

ASEAN: Another year of record FDI inflows

Summary

In the latest World Investment Report, foreign direct investment (FDI) inflows to ASEAN surged nearly 10% y/y to USD225 bn in 2024, the second highest in its history. This growth outpaced the global FDI increase of 3.7%, but paled in comparison to the US (19.6%) and EU (81.5%). Nonetheless, ASEAN remained as one of the world's top FDI destinations, reinforcing its role as a key hub for international investment.

Given its role as a regional financial centre, Singapore continued to lead as the largest FDI recipient in ASEAN, attracting USD143 bn in 2024, an increase of 6% y/y. Other ASEAN members, including Malaysia and Thailand, registered gains as businesses responded to supply chain diversification, digitalization and sustainability imperatives.

Outlook - We remain positive about ASEAN's role as a driver for investment and trade over the medium term, as outlined in our previous report, *ASEAN: Positive trade and investment outlook to 2030 and beyond*. ASEAN's sound fundamentals will position the region to weather near-term challenges particularly in light of rising geopolitical tensions and US President Trump's trade policy uncertainty.

Second Highest FDI inflows on Record in ASEAN's History

In the latest World Investment Report ([link](#)) released by [UNCTAD](#) on 19 Jun, ASEAN remained as one of the world's top FDI destinations, reinforcing its role as a key hub for international investment. Foreign direct investment (FDI) inflows to ASEAN surged nearly 10% y/y to USD225 bn in 2024, the second highest in its history after the USD225.4 bn registered in 2022. This growth outpaced the global FDI increase of 3.7% but paled in comparison to the US (19.6%) and EU (81.5%).

One key factor contributing to FDI flows in ASEAN was activities in supply chain-intensive manufacturing industries. This pattern underscores the ongoing efforts by multinational enterprises (MNEs) to reconfigure their production footprints in response to evolving global trade dynamics.

While global FDI rose 4% to USD1.51 tn in 2024 at the headline level, this increase was misleading due to inflated financial - or "conduit" - flows in the EU. After adjusting for these conduit flows, global FDI fell by 11%, marking the second year of double-digit decline and highlighting ongoing fragility in international investment.

The US remained the world's top destination of FDI inflows, with an increase of 20 % to USD278.8 bn. The inflows were mostly driven by a doubling of M&A sales values and by large-scale investment in high-tech and clean energy sectors, in response to the US government policy under the Biden administration at that time.

FDI to China plunged by 29% to USD116 bn marking two consecutive years of declines, and the smallest since 2011, while FDI inflows to Hong Kong SAR increased by 3% to USD126 bn. Similar to Singapore, HK SAR functions as a financial centre, and it is likely that a significant portion of these flows ultimately made their way into mainland China. Taken together, total FDI to these two locations amounted to about USD242 bn in 2024 – close to the figure for the US. However, this represented a sharp decline of 15% from the combined USD286.2 bn in 2023 as companies continued to diversify their supply chains and production facilities.

Within ASEAN, Singapore remained the largest FDI recipient, attracting a record amount of USD143 bn in 2024, an increase of 6% y/y. This is due to Singapore's role as a regional financial centre and a hub for headquarters and treasury centres. Companies are also attracted to Singapore's positive attributes including political stability, policy continuity, transport connectivity, safety, and security, among others.

Other ASEAN members, including Malaysia and Thailand, registered impressive gains as businesses responded to supply chain diversification, digitalization and sustainability imperatives, via greenfield projects in some of these countries.

Following Singapore, Indonesia saw an increase of 13% to USD24.2 bn, the second highest in its history, after the USD25.4 bn inflow in 2022. Vietnam recorded its third consecutive year of record-high FDI inflows, with a gain of 9% to USD20.2 bn while inflows to Malaysia rose 33% and to Thailand by 31%. Inflows to Philippines rose for the second straight year, increasing by 39% to USD9 bn.

Outlook – ASEAN remains a preferred FDI destination

FDI data from 2024 once again reaffirmed ASEAN's position as one of the top FDI destination among emerging markets. While supply chain shifts, diversification of production facilities, and the search for new markets are the main draws for investors, ASEAN's strong fundamentals remain its core strengths.

These include its large, youthful population base, generally peaceful and stable domestic political environment, business-friendly policies, and the ASEAN spirit of policy coordination, collaboration, and integration.

Despite border disputes between Thailand and Cambodia in recent months, a notable example of cross-border integration and collaboration is the establishment of the Johor-Singapore Special Economic Zone (JS-SEZ) ([link to UOB's JS-SEZ special portal](#)) between the governments of Malaysia and Singapore. This initiative has attracted not just widespread interest, but also [tangible capital flows since its official launch in January 2025](#).

