

# AUSTRALIAN BUSINESS IN ASEAN

S U R V E Y 2 0 1 9



**AustCham  
ASEAN**

Australia-ASEAN Chamber of Commerce

# FOREWORD

## *Minister for Trade, Tourism and Investment*

**T**he pace of change in Southeast Asia has been staggering. ASEAN nations' combined GDP has more than doubled in the last 10 years.

Accompanied by rapid growth in consumer spending and urbanisation, it is expected that the number of middle-class households in ASEAN will grow by upwards of 334 million people by 2030.

As a close neighbour in the region, Australia is well placed to be a partner of choice for ASEAN on this journey.

This year's Australian Business in ASEAN Survey confirms this to be the case.

Australian businesses continue to prosper in ASEAN and are keen to expand further into the region.

At the end of the 2017/18 financial year, trade between Australia and ASEAN increased to \$110 billion and to date, almost 12,500 Australian businesses are recorded as currently exporting to the region.

This is great news for the Australian economy, businesses, jobs, trade and investment.

Australia's presence in the region is dominated largely by services firms but we also have a significant footprint in hospitality and entertainment, education and training, and manufacturing.

I am pleased that some 80 per cent of Australian businesses surveyed plan to increase their trade and investment in ASEAN over the next five years.

These businesses can see the benefits of serving the region's growing consumer class, ASEAN's focus on economic integration, and region-wide advances in infrastructure. The Philippines is now the most prominent destination of future investment, with Vietnam, Thailand, and Indonesia being seen as attractive markets.

A further sign of business confidence in the region is that almost one-third of Australian businesses said they are now using ASEAN for their global headquarters.

Australian businesses have access to a number of trade agreements with our ASEAN neighbours including the ASEAN-Australia-New Zealand Free Trade Agreement, and bilateral free trade agreements with Singapore, Thailand and Malaysia, as well as our future agreement with Indonesia. These opportunities are further strengthened with Brunei, Malaysia, Singapore and Vietnam also being a party to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

Through these trade partnerships, the Liberal-National Government is building a stronger, more diverse and ultimately prosperous trade and investment environment for Australia. We will continue to engage with ASEAN nations at multilateral forums such as the East Asian Summit and APEC.

The Liberal-National Government is proud to support this Survey through the Australia-ASEAN Chamber of Commerce. The Survey is an example of leadership from Australia's business community to identify and pursue new trade and investment opportunities across the ASEAN region.

Looking ahead, the Regional Comprehensive Economic Partnership (RCEP) is a promising gateway for further integrated trade between Australia, New Zealand, China, Korea, Japan, India and ASEAN nations.

The ASEAN region is, and will continue to be, an important pillar of Australia's future growth and prosperity.

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**SENATOR THE HON SIMON BIRMINGHAM**  
Minister for Trade, Tourism and Investment  
Deputy Leader of the Government in the Senate  
Senator for South Australia

# FOREWORD

## *Australian Ambassador to ASEAN*

**A**SEAN is a region of remarkable growth and diverse market opportunities on our doorstep that shares strong complementarities with Australia's economy. Our trade with the region represents 14 per cent of Australia's total trade and two way investment stocks were valued at A\$208 billion at the end of 2017.

IMF projects average growth across ASEAN to be 5.1% in 2019, making it one of the top three hubs of global growth. While market conditions vary across the ten ASEAN economies, a range of megatrends across the region are underpinning economic growth including rapid urbanisation, population growth and digital disruption. These trends are presenting opportunities across a number of sectors such as the services industries that Australian businesses are prominent in.

Australia is in the top tier of ASEAN's partners, allowing Australian business to capitalise on the strong ties we have built with ASEAN economies over several decades. Last year's ASEAN-Australia Special Summit heralded a new era of engagement. Leaders, Ministers and CEOs from across the region met in a number of events in Sydney in a historic moment for ASEAN-Australia relations.

Over 100 of the region's top CEOs attended the Business Summit, agreeing recommendations to Leaders to take the ASEAN-Australia economic relationship forward into the next decade. Since the Special Summit, Australia and ASEAN governments have built on its success by developing practical cooperation in a range of priority sectors such as Digital Trade Standards and Infrastructure.

As we move towards the next phase of our partnership with ASEAN, the work of private sector leaders like AustCham ASEAN is crucial. In 2018, AustCham ASEAN played a key role in supporting the ASEAN-Australia Special Summit including shaping the policy agenda for the Business Summit, producing a Special Summit

edition of its annual business survey, and establishing industry networks in Special Summit priority sectors including agri-food and supply chain logistics, healthcare, education and digital transformation.

I am pleased to serve as AustCham ASEAN's Patron and I look forward to continuing to work together to support Australian business operating or looking to expand into ASEAN. This year's Australian Business in ASEAN Survey is a valuable resource for understanding the ASEAN business environment and I recommend it to all Australian firms and advisers with interests in the region.

Australia and ASEAN are critical partners at a time of historic change. Our close cooperation and warm people to people ties position our businesses well to maximise inclusive growth opportunities.

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**H.E. JANE DUKE**  
**Australian Ambassador to ASEAN and**  
**Patron of AustCham ASEAN**

# FOREWORD

## *AustCham ASEAN*

**T**he past twelve months was a watershed in Australian-ASEAN relations, with Sydney hosting the inaugural Australia-ASEAN summit in March 2018. Australia was ASEAN's first dialogue partner in 1974, and the special summit strengthens the relationship that was upgraded to a 'strategic partnership' in 2014.

As a 'chamber of chambers' representing the peak chambers of commerce and business councils across the ASEAN region, AustCham ASEAN had a full and successful first full year of operations. The Chamber was intimately involved in the preparations for the Australia-ASEAN summit, setting the agenda and providing evidence for the business summit which featured more than 100 CEOs from across ASEAN and Australia.

Being recognised as the official in-ASEAN voice for Australian business by both the ASEAN Business Advisory Council and the ASEAN Secretariat, AustCham ASEAN was instrumental in the establishment of the first ASEAN Economic Community Dialogue on Private Sector Engagement forum with the ASEAN Secretariat, held in Jakarta in October 2018. AustCham ASEAN was able to present to senior officials the business community's views on trade facilitation, standards and conformance, and services and investment.

AustCham ASEAN is delighted to be partnering with corporate champions in crucial areas of focus for the organisation. These key focus areas for AustCham ASEAN and their corporate champions are:

- **Healthcare and wellness (ICON SOC);**
- **Agri-food and supply chain logistics (Meat and Livestock Australia);**
- **Digital transformation (CSIRO); and**
- **Labour mobility (Fragomen).**

I encourage you to read the case studies in this publication detailing how our partners have progressed

in their different areas of expertise. If you are interested in contributing to any of these focus areas, please don't hesitate to contact AustCham ASEAN: we are eager to discuss how AustCham ASEAN can help Australian business best seize ASEAN business opportunities.

Looking forward, I am excited to be the President of AustCham ASEAN while ASEAN's chairmanship rotates through Thailand. With Thailand hosting the ASEAN Leaders and Economic Ministers summits – to name just two of the exciting events – there will be great opportunities to advance our collective cause. This year's ASEAN theme is 'Advancing Partnership for Sustainability', which provides ample opportunity for Australian business to engage in helping ASEAN create a more facilitative and attractive environment for business.

Also the ASEAN-Australia-New Zealand Free Trade Agreement will commence a scheduled general review in April 2019. AustCham ASEAN is proud to be providing input to both the Australian government and ASEAN stakeholders on areas of regional integration that should be prioritised as the areas of greatest commercial significance.

As part of this information flow between AustCham ASEAN and various stakeholders, this fourth edition of the Australian Business in ASEAN Business Survey provides deep insights into the experience of Australian businesses in the region. It clearly demonstrates the breadth of knowledge, understanding and commitment to doing business in ASEAN, however, it also highlights that Australian business could be, and probably should be, more engaged in ASEAN.

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**BRENTON MAURIELLO**  
**President, AustCham ASEAN**

# EXECUTIVE SUMMARY

**T**his fourth iteration of the Australian Business in ASEAN Survey shows that Australian business continues to be an important contributor in ASEAN, and those operating in the region are keen to expand their presence and investment in the region. Following last year's special edition for the inaugural ASEAN-Australia Special Summit, hosted in Sydney in March 2018, this publication returns to its traditional format; providing a deep insight into the views and experiences of Australian businesses within each of the ASEAN Member States.

There continues to be great diversity among Australia's business presence within the ASEAN region. Almost one-third of businesses are in professional or financial services, but Australian business also has a significant footprint in hospitality and entertainment, education and training, and manufacturing. In addition, there is substantial variation in the size of operations, with almost half of firms turning over less than \$5 million, but almost one-quarter engaging more than 200 employees locally. Firms continue to maintain a link to Australia, with 57% having some Australian ownership, illustrating Australia's direct investment in the region. This faith in the region is further underlined by almost one-third of respondents utilising the region for their global headquarters, and a further 11% basing their Asia Pacific headquarters in ASEAN.

In line with previous editions of this survey, more than 80% of businesses in the region plan to expand their investment by 2023. The Philippines is now the most prominent destination for future investment, overtaking Vietnam in 2017, and Myanmar in 2016. Vietnam, Thailand, and Indonesia continue to attract strong investment plans. Investment expansion continues to be motivated primarily by growth in the ASEAN middle class, as well as notable improvements in infrastructure, and the increased accessibility of skilled personnel. However, substantial challenges remain. Perceptions of corruption remain the greatest challenge to operating in the region. Barriers to ownership and investment is another key challenge, while

lack of access to skilled labour was cited by more than one-third of respondents, providing a substantial opportunity for Australian firms to help address the skills deficit.

Broadly, Australian businesses views on ASEAN remain consistent with previous surveys. Approximately three-quarters of those surveyed believed that ASEAN was a priority region for their company, but a more slender majority believe that their boards or head offices have a deep understanding of the region. In addition, almost two-thirds of the Australian business community believe that ASEAN integration matters, however only one-third had incorporated it into their business strategy. Almost half (45%) of respondents believe that ASEAN integration is important for doing business in the region, up from 41% in 2017. Over half of respondents reported needing further information on the progress and impacts of the ASEAN Economic Community, and only 7% were confident they have a detailed understanding of what ASEAN integration means to their business.

The Australian business community continues to see investment and service restrictions as the priority area to accelerate ASEAN integration. Reducing infrastructure gaps remains a strong priority for Australian business with labour mobility now the third most important issue for Australian firms, overtaking fair enforcement of the law.

ASEAN is on the way to establishing a conducive integrated region for business. Australian business is well positioned to drive positive change in the region, and has an opportunity to build on the momentum generated over the past 12 months. Now is the time for Australian business to capitalise on this momentum and step up and contribute to creating an environment that enables them to continue to thrive.

***Note: Although Brunei was included in this survey, due to a small sample size for individual country results have not been included but are included in the aggregate totals.***

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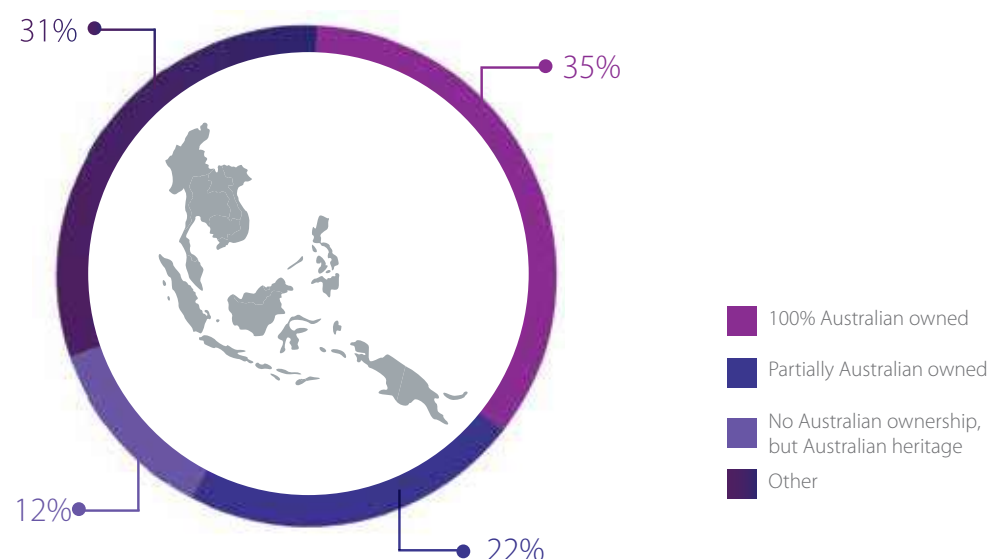
**44** AustCham  
ASEAN

# CURRENT LANDSCAPE IN ASEAN

## OWNERSHIP

The majority of the Australian business community in ASEAN maintain Australian ownership, with 35% exclusively Australian owned, and a further 22% maintaining some Australian ownership. Almost one-third of respondents had no history of Australian ownership in their company.

