

# Asia-Europe Corridor Outlook 2023

Forging Deeper Connections



**HSBC**

Opening up a world of opportunity

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# Series foreword

The potential for trade between two of the world's most important economic areas – Asia and Europe – looks set to grow alongside rising global trade volumes, even in the face of considerable headwinds including the economic fallout of ongoing geopolitical tensions.

This report – the first of four on global trade corridors from HSBC – looks particularly at the trade and mutual opportunities for Asia's growth economies – China, India and the ten-member Association of Southeast Asian Nations, ASEAN (Asia-3) – and five key markets in Europe – Germany, France, the UK, the Netherlands and Ireland (Europe-5). ASEAN may not operate as a group like the European Union but as a trade bloc, its \$3.66 trillion collective GDP in 2022 makes it the fifth largest economy in the world behind the United States, China, Japan, and Germany<sup>1</sup>. ASEAN is also growing faster than any other major Asia-based groupings.

This report looks at the global macroeconomic context behind the trade figures for the two continents and the risks and growth potential for the coming years. It then looks at how GDP forecasts and foreign direct investment (FDI) inflows data point to particularly sizeable opportunities for European corporates and investors exporting to Asia.

Also detailed in this report are the leading product categories for trade between Asia-3 and Europe-5 and the sectors in which the largest export gaps exist, country-by-country, as identified by the International Trade Centre (ITC). It also details the export potential by country of the five key European economies to each of the Asia-3 markets and vice versa.

For Asian corporates looking to tap European markets, the risks and opportunities are also highlighted. The main areas of cooperation between the two regions are highlighted within the broad categories of energy, talent, sustainability, technology & safety, and development.

Finally, the report details the key sector opportunities for corporates from countries of the Asia-3 in the five European economies under consideration, based on the largest export gaps as identified by ITC.

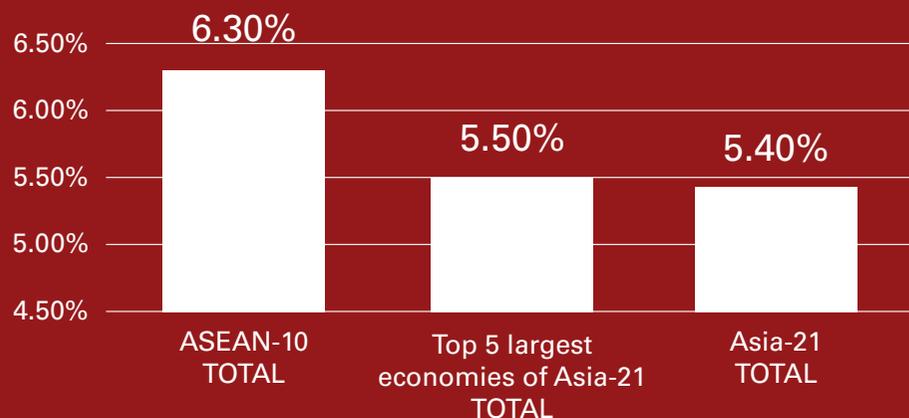


# Executive summary

Opportunities for growth in trade along the Asia-Europe corridor appear promising, particularly for European corporates and investors looking to export to Asia.

GDP growth forecasts over the period 2023-2028 for China, India and ASEAN demonstrate considerable potential, with annual growth projections of 5.2% in 2023 to 3.4% in 2028 for China and 5.9% to 6% for India. ASEAN's ten economies are forecast to grow 4.2% on average in 2023 to 4.5% in 2028, with Singapore hovering between 1.5% and 2.5% over the six-year period and Cambodia, the Philippines, and Vietnam averaging around 6.3%.<sup>2</sup> ASEAN is also growing faster than any other major Asia-based groupings.

**ASEAN grouping to grow faster than other major Asia-based groupings (GDP CAGR 2018-2028)**



Source: IMF's WEO Database, April 2023

Growth for the major economies of Europe is less strong, with average annual predictions for Germany, France, the UK and the Netherlands ranging between 0.9% and 1.7%. Of the five European countries whose Asian trade is detailed in this report, only Ireland showed strong growth prospects, with annual GDP growth over the period projected at 6.2%.

FDI inflows for the two continents also present varied stories. Within Asia, China and Singapore alone accounted for 50% of FDI inflows in 2022, with \$189 billion and \$141 billion, respectively.<sup>3</sup> Growth in FDI for India and other ASEAN economies was a mixed bag with five out of the 10 dipping. In Europe, FDI inflows suggest inward investment is in decline.

**China and India are the most pivotal countries with regard to Europe's trade outlook with Asia, while ASEAN, which is projected to grow at a faster pace than any other major Asian regional grouping, is a key driver of trade growth due to a number of ongoing trends.**

Trade data point to large flows between Asia (as a continent of 50 countries) and Europe overall, but Asian dependence on European imports is sliding. The share of imports into Asia that came from Europe dropped from 18.2% in 2013 to 16.3% in 2022. However, China, India and ASEAN's share grew from 44% in 2013 to 50% in 2022 due to the two large economies, while Southeast Asia decreased its European reliance from 12.9% to 10.8%.<sup>4</sup> European imports from Asia, on the other hand, are increasing, having risen as a share of the global total from 19.5% in 2013 to 23.8% in 2022.<sup>5</sup>

## Executive summary

These contrasting stories suggest the Asia-Europe trade corridor could play a particularly important part in European economies efforts to strengthen their growth prospects. China and India are the most pivotal countries with regard to Europe's trade outlook with Asia, while ASEAN, which is projected to grow at a faster pace than any other major Asian regional grouping, is a key driver of trade growth due to a number of ongoing trends. These include:

- ▶ Demographic growth;
- ▶ Urbanisation;
- ▶ Developed ecosystems for digital trends;
- ▶ The rise of Tier 2 cities;
- ▶ High-value-added services;
- ▶ Export trade.

Despite the contrasting outlook for mutual trade, the prospects for the Asia-Europe trade corridor are largely promising. The corridor is a major component of the global economy. The 51 countries of the Asia-Europe Meeting (ASEM) account for 65% of the global economy, 60% of the global population, 75% of global tourism, and 55% of global trade. On top of this, the 21 Asian partner countries in ASEM contributed 36% of EU international trade in goods in 2020 and were the destination of 27% of exports from the EU and the origin of 45% of EU imports.<sup>6</sup>

European investors will find particular opportunities in ASEAN's digital economy, which was worth almost \$200 billion in 2022 in terms of gross merchandise value (GMV) and is forecast to rise to \$330 billion by 2025,<sup>7</sup> powered by e-commerce, travel, food and transport, and online media. Vietnam and Indonesia are viewed as being the most likely of ASEAN's economies to attract investors in the long run.

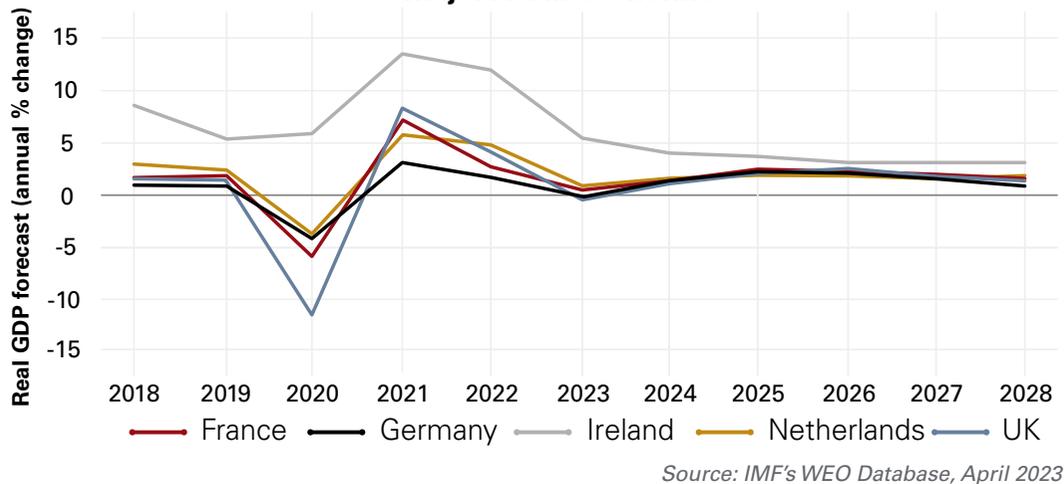
Data from ITC suggest a \$482 billion total opportunity arising from the export potential of the Europe-5 economies to China, India and ASEAN, with China by far the largest market. In the other direction, export potential from the Asia-3 grouping to Europe-5 is assessed to be of \$660 billion, with China again the dominant provider.

**“ European investors will find particular opportunities in ASEAN's digital economy, which was worth almost \$200 billion in 2022 in terms of gross merchandise value (GMV) and is forecast to rise to \$330 billion by 2025 ”**

# Summary infographics

1. GDP forecasts and FDI inflows suggest contrasting trajectories for Asia and Europe, making connectivity key for Europe

Europe's major economies are also forecast to return to pre-Covid growth levels, but expand less rapidly than major Asian economies



2. China, India and ASEAN present a \$482 billion opportunity for five key European exporters based on export potential data.

## \$482 bln

Trade potential for Europe-5 exporters in Asia-3 markets

Source: Analysis based on ITC TradeMap

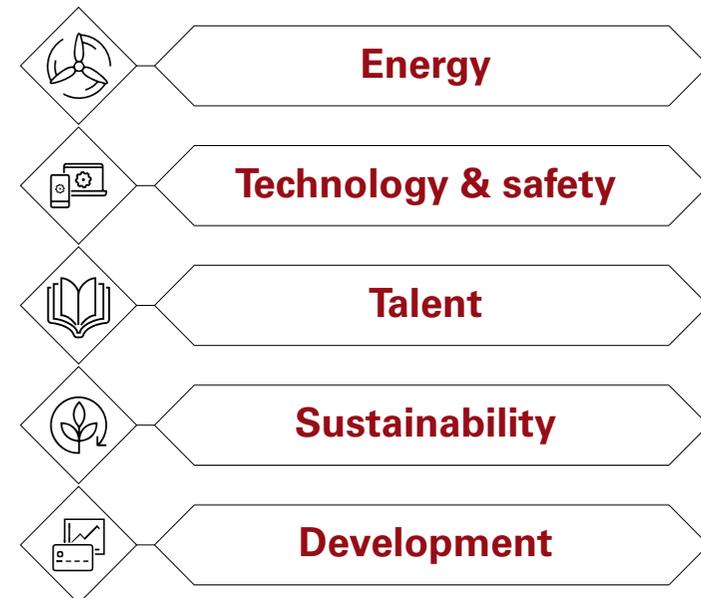
3. Major economies in Europe present a \$660 billion opportunity for Asian exporters based on export potential data.

## \$660 bln

Trade potential for Asia-3 exporters in Europe-5 markets

Source: Analysis based on ITC TradeMap

4. Cross-sector industry disruption, climate change, and geopolitical risk are forging a new global economy where Asia-Europe corridor can play a key role.



# What are the Asia-3 economies?

Asia-3 is a grouping used in this report as shorthand for the three major growth regions of Asia: China, India and ASEAN



## ASEAN economies



## What are the Europe-5 economies?

Europe-5 is a grouping used in this report as shorthand for five key economies in Europe: France, Germany, Ireland, the Netherlands, and the United Kingdom.

