



# GROUP OF TWENTY

## G-20 SURVEILLANCE NOTE

G-20 Finance Ministers and Central Bank Governors' Meetings  
February 26, 2021  
Virtual Meeting



Prepared by Staff of the  
**INTERNATIONAL MONETARY FUND\***

\*Does not necessarily reflect the views of the IMF Executive Board

February 2021

## EXECUTIVE SUMMARY

**A global recovery from the crisis hinges on making rapid progress against the pandemic and providing effective economic support until the virus is beaten back.** Excellent news from multiple vaccine trials and ongoing inoculation campaigns in some countries raise the potential for ending the Covid-19 crisis. Yet, continued fast transmission of a mutating virus makes the outlook very uncertain. Moreover, prospects vary tremendously across countries, reflecting vast differences in access to vaccines and other medical interventions; the ability for policies to effectively cushion economies; exposures to activities that are hindered by the pandemic; and preexisting trends. Currently, advanced and some emerging market economies are expected to gain widespread access to vaccinations during 2021, whereas others face a much longer wait.

**The crisis will not end without ambitious national and cooperative multilateral action:**

- ***Durably end the pandemic.*** To ensure a strong, shared recovery and to get ahead of any further virus mutations, scaling up vaccine production is essential, and policymakers must work together to raise financing—including for COVAX—to quickly produce and distribute vaccines globally. The development of affordable therapies needs to be sped up. Actions to support the free flow of medical supplies and equipment would help all countries deal effectively with the disease.
- ***Preserve emergency policy support.*** To limit scarring and avoid a further deepening of inequalities, monetary policy support and well-targeted fiscal and liquidity lifelines will need to be maintained until constraints on activity ease meaningfully. Macroprudential tools should be used to keep rising financial risks at bay. In countries with limited fiscal space, spending should be prioritized for health and help to the poor. Once infections are durably declining with broadening immunity, lifelines can be gradually rolled back to avoid disincentives to reallocation.
- ***Ensure a strong, green, and inclusive recovery.*** A synchronized public investment push would provide a much-needed impetus to growth and jobs. Priorities include spending on health, education, and digitalization to reverse the harm wrought by the pandemic and support inclusion. Moreover, with the window of opportunity for keeping global temperature increases at safe levels closing fast, a strong boost is needed for green public infrastructure; which, combined with steadily rising carbon prices, could direct future private investments toward greener and more sustainable choices. Improving resilience to climate shocks and providing safeguards and opportunities for those threatened by the transition toward a low carbon economy are key.
- ***Arrest and reverse the dangerous divergence between rich and poor countries.*** Many developing economies are hit particularly hard by the crisis and have little policy space to respond. They need the support of the international community to prevent a major setback in development gains, to ensure access to food and healthcare, and to invest in climate resilience and digital infrastructure. Unprecedented financial support is needed for some, including by confronting complex debt-related issues. Implementation of the Common Framework for Debt Treatments Beyond the DSSI would also be helpful in this regard. Strengthening the global rules-based trading system, including through WTO reform, would support the global recovery.

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# TREMENDOUS UNCERTAINTY AHEAD

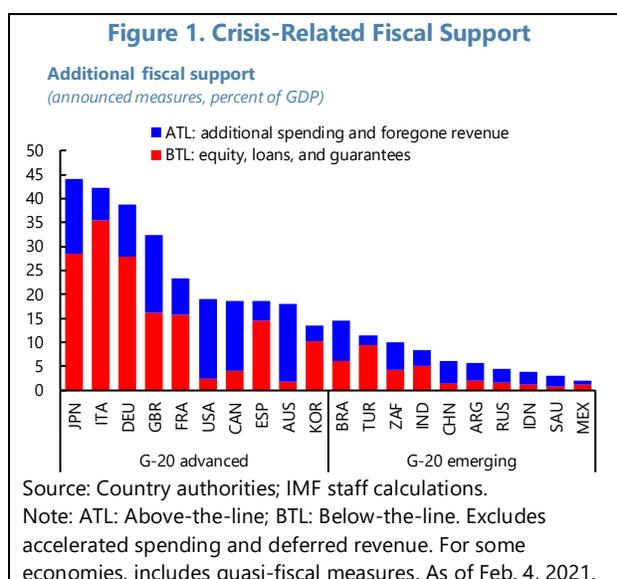
The projected recovery hinges on rapid progress against the virus and policy support. Even as the recovery continues, uneven vaccine access, differences across economies in the amount and efficacy of policy support, and pre-existing vulnerabilities will translate into diverging recovery paths. Moreover, the outlook remains highly uncertain, due primarily to the unknown path of the pandemic amid elevated infection rates, new virus mutations, and bottlenecks slowing down vaccination efforts.

## A. Recovery Paths are Diverging

**1. The global recovery is continuing, despite some loss in momentum where the virus has surged.** The January 2021 World Economic Outlook Update projected partial recoveries in 2021 and 2022 of 5.5 percent and 4.2 percent, respectively, on broadening immunity and policy support, after a contraction estimated at 3.5 percent in 2020 (Table 1). Yet, the economic fallout remains severe, with a recovery that will leave global output below the pre-crisis trend over the medium term.

