

## MARKET INSIGHTS

# Guide to regional markets

ASEAN markets present tremendous growth opportunities for Singapore firms. Enterprise Singapore (ESG) highlights key growth sectors, and how they can work with your business to venture to these markets. For more market insights on ASEAN, please visit [www.enterprisesg.gov.sg/ASEAN](http://www.enterprisesg.gov.sg/ASEAN).

## Brunei

### GROWTH AREAS

#### Oil & Gas

- With nearly 90 years of experience in the Oil & Gas (O&G) industry, Brunei has developed an extensive O&G eco-system, especially in the upstream and Liquefied Natural Gas (LNG) segment. This created demand for both equipment (e.g. jack-up rigs and vessels) and maritime support services. With rising Operation and Maintenance (O&M) costs with ageing wells, there are also opportunities for equipment renewal and de-commissioning.
- Meanwhile, the downstream industries are still in the early stages in terms of development and maturity, and presents potential for foreign investment. The Brunei government targets to achieve an economic output of B\$5 billion by 2035, and has allocated two dedicated industrial sites with close proximity to existing and future petrochemical plants, so as to achieve cross-industry synergy.



#### Agriculture / Aquaculture

- Agriculture / Aquaculture is one of the key sectors which Brunei would like to develop for economic diversification. In 2015, agricultural activities accounted for only 0.50% of GDP. By 2020, agriculture and agrifood output are expected to increase to B\$1,080 million, with an expected 24% growth per annum.
- In particular, urban and high-tech farming of high value vegetables, fruits and flowers presents opportunities for enterprises with relevant expertise in Singapore to expand their business model to Brunei. It also enables such enterprises to grow beyond the physical limitations in Singapore to scale and extend their reach to the regional markets.



PHOTO: FAKHRURADZI ISMAIL

#### Eco-Tourism

Brunei plans to further strengthen its tourism industry with the development of Ulu Temburong National Park and Kampong Ayer. In addition, it aims to partner international investors to develop emerging products and destinations, and activities like bird watching, diving, summer schools and cultural tourism. This will provide opportunities for tourism services stakeholders such as travel agencies, airlines and hospitality real estate developers.



#### SUPPORT FOR BUSINESSES

- Companies can get in-market connections and insights from ESG together with advice on setup and regulations. Introductions can be made to local partners.
- Businesses can tap on ESG's insights gained from its engagement with local governments and business communities.

## Cambodia

### GROWTH AREAS

#### Tourism & Hospitality

Cambodia's tourism has grown steadily since 2012 on the back of an increased number of international flights especially from China. The Cambodian government is positioning Cambodia as an affordable luxury destination to affluent Asian travellers. Foreign investors have announced their plans to build 4- and 5-star hotels in Sihanoukville, a popular beach destination. This throws up the possibility for Singapore companies to explore leisure and hospitality opportunities in Sihanoukville, Phnom Penh and Siem Reap where the famed Angkor Wat is located.



Oakwood Worldwide, owned by Mapletree Investments is opening two properties in 2019. Oakwood Premier (Phnom Penh) and Oakwood Hotel & Residence (Phnom Penh) will be situated within One Park – a prime mixed-use development comprising office and retail spaces, a medical centre, an international school and residential towers in the Phnom Penh City Centre.



PHOTO: AFP

#### Consumer

##### Healthcare

The healthcare sector offers good opportunities for investment in medical facilities and the provision of healthcare services. Many Cambodians frequently travel to Singapore for health screening and medical services. Singapore industry players can leverage the trusted Singapore brand and consider setting up healthcare services in Cambodia.



##### Education / Vocational training

More than 70% of the Cambodian population is below 35 years old. As existing education establishments are unable to meet this demand for quality education, this presents opportunities for foreign players to enter the market.

