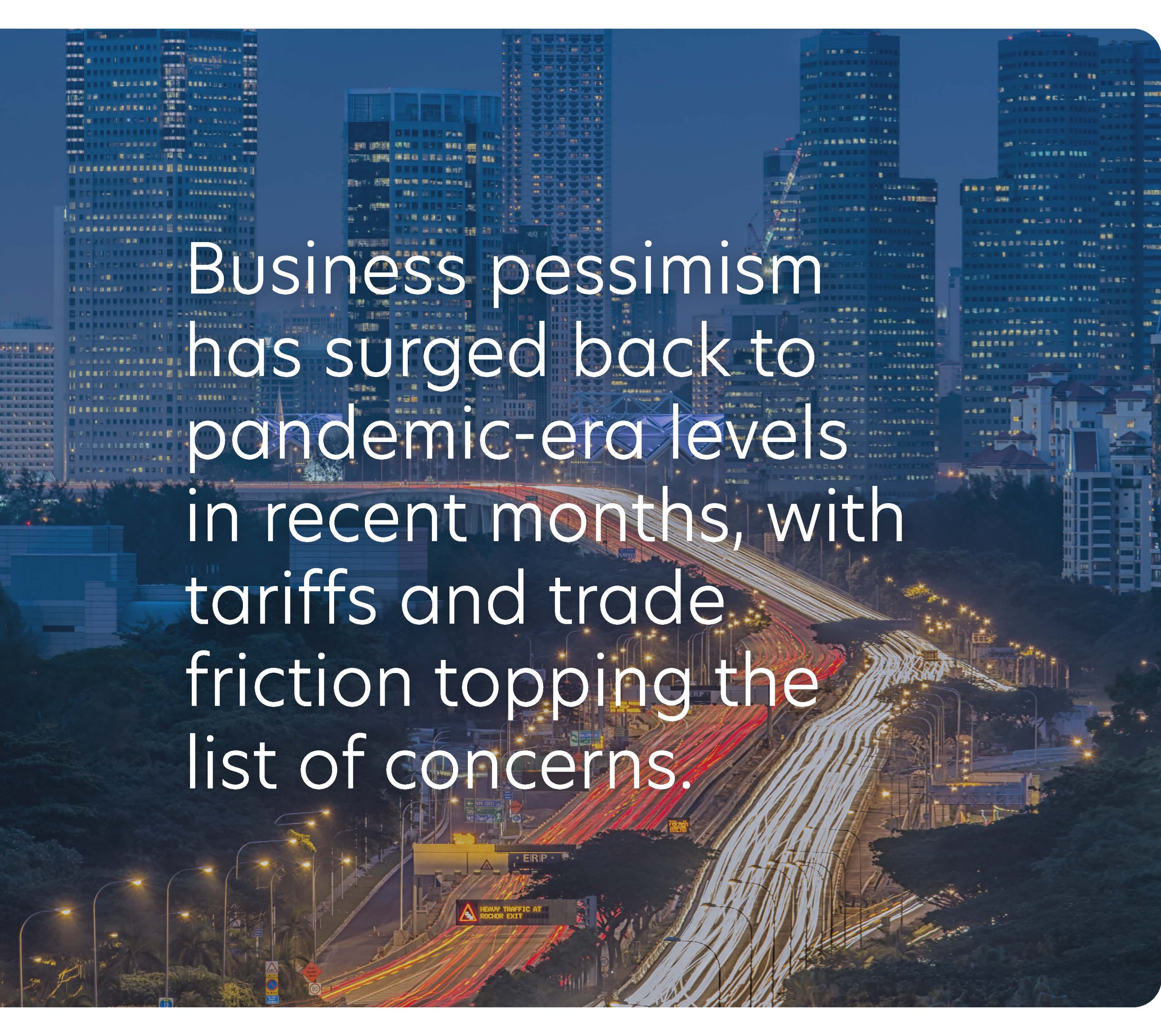




Gateway to
ASEAN



Business pessimism
has surged back to
pandemic-era levels
in recent months, with
tariffs and trade
friction topping the
list of concerns.

