

10 July 2024

Global Economics & Market Strategy

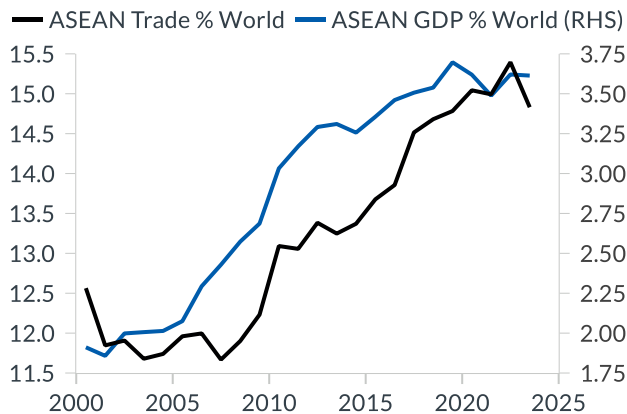
ASEAN: Walking Together on A Single Path – Strengths Amid Challenges

- ◆ We forecast ASEAN's GDP growth to accelerate to 4.8% and 5.2% in 2024 and 2025, respectively, against a 4.2% handle in 2023. Key growth engines will be driven by Vietnam (+5.9%), Indonesia (+5.0%) and Malaysia (+4.6%).
- ◆ ASEAN's initiatives in sustainable finance, free trade agreements, and economic integration underscore its commitment to fostering regional cooperation and prosperity. We recognise three key initiatives that are pivotal to its future growth: (1) continued free trade across economies, (2) progress in harmonising regulatory frameworks, and (3) enhancing environmental governance to sustain long-term growth.
- ◆ As we approach 2025, it's important to note that Malaysia will be assuming the ASEAN chairmanship. Despite the likely persistence of economic uncertainties in the coming year, we are confident in Malaysia's ability to lead and fulfil ASEAN's goals and needs.

Acting Group Chief Economist & Head, Market Research

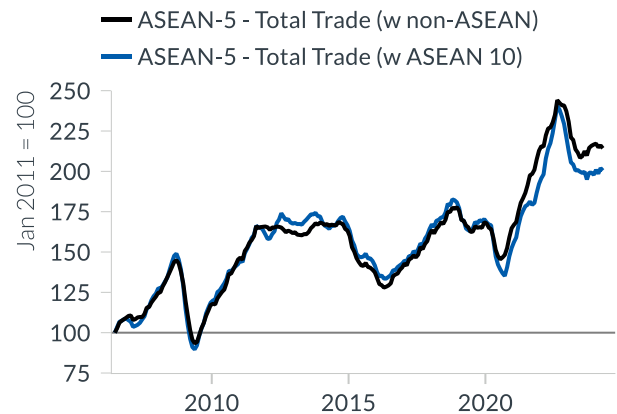
Barnabas Gan
 +65 6320 0804
barnabas.gan@rhbgroup.com

Figure 1: ASEAN's GDP and trade as a percentage of global volume has grown exponentially since 2000



Source: Macrobond, RHB Economics & Market Strategy

Figure 2: ASEAN's intra-region trade is comparable with global volume, despite being a fraction of World's GDP



Source: Macrobond, RHB Economics & Market Strategy

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Embracing Cooperation, Shedding Individualism

The Association of Southeast Asian Nations (ASEAN) has undergone a significant evolution since its establishment on 8 August 1967. Initially comprising five members - Malaysia, Singapore, Indonesia, Philippines, and Thailand, it has since expanded to include ten economies, with Brunei (1984), Vietnam (1995), Laos (1997), Myanmar (1997), and Cambodia (1999) joining its ranks. This growth in member states since its onset underscores the unity and relevance of the ASEAN region. In recent years, ASEAN has made substantial strides in fostering sustainable finance, enhancing free trade agreements, and promoting economic integration through the ASEAN Economic Community (AEC) vision. These initiatives reflect ASEAN's commitment to regional cooperation and economic development in the face of global challenges and opportunities.

The establishment of ASEAN has fostered intraregional trade and investment flows via initiatives such as the ASEAN Free Trade Area (AFTA) and Common Effective Preferential Tariff (CEPT) scheme¹, which gradually reduces the tariffs and non-tariff barriers within the region. In addition, investment protection agreements such as the ASEAN Comprehensive Investment Agreement (ACIA) have protected investors from member states and promoted progressive liberalisation and integrated investment regimes. Furthermore, the establishment of the ASEAN Economic Community (AEC) has further enhanced intra-regional trade and investment integration by facilitating the free flow of goods, services, investment, labour and more unrestricted movement of capital. As a testament to ASEAN's increased relevancy in today's world, selected ASEAN economies are also in free trade agreements (FTA) with major trading players under the Regional Comprehensive Economic Partnership (RCEP) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

