

Protectionism, Financial Vulnerability Put Modest Global Growth at Risk: OECD



Paris, March 7 (RHC-Agencies) -- The world economy is expected to slightly pick up in 2017, the Organization for Economic Cooperation and Development (OECD) said Tuesday, warning that increasing protectionism and divergent financial policies are likely to cloud the growth prospects.

In its latest economic outlook, the Paris-based OECD forecast global economic growth to stand at 3.3 percent this year compared to 3 percent in 2016. For 2018, the rate is set to quicken to at 3.6 percent.

Unchanged from last estimates, the expected global modest recovery would be the result of continuing and expected combined fiscal and structural initiatives in the major economies, notably China, Canada that would help to boost global demand, according to the Organization for Economic Cooperation and Development.

"But, risks of rising protectionism, financial vulnerabilities, potential volatility from divergent interest rate paths and disconnects between market valuations and real activity hang over the outlook," it said, adding that "the risk of rising protectionism ... would hurt global growth and impact the large number of jobs that depends on trade."

The Economic Outlook report projected the U.S. economy to grow by one percentage point to 2.4 percent this year on strong domestic demand. In 2018, U.S. growth was seen at 2.8 down from a previous estimate of 3 percent.

"Supported by accommodative monetary policy and a modest fiscal easing over the coming years", economy of the euro area would report moderate pace. For 2017, the growth forecast for the single-currency block is unchanged at 1.6 percent and slightly down in 2018.

Due to rising inflation weighs on real income and consumption and business investment weakens amid uncertainty about Britain's future trading relations with its partners, growth in Britain would slow from 1.6 percent this year to 1 percent in 2018.

In Japan, fiscal easing and improvements to women's labor force participation will help GDP growth rise to 1.2 percent up by two percentage points from November forecast.

China is projected to record a further slowing economy to 6.5 percent this year and 6.3 percent in 2018 as it "makes a necessary transition away from a reliance on external demand and heavy industry toward domestic consumption and services".

As to Brazil and Russia, both suffering a deep recession, would register growth recovery thanks to higher commodity prices and easing inflation, according to the OECD report.

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