



# ASIAN DEVELOPMENT OUTLOOK 2020 UPDATE

WELLNESS IN WORRYING TIMES

HIGHLIGHTS

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Publication Stock No. FLS200257-3  
DOI: <http://dx.doi.org/10.22617/FLS200257-3>

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Cover design by Anthony Victoria.

Cover artwork by Atsuko Yamagata/2020.

# ADO 2020 Update—Highlights

Economic prospects in developing Asia have worsened. As the COVID-19 pandemic continues to disrupt global economic activity, gross domestic product (GDP) forecasts have been downgraded from *Asian Development Outlook 2020*. The region is now expected to contract by 0.7% in 2020, the first regional recession in nearly 6 decades. GDP is projected to grow by 6.8% in 2021, but this will still leave it smaller than forecast before COVID-19. Excluding high-income newly industrialized economies, regional GDP is expected to also contract by 0.5% this year before growing by 7.2% next year.

Softening demand and subdued food prices will keep inflation benign. The headline inflation forecast is revised down from 3.2% to 2.9% for 2020 and maintained at 2.3% for 2021.

The threat of a prolonged COVID-19 pandemic is the main risk to the outlook. A return to more stringent containment measures could slow or even derail recovery and possibly trigger financial turmoil. While economies in developing Asia remain resilient, continued policy support is needed to underpin recovery.

Physical and mental health is vital to post-pandemic recovery. The theme chapter in this report explores wellness, or the deliberate pursuit of activities that bring holistic health. Wellness is a large and growing segment of the Asian economy, providing 11% of regional output. Further, Asia has a wealth of wellness traditions that are valuable assets for enhancing economic development and public health. Government interventions such as building recreation centers in poor neighborhoods can promote wellness for all Asians. More generally, wellness policies can help Asians navigate these uncertain, stressful times toward a better new normal after the pandemic.



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## A precarious path to recovery

- **The global pandemic persists, and is at varying stages in developing Asia.** The curve showing the number of new Coronavirus Disease 2019 (COVID-19) cases daily is rising in some regional economies, flattening or subsiding in others, and reviving in still others in second or third waves. In response to the outbreaks, Asian governments imposed a range of containment measures, their stringency differing across economies and over time. These restrict mobility outside of the home and so economic activity. Containment measures have been eased in most economies across developing Asia and are now less strict than in the second quarter of 2020.
- **Second-quarter growth slumped under containment restrictions regionally and globally.** Economies in the euro area contracted by 14.7% year on year, and the US economy by 9.1%. Growth in developing Asia also collapsed, with several regional economies recording quarterly contraction for the first time since the Asian financial crisis of 1997–1998. Signs of bottoming out have appeared as leading economic indicators improved, though they remain below pre-pandemic readings in most economies. Consumer and investor confidence remain suppressed across the region. Inflation in developing Asia has been kept in check by depressed demand and declining food prices.
- **Nascent recovery in the PRC contrasts with continued fragility in India.** After containing its domestic outbreak relatively rapidly, the People’s Republic of China (PRC) saw growth recover from 6.8% contraction in the first quarter to 3.2% growth in the second. By contrast, the outbreak in India has intensified since April, spreading fast from cities to rural areas. The hard and prolonged lockdown caused output to contract by 23.9% in the April–June quarter, and various high-frequency indicators, while improving somewhat, show continued economic weakness.
- **Trade plummeted then bottomed out, with Asia’s trade falling by less than global trade.** In line with plummeting global trade and economic activity, developing Asia’s exports also contracted, but not as badly as global exports. As aggregate exports plunged almost across the board, they picked up for health supplies, particularly from the PRC. Stronger demand for devices, amid increased digitalization, boosted exports from some producers of electrical and electronic devices and optical equipment.
- **Capital flows, financial markets, and currencies recovered after an initial nosedive.** Foreign portfolio investment in developing Asia suffered large outflows in March–April as global financial markets reacted to the intensifying pandemic, battering Asian currencies. But policy responses, including measures to contain the virus and liquidity injections to sustain finance, reinforced robust fundamentals and quickly stabilized regional financial markets. Portfolio flows into Asia resumed since May, and most regional currencies have recovered. However, risk sentiment in equity and bond markets has not fully returned to pre-pandemic readings.