ASEAN has undeniably made significant progress since its inception. However, there are still measurable areas of opportunities, initiatives, and challenges that need to be addressed in the next decade to further ASEAN's goal of establishing a single market and production base, fostering economic competitiveness, equitable development, and integration into the global economy. As we approach 2025, it's crucial to note that Malaysia will play a pivotal role in assuming the ASEAN chairmanship, especially in the face of potential economic uncertainties. As Prime Minister Datuk Seri Anwar Ibrahim aptly puts it, "ASEAN... is a force multiplier and a valued asset. It is imperative to redouble our efforts towards further strengthening ASEAN to be the key platform in managing regional affairs."²

Figure 3: ASEAN is ten members strong, a testament to its relevancy in the global economy

Founding Members



Malaysia

Commencement Date:
8 August 1967



Singapore

Commencement Date:
8 August 1967



Indonesia

Commencement Date:
8 August 1967



Philippines

Commencement Date:
8 August 1967



Thailand

Commencement Date:
8 August 1967

Additional Members Post 1967



Brunei Darussalam

Commencement Date:
7 January 1984



Viet Nam

Commencement Date:
28 July 1995



Lao PDR

Commencement Date:
23 July 1997



Myanmar

Commencement Date:
23 July 1997



Cambodia

Commencement Date:
30 April 1999

Source: [ASEAN Secretariat](#), RHB Economics & Market Strategy

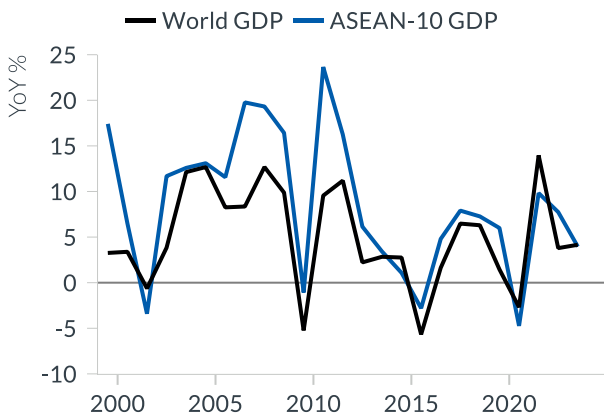
¹ Superseded by the ASEAN Trade In Goods Agreement (ATIGA).

² Bernama, [Malaysia to lead with Madani Principles as ASEAN Chair 2025](#), 6 June 2024

Three Key Initiatives Pivotal Future Growth

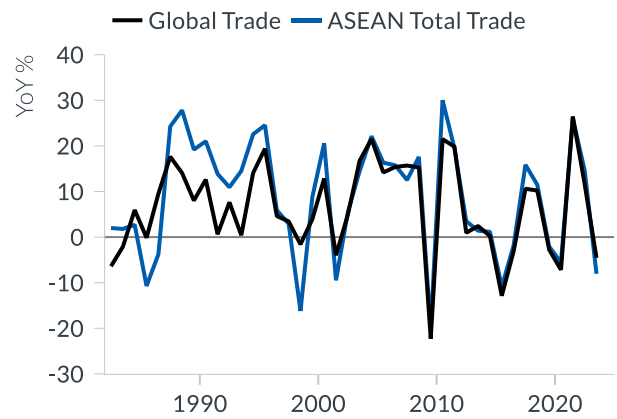
ASEAN’s relevancy as an economic bloc can be seen from the expansion of its **Gross Domestic Product (GDP)** and trade. As of 2023, ASEAN has a combined GDP of approximately US\$3.7 trillion with over 670 million people in population size, thus making ASEAN the third-largest economy in Asia and the fifth-largest in the world. Our in-house forecasts suggest ASEAN’s GDP growth to accelerate to 4.8% and 5.2% in 2024 and 2025 respectively, against a 4.2% handle in 2023. For this year, ASEAN’s GDP growth will be driven by Vietnam (+5.9%), Indonesia (+5.0%) and Malaysia (+4.6%). Historically, it is remarkable to see ASEAN’s GDP and trade growth broadly surpassing global growth rates, as seen in Figures 4 and 5. Moreover, even though ASEAN as a trade bloc is amongst the smallest in terms of nominal GDP (US\$), its 7-year (2015 – 2022) CAGR growth rate is the second fastest and is just behind the BRIC.

Figure 4: ASEAN’s GDP growth has periodically outpaced global growth...