France

Germany

Ireland

Netherlands

United Kingdom



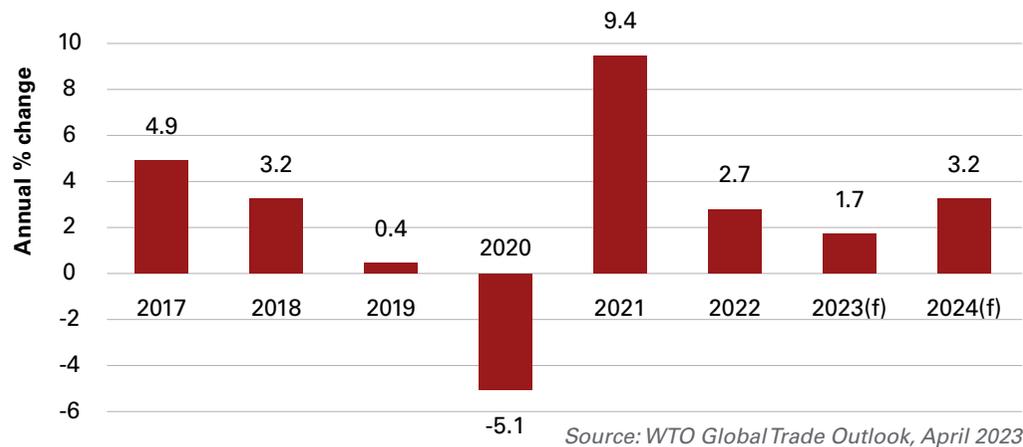
**The Asia-Europe Corridor  
has strong foundations  
on which to build**



## Global Macroeconomic Context

Global trade volume grew 2.7% in 2022. This was less than 3.5% which the WTO forecast in Oct 2022, due to a downturn in Q4 2022, but still ahead of the worst-case forecasts made following the outbreak of the conflict in Ukraine. At the same time, the value of global merchandise trade increased 12% to \$25.3 trillion, due in part to heightened global commodity prices. Looking ahead, the outlook for world merchandise trade volume will be subdued in 2023, with projected growth of 1.7%. Growth is forecast to rise to 3.2% in 2024. Risk drivers of this restrained outlook include geopolitical issues, food insecurity, increasing debt levels, and potential financial instability due to tightening monetary policy.<sup>8</sup>

**World merchandise trade volume forecast to pick up in 2024**



Despite this daunting economic environment, prospects for the Asia-Europe trade corridor remain broadly promising. The contiguous Eurasian corridor is a key driver of the global economy. One forum of these regions – the Asia-Europe Meeting (ASEM) – brings together 51 countries: 21 from Asia (11 Northeast and South Asian [NESAs] countries and 10 ASEAN member states) and 30 from Europe (27 EU member states along with the UK, Norway and Switzerland). ASEM countries account for 65% of the global economy, 60% of the global population, 75% of global tourism, and 55% of global trade.<sup>9</sup> Moreover, the 21 Asian partner countries are especially important to European trade, collectively making up 36% of EU international trade in goods in 2020,

in which year they were also the destination of 27% of exports from the EU and the origin of 45% of EU imports.<sup>10</sup>

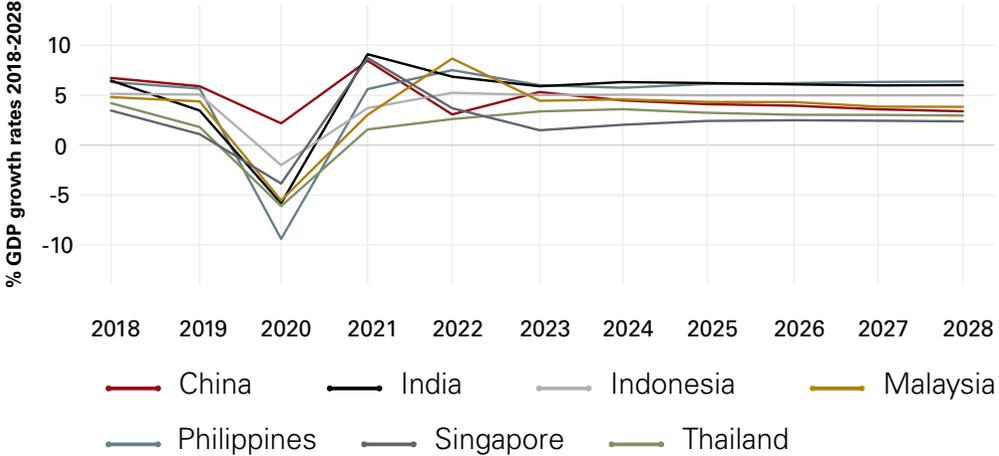
**ASEM countries account for 65% of the global economy, 60% of the global population, 75% of global tourism, and 55% of global trade.**



# GDP forecasts and FDI inflows suggest contrasting trajectories for Asia and Europe, making connectivity key for Europe

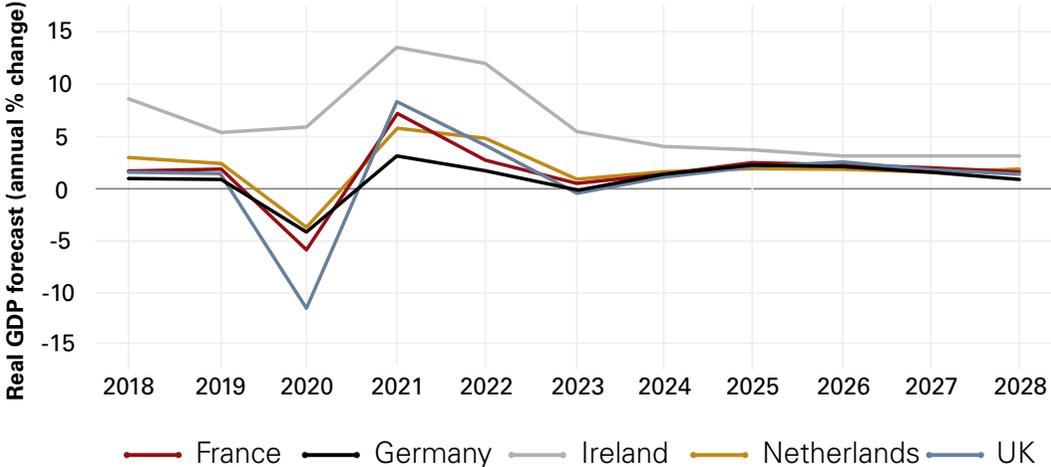
GDP growth forecasts over the six-year forward-looking period 2023-28 for China, India and ASEAN countries indicate considerable potential. Average annual GDP growth rates in Asia-3 countries range mostly between 2.26% and 6.56%, while forecasts for the Europe-5 economies are far behind at 1.21% to 3.71% (Ireland the outlier with average growth at the top end) over the same period 2023-2028.<sup>11</sup>

**China, India and ASEAN-5: Asia's key growth economies are forecast to return to pre-Covid growth levels**



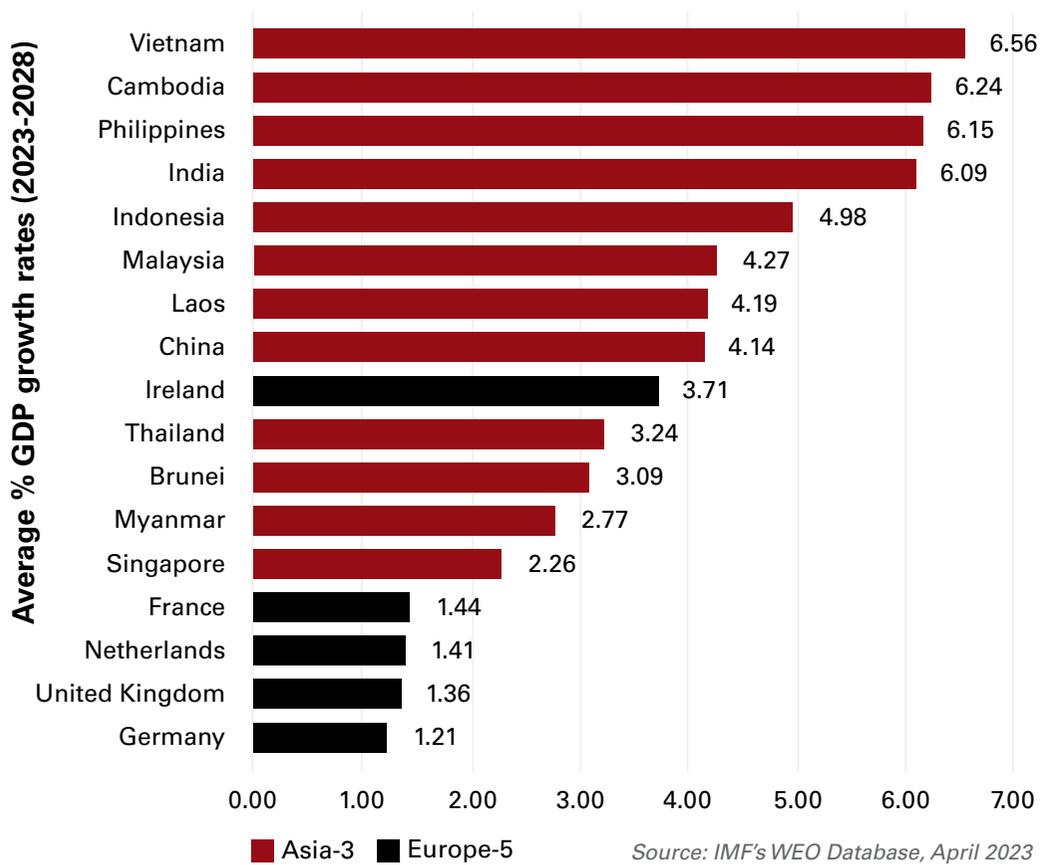
Source: IMF's WEO Database, April 2023

**Europe's major economies are also forecast to return to pre-Covid growth levels**



Source: IMF's WEO Database, April 2023

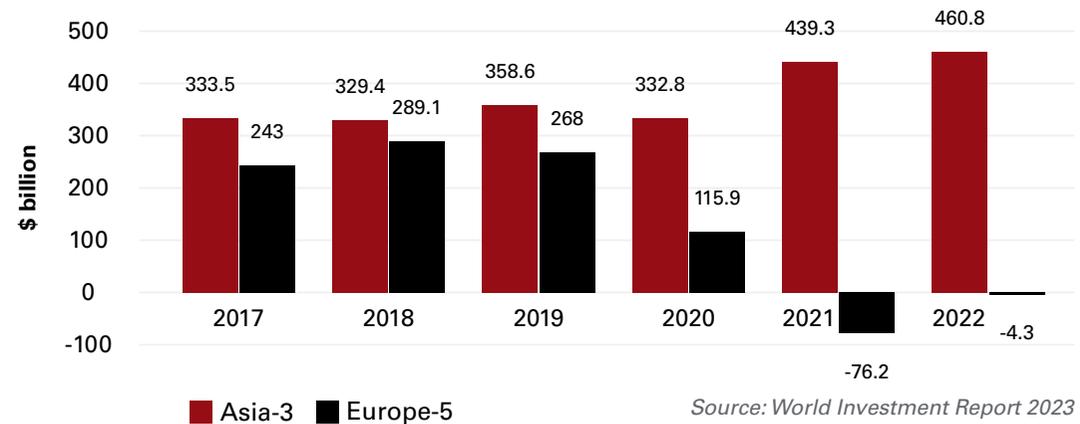
**Asia-3 economies are forecast to grow faster than all of Europe's key economies, except Ireland, from 2023-2028**



(France, Germany, Ireland, the Netherlands, and the UK) demonstrate falling levels of inward investment although there was cause for optimism in 2022 when inflows recovered.

