

ASIA-PACIFIC TRADE AND INVESTMENT TRENDS 2024/2025

Trade in Goods and Commercial Services



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for Asia and the Pacific



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Acknowledgements

This Brief was prepared by Nikita Shahu, under the direct supervision and co-drafting efforts of Witada Anukoonwattaka, Economic Affairs Officer in the Trade Policy and Facilitation Section (TPFS) of the Trade, Investment and Innovation Division (TIID) in the United Nations Economic and Social Commission for Asia-Pacific (ESCAP). Ruoying Chen provided research assistance. The Brief was developed under the overall direction of Yann Duval, Chief, TPFS, TIID, and Rupa Chanda, Director, TIID. The brief was formatted by Nikita Shahu and the cover design was prepared by Nucharat Tuntiwigit.



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Highlights

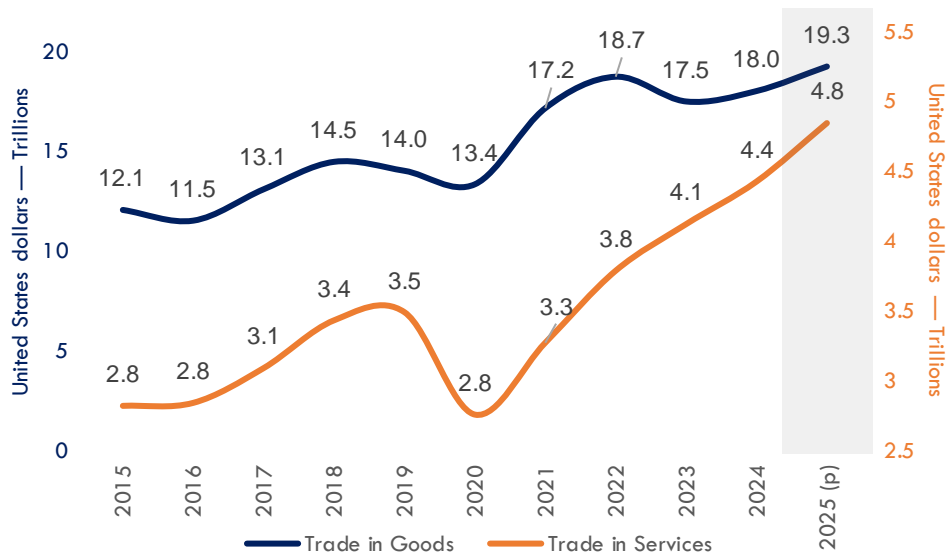
Merchandise goods trade

- Merchandise trade expanded in 2024, driven by a broader recovery in global economic activity. Globally, real exports and imports grew by 1.8% and 2.2%, respectively. Asia and the Pacific outperformed global averages, with exports increasing by 3.4% and imports by 3.6%. Notably, global trade grew by 1.6% for exports and 2.9% for imports in nominal terms, while the Asia-Pacific region registered an increase of 2.2% and 4.1%, respectively.
- In 2024, the Asia-Pacific region's merchandise trade surplus decreased to 2.3% of total merchandise trade, down from 3.2% in 2023. This reduction occurred despite continued export growth as import value increased at a faster rate. Strong growth in import demand was due to regional economic recovery, boosted consumer spending and investment while export growth was slower owing to moderate global economic expansion.¹
- Asia and the Pacific's share of global nominal exports and imports rose slightly in 2024 to 38.9% and 36.7%, up from 38.7% and 36.2% in 2023, reflecting stronger trade growth compared to the global average.
- In 2024, most Asia-Pacific subregions saw real-term trade expansion although in varying degree. South-East Asia (SEA) (5.8%), South and South-West Asia (SSWA) (3.6%), East and North-East Asia (ENEA) (3.2%), and North and Central Asia (NCA) (0.9%) recorded export growth in real terms. Conversely, the Pacific subregion experienced a slight decline in exports. Imports-wise, NCA was the only subregion to see a contraction in merchandise imports.
- Intra-regional trade remains significant, accounting for nearly 60% of the region's total exports in 2024. Ongoing trade reconfiguration is evident, with notable shifts between 2019 and 2024. ENEA economies have strengthened trade ties with Asia-Pacific partners outside its subregion, while slightly reducing exports to the United States. Meanwhile, sanctions and supply chain adjustments have driven NCA

¹ According to the projections by International Monetary Fund (IMF), global GDP growth is forecasted at 3.2% for 2024 and 3.3% for 2025. These figures are lower than the pre-pandemic average growth rate of 3.8% observed between 2000 and 2019. For details, please refer to <https://www.imf.org/en/Publications/WEO/Issues/2024/10/22/world-economic-outlook-october-2024>.



Figure 1. Nominal goods and services trade in Asia-Pacific, 2015-2025



Source: Data are estimated by ESCAP, based on WTO annual merchandise and commercial services trade data (accessed November 2024 from <https://stats.wto.org/>). Data from 2024 onwards are estimated by ESCAP, using EIU (<https://viewpoint.eiu.com>) database for selected economies.

Note: (p) = projections.

economies to redirect exports from the EU towards SSWA and ENEA, signaling a significant realignment in NCA's trade patterns towards Asia.

- In 2025, merchandise trade in the Asia-Pacific region is expected to continue its upward trajectory (figure 1). All Asia-Pacific subregions are expected to see continued export recovery in 2025. Growth rates are anticipated to be higher in SEA and ENEA compared to the Pacific and NCA. Imports are projected to generally align with exports, though growth in SSWA may outpace exports, and NCA's imports may stabilize under favorable conditions.
- However, trade growth faces significant uncertainties, including slower-than-expected recovery in major economies and potential trade wars. These challenges could dampen the growth prospects compared to 2024 levels, with developing Asia-Pacific merchandise exports particularly at risk. According to WTO (2024) projections export growth in the Asia-Pacific region in 2025 may amount to one-third of the growth recorded in 2024. Given these risks, real merchandise exports in the region are expected to grow between 2.7% and 3.5% in 2025, with developing economies experiencing a more modest growth than developed economies. Import growth is expected to align with exports but remain relatively more resilient.