##### Food services / Distribution

As one of the fast growing economies in the region with a growth rate of more than 7%, there is a growing middle class who are open to foreign brands and concepts. Singapore companies can meet this demand through the export of products or food services. Long-time Singapore distributors in Cambodia, such as LSH (Cambodia) and Goodhill Enterprises import a wide range of food products and fast moving consumer goods (FMCG). Successful F&B establishments include The Bodleian, a gastro-bar set up in 2017 by Singaporean entrepreneur Nicole Chiang, Fatboys, Singapore Boneless Chicken Rice, Yakun and Dian Xiao Er.

#### Agriculture

Cambodia lacks sufficient food processing capacity. Singapore firms can offer agri-tech solutions, food processing and distribution to enhance the productivity, quality and yield of the agriculture sector. For example, Singapore companies could explore investments in the processing and exporting of agriculture products such as rice, pepper and fruits.



#### SUPPORT FOR BUSINESSES

- Companies can first gain awareness of doing business in Cambodia through the investment seminars organised by ESG.
- Those who are interested can take it further by participating in business missions organised by ESG. The agency can connect companies with the business community in Cambodia.

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## Indonesia

### GROWTH AREAS

#### Urban Solutions, Infrastructure & Connectivity

- Indonesia has laid out an ambitious US\$327 billion infrastructure project pipeline from 2016 to 2020. Planned projects include toll roads, seaports and airports. Companies can also look to cold chain logistics as a nascent growth area, especially in East Indonesia where the fishery industry is thriving and there is a need for more facilities to process stock for export.
- Indonesia's agencies such as PT Sarana Multi Infrastruktur (PT SMI) and the Indonesia Infrastructure Guarantee Fund (IIGF) have been working together to structure and manage projects and make them more attractive to investors.

#### E-commerce & Digital Economy

- The size of Indonesia's digital economy presents many opportunities for companies with the boom spearheaded by the country's four unicorns of Go-Jek, Tokopedia, Traveloka and Bukalapak. The total value of tech investments in Indonesia more than doubled from US\$1.4 billion in 2016 to US\$3 billion in September 2017.



PHOTO: REUTERS

#### Consumer

- With over 130 million accounts, the nation is home to the world's fourth largest Facebook user base. Firms can tap on social media to create brand awareness and boost sales.
- As Indonesia's middle class expands, there will be business opportunities from the greater emphasis on health & wellness. However, businesses should note that there are strict regulations governing the sector.



#### Manufacturing

- There are many opportunities in manufacturing to capitalise on the sizeable domestic demand. Certain goods manufactured in Indonesia are mandated to require local content such as mobile phones sold in Indonesia that require at least 30% local content.
- Businesses can take advantage of the many established industrial parks in Indonesia. With their ancillary services and proximity to logistics nodes, these industrial parks can serve as landing pads for both established and new players.
- Looking ahead there will be more opportunities as the administration is exploring how technology can play a bigger role in manufacturing. The Industry 4.0 roadmap was launched on April 4, 2018 and focuses on five sectors: food & beverage, automotive, electronics, chemicals and textile & garments.



#### SUPPORT FOR BUSINESSES

- Get in-market advisory information from ESG's Overseas Centres in Jakarta and Surabaya. ESG can connect Singapore companies to potential local partners, multipliers, government agencies like the Indonesia Investment Coordinating Board (BKPM).
- Companies can also tap on the Plug and Play Network, where companies can get support for market entry processes, in-market facilitation and shared office spaces through ESG's partners, Orissa and Cocowork.
- Singapore and Indonesia startups can collaborate through Initiatives such as the Global Innovation Alliance (Jakarta). The Alliance will facilitate easier market access, develop talent and expose more firms to innovation hotbeds. Block71 Jakarta is one such launchpad Singapore firms can tap on. The incubation space is a joint venture between NUS Enterprise and Indonesia's Salim Group, and is already home to over 20 Singapore startups.

## Laos

### GROWTH AREAS

#### Agriculture

The agriculture industry is an economic sector that Laos plans to develop. There is huge potential here as Laos has about 2 million hectares of arable land that would be designated for agriculture, livestock production, organic food processing and plantations.



