



# ASIAN DEVELOPMENT OUTLOOK 2019 UPDATE

FOSTERING GROWTH AND INCLUSION IN ASIA'S CITIES

## HIGHLIGHTS



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# ADO 2019 Update—Highlights

Growth in developing Asia is moderating but remains robust. As global trade slows and investment weakens, regional growth forecasts are trimmed from *Asian Development Outlook 2019* by 0.3 percentage points for 2019 and by 0.1 points for 2020. Expansion in the region is projected to slow from 5.9% in 2018 to 5.4% this year, recovering somewhat to 5.5% next year. Excluding high-income newly industrialized economies, regional growth is expected to slow from 6.4% last year to 6.0% this year and next.

Inflation remains benign in the region, but pressure is building slightly as food prices rise. Inflation across developing Asia is forecast at 2.7% this year and next, or 0.2 percentage points up from April forecasts.

Risks tilt to the downside. The trade conflict between the United States and the People's Republic of China could escalate further or even spread beyond trade and the two economies. The risk of deeper malaise in the global economy, and uncertainty over how policy makers around the world will respond to weaker global growth, may stoke volatility in global financial markets. Proliferating private debt in some regional economies could pose another challenge to financial stability.

Developing Asia is urbanizing rapidly, promising job creation and economic growth. However, cities must function well as labor markets if they are to enjoy the economic benefits of agglomeration. This requires sound urban planning, efficient public transport, and affordable housing. As cities expand over municipal boundaries and become more connected with one another through flows of goods, services, and people, better planning coordination is needed at all levels of government.



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## Asia girds for prolonged uncertainty

- **Regional growth remains robust but is expected to moderate.** GDP expansion in the region, though still strong, is projected to slow from 5.9% in 2018 to 5.4% this year, then edge back up to 5.5% next year. Revisions to April forecasts in *Asian Development Outlook 2019 (ADO 2019)* are 0.3 percentage points lower for this year and 0.1 points lower for next year. The revisions reflect gloomier prospects for international trade—in part because of re-escalation in the trade conflict between the United States and the People’s Republic of China (PRC)—and evidence of slowing growth in the major advanced economies and the PRC, as well as in India and the larger economies in East and Southeast Asia. Excluding newly industrialized economies, growth in developing Asia is forecast to slow from 6.4% in 2018 to 6.0% this year and next.

  - » **A slowing trend for growth continued in the first half of 2019.** After slowing from 6.2% in 2017 to 5.9% in 2018, growth decelerated further to 5.4% in the first half of 2019 in the economies of developing Asia that release quarterly GDP data. Exports and investment faltered in many economies across the region, leaving private consumption as the main support for continued growth.
  - » **Trade shrank as growth in the advanced economies moderated further.** Worsening uncertainty is driving down aggregate growth in the major advanced economies, which is forecast to moderate from 2.2% in 2018 to 1.7% in 2019 and 1.4% in 2020—in both years 0.2 percentage points lower than envisaged in *ADO 2019*. The euro area and the US will grow somewhat slower than previously projected. Japan surprised on the upside in the first half of 2019 but not enough to prop up demand for regional exports.
  - » **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.
- **The growth outlook varies across the subregions of developing Asia.** Because of the trade slowdown, compounded by a sharp downswing in the electronics cycle, growth forecasts for the PRC and the more open economies in East and Southeast Asia are downgraded. Growth in South Asia is now seen moderating this year as India’s economy slows primarily for domestic reasons, such as a pre-election decline in investment and tighter credit conditions. In Central Asia and the Pacific, by contrast, growth prospects improve as public spending continues to stimulate the economy in Kazakhstan and Uzbekistan, and as Papua New Guinea recovers from an earthquake in February 2018.
- **Regional inflation is picking up slightly but remains benign.** Headline inflation will edge up from 2.4% in 2018 to 2.7% in 2019 and 2020—both forecasts upward adjustments by 0.2 percentage points from *ADO 2019*. The revisions come mainly from a buildup of inflationary pressure from higher food prices in the region, particularly in the PRC.

