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RCI Trends and Emerging Challenges

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4 November 2026



Key messages

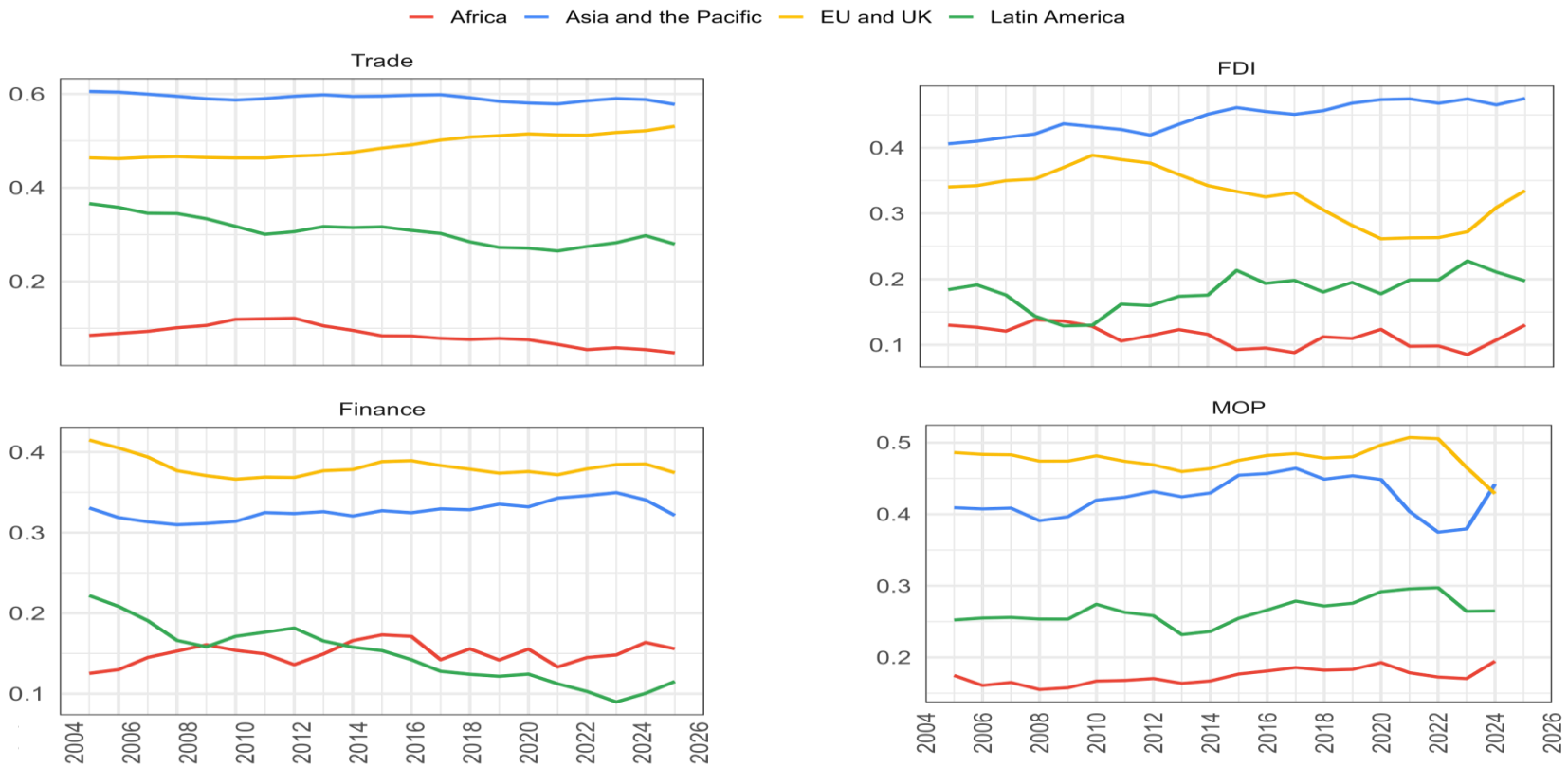
- Compared with other world regions, Asia and the Pacific leads regional integration in trade and FDI; while the European Union + United Kingdom (EU + UK) remains ahead in finance. However, trends in some dimensions have moderated over time.
- Asia's overall integration performance masks diverse subregional dynamics, with Southeast Asia leading integration and other subregions following different regional linkage paths.
- Downside risks for the region include worsening geopolitical tensions and energy disruptions, a worse-than-expected El Niño, tighter financial conditions, and renewed trade policy uncertainty.
- Regional perception supports regional cooperation and integration (RCI), but the recognition of benefits is still limited. Common regional challenges call for concerted, collective efforts.

RCI Trends

Asia’s regional integration remains strong

Asia and the Pacific leads in regional trade and FDI integration, while the EU and UK lead in finance. Integration in some dimensions has moderated over time.

