

June 2021

Recent developments: Regional growth has bounced back from 2020, but the speed of recovery has differed among countries. Among the three largest economies, China, Indonesia, and Thailand, only China has seen its output surpass pre-pandemic levels.

In China, COVID-19 infections remain low and the recovery has broadened from public investment to consumption. Authorities have started to shift policy efforts away from supporting activity and toward addressing financial stability risks. Indonesia initially suffered relatively shallow output contraction but has experienced a more gradual recovery. Among the large developing ASEAN economies, only Vietnam has seen output surpassing pre-pandemic levels. In the Philippines, which has implemented extended periods of strict lockdowns in response to a severe COVID-19 outbreak and suffered from natural disasters, output remains 8% below its pre-pandemic level.

COVID-19 infection rates remain elevated in Indonesia, Malaysia, and the Philippines and have recently increased in Cambodia and Thailand. Concern about the virus and travel restrictions continue to limit economic activity in tourism-dependent economies of the region, including Cambodia, Fiji, Palau, Thailand, and Vanuatu.

Outlook: Growth in the region is projected to strengthen to 7.7% in 2021, primarily reflecting a strong rebound in China. Growth in China is projected to pick up to 8.5% this year, supported by buoyant exports and the relief of pent-up demand amid effective control of the outbreak. Output in the rest of the region is projected to grow 4.0% in 2021 in the face of continued pandemic-related headwinds and delayed recovery of tourism and travel. Growth in China is projected to moderate to 5.4% in 2022, reflecting diminishing fiscal and monetary support and tighter property and macroprudential regulations. Growth in the region excluding China is expected to accelerate to 5% in 2022 as the economic recovery takes hold.

Output in two-thirds of the region's economies is expected to remain below pre-pandemic levels until 2022. Clouding the outlook, COVID-19 caseloads are expected to remain elevated in several regional economies. The strength of recovery will depend on the ability of major regional economies to fulfill their vaccine commitments.

In Indonesia, growth is expected to rebound to 4.4% in 2021 and strengthen further to 5% in 2022, although many jobs in low-value-added services may be slow to return. Thailand's economy is expected to recover gradually over the next two years, with growth picking up to 2.2% in 2021 and 5.1% in 2022, helped by a recovery in tourism and travel. Philippine growth is projected at 4.7% in 2021 and 5.9% in 2022, while Malaysia is expected to rebound to 6% in 2021. Vietnam is projected to expand 6.6% on average this year and next. Among smaller economies, the recovery is expected to be particularly weak in tourism-dependent island economies as tourism is expected to remain below pre-pandemic levels until at least 2023.

Risks: Risks to the outlook are more balanced than in January but downside risks predominate. Vaccination delays and new virus variants could prolong the pandemic. The current pace of vaccinations could make it difficult to achieve widespread vaccination in many countries for some time. In addition, the favorable financial conditions of recent years may not persist. Monetary tightening in the United States could have a ripple effect of currency depreciations, monetary tightening, capital outflows, potentially stirring financial turmoil. Disruptions and damage related to natural disasters are a source of downside risk for many economies in the region. The adverse impacts of the pandemic could persist in the region for a considerable period, contributing to subdued investment and an erosion of human capital.

On the upside, faster-than-expected vaccination rates and a more rapid containment of the pandemic than currently anticipated and greater-than-expected spillovers from recoveries in the United States and other major economies could boost regional growth, particularly through trade and remittances.

East Asia and Pacific Country Forecasts

(Annual percent change unless indicated otherwise)

	2018	2019	2020e	2021f	2022f	2023f
GDP at market prices (average 2010-19 US\$)						
Cambodia	7.5	7.1	-3.1	4.0	5.2	6.0
China	6.8	6.0	2.3	8.5	5.4	5.3
Fiji	3.5	-0.4	-19.0	2.6	8.2	6.9
Indonesia	5.2	5.0	-2.1	4.4	5.0	5.1
Kiribati	3.8	3.9	-1.9	3.0	2.6	2.5
Lao PDR	6.3	5.5	0.4	4.0	4.6	4.7
Malaysia	4.8	4.3	-5.6	6.0	4.2	4.4
Marshall Islands	3.3	6.6	-4.5	-1.0	3.0	2.0
Micronesia, Fed. Sts.	0.2	1.2	-1.5	-3.5	2.5	1.0
Mongolia	7.0	5.0	-5.4	5.9	6.1	7.0
Myanmar	6.4	6.8	1.7	-10.0
Nauru	5.7	1.0	0.7	1.3	0.9	1.0
Palau	4.1	-4.2	-10.0	-4.0	12.0	6.0
Papua New Guinea	-0.3	5.9	-3.9	3.5	4.2	2.4
Philippines	6.3	6.0	-9.6	4.7	5.9	6.0
Samoa	-2.2	3.5	-3.5	-7.7	5.6	4.9
Solomon Islands	3.9	1.2	-5.0	2.0	4.5	4.3
Thailand	4.2	2.3	-6.1	2.2	5.1	4.3
Timor-Leste	-1.1	1.8	-7.3	1.8	3.7	4.3
Tonga	0.3	0.7	-1.5	-3.0	2.3	2.8
Tuvalu	4.3	4.1	-0.5	3.0	4.0	3.0
Vietnam	7.1	7.0	2.9	6.6	6.5	6.5

Source: World Bank.

Note: e = estimate; f = forecast. 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.

[Download the data](#)

World Bank Group COVID-19 Response

The [World Bank](#), one of the largest sources of funding and knowledge for developing countries, is taking [broad, fast action](#) to help developing countries respond to the health, social and economic impacts of COVID-19. This includes [\\$12 billion](#) to help low- and middle-income countries purchase and distribute COVID-19 vaccines, tests, and treatments, and strengthen vaccination systems. The financing builds on the broader [World Bank Group COVID-19 response](#), which is helping more than 100 countries strengthen health systems, support the poorest households, and create supportive conditions to maintain livelihoods and jobs for those hit hardest.

