Three challenges highlighted in GEP report

1. Stagflation
   • Global supply chain disruptions and commodity price developments
   • Amplified economic and financial uncertainty

2. External public debt
   • Mostly to private creditors and at variable interest rates
   • Financial stability risks

3. Monetary policy tightening in the US
   • Spillovers from advanced to emerging economies
   • Volatility in financial markets and commodity prices
GEP policy agenda

1. Global policy co-ordination to address the humanitarian crisis
   • Avoiding fragmentation and polarization

2. Policies to counter soaring food and energy commodity prices
   • Initiatives to boost supply

3. Concerted efforts to mobilize external resources and accelerate debt relief efforts
   • Further efforts on implementing the G20’s Common Framework for debt restructuring for low-income countries under stress

4. Strengthening health preparedness and efforts to contain COVID-19
   • Vaccination coverage, notably in low-income countries

5. Greater impetus on the transition to low-carbon energy
   • Aggravated by higher commodity prices
Five main comments

1. Global policy coordination
   • Distinguish between short and longer-term challenges:
     • Short term: energy and food security concerns; fiscal policy challenges; global interest rate developments; negative externalities of sanctions on Russia
     • Longer-term: accelerating energy transition and the decarbonization of the world economy; tackling inequalities

2. Global inflation and inflation expectations
   • Cross-country and regional differences in second round effects and related monetary policy challenges
   • Transitory versus permanent effects
   • Supply-side shocks, spillovers to the real economy, and monetary policy
   • Co-ordination of monetary and fiscal policy

3. Foreign currency denominated EME external debt
   • Policy options in the face of a sharp US dollar appreciation
   • Capabilities on hedging foreign currency exposures in EMEs?
Five main comments (contd.)

4. Are there plausible lessons from the stagflation period of the 1970s?
   • Monetary policy environment structurally different: central bank credibility and anchoring of inflation expectations

5. Policies on energy transition
   • Measures to leveraging private investment in renewable energy