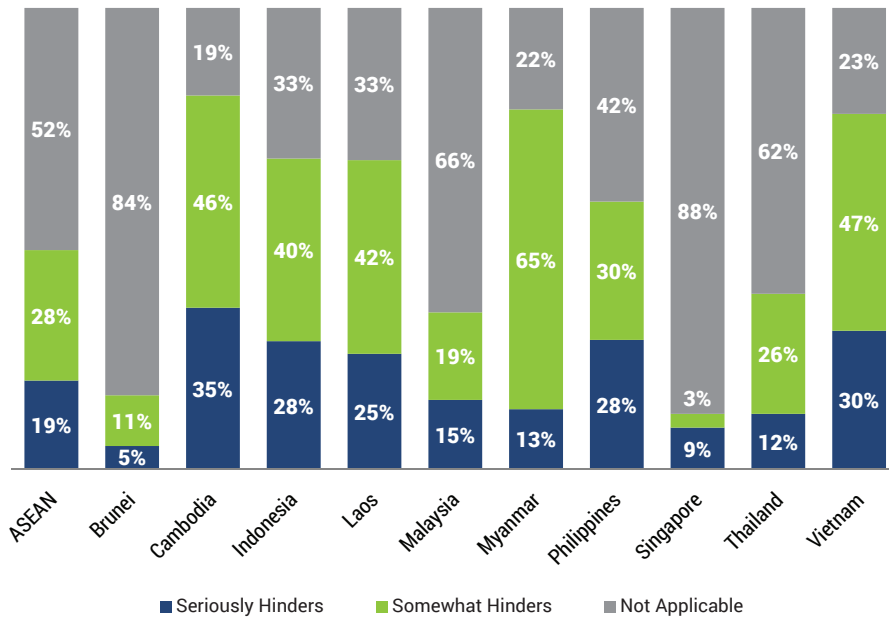


The pressure to bribe public sector clients and/or customers for contracts is perceived as similar to that concerning private sector clients. With few exceptions, a slightly higher percentage of respondents find that the risk with public sector clients “seriously” or “somewhat” hinders their ability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

**Pressure to Bribe
(Make Payments to)
Public Sector
Clients/Customers
for Contracts**

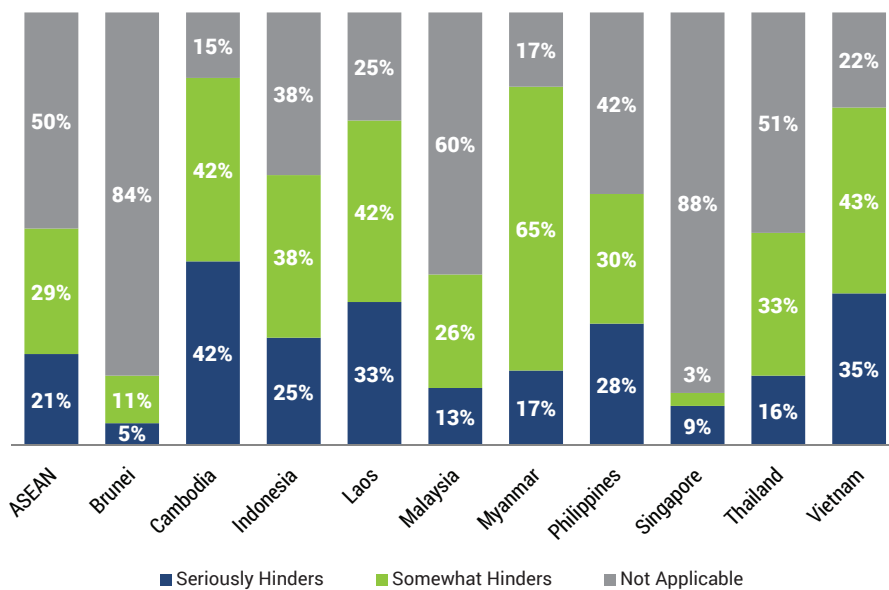


The pressure to bribe officials for essential licenses and permits varies greatly depending on the country from which executives responded. Less than half of respondents in Malaysia (34%), Brunei (16%), and Singapore (12%) believe that this risk hinders their operations, while higher percentages of respondents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



Pressure to Bribe (Make Payments to) Officials for Essential Licenses and Permits

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.

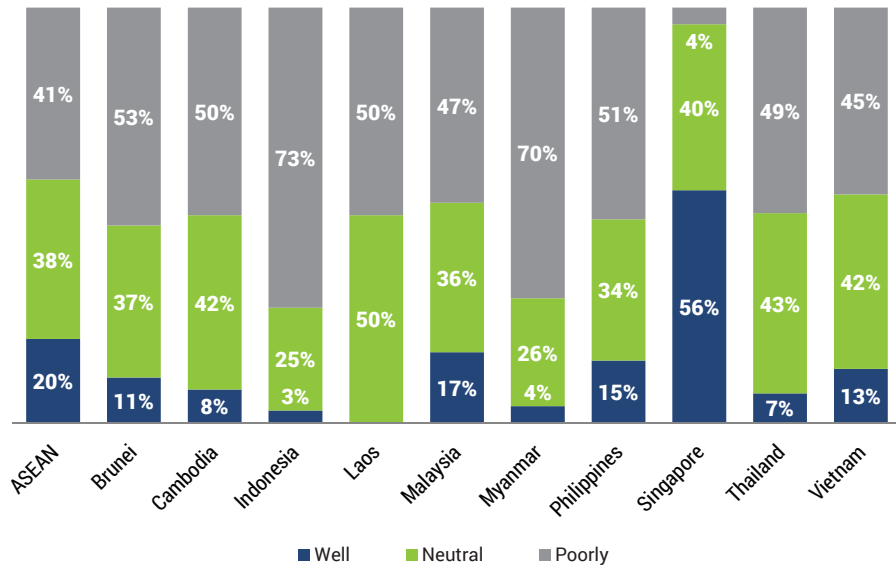


Pressure to Bribe (Make Payments to) Officials to Speed Up Routine Government Services

GOVERNMENT TRANSPARENCY AND ENGAGEMENT

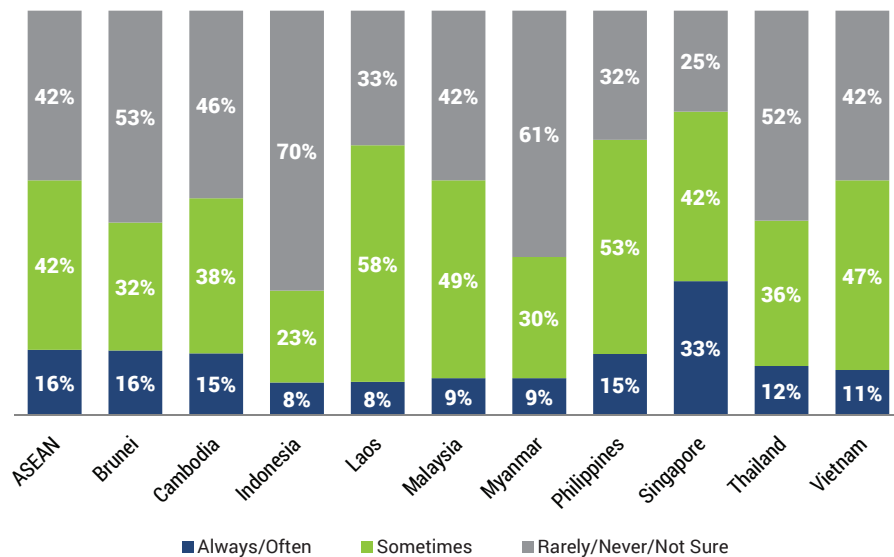
Consistent internal coordination within a government allows policymakers to create and execute more cohesive policies, providing businesses with greater clarity with which to plan for the future. Results from this year's survey indicate ministries in almost all countries do not liaise and coordinate 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.

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



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.

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?



CURRENT LOCAL BUSINESS ENVIRONMENT

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	ASEAN	Brunei	Cambodia	Indonesia	Laos	Malaysia	Myanmar	Philippines	Singapore	Thailand	Vietnam
Availability of Low Cost Labor	43%	37%	50%	45%	58%	45%	35%	72%	47%	40%	65%
Availability of Raw Materials	34%	32%	38%	30%	42%	43%	35%	45%	45%	35%	38%
Availability of Trained Personnel	37%	53%	42%	53%	58%	40%	83%	68%	54%	35%	46%
Ease of Moving Your Products through Customs	29%	37%	35%	40%	33%	43%	65%	45%	53%	31%	41%
Free Movement of Goods within the Region	34%	42%	38%	45%	42%	55%	39%	40%	51%	35%	40%
Housing Costs	38%	53%	42%	38%	42%	40%	78%	32%	71%	47%	37%
Infrastructure	40%	42%	54%	88%	58%	64%	78%	74%	94%	41%	61%
Lack of Corruption	49%	53%	73%	73%	42%	58%	70%	53%	95%	63%	71%
Lack of Local Protectionism	42%	63%	50%	53%	67%	51%	57%	40%	55%	41%	46%
Laws & Regulations	38%	47%	58%	73%	58%	38%	78%	49%	90%	43%	54%
New Business Incentives Offered by Government	36%	47%	35%	43%	42%	36%	57%	40%	54%	31%	45%
Office Lease Costs	33%	47%	38%	40%	50%	47%	83%	42%	62%	48%	38%
Personal Security	63%	79%	50%	43%	50%	51%	70%	45%	97%	60%	65%
Sentiment towards the U.S.	59%	58%	38%	50%	42%	60%	52%	77%	79%	44%	70%
Stable Government & Political System	54%	79%	46%	40%	42%	38%	43%	51%	97%	54%	64%
Tax Structure	34%	63%	54%	53%	42%	42%	70%	58%	86%	41%	52%

- Strength: 50% or greater satisfaction rate
- Strength: Plurality are satisfied but satisfaction rate is less than 50%
- Concern: 40% or greater dissatisfaction rate
- Concern: Plurality are dissatisfied but dissatisfaction rate is less than 40%
- Neutral: the plurality are neutral or the factor is inapplicable

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- Crisis management
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- Security design
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CHANGE IN SATISFACTION OF LOCAL BUSINESS ENVIRONMENT (2011 VS. 2016)

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.