*The Australian business community in ASEAN continues to be characterised by significant diversity - varying significantly in size, industry, operating role, and ownership.*

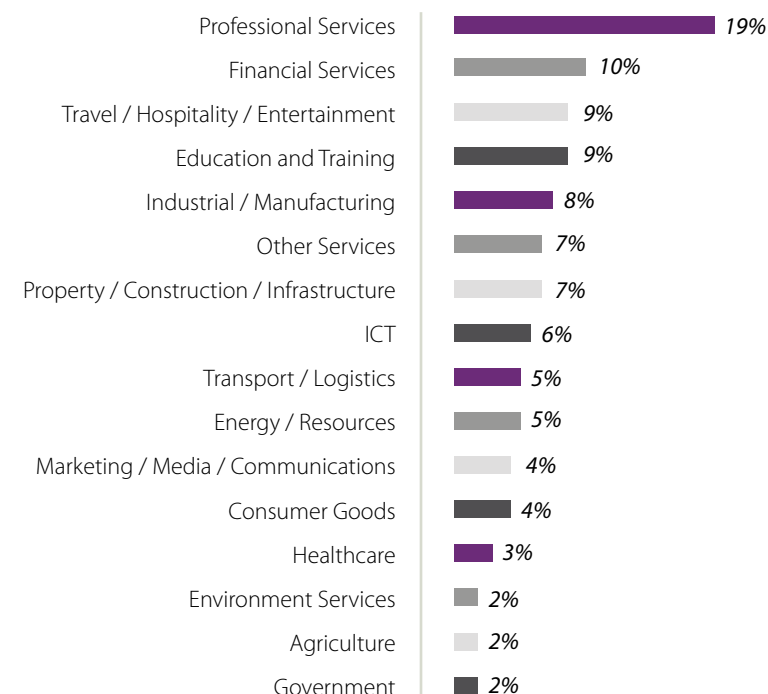


## OPERATING ROLE

Almost one-third of respondents (29%) were operating their firm's global headquarters in the region. An additional one-third (33%), were responsible for either South East Asian (22%), or Asia Pacific (11%) operations, functioning as regional headquarters. Firms in Indonesia, Laos, Myanmar, Philippines, and Vietnam were more likely to be responsible for domestic operations.

## INDUSTRIES OF OPERATIONS

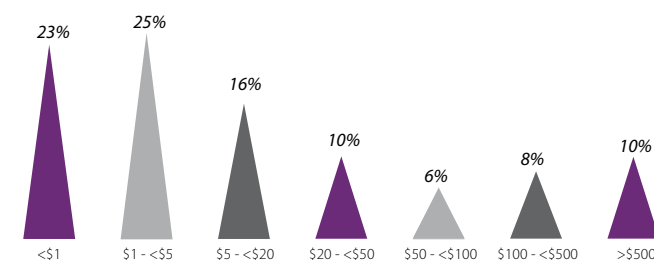
Australian business in ASEAN continues to operate across a broad range of industries, with a particular strength in services. Professional and financial services firms accounted for a combined 29% of firms operating in the region. Hospitality and entertainment, education and training, and manufacturing rounded out the top five categories, with more than half of firms in one of these industries.



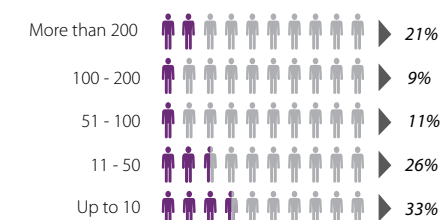
## SIZE

There is significant variety to be found in the size of firms operating in the region, with Micro, Small and Medium Enterprises (MSMEs) well represented, alongside significant numbers of large firms. Almost half (48%) of firms in the region turnover less than \$5 million and 18% turnover more than \$100 million annually. One-third of firms operate with no more than 10 employees in their country office, however more than one-fifth of firms have more than 200 employees in the country they're operating in.

## ANNUAL TURNOVER IN 2018 (IN MILLION AUD)



## EMPLOYEE NUMBERS

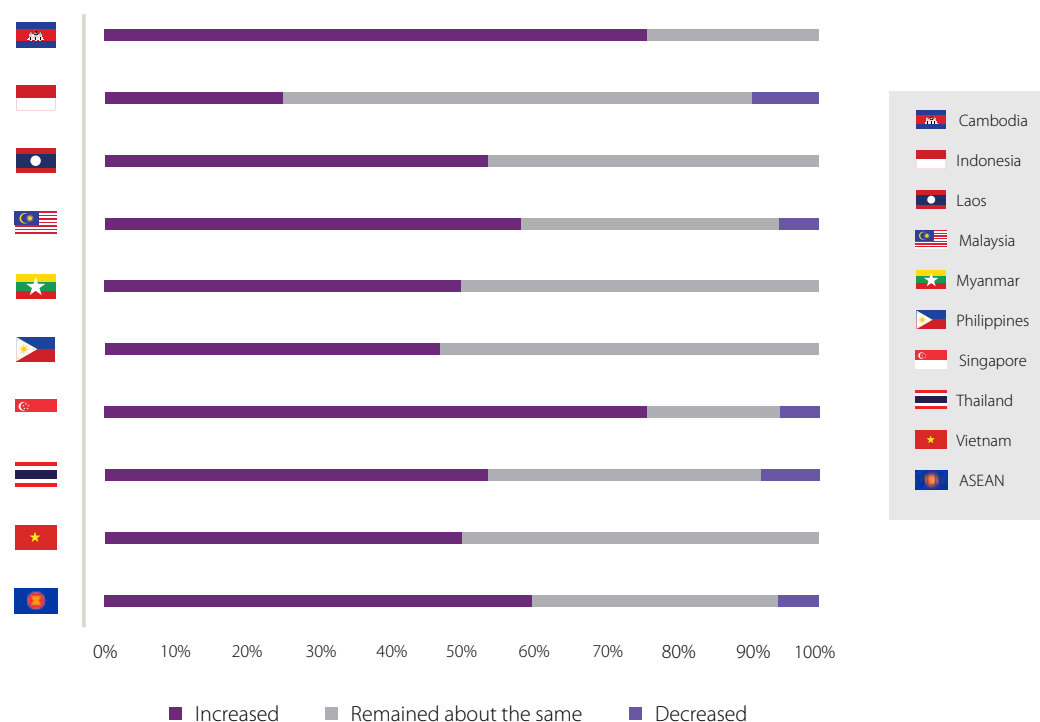




# BUSINESS EXPANSION IN ASEAN

## CHANGE IN COMPANY TRADE AND/OR INVESTMENT OVER THE PAST 2 YEARS BY ASEAN MEMBER STATE

Almost two-thirds (60%) of respondents had moved to take advantage of the ASEAN opportunity in the past two years by expanding their presence in the region. Only 5% of firms had reduced their investment in the region. This is aligned with previous survey results that found similar figures, showing that the Australian business community continues to increase its engagement in the region.

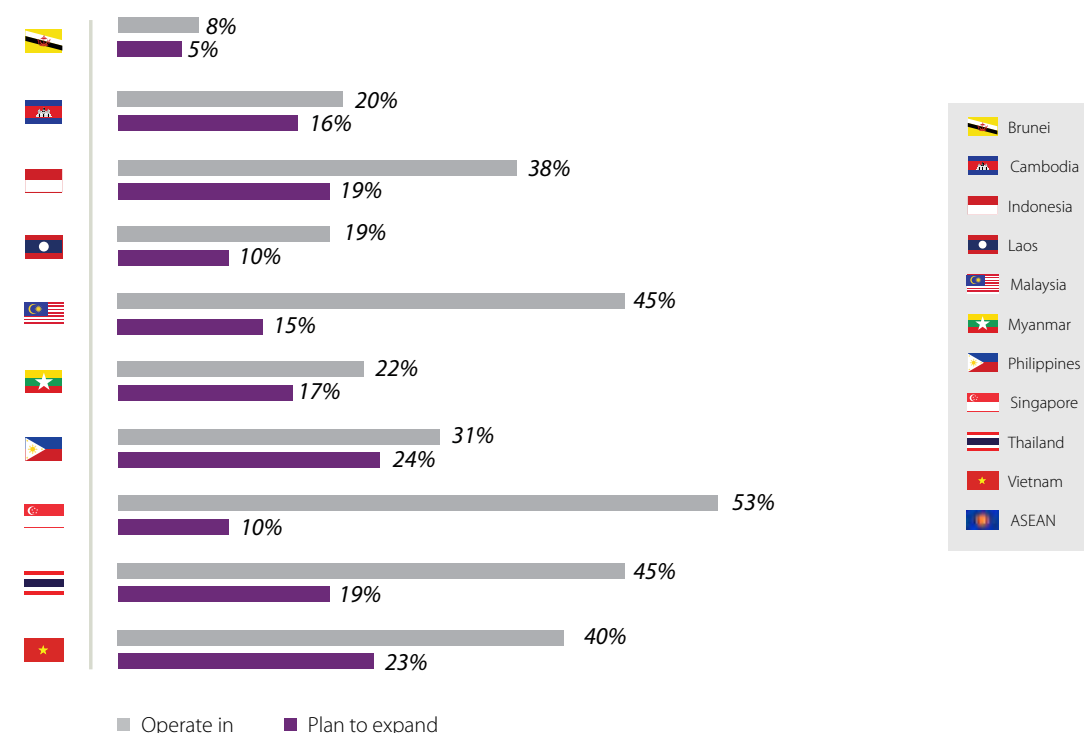


Many in the Australian business community are aware of the scale of the opportunity in ASEAN and the opportunities presented by the ASEAN Economic Community. However, there is a need for further information on how to best realise this.

## CURRENT COMPANY OPERATIONS AND EXPANSION PLANS

The majority of Australian business in ASEAN operates in Singapore - reflecting its role as a regional hub - with Thailand, Malaysia, and Vietnam also playing host to at least 40% of firms operating in the region.

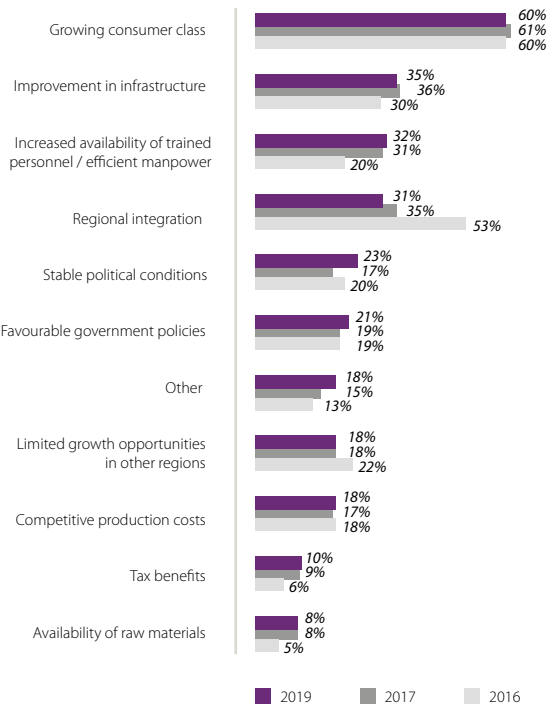
Australian business continues to anticipate expansion in the region, with 82% of firms planning to expand their trade and investment in the ASEAN region over the next five years. Only 3% of firms were expecting to reduce their presence. The Philippines is now the most popular market for expansion with 24% of firms planning expansion there, overtaking Vietnam (23%) as the most common destination for Australian investment.



TOP REASONS FOR EXPANDING  
TRADE AND INVESTMENT IN ASEAN

Respondents were asked to nominate up to three main drivers behind their expanding trade and investment in ASEAN

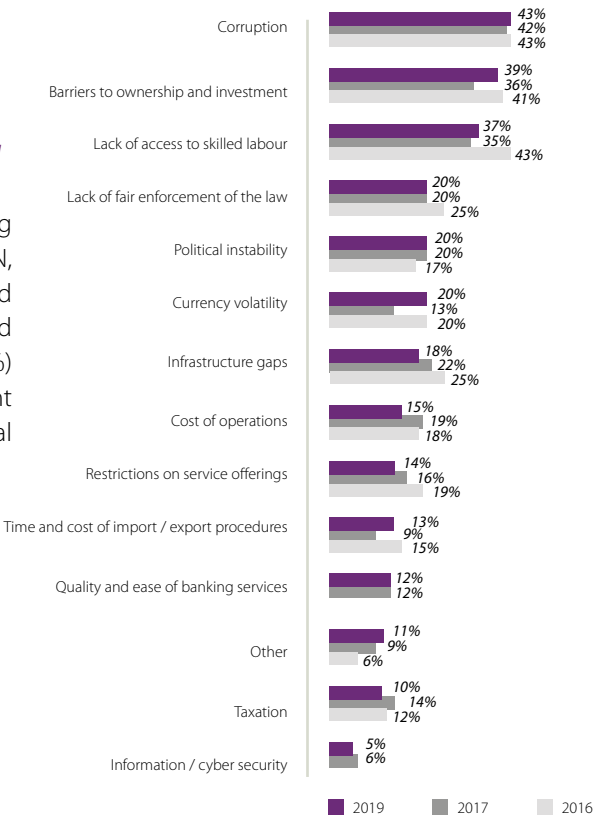
The growth in the consuming class in ASEAN continues to be the primary driver for almost two-thirds of firms. Infrastructure improvement is the second most compelling driver of expanding trade and investment, with the increasing availability of skilled labour now identified by one-third (32%) of firms, overtaking regional integration as the third most important driver.



