



ASEAN Snapshot 2021

Focus on German-ASEAN business relation



German Chambers
of Commerce Abroad








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Contents

3	Foreword	12	ASEAN countries overview	28	Contact – AHKs in ASEAN
4	About ASEAN	14	 Indonesia	30	Imprint
6	ASEAN economic snapshot	16	 Malaysia	31	About German Chambers ASEAN Business Council (GCABC)
8	ASEAN – Key features for German businesses	18	 Myanmar		
10	German-ASEAN business relations in number	20	 Philippines		
		22	 Singapore		
		24	 Thailand		
		26	 Vietnam		

ASEAN Snapshot 2021 Foreword

Ladies and Gentlemen

Welcome to dynamic ASEAN – an economic superpower in the world. The ten state members have made notable progress towards economic integration and free trade in the region by creating ASEAN Free Trade Area (ASEAN Economic Community – **AEC**) to establishing a single market, increasing intra-ASEAN trade and investments, and attracting foreign investment.

As a single market, the ASEAN is a growing consumer market with 650 million people. German firms see this region as an exciting consumer market, with lots of high growth potentials, especially in terms of middle-class spending. Nowadays, the ASEAN is home to more than **3,000 German companies** and **the second-largest trading partner** in Asia for Germany, after China. Moreover, German investments in the region have been growing steadily and belonged to **the top 10 investors** in the ASEAN. The manufacturing output in this region recently is likely to expand, supported by an **improving regulatory environment** and **competitive costs** and **diversification opportunities**. Therefore, it could benefit German SMEs with limited investment capital to easily link with the regional supply chains, in

terms of procurement, operations and sales, allowing firms to manage competition, limit risks, and reduce production costs.

Due to the COVID-19 pandemic, the region's 2020 GDP shrank by 3.8% overall, but the services sector – tourism especially – has been hit harder than the manufacturing sector. By improving the regional and global integration and having signed the Regional Comprehensive Economic Partnership (RCEP) in November 2020, together with the Comprehensive Recovery Framework, the ASEAN state members will achieve economic growth this year.

The German Chambers ASEAN Business Council (GCABC), as a **#PartnerInASEAN**, are pleased to introduce to you our fourth edition of the ASEAN Snapshot booklet with a focus on the German-ASEAN business relation. With user-friendly charts, infographics and brief texts, this publication would provide you with an overview of ASEAN's and ASEAN members' economic developments, ranging from demographic, economics, trade and investment, and the business relations between selected ASEAN nations with Germany. Let's discover the market potentials in ASEAN with us, and we look forward to supporting you in doing business in ASEAN.



Marko Walde
Chief Representative
Delegation of German Industry and Commerce in Vietnam
GCABC Spokesperson 2021

About ASEAN



An Economic Superpower

ASEAN – The Association of Southeast Asian Nations – consists of 10 member states: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

This trade-driven bloc is of vital geostrategic importance to the world, one of the most diverse and complex region in the world. With the population of 650 million and fast-growing wealth it is becoming a global bright spot.

The establishment of the ASEAN Economic Community (AEC) in 2015 is a major milestone of ASEAN which envisions this region as a single market and production base, a highly competitive region, with equitable economic development, and fully integrated into the global economy.



1967

Inception by ASEAN 5: Indonesia, Malaysia, the Philippines, Singapore, and Thailand.

1984

Brunei joins ASEAN

1995

Vietnam becomes a member

1997

Laos and Myanmar become members

1999

Cambodia is a member, forming the ASEAN 10

2000

Signing and implementing the free trade agreements with China (ACFTA); India (AIFTA); Japan (AJCEP); Australia-New Zealand (AANZFTA) and South Korea (AKFTA).

2015

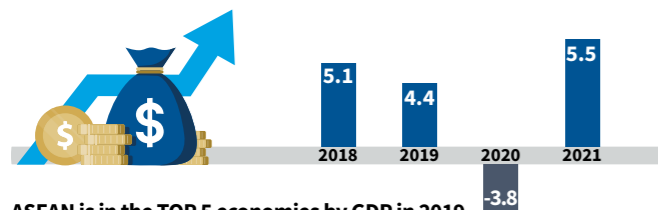
The establishment of the ASEAN Economic Community (AEC)

2020

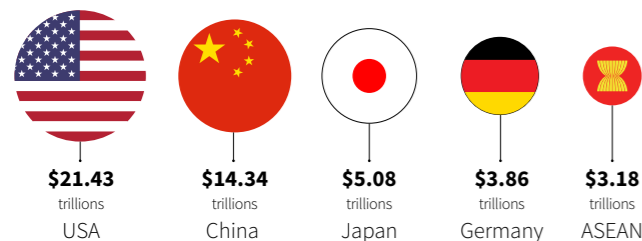
The Regional Comprehensive Economic Partnership (RCEP) was signed by 10 ASEAN member states, Japan, South Korea, Australia, New Zealand and China. It accounts for almost a third of the world's population and GDP.

