EAST ASIA and the **PACIFIC**

GLOBAL ECONOMIC PROSPECTS | June 2014 | Chapter 2

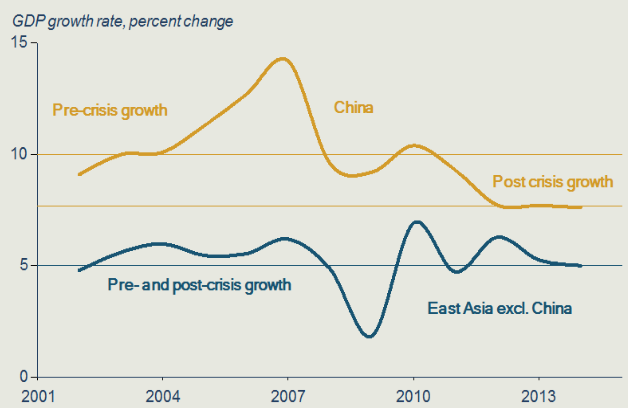
The region continues to adjust to more balanced growth, while dealing with accumulated imbalances. Growth is projected to ease to 7.0 percent in 2016 reflecting offsetting effects of moderation in China and pick-up in the rest of the region as adjustment in large ASEANs eases, exports firm and tensions subside in Thailand. Volatility and eventual tightening of global financing conditions related to policy normalization and the possibility of a sharp slowdown in China, represent major risks to the regional outlook.

Recent developments

Growth in the East Asia and Pacific region slowed in 2013 toward a more sustainable path. Regional output expanded by 7.2 percent in 2013, only slightly down from 7.4 percent in 2012. This reflected growth moderation in several large middle-income ASEAN economies including Indonesia and Malaysia as a result of policy tightening, and a sharp slowdown due to political turmoil in Thailand. Growth in the smaller economies of the region was slightly higher or broadly unchanged, buoyed by recovering exports (Cambodia), FDI inflows and robust remittances (Myanmar, Philippines and Vietnam) and expansionary fiscal and monetary policies (Lao People's Democratic Republic (PDR) and Mongolia).

In China, GDP grew 7.7 percent, unchanged from 2012. This reflected the offsetting influences of growth support measures introduced in mid-2013 to undo the first quarter slowdown that was associated with efforts to rein in credit and rebalance the economy from credit-fueled capital investment toward consumer demand. Nevertheless, this 7.7 percent growth rate was well off China's pre-crisis growth pace. Elsewhere in the region, trend growth has thus far been resilient to sharply slower Chinese growth in the post-crisis period (figure 2.1). This reflected a combination of the diversified structures of these economies, which allowed them to access new markets for their products and services, as well as strong policy buffers, which have been used to mitigate external headwinds.

Figure 2.1 Growth in East Asia has remained broadly unchanged despite a slowdown in China



Source: Haver Analytics; World Bank.

A stop-and-go pattern of growth in China in recent years resulted in uneven quarterly growth profile. Quarterly GDP growth in China has been characterized by periods of slowing growth (such as between 2013Q3 and 2014Q1) followed by stimulus-fueled accelerations such as that observed between 2013Q1 and 2013Q3. This stop-and-go pattern has reflected the tensions between short-term needs to sustain reasonably strong growth in order to assure the viability of outstanding loans and sustain employment, and more medium-term objective of rebalancing growth away from primary sectors and capital investment toward perhaps slower but more sustainable growth increasingly reliant on services, and consumer demand.

