Doing Business in Southeast Asia

With a combined gross domestic product of US$2.6 trillion and a fast growing market covering over 630 million consumers, Southeast Asia is one of the world’s most dynamic regions. Its size, location and diversity provide interesting business opportunities in a wide variety of areas, including agri & food, horticulture, water, energy and transport & logistics. The government of the Netherlands supports Dutch companies in exploring the market and doing business in Southeast Asia.

The Association of Southeast Asian Nations (ASEAN) is a regional organisation comprising ten Southeast Asian states, including Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. The ASEAN member states are working together to promote political and economic cooperation and regional stability.

Although far from complete, the establishment of the ASEAN Economic Community (AEC) in 2015 has been a milestone in the integration process of the diverse economies into a single market. The AEC’s professional aspirations are based on four pillars, including 1) a single market and production base, 2) a competitive economic region, 3) a region of economic development, and 4) a region integrated in the global economy.

Over the last decades ASEAN emerged as a key player in the global economy. The ASEAN economies combined GDP amounted to US$2.6 trillion in 2015, which makes the region the 6th largest in the world and the 3rd largest in Asia. The future is even more promising as ASEAN is expected to become the world’s 4th largest market by 2030. Important drivers of the region’s remarkable economic growth, include the fast growing trade, investment and increasing private consumption, the ongoing integration process and its accommodative trade and fiscal policies.

The region’s total trade stood at US$2.6 trillion in 2015, which means the 4th largest trader globally, after China, the USA and Germany. Besides free trade agreements (FTAs) with other countries in the Asia-Pacific, the EU has concluded FTAs with several ASEAN countries over the past few years, while negotiations with other ASEAN countries are ongoing or will be started soon. Moreover, the ASEAN region attracted US$121 billion of foreign direct investment (FDI) in 2015.

The Dutch have longstanding involvement with the region and enjoy friendly relations with the countries in Southeast Asia. Today, the Netherlands is one of the region’s largest EU investors and EU trading partners with an excellent reputation in exactly those areas which many ASEAN countries take a particular interest in. Besides the key sectors mentioned below, the specific ASEAN markets provide business opportunities in a variety of other industries.

Key sectors

Agri & Food and horticulture

Agri & Food and horticulture are key sectors throughout Southeast Asia accounting for a substantial share of the region’s GDP and
employing an important part of the workforce. The region’s diverse markets include some of the world’s largest agricultural exporters, such as Thailand and Vietnam, as well as innovative centres of research and development, such as Singapore. Although rice is still the region’s main crop, other commodities such as maize, coffee, cocoa, fruits, and vegetables are important as well. Some ASEAN markets are specialised in fresh and canned fish or in livestock. In addition, for both Indonesia and Malaysia palm oil is a major main agricultural products.

Increasing populations, climate change, rising levels of prosperity and urbanisation constitute major challenges for most of the ASEAN countries and require innovative solutions. As the world’s second largest exporter of agricultural products and major provider of knowledge and technology, the Netherlands has a lot to offer to Southeast Asian markets at all levels of the value chain.

**Water**

Southeast Asia includes some of the most vulnerable countries to climate change. Several countries in the region experience floods and excessive rainfalls. This means a high demand for good watershed and land use management, flood and mitigation adaptation, and institutional arrangements. Other areas within the region suffer from severe drought. This implies a need for water resource information systems or water management infrastructure.

Most countries in Southeast Asia recognise the urgency of these challenges and the need to improve their water infrastructure and water management. This provides interesting opportunities for the Dutch water sector. For example, Dutch expertise can contribute to developing sea ports, dredging inland water ways and providing expertise for the implementation of integrated water management systems.

The Dutch water sector has an excellent reputation in the region and a lot of experience. A good example is the involvement of multiple Dutch parties in the Mekong delta of Vietnam. This intensive cooperation has led to a successful, integral approach to the various challenges related to water in this area. A similar approach is necessary for several major cities in the region, such as Jakarta or Bangkok.

**Energy**

Southeast Asia is endowed with various energy sources, including fossil fuels and renewable energy. In parallel to the region’s remarkable economic development, its energy demand is increasing rapidly. Expansion and maintenance of Southeast Asia’s energy infrastructure will require major investments providing interesting business opportunities in both the oil and gas and renewable energy sectors. With several major agricultural exporters, such as Thailand, Vietnam, Indonesia and Malaysia, the region has a lot of potential for the development of bio-energy. Other interesting renewable energy sources include solar, wind and hydropower, depending on the location. With its strong standing in many of these the areas, Dutch companies have a lot to offer.

**Transport & logistics**

Southeast Asian governments recognise the importance and urgency of good infrastructure for the facilitation of further growth. Several countries have developed into major transport and logistic hubs for the ASEAN region and the wider Asia Pacific. The newly established Asian Infrastructure Investment Bank also offers possibilities for additional funding sources for projects within this sector. With its key role in the global logistics sector, Dutch companies can provide a wide variety of goods and services. From creating high-value infrastructure to providing optimal supply chain solutions.

**Do’s and don’ts in ASEAN**

**Be prepared**

Good preparation is key. Get to know the economic, political, and cultural context. Make good use of the available knowledge and services from branch organisations and governmental authorities. Entrepreneurs with experience in the ASEAN region could also be of great value for your business.

