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THE ROLE OF SOUTHEAST ASIA IN THE GLOBAL ECONOMY: ANALYSIS OF THE ECONOMIC PERFORMANCE OF ASEAN COUNTRIES

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Abstract
This study aims to analyze the strategic role of ASEAN (Association of Southeast Asian Nations) in the global economy through a review of macroeconomic indicators such as Gross Domestic Product (GDP) growth, international trade, foreign direct investment (FDI), and the level of regional economic integration. With a population of over 680 million people and increasingly close economic integration, ASEAN has become one of the largest economic blocs in the world. The method used is a literature review by examining various academic literature, scientific journals, official reports, and publications of relevant international institutions. The results of the study indicate that ASEAN has stable and sustainable economic growth, supported by free trade policies, increasing investment flows, and growing industrial competitiveness, where agreements such as the ASEAN Free Trade Area (AFTA) and the Regional Comprehensive Economic Partnership (RCEP) play a significant role in strengthening market connectivity. However, the study also found challenges in the form of economic disparities between member countries, dependence on specific export sectors, and uneven regulatory and infrastructure barriers. With a strategy of economic diversification, increased infrastructure investment, and the development of the digital sector and innovation-based industries, ASEAN has great potential to strengthen its position as a significant actor in the global economy in the future.

Kata Kunci:
ASEAN; Asia Tenggara; Ekonomi Global

Abstrak
Penelitian ini bertujuan untuk menganalisis peran strategis ASEAN (Association of Southeast Asian Nations) dalam perekonomian global melalui telaah indikator makroekonomi seperti pertumbuhan Produk Domestik Bruto (PDB), perdagangan internasional, investasi asing langsung (FDI), serta tingkat integrasi ekonomi kawasan. Dengan populasi lebih dari 680 juta jiwa dan integrasi ekonomi yang semakin erat, ASEAN telah menjadi salah satu blok ekonomi terbesar di dunia. Metode yang digunakan adalah literature review dengan mengkaji berbagai literatur akademik, jurnal ilmiah, laporan resmi, dan publikasi lembaga internasional yang relevan. Hasil penelitian menunjukkan bahwa ASEAN memiliki pertumbuhan ekonomi yang stabil dan berkelanjutan, didukung oleh kebijakan perdagangan bebas, peningkatan arus investasi, serta daya saing industri yang terus berkembang, di mana perjanjian seperti ASEAN Free Trade Area (AFTA) dan Regional Comprehensive Economic

Partnership (RCEP) berperan penting dalam memperkuat konektivitas pasar. Namun demikian, penelitian juga menemukan adanya tantangan berupa kesenjangan ekonomi antarnegara anggota, ketergantungan pada sektor ekspor tertentu, serta hambatan regulasi dan infrastruktur yang belum merata. Dengan strategi diversifikasi ekonomi, peningkatan investasi infrastruktur, serta pengembangan sektor digital dan industri berbasis inovasi, ASEAN memiliki potensi besar untuk memperkokoh posisinya sebagai aktor penting dalam ekonomi global di masa depan.

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INTRODUCTION

Several previous studies provide empirical support for the urgency of this study. For example, Rayhanis et al. (2024) found that the implementation of AFTA has driven Indonesia's economic transformation by increasing export and import volumes in the manufacturing, agricultural, and consumer sectors, despite challenges such as inter-regional development disparities. Meanwhile, Pohan et al. (2024) showed that factors such as Gross Domestic Product (GDP) per capita and the population of both the home and partner countries have a positive and significant influence on trade flows between ASEAN countries. These research findings confirm that regional economic integration not only increases trade activity but also opens up opportunities and challenges for each member country in facing global competition.

Southeast Asia also plays a strategic role in the global economy. Home to the member states of ASEAN (Association of Southeast Asian Nations), the region has seen rapid growth in recent decades, both in terms of economy, trade, and investment. ASEAN was formed in 1967 with the primary goal of strengthening economic, political, and social cooperation among its member states. Economically, ASEAN has become one of the world's largest trading blocs, with policies promoting economic liberalization, trade integration, and increased regional industrial competitiveness (Fauzan, 2024).

This article comprehensively examines ASEAN's role in the global economy, encompassing economic growth, international trade, foreign direct investment (FDI), and the region's economic integration, highlighting the role of free trade policies such as AFTA. It also seeks to identify key challenges, including development gaps among member states, dependence on specific product exports, and varying regulatory barriers. By leveraging findings from recent national studies, this paper is expected to provide a more contextual

academic contribution and strategic recommendations for policymakers in strengthening ASEAN's collaboration and economic competitiveness globally.