The GDP and FDI data point to challenging times ahead for the major European economies, and the contrasting expectations for Asia suggest the Asia-Europe trade corridor could play a crucial role in European economies' efforts to reverse an unpromising trajectory, especially since the EU's deficit in trade in goods with its main Asian partners was noticeably significant, at €244 billion in 2020.<sup>12</sup>

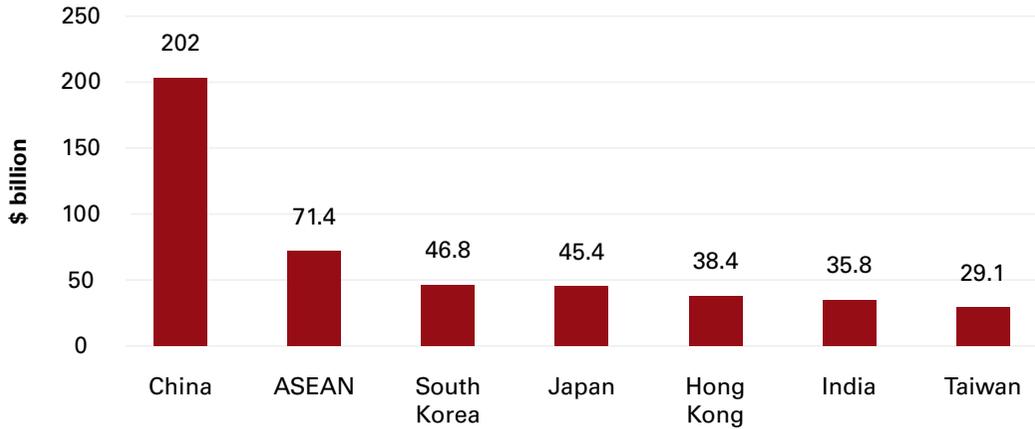
**Asia-3 economies' FDI inflows increased while Europe-5 demonstrate falling levels of inward investment (2017-2022)**



FDI inflows for Asia and Europe over the six-year span, from 2017-22, similarly paint different pictures for the two regions and appear to confirm the indications from GDP forecasts of contrasting fortunes. In Asia, China and Singapore attract particularly high inflows, having consistently received the most FDI over the period, with \$189 billion and \$141 billion invested in 2022 alone. China and Singapore FDI represent a staggering 50% of Asia's \$661.8 billion inflows. FDI growth in the other Asia-3 economies was largely steady, though not spectacular. Collectively, Asia-3 economies account for almost 70% of Asia FDI inflows in 2022. In Europe, FDI inflows into the Europe-5 countries

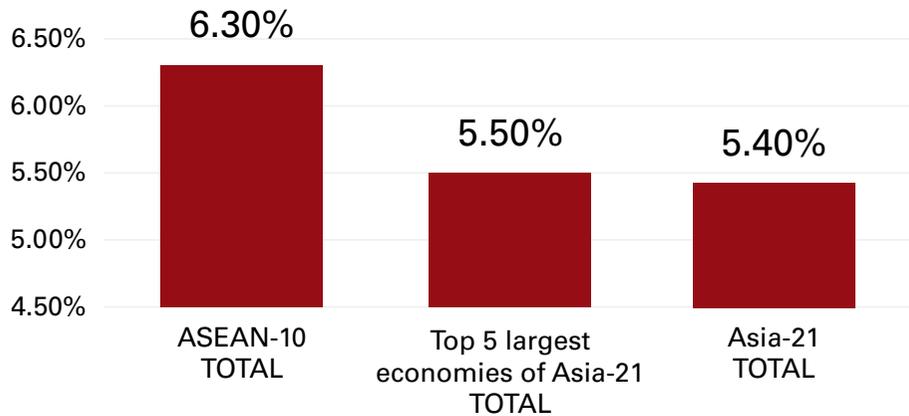
Asian importers of European products are concentrated within a few markets, suggesting that these countries will be pivotal to Europe's trade fortunes with respect to Asia. China was the top destination for Europe-5's exports to Asia in 2022. Collectively, China, ASEAN and India accounted for 50% of Europe-5's exports to Asia. ASEAN will likely be a key driver of growth, since the region is projected to grow faster year-on-year than other major Asian regional groupings.

**High concentration: China, ASEAN and India account for 50% of Europe-5's exports to Asia in 2022**

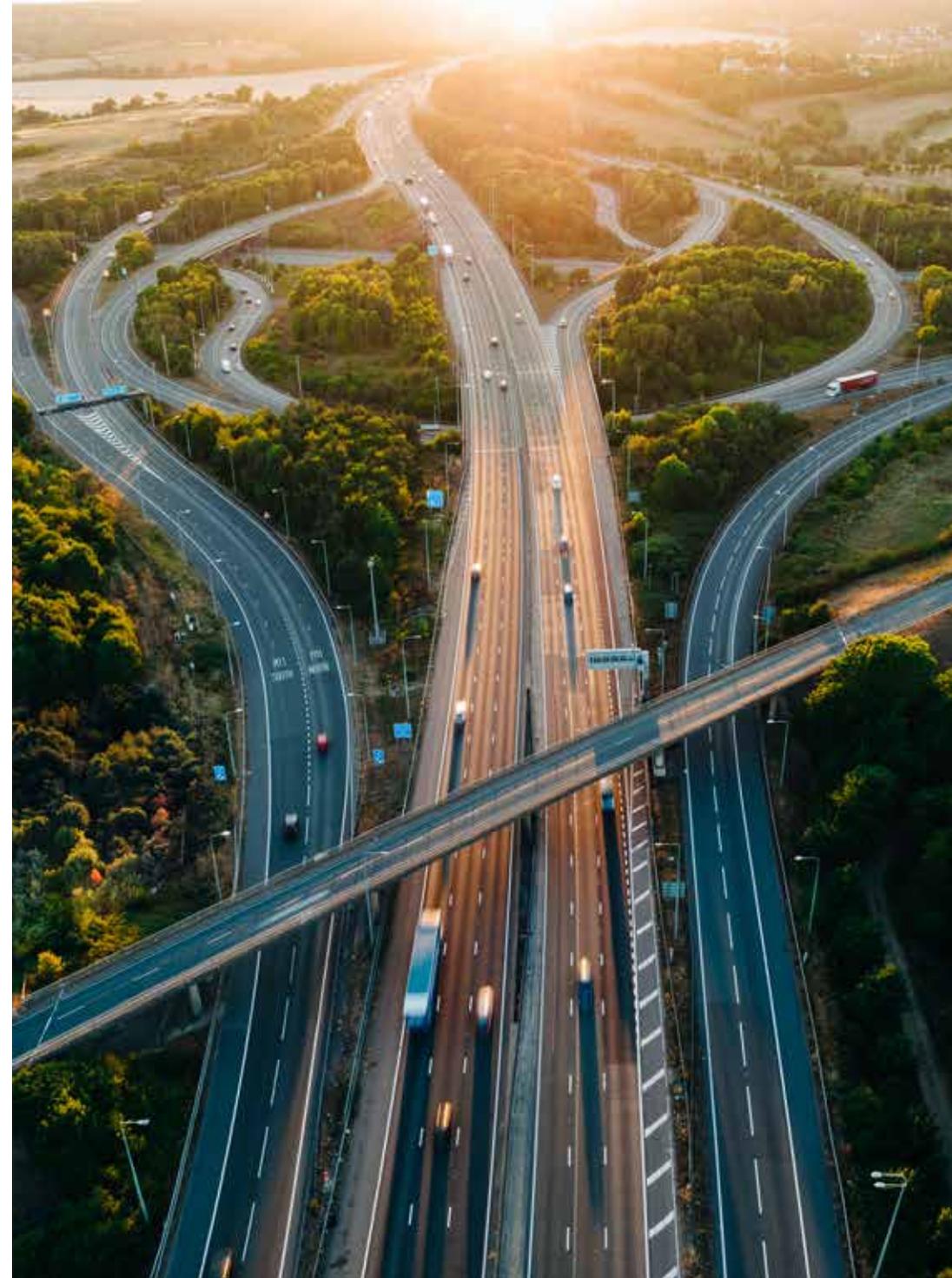


Source: ITC Trade Map data<sup>13</sup>

**ASEAN grouping to grow faster than other major Asia-based groupings (GDP CAGR 2018-2028)**



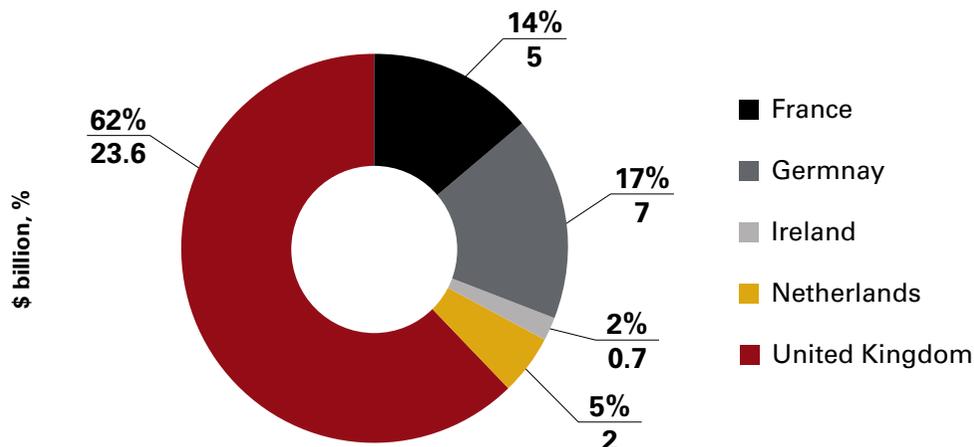
Source: IMF's WEO Database, April 2023



## Tapping into opportunities: Hong Kong SAR as the gateway to China's Greater Bay Area

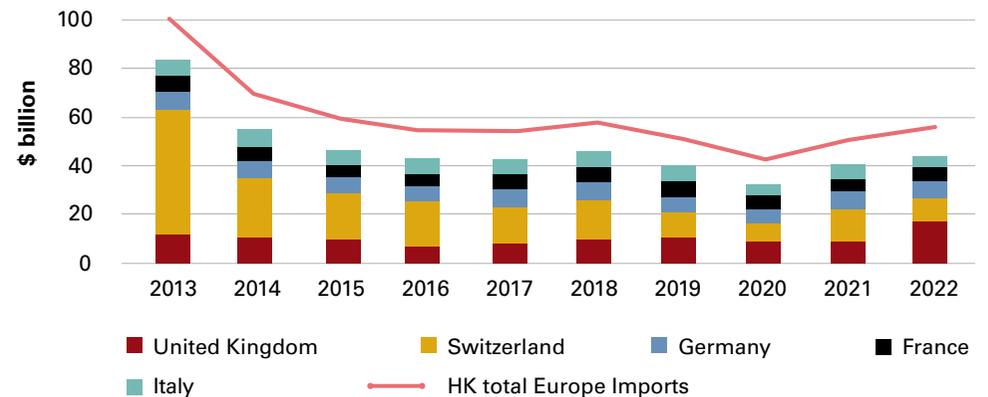
Hong Kong SAR has long had strong trade links with Europe. Its imports from Europe-5 were ahead of India's in 2022. Among Europe-5, Hong Kong SAR's trade with the United Kingdom remained strong even after 1997. In 2022, 62% of Hong Kong SAR's imports from the 5 key European economies came from the UK. The top product that accounted for 71% of merchandise from the UK was natural or cultured pearls, precious or semi-precious stones, and precious metals. In the other direction, Hong Kong SAR exported \$6.3 billion worth of merchandise to the UK, led by electrical machinery and equipment, and natural or cultured pearls, precious or semi-precious stones and precious metals<sup>14</sup>. Hong Kong SAR's strong trade with Germany, the Netherlands, and France represented 23%, 18%, and 14%, respectively, of its total merchandise trade with the EU. The Special Administrative Region exported €0.2 billion worth of merchandise to the EU in 2022, primarily jewellery, silver, and platinum as well as edible products and preparations<sup>15</sup>.

