

CHAPTER 2

REGIONAL OUTLOOKS

EAST ASIA and PACIFIC



Regional growth slowed to 6.5 percent in 2015, and is expected to decelerate to 6.2 percent during 2016-18. The gradual slowdown in China more than offsets a nascent pickup in activity elsewhere in the region, supported by public investment and robust private consumption. Short-term risks are broadly balanced. On the downside, they include a sharper-than-expected slowdown in China (although a low-probability scenario), and tighter business credit amid high corporate and household leverage in the region. Since the region is highly open to trade, a pickup in advanced country growth, or further declines in commodity prices, are upside risks. Key policy objectives include an orderly sectoral rebalancing and deleveraging in China, strengthened medium-term fiscal and macro-prudential frameworks, and structural reforms to support long-term growth as the population ages and the labor force grows more slowly.

Recent developments

Growth in the East Asia and Pacific (EAP) region slowed from 6.8 percent in 2014 to 6.5 percent in 2015, in line with previous expectations (Table 2.1.1). The deceleration reflects the gradual slowdown in China—from 7.3 in 2014 to 6.9 percent in 2015.¹ Other commodity-importing economies in the region saw an acceleration of activity, supported by solid domestic demand, amid strong labor markets and low energy prices (Figure 2.1.1). The region as a whole has shown resilience to external headwinds, including weak trade and tightened financing conditions (World Bank 2016a). This resilience partly reflects several years of countercyclical policies that have helped build policy buffers and buttress investor confidence (Box 2.1).

China

In China, measures to address overcapacity, including through cuts in investment, in energy-intensive, highly polluting, inefficient enterprises in older sectors (raw coal and crude steel for

example), have caused a sharp drop in industrial production (Figure 2.1.2). Weak external demand and periods of financial market volatility have also contributed to the slowdown in activity. Expansionary policies have moderated the deceleration. In 2015, the People's Bank of China (PBC) implemented five cuts in the benchmark one-year lending rate and four cuts to the reserve requirement rate. A new round of fiscal stimulus measures in 2016 includes tax cuts, increases in spending on social welfare (poverty reduction and social housing), and education. These measures are expected to contribute to a record budget deficit of 3 percent of GDP in 2016. The PBC kept an easing bias in 2016 by implementing additional cut in reserve requirement rate in March.

The rapid growth of monetary aggregates, accompanied by a rise in debt to over 250 percent of GDP in March 2016, and of housing prices (especially in first tier cities), is raising concerns about financial vulnerabilities. A tightening of property market policy, including higher down payment requirements for home buyers and tighter oversight on financing through the shadow banking system, was implemented in March, and aims to moderate the surge in first tier housing prices. There are also indications that credit growth started to ease in April, reflecting new measures implemented by the PBC to temper excessive borrowing.

Note: The author of this section is Ekaterine Vashakmadze. Research assistance was provided by Liwei Liu.

¹Chinese official statistics indicate that growth has declined gradually from 10.6 percent in 2010 to 6.9 percent in 2015. Alternative assessments by some analysts, weighing industrial activity more heavily suggest a sharper slowdown.

BOX 2.1.1 Macroeconomic policy developments in selected EAP countries

The resilience of the region to financial market volatility partly reflected several years of counter-cyclical policies. Since 2013, these have helped build policy buffers, allowed accommodative policies in 2015-16, and supported investor confidence.

Monetary and exchange rate policy

Since the taper-tantrum of mid-2013, policy tightening in Indonesia (one of the emerging economies considered fragile during that episode) and tighter macro-prudential regulations in the rest of the region helped reduce vulnerabilities. This, in combination with low inflation (helped by falling oil prices), enabled EAP central banks to ease or maintain an accommodative monetary policy stance in late 2015 and early 2016 (Figure 2.1.3). For example, Indonesia lowered policy rates in January, February, and March, in response to the stabilization of the rupiah and a decline in inflation. Flexible exchange rates, occasionally supplemented with foreign currency interventions to smooth volatility, helped absorb shocks and prepare economies for tighter external financing conditions.

Fiscal policy

In Indonesia and Malaysia, macroeconomic frameworks have been improved by historic subsidy reforms, a series of investment-friendly policy packages, and reduced dependence on budget revenue related to the commodity sector. Malaysia introduced a new Goods and Services Tax (GST) in April 2015 which, together with measures to reduce operating expenditures, helped achieve a target deficit of 3.2 percent of GDP in 2015. Absent the introduction of the GST, the deficit might have widened to 4.2 percent of GDP. Fiscal consolidation amid strong GDP growth also helped to stabilize the government debt-to-GDP ratio.

While Indonesia's fiscal deficit widened in 2015, it remained below the statutory limit of 3 percent of GDP on the back of subsidy reform and cuts to low-priority spending, helping to protect outlays for infrastructure and targeted social assistance. In the Philippines, fiscal deficits for the general government narrowed significantly, from 3.5 percent of GDP in 2010 to just under 1 percent in 2015, helped by strong revenue collection through faster growth and improved tax administration.