Southeast Asia is also one of the fastest-growing economic regions in the world. With a population of over 680 million and a steadily increasing Gross Domestic Product (GDP), ASEAN countries play a vital role in the dynamics of the global economy. ASEAN is not only a manufacturing and trade hub but also a significant destination for foreign direct investment. Economic integration through various free trade agreements, such as the ASEAN Free Trade Area (AFTA) and the Regional Comprehensive Economic Partnership (RCEP), further strengthens ASEAN's position in the global economy (Petri & Plummer, 2016).

Since its founding in 1967, ASEAN has undergone significant economic transformation. Various economic policies implemented in the region aim to increase competitiveness, strengthen financial stability, and attract foreign direct investment (FDI). According to a 2022 World Bank report, ASEAN is one of the regions with stable economic growth rates, with an average GDP growth of 4-6% per year. Countries such as Indonesia, Vietnam, and the Philippines have recorded high economic growth, supported by strong domestic consumption and investment in the infrastructure and manufacturing sectors (Asian Development Bank, 2021).

ASEAN comprises ten countries with diverse economic characteristics. Singapore and Malaysia are known as developed economies, while Indonesia, Thailand, and the Philippines are rapidly developing economies. Meanwhile, countries like Myanmar, Laos, and Cambodia still face challenges in economic development. This diversity influences the dynamics of regional economic integration, where trade and investment policies must adapt to the economic conditions of each member country (Nursasi et al., 2024).

As a continuously developing region, ASEAN has become one of the fastest-growing economic blocs in the world. With its strategic geographic position, ASEAN sits at the crossroads of global trade, connecting markets in East Asia, South Asia, and Australia and the Pacific. This provides ASEAN with an advantage in attracting trade and investment flows from various countries. Furthermore, its rich natural resources and abundant labor force make ASEAN a competitive production hub for various global industries. With increasing economic cooperation among member states, the region has further strengthened its competitiveness in the global economy. Over the past two decades, ASEAN's economic growth has been driven by various factors, including rising foreign direct investment (FDI), expansion of the manufacturing sector, and the development of the services and digital sectors. Countries such as Indonesia, Vietnam, and the Philippines have experienced rapid

growth in manufacturing, while Singapore and Malaysia have excelled in the financial and technology sectors. Vietnam, for example, has become a prime destination for global technology and manufacturing companies seeking alternatives to China. Meanwhile, Indonesia, with the largest population in ASEAN, has a strong domestic market that drives consumption and investment growth (Khairunnisa et al., 2022).

Beyond economic factors, regional integration policies also play a crucial role in driving ASEAN's growth. The establishment of the ASEAN Economic Community (AEC) has opened up significant opportunities for free trade and increased mobility of skilled labor. Trade agreements such as the ASEAN Free Trade Area (AFTA) and the Regional Comprehensive Economic Partnership (RCEP) have further strengthened ASEAN's position within the international trade network. These policies enable ASEAN to expand access to global markets and improve supply chain efficiency within the region. However, while economic integration policies have demonstrated positive impacts, ASEAN faces numerous challenges in ensuring that economic benefits are shared equitably across its member states.

One of the main challenges to ASEAN economic integration is the development gap between member countries. Singapore and Malaysia have high per capita incomes and more advanced infrastructure compared to Myanmar, Laos, and Cambodia, which still face obstacles to economic development. This gap creates disparities in competitiveness and industrial capacity within each member country, which can slow down the overall economic integration process. Furthermore, differing regulations and investment policies across countries also hinder the creation of an efficient single market.

Furthermore, ASEAN's dependence on exports also presents a challenge in the face of global economic uncertainty. Changes in global trade policies, fluctuations in commodity prices, and geopolitical impacts such as the trade war between the United States and China could impact the region's economic stability. Therefore, a stronger economic diversification strategy is needed to reduce dependence on the export sector and increase ASEAN's economic resilience in the face of external shocks. In recent years, ASEAN has also experienced an increasingly rapid digital transformation. Digitalization has become a key factor in the region's economic growth, with the increasing adoption of e-commerce, fintech, and artificial intelligence-based technologies. Countries such as Indonesia, Thailand, and Vietnam have demonstrated rapid development in the digital sector, contributing to accelerated economic growth. However, a significant digital divide remains between developed and developing countries in ASEAN, which needs to be addressed through increased investment in technological infrastructure and strengthening public digital literacy.

With its potential, ASEAN has a significant opportunity to continue developing and strengthening its role in the global economy. However, achieving sustainable growth requires more inclusive, innovative, and adaptive policies to address global challenges. With closer economic integration, industrial diversification, and more progressive policy reforms, ASEAN can further strengthen its competitiveness and become a significant global economic power in the future. As a region with over 680 million people, ASEAN holds significant potential in the global economy. Stable economic growth averaging 4-6% per year demonstrates the region's economic resilience in the face of various global challenges, including the financial crisis and the COVID-19 pandemic. ASEAN countries also have diverse economic structures, with key contributions from the manufacturing, agriculture, and services sectors. Singapore and Malaysia excel in the technology and financial industries, while Indonesia and Vietnam are major manufacturing and commodity export hubs (Susilo & Rani, 2020).