TOP CHALLENGES OF OPERATING  
IN ASEAN

Respondents were asked to nominate up to three main challenges of operating in ASEAN

Despite access to skilled labour becoming an increasing driver of expansion in ASEAN, it continues to be a roadblock for one-third (37%) of firms. Barriers to ownership and investment (39%), and corruption (43%) continue to be identified by a significant number of businesses as substantial challenges to operating in the region.



\*Note: Quality and ease of banking services, and information / cyber security were not included in the 2016 survey

KEY CHALLENGES OF OPERATING IN ASEAN BY COUNTRY OF RESPONSE

Percentage of respondents who identified each issue as one of their top 3 major challenges of operating in ASEAN

Barriers to ownership and investment	13%	44%	31%	26%	30%	41%	34%	52%	36%	39%
Corruption	50%	50%	54%	45%	30%	41%	39%	42%	57%	43%
Cost of operations	25%	13%	23%	13%	20%	6%	21%	10%	14%	15%
Currency volatility	13%	31%	0%	29%	40%	24%	18%	18%	0%	20%
Information / cyber security	13%	13%	23%	8%	0%	0%	5%	0%	0%	5%
Infrastructure gaps	25%	25%	8%	16%	20%	41%	16%	10%	29%	18%
Lack of access to skilled labour	50%	19%	31%	29%	50%	35%	38%	42%	50%	37%
Lack of fair enforcement of the law	13%	19%	38%	24%	10%	12%	13%	24%	43%	20%
Political instability	0%	19%	0%	26%	30%	6%	20%	28%	14%	20%
Quality and ease of banking services	0%	0%	8%	13%	30%	18%	11%	10%	21%	12%
Restrictions on service offerings	0%	25%	8%	13%	10%	12%	13%	18%	7%	14%
Taxation	13%	19%	31%	8%	10%	18%	3%	6%	21%	10%
Time and cost of import / export procedures	13%	13%	38%	5%	10%	0%	13%	12%	0%	13%

▲ Table 1: Key challenges of operating in ASEAN. Purple indicates the equal top three most identified challenges.

	Cambodia		Indonesia		Laos		Malaysia		Myanmar
	Philippines		Singapore		Thailand		Vietnam		ASEAN

# VIEWS ON ASEAN INTEGRATION

The majority of Australian businesses in ASEAN continue to report a need for more information on ASEAN integration, with more than 40% believing that it is important for their business, and a further 30% feeling that they don't know enough about the ASEAN Economic Community to understand if it would help their business. While ASEAN is a priority region for many companies, 17% of firms didn't consider their head office or boards to have a strong understanding of the region. Priority areas to accelerate in order to achieve ASEAN integration were seen as the removal or reduction in investment or service restrictions, fair enforcement of the law, and eliminating infrastructure gaps.

## IS ASEAN INTEGRATION IMPORTANT IN HELPING YOUR COMPANY DO BUSINESS IN THE REGION?

45% of respondents believe that ASEAN integration is important for doing business in the region, up from 41% in 2017. Only 29% felt that it was not important. One-quarter (25%) of firms were unsure as to whether it would be important to their business.



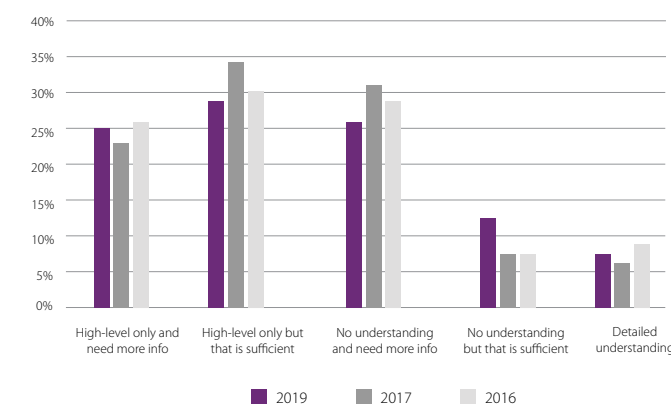
## ASEAN INTEGRATION AND BUSINESS STRATEGY

The importance of ASEAN integration to Australian firms is reflected in more than one-third (36%) of respondents addressing the implementation of the ASEAN Economic Community in their corporate strategy. A further quarter (26%) of businesses believe that ASEAN economic integration matters, but are yet to incorporate in their strategy. 23% of respondents believe that ASEAN integration does not matter to their business.



## UNDERSTANDING OF ASEAN INTEGRATION AND ITS IMPACT

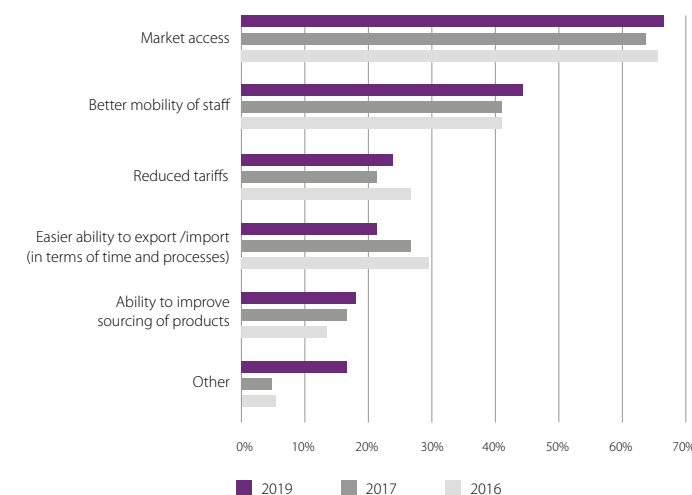
The majority (51%) of Australian business continue to need further information on ASEAN integration, with 39% of firms feeling that they had no understanding of ASEAN integration and only 7% confident that they had a detailed understanding of what it means to their business.



## MAJOR AREAS OF BENEFIT FROM ASEAN INTEGRATION

Respondents were asked to name up to 3 top benefits

Market access continues to be seen as a major benefit to ASEAN integration by two-thirds (67%) of respondents. Better mobility of staff is seen as a key benefit by 43% of firms, with reduced tariffs identified by almost one-quarter (23%) of firms.

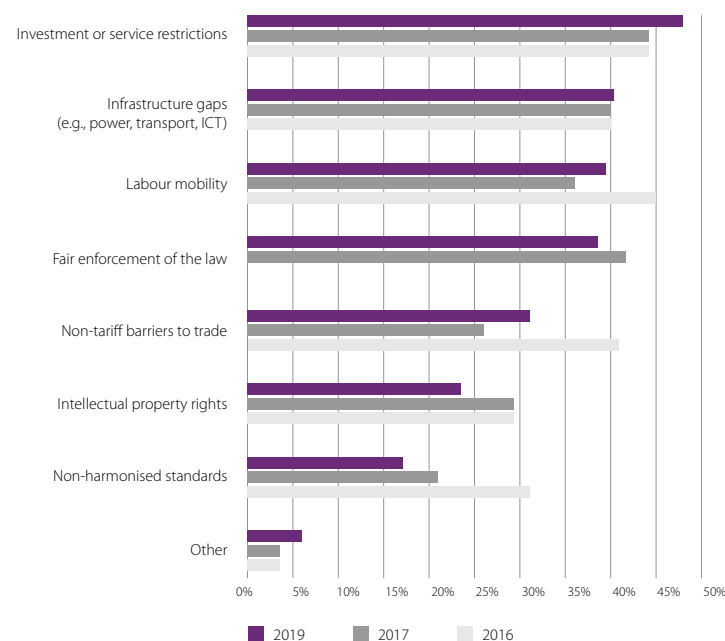




## PRIORITY AREAS TO ACCELERATE ASEAN ECONOMIC INTEGRATION

■ Respondents were asked to name up to 3 top priority areas

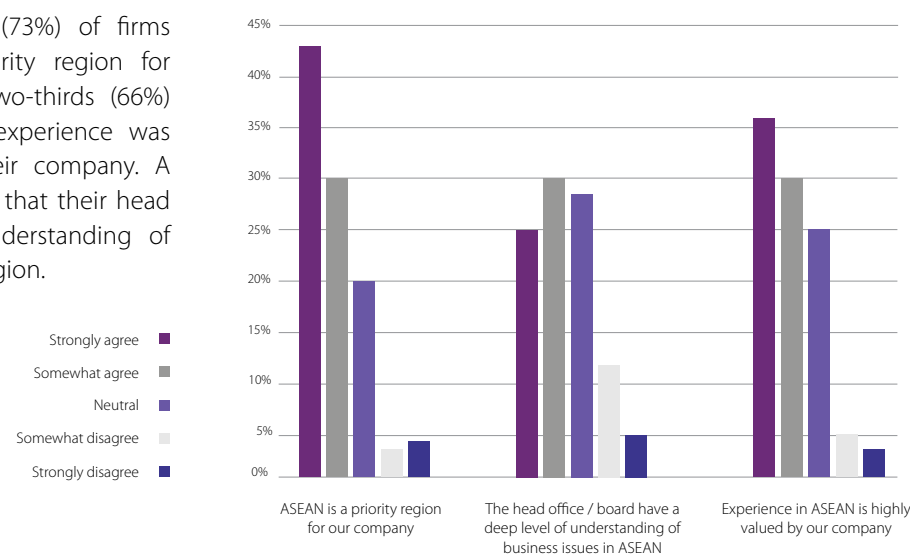
Efforts to reduce investment or service restrictions in ASEAN continue to be the main priority for acceleration for Australian business; identified by almost half (47%) of respondents. Reducing infrastructure gaps (41%), and improving labour mobility (39%), continue to be other key priorities of the Australian business community in ASEAN.



\*Note: Fair enforcement of the law was not included in the 2016 survey.

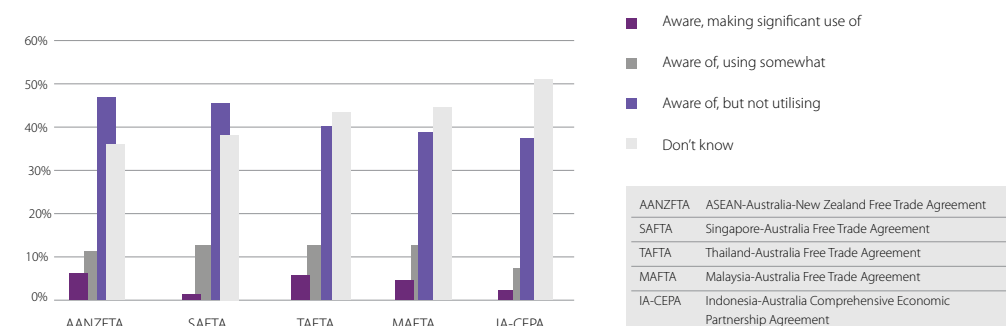
## THE VALUE OF ASEAN

Almost three-quarters (73%) of firms saw ASEAN as a priority region for their company, with two-thirds (66%) agreeing that ASEAN experience was strongly valued by their company. A majority (55%) believed that their head office had a deep understanding of business issues in the region.



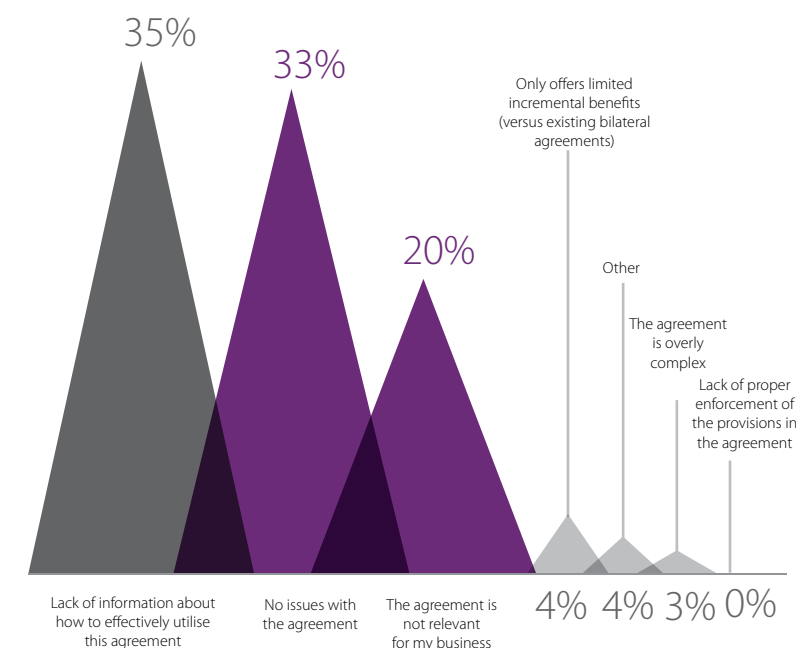
## AWARENESS AND USE OF TRADE AGREEMENTS

The ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA) was the most utilised trade agreement in the region. However only 18% were utilising the agreement, with 6% utilising it significantly. It was also the most well-known agreement, despite more than one-third (35%) of respondents being unaware of this agreement.