China's economic rebalancing continues, from investment to domestic consumption, and from manufacturing to services (Lardy 2016). The services sector, which now constitutes half of nominal GDP, has overtaken manufacturing as the major driver of growth and accounts for the majority of new urban jobs. The financial sector and other services were particularly dynamic in 2015. Inflation, which was less than 2 percent in 2015 (below the PBC target rate of 3 percent), picked up in early 2016. Producer price inflation, which has been negative since March 2012, showed signs of bottoming out.

Capital outflows in 2015 contributed to a depletion of about 20 percent (\$0.8 trillion) of foreign reserves compared with their August 2014 peak. About two fifths of these outflows were related to a repayment of short-term external debt and diversification of assets by residents. The remaining capital outflows may partly have reflected expectations of renminbi depreciation. Tighter enforcement of capital controls and improved communication of policy objectives, including exchange rate policies, helped to clarify policy objectives, stabilize financial markets, ease pressures on the renminbi, and slow outflows. China's net foreign asset position remains firmly positive (14 percent of GDP at the end of the third quarter of 2015; BIS 2016; World Bank 2016b).

Rest of the region

Growth in the region excluding China has been resilient. This reflects strong consumption, encouraged by low fuel prices, and public investment. Plunging oil prices contributed to low inflation, which allowed the region's major central banks to maintain accommodative policies. Strong domestic demand underlay growth in commodity importers (the Philippines) and an acceleration of activity in Vietnam and Thailand (Table 2.1.2). Growth in net-fuel exporting Malaysia moderated with output expanding by 5 percent in 2015, reflecting some softening in private consumption. Growth in exporters of other commodities (Indonesia, Myanmar), showed signs of bottoming out amid buoyant domestic demand and a recovery of public investment.

Export growth slowed in the region as a whole in 2015, but started to show signs of bottoming out in the first half of 2016. In contrast to the rest of the region, exports in Cambodia and Vietnam have remained buoyant throughout 2015—these countries benefit from sizeable foreign direct investment into their highly cost-competitive manufacturing, including production of garments and other consumer goods. Growth in the Philippines has been bolstered by steady inflows of remittances and trade in services.

Despite weak exports, compression of import values has led to increased or stable current account surpluses in commodity importers, especially in Thailand. In Vietnam, expansionary fiscal policy and related strong imports contributed to a lower current account surplus in 2015 (Figure 2.1.4). In net-energy exporters such as Malaysia, the current account surplus narrowed but remained positive, with strong non-commodity export performance (particularly electrical and electronics manufactures).

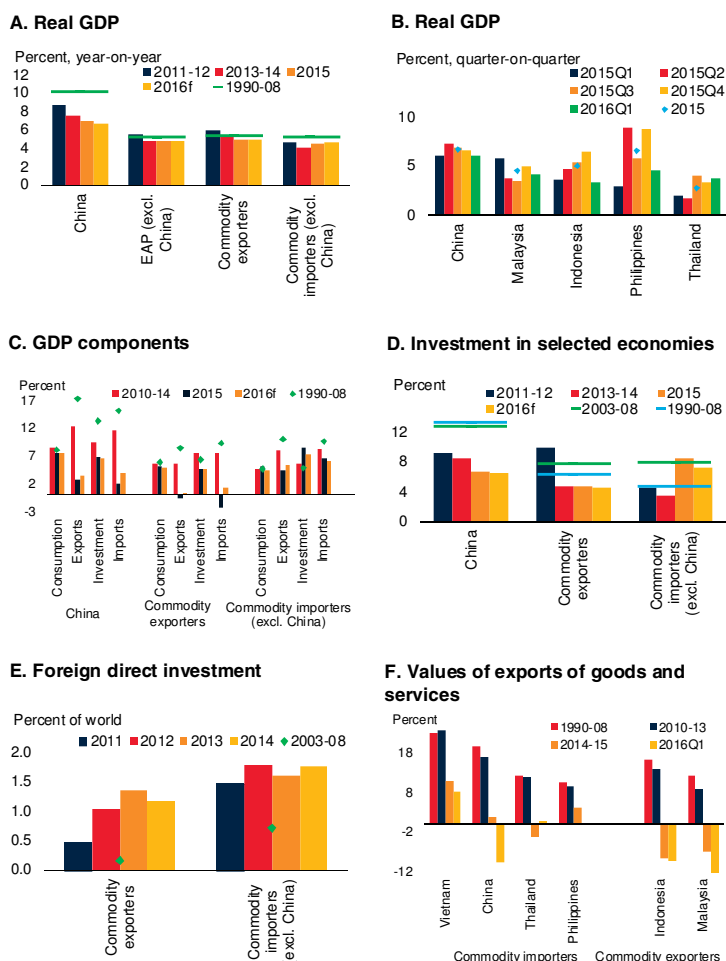
Financial market conditions were volatile in early 2016 but have stabilized since February, driven in part by signs that monetary policy in advanced economies will remain more accommodative than previously anticipated. In recent months, corporate and sovereign risk spreads, which rose across the region in late 2015 and early 2016, have eased, and regional currencies have appreciated against the U.S. dollar, reflecting renewed capital inflows and moderating outflows. Equity and bond markets have generally recovered over the same period.