Against this backdrop,

75%

**of global executives plan to reconfigure
their supply chains in the next 3-5 years.**

A once-in-a-generation supply chain reset is now underway, and ASEAN stands to benefit. While Bloomberg's Trade Policy Uncertainty Index shows uncertainty at record highs around the world, ASEAN has remained steady, offering a strategic anchor for global companies.

In this Gateway to ASEAN Paper, we use Bloomberg Media's insights and UOB's perspectives to explore the factors reshaping global supply chain pathways, what that means for Multinational Corporations around the world and how ASEAN businesses can prepare to meet them.

A nighttime photograph of a city skyline reflected in a body of water. In the foreground, a multi-lane highway bridge is filled with cars, their headlights and taillights creating a streak of light. The city buildings in the background are illuminated, with some signs visible, including 'UNITED OVERSEAS BANK' and 'AKIRA'. The sky is dark, and the overall scene is a vibrant urban nightscape.

52% of businesses
are considering
nearshoring within
the next three years.

Nearshoring first emerged as a reactive measure during the Covid-19 crisis, when global supply chains were thrown into disarray. Today, it has evolved into a proactive business strategy. More than half of global companies plan to nearshore within the next 1-3 years, motivated by the need for continuity, market access and improved supply chain traceability.

Bloomberg's analysis of quarterly corporate earnings calls confirms this momentum. Among companies in the Bloomberg World Large, Mid & Small Cap Total Return Index, combined mentions of "nearshoring" and "reshoring" hit a five-year high in Q2 2025.

Other top drivers include access to affordable skilled labour and the need to mitigate geopolitical risk, signaling a broader shift from short-term reshuffling to long-term supply chain reconfiguration.



Diversification is
no longer the top
strategy to de-risk
supply chains.

Nearly

40%

of global businesses cite cost optimisation as their top strategy to de-risk supply chains. Once focused on cheap sourcing, cost optimisation now means smarter inventory management, proactive scenario planning and nearshoring to reduce tariffs, logistics and lead times.

Another

37%

prioritise AI-powered analytics to forecast disruptions, optimise operations, and enable faster, more informed decision-making.

By contrast,

27%

tip diversification as part of their strategy. Diversification still matters, but it's not the go-to move.



45% of businesses considering ASEAN investments plan to build local supply chains.

Nearly half of businesses plan to build local logistics capabilities in the region, outpacing both APAC and global averages.

This over-indexing signals that ASEAN is no longer just a manufacturing destination, it's increasingly seen as a critical in-region hub for storage, fulfilment and distribution. Businesses are looking to strengthen end-to-end operations by building out local infrastructure, shortening delivery timelines and improving regional responsiveness.

ASEAN fits many strategies. Businesses are tapping them all.

New customer markets are the top priority in Indonesia, Singapore and Vietnam, reflecting ASEAN's growing role as a demand engine.

A fisherman in a hat is pulling a net from the water at sunset. The net is filled with fish, and the fisherman's reflection is visible in the water. The sky is orange and yellow, and the water is dark with ripples.

Meanwhile, cost competitiveness remains strong in Vietnam, Indonesia and Malaysia. But that's increasingly balanced with other factors like technology and innovation capabilities and skilled workforce availability.

Businesses aren't simply choosing ASEAN, they're building portfolios within it, aligning country-specific strengths.

The UOB Perspective

Through our strong partnership with Indonesia's Investment Board, Special Economic Zone, and Industrial Park, UOB Indonesia has been a strategic partner that supports investors seeking opportunities across sectors such as Telecommunications, Media and Technology, Manufacturing, Industrials including Minerals and Mining.

Foreign companies, expanding into Indonesia's growing market were able to tap on our financial and sector specialists to deliver tailored financial solutions and advisory services. These companies and their subsidiaries account for nearly 24% of our business in the country, underscoring the trust international investors place in UOB's expertise and network.



Harapman Kasan
Head of Wholesale Banking
UOB Indonesia

An aerial photograph of a city skyline at dusk. The sky is a mix of blue and orange, with some clouds. A prominent skyscraper with a glass facade is in the center-right, reflecting the sky. Other buildings of various heights are visible in the background and foreground. The city lights are starting to glow.

Thailand and Malaysia are now the leading choices for APAC HQs.

