

Recent Developments in the ASEAN+3 Sustainable Bond Market

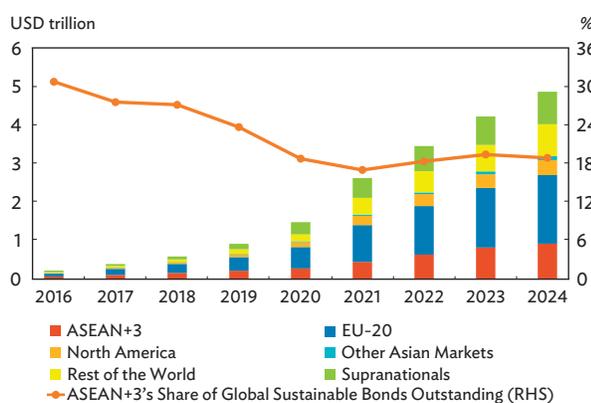
Sustainable Bonds Outstanding

Sustainable bonds outstanding in ASEAN+3 markets expanded to USD917.6 billion at the end of 2024 amid a slowdown in annual issuance.¹⁰ Year-on-year (y-o-y) growth eased to 12.1% in 2024, down from 29.4% in 2023, tracking global growth moderation to 15.2% in 2024, down from 22.2% in 2023. ASEAN+3's sustainable bond market growth outpaced that of the United States (6.2% y-o-y) but lagged that of the European Union 20 (EU-20) (15.2%). ASEAN+3's share of the global sustainable bond market slightly dipped to 18.9% in 2024 from 19.4% in 2023 as the second-largest market globally, following the EU-20's 36.6% share (Figure 10). ASEAN+3's sustainable bond market size of USD917.6 billion in 2024 reflected a nearly sixfold increase from USD158.6 billion in 2018. Despite this expansion, ASEAN+3's sustainable bond

market accounted for only 2.3% of the region's general bond market at the end of 2024, trailing the EU-20's corresponding share of 8.1%. Within ASEAN+3, the fastest growing sustainable bond markets were those of Japan and the Association of Southeast Asian Nations (ASEAN), with y-o-y growth rates of 26.6% and 25.4%, respectively, in 2024.

At the end of 2024, the ASEAN+3 sustainable bond market largely comprised green bonds, private sector issuances, and local currency (LCY) financing (Figure 11). Some improvements in the diversity of ASEAN+3's sustainable bonds were observed in 2024, with the share of green bonds falling to 59.1% at the end of December from 63.0% a year earlier. In contrast, the EU-20's share of green bonds to total sustainable bonds outstanding stood at 65.7%. ASEAN+3 has relatively

Figure 10: Global Sustainable Bonds Outstanding



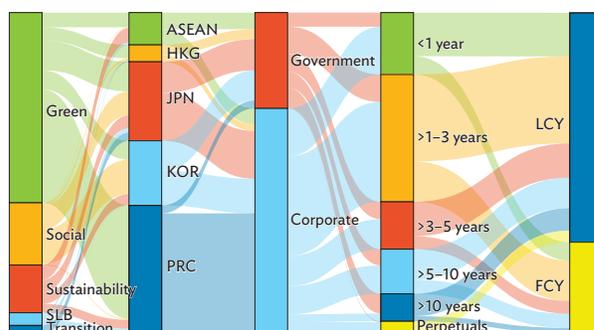
ASEAN+3 = Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; Japan; and the Republic of Korea;
EU-20 = European Union 20; RHS = right-hand side; USD = United States dollar.

Notes:

- The EU-20 includes EU member markets Austria, Belgium, Croatia, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain.
- Data include both local currency and foreign currency issues.

Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

Figure 11: Market Profile of Outstanding ASEAN+3 Sustainable Bonds at the End of 2024



ASEAN = Association of Southeast Asian Nations; PRC = People's Republic of China; FCY = foreign currency; HKG = Hong Kong, China; JPN = Japan; KOR = Republic of Korea; LCY = local currency; SLB = sustainability-linked bond.

