



## **Economic resilience in East and South Asia supports global growth amidst challenges, according to UN flagship economic report**

### ***Robust consumption and trade boost regional prospects, despite looming risks***

**Bangkok/New Delhi, 9 January 2025** – East and South Asia register robust economic growth underpinned by strong private consumption and exports, though tempered by rising geopolitical and trade tensions, persistent debt challenges, and climate vulnerabilities, according to the **UN World Economic Situation and Prospects (WESP) 2025**.

The UN flagship economic report projects that global growth will remain at 2.8 per cent in 2025, unchanged from 2024. While the world economy has demonstrated resilience, withstanding a series of mutually reinforcing shocks, growth remains below the pre-pandemic average of 3.2 per cent, constrained by weak investment, sluggish productivity growth, and high debt levels.

The report notes that lower inflation and ongoing monetary easing in many economies could provide a modest boost to global economic activity in 2025. However, uncertainty still looms large, with risks stemming from geopolitical conflicts, rising trade tensions and elevated borrowing costs in many parts of the world. These challenges are particularly acute for low-income and vulnerable countries, where sub-par and fragile growth threatens to further undermine progress towards the Sustainable Development Goals (SDGs).

“Countries cannot ignore these perils. In our interconnected economy, shocks on one side of the world push up prices on the other. Every country is affected and must be part of the solution—building on progress made,” said António Guterres, United Nations Secretary-General, in the foreword to the report. “We’ve set a path. Now it’s time to deliver. Together, let’s make 2025 the year we put the world on track for a prosperous, sustainable future for all.”

### **Growth prospects in East Asia**

Economic prospects in East Asia will remain stable, with an average growth projected at 4.7 per cent in 2025 and 4.5 per cent in 2026, compared to 4.8 per cent in 2024. Despite a moderate slowdown, the region remains an important contributor to global economic growth. Private consumption, supported by low inflation and robust wage growth, continues as the economic



engine, alongside significant contributions from growth in merchandise trade. Inflation in the region is projected to stay muted at 1.4 per cent in 2025 and 1.5 per cent in 2026.

The Chinese economy is expected to continue the trend of a gradual moderation amid tepid household consumption, lingering property sector weakness and rising trade tensions. Growth is projected to be at 4.8 per cent in 2025, compared to an estimated 4.9 per cent in 2024. The government has responded with a series of proactive measures including monetary easing and fiscal support aimed at bolstering the property market, boosting manufacturing and infrastructure investments, and addressing local government debt challenges.

### **Growth prospects in South Asia**

South Asia's economic outlook remains robust, with regional GDP anticipated to grow by 5.7 per cent in 2025, compared to 5.9 per cent in 2024, supported by strong performance in India and recovery in Bhutan, Nepal, Pakistan, and Sri Lanka. However, risks to the outlook are tilted to the downside owing to deceleration in external demand, ongoing debt challenges, and social unrests.

India's economy is projected to grow by 6.6 per cent in 2025, following an estimated expansion of 6.9 per cent in 2024, largely driven by private consumption and investment. Additionally, strong export growth in services and certain manufactured goods will bolster economic activity.

### **Looming risks ahead**

East and South Asia face mounting downside risks that could dampen economic prospects. Key risks and challenges include escalating geopolitical tensions, trade disputes, and the impact of climate change, which could reignite inflationary pressures and pose severe risks to food security. Additionally, protracted weakness in China's property market and high levels of public and external debt across many South Asian countries could further strain economic stability.

### **Policies to counteract risks and support resilience**

In response to these risks and challenges, governments across East and South Asia have implemented tailored policies. Easing inflation prompted many central banks in the region to lower interest rates in 2024. A few monetary authorities, however, remained cautious due to country-specific concerns such as volatile food prices and elevated debt levels.

On the fiscal front, countries in the region are focusing on regaining fiscal space and supporting economic activity through strategic public spending and reforms. East Asian economies are prioritizing fiscal consolidation to curb budget deficits, with measures including tax increases, subsidy cuts and targeted financial assistance. In South Asia, many countries are actively pursuing



fiscal consolidation and reforms to strengthen fiscal positions and to foster macroeconomic stability.

***Critical minerals: A vital opportunity for accelerating sustainable development***

The report highlights the potential of critical minerals for the energy transition—such as lithium, cobalt, and rare earth elements—and also for accelerating progress towards the SDGs in many countries.

For resource-rich developing countries, including several in East and South Asia, rising global demand for critical minerals presents a unique opportunity to boost growth, create jobs, and increase public revenues for investment in sustainable development. However, the report warns that these opportunities come with significant risks. Poor governance, unsafe labour practices, environmental degradation, and over-reliance on volatile commodity markets could exacerbate inequalities and harm ecosystems, undermining long-term development gains.

“Critical minerals have immense potential to accelerate sustainable development, but only if managed responsibly,” said Li Junhua, United Nations Under-Secretary-General for Economic and Social Affairs. “Governments must adopt forward-looking policies and comprehensive regulatory frameworks to drive sustainable extraction, equitable benefit-sharing, and investments in building productive capacities to maximize the development gains from these resources.”

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The report will be available on 9 January 2025, 12:30 pm EST on [https://www.bit.ly/UN\\_WESP2025](https://www.bit.ly/UN_WESP2025) and [desapublications.un.org](https://desapublications.un.org) once the embargo has been lifted.

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