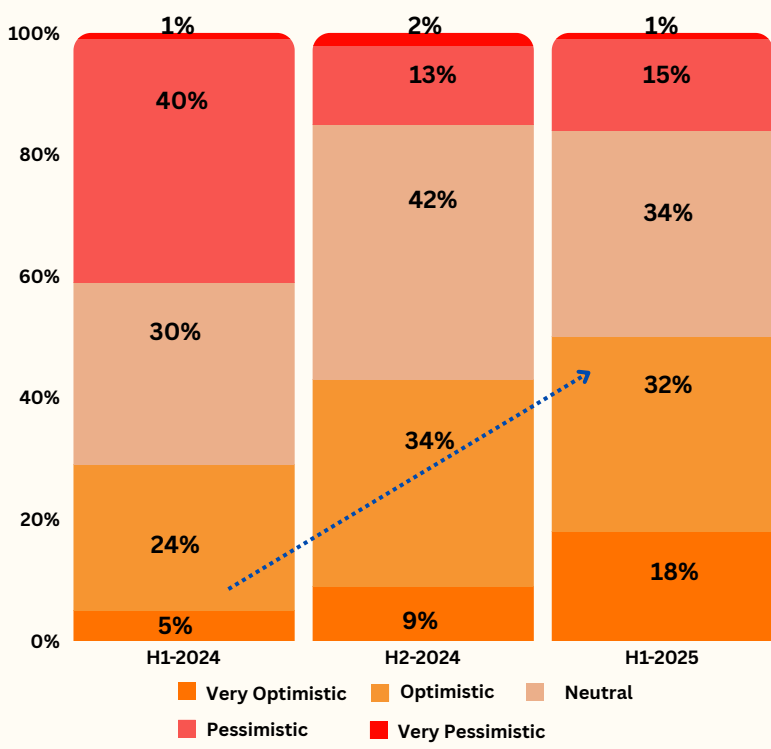


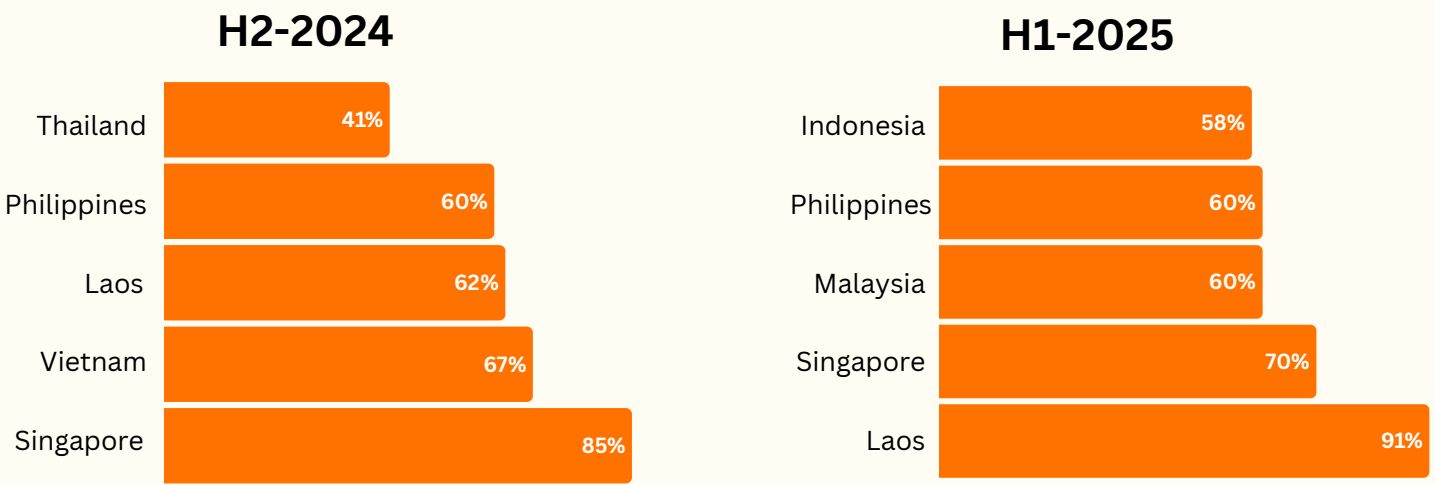
SOUTHEAST ASIA SMEs BUSINESS OUTLOOK

A business pulse by Confirmis (February 2025)



