



-EABC & JETRO survey for 2025-

JETRO Jakarta

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1 | Outline

Objective

For the age of post-pandemic, we would like to identify how private sectors are dealing with current issues facing and consider how governments can support them.

Methodology

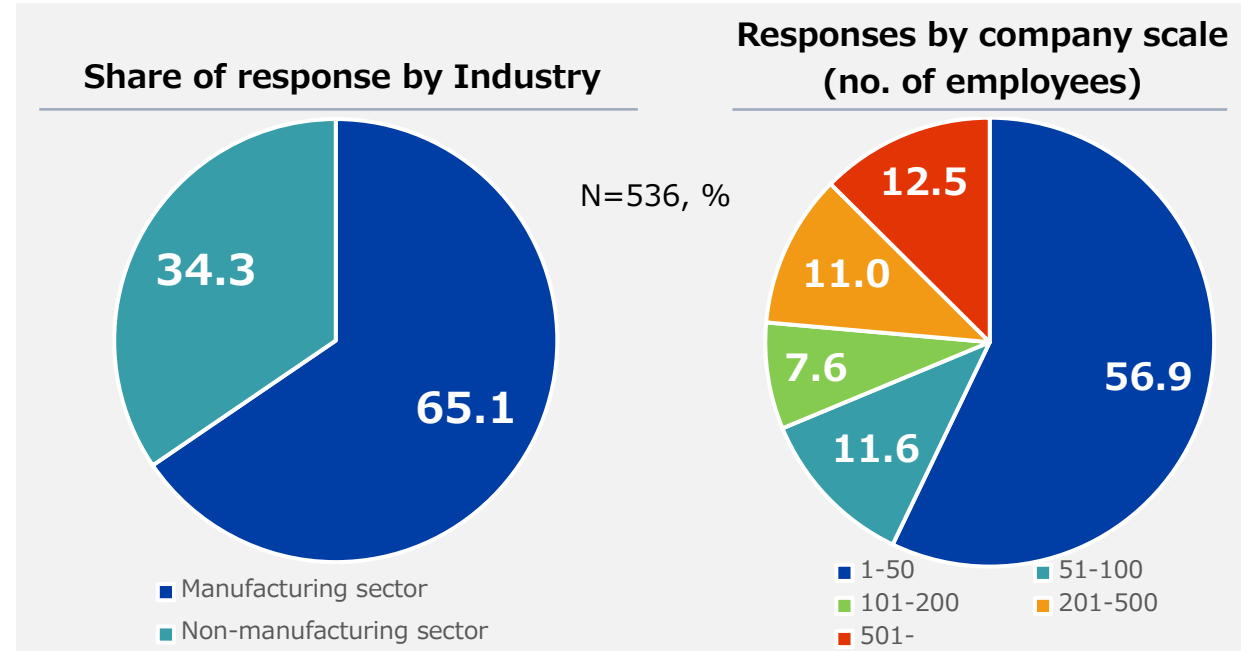
Target: ASEAN+3 firms with EABC network
Methodology: Questionnaire survey

Structure of the survey

1. Business Condition
2. Utilization of Regional Comprehensive Economic Partnership (RCEP) Agreement
3. Supply Chain Resilience
4. Digitalization

Attributions

Survey period: 16th - 10th July 2025
No. of respondents: 536



1 | Difficulty and Sales situation in Q1 2025

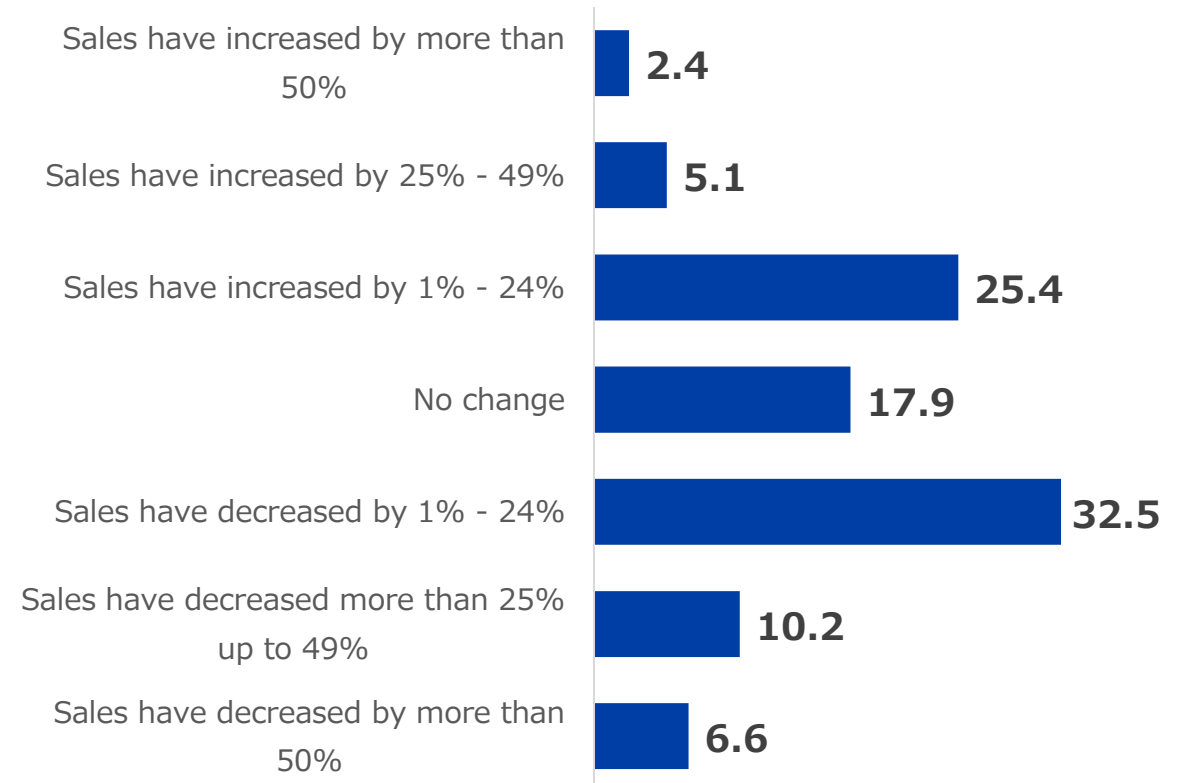
- Since 2023, 40.5% of respondents have consistently identified “soaring raw material costs” as the most significant common issue.
- 32.5% of companies responded that their sales decreased by 1~24%, while 25.4% reported an increase in sales of 1~24%.

Difficulty in the 1st quarter of 2025 in Production & Operation Aspect, %



N=533, multiple answers allowed

Sales situation in Q1 2025, compared to Q1 2024, %

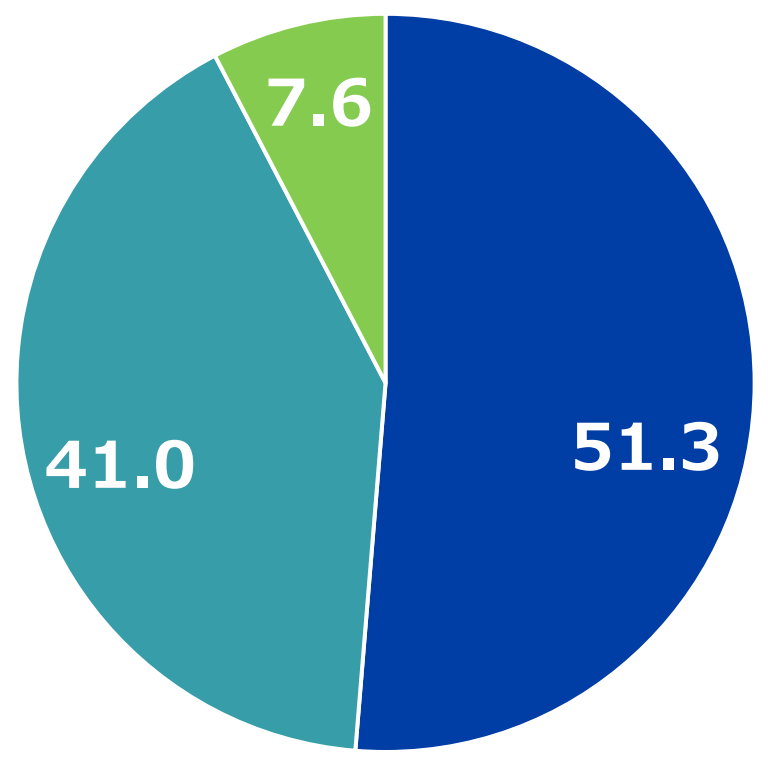


N=532

2 | About half of companies are expecting business expansion

- Regarding business outlook for the next 1-2 years, 51.3% of companies responded that they expect “business expansion”. On the other hand, it decreased by about 8 points from last year.
- Looking at the functions targeted for expansion, “Sales functions” ranked first with 63.0%, followed by “Production functions for high value-added products” with 29.3%, continuing the trend from last year.

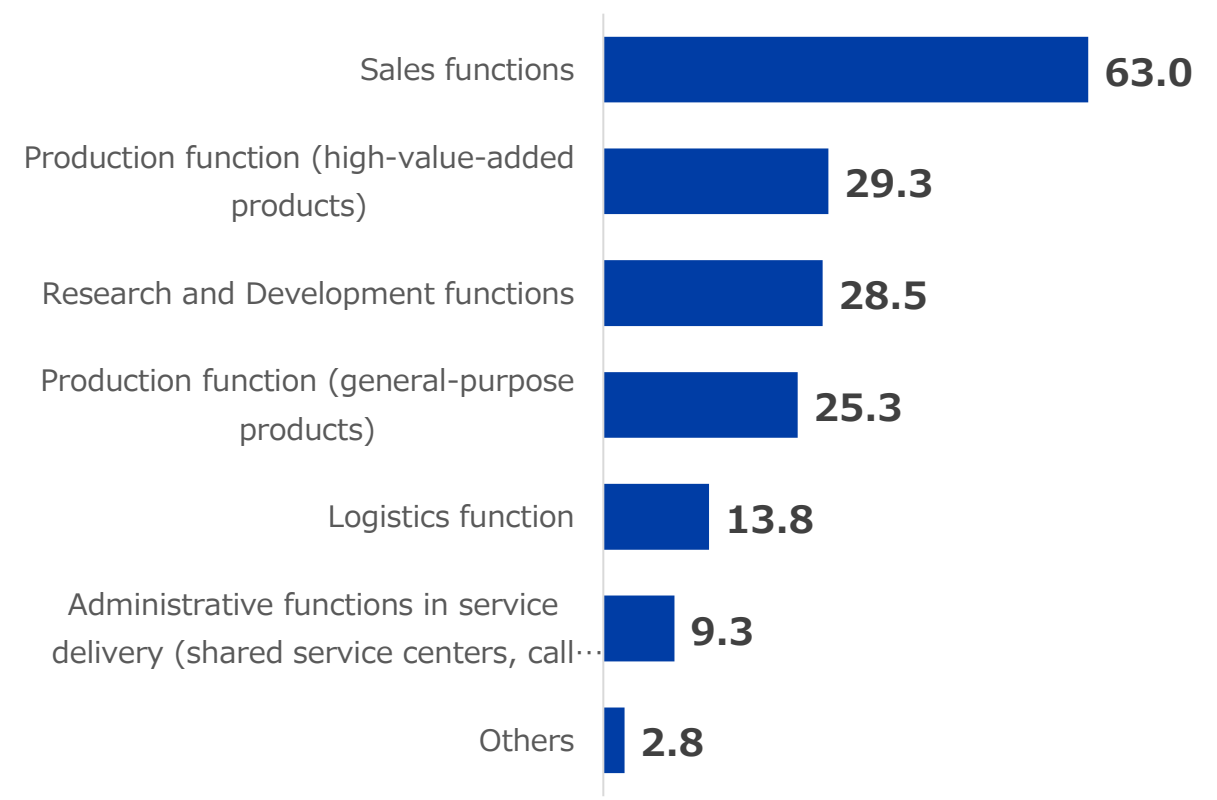
Future business plans/activities in the next 1 to 2 years, %



■ Expand ■ Remaining the same ■ Decrease

N=536

The functions that want to expand, %



N=400, the number of companies which answered “Expand” in the right graph, multiple answers allowed

3 | Addressing non-tariff barriers is seen as just as important as dealing with inflation risk

- 45.0% of companies requested the government to “address non-tariff barriers to facilitate the movement of goods” and “respond to inflation risk”.