Regional Integration Index, By Dimension (by world regions)

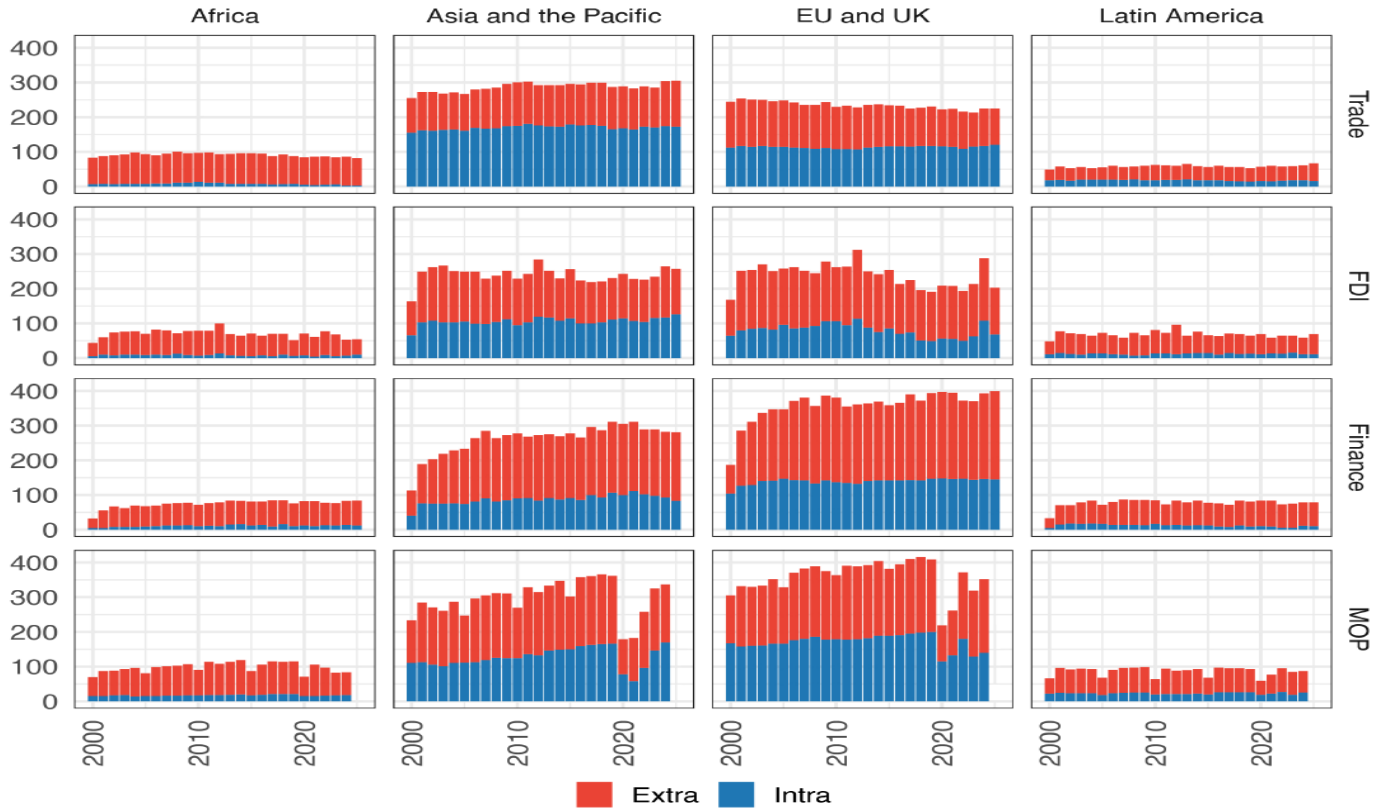


Note: Up to 2024 for MOP (movement of people), 2025 for the rest. The index measures the number of strong bilateral connections within a region as a ratio of its total strong connections with its region and with the rest of the world.
Source: ADB Regional Integration Index Database.

Integration is shaped by both regional and global linkages

Regional integration reflects evolving connections within and beyond the region.
A lower index can reflect expanding global connections rather than weaker regional ties.

Number of Strong Connections (intraregional and extraregional), By Dimension (by world regions)