Factors	ASEAN	Cambodia	Indonesia	Malaysia	Philippines	Singapore	Thailand	Vietnam
Availability of Low Cost Labor	▼ 7%	▼ 33%	▼ 23%	▼ 15%	▲ 10%	▼ 7%	▼ 9%	▲ 8%
Availability of Raw Materials	▼ 9%	▼ 6%	▼ 5%	▼ 22%	▼ 22%	▼ 15%	▼ 3%	▲ 14%
Availability of Trained Personnel	▼ 10%	▼ 5%	▼ 30%	▼ 5%	▲ 2%	▼ 5%	▼ 13%	▲ 9%
Ease of Moving Your Products through Customs	▼ 4%	▼ 1%	▼ 1%	▼ 17%	▼ 13%	▼ 8%	▼ 5%	▲ 10%
Free Movement of Goods within the Region	▼ 6%	▼ 9%	▼ 11%	▲ 10%	▼ 26%	▼ 12%	▼ 1%	▲ 6%
Housing Costs	▼ 11%	▼ 29%	▼ 27%	▲ 1%	▼ 17%	▼ 2%	▼ 11%	▲ 8%
Infrastructure	▼ 10%	▼ 16%	▼ 11%	▼ 6%	▼ 14%	▲ 1%	▼ 18%	▲ 1%
Lack of Corruption	▲ 5%	▼ 13%	▲ 2%	▼ 13%	▲ 9%	▲ 15%	▲ 2%	▲ 1%
Lack of Local Protectionism	▼ 3%	▼ 16%	▼ 1%	▼ 4%	▲ 12%	▼ 10%	▲ 5%	▼ 3%
Laws & Regulations	▲ 1%	▼ 7%	▼ 3%	▼ 12%	▲ 6%	▲ 8%	▲ 3%	0%
New Business Incentives Offered by Government	▼ 8%	▼ 24%	▼ 11%	▲ 1%	▼ 12%	▼ 12%	▲ 3%	▼ 4%
Office Lease Costs	▼ 8%	▼ 12%	▼ 24%	▲ 2%	▼ 18%	0%	▼ 8%	▲ 10%
Personal Security	▲ 2%	▼ 11%	▲ 5%	▼ 12%	▲ 5%	▲ 14%	▼ 7%	0%
Sentiment towards the U.S.	▼ 12%	▼ 34%	▼ 6%	▼ 5%	▲ 1%	▼ 8%	▼ 36%	▼ 5%
Stable Government & Political System	▲ 6%	▼ 53%	▼ 3%	▼ 24%	▲ 8%	▲ 10%	▲ 10%	▲ 12%
Tax Structure	▼ 4%	▼ 27%	▼ 22%	▼ 11%	▼ 12%	▲ 13%	▲ 3%	▼ 10%

- Increase: 10% or greater increase in satisfaction
- Weak Increase: Between 5% and 10% 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%

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

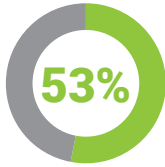


U.S. Investors' Sentiments and Perceptions in BRUNEI

Business Expansion

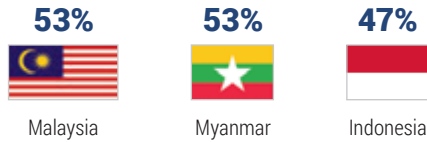


plan to expand within Brunei.

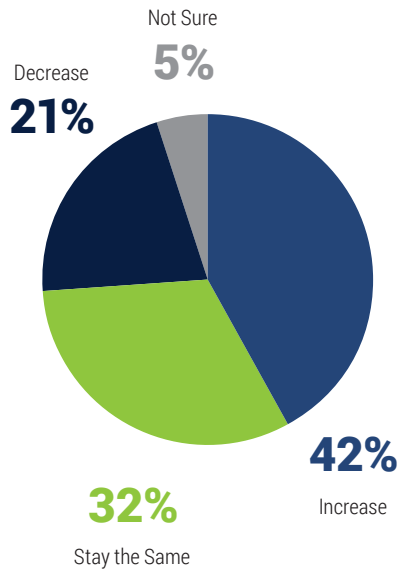


expect their workforce in Brunei to remain about the same in 2016.

Most targeted ASEAN country for expansion beyond Brunei:



Profit Outlook 2017

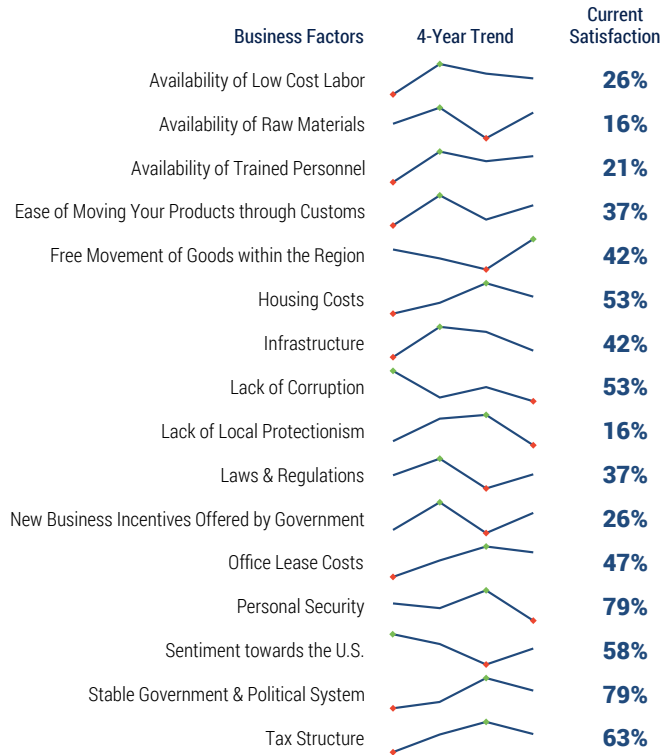


Satisfaction with Government Agencies

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%.

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



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.

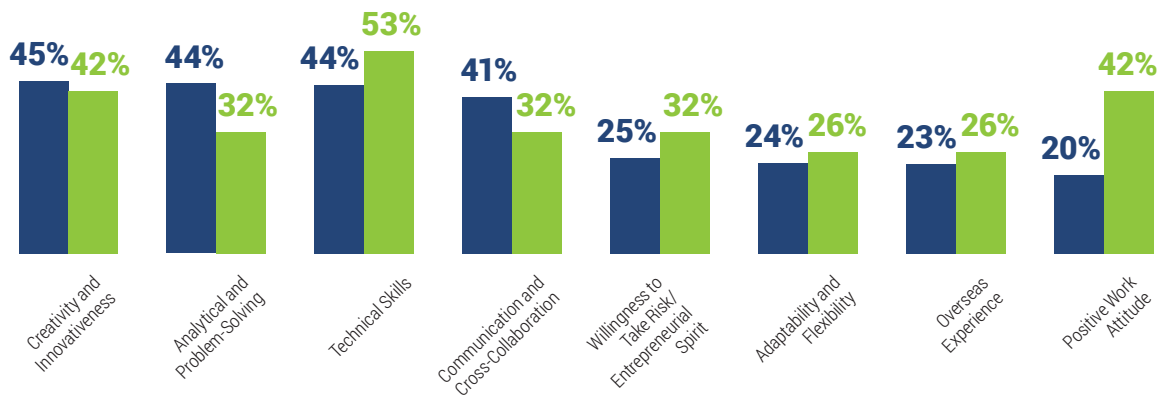
Workforce



26% of respondents' workforces are comprised of more than 70% host country nationals.

Highly Valued Skills that Are Difficult to Find among Graduates

■ ASEAN ■ Brunei



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



54%
Information Technology



54%
Management & Leadership

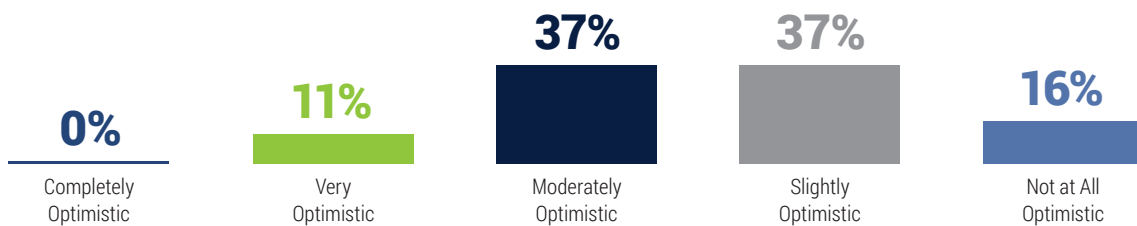


38%
Customer Service



38%
Sales & Marketing

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



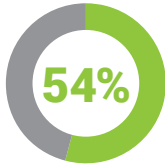


U.S. Investors' Sentiments and Perceptions in CAMBODIA

Business Expansion



27% plan to expand within Cambodia.

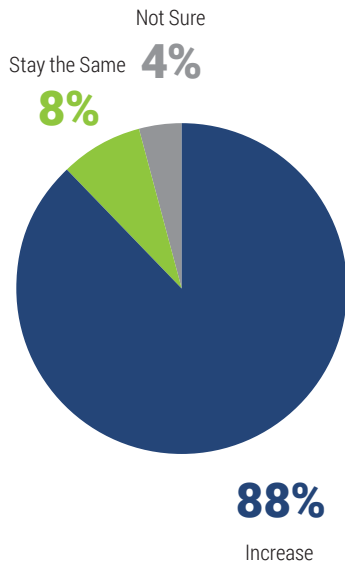


54% expect their workforce in Cambodia to increase in 2016.

Most targeted ASEAN country for expansion beyond Cambodia:



Profit Outlook 2017

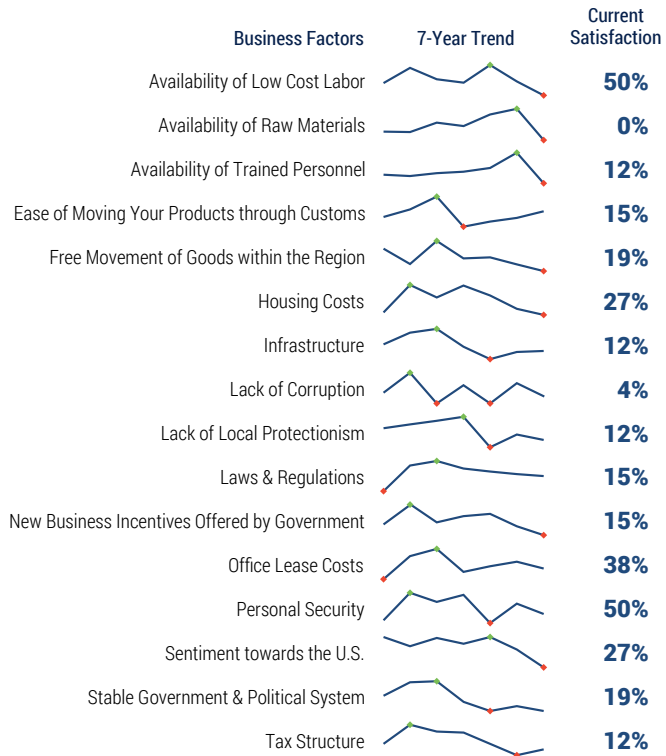


Satisfaction with Government Agencies

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%.

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.



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.

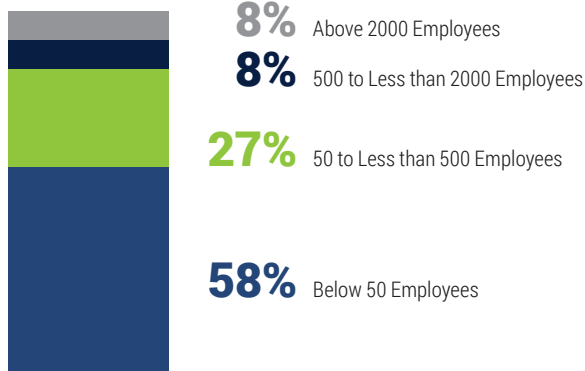


58% expect ASEAN markets will increase in importance over the next 2 years.



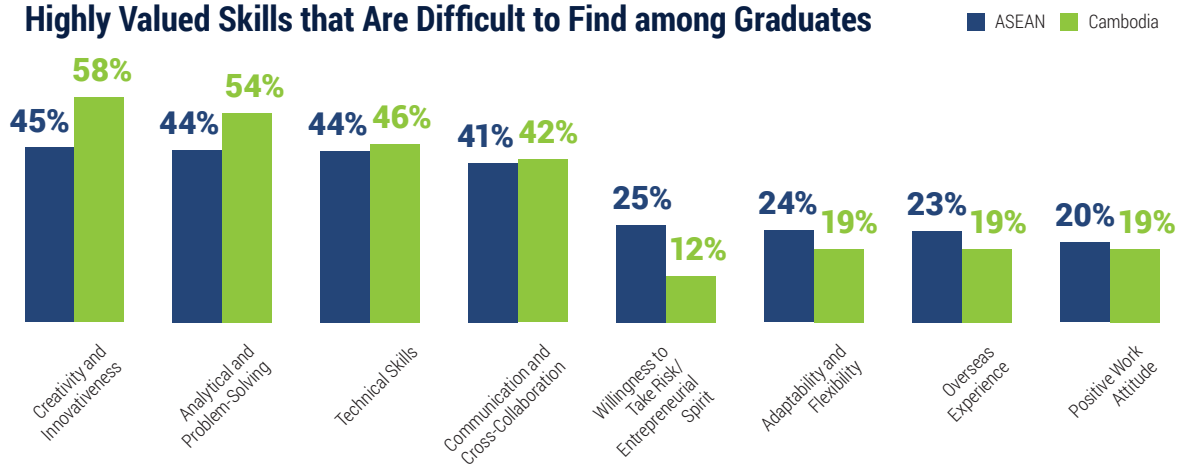
88% think their company's trade & investment in ASEAN will increase over the next 5 years.