Outlook

The regional outlook remains broadly unchanged, with growth expected to ease slightly, but remain above 6 percent through 2018. This assumes an orderly slowdown in China, where growth is projected to slow gradually from 6.7 percent in 2016 and 6.3 percent in 2018, which in turn depends on smooth progress of structural reforms, with appropriate policy stimulus as needed. In the remainder of the region, growth will increase gradually, from 4.8 percent in 2016 to 5.2 percent in 2018, supported by rising investment in several

FIGURE 2.1.1 EAP growth

Growth is estimated to have slowed to 6.5 percent in 2015, and is expected to decelerate further to 6.2 percent on average in 2016-18. This reflects the gradual slowdown in China and a modest recovery in the rest of the region. Activity in the region excluding China has been supported by public investment, but exports have been weak.



Sources: World Bank World Development Indicators; International Monetary Fund, International Financial Statistics; World Economic Outlook; Haver Analytics; United Nations Conference on Trade and Development.

A. Commodity exporters include Fiji, Indonesia, Malaysia, Mongolia, Myanmar, Papua New Guinea, Tonga, and Timor-Leste. Commodity importers include Cambodia, Lao PDR, Philippines, Samoa, Solomon Islands, Thailand, Tuvalu, Vanuatu, and Vietnam.

B. The data are seasonally adjusted.

C and D. Commodity exporters include Indonesia and Malaysia. Commodity importers include Cambodia, Kiribati, Lao PDR, Philippines, Solomon Islands, Thailand, and Vietnam.

F. Exports of goods for China, Thailand, and Vietnam.

large economies (Indonesia, Malaysia, Thailand), low commodity prices (Thailand, the Philippines, Vietnam), and strong consumption (the Philippines).

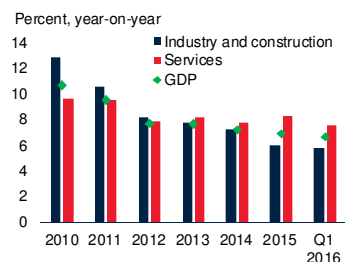
Commodity exporters

Growth is expected to edge up in Indonesia to slightly over 5 percent in 2016 and 5.5 percent by 2018. Investment is likely to lead the recovery,

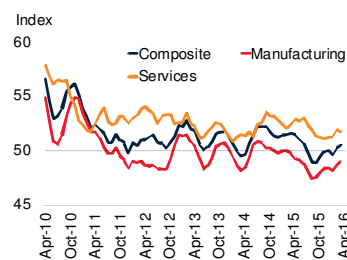
FIGURE 2.1.2 China: Activity, exchange rates, and external accounts

Growth in China continues to slow gradually and is rebalancing. The services sector, which now constitutes about half of GDP, has overtaken industry as a driver of growth. Policy support has contributed to a rebound of activity in 2016. Financial markets have stabilized. Pressures on the renminbi (RMB) eased and capital outflows slowed after contributing to about a 20 percent fall in foreign reserves from the August 2014 peak.

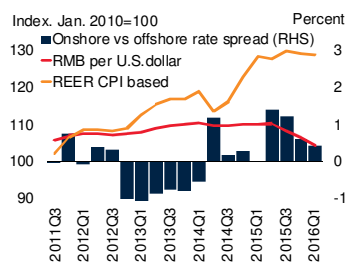
A. Real GDP growth



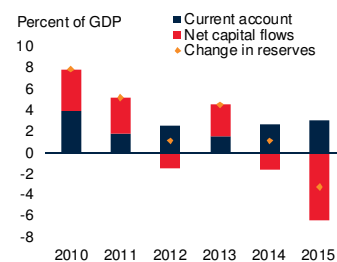
B. Purchasing Managers Index



C. Nominal and real effective exchange rates (REER)



D. Balance of payments



Sources: World Bank; Bloomberg; Haver Analytics; International Monetary Fund, International Financial Statistics.

B. Value greater than 50 indicate expansion. Data are seasonally adjusted, rolling 3-month average.

D. Net capital flows include net errors and omissions.

helped by an acceleration of public spending. However, with external demand still facing headwinds, this projection depends on the implementation of an ambitious public investment program and the success of recent government reforms to reduce red tape and uncertainty for private investments (IMF 2016e, World Bank 2016c).

In Malaysia, growth should slow to around 4.4 percent in 2016, as the economy adjusts to weak commodity prices and public spending cuts due to lower natural resource sector revenues. Tight labor market conditions are expected to underpin solid, albeit moderating, domestic demand growth. Financial conditions are likely to remain benign, but credit growth will continue to moderate, reflecting tighter macro-prudential policies.

Growth is expected to rebound gradually in 2017-18, as commodity prices stabilize and reforms are implemented to spur investment, which has already showed signs of bottoming out (IMF 2016e; World Bank 2015a).

Mongolia continues to adjust to the end of a mining boom, with economic activity held back by weakening mineral exports and by government efforts to contain public debt. In Myanmar, growth is projected to accelerate to 8.4 percent on average in 2017-18, reflecting continued strong commodity-related investment. In Papua New Guinea, growth should fall sharply in 2016 following strong output in 2015, the first full year of production, and reflecting domestic adjustment to low liquefied natural gas (LNG) prices. In Timor-Leste, growth in the non-oil economy is expected to rebound to 5.5 percent on average in the medium term, with investment, especially public sector construction projects, the major driver of growth.