ASEAN plays a vital role in global trade. The region contributes approximately 7% to total world trade, with key exports being electronics, agricultural products, and energy commodities (UNCTAD, 2022). Free trade agreements, such as the ASEAN Free Trade Area (AFTA) and the Regional Comprehensive Economic Partnership (RCEP), are key factors driving trade growth in ASEAN. These agreements expand market access and enhance the international competitiveness of ASEAN products (ASEAN Secretariat, 2022). Beyond trade, ASEAN is also a magnet for foreign direct investment (FDI). Singapore recorded the most significant FDI inflows in the region, followed by Vietnam, Indonesia, and Malaysia. Factors such as affordable labor, pro-investment policies, and relative political stability make ASEAN a prime destination for global investors (Hill & Menon, 2020). Data from UNCTAD (2022) shows that FDI to ASEAN continues to increase, particularly in the technology, manufacturing, and infrastructure sectors.

However, despite rapid economic and trade growth, ASEAN still faces significant challenges in terms of economic inequality between countries. Singapore has a significantly higher GDP per capita compared to countries like Myanmar and Laos, creating a significant gap. Furthermore, differences in regulations and bureaucracy between countries often hinder regional economic integration (Naibaho et al., 2023). Despite its significant potential, ASEAN also faces various challenges in maintaining and enhancing its role in the global economy. Some of the main challenges include economic inequality between countries, dependence on exports, the impact of the COVID-19 pandemic, and regulatory and infrastructure barriers. To strengthen its role in the global economy, ASEAN needs to adopt

various strategies that can enhance the region's competitiveness and economic stability, such as economic diversification, infrastructure improvement, regulatory reform, and strengthening economic resilience. With increased economic integration, industrial diversification, and policy reform, ASEAN can strengthen its competitiveness and better address global challenges.

In addition to stable economic growth, ASEAN is also a key player in global trade. Data from UNCTAD (2022) shows that ASEAN contributes around 7% of total world trade, with primary exports being electronics, agricultural products, and energy commodities. ASEAN's role as a global trade hub is further strengthened by its strategic partnerships with major economies such as China, the United States, the European Union, and Japan. However, despite ASEAN's enormous potential in the global economy, various challenges remain. One of these is economic inequality among member countries. Countries like Singapore and Malaysia have significantly higher per capita incomes compared to developing countries like Laos, Cambodia, and Myanmar (Hill & Menon, 2020). This inequality can impact the effectiveness of economic integration and lead to social instability in some member countries.

Another challenge facing ASEAN is its dependence on exports and global economic fluctuations. The global economic crisis, trade war, and the COVID-19 pandemic demonstrate how ASEAN economies can be impacted by external factors (IMF, 2021). Therefore, a stronger economic diversification strategy is needed, with a focus on developing the services sector, the digital economy, and enhancing the competitiveness of local industries. Furthermore, geopolitical factors also play a significant role in ASEAN's economic stability. The trade conflict between the United States and China, for example, has affected trade and investment flows in the region. ASEAN needs to adopt more flexible economic policies better to navigate global uncertainty (World Bank, 2023).

Furthermore, ASEAN economic integration through initiatives such as the ASEAN Economic Community (AEC) has contributed to strengthening intra-regional trade. The AEC aims to create a single market and competitive production base, allowing for a more unrestricted flow of goods, services, and capital among member countries. However, the implementation of this policy still faces various obstacles, including differing regulations across countries and uneven infrastructure (Warman, 2017).

This article aims to analyze ASEAN's role in global economic dynamics, emphasizing economic growth, international trade, foreign direct investment, and the region's level of economic integration. This paper not only maps ASEAN's economic strength but also identifies the structural challenges it faces, such as development disparities among member

states, dependence on specific export sectors, and limited and uneven infrastructure. Therefore, this study is expected to contribute academically to enriching the discourse on ASEAN's bargaining position amidst global economic competition, while also offering insights that can be used as strategic considerations for policymakers in strengthening the region's competitiveness in the future.

METHOD

This study uses a literature review method to analyze ASEAN's role in the global economy. Data collection was conducted by reviewing approximately 25 primary sources consisting of relevant international and national scientific journals, six recent books discussing regional economic issues, as well as various official ASEAN documents, reports from international institutions, and credible mass media sources. The analysis process was carried out in three stages: identifying key issues related to economic growth, international trade, foreign direct investment, and regional integration; classifying information based on relevant themes; and synthesizing the findings to compile a comprehensive picture of ASEAN's position in the global economy. The writing of the results was carried out in an applicative manner by linking secondary data from the literature with policy dynamics and factual conditions on the ground, so that this study is not only theoretical but also provides practical insights for policymakers and academics (Hababil et al., 2024).

