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ASEAN's Next Chapter: Balancing Growth and Resilience



As the global economy faces mounting headwinds, ASEAN continues to stand out as a region of resilience and opportunity. With a population of 690 million and a combined GDP of US\$4.25 trillion, the bloc is now the world's fifth-largest economy. Growth in 2025 is forecast at 4 per cent, outpacing the global average of 3 per cent and underlining the region's strong fundamentals despite global uncertainty.

On 13 August 2025, CPA Australia and the ASEAN Federation of Accountants (AFA) convened a Focus Group Discussion on ASEAN Business Sentiment. The virtual forum brought together policymakers, business leaders, and professional accountancy organisations (PAOs) to explore how ASEAN can sustain growth while addressing its most pressing challenges. Their insights will inform the forthcoming ASEAN Business Sentiment Report 2025.

Digitalisation and Investment Momentum

Participants stressed that ASEAN's youthful demographics and rapid embrace of technology are among its greatest assets. The region's digital economy is expected to reach US\$1 trillion by 2030, driven primarily by e-commerce, which is expanding at close to 20 per cent annually. At the same time, Malaysia and Vietnam continue to attract record levels of foreign direct investment in manufacturing, particularly electronics and semiconductors, supported by government incentives and deeper integration into global supply chains. Infrastructure upgrades in transport, 5G networks and smart cities further strengthen the region's investment appeal.

Uneven Realities Across the Region

Yet the optimism is tempered by localised vulnerabilities. In Singapore, small and medium-sized enterprises are under strain from import-led inflation and rising



cybersecurity risks. Indonesia's growth remains concentrated in a few dominant sectors, leaving smaller enterprises behind in terms of digital readiness. Laos struggles with labour shortages, a weakening currency and high public debt, while Vietnam faces the challenge of shifting away from low-cost labour towards productivity-led growth against a backdrop of rising costs and financial fragility. Other economies face familiar pressures: Malaysia contends with talent shortages and regulatory complexity, Thailand with political uncertainty and high household debt, and the Philippines with its dependence on remittances and expensive energy, even as it eyes opportunities in renewables.

Resilience Amidst Headwinds

Despite these hurdles, ASEAN's resilience remains evident. Domestic demand in countries such as Indonesia, Vietnam and the Philippines continues to provide momentum, reinforced by record inflows of foreign investment into technology, manufacturing and renewable energy. A robust financial sector is also crucial in ensuring access to capital for businesses, particularly SMEs. Meanwhile, regional initiatives – such as the roll-out of cross-border digital payment systems – are deepening integration and positioning ASEAN as a more cohesive economic bloc.

Future Growth Pathways

Looking forward, ASEAN's growth will increasingly come from emerging industries. Indonesia is well placed to lead in advanced manufacturing and digital services, drawing on its role as the world's largest producer of nickel, vital for electric vehicle batteries. Malaysia's financial services industry is emerging as a cross-sectoral growth enabler, while Vietnam and the Philippines are positioning themselves as future leaders in renewable energy and digital innovation.

Policy Priorities

The FGD identified a number of regional priorities. Strengthening ASEAN's identity as a single market of over 670 million people will be key to attracting high-value investment. Equally important is the creation of specialised economic zones focused on sustainability, technology and innovation. Greater alignment of ESG frameworks across the region is needed to embed ASEAN firms more securely into global supply chains, while investment in AI adoption and workforce upskilling will ensure the region remains competitive. Harmonised cybersecurity and data protection frameworks were also highlighted as essential for sustaining trust and facilitating seamless trade.

The Road Ahead

ASEAN's potential is considerable: its youthful population, digital dynamism and commitment to sustainability provide a strong platform for growth. Yet structural gaps – from uneven development to skills shortages and regulatory fragmentation – must be addressed urgently. The forthcoming ASEAN Business Sentiment Report 2025, to



be jointly published by CPA Australia and AFA, will offer more detailed recommendations to guide policymakers and business leaders in shaping the region's next chapter.

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About the ASEAN Federation of Accountants ([AFA](#))

AFA was organised on 12 March 1977, to serve as the umbrella organisation for the recognised national Professional Accountancy Organisations (PAOs) of the Association of Southeast Asian Nations ([ASEAN](#)) Member States. Our ten Primary Members collectively represent a regional network of more than 200,000 accountants in ASEAN jurisdictions, supported by a global network of Associate Members with more than 2 million members and students worldwide. AFA is an accredited Civil Society Organisation of ASEAN recognised under the ASEAN Charter and a Regional Network Partner of the International Federation of Accountants ([IFAC](#)).

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