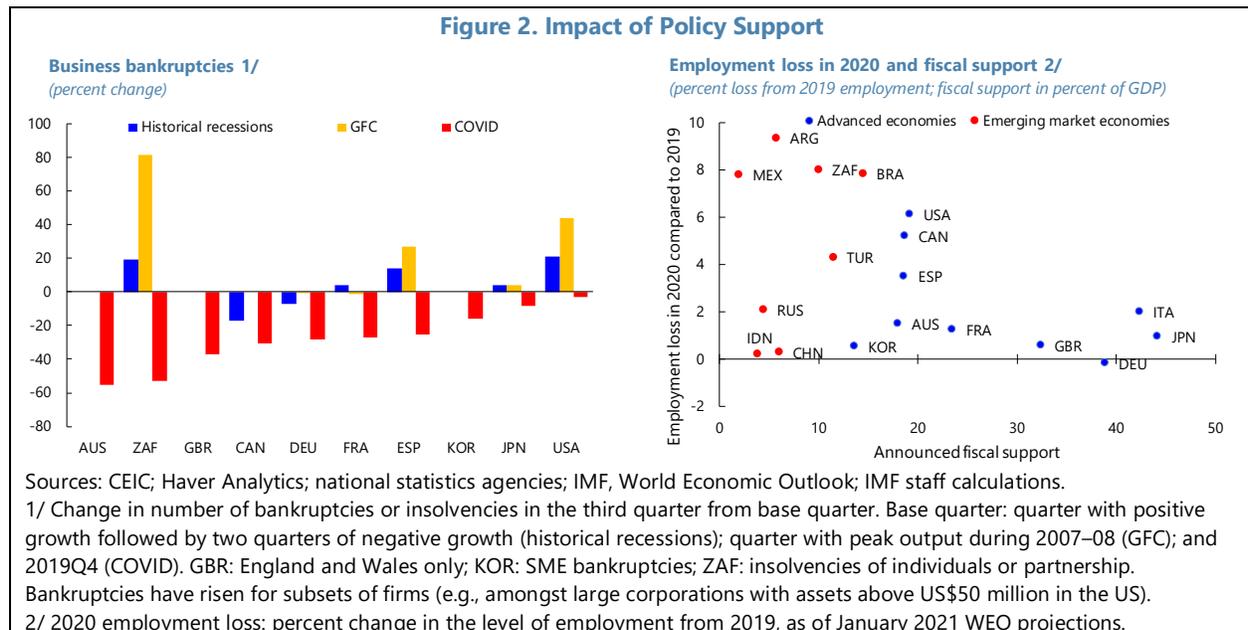
**2. The path of the virus and necessary lockdowns have contributed to recent divergence in economic activity between economies.** China continues to register a robust recovery, and several other economies are doing better than previously projected (*India, Saudi Arabia, United States, among others*). However, a surge in cases that began in 2020Q3—likely amplified by new variants of the virus in some places—necessitated renewed mobility restrictions in several economies (e.g., *Canada, France, Germany, United Kingdom*) and weighed on economic activity. Global goods trade has picked up, led by *China* and advanced economies. The agreement between the *European Union* and the *United Kingdom*, governing their post-Brexit relationship has lowered uncertainty, yet new frictions to commerce may weigh on trade going forward.

**3. Decisive policy support by the G-20 has helped prevent worse outcomes.** G-20 central banks have shored up credit and safeguarded financial stability, including through rate cuts, quantitative easing, and central bank swap lines—helping many economies across the globe. In addition, as of early-February 2021, G-20 governments had provided around US\$ 12½ trillion in above- and below-the-line crisis-related fiscal support (Figure 1).<sup>1</sup> The combined efforts of central banks and governments have provided businesses in many economies with the necessary liquidity and credit to remain afloat



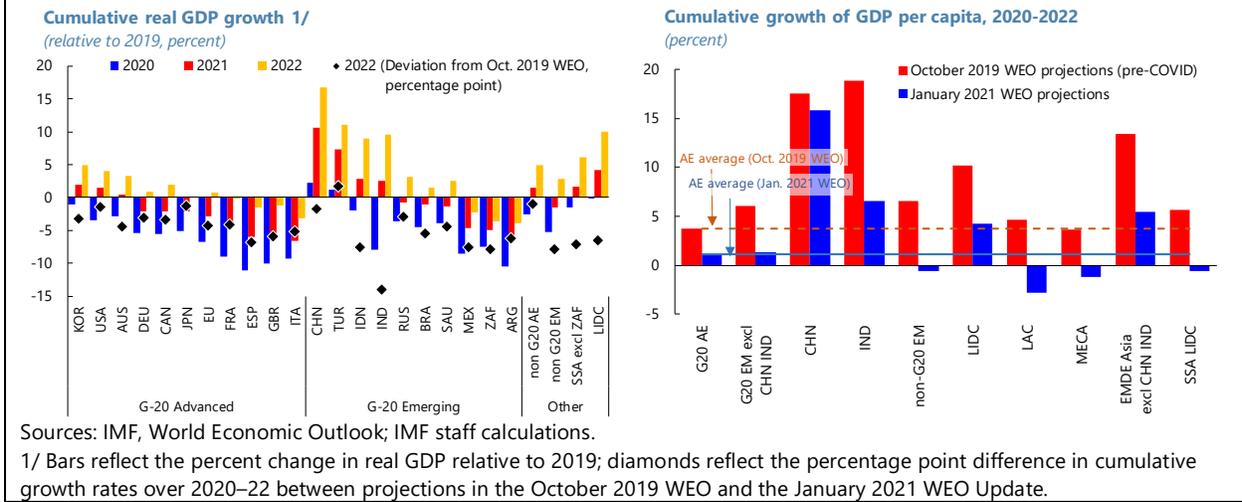
<sup>1</sup> The total includes about US\$ 7 trillion in above-the-line support and about US\$ 5½ trillion in below-the-line support. Excludes accelerated spending and deferred revenue.

through periods of lockdowns and collapsing demand, limiting damage to economies' productive potential. The latest data indicate that lifelines, in conjunction with debt moratoria, helped sustain businesses, with the number of corporate bankruptcies during the crisis so far having fallen in many G-20 economies—in contrast to increases in many past recessions—though at the risk of keeping some unviable firms afloat (Figure 2, left panel). Cross-country comparisons also indicate that several economies with more sizable crisis support also saw smaller loss in employment (Figure 2, right panel).



