



# ASIAN DEVELOPMENT OUTLOOK

## SUPPLEMENT

Lockdown, Loosening, and Growth  
Prospects for Asia and the World

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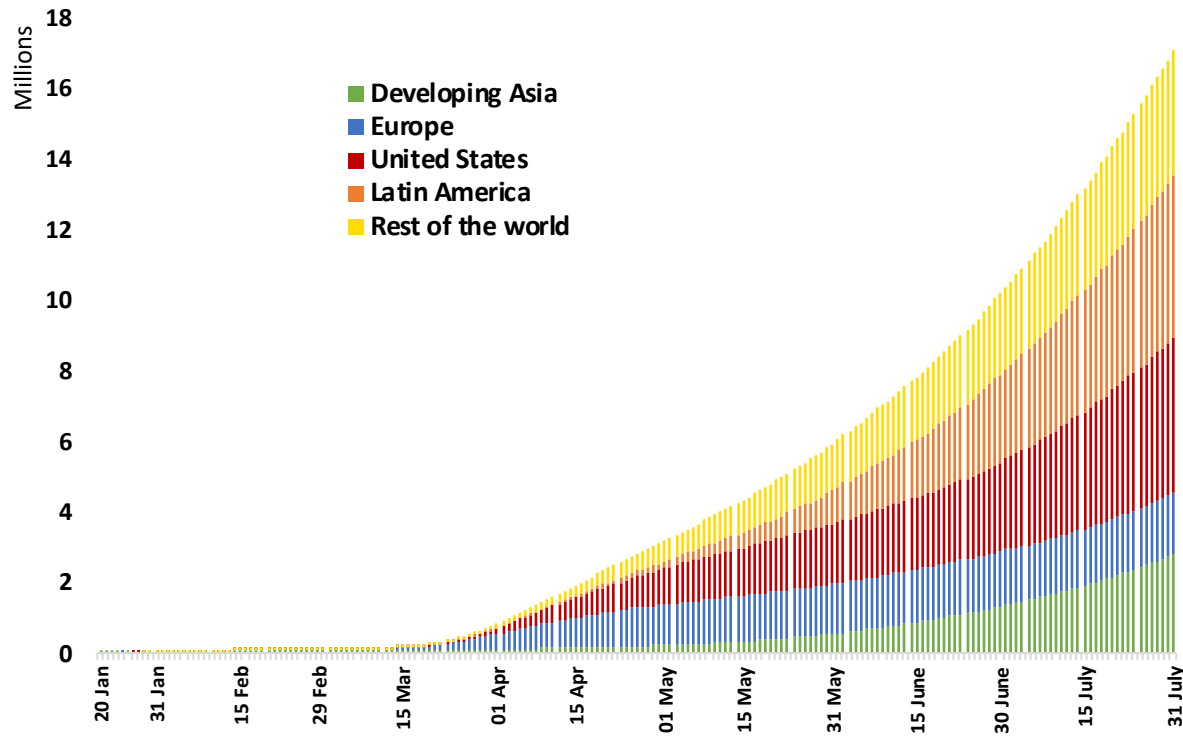
#ADO2020

ADB

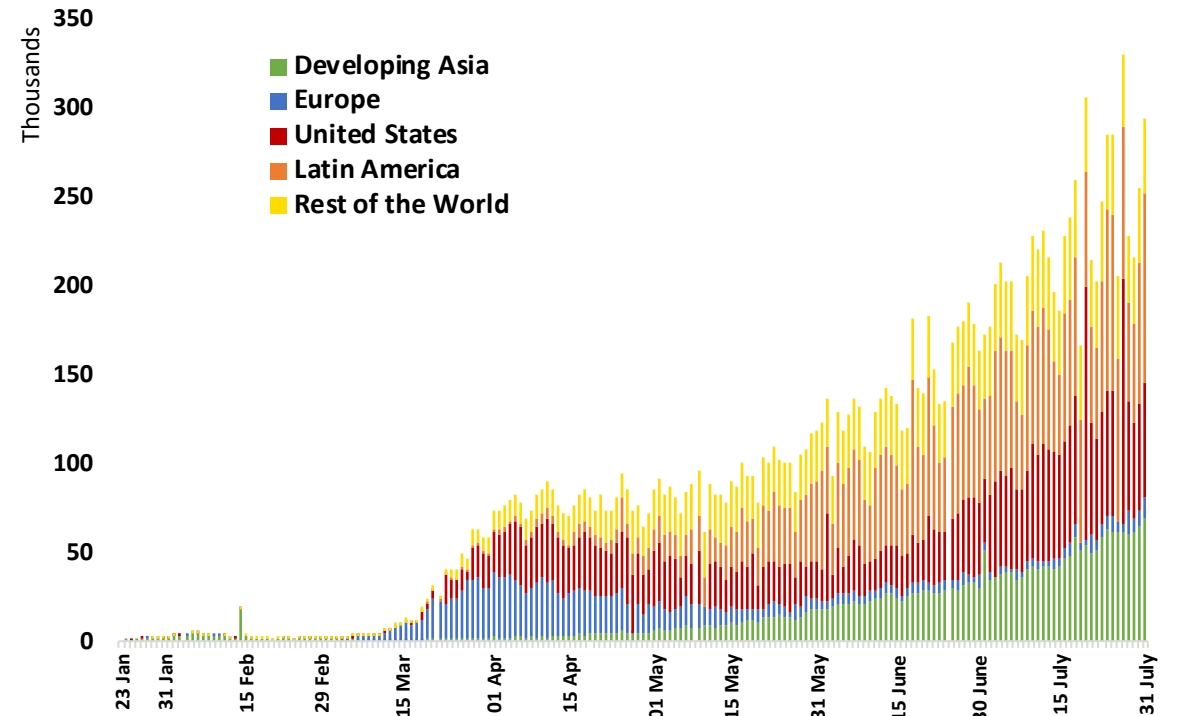
# COVID-19 has continued to spread globally...