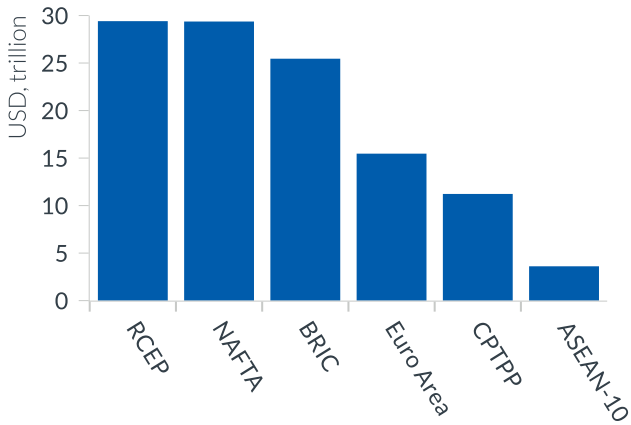
Source: Macrobond, RHB Economics & Market Strategy

Figure 5: ... although trade numbers are gradually improving



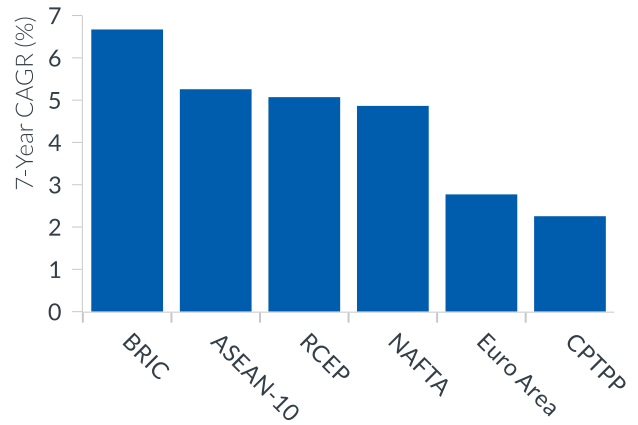
Source: Macrobond, RHB Economics & Market Strategy

Figure 6: ASEAN-10’s combined GDP as a trade bloc may be small against larger economies...



Source: Macrobond, RHB Economics & Market Strategy

Figure 7: ... but it has the second-fastest 7-year CAGR growth rate



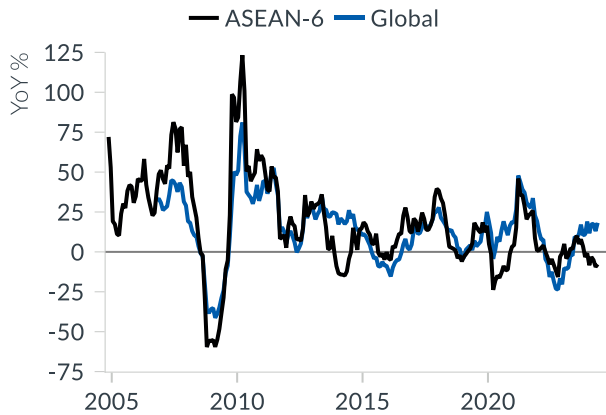
Source: Macrobond, RHB Economics & Market Strategy

ASEAN’s relatively faster GDP growth (Figure 7) amongst the key trade blocs has left investors reallocating funds into the region. Despite ASEAN’s GDP only accounting for 3.6% of the World’s GDP in 2023, it commands 12.0% of the world’s trade (Figure 1) and an average of 8.7% of Global Funds Asset Under Management (AUM) from 2005 – 2024. The reasons for ASEAN to be punching above its relatively small size are obvious: ASEAN boasts of a large market and strong regional integration, thus suggesting it to be a major Foreign Direct Investment (FDI) destination in the world. Arguably, ASEAN states have benefitted from a growing number of foreign investors looking to diversify their supply and manufacturing chain away from China, or as known as the China Plus One Strategy, whereby funds rose markedly into the Finance & Banking and

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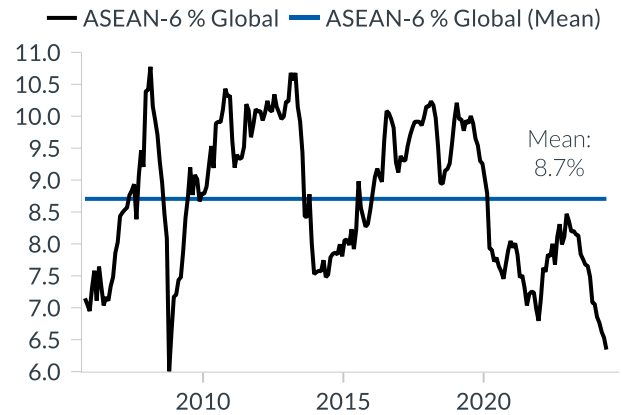
the Manufacturing sectors. Other statistics that reinforce the integration of ASEAN include seeing the value of cross-border corporate transactions increasing exponentially to almost US\$50 billion between 2020 - 2021³.

Figure 8: ASEAN's funds under AUM have grown in tandem with global rates, except for recent years...