ASEAN Economic Snapshot

GDP growth in %



ASEAN is in the TOP 5 economies by GDP in 2019



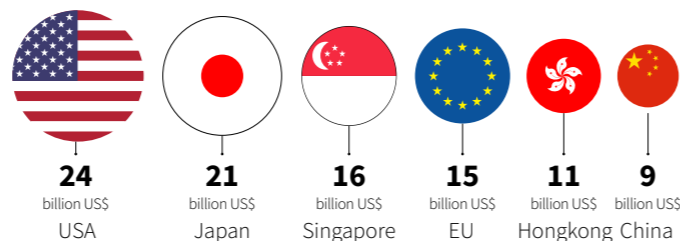
Challenges

- The diversity of ASEAN market.
- International travel restrictions limited opportunities to face-to-face engagement.
- According to our 2020 AHK World Business Outlook Survey: The Top 3 risks for German companies in ASEAN are demand, economic policies and financing.

Net inflow FDI 2019



EU is among the TOP 4 ASEAN's biggest investors in 2019



Investment opportunities in

Advanced manufacturing, digital technology, infrastructure, healthcare, education and training, business and finance services!



Export volume 2019



Key export products

Electrical machinery; Machinery and mechanical appliance; Mineral fuels & oils; Precious stones, metals & pearls; and Vehicles.



Impact of COVID-19



Significant negative impact: Southeast Asia's economy relies heavily on **tourism, manufacturing, international trade, and labor migration**. It has seen not only a health crisis, but also profound economic disruption and an economic crisis unfold in 2020.

Import volume 2019



Key import products

Electrical machinery; Mineral fuels & oils; Machinery and mechanical appliance; Plastics and Vehicles.



Recovery in 2021: All reforms will contribute to economic recovery and deepen economic integration across the region.

ASEAN – Key features for German businesses

01

The ASEAN is home to more than 3,000 German companies and the second-largest trading partner in Asia for Germany, after China. Moreover, German investments in the region have been growing steadily and belonged to the top 10 investors in the ASEAN.

People

As a single market, it is a growing consumer market with 650 million people. German companies see ASEAN as an exciting consumer market, with lots of potential for growth, especially in terms of middle-class spending.



02

Competitive wages

Competitive labor cost is a major factor attracting German companies to this region. ASEAN offers young, motivated and skilled workforces.



03

Global integration

The establishment of ASEAN Economic Community AEC, the CPTTP (TPP11), other bilateral FTAs (EU-Singapore and EU-Vietnam) and the newly signed RCEP are expected to enhance trade and investment flows to ASEAN.



04

China +1

There are currently a lot of expansion plans of German enterprises from China to ASEAN nations. They are complementing their existing Chinese operations with new activities in ASEAN regarding sourcing and investments. Their concrete reasons for that are their diversification strategies, the reliability of ASEAN partners and rising wage costs in China.



05

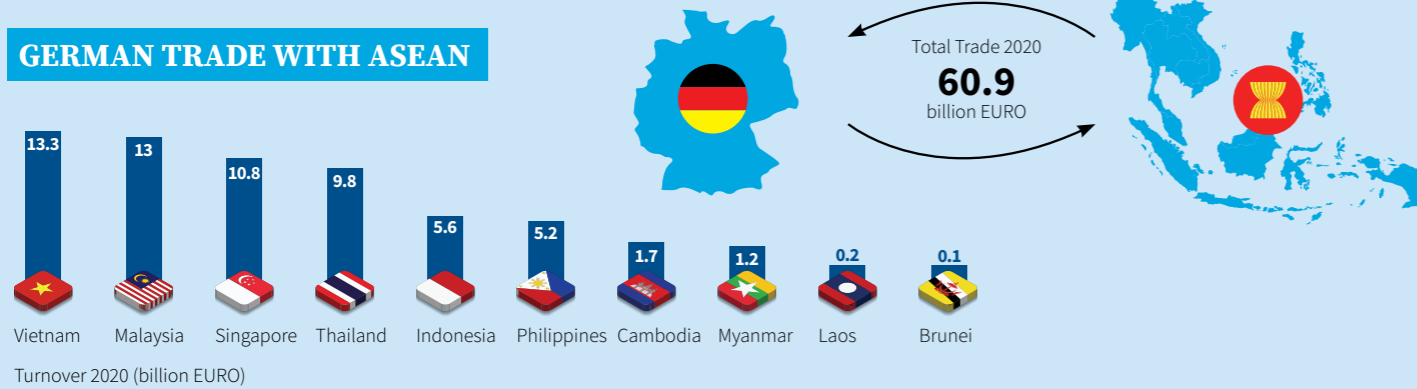
Recovery strategy and resilient supply chain