- **Asian governments pledged wide-ranging crisis response.** The value of policy support packages announced to the end of August amounted in aggregate to \$3.6 trillion, about 15% of regional GDP, and is fairly evenly divided between direct income support and measures to shore up liquidity and credit. Since March, the authorities in the major advanced economies and Asia have eased their monetary policies. Financing conditions in some segments nevertheless remain tight. An Asian Development Bank survey conducted in four Southeast Asian economies found more than half of micro, small, and medium-sized enterprises facing severe shortages of working capital and inadequate access to formal financial services. This raises concerns about debt-service capacity and business sustainability.
- **Regional GDP will contract this year for the first time in 6 decades.** As the pandemic persists, developing Asia is projected to contract by 0.7% in 2020—the first regional GDP contraction since the early 1960s. Developing Asia excluding the newly industrialized economies will also contract by 0.5%. Growth is forecast to rebound to 6.8% in 2021, but this will still leave GDP next year substantially below expectations before COVID-19. Thus, the regional recovery will be L-shaped or “swoosh-shaped” rather than V-shaped.
- **Depressed demand and lower oil prices will contain regional inflation.** The 2020 inflation forecast for the whole region is revised down from 3.2% to 2.9% as the slowdown in demand is expected to outweigh inflationary supply-side disruptions, and with the abatement of last year’s food price shocks. More muted inflation expectations do not apply to South or Central Asia, however, where inflation forecasts are revised up on supply disruption due to the pandemic and, in some economies, currency depreciation. Inflation in 2021 is expected to ease further to 2.3%.
- **The current account surplus is projected stable in 2020 and 2021.** The regional current account surplus will hold steady at the equivalent of 1.4% of aggregate GDP in 2020 and 2021. With supply disruption and waning global demand, trade will shrink further in 2020 but is projected to recover in 2021 as regional and global economic activity picks up. Surpluses are expected little changed in East and Southeast Asia, as both exports and imports decline. South Asia’s current account deficit will narrow marginally as imports plummet along with domestic demand before widening again. Central Asia’s deficit will widen as commodity exports decline. Surpluses in the Pacific will narrow due to subdued tourism.
- **Risks tilt to the downside and center on COVID-19.** A prolonged pandemic—either an extended first wave in some economies or recurrent waves in others—is the main risk to the outlook, as it would require protracted caution and containment measures, with consequent disruption to both supply and demand. Protracted weakness induced by COVID-19 could trigger crises in some countries with debt sustainability issues or financial vulnerabilities. Another risk would be worsening geopolitical tensions, most notably potential for US–PRC friction over trade and technology to intensify.

## Outlook by subregion

- **Developing Asia stalls in 2020 but will start to recover in 2021.** Aggregate economic output will contract by 0.7% in 2020 and rebound by 6.8% in 2021. The downturn is across the board, with almost three-fourths of the region's economies—but not the heavily weighted PRC—expected to contract this year. Consequently, 2020 growth forecasts for all subregions are revised down from *ADO 2020* and for all but East Asia further downgraded from the June *ADO Supplement*. Looking ahead to 2021, the subregions with upgraded growth forecasts are East, South, and Southeast Asia.
- **East Asia is slowing more this year but will rebound higher next year.** The subregional forecast is for growth in both years, at 1.3% in 2020 and 7.0% in 2021. Expansion in the PRC will weaken from 6.1% in 2019 to 1.8% this year, as anticipated in the June *ADO Supplement*, after broad restrictions on movement and economic activity induced sharp contraction in the first quarter. With this and other public health measures having contained the COVID-19 virus, the PRC economy is now expected to gather momentum in the second half of this year and grow by 7.7% next year, above previous projections. Taipei, China will similarly avoid GDP shrinkage this year owing to accommodative policies and should rebound robustly next year. The rest of East Asia will see output contract in 2020 as the pandemic continues to take a huge toll but will likewise see stronger growth in 2021. Hong Kong, China—already pushed into recession in 2019 by political turmoil at home and trade tensions between the US and the PRC, will suffer the subregion's sharpest output decline this year but looks set to grow by 5.1% in 2021. Similarly, Mongolia and the Republic of Korea will contract this year, much as forecast in the June *ADO Supplement*, and return to growth next year. Inflation forecasts for East Asia are tweaked, to reflect diminished demand, down to 2.6% in 2020 and 1.7% in 2021.
- **South Asia sees economic woes deepen as COVID-19 spreads.** The subregion is now expected to shrink by a steep 6.8% in 2020 and rebound by 7.1% in 2021. India began its fiscal year with April–June quarterly GDP contracting by a record 23.9% as a pandemic lockdown clobbered consumer and business spending. The economy having weakened even before the pandemic struck, the government enjoyed little fiscal space with which to respond. Indian GDP is expected to fall by 9.0% in the whole of this fiscal year and then grow by 8.0% in the next. Maldives and Sri Lanka, heavily dependent on tourism, will be among the hardest hit. Output in Maldives is expected to shrink by a fifth in 2020, the sharpest GDP forecast revision in the subregion, then grow by 10.5% in 2021. Growth expectations for Afghanistan have also worsened, with output forecast to decline by 5.0% this year. Output will inch up by 1.5% next year as the country continues to grapple with political and security instability. Bangladesh, Bhutan, and Nepal managed to grow in their recently completed fiscal years because COVID-19 affected only their tail end. They are set to continue expanding in the current fiscal year, though only minimally for Bhutan and Nepal. Inflationary pressures have begun to intensify in South Asia, especially in India, as supply chain disruption pushed up food prices. The 2020 inflation forecast for the

subregion is thus adjusted upward, with prices now expected to rise by 5.2%. The subregional inflation forecast for 2021 is revised up marginally to 4.5%.