Requests that you would like to make to your government(s), %



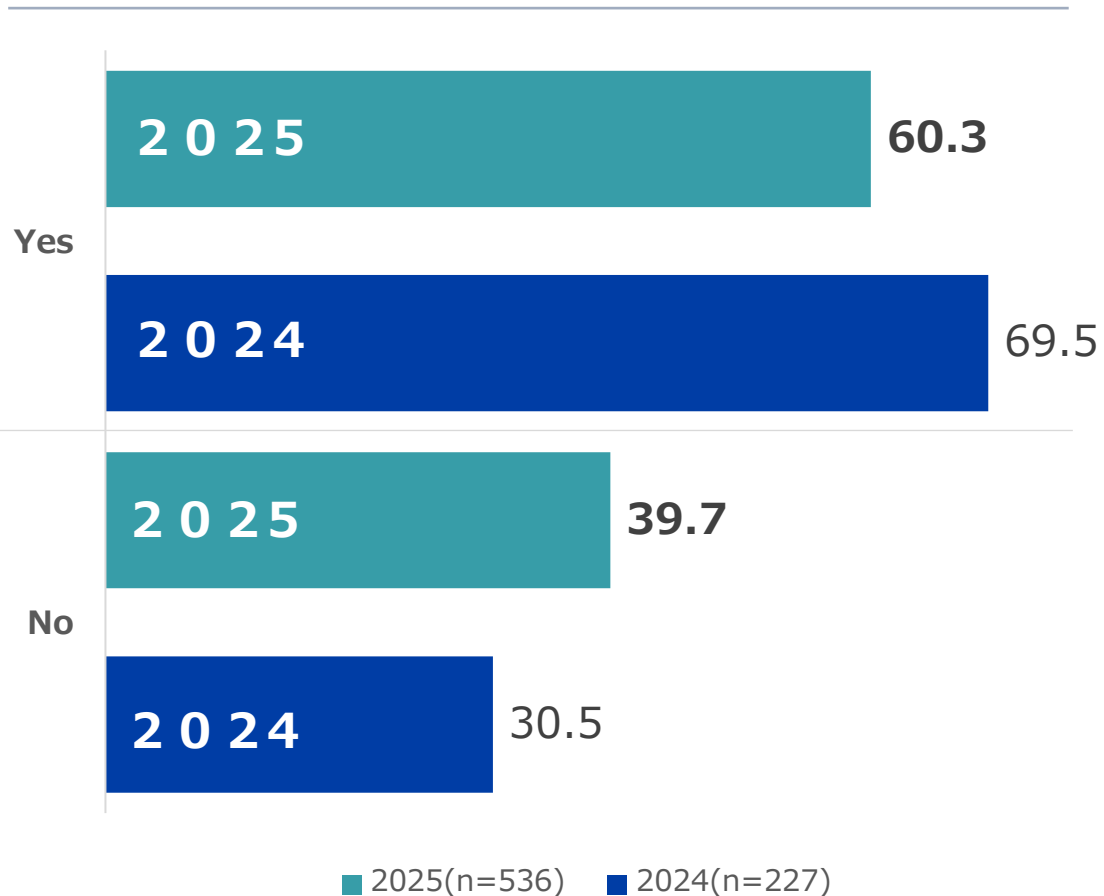
N=531, multiple answers allowed

1

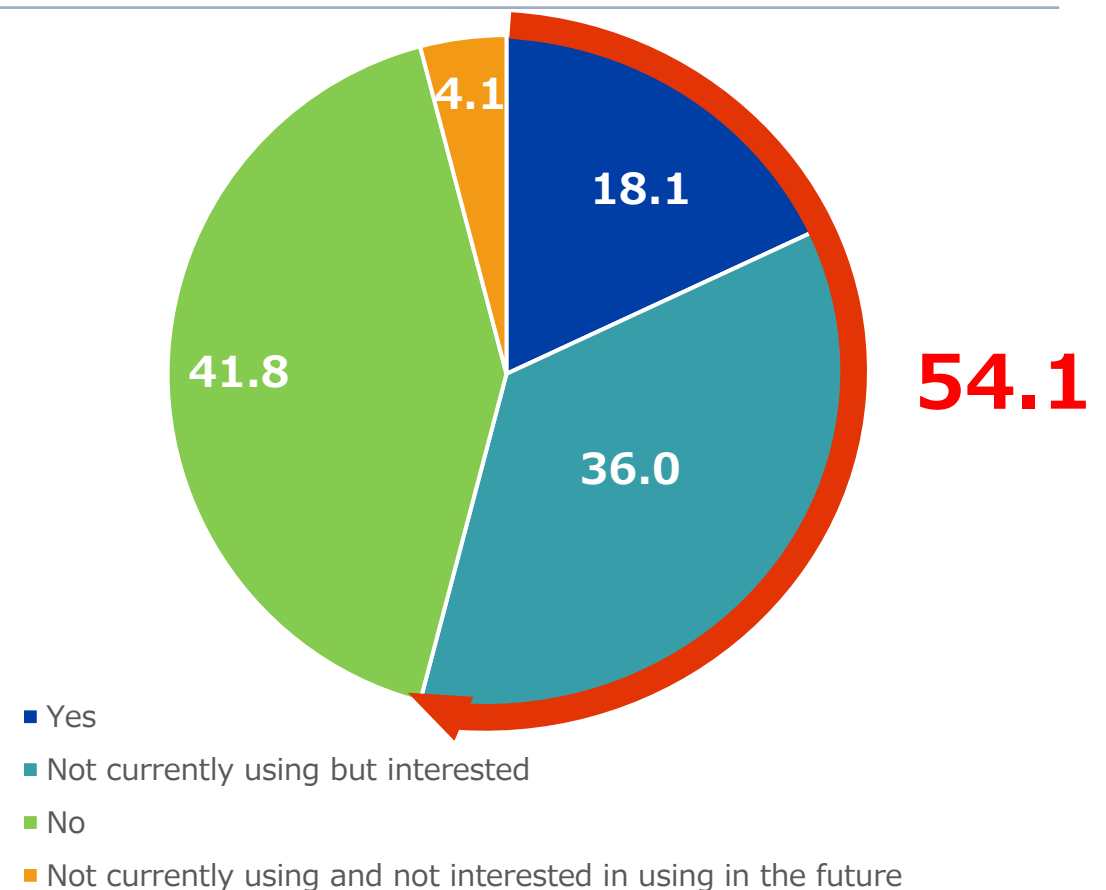
Awareness of RCEP approaches more than 60% in 2025, while its utilization rate remains at under 20%

- Awareness of RCEP was 60.3%. More than half of the respondents were aware of it.
- Including those who are “Not currently using but interested”, 54.1% are positive about using RCEP. However, the gap between awareness and usage, which exceeds 40%, is an issue.

Awareness of RCEP, %



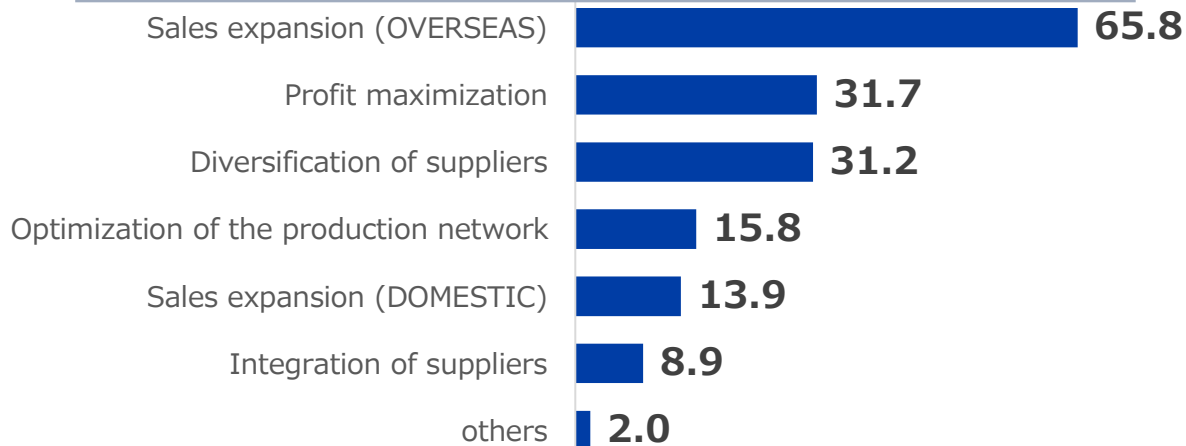
Utilization of RCEP, %



2 | 66% of companies use RCEP to “expand overseas sales”

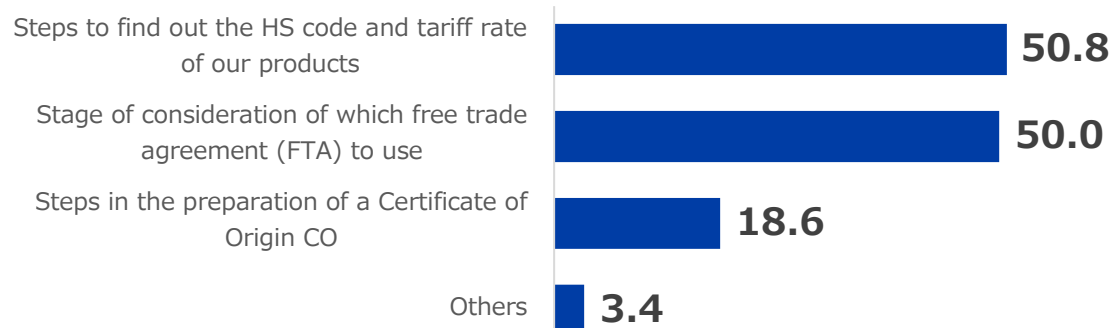
- As many as 65.8% of companies answered that their purpose in using RCEP was to “expand overseas sales”, followed by “Profit maximization” at 31.7%.
- Meanwhile, 48.1% of companies answered that the biggest reason for not using RCEP was because they “Do not know where to start”.

