

World Economic Outlook 2014

The global economy may be entering a new phase as the year draws to a close. New data suggest some of the uncertainty that has characterized much of 2013 appears to be lifting as a new year begins, though economists are cautious. Despite steady improvement, U.S. unemployment remains high, Europe's debt crisis is far from over, China's economy continues to slow and Bangladesh is on the declining.

As the year ends, more people are finding work in the United States, the economy is growing at the fastest pace in two years and Congress has a new budget that effectively removes the threat of another costly government shutdown.

Barring another political standoff, small business advocate John Arensmeyer sees an improved business climate in 2014. "Could be a better year than 2013, particularly if we don't see the type of shenanigans we saw with the shutdown."

China's strength

Across the Pacific, China's economy has slowed after decades of double-digit expansion. But even with a relatively modest outlook of seven percent growth, President of Global Economist Forum Dr. Enayet Karim said China continues to exert strong economic influence in the region.

"It's going to be somewhat slower going forward over the next year or two, but still sufficient to pull a large number of countries along," said Dr. Karim.

But while improving demand is likely to benefit countries from Cambodia to Japan, European economies remain weak.

The European Commission says growth will slow in the 18 nations that use the euro - with unemployment likely to inch higher in the New Year.

Europe's recovery

Despite recent banking reforms, Dr. Karim said tough austerity measures in countries that received bailouts continue to weigh on Europe's economy.

"Italy's in deep trouble, and it's going to take some years even for the Spains and the Portugals and the Irish to come out of the mess," said the President of GEF.

Lingering questions also remain about the international impact of the U.S. central bank's decision to scale back monetary stimulus. With prices of raw materials likely to fall next year, economists say commodity-dependent countries could see their revenues fall.

"That includes Brazil, but it also includes Turkey, it includes Hungary, it may include Indonesia, that is also commodity-dependent by the way," said Dr. Karim.

In the Middle East, some of the Arab Spring countries, which remain politically unstable, are expected to experience economic difficulties in 2014.

Pinfan Hong, chief of global economic monitoring at the United Nations, said, "Nevertheless, we believe some improvements are building the momentum for next year. So we expect the world economy to grow by about three percent for 2014."

2014 also bodes well for Africa. After expanding at an annual pace of 4.8 percent in 2013, the African Development Bank projects growth to accelerate to 5.3 percent bolstered by strong growth in the service sector and increased agricultural and mining activity.

Bangladesh's GDP may achieve minus growth

Global Economist Forum (GEF) forecasts minus growth of Gross Domestic Product (GDP) for political unrest in its economic outlook 2014 published on December 28. The political deadlock

could affect Bangladesh economy in the long run, as the major productive sectors are facing fund crisis that hinder fresh investment and productivity growth.

The ongoing political deadlock may create serious impact on the nation exchequer and government's loan dependency will be increased due to shortage of revenue collection. Implementation of the prevailing Annual Development Program (ADP) will be under challenge in one hand, on the other hand, size of ADP will be small for next year.

Point to point inflation will be increased and commodity price will be hiked in 2014. The monetary inflation could be widened as because the government will find easy and short term solution by increasing currency circulation through the central bank and finance ministry.

Exports, especially readymade garments (RMG) may lose GSP free access to the European Union, U.S.A and Canada because the diplomatic relationship between Bangladesh with the other parts of the world, excepting India, has cool down relating to the forthcoming general election. It is worth mentioning that no Bangladeshi market countries are agreed to monitor the polls.

Global Economist Forum is forecasting that if the country tries to prolong the one-party government, then economic embargo may be imposed on Bangladesh by United Nations and other donor agencies.

The service sector including banking will have to face intolerable non-performing loan (NPL) which may cause of provision and capital shortfall in Bangladesh. Government's borrowings from banking net will be increased in 2014.