KALA ADVISORY

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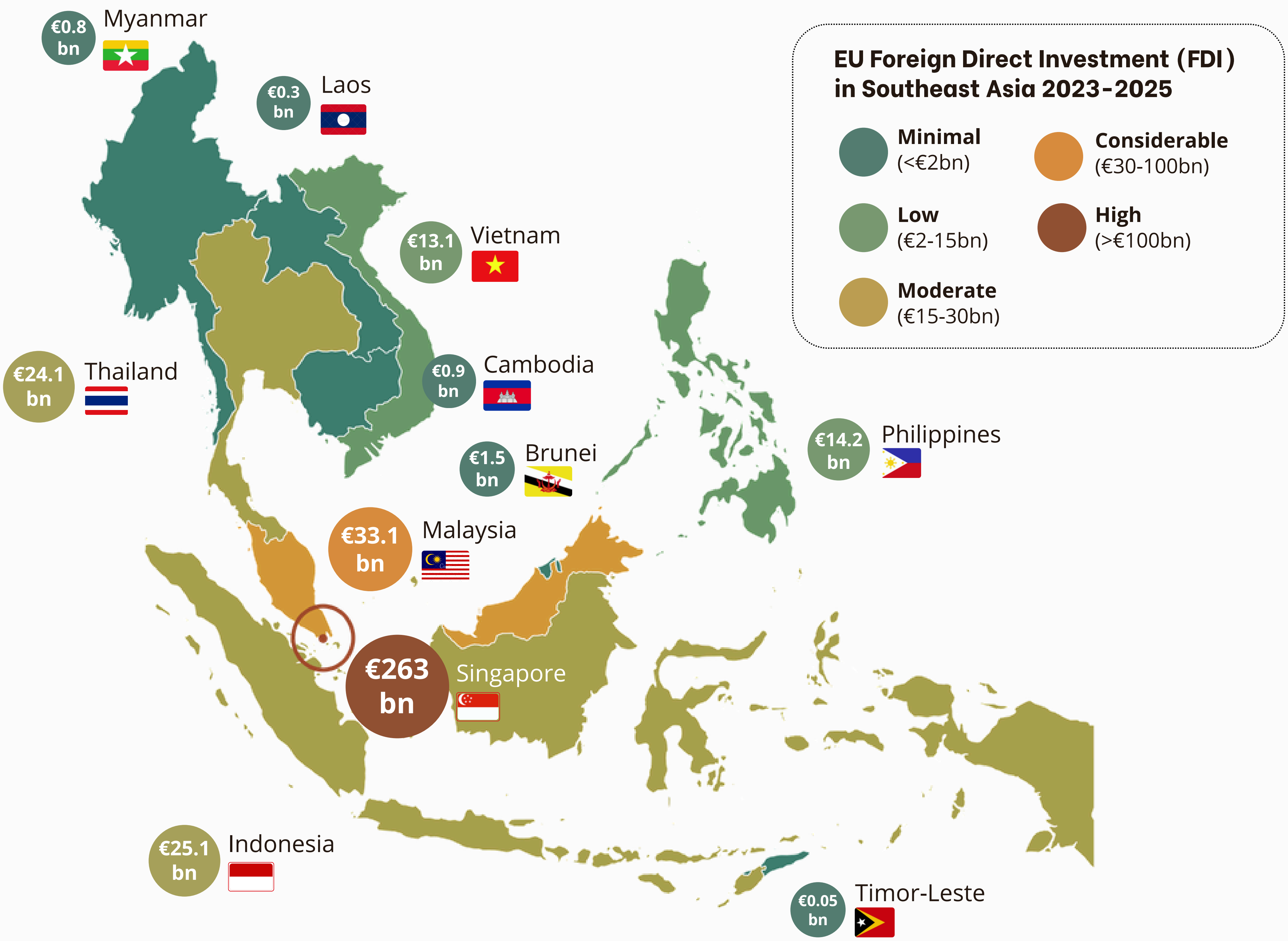
Spotlights: Singapore Vietnam

Europe-Southeast Asia Business Briefing:

Market intelligence for European businesses deciding where and when to enter Southeast Asia.