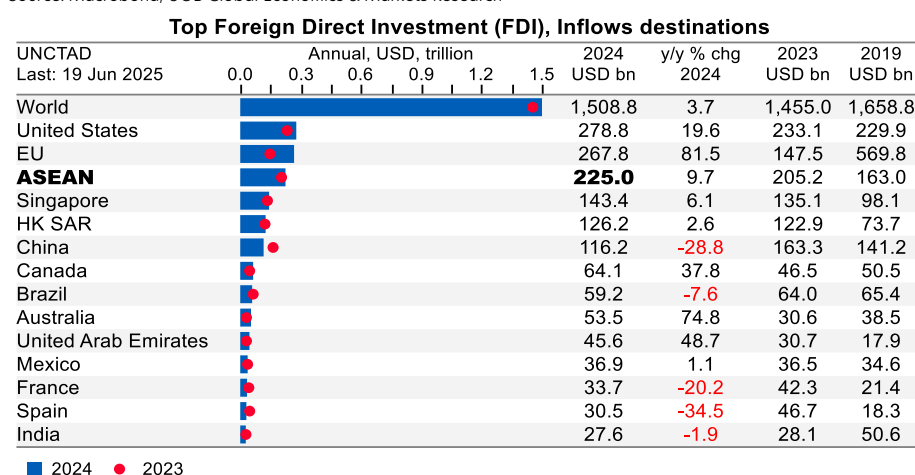
Looking ahead, we remain positive about ASEAN's role as a driver for investment and trade over the medium term, as outlined in our previous report, *ASEAN: Positive trade and investment outlook to 2030 and beyond* ([link](#)).

ASEAN's sound fundamentals will position the region to weather near-term challenges, particularly amid geopolitical issues and US President Trump's trade/tariff policy uncertainty.

While the region's average GDP growth rate may ease to around 4% in 2025 – slightly below the typical 5% – ASEAN's resilience and dynamism should drive a rebound to 5% in 2026, reinforcing its role as a key engine of global trade and investment flows.