- **Southeast Asia retrenches, waging tough battles with the virus.** Strict quarantines and travel restrictions inflicted brutal second-quarter economic declines in the subregion, requiring steep downgrades to 2020 GDP growth forecasts for almost every economy. The quarter featured double-digit contractions in Malaysia, the Philippines, Singapore, and Thailand, all of which are now expected to shrink by 5% or more this year. Projected subregional GDP is thus revised down by nearly 5 percentage points to 3.8% contraction in 2020, with the forecast rebound revised up by nearly 1 point to 5.5% growth in 2021, enabled crucially by domestic stimulus. As COVID-19 infections continue to rise in some countries, notably Indonesia and the Philippines, and surprise outbreaks reappear elsewhere in the subregion, most prominently Viet Nam, economic recovery will continue to be slow and painful, largely determined by developments in world trade and the global economy. Resilient exports of petrochemicals from Brunei Darussalam, agricultural products from Myanmar, and work-from-home electronics from Viet Nam are forecast to keep these three source economies in growth territory this year. As slow demand and low world oil prices continue to dampen price pressure in the subregion, inflation is forecast to dip by half to 1.0% in 2020—with deflation in Malaysia, Singapore, and Thailand—and revive to trend at 2.3% in 2021.
- **Central Asian economic prospects continue to dim.** Subregional GDP forecasts are downgraded from low growth to 2.1% contraction in 2020 and tepid 3.9% growth in 2021. ADO 2020 output projections for all economies in Central Asia are revised down as quarantines and mobility restrictions have greatly weakened economic activity. GDP in Kazakhstan, the subregion's largest economy, is now projected to contract by 3.2% in 2020, as the pandemic response hits services hard, and then recover by 2.8% in 2021. GDP decline in the Kyrgyz Republic is expected to be far worse, by 10.0% this year, with growth at 4.0% next year. As low global oil prices generate further headwinds for hydrocarbon exporters, Azerbaijan is now expected to contract by 4.3% this year, rather than hold its own as previously forecast, then post fragile 1.2% growth in 2021. Tourism-dependent Armenia and Georgia and remittance-dependent Tajikistan will contract this year, leaving only Turkmenistan and Uzbekistan able to grow in 2020. Supply constraints under lockdown and, in some economies, currency depreciation will likely stir inflation. The forecast for subregional inflation is therefore adjusted significantly upward to 8.3% this year and less so to 6.6% next year, despite GDP projected to grow in all Central Asian economies in 2021.
- **The Pacific suffers crippling economic contraction this year.** As measures in the Pacific and beyond to address the COVID-19 public health crisis weigh heavily on the subregion, its forecast GDP is revised down substantially, to 6.1% contraction this year and only minimal growth in 2021. Risks to forecasts persist on the downside. Fiji, the second largest economy in the Pacific, suffers the steepest downward revision and, with tourist arrivals ground to a halt, is forecast

to contract by nearly a fifth in 2020, followed by just 1.0% growth in 2021. Other tourism-dependent economies in the subregion are similarly buffeted, with the Cook Islands, Palau, and Vanuatu contracting substantially in 2020 and likely to falter further in 2021. In their current fiscal year—the first fully encompassed by the pandemic—the Cook Islands and Palau are forecast to sink deeper with double-digit GDP declines. As quarantine requirements on shipping disrupt transport and trade, output in Papua New Guinea, the subregion’s largest economy, is now projected to shrink by 2.9% in 2020 and expand by just 2.5% in 2021. Similarly, constraints on air transport have weakened tuna transshipment in the Federated States of Micronesia and the Marshall Islands, converting growth forecasts to contraction, though easing in 2021. Weaker remittance inflows, weather shocks, and other public health issues deepened contraction in Samoa and Tonga in their recently completed fiscal years, while infrastructure and other project delays push Nauru into contraction this year and impede activity in Kiribati and Tuvalu, the only two economies in the Pacific still forecast to grow in 2020. Average inflation is expected to stay benign at 2.8% in 2020, little changed from 2019 or the *ADO 2020* forecast, and at 3.1% in 2021, revised down on account of continuing economic doldrums.

## Wellness in worrying times

### Summary

- ❖ **Wellness is vital for post-pandemic recovery in developing Asia.** COVID-19 underlines the importance of wellness, or the deliberate pursuit of activities that bring holistic health, happiness, and well-being. Public health, both physical and mental, has taken a beating during this pandemic. In Asia, as elsewhere, wellness can revive the human body, mind, and spirit, which are the first steps toward rebuilding the economy and society.
- ❖ **Wellness is a large and growing part of the Asian economy.** Even before COVID-19, Asians demanded more wellness as their incomes rose, chronic lifestyle diseases became more prevalent, and the population aged. A result has been a rapidly growing wellness economy, comprising industries that enable consumers to incorporate wellness activities into their daily lives. The wellness economy provides 11% of output in Asian countries, having grown annually by 10% in recent years. COVID-19 is likely to further boost demand in the coming years and support a strong recovery.
- ❖ **Asian wellness traditions can serve both well-being and the economy.** Although modern wellness industries originated in Western countries, Asia has a wealth of wellness traditions. Those traditions are productive assets for the wellness economy. At the same time, tapping these traditions can promote mental and physical health in the lives of Asians. As such, the present is the opportune time for Asia to rediscover its wellness roots.
- ❖ **Wellness policies should be comprehensive and target all Asians.** Government efforts to boost physical and mental well-being fall into four policy domains: create a healthy urban environment, enable and support physical activity, encourage healthy diets, and enhance wellness in the workplace. Because healthy aging begins in childhood, a lifelong wellness policy framework such as Japan's 100-Year Life Program should complement the four policy domains. And, because the poor have fewer opportunities for wellness activities, governments must invest in wellness infrastructure that benefits them.