Workforce

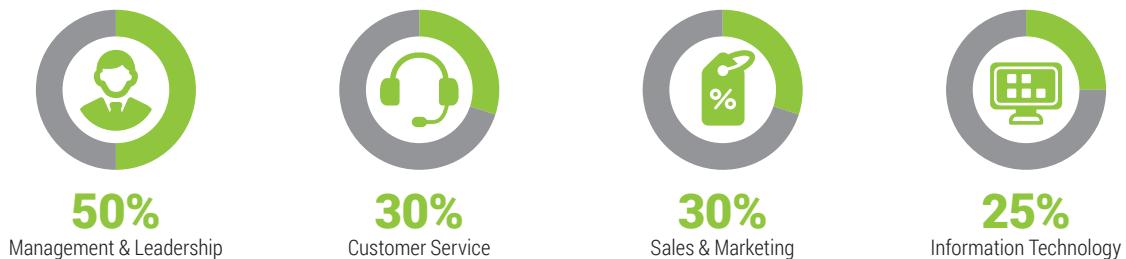


81% of respondents' workforces are comprised of more than 70% host country nationals.

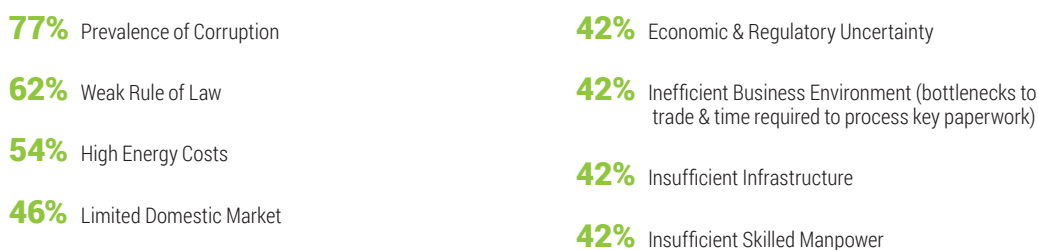
Highly Valued Skills that Are Difficult to Find among Graduates



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



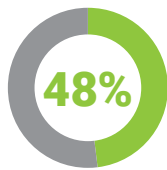
Which of the Following Factors Do You Feel Are the Greatest Barriers to Investing in Cambodia?



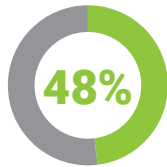


U.S. Investors' Sentiments and Perceptions in INDONESIA

Business Expansion



48% plan to expand within Indonesia.

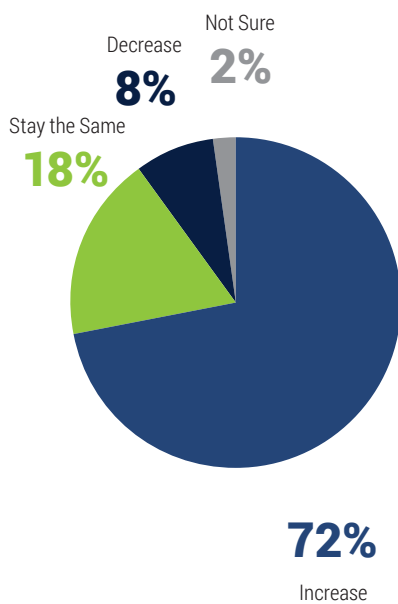


48% expect their workforce in Indonesia to increase in 2016.

Most targeted ASEAN country for expansion beyond Indonesia:



Profit Outlook 2017

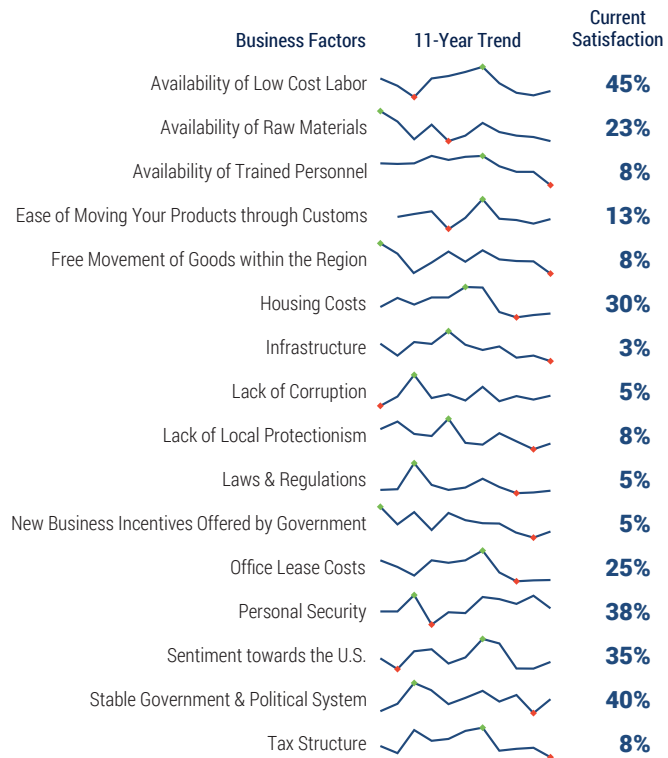


Satisfaction with Government Agencies

Respondents report dissatisfaction with Immigration (50%) and Customs (45%).

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.



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.

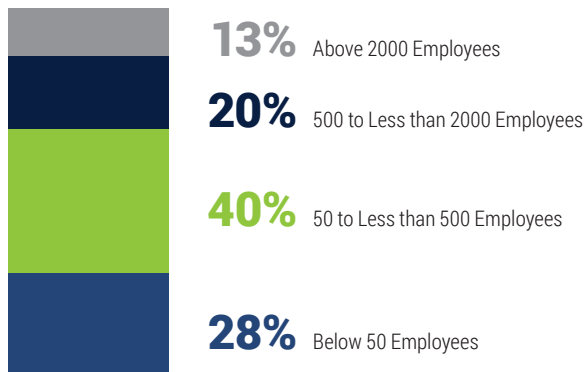


60% expect ASEAN markets will continue to increase in importance over the next 2 years.



83% think their company's trade & investment in ASEAN will increase over the next 5 years.

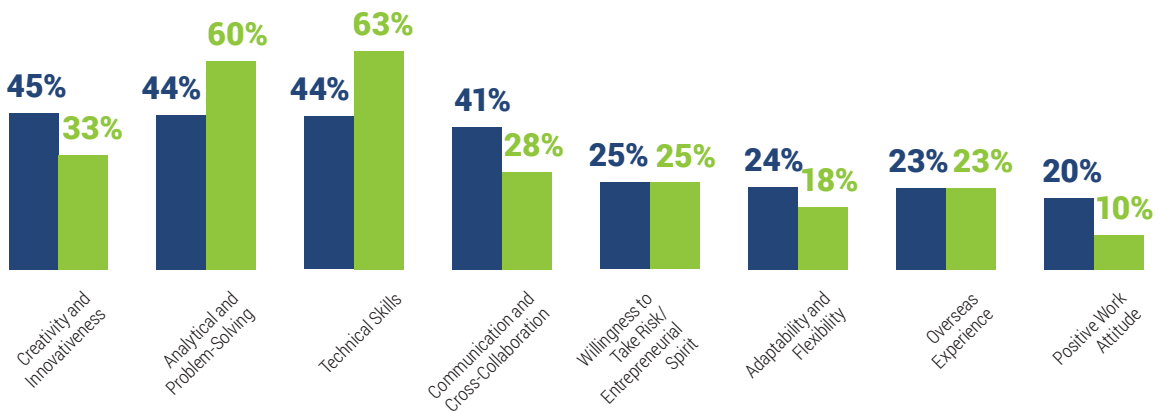
Workforce



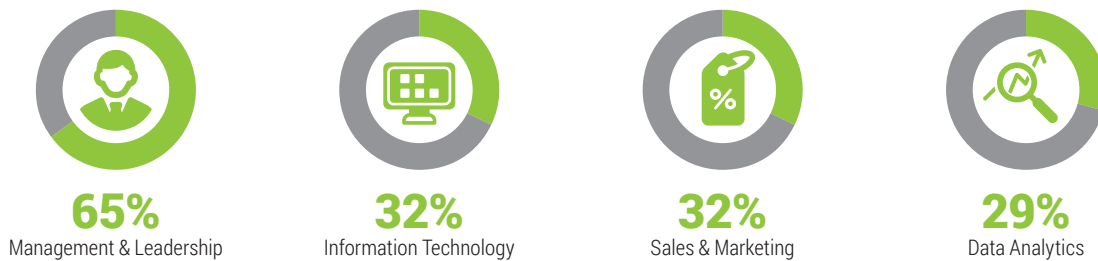
98% of respondents' workforces are comprised of more than 70% host country nationals.

Highly Valued Skills that Are Difficult to Find among Graduates

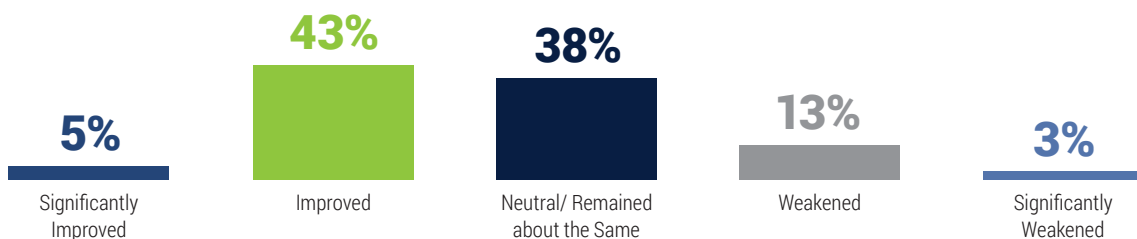
■ ASEAN ■ Indonesia



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



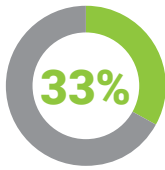
What Effect Do You Feel the Jokowi Government Has Had on Indonesian Trade and Investment Policy Vis-à-Vis Foreign Investors?