**Hong Kong SAR imports from Europe-5 in 2022**



Source: ITC Trade Map data

**Hong Kong SAR imports from Europe recovering to pre-Covid levels (Hong Kong's Europe imports by top 5 countries in 2022)**



Source: ITC Trade Map data

For Europe's exporters, corporates and investors, Hong Kong SAR is pivotal in the Greater Bay Area (GBA) that the Chinese government earmarked for special development in 2017. The GBA comprises the two Special Administrative Regions of Hong Kong SAR and Macau SAR, and nine municipalities in southern China: Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen, and Zhaoqing. The 56,000-square kilometre area is home to 86 million people with a GDP of around \$2 trillion. If the GBA were an economy it would be the world's ninth largest, roughly the size of Italy's. Hong Kong SAR positions itself as the GBA's gateway international financial, transportation and trade centre. A development plan released in 2019, whose progress was stymied by the pandemic, also calls for Hong Kong SAR to strengthen its status as a global offshore Renminbi business hub. Key opportunities for European businesses and investors lie in financial services, innovation and technology industries, and international legal and dispute resolution.

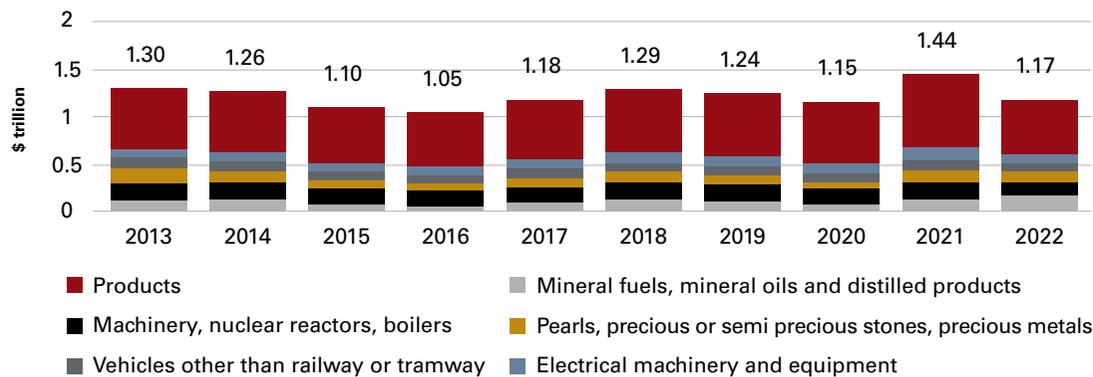
## Strong trade flow foundations, but additional trade agreements needed between Asia and Europe to further growth

Trade data show considerable flows between Asia and Europe. However, as a continent Asia's dependence on Europe's exports is decreasing. Imports from Europe as a proportion of overall imports into Asia slipped from 18.2% in 2013 to 16.3% in 2022 but Asia-3's (China, India and ASEAN) share grew from 44% in 2013 to 50% in 2022 due to China and India, while ASEAN reduced its European imports reliance from 12.9% to 10.8%.

European dependence on Asian imports is increasing, with imports from Asia as a proportion of overall European imports having risen from 19.5% in 2013 to 23.8% in 2022.

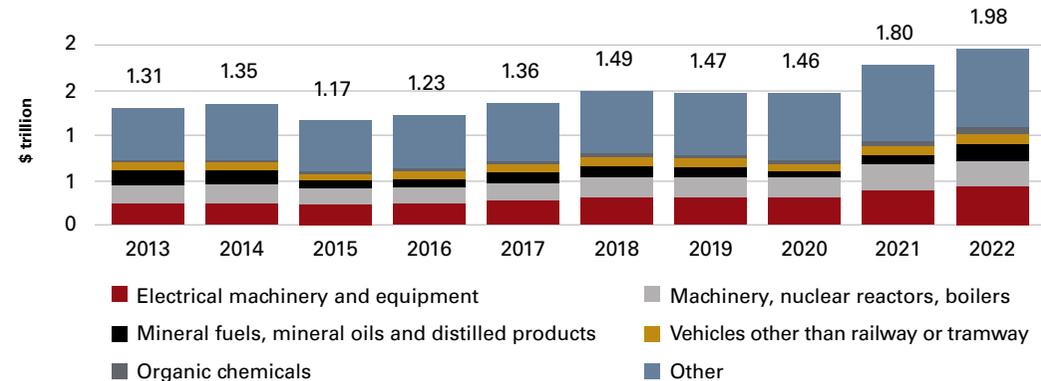
The top five product categories made up 53% of Asia's imports from Europe in 2022, and are roughly similar to the top five European import categories from Asia. The top five European import categories are mineral fuels, mineral oils and distilled products; machinery, nuclear reactors, and boilers; pearls, precious or semi-precious stones, and precious metals; vehicles other than railway or tramway; and electrical machinery and equipment. In Asia, the top five product categories made up 55% of imports from Europe. These categories are electrical machinery and equipment; machinery, nuclear reactors, and boilers; mineral fuels, mineral oils and distilled products; vehicles other than railway or tramway; and organic chemicals.

**Asian dependence on European imports is steady**



Source: ITCTrade Map

**European dependence on Asian imports is increasing**



Source: ITCTrade Map

For key markets, the top supplying markets from Europe for Asia and from Asia for Europe in 2022 are as follows:

**Top 5 supplying markets from Europe for Asia, by import value (2022)**

1	Germany	\$290 bln
2	France	\$146 bln
3	Switzerland	\$118 bln
4	Italy	\$117 bln
5	UK	\$113 bln

**Top 5 supplying markets from Asia for Europe, by import value (2022)**

1	China	\$978 bln
2	Japan	\$110 bln
3	South Korea	\$97 bln
4	India	\$94 bln
5	Vietnam	\$72 bln

Source: ITC Trade Map

Regarding Free Trade Agreements (FTAs), there is some progress being made on this front, but more efforts are needed. The EU is negotiating trade agreements with India and Indonesia<sup>16</sup>. However, negotiations have stalled since 2013 on an EU-China investment agreement, which is notable given that China is the largest of the major Asian economies by GDP and FDI inflows.<sup>17</sup> Negotiations on a region-wide EU-ASEAN trade agreement have also been stalled for some time, although Vietnam and Singapore have individual FTAs with the EU. The UK also has FTAs with these two nations.

Nonetheless, the outlook for the Asia-Europe corridor remains promising, with numerous opportunities to deepen trade links such as ASEAN's demographic boom and manufacturing prowess, which would enable the ASEAN-Europe sub-corridor to grow too, particularly for Southeast Asian imports from Europe of merchandise such as machinery, metals, chemicals and plastics. These and other opportunities on both sides of the corridor form the basis of the analysis in the next two sections of this report.



**Success avenues  
for European corporates  
to thrive in Asian markets**



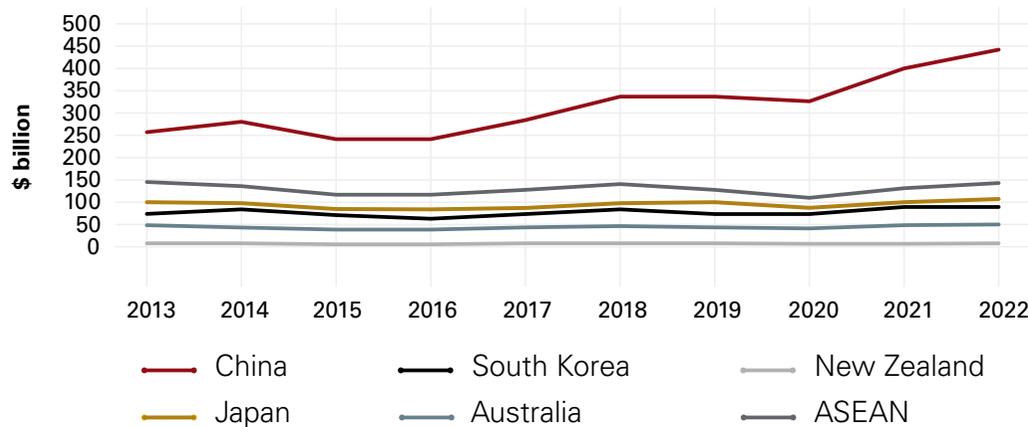
## Tapping into opportunities: Europe's businesses and the Regional Comprehensive Economic Partnership

The Regional Comprehensive Economic Partnership (RCEP) is the world's largest Free Trade Agreement (FTA), between 15 Asia-Pacific countries: China, Japan, South Korea, Australia, New Zealand, and the 10-member states of ASEAN. RCEP countries account for around 30% of global GDP and population, and over a quarter of global trade in goods and services<sup>18</sup>. It is still finding its footing more than a year after the agreement entered into force on January 1, 2022. RCEP's main goals are the economic integration of the region and the consolidation of the global supply chain, whose need was intensified during the Covid-19 pandemic. The FTA agrees on three key benefits<sup>19</sup>:

- ▶ Tariff elimination for about 92% of goods traded among RCEP countries, and additional preferential market access for specific products.
- ▶ Greater flexibility to cumulate raw materials and semi-raw materials for manufacturing via the common rules of origin that stipulates that product components from any member country would be treated equally.
- ▶ Simplified customs procedures and enhanced trade facilitation provisions.

It is too early to count the impact of RCEP, especially as trade activities are only just gaining growth momentum post-Covid and in the midst of disruptions caused by Russia's attack on Ukraine. For Europe's businesses, the fear is that cheaper goods among RCEP countries might dent European competitiveness. However, the EU already has a toehold, with FTAs with Singapore, Vietnam, Japan and South Korea. The UK also has its own FTA with Singapore that it signed post-Brexit, and in 2021 formalised its status as ASEAN Dialogue Partner to further cooperation on issues including trade and investment. In the long-term, European businesses willing to diversify their supply chains in the RCEP countries might benefit as a result of closer market integration, lower transaction costs and easier exporting. More transparent trading rules and standards within the RCEP countries would also make it easier for European firms to do business in the diverse region. For now, Europe's exports to the 15 RCEP countries are holding constant, with China's share rising post-Covid.