Commodity importers

Among the large developing ASEAN economies, Vietnam and the Philippines have the strongest growth prospects. In the Philippines, growth is projected to firm to 6.4 percent in 2016, with an accelerated implementation of public-private partnership projects and strong domestic demand. The country benefits from diversified export markets and low global commodity prices. In Vietnam, output is expected to expand at an average of 6.3 percent in 2016-18, with all categories of demand buoyed by strong foreign direct investment, growing exports of manufactures, and solid labor markets. In Thailand, growth is expected to strengthen gradually as investor confidence returns, but is likely to remain below 3 percent in 2016-18, reflecting weak global trade.

Growth in several of the smaller economies in the region should be supported by strong FDI. They are also likely to benefit from export growth (such as garments in Cambodia and electricity in Lao PDR), despite weak global demand, reflecting competitive price advantages. Growth in Cambodia will to ease only slightly and should

remain around 6.8 percent in 2016–18. In Lao PDR, growth is expected to remain at around 7 percent, supported by investment in the power sector and growing regional trade integration.

Risks

Short-term risks to the forecast are balanced. On the downside, they include a sharper-than-expected slowdown in China (although a low-probability scenario), which would generate sizable spillovers to the rest of the region. Within China, excessive leverage in parts of the industrial and real estate sectors is a growing vulnerability. Estimates show that a one-off, 1-percentage-point decline in China's growth rate would reduce growth by around 0.4 of a percentage point in Indonesia, Malaysia, and Thailand. The magnitude of spillovers from China would be more pronounced if growth fluctuations are amplified via the confidence channel (World Bank 2016b). Other risks are related to weaker-than-expected global trade and bouts of volatile and tighter global financial conditions, similar to the episodes in August 2015 and January-February 2016. A renewed decline in commodity prices is mainly an upside risk for the region as a whole, which is a net commodity importer, but a downside risk for commodity exporters (World Bank 2016d).

Policy challenges

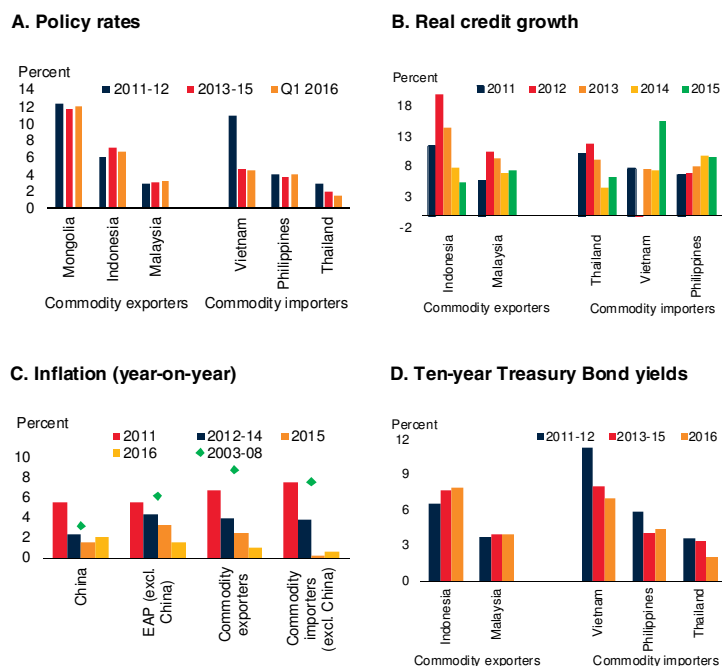
China

Key policy challenges for China include managing a gradual slowdown and rebalancing demand from exports and investment to domestic consumption. There is also a pressing need to reduce leverage—particularly in industrial sectors where overcapacity is most evident and in areas where credit growth has been exceptionally high—through strengthened market discipline in the financial sector.² The use of short-term counter-cyclical fiscal measures would help avoid a sharp

²Chen et al. (2015) suggest that larger and faster deleveraging in the private sector (mainly driven by deleveraging in nonfinancial corporates) is positively associated with growth afterwards. Deleveraging should focus on up-front balance sheet adjustments.

FIGURE 2.1.3 EAP excluding China: Selected indicators

Since the taper-tantrum of mid-2013, policy tightening in Indonesia and strengthened macro-prudential regulations in the rest of the region helped reduce vulnerabilities—including a slower pace of real credit growth. This, in combination with low inflation, helped EAP central banks to ease or maintain an accommodative monetary policy stance in late 2015 and early 2016. Improved macroeconomic frameworks led to lower bond yields.