Source: Macrobond, RHB Economics & Market Strategy

Figure 9: ... but it still commands a mean of 8.7% of total global funds AUM in the last twenty years



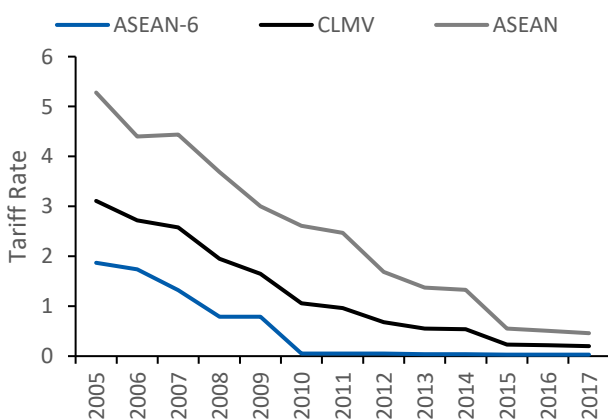
Source: Macrobond, RHB Economics & Market Strategy

ASEAN's initiatives in sustainable finance, free trade agreements, and economic integration underscore its commitment to fostering regional cooperation and prosperity. We recognise three key initiatives that are pivotal to its future growth: (1) continued free trade across economies, (2) progress in harmonising regulatory frameworks, and (3) enhancing environmental & social governance to sustain long-term growth.

Continued free trade across economies

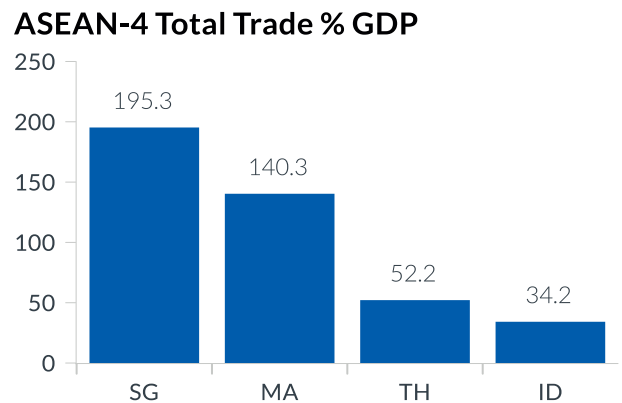
ASEAN, which started focusing on economic integration, sustainable development, and regional cooperation, has since implemented the ASEAN Free Trade Area (AFTA), effective 1 January 1993. The AFTA is a trade bloc agreement promoting economic integration and regional trade, primarily to lower or eliminate tariff barriers on intra-ASEAN trade, with much success made since then (See Figure 10). AFTA's success was measured by implementing the Common Effective Preferential Tariff Scheme (CEPT). The primary mechanism for achieving the goals of AFTA is the Common Effective Preferential Tariff (CEPT) Scheme, which established a phased schedule in 1992 to increase the "region's competitive advantage as a production base for the world market". Reviewing and enhancing the CEPT Scheme was one of the key measures stipulated under the ASEAN Economic Community (AEC) 2015 to facilitate the free flow of goods in the region. Since 2010, the ASEAN Trade in Goods Agreement (ATIGA) has superseded the CEPT Scheme.

Figure 10: Average intra-ASEAN tariffs have been virtually eliminated across ASEAN-10...



Source: Macrobond, RHB Economics & Market Strategy

Figure 11: ... which will benefit trade-reliant ASEAN economies, especially Singapore and Malaysia



Source: Macrobond, RHB Economics & Market Strategy

³ Allurentis Limited, Investing in ASEAN 2023

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The main goal of the AFTA is to promote economic integration and regional cooperation among its member countries. The trade was established to facilitate the creation of a single market and production base within the ASEAN region to achieve the following objectives:

1. **Trade facilitation:** AFTA enhances trade and cooperation among ASEAN nations by lowering tariffs (0% to 5%), streamlining trade rules, and simplifying customs processes, thus boosting economic activity and benefiting businesses.
2. **Boosting investment & economic growth:** The trade agreement promotes investment by creating a secure environment that encourages intra-regional and foreign direct investment (FDI), thereby contributing to economic growth and global competitiveness.
3. **Regional development:** The trade fosters local production growth, streamlines cross-border goods flow, and strengthens regional cooperation, boosting industry competitiveness and preparing ASEAN for global competition. This enhances economic integration and international trade standing.

Based on the commitments under AFTA and ATIGA, key progress was seen from Cambodia, Laos, Myanmar and Vietnam (CLMV region), whereby they eliminated duties on all products in 2016 with flexibility of 7 per cent of tariff lines up to 2018. With reduced and eliminated import duties, producers/manufacturers can afford raw materials from ASEAN countries at a cheaper price and better quality. Economics tenets suggest that reducing trade tariffs will lead to decreased production costs due to eliminating and reducing tariffs. As a result, the prices of the finished products will be more competitive not only within ASEAN member states but also in other countries. With a larger production scale and a combined population of 625 million persons in ASEAN, it provides broader market access to producers/manufacturers.

