Global Economic Development

As of January 2019

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Economic Analysis and Policy Division
UNDESA, New York
Key messages

• On the surface, global economic growth remains steady, masking underlying risks and imbalances

• Confluence of risks threaten short-term outlook: trade tensions, financial fragilities, climate risks

• Economic growth is uneven and is often failing to reach where it is most needed

• Underlying vulnerabilities endanger longer-term progress towards the implementation of the 2030 Agenda for sustainable development
Majority of developing countries saw faster growth in 2018

Shifting contributions to world gross product growth, 2017-2018

Developed economies
- USA
- China
- India
- Turkey
- Brazil
- Japan
- Iran
- Saudi Arabia
- Argentina

Other developing and transition economies
- EU

Percentage points
0.15
0.10
0.05
0.00
-0.05
-0.10
-0.15
-0.20

Developed
East Asia
South Asia
Western Asia
Latin America and Caribbean
Other developing and transition
On the surface growth appears steady...

- Acceleration in over ½ the world in 2017 and 2018
- Many developed countries close to potential
- East and South Asia remain relatively strong
- Commodity exporters recovering

... but may have peaked
Global trade tensions pose a threat to the outlook… … amid rising trade disputes
Trade disputes have already impacted certain sectors…

... such as steel and soybeans
Extended escalation of trade tensions could slow global growth sharply.

Growth of world gross product

- **Baseline forecast**
- **Alternative scenario**

- **2013**: 2.5%
- **2014**: 2.8%
- **2015**: 2.7%
- **2016**: 2.5%
- **2017**: 3.1%
- **2018**: 3.1%
- **2019**: 3.0%
High levels of global debt pose a threat to financial sustainability...especially where FX debt is rising.
Potential triggers of financial stress

- Global trade tensions
- Monetary policy adjustment in developed economies
- Commodity price shocks
- Policy disruption in Europe associated with ‘Brexit’
- Domestic political or economic disruptions
Economic growth is uneven…

GDP per capita growth, 2018

...and often failing to reach where it is most needed

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Many countries continue to be left behind

- In 2018, 47 developing and transition economies had less than 1% per capita growth
- Majority of these (38) have experienced below-average growth since 1980
- Most (41) highly dependent on commodities
- Several face long-standing armed conflict or civil unrest and political instability
Even with steady global growth, high inequality constrains higher living standards

Improvements in Latin America:

- Cyclical factors
- Minimum wage policy
- Education policy
- Government transfers

Source: World Bank Poverty and Equity Database and UN/DESA projections to 2030.
Scenarios for poverty reduction, 2030

**Baseline**: Constant inequality

**Scenario 1**: Consumption per capita growth at least 4% pa

**Scenario 2**: Reduce inequality 0.5% pa

**Scenario 3**: Combine 1 and 2

**Scenario 4**: Combine 1 and reduce inequality by 50% by 2030

Source: World Bank Poverty and Equity Database and UN/DESA projections to 2030.
Transition towards sustainable production and consumption…

…is not happening fast enough

GDP and CO2 emissions growth

Number of relevant weather-related loss events

Global GDP
CO2 emissions

Hydrological
Meteorological
Climatological

1991 1993 1995 1997 1999 2001 2003 2005 2007 2009 2011 2013 2015 2017

Concluding remarks

• A dynamic and inclusive global economy is central to delivering the 2030 Agenda

• The essential transition towards sustainable production and consumption is not happening fast enough.

• While containing short-term risks, there is urgent need to advance the longer-term development strategy towards economic, social and environmental goals.

• Decisive actions rely on a multilateral, cooperative and long-term approach to global policymaking in key areas, including climate change, sustainable finance, sustainable production and consumption, and redressing inequality.
THANK YOU!