

# Wong & Partners.

Member Firm of  
Baker & McKenzie International

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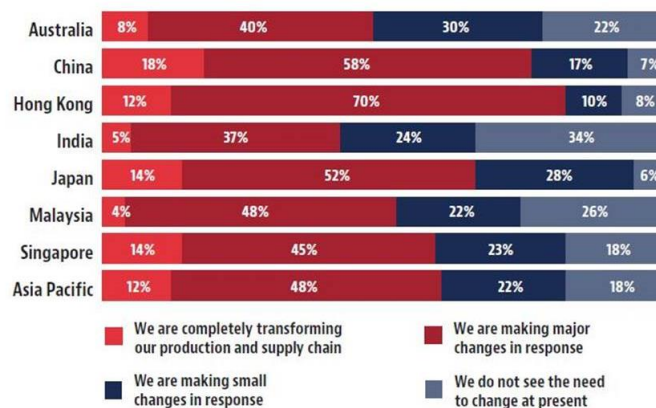
For Immediate Release

## Trade War Sees Malaysian Companies Respond with Alacrity; Still Bullish On Domestic and International Investments

*C-Suite survey of 600 business leaders across HK/China, Singapore, Japan, Malaysia, India and Australia finds investment intentions proving resilient across region*

Kuala Lumpur, 24 April 2019 – Despite the protracted US-China trade war and a fast growing compliance burden, 48% of Malaysian companies surveyed have reacted by making major changes to their production and supply chain, with 32% of respondents saying they are likely to look for investment targets in Southeast Asia, and with 52% saying that they expect international investment spend to increase by 10% more than now.

What impact is the ongoing trade war between the United States and China having on how you manage your production and supply chain?



In a new report from Baker McKenzie, in which Wong & Partners is a member firm, more than half of Asia Pacific executives say they are 'far more interested' in pursuing cross border listings, M&A and other offshore investments over the next two years than they were over the past two years, with another 35% 'somewhat more interested'. The report, titled "[The Age of Hypercomplexity: Asia Pacific Business and Legal Macrotrends](#)", provides a detailed survey of business leaders in the world's fastest growing region where executives face major, geopolitical upheaval and protectionism in the global economy.

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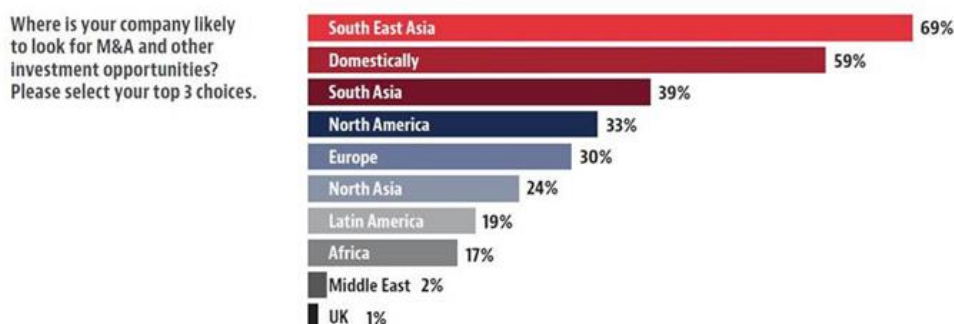
"The world is finally waking up to the vast potential of Southeast Asian markets given its significant demographic advantages over other regions. Trade and investment continue to grow at an unprecedented pace, and the business environment is becoming increasingly competitive as transnational corporations deepen their foothold in a market which is expected to become the fourth largest economy in the world by 2030," said Munir Abdul Aziz, partner in the Corporate, Commercial and Securities practice of Wong & Partners.

The survey showed that 34% of Malaysian companies expect doing business globally to become more challenging over the next two years, with the top three concerns being economic uncertainty, compliance and regulatory scrutiny, and disruption via externally driven technology. As for areas which will likely be the greatest cost increase over the next two years, most Malaysian respondents cited regulatory compliance as their number one concern, with investment in new technology and/ or innovation and cost of materials, as well as cost of manufacturing and production.

80% of the Malaysian executives are predicting that their domestic investments will increase to respond to this current economic condition. Munir adds: "The pace of change is accelerating, and businesses and governments are realising the need to be more agile, innovative and resilient in the face of transformational changes. Historically paternalistic practices are giving way to greater openness and more creative approaches that place consumers at the heart of business strategy."

## Asia Pacific remains bullish on inter-region investments

From the survey, 60% of mid-to-large sized companies operating in the Asia Pacific region still plan to increase international investment by *at least* 10 percent over the next two years. In terms of where businesses wanted to invest, the survey shows a strong focus on South East Asia, the Indian Subcontinent and North America, while Europe (ex UK) as a whole also features relatively highly in current investment plans.



Ai Ai Wong, Asia Pacific Chair, Baker McKenzie, said: "We are entering a new era of multilateralism in Asia Pacific, one that no longer necessarily includes Western institutions. With macro plays such as the Belt and Road Initiative, the CPTPP, further ASEAN integration, Japan's outbound activities, India's Look East and Taiwan's Southbound policies, to name just a few, we see governments and large corporates in Asia increasingly working hand in hand to further geopolitical goals through trade and investment, often in consortia of small groups of nations with shared interests. Much of this interest now centres around South East Asia."

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The US-China trade war is also having a major impact in the Asia Pacific region, with 48% of businesses surveyed making major changes to how they manage their production and supply chains, while a further 12% are completely transforming their supply chains. Unsurprisingly, this was being felt most acutely in Hong Kong and Mainland China.

Mrs Wong continued: "On the regulatory front, lawmakers in the Asia Pacific region continue to grapple with the consequences of rapid globalisation and technological advancement, with the wave of new regulation that followed the financial crisis now resulting in a spike in enforcement. This is starkly borne out in our research, in which regulation and compliance has shot to the top of the list of business challenges in every Asia Pacific jurisdiction we surveyed."

- Ends -

## About Wong & Partners

Wong & Partners, a member firm of Baker & McKenzie International, is a Malaysian law firm dedicated to providing solution-oriented legal services to its clients. The Firm uniquely combines its rich local knowledge with broad global capabilities. Since its establishment in 1998, Wong & Partners has grown steadily for more than 20 years and now consists of 19 partners and more than 50 associates. The Firm's lawyers are able to deliver comprehensive and integrated advice to clients, and are trusted by respected domestic and multinational corporations for their needs in Malaysia and throughout Asia. The Firm's lawyers are committed to helping clients apply industry-specific, innovative and practical solutions. ([www.wongpartners.com](http://www.wongpartners.com))

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