

Media Update

17 May 2018

United Nations Press Release

The World Economic Situation and Prospects as of mid-2018 launched

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Dear Media colleagues,

The World Economic Situation and Prospects as of mid-2018 is launched today by the UN Assistant Secretary-General for Economic Development and Chief Economist Mr. Elliot Harris at a press briefing in New York.

The report is a joint product of the United Nations Department of Economic and Social Affairs (UN/DESA), the United Nations Conference on Trade and Development (UNCTAD) and the five United Nations regional commissions (Economic Commission for Africa (ECA), Economic Commission for Europe (ECE), Economic Commission for Latin America and the Caribbean (ECLAC), Economic and Social Commission for Asia and the Pacific (ESCAP) and Economic and Social Commission for Western Asia (ESCWA).

According to this report, growth in the world economy is surpassing expectations and is now forecast to reach 3.2 per cent both in 2018 and 2019. The recent improvement reflects a further uptick in the growth outlook for developed economies in 2018 due to accelerated wage growth, broadly favourable investment conditions, and the short term impact of a fiscal package in the United States. However, the report also warns that rising trade tensions, heightened uncertainty over monetary policy, increasing debt levels and greater geopolitical tensions can derail progress.

Key Messages of the report are:

- Global economic growth forecasts have been revised upward to 3.2 per cent for 2018 and 2019 as short-term growth prospects have strengthened



further due to an improved outlook for the developed economies, robust international trade growth, and the revival of investment.

- Rising trade tensions between major economies, increased uncertainty over monetary policy adjustment in the developed countries, elevated debt levels, and an increase in geopolitical tensions have the potential to derail the current upturn.
- An escalation of trade barriers and retaliatory measures would pose a threat to the strength and sustainability of global growth with potentially large repercussions, especially for the developing economies.
- Intensified efforts to tackle high or rising levels of inequality, particularly through institution building and targeted social policies, can help to ensure that recent economic gains are more widely shared and to advance SDGs implementation.
- Accelerated economic growth powered by fossil-fuel energy bears significant environmental costs. Reforming fossil fuel subsidies and taxation could speed the pace of energy transition and accelerate progress towards an environmentally sustainable growth, consistent with the objectives of the Paris Agreement on climate change.

Pakistan: Among the smaller economies in the region, Pakistan's growth is accelerating due to vigorous investment and the gradual recovery of exports. Among the commodity importing economies, several central banks in East and South Asia, including China, the Republic of Korea, Malaysia and Pakistan, raised interest rates in 2017 and 2018. Given high external uncertainty, however, central banks are expected to remain cautious.

Press Release of the report launch and full report is attached with this mail.

For more information please

visit: https://www.un.org/development/desa/dpad/document_gem/global-economic-monitoring-unit/world-economic-situation-and-prospects-wesp-report/