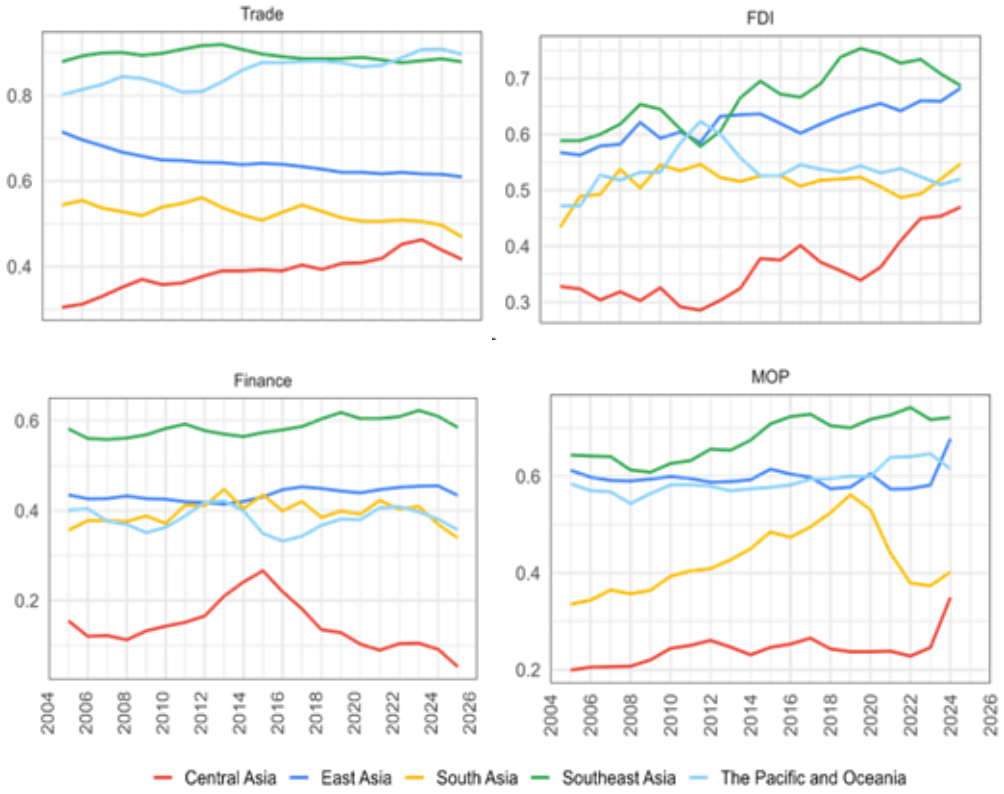


Note: Up to 2024 for MOP (movement of people), 2025 for the rest.
Source: ADB Regional Integration Index Database.

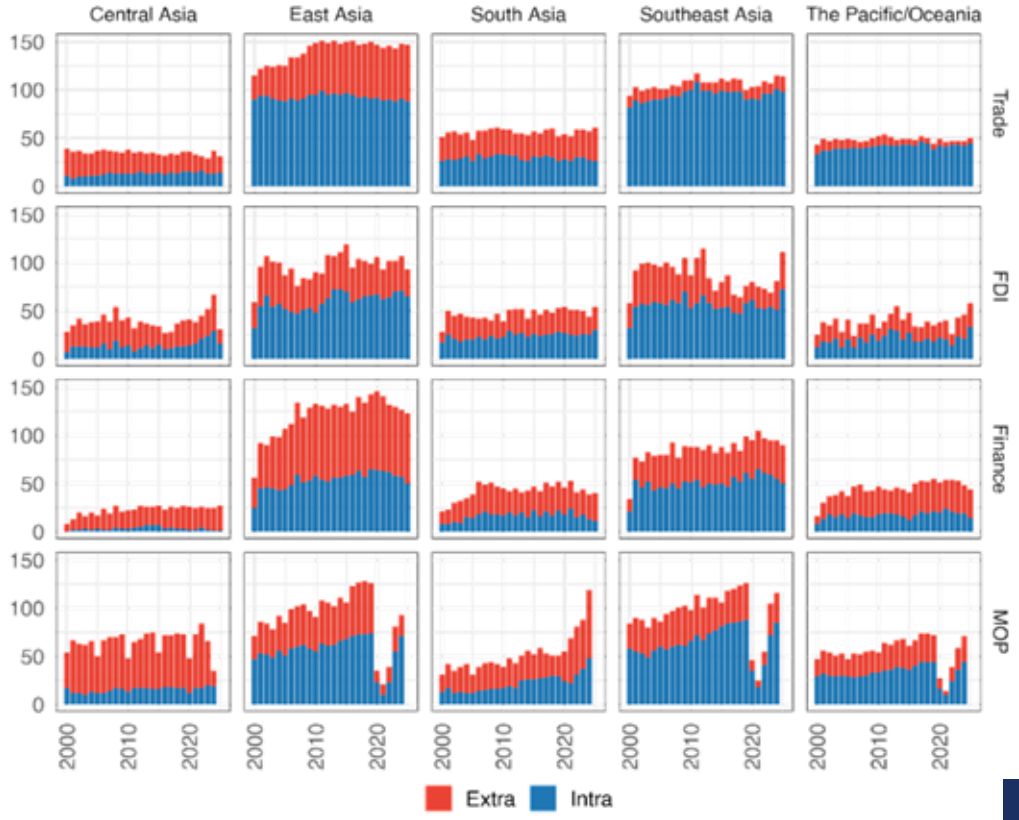
Asia's regional integration is driven by diverse subregional trends

Southeast Asia remains the most integrated subregion across most dimensions.
Other subregions show differing trends as their connections with the wider Asia and Pacific region evolve.

Regional Integration Index By Dimension—Asian Subregions



Number of Strong Connections By Dimension—Asian Subregions



Note: Up to 2024 for MOP (movement of people), 2025 for the rest.
Source: ADB Regional Integration Index Database.

Intrasubregional integration: Subregional initiatives

South Asia's initiatives (BIMSTEC, SASEC, SAARC) decreased in trade and social integration since 2006

Southeast and Central Asian initiatives gained broadly, led by technology, institutions, and (for CAREC) regional value chains

Change in Dimension Index, 2006 → 2024

Intrasubregional PCA composite index by dimension

	Trade & Investment	Money & Finance	RVC	Infrastructure & Connectivity	People & Social	Institutional Arrangements	Technology & Digital	Environmental Cooperation
SOUTH ASIA								
BIMSTEC	−0.087	+0.035	−0.028	+0.049	−0.070	+0.018	+0.172	+0.048
SASEC	−0.078	+0.027	−0.048	+0.022	−0.035	+0.022	+0.168	+0.044
SAARC	−0.073	−0.060	−0.023	+0.004	−0.057	+0.036	+0.158	+0.047
SOUTHEAST & CENTRAL ASIA								
BIMPEAGA	+0.021	+0.001	−0.022	+0.054	+0.024	+0.010	+0.173	+0.034
GMS	+0.046	+0.125	−0.001	+0.054	+0.008	+0.033	+0.158	+0.025
IMT-GT	+0.002	+0.035	−0.001	+0.029	−0.016	−0.057	+0.121	+0.048
CAREC	+0.137	+0.028	+0.016	+0.053	+0.034	+0.072	+0.224	+0.046