Data collection in this study was obtained through library research, namely by collecting and analyzing relevant literature such as books, scientific journals, official reports, and other reliable sources. This technique allows researchers to gather comprehensive and in-depth information. Analysis: The collected data was analyzed using descriptive analysis techniques, namely by describing and interpreting data to understand ASEAN's role in the global economy. This technique allows researchers to identify patterns, relationships, and meanings from the data obtained (Creswell, 2019).

To ensure data validity, this study employed source triangulation, comparing and verifying information from various sources. This technique helps reduce bias and increase the reliability of the research results. The primary criteria for selecting literature were relevance, credibility, and year of publication. Only literature published within the last ten years was used to ensure accuracy and up-to-dateness. Literature from academically and institutionally recognized sources was prioritized in this study. With a systematic literature review approach, this study is expected to provide a comprehensive understanding of ASEAN's economic performance and its contribution to the global economy. The results of this study can serve as a basis for policymakers in formulating more effective economic strategies to enhance

ASEAN's competitiveness in the future (Sugiyono, 2020).

RESULTS AND DISCUSSION

Research shows that ASEAN holds a strategic position in the global economy, reflected in regional economic growth, increasing trade flows, foreign direct investment, and strengthening regional economic integration. These findings are based on a diverse literature analysis, including academic publications, official reports, and other credible sources, providing a comprehensive picture of ASEAN's economic dynamics. The data examined demonstrates consistent economic growth, despite facing structural challenges that are unevenly distributed across member countries.

The discussion focuses on a critical analysis of the opportunities and constraints facing ASEAN in strengthening its role on the global stage. Each sub-topic is structured thematically to demonstrate the relationship between economic indicators and regional strategies, with concise yet substantial explanations. This approach emphasizes research novelty in highlighting policy implications and prospects for strengthening ASEAN's future competitiveness, ensuring that the study's findings are not merely conceptual but also have practical relevance for policymakers and academic development.

ASEAN's Strategic Role in the Global Economy

Southeast Asia, through the role of ASEAN, is increasingly asserting itself as a major player in the global economy. With steady economic growth in recent decades, the region has become one of the most promising centers for trade and investment. Factors such as the growth of the manufacturing industry, the expansion of the services sector, and increased connectivity through various free trade agreements have pushed ASEAN's economic integration to a higher level (Lestari et al., 2024). Furthermore, ASEAN's demographic strength, consisting of over 680 million people, also makes the region a highly potential market for global products and services.

In the context of international trade, ASEAN has played a crucial role in the global supply chain, particularly as a manufacturing and export hub for various products such as electronics, automotive, and agricultural commodities. Countries like Vietnam and Indonesia are increasingly emerging as alternative production hubs to China, with many multinational companies shifting their investments to the region to mitigate geopolitical risks and higher production costs elsewhere (Humayroh & Hidayat, 2024). With various free trade agreements such as the ASEAN Free Trade Area (AFTA) and the Regional Comprehensive Economic Partnership (RCEP), ASEAN has been able to increase its competitiveness in the global market.

In addition to trade, foreign direct investment (FDI) continues to experience significant growth. Singapore remains a central investment hub in the region, but recent trends show increasing investment flows to developing countries such as Vietnam, Indonesia, and Malaysia. This is due to various pro-investment policies and fiscal incentives provided by the government to attract global investors. In Indonesia, for example, the Job Creation Law has made it easier for foreign investors to invest in various strategic sectors such as infrastructure, renewable energy, and manufacturing.

In the theory of globalization put forward by Anthony Giddens, a sociologist. In this case, it is important to note that the theory of globalization has radically transformed the way people live, so that globalization originates from the West and has a substantial impact on political and economic power. In this case, globalization can also influence people's daily lives in various ways at the global level. Globalization also has economic, political, technological, and cultural dimensions. Globalization refers to the process of enlargement, which involves the formation of relations between various contexts and social areas across countries. Globalization can be interpreted as a global social relationship that connects very distant localities (Larasasti, 2018).

According to Anthony Giddens, there are four dimensions of globalization. The dimension of globalization encompasses the world capitalist economy, which is a geographically structured network of links that is very broad. The dimensions of globalization can also be seen in the system of the nation-state, which is the center of economic power, comprising the capitalist state, economic companies, and the main form of production. The third dimension of globalization is the world military order, meaning the issue of weapons is not limited to third-world countries but is widespread throughout the world, where sophisticated weapon technology is prevalent. The final dimension of globalization is the international division of labor, where globalization involves work between industrial regions in various countries or around the world (Widianti, 2022).

Although ASEAN has made significant progress in its economic integration, significant challenges remain. One key challenge is economic inequality among member states. Countries like Singapore and Malaysia have significantly higher GDP per capita than Laos, Myanmar, and Cambodia. This creates a significant gap in prosperity and economic competitiveness within the region. To address this issue, ASEAN needs to implement more inclusive policies, including increased investment in infrastructure and education in underdeveloped countries to enable them to participate more fully in the regional economy.