### COVID-19 brings wellness to the fore

- **Wellness is conceptually distinct from happiness and well-being.** It is the active pursuit of activities, choices, and lifestyles that lead to a state of holistic health. Whereas happiness and well-being are subjective conditions when one feels happy or in a state of well-being, wellness arises from the process of actively choosing options that enable optimal health and well-being. Wellness is related to but distinct from medical health. The two overlap in preventive health care, but medical care focuses primarily on treating and curing illness, while wellness aims to improve on neutral health to achieve optimal health by, most notably, exercising, eating healthy food, and meditating. Wellness is thus multidimensional and holistic in that it has physical, mental, emotional, and social dimensions.
- **The pandemic spotlights both physical and mental wellness.** Medical evidence indicates much higher risk from COVID-19 for individuals with underlying physical health conditions such as obesity, asthma, or diabetes, as well as for the elderly.

Meanwhile, pandemic-induced isolation, fear, uncertainty, and economic hardship are causing a lot of stress and anxiety around the world. A recent United Nations report warns of a global mental health crisis, with current rates of mental distress at 35% in the PRC and 45% in the US. The crisis thus strengthens the case for individuals to take action to strengthen their own physical and mental health.

- **Demand for wellness reflects three broad, long-term trends.** These trends are higher incomes, the rising prevalence of chronic lifestyle diseases, and aging populations. Decades of rapid economic growth have left many Asians much richer than their forebears. Consequently, they are more aware of the benefits of healthier lifestyles as, most starkly, hunger for more calories gives way to a quest for better nutrition. The rise of conditions such as heart disease, stroke, diabetes, and cancer—as well as maladies caused by worsening pollution in the region—encourages Asians to exercise more, eat better, and make healthier life choices. In addition, Asia’s population is aging, and older populations are vulnerable to chronic diseases, loneliness, and mental health issues.
- **Wellness is pro-poor and contributes to sustainable development.** Wellness, or the active pursuit of well-being, aligns with the United Nations Sustainable Development Goals, in particular the third goal: Ensure healthy lives and promote well-being for all at all ages. A focus on wellness promises to bring a more balanced and holistic view of development than does measuring its progress simply as increased income per capita. In principle, many wellness activities such as physical exercise are available to all. In practice, though, the poor are disadvantaged by their relative lack of money and time to devote to wellness, of access to health facilities, and of ready knowledge of nutritious food. These gaps can be narrowed with public investment in wellness infrastructure such as community recreation centers and green parks in poor neighborhoods, as well as health education campaigns.

### *The contours of wellness in Asia*

- **Wellness in developing Asia is on a par with the rest of world.** This report constructs the Wellness Index designed to compare wellness across countries and regions. The index measures four pillars of wellness—physical, intellectual, social, and environmental—using a number of outcome indicators. The Wellness Index reading for developing Asia is 47, close to the global figure of 52. Substantial differences across Asia only partly reflect variation in development stage. To be sure, rich countries such as the Republic of Korea tend to have higher wellness scores, but so do some lower-income countries, notably Bhutan.
- **Wellness is a large and growing part of the regional economy.** The Global Wellness Institute describes the wellness economy as industries that enable consumers to incorporate wellness activities and lifestyles into their daily lives. It estimates the global wellness economy at \$4.5 trillion in 2018, equal to 5% of global GDP. It is an even bigger part of the economy of developing Asia. ADB estimates that the wellness economy provided 11% of regional GDP in 2017 and that it has been growing by about 10% annually in recent years. The rapid growth of the wellness economy reflects Asians’ growing demand for wellness. Demand

is likely to expand further in the wake of the COVID-19 pandemic, which has restricted physical exercise and caused a lot of anxiety and stress.