#### Utilities

Hydropower is a growing sector. With the numerous rivers in Laos, there is an estimated capacity of 23,000 MW of hydropower. In addition, as part of the green development policy, the Lao government also widely promotes other renewable energy sources such as solar, wind and bio energy.



PHOTO: AFP

#### Infrastructure

Companies will find many opportunities in the infrastructure sector. Being land-locked, there are plans for new transport, dry ports and connectivity infrastructure projects such as expressways, bridges and railways to connect Laos domestically and regionally. Key projects include: The Laos-China Railway, highway construction projects, development of 9 logistics dry ports, Special Economic Zones, expansion of the international and domestic airports in Vientiane, Savannakhet, Pakse and Luang Prabang.



#### Healthcare

Healthcare offers many possibilities for businesses. As part of the National Health Sector Strategy, the Lao government is promoting the healthcare sector to foreign investors to improve the quality of healthcare systems delivery in Laos. The private sector will enjoy incentives to invest in private hospitals, healthcare facilities and modern medical equipment for patient treatment. There is demand for good quality healthcare in Vientiane and the surrounding districts.



#### SUPPORT FOR BUSINESSES:

- Companies can participate in business missions to Laos. ESG and the Singapore Business Federation co-organised the Laos-Singapore Business Forum on May 10, 2018 to highlight investment opportunities in Laos.
- Companies can tap on trade associations and chambers in Singapore. These bodies work with ESG on potential projects for cooperation.

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## Malaysia

### GROWTH AREAS



PHOTO: KUA CHEE SIONG

#### Consumer

A growing number of Singapore firms operate in Malaysia's retail and food services sectors, encouraged by the move since 2011 to allow 100% foreign ownership in the sector. The franchise industry in Malaysia is thriving, offering opportunities for foreign companies to grow their brands. Approximately 30% of the franchise brands in Malaysia are foreign-owned brands, most of which are in the food and beverage sector, followed by retail and apparel and education. In 2016, the franchise industry contributed RM26.6 billion to the economy.



#### E-commerce

Malaysia's e-commerce sector is booming, with an increased GDP contribution of RM74.6 billion (6.1%) in 2016, compared to RM68.3 billion (5.9%) in 2015. Companies will find opportunities in the supporting eco-system such as digital marketing, e-marketplace, payment & financing solutions, logistics and last-mile fulfilment. The sector is likely to grow further. Recently Alibaba collaborated with the Malaysian government to set up the Digital Free Trade Zone which will be positive for the sector.



#### Infrastructure

In a competitive property market, Malaysia property developers are looking for additional features to add value to their upcoming projects. These features could include healthcare infrastructure and educational institutions such as international schools and preschools which will enhance the township projects. Green buildings is another potential growth area. Currently, Malaysia has more than 240 certified green buildings.



#### Manufacturing

Malaysia is encouraging higher-value manufacturing activities such as medical devices, solar and aerospace, while continuing to grow its chemicals, electrical & electronics, and machinery and equipment sub-sectors. The continued expansion of MNCs into Malaysia represents growth opportunities for component contract suppliers in the ecosystem. Key manufacturing regions include Johor, Selangor and Penang.



#### SUPPORT FOR BUSINESSES

- Companies can explore tie-ups through ESG's Overseas Centre in Kuala Lumpur.
- Singapore businesses can also use the ESG's Plug and Play Network (PPN) which offers customised market research, business matching services and co-working space solutions. Orissa International is the PPN partner for Malaysia.

## Myanmar

### GROWTH AREAS

#### Infrastructure

With the growth of Myanmar's key cities, there are opportunities in the township space (master-planning/design/development), as well as in essential utilities especially water and power solutions. Singapore companies have the expertise to contribute to the development of Myanmar's key cities, and bring affordable power and water solutions to all, including those in rural areas.



#### Consumer

With a growing middle class, there will be increased demand for increasingly sophisticated goods and services, driven by the prevalence of affordable 4G data, smartphones and Facebook usage. There is potential for more food, retail and other lifestyle-type companies to expand into Myanmar. Singapore companies can leverage off the Singapore brand name which is well received in Myanmar partly due to a large Myanmar diaspora in Singapore.



