



WORLD BANK ECONOMIC OUTLOOK -DISCUSSIONS-

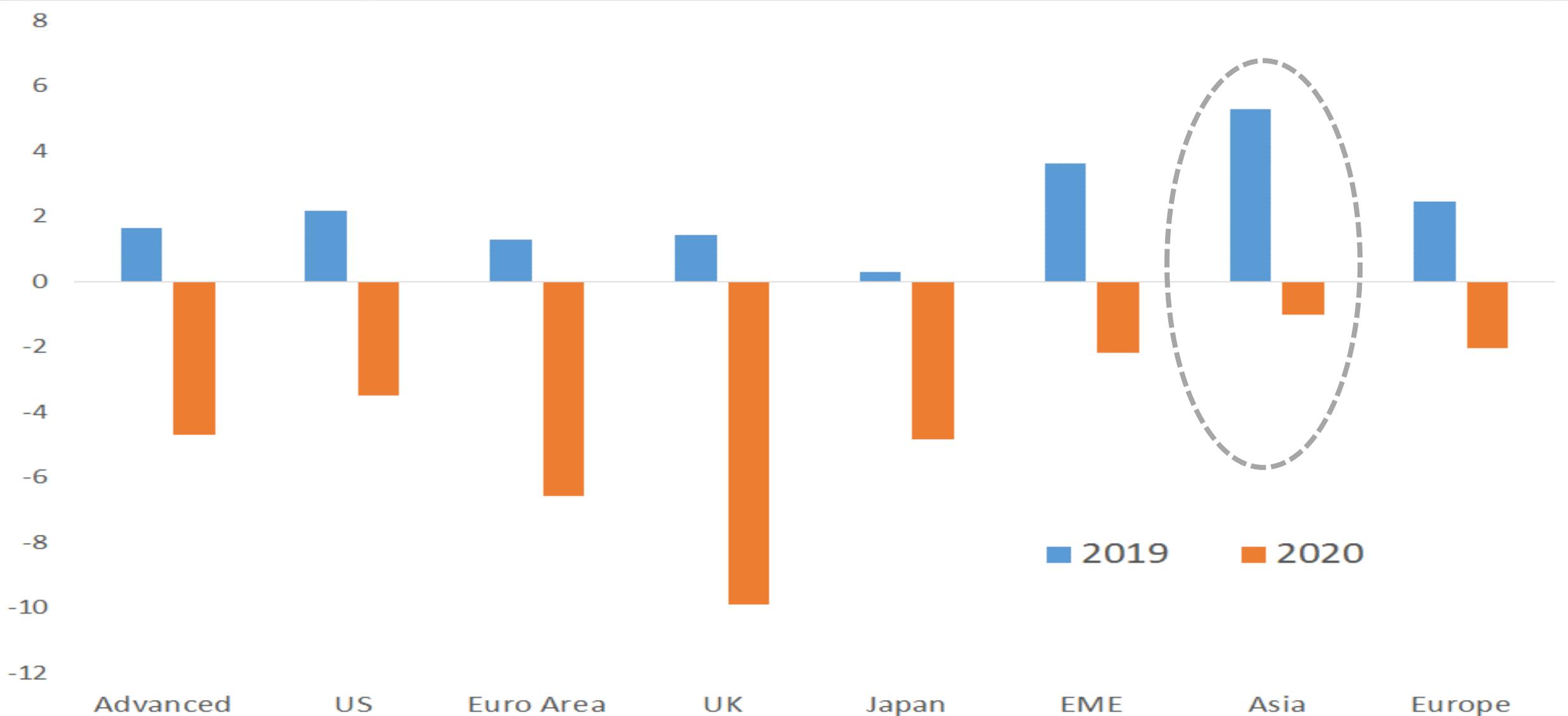