An improvement in business sentiment was observed by H1-2025, with nearly 50% of businesses expressing optimism about ASEAN’s economic outlook, up from previous periods. The sharp decline in pessimism, dropping to 16%, highlights a renewed sense of confidence, as businesses shift towards a more positive perspective despite ongoing global challenges.

TOP 5 Most Optimistic Toward The Country’s Economy

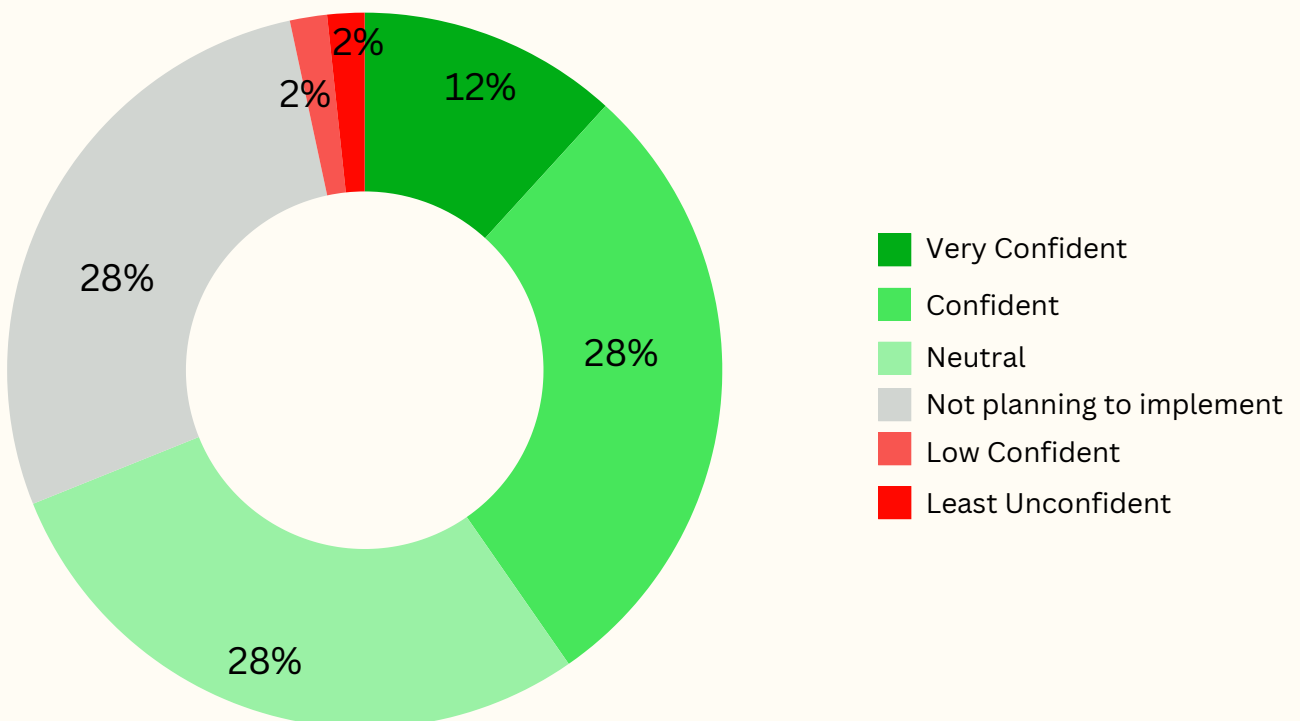


Laos, Philippines, and Singapore demonstrate consistent confidence in their economies, ranking high in both H2-2024 and H1-2025. Meanwhile, Malaysia and Indonesia have risen to prominence in H1-2025, reflecting strengthened optimism. This shift indicates growing confidence driven by market recovery, policy initiatives, and regional integration efforts.