## PRIMARY ISSUE WITH AANZFTA

One-third (33%) of respondents had no issues with the ASEAN-Australia-New Zealand Free Trade Agreement. However, 35% felt they lacked the information they needed to effectively take advantage of the agreement. Only 20% of respondents didn't feel that the agreement was relevant for their business.



# CAMBODIA



Following more than two decades of strong economic growth, Cambodia has attained lower middle-income status with gross national income (GNI) per capita reaching US\$1,230 in 2017. Driven by garment exports and tourism, Cambodia has sustained an average growth rate of 7.7% between 1995-2017; making it the sixth fastest-growing economy in the world. As global demand peaks in 2018, economic growth is expected to reach 7%, compared to 6.9% in 2017. Growth is expected to remain robust over the medium term.

Australia and Cambodia are parties to the ASEAN-Australia-New Zealand Free Trade Agreement, which entered into force on January 1, 2010. Australia and Cambodia are also negotiating parties to the Regional Comprehensive Economic Partnership agreement.

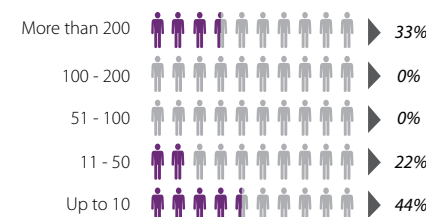
Major Australian exports to Cambodia in 2017 included: cereal, toys, sporting goods, beer and computers.

As a least developed country, Cambodia's products are granted tariff-free access to Australia. Cambodia and Australia have a bilateral market access agreement which was concluded as part of Cambodia's accession to the WTO in October 2004.

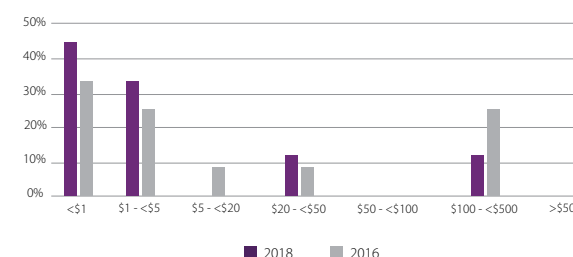
Demand for quality education is increasing in Cambodia, even though the education market is relatively small. Around 60% of the population is under the age of 30, enrolment rates in school are improving and there is a growing middle class able to afford private education.

Australia is well positioned in this market and is the English language destination of choice for Cambodians looking to study abroad. Student numbers to Australia have grown rapidly over the past decade. In 2016, there were over 1,400 Cambodian students studying in Australia, an increase of 21% from the previous year.

## EMPLOYEE NUMBERS

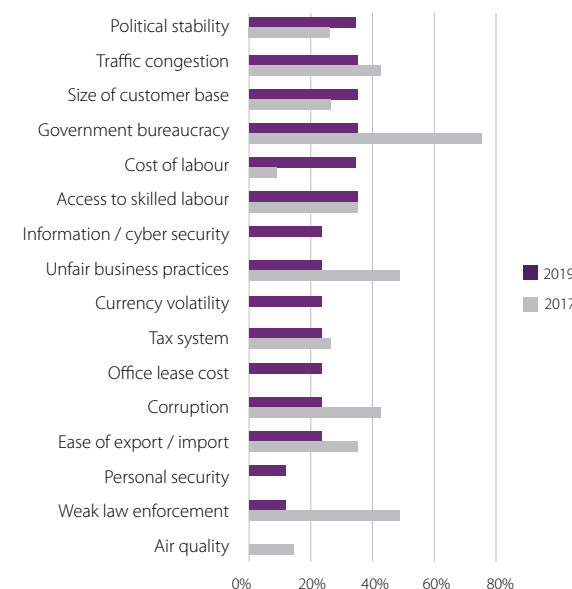


## ANNUAL TURNOVER (IN MILLION AUD)



While the Australian business community in Cambodia is dominated by smaller firms, with more than three-quarters turning over less than \$5 million, one-third of firms are employing more than 200 people locally.

## HIGH IMPACT BUSINESS CHALLENGES



Challenges with traffic, the political climate, size of customer base, government bureaucracy and labour are the main barriers faced by firms operating in Cambodia. Each aforementioned challenge was cited by one-third of respondents.

## ROLE OF OPERATIONS



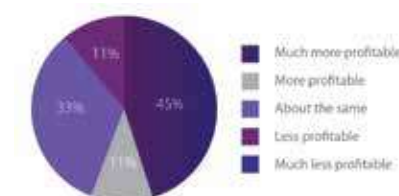
Firms in Cambodia continue to be evenly split between focussing on the Cambodian market, or operating as their firm's global headquarters, with almost 90% of firms in those two categories.

## TOP INDUSTRIES OF OPERATIONS



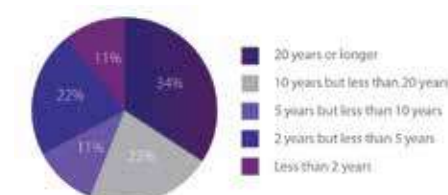
Education and training was the most common industry of operations for firms in Cambodia; accounting for one-fifth of firms. Services firms were common, with professional, financial, and other services accounting for one-third of the business community.

## PROFITABILITY IN 2018



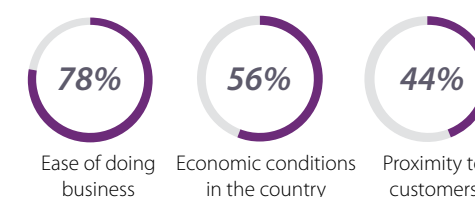
Firms operating in Cambodia report strong profit growth in the past 12 months, with 45% reporting greater than 10% increases, and only 11% reporting a decline in profitability.

## LENGTH OF OPERATIONS



The Australian business community has significant experience in Cambodia, with more than one-third operating for more than 20 years in the country.

## TOP GROWTH DRIVERS



# AGRI-FOOD AND SUPPLY CHAIN LOGISTICS

## Meat & Livestock Australia Limited (MLA)



**M**eat & Livestock Australia Limited (MLA) is an industry research and marketing body that services Australia's cattle, sheep and goat producers. MLA has approximately 50,000 livestock producer members. MLA conducts R&D from paddock-to-plate and promotes Australian red meat to consumers around the world, with the aim of driving the profitability, sustainability and global competitiveness of the industry. Australia exports approximately 70% of its red meat production, with export revenue worth A\$13.8 billion in 2017-18, of which A\$2.1 billion was destined for the ASEAN region.

The ASEAN region is one of the fastest-growing consumer markets in the world, underpinned by a young population, rapid urbanisation, and rising incomes, albeit off a small base. Increasing demand for nutritious, high quality food underpins growth opportunities for Australian red meat exports. However, the region is diverse, with consumer purchasing power, consumption habits and stage of market maturity varying greatly across countries. The diverse nature of the region comes with a number of challenges, specifically in the area

of market access and dealing with diverse trade arrangements and technical import regulations. One of the highest priorities for the red meat industry is working to remove these barriers to trade. Across the region, MLA works closely with the Australian government and industry to tackle market access barriers and create a more stable trade environment.

Indonesia is the largest export market in the region for the red meat industry and, with a growing middle class and increasing disposable income, the potential for increased beef consumption is high. However, the trading relationship with Indonesia is complex, with a number of challenges affecting the ease of doing business. MLA understands these challenges and the need to support bilateral relationships. MLA is supporting the Indonesian industry through a range of programs across trade access, business development & marketing, and knowledge & skills sharing. In partnering with cattle businesses and associations through the Livestock Export Program, MLA supports activities aimed at improving animal health & welfare, transport, feed and nutrition. With

improved efficiencies now in place, MLA is poised to deliver expanded value chain improvements to capture the opportunities presented through the growing modern trade (food and beverage growing at 8-9% per annum). Over the next few years, MLA will expand its collaboration with high-end retail, foodservice and hotels to promote and educate customers about benefits of Australian red meat, with a strong emphasis on integrity systems and nutrition.

The market in Vietnam has very strong fundamentals for future growth, with household incomes increasing rapidly (albeit off a small base) and expanding modern retail and foodservice sectors driving demand for quality beef. With the Vietnamese beef market maturing, there is opportunity for the Australian cattle and beef industry to explore opportunities throughout the entire supply chain and capitalise on evolving consumer demands.

To capture growth, MLA understands the need to support the Vietnamese government and its development needs. MLA is partnered with the Australian government in supporting a number of programs developing processing skills and systems, aimed at improving the meat supply chain. MLA is supporting the Vietnamese government with its development needs, centred on food safety rather than on product marketability. MLA has leveraged

further programs and financial support through strategic partnerships with the Australian government and Vietnamese commercial companies in a number of programs. The focus has been on disrupting the current fragmented and poorly regulated systems throughout the value chain in Vietnam. Consequently, there are now five companies that have the technical capability of producing and selling beef into higher value segments of the market. One official program trained 70 key Vietnamese personnel to understand more about producing and selling higher quality beef. More importantly, however, the strategic collaborative approach is positioning MLA to work positively with a foreign government while gaining a better understanding of the pain points of the entire value chain, and where Australian business can capitalise on opportunities in a rapidly changing market.



## More from MLA



[www.goodmeat.com.au](http://www.goodmeat.com.au)



[www.raremedium.com.au](http://www.raremedium.com.au)

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# INDONESIA



Australia's closest neighbour in the ASEAN region, Indonesia is perhaps the region's sleeping giant, although it has shown recent signs of waking from this slumber. With the world's fourth-largest population, the world's largest Muslim country is rich in natural resources, and largely represents a missed opportunity for Australia.

Despite its proximity and the size of the market, the world's 16th largest economy is only Australia's 13th largest trading partner, with two-way trade worth \$16.5 billion in 2017. However, in some sectors, the relationship between Indonesia and Australia is quite strong, with Indonesia the most common destination for wheat and live animal exports.

Indonesia has experienced real GDP growth of around 5% for the past few years, which although behind their stated goal of 7%, represents real progress. In recent years Indonesia has achieved an investment grade credit rating from each of the three major agencies, fulfilling a long-term policy objective.

The world's third-largest democracy goes to the polls in April, which will define Indonesia's economic direction for the next few years.

## ECONOMIC INDICATORS

	2013	2018
GDP (US\$B) (CURRENT PRICES)	916.6	1,005.3
GDP PER CAPITA (US\$)	3,684.0	3,789.0
REAL GDP GROWTH (% CHANGE YOY)	5.6	5.1

## PRINCIPAL EXPORT DESTINATIONS 2017

1		CHINA	13.7%
2		UNITED STATES	10.6%
3		JAPAN	10.5%
14		AUSTRALIA	1.5%

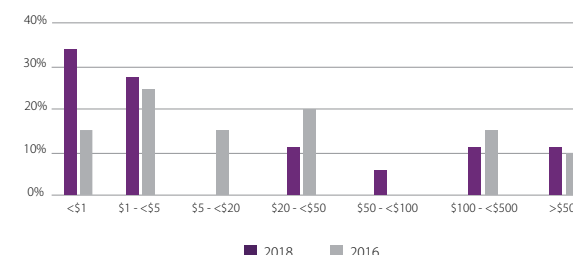
## PRINCIPAL IMPORT SOURCES 2017

1		CHINA	21.9%
2		SINGAPORE	10.8%
3		JAPAN	9.0%
8		AUSTRALIA	4.5%

## EMPLOYEE NUMBERS

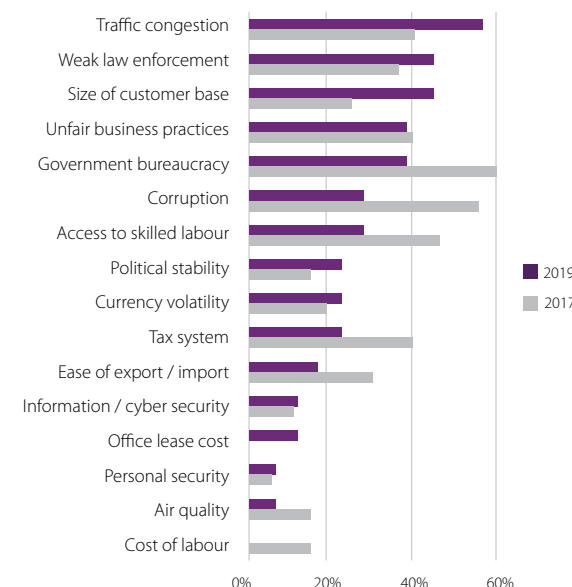


## ANNUAL TURNOVER (IN MILLION AUD)



The Australian business community in Indonesia is made up of both small and large businesses. While one-third employ more than 200 people locally, a majority turnover less than \$5 million annually.

## HIGH IMPACT BUSINESS CHALLENGES



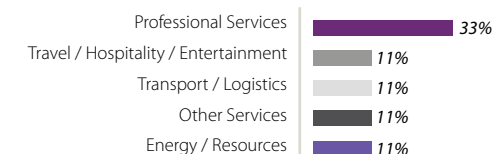
Traffic congestion was a significant barrier, with more than half (56%) of firms believing that it had a high impact on their business. Weak law enforcement and size of the customer base were each identified by 44% of firms.

