

World risks falling into slow-growth rut: IMF chief

ASSOCIATED PRESS

24 October

The world economy, buffeted by conflict and growing geopolitical rivalries, is in danger of getting stuck in a slow-growth, high-debt rut, Kristalina Georgieva, the head of the International Monetary Fund (IMF) warned on Thursday. She also urged Chinese leaders to take more decisive action to jump-start their country's sluggish economy or risk seeing economic growth plummet.

"These are anxious times,' the fund's managing director, Georgieva, told reporters during the fall meetings of the IMF and its sister agency, the World Bank. The IMF forecasts that the global economy will expand this year at what Georgieva called an "anemic' 3.2 per cent.

Global trade is lackluster at a time of conflict and growing geopolitical tension — including frosty relations the world's two largest economies, the United States and China. "Trade is no more a powerful engine of growth,' she said. "We live in a more fragmented global economy.' At the same time, many countries are struggling with debts they took on to combat the COVID-19 pandemic. The IMF expects government debts worldwide to top USD 100 trillion this year. That would equal to 93 per cent of global economic output — a share that is expected to approach 100 per cent by 2030. "The global economy is in danger of getting stuck on a low growth, high debt path,' Georgieva said. "That means lower income and fewer jobs.' Still, the economic backdrop isn't entirely bleak.

The IMF says the world has made considerable progress to rein in inflation that surged in 2021 and 2022 as economies roared back with unexpected strength from pandemic lockdowns. She credited higher interest rates engineered by the Federal Reserve and other central banks and the easing of backlogs at factories, ports and freight yards that had caused shortages, delays and higher prices.



Georgieva also urged Chinese leaders to take more decisive action to jump-start their country's sluggish economy or risk seeing the growth plummet