Covid-19 has quickened the pace of regional cooperation in ASEAN, while healthcare systems are enhanced, and digitalization is accelerated to achieve their promise of more sustainable, inclusive trade and investment. ASEAN has made great progress in optimising the role of trade in the post-pandemic economic recovery, with the private and public sector alike keen to strengthen supply chains and restore trade connectivity policies.



German-ASEAN business relations in number

GERMAN TRADE WITH ASEAN



German exports to ASEAN

22.3 Billion EUR

German imports from ASEAN

38.6 Billion EUR

Major Export Products



Machinery and mechanical appliances



Electrical machinery and equipment



Vehicles



Optical, photographic, cinematographic, measuring, checking, medical or surgical instruments



Pharmaceutical products



Electrical machinery and equipment



Machinery and mechanical appliances



Optical, photographic, cinematographic, measuring, checking, medical or surgical instruments



Footwear



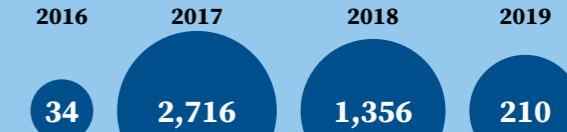
Apparel and clothing accessories

GERMAN INVESTMENT IN ASEAN

Major sectors of German FDI

- Manufacturing
- Other services activities.
- Human health and social work activities
- Wholesale and retail trade; repair of motor vehicles and motorcycles
- Mining and quarrying

Total German flow of FDI to ASEAN (billion US\$)



CHANCES

Investment opportunities in

Advanced manufacturing, digital technology, infrastructure, healthcare, education and training!



CHALLENGES

Major influence on German business climate in ASEAN by Demand and Economic Policies!

Furthermore, due to COVID-19, many German companies must reschedule their expansion/investment in the region. The travel restrictions and demand decrease also affect their businesses.