- **The regional current account surplus is rising.** Slower imports are offsetting weakness in exports in many economies in developing Asia. The merchandise trade surplus in the PRC rose in the first half of this year as imports fell more substantially than exports, raising the country's current account surplus. As a result, developing Asia's combined current account surplus is now forecast to increase to the equivalent of 1.1% of regional GDP in 2019, or 0.7 percentage points higher than projected in *ADO 2019*, before resuming its narrowing trend to 0.7% in 2020.
- **The escalating and broadening trade conflict may damage supply chains.** Negotiations broke down in the middle of 2019, prompting a new round of tariff escalations, threats, and nontariff constraints on technology transfer and investment. Bilateral trade data from the first half of 2019 show a decline in trade between the PRC and the US, as well as evidence of trade redirection from the PRC toward other economies in developing Asia. Foreign investment patterns are shifting in tandem with trade redirection.
- **Downside risks to the outlook have intensified.** Further escalation in the US–PRC trade conflict could have repercussions beyond trade. The conflict will likely persist at least into 2020 and could broaden to involve other regional economies. The risk of deeper malaise in the advanced economies has worsened, and there is uncertainty over how policy makers in developing Asia and beyond will respond to weaker global growth. Another downside risk to the forecast stems from proliferating private debt in several economies in developing Asia, which could challenge financial stability, especially in the current environment of high risk from large external shocks.

### *Debt buildup and financial vulnerability*

- **Public and private debt continue to grow in developing Asia.** Since the global financial crisis of 2008–2009, countries in the region have continued to accumulate public debt, partly reflecting countercyclical fiscal stimulus following the crisis and, more recently, some regional governments pushing public investments. The ratio of private debt to GDP has expanded even more rapidly in some economies. The PRC, for example, witnessed rapid growth of corporate debt, while the Republic of Korea, Malaysia, and Thailand have seen household debt grow quickly. In the region as a whole, total debt relative to GDP expanded by about two-thirds in the past decade.
- **Debt that expands too rapidly can harm regional financial stability.** High and rising public debt raises investor concerns about fiscal sustainability and government liquidity and solvency. Further, rapid private debt accumulation can jeopardize the ability of companies and households to service it. The Asian financial crisis of 1997–1998 underlined the damage caused by an unsustainable buildup of private debt. Asian financial sectors and their regulations have strengthened significantly, as is evident in banks' higher capital adequacy, and they weathered the global financial crisis well. But policy makers cannot be complacent in the face of rising debt.

- **Private debt is significantly linked to financial vulnerability.** New analysis revisits the debt–financial vulnerability nexus using an index of currency stress as a proxy for financial vulnerability. Other things being equal, a country with a ratio of private debt to GDP at the top 25% of the sample suffers 12.6 percentage points more depreciation than a country with low private debt, at the bottom 25%. Further, the adverse effect of private debt on currency stress is more pronounced in emerging markets than in the major advanced economies.
- **Research supports vigilance against debt buildup, public or private.** Analysis also reveals a significant association, during periods of financial stress, between public debt and financial vulnerability. Further, public debt and private debt are interrelated, as private debt booms and busts may require governments to bail out troubled financial institutions. This suggests that a broader regulatory framework that monitors both public and private debt is warranted.

## Outlook by subregion

- **Growth forecasts for developing Asia are revised down.** Projections for 2019 are downgraded for 17 economies, upgraded for 11, and maintained for 17. The downgrades are concentrated in East, South, and Southeast Asia—which together account for 98% of developing Asia’s GDP—while the upgrades are mainly for Central Asia and the Pacific.
- **East Asia will see deepening economic malaise take its toll.** Affected by global conditions, growth in the subregion is expected to slow from 6.0% in 2018 to 5.5% in 2019 and 5.4% in 2020. Growth in the PRC will slip from 6.6% last year to 6.2% in 2019 and 6.0% in 2020—below previous projections—with increased government spending and a strong housing market partly offsetting the impact of the trade dispute with the US and sluggish manufacturing investment. In Hong Kong, China, recent political tensions, spillover from the trade conflict, and the global electronics downturn will slow growth in 2019 and 2020 well below *ADO 2019* projections. External headwinds lower growth forecasts for the Republic of Korea as well, but in Taipei, China higher government spending will keep growth in line with *ADO 2019* projections. The growth forecast for Mongolia remains unchanged for 2019 with continuing dynamism in mining, but is lowered for 2020 as mining investment moderates. Rising food prices in the PRC will push inflation in East Asia higher than forecast in April, to 2.3% in 2019, easing to 2.1% in 2020.
- **South Asia’s growth momentum has softened.** Growth forecasts are lowered to 6.2% for 2019 and 6.7% for 2020. India’s growth forecast for fiscal year 2019 is lowered to 6.5% after growth slowed markedly to 5.0% in the first quarter, April–June. Abrupt declines in manufacturing and investment reflect uncertainty ahead of general elections, subdued lending by banks and other financial institutions, stress in the rural economy, and a weakening external outlook. India is expected to rebound to 7.2% growth in fiscal 2020 and join most other subregional countries in performing at or near their *ADO 2019* growth forecasts for next year. In Pakistan, though, growth in 2020 is now forecast lower as the government implements a comprehensive program of macroeconomic and structural reform to stabilize the economy. For Sri Lanka, 2019 and 2020 growth