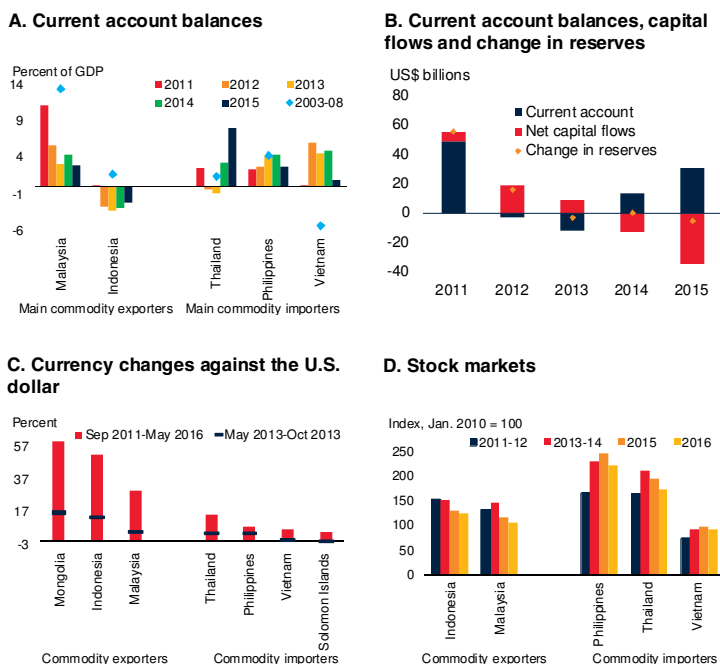
Sources: World Bank; Haver Analytics; International Monetary Fund, International Financial Statistics.
 A. Policy rates are average of end-of-period data.
 B. Average growth from January to August for 2015.
 C. 2016 is an average of January-April.
 D. 2016 data are through May.

slowdown in growth, but it would need to be undertaken within a medium-term fiscal consolidation framework. In particular, the government should reduce its extensive contingent liabilities to strengthen its government sheet (World Bank 2015b, 2016a; IMF 2015b). Reform of Chinese state-owned enterprises (SOEs) represents a key policy challenge (Peng, Shi, and Xu 2016). Sectors that are dominated by SOEs should be opened up to competition, privileges traditionally accorded to SOEs should be reduced to ensure a level playing field, and inefficient SOEs should be allowed to close in an orderly way (World Bank 2015b).

Recent turmoil in Chinese equity and currency markets is a reminder that financial market reforms that proceed faster than broader, market-

FIGURE 2.1.4 EAP excluding China: Selected indicators (continued)

Plunging oil prices contributed to solid current account balances for energy importers in the region, with the exception of Vietnam. Net energy exporters fared less well. Financial market conditions were volatile in early 2016 but have stabilized more recently. Regional currencies have appreciated against the U.S. dollar since February, and equity and bond markets have generally recovered.



Sources: World Bank; Haver Analytics; Bloomberg; International Monetary Fund, International Financial Statistics.

B. Net capital flows include net errors and omissions.

C. Positive values indicate depreciation.

D. 2016 data are through May.

oriented and institutional reforms may exacerbate volatility. Institutional reforms—such as better corporate governance, enhanced auditing and accounting standards, and stronger regulatory frameworks—are also required. In the absence of broad reforms of this nature, inefficient resource allocation, lower productivity growth, and wasteful investment may persist. This would weaken growth, worsen the debt overhang, and heighten risks to the financial system (Prasad 2016). To mitigate the negative effects of policy uncertainty and foster confidence, clear official communication is also essential.

Continued structural reforms will be required to improve the longer-term outlook. Growth has recently been supported by falling oil prices and monetary and fiscal stimulus. To create the conditions for sustainable increases in income, the

goal should be to facilitate reallocation of credit and factors of production toward more productive sectors, and away from declining sectors with excess capacity. Reducing the role of administrative measures in the financial sector and allowing a more market-based allocation of capital would help.

Rest of the region

For the rest of the region, the main policy challenge is to achieve faster, more inclusive growth, while preserving macro-financial stability. A major contribution could be through strengthening medium-term fiscal and macro-prudential frameworks (ADB 2016; World Bank 2016a). Medium-term fiscal consolidation to stabilize debt and reduce financing requirements would be particularly important for economies where domestic demand growth has been accompanied by high credit growth (Malaysia, Thailand), or where external demand had previously been boosted by the commodities boom (Indonesia, Mongolia, Papua New Guinea), or where fiscal deficits remain elevated (Mongolia, Papua New Guinea, Vietnam).³

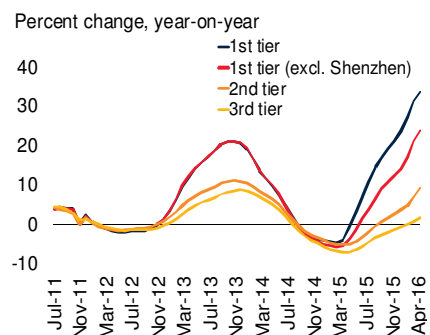
Fiscal policy measures should be established within a medium-term framework to create fiscal space and improve public expenditure efficiency. This can be achieved through improved revenue mobilization (Cambodia, Indonesia, the Philippines, Lao PDR), reduced dependence on fiscal revenue from energy sectors (Malaysia, Mongolia, Papua New Guinea), and increased and more efficient investment (Indonesia, the Philippines, Thailand). Better fiscal institutions would provide support for such reforms (World Bank 2015c; IMF 2016c). For commodity producers like Indonesia, Malaysia, Mongolia, and Papua New Guinea, the decline in prices underscores the need to enhance fiscal rules and improve the operation of institutions designed to manage commodity price volatility, such as sovereign wealth funds. State-owned enterprise reforms, including measures to enhance transparency and governance, could reduce drains on fiscal resources (Thailand, Vietnam). In

³Notwithstanding some stabilization, total debt remains high in China, Malaysia, and Thailand.