Commercial services trade

- The value of commercial services trade continued its recovery in 2024. Globally, commercial services exports and imports grew by 5.8% and 5.5%, respectively. The Asia-Pacific region outperformed the global trends, with export and import growth rates of 8.6% and 6.2%, respectively.
- The region's robust trade growth in 2024 was primarily driven by the recovery of travel services, which contributed 20.5% of the region's exports of commercial services. Additionally, significant exports growth was observed in construction, goods-related services, charges for the use of intellectual property, and personal, cultural, and recreational services sectors, which increasingly encompass digitally delivered service categories such as audiovisual content, health services, and education services, among others.
- In 2024, all Asia-Pacific subregions experienced expansion in services trade, though at varying rates. The Pacific (13%) recorded the highest export growth, while NCA (5.3%) had the lowest. Exports from ENEA, and SSWA grew at comparable rates. For imports, ENEA led the growth, followed by SSWA, SEA, and the Pacific. Similar to merchandise trade, NCA was the only subregion to experience a slight decline in services imports.
- Based on the latest data available, intra-regional trade accounts for approximately 20% of the region's total services, with about 11% linked to ENEA markets, primarily driven by China's role as the largest importer of tourism and travel services. The service trade pattern reflects a strong orientation toward global markets. Additionally, technological advances in digitally deliverable services have enabled the region to diversify its trade destinations beyond neighboring countries.
- In 2025, the Asia-Pacific region's commercial services exports and imports are projected to grow by 8% and 10.9% in nominal terms, respectively. This growth is expected to be driven by expansions in the travel sector and digitally deliverable services, with developed economies anticipated to outperform others in the region.
- Export growth rates are anticipated to increase modestly for ENEA and the Pacific, while exports in the other subregions are expected to continue growing at diminished rates. In terms of imports, all subregions are forecasted to experience higher growth in 2025, particularly ENEA.
- Similar to merchandise trade, services trade growth prospects are also exposed to downside risks. While more resilient, commercial services trade may face indirect downward pressures from disrupted merchandise trade that may reduce demand in sectors such as logistics, finance, and travel, adding complexity to the region's overall services trade outlook. Additionally, heightened trade tensions can create policy uncertainty, discouraging trade and investment in service industries.



Background

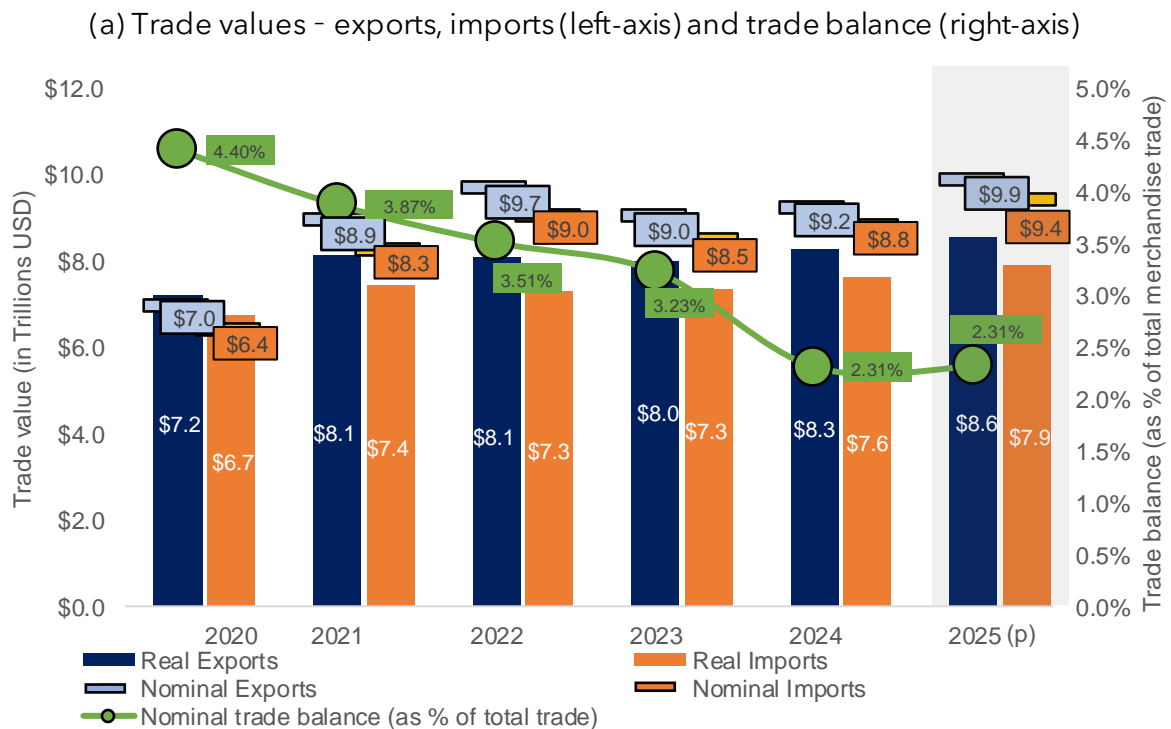
In 2024, the Asia-Pacific region recorded a real GDP growth of 4.0%, exceeding the global growth rate of 3.2% (IMF, 2024). In particular, developing, and emerging Asian economies saw robust growth above 5% led by India, Indonesia, and Viet Nam².

1. Merchandise trade

1.1 Trade growth

Merchandise trade expanded in 2024, supported by a broader recovery of global economic activity. Global exports and imports increased by 1.8% and 2.2% in real terms, and by 1.6% and 2.9% in nominal terms. In Asia and the Pacific, trade growth outpaced the global average. Exports in Asia and the Pacific rose by 3.4% in real terms and 2.2% nominally, consistent with the decreasing export price index observed in selected major Asia-Pacific exporters, particularly China. Meanwhile, imports increased by 3.6% in real terms and 4.1% nominally (figure 2b).