In addition to economic inequality, ASEAN's dependence on exports and global economic fluctuations are also significant concerns. The global economic crisis, trade wars between major economies, and supply chain disruptions caused by the COVID-19 pandemic have demonstrated the vulnerability of the ASEAN economy to external factors (Kurniawan, 2024). Therefore, a stronger economic diversification strategy is needed, developing the service sector, the digital economy, and innovation-based industries. ASEAN countries need to strengthen the capabilities of local industries so that they can no longer rely solely on exports of raw materials and low-cost manufacturing, but also develop high-value-added technologies and products (Julina, 2023).

Development of the Digital Economy in ASEAN

One of the increasingly prominent trends in ASEAN's economic development is the growth of the digital economy. The region's digital transformation has accelerated innovation across various sectors, including e-commerce, digital financial services, and artificial intelligence (AI) and big data-based technologies. Countries such as Indonesia, Thailand, and Vietnam have demonstrated rapid growth in the digital economy, fueled by widespread technology adoption and a growing number of internet and smartphone users.

Indonesia, as one of the largest economies in ASEAN, has become the region's largest e-commerce market, with companies like Tokopedia, Shopee, and Bukalapak dominating the digital market. Furthermore, digital banking and fintech are also experiencing rapid growth, with an increasing number of people turning to digital-based financial services for daily transactions. Governments in various ASEAN countries have also encouraged digital transformation through various policies, such as increased investment in technological infrastructure and digital training programs for the workforce (Nursasi et al., 2024).

With this in mind, Indonesia's economy can be seen through various efforts to develop and build locations that can be used as tourism destinations and become trusted sources of economic activity with the potential to sustain the region's economic system. This system then attracts attention through the digital world, aiming to introduce and showcase the quality of Indonesia's natural resources, thus enabling them to become tourist destinations and accessible to all levels of society, especially international tourists. This can certainly open up broader employment opportunities for local communities, and this will increase the potential for international tourism while maintaining Indonesia's identity, culture, and national identity (Humayroh & Hidayat, 2024).

However, despite the continued growth of the digital economy in ASEAN, several obstacles remain that need to be addressed. One of these is the digital divide between

developed and developing countries in the region. Countries like Singapore and Malaysia already have better digital infrastructure, while countries like Myanmar and Laos still experience limited internet access and digital technology. Addressing this challenge requires greater investment in digital infrastructure development and policies that support innovation in the technology sector (Khaldun, 2022).

ASEAN's Prospects in the Global Economy

The development of the digital economy in ASEAN shows a rapid growth trend, particularly in countries with more advanced digital infrastructure. Digital transformation has transformed trade patterns, payment systems, and consumption behavior in the region. Several countries, such as Singapore, Malaysia, and Thailand, have successfully adopted digital technology widely, supported by progressive government policies, high internet penetration, and digital financial services. On the other hand, developing countries such as Myanmar, Laos, and Cambodia still face obstacles in developing digital infrastructure, internet access, and digital literacy among their populations. This has created a gap in the level of digitalization among ASEAN countries, which could impact the competitiveness of the digital economy at the regional and global levels. The following is the 2023 ASEAN digitalization ranking, which illustrates the digitalization index in each country based on factors such as the number of internet users, e-commerce transactions, and investment in technology and innovation:

Figure 1. Digitalization Ranking in ASEAN (2023)

The graph above shows that Singapore ranks highest on the digitalization index, followed by Malaysia, Thailand, and Indonesia, which also show rapid growth in the digital economy. Conversely, countries with lower digitalization indices require greater investment in technological infrastructure and policies that support accelerated digital transformation across various economic sectors.

Although ASEAN as a whole has experienced stable economic growth, there are significant differences in the contributions of each country to the regional economy.

Singapore, for example, has developed as a financial and technology hub with significant investment in digital infrastructure and economic policies conducive to global business. Malaysia and Thailand have strong industrial and manufacturing sectors, while Indonesia, as ASEAN's largest economy, attracts attention due to its domestic consumption and abundant natural resources (World Bank, 2023).

However, compared to developed countries in the region, Laos, Myanmar, and Cambodia still face significant obstacles to economic development. Limited infrastructure, inflexible investment regulations, and low levels of digital literacy hinder their economic growth. In terms of digitalization, for example, Singapore has the highest digitalization index, while Myanmar, Laos, and Cambodia lag far behind due to limited internet access and underdeveloped digital infrastructure (Safril et al., 2016).

In terms of foreign direct investment (FDI), Singapore remains the largest recipient of investment, followed by Vietnam, Indonesia, and Malaysia. Vietnam has seen significant growth in recent years due to its pro-investment policies and tax incentives for foreign companies, particularly in the manufacturing sector. Meanwhile, Indonesia attracts significant investment in infrastructure and the digital economy, although complex regulations often pose challenges for investors (Hill & Menon, 2020).