**4. However, vast differences in vaccination timelines and policy support are projected to contribute to growth divergence in the near term, and potentially to slower income convergence over the medium term.** Vaccines are likely to become widely available in G-20 advanced economies and several emerging market economies during 2021. For the rest of the world, broad coverage for vaccinations is expected in 2022 or possibly later. Thus, though all economies will likely need social distancing practices for some time, including to contain new mutations, several emerging market and developing economies are likely to need such measures for a prolonged period, delaying their return to normal economic activity (Figure 3, left panel). In addition, room for providing additional policy support varies across countries—with low-income and some emerging market economies facing particularly binding constraints. In turn, globally, over 50 percent of emerging market and developing economies that were converging toward advanced economies over the last decade are now expected to diverge during 2020–22 (Figure 3, right panel). By contrast, in the *United States*, further sizable policy support is likely in 2021 and will help lift growth at home as well as abroad through demand spillovers.

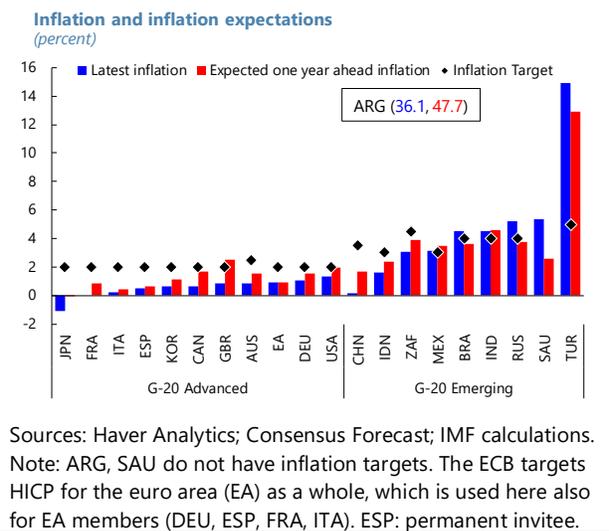
**Figure 3. Diverging Growth Paths**



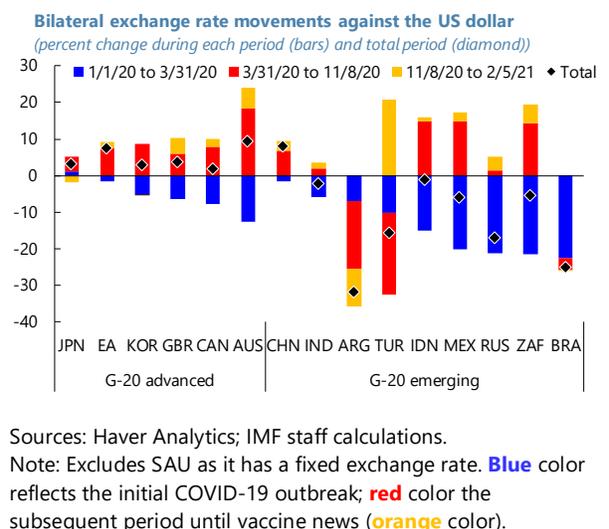
**5. Commodity prices are recovering alongside economic activity, but inflation is subdued in many economies.** Reflecting the only gradual return to pre-recession levels of activity in major economies (e.g., *European Union, India, Japan, United Kingdom*) and persistent output gaps in nearly all economies past 2022, oil prices are expected to increase slowly and to remain below 2019 levels for some time. Inflation in most G-20 advanced economies is expected to remain below targets in 2021 and 2022, with a few exceptions (e.g., *United Kingdom, United States*) where expected inflation is around the target. Inflation is running higher in a few G-20 emerging market economies (e.g., *Argentina, Turkey*) (Figure 4).

**6. Buoyed by policy support and optimism about effective vaccines, financing conditions have continued to ease since late fall, though challenges persist for some economies.** Despite the economic pain from high infection rates, already elevated valuations have risen further. Both sovereign and corporate bond yields have declined sharply from their crisis peaks, and several currencies have appreciated against the US dollar since vaccines were announced in November (Figure 5). Capital

**Figure 4. Inflation and Inflation Targets**



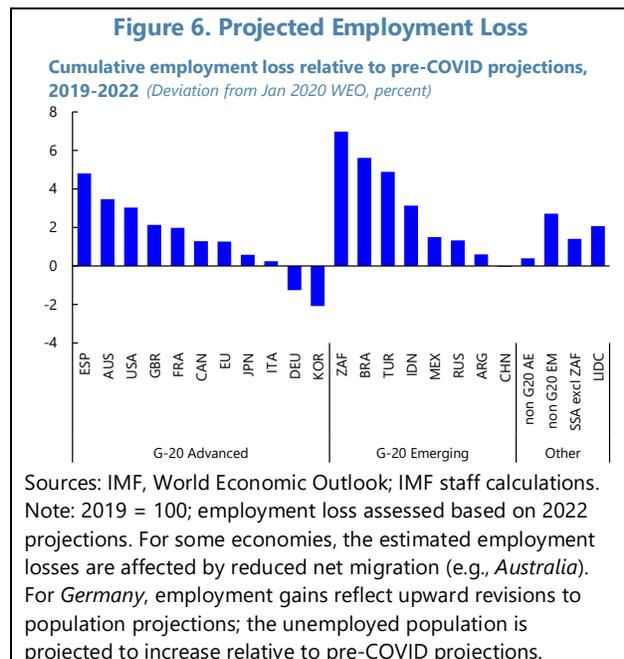
**Figure 5. Exchange Rate Developments**



flows have returned to many emerging market economies, remaining strong in the new year even as US Treasury bill yields picked up, and some frontier markets have issued new debt. Nonetheless, stock price volatility picked up in late January and for some G-20 emerging market economies, currencies remain significantly weaker than pre-March levels. Financing needs are expected to remain high in 2021 amid the likely protracted period of economic normalization. In the medium term, as advanced economy central banks gradually tighten monetary policy, large external financing needs may create challenges for some emerging market and developing economies.

