

Press Release

Recovery in trade has been uneven, services lack recovery and protectionist sentiments across the world have put pressure on prices and global value chains: Anoop Singh

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“Looking at the global context before the war in Europe, we were seeing trends of global recovery in an emerging post-COVID world. However, the recovery was uneven, with the advanced countries, led by the United States (US) leading that recovery,” contrasting with the post-GFC [Global Financial Crisis] recovery—where the emerging countries, such as China and India, were at the forefront, said **Anoop Singh**, Distinguished Fellow, Centre for Social and Economic Progress (CSEP), New Delhi, in the Flagship Seminar “Asia And The Changing Global Economy: Outlook And Risks Ahead” hosted virtually by CSEP on **March 30, 2022**, introducing his recent book on “Asia and the Changing Global Economy: Rebuilding Growth Potential.”

The main objective of the CSEP Flagship Seminar “**Asia And The Changing Global Economy: Outlook And Risks Ahead**” was to discuss how the changing global economy has now been further upended by the invasion of Ukraine, which will further complicate the return to higher growth potential in the post-pandemic period. In this context, the discourse of discussion also considered lessons from past crises such as the global financial crisis of 2008-09 and how can Asia regain its primacy in leading the global economic recovery.

Looking at how global trade powered sustained global economic expansion since the Second World War, **Anne Krueger**, Senior Research Professor of International Economics, Johns Hopkins School of Advanced International Studies, said: “In the 1970s, US share of exports plus imports in its own GDP was 10.7%, while by 2020, it had more than doubled, despite periodic uncertainties.” China’s share in global trade has also jumped in the last two decades, anchoring its own growth. However, protectionist sentiments have now grown globally, the recovery in trade post-pandemic has been uneven, and the United States need to reverse the Trump protectionist excesses in trade, and work globally to build renewed support for multilateral trade.

Martin Wolf, Chief Economics Commentator, Financial Times, said “many people tend to take for granted that China’s growth will continue to be extremely significant and that its domestic economic problems are not significant, but actually they are very significant.” Speaking on the future of international economic organisations, Wolf saw rising difficulties in reconstructing a genuinely multilateral order and added “I can’t see how the WTO is going to be re-created.”

He expressed significant pessimism about the possibility of a return to an orderly global economic order of the kind that we have been accustomed to since World War II. He was apprehensive that this situation might continue even through our children’s’ lives.

On the currency order, Wolf anticipated dollar and western currencies remaining hegemonic. However, China is going to create a monetary area of its own by using its own payment system and digital currency and that will create challenges for developing countries, said Wolf.

“India’s growth potential should allow it to grow 8% to 10% a year, for the next 30 years. That’s what we [India] need, that’s what we [India] are capable of achieving,” said **Naushad Forbes**, Co-Chairman, Forbes Marshall. Forbes identified three elements for India to achieve consistent long-term

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productivity growth, by building its demography and human capital advantages, its share in global trade, and its digital economy strengths.

On the prospects of policy changes in the world through the lens of climate change, **Montek Singh Ahluwalia**, Distinguished Fellow, CSEP, said: “In India, there is a huge amount of agreement on the slogans and very little agreement on the policies.” Ahluwalia said strategies, especially in decision-making of programmes, can be characterized in four different ways: Slogans, Targets, Instrumentalities, and Policies.

Trade policies, in the near future, will be subjected to a world which is “fractured into different blocs” and that will pose a challenge to India, Ahluwalia said.

Concluding the discussion, **Rakesh Mohan**, President and Distinguished Fellow, CSEP, highlighting the importance of trade expansion for overall economic growth, pointed to the importance of India’s geographic location in Asia. This suggests that we need a more Asia-centric approach since it is this region that will exhibit the highest economic growth in the next couple of decades. “Doing FTAs with the UK, EU, countries or regions that will grow very slowly in the next 20 years will be helpful, but FTAs in the Asia region would be have greater potential.” He further added “the key issue really is, despite the issue of our difficulties with China, our [India] geography is in Asia.”

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