Editor's Letter

Asia's Next Growth Story

ASIA IS HOME to more than half of humanity and a large share of global growth, trade, and innovation. Its diversity stretches from Pacific islands to China and India, from sophisticated financial centers to agricultural societies. The region influences global debates about development, technology, and power.

Now the forces behind Asia's ascent are shifting. Trade is fragmenting, energy security is a concern, populations are aging, and productivity gains are harder to sustain. Some nations can still benefit from expanding labor forces, but all must navigate a more volatile, shock-prone global economy.

The question for policymakers, then, is how to seize new opportunities to renew Asia's growth story. As the IMF prepares to hold its annual meetings in Bangkok, this issue examines the choices that will shape Asia's future, largely through the lens of Southeast Asia's economies.

The region's economic potential is immense, says Krishna Srinivasan, the IMF's Asia-Pacific director. Artificial intelligence, digitalization, and deeper regional integration can open new paths to growth: While younger economies harness expanding workforces, aging ones can use technology to offset demographic drag , as Japan and Korea are doing already.

Growth must deliver tangible benefits, however. Recent protests across the region point to a troubling reality: Too many young people do not see growth translating into secure work and upward mobility. Indonesia's Muhamad Chatib Basri, a former finance minister, captures the tension when he writes that "prosperity on the dashboard coexists with anger on the street." Reform is not only technocratic—it is political, institutional, and deeply human.

AI-enabled technology can improve lives for the informal workers who are the backbone of daily economic activity, according to Anthony Tan, cofounder of Grab, Southeast Asia's largest super app. But policymakers must embrace informal work, not impose regulations developed for different economic conditions, he argues.

Growth also hinges on the systems that underpin commerce. Dong He examines Asia's "pragmatic pivot" away from the US dollar for trade as it embraces local-currency settlement, digital payments, and tokenized finance. Sethaput Suthiwartnarueput, a former Bank of Thailand governor, reminds us that Asia's digital finance revolution must now move from speed to trust, with new rules that make payment systems resilient when faced with fraud or failure.

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Regional cooperation is also being tested. Ben Bland argues that Southeast Asia can no longer rely on the global system of open rules-based trade that helped propel its rise. Instead, the region must become more practical and coordinated by aligning industrial policies, acting jointly on AI, reforming institutions, and deepening ties to other middle powers. Danny Quah similarly makes the case for flexible, "multilateral-enough" coalitions with aligned incentives.

Southeast Asia's giant neighbors face their own challenges. India's economy is running up against structural constraints, according to Duvvuri Subbarao, a former governor of its central bank. Meanwhile, China's technology-led growth is a powerful new economic engine, but it requires more balanced growth supported by stronger domestic demand and services consumption, writes Yanliang Miao.

Asia's first growth era was about opening to the world as globalization advanced. This made the continent indispensable to the global economy and lifted hundreds of millions out of poverty. The next era is about resilience and renewal. Southeast Asia can point the way through deeper integration, inclusive technology, and pragmatic cooperation. With the right choices, Asia can define not only the global economy's recent past, but also its future. F&D

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