Progress in harmonising regulatory frameworks

We note the material progress towards harmonising regulatory frameworks since ASEAN's onset. Specifically, significant effort has been expended to ensure there is alignment of key design elements, including thresholds for relevant activities between the ASEAN Taxonomy and these national taxonomies, reinforcing the ASEAN Taxonomy's role as the common language for sustainable finance in the region and the importance of an inclusive, overarching guide for the region. Key goals for the taxonomy are: (1) for ASEAN to transit away from fossil fuels in energy systems to achieve net zero by 2050, (2) to harmonise the classification of sustainable activities and assets across ASEAN but (3) to recognise that full alignment of the taxonomy is challenging amid the need to tailor standards to various economies within the ASEAN region.

The ASEAN Taxonomy for Sustainable Finance (Version 1) was first released in Nov 2021, which was meant to provide an overall working framework. Version 2 was released in June 2023, including (1) crucial carbon criteria⁴ and added technical screening criteria (TSC) for the Electricity, Gas, Steam and Air Conditioning Supply industries. Version 2 also recognised that early action is necessary to reduce the region's reliance on coal as a major energy source. Lastly, Version 3 was released in April 2024, highlighting the need to tailor the taxonomy according to ASEAN's unique circumstances.

Separately, the move to harmonise rules and regulations has moved into e-commerce and trade. Some recent breakthroughs were the SG-MY's Paynow-Duitnow system, which enables P2P transfers. In our view, the move to harmonise these rules will allow ASEAN members to lower costs of manufacturing activities via higher levels of comparative advantage and allow companies to build supply chains to leverage across different skills and resources in the region. In this, we see areas of improvement in promoting trade and economic growth by encompassing professions such as legal services, information technology, logistics and financial services, where these professions play a crucial role in facilitating cross-border trade and investment.

Enhancing environmental and social governance (ESG) to sustain long-term growth.

As a bloc, ASEAN must also come together to pursue environmental and social governance in preserving long-term growth prognosis. With supply chains accounting for as much as 80% of the world's total carbon emissions⁵, it is no wonder that ESG is an emerging concern of how future increases in sustainable costs may impact economies' growth and inflation dynamics. There is already a wave of awareness amongst global policymakers, with international powers citing crucial targets to tackle climate change and foster a cleaner environment. One key example is the "Green Taxation" targets by the European Union (EU), whereby the EU has as set out ambitious targets to tackle climate change and foster a cleaner environment, thus targeting a 55% reduction in greenhouse gas emissions by 2030 and eventually establish a climate-neutral continent by

⁴ Criteria such as emissions intensity, absolute emissions reduction, or the reduction in period of operations (i.e.: power plant age) have been considered, page 3 of [Version 2](#).

⁵ McKinsey Sustainability, [Starting at the source: Sustainability in supply chains](#), 11 November 2016

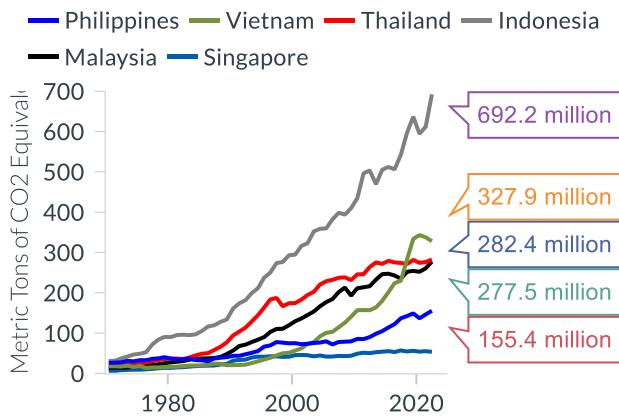
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2050.⁶ In addition, the EU carbon border tax, or the Carbon Border Adjustment Mechanism (CBAM), could potentially “generate economic loss in exporting countries that are not ready for deep decarbonisation or do not have carbon pricing schemes.”⁷

ASEAN may not face an immediate impact at this juncture, given that CBAM is only in its transitional phase between 2023 – 2025. However, at the turn of 2026, it can be expected that CBAM may be implemented to put a fair price on the carbon emitted on goods that enter the EU. As of now, six commodities and their products– cement, iron & steel, aluminium, fertilisers, electricity, and hydrogen – with the risk of more commodities added in the future, are at risk of seeing a carbon tax added on top of their price-tag, when being exported into the EU.