#### Manufacturing

The manufacturing sector offers much potential as Myanmar industrialises. For example, operations in the Thilawa Industrial Park are underway, with the developers looking at further expansion. Singapore manufacturers can tap on Myanmar's large population and abundance of land. Myanmar is in a strong position to be an alternative manufacturing hub, while complementing neighbouring Thailand and Vietnam.



#### Agriculture and Aquaculture

Myanmar's plentiful fertile land, varied climates and a long coast line provide ample opportunities for agriculture and aquaculture to take off as a key industry. This presents opportunities for Singapore companies to work in the areas of R&D and agricultural methodology to enhance the development and upgrading of the industry. Improved yield and productivity will boost Myanmar's exports to the region and beyond, with the ever growing requirements for fishery and agricultural products.



PHOTO: BT FILE PHOTO

#### SUPPORT FOR BUSINESSES

- An upcoming seminar on Oct 4, 2018 organised by ESG aims to raise awareness among the Singapore business community. Companies can obtain information and relevant contacts from the trade associations and chambers that are supported by ESG.
- For companies ready to expand into Myanmar, ESG can assist with in-market connections, updated investment laws, market insights and the appropriate contacts for the setting up of legal entities and application of necessary licences through its Overseas Centre in Yangon.

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## Philippines

### GROWTH AREAS

#### Infrastructure

In 2017, President Rodrigo Duterte announced the S\$234 billion Build, Build, Build initiative, which aims to raise infrastructure spending to 7.4% of GDP in 2022, up from 5.3% in 2017. Some 18% of the resulting projects will be carried out through the Public-Private Partnership (PPP) programme. The programme will be an opportunity for Singapore firms with a good track record to lend their technical expertise to these projects.

The country has a well-established and relatively well-structured PPP process. This offers good opportunities for Singapore companies with strong track records, which can lend their technical expertise in PPP infrastructure projects. On the private infrastructure front, there is strong growth in residential, commercial and industrial developments due to increasing demand for housing, a booming outsourcing sector and a revitalisation of the manufacturing industry.



PHOTO: AFP

#### Consumer

The Philippines has a growing population of over 104 million people. Its economy is bolstered by a booming business process outsourcing sector together with remittances from Filipinos working abroad.

With convenience stores and fast food chains doing brisk business, the retail sector is an attractive one for Singapore food and retail companies. They can partner local companies and franchisees to tap this large and growing consumer market. Singapore brands such as BreadTalk and Charles & Keith have established their presence in the Philippines.

#### Utilities

##### Power

■ With electricity demand exceeding supply, the government is planning to expand conventional power generation. The Philippines is also building up its electricity supply from renewable sources such as solar, wind, geothermal and biomass, presenting investment opportunities for the private sector.

■ Energy consumption is expected to increase at an average rate of 4.3% annually. Peak demand in the Luzon region of the northern Philippines, which has the most developed grid infrastructure, is expected to triple from 2016 to 2040. Power needs for Visayas and Mindanao are also on the rise, generating further opportunities for private investors.

##### Water

■ Water demand is set to soar in Greater Manila, where the population is expected to grow to 30 million by 2025, offering potential for investments in the water sector.

### SUPPORT FOR BUSINESSES

- Companies can get advice on setting up in the Philippines through ESG's Overseas Centre in Manila.
- Companies can also tap on the Plug and Play Network established by ESG to obtain customised market research, business matching services and co-working space solutions.
- Regular business missions to explore the market are organised. There is also the Philippines-Singapore Business Council, co-organised by the Singapore Business Federation and Makati Business Club, which serves as a platform to promote bilateral business relations between the private sectors of both countries.