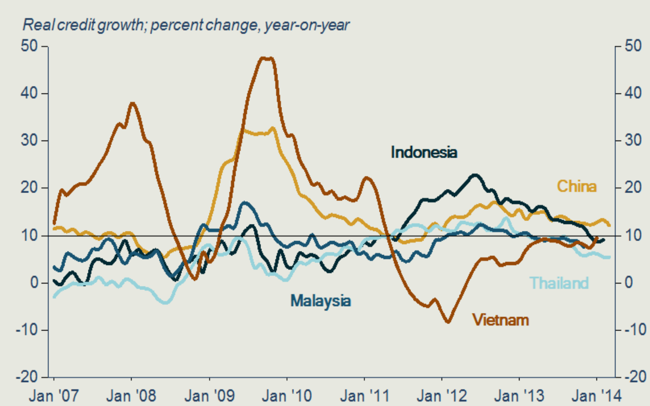
After a moderately slower annual growth in 2013, a slowdown of economic activity in the region continued into the first quarter of 2014. Quarterly output growth weakened across the region in the first quarter of 2014 and industrial production growth has remained subdued at around 2.4 percent in the three months to April. Barring the Philippines where GDP growth accelerated slightly in Q1, the pace of growth slowed in China, Indonesia, Mongolia and Malaysia and contracted sharply in Thailand. In addition to on-going rebalancing in China, this reflected a continued policy tightening in Indonesia and Malaysia, combined with depressed economic activity in Thailand due to ongoing political tensions as well as weaker than initially anticipated external demand. With the estimated 2.5 percent of GDP equivalent growth support measures announced in April of 2014 in China and additional targeted policy easing measures announced in May, an acceleration similar to that of recent years is expected in 2014Q2 and 2014Q3.

There are some signs of growth acceleration in the region. In China, industrial output growth picked-up recovered to 5.1 percent (3m/3m saar) in April, May PMIs rose to a five-month high and export growth also strengthened. Business confidence has improved in Indonesia reflecting easing price pressures, improved current account and easing of currency pressures. Export growth rebounded sharply in Malaysia and business sentiment continues to show solid expansion in Vietnam despite the recent unrest. Thailand, where political tensions have caused a sharp slide in industrial output at a 16.5 percent annualized pace in the three months to April, continues to remain the regional outlier.

Tighter policies in the larger economies of the region helped to slow credit growth across the region. Against the backdrop of still low real interest rates, policy actions implemented in the region have included monetary and fiscal tightening and some supply side measures**.** On average, the fiscal balance remained broadly stable for the region excluding China at just over 3 percent of GDP in 2013. Both Malaysia and Indonesia raised fuel prices, as part of broader fiscal consolidation in Malaysia and alongside other supply-side measures in Indonesia. Indonesia also tightened monetary policy between June and November, whereas Thailand delayed monetary policy tightening due to weak growth outcomes since it began fiscal consolidation. Real credit growth, which had been expanding at double digit rates since mid-2011, slowed to less than 6 percent in Thailand and halved in Indonesia (figure 2.2). In contrast, policy turned expansionary in several economies hit by negative terms of trade effects (Mongolia and Papua New Guinea). Fiscal imbalances in these economies and other smaller countries of the region (Lao, PDR) exceeded 5 percent of GDP in 2013. Reflecting a tight or neutral policy stance, combined with moderate commodity prices, inflation generally remained below the upper bounds of inflation targets among inflation-targeting countries (China, Thailand, the Philippines, Vietnam), with the notable exception of Mongolia. Quarterly inflation eased significantly in Indonesia, but annual inflation has remained above the central bank targeted rate reflecting a one-off level impact from fuel price increase.

The pace of credit growth in China has also eased, but remains rapid. In an effort to rein in credit growth, China has tightened regulations and instructed local governments to reduce their demand for new project financing. Banks have become reluctant to lend to firms in sectors with overcapacity and domestic bond issuance has slowed after widely publicized defaults. An intense anticorruption drive has also dampened spending (particularly on luxury items). By March of 2014,

Figure 2.2 **Policy and administrative tightening is helping to slow credit growth in the region**



Source: Haver Analytics. World Bank.

(banking sector) real credit growth eased by about 4 percentage points compared to October 2012 rates. However, the stock of aggregate financing remains high, of which about one quarter consists of shadow banking products. Moderate inflation and stable nominal policy rates implied that real interest rates in China have remained around 4 percent throughout 2013 and into 2014.

The drivers of growth are shifting away from investment and public consumption towards net exports with private consumption remaining resilient, reflecting domestic adjustment in the context of changing global conditions. Tightening financial conditions in much of 2013 prompted by deteriorating terms of trade, tighter global financing conditions and policy measures to rein in credit growth have contributed to a cyclical slowdown outside China, including a halving in investment growth for the region excluding China (to 4.8 percent in 2013, the lowest since 2009). In China, continued growth-support measures have delayed domestic rebalancing, with investment remaining the main driver of growth. Nevertheless, adjustment is underway with the investment contribution to output growth easing to around 53 percent in 2013 compared with a record high 88 percent in 2009.