*Total COVID-19 cases worldwide have risen to over 17 million by end-July, with developing Asia accounting for 16.4% of the total.*

COVID-19 cases worldwide, cumulative



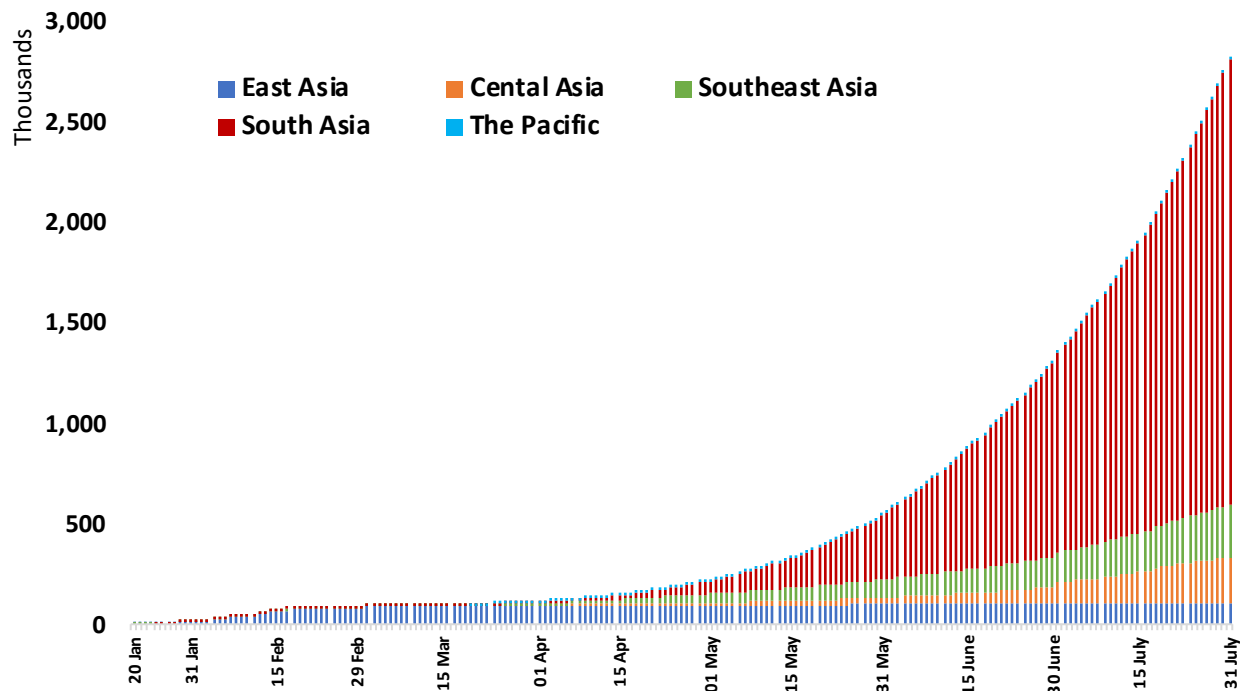
COVID-19 cases worldwide, new cases daily



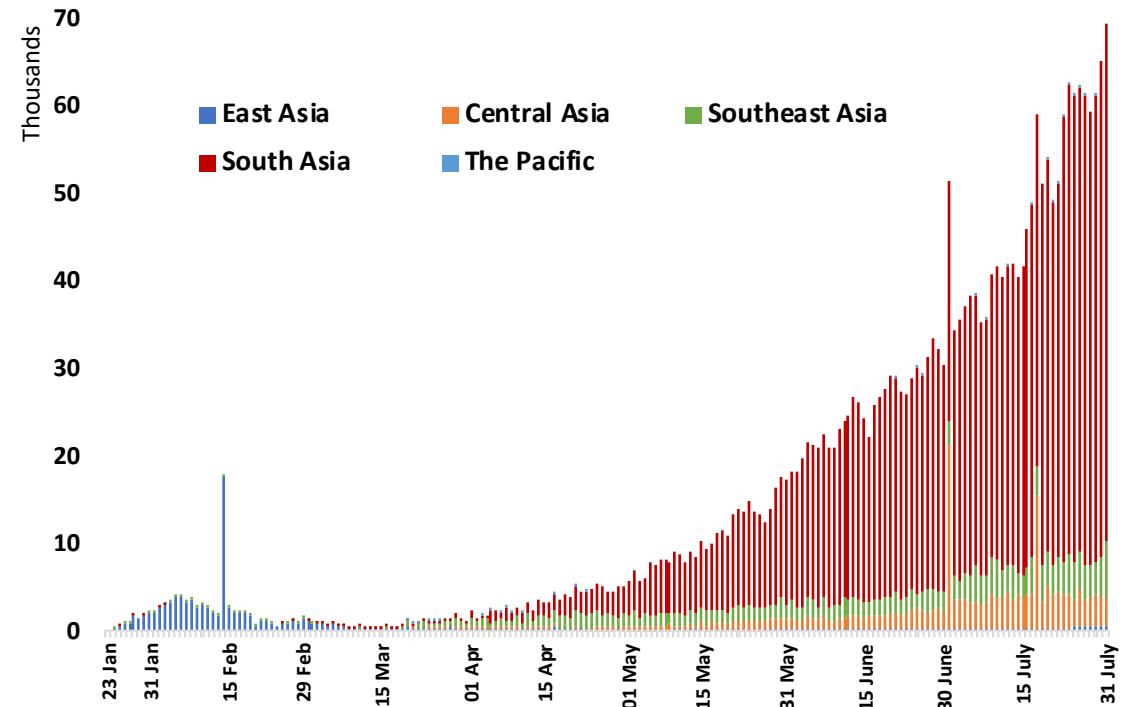
# ...and across much of developing Asia.

*Significant outbreaks have occurred in 22 of the ADB's 46 developing member countries.*

