

## World Bank: Developed Economies Gain Strength in 2014

Welcome to As It Is from VOA Learning English. I'm Mario Ritter. The World Bank has released its report on the world economy and the news is largely good.

"For the first time in five years, high income countries are accelerating."

The bank expects high-income countries to grow at a faster pace than they did in the years of recession that followed the world financial crisis.

Also, Taiwan is trying to increase exports through trade agreements in the extremely competitive East Asia-Pacific area.

Predictions for the World Economy in 2014 and Taiwan's efforts to stay competitive are next on As It Is.

### **In 2014, Global Economic Growth Expected to Improve**

The World Bank expects economic conditions around the world to improve this year. The developing world has fueled much of the economic growth in recent years. Now, the World Bank say growth in 2014 is likely to result largely because of economic expansion in high-income countries. June Simms has more in this report from Mil Arcega.

The World Bank says the world economy has reached a turning point. After years of slow growth, the bank expects developed economies to show solid improvement in 2014. Andrew Burns is an economist with the development agency. He says wealthy countries, once struggling with debt, are starting to grow.

"For the first time in five years, high income countries are accelerating. They're going to be contributing to global growth in a way that they haven't for some time. That's going to be good for developing countries."

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The World Bank says the world economy will grow at a rate of 3.2 percent this year, and it should continue rising over each of the next two years.

The World Bank predicts the American economy will grow at a yearly rate of 2.8 percent in 2014. That would be up from 1.8 percent last year.

Kaushik Basu is the Chief Economist of the bank. He believes the European economy will also show improvement this year. It was not until last year that the recession in Eurozone countries ended.

North Africa and the Middle East remain areas of concern because of political unrest. Another question is how actions by the US central bank will affect other countries. The Federal Reserve has said it plans to begin reducing the amount of money it puts into the American economy. Kaushik Basu says the effects are likely to be mild. That is because many countries started feeling the effects of higher interest rates after the Federal Reserve announced its plans in the middle of 2013.

"We saw that in South Africa, in Indonesia, in India, where the exchange rate was crashing around. So I feel actually, at one level, a lot of the adjustment has already taken place."

The World Bank predicts that during 2014, economic growth will be strongest in East Asia and the Pacific. The bank expects the Chinese economy, the world's second largest, to expand at a rate of 7.7 percent, about the same as last year. Central Asia is expected to show stronger development, led by higher income countries.

The managing director of the International Monetary Fund spoke about the world economy last week. Christine Lagarde told reporters in Washington that growth remains, in her words, "too low, too fragile and too uneven." She added that the gains in economic activity would not be enough to create jobs for the 200 million workers around the world who need them.

I'm June Simms.

## Taiwan Seeks to Strengthen Trade Ties

Trade ties are important to increase demand for a nation's exports. That is the subject of our next story.

Taiwan is starting a campaign to join two important Asia-Pacific trade groups. The island wants a place in the U.S.- led Trans-Pacific Partnership and Asia's 16-member Regional Comprehensive Economic Partnership. But China is likely to block membership in both. Steve Ember has Ralph Jennings report from Taipei.

Taiwan's President Ma Ying-jeou has said he will push for membership in the two regional trade groups to open major markets for Taiwanese companies.

Taiwan wants to improve trade relations so its exporters can enjoy lower import taxes, or tariffs, in other countries. Such has been the case for South Korea and Southeast Asian nations.

Raymond Wu is a political risk expert in Taipei. He says President Ma is building support to increase economic links between the Island and nations in the area.

Taiwan has signed trade agreements with China, New Zealand, Singapore and five small diplomatic allies, but that is far fewer than Taiwan's export competitors. Some countries have deals throughout Asia, in Europe and with the United States. China usually uses its economic power to stop other countries from signing agreements with Taiwan. It has also kept Taiwan from joining international bodies that require members to be states.

China also insists that other governments avoid formal relations with the government in Taipei. Ties between China and Taiwan have improved since 2008. But, Taiwan has avoided the discussion of political issues that could lead the two sides toward reunification, which has been an important goal for China.

Jeffrey Wilson teaches politics at Murdoch University in Australia. He says other countries may be willing to let Taiwan join a regional trade group. But, he says, they do not want to risk upsetting China.

This is especially true in the case of the Trans-Pacific Partnership, or TPP. The group has asked China to join, but the country has stayed out because it fears too much influence by the United States and its allies. China is supporting the Regional Comprehensive Economic



Partnership instead.

Taiwan has taken its campaign to heads of state around the Pacific Rim. At a regional economic conference in October, Taiwan informed the other parties of its hopes of joining the TPP. Foreign Ministry spokeswoman Anna Kao says Taiwan has been heard.

She says Taiwan already has made contact with TPP members at many different events. Taiwan is a member of the Asia Pacific Economic Cooperation group, as are many parties to the TPP.

I'm Steve Ember.

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