Figure 2. Merchandise trade in Asia-Pacific, 2020-2025

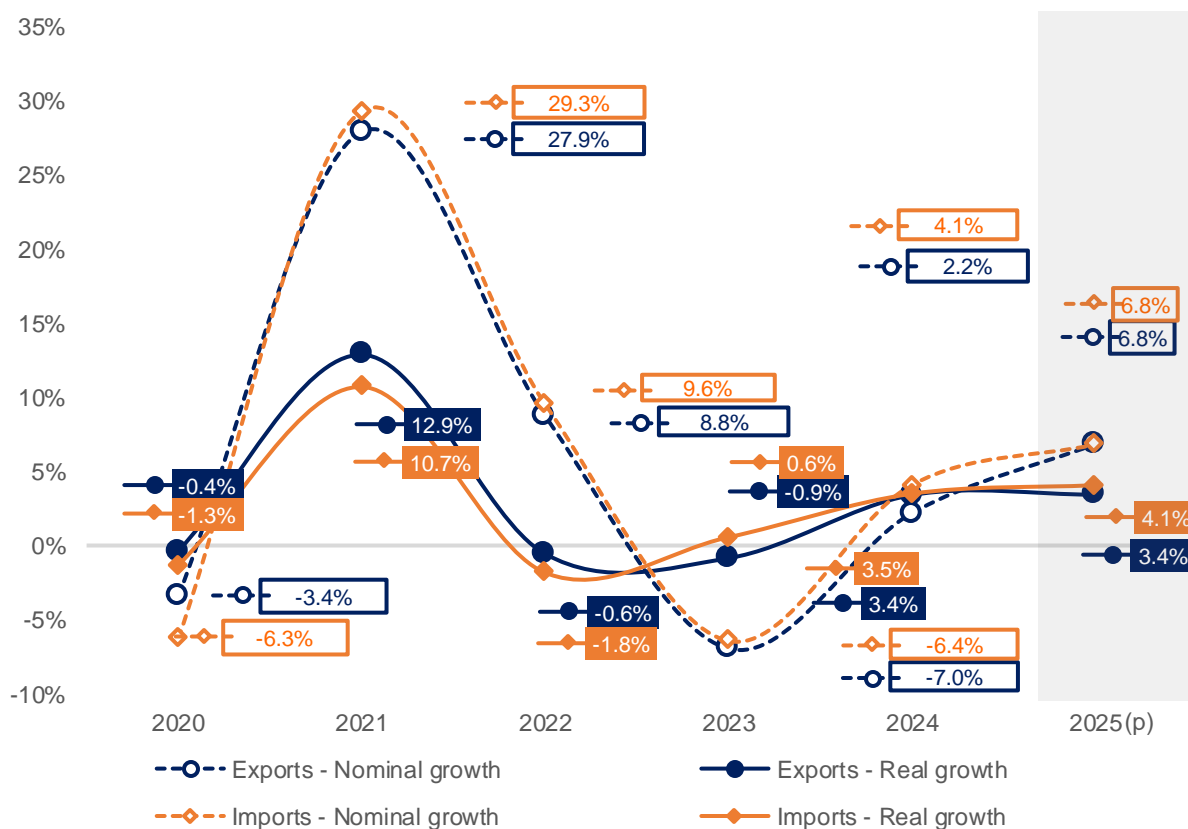


² Table A4. Emerging Market and Developing Economies: Real GDP in IMF October 2024 issue at <https://www.imf.org/en/Publications/WEO/Issues/2024/10/22/world-economic-outlook-october-2024>.



Figure 2 (Cont.). Merchandise trade in Asia-Pacific, 2020-2025

(b) Growth rates - exports and imports



Source: Data are estimated by ESCAP, based on WTO annual merchandise trade data (accessed from <https://stats.wto.org/>). Data from 2024 onwards is estimated by ESCAP, using the EIU database (<https://viewpoint.eiu.com>) for selected economies covering 95.1% of trade in Asia and the Pacific. Note: (p) = projections.

Owing to the region's rapid trade growth compared to the rest of the world, the Asia and the Pacific share of global nominal exports and imports in 2024 increased slightly to 38.9% and 36.7%, respectively, up from 38.7% and 36.2% in the previous year.

The region remained a net exporter (figure 2a - green line), but its trade surplus as a percentage of total merchandise trade reduced to 2.3% from 3.2% in 2023. This was driven by strong growth in import demand, fueled by regional economic recovery, increased consumer spending, and heightened investments, combined with slower export growth due to moderate global economic expansion.

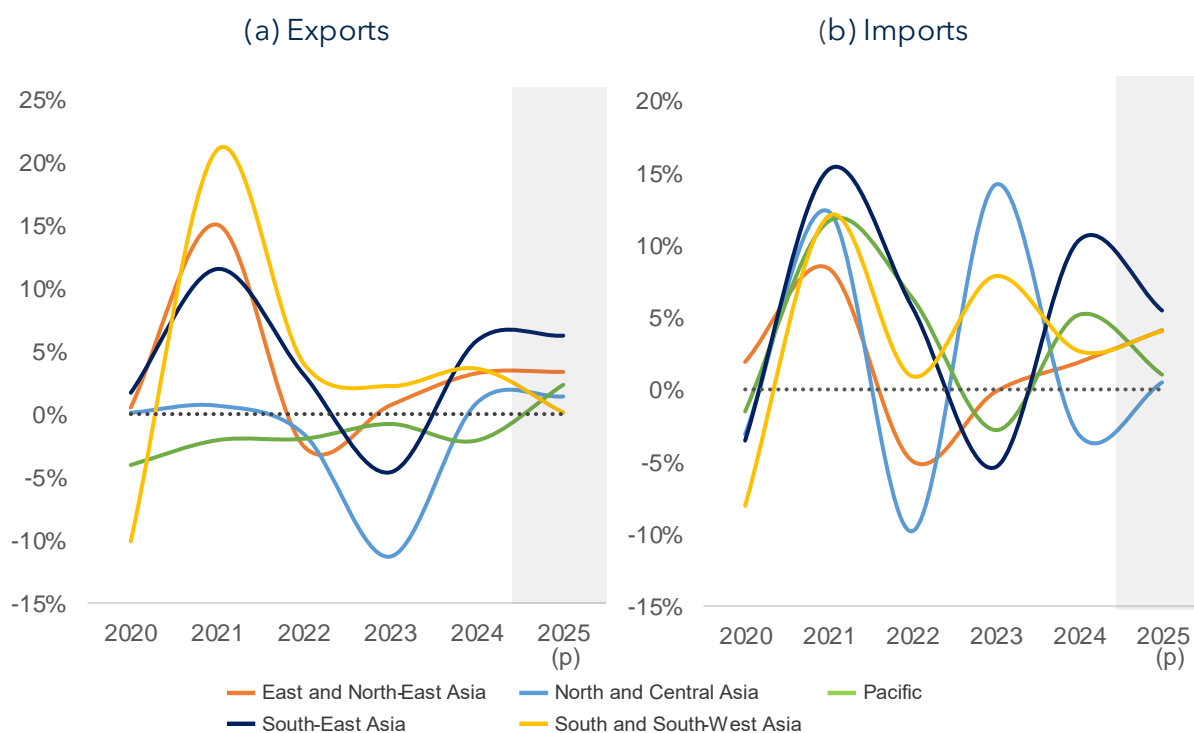
In 2024, most Asia-Pacific subregions recorded real export growth (figure 3a). South-East Asia (SEA) led with a 5.8% expansion, driven by strong electronics exports from Viet Nam (14.1%) and Malaysia (7.9%). South and South-West Asia (SSWA) saw 3.6% growth, with significant contributions from India (5.1%) and Bangladesh (6.3%). East and North-East Asia (ENEA) grew by 3.2%, with Hong Kong, China (7.2%) and the Republic of Korea (4.4%) exceeding the subregional average, largely driven by China's export growth (3.1%). North



and Central Asia (NCA) experienced modest growth of 0.9%, primarily driven by the Russian Federation’s mild export growth (0.5%). Meanwhile exports from the Pacific declined further by 2.1% compared to 2023. Notably, the slow growth in NCA and the Pacific reflects their reliance on mining and commodity exports to China³, whose economy has not yet fully recovered to pre-pandemic levels.

