

ASEAN FOR BUSINESS BULLETIN

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IN FOCUS

ASEAN's Path to Growth: How the Region is Leading Global Investment Trends



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Post-pandemic recovery and global uncertainties have led to sluggish economic growth, with layoffs looming over companies worldwide, particularly amid the tech winter. Yet, not every region is caught in doom and gloom. ASEAN stands out as a bright spot, with foreign direct investment (FDI) inflows reaching a record \$230 billion in 2023. While the increase was modest, it is a remarkable achievement considering the 10% decline in global FDI during the same period.

The recently released ASEAN Investment Report 2024 underscores the region's resilience and growing prominence as a hub for global investments. Over the past three years, ASEAN consistently attracted over \$200 billion annually in FDI inflows, cementing its status as the largest recipient among developing regions. Key sectors driving this growth include finance, manufacturing, renewable energy, and digital economy, which reflect ASEAN's evolving services and industrial landscape.

About the Bulletin

ASEAN for Business is a bulletin published by the Enterprise and Stakeholders Engagement Division of the ASEAN Secretariat.

This monthly bulletin provides quick updates on specific topics related to the ASEAN Economic Community (AEC) for businesses operating in the region.

Those interested in receiving the bulletin and collaborating with the ASEAN Secretariat may contact:

Nisfi Mubarokah
Officer, Enterprise and Stakeholder Engagement Division

nisfi.mubarokah@asean.org



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“The rise in FDI demonstrates that businesses in ASEAN are not merely surviving but thriving. Besides, this growth highlights the region’s potential as a hub for innovation and investment.”

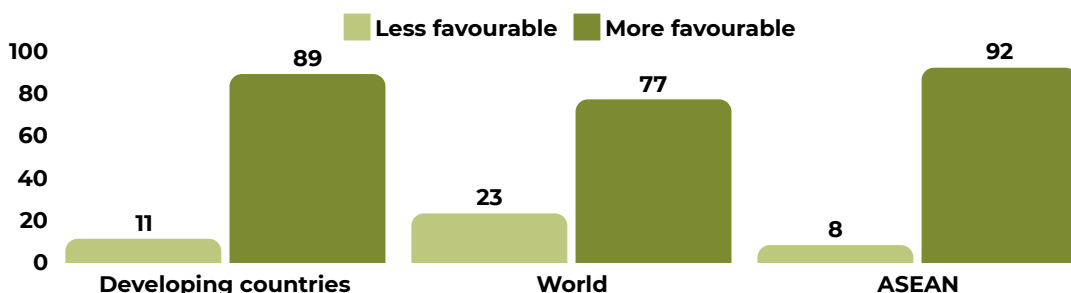
ASEAN has also led the world in improving investment environment to enable businesses to thrive. During the AEC 2025 period, ASEAN Member States (AMS), have collectively adopted 149 new investment policy measures, a significantly higher number than in previous period. Over 90 percent of these measures were favourable to investors, exceeding the global average of 77 per cent and the developing-country average of 89 per cent (see figure 1). Nearly 40 per cent of the measures eased FDI or ownership restrictions, compared to a 26 per cent global and developing-country average.

ASEAN continues to demonstrate its ability to adapt to changing global economic conditions through strategic initiatives. By fostering collaborations and enhancing policy frameworks, the region has been able to address critical challenges and create a more -

favorable environment for investments. These efforts reflect ASEAN’s long-term vision of building a resilient and competitive regional economy. Some of the most popular investment sectors in ASEAN include digital technology and green transition. International investment in the digital economy, particularly in e-commerce, fintech, and digital infrastructure, has been steadily increasing.

Announced greenfield investments in communication, data processing, and hosting surged more than five - times, reaching \$4.4 billion during the AEC 2025 period with significant growth since 2020. Digital infrastructure, such as 5G networks and data centers, plays a crucial role in driving the digital economy, advancing Industry 4.0, and improving regional connectivity.

Figure 1:
Investment Policy Measures Favourable to Investors during AEC 2025 (in % of total measures)



Source: UNCTAD, Investment Policy Monitor database

Currently, ASEAN is negotiating the Digital Economy Framework Agreement (DEFA), which aims to position the region as a hub for digital economy growth. Given the significant potential mentioned above, DEFA is expected to have a positive impact on businesses, offering new opportunities for expansion and innovation within the digital sector. This agreement will likely streamline digital trade, promote data flow across borders, and enhance collaboration in technology development. With the region's growing digital infrastructure and increasing investment, ASEAN is on track to become an attractive destination for digital businesses looking to expand.

ASEAN's commitment to reducing carbon emissions has generated strong interest from investors. Investment in renewable energy generation has increased, rising from an average of \$11 billion per year from 2015 to 2019 to \$14 billion between 2020 and 2023. Approximately two-thirds of this investment has been directed towards solar and wind energy. Since 2020, the number of international investment projects in renewable energy within ASEAN has grown by 15 percent annually, surpassing the global average of 11 percent.

Scan here to download ASEAN Investment Report:



This growing trend underscores ASEAN's emerging role as a hub for green investments, offering significant opportunities for businesses looking to capitalize on the renewable energy sector. Moreover, ASEAN's focus on sustainability and innovation has opened new avenues for growth across various sectors. With an emphasis on environmentally conscious practices and technological advancements, the region is paving the way for businesses to explore opportunities that align with global trends. This approach not only strengthens regional economic integration but also ensures long-term prosperity for its member states.

In conclusion, ASEAN's resilience in the face of global challenges highlights its growing importance as a global investment hub. With consistent foreign direct investment inflows, the region is clearly on a path of sustained growth and transformation. The continued development of digital infrastructure and the implementation of progressive investment policies further strengthen ASEAN's competitive edge. As ASEAN continues to adapt and innovate, businesses that align with the region's evolving industrial landscape will find abundant opportunities to thrive. With its commitment to sustainability, digital transformation, and fostering a favourable investment climate, ASEAN is poised to lead the way in the global economy.