RCEP’s Beneficiary to businesses, %



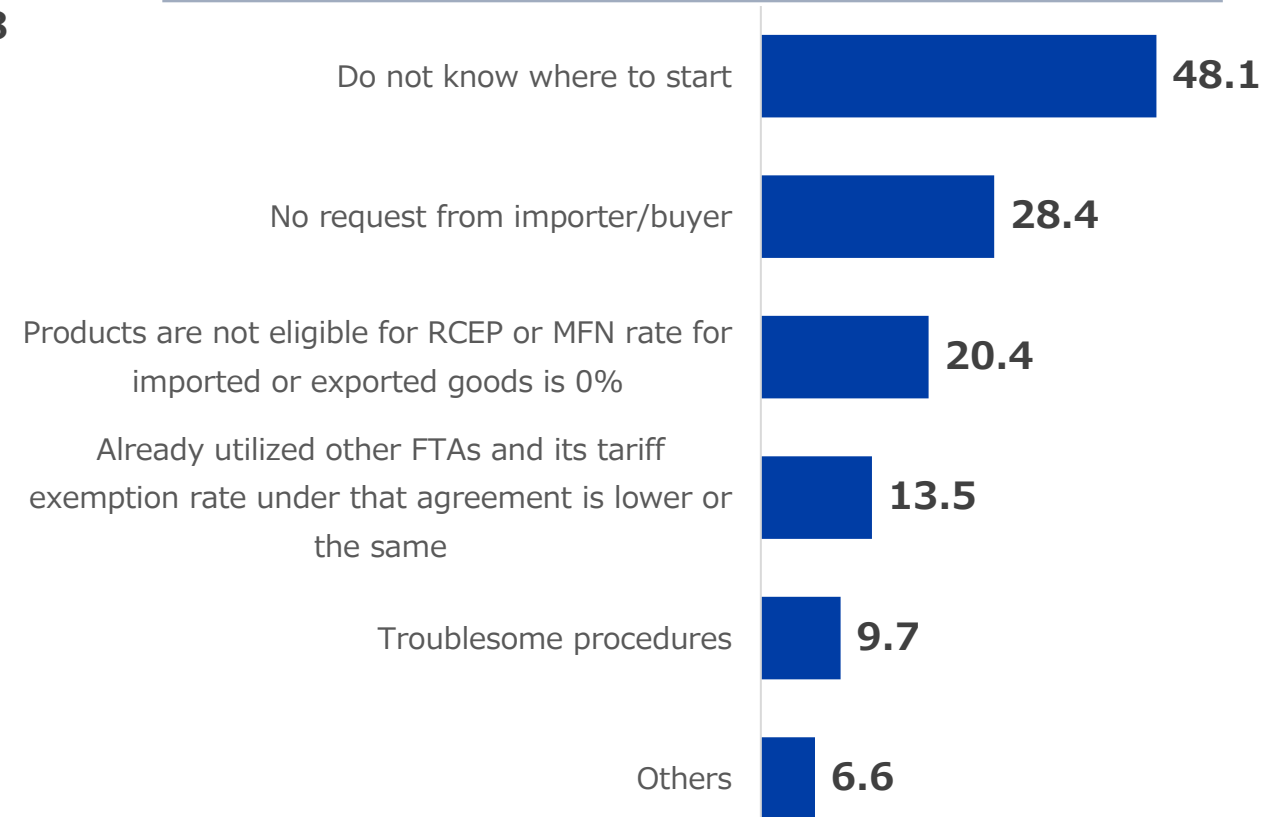
N=202 which is the No. of companies have used RCEP, multiple answer allowed

Current status for use of RCEP, %



N=236 which is the No. of companies are "Not currently using but interested" in RCEP, multiple answers allowed

The reason why not using RCEP, %



N=289 which is the No. of companies have not used RCEP, multiple answers allowed

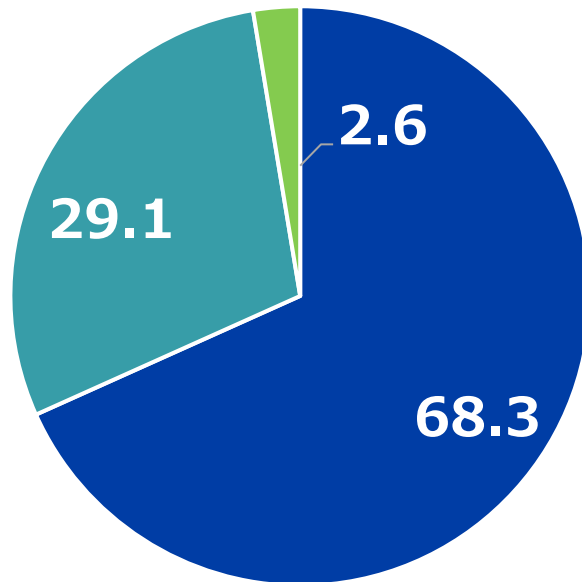
3

68.3% of companies want CO to go digital (Data Exchange Format)

- 68.3% of companies want CO to go digital (Data Exchange Format).
- The biggest reason for digitalization was that it saves time and effort compared to handling paper and PDF documents.

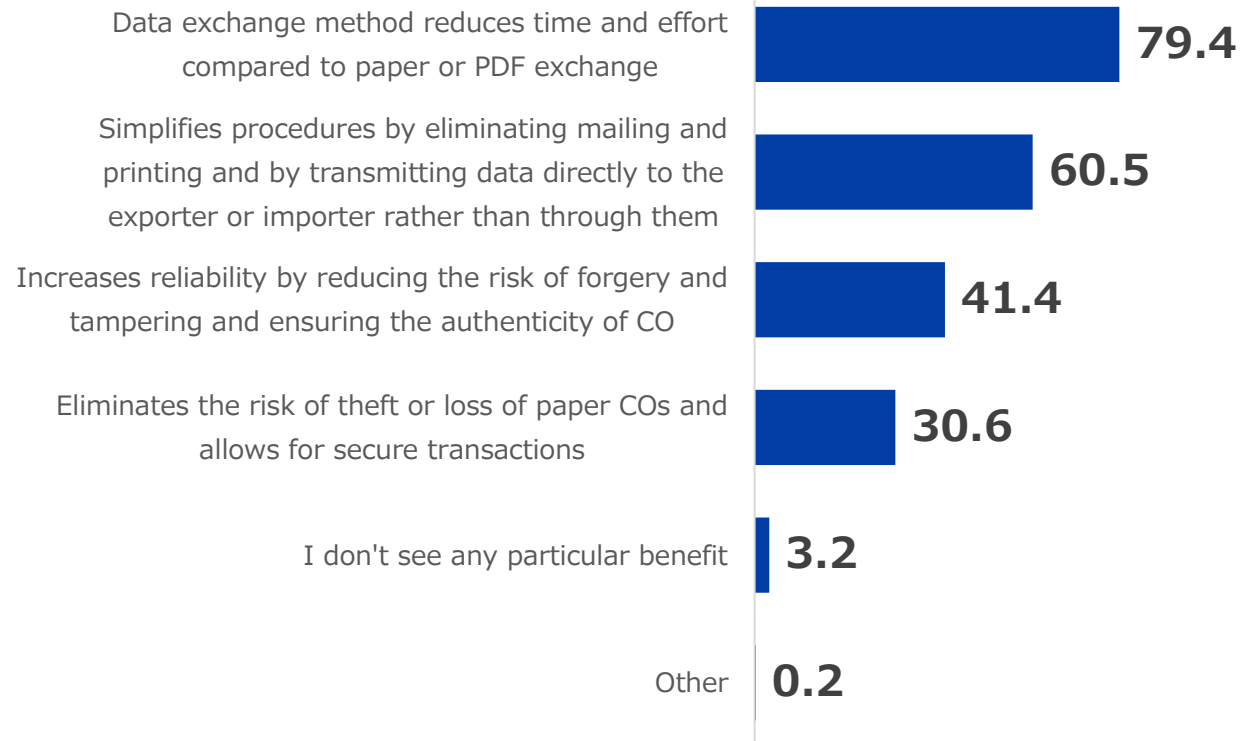
Support the adoption of a Digital CO (e-CO),%

N=536



- Yes (Wish the digitalization in CO data exchange system)
- Not sure / No opinion
- No (Do not wish the digitalization in CO data exchange system)

Benefits of a Digital CO (e-CO), %



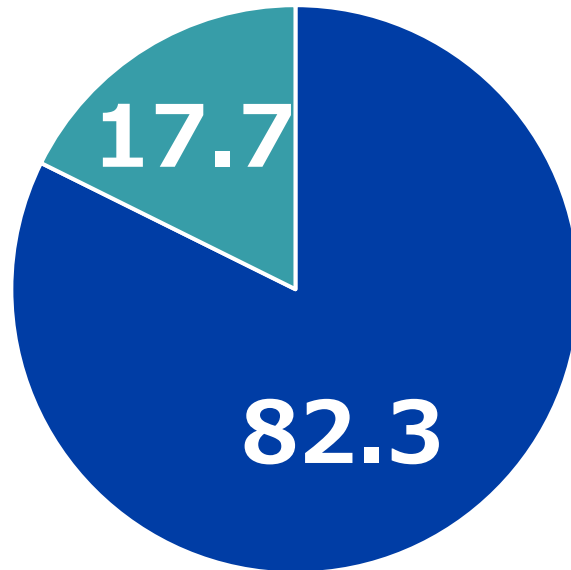
N=408 which is the No. of companies responded "Yes" in the graph left, multiple answers allowed

1

More than 80% of companies want measures to ensure a stable supply chain

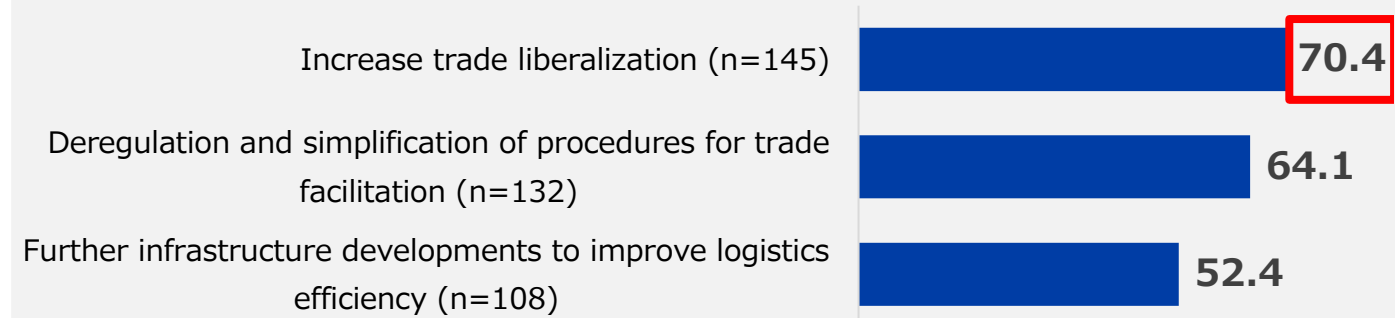
- The most frequently requested measure for the government to take is the promotion of trade liberalization, including EPAs, at 70.4%.
- The most common response regarding measures that companies should take is to increase the flexibility of their supply chains, at 45.7%.