**Europe's exports to RCEP countries constant 2013-2022, with China surging post-Covid**



Source: ITC Trade Map data

**Key trade agreements or partnerships between EU, UK and RCEP countries**

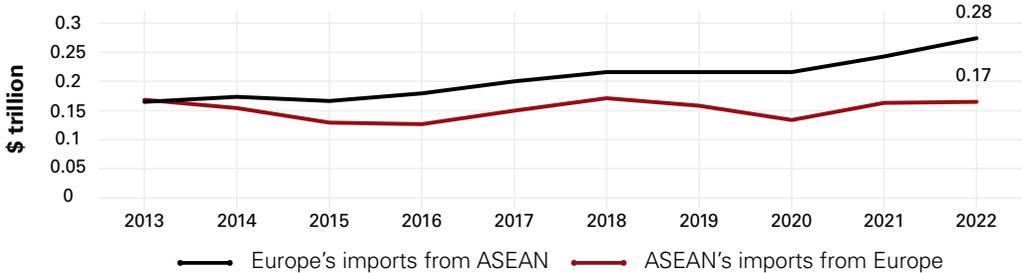
EU	UK
Singapore FTA	Singapore FTA, Singapore digital trade agreement
Vietnam FTA	ASEAN Dialogue Partner
Japan FTA	Australia FTA
South Korea FTA	New Zealand FTA

# Overview & Trends: Tapping into opportunities presented by consumption boom in ASEAN and other rising Asian economies

GDP growth in ASEAN exceeds that of much of the rest of the world. The region’s GDP grew 30% from 2011 to 2021, compared with global growth of 23% over the same period.<sup>20</sup> Consumption in the region will be driven by a GDP that is projected to reach \$4.5 trillion by 2030 and a population forecast to reach 723 million,<sup>21</sup> while one in six households entering the world’s consuming class will be in an ASEAN country. Other factors fuelling ASEAN’s consumption boom include urbanisation, developed ecosystems for digital trends, the rise of Tier 2 cities in the region, high-value-added services, and export trade. Within ASEAN, five key markets are driving growth: Malaysia, Indonesia, Singapore, Thailand and Vietnam (“ASEAN-5”). As of 2021, the ASEAN-5 countries accounted for 84% of ASEAN GDP and 72% of the region’s population.<sup>22</sup>

With these strong fundamentals, it is not surprising that European dependence on ASEAN imports increased notably over the 10-year period 2013-2022, while ASEAN imports from Europe declined slightly over the same period. One explanation for this could be that ASEAN is importing more from non-European nations to meet domestic needs. Still, ASEAN remains Europe’s third-largest trading partner, behind only the US and China.<sup>23</sup>

**European imports from ASEAN are considerably higher now than they were 10 years ago, while ASEAN imports from Europe (US\$ tln) have stagnated**

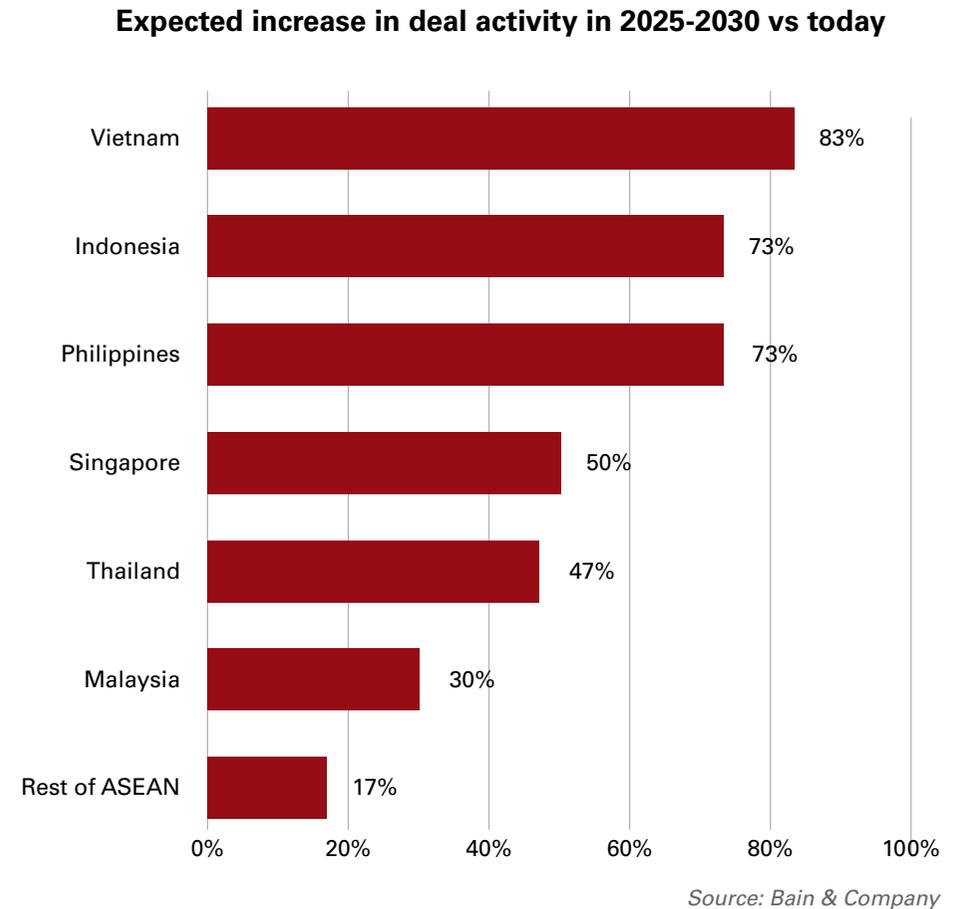
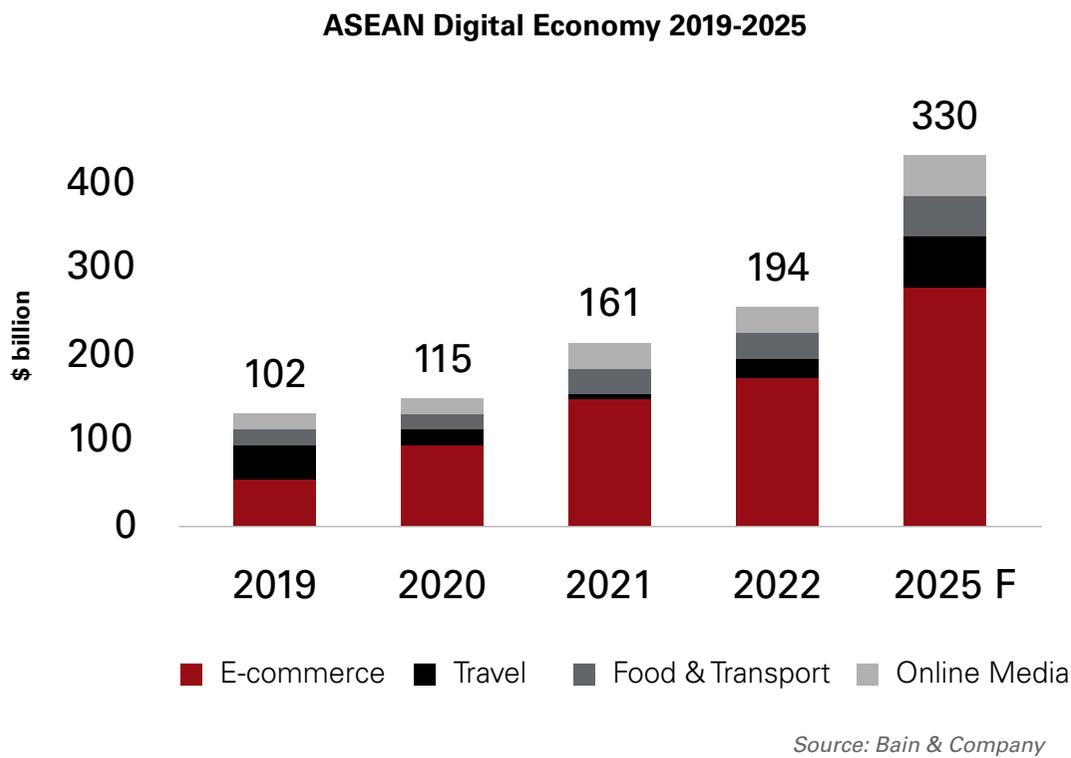


Source: ITC Trade Map



ASEAN's digital economy presents numerous opportunities for European investors. It was worth almost \$200 billion in 2022 in terms of gross merchandise value and this is forecast to rise to \$330 billion by 2025, having already doubled across the three years to 2022. Four high-growth sectors power ASEAN's digital economy, or 'e-economy': e-commerce; travel; food and transport; and online media. The charts below break down growth and projected growth by sector, and the projected increases in deal activity by country.<sup>24 25</sup> Vietnam and Indonesia are the most likely of the region's economies to attract investors in the long run, indicating investor confidence in their potential for growth.

At the same time, there are several challenges to market entry into ASEAN for aspiring European corporates. Examples include the high degree of diversification between ASEAN economies, the absence of a common currency, a lack of open borders, separate regulations for each market, and geography. European corporates and investors will need to familiarise themselves with these issues and their impacts and prepare suitable timelines to enter and expand.<sup>26</sup>



## Tapping into opportunities: Europe's investments in China's digital economy

China in 2022 released a 5-year plan to grow its already formidable digital economy. The aim is to empower national digital transformation, shore up innovation and enable the government to offer better public services.<sup>27</sup> The government estimates that by 2025, the added value of core digital economy industries will account for 10% of GDP, up from 7.8% in 2020. While the plan highlighted the need to enhance self-reliance in the development of key products, there are opportunities for businesses and investors from outside the country. For example, in 2022, FDI inflows into China grew by 5% to a record \$189 billion, with the increase concentrated in manufacturing and high-tech industries (mainly electronics and communication equipment). These came mostly from European multinational enterprises<sup>28</sup>. In terms of cross-border M&A sales, the largest deals included the \$4 billion acquisition by Germany's BMW of a further 25% stake in BMW Brilliance Automotive, a Beijing-based manufacturer and wholesaler. BMW went on to expand its electric vehicle production facilities in China.

There are other areas for Europe's investors in China. The People's Republic further liberalised FDI inflows in 2022 by revising its Negative List for Foreign Investment Access to remove the 50% cap on foreign investment in automobile manufacturing and in ground-receiving facilities for satellite television broadcast. For the former, electric vehicle manufacturing opens a spectrum of trade and investment opportunities related to technology and the digital economy. Until 2020, the main investment destinations for producing electric vehicles were China, the United States and India. In value terms, China attracted almost 45% of all such investments.



## Other potential sector opportunities for Europe's businesses in ASEAN

Regarding other potential sector opportunities in ASEAN for European corporates and investors, young digital natives and affluent urban users are key drivers of ASEAN's digital economy, and although key emerging sectors vary by country, some popular sectors occur across each of the ASEAN-5 markets. These include: e-commerce; travel & tourism; food & transport; online media; healthcare; and education. A 2022 report from Bain & Company, written in collaboration with Google and Temasek, elaborated on some of the current trends in these sectors:<sup>29</sup>

### Current trends in ASEAN's digital economy:

#### E-commerce



- ▶ Continued widespread adoption of e-commerce services
- ▶ Existing usage gap between urban and suburban areas, e.g. online groceries

#### Travel & Tourism



- ▶ Domestic travel is recovering well
- ▶ International travel is taking longer, held back by airlines' difficulties in meeting demand and high prices

#### Food & Transport



- ▶ Food delivery growth tripled during the pandemic, but now consumers are returning to pre-pandemic eating habits
- ▶ Transport is benefitting from workers returning to offices

#### Online Media



- ▶ Growth has slowed to single-digit figures
- ▶ Digital ads seem to have a more promising longer-term outlook due to social media engagement

#### Healthcare



- ▶ Growth forecasts are promising
- ▶ Key drivers include rural adoption and the need to address rising healthcare costs

#### Education



- ▶ Several challenges for edtech in ASEAN, e.g. reduced average spend, lower uptake of online courses, and issues in scaling

## Key trade sectors for ASEAN

The two charts below display the leading export and import sectors of the ASEAN-5 nations. Key categories across the countries include mineral fuels, oils, and distillation products; electrical and electronic equipment; and machinery, nuclear reactors, and boilers.<sup>30</sup>

Top 3 Exports	Indonesia	Malaysia	Singapore	Thailand	Vietnam
1	 <b>\$45.1B</b>	 <b>\$102.8B</b>	 <b>\$166.8B</b>	 <b>\$44.7B</b>	 <b>\$131.3B</b>
2	 <b>\$32.8B</b>	 <b>\$37.2B</b>	 <b>\$69.1B</b>	 <b>\$40.0B</b>	 <b>\$24.1B</b>
3	 <b>\$20.9B</b>	 <b>\$25.5B</b>	 <b>\$45.9B</b>	 <b>\$31.6B</b>	 <b>\$18.2B</b>

Top 3 Imports	Indonesia	Malaysia	Singapore	Thailand	Vietnam
1	 <b>\$28.8B</b>	 <b>\$71.4B</b>	 <b>\$137.7B</b>	 <b>\$52.9B</b>	 <b>\$118.1B</b>
2	 <b>\$25.8B</b>	 <b>\$29.8B</b>	 <b>\$75.3B</b>	 <b>\$41.1B</b>	 <b>\$24.1B</b>
3	 <b>\$22.3B</b>	 <b>\$21.6B</b>	 <b>\$59.8B</b>	 <b>\$29.9B</b>	 <b>\$19.9B</b>

-  Mineral fuels, oils, distillation products
-  Machinery, nuclear reactors, boilers
-  Electrical, electronic equipment
-  Footwear, gaiters and the like

-  Animal, vegetable fats and oils, cleavage products
-  Vehicles other than railway, tramway
-  Iron and steel
-  Plastics

Source: UN COMTRADE

## Overall opportunity: \$482 billion export potential for European corporates and investors to Asia-3 economies

Additionally, data from ITC suggest a \$482 billion opportunity from the export potential of the Europe-5 economies to Asia-3 markets, with China the largest market by far. The biggest supplying market from Europe would be Germany, while France would also help meet this potential.

