

A changing geopolitical landscape Europe's Economy at Risk

A CEO Perspective:

Protect European Assets ► **Build Geographical Strategic Options**

**Diversifying commercial & manufacturing activities
is becoming a strategic necessity.**



Asight Singapore Pte. Ltd. — Industrial Consulting in Southeast Asia

Enabling European companies to **respond to rising economic** and **geopolitical constraints**.

Diversifying supply chains, strengthening manufacturing resilience, and expanding industrial opportunities across Southeast Asia.

Global uncertainty is increasing

Europe faces mounting economic, geopolitical pressures.

Three geopolitical developments are changing the context for European business.

01

Middle East

De-escalation may be temporary rather than a durable settlement, given unresolved political, regional, and security issues.

02

EU – Russia relations

The **Russia–Ukraine-EU conflict** is no longer simply a temporary disruption.

It represents a **prolonged structural risk** for **European companies**, putting pressure on **energy costs, supply-chain resilience, and long-term operating conditions.**

03

U.S. – China competition

As U.S.–China competition reshapes global trade and supply chains.

European companies face a more fragmented operating environment, making their geographic diversification an increasingly important strategic option.

The four-part economic squeeze on European firms

These pressures interact:

Source: IEA <https://www.iea.org/>

Energy-cost pressure

Industrial electricity prices in the EU remained twice U.S. levels. Around 50% higher than in China, while natural gas prices were nearly four times U.S. levels. These persistent energy-cost differentials are putting pressure on the competitiveness of European industry.

Source: <https://ec.europa.eu/eurostat>

Slow-growth environment

EU growth is projected at just 1.1% in 2026, while inflation is expected to rise to 3.1% creating a challenging environment for demand, costs, and margin recovery.

Capital and fiscal competition

Rising defence spending is absorbing increasing public resources, intensifying fiscal pressure and constraining the capital available for private-sector investment and growth.

Supply-chain and trade exposure

Geopolitical disruptions and concentrated supply chains increase input and logistics costs, while raising the economic cost of maintaining reliable operations.

Europe is re-arming, redirecting resources away from other economic priorities.

Defence spending keeps rising, while the funding and focus that could fix energy costs and competitiveness fall behind.

- 01** **Defence spending is crowding everything else out**
Military budgets and defence-industrial ambitions keep climbing, absorbing a growing share of national resources and political attention.
- 02** **Energy and industrial costs stay unresolved**
High energy and operating costs continue to pressure energy-intensive industry, the underlying competitiveness problem isn't being fixed.
- 03** **Economic weight is eroding**
As spending shifts toward security, Europe risks losing ground economically, falling behind on growth, investment, and industrial renewal.

Core risk ➤ Europe is trading economic strength for military strength, growth and competitiveness fall behind.

Key economic indicators point to a challenging European operating environment.

The figures do not predict a company outcome; they establish why scenario planning and diversification are prudent.

2×+

EU industrial electricity prices
versus U.S. and China, H1 2025

Up to 4×

EU industrial gas prices versus
the U.S.

1.1%

EU GDP-growth forecast for 2026

3.1%

EU inflation forecast for 2026

\$226bn

ASEAN inward FDI in 2024

\$44bn

ASEAN manufacturing FDI in
2024; nearly +150% year on year

Sources: European Commission economic forecasts and competitiveness reporting; ASEAN/UNCTAD Investment Report 2025.

The Strategic Question for European companies

How can we reduce exposure to European cost, supply-chain and geopolitical pressures, while protecting the European core?

The answer is: not to leave Europe.

It is: create credible operating options beyond it.

01

Diversify markets

Build commercial presence closer to growth markets, customers, and regional partners.



02

Diversify sourcing

Develop alternative suppliers, qualify critical inputs, and reduce single-region dependence.



03

Diversify manufacturing

Assess contract manufacturing, assembly, partnerships, JV's, M&As, and other scalable production options.

Create strategic commercial & manufacturing options

Why South East Asia and not any other region ?

For European industry, Southeast Asia offers a rare combination of industrial capability, growth-market access, connectivity, and diversification optionality.

Southeast Asia is not a one-size-fits-all solution. Its value must be assessed against each company's specific economics, business model and strategic objectives. Its advantage lies in the combination of the following factors:

01

Manufacturing ecosystems

Established and expanding clusters in electronics, automotive, machinery, consumer goods, food processing, and components.

02

Regional market access

A growing regional customer base plus integration with wider Asian trade and production networks.

03

Logistics & connectivity

Major ports, industrial corridors, free-trade and investment zones, and increasingly integrated cross-border supply chains.

04

Geographic optionality

A location between the Indian and Pacific Oceans, enabling diversified links to China, India, Japan, Korea, Australia, Europe, and the U.S.

05

Diversified political exposure

A multi-country platform can reduce dependence on a single operating geography; mainly conflict-free with risks to be assessed country by country.