Do you think your company needs to take any measures to maintain a stable supply chain in the region?(%)

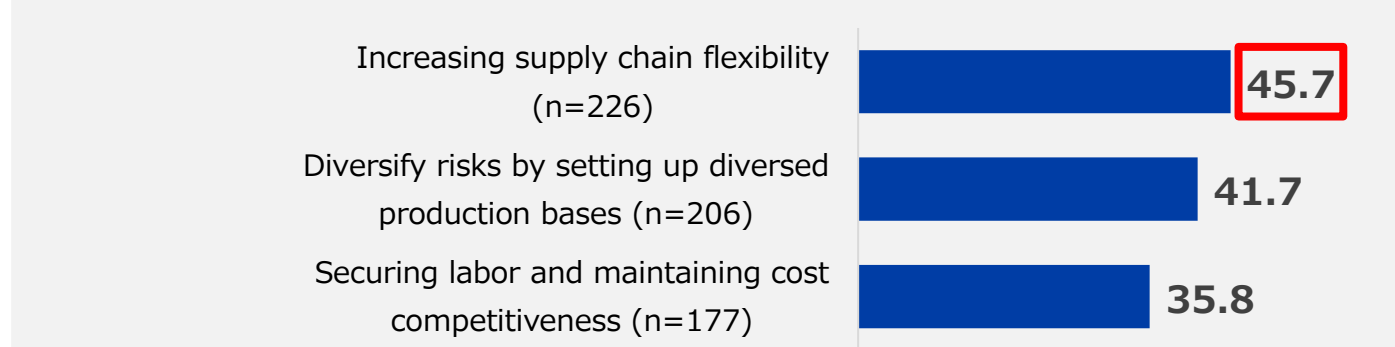


- We think some measures are necessary
- We do not think any measures are necessary

Measures to be taken by the government (%)



Measures to be taken by the company (%)

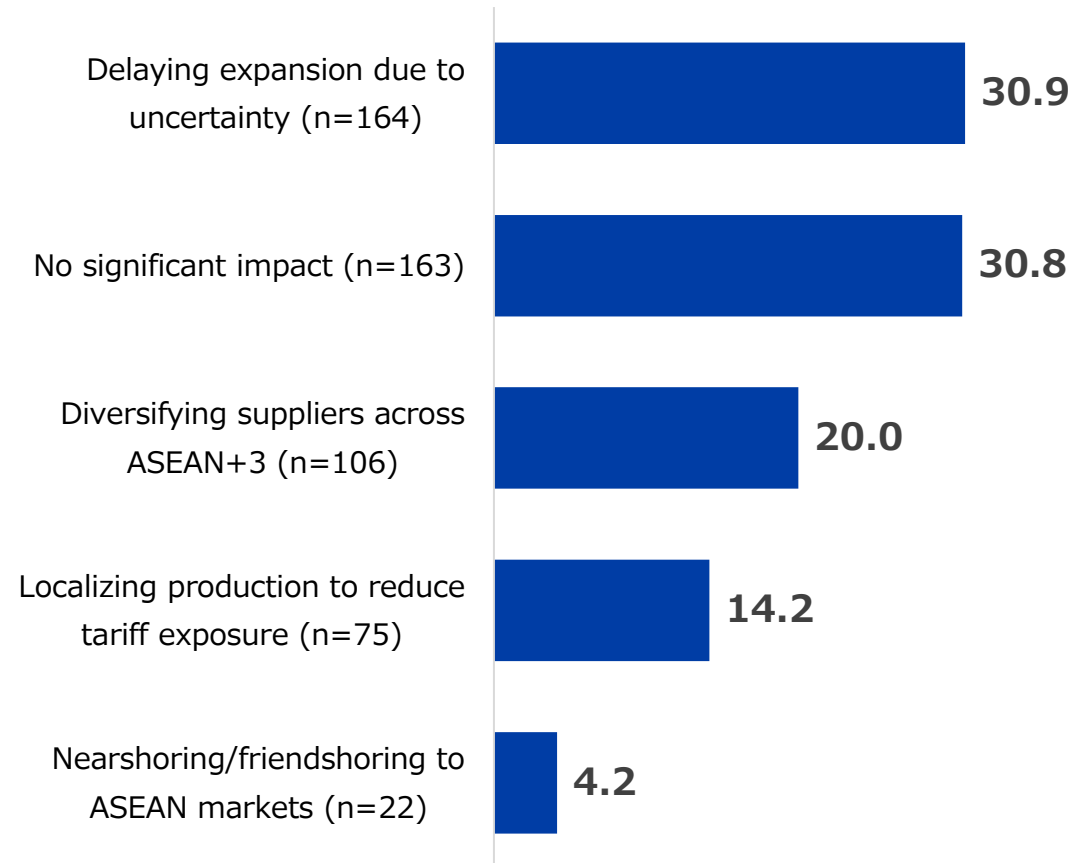


2

Approximately 70% of companies are considering some form of response to recent global tariff policies

- “Delaying expansion due to uncertainty” is the biggest factor at 30.9%. 30.8% responded that there would be “No significant impact”, while the rest, about 70%, are considering some kind of response or are concerned about the impact.

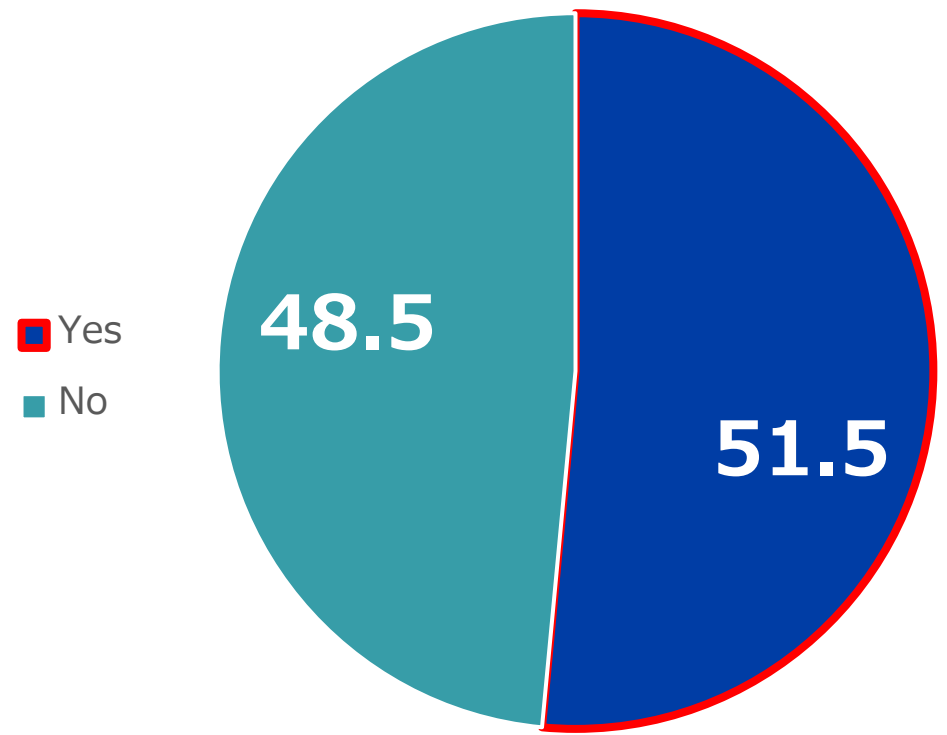
Impact of recent or anticipated global tariffs, including US tariffs(%)



3 | Around 20% have transferred their production bases

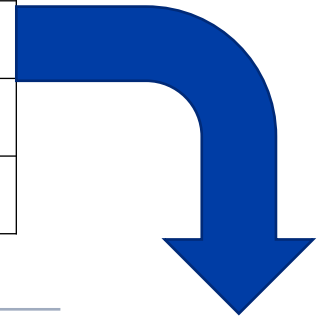
- Over the past five years, 23.3% of companies have relocated their production functions from their original bases. Of these, 72.7% have transferred their bases into the ASEAN region.
- The biggest reason for transferring production function is "Cost reduction." Some companies also cited responding to "Geopolitical risks."

Does your company operate in more than one country/region, including ASEAN countries/regions?(%)



Respondents who answered "transfer" in the last five years,(%)

Production(n=66)	23.3
Regional HQ(n=27)	9.7
R&D(n=17)	6.1



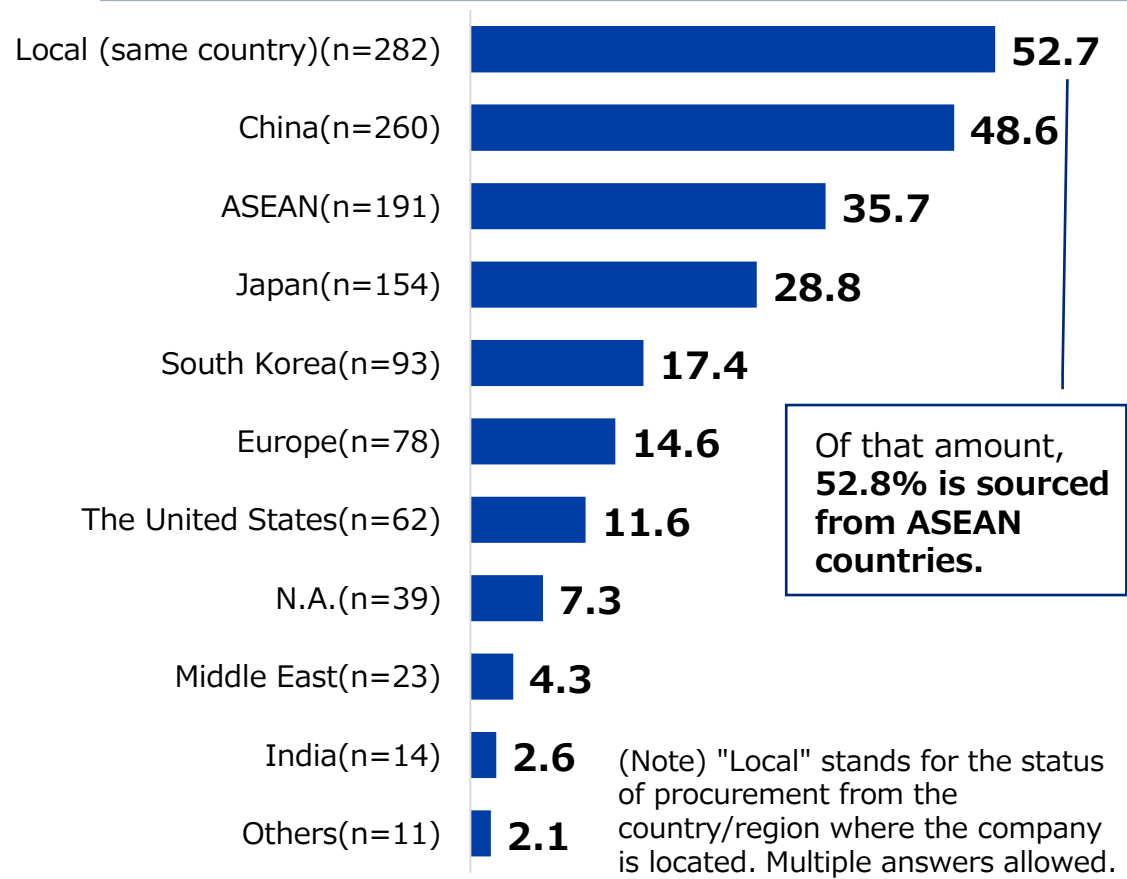
Main reasons for "production transfer"

