

ASEAN TRADE SURVEY

2024



Summary of the results

The 2024 ASEAN trade survey, completed by 36 respondents, provides useful insights into the business environment and trade dynamics for New Zealand companies operating in the ASEAN region.

The respondents were predominantly based in New Zealand (47%), with significant contributions from Singapore (22%) and Malaysia (16%). There was a marked decrease in responses from Vietnam and Thailand, which accounted for a substantial portion of the feedback in 2023.

Respondents expressed cautious optimism about future growth opportunities in ASEAN, driven by increasing populations and rising middle incomes. However, challenges such as rising operating costs, currency volatility, and a complex regulatory environment were significant concerns. Many businesses reported difficulties navigating local regulations, particularly in Indonesia, where import licenses and factory registration pose ongoing hurdles.

Despite these challenges, local partnerships continue to be viewed as a critical strategy for market entry, enabling companies to leverage existing networks and cultural insights. There is a growing recognition of the need for improved market intelligence, with many respondents advocating for government support in this area, emphasizing the importance of depth and expert connections rather than surface-level research.

The survey reveals that respondents have felt a shift and increase in focus in the New Zealand government prioritisation of ASEAN as an important trade region. Success in the markets is dependent on strong business relationships and companies have seen increasing business travel within the region and too New Zealand in the past year. The post pandemic resumption of travel has helped to ease inter-regional labour mobility but travel to New Zealand is still noted as a challenge.

31% of respondents have had issues with visa and immigration settings in New Zealand (pg 17). Businesses feel that there needs to be an increased focus on improving visa processing times for business purposes. They are advocating for the implementation of an expedited user-pays system for urgent visas, which would allow for faster and more efficient processing of visa applications.

Looking ahead, the 2025 milestone marking the 50th anniversary of ASEAN-New Zealand relations presents a strategic opportunity for enhancing trade ties and promoting New Zealand businesses. Overall, while optimism exists regarding the ASEAN market, addressing regulatory, operational, and competitive challenges remains essential for New Zealand exporters seeking to expand their footprint in the region.



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Key insights

72%

Of businesses have experienced an **increase in their ASEAN trade since 2020**, and 14% of the respondents have entered the ASEAN market in the past year, up from 7% in the 2023 survey (pg 8).

Visas

31% of respondents have had issues with visa and immigration settings. **Businesses feel that there needs to be an increased focus on improving visa processing times for business purposes.** They are advocating for the implementation of an expedited user-pays system for urgent visas, which would allow for faster and more efficient processing of visa applications (pg 17).

Partners

53% of businesses are **focused on building partnerships in ASEAN.** Local partnerships are seen as a strategy to speed up market entry, reducing the cost and resource required to enter markets. Local partners support businesses to understand customs and culture. Businesses noted the importance and challenge of finding the right partner in the market (pg 11).

81%

Of companies are to some extent **optimistic about growing demand** for their products in the region, with many seeing ASEAN as a region for future growth globally further supported by New Zealand's geographic proximity (pg 12).

36%

Of respondents see **supply chain stability as a means of improving their trade with the region**, up from 20% in 2023. Supply chain fragilities in 2024 have resulted from shipping disruptions in the Middle East and Panama Canal, which impacted shipping lines, and drove up rates and shipping times (pg 13).

Indonesia

Is identified as a growth market for New Zealand companies, jumping from the 6th to the 3rd most common response when asking companies about markets they are considering expansion in over the next 12 months. Vietnam and Thailand have maintained the number 1 and 2 positions from the 2023 survey (pg 9).

NTBs

Are inhibiting trade in the region. **Import licensing, plant registrations and complex import quota requirements** in some markets are still a barrier for unlocking value for New Zealand exporters (pg 14).

61%

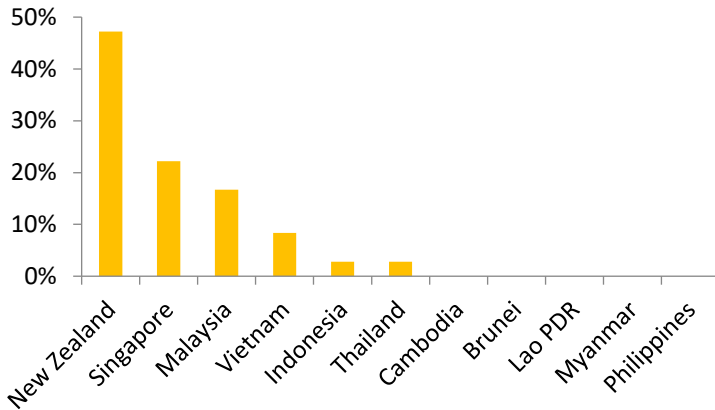
61% of respondents feel that New Zealand has a strong or very strong relationship with ASEAN nations. Businesses have recognised the governments increased focus on trade and political relationships in ASEAN, with 36% either satisfied or very satisfied with the government's management of the relationship over the past 24 months, up from 25% last year (pg 19).



The Respondents

Figure 1

Please indicate which country you are responding from?

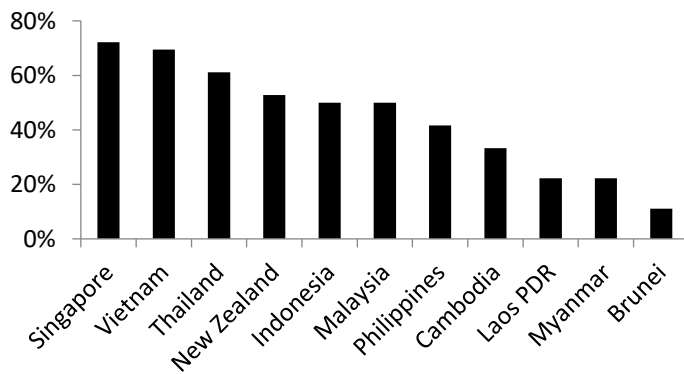


36 respondents completed the 2024 ASEAN trade survey, down from 61 responses in 2023. These responses contribute to the views and data of companies doing business in the region.

47% of the respondents were based in New Zealand, followed by Singapore (22%) and Malaysia (16%) rounding out the top three. There was a noticeable decline in the number of responses from Vietnam and Thailand, which in 2023 contributed to almost half of the 61 responses.

Figure 2

Which of the following ASEAN markets does your company currently trade with?



The ASEAN countries with which the respondents were trading were more diverse, with 72% of respondents trading into the Singaporean market, up 20% from 2023, 69% into Vietnam, up 20% from 2023, 69% into Vietnam, and 62% into Thailand despite the lower response rates from these markets in 2024.

61% of the companies responding to the survey have either partial or full New Zealand ownership, whilst 22% have no ownership link to New Zealand. None of the respondents identified as Māori owned organisations.

Figure 3

Please indicate what best describes your company's ownership?

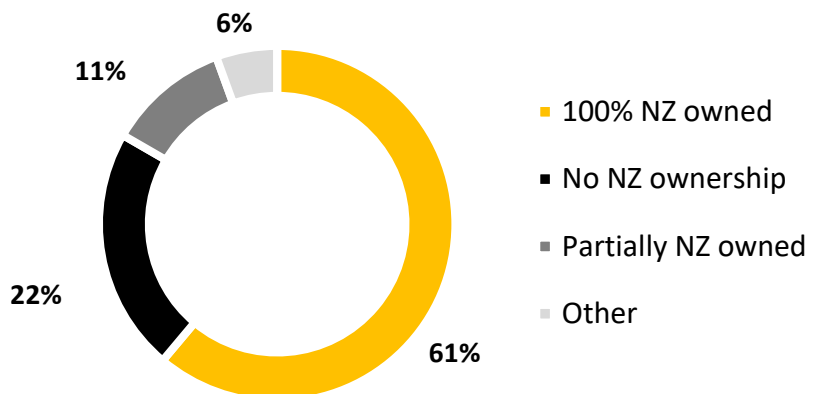
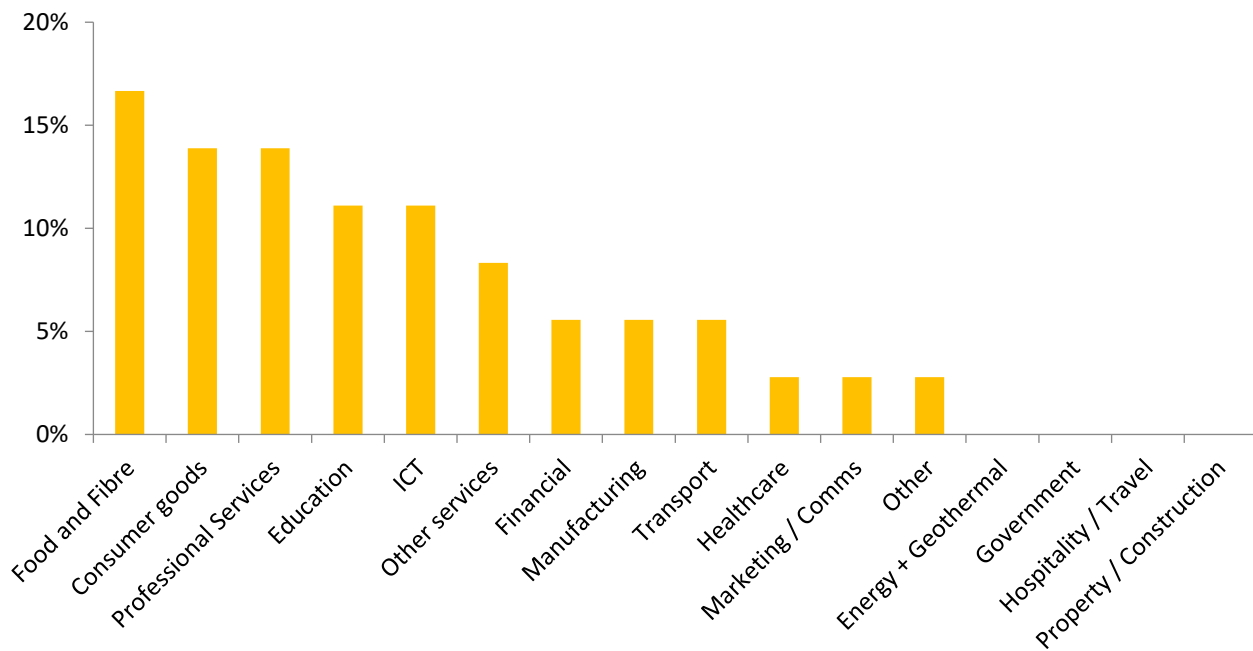


Figure 4

What sector best describes your business?



