



Report on the Asia-Pacific Economies

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Asia-Pacific Exports and the Challenges of the Trump Era

- In 2024, exports from the Asia-Pacific region and India grew by 5.2% compared to 2023.
- The increase was particularly strong in ASEAN, with standout performances from countries like Vietnam (14%) and Cambodia (11%). Taiwan also saw significant growth (10%).
- The United States is the main export destination for several countries in the region, especially Cambodia (38% of its foreign shipments), Vietnam (29%), and Taiwan (24%).
- All nations experienced an increase in tariffs to enter the USA market.

Labor costs in Southeast Asia and their impact on supply chains

Exports of goods from the Asia-Pacific region and India posted strong figures in 2024, recording a 5.2% growth compared to the previous year. This growth outpaced the increase in global international trade, which according to the WTO was only 2%. As a result, the region increased its share of total global exports, reaching 32.1%. The region maintains a strong leadership position as a hub for final manufacturing production as Southeast Asia is the center of global value chains. These are supported by the drive for greater efficiency among companies worldwide and a variety of trade agreements that, since the beginning of this century, have facilitated the intertwining of the manufacturing production system.

Several countries stood out due to the growth in their exports. Notably, Vietnam achieved a 14.6% increase compared to the previous year, driven by shipments of electronic products, smartphones, textiles, and agricultural goods. The increase in its production capacity is the result of strong foreign direct investment attracted to the Asian nation in recent years, both due to the availability of cheap labor and the restrictions imposed by the USA on Chinese exports, which led to a shift in the final assembly stage of products to Vietnam. The agricultural sector saw a significant increase in its exports: coffee exports rose by 29%, rice by 23%, and fruit by 30% compared to 2023.

Taiwan achieved a 9.2% growth, marking its second-highest historical figure for exports. The global surge in investment in artificial intelligence has led to increased demand for semiconductors, the island's largest industrial sector. Imports also rose by 12% in 2024, driven by substantial purchases of machinery aimed at boosting semiconductor production to meet growing demand.

Table 1: Exports (in million US Dollars)

	2000	2005	2010	2015	2020	2023	2024	Expos to USA (%)
Brunei	3,903	6,249	8,907	6,353	6,479	11,241	11,454	1
Cambodia	1,389	3,092	5,143	8,542	17,069	23,470	26,190	38
Philippines	38,078	41,255	51,496	58,827	63,767	73,527	73,210	19
Indonesia	65,403	86,996	157,779	150,366	163,306	258,857	264,700	11
Laos	330	553	1,746	3,653	6,050	8,370	8,100	10
Malaysia	98,229	141,626	198,612	199,952	234,129	312,830	340,000	15
Myanmar	1,620	3,776	8,661	11,429	16,795	14,753	13,000*	5
Singapore	137,804	229,649	351,867	351,587	362,534	476,252	477,205	9
Thailand	68,963	110,936	193,306	214,310	231,468	284,562	300,500	21
Vietnam	14,483	32,442	72,237	162,065	282,655	353,782	405,530	29
ASEAN	430,202	656,574	1,049,754	1,167,084	1,384,252	1,817,644	1,919,889	
China	249,203	761,953	1,577,754	2,273,468	2,591,121	3,379,255	3,580,000	13
Korea	172,268	284,419	466,384	526,757	512,498	632,226	683,800	19
India	42,379	99,616	226,351	267,951	276,227	431,574	432,000*	20
Japan	479,249	594,941	769,774	624,921	641,376	717,261	707,300	21
Taiwan	51,357	198,432	274,601	285,344	330,622	432,337	475,000	24
CKJIT	943,099	1,740,929	3,040,263	3,693,097	4,021,222	5,592,653	5,878,100	
Total AP&I	1,373,301	2,397,503	4,090,017	4,860,181	5,405,474	7,410,297	7,797,989	
WORLD	6,454,020	10,510,292	15,303,993	16,558,147	17,582,919	23,813,309	24,289,575	
Share	21.3	22.8	26.7	29.4	30.7	31.1	32.1	

Source: Research Institute, based on data from WTO until 2023 and governments reports for 2024.

Note: * India and Myanmar closed their fiscal year on March 31st. Official data is not available yet, and the numbers presented are an estimate based on the latest data available.

Malaysia recorded an 8.7% growth, driven by exports of electrical and electronic products. While the majority of its exports are destined for regional markets and North America, the country has launched a policy to diversify its export destinations. This initiative has enabled it to expand shipments to a range of countries, which positively impacted its exports in 2024. South Korea's exports grew by 8.2%, reaching their highest historical value. In Korea as well, the semiconductor sector was the main driver behind the increase in foreign shipments, reporting a 44% growth compared to 2023 and accounting for more than 20% of the country's total exports.