	Background and Reason (comments)
#1 COST REDUCTION (18)	Cost effectiveness and process capability Localization due to transport cost and import control in the country
#2 BUSINESS / SALES (16)	Customer transferred their models to Malaysia. To respond to local procurement requests in Vietnam, the customer transferred production from China to Vietnam.
#3 PRODUCTION EFFICIENCY (11)	Slim lining Labor and tariff benefits
#4 PRODUCT'S QUALITY ENHANCEMENT (6)	Increase product portfolio, risk hedging Outsource maintenance/project items production to focus on higher-value activities.
#5 ECO-POLITICAL SAFETY (3)	Geopolitical risk

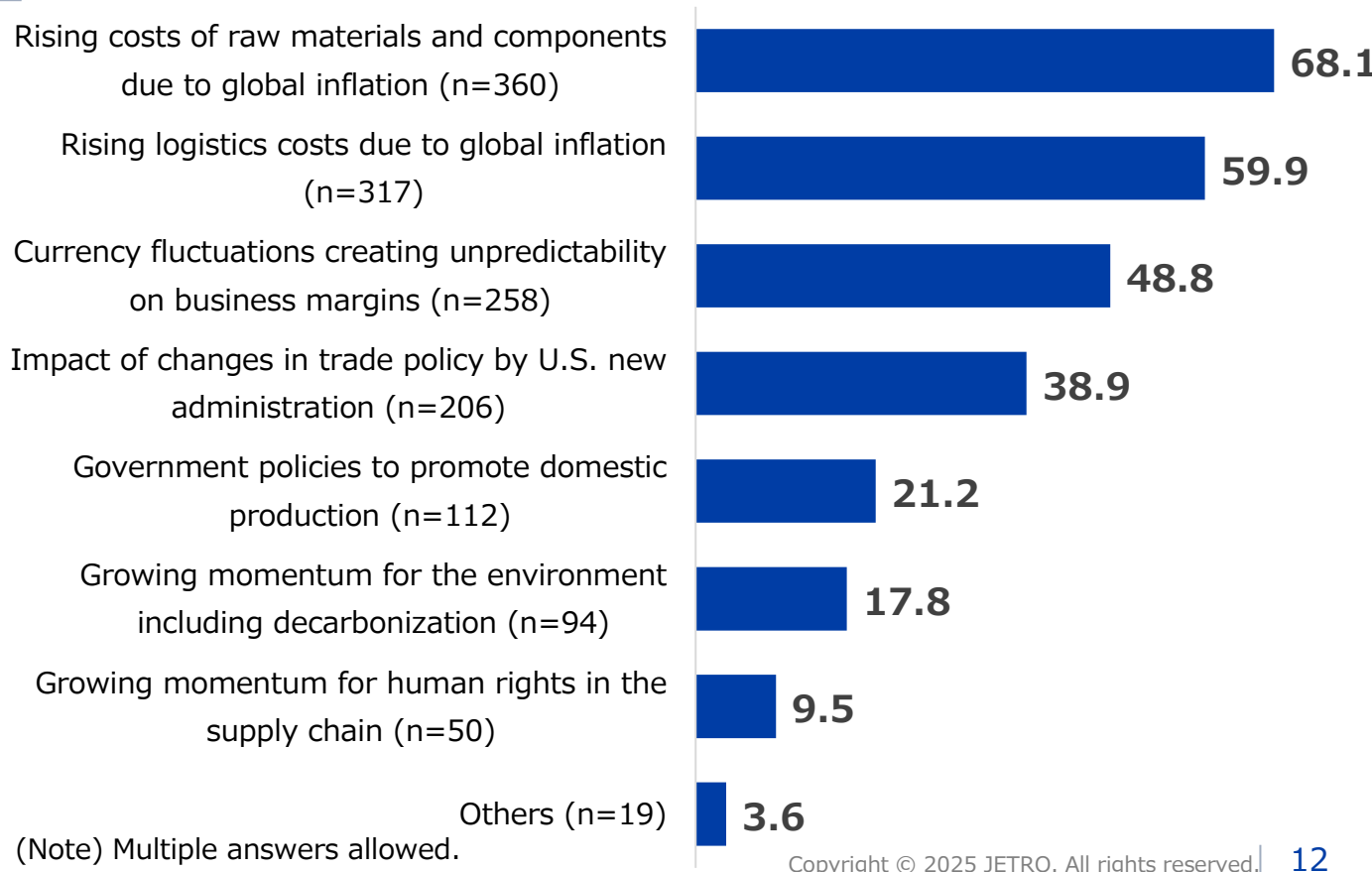
4 | 52.7% of companies procure raw materials and components locally

- The largest source of raw materials and components is local, accounting for 52.7%.
- The most common factor affecting procurement policies is the global inflation-driven surge in raw material and component prices, accounting for 68.1% of responses.

Location of main suppliers for raw material and components (%)

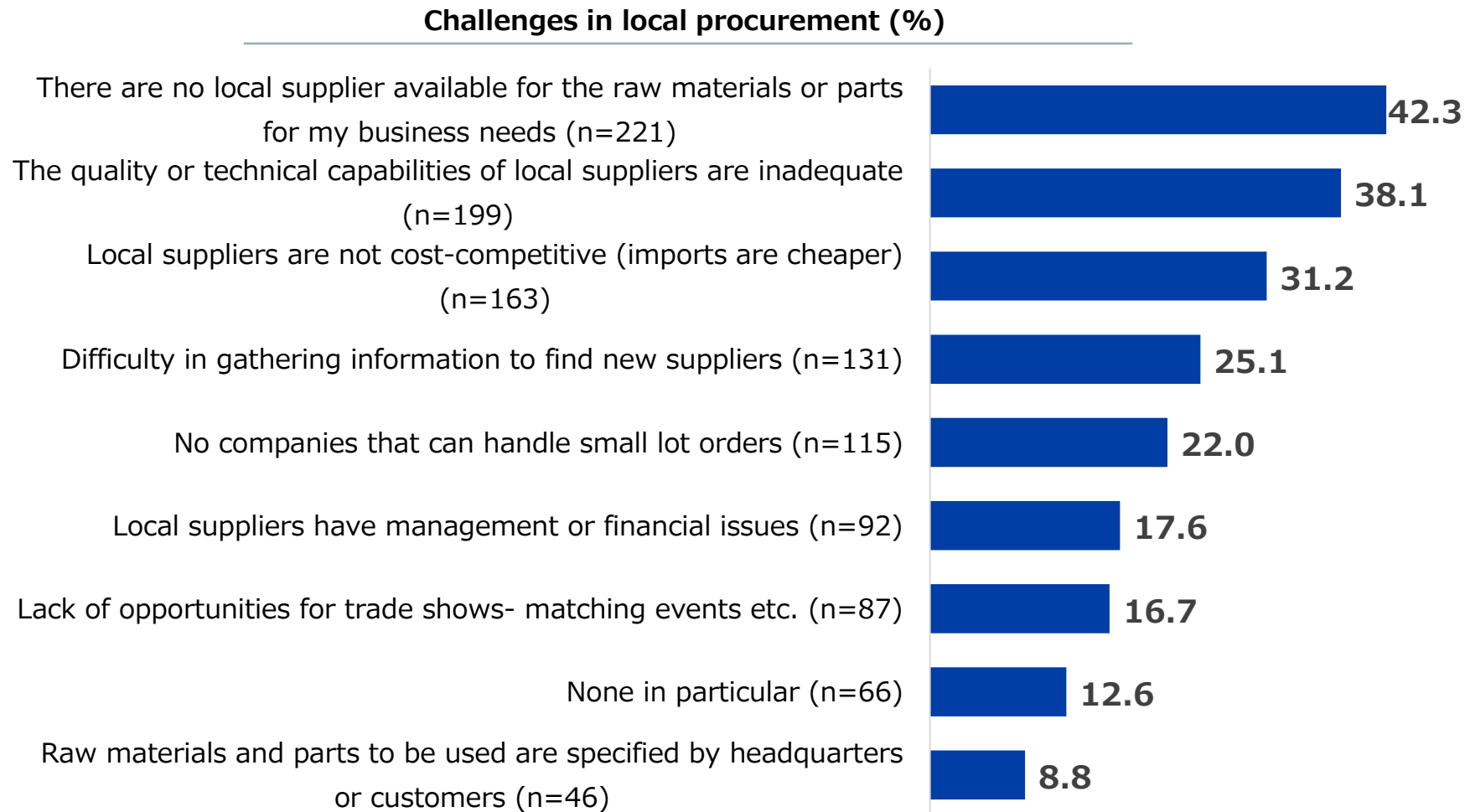


Factors that could influence procurement policy(%)



5 | Essential to develop suppliers who can meet needs

- The biggest reason for the lack of progress in local procurement is the absence of local suppliers, accounting for 42.3%.