COVID-19 cases by subregion, cumulative



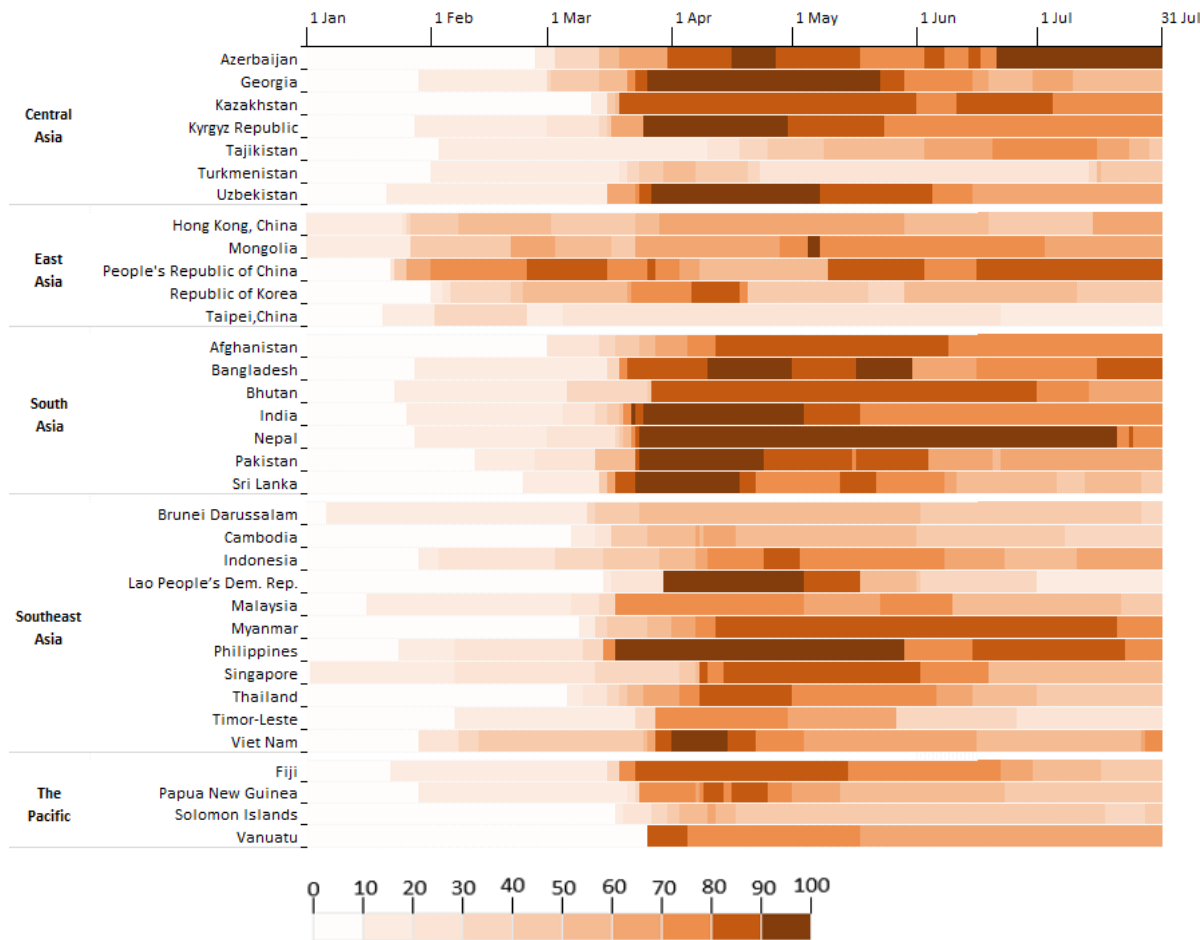
COVID-19 cases by subregion, new cases daily



Sources: CEIC Data Company; World Health Organization (accessed 1 August 2020).

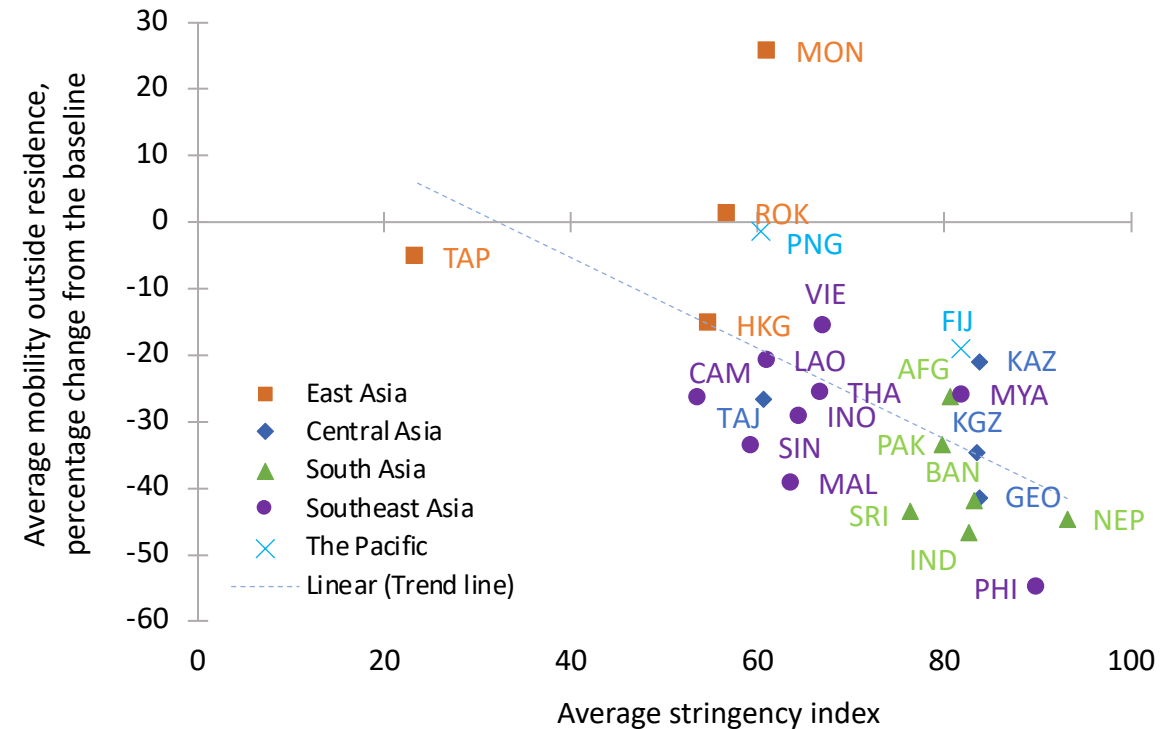
# Governments imposed containment measures of varying stringency, which reduced mobility...

## COVID-19 Government Response Stringency Index



Note: The Government Response Stringency index is a composite measure of nine response indicators including school closures, workplace closures, and travel bans, rescaled to a value from 0 to 100, with 100 being the strictest response  
 Source: University of Oxford Coronavirus Government Response Tracker.

