

Executive Summary

ASEAN Integration Report 2025: Challenges and Opportunities for ASEAN MSME Trade - Insights from the Food and Beverage Industry

ASEAN's Food and Beverage (F&B) sector is globally competitive, yet trade between ASEAN countries remains limited and fragmented. While tariffs on most intra-regional trade are already low or near zero, firms continue to face significant barriers in the form of non-tariff measures (NTMs), including divergent food standards, as well as uneven logistics integration. As MSMEs are the sector's core producers, scale considerations and produce perishability interact to create a sector-specific trade challenge. For ASEAN to deliver on its Vision 2045 targets for inclusive and sustainable growth, the ability to harmonise regulations, accelerate digital transformation, and integrate MSMEs — including women-led enterprises — into regional value chains will be key.

This report examines how regulatory divergence, digitalisation gaps, and logistics barriers shape the competitive-ness of ASEAN's F&B trade. Drawing on consultations and interviews in Malaysia and Thailand, it identifies key structural challenges, evaluates the potential of digital and institutional reforms, and proposes practical steps to build a more integrated and inclusive regional trade environment.

Key Discussion Points

- **Regional integration remains shallow:** ASEAN's F&B exports have expanded nearly fourfold since 2003, but intra-ASEAN trade remains weak due to low supply chain complementarity.
- **Fragmented labelling standards and certifications increase compliance burdens:** Differences in nutrition labelling, language requirements, and conformity assessments continue to create overlapping costs that dis-proportionately affect MSMEs.

- **Halal certification shows how inconsistent rules can limit ASEAN’s ability to capture a growing market:** Inconsistent certification and limited mutual recognition hinder market growth. Malaysia’s halal system offers a model for a harmonised ASEAN approach.
- **Digitalisation could transform compliance and traceability:** Tools such as digital SPS certification, QR-based labelling, and blockchain traceability can reduce costs and improve transparency. Several ASEAN Member States (AMS) have adopted digital or pilot SPS certification systems, but uneven implementation and limited SPS interoperability through the ASEAN Single Window (ASW) continue to restrict region-wide efficiency.
- **Women-led MSMEs face structural and systemic disadvantages:** Women dominate small-scale F&B production but face higher certification costs, longer customs clearance times, and lower digital access, limiting participation in regional value chains.
- **Logistics inefficiencies continue to act as hidden trade barriers:** Fragmented cold chain infrastructure, unpredictable border processes, and inconsistent de minimis thresholds raise trade costs and discourage formal participation by smaller firms.

Policy Recommendations

- **Harmonise regional nutrition labelling and adopt digital labelling (i.e. e-labels):** Advance a consistent front-of-pack labelling (FoPL) framework and complement this with interoperable QR-code back-of-pack labelling (BoPL). A combined approach would reduce duplication and production costs, enable multilingual updates without reprinting, strengthen traceability and product authentication, and support MSMEs through lower compliance burdens across markets.
- **Deepen digital SPS interoperability and traceability through the ASW:** Expand e-Phyto and e-SPS exchanges across ASEAN by enabling a dedicated ASW channel to the global e-Phyto Hub, reducing duplication and lowering system development costs for AMS. Complement this with mandatory lot code traceability at the product

level, supported by enforceable penalties, to strengthen product authenticity and curb illicit trade.

- **Reform logistics systems to reduce costs and improve inclusion:** Harmonise de minimis thresholds to simplify low-value cross-border trade and provide clearer regional guidance on halal logistics to support compliance. In parallel, pilot shared container and pooled logistics schemes so MSMEs can consolidate shipments and avoid being pushed into informal channels when they cannot meet full container load requirements.
- **Strengthen cold chain logistics and use DEFA to advance future-ready regulation:** Expand MSME access to cold chain capacity and Internet of Things (IoT)-based monitoring through concessional finance, targeted training and public-private partnerships (PPP). Leverage the ASEAN Digital Economy Framework Agreement (DEFA) to develop regional standards for AI-enabled traceability, labelling, and risk-based inspection, ensuring regulatory systems modernise in step with digital trade and that MSMEs are able to participate.