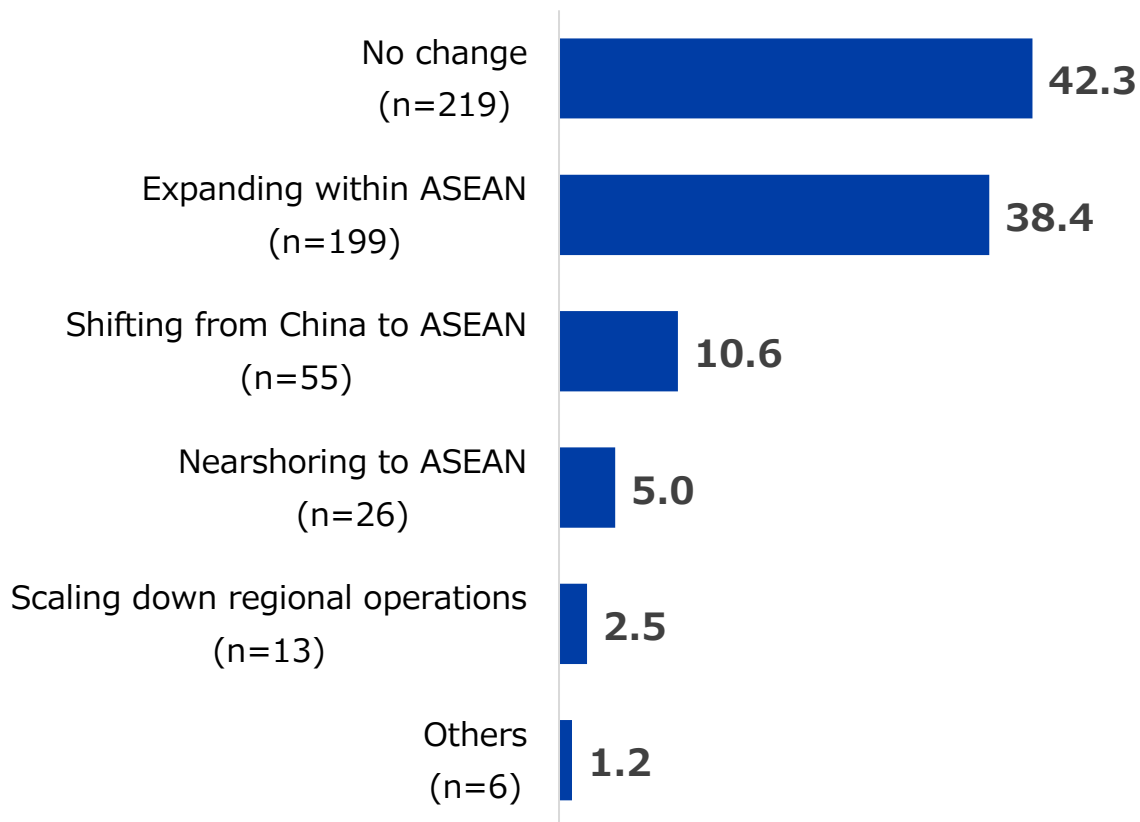
(Note) Multiple answers allowed.

6

Around 40% of companies intend to expand their investment within ASEAN

- Over 40% of companies responded that their investment strategies will remain unchanged over the next three years. At the same time, approximately 40% of companies are eager to expand their investment within the ASEAN region.
- The most significant factor for investment decisions is “Supply chain diversification goals”, accounting for 45%.

Investment strategy change within ASEAN+3 region over the next 1-3 years (%)



Main factors influencing your investment decisions within the ASEAN + 3 region (%)



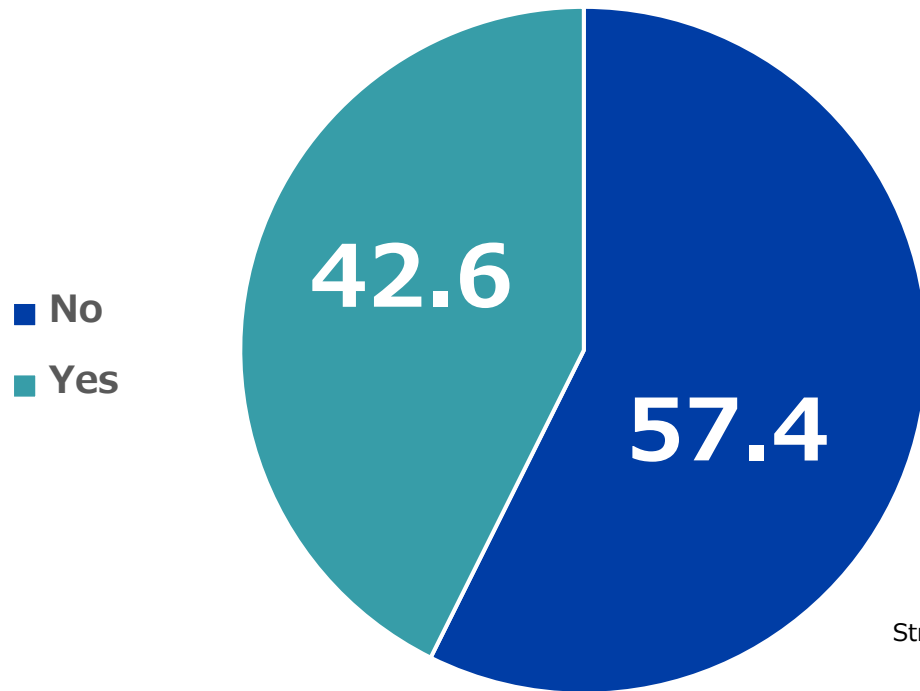
(Note) Multiple answers allowed.

7

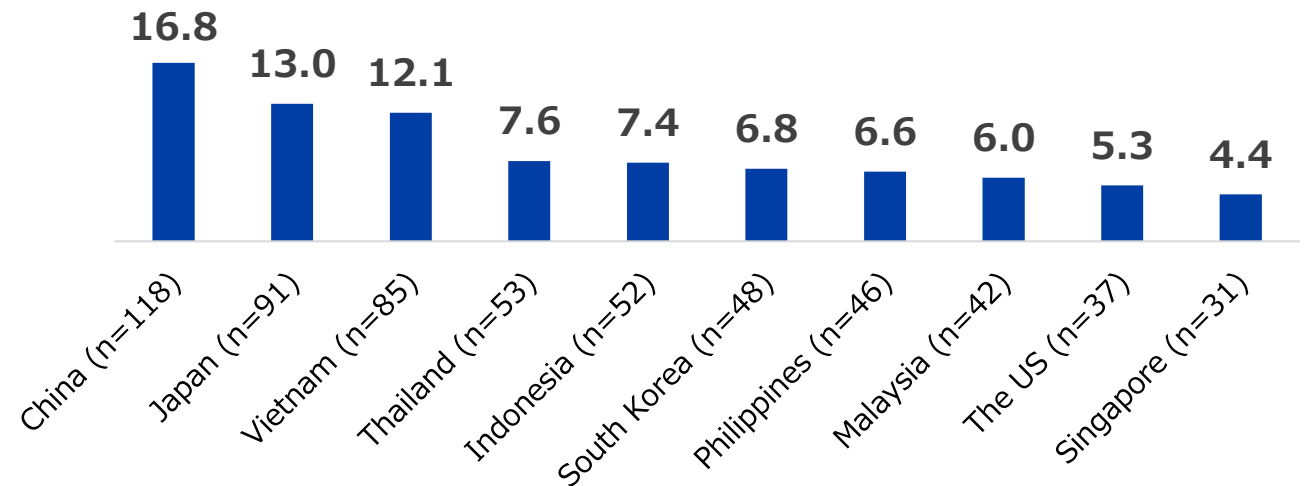
57% of companies have collaborative relationships with companies in other countries

- Cooperation with Chinese companies was the most common, followed by Japan and Vietnam.
- Collaboration in production through consignment manufacturing and OEM was the most common, accounting for 43.9%.

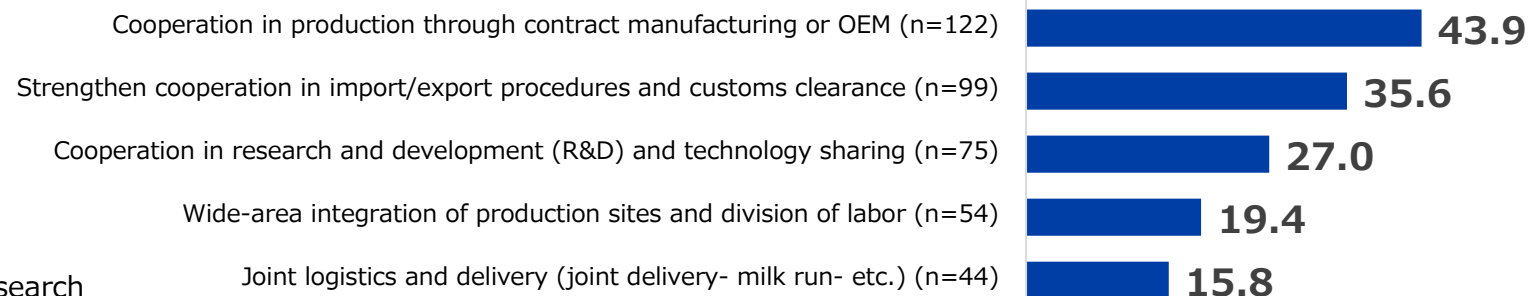
“Collaboration” with companies outside your country in your supply chain (%)



Specific countries of the companies which you cooperate with (%)



Areas of cooperation (TOP 5), (%)



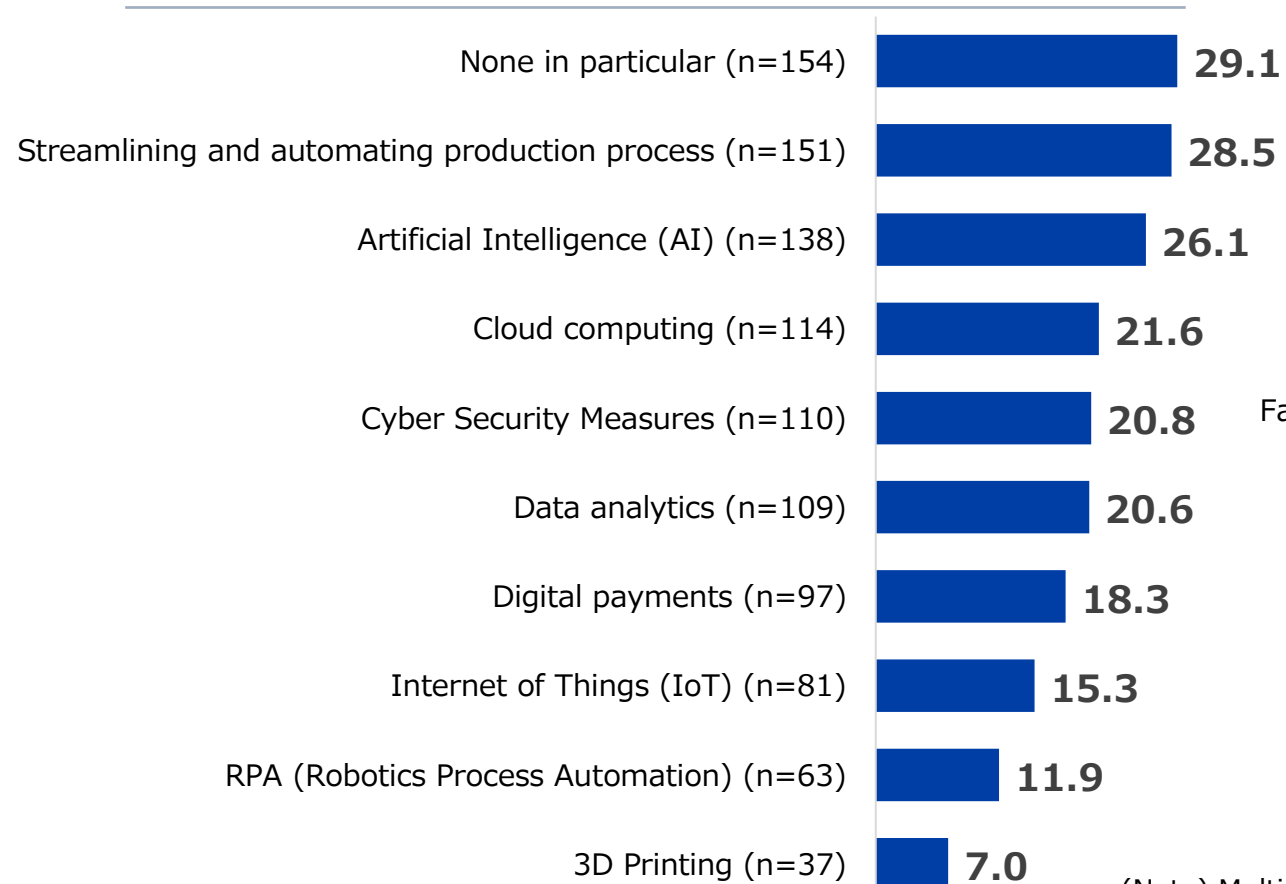
(Note) “Collaborate” means cooperation in production, research and development (R&D), etc.