# \$482 Bln

Export potential of Europe-5 to Asia-3

<b>Export Potential: Europe-5 to Asia-3 markets</b>				
<b>Market (\$ mln)</b>				
<b>Exporter</b>	<b>China</b>	<b>India</b>	<b>ASEAN</b>	<b>TOTALS</b>
<b>France</b>	47,000	9,300	25,769	<b>82,069</b>
<b>Germany</b>	195,000	24,000	47,800	<b>266,800</b>
<b>Ireland</b>	24,000	1,500	10,234	<b>35,734</b>
<b>Netherlands</b>	23,000	5,500	10,462	<b>38,962</b>
<b>UK</b>	31,000	9,700	17,943	<b>58,643</b>
<b>TOTALS</b>	<b>320,000</b>	<b>50,000</b>	<b>112,208</b>	<b>482,208</b>

Source: ITC Export Potential Map <sup>31</sup>

## Sizeable sector opportunities for European corporates and investors in Asia-3 markets

Broadly, data on export potential from the major Asia-3 economies – China, India and ASEAN – indicate that these markets provide sizeable opportunities for European corporates and investors. The tables below present the key sector opportunities for Europeans in the Asia-3 countries based on the largest export gaps as identified by ITC.

		China				India				Brunei				Cambodia	
		Top Sectors	Export Gap (US\$ mln)			Top Sectors	Export Gap (US\$ mln)			Top Sectors	Export Gap (US\$ mln)			Top Sectors	Export Gap (US\$ mln)
From France	 Motor vehicles & parts	3,700	From France	 Aircraft, spacecraft & parts	683	From France	 Machinery, electricity	2.8	From France	 Motor vehicles & parts	47				
	 Aircraft, spacecraft & parts	2,400		 Chemicals	681		 Motor vehicles & parts	1.4		 Machinery, electricity	30				
	 Machinery, electricity	2,200		 Machinery, electricity	588		 Ferrous metals	0.678		 Cereals (processed)	23				

		Indonesia				Laos				Malaysia				Myanmar	
		Top Sectors	Export Gap (US\$ mln)			Top Sectors	Export Gap (US\$ mln)			Top Sectors	Export Gap (US\$ mln)			Top Sectors	Export Gap (US\$ mln)
From France	 Wheat	317	From France	 Machinery, electricity	4.9	From France	 Machinery, electricity	182	From France	 Machinery, electricity	13				
	 Machinery, electricity	198		 Motor vehicles & parts	4.2		 Plastics & rubber	122		 Motor vehicles & parts	11				
	 Ferrous metals	153		 Pharmaceutical components	2.6		 Chemicals	113		 Wheat	8.9				

		Philippines				Singapore				Thailand				Vietnam	
		Top Sectors	Export Gap (US\$ mln)			Top Sectors	Export Gap (US\$ mln)			Top Sectors	Export Gap (US\$ mln)			Top Sectors	Export Gap (US\$ mln)
From France	 Aircraft, spacecraft & parts	175	From France	 Aircraft, spacecraft & parts	1,400	From France	 Machinery, electricity	236	From France	 Ferrous metals	310				
	 Wheat	153		 Machinery, electricity	454		 Ferrous metals	223		 Machinery, electricity	297				
	 Beverages (alcoholic)	128		 Chemicals	451		 Motor vehicles & parts	200		 Plastics & rubber	274				

From Germany	China		From Germany	India		From Germany	Brunei		From Germany	Cambodia	
	Top Sectors	Export Gap (US\$ mln)		Top Sectors	Export Gap (US\$ mln)		Top Sectors	Export Gap (US\$ mln)		Top Sectors	Export Gap (US\$ mln)
	Machinery, electricity	15,000		Machinery, electricity	2,000		Machinery, electricity	14		Motor vehicles & parts	71
	Motor vehicles & parts	13,000		Chemicals	1,800		Motor vehicles & parts	12		Machinery, electricity	44
Optical products, watches, & medical instruments	9,600	Plastics & rubber	1,300	Chemicals	4.2	Pharmaceutical components	37				

From Germany	Indonesia		From Germany	Laos		From Germany	Malaysia		From Germany	Myanmar	
	Top Sectors	Export Gap (US\$ mln)		Top Sectors	Export Gap (US\$ mln)		Top Sectors	Export Gap (US\$ mln)		Top Sectors	Export Gap (US\$ mln)
	Machinery, electricity	591		Machinery, electricity	20		Machinery, electricity	832		Motor vehicles & parts	28
	Motor vehicles & parts	403		Motor vehicles & parts	18		Chemicals	432		Machinery, electricity	24
Pharmaceutical components	246	Pharmaceutical components	7.1	Optical products, watches, & medical instruments	263	Pharmaceutical components	18				

From Germany	Philippines		From Germany	Singapore		From Germany	Thailand		From Germany	Vietnam	
	Top Sectors	Export Gap (US\$ mln)		Top Sectors	Export Gap (US\$ mln)		Top Sectors	Export Gap (US\$ mln)		Top Sectors	Export Gap (US\$ mln)
	Machinery, electricity	474		Aircraft, spacecraft & parts	849		Machinery, electricity	611		Machinery, electricity	1,100
	Motor vehicles & parts	389		Machinery, electricity	671		Motor vehicles & parts	511		Plastics & rubber	754
Pharmaceutical components	233	Chemicals	525	Chemicals	332	Motor vehicles & parts	527				

From Ireland	China		From Ireland	India		From Ireland	Brunei		From Ireland	Cambodia	
	Top Sectors	Export Gap (US\$ mln)		Top Sectors	Export Gap (US\$ mln)		Top Sectors	Export Gap (US\$ mln)		Top Sectors	Export Gap (US\$ mln)
	 Pharmaceutical components	6,200		 Chemicals	626		 Pharmaceutical components	1.2		 Pharmaceutical components	16
	 Chemicals	2,300		 Pharmaceutical components	243		 Dairy products	0.448		 Meat (except poultry)	1.5
	 Optical products, watches, & medical instruments	2,200		 Optical products, watches, & medical instruments	120		 Chemicals	0.261		 Beauty products & perfumes	1.4

From Ireland	Indonesia		From Ireland	Laos		From Ireland	Malaysia		From Ireland	Myanmar	
	Top Sectors	Export Gap (US\$ mln)		Top Sectors	Export Gap (US\$ mln)		Top Sectors	Export Gap (US\$ mln)		Top Sectors	Export Gap (US\$ mln)
	 Pharmaceutical components	141		 Pharmaceutical components	2.5		 Pharmaceutical components	419		 Pharmaceutical components	21
	 Chemicals	51		 Beauty products & perfumes	0.76		 Optical products, watches, & medical instruments	157		 Beauty products & perfumes	3.1
	 Beauty products & perfumes	16		 Food products n.e.s. (processed or preserved)	0.206		 Chemicals	127		 Beverages (alcoholic)	1.2

From Ireland	Philippines		From Ireland	Singapore		From Ireland	Thailand		From Ireland	Vietnam	
	Top Sectors	Export Gap (US\$ mln)		Top Sectors	Export Gap (US\$ mln)		Top Sectors	Export Gap (US\$ mln)		Top Sectors	Export Gap (US\$ mln)
	 Pharmaceutical components	252		 Chemicals	517		 Pharmaceutical components	144		 Pharmaceutical components	1,600
	 Beauty products & perfumes	115		 Pharmaceutical components	169		 Beauty products & perfumes	94		 Chemicals	382
	 Electronic equipment	28		 Electronic equipment	109		 Chemicals	64		 Optical products, watches, & medical instruments	341

From Netherlands	China		From Netherlands	India		From Netherlands	Brunei		From Netherlands	Cambodia	
	Top Sectors	Export Gap (US\$ mln)		Top Sectors	Export Gap (US\$ mln)		Top Sectors	Export Gap (US\$ mln)		Top Sectors	Export Gap (US\$ mln)
	Chemicals	2,200		Chemicals	583		Machinery, electricity	5.7		Food products n.e.s. (processed or preserved)	13
	Plastics & rubber	1,200		Machinery, electricity	541		Chemicals	4.2		Skins, leather & products thereof	8.1
Optical products, watches, & medical instruments	1,100	Plastics & rubber	370	Motor vehicles & parts	3.2	Machinery, electricity	8.1				

From Netherlands	Indonesia		From Netherlands	Laos		From Netherlands	Malaysia		From Netherlands	Myanmar	
	Top Sectors	Export Gap (US\$ mln)		Top Sectors	Export Gap (US\$ mln)		Top Sectors	Export Gap (US\$ mln)		Top Sectors	Export Gap (US\$ mln)
	Chemicals	126		Motor vehicles & parts	2.6		Electronic equipment	132		Pharmaceutical components	7.2
	Machinery, electricity	113		Machinery, electricity	2.6		Chemicals	118		Machinery, electricity	5.8
Vegetal residues & animal feed	97	Food products n.e.s. (processed or preserved)	1.3	Machinery, electricity	99	Vegetal residues & animal feed	4.7				

From Netherlands	Philippines		From Netherlands	Singapore		From Netherlands	Thailand		From Netherlands	Vietnam	
	Top Sectors	Export Gap (US\$ mln)		Top Sectors	Export Gap (US\$ mln)		Top Sectors	Export Gap (US\$ mln)		Top Sectors	Export Gap (US\$ mln)
	Machinery, electricity	86		Chemicals	255		Chemicals	135		Plastics & rubber	192
	Food products n.e.s. (processed or preserved)	69		Electronic equipment	156		Machinery, electricity	109		Electronic equipment	183
Vegetal residues & animal feed	65	Machinery, electricity	141	Ferrous metals	93	Machinery, electricity	166				

From United Kingdom	China		From United Kingdom	India		From United Kingdom	Brunei		From United Kingdom	Cambodia	
	Top Sectors	Export Gap (US\$ mln)		Top Sectors	Export Gap (US\$ mln)		Top Sectors	Export Gap (US\$ mln)		Top Sectors	Export Gap (US\$ mln)
	Machinery, electricity	2,500		Aircraft, spacecraft & parts	974		Motor vehicles & parts	18		Precious metals	17
	Aircraft, spacecraft & parts	2,500		Chemicals	936		Machinery, electricity	15		Machinery, electricity	13
Optical products, watches, & medical instruments	1,800	Machinery, electricity	652	Aircraft, spacecraft & parts	4	Pharmaceutical components	11				