forecasts are marked down because terror bombings in April 2019 caused tourism to fall sharply. The 2019 South Asia inflation forecast is lowered, largely reflecting unexpectedly low food prices in India, but the forecast for 2020 is maintained.

- **Southeast Asia slows more than earlier anticipated.** The subregional growth forecast is revised down from 4.9% to 4.5% for this year and from 5.0% to 4.7% for next year. Forecasts are downgraded for half of the 10 economies in the subregion and unchanged for the other half. With escalation in the US–PRC trade conflict, weakening global activity and trade, and a downturn in the electronics cycle, a significant export slowdown in the first half of the year hit the whole subregion except Cambodia. Softening domestic investment exacerbated export woes in most larger subregion economies—Indonesia, Malaysia, the Philippines, Singapore, and Thailand—but domestic consumption held up well to cushion the slowdown. The downward revision for growth is paralleled by one for the inflation forecasts.
- **Central Asia is now forecast to accelerate.** Growth forecasts for the subregion are revised up from 4.2% to 4.4% in 2019 and from 4.2% to 4.3% in 2020. Increased government spending has boosted growth in Kazakhstan, while a substantial rise in investment raises prospects for Uzbekistan. These revisions and higher growth projections for Armenia and Azerbaijan more than offset slower growth prospects for Georgia. Growth in 2020 is now projected at 4.3%, revised up from 4.2% on a small upgrade for Kazakhstan and larger ones for Tajikistan and Uzbekistan. The forecast for inflation in 2019 is revised up from 7.8% to 8.0% because cuts to subsidies, rising import prices, foreign exchange shortages, and expansionary credit have stoked inflation in Turkmenistan. This increase offsets—along with higher inflation projections for Georgia and Tajikistan that reflect accelerating prices in the first half of the year—slightly lowered forecasts for Kazakhstan and Uzbekistan. The forecast for subregional inflation in 2020 is raised from 7.2% to 7.4%.
- **The Pacific outlook improves with recovery in its largest economy.** After near-stagnation in 2018, the growth forecast for the subregion in 2019 is revised up to 4.2%, mainly because gas production in Papua New Guinea has outpaced projections, but also with construction expenditure in Solomon Islands and Samoa higher than expected and Nauru suffering less economic decline than predicted. Conversely, tourism downturns require lower growth projections for the Cook Islands and Palau, as does disappointing recovery expenditure for Tonga. Elsewhere, growth forecasts are maintained. The subregional growth forecast for 2020 is downgraded to 2.6% largely because of project delays in Papua New Guinea. Inflation in the subregion is now expected to ease further to 3.4% in 2019, 0.3 percentage points lower than projected earlier. As more benign price pressures are seen to persist into 2020, the subregional projection for inflation next year is reduced to 3.4%.