A narrower range of businesses were represented in the 2024 survey results, with the most common sectors represented included the food and fibre sector (17%), consumer goods (14%), and professional services (14%). There was no representation from the energy and geothermal, hospitality, and property sectors unlike in 2023.

For over half of respondents their predominant focus or business model is to export products or services from NZ to ASEAN, up from 36% in 2023. One quarter of the respondents are focused on producing or sourcing in ASEAN for ASEAN.

Figure 5

What would best describe your organisation's supply chain?

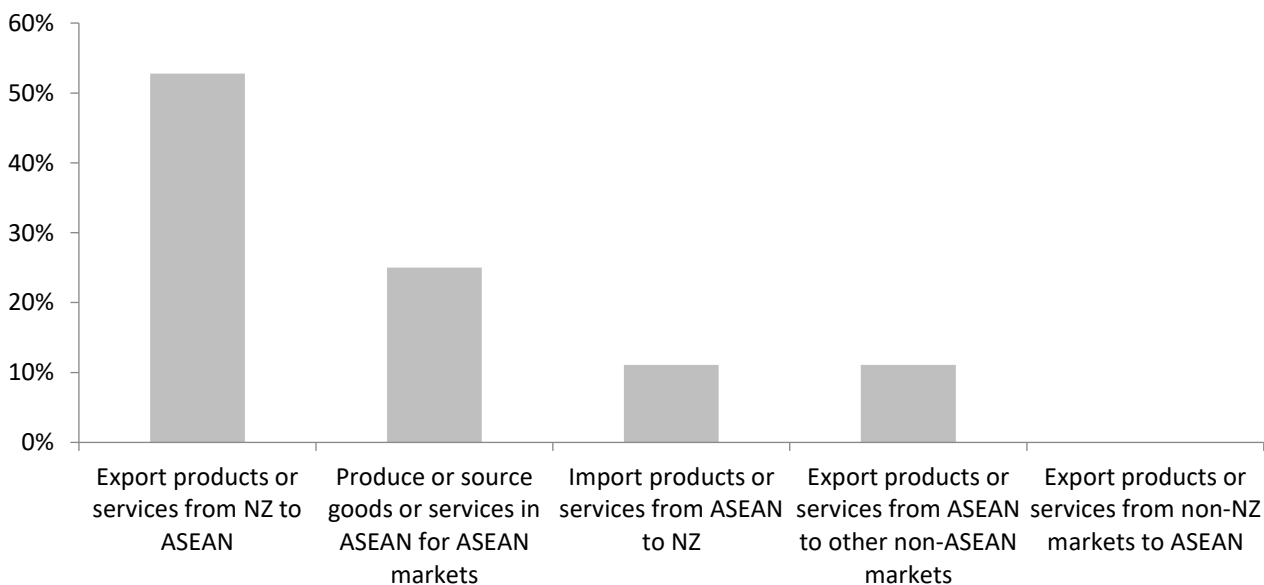


Figure 6

How much did ASEAN contribute to your organisation’s global revenue or sourcing in 2023?

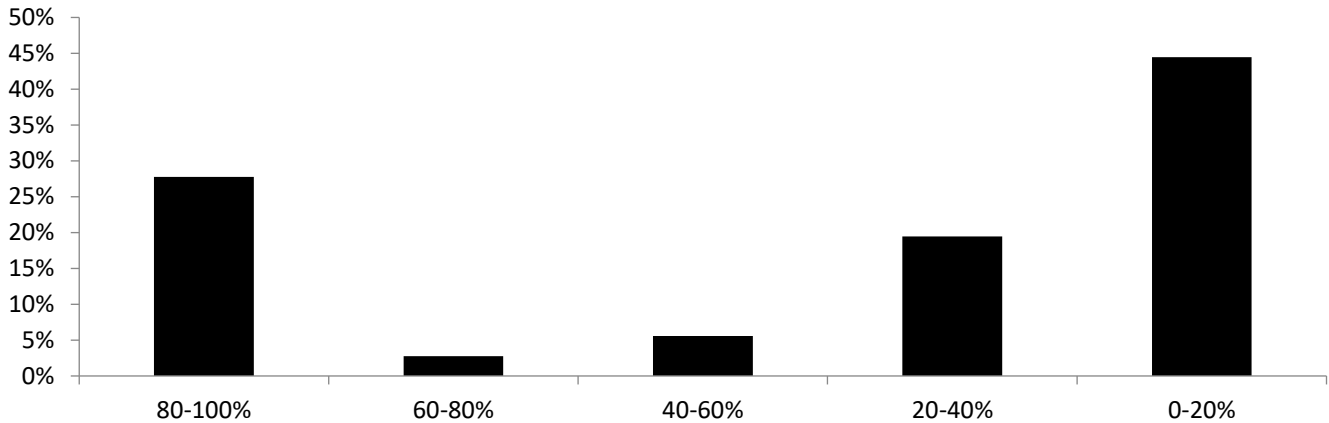
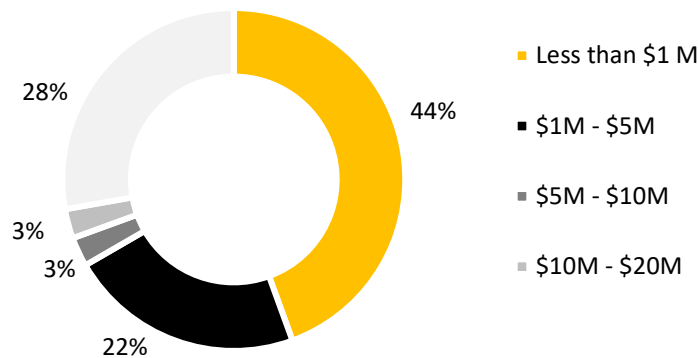


Figure 7

What was your total ASEAN operations revenue in the previous financial year?



For 36% of respondents, ASEAN was the predominant source of revenue with these companies relying on ASEAN for >40% of their global revenue or sourcing, down from 59% in the 2023 survey. This is reflective of the greater proportion of NZ export orientated businesses completing the survey in 2024, where exporters serve multiple markets vs those producing goods and services in ASEAN for ASEAN. For 28% of the respondents, the ASEAN contribution was greater than 80%.

Small and medium sized enterprises were well represented in the survey results, with 69% of respondents having less than 20 staff based in the ASEAN region, and 56% having less than 20 staff globally.

Figure 8

How many employees do you have in ASEAN?

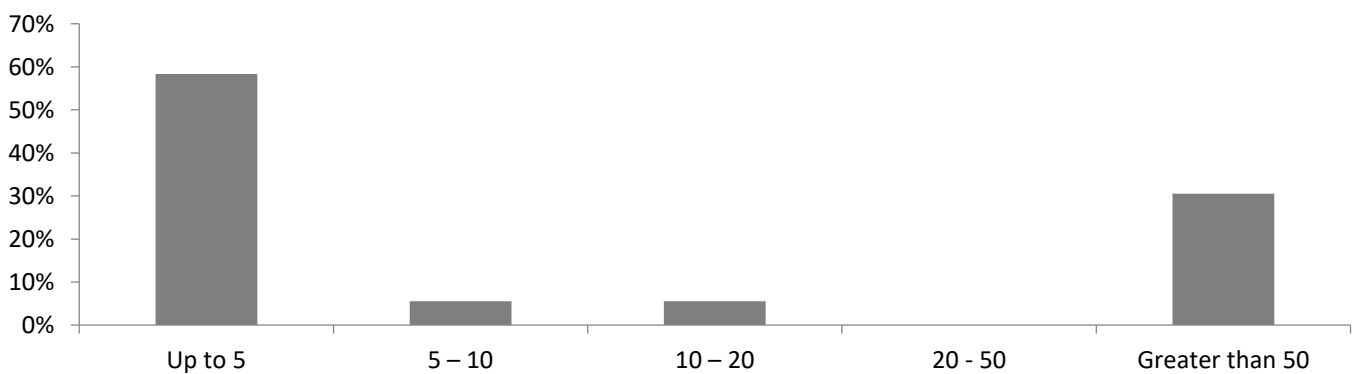
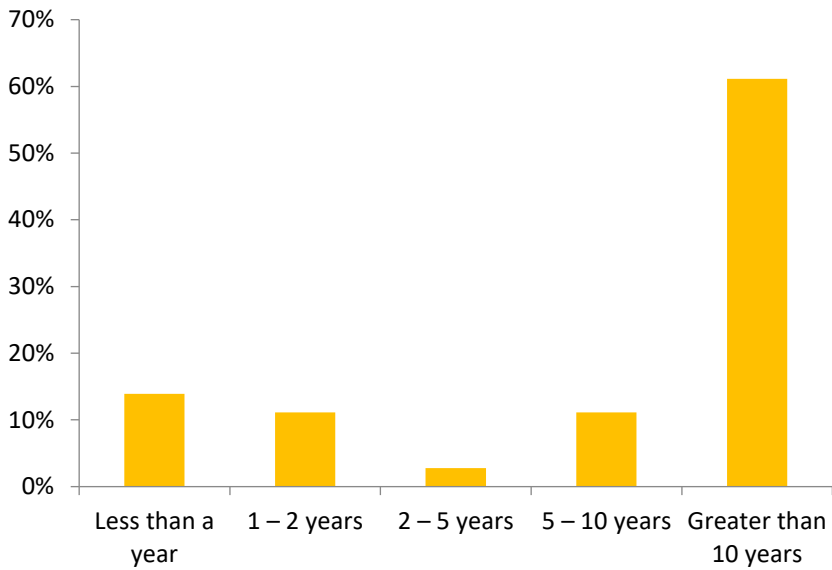


Figure 9

How long has your company been active in ASEAN?

