

# Less than 3% world economic growth predicted due to geopolitical divisions and US bank failures – IMF chief

High interest rates, US bank failures and geopolitical divisions in Europe are reasons why the world economy is expected to grow less than 3% in 2023, the chief of the International Monetary Fund (IMF) has said.

The growth is down from 3.4% last year, and even further below the average of 3.8%, increasing the risk of hunger and global poverty.

“Poverty and hunger could further increase, a dangerous trend that was started by the COVID crisis,” IMF chief Kristalina Georgieva said, when speaking at a Politico event on Thursday.

Around 15% of low-income countries are currently in debt, and another 45% face high debts, according to the fund.

Emerging from the [COVID-19](#) pandemic, Ms Georgieva acknowledged that countries have been “resilient climbers” in the face of disrupted global trade and food supply, but added that the “path ahead – and especially the path back to robust growth – is rough and foggy”.



Image:

Kristalina Georgieva

“Now is not the time to be complacent,” she said. “We are in a more shock-prone world, and we have to be ready for it.”

The IMF’s economic projections have led more than 50 non-governmental organisations and labour unions to call for more funds to be allocated to low-income countries through an IMF international reserve asset known as Special Drawing Rights.

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These funds could be used for food medicine and to help countries “avoid destructive economic crises”.

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Different countries are also seeing stark differences on the possibility of recession, based on the report.

India and China were described by Ms Georgieva as being in a “bright spot”, accounting for half of the global growth in 2023, whereas 90% of other developed countries, such as the US and those within the EU, are facing high inflation as they rethink trade relationships with China.

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