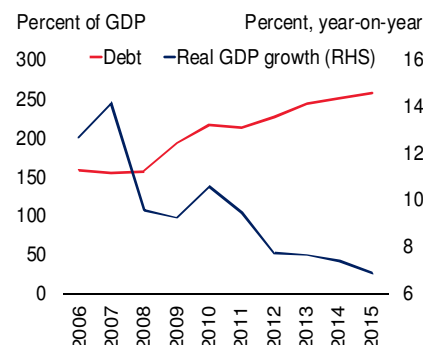
FIGURE 2.1.5 Vulnerabilities

In China, a sharp increase in house prices in the first tier cities raised concerns about renewed price bubbles. Fiscal policies across the region have generally tightened in line with medium-term fiscal objectives or remained neutral. Foreign currency reserves are generally adequate, but in a few cases foreign indebtedness is high. Stocks of outstanding domestic debt remain elevated in China, Malaysia, and Thailand.

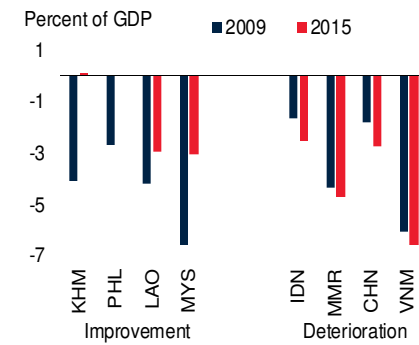
A. Housing prices in China



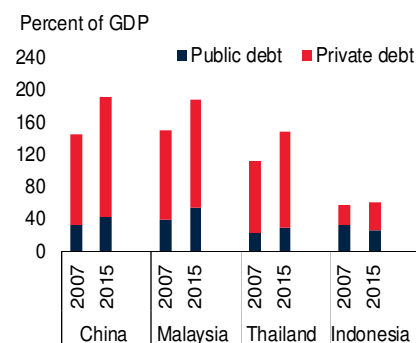
B. Total debt and real GDP growth in China



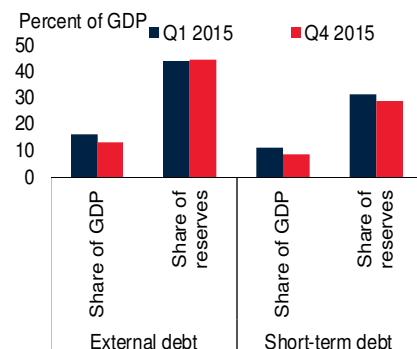
C. Fiscal balances



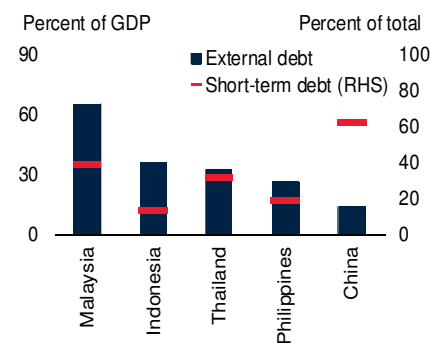
D. Total debt in EAP



E. External debt, China



F. External debt in EAP, 2015



Sources: World Bank, Quarterly External Debt Statistics; Bank for International Settlements; Haver Analytics; International Monetary Fund, World Economic Outlook. C. CHN = China, IDN = Indonesia, KHM = Cambodia, LAO = Lao PDR, MMR = Myanmar, MYS = Malaysia, PHL = Philippines, VNM = Vietnam. D. For both private and public debt, 2015 data are the average of 2015 Q1, 2015Q2 and 2015Q3. F. The data for China are for 2015Q3; for other countries, the data are for 2015Q4.

Thailand, where the closing of a large negative output gap may require an expansionary fiscal stance in the short-term, policies should also be framed in the overall context of a sustainable medium-term fiscal framework.