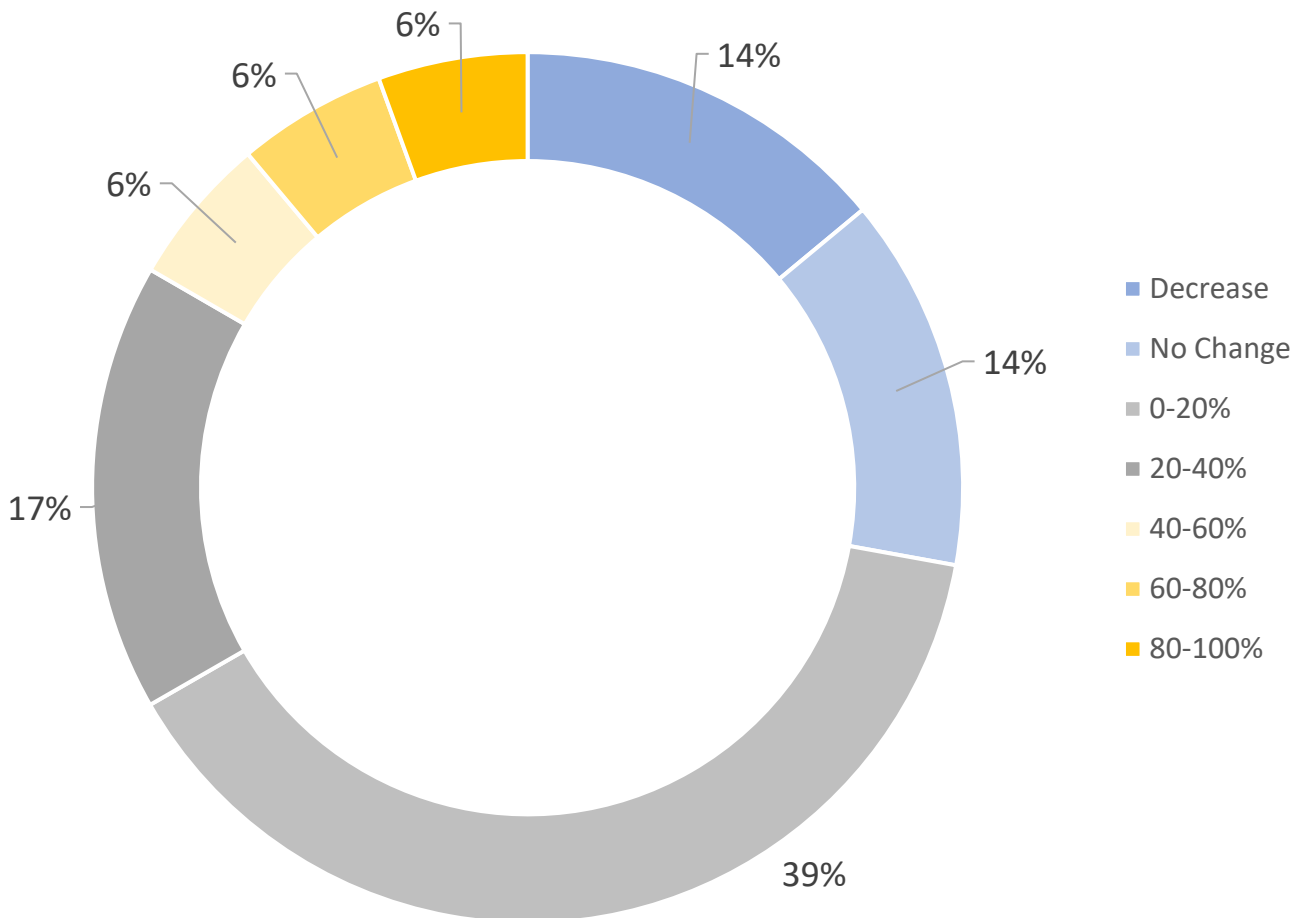


There were a greater number of new entrant respondents in the survey, with 14% having entered the market in the past year, up from 7% in 2023. Many respondents in 2023 reflected upon the difficulty of doing business or expanding in ASEAN during the pandemic, particularly due to New Zealand’s isolation arising from border closures.

For those that were established in the market, over 72% have experienced growth since 2020.

Figure 10

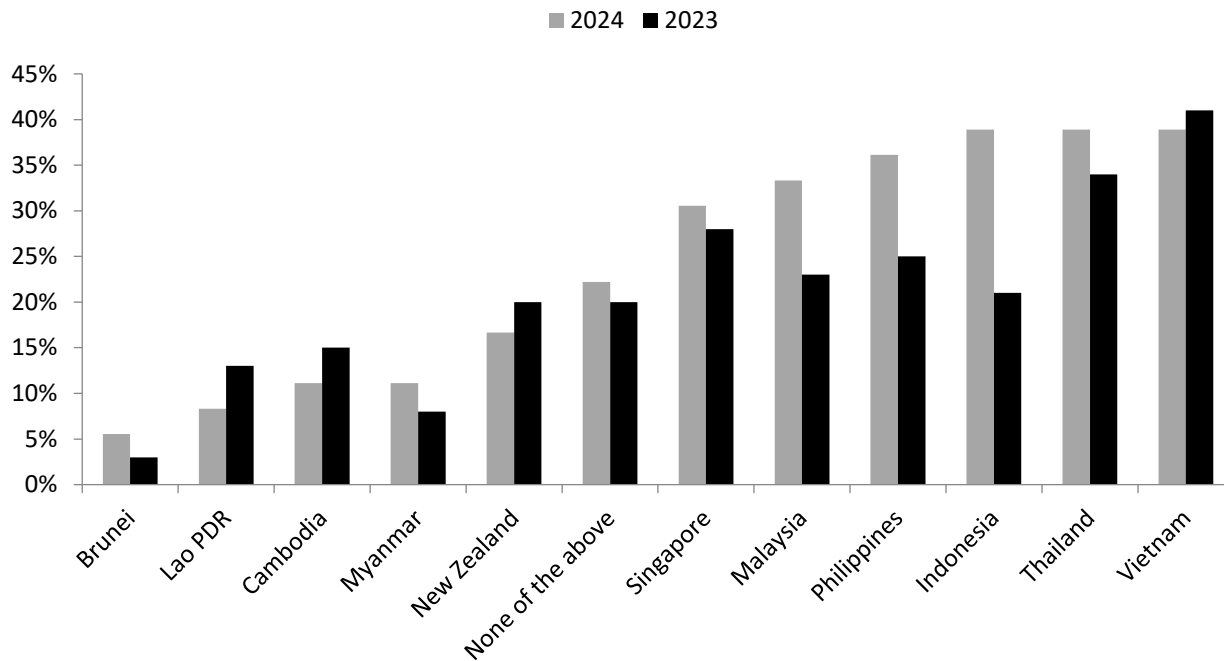
How has your company's level of trade changed in the ASEAN markets today compared to 2020?



The Opportunities

Figure 11

Which of the following ASEAN markets are you planning or considering an expansion into (as an export market or to create a physical presence) over the next 12 months?



Vietnam and Thailand were again the most common responses in 2024 when asking respondents to select the markets into which they are considering expanding over the next 12 months. Vietnam's economic growth has eased to 5.05 percent in 2023 from a robust 8 percent in 2022. The economy is expected to continue to be the star performer across larger markets within the region in 2024, with economists forecasting growth at the upper end of 6%.

Thailand is Southeast Asia's second largest economy behind Indonesia and is New Zealand's 10th largest trading partner. The market of 70 million people and its growing upper middle-income demographic is a focus for businesses. New Zealand's three FTAs with Thailand create preferential access for New Zealand goods versus other export origins competing within the market. Tourism is one of Thailand's key drivers of economic growth, and businesses in the food and beverage sector have been feeling the benefit of rebounding tourism numbers in the past year.

Indonesia leapfrogged the Philippines, Malaysia and Singapore in this year's survey. In 2023, Indonesia's economy grew by 4.8%, slightly below the previous year's 5.3%, a noteworthy performance given the prevailing global economic challenges and inflationary pressure being felt in the country which normalised in 2023. Indonesia's wealth of natural resources and increased demand for key commodity exports of coal and palm oil, driven by China and India's growth, have been key factors in the country's economic expansion. The boom has supported an outlook of increasing demand for consumer goods, including food, and creates a positive outlook for New Zealand exporters.

In five years' time, do you anticipate your business with ASEAN markets to increase/decrease?

