

# ASEAN Conference 2024: A bright spot in a troubled world

## Summary

The recently concluded ASEAN Conference 2024 conveyed an unmistakably poignant and clear message: ASEAN is a bright spot in a troubled world beset by geopolitical tensions, geoeconomic fragmentation, climate change and the swift pace of digital transformation.

Government leaders and industry captains at the ASEAN Conference 2024 offered an updated assessment of the progress in the region, expressing an upbeat and optimistic outlook for business prospects, which are backed by data and the ongoing trends.

Outlook - Initiatives such as the Johor-Singapore Special Economic Zone will be a “game changer” for ASEAN, underscoring the region’s deepening collaboration and integration, and the aspiration to be “greater together”. These developments are set to propel ASEAN’s economy to be the fourth largest in the world by 2030.

## ASEAN: A clear message of hope and optimism in outlook

The ASEAN Conference 2024<sup>1</sup> conveyed an unmistakably poignant and clear message: ASEAN is a bright spot in a troubled world and prospects remain bright ahead.

Data in recent years show that ASEAN remains resilient and attractive to global investors and firms despite a challenging environment of high interest rates, geopolitical tensions and geoeconomic fragmentation:

- ASEAN’s economy at USD3.8 trillion is the fifth largest economy in the world in 2023 and is expected to become the fourth largest by 2030 at USD6.1 trillion.
- Average annual real GDP growth rate in 2024-2029 is projected by IMF at 4.6%, ahead of the 4.1% average for emerging markets (EM), China (3.8%), and the world (3.1%), but slower than India’s (6.5%). The UOB team is projecting around 5.0% growth for 2024 and 2025.

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<sup>1</sup> The annual [ASEAN Conference](#) in Singapore, first held in 2015, is organized by Singapore Business Federation (SBF), and jointly supported by UOB, Rajah & Tann Singapore and RSM Singapore as founding partners. The latest 8th edition took place on 29 Aug 2024, with the title “Reimagining ASEAN for a Sustainable Tomorrow”. This is by far the largest and most significant ASEAN Conference, with attendees from 14 countries, including Europe, China, Korea, Japan, and ASEAN countries across different industries. It is also the first time that investment agencies of the key ASEAN members participated, including Indonesia Investment Promotion Centre (IIPC), Malaysian Investment Development Authority (MIDA), and Thailand’s Board of Investment (BOI).

- The world's second largest foreign direct investment (FDI) destination for the three consecutive years (2021-2023), with inflows of USD226.3 bn in 2023, an increase of 1.2% from USD223.5 bn in 2022.
- ASEAN's total trade value reached its second highest ever in 2023, amounting to USD 3.5 trillion, and marking the third consecutive year of record highs. This trade value represents over 7% of the global total.
- ASEAN's population is the world's third largest after India and China, at 670mn in 2023, with more than 55% of its people being below 35 years old.

### **UOB Group CEO Mr Wee Ee Cheong's opening speech: Building the future together**

In the opening speech of the ASEAN Conference, Mr Wee highlighted UOB's commitment to the ASEAN region for the long term and the determination to build the future of the region together.

Case in point, in the past four years the companies that the Bank supported have pledged to invest around SGD42 billion, which in turn translates to creating 200,000 jobs in the various markets.

UOB is the only bank to have signed memoranda of understanding (MOUs) with all the government investment agencies across the key ASEAN markets, including Indonesia's BKPM, Malaysia's MIDA and Thailand's Board of Investment.

The next area of focus will be the [Johor-Singapore Special Economic Zone \(JS-SEZ\)](#). At the ASEAN Conference 2024, UOB signed an agreement with [Invest Johor](#) as the designated partner to facilitate businesses' FDI into JS-SEZ through a green lane. At the same time, UOB also signed an MOU with [LinGang Group](#), a Shanghai-based industrial park operator with more than 18,000 tenants, to facilitate the expansion of LinGang and its tenants into this region.

### **Ministerial Dialogue with Singapore's Deputy Prime Minister (DPM) Gan Kim Yong: "Greater Together"**

DPM Gan expressed great optimism and positive view for ASEAN's outlook, noting the region's growing importance and being a "bright spot in a troubled world". This is against a backdrop of the ongoing US-China contestations, climate change, and rising risks and uncertainty.