## ROLE OF OPERATIONS



The majority of respondents from Indonesia are focussed primarily on the Indonesian market, however more than one-fifth of firms have chosen Indonesia as their global headquarters.

## TOP INDUSTRIES OF OPERATIONS



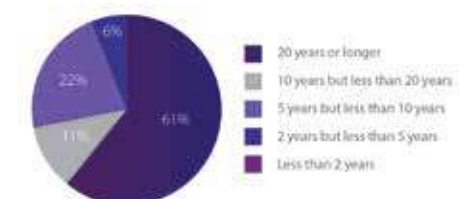
One-third of respondents were professional services firms, with tourism, logistics, other services, and resources firms also heavily represented.

## PROFITABILITY IN 2018



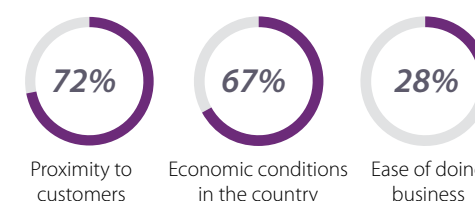
Almost two-fifths (39%) of firms in Indonesia reported improving profits in 2018, with more than one-quarter reporting significant increases. However, 22% saw a decline in profitability.

## LENGTH OF OPERATIONS



The overwhelming majority of firms who are taking advantage of the opportunity presented by Indonesia have been in the market for a long time, with more than 60% of respondents operating there for more than 20 years. Only 6% had entered the market in the past 5 years, with none in the past 2 years.

## TOP GROWTH DRIVERS



# LABOUR MOBILITY

## ASEAN Labour Mobility



**F**ragomen is one of the world's leading global immigration law firms, providing comprehensive immigration solutions, supporting businesses in navigating issues of labour mobility. Operating from over 40 offices in 19 countries (with capabilities in more than 160 countries), we provide services in the preparation of applications for visas, work and resident permits worldwide and deliver strategic advice to clients on immigration policy and compliance.

In an environment where tech and digital skills are in global shortage, regulatory visa and work permit frameworks across the region often struggle to keep up with the continuous evolution of required skills, people movement and challenges to traditional employment concepts, and do not always accommodate the fast-changing work arrangements that drive investment, productivity and innovation. In fact, the general trend of protectionism can be seen as running counter to labour mobility, but at the same time governments are attempting to boost economic growth through policies aimed at improving regional integration and helping attract the best global talent.

Digitisation is leading to a globalised economy, and this means businesses increasingly need more flexible and agile workforces reflecting the emergence of the gig economy, and disrupting the more traditional employment and sponsorship models. This in turn may better support the work style and preferences of millennials, who, by 2020, will form the biggest group of the global workforce.



However, the ability to hire the best skilled individual in a timely way is often challenged by regulatory requirements that range from mandatory labour market testing through to quotas or ratios and even limitations on occupations. For example, in order to obtain an Employment Pass for Singapore, since August 2014 employers have been required to advertise positions in the government Jobs Bank under the auspices of the Fair Consideration Framework. The requirements for mandatory labour market testing have been tightening in the years since then, with exemptions for advertising for very small businesses and for high income roles recently narrowing further. Arguably there is value in looking towards aligning policy settings across the ASEAN region with the aim of developing compatible and consistent requirements, particularly for high value and fast growing industry sectors such as digital transformation. In Indonesia, recent regulatory changes have sought to simplify processes to encourage foreign investment.

Many countries in the region may also require foreign workers to work in a pre-approved occupation or job title, sometimes limited by lists defined by authorities. Where the occupation does not exist on these lists – and this may well be the case in cutting-edge industries – this can pose a significant barrier to labour mobility. In Australia, the pilot Global Talent Scheme, a boutique visa product aiming to encourage innovation especially in the tech sector, can assist to facilitate the use of pioneering occupations and support start-ups. Companies interested in developing trade linkages may not realise that due to the close relationship between Australia and ASEAN countries, there are often exceptions and more favourable conditions available for bilateral labour movements between our countries.

Too often, companies may take the 'easy' option of relying on a variety of business visas or short term passes to immediately fill their skills gap. While these products are often easier and faster to attain, they also usually involve significant limitations of what activities are permitted, and high penalties for both the worker and employer if the authorities find that productive work is being undertaken. As a respected global thought leader with the ability to influence policy development, we help guide businesses to ensure that they benefit from any available concessions and adopt practical and compliant labour mobility strategies.

**FRAGOMEN**  
WORLDWIDE



# LAOS



Laos is a small, landlocked economy that has experienced rapid growth based on capital intensive investments in the energy sector. Surrounded by China, Vietnam, Myanmar, Cambodia and Thailand, and with a population of about 7 million people, Laos has historically been viewed as a relatively small player from a trade and economic perspective. However, with its geographic proximity to these large economies and historically strong GDP growth (estimated at 7% for 2016), Laos is keen to capitalise on its landlocked status to move towards a landlinked economy.

Laos' key industries continue to be hydropower, resources, agriculture, industry and services with the government having introduced Special Economic Zones across the country to encourage the development of a local manufacturing industry. Laos is continuing to work towards graduating from Least Developed Country status by 2020, as well as meet the Sustainable Development Goals. The authorities remain committed to maintaining macroeconomic and financial stability whilst promoting sustainable and inclusive growth.

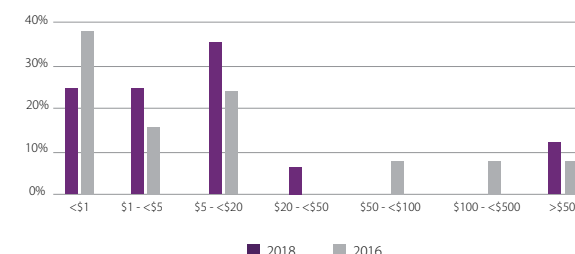
ECONOMIC INDICATORS	2013	2018
GDP (US\$B) (CURRENT PRICES)	12.0	18.3
GDP PER CAPITA (US\$)	1,900.0	2,705.9
REAL GDP GROWTH (% CHANGE YOY)	8.0	6.8

PRINCIPAL EXPORT DESTINATIONS 2017	PRINCIPAL IMPORT SOURCES 2017
1  THAILAND 42.6%	1  THAILAND 59.1%
2  CHINA 28.6%	2  CHINA 21.5%
3  VIETNAM 10.4%	3  VIETNAM 9.8%
20  AUSTRALIA 0.2%	14  AUSTRALIA 0.3%

## EMPLOYEE NUMBERS

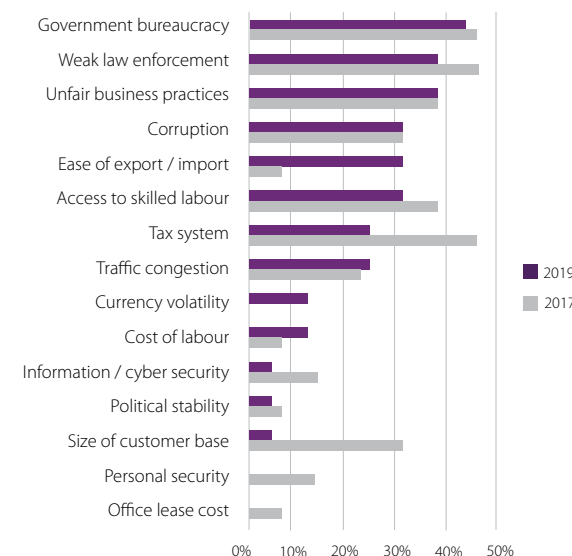


## ANNUAL TURNOVER (IN MILLION AUD)



Most firms are small businesses, with 35% employing 10 or less people, but a sizable minority of firms turnover more than \$500 million (12%), and employ more than 200 people (18%).

## HIGH IMPACT BUSINESS CHALLENGES



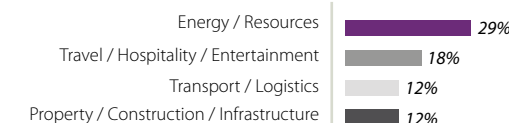
Government bureaucracy (44%), weak law enforcement (38%), and unfair business practices (38%) are the most commonly identified high impact constraints. The tax system was identified as a high impact constraint by 46% of respondents in 2017, declining significantly to only 25% of firms in this year's survey.

## ROLE OF OPERATIONS



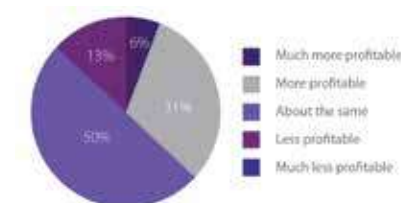
The majority of firms are focussed on the domestic market in Laos, however a sizable minority have elected to establish their ASEAN or global headquarters there.

## TOP INDUSTRIES OF OPERATIONS



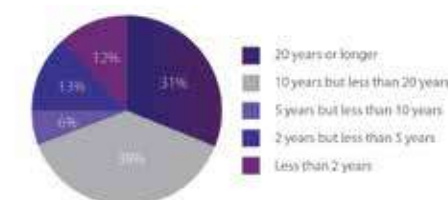
Energy and resources continues to be the most common industry for Australian business in Laos, with just shy of 30% of firms in that sector. Travel, hospitality, and entertainment is the next most common industry, comprising 18% of respondents.

## PROFITABILITY IN 2018



Half of firms in Laos experienced steady profits in 2018, with no respondents reporting a significant decrease in profitability in the past 12 months.

## LENGTH OF OPERATIONS



Australian business has significant experience in Laos, with more than two-thirds (69%) of firms having more than a decade's experience in the market. Laos does continue to attract new investment with one-quarter (25%) of firms entering the market in the last 5 years, 12% in the past 2 years.

## TOP GROWTH DRIVERS



# MALAYSIA



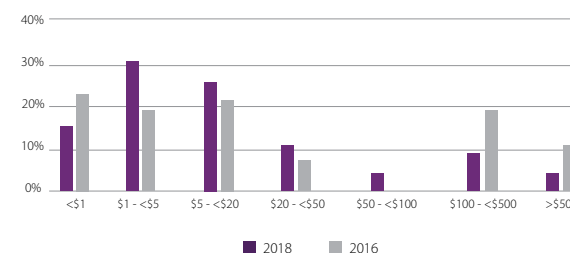
As one of the most diversified economies in the world, Malaysia offers ample opportunities for investors to venture into, particularly regarding new growth areas in a sophisticated yet cost competitive environment. Australian investors can tap into the country's deep understanding of the region, multi-lingual talent pool and extensive network of free trade agreements with ASEAN. With Malaysia's unmatched connectivity and its business friendly policies, Australian companies have much to gain in terms of capturing growth opportunities and immediate market access. Given the strong level of Australia's technological expertise and innovative culture, more investments from Australia are certainly welcomed in areas such as the oil, gas & energy sector, electrical & electronics, aerospace, green technology, and information communication technology.

Malaysia continues to be recognised as an attractive investment destination. In the World Bank Doing Business 2019 report, Malaysia ranked at 15th place in the world and 2nd in Ease of Doing Business with ASEAN. Meanwhile, in Bloomberg's 2018 Emerging Market Scorecard, Malaysia was ranked the most attractive emerging market in Asia and the 5th most attractive emerging market in the world. Malaysia has also been rated 3rd as a Global Offshoring Destination in A.T. Kearney's Global Service Location Index 2017.

## EMPLOYEE NUMBERS

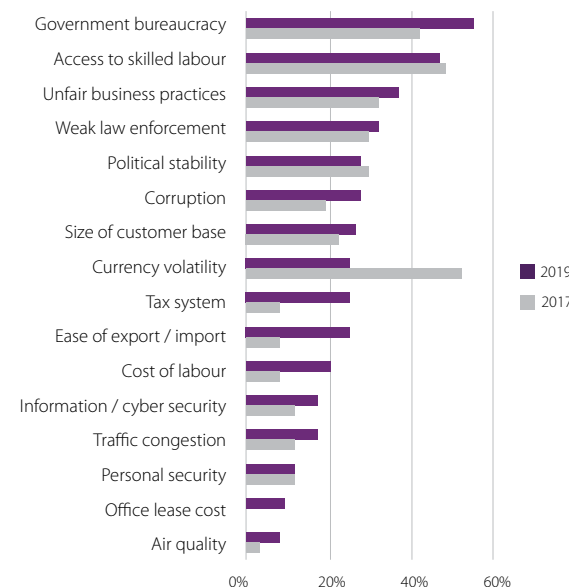


## ANNUAL TURNOVER (IN MILLION AUD)



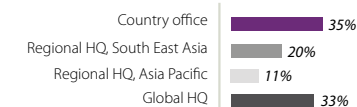
There is significant diversity in the size and scale of operations in Malaysia, although a majority of firms are medium sized, employing between 11 and 100 staff.

## HIGH IMPACT BUSINESS CHALLENGES



Government bureaucracy, access to skilled labour, and unfair business practices were all identified by more than one-third of respondents as having a high impact on their business. Currency volatility was the primary business constraint reported to have a high impact in 2017, however this has reduced significantly, and is now in equal 8<sup>th</sup> place.