ESG Implementation Across ASEAN

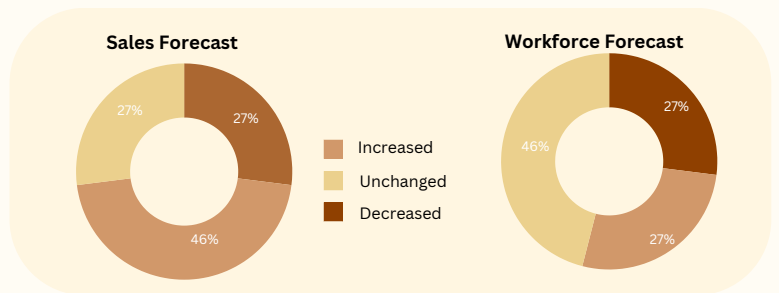
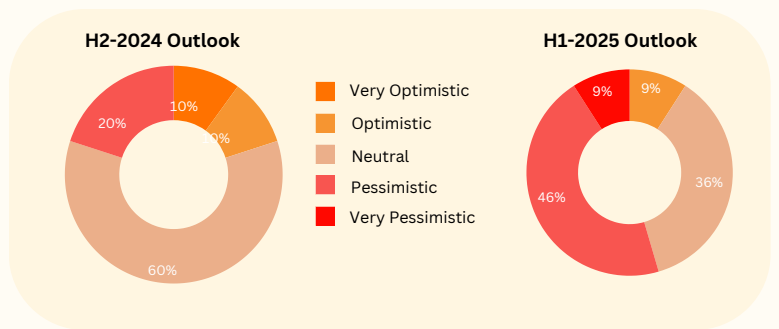
ESG adoption in ASEAN shows progress, with 40% of businesses expressing confidence in their ability to implement sustainable initiatives.

However, nearly 29% remain hesitant or do not plan to adopt ESG practices. While governments are supporting sustainability efforts through green finance, capacity-building programs, and improved market access, challenges persist. High costs—especially in energy efficiency and waste management—continue to be significant barriers, limiting broader adoption despite growing momentum.



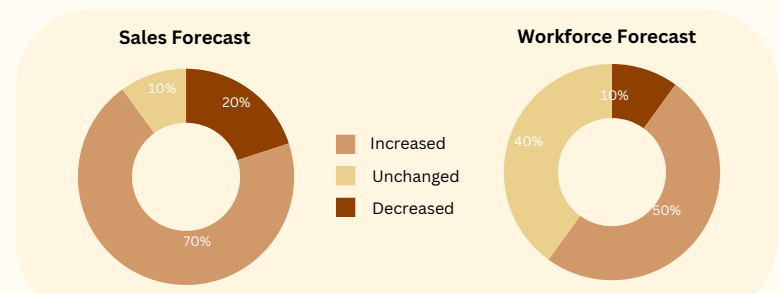
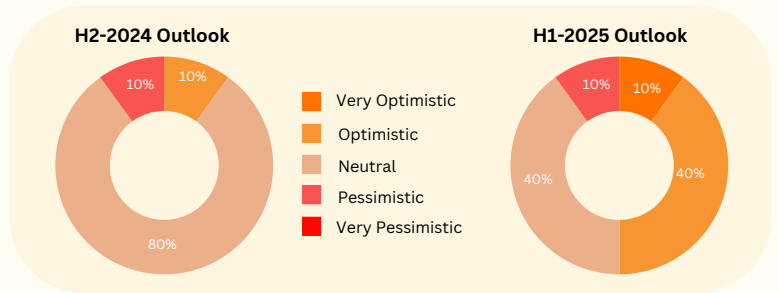
BRUNEI