Subregional import performances in 2024 were more varied than export trends (figure 3b). Import growth rebounded strongly (10.3%) in SEA, partly driven by intermediate inputs for exports, which recovered from the previous year.⁴ Imports grew modestly in the Pacific (5.2%), SSWA (2.7%), and ENEA (1.9%). In contrast, NCA experienced a decline in imports (-3.1%).

Figure 3. Subregional real merchandise trade performance in Asia-Pacific, 2020-2025



Source: Data are estimated by ESCAP, based on WTO annual merchandise trade data (accessed from <https://stats.wto.org/>). Data from 2024 onwards is estimated by ESCAP, using the EIU database (<https://viewpoint.eiu.com/>) for selected economies covering 95.1% of trade in Asia and the Pacific.
 Note: (p) = projections.

³ See export patterns by subregion from ESCAP Trade Insights (Issue No. 32) available at <https://repository.unescap.org/handle/20.500.12870/7558>.

⁴ See import patterns by subregion from ESCAP Trade Insights (Issue No. 32) available at <https://repository.unescap.org/handle/20.500.12870/7558>.



1.1 Intra-regional and intra-subregional trade

In 2024, intra-regional trade accounted for 53.4% and 55.6% of total merchandise exports and imports in the region, respectively (table 1). This highlights the significance of intra-regional trade partners. China continued to represent a crucial market for the remaining regional economies, accounting for 23.0% of the region's (excluding China) total trade. This represents a nearly equal trading share compared to the region's next two most important trading partners (the EU and the US) combined. Outside Asia and the Pacific, the European Union and the United States still represented sizable markets, each accounting for 13.6% and 13.7% of total regional exports, respectively. Imports-wise the European Union played a more prominent role than the United States, sourcing 10.2% of total regional imports, compared to US's 7.2%, respectively.

Table 1. Trade partners of Asia and the Pacific (2024)

(Percentage of total trade)

Trade partner	Asia-Pacific (excluding China)			Asia-Pacific		
	Exports (to)	Imports (from)	Trade (with)	Exports (to)	Imports (from)	Trade (with)
Intra-Asia-Pacific	57.8	60.1	59.0	53.4	55.6	54.5
China	20.2	25.6	23.0	12.6	18.1	15.3
Other Asia-Pacific	37.6	34.5	36.0	40.8	37.5	39.2
European Union	11.9	9.8	10.8	13.6	10.2	11.9
United States	14.3	7.4	10.7	13.7	7.2	10.5
Rest of the World	16.1	22.6	19.5	19.3	27.0	23.1

Source: ESCAP. Calculated using mirror techniques with Direction of Trade data from IMF database (accessed from <https://www.imf.org/>).

Across subregions, intraregional trade varies significantly, ranging from 25% of exports in South and Southwest Asia (SSWA) to just below 80% in the Pacific (table 2). A portion of this trade involves exchanges within subregions. Uneven market potential and differences in regional value chain linkages contribute to the varying importance of intra-subregional trade, with the Pacific recording the lowest share at 5.1% and East and Northeast Asia (ENEA) the highest at 25.4% in 2024.

Table 2. Subregional merchandise export share by export destination (2024)

(Percentage)

Export destination \ Exporter	ENEA	NCA	Pacific	SEA	SSWA	Asia-Pacific	European Union (27)	United States	Rest of the World
East and North-East Asia (ENEA)	25.4	3.5	2.4	15.3	5.4	52.0	12.5	14.7	20.8
North and Central Asia (NCA)	27.0	13.3	0.0	2.1	23.2	65.6	14.9	0.7	18.9
Pacific	57.0	0.0	5.1	12.8	4.9	79.9	3.8	5.3	11.1
South-East Asia (SEA)	30.7	0.4	3.7	22.8	5.6	63.3	8.7	15.9	12.1
South and South-West Asia (SSWA)	6.3	4.0	1.5	6.3	6.9	25.0	27.1	14.2	33.7
Asia-Pacific	26.3	3.4	2.5	15.1	6.7	53.4	13.6	13.7	19.3

Source: ESCAP. Calculated using Direction of Trade data from IMF database (accessed from <https://www.imf.org/>). Missing data is supplemented with the nearest available year's data.



Between 2019 and 2024, geopolitical shocks and ongoing structural changes led to noticeable reconfigurations in trading patterns (table 3). The most significant shift was the redirection of exports in North and Central Asia (NCA) away from the European Union toward Asia. This change was primarily driven by sanctions, prompting exports from NCA, particularly the Russian Federation, to shift toward South and Southwest Asia (SSWA), mainly India, and to a lesser extent, East and Northeast Asia (ENEA), particularly China. Outside NCA, other subregions have stabilized or modestly reduced their reliance on intraregional markets. This trend reflects efforts to diversify exports away from ENEA, especially China, driven by structural changes and geopolitics influencing supply chain diversification. However, the impact of this diversification on overall regional trade shares has been modest, as the redistributed trade flows have created opportunities for other regional partners to absorb the diversified exports. Notably, ENEA economies have strengthened trade ties with Asia-Pacific partners outside its subregion, while slightly reducing exports to the United States.

Table 3. Change in merchandise trade partners of Asia and the Pacific by subregion, 2019-2024

(Percentage points)

Export destination Exporter	ENEA	NCA	Pacific	SEA	SSWA	Asia-Pacific	European Union (27)	United States	Rest of the World
East and North-East Asia (ENEA)	-4.7	1.1	0.2	1.2	0.7	-1.6	0.3	-0.9	2.2
North and Central Asia (NCA)	6.4	4.8	-0.1	0.5	15.0	26.6	-25.4	-2.0	0.8
Pacific	-1.5	-0.2	-1.1	2.1	1.0	0.3	0.2	0.8	-1.3
South-East Asia (SEA)	-2.0	-0.1	0.3	-0.6	0.4	-2.0	-0.8	2.9	-0.1
South and South-West Asia (SSWA)	-4.6	1.1	0.5	-0.2	-1.9	-5.1	2.3	1.6	1.2
Asia-Pacific	-3.3	1.0	0.1	0.8	1.3	0.8	-1.4	-0.7	1.3

Source: ESCAP. Calculated using Direction of Trade data from IMF database (accessed from <https://www.imf.org/>). Missing data is supplemented with the nearest available year's data.