## ROLE OF OPERATIONS



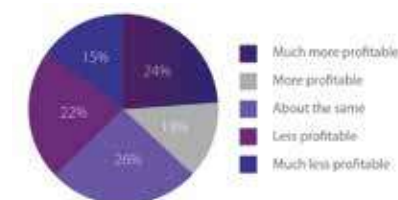
One-third of firms with an Australian connection in Malaysia have elected to host their global headquarters there, with 35% of firms focussed on the local market.

## TOP INDUSTRIES OF OPERATIONS



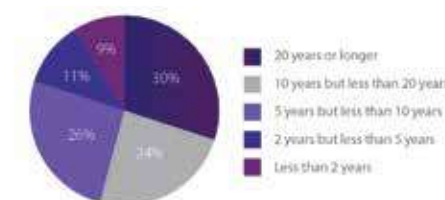
Professional services, ICT, and manufacturing firms were the most common industries of operations, collectively accounting for 41% of Australian business in Malaysia.

## PROFITABILITY IN 2018



2018 was a mixed year for the Australian business community in Malaysia, with 37% of firms reporting improved profitability, and a further 37% reporting declining profits in 2018.

## LENGTH OF OPERATIONS



Almost one-third (30%) of firms have been operating in Malaysia for more than 20 years, demonstrating Australia's significant in-market experience. New businesses continue to enter the market, with 9% commencing operations in the previous 2 years.

## TOP GROWTH DRIVERS



# MYANMAR



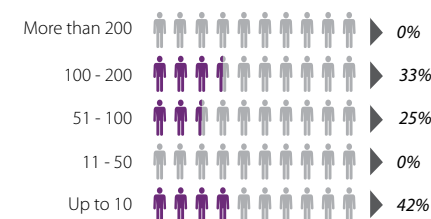

Myanmar is strategically positioned in Asia as the largest country in mainland South East Asia, bordering 40% of the world's population. It has a large working population, abundant agricultural land and is rich in natural resources. Myanmar's recent political and economic reforms have led the nation towards transparent governance and sustainable economic development.

The Asia Development Bank (ADB) recently reported Myanmar's GDP is expected to grow by 7 per cent in 2019. Per Capita GDP growth for Myanmar is expected at 6.3 per cent in 2019. The economy is forecast to grow buoyed by a recovery in the agricultural sector and an increase in investment.

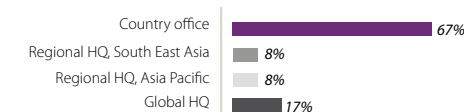
Foreign direct investment is forecast to grow in 2019. Increased consumer and investor confidence, and rising exports, have boosted the economy significantly. The regulatory landscape is unfolding under the new government and the future looks promising. A number of laws and regulations, including Myanmar's Foreign Investment Law and the Companies Act have recently been enacted. The international community is increasing engagement and the ADB recently announced that it will expand its loans and continue to assist the government in implementing reforms for economic and social development.

Areas that are being forecast to grow by both foreign and domestic private sector include oil and gas, retail, manufacturing, agriculture and education.

## EMPLOYEE NUMBERS

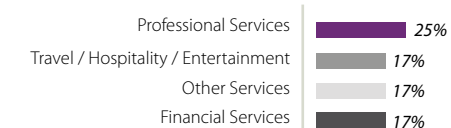


## ROLE OF OPERATIONS



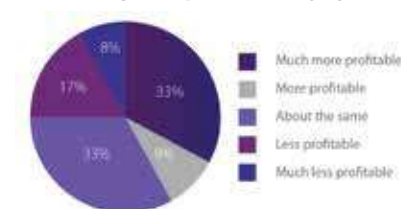
Members of the Australian business community in Myanmar are most likely to be country offices focussed on the local market.

## TOP INDUSTRIES OF OPERATIONS



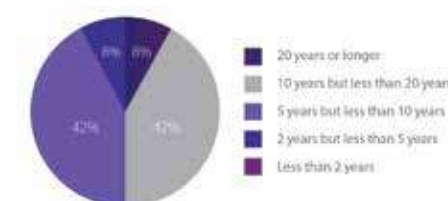
Australian business in Myanmar is dominated by services firms, with professional services the most common, accounting for one-quarter of businesses operating there.

## PROFITABILITY IN 2018



2018 was a mixed year for profitability in Myanmar, with one-third of firms reporting significant increases in profit, and one-quarter reporting a decline.

## LENGTH OF OPERATIONS

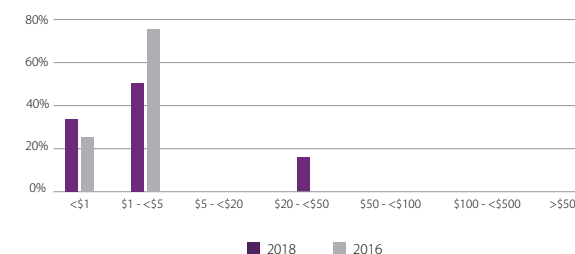


More than 90% of the Australian business community in Myanmar have been operating in market for less than 10 years, with 50% entering the market in the past 5 years; demonstrating the scale of opportunity to be found.

## TOP GROWTH DRIVERS

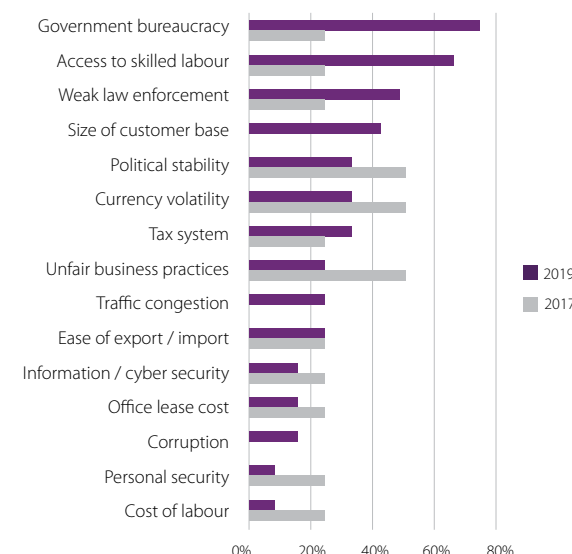


## ANNUAL TURNOVER (IN MILLION AUD)



The Australian business community in Myanmar is predominantly small business, with all firms turning over less than \$50 million annually. However, one-third employ more than 100 staff.

## HIGH IMPACT BUSINESS CHALLENGES



Government bureaucracy and access to skilled labour are significant constraints on business in Myanmar, identified as having a high impact by three-quarters and two-thirds of firms respectively.

ECONOMIC INDICATORS		2013	2018
GDP (US\$B) (CURRENT PRICES)		60.1	70.7
GDP PER CAPITA (US\$)		1,179.6	1,338.5
REAL GDP GROWTH (% CHANGE YOY)		8.4	6.9

PRINCIPAL EXPORT DESTINATIONS 2017		
1	CHINA	38.9%
2	THAILAND	19.4%
3	JAPAN	6.5%
32	AUSTRALIA	0.2%

PRINCIPAL IMPORT SOURCES 2017		
1	CHINA	31.8%
2	SINGAPORE	15.2%
3	THAILAND	11.3%
14	AUSTRALIA	0.8%

# PHILIPPINES




The Philippines has maintained momentum, remaining among the fastest growing economies in South East Asia, with an average growth rate of around 6-7% in recent years.

Aside from being one of the world's top business processing outsourcing (BPO) sites, the Philippines' biggest merchandise export includes electronics and semiconductors, accounting for almost 40% of total export receipts. The Philippines has strengthened efforts to successfully implement the "Build Build Build" Agenda – the Philippine government will spend around PHP8.4 trillion (around USD160-200 billion) in an infrastructure plan consistent with the Master Plan on Asean Connectivity, which aims to facilitate flow of capital, goods, and people nationwide in every region in the country.

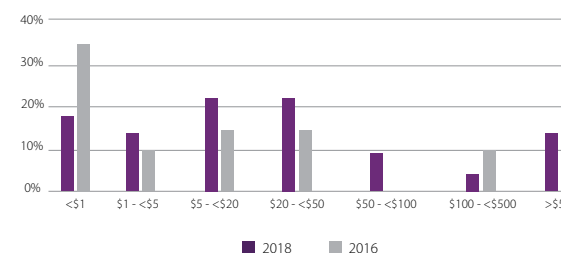
The country is also currently undertaking major economic reforms as well as programs to improve its competitiveness and ease of doing business performance to attract more foreign direct investments.

Philippine trade with Australia has increased significantly over recent years while there has also been growing Australian investor interest in the Philippines. Areas such as agribusiness, information technology / business process management, education, training and development, infrastructure, energy and mining are some of the sectors being targeted. Further expansion of trade and investment links will continue with enhanced cooperation in defense and law enforcement. In addition, there are increased education linkages (an estimated 10,000 Filipino students studying in Australia), and continued large development assistance programs.

## EMPLOYEE NUMBERS

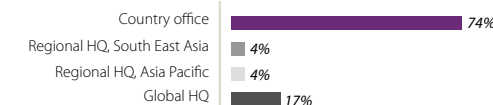


## ANNUAL TURNOVER (IN MILLION AUD)



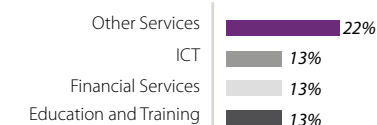
Australian business in the Philippines comes in all shapes and sizes, although 87% of firms employ more than 10 staff in market.

## ROLE OF OPERATIONS



The Australian business community in the Philippines is overwhelmingly focussed on serving the local market, with 74% of respondents identifying as country offices.

## TOP INDUSTRIES OF OPERATIONS



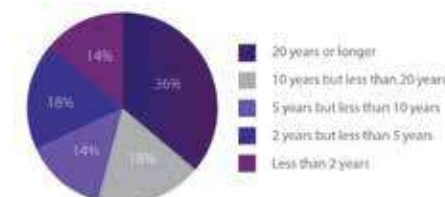
Other and financial services together make up more than one-third of Australian business in the Philippines, with ICT, and Education and training firms also well represented.

## PROFITABILITY IN 2018



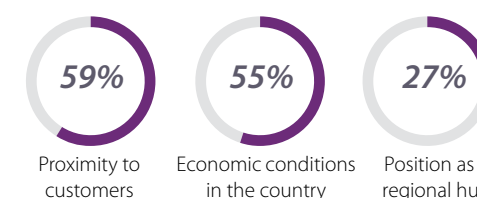
The last 12 months was positive for most firms in the Philippines, with 55% showing profitability growth in 2018.

## LENGTH OF OPERATIONS



Many members of the Australian business community have a long commitment to the Philippines, with more than one-third (36%) having operated there for more than 20 years. However firms continue to be attracted to the market, with 14% of respondents operating in the Philippines for less than 2 years.

## TOP GROWTH DRIVERS











## HIGH IMPACT OF BUSINESS CHALLENGES



Traffic congestion was identified as a high impact constraint on business by the majority of respondents, with government bureaucracy, and the tax system continuing to be significant high impact constraints.

ECONOMIC INDICATORS		2013	2018
GDP (US\$B) (CURRENT PRICES)		271.8	331.7
GDP PER CAPITA (US\$)		2,768.5	3,099.3
REAL GDP GROWTH (% CHANGE YOY)		7.1	6.5

PRINCIPAL EXPORT DESTINATIONS 2017		
1	 JAPAN	15.8%
2	 UNITED STATES	14.1%
3	 HONG KONG	13.1%
22	 AUSTRALIA	0.7%

PRINCIPAL IMPORT SOURCES 2017		
1	 CHINA	18.1%
2	 JAPAN	11.6%
3	 REPUBLIC OF KOREA	8.7%
13	 AUSTRALIA	1.9%



# SINGAPORE



Singapore is a wealthy city-state with an open and trade-driven economy. It's a leading global business hub, positioned in a strategic location where the major east and west shipping routes converge. The country has a stable government, strong rule of law and effective regulatory system. It's a financial, shipping and trade hub for the Asia Pacific region, a perfect launchpad for the continent and offers the best intellectual property protection, infrastructure and incentives in Asia.

World Bank's Ease of Doing Business reports continually rank Singapore as the best country in the world due to its hassle-free business set-up processes. The corporate tax rate is 17%, the third lowest in the world. Excellent connectivity, strategic location with proximity to world's largest emerging markets, strong legal system and best quality of life in Asia, are other advantages.

Singapore has been named as the world's easiest place to do business for eight consecutive years by the World Bank. Singapore has a network of over 80 comprehensive avoidance of double taxation agreements.

The World Economic Forum's Global Competitiveness Report (GCR) 2018 ranked Singapore as the second most competitive economy in the world. Singapore's GDP in 2017 was S\$447,284Mil with a real GDP growth of 3.6%.

The country has the 4th largest pool of trading talent in the world after London, New York City and Houston.

The nation has been ranked first in Asia and seventh globally in Transparency International's anti-corruption index. Singapore is also Asia's top arbitration centre.