(Note) Multiple answers allowed.

1 | Digitalization efforts are still in progress

- The largest number of companies, 29.1%, responded “none in particular” in terms of digitalization and technology adoption, followed by, 28.5% cited “streamlining and automating production process”.
- “Business streamlining”, “Increase productivity”, and “Cost reduction” are the main factors driving digitalization.

Level of digitalization and technology adoption (%)



Main objectives for adopting digital technology (%)



(Note) Multiple answers allowed.

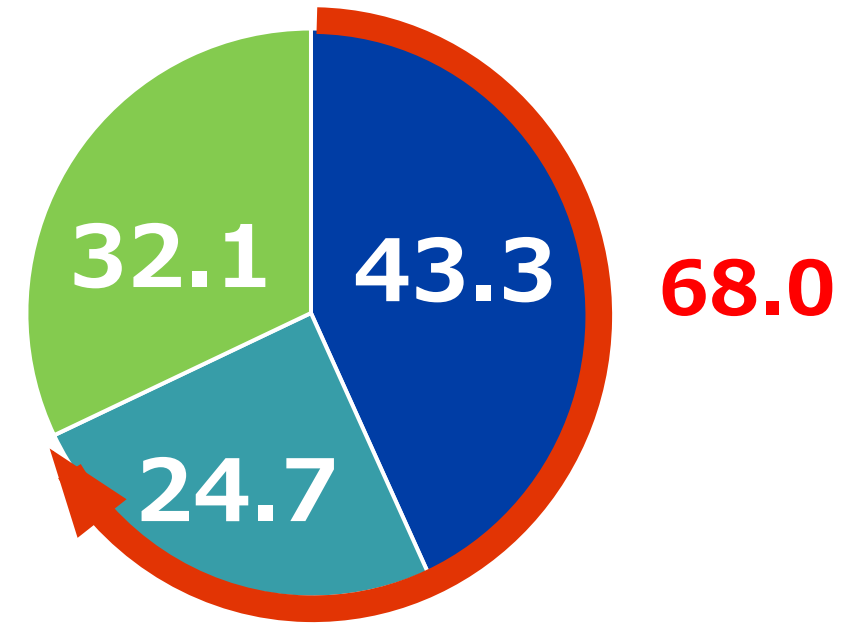
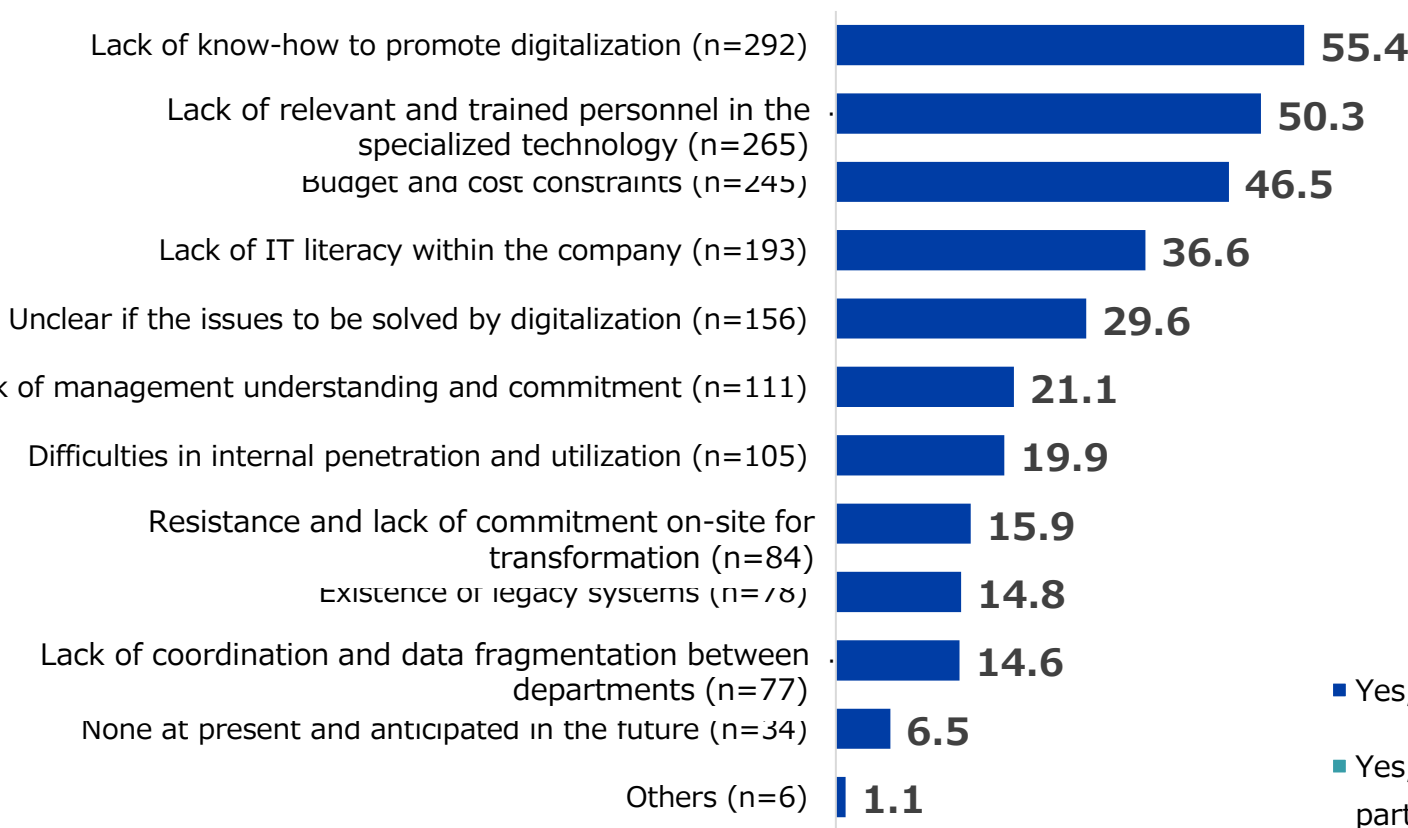
2

Lack of know-how is the biggest challenge to promoting digitalization

- Lack of know-how, human resources, and budget are major challenges to digitalization.
- 68% of companies are interested in QR code interoperability in the ASEAN region.

Key challenges that the company currently faces or anticipates facing in introducing digital technology (%)

Would your company support such an initiative to promote cross-border QR code payment interoperability in the region? (%)



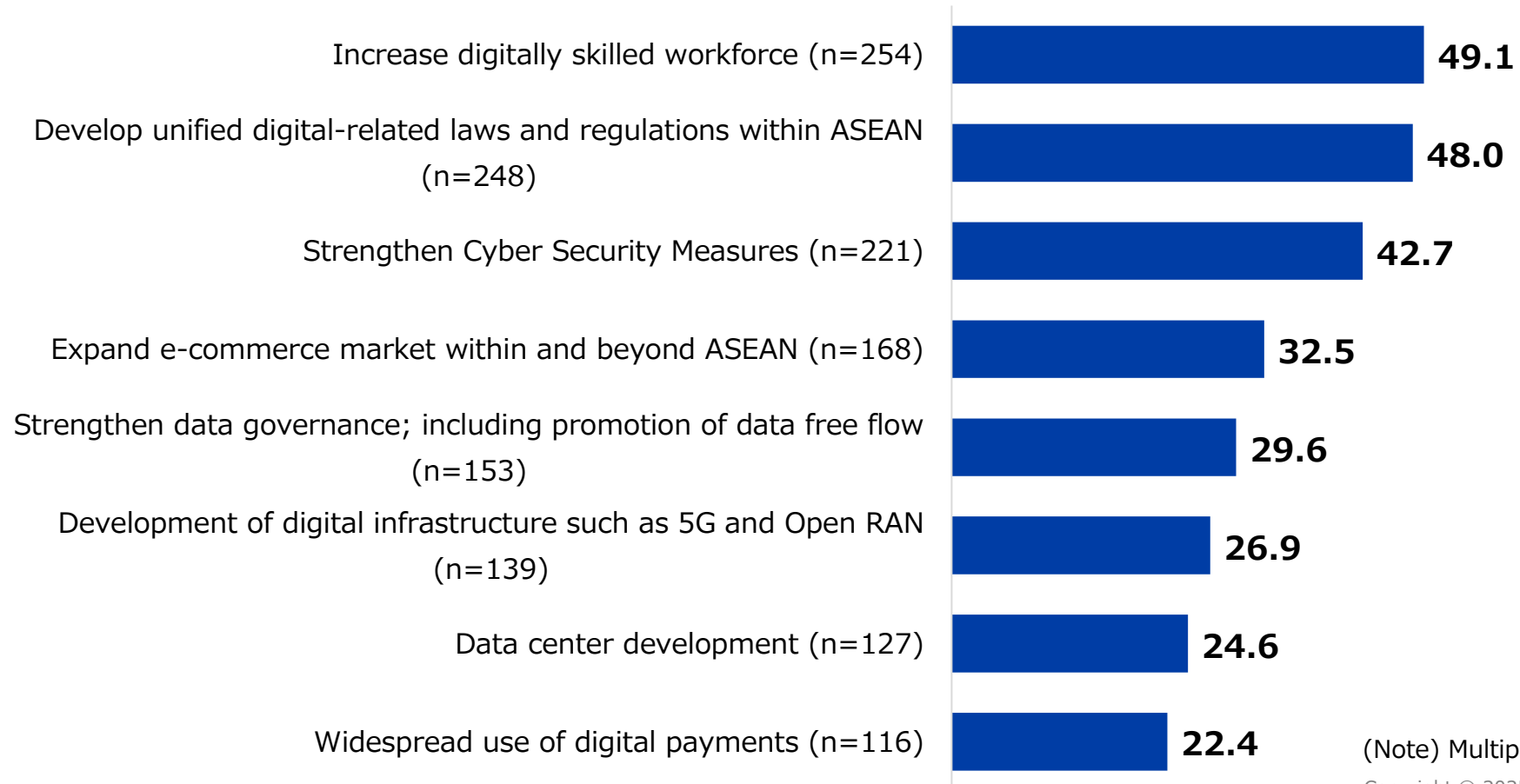
- Yes, we are interested and see potential for our business (n=228)
- Yes, we support the idea and would be interested to explore how we can be part of these development (n=130)
- No, we do not see a need for this at the moment (n=169)

(Note) Multiple answers allowed.