## 7. As the health and economic crises continue, inequalities are deepening, vulnerabilities are building, and economic potential is being scarred.

- *The most vulnerable people have been particularly hard hit, including through loss of access to education and health services.* Total employment losses across G-20 economies<sup>2</sup> are projected at more than 25 million and close to 20 million in 2021 and 2022, respectively, relative to pre-pandemic projections (Figure 6). The young, the low-skilled, women, and informal workers have been particularly hard hit, worsening poverty and inequality within countries.<sup>3</sup> Close to 90 million people are expected to enter extreme poverty during 2020–21. Prolonged unemployment could erode skills. Poorer children are facing greater challenges as they may lack access to online learning. According to UNESCO, around 900 million learners were still affected by some extent of school closures in early February of this year.<sup>4</sup> In many developing economies, the pandemic has crowded out healthcare for other diseases, likely damaging health more broadly.



- *Business know-how and future profitability remain vulnerable.* Many businesses will exit the pandemic with substantially higher debt, which could lead to debt overhang. Challenges regarding corporate financial health are already apparent amid a global tripling of the number of potential “fallen angels” (i.e., firms with a BBB minus rating and a negative outlook) since the beginning of the pandemic. Once lifelines are withdrawn, bankruptcies are likely to rise.
- *Financial sector vulnerabilities are rising in certain areas.* The crisis is eroding bank capital buffers and raising pockets of pre-existing vulnerabilities in the non-bank financial sector. Though policy

<sup>2</sup> Refers here to G-19 + Spain, excluding India and Saudi Arabia.

<sup>3</sup> IMF, 2020, [G-20 Surveillance Note](#), November.

<sup>4</sup> Number of learners impacted by school closures or schools that are only partially open. See UNESCO (<https://en.unesco.org/covid19/educationresponse>) for further details.

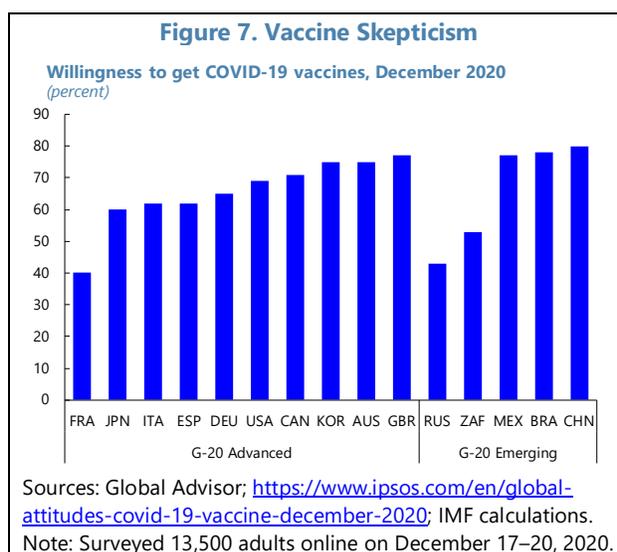
support has thus far kept a lid on financial sector losses, credit risk is likely to rise with greater household and non-financial corporate indebtedness and a challenging economic outlook. Elevated asset valuations, possibly disconnected from real economic conditions and supported by complacent market views, raise the risk of price corrections.<sup>5</sup>

- *Higher public debt may constrain some governments' ability to respond to downturns or structural needs going forward.* The crisis-related public spending has been essential for protecting lives and livelihoods, and debt servicing costs are generally low amid very low interest rates. However, public debt is now estimated to have reached around 100 percent of GDP on average across the G-20<sup>6</sup> at end-2020. Even in economies with remaining fiscal space, over time, high debt levels could crowd out investment and limit capacity to react to future downturns, should the differential between interest rates and growth turn less favorable. Alongside, external asset and liability positions have continued to rise, both in gross and net terms, adding to vulnerabilities.

## B. Much Depends on the Fight Against the Pandemic

### 8. Uncertainty around the outlook is tremendous, in particular regarding the fight against the pandemic.

On the upside, further favorable news on the development, manufacture, and distribution of vaccines and therapies could boost confidence and spending. Further fiscal support would also raise growth above what is projected in the baseline. On the downside, with necessary vaccination efforts already proving to be an immense logistical undertaking for many economies and supply constraints apparent, a slower-than-expected pace of inoculations, combined with continued skepticism towards vaccinations and risk of vaccine resistant mutations, could prolong social



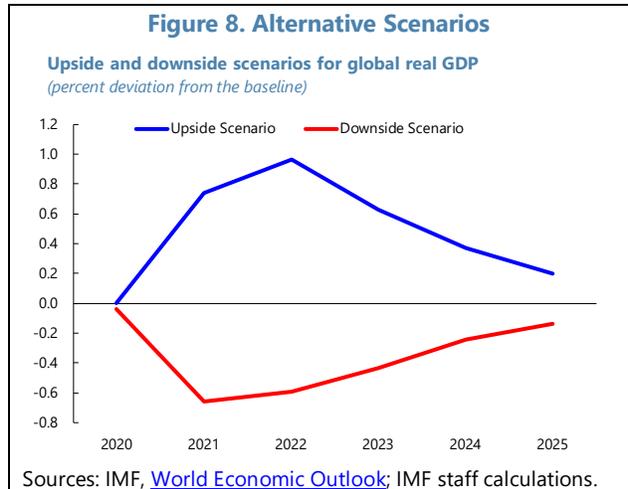
distancing and lockdowns and extend the duration of the pandemic (Figure 7). Such a scenario would become more severe if governments fail to respond with adequate emergency fiscal support, potentially also prompting a tightening of financial conditions and triggering large-scale defaults, putting pressure on the financial sector and amplifying the weakening in economic conditions. In addition, social unrest may intensify, undermining growth in the aftermath of the pandemic.