## Fostering growth and inclusion in Asia's cities

### Summary

- ❖ **Developing Asia is urbanizing rapidly.** The number of urban inhabitants in the region has increased from 375 million in 1970 to 1.84 billion in 2017. The urbanization rate is projected to rise from 46% in 2017 to 64% by 2050.
- ❖ **Urbanization bodes well for economic growth and job creation.** By enabling workers and firms to interact closely, cities generate increases in productivity through several channels, collectively known as agglomeration economies.
- ❖ **Realizing their promise requires a holistic agenda for cities.** Cities must ensure
  - ◆ an efficient multi-modal public transport system;
  - ◆ land-use plans and regulations that align with infrastructure investments, promote environmental sustainability and resilience, and are sufficiently flexible to respond to market signals;
  - ◆ affordable housing with access to both basic infrastructure and social services such as education and health care.
- ❖ **Simultaneously, cities must work well together as a system.** Cities are interconnected with one another and with rural areas through flows of goods, services, and people. An efficient urban system requires
  - ◆ good connectivity infrastructure between cities and the hinterland and
  - ◆ mechanisms for better coordination of spatial and economic planning at various scales—from the city level to city clusters and on to regional and even national levels.

### Urbanization in developing Asia

- **To understand how cities evolve, comparable data are needed.** Official statistics are typically based on city definitions that differ across countries, and by administrative boundaries that may not match a city's actual footprint. Nighttime satellite imagery and grid population data are combined to assemble a dataset of 1,459 “natural cities” in developing Asia and track their footprint and population from 2000 to 2016. Analysis of this dataset reveals some important features of urbanization in developing Asia that are relevant to policy making.
  - » **Natural cities house 34.7% of the population on 2.3% of the land area.** This indicates substantial spatial concentration. From 2000 to 2016, natural city populations grew by an average of 3.3% annually, while the area they cover expanded by almost 5.0% each year. Though cities with populations below 1 million in 2000 have grown at a faster rate than larger cities, the latter still accounted for over half of the absolute increase in the urban population.
  - » **As cities expand beyond administrative boundaries, they form clusters.** The urban footprints of many cities have expanded beyond city boundaries, and 476 natural cities that were spatially separated in 1992 had linked up by 2016 to form 124 city clusters. Among the 28 largest city clusters with

populations in 2016 greater than 10 million, 19 span two or more top-level administrative divisions such as states or provinces. This necessitates metropolitan approaches to governing urban areas.

- **Large cities tend to be more productive.** Agglomeration economies arise as workers and firms interact in close physical proximity. Theory suggests that productivity is higher in larger, denser cities because workers are more likely to find jobs that are a good fit, ideas and knowledge are exchanged among individuals and organizations, and resources are more easily shared. Evidence in developing Asia indicates that workers are paid more in larger cities, all else being equal, and that greater city size coincides with higher labor productivity and with firm propensity to undertake research and development and to innovate products and processes.
- **Some cities fall short of their potential as engines of growth.** Mid-sized cities with weak infrastructure and poor connections with major markets may struggle to realize agglomeration economies. Even major cities may not serve their residents well for lack of affordable housing and transport, or opportunities to acquire skills. Air pollution can pose public health risks, and congestion causes substantive losses to the local economy and residents' well-being.

### *The city as a labor market*

- **A functional labor market is key to realizing agglomeration economies.** Cities are much more than places of work. However, cities cannot thrive unless they function well as labor markets, connecting both firms and workers. A labor market works best when intracity travel is fast and cheap, firms and households have the flexibility to relocate from one part of a city to another, and real estate is affordable.
- **Congestion and poor public transport systems impede mobility.** Inadequate mobility within a city fragments the labor market. Especially hard hit are lower-income households residing in remote areas with severely limited access to public transport.
  - » **Mobility is constrained by severe congestion and scant public transport.** Granular trip data used to measure congestion in 278 natural cities with populations above half a million show there is considerable variation in congestion across cities, with large cities in middle-income countries tending to have the most severe congestion. In 199 cities for which information on public transport was available, 25% of the surveyed trips could not be made by public transport. For the remaining trips, travel duration by public transport including walking time was three times longer than for driving. Finally, the cost of commuting by public transport was found to be high for an average urban resident in developing Asia.
  - » **A city needs an efficient multimodal public transport system.** The system must combine trains, buses, ride sharing, and less formal services like autorickshaws and jeepneys to improve mobility. Demand-side management may be considered as well to reduce congestion over the longer term. These efforts offer the bonus of helping to tackle air pollution in Asian cities, especially when transport services are provided using clean fuels, such as compressed natural gas.