ECONOMIC INDICATORS		2013	2018
GDP (US\$B) (CURRENT PRICES)		304.5	346.6
GDP PER CAPITA (US\$)		56,389.2	61,230.2
REAL GDP GROWTH (% CHANGE YOY)		5.1	2.9

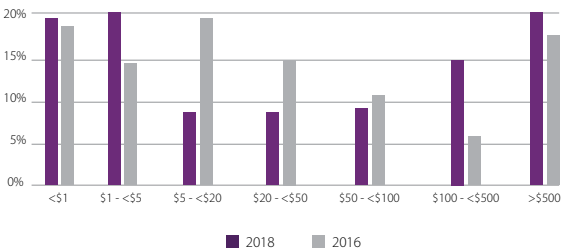
PRINCIPAL EXPORT DESTINATIONS 2017		
1	CHINA	14.5%
2	HONG KONG	12.3%
3	MALAYSIA	10.6%
12	AUSTRALIA	2.7%

PRINCIPAL IMPORT SOURCES 2017		
1	CHINA	13.8%
2	MALAYSIA	11.9%
3	UNITED STATES	10.6%
20	AUSTRALIA	1.2%

## EMPLOYEE NUMBERS

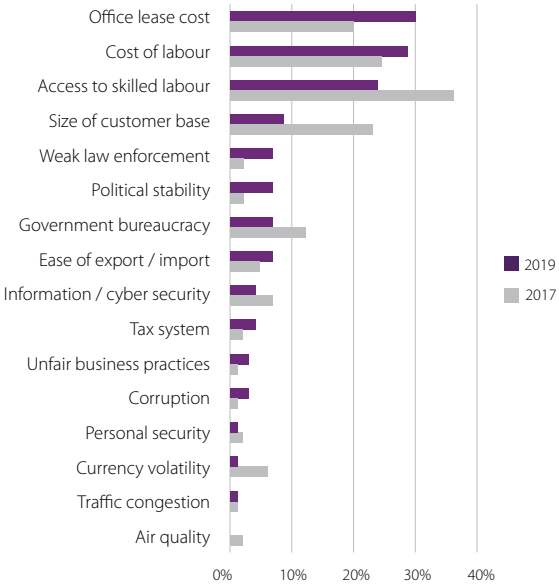


## ANNUAL TURNOVER (IN MILLION AUD)



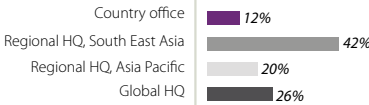
The Australian business community comes in all shapes and sizes, although there is a significant presence (20%) of large firms turning over more than \$500 million annually. Given its role as a regional hub, staff numbers in Singapore are relatively low, with 49% employing less than 10 staff in market.

## HIGH IMPACT BUSINESS CHALLENGES



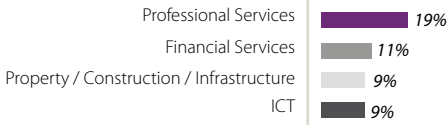
Costs continue to be the most high impact constraints on doing business, with a notable decrease in firms identifying access to skilled labour as a significant constraint.

## ROLE OF OPERATIONS



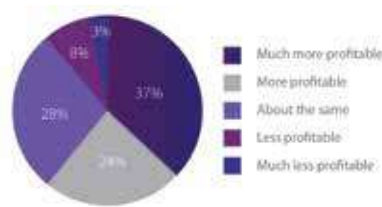
Singapore acts as a regional hub, with much of the Australian business community in Singapore acting as either their firm's South East Asian (42%), Asia Pacific (20%), or Global (26%) headquarters.

## TOP INDUSTRIES OF OPERATIONS



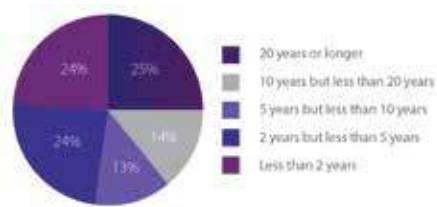
Professional and financial services continue to be the primary industries of operations in Singapore. Property and construction, and ICT were also common industries for Australian business.

## PROFITABILITY IN 2018



Australian business reports strong profit growth in Singapore in 2018, with 61% of firms growing profits by more than 5% in the last 12 months.

## LENGTH OF OPERATIONS



While one-quarter of firms have been operating in Singapore for more than two decades, firms continue to be attracted to Singapore, with 24% entering Singapore in the past two years.

## TOP GROWTH DRIVERS



Note: Due to rounding, all figures may not add up to 100%



# HEALTHCARE AND WELLNESS

## Icon establishes regional hub in the Lion City



Icon Group (Icon) has a strong vision to bring the best cancer care possible to more people, closer to home. This commitment to increased cancer care access drove Icon beyond Australian shores to embrace opportunities in Singapore and the ASEAN region.

In 2016 Icon acquired Singapore Oncology Consultants (SOC), a four-practice day oncology business with a rich history of cancer care in Singapore. SOC is made up of some of Singapore's most experienced and esteemed cancer specialists, with the founding doctors considered the forefathers of medical oncology in Singapore. Collectively, SOC doctors have over 250 years-experience treating cancer and haematology patients and have worked at some of the world's leading cancer centres.

Acquiring SOC provided an esteemed foundation for Icon's growth in Singapore, guided by a long-standing team of expert doctors. Icon not only gained highly respected, practising clinicians with local knowledge, but SOC also became part of Icon's exceptional knowledge-sharing oncology ecosystem.

Since acquisition, Icon SOC has significantly grown their footprint to now have 12 clinicians across seven clinics within Singapore. Further to this, Icon has leveraged the strong relationships established by their clinicians to sign two landmark service

agreements in Vietnam. The agreements with Vietnam's National Cancer Hospital (K Hospital) in Hanoi and 175 Military Hospital in Ho Chi Minh City, will see Icon develop large scale cancer care infrastructure, implement an international standard in medical excellence across hospital management, and apply innovative technologies and techniques to deliver remote care in Vietnam. Further agreements in the Vietnamese private healthcare sector are expected to be announced in the new year.

Icon SOC CEO, Teena Pisarev, says "In Singapore we have established the perfect blend of deep Singaporean expertise with Icon's holistic approach to cancer care. The result is a strong regional base that has really leveraged capability on both sides to enter the wider ASEAN market".

"While entering new markets comes with challenges, our businesses have a single purpose – to deliver the best possible care. It is this commonality that has allowed for Icon to successfully adapt to Singapore's healthcare system and seek to expand our footprint in the region," said Ms Pisarev.

Singapore provides a functional and adaptive location for Icon's regional headquarters. With numerous daily flights across the region, business can be facilitated in a cost effective way, creating a successful and efficient model.

## Navigating business in Vietnam



Currently Vietnam's healthcare system is under intense pressure. Hospital overcrowding is already a significant issue with facilities in Ho Chi Minh and Hanoi unable to serve both local and provincial patients. While the total budget for the health sector has increased, the Vietnamese healthcare system cannot keep up with the demand for medical services. However, local Vietnamese doctors and medical professionals are passionate about excellence. As a result, they are reaching out for assistance to manage the growing burden and changing dynamics across the country.

In line with their vision to bring cancer care access closer to home, Icon has signed agreements to collaborate with two of Vietnam's leading healthcare providers – The National Cancer Hospital in Hanoi and the 175 Military Hospital in Ho Chi Minh City. These agreements aim to strengthen the healthcare providers' ability to deliver international standard cancer care and treatments in Vietnam. This will see them collaborating with Icon to access skills and capabilities in large scale cancer care infrastructure, an international standard of medical excellence and the use of innovative technologies to deliver remote care.

Teena Pisarev said, "These agreements will see Icon build off our current doctor-led satellite clinics in Vietnam. Our team is focused on

identifying the healthcare challenges within Vietnam and leveraging our network and expertise to implement an international standard of cancer care in Vietnam while building local capacity to strengthen the underlining healthcare system".

"We will do this via a combination of on-the-ground expertise alongside remote technical applications, including remote radiation therapy planning for cancer patients, and robust clinical training. Experts from Icon Group's Australian and Singaporean businesses will be critical in supporting Vietnamese health providers to meet demand".

Navigating Vietnam and establishing key relationships has only been possible because of the support and guidance of Icon's experienced staff who have worked extensively in Vietnam and understand the culture intimately. Alongside their team, Icon has received support and guidance of Austrade Singapore, and the Australian High Commissioners and their teams in both Singapore and Vietnam, who have been critical to Icon's success in the region.

"We can't thank our supporters enough. They have helped us to choose the right partners in these emerging markets, which has been the key to our success", said Ms Pisarev.









# THAILAND

Thailand ranks as one of the easiest countries in the South East Asian region in which to do business; it is Australia's sixth largest two-way goods and services trading partner - and second largest in ASEAN - with two-way trade in excess of \$14 billion a year, and Australian investment backed by the Thailand-Australia Free Trade Agreement.

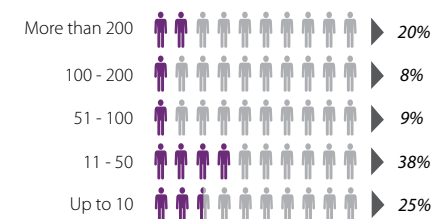
Thailand is a regional and global manufacturing hub for vehicles, automotive components, consumer electronics, and processed food and beverages. It is also a leading exporter of agricultural commodities. Thailand is also a significant international tourist destination with around 35 million visitors in 2017.

The government of Thailand has announced a "Thailand 4.0" development plan to encourage investment into a value-based, digital, innovation-driven and services-based economy, especially within the ten targeted industries including: automotive, electronics, high-value tourism and medical tourism, efficient agriculture, food innovation, automation and robotics, aerospace, bio-energy and bio-chemicals, digital medical and healthcare.

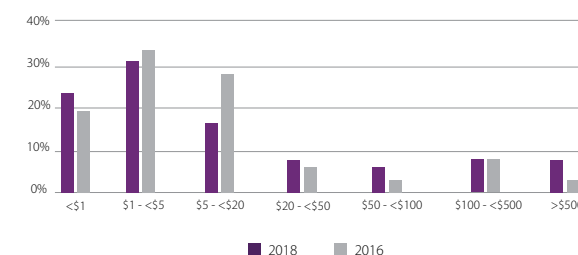
ECONOMIC INDICATORS	2013	2018
GDP (US\$B) (CURRENT PRICES)	420.3	490.1
GDP PER CAPITA (US\$)	6,154.5	7,084.5
REAL GDP GROWTH (% CHANGE YOY)	2.7	4.6

PRINCIPAL EXPORT DESTINATIONS 2017	PRINCIPAL IMPORT SOURCES 2017
1  CHINA 12.5%	1  CHINA 19.9%
2  UNITED STATES 11.2%	2  JAPAN 14.4%
3  JAPAN 9.4%	3  UNITED STATES 6.7%
6  AUSTRALIA 4.4%	14  AUSTRALIA 2.0%

## EMPLOYEE NUMBERS

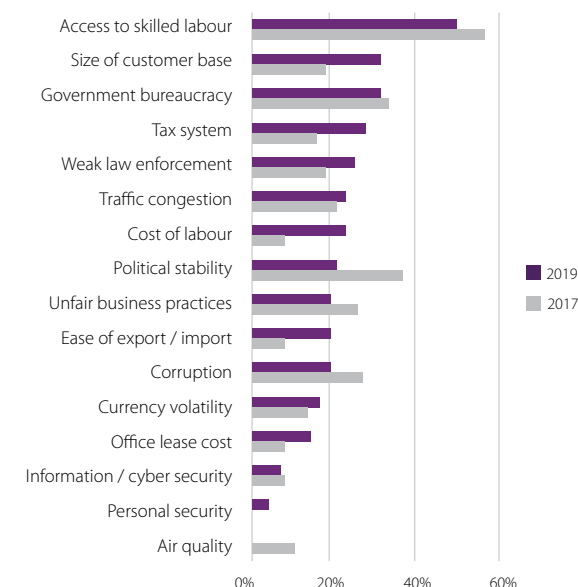


## ANNUAL TURNOVER (IN MILLION AUD)



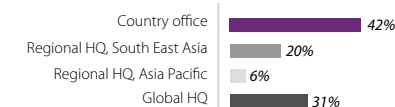
The Australian business community in Thailand is quite diverse, with 20% of respondents employing more than 200 staff, and more than half with turnover less than \$5 million.

## HIGH IMPACT BUSINESS CHALLENGES



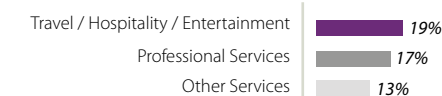
Access to skilled labour continues to be the most significant constraint on doing business in Thailand, identified by 48% of firms as having a high impact on their business.

## ROLE OF OPERATIONS



More than 40% of firms are focussed on the local market, and more than 30% operating as their firm's global headquarters.

## TOP INDUSTRIES OF OPERATIONS



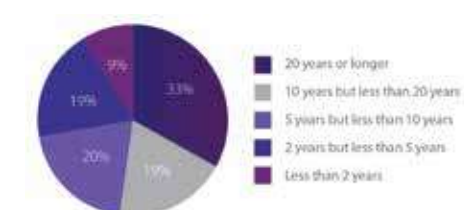
Travel, hospitality, and entertainment was the most common industry in Thailand, reflecting the significant annual tourism numbers. Together with professional and other services, these three industries accounted for almost half of the Australian business community in Thailand.

