

PROACTIVE SURVEILLANCE: ENHANCING LONG-TERM REGIONAL STABILITY

As economic and financial challenges across ASEAN+3 grow more complex, AMRO's [surveillance work](#) has evolved beyond responding to crises toward something more fundamental: building long-term economic resilience. AMRO's bilateral and multilateral surveillance activities in 2025 emphasized preemptive risk identification and structural strengthening across member economies.

This approach proved critical as the [region navigated sweeping US tariffs](#), heightened geopolitical tensions, and accelerating technological change. Granted, the ASEAN+3 economy and financial system withstood such shocks without major disruptions. But it is still vulnerable to external developments. Building further resilience requires addressing structural issues and improving monitoring across economic and financial sectors, to minimize potential vulnerabilities.

NAVIGATING HEIGHTENED COMPLEXITY

The secular trends highlighted in previous years — climate change, population aging, rapid technological change, geoeconomic fragmentation, shifting supply chain dynamics, and global financial market volatility

— continued to shape the region's risk landscape in 2025.

ASEAN+3 is aging faster than many parts of the world, and demographic headwinds risk constraining potential growth. Fast-evolving AI also raised risks for the future of work, while climate change increased adaptation costs and lowered agricultural and infrastructure resilience. Evolving developments in the US increased policy uncertainties, adding complexity to geoeconomic considerations in an increasingly fragmented landscape.

At the same time, the financial sector grew increasingly interconnected and, with financial digitalization, faced disruption and restructuring. These developments induced new vulnerabilities not being monitored as closely as traditional risks.

In response, AMRO began research on [potential macro-implications of generative and physical AI](#), while monitoring the evolving financial infrastructure driven by [crypto-assets](#) and financial technologies (FinTech). It also worked on developing monitoring and analytical tools for member authorities, building frameworks for risk assessment despite limited data availability.



AMRO Director/CEO Yasuto Watanabe, Chief Economist Dong He, and the AMRO team met with Managing Director of the Monetary Authority of Singapore Der Jiu Chia and other senior officials

AMRO's post-ACV press briefing in Japan



AMRO's post-ACV press briefing in Korea

TRACKING A SHIFTING REGIONAL OUTLOOK

The annual flagship report [ASEAN+3 Regional Economic Outlook \(AREO\)](#) and its quarterly updates provided essential guidance as the region navigated turbulent external conditions. [January's assessment](#) of solid growth amid rising uncertainties gave way to [April 2025's downward revision](#) following the Liberation Day tariffs. By [July 2025](#), however, growth in the first half of the year was assessed to have remained firm in spite of emerging headwinds. [October 2025](#) brought more renewed optimism as lower-than-expected tariff rates and proactive policy measures supported an upward revision to 4.1 percent growth for the year.

Overall growth in 2025 ultimately exceeded early post-tariff forecasts, underpinned by strong domestic demand, low

and stable inflation, and rising investment. External demand provided further lift to growth, supported mainly by robust AI-driven semiconductor exports.

However, in a highly uncertain global environment, the policy priority for ASEAN+3 is to reinforce long-term resilience while retaining flexibility to respond promptly to near-term challenges.

The region can enhance long-term resilience by deepening intra-regional integration, while staying open to the wider global economy. While ASEAN+3 integration has advanced over the years, intra-ASEAN integration has declined in recent decades, constrained in part by structural differences in development levels. Deeper regional integration hinges on realizing existing initiatives to reduce cross-border frictions, leveraging global value chain linkages for domestic upgrading, and promoting intra-regional investment.