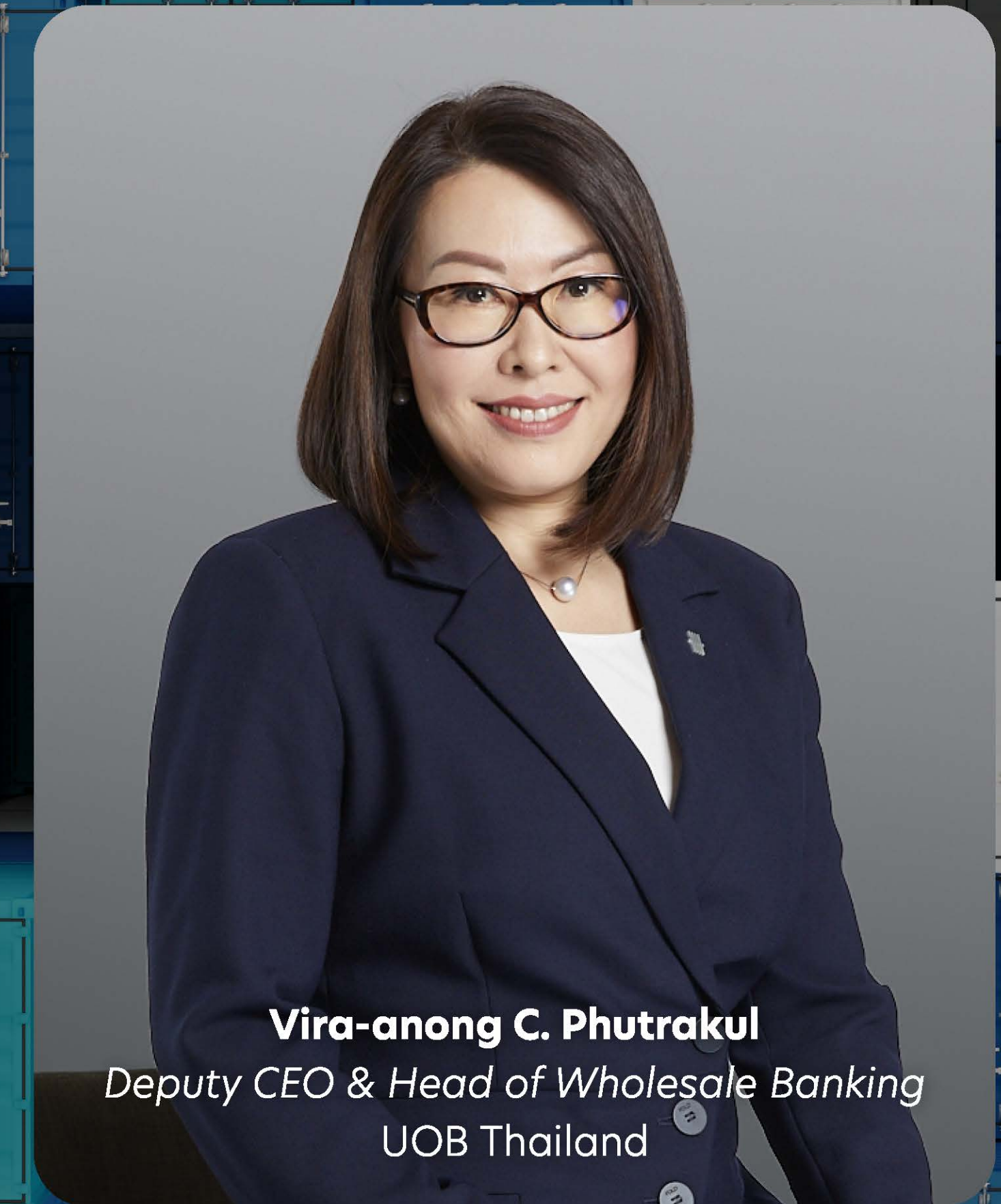
One fifth of businesses considering investments in Thailand and 18% in Malaysia see these countries as potential APAC headquarters, surpassing traditional hubs like Singapore (12%) and Hong Kong (11%). Businesses considering establishing a headquarters in Malaysia and Thailand are most likely to come from Asia and North America.