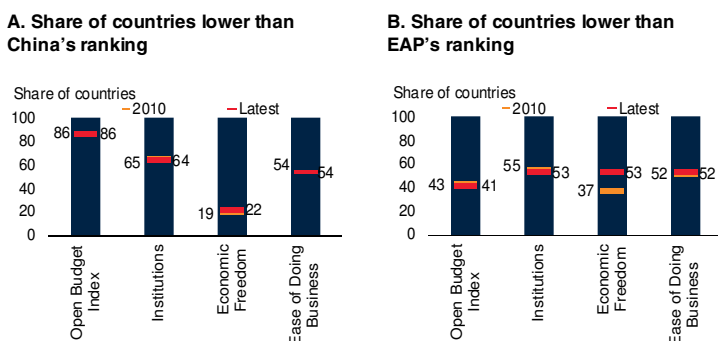
While low inflation has allowed reductions in policy interest rates, central banks must be watchful that a recovery in commodity prices does not generate a sustained acceleration in inflation. Banking sector reforms would be priorities for improving efficiency and the allocation of capital in Cambodia, Mongolia, and Vietnam. Strengthened financial sector (macro- and micro-prudential) policies could help buttress financial stability in the event of market turmoil. Relevant

measures include risk-informed pricing, rigorous borrower affordability assessments, supervisory vigilance over underwriting practices and capital adequacy, elevated reserve requirements, higher liquidity ratios or loan-loss provisions, and appropriate loan-to-value limits (IMF 2016d). Exchange rate flexibility should remain a key shock absorber, especially where terms of trade shocks are large (Mongolia, Papua New Guinea). Reserve interventions may, however, be useful to smooth unusually sharp exchange rate fluctuations caused by short-term capital flows in countries that have strong reserve positions.

Policy buffers—such as fiscal space (low public debt), and foreign currency reserves—are robust in

FIGURE 2.1.6 Policy issues

Across the region there is a room to improve business environment to boost competitiveness.



Sources: International Budget Partnership; World Economic Forum; Heritage Foundation; Transparency International; World Bank, World Development Indicators.

Note: The Open Budget Index (OBI) is the world's only independent, comparative measure of central government budget transparency. The OBI assigns countries covered by the Open Budget Survey a transparency score on a 100-point scale using 109 of the 140 questions on the Survey. The latest rank is for 2015. The Institution Rank data are from Pillar I. *Institutions* in Global Competitiveness Index. GCI is defined by the World Economic Forum. The variables are organized into twelve pillars with the most important including: institutions, infrastructure, macroeconomic framework, health and primary education and higher education and training. The GCI score varies between 1 and 7 scale, higher average score means higher degree of competitiveness. The latest rank is for 2015-16. Index of Economic Freedom measures economic freedom of 186 countries based on trade freedom, business freedom, investment freedom, and property rights. Each of the ten economic freedoms within these categories is graded on a scale of 0 to 100. A country's overall score is derived by averaging these ten economic freedoms, with equal weight being given to each. The latest rank is for 2016. The Ease of Doing Business Index ranks countries against each other based on how the regulatory environment is conducive to business operation and stronger protections of property rights. Economies with a high rank (1 to 20) have simpler and more friendly regulations for businesses. The latest rank is for 2015.

China, and are generally adequate in the rest of the region. Several countries, however, especially those with sizeable external financing needs, should rebuild these buffers. High leverage is the most important vulnerability across the region. Tighter macro-prudential policies in several of the larger regional economies (Malaysia, Thailand, the Philippines) have already resulted in moderating credit growth. The stocks of outstanding domestic debt (both corporate and household), however, remain elevated in Malaysia and Thailand (Figure 2.1.5).

Structural reforms should focus on productivity growth, higher private investment, and greater labor force participation to mitigate the impact of aging populations and slower labor force growth in China, Indonesia, Malaysia, and Thailand. In some younger, lower-income countries, including Cambodia, Lao PDR, Myanmar, Papua New Guinea, the Philippines, and Timor-Leste, reforms should aim at maximizing the potential demographic dividend (ADB 2016; World Bank 2015d). Improvements in the business climate and

reductions in the cost of doing business should be a high priority in Cambodia, Lao PDR, Myanmar, Papua New Guinea, Timor-Leste, and the small Pacific Islands. These countries rank low on the World Bank of Ease of Doing Business Index (World Bank 2015e, 2016e). Better performance in this regard will help catalyze private investment and enhance productivity growth.

Many countries in the region, especially Cambodia, Lao PDR, Myanmar, Papua New Guinea, Solomon Islands, also rank low on the 2015 Corruption Perceptions Index reported by Transparency International, as well as on other governance indicators (Figure 2.1.6). Enhanced transparency, strengthened accountability, and more responsiveness by state institutions to the needs of the private sector would bolster investor confidence (World Bank 2016a). Other measures to promote productivity include high-quality education to further raise the skills of the labor force. Reforms that raise the mandatory retirement age for civil servants and increase female participation would help increase labor participation (ADB 2015).

Finally, deepening global and regional trade and investment integration through lower non-tariff barriers would further boost productivity and competitiveness. New partnerships, including the Trans-Pacific Partnership agreement, signed in 2015, and other regional trade agreements, including the ASEAN economic community and the proposed Regional Comprehensive Economic Partnership, should all help anchor structural reforms and raise potential growth in the region.⁴

⁴Twelve countries in the Pacific Rim, including Malaysia and Vietnam, recently concluded negotiations on the Trans-Pacific Partnership (TPP).