Thus, going forward, ASEAN has a significant opportunity to strengthen its position in the global economy further. With its large population, abundant natural resources, and relatively stable economic growth, the region has the potential to become one of the world's major economic centers. However, to fully realize this potential, ASEAN needs to address various existing challenges, including economic inequality, dependence on exports, and the need for economic sector diversification (Ni'am et al., 2024).

Furthermore, ASEAN also needs to enhance the competitiveness of its workforce by improving the quality of education and training. With the growth of technology and innovation-based industries, workforce skills are becoming a key factor in determining a country's competitiveness in the global economy. Therefore, ASEAN governments need to invest more in vocational education and technology-based training programs to better prepare the region's workforce for changes in the global labor market.

Differences in economic contributions between ASEAN countries are also evident in the trade sector. Singapore and Malaysia dominate exports of high-value-added goods, such as electronics and automotive components. Indonesia, Thailand, and Vietnam contribute more to commodity and manufactured exports, including textiles and agricultural products. Meanwhile, Myanmar, Laos, and Cambodia remain reliant on exports of raw materials with

lower added value (ASEAN Secretariat, 2022). To improve overall economic competitiveness, ASEAN needs to implement more inclusive policies and ensure that lagging countries can catch up in various strategic sectors. Investments in infrastructure, education, and strengthening trade and investment regulations will be key factors in strengthening the region's economy in the future (IMF, 2021).

Overall, ASEAN has demonstrated impressive growth in recent decades, with trade, investment, and the digital economy being key drivers of the region's growth. With the right strategies and more inclusive and sustainable policies, ASEAN also has significant potential to become a global economic powerhouse in the coming decades. ASEAN has also demonstrated positive economic performance in recent decades. Steady economic growth, increased international trade, and a steady flow of foreign direct investment have made the region a hub for global economic growth. Based on the literature reviewed, the findings of this study can be summarized as follows:

1. ASEAN Economic Integration through the ASEAN Economic Community (AEC)

The ASEAN Economic Community (AEC) came into effect on January 1, 2016, as an effort to integrate the economies of ASEAN member countries. The goal is to create a single market and competitive production base, with the free movement of goods, services, investment, and skilled labor. Mechanisms for implementing the AEC have been established, and activities are being stepped up to achieve its success. Success is measured through the ASEAN Economic Community Scorecard, although its validity remains debated. At the national level, the Indonesian government has issued Presidential Instructions No. 5/2008 and No. 11/2011 to spur preparations for the AEC's realization. However, much remains to be done to improve capabilities and competitiveness, including in the area of an educated and trained workforce. Furthermore, public awareness of the AEC's implementation still needs to be improved, particularly among Small and Medium Enterprises (SMEs). The challenge lies in aligning the AEC's implementation with Indonesia's Vision 2025 and the development of its economic corridors.

2. ASEAN Economic Growth and Trade

ASEAN has demonstrated significant economic growth over the past few decades. Member countries have strived to boost economic growth through various policies and initiatives. For example, Indonesia issued Presidential Instructions No. 5/2008 and No. 11/2011 to prepare for the ASEAN Economic Community (AEC). Furthermore, ASEAN member countries have signed various free trade agreements to improve market access and the international competitiveness of ASEAN products.

3. Foreign Direct Investment (FDI) in ASEAN

Foreign direct investment (FDI) plays a crucial role in ASEAN's economic development. ASEAN member countries have strived to create a conducive investment climate to attract more FDI. For example, Indonesia issued Presidential Instructions No. 5/2008 and No. 11/2011 to prepare for the ASEAN Economic Community (AEC) and increase its competitiveness in attracting foreign investment.

4. Challenges in ASEAN Economic Integration

Although ASEAN has made significant progress in economic integration, challenges remain. One major challenge is the disparity in development levels and competitiveness among member states. Countries such as Myanmar and Laos still face difficulties in attracting investment and improving their industrial competitiveness. Furthermore, differences in regulations and bureaucracy exist between member states, which often become an obstacle to regional economic integration.

5. ASEAN's Future Prospects

The future of ASEAN's economy depends heavily on its member states' ability to address existing challenges and capitalize on available opportunities. With the growing digital economy, services sector, and creative industries, ASEAN has a significant opportunity to strengthen its competitiveness on the global stage. Member governments need to continuously adapt to changes in the global economy and strengthen infrastructure and investment policies to drive long-term growth. Furthermore, improving the quality of human resources through education and training is also key to facing global competition. Overall, ASEAN plays a vital role in the global economy. With the right strategies and policies that support stronger economic integration, the region has the potential to become one of the world's major economic centers (Luhulima, 2014).