ASEAN countries overview



INDONESIA



**Total Trade with Germany
2020** (billion EURO)

5.6

Nominal GDP 2020
(billion USD) **1,068**

Real GDP (YoY%) **-2.2**

Easy of Doing Business Index **73**

Population **270**

Surface (km²) **1,917,000**



MALAYSIA



**Total Trade with Germany
2020** (billion EURO)

13

Nominal GDP 2020
(billion USD) **341**

Real GDP (YoY%) **-5.5**

Easy of Doing Business Index **12**

Population **32.4**

Surface (km²) **330,000**



MYANMAR



**Total Trade with Germany
2020** (billion EURO)

1.2

Nominal GDP 2020
(billion USD) **70.9**

Real GDP (YoY%) **2**

Easy of Doing Business Index **165**

Population **54.4**

Surface (km²) **676,590**



PHILIPPINES



**Total Trade with Germany
2020** (billion EURO)

5.2

Nominal GDP 2020
(billion USD) **365**

Real GDP (YoY%) **-9.7**

Easy of Doing Business Index **95**

Population **109.6**

Surface (km²) **300,000**



SINGAPORE



**Total Trade with Germany
2020** (billion EURO)

10.8

Nominal GDP 2020
(billion USD) **333**

Real GDP (YoY%) **-5.8**

Easy of Doing Business Index **2**

Population **5.8**

Surface (km²) **720**



THAILAND



**Total Trade with Germany
2020** (billion EURO)

9.8

Nominal GDP 2020
(billion USD) **502**

Real GDP (YoY%) **-6.5**

Easy of Doing Business Index **21**

Population **69.8**

Surface (km²) **513,120**



VIETNAM



**Total Trade with Germany
2020** (billion EURO)

13.3

Nominal GDP 2020
(billion USD) **271**

Real GDP (YoY%) **2.9**

Easy of Doing Business Index **70**

Population **97.3**

Surface (km²) **331,230**

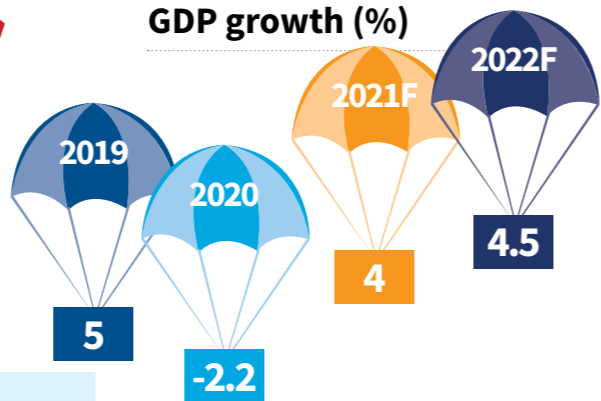
INDONESIA



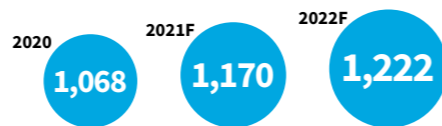
The world's fourth biggest country in terms of population, and ASEAN largest economy with more than 40% share of the combined GDP. Indonesia, the only G-20 member state and trillion+ USD economy of ASEAN is after two decades of stable economic growth destined to be among the top 10 major economies in the world.



GDP growth (%)



Nominal GDP (billion US\$)



GDP per capita (US\$)



CPI (yoy %) ann avg



Export

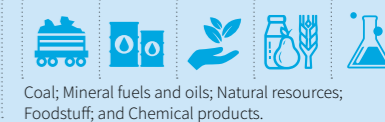
Export volume
2020

163 billion US\$

Major export partners



Major export products



Import

Import volume
2020

133 billion US\$

Major import partners



Major import products



Investment

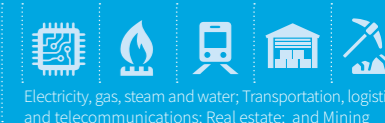
FDI net inflow
2020

10.6 billion US\$

Major FDI contributors



Major FDI sectors



German-Indonesia Relations

German FDI net inflow
2019

172 million EURO

German exports 2020
(Billion EURO)

2.1

3.5 German imports 2020
(Billion EURO)

Major German products

Export: Machinery; Measuring, checking and medical instruments; and Electronics

Import: Footwear; Textile and garments; and Electronics.

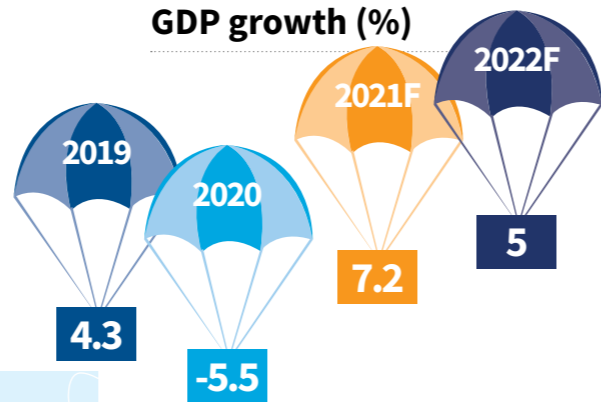
MALAYSIA



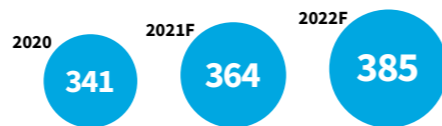
Since gaining independence in 1957, Malaysia has successfully diversified its economy from one that was agriculture and commodity-based, to one that is a leading exporter of electrical appliances, electronic parts and components. Malaysia is one of the most open economies in the world, with a trade to GDP ratio averaging over 140 percent since 2010. Openness to trade and investment have been instrumental in employment creation and income growth, with about 40 percent of jobs in Malaysia linked to export activities.



GDP growth (%)



Nominal GDP (billion US\$)



GDP per capita (US\$)



CPI (yoy %) ann avg



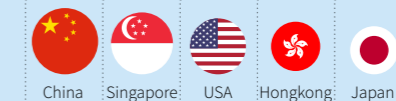
Source: GTAI, Destatis, Deutsche Bank

Export

Export volume
2020

184.9 billion US\$

Major export partners



Major export products



Import

Import volume
2020

151.2 billion US\$

Major import partners



Major import products

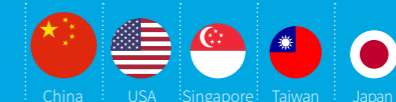


Investment

FDI net inflow
2020

-0.2 billion US\$

Major FDI contributors



Major FDI sectors



German-Malaysia Relations

German FDI net inflow
2019

101 million EURO

German exports 2020
(Billion EURO)