TABLE 2.1.1 East Asia and Pacific forecast summary

(Real GDP growth at market prices in percent, unless indicated otherwise)

(percentage point difference from January 2016 projections)

	2013	2014	2015e	2016f	2017f	2018f	2015e	2016f	2017f	2018f
EMDE EAP, GDP^a	7.1	6.8	6.5	6.3	6.2	6.1	0.1	0.0	0.0	-0.1
(Average including countries with full national accounts and balance of payments data only) ^b										
EMDE EAP, GDP^b	7.1	6.8	6.5	6.3	6.1	6.1	0.1	0.0	-0.1	-0.1
GDP per capita (U.S. dollars)	6.4	6.0	5.7	5.6	5.5	5.5	0.0	0.0	0.0	-0.1
PPP GDP	7.0	6.7	6.4	6.3	6.1	6.1	0.0	0.0	0.0	-0.1
Private consumption	6.8	6.9	7.0	6.9	7.0	7.0	0.1	0.0	0.0	0.0
Public consumption	7.7	4.3	6.4	6.1	5.9	5.8	0.1	0.0	0.0	0.1
Fixed investment	8.8	7.1	6.6	6.4	6.3	5.7	0.2	0.1	0.2	-0.2
Exports, GNFS ^c	7.2	6.5	2.5	3.4	4.3	4.8	-1.2	-0.9	-0.5	-0.4
Imports, GNFS ^c	8.5	5.7	2.1	4.0	4.8	5.4	-1.1	-0.7	-0.3	-0.2
Net exports, contribution to growth	-0.2	0.4	0.2	-0.1	0.0	-0.1	0.0	-0.1	0.0	-0.1
Memo items: GDP										
East Asia excluding China	5.1	4.7	4.8	4.8	4.9	5.2	0.2	0.0	-0.1	0.1
China	7.7	7.3	6.9	6.7	6.5	6.3	0.0	0.0	0.0	-0.2
Indonesia	5.6	5.0	4.8	5.1	5.3	5.5	0.1	-0.2	-0.2	0.0
Thailand	2.7	0.8	2.8	2.5	2.6	3.0	0.3	0.5	0.2	0.3

Source: World Bank.

World Bank forecasts are frequently updated based on new information and changing (global) circumstances. Consequently, projections presented here may differ from those contained in other Bank documents, even if basic assessments of countries' prospects do not differ at any given moment in time.

a. EMDE refers to emerging market and developing economy. GDP at market prices and expenditure components are measured in constant 2010 U.S. dollars. Excludes American Samoa and Democratic People's Republic of Korea.

b. Sub-region aggregate excludes American Samoa, Democratic People's Republic of Korea, Fiji, Kiribati, Marshall Islands, Micronesia, Federated States, Myanmar, Palau, Papua New Guinea, Samoa, Timor-Leste, Tonga, and Tuvalu, for which data limitations prevent the forecasting of GDP components.

c. Exports and imports of goods and non-factor services (GNFS).

TABLE 2.1.2 East Asia and Pacific country forecasts^a

(Real GDP growth at market prices in percent, unless indicated otherwise)

(percentage point difference from January 2016 projections)

	2013	2014	2015e	2016f	2017f	2018f	2015e	2016f	2017f	2018f
Cambodia	7.4	7.1	7.0	6.9	6.8	6.8	0.1	0.0	0.0	0.0
China	7.7	7.3	6.9	6.7	6.5	6.3	0.0	0.0	0.0	-0.2
Fiji	4.6	5.3	4.0	2.4	3.8	3.5	0.0	-1.1	0.7	0.5
Indonesia	5.6	5.0	4.8	5.1	5.3	5.5	0.1	-0.2	-0.2	0.0
Lao PDR	8.5	7.5	7.0	7.0	7.0	6.8	0.6	0.0	0.1	-0.1
Malaysia	4.7	6.0	5.0	4.4	4.5	4.7	0.3	-0.1	0.0	-0.3
Mongolia	11.6	7.9	2.3	0.7	2.7	6.2	0.0	-0.1	-0.3	-0.2
Myanmar	8.5	8.5	7.0	7.8	8.4	8.3	0.5	0.0	-0.1	-0.2
Papua New Guinea	5.5	8.5	8.6	3.0	4.1	2.9	-0.1	-0.3	0.1	-0.9
Philippines	7.1	6.1	5.8	6.4	6.2	6.2	0.0	0.0	0.0	0.0
Solomon Islands	3.0	1.5	3.3	3.0	3.3	3.0	0.0	0.0	-0.2	-0.4
Thailand	2.7	0.8	2.8	2.5	2.6	3.0	0.3	0.5	0.2	0.3
Timor-Leste ^b	2.8	6.0	4.3	5.0	5.5	5.5	-2.5	-1.9	-1.5	-1.5
Vietnam	5.4	6.0	6.7	6.2	6.3	6.3	0.2	-0.4	0.0	0.3

Source: World Bank.

World Bank forecasts are frequently updated based on new information and changing (global) circumstances. Consequently, projections presented here may differ from those contained in other Bank documents, even if basic assessments of countries' prospects do not significantly differ at any given moment in time.

a. GDP at market prices and expenditure components are measured in constant 2010 U.S. dollars. Excludes American Samoa and Democratic People's Republic of Korea.

b. Non-oil GDP. Timor-Leste's total GDP, including the oil economy, is roughly four times the non-oil economy, and highly volatile, sensitive to changes in global oil prices and local production levels.

