

## ADB lowers growth forecasts for APAC economies amid U.S. tariffs and global trade uncertainty

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The Asian Development Bank (ADB) has lowered its growth forecasts for economies in developing Asia and the Pacific this year and next year. The downgrades are driven by expectations of reduced exports amid higher United States (U.S.) tariffs and global trade uncertainty, as well as weaker domestic demand.

ADB forecasts the region's economies will grow by 4.7% this year, a 0.2 percentage point decline from the projection issued in April. The forecast for next year has been lowered to 4.6% from 4.7%, according to *Asian Development Outlook (ADO) July 2025* released today.

Prospects for developing Asia and the Pacific could be dented further by an escalation of U.S. tariffs and trade tensions. Other risks include conflicts and geopolitical tensions that could disrupt global supply chains and raise energy prices, and a worse-than-expected deterioration in the property market of the People's Republic of China (PRC).

“Asia and the Pacific has weathered an increasingly challenging external environment this year. But the economic outlook has weakened amid intensifying risks and global uncertainty,” said ADB Chief Economist Albert Park. “Economies in the region should continue strengthening their fundamentals and promoting open trade and regional integration to support investment, employment, and growth.”

Growth projections for the PRC, the region's largest economy, are maintained at 4.7% this year and 4.3% next year. Policy stimulus for consumption and industrial activity is expected to offset continuing property market weakness and softening exports. India, the region's second-largest economy, is forecast to grow by 6.5% this year and 6.7% next year—down 0.2 and 0.1 percentage points, respectively, from April projections—as trade uncertainty and higher U.S. tariffs affect exports and investment.

Economies in Southeast Asia will likely be hardest hit by worsened trade conditions and uncertainty. ADB now predicts the subregion's economies will grow 4.2% this year and 4.3% next year, down roughly half a percentage point from April forecasts for each year.

Bucking the downward trend are economies in Caucasus and Central Asia. The subregion's growth projections have been raised by 0.1 percentage points for both this year and next to 5.5% and 5.1%, respectively, largely reflecting an anticipated boost in oil production.

Inflation in developing Asia and the Pacific is projected to continue slowing, amid easing oil prices and strong farm output reducing food price pressures. ADB forecasts regional inflation of 2.0% this year and 2.1% next year, compared with its April projections of 2.3% and 2.2%, respectively.

ADB is a leading multilateral development bank supporting inclusive, resilient, and sustainable growth across Asia and the Pacific. Working with its members and partners to solve complex challenges together, ADB harnesses innovative financial tools and strategic partnerships to transform lives, build quality infrastructure, and safeguard our planet. Founded in 1966, ADB is owned by 69 members—50 from the region.