1.2 Near term prospects for merchandise trade

Merchandise trade in the Asia-Pacific region is projected to maintain its growth momentum in 2025. Real merchandise exports in the region are expected to grow between 2.7% and 3.5% in 2025, with developing economies experiencing more modest growth than developed economies. In the baseline scenario, the developed Asia-Pacific region is projected to see exports grow by 4.5% and imports by 6% in 2025. In contrast, the developing Asia-Pacific region is expected to achieve export growth of approximately 3.2% to 3.5% (table 4). China's export growth is expected to slow further, contributing to the more modest overall growth in exports for developing Asia-Pacific economies. Meanwhile, a robust trade recovery in Japan is anticipated to be a key driver of the faster growth in the developed Asia-Pacific region. All subregions are expected to continue export recovery in 2025 (figure 3). Real export growth in SEA and ENEA is anticipated to be robust, ranging from 3% to 6%. In contrast, real export growth in the Pacific and NCA may remain modest, impacted by China's slow recovery in demand for commodity imports. In South and South



West Asia, real exports are expected to stabilize as India, the subregion's main contributor, may experience a slowdown in export growth due global economic conditions.

Imports are expected to generally align with export trends. However, import growth in SSWA is anticipated to outpace export growth due to strong domestic demand, particularly in the subregion's larger economies. Additionally, imports by NCA may stabilize, provided no further economic sanctions are imposed on the Russian Federation and the military conflict affecting the subregion does not escalate.

It is important to note that these baseline projections for Asia-Pacific trade growth in 2025 remain highly uncertain. A slower-than-expected recovery in major economies, including China, coupled with the increasing prevalence of protectionist policies could significantly hinder the region's economic and trade performance. The potential imposition of substantial and unpredictable tariff barriers by the United States, along with possible retaliatory measures, presents additional risks to economic and merchandise trade growth.

These policy uncertainties are expected to have the greatest impact on merchandise export growth, given that the United States serves as a significant export market for the region and has strong Regional Value Chain linkages with China, which has been the primary target of increased tariffs (Anukoonwattaka & Lobo, 2019).

These challenges could dampen growth prospects compared to 2024 levels, with developing Asia-Pacific merchandise exports particularly at risk. According to WTO (2024) projections, exports growth in the Asia-Pacific region in 2025 may be reduced to one-third of the growth recorded in 2024. Given these risks, real merchandise exports in the region are forecasted to increase by 2.7% in the worst-case scenario and 3.5% in the baseline scenario, with developing economies witnessing slower growth compared to developed economies. Import growth is expected to align with exports but remain relatively more resilient due to sustained domestic demand as import demand is partially supported by ongoing domestic needs.



Table 4. Merchandise exports and imports growth for selected Asia-Pacific economies, 2024/2025 (Baseline scenario)

	Exports						Imports					
	2024			2025(p)			2024			2025(p)		
	Value	Price	Volume	Value	Price	Volume	Value	Price	Volume	Value	Price	Volume
Australia	-6.6	-4.1	-2.5	1.3	-0.1	1.4	5.2	-1.8	7.0	3.2	2.0	1.2
Bangladesh	1.2	-5.1	6.3	5.4	-3.2	8.6	13.0	-6.9	19.9	5.3	-4.2	9.5
China	-2.0	-5.1	3.1	7.5	4.6	2.9	3.7	0.8	2.9	5.7	3.1	2.6
Hong Kong, China	11.5	4.3	7.2	6.2	4.1	2.1	8.5	3.6	4.9	6.3	3.4	2.9
India	7.0	1.9	5.1	6.2	3.6	2.6	7.6	4.9	2.7	5.6	3.0	2.6
Iran (Islamic Rep. of)	5.1	-2.6	7.7	-0.7	-3.6	2.9	7.0	2.9	4.1	2.0	-1.0	3.0
Japan	0.4	0.3	0.1	16.0	7.0	9.0	1.0	0.2	0.8	18.1	7.1	11.0
Kazakhstan	2.7	-0.6	3.3	0.3	-0.6	0.9	-0.1	0.7	-0.8	3.6	2.7	0.9
Malaysia	9.4	1.5	7.9	6.6	5.0	1.6	5.5	-2.9	8.4	8.5	3.2	5.3
Myanmar	0.4	0.1	0.3	1.1	-1.5	2.6	-2.0	1.0	-3.0	1.6	0.5	1.1
New Zealand	-1.4	-2.1	0.7	5.8	-2.2	8.0	-5.5	0.3	-5.8	-0.1	1.0	-1.1
Papua New Guinea	2.6	6.0	-3.4	3.1	-2.8	5.9	-2.0	-12.7	10.7	0.5	-10.3	10.8
Philippines	4.1	1.2	2.9	8.4	0.5	7.9	11.6	3.3	8.3	5.3	3.0	2.3
Republic of Korea	6.0	1.6	4.4	5.7	5.6	0.1	-1.6	2.1	-3.7	6.1	3.3	2.8
Russian Federation	0.0	-0.5	0.5	0.3	-1.2	1.5	-2.8	0.8	-3.6	3.8	3.4	0.4
Singapore	3.4	1.4	2.0	4.9	2.0	2.9	3.2	-0.4	3.6	4.2	1.3	2.9
Sri Lanka	0.8	-2.7	3.5	5.7	0.0	5.7	20.8	1.2	19.6	11.7	1.2	10.5
Thailand	4.2	4.0	0.2	6.6	4.2	2.4	5.4	0.4	5.0	6.3	2.1	4.2
Türkiye	3.7	4.6	-0.9	2.7	10.7	-8.0	-5.5	-3.3	-2.2	2.9	-2.3	5.2
Viet Nam	16.6	2.5	14.1	9.9	-6.2	16.1	21.0	-4.7	25.7	10.0	-0.1	10.1
Asia-Pacific	2.2	-1.3	3.4	6.8	3.4	3.5	4.1	0.5	3.6	6.8	2.7	4.1
Asia-Pacific developed	0.9	-0.4	1.3	8.9	4.5	4.5	0.6	0.6	0.0	10.8	4.7	6.0
Asia-Pacific developing	2.5	-1.5	4.0	6.3	3.1	3.2	5.1	0.5	4.6	5.7	2.2	3.5
Asia-Pacific developing excl. China	6.6	1.7	4.9	5.2	1.7	3.5	6.1	0.3	5.8	5.7	1.6	4.2

Source: Data are estimated by ESCAP, based on EIU Database accessed from <https://viewpoint.eiu.com>.

Notes: (p) = projections.



