Thank you, Mr. Chair.
Excellencies, ladies and gentlemen.

The International Monetary Fund would like to thank ESCAP for the opportunity to discuss our world economic outlook.

It is now over 1 year since Covid-19 was declared a global pandemic, a year of terrible loss of lives and livelihoods. The world's GDP shrunk by 3.3 percent in 2020, the largest since the Great Depression. However, thanks to vaccines there is now hope of defeating this pandemic. The global outlook has also improved and we are upgrading growth for 2021 to 6 percent. Uncertainty remains high on virus and vaccine dynamics, and on the effectiveness of policy support and the evolution of financial conditions.

The recovery is partial in that the GDP level will still be lower than the pre-pandemic projections, but thanks to large policy support these losses are smaller than after the Global Financial Crisis.

The recovery is also divergent. Unlike the GFC, when Advanced Economies had the largest output losses, this time emerging markets and low-income countries are projected to suffer larger losses.

Divergent recoveries across countries could lead to unexpected policy spillovers. For example, the accelerated US recovery through policy support is expected to have a net positive effect on global growth with especially positive spillovers to its main trading partners, but could have negative spillovers through rising interest rates for some countries.

Emerging market economies and developing economies need
to face this policy challenge along with the other issues already present, including those on heightened public and private debt levels and lasting supply-side scars.

Policy responses should be tailored to the nature of the shock and to a country’s circumstances, including the country’s role in the global supply chain and the country’s institutional setting. The IMF is ready to assist countries to tailor their policy responses through our policy advice, financial assistance as needed, and capacity development.

Thank you very much.