Figure 12

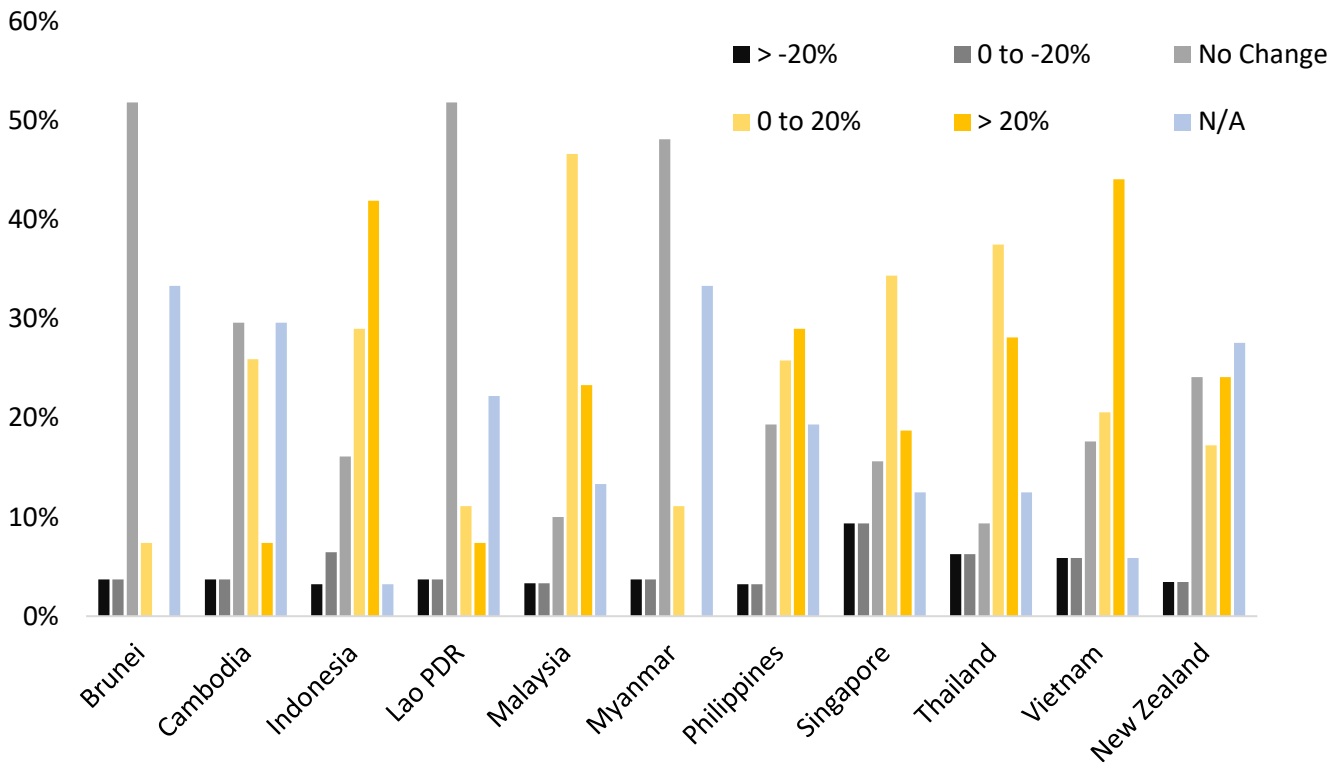
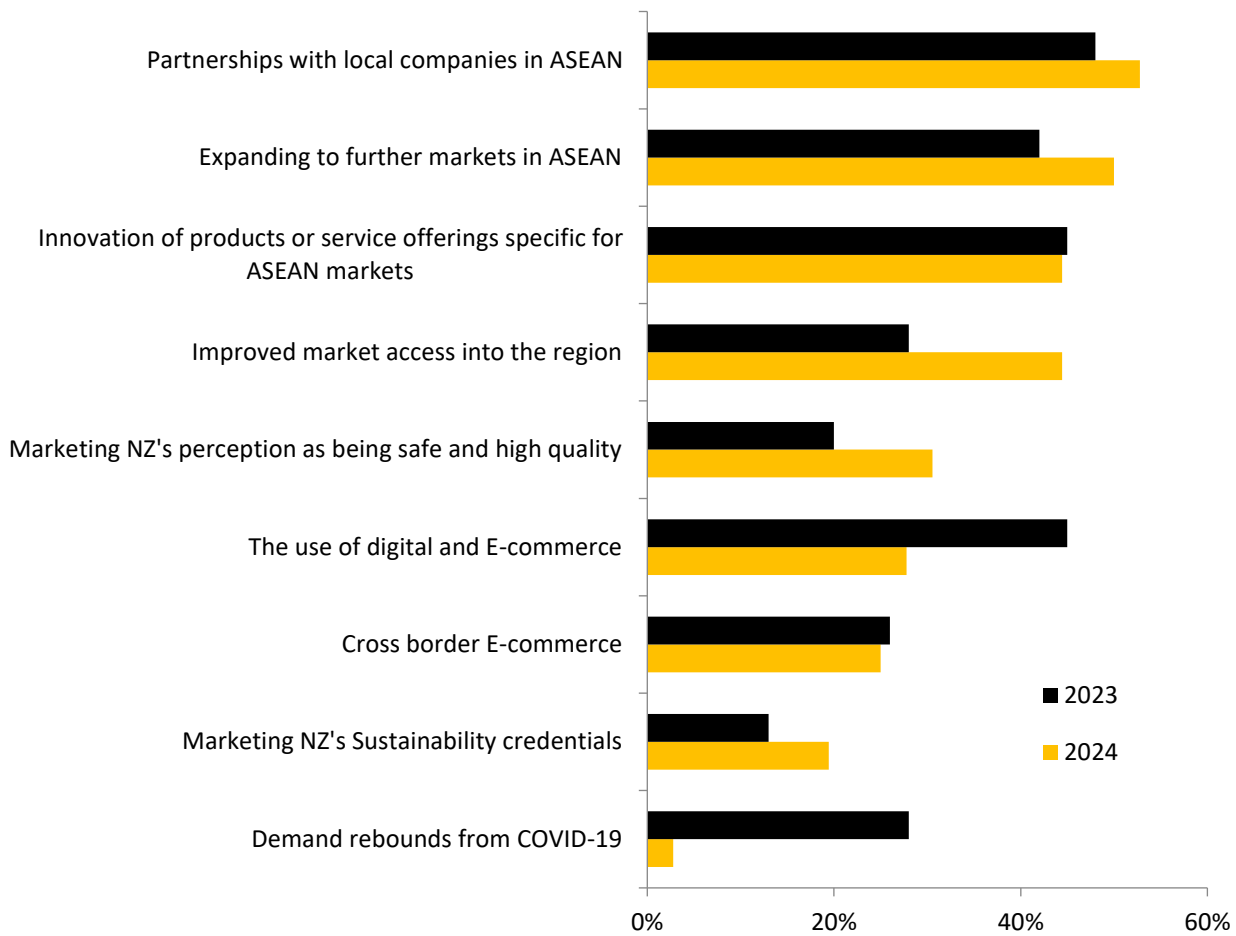


Figure 13

Which of the following are the key opportunities in ASEAN that your organisation is focussing on?



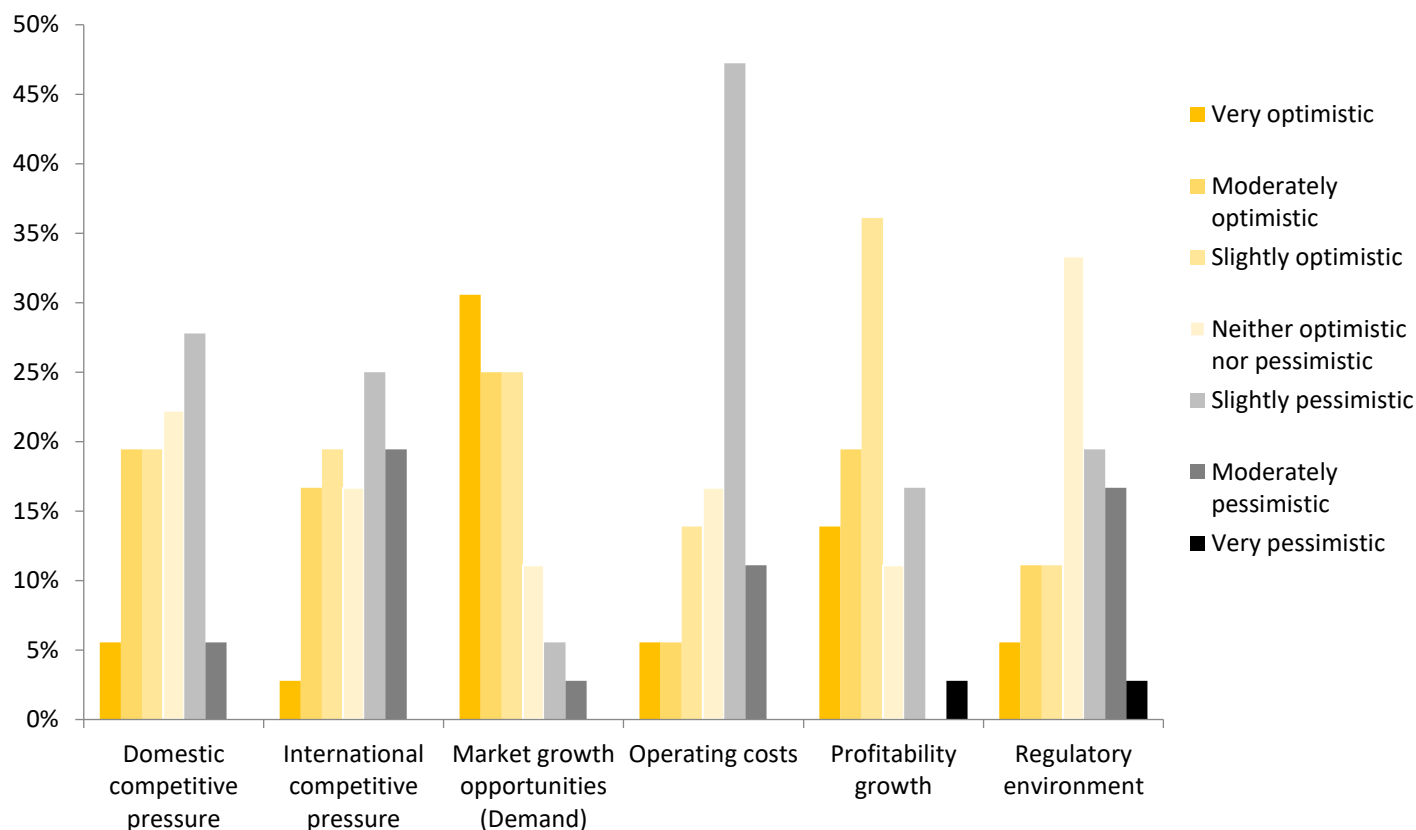
The trend of companies focusing on partnerships in ASEAN continued in the 2024 survey. Local partnerships are seen as a strategy for businesses seeking to **speed up market entry**, leveraging the existing networks and distribution channels of local partners. Support from local partners can also **reduce the cost and resource required to enter markets** in ASEAN; by partnering with local entities, companies can share the costs and resources required for market entry, reducing the financial burden and risk. Many businesses also appreciate that partners support businesses to **understand local customs and culture**. Consumers in ASEAN and within each country are incredibly diverse and local partners can offer invaluable insights into customs and cultural practices, helping tailor products and services to better meet local preferences. At the same time, businesses noted the importance and challenge of finding the right partner in the market.