−0.09 0 → +0.22

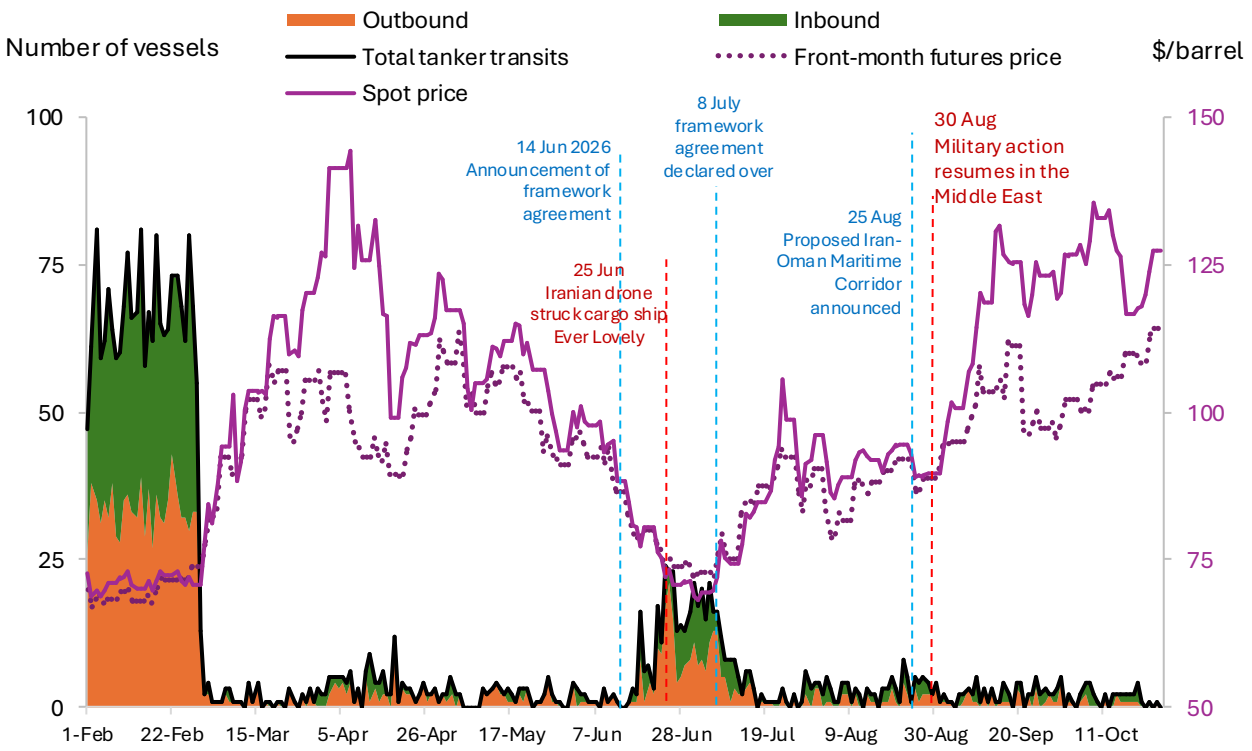
Source: Preliminary estimates from ADB's Asia-Pacific Regional Cooperation and Integration Index (ARCII) database.

Emerging Challenges

Strait of Hormuz disruptions continue to reverberate across commodity markets

Tanker transits through Hormuz remain depressed; broadening energy disruptions pushed Brent above $100 in September.

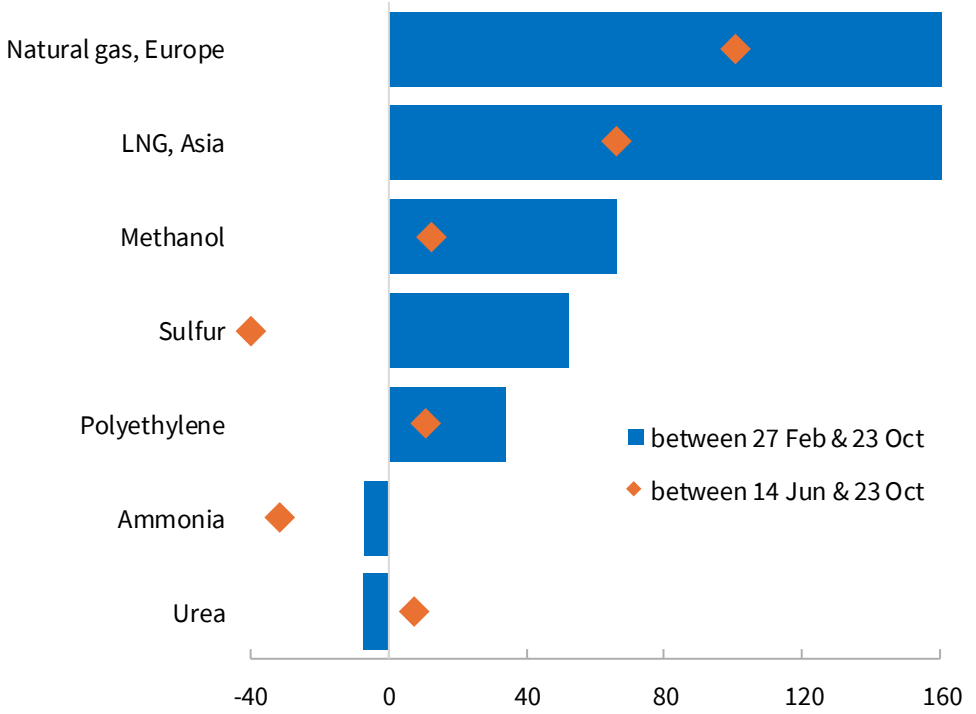
Tanker transits through the Strait of Hormuz and Brent crude oil prices, 2026



