Declining investment growth in developing Asia could impair future growth prospects. Along with the weakening trend in trade, the region suffered slower growth in domestic investment. The contribution of investment to GDP growth fell in the first quarter of 2019 and is expected to continue declining throughout this year. And while foreign direct investment (FDI) inflows by non-residents continue, developing Asia is investing more abroad, leading to net FDI outflows for the region. Slower domestic investment, if sustained, means less new productive capacity going forward, which has implications for regional growth prospects.

Faltering investment in developing Asia could impair future growth. Along with the weakening trend in trade, the region suffered slower growth in domestic investment. The contribution of investment to GDP growth fell in the first quarter of 2019 and is expected to continue declining throughout this year. Slower domestic investment, if sustained, means less new productive capacity going forward, which has implications for regional growth prospects.

Notes: Broken lines indicate when tariffs went into effect. Left panel: 6 July 2018, 25% on initial $34 billion list; 23 August 2018, 25% on $16 billion list; and 24 September 2018, 10% on $200 billion list, rising to 25% on 10 May 2019. Right panel: 2 April 2018, 15%–25% on $3.3 billion list; 6 July 2018, 25% on initial $34 billion list; 23 August 2018, 25% on $16 billion list; and 24 September 2018, 10%–25% on $60 billion list, rising to as much as 25% on 10 May 2019.
Figure 2.1.6 shows the distribution of the 1,459 natural cities across 42 economies in developing Asia. Those with large populations were home to more natural cities. The PRC had 680 natural cities, India 320, Indonesia 92, and Pakistan 63. Together, these four countries contained four-fifths of the natural cities in developing Asia.