4.6

8.3 German imports 2020
(Billion EURO)

Major German products

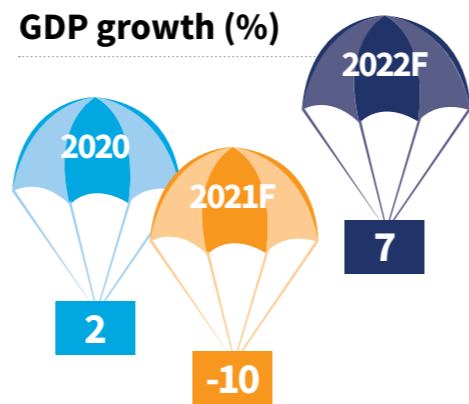
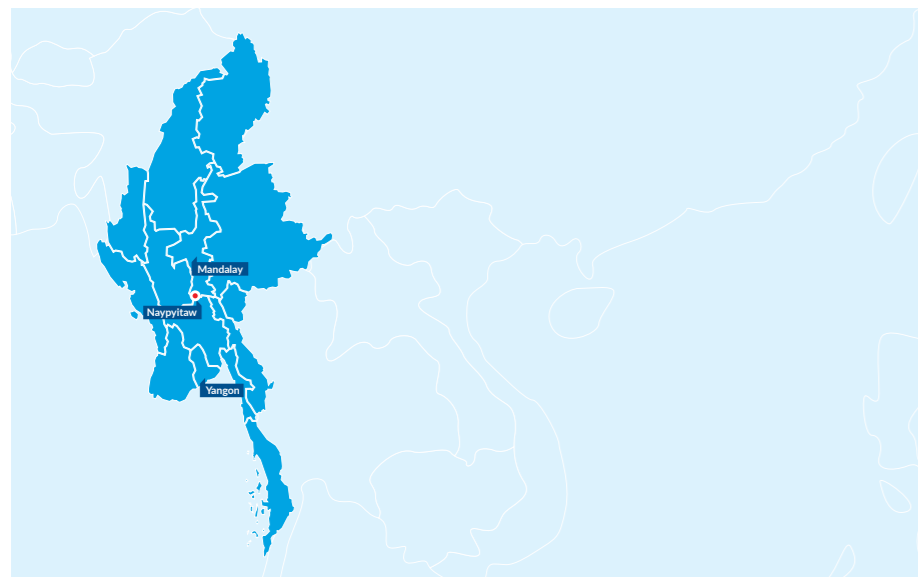
Export: Electronics; Machinery; and Measuring, checking and medical instruments.

Import: Electronics; Machinery; and Measuring, checking and medical instruments.

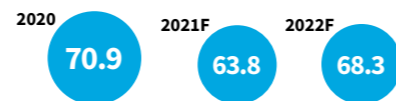
MYANMAR



Building on successful economic transformation, Myanmar is emerging as a prosperous nation. The country possesses rich natural resources, a strategic location at the crossroads of Asia, a young population, and a sizable market with wide-ranging investment opportunities. From a formerly heavily agricultural economy, Myanmar is diversifying strongly and offers abundant business opportunities.



Nominal GDP (billion US\$)



GDP per capita (US\$)



CPI (yoy %) ann avg



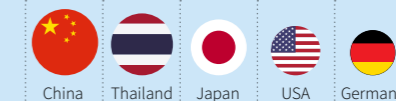
Source: IMF, World Bank, Destatis, ASEAN statistics, GTAI and Statista.

Export

Export volume
2020

17.8 billion US\$

Major export partners



Major export products



Import

Import volume
2020

21.2 billion US\$

Major import partners



Major import products



Investment

FDI net inflow
2020

2.3 billion US\$

Major FDI contributors



Major FDI sectors



German-Myanmar Relations

German FDI net inflow
2019

2 million EURO

German exports 2020
(Billion EURO)