Brunei's SME outlook shows **rising uncertainty, with increased pessimism to 55% in H1-2025**, signaling a shift in business sentiment. Despite this, 46% foresee sales growth in some sectors like green energy and digital services. Workforce stability reflects caution, while Brunei Vision 2025 drives innovation amid market and global challenges



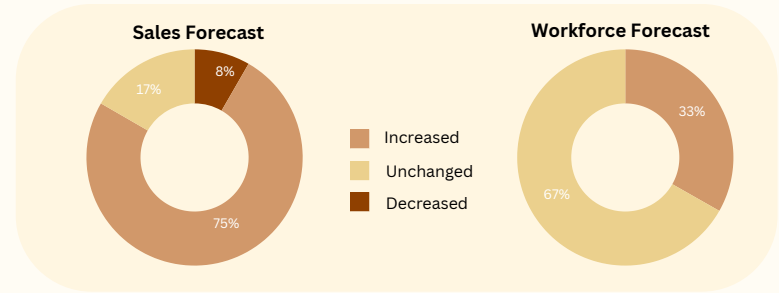
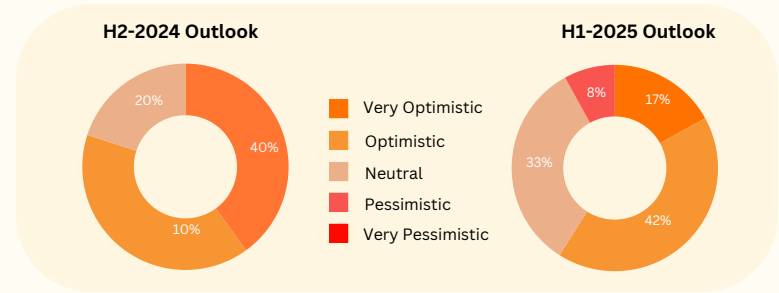
CAMBODIA

Cambodia's SME outlook is **optimistic**, with 50% positive sentiment, 70% forecasting sales growth, and 50% planning to expand staff. Recovery is fueled by reviving key sectors and government digital economy initiatives, though challenges like limited financing and rising costs persist.



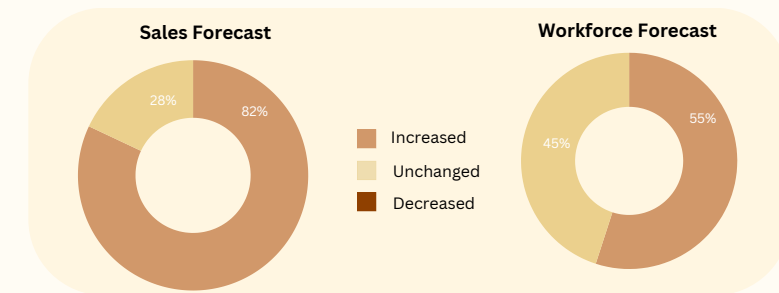
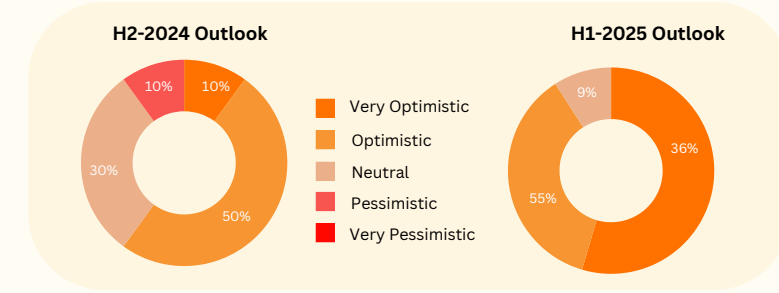
INDONESIA

Indonesia's SME outlook **remains positive**, with 58% optimism in early 2025, 75% expecting sales growth, and stable workforce plans. Strong consumption, infrastructure investments, and digital and manufacturing growth drive economic resilience.