3 | Highest expectations for an increase in digital talent

- Following digital talent, almost half of companies desire the establishment of unified digital-related laws and regulations within ASEAN.

Expected factors to contribute to the growth of the digital economy in your country or region of operation (%)

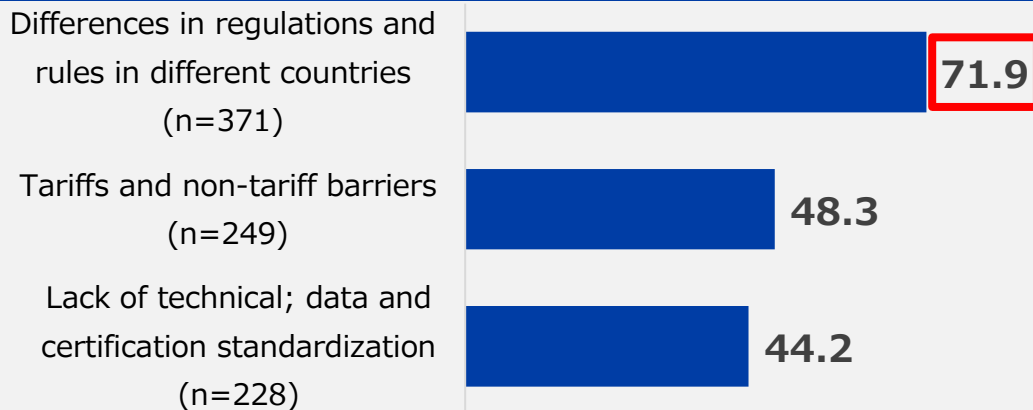


(Note) Multiple answers allowed.

4 | High interest in digital trade and cybersecurity

- To promote digital trade, 71.9% of companies want to see the harmonization of rules that differ from country to country.
- Amidst digitalization, there is a high level of interest in cybersecurity issues such as data leakages and cyberattacks.

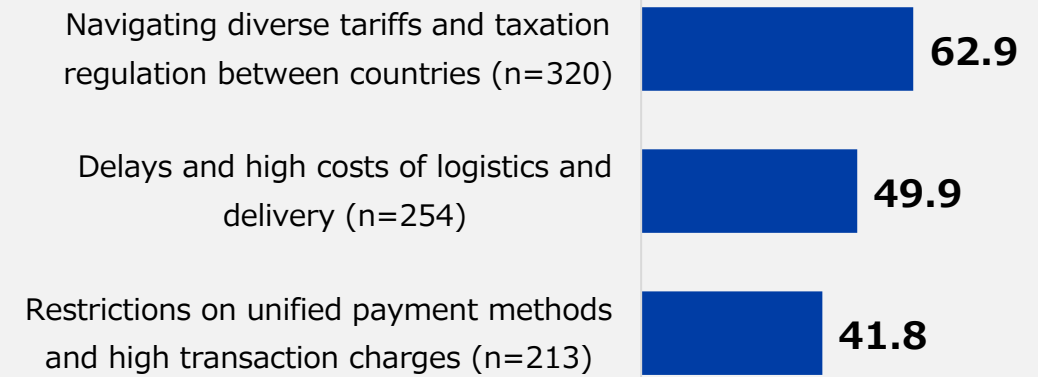
Main barriers to digital trade within/outside the region (%)



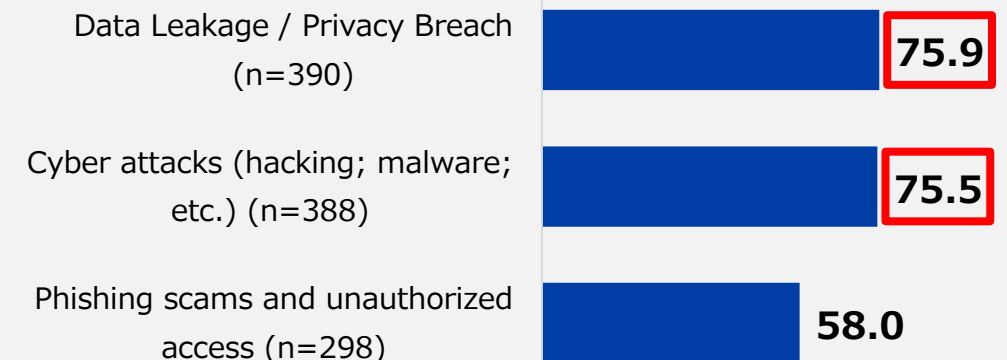
Challenges for using digital payments and electronic invoicing (%)



Challenges in cross-border transactions in e-commerce (%)



Potential risks when it comes to cyber security (%)

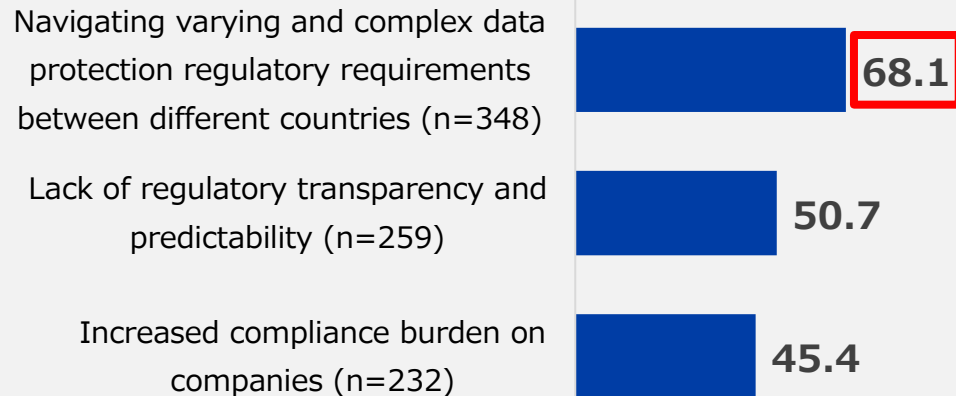


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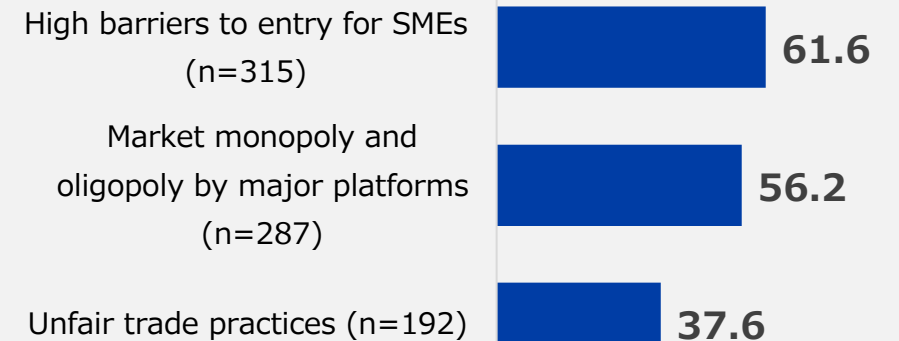
Concerns about the shortage of digital talent and the widening skills gap

- 68% of companies responded that the challenges of cross-border data transfers are due to differences in laws and regulations between countries.
- 73% of companies are concerned about the shortage of digital talent and the widening skills gap.

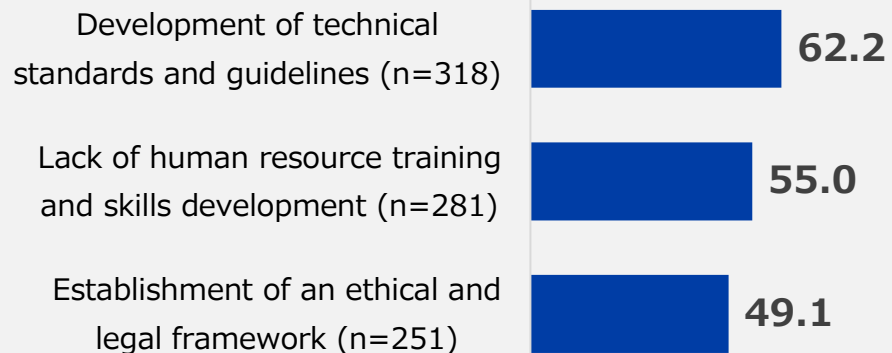
Challenges regarding cross-border transfer of data (%)



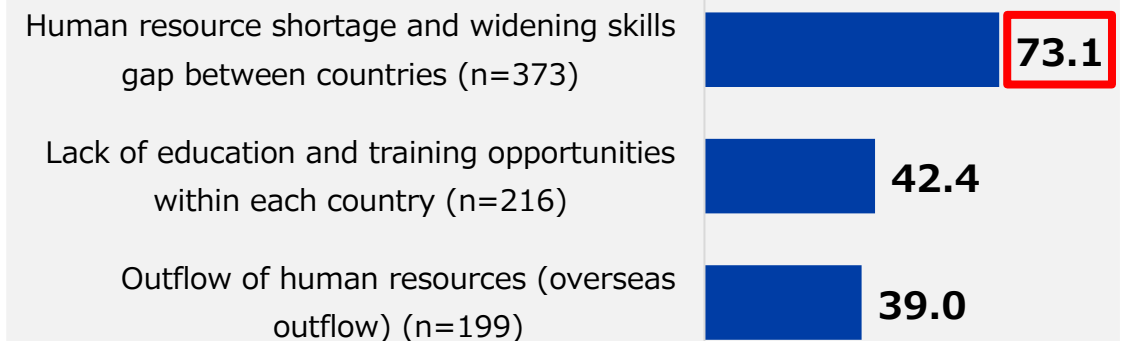
Concerns on the competitive environment in the digital market



Issues to adopt emerging technologies such as AI and blockchain



Challenges on the availability and mobility of digital talent



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Thank you for listening!