Notes:

- ASEAN+3 is defined to include member states of ASEAN plus the People's Republic of China; Hong Kong, China; Japan; and the Republic of Korea.
- ASEAN comprises the markets of Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam.
- SLBs include transition-linked bonds.

Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

¹⁰ ASEAN+3 is defined to include member states of ASEAN plus the People's Republic of China; Hong Kong, China; Japan; and the Republic of Korea.

more transition bond issuance, with outstanding transition bonds accounting for 2.8% of the total sustainable bond stock, compared with a corresponding share of only 0.3% in the EU-20 (Table). Public sector participation in ASEAN+3 sustainable bonds remained low. Only 29.8% of sustainable bonds outstanding at the end of 2024 had been issued by the public sector, compared with the EU-20's 48.8% share. In contrast, ASEAN+3's public sector accounted for 75.2% of all general bonds outstanding at the end of December. Within ASEAN+3, the public sector accounted for the largest share of the sustainable bond market in Hong Kong, China (59.6%) and in ASEAN economies (51.5%). In ASEAN+3, the average LCY financing share in the region's sustainable bond market was 71.2% at the end of 2024, compared with 95.3% in the region's general bond market. In the EU-20, however, the LCY financing shares in the sustainable and general bond markets are more comparable at 90.2% and 89.5%, respectively.

Table: Instrument, Issuer, and Currency Profiles in the ASEAN+3 and European Union 20 Sustainable Bond Markets at the End of 2024 (%)

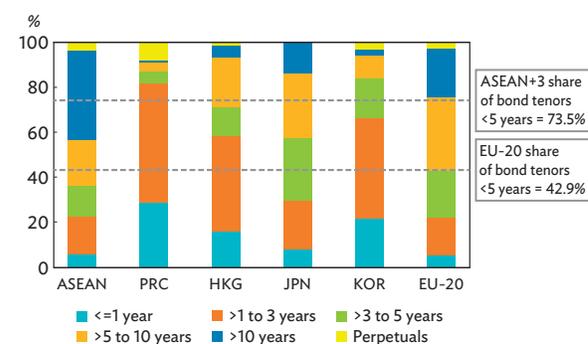
By End-2024	ASEAN+3	EU-20
Instrument profile (as a share of regional sustainable bonds outstanding)		
Green bonds	59.1	65.7
Social bonds	19.3	17.1
Sustainability bonds	14.8	9.2
SLBs (including transition-linked bonds)	4.0	7.8
Transition bonds	2.8	0.3
Issuer and currency profile		
Private sector (as a share of regional general bonds outstanding)	24.8	39.9
Private sector (as a share of regional sustainable bonds outstanding)	70.2	51.2
LCY financing (as a share of regional general bonds outstanding)	95.3	89.5
LCY financing (as a share of regional sustainable bonds outstanding)	71.2	90.2

ASEAN+3 = Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; Japan; and the Republic of Korea; EU-20 = European Union 20; LCY = local currency; SLB = sustainability-linked bond.

Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

ASEAN+3 sustainable bonds outstanding at the end of 2024 mostly comprised short- to medium-term financing. Around 73.5% of ASEAN+3's sustainable bonds outstanding at the end of December had remaining tenors of 5 years or less, which was a much larger share than the EU-20's 42.9%. This resulted in a size-weighted average tenor of 4.5 years, nearly half of the EU-20's average of 8.3 years (Figure 12). The maturity structure of ASEAN sustainable bonds is closer to that of the EU-20, with 64.0% of outstanding sustainable bonds in ASEAN economies at the end of December carrying remaining maturities longer than 5 years. ASEAN outstanding sustainable bonds had a size-weighted average tenor of 11.2 years, exceeding the EU-20's 8.3 years. The prevalence of longer-tenor bonds in ASEAN markets is largely due to the active participation of the public sector, with the government regularly issuing sustainable bonds in Indonesia, the Philippines, Singapore, and Thailand. By instrument type, green bonds and social bonds mostly carried short-term tenors at the end of 2024, with 77.2% and 79.0% of ASEAN+3's outstanding green and social bonds, respectively, carrying remaining tenors of 5 years or less, compared with corresponding shares of 39.7% and 52.6%, respectively, in the EU-20 (Figure 13).