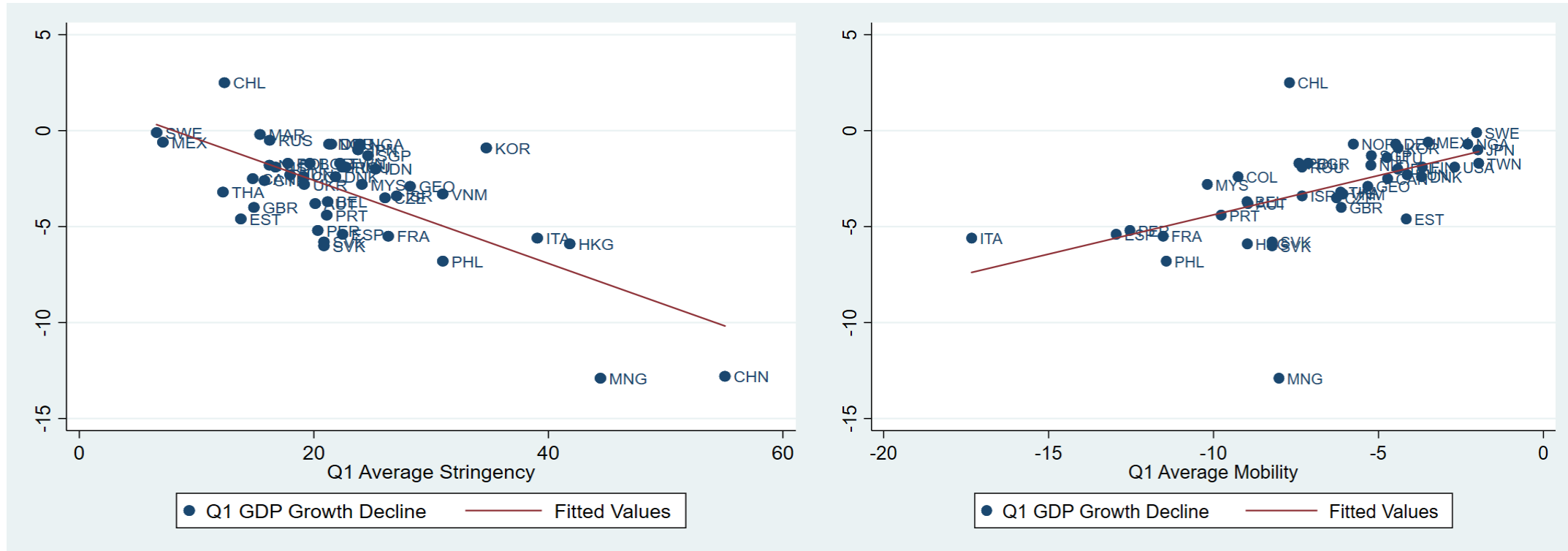
## Stringency and mobility in developing Asia



AFG = Afghanistan, BAN = Bangladesh, CAM = Cambodia, FIJ = Fiji, GEO = Georgia, HKG = Hong Kong, China, IND = India, INO = Indonesia, KAZ = Kazakhstan, KYR = Kyrgyz Republic, LAO = Lao People's Democratic Republic, MAL = Malaysia, MON = Mongolia, MYA = Myanmar, NEP = Nepal, PAK = Pakistan, PNG = Papua New Guinea, PHI = Philippines, ROK = Republic of Korea, SIN = Singapore, SRI = Sri Lanka, TAJ = Tajikistan, TAP = Taipei,China, THA = Thailand, VIE = Viet Nam.  
 Sources: ADB estimates using data from University of Oxford. *Our World in Data*. <https://ourworldindata.org/grapher/covid-stringency-index>; Google. *Community Mobility Reports*. <https://www.google.com/covid19/mobility/>.