06

Investment momentum

ASEAN attracted \$226bn of FDI in 2024; manufacturing FDI reached \$44bn, supporting deeper supplier and industrial ecosystems.

Source: ASEAN Investment Report 2025 / ASEAN Secretariat and UNCTAD; OECD supply-chain background note.

Europe remains the core.

Southeast Asia creates complementary options.

The objective is **not to shift away from Europe**, but to strengthen European companies' resilience and competitiveness by developing **additional** commercial, manufacturing, sourcing, and supply-chain options in **Southeast Asia**.

A diversified footprint can provide greater flexibility, access to new markets and capabilities, and additional options for future growth, while **maintaining Europe as a core strategic base**.

Southeast Asia combines pragmatic and **balanced geopolitical positioning** with growing markets, expanding industrial capacity, competitive supply chains, and deeper regional integration.

South East Asia can complement European operations by creating additional options for manufacturing, sourcing, commercial expansion, and strategic partnerships.

Diversification can start commercially and scale industrially.

Asight Singapore Pte. Ltd. assists European companies throughout the entire process, from market entry and local partnerships to sourcing, manufacturing and investment.

The entry path should match risk appetite, investment capacity, product complexity, and the specific resilience needs.

01

Commercial entry

Distributor / agent / direct sales office

Objective: validate demand, customers, pricing, and local support needs.

02

Sourcing & supply chain

Supplier identification and qualification

Objective: reduce single-region dependence and sanctions exposure, before it becomes a disruption.

03

Manufacturing footprint

Contract manufacturing / JV / M&A / green-field

Objective: create scalable industrial optionality where the economics work.

Practical principle: Start small, preserve flexibility, and scale when market, cost, and supply-chain conditions justify it.

Asight Singapore Pte. Ltd.

Asight Singapore supports European industrial companies to evaluate, enter, and scale commercial, sourcing, and manufacturing operations across Southeast Asia, turning diversification objectives into practical, decision-ready plans.

Market intelligence & strategy

Assess market demand, customers, competitors, industry dynamics, and country attractiveness.



Market entry & partnerships

Define go-to-market models; identify and evaluate distributors, customers, partners, and local routes to market.



Manufacturing & supply-chain

Optimize manufacturing strategies, localization, production models, partners, and operational resilience across Southeast Asia.

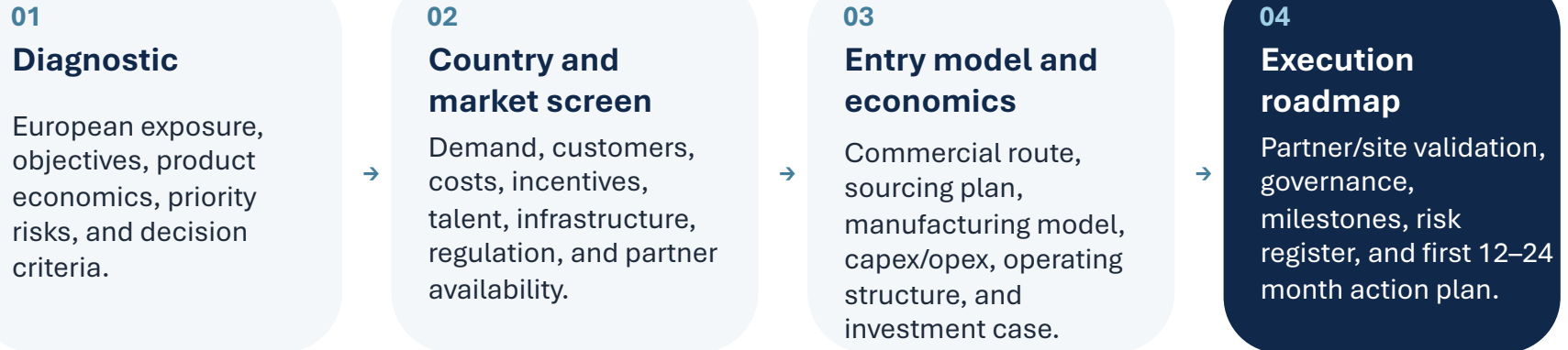


**From opportunity assessment to implementation roadmap: country selection • entry model • partner validation
• investment case • execution support**

From Assessment to an Evidence-Based Strategic Decision

The CEO needs a decision framework, not a generic regional overview.

Entry model, investment logic, risk controls, and implementation roadmap should answer four practical questions: Where to enter. How to enter. How much to commit. When to scale.



Output: CEO-level recommendation on where to play, how to enter, what to invest, when to scale.

Southeast Asia. Complementary growth platforms

The region is not a single economic model

Each market offers a different platform for growth, investment and operational diversification.



Real GDP % growth. Sept 2026.