Figure 12: Maturity Profiles of ASEAN+3 and European Union 20 Sustainable Bonds Outstanding at the End of 2024



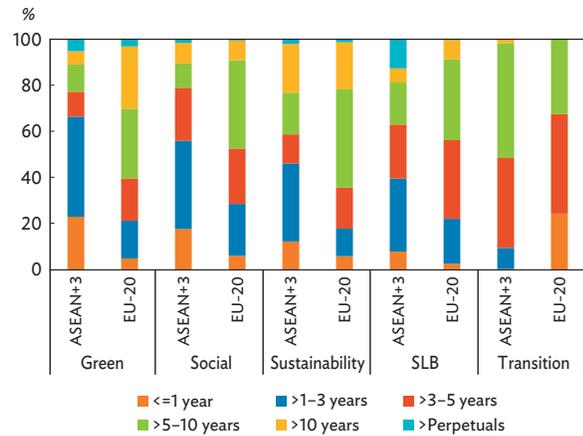
ASEAN = Association of Southeast Asian Nations; PRC = People's Republic of China; EU-20 = European Union 20; HKG = Hong Kong, China; JPN = Japan; KOR = Republic of Korea.

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2. ASEAN comprises the markets of Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam.
3. The EU-20 includes European Union member markets Austria, Belgium, Croatia, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain.
4. Data include both local currency and foreign currency issues.

Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

Figure 13: Maturity Profiles of ASEAN+3 and European Union 20 Sustainable Bonds Outstanding by Type of Bond at the End of 2024



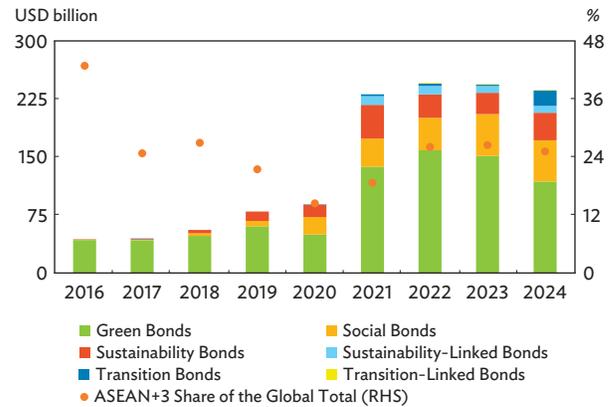
ASEAN+3 = Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; Japan; and the Republic of Korea;
 EU-20 = European Union 20; SLB = sustainability-linked bond.

Notes:

1. The EU-20 includes EU member markets Austria, Belgium, Croatia, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain.
2. Data include both local currency and foreign currency issues.
3. SLBs include transition-linked bonds.

Source: *AsianBondsOnline* computations based on Bloomberg LP data.

Figure 14: ASEAN+3 Sustainable Bond Issuance and Share of the Global Total



ASEAN+3 = Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; Japan; and the Republic of Korea; RHS = right-hand side; USD = United States dollar.

Notes:

1. Data include both local currency and foreign currency issues.
2. Sustainability-linked bonds include transition-linked bonds.

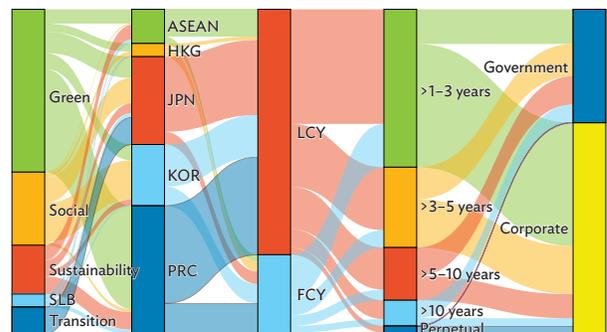
Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

Sustainable Bond Issuance

ASEAN+3 sustainable bond issuance fell to USD237.2 billion in 2024 on a 3.1% y-o-y contraction, amid lingering high interest rates and expectations of policy shifts in the United States (US). The pace of contraction, however, was slower compared to that in the EU-20 where sustainable bond issuance declined 9.0% y-o-y in 2024. Despite a contraction in issuance, the EU-20 and ASEAN+3 remained the largest issuers of sustainable bonds in the world, accounting for global shares of 30.2% and 25.2%, respectively (Figure 14).