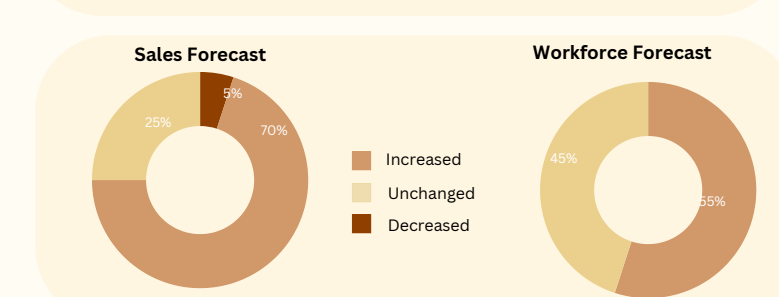
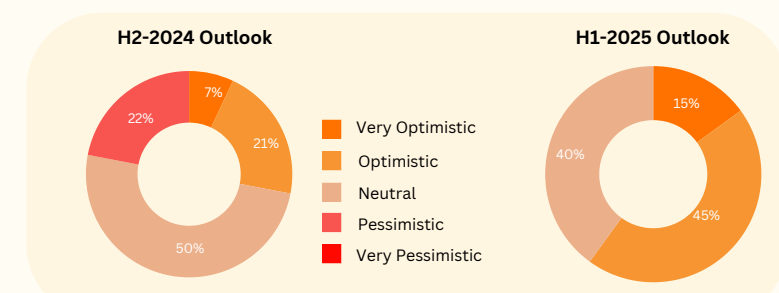
LAOS

Laos' SME outlook **is increasingly optimistic**, with robust positivity rising to 91% in H1-2025. Sales expectations are strong (82% growth), and workforce plans show cautious expansion (55% hiring). The China-Laos Railway boosts trade and tourism, solidifying Laos as a logistics hub, while fiscal reforms and infrastructure growth offset challenges like 26% projected inflation.



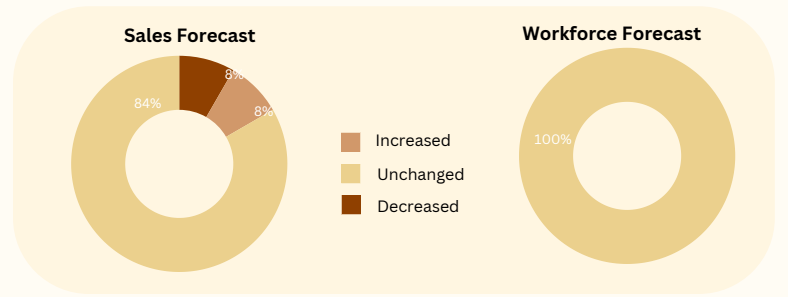
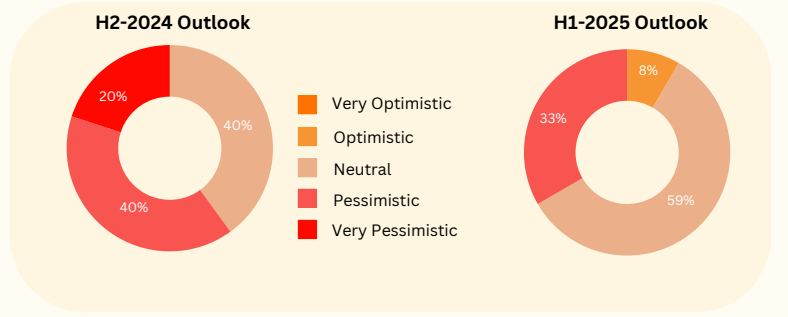
MALAYSIA

Malaysia's business outlook is **optimistic, with positive sentiment rising** to 63% in H1-2025. Sales growth is forecasted by 74%, and 58% plan workforce expansion. SMEs drive the economy, supported by government initiatives in financing, digitalization, and competitiveness, despite global uncertainties.