While Singapore and Hong Kong have long been default HQ choices, this shift suggests that businesses are now prioritising proximity to production, cost efficiency and on-the-ground agility when deciding where to base regional leadership.

The UOB Perspective

Thailand's strong fundamentals continue to inspire confidence, despite tariffs and geopolitical shifts. As global supply chains evolve, Thailand strengthens its role as both a supply chain hub and a strategic headquarters destination. Thailand is emerging as a preferred base for regional leadership in Asia.

UOB Thailand supports this momentum with projects through the Board of Investment (BOI) and Eastern Economic Corridor (EEC) growing 38% year-on-year, while the total value of these projects has risen by 138%.



Vira-anong C. Phutrakul
Deputy CEO & Head of Wholesale Banking
UOB Thailand



Andy Cheah

Head of Wholesale Banking
UOB Malaysia

The UOB Perspective

UOB Malaysia is a trusted financial partner for investors from both Western and Asian regions, as well as for companies looking to establish regional offices. Our deep integration with the local financial landscape, built through partnerships with government agencies, industry players, and Malaysia's strategic position as a supply chain hub, underpins this trust.

Through our Group Foreign Direct Investment Advisory unit, we have facilitated nearly RM40 billion of investments from over 380 companies, creating 46,000 jobs across Telecommunications, Media and Technology, Manufacturing, Construction and Infrastructure.

Singapore is positioned to attract the largest investments in APAC.

While Thailand and Malaysia are now the top choices for APAC headquarters, and China ranks as the #1 investment destination in APAC, Singapore remains unmatched in its ability to attract large-scale investments.

On average, businesses considering allocating capital to APAC set aside more for Singapore than for any other market. This reflects their confidence in the city-state's regulatory stability, financial sophistication and strategic location. Singapore continues to anchor high-value activity across advanced manufacturing, frontier technologies and regional supply chain orchestration.

Australia and Thailand rank second and third, respectively, in their abilities to attract investment from businesses overseas.



China is the #1 destination in APAC businesses are considering for investment in the next three years.

Mainland China emerged as the top investment destination for 15% of businesses considering investments in APAC over the next three years.

That's five percentage points higher than Japan, which ranked second in APAC. Globally, China ranked fourth for foreign direct investment interest, just behind the US, Germany, and France.

A comparison of survey results from January to June 2025 shows only a 1.5% decline in the share of businesses considering investments in China. That's a modest drop considering Bloomberg's Trade Policy Uncertainty Index reached record highs amid concerns around tariffs and trade tensions.

The UOB Perspective

As supply chains evolve in response to global shifts, more leading businesses with sophisticated operations are using the China-ASEAN corridor to expand market reach, optimise production capabilities, and strengthen supply chain resilience. These include the Industrials, Construction and Infrastructure, Telecommunications, Media and Technology, and Consumer Goods & Healthcare sectors.

This had led to a two-way flow of capital, trade, and innovation that is unlocking significant opportunities across multiple industries. UOB China facilitates the capturing of these opportunities by leveraging our extensive network, sector expertise, specialised FDI advisory, and robust cross-border financial solutions across both China and ASEAN.



Cynthia Xin

Head of Wholesale Banking
UOB China

55%

of businesses considering investments in China are targeting advanced technology sectors such as AI, IoT and robotics, placing it just behind Vietnam among APAC markets.

This underscores China's continued strength in scaling innovation, supported by deep talent pools and a mature digital infrastructure. Even as firms pursue China Plus One strategies to diversify risk, China itself remains a cornerstone for frontier tech investment.

A person in a white traditional Chinese outfit is standing on a balcony, holding a red fan. The background shows the Shanghai skyline, including the Oriental Pearl Tower, under a clear blue sky.

China remains a top-tier destination for advanced technology investment.



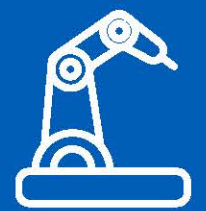
Advanced technology is now the #1 investment focus across ASEAN.

Despite ASEAN's historical appeal for low-cost manufacturing, Advanced Technology including AI, IoT and robotics is now the #1 focus among businesses considering investments in the region.