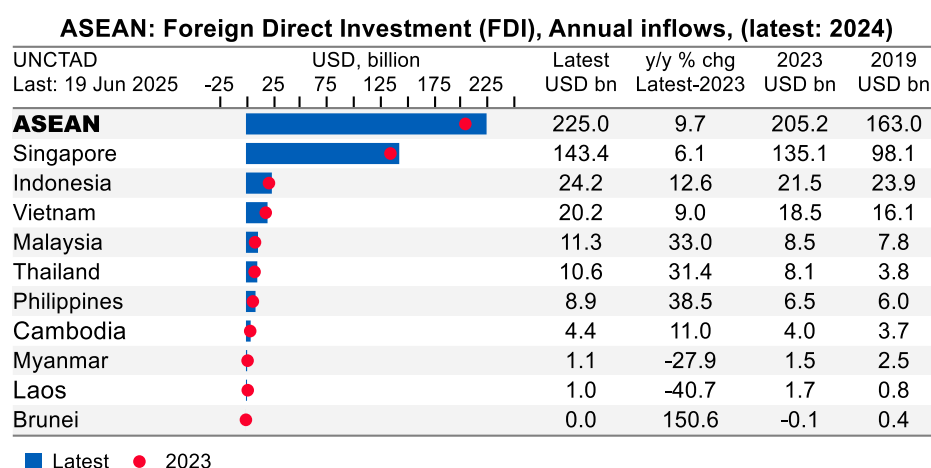
ASEAN: A top FDI destination globally

Source: Macrobond, UOB Global Economics & Markets Research



ASEAN: Strong gains seen in Indonesia, Malaysia, Thailand and Philippines

Source: Macrobond, UOB Global Economics & Markets Research



FDI: The US stayed as the top destination, followed by Singapore and HK SAR

Source: Macrobond, UOB Global Economics & Markets Research

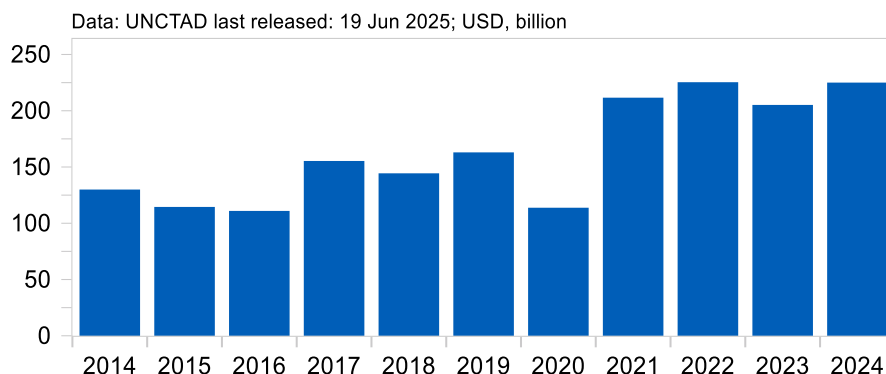
		Annual, USD, trillion					2024		y/y % chg		2023	2019
UNCTAD	Last: 19 Jun 2025	0.0	0.3	0.6	0.9	1.2	USD bn	2024	2024	2024	USD bn	USD bn
Top Foreign Direct Investment (FDI) Inflows, By Economies												
World							1,508.8		3.7		1,455.0	1,658.8
United States							278.8		19.6		233.1	229.9
Singapore							143.4		6.1		135.1	98.1
HK SAR							126.2		2.6		122.9	73.7
China							116.2		-28.8		163.3	141.2
Luxembourg							106.0		1242.2		-9.3	163.7
Canada							64.1		37.8		46.5	50.5
Brazil							59.2		-7.6		64.0	65.4
Australia							53.5		74.8		30.6	38.5
Egypt							46.6		373.3		9.8	9.0
United Arab Emirates							45.6		48.7		30.7	17.9
Mexico							36.9		1.1		36.5	34.6
France							33.7		-20.2		42.3	21.4
Spain							30.5		-34.5		46.7	18.3
India							27.6		-1.9		28.1	50.6
Italy							24.7		-24.2		32.6	20.3
Indonesia							24.2		12.6		21.5	23.9
Vietnam							20.2		9.0		18.5	16.1
Sweden							18.3		-26.8		25.0	8.3
Israel							16.8		4.2		16.1	17.4

■ 2024 ● 2023

ASEAN: Second largest FDI inflow on record after 2022

Source: Macrobond, UOB Global Economics & Markets Research

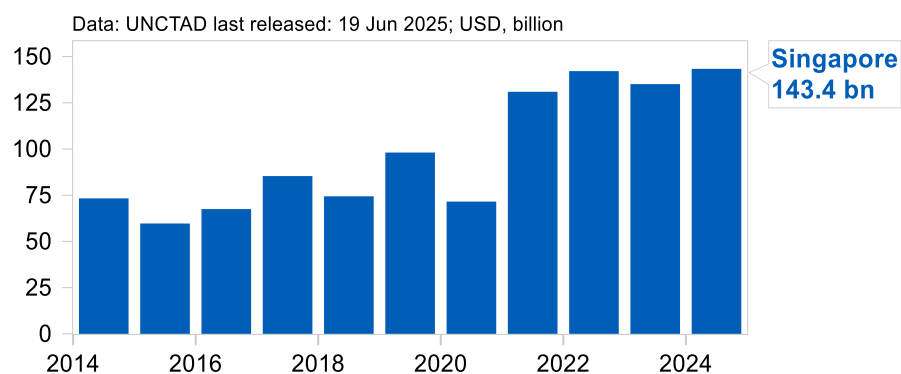
Global FDI Inflows: ASEAN (latest: 2024)



Singapore: Record high FDI inflows in 2024

Source: Macrobond, UOB Global Economics & Markets Research

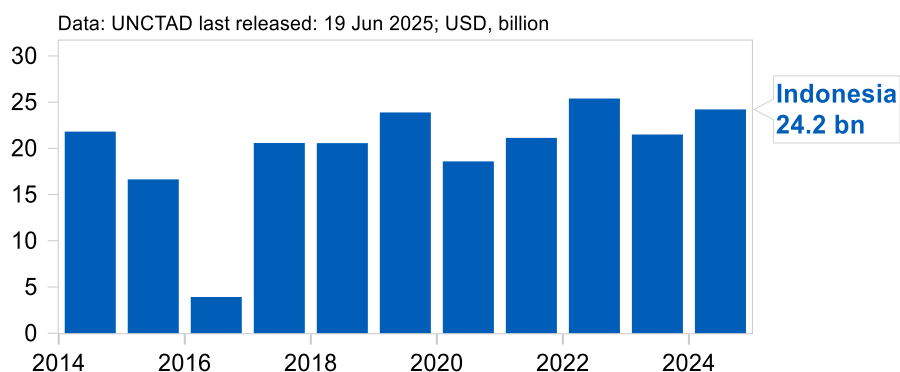
FDI Inflows: Singapore (latest: 2024)