## Singapore

### GROWTH AREAS

#### E-commerce

ASEAN's Internet Economy is huge and growing rapidly. The market is projected to reach US\$88 billion by 2025, a 32 per cent year-on-year growth from US\$5.5 billion in 2015 and transactions have reached almost US\$11 billion in 2017, a 41 per cent increase from 2015. Singapore is well-positioned to be Asia's Digital Capital where companies can innovate and anchor their e-commerce and e-payment activities to seize opportunities in the region. Today, Singapore is home to the world's e-commerce giants such as Amazon and Alibaba which have established themselves here as part of their expansion plans in ASEAN, as well as local companies such as Zalora, Red Mart, Carousell and Shopee (Sea Group).



#### Professional Services

Singapore is a regional hub of choice for professional services firms, having the right conditions for companies to innovate world-class business solutions and forge cross-disciplinary partnerships. Consistently ranked as one of the world's easiest places to do business, many multi-nationals have set up their regional or global HQs in Singapore to mine pan-Asian insights, conduct R&D, and deploy regional strategies. This creates opportunities for professional services firms across consulting, accounting, law, and marketing to help MNCs tailor solutions to Asia's diverse consumer markets and navigate different countries' commercial systems. According to the Global Competitiveness Report 2011-2012, Singapore also has Asia's most protective intellectual property regime, providing a stimulating yet safe environment for firms and institutions to collaborate on cutting-edge research.

#### Urban Solutions & Sustainability

Singapore is an ideal reference city for smart and sustainable urban solutions, especially in areas across water and environment, energy management, urban mobility, green buildings, as well as safety and security. Some of the world's leading companies are leveraging the vibrant business ecosystem to develop, test and commercialise innovative and sustainable technologies for Asia, from Singapore. With rapid urbanisation across Asia, Singapore continues to offer opportunities to partner innovative firms to create new urban solutions that can help to improve the lives of millions in the region.



#### Logistics

Singapore has been ranked by the World Bank as Asia's top logistics hub for 10 consecutive years since 2007. Its global connectivity, enabled by world-class sea and air ports, provide companies ready and efficient access to the opportunities in this high-growth region and other key global markets. Today, Singapore boasts a strong base of logistics players, and is the regional and global headquarters of major international companies like DHL and Schenker, as well as home-grown players such as YCH and Yang Kee Logistics. Leading manufacturers like Henkel and Infineon also anchor their Supply Chain Control Towers and Distribution Centres in Singapore to oversee their regional and global supply chains. Others have established innovation hubs here, leveraging Singapore's professional talent pool and robust R&D ecosystem to grow their businesses.



#### Consumer

Singapore is well positioned as a gateway to Asian markets, where spending by 3.2 billion middle-class consumers could hit US\$55 trillion by 2030. A rich ecosystem of professional services firms, creative agencies and research houses are located here, making it an established consumer insights hub for companies to tap on. Singapore was also ranked the most innovative nation in Asia according to the Global Innovation Index 2016, attracting consumer giants like Nestle and L'Oreal Groupe to set up innovation centres here. By consolidating global functions like branding, supply chain management, finance and human resources for companies to easily leverage, Singapore is a one-stop centre for all their needs. Many top consumer firms such as Unilever and Coca-Cola are based in Singapore to tap the country's pan-Asian insights and centralised capabilities.



### SUPPORT FOR BUSINESSES

- The Singapore Economic Development Board (EDB) works with both local and foreign investors to facilitate access to government incentives and connection to partners, as well as support businesses to seek out new opportunities in Asia and around the world.

■ For more information, please visit [www.edb.gov.sg](http://www.edb.gov.sg)

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## Thailand

### GROWTH AREAS

#### Consumer

- With a population of over 68 million, Thailand is the second largest consumer market in South-east Asia, and consumption expenditure makes up more than half of Thailand's GDP. Thailand's consumer outlook is healthy, with a growing middle class that is willing to spend not just on household essentials but also on leisure activities and luxuries.
- While retail and food services are restricted sectors in Thailand under the Foreign Business Act, Singapore retail and F&B companies can partner multi-brand operators via a joint venture, distribution or franchise model.



#### Startups

- Thailand is a growing market for startups, given the strong push from its government towards a more innovative economy from the Thailand 4.0 initiative, as well as strong support from the private sector. With the emergence of close to 100 venture capital firms, corporate investors and accelerators, there is also a growing amount of capital that supports the development of startups in Bangkok.