- **Land-use planning must support orderly city expansion.** Natural cities in developing Asia expanded geographically from 116 square kilometers in 1992 to 384 square kilometers in 2016. Some of this urban expansion has been unplanned, as demonstrated by declining use of grid layouts and reduced access to arterial grids and even local streets. Poor access can seriously restrict the mobility of residents and fragment a city's labor market. Further, many neighborhoods do not have connections to central water supply and sewerage systems or easy access to schools and hospitals.
  - » **Governments should plan for urban expansion.** City growth is sure to continue. Governments must identify likely expansion areas and obtain planning jurisdiction over them. Even if development is not envisioned for some time, land rights for appropriately spaced arterial road grids, public facilities, and open space must be acquired. This lays the foundation for integrated urban planning and provides a template on which actual investments and mixed-use development are implemented.
  - » **Some land-use regulations need to be more flexible.** Some regulations can be counterproductive when applied too rigidly. Restrictions on building height, for example, can unnecessarily drive up real estate prices and undercut the effectiveness of investments in public transport such as metro rail and bus rapid transit systems.
- **Cities need to be environmentally sustainable.** The long-term viability of cities depends crucially on ensuring water sufficiency, reducing air pollution, and protecting against shocks and stresses from disasters. Tackling these challenges requires integrated multisectoral approaches that encompass both land-use planning and transportation. Moving away from car-centric road networks to public transport systems can help reduce air pollution, for instance, and land-use planning has an important role to play in sustaining water security.
- **Affordable housing requires addressing both supply and demand.** While cities offer higher wages to reward higher productivity, such positive agglomeration effects do not always outweigh high housing prices. A sample of 211 cities in 26 countries found home prices to be severely unaffordable for median-income households in more than 90% of the cities. The problem extends beyond large cities to smaller agglomerations. With affordable housing out of reach, many urban residents settle for inadequate housing with only limited access to safe water and improved sanitation.
  - » **Policy can help residents find appropriate, affordable housing.** Governments can offer to low-income groups favorable home finance arrangements such as low-interest loans and, especially for the very poor, provide public housing directly. At the same time, macroprudential policies that govern maximum ratios of debt to income, for example, or of loan to home value are useful tools to keep the housing market from overheating.
  - » **Cities need to tackle supply-side constraints on housing supply.** Increased demand for housing can go unanswered because of administrative boundaries and overly restrictive land-use regulations. Cities need to provide ample developable land that is both affordable and offers ready access to basic public amenities and public transportation networks.

## Managing the urban system

- **Growth requires vibrancy in all types of cities.** Cities are connected to one another, and to the rural hinterland, through flows of goods, services, and people. They form an urban system. Comprehensive economic growth depends not just on one or two large cities but also on well-functioning market towns that specialize in marketing and distributing agricultural produce, as well as mid-sized cities.
- **Spatial and economic planning need to be better coordinated.** The growing importance of city clusters in developing Asia means that spatial and economic planning must be better coordinated across multiple local government units. Effective systems of metropolitan governance are needed to deliver essential services efficiently and determine land use wisely through decisions on transport hubs, industrial parks, water treatment plants, and solid waste disposal facilities. Further, local governments of individual cities should play greater roles in decisions on economic development. In many countries, economic development is dictated by state or national industrial development agencies without adequate consultation with local governments.
- **Improvement for the whole urban system may harm some locations.** Investments in intercity transport make the urban system more efficient overall but may adversely affect some cities and their hinterland. Similarly, while some small cities benefit from improved connectivity with core cities in a city cluster, others may suffer declines in some lines of business.
- **Public policy affects the spatial distribution of economic activity.** It should be designed with several considerations in mind.
  - » **Big cities should draw more on private sector funding.** Big cities have an edge in attracting private investment because agglomeration economies promise high returns. They should be encouraged to draw on the private sector to meet a portion of their own investment finance needs.
  - » **Allocations should consider population flows and economic activity.** Many medium-sized cities in the region with populations of 1–5 million, and some smaller cities with populations of at least half a million, continue to attract migrants despite considerable shortcomings in infrastructure and governance. These cities require policy attention and public support.
  - » **Government support to lagging areas must be well targeted.** If a location lags for multiple reasons that reinforce one another, a simple tax incentive package is unlikely to attract private investment as intended. It may be more effective to improve its connectivity to major markets and support skills development and industries such as agro-processing and labor-intensive manufacturing. If a small city lags because its young people migrate away to larger centers, the most effective interventions may be ameliorative, such as providing better care for the elderly.

