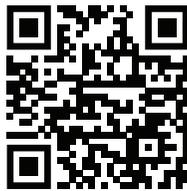


ASIAN ECONOMIC INTEGRATION REPORT 2026

LEVERAGING REGIONAL COOPERATION AND
INTEGRATION TO NAVIGATE GLOBAL UNCERTAINTIES

HIGHLIGHTS



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HIGHLIGHTS



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Note:

In this publication, “\$” refers to United States dollars.

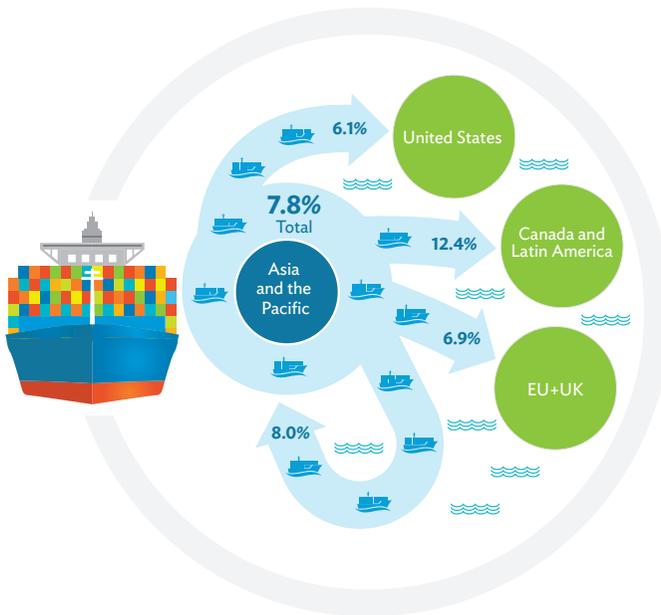
Cover design by Erickson Mercado.

Economies in Asia and the Pacific have shown strong resilience in trade despite the reciprocal tariffs introduced by the United States, but they remain exposed to vulnerabilities in supply chains.

The region’s resilience has been driven by redirecting trade toward alternative markets, which has sustained export growth even as shipments to the United States (US) have declined in some economies. The region also continues to structurally upgrade within global value chains, moving into more upstream, higher value-added activities and deepening regional production networks. However, the relative concentration in production activities that rely on foreign inputs leaves economies vulnerable to supply chain disruptions. Empirical studies show geopolitical uncertainty raises trade costs and dampens exports, particularly in Asia and the Pacific. The region should thus promote product and partner diversification, deepen and effectively implement trade agreements, and strengthen trade facilitation and logistics cooperation.

Asia and the Pacific’s exports showed strong resilience amid global uncertainty

Export Growth Rate, by Partner Economies and Regions, 2025 (% , year on year)



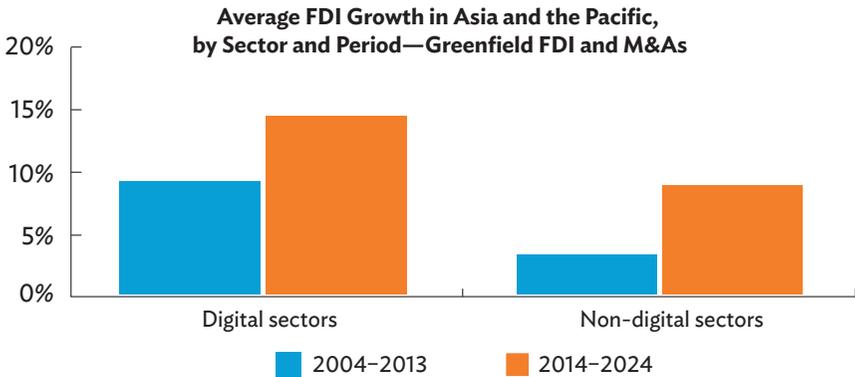
EU = European Union, UK = United Kingdom.

Notes: Asia and the Pacific includes the People’s Republic of China; India; Indonesia; Japan; the Republic of Korea; Malaysia; the Philippines; Singapore; Taipei,China; Thailand; and Viet Nam. These economies represent around 80% of Asia and the Pacific’s total trade.

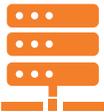
Source: ADB calculations using data from CEIC (accessed January 2026).

While economic uncertainties have slowed global investment, digital transformation continues to drive strong investor interest. Global FDI into Asia and the Pacific declined slightly by 2% to \$614 billion in 2024, with FDI in East Asia falling by 15% and Southeast Asia recording a 10% increase. In 2025, the prospects of Asia and the Pacific for FDI remained subdued, with early estimates for the first half of the year showing a 4% decline in regional inflows. Despite the lackluster overall trend, digital FDI continues to expand rapidly across the region, comprising about 35% of total inflows in 2024 and rising by 24% in value between 2023 and 2024. Artificial intelligence, data centers, and fintech investments account for about three-fourths of digital FDI in the region. Leveraging the positive economic benefits from digital FDI will require policy efforts to promote skills training, encourage effective management, and improve data governance.