During the year, the slowdown in ASEAN+3's issuance was due to a decline in the issuance of green bonds, which were down 21.8% y-o-y, and social bonds, which fell 1.4% y-o-y. On the other hand, the issuance of transition bonds accelerated rapidly by 1,170.0% y-o-y and sustainability bond issuance increased 29.4% y-o-y during the same period. The PRC accounted for 39.5% of total regional sustainable bond issuance in 2024 and 63.4% of regional green bond issuance. The PRC and ASEAN markets accounted for 36.0% and 30.0% of regional sustainability bond issuance, respectively. The Republic of Korea issued around 53.5% of regional social bonds, while Japan issued nearly all of the region's transition bonds.

Figure 15: Market Profile of ASEAN+3 Sustainable Bond Issuance in 2024



ASEAN = Association of Southeast Asian Nations; PRC = People's Republic of China; FCY = foreign currency; HKG = Hong Kong, China; JPN = Japan; KOR = Republic of Korea; LCY = local currency; SLB = sustainability-linked bond.

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3. SLBs include transition-linked bonds.

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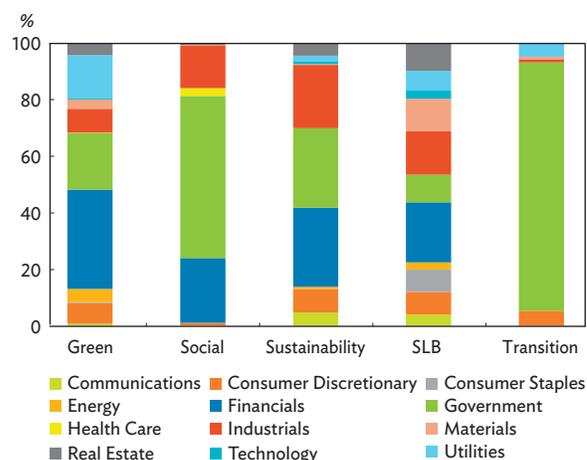
Consistent with the market profile for outstanding bonds, ASEAN+3's sustainable bond issuance in 2024 remained dominated by LCY, short- and medium-term, and private sector financing (Figure 15).

- Around 75.5% of ASEAN+3 sustainable bond issuance in 2024 was in a local currency, which was lower than the LCY financing share of 95.6% for general

bond issuance. In ASEAN economies, however, the LCY issuance shares in the sustainable bond market (79.3%) and general bond market (80.6%) were broadly similar in 2024. Meanwhile, in the EU-20, the LCY share of its sustainable bond issuance (86.6%) exceeded the corresponding share for general bond market issuance (78.0%) in 2024.

- Around 73.3% of ASEAN+3’s sustainable bond issuance during the year carried tenors of 5 years or less, compared with a much lower share of 43.5% for ASEAN markets. The size-weighted average tenor of sustainable bond issuance in ASEAN was 12.3 years, more than double the 6.0 years for ASEAN+3 and higher than the 9.0 years for the EU-20. The relatively higher share of longer-term sustainable bond financing in ASEAN is largely driven by the active participation of the public sector, which accounted for 75.8% of sustainable bond issuance with tenors of over 5 years in 2024.
- Around 65.1% of sustainable bonds issued in ASEAN+3 in 2024 were from the private sector, contrasting with the private sector’s share of 35.4% in the region’s general bond market. The public sector has a strong presence in transition bond issuance, representing 88.0% of ASEAN+3’s transition bond issuance in 2024, and in social bond issuance (57.4%). The private sector led in the issuance of sustainability-linked bonds (90.2% of regional issuance), green bonds (79.9%), and sustainability bonds (71.9%). Among private sector issuers, the largest issuance shares belonged to the financial sector (42.8%), industrials (18.1%), and utilities (13.4%).

Figure 16: ASEAN+3 Sustainable Bond Issuance by Sector in 2024



SLB = sustainability-linked bond.

Notes:

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