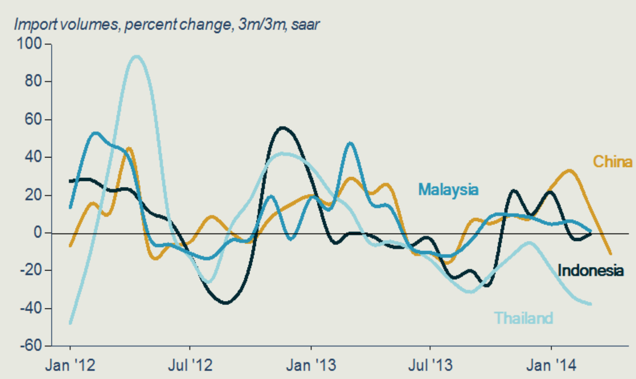
Regional consumption has proved to be resilient, with the notable exception of Thailand. In China, the contribution of consumption to GDP growth has continued to rise, despite a temporary set-back in 2013, with the trend particularly pronounced in the first quarter of 2014. Consumption growth also accelerated in Indonesia, where increased transfers partly compensated for real income losses due to a 33 percent increase in fuel prices. In Malaysia, robust income growth helped support household consumption, despite slowing credit growth and fiscal consolidation. Consumption growth inched down but remained robust in the Philippines, supported by remittances, which grew 7.4 percent from a year ago in 2013. In Thailand public and private consumption growth plummeted, reflecting deteriorating consumer sentiment combined with a reduction in budgetary outlays on consumer subsidies.

Net exports emerged as a positive contributor to regional output growth in 2013. Moderation of domestic demand combined with the upturn in high-income country growth, and currency depreciations in some countries in response to the turmoil during the May-July of 2013, turned net exports into a positive (although still small) contributor to regional growth. Import volume growth in the region excluding China slowed to the slowest pace observed since 2009. In China, import growth accelerated but still remained well below the double digit rates observed before the 2008 crisis (figure 2.3). Since the last quarter of 2013, regional exports expanded at double digit rates since the last quarter of 2013, led by a recovery in the Euro Area and the US. A sustained increase in the volume of manufactured exports partly compensated for the negative effects of declining commodity prices at the regional level except in some commodity exporters (Mongolia, Papua New Guinea).

The regional current account surplus has begun to stabilize after falling to its lowest level in 2013 in more than a decade (Table 2.1). The improvement which started in the third quarter of 2013 has been slow partly reflecting temporary dip in import demand in the US due to extreme weather conditions, as well as the correction of earlier over-invoicing of exports in China, and smoothing of Indonesia's export data which was flattered in the last quarter of 2013 due to front-loading of unprocessed mineral exports ahead of the January trade ban.

The tightening of global financial conditions and domestic policies in the wake of the financial market turbulence of May-July 2013 have helped reduce vulnerabilities. In particular, (i) current account balances have improved (Indonesia and Thailand), (ii) real credit growth has moderated towards more sustainable rates (across the region) and (iii) price pressures have eased (Indonesia). Partly as a result of these adjustments, regional economies were less affected than other emerging markets outside the region by the market sell-off that occurred in January-February 2014, triggered by concerns over default risks in China, a sharp devaluation in Argentina and escalating political tensions in Eastern Europe.

Figure 2.3 **Decline in domestic demand led to easing of demand for imports**



Source: IMF, IFS; World Bank.