### *Holistic pathway to physical wellness*

- **Physical inactivity is a worsening threat to regional public health.** Physical inactivity is a key lifestyle risk factor for chronic disease. While 33.2% of Asians regularly participate in recreational physical activity, this is somewhat below the global average of 35.5%. Inactivity rates are generally worse in South Asia and better in East Asia, Southeast Asia, and the Pacific. Asia has one of the world's largest and most diverse physical activity markets, valued at \$240 billion in 2018, with sports and active recreation being the most popular activities. That said, many Asians spend little or nothing when pursuing leisure-time physical activity on the streets, at home, or in public parks, plazas, and free sporting facilities. Governments can support participation in physical activity after COVID-19 recedes by investing in venues for sports and physical recreation.
- **Asia can ill afford its increasingly unwell workplace.** The region accounted for over two-thirds of the 2.8 million people estimated to have died worldwide in 2017 from work-related accidents or disease. Workplace wellness is still a little-known concept in Asia, benefiting primarily those who work for multinational corporations or live in the region's wealthiest countries and cities. Only 5.2% of all employed workers in Asia stand to benefit from some form of workplace wellness program—barely half of the low 9.8% of workers globally. To be effective, a workplace wellness framework must be holistic and focus first on wellness challenges that arise within the workplace. Today, staying well while working from home is emerging as a new priority under widespread COVID-19 restrictions.
- **Community planning, zoning, and infrastructure can promote wellness.** When human health and wellness are central to urban planning, real estate, and infrastructure development, the result is wellness real estate—a \$134 billion industry in 2017, with Asia and the Pacific accounting for \$47 billion. Public investment can similarly focus built environments on wellness. For example, governments can invest in infrastructure that encourages physical activity: pedestrian sidewalks, paths and trails, and public parks. Such planning approaches create neighborhoods and communities that are healthier for residents and that enhance their well-being and the quality of life.
- **The double burden of malnutrition is a growing risk to health.** Food has become more readily available across the region, reducing malnutrition but encouraging unhealthy eating as poor choices of calories sources bring too much sugar, salt, and fat. As a result, the region has become a global hotspot for the double burden of malnutrition: concurrent undernutrition and obesity. Poor nutrition inflicts significant economic costs. Direct medical costs from obesity, for instance, are estimated to absorb 0.8% of regional GDP. Policies can favor healthy foods, as through targeted taxes that drive down demand for sugary drinks. Public education on nutrition can guide consumers toward better diets and minimize the burden on the public health-care system.

### *Leveraging Asian traditions for mental wellness*

- **The path to mental well-being is self-managed and evidence-based.** The five pillars of mental wellness are emotional well-being, psychological well-being, resilience and balance, optimal functioning, and social well-being. Poor mental health—evidenced by depression, is the third-biggest cause of years lost to disability, after lower-back pain and headache. Yet many Asian economies have fewer than one mental health professional per 100,000 population. Evidence supports the benefits to mental wellness from healthy everyday habits such as eating well and seeking social support, as well as such specialized wellness enablers as meditation, tai chi, yoga, dance, and social laughter. Benefits are amplified if wellness is practiced in tune with local culture by, for example, basing optimal nutrition on local cuisine.
- **Asians can draw from a plethora of established wellness traditions.** Asia's two major systems of traditional health knowledge—Chinese and ayurvedic medicine—are grounded on principles of healthy living and wellness through the whole of life. These two systems have influenced not only the wellness traditions of East and South Asia, where they arose, but also Southeast Asia. Lifestyle is given primary emphasis over medicine. Individual wellness practices that leverage these traditions offer a low-cost avenue to mental and overall wellness that is culturally relevant, evidence-based, and self-managed. A growing body of scientific evidence confirms the wellness benefits of Asian wellness traditions. As a bonus, these traditions can reduce public health care costs and provide new economic opportunities.
- **An aging Asian population makes healthy aging an urgent priority.** The share of developing Asia's population aged 65 or older is rising, from 6% in 2010 to 9% in 2020 and a projected 18% in 2050. Evidence indicates that older populations generate greater demand for wellness. For example, a 1% increase in the share of population aged 65 or older boosts hot spring revenues by 0.29%. While mental and physical health naturally deteriorates with age, eating healthier food, including traditional Asian food, and exercising regularly can improve how well populations age. Optimizing home design helps, as does reducing isolation through technology and social support. The evidence is mixed about the impact of retirement on wellness, but it is clear that wellness in old age depends on staying mentally and physically active and fit, whether retired or not.
- **Wellness tourism is a growing segment of the tourism industry.** While almost all tourism activities encourages rest and relaxation and is thus beneficial to mental wellness, a key driver of rapid tourism growth in Asia is wellness tourism, which lies at the intersection of the \$2.7 trillion global tourism industry and the \$4.5 trillion global wellness industry. Wellness tourism, defined as travel designed to maintain or enhance personal well-being, generated \$639 billion in revenue globally in 2017 and \$137 billion in Asia and the Pacific. Global tourism has been hit very hard by COVID-19. Beyond the short term, countries with post-COVID recovery strategies that strengthen the sustainability of wellness tourism will be among those that benefit the most from global economic recovery.