<sup>5</sup> IMF, 2021, [Global Financial Stability Report Update](#), January.

<sup>6</sup> Average for G-19 + Spain, weighted by nominal GDP.

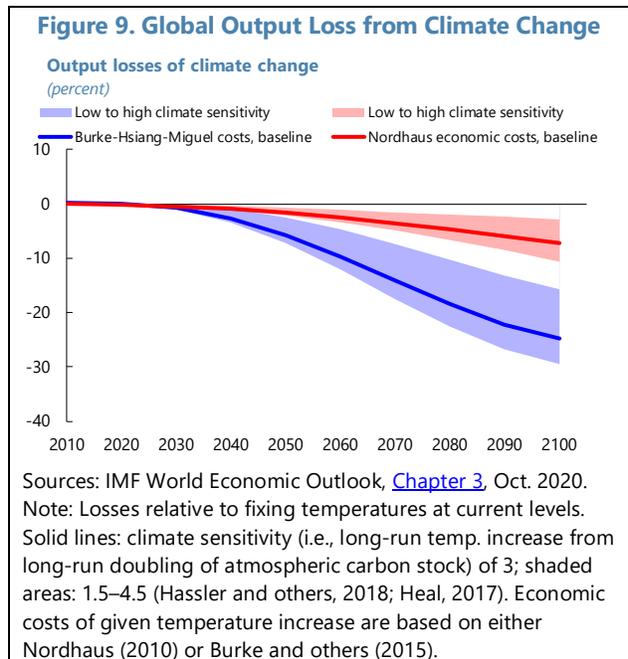
**9. Depending on the path of the pandemic, growth could surprise in either direction.**

In an upside scenario, with faster-than-projected immunization owing to greater availability of vaccines and higher uptake by the population, activity in advanced economies would normalize earlier (Figure 8). The boost to confidence would further lift private investment and incomes, with positive spillovers to the rest of the world. Global output could be ¾ percent higher in 2021, with benefits concentrated among advanced economies as they access vaccines sooner. The boost to global economic activity would peak at 1 percent above the baseline in 2022, as emerging and developing economies also gain from faster vaccinations. In a downside scenario, infections accelerate in major economies through 2021, and vaccination efforts go less smoothly than currently expected. Global output could then fall ¾ percent below the baseline in 2021, with losses concentrated in advanced economies.



**10. Risks from climate change loom large.**

Recently announced green investment programs and medium-term emission reduction targets in major economies (e.g., *China, Korea, European Union*) are welcome. Yet, in the absence of concrete action toward these pledges, global temperatures are expected to drift up by 2 to 5 degrees Celsius by the end of the century, with dire consequences for lives and livelihoods (Figure 9). Over the medium term, more intense and frequent weather-related disasters, principally driven by accumulating emissions, could add to economic difficulties and social instability in vulnerable regions, with spillovers (e.g., through migration pressures) to the rest of the world.



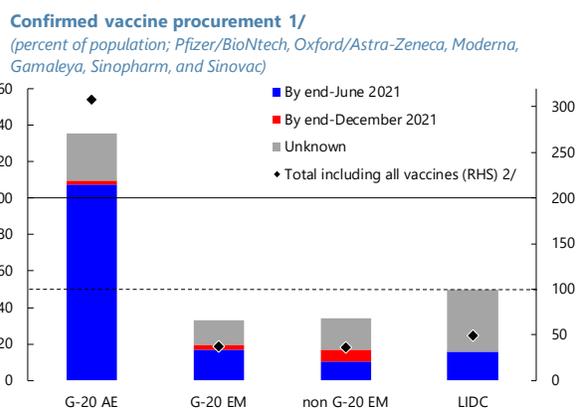
## DETERMINED POLICY COOPERATION IS VITAL

Following a year of unprecedented challenges, 2021 must be a year of strong multilateral action. A robust recovery relies on global leadership by the G-20. Action is of the utmost importance (i) to ensure vaccinations are widely available to end the pandemic everywhere; to overcome the dual challenge of (ii) minimizing scars from the pandemic and (iii) building an inclusive and sustainable economy; and (iv) to arrest and reverse the increasing divergence between rich and poor countries.

### A. End the Health Crisis Everywhere

**11. Production and distribution of vaccines at a global scale are essential to end the human suffering, limit the risk of dangerous virus mutations, and promote a strong and resilient global economy.** Pockets of the virus anywhere create havens for mutations to arise, posing a threat to populations everywhere. While advance vaccine orders by many advanced economies incentivized production and mitigated risks, it also led to a vaccine allocation that is highly distorted relative to needs. Many advanced economies have procured enough supplies of the vaccines that have already completed trials and been approved for the general population to cover their entire populations in 2021, though supply bottlenecks may delay distribution (Figure 10). In contrast, poorer economies have been able to procure only limited quantities. While COVAX, the multilateral mechanism for equitable distribution, is on track to deliver 2 billion doses by the end of 2021, a large share of its portfolio consists of vaccines that have yet to be approved, and its current total supply is well below what is needed to reach herd immunity in developing economies.<sup>7</sup> In this respect, a scaling up of the vaccine production capacity is also vital.

