ASEAN'S TIME

One of the world's most open regions trades surprisingly little with itself

SOUTHEAST ASIA is coming into its own. The 11 ASEAN economies now form a $4.5 trillion bloc, the world's fourth-largest economy, home to about 700 million people and growing at over 4.5 percent annually, among the fastest growth rates globally. As firms hedge their reliance on China, ASEAN has become the world's factory of choice. Carmakers, chipmakers, and electronics giants are all expanding there. Foreign investment reached $244 billion in 2025, climbing 10 percent, and manufacturing investment jumped by nearly 50 percent.

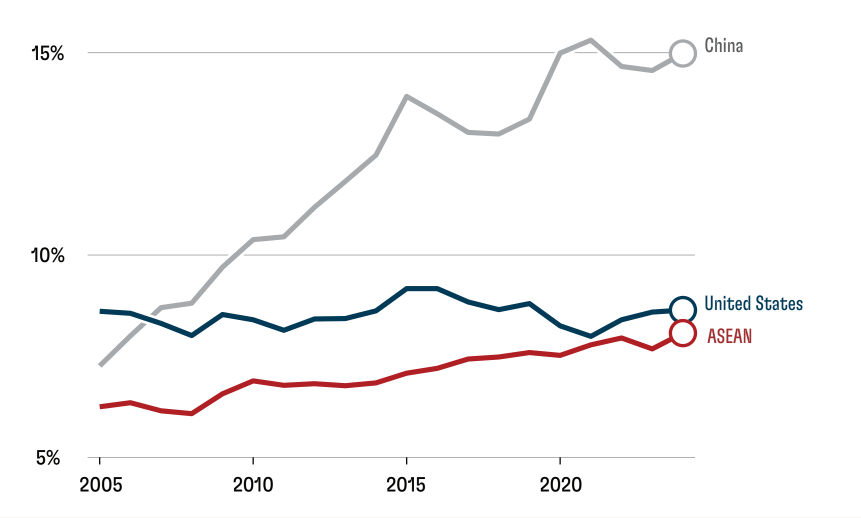
Yet the region trades very little with itself. Only about 22 percent of what ASEAN exports goes to its own members, against 61 percent for example within the European Union. The pattern is starkest among two of the most open economies: Singapore and Vietnam trade enormously with the world, yet relatively little with their neighbors. What does cross internal borders is mostly intermediate goods, the parts and components feeding factories that sell to the rest of the world. ASEAN has built a shared production line, but not a shared market. Its prosperity depends on outside demand, which leaves it exposed when that demand wobbles.

That untapped market is an opportunity. IMF estimates show that dismantling the region's nontariff barriers could raise ASEAN's output by 4.3 percent over the long run, equivalent to adding over a third of Malaysia's economy. As trade flows grow less certain, a deeper home market offers ASEAN another avenue for growth and resilience. As finance ministers gather in Bangkok, a key question is how the region can build it. F&D

ANDREW STANLEY *is on the staff of* Finance & Development.

Trading places

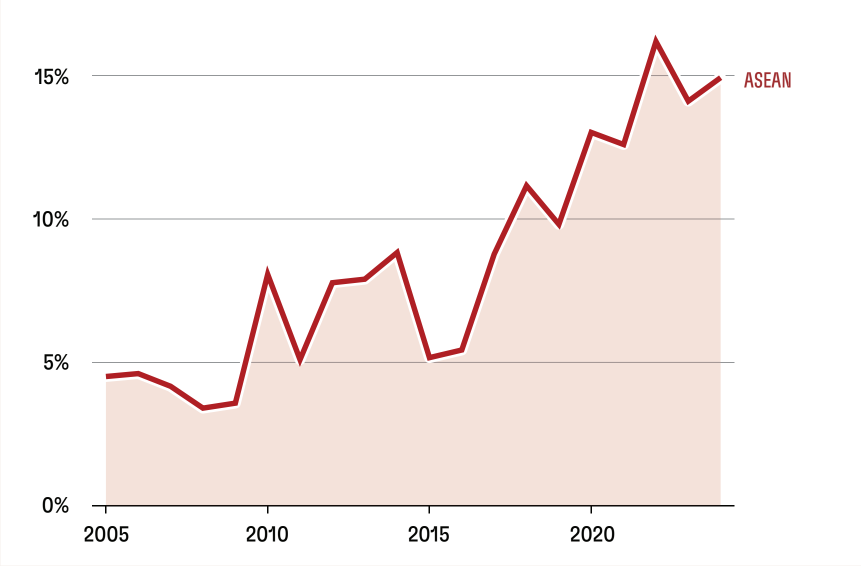
ASEAN's share of world goods exports has nearly caught up to the United States, even as China's share has more than doubled.



SOURCES: IMF, International Trade in Goods database; and author's calculations.

Investment magnet

ASEAN's share of global FDI inflows has tripled since 2005.