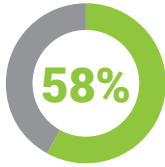


U.S. Investors' Sentiments and Perceptions in LAOS

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%

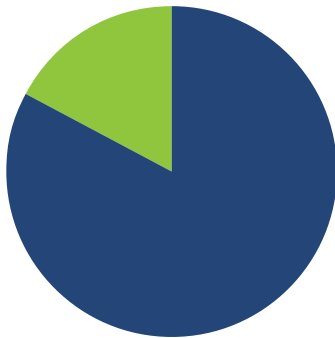


Vietnam

Profit Outlook 2017

Stay the Same

17%



83%

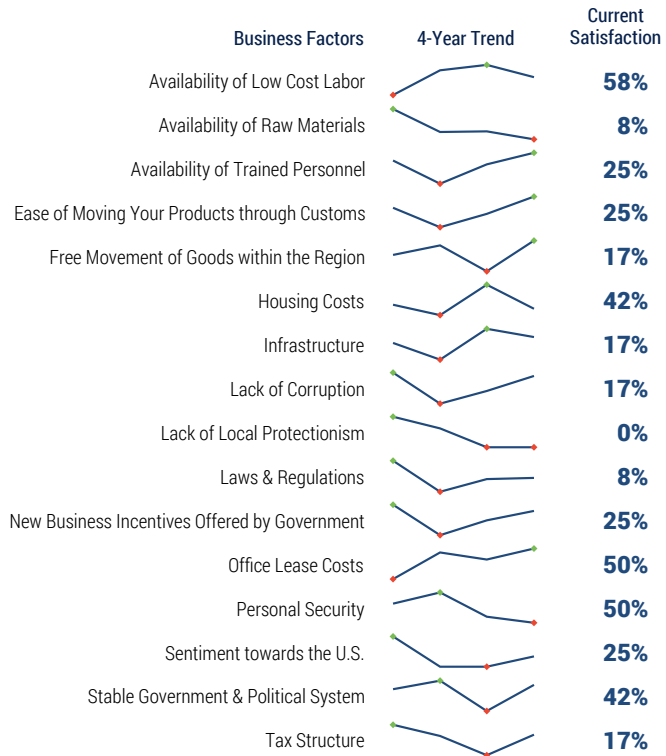
Increase

Satisfaction with Government Agencies

Respondents report satisfaction with Immigration (50%).

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.

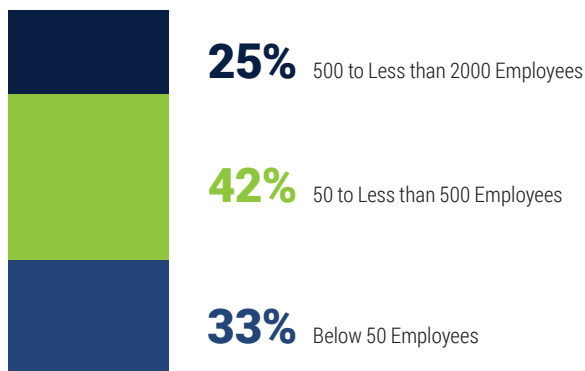


67% expect ASEAN markets will continue to increase in importance over the next 2 years.



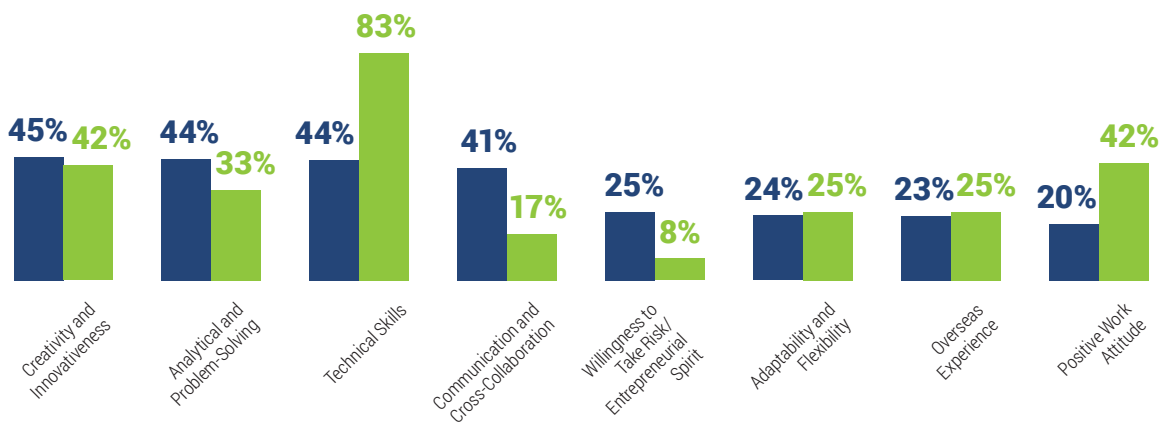
92% think their company's trade & investment in ASEAN will increase over the next 5 years.

Workforce



58% 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 (Respondents Could Choose More than One Option):



83%
Foreign Language



75%
Management & Leadership



67%
Sales & Marketing



58%
Customer Service

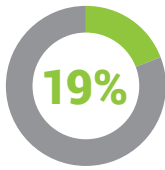
Which of the Following Factors Do You Feel Are the Greatest Barriers to Investing in Laos?

- 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

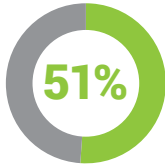


U.S. Investors' Sentiments and Perceptions in MALAYSIA

Business Expansion



19% plan to expand within Malaysia.



51% expect their workforce in Malaysia to remain about the same in 2016.

Most targeted ASEAN country for expansion beyond Malaysia:

47%



Indonesia

43%



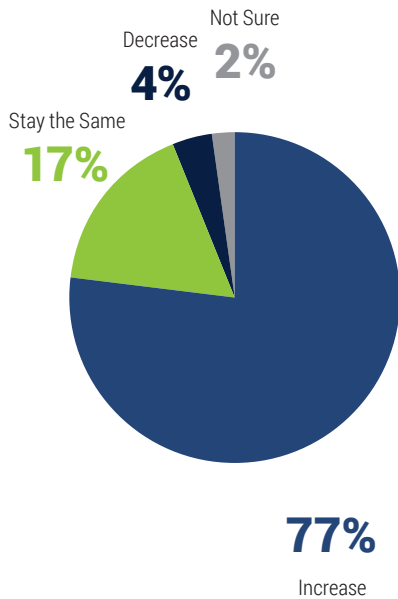
Vietnam

38%



The Philippines

Profit Outlook 2017

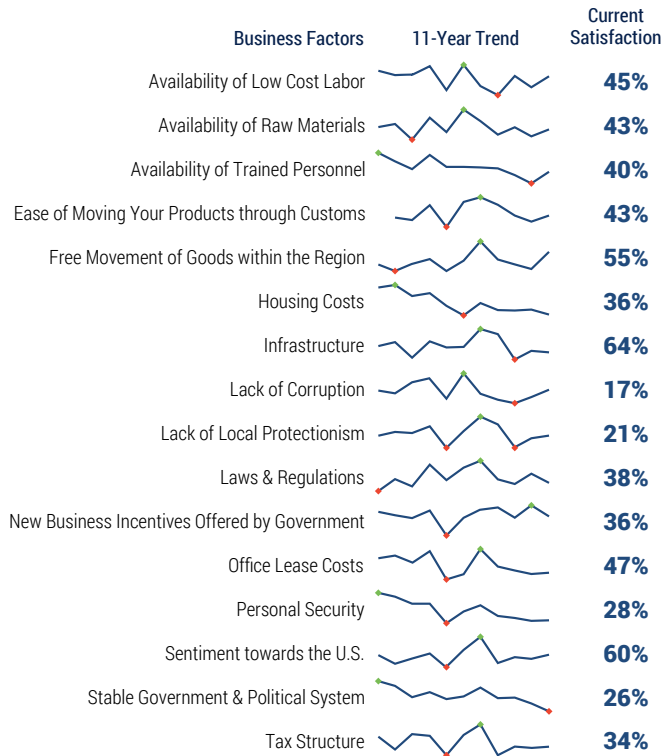


Satisfaction with Government Agencies

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%.

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.



ASEAN Business Outlook



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.

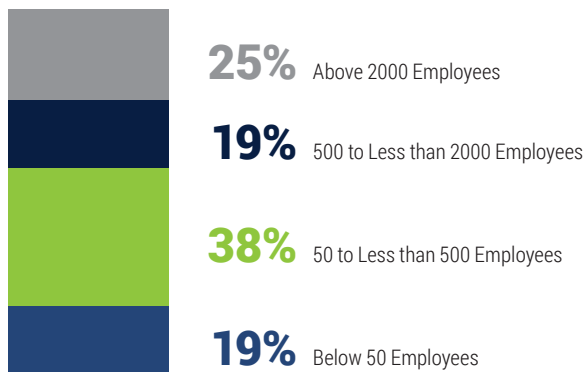


59% expect ASEAN markets will increase in importance over the next 2 years.

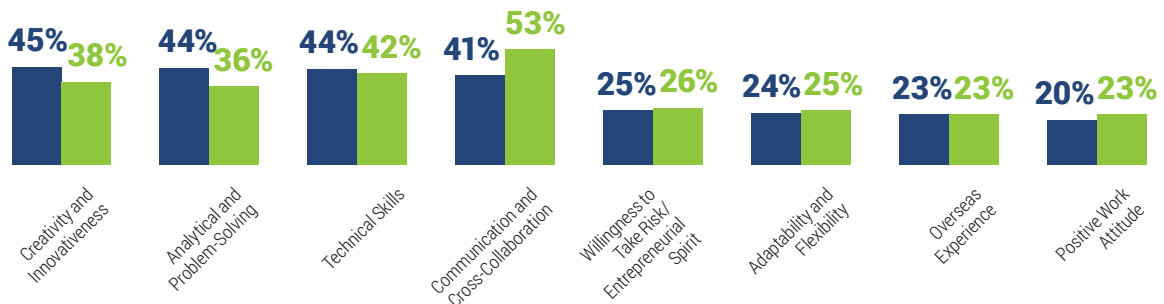


81% think their company's trade & investment in ASEAN will increase over the next 5 years.

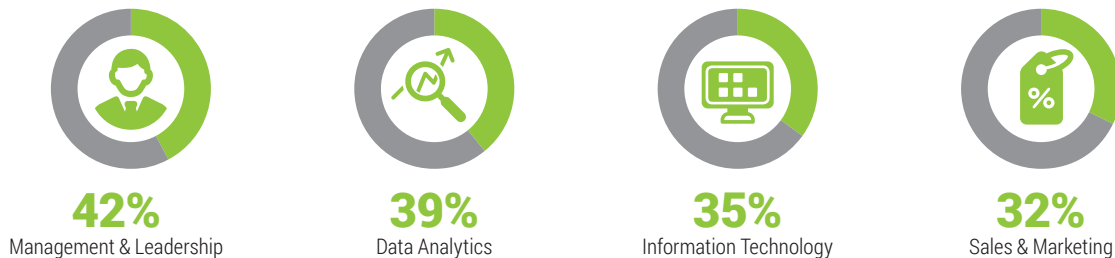
Workforce



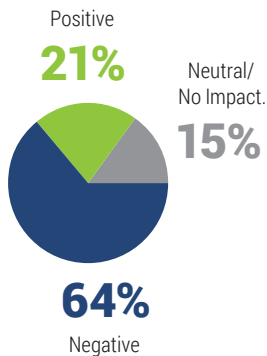
Highly Valued Skills that Are Difficult to Find among Graduates



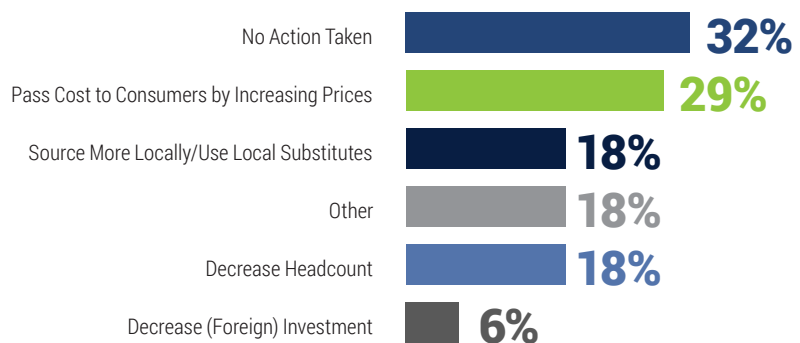
Respondents Who Selected "Technical Skills" above Further Identified the Following Skills to Be in High Demand (Respondents Could Choose More than One Option):



Impact of the Volatility of the Ringgit



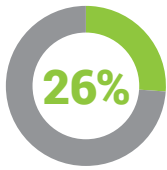
If Your Company Was Negatively Affected, What Are Some of the Actions Taken in Response to the Currency Volatility? (Check all that apply.)