**Figure 10. Population Covered by Procured Vaccines**



Sources: Duke Global Health Innovation Center, 2020. Launch and Scale Speedometer. Duke University. <https://launchandscalefaster.org/covid-19>; Bloomberg [Covid-19 Vaccine Tracker](https://www.bloomberg.com/COVID-19-Vaccine-Tracker) ([bloomberg.com](https://www.bloomberg.com/COVID-19-Vaccine-Tracker)); IMF staff calculations.

Note: Data as of Feb 8, 2021. Timeline reflects procurement agreements and does not account for potential delivery delays. 1/ Reflects percent of population covered, adjusted for needed number of doses, based on confirmed, publicly available purchase agreements. Bars reflect simple averages across countries and cover vaccines that have successfully completed Phase III trials and have been approved by at least one G-20 jurisdiction for use by the general population. CHN: number of doses ordered from local manufacturers not available. RUS: excluded as confirmed orders not available. 2/ Includes also vaccines not yet out of trials or approved.

**12. The G-20 must help quickly end the pandemic.** The urgently needed actions include (i) ensuring that low- and middle-income economies get access to safe and effective COVID-19 vaccines, including by bolstering funding for the COVAX facility (so it can continue procuring vaccines for developing economies) and developing a clearing house for vaccines so any excess supply of vaccines can be sent to where they are most needed; (ii) addressing vaccine delivery challenges in poorer

<sup>7</sup> See WHO News Release, January 22, 2021: [COVAX Announces new agreement, plans for first deliveries \(who.int\)](https://www.who.int/news/2021/01/22/covax-announces-new-agreement-plans-for-first-deliveries)

economies, including by providing dedicated funding for logistics; and (iii) assisting developing economies with treatments, therapies, and tests to contain outbreaks while vaccination proceeds. The costs of such support would be a small fraction of the fiscal costs of the ongoing crisis and pale in comparison to what could be incurred globally if the virus were to persist, potentially allowing resistant mutations to arise. Free and open trade in vaccine inputs and medical equipment would support effective supply chains, enhancing global vaccine production and supply. Governments could further strengthen the fight against the pandemic by ensuring transparency; working toward minimizing vaccine hesitancy through sharing information with the public; and developing mechanisms to recognize other countries' inoculations so cross-border travel can resume more easily. Further funding for the development and distribution of therapies is also urgently needed.

## B. Minimize the Scars from the Pandemic

### Continue to Support Economic and Financial Stability

**13. Monetary policy should remain accommodative in most economies, and financial sector policies can help maintain stability.** With economies still on the mend, unemployment elevated, and inflation expectations subdued in many economies, monetary and financial sector policies should remain supportive. Additional monetary policy loosening may be warranted, if space is available, should financial conditions tighten again and threaten the recovery. While financial stability risks have been in check so far, action is needed to address elevated financial vulnerabilities in some sectors. Policymakers face a tradeoff between continuing to support the economy until a firm recovery takes hold and tackling financial vulnerabilities that were evident before the pandemic or have emerged since then. Employing macroprudential tools to address these risks is crucial to avoid putting growth at risk in the medium term. Central banks using unconventional monetary policy tools for the first time will need to clearly communicate their objectives and the consistency of tools with price stability goals. In many economies, continued access to bilateral central bank swap lines can help maintain access to liquidity and financial stability. For those economies facing inflationary pressures, some withdrawal of monetary support may be warranted (e.g., *Argentina, Turkey*).

**14. As economies are projected to recover at uneven speeds, careful consideration to spillovers and global conditions is warranted.** With economies set to exit the immediate crisis, some may soon need to begin the process of withdrawing policy support, including liquidity support. Hence, policymakers will need to be cautious in order to normalize policy support in ways that minimize disruptions such as liquidity shortages that could boost insolvencies and threaten the health of the corporate sector and financial stability. Amid uneven vaccine availability and resulting likely divergent recovery paths, unintended spillover effects from advanced to emerging market economies should be carefully monitored. In this respect, continued clear communication by central banks in advanced economies and strong policy frameworks in emerging market economies can help support stability.<sup>8</sup>

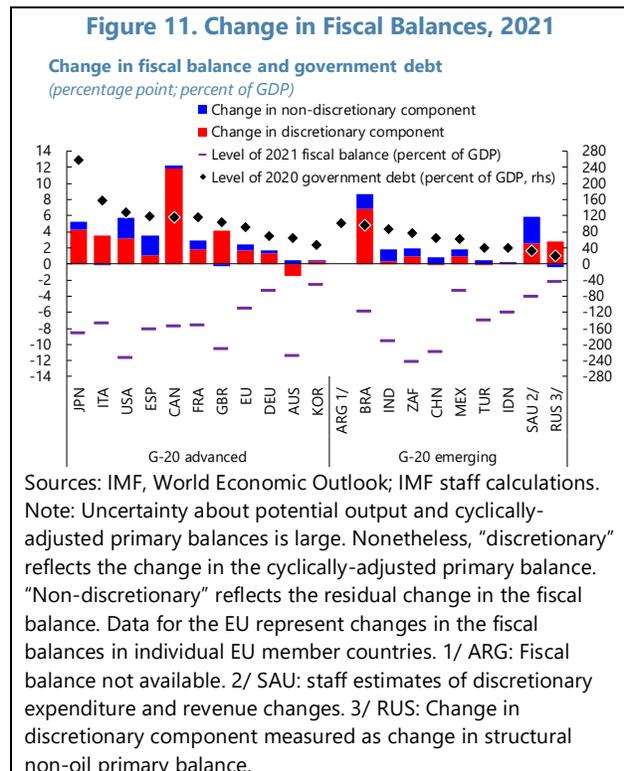
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<sup>8</sup> See IMF, forthcoming in April 2021, World Economic Outlook, Chapter 4.

