

# IMF, World Bank sound recession alarm

Hopeful that China's reopening will help support world growth

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The International Monetary Fund, World Bank and others raised concerns about a worsening global outlook, while hopeful that China's reopening will help support world growth.

IMF Managing Director Kristalina Georgieva said indicators show further downgrades to global growth are likely. Speaking Friday after a meeting with China's Premier Li Keqiang in Anhui province, Georgieva said China's recalibration of its Covid policies would be a good thing for the domestic economy and the rest of the world.

The IMF currently forecasts global growth will be 2.7 per cent next year, slowing from 3.2 per cent this year.

The meeting was part of the "1+6" dialogue that China holds every year with heads of the IMF, World Bank, OECD, World Trade Organization and others.

David Malpass, head of the World Bank, was also downbeat about the global outlook, saying



## KEY FORECASTS

- ▶ IMF predicts global growth to be 2.7% in 2023, from 3.2% in 2022
- ▶ WTO estimates global goods trade to grow 1% in 2023, a sharp slowdown from the estimated 3.5% expansion this year
- ▶ World Bank says more needs to be done to lift the world out of stagflation

he was "deeply concerned" the world will slip into recession. More needs to be done to lift the world out of stagflation, he said.

Ngozi Okonjo-Iweala, director general of the WTO, said global trade faces real challenges and growth in trade was losing momentum. She estimated global goods trade will only grow 1 per cent next year, a sharp slowdown from the estimated 3.5 per cent expansion this year.

Mathias Cormann, secretary general of the Organisation for Economic Cooperation and Development, said the global economic outlook continues to worsen. He welcomed China's easing of some Covid rules.

Georgieva added that talks with China over debt relief for developing nations were "fruitful" and she sees potential for more systematic debt treatment going forward.

## Low-income countries need \$500 bn: IMF

Low-income countries will need nearly \$500 billion in external financing during the 2022-2026 period, the International Monetary Fund said on Thursday, an increase of about \$57 billion from a year-ago estimate due largely to spillovers from Russia's war in Ukraine.

The IMF said in a new policy paper that the Ukraine war, which has exacerbated inflation with major increases in global food, energy and fertilizer prices, will slow down the recovery of low-income countries from the Covid-19 pandemic and further delay income per-capita convergence with more advanced economies.

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