COVID-19 demand rebound and short-term trends are now recent history with the markets having moved on from the pandemic. Although the pandemic did result in a rapid rise of the use of online platforms, the 2024 survey shows the focus on E-Commerce is less of a priority for respondents compared to 2023.

Further expansion into the region is a growing strategic focus for companies doing business in the region. The New Zealand Government’s increased focus on the region has been noted and is well supported by businesses.

Figure 14

How would you describe your outlook for business in ASEAN for each of the following over the next three years?



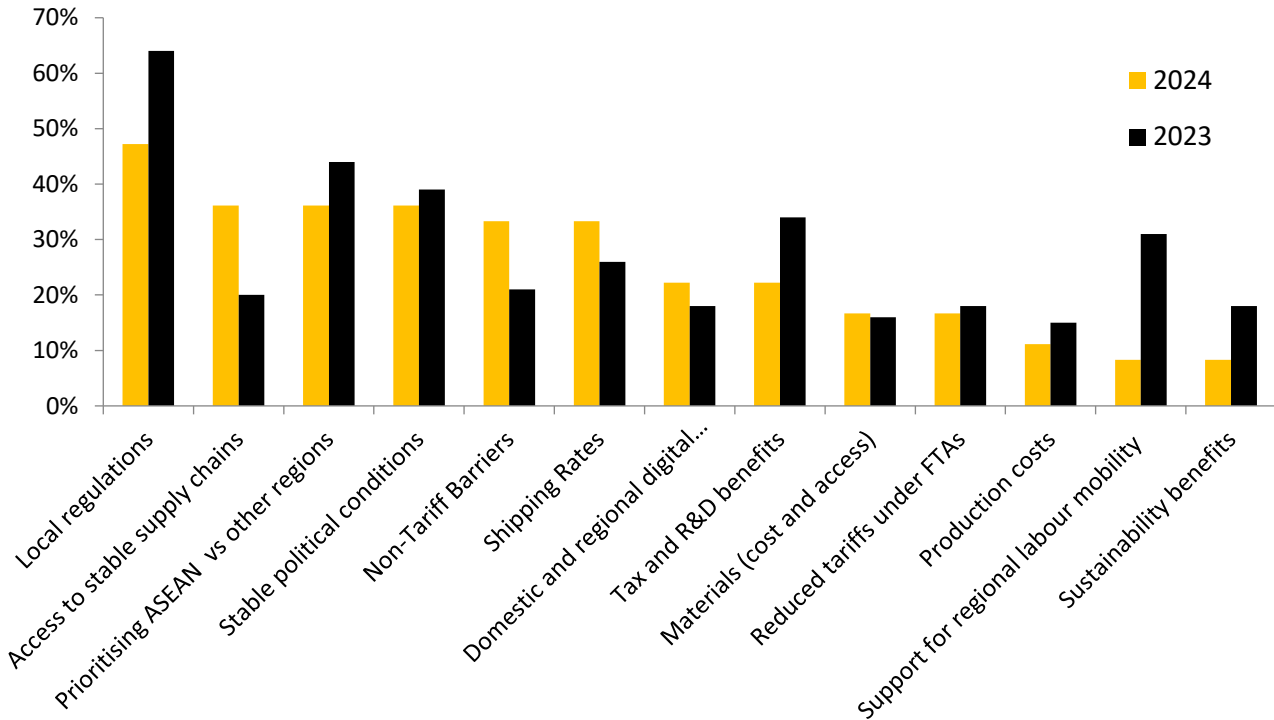
The majority of respondents were to varying degrees optimistic about the demand opportunities within ASEAN, with growing populations and rising middle incomes as the key drivers. However, rising operating costs across the region and globally has resulted in a cautiously optimistic outlook on profitability in the region. Similarly to 2023, respondents were most pessimistic about the regulatory environment in ASEAN markets. Navigating the often-grey domestic regulations was noted as a challenge for New Zealand businesses, although Singapore was an exception on this front. Businesses commented on the difficulty of gauging exposure to risk when dealing with unclear regulations. This unclear and often changing regulatory landscape was seen as a big transition for those businesses looking to expand their operations beyond New Zealand and Australia.

Indonesia is a market that many food and beverage exporters find difficult to navigate in terms of the domestic and trade regulation. For some respondents the uncertainty appears to have increased versus prior years following the Indonesian Presidential election, whereby Prabowo Subianto, a former special forces general and current defence minister, won the election and vowed to continue the previous president's development plan.

The Challenges

Figure 15

What do you consider to be the most important aspects to IMPROVE your trade and / or export opportunities in ASEAN? (Please select 5 only)



Again in 2024, many businesses operating on the ground within ASEAN highlighted the importance of understanding the local regulatory environment in order to effectively do business in their local market. As noted in the earlier section, the ability of New Zealand businesses to navigate the grey regulatory market is a key challenge, and many companies rely on local partners, distributors or consultants to support business operations.

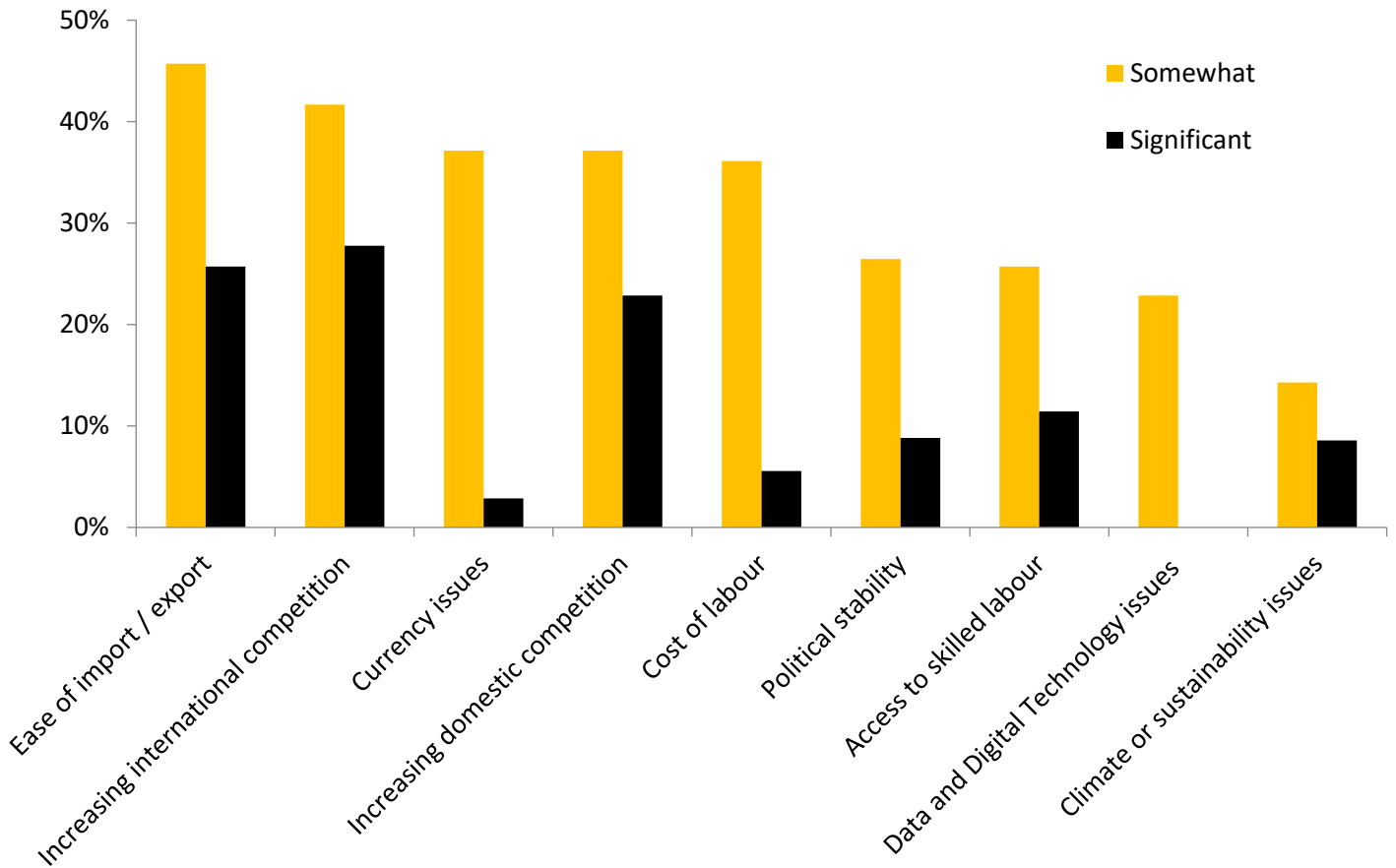
Supply chain disruption and reliance have grown in focus for businesses in 2024 vs 2023, a challenge that peaked during the pandemic. The pandemic exposed the fragility of global supply chains, leading to unscheduled closures of manufacturing and distribution facilities, bottlenecks at borders, and labour shortages. However, 2024’s supply chain fragilities have been as result of shipping disruptions in the Middle East and Panama Canal, which impacted shipping lines, driving up rates and shipping times.

Countries within the region have also experienced political uncertainty in recent years, with conflict in the Middle East resulting in Malaysian consumers boycotting products or services perceived to be supporting the Israel or even the US. In the past two years general elections have been held in Thailand, Cambodia, as well as presidential elections in Singapore and Indonesia.

The challenge of labour mobility across the region appears to have resolved for respondents.

Figure 16

Please indicate if any of the below have caused you issues in the markets you operate in across ASEAN.