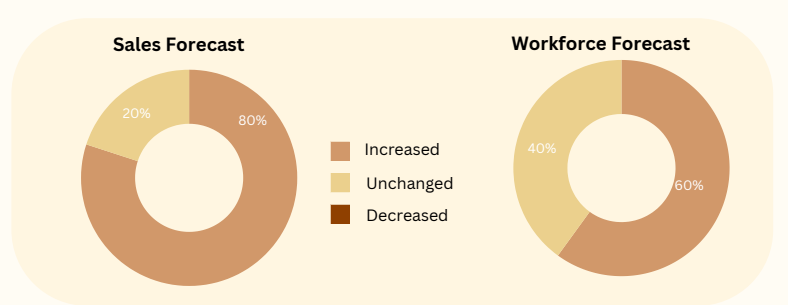
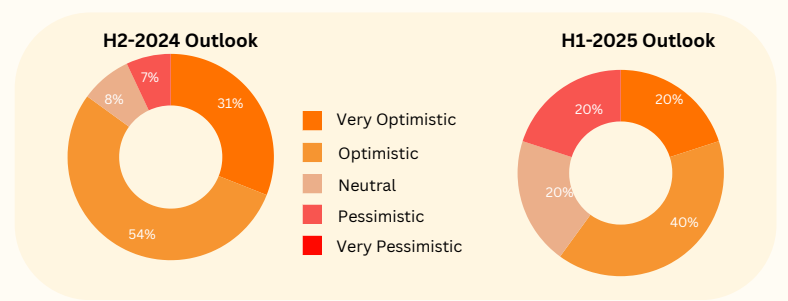
MYANMAR

Myanmar's SME outlook **remains subdued** in H1-2025, with only 8% optimistic. Stagnant sales expectations (84% unchanged) and static workforce plans (100%) highlight economic struggles. Inflation, currency volatility, market restrictions, and regulatory barriers, coupled with ongoing political instability, continue to erode business confidence despite stabilization efforts.



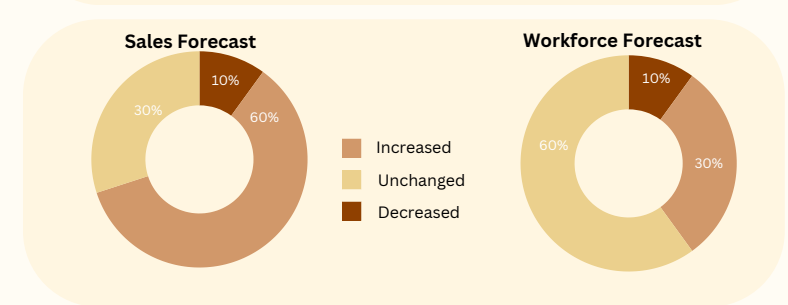
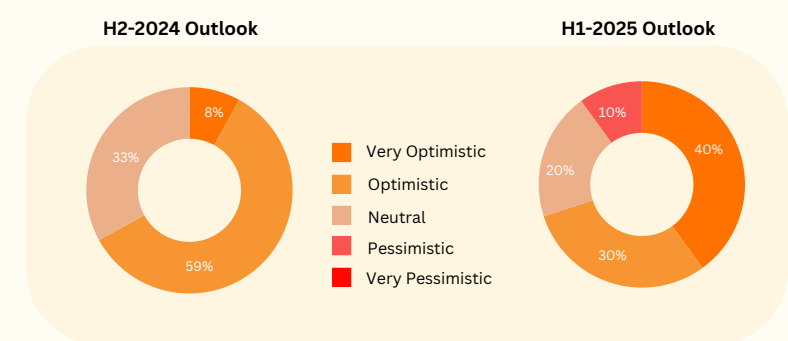
PHILIPPINES

Philippine SMEs show **cautious optimism**, dropping to 60% in H1-2025, with Neutral and Slightly Pessimistic views rising to 20% each. While 80% expect sales growth and 60% plan workforce expansion, challenges like inflation, rising costs, and global uncertainties temper growth. Strong domestic demand, a booming digital economy, and government support remain key drivers amid economic headwinds.