0.1



Major German products

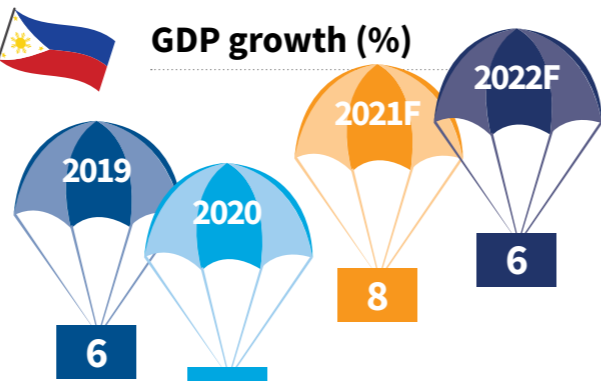
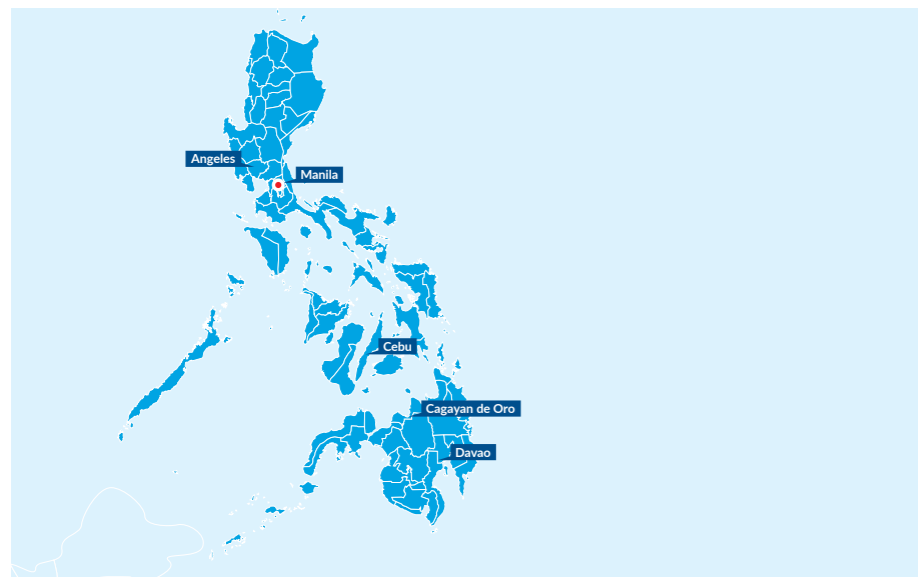
Export: Machinery; Measuring, checking and Medical instruments; and pharmaceutical products.

Import: Textile and garments; Footwear; and Leatherware.

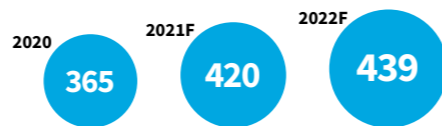
PHILIPPINES

The current administration has prioritized the development of the country's infrastructure and intends to spend around \$158 billion over the next five years on its "Build, Build, Build" program.

The Filipino population is young with an average age of 23 years, speaks good English, and is consumer-oriented, interestingly, the Philippines has also the narrowest Global Gender Gap in ASEAN



Nominal GDP (billion US\$)



GDP per capita (US\$)



CPI (yoy %) ann avg

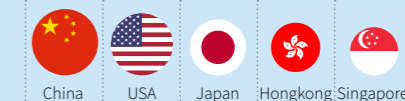


Export

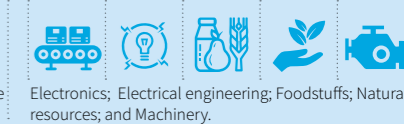
Export volume
2020

47.3 billion US\$

Major export partners



Major export products



Import

Import volume
2020

79.1 billion US\$

Major import partners



Major import products



Investment

FDI net inflow
2020

1.5 billion US\$

Major FDI contributors



Major FDI sectors



German-Philippines Relations

German FDI net inflow
2019

203 million EURO

German exports 2020
(Billion EURO)

1.9

3.3 German imports 2020
(Billion EURO)

Major German products

Export: Electronics; Machinery; and Aircraft and spacecraft.

Import: Electronics; Machinery; and Measuring, checking and medical instruments.