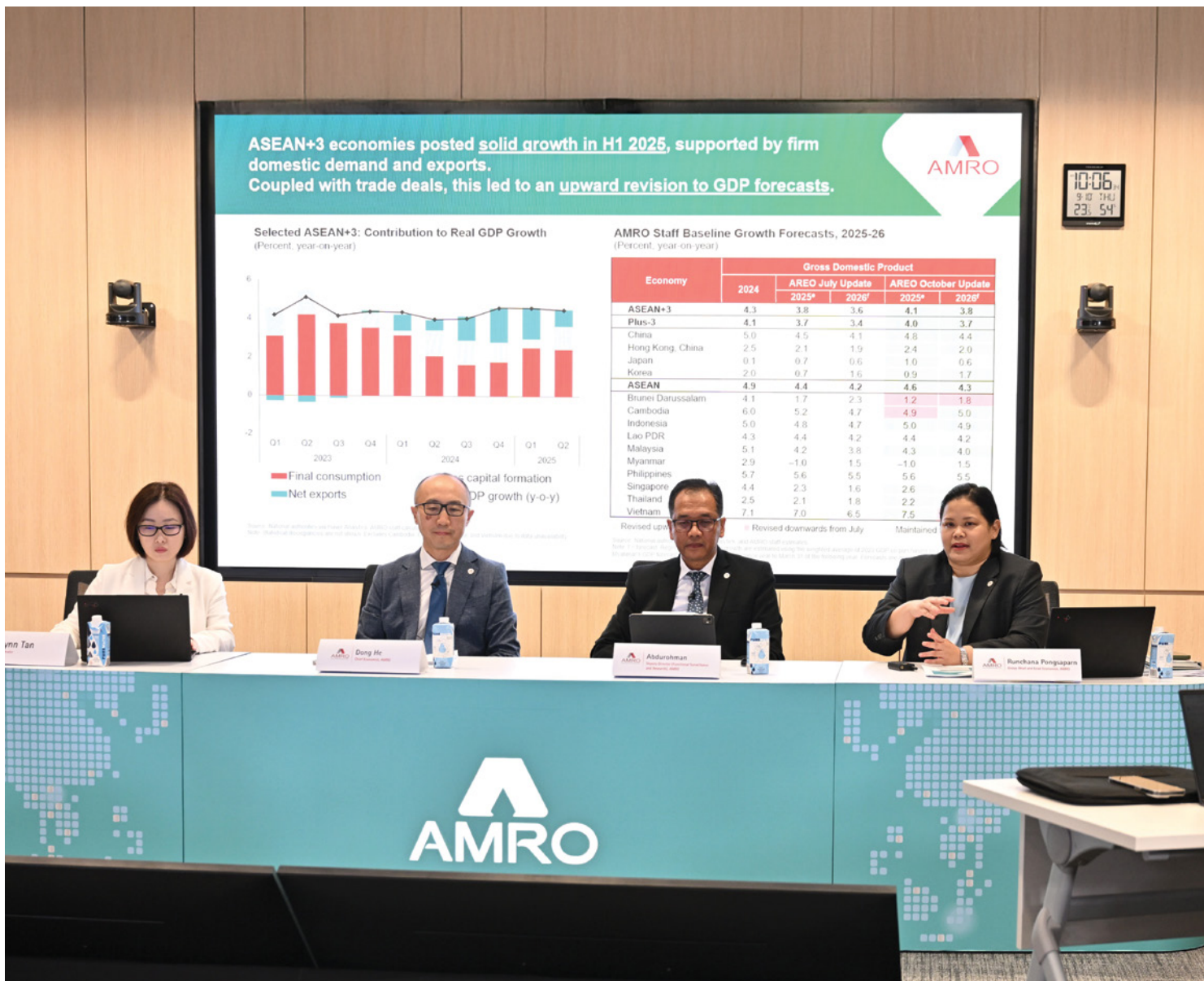
STRENGTHENING FINANCIAL AND FISCAL SURVEILLANCE

The [ASEAN+3 Financial Stability Report \(AFSR\)](#) highlighted that the region remains broadly resilient, supported by well-calibrated policy mixes and strong fundamentals. Policymakers have effectively deployed monetary policy, foreign exchange interventions, and capital flow management measures, while deeper financial markets, stronger banking systems, and ample foreign reserves provided additional buffers.

Yet vulnerabilities persist. US tariffs pose risks to export-oriented corporate sectors and related financial markets. Rapid digitalization creates

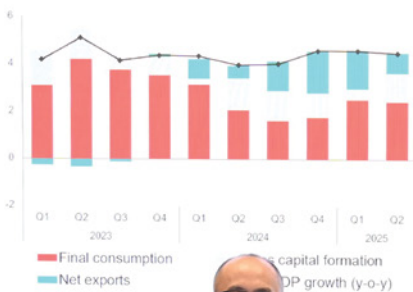
opportunities for financial inclusion and efficiency, but also redistributes financial stability risks. Therefore, constant policy adjustments focused on customer protection and improving efficiency are required, with authorities needing to remain agile while nurturing innovation and investing in public digital infrastructure.

