
Press Release

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Investments in Asia Pacific Will Continue to Climb

67% of CEOs plan to increase investment in Asia Pacific over the next 12 months. Vietnam ranked 7th among top ten APEC economies for increasing investments, and the 6th among top ten APEC private sector capital investment destinations

Hanoi, 10 November 2014 – Confidence among CEOs in Asia Pacific continues to get stronger, a new report by PwC finds. Forty-six percent of executives in the region now say they are “very confident” of growth in the next 12 months, up 10 points from 2012 and four points from last year, despite slowing growth in China, the economic engine for the region.

PwC’s study, “*New Vision for Asia Pacific: Connectivity creating new platforms for growth*,” surveyed more than 600 business leaders about prospects for business in the region. It was released today at a meeting of the Asia Pacific Economic Cooperation (APEC) in Beijing.

The survey found that 67% of executives plan to increase investment in the APEC region over the next 12 months. Their plans are spread over each of the 21 APEC member economies, with China, the US, Indonesia, Hong Kong-China and Singapore the most popular destinations for investment. Vietnam ranked 7th among top 10 economies, with 45% CEO polled said they plan to increase investment in Vietnam.

“PwC Vietnam has been observing ongoing high levels of foreign direct investment (FDI) into the country with US\$22.3b licensed in 2013 and \$13.7b licensed in the first 10 months of 2014. Investment has primarily been into the manufacturing sector since Vietnam continues to be viewed as a stable, low cost location with a plentiful supply of labour. FDI has primarily been from Asian countries such as Korea, Japan and Taiwan but we have observed increasing interest from South East Asian investors in the last 2 - 3 years. In addition, there has been an uptick in real estate investment after a long period of relative inactivity with a number of funds investing significant amounts into the country.” – says Stephen Gaskill, Advisory Partner at PwC Vietnam.

Capital spending is a part of it; 57% of respondents said they are either building or expanding facilities in APEC economies in the next 3 to 5 years, in which 15% chose to spend their capital in Vietnam, helped to rank Vietnam the 6th among top 10 of private sector capital destinations in the Asia Pacific region. Most also plan to hire: 38% of respondents expect headcount in their organisations globally to expand by at least 5% a year over the next 3-5 years.

Supporting this confidence is a vision of an Asia Pacific region that is more connected, both physically and virtually, and an outlook for more balanced regional growth. For example, nearly 60% of executives say they are now more willing to share insights and resources with business partners in order to speed product development and gain market access. And more than 40% say their company will likely enter a business combination outside of their core industry.

“Asia Pacific today stands at a turning point as advancing technologies move beyond national boundaries and create new demands and even new industries,” says Dennis M. Nally, Chairman of PricewaterhouseCoopers International Ltd. “CEOs see the need to be bold in breaking down the barriers to growth. They want to finalise the Trans-Pacific Partnership, address intellectual property issues and encourage regulatory harmony in the region.”

The survey found that data-driven changes are having an impact in the region; 57% of executives say they are more confident of their ability to respond to changes in the marketplace, and half say they are more skilful at forecasting demand. These executives are more likely to be “very confident” of growth (67%) than their peers.

Additional findings:

- Domestic competition is intensifying, while compliance and tax uncertainties continue. Twenty percent of respondents say they are less confident in their ability to increase profit margins on their domestic operations than they were a year ago. And 15% say their confidence in forecasting compliance and tax liabilities declined over the year.
- More executives with operations in China are “very confident” of growth in the Chinese market (42%), than are confident of growth internationally for products made in China (32%).
- A healthy, skilled workforce remains a priority; 75% of respondents already have employee training/retraining programmes and 17% say they will implement one.
- Many APEC businesses are not ready to fully participate in the digital economy. Less than half (46%) of Asia Pacific executives are confident they are profiting from their

investments in social networks. And between 12% and 22% of APEC businesses are “very confident” across a range of social network capabilities.

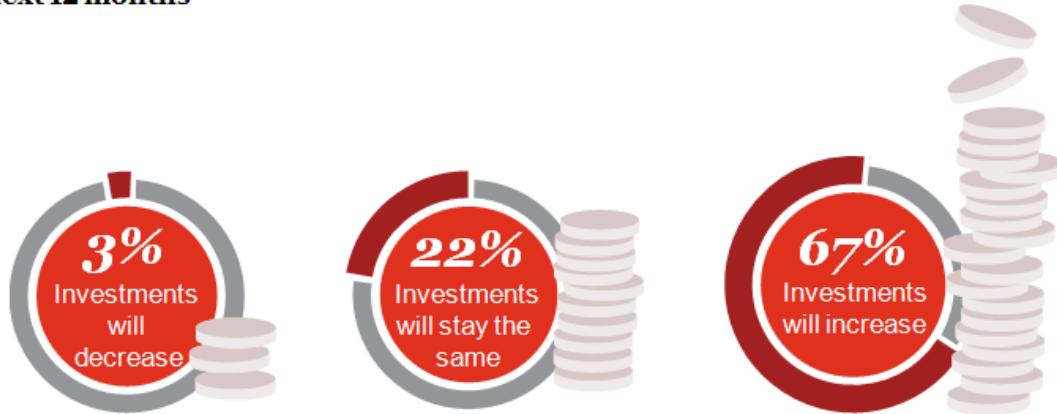
- Momentum for free trade continues, but progress is slow. Seventy percent of respondents say APEC is moving closer to a Free Trade Area of the Asia Pacific (FTAAP), but more than half (55%) say progress is lagging, and 11% say it has stalled or even reversed.