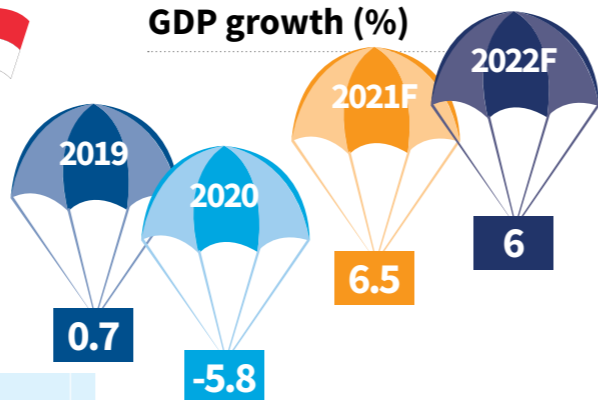
SINGAPORE



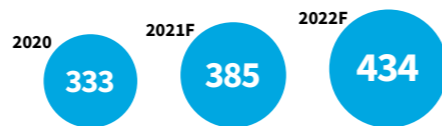
Singapore is one of the world's greenest cities and ranks #1 in Asia for sustainability. The Sustainable Cities Index by Arcadi ranks 100 global cities according to three facets of sustainability: social, environmental and economic. Moreover, Singapore is one of the top cities in the world in terms of ease of doing business. The World Bank's Doing Business survey looks at measures such as trading across borders, enforcing contracts, getting credit and paying taxes.



GDP growth (%)



Nominal GDP (billion US\$)



GDP per capita (US\$)



CPI (yoy %) ann avg



Source: GTAI, Destatis, Deutsche Bank

Export

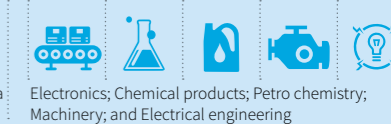
Export volume
2020

396.1 billion US\$

Major export partners



Major export products



Import

Import volume
2020

308.4 billion US\$

Major import partners



Major import products



Investment

FDI net inflow
2020

46.8 billion US\$

Major FDI contributors



Major FDI sectors



German-Philippines Relations

German FDI net inflow
2019

325 million EURO

German exports 2020
(Billion EURO)

6.1

4.7 German imports 2020
(Billion EURO)

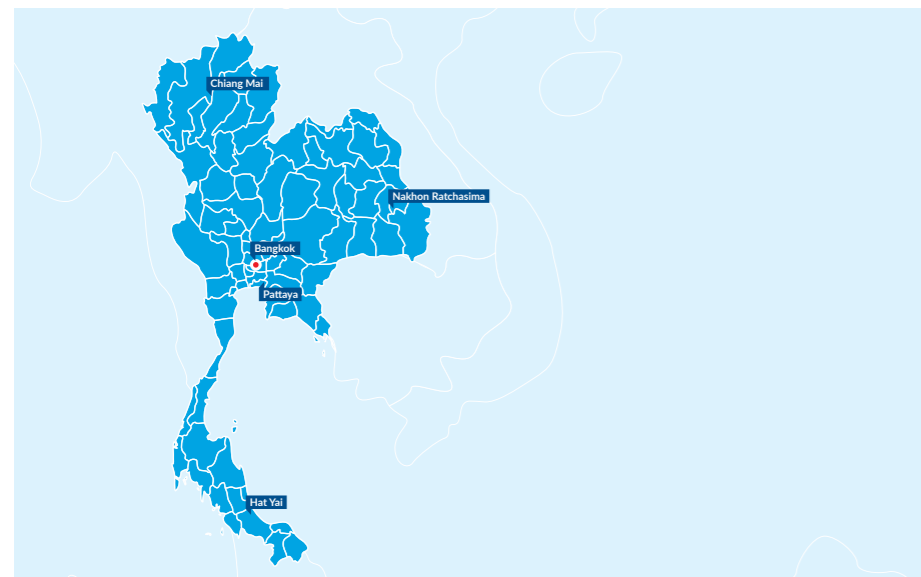
Major German products

Export: Machinery; Electronics; and Measuring, checking and medical instruments.

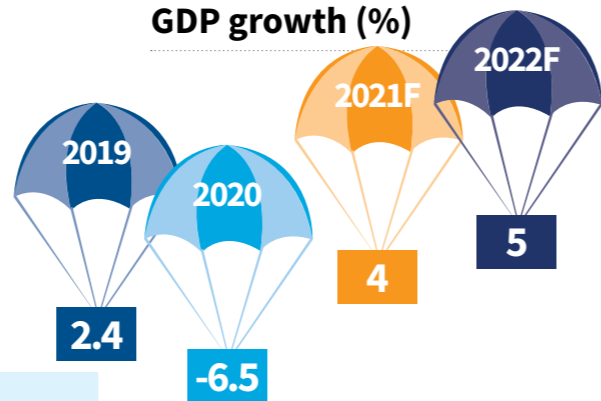
Import: Pharmaceutical products; Chemical products; and Measuring, checking, medical instruments.

