World Bank lowers global economic growth forecast to 2.2 percent in 2013

WASHINGTON, June 12 (Xinhua) -- The World Bank on Wednesday slightly scaled down its forecast of global economic growth rate to 2.2 percent for this year, 0.2 percentage point lower than its January forecast.Risks from advanced economies have eased and growth is firming, despite ongoing contraction in the eurozone. The pick-up in developing countries, however, will be modest due to capacity constraints in several middle income countries, the Washington- based World Bank said in its newly-released Global Economic Prospects (GEP) report.Global gross domestic product (GDP) is expected to expand about 2.2 percent this year and strengthen to 3.0 percent and 3.3 percent in 2014 and 2015, respectively, according to the World Bank's flagship report.Developing countries' GDP is now projected to grow around 5.1 percent this year, 0.4 percentage point lower than the World Bank' s January forecast, before strengthening to 5.6 percent and 5.7 percent in 2014 and 2015, respectively.High-income countries' GDP is predicted to edge up 1.2 percent this year, slightly lower than the earlier estimate of 1.3 percent, before picking up pace to 2.0 percent in 2014 and 2.3 percent in 2015, noted the twice-yearly report.Growth in Brazil, India, Russia, South Africa and Turkey has been held back by supply bottlenecks. While external risks have eased, growth in these countries is unlikely to reach pre-crisis rates unless supply-side reforms are completed. In China, growth has also slowed as authorities seek to rebalance the economy, said the report."While there are markers of hope in the financial sector, the slowdown in the real economy is turning out to be unusually protracted," said Kaushik Basu, Senior Vice President and Chief Economist at the World Bank.This is reflected in the stubbornly high unemployment in industrialized nations, with unemployment in the eurozone actually rising, and in the slowing growth in emerging economies, Basu said."We're moving into a less volatile period. Growth is going to be slower, but less subject to some of the strong fluctuations, especially those coming from the banking world we have observed in the last several years, and that's good news," said Andrew Burns, Manager of Global Macroeconomics and lead author of the report, Wednesday in a conference call prior to the release of the report."Growth is not slower because of inadequate demand but rather because, in our view, the very strong growth we saw in the pre- crisis period was due to that bubble phenomenon that we were seeing at that time, and what we're seeing now is more in line with the underlying growth potential of capacity in developing countries and that therefore this is a case of moving towards the new normal of the post crisis," Burns added.