	Vietnam	Manufacturing expansion + supply-chain diversification	6.8–7.8%
	Indonesia	Domestic market + resources + industrialisation	~5.0%
	Malaysia	Electronics + advanced manufacturing + digital infrastructure	4.6–4.7%
	Philippines	IT/BPO + services + domestic consumption	3.4–3.8%
	Thailand	Established industrial base + higher-value upgrading	1.6–1.9%

Source: 2026 real GDP growth forecasts; latest ADB Asian Development Outlook, September 2026. Forecasts are subject to revision.

Southeast Asia offers distinct manufacturing & commercial platforms

Country choice should follow the company's product, value chain, cost structure, customer base, and entry model.

Thailand

Automotive, machinery, food processing, electronics; established supplier base.

Vietnam

Electronics, export manufacturing, furniture, textiles; fast-expanding production base.

Indonesia

Large domestic market; automotive, consumer goods, resources-linked processing.

Malaysia

Semiconductors, electrical & electronics, medical devices, precision manufacturing.

Singapore

Regional HQ, trading, finance, advanced services, technology and coordination.

Philippines

Electronics, shared services, consumer market, selected industrial clusters.

Recommendation: Ask Asight Singapore to screen Thailand, Vietnam, Malaysia, Indonesia, Singapore, and the Philippines against your specific commercial and manufacturing criteria.

Vietnam — High-growth manufacturing and FDI hub

Economic profile and strategic implications

2026 growth
6.8–7.8%

Manufacturing + FDI

Electronics, electrical equipment, machinery, textiles and consumer goods are expanding Vietnam's industrial base.

Supply-chain diversification

Vietnam is a major China+1 platform, attracting multinational production and supplier networks.

Technology cycle

Electronics exports are benefiting from AI-related investment and global demand for technology products.

External vulnerability

High export dependence, imported components, trade-balance pressure and exposure to global demand shocks.

Strategic
characterization

High-growth manufacturing economy, but highly exposed to external trade and demand.

Sources: World Bank, Viet Nam Economic Update (2026); ADB, Asian Development Outlook Update (Sept. 2026).

Thailand — Mature industrial economy in transition

Economic profile and strategic implications

2026 growth
1.6–1.9%

Weak growth momentum

Thailand is not in recession, but growth remains well below Vietnam and the wider developing ASEAN region.

Domestic constraints

High household debt, cautious consumers, slower tourism recovery and an ageing population weigh on demand.

Industrial strengths

Established capabilities in automotive, electronics, petrochemicals, food processing, healthcare and tourism.

Upgrade imperative

Future growth depends on productivity, technology, advanced manufacturing, digital services and higher-value industries.

Strategic
characterization

A strong existing industrial platform that must transition toward higher-value growth.

Sources: World Bank, Thailand Economic Monitor and Monthly Economic Monitor (2026); IMF (2026); Bank of Thailand (2026).

Indonesia — Resilient, domestic-demand driven economy

Economic profile and strategic implications

2026 growth
~5.0%

Large domestic market

A population of almost 300 million provides a broad base for consumption-led growth.

Industrialisation + resources

Nickel, coal, palm oil, copper and energy support manufacturing and downstream investment.

EV and mineral processing

Foreign investment is increasing in nickel processing, batteries, electric vehicles and related industries.

Key vulnerabilities

Commodity prices, infrastructure, human capital, regulation and productivity remain important constraints.

Strategic
characterization

Large domestic market + resources + industrialisation + resilient growth.

Sources: World Bank, Indonesia Economic Prospects (June 2026); IMF, 2026 country outlook.

Malaysia — Advanced manufacturing & digital infrastructure

Economic profile and strategic implications

2026 growth
4.6–4.7%

Technology-led growth

Electronics, semiconductors, E&E components and data centres are central to the growth outlook.

Diversified industrial base

Oil and gas, petrochemicals, medical devices, machinery and palm oil complement technology sectors.

Regional connectivity

Strong trade links with China, Singapore, the United States and ASEAN support investment and exports.

External exposure

Tariffs, financial volatility and a possible reversal of the AI investment cycle create downside risks.

Strategic
characterization

A sophisticated manufacturing and services platform with strong digital-infrastructure potential.

Sources: IMF, Malaysia 2026 outlook; ADB, Asian Development Outlook (2026).

Philippines — Services-led economy in a 2026 slowdown

Economic profile and strategic implications

2026 growth
3.4–3.8%

2026 slowdown

Growth has weakened because of softer public investment, energy costs, property weakness and climate disruptions.

Services advantage

Services represent about 63% of GDP, led by IT/BPO, finance, healthcare, education and professional services.

Human-capital platform

An English-speaking workforce, young population and global remittance flows support long-term demand.

Different economic model

Goods exports are relatively low, making the Philippines less manufacturing-oriented than Vietnam or Malaysia.

Strategic
characterization

A services and digital-operations platform with strong long-term fundamentals despite near-term weakness.

Sources: IMF, Philippines assessment (25 Sept. 2026); ADB, Asian Development Outlook Update (2026).

Building strategic options across Southeast Asia

A faint, light gray map of Southeast Asia is visible in the background, centered behind the main title.

sight Singapore

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