

**Recent developments:** In 2023, growth in the East Asia and Pacific (EAP) region rebounded to 5.1 percent, from 3.4 percent in 2022, primarily driven by a brief surge in economic activity in China early in the year after the lifting of pandemic restrictions. However, the effects of China's reopening quickly diminished. Investment growth was weighed down by ongoing weakness in the real estate sector, where dwindling sales and prices added financial strain on property developers. Export sectors faced challenges from weak external demand, and despite an improvement in consumption towards the end of the year, consumer confidence remained well below pre-pandemic levels.

In other parts of the EAP region, economic growth eased in 2023, in part due to weak international goods trade. Several large economies experienced a drop in goods exports through much of 2023, but this was partially mitigated by strengthening services exports, driven by the ongoing recovery in international tourism. Additionally, in most economies, the weaknesses in goods trade were offset by robust household consumption, supported by buoyant labor market conditions and cooling inflation.

**Outlook:** Growth in EAP is forecast to decelerate to 4.5 percent in 2024 and to 4.4 percent in 2025, largely reflecting slower growth in China. Excluding China, growth in the EAP region is projected to strengthen modestly, reaching a solid 4.7 percent in both 2024 and 2025. A more marked uptick is expected in Pacific Island economies this year, driven by the ongoing recovery in tourism. Compared with previous projections, growth in EAP is expected to be 0.1 percentage point lower in 2024 and 2025. These downgrades mean that output in the EAP region is now expected to fall even further below its pre-pandemic trend over the forecast horizon.

In China, growth is projected to slow to 4.5 percent in 2024, and further to 4.3 percent in 2025. Compared with the June forecasts, growth has been revised down by 0.1 percentage point in both 2024 and 2025, primarily due to somewhat weaker domestic demand. Consumption is envisaged to slacken sharply amid weak sentiment and heightened economic uncertainty. Investment growth is expected to remain subdued, supported by infrastructure spending but hobbled by continued property sector weakness. Over the projection horizon, structural headwinds such as rising indebtedness, an aging and shrinking workforce, and narrowing room for productivity catch-up growth are expected to weigh on economic activity.

In EAP excluding China, solid domestic demand, particularly private consumption, is expected to be the main driver of growth. Modest inflation and, in many cases, robust labor markets, supported by buoyant services activity, are anticipated to sustain household spending. In some economies, increased government spending, including on social protection and public sector wages, will also support demand. Investment growth is projected to be more subdued, falling short of pre-pandemic averages in many economies through 2024 and 2025. This reflects various headwinds facing private investment, including the lagged effects of monetary policy tightening, policy uncertainty—associated in some countries with government transitions—and rising indebtedness. Additionally, elevated public debt and reduced fiscal space are expected to constrain public investment growth.

**Risks:** The baseline growth forecast for the region carries downside risks, primarily centered around the potential for weaker-than-expected growth in China and heightened geopolitical tensions. The conflict in the Middle East could escalate, increasing uncertainty and disrupting energy supply. Other downside risks include prolonged global trade weakness, tighter-than-expected financial conditions, and damaging climate change-related extreme weather events. Elevated uncertainty or persistent trade weakness could lead to sustained sluggishness in investment growth and harm potential output growth in the region, which is already expected to soften. In contrast, stronger-than-expected growth in the United States presents an upside risk to the forecast.

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## East Asia and Pacific Country Forecasts

(Annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f
GDP at market prices (average 2010-19 US\$)					
<b>Cambodia</b>	3.0	5.2	5.4	5.8	6.1
<b>China</b>	8.4	3.0	5.2	4.5	4.3
<b>Fiji</b>	-5.1	20.0	7.6	4.0	3.7
<b>Indonesia</b>	3.7	5.3	5.0	4.9	4.9
<b>Kiribati</b>	7.9	1.2	2.5	2.4	2.3
<b>Lao PDR</b>	2.5	2.7	3.7	4.1	4.3
<b>Malaysia</b>	3.3	8.7	3.9	4.3	4.2
<b>Marshall Islands<sup>a</sup></b>	1.0	-4.5	3.0	3.0	2.0
<b>Micronesia, Fed. Sts.<sup>a</sup></b>	-3.2	-0.6	2.8	2.8	1.3
<b>Mongolia</b>	1.6	5.0	5.8	6.2	6.4
<b>Myanmar<sup>a b</sup></b>	-12.0	4.0	1.0	2.0	..
<b>Nauru<sup>a</sup></b>	7.2	2.8	0.6	1.4	1.2
<b>Palau<sup>a</sup></b>	-13.4	-2.0	0.8	12.4	11.9
<b>Papua New Guinea</b>	-0.8	5.2	3.0	5.0	3.1
<b>Philippines</b>	5.7	7.6	5.6	5.8	5.8
<b>Samoa<sup>a</sup></b>	-7.1	-5.3	8.0	4.5	3.6
<b>Solomon Islands</b>	-0.6	-4.1	1.8	2.7	3.1
<b>Thailand</b>	1.5	2.6	2.5	3.2	3.1
<b>Timor-Leste</b>	2.9	3.9	2.4	3.5	4.3
<b>Tonga<sup>a</sup></b>	-2.7	-2.0	2.6	2.5	2.2
<b>Tuvalu</b>	1.8	0.7	3.9	3.5	2.4
<b>Vanuatu</b>	0.6	1.9	1.5	2.6	3.5
<b>Viet Nam</b>	2.6	8.0	4.7	5.5	6.0

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.

a. Fiscal-year-based numbers.

b. Data for Myanmar beyond 2024 (which corresponds to the year ending March 2025) are excluded because of a high degree of uncertainty.