## Maintain Fiscal Support Where Possible

**15. Continued fiscal support is essential, with increasing need for tailoring.** While higher revenues and lower expenditures should help reduce fiscal deficits as the recovery strengthens, based on announced measures, a sizable retrenchment in support is expected this year, including in some economies with elevated debt levels (Figure 11). However, with unemployment still high, it will be important to maintain support where possible.

- In the near term, the extent of emergency support will need to account both for the lengths of the current health and economic crises and for fiscal constraints.* Where broad immunity is likely to be achieved in the near term and fiscal space is available, continued support through the crisis is vital and would help the economy return to pre-existing income trends faster. In economies where vaccines may not be widely available for some time and where fiscal space is more constrained, careful targeting of support to the most vulnerable, including through a reallocation of spending within the budget envelope, may be the only viable option. To the extent possible, it will be important to avoid undue bankruptcies that could worsen employment losses in the midst of the pandemic. All economies need credible medium-term fiscal frameworks that balance the need for short-term support against medium-term fiscal sustainability. This will be especially critical for economies with high debt and risks of increasing financing costs.<sup>9</sup>
- As the recovery gains momentum, policy support should be transitioned to match the post-pandemic world.* This requires focusing support on training and reskilling of unemployed people, including for jobs in new and expanding sectors. Combined with investments in healthcare and education, and enhanced social protections, such actions will help mitigate the harm wrought by the pandemic.<sup>10</sup> For businesses, support should increasingly prioritize viable firms, adjusting the parameters to dissuade uptake by those that can manage on their own or are unlikely to recover. As restructuring needs may increase when support is gradually withdrawn, ensuring efficient out-of-court agreements, restructuring, and bankruptcy procedures is essential to ensure that resources are not lost or left idle.



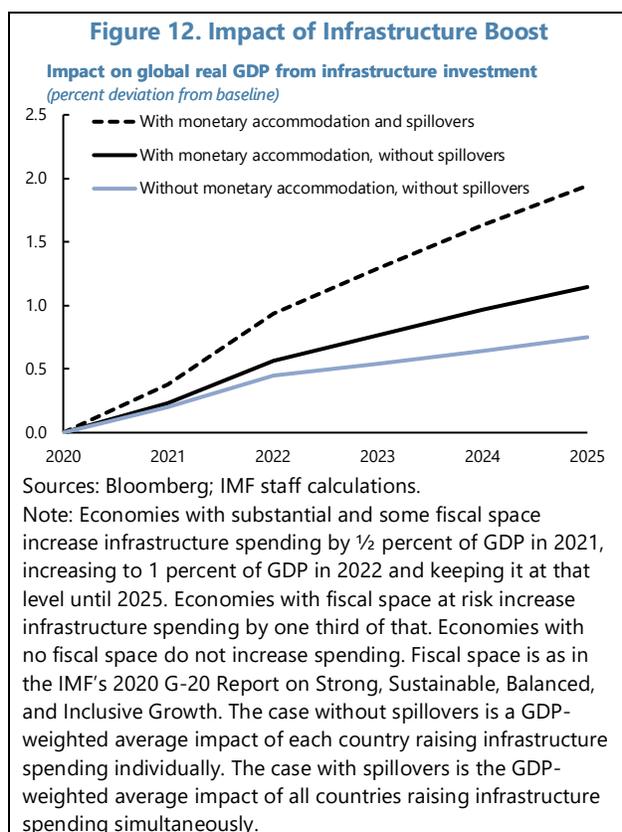
<sup>9</sup> IMF, 2021, [Fiscal Monitor Update](#), January.

<sup>10</sup> IMF, 2020, [Fiscal Monitor Chapter 1](#), October.

## C. Ensure a Strong, Green, and Inclusive Recovery

**16. Well-designed green policies can create jobs, lift growth, and enhance resilience.** A comprehensive policy package consisting of the following elements would support the global economy while durably reducing carbon emissions.

- *Raise public infrastructure investment, focusing on greening the economy, to boost demand and strengthen resilience.* Synchronized infrastructure investment as economies reopen would boost demand and lift growth. Moreover, if green projects are prioritized, such investment would simultaneously enhance sustainability over the longer term—and could also impact future private sector choices toward additional green investments. The boost to global economic activity is particularly potent in a time of economic slack when monetary policy remains accommodative during the consequent rise in demand and when economies synchronize their spending, helping to boost global demand and benefiting both the source countries as well as trading partners in more constrained situations. In such a scenario, global output could be close to 2 percent higher by 2025 than without the additional spending (Figure 12).<sup>11</sup>



- *Agree on mechanisms to price externalities.* Forward guidance for phased-in, steadily rising carbon prices can critically help deliver on the emissions targets and should be imminently implemented, together with mechanisms to protect those that are vulnerable to higher carbon prices, fuel-subsidy removal schemes, and job losses in carbon-intensive industries. Carbon pricing, even if some of the revenues are recycled to eliminate impacts on vulnerable households, could also be part of the strategy to restore stronger fiscal finances in the aftermath of the pandemic.

**17. The upcoming COP26 conference offers an opportunity for all countries to raise their ambitions.** Collective agreement on mapping carbon neutrality pledges into specific policy actions to be taken in the next five years would be helpful. Leadership by the G-20 can also be a gamechanger in fostering global consensus on climate-related financial disclosure standards; developing a global

<sup>11</sup> IMF, 2020, [G-20 Surveillance Note](#), November.

strategy to assess climate risk in the financial system; and supporting adaptation and mitigation and efforts to build resilience in emerging market and developing economies.