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Executive summary:

Two ASEAN markets stand out for European entrants this cycle. **Singapore holds the largest EU position by far, with an EU FDI stock of around €293 billion,** making it the EU's first destination in the region and its sixth-largest worldwide. **Vietnam shows the steepest acceleration.** Annual EU investment rose from US$2.5 billion (2022) to US$3.25 billion (2024), a 30% increase in two years since the EU–Vietnam Free Trade Agreement took effect.

The two markets represent the region's two entry logics. **Singapore is a high-cost, frictionless hub with deep capital markets and no investment screening. Vietnam is a fast-rising, lower-cost production base reshaped by a new free-trade agreement.** The contrasts are apparent. GDP per capita PPP of US$137,342 in Singapore, among the highest in the world, against US$15,785 in Vietnam, a domestic market of 6 million people against 102.1 million, finance-led inward investment against manufacturing-led investment.

On growth, Vietnam expanded 8.0% in 2025, the fastest in Southeast Asia, while Singapore's 4.8% was strong for a mature, high-income economy. Regulation marks the most important variance. Singapore's framework is mature and stable, with the main 2026 change being the new 15% global minimum tax. Vietnam is moving through a wider regulatory step-change, including a new Law on Investment, a new Corporate Income Tax Law and its first comprehensive Personal Data Protection Law all take effect across 2025 and 2026. On political risk, this briefing rates Singapore Green and Vietnam Yellow, the latter reflecting a security-heavy leadership consolidation and an intensifying anti-corruption drive.

This free Country Briefing aims to help European businesses read the region before they commit. **For a sector-by-sector entry playbook, with market sizing, the EU investment angle, regulatory reality and concrete recommendations, see Kala's custom service at kala-advisory.com.**

Choosing the spotlight countries

Singapore: the largest EU FDI position in ASEAN (stock about €293 billion, the EU's first regional destination and sixth-largest worldwide).
Vietnam: the most significant rise in EU investment this period (annual EU flow up about 30% in two years).

Reference period and method

Macro and FDI figures use the latest complete annual data (FY2024, with stock figures of 2022 to 2024). Regulatory, political and currency developments are current to the second quarter of 2026. Every figure is sourced. The index is on the final page.

Singapore

Europe's largest market in Southeast Asia

EU FDI stock **€293 bn**[6]
Political risk **Green**
2025 GDP growth +4.8%

1 Market Overview

a GDP (PPP) 2026 *(projected)*
US$1.06 tn
Ranked 34th globally
US$137,342 per capita

b GDP growth yoy 2025
+4.8%
A growth defying slowdown projection

c Population
6.08 mn
0.61% growth yoy

d Digital economy 2025
US$29 bn
7% yoy growth in 2025

e EUR to SGD exchange rate
1.48
SGD/EUR
by 18 June 2026

f Inflation rate (CPI) 2026
1.5% yoy
Up from 0.75% yoy in 2025

2 Business and Investment Climate

Singapore took a record €167 billion of total FDI in 2024 with finance and insurance dominating its investment base, making up roughly two-thirds of total FDI stock. **The EU's stock stood at about €293 billion at end-2022, making Singapore the EU's largest FDI destination in ASEAN and its sixth-largest worldwide**. European investment here is dominated by financial and holding-company flows rather than monolithic megadeals. **The standout recent project is the French biopharmaceutical giant Sanofi's Modulus next-generation vaccine and biopharmaceutical plant in Tuas opening in November 2024**. It is a €558 million facility that is its only such site outside France, with full operations targeted for mid-2026.

Top European investors in Singapore

United Kingdom
Estimated FDI of €118bn
Finance, insurance and professional services

Switzerland
Estimated FDI of €75 bn
Finance, pharmaceuticals and commodities

Netherlands
Estimated FDI of €62 bn
Holding companies, finance and trade

Top sectors for European investors

Finance and Insurance
More than 60% of total FDI inflows

Technology and AI data centres
The fastest-growing second sector

3 Regulation Changes and Signals

a Foreign ownership

EUSFTA; EUSIPA

No general FDI screening, and foreign ownership is unrestricted in most sectors, with exceptions in banking (MAS), domestic media and telecoms. The EU–Singapore Free Trade Agreement provides investor protection. The related EU–Singapore Investment Protection Agreement still awaits full ratification across EU member states.