To understand ASEAN's role in the global economy, various studies have been conducted by academics and economic institutions in Indonesia. These studies provide insights into ASEAN's economic integration, the dynamics of international trade, and the challenges and opportunities facing the region. To provide a more comprehensive overview, the following table summarizes the results of several scientific journals that discuss various aspects of the ASEAN economy. The table includes the journal title, author, year of publication, focus of study, and key findings of each study. By presenting this literature, this study can identify key trends, research gaps, and policy recommendations that can be implemented in the ASEAN economic context. The following is a literature review of several scientific journals.

A literature review of several related scientific journals, first conducted by Luhulima in 2014, examined ASEAN Economic Community Efforts to Integrate ASEAN economies. The study focused on ASEAN economic integration through the AEC and its key findings. The AEC aims to establish a single market, but the persistent development gap between countries remains a challenge. Second, written by Khaldun with the title ASEAN Economic-Political Dynamics: Optimizing Free Trade Area Policies in 2022, the study focuses on optimizing regional policies for the implementation of ASEAN free trade policies. The results show that the implementation of ASEAN free trade policies, such as AFTA and CEPT, is still not optimal in maximizing benefits for member countries, especially Indonesia. Although economic integration has encouraged free trade, data show that Indonesia's exports still lag behind other countries such as Singapore and Malaysia. Third, written by Setiawan, R., & Haryanto, T. in 2021 with the title ASEAN's Role in Global Investment Focus. The study focused on Foreign Direct Investment (FDI) in ASEAN, revealing that Singapore was the largest recipient of FDI, while Vietnam and Indonesia experienced a significant increase in investment.

Next, Widodo W. wrote the fourth journal in 2019, titled "Integration Economy and Challenge: ASEAN's Focus of Study." The study focuses on the challenges in integrating the ASEAN economy, and its results indicate that differences in regulations and bureaucracy among ASEAN countries hinder economic integration. Fifth, written by Prasetyo, B., in 2021, with the title "ASEAN Digital Economy Strategy in Facing Global Challenges." The study focuses on the development of the digital economy in ASEAN, revealing that ASEAN has the potential to become a digital economy center, provided it receives investment in technological infrastructure. The sixth, written by Rahman, A. in 2020, entitled Economic Disparities in ASEAN and Their Implications for Economic Integration, " has a focus on the study of economic disparities between ASEAN countries, and the results are that Singapore and Malaysia are more advanced than Laos and Myanmar, which causes economic inequality. The seventh journal by Yusuf, M., published in 2019, entitled "ASEAN Free Trade and Its Impact on Regional Economies," focuses on the study. The impact of free trade agreements, as seen in the results of AFTA and RCEP, strengthens ASEAN trade, but some countries still struggle to adapt to global competition.

The eighth journal was written by Kurniawan, D., in 2020 with the title The Influence of Infrastructure on ASEAN Economic Growth. His study, Infrastructure and Economic Growth, found that uneven infrastructure is a barrier to economic growth in several ASEAN countries. The ninth paper, written by Astuti, R., in 2021, entitled "ASEAN Economic

Resilience in Facing the Global Crisis," focused on ASEAN's economic resilience, finding that ASEAN was quite resilient in the face of the economic crisis, but dependence on exports was a significant risk. The final paper, written by Putri, S., in 2022, was entitled "Green Economy and Sustainability in ASEAN."The study of Sustainable Development in ASEAN led to the adoption of green economic policies by ASEAN, but policy disparities between countries still hinder it.

In addition to economic integration, free trade is a crucial factor in ASEAN's growth. Policies such as the ASEAN Free Trade Area (AFTA) and the Regional Comprehensive Economic Partnership (RCEP) have helped boost ASEAN product exports to international markets. However, research presented in the table shows that the implementation of these free trade policies still faces obstacles. Some member countries are not fully prepared for fiercer competition, particularly those with underdeveloped industries. This has led to disparities in the utilization of free trade benefits among ASEAN countries.

Foreign direct investment (FDI) is another aspect highlighted in the table. The data shows that Singapore remains a leading destination for foreign investment in ASEAN, thanks to its economic stability, advanced infrastructure, and ease of business regulations. However, recent trends indicate that Vietnam, Indonesia, and Malaysia are starting to attract more foreign investment, particularly in the manufacturing and technology sectors. These countries have implemented policy reforms to create a more conducive investment environment, including through tax incentives and the development of new industrial estates. However, challenges remain for countries lacking adequate infrastructure, such as Myanmar and Laos, which still struggle to attract large-scale investment (Pahlawan, 2025).

Economic disparity within ASEAN is also a key issue in the table. Singapore and Malaysia have significantly higher GDP per capita levels compared to countries like Cambodia, Myanmar, and Laos. This reflects significant disparities in economic development among ASEAN member states. Key factors contributing to this disparity include uneven infrastructure, differences in educational quality, and varying industrial capacity across countries. As a result, several countries still face difficulties adapting to global economic dynamics and competition in ASEAN's free market.

