

Economic growth 'exceeds expectations' but trade tensions are rising: UN report

Global economic growth is exceeding expectations this year but heightened geopolitical tension and tensions over international trade could thwart progress, according to a new United Nations report.

The global Gross Domestic Product (GDP), is due to expand by more than 3 per cent this year and next, according to the UN World Economic Situation and Prospects ([WESP](#)) – an improved outlook compared with the 3 per cent and 3.1 per cent growth for 2018 and 2019, forecast six months ago.

The revision reflects strong growth in developed countries due to accelerating wage increases, broadly favourable investment conditions and the short-term impact of a fiscal stimulus package in the United States.

At the same time, widespread increase in global demand has accelerated the overall growth in trade, while many commodity-exporting countries will also benefit from the higher energy and metal prices.

Speaking at the launch, Elliott Harris, UN Assistant Secretary-General for Economic Development and Chief Economist, said the accelerated growth forecast was positive news for the international effort to reach the 2030 Sustainable Development Goals ([SDGs](#)), which include eradicating extreme poverty and hunger.

However, Mr. Harris cautioned that “there is a strong need not to become complacent in response to upward trending headline figures”. He added that the report “underscores that the risks have increased as well”, adding that rising risk “highlights the need to urgently address a number of policy challenges, including threats to the multilateral trading system, high inequality and the renewed rise in carbon emissions”.

Trade barriers and retaliatory measures mark a shift away from unambiguous support for the norms of the international trading system, the report notes, which threatens the pace of global growth with potentially large repercussions, especially for developing economies.

The report also finds that income inequality remains alarmingly high in numerous countries but there is evidence of noticeable improvements in some developing countries over the last decade.

It cites some countries in Latin America and the Caribbean region where specific policy measures related to minimum wage levels, education and government transfer payments have significantly reduced inequality over the last 20 years.

The report also finds that global energy-related carbon dioxide emissions increased by 1.4 per cent in 2017 due to faster global economic growth; the relatively low cost of fossil fuels and weaker energy efficiency measures, among other factors.

Reforming fossil fuel subsidies and providing tax breaks to boost greener economic growth could accelerate the international effort to meet the greenhouse gas emission targets outlined in the 2015 [Paris Agreement](#).