

UN forecasts slower global growth in 2008

The world economic growth will drop steeply to 1.8 percent this year, from 3.8 percent in 2007, the UN said in a mid-year economic report.

Growth in developing countries is expected to reach five percent, as compared to a robust 7.3 percent in 2007, and is projected to decline further to 4.8 percent in 2009, the report said Thursday.

If monetary and fiscal stimuli recently instituted in the US take hold, the world is likely to experience only a moderate slowdown, it added.

But if they are insufficient to regain economic momentum in the US, and if a continuing fall in house and equity prices is blended with a severe credit contraction, the world economy could come to a virtual standstill.

According to this pessimistic scenario, world growth would slow to less than one percent this year and 1.4 percent the next, the report said.

In January, the world body in its 'World and economic situation and prospect 2008' report had predicted that global growth would stand at 3.4 percent.

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