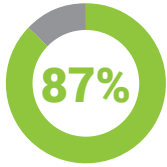


U.S. Investors' Sentiments and Perceptions in MYANMAR

Business Expansion

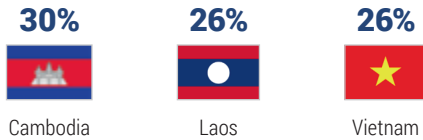


26% plan to expand within Myanmar.

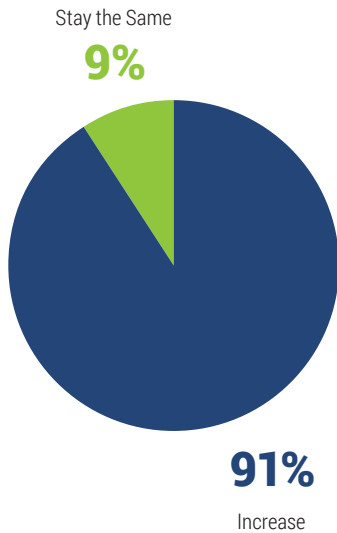


87% expect their workforce in Myanmar to increase in 2016.

Most targeted ASEAN country for expansion beyond Myanmar:



Profit Outlook 2017

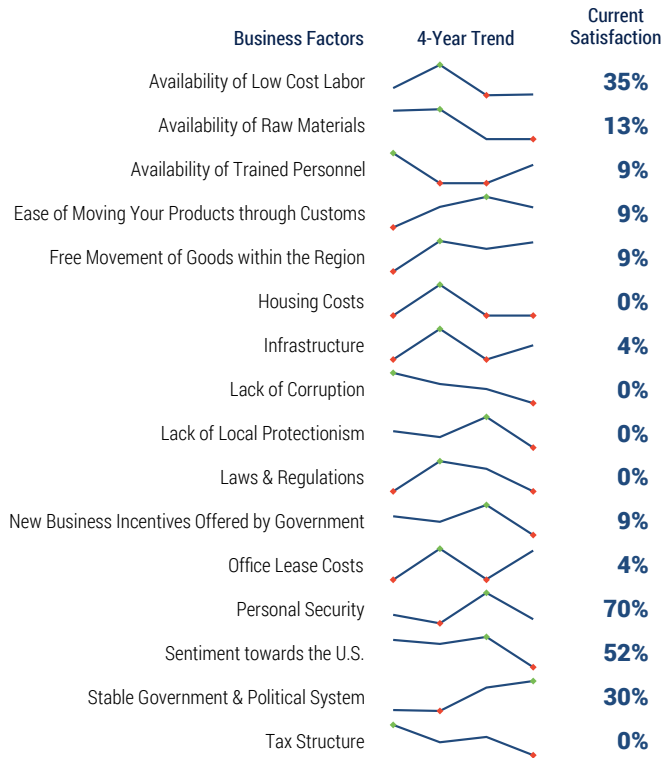


Satisfaction with Government Agencies

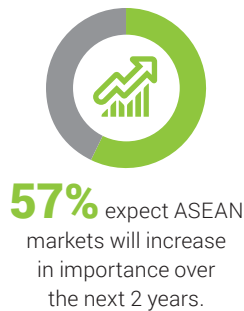
Respondents report dissatisfaction with Taxation/Revenue (70%) and Customs (65%) agencies.

Local Business Environment

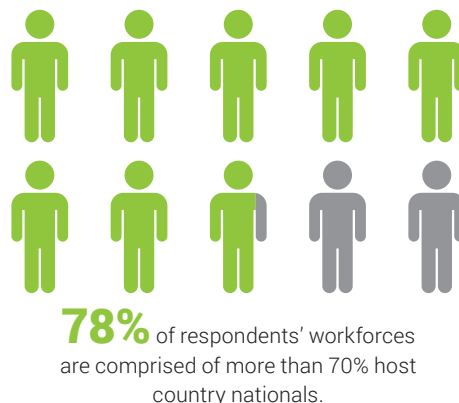
The chart below tracks U.S. investor satisfaction with 16 aspects of the business environment from 2013-16. The percentage of those indicating satisfaction in 2016 is listed in the right-hand column.



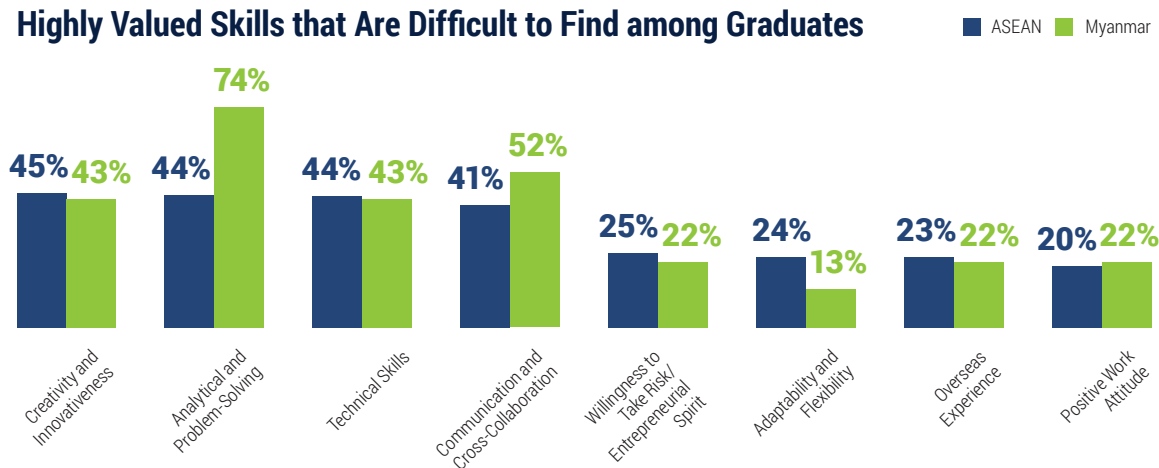
ASEAN Business Outlook



Workforce



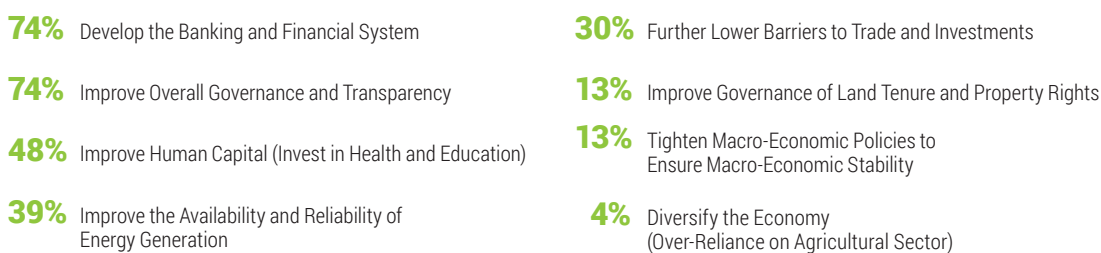
Highly Valued Skills that Are Difficult to Find among Graduates



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



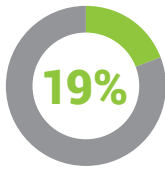
In Your Opinion, What Should Be Myanmar's Top Three Priorities for Internal Economic Reform?



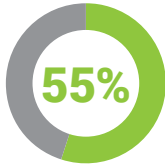


U.S. Investors' Sentiments and Perceptions in the PHILIPPINES

Business Expansion

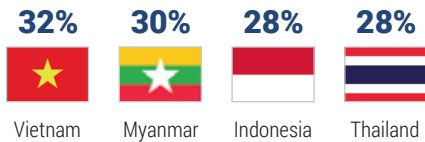


19% plan to expand within the Philippines.

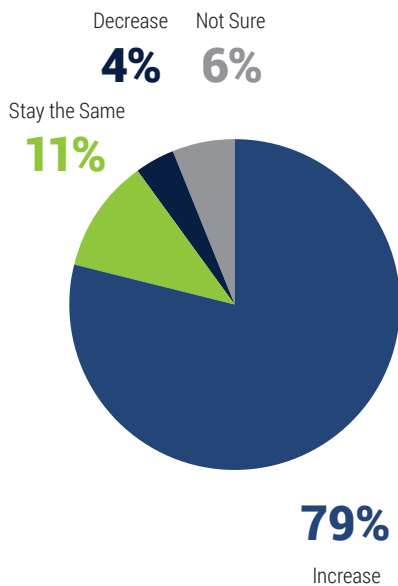


55% expect their workforce in the Philippines to increase in 2016.

Most targeted ASEAN country for expansion beyond the Philippines:



Profit Outlook 2017

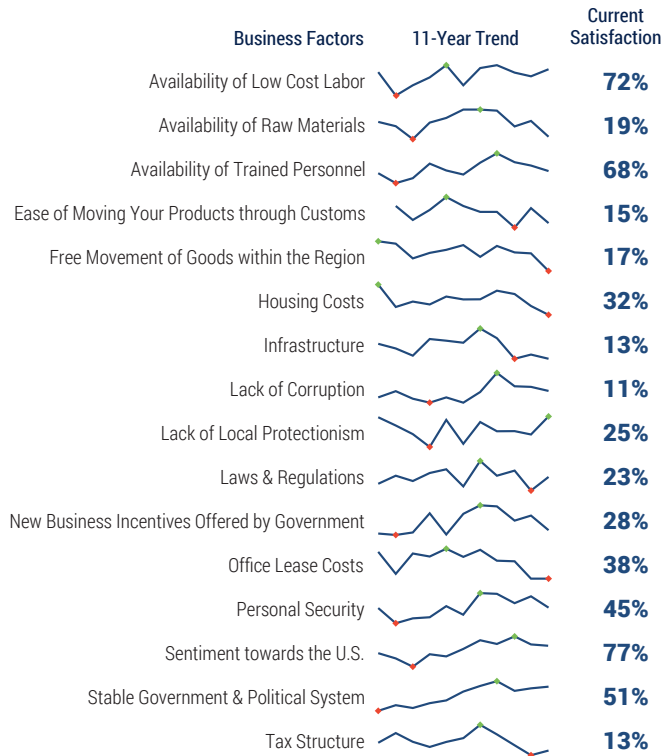


Satisfaction with Government Agencies

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

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.



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.

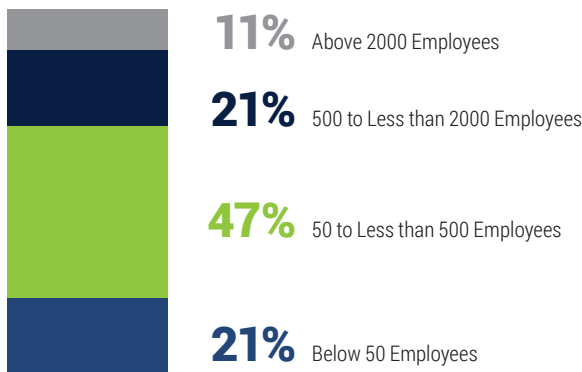


59% expect ASEAN markets will increase in importance over the next 2 years.



