

Opening Remarks for the launch of WESP 2014
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We are gathered here to launch the annual United Nations flagship report “World Economic Situation and Prospects 2014.” In the document released, we present United Nations perspective on the state of the world economy and the global economic outlook for the next two years.

Global economic growth recuperated but continued to be subdued in 2013. Much of the weakness was driven by developed economies as recession continued in the euro area and economic activity faltered in the United States. Large developing countries that had been hubs of drivers of global growth in past years showed weaker growth trends as the impact of negative developments in advanced economies more deeply filtered across borders and structural bottlenecks became more apparent.

Underlying the broad trends, encouraging signs have emerged as the year progressed. The euro area finally exited from its protracted recession, growth has picked up somewhat in the United States and Japan, and large developing countries appear to be on the way to regain some of the lost momentum. The outlook for coming years, barring any further disruption, is set to improve, driven in part by increased demand in developed countries. This will foster growth in those developing countries with strong global ties and as such felt through trade and finance the impacts of the protracted recession. Domestic conditions in a number of developing regions have also improved and are expected to continue on that track.

In 2013 trade continued to be far below its pre-crisis average. As demand picks up in response to busted confidence and measures launched by major economic centres, trade is likely to gain momentum both in developed countries and in many developing countries. A number of important trade agreements are in the process of negotiation, and these, along with recent progress on WTO negotiations - in particular the agreement on trade facilitation - when implemented may help to spur further trade growth in the medium-term.

High unemployment remains a key challenge for many areas of the world. The effects of the global crisis continue to persist and weigh on labour markets. Protracted long-term unemployment has diminished employment prospects for many workers, even if we have witnessed some growth in job creation. More worrisome are a range of demand and supply rigidities in the labour markets that continued to hold unemployment rates at unacceptable levels, disproportionately impacting youth and other vulnerable populations in many regions.

Capital flows to many developing countries declined and the associated volatility generated macroeconomic complications. Capital flows volatility, particularly surrounding announcements related to the possibility of the Federal Reserve tapering its quantitative easing (QE) program, was notable. Going forward,

the potential for substantial downside risks of premature tapering of quantitative easing is considerable. Emerging markets need to stand ready to deal with the impact of capital outflows as monetary policy tightens bringing further volatility and surges in yield curves and borrowing costs, as well as currencies depreciation.

The diversity of macroeconomic policy stances across the world has increased. Developed countries' fiscal policies are expected to become less restrictive over the next couple of years, while monetary easing will begin to taper. Policymakers in developing countries and economies in transition face a series of international and domestic challenges. Addressing them will require tough trade-offs and possible institutional and structural reforms. The complexity and variety of these challenges will necessitate greater international policy coordination, which should focus on a balance between a sustained recovery, particularly of jobs, and a mitigation of spill-over effects from the tapering of quantitative easing in major developed countries.

In conclusion, I would like to extend my appreciation for the staff associated with the production of this joint product of UN DESA, UNCTAD, the five regional commissions and UNWTO.