GDP growth rate and inflation, % per year												
	Growth rate of GDP					Inflation						
	2018		2019		2020		2018		2019		2020	
	ADO 2019	Update	ADO 2019	Update	ADO 2019	Update	ADO 2019	Update	ADO 2019	Update	ADO 2019	Update
<b>Central Asia</b>	<b>4.3</b>	<b>4.2</b>	<b>4.4</b>	<b>4.2</b>	<b>4.3</b>	<b>8.3</b>	<b>7.8</b>	<b>8.0</b>	<b>7.2</b>	<b>7.4</b>		
Armenia	5.2	4.3	4.8	4.5	4.5	2.5	3.5	3.0	3.2	3.2		
Azerbaijan	1.4	2.5	2.6	2.7	2.4	2.3	4.0	3.7	5.0	3.8		
Georgia	4.7	5.0	4.7	4.9	4.6	2.6	3.2	4.3	3.0	3.5		
Kazakhstan	4.1	3.5	3.7	3.3	3.4	6.0	6.0	5.8	5.5	5.2		
Kyrgyz Republic	3.5	4.0	4.0	4.4	4.4	1.5	3.0	2.0	3.5	3.5		
Tajikistan	7.3	7.0	7.0	6.5	7.0	5.4	7.5	8.0	7.0	7.5		
Turkmenistan	6.2	6.0	6.0	5.8	5.8	13.6	9.0	13.4	8.2	13.0		
Uzbekistan	5.1	5.2	5.8	5.5	6.0	17.5	16.0	15.0	14.0	13.0		
<b>East Asia</b>	<b>6.0</b>	<b>5.7</b>	<b>5.5</b>	<b>5.5</b>	<b>5.4</b>	<b>2.0</b>	<b>1.8</b>	<b>2.3</b>	<b>1.8</b>	<b>2.1</b>		
Hong Kong, China	3.0	2.5	0.3	2.5	1.5	2.4	2.3	2.3	2.3	2.3		
Mongolia	6.8	6.7	6.7	6.3	6.1	6.8	8.5	8.5	7.5	7.5		
People's Republic of China	6.6	6.3	6.2	6.1	6.0	2.1	1.9	2.6	1.8	2.2		
Republic of Korea	2.7	2.5	2.1	2.5	2.4	1.5	1.4	0.7	1.4	1.4		
Taipei, China	2.6	2.2	2.2	2.0	2.0	1.3	1.1	0.9	1.2	0.9		
<b>South Asia</b>	<b>6.6</b>	<b>6.8</b>	<b>6.2</b>	<b>6.9</b>	<b>6.7</b>	<b>3.6</b>	<b>4.7</b>	<b>4.0</b>	<b>4.9</b>	<b>4.9</b>		
Afghanistan	2.7	2.5	2.7	3.0	3.4	0.6	3.0	2.0	4.5	3.5		
Bangladesh	7.9	8.0	8.1	8.0	8.0	5.8	5.5	5.5	5.8	5.8		
Bhutan	5.5	5.7	5.3	6.0	6.0	3.6	3.8	2.8	4.0	3.5		
India	6.8	7.2	6.5	7.3	7.2	3.4	4.3	3.5	4.6	4.0		
Maldives	7.6	6.5	6.5	6.3	6.3	-0.1	1.0	1.0	1.5	1.5		
Nepal	6.7	6.2	7.1	6.3	6.3	4.2	4.4	4.6	5.1	5.5		
Pakistan	5.5	3.9	3.3	3.6	2.8	3.9	7.5	7.3	7.0	12.0		
Sri Lanka	3.2	3.6	2.6	3.8	3.5	2.1	3.5	3.0	4.0	3.8		
<b>Southeast Asia</b>	<b>5.1</b>	<b>4.9</b>	<b>4.5</b>	<b>5.0</b>	<b>4.7</b>	<b>2.7</b>	<b>2.6</b>	<b>2.3</b>	<b>2.7</b>	<b>2.6</b>		
Brunei Darussalam	0.1	1.0	1.0	1.5	1.5	0.1	0.2	0.1	0.2	0.2		
Cambodia	7.5	7.0	7.0	6.8	6.8	2.5	2.5	2.2	2.5	2.5		