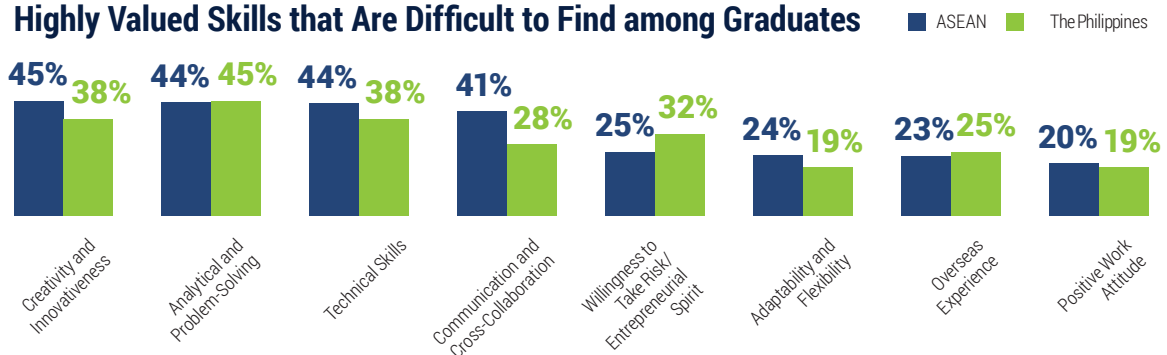
91% think their company's trade & investment in ASEAN will increase over the next 5 years.

Workforce

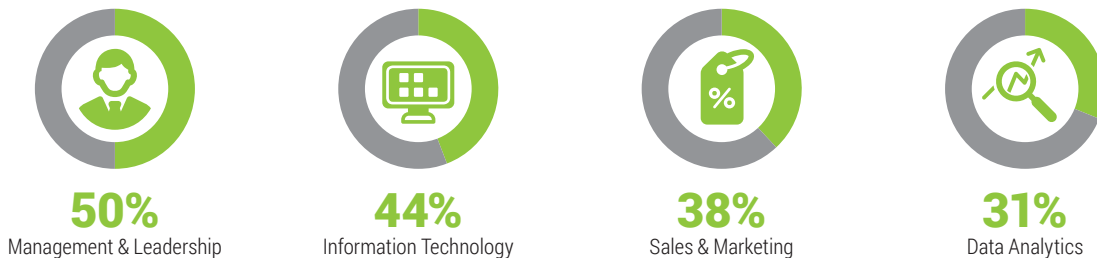


94% of respondents' workforces are comprised of more than 70% host country nationals.

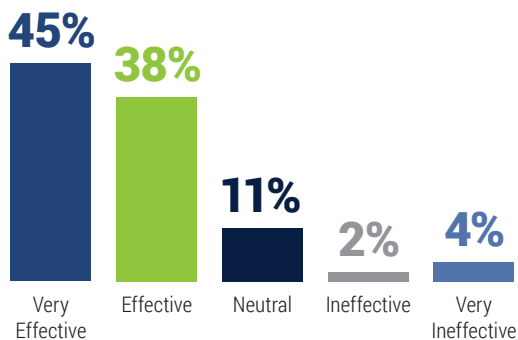
Highly Valued Skills that Are Difficult to Find among Graduates



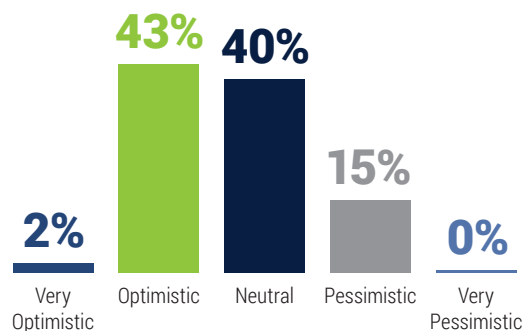
Respondents Who Selected "Technical Skills" above Further Identified the Following Skills to Be in High Demand (Respondents Could Choose More than One Option):



How Effective Do You Think the Aquino Administration Has Been in Boosting Business Confidence and Promoting Investment in the Country?



How Optimistic Are You that the New Administration Can Sustain the Reforms Instituted by the Aquino Administration?



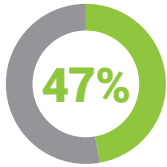


U.S. Investors' Sentiments and Perceptions in SINGAPORE

Business Expansion



26% plan to expand within Singapore.

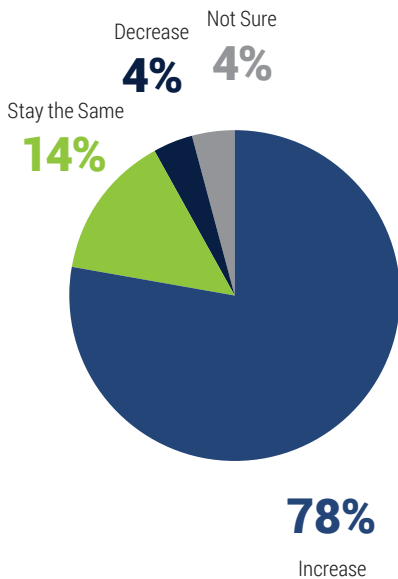


47% expect their workforce in Singapore to increase in 2016.

Most targeted ASEAN country for expansion beyond Singapore:



Profit Outlook 2017

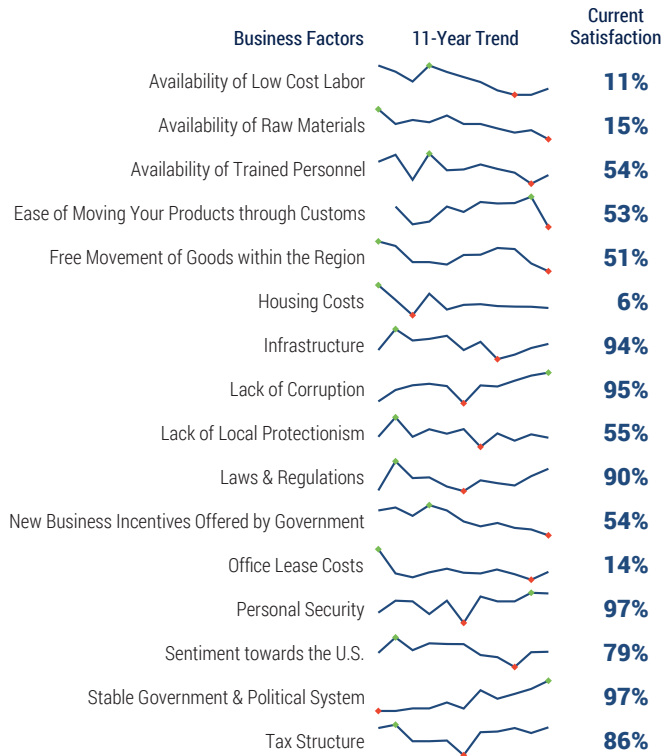


Satisfaction with Government Agencies

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

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.



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.

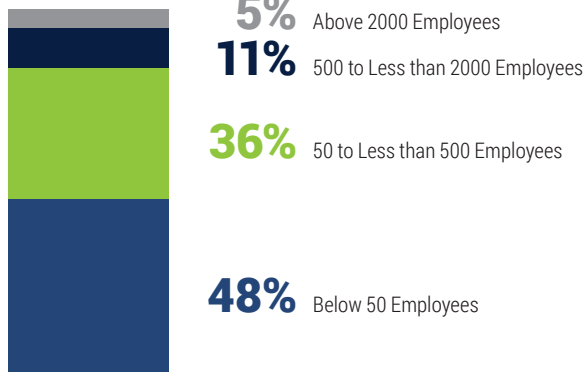


56% expect ASEAN markets will increase in importance over the next 2 years.

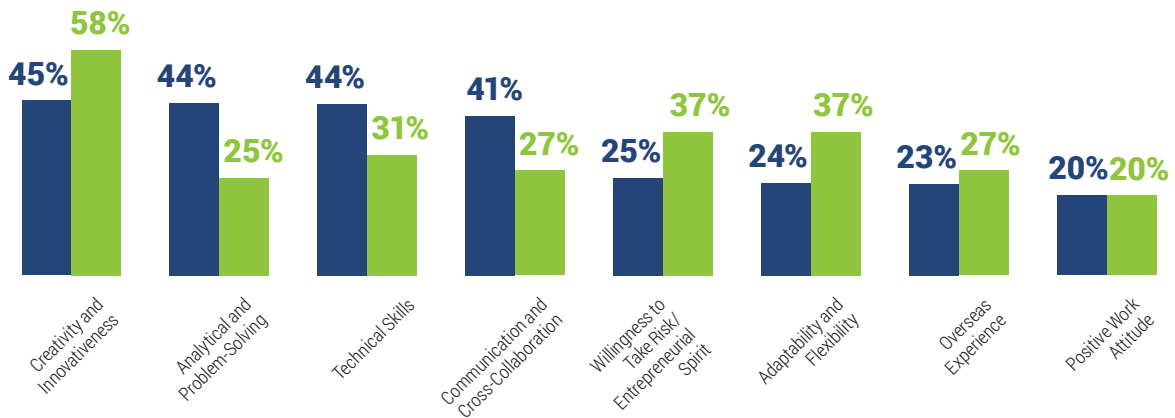


85% think their company's trade & investment in ASEAN will increase over the next 5 years.

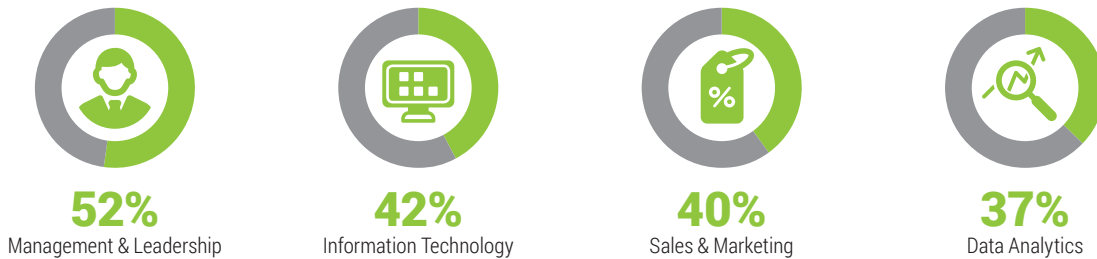
Workforce



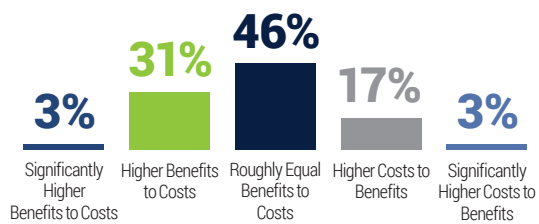
Highly Valued Skills that Are Difficult to Find among Graduates



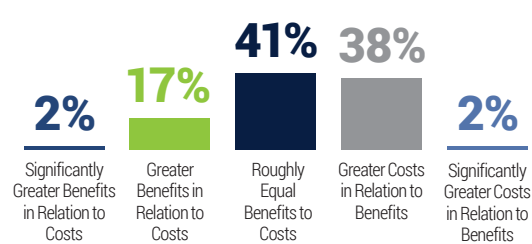
Respondents Who Selected "Technical Skills" above Further Identified the Following Skills to Be in High Demand (Respondents Could Choose More than One Option):



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



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



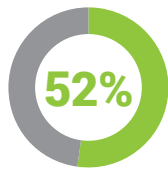


U.S. Investors' Sentiments and Perceptions in THAILAND

Business Expansion



21% plan to expand within Thailand.