Source: Bloomberg. Last observation: 25 October 2026.

Most other non-oil commodity prices kept rising, especially gas prices.

Other Non-Oil Commodity Prices, % change

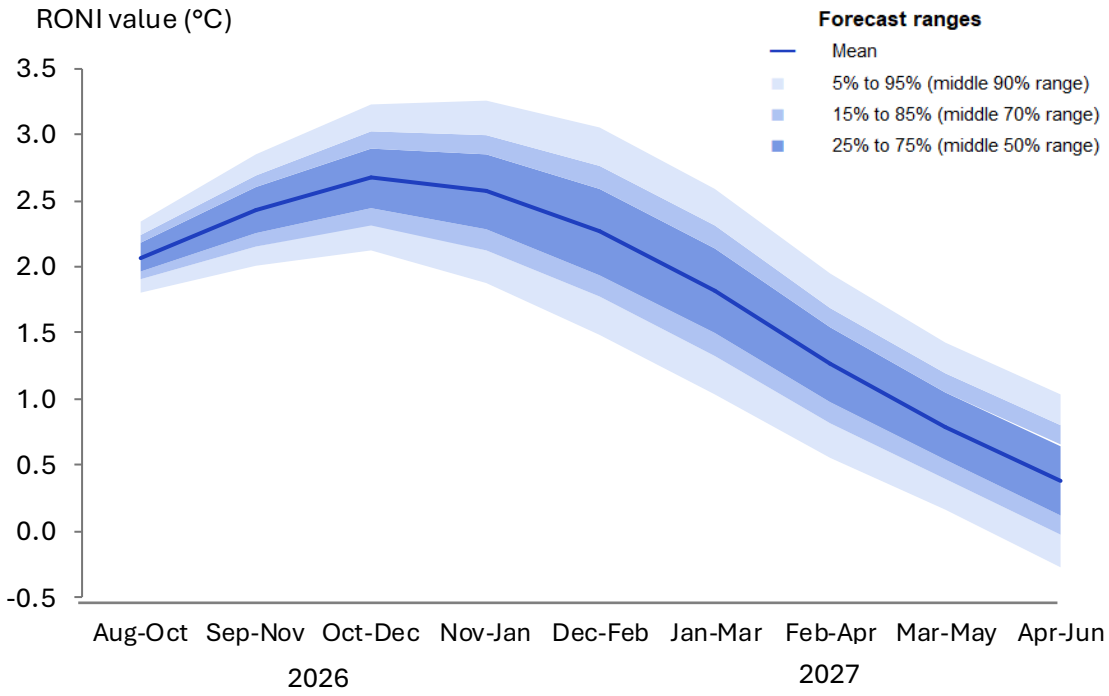


Sources: Bloomberg, Trading Economics. Last observation: 23 October 2026.

A strengthening El Niño could add to food price pressures

El Niño is forecast to reach very strong intensity by late 2026 and persist into 2027

