News Release

WORLD ECONOMIC FORUM

COMMITTED TO IMPROVING THE STATE OF THE WORLD

Global Economic Outlook: Cautious Optimism – But Where Will Growth Come From?

16 September 2011

Fon Mathuros, Director, Media, Communications Department Tel.: +41 (0)79 201 0211; fmathuro@weforum.org

- Business and finance leaders call for governments to focus more on creating growth in the global economy
- To achieve prosperity in these volatile times requires leadership in government and business
- For more information about the Meeting, please visit: http://www.weforum.org/newchampions2011

Dalian, People's Republic of China, 16 September 2011 – Despite worries about the unfolding debt crisis in Europe and concerns about the US fiscal deficit, business and finance leaders at the World Economic Forum's Annual Meeting of the New Champions 2011 are cautious but optimistic about the outlook for the global economy. "All the discussions about deleveraging are putting a wet blanket on economic growth," James S. Turley, Chairman and Chief Executive Officer, Ernst & Young, USA, told participants in a panel session on the global economy on the final day of the Meeting. "I'm not seeing enough focus on growth." Added Min Zhu, Deputy Managing Director of the International Monetary Fund (IMF): "The question is: Where will growth come from in the coming years?"

Zhu warned that "the whole European situation is in a dangerous new phase." The priority is to prevent the sovereign debt crisis from spreading into the banking system, further undermining confidence. "There is a way out" through swift coordinated action, he insisted. "But if we miss this opportunity, it could be risky for everyone." While emerging markets are still growing strongly, Zhu noted, they too have structural challenges to face. "In Asia, what we observed in the past two years is investment-driven growth substituting for export-driven growth. You cannot invest forever. The real challenge for Asia is to move from investment-driven growth to a domestic consumption growth model. That needs a lot of policy."

N. K. Singh, Member of the Indian Parliament, agreed that developing economies have to figure out how to maintain their rapid growth through this turbulent period. "How to be prosperous in volatile times is a challenge for political leaders," he reckoned. Heizo Takenaka, Director of the Global Security Research Institute at Japan's Keio University, warned of two risks that could derail global economic recovery: increasing commodity prices and the persistent sovereign debt problems confronting many countries. Still, he said, there is reason to believe that the current crisis will subside. "New entrepreneurial business models will emerge," Takenaka predicted. But, he concluded, "We need leadership in government and the business sector."

Notes to Editors

View the best pictures from the Forum on **Flickr** at http://wef.ch/pix
Watch sessions on demand on **YouTube** at http://wef.ch/youtube or http://wef.ch/youku
Become a fan of the Forum on **Facebook** at http://wef.ch/facebook
Follow the Forum on **Twitter** at http://wef.ch/twitter and http://wef.ch/livetweet
Check in with the Forum on **Foursquare** at http://wef.ch/foursquare
Read the **Forum Blog** at http://wef.ch/blog

Read Forum reports on **Scribd** at http://wef.ch/scribd
Follow the Meeting on **iPhone** at http://wef.ch/iPhone
View **upcoming** Forum events at http://wef.ch/events
Subscribe to Forum **News Releases** at http://wef.ch/news

The World Economic Forum is an independent international organization committed to improving the state of the world by engaging leaders in partnerships to shape global, regional and industry agendas.

Incorporated as a foundation in 1971 and headquartered in Geneva, Switzerland, the World Economic Forum is impartial and not-for-profit; it is tied to no political, partisan or national interests (http://www.weforum.org).

WORLD ECONOMIC FORUM
World Economic Forum, 91-93 route de la Capite, CH-1223 Cologny/Geneva
Tel. +41 (0)22 869 1212, Fax +41 (0)22 786 2744, http://www.weforum.org