DPM Gan highlighted examples of closer cooperation and collaboration among the ASEAN members as one important factor, with ATIGA<sup>2</sup> being the "foundational" agreement of the grouping. Externally, ASEAN plus One initiatives help to expand the influence and strengthen collaboration outside of the grouping, including the ASEAN-China Free Trade Area and ASEAN-India partnership. Within ASEAN, bilateral relations are further solidified, exemplified by the JS-SEZ initiative between Singapore and Malaysia, which DPM Gan praised as "greater together" and "one economy, two ecosystems".

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<sup>2</sup> ASEAN Trade in Goods Agreement (ATIGA) is the key component of the ASEAN Economic Community (AEC), effective from 17 May 2010. The agreement aims to facilitate intra-ASEAN trade by eliminating tariffs on 99.65% of goods among member states, and reduce tariffs to 0-5% for nearly all products from newer members, including Cambodia and Vietnam.

Looking ahead, DPM Gan highlighted critical concerns for the region including sustainability, which is an existential matter for both ASEAN and the world, that also bring with opportunities such as green and transition financing. The other issue is digital economy which is already taking off in its own momentum and plenty of opportunities ahead. One example being the current bilateral cross-border payment arrangements which could further evolve into multilateral payment system.

Nonetheless, even as increasingly protectionist tendencies of governments globally have reduced scope for collaboration, ASEAN remains the bright spot that could show the way forward for the world. There is complementarity dynamics even within a complex grouping like ASEAN, allowing for further cooperation.

DPM Gan emphasized that ASEAN is bearing the adverse impact from climate change and the necessity for regional collaboration to address these issues. This includes the ASEAN energy grid. Another critical area is carbon capture opportunities as there is both supply of carbon capture and storage solutions as well as demand for them. This means that relevant laws and regulations need to be established across the region to facilitate development, including carbon credit trading, to connect both the carbon credit producers and buyers.

Finally, DPM Gan noted that Singapore can only do well if ASEAN does well.

### **Fireside Chat with Johor Chief Minister Onn Hafiz Ghazi: A “game changer” for mutual prosperity**

In the conversation hosted by [UOB Malaysia CEO Ng Wei Wei](#), Johor Chief Minister (CM) Onn Hafiz Ghazi hailed the JS-SEZ as a “game changer”, “catalyst” and “engine of growth” for both Malaysia and the Johor state which aspires to achieve [developed status by 2030 \(Maju Johor 2030\)](#), with annual growth rate of 7%.

With JS-SEZ, the southern state of Johor will emerge as Malaysia’s third centre of growth, joining the established powerhouses of Selangor and Penang in the northern part of the country. CM emphasized that the JS-SEZ initiative will be win-win for both Singapore and Johor, fostering mutual prosperity.

In terms of fiscal incentives for investors, CM noted that it will be leveraged on existing [Iskandar Regional Development Authority’s \(IRDA\)](#) offerings and more. Addition non-fiscal incentives will be further strengthened and implemented. In the case of talent availability and mobility, the Johor Talent Development Council has been established together with the Federal Government to increase supply and reduce red tape.

A one-stop [Invest Malaysia Facilitation Centre \(IMFC\)](#) will help to improve ease of doing business. Movements of people will be further enhanced with increased resources at checkpoints and implementation of technology. For cross-border movements of goods, the idea of bonded areas is being studied. CM also highlighted a significant 46% drop in crimes between 2019-2023 in Johor, and more CCTVs are being installed to enhance safety and security.

As the state attracts more investments, including data centres, and economic activities accelerate with rising inflows of people, the topic of supply of energy and water was raised. CM assured that water supply is sufficient until at least 2050, and electricity reserve capacity stands at 70%. In the green energy space, the state is in the process of constructing Malaysia’s largest solar farm and has launched the [Johor Green Deal](#).

Regarding the difference between JS-SEZ and the [Iskandar Region](#), CM explained that the 3,000 sq km Iskandar Region has been in operation for the past 17 years, attracting MYR400 bn of investments and creating 1 mn jobs. Referencing [his visit to Shenzhen, China in March 2024 which was hosted by UOB](#), CM noted the city took 40 years to reach its current status, and concludes that the Iskandar Region has set a foundation for the JS-SEZ to propel forward, which will further break down silos and other constraints, in collaboration with Singapore.

Finally, CM reassured that a definitive agreement on JS-SEZ is in the works and that November 2024 will be the latest date, as both countries' leaders convene in the 11th Singapore-Malaysia Leaders Retreat in Malaysia (the last Leaders' Retreat [took place in Singapore on 30 October 2023](#)).