b Corporate tax

MNC (Minimum Tax) Act 2024

The headline corporate rate stays at 17%, but the Act brought in a 15% global minimum tax (a top-up tax plus a domestic top-up tax) for groups with revenue of at least €750 million, with registration and filing rules gazetted in late 2025. A Refundable Investment Credit offsets the impact for high-value activities. GST sits at 9%. There are no foreign-exchange controls and profits repatriate freely.

c Data protection

Personal Data Protection Act (PDPA) 2012

The PDPA carries mandatory 72-hour breach notification and penalties up to S$1 million or 10% of Singapore turnover. Enforcement has shifted toward AI and biometric data.. A joint guide aligns the ASEAN Model Contractual Clauses with EU standard contractual clauses, easing EU-to-Singapore data transfers.

4 Political Risk — Green

a Elections and leadership settled

The election of 3 May 2025 returned the longstanding incumbent People's Action Party with 65.6% of the vote, its strongest result since 2011 and the first under Prime Minister Lawrence Wong. No further national poll is due until around 2030, giving a clear five-year runway of policy continuity.

b Stable institutions

Institutions are stable, governance is predictable and pro-enterprise, and there is no anti-foreign sentiment relevant to European investors. Risks tend to be external as Singapore economically depends on global business climate. This includes exposure to global trade tension and a softer growth outlook,.

c EU relations

The European Commission welcomed the election result and cited excellent cooperation. Both the EU–Singapore Free Trade Agreement and the EU–Singapore Digital Trade Agreement are now in force,, while the EU–Singapore Investment Protection Agreement still awaits full ratification across EU states.

5 Best entry point

Enter through digital infrastructure and financial technology, not the saturated finance sector

Use Singapore as a regional headquarters and treasury base, then target the fast-growing second EU lane, which are AI and data-centre infrastructure and financial-services technology. That segment is where discrete European capital is still landing, it avoids competing directly in an already crowded banking market, and it pairs regulatory ease (no screening, GDPR-aligned data transfers) with the EU–Singapore Digital Trade Agreement.

Vietnam

The fastest-rising European investment market in Southeast Asia

EU FDI stock **€13.1 bn**[6]
Political risk **Yellow**
2025 GDP growth **+8%**

1 Market Overview

a — GDP (PPP) 2026 *(projected)*
US$2.02 tn
Ranked 23rd globally
US$15,785 per capita

b — GDP growth yoy 2025
+8%
Highest in Southeast Asia

c — Population
102.1 mn
0.57% growth yoy

d — Digital economy 2025
US$39 bn
17% yoy growth in 2025

e — EUR to VND exchange rate
30,178
VND/EUR
by 18 June 2026

f — Inflation rate (CPI) 2026
4.61% yoy
Up from 3.29% yoy in 2025

2 Business and Investment Climate

Vietnam registered €33.2 billion of total FDI in 2024, with manufacturing and industrial processing taking 66.9% of the total. The EU's cumulative position is roughly €13.8 billion in official stock terms, or above €30.5 billion in registered capital across about 2,450 projects, equal to around 6.3% of Vietnam's total FDI stock.
Annual EU investment rose about 30% in two years, the steepest European acceleration in Southeast Asia, driven by the EU–Vietnam Free Trade Agreement.

Top European investors in Vietnam

Netherlands
432 projects worth €12.5 bn
Logistics, finance and agri-processing

France
677 projects worth €3.4 bn
Food and beverage, finance and retail

Germany
464 projects worth €2.4 bn
Food and beverage, finance and retail

Top sectors for European investors

Manufacturing and industrial processing
66.9% of all FDI in 2024, trade-agreement rules of origin pull upstream European inputs into the country

Renewable energy and green technology
The fastest-growing EU lane (offshore wind and solar)

3 Regulation Changes and Signals

a Investment framework

Law no. 143/2025; Decree 96/2026

Foreign investors may now establish an enterprise before obtaining an Investment Registration Certificate, and the conditional-business-line list shrinks from 237 to 198 sectors from 1 July 2026. Hậu kiểm (post-registration inspection) means approvals come faster but compliance is checked after operations begin, so a proper filling from the start is essential.

b Corporate tax

Law no. 67/2025

The standard rate holds at 20% (10 to 17% for high-tech and priority projects). The 2% VAT cut, lowering the standard rate to 8% on most goods and services, runs to 31 December 2026. Foreign digital platforms now have a taxable presence, with a 2% capital-transfer tax on foreign sellers. Profit repatriation is permitted after tax and audit compliance.

c Data protection

Law no. 91/2025

Vietnam's first Personal Data Protection Law took effect on 1 January 2026, introducing cross-border transfer restrictions and data-localisation requirements. Governance decrees applied from 1 July 2025, though the sanctioning decree is still pending. New entrants should budget for a 2026-ready compliance posture from the beginning.