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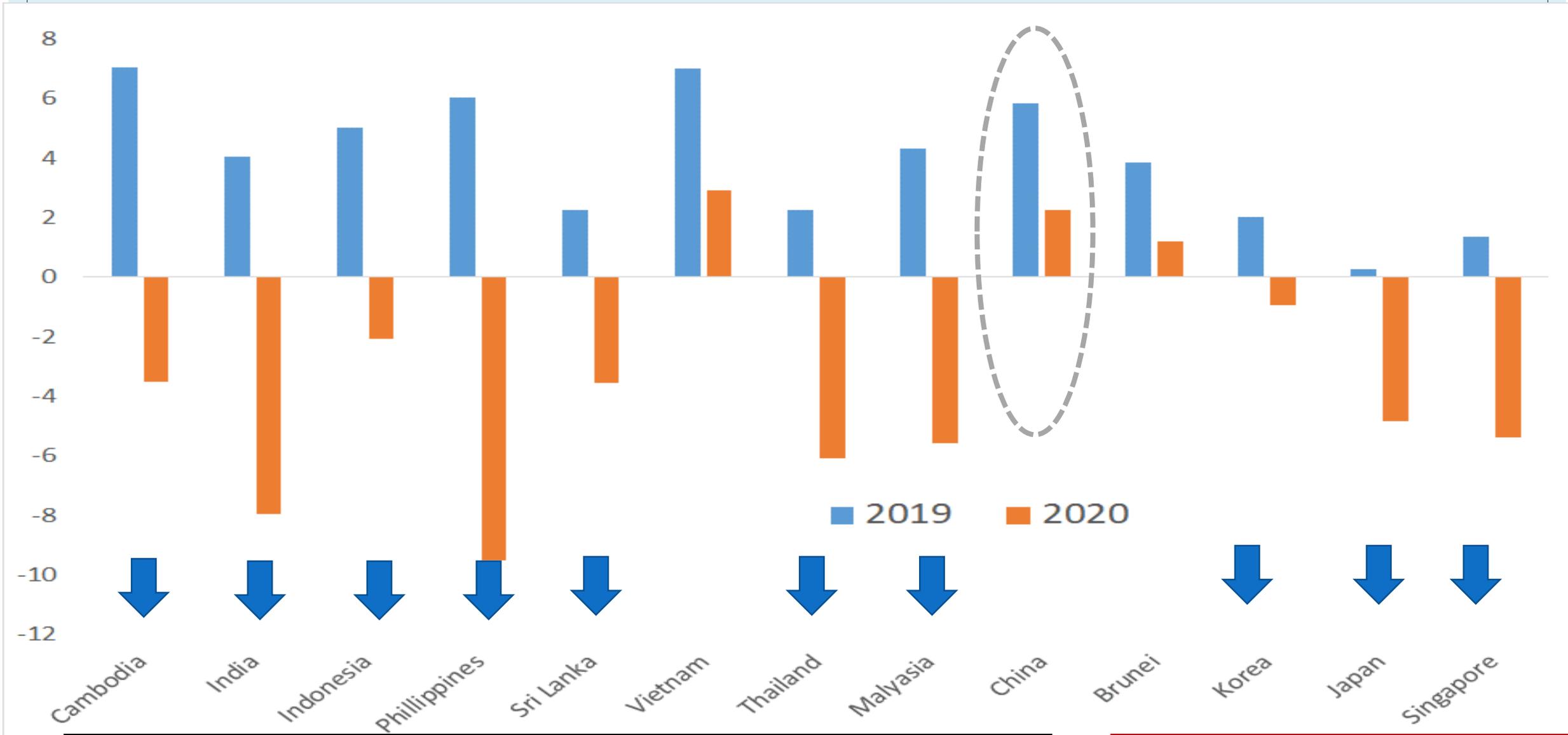
World Bank Views on Uneven Growth (Chapter 1)