**Build relationships**

Building and maintaining good relationships is essential for doing business in Thailand. A reliable local partner can speed up the preparatory work considerably.
Understand business etiquette

• **Business cards:** prepare some business cards as they are important and widely used.
• **Language:** although English is the business language, it may be useful to find reliable interpreters for profound business meetings.
• **Loss of face:** saving face is very important in the Asian culture, this is not different for doing business. Show respect by being on time for meetings and make sure to prevent conflict.
• **‘Yes’:** whereas the Dutch way of communicating can be very direct, it is helpful to take into account that when doing business in the ASEAN, hearing ‘no’ is not very common, and ‘yes’ may not mean an agreement or understanding.
• **Dress code:** go formal and use conservative colours.
• **Titles:** titles and hierarchy carry significant weight in this region.

However, please keep in mind that these are just general rules. Please, read up on the business etiquette of the specific country.

Know your challenges

• Manage your expectations, especially in the field of culture and language, laws and regulations, intellectual property rights, trade barriers, logistics, personnel and bureaucracy.
• Develop a solid business plan and do market research: set clear goals and ambitions, know your niche market and know about your competitors.
• **Language** can be problematic.
• Do not underestimate the need for quality checks.

Act responsible

Be aware that corruption is still widespread in the ASEAN region. The embassies provide support to avoid corruption and to reduce the risks of doing business in the specific country. Enterprises should take into account social, environmental, ethical and human rights concerns. The Netherlands government supports enterprises which implement Corporate Social Responsibility (CSR).

We support your business

Together with the Netherlands Enterprise Agency (RVO.nl) and a trade network of seven Embassies and a Consulate-General, the Netherlands Government provides support to Dutch entrepreneurs doing business in Southeast Asia and to those starting to explore the Southeast Asian market. Interested in learning more about what we can do for your business? Please contact us.

Knowledge and information for businesses

If you’re planning to do business abroad, the government can provide you with the information you need. For example, on rules and regulations, cultural differences and practical matters.

Identifying opportunities for businesses

The government’s international network flags international opportunities and trends for businesses, in partnership with local parties and governments.

Business networks and contacts

Whatever your plans for doing business abroad, you need the right international contacts to carry them through. Use the government’s mission network to find new contacts, partners and customers. The network can advise you, provide contacts and open doors.

Promoting businesses and organisation

The government actively promotes the interests of companies and organisations abroad – by positioning companies, knowledge institutions and sectors, and by reducing trade barriers. For example, we can promote your company at trade fairs (see below). The government can also assist with business issues and local procedures.

Financing international business

If your company needs financing in order to spread its wings abroad, the government can help. Ministries have a range of financing schemes in place to help businesses at all stages of development. For more information, please see the overview below.

ASEAN Business Dialogue

To support the fast growing interest from Dutch companies in doing business in this region, the ASEAN Business Dialogue was established by the Netherlands’ Ministry of Foreign Affairs. It is a series of events aiming to inform Dutch companies about the opportunities in the region and to provide a platform for networking. For more information, including about upcoming events, please visit our website [www.netherlands worldwide.nl/doing-business/doing-business-in-southeast-asia-asean](http://www.netherlands worldwide.nl/doing-business/doing-business-in-southeast-asia-asean).
Orange ASEAN: promoting sustainable business ASEAN
To promote sustainable business in Southeast Asia, the Dutch government has established the Orange ASEAN initiative. It provides workplaces and networks in the region and offers research by dedicated teams for companies interested in exploring the market or in improving the sustainability of their production process. For more information, please visit www.orangeasean.com.

Business support instruments
The Netherlands government has developed multiple instruments to support Dutch business in the ASEAN region. The overview below includes subsidies and financial programs which apply to all countries in the region. However, it is not exhaustive, as several instruments only apply to specific countries in Southeast Asia. The website of the Netherlands Enterprise Agency provides more information on the specific country pages (www.rvo.nl/namecountry) and Atradius Dutch State Business may help you with your export insurance (www.atradiusdutchstatebusiness.nl).

Business Partner Scan
The Business Partner Scan helps to find reliable business partners in the respective countries. The Netherlands Enterprise Agency and the worldwide foreign network of embassies, consulates and the Netherlands Business Support Offices (NBSO’s) offer opportunities for personal introductions to interested business partners. Please visit www.rvo.nl/zakenpartnerscan for more information.

Demonstration, feasibility and investment studies (DHI)
DHI supports SMEs in their international ambition through a subsidy for demonstration, feasibility and investment preparation studies. Subsidies are tendered during several rounds each year. Please visit www.rvo.nl/dhi for more information, including tender opening dates.

Partners for International Business (PIB)
If you are interested in entering a foreign market together with other business partners or if you encounter challenges as a cluster in a specific country or region, the Dutch government may be able to support you in overcoming these challenges. With the Partners for International Business instrument a multiannual plan will be designed to position Dutch companies and knowledge institutes abroad. Please visit www.rvo.nl/pib for more information.

Starters International Business (SIB)
SIB supports enterprises in their first steps in the international market. To this end, the program provides different types of vouchers, such as vouchers for individual coaching, collective activities, and for knowledge purposes. Please visit www.rvo.nl/sib for more information.

Relevant contacts
The Netherlands diplomatic network in ASEAN
The Netherlands diplomatic network in Southeast Asia includes seven Embassies and a Consulate-General. For more information about our services, please visit www.netherlandsworldwide.nl.

Netherlands Enterprise Agency (RVO.nl)
RVO.nl encourages entrepreneurs in sustainable, agrarian, innovative and international business. It helps with grants, finding business partners, know-how and compliance with laws and regulations. For more information, please visit www.rvo.nl.

‘NL exporteert’ app
This app provides up-to-date information necessary for doing international business. It contains an event agenda, economic and financial data, a country comparator, business opportunities, relevant contacts, etc. Dowload the app via the App Store or Google Play.