### *Wellness for happiness and inclusiveness*

- **Subjective happiness is low in Asia relative to other regions.** Sustained rapid growth has lifted developing Asia's living standards in recent decades. Yet research indicates that higher income does not necessarily translate into greater happiness. As a result, happiness has recently attracted a lot of attention. The rise of positive psychology as a field of enquiry indicates burgeoning academic interest, and Bhutan's famous gross national happiness index is emblematic of growing interest among policy makers. The *World Happiness Report 2019* states that, despite rapid economic growth, self-reported happiness in Asia averages 5.17 on a scale of 0 to 10, substantially lower than in every other region except Africa and the Middle East and the global average of 5.46. Some poorer countries such as Pakistan and the Philippines are relatively happy countries.
- **Empirical evidence associates wellness with happiness.** The wellness economy can, in principle, generate greater well-being. Recreational physical therapy, workplace wellness programs, and spa therapy are examples of wellness enterprise geared toward better health outcomes, which are central to well-being. Empirical analysis across 146 countries confirms a significant positive association between wellness and happiness. Thus, if annual spending per capita on workplace wellness doubled from the current world average of \$11 to \$22, happiness would improve by 0.15 units on a scale of 0 to 10.
- **The wellness economy can promote inclusive growth.** Developing Asia has a large, fast-growing wellness economy. Wellness tourism expenditure in the region grew by 11% annually from 2015 to 2017, reaching \$137 billion as the industry directly employed 3.74 million in India, 1.78 million in the PRC, and 0.53 million in Thailand. In addition, demand for many wellness products, such as local and traditional culinary experiences and goods, can encourage micro or small enterprises to leverage local heritage and indigenous ingredients toward their creation. As many wellness-related occupations, such as complementary medicine practitioners, are dominated by women, growth in the wellness economy contributes to female employment. In these ways, the wellness economy can enable inclusive growth and reduce poverty.

### *Policies for physical and mental wellness*

- **Government policies that promote wellness offer broad benefits.** Individuals, the economy, and society as a whole benefit where wellness makes people happier and more productive and wellness industries are a growing part of the economy. Yet, because wellness is poorly understood by governments, they do not incorporate it into policy making as an overarching framework or explicit priority. Meanwhile, wellness can bring an important perspective to policy making that complements public health, health policy, and the emerging field of happiness. Wellness policies are those that nudge people to proactively make healthy choices and live healthy lifestyles, while also creating living environments that support and encourage healthy behavior and lifestyles. Such policies are most effective if they address four cross-cutting domains and take a lifespan approach, as explained below.

■ **Wellness policies span four cross-cutting policy domains.** First, Asian governments can help create a healthy built environment by, for example, prioritizing walkability and physical movement in urban and regional planning. Second, policy makers can enable and support physical activity by funding public infrastructure, facilities, and programs for it. Third, governments can encourage healthy eating by improving consumer awareness of nutrition and diet. Finally, Asian policy makers can enhance wellness in the workplace by ensuring a safe and healthy physical work environment. Taken together, policies in these four cross-cutting domains can promote mental and physical wellness.

■ **A lifespan approach safeguards mental and physical health from birth.** Healthy aging begins in childhood and progresses through an overarching lifespan framework such as Japan's 100-Year Life Program. Preventive interventions in an individual's first 1,000 days bring lifelong benefits. Further, wellness is worth adding to the formal education system, embedded in curricula and in learning and social environments. Finally, a range of policies can support healthy aging, including lifelong learning, reskilling, personal growth and transformation, and, for seniors, better nutrition and safe homes that enable wellness. In conjunction with cross-cutting wellness policies, lifelong wellness policies can help Asians navigate the uncertain, stressful COVID-19 world toward a better new normal after the pandemic.