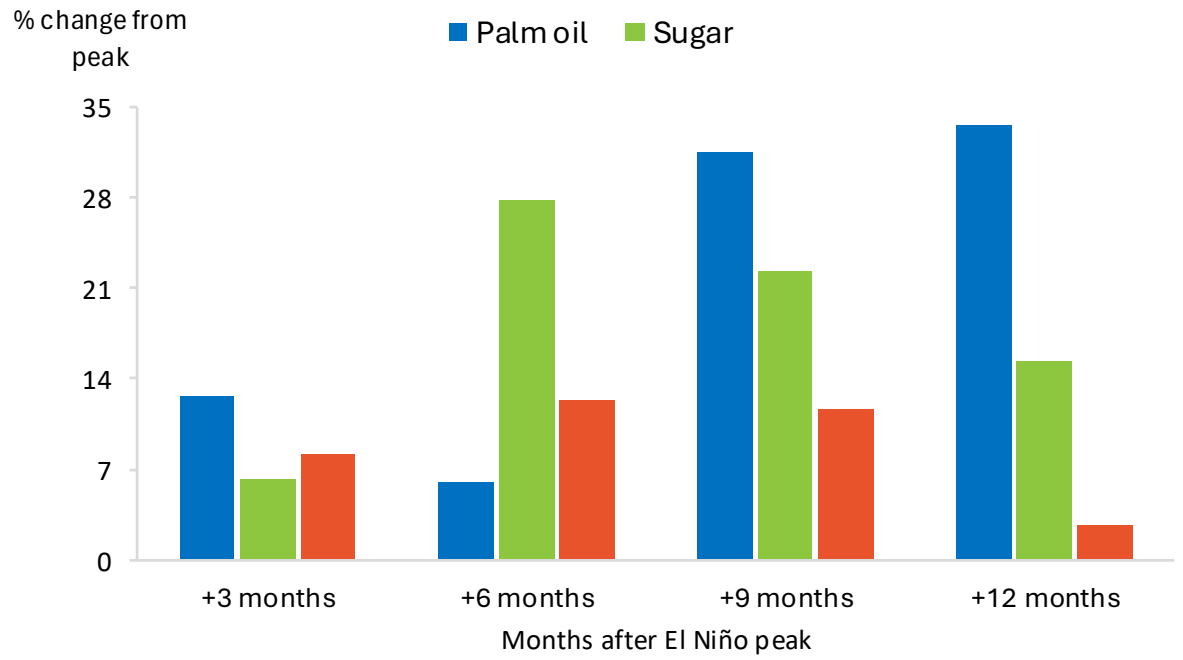
El Niño Outlook, September 2026



RONI = Relative Oceanic Niño Index
Source: NOAA Climate Prediction Center.

Food prices have tended to rise in the year following very strong El Niño episodes

Historical Median Price Change After Very Strong El Niño Peaks

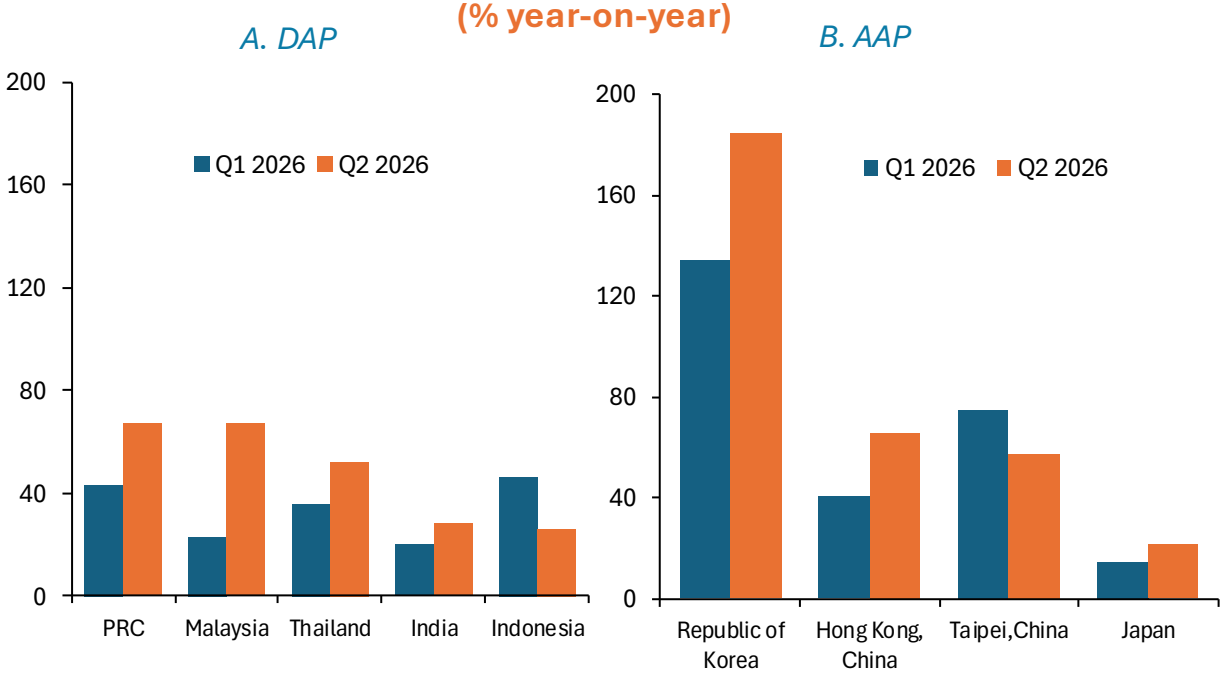


Note: Data refer to Malaysian crude palm oil, raw sugar, and Thai rice (5% broken).
Source: ADB estimates using data from World Bank Commodity Price database.

AI-driven exports maintained strong growth; yet K-shaped growth paths continue

AI-related exports kept growing strongly, led by the PRC and ROK, with momentum more uneven elsewhere.