Table 2.1 **Net capital flows to East Asia and the Pacific ($billions)**

	2008	2009	2010	2011	2012	2013e	2014f	2015f	2016f
Capital Inflows	193.1	309.5	627.4	621.2	476.9	664.2	699.5	701.9	701.9
Foreign direct investment	226.4	189.9	320.0	386.5	367.2	370.9	375.0	382.5	390.4
Portfolio investment	-14.7	51.3	90.3	39.6	114.2	83.3	111.1	108.9	106.3
Equity	-6.8	31.6	51.7	13.7	49.9	30.2	45.7	49.6	54.2
Debt instruments	-7.9	19.7	38.7	25.9	64.3	53.1	65.4	59.3	52.1
*Other investment**	-18.6	68.3	217.0	195.1	-4.5	210.0	213.4	210.5	205.2
o/w									
Bank lending	15.5	-4.1	17.2	24.4	28.6	41.2	38.6	41.9	44.3
Short-term debt flows	-13.3	65.0	148.9	145.1	56.7	62.8	83.4	94.3	102.4
Official inflows	-0.4	3.9	4.0	-0.4	3.3	11.1	-0.1	-1.3	-1.9
World Bank	1.2	2.2	2.7	0.9	1.0	0.2	..	..	..
IMF	0.0	0.1	0.0	0.0	-0.1	-0.3	..	..	..
Other official	-1.5	1.6	1.3	-1.3	2.3	0.5	..	..	..
Memo items (as a percentage of GDP)									
Current account balance	7.7	4.8	3.7	1.9	2.0	1.5	1.8	2.0	1.9
Capital inflows	3.3	4.9	8.3	6.7	4.8	6.1	5.9	5.4	5.0
Capital outflows	2.8	2.0	3.4	3.6	4.3	3.0	..	..	..

Source: World Bank.
* including short-term and long-term private loans, official loans, other equity and debt instruments, and financial derivatives and employee stock options.
Note: e = estimate, f = forecast.

Capital flows and risk appetite have recovered from earlier volatility and borrowing costs have fallen led by declining spreads. Following a sharp fall in February of 2014, capital flows have since rebounded strongly. Indonesian Rupiah and Thai Baht, two regional currencies that had been hardest hit during the financial market turbulence of May-July 2013, began recouping their earlier losses although they remain weaker than a year ago in both nominal and effective terms. The Thai Baht came under renewed pressures in mid-May of 2014 reflecting political uncertainty related to the political intervention by the Thai army. As the political situation began to settle, pressures on the Baht eased. Similarly, stock markets recovered in early 2014, but several remain well below their levels a year ago (especially Indonesia and Thailand) (figure 2.4). Recent political tensions have eroded a 7.3 percent gain of the first four months of 2014 in Vietnam, which reflected strong foreign inflows. Sovereign bond spreads in the region have declined reflecting improved fundamentals combined with renewed global risk appetite. (figure 2.5). Vietnam has seen the largest gains with spreads easing about 200bp below their early-2013 levels, reflecting lower inflation and financial stabilization, including the containment of non-performing loans. Recent political tensions, if continued, may however reverse recent improvements.

Outlook

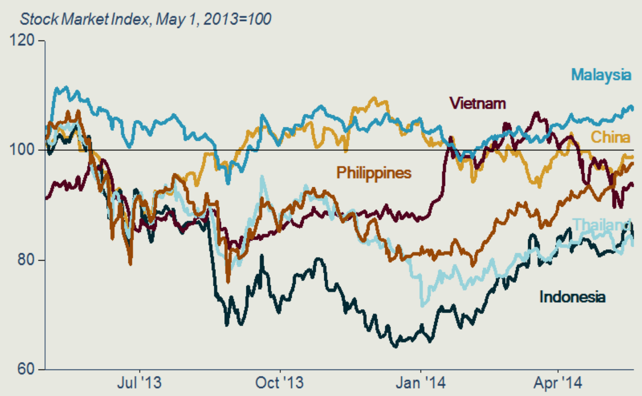
The outlook for the East Asia and the Pacific region remains influenced by the pace of rebalancing in China, volatility and the eventual tightening of external financing conditions as monetary policy is normalized in high-income countries, and a recovery in global demand for exports. Despite weak GDP growth in the first quarter of this year, improving global economic activity, growth supporting measures in China, easing policy adjustment in other large middle income economies of the region including Indonesia and Malaysia, and abating of tensions in Thailand are expected to provide support to growth in the region in the second half of 2014. Overall growth in the region is expected to slow marginally to around 7.0 percent toward the end of the forecast period (table 2.2). This is about 2 percentage points slower than during the pre-crisis years but broadly in line with the regional potential output, reflecting a gradual dissipation of large positive output gaps that had characterized the region in the aftermath of the global crisis. With demand still broadly in line with potential, there is little scope for a sharp and sustained acceleration in regional growth without re-generating potential imbalances. Moreover, large stocks of debt accumulated during the years of credit-fueled investment-led growth will continue to weigh on regional outlook.