52% expect their workforce in Thailand to remain about the same in 2016

Most targeted ASEAN country for expansion beyond Thailand:

44%



Myanmar

37%



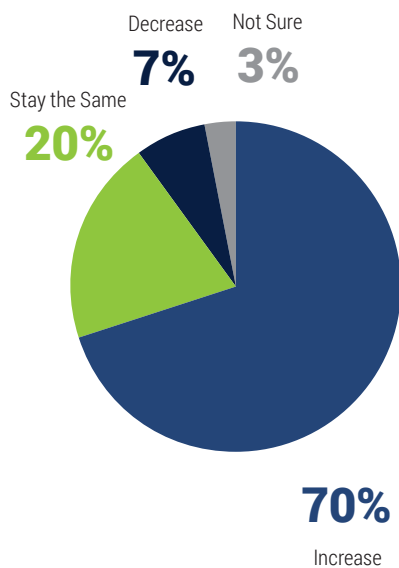
Vietnam

36%



Indonesia

Profit Outlook 2017

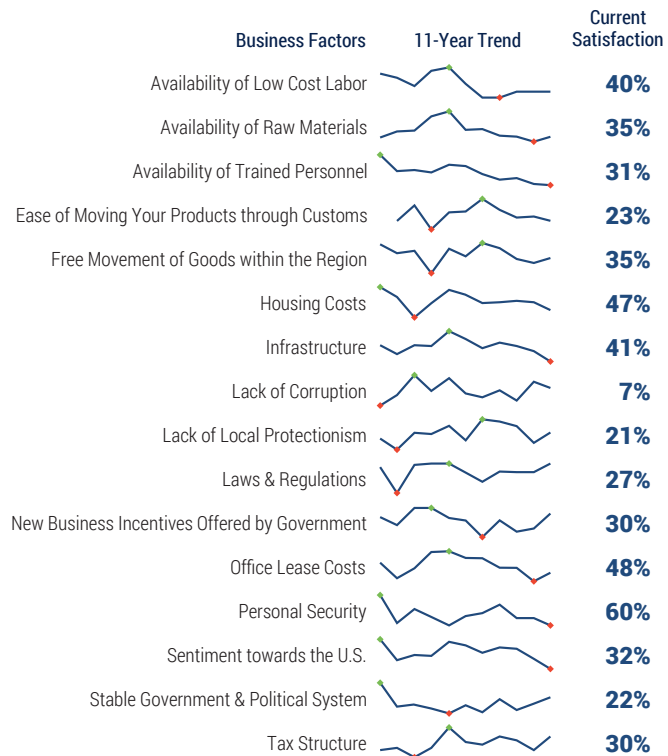


Satisfaction with Government Agencies

Respondents report dissatisfaction with Customs (42%).

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.



ASEAN Business Outlook



46% report that ASEAN markets have increased in importance over the past 2 years.



56% say their company's trade & investment in ASEAN has increased over the past 2 years.



53% expect ASEAN markets will increase in importance over the next 2 years.



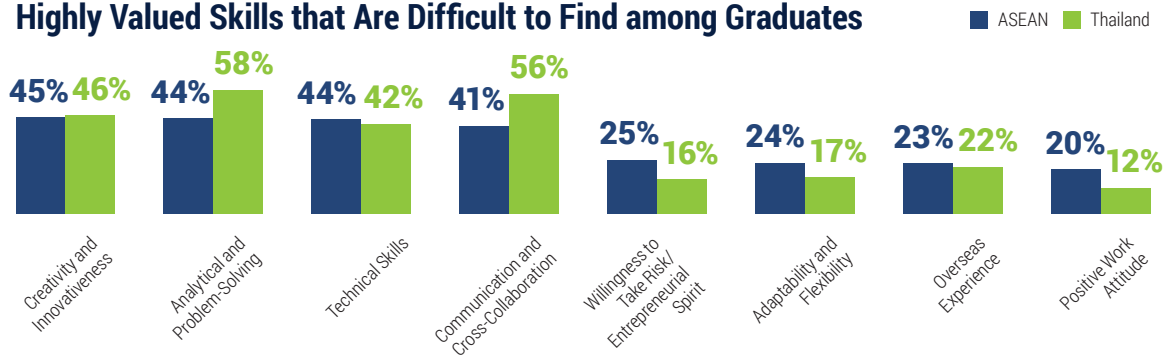
78% think their company's trade & investment in ASEAN will increase over the next 5 years.

Workforce

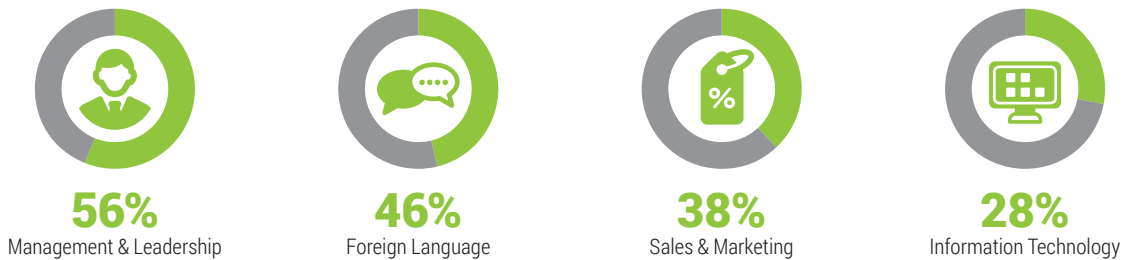


84% of respondents' workforces are comprised of more than 70% host country nationals.

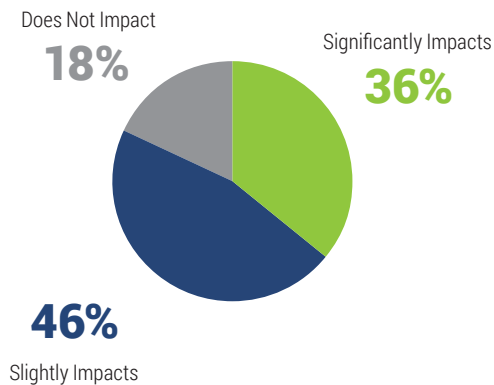
Highly Valued Skills that Are Difficult to Find among Graduates



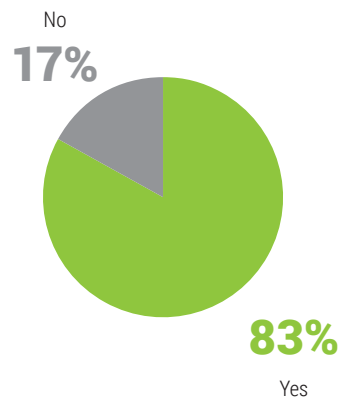
Respondents Who Selected "Technical Skills" above Further Identified the Following Skills to Be in High Demand (Respondents Could Choose More than One Option):



How Significantly Is the Ongoing Political Stalemate Affecting Your Business?



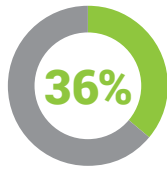
Should Thailand Join the Trans-Pacific Partnership (TPP)?



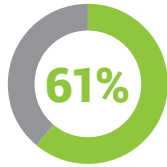


U.S. Investors' Sentiments and Perceptions in VIETNAM

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%



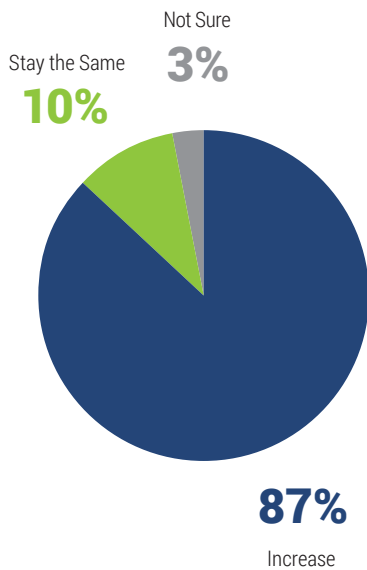
Cambodia

29%



Indonesia

Profit Outlook 2017

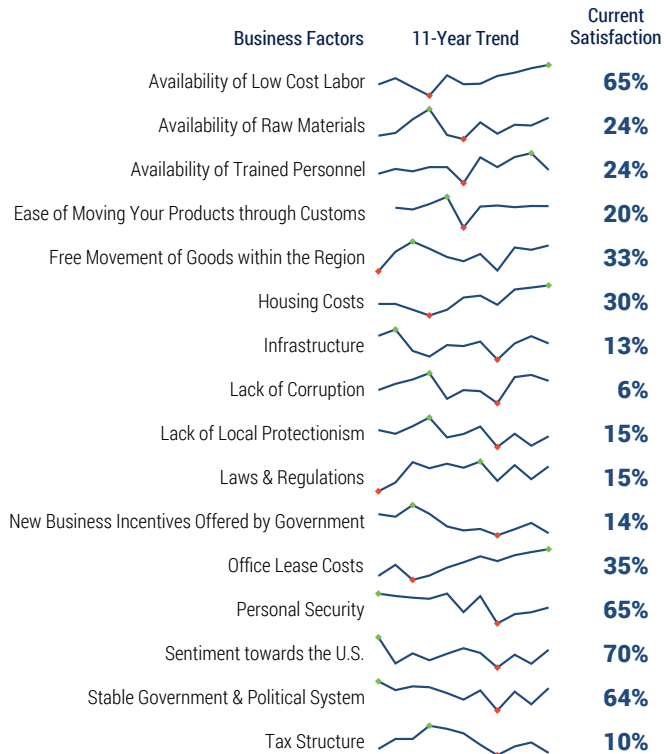


Satisfaction with Government Agencies

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

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.



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.

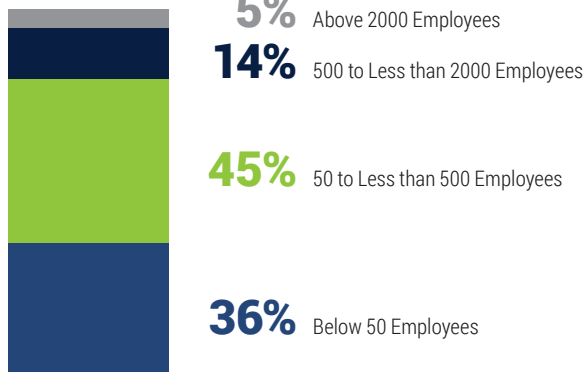


75% expect ASEAN markets will increase in importance over the next 2 years.



99% think their company's trade & investment in ASEAN will increase over the next 5 years.

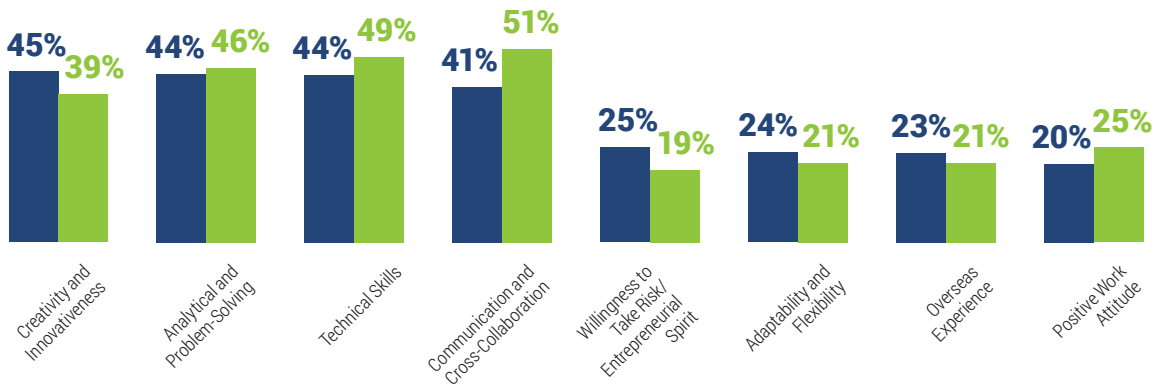
Workforce



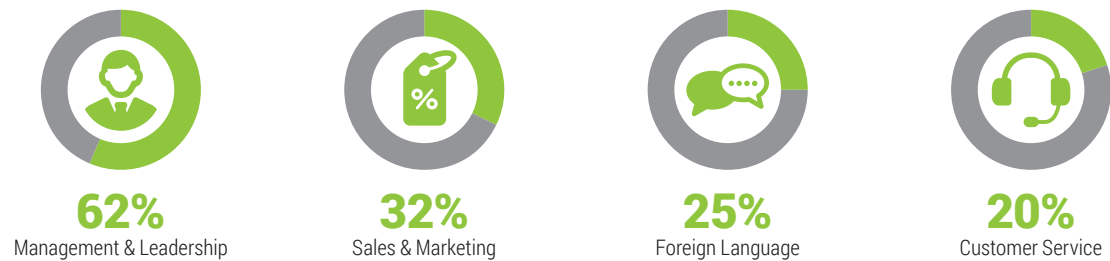
85% of respondents' workforces are comprised of more than 70% host country nationals.