- The world economic recovery is **exceptionally strong**. Global economic growth rate is projected to reach 5.6% in 2021—its strongest post-recession pace in 80 years.
- Advanced economies are recovering faster than emerging and developing economies (EMDEs), due to unequal access to **vaccines**.
- The recovery is expected to be strongest in **Asia**, primarily due to strength in **China**.
- **Low-income** economies face difficult **policy challenges**: (1) between supporting recovery through fiscal stimulus and ensuring fiscal sustainability, as well as (2) between continuing monetary easing and achieving price stability.
- How to achieve a **green, resilient, and inclusive** development path is also more challenging in EMDEs than in advanced economies.

Regal GDP Growth Rates in 2019-2020

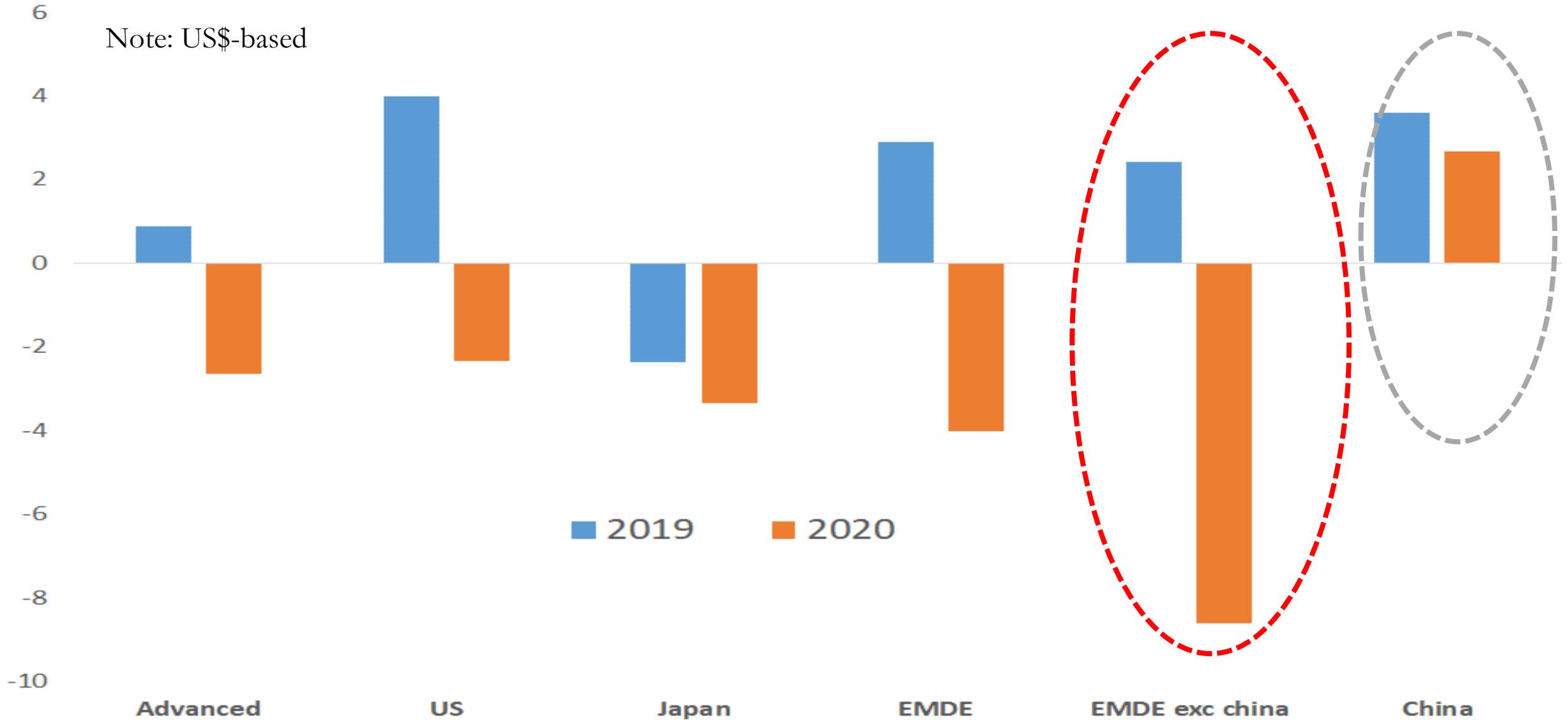


Real GDP Growth Rates in Asia

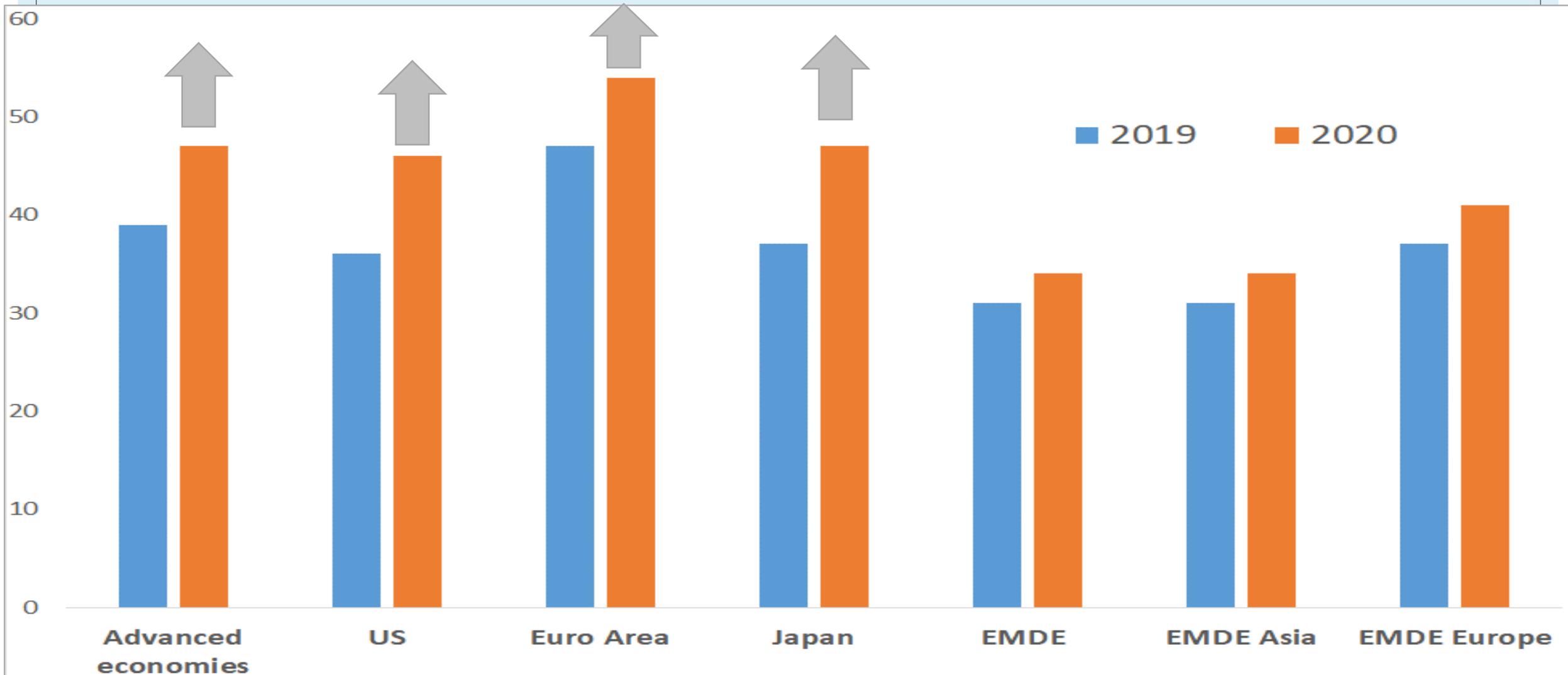


Nominal GDP Growth in 2019-2020

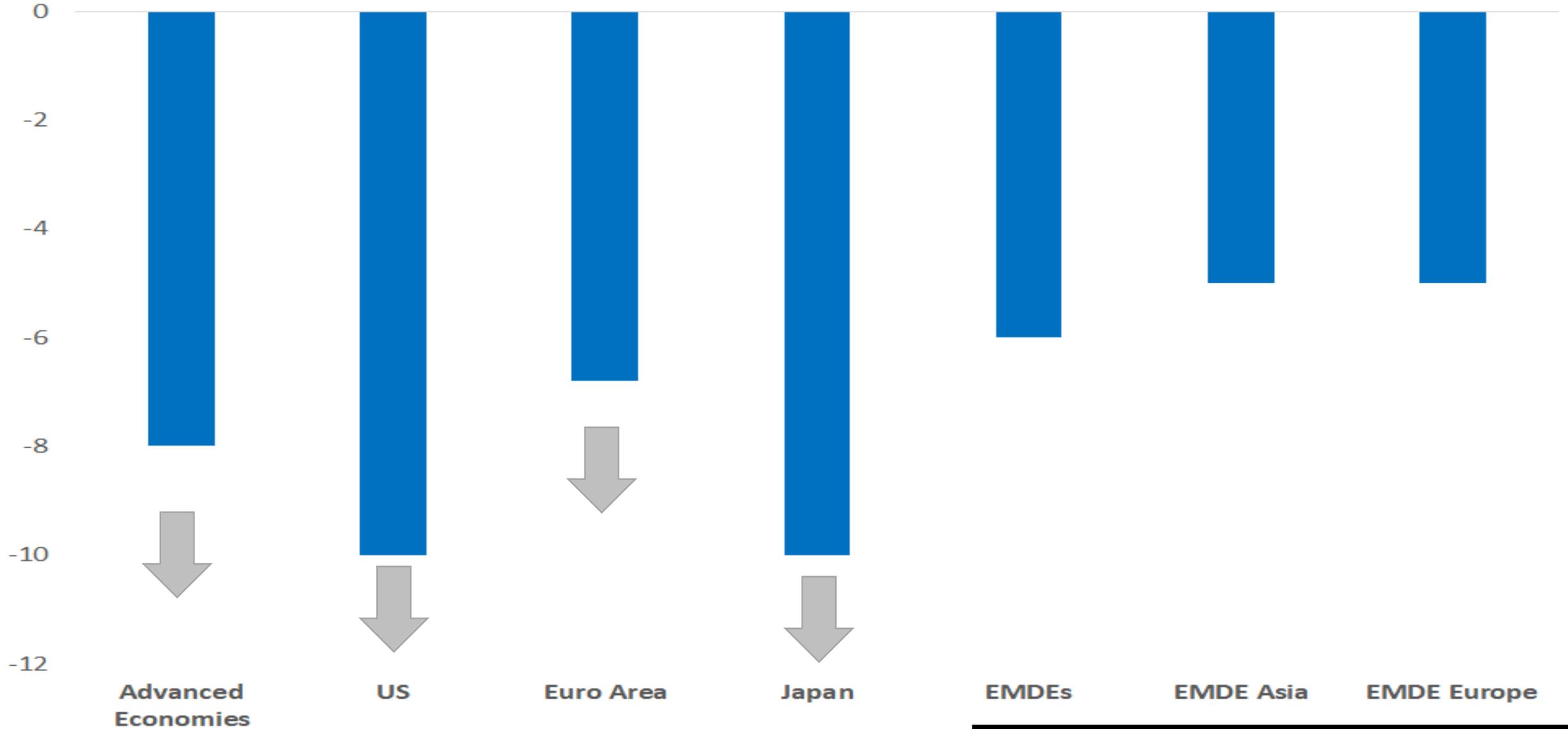
Note: US\$-based



Gov. Expenditure/GDP in 2019-2020



Change in Fiscal Balance/GDP (2020)



Economies Adopting Quantitative Easing (QE) Since the Pandemic

Economies Since the Pandemic

QE

High-income: Australia, New Zealand, Korea, Canada

Asian EMEs: India, Indonesia, Malaysia, Philippines, Thailand, Turkey, South Africa

Zero-Lower Bound (0.1%~0.25%): Australia, New Zealand, Canada

QE Benefits for EMEs

- Helping to restore the financial markets
- Lowering the benchmark bond yields, thus lowering cost of capital for households and firms



QE Benefits Limited relative to Advanced Economies

- Transmission channel constraint by less-developed financial and capital markets
- Concerns about depreciation for large foreign debt economies