2. Services trade

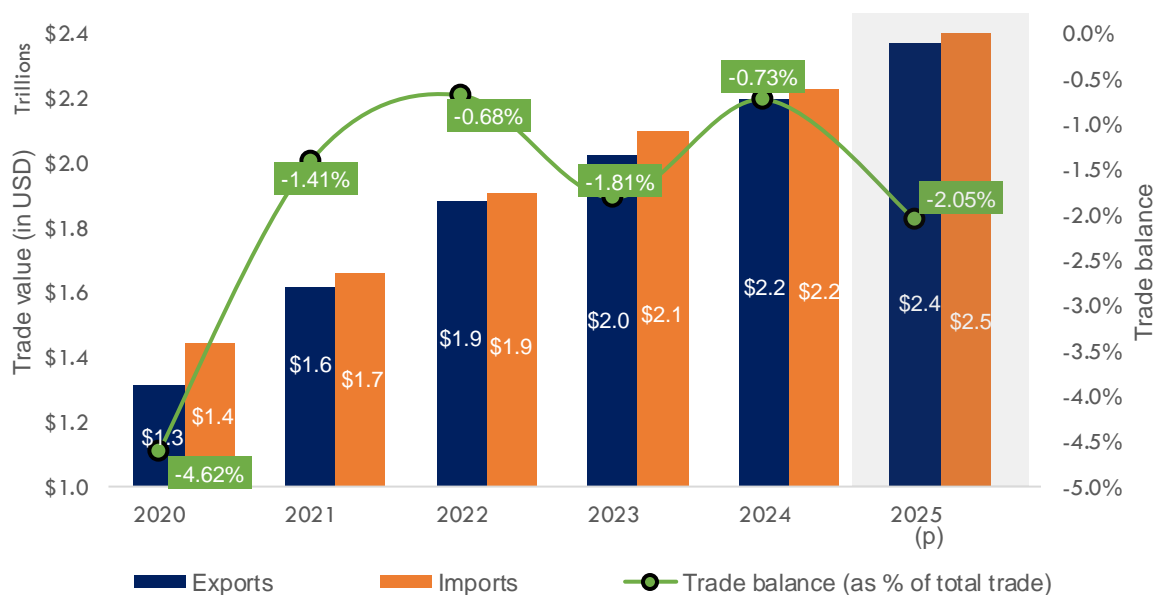
2.1 Trade growth

Commercial services trade recovered in 2024, driven primarily by the strong rebound in travel and tourism services, which have nearly returned to pre-pandemic levels.⁵ Globally, in 2024, commercial services exports and imports grew by 5.8% and 5.5%, respectively, with Asia and the Pacific outperforming at 8.6% for exports and 6.2% for imports (figure 4).

At the sectoral level, travel services, comprising 20.5% of exports and 24.7% of imports, experienced substantial growth at rates of 27.5% and 26.2% in 2024. The remarkable growth was primarily driven by the recovery in global and regional imports of travel services, particularly from China, which increased by 38% in 2024. Among the most benefited economies were Japan, Australia, and Türkiye, which recorded strong growth in travel service exports at 42%, 18%, and 13%, respectively. Meanwhile, transport services accounted for the largest individual sector, representing 21.3% of commercial services exports and 27.4% of imports in the Asia-Pacific region in 2024. The sector benefited from the broader economic and trade recovery, with exports growing by 9.7% and imports by 2.7% in 2024. Other sectors posted dynamic export growth, including construction (17.1%), goods-related services (9.4%), charges for the use of intellectual property (7.4%),

Figure 4. Commercial services trade in Asia-Pacific, 2020/2025

(a) Trade values - exports, imports, and trade balance

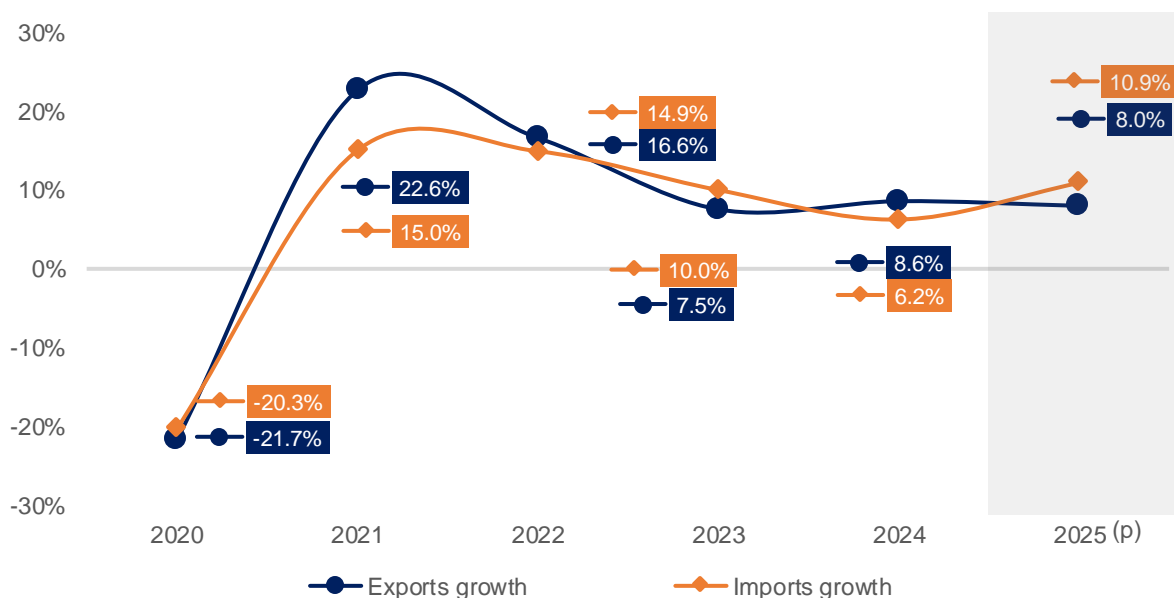


⁵ As of July 2024, international tourist arrivals have reached 96% of the pre-pandemic levels (UN Tourism, 2024).



Figure 4 (Cont.). Commercial services trade in Asia-Pacific, 2020/2025

(b) Growth rates - exports and imports



Source: Data are estimated by ESCAP based on WTO annual commercial services trade data (accessed from <https://stats.wto.org/>). Data from 2024 onwards are estimated by ESCAP using EIU database (<https://viewpoint.eiu.com>) for selected economies covering 98.8% of trade in Asia and the Pacific.
Note: (p) = projections.