Indonesia: Second highest amount of FDI in its history

Source: Macrobond, UOB Global Economics & Markets Research

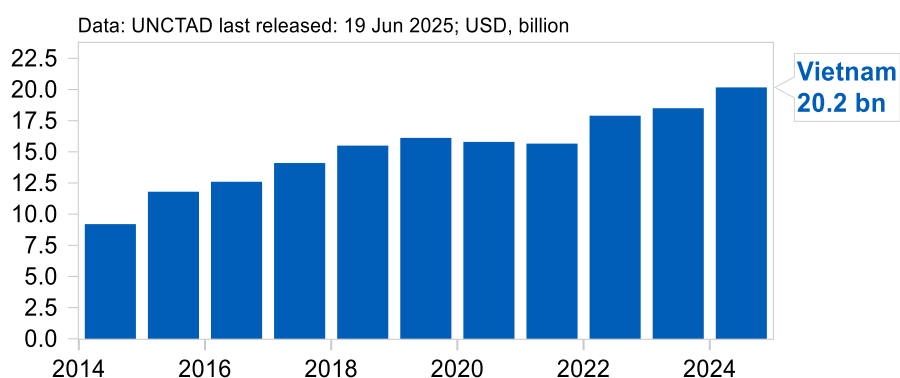
FDI Inflows: Indonesia (latest: 2024)



Vietnam: Third consecutive year of record FDI inflows

Source: Macrobond, UOB Global Economics & Markets Research

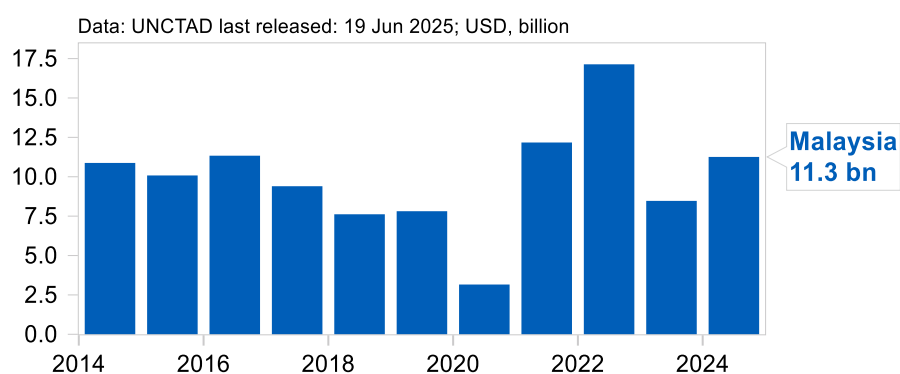
FDI Inflows: Vietnam (latest: 2024)



Malaysia: FDI inflows increased by 33% in 2024

Source: Macrobond, UOB Global Economics & Markets Research

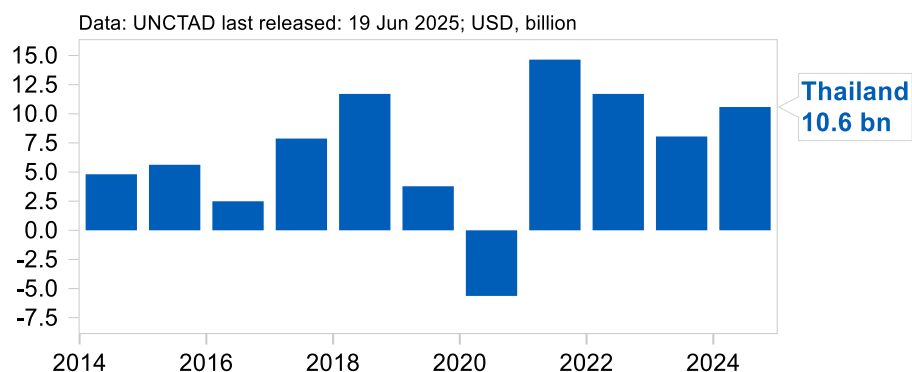
FDI Inflows: Malaysia (latest: 2024)



Thailand: Rebound after two years of declines

Source: Macrobond, UOB Global Economics & Markets Research

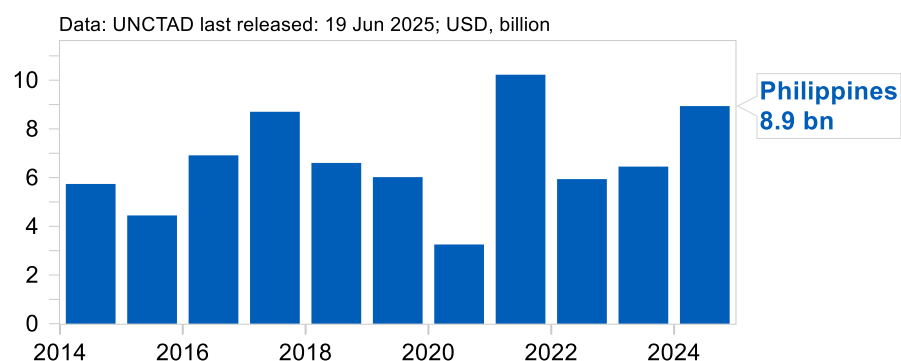
FDI Inflows: Thailand (latest: 2024)