Digital FDI in Asia and the Pacific is vibrant, helping accelerate the region’s digital transformation



Top Sectors for Digital FDI



Data processing, hosting, and related activities



Financial services



Manufacture of electronic components and boards

FDI = foreign direct investment, M&A = merger and acquisition.

Notes: Digital FDI refers to total cross-border investments in the digital economy. It includes receipts from greenfield projects and M&As. Classification is adapted from the United Nations Trade and Development’s *World Investment Report 2025* framework on the digital economy. For these estimates, the digital sectors cover the narrow scope, which includes digital adoption and core scope. Core scope is comprised of foundational infrastructure, digital services and solutions, and industrial development.

Source: ADB calculations using data from Financial Times. fDi Markets; and Moody’s Analytics. Orbis M&A (formerly Zephyr M&A Database) (accessed June 2025).

Steady nonresident portfolio inflows have helped maintain regional financial market resilience amid global economic and policy uncertainties. The share of intraregional assets and liabilities in both equity and debt markets showed a slight increase in 2024. A fund flow analysis shows that stock markets remained largely resilient to rising geopolitical risks, as yield-seeking investors often drive funds to firms exposed to these risks. This contributed in part to the swift recovery of global stock markets following the US tariff announcement in April 2025. Regional financial safety nets support economic stability in uncertain times. For example, strengthening the ASEAN+3 Chiang Mai Initiative Multilateralisation system through the introduction of a paid-in capital structure could help build a more effective regional safety net.

Amid global economic and policy uncertainties, regional financial safety nets are important for economic stability



Robust remittance inflows from Asia and the Pacific’s migrant workers (up by 7.4% in 2024) will likely continue. Many of the most-skilled migrants from the region work in a few high-income economies outside the region while low- and semi-skilled migrant workers remain within Asia and the Pacific. While stringent immigration policies in some advanced economies could pose risks for certain segments of high-skilled migration, strong demand for top-tier skills continues to create opportunities for highly qualified workers. Regional cooperation, particularly in strengthening cross-border skills recognition, would benefit migrants across the skills spectrum. Digital remittances have helped reduce costs and increase efficiency. As more migrant households across the region use digital channels, improving digital financial literacy will help users navigate digital apps and avoid fraud. More efforts are needed to scale up digital infrastructure and strengthen cross-border coordination to improve interoperability and address regulatory challenges.

Outbound migration from Asia and the Pacific remains robust as the region continues to be a key source of global talent



Remittance inflows to Asia and the Pacific remain resilient, supported by greater use of digital remittances and continued migration from the region



Strategic policies and greater regional cooperation can boost tourism and sustain its economic benefits.

In 2024, international arrivals in Asia and the Pacific rebounded strongly, reaching 96.3% of pre-pandemic 2019 levels. Tourism receipts surpassed the 2019 benchmark by 5%. Tourism is shaped by the interplay of push and pull factors. Rising incomes, demographic shifts, and digital readiness spur outbound travel, while destination competitiveness, attractions, infrastructure, safety, connectivity, and visa facilitation drive arrivals. Empirical evidence shows that a 1% increase in income can boost outbound travel by 4%–10%, whereas restrictive visa policies can reduce arrivals by up to 52%. To sustain tourism’s economic benefits, Asia and the Pacific must focus on value creation, enhancing visitor experience, diversifying markets, easing travel constraints, and advancing regional cooperation to improve connectivity and develop multi-destination tourism options.

Global push factors
(source economies)



Rising incomes



Demographic shifts



Digital readiness



The interplay of push-pull dynamics influences tourism flows from source markets to destinations

Economy pull factors
(destination economies)



Attractions



Infrastructure



Safety



Connectivity



Visa facilitation

Asian Economic Integration Report 2026

Leveraging Regional Cooperation and Integration to Navigate Global Uncertainties— Highlights

This publication highlights key findings of the *Asian Economic Integration Report 2026*. It presents an overview of changes in Asia and the Pacific in trade and global value chains, cross-border investment, financial integration, and the movement of people. The Asian Economic Integration Report involves the annual review of regional cooperation and integration covering the 50 regional members of the Asian Development Bank.

About the Asian Development Bank

ADB is a leading multilateral development bank supporting inclusive, resilient, and sustainable growth across Asia and the Pacific. Working with its members and partners to solve complex challenges together, ADB harnesses innovative financial tools and strategic partnerships to transform lives, build quality infrastructure, and safeguard our planet. Founded in 1966, ADB is owned by 69 members—50 from the region.



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