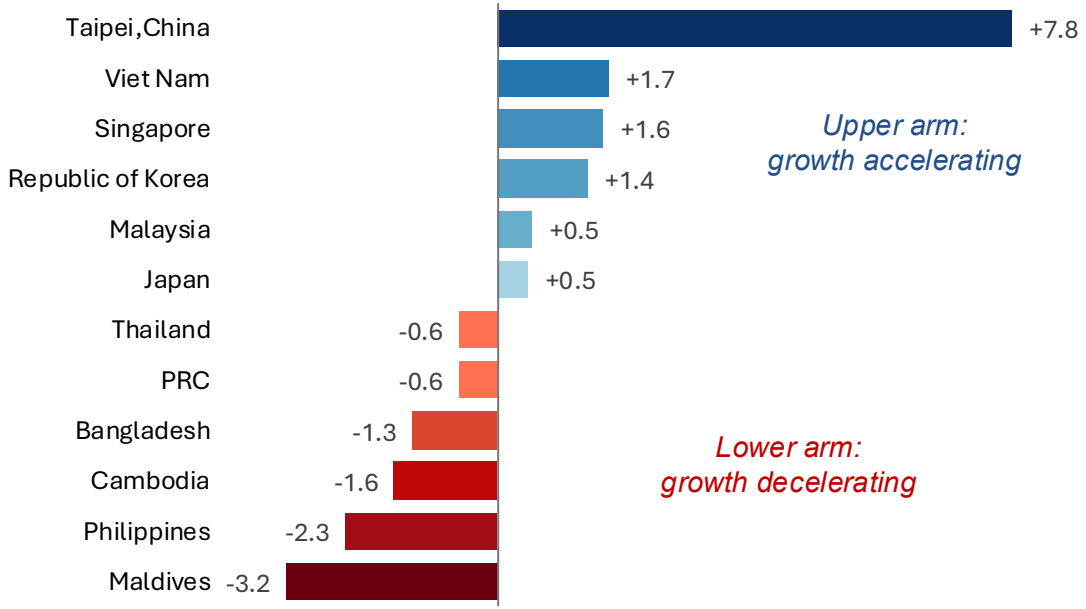
Nominal Export Growth of AI-Related Products
(% year-on-year)



AAP = Advanced Asia and the Pacific , DAP = Developing Asia and the Pacific, Q = quarter, ROK = Republic of Korea.
Notes: AI-related products are those under HS Codes 8541 (semiconductor devices), 8542 (integrated circuits), 8471 (computers), and 8473 (computer parts), 8486 (semiconductor manufacturing equipment), 851762 (switching, routing, and data transmission), 852351 (solid-state non-volatile storage), 850440 (static converters). Q2 average for Thailand includes only April and May 2026.
Sources: ADB staff calculations using data from ITC Trade Map and Malaysia External Trade Statistics.

Despite strong AI-related exports, GDP growth remains uneven, with some economies accelerating and others slowing.

K-Shaped Growth Paths in Selected Asian Economies
(2026 GDP growth vs 2023–24 average growth, percentage points)

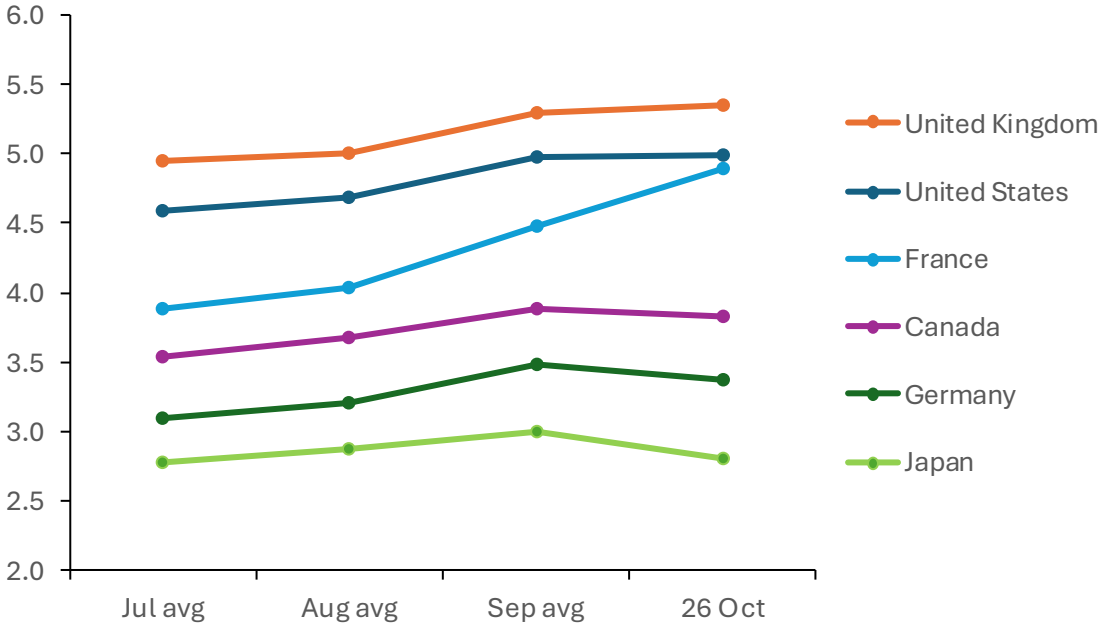


PRC = People's Republic of China.
Source: ADB staff calculations using ADB. Asian Development Outlook September 2026.

Globally, rising bond yields and tech CDS spreads keep financial conditions tight

Long-term yields in advanced economies have risen further over the past three months, led by the UK, the US and France.

