

ENHANCING STABILITY: OVERCOMING MACROECONOMIC RISKS THROUGH SURVEILLANCE AND STRATEGIES

A MRO monitors macroeconomic and financial developments to identify and assess risks to the growth and stability of its 14 member economies and the ASEAN+3 region, focusing on growth and inflation, balance of payments, monetary, fiscal and the financial sector, while prescribing policy advice to address those risks. These bilateral and multilateral surveillance activities, similar to regular health screenings, are conducted during normal and crisis times to support the CMIM—ASEAN+3’s financial safety net. As the world becomes increasingly complex and uncertain with shifting geopolitics, growing trade tensions and accelerating climate change, these surveillance activities

become even more critical to safeguard the region’s sustainable future.

Through a [comprehensive surveillance framework](#), AMRO integrates regional, country, and functional surveillance to derive greater synergy. Over the past year, AMRO continued to mainstream into its regular surveillance work, macro-critical issues, including climate change, population aging, and rapid technological change, while keeping a vigilant watch on pressing issues such as geoeconomic fragmentation, shifting supply chain dynamics, and global financial market volatility and spillovers.



What risks does AMRO study?

1. *Conjunctural risks*, which are caused by events or circumstances, such as those triggered by the COVID-19 pandemic.
2. *Structural risks* in the background, such as the profound transformations taking place in the global and regional trade landscape, disrupting established supply chains across ASEAN+3.



AMRO Director Kouqing Li, Chief Economist Hoe Ee Khor, and the AMRO team met with Korea Ministry of Economy and Finance Deputy Minister for International Affairs, Ji-Young Choi.

COUNTRY SURVEILLANCE

AMRO conducts country surveillance through its Annual Consultation Visits (ACVs) and interim visits—also known as country missions, carrying out thorough analyses of each member economy’s recent economic developments and outlook, risks, and vulnerabilities; while providing policy assessment to the authorities. During missions, AMRO staff engage in two-way exchanges with member authorities on a broad scope of issues, such as national and regional growth outlook, and economic, financial, and monetary policies, while providing policy guidance to address the issues. These discussions foster trust and help both sides to understand critical issues better.

Over the past year, dialogues with member authorities have increasingly focused on fiscal and structural reforms; and challenges to sustainable development, including climate change and population aging. AMRO mission teams also engage with academia, think-tanks, peer international organizations (IOs), private sectors, and market participants to gain on-the-ground insights into the local economy and financial system.

In 2024, AMRO successfully conducted 10 ACVs and 12 interim visits to its member economies. As part of its country surveillance, AMRO published 12 [Annual Consultation Reports \(ACRs\)](#), which provide assessments of the macroeconomic performance and financial soundness of each member economy. The ACRs also offer policy recommendations and assessments of policy risks to assist the authorities in their policy deliberations for proactive and effective decision-making.



AMRO Director Kouqing Li, Chief Economist Hoe Ee Khor and the AMRO team met with Deputy Governor Alisara Mahasandana and other senior officials from the Bank of Thailand.



AREO 2024 press conference

REGIONAL SURVEILLANCE

AMRO's regional surveillance identifies the broader global and regional trends that may have spillover effects on ASEAN+3 and specific sectors. As part of its regional surveillance, AMRO publishes an annual flagship report, [ASEAN+3 Regional Economic Outlook \(AREO\)](#), with quarterly updates, to provide a comprehensive assessment of conjunctural and structural issues in the region.

In April, AMRO published [AREO 2024](#), titled *Navigating Tomorrow*, which presented a positive economic outlook for the region, driven by robust domestic demand, a turnaround in exports, and recovery in tourism. The report also delved into three major trends affecting ASEAN+3's long-term growth trajectory—aging, global trade reconfiguration, and rapid technological change—and discussed ways for the region to manage the risks they bring, while taking advantage of the growth opportunities they offer.

The annual AREO launch was followed by quarterly updates in [July 2024](#), [October 2024](#), and [January 2025](#).

FINANCIAL SURVEILLANCE

The significance of financial surveillance in the region cannot be overemphasized amid the rapidly evolving global financial landscape, which has substantial implications on ASEAN+3.

Financial surveillance—a critical role in crisis prevention by facilitating the detection and assessment of financial vulnerabilities and risks—reinforces the resilience of financial systems to ensure the region's capacity to withstand shocks, which in turn fosters economic growth and development in ASEAN+3.

Complementing AREO's focus on macroeconomic issues, AMRO publishes the [ASEAN+3 Financial Stability Report \(AFSR\)](#) as part of AMRO's financial surveillance. The AFSR—AMRO's second annual flagship report—analyzes financial markets and examines vulnerabilities of the banking sector in ASEAN+3.

In October, AMRO published the AFSR 2024, which addressed a broader array of risks and challenges that the region faced since the inaugural report was launched in December 2023. Apart from property developer financing, AFSR 2024 identified two other key risks—financial contagion and heavy reliance on the US dollar for cross-border transactions—and proposed policy measures to address these issues.

In 2024, climate resilience grew in importance among member economies as ASEAN+3 faced devastating impacts from extreme weather events which have adverse economic and fiscal consequences. AFSR 2024 also examined the rapid growth of green finance in ASEAN+3 region, highlighting the need for governments to carefully manage the transitions to sustainability and carbon neutrality, to prevent creating new risks for financial stability.

FISCAL SURVEILLANCE

As regional economies start to emerge from the inflation-fueled cost-of-living crisis that followed the COVID-19 pandemic, fiscal policymakers are confronting the challenges posed by geoeconomic fragmentation, climate change, and population aging. With substantially narrower fiscal buffers amid these challenges, policymakers must balance fiscal consolidation with rising expenditure needs and fostering economic growth and resilience.

To support country surveillance, AMRO holds in-depth fiscal policy discussion sessions before country missions and develops debt sustainability analysis templates used in ACRs. AMRO also provides TA on key fiscal issues to some member authorities at their request.

As part of its fiscal surveillance, AMRO examined the region's fiscal outlook in detail through the [ASEAN+3 Fiscal Policy Report 2024: Transitioning to Fiscal Normality](#) published in April. The report also provided policy advice on striking the right balance between restoring fiscal buffers and providing targeted support, while transitioning to fiscal normality.

TRUSTED POLICY ADVISOR AND REGIONAL KNOWLEDGE HUB

With the guidance of its Advisory Panel (AP) and Executive Committee (EC), AMRO offers in-depth analyses and tailored policy advice to member authorities to help them address pressing challenges and adapt to evolving economic dynamics effectively.

As ASEAN+3's [RKH](#), AMRO ensures that its knowledge and outreach products and services—centering around macroeconomic surveillance, associated research into emerging and structural issues, TA, and regional financial cooperation—are developed for productive use by ASEAN+3 members, partners, businesses, and the general public.

Over the past year, AMRO produced a portfolio of [insightful research and publications](#), providing actionable policy recommendations to strengthen economic resilience, enhance financial stability, and support sustainable growth.

AMRO also worked closely with AFTN members to conduct research on macro-financial issues of interest to the region. In June 2024, AMRO, in collaboration with AFTN members, launched the [inaugural AFTN Seminar](#) in Shanghai, China, and published a [compilation of seminar papers presented at the seminar](#), providing insights on population aging from across ASEAN+3.



AFSR 2024 press conference