



The world in transition

APEC CEO Survey 2017

Nov 08, 2017 12:00 +08

ASEAN business leaders expect to expand global footprint over the next three years

<i>Date</i>	8 November 2017
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- ***72% of ASEAN business leaders expect their global footprint to expand over the next three years (61% in Singapore, 63% across APEC)***
- ***58% plan to increase business investments in 2018 (62% in Singapore, 55% across APEC)***
- ***73% reprioritising their allocation of investments to foreign markets (64% in Singapore, 67% across APEC)***
- ***58% automating some functions in their workforce (64% in Singapore, 58% across APEC)***

SINGAPORE, 8th November 2017 – Seventy-two percent of business leaders in economies within the Association of Southeast Asian Nations (ASEAN) expect to expand their global footprint over the next three years, based on PwC’s new report.

PwC surveyed over 1,400 business leaders with responsibility in each of the 21 Asia-Pacific Economic Co-operation’s (APEC) economies in the run up to the annual APEC CEO Summit in Vietnam.

Business leaders surveyed across APEC ranked two ASEAN countries among the top three destinations for outbound investment over the next year, with Viet Nam leading at 47% and Indonesia a close third at 45%. The top three domestic investment winners in ASEAN are Vietnam, the Philippines, and Indonesia.

Bob Moritz, PwC Global Chairman comments, “Business leaders’ confidence suggests they are not waiting for the fog of uncertainty to clear to push ahead with investment plans. In the short term this will drive momentum for APEC, increasing its global influence and supporting deals activity with 71% of CEOs expecting to rely more on business partnerships/joint ventures in the future.”

Within ASEAN there were four key areas that stood out in contrast to the wider APEC region:

More ASEAN CEOs plan to expand global footprint in the next three years

Even in the face of rising trade uncertainty, a higher-than-average percentage of ASEAN business leaders surveyed expect to widen their businesses' global footprint over the next three years. Business leaders in ASEAN were ahead of the APEC average with 72% of ASEAN CEOs expecting to expand their global footprint. This compares to only 63% in APEC and 61% in Singapore. Meanwhile, 89% of Malaysian CEOs and 86% of Viet Nam CEOs expect to expand globally.

The results suggest that ASEAN business leaders are more eager than their APEC counterparts to drive expansion into other markets, despite greater investment barriers. Increasing outbound investment will play a critical role in their internationalisation strategy.

Muted confidence in increasing exports

Across APEC, the outlook on exports is muted with only 51% of CEOs in APEC just as confident or more confident in increasing exports. ASEAN recorded a softened confidence in export growth at 42% with Singapore coming in even lower at 32%.

As ASEAN tends to rely heavily on trade agreements to facilitate export opportunities, the uncertainty surrounding trade deals such as the Trans-Pacific Partnership (TPP) following the US' withdrawal could have weakened sentiment.

Increased collaboration and brand presence in China

ASEAN business leaders continue to eye China as a vast market with exciting business possibilities. They are more enthusiastic than their APEC peers in collaborating with partners in China (49% in ASEAN, 61% in Singapore) and in building their brand there (41% in ASEAN, 49% in Singapore).

The results suggest that ASEAN businesses are more focused on capturing opportunities in China than the rest of APEC as a smaller percentage of ASEAN business leaders surveyed see the need to diversify their businesses beyond the economic giant.

Fewer ASEAN businesses training staff to use data

A third of business leaders surveyed across APEC are laying the groundwork for the future by investing in the development of a data-driven and analytical workforce. However, findings reveal that the percentage of ASEAN business leaders investing in the wholesale training of their workforce on how to use data falls behind the APEC average (33% in APEC, 28% in ASEAN and 26% in Singapore).

Instead, ASEAN businesses are currently prioritising automation as the key building block in their digital workforce strategy (58% in ASEAN, 58% in APEC, 64% in Singapore). As the need for data to drive business efficiency increases, so will the priority to bring the workforce up to speed on harnessing the benefits of data.

Sam Kok Weng, Asia Pacific Markets Leader, PwC Singapore concludes,

“Through technology, the world is becoming more interconnected and ASEAN companies are increasingly experiencing the opportunities as well as the rising competition that such connectedness brings.

“Looking at the results of the survey across ASEAN, Singapore remains a unique economy within the region. Singapore’s ease of doing business, advanced infrastructure, and established regulatory framework make it a good location for companies to establish their headquarters in Singapore as the command centre for their Southeast Asian operations. The continuing focus on the transformation of the workforce in the digital economy is vital for Singapore to stay competitive.

“Technology and increased capital flows are inevitably revolutionising the business landscape in Southeast Asia and Singapore must continue to seek out its comparative advantage to maintain its unique role within the region. Singapore businesses must remain competitive and maximise on the market opportunities in the region to stay relevant and sustainable.”

ENDS

Notes to editors:

1. Download the ASEAN report at <http://www.pwc.com/sg/en/publications/apec-ceo-survey-asean-2017.html>
2. Download the Singapore highlights at <http://www.pwc.com/sg/en/publications/apec-ceo-survey-sg-2017.html>
3. Download the main report at www.pwc.com/apec
4. PwC is knowledge partner to the APEC CEO Summit in Danang, Vietnam, 8-10 November 2017.
5. PwC surveyed 1412 APEC business leaders from May – July 2017. Respondents represent businesses that are investing, on average, in six APEC economies other than their own principal economy. Over half are in organizations with over US\$1bn in annual revenue.
6. The ASEAN cut gathers data from across the seven ASEAN economies which are part of the APEC economic forum: Brunei Darussalam, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Viet Nam.

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