

Urgent action needed to dilute risk of downturn: World Bank

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The World Bank is concerned that “further adverse shocks” could push the global economy into recession in 2023, with small states especially vulnerable. The warning is contained in an abstract for the bi-annual “Global Economic Prospects” report due for release on Tuesday and visible on the group’s Open Knowledge Repository website.

Even without another crisis, global growth this year “is expected to decelerate sharply, reflecting synchronous policy tightening aimed at containing very high inflation, worsening financial



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‘Even without another crisis, global growth is expected to decelerate’

downturn as well as debt conditions, and continued disruptions from Russia’s invasion of Ukraine,” the World Bank said. “Urgent global and national efforts” are needed to mitigate the risk of such a

distress in emerging market and developing economies (EMDEs), where investment growth is expected to remain below the average of the past two decades, the Washington-based lender said.

“It is critical that EMDE policy makers ensure that any fiscal support is focused on vul-

nerable groups, that inflation expectations remain well anchored, and that financial systems continue to be resilient,” it said. Similar demands have been made by central bankers from around the world as they aggressively raise interest rates to ease price pressures while governments support businesses and households by containing energy costs.

International Monetary Fund Managing Director Kristalina Georgieva started 2023 with a warning that the world faces “a tough year, tougher than the year we leave behind.” One-third of the global economy will be in recession because the US, the EU and China are all slowing down simultaneously, she told CBS in an interview.