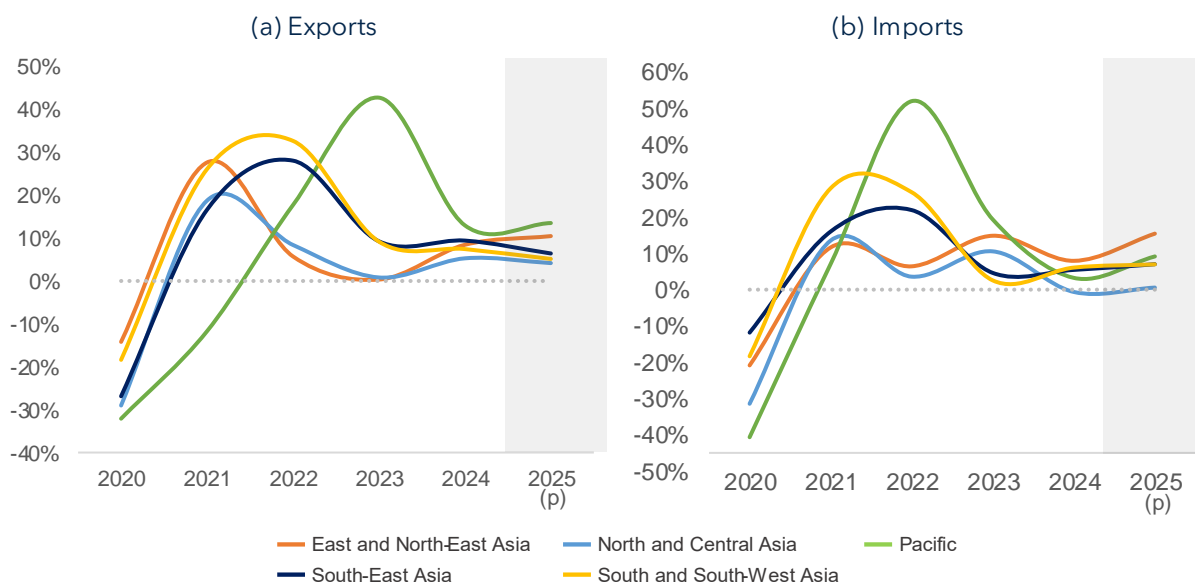
and personal, cultural, and recreational services (7.1%) which are increasingly including digitally delivered categories such as audiovisual content, health services, and education services. These sectors also contributed to overall trade growth. However, insurance and pension services experienced a moderate decline of 4.5%.

Asia and the Pacific's robust trade growth drove an increase in the region's share of global service exports and imports to 25.7% and 28.4% in 2024, up from 25.0% and 28.2% in 2023. The region's trade balance also improved, with the trade deficit narrowing to 0.7% of total commercial services trade—an improvement from the 1.8% deficit recorded the previous year.

At the subregional level, the Pacific posted the highest export growth of 13% in 2024 (figure 5). Exports from South-East Asia (SEA) (9.4%), East and North-East Asia (ENEA) (8.4%), and South and South-West Asia (SSWA) (7.4%) continued to grow strongly in 2024, while exports from North and Central Asia (NCA) (5.3%) also picked up. At the economy level, many economies increased their service export values in 2024 (table 6). The Pacific's export growth was primarily driven by double-digit export expansion in Australia (15%), followed by New Zealand (9.8%). Several small Pacific Island nations, including Vanuatu, Samoa, and Tonga, also recorded remarkable growth (ranging from 11% to 24%), albeit from a relatively



Figure 5. Subregional nominal services trade performance in Asia-Pacific, 2022/2025



Source: Data are estimated by ESCAP based on WTO annual commercial services trade data (accessed from <https://stats.wto.org/>). Data from 2024 onwards are estimated by ESCAP using EIU database (<https://viewpoint.eiu.com>) for selected economies covering 98.8% of trade in Asia and the Pacific.
Note: (p) = projections.

small base. Export performances were consistently robust in SEA and ENEA, with the highest growth rates recorded in Thailand (26.3%) and the Republic of Korea (11.3%). Most economies in SSWA experienced export growth, with India and Türkiye, major exporters in the subregion, achieving a 6.7% and 8.9% increase in exports, respectively. In NCA, the Russian Federation, the leading exporter in the subregion, remained subdued with only 1.3% export growth.

In terms of imports, subregional performances closely reflected export trends. ENEA recorded the strongest import growth at 7.9%, with all economies in the subregion showing robust increases, led by Hong Kong, China (15.7%), and Japan (14.2%). In the Pacific, services imports grew by 3.2%, primarily driven by Australia's 5.2% expansion. SEA and SSWA performed similarly, with most economies in these subregions experiencing import growth. Notably, Sri Lanka (50%) and Maldives (20%) stood out with strong increases. Meanwhile, NCA saw a slight contraction in imports (-0.6%), primarily due to stagnant import growth in the Russian Federation.

2.2 Intra-regional and intra-subregional trade

Intra-regional trade accounts for 20.2% of the region's total services exports (table 5), with 10.9% linked to ENEA markets, primarily driven by China's role as the largest importer of tourism and travel services. Unlike merchandise trade, intra-regional partners play a less significant role in Asia-Pacific's commercial services trade. The United States and the



European Union are key global partners, capturing 7.1% and 8.1% of the region's exports, respectively. Notably, the region's services trade is highly diversified, with 64.6% of exports directed to the Rest of the World. Intra-subregional trade in services remains relatively low, with 61% to 66% of exports directed to global partners outside the region (table 5). East and North-East Asia (ENEA) showed the highest reliance on intra-subregional trade at 13.4%, while South and South-West Asia (SSWA) recorded the lowest at just 1.1%.

Table 5. Subregional services export share by export destination

(Percentage)

Export destination Exporter	ENEA	NCA	Pacific	SEA	SSWA	Asia Pacific	European Union (27)	United States	Rest of the World
East and North-East Asia (ENEA)	13.4	0.8	1.3	4.9	0.9	21.1	6.5	8.2	64.2
North and Central Asia (NCA)	5.5	5.3	0.2	0.6	3.2	14.9	18.3	4.2	62.6
Pacific	12.9	0.2	5.2	5.6	4.0	28.0	5.1	6.2	60.8
South-East Asia (SEA)	8.5	0.7	2.9	7.3	2.2	21.6	7.6	5.2	65.6
South and South-West Asia (SSWA)	7.8	1.7	1.0	3.1	1.1	14.7	11.4	7.4	66.4
Asia-Pacific	10.9	1.1	1.8	5.0	1.5	20.2	8.1	7.1	64.6

Source: ESCAP. Calculated using WTO-OECD Balanced Trade in Services Dataset (BaTiS) (accessed from <https://www.wto.org/>). Note: the calculation is based on latest bilateral data available (2021). Missing data is supplemented with the nearest available year's data.

