

January 2021

Recent developments: The East Asia and Pacific regional economy slowed to an estimated 0.9% last year. The severity of the COVID-19 pandemic shock was uneven, however. In China and Vietnam, which effectively controlled the spread of the virus, GDP is estimated to have expanded by 2% and 2.8% respectively. Activity has been supported by a resumption of production and exports, with additional boosts from stimulus-fueled public investment.

The rest of the region suffered significant output losses. The economies that suffered the worst declines were those with extended periods of lockdown combined with large domestic outbreaks (the Philippines) or domestic policy uncertainty (Malaysia, Thailand, Timor-Leste), and those with a heavy reliance on tourism and travel (Fiji, Thailand, Palau, Vanuatu).

Restrictions on economic activity to stem the pandemic have largely eased across the region and goods exports have started to recover. Although the spread of the pandemic appears to have slowed in much of East Asia and Pacific, new infections remain high in Indonesia and the Philippines and have increased recently in Malaysia and Myanmar.

Outlook: Growth in the region is projected to accelerate to 7.4% in 2021, led by a rebound in China. This is predicated on the rollout of an effective vaccine in the first quarter of 2021 in major economies and later in smaller emerging market and developing economies. Nevertheless, economic activity in the region is expected to remain below pre-pandemic trend by late 2021, reflecting lasting damage from the COVID-19 shock. Investment and productivity are expected to remain depressed and uncertainty is likely to remain elevated.

Growth in China is projected to climb to 7.9% in 2021, reflecting the release of pent-up demand and a quicker-than-expected resumption of production and exports. In the rest of the region, growth is anticipated to be more protracted and output is expected to remain 7.5% below pre-pandemic projections by 2022, albeit with significant cross-country differences. Vietnam, which was able to contain the pandemic with modest human and economic costs, is projected to see an economic expansion of 6.7% in 2021. In contrast, the Pacific Island countries' economies, which were devastated by the collapse in global tourism and travel and where the recovery is expected to be more protracted are anticipated to grow well below pre-pandemic rates this year. Fiji's economy, where tropical cyclone Harold compounded the negative impact of the pandemic causing 19% contraction in 2020, is expected to recover modestly to grow 2.6% in 2021. Indonesia is expected to expand 4.4%, Thailand to advance 4% in 2021, and the Philippines to grow by 5.9%.

The recovery is expected to be fragile, and the materialization of a number of downside risks could derail the projected recovery. A downside scenario in which vaccine rollout is delayed and the global recovery is weaker could hold regional growth to 5.4% in 2021.

Risks: Risks to the outlook are tilted to the downside. The pandemic could last longer than expected, the long-term damage from last year's recessions could be deeper than anticipated, balance sheet stress could intensify, or the contraction in global trade could be sharper or longer lasting than envisioned. More countries in the region could experience difficulties with procurement and distribution of the vaccine than currently anticipated. Although the region entered the pandemic with relatively robust monetary and fiscal policy frameworks, most countries are expected to face substantial deteriorations in fiscal positions and elevated debt. Elevated debt levels may weigh on activity if deleveraging pressures prompt authorities to tighten policy prematurely. On the upside, the rapid deployment of an effective vaccine could trigger a stronger-than-expected rebound in major economies and in global demand.

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East Asia and Pacific Country Forecasts

(Annual percent change unless indicated otherwise)

| | 2018 | 2019 | 2020e | 2021f | 2022f |
|----------------------------------|------|------|-------|-------|-------|
| GDP at market prices (2010 US\$) | | | | | |
| Cambodia | 7.5 | 7.1 | -2.0 | 4.0 | 5.2 |
| China | 6.6 | 6.1 | 2.0 | 7.9 | 5.2 |
| Fiji | 3.8 | -0.4 | -19.0 | 2.6 | 8.2 |
| Indonesia | 5.2 | 5.0 | -2.2 | 4.4 | 4.8 |
| Lao PDR | 6.3 | 4.7 | -0.6 | 4.9 | 4.8 |
| Malaysia | 4.7 | 4.3 | -5.8 | 6.7 | 4.8 |
| Mongolia | 7.0 | 5.0 | -5.2 | 4.3 | 5.4 |
| Myanmar | 6.4 | 6.8 | 1.7 | 2.0 | 8.0 |
| Papua New Guinea | -0.3 | 5.9 | -3.8 | 3.5 | 4.2 |
| Philippines | 6.3 | 6.0 | -8.1 | 5.9 | 6.0 |
| Solomon Islands | 3.9 | 1.2 | -4.8 | 3.2 | 3.5 |
| Thailand | 4.1 | 2.4 | -6.5 | 4.0 | 4.7 |
| Timor-Leste | -0.8 | 3.4 | -6.8 | 3.1 | 4.2 |
| Vietnam | 7.1 | 7.0 | 2.8 | 6.7 | 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 Group](#), one of the largest sources of funding and knowledge for developing countries, is taking [broad, fast action](#) to help developing countries strengthen their pandemic response. It is supporting public health interventions, working to ensure the flow of critical supplies and equipment, and helping the private sector continue to operate and sustain jobs.

The World Bank Group is making available up to \$160 billion over a 15-month period ending June 2021 to help more than 100 countries protect the poor and vulnerable, support businesses, and bolster economic recovery. This includes \$50 billion of new IDA resources through grants and highly concessional loans and [\\$12 billion for developing countries](#) to finance the purchase and distribution of COVID-19 vaccines.