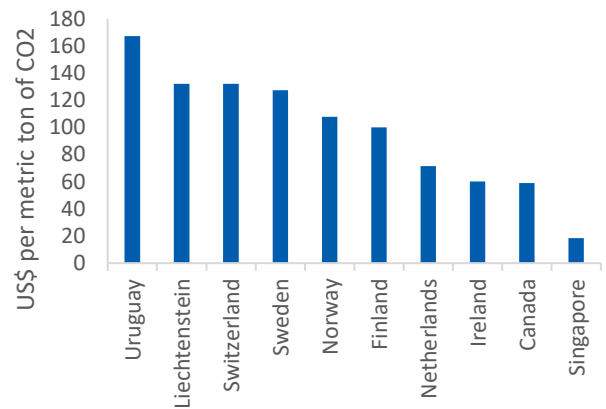
We think it crucial for ASEAN as a bloc to reinforce unity and collaboration in 2025, especially with the next year being a crucial period before CBAM puts a premium on its exports. What is encouraging is the plan to pursue sustainability is seen from key ASEAN economies (e.g. Malaysia's Madani Economy, Thailand's National Economic and Social Development Plan, Singapore Economy 2030 Plan, and Indonesia's Medium-Term Development Plan). ASEAN has also been actively developing international carbon markets, including Malaysia's Bursa Carbon Exchange (BCX), Indonesia's carbon exchange IDX, Vietnam announcing plans to pilot a carbon trade exchange in 2025, Thailand's proposal of its Premium T-VERS (Premium Thailand Voluntary Emissions Reduction Program) for CORSIA eligibility, and Cambodia's launching of its operations manual for implementing Article 6 of the Paris Agreement.⁸

Figure 12: Carbon emissions (CO2) across ASEAN-6 have risen rapidly, with Indonesia leading the pack



Source: Macrobond, RHB Economics & Market Strategy

Figure 13: Carbon tax rates globally, especially seen in Europe; carbon pricing is relatively absent in ASEAN



Source: Statista, RHB Economics & Market Strategy

⁶ European Commission, [Taxation in support of green transition: an overview and assessment of existing tax practices to reduce greenhouse gas emissions](#), November 2020

⁷ The Energy Studies Institute, [Implications of the EU Carbon Border Adjustment Mechanism for the ASEAN's Industries](#), 29 December 2023

⁸ World Bank Group, [What You Need to Know About Article 6 of the Paris Agreement](#), 17 May 2022

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A Noble Vision, But Challenges Abound

ASEAN has made significant progress in promoting economic integration and fostering regional cooperation through initiatives such as the ASEAN Free Trade Area (AFTA) and the ASEAN Economic Community (AEC). These efforts have contributed to increased trade, investment, and economic growth in Southeast Asia, making ASEAN one of the world's fastest-growing economic regions. More recently, ASEAN has studied the Digital Economy Framework Agreement (DEFA) to harmonise the digital framework as a necessary step in further developing intra-region investment and trade.

Notwithstanding the progress seen since its onset, the biggest challenge, amongst others, is arguably the lack of centrality in the current institutional architecture for regional cooperation, whereby the move towards this said goal is an essential precursor to forming a borderless economic community penned by the ASEAN Economic Community (AEC) goal in 2030. Thus, we see three key challenges, whereby ASEAN (1) must address disparities in economic development and ESG-related frameworks, (2) recognise and reduce the presence of non-tariff barriers, and (3) eventually create a single market and production base in giving ASEAN a greater voice in the current volatile geopolitical and economic environment.

- **Enhancing environmental, social and governance (ESG) efforts:** Meeting and harmonising ESG goals to become carbon neutral may be increasingly crucial given the onset of non-ASEAN trade tariffs against non-ESG compliant economies across the region. Currently, ASEAN economies have differing carbon neutrality goals, an anecdotal observation of poor environmental awareness amongst residents and corporations, and few political efforts for energy transformation. With differing standards and governance, global tariffs against the region may hamper trade; e.g., the EU's Carbon Border Adjustment Mechanism (CBAM) (see earlier discussion) is a tariff-like tool to put a fair price on the carbon emitted during the production of carbon-intensive goods that are entering the EU and to encourage cleaner industrial production in non-EU countries.
- **Removal of non-tariff barriers:** Despite the successful reduction of trade tariffs within ASEAN, advancements in liberalizing services and investments have been slow, with non-tariff barriers continuing to impede freer trade. According to the EU-ASEAN Business Council⁹, these barriers have surged by nearly 60% since 2015, overriding significant progress made in tariff reduction efforts. According to the ASEAN Secretariat¹⁰, non-tariff barriers include (1) para-tariff measures – measures that increase the cost of imports which may stem from tax on FX transactions, stamp tax, license fee etc, (2) price control measures – such as administrative price fixing of import prices and (3) finance measures – which may increase airport costs via the need for advance payment requirements.
- **A single market and production base:** ASEAN has room to further encourage cross-border innovation and entrepreneurship partnerships to drive regional economic growth and competitiveness. The move to achieve such goals stems from the region's end goal of economic integration, of the ASEAN Economic Community (AEC). Once the AEC is realised, ASEAN will be a region that benefits from the free movement of goods, services, and investment and the free-flow of capital and skills. As discussed above, we may be seeing encouraging economic plans from key ASEAN economies (e.g. Malaysia's Madani Economy, Thailand's National Economic and Social Development Plan, Singapore Economy 2030 Plan, and Indonesia's Medium-Term Development Plan), albeit these plans are relatively fragmented as a region and suggest the need for synergy for leaders to develop ASEAN collectively.