**18. Promoting investment in the digital economy would help limit human capital erosion and strengthen inclusion.** Digitalization has taken a significant jump, and working patterns are likely shifting. Measures to increase digitalization, such as investments to ensure widely accessible broadband internet, thus offer multiple benefits, including enhanced government service provision, expanded access to remote learning, and options for firms to expand the customer base. Digitalization can also help strengthen financial inclusion. Moreover, investment in digitalization is essential in poorer economies to help them be part of the knowledge economy and support convergence.

**19. Complementary reforms to ease barriers to entry can help strengthen innovation and investment.** Market concentration may increase if the crisis triggers many firm failures, potentially reducing innovation and growth. As such, reducing regulatory barriers to entry and promoting openness to trade and foreign direct investment can help ensure competition and its benefits. These actions should be implemented alongside strong competition law and policy (e.g., well-calibrated intellectual property rights that incentivize innovation without undermining technological diffusion).

#### **D. Reverse the Increasing Divergence Between Rich and Poor Countries**

**20. Slow recoveries and the continued health crisis in many developing economies call for additional support to mitigate damage to developmental achievements.** The global financial safety net has critically supported many developing economies during the crisis. The IMF has approved over US\$105 billion in financing for 85 economies and debt service relief to 29 economies. As of December 2020, the G-20 Debt Service Suspension Initiative (DSSI) has freed up US\$5 billion of additional resources for the 45 economies having made requests—for many, this allowed for much-needed efforts to limit the impact of the virus. Yet, given persistent needs, continued support is essential. Moreover, making operational the G-20 Common Framework for Debt Treatments Beyond the DSSI is imperative to allow highly indebted economies a clear path to restructure their debt. Successfully completing the restructuring for eligible applicants would signal its efficacy. Beyond these initiatives, some economies will need additional support, including through grants and debt forgiveness, to cover the costs of protecting the health and welfare of their citizens and restore debt sustainability.

**21. Actions are also needed to strengthen trade and the global financial safety net more broadly.** An open and transparent rule-based trading system would help win the fight against the virus and ensure that external demand can strengthen the global recovery. Hence, G-20 cooperation in buttressing the trading system, including on modernizing the WTO, is essential. Moreover, the global financial safety net should be reinforced to ensure it has capacity that is proportional to meet liquidity needs now and in future periods of stress. Reforming the international taxation system and putting an end to illicit flows and tax avoidance are increasingly urgent to ensure that everyone pays their fair share in restoring stronger public finances.

**Table 1. Real GDP Growth**  
(annual percent change)

	Year over Year						
	2019	Estimates (Jan. 2021)		Projections (Jan. 2021)		Deviations (from Oct. 2020)	
		2020	2021	2022	2021	2022	
<b>World</b>	<b>2.8</b>	<b>-3.5</b>	<b>5.5</b>	<b>4.2</b>	<b>0.3</b>	<b>0.0</b>	
Advanced Economies	1.6	-4.9	4.3	3.1	0.4	0.2	
Euro area	1.3	-7.2	4.2	3.6	-1.0	0.5	
Emerging Market and Developing Economies	3.6	-2.4	6.3	5.0	0.3	-0.1	
G-20 1/	2.8	-3.2	5.9	4.2	0.5	0.0	
Advanced G-20 2/	1.5	-4.9	4.4	3.0	0.7	0.2	
Emerging G-20 3/	4.0	-1.7	7.3	5.1	0.5	-0.2	
Argentina	-2.1	-10.4	4.5	2.7	-0.4	0.2	
Australia	1.9	-2.9	3.5	2.9	0.5	0.1	
Brazil	1.4	-4.5	3.6	2.6	0.8	0.3	
Canada	1.9	-5.5	3.6	4.1	-1.6	0.7	
China	6.0	2.3	8.1	5.6	-0.1	-0.2	
France	1.5	-9.0	5.5	4.1	-0.5	1.2	
Germany	0.6	-5.4	3.5	3.1	-0.7	0.0	
India 4/	4.2	-8.0	11.5	6.8	2.7	-1.2	
Indonesia	5.0	-1.9	4.8	6.0	-1.3	0.7	
Italy	0.3	-9.2	3.0	3.6	-2.2	1.0	
Japan	0.3	-5.1	3.1	2.4	0.8	0.7	
Korea	2.0	-1.1	3.1	2.9	0.2	-0.2	
Mexico	-0.1	-8.5	4.3	2.5	0.8	0.2	
Russia	1.3	-3.6	3.0	3.9	0.2	1.6	
Saudi Arabia	0.3	-3.9	2.6	4.0	-0.5	0.6	
South Africa	0.2	-7.5	2.8	1.4	-0.2	-0.1	
Spain 5/	2.0	-11.1	5.9	4.7	-1.3	0.2	
Turkey	0.9	1.2	6.0	3.5	1.0	-0.5	
United Kingdom	1.4	-10.0	4.5	5.0	-1.4	1.8	
United States	2.2	-3.4	5.1	2.5	2.0	-0.4	
European Union	1.7	-6.7	4.1	3.7	-0.9	0.4	

Source: IMF, [World Economic Outlook Update](#), January 2021.

1/ G-20 aggregates exclude the European Union.

2/ Includes *Australia, Canada, France, Germany, Italy, Japan, Korea, United Kingdom, and United States*.

3/ Includes *Argentina, Brazil, China, India, Indonesia, Mexico, Russia, Saudi Arabia, South Africa, and Turkey*.

4/ For *India*, data and forecasts are presented on a fiscal year basis, with FY 2020/21 starting in April 2020.

5/ *Spain* is a permanent invitee.