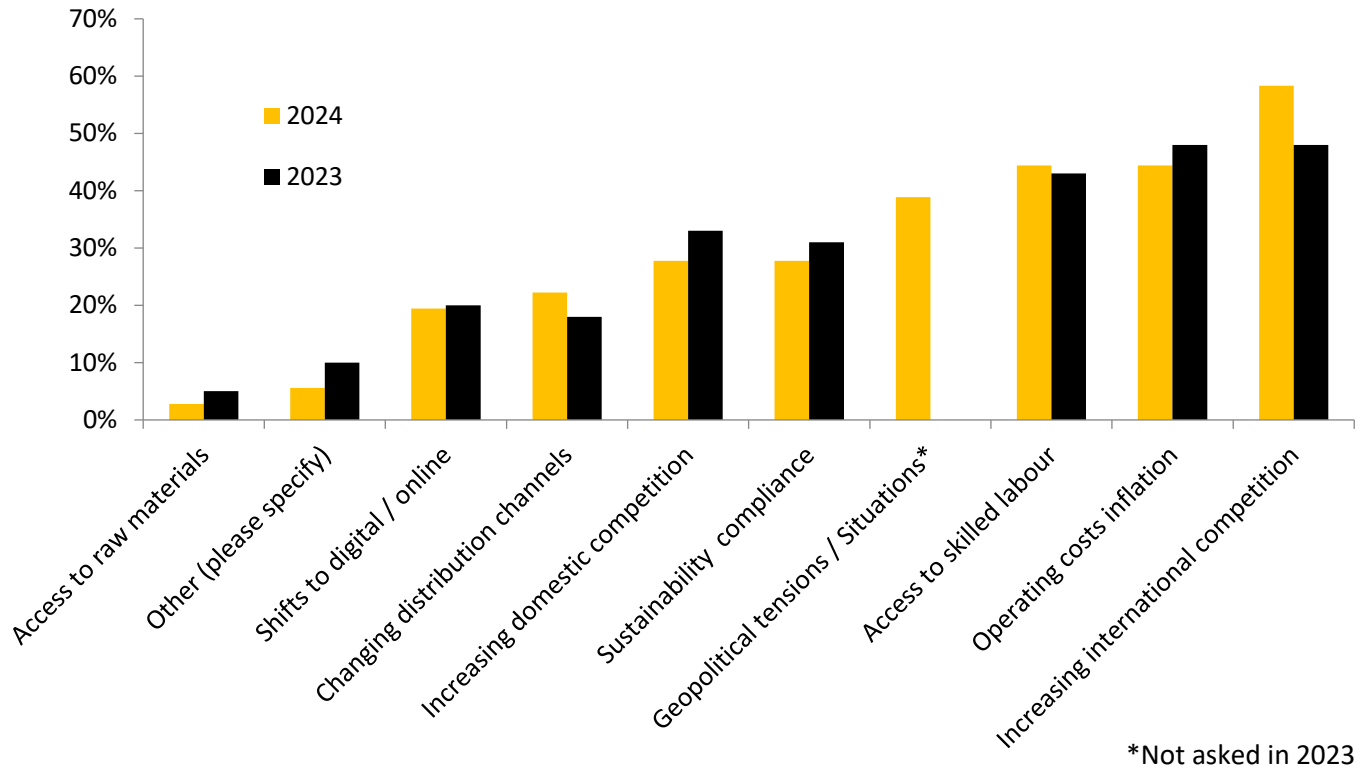


Ease of import and export was highlighted as a challenge by many businesses trading within the region. Any agreement that allows for **self-certification** should make this process the default position for exporters. Businesses are also continuing to notice an **increase in international competition**, with a growing presence of products and services being present from Europe and the United States, despite New Zealand’s geographic and, in many instances, market access advantage into the region. For some businesses this is resulting in more disruptive demand patterns from customers, particularly in relation to the import of raw materials or commodities, where price sensitive buyers are switching supplier and export origins based upon price.

Currency volatility in ASEAN has been a challenge for the past couple of years. Aggressive rate hikes by the US Federal Reserve to quell inflation pressures have led to a stronger US dollar, impacting ASEAN currencies. Fluctuations in global commodity prices have also contributed to currency volatility. For example, the decline in coal exports from Indonesia and Malaysia has affected their currencies. The return of Chinese tourists has provided some stability, but the overall recovery has been uneven, leading to varying impacts on different ASEAN currencies. Fluctuating currency values present risks for exporting goods, as businesses may be forced to sell at a loss or be priced out of the market. This makes currency volatility a challenge for businesses, impacting their ability to plan effectively and maintain stable operations.

Figure 17

Looking out five years, what are the three major challenges you anticipate your business will need to adapt to in order to be successful in the ASEAN region? (Please select 3)

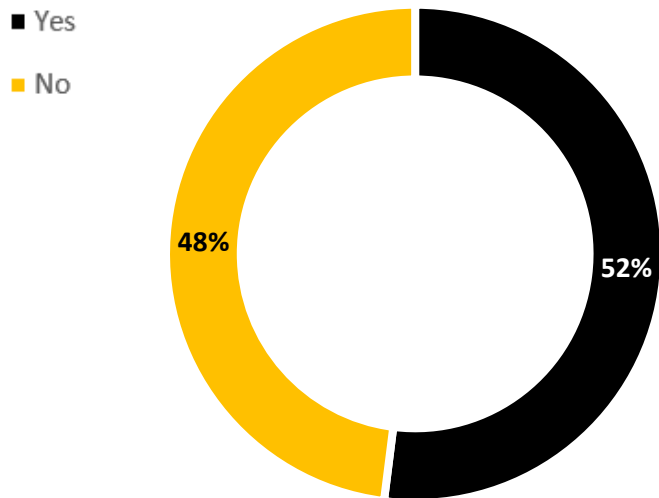


Looking ahead, businesses are forecasting an increasing presence of international competition in the market, as a continuation of a trend that has been seen in recent years. Markets such as Singapore, Vietnam and Malaysia which have relatively limited market access barriers and tariff rates for exporters from the EU and US are likely to be an area of focus for foreign competition. Exporters are also watching the development of bilateral trade talks being led by the EU among markets within the region including Thailand, Indonesia and Malaysia.

Operating costs and inflation are also top priorities for businesses operating in a region which has historically benefited from lower costs of inputs and labour. Inflation rates in the Philippines, New Zealand, Singapore, Indonesia and Laos have placed pressure on businesses, although in most instances inflation rates have eased from 2023 to 2024. Rising costs of inputs and the difficulty in attracting skilled staff is resulting in businesses placing an increased focus on reducing expenditure and controlling operating costs.

Figure 18

Do you know who to contact if you have trade barriers?



48% of respondents don't know who to contact if their business was to face a trade barrier when exporting into the region, up from 39% in the 2023 survey.

Technical barriers, export controls and licensing continue to be ongoing challenges for companies doing business in the region. Indonesia's import license and factory registration requirements create challenges for many New Zealand food and beverage exporters, as well as other international competitors. These processes can make the approval and importation process in Indonesia complex and time-consuming for businesses.

Figure 19

Non-tariff barriers (NTBs) can be a major challenge for NZ businesses in ASEAN. If you experience these, please select the top 3 NTB challenges you face in your business (Please select 3).

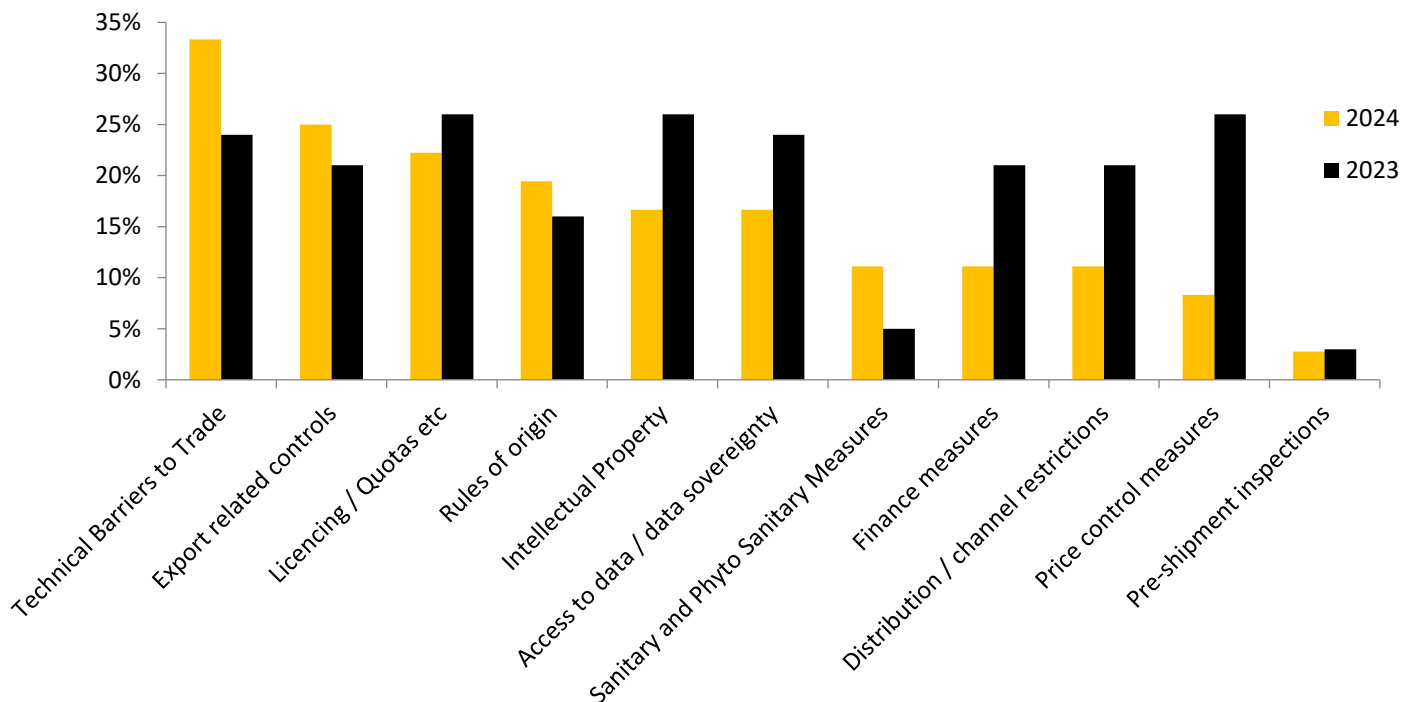
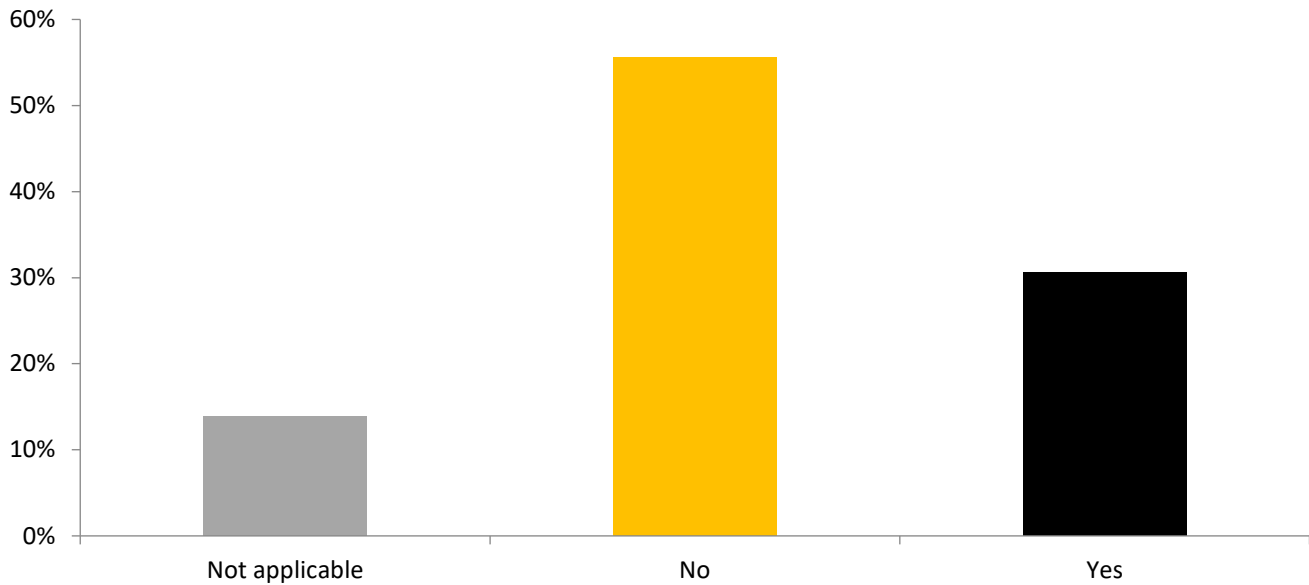