Table 2.2 **East Asia and the Pacific forecast summary**
(annual percent change unless indicated otherwise)

	00-09[a]	2010	2011	2012	2013e	2014f	2015f	2016f
GDP at market prices[b]	8.0	9.6	8.3	7.4	7.2	7.1	7.1	7.0
(Sub-region totals-- countries with full NIA + BOP data)[c]								
GDP at market prices[c]	8.0	9.6	8.3	7.4	7.2	7.1	7.1	7.0
GDP per capita (units in US$)	7.2	8.9	7.6	6.7	6.5	6.4	6.5	6.4
PPP GDP	7.8	9.5	8.1	7.4	7.1	7.0	7.0	6.9
Private consumption	5.9	7.3	9.1	7.6	6.8	7.3	7.5	7.6
Public consumption	7.4	9.6	8.8	8.4	7.5	7.4	7.4	7.5
Fixed investment	10.7	11.4	8.6	9.5	7.9	6.9	6.9	6.7
Exports, GNFS[d]	9.0	22.2	5.3	3.2	4.9	7.3	7.5	7.5
Imports, GNFS[d]	8.5	18.4	6.4	5.1	6.7	7.4	8.1	8.0
Net exports, contribution to growth	0.4	1.6	-0.1	-0.5	-0.4	0.1	0.0	0.0
Current account bal/GDP (%)	4.7	3.7	1.9	2.0	1.5	1.8	2.0	1.9
GDP deflator (median, LCU)	5.7	6.1	4.4	3.0	4.5	5.6	5.2	4.9
Fiscal balance/GDP (%)	-1.8	-1.6	-1.3	-1.8	-2.2	-2.1	-2.1	-2.1
Memo items: GDP								
East Asia excluding China	4.3	6.9	4.7	6.3	5.3	5.0	5.6	5.5
China	9.4	10.4	9.3	7.7	7.7	7.6	7.5	7.4
Indonesia	4.6	6.2	6.5	6.3	5.8	5.3	5.6	5.6
Thailand	3.5	7.8	0.1	6.5	2.9	2.5	4.5	4.5

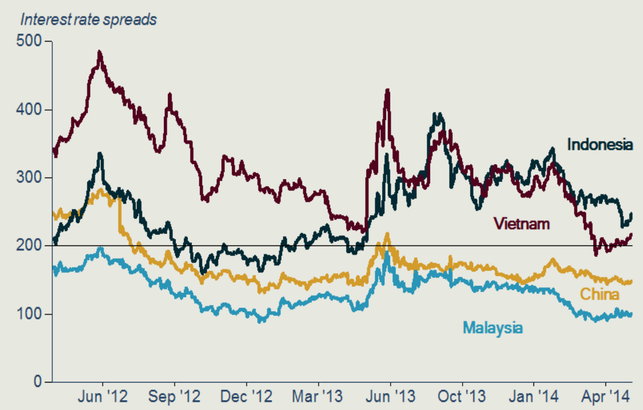
Source: World Bank.
a. Growth rates over intervals are compound weighted averages; average growth contributions, ratios and deflators are calculated as simple averages of the annual weighted averages for the region.
b. GDP at market prices and expenditure components are measured in constant 2010 U.S. dollars.
c. Sub-region aggregate excludes Fiji, Myanmar and Timor-Leste, for which data limitations prevent the forecasting of GDP components or Balance of Payments details.
d. Exports and imports of goods and non-factor services (GNFS).

Figure 2.4 **Despite some rebound, asset prices remain around or below early-2013 levels**



Source: Bloomberg. World Bank.

Figure 2.5 **Sovereign bond yields have narrowed recently**



Source: Bloomberg. World Bank.

Growth in China is expected to moderate, but the adjustment to more balanced growth will continue to pose challenges. Growth in China is expected to ease to 7.6 percent in 2014 and further to 7.5 percent in 2015 and 7.4 percent in 2016, reflecting the ongoing rebalancing of the economy. The process is expected to remain slow and volatile as adjustment-induced slowing is offset by loosening fiscal and monetary policies—aimed at meeting annual growth targets.