“Businesses are investing in a different Asia Pacific with rising numbers of urban middle-income consumers demanding new, technologically advanced products and services from business and governments,” says Mr. Nally. “In its 25th year, APEC has an ongoing and important role to play in helping to meet these demands and advancing growth throughout the region.”

Notes to editors:

Figure 1. 67% business leaders surveyed plan to increase their investments in APEC economies over the next year.

Majority of business leaders plan to increase investments in APEC economies over the next 12 months



Source: PwC 2014 APEC CEO Survey. www.pwc.com/apac
Q: Thinking of your footprint in the APEC region, will your investments increase, stay the same or decrease over the next 12 months? - APEC region overall | Base: 635, 'Don't know' responses excluded

Figure 2. 45% of executives polled said they plan to increase their investments in Vietnam over the next 12 months.

Business investment rising across APEC

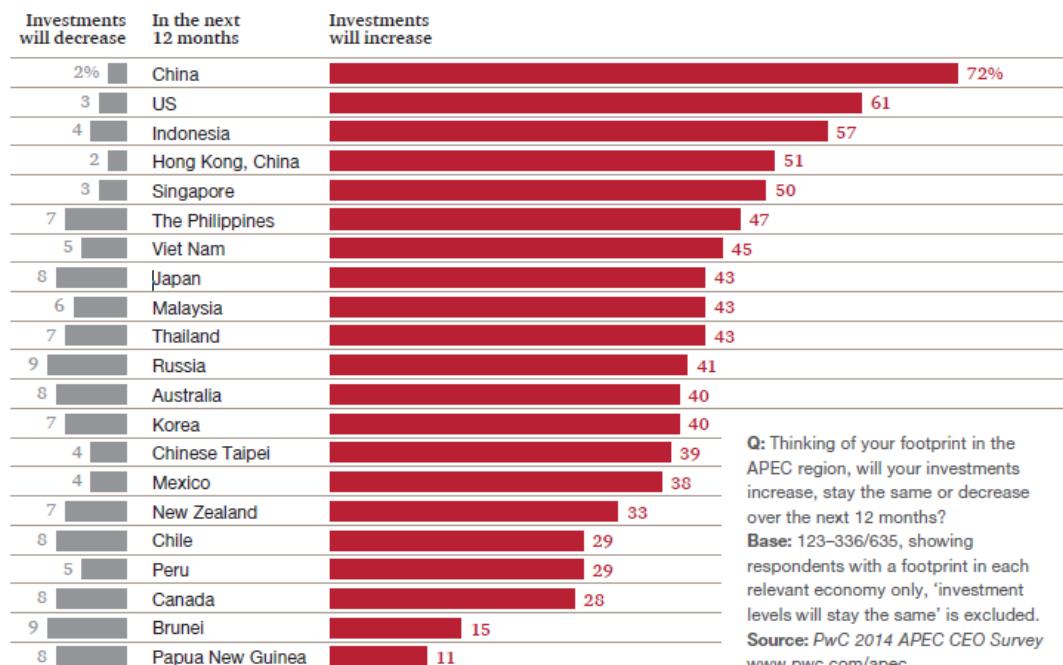


Figure 3. Vietnam ranked 6th among top 10 of private sector capital destinations in the Asia Pacific region

Where private sector capital spending is going in Asia Pacific in next 3-5 years?



Source: PwC 2014 APEC CEO Survey. www.pwc.com/apec
Q: Is your organisation intending to invest in new facilities or capital projects in an APEC economy over the next 3-5 years? | Base: 610
Q: What is the size of the total investment(s)? In which APEC economy(ies) do you intend to invest in those new facilities? Describe the type of new facilities. | Base: 345, respondents who selected 'Yes'. 'Don't know' responses not displayed, and bar chart shows the top 10 economies for investment only.

- **About APEC**

The Asia-Pacific Economic Cooperation (APEC) forum is the premier economic organisation in the Asia-Pacific region. Established in 1989 by 12 economies, APEC fosters growth and prosperity by facilitating economic cooperation and expanding trade and investment throughout the region. APEC's 21 member economies today account for 55% of global GDP.

The APEC CEO Summit is the Asia-Pacific's premier business event, drawing thousands of economic and business leaders from around the region and beyond. The 2014 CEO Summit will be held from 8 November to 10 November in Beijing, China.

- **Survey Methodology**

Carried out by PwC International Survey Unit, the APEC CEO Survey 2014 was conducted between June and August 2014 covering 635 CEOs and industry leaders across 39 nations with operations in APEC economies. The full survey report can be found here www.pwc.com/us/apec/2014.

About PwC

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PwC Vietnam established offices in Hanoi and HCMC in 1994. Our team of approximately 650 local and expatriate staff has a thorough understanding of the business environment in Vietnam and a wide knowledge of policies and procedures covering investment, tax, legal, accounting and consulting matters throughout Vietnam. We also have a foreign law company in Vietnam, licensed by the Ministry of Justice with a head office in Ho Chi Minh City and a branch office in Hanoi.

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