Figure 20

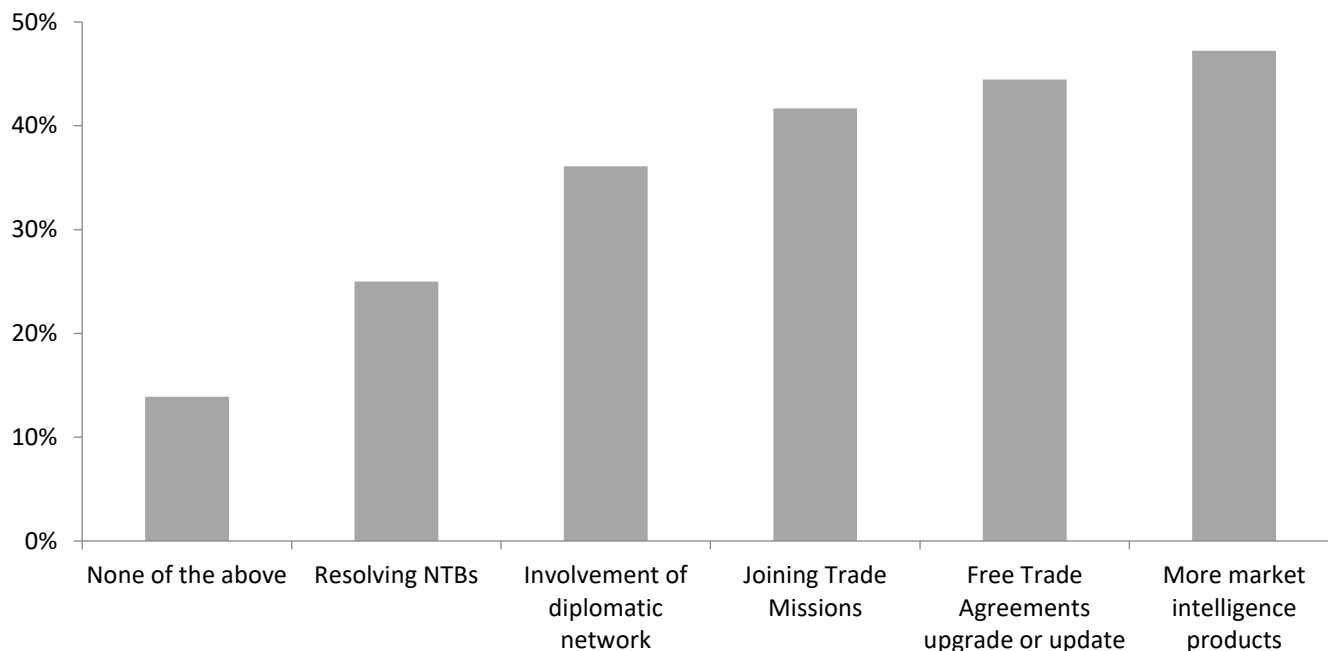
Have you been impacted by Visas or Immigration settings, negatively affecting your business?



With the resumption of travel, many New Zealand businesses have been actively seeking to bring customers from ASEAN to New Zealand to further develop business relationships and explore new opportunities. The New Zealand experience, particularly when products are marketed on sustainability and safety, is a key advantage that resonates well with ASEAN customers. This unique selling point not only enhances the appeal of New Zealand products but also strengthens the trust and confidence of ASEAN partners in the quality and reliability of these offerings. However, despite these advantages, 31% of businesses have faced significant issues with visa and immigration settings, which have adversely affected their operations. These challenges include lengthy processing times, complex application procedures, and stringent requirements that can be difficult to meet. As a result, **businesses feel that there needs to be an increased focus on improving visa processing times for business purposes. They are advocating for the implementation of an expedited user-pays system for urgent visas, which would allow for faster and more efficient processing of visa applications.** This would not only facilitate smoother business interactions but also ensure that New Zealand remains an attractive destination for ASEAN customers and partners. By addressing these visa and immigration challenges, New Zealand can further enhance its trade relations with ASEAN countries and capitalize on the growing demand for sustainable and safe products.

Figure 21

What could the NZ Government do to support you to expand your business into ASEAN markets? Select as many as appropriate



More market intelligence was the most common response when asking businesses how the government could further support business expansion in the region. It was noted that the focus for market intelligence should be on depth and be driven by connections and relationships, not just desktop research. The government tapping into and providing access for businesses to knowledgeable experts was noted as an opportunity.

The Relationship

Figure 22

How would you describe the strength of New Zealand's relationship with ASEAN nations?

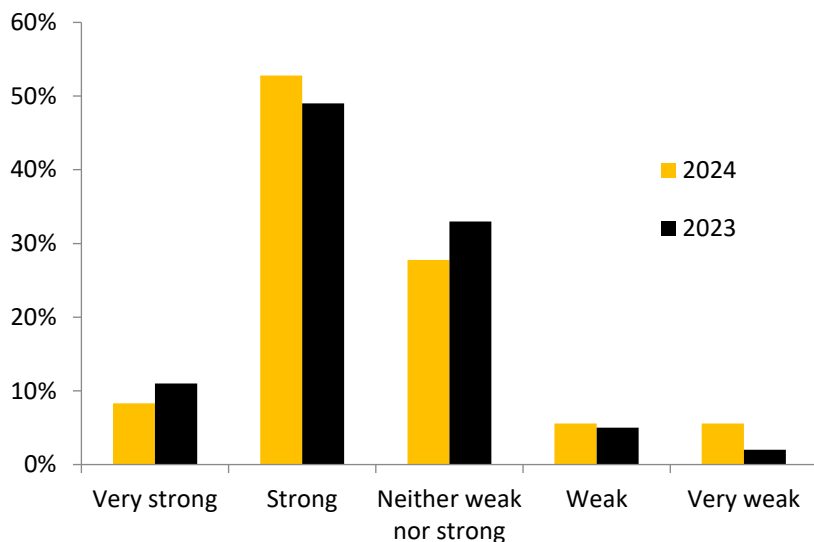
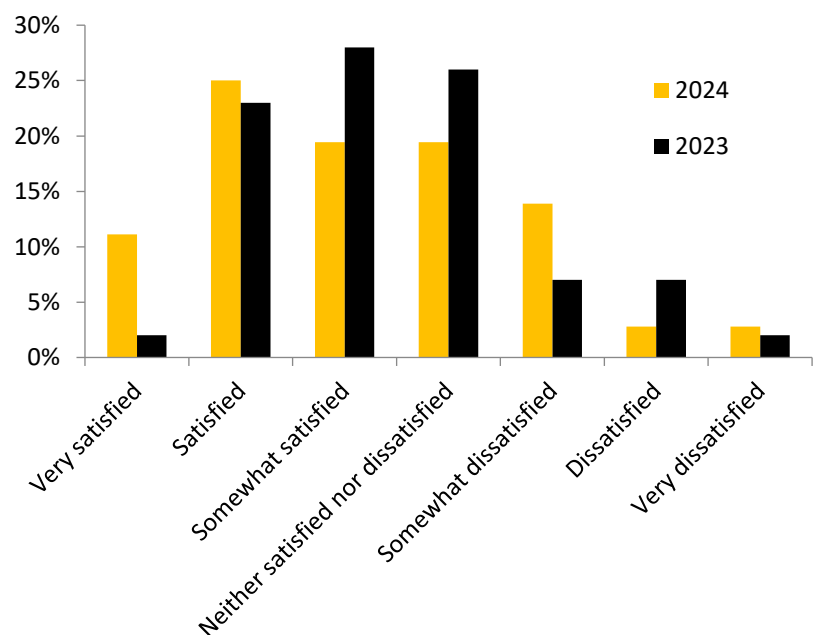


Figure 23

Describe your level of satisfaction with the New Zealand government's management of the bilateral relationships across ASEAN over the past 24 months?