#### Manufacturing

##### Automotive

Thailand is often referred to as the "Detroit of the East" because its automotive industry is a key node in the world's automotive supply chain. Half of the world's top 100 auto parts manufacturers and industry leaders including GM, Isuzu, Mercedes-Benz and Toyota are operating in Thailand. The government plans to leverage this existing ecosystem and transform itself into a global green automotive production base, with incentives such as tax exemptions and permits to bring in foreign expertise. There are opportunities for Singapore companies to provide niche technological components in the production of hybrid/electric vehicles and automotive electronics.



##### Food

Dubbed the "Kitchen of the World", Thailand is a global food production hub. Thailand also adheres to stringent food manufacturing standards such as Codex, OIE Standards and the International Plant Protection Convention, and has its own halal food accreditation scheme. With growing global demand for ready-to-eat and halal foods, Singapore firms can potentially use Thailand as a manufacturing location.



PHOTO: CREATIVE COMMONS

### SUPPORT FOR BUSINESSES

- Singapore companies have more opportunities to connect with the innovation and business community in Thailand following the launch of the Global Innovation Alliance (GIA) Bangkok which was led by ESG.
- With the support of the GIA, Singapore startups will find it easier to access the market through partnerships with players from the tech ecosystem including tech companies, accelerators, co-working spaces, venture capital funds and the local government.
- GIA also offers Singapore startups and students a chance to understand and experience Thailand's tech landscape through internships and programmes.
- Through its Overseas Centre in Bangkok, ESG works closely with Singapore companies, sharing its in-market connections and insights and introducing them to local partners in Thailand.

## Vietnam

### GROWTH AREAS

#### Infrastructure

Smart cities are a growing area of interest. Singapore companies with expertise in areas such as intelligent transport system, public safety and security and smart utilities will have an advantage.



#### Manufacturing

- Vietnam is well-connected to existing consumer and manufacturing hubs in Asia (China, Taiwan and Thailand), making it easy for manufacturers to integrate Vietnam into existing supply chains. Manufacturing costs in Vietnam are relatively low compared to neighbouring countries. Singapore firms can consider Vietnam as an alternative to China for manufacturing activities.
- Singapore manufacturers can also leverage established industrial zones or parks to facilitate their entry into Vietnam. For example, the seven integrated Vietnam-Singapore Industrial Parks (VSIPs) have a wide array of facilities. To date, the VSIPs have drawn S\$12.3 billion in investments.



PHOTO: REUTERS

#### Consumer

Young and increasingly sophisticated Vietnamese consumers are seeking foreign brands, though demand for most imported consumer goods and services is still concentrated in larger cities like Ho Chi Minh City and Hanoi where incomes are considerably higher than the national average. Vietnam's retail scene is vibrant, with the development of numerous new retail malls. The potential for Singapore businesses is large.



### SUPPORT FOR BUSINESSES

- Companies can enter the Vietnam market with the aid of the Plug and Play Network set up by ESG. The network assists with pre-market entry advisory, business matching, in-market consultations and co-working spaces. One of the partners is Toong, a professional large-scale co-working space in Vietnam with six co-working space locations in Hanoi, Danang and Ho Chi Minh city. It offers a wide range of setup options from hot-desking to private offices.
- Leasing an office space can sometimes be challenging due to regulatory requirements and high overhead costs. In Vietnam, companies are required to lease for a period of 2-5 years. By utilising co-working spaces, companies can set up easily and quickly without the hassle of business registration, renovation and rental agreements. On top of this, there are business mentors and advisers available to provide guidance.
- Companies can obtain advice on how to set up a company through ESG's Overseas Centres in Hanoi and Ho Chi Minh City.
- Although most of the sectors are already open to majority or full foreign ownership, partnerships still work well as Vietnamese companies have strong local networks. ESG also engages the local governments closely and discusses potential projects for cooperation and will be able to help SMEs navigate the local business landscape and minimise language barriers.