Outside of China, regional growth is projected to slow somewhat in 2014 as a result of domestic policies tightening and political tensions. In Indonesia, growth will ease to 5.3 percent in 2014 as the economy adjusts to tighter financing conditions, before stabilizing at 5.6 percent in 2015 and 2016 on the back of recovering exports. In Thailand, output growth is projected to slow further in 2014, and the outlook remains uncertain due to continued political tensions. In contrast, Vietnam is projected to continue to benefit from recovering global demand due to improved macroeconomic fundamentals, including improved price stability with GDP growth expected to increase modestly, but steadily to reach 5.8 percent by 2016. However recent political tensions have introduced some uncertainty to the outlook. A projected acceleration of growth in the Philippines, in 2015 reflects accelerated reconstruction efforts. Overall, aggregate growth for the region excluding China is projected to settle at around 5.5 percent by 2016 as external demand solidifies, the domestic adjustment process comes to an end and Thailand recovers from political crisis. In particular, growth in the ASEAN-4 is projected to track potential output.

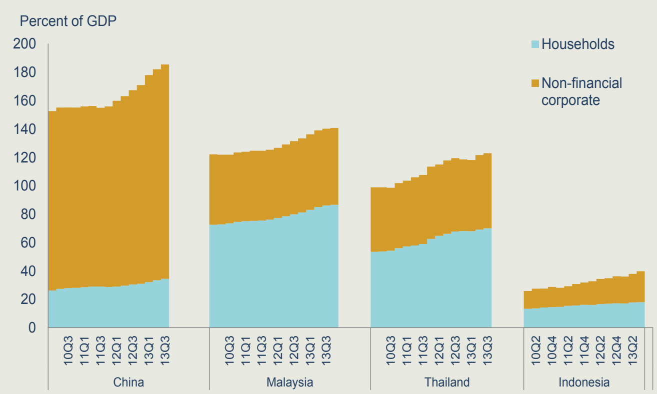
The smaller economies are expected to grow steadily, but face risks from domestic overheating and China's rebalancing. Growth in Cambodia and Myanmar is projected to remain stable, benefitting from higher global import demand and regional and global integration. The baseline forecasts for Lao, PDR projects a slight increase in growth, assuming strong reform efforts combined with the start of production of new power projects. Growth in Mongolia envisages a gradual slow-down to 7.4 percent by 2016 reflecting overdue policy tightening to unwind large domestic and external imbalances generated during the years of expansionary policies. Papua New Guinea faces a slowdown in the non-mineral sector as construction winds down on the huge liquefied natural gas project. The outlook for Timor-Leste's non-oil economy has moderated significantly as public spending plans have been brought down to more sustainable levels in order to curb inflation. In the smaller Pacific Island countries, growth is expected to be subdued and volatile.

Risks

The risks for the region are broadly balanced. Volatility and eventual tightening of financing conditions related to the normalization of monetary policy in the U.S., a bumpy recovery of global demand for imports, and a sharper than expected slowdown in China present three major risks to the regional outlook. Conversely, sharper-than-expected recovery of global demand for imports and successful adjustment in China represent upside risks for the regional outlook.

The current benign external financing environment may weaken incentives to implement domestic reforms. Although global financial conditions have eased considerably since September of last year, they are expected to eventually tighten as the recovery in the US and the Euro Area solidifies. This will weigh on the regional outlook through higher costs of capital and higher interest payments especially in the countries where outstanding stocks of debt remain high (Thailand, China, Malaysia) (figure 2.6). In addition, the benefits of economic flexibility in East Asia and Pacific that have supported growth over the past half-decade, will increasingly dissipate. Structural reforms are needed to rejuvenate potential growth (e.g. trade facilitation measures, removing impediments to foreign direct investment, especially in services sectors). As financial conditions ease in the short-term, political commitment to continue implementing policies that strengthen potential growth and reduce vulnerabilities could weaken.

Figure 2.6 **Large stocks of private sector debt represent the sources of financial vulnerability**



Source: BIS. IMF, IFS. World Bank. Bank Negara Malaysia. For Malaysia, annual household debt series are interpolated to get quarterly estimates.

While the smooth adjustment to eventual policy tightening remains the most likely outcome, bouts of capital flow reversals and other forms of financial market volatility remain a risk. Further episodes of volatility can be anticipated, as markets approach high-income monetary policy decision points, notably whether to embark on a more aggressive easing strategy in the Euro Area, and when to begin tightening conventional monetary policy in the United States. How well the regional economies will be able to navigate further episodes of volatility will depend on the strength of domestic economies and the robustness of policy buffers and flexibility of policy tools available to counter possible external shocks. While the adjustment that has occurred thus far has reduced vulnerabilities within the region, a domestic crisis elsewhere in the developing world could have regional consequences if contagion effects take hold. Similarly, domestic tensions like political impasse or electoral uncertainty could reinforce external shocks and contribute to greater fragility than warranted by economic fundamentals.