## PROFITABILITY IN 2018



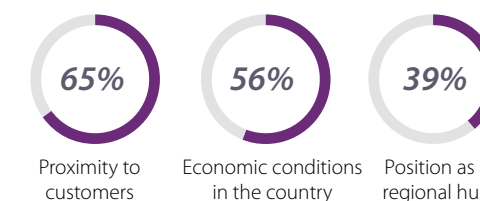
59% of businesses in Thailand reported improved profitability in 2018, with 26% reporting greater than 10% increases.

## LENGTH OF OPERATIONS



Australian business has significant experience in Thailand with, one-third of firms operating there for more than 20 years.

## TOP GROWTH DRIVERS





# DIGITAL TRANSFORMATION

## Vietnam's Future Digital Economy: foresight work by Australia's CSIRO



Governments and governing bodies in the Asia Pacific region often do forward planning, but unlike European bodies such as the European Union and the Organisation for Economic Co-operation and Development, they do not often use foresight techniques to develop strategy for long-term futures (10 years or more). CSIRO's Data61, the data innovation arm of Australia's national science agency, wants to change that.

In a unique research partnership with Vietnam's Ministry of Science and Technology, Data61 is currently completing a country-wide foresight study to help imagine what Vietnam's digital economy will be like in 2045. The **Vietnam's Future Digital Economy** project is the first in the new Aus4Innovation partnership program between Vietnam and Australia, aiming to strengthen Vietnam's innovation system and better prepare for Vietnam's digital future. The program will run until mid-2022 and is supported by Australia's Department of Foreign Affairs and Trade.

The scenarios created for 2045 will inform policy and strategy – not just for the Vietnam Government, but for development and funding

agencies and the private sector looking to invest in Vietnam. It is being viewed as one of the first and most significant pieces of foresight work to be done on a rapidly developing economy and South East Asian nation.

Data61 lead for the project, Dr Lucy Cameron, explains that foresight is more than just forecasting – which is extending data trends into the future.

"Foresight is a technique that examines a range of political, social, economic, environmental, legal and technological drivers of change to create future narratives and scenarios," Dr Cameron said.

"Leaders can use the scenarios to mitigate risk and be one step ahead of change. This can give first-mover advantage, and can help governments and organisations avoid critical crashes."

Vietnam is at a particular point in its development where it has to start transitioning to more services and knowledge-intensive export industries. Its history of remarkable growth over the last 40 years can continue but it will need to move from being a low-

cost labour market to one more reliant on higher labour productivity. If broadly applied, the new suite of digital technologies – including AI, blockchain, mobile and platform-mediated businesses, big data analytics, and augmented and virtual reality – can lift labour productivity in Vietnam and radically change the country's economy, and way of life.

The **Vietnam's Future Digital Economy** project has already produced its initial report – **Vietnam Today**<sup>1</sup>, with the final report including scenarios and modelling to be published in early 2019. The content of the final report will be anchored in on-the-ground information drawn out by workshops, expert interviews and consultations across Vietnam.

"We didn't want to write a report about Vietnam by just looking at the data," Dr Cameron said.

"We wanted to use the voices of Vietnam's people and experts on the ground – including recording their aspirations and anxieties about the future. It's one of the most valuable things about this piece of work."

CSIRO Data61's Insight team also hopes to build foresight capacity in the Asia-Pacific Region – through developing a policy-centric community of practice

<sup>1</sup> <https://www.data61.csiro.au/Vietnam>

to look at regional change into the future, and to build co-operation between countries. The Insight team is looking to bring together a small group of practitioners from across the Asia Pacific in late in 2019 to examine regional megatrends and probable national responses to change.

"No-one can predict the future perfectly, but we can more confidently predict a range of possible futures, and through that be far more prepared for change in this region," Dr Cameron said.

See more information on strategic foresight and the Data61 Insight Team:

<https://www.data61.csiro.au/Insight>



# VIETNAM











Vietnam's recent growth story since transitioning from a centrally planned to a market economy has been incredible. Achieving middle-income status in 2010, it has reduced its poverty rate as defined by the World Bank from 58% in 1993 to 9.8% in 2016, lifting more than 40 million people from poverty. This growth has been largely export driven, with goods and services exports now accounting for 94% of GDP.

In the five years to 2017, bilateral trade between Australia and Vietnam grew at an average annual rate of 12%. Australia is now Vietnam's seventh largest trading partner, and Vietnam's largest source of wheat. The growth of Australia's relationship with Vietnam was demonstrated in the decision to elevate the relationship to a strategic partnership in 2017.

Cultural links between Australia and Vietnam are strong, with Vietnamese the fourth-most language spoken at home in Australia, and Vietnam is the fifth most common source of students studying in Australia. With a young population approaching 100 million people, there are significant opportunities for Australian business to deepen this relationship.

ECONOMIC INDICATORS		2013	2018
GDP (US\$B) (CURRENT PRICES)		170.6	240.8
GDP PER CAPITA (US\$)		1,900.2	2,545.9
REAL GDP GROWTH (% CHANGE YOY)		5.4	6.6

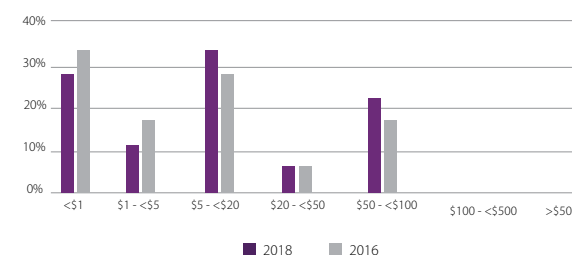
PRINCIPAL EXPORT DESTINATIONS 2017			
1		UNITED STATES	20.1%
2		CHINA	14.5%
3		JAPAN	7.9%
16		AUSTRALIA	1.6%

PRINCIPAL IMPORT SOURCES 2017			
1		CHINA	25.8%
2		REPUBLIC OF KOREA	20.4%
3		JAPAN	7.8%
12		AUSTRALIA	1.3%

## EMPLOYEE NUMBERS

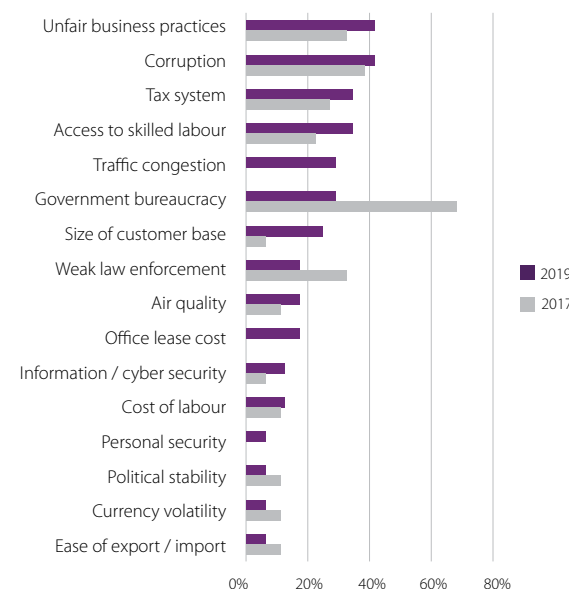


## ANNUAL TURNOVER (IN MILLION AUD)



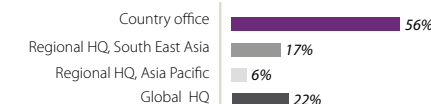
A significant majority of firms in Vietnam turnover less than \$20 million annually, however 28% of firms employ more than 200 staff locally.

## HIGH IMPACT BUSINESS CHALLENGES



Unfair business practices and corruption were each identified by more than 40% of respondents as having a high impact on their business. In 2017 government bureaucracy was identified by two-thirds of firms, however this has reduced to 29% this year, demonstrating significant progress.

## ROLE OF OPERATIONS



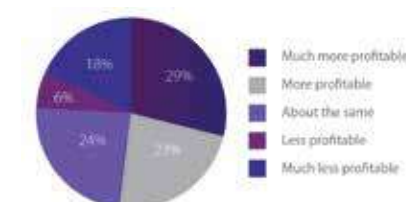
More than half of the Australian business community in Vietnam is focussed on the domestic market, with 22% of firms utilising Vietnam as their global headquarters.

## TOP INDUSTRIES OF OPERATIONS



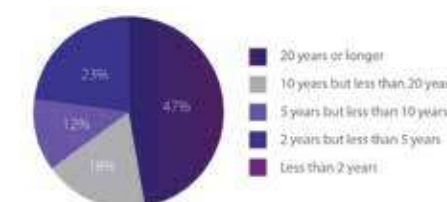
Professional services and education and training make up more than half (61%) of the Australian business community in Vietnam.

## PROFITABILITY IN 2018



Business conditions were mixed over the past 12 months, with a majority of firms (52%) reporting improved profitability, however 24% of firms reported decreased profitability.

## LENGTH OF OPERATIONS



Australia has significant experience in Vietnam, with almost half of firms operating there for more than 20 years. Vietnam was identified as the most likely place for expansion in 2017, however there were no new entrants to the Australian business community in the past two years.

## TOP GROWTH DRIVERS





# AUSTCHAM ASEAN



**A**ustCham ASEAN aims to deepen Australia's business engagement in ASEAN by serving as an umbrella organisation for advocacy on issues impacting Australian businesses operating in ASEAN. We are a "chamber of chambers" whose membership base consists of the chambers of commerce and business councils from nine of the ASEAN member states. In addition, we work closely with corporate partners, who have a deep engagement in the region, and are keen to share their success stories and engage with policy makers in the region to solve their business challenges. This reach across the ASEAN Economic Community and close engagement with leading Australian businesses ensures that AustCham ASEAN has its ear to the ground and deep understanding of the successes and challenges of Australian business across the region.

AustCham ASEAN is the officially recognised voice for Australian business in ASEAN and focusses on three main activities:

1. **Informing** Australian business on regional integration developments and the business landscape;
2. **Explaining** the contribution of Australian business to ASEAN markets; and
3. **Advocating** for policies, rules and regulations that support Australian business activities in ASEAN (including organising thematic working groups in key areas of interest for Australian business).

To progress these areas, AustCham ASEAN is organising industry-based thematic working groups around topics in the following initial areas:

## Agri-food and Supply Chain Logistics

With increasing urbanisation, it is anticipated that there will be significant demand for high quality, safe agricultural products, such as meat and dairy, which Australia is well-positioned to provide to the market. However, there exist a number of barriers to seizing this opportunity in ASEAN's emerging cities. These include infrastructure bottle necks, with limited cold storage and first/last-mile infrastructure, and non-tariff measures that can make it difficult to navigate goods into markets.

Corporate Champion



## Digital Transformation

With increasing urbanisation in ASEAN, technology has huge potential to solve the challenges of greater density, and the dramatic rise in mobile phone and smart phone ownership has led to the success of home-grown technological solutions in ASEAN such as Grab, GoJek, and the e-commerce provider Lazada. With new technologies changing the face of many existing industries in the region, local and national governments will seek smart solutions to the regulation of these emerging industries that encourage innovation, and ensure that sufficient relevant skills exist in the local populations while limiting potential problems.

Corporate Champion



## Healthcare and Wellness

ASEAN is undergoing a complex epidemiological transition, with the region vulnerable to persistent (e.g. malaria) and emerging infectious diseases, as well as potential pandemics (e.g. SARS, Bird Flu), and the rapid advancement of non-communicable diseases (e.g. cancer, diabetes), which are now responsible for 60% of deaths in the region. Australia has a world-class health system, a long history of providing health services in ASEAN, and is well-positioned to meet the emerging needs of cities within ASEAN as they seek to cope with rapidly increased urbanisation and the challenges of an emerging middle class.

Corporate Champion



## Labour Mobility

Skills requirements are rapidly changing. As new supply chains emerge, grow and evolve within ASEAN, barriers to skills recognition, and movement of talented people within an organisation, make it challenging to successfully grow in new markets. Australia has world class education and training expertise, and experience in combatting skills shortages that could help ASEAN markets ensure that they have access to the right people to drive their economies through the fourth industrial revolution.

Corporate Champion



It is envisaged that AustCham ASEAN's initial thematic focus areas will be expanded to cover topics in education and training, infrastructure and energy, and tourism and aviation in response to the needs of corporate champions and the Australian business community.

As the officially recognised voice of Australian business within ASEAN, AustCham ASEAN is perfectly positioned to be the vehicle for a stronger relationship for the Australian business community in its continued engagement and partnership with the ASEAN Economic Community.

**ANNETTE TILBROOK**

Executive Director, AustCham ASEAN

Special thanks to:

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Alexandra Alder, Policy and Research Advisor

Norazuin Lokman, Graphic Design



# FOUNDATION MEMBERS

AustCham ASEAN would like to thank its foundation members for their contributions to the establishment of AustCham ASEAN and the development of this survey in particular.



Australian Chamber of  
Commerce, Cambodia



Indonesia Australia  
Business Council



The Australia Chamber of  
Commerce Lao PDR



Malaysia-Australia  
Business Council



Australian Chamber of  
Commerce, Myanmar



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