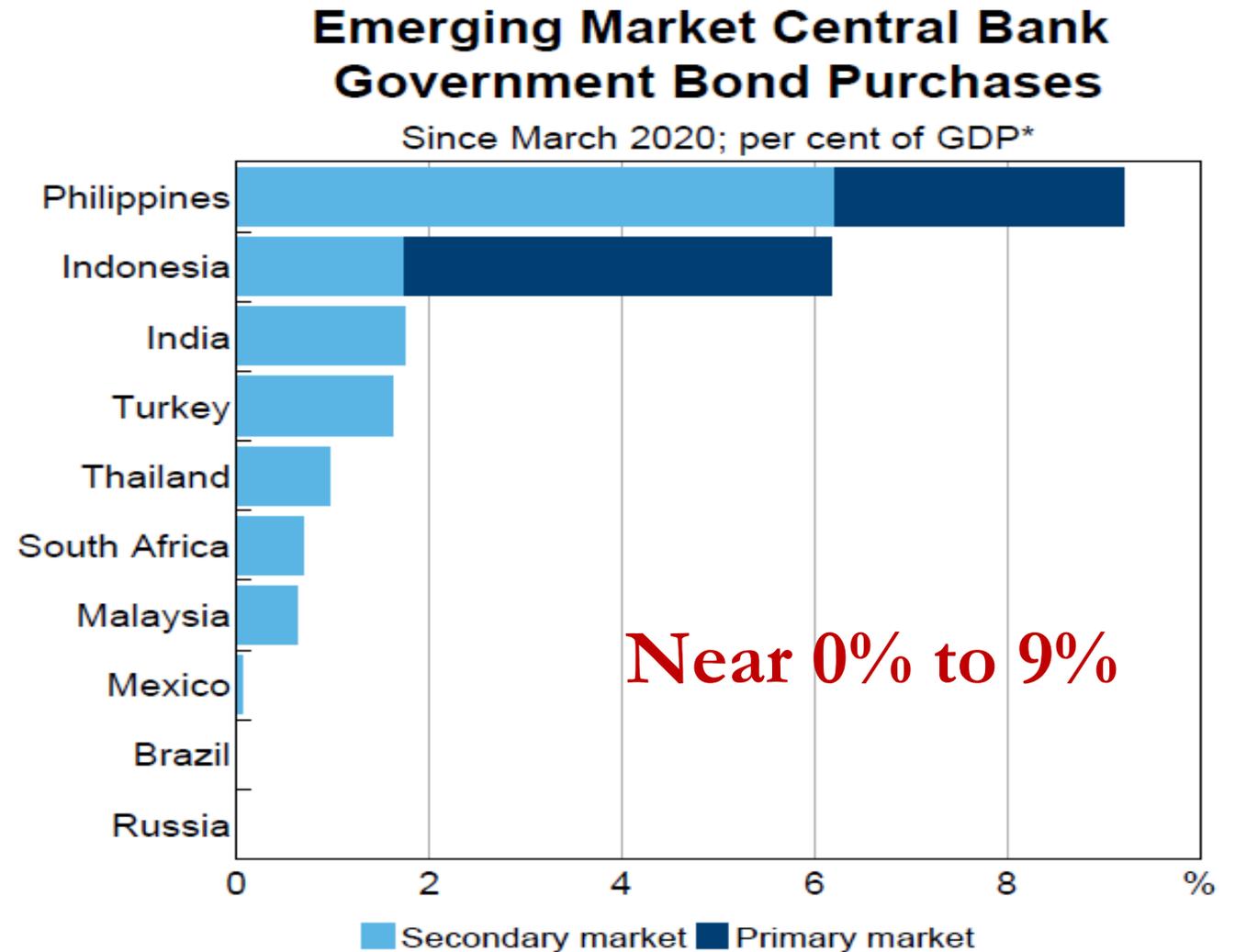
Limited Scale of QE in EMEs

- An increase in financial assets/GDP since the Pandemic:

Japan: around **24%** of GDP

US: around **17%** of GDP

Euro Area: around **20%** of GDP)



Conclusions

- In some EMDEs, QE was used as a **supplementary** tool even though their policy rates remain **above zero**.
- Scale of QE was **limited** in EMDEs due to (1) the small size of the debt market, (2) some concerns over depreciation, and (3) concerns over over-borrowing and capital flow reversals.
- As QE was greater in high-income economies and their yields remained lower, EMEs **avoided sharp capital outflows and exchange rate depreciation**.
- The relationship between monetary easing and fiscal policy remains **more indirect** and could be **less persistent** in EMDEs. The arguments such as monetary financing of debt or **closer policy coordination remain more applicable** to advanced economies.