Indonesia	5.2	5.2	5.1	5.3	5.2	3.2	3.2	3.2	3.3	3.3		
Lao People's Dem. Rep.	6.3	6.5	6.2	6.5	6.2	2.0	2.0	2.3	2.0	2.3		
Malaysia	4.7	4.5	4.5	4.7	4.7	1.0	2.0	1.0	2.7	2.0		
Myanmar	6.8	6.6	6.6	6.8	6.8	5.9	6.8	8.0	7.5	7.5		
Philippines	6.2	6.4	6.0	6.4	6.2	5.2	3.8	2.6	3.5	3.0		
Singapore	3.1	2.6	0.7	2.6	1.4	0.4	0.7	0.7	0.9	0.9		
Thailand	4.1	3.9	3.0	3.7	3.2	1.1	1.0	1.0	1.0	1.0		
Viet Nam	7.1	6.8	6.8	6.7	6.7	3.5	3.5	3.0	3.8	3.5		
<b>The Pacific</b>	<b>0.4</b>	<b>3.5</b>	<b>4.2</b>	<b>3.2</b>	<b>2.6</b>	<b>4.2</b>	<b>3.7</b>	<b>3.4</b>	<b>4.0</b>	<b>3.4</b>		
Cook Islands	8.9	6.0	4.2	4.5	4.5	0.4	1.0	-0.2	1.5	1.5		
Federated States of Micronesia	0.4	2.7	2.7	2.5	2.5	1.4	0.7	0.7	1.5	1.5		
Fiji	3.5	3.2	2.9	3.5	3.2	4.1	3.5	3.5	3.0	3.0		
Kiribati	2.3	2.3	2.3	2.3	2.3	2.1	2.3	2.3	2.2	2.2		
Marshall Islands	2.5	2.3	2.3	2.2	2.2	0.8	0.5	0.5	1.0	1.0		
Nauru	-2.4	-1.0	-0.5	0.1	0.1	3.8	2.5	2.5	2.0	2.0		
Palau	1.5	3.0	-0.5	3.0	1.0	2.0	0.5	1.0	1.5	2.0		
Papua New Guinea	-0.6	3.7	4.8	3.1	2.1	4.7	4.2	4.0	4.7	3.8		
Samoa	-2.2	2.0	2.5	3.0	3.5	3.7	2.0	2.2	1.5	2.0		
Solomon Islands	3.8	2.4	2.8	2.3	2.7	3.5	2.5	2.0	2.5	3.0		
Timor-Leste	-0.5	4.8	4.8	5.4	5.4	2.2	3.0	1.9	3.3	2.5		
Tonga	0.4	2.1	1.6	1.9	2.5	5.3	5.3	3.5	5.3	3.3		
Tuvalu	4.3	4.1	4.1	4.4	4.4	1.8	3.4	3.4	3.5	3.5		
Vanuatu	3.2	3.0	3.0	2.8	2.8	2.3	2.0	2.0	2.0	2.2		
<b>Developing Asia</b>	<b>5.9</b>	<b>5.7</b>	<b>5.4</b>	<b>5.6</b>	<b>5.5</b>	<b>2.4</b>	<b>2.5</b>	<b>2.7</b>	<b>2.5</b>	<b>2.7</b>		
<b>Developing Asia excluding the NIEs</b>	<b>6.4</b>	<b>6.2</b>	<b>6.0</b>	<b>6.1</b>	<b>6.0</b>	<b>2.6</b>	<b>2.6</b>	<b>2.9</b>	<b>2.6</b>	<b>2.9</b>		

GDP = gross domestic product, NIEs = newly industrialized economies (Hong Kong, China; the Republic of Korea; Singapore; and Taipei, China).

## **Asian Development Outlook 2019 Update**

*Fostering Growth and Inclusion in Asia's Cities*

The full report is available on the ADB website at <https://www.adb.org/adou2019>.

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