# ...and affected economic activity.

## Q1 2020 stringency, mobility, and Q1 2020 GDP y/y growth declines

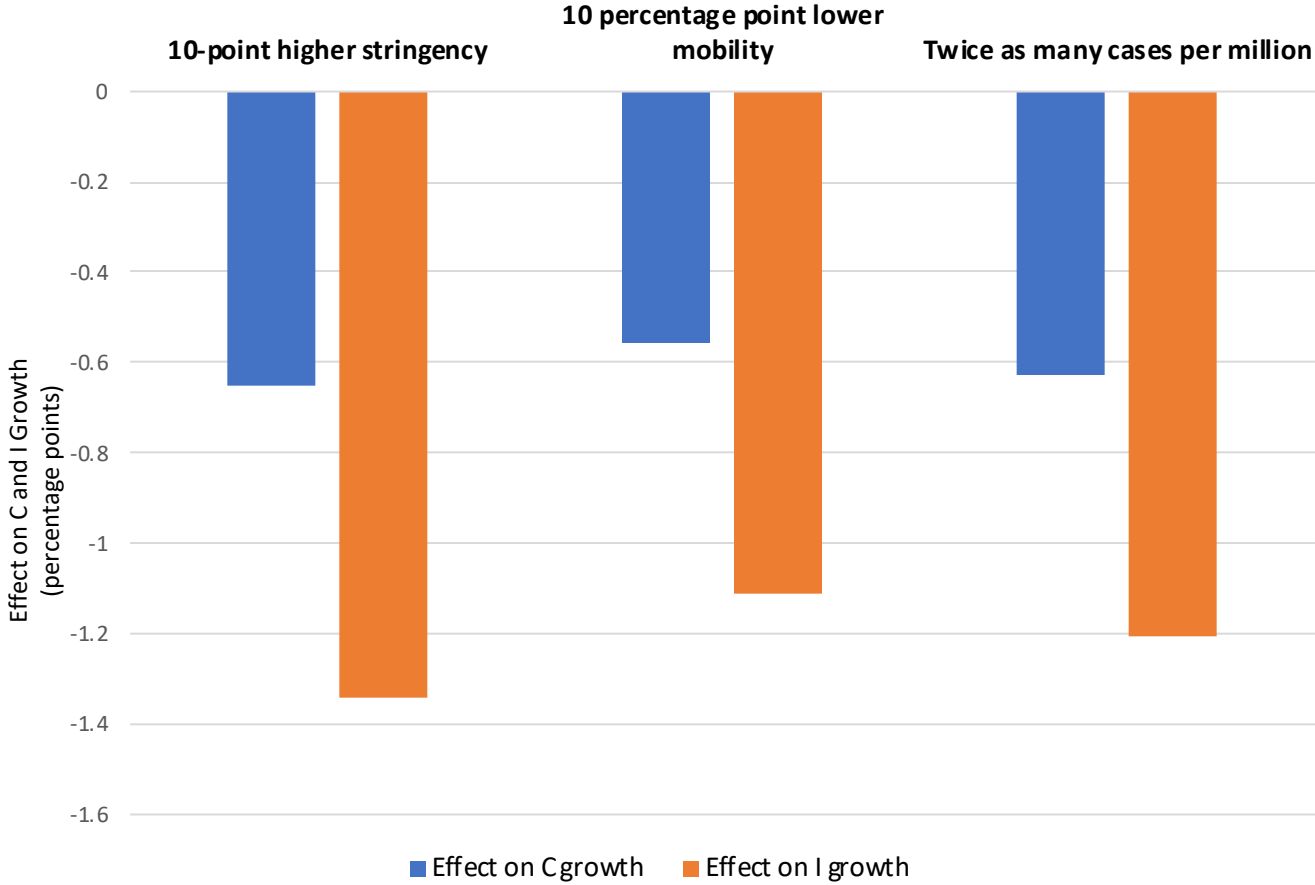


AUT = Austria, BEL = Belgium, BGR = Bulgaria, CAN = Canada, CHL = Chile, CHN=People's Republic of China, COL = Colombia, CYP = Cyprus, DEU = Germany, DNK = Denmark, ESP = Spain, EST = Estonia, FIN = Finland, FRA = France, GBR = United Kingdom, GEO = Georgia, HKG = Hong Kong, China, HUN = Hungary, IDN = Indonesia, ISR = Israel, ITA = Italy, JPN = Japan, KOR = Republic of Korea, LTU = Lithuania, LTV = Latvia, MAR = Morocco, MEX = Mexico, MNG = Mongolia, MYS = Malaysia, NGA = Nigeria, NLD = Netherlands, NOR = Norway, PER = Peru, PHL = Philippines, POL = Poland, ROU = Romania, RUS = Russia, SGP = Singapore, SVK = Slovakia, SWE = Sweden, THA = Thailand, TWN = Taipei,China, UKR = Ukraine, USA = United States, VNM = Viet Nam.

Source: Abiad et al., 2020, "The impact of COVID-19 on developing Asian economies: The role of outbreak severity, containment stringency, and mobility declines," in *COVID-19 in Developing Economies*, CEPR e-book (<https://voxeu.org/content/covid-19-developing-economies>)

# Outbreak severity, stringency of lockdowns, and reduced mobility all reduce domestic demand growth.

Estimated effect on consumption and investment growth



Source: Abiad et al., 2020, "The impact of COVID-19 on developing Asian economies: The role of outbreak severity, containment stringency, and mobility declines," in *COVID-19 in Developing Economies*, CEPR e-book (<https://voxeu.org/content/covid-19-developing-economies>)

# The global environment will be weak, as many economies deal with their own outbreaks.

*Major advanced economies are set to contract after already slowing in 2019.*

## Baseline assumptions on the international economy

	2019	2020		2021	
		ADO	ADOS	ADO	ADOS
<b>GDP growth (%)</b>					
Major advanced economies	1.7	-0.3	-5.8 ▼	1.8	4.1 ▲
United States	2.3	0.4	-5.3 ▼	2.1	3.8 ▲
Euro area	1.2	-1.0	-7.0 ▼	1.6	5.5 ▲
Japan	0.7	-1.5	-5.0 ▼	0.9	2.0 ▲
Brent crude spot prices (average, \$ per barrel)	64.03	35.00	35.00	55.00	45.00 ▼

▲ = upgraded forecast, ▼ = downgraded forecast, no sign = unchanged.

Source: Asian Development Outlook Supplement, June 2020.

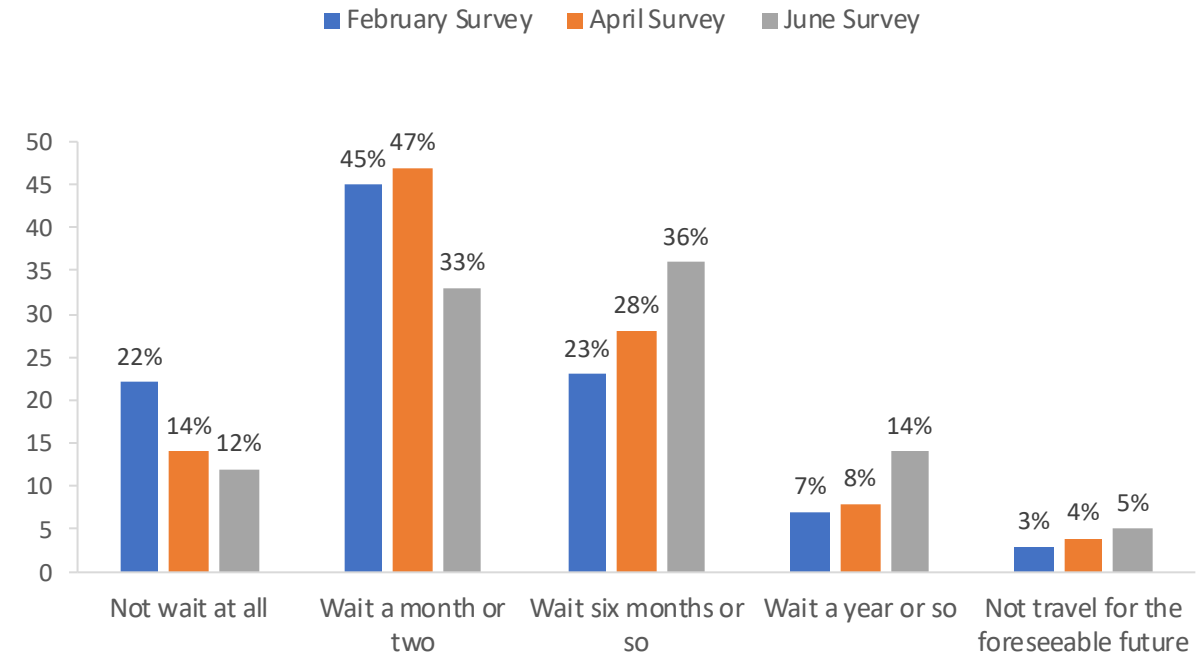
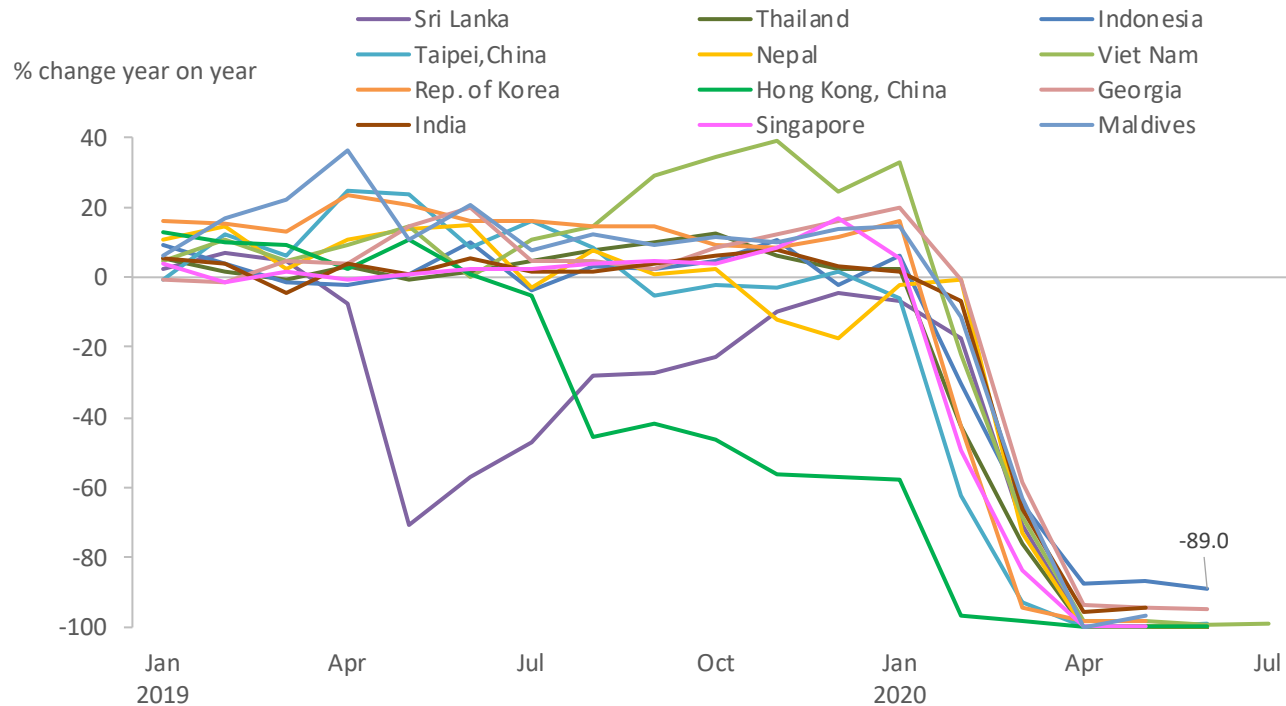
# We are in the midst of a global tourism collapse, and a full recovery in travel and tourism will take time.