On the fiscal front, AMRO published the [ASEAN+3 Fiscal Policy Report \(AFPR\) 2025](#) in April, which spotlighted the importance of maintaining policy flexibility to respond swiftly to emerging shocks. The report noted that authorities should conduct thorough risk assessments and establish pre-prepared contingency plans tailored to specific scenarios. Meanwhile, transparent exit strategies would facilitate a smooth transition back to fiscal consolidation paths, once stability is restored.



ASEAN+3 economies posted solid growth in H1 2025, supported by firm domestic demand and exports. Coupled with trade deals, this led to an upward revision to GDP forecasts.

Selected ASEAN+3: Contribution to Real GDP Growth (Percent, year-on-year)



AMRO Staff Baseline Growth Forecasts, 2025-26 (Percent, year-on-year)

Economy	2024	Gross Domestic Product			
		AREO July Update	AREO October Update	2025*	2026*
ASEAN+3	4.3	3.8	3.6	4.1	3.8
Plus-3	4.1	3.7	3.4	4.0	3.7
China	5.0	4.5	4.1	4.8	4.4
Hong Kong, China	2.5	2.1	1.9	2.4	2.0
Japan	0.1	0.7	0.6	1.0	0.6
Korea	2.0	0.7	1.6	0.9	1.7
ASEAN	4.9	4.4	4.2	4.6	4.3
Brunei Darussalam	4.1	1.7	2.3	1.2	1.8
Cambodia	6.0	5.2	4.7	4.9	5.0
Indonesia	5.0	4.8	4.7	5.0	4.9
Lao PDR	4.3	4.4	4.2	4.4	4.2
Malaysia	5.1	4.2	3.8	4.3	4.0
Myanmar	2.9	-1.0	1.5	-1.0	1.5
Philippines	5.7	5.6	5.5	5.6	5.5
Singapore	4.4	2.3	1.6	2.6	2.6
Thailand	2.5	2.1	1.8	2.2	2.2
Vietnam	7.1	7.0	6.5	7.5	7.5

AFSR 2025 press conference



AMRO Director/CEO Yasuto Watanabe, Chief Economist Dong He, and the AMRO team met with the Bank of Thailand's Deputy Governor Piti Disyatat and other senior officials

Given weakened fiscal positions since the pandemic, sustained consolidation efforts over the medium term are also essential. AMRO further strengthened its fiscal surveillance frameworks, by providing guidance on public debt sustainability analysis and establishing a new fiscal space assessment framework. In addition, the *Country Fiscal Review* was launched, with the first review on [Vietnam](#) published in 2025. The AFPME, also launched in 2025, provided a platform for exchanging policy insights on shared priorities — promoting growth, while maintaining fiscal sustainability and addressing population aging.

In an environment of heightened uncertainty, AMRO's surveillance served as the [essential middle layer](#) — complementing global and national surveillance by capturing the common factors, interlinkages, and

spillovers that bind ASEAN+3. This role demanded tracking complex transmission channels, identifying shock types and assessing persistence, supporting scenario-robust policymaking, and fostering policy coordination.

ASEAN+3 members expressed support for deeper financial integration and commitment to multilateralism. Members were keen to explore new areas to address emerging challenges — advancing infrastructure financing, strengthening intra-regional economic linkages, and building a more resilient regional architecture through timelier information sharing and closer collaboration. As the region confronts an uncertain future, AMRO's surveillance work in 2025 advanced this agenda by improving analytical capacity, deepening policy dialogue, and cultivating the regional cooperation essential to navigate the challenges ahead.

How does AMRO assess the macroeconomic performance and financial soundness of its members?

AMRO conducts country surveillance through its ACVs, interim visits (IVs), and fact-finding visits — known as country missions — to all 14 member economies yearly. During the missions, AMRO staff discuss with member authorities a broad scope of issues, such as national growth outlook, regional growth outlook, economic, financial, and monetary policies, while providing policy guidance to address the issues. In 2025, AMRO successfully conducted 11 ACVs and published 12 [Annual Consultation Reports \(ACRs\)](#).