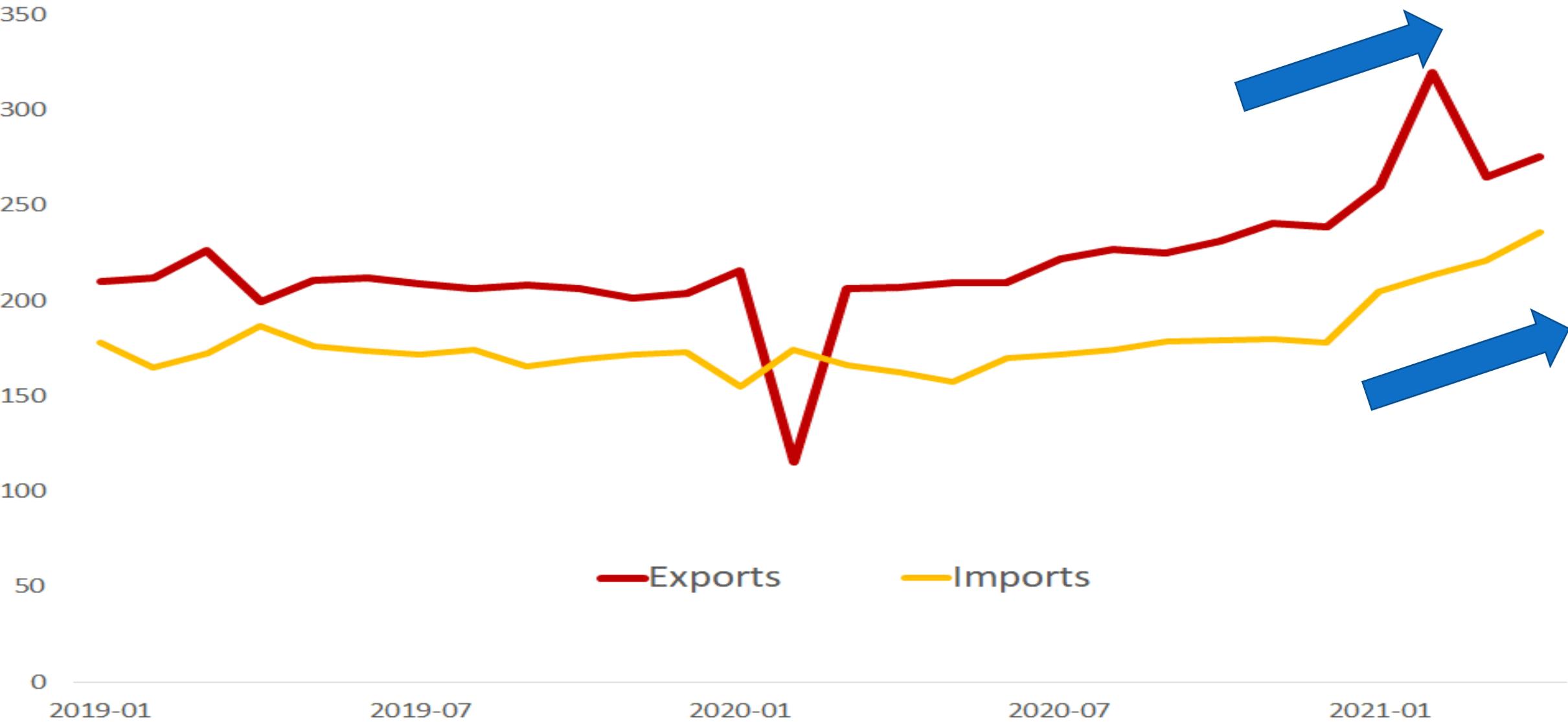
World Bank View on Trade (Chapter 3)

- **Trade costs** remain high and double the cost of domestic goods owing to (a) tariffs, (b) shipping and logistics, and (c) cumbersome trade procedures.
- Trade costs are higher in **EMDEs** than in advanced economies.
- A reform package including deeper trade liberalization, efforts to streamline trade processes and better transport infrastructure is needed.