From United Kingdom	Indonesia		From United Kingdom	Laos		From United Kingdom	Malaysia		From United Kingdom	Myanmar	
	Top Sectors	Export Gap (US\$ mln)		Top Sectors	Export Gap (US\$ mln)		Top Sectors	Export Gap (US\$ mln)		Top Sectors	Export Gap (US\$ mln)
	Machinery, electricity	206		Machinery, electricity	6		Aircraft, spacecraft & parts	232		Pharmaceutical components	12
	Chemicals	138		Beverages (alcoholic)	3.6		Machinery, electricity	169		Machinery, electricity	9.3
Motor vehicles & parts	63	Chemicals	1.5	Chemicals	113	Beverages (alcoholic)	3.9				

From United Kingdom	Philippines		From United Kingdom	Singapore		From United Kingdom	Thailand		From United Kingdom	Vietnam	
	Top Sectors	Export Gap (US\$ mln)		Top Sectors	Export Gap (US\$ mln)		Top Sectors	Export Gap (US\$ mln)		Top Sectors	Export Gap (US\$ mln)
	Pharmaceutical components	106		Aircraft, spacecraft & parts	610		Machinery, electricity	252		Ferrous metals	179
	Machinery, electricity	102		Optical products, watches, & medical instruments	246		Chemicals	196		Machinery, electricity	145
Motor vehicles & parts	89	Machinery, electricity	187	Motor vehicles & parts	136	Plastics & rubber	94				

**Where Asian corporates  
can succeed  
in European markets**



## Investors positive on Europe, with Europe-5 group in strong position

Europe is facing a challenging macroeconomic and financial climate amid the Ukraine conflict and increasing costs but investors are still positive about the continent. According to an EY study released in May 2023, 67% of 508 international decision-makers surveyed in February and March said they have plans to establish or expand operations in Europe in 2023. Further, 67% also said they expect Europe's attractiveness to increase over the next three years, slightly more than in 2022 and 2021. This largely positive sentiment follows only 1% growth in FDI projects in 2022, compared with 5% growth the year before, while the number of jobs created by FDI dropped by 16%, according to the EY study.

To add to the 67% positive outlook, the other good news is that four of the five nations in our Europe-5 group were in the top 10 host countries for FDI projects in 2022. While the Asia-3 group is not well-represented as investing countries in Europe in 2022, the EY study presents a good barometer of the attractiveness of Europe for investors. In 2022, Europe made up 60% of investing countries in Europe, followed by the US on 21%, 6% Other countries, 4% China, 3% Japan, 2% each for Canada and India, and 1% each for Australia and South Korea.

## Top 10 FDI sectors: Digitalisation boosts investments in software and IT

With economies shifting to Industry 4.0 and the European Recovery Fund targeting digital and green economy projects, it is no surprise that Software and IT services was the biggest recipient of FDI projects in 2022, up 8% and accounting for 20% of total projects, according to the EY study.

Top 10 sectors for FDI projects in 2022	No. of projects in 2022
Software and IT services	1,182
Business services and professional services	765
Transportation manufacturers and suppliers	470
Transportation and logistics	418
Machinery and equipment	368
Finance	292
Agri-food	291
Utility supply	277
Electronics	276
Chemicals, plastics and rubber	249
Others	1,375
<b>Total</b>	<b>5,962</b>

Source: EY Europe Attractiveness Survey 2023

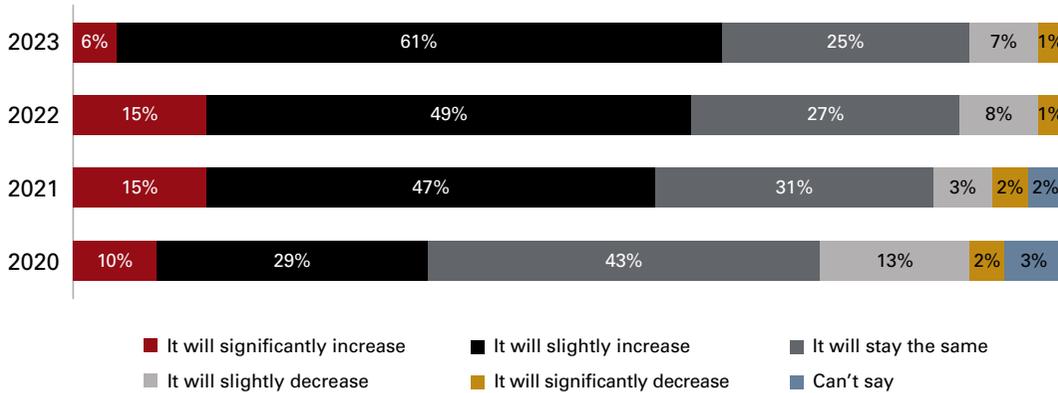
## Europe-5 ranking as host countries for FDI projects in 2022

1	France	1,259 projects	+3% from 2021	38,102 jobs in 2022
2	UK	929 projects	-6% from 2021	46,779 jobs
3	Germany	832 projects	-1% from 2021	33,548 jobs
10	Ireland	184 projects	+21% from 2021	23,371 jobs
11	Netherlands	147 projects	-3% from 2021	1,334 jobs

Source: EY Europe Attractiveness Survey 2023

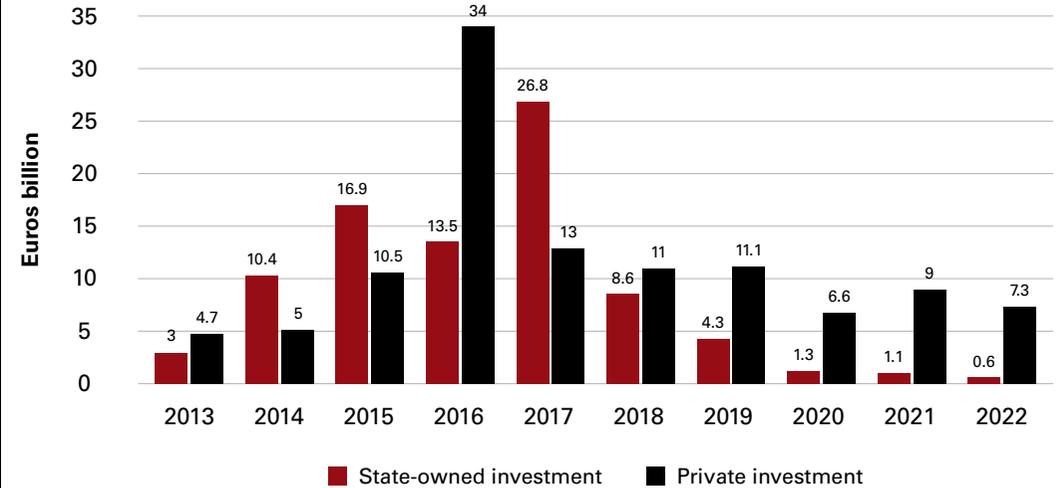
## Businesses' perception of Europe's three-year outlook is stable

Q: How do you expect Europe's attractiveness to evolve over the next three years?



Source: EY Europe Attractiveness Survey, 508 surveyed between Feb 1 and Mar 20, 2023

## Asia-5 economies' FDI inflows are increasing (2012-2022)



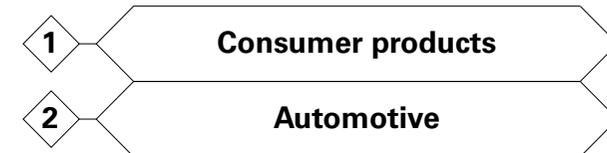
Source: Rhodium Group, MERICS

## Dynamics of Chinese investments in Europe evolving

China's FDI in EU-27+UK hit a decade low of €7.9 billion in 2022, down 22% compared to 2021.<sup>32</sup> This mirrors the 23% drop in China's overall global investment activities. The main factors contributing to the downward trend include China's zero-Covid policies and rising global risks following Russia's invasion of Ukraine that created strong headwinds for Chinese investors. Despite the slide, 67.9% of Chinese FDI in EU-27+UK 2022 were still channeled into France, Germany and the UK, mainly from greenfield investments by Chinese battery makers.

The end of China's zero-Covid policy could boost outbound investment from 2023 onwards but this outlook should be tempered considering geopolitical pressures and China's own tapering GDP growth.

## Top Chinese FDI sectors in Europe in 2022<sup>33</sup>



## France, Germany and the UK on top

In 2022, the UK received the most Chinese FDI - €2.3 billion, mainly due to Tencent's Sumo Digital's €1.3 billion acquisition of Envision AESC's greenfield investments in a battery plant in Sunderland.

Germany attracted €1.9 billion and France €1.3 billion. Investments were driven by greenfield battery plant investments, Wallaby Medical's €539 million takeover of German medical equipment maker phenox GmbH and Tencent's acquisition of shares in French company Ubisoft for €300 million.

## Overview & Trends: 20 significant areas of cooperation between Asia and Europe

Cross-sectoral industry disruption is a hallmark of the new economy. Along with climate change and geopolitical risk, disruption is creating headwinds but also opportunities for the global economy. The ASEM group of 51 Asian and European partners seem to be aware of the need to respond to such issues and tap into the potential opportunities in a tangible manner, since they have drawn up a list of 20 significant areas of cooperation between Asia and Europe. As the list below shows, these cover a wide range of interdependent concerns, and indicate that the Asia-Europe corridor is poised to evolve still further as the new global economy takes shape amid a turbulent post-pandemic environment.<sup>34</sup>



### Energy

- ▶ Renewable energy: mitigation, adaptation, financing and technological innovations
  - ▶ Energy efficiency technologies
- 



### Talent

- ▶ Higher education
  - ▶ Vocational training and skills development
  - ▶ Education and human resources development
- 



### Sustainability

- ▶ Efficient and sustainable water management, innovations in water & waste management
- ▶ Waste management: more efficient use of material resources; the waste sector as a central player in the economy, with waste to energy and more efficient reuse and recycling models



### Technology & safety

- ▶ Information technology / knowledge connectivity
  - ▶ Technologies for diagnostics
  - ▶ Disaster management and mitigation, building rescue and relief capacities, technologies and innovation in rescue equipment & techniques
  - ▶ Nuclear safety
  - ▶ Food safety issues, including training of farmers
- 



### Development

- ▶ Youth cooperation
- ▶ Promotion of tourism
- ▶ Women's empowerment
- ▶ Promotion of trade and investment / involvement of private sectors
- ▶ Poverty reduction
- ▶ Promotion and protection of human rights
- ▶ SME cooperation
- ▶ Transport and logistics

## Key trade sectors for Europe-5 economies

As illustrated by the table below showing the top 3 Exports and Imports for the EU-5 countries, the major European economies continue to require manufactured goods and resources from Asia and other regions to meet domestic consumption and also to fuel their own growth.

Top 3 Exports	France	Germany	Ireland	Netherlands	UK
1	 <b>\$64.61B</b>	 <b>\$259.24B</b>	 <b>\$75.56B</b>	 <b>\$162.19B</b>	 <b>\$98.02B</b>
2	 <b>\$50.16B</b>	 <b>\$254.57B</b>	 <b>\$46.37B</b>	 <b>\$87.18B</b>	 <b>\$75.10B</b>
3	 <b>\$47.18B</b>	 <b>\$178.53B</b>	 <b>\$18.55B</b>	 <b>\$62.68B</b>	 <b>\$60.99B</b>

Top 3 Imports	France	Germany	Ireland	Netherlands	UK
1	 <b>\$154.29B</b>	 <b>\$209.68B</b>	 <b>\$19.08B</b>	 <b>\$171.72B</b>	 <b>\$137.29B</b>
2	 <b>\$85.75B</b>	 <b>\$202.99B</b>	 <b>\$17.14B</b>	 <b>\$75.73B</b>	 <b>\$92.82B</b>
3	 <b>\$73.51B</b>	 <b>\$174.76B</b>	 <b>\$16.36B</b>	 <b>\$70.97B</b>	 <b>\$73.53B</b>

-  Mineral fuels, oils, distillation products
-  Machinery, nuclear reactors, boilers
-  Electrical, electronic equipment
-  Pharmaceutical products
-  Aircraft, spacecraft

-  Pearls, precious stones, metals, coins
-  Vehicles other than railway, tramway
-  Organic chemicals
-  Optical, photo, technical, medical apparatus

Source: UN COMTRADE

## Overall opportunity: \$660 billion export potential for Asia-3 corporates and investors to Europe-5 economies

Data from ITC indicate there is export potential of \$660 billion from Asia-3 supplying markets to Europe-5. As the table below shows, China is the exporter that will likely provide most of this potential supply, while Germany and the UK will be the most promising European markets for Asia-3 exporters in the years to 2027.