*For the 24 economies with tourist arrivals data available for April, the year-on-year decline in arrivals ranges from 89% to 100%.*

*55% of respondents said that even after travel restrictions are lifted, they would wait six months to a year or more before traveling—or they had set aside travel plans altogether.*

Decline in tourist arrivals, selected developing Asian economies

Travel plans after bans are lifted



Sources: CEIC Data Company; IMF Tourism Tracker; and country official sources.

Source: IATA

# COVID-19 will result in a loss of \$6.1–\$9.1 trillion (7.1%–10.5%) of global GDP vs. a no-COVID baseline.

Estimated global and regional losses due to COVID-19 (relative to a no-COVID baseline)

	GDP (%)		GDP (\$ billion)	
	Shorter- containment	Longer- containment	Shorter- containment	Longer- containment
World	-7.1	-10.5	-6,065.7	-9,051.6
Developing Asia	-5.7	-8.5	-1,309.8	-1,955.4
Central Asia	-8.6	-12.7	-31.1	-46.3
East Asia	-5.1	-7.6	-820.5	-1,227.2
Southeast Asia	-7.2	-10.6	-213.0	-315.4
South Asia	-7.0	-10.4	-243.6	-364.1
The Pacific	-4.8	-7.1	-1.7	-2.4
United States	-8.0	-12.0	-1,646.6	-2,461.8
Europe	-9.1	-13.6	-1,715.1	-2,556.6
Rest of the world	-5.9	-8.8	-1,394.2	-2,077.7

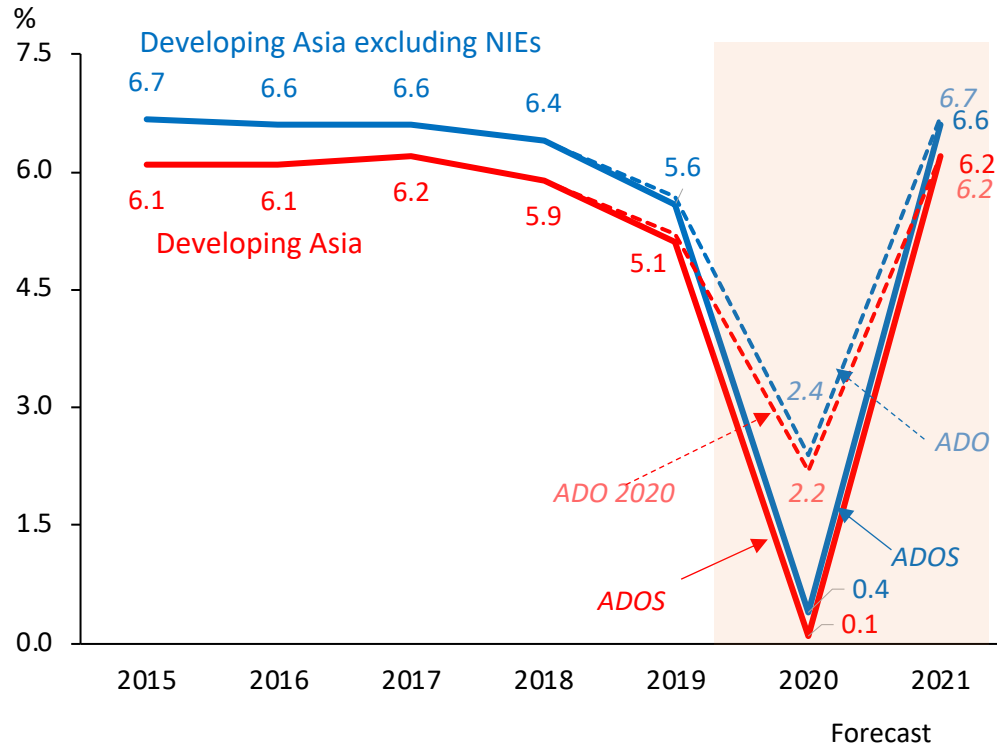
Source: Abiad et al., 2020, “The impact of COVID-19 on developing Asian economies: The role of outbreak severity, containment stringency, and mobility declines,” in *COVID-19 in Developing Economies*, CEPR e-book (<https://voxeu.org/content/covid-19-developing-economies>)