Among businesses considering APAC as an investment destination, ASEAN over indexes in several other high-value industries:



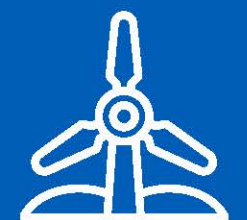
IT / Computer
Technology



Advanced
Manufacturing



Business
Services



Renewable
Energy



Regardless of industry,
58% of businesses look
for AI adoption today.

AI adoption is a differentiator today. Tomorrow it will be an expectation. Nearly 60% of investors who consider technological and innovation capabilities important say that the adoption of AI and machine learning will influence their investment decisions right now. By contrast, 30% say it's not a core requirement today but might impact future decisions.

Meanwhile, Infrastructure for Business and Talent remain the top two requirements investors say will influence future decisions. These are enduring enablers, critical across sectors and investment types.

AI-powered data collection is the #1 factor that will shape ESG across supply chains.

Technology is redefining ESG. Over the next three years, businesses expect sustainability strategies to be driven less by policy checklists and more by tech-enabled accountability. The top priority globally is the use of AI to improve ESG data collection.

What gets measured gets managed. AI models can help companies track carbon emissions and identify reduction opportunities. Looking at Scope 3 emissions, AI empowers companies to assess their ESG performance of their suppliers. And AI-powered platforms are already changing the way companies analyse and report ESG data to adhere with sustainability standards.

Blockchain and AI-powered traceability also rank high on the list of factors reinforcing a shift toward visibility across complex supply chains. At the same time, access to green energy and ESG regulation tied to sourcing are becoming critical factors in operational and investment decisions.



70% of businesses want banks to help manage tariff risk, FX and trade finance.

Tariffs, trade barriers, and supply chain issues have moved from operations to the boardroom, now seen as strategic risks with financial consequences.

70% of businesses want banks to help manage tariff exposure, FX volatility, and trade finance, especially across supply chains. This urgency reflects top concerns:

37% cite US tariffs

34% cite rising trade barriers

27% cite ongoing supply chain challenges

As complexity grows, companies are turning to banks with global reach, regulatory insight and executional strength.

Businesses
expect banks
to be experts
on tariffs
and trade
regulations.

Tariff-related uncertainty is a strategic risk. Against that backdrop businesses value partners with a deep understanding of tariffs and trade regulations (24%), a strong global presence (22%), and the reputation and stability of the institution itself (21%).

This shift reflects the rising need for financial partners who can navigate geopolitical friction, decode regulatory changes, and provide guidance across complex cross-border trade environments.

A portrait of Frederick Chin, a middle-aged man with dark hair, wearing a dark blue plaid suit jacket, a white shirt, and a light blue patterned tie. He is smiling slightly and looking towards the camera. The background is a solid blue color.

Frederick Chin

Head, Group Wholesale Banking
and Markets, UOB

Today, as businesses navigate a new era of complexity and opportunity, our role is more critical than ever.

As trade dynamics evolve and capital flows shift, UOB remains committed to reshaping global supply chain pathways to unlock the full potential of ASEAN.

The region is not just a manufacturing hub and growth market, but a strategic engine for the world.

ASEAN is amongst the fastest growing regions with a GDP of US\$3.7 trillion, projected to be the 4th largest economic bloc in the World by 2030. It is also one of the top FDI destinations with over US\$220 billion in investments in 2024, and this trend may be accelerated by a stronger and more integrated ASEAN bloc with connectivity to China and rest of the world.

This presents the environment to forge regional unity and collaboration, where the role of government policy makers have never been more pivotal.

About the insights

This Gateway to ASEAN Paper draws on insights from Bloomberg Media's 2025 Foreign Direct Investment Outlook, based on a survey of 2,600 senior business decision-makers across 31 key markets. The geographic breakdown is as follows: Asia Pacific 31%, Europe 31%, Latin America 12%, North America 12%, Middle East and North Africa 9%, Sub-Saharan Africa 5%. Respondents are directly involved in shaping their organisation's foreign investment strategy.

Fieldwork was conducted between May 21 and June 11, 2025, across North America, Latin America, Europe, the Middle East and North Africa, Sub-Saharan Africa, and Asia Pacific.

All references to ASEAN throughout the Gateway to ASEAN Paper indicate the following countries: Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam.



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