## GDP growth rate, % per year

	2019	2020			2021		
		April ADO 2020	June ADOS	September Update	April ADO 2020	June ADOS	September Update
<b>Central Asia</b>	<b>4.9</b>	<b>2.8</b>	<b>-0.5</b>	<b>-2.1</b>	<b>4.2</b>	<b>4.2</b>	<b>3.9</b>
Armenia	7.6	2.2	-3.5	-4.0	4.5	3.5	3.5
Azerbaijan	2.2	0.5	-0.1	-4.3	1.5	1.2	1.2
Georgia	5.1	0.0	-5.0	-5.0	4.5	5.0	4.5
Kazakhstan	4.5	1.8	-1.2	-3.2	3.6	3.4	2.8
Kyrgyz Republic	4.5	4.0	-5.0	-10.0	4.5	4.0	4.0
Tajikistan	7.5	5.5	-3.6	-0.5	5.0	7.0	6.0
Turkmenistan	6.3	6.0	3.2	3.2	5.8	5.8	5.8
Uzbekistan	5.6	4.7	1.5	0.5	5.8	6.5	6.5
<b>East Asia</b>	<b>5.4</b>	<b>2.0</b>	<b>1.3</b>	<b>1.3</b>	<b>6.5</b>	<b>6.8</b>	<b>7.0</b>
Hong Kong, China	-1.2	-3.3	-6.5	-6.5	3.5	5.1	5.1
Mongolia	5.1	2.1	-1.9	-2.6	4.6	4.7	5.1
People's Republic of China	6.1	2.3	1.8	1.8	7.3	7.4	7.7
Republic of Korea	2.0	1.3	-1.0	-1.0	2.3	3.5	3.3
Taipei, China	2.7	1.8	0.8	0.8	2.5	3.5	3.5
<b>South Asia</b>	<b>4.3</b>	<b>4.1</b>	<b>-3.0</b>	<b>-6.8</b>	<b>6.0</b>	<b>4.9</b>	<b>7.1</b>
Afghanistan	3.0	3.0	-4.5	-5.0	4.0	3.0	1.5
Bangladesh	8.2	7.8	4.5	5.2	8.0	7.5	6.8
Bhutan	4.4	5.2	2.4	2.4	5.8	1.7	1.7
India	4.2	4.0	-4.0	-9.0	6.2	5.0	8.0
Maldives	5.9	-3.0	-11.3	-20.5	7.5	13.7	10.5
Nepal	7.0	5.3	2.3	2.3	6.4	3.1	1.5
Pakistan	1.9	2.6	-0.4	-0.4	3.2	2.0	2.0
Sri Lanka	2.3	2.2	-6.1	-5.5	3.5	4.1	4.1
<b>Southeast Asia</b>	<b>4.4</b>	<b>1.0</b>	<b>-2.7</b>	<b>-3.8</b>	<b>4.7</b>	<b>5.2</b>	<b>5.5</b>
Brunei Darussalam	3.9	2.0	1.4	1.4	3.0	3.0	3.0
Cambodia	7.1	2.3	-5.5	-4.0	5.7	5.9	5.9
Indonesia	5.0	2.5	-1.0	-1.0	5.0	5.3	5.3
Lao People's Dem. Rep.	5.0	3.5	-0.5	-2.5	6.0	4.5	4.5
Malaysia	4.3	0.5	-4.0	-5.0	5.5	6.5	6.5
Myanmar	6.8	4.2	1.8	1.8	6.8	6.0	6.0
Philippines	6.0	2.0	-3.8	-7.3	6.5	6.5	6.5
Singapore	0.7	0.2	-6.0	-6.2	2.0	3.2	4.5
Thailand	2.4	-4.8	-6.5	-8.0	2.5	3.5	4.5
Timor-Leste	3.4	-2.0	-3.7	-6.3	4.0	4.0	3.3
Viet Nam	7.0	4.8	4.1	1.8	6.8	6.8	6.3
<b>The Pacific</b>	<b>3.5</b>	<b>-0.3</b>	<b>-4.3</b>	<b>-6.1</b>	<b>2.7</b>	<b>1.6</b>	<b>1.3</b>
Cook Islands	5.3	-2.2	-9.0	-7.0	1.0	-15.4	-15.4
Federated States of Micronesia	1.2	1.6	-2.0	-5.4	3.0	-1.5	-1.9
Fiji	-1.3	-4.9	-15.0	-19.8	3.0	-0.7	1.0
Kiribati	2.4	1.6	0.6	0.6	1.8	1.8	1.8
Marshall Islands	3.8	2.5	-5.5	-5.5	3.7	-1.4	-1.4
Nauru	1.0	0.4	-1.7	-1.7	1.1	0.8	0.5
Niue	...	...	...	...	...	...	...
Palau	-1.8	-4.5	-9.5	-9.5	1.2	-12.8	-12.8
Papua New Guinea	5.0	0.8	-1.5	-2.9	2.8	2.9	2.5
Samoa	3.5	-3.0	-5.0	-5.0	0.8	-2.0	-9.7
Solomon Islands	1.2	1.5	-6.0	-6.0	2.7	2.5	1.0
Tonga	0.7	0.0	-3.0	-3.0	2.5	-4.0	-8.0
Tuvalu	4.1	2.7	2.0	2.0	3.2	2.5	2.5
Vanuatu	2.9	-1.0	-9.8	-9.8	2.5	2.0	1.0
<b>Developing Asia</b>	<b>5.1</b>	<b>2.2</b>	<b>0.1</b>	<b>-0.7</b>	<b>6.2</b>	<b>6.2</b>	<b>6.8</b>
<b>Developing Asia excluding the NIEs</b>	<b>5.6</b>	<b>2.4</b>	<b>0.4</b>	<b>-0.5</b>	<b>6.7</b>	<b>6.6</b>	<b>7.2</b>