On the other hand, Myanmar experienced a significant annual drop in exports, especially following the March 28th earthquake. Political instability has been accompanied by violent conflicts in several regions of the country, making internal mobility difficult and sharply increasing logistics costs. Several customs offices at the country's borders with China and Thailand have been closed due to

the conflicts. Power outages are frequent, forcing industries to rely on expensive power generation equipment, which drives up their operating costs.

On April 2nd, the President of the United States announced the imposition of tariffs on imports from all Asia-Pacific nations. These tariffs range from 10% for Singapore to 49% for Cambodia. The impact of this decision on stock markets around the world was immediate, and significant uncertainty about how trade flows will respond if these tariffs are upheld remains. The measure will affect the entire Asia-Pacific region, which has developed strong and efficient value chains for the production and assembly of final goods that are then exported globally. The United States is the main export destination for many nations in the region, playing a particularly significant role for Cambodia (38% of its total exports), Vietnam (29%), Taiwan (24%), Japan and Thailand (21%), India (20%), and South Korea and the Philippines (19%).

Trade in ASEAN

According to the ASEAN 2024 Annual Report, the GDP of the Association reached USD 3.8 trillion USD, maintaining its position as the world's fifth-largest economy. Total trade in goods amounted to USD 3.5 trillion in 2024, and foreign direct investment (FDI) rose to USD 229.8 billion. Trade accounts for more than 90% of its GDP, primarily driven by exports of manufactured goods related to the automotive, semiconductor, machinery, processed minerals, and textile sectors.

Among ASEAN's key economic strategic objectives is the development of the information and communications technology (ICT) sector as a means of economic diversification. For example, the value of ASEAN's ICT goods trade grew from USD 411.1 billion in 2014 to USD 791.7 billion in 2023. Of that total, electronic components accounted for 65.7%, communication equipment for 16.8%, and computers and peripheral ICT equipment for 13.2%.

In light of the economic and political rivalry between the United States and China, the Southeast Asian region is striving to preserve the multilateral trade order, as it serves as a key hub in global supply chains and international trade. For years, ASEAN has benefited from integration into supply chains, particularly as Chinese companies operate in other Southeast Asian countries. China has been ASEAN's main trading partner since the ASEAN-China Free Trade Area (ACFTA) came into effect in 2009—a treaty that both parties agreed to update in 2024. According to the joint declaration, ACFTA 3.0 will deepen commitments in existing areas such as customs procedures and trade facilitation, standards, technical regulations and conformity assessment procedures, sanitary and phytosanitary measures, and economic and technical cooperation. This also includes the digital economy, green economy, supply chain connectivity, competition and consumer protection, and micro, small and medium enterprises (MSMEs).

Additionally, industrial chain cooperation has been strengthened, as reflected in the inflow of Chinese foreign direct investment (FDI) into ASEAN countries, which reached 13 billion USD between January and July 2024 (preliminary data), representing a 15.3% increase compared to the previous year.

Table N° 2: ASEAN exports to the USA and China (in million USD)

Year	United States	China
2021	256,299	281,813
2022	290,964	290,766
2023	309,000	350,000
2024	352,300	395,810

Source: Base on ASEAN Stats

ASEAN is cautious about its relationship with the United States, mainly due to the U.S.’s protectionist economic stance and its tariff policy on imports. In 2024, the U.S. trade deficit in goods with ASEAN reached USD 227.7 billion, an increase of 11.6% (USD 23.6 billion) compared to 2023. In contrast, ASEAN has a trade deficit with China estimated at USD 190.7 billion. Chinese exports to ASEAN primarily consist of intermediate goods linked to the bloc’s supply chains.

Although ASEAN’s trade deficit with China has grown in recent years, it can be offset by its trade surplus with the United States and other trading partners. The relationship with the U.S. goes beyond that of a mere trading partner. In 2023, American investment flows to the region totaled USD 75 billion, with Singapore being the main recipient. In 2024, the United States remained the leading source of foreign direct investment (preliminary data).

In the face of the evolving global landscape, ASEAN has stated that it must strengthen its economic development objectives to mitigate the impact of U.S. tariff implementation, as well as the broader consequences of the U.S.–China trade rivalry. The region needs to diversify both its partners and the sectors it exports from, prioritizing those with the highest growth potential—particularly semiconductors and the digital economy.

Points of Interest

1. Malaysia and the ASEAN Presidency

Malaysia is chairing ASEAN for the fifth time in 2025, amid a politically and economically uncertain regional and global context. This year marks the tenth anniversary of the ASEAN Community. The bloc is now the third-largest economy in Asia, with a combined GDP of 3.8 trillion USD. Additionally, the region has become one of the fastest-growing destinations for investment globally, attracting 11% of global foreign direct investment (FDI) in 2014 and reaching 17% last year, totaling USD 229.8 billion.