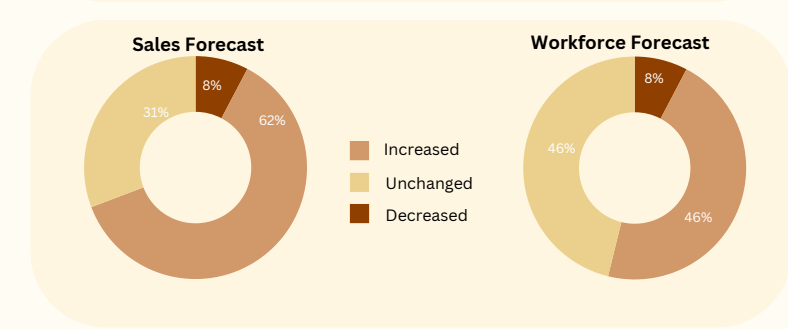
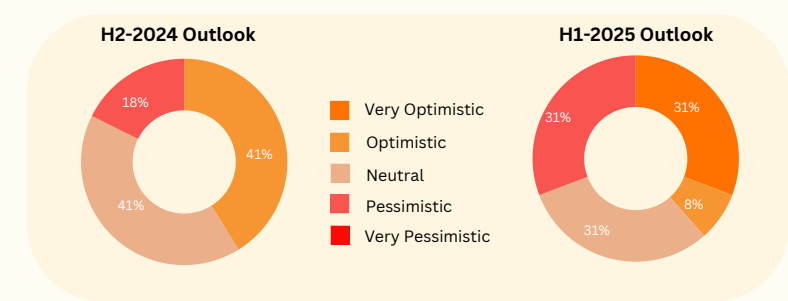
SINGAPORE

Singapore's SME outlook **improves**, with **Very Optimistic responses rising** to 40% in H1-2025 and strong sales growth (60%) expected. Backed by initiatives like the SME Go Digital Programme and Enterprise Sustainability Programme, SMEs benefit from enhanced funding and digital tools. However, inflation, global risks, and talent shortages continue to shape cautious hiring plans (30%).



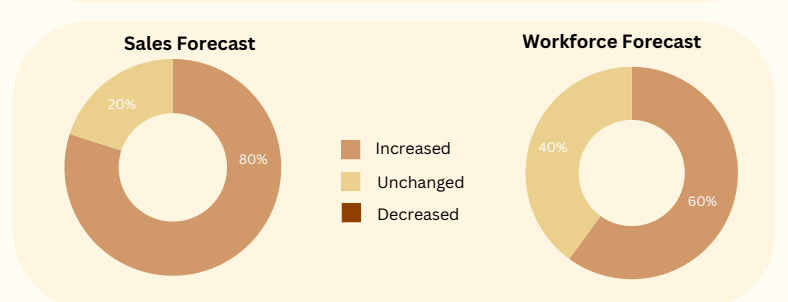
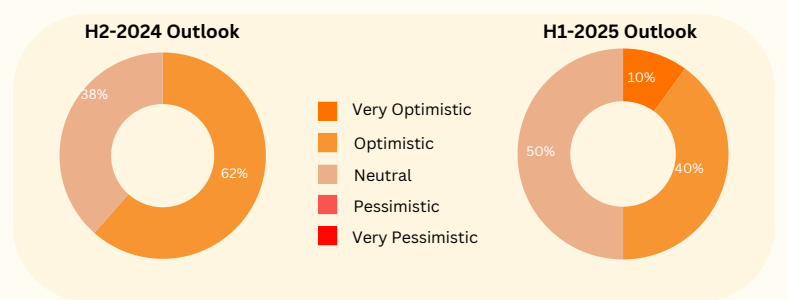
THAILAND