As we approach 2025, we are reminded that Malaysia has a critical role in assuming the ASEAN chairmanship amidst the likely persistence of economic uncertainties in the coming year. As we quote Prime Minister Datuk Seri Anwar Ibrahim, "ASEAN... is a force multiplier and a valued asset. It is imperative to redouble our efforts towards further strengthening ASEAN to be the key platform in managing regional affairs."¹¹ Since the turn of the 21st century, Malaysia has made great strides in establishing itself as ASEAN's leader in mitigating the aforementioned challenges. We pen the notable accomplishments Malaysia made in the last decade:

- **2014: Establishment of FTSE4Good Bursa Malaysia Index¹²**, designed to highlight companies demonstrating a leading approach to addressing environmental, social and governance (ESG) risks. The index mandates Malaysian Public Listed Companies (PLCs) adopt more sustainable practices and innovate socially responsible initiatives.
- **2014: Release of Sustainable and Responsible Investment (SRI) Sukuk Framework¹³** by the Securities Commission Malaysia to promote sustainable and responsible investing for SRI investors and issuers, as well as the Malaysian Code for Institutional Investors to strengthen the accountability of market players.

⁹ The ASEAN Post, [Another 'Race to Zero': ASEAN Non-Tariff Barriers?](#), 23 October 2021

¹⁰ ASEAN Secretariat, [Non-tariff barriers](#), 3 October 2012

¹¹ Bernama, [Malaysia to lead with Madani Principles as ASEAN Chair 2025](#), 6 June 2024

¹² Bursa Malaysia, [FTSE4Good Bursa Malaysia Index FAQ](#), December 2021

¹³ Securities Commission Malaysia, [Sustainable & Responsible Investment Sukuk Framework, An Overview](#), November 2019

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- **2015: Launched the National Sustainability Reporting Framework¹⁴** to improve the availability of reliable, comparable and decision-useful information on material sustainability risks and opportunities while allowing other complementary reporting frameworks to be used.
- **2017: Released Guidelines on Sustainable and Responsible Investment Funds¹⁵**, which pens additional requirements to be complied with by any new or existing funds seeking to qualify as an SRI fund.
- **2020: Introduced Guidelines on the Conduct of Directors of Listed Corporates and Subsidiaries¹⁶**. The guidelines aim to strengthen the board governance of listed corporations by establishing duties and responsibilities.
- **2021: Released the Twelfth Malaysia Plan (RMK12)¹⁷**, a five-year development plan to drive Malaysia's long-term sustainability.
- **2021: Introduced the (1) Climate Change & Principle-based Taxonomy¹⁸ and (2) Domestic Emissions Trading Scheme¹⁹**.
- **2022: Penned the 2024 Climate Risk Stress Testing²⁰** discussion paper, which sets out BNM's proposed framework and elements for the industry-wide stress testing exercise.

With Malaysia assuming the ASEAN chairmanship in 2025, we believe that Malaysia is in a very strong standing to fulfil ASEAN's goals and needs in the coming year. Specifically, we are reminded of Malaysia's accomplishments in the last decade and the strong economic and social standing within ASEAN. We see three key immediate goals that Malaysia could drive: (1) Malaysia's chairmanship will give rise to opportunities to exercise its leadership in driving trade and investment in ASEAN by setting strategic priorities for ASEAN, fostering regional economic integration, engaging with private sectors, advancing digital transformation, and promoting sustainable and inclusive growth. (2) The chairmanship will also allow Malaysia the platform to address the existing challenges within the member countries as discussed above in ASEAN's three key challenges. Lastly, (3) amid emerging regional and international geopolitical uncertainties, Malaysia is expected to use its chairmanship to promote ASEAN's role in managing key regional affairs and fostering stronger partnerships with global entities.

