

Pressure on food, energy, and inflation may be peaking, says survey

Global recession likely, supply chains diversification to benefit India: WEF

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A global recession is likely in 2023, but pressures on food, energy and inflation may be peaking, the World Economic Forum (WEF) said on Monday in its Chief Economists Outlook survey.

At the same time, some economies in the South Asia region, including Bangladesh and India, may benefit from global trends such as a diversification of manufacturing supply chains away from China, the report said.

The WEF said globally businesses are expected to cut costs significantly in response to economic headwinds, but chief economists are optimistic about inflation and strong balance sheets.

A majority of the World Economic Forum's Community of Chief Economists expect to see geopolitical tensions continuing to shape the global economy, and anticipate further monetary tightening in the United States and Europe.

Almost two-thirds of chief economists believe a global recession is likely in 2023; of which 18 per cent consider it extremely likely — more than twice as many as in the previous survey conducted in September 2022.

A third of respondents consider a global recession to be unlikely this year. There is, however, a strong consensus that the prospects for growth in 2023 are bleak, especially in Europe and the US.

All of the chief economists surveyed expect weak or very



People at the data sculpture 'Artificial Realities: Coral' by Turkish-born artist Refik Anadol at Davos Congress Centre, the venue of the World Economic Forum (WEF) 2023, in the Alpine resort of Davos, Switzerland

PHOTO: REUTERS

weak growth in 2023 in Europe, while 91 per cent expect weak or very weak growth in the US. In China, expectations of growth are polarised, with respondents almost evenly split between those who expect weak or strong growth.

On inflation, the chief economists see significant variation across regions, with the proportion expecting high inflation in 2023, ranging from just 5 per cent for China to 57 per cent for Europe.

"With two-thirds of chief economists expecting a worldwide recession in 2023, the global economy is in a precarious position. The current high inflation, low growth, high debt and

high fragmentation environment reduces incentives for the investments needed to get back to growth and raise living standards for the world's most vul-

nerable," WEF Managing Director Saadia Zahidi said.

"Leaders must look beyond today's crises to invest in food and energy innovation, education and skills development, and in job-creating, high-potential markets of tomorrow. There is no time to lose," she added. More broadly, the chief economists expect the global landscape to remain challenging for businesses — 100 per cent of respondents expect global geopolitical trends to continue redrawing the map of global economic activity along new geopolitical fissures and fault lines.

This wider economic shift will likely reverberate through trade, investment, labour and technology flows, creating myriad challenges and opportunities for business. One positive signal is that supply chain disruptions are not expected to cause a significant drag on business activity in 2023. PFI



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SAADIA ZAHIDI, WEF Managing Director

India among few nations evolving food systems for farmer-allied SMEs: Study

India figures among the few countries that have been able to evolve their food systems for a broader set of outcomes by unlocking the potential of small and medium-sized enterprises, a new WEF report said on Monday.

The World Economic Forum report, released on the first day of its Annual Meeting 2023, said the countries that tackle food crisis can boost jobs, health and nature and also meet net zero goals better.

It listed India, Ghana and Vietnam as among the countries that have been able to evolve their food systems by unlocking the potential of SMEs, particularly those that are farmer-allied and operating in local food chains.

"Transforming food systems provide healthy and nutritious diets and dignified jobs for farmers and producers. This report shows how economic development with environment protection

supports communities in climate adaption and mitigation efforts," Gim Huay Neo, Managing Director of the WEF's Centre for Nature and Climate, said.

In India, the report said, a multi-decade programme grounded in support for smallholder farmers and dairy enterprises has helped transform dairy into India's largest agricultural commodity, accounting for roughly one-third of rural incomes and 10 per cent of total caloric intake in 2019. PFI

'Globally, wildfires cost \$50 billion every year; AI can help fight them'

The average annual global cost of wildfires is around \$50 billion, the World Economic Forum said on Monday as it pitched for use of artificial intelligence in fighting them and containing carbon emissions caused by such tragedies.

In a report released on the first day of its five-day annual meeting, WEF said that global wildfires in 2021

released an estimated 6,450 mega tonnes of CO2 into the atmosphere. The World Meteorological Organisation predicts an increase in extreme fires globally of up to 30 per cent by 2050.

Referring to its FireAid initiative, launched last year to address the wildfire crisis with the use of AI (Artificial Intelligence), WEF said it was success-

fully piloted by Koc Holding in the South Aegean and West Mediterranean region of Turkey in 2022.

This wildfire risk mapping and logistic planning project improved wildfire prediction by combining static and meteorological datasets and reduced both response time and risk to firefighters, WEF said. PFI