61% of respondents feel that New Zealand has a strong or very strong relationship with ASEAN nations, with only 12% categorising the relationship as weak or very weak. Respondents noted that the New Zealand government has increased its focus on the region in 2024 with several trade delegations and political engagements, but that it is important these relationships are used to support the resolution of barriers that are inhibiting trade for New Zealand exporters within the region.

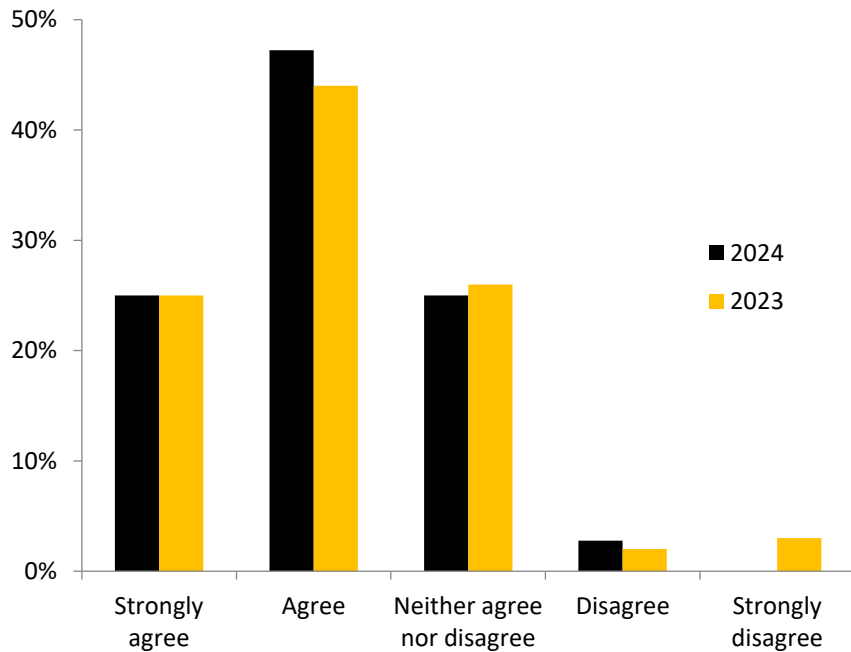
Similarly to in 2023, some respondents also felt that the strength of bilateral relationships should be helpful in progressing conversations related to harmonisation of standards, mutual recognition agreements, exporter self-certification and paperless trade which all help facilitate trade in the region.

Trade missions across the ASEAN region are seen as beneficial for creating further exposure for New Zealand businesses that are involved; however, some respondents noted the need to include a wider number of participating businesses.

2025 is the 50th anniversary of ASEAN – NZ relations, and this should provide a useful platform for events, promotion, and possible delegations.

Figure 24

The strength of New Zealand's bilateral relationships in ASEAN are an important consideration for me when making an investment in the region. To what extent do you agree with this statement?



In line with 2023, 69% of respondents either agree or strongly agree that the bilateral relationship between ASEAN and New Zealand is an important consideration when making investments in the region, demonstrating the importance of bilateral relationships in underpinning trade and investment in the region.

Figure 25

Have you come across or used any New Zealand exporter support services in the last year? (Select as many as appropriate).

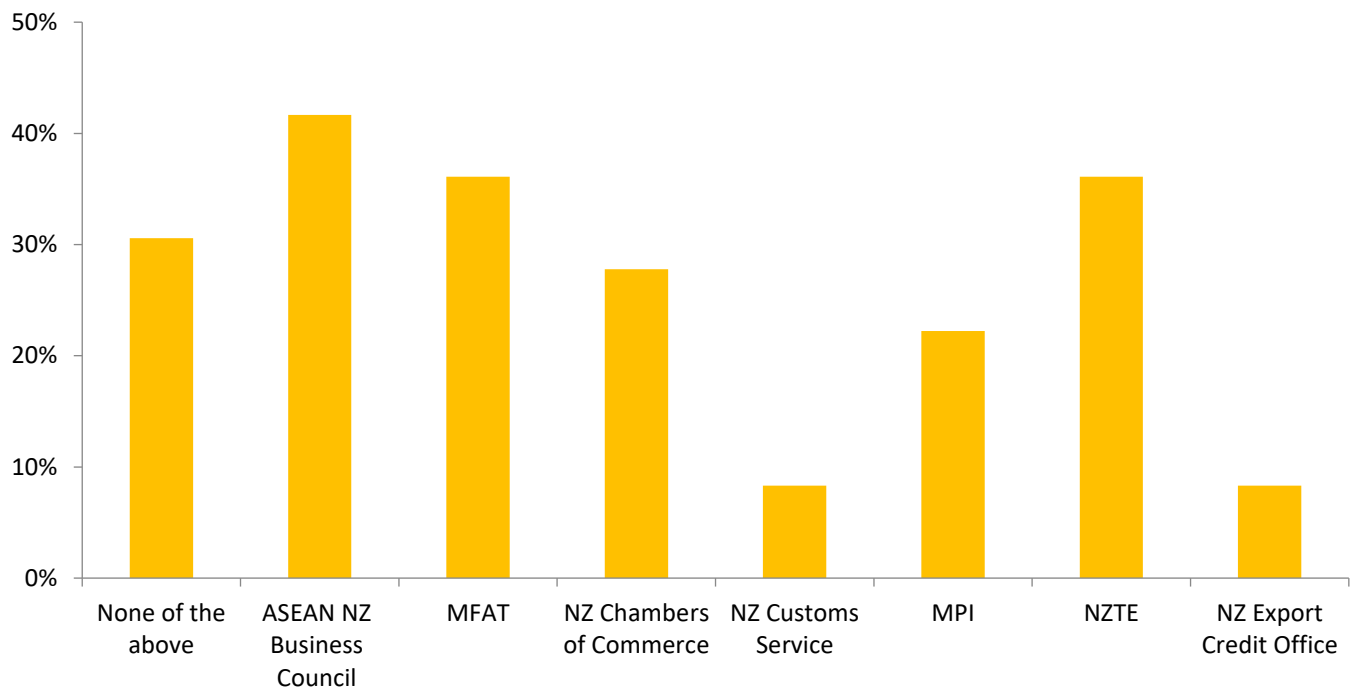
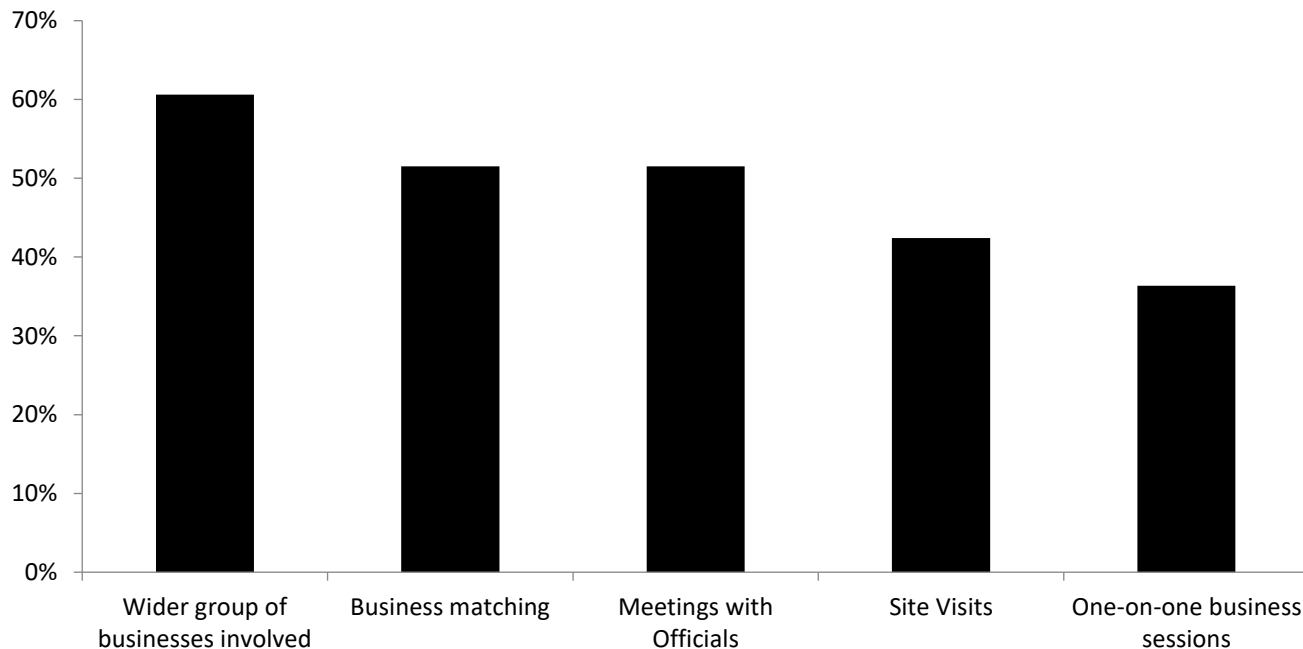


Figure 26

New Zealand undertakes business trade missions to markets. What would make trade missions more useful for business? (Select as many as appropriate)



There was variety in the areas that respondents saw as valuable on trade missions. It was noted by a respondent that trade missions need to be strategically planned and pre-match high potential and well capitalised New Zealand companies with high potential ASEAN based companies to add tangible value.

The ASEAN Business Alliance



The NZ ASEAN Business Alliance (ABA) is a network consisting of local NZ chambers / associations in Malaysia, Thailand, Vietnam, Singapore, New Zealand, the Philippines and Indonesia.

ABA encourages increased connections between the chambers by sharing events, speakers, and learnings, and discussing common issues. It creates a strong network of contacts between chambers and develops regional strategies.

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