Malaysia also benefits from the enablement of ASEAN's Micro, Small, and Medium Enterprises (MSMEs). We are also reminded of Malaysia's strong MSME structure, whereby over 95% of corporates are MSMEs²¹. We think Malaysia will also stand to benefit greatly should it (1) continue to uphold free trade and promote financial integration across ASEAN, (2) help MSMEs to access non-traditional financing instruments that may already be available in specific ASEAN markets (e.g. Indonesia's growing non-bank financial institutions, Thailand's venture capital industries etc), and (3) ensure upskilling and digitalisation of MSMEs in the goal of enhancing financial skills, strategic vision, and eventual expansion into the broader ASEAN market. The relevant strategies might include strengthening traditional financing infrastructure, developing alternative and non-conventional financing, diversifying private financing sources, implementing a supportive regulatory framework, and promoting digital financial services to improve accessibility and inclusivity. Overall, to ensure the continuity of regional priorities and initiatives despite leadership changes, Malaysia might assist in implementing a knowledge transfer mechanism across different administrations and fostering greater collaboration and coordination among successive chairs.

¹⁴ Securities Commission Malaysia, [National Sustainability Reporting Framework](#),

¹⁵ Securities Commission Malaysia, [Guidelines on Sustainable & Responsible Investment Funds](#), 17 Feb 2023

¹⁶ Securities Commission Malaysia, [Conduct of Directors of Listed Corporates and Subsidiaries](#), 12 April 2021

¹⁷ Ministry of Economy, [Twelfth Malaysia Plan](#), 27 September 2021

¹⁸ Bank Negara Malaysia, [Climate Change and Principle-based Taxonomy](#), 30 April 2021

¹⁹ Bursa Malaysia, [Introducing Bursa Carbon Exchange](#)

²⁰ Bank Negara Malaysia, [2024 Climate Risk Stress Testing Exercise](#), 29 Feb 2024

²¹ Securities Commission Malaysia, [Governance Code for MSMEs](#), 11 March 2024

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Conclusion: Here, Now, and Tomorrow

Since its inception, ASEAN has made remarkable progress, evolving from a small coalition of five Southeast Asian nations into a robust economic bloc with ten diverse member states. The organisation has significantly strengthened regional cooperation and stimulated economic growth through initiatives such as the ASEAN Free Trade Area (AFTA) and the ASEAN Economic Community (AEC). As ASEAN prepares to confront the challenges and opportunities of the next decade—addressing economic inequalities, reducing non-tariff barriers, and advancing environmental sustainability—it stands poised to enhance its global economic influence further. With Malaysia slated to assume the ASEAN chairmanship in 2025, there is optimism that the region will continue on its trajectory towards greater cohesion and influence in global affairs, navigating complexities while harnessing its economic potential.

ASEAN's economic performance underscores its rising prominence on the global stage. With a combined GDP exceeding \$3.7 trillion and a vibrant trade landscape, ASEAN has emerged as one of the world's fastest-growing economic regions. The region's resilience and appeal to foreign investors are evident, bolstered by initiatives promoting trade liberalisation and facilitating investments. As ASEAN charts its course ahead, maintaining momentum in economic integration, aligning regulatory frameworks, and enhancing environmental and social governance will be critical. These efforts reinforce ASEAN's internal unity and position it favourably amidst global economic shifts and geopolitical dynamics.

Looking forward, ASEAN faces both opportunities and challenges that necessitate unified action and strategic leadership. Malaysia's upcoming chairmanship presents a pivotal moment to advance ASEAN's agenda, focusing on inclusive growth, sustainable development, and deeper regional collaboration. By prioritising economic resilience, innovation, and sustainable practices, ASEAN can consolidate its position as a dynamic economic force and a pivotal player in shaping the future of Asia-Pacific economic integration. As ASEAN progresses towards its vision of a unified and integrated community by 2030, sustained commitment to these objectives will be crucial for navigating uncertainties and maximising opportunities in an increasingly interconnected world.

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KUALA LUMPUR

RHB Investment Bank Bhd

Level 3A, Tower One, RHB Centre
Jalan Tun Razak
Kuala Lumpur 50400
Malaysia
Tel : +603 9280 8888
Fax : +603 9200 2216

JAKARTA

PT RHB Sekuritas Indonesia

Revenue Tower, 11th Floor, District 8 - SCBD
Jl. Jendral Sudirman Kav 52-53
Jakarta 12190
Indonesia
Tel : +6221 509 39 888
Fax : +6221 509 39 777

SINGAPORE

RHB Bank Berhad (Singapore branch)

90 Cecil Street
#04-00 RHB Bank Building
Singapore 069531

BANGKOK

RHB Securities (Thailand) PCL

10th Floor, Sathorn Square Office Tower
98, North Sathorn Road, Silom
Bangrak, Bangkok 10500
Thailand
Tel: +66 2088 9999
Fax :+66 2088 9799