Highly Valued Skills that Are Difficult to Find among Graduates

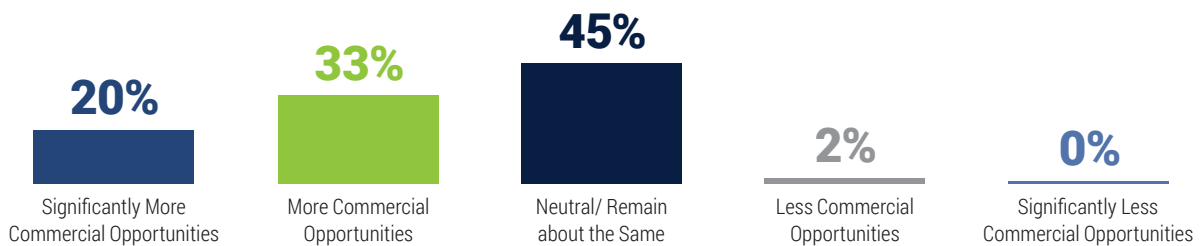
■ ASEAN ■ Vietnam



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



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



PROFILE OF RESPONDENTS

- In the 2017 ASEAN Business Outlook Survey, the most represented country is Singapore, whose respondents constitute 22% 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 is in the services sector.
- More than half (51%) of surveyed business executives have been operating in the ASEAN region for 20 years or more.

Area of Responsibility

	ASEAN	Brunei	Cambodia	Indonesia	Laos	Malaysia	Myanmar	Philippines	Singapore	Thailand	Vietnam
Only ONE country	48%	79%	77%	73%	67%	49%	61%	60%	11%	41%	59%
Multiple countries	52%	21%	23%	28%	33%	51%	39%	40%	89%	59%	41%

Companies' Global Business Functions

	ASEAN	Brunei	Cambodia	Indonesia	Laos	Malaysia	Myanmar	Philippines	Singapore	Thailand	Vietnam
Services	62%	68%	81%	70%	58%	49%	70%	68%	65%	54%	57%
Accounting	2%	5%	4	5%	17%	0%	0%	2%	4%	1%	0%
Architecture & Engineering	6%	16%	0%	10%	0%	2%	9%	9%	5%	6%	4%
Banking & Finance	8%	16%	19%	0%	17%	4%	0%	8%	12%	10%	5%
Business Process Outsourcing	4%	0%	0%	10%	0%	6%	4%	11%	1%	3%	1%
Consulting	18%	16%	12%	33%	8%	11%	22%	25%	21%	16%	11%
Education	6%	0%	12%	3%	0%	4%	0%	6%	5%	7%	9%
Healthcare	7%	11%	0%	8%	0%	11%	4%	8%	8%	5%	5%
Hospitality/Tourism	5%	5%	4%	10%	25%	0%	0%	8%	5%	6%	2%
HR Services	4%	0%	8%	5%	0%	4%	0%	11%	7%	3%	0%
Insurance	4%	0%	0%	0%	0%	2%	9%	4%	5%	4%	7%
Legal	4%	0%	4%	10%	17%	0%	13%	0%	1%	7%	2%
Marketing & Communications	4%	11%	8%	0%	0%	4%	4%	8%	5%	3%	2%
Real Estate Development Leasing	2%	0%	12%	3%	0%	0%	4%	4%	1%	1%	1%
Software, IT, & Telecommunications	10%	16%	4%	13%	0%	11%	9%	17%	13%	5%	10%
Transportation & Logistics	7%	5%	4%	10%	8%	4%	22%	8%	9%	4%	6%
Wholesale & Retail	5%	5%	12%	0%	0%	2%	9%	4%	2%	5%	9%

	ASEAN	Brunei	Cambodia	Indonesia	Laos	Malaysia	Myanmar	Philippines	Singapore	Thailand	Vietnam
Manufacturing	36%	32%	12%	35%	50%	53%	26%	28%	35%	38%	37%
Aerospace & Defense	7%	16%	0%	3%	0%	8%	4%	6%	14%	1%	7%
Automotive	5%	5%	4%	5%	25%	8%	9%	0%	4%	5%	7%
Consumer Goods	8%	11%	0%	10%	8%	6%	4%	8%	4%	9%	17%
Electronics	9%	11%	0%	10%	0%	28%	9%	2%	5%	7%	12%
Food & Food Products	5%	5%	4%	10%	17%	4%	4%	9%	3%	4%	6%
Oil & Petrochemical	7%	5%	4%	10%	0%	6%	4%	6%	4%	10%	10%
Machinery & Equipment	7%	16%	0%	10%	17%	13%	4%	2%	7%	3%	8%
Pharmaceuticals/Medical	6%	11%	0%	3%	0%	13%	4%	4%	8%	5%	7%

	ASEAN	Brunei	Cambodia	Indonesia	Laos	Malaysia	Myanmar	Philippines	Singapore	Thailand	Vietnam
Other	18%	16%	19%	18%	17%	13%	35%	23%	13%	24%	18%

Size of Workforce (Number of Employees)

	ASEAN	Brunei	Cambodia	Indonesia	Laos	Malaysia	Myanmar	Philippines	Singapore	Thailand	Vietnam
Below 50	37%	74%	58%	28%	33%	19%	52%	21%	48%	33%	36%
50 to <500	38%	21%	27%	40%	42%	38%	22%	47%	36%	38%	45%
500 to <1000	8%	5%	4%	8%	8%	9%	22%	9%	8%	6%	8%
1,000 to <2,000	7%	0%	4%	13%	17%	9%	4%	11%	3%	6%	6%
2,000 to <5,000	5%	0%	8%	10%	0%	25%	0%	8%	5%	11%	3%
5,000 or more	5%	0%	4%	5%	0%	13%	0%	8%	2%	5%	4%

2015 Turnover in Response Country (US\$)

	ASEAN	Brunei	Cambodia	Indonesia	Laos	Malaysia	Myanmar	Philippines	Singapore	Thailand	Vietnam
Below \$1 million	17%	32%	46%	8%	42%	6%	30%	15%	17%	12%	14%
\$1 million to < \$50 million	42%	58%	31%	43%	25%	28%	44%	40%	40%	48%	47%
\$50 million to < \$100 million	9%	0%	8%	10%	17%	6%	9%	6%	9%	10%	13%
\$100 million to < \$500 million	18%	5%	4%	28%	8%	38%	4%	21%	13%	17%	18%
\$500 million to < \$1 billion	3%	0%	4%	0%	0%	9%	0%	4%	5%	3%	0%
\$1 billion or more	4%	0%	0%	5%	0%	8%	0%	2%	7%	7%	2%

Percentage of Global Turnover Represented in Response Location

	ASEAN	Brunei	Cambodia	Indonesia	Laos	Malaysia	Myanmar	Philippines	Singapore	Thailand	Vietnam
Less than 5 %	57%	63%	46%	55%	33%	66%	48%	64%	62%	52%	55%
5 to < 25 %	22%	21%	12%	23%	33%	17%	13%	23%	26%	26%	19%
25 to < 50 %	5%	0%	8%	5%	0%	8%	9%	4%	2%	3%	10%
50 to < 75 %	4%	0%	12%	5%	0%	2%	9%	2%	5%	4%	3%
75 to < 100 %	5%	0%	4%	5%	25%	8%	0%	8%	2%	6%	5%
100 %	7%	16%	19%	8%	8%	0%	22%	0%	5%	10%	8%

Percentage of ASEAN Turnover Represented in Response Location

	ASEAN	Brunei	Cambodia	Indonesia	Laos	Malaysia	Myanmar	Philippines	Singapore	Thailand	Vietnam
Less than 5 %	21%	42%	31%	13%	42%	11%	35%	26%	19%	15%	23%
5 to < 25 %	34%	26%	15%	43%	17%	45%	17%	40%	30%	33%	41%
25 to < 50 %	15%	5%	15%	25%	8%	19%	9%	13%	17%	17%	10%
50 to < 75 %	8%	5%	12%	10%	8%	8%	13%	2%	13%	7%	6%
75 to < 100 %	8%	0%	8%	0%	8%	8%	4%	8%	11%	14%	6%
100 %	13%	21%	19%	10%	17%	9%	22%	11%	12%	14%	14%

Length of Company's Time in ASEAN

	ASEAN	Brunei	Cambodia	Indonesia	Laos	Malaysia	Myanmar	Philippines	Singapore	Thailand	Vietnam
Less than 2 years	3%	5%	12%	3%	8%	4%	0%	0%	5%	3%	2%
2 years but less than 5 years	12%	11%	23%	13%	33%	8%	39%	9%	11%	4%	11%
5 years but less than 10 years	11%	0%	19%	5%	8%	8%	9%	8%	9%	9%	22%
10 years but less than 20 years	22%	21%	23%	10%	17%	19%	4%	21%	21%	26%	30%
20 years or longer	51%	63%	23%	70%	33%	60%	44%	59%	54%	59%	34%

SURVEY METHODOLOGY

<p>Sample Size</p>	<p>A list of AmCham members from U.S. companies with email contacts was provided by each American Chamber of Commerce or chapter:</p> <p>Cambodia: List of 98 members, response rate was 27% (26)</p> <p>Indonesia: List of 301 members, response rate was 13% (40)</p> <p>Malaysia: List of 356 members, response rate was 15% (53)</p> <p>Myanmar: List of 132 members, response rate was 17% (23)</p> <p>Laos: List of 19 members, response rate was 63% (12)</p> <p>Philippines: List of 208 members, response rate was 26% (53)</p> <p>Singapore: List of 1,126 members, response rate was 10% (112)</p> <p>Thailand: List of 393 members, response rate was 21% (81)</p> <p>Vietnam: List of 470 members, response rate was 21% (100)</p> <p>A list of business executives contacted with the help of the U.S. Embassy in the response location:</p> <p>Brunei: List of 51 executives, response rate was 37% (19)</p> <p>Overall: List of 3,154 members & executives, response rate was 17% (519)</p>
<p>Data Collection Method</p>	<p>Web-based, self-administered survey. No enforcement on participation.</p>
<p>Date Collection Period</p>	<p>April 25, 2016 to May 24, 2016</p>

Note: Throughout the report, percentages on graphs may not add to 100% due to respondents selecting multiple answers, respondents selecting "not sure," or incomplete entries in the data set.

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For more information on the survey, visit www.amcham.org.sg/aseanoutlook/.

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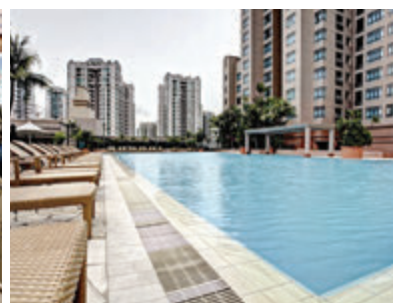
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