Philippines: Two straight years of increase in FDI inflows

Source: Macrobond, UOB Global Economics & Markets Research

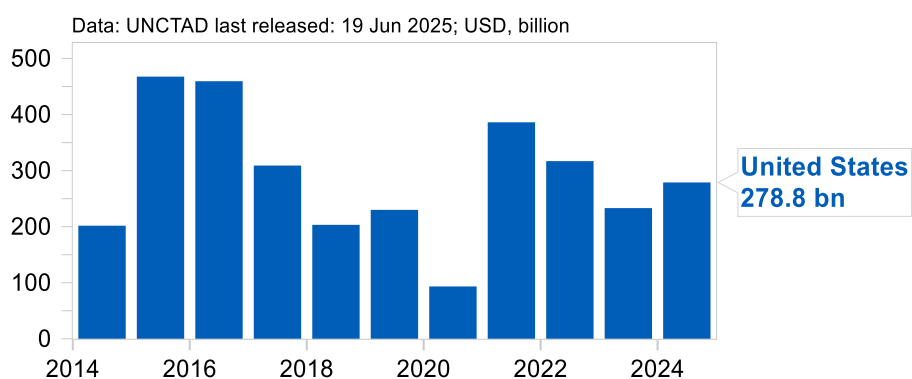
FDI Inflows: Philippines (latest: 2024)



US: The world's top FDI destination

Source: Macrobond, UOB Global Economics & Markets Research

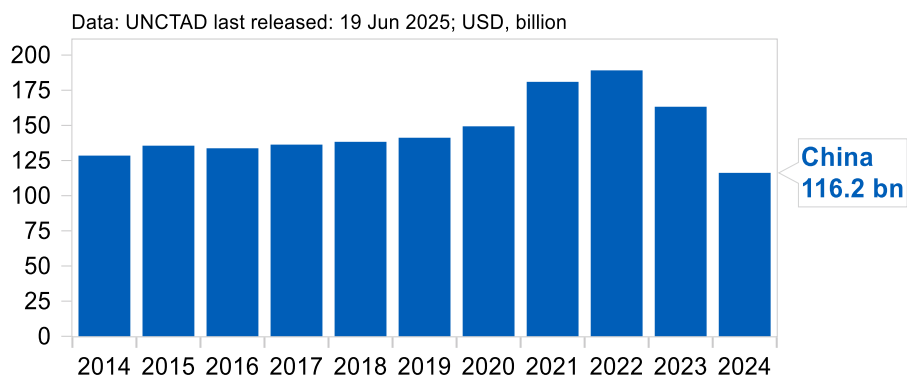
FDI Inflows: United States (latest: 2024)



China: The smallest FDI inflows since 2011

Source: Macrobond, UOB Global Economics & Markets Research

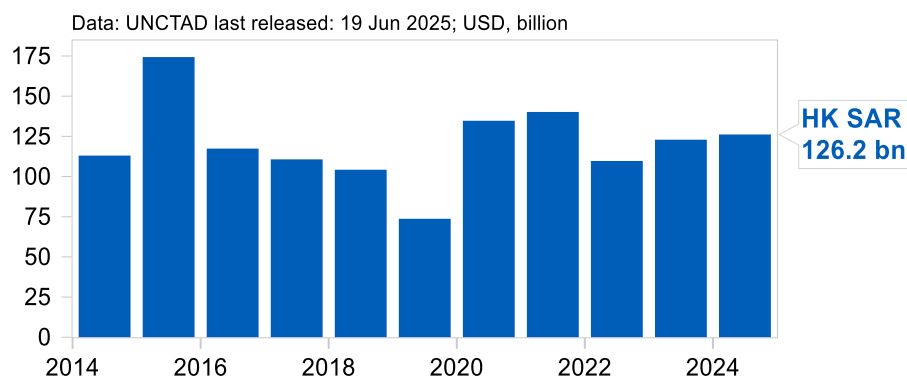
FDI Inflows: China (latest: 2024)



HK SAR: Second consecutive increase

Source: Macrobond, UOB Global Economics & Markets Research

FDI Inflows: Hong Kong SAR (latest: 2024)



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