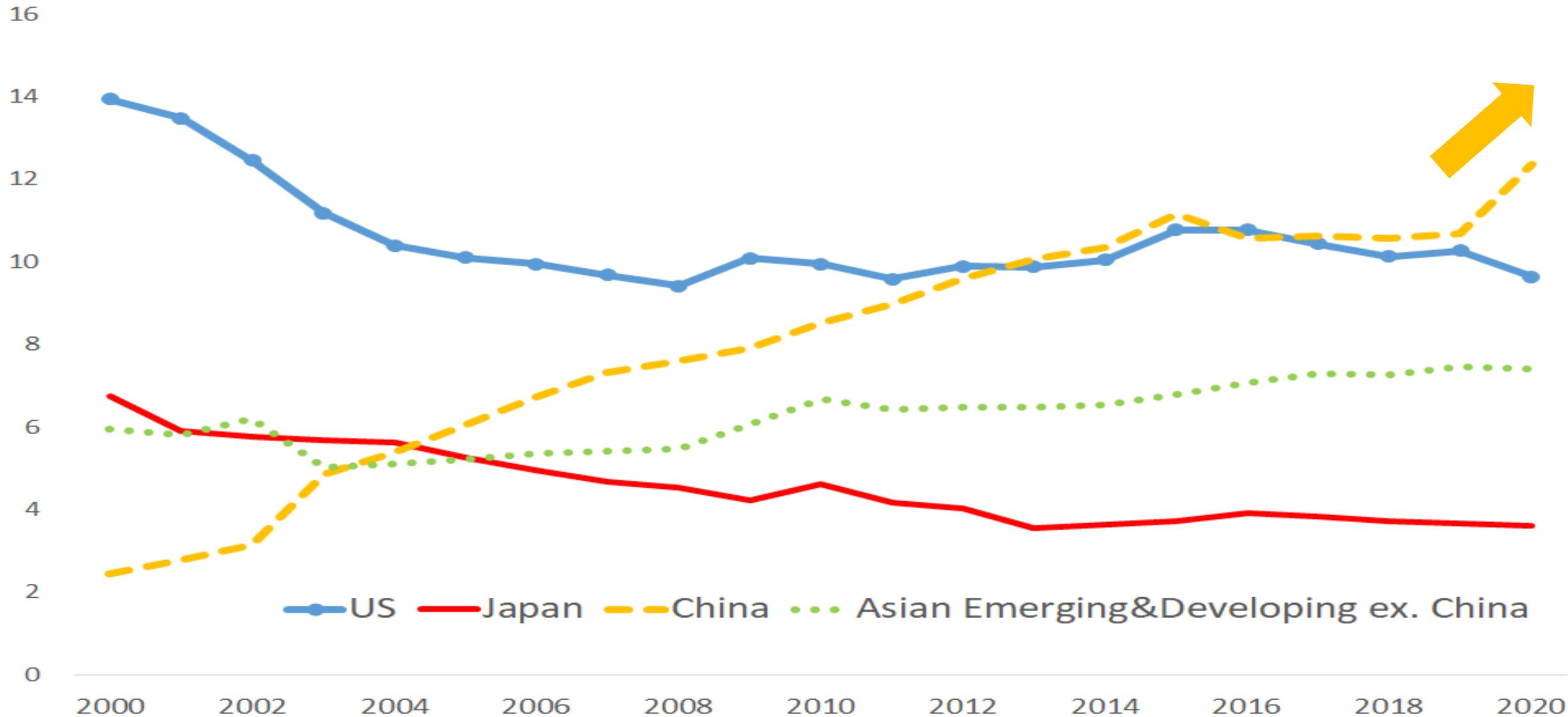
(Question 1) Since the pandemic, is China-centered global supply chain network strengthened or diverged?

(Question 2) How will US's policy to strengthen its manufacturing sector and create own supply chain network influence the current network? How will Asian suppliers cope with these networks?

China: Value of Exports and Imports (Billion \$)



Global Export Shares: China, Japan, and US (%)



Global Import Shares: China, Japan, and US (%)