A sharper than expected slowdown in China triggered by disorderly unwinding of imbalances, would generate substantial headwinds in the region. While trend growth in the region has not been affected by slowing growth in China, cyclical growth remains closely tied to developments in China. In the process of rebalancing the Chinese economy, an unexpectedly sharp adjustment of property prices and disorderly deleveraging could lead to a significant fall in investment rates, an abrupt slowdown in output growth, and substantial spillovers within the East Asia region, especially on commodity exporters (January 2013 GEP) .

Successful economic rebalancing in China presents an upside risk to the region. The Chinese authorities have announced their intention to implement reforms in labor, land and capital markets, and gradually unwind imbalances generated during the years of credit-fueled investment led growth. These reforms will eventually lead to improved resource allocation and higher productivity by increasing the role of market forces in the economy, containing the near-term risks to financial stability posed by rapid credit growth and high levels of debt, and helping China's transition to a slower, but more sustainable growth path. The baseline projection assumes that the domestic rebalancing from investment to consumption will be gradual and protracted. However, political pressures for sustainable growth may encourage a faster transformation (see EAP economic update, April 2014).

The recovery in advanced markets presents both upside and downside risks. Although the region is currently trading more with developing countries rather than advanced economies, the industrial countries remain major markets for the region's exports, with the United States, the Euro area, Japan, and Australia and New Zealand accounting for about two-fifths of the region's exports (EAP economic update, April 2014). In the baseline scenario, slowing import demand from China is expected to be more than offset by rising import demand from the US and the Euro Area. Every 1 percentage point increase in high income growth and a corresponding slowdown in China is expected to translate into an increase in growth by 0.22 percentage points in East Asia (excluding China). In the baseline scenario, growth in global trade volumes is expected to accelerate from 3.0 percent in 2013, to 4.4 percent this year, rising to about 5.0 per-cent in 2016 benefitting the manufacturing intensive economies of East Asia with close trade linkages to the U.S. and Euro Area. In value terms, this pick-up is considerably slower than in pre-crisis years, mainly reflecting the fall in global food prices and metal prices and broadly stable energy prices in recent years. A faster-than-expected recovery in advanced markets would accelerate the recovery in global trade whereas a slower-than-expected recovery or protectionist measures or tighter financial conditions, including inadequate trade finance, would have a negative impact on the regional outlook.

Food price risks are on the upside. Tensions in Eastern Europe combined with El Niño phenomenon, which appears increasingly likely this year, and could cause considerable damage on crop yields, exert pressures on food prices (see Chapter 1 and commodity Annex for more detailed discussion) and cause spikes in consumer price inflation. Meanwhile. robust supply and weakening Chinese demand will continue to weigh on metals prices, while increased supply from the Middle-East could exert downward pressure on energy prices benefitting energy importers, while generating further headwinds for metal and/or energy exporters (Mongolia, Papua New Guinea, Indonesia, Malaysia, Vietnam).