### Conclusion

Government leaders and industry captains at the ASEAN Conference 2024 offered an updated assessment of the progress in the region, expressing an upbeat and optimistic outlook for business prospects. These views are further corroborated by data and the ongoing trends.

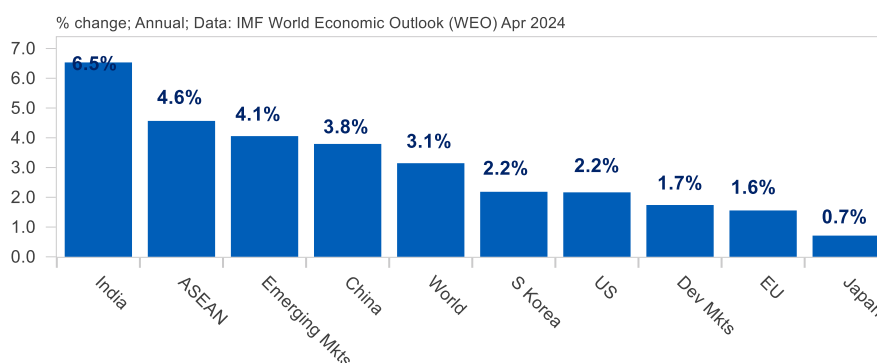
The JS-SEZ is truly a “game changer” as described by Johor’s CM. This project exemplifies the profound level of integration and collaboration within ASEAN that will unlock further investment opportunities, greatly ease movements of goods and people and boost competitiveness and productivity.

Based on the factors mentioned above and our observations of the data flows and trends, and with a combination of bottom up and top down approaches, the [UOB’s team of economists across the region](#) assesses that the pace of FDI inflows into ASEAN is set to rise to USD312 billion by 2027, and further to USD373 billion by 2030, from USD226 billion in 2023. Moreover, total trade flows in ASEAN are poised to accelerate further, reaching USD4.7 trillion by 2027, representing a 34% increase from USD3.5 trillion in 2023, with Vietnam playing an increasingly large role compared to other ASEAN members.

### ASEAN: Economic growth rate to stay ahead of EM peers

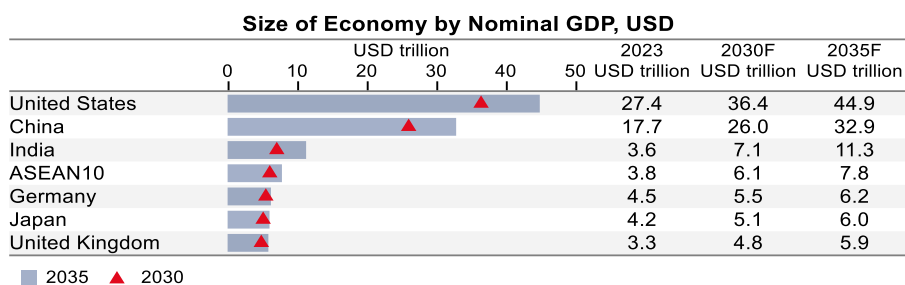
Source: Macrobond, UOB Global Economics & Markets Research

#### IMF: Real GDP Growth Rate Forecasts, Average (2024-29)



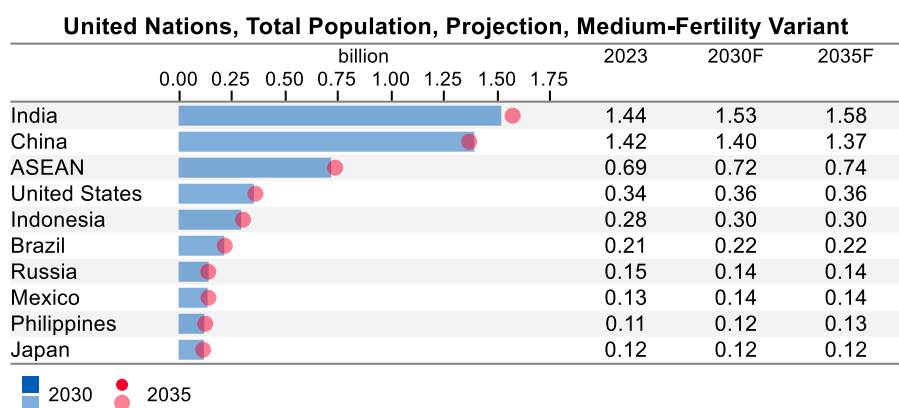
## ASEAN: Rising to become the 4th largest economy by 2030