4 Political Risk — Yellow

a Security-oriented leadership

The January 2026 Party Congress reconfirmed Tô Lâm as General Secretary with Lê Minh Hưng as Prime Minister. Tô Lâm rose through the Ministry of Public Security, and the broader trend toward placing military and police figures in senior posts tilts the government toward a security-and-control orientation.

b Intensifying anti-corruption campaign

An expanding anti-corruption drive marks a shift from the growth-first posture of the past decade toward tighter central control, raising the risk of high-profile arrests and elite instability. It coincides with a sharp slowdown, from 8.0% growth in 2025 to a projected 6.5% in 2026 by the World Bank.

c EU relations

Vietnam's relations with the EU tend to be constructive and are deepening. The EU–Vietnam Free Trade Agreement is in force and Vietnam is the EU's largest goods-trade partner in ASEAN, with 20 of the 27 member states having ratified as of late 2025.

5 Best entry point

Set up export manufacturing under the trade agreement or enter the renewable-energy sector

Enter through export-oriented manufacturing and industrial processing sector (66.9% of total FDI), placing upstream component or input production in Vietnam to capture EU–Vietnam tariff elimination through rules of origin.
Alternatively, renewable energy and green technology offers the fastest-growing EU lane, aligned with the EU's Global Gateway and Vietnam's energy transition plan.

Either route should launch with a 2026-ready data-compliance plan.

Other Markets
at a glance

Market	GDP *(PPP)*	GDP/capita *(PPP)*	EU FDI	Top-growth sector
Malaysia	US$1.47 tn	US$41,000	€33.1 bn	Semiconductors and data centres
Indonesia	US$5 tn	US$16,500	€25.1 bn	EV battery and critical-minerals downstreaming
Thailand	US$1.9 tn	US$23,400	€24.1 bn	Automotives, including EV, and green economy
Philippines	US$1.5 tn	US$12,200	€14.2 bn	Renewable energy and critical minerals
Brunei	US$44 bn	US$79,200	€1.5 bn	Oil, gas and petrochemical processing
Cambodia	US$150 bn	US$6,300	€0.9 bn	Garments, footwear and solar manufacturing
Myanmar	US$327 bn	US$5,280	€0.8 bn	Mining, fossil-based energy and garments
Laos	US$79 bn	US$9,500	€0.3 bn	Hydropower, mining and rail infrastructure
Timor-Leste	US$1.5 bn	US$5,000	€0.05 bn	Petroleum, coffee and fishing

Work with Kala Advisory

This briefing is the free regional view. **Your business decision needs a sharper one.**
Kala Advisory produces two things for European businesses moving into Southeast Asia:

a Custom market reports

A sector-by-sector entry playbook built around your target market and industry, with market sizing, the EU investment angle, the regulatory and compliance reality, and concrete, costed recommendations on where and when to enter. **A commissioned report is tailored to your sector, your risk appetite and your timeline.**

b Advisory and entry support

Direct guidance on establishing in Southeast Asia: entity structuring, regulatory and tax navigation, partner and counterparty diligence, and on-the-ground market entry, drawing on a regional network of in-country analysts.
If this issue raised a question specific to your business, that is exactly where an engagement begins.

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Methodology and sources

Heatmap: EU FDI by country in absolute terms (EUR billion), from the European Commission and EEAS (2023 to 2024), value-banded. The five smaller economies (Brunei, Cambodia, Laos, Myanmar, Timor-Leste) carry estimated figures given negligible, unpublished EU positions relative to dominant regional and Chinese capital.
Spotlight selection: Country 1 is chosen on the largest EU FDI position (Singapore), Country 2 on the largest rise this period (Vietnam). Absolute size and share are different lenses. Singapore holds the largest position in absolute terms, while the EU weighs heaviest as a share in smaller-base economies. Currency and politics are current to Q2 2026, macro and FDI figures use the latest complete annual data.

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