# \$660 bln

Export potential of Asia-5 to Europe-5

<b>Export Potential: Asia-5 countries to Europe-5 countries</b>						
<b>Market (\$ mln)</b>						
<b>Exporter</b>	<b>France</b>	<b>Germany</b>	<b>Ireland</b>	<b>Netherlands</b>	<b>UK</b>	<b>TOTALS</b>
<b>China</b>	85,000	168,000	14,000	95,000	99,000	<b>461,000</b>
<b>India</b>	9,100	16,000	1,400	6,900	12,000	<b>45,400</b>
<b>ASEAN</b>	26,806	56,153	5,079	40,097	25,788	<b>153,923</b>
<b>TOTALS</b>	<b>120,906</b>	<b>240,153</b>	<b>20,479</b>	<b>141,997</b>	<b>136,788</b>	<b>660,323</b>

Source: ITC Export Potential Map<sup>35</sup>

## Sector opportunities: Continuing to meet European demand for manufactured goods and resources

At a more granular level, the export potential should translate into key sector opportunities for corporates and investors from Asia-3 supplying markets. The tables below present these key sector opportunities for corporates from the Asia-3 countries in the Europe-5 markets, based on the largest export gaps as identified by ITC.

From China	France		Germany		Ireland		Netherlands		UK	
	Top Sectors	Export Gap (US\$ mln)	Top Sectors	Export Gap (US\$ mln)						
	Electronic equipment	9,100	Electronic equipment	19,000	Electronic equipment	4,000	Electronic equipment	15,000	Electronic equipment	8,500
Miscellaneous manufactured products	5,800	Miscellaneous manufactured products	7,800	Miscellaneous manufactured products	856	Miscellaneous manufactured products	3,800	Miscellaneous manufactured products	5,000	
Machinery, electricity	4,800	Machinery, electricity	7,100	Machinery, electricity	829	Machinery, electricity	2,900	Machinery, electricity	3,700	

From India	France		Germany		Ireland		Netherlands		UK	
	Top Sectors	Export Gap (US\$ mln)	Top Sectors	Export Gap (US\$ mln)	Top Sectors	Export Gap (US\$ mln)	Top Sectors	Export Gap (US\$ mln)	Top Sectors	Export Gap (US\$ mln)
	Jewellery & precious metal articles	564	Motor vehicles & parts	846	Pharmaceutical components	242	Metals (except ferrous & precious)	382	Jewellery & precious metal articles	646
Motor vehicles & parts	392	Machinery, electricity	675	Chemicals	111	Chemicals	375	Apparel	519	
Fish & shellfish	349	Chemicals	565	Machinery, electricity	73	Machinery, electricity	310	Machinery, electricity	464	

From Brunei	France		Germany		Ireland		Netherlands		UK	
	Top Sectors	Export Gap (US\$ mln)								
	Chemicals	0.372	Chemicals	0.496	Chemicals	0.053	Chemicals	0.354	Chemicals	1.4
Fish & shellfish	0.031	Fish & shellfish	0.017	Fish & shellfish	0.004	Fish & shellfish	0.005	Fish & shellfish	0.207	
Metal products	0.004	Metal products	0.004	Metal products	0.002	Fruits	0.001	Apparel	0.02	

Source: ITC Export Potential Map

From Cambodia	France		Germany		Ireland		Netherlands		UK	
	Top Sectors	Export Gap (US\$ mln)								
	Apparel	345	Apparel	489	Apparel	74	Apparel	204	Apparel	232
	Miscellaneous manufactured products	111	Miscellaneous manufactured products	160	Miscellaneous manufactured products	16	Miscellaneous manufactured products	79	Miscellaneous manufactured products	108
	Footwear	44	Footwear	115	Footwear	11	Bicycles, carriages & parts	27	Footwear	38

From Indonesia	France		Germany		Ireland		Netherlands		UK	
	Top Sectors	Export Gap (US\$ mln)	Top Sectors	Export Gap (US\$ mln)	Top Sectors	Export Gap (US\$ mln)	Top Sectors	Export Gap (US\$ mln)	Top Sectors	Export Gap (US\$ mln)
	Apparel	198	Motor vehicles & parts	258	Mineral resources	46	Vegetable oils & fats	424	Apparel	153
	Paper products	101	Machinery, electricity	235	Apparel	31	Electronic equipment	146	Vegetable oils & fats	129
	Electronic equipment	98	Paper products	229	Electronic equipment	27	Paper products	114	Machinery, electricity	92

From Laos	France		Germany		Ireland		Netherlands		UK	
	Top Sectors	Export Gap (US\$ mln)	Top Sectors	Export Gap (US\$ mln)	Top Sectors	Export Gap (US\$ mln)	Top Sectors	Export Gap (US\$ mln)	Top Sectors	Export Gap (US\$ mln)
	Machinery, electricity	5.9	Mineral resources	36	Machinery, electricity	0.258	Fruits	4.2	Fruits	4.5
	Metals (except ferrous & precious)	3.1	Coffee	19	Paper products	0.253	Electronic equipment	4	Machinery, electricity	4
	Fruits	2.4	Machinery, electricity	12	Fruits	0.143	Metals (except ferrous & precious)	2.8	Coffee	2.1

Source: ITC Export Potential Map

	France		Germany		Ireland		Netherlands		UK	
	Top Sectors	Export Gap (US\$ mln)	Top Sectors	Export Gap (US\$ mln)	Top Sectors	Export Gap (US\$ mln)	Top Sectors	Export Gap (US\$ mln)	Top Sectors	Export Gap (US\$ mln)
From Malaysia	 Electronic equipment	446	 Electronic equipment	1,200	 Electronic equipment	361	 Electronic equipment	3,700	 Electronic equipment	577
	 Machinery, electricity	281	 Machinery, electricity	739	 Machinery, electricity	135	 Chemicals	422	 Machinery, electricity	218
	 Optical products, watches, & medical instruments	109	 Optical products, watches, & medical instruments	304	 Optical products, watches, & medical instruments	73	 Machinery, electricity	371	 Optical products, watches, & medical instruments	389

	France		Germany		Ireland		Netherlands		UK	
	Top Sectors	Export Gap (US\$ mln)	Top Sectors	Export Gap (US\$ mln)	Top Sectors	Export Gap (US\$ mln)	Top Sectors	Export Gap (US\$ mln)	Top Sectors	Export Gap (US\$ mln)
From Myanmar	 Apparel	47	 Apparel	84	 Apparel	21	 Apparel	46	 Apparel	69
	 Miscellaneous manufactured products	18	 Metals (except ferrous & precious)	43	 Chemicals	7.9	 Metals (except ferrous & precious)	14	 Footwear	17
	 Metals (except ferrous & precious)	17	 Miscellaneous manufactured products	41	 Footwear	2.8	 Footwear	11	 Miscellaneous manufactured products	14

	France		Germany		Ireland		Netherlands		UK	
	Top Sectors	Export Gap (US\$ mln)	Top Sectors	Export Gap (US\$ mln)	Top Sectors	Export Gap (US\$ mln)	Top Sectors	Export Gap (US\$ mln)	Top Sectors	Export Gap (US\$ mln)
From Philippines	 Electronic equipment	329	 Electronic equipment	596	 Electronic equipment	219	 Electronic equipment	620	 Electronic equipment	134
	 Fruits	147	 Machinery, electricity	523	 Fruits	21	 Fruits	156	 Fruits	129
	 Machinery, electricity	146	 Fruits	380	 Machinery, electricity	18	 Machinery, electricity	53	 Metals (except ferrous & precious)	96

Source: ITC Export Potential Map

	France		Germany		Ireland		Netherlands		UK	
	Top Sectors	Export Gap (US\$ mln)	Top Sectors	Export Gap (US\$ mln)	Top Sectors	Export Gap (US\$ mln)	Top Sectors	Export Gap (US\$ mln)	Top Sectors	Export Gap (US\$ mln)
From Singapore	 Electronic equipment	541	 Electronic equipment	1,000	 Electronic equipment	334	 Electronic equipment	1,600	 Precious metals	1,400
	 Aircraft, spacecraft & parts	316	 Machinery, electricity	581	 Machinery, electricity	94	 Machinery, electricity	478	 Electronic equipment	221
	 Machinery, electricity	295	 Aircraft, spacecraft & parts	453	 Pharmaceutical components	50	 Chemicals	395	 Optical products, watches, & medical instruments	83

	France		Germany		Ireland		Netherlands		UK	
	Top Sectors	Export Gap (US\$ mln)	Top Sectors	Export Gap (US\$ mln)	Top Sectors	Export Gap (US\$ mln)	Top Sectors	Export Gap (US\$ mln)	Top Sectors	Export Gap (US\$ mln)
From Thailand	 Motor vehicles & parts	328	 Electronic equipment	969	 Electronic equipment	177	 Electronic equipment	623	 Electronic equipment	504
	 Machinery, electricity	325	 Motor vehicles & parts	553	 Machinery, electricity	55	 Machinery, electricity	213	 Machinery, electricity	320
	 Electronic equipment	289	 Machinery, electricity	494	 Motor vehicles & parts	48	 Plastics & rubber	111	 Motor vehicles & parts	260

	France		Germany		Ireland		Netherlands		UK	
	Top Sectors	Export Gap (US\$ mln)	Top Sectors	Export Gap (US\$ mln)	Top Sectors	Export Gap (US\$ mln)	Top Sectors	Export Gap (US\$ mln)	Top Sectors	Export Gap (US\$ mln)
From Vietnam	 Apparel	904	 Electronic equipment	1,900	 Electronic equipment	331	 Electronic equipment	2,600	 Apparel	1,200
	 Electronic equipment	893	 Apparel	1,500	 Apparel	107	 Apparel	518	 Electronic equipment	706
	 Footwear	692	 Footwear	929	 Footwear	47	 Machinery, electricity	269	 Footwear	508

Source: ITC Export Potential Map

# Conclusion

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As this report has demonstrated, there are numerous opportunities for European corporates and investors to tap into growing Asian markets and for Asian investors to find and expand markets in Europe.

Fertile areas for inter-continental interaction have been identified as energy, talent, sustainability, technology, and economic and social development. European companies will continue to look to Asia for the manufactured goods and resources they need to grow their own economies. China is a particularly prominent Asian exporter to Europe within the electronic equipment, manufactured goods, and machinery and electricity sectors, and the EU and UK remain committed trading partners.

In the other direction, European investors will see particularly strong opportunities in Asia within the digital economy space. Vietnam and Indonesia are among the most prominent countries that will be likely to attract the attention of European corporates in the long run.

There remain challenges to European corporates looking to invest in the ASEAN region due to its lack of standardisation across its national markets. But while GDP growth in ASEAN is outstripping that of much of the rest of the world and consumption there continues to boom, the region will remain at the forefront of European investors' minds.



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