Thailand's SME outlook shows **mixed sentiment** in H1-2025, with nearly one-third pessimistic. Strong sales expectations (62%) and workforce expansion plans (46%) reflect tourism recovery and FDI growth in renewables and digital industries. Government support, including SME One ID, low-interest loans, and tax incentives, aids SMEs, but rising energy costs, weaker exports, and political uncertainties remain key challenges.



VIETNAM

Vietnam's SMEs remain **cautiously optimistic** in H1-2025, with 50% optimistic and 80% expecting sales growth. Trade deals like EVFTA and RCEP, digitalization, and sustainability efforts drive growth, while 60% plan workforce expansion. Rising costs and supply chain issues remain challenges.



CONCLUSIONS & SUGGESTIONS

OPTIMISM RECOVERY

Business sentiment among ASEAN SMEs has shifted positively over the past year. By H1-2025, pessimism dropped to 19%, while optimism remained strong at 49%, reflecting steady regional recovery and resilience amid ongoing global challenges.

VARIATION AMONG COUNTRIES

Significant and continuous variation in business optimism among ASEAN countries each period highlights the need for tailored economic policies from the government and adaptive business plans from the SME owners and executives.

ESG IMPLEMENTATION

ESG implementation in ASEAN reflects growing confidence among businesses in adopting sustainable practices. However, significant challenges persist, including resource constraints, limited expertise, and high costs, particularly impacting SMEs. ASEAN governments have taken proactive steps through initiatives such as green finance, capacity-building programs, and market access incentives to promote ESG adoption. Nonetheless, more targeted and strategic support is required to effectively overcome these barriers and ensure broader adoption across the region.

REMAINING RISKS

Risk factors related to strategic competition between the US and China, as well as geopolitical conflicts, have become more prominent. As a consequence, it's crucial for the region to rebuild policy space in preparation for future shocks.

References

Cambodia's Economic Growth Accelerates Through the Manufacturing Industry

<https://apacbusinessstandard.com/cambodias-economic-growth-accelerates-through-the-manufacturing-industry/>

Sri Mulyani: Infrastructure Development, Human Resources as Pillars of Indonesia's Economic Resilience

<https://setkab.go.id/en/sri-mulyani-infrastructure-development-human-resources-as-pillars-of-indonesias-economic-resilience/>

Myanmar Economic Transition Amid Conflict

<https://documents1.worldbank.org/curated/fr/507421574785059413/pdf/Myanmar-Economic-Transition-amid-Conflict.pdf>

SMEs Face Challenges in Integrating ESG Practices into Business Operations

<https://www.tvsarawak.my/2024/08/07/smes-face-challenges-in-integrating-esg-practices-into-business-operations/>

Vietnamese entrepreneurs expect 2025 a thriving year

<https://theinvestor.vn/vietnamese-entrepreneurs-expect-2025-a-thriving-year-d14368.html>

PH economy maintained steady growth in 2024 despite challenges; outlook for 2025 remains bullish driven by lower inflation, higher consumption, and investments

<https://www.dof.gov.ph/ph-economy-maintained-steady-growth-in-2024-despite-challenges-outlook-for-2025-remains-bullish-driven-by-lower-inflation-higher-consumption-and-investments/>

China-Laos Railway: A catalyst for economic growth and cultural exchange

<https://news.cgtn.com/news/2024-12-03/China-Laos-Railway-A-catalyst-for-economic-growth-cultural-exchange--1z1UwI2tTLa/p.html>

Thailand Industry Outlook 2024-2026

<https://www.krungsri.com/en/research/industry/summary-outlook/industry-outlook-2024-2026>