Note: Based on latest available data (2022)

The service trade pattern reflects a strong orientation toward global markets. Additionally, technological advances in digitally deliverable services have enabled the region to diversify its trade destinations beyond neighboring countries. Indeed, during the COVID19 pandemic, the region's service export ties with the Rest of the World and the United States strengthened, with their shares increasing by 2.8 and 0.3 percentage points, respectively. This growth was offset by declines in export shares to subregional partners (-2.3 percentage points) and the European Union (-0.8 percentage points). Notably, the trend was influenced by travel restrictions implemented in China and several Asia-Pacific economies during the period.

2.3 Near term prospects for commercial services trade

The growth momentum of services trade is expected to continue in 2025. Regional exports and imports are projected to grow by 8% and 10.9%, respectively (table 6). Alongside the ongoing expansion of travel services, business, financial, and ICT services are also expected to grow, supported by the continued rise in digital trade. Import growth is anticipated to outpace exports due to recovering demand for services both within and outside the region. As a result, the services trade deficit is expected to widen, potentially reaching 2.1% of total commercial services trade in 2025.

In 2025, commercial services trade growth in developed Asia-Pacific economies is projected to exceed 13%, significantly outpacing the developing region, where growth is expected to range between 6% and 10%. Robust export performances are anticipated in developed economies such as Japan (17.7%), Australia (13.5%), and New Zealand (13.7%).



These economies will also drive export growth in ENEA (10.5%) and the Pacific (13.5%). Imports in these economies are likewise projected to rise substantially, boosting subregional import growth to 15.4% in ENEA and 9.2% in the Pacific. Export growth in SEA, SSWA, and NCA is anticipated to continue at a more modest rate ranging from 4% to 6% (figure 5). While most economies in these subregions are expected to post export growth, levels will vary, with a few exceptions in NCA. Import growth is expected to generally align with export trends.

Similar to merchandise trade, the baseline projections for Asia-Pacific commercial services trade growth in 2025 are subject to high uncertainty. Downside risks stem from global economic conditions and a slower-than-anticipated recovery in China, a major exporter and importer of the region's commercial services. Additional disruptions could arise from geopolitical conflicts or extreme natural disasters, particularly affecting travel and transport services.

The increasing prevalence of protectionist policies further threatens the region's services trade performance. Although tariff measures predominantly target merchandise trade, their indirect effects can ripple through commercial services sectors. Higher tariffs on goods may elevate production costs and reduce trade volumes, subsequently diminishing demand for related services such as logistics, finance, and insurance. Additionally, heightened trade tensions contribute to an environment of policy uncertainty, discouraging investment in service industries. In the region, recently introduced regulations on digital trade are expected to affect digitally deliverable services sectors, with more pronounced effects in the medium term. Since 2023, the majority of newly imposed regulations have focused on updated security requirements for internet intermediaries, cross-border trade of digital products, and personal data protection. These measures may increase compliance costs for businesses and add complexity to the regulatory environment for digital services trade.⁶

Finally, while the fundamental drivers of Asia-Pacific services trade remain robust, uncertain forces continue to exert downward pressure on the growth outlook for 2025 and potentially beyond.

⁶ Refer to the Digital Trade Regulatory Review for Asia-Pacific, Africa, and Latin American and the Caribbean 2024 and related economy profiles for Asia-Pacific economies, accessible at <https://unescap.org/kp/2024/rcdtr?>.



Table 6. Commercial services exports and imports growth for selected Asia-Pacific economies, 2024/2025 (Baseline scenario)

	Exports		Imports	
	2024	2025(p)	2024	2025(p)
East and North-East Asia	8.4	10.5	7.9	15.4
China	6.8	9.4	4.3	17.3
Hong Kong, China	10.5	4.8	15.7	5.5
Japan	8.9	17.7	14.2	19.1
Mongolia	3.7	10.0	5.9	15.0
Republic of Korea	11.3	6.4	7.7	8.4
North and Central Asia	5.3	4.2	-0.6	0.6
Armenia	25.9	15.1	32.5	22.2
Azerbaijan	-17.2	-7.7	-13.0	-20.0
Georgia	6.9	2.8	5.5	8.5
Kazakhstan	11.4	22.6	6.8	18.6
Kyrgyzstan	24.7	6.0	20.5	3.7
Russian Federation	1.3	-2.3	0.3	-4.3
Tajikistan	34.9	37.0	1.1	-3.8
Turkmenistan	5.0	6.2	-0.8	0.5
Uzbekistan	17.9	9.0	-32.4	30.4
Pacific	13	13.5	3.2	9.2
Australia	15.0	13.5	5.2	10.3
Fiji	-39.6	5.9	-24.8	4.3
New Zealand	9.8	13.7	-3.1	4.5
Papua New Guinea	6.1	0.0	-2.8	0.5
Samoa	23.2	25.4	-74.1	5.9
Solomon Islands	10.8	4.0	-4.9	-2.0
Tonga	20.0	8.3	-2.5	9.7
Vanuatu	23.7	33.7	4.6	5.7
South-East Asia	9.4	6.4	5.4	7
Brunei Darussalam	5.9	2.8	3.7	5.9
Cambodia	5.2	6.4	2.4	3.9
Indonesia	12.8	10.0	8.8	3.5
Lao P.D.R.	5.0	30.0	4.9	15.1
Malaysia	5.2	12.5	1.4	6.5
Myanmar	5.6	8.1	6.0	6.0
Philippines	13.9	11.3	4.6	7.5
Singapore	6.1	2.7	5.2	8.5
Thailand	26.3	14.0	4.6	4.1
Timor-Leste	-13.7	8.3	-12.4	5.4
Viet Nam	10.6	9.4	12.1	5.7
South and South-West Asia	7.4	5.1	6.1	7
Afghanistan	18.4	19.4	5.6	8.5
Bangladesh	2.3	5.6	6.5	6.7
Bhutan	-46.5	27.3	-30.5	-4.5
India	6.7	6.0	6.0	7.9
Iran (Islamic Rep. of)	2.0	2.0	7.0	2.0
Maldives	25.0	6.0	20.0	4.0
Nepal	15.0	16.0	8.2	10.8
Pakistan	-2.9	6.3	5.0	5.2
Sri Lanka	40.0	20.0	50.0	20.0
Türkiye	8.9	1.3	2.6	3.1
Asia-Pacific	8.6	8.0	6.2	10.9
<i>Asia-Pacific developed</i>	<i>10.7</i>	<i>13.4</i>	<i>9.9</i>	<i>13.8</i>
<i>Asia-Pacific developing</i>	<i>8.0</i>	<i>6.4</i>	<i>5.1</i>	<i>9.9</i>
<i>Asia-Pacific developing excl. China</i>	<i>8.3</i>	<i>5.6</i>	<i>5.5</i>	<i>6.0</i>

Source: Data are estimated by ESCAP, based on EIU Database accessed from <https://viewpoint.eiu.com>.

Notes: (p) = projections.



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