# Developing Asia will see its lowest growth since 1961, and recovery of GDP levels in 2021 will not be V-shaped...

*While GDP growth rates will recover in 2021, it will not be enough to fully offset the sharp drop in 2020...*

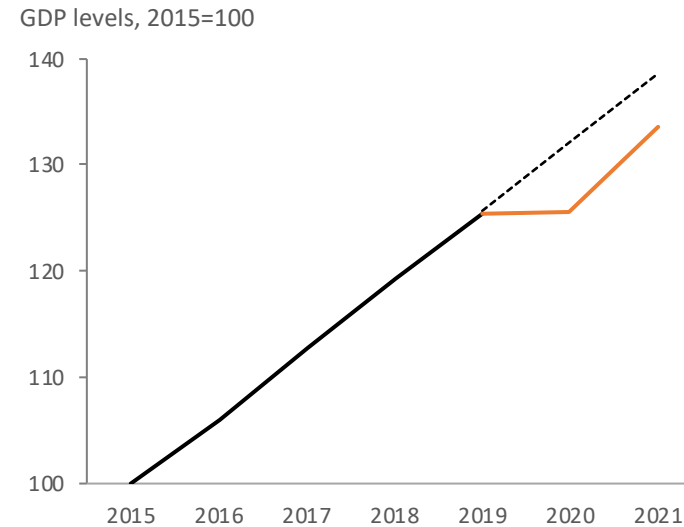
*...and GDP levels will be below what they would have been without COVID, in 2021 and possibly beyond.*

## GDP growth in developing Asia

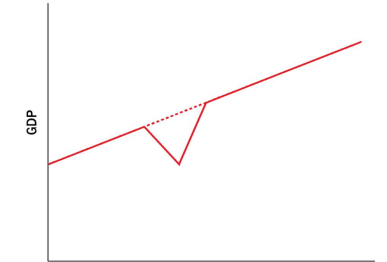


Source: Asian Development Outlook Supplement, June 2020.

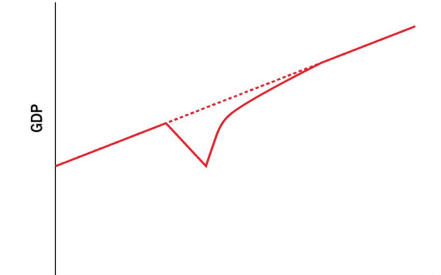
## GDP levels in developing Asia



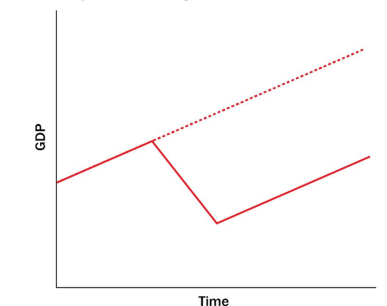
V-Shaped Recovery



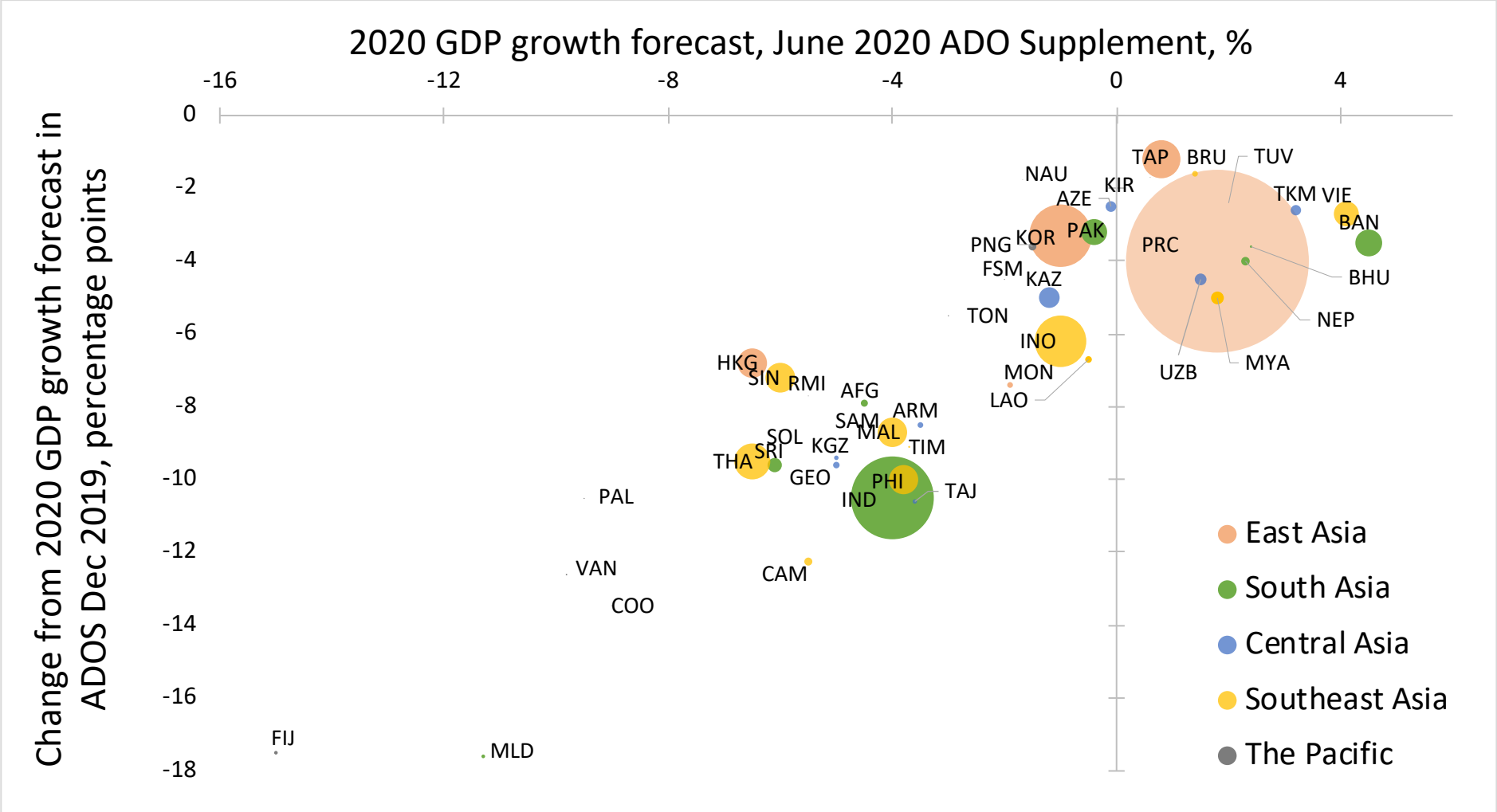
Swoosh-Shaped Recovery



L-Shaped Recovery



# ...and contractions in activity are now expected in most economies.



Note: Bubble size indicates the value of 2019 nominal GDP.  
 Source: Asian Development Outlook Supplement, June 2020.