Source: Macrobond, UOB Global Economics & Markets Research



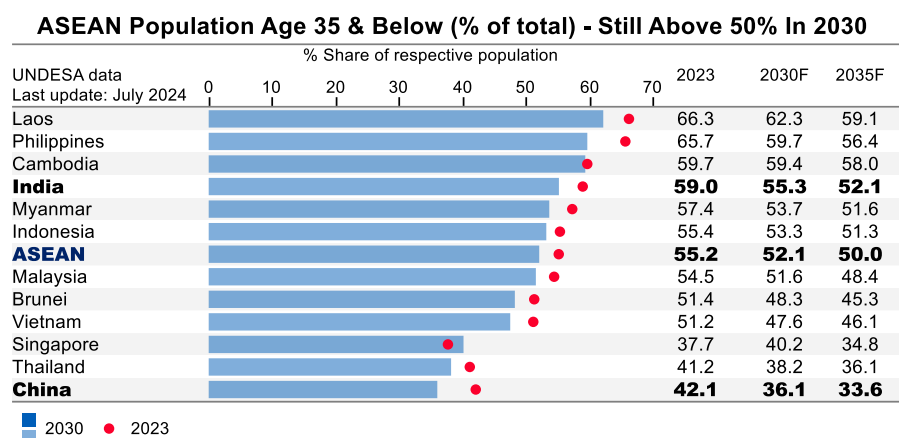
## Population: Third largest in the world

Source: Macrobond, UOB Global Economics & Markets Research



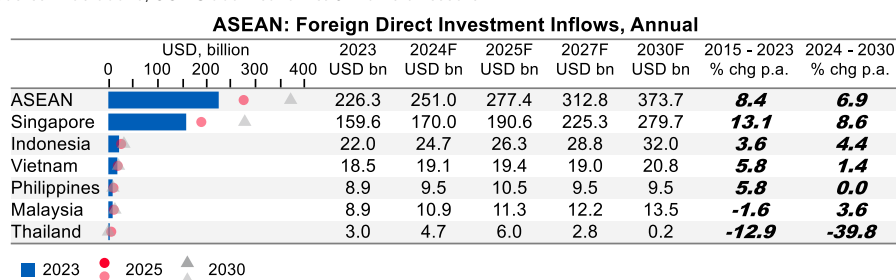
## Demographics: A predominantly young population

Source: Macrobond, UOB Global Economics & Markets Research



## ASEAN: Supply chain shifts to boost FDI inflows

Source: Macrobond, UOB Global Economics & Markets Research



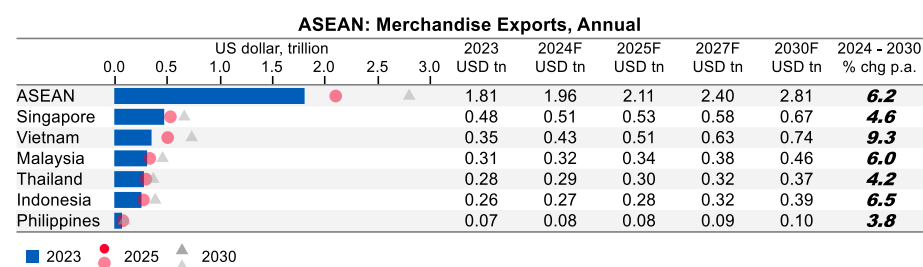
## ASEAN: Overall trade activities to rise further along with supply chain shifts

Source: Macrobond, UOB Global Economics & Markets Research



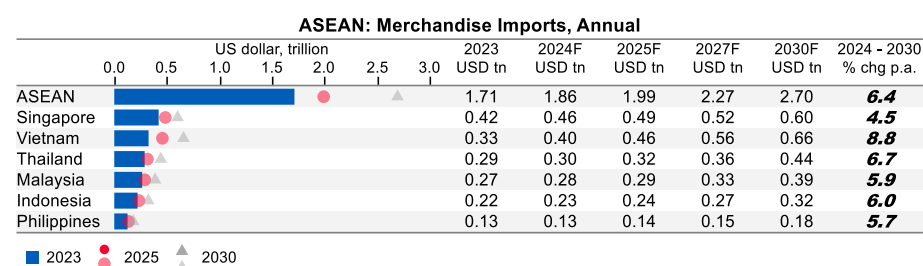
## ASEAN: Singapore and Vietnam continue to lead regional exports

Source: Macrobond, UOB Global Economics & Markets Research



## ASEAN: Import values to rise on enhanced value-added activities and domestic demand

Source: Macrobond, UOB Global Economics & Markets Research



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