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

Inflation, % per year							
	2019	2020			2021		
		April ADO 2020	June ADOS	September Update	April ADO 2020	June ADOS	September Update
<b>Central Asia</b>	<b>7.5</b>	<b>7.6</b>	<b>8.0</b>	<b>8.3</b>	<b>6.3</b>	<b>6.6</b>	<b>6.6</b>
Armenia	1.4	2.8	1.2	1.4	2.2	2.5	2.2
Azerbaijan	2.6	2.5	2.8	3.8	3.5	3.5	3.2
Georgia	4.9	4.5	5.0	6.0	3.0	3.5	4.5
Kazakhstan	5.3	6.0	7.9	7.7	5.7	6.2	6.2
Kyrgyz Republic	1.1	3.5	7.0	7.0	3.0	5.0	5.0
Tajikistan	8.0	9.0	10.0	9.5	8.0	8.5	8.5
Turkmenistan	13.4	13.0	8.0	10.0	8.0	8.0	8.0
Uzbekistan	14.6	13.0	13.0	13.0	10.0	10.0	10.0
<b>East Asia</b>	<b>2.6</b>	<b>3.2</b>	<b>2.9</b>	<b>2.6</b>	<b>1.8</b>	<b>1.8</b>	<b>1.7</b>
Hong Kong, China	2.9	2.0	1.5	1.5	2.5	2.5	2.5
Mongolia	7.3	6.6	6.4	5.6	7.9	8.2	8.2
People's Republic of China	2.9	3.6	3.3	3.0	1.9	1.9	1.8
Republic of Korea	0.4	0.9	0.5	0.5	1.3	1.3	1.3
Taipei, China	0.6	0.4	0.2	0.2	0.8	0.8	0.8
<b>South Asia</b>	<b>5.0</b>	<b>4.1</b>	<b>4.0</b>	<b>5.2</b>	<b>4.4</b>	<b>4.5</b>	<b>4.5</b>
Afghanistan	2.3	2.3	5.0	5.0	3.5	4.5	4.5
Bangladesh	5.5	5.6	5.6	5.7	5.5	5.5	5.5
Bhutan	2.8	3.8	2.8	3.0	4.0	4.0	4.0
India	4.8	3.0	3.0	4.5	3.8	4.0	4.0
Maldives	0.2	1.0	1.0	0.5	1.2	1.2	1.5
Nepal	4.6	6.0	6.6	6.2	5.5	6.5	5.5
Pakistan	6.8	11.5	11.0	10.7	8.3	8.0	7.5
Sri Lanka	4.3	5.0	4.0	4.5	4.8	4.2	4.2
<b>Southeast Asia</b>	<b>2.1</b>	<b>1.9</b>	<b>1.0</b>	<b>1.0</b>	<b>2.2</b>	<b>2.3</b>	<b>2.3</b>
Brunei Darussalam	-0.4	-0.2	0.4	1.4	0.1	0.4	1.0
Cambodia	1.9	2.1	2.1	2.1	1.8	1.8	1.8
Indonesia	2.8	3.0	2.0	2.0	2.8	2.8	2.8
Lao People's Dem. Rep.	3.3	4.0	5.5	5.5	4.5	5.0	5.0
Malaysia	0.7	1.0	-1.5	-1.5	1.3	2.5	2.0
Myanmar	8.6	7.5	6.0	6.0	7.5	6.0	6.0
Philippines	2.5	2.2	2.2	2.4	2.4	2.4	2.6
Singapore	0.6	0.7	-0.2	-0.3	1.3	0.8	1.0
Thailand	0.7	-0.9	-1.3	-1.6	0.4	0.7	0.8
Timor-Leste	1.5	1.3	1.3	1.0	1.8	1.8	1.0
Viet Nam	2.8	3.3	3.0	3.3	3.5	3.5	3.5
<b>The Pacific</b>	<b>3.0</b>	<b>2.7</b>	<b>2.9</b>	<b>2.8</b>	<b>3.8</b>	<b>3.8</b>	<b>3.1</b>
Cook Islands	0.8	1.5	1.5	1.5	1.7	1.7	1.7
Federated States of Micronesia	-1.0	0.5	0.5	1.6	1.0	1.0	1.9
Fiji	1.8	1.5	1.2	0.5	3.5	3.0	1.3
Kiribati	-1.8	1.0	1.0	1.0	1.1	1.1	1.1
Marshall Islands	0.1	0.3	0.3	0.3	0.5	0.5	0.5
Nauru	3.9	2.8	1.5	1.5	2.3	1.7	1.7
Niue	...	...	...	...	...	...	...
Palau	0.6	0.4	0.4	0.4	0.8	0.8	0.8
Papua New Guinea	3.6	3.3	3.3	3.3	4.4	4.4	3.8
Samoa	2.2	2.0	2.8	1.9	2.5	2.5	2.2
Solomon Islands	1.6	2.0	4.5	6.0	2.3	3.0	3.0
Tonga	3.2	1.3	1.3	1.6	2.2	1.8	2.0
Tuvalu	3.3	3.5	3.0	3.0	3.5	3.0	3.0
Vanuatu	2.8	1.5	4.0	3.0	2.0	2.2	2.2
<b>Developing Asia</b>	<b>2.9</b>	<b>3.2</b>	<b>2.9</b>	<b>2.9</b>	<b>2.3</b>	<b>2.4</b>	<b>2.3</b>
<b>Developing Asia excluding the NIEs</b>	<b>3.3</b>	<b>3.6</b>	<b>3.2</b>	<b>3.2</b>	<b>2.5</b>	<b>2.5</b>	<b>2.5</b>

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

## **Asian Development Outlook 2020 Update**

*Wellness in Worrying Times*

The full report is available on the ADB website at <https://www.adb.org/adou2020>.

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