ASEAN's Economic Mosaic: Dynamic Trends in International Trade in 2023

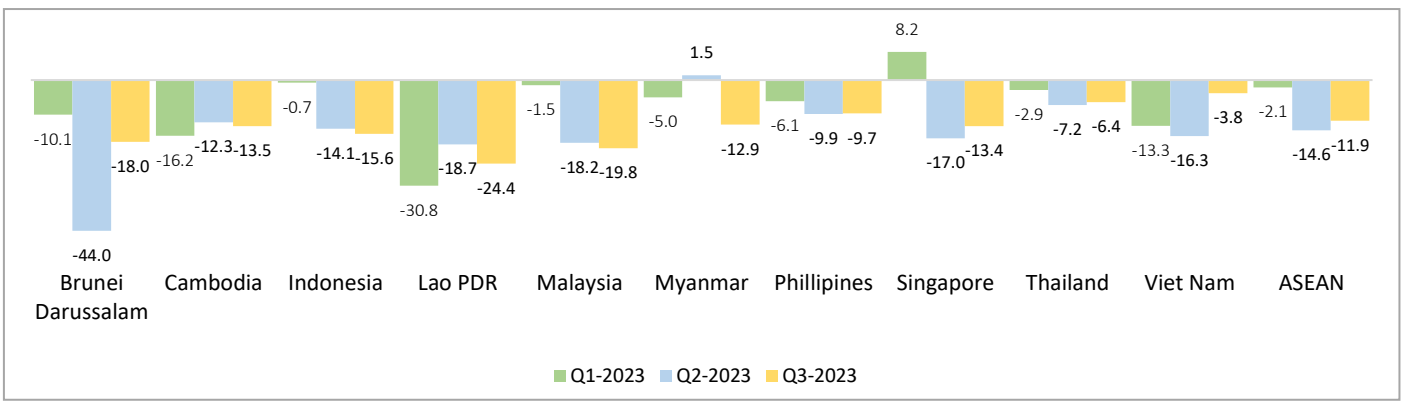
ASEAN has historically demonstrated resilience in navigating global economic shifts. Nonetheless, ASEAN has experienced a dynamic interplay of opportunities and challenges in its economic landscape in 2023, including in international trade, influenced by a variety of factors, such as geopolitical dynamics, the impact of the COVID-19 pandemic, and ongoing efforts to achieve regional economic integration.

International Merchandise Trade

During the third quarter of 2023, ASEAN's merchandise trade decline moderated to 11.9% (year-on-year) an improvement from the preceding quarter's contraction of 14.6%. However, the performance varied among ASEAN Member States (AMS), with Brunei Darussalam experiencing a significant improvement, followed by Viet Nam, Singapore, Thailand, and the Philippines.

Both ASEAN exports and imports saw a decrease, with exports experiencing a smaller decline of 10.7% compared to imports, which declined by 13.1%, resulting in a positive trade balance. The trade surplus increased to US$28 billion from the previous quarter's US$21 billion. Singapore and Viet Nam's exports performed well, driven by continued growth in electronic circuits and smartphones (HS 85). On the other hand, exports of Indonesia and Malaysia continued to decelerate after a significant drop in coal and briquettes (HS 27) and electronic integrated circuits (HS 85).

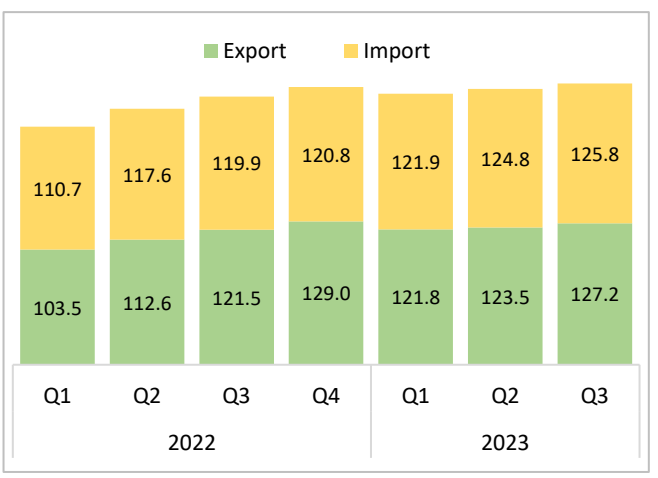
International Merchandise Trade Growth Rates by ASEAN Member States, 2023, (in percent, Y-on-Y)



International Trade in Services

Following the strong rebound in 2022, the ASEAN trade in services has continued to show a positive trend in the first three quarters of 2023. Nonetheless, there has been a gradual deceleration in the growth rate (year-on-year), registering at 13.8% in the first quarter, 7.8% in the second quarter, and 4.8% in the third quarter. In the first half of 2023, ASEAN experienced a trade deficit in services, yet managed to achieve higher export growth (year-on-year) than its import. A shift occurred in the third quarter and ASEAN recorded a trade surplus of approximately US$1.4 billion.

ASEAN exports and imports of services, 2022-2023 (in US$ billion)



The main categories driving the ASEAN export and import of services were transport, travel, and other business services, collectively constituting 66.7% and 69.0% of the total export and import, respectively.

According to UNCTAD[1)], in 2024, the forecast for global trade remains highly uncertain and generally pessimistic. While certain economic indicators hint at potential improvements, persistent geopolitical tensions, high levels of debt, and widespread economic fragility are anticipated to exert negative influences on global trade patterns. This outlook may also have implication for ASEAN, given the region deep's integration into the global economy.

Source: ASEAN Secretariat

[1)] https://unctad.org/publication/global-trade-update-december-2023