Furthermore, the development of the digital economy has also been a significant focus of various studies presented in the table. ASEAN, particularly Indonesia, Thailand, and Vietnam, has experienced rapid growth in the digital sector, with increasing internet penetration and the adoption of digital-based financial technology. E-commerce has grown significantly, with platforms such as Tokopedia, Shopee, and Bukalapak dominating the

region's online market. Digital financial services are also increasingly used by the public, replacing conventional transactions that previously relied more on traditional banking systems. However, a digital divide remains between developed and developing countries in ASEAN. Several countries still face limitations in technological infrastructure, internet access, and digital literacy (Zahrah & Darmastuti, 2024).

ASEAN's economic resilience in the face of the global crisis is also a key topic discussed in the table. Various studies have shown that although ASEAN is relatively resilient in facing global economic challenges, the region remains vulnerable to external shocks such as trade wars, the COVID-19 pandemic, and commodity price fluctuations. ASEAN remains heavily reliant on exports, particularly manufactured products and agricultural commodities, making it more vulnerable to changes in global market conditions. Therefore, economic diversification is a key strategy that member countries must implement to reduce dependence on specific sectors and strengthen long-term economic stability (Nadya & Aimon, 2020).

Therefore, solutions to strengthen ASEAN's role in the global economy need to be directed at several key aspects. In the field of international trade, ASEAN needs to encourage harmonization of regulations between countries to reduce tariff and non-tariff barriers that often impede the flow of goods and services. Diversifying export markets is also a strategic step to reduce the region's over-reliance on certain trading partners, while the utilization of trade agreements such as the RCEP needs to be optimized by increasing the capacity of domestic industries to compete more effectively. Regarding foreign direct investment (FDI), more transparent regulations and simplified investment procedures are key requirements to attract investors. Adequate legal protection for foreign investors is also crucial without sacrificing national interests (Nugraha, 2024). Furthermore, FDI should be directed toward priority sectors such as renewable energy, digitalization, and sustainable infrastructure that can have a long-term impact on regional economic growth.

Regional economic integration can be strengthened through stronger intra-ASEAN cooperation, particularly in reducing economic disparities among member states. Joint projects in logistics, transportation, and energy across borders need to be developed to strengthen regional connectivity. Furthermore, the role of the ASEAN Secretariat should be optimized as a regional policy coordination center for more effective and targeted integration. Digital development and innovation are also crucial factors that must be accelerated. Equitable development of information technology infrastructure will lay the foundation for ASEAN's digital transformation. Furthermore, the development of an integrated regional

startup ecosystem can create new competitiveness at the global level. At the same time, a unified cybersecurity policy is essential to protect cross-border digital transactions from potential threats (Maulana & Suryana, 2023).

In this context, Indonesia has a crucial strategic role. With the largest domestic market in the region, Indonesia can become a production and investment hub for ASEAN. More proactive economic diplomacy can promote sustainable development and inclusiveness in regional forums. Integrating national policies with regional economic strategies, particularly in the areas of digital trade, energy security, and infrastructure development, will have a dual impact: strengthening ASEAN's position on the global stage while providing tangible benefits for domestic economic growth.

CONCLUSION

This research reveals that ASEAN plays an increasingly significant role in the global economy, supported by stable economic growth, increased international trade, and a growing flow of foreign direct investment (FDI). The data also reveals numerous policies, such as the ASEAN Free Trade Area (AFTA) and the Regional Comprehensive Economic Partnership (RCEP), that have contributed to expanding market access and increasing the competitiveness of ASEAN products internationally. Regional economic integration is further strengthened through the ASEAN Economic Community (AEC), which aims to create a single market and a more competitive production base. Although ASEAN has achieved significant progress, challenges remain. One of these is the economic disparity between member countries, which is a significant obstacle to achieving more equitable growth.

Several other ASEAN countries, such as Singapore and Malaysia, have more advanced economies than Myanmar, Laos, and Cambodia, which still suffer from limited infrastructure and low industrial competitiveness. Furthermore, ASEAN's dependence on exports and global economic fluctuations also makes the region vulnerable to economic crises, trade wars, and geopolitical uncertainty. Therefore, to face this challenge, a way is needed to strengthen its competitiveness. ASEAN needs to implement an economic diversification strategy, increase investment in infrastructure, and strengthen the services sector and the digital economy. Furthermore, the development of technology and the digital economy presents a significant opportunity for ASEAN to accelerate growth and increase competitiveness at the global level. Therefore, it is highly appropriate to develop a more inclusive strategy, giving ASEAN significant potential to continue its development as a global economic hub. Stronger integration, policy reforms, and improvements in human resource quality will be key factors in ensuring sustainable and equitable economic growth

across the region.

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