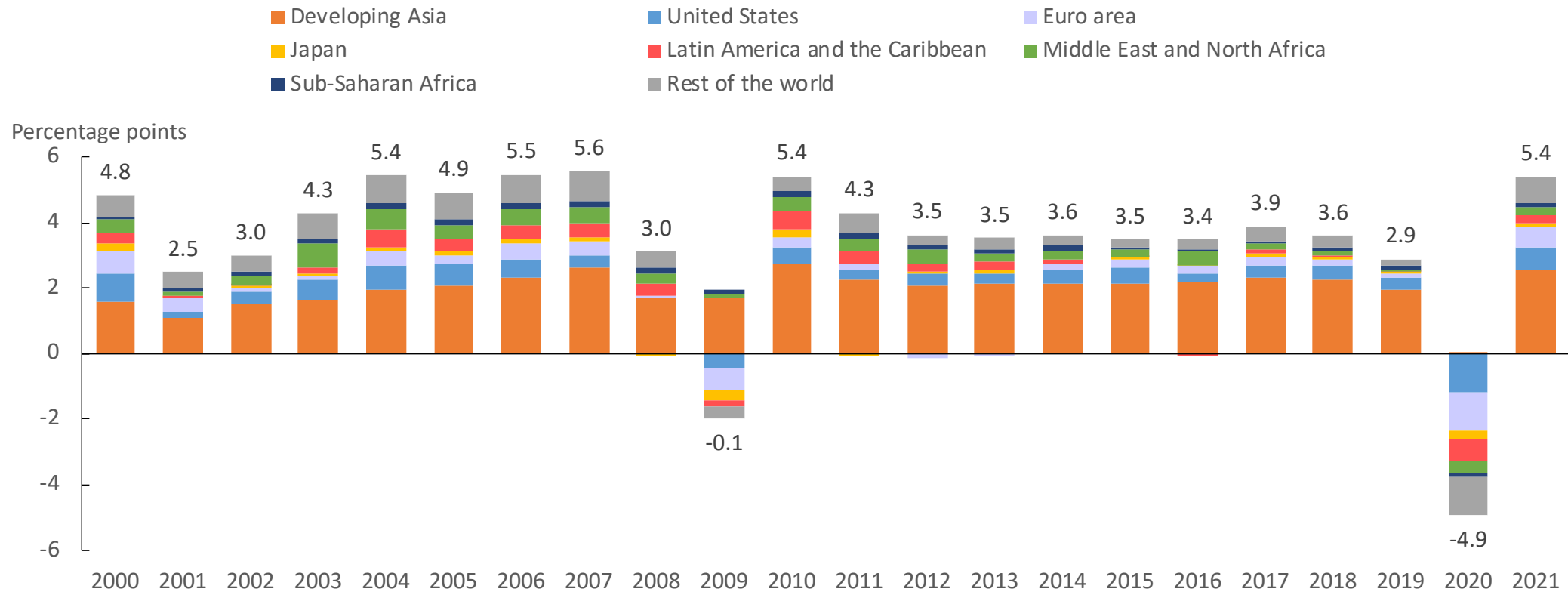
# 2020 growth forecasts for all economies have been downgraded...

	2020		2021			2020		2021	
	ADO	ADOS	ADO	ADOS		ADO	ADOS	ADO	ADOS
<b>East Asia</b>	<b>2.0</b>	<b>1.3 ▼</b>	<b>6.5</b>	<b>6.8 ▲</b>	<b>South Asia</b>	<b>4.1</b>	<b>-3.0 ▼</b>	<b>6.0</b>	<b>4.9 ▼</b>
Hong Kong, China	-3.3	-6.5 ▼	3.5	5.1 ▲	Bangladesh	7.8	4.5 ▼	8.0	7.5 ▼
People's Rep. of China	2.3	1.8 ▼	7.3	7.4 ▲	India	4.0	-4.0 ▼	6.2	5.0 ▼
Republic of Korea	1.3	-1.0 ▼	2.3	3.5 ▲	Pakistan	2.6	-0.4 ▼	3.2	2.0 ▼
Taipei, China	1.8	0.8 ▼	2.5	3.5 ▲					
<b>Southeast Asia</b>	<b>1.0</b>	<b>-2.7 ▼</b>	<b>4.7</b>	<b>5.2 ▲</b>	<b>Central Asia</b>	<b>2.8</b>	<b>-0.5 ▼</b>	<b>4.2</b>	<b>4.2</b>
Indonesia	2.5	-1.0 ▼	5.0	5.3 ▲	Azerbaijan	0.5	-0.1 ▼	1.5	1.2 ▼
Malaysia	0.5	-4.0 ▼	5.5	6.5 ▲	Kazakhstan	1.8	-1.2 ▼	3.6	3.4 ▼
Philippines	2.0	-3.8 ▼	6.5	6.5					
Singapore	0.2	-6.0 ▼	2.0	3.2 ▲	<b>The Pacific</b>	<b>-0.3</b>	<b>-4.3 ▼</b>	<b>2.7</b>	<b>1.6 ▼</b>
Thailand	-4.8	-6.5 ▼	2.5	3.5 ▲	Fiji	-4.9	-15.0 ▼	3.0	-0.7 ▼
Viet Nam	4.8	4.1 ▼	6.8	6.8	Papua New Guinea	0.8	-1.5 ▼	2.8	2.9 ▲
<b>Developing Asia</b>	<b>2.2</b>	<b>0.1 ▼</b>	<b>6.2</b>	<b>6.2</b>	<b>Excluding NIEs</b>	<b>2.4</b>	<b>0.4 ▼</b>	<b>6.7</b>	<b>6.6 ▼</b>

▲ = upgraded forecast, ▼ = downgraded forecast, no sign = unchanged.

# ...but developing Asia will still drive global growth post-COVID.

## Contributions to global growth



Source: Asian Development Outlook database; World Economic Outlook database, April 2020.



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