Despite significant progress in ASEAN’s integration process, several challenges remain. These include economic inequality among member states—stemming from differing stages of industrial development and participation in international trade—and political instability within some countries. One of the main challenges is the ongoing civil war in Myanmar, where no peace agreement has been reached since the conflict began in February 2021. Another issue is the escalating tensions in the South China Sea, particularly between the Philippines and the People's Republic of China. Not only have skirmishes increased, but these tensions also threaten the region’s economic and trade security, as more than one-third of global trade passes through these waters.

Meanwhile, the Philippines is experiencing a period of political crisis and rivalry between the Marcos and Duterte political dynasties. Under the Biden administration, the Philippines has intensified its political and economic ties with the United States, strengthening its defense alliance with Washington at the expense of its relationship with China.

On the multilateral front, Malaysia, Indonesia and Thailand have become “partner countries” of the BRICS, a bloc led by China that aims to position itself as an alternative to Western trade and financial systems. While China advocates for a multilateral approach, the United States under President Trump is taking an opposing stance. Trump’s previous administration neglected Southeast Asia by limiting its involvement in ASEAN mechanisms, including the East Asia Summit (EAS). Additionally, the U.S. withdrew from the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)—a deal in which ASEAN countries such as Vietnam, Singapore, Malaysia, and Brunei participate. This agreement is seen as a counterbalance to the Regional Comprehensive Economic Partnership (RCEP), which includes ASEAN members and d China, Japan, South Korea, Australia, and New Zealand.

Given its integration into international trade and global supply chains, ASEAN depends on multilateral platforms. In light of Trump’s renewed protectionist measures, ASEAN should be more vigilant and reaffirm, now more than ever, its pragmatic “ASEAN Way” approach.

2. Malaysia, Indonesia, and Thailand: The new BRICS partner States

The regions comprising the BRICS (Brazil, Russia, India, China, and South Africa) and ASEAN are playing increasingly important roles in the global economy. BRICS, for instance, is home to over 40% of the world’s population and accounts for nearly 40% of global GDP. Meanwhile, ASEAN is the third most populous region globally and contributes approximately 3.6% of world GDP. As of January 1 of this year, Indonesia, Malaysia, and Thailand joined the BRICS as new “partner states.” Vietnam, which was also invited last year, has yet to confirm its participation.

The main economic and commercial motivations for the three Southeast Asian countries to join the bloc include the need for infrastructure investment—funds that can potentially be sourced through the BRICS New Development Bank (NDB)—market diversification beyond traditional partners, and greater involvement in multilateral platforms. China has been ASEAN’s top trading partner since 2009, and is currently the largest trading partner of Indonesia (133.4 billion USD), and the second-largest for Malaysia (145.3 billion USD) and Thailand (118 billion USD).

India, on the other hand, was ASEAN’s eighth-largest trading partner in 2023, with total trade reaching 101.9 billion USD. However, bilateral trade between India and Indonesia, Malaysia, and Thailand is significantly lower than with China: trade between Malaysia and India reached 20 billion USD in 2023–24, between India and Indonesia 29 billion USD, and between India and Thailand 16 billion USD.

ASEAN was Brazil’s third most important trading partner in 2023, with total trade valued at 33.7 billion USD. That year, Brazil’s trade with Malaysia totaled 4 billion USD, with Indonesia 4.9 billion USD, and with Thailand 6.3 billion USD. Trade between Russia and ASEAN in 2023 totaled 22 billion

USD, including 3.3 billion with Indonesia, 3 billion with Malaysia, and 1.5 billion USD with Thailand. Meanwhile, South Africa's total trade with ASEAN stood at 10.5 billion USD (2 billion with Malaysia, 2.4 billion with Indonesia, and 2.6 billion with Thailand).

In terms of ASEAN countries' interest in securing investment by joining BRICS, it is worth noting that China is the primary source of FDI, accounting for 17.3% of total flows. India contributes 5.6%, while Russia, Brazil, and South Africa are not among the top ten foreign investors in the region. However, BRICS offers an alternative investment channel via the New Development Bank. To date, though, only projects from China, Russia, India, Brazil, and South Africa have been approved or implemented through the NDB.

Finally, BRICS promotes itself as an alternative to Western-led institutions and champions what it calls the "Global South." This positioning is attractive to countries in Africa, Southeast Asia, and the Middle East—regions that often face political instability, economic inequality, or authoritarian regimes. Unlike Western frameworks, BRICS does not consider these factors as disqualifying for loans or membership. As a result, the newly admitted partner states are drawn to the opportunity of diversifying their traditional partnerships, especially in the commercial and financial sectors. While the West leans toward protectionism, the Global South continues to advocate for multilateralism.