THAILAND

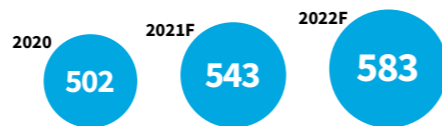
Thailand is the second largest economy in ASEAN, after Indonesia. It is the automotive hub in ASEAN and was in 2018 the 11th biggest vehicle producer in the world, currently pushing to become the next-generation automotive industry base. The Eastern Economic Corridor (EEC) is being developed into a hub for manufacturing, transport and logistics and offers huge investment opportunities. The Board of Investment identified 12 targeted industries which benefit from special investment incentives.



GDP growth (%)



Nominal GDP (billion US\$)



GDP per capita (US\$)



CPI (yoy %) ann avg



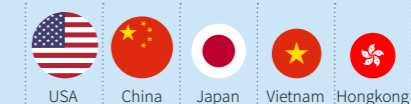
Source: GTAI, Destatis, Deutsche Bank

Export

Export volume
2020

223.6 billion US\$

Major export partners



Major export products

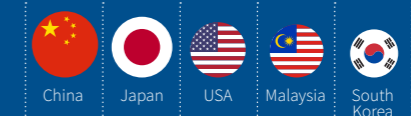


Import

Import volume
2020

187.4 billion US\$

Major import partners



Major import products



Investment

FDI net inflow
2020

-10.4 billion US\$

Major FDI contributors



Major FDI sectors



German-Thailand Relations

German FDI net inflow
2019

131 million EURO

German exports 2020
(Billion EURO)

4.2

5.7 German imports 2020
(Billion EURO)

Major German products

Export: Machinery; Electronics; and Motor vehicles.

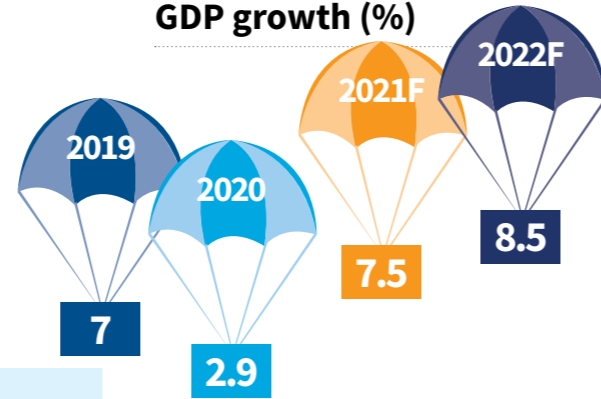
Import: Electronics; Machinery; and Precious metals and pearls.

VIETNAM

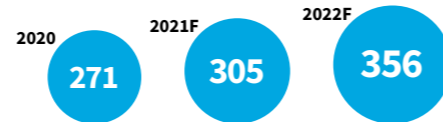
Vietnam's economy is one of the fastest-growing in Asia with the lowest barrier to entry the market, the young, motivated and reliable workforces. Germany and Vietnam have excellent economic relations and Germany enjoys an outstanding reputation in Vietnam, which is unique in this form in the ASEAN region. Moreover, Vietnam is the only country in ASEAN that is in all relevant free trade initiatives in the region, including CPTPP (TPP11) and the FTA between the EU and Vietnam.



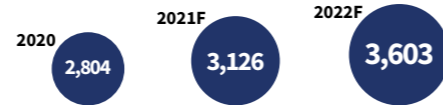
GDP growth (%)



Nominal GDP (billion US\$)



GDP per capita (US\$)



CPI (yoy %) ann avg



Source: GTAI, Destatis, Deutsche Bank

Export

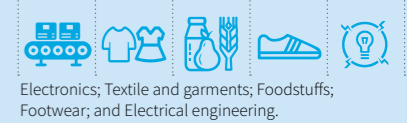
Export volume
2020

282.7 billion US\$

Major export partners



Major export products



Import

Import volume
2020

262.7 billion US\$

Major import partners



Major import products

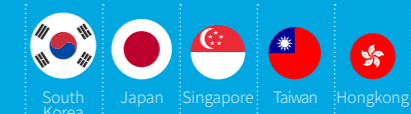


Investment

FDI net inflow
2020

14.5 billion US\$

Major FDI contributors



Major FDI sectors



German-Vietnam Relations

German FDI net inflow
2019

44 million EURO

German exports 2020
(Billion EURO)

3 **10.3** German imports 2020
(Billion EURO)

Major German products

Export: Machinery; Electronics; and Measuring, checking and medical instruments.

Import: Electronics; Footwear; and Machinery

ASEAN contact information

INDONESIA



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MYANMAR



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PHILIPPINES



Deutsch-Philippinische
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