

NICOLAS BARRE

Deputy Managing Director, *Les Echos*

We will talk about the state of the world economy and also governance, which is a key issue for the coming months and years. We will have a great panel for this discussion, including Henri de Castries, who is one of the finest French CEOs. He has truly global views on the world economy and strong views on what old countries like France need to do in order to adapt to the new realities of the world. Kemal Dervis does not need any introduction either, but he is a former Minister of Economy in his country, Turkey. He is one of the leading figures in social democracy in Europe and in the world. He is also now Vice-President of Brookings Institution.

Jacob Frenkel is a central banker, who will be able to talk about finance and all the challenges that we are facing in this respect. Pascal Lamy is the former General Manager of the WTO and is also a leading figure for social democracy. David de Rothschild is President of Rothschild Bank. We will have Mr Sakong from South Korea, also a former Minister for Economy in his country. We all remember that he was one of the key people in charge of organising the G20 in Seoul a while ago. I will say just a few words to frame the debate, and then I will give the floor to our panellists. I will say a few words on the world economy, because we are seeing a slight acceleration of world growth. That is what is projected for next year at least. It will be somewhere around 3.2% or maybe a little more. That is an acceleration from this year, which will end with growth at around 2.7% perhaps.

I would just state a few points on this figure for the end of the year, which is subject to discussion. First, financial shocks reached several big emerging economies, like India, Turkey, Brazil, Indonesia and even South Africa. All of these economies combined represent 12% of the world economy. That is a significant event for this year. Another key feature of this year is China. One of the big questions a year ago centred on whether or not China's growth would slow down. In fact, the Chinese economy is still quite strong. The projection for next year is for 7.3-7.5% growth. At least China has stopped decelerating and that is good news.

The other good news is in the US, where growth is on a good track, probably at around 2.5% for next year. There is always a question mark about Japan, but 'Abenomics' is bringing some confidence to the Japanese economy and that is a good thing. This country is facing huge challenges, especially financial challenges, as we all know. Regarding Europe, I would say there are two Europes. One is starting to grow again. This is particularly the case for Germany, where projections for next year are at around 1.7%, and the UK is rebounding. However, the situation in rest of Europe is a little bit more difficult. The Eurozone has come out of the recession, which is the good news, but the bad news is that growth is not there yet. That is the big picture.

There are many challenges, such as the ending of an extremely lax monetary-policy system. We do not exactly know, but maybe some of the panellists will have ideas about how we exit from these policies. Then one point that I would also single out relates to whether or not the big emerging countries I talked about will be able to have more balanced growth in the future. There are many other challenges facing the world economy. Let us start with you, Kemal. Could you first give us a general picture of the state of the world economy as you see it?