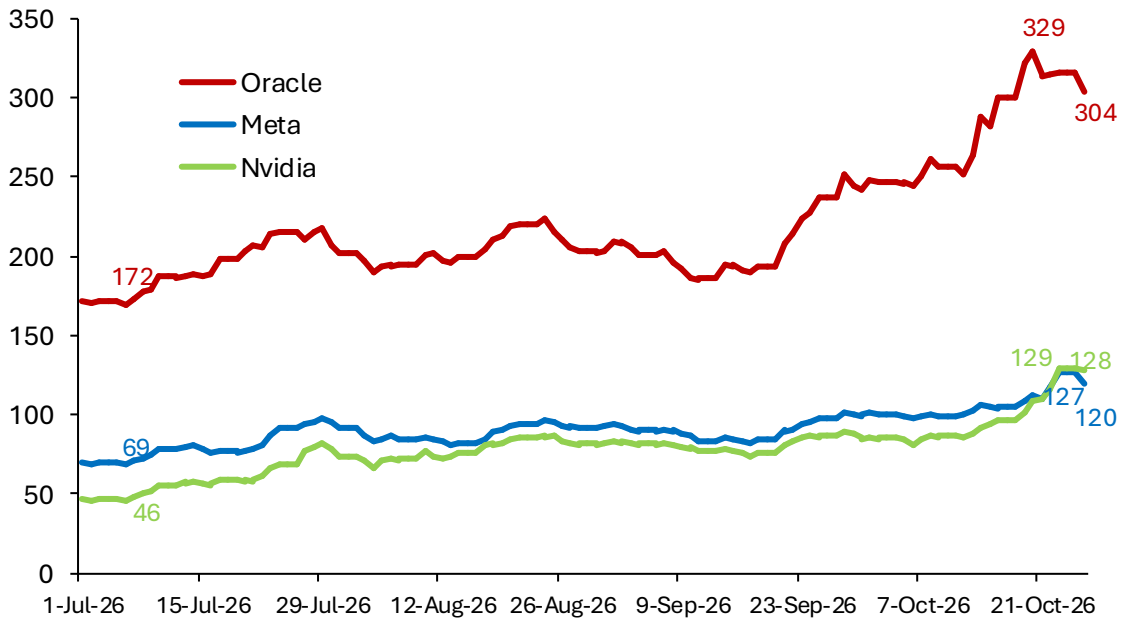
10-Year Government Bond Yields, Major Advanced Economies (Jul–Oct 2026, % per annum)



avg = average for the month, UK = United Kingdom, US = United States.
Source: Bloomberg, data as of 27 October 2026.

The cost of insuring against defaults by major tech firms has climbed sharply amid heavy AI-related borrowing.

5-Year CDS Spreads of Selected Big Tech Companies (Jul–Oct 2026, basis points)



CDS = credit default swap.
Source: Bloomberg, daily data as of 27 October 2026.

RCI Perception

Awareness: From findings to action

Institutions register; agreements and their benefits are less visible

	What we found	What policy can do	
F1	**People know institutions, not agreements** ASEAN 81% vs RCEP 36% among members; SASEC 25%, GMS 34%	Anchor messages on names people know, and present agreements such as RCEP through them and their everyday results	R1
F2	**Awareness varies widely across regions** Southeast Asia 93%, South Asia 71%, East Asia 54% (Japan 33%, Korea 25%); people learn via news and social media	Use mainstream and social media with economy-specific messages; in Japan and Korea, link RCEP to trade and travel gains	R2

Notes: The RCI Perception Survey 2026 ran online from 23 July to 9 August 2026, gathering responses from 4,683 adults in 13 economies across South Asia, Southeast Asia, and East Asia. It examines awareness, perceived benefits, and concerns about regional cooperation and integration, using a quota-based sample that is not nationally representative.
Source: ADB RCI Perception Survey 2026.

Benefits: From findings to action

Support is broad; experienced benefit is narrower and uneven

	What we found	What policy can do	
F3	**Support is high, but benefit trails it** 92% say RCI matters for their economy; support exceeds benefit in all 13 economies	Shift from persuasion to attribution: show concrete gains in prices, jobs, e-commerce and travel, and credit them to cooperation	R3
F4	**Gains cluster among the better-off and trade-exposed** High income and a trading employer each add about 0.15 to the benefit index; +21 points in use of cross-border services	Widen who gains: trade facilitation and digital onboarding for MSMEs, and outreach to lower-income and non-trading households	R4
F5	**Priorities differ by region** South Asia: FDI 51%, remittances 26%. East Asia: infrastructure 47%, payments 24%. Southeast Asia: trade 68%	Differentiate the agenda: investment and remittances in South Asia, connectivity and payment links in East Asia, deeper trade in Southeast Asia	R5

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Source: ADB RCI Perception Survey 2026.

Concerns: From findings to action

Shared risks, and frictions that respondents name precisely

	What we found	What policy can do	
F6	**Supply-chain disruption worries nearly everyone** 86% concerned and 87% feel effects, with little difference across groups; 88% back cooperation on essential goods	Make supply-chain and essential-goods resilience a flagship: it has the widest public base of any theme	R6
F7	**Frictions are specific and fixable** Import taxes 63%; non-tariff barriers 56% in Southeast Asia; payment fraud 62%; remittance fees 56%; interoperability 47% in East Asia	Target technical assistance at these frictions: standards, payment interoperability and fraud safeguards, cheaper remittances	R7
F8	**Risk exposure differs by region and income** Climate risk: South Asia 52% vs East Asia 40%; protectionism: East Asia 51%; lower-income respondents rank environment 9 points higher	Tailor climate cooperation to exposure, keep lower-income voices in priority setting, and answer protectionism with rules-based trade	R8

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Source: ADB RCI Perception Survey 2026.

Thank you!