Table 2.3 East Asia and the Pacific country forecasts

	00-09[a]	2010	2011	2012	2013e	2014f	2015f	2016f
Cambodia								
GDP at market prices (% annual growth)[b]	7.4	6.0	7.1	7.3	7.4	7.2	7.0	7.0
Current account bal/GDP (%)	-4.5	-6.9	-7.9	-10.1	-9.4	-9.7	-10.0	-10.3
China								
GDP at market prices (% annual growth)[b]	9.4	10.4	9.3	7.7	7.7	7.6	7.5	7.4
Current account bal/GDP (%)	5.2	4.0	1.9	2.6	2.0	2.2	2.3	2.3
Fiji								
GDP at market prices (% annual growth)[b]	1.3	0.1	1.9	2.2	2.7	2.4	2.4	2.3
Current account bal/GDP (%)	-6.8	-4.0	-4.9	-1.0	-16.4	-6.3	-6.6	-6.9
Indonesia								
GDP at market prices (% annual growth)[b]	4.6	6.2	6.5	6.3	5.8	5.3	5.6	5.6
Current account bal/GDP (%)	2.2	0.7	0.2	-2.8	-3.3	-2.7	-2.1	-2.0
Lao PDR								
GDP at market prices (% annual growth)[b]	6.2	8.5	8.0	8.2	8.1	7.2	7.9	9.1
Current account bal/GDP (%)	-2.3	-8.4	-10.3	-15.0	-20.8	-19.9	-18.2	-16.4
Malaysia								
GDP at market prices (% annual growth)[b]	3.9	7.4	5.1	5.6	4.7	4.9	5.0	5.0
Current account bal/GDP (%)	12.6	10.9	11.6	6.1	3.8	3.5	5.1	5.1
Mongolia								
GDP at market prices (% annual growth)[b]	5.8	6.4	17.5	12.4	11.7	10.0	8.8	7.4
Current account bal/GDP (%)	-3.6	-14.3	-31.5	-32.8	-27.5	-16.5	-11.8	-10.4
Myanmar								
GDP at market prices (% annual growth)[b]	9.7	5.3	5.9	7.3	7.5	7.8	7.8	7.8
Current account bal/GDP (%)	-0.7	-1.3	-2.6	-4.1	-4.4	-4.8	-5.1	-4.8
Philippines								
GDP at market prices (% annual growth)[b]	4.0	7.6	3.6	6.8	7.2	6.6	6.9	6.5
Current account bal/GDP (%)	1.2	4.5	2.5	2.8	3.5	2.0	2.2	2.4
Papua New Guinea[c]								
GDP at market prices (% annual growth)[b]	3.0	8.0	9.0	8.7	4.4	10.0	20.0	4.0
Current account bal/GDP (%)	3.2	-6.7	-1.4	-51.0	-27.0	-2.0	12.3	9.3
Samoa								
GDP at market prices (2005 US$)[b]	2.8	0.5	1.4	2.9	-0.3	1.6	1.9	1.8
Current account bal/GDP (%)	-8.0	-7.6	-4.1	-9.2	-2.3	-6.1	-5.6	-5.0
Solomon Islands								
GDP at market prices (% annual growth)[b]	2.8	7.0	9.1	4.9	3.1	3.5	3.5	3.5
Current account bal/GDP (%)	-14.8	-31.0	-14.4	-15.0	-12.0	-13.0	-12.4	-11.9
Thailand								
GDP at market prices (% annual growth)[b]	3.5	7.8	0.1	6.5	2.9	2.5	4.5	4.5
Current account bal/GDP (%)	3.3	3.1	1.2	-0.4	-0.7	1.3	1.0	1.0
Timor-Leste[d]								
GDP at market prices (% annual growth)[b]	3.3	9.5	12.0	8.3	8.1	8.0	7.7	8.6
Current account bal/GDP (%)	17.1	39.8	40.4	43.5	34.3	32.1	27.0	27.7
Vanuatu								
GDP at market prices (2005 US$)[b]	2.8	1.6	1.2	1.8	2.8	3.2	3.2	3.2
Current account bal/GDP (%)	-3.1	-5.0	-7.3	-6.4	-4.4	-4.6	-4.9	-5.8
Vietnam								
GDP at market prices (% annual growth)[b]	5.9	6.4	6.2	5.3	5.4	5.5	5.6	5.8
Current account bal/GDP (%)	-10.0	-3.8	0.2	5.8	6.5	4.5	2.1	1.1

Source: World Bank.
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.
Samoa; Tuvalu; Kiribati; Democratic People's Republic of Korea; Marshall Islands; Micronesia, Federated States; N. Mariana Islands; Palau; and Tonga are not forecast owing to data limitations.
a. GDP growth rates over intervals are compound average; current account balance shares are simple averages over the period.
b. GDP measured in constant 2010 U.S. dollars.
c. The start of production at Papua New Guinea Liquefied Natural Gas (PNG-LNG) is expected to boost GDP growth to 20 percent and shift the current account to a 9 percent surplus in 2015. The country's GDP deflators are expected to be updated in 2014 and the new GDP series is expected to be significantly different from the existing one.
d. Non-oil GDP. Timor-Leste's total GDP, including the oil economy, is roughly four times the non-oil economy, and highly volatile, subject to global oil prices and local production levels.