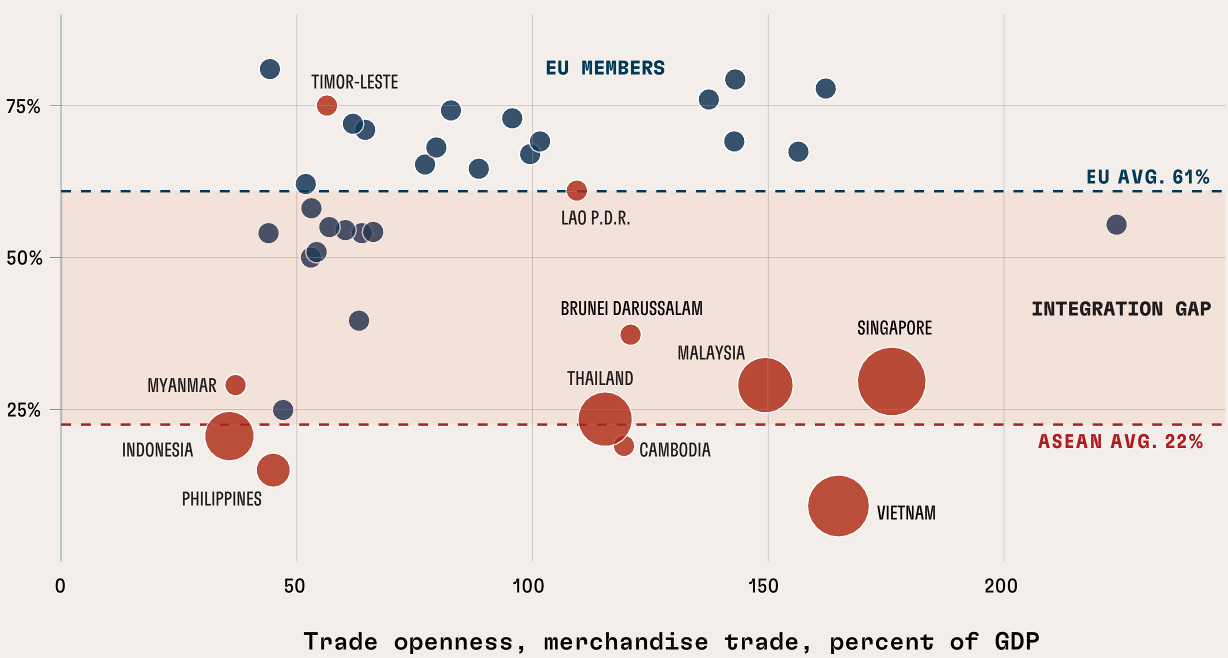
SOURCES: UNCTAD, Foreign Direct Investment database; and author's calculations.
NOTE: FDI = foreign direct investment.

Missing market

ASEAN spans the mainland and islands of Southeast Asia, along some of the world's busiest shipping lanes. But geography hasn't produced a shared market: Plotted against trade openness, ASEAN's economies cluster well below the European Union's on the share of exports that stay within the bloc, even though some rank among the most open economies worldwide.

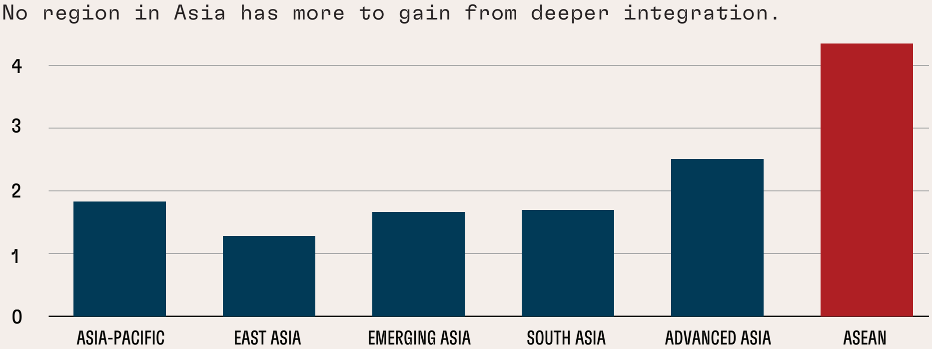
Within-bloc export share

ASEAN member bubbles sized by total goods trade



Home advantage

No region in Asia has more to gain from deeper integration.



4.3%

cumulative rise in real GDP for ASEAN over the long run from deeper regional integration

SOURCES: ASEANstats; Eurostat; UNCTAD; World Bank; and IMF staff calculations. **NOTE:** Within-bloc export share is exports to fellow members as a share of total exports, 2024; avg. is trade weighted. EU shown as 27 members, ASEAN as 11. Gains reflect long-run real GDP under lower regional nontariff barriers. The boundaries, colors, denominations, and any other information shown on the map